GM Exec: Will Be 'Solidly Profitable' Once Industry Returns

DETROIT (AP) — General Motors Co. should be "solidly profitable" when demand for new cars and trucks rebounds to normal levels, a top executive said on the eve of the Detroit auto show.

Bob Lutz, GM's vice chairman, said during a speech Sunday to the Society of Automotive Analysts that the U.S. automaker had made strides only months after it restructured through more than $50 billion in federal aid and a government-led bankruptcy.

"I think we are finally in a position where, from a financial structure, we should be," Lutz said. "Anything remotely resembling normal industry demand, we should be solidly profitable."

Lutz's prediction followed statements last week by chairman and interim CEO Ed Whitacre Jr., who said GM could be profitable this year although it would depend on economic factors.

Looking ahead to 2010, analysts at the annual outlook conference described an industry in the middle of massive structural changes marked by government intervention, new competition from India and China, and technological innovation that could fundamentally alter vehicles.

John Casesa, managing partner with Casesa Shapiro Group, said that while the landscape for the industry had shifted rapidly in the past year, companies that have restructured to break even at U.S. annual sales of 10 million to 11 million vehicles could post sharp profits when sales levels return.

U.S. sales fell about 20 percent in 2009 to 10.4 million vehicles, its worst performance in nearly three decades. Lutz said GM is predicting U.S. sales of about 11 million to 12 million vehicles in 2010, raising hopes that it could approach profitability.

Outlining GM's product lineup, Lutz said the company had high hopes for the Chevrolet Cruze, a compact car scheduled to be released later this year achieving 40 miles per gallon. Lutz said the Cruze could reach annual global sales of nearly 1 million units a year.

Lutz also said GM would build a production version of the Cadillac Converj, a luxury version of the Chevrolet Volt, the automaker's highly anticipated extended range plug-in hybrid to be released later this year. Lutz said the Converj was at least two years from production.

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