

# Chrysler Loses Less This Quarter, Thanks To A New Jeep

by Dee-Ann Durbin, AP Auto Writer

DETROIT (AP) — Chrysler's new Jeep Grand Cherokee is a hit with drivers, bringing the automaker within sight of profitability and lifting its share of the U.S. market.

Chrysler said Monday it cut its losses in half between the second and third quarters, helped by the strong-selling Jeep. The automaker upgraded its full-year profit forecast, saying it will end the year with more than triple the operating profit it previously forecast.

The new Jeep is the first of nearly a dozen new cars and trucks, including a small Italian-designed car that Chrysler is introducing in the U.S. by December. Chrysler's survival is riding on the new arrivals, and it hopes they're as successful as the Grand Cherokee, whose sales have jumped more than 40 percent so far this year.

The 2011 Grand Cherokee debuted in June to strong reviews, and buyers responded to the upgraded interior as well as advancements like a hydraulic system that lifts the vehicle up if the driver wants to go off-roading. Sales were up 41 percent through October; by comparison, industrywide sales of SUVs and crossovers were up 18 percent, according to Autodata Corp. Ram truck sales also were strong,

"We are committed to ensuring that every new vehicle this company launches has the same high quality and technological advances as the Jeep Grand Cherokee," Chrysler CEO Sergio Marchionne said in a statement. "Our 2010 accomplishments are just the beginning of building Chrysler Group into a vibrant and competitive automaker."

Chrysler Group LLC lost \$84 million in the July-September period compared with a loss of \$172 million in the previous quarter. Chrysler's revenues rose 5.2 percent to \$11 billion. The company compared results with the second quarter rather than the prior year because this was the first time since 2006 it has reported third-quarter results.

Chrysler's sales dropped slightly from the second quarter, but that is typical for this time of year. More important, the company said it gained U.S. market share for the fifth consecutive quarter. Chrysler now holds 9.6 percent of the U.S. market. That figure is up from a 7 percent share it held last summer after it exited bankruptcy but down from nearly 13 percent three years ago.

Auburn Hills, Michigan-based Chrysler, which has been managed by Italian automaker Fiat SpA since it left bankruptcy protection last year, said it expects to

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make a pre-tax profit of \$700 million this year, up from a previous forecast of \$200 million. It also expects to end the year with \$500 million in positive cash flow, up from an initial prediction that it would run through \$1 billion in cash.

These are mile markers for the company as it prepares for an initial public offering next year. Chrysler needs to convince investors it's on the right track if it wants to pay back billions in loans from the U.S. and Canadian governments. Chrysler has already repaid nearly \$4 billion of the \$15.5 billion in loans it received.

But Chrysler has a long way to go before it looks as healthy as its U.S. rivals. General Motors Co. expects to make as much as \$2.1 billion when it reports third-quarter results Nov. 10, its third consecutive profitable quarter since it left bankruptcy protection. GM is planning an initial public offering later this month. Ford Motor Co., which didn't take government bailout money, recently reported a \$1.7 billion quarterly profit.

The proof that Chrysler's comeback has staying power could come in the fourth quarter, as the company unveils 11 new or revamped vehicles, including the redesigned Chrysler 300 and Sebring sedans and the new Fiat 500 minicar. While the Jeep Grand Cherokee's sales have been strong, they're not surprising, since Jeep has long had some of the most loyal customers in the industry. Now Chrysler hopes some of the Grand Cherokee's magic can transfer to the rest of its lineup.

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