Chrysler Posts Best Quarterly Profit In 13 Years

Tom Krisher, AP Auto Writer

DETROIT (AP) — Chrysler had its best quarterly profit in 13 years. Not bad for a company that almost died three years ago.

The company earned $473 million in the first quarter, mainly from strong U.S. sales, which rose 39 percent from January through March. Customers snapped up Ram pickups, Jeep Grand Cherokee SUVs and Chrysler 200 sedans.

The profit was more than four times what Chrysler made a year earlier. And it was the best performance since the third quarter of 1998 when Chrysler earned $682 million during the pickup truck and SUV boom.

"I have no bad news to tell you." Chrysler CEO Sergio Marchionne said Thursday, adding that trends for the rest of year look positive.

Another reason Chrysler made so much money is because it's generating more cash every time it sells a car or truck. It's getting an average of $29,234 per vehicle in the U.S., up almost 5 percent over last year, according to the TrueCar.com auto pricing website. When sales and prices both rise, that generates more revenue and profit. Revenue for the quarter rose 25 percent to $16.4 billion.

It's a big change from 2009. The recession, which devastated auto sales, brought the company to the brink of financial ruin. Chrysler and its financing arm needed $12.5 billion from U.S. taxpayers to survive. When a government auto task force deadlocked on whether to save the collapsing company, the tie was broken by President Barack Obama.

Then things turned around. Chrysler got the bailout, cut costs in bankruptcy and saw sales improve along with the economy. The company went into overdrive to revamp 16 models, making them more appealing to car buyers. The results have paid off. Sales have increased steadily through 2011 and into 2012.

Chrysler is optimistic about the coming year, repeating a forecast that it would make $1.5 billion in 2012. Total car and truck sales in the U.S. are running at an annual rate of 14 million so far. That would be a healthy increase over last year's 12.8 million. The average age of vehicles on roads is nearing 11 years, and pent-up demand is helping sales. Chrysler should share in the growth. Last year it raised its U.S. market share to 11.5 percent, from 9.4 percent a year earlier.

Chrysler also is about to launch the new Dodge Dart, its first decent compact car since the bug-eyed Neon in the mid-1990s. A refreshed version of the Ram pickup, its top-selling vehicle, is coming later in the year. Marchionne said the Dart takes Chrysler into a market where it hasn't had a presence in a long time.

Chrysler still faces risks. The company primarily does business in North America, so its fate is tied to the U.S. economy. Chrysler sold 523,000 vehicles globally during the quarter, but only 67,000 were outside the U.S., Mexico and Canada. Still, international sales were up 80 percent in the first quarter. The Jeep Grand Cherokee large SUV is typically Chrysler's top-seller overseas, followed by the Jeep Compass small SUV.

There's also a lull in new cars and trucks. Besides the Dart, Chrysler doesn't have much coming in 2012. Next year, however, Chrysler could introduce a midsize sedan and an all-new minivan, Marchionne said. New vehicles typically boost sales.

Chrysler was a big contributor to the earnings of its majority owner, Italian automaker Fiat SpA. Fiat's first-quarter profits more than tripled to $137 million due largely to Chrysler. Excluding Chrysler, Fiat's revenues fell 5.7 percent due to declining European auto sales.

Source URL (retrieved on *09/18/2014 - 9:08pm*):
http://www.impomag.com/news/2012/04/chrysler-posts-best-quarterly-profit-13-years