Fiat Earnings Slump Under Poor European Sales

The Associated Press

MILAN (AP) — Italian carmaker Fiat reported Tuesday that second-quarter net income plummeted by 92 percent as a slump in European sales offset a profit at its U.S. carmaker Chrysler.

Fiat, which is based in the northern city of Turin, posted a profit for the second quarter of €103 million ($126.53 million), down from €1.3 billion in the same period last year.

The European business lost €184 million before interest, taxes and one-off items, compared with a loss of €406 million a year ago, when not counting unit acquisitions or sales. Europe's deteriorating financial crisis has hit the automotive industry hard.

Fiat has pulled back on investments in its native Italy and is holding off on new car rollouts. Shipments of cars and light vehicles were down 13 percent in the quarter. Demand in Fiat's home Italian market was down 19 percent, heading to the lowest level for the year since 1979.

Fiat's significant Latin America business also softened, with second-quarter profits declining by 25 percent to €238 million.

The one bright spot was Chrysler, which on Monday reported a second-quarter profit of $436 million, compared with a loss of $370 million a year earlier. U.S. sales were up 24 percent in the quarter, outpacing the market.

While the two automakers combined posted revenues of €21.5 billion, most of that belonged to Chrysler and reflected sales growth in North America and Asia. Fiat revenues without Chrysler were down 7.5 percent to €9.2 billion.

Shares in Fiat were down 4.3 percent at €4 in Milan trading.

Despite the uncertain economic conditions, the company confirmed targets for the year of revenues in excess of €77 billion and net profit between €1.3 billion to €1.5 billion.

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