

Fiat Industrial Q3 Profits Up 30 Percent

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MILAN (AP) — Fiat Industrial SpA, the Italian maker of trucks, farming and construction equipment, reported a 30 percent increase in third-quarter earnings Wednesday on "robust" sales of tractors and farm combines.

Net profit was €260 million (\$337 million) in the quarter ending Sept. 30, up from €182 million last year. Revenues were €6.3 billion (\$8.2 billion).

Fiat Industrial, which is based in the northern city of Turin, firmed up its full-year forecasts for the capital goods business, which was spun off from the Italian car business last year. It said net income for the year would total €900 million on revenues above €25 billion.

It also pushed up its forecast for trading profit — or earnings before interest, taxes and one-time items — to in excess of €2 billion from a more conservative range, and raised the range of industrial debt as high as €1.5 billion.

While the CNH agricultural equipment business reported strong sales, driven by high horsepower tractors in North America, Fiat Industrial said revenues at its Iveco truck business was hurt by weak European demand. The contraction in truck sales also hurt performance of the powertrain division, which reported a 13 percent decline in revenues.

Fiat Industrial Chairman Sergio Marchionne has proposed full integration with U.S.-based CNH, already 88-percent owned by the Italian company. CNH advisers rejected the deal earlier this month. Marchionne, who is pressing to salvage the deal, told analysts he is in talks and that the deal "is going to be more expensive than the offer we made."

The original offer ruled out paying a premium for shares and instead proposed pooling shares in a new listing in New York and an unidentified European country.

Marchionne said that the merged company would be based in the Netherlands, and probably would no longer bear the Fiat name.

"My hope is that by the end of this year, we will have the issue resolved on way or another," Marchionne said, repeating his conviction in "the value of bringing all these businesses together."

The merger would create a competitor to major North American capital goods companies, make the company more attractive to investors and help it better access capital markets, Marchionne has said. He is also CEO of carmakers Fiat and Chrysler.

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CNH Global N.V., based in the Chicago suburb of Burr Ridge, Illinois, sells farm and construction equipment under the Case and New Holland brands in 170 countries.

Fiat Industrial stock closed up 3 percent at €8.35 on the Milan exchange.

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