Chrysler Profit Jumps On Higher Sales

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DETROIT (AP) — Just three years out of bankruptcy, Chrysler posted a $1.7 billion profit in 2012 and said it expects to earn more than $2 billion this year.

Improving U.S. auto sales — and better products at Chrysler — were the big reasons for the vast improvement over 2011's profit of $183 million. Chrysler sold 2.2 million cars and trucks worldwide last year, up 18 percent.

In the U.S., its largest market, Chrysler's sales rose 21 percent. Chrysler saw strong sales of the Chrysler 200 and 300 sedans, the Jeep Grand Cherokee and the Ram pickup. The Fiat 500 also sold well last year.

The results mark another step in Chrysler's remarkable turnaround. The company filed for bankruptcy during the recession in 2009 and needed a $12.5 billion loan from taxpayers to survive. Chrysler has repaid $11.2 billion, but the U.S. Treasury Department says it won't recover the remaining $1.3 billion. The profit In 2011 was Chrysler's first annual profit since 1997.

Revenue increased 20 percent to $65.8 billion.

The No. 3 U.S. automaker expects net income to rise to around $2.2 billion this year on revenue of between $72 billion and $75 billion. It says worldwide vehicle shipments should reach 2.6 million to 2.7 million, up from 2.4 million last year.

Chrysler's report comes a day after Ford Motor Co. — No. 2 in the U.S. — said it expects to see strong results again this year in North America, but warned of widening losses in Europe. General Motors Co. reports 2012 results on Feb. 14.

Chrysler is now majority owned by Italian automaker Fiat SpA. Sergio Marchionne, CEO of both companies, told the company's 63,643 workers in an email that they would get performance bonus payments, although the amounts were not specified.

"The credit for our turnaround is yours," he told the workers, including 43,000 in the U.S. "There can be no more doubt that our comeback is real. Your phenomenal efforts have put us on a road with an endless horizon in front of us."

In slides posted on its website, Chrysler said it plans to roll out several new and updated vehicles this year and beyond:

— A new small crossover SUV this year to replace the aging Jeep Liberty. Updates to the Grand Cherokee large SUV and the Compass small SUV.

— A new Ram commercial van will debut this year, as well as updated heavy-duty Ram pickup.

— An unspecified new Alfa Romeo vehicle for North America this year.

— A new version of the Chrysler 200 midsize sedan, to debut in 2014.

— The previously announced long version of the Fiat 500 mini-car. No more new products until 2015, when the brand gets up to six new models.

Marchionne also said a new minivan is coming in 2015, but it and other new products have been delayed by a lack of money. "We could have moved on the minivan faster if we had unrestricted access to cash," he said. Chrysler says it spent $4 billion on capital expenditures last year, and it plans to hold that about steady in 2013.

He also said he wants Fiat to fully own Chrysler "as soon as I can afford it." Fiat now owns 58.5 percent of Chrysler, with the rest owned by a health care trust for retired union workers. The trust has asked Chrysler to start the process of a public stock offering so it can sell its shares. Chrysler says the process will take eight to nine months.

"I don't see the future of Fiat and Chrysler as being separate, "Marchionne said. "I see them as one entity at some point in time."

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