

Chrysler Profit Falls 65 Percent On Lower Shipments

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DETROIT (AP) — Chrysler's first-quarter profit tumbled 65 percent as shipments of cars and trucks fell while it prepared to launch several key new vehicles.

The Auburn Hills, Michigan, company said Monday that it earned \$166 million in the January-March quarter, compared with \$473 million a year ago. Revenue fell 6 percent to \$15.4 billion.

Chrysler, which is majority-owned by Italy's Fiat SpA, said worldwide vehicle shipments fell 6 percent during the quarter to 574,000. Chrysler books revenue when it ships vehicles to dealerships.

The company attributed the decline mainly to the end of production of the aging Jeep Liberty midsize SUV at a factory in Toledo, Ohio, last year. That factory is being prepped to build the Liberty's replacement, the all-new Jeep Cherokee, starting in the second quarter. Chrysler shipped 31,000 fewer Liberty models than it did a year ago, which caused most of the drop.

Also, factories that build the 2014 Grand Cherokee large SUV and the 2013 Ram Heavy Duty pickup truck were slowed by the changeover to the freshened models, the company said. And international shipments also were down due to the faltering economy in Europe and import restrictions in Latin America, Chrysler said.

Automakers frequently see shipments and sales drop as they retool factories for updated models. Chrysler expects profit to improve in the second half of the year when dealers are fully stocked with the new vehicles. The company kept its guidance of \$2.2 billion in net income, revenue between \$72 billion and \$75 billion and shipments of 2.6 million to 2.7 million vehicles.

"We remain on track to achieve our business targets even as the first-quarter results were affected by an aggressive product launch schedule," Sergio Marchionne, CEO of Chrysler Group LLC and Fiat, said in a statement.

Chrysler finished the first quarter with \$11.9 billion in cash, compared with \$11.6 billion at the end of 2012. Debt was down \$100 million from the end of the year, at \$12.5 billion.

During the first quarter of 2012, Chrysler posted its biggest profit since leaving bankruptcy protection in 2009.

The first-quarter profit decline came even though worldwide and U.S. sales were up 8 percent from a year earlier.

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