

Fiat Reports Q1 Loss As Sales Slip

Colleen Barry, AP Business Writer

MILAN (AP) — Weak sales in Europe and lower profits at U.S. partner Chrysler pushed Italian carmaker Fiat to a loss in the first quarter.

Fiat SpA on Monday said it lost 83 million euros (\$108 million) during the first three months of the year, compared with a restated first-quarter profit of 35 million euros in the same period of 2012.

Profits at Chrysler LLC, which Fiat controls, dropped 65 percent in the first quarter. Shipments of its cars and trucks were down in preparation for new vehicle launches, such as the new Jeep Cherokee, which goes into production in the second quarter. Fiat's European branch narrowed its losses to 157 million euros, from 207 million euros a year earlier.

Overall revenues were down 2 percent to 19.75 billion euros, as strong sales in Latin America and Asia and demand for its premium brands helped compensate for declines in North America and Europe. Revenues were down 3 percent to 10 billion euros in North America and 4 percent to 4.4 billion euros in Europe, where the financial crisis has badly hurt consumer spending.

"The rest of the year is going to be challenging," Fiat and Chrysler CEO Sergio Marchionne told analysts. "We are fully aware these are unsettled markets."

Fiat said it projects another 5 percent decline in European sales this year, and forecast sales in Italy would drop to 1.3 million, after contracting 20 percent to 1.4 million in 2012.

"We probably have not seen the bottom of this market," Marchionne said.

Fiat passenger car shipments to Europe were down 8 percent to 195,000 in the first quarter, a period that saw the European car market decline 10 percent to 3.1 million units. Fiat sells cars under the Fiat, Lancia and Alfa Romeo brands.

Fiat's luxury and performance brands saw an improvement, mainly thanks to Ferrari. Ferrari's trading profit — or earnings before interest, taxes and one-time items — rose 43 percent to 80 million euros as volumes rose to nearly 1,800 cars. That more than offset a small loss of 4 million euros at Maserati, which has slowed deliveries as it prepares to launch a new Quattroporte sedan. Maserati shipments were down 5 percent to 1,304 vehicles.

Fiat shares were down 1.2 percent to 4.64 euros in a broadly higher market in Milan.

Fiat, based in the northern Italian city of Turin, controls a 58.5 percent stake in

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Chrysler, which it took control of in 2009. The Italian carmaker's plans to buy out its minority shareholder, the pension health trust for the autoworker's union, has been stalled by a dispute over price. A U.S. judge is set to make a ruling on Fiat's offer for one 3.3 percent stake in June, which could establish a price benchmark to complete the purchase. Fiat and Chrysler CEO Sergio Marchionne wants to avoid a public offer to buy the rest of Chrysler, preferring to launch an IPO once a merger with Fiat is complete. A merger could be achieved as early as mid-2014.

The CEO has insisted Fiat has enough cash to complete the Chrysler acquisition. Fiat had 21.3 billion in liquidity at the end of the quarter, 11 billion euros attributable to Fiat and 10.3 billion euros to Chrysler.

Fiat confirmed its 2013 forecasts for profits of between 1.2 billion euros and 1.5 billion euros (\$1.5 million-\$1.9 million) on revenues between 88 billion euros and 92 billion euros.

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