Beat: Business

FIAT CRYSLER RETURNS TO $101.2M PROFIT IN Q1

PROMISES THAT PROFIT MARGINS TO IMPROVE

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USPA NEWS - Fiat Chrysler Automobiles promised investors Wednesday that its profit margins will improve this year in North America and said it already started to make progress during the first quarter of the year.

FCA earned a profit of $101.2 million (92 million euro) during the first quarter compared with a loss of $173 million (190 million euro) during the same period last year in part because the company sold more vehicles and made more money per vehicle in North America. The company's global operating profits increased 22% to $880 million (800 million euro) during the first quarter compared with $720 million (655 million euro) for the same period a year ago.

The automaker reported earnings per share of 52 cents compared with a loss of $1.55 per share for the same period a year ago. Those results easily beat analysts' expectations of 7 cents per share. The company's stock fell 90 cents, or 5.5%, for the day and closed at $15.37 per share.
FCA also earned money in Europe for the second straight quarter even as General Motors and Ford lost money for the quarter in Europe.
FCA US, the company previously known as Chrysler, is now 100% owned by FCA and will report earnings separately sometime early next month.

In North America, FCA has been behind Ford and General Motors for several years when it comes to the amount of money it makes on the cars and trucks it sells and is vowing to change that.
In 2014, Chrysler, which is now a subsidiary of FCA, earned a profit margin of 4.2% while Ford's profit margin in North America was about 12% and GM's profit margin was 8%.
During the first quarter, FCA said its profit margin increased in North America to 3.7% compared with 3.8% a year ago.

CFO Richard Palmer said the company is reducing its dealer discounts, working to better manage its production and inventory and will benefit later this year as its minivan plant in Windsor resumes production.
All of those factors should help the automaker increase its profit margins.
Palmer also said the company's plans to complete an initial public offering of 10% of Ferrari is scheduled to occur during the third quarter of this year. However, the corporate spin-off of Ferrari into a standalone company has been postponed until January.
The spin-off of Ferrari will help the automaker raise capital that the automaker will use to fund a global expansion plan designed to reach 7 million cars and trucks annually by 2018.

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