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FCA reports record Q2 earnings as Marchionne mourned

By Keith Laing (excerpt)

On the day legendary Fiat Chrysler Automobiles NV CEO Sergio Marchionne died, the transatlantic automaker reported second-quarter earnings climbed 39 percent — and that for the first time, the company had reached his longtime goal of more cash than debt.

The company said Wednesday its net profit grew to \$882 million (754 million euros). FCA posted an 8-percent adjusted pre-tax margin in North America, a 0.4 percent decrease compared to a year ago. North America continues to deliver the bulk of the automaker's rising profits. Overall net profit for the company was down 35 percent.

FCA adjusted its full-year outlook for 2018 partly, lowering its projected revenue for the year from \$146 billion (125 billion euros) to a range between \$134 billion (115 billion euros) to \$137 billion (118 billion euros), which new CEO Mike Manley attributed to the company's "first half results and the time needed to work through a number of these performance issues." ...

...FCA's new CEO, Mike Manley, told investors in his first public remarks on Wednesday that China is an ongoing challenge the company is facing as he transitions to the top leadership position.

"Clearly when you step back and look at our results for the quarter, the biggest challenges we face, and frankly we're going to face to some extent for the balance of the year, are all focused in China," he said. "With duty changes that were announced, these particularly impacted Maserti, which resulted in a slow down of sales and shipments to dealers."

Manley took a moment at the top of his opening remarks to mourn Marchionne, directing a moment of silence in the fallen FCA chief's honor and noted that they worked closely together in his former role as the head of the company's Jeep and Ram brands. ...

...Manley's remarks to investors about FCA's second-quarter earnings were his first public comments since he took over the company on Saturday. The report to investors represented a baptism by fire of sorts for

Manley, 54, a Briton who managed FCA's profit-rich Jeep and Ram brands before what amounts to a battlefield promotion. ...

...David Kudla, CEO of Grand Blanc-based Mainstay Capital Management LLC, said Manley will have to get to work right away to address production issues that have hampered sales of FCA's new Ram pick-up truck.

"FCA's choice of insider Mike Manley to replace ... Marchionne is in line with the company's vision for improving operational efficiencies and bolstering the Jeep and Ram truck product lines," Kudla said. ...

..."Auto, steel, and aluminum tariffs will be major headwinds for the auto industry moving forward," Kudla said. "The auto tariffs could lead to higher car prices and less jobs here in the U.S. Tariffs would ultimately be a tax on the American consumer, increasing the cost of cars." ...

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