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Fiat Chrysler reports \$1.4B net profit in third quarter

By Eric D. Lawrence (excerpt)
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The financial picture improved significantly for Fiat Chrysler Automobiles in the third quarter of 2020, with the company's best showing since the coronavirus pandemic blew a hole in sales and earnings across the automotive industry earlier this year.

Rather than a loss on the quarter, the company claimed a net profit of \$1.4 billion (1.2 billion euros), up 773% over the same quarter in 2019, powered by its performance in North America. ...

... "Our record results were driven by our team's tremendous performance in North America. During the quarter, we unveiled 'white-space' products across many brands; launched the next chapter for our storied Maserati brand; confirmed our market leadership in Latin America; and continued the rapid pace of our global investments in electrification. Once again, our team has proven its extraordinary resilience and creativity, and, as we close in on the merger to create Stellantis, we are stronger and more focused than ever on our mission to deliver great value for all our stakeholders," according to FCA CEO Mike Manley. ...

... Investment expert David Kudla, who cheered the results, questioned the company's assumptions about the pandemic.

"While we were encouraged that the company reinstated guidance, we are concerned that the company assumed no further disruptions from COVID-19," said Kudla, CEO and chief investment strategist for Mainstay Capital Management. "There are a number of (European Union) countries who are considering or are enacting further lockdowns after a surge in COVID-19 cases. The U.S. reported a record number of new COVID-19 cases over the weekend, so it may be a bit preemptive to assume that there will be no further COVID-19 disruptions for the company." ...

... Weighing in later, Kudla noted that the company had a solid quarter.

"Fiat Chrysler bounced back in a big way as the Ram and Jeep brands carried the company in the third quarter. Low inventory levels kept transactions prices high, while a surge in demand due to low rates and fiscal stimulus propelled FCA to a record \$2.67 billion in pre-tax earnings," Kudla said. "The timing couldn't be better as FCA and PSA Group are about to close their Stellantis merger in the first quarter of 2021. The European Commission is expected to approve the merger, removing one overhang for the soon-to-be combined entity."

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