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Fiat Chrysler's second-quarter profits pushed up by Ram trucks

By Eric D. Lawrence (excerpt)
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It's been mostly about Ram at Fiat Chrysler Automobiles this year.

The automaker's truck brand has been a solid performer for the company in the United States in 2019, and that, along with some help from the Jeep Gladiator midsize truck, has gone a long way toward boosting FCA's fortunes.

The Italian-American automaker released its second-quarter earnings Wednesday, and the Ram brand figured prominently in boosting the bottom line. The company touted record second-quarter results in North America, despite a drop in sales. ...

... FCA CEO Mike Manley touted the company's strength in its most profitable market.

"We continue to deliver strong performance in North America and (Latin America). Robust demand for our new products, along with steps we've taken to exert discipline across all of our businesses, have generated the momentum to achieve our full-year 2019 guidance," Manley said in the release. ...

... David Kudla, CEO and chief investment strategist for Mainstay Capital Management, pointed to a challenging environment for FCA in both the United States and Europe but noted that other automakers are feeling the heat as well.

"The macro environment is tough for automakers right now. The headwinds in this industry are persistent," Kudla said in a note ahead of the earnings release. "We are past peak auto and seeing demand contract in the

U.S. All major auto companies have pivoted toward Auto 2.0 and the industry is in the midst of a tectonic shift. Until these companies can transform themselves, Wall Street will continue to question their future. Fiat Chrysler is no exception."

Part of the challenge will be addressing the cost of electrification, one of the key paths to meeting emissions requirements, especially in Europe. Manley indicated that FCA would be compliant with its own vehicles -- rather than working with automakers such as Tesla to do so -- by 2022.

FCA's plans include production of a plug-in Jeep Wrangler next year.

However, the "impact of electrification will be significant in terms of overall cost" to the company, said Chief Financial Officer Richard Palmer.

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