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Autos Insider

Chrysler posts 1st-quarter profit

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Chrysler Group LLC reported a \$143 million operating profit in the first quarter, and net revenue was up 3 percent, to \$9.687 billion.

"Chrysler no longer needs crutches to walk," Chrysler and Fiat SpA CEO Sergio Marchionne declared Wednesday, at a 6 ½ -hour meeting in Italy that outlined Fiat's five-year business plan.

Cash and market share also improved in the first three months of the year for the Auburn Hills-based automaker, on the heels of a net loss of \$3.785 billion for 2009.

The 2009 figures cover the year as of June 10, when Chrysler emerged from bankruptcy and partnered with Fiat.

It had been years since so much of Chrysler's finances had been publicly bared. Some financial information was revealed in bankruptcy documents; and former owner Daimler AG listed some Chrysler figures as part of its own financials, until 2007.

The first-quarter results were stronger than expected, said Brian Johnson of Barclays Capital.

"Chrysler posted revenues of \$9.7 billion, meaningfully ahead of our \$6.1 billion estimate," he said. "In addition, Chrysler generated \$143 million of operating profit versus our estimate of a \$72 million loss."

"Fiat-Chrysler deserves a lot of credit for the progress made so far," said Michelle Krebs, analyst with Edmunds.com. "It was questionable whether they'd survive 2010, but now the company seems to be on track."

She noted the average time to sell a new Chrysler is 66 days from 109 a year ago; the average price was only \$1,500 below sticker price -- not including incentives -- compared with a \$3,000 discount in 2009.

Marchionne said Chrysler is on track to meet the goals announced for it in November, having cut incentives, improved manufacturing efficiency and supplier relations and slashed spending.

Van Conway, of turnaround specialist Conway MacKenzie Inc. in Birmingham, said the first-quarter figures -- not the 2009 results -- are what's important.

"To say they were in transition is an understatement," Conway said.

"What matters is their market share and the timeline for new products and if they are making money now."

Additional Facts Chrysler's ledger

- First-quarter net loss of \$197 million
- \$7.376 billion in cash at the end of March, up from \$5.877 billion at the end of 2009
- \$9.8 billion in liquidity, with \$2.4 billion of undrawn credit from the U.S. and Canadian governments
- \$17.71 billion in net revenue from June 10 to Dec. 31
- Operating loss of \$895 million in 2009
- Chrysler plans to repay its U.S. and Canadian loans by 2014.