

# The Detroit News

Business & Autos | Friday, January 26, 2018

## Fiat Chrysler Chief Aims To Beat Ford Earnings in 2018

BY KEITH LAING (excerpt)

Fiat Chrysler Automobiles NV CEO Sergio Marchionne took a victory lap as he kicked off his final full year at the helm with an announcement Thursday that the company's net profit nearly doubled for 2017 – and a prediction that it will top Ford Motor Co.'s earnings before he retires in April 2019. ...

...FCA is forecasting a project net revenue of \$155 billion (125 billion euros) for 2018. That's down from an earlier forecast of about \$169 billion (136 billion euros). The company projects an adjustment pre-tax earnings figure of nearly \$10.8 billion (8.7 billion euros).

Marchionne said he expects FCA to earn more than one of its chief Detroit rivals this year.

"I think there's a very strong likelihood that we will outperform Ford in terms of operating earnings in 2018," he said on a conference call with investors Thursday. "That's something that if I told any of us in the room here that would've been doable five years ago, nobody would have believed it."

Ford on Wednesday posted a 65 percent bump in annual profit, saying its 2017 net income totaled \$7.6 billion. The Blue Oval said its automotive segment reported a \$7.3-billion pre-tax profit on \$145.7 billion in revenue. Overall, pretax profit for Ford dropped \$1.9 billion from a year ago to \$8.4 billion...

...Auto industry analysts said Marchionne may be able to back up his big talk in 2018.

"As one the first CEOs to make significant cuts to their car lineup in favor of more profitable and top-selling trucks and SUVs, Sergio Marchionne set the tone" for Ford Motor Co. and General Motors Co.,

David Kudla, CEO of Grand Blanc-based Mainstay Capital Management, said in a statement.

"Much will be riding on the 2019 Ram 1500 as Fiat Chrysler bets big on trucks and SUVs. The Jeep product line is also expanding with a new Jeep Wagoneer and Grand Wagoneer," Kudla continued. "Investors are expecting some big action steps by" Marchionne "in his final year in this current role, although stepping into an executive chairman position may still be a possibility after 2018."

Shares of FCA were up 1.1 percent early Thursday afternoon to \$24.42...

...The Italian-American automaker has reported 2017 sales of 2,059,376 cars, trucks and SUVs, an 8 percent drop from its sales of 2,244,315 units the year before. FCA's sales drop for 2017 was greater than an industry-wide decrease of 1.8 percent reported by Autodata Corp.

Marchionne said Thursday that FCA is hoping in 2018 to eliminate its debt, which it reported was \$22.3 billion (17.9 billion euros) in 2017. FCA said its 2017 debt levels were down \$7.54 billion (6.077 billion euros) from 2016.

"We're looking forward to finally walking into this meeting in Q2 and telling you that we no longer have debts," the FCA chief executive said. "It's going to be a big day here when we get there." ...