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## Letter from the Chief Executive Officer

Dear Shareholders,  
the Group has just closed another very significant year, particularly with regard to the integration process between Fiat and Chrysler.

What we had achieved in industrial, commercial and cultural terms laid the necessary ground work to complete that process with the completion of the acquisition of full ownership of Chrysler.

We believed from the beginning that the integration between Fiat and Chrysler needed to take place in practice even before it did on paper.

For the past four and a half years, we have been working to integrate our respective traditions, transform our differences into strengths and break down geographic and cultural barriers.

The two groups have learned to work alongside each other in a spirit of cooperation and have made each other stronger through the sharing of ideas, know-how and experience.

Each with their own distinct identity, Fiat and Chrysler have shared the spirit and values of an organization intent on distinguishing itself not only in terms of the excellence of its products, but also for its commitment, integrity and transparency.

As you know, following a lengthy negotiation, on January 1st of this year we reached an agreement with the VEBA that cleared the way for us to acquire full control of Chrysler.

Although this was an historic milestone for Fiat, in reality it simply represents the formalization of the work the two organizations had already done to create a single group with extraordinary potential at the technical, professional and human level.

Together we have created a leading global automaker that ranks as the seventh largest in the world and the consolidated results for 2013 demonstrate the benefits of this union.

Worldwide vehicle shipments were up 3% over the prior year to 4.4 million units.

Revenues totaled €87 billion, increasing 3% in nominal terms and 7% on a constant currency basis. Trading profit



totaled €3.4 billion and net profit was nearly €2 billion.

At year end, available liquidity totaled €22.7 billion.

In order to maintain a balanced level of liquidity following the acquisition of the minority stake in Chrysler, the Board of Directors has decided not to recommend a dividend on Fiat shares for 2013.

Overall, a positive performance for the mass-market brands in North America and Asia-Pacific more than compensated for the continuing weakness in the European market and the slow-down in Latin America.

At the same time, our Luxury Brands posted strong growth and Components made a positive contribution.

Looking at the performance of our mass-market operations by region, in NAFTA we continued to outperform the market, with sales up 8% over the prior year.

In the U.S., we closed the year with 45 consecutive months of year-over-year sales gains and our strongest annual sales since 2007.

In Canada, we recorded 49 straight months of growth and reconfirmed our position as the number two selling automaker, posting our strongest annual sales performance in 13 years.

In LATAM, we registered positive results, although below the prior year's level primarily as a result of negative currency impacts, principally the weakening of the Brazilian Real, input cost inflation for the Brazilian operations and initial start-up costs for the new Pernambuco plant.

The year-over-year comparison for LATAM is also against a record 2012, when the Group demonstrated exceptional flexibility in responding to a sharp increase in demand in Brazil following the introduction of government incentives.

Despite the above, the Group continued to be the market leader in Brazil, a position we have held for 12 years, with a 270 basis point lead over our nearest competitor.

In Argentina, sales were up 31% and market share increased 140 basis points.

In APAC, the Group posted strong earnings on the back of significant volume growth.

Retail sales in the region, including JVs, were up 73% – significantly outpacing industry growth of around 9% for the year.

In China, the Fiat Viaggio continued to gain momentum and it is now the Group's best-selling model in the region. In India, where the distribution network is now fully owned and operated by the Group, volumes were up 41% for the year. In Australia, we posted the industry's best year-over-year performance, up 53%.

In EMEA trading conditions remained extremely weak with the industry in Europe registering its sixth straight year of decline.

Despite market conditions, however, losses in EMEA were reduced to €470 million, representing a €233 million improvement over 2012, due in large part to a better product mix, driven primarily by the early success of the commercial strategy centered around the 500 family, as well as increased cost efficiencies achieved during the year.

In addition, the premium strategy announced in 2012 in response to difficult market conditions has yielded promising initial results.

The first fruits of this decision to expand into the more profitable premium end of the market are evident in Maserati's outstanding results.

The brand closed the year with a particularly strong fourth quarter following the introduction of the new Ghibli in October, building on the success of the new Quattroporte launched in March. For the full year, vehicle shipments were up 148%, revenues up 120%, trading profit up

€114 million to €171 million and trading margins exceeded 10%.

Ferrari also turned in an excellent performance. Despite production volumes being held below the 2012 level to preserve the brand scarcity and exclusivity, revenues were 5% higher at €2.3 billion and trading profit was up 9% to €364 million with trading margins increasing to 15.6%.

On the production front, we continued in our commitment to World Class Manufacturing standards at Group plants worldwide, achieving further quality improvements in products and processes.

As evidence of that commitment, the plants in Pomigliano d'Arco (Italy), Tychy (Poland) and Bursa (Turkey) all achieved WCM Gold level during 2013 and in Chrysler we began to introduce WCM into suppliers' locations.

With regard to the near-term outlook, the Group will be presenting an updated business plan in early May 2014 to provide increased visibility on the Group's strategic direction and execution priorities.

We have already given guidance for the current year, with expected revenues of around €93 billion, trading profit in the €3.6-€4.0 billion range and net profit of €0.6-0.8 billion. The net industrial debt target in the €9.8 billion to €10.3 billion range takes into account the €2.7 billion payment to the VEBA Trust in January 2014 to acquire the remaining 41.5% interest in Chrysler.

We will work towards the achievement of these targets with the same spirit that has brought us this far and with respect for the diversity of experiences and cultures that coexist, both inside and outside the Group. That commitment extends to the needs of the local communities where we operate and the environment, as well as the legacy that we intend to leave future generations.

A commitment to operating responsibly and promoting a model of sustainable development is part of the tradition and values of the Group that continue to be recognized internationally.

For the fifth consecutive year, Fiat was included in the prestigious Dow Jones Sustainability World and Europe indexes. The Group achieved the maximum score in several key areas, such as the economic, environmental and social dimensions.

For the second consecutive year, we were recognized as the leader in Italy for our commitment to addressing climate change. Our environmental performance together with transparency in disclosure earned us recognition at the very top of the Carbon Disclosure Project's Italy 100 Climate Disclosure Leadership Index (CDLI) and Climate Performance Leadership Index (CPLI).

That recognition is the result of a business philosophy, involving each individual throughout the entire organization, where striving for product excellence goes hand-in-hand with acting responsibly.

Let me take this opportunity to thank everyone in the Group for embracing the culture of sustainability and working every day to translate it into concrete action.

Thank you also to all of our shareholders for standing by us as we have grown and transformed the business and for continuing to support us as we move to the next chapter in the Fiat-Chrysler story.

27 February 2014

/s/ Sergio Marchionne

Sergio Marchionne

CHIEF EXECUTIVE OFFICER

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