

Stellantis posts strong inaugural earnings, steps up electric drive

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Stellantis chief executive Carlos Tavares hailed the new company's first half earnings as "very strong".

US-European auto giant Stellantis, formed by Peugeot and Fiat Chrysler this year, posted Tuesday a sizeable first-half net profit and announced

that its Alfa Romeo and Lancia brands would go fully electric.

Stellantis, whose brands also include Maserati and Jeep, said Tuesday that its net profit totalled 5.8 billion euros (\$6.9 billion) in the first six months of the year. Net revenues reached 72.6 billion euros.

Richard Palmer, the company's chief financial officer, said Stellantis hit a "record margin" compared to past performances of the previous companies, Peugeot and Fiat Chrysler.

"We feel we had a very strong first half in terms of margins and commercially speaking," Palmer said in a press conference.

The company had an adjusted operating income margin—or operating income divided by net sales—of 11.4 percent.

Stellantis performed well despite a global shortage of semiconductors that forced the company to cut production of 700,000 vehicles.

Palmer said production would be reduced by another 500,000 vehicles in the third quarter but that the chip shortage is not expected to worsen.

Stellantis expects a 10 percent margin for the full year—better than previously forecast—assuming "no deterioration of the semiconductor situations and no further lockdowns" due to Covid, he said.

The company performed well in North America, with strong sales of its Ram pickup trucks and Jeep hybrids.

In Europe, its main market, sales were driven by the Peugeot 2008 model and the new Citroen C4, Opel Mokka and Fiat 500 electric cars.

Electric cars

The company said it was going "full speed ahead" with the launch of 11 battery-electric vehicles and 10 plug-in-hybrids over the next 24 months.

"While delivering this strong operational performance the Company also made significant progress on strategic matters related to electrification acceleration and software, which are fundamental pillars of our strategy," chief executive Carlos Tavares said in a statement.

The company said its Lancia brand would go fully electric by 2026 around the world while Alfa Romeo would follow suit by 2027 in Europe, North America and China. Its French DS car will join the fray by 2024.

Other Stellantis brands have already announced plans to go electric, with Opel eyeing 2028 in Europe and Fiat aiming for 2025-2030.

Germany's Daimler said last month that its Mercedes-Benz brand would be all-electric by the end of the decade.

The EU has signalled that it wants a ban on new petrol and diesel vehicles by 2035 to meet its target of reaching carbon neutrality by mid-century.

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