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CEO: Chrysler should surpass target for year

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Chrysler CEO Sergio Marchionne said Monday that the automaker should beat its expectations for the year and it's working to launch an initial public offering "as quickly as we can."

The timing of an IPO, he said, will depend on the pace of Chrysler's financial improvement and how likely the market will support a Chrysler stock offering.

"The fact that we have gotten this far would suggest there's a strengthening base for us looking at an IPO in a much-shortened time frame than most people had expected," Marchionne said during a conference call with analysts to discuss the company's first-quarter results.

Chrysler last month said it posted a \$197-million loss during the first quarter, but recorded a \$143-million operating profit, which excludes taxes and interest on debt. Chrysler reported revenue of \$9.7 billion.

For the year, Chrysler ex-



Chrysler
CEO Sergio
Marchionne

Marchionne, who is to meet Thursday with the Michigan congressional delegation in Washington, D.C., also said Chrysler is accelerating plans to introduce a Fiat-based compact car to Chrysler's lineup. Instead of launching in 2012, the car is now to hit the market during the fourth quarter of 2011.

Accelerating the pace of marrying Fiat and Chrysler products in the U.S. will only fuel interest in an IPO.

"There is an uncomfortable gap in Chrysler's product pipeline," said Chris Price, a managing director at O'Keefe & Associates' investment banking division. "The question is how fast and how deftly Fiat can seed Chrysler with its

pects to post revenue of \$40 billion to \$45 billion and an operating profit of as much as \$200 million. Chrysler plans to update its goals at the end of September.

own current and new platforms to fill that hole."

Chrysler plans to release revamped versions of the Jeep Wrangler and Patriot during the third quarter.

It expects to release updated versions of several vehicles, including its minivans, the Dodge Journey, Charger and Chrysler 300 during the fourth quarter, when it also expects to introduce the Fiat 500.

"They're at a critical point," said AutoPacific analyst Stephanie Brinley regarding Chrysler. "They don't have a lot of good publicity. Instead it's been a lot of negativity about the current lineup. They need some good news."

The updates and the arrival of the Jeep Grand Cherokee next month should help Chrysler cut incentives.

Chrysler reduced incentives to an average of \$3,500 per vehicle, down from \$5,000 in the first quarter of 2009.

"I'm not chasing market share at any price," Marchionne said.

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