

Transportation

Investors Bullish on Chrysler IPO, Poll Says

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11/14/10

NEW YORK ([TheStreet](#)) -- With **Chrysler** [raising its full-year guidance and narrowing its sequential loss in the third quarter](#) prior to what appears to be a hot **GM** IPO, users of *TheStreet* are for the most part increasingly bullish on Chrysler.

As Conway MacKenzie turnaround expert Van Conway said after Chrysler released its earnings on Monday, U.S. car companies have "mutual synergy" in how they're perceived, so the good performance of one could bode well for another as well.



Chrysler's IPO is expected to take place in the latter half of 2011, while GM's IPO is expected to take place next week. GM is scheduled to price the IPO next Wednesday and its shares should begin trading on the New York and Toronto stock exchange on Thursday. According to *Reuters*, GM's IPO has already attracted \$60 billion in orders, which is six times what the automaker originally expected to raise. Several new reports say that the IPO will likely price in the upper range of \$26 to \$29 a share.

As all eyes shifted to GM, *TheStreet* fast forwarded to its smaller rival's expected upcoming IPO and asked readers for their latest sentiment about it in light of its earnings and guidance report, GM's initial public offering and [various analyst views about these developments](#).

Slightly more than 51% of the those who responded to the poll indicated they were more bullish about the Chrysler's IPO, while a little more than 24% were more bearish, and another slightly over 24% were unchanged in their sentiment.

Looking at these results, Xavier Mosquet, global leader of the Boston Consulting Group's automotive practice and a Detroit-based senior partner at the firm, said "I think these results reflect well the recognition that both companies have been deeply restructured and have regained market share since last year."

"They also reflect the more general uncertainty about the economy and the fact that an IPO is sensitive to the auto and financial markets, even though the companies have shown good results."

Looking ahead, industry analysts are increasingly bullish on Chrysler's prospects. Mosquet said the worst for Chrysler came to an end in the summer, when it had to keep its sales going without the help of any new products. But now, with the successful introduction of the Grand Cherokee and 10 new products arriving in the coming months, Chrysler's share and performance should "definitely pick up," he said.

AutoPacific president George Peterson recently test-drove Chrysler's new 2011 model-year vehicles and noted a substantial improvement over the ones they replace. Peterson believes this is a clear indication that Chrysler has been using its engineering and financial resources efficiently.

"While I cannot identify any world beaters among the new products, they certainly are more competitive than before."

Now, the key for Chrysler is to survive the next two years until the true benefits of its relationship with Italian automaker Fiat comes to fruition, Peterson said. Fiat CEO Sergio Marchionne, according to Peterson, is "very aggressive and committed to success and he demonstrated he could do it with Fiat."

Fiat took a 20% stake in Chrysler as it went into government-supervised Chapter 11 bankruptcy protection in 2009, with the option of increasing this stake to 35% and eventually to 51% depending on the achievement of certain government-mandated financial and developmental goals.

Despite his growing optimism about Chrysler's prospects, Peterson is doubtful that the automaker will ever catch up to larger competitors GM or **Ford**([F](http://www.thestreet.com/quote/F.html)<http://www.thestreet.com/quote/F.html>) in global or domestic market share. Instead, Chrysler will maintain its U.S. market share of about 8% mainly through the introduction

of new Fiat and Alfa Romeo products, Peterson said. He estimates the automaker will gather incremental volume by selling additional vehicle models as U.S. vehicle sales reach 15 million units in 2015. U.S. 2009 sales amounted to just above 10 million units.

"In the meantime, Ford has taken the USA market by storm with new, well regarded products that they are selling very profitably," Peterson noted. "Ford's strategy is to go for profitability and not for market share. GM has stabilized and appears to be getting its act together."

-- Written by Andrea Tse in New York.