

FINANCIAL RESULTS: Chrysler unit may report weak profit

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After two years of growing sales and profits, **Chrysler Group** could find itself in a slump midway through this year as its owner, **DaimlerChrysler AG**, reports second-quarter earnings today.

DaimlerChrysler as a whole is expected to report an increase in profits, according to a survey of analysts by **Thomson Financial**. The **Mercedes Group** is rebounding from a difficult start to last year.

But with incentives high and U.S. sales lagging, Chrysler Group could be a weak spot for the company, industry experts and analysts say.

"The corporate outlook is actually pretty good, while ... the Chrysler Group part is scary," said David Healy, an analyst with New York-based **Burnham Securities Inc.**

Chrysler Group is well-positioned long term, but it is fighting to hold share, said David Kudla, chief executive and chief investment strategist for **Mainstay Capital Management LLC** in Grand Blanc.

Chrysler Group executives have said sales could be slow in the first part of the year but pick up later this year as new vehicles, such as the Dodge Nitro, Jeep Compass and redesigned Chrysler Sebring come to market.

"When we look at the product cycle and what they've got over a couple-year time-frame, it looks good," Kudla said. "But, relative to the timing this year, the cadence this year, they're struggling in the first half."

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