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Chrysler profits jump to \$1.9 billion

Gains fueled by increase in worldwide sales, years of cost cutting measures

By Brett Clanton / The Detroit News

Chrysler had its best year since 1999 in 2004, swinging to a \$1.9 billion operating profit from a \$637 million loss in 2003 and paving the way for the automakers' 68,000 U.S. workers to receive average profit-sharing bonuses of \$1,500 in March.

Auburn Hills-based Chrysler's strong results helped boost profits at parent DaimlerChrysler AG despite a sharp drop in earnings at the automaker's Mercedes-Benz unit.

Chrysler's gains were fueled by a 10 percent increase in revenues to \$67 billion, when measured in U.S. dollars, a 5 percent increase in worldwide vehicle sales and lower incentives, the company said.

For the fourth quarter, Chrysler posted \$523 Million in operating profit, up from \$180 million in 2003, as the automaker felt the full effect of launching nine new vehicles, including the popular Chrysler 300 sedan and Dodge Magnum wagon.

Chrysler's strong performance follows three years of cost cutting during which the automaker either lost money or reported small earnings and shed more than 35,000 jobs.

Higher profits at Chrysler helped lift DaimlerChrysler to full year net income of \$3.3 billion, up from \$564 million in 2003, even as fourth quarter profits plummeted 63 percent on lower earnings at Mercedes.

For the year, Mercedes posted \$2.3 billion in operating profit, down sharply from \$3.9 billion in 2003. The luxury unit blamed lower sales and costs related to new model launches and an improved quality initiative.

DaimlerChrysler expects "slightly higher" operating profit in 2005 on stronger worldwide vehicle demand, with bigger gains in 2006 as Chrysler and Mercedes roll out new vehicles.