

# Daimler cuts 2018 profit forecast on diesel woes

October 19 2018

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Daimler manufactures Mercedes-Benz and Smart cars but it was recently forced to recall more than 770,000 diesel cars across Europe

German luxury automaker Daimler on Friday again cut its profit outlook for 2018, warning that costs related to polluting diesel engines would

drag down earnings.

The Mercedes-Benz maker, which this year had to recall more than 770,000 [diesel](#) cars across Europe, said it now expected earnings before interest and tax (EBIT) to come in "significantly below" last year's figure.

The group booked an EBIT of 14.3 billion euros (\$16.4 billion) in 2017, and had originally expected to see results "slightly above" that this year.

But Daimler was already forced to trim its outlook for a first time four months ago, blaming new tariffs imposed on cars exported from the United States to China as part of President Donald Trump's festering trade spat with Beijing.

Daimler has now lowered its forecasts for a second time after becoming embroiled in the car industry's ongoing "dieselgate" scandal.

In an ad-hoc statement, Daimler said the latest reassessment was partly due to an "increase in expected expenses" related to "Mercedes-Benz diesel vehicles".

The diesel saga erupted in 2015 when German rival Volkswagen admitted to installing "defeat devices" in 11 million diesels worldwide designed to dupe emissions tests and make the cars seem less polluting than they were.

Suspicious have since spread to other automakers as well.

In June, German regulators forced Daimler to recall, and carry the costs of retrofitting, some 774,000 vehicles it said had been equipped with illegal software to conceal high levels of harmful nitrogen oxide gases (NOx).

Adding to Daimler's diesel woes is an in-depth cartel probe by the European Commission that seeks to clarify whether Daimler, Volkswagen and BMW agreed not to compete with each other on anti-pollution systems.

Daimler is due to release its full third-quarter results next Thursday but already announced some preliminary figures in its ad-hoc statement.

Group EBIT, which also includes its Daimler trucks, buses and Mercedes vans divisions, reached 2.5 billion euros between July and September, it said.

This was down 27 percent year-on-year and "significantly below market expectations", Daimler admitted.

As well as the extra charges linked to "dieselgate", the group said it had faced headwinds from lower van sales due to delivery delays and "decreasing demand" for its buses in some markets.

Daimler's share price plunged 3.2 percent to 50.74 euros by 1345 GMT in Frankfurt, underperforming a DAX blue-chip index that was down 0.18 percent.

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Citation: Daimler cuts 2018 profit forecast on diesel woes (2018, October 19) retrieved 27 April 2024 from <https://phys.org/news/2018-10-daimler-profit-diesel-woes.html>

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