

# Diesel fallout and trade headwinds sap Daimler in 2018

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Mercedes sold more vehicles last year, but higher investments and increased costs for raw materials sent profits skidding lower

German car giant and Mercedes-Benz parent Daimler reported Wednesday that costly investments, fallout from the industry's diesel scandal and trade headwinds compressed its bottom line in 2018.

Net profits at the Stuttgart-based group tumbled 29 percent to 7.6 billion euros (\$8.7 billion) last year, short of predictions from analysts surveyed by Factset.

Unit sales grew 2.0 percent than 3.3 million vehicles sold, with similar growth in revenues, to 167.4 billion euros.

But operating, or underlying profit dropped 22 percent, to 11.1 billion euros, after the group downgraded its forecast twice last year.

"2018 was a year of strong headwinds—with the ongoing diesel debate, the changeover to the new WLTP test method and the global trade dispute," chief executive Dieter Zetsche said in a statement.

The group added that its profits were sapped by massive investments in developing new models and new technologies like electric and [autonomous vehicles](#), as well as by increased costs for raw materials and currency effects.

Daimler's Mercedes-Benz cars and vans divisions weighed on the bottom line, with operating profit falling 18 percent and 73 percent.

Both arms suffered "expenses in connection with ongoing legal proceedings and measures taken for diesel vehicles," as the group was forced to recall 774,000 vehicles for refits when German authorities discovered software capable of deceiving emissions tests.

Meanwhile the Trucks unit reported profits up 16 percent, thanks largely to higher demand from North America.

Looking ahead to this year, Daimler forecast it would increase [unit sales](#), revenue and operating [profit](#) "slightly" compared with 2018, although it still plans to plough more than 30 billion euros into investments.

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