

VW sees steady profits in 2018 results

February 22 2019



The cost of dieselgate is still a cloud over Volkswagen's earnings

German car giant Volkswagen on Friday reported steady operating profit and rising revenues in 2018, but said its "dieselgate" emissions cheating scandal again inflicted one-off costs of 3.2 billion euros (\$3.6 billion).

Operating [profit](#) inched up 0.1 billion euros to 13.9 billion last year, the

Wolfsburg-based group said in preliminary results, released unexpectedly ahead of its March 12 annual earnings press conference.

Meanwhile the sprawling 12-brand conglomerate increased unit sales by 0.9 percent to 10.8 million vehicles, a new yearly record—powering annual revenues up 2.7 percent at 235.8 billion euros.

Chief executive Herbert Diess hailed a "good showing in 2018, especially against the background of the switch to WLTP", [new emissions tests](#) that proved a massive bottleneck for the whole industry from their introduction in September.

VW was particularly happy to hit the high end of its profit margin target, at 7.3 percent—slightly down on 2017's level.

But the group said it also spent 3.2 billion euros—the same amount as the previous year—in one-off costs related to its 2015 admission to cheating on regulatory tests for 11 million diesel vehicles worldwide.

VW's preliminary results release came on the same day as a non-binding opinion from the Federal Court of Justice (BGH), Germany's highest tribunal, on claims against the firm over manipulated vehicles.

Senior judges leaned towards backing customers' claims against Volkswagen, potentially pointing the way for future deliberations in lower courts over the 2.4 million such cars sold in Germany.

Despite the legal risks and the costs of a massive push for new electric and hybrid models, the supervisory and executive boards proposed an increased dividend of 4.80 euros per share, up from 3.90 for 2017.

Looking ahead to 2019, the group said it would "slightly exceed" last year's unit sales figure despite challenges from a slowing economy,

intensifying competition and volatile exchange rates.

Revenues should increase by up to 5.0 percent year-on-year and operating profit between 6.5 and 7.5 percent, bosses forecast.

Investors appeared unmoved by the positive results announcement, with VW shares shedding 0.64 percent to trade at 145.64 euros around 4:50 pm (1550 GMT) in Frankfurt.

© 2019 AFP

Citation: VW sees steady profits in 2018 results (2019, February 22) retrieved 2 May 2024 from <https://phys.org/news/2019-02-vw-steady-profits-results.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.