

BMW blames trade headwinds, emissions tests for weaker 2018

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Profits at German high-end carmaker BMW tumbled in 2018, the firm

said Friday, with trade headwinds and tough new EU emissions tests' drag on performance set to last into this year.

"Challenges facing the entire sector are unlikely to diminish in the coming months," chief executive Harald Krueger said in a statement.

Net profit at BMW slumped 16.9 percent to 7.2 billion euros (\$8.2 billion), the group said.

The Munich-based firm pointed to "political uncertainty, a cooling global economy... rising production costs to meet regulatory requirements, exchange rate effects and rising raw materials prices" as weights on its earnings.

Operating, or underlying, profits fell less sharply, shedding 7.9 percent to 9.1 billion euros.

Revenues were less strongly affected, falling 0.8 percent to 97.5 billion.

Other carmakers' scramble to sell cars not certified under the so-called WLTP test cycle before its introduction in September led to "unexpectedly intense competition", BMW said, penalising the group for its decision to adopt the new procedure early.

Meanwhile the group's bottom line also suffered as it was ordered to recall over a million [diesel cars](#) to replace faulty components.

BMW boosted unit sales at its flagship brand slightly, to 2.1 million cars, but deliveries of Minis fell back 2.8 percent, to 361,500.

Luxury subsidiary Rolls-Royce lifted shipments 22 percent, to 4,107.

Looking to different world regions, sales in Europe were flat while the

Americas and Asia recorded slight growth.

"Volumes grew significantly" in China as BMW ramped production of X3 SUVs locally, the group said.

Bosses said they would offer shareholders their second-highest dividend payout ever, at 3.50 euros per share.

Looking ahead to 2019, BMW expects a "slight increase" in unit sales, in part thanks to new models.

Investors offered a mildly positive reaction to the news, with BMW stock gaining 1.1 percent to trade at 74.59 euros around 11:30 am in Frankfurt (1030 GMT).

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