

# Daimler slashes 2019 profit forecast after Q2 loss

July 12 2019

---



The so-called "Dieselgate" scandal is taking the shine off Daimler's results

German auto giant Daimler, maker of Mercedes-Benz, on Friday slashed its 2019 profit forecast for the second time in a few weeks, after booking a 1.6-billion-euro (\$1.8-billion) operating loss in the second quarter.

By comparison, between April and June last year, the Stuttgart-based group chalked up operating [profit](#) of 2.6 billion euros.

But unforeseen events, including a mass recall over faulty airbags and government probes and legal cases related to the "Dieselgate" emissions cheating scandal, prompted the company to set aside more cash in provisions and increase estimated costs for the year, Daimler said in a statement.

That meant the carmaker now expects to book an annual operating profit "significantly below" the 11.1 billion euros recorded in 2018, it said.

Daimler already downgraded its outlook on June 23, pencilling in flat earnings instead of a slight increase as it tackled the fallout from the "Dieselgate" scandal that had forced it to set aside hundreds of millions of euros in provisions.

The previous day, Germany's KBA road transport authority ordered the company to recall 60,000 vehicles it suspected were fitted with software to reduce [harmful emissions](#) under lab testing conditions.

Last year, the office had already ordered the recall of 700,000 Daimler-made vehicles worldwide over illegal software.

As well as the one-off events, Daimler said it was making slower progress bringing new models to market, while demand worldwide is less robust than expected.

And changes to the product line-up in its Vans division—one of those affected by recalls—will generate additional costs of 500 million euros, the [company](#) said.

Citation: Daimler slashes 2019 profit forecast after Q2 loss (2019, July 12) retrieved 25 April 2024 from <https://phys.org/news/2019-07-daimler-slashes-profit-q2-loss.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.