Daimler upbeat on luxury car sales

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Daimler became the latest premium carmaker to forecast a swift return to growth this year, underscoring a growing split in the industry between buoyant luxury car sales and subdued demand for cheaper models.

The German group's upbeat outlook came as it reported a full-year €2.6bn net loss , its first in nine years, and shocked markets by axing its dividend for the first time since 1995.

Daimler, like other premium carmakers, had been hit hard during the past 18 months as the recession adversely affected luxury vehicle financing.

Daimler 2009 results			
Sales	**Net profit**	**Earnings per share**	**Dividend**
€78.9bn	(€2.6bn)	(€2.63)	-
↓20%	€1.41bn	€1.41	€0.6

But on Thursday it joined most of its competitors in reporting strong January sales and forecast a further rise in demand in the year ahead.

The company, which makes Mercedes-Benz cars, said it expected upper premium car sales to grow faster than the market because they had not benefited last year from "cash-for-clunker" incentives that stimulated sales of mass market cars.

"Because we didn't get a high on scrappage programmes in 2009, we needn't worry about a hangover in 2010," said Dieter Zetsche, Daimler's chief executive.

The Mercedes brand's sales rose 24 per cent in January and Mr Zetsche vowed to bring Daimler back to growth and profit this year. BMW, the industry's largest premium producer, reported January sales that were 17 per cent higher and said global sales would rise to more than 1.3m units.

Sales by Volkswagen's Audi brand rose 39 per cent last month, and the brand says it will regain the pre-crisis record sales of more than 1m cars it set in 2008.

While luxury carmakers are set to grow faster than their volume competitors as scrappage schemes end in Europe, much of the growth will come in the US, the biggest market for high-end cars.

"We see the premium or luxury market growing faster than the rest just from pent-up demand," said David Cutting, senior manager of North American forecasting with JD Power in Detroit.

The consultancy forecasts US luxury car sales will rise 22 per cent this year, more than twice the 10 per cent overall rise in car sales, to about 11.5m.

Its preliminary forecast foresees Daimler's US sales rising by 23 per cent this year and BMW's by 27 per cent.

But sales at Lexus are set to grow by a slower 15 per cent because of the recent recalls at its parent Toyota.

Mr Zetsche said that while its sales in North America were on a road to recovery, demand for its cars would mainly come from Asia, particularly China.

Fonte: Financial Times, London, Feb. 18th 2010, Companies, online.