

AUTOMOTIVE

Daimler, in nod to sustainable measures, to cut \$1.1B in personnel costs from Mercedes

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Ola Kllenius, chairman of the board of management of Daimler AG and Mercedes-Benz AG, at the company's Capital Market Day 2019 in London Nov. 14. Image courtesy of Daimler

By STAFF REPORTS

German automaker Daimler will cut jobs in management and non-management positions at its Mercedes-Benz cars division to save more than \$1.1 billion in personnel costs as part of its new sustainable business strategy.



Making the announcement Nov. 14 at its [Capital Market Day in London](#), the top Daimler executive spelled out the company's commitment to CO²-neutral mobility as it prepares for a more ecofriendly line of products and consumer expectations for them.

"We are positioning the company for the transformation with a clear strategy for the future," said Ola Kllenius, chairman of the board of management of Daimler AG and Mercedes-Benz AG.

"The expenditure needed to achieve the CO² targets require comprehensive measures to increase efficiency in all areas of our company," he said.

"This also includes streamlining our processes and structures. This will have a negative impact on our earnings in 2020 and 2021. To remain successful in the future, we must therefore act now and significantly increase our financial strength."

Carbon costing

Daimler assumes that the premium market for cars will continue to grow sustainably and faster than the volume market.

But the rush to meet self-imposed, regulator-mandated and market-expected sustainability goals means cuts across not just Mercedes-Benz cars, but also vans and trucks, as well as Daimler vans and trucks.

Within its portfolio, Daimler expects Mercedes-Benz is well positioned to continue as the world's leading premium brand, Mr. Kllenius said.

That said, global CO² regulations require ongoing high investment.

The expanded range of plug-in hybrids and all-electric vehicles is leading to cost increases that will have a negative impact on Mercedes-Benz Cars' return on sales, Mr. Kllenius said.

As a result, Mercedes-Benz Cars has kicked off measures to sustainably improve its cost structure and offset the expected margin erosion. Material cost reductions should primarily support this compensation.

Daimler is in talks with employee representatives to make the personnel-cut measures as acceptable as possible.

To strengthen the free cash flow, investment in property, plant and equipment and in research and development will be capped at the 2019 level and be reduced in the medium term, Daimler said.

STRATEGICALLY, MERCEDES-BENZ Cars aims to position itself as a pioneer of sustainable modern luxury and to

develop the brand accordingly, Mr. Klönn said.

The focus is now on the further development of higher-margin vehicles in the respective segment, he said.

[Please click here for the PDF to the presentation charts of Daimler's Capital Market Day 2019 in London Nov. 14](#)

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