

Daimler's next CEO will have a tough job to restore margins, current CEO Dieter Zetsche said, as Mercedes launched a new luxury electric car to rival Tesla. He also says the company must find a way to rebuild margins after research and development costs have ballooned.



Zetsche will be succeeded as Daimler's CEO on May 22 by Ola Kallenius, who is already considering ways to cut billions in costs, according to Germany's Manager Magazin. Zetsche says "There are many challenges ahead. We are in a situation of an economic slowdown. It is not going to be easier going forward." Pressure to develop electric and autonomous cars has led R&D costs at Mercedes-Benz passenger cars to rise to €14bn from around €8bn four years ago. At the same time, China—the world's largest car market—has seen sales momentum slowing for nine months in a row, with a 5.2 percent fall in sales in March.

The new Mercedes EQC electric crossover will hit showrooms this summer, competing against the Tesla Model X. In an effort to make a profit with electric cars, Daimler have opted to build the Mercedes EQC such that it can be built on the same production line as a combustion-engine car, after retooling existing plants. The EQC is being built in Bremen, Germany, on the same line as the C-class sedan and wagon, and GLC and GLC Coupés. The EQC will have an operating range of 450 km, with a base version costing below €60,000 to make it eligible for Germany's electric car environmental bonus. Daimler are investing more than €10bn to expand the electric EQ model range, and are building battery cell production facilities.