China Helps BMW Offset European Weakness In Q3

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FRANKFURT, Germany (AP) — Strong sales of its luxury cars in China helped Germany's BMW AG overcome weak markets in crisis-ridden Europe.

Net profit rose 16 percent in the third quarter to €1.29 billion ($1.65 billion) on a 13.7 percent jump in sales to a record €18.82 billion.

The Munich-based carmaker said Tuesday it was sticking to its forecasts for 2012 sales and earnings to be up on the previous year despite "an increasingly uncertain market environment."

CEO Norbert Reithofer called it a "good third quarter" but added that in the fourth quarter the company and the auto sector as a whole "are likely to be confronted with adverse business conditions."

Booming Asian sales helped the maker of the X5 sport utility vehicle and the 5-series sedan overcome a stagnant market in Europe. China sales rose 30 percent, while European sales grew by a modest 2.6 percent as sales sagged in southern Europe where the debt crisis is at its worst. Sales were even down slightly, by 0.5 percent, in BMW's home market of Germany.

Having a strong presence in three key regions — Asia and the United States as well as Europe — has helped insulate BMW from the tough European car market. Many countries, including Spain and Italy, are in recession, while unemployment across the 17-country eurozone has risen to a record 11.6 percent. Figures next week are widely expected to show that the eurozone as a whole is back in recession.

The associated slack demand has forced mass-market carmakers such as Ford Motor Co. to close plants, and others like General Motors' Opel to look at cutting capacity.

BMW however focuses on the more recession-resistant luxury end of the market, where profits per vehicle are higher. The company said its third quarter profits were helped by a strong model mix — meaning sales are up in the more profitable parts of its model range. For the first nine months of the year, sales of its X3 SUV, produced in Spartanburg, South Carolina, rose 28.7 percent while those for its 5-series larger sedan increased by 5.3 percent.

BMW shares fell after the announcement and traded down 1.3 percent at €63.71.

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