

VW makes \$5.4 billion profit in 2016, limits executive pay

February 24 2017, by Frank Jordans



The CEO of Volkswagen Matthias Mueller gestures during a press conference held after the conclusion of the company's board of directors meeting in Wolfsburg, Germany, Friday, Feb. 24, 2017. Volkswagen bounced back into the black in 2016 after suffering a loss the previous year due to the diesel emissions scandal, according to figures released by the German automaker Friday. (Sven Pf'rtnner/dpa via AP)

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the previous year due to the diesel emissions scandal, according to figures released by the German automaker Friday.

The company reported a net profit attributable to Volkswagen AG shareholders of 5.1 billion euros (\$5.4 billion) last year compared with a net loss of almost 1.6 billion euros in 2015.

Volkswagen acknowledged in September 2015 that it had been installing engine control software in [diesel vehicles](#) to detect when cars were being tested. The software turned the emission controls off during normal driving to improve performance, but also resulted in releasing emissions more than 40 times the U.S. limit for the pollutant nitrogen oxide.

The Wolfsburg-based company paid a heavy price for its deceit, agreeing to pay more than \$16 billion in buybacks and compensations to owners of VW cars in the U.S. alone. Lawsuits and legal investigations in several other countries are also ongoing.

Chief executive Matthias Mueller suggested the company had turned a corner.

"While the past fiscal year posed major challenges for us, despite the crisis, the Group's operating business gave its best-ever performance," Mueller said. VW group sales rose 4 billion euros to 217.3 billion euros in 2016.



The CEO of Volkswagen Matthias Mueller speaks during a press conference held after the conclusion of the company's board of directors meeting in Wolfsburg, Germany, Friday, Feb. 24, 2017. Volkswagen bounced back into the black in 2016 after suffering a loss the previous year due to the diesel emissions scandal, according to figures released by the German automaker Friday. (Sven Pf'rtner/dpa via AP)

The company said it expects moderate growth in 2017 despite challenges from uncertain [global economic conditions](#), intense competition, volatile currency rates and "the consequences of the diesel issue."

VW said its board would propose a dividend of 2 euros (\$2.11) per ordinary share this year, up from 0.11 euros for the previous year.

Separately, Volkswagen announced a clampdown on executive bonuses, an issue that has aroused political passions in Germany during an election year. The company said annual pay for its CEO will in future be

capped at 10 million euros (\$10.6 million), while other executive board members will receive a maximum of 5.5 million euros (\$5.8 million) in one year.

Former VW chief executive Martin Winterkorn, who stepped down in the wake of the diesel scandal, had earned 17.5 million euros in 2011, thanks to large bonus payments.

The new limits could reduce VW's maximum outlay on executive pay by up to 40 percent, the [company](#) said.

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