

# Volkswagen earnings rise in stronger European economy

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In this Sept. 26, 2015 file photo a giant logo of the German car manufacturer Volkswagen is pictured on top of a company's factory building in Wolfsburg, Germany. Volkswagen will announce its second-quarter earnings on Thursday, July 27, 2017. (AP Photo/Michael Sohn, file)

Volkswagen's profits rose in the first half of the year as the German carmaker benefited from increased sales in a growing European economy and it moved past one-time costs for its diesel emissions scandal in the U.S.

After-tax profit rose to 6.6 billion euros (\$7.7 billion) from 3.6 billion euros in the same period in 2016, when the [company](#) had more than 2 billion euros in charges related to its [diesel](#) troubles. Sales revenue rose 7.3 percent to 115.8 billion euros (\$135.5 billion).

Chief Financial Officer Frank Witter said Thursday that the results were boosted by increased sales "above all in Europe, and also in North and South America, which is particularly encouraging."

Witter said that the strong earnings would position the company for the investments it would need to make in the new technologies and business models expected to alter the industry in coming years.

Car companies are investing heavily in developing battery-powered and self-driving cars as well as app-driven approaches to transportation that involve ordering rides using a smartphone but not necessarily owning a car.

The earnings performance overcame flat results at Volkswagen's luxury branch Audi, whereas the mass-market brand Skoda increased operating profit by 25 percent, helped by the new version of its Kodiaq SUV.



In this March 14, 2017 file photo Volkswagen cars are lifted inside a delivery tower of the company in Wolfsburg, Germany. Volkswagen will announce its second-quarter earnings on Thursday, July 27, 2017. (AP Photo/Michael Sohn, file)

The company lost market share in Western Europe, to 21.6 percent from 22.1 percent, as sales growth fell short of the wider market's expansion. That was due both to a changeover to a new model of the Volkswagen Golf, which cost the company sales of a high-volume product, and "customer trust which has not been completely regained as a consequence of the diesel issue."

Volkswagen has agreed to more than \$20 billion in fines and civil settlements for equipping diesel-engine cars with illegal software that enabled cheating on U.S. emissions tests. The software turned emission controls on when cars were on test stands, and off during regular driving

to improve mileage and performance. The company has apologized and says it is changing its management culture to prevent future wrongdoing.

The company still faces diesel issues, along with the rest of the industry amid closer scrutiny of the technology and emissions under real-life driving conditions in the wake of Volkswagen's scandal. Audi said July 21 that it would update engine control software on 850,000 cars to improve diesel emissions. BMW and Daimler are conducting similar service actions to head off calls for diesel bans in German cities with elevated pollution levels such as Stuttgart and Munich.

Der Spiegel magazine on Saturday reported that Volkswagen had cooperated with other German automakers for years in setting technical standards including limiting the size of the tanks holding the urea solution used to reduce [pollution levels](#) in diesel exhaust. The company said it could not comment on "speculation." The European Union's antitrust authorities are evaluating the information, a spokesman for the EU's executive commission said. If automakers are found to have engaged in illegal collusion to restrain competition they could be hit with heavy fines.



In this April 28, 2017 file photo an e-Golf electric car with the VW logo on a rim is pictured in the German car manufacturer Volkswagen Transparent Factory (Glaeserne Manufaktur) in Dresden, eastern Germany. Volkswagen will announce its second-quarter earnings on Thursday, July 27, 2017. (AP Photo/Jens Meyer, file)

Nonetheless, Volkswagen was the world's largest auto maker by sales volume last year ahead of Toyota and General Motors, with 10.3 million vehicles sold.

Most of the company's explanation of its earnings focused on the first half. For the second quarter, after-tax profit rose to 3.2 billion euros from 1.2 billion in the prior-year quarter, on [sales revenue](#) that increased 4.7 percent to 59.7 billion euros.

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