

Scandal-hit Volkswagen expected to name new CEO

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Going, going, gone? Matthias Mueller's days at VW seem to be over

German car giant Volkswagen is set to replace chief executive Matthias Mueller Thursday, as it seeks to turn the page on the "dieselgate" emissions scandal that has dogged the company since 2015.

The supervisory board of the world's leading carmaker will meet a day ahead of schedule and announce its decisions in a statement, a source close to the company told AFP.

The meeting will begin at 5:00 pm (1500 GMT) and end "late in the evening", the source said.

Volkswagen on Tuesday announced it was considering reshuffling its board and replacing Mueller, in a move that sent stocks in the company surging.

Mueller had "signalled he was open to play a part in the changes" in conversations with supervisory board chief Hans Dieter Poetsch, the company said.

German business newspaper Handelsblatt and national news agency DPA reported Herbert Diess, head of the VW brand—one of the group's 12 makes of cars, trucks and motorbikes—was slated to take Mueller's place.

Dieselgate fallout

Mueller, a former chief executive of sportscar-building VW subsidiary Porsche AG, was brought in to replace Martin Winterkorn in 2015 and was contracted to serve until 2020.

Longtime CEO Winterkorn quit days after the firm admitted to installing software in 11 million diesel vehicles worldwide designed to cheat regulatory emissions tests in a scandal that became known as "dieselgate".

Mueller, 64, has steered the mammoth carmaker into a massive restructuring, aiming to offer electric versions of many of its models and

slim down its operations over the coming decade.

On his watch, the VW group last year held on to its title as the world's largest carmaker and made a net profit of 11.4 billion euros (\$14 billion).

But he has himself landed in prosecutors' sights over suspicions he may have known about the diesel cheating before it became public and failed in his duty to inform investors.

"The most important part of getting the crisis under control is over now, so it's right for VW to look in a new direction," judged analyst Juergen Pieper of Metzler bank.

Diess, known as a "very good cost manager", would be "the best solution as a successor for the next five years," he added.

Shares in Volkswagen climbed 1.7 percent to 176.06 euros in late morning trade in Frankfurt, vastly outperforming the Dax index of leading shares that was up just 0.1 percent.

- 'Ambitious cost cutter'-

Dieselgate has so far cost VW more than 25 billion euros in buybacks, fines and compensation, and the carmaker remains mired in legal woes at home and abroad.

Suspensions of emissions cheating have also spread to other carmakers, shattering diesel's image as a clean engine and prompting several smog-clogged German cities to mull diesel driving bans.

Despite the challenges, Mueller has managed to bring VW's share price and profits back up to pre-crisis levels, as customers appeared to largely

shrug off the negative headlines.

But observers say he made little progress in shaking up VW's famously hierarchical corporate culture, which some critics believe discouraged employees from speaking up about the diesel scam.

Having joined from BMW just a few months before the cheating became public knowledge, Diess has the advantage of being largely untainted by dieselgate—giving VW a chance at a fresh start.

In addition to taking on the top job, the 59-year-old Austrian is expected to stay on as VW brand chief.

Described as highly ambitious, Diess has earned a reputation as a fierce cost cutter unafraid of pushing through big changes.

"Diess has no problem making enemies," the Sueddeutsche Zeitung daily wrote, recounting how the "tough-as-nails" executive drove a hard bargain with suppliers as head of purchasing at BMW.

VW's supervisory board meeting is also expected to see human resources chief Karlheinz Blessing replaced by works council executive Gunnar Kilian.

German media say such a move would be interpreted as a goodwill gesture towards union leaders, with whom Diess has had a tense relationship in the past.

One of Diess's biggest challenges as he takes the helm at VW will be to clarify the group's vision for the future as the auto giant navigates between a pivot towards electric vehicles and clinging to the diesel technology it has invested so heavily in over the years.

Just last month, Diess said: "We need diesel, diesel has a future."

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