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Automotive News

VW CEO says scandal will inflict substantial financial damage

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WOLFSBURG (Reuters) -- Volkswagen Group CEO Matthias Mueller said the automaker's diesel emissions scandal will inflict "substantial and painful" financial damage on the company, as board member Stephan Weil warned that he expects more unpleasant news to emerge and German prosecutors said they have widened their investigation.

It will take years to fully gauge the financial implications of the scandal, Mueller told a gathering of workers at VW's headquarters here today. The implications of the scandal will keep VW busy "for a long time," he said.

Weil, prime minister of Lower Saxony, VW's second-largest shareholder, told workers at the same meeting: "We will this year probably every now and then be confronted with unpleasant news related to dieselgate."

VW should be able to cope with the fallout of its manipulation of diesel engine emissions but the damage will not be small, Weil said. "The damage will, on balance, not be minor, as much as that can already be said today but Volkswagen luckily has a strong economic substance," he said.

Lower Saxony, which holds 20 percent of VW's common shares, has "no reason" to alter its commitment to the automaker, Weil said.

More suspects

Separately, prosecutors in Brunswick, Germany, widened their probe of Volkswagen's emissions scandal and are now investigating 17 employees, up from six employees previously, prosecutor Klaus Ziehe said today.

"This is part of the diesel investigation, the number of suspects has risen, although none are from the management board," Ziehe said.

VW last year set aside 6.7 billion euros (\$7.39 billion) to cover costs of recalling of about 11 million diesel vehicles globally. The figure did not include the likely billions of euros in costs from fines and compensation payouts.

The release of VW's 2015 earnings figures has been delayed due to uncertainty over the financial impact of fines, lawsuits and repairs to vehicles with emissions-cheating software.

VW may set aside an additional 15.5 billion euros for the diesel issue when it reports last year's results on April 28, Klaus Breitenbach, a Frankfurt-based analyst at Baader Bank, said in a report to clients.

Bloomberg contributed to this report



VW CEO Mueller speaks from a podium in VW's Wolfsburg headquarters. The diesel scandal will keep VW busy "for a long time," he said.

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