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# VW says CO2 emissions scandal not as bad as feared

BERLIN | BY ANDREAS CREMER



Volkswagen ([VOWG\\_p.DE](#)) understated carbon dioxide emissions on many fewer vehicles than initially feared, it said on Wednesday, providing some relief to the automaker as it battles a wider diesel emissions scandal affecting up to 11 million cars.

Europe's biggest motor manufacturer said its investigations found it had understated fuel consumption, and so carbon dioxide (CO2) emissions, on only about 36,000 vehicles, compared with its preliminary estimate of around 800,000.

It also said it had found no evidence of unlawful changing of CO2 emissions data.

"We view this as positive and suspect that the previously guided for negative earnings impact of 2 billion euros (£1.4 billion) will in fact end up being materially lower," said Evercore ISI analyst Arndt Ellinghorst, referring to Volkswagen's (VW) initial estimate of the cost of inaccurate CO2 data.

At 1405 GMT, VW's preference shares were up 7.3 percent at 133.05 euros.

VW's update came as its supervisory board was meeting to discuss progress with the investigations it launched in September after admitting to cheating diesel emissions tests in the United States. It said two months later it had also understated CO2 emissions on both diesel and petrol vehicles.

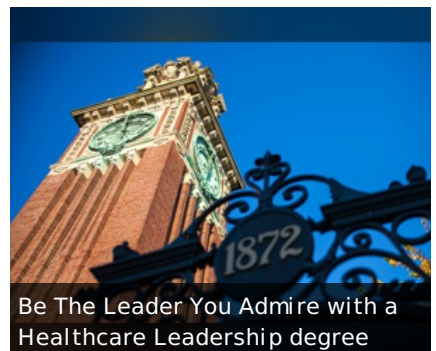
Chief Executive Matthias Mueller and Chairman Hans Dieter Poetsch will publish intermediate results from the inquiries at 1000 GMT on Thursday. They will not reveal names of those responsible, but may explain why the company failed to find the wrongdoing, two people familiar with the matter

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said.

While understating CO2 emissions was the smaller of the two scandals engulfing VW, some analysts had said it could have a bigger impact on sales, arguing drivers might be more worried about fuel economy than pollution.

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"The scale of VW's problems appears to be declining," said NordLB analyst Frank Schope.

However, he kept a "sell" rating on VW shares, forecasting its global sales would fall as much as 4 percent next year in an industry that looks likely to grow by a similar amount.

Industry data last week showed sales of VW-brand vehicles in Britain plunged 20 percent in November compared with the same month the year before, following a similar drop in the United States.

Ernst-Robert Nouvertne, who runs two VW dealerships near Cologne in [Germany](#), didn't think Wednesday's update would greatly restore consumer confidence in the business.

"This is all very technical stuff. What the consumer will bear in mind is that VW has fudged emissions data, and I'm certain this will cause us lasting problems with our sales."

#### FRESH QUESTIONS

VW's update also raised fresh questions about its handling of its scandals, which have wiped almost a fifth off the value of its preference shares, forced out its long-time CEO and driven it to its first quarterly loss in at least 15 years.

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The company said its initial estimate of vehicles with misleading CO2 emissions data was a "worst case scenario" which had not come true.

In November, VW listed 130 models from group brands including Audi and Skoda as being affected.

On Wednesday, it said its most recent measurements showed only nine VW-badged models with higher than stated CO2 levels.

Emissions of those models, including the 2.0 litre TDI [Golf](#) hatchback and the 2.0 litre TDI Passat, deviated on average by "a few grammes" from what had been declared, corresponding to 0.1-0.2 litres of extra fuel usage per 100 kilometres, it said.

VW has set aside around 6.7 billion euros to help meet the costs of its diesel emissions scandal, but analysts think the final bill could run into tens of billions of euros to cover regulatory fines, lawsuits and vehicle refits.

Wednesday's board meeting will also hear from the head of the company's Audi brand on what steps he plans to take to fix luxury diesel cars fitted with software found to have enabled its engines to evade U.S. emissions limits.

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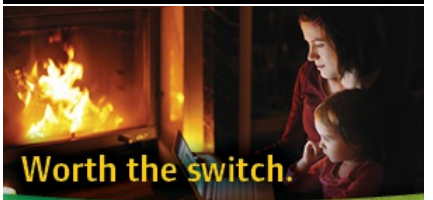
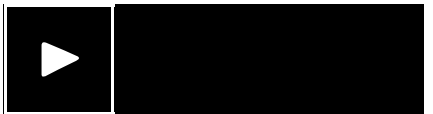
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A logo of Audi is pictured next to flags with logos of VW at a car shop in Bad Honnef near Bonn, Germany, November 4, 2015.  
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