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## Works meeting in Wolfsburg: Volkswagen making good progress with realignment

- **CEO Diess: "Initiated fundamental renewal of Volkswagen to lead company into good and secure future"**
- **Strategic foundations and global model offensive**
- **Diess: "2017 will be a good, but demanding year. First and foremost, we must implement the 'Zukunftspakt' swiftly and systematically."**

Wolfsburg – Important milestones despite difficult conditions, strategic foundations for a successful future and the realignment of the Volkswagen brand were the main issues at today's works meeting at Volkswagen's main plant in Wolfsburg. "Together, we put up a strong performance in 2016 and achieved a great deal despite the headwind. We have initiated the fundamental realignment of Volkswagen to lead our brand into a good and secure future", Dr. Herbert Diess, CEO of the Volkswagen brand, said. Volkswagen took key strategic steps towards realigning the company last year with the signing of the 'Zukunftspakt' (pact for the future), the presentation of the brand's new Transform 2025+ strategy and the electric offensive. Together with further progress in processing the diesel crisis and a global model offensive, these steps lay the foundation for a positive future.

### Successful year in 2016

Last year, Volkswagen began the program to modify the EA189 diesel engines installed in 5.8 million brand vehicles (excluding North America). "We are making good progress with the program", Diess commented. A software update has already been installed in over 40 percent of the affected vehicles. In Germany, almost two thirds of all vehicles have been modified. Diess underscored that "we want to have completed the modifications on all vehicles in Germany by the fall."

Volkswagen delivered almost 6 million vehicles in 2016, an increase of 2.8 percent, despite extremely difficult conditions. This positive development was in part driven by the Tiguan and Touran models built in Wolfsburg. "The team did an outstanding job with the Tiguan ramp-up – and built 20,000 more vehicles than planned. Touran sales were up 40 percent, making the model the most successful van in Europe for the first time. That is a great result", Diess said in his speech. At the same time,

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Volkswagen also already made significant progress last year in terms of fixed costs and productivity.

The new product line organization, which significantly speeds up the development of new vehicle projects, was one of the important factors in increasing efficiency. Moreover, the regions have been strengthened and given greater responsibility in areas such as product decision-making – further proof of the Volkswagen brand's realignment. As a result, Volkswagen has already turned the corner in North and South America with deliveries there again on the increase.

### **Clear plan for 2017**

Volkswagen is following a clear plan for 2017: in addition to completing the modification program for the affected diesel vehicles, Volkswagen is driving forward with implementing the 'Zukunftspakt' and the Transform 2025+ strategy. "We have drawn up a concrete and bold plan with our new strategy and the 'Zukunftspakt'. A plan to return our brand to profitability and make it fit for the future. A plan to make our brand a leader in the new world of electric, connected mobility", Diess said.

A global product offensive with new models such as the Atlas, Arteon and Tiguan Allspace, which will give the brand further momentum, is fundamental to achieving this goal. Diess finished up by saying: "I am optimistic about 2017. It will be a good, but challenging year. First and foremost, we must implement the 'Zukunftspakt' swiftly and systematically."

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#### **About the Volkswagen brand: "We make the future real"**

The Volkswagen Passenger Cars brand is present in more than 150 markets throughout the world and produces vehicles at over 50 locations in 14 countries. In 2016, Volkswagen produced about 5.99 million vehicles including bestselling models such as the Golf, Tiguan, Jetta or Passat. Currently, 218,000 people work for Volkswagen across the globe. The brand also has 7,700 dealerships with 74,000 employees. Volkswagen is forging ahead consistently with the further development of automobile production. E-mobility, Smart mobility and the digital transformation of the brand are the key strategic topics for the future.

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