

Volkswagen lowers sales outlook as chip shortage hits profit

October 28 2021



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Volkswagen lowered its forecast for deliveries to customers Thursday and reported a decrease in operating profits for the third quarter as the global shortage of semiconductors disproportionately hit the company's

business in China despite strong demand for its cars there.

The company said deliveries in 2021 would be in line with last year's. Previously, Volkswagen expected an increase in unit sales. It said operating profit fell 12% to 2.8 billion euros (\$3.25 billion) compared to the year-earlier quarter, which also was weak due to the coronavirus pandemic.

The company, based in Wolfsburg, Germany, said its volume brands such as its flagship Volkswagen nameplate recorded operating losses despite full order books. It lost 24% of its unit sales in its home market in Europe compared with the year-earlier period.

Chief Financial Officer Arno Antlitz described the results as a challenge to make "decisive improvements" in keeping costs down and improving productivity.

"The semiconductor bottlenecks in the third quarter made it abundantly clear to us that we are not yet resilient enough to fluctuations in capacity utilization," Antlitz said in a statement accompanying the earnings release.

Semiconductors are widely used in automotive electronics. Demand for their use in everything from [game consoles](#) to tablets to webcams has exceeded the ability of chip makers to quickly increase [production capacity](#), and the entire auto industry has been impacted.

Volkswagen's push into [electric vehicles](#) continued during the quarter with 122,100 all-electric vehicles sold, more than twice the number in the year-earlier period despite the [semiconductor](#) shortage.

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Citation: Volkswagen lowers sales outlook as chip shortage hits profit (2021, October 28)
retrieved 1 May 2024 from

<https://techxplore.com/news/2021-10-volkswagen-lowers-sales-outlook-chip.html>

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