

Moody's Slashes Volkswagen Credit Rating One Step Down



Berlin, November 5 (RHC)-- Moody's Investors Service has cut scandal-stricken automaker Volkswagen's credit rating as the emissions-rigging furore around the German industrial tycoon continues to deepen.

The rating agency on Wednesday downgraded VW's rating by one step to A3 from A2 with a negative outlook, saying that the embattled corporation's reputation and earnings were at risk by the increasing allegations on emissions cheating scandal.

"Today's downgrade reflects mounting risks to Volkswagen's reputation and future earnings following its announcement on 3 November regarding irregularities in CO2 and fuel consumption levels for certain Volkswagen group vehicles, as well as fresh allegations from the US EPA [Environmental Protection Agency] on 2 November that defeat devices were also installed in certain Audi, Porsche and Volkswagen Touareg models in the U.S.," said Yasmina Serghini, a Moody's Senior Credit Officer and lead analyst for Volkswagen.

According to Serghini, the new claims further challenge Volkswagen's financial flexibility and competitive position and thus weaken its rating profile.

The German industrial giant triggered global outrage after admitting that 11 million of its diesel cars, including 2.8 million in Germany, were fitted with so-called defeat devices that covertly turn off pollution

controls when the car is being used.

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