

## Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands (operating segments) is managed by its own board of management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG must be complied with. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services.

The activities of the Passenger Cars segment cover the development of vehicles and engines, the production and sale of passenger cars, and the corresponding genuine parts business. Given the high degree of technological and economic interlinking in the production network of the individual brands, the Passenger Cars reporting segment combines the Volkswagen Group's individual car brands to a single reportable segment. Furthermore, there is collaboration within key areas such as procurement, research and development or treasury.

The Commercial Vehicles segment primarily comprises the development, production and sale of light commercial vehicles, trucks and buses, the corresponding genuine parts business and related services. Just as in the case of the car brands, there is collaboration within the areas procurement, development and sale. The aim is to achieve further forms of interlinking.

The activities of the Power Engineering segment consist of the development and production of large-bore diesel engines, turbo compressors, industrial turbines and chemical reactor systems, as well as the production of gear units, propulsion components and testing systems.

The activities of the Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility services. In this segment, combinations occur especially while taking into account the comparability of the type of services as well as the regulatory situation permits.

Purchase price allocation for companies acquired is allocated directly to the corresponding segments.

At Volkswagen, segment profit or loss is measured on the basis of the operating result.

In the segment reporting, the share of the result of joint ventures is contained in the share of the result of equity-accounted investments in the corresponding segments.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

Investments in intangible assets, property, plant and equipment, and investment property are reported net of investments under finance leases.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

## REPORTING SEGMENTS 2016

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	160,461	25,385	3,590	27,884	217,320	-54	217,267
Intersegment sales revenue	17,354	6,695	3	3,367	27,418	-27,418	-
Total sales revenue	177,815	32,080	3,593	31,251	244,739	-27,472	217,267
Depreciation and amortization	10,846	2,293	368	6,224	19,731	-159	19,572
Impairment losses	886	126	3	491	1,506	-137	1,368
Reversal of impairment losses	152	0	-	92	245	-139	106
Segment result (operating result)	5,235	718	-217	2,435	8,171	-1,068	7,103
Share of the result of equity-accounted investments	3,147	25	-	64	3,236	261	3,497
Net interest result and other financial result	-1,674	-379	-8	-91	-2,152	-1,157	-3,308
Equity-accounted investments	7,349	418	-	849	8,616	-	8,616
Investments in intangible assets, property, plant and equipment, and investment property	15,891	2,433	194	357	18,875	27	18,902

## REPORTING SEGMENTS 2017

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	169,513	27,632	3,280	30,191	230,618	64	230,682
Intersegment sales revenue	18,892	7,568	3	3,541	30,004	-30,004	-
Total sales revenue	188,405	35,200	3,283	33,733	260,621	-29,939	230,682
Depreciation and amortization	11,363	2,557	371	6,797	21,089	-147	20,941
Impairment losses	704	2	0	574	1,280	0	1,280
Reversal of impairment losses	14	1	-	41	56	-	56
Segment result (operating result)	12,644	1,892	-55	2,673	17,153	-3,335	13,818
Share of the result of equity-accounted investments	3,390	83	1	9	3,482	-	3,482
Net interest result and other financial result	-1,920	-220	-2	-180	-2,321	-1,067	-3,388
Equity-accounted investments	6,724	753	18	710	8,205	-	8,205
Investments in intangible assets, property, plant and equipment, and investment property	15,713	1,915	159	421	18,208	104	18,313

## RECONCILIATION

€ million	2017	2016
<b>Segment sales revenue</b>	<b>260,621</b>	<b>244,739</b>
Unallocated activities	948	749
Group financing	25	42
Consolidation	-30,912	-28,263
<b>Group sales revenue</b>	<b>230,682</b>	<b>217,267</b>
<b>Segment result (operating result)</b>	<b>17,153</b>	<b>8,171</b>
Unallocated activities	10	86
Group financing	-16	22
Consolidation	-3,328	-1,176
<b>Operating result</b>	<b>13,818</b>	<b>7,103</b>
<b>Financial result</b>	<b>94</b>	<b>189</b>
<b>Consolidated result before tax</b>	<b>13,913</b>	<b>7,292</b>

## BY REGION 2016

€ million	Germany	Europe/Other markets <sup>1</sup>	North America	South America	Asia-Pacific	Total
Sales revenue from external customers	43,634	94,445	35,454	7,973	35,761	217,267
Intangible assets, property, plant and equipment, lease assets and investment property	84,525	40,717	23,958	3,320	3,064	155,583

<sup>1</sup> Excluding Germany.

## BY REGION 2017

€ million	Germany	Europe/Other markets <sup>1</sup>	North America	South America	Asia-Pacific	Total
Sales revenue from external customers	44,333	98,420	38,818	9,988	39,123	230,682
Intangible assets, property, plant and equipment, lease assets and investment property	89,594	37,050	26,076	2,851	2,812	158,384

<sup>1</sup> Excluding Germany.

Allocation of sales revenue to the regions follows the destination principle.