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 and Light Commercial Vehicles, Commercial Vehicles, Power Engineering and Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles, engines and vehicle software, the production and sale of passenger cars and light commercial vehicles, and the corresponding genuine parts business. In the Passenger Cars and Light Commercial Vehicles reporting segment, the individual brands are being combined into a single reportable segment, in particular as a response to the high degree of technological and economic interlinking in the production network. 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 trucks and buses, the corresponding genuine parts business and related services. As in the case of the passenger car brands, there is collaboration within the areas procurement, development and sales. The aim is to create closer cooperation within the business areas.

The Power Engineering segment combines the large-bore diesel engines, turbomachinery, special gear units, and propulsion components businesses. Until October 2020, it also included the Renk business; for further information see the “Key events” section.

The activities of the Financial Services segment comprise dealership and customer financing, leasing, banking and insurance activities, fleet management and mobility services. In this segment, activities are combined for reporting purposes taking into particular account the comparability of the type of services and of the regulatory environment.

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 segment reporting, the share of the result of joint ventures is contained in 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 in right-of-use assets from 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 2019

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	186,511	25,401	3,995	36,446	252,353	280	252,632
Intersegment sales revenue	15,762	1,043	2	3,714	20,522	–20,522	–
Total sales revenue	202,273	26,444	3,997	40,160	272,875	–20,242	252,632
Depreciation and amortization	14,622	2,280	420	8,080	25,402	–996	24,406
Impairment losses	201	1	–	538	740	209	949
Reversal of impairment losses	886	71	2	181	1,140	–15	1,124
Segment result (operating result)	15,610	1,653	–93	3,212	20,381	–3,422	16,960
Share of the result of equity-accounted investments	3,053	225	–1	71	3,349	–	3,349
Interest result and other financial result	–1,582	–70	1	–64	–1,715	–238	–1,953
Equity-accounted investments	6,232	1,118	34	784	8,169	–	8,169
Investments in intangible assets, property, plant and equipment, and investment property	17,098	1,460	197	223	18,977	423	19,401

REPORTING SEGMENTS 2020

€ million	Passenger Cars and Light Commercial Vehicles	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	160,674	21,114	3,638	37,223	222,649	235	222,884
Intersegment sales revenue	15,310	1,042	2	3,555	19,908	–19,908	–
Total sales revenue	175,984	22,156	3,640	40,778	242,557	–19,673	222,884
Depreciation and amortization	15,428	2,309	379	8,647	26,763	–1,014	25,749
Impairment losses	370	179	64	742	1,355	–49	1,306
Reversal of impairment losses	32	1	–	204	237	–8	229
Segment result (operating result)	8,381	–79	–482	3,012	10,832	–1,157	9,675
Share of the result of equity-accounted investments	2,615	85	–3	60	2,756	–	2,756
Interest result and other financial result	–3	–170	–2	–296	–471	–294	–765
Equity-accounted investments	8,129	1,135	29	786	10,080	–	10,080
Investments in intangible assets, property, plant and equipment, and investment property	15,677	1,309	147	208	17,340	405	17,745

RECONCILIATION

€ million	2020	2019
Segment sales revenue	**242,557**	**272,875**
Unallocated activities	997	969
Group financing	27	28
Consolidation/Holding company function	–20,698	–21,239
Group sales revenue	**222,884**	**252,632**
Segment result (operating result)	**10,832**	**20,381**
Unallocated activities	–28	–72
Group financing	–8	–38
Consolidation/Holding company function	–1,121	–3,312
Operating result	**9,675**	**16,960**
Financial result	**1,991**	**1,396**
Consolidated result before tax	**11,667**	**18,356**

BY REGION 2019

€ million	Germany	Europe/Other markets[1]	North America	South America	Asia-Pacific	Hedges sales revenue	Total
Sales revenue from external customers	48,991	105,009	43,351	11,297	43,974	11	252,632
Intangible assets, property, plant and equipment, lease assets and investment property	101,092	47,353	26,771	3,064	3,562	–	181,842

1 Excluding Germany.

BY REGION 2020

€ million	Germany	Europe/Other markets[1]	North America	South America	Asia-Pacific	Hedges sales revenue	Total
Sales revenue from external customers	42,847	90,652	36,810	8,632	44,288	–345	222,884
Intangible assets, property, plant and equipment, lease assets and investment property	105,630	47,680	23,852	2,323	3,611	–	183,096

1 Excluding Germany.

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

The allocation of interregional intragroup transactions regarding the segment assets has been presented uniformly according to the economic ownership.