

## 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 a 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 a collaboration within the areas procurement, development and sale. The aim is to achieve other 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 profits or losses of joint ventures is contained in the share of profits and losses 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 2015

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	158,533	24,382	3,769	26,416	213,100	192	213,292
Intersegment sales revenue	16,170	6,063	6	2,940	25,180	-25,180	-
Total sales revenue	174,703	30,445	3,775	29,357	238,279	-24,987	213,292
Depreciation and amortization	10,389	2,162	360	5,543	18,455	-136	18,319
Impairment losses	635	38	10	636	1,319	38	1,357
Reversal of impairment losses	16	1	-	3	20	1	21
Segment profit or loss (operating profit or loss)	-4,874	586	123	2,236	-1,929	-2,139	-4,069
Share of profits and losses of equity-accounted investments	4,129	10	6	21	4,166	221	4,387
Net interest income and other financial result	-1,273	-565	-10	75	-1,773	153	-1,620
Equity-accounted investments	8,032	397	-	525	8,954	1,950	10,904
Investments in intangible assets, property, plant and equipment, and investment property	15,085	2,426	198	476	18,185	50	18,234

## 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 profit or loss (operating profit or loss)	5,235	718	-217	2,435	8,171	-1,068	7,103
Share of profits and losses of equity-accounted investments	3,147	25	-	64	3,236	261	3,497
Net interest income 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

## RECONCILIATION

€ million	2016	2015
<b>Segment sales revenue</b>	<b>244,739</b>	<b>238,279</b>
Unallocated activities	749	984
Group financing	42	43
Consolidation	-28,263	-26,014
<b>Group sales revenue</b>	<b>217,267</b>	<b>213,292</b>
<b>Segment profit or loss (operating profit or loss)</b>	<b>8,171</b>	<b>-1,929</b>
Unallocated activities	86	161
Group financing	22	49
Consolidation	-1,176	-2,349
<b>Operating result</b>	<b>7,103</b>	<b>-4,069</b>
<b>Financial result</b>	<b>189</b>	<b>2,767</b>
<b>Consolidated result before tax</b>	<b>7,292</b>	<b>-1,301</b>

## BY REGION 2015

€ million	Germany	Europe/Other markets*	North America	South America	Asia-Pacific	Total
Sales revenue from external customers	42,248	90,287	35,384	10,148	35,225	213,292
Intangible assets, property, plant and equipment, lease assets and investment property	81,711	34,824	22,595	2,658	3,207	144,994

\* Excluding Germany.

## BY REGION 2016

€ million	Germany	Europe/Other markets*	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

\* Excluding Germany.

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