

# Brands and Business Fields

The Volkswagen Group was heavily impacted by the Covid-19 pandemic in fiscal year 2020, which led to lower unit sales, sales revenue and profit.

The diesel issue resulted in negative special items.

## GROUP STRUCTURE

The Volkswagen Group consists of two divisions: the Automotive Division and the Financial Services Division. The Automotive Division comprises the Passenger Cars, Commercial Vehicles and Power Engineering business areas. Activities of the Automotive Division comprise in particular the development of vehicles, engines and vehicle software, and the production and sale of passenger cars, light commercial vehicles, trucks, buses and motorcycles, as well as businesses for genuine parts, large-bore diesel engines, turbomachinery, special gear units and propulsion components. Mobility solutions are gradually being added to the range. The Ducati brand is allocated to the Audi brand and thus to the Passenger Cars Business Area. The Financial Services Division's activities comprise dealer and customer financing, vehicle leasing, direct banking and insurance activities, fleet management and mobility services.

## VOLKSWAGEN GROUP REPORTING STRUCTURE

AUTOMOTIVE DIVISION			FINANCIAL SERVICES DIVISION
<b>Passenger Cars Business Area</b> Volkswagen Passenger Cars Audi SKODA SEAT Bentley Porsche Automotive Volkswagen Commercial Vehicles Others	<b>Commercial Vehicles Business Area</b> Scania Vehicles and Services MAN Commercial Vehicles	<b>Power Engineering Business Area</b> Power Engineering	<b>Dealer and customer financing</b> Leasing Direct bank Insurance Fleet management Mobility offerings

In this chapter, we present the key volume and financial data relating to the Group brands and to Volkswagen Financial Services. In light of the considerable importance of the development of business in the world's largest single market for the Volkswagen Group, we also report on business developments and the results of our activities in China in this chapter.

The production figures and deliveries to customers are differentiated by vehicle brands and their models that carry the corresponding brand logo. Unit sales figures contain vehicles sold by respective brand companies, including models of other Group brands. In some cases, there are marked differences between delivery figures and unit sales as a result of our business development in China.

#### KEY FIGURES BY MARKET

In 2020, the Covid-19 pandemic had a strong impact on business at the Volkswagen Group and its brands; this led to lower figures in terms of unit sales, sales revenue and profit throughout the Group. The Volkswagen Group generated an operating profit before special items of €10.6 (19.3) billion in the reporting year. Special items resulting from the diesel issue weighed on operating profit in the amount of €-0.9 (-2.3) billion.

The Volkswagen Group's unit sales fell to 9.2 (11.0) million vehicles in the past fiscal year due to the pandemic. Sales revenue declined by 11.8% to €222.9 billion.

In the Europe/Other markets region, unit sales decreased by 19.1% year-on-year to 3.9 million vehicles. The impact of the Covid-19 pandemic acted as a drag on business, particularly from the end of the first quarter onwards. Sales revenue fell to €133.5 (154.0) billion due to volume effects. Moreover, exchange rate effects had a negative impact, while a favorable mix made a positive contribution.

In the North American markets, the negative effects caused by the spreading of the SARS-CoV-2 virus became apparent somewhat later, namely at the beginning of the second quarter. At 744 thousand vehicles in the reporting period, our unit sales there were down 22.1% on the previous year's figure. Sales revenue amounted to €36.8 (43.4) billion.

In the markets of the South America region, we sold 471 thousand vehicles in the year 2020. This was 22.4% less than in the previous year. The Covid-19 pandemic dampened demand in the second and third quarter in particular. Declining volumes and an unfavorable exchange rate trend resulted in sales revenue falling by 23.6% to €8.6 billion.

In the Asia-Pacific region, the first to be affected by the Covid-19 pandemic at the beginning of the year, demand increased again as the year went on. In fiscal year 2020, the Volkswagen Group's unit sales – including those of the Chinese joint ventures – amounted to 4.0 (4.5) million vehicles. Sales revenue rose to €44.3 (44.0) billion. This figure does not include the sales revenue of our equity-accounted Chinese joint ventures.

Hedging transactions relating to sales revenue in foreign currency decreased the Volkswagen Group's sales revenue by €345 million in the reporting year. In the previous year, they increased sales revenue by €11 million.

## KEY FIGURES BY BRAND AND BUSINESS FIELD

Thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE		OPERATING RESULT	
	2020	2019	2020	2019	2020	2019
Volkswagen Passenger Cars	2,835	3,677	71,076	88,407	454	3,785
Audi	1,017	1,200	49,973	55,680	2,739	4,509
ŠKODA	849	1,062	17,081	19,806	756	1,660
SEAT	484	667	9,198	11,496	-339	445
Bentley	11	12	2,049	2,092	20	65
Porsche Automotive <sup>1</sup>	265	277	26,086	26,060	4,021	4,210
Volkswagen Commercial Vehicles	345	456	9,358	11,473	-454	510
Scania Vehicles and Services <sup>2</sup>	73	101	11,521	13,934	748	1,506
MAN Commercial Vehicles	118	143	10,838	12,663	-631	402
Power Engineering	-	-	3,640	3,997	-268	159
VW China <sup>3</sup>	3,577	4,048	-	-	-	-
Other <sup>4</sup>	-418	-685	-26,573	-30,931	759	-917
Volkswagen Financial Services	-	-	38,637	37,957	2,803	2,960
<b>Volkswagen Group before special items</b>	-	-	-	-	<b>10,607</b>	<b>19,296</b>
Special items	-	-	-	-	-931	-2,336
<b>Volkswagen Group</b>	<b>9,157</b>	<b>10,956</b>	<b>222,884</b>	<b>252,632</b>	<b>9,675</b>	<b>16,960</b>
Automotive Division <sup>5</sup>	9,157	10,956	182,106	212,473	6,664	13,748
of which: Passenger Cars Business Area	8,965	10,713	156,311	182,031	7,224	12,188
Commercial Vehicles Business Area	191	243	22,156	26,444	-79	1,653
Power Engineering Business Area	-	-	3,640	3,997	-482	-93
Financial Services Division	-	-	40,778	40,160	3,012	3,212

1 Porsche (including Financial Services): sales revenue €28,695 (28,518) million, operating profit before special items €4,176 (4,396) million.

2 Scania (including Financial Services): sales revenue €11,950 (14,391) million, operating profit €855 (1,648) million.

3 The sales revenues and operating profits of the joint venture companies in China are not included in the figures for the Group.

These Chinese companies are accounted for using the equity method and recorded a proportionate operating profit of €3,602 (4,425) million.

4 In operating profit, mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation, as well as companies not allocated to the brands.

5 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

## KEY FIGURES BY MARKET

Thousand vehicles/€ million	VEHICLE SALES		SALES REVENUE	
	2020	2019	2020	2019
Europe/Other markets	3,929	4,856	133,499	153,999
North America	744	956	36,810	43,351
South America	471	607	8,632	11,297
Asia-Pacific <sup>1</sup>	4,012	4,538	44,288	43,974
Hedges on sales revenue	-	-	-345	11
<b>Volkswagen Group<sup>1</sup></b>	<b>9,157</b>	<b>10,956</b>	<b>222,884</b>	<b>252,632</b>

1 The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.