

Business Lines and Markets

Success through strong brands and innovative financial services

GROUP STRUCTURE

The Volkswagen Group consists of two divisions: Automotive and Financial Services. The activities of the Automotive Division comprise the development of vehicles and engines, as well as the production and sale of passenger cars, commercial vehicles, trucks and buses. The Financial Services Division's portfolio of services includes the Group's dealer and customer financing, leasing, banking and insurance activities and fleet management business.

On the following pages, we explain the key volume and financial data relating to the individual business lines, reflecting the Group structure in 2006. In addition, we examine our markets – Europe/Remaining markets, North America, South America/South Africa and Asia-Pacific – in terms of sales revenue and operating profit.

To enhance comparability, the analysis of operating profit or loss by business line and market is based on figures before special items.

KEY FIGURES BY MARKET

In 2006, the Volkswagen Group generated sales revenue of €104.9 billion, thereby exceeding the previous year's figure by 11.6%. Operating profit before special items jumped by 51.7% to €4.4 billion.

In the Europe/Remaining markets region, we recorded a significant increase in sales revenue – from 9.8% to €74.8 billion in 2006. This improvement was mainly the result of an increase in unit sales and the continuing trend towards higher-value vehicles. Together with the successfully implemented measures of the ForMotionplus performance enhancement program, this led to a year-on-year increase in operating profit of €1.1 billion to €4.8 billion.

VOLKSWAGEN GROUP

Division/Segment	Automotive Division				Financial Services Division
Business Line	Volkswagen brand group	Audi brand group	Commercial Vehicles	Remaining companies	Financial Services
Product Line/Business Field	VW Passenger Cars Škoda Bentley Bugatti	Audi SEAT Lamborghini		Financing Services	Dealer and customer financing Leasing Insurance Fleet business

Business Lines and Markets
 Volkswagen Brand Group
 Audi Brand Group
 Commercial Vehicles
 Financial Services

At €14.6 billion, sales revenue in North America was 6.5% higher than in the previous year. This development is due not only to the full availability of the Passat and Jetta models, but also to the continuing trend towards higher-value vehicles. Higher sales promotion costs and continued unfavorable exchange rate movements resulted in an operating loss of €607 million for fiscal year 2006, which was still an improvement on the previous year.

In South America/South Africa, the positive sales development of 2005 continued in 2006. Sales revenue

increased sharply by 27.6% to €8.8 billion. This growth was driven mainly by the appreciation of the Brazilian real and higher unit sales, especially in Argentina and South Africa. Operating profit for fiscal year 2006 was €337 million – more than double that of the previous year.

In 2006, sales revenue in the Asia-Pacific region amounted to €6.7 billion, a year-on-year improvement of 26.8%. Owing to the intensified competitive environment and continuing unfavorable exchange rates, the operating loss widened to €-115 million (€-95 million).

KEY FIGURES BY BUSINESS LINE

thousand vehicles/€ million	Vehicle sales ¹⁾		Sales revenue		Operating result	
	2006	2005	2006	2005 ²⁾	2006	2005 ²⁾
Volkswagen brand group	3,941	3,557	54,871	49,681	1,424	516
Audi brand group	1,334	1,241	32,673	28,432	1,991	1,387
Commercial Vehicles	445	395	8,343	7,297	101	96
Remaining companies ³⁾			117	270	24	61
Financial Services			8,871	8,316	843	829
Business lines before special items	5,720	5,193	104,875	93,996	4,383	2,889
Special items					-2,374	-351
Volkswagen Group	5,720	5,193	104,875	93,996	2,009	2,538

¹⁾ All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

²⁾ Restated.

³⁾ Primarily Volkswagen Group Services SCS, Volkswagen International Finance N.V., Volkswagen Investments Ltd., VW Kraftwerk GmbH, Volkswagen Immobilien, VW Retail group, gedas group until March 2006 inclusive.

KEY FIGURES BY MARKET

€ million	Sales revenue		Operating result	
	2006	2005 ¹⁾	2006	2005 ¹⁾
Europe/Remaining markets	74,755	68,087	4,768	3,695
North America	14,611	13,724	-607	-866
South America/South Africa	8,835	6,924	337	155
Asia-Pacific ²⁾	6,674	5,261	-115	-95
Markets before special items	104,875	93,996	4,383	2,889
Special items			-2,374	-351
Volkswagen Group²⁾	104,875	93,996	2,009	2,538

¹⁾ Restated.

²⁾ The sales revenue and operating results of the joint venture companies in China are not included in figures for the Group and the Asia-Pacific market. The vehicle-producing Chinese joint venture companies are included using the equity method, and recorded an operating result (proportional) of €108 million (€-119 million).