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Consolidated Financial Statements

CONSOLIDATED FINANCIAL STATEMENTS

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Income Statement

of the Volkswagen Group for the period January 1 to December 31, 2019

€ million	Note	2019	2018
Sales revenue	1	252,632	235,849
Cost of sales	2	-203,490	-189,500
Gross result		49,142	46,350
Distribution expenses	3	-20,978	-20,510
Administrative expenses	4	-9,767	-8,819
Other operating income	5	11,453	11,631
Other operating expenses	6	-12,890	-14,731
Operating result		16,960	13,920
Share of the result of equity-accounted investments	7	3,349	3,369
Interest income	8	910	967
Interest expenses	8	-2,524	-1,547
Other financial result	9	-339	-1,066
Financial result		1,396	1,723
Earnings before tax		18,356	15,643
Income tax income/expense	10	-4,326	-3,489
Current		-4,147	-3,533
Deferred		-180	43
Earnings after tax		14,029	12,153
of which attributable to			
Noncontrolling interests		143	17
Volkswagen AG hybrid capital investors		540	309
Volkswagen AG shareholders		13,346	11,827
Basic/diluted earnings per ordinary share in €	11	26.60	23.57
Basic/diluted earnings per preferred share in €	11	26.66	23.63

Statement of Comprehensive Income

Changes in comprehensive income for the period January 1 to December 31, 2018

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
Earnings after tax	12,153	11,827	309	17
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	144	145	–	–1
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	–88	–88	–	0
Pension plan remeasurements recognized in other comprehensive income, net of tax	56	57	–	–1
Fair Value valuation of other participations and securities (equity instruments) that will not be reclassified to profit or loss, net of tax	19	19	–	–
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	34	34	–	–
Items that will not be reclassified to profit or loss	110	110	–	–1
Exchange differences on translating foreign operations				
Gains/losses on currency translation recognized in other comprehensive income	–406	–406	–	1
Transferred to profit or loss	61	61	–	0
Exchange differences on translating foreign operations, before tax	–345	–345	–	1
Deferred taxes relating to exchange differences on translating foreign operations	–8	–8	–	–
Exchange differences on translating foreign operations, net of tax	–353	–353	–	1
Hedging				
Fair value changes recognized in other comprehensive income (OCI I)	–568	–568	–	0
Transferred to profit or loss (OCI I)	–1,939	–1,939	–	0
Cash flow hedges (OCI I), before tax	–2,506	–2,506	–	0
Deferred taxes relating to cash flow hedges (OCI I)	715	715	–	0
Cash flow hedges (OCI I), net of tax	–1,792	–1,791	–	0
Fair value changes recognized in other comprehensive income (OCI II)	–1,360	–1,360	–	–
Transferred to profit or loss (OCI II)	377	377	–	–
Cash flow hedges (OCI II), before tax	–983	–983	–	–
Deferred taxes relating to cash flow hedges (OCI II)	291	291	–	–
Cash flow hedges (OCI II), net of tax	–692	–692	–	–
Fair value valuation of securities and receivables (debt instruments) that may be reclassified to profit or loss				
Fair value changes recognized in other comprehensive income	–5	–5	–	–
Transferred to profit or loss	1	1	–	–
Fair value valuation of securities and receivables (debt instruments) that may be reclassified to profit or loss, before tax	–4	–4	–	–
Deferred taxes relating to fair value valuation of securities and receivables (debt instruments) recognized in other comprehensive income	1	1	–	0
Fair value valuation of securities and receivables (debt instruments) that may be reclassified to profit or loss, net of tax	–3	–3	–	0
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	28	28	–	–
Items that may be reclassified to profit or loss	–2,811	–2,812	–	0
Other comprehensive income, before tax	–3,612	–3,612	–	0
Deferred taxes relating to other comprehensive income	911	911	–	0
Other comprehensive income, net of tax	–2,701	–2,701	–	0
Total comprehensive income	9,452	9,126	309	17

Changes in comprehensive income for the period January 1 to December 31, 2019

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
Earnings after tax	14,029	13,346	540	143
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	-8,011	-7,993	-	-18
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	2,429	2,423	-	6
Pension plan remeasurements recognized in other comprehensive income, net of tax	-5,582	-5,570	-	-11
Fair Value valuation of other participations and securities (equity instruments) that will not be reclassified to profit or loss, net of tax	-27	-26	-	-1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	-3	-1	-	-2
Items that will not be reclassified to profit or loss	-5,612	-5,597	-	-15
Exchange differences on translating foreign operations				
Gains/losses on currency translation recognized in other comprehensive income	572	565	-	7
Transferred to profit or loss	2	2	-	0
Exchange differences on translating foreign operations, before tax	574	567	-	7
Deferred taxes relating to exchange differences on translating foreign operations	12	12	-	-
Exchange differences on translating foreign operations, net of tax	586	579	-	7
Hedging				
Fair value changes recognized in other comprehensive income (OCI I)	-1,622	-1,618	-	-4
Transferred to profit or loss (OCI I)	-782	-784	-	2
Cash flow hedges (OCI I), before tax	-2,404	-2,402	-	-2
Deferred taxes relating to cash flow hedges (OCI I)	708	707	-	1
Cash flow hedges (OCI I), net of tax	-1,697	-1,695	-	-1
Fair value changes recognized in other comprehensive income (OCI II)	-1,490	-1,490	-	0
Transferred to profit or loss (OCI II)	997	996	-	1
Cash flow hedges (OCI II), before tax	-493	-494	-	1
Deferred taxes relating to cash flow hedges (OCI II)	146	146	-	0
Cash flow hedges (OCI II), net of tax	-347	-348	-	1
Fair value valuation of securities and receivables (debt instruments) that may be reclassified to profit or loss				
Fair value changes recognized in other comprehensive income	23	23	-	-
Transferred to profit or loss	1	1	-	-
Fair value valuation of securities and receivables (debt instruments) that may be reclassified to profit or loss, before tax	24	24	-	-
Deferred taxes relating to fair value valuation of securities and receivables (debt instruments) recognized in other comprehensive income	-7	-7	-	-
Fair value valuation of securities and receivables (debt instruments) that may be reclassified to profit or loss, net of tax	17	17	-	-
Share of other comprehensive income of equity-accounted investments that may be reclassified to profit or loss, net of tax	78	77	-	1
Items that may be reclassified to profit or loss	-1,363	-1,370	-	7
Other comprehensive income, before tax	-10,263	-10,248	-	-14
Deferred taxes relating to other comprehensive income	3,288	3,282	-	7
Other comprehensive income, net of tax	-6,974	-6,967	-	-8
Total comprehensive income	7,055	6,379	540	136

Balance Sheet

of the Volkswagen Group as of December 31, 2019

€ million	Note	Dec. 31, 2019	Dec. 31, 2018
Assets			
Noncurrent assets			
Intangible assets	12	66,214	64,613
Property, plant and equipment	13, 34	66,152	57,630
Lease assets	14, 34	48,938	43,545
Investment property	14	538	496
Equity-accounted investments	15	8,169	8,434
Other equity investments	15	1,902	1,474
Financial services receivables	16	86,973	78,692
Other financial assets	17	5,553	6,521
Other receivables	18	2,722	2,608
Tax receivables	19	341	476
Deferred tax assets	19	13,106	10,131
		300,608	274,620
Current assets			
Inventories	20	46,742	45,745
Trade receivables	21	17,941	17,888
Financial services receivables	16	58,615	54,216
Other financial assets	17	12,216	11,586
Other receivables	18	7,272	6,203
Tax receivables	19	1,190	1,879
Marketable securities	22	16,769	17,080
Cash, cash equivalents and time deposits	23	25,923	28,938
Assets held for sale		795	–
		187,463	183,536
Total assets		488,071	458,156

€ million	Note	Dec. 31, 2019	Dec. 31, 2018
Equity and Liabilities			
Equity	24		
Subscribed capital		1,283	1,283
Capital reserve		14,551	14,551
Retained earnings		96,929	91,105
Other reserves		-3,646	-2,417
Equity attributable to Volkswagen AG hybrid capital investors		12,663	12,596
Equity attributable to Volkswagen AG shareholders and hybrid capital investors		121,781	117,117
Noncontrolling interests		1,870	225
		123,651	117,342
Noncurrent liabilities			
Financial liabilities	25	113,556	101,126
Other financial liabilities	26	4,499	3,219
Other liabilities	27	7,271	6,448
Deferred tax liabilities	28	5,007	5,030
Provisions for pensions	29	41,389	33,097
Provisions for taxes	28	2,991	3,047
Other provisions	30	21,783	20,879
		196,497	172,846
Current liabilities			
Put options and compensation rights granted to noncontrolling interest shareholders	31	-	1,853
Financial liabilities	25	87,912	89,757
Trade payables	32	22,745	23,607
Tax payables	28	408	456
Other financial liabilities	26	10,858	9,416
Other liabilities	27	19,320	17,593
Provisions for taxes	28	1,876	1,412
Other provisions	30	24,434	23,874
Liabilities associated with assets held for sale		370	-
		167,924	167,968
Total equity and liabilities		488,071	458,156

Statement of Changes in Equity

of the Volkswagen Group for the period January 1 to December 31, 2019

€ million	OTHER RESERVES			
	Subscribed capital	Capital reserve	Retained earnings	Currency translation reserve
Unadjusted balance at Jan. 1, 2018	1,283	14,551	81,367	-3,223
Changes in accounting policy to reflect IFRS 9 and 15	-	-	-282	-
Balance at Jan. 1, 2018	1,283	14,551	81,085	-3,223
Earnings after tax	-	-	11,827	-
Other comprehensive income, net of tax	-	-	57	-353
Total comprehensive income	-	-	11,884	-353
Disposal of equity instruments	-	-	113	-
Capital increases/Capital decreases ¹	-	-	-	-
Dividends payment	-	-	-1,967	-
Capital transactions involving a change in ownership interest	-	-	-10	-
Other changes	-	-	0	-
Balance at Dec. 31, 2018	1,283	14,551	91,105	-3,576
Balance at Jan. 1, 2019	1,283	14,551	91,105	-3,576
Earnings after tax	-	-	13,346	-
Other comprehensive income, net of tax	-	-	-5,570	579
Total comprehensive income	-	-	7,776	579
Disposal of equity instruments	-	-	-4	-
Capital increases/Capital decreases	-	-	-	-
Dividends payment	-	-	-2,419	-
Capital transactions involving a change in ownership interest ²	-	-	390	173
Other changes	-	-	81	-
Balance at Dec. 31, 2019	1,283	14,551	96,929	-2,824

1 Volkswagen AG recorded an inflow of cash funds amounting to €2,750 million, less transaction costs of €19 million, from the hybrid capital issued in June 2018. Additionally, there were noncash effects from the deferral of taxes amounting to €6 million. The hybrid capital is required to be classified as equity instruments granted. The calling of the first tranche of the hybrid capital issued in September 2013 resulted in an outflow of cash funds of €1,250 million in September 2018. In addition, other effects of €14 million had to be recognized in equity.

2 For the change in capital transactions involving a change in ownership interest see the section entitled "Key events".

3 As of fiscal year 2019, due to a change of IAS 12, attributable earnings and dividends payment related to hybrid capital are reported without tax effects.

Explanatory notes on equity are presented in the note relating to equity.

	HEDGING				Equity attributable to Volkswagen AG hybrid capital investors ³	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
	Cash flow hedges (OCI I)	Deferred costs of hedging (OCI II)	Equity and debt instruments	Equity-accounted investments				
	3,525	–	91	166	11,088	108,849	229	109,077
	56	63	–225	–	–	–388	1	–387
	3,581	63	–133	166	11,088	108,461	229	108,690
	–	–	–	–	309	12,136	17	12,153
	–1,791	–692	16	62	–	–2,701	0	–2,701
	–1,791	–692	16	62	309	9,435	17	9,452
	–	–	–113	–	–	–	–	–
	–	–	–	–	1,501	1,501	–	1,501
	–	–	–	–	–403	–2,370	–4	–2,375
	–	–	–	–	–	–10	–18	–28
	–	–	–	–	101	101	2	102
	1,790	–629	–230	228	12,596	117,117	225	117,342
	1,790	–629	–230	228	12,596	117,117	225	117,342
	–	–	–	–	540	13,886	143	14,029
	–1,695	–348	–9	76	–	–6,967	–8	–6,974
	–1,695	–348	–9	76	540	6,920	136	7,055
	–	–	4	–	–	–	–	–
	–	–	–	–	–	–	–	–
	–	–	–	–	–472	–2,891	–9	–2,899
	1	0	–1	–10	–	553	1,519	2,071
	–	–	–	1	–	82	–1	81
	95	–977	–235	295	12,663	121,781	1,870	123,651

Cash flow statement

of the Volkswagen Group for the period January 1 to December 31, 2019

€ million	2019	2018
Cash and cash equivalents at beginning of period	28,113	18,038
Earnings before tax	18,356	15,643
Income taxes paid	-2,914	-3,804
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property ¹	12,046	11,034
Amortization of and impairment losses on capitalized development costs ¹	3,665	3,668
Impairment losses on equity investments ¹	300	170
Depreciation of and impairment losses on lease assets ¹	8,428	7,689
Gain/loss on disposal of noncurrent assets and equity investments	-4	98
Share of the result of equity-accounted investments	460	244
Other noncash expense/income	-730	347
Change in inventories	-674	-5,372
Change in receivables (excluding financial services)	-893	-6,400
Change in liabilities (excluding financial liabilities)	2,297	3,645
Change in provisions	1,646	-762
Change in lease assets	-13,204	-11,647
Change in financial services receivables	-10,796	-7,282
Cash flows from operating activities	17,983	7,272
Investments in intangible assets (excluding development costs), property, plant and equipment, and investment property	-14,230	-13,729
Additions to capitalized development costs	-5,171	-5,234
Acquisition of subsidiaries	-673	-470
Acquisition of other equity investments	-420	-420
Disposal of subsidiaries	3	-26
Disposal of other equity investments	177	210
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	237	282
Change in investments in securities	387	-1,378
Change in loans and time deposits	-1,456	-826
Cash flows from investing activities	-21,146	-21,590
Capital contributions/capital redemptions	-	1,491
Dividends paid	-2,899	-2,375
Capital transactions with noncontrolling interest shareholders	1,368	-28
Proceeds from issuance of bonds	25,916	35,308
Repayments of bonds	-19,784	-15,290
Changes in other financial liabilities	-4,509	5,488
Repayments of lease liabilities	-957	-29
Cash flows from financing activities	-865	24,566
Effect of exchange rate changes on cash and cash equivalents	243	-173
Change of loss allowance within cash and cash equivalents	1	-1
Net change in cash and cash equivalents	-3,784	10,075
Cash and cash equivalents at end of period	24,329	28,113
Cash and cash equivalents at end of period	24,329	28,113
Securities, loans and time deposits	29,099	28,036
Gross liquidity	53,428	56,148
Total third-party borrowings	-201,468	-190,883
Net liquidity	-148,040	-134,735

1 Net of impairment reversals.

Explanatory notes on the cash flow statement are presented in the section relating to the cash flow statement.