

The decrease in internal financing revenue was due to lower average asset balances, partially offset by higher asset yields. The decrease in external financing revenue reflects the wind down of the OEM IT commercial financing operations.

Sales of used equipment represented 43.4 percent and 48.5 percent of Global Financing's revenue for the years ended December 31, 2019 and 2018, respectively. The decrease in 2019 was due to a lower volume of internal used equipment sales. The gross profit margin on used sales was 52.2 percent and 54.2 percent for the years ended December 31, 2019 and 2018, respectively. The decrease in the gross profit margin was driven by lower margins on internal used equipment sales.

Geographic Revenue

In addition to the revenue presentation by reportable segment, we also measure revenue performance on a geographic basis.

(\$ in millions)

For the year ended December 31:	2019	2018	Yr.-to-Yr. Percent Change	Yr.-to-Yr. Percent Change Adjusted for Currency	Yr.-to-Yr. Percent Change Excluding Divested Businesses And Adjusted for Currency
Total revenue	\$77,147	\$79,591	(3.1)%	(1.0)%	0.2%
Americas	\$36,274	\$36,994	(1.9)%	(1.1)%	0.8%
Europe/Middle East/Africa	24,443	25,491	(4.1)	0.4	1.3
Asia Pacific	16,430	17,106	(4.0)	(3.0)	(2.5)

Total revenue of \$77,147 million in 2019 decreased 3.1 percent year to year as reported (1 percent adjusted for currency), but increased 0.2 percent excluding divested businesses and adjusted for currency.

Americas revenue decreased 1.9 percent as reported (1 percent adjusted for currency), but grew 1 percent excluding divested businesses and adjusted for currency. Within North America, the U.S. decreased 2.4 percent and Canada increased 4.0 percent as reported (6 percent adjusted for currency). Latin America declined as reported but grew adjusted for currency. Within Latin America, Brazil declined 4.8 percent as reported, but was flat adjusted for currency.

EMEA revenue decreased 4.1 percent as reported, but was essentially flat adjusted for currency and increased 1 percent excluding divested businesses and adjusted for currency. As reported, the U.K., France and Italy decreased 2.9 percent, 4.1 percent and 1.3 percent, respectively, but grew 1 percent, 1 percent and 4 percent, respectively, adjusted for currency. Germany decreased 7.9 percent as reported and 3 percent adjusted for currency. The Middle East and Africa region decreased 3.5 percent as reported and 2 percent adjusted for currency.

Asia Pacific revenue decreased 4.0 percent as reported (3 percent adjusted for currency) and 2 percent excluding divested businesses and adjusted for currency. Japan increased 2.3 percent as reported and 1 percent adjusted for currency. Australia decreased 17.3 percent as reported and 11 percent adjusted for currency. China decreased 13.4 percent as reported and 11 percent adjusted for currency and India decreased 8.1 percent as reported and 5 percent adjusted for currency.

Global Financing pre-tax income decreased 22.5 percent year to year primarily driven by a decrease in gross profit (\$422 million), partially offset by a decrease in total expense (\$115 million), which was mainly driven by a decline in IBM shared expenses in line with the segment's performance, a lower provision for credit losses and a gain from the sale of certain commercial financing capabilities in the first quarter of 2019.

The decrease in return on equity from 2018 to 2019 was primarily due to lower net income. Refer to page 45 for the details of the after-tax income and return on equity calculations.

Total Expense and Other (Income)

(\$ in millions)

For the year ended December 31:	2019	2018	Yr.-to-Yr. Percent/ Margin Change*
Total consolidated expense and other (income)	\$26,322	\$25,594	2.8%
Non-operating adjustments			
Amortization of acquired intangible assets	(764)	(437)	74.8
Acquisition-related charges	(409)	(16)	NM
Non-operating retirement-related (costs)/income	(615)	(1,572)	(60.9)
Operating (non-GAAP) expense and other (income)	\$24,533	\$23,569	4.1%
Total consolidated expense-to-revenue ratio	34.1%	32.2%	2.0 pts.
Operating (non-GAAP) expense-to-revenue ratio	31.8%	29.6%	2.2 pts.

* 2019 results were impacted by Red Hat purchase accounting and acquisition-related activity.

NM—Not meaningful

The following Red Hat-related expenses were included in 2019 total consolidated expense and other (income), with no corresponding expense in the prior-year: Red Hat operational spending, interest expense from debt issuances to fund the acquisition and other acquisition-related activity, including: amortization of acquired intangible assets, retention and legal and advisory fees associated with the transaction.