

BMW Group

Corporate and Governmental Affairs

Media Information
17 March 2010

BMW Group plans sharp increase in group earnings

Visible progress in 2010 towards profitability targets for 2012
Volume growth in solid single-digit percentage range targeted

Munich. The BMW Group is targeting a significant improvement in group earnings for the current year. "We are heading into the new business year with cautious optimism and are targeting group earnings well above the level reported for the past year. We want to see visible progress in 2010 in the direction of our profitability targets for 2012", stated Norbert Reithofer, Chairman of the Board of Management of BMW AG at the Annual Accounts Press Conference on Wednesday in Munich. For the year 2012, the BMW Group is targeting an EBIT margin for its Automobile segment within an unchanged range of between eight and ten percent.

The Automobiles, Motorcycles and Financial Services segments are all set to report better earnings in 2010. The EBIT margin of the Automobiles segment is forecast to reach a low single-digit percentage.

Attractive new products and the expected gradual economic recovery worldwide will also contribute to sales volume growth for the BMW Group in 2010. "We intend to remain the world's leading provider of premium cars in 2010 and plan to increase sales within a solid single-digit percentage range to over 1.3 million vehicles", added Reithofer.

One of the most important model developments in 2010 is the new BMW 5 Series which will be launched at the end of March, thus providing further momentum from the beginning of the second quarter. The BMW 5 Series will account for almost one fifth of BMW-brand sales. The new BMW X1 and BMW 5 Series Gran Turismo models – both of which were very successfully launched at the end of 2009 – will also have a positive impact on sales performance in 2010. The MINI Countryman will be introduced to the markets during the current year. The BMW 3 Series Coupé, 3 Series Convertible and the BMW X5 have also been revised.

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BMW Group

Corporate and Governmental Affairs

Media Information

Date 17 March 2010

Topic BMW Group plans sharp increase in group earnings

Page 2

BMW Group reported pre-tax profit of euro 413 million for 2009

The BMW Group recorded positive earnings for the financial year 2009 as planned despite the ongoing worldwide financial and economic crisis. "We have successfully risen to the challenges posed in 2009 within a difficult market environment worldwide. We managed to reduce costs in all areas. Our efficiency improvement measures have been bearing fruit, even though the effects of the worldwide financial and economic crisis could still be felt", continued Reithofer.

The group profit before tax rose by 17.7% to euro 413 million (2008: euro 351 million). Net profit amounted to euro 210 million (2008: euro 330 million/-36.4%) due to the higher effective tax rate. Revenues decreased moderately by 4.7% to euro 50,681 million (2008: euro 53,197 million).

Based on the proposal of the Board of Management and Supervisory Board, the dividend will remain unchanged against the previous year at euro 0.30 per share of common stock and euro 0.32 per share of preferred stock. "We are proposing a dividend for 2009 despite the difficult economic climate, demonstrating the confidence we have in our operating strength", Reithofer pointed out.

Automobiles segment records fourth-quarter EBIT of euro 93 million

Earnings of the Automobiles segment fell sharply in 2009 due to lower sales volumes brought about by the weak economies worldwide. Nevertheless, thanks to efficiency improvements and a more stable market environment towards the end of the year, the segment was able to generate a fourth-quarter profit before financial result (EBIT) of euro 93 million. For the full year, the segment recorded a negative EBIT of euro 265 million (2008: positive EBIT of euro 690 million) and a loss before tax of euro 588 million (2008: profit before tax of euro 318 million). Revenues fell to euro 43,737 million (2008: euro 48,782 million).

BMW Group

Corporate and Governmental Affairs

Media Information

Date 17 March 2010

Topic BMW Group plans sharp increase in group earnings

Page 3

In total, the BMW Group sold 1,286,310 BMW, MINI and Rolls-Royce brand vehicles in 2009 (2008: 1,435,876 units/-10.4%). This performance enabled the BMW Group to increase its market share in the premium segment and, as previously announced, to retain its position as the world's leading premium carmaker.

A total of 1,068,770 BMW brand cars (2008: 1,202,239 units/-11.1%) were sold in 2009, putting the BMW brand once again well ahead of relevant competitors in the premium segment. Strong sales increases were achieved by the BMW 7 Series (52,680 units/+35.7%), the BMW X6 (41,667 units/+56.8%) and the BMW Z4 (22,761 units/+26.4%). In Germany, both 7 Series (7,439 units/+74.8%) and the BMW X5 (10,933 units/-31.9%) and X6 (4,940 units/+51.0%) finished the year as clear leaders in their relevant segments. Since their launch at the end of October 2009 up to the end of the year, 8,499 units of the BMW X1 and 3,052 units of the 5 Series Gran Turismo had been sold worldwide.

The MINI brand sold 216,538 units worldwide in 2009 (2008: 232,425 units/-6.8%). The model mix remained at a high level: more than one half of the brand's customers (53.6%) opted for the MINI Cooper, with 26.2% selecting the MINI Cooper S and 20.2% the MINI One.

Rolls-Royce sold 1,002 motor cars (2008: 1,212 units/-17.3%) during the year, thus remaining the clear market leader in the ultra-luxury segment. The new Rolls-Royce Ghost made a good start, with 167 vehicles handed over to customers in December 2009.

The BMW Group grew strongly in 2009 in the emerging markets of China (90,536 units/+37.5%), Brazil (6,398 units/+118.8%) and India (3,619 units/+24.4%), achieving new sales records in all three markets. "We plan to grow our sales again in China, Brazil and India in the current year", stated Reithofer. Germany was the largest single market for the company in 2009 for its

BMW Group

Corporate and Governmental Affairs

Media Information

Date 17 March 2010

Topic BMW Group plans sharp increase in group earnings

Page 4

BMW and MINI brand cars, with a total of 258,012 units (2008: 284,786 units/-9.4%) sold. With 33,517 cars handed over to customers, the MINI brand recorded its most successful year in Germany to date. The BMW Group also plans to increase sales in the German market during 2010, and hence, to increase its market share in the premium segment.

In the USA, the BMW Group sold 241,727 vehicles (2008: 303,190 units/-20.3%) during the past year. The BMW brand, with 196,502 units sold, remained the best performing European premium car brand in the USA. The BMW Group forecasts that sales will increase in the US market during the current year.

Automobiles segment adjusted free cash flow at around euro 1.5 billion

The operating cash flow in the past financial year increased by 10.1% to euro 4,921 million (2008: euro 4,471 million). The adjusted free cash flow of the Automobiles segment in 2009 approximated almost euro 1.5 billion. The adjusted figure was euro 2.2 billion: euro 1.6 billion relating to the externalisation of a further tranche of the Group's German pension obligations and approximately euro 600 million used to purchase short-term marketable securities. The shift to marketable securities as a liquidity reserve was made in order to achieve a more favourable return. On an unadjusted basis, the free cash flow of the Automobiles segment in 2009 was a negative euro 754 million.

EBIT of euro 19 million for Motorcycles segment in 2009

The earnings performance of the Motorcycles segment in 2009 was also adversely affected by difficult business conditions. EBIT fell to euro 19 million (2008: euro 60 million). Segment revenues totalled euro 1,069 million (2008: euro 1,230 million). With 87,306 units (2008: 101,685 units/-14.1%) sold worldwide, BMW Motorrad recorded a moderate drop in sales volume compared to the market as a whole.

BMW Group

Corporate and Governmental Affairs

Media Information

Date 17 March 2010

Topic BMW Group plans sharp increase in group earnings

Page 5

Sharp rise in earnings of Financial Services segment

Earnings of the Financial Services segment rose considerably in 2009 following a significant burden last year due to additional charges for residual value and credit risks. The EBIT rose to euro 355 million (2008: negative EBIT of euro 216 million) and the pre-tax result turned around from a loss of euro 292 million in 2008 to a profit of euro 365 million in 2009. Segment revenues totalled euro 15,798 million (2008: euro 15,725 million). The increase in the credit loss ratio to 0.84% (2008: 0.59%) was in line with expectations.

The volume of new retail customer contracts declined by 15.8% to euro 24,709 million. The proportion of new BMW and MINI brand cars financed by the Financial Services segment amounted to 49.0%, up by 0.5 percentage points compared to the previous year.

Reduction in capital expenditure reflects optimised use of capital

Capital expenditure was reduced in 2009 to euro 3,471 million (2008: euro 4,204 million) thanks to optimised use of capital such as longer utilization of existing production structures and reduced complexity in car variants. As well as substantial investment in the future, the main focus was on product capital expenditure for the BMW 5 Series, 5 Series Gran Turismo, X1, MINI Convertible and the Rolls-Royce Ghost.

A total of euro 2,384 million (2008: euro 2,980 million) was invested in property, plant and equipment and other intangible assets. In addition to this came capitalised development costs of euro 1,087 million (2008: 1,224 million). The capital expenditure ratio in 2009 was 6.8% (2008: 7.9%) and thereby within the target range of below seven percent set in conjunction with Strategy Number ONE.

BMW Group

Corporate and Governmental Affairs

Media Information

Date 17 March 2010

Topic BMW Group plans sharp increase in group earnings

Page 6

Workforce of approximately 96,000 employees at end of 2009

The BMW Group's workforce decreased over the past year as a result of a combination of natural attrition, pre-retirement part-time working arrangements and voluntary employment contract termination agreements. The BMW Group workforce comprised 96,230 employees at the end of the year (December 31, 2008: 100,041 employees/-3.8%) worldwide. The number of trainees remained at a high level, namely 3,915 compared to 4,102 one year earlier.

BMW Group

Corporate and Governmental Affairs

Media Information

Date 17 March 2010

Topic BMW Group plans sharp increase in group earnings

Page 7

The BMW Group – an Overview

		2009	2008	Change in %
Vehicle production				
Automobiles		1,258,417	1,439,918	-12.6
Thereof:				
BMW	units	1,043,829	1,203,482	-13.3
MINI	units	213,670	235,019	-9.1
Rolls-Royce	units	918	1,417	-35.2
Motorcycles	units	82,631	104,220	-20.7
Deliveries to customers				
Automobiles		1,286,310	1,435,876	-10.4
Thereof:				
BMW	units	1,068,770	1,202,239	-11.1
MINI	units	216,538	232,425	-6.8
Rolls-Royce	units	1,002	1,212	-17.3
Motorcycles	units	87,306	101,685	-14.1
Workforce at end of year¹		96,230	100,041	-3.8
Capital Expenditure	euro million	3,471	4,204	-17.4
Revenues	euro million	50,681	53,197	-4.7
Thereof:				
Automobiles	euro million	43,737	48,782	-10.3
Motorcycles	euro million	1,069	1,230	-13.1
Financial Services	euro million	15,798	15,725	0.5
Operating cash flow²	euro million	4,921	4,471	10.1
Profit before financial result	euro million	289	921	-68.6
Thereof:				
Automobiles	euro million	-265	690	-
Motorcycles	euro million	19	60	-
Financial Services	euro million	355	-216	-68.3
Profit before tax	euro million	413	351	17.7
Income taxes	euro million	-203	-21	-
Net profit	euro million	210	330	-36.4
Earnings per share³	euro	0.31/0.33	0.49/0.51	-
Dividend per share of common/preferred stock	euro	0.30/0.32	0.30/0.32	-

¹ figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time arrangements and low wage earners.

² Automobiles segment

³ earnings per share in accordance with IAS 33 for common and preferred stock shares

BMW Group

Corporate and Governmental Affairs

Media Information

Date 17 March 2010

Topic BMW Group plans sharp increase in group earnings

Page 8

The BMW Group

With its three brands -- BMW, MINI and Rolls-Royce – the BMW Group is one of the world's most successful premium manufacturers of cars and motorcycles. It operates internationally with 24 production sites in 13 countries and a global sales network with representation in more than 140 countries.

During the financial year 2009, the BMW Group sold approximately 1.29 million cars and more than 87,000 motorcycles worldwide. The profit before tax for 2009 was euro 413 million, revenues totalled euro 50.68 billion. At 31 December 2009, the BMW Group had a workforce of approximately 96,000 employees.

Long-term thinking and responsible action have long been the foundation of the BMW Group's success. Striving for ecological and social sustainability along the entire value-added chain, taking full responsibility for our products and giving an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategies. For these reasons, the BMW Group has been sector leader in the Dow Jones Sustainability Indices for the last five years.

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Corporate and Governmental Affairs

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