Ladies and Gentlemen,

Good morning from my side as well. We have had an extremely successful first half of 2011. Sales growth, our high-end vehicle mix and attractive net pricing have resulted in excellent margins.

The BMW Group reported total earnings before taxes (EBT) of 2.7 billion euros in the second quarter. In fact, our year-on-year earnings more than doubled. Pre-tax earnings for the year to the end of June total 4.5 billion euros: This means that our half-yearly earnings were almost as high as our earnings for the whole of 2010.

I'm sure you'll agree: That is impressive. Our Strategy Number ONE has made us highly profitable. Several one-off effects had a positive impact on our quarterly results: First, the economic recovery improved the risk situation in our lending and leasing business. This contributed 464 million euros to Group earnings.

I would now like to talk about the most important points in the Automotive segment.

In mid-July we issued a revised business outlook for 2011. This was mainly due to strong sales and good business prospects for the rest of the year. BMW Group sales for the year to the end of June were 20% higher than the previous year. In Germany, the U.S., the U.K. and China we sold considerably more vehicles than last year. China accounted for 14.5 per cent of sales in the first half of the year. In comparison: North America made up almost a fifth and Germany more than 17%. We are maintaining a balanced global market distribution.
We expect sales for the full year 2011 to climb to more than 1.6 million vehicles. This would be an increase of more than 10% over last year. We are now targeting an EBIT margin of more than 10% for 2011 in the Automotive segment – also on an adjusted basis; that means, taking into account the one-off effect from improved residual values.

We achieved new all-time highs for revenue and earnings: Revenue increased by 22% in the second quarter to about 16.7 billion euros. The segment profit before financial result rose to 2.4 billion euros – 83% more than in the previous year. The EBIT margin for the same period was 14.4%.

The positive one-off effect I referred to contributed 85 million euros to the EBIT in the Automotive segment: In our key used car markets of the United States, Germany and the U.K., we were able to obtain much better prices than anticipated for our off-lease vehicles. As a result, we were able to adjust our provisions for residual value risks. We also took current market trends into account in our provisions for residual value risks.

Adjusted for this effect, the EBIT margin in this segment reached 13.9% in the second quarter – two percentage points higher than in the first quarter. Our healthy returns prove that our profitability measures are taking effect. Efficiency has further increased, while sales incentives have continued to decrease on the performance side. Our attractive product portfolio and regional distribution of sales also brought major benefits. We once again profited from lower manufacturing costs for our recently launched models in the second quarter.

We expect to see a further decrease in manufacturing costs with the new
1 Series and other future models. This will also have a positive impact on quality. Our upcoming vehicles were developed solely on the basis of our modular strategy.

We are closely monitoring the high volatility in currencies and raw materials. Our forward-looking hedging strategy paid off in the first half of the year. Positive currency effects more than offset the negative impact of raw material prices. Prices for steel, aluminium, copper, plastics and precious metals in particular easily surpassed their previous highs in the first six months of 2011. In the second half of the year, the balance between currencies and raw material prices will shift – resulting in a negative impact on earnings. However, for the full year, we expect these opposing effects to offset each other.

Capital efficiency will remain a priority. At the same time, we have also made extensive investments in new products and production equipment and are currently expanding our plants in Germany, the U.S and China. Nevertheless, our investment ratio will stay below 7 per cent of revenue for the rest of the year, on account of rising sales revenues.

We have once again expanded our research and development activities from last year’s level. We are developing tomorrow’s innovations today. Our R&D expenses for electro-mobility and alternative drive concepts remain the focus of our activities. The start-up costs for vehicle electrification and the development of new materials and concepts have been factored into our earnings planning. We are taking advantage of more efficient development processes to make selective, consistent investments. Our strong revenues in the first-half year boosted free cash flow in the segment. For the year to the end of June, it totalled just under 2.6 billion euros.

If we factor in the 625 million euros in equity we injected into our leasing business, free cash flow would have reached around 3.2 billion euros.
The Financial Services segment continued to experience dynamic growth. We generated a pre-tax profit of 744 million euros in the second quarter. This reflects the extraordinary effect I mentioned at the beginning of my statement: The economic recovery in many markets has dramatically improved our credit portfolio. As a result, we have adjusted our provisions for credit losses and re-evaluated our leasing portfolio. This contributed 379 million euros to segment earnings. Combined with lower credit risks, the recovery in used car prices – quite substantial in some areas – had a positive impact on quarterly earnings.

The credit loss ratio fell from 0.55% in the first three months to 0.43% in the first half of the year.

Our financing and leasing business continued to perform extremely well on account of our growing automotive business – and expanded by almost 11% worldwide. We concluded more than 314,000 new contracts. The business volume in balance sheet terms for the year to the end of June was nearly 65.8 billion euros.

The penetration rate was lower than in the second quarter of last year: Financial Services leased or financed 40.4% of new BMW Group vehicles.

To strengthen our international fleet management and leasing business we acquired ING Car Lease in July. We are still awaiting approval by the relevant European anti-trust authorities. In ING Car Lease, we are acquiring a healthy, successful business. It has been highly profitable for many years and generates a return on equity of more than 18%.

The European fleet management market is growing. We see this acquisition as a strategic investment that will deliver major benefits for Alphabet: It will provide us with access to new customers and allow us to optimise our market position and
service offering. Together the two companies will make the new organisation the number five in Europe – with around 540,000 leasing and fleet management contracts in 16 European countries.

Besides synergy effects, we will also take advantage of the additional sales potential the acquisition will generate for our brands. The ING Car Lease fleet spans different vehicle segments and will therefore complement that of Alphabet. We believe fleet business could also become an important platform for e-mobility.

In the Motorcycles segment, the two brands’ sales performance varied a great deal. In the second quarter, BMW Motorrad sold more than 37,000 bikes in a shrinking market – doing well to achieve a new sales high. Husqvarna sales declined – and the segment as a whole continues to contract. However, the restructuring of the brand’s global sales organisation will have a positive impact on sales performance over the medium term.

The segment generated revenue of 450 million euros – around 3% more than the previous year. The profit before financial result totals 47 million euros. We expect our motorcycle business to increase sales and revenues in the current year. The repositioning of Husqvarna will burden full-year earnings.

Our Group liquidity remained high at 9.1 billion euros as per June 30th. This gives us greater freedom from possible volatility on the capital markets.

On account of our positive business development, the rating agency Moody’s has upgraded our ratings: The BMW Group has regained the agency’s top P1 short-term rating. The company’s long-term rating was raised by one notch to A2. This puts us ahead of other European automobile manufacturers and among the top three worldwide.

We expect conditions in the second half of the year to remain favourable, allowing us to maintain our positive business performance. However, we do
believe that the dynamic growth we have seen in many markets will slow towards the end of the year.

We are able to confirm our forecast for 2011: We expect to sell more than 1.6 million vehicles and achieve an EBIT margin of over 10% in the Automotive segment. At Group level, our pre-tax profit will be considerably higher than last year.

However from today's perspective it seems unlikely that we will be able to maintain the high EBIT margin of the second quarter through the rest of the year.

That is mainly due to model cycle effects: There will be a negative impact on earnings as we phase out the current BMW 1 Series and other models. We expect ramp-up and marketing expenses for the new models to generate additional costs of about 500 million euros in the second half of the year. The model changes will probably lead to higher sales incentives in the final months of the life cycle.

It is important to us that our employees share in the success of our company, and so our considerably higher earnings will also be reflected in higher bonuses. The reserves we need for this will continue to be accrued pro rata in the second half of the year and therefore also impact earnings.

The same applies to the currency and raw materials issues I talked about earlier. Rising prices for raw materials in the second half of the year will not be completely offset by the currency tailwind. We predict that this effect will be in the low three-digit million euro range.
The momentum from new business in our Financial Services division will also be somewhat weaker. Rising base interest rates and the resulting higher funding costs will affect our new business margins.

On the whole, we are optimistic, but also aware of certain risks, and expect volatility to increase. The challenges posed by the sizeable national debt of many countries, potentially lower consumer spending from rising taxes, and higher inflation could all lead to more volatile developments.

Partly because of the risks I just mentioned, we aim to keep returns within an EBIT margin range of 8-10% in the automotive segment beyond 2011. This is the decisive target for us over the long term. With the current momentum from our operative business, we are preparing our company for the challenges and opportunities of the future.

For the BMW Group, profitability and growth will continue to go hand-in-hand as we move forward in the future.

Thank you.