BMW GROUP IN CHINA

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Looking back: Strong Economic Growth in China.

The BMW Group Model.

A Promising Future.
OVERVIEW CHINA MACRO ECONOMY. CHINA HAS BEEN ENJOYING STRONG GROWTH OVER THE PAST 20 YEARS.

China GDP Growth (1992-2010)

(Ø ~20 years = 10.4%)
OVERVIEW CHINA MACRO ECONOMY.
CHINA RESPONDED TO THE CRISIS WITH BIG STIMULUS PACKAGES FINANCED BY THE TRADE SURPLUS.
AUTO MARKET DEVELOPMENT. TOTAL PV MARKET HAS BEEN DEVELOPING QUICKLY WITH AN EVEN FASTER PLUS SEGMENT GROWTH.

Plus segment growth 2005-2010

Source: Sales data
BMW GROUP RETAIL DEVELOPMENT.
SUCCESSFUL DEVELOPMENT FOR BMW & MINI. BOTH BRANDS GREW FASTER THAN THE PREMIUM MARKET.

<table>
<thead>
<tr>
<th>Year</th>
<th>BMW Group sales development</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>15,788</td>
</tr>
<tr>
<td>2005</td>
<td>24,025</td>
</tr>
<tr>
<td>2006</td>
<td>36,357</td>
</tr>
<tr>
<td>2007</td>
<td>51,588</td>
</tr>
<tr>
<td>2008</td>
<td>65,822</td>
</tr>
<tr>
<td>2009</td>
<td>90,536</td>
</tr>
<tr>
<td>2010</td>
<td>168,998</td>
</tr>
</tbody>
</table>

Source: Sales data
BMW GROUP RETAIL DEVELOPMENT. CHINA HAS BECOME BMW GROUP’S THIRD-LARGEST MARKET AND THE LARGEST MARKET FOR KEY MODELS.

Plus Segment Development

<table>
<thead>
<tr>
<th></th>
<th>2010 YTD Apr</th>
<th>2011 YTD Apr</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>207,358</td>
<td>294,191</td>
</tr>
<tr>
<td>%</td>
<td></td>
<td>+42%</td>
</tr>
</tbody>
</table>

Source: Sales data

BMW+MINI Development

<table>
<thead>
<tr>
<th></th>
<th>Segment share</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010 YTD Apr</td>
<td>22.5%</td>
</tr>
<tr>
<td>2011 YTD Apr</td>
<td>27.0%</td>
</tr>
<tr>
<td>Sales</td>
<td>46,619</td>
</tr>
<tr>
<td>%</td>
<td>+70%</td>
</tr>
<tr>
<td>Sales</td>
<td>79,306</td>
</tr>
<tr>
<td>%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Sales data
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OUR SUCCESS FACTORS. HOW DID WE MAKE IT?

BRAND BUILDING

CUSTOMER ORIENTATION & LOCALIZATION

PARTNERS

PRODUCTS

PEOPLE
OUR BRANDS: THE MOST CHERISHED TREASURE. WE MAKE EVERY EFFORT TO STRENGTHEN OUR POSITION AS THE MOST SUCCESSFUL PREMIUM BRAND.
OUR BRANDS: BMW.
BMW IS THE LEADING BRAND IN THE AMS CHINA BEST CARS 2011 SURVEY (18,000 PARTICIPANTS).

13 Criteria
1. Well Made
2. Very Reliable Car
3. High Safety Standards
4. Advanced Technology
5. Environmentally Friendly Cars
6. Good Customer Service
7. Good Value For Money
8. High Re-sale Value
9. Good Looks/styling
10. Makes Sporty Cars
11. Successful In Racing
12. Has Good Advertising
13. Overall, I Like This Brand

BMW is NO.1 in 4 main categories out of 13.

Source: AMS China
JOY IS BMW.
THE JOY SPIRIT HAS BEEN SUCCESSFULLY TRANSLATED INTO CHINESE LANGUAGE AND CULTURE.
The introduction of this concept has gained BMW an upper hand in branding over competitors.

The use of Chinese cultural elements and wisdom helped portray an international face of a top brand.

The JOY campaign has elevated the substance of BMW brand and also fulfilled in-depth communication with Chinese customers with tribute to Chinese culture.
MULTI-TIER PRODUCT LINE. MOST BMW GROUP PRODUCTS ARE ALREADY OFFERED IN CHINA TO MEET THE HUGE LOCAL DEMAND.
MULTI-TIER PRODUCT LINE. LOCALIZED PRODUCTS GENERATE ADDITIONAL OPPORTUNITIES.

All new BMW 5 Series LWB (locally produced)

7 Series LWB China 60 Years Edition (imported)
MULTI-TIER PRODUCT LINE.
ALSO WORLDWIDE SPECIAL EDITIONS ARE WELL PERCEIVED IN CHINA.

7 Series Steinway & Sons Limited Edition

M3 Tiger Edition: All cars sold out even before official launch!
COMMITTED PARTNERS. FAST DEVELOPMENT OF DEALER NETWORK NOT ONLY IN QUANTITY BUT ALSO IN TERMS OF QUALITY.

**BMW Dealer Network Development**

- 2005: 45
- 2009: 150 (+40%)
- 2010: 210

**Sales per dealership (units)**

- 2005: 562
- 2009: 763 (+39%)
- 2010: 1,057

**BMW customer satisfaction**

- 2008: Sales 8, Aftersales 8.3
- 2009: Sales 8.3, Aftersales 8.4
- 2010: Sales 8.4, Aftersales 8.4

Source: BMW internal analysis
INVESTMENT IN PEOPLE. DEALER NETWORK TRAINING. INVEST IN OUR PEOPLE ALSO IN THE STAFF OF DEALER-SHIP TO ACHIEVE HIGHER CUSTOMER SATISFACTION.

Dealer Training Man Days Development (unit: man days)

- 2009: >40,000
- 2010: >90,000
- 2015: ~250,000

BMW Shanghai Training Center
CUSTOMER ORIENTATION. BMW GROUP IS FULLY DEDICATED TO CUSTOMER SATISFACTION.

Attention & Care
- My customer has always first priority.
- I ensure utmost appreciation towards every customer.

Fulfilment & Success
- It is my obligation to provide professionalism to my customer.
- I ensure quality in everything I do.

Understanding & Action
- The needs of my customer are my personal responsibility.
- I manage individual expectations and exceed them.
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CHINA’S ECONOMIC DEVELOPMENT. THE 12TH FIVE-YEAR PLAN (2011 – 2015) AIMS AT A MORE MODERATE GROWTH PATH.

1990 - 2000: GDP growth = 10.4%
2010 - 2015: GDP growth (Target) = 7%

- Economic growth from export/investment driven to consumption driven
- Income redistribution and improving people’s living hood
- Urbanization and regional development
- Energy saving and environment protection
GDP DEVELOPMENT DRIVERS. URBANIZATION AND GROWING MIDDLE CLASS WILL GENERATE TREMENDOUS DEMAND FOR MOBILITY.

Urbanization ratio

- 1978: 18%
- 1990: 26%
- 2000: 36%
- 2009: 47%
- 2020 F: 60%

Income distribution

Source: State Information Center, McKinsey research
ENORMOUS AND EVER GROWING CUSTOMER BASE. TIER 3-5 CITIES PROVIDE HUGE POTENTIAL FOR PLUS SEGMENT.

Different tier market status*

<table>
<thead>
<tr>
<th>Tier</th>
<th>Population (mio)</th>
<th>GDP (trillion RMB)</th>
<th>2010 PV sales per '000 people (unit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1</td>
<td>42.5</td>
<td>5.6</td>
<td>40.0</td>
</tr>
<tr>
<td>Tier 2</td>
<td>143.9</td>
<td>8.4</td>
<td>18.5</td>
</tr>
<tr>
<td>Tier 3</td>
<td>149.4</td>
<td>6.7</td>
<td>13.3</td>
</tr>
<tr>
<td>Tier 4/5</td>
<td></td>
<td></td>
<td>4.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>19.2</td>
</tr>
</tbody>
</table>

* According to the macro-economic and auto industry developing status, all the cities are divided to 5 tiers; population and GDP data as 2009; auto industry data as 2010
GROWING PURCHASING POWER. DRIVEN BY THE OVERALL ECONOMIC DEVELOPMENT, THE NUMBER OF HIGH INCOME HOUSEHOLDS WILL CONTINUE TO GROW FAST.

Number of households with annual income >250,000 RMB
(Units: million)

CAGR: 34%

Source: State Information Center
BEIJING REGISTRATION LIMIT POLICY. THE POLICY IMPACTS THE TOTAL MARKET, BUT ALSO BRINGS OPPORTUNITIES TO BMW AND PLUS SEGMENT.

- Beijing PC market decreased by 63% YTD March. Pull forward effects to be considered.

- However, Plus segment’s penetration ratio in Beijing doubled

- Moreover, BMW’s segment share in Beijing was further improved

- BMW has a strong track record in confined markets, e.g. No.1 in Premium segment in Hong Kong in 2010 (Share of 15.8% in total HK PV market for BMW and MINI together, ranked 2nd).
CONTINUE WITH OUR SUCCESSFUL STRATEGY …  
… AND FINE-TUNE IT.
SUSTAINABILITY THROUGH E-MOBILITY. BMW 5 SERIES LWB PHEV CONCEPT CAR WAS INTRODUCED IN SHANGHAI, “FROM CHINA, FOR CHINA”.
SUSTAINABILITY THROUGH QUALITY.
AFTER SALES SERVICE CAMPAIGN.

пресс-релиз BMW Group China

THE 1st SERVICE BRANDING CAMPAIGN IN CHINA.
SUSTAINABILITY THROUGH QUALITY.
CUSTOMER EXPERIENCE AT THE DEALERSHIP.

Top standards for retail facilities

Customer-orientated facilities

Efficient workshop
SUSTAINABILITY THROUGH PARTNER INTEGRATION. THE 5S DEALERSHIP CONCEPT AIMS AT SUSTAINABILITY AT THE DEALERSHIP LEVEL.

1: Sales
2: Service
3: Spare parts
4: Survey
5: Sustainability
SUSTAINABILITY THROUGH LOCALIZATION. CHINESE PEOPLE ASSOCIATE BMW WITH THE OLYMPIC SPIRIT IN THEIR MINDS AND HEARTS.
SUSTAINABILITY THROUGH LOCALIZATION. OFFICIAL PARTNERSHIP WITH EXPO CHINA PAVILION.
SUSTAINABILITY THROUGH LOCALIZATION. THE BMW BRILLIANCE PLANT PHASE II SHOWS OUR OVER-PROPORTIONAL PARTICIPATION IN THE MARKET.
SUSTAINABILITY THROUGH CSR. BMW TAKES RESPONSIBILITY THROUGH THE BMW WARM HEARTS FUND.
BOTTOM LINE. BMW GROUP IS LOOKING FORWARD TO A PROMISING FUTURE.