Ladies and Gentlemen,

Good morning from my side as well! Our quarterly results – with new sales, revenue and earnings records – are once again clear evidence of our operating and financial strength.

The credit-rating agency Standard & Poor’s upgraded our rating in April, based on our positive business development and solid financial position. This gives us the best credit rating of all European car manufacturers.

The BMW Group’s quarterly earnings before taxes improved year-on-year to 2.076 billion € – an increase of 21.8%. Our Group EBIT margin was 11.3%.

A change in accounting in our 2011 Group financial statements has also resulted in a restatement of certain figures for the individual quarters of 2011. The change concerns the evaluation of products leased through BMW Financial Services. The adjusted 2011 figures are identified in the quarterly report. The quarterly adjustments for the whole of the 2011 financial year can be found under note 3.

First, let’s take a look at the Automotive segment: Demand for our three premium brands was positively high in the first quarter. We delivered more than 425,000 BMW, MINI and Rolls-Royce vehicles for revenues of 16.16 billion € in this segment – an increase of 12.4% year-on-year.
We saw dynamic sales growth in China and the United States, in particular, as well as in many emerging markets in Asia and Latin America. However, the situation has become less favorable in a number of Southern European markets, and competitive pressure has increased.

The segment EBIT for the first quarter totalled just under 1.88 billion €. This is an increase of 10% over the same period last year – the result of sales growth and product mix. The EBIT margin in the Automotive segment remained at roughly the same level as last year, at 11.6%.

As previously announced, our upfront investments in future projects and expenditure for research and development were higher than in the first quarter of 2011. The total amount was in the low three-digit millions.

We are taking advantage of our earning power to make targeted investments: Our development spending on lightweight construction and alternative drive technologies will secure us a stronger market position in the future. Our vehicles will need to become even more efficient to meet stricter CO₂ standards worldwide. Over the full year, this will result in additional expenditure between 800 million and 1 billion €.

Inventories increased by more than 1.2 billion € in the first quarter of 2012. This is essentially due to the global market launch of the 3 Series Sedan and sales growth in our overseas markets. As previously anticipated, we expect a burden from pricing due to the 3 Series Sedan model changeover throughout the first half of the year – mainly because not all new models are available yet in the overseas markets.

The segment’s dynamic operating performance generated a strong operating cash flow and a free cash flow of 1.635 billion €. We expect this positive trend to
continue throughout the rest of the year and are targeting a free cash flow of more than three billion €.

The positive development also had a positive impact on Group liquidity. We have a strong liquidity basis and are in a good position to cope with potential volatility. As per 31 March, Group liquidity totalled 12.0 billion €. Net financial assets in the Automotive segment amounted to 13.9 billion €.

The Financial Services segment also benefited from our sales growth. We concluded almost 306,000 leasing and financing contracts with retail customers in the first quarter. This represents a 10.5% increase over the same period last year. At the end of the first quarter, the total number of contracts in place reached 3.65 million. This also includes ING Car Lease contracts. Our business also profited from attractive financing conditions.

The segment generated a pre-tax profit of 434 million € in the first quarter. This includes a positive one-off effect in the amount of 43 million € from end-of-lease business. Earnings were therefore slightly higher year-on-year.

The Financial Services segment provided leasing or financing for 38.2% of new BMW Group vehicles in the first quarter. This rate is slightly lower than last year due to China’s rapidly growing share of sales – and the fact that the penetration rate is still relatively low in the Chinese market.

The risk situation developed as expected in the first quarter. Used-car prices remained stable in the US and Germany.

The price situation decreased slightly in the UK. Used-car prices fell in the Southern European markets – and we also see potential risks here for the months ahead. Overall, we expect market development to be uneven and more volatile.
The credit risks for the Financial Services segment remained stable in the first quarter. However, individual market performance is likely to vary over the coming months.

The integration of ING Car Lease has made the BMW Group one of Europe’s leading fleet service providers. We will be expanding our market position through new offerings. Our fleet management company, Alphabet, won the first major corporate customers for its AlphaCity innovative mobility solution in the first quarter. New telematics solutions and accounting systems will allow companies to loan their fleet vehicles to employees for private use and optimise their fleet utilisation. This new form of car sharing will open up new growth opportunities for Alphabet’s mobility services.

We remain confident overall about the prospects for our financial services business: BMW Financial Services continues to benefit from strong growth in the premium segment. Our excellent position is due to:

- adopting more conservative residual values during the financial and economic crisis,
- the lower total volume of off-lease vehicles, and
- our healthy level of risk provisions.

In the Motorcycles segment, first-quarter sales rose by almost 8% to more than 27,000 units. Growth in Brazil, the US and Germany more than offset the decline in sales in individual European markets.

Segment revenues climbed 12.8% to 448 million € in the first three months. At the end of the quarter, EBIT totalled 37 million € – and was therefore 19.4% higher year-on-year.
With its attractive model line-up, the Motorcycles segment can expect to make further sales gains in a shrinking total market.

The BMW Group will continue its successful course in the second half of the year. We expect the positive trend in sales to continue – thanks to the new 3 Series Sedan and the 6 Series Gran Coupé, the updated 7 Series Sedan and other new models.

However, we are well aware of the uncertainties in the market: We are responding to competitive pressure in Europe with an attractive product line-up. Nevertheless, increased competition could have an adverse impact on pricing in specific markets.

A number of growth markets are characterised by market regulation measures, such as import duties and special taxes. At the same time, we are taking the necessary steps in preparation for stricter CO₂ taxation.

Current uncertainties make it more difficult to predict business developments accurately. We remain cautiously optimistic and continue to make sustained profitable growth and a sound financial position our priority.

We are maintaining our guidance – and expect all three brands to achieve record sales. Assuming the global situation does not deteriorate, we forecast record earnings at Group level and in the Automotive segment, as announced in March. The EBIT margin for the Automotive segment is likely to be at the high end of our 8-10% target range.

We will remain on course and consistently pursue our goals. We are monitoring economic conditions so that we can respond flexibly to volatility.
And now, Ladies and Gentlemen, we would be happy to take your questions.

Thank you.