Ladies and Gentlemen,

A warm welcome from my side as well. Our results demonstrate once again how successfully we have realigned our company since 2007.

Our profitability has improved significantly. We are now using our financial strength to prepare for the future. We benefitted last year from strong demand for our attractive premium vehicles. Our premium business model is solid and primed for growth.

Before we look at the numbers in more detail, I would like to draw your attention to a change in our Group balance sheet: We have altered the method we use for the valuation of leased products, i.e. the vehicles we have leased to our customers, in our 2011 Group balance sheet. The Automobiles and Financial Services segments are not affected. As a result, we have adjusted the previous year's figures for some items in the financial statements. You will find more information on this in our Annual Report on page 95, under item 8.

Let me start right away with the Automotive segment: Automotive revenues climbed to 63.2 billion € in the 2011 financial year – an increase of 17 per cent. We reported an operating result (EBIT) of almost 7.5 billion € in this segment – an increase of 72%. Our EBIT margin in the Automotive segment was 11.8% in fiscal year 2011 – easily exceeding our target range of 8 to 10%.

In the fourth quarter of 2011, we generated revenues of more than 16.8 billion €. This represents an increase of 8% year-on-year.
Our EBIT of 1.54 billion € was slightly lower than last year. Our automotive business faced higher expenses for new products, among others for the start of production and the market launch of our new 3 Series sedan, as well as for the preparation of future business fields. The valuation effects of currency and raw material derivatives also had a negative impact on the financial result. In the 4th quarter, we achieved a single-digit EBIT margin, as expected, of 9.2%.

Here you can see where last year’s increase in earnings came from: Higher sales were the main factor, combined with our high-end model mix. The strong momentum from our products is also seen in the average revenue per vehicle – which rose once again. We also achieved better pricing. Sales incentives were again slightly lower than the previous year.

The net-effect of currency and raw materials produced a gain of 92 million €. While rising raw material prices posed a burden, we were able to benefit from favourable currency hedges. We will be continuing our successful risk hedging strategy as we have done in the past. We expect earnings to benefit again from a strong currency tailwind this year.

Raw materials are likely to produce an adverse impact once again in 2012 – although positive effects from currency hedging should offset this.

More stable used-car prices in 2011 allowed us to adjust some of the risk provisions we had accrued for our end-of-lease vehicles. This had a positive impact of 85 million € on earnings in the Automotive segment in the second quarter.

Segment earnings were impacted by an additional 247-million-euro charge for personnel costs, mostly from higher profit-sharing and employee bonuses.
Efficiency improvements and lower manufacturing costs also had a positive effect. The measures implemented as part of our corporate strategy contributed over half a billion euro – mainly triggered by the launch of new models.

Wider use of modular components leveraged synergies and economies of scale, and further reduced our manufacturing costs. We will continue to optimize our cost basis over the coming years.

Expenses for new products and the development of new business areas rose significantly from the previous year. This included further development of our traditional drivetrain technologies, as well as alternative drive trains and the use of new materials. An additional 468 million € of costs for future business projects was reported in the Automotive segment. This impacted our fourth-quarter earnings in particular, beyond the typical seasonality.

A substantial portion of the costs came, for example, from upfront investment in the new BMW i sub-brand and the upcoming, fully-electric BMW i3 as well as the BMW i8. As Dr. Reithofer discussed already, we are developing the BMW Group in two directions:

Evolution and revolution – that is the dual approach with which the BMW Group aims to remain the world’s leading premium car company in the future. We are making crucial investments in our future today: We are taking the necessary steps to be able to refine our business model.

We have the operational and financial strength to shoulder these expenses. We have reached a high level of profitability – and had already exceeded our profitability targets for this year by the end of 2011. Despite rising upfront investment, we expect to continue to meet our profitability targets going forward.
Our investments are mostly funded by our operating cashflow. Versus prior year it was impacted by the accumulation of around 1.2 billion € in working capital for the large number of model launches. In the fourth quarter, we have increased stock and provided an adequate supply of vehicles. Nevertheless, we once again generated a strong free cash flow in the Automotive segment. Free cash flow amounted to 2.13 billion € in fiscal year 2011.

As you can see here, three major capital outflows reduced free cash flow in the Automotive segment: First, the capital increase in BMW Bank of 625 million € in the second quarter. Second, the pro-rated acquisition of the ING Car Lease Group, which also resulted in the outflow of 249 million € in quarter 3. And finally, the purchase of SGL shares in November with an outflow of 487 million €. Adjusted for these items, free cash flow totalled 3.5 billion €, thus achieving our target of over 3 billion €.

Group liquidity amounted to roughly 10.1 billion € at the end of the year. This increase in liquidity from 2010 was secured primarily in the second half of the year. This gives us greater flexibility in the face of sustained uncertainty on the capital markets.

We attach a great deal of importance to maintaining an adequate level of liquidity and stable financial base. Both enable us to respond to market fluctuations in a fast and flexible manner. Last year, we renewed our syndicated facility of more than 6 billion € with an international banking group, which can be accessed at any time. We also continue to enjoy excellent access to various refinancing sources on the capital markets.

In light of our positive business and earnings performance, we will once again be returning more of our profit to shareholders than last year. This year’s dividend payment totals 1.5 billion € – and is therefore more than 75% higher than last year. This amount represents 30.7% of our net profit for the year.
We optimised our capital employed once again in 2011 and created headroom for investing in key future projects. Our capex totalled 3.7 billion €. Due to the increase in revenue, the investment ratio of 5.4% remained the same as the previous year – and below our upper limit of 7%.

We invested in machinery for new models to enable future growth. At the same time, we focused on efficient processes and re-utilising existing machinery. We also started with the creation of the necessary production structures for the BMW i3 and i8.

We also made our development processes even more efficient. We are now developing a growing number of derivatives in a shorter space of time and with lower one-off costs. In doing so, we will rely on modular components as well as virtual simulation and safety technologies. This gives us the additional financial latitude to invest in the future. Last year, we reported a charge in the three-digit millions for key future projects on our income statement, as many of these expenses are not eligible for capitalization.

In 2011, our expenses for research and development totalled more than 3.6 billion €. The R&D ratio of 4.9% was higher than the previous year’s figure of 4.6% and just below our target range of 5 to 5.5%. We invested a total of about 500 million € more in research and development than in 2010.

We expect R&D expenses to continue rising over the coming years, and foresee higher capital expenditure. However, our cooperation with other companies will generate synergies and cost benefits. Within the company, we are working on modular kits for components, electrification and engines.

The main R&D challenge lies in our multi-faceted approach in developing drive technologies. As Dr. Reithofer explained, we have initiated the necessary measures that will enable us to meet European emission standards in 2015. We
are preparing for even stricter requirements from 2020. We want to maintain our leading position in CO₂ efficiency. In doing so, we will continue to offer our customers in the EU a broad product-mix. Our efficient drive-trains and lightweight construction will ensure that our customers will not have to do without larger cars or sheer driving pleasure.

We are maintaining our target ratios for capital expenditure and R&D over the medium term. We are confident that we will be able to meet both target ratios – a capex ratio of less than 7% and an R&D ratio of 5 to 5.5%.

Now let’s take a look at the Financial Services segment. This is another area where we exceeded our targets: Pre-tax earnings for 2011 reached 1.79 billion €. This figure includes a one-off effect of 439 million € from the adjustment of risk provisions.

The segment boosted its profitability once again: On the basis of our balance sheet equity of more than 7 billion €, Financial Services earned an RoE of 29.4%.

Adjusted for the one-off effect from the adjustment of risk provisions I mentioned before, the RoE was 22.2%. Thus, Financial Services easily exceeded our Group target of over 18% for RoE.

Financial Services also profited from competitive refinancing conditions in the capital markets in 2011. Lower interest rates and, in particular, lower credit spreads in the first half of the year enabled our financial services business to deliver solid profitability. The risk situation for the segment continued to improve after the financial crisis. Our measures aimed at supporting residual values and our lending business also had a positive effect.
Moving on to our business activities in this segment: We concluded almost 1.2 million new contracts with retail customers in 2011. This represents a 10.5% increase over the previous year. The number of contracts in place with dealers and retail customers reached almost 3.6 million in 2011. This also includes almost 253,000 contracts from the ING Car Lease Group.

The total business volume, as disclosed in the balance sheet increased by 13.6% to 75.2 billion € in 2011. The penetration rate for the financial year just ended was 41%.

The overall risk situation in the financial services business continued to improve in 2011.

The used car prices in North America have further stabilised. In the United States, in particular, residual value losses were much lower than in previous years and ended below the previous year’s level. The German market also remained stable, and residual value trends now look better than before the crisis.

The Southern European countries, on the other hand, saw a negative development overall in the used car prices. Residual value losses increased again over the course of the year, but were still within the predicted range – and covered by the corresponding risk provisions.

In recent years, we have been more conservative in our calculation of residual values when concluding contracts and have consistently reduced the number of off-lease vehicles. Unless the economic situation in our key markets changes drastically, we expect used-car market prices to remain mostly stable.

The credit risk situation continued to improve. Our worldwide credit loss ratio fell to 0.49% in 2011 – a significant decrease of 18 basis points from the previous year. For the first time since the crisis, the credit loss ratio was almost back at
pre-crisis levels. BMW Financial Services underpinned this development with consistent receivables management.

We expect a continued stabilisation overall in credit and residual value risks in 2012 – although the risk situation will remain heightened in the Southern European countries most affected by the debt crisis. In light of this, we increased our risk provisioning in the fourth quarter.

Our goal remains to have a robust financial services business with access to competitive refinancing.

That is why we are proceeding to expand the BMW Bank into a “European Bank”. This will allow us to make better use of customer deposits in our financing mix, for instance. Our German leasing company was successfully integrated into the BMW Bank in August 2011.

Our acquisition of ING Car Lease in 2011 expanded our fleet management business significantly. Over the course of the year, our joint vehicle portfolio grew by almost 9%. Alphabet had almost 475,000 vehicles in its portfolio at the end of 2011. The integration of the ING Car Lease-Group is proceeding according to plan. We expect to complete the integration process over the course of the coming year.

BMW Motorrad sales performed very well in 2011. The motorcycles segment increased its revenues by over 10% to 1.4 billion € in a declining overall market and despite negative effects. As expected, the segment’s profit before financial result decreased to 45 million €. This resulted from the high cost of restructuring Husqvarna and repositioning the brand. These activities are at an advanced stage, and the brand portfolio has been refined.

We anticipate further growth in the Motorcycles segment, as a result of offering new models in growing market segments. For the first time, the Husqvarna
brand launched two new street bikes outside of its traditional off-road market in December. BMW Motorrad will move into the area of “urban mobility” in 2012 with two maxi scooters.

In the Eliminations, profit before tax decreased to 1.1 billion € year-on-year: The negative effect resulted largely from eliminations of Financial Services’ inter-segment profits – driven by growth in new leasing business, lower manufacturing costs and higher profitability of new vehicles.

The BMW Group remains confident about the future. Our strong 2011 financial results confirm that the company is on the right track. We aim to continue along this route. And we are targeting further cost reductions and improvements in efficiency. Our profitable business will enable the investment needed for key future projects over the next few years. From a strategic perspective, we will continue to forge ahead with both evolution and revolution.

Now is the time to prepare for the future. The measures we have implemented with Strategy Number ONE over the past five years, and the steps we have taken, will ensure we will achieve our targets.

We will be able to maintain our target quotas for research and development and capital spending despite the high level of upfront investment needed.

We have already set our goals for 2016: We aim to sell more than two million vehicles. In this time period, we will renew about two thirds of our product portfolio. We will continue to offer attractive new products which will benefit from our efficiency improvements.

Despite the necessary expenditure ahead, we aim to remain profitable at a high level. We will maintain our EBIT margin target range of 8 to 10% in the Automotive segment.
Due to the cyclical nature of our business, very few car companies have so far managed to achieve such a high level of profitability on a long-term basis. This is an ambitious goal we are aiming for, provided conditions remain stable. Our goal is long-term and not just focussed in earning the highest possible short-term returns. With the level of investment and outlays we are making today, we are paving the way for our company’s sustainable future success. If conditions are right, that will, of course, also benefit our profitability.

We aim to increase both our sales volumes and earnings again this year – with our three premium brands once again growing faster than the global premium segment. We anticipate new sales records from all three brands.

Our new and attractive products will generate further growth. We have a young product line-up on the market this year, that will support our earnings momentum.

Sales performed well in the first two months of 2012. If the current trend continues, we expect increasing earnings in the automotive segment and the EBIT margin to be at the upper end of our 8 to 10% target range. The launch of BMW i and the new BMW i3 and i8 will result in rising costs this year. Our ventures into new markets and business fields will also require additional expenditure.

For this reason, we anticipate higher capital expenditure and upfront investment in 2012. Key future projects are likely to result in a negative impact on earnings stronger than last year.

BMW Financial Services will contribute to our overall sales performance. We anticipate further growth in this segment. Earnings are expected to remain under
the 2011 level with its substantial one-off effect. We are standing by our RoE target of more than 18%.

In our Motorcycles segment, we expect to see an increase in sales. Sales since the beginning of the year have gone exceptionally well.

Overall, from a macroeconomic perspective, we are also aware of the volatility on the markets, as well as current signs of market weakness. We expect to see a positive trend in the United States and China, as well as the Asian growth markets.

However, in Europe – particularly in Southern Europe – and in certain emerging markets we expect restrained growth. In the BRIKT markets of Brazil and Turkey, for example, only moderate growth is forecast as a result of high import duties.

Strategy Number ONE has made our company much more flexible and resilient during volatile times. We have become more profitable. We need to capitalize on our current competitive advantage by making the company stronger for the future.

At the same time, we are carefully managing risks and ensuring that we remain highly profitable with a solid financial standing.

Thank you.