BMW DEALER NETWORK IN CHINA

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BMW BRILLIANCE AUTOMOTIVE

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Leading in city coverage

Best quality dealer network

Sustainable development

New business growth engine
MAINLAND CHINA IN COMPARISON TO WESTERN EUROPE: MORE THAN TWICE THE POPULATION AND LAND AREA.

<table>
<thead>
<tr>
<th></th>
<th>China</th>
<th>West Europe</th>
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</thead>
<tbody>
<tr>
<td>Population in billion</td>
<td>1.3</td>
<td>0.5</td>
</tr>
<tr>
<td>Surface in million km²</td>
<td>9.6</td>
<td>4.3</td>
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</tbody>
</table>

Source: China State Statistics Bureau, europa.eu
ECONOMIC DEVELOPMENT HAS BEEN SUPPORTED BY GROWING URBANIZATION IN CHINA.

China urbanization forecast by 2025

350 million people will be added to China’s urban population by 2025. (more than the population of the United States today)
BMW AND MINI ARE OUTPERFORMING THE PREMIUM SEGMENT’S GROWTH.

BMW Group Sales Development (2007-2012)

Premium segment CAGR: 41%

CAGR: +46%

- We will sell the 1 millionth BMW in 2012 Q4
- We surpassed 2011 FY in September 2012

Source: sales data

BMW dealer network in China, D. Kirchert, Oct 2012
332 BMW DEALER OUTLETS ARE IN OPERATION BY SEPTEMBER 2012.

<table>
<thead>
<tr>
<th>Region</th>
<th>East</th>
<th>North</th>
<th>South</th>
<th>West</th>
<th>Total</th>
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<tbody>
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<td>5S</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>7</td>
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<tr>
<td>4S</td>
<td>72</td>
<td>62</td>
<td>54</td>
<td>40</td>
<td>228</td>
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<td>14</td>
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<tr>
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<td>1</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Service</td>
<td>12</td>
<td>8</td>
<td>8</td>
<td>5</td>
<td>33</td>
</tr>
<tr>
<td>UCC</td>
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<td>1</td>
<td>1</td>
<td>0</td>
<td>3</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>105</strong></td>
<td><strong>92</strong></td>
<td><strong>74</strong></td>
<td><strong>61</strong></td>
<td><strong>332</strong></td>
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BMW dealer network in China, D. Kirchert, Oct 2012
76 MINI DEALER OUTLETS ARE IN OPERATION BY SEPTEMBER 2012.

<table>
<thead>
<tr>
<th>Region</th>
<th>S-SR</th>
<th>A-SR</th>
<th>4S</th>
<th>Total</th>
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<tr>
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<td>4</td>
<td>4</td>
<td>26</td>
</tr>
<tr>
<td>North</td>
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<tr>
<td>West</td>
<td>10</td>
<td>5</td>
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<td>16</td>
</tr>
<tr>
<td>Total</td>
<td>47</td>
<td>22</td>
<td>7</td>
<td>76</td>
</tr>
</tbody>
</table>
STRICT SELECTION CRITERIA ENSURES BMW PREMIUM SERVICES WITH DIVERSIFIED INVESTORS.

1. Good experience in automotive industry
2. A mature management team
3. Know-how in the local market
4. Good/Excellent land resource
5. Healthy financial capability and willingness for investment
6. High commitment to the brand
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WE KEEP INVESTING IN MORE TRAINING FACILITIES AROUND CHINA.

Training Center
Shanghai (2009)
Beijing (2005)

Training Base
Chengdu – ME (2007)
Shenyang – ME (2008)
Guangzhou – ME (2009)
Wuxi – ME (2012)
Fujian – ME (2012)
Wuhan – ME (2012)
Hangzhou – ME (2012)

Temp. Training Site:
BJ Lizeqiao: (2010)
Shenzhen Sungang (2011)
BEYOND BEST CLASS TRAINING, WE PROVIDE FULL SCOPE HR SERVICES TO DEALER STAFF.

- Annual Dealer Remuneration Survey
- HR Director Summit
- Dealer Staff Motivation Analysis

Retention

Selection

Retail Qualification

People Management

Development

- Dealer Apprentice Program
- Assessment Center
- Recruitment Tools
- Recruitment Training

- Dealer Management & Leadership training
  - New Investor Orientation
  - General Manager Camp
  - Leadership Development Programs

- New Dealer Package
  - Certification Program
    - Sales consultant
    - Aftersales
    - Technician
    - Body&Paint
- Product Launch Training
STICK TO PREMIUM SERVICE COMMITMENT, WE CONTINUOUSLY IMPROVE STAFF QUALIFICATION AND RETENTION.

Grading System

- 52-57: Manager/Sales Consultant
- 49-52: Senior Sales Consultant
- 47-49: Sales Consultant
- 45-47: Sales Assistant
- 41-43: Apprentice

- 52-57: Master Technician
- 48-52: Senior Technician
- 47-49: Technician
- 43-47: Junior Technician
- 41-43: Apprentice

- 52-57: Sales Manager
- 49-52: Showroom Manager, Head of Manager, Front Sales Manager
- 47-49: Showroom Manager, Head of Manager, Front Sales Manager
- 45-47: Showroom Manager, Head of Manager, Front Sales Manager
- 41-43: Showroom Manager, Head of Manager, Front Sales Manager

15-Year Loyal Service Award

Car purchase program for performing staff

Increase of Certifications

- Forecast Certification
- Actual Certification

Staff Certification

Forecast Certification

Actual Certification

Car purchase program for performing staff

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5S DEALERSHIP IS BMW CHINA’S PRACTICE FOR SUSTAINABILITY STRATEGY IN DEALER NETWORK.
5S FURTHER EXTENDS THE SUSTAINABILITY CONCEPT WHICH COVERS THE WHOLE VALUE CHAIN.

- Efficient Dynamic
- BBA Tiexi Plant
- 5S Dealership

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HOW IS 5S DEALERSHIP CHARACTERIZED IN TERMS OF SUSTAINABILITY?

**Economic**
- Sustainable Mobility
- Sustainable Training
- Customer Orientation

**Environment**
- Sustainable Design
- Recycling & Waste Management
- Sustainable Service Operation

**Social**
- Attractive Employer
- CSR on Dealer Level
- Customer Involvement
FOCUSING NOT ONLY ON HARDWARE, 5S DIFFERENTIATES FROM OTHER OUTLETS BY THE EFFORTS IN CUSTOMER INVOLVEMENT, HEALTH & SAFETY AND EMPLOYEE CARE.

- Waterborne paint
- Paint Shop Ventilation
- Car Wash Water Recycling
- Health & Safety training
- Social Contribution – BMW JoyHome
- Waste & Recycle training
- Wind turbines
MULTI-WIN GIVEN THE GROWING AWARENESS OF SOCIAL AND ECOLOGICAL ASPECTS IN THE MARKET.

Joint Efforts & Joint Joy

**Customer Benefit**
- Enhanced customer’s retail experience
- Good citizenship demonstration
- Platform for the lifestyle of environment conservation

**Dealer Benefit**
- Higher customer & staff satisfaction
- Enhanced process/resource efficiency
- Better link to local community
- Platform for BMW marketing & events

**BMW Benefit**
- Contributing to BMW Group Sustainability Strategy in value chain
- Supporting to BMW’s brand image
- Competitive differentiation

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5S CONCEPT WON POSITIVE FEEDBACK FROM THE MEDIA.

“The introduction of the 5S leads BMW dealers into a new era.”

“The 5S concept, developed in China, may be rolled out globally. China is also becoming an important source of BMW’s global brand strategy.”
MEANWHILE, VARIOUS PROJECTS ARE IN THE PIPELINE AIMED TO FURTHER ENHANCE BRAND IMAGE AND NETWORK QUALITY.

Objective:
1. Increase the number of possible contact points with customers and prospects.
2. Increase the services and benefits offered in its retail channels.
3. Enhance the retail experience at all touch points.

Multi Channel Retail
- Brand Store
- Experience Center

Premium Retail Experience
- New Furniture
- New Roles
- New Tools

Retail Enabling
- Employer Branding
- Dynamic Product Experience

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SAMPLES: 4S UPGRADE
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Compared to mature auto market, China still offers opportunities beyond new car sales.

**China Market Average New Car Sales %**

- Over 90% revenue contribution comes from new car sales only in China, much higher than the number in mature market.
- A more balanced business model is expected driven by used car sales and aftersales, which are also becoming two major profit centers now.

**US Market Average New Car Sales %**

- Source: Deloitte Research (2012 China automobile dealer risk research report)
- Source: USA NADA (National Automobile Dealers Association) industry analysis
ALONG WITH CAR PARK INCREASE, AFTERSALES SEE HUGE POTENTIAL FOR SUSTAINABLE GROWTH.

2012 Aftersales Brand Campaign

- Focus on communication on “Care” with Accident Hotline.
- Accident Parts is over 40% of BMW Aftersales parts business.
- BMW is the 1st mover on this service in Automotive companies.

‘Maintaining Joy’ & brand commitment ‘Efficiency’ ‘Transparency’ and ‘Care’

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USED CAR BUSINESS CONTRIBUTES TO BMW FUTURE GROWTH AND PROFITABILITY ENHANCEMENT AS ANOTHER GROWTH ENGINE.

- Improve market values and used car image for BMW and MINI.
- Support conquest of new customers for BMW and MINI.
- Increase profitability of the used car business both for BMW group and dealer organization.
THANK YOU FOR YOUR ATTENTION!