Ladies and Gentlemen

We have a clear vision for the years leading up to 2020: To be the leading provider of premium products and premium services for individual mobility. We are already the top-selling premium automaker worldwide. For us, however, leading the premium segment is more than volume leadership.

- We set standards for products, technologies and services, as well as manufacturing.
- We bring innovations onto the market.
- We create new segments and visionary design.
- We turn our customers into fans.
- We are shaping individual mobility of the future.

To achieve this vision, we have been implementing our Strategy Number ONE within the company since 2007. As a part of our Strategy Number ONE, we set three major milestones for the years: 2012, 2016 and 2020.

In the first milestone year 2012, we have reached the substantial targets we set for ourselves in 2007. In 2012, the BMW Group also set new records – with higher sales, earnings and net profit than in previous years. The BMW Group confirmed its position as the world’s leading premium manufacturer. Up-front investments to secure growth and future competitiveness support the aim to remain number one.

Today, I will concentrate on the following points:
1. What did we achieve in 2012?
2. How do things stand five years into our Strategy Number ONE?
3. What can our customers look forward to in 2013?
4. How will we approach the next stage of the strategy in 2016?

First: What did we achieve in the business year 2012? Our commercial success has a firm foundation: the desirability of our products and the strength of our brands. BMW is currently ranked 14th in Fortune Magazine’s list of the “World’s Most Admired Companies”. We are the only automaker and the only European company listed among the Top 20 of the Top 500 Most Admired companies in the world. No premium manufacturer in our industry has ever sold more vehicles in a single year than we did in 2012.

This positive trend in our sales figures is reflected in the Group’s key financials for 2012:

- Revenues: EUR 76.8 billion (Previous year 68.82, +11.7%)
- Profit before tax: EUR 7.8 billion. (Previous year EUR 7.38 billion, +5.9%)
- Net profit: EUR 5.1 billion. (Previous year EUR 4.9 billion, +4.4%)

We set new records in terms of revenues, pre-tax profit and net profit in 2012. The BMW Group is more profitable than before – and the EBIT margin in the Automotive Segment should remain in the 8-10% range. That is quite a challenge in our industry with such volatile market trends. The key targets for the Group and the segments will remain in place until 2016. The guidelines of our strategy will even reach out until 2020.

The BMW Group’s financial strength provides the basis for future growth. This gives us the strength to invest in our future. The BMW Group’s capex ratio stood at 6.8% of revenue in 2012.

Total investments amounted to € 5.24 billion, including capitalised development
costs of € 1.09 billion. Capital expenditure for property, plant and equipment totalled € 4.03 billion. To ramp-up new models, capacity at our plants was expanded and our production was made more flexible – paving the way for our next phase of growth. Establishing the production facilities for BMW i products has been a particular focal point.

The BMW Group’s capital expenditure is more efficient today than it was in the past: In making production more flexible, we are able to build more models at one site. The BMW Group’s plants are already running at over 100% capacity. To meet the strong demand, investments are continuing to expand capacity. In addition, we are ensuring flexible utilization of our existing plants.

The company will utilize growth opportunities and continue to prepare for the technological challenges of the future. This is why the capital expenditure ratio will slightly exceed the sub 7% target range in 2013; but in the period until 2016, the target ratio remains below 7%. Development processes have become even more efficient: Today, more vehicles and technologies are being developed than in the past, yet the R&D ratio still remains within our target range of 5-5.5% of revenue. The BMW Group’s growth is set to take on a new dimension – with more model variants than ever before. No fewer than 25 new models will enter series production in 2013 and 2014 – ten of them brand-new vehicles. For our customers, we will continue to offer an attractive and fresh portfolio as well as substantial innovations.

In 2012, the BMW Group spent € 3.95 billion in research and development. Overall, our development activities have increased significantly. As a result, our R&D spending increased by around € 580 million compared with the previous year. Our R&D ratio of 5.1% of revenue is within our target range. Development expenses will likely continue to rise this year in order to maintain our leading position in technology and efficiency. Increasing regulatory requirements demand the development of efficient, low-
emission drive trains, new technologies and materials. As a result, the R&D ratio will likely slightly exceed the target range of 5-5.5% of revenue this year. This will provide the BMW Group with a competitive edge. The same situation occurred several years ago with our “Efficient Dynamics” technology programme – an area we invested in earlier than our competitors. That investment has since paid off: Our vehicles today combine fuel economy with enhanced performance. This is a crucial selling point. Innovative products and technologies will continue enabling the BMW Group to maintain its competitive lead. In the period until 2016, our R&D ratio will return to our target corridor of 5 to 5.5%.

Strategy Number ONE is also designed to benefit our investors. Those who believe and invest in our company deserve a bigger share of our company’s success. At this year’s Annual General Meeting, the Board of Management will propose a dividend of € 2.50 per share of common stock for the 2012 financial year. That represents a dividend yield of 3.3%. This year’s dividend payment totals € 1.64 billion: 32% of our net profit for the year will therefore be paid out to our shareholders. Holders of preferred stock will even earn a dividend yield of 4.6%.

I would like to talk now in more detail about the 2012 financial year – which was characterised by a strong financial performance in addition to our strategic milestones. A strong fourth quarter contributed to the successful financial results: Group pre-tax profit reached € 1.78 billion. With an EBT margin of 8.7%, the fourth quarter of 2012 was also more profitable than the same quarter of the previous year. In the automotive segment, the EBIT margin was 10.6% for the quarter.

In 2012, the Automotive segment generated revenues of € 70.21 billion – an increase of 11% over the previous year. Segment EBIT climbed to € 7.62 billion, and its pre-tax earnings of almost € 7.2 billion were 5.5% higher year-on-year. The EBIT margin in the Automotive segment for 2012 was 10.9%.
In the 2011 to 2012 profit bridge, you can see the factors that contributed to the increase in earnings: Dynamic sales growth was certainly a decisive element. However, changes in the model mix and a strong competition in Europe in particular had an adverse impact. Our business activities profited significantly from a currency tailwind. Better transaction rates for our main currencies boosted earnings by about €1 billion. We benefitted from attractive foreign currency hedges.

On the other hand, there was an impact from rising personnel costs and up-front investments for key future technologies and business areas. Last year, more than 5,500 new staff was hired as part of our focus on further growth and new areas of competence. Combined with an increase in pay, this led to higher personnel costs than in 2011. Our earnings were impacted in the amount of €815 million for up-front investments in future projects. This item includes the positive effects of the efficiency and cost measures implemented as part of our Strategy Number ONE – although they were off-set by up-front investments in key future areas. Healthy earnings generated a strong free cash flow in the Automotive segment. Despite substantially higher capital expenditure, free cash flow totalled €3.81 billion in financial year 2012. The reduction in working capital had a positive effect year-on-year.

We met our guidance of more than €3 billion in free cash flow for the Automotive segment in 2012. This year, free cash flow will likely remain below €3 billion due to higher capital expenditure. However, we are maintaining our target of more than €3 billion over the medium term.

The company's liquidity situation remained solid. At the end of the year, Group liquidity totalled €11.03 billion. This assures us the financial flexibility we need.

Financial Services contributes to the profitable growth of the BMW Group. This
segment was successful in 2012, despite market volatility. 1.34 million new contracts were signed with customers – an increase of 12.1%. Both our leasing and financing business reported double-digit growth. Overall, Financial Services leased or financed 40.4% of new BMW Group vehicles – with a penetration rate slightly lower than the previous year. The segment reported pre-tax earnings of €1.56 billion. While last year's figure included positive one-off effects of €439 million from adjustments to risk provisions, this year's result includes a positive effect of €124 million from the off-lease business. Adjusted for both these effects, pre-tax profit for 2012 was 6.4% higher year-on-year. The total business volume, as disclosed on the balance sheet, climbed to nearly €81 billion – an increase of 7.6% over the previous year.

The Financial Services segment achieved a return on equity of 21.2% in 2012. Attractive refinancing conditions also contributed to the profitability of Financial Services. The BMW Group benefits from its excellent rating and broad range of refinancing instruments. Our Financial Services business will also focus on growth in 2013. As a service provider, the segment increasingly serves as the customer's point of contact for the BMW Group, and is aligning its internal processes accordingly.

The Motorcycles segment reported record sales volumes once again in 2012. In a declining market, more than 117,000 BMW and Husqvarna motorcycles were delivered to customers worldwide – an increase of 3.1%. BMW Motorrad demonstrated its strong potential in a difficult environment. In Germany, Italy and Spain, BMW Motorrad maintained its leadership in the segment above 500cc. Reluctant buyers in Southern European markets were more than offset with strong gains in our overseas markets. For example, in Manaus in Brazil, BMW Motorrad now produces four models for the local market. Revenues increased in line with sales growth to reach €1.5 billion, while segment earnings were impacted by one-off effects from our strategic realignment. Due to this, pre-tax earnings decreased to €6 million. The BMW Motorrad
portfolio will be expanded, focusing in particular on new business areas with growth potential. Our first products for urban mobility were introduced last year: the new C 650 GT and C 600 Sport maxiscooters. Our future offering will also include premium electric two-wheelers, such as the C Evolution electric scooter, which will come onto the market in 2014. At the same time, the offering for our core business between 650 and 1600cc will be selectively broadened. The decision was made to withdraw from the off-road segment.

We forecast a positive development for BMW Motorrad in 2013. Attractive new models will position the BMW Group to achieve further sales growth. The new HP4 has been on sale since December 2012, as well as three special-edition boxer models for the brand’s ninetieth anniversary available since January. The latest F 800 GT and the brand-new R 1200 GS were also recently launched. In the Eliminations, inter-segment profits are eliminated, especially intragroup profits from our leasing business. The pre-tax result was negative € 937 million. This represents an improvement of € 166 million from the previous year. A better margin structure in our leasing portfolio has contributed positively to this result.

As you can see, 2012 has been a successful business year for the BMW Group. One reason for our current success is the consequent implementation of Strategy Number ONE. This brings me to the second key point: How do things stand one-third of the way into the implementation of Strategy Number ONE?

There are four pillars to our strategy:

- Growth
- Shaping the future
- Profitability
- Access to technologies and customers.
We have implemented measures in all four pillars in the past five years:

What did we achieve between 2007 and 2012?

- We have become more profitable.
- We have consistently moved forward with our Efficient Dynamics technology programme.
  By year-end 2012 our fleet was made up of 73 models with maximum CO₂ emissions of 140 grams per kilometre.
  In 2007 it was 27 models.
- We have invested EUR 1.2 billion in training and professional development programmes for our employees in the last five years.
- Through the end of 2012 we expanded our global production network to 29 locations in 14 countries.

As you can see: We achieved all of the interim targets in our strategy for 2012 and in some cases exceeded them. Compared to when Strategy Number ONE began, the BMW Group is now a

- stronger
- more global and
- more future-proofed company.

Even in the context of changed external conditions, our strategy has proven robust.

Now, to the third key point: What can our customers look forward to in 2013? This year we will offer our customers new models from all three car brands and BMW motorcycles. The BMW Z4 will be updated, as well as the BMW 5 Series with its sedan, Touring and Gran Turismo models.

The following will be new to the market:
The BMW 3 Series Gran Turismo (June).
The BMW M6 Gran Coupé (June)
and the new MINI Paceman. (March)
Under the Rolls-Royce banner, the Wraith will be the most dynamic and powerful Rolls Royce ever.

There will also be a BMW 4 Series model for the first time. We have shown the BMW 4 Series Concept Coupé in Detroit and the media response has been very positive. Having a clear strategy to 2020 leads us to look to the future with confidence.

We will break new ground in 2013 by putting electric cars into series production. Already, the first Pre-production BMW i3s rolled off the assembly line in Leipzig in January. This is a clear signal to anyone who may still have had any doubts: The BMW i3 is definitely coming onto the market. It will be a reality by late 2013. We will then be able to offer our customers a new dimension in driving pleasure. The BMW i3 is our approach for emission-free driving in urban areas. We have always emphasised the need for emission-free cars in our portfolio. This enables us to achieve the long-term regulatory requirements for CO₂ emissions that apply to new cars in the EU, US, China and other countries. And true megacities have no choice but to promote alternative methods of mobility in the medium term. We are approaching the topic of electro mobility holistically.

In the manufacture of the BMW i family we are also setting new standards:
- In the use of innovative materials
- In the careful use of resources and
- In the industrialisation of electric mobility.

We are revolutionising how cars are made. It takes only half as long to make a BMW i3 compared to a car of a similar size in our portfolio. Many customers have already expressed interest in buying a BMW i3 – a car they do not know with
technologies they are not familiar with. What this tells me is that: Our customers have faith in our know-how and power of innovation. They trust that we will deliver “Sheer Driving Pleasure“ with an electric car as well.

This brings me to my fourth and last point: How will we approach the next stage of Strategy Number ONE in 2016? We are shaping our future using our own ideas and from a position of strength. Our task is to ensure that the BMW Group has a promising future as well as a successful present.

In 2016, BMW will be 100 years old. We aim to sell over two million BMW, MINI and Rolls-Royce cars that year. Profitability is and will remain a key prerequisite for overcoming the challenges using our own resources. For 2013, the BMW Group has set itself ambitious targets. We aim to maintain our position as the world’s leading premium manufacturer. Higher sales growth than the premium segment as a whole is being targeted – and no fewer than eleven new models will be added to our attractive model line-up this year.

The economic environment will remain challenging this year. There is not likely to be any major improvement in the economic situation in Europe – and we anticipate a slight decline in the European automotive market overall. The company will take advantage of opportunities in its overseas markets. The global car market will grow to record levels this year – and the BMW Group will be a part of that. The BMW Group will maintain its focus on profitable growth. We will continue our high levels of investment in key future areas, thus ensuring future earnings. Overall, we expect a positive business development in this year. Assuming economic conditions remain stable in 2013, we aim to achieve a Group profit before tax on a similar scale to that reported in 2012.

Despite high up-front expenditure and higher levels of investment, we aim to achieve an EBIT margin for the Automotive segment within our target range of 8-10%. We will stick to our targets over the long term. However, depending on
political and economic developments, actual margins could end up being above or below the targeted range.

In the Financial Services segment, we expect our return on equity to remain at least 18%. As we target further growth, we are preparing the segment for its role as the customer’s point of contact for the BMW Group.

BMW Motorrad is also focusing on new growth segments, such as urban mobility and e-mobility; attractive new models will generate further sales growth.

The guidance assumes that overall political and economic conditions remain mostly stable. A potential slow-down in the economic growth of China or political conflicts and instability in some regions could put the global economic development at risk. In China we currently see the normalisation of the premium automotive market. Also in Europe, the economic situation might face further headwinds. Consolidation measures in countries with higher budget deficits could slow down growth. Adequate provisions have been accrued for the risks associated with our financial services business.

Overall, we remain cautiously optimistic – our strong premium brands and attractive models, our strategic alignment and our financial strength are key success factors. We will continue to focus on the long term – striving to enhance our company’s value, for the benefit of our employees and investors. We will continue to develop our premium brands – BMW, MINI and Rolls-Royce at the right times. We are adding even more variety to our customers’ driving pleasure.

Within our core BMW brand we offer a range of possibilities:

- from emission-free cars in the BMW i family
- to highly efficient and innovative BMW models
• and efficient, high-performance cars in the BMW M range.

All of this is BMW. We will continue to chart a new course for our company and for our industry. That’s how we define premium. That’s what makes us stand out. That’s BMW.

Thank you!