Ladies and Gentlemen,

Good morning from my side as well! The positive business development of the first half-year met our expectations. With more than one million deliveries and retail sales growth of 6.9%, revenues for the first six months were the company’s highest ever. Group EBIT also reached a new level with € 4.69 billion.

High utilisation of our global capacities and a good model and regional mix also had a positive impact. Asia and China, in particular, once again reported double-digit growth in deliveries. We also made further gains over the previous year in the Americas.

The price situation in Europe improved somewhat for the first time in the second quarter. Deliveries also increased slightly from the first half of 2013.

We expect the positive business trend to be sustained throughout the rest of the year. The momentum in our major overseas markets, in particular, looks set to continue.

Group revenues for the second quarter reached € 19.91 billion – an increase of 1.8% over the same period of last year.

The slight increase in revenues, relative to sales growth, is the result of currency translation effects. Adjusted for these effects, revenues increased by +5.2%.

Group pre-tax earnings for the second quarter reached € 2.66 billion.
Compared with the second quarter of 2013, Group earnings before tax were 30.9% higher.

At Group level, the EBIT margin for the same period stood at 13.1%. This underlines how we have enhanced our profitability since last year.

The BMW Group continues to maintain its high level of research and development and capital expenditure, in order to strengthen the company’s future competitiveness.

In the first six months of the year, we invested a total of € 2.58 billion in new products and equipment – including investments in Dingolfing and Regensburg in preparation for production of the upcoming 7 Series and a new compact model.

Total capital expenditure rose by +8% year-on-year. The capex ratio for the first six months of the year stood at 6.8%. The capex ratio for the full year 2014 is likely to exceed our target of below 7%, but should be lower than the previous year’s figure of 8.8%.

The BMW Group spent a total of € 991 million (IFRS) on research and development in the second quarter – a 3.5% increase over the same period last year.

Expenditure was mainly earmarked for new products and fields of technology, alternative drive technologies and measures to further reduce CO₂ emissions.

The R&D ratio (HGB) for the first half of 2014 stood at 5.4%. The ratio for the full year is likely to exceed our target range of 5-5.5%, but will be lower than the previous year’s 6.3%.
Group liquidity remained largely unchanged in the second quarter. At the end of the quarter, liquid assets and marketable securities totalled €10.62 billion, thereby maintaining the BMW Group’s solid financial position.

Let’s move on to the **Automotive segment**. In the second quarter, we achieved a new all-time sales high of more than 533,000 deliveries – in spite of lower MINI volumes due to the model changeover. The BMW brand posted sales growth of 8.3% to reach a total of more than 458,000 units.

The new 4 Series models contributed to the sales growth. With the 3 Series, 4 Series, its 5 Series models, the X3, X5 and X6, the BMW brand is the leader in its respective vehicle classes.

The world premiere of the three-door MINI Hatch has been a success. We expect new models to generate additional sales momentum in the second half of the year.

Segment revenues for the second quarter stood at €18.50 billion. The volume-driven increase in revenue was dampened by the depreciation of a number of our main currencies.

EBIT for the same period reached €2.16 billion – an increase of 23.1% over the previous year. Second-quarter earnings also benefitted from sales growth and a positive product mix. Due to the model change, MINI accounted for a lower percentage of sales. This effect will even out over the course of the year, however, once the new models are available to customers.

The positive earnings development also benefitted from the disproportionately low costs incurred in the first six months. This effect is likely to be reversed in the latter half of the year, with higher project-related and seasonal costs.
The Automotive segment achieved an EBIT margin of 11.7% for the second quarter.

Our target range for the full year remains at 8-10%. After the first six months, EBIT margin stands at 10.7%. We expect segment margins to weaken in the second half of the year.

Market launch and ramp-up costs will have an impact. We are preparing a wide range of product ramp-ups in the second half of the year, including the Active Tourer, the Rolls-Royce Ghost Series II and the five-door MINI.

Further up-front investments in future projects will also result in a dampening effect. Extensive development projects for further reduction of CO₂ emissions in the field of alternative drive concepts and lightweight construction as well as new product projects will lead to higher capital expenditure and development spending in the second half of 2014. The segment headcount is expected to further increase. Sales projects, such as Future Retail and various IT projects, will similarly lead to higher costs in the course of 2014.

In the first half of the year, changes in currency and raw material prices had a slight negative impact on segment earnings. We are well hedged in the major currencies and raw materials for the full year. However, we anticipate a charge in the low to mid three-digit million euro range from headwinds in this area.

Healthy demand and numerous product launches contributed to a new all-time production high of 1.073 million units. The 4 Series Gran Coupé, the X4, new M3 and M4 models as well as the BMW i vehicles, for instance, will all be released in overseas markets over the coming months.
We expect the strong product momentum of the first six months to continue in the second half of the year. Preparations for this growth resulted in a working capital increase of € 1.81 billion at the end of the six-month period.

This build-up of working capital impacted free cash flow, which stood at € 1.03 billion as per 30 June.

Thanks to continued sales growth and a corresponding reduction in inventories, we still expect free cash flow to be higher than the previous year. However, it will remain below € 3 billion.

At the end of the second quarter, net financial assets in the Automotive segment totalled almost € 11.49 billion.

In the Financial Services segment, competition for attractive financing has increased substantially. BMW Group Financial Services is focusing on profitable new business and a good balance between leasing and financing.

The number of new contracts decreased by 1.9% in the second quarter and was therefore slightly lower than the previous year. During this period, a total of more than 380,800 leasing and financing contracts were concluded with customers.

BMW Group Financial Services serviced a portfolio of 4.22 million contracts as of 30 June. This represents an increase of 5.8% over the previous year.

At 40.9%, the segment penetration rate – the percentage of new vehicles financed by Financial Services – was lower than for the first half of 2013.

The segment reported pre-tax earnings of € 918 million for the first half of 2014. This figure is on a par with the previous year.
The risk situation developed in line with expectations. The credit risk situation for Financial Services remained stable in the first half of the year. The segment always makes appropriate provisions for business risks.

Pricing on the international used-car markets, including Europe, remained largely unchanged. In the US, prices trended downward slightly. In the second half of the year, we expect credit risks to remain stable, or improve slightly, in all regions. Residual value risks should remain stable in Europe and Asia. In North America, prices for used cars are expected to decrease slightly.

Overall, the positive business development in Financial Services should continue throughout the rest of the year.

The **Motorcycles segment** reported a new sales-high for both the second quarter and first half of the year. Almost 71,000 vehicles were delivered to customers in the year to the end of June – an increase of 9.3%.

Sales performed well in markets including France, Italy and the US. The R Series, in particular, with the new models R 1200 RT, R 1200 GS Adventure and R nineT, made strong gains.

In the first half-year, the overall market in the segment above 500 cc showed signs of recovery for the first time worldwide. Over the full year, markets in Germany and Europe should improve on last year. In the US, the total market should be close to 2013 levels.

BMW Motorrad will benefit from this trend. Revenues for the first six months climbed 9.8% to €1 billion. EBIT for the same period reached €119 million – an increase of 22.7% year-on-year. Despite the strong sales momentum forecast for the second half of the year, earnings development will be subject to the usual seasonal influences.
After six months, the BMW Group is right on track, thanks to positive business development in its segments. The company continues to benefit from its attractive line-up and global presence.

We are therefore confident that the BMW Group will achieve its goals for the full year.

The positive business development should continue in the second half of the year.

This assumes that conditions remain stable – and depends in particular on the continued recovery of the European markets and sustained growth momentum in the overseas markets.

Nevertheless, economic risks will stay high in the second half of the year. The pressure for consolidation of fiscal debt in Europe, the US and Japan remains an issue. Continued expansive monetary policy also risks creating a price bubble. At the same time, political conflicts in the Middle East and Ukraine could affect prices for fossil fuels – which in turn could have a negative impact on the global economy.

As previously announced, we anticipate a significant increase in pre-tax earnings at Group level for 2014 compared to the previous year.

In the Automotive segment, deliveries should be significantly higher than the previous year. We expect to see a solid increase in revenues, despite currency translation effects.

For the full year, we expect the EBIT margin to remain within our target range of 8-10%. However, due to aforementioned up-front investments and expenses for
ongoing product and technology projects, second-half margins will not match the level of the first six months.

For our Financial Services segment, we expect a continued positive business development. The return on equity of the segment will exceed the target of at least 18%. However, it will be slightly lower than last year due to necessary investments. We have adequate risk provisions for our Financial Services activities.

From today’s perspective, BMW Motorrad will also meet its targets – assuming conditions remain stable.

Our forecast for the year, as already mentioned, is based on stable political and macroeconomic conditions. Any changes in the political or economic climate could affect our guidance.

The BMW Group is focused on worldwide growth and sustainable profitability. To achieve this, the company is enhancing its competitiveness and consolidating its leadership in the premium segment.

Thank you.