

Press release
19 March 2014

BMW Group looks ahead to 2014 with confidence

Sharp rise in worldwide sales volume expected

EBIT margin target: 8 - 10% in Automotive segment

Group profit before tax also forecast to increase sharply

Munich. BMW Group can look ahead with confidence to the current financial year. Group profit before tax and sales volume are both expected to rise to new high levels.

“We are aiming to achieve a significant rise in sales volume in 2014, which would take us to a new all-time high of over two million vehicles”, stated Norbert Reithofer, Chairman of the Board of Management of BMW AG at the Annual Accounts Press Conference on Wednesday in Munich.

The planned growth in sales volume should also be reflected in **group profit before tax** (2013: € 7,913 million): “We expect group profit before tax to rise significantly in the current year despite ongoing volatile business conditions”, continued Reithofer. The pace at which earnings increase will however be affected by high levels of expenditure for new technologies and by rising personnel expenses.

Despite substantial levels of investment in new technologies, the **Automotive segment** will again strive in 2014 to achieve an EBIT margin within a corridor of 8 to 10% (2013: 9.4%). Tailwind will also come from the 16 new models and model revisions, which the BMW Group plans to launch in the current year.

Despite challenging conditions on international motorcycle markets, sales of the **Motorcycles segment** are forecast to be slightly up on the previous year (2013: 115,215 units), not least due to the contribution expected from the new motorcycles presented at the autumn trade fairs (the R nineT, S 1000 R, R 1200 RT, R 1200 GS Adventure and K 1600 GTL Exclusive).



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The **Financial Services segment** is expected to also remain on growth course in 2014. As a consequence of growth-related investments, the return on equity is likely to decrease slightly (2013: 20.2%), but still surpass the BMW Group's minimum required level of 18%.

The forecasts for the current year are based on the assumption that political and economic conditions remain stable in 2014.

BMW Group posts record figures in 2013 for fourth successive year

The BMW Group continued to perform well during the past year within a challenging economic environment worldwide and successfully maintained its position as the world's leading premium manufacturer. "We have recorded our highest ever sales volume and group profit figures for 2013 and achieved all the targets we set ourselves for the full year", pointed out Reithofer.

Group revenues for 2013 totalled € 76,058 million (2012: € 76,848 million; -1.0%) and were thus marginally down on the previous year, with the difference due to exchange rate developments. **Group profit before tax** (EBT) increased by 1.4% to a new high of € 7,913 million (2012: € 7,803 million) despite increased investment in new technologies, greater competition and higher personnel costs. **Group net profit** climbed by 4.5% to € 5,340 million (2012: € 5,111 million), also a new record figure for the BMW Group.

Capital expenditure increased year-on-year by 27.6% to € 6,687 million (2012: € 5,240 million), giving a capital expenditure ratio of 8.8%. The main focus in 2013 was on product investments for production start-ups (including the BMW 2 Series Active Tourer) and infrastructure-related investments to enable further growth.



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Research and development expenditure rose by 21.3% to € 4,792 million (2012: € 3,952 million), as a result of which the research and development ratio climbed to 6.3% (2012: 5.1%). Important areas of investment were the renewal and expansion of the product range, alternative drive technologies, lightweight construction and connectivity for vehicles.

The BMW Group increased **deliveries to customers** by 6.4% to 1,963,798 units (2012: 1,845,186 units), with all three brands registering all-time highs.

Record dividend of €2.60 per share of common stock proposed

BMW AG is committed to sharing its success with its shareholders. The Board of Management and the Supervisory Board will propose to shareholders at the Annual General Meeting on 15 May 2014 that the dividend be increased to a new highest level of € 2.60 (2012: € 2.50) per share of common stock and € 2.62 (2012: € 2.52) per share of preferred stock. Based on these figures, the total distribution will rise to € 1,707 million (2012: € 1,640 million). The dividend rate is unchanged at 32.0% and is within the BMW Group's target corridor of 30 to 40%.

Automotive segment: EBIT margin at 9.4% in 2013

Automotive segment **revenues** rose by 0.6% to € 70,629 million (2012: € 70,208). Influenced by the above-mentioned factors – high expenditure for new technologies, product range expansion and market launch costs as well as increased competition – **EBIT** decreased to € 6,657 million (2012: € 7,599 million; -12.4%). The **EBIT margin** came in at 9.4% and was thus in the upper half of the targeted corridor of between 8 and 10%. **Segment profit before tax** amounted to € 6,561 million (2012: € 7,170 million; -8.5%).



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The **BMW** brand retained pole position in the premium segment in 2013, with worldwide sales up by 7.5% to 1,655,138 units (2012: 1,540,085 units). The BMW X1 as well as the BMW 3, 5, and 6 Series all asserted their positions as market leaders in their own segments.

Solid growth was recorded again for the BMW X1, with sales volume up by 9.2% to 161,353 units (2012: 147,776 units). The BMW X3 performed well again and recorded a 5.0% increase to 157,303 units (2012: 149,853 units). Sales of the BMW X5 were only slightly down on the previous year at 107,231 units (2012: 108,544 units; -1.2%) despite the model change (the new BMW X5 has been available since mid-November).

The BMW 3 Series remained a major source of growth in the past year, with sales rising by 23.0% to 500,332 units (2012: 406,752 units). The success story of the BMW 5 Series continued over the twelve-month period, during which 366,992 units were sold (2012: 359,016 units; +2.2%). The BMW 6 Series was also able to make significant progress, with sales up by 19.4% to 27,687 units (2012: 23,193 units).

MINI similarly set a new sales volume record in 2013, with worldwide sales edging up by 1.2% to 305,030 units (2012: 301,526 units). The new generation of the MINI will make its appearance in the showrooms from spring 2014 onwards. The MINI Hatch, at the end of its model life-cycle, still managed to achieve a sales volume of 128,498 units (2012: 131,569 units; -2.3%). Sales of the MINI Countryman were roughly at the previous year's level, with a total of 101,897 units sold (2012: 102,271 units; -0.4%). In the period from its launch in mid-March to the end of 2013, the MINI Paceman achieved a sales volume of 14,687 units.



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Rolls-Royce Motor Cars remained market leader in the ultra-luxury segment in 2013 and, with sales of 3,630 units (2012: 3,575 units; +1.5%), achieved a new sales volume record for the fourth year in succession.

The **BMW Group** recorded sales volume growth on nearly all **continents** in the past year. "The BMW Group's sales strategy is geared towards achieving an evenly balanced distribution of worldwide sales across the three main regions of the world to avoid overdependence on any single market", commented Reithofer.

At 859,546 units, sales in **Europe** – the BMW Group's largest sales region – were almost at their previous year's level despite challenging business conditions in some countries (-0.7%).

For the first time, the number of vehicles sold by the BMW Group in **Asia** exceeded the half-million mark. Sales in the region grew by 17.3% to 578,678 units, helped by a 19.7% rise on the Chinese mainland to 391,713 units.

The BMW Group continued to perform well in the **Americas** region, with deliveries to customers up by 9.0% to 463,822 units, including 376,636 units sold in the USA (+8.1%).

Motorcycles segment also sets new sales volume record

Sales volume, revenues and earnings of the Motorcycles segment rose in 2013. Revenues edged up by 0.9% to € 1,504 million (2012: € 1,490 million). **EBIT** rose to € 79 million (2012: € 9 million) and **profit before tax** to € 76 million (2012: € 6 million). Segment earnings in 2012 were impacted by expenses incurred in realigning the Motorcycles business. Despite challenging market conditions, a new sales volume record was set for 2013, with the number of



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BMW motorcycles delivered to customers reaching a new level of 115,215 units (2012: 106,358 units; +8.3%).

Good progress made by Financial Services segment

The Financial Services segment continued to perform well during the past year.

Revenues increased by 1.7% to € 19,874 million (2012: € 19,550 million).

Profit before tax amounted to € 1,639 million (2012: € 1,561 million), 5.0% ahead of the previous year.

The number of **new contracts** within the credit financing and leasing lines of business grew worldwide by 9.7% to 1,471,385 contracts (2012: 1,341,296 contracts). The portfolio of **lease and financing contracts** in place with dealers and retail customers at 31 December 2013 climbed by 7.4% to a total of 4,130,002 contracts (2012: 3,846,364 contracts).

Workforce size increased – record number of apprentices

In 2013, the BMW Group trained more young people than ever before, employing a total of 4,445 **apprentices** worldwide. Reithofer commented: “We consider training to be an investment in the future of the company and in society.

The **size of the workforce** increased by 4.2% in 2013, reflecting both dynamic growth in business volumes and the rapid pace of innovation. At the end of the reporting period, the BMW Group had a worldwide workforce of 110,351 employees (31 December 2012: 105,876 employees). The increase is due to the growing need for engineers and skilled workers in order to keep pace with continued strong demand on the one hand and to push ahead with innovations and develop new technologies on the other.



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BMW Group in fourth quarter 2013

BMW Group revenues in the last quarter of 2013 totalled € 20,210 million and were thus marginally down on the previous year's figure (2012: € 20,536 million; -1.6%). **EBIT** for the three-month period increased by 4.2% to € 1,951 million (2012: € 1,872 million), while **profit before tax** rose by 7.3% to € 1,889 million (2012: € 1,760 million). **Profit after tax** improved by 9.5% to € 1,306 million (2012: € 1,193 million). The total number of BMW, MINI and Rolls-Royce brand vehicles **delivered to customers** in the period from October to December grew by 3.5% to 527,620 units (2012: 509,684 units).

Automotive segment revenues in the fourth quarter were almost unchanged at € 19,325 million (2012: € 19,496 million; -0.9%). **EBIT** amounted to € 1,770 million (2012: € 2,054 million; -13.8%) and **profit before tax** to € 1,766 million (2012: € 1,899 million; -7.0%). The **EBIT margin** came in at 9.2%.

Fourth-quarter **Motorcycles segment revenues** totalled € 269 million (2012: € 274 million; -1.8%). The segment reports negative **EBIT** of € 14 million (2012: negative € 73 million) and a **pre-tax loss** of € 14 million (2012: loss of € 74 million).

Financial Services segment revenues increased by 0.5% in the final quarter of 2013 to € 4,992 million (2012: € 4,968 million). **EBIT** jumped by 25.5% to € 335 million (2012: € 267 million) and **profit before tax** by 19.9% to € 325 million (2012: € 271 million).

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The BMW Group – an overview

		2013	2012*	Change in %
Deliveries to customers		1,963,798	1,845,186	6.4
Automotive				
Thereof:				
BMW	units	1,655,138	1,540,085	7.5
MINI	units	305,030	301,526	1.2
Rolls-Royce	units	3,630	3,575	1.5
Motorcycles	units	115,215	106,358	8.3
Workforce¹		110,351	105,876	4.2
Revenues	€ million	76,058	76,848	-1.0
Thereof:				
Automotive	€ million	70,629	70,208	0.6
Motorcycles	€ million	1,504	1,490	0.9
Financial Services	€ million	19,874	19,550	1.7
Other entities	€ million	6	5	20.0
Eliminations	€ million	-15,955	-14,405	-10.8
Profit before financial result	€ million	7,986	8,275	-3.5
Thereof:				
Automotive	€ million	6,657	7,599	-12.4
Motorcycles	€ million	79	9	-
Financial Services	€ million	1,643	1,558	5.5
Other entities	€ million	44	58	-24.1
Eliminations	€ million	-437	-949	54.0
Profit before tax	€ million	7,913	7,803	1.4
Thereof:				
Automotive	€ million	6,561	7,170	-8.5
Motorcycles	€ million	76	6	-
Financial Services	€ million	1,639	1,561	5.0
Other entities	€ million	164	3	-
Eliminations	€ million	-527	-937	43.8
Income taxes	€ million	-2,573	-2,692	4.4
Net profit	€ million	5,340	5,111	4.5
Earnings per share²	€	8.10/8.12	7.75/7.77	4.5/4.5
Dividend per share of common/preferred stock	€	2.60/2.62	2.50/2.52	-

* Prior year figures partially adjusted in accordance with the revised IAS 19

¹ Figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

² Earnings per share of common /preferred stock



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The BMW Group

The BMW Group is the leading premium manufacturer of automobiles and motorcycles in the world with its BMW, MINI and Rolls-Royce brands. As a global company, the BMW Group operates 28 production and assembly facilities in 13 countries and has a global sales network in more than 140 countries.

In 2013, the BMW Group sold approximately 1.963 million cars and 115,215 motorcycles worldwide. The profit before tax for the financial year 2013 was € 7.91 billion on revenues amounting to approximately € 76.06 billion. As of 31 December 2013, the BMW Group had a workforce of 110,351 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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