STRATEGIC OBJECTIVE.

We want to be the leading provider of premium products and premium services for individual mobility.
BMW GROUP.
STRATEGY NUMBER ONE.
BMW GROUP AUTOMOTIVE.
REGIONAL SPLIT OF RETAIL SALES: MAY-2014.

Source: BMW and MINI Retail Sales only, May-2014 (figures may not add to 100% due to rounding)
GLOBAL PREMIUM SEGMENT IS EXPECTED TO GROW WITH A STRONG MOMENTUM IN CHINA.

Premium Segment:
CAGR 2013-2020: 4.6%
Total Growth 2013-2020: 37%
EXPANSION OF GLOBAL PRODUCTION NETWORK. PRODUCTION Follows MARKETS - PREPARATIONS FOR FUTURE GROWTH.

USA
- Spartanburg
  Capacity increase from 300,000 to 450,000 units until 2016
  Total investment: USD 1bn

The Netherlands
- Born – VDL Nedcar

Brazil
- Araquari
  New plant with up to 30,000 units
  Total investment: EUR 200mn

UK
- MINI Plants
  Total investment between 2012-2015: GBP 750mn

Germany
- Dingolfing, Landshut, Regensburg, Munich, Leipzig

China
- Shenyang
  Capacity increase from 200,000 to 400,000 units
  Total investment: EUR 1.5bn
Without a Modular Strategy, a three-fold increase in model numbers would drive costs and resources spiralling along the process chain. The Modular Strategy enables shorter development cycles and enhanced flexibility in our plants.
THE MODULAR STRATEGY IS THE ENABLER FOR THE EXPANSION OF THE BMW GROUP MODEL RANGE.

**Architectures**
- Underbody
e.g.:
  - Front seat attachments

**Modular product**
- Modular front seat
  Common elements
e.g.:
  - Structure
  - Head restraint

**Modular system**
- Front seat attachment
e.g.:
  - Standardised seat installation process

- Shorter development time
- Shorter time to market
- Lower investment costs
- Lower manufacturing costs
- Lower development costs
- Lower fixed costs
ATTRACTIVE PRODUCT LAUNCHES 2014.

Q1
- 2er Coupe 03/14
- 4er Cabrio 03/14
- MINI Hatch 03/14

Q2
- i8 06/14
- M3 Sedan 06/14
- M4 Coupé 06/14
- X4 09/14

Q3
- 4er Gran Coupé 06/14
- M4 Coupé 07/14
- X4 07/14

Q4
- Active Tourer 10/14
- MINI 5 Door 10/14
- X6 12/14

Luxury
- i8 06/14

Upper Medium
- M3 Sedan 06/14

Lower Medium
- M4 Coupé 06/14
- X4 09/14

Compact & Small
- MINI Hatch 03/14
- 2er Coupe 03/14
- Active Tourer 10/14
- MINI 5 Door 10/14

= M Models
CO₂ LEGISLATION IN MAJOR MARKETS.

- Fleet objectives require a global reduction in CO₂ emissions.
- Regional objectives are not directly comparable due to differences in vehicle portfolio (market demand) and test-cycles/procedures.

<table>
<thead>
<tr>
<th>Country</th>
<th>New Vehicle Fleet 2008</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>339g/mi (212g/km)</td>
<td>-26%</td>
<td>-52%</td>
</tr>
<tr>
<td>EU 27</td>
<td>154g/km</td>
<td>-16%</td>
<td>-38%</td>
</tr>
<tr>
<td>China</td>
<td>approx. 12%</td>
<td>-36%</td>
<td>-30%</td>
</tr>
<tr>
<td>Japan</td>
<td>n.a.</td>
<td>-12%</td>
<td>-12%</td>
</tr>
</tbody>
</table>

Illustration

* Based on review
** Under discussion
*** Consideration of test-cycle change to JC08
FUTURE CO$_2$ TARGETS CAN ONLY BE ACHIEVED WITH THE HELP OF NEW DRIVETRAIN TECHNOLOGIES.
STRATEGY NUMBER ONE – MANAGING THE TECHNOLOGICAL CHANGE TO REMAIN FUTURE PROOF.

**Evolution**
- Efficient combustion engines
- Innovative technologies

**Revolution**
- Alternative drive trains
- Mobility services
MANAGING VOLUME GROWTH, INNOVATION AND PROFITABILITY THROUGH COST-CONSCIOUS, EFFICIENT R&D.

- E-mobility
- New materials
- New technologies
- Strong growth of product portfolio
- Seizing new opportunities

Standardisation

Profitability

Innovation

Broader R&D spectrum
CAPEX RATIO TARGET FOR 2014: BRING THE RATIO CLOSER TO THE 7% TARGET.

Capex Ratio: Total Capex / Group Revenues

Strategic Target: <7.0%
R&D RATIO TARGET FOR 2014: BRING THE RATIO IN THE DIRECTION OF THE STRATEGIC CORRIDOR.
EBIT MARGIN DEVELOPMENT AUTOMOTIVE SEGMENT.
TARGET PROFITABILITY OF 8 – 10%.

*) 2012 figures have been adjusted in accordance with the revised version of IAS 19, see note 7 on page 106 of the annual report 2013.
**GUIDANCE 2014.**

**BMW Group**

Significantly higher pre-tax profit than in previous year.

**Automotive segment**

Significant rise in vehicle deliveries and in revenues compared with previous year.

Currency factors could have a negative impact on revenues.

EBIT margin within target range of 8-10%.

Significant drop in Return on Capital Employed, but over long-term target of at least 26%.

**Financial Services segment**

Return on equity of at least 18%, but slight decrease compared with previous year.

**Motorcycle segment**

Slight rise in deliveries compared with previous year.