Ladies and Gentlemen

Good morning from my side as well! The BMW Group reported higher sales, revenues and earnings for the first nine months in a challenging environment. The company is right on track, as we continue to work hard to meet our ambitious targets for the full year 2015.

Demand for premium BMW, MINI and Rolls-Royce vehicles remained strong in the third quarter. Sales reached a new all-time high, with more than 545,000 vehicles and almost 34,000 motorcycles delivered to customers. This represents a 6.9% increase in Automotive sales, and a 16.3% increase in motorcycle sales, compared with the same period of last year.

This growth comes mainly from attractive new models. With BMW, the 2 Series, 4 Series and X models made the biggest gains; with MINI, it was the 3 door and 5 door.

As in the first half of the year, mature markets were once again the main sales drivers. Our premium brands remained in high demand in European countries. In the year to the end of September, the BMW Group delivered more than 731,600 vehicles to customers – an increase of 10.3%.

The solid growth in the Americas also continued. Deliveries climbed 7.0% to more than 361,500 units after nine months. This was primarily due to the U.S., which accounted for almost 296,000 units. The strong US dollar is ensuring the
market stays attractive for foreign suppliers. As a result, competition in the market has intensified significantly.

The BMW Group also reported a solid increase in sales volumes in Japan.

In China, the trend towards normalisation continues. Economic growth has slowed – with lower rates of GDP and auto-market growth, as expected. At the same time, the turbulence on the Mainland stock markets in recent months has dampened consumer confidence. Overall, we expect the economic situation in the market to stabilise at a lower rate of growth.

In the first nine months, the BMW Group delivered almost 343,000 vehicles in Mainland China – an increase of 1.9%.

The BMW Group has proactively adjusted production in and for China based on a slower growth. We are also helping Chinese dealers respond to more intense competition through training and other sales-enhancing measures.

The recently introduced revised 3 Series models did not impact third-quarter sales in the Chinese market.

However, we should see an effect from the fourth quarter onwards, also supported by the 7 Series launch. Product momentum will improve even further in 2016, for instance supported by the new BMW X1.

As one of the leading manufacturers in the premium segment, we remain confident about medium and long-term economic development in China. Chinese customers are discerning: They are brand-conscious and appreciate the quality of premium products.

Thanks to our balanced global positioning and young and attractive products, the BMW Group anticipates further sales gains in the fourth quarter.
Worldwide sales growth significantly boosted Group revenues for the third quarter. Revenues reached almost € 22.35 billion – up 14.0% from the same period of last year. Currency tailwinds had less impact than in the first half of the year. Adjusted for these effects, revenues were only 7.7% higher.

Group pre-tax earnings for the third quarter totalled € 2.26 billion, an increase of 12.8% over the same period of last year. The financial result improved significantly year-on-year due to a lower negative impact from market valuation of derivatives.

The BMW Group's pre-tax earnings for the first nine months reached € 7.11 billion, with an EBT margin of 10.6%.

Now, I would like to talk about our capital expenditure and development activities.

The BMW Group remains committed to its investment strategy. We are securing our competitive position by expanding our portfolio and business areas. In the year to the end of September, the company invested a total of € 3.66 billion in equipment and products.

Investment was mainly focused on recently launched models: the 7 Series, the X1, the MINI Clubman and the 2 Series Gran Tourer.

With significantly higher revenues, the capex ratio for the first nine months stood at 5.4%. Investment in property, plant, equipment, and intangible assets for the full year is expected to remain on par with last year. We anticipate higher capital expenditure in the fourth quarter due to the usual seasonal effects – which are likely to have a greater impact than in the final quarter of 2014.

The capex ratio for the full year should be in line with our long-term target of below 7% of revenue.
Research and development spending for the year to the end of September totalled € 3.69 billion – an increase of 15.3% year-on-year.

Development costs were higher due to the series ramp-up of new models – like the 7 Series with the new rear-wheel-drive architecture. Vehicle architecture for the compact series also generated development costs. These factors resulted in a higher ratio of capitalised development costs.

Additional R&D activities focused on lightweight construction, connectivity and alternative drive trains.

The R&D ratio (according to HGB – German Commercial Code) was 5.5%, the same as in the prior-year period. We expect the ratio for the full year to be on par with that of last year.

BMW Group liquidity stood at € 10.9 billion at the end of September underlining our solid financial position.

Let’s now take a look at earnings performance in the individual segments: first, the Automotive segment. The company delivered almost 35,400 more vehicles to customers than in the third quarter of 2014. The segment’s third-quarter revenues reached € 20.97 billion – an increase of 15.6% year-on-year. Adjusted for currency effects, revenues rose by 8.6%.

Automotive EBIT for the third quarter totalled € 1.91 billion. This represents an increase of 12.7% over the previous year, with an EBIT margin of 9.1%.

Profitability was also affected by cost calendarisation: a disproportionately large share of project costs for the full year will be posted in the fourth quarter.
The Automotive segment earned revenues of € 61.51 billion for the year to the end of September. This is an increase of 15.6% over the same period of last year.

Segment EBIT for the first nine months totalled € 5.53 billion, which represents an EBIT margin of 9.0%. This figure is within our target range and therefore meets our benchmark for segment profitability.

The increase in revenues and earnings was driven by higher sales volumes. Among the X models, larger-class vehicles made gains also in view of the X1 model change. The new 2 Series models also fuelled growth.

Pricing stabilised worldwide in the third quarter, compared with the second quarter. The European markets, in particular, performed slightly better whereas increased competition in the U.S. impacted pricing.

Personnel costs for the nine months to the end of September were higher year-on-year. The Automotive segment workforce increased by 5,947 employees.

New hires were made throughout the global production network, in development and IT, as the company strengthens its expertise in future technologies related to digitalisation.

Changes in currencies and raw material prices contributed to positive earnings development in the third quarter. For the full year, we expect a tailwind in the mid three-digit million range.

In the third quarter, the Automotive segment’s financial result improved year-on-year. The previous year had been impacted by an impairment of the investment in SGL Carbon. The market valuation of derivatives was also less negative than in the third quarter of last year.
Fourth-quarter costs will be higher due to seasonal factors, which will dampen earnings. However, we expect an increase in sales towards the end of the year.

The Automotive segment’s financial situation continued its positive development in the first nine months of the year.

As of September 30, inventories rose in preparation for the introduction of new models. However, working capital increased by about € 900 million less than in the same period of last year.

As a result, free cash flow amounted to € 3.38 billion for the first nine months.

We expect that free cash flow will be lower in the fourth quarter due to the high level of costs and investment as well as the resulting payment to suppliers. Nonetheless, we are maintaining our target of more than € 3 billion for the full year.

At the end of the third quarter, net financial assets totalled € 14.77 billion.

That brings me to the Financial Services segment. The solid growth in this business area continued in the third quarter: More than 420,600 new contracts were concluded with retail customers, 9.9% more than in same period of last year.

A total of more than 1.22 million new contracts were concluded with retail customers in the year to the end of September. The new business volume in 2015 stood at € 37.28 billion. Business expanded in China and the U.S. in particular boosted by positive currency translation effects. The new business volume climbed 24.3% compared to the previous year. Adjusted for currency translation effects, business grew by 14.4%. Leasing contracts accounted for around a third of new business.
From January to September, the contract portfolio with retail customers increased by 7.5% to 4.23 million contracts – mainly due to growth in the Asia/Pacific region (+18.6%). The Americas region and Middle East/Africa and Europe (excluding the EU Bank) also reported solid growth. The total portfolio of the EU Bank, which includes Western European institutions regulated under the German Banking Act, posted growth of 2.2%.

The segment penetration rate – the percentage of new vehicles financed or leased by Financial Services – climbed to 46.1% for the first nine months of the year. This represents an increase of 4.3 percentage points over the previous year’s figure.

Both third-quarter and nine-month revenues and earnings reflect this dynamic growth. From January to September, revenues increased significantly – also due to currency translation effects – to reach € 17.83 billion. Pre-tax earnings for the segment stood at € 1.52 billion at the end of September, a significant increase of 12.1% year-on-year.

The risk situation remained stable for BMW Financial Services in the third quarter. Compared with the second quarter pricing in the central European used car markets increased slightly. In North America, it remained largely unchanged.

Credit risks did not show any substantial changes either.

The credit loss ratio for the entire portfolio is low, at 0.35%, and below last year's figure. BMW Financial Services takes a comprehensive approach to risk management and is making adequate provisions to hedge business risks. Residual value and credit risks are expected to remain comparatively stable for the rest of the year.
Dynamic demand for financial services products is likely to continue overall. The stable risk situation should support continued growth for BMW Financial Services.

Let us now take a look at the Motorcycles segment: BMW Motorrad continued to perform well – with record sales, revenues and earnings. The brand is benefitting from its expanded line-up and positive growth in the market segment. In the first nine months, BMW Motorrad delivered more than 112,400 vehicles to customers – an increase of 12.2%.

BMW Motorrad once again reported double-digit growth in its home region of Europe. The recovery in Southern Europe in particular generated strong sales growth.

The European motorcycle market in the segment above 500 cc grew by 9.0% in the year to the end of September. Over 60% of our deliveries are to customers in Europe.

Overseas markets also saw positive development. In the United States for example, BMW Motorrad reported solid sales growth, with the delivery of almost 13,370 motorcycles.

Revenues for the first nine months rose 19.9% to € 1.64 billion.

BMW Motorrad benefitted from currency translation effects and positive market environment, as well as higher sales volumes.

EBIT for the same period climbed 87% to € 273 million. The segment’s clear focus towards customer demands and strategic portfolio expansion are clearly bearing fruit.
However, due to the seasonal nature of the motorcycle business, BMW Motorrad can expect a weaker fourth quarter.

The BMW Group is on track to meet its guidance – targeting new all-time highs for sales, revenues and earnings for the full year.

Assuming that the market environment remains stable, we confirm our targets for 2015:

- a solid increase in Group earnings before tax;
- a solid increase in sales, with significantly higher revenues in the Automotive segment and an EBIT margin between 8 and 10%;
- a solid increase in sales at BMW Motorrad;
- in Financial Services, the return on equity is expected to be on a par with last year – and therefore above our target of at least 18%.

We are working hard to reach these targets, though we are faced with challenges in a number of markets. Costs will also be higher in all areas of the company in the fourth quarter. We also expect capital expenditure to be higher through the end of the year.

Continued global economic and political volatility could, of course, have a negative impact on business development. This also applies to the continuing and significant normalisation of the Chinese market. We pursue our ambitious annual targets with as much vigour as our long-term corporate goals.

The BMW Group is currently conducting a strategic realignment to ensure the company’s future competitiveness. A high level of profitability is an important aspect of this. It allows us to make the necessary investments for further growth and to establish new business areas.
We will continue to offer our customers attractive products and services as well as strategically position ourselves in the forefront of our industry. This approach will enable our future success.

Thank you.