

Media Information
4 November 2016

- Check against delivery -

Statement

Harald Krüger

Chairman of the Board of Management of BMW AG

Conference Call Interim Report to 30 September 2016

4 November 2016, 10:00 a.m.

Good morning, ladies and gentlemen,

The BMW Group has a clear vision of how our customers in the premium segment will stay on the move after 2030. Mobility will be autonomous, electric and fully connected. In all of this, the emotional experience of our customers plays a central role. Individual mobility will be tailor-made to fulfill all of their personal desires and needs.

Our BMW, MINI, Rolls-Royce and BMW Motorrad Vision Vehicles combine all these characteristics – as well as a fascinating design. Together they create a clear picture of our vision of the future after 2030. In October, we presented all four of our Vision Vehicles in Los Angeles. The global response to our “BMW Group Future Experience” tour was extremely positive, especially in social media. With headlines like: “BMW’s Four Futuristic Concepts Will Blow Your Mind.” or “Easy Rider meets iPhone.”

Our image film for the BMW Motorrad VISION NEXT 100 alone received 46 million clicks on the online platform “Mashable”. This level of curiosity and enthusiasm confirms our strong belief that: Individual mobility is, and will remain highly exciting and emotional in the future. This transformation process is driven by the four ACES: Automated, Connected, Electrified and Shared.

In drive technologies, we began making this change early: In 2008, we presented a plug-in hybrid concept of the BMW 7 Series. With the MINI E, we also began the world’s most extensive field trial for electro-mobility.



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In 2013, we introduced the fully electric BMW i3. We showed that we are ready to take responsibility and do our part for climate protection. To this day, with its 360-degree approach, the BMW i3 is one-of-a-kind. It is a pioneer in comprehensive sustainability throughout the value chain. In 2014, the BMW i family was expanded to include the i8. In 2015, the X5 became the first series-production BMW with plug-in hybrid technology and launched as an iPerformance model.

Our sustained efforts are paying off. In early November, we reached an important milestone: 100,000 vehicles with an electric drive train sold worldwide. That means: More than 60,000 BMW i3s – making it the most successful electric vehicle in the premium compact segment. More than 10,000 BMW i8s – making it the number ONE electric sports car. And around 30,000 BMW plug-in hybrids.

BMW and BMW i already offer customers the largest range of electric drive trains across all segments. We currently have seven models with a pure electric or plug-in hybrid drive train. We sold 7,000 electrified BMWs in September alone. Further plug-in hybrid models will follow in the coming years, including the first MINI PHEV in 2017 with the new MINI Countryman.

We have emphasised right from the beginning that: BMW i has a clear role for the Group as a whole – as our spearhead of innovation and technology enabler. We are consistently applying innovations from BMW i across our brands and series models. To make this know-how transfer visible, all BMW plug-in hybrids bear the name “iPerformance”. It shows the close link between BMW and BMW i – just like BMW M and M Performance.

The trend towards sustainable mobility is irreversible. We integrated the BMW i3 into our DriveNow and ReachNow fleets to attract more people to electric driving. This has already brought more than 200,000 people into contact with e-mobility.



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Our DriveNow customers have now driven around six million kilometres alone purely on electric power. Currently, our car-sharing service has more than 800 BMW i3 on the roads worldwide.

This is all part of our strategy Number ONE > NEXT. And we are now launching Phase II of our successful electrification strategy. We are electrifying our vehicles across all our brands and across all segments and series. Let me give you a few examples:

- the BMW i8 Roadster from 2018 on.
- a fully-electric MINI from 2019.
- a fully-electric BMW X3 from 2020.
- the fully-electric BMW iNEXT from 2021.

Over the coming years, we will need to make significant upfront investments. This applies not only to sustainable drive trains, but also to digital connectivity, autonomous driving and mobility services. Our financial strength continues to provide the basis for this. Profitability is a central pillar of Strategy Number ONE > NEXT. Our investors and stakeholders take a long-term view, just like we do.

We continue to target consistent high profitability – by keeping EBIT margin in the Automotive segment within our target range of 8 to 10 percent. In other words: Our successful core business remains the foundation for all of our ground-breaking strategic decisions.

The BMW Group continued its successful development in the first nine months of the 2016 business year. More customers than ever before bought a BMW Group vehicle, with over 1.74 million deliveries – an increase of 6.2 percent over the same period in 2015. The BMW, MINI and BMW Motorrad brands each reported new all-time highs for the first nine months. Our luxury brand Rolls-Royce achieved its best third quarter so far.



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Year-to-date sales are around the high level of the previous year. Earnings before tax climbed 8.8 percent to 7.74 billion euros. Group net profit totalled 5.41 billion euros. The EBIT margin in the Automotive segment was 9.1 percent for the year to the end of September – and remains within our target range of 8 to 10 percent.

We continue to benefit from our approach of balanced sales across the major market regions and in large individual markets:

- Europe: plus 10 percent in the first nine months. The UK, France and Italy all with double-digit growth.
- Asia: plus 9 percent. We are seeing robust development in China, with further potential; as well as an upward trend in Japan, with 10 percent growth in new registrations. Further impetus in Asia will come from new models specially developed for Chinese customers, such as the X1 PHEV.
- Americas: minus 6.5 percent. In the US, our new vehicle deliveries decreased by 8.7 percent. We continue to observe that the US market is highly competitive.

Overall, development on the automotive markets should remain positive. What is clear, however, is that: All markets remain extremely competitive. At the same time, we must continue investing in our future. This goes hand in hand with rising personnel costs. Political and economic hotspots, as well as sustained volatility seem to be the new normal.

However, in view of our positive sales development and our good financial key figures, we remain optimistic.



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We intend to achieve our targets for 2016.

- As you already know, we are targeting new all-time highs for Group sales and earnings before tax in our centenary year. Both of these figures should be slightly higher than last year.
- In the Automotive segment, we aim to keep EBIT margin within our target range of 8 to 10 percent.
- The company, with its three premium brands – BMW, MINI and Rolls-Royce – remains the leader of the premium segment

As always, our targets assume there are no significant changes in conditions for our global business. One thing is certain: Our company is growing at a high level and it is profitable.

Therefore, we are strengthening our global team in specific areas. We benefit from the fact that the BMW Group is a very attractive employer, as many rankings show. The number of employees will increase slightly this year from 2015 levels. At the end of September, the BMW Group employed around 126,000 people worldwide. We will naturally continue to provide young people with a qualified education and training. In September, 1,600 apprentices began their career at our company – 1,200 of them in Germany. To meet the challenges of the future, we need engineers, software and IT specialists and mobility services experts.

Digitalisation is one of the central pillars of our Strategy Number ONE > NEXT. We see it as an opportunity to continue growing. We will continue to shape future mobility – therefore we have decided to build a new research and development centre for autonomous driving in the Munich area. It will be one of the largest of its kind in Europe.



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Already starting next year, we will pool all of our expertise in this area, at the new campus. It will provide our developers from all the different fields with an ideal and inspiring work environment. Together with our FIZ Research and Innovation Centre and cooperation partners we will develop and test our fully-autonomous and highly-automated vehicles at the new site.

I would like to repeat what I said in L.A.: We have already arrived at a place others are still only dreaming about. Our aim, and our vision, is to bring individual mobility into the digital age. We want to be the technology and innovation leader in the mobility sector. A good example of this is the new BMW 5 Series, which will be launched in early 2017. It will not only set the benchmark in driving performance; it will also set new standards in connectivity. In the next weeks, many of you will be able to judge for yourselves at our test drive in Portugal.

For the first time, shortly after the market launch of the new BMW 5 Series, we will already bring further variants to the market: a Plug-in Hybrid, an Efficient Dynamics Edition, and an M Performance model. Our customers have various needs – and we aim to fulfil them.

We intend to lead the way. And we continue to refine our business model. In this way, we will accomplish the transition from the leading provider of premium mobility and services to a leading tech company in the mobility sector.

We have the spirit and the ideas to do so. Our four Vision Vehicles are proof of that.

Thank you!