Ladies and Gentlemen,

Good morning from me as well.

The BMW Group has begun the year with a strong first quarter. And we were able to build on the success of the 2016 financial year. In the first three months of the year, Group profit before tax increased by around a quarter to 3 billion euros. As communicated two weeks ago, this increase is mainly due to positive valuation effects.

The EBIT margin in the Automotive Segment was at 9.0%. As we made clear at our Annual Accounts Press Conference: Our focus is firmly on the future. This year, we will be investing in the further electrification of our model line-up and new technologies. Sustainable profitability within our core business is the basis for this. Let’s start by taking a look at the performance at Group level.

In the first quarter of 2017, Group revenues reached 23.45 billion euros and were 12.4% higher than the previous year. Group pre-tax earnings totalled 3.01 billion euros. This was partly due to positive effects from new investors acquiring a stake in the mapping service HERE, as well as valuation effects in the other financial result. The earnings contribution from our Chinese joint venture BBA benefitted from its strong market position. Driven by a dynamic sales performance, it increased by 87 million euros to a total of 188 million euros. In the first quarter of 2016, the production changeover for the BMW X1 had an adverse effect here. Thanks to the factors mentioned earlier, the Group’s EBT margin stood at 12.8%. Group net profit rose to 2.15 billion euros.
As previously announced, this year we have launched the largest product offensive in the company’s history. The new 5 Series Sedan and the new MINI Countryman came onto the market during the first quarter. Preparations for further new models are already underway. However, the bulk of the costs is likely to be reported over the rest of the year. We invested a total of 605 million euros in property, plant and equipment and other intangible assets in the first quarter. This represents a relatively low capex ratio of 2.6%, in line with seasonal factors. For the full year, we expect the ratio to be above last year’s level, but below our target of 5%. As forecast, research and development expenditure for the first quarter increased significantly and reached a total of 1.32 billion euros, 343 million euros more than last year. Therefore, as expected, our R&D ratio of 5.6% slightly exceeded our target range of 5 to 5.5%. For the full year the ratio is likely to be slightly above our target corridor. Over the course of the year, we are planning further substantial investments in our product offensive, continued development of e-mobility and strategic projects like autonomous driving.

Ladies and Gentlemen,

let’s move on to the Automotive Segment. Deliveries of our three brands rose by 5.3% in the first quarter. In China, in particular, growth remains strong. This is due to our attractive new models and a consistent focus on the needs of our Chinese customers. We have further expanded our offering with the extended wheel-base version of the BMW X1 and the recently launched 1 Series Sedan. The new long-wheel base version of the 5 Series Sedan will provide a further boost mid-year. The positive trend in automotive sales also continued in Europe. In the Americas, measures taken last year are now showing results. The sales situation has stabilised as expected. We have adapted the SUV-share to the high demand and cleared stocks. Going forward, we will be keeping a clear focus on earnings quality in all sales regions. The solid growth in worldwide deliveries also drove revenues to 20.69 billion euros, a 10.0% increase compared to the previous year. The X models and the BMW 7 Series are especially popular with
customers. We are also seeing positive effects from the launch of the new 5 Series. Segment EBIT rose by 6.1% to around 1.87 billion euros. The EBIT margin stood at 9.0%. The financial result in the segment for the period reached a total of 408 million euros due to the effects mentioned earlier. Pre-tax earnings in the Automotive Segment increased by almost a third to 2.28 billion euros. Automotive free cash flow has developed positively and stands at 1.6 billion euros, mainly reflecting the strong net profit as well as sound management of inventories. As forecast, free cash flow for the full year is expected to total more than 3 billion euros.

Let's continue with the Financial Services Segment. In the first quarter of 2017, we concluded around 466,000 new financing and leasing contracts with retail customers. This represents a significant increase of 12.6% – mainly from growth in Chinese credit financing. At the end of March, BMW Financial Services managed a total portfolio of almost 4.8 million customer contracts. 49.2% of new BMW Group vehicles were financed or leased by Financial Services in the first quarter. Pre-tax earnings for the segment reached 595 million euros – a 4.4% increase year-on-year. The positive development of the risk situation continued in the first quarter. The net credit loss ratio of 0.33% remains broadly in line with last year’s low level. As expected, used car prices worldwide – with the exception of Asia – decreased slightly, driven by seasonal factors. We have made comprehensive provisions to cover existing and potential risks in our financial services business and constantly monitor our risk management parameters. Of course, this also applies to our Diesel vehicles. From today's perspective, we are well protected against residual value and credit risks.

Ladies and Gentlemen,

I would now like to talk about our Motorcycles Segment. Right on time for the start of the new season, our current product range, which includes many new models, has been very well received by our customers. In the first three months
of 2017, BMW Motorrad sold more than 35,000 motorcycles – 5.5% more than last year’s record figure. This March saw our entry into the segment below 500 cc with the G 310 R. The long-distance enduro R 1200 GS has been thoroughly redesigned and was also successfully launched in March. With the new R NineT Pure and the R NineT Racer we have extended our popular heritage family to four models. They will be joined by a fifth model, the R NineT Urban G/S, from June. Segment revenues also rose in line with deliveries, climbing 7.0% to 623 million euros. EBIT rose to 125 million euros, benefitting from higher volumes and positive mix effects. This was an increase of 33.0% over last year. Due to seasonal factors, the first-quarter EBIT margin stood at 20.1%. This is an increase of almost four percentage points over the same period of last year.

Finally, I would like to come to the outlook for the company. Our guidance for the full year 2017 remains unchanged.

We still expect to achieve
- a slight increase in Group profit before tax,
- slight increases in deliveries and revenues in the Automotive Segment,
- a significant increase in BMW Motorrad deliveries,
- an EBIT margin within the target range of 8-10% in both the Automotive and the Motorcycles Segment
- and a slight decrease in return on equity in the Financial Services Segment – although it will still remain above the targeted minimum level of 18%.

Our guidance assumes there will be no significant change in political and economic conditions.
Ladies and Gentlemen,

The first quarter of 2017 shows that the BMW Group is well on track. All segments are on course to meet their targets for the full year. And with new products, like the new 5 Series Touring, in the pipeline, we expect the strong performance of our core business to continue. High upfront investments in areas such as electro-mobility and autonomous driving will slightly dampen the upward trend in earnings over the coming quarters, as forecast. I would like to emphasise that profitable growth remains our focus. This strategy has paid off over the years. The BMW Group has been one of the world’s most profitable car companies for years. At the same time, we strive to remain a leader in new technologies and innovations, with a clear focus on electro-mobility. We remain firmly committed to pursuing these goals in the future.

Thank you.