Ladies and Gentlemen,

Good morning from me as well.

The long-term viability of the BMW Group is our top priority. We are now entering the next phase in the implementation of our Strategy NUMBER ONE > NEXT: This year marks the launch of the largest product offensive in our company’s history, including many new electrified models. The BMW Group is clearly focusing on the future.

But, first, let’s take a look at the latest financial figures.

After a good start to the year, the BMW Group demonstrated its financial strength once again in the second quarter of 2017. The EBIT margin of 9.7% for our automotive business was higher than the same quarter last year. Based on the strong performance in the first half of the year, we are able to confirm our guidance for 2017.

We will continue to systematically strengthen our performance side and to leverage efficiencies across all areas of the company. This enables us to finance from our operating business the substantial investments needed for electrification and autonomous driving. This remains our goal, even in the face of increasing global economic volatility.

In the second quarter, Group revenues rose by 3.1% to 25.80 billion euros. Revenues for the first six months climbed to 49.25 billion euros. Group earnings before tax for the second quarter totalled 3.06 billion euros and were therefore 9.2% higher than the previous year. Pre-tax earnings for the first six months
reached 6.06 billion euros – partly due to one-time effects in the financial result. This tailwind mainly resulted from new investors acquiring a stake in the mapping service HERE in the first quarter, valuation effects in the other financial result and a healthy earnings contribution from our Chinese joint Venture BBA. The EBT margin for the second quarter was 11.8%.

In the first six months of 2017, we continued to invest in expanding our production network. Our focus is currently on the expansion of our Spartanburg plant and construction of the new plant in San Luis Potosí. **Investment** in equipment and products totalled 1.46 billion euros in the first half of the year. Following the launch of the new 5 Series Sedan, the popular long-wheelbase version for China was released in June. The new 5 Series Touring is now also available. The capex ratio remains relatively low, at 3.0%. This is typical for the first half-year, in line with seasonal factors. However, it is distinctly higher than last year. For the full year, we expect the ratio to be above last year’s figure, but still below our target of 5%.

**Research and development expenditure** for the first half-year rose to 2.65 billion euros. This already reflects spending for the model offensive over the next two years. We are also continuing to work on electrification of vehicle architectures and investing in technologies for autonomous driving. The R&D ratio for the first six months therefore increased to 5.4%. As previously announced, we expect the R&D ratio for 2017 and the next two years to be slightly above our target range of 5 to 5.5%.

I would now like to take a look at performance in the individual segments. Deliveries in the **Automotive Segment** climbed 4.6% to around 634,000 vehicles in the second quarter. In the first six months, a total of 1.22 million BMW Group vehicles were delivered to customers – an increase of 5.0% over the previous year. Segment revenues for the first six months rose by 4.8% to 43.67 billion euros. Revenues for the quarter totalled 22.98 billion euros. Segment
EBIT for the second quarter was 2.8% higher, at 2.24 billion euros. The EBIT margin for the same period was 9.7%. Pricing remains challenging. In highly-competitive markets, profitable growth is our clear priority. Efficiency improvements were largely able to offset high R&D costs and the corresponding rising upfront investments for personnel development. The financial result for the second quarter climbed to 147 million euros. The BBA joint venture contributed 154 million euros to the at-equity-result – an increase of 10.0% over the previous year.

A few words about the segment’s financial position: In terms of free cash flow we are on course to achieve our target of 3 billion euros for the full year. Free cash flow for the first half-year totalled 2.04 billion euros – partly due to the impact of the major investments I just referred to.

Let’s continue with the Financial Services Segment. In the second quarter of 2017, we concluded nearly 469,000 new financing and leasing contracts with retail customers. This represents a slight increase of 1.7% over the same period of last year. We saw a moderate decrease in the number of new leasing contracts, while the number of new financing contracts increased. At the end of June 2017, the Financial Services Segment managed a total of 4.88 million contracts with retail customers – 3.8% more than at the start of the year. 47.6% of new BMW Group vehicles were leased or financed by the Financial Services Segment in the first half-year.

In the first six months of 2017, pre-tax earnings for the segment climbed 10.3% to 1.18 billion euros. The risk situation remains stable overall. The net credit loss ratio of 0.31% remains very low. On the whole, used car prices worldwide stabilised in the second quarter of 2017. We are continuing to monitor trends very closely, also for vehicles with diesel engines. From today’s perspective, we have made adequate provision for business risks from loans and residual values.
Let’s move on to the **Motorcycles Segment**.

In the first six months, we delivered almost 88,400 motorcycles to customers – 9.5% more than the previous year. This was BMW Motorrad’s best-ever first half-year – with double-digit growth in Europe, South America and China. The segment’s second-quarter revenues rose by 12.8% to 696 million euros, mainly due to higher volumes. Revenues for the first six months reached 1.32 billion euros. Segment EBIT for the first half-year increased to 229 million euros. EBIT for the second quarter totalled 104 million euros. The EBIT margin for the same period was 14.9%. The figure for the year to the end of June stood at 17.4%.

So those were the figures for the Motorcycles Segment.

I would now like to talk about the **outlook for the Group** for the second half of the year. The first half of 2017 was positive for the BMW Group. However, with the uncertainty surrounding political and economic developments worldwide, the rest of the year will remain challenging. As usual, we also expect to face higher expenses in the second half of the year than at the beginning. Nevertheless, on the basis of these strong figures, the BMW Group remains confident about the second half of 2017, and we are able to confirm our guidance for the full year.

Provided conditions do not deteriorate significantly, we expect to achieve a slight increase in **Group earnings before tax**. We also forecast a slight increase in **Automotive deliveries**, assuming conditions remain stable. Due to positive translation effects, we expect the increase in **Automotive Segment revenues** for this year to be solid. Although high upfront investment in future projects will dampen earnings, we are still targeting an **EBIT margin** of between 8 and 10% in the Automotive Segment for the full year. **Deliveries in the Motorcycles Segment** are expected to increase significantly this year. As in the Automotive Segment, we will be targeting an **EBIT margin** within the 8-10% range for the Motorcycles Segment.
The positive business development in the Financial Services Segment should continue in 2017. Faced with growing capital adequacy requirements and normalisation in the risk situation, return on equity is expected to decrease slightly – however it is expected to remain above our minimum level of 18%.

Ladies and Gentlemen,

Global economic and political conditions remain highly volatile and therefore difficult to predict. As previously announced, we also anticipate higher costs for new model launches and upfront investments for strategic projects in the second half of the year.

We are countering this with ongoing measures on both the cost and the income side and systematically tailoring our product and service structure to our customers’ wishes. At the same time, we are setting priorities and reducing complexity – both in our vehicle line-up and our internal structures and processes.

Our strategic focus is firmly on the long term. There is no doubt in my mind that we have the right strategy – and the financial strength we need to shape our future.

Thank you.