Ladies and Gentlemen,

Good morning.

The BMW Group performed well in the first quarter – fulfilling all our expectations. Our positive operating performance shows: our strategy is generating strong results.

Group earnings again reached the same high level as last year. The EBIT margin in the Automotive Segment rose to 9.7%, despite higher R&D costs. We are well positioned in our target corridor of 8-10%. Segment EBIT is on par with the previous year, despite high upfront investments and headwinds from currency and commodity prices. We already announced at the Annual Press Conference that our R&D spending for this year will reach a new record high.

We are investing in future projects and expanding our innovation leadership. R&D costs increased by over 100 million euros in the first quarter. As planned, we were able to partially offset this additional expenditure with internal efficiency improvements. However, as already announced in March, we will see a significant increase in costs in the second half of the year.

This is due to the large number of vehicle launches and continued upfront investments in future technologies. The negative impact of currency and commodity prices dampened earnings. For the full year, we expect a headwind in the mid to high three-digit million-euro-range, due to various economic and
political conditions. As part of the transition to the new IFRS 15 accounting standard, certain comparative figures from the previous year had to be adjusted. You will find more details on this in the current Quarterly Report.

First, let’s take a closer look at the Group figures.

First-quarter revenues decreased to 22.69 billion euros. Adjusted for negative currency effects, they were approximately on par with the previous year. Group earnings before tax totalled 3.17 billion euros – which is on par with the high level of the previous year. The EBT margin was 13.9%. The higher financial result reflects the positive earnings contribution of our Chinese joint venture and valuation effects from the acquisition of DriveNow, among other factors. In line with this strong business performance, Group net profit rose slightly to 2.30 billion euros.

Ladies and Gentlemen,

We are strengthening our product portfolio this year: This includes renewing and expanding our X family, as well as our product offensive in the luxury segment. When it comes to future technologies, we are also competing in the Champions League: Our newly-opened Autonomous Driving Campus and our Battery Cell Competence Centre underline this commitment. Flexibility is an essential component of this. It is what makes us robust and competitive. As part of our continuing strategic development, we invested almost 130 million euros more in the first quarter than in the same period of 2017 – a total investment of around 734 million euros.

As a result, the capex ratio rose to 3.2%. For the full year, we expect a ratio of up to 5%. We will therefore continue to remain in our long-term target corridor. As announced, R&D expenditure also remained at a high level and totalled 1.27 billion euros for the year to the end of March. Due to high upfront investments in
new products and technologies, we expect this figure to reach around 7 billion euros over the course of the year. The R&D ratio currently stands at 5.6%. The figure for the full year 2018 will be between 6.5 and 7%.

Let’s take a look at the Automotive Segment.

In the first quarter of 2018, global sales performed well, increasing by 3.0%. The strong euro meant that segment revenues were slightly lower than the previous year. Adjusted for currency effects, revenues were up 1.5%. The segment EBIT of 1.88 billion euros was on par with the previous year – despite higher R&D costs and headwinds from currency and commodity prices. This was offset somewhat by positive effects from volume/mix/market and efficiency improvements. The financial result once again contributed to positive pre-tax earnings. Our Chinese joint venture, BBA, increased its earnings contribution to 240 million euros. Sales climbed 20% in the year to the end of March. The X1 and the new 5 Series in particular are highly popular.

The valuation effect from the acquisition of DriveNow also had a positive impact. This was offset by a similarly high positive valuation effect from the previous year in connection with new investors acquiring a stake in the mapping service HERE. Pre-tax earnings amounted to 2.28 billion euros.

Ladies and Gentlemen,

These figures underline that our core business is built on a very solid foundation. At the end of the first quarter, despite a planned significantly higher accumulation of working capital, free cash flow stood at 302 million euros. For the full year, we continue to target a free cashflow of more than 3 billion euros.

In the Financial Services Segment, the total portfolio of customer financing contracts reached almost 5 million. In the first quarter, 47.3% of all BMW Group
new vehicles were leased or financed by the Financial Services Segment. Almost 452,000 new contracts were concluded with retail customers. The segment's risk situation remained stable. Overall, used-car prices are trending downward slightly in international markets, as expected. We place a strong emphasis on proactive risk management. We evaluate our portfolio on a regular basis, so that we can make adequate provisions for our business risks at all times.

Let's move on to the Motorcycles Segment.

Almost 36,000 motorcycles were delivered to customers in the first three months of 2018. Revenues were 15.5% lower than the previous year, at 524 million euros. Due to the ramp-up of new models, including the impact of various model changeovers, total production declined in the first quarter. Consequently, sales to the retail organisation – which form the basis for revenue recognition – decreased. Currency effects also had a negative impact. As a result, the Segment's operating earnings for the first quarter were lower than the previous year. The EBIT margin was 14.7%.

Now to the outlook for the full year.

As long as political and economic conditions do not deteriorate significantly, we expect positive business development in 2018. We are targeting Group earnings before tax at least on par with the high level of the previous year. In late March, BMW AG and Daimler AG signed an agreement to combine their mobility services.

If approved by the relevant authorities in the course of this year, the formation of the joint venture will trigger a one-time valuation and earnings effect in the BMW AG’s group financial statement and thus lead to an adjustment of the company’s guidance. Under these circumstances, pre-tax earnings on Group level would increase slightly in 2018 compared with the previous year.
In the Automotive Segment, we anticipate a slight increase in deliveries and revenues for 2018. Despite high upfront investments, we still aim to keep the EBIT margin between 8 and 10%. We now expect a slight increase in deliveries in the Motorcycles Segment in 2018. Our target for the EBIT margin remains unchanged at between 8 and 10%. In the Financial Services Segment, we expect return on equity to exceed our new target figure of 14%.

Ladies and Gentlemen,

The BMW Group is on course to meet its guidance for the full year. In 2018, we will continue to make important strategic decisions. And, as you know: Whatever we start is well thought through, and we implement it sustainably. In such a volatile environment, our core business delivers the highest level of performance from one quarter to the next. This gives us the freedom we need to continue investing in our future.

Thank you.

**Consumption and Emission Data.**

**BMW X1:**
Fuel consumption in l/100 km (combined): 6.5-4.6
CO2 emissions in g/km (combined): 149-120

The fuel consumption, CO2 emissions, power consumption and operating range figures were determined according to the European Regulation (EC) 715/2007 in the version applicable. The figures refer to a vehicle with basic configuration in Germany and the range shown considers the different sizes of the selected wheels/tyres and the selected items of optional equipment.
Further information on official fuel consumption figures and specific CO2 emission values of new passenger cars is included in the following guideline: 'Leitfaden über den Kraftstoffverbrauch, die CO2-Emissionen und den Stromverbrauch neuer Personenkraftwagen' (Guideline for fuel consumption, CO2 emissions and electric power consumption of new passenger cars), which can be obtained free of charge from all dealerships and at https://www.dat.de/en/offers/publications/guideline-for-fuel-consumption.html.