Media Information
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Statement
Harald Krüger
Chairman of the Board of Management of BMW AG
Conference Call Interim Report to 30 June 2018
2 August 2018, 10:00 a.m. CEDT

Good morning, Ladies and Gentlemen!

At the BMW Group, we have clear targets – and we always deliver on our promises.

Our sights remain fixed on the long term. We are already anticipating what mobility will look like in 10, 15 years down the road – and taking the necessary decisions today. Our Strategy NUMBER ONE > NEXT gives us a clear direction and maps out our long-term goals.

Volatility and uncertainty have both been part of our daily business for a long time now. However, our strategy enables us to adjust to short-term changes in our business environment. This flexible framework has been key to the BMW Group's success so far.

We respond to new demands early and set the trends. Let me give you a few examples:

1. The shift towards sustainable mobility with Efficient Dynamics since 2007.

2. Our pioneering role in e-mobility. In the first half of 2018, the i3 was once again the top-selling electric vehicle in the premium compact segment. We currently offer customers ten electric or plug-in hybrid models. Since the start of this year, we have delivered more than 60,600 electrified vehicles to customers – an increase of over 40 percent year-on-year. We are therefore on track to meet our declared goal of at least 140,000 vehicles this year.

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Other fully electric models are also ready to go: We will release the MINI Electric late next year; followed in 2020, by the first fully-electric BMW – the iX3.

3. Expanding our mobility services into a strong business segment that will complement our core business. The planned joint venture with the Daimler Group is the next logical step. Together, we will take innovative mobility services to a whole new level.

4. Our focus on achieving the most balanced distribution of sales possible, with local production in the main economic regions of Europe, the Americas and Asia. This gives us greater flexibility in the current trade disputes. Our global production network opens up various possibilities for us. The new BMW X3 is now also being built in Shenyang and Rosslyn, as well as at our Spartanburg plant.

5. Switching BMW models to the new WLTP test procedure. With the exception of just a few model variants, we have already switched several hundred models, well ahead of the September deadline. Since we integrated the WLTP switch into our production and sales planning early, we are able to offer our fleet customers the same wide range of products as usual. Delivery times for our models are the usual three months. We also have around 190 models that already meet the Euro 6d-TEMP emissions standard.

Our forward planning underscores how we put the interests of our customers first. It also makes it quite clear that: We face challenges head on – regardless of where they come from. With our strategy, we are pursuing a clear vision: to be NUMBER ONE. And we are steering the BMW Group according to several performance indicators, crucial for our success. Three aspects are especially important to us:

Profitability, growth and future competitiveness.

In 2017, we were the world's most profitable car company. That is why we are able to continue investing in our future. We have the same aim for the current business year. In the first half of 2018, Group earnings before tax exceeded six billion euros. The EBIT margin in the Automotive Segment remains within our target range of 8 to 10 percent. The Group EBT margin stands at 12.7 percent and is therefore above our target of 10 percent.

Growth is very important in the highly competitive premium segment.
We are targeting profitable growth and leadership in all segments where we do business. Between January and June 2018, with our three brands BMW, MINI and Rolls-Royce, we delivered more vehicles to customers than ever before in the first six months of a year.

We are securing our future competitiveness by strengthening our brands and creating innovations – especially for autonomous driving and e-mobility. The work at our autonomous driving campus outside Munich is in full swing. In May, we became the first international carmaker to receive a licence from the City of Shanghai to test autonomous driving. Early next year, we will open our new "Battery Cell Competence Centre" in Munich. This is where we will focus all our technological expertise in the development and production of battery cells which are the heart of the battery.

In a highly volatile environment, we are constantly finding the right balance between all three proof points – profitability, growth and future competitiveness.

Over the past few months, the business environment in which we operate has become even more challenging. Despite this, our operating business remains strong. Because our strategy enables us to maintain our course – even through difficult conditions.

For 2018, our goals remain unchanged:

- A slight increase in automotive deliveries to a new all-time sales high.
- Group earnings before tax at the same high level as the previous year.
- An EBIT margin in the Automotive Segment of between eight and ten percent.

Of course, these goals assume that economic and political conditions will not worsen any further.

As you know, the BMW Group remains committed to free trade and open markets. Our global presence enables us to remain agile and flexible. More than ever, we are looking at different scenarios and are taking advantage of opportunities in the major regions.

China is our most important single market and leads the way in e-mobility und connectivity. In recent weeks, we've laid the path for important strategic steps. We will be expanding and strengthening our business in China over the long term:

1. We are expanding our joint venture with BBA. We will increase our capacity to 520,000 vehicles. Moreover, the first fully-electric X3 will be exported from China to other markets. We are the first international car company to receive an agreement from the Chinese government allowing us to increase our stake in a joint venture from 2022.

2. We have agreed to a 50:50 joint venture with Chinese manufacturer Great Wall Motor and plan to build electric MINIs together. The joint venture will also produce electric models for Great Wall Motor. This is a logical step into the electric future for MINI.

3. We have signed a memorandum of understanding with Baidu. The BMW Group will gain a seat on the board of Apollo – which is Baidu's open platform for automated driving.

4. We have awarded CATL a contract worth a total of four billion euros. CATL will build the largest battery-cell plant in Germany, which will supply battery cells for our BMW iNEXT from 2021. This means the entire value chain for production of electrified vehicles will be located here in Germany. This will be essential for expanding our leading position in e-mobility. We will also be purchasing raw materials for battery cells ourselves, especially cobalt, in the future.

As you can see: We have enhanced our presence in China in a single stroke. At the same time, we are implementing our strategy in other market regions.

Our largest plant is located in the United States. We remain committed to our investment and expansion plans there. Going forward, we will build up to 450,000 vehicles a year in Spartanburg and we will remain a net exporter. That means: We will continue to produce more vehicles in Spartanburg than we sell in the US. The new X7 will also contribute to our growth strategy.

In all three major sales regions – Europe, America, Asia – we reported growth in the first half of the year.

Europe remains our largest sales region. That is why we decided to build a new BMW plant in Hungary. After significant investments in China, Mexico and the USA, we are now focussing on our activities in Europe. This ensures our worldwide balance of production between Asia, America and our home continent. The new plant will set new standards in digitalization, sustainability and flexibility and will also lead the way in new technologies.

The foundation of our worldwide success is our strong model offensive.

I'm certain that the new Z4 will be turning heads in 2019. Journalists were just testing prototypes.

Beginning with the X2, 2018 is our year of the X. We will offer three additional models:

- The new X4 has been on the market since July.
- The new X5 will be released in November.
- Production of the all-new X7 will get underway towards the end of the year.

This shows our clear commitment to fulfil our customers' increasing demand for SAVs.

Ladies and Gentlemen, We have another ace up our sleeve: A systematic expansion of our luxury segment.

- The new i8 Roadster is fresh on the market.
- Within the new 8 series model range, production of the new BMW 8 Series Coupé is already underway. The market launch is scheduled for November. This will be followed in 2019 by the Convertible and Gran Coupé, as well as the corresponding M models. All models showcase our new design language.
- Rolls-Royce will also be releasing the Cullinan. The media resonance and numerous pre-orders show that the Cullinan perfectly reflects the pinnacle of luxury in the new off-road segment.

In the second half of the year, there is even more to come: our new iNEXT vision vehicle – revealing new horizons.
As you can see: We are driving full speed ahead – in the major regions of the world, with innovative technologies and with new products. We continue to follow our clear strategic roadmap and remain highly flexible. Thank you!

CONSUMPTION AND EMISSION DATA.

BMW X3:

Fuel consumption in l/100 km (combined): 9.1-5.3

CO_2 emissions in g/km (combined): 207-140

BMW X4:

Fuel consumption in l/100 km (combined): 9.1-5.4

CO_2 emissions in g/km (combined): 206-142

BMW X5:

Fuel consumption in l/100 km (combined): 8.7-6.0

CO_2 emissions in g/km (combined): 197-158

BMW 8 Series Coupé:

Fuel consumption in l/100 km (combined): 10.5-5.9*

CO_2 emissions in g/km (combined): 240-154*

BMW i3:

Fuel consumption in l/100 km (combined): 0

CO_2 emissions in g/km (combined): 0

Electric power consumption in kWh/100 km (combined): 13.6-13.1

BMW i8 Roadster:

Fuel consumption in l/100 km (combined): 2.0

CO_2 emissions in g/km (combined): 46

Electric power consumption in kWh/100 km (combined): 14.5

Rolls-Royce Cullinan:

Fuel consumption in l/100 km (combined): 15*

CO_2 emissions in g/km (combined): 341*

* Preliminary data not yet confirmed, subject to change.

The fuel consumption, CO_2 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 CO_2 emission values of new passenger cars is included in the following guideline: 'Leitfaden über den Kraftstoffverbrauch, die CO_2-Emissionen und den Stromverbrauch neuer Personenkraftwagen' (Guideline for fuel consumption, CO_2 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.