Ladies and Gentlemen,

Good morning from my side as well! The BMW Group made a positive start to 2016. In the first three months, automotive sales climbed to over 550,000 vehicles. Both deliveries and Group earnings before tax reached new first-quarter highs; the EBIT margin of 9.4% for the Automotive segment was also within our target range.

The company is looking to build on a successful 2015 financial year – and has set itself ambitious targets for 2016. We are maintaining our guidance for the full year. The first quarter fulfilled our expectations in a volatile market environment.

In Europe, our premium brands are in strong demand and our BMW X models remain especially popular. With its attractive product portfolio, the BMW Group is in a good position. In China, sales improved in the first three months, after a weaker 2015. Our X models and the revised 3 Series Sedan have been well received by customers. The company also benefited from the healthy development of the overall market. Over the course of the year, we expect sales to receive a further boost from the new, locally produced X1. Full availability of the new 7 Series over the next few months will also have a positive impact. The BMW Group and its Chinese dealer network has adapted to new conditions in the market. In general, we still see growth potential in the Chinese market.

The US auto market has reached a high level overall. The trend towards SUVs continues in North America – partly due to low oil prices. The BMW Group set
the right course early on and is now in the process of expanding the production capacity for X models. We have taken into account the changes in demand for sedans and adjusted our planning. The measures we have implemented will have a positive impact on the sales situation in the second half of the year.

Let’s take a look at earnings performance at Group level. First-quarter revenues totalled € 20.85 billion – and were therefore on par with last year. Compared with the previous year’s high level, translation effects in several of the main currencies resulted in lower revenues. Adjusted for this factor, revenues increased slightly. BMW Group pre-tax earnings increased to € 2.37 billion – a slight increase of 4.4% over the first quarter of last year. At Group level, the EBT margin stood at 11.4%. Our profitability therefore reached the same high level as the previous year.

The BMW Group continues to focus its capital expenditure on strengthening its future competitiveness. The company invested a total of € 405 million in products, equipment and other intangible assets in the first quarter. This no longer includes capitalised development costs. It is usual for first-quarter capital expenditure to be lower. The main focus of capital expenditure was on preparations for the ramp-up of new models. As already announced in March, we have redefined our capex ratio – so that it no longer includes capitalised development costs. As a result, we are now targeting a capex ratio of less than 5% of revenue. In the first quarter, the ratio stood at 1.9%, due to seasonal factors. The ratio for the full year should be on a par with last year. The figure for 2015 was 4.2%.

Research and development spending for the first quarter (according to HGB – German Commercial Code) reached € 974 million. This is an increase of 5.2% over the same period of last year. R&D activities in the first three months concentrated on new vehicle development and refining future technologies, such as driver assistance systems. Further electrification of our vehicle fleet is
another priority: The 3 Series and the 2 Series Active Tourer were released onto the market as hybrid models in the first quarter. This will be followed by the plug-in hybrid variant of the new 7 Series in the summer – which will strengthen our company’s competitive position and underline its focus on sustainable mobility. The R&D ratio for the first quarter was 4.7%. As usual, this will increase over the course of the year. The ratio for the full year should be on par with last year’s level of 5.6%.

BMW Group liquidity remained solid at € 11.2 billion at the end of March. This high level of liquidity underscores the company’s flexibility and financial strength. The company has further diversified its refinancing portfolio. Over the past two months, the BMW Group launched its first public bond offering at attractive conditions in China and the United States.

Let’s now take a look at the individual segments, first the Automotive segment. Revenues for the first quarter totalled € 18.81 billion and are therefore at the same high level as last year. During the reporting period, translation effects of some major currencies had a dampening effect. First-quarter Automotive EBIT totalled € 1.76 billion – which is slightly below last year’s figure. Dampening effects resulted from higher personnel costs, as well as increased depreciation and marketing costs. The EBIT margin for the Automotive segment stood at 9.4% – therefore remaining in the upper half of our target range of 8-10%, like it did last year. As expected, pricing will remain a challenge in 2016.

Pricing deteriorated slightly in the first quarter, compared with last year. During the first three months, the vehicle mix included a slightly higher percentage of compact vehicles.

The earnings contribution of our Chinese joint venture BBA, reported in the at-equity result, was lower than the previous year. This mostly reflects preparations for the ramp-up of new vehicles. Over the course of the year, the new, locally
produced X1 and the 2 Series Active Tourer will provide positive momentum. The at-equity result for the first quarter also contains initial expenses in connection with the stake acquired in the mapping service HERE. The segment's financial result for the first quarter was a negative amount of € 29 million. This was an overall improvement of € 131 million year-on-year. This positive development was mainly due to the market evaluation of raw material and currency derivatives. Pre-tax earnings saw a solid increase of 6.1% to € 1.73 billion.

Let's take a brief look at the segment's cash flow. Due to a € 971 million higher increase in working capital compared with the same period in 2015, free cash flow in the Automotive segment decreased to € 532 million. As previously announced, we expect free cash flow for the full year to be above € 3 billion. At the end of the quarter, net financial assets in the Automotive segment totalled € 17.5 billion.

Now, let's move on to the Financial Services segment. BMW Group Financial Services continued on its growth path in the first quarter. The focus remains on profitable new business and achieving a good balance between leasing and financing.

In the first three months, the segment concluded more than 410,000 new financing and leasing contracts with customers – 7.5% more than in the first quarter of last year. The volume of new business saw a solid increase to € 12.46 billion. BMW Financial Services managed a portfolio of 4.40 million customer contracts as per 31 March. This represents an increase of 8.1% over the previous year. The Asia/Pacific region again reported significant growth of 18.3%. The Americas and Middle East/Africa regions also achieved solid growth rates. In the EU Bank, the portfolio of customer financing contracts increased by 3.5%.
The penetration rate – the percentage of new BMW Group vehicles financed or leased by the Financial Services segment – reached 46.1% at the end of the quarter. This is an increase of 1.2 percentage points year-on-year. First-quarter pre-tax earnings climbed 2.0% to reach a total of €570 million.

The risk situation in the segment remained mostly stable from the previous year, in line with expectations. The premium segment of the European used-car market experienced a slight increase in prices in the first quarter. In North America, prices decreased slightly. The credit risk situation continued to improve. The credit loss ratio for the entire portfolio remained low, at 0.29%. We expect residual value and credit risks to remain stable for the current year. The segment takes a comprehensive, proactive approach to risk management and makes appropriate provisions for business risks.

Let’s move on to our Motorcycles segment. The segment continued on its successful course in the first quarter of this year, after a record year in 2015. In fact, BMW Motorrad had its best-ever start to the motorcycle season with sales growth of 7.7%. We delivered more than 33,000 BMW motorcycles to customers worldwide – the highest ever for a first quarter. Increases were posted mainly in Asia and Europe. The segment’s positive business development is backed by our strong model line-up. The long-distance enduro, the BMW R 1200 GS and its sister model, the BMW R 1200 GS Adventure, were in high demand in the first quarter. The BMW S 1000 RR and BMW S 1000 XR models were also very popular.

Segment revenues reached a record first-quarter high of €582 million – an increase of 2.6% over the previous year. EBIT for the same period decreased to €94 million, due to higher fixed costs for projects relating to strategy implementation. We continue to work intensively towards our ambitious targets for 2020 – and expect to see further positive development overall in the Motorcycles segment.
I would like to finish with a few words about the outlook for the company. The BMW Group will continue to target profitable, sustainable growth in 2016. We expect the positive business development of the first three months to continue over the course of the year.

We are committed to our targets for 2016 – assuming conditions remain stable for the rest of the year.

- The BMW Group is targeting a slight increase in pre-tax earnings for the full year.
- The Automotive segment is expected to report slight increases in both sales and revenues.
- The EBIT margin for the Automotive segment will remain within the 8-10% range.
- With attractive new models, we expect BMW Motorrad to report a slight increase in deliveries compared with the previous year.
- For Financial Services, we expect return on equity to remain on a par with last year – and therefore above our target of at least 18%.

I would like to emphasise that all our targets depend on stable political and economic conditions: Actual business performance may deviate from our present forecast if global economic and political uncertainties become even greater than expected.

Over the coming months and years, we will gradually be implementing our Strategy NUMBER ONE > NEXT. We are setting the course for the future with targeted investments in new technologies and drivetrains – and therefore in the competitiveness of the BMW Group. With its flexible structures and attractive model line-up, the company is well-positioned.
The BMW Group stands for innovation and financial strength. Our focus on globally balanced, sustainable growth allows us to offset fluctuations in individual markets and respond flexibly to changing conditions – especially in times of high volatility. Financial strength, attractive premium brands and products as well as high flexibility form a solid foundation for the long-term success of the BMW Group.

Thank you.