

Media Information
4 December 2017

- Check against delivery -

Statement

Dr. Nicolas Peter
Member of the Board of Management of BMW AG,
Finance

BMW Group Sneak Preview Model Year 2018 Strategy Update Munich, 4 December 2017

- Electro-mobility: More than 200.000 electrified vehicles delivered since launch of the BMW i3
- BMW i: Going forward, all electrified BMW models will be under the BMW i brand – naming rights from iX1 to iX9 secured
- Model offensive: 2018 will be the year of the X
- Mobility services: ReachNow starts in China with 100 BMW i3 cars

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Ladies and Gentlemen,

A warm welcome to the Sneak Preview for our model year 2018!

Before we show you the new models, I would like to give you an overview of how we at the BMW Group see the future of our industry.

You all know the principles our actions are based on:

- We take a long-term view.
- We set ourselves ambitious goals, and
- We let ourselves be measured against them.
- We don't just make promises – we deliver on them!

In 2016, we introduced our Strategy NUMBER ONE > NEXT. We are transforming into a tech company for premium mobility and premium services. We are gearing our business model to the demands of the future. Our sustainable profitability provides the basis for this. That is where we differ from the new players in the mobility sector.

We are leveraging our strong financial basis and are investing in the future.

Ladies and Gentlemen,

Exactly one year after NUMBER ONE > NEXT, we announced the biggest model offensive in our company's history at the 2017 Annual Accounts Press Conference. This year and next, we will release 40 new models onto the market. And that's without our motorcycles!

This model offensive is now well underway. It also means that new drive technologies are being systematically introduced to our portfolio.

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Our model offensive kicked off with the new BMW 5 Series. The new 5 Series is a good example of how we can offer a choice of variants and drive trains within a model series and meet different customer needs in different regions.

We have sold more than 300,000 BMW 5 Series by the end of November. In October, we reclaimed the top position in the relevant segment. We are rounding out our 5 Series range with the new M5 – for the first time also with xDrive. Its International Media Launch is just coming to an end.

At BMW, we have revised the 1 Series, 2 Series Coupe and Convertible and 4 Series over the course of the year. The new 6 Series Gran Turismo and the new X3 have been available since autumn. The X2 will follow shortly.

In our BMW i family, the i3 has also been updated: Orders are strong for the new sport version, the i3s, as well.

The new Countryman successfully completes the MINI line-up in the upper small car segment. At the same time, the plug-in hybrid version of the Countryman marks the electrification of MINI. We unveiled the first MINI battery-electric concept at the Frankfurt Motor Show.

BMW Motorrad has released 14 new and revised models this year – including the complete R nineT Series, the new G 310 GS and the K 1600 Bagger.

Rolls-Royce is gearing up for the eighth generation of the legendary Phantom.

In 2018, we will enter Phase II of our offensive.

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Ladies and Gentlemen,

The luxury segment is our “home turf”. We have felt at home here for quite some time. This segment is an engine for growth.

We have set ourselves a clear goal: We aim to expand our segment share in the luxury class significantly in the coming years. In this regard we strengthen our brands – and our financial basis.

Examples of this in 2018 include:

- the Rolls-Royce Phantom.
- the i8 Roadster.
- the 8 Series Coupé.
- the BMW M8.
- the X7.

Achieving success in the luxury segment is not just about the product line-up. It is also about being bold – and the correct positioning. The shared identity of our top BMW models is reflected in the new Bayerische Motoren Werke signet.

Much of our success comes from the letter “X”. We have sold almost five-and-a-half million BMW X vehicles since 1999. Today, about a third of BMW sales are X models. BMW is a pioneer and trailblazer in SAVs.

The segment is growing in all major global regions. That is why the timing is perfect for our largest-ever X-model offensive. 2018 will be the year of the “X”!

We plan to further increase the X share of our portfolio. That is why we have invested accordingly in our production capacities in the last several years.

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The X2 in the compact segment and the X7 in the luxury class are great examples of our X-offensive. The new X3 is entering its first full year. And the new X4 will also launch in 2018.

Systematic electrification of the successful BMW X family is an important step. The X5 is already available as a plugin-hybrid. In China we are producing an electrified longwheel-base version of the X1 for the local market. In 2020 we will launch the fully electric X3.

Going forward, all electrified BMW models will be under the BMW i brand.

I don't want to give too much away, but I can tell you that:

- We have not only secured the naming rights for BMW i – from i1 to i9.
- We also hold the rights for BMW X – from iX1 to iX9.

Ladies and Gentlemen,

You see: It's "full speed ahead" in 2018!

With new models we strengthen our financial basis. At the same time, we are investing in the future.

Our clear strategic focus is on electrification and autonomous driving.

These are the topics that will determine the future of the car. In 2018, we will press ahead with both in parallel. Because: We aim to remain the leader in both areas of technology.

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In the first nine months of 2017 alone, we have allotted more than 700 million euros more in research and development than in the previous year. Also in the next years we will make a lot of upfront investments. Our R&D ratio will further increase next year: from about 6% in 2017 to between 6.5 and 7% in 2018. After 2018, it will settle back down towards its current level.

We will deliver our 100,000th electrified vehicle before Christmas and therefore reach our goal for 2017. For 2018 we will set ourselves a new goal. You can measure our success on this basis.

We currently have 200,000 electrified vehicles on the roads: More than 90,000 of them are fully-electric BMW i3s. E-mobility remains a marathon. But, it is gaining momentum.

Our line-up of plugin-hybrids sets the benchmark. We have everything covered: from MINI in the small-car segment to the BMW 7 Series in the full-size luxury segment.

The next generation of electrified cars is already raring to go. The fifth generation of storage and battery technology will make e-mobility attractive for longer distances – and appeal to more and more customers. Thanks to the scalable electric modular systems, from the beginning of the next decade it will be possible to fit all model series with any drivetrain, according to demand.

The BMW i Vision Dynamics was our star at this year's Frankfurt Motor Show. With a range of 600 kilometres and 0 to 100 in four seconds it is a car with strong emotional appeal. Electro-mobility and BMW are the perfect fit.

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By 2025, we will offer 25 electrified models, including 12 fully-electric cars. Unlike some of our competitors, we do not include so-called mild hybrids in this number.

As you can see, we are not just a leader in electromobility today. We are also in an excellent position for the coming years. We will bring an all-electric MINI to the road in 2019. In 2020 we will launch the battery-electric version of the X3, followed by the iNEXT in 2021.

In the technology workshops, our experts have already explained how we are implementing this from a technical perspective.

Last week, we held the symbolic ground-breaking for our new Battery Competence Centre. We are investing 200 million euros in this project in the next four years. Around 200 employees will be working there.

For e-mobility to succeed, we also have to improve infrastructure. We see ourselves as a systems provider for e-mobility. That also includes charging at home and in public spaces:

- ChargeNow is the leading public charging service worldwide. By the end of the year, customers will have access to more than 130,000 charging stations in 29 countries.
- We also helped establish the European high-power charging network, IONITY.
- In 2018, we will introduce inductive charging with the BMW 530e iPerformance.

Ladies and Gentlemen,

The second major area of future activity is autonomous driving.

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We will also do this the BMW way: Autonomous means premium. Autonomous means safety.

We are working with strong partners. Together, we will advance autonomous driving at our new campus in Unterschleißheim, near Munich. There, more than 2,000 engineers will be working on the car of the future.

Our autonomous test vehicles are already in action around the world. A fleet of 40 BMW 7 Series will be on the roads at the end of the year – from Munich to California to Israel.

Partially-automated systems are already installed in our vehicles today. We are rolling these functions out across the fleet. In the BMW 5 Series, you can already take your hands off the wheel for a defined period of time. Being able to do that for as long as you want will be the next big step.

The BMW iNEXT will be highly automated, meeting level 3 standards. It will also be equipped for level 4 und 5 on a pilot basis.

Autonomous driving will not only change the driving experience. It will take the mobility experience to a whole new level.

Connected functions are the basis for autonomous driving. The display and operating concept with personalised information will play an important role. You can see the next generation of this in some of the vehicles here today.

We already launched the first ConnectedDrive services in the late 90s. Back then, we were a pioneer in connectivity. We now have 10 million connected vehicles on the roads.

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As of November, our customers can use Skype for Business and starting this December BMW Connected will also be integrated with the Google Assistant. Memo: From mid-2018 on Amazon Alexa will be available in all BMW and MINI models in the US, UK and Germany.

We are also expanding our mobility services.

Last week our service ReachNow was launched in China. Our parking services are already used by 13 million people. DriveNow is used by more than a million people. More than 16 million kilometres – over two million trips – have been driven on electric power in DriveNow i3s to date.

Digitalisation will also change how we work. We are consequently picking up speed. We will become more agile, anticipate better and become more adaptive. You can get an idea of this at our campus in Unterschleißheim. There, we are already using new working models, such as Large Scale Scrum, interdisciplinary teams and end-to-end processes.

We are organising our workplaces in this way – also at FIZ Future, where we broke ground recently.

Ladies and Gentlemen,

The BMW Group stands by its goals. We don't just talk the talk. We deliver!
You can rely upon this.

At the same time, we are maintaining the operational excellence of our core business. It lays the foundation for our transformation.

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More technology in the vehicle means higher costs as well. We are compensating for this through increased performance and efficiency gains.

- We are improving mix and pricing on the performance side.
- We are reducing complexity for our customers and minimising one-time costs.
- And we are streamlining our internal processes and structures.

We want to internally finance all relevant upfront investments. We decide ourselves the path we are taking.

We are on course to meet our goals for 2017 – despite the volatile environment and added challenges, such as the diesel debate in Germany.

We will remain a highly flexible, forward-looking company. That is why financial stability and health are so important to us. They will serve us well during our transformation into a tech company.

Thank you.

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CONSUMPTION AND EMISSION DATA.

- BMW i3: fuel consumption combined: 12,9 kWh; CO₂ emissions combined: 0 g/kg
- BMW i3s: fuel consumption combined: 14,3 kWh; CO₂ emissions combined: 0 g/km
- BMW i8 Coupé: fuel consumption combined: 1,9 l/100km; CO₂ emissions combined: 42 g/km; electric power consumption combined: 14,0 kWh/100 km
- BMW i8 Roadster: fuel consumption combined: 2,1 l/100km; CO₂ emissions combined: 46 g/km; electric power consumption combined: 14,5 kWh/100 km
- BMW M5: fuel consumption combined: 10,5/100 km; CO₂ emissions combined: 241 g/km
- BMW M760Li xDrive: fuel consumption combined: 12,8 l/100 km; CO₂ emissions combined: 294 g/km
- Rolls-Royce Phantom: fuel consumption combined: 13,9 l/100km; CO₂ emissions combined: 318 g/km

Fuel consumption figures based on the EU test cycle, may vary depending on the tyre format specified.

Further information on official fuel consumption figures, specific CO₂ emission values and the electric power consumption of new passenger cars is included in the guideline "Guideline for fuel consumption, CO₂ emissions and electric power consumption of new passenger cars", which can be obtained from all dealerships, from Deutsche Automobil Treuhand GmbH (DAT), Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen and at <http://www.dat.de>.