

Media Information  
12 May 2016

- Check against delivery -

**Statement**  
**Harald Krüger**  
**Chairman of the Board of Management of BMW AG**  
**96<sup>th</sup> Annual General Meeting of BMW AG**  
**Munich, Olympiahalle, 12 May 2016, 10.00 a.m.**

Ladies and Gentlemen,

100 years of Bayerische Motoren Werke – a century of bold decision-making, passion and pioneering spirit – a history built by exceptional people.

100 years of Bayerische Motoren Werke – an achievement we owe, first and foremost, to our customers, whose decision to buy our products lays the foundation for our success. I would therefore like to take this opportunity to thank all our BMW Group customers worldwide!

100 years of Bayerische Motoren Werke – more than anything, this is the achievement of our employees – from the date the company was founded in 1916 to the present day. In this, our centenary year, I would also like to thank all our current and former employees. Your hard work and dedication have made the BMW Group what it is today. We have been inspiring people and shaping the history of mobility for the past 100 years. I think that deserves a round of applause. Many of those employees are here with us today. I have been with this company myself for 24 years – so I know that our employees always give their very best – because:

- A passion for mobility is part of who they are.
- They identify with our vehicles and services.
- They create a little piece of the future every single day.

On 7 March, our production lines stood still, as nearly all our locations joined us live for the official celebration in the Olympiahalle. You just saw the scenes for yourselves. It was a fantastic occasion.



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 2

And the response was quite overwhelming: 50,000 people outside of the company watched the live broadcast. We also reached 13 million users through social media, such as Facebook and Twitter. We did not want it to be just a showcase of our past achievements. That is history. But a company's future is determined by – profitable growth, its innovative strength and competitiveness. That requires consistency and flexibility: From a manufacturer of aircraft engines and motorcycles to the world's leading manufacturer of premium automobiles to the leading provider of premium mobility and premium services.

That is the BMW way: past, present and future. We are on the threshold of a new era: a chance to seize the opportunities of digitalisation to take individual mobility into a new era. Take a look at our Vision Vehicle, the BMW VISION NEXT 100, which we presented in Beijing last week. It provides a glimpse of "Sheer Driving Pleasure" in the years beyond 2030 – sustainable, connected, and highly-automated. This vehicle embodies our philosophy perfectly: We are naturally proud of our tradition – but our sights are set firmly on the road ahead.

Our thinking and actions are geared towards the long term. That is something we have in common with you, our shareholders. That is the reason you invest in this company – and give us the support we need to implement change. In this way, you also contribute to the success of the company. Together, we can be proud of those 100 years of fortitude, passion and pioneering spirit.

On that note, I would like to welcome everyone joining us via internet, as well as everyone here in the Olympiahalle: A warm welcome to the 96<sup>th</sup> Annual General Meeting of BMW AG!

Dear Shareholders and Shareholder Representatives,  
Customers,  
Employees,  
Honoured guests!

I can assure you: your further support of the BMW Group is well worthwhile.



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 3

- 2015 was our sixth consecutive record year.
- In 2016, we will also be targeting new all-time highs.
- With our Strategy NUMBER ONE > NEXT we are setting the course for the coming years.
- Of course, our horizon extends much farther than that, to “The next 100 years”.

We have plenty of ideas for the future of this company.

The areas I would like to focus on today are:

1. A review of 2015 and our outlook for 2016, and
2. Our Strategy NUMBER ONE > NEXT.

Ladies and Gentlemen,

2015 was a successful year for the BMW Group. You are all familiar with the goals we set ourselves:

- Solid growth in both sales and Group earnings before tax.
- The leading position in the premium segment worldwide.
- An EBIT margin in the range between 8 to 10 per cent in the Automotive segment.

Our environment was characterised by intense competition, uneven markets and the debate over diesel technology. At the BMW Group, we deliver on our promises. We fulfilled our goals. Sales, pre-tax earnings and net profit for the year all reached new all-time highs. Here are the key financials compared with the previous year:

- Group earnings of over 92 billion euros – almost 15 per cent higher.
- Profit before tax of 9.2 billion euros – an increase of 5.9 per cent.
- Net profit of around 6.4 billion euros – a 10.0 per cent increase.
- EBIT margin in the Automotive segment of 9.2 per cent – and therefore within our target range.



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 4

- Financial Services segment: 1.9 billion euros – an increase of 14.6 per cent in earnings before tax, which means the segment remains profitable.
- Motorcycles segment: 179 million euros - an increase of 67 per cent in pre-tax earnings over the previous year.

One thing is certain: We have the resources to invest in our own future. At the end of 2015, our liquidity totalled more than 11 billion euros. In fact, your company has the highest credit rating of any automotive manufacturer in Europe.

This financial strength comes from a powerful source: Our strong and desirable premium brands. We delivered a total of 2.24 million vehicles to customers last year. This is an increase of 6.1 per cent over the previous year – and a new record. Our BMW, MINI and BMW Motorrad brands all posted new all-time highs; while Rolls-Royce continues to dominate its segment.

You – our shareholders – stand by us, and therefore share in the company's success. For 2015, the Board of Management and the Supervisory Board propose to use the unappropriated profit of BMW AG to issue a dividend. In the BMW Group's centenary year, you will receive the highest dividend in the history of the company:

- 3.20 euros per share of common stock
- 3.22 euros per share of preferred stock

That is 30 cents more than last year. The dividend rate has therefore increased by more than 10 per cent. For the first time, we are paying out more than two billion euros in dividends.

This means that almost 33 per cent of our net profit for the year will be distributed to you, our shareholders. The dividend yield for common stock stands at just over four per cent and just under five per cent for preferred stock.

BMW share performance is also relevant to you:



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 5

- In 2015, the BMW share price rose by 8.8 per cent.
- Over the past 10 years, it has gained over 70 per cent.
- And over a 20-year period, it has increased more than six-fold.

Since the start of the year, the BMW share price has decreased by over 20 per cent from its level at the end of 2015. The same principle applies to our share price: We do not focus on quarterly results. The BMW Group is successful over the long term because our employees are highly motivated.

Of course, they also benefit when the company performs well. That is what we call profit sharing. All our permanent employees in Germany will receive a profit-related bonus for 2015 – the highest we have ever paid. Our employees have earned it. It shows our appreciation for their efforts. And I also believe it is an important aspect of social fairness.

The company aims to continue its growth – and we are strengthening and enabling our team to do so. We spent more than 350 million euros on training and qualification in 2015. 1,500 young people started an apprenticeship with us in 2015. All in all, the BMW Group is currently training 4,700 young people – with new training facilities in Brazil, Mexico and Thailand. We hired more than 5,900 new employees last year. Today, our company employs almost a third more people than it did just five years ago. By the end of 2015, our headcount in Germany had increased by more than 4,300 compared with the previous year. Many of them were former temporary workers.

Your company is viewed as an attractive employer – especially in the age of digitalisation. The ranking compiled by the Universum agency is quite clear:

First place for the BMW Group across all industries in Germany. First place among all automotive companies worldwide.

Young people are looking for a global career – and the BMW Group is truly global. We serve customers in 140 countries worldwide. We operate 31 production sites in 14 countries. Our workforce reflects this world. More than



Media Information

Date 12 May 2016

Date

Subject Statement Harald Krüger

Subject

Chairman of the Board of Management of BMW AG

96th Annual General Meeting of BMW AG

Page

6

100 nationalities work here at our Munich location alone. Diversity is a source of enrichment for our company – and essential to maintaining our competitiveness. But globalisation must not be a one-way street.

That is one of the reasons we launched our “WORK HERE” initiative, which enables young refugees to spend several weeks at the company getting to know the world of work – each of them with their own mentor for support. A community depends on the contribution of each and every person. That is the key to successful integration.

Ladies and Gentlemen,

“perspective” is the real currency of the economy. And that takes investment. In 2015, research and development totalled almost 5.2 billion euros. This represents an increase of 13 per cent year-on-year, with an R&D ratio of 5.6 per cent of revenues. We expect the ratio for 2016 to remain at the same high level as in 2015.

Last year, we reported total capital expenditure of 5.9 billion euros, including capitalised development costs of around two billion euros. However, effective immediately, these costs are no longer included in the definition of our capex ratio. The target for this ratio is now less than 5 per cent of revenues. In 2015, this ratio would have stood at 4.2 per cent regarding the new definition. This new capex target will ensure even greater transparency.

We are investing in both new and existing locations.

- Production has begun at our new engine plant and foundry in Shenyang, China, which will build two additional models locally for our Chinese customers: the BMW 2 Series Active Tourer and the long-wheelbase version of the BMW X1. The X1 will also be available as a plug-in hybrid variant within this year. China remains a market with potential.
- In Mexico, preparations for construction of our new plant in San Luis Potosí are on track.

Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 7

- The US is home to our largest production location, Plant Spartanburg, which has undergone major expansion to meet growing demand for BMW X models.
- Germany is, and will remain, our home base. We are strengthening our production here and investing around 700 million euros in our main plant in Munich up to 2018. We are also expanding our FIZ Research and Development Centre. This demonstrates our strong commitment to Germany as a manufacturing location – and to our roots.

Industrial manufacture of highly-complex products is the main strength of the German automobile industry. Industry 4.0 will open up new opportunities for lean processes and enhancing quality. There are many jobs robots can perform with greater accuracy than humans to make working on the assembly line easier. Our production already combines the best of both worlds – the real and the virtual – in a state-of-the-art network that is both efficient and highly flexible. Innovative vehicles are rolling off the assembly lines at all our plants – with the new BMW 7 Series leading the way. It is our innovation driver. This vehicle showcases everything we are capable of at BMW today.

Let me give you three examples:

- The body has a core made of carbon. This is the first time so many different materials have been intelligently combined in a vehicle. As a result, the 7 Series weighs up to 130 kilograms less than its predecessor – which is quite a sensation in the luxury class.
- The new 7 Series is also the first vehicle to offer remote-controlled parking. It can drive itself into a garage or parking space – using just one of its many automated driving functions and assistance systems.
- Gesture control is another unique new feature. So, if you want to turn up the radio or answer the phone, all you have to do is move your hand.

Modern luxury caters to the highest demands. The new 7 Series has been widely acclaimed all over the world: In Germany, for example, it won the Golden Steering Wheel in the luxury class. Modern luxury is multifaceted. For the first



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 8

time, the new 7 Series will be offered as an M Performance Model – as requested by many of our customers – and also available with a plug-in hybrid drive train. Here, in front of the stage, you can see our 7 Series centenary model – one of only 100 built.

We are committed to meeting the European Union's CO<sub>2</sub> requirements from 2020 onwards. Therefore, more and more of the vehicles in our fleet come with a battery or plug-in hybrid drive train, building on our electro-mobility experience with BMW i. In addition to the new 7 Series and the Long-Wheelbase version, the 2 Series, 3 Series and X5 will also be available as plug-in hybrids. These are not just announcements: These five BMW models with plug-in hybrid drivetrain will be in showrooms this summer. No other manufacturer offers its customers this kind of variety – from the compact segment to the luxury class. One name encompasses all our plug-in hybrids: BMW iPerformance.

The new MINI Cabrio has been available since March. Rolls-Royce also has a new convertible, the Dawn – which is a real dream car. Our BMW Motorcycles segment will continue its successful course. BMW is currently the world's most successful premium manufacturer of motorcycles and maxi-scooters. Our offering is broader and more individual than ever. The R NineT Scrambler – a true lifestyle motorcycle – was launched in the spring. In the second half of the year, we will be entering into the smaller-capacity segments below 500 cc for the first time.

Ladies and Gentlemen,

We have a young and attractive product line-up. Premium is our promise. In our 2016 centenary year, we aim to sell more vehicles than ever before. We are also targeting a new all-time high for Group pre-tax earnings. Both figures are expected to be slightly higher than last year. The EBIT margin in the Automotive segment should remain within our target range of 8 to 10 per cent – assuming conditions remain stable.



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 9

According to the forecasts for 2016:

- The global car market will show positive growth.
- The premium segment will expand, and
- New car registrations will increase in major sales regions.

All of this gives us reason for optimism. After the first quarter, we are on track for the full year. We have always stressed that our centenary is a springboard to the future. This brief film will give you an idea of what lies ahead.

Ladies and Gentlemen,

Our world is changing: We are seizing this opportunity to transform the BMW Group into a high-tech mobility company. And that brings me to the second part of my speech: Our Strategy NUMBER ONE > NEXT. Since 2007 and the introduction of Strategy Number ONE, your company has grown to a new level. But our world continues to change and mobility has reached a turning point. The following areas will be critical for us in the future:

- Digitalisation.
- Changing customer interfaces.
- Established and new competitors.
- Operational excellence in all that we do.
- Increasingly strict legal requirements.
- And, of course, volatility is a constant.

To this end, we have updated our Strategy Number ONE to include both evolutionary and disruptive elements. Both are encompassed in the name NUMBER ONE > NEXT. We have set ourselves two specific target points: 2020 and 2025. The BMW Group is leading the way. The arrow symbolises the current dynamic momentum. Everything is moving faster – and so are we. This means we need to think much more outside the box.

Our new vision is to be Number ONE. We combine passion, responsibility and success. We deliver the most emotional products and most attractive services.



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 10

We aim to offer the best customer experience with the most desirable brands in the premium environment.

There are six reasons why we will stay NUMBER ONE:

- Brands and design.
- Products.
- Technologies.
- Customer experience and services.
- Digitalisation and
- Profitability.

I would like to say a few words about each.

First: brands and design. We want to maintain our design leadership – especially since design remains the number-one reason for buying premium. In the future, we will assess our product line-up more from an overall Group perspective. A Group-wide orchestration of all brands and models is the key to overall success.

Second: products. We will be expanding our product portfolio in all brands and all segments, including:

- Market leadership for BMW in the upper segments.
- Expansion of the BMW M programme.
- Expansion of the BMW i family.

Our large models strengthen the premium positioning of the BMW brand. We will be introducing an additional BMW model in the luxury class. There will also be a strong new addition to the successful BMW X line-up in 2018, with the X7. Rolls-Royce is also planning a new model with the project name Cullinan. High demand and profitability converge at BMW M, where sales have almost quadrupled since 2010. Now, we will continue to expand BMW M, with new M and M Performance models, including the M2 Coupé, which came out in April. The new M4 GTS was released in a limited edition.

Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 11

Sheer Driving Pleasure has many different faces – and the high-performance sector has a lot of fans worldwide.

As you can see: We are growing in high-margin segments. This evolution will ultimately continue to pay for revolution over the coming years. Since 2013, revolution in automotive engineering has been all about the electric BMW i3. So, let's take a look at our expansion of BMW i. We have sold more than 50,000 i vehicles to date. But BMW i is more than just a car. BMW i attracts new customers to BMW. BMW i provides access to electro-mobility: 20 per cent of our DriveNow car-sharing fleet is already electric. I have always emphasised that electro-mobility is a marathon, not a sprint. We are further expanding the BMW i line-up. In just a few weeks, we will offer an i3 with 50 per cent more battery capacity. In 2018, we will launch a BMW i8 Roadster. This will be followed in 2021 by the BMW i NEXT, our new innovation driver, with autonomous driving, digital connectivity, intelligent lightweight design, a totally new interior and ultimately bringing the next generation of electro-mobility to the road.

The discussion about e-mobility is an emotional one, but the decisive factor is that we move things forward. I am certain that government measures will prove effective. It is always better to make a decision than to wait – and the purchase incentive will directly benefit customers. There was never any doubt that we would participate. Such a participation by the industry is unique worldwide. After all, the only way to make progress is by manufacturers, customers, lawmakers and society all working together.

The future belongs to sustainable mobility – which we regard as both our duty and obligation. We will continue to chart our own course. It is still unclear which drivetrain will prevail, but we are prepared: We are optimising the combustion engine with Efficient Dynamics NEXT, in which efficient diesel engines will continue to play an important role. At the same time, we are electrifying our vehicles – focusing on battery power for short distances and fuel cells for longer trips. In this area, we are working closely with our partner, Toyota.



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 12

The technologies of the future also include:

- Enhanced connectivity.
- The use of artificial intelligence, and
- The development of autonomous driving.

Our top priority is vehicle safety and the security of our customers' personal data – something that distinguishes us from other providers. People often ask me, when will we be driving autonomously? My answer is: We already can. A BMW test vehicle autonomously completed a lap of the Hockenheimring racetrack back in 2006. In 2011, a BMW drove on the A9 autobahn from Munich towards Nuremberg – without any driver intervention. It will be a while before these cars reach series maturity – also because the proper legal framework for customers and manufacturers has not yet been decided.

Our goal is already clearly-defined - to be Number ONE in autonomous driving. However, with us, the customer always decides – because Sheer Driving Pleasure also means: freedom to choose. When do I hand over control? When do I drive myself? Autonomous driving depends on highly accurate real-time maps and data. In 2015, we paved the way for this when we joined with partner companies to acquire map service HERE from Nokia.

Digitalisation is a core element of our strategy. It is not only changing driving, but also our business processes and the customer experience. Mobility services have been part of our business model for a long time.

Our car-sharing service DriveNow is growing in Europe, with almost 580,000 registered users by the end of 2015. We recently launched ReachNow in the US, based on the DriveNow model. It got off to a great start in Seattle – with around 13,000 members registering in the first month alone.

Digitalisation helps us satisfy customer needs. In the future, we want to provide appropriate products and services to support our customers throughout all stages of their lives.

Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 13

All of these plans depend on one thing: profitability. We are investing – in vehicles, technologies, locations and new business segments. Nevertheless, we are still targeting an EBIT margin in the Automotive segment of between 8 and 10 per cent. We are improving our productivity and operational excellence through initiatives to enhance profitability in all divisions. Our aim is to reduce both costs and complexity.

Ladies and Gentlemen,

Our strategy is only as strong as the commitment we put into it. We have defined five values to guide our cooperation within the company: Responsibility, appreciation, transparency, trust and openness. These values create a sound foundation for mastering future challenges and provide orientation in a dynamic world.

In the automotive industry, a certain amount of valuable trust has been lost. At the BMW Group, we have strong values. We do not manipulate. Starting in 2017, fuel consumption and emissions will be measured under realistic conditions. We have supported the introduction of new test cycles from the very beginning. That is the only way to rebuild trust.

Dear Shareholders,

100 years of Bayerische Motoren Werke – because we are constantly evolving. Because we view change as an opportunity. Because perspective is more important to us than the here and now.

We are shaping the mobility of the future. That is our vision. The way I see it, it is ultimately about inspiring people and making their mobility safer and more pleasant. It has been a year now since I took over as Chairman of the Board of Management. It has been an exciting and eventful year, and I would like to thank you all for the trust you have placed in me.



Media Information

Date 12 May 2016

Subject Statement Harald Krüger  
Chairman of the Board of Management of BMW AG  
96th Annual General Meeting of BMW AG

Page 14

An important milestone deserves to be celebrated. Visit our “100 Masterpieces” exhibition at the BMW Museum. And join us for the BMW Festival from 9<sup>th</sup> to 11<sup>th</sup> September in the Olympiapark.

Our centenary year is the starting point for the BMW Group’s next 100 years. And you, our shareholders, are accompanying us on that path into the future. Continue to stand at our side! I assure you: It will be worth it.

Thank you for your attention.