BMW GROUP IN CHINA

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PRESIDENT & CEO BMW GROUP REGION CHINA

OCTOBER 19, 2012
CONTENTS.

– Market review
– The BMW business model
– Outlook
ECONOMIC DEVELOPMENT HAS BEEN SUPPORTED BY GROWING URBANIZATION IN CHINA.

350 million people will be added to China’s urban population by 2025 (more than the population of the United States today)

Source: National Bureau of Statistics of China
CHINA GDP GROWTH IS COOLING DOWN.

China GDP growth (2010~2012 YTD)

Source: National Bureau of Statistics of China
ALL CITY TIERS SHOW CONTINUED GROWTH WITH ESPECIALLY STRONG DEVELOPMENT IN THE LOWER CITY TIERS.

GDP growth and GDP per capita of different city tiers in 2007 and 2011

Source: National Bureau of Statistics of China, SIC analysis
CAR DENSITY DIFFERS BETWEEN REGIONS AND CITY TIERS IN CHINA.

PV Ownership per 1000 people in 2011

PV Ownership per 1000 people by city tier in 2011

China national average: 44

Tier 1 Tier 2 Tier 3 Tier 4 Tier 5 EU US

126 94 54 28 20 480 418

US
EU

> 150 units
50~150 units
30~50 units
< 30 units

Source: National Bureau of Statistics of China, SIC estimate

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PV MARKET GROWTH SLOWED, BUT CONTINUED STRONG PLUS SEGMENT GROWTH.

PV Market Growth

Plus Segment Growth

Source: sales data
CHINESE CUSTOMERS ARE GETTING WEALTHIER AND ARE WILLING TO SPEND – ON LUXURY.

Population with assets valued over 1 Million Dollars in China
(Unit: ‘000)

<table>
<thead>
<tr>
<th>Year</th>
<th>Value</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>825</td>
<td>+6%</td>
</tr>
<tr>
<td>2010</td>
<td>875</td>
<td></td>
</tr>
<tr>
<td>2011</td>
<td>960</td>
<td>+10%</td>
</tr>
</tbody>
</table>

Ranking of luxury goods consumption

1. Japan
2. China
3. US
4. ...

China to overtake Japan as the world's top luxury goods market in 2012.

Source: Hurun Wealth Report 2011, The Economist
BMW & MINI HAVE SUCCESSFULLY DEVELOPED OVER THE YEARS, OUTPERFORMING THE PREMIUM SEGMENT’S GROWTH.

BMW Group Sales Development (2007-2011)

Premium segment CAGR: 41%

- We will sell the 1 millionth BMW in 2012 Q4
- We surpassed 2011 FY in September 2012

Source: sales data
2012 YTD SEPTEMBER MARKET STATUS. BMW GROUP HAS OUTPERFORMED THE PREMIUM SEGMENT.

Total passenger car market

- 2011 YTD Sep: 8,735 '000 Units
- 2012 YTD Sep: 9,432 '000 Units
- +8%

Premium segment

- 2011 YTD Sep: 704 '000 Units
- 2012 YTD Sep: 894 '000 Units
- +27%

BMW+MINI

- 2011 YTD Sep: 178 '000 Units
- 2012 YTD Sep: 237 '000 Units
- +34%

Source: sales data
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BMW IN CHINA.
OUR GROWTH PATH.

**BMW China milestones**

- **1994** Opening BMW Rep. Office
- **2003** Start of JV Production
- **2005** Opening E-office
- **2005** Establishment National Sales Company
- **2006** Opening International Purchasing Office
- **2006** Opening BMW Training Center
- **2009** Plant Phase II signing
- **2010** Groundbreaking Plant Phase II
- **2010** Business commencement
  - Auto Finance
- **2010** Business commencement
  - National Sales Company
- **2012** New Tiexi Plant: Start of Production
- **2012** New Designworks studio
- **2012** Announcement of new engine plant to be built in the next few years
- **2012** New engine assembly

**Main Locations**

- **Beijing**
  - NSC / Reg. Office
- **Shenyang**
  - BMW Brilliance Automotive
- **Chengdu**
  - Reg. Office
- **Guangzhou**
  - Reg. Office
- **Shanghai**
  - Reg. Office
- **Taiwan**
  - Importer: Pan German Motors
- **Hong Kong**
  - Importer: BMW Concessionaires (HK) Limited
MULTIPLE ENTITIES, ONE FACE TO THE CUSTOMER.

BMW Brilliance Automotive Ltd.

BMW China Automotive Trading Ltd.

BMW Automotive Finance Ltd.
BMW PRODUCT LINEUP. MOST BMW GROUP PRODUCTS ARE ALREADY OFFERED IN CHINA.

Locally-produced

Imported
MINI PRODUCT LINEUP.
EXCITING MINI PRODUCTS IN CHINA.
LOCALIZED PRODUCT LINEUP.
SIGNIFICANT PRODUCT UPDATES.

THE 2013 5 SERIES LONG WHEELBASE

International Engine of the Year Awards 2012
Best 1.8-2.0L Engine
LOCALIZED PRODUCT LINEUP.
EXCELLENCE OF ALL-NEW 3 SERIES.

Launched on July 13th, 2012

- Standard wheelbase - The genuine sports sedan
- Sport Line
- Extended wheelbase - The luxurious sports sedan
- Luxury Line
- Modern Line
- Space and Functionality.
- BMW EfficientDynamics.
- BMW ConnectedDrive.
- Driving Dynamics.
- Premium Features.
LOCALIZED PRODUCT LINEUP. SIGNIFICANT PRODUCT UPDATES.

– BMW is the pioneer of this segment: X1 launched at the end of 2009
– Sales of locally-produced model since March 3, 2012
– BMW is ready to launch the new X1 in late 2012

Media Feedback:
– BMW X1 is equipped with the new and advanced BMW technology such as Twinpower Turbo engine, 8-speed automatic gearbox, xDrive, etc.
PRODUCT UPDATED.
7 SERIES LCI.

– Elegant and sophisticated appearance
– Interior: sheer luxury and best-in-class noise insulation
– Pneumatic suspension with new chassis
– Even more efficient and powerful
– BMW ConnectedDrive
THE NEW iDRIVE WITH TOUCH PAD AND NEW CONNECTED DRIVE FEATURES.

New iDribe with touch pad and next generation navigation system

![Image of navigation system](image1)

New Navigation Professional with Real Time Traffic Info (RTTI) via integrated phone module

![Image of RTTI](image2)

New Internet based functions

- BMW Online
- Baidu Map search
- POI Send to car
UNDERSTANDING THE DIVERSE CUSTOMER BASE.

- In 2011, BMW’s conquest rate is the highest in the market
- The average age of BMW customers is 36 years
COMPETING WITH SUBSTANCE. PRESENTING THE BEST QUALITY TO CUSTOMERS.

“Customer journey” starting from handover

Car usage training after purchase

Intensive CRM training & coaching for “customer-facing staff”

Keep long-term relationship with customers by regular follow-up
BMW CHINA’S 5S CONCEPT WON POSITIVE FEEDBACK FROM THE MEDIA.

- Beijing Xingdebao, as the 1st brand new 5S dealership, opened in June and is the 1st LEED GOLD project in the worldwide BMW dealer network
- The concept of 5S is well-perceived by dealers and media, and additional 5S dealerships will be opened during 2012
CONSISTENT EXPERIENTIAL MARKETING ACTIVITIES STARTING 2005 AND CONTINUING INTO THE FUTURE. 40,000 DIRECT PARTICIPANTS IN 2011.

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BMW WARM HEART FUND CONTINUES TO BUILD ON ITS SUCCESSES.

BMW China Corporate Social Contribution

Cultural Promotion:
– BMW China Culture Journey

Educational Support:
– BMW Children’s Traffic Safety Education, BMW JOY Home, BMW Light Up Hope Program

Environmental Protection:
– BMW Green Tree Program

Social Care:
– Emergency Relief

WHF social care: Yushu, Qinghai visit
BMW JOY Home Children Drawing
BMW LEADS AMS CHINA BEST CARS 2012 SURVEY.

– Best Cars Brand: BMW is NO.1 in 4 main categories out of 13:
  – Advanced Technology
  – Environmental Friendly Cars
  – Good Looks/ Styling
  – Overall, I Like This Brand

– Best Cars 2012: 5 series and Clubman are category winners

Best Domestic Upper Mid-sized Car

Best Sub-compact Car

5 Series

Mini Clubman
FOCUS ON QUALITY AND A HEALTHY BUSINESS MODEL IN THE CHINESE MARKET.

Localization

Products

Customer Orientation

Brand-building

Partners

People

Continuously outperforming the Premium segment in terms of volume while maintaining price leadership against our competitors
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BUOYANT OUTLOOK ON CHINA DESPITE SHORT-TERM CONSOLIDATION.

China is accelerating the transformation of the pattern of economic development and heading to make economic development more sustainable and efficient.

**China GDP growth**

- 2011: +9.2%
- 2012 H1: +7.8%
- 2012 FC: -7.5~8.0%

**Risks to China’s growth**

- Global economy is not picking up and export growth might remain weak
- Domestic demand rising slower than expected
- Real estate market cooldown
- Increase in trade disputes

1 forecast from UBS, Morgan Stanley, CICC and HSBC

Source: states statistic bureau, IMF, World Bank, Economist
CONTINUED MOMENTUM FOR THE PREMIUM SEGMENT.

Premium segment development

Premium segment: Global Insight forecast

CAGR: +19%

Source: sales data, Global Insight
THE NEW TIEXI PLANT AND ENGINE PLANT – EXPANDED CAPACITY UTILIZING WORLD-CLASS TECHNOLOGY.

New Tiexi Manufacturing Plant

- “Cleanest” production within BMW Group (Benchmark comparison 2011)
- Till the end of 2013 the capacity in Tiexi will increase to 200,000 vehicles per year

New Engine Plant

- The second engine plant to raise production capacity to 400,000 units/year
- The first phase starts construction in 2013, with production to start in 2015
BMW IS WELL-POSITIONED TO MEET FUTURE REGULATIONS THROUGH ADVANCED FUEL-SAVING TECHNOLOGIES.

With BMW EfficientDynamics, Active Hybrid and BMW i, we are in a good position to meet future emissions and fuel consumption regulations in China.
FUTURE MOBILITY ENGINEERED TODAY. PERSISTENT PURSUIT OF SUSTAINABLE DRIVING.

1st Premium brand to launch E-Vehicle in China

Proactive national marketing communication

Active relationship with Chinese Government

Pioneering sustainable dealerships – 5S concept
BMW continues to invest in multiple drivers for balanced profit growth.

BMW sees long-term growth opportunities and will continue to invest

- Aftersales
- Used Car Business
- Financial Services

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THE PROVEN “BMW MODEL” WILL ENSURE OUR CONTINUING BRIGHT FUTURE.