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BMW Group to continue its successful course in 2007

Best year in company's history expected in operating terms
Sales volume expected to rise to new record level

Munich. The BMW Group plans to continue its successful business course in 2007, following the new high revenues and earnings figures posted in 2006. "The current year should be the best year in the company's history in operating terms. Excluding the one-off gain on the Rolls-Royce exchangeable bond, we plan to beat the record pre-tax profit achieved in 2006", stated Norbert Reithofer, the Chairman of the Board of Management of BMW AG at the BMW Group Annual Accounts Press Conference on 14 March 2007 in Munich.

The BMW Group is also aiming to achieve a new sales volume record for each of its brands - BMW, MINI and Rolls-Royce. "Overall for 2007, we expect a sales volume growth in the higher single-digit percentage range," continued Reithofer. Unfavourable currency effects and high raw material prices will, however, continue to have an impact on business performance for the current year, albeit to a lesser degree than in the previous year. The BMW Group will offset this by continuous productivity and efficiency enhancement measures and by the sales volume growth targeted for 2007.

Sharp increase in earnings for the financial year 2006

Despite the difficult conditions facing the worldwide automobile industry, the BMW Group can look back on a successful financial year 2006. A combination of sales volume growth, a more favourable model sales mix and efficiency improvements enabled the company to a large extent to offset the substantial adverse impact of foreign exchange fluctuations and high raw material prices. The profit before tax rose by 25.5% to euro 4,124 million (2005: euro 3,287 million). This includes the one-off gain (euro 372 million) referred to above which arose from the exchangeable bond on the BMW Group's investment in the British aero engine manufacturer, Rolls-Royce plc. At an operating level (i.e. excluding the exceptional gain on the bond), the pre-tax profit improved by 3.0%.

The net profit rose by 28.4% to reach a new all-time high level of euro 2,874 million (2005: euro 2,239 million). Earnings per share improved to euro 4.38 (2005: euro 3.33) per share of common stock and to euro 4.40 (2005: euro 3.35)

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per share of preferred stock. Group revenues increased by 5.0% to euro 48,999 million (2005: euro 46,656 million) on the back of a strong sales volume performance and continued strong growth in the financial services business. The pre-tax return on sales increased to 8.4% (2005: 7.0%).

Sharp increase in dividend proposed

In the light of the high level of profitability and the positive outlook, the Board of Management and the Supervisory Board will propose a significant dividend increase at the Annual General Meeting to be held on 15 May 2007. Should the proposal be accepted, the unappropriated profit of BMW AG available for distribution totalling euro 458 million will be used to pay a dividend of euro 0.70 for each share of common stock (2005: euro 0.64) - an increase of 9.4% over the previous year - and euro 0.72 for each share of preferred stock (2005: euro 0.66) - an increase of 9.1% over the previous year. Including the share buy-back, BMW AG's shareholders will therefore participate in the success of the BMW Group by receiving an aggregate amount in excess of euro 700 million.

New authorisation for share buy-back to be proposed

The Board of Management and the Supervisory Board of BMW AG will propose a resolution at the Annual General Meeting to authorise the buy-back of up to 10% of the Company's share capital. The authorisation, if resolved, will again be valid for a period of 18 months. The buy-back authorisation passed in the previous year is valid until 15 November 2007. It has not yet been decided whether or to what extent that authorisation will be applied to buy back further shares.

Automobile segment earnings up despite adverse currency effects

The profit before taxes of the Automobile segment for the financial year 2006 improved by 1.2% to euro 3,012 million (2005: euro 2,976 million) despite the adverse currency effects and high raw material prices referred to above. Segment revenues increased by 4.2% to euro 47,767 million (2005: euro 45,861 million), growing at a slightly faster pace than sales volume.

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The total number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers in 2006 increased by 3.5% to 1,373,970 units (2005: 1,327,992 units).

BMW, MINI and Rolls-Royce brands each at the top of their respective segments in 2006

All three brands – BMW, MINI and Rolls-Royce – headed the market in their own segments in 2006. The number of BMW brand cars sold increased by 5.2% to 1,185,088 units (2005: 1,126,768) units. Sales of the BMW 1 Series rose by 1.6% to 151,918 units. The BMW Group's best-selling car, with 508,479 units sold, was the 3 Series, registering a sharp rise of 17.1%. The sales volume of the 5 Series grew by 1.7% to 232,193 units. The number of 6 Series vehicles sold was down by 6% to 21,947 units. In the luxury class, the sales volume of the 7 Series edged up by 0.3% to 50,227 units. The X3 again recorded strong growth, with the number of Sports Activity Vehicles increasing by 3.0% to 114,000 units.

The sales volume of X5 was down by 25.8% to 75,321 vehicles due to model-life cycle factors. The second generation of this successful model became available in the USA in November 2006, and after coming onto the markets in Europe in March, should generate a sharp sales volume increase. With its new and revised models, the Z4 also registered growth in 2006, with the sales volume advancing by 7.5% to 30,981 units.

Restricted availability caused by capacity extension measures at the Oxford plant meant that the sales volume of the MINI decreased by 6.2% to 188,077 units (2005: 200,428 units). The MINI brand continues to generate a very high-value product mix. Including the convertible versions, almost 44% of customers opted for the MINI Cooper. More than 30% purchased the MINI model with the most powerful engine (the MINI Cooper S) and almost 26% opted for the MINI One.

The second generation of the MINI was launched on the European markets on 18 November 2006. The sales volume of the MINI should pick up sharply in the current year and exceed the previous high level registered in 2005.

Rolls-Royce Motor Cars recorded a small increase in sales volume, with 805 Phantom sold in 2006 (2005: 796 units /+1.1%). Since the Rolls-Royce marque

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was launched in 2003 within the BMW Group, it has succeeded in increasing sales volume for the third time in succession. The Rolls-Royce model range continues to expand, the latest addition being the two-door Phantom Drophead Coupé presented at the Detroit Motor Show. Production of this vehicle is planned to start at the Goodwood plant in summer 2007.

Motorcycle business continues to perform well

The Motorcycle segment's earnings performance again made good progress in 2006, primarily on the back of sales volume growth and efficiency improvements. The segment profit before tax increased by 10.0% to euro 66 million (2005: euro 60 million). Thanks to the on-going product initiative, segment revenues increased by 3.4% to euro 1,265 million (2005: euro 1,223 million). For the first time, the annual sales volume figure surpassed the 100,000 mark, rising by 2.7% to reach 100,064 units (2005: 97,474 units).

Financial Services still on growth course

The Financial Services segment continued to improve earnings in 2006. At euro 685 million, the segment's pre-tax profit rose by 13.2% (2005: euro 605 million) despite the higher level of refinancing costs. Revenues grew by 17.8% to euro 11,079 million (2005: euro 9,408 million). At the year-end, 2,270,528 lease and financing contracts were in place with dealers and retail customers, representing an increase of 8.8%. The proportion of new BMW and MINI cars financed by the Financial Services segment increased to 42.4% (2005: 41.1%).

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Capital expenditure increased

In 2006, the BMW Group invested primarily in the further expansion of its production and sales networks. Capital expenditure was increased by 8.0% to euro 4,313 million (2005: euro 3,993 million). As a result of the higher level of up-front expenditure for new models, capitalised development costs recognised as assets in accordance with IFRS went up by 10.0% to euro 1,536 million (2005: euro 1,396 million). Capital expenditure for property, plant and equipment and other intangible assets increased by 6.9% to euro 2,777 million (2005: euro 2,597 million), partly in connection with the expansion of the production network.

The capital expenditure ratio (i.e. the ratio of capital expenditure to group revenues) increased slightly in 2006 and stood at 8.8% (2005: 8.6%).

Car production volume at all-time high

The BMW Group's car production volume was also at an all-time high in 2006. In total, 1,366,838 BMW, MINI and Rolls-Royce brand cars were manufactured in 2006, up by 3.3% (2005: 1,323,119 units). The BMW brand accounted for 1,179,317 cars, representing an increase of 5.1% over the previous year. Capacity expansion measures at the Oxford plant resulted in the number of manufactured MINI brand vehicles falling by 6.7% to 186,674 units. In addition, 847 Rolls-Royce Phantom left the Rolls-Royce plant in Goodwood, 22.4% more than one year earlier.

Car sales volumes above previous year's level in virtually all markets

The USA continued to be the market with the largest sales volume for the BMW Group, with a total of 313,921 cars sold in the past year, up by 2.1% on a year-on-year basis. A total of 816,829 cars was sold in Europe, 1.7% more than in the previous year. Germany remained, by far, the most important European market. However, due partly to the restricted availability of the MINI, the sales volume on this market was down by 2.8% to 287,715 vehicles. The BMW Group recorded its largest growth rates in Asia. In total, the sales volume there rose by 13.0% to 142,084 units. Japan is the largest single market for the BMW Group in this

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region, with the number of cars handed over to customers up by 5.6% to 62,115 units.

Workforce marginally higher than in the previous year

The number of employees increased slightly during the past year. At the end of 2006, the worldwide workforce comprised 106,575 employees, an increase of 0.7% (31 December 2005: 105,798 employees). Approximately 75% of the workforce is employed in Germany, where the number of employees remained practically unchanged.

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The full Annual Report for 2006 is available for download at www.bmwgroup.com.

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The BMW Group – an Overview

		2006	2005	Change in %
Vehicle production				
Automobiles		1,366,838	1,323,119	3.3
Thereof:				
BMW	units	1,179,317	1,122,308	5.1
MINI	units	186,674	200,119	-6.7
Rolls-Royce	units	847	692	22.4
Motorcycles	units	103,759	92,012	12.8
Deliveries to customers				
Automobiles		1,373,970	1,327,992	3.5
Thereof:				
BMW	units	1,185,088	1,126,768	5.2
MINI	units	188,077	200,428	-6.2
Rolls-Royce	units	805	796	1.1
Motorcycles	units	100,064	97,474	2.7
Workforce at the end of the year¹				
		106,575	105,798	0.7
Operating cash flow				
	euro million	5,373	6,184	-13.1
Revenues				
	euro million	48,999	46,656	5.0
Capital expenditure				
	euro million	4,313	3,993	8.0
Profit before tax				
	euro million	4,124	3,287	25.5
Thereof:				
Automobiles	euro million	3,012	2,976	1.2
Motorcycles	euro million	66	60	10.0
Financial Services	euro million	685	605	13.2
Reconciliations	euro million	361	-354	-
Income taxes				
	euro million	1,250	1,048	19.3
Net profit				
	euro million	2,874	2,239	28.4
Earnings per share²				
	euro	4.38/4.40	3.33/3.35	31.5

¹ figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time arrangements and low wage earners

² earnings per share in accordance with IAS 33 for common and preferred stock shares

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