

BMW Group.

Financial Analysts´ Meeting.

March 19, 2008

Dr. Michael Ganal

Member of the Board of Management of BMW AG,
Finance

BMW Group

Rolls-Royce
Motor Cars Limited



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Agenda.

- **Review of 2007**
- Outlook for 2008
- Status of the Profitability-Improvement Program

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2007 Overview.

- Group revenues rise 14.3% to 56 billion euros.
- Group profit before tax totals 3,873 million euros.
- Net of the effect of the Rolls-Royce exchangeable bond, the Group profit before tax advances 0.6%, despite negative external effects.
- Profit before the financial result amounts to 4,212 million euros.

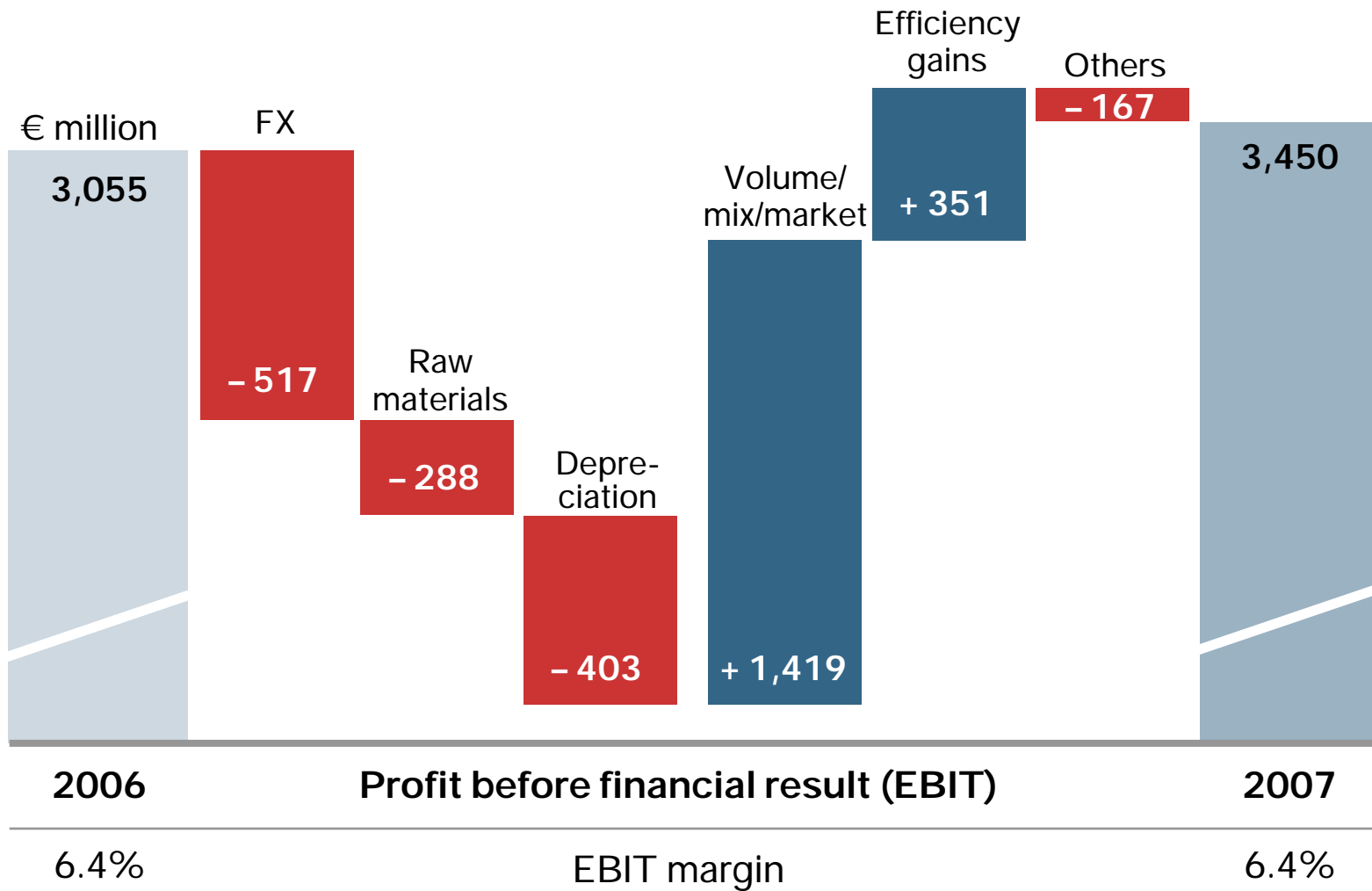
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Automobiles Segment—Overview.

€ million	2007	2006	Change in %
Revenues	53,818	47,767	+ 12.7
EBIT	3,450	3,055	+ 12.9

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Effects on Automobile Profit.



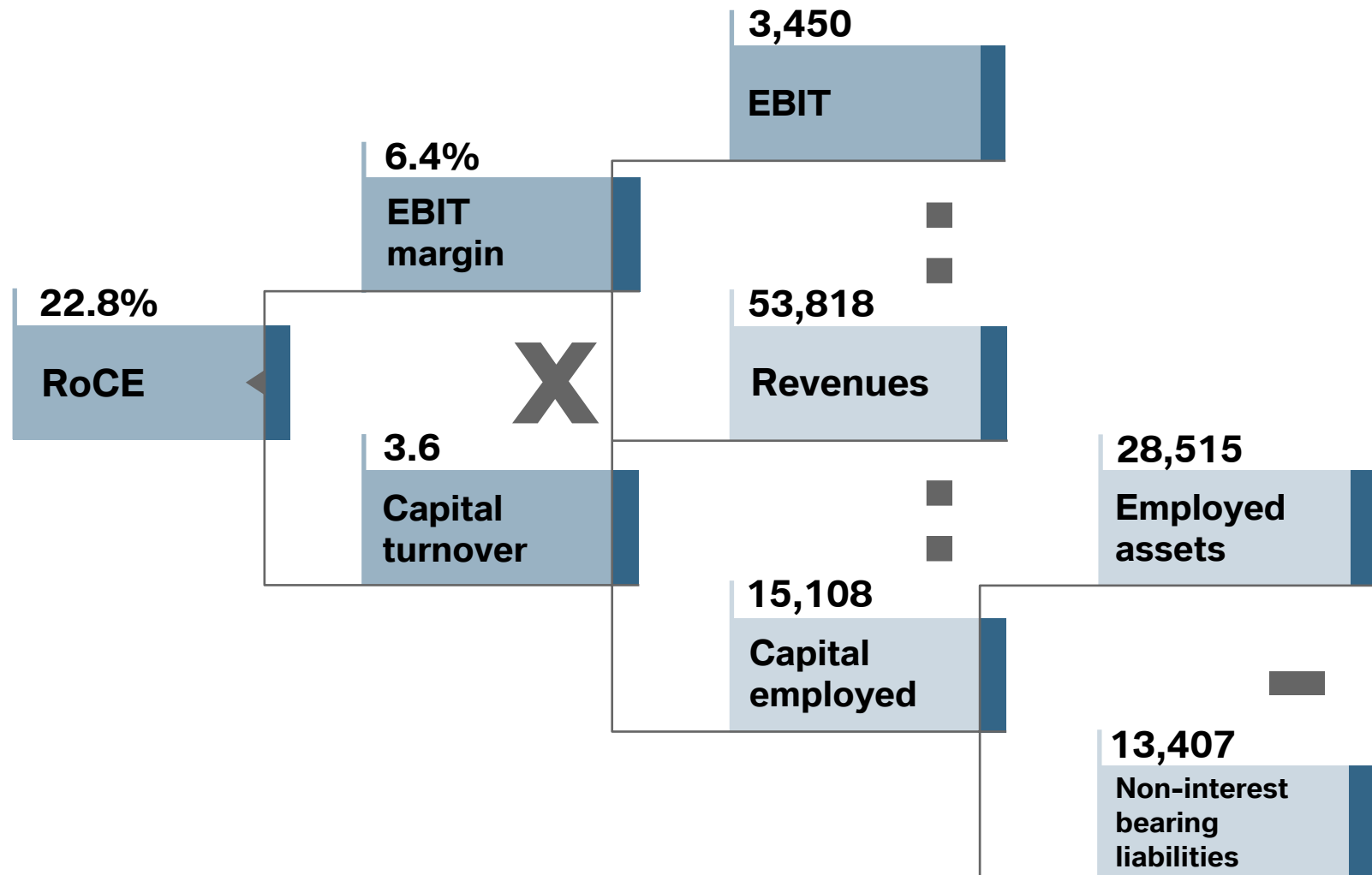
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Automobiles Segment—Overview.

€ million	2007	2006	Change in %
Revenues	53,818	47,767	+ 12.7
EBIT	3,450	3,055	+ 12.9
EBIT margin (in %)	6.4	6.4	-
RoCE (in %)	22.8	21.7	+ 5.1

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Automobiles Segment—Return on Capital Employed.



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Motorcycles Segment—Overview.

€ million	2007	2006	Change in %
Revenues	1,228	1,265	- 2.9
EBIT	80	75	+ 6.7
EBIT margin (in %)	6.5	5.9	+ 10.2
RoCE (in %)	18.2	17.7	+ 2.8

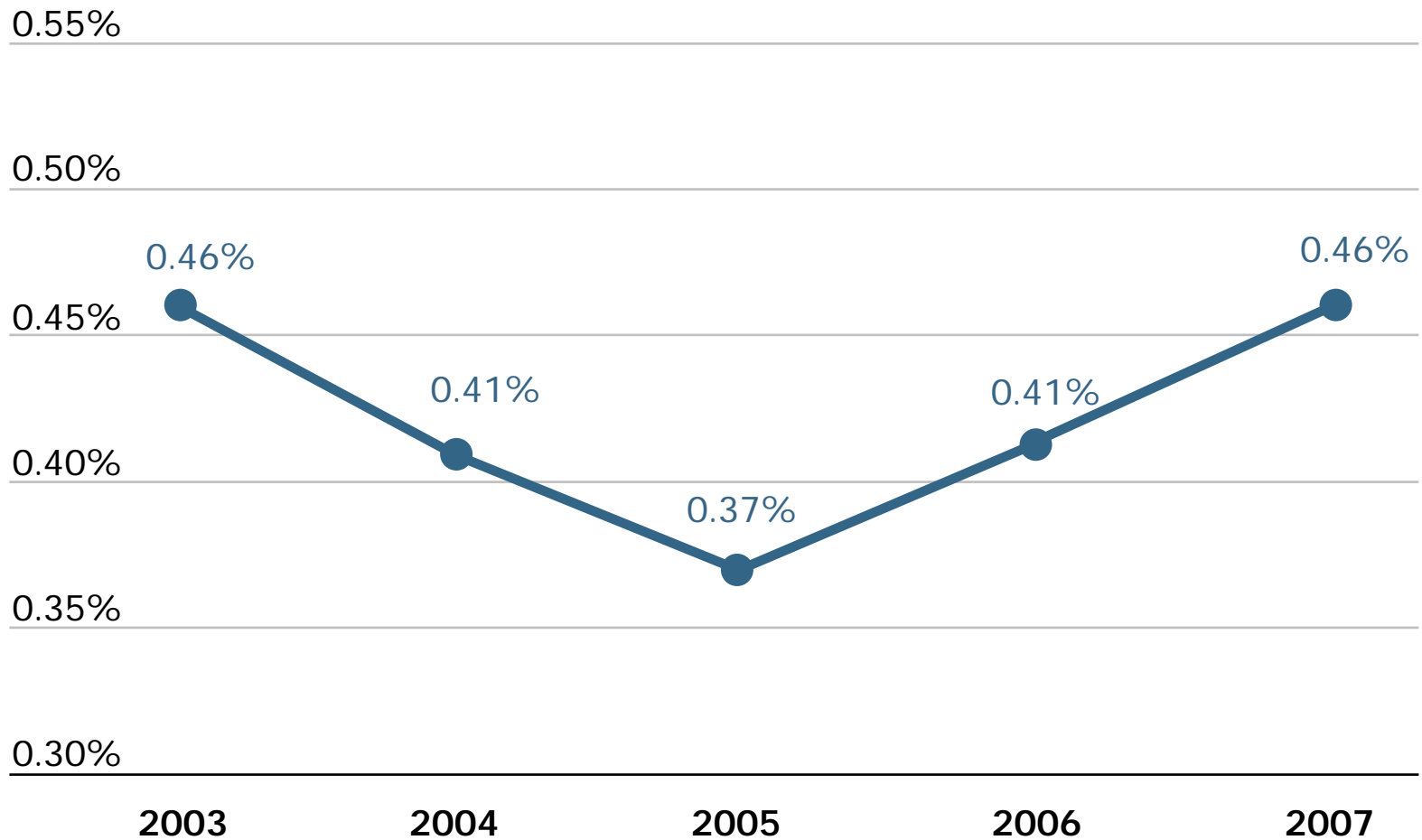
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Financial Services Segment—Overview.

€ million	2007	2006	Change in %
Revenues	13,940	11,079	+ 25.8
EBIT	717	689	+ 4.1
Bus. vol. on the balance sheet	51,257	44,010	+ 16.5
Leasing and financing agreements with customers (millions)	2.63	2.27	+ 15.8
Penetration rate (in %)	44.7	42.4	+ 5.4
RoA (in %)	1.3	1.4	-7.1

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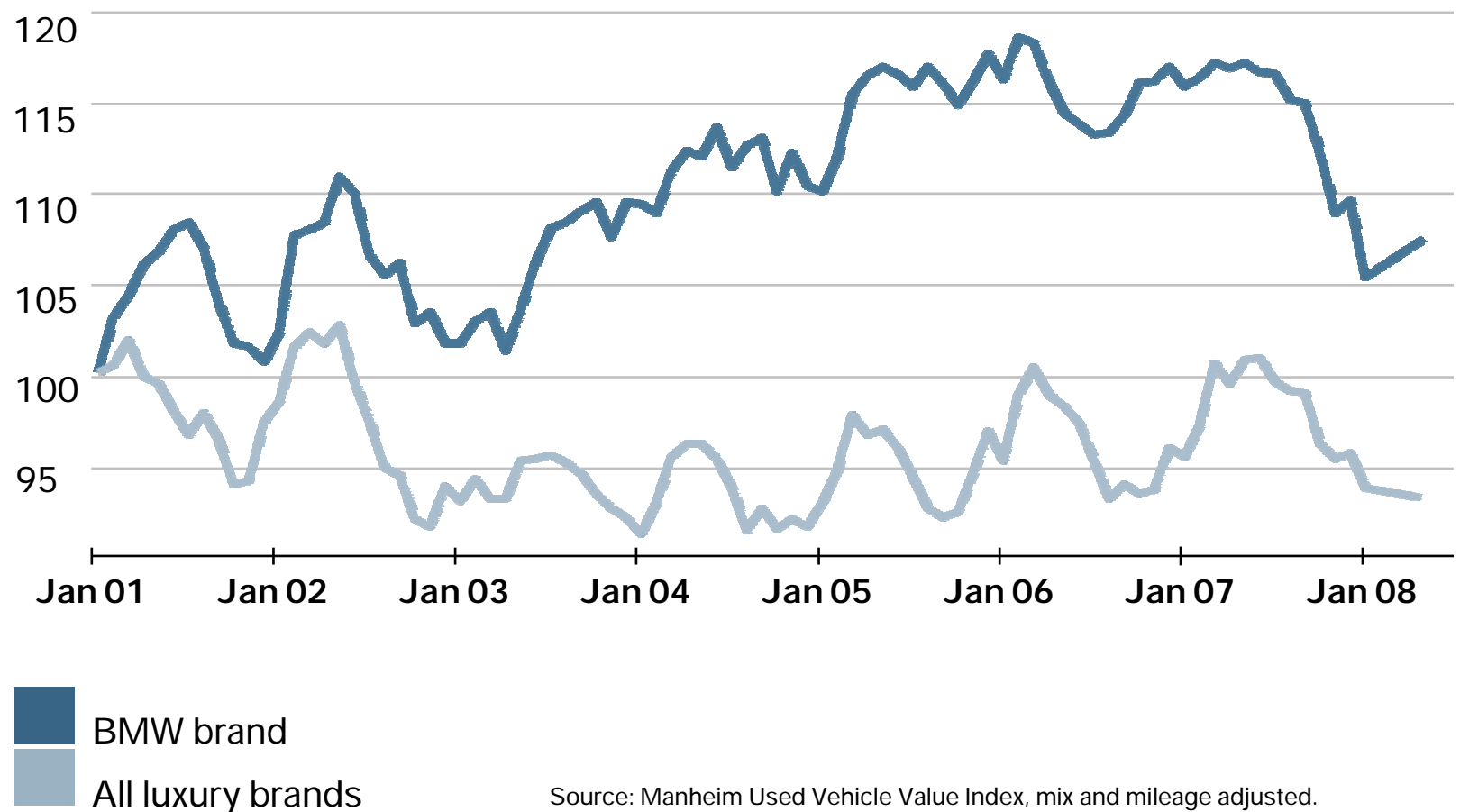
Financial Services Segment—Development of the Credit Loss Ratio.



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Financial Services Segment—Resale Value Development in the USA.

BMW brand vs. all luxury brands



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Reconciliations Segment.

- Profit before tax totals -173 million euros (previous year: 361 million euros)
- Significant change on balance, primarily due to effects arising in connection with the exchangeable bond.

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Gross Profit.

€ million	2007	%	2006	%	Change in %
Revenues	56,018	100.0	48,999	100.0	14.3
Cost of sales	- 43,832	78.2	- 37,660	76.9	16.4
Gross profit	12,186	21.8	11,339	23.1	+ 7.5

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Profit before Financial Result.

€ million	2007	%	2006	%	Change in %
Gross profit	12,186	21.8	11,339	23.1	+ 7.5
Sales & administrative costs	- 5,254	9.4	- 4,972	10.1	+ 5.7
Research & development costs	- 2,920	5.2	- 2,544	5.2	+ 14.8
Other operating income & expenses	+200	0.4	+ 227	0.5	- 11.9
Profit before financial result (EBIT)	4,212	7.5	4,050	8.3	+ 4.0

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Research and Development Costs.

€ million	2007	2006	Change in %
R&D costs (income statement)	2,920	2,544	+ 14.8
R&D costs share of revenues (in %)	5.2	5.2	-
Depreciation	- 1,109	- 872	+ 27.2
Capitalization of development costs	+ 1,333	+ 1,536	- 13.2

Total R&D expenditure	3,144	3,208	- 2.0
Total R&D share of revenues (in %)	5.6	6.5	
Capitalization ratio (in %)	42.4	47.9	

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Profit before Financial Result.

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Financial Result and Profit Before Tax.

€ million	2007	%	2006	%	Change in %
Profit before financial result	4,212	7.5	4,050	8.3	+ 4.0
Financial result	- 339	0.6	74	0.1	-
thereof:					
Result from equity method accounting	11		-25		
Result on investments	- 3		32		
Net interest result	- 252		- 283		
Other financial result	- 95		350		
Profit before tax	3,873	6.9	4,124	8.4	- 6.1

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Net Profit.

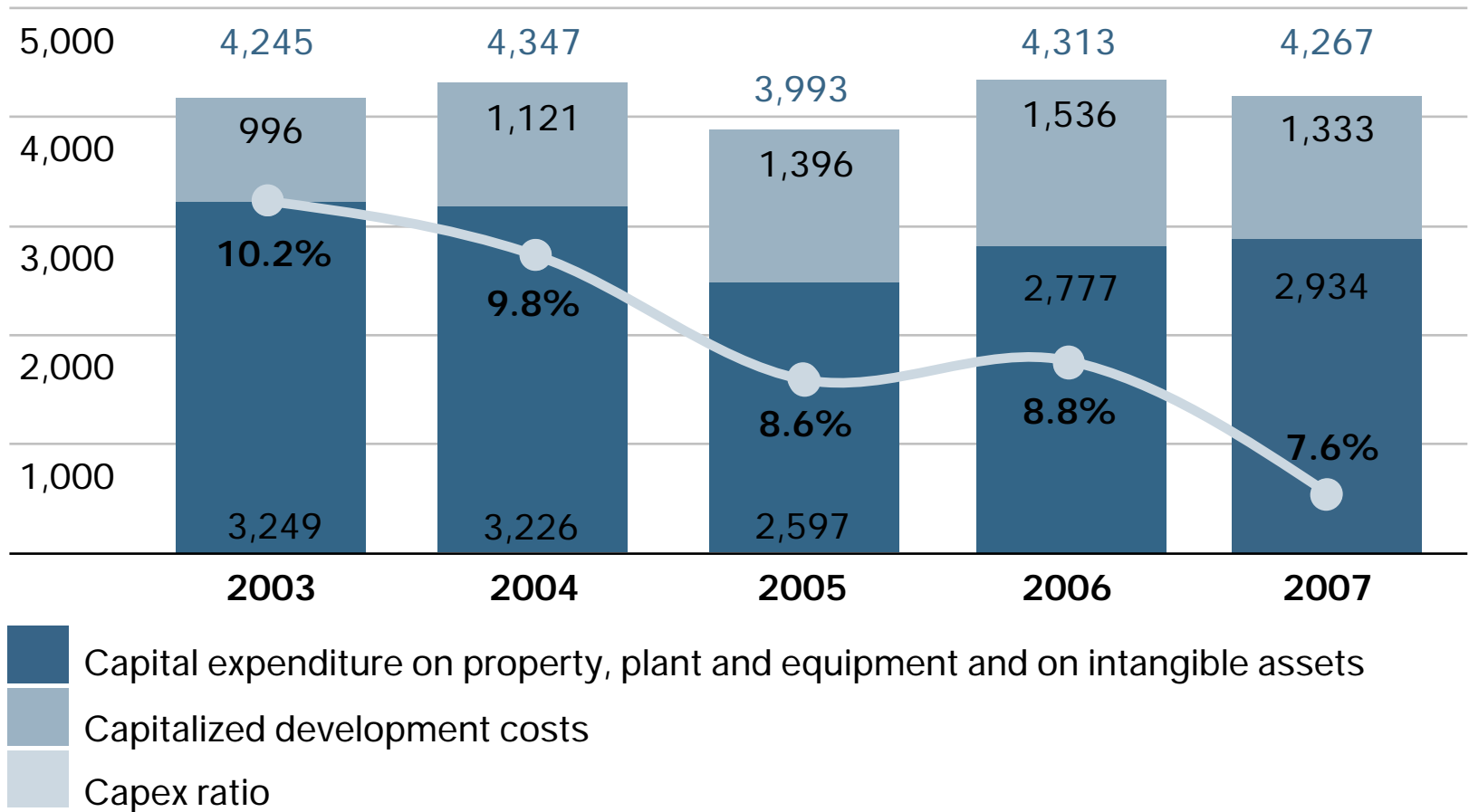
€ million	2007	%	2006	%	Change in %
Profit before tax	3,873	6.9	4,124	8.4	- 6.1
Income taxes	-739	1.3	-1,250	2.5	- 40.9
Net profit	3,134	5.6	2,874	5.9	9.0
Effective tax rate (in %)	19.1		30.3		

Earnings per share on common stock (euro)	4.78		4.38		+ 9.1
Earnings per share on preferred stock (euro)	4.80		4.40		+ 9.1

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Capital Expenditure.

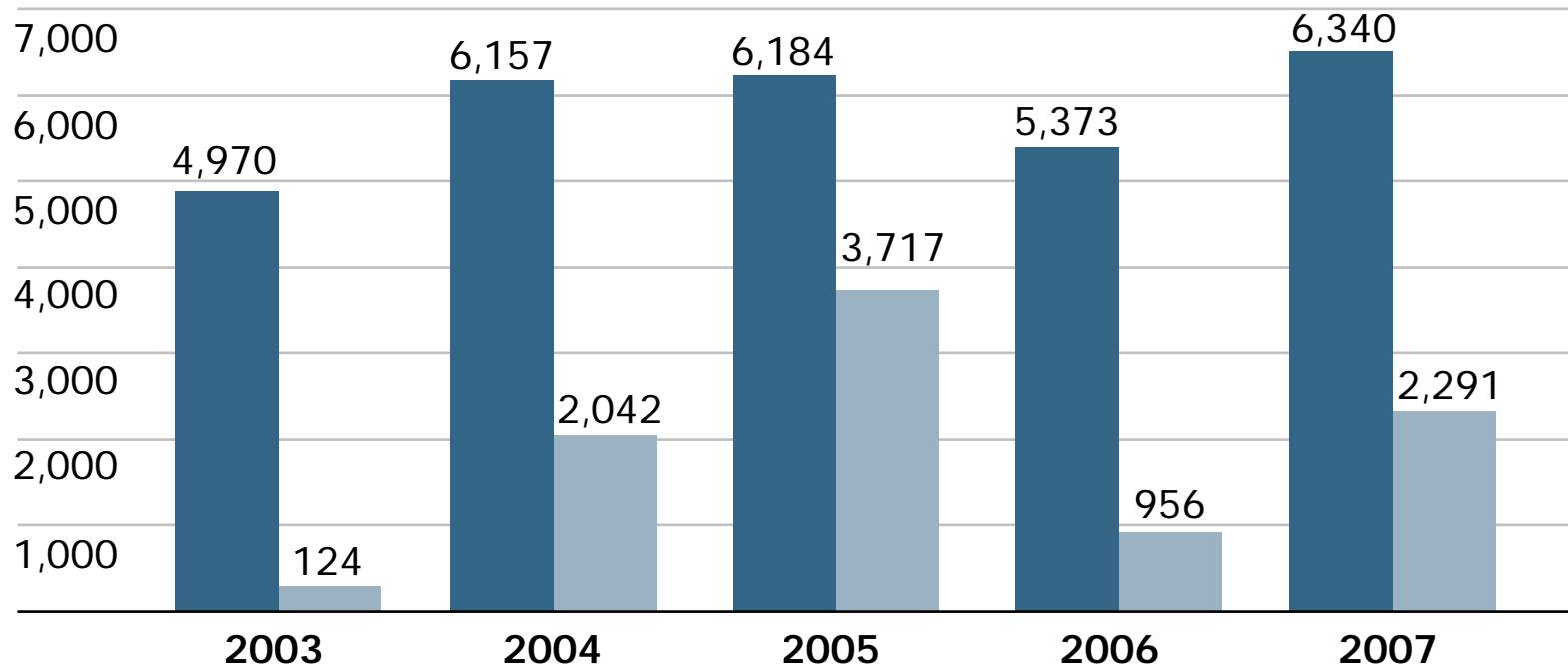
€ million





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Cash Flow and Free Cash Flow—Industrial Operations.

€ million



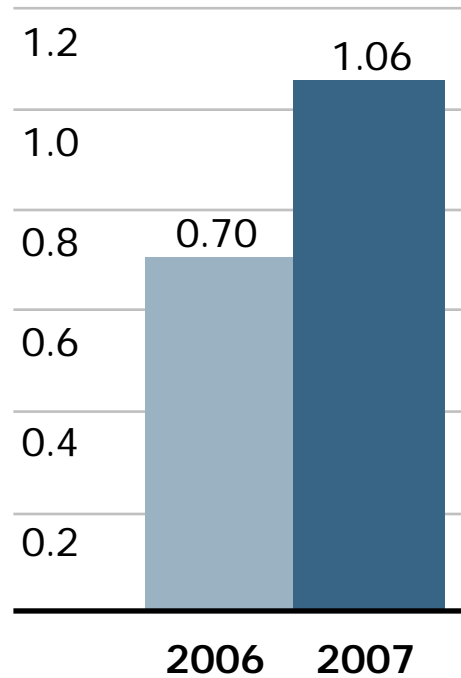
 Cash inflow from operating activities
 Free cash flow

Net interest-bearing assets –
industrial operations in 2007:
€7,052 million (FY06: €5,385 million)

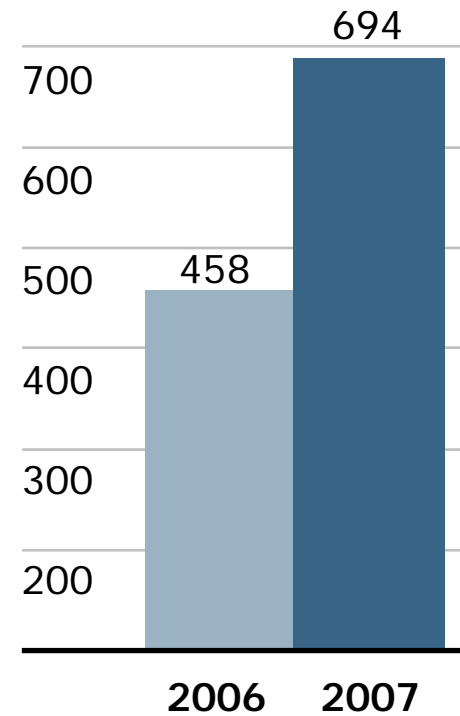
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Dividend Development.

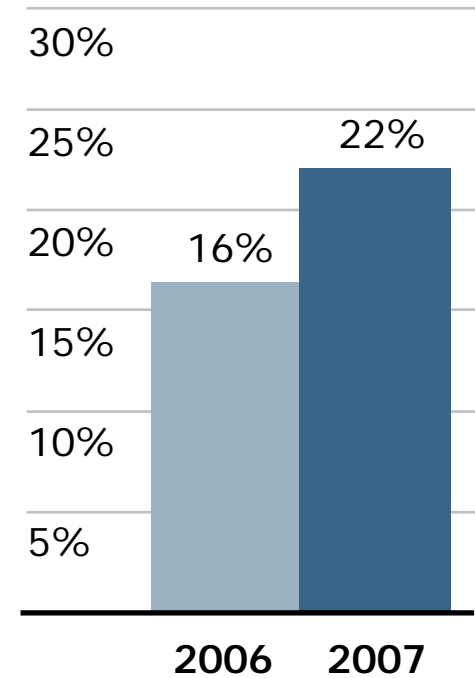
Dividend*
in €



Dividend total
in € million



Payout ratio



*Per share of common stock.

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Conclusion for 2007.

- BMW Group on the right track despite adverse underlying conditions.
- Strong business trend; major negative effects more than offset once again.
- Proof of organic strength and high earning power.
- Promise kept.

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Agenda.

- Review of 2007
- **Outlook for 2008**
- Status of the Profitability-Improvement Program

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Outlook for 2008.

- **Currency effects** and persistently high **raw material prices** will continue to affect earnings negatively in 2008 as well.
- Increased risk triggered by the **credit crunch** and the **US economy**.
- We aim to improve the profit before tax and RoCE in the **automobiles business**.
- We will keep the **motorcycles business** on track for growth.
- We aim to achieve a positive earnings trend in the **financial services** segment despite mounting money and capital market interest rates.
- Our goal is to post a **profit before tax** net of the effect of the exchangeable bond **at the Group level** that **exceeds last year's figure**.

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Preview of Segment Reporting.

- Publication of segment income statements and balance sheets starting in fiscal 2008.
- Abolishment of the separation of industrial and financial operations.
- Increased transparency of key figures and internal decision-making.

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Key Performance Indicators.

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Automobiles:
Return on Capital
Employed



Motorcycles:
Return on Capital
Employed



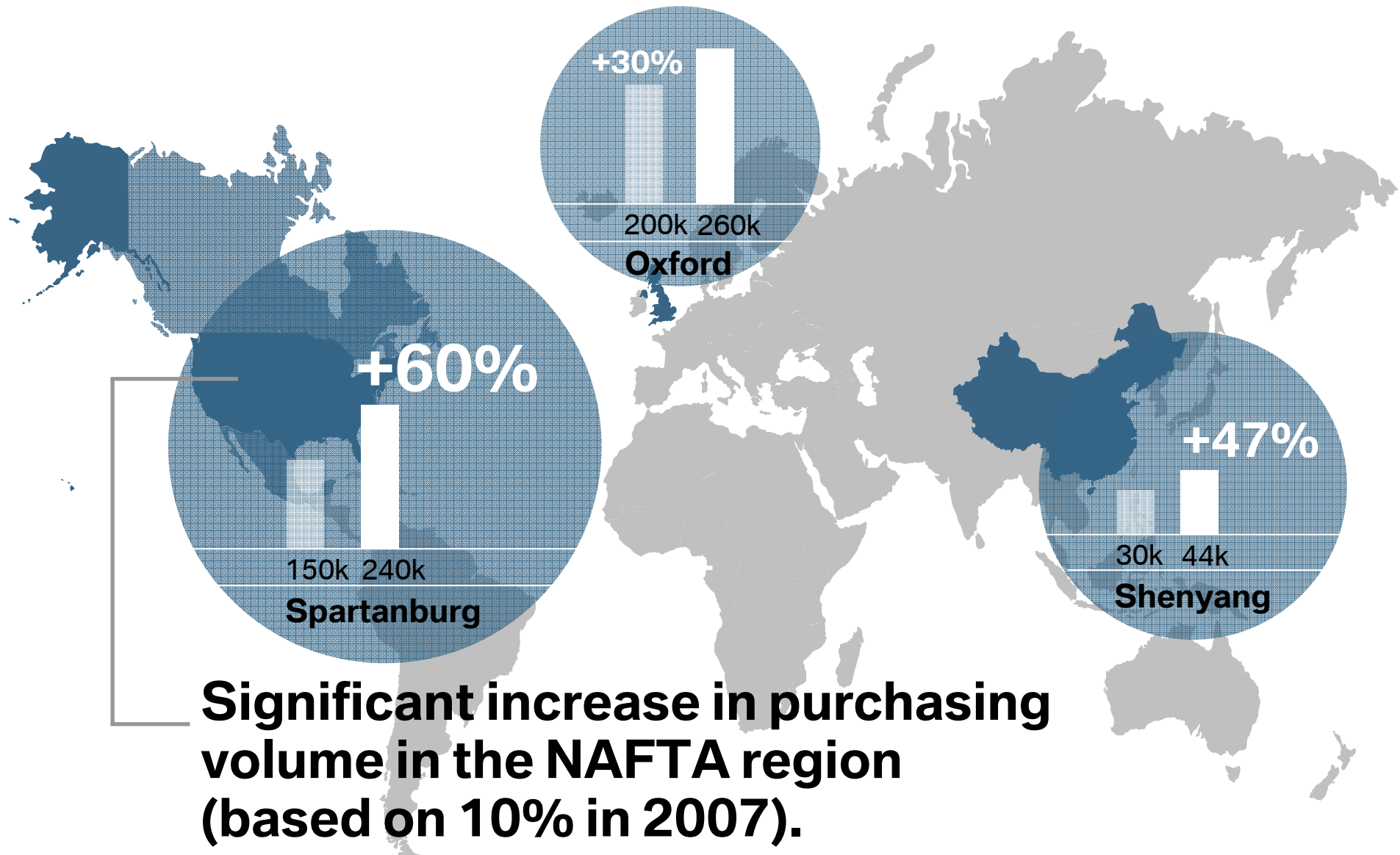
Financial Services:
Return on Equity

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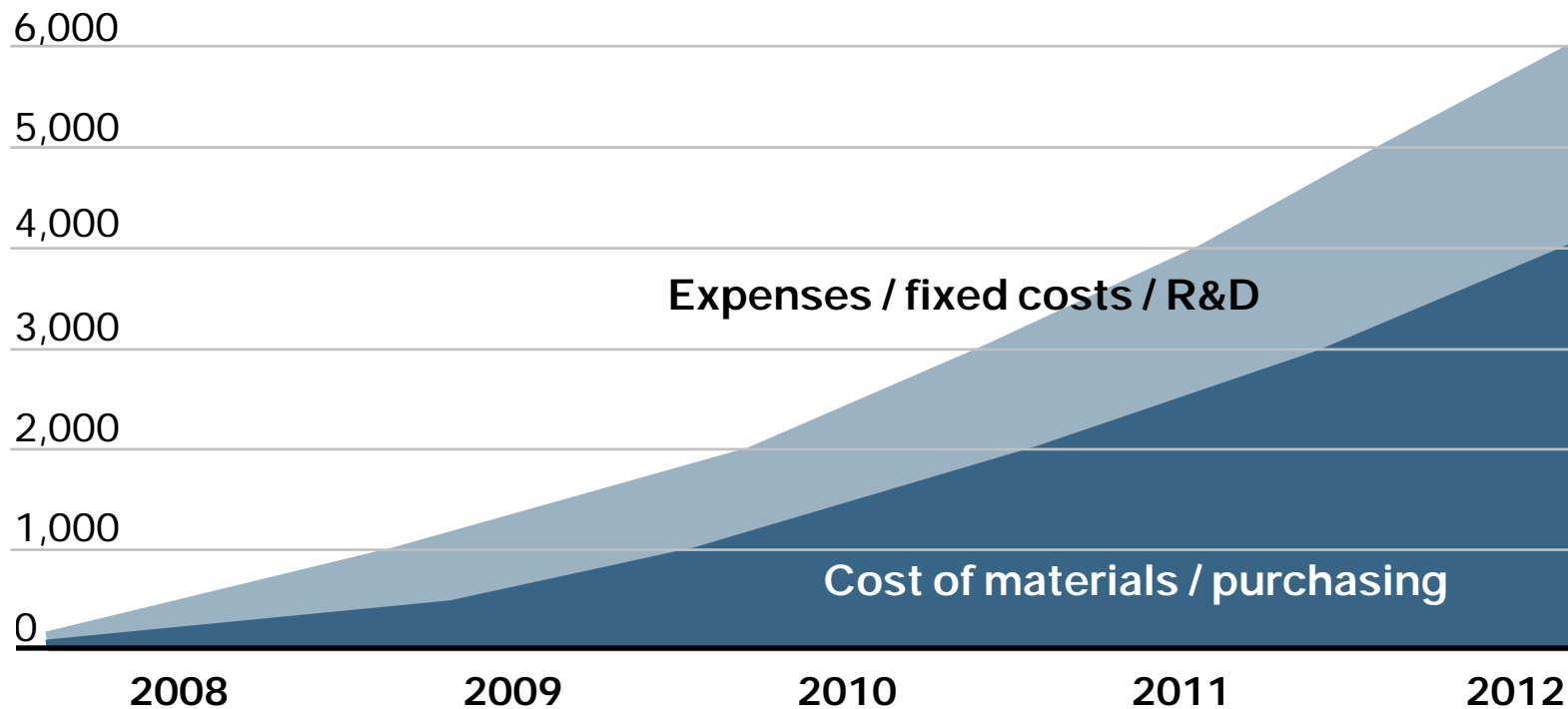
- Review of 2007
- Outlook for 2008
- **Status of the Profitability-Improvement Program**



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BMW Group. Efficiency Improvements.

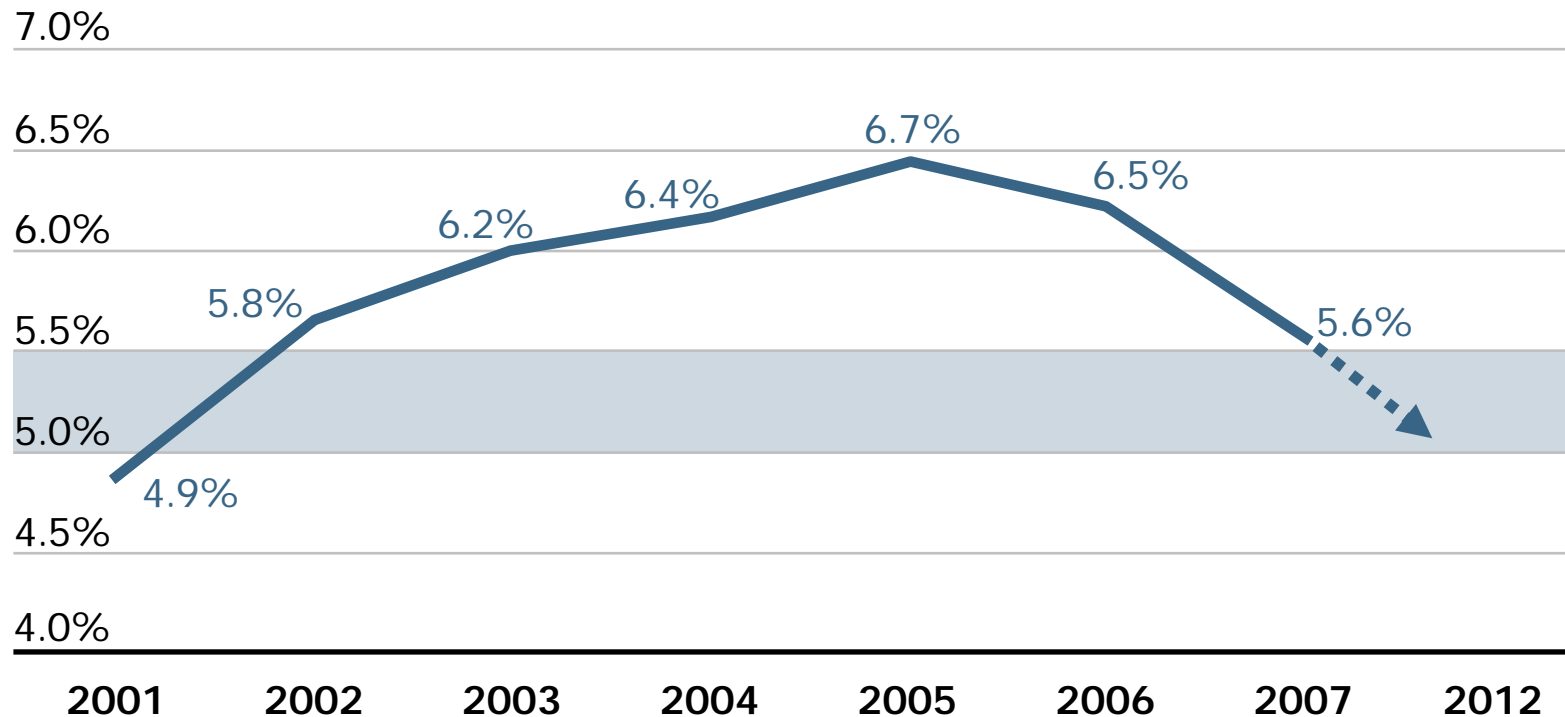
€ million



-  **Cost of materials/purchasing:** €4bn or 2/3 of the total potential
-  **Expenses/fixed costs/R&D:** €2bn or 1/3 of the total potential

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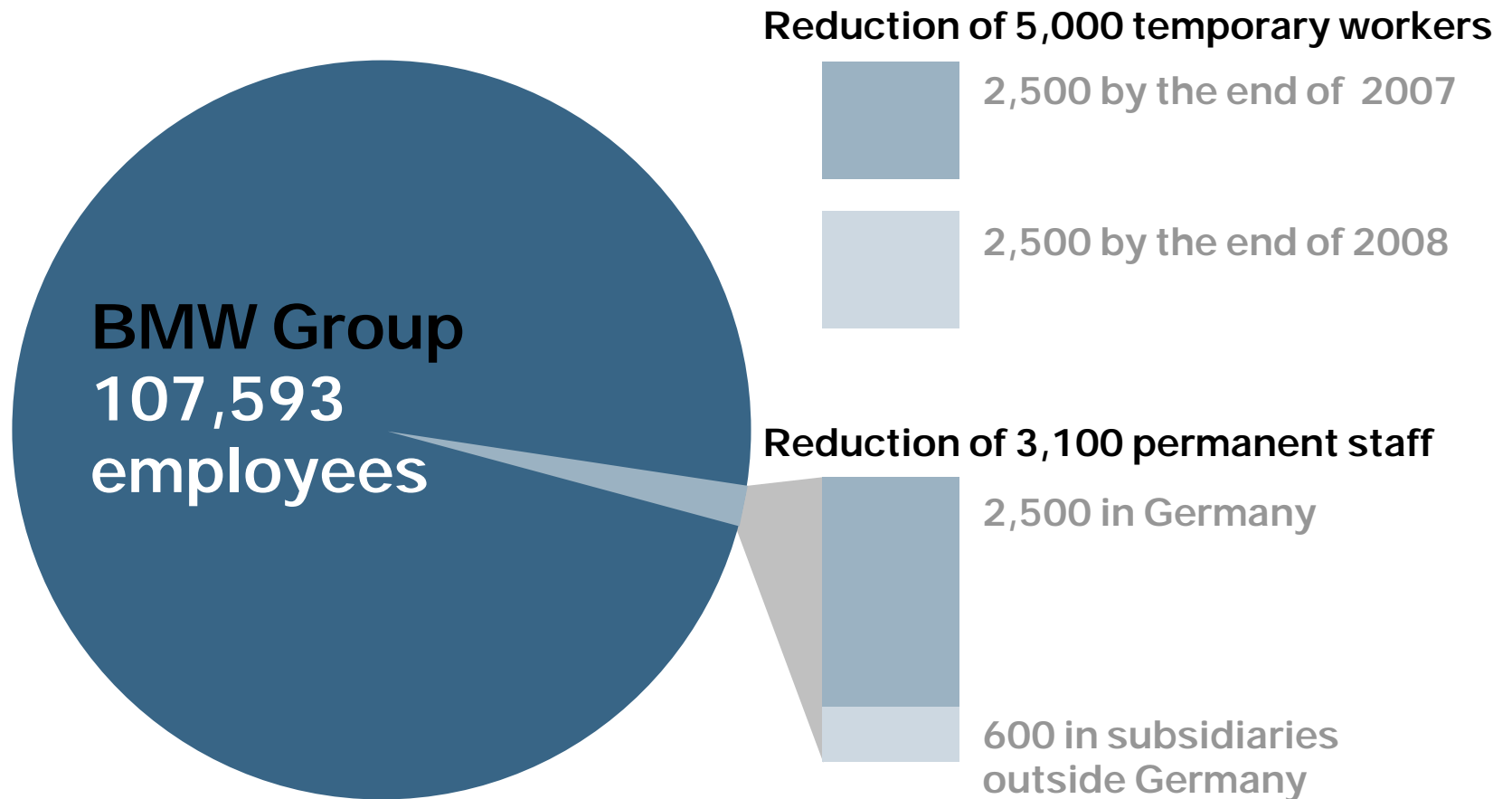
Development of the R&D Ratio.



Average R&D ratio 2001-2007: 6.0%
R&D ratio: R&D expenditure (HGB) / revenues

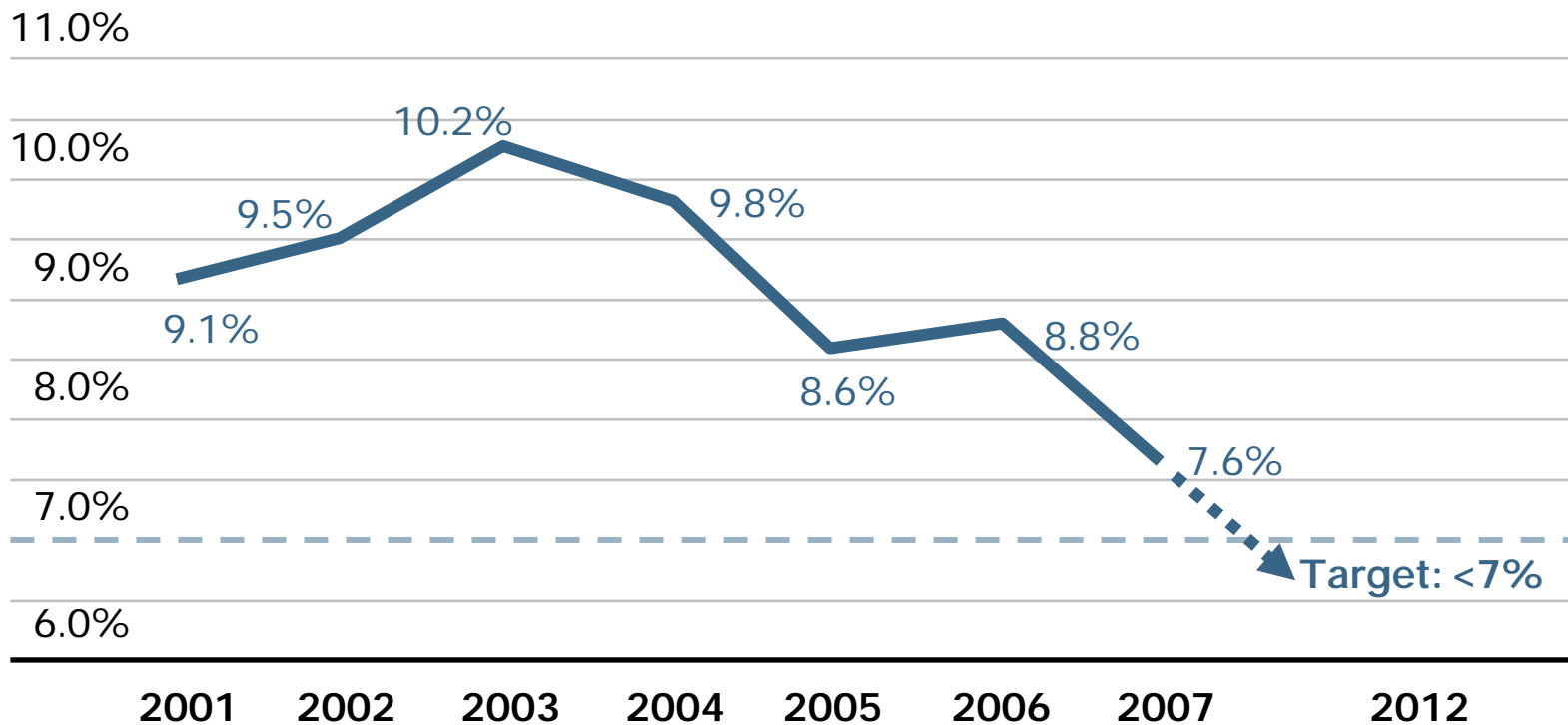
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Reduction of Personnel Costs.



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Development of the Capex Ratio.

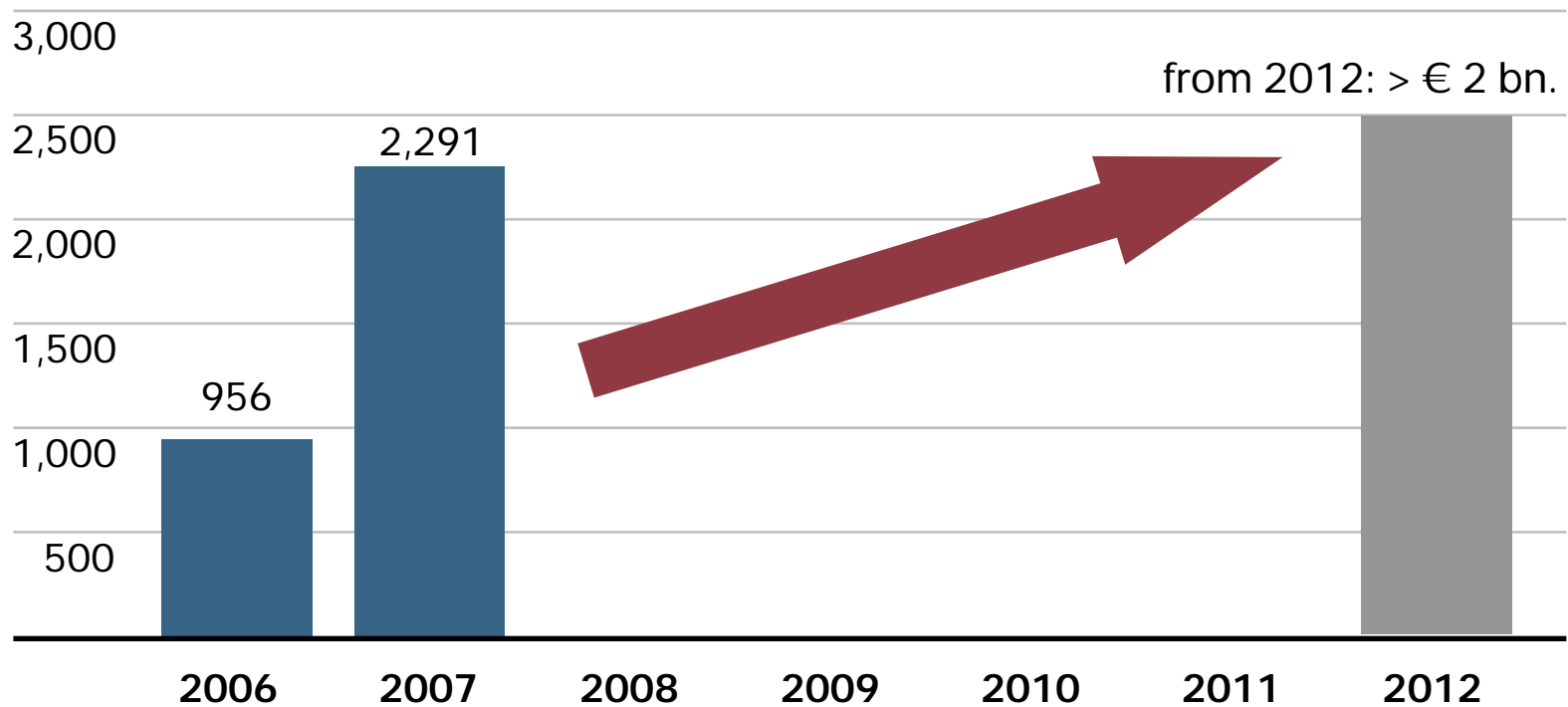


Average Capex ratio 2001-2007: 9.1%
Capex ratio: total capex / revenues

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Free Cash Flow—Industrial Operations.

€ million



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Stakeholder Universe of the BMW Group.



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