

# **BMW Group Investor Relations.**

## **New Segment Reporting in the Group Financial Statements.**

**March 03, 2009**

**BMW Group**

Rolls-Royce  
Motor Cars Limited



# New Segment Reporting.

## Agenda.

- |    |                     |
|----|---------------------|
| 1. | Introduction        |
| 2. | Significant Changes |
| 3. | Financial Ratios    |

# **New Segment Reporting.**

## **Introduction.**

- **The newly published International Financial Reporting Standard, ‘Operating Segments (IFRS 8)’, must be applied beginning with the financial year 2009.**
- **The BMW Group will implement the new standard starting with the 2008 financial statements.**
- **In addition to the changes required by IFRS 8, the BMW Group will use this occasion to include voluntary changes to the Group Financial Statements.**

# New Segment Reporting.

## Agenda.

- 1. Introduction
- 2. Significant Changes
- 3. Financial Ratios

# **New Segment Reporting.**

## **Information required by IFRS 8.**

- **Reconciling items (Eliminations) must be reported separately from other business activities (Other Entities) not attributable to existing BMW Group core operating segments.**
- **A measure of profit or loss and a measure of total assets for each segment must be reported.**
- **External revenues and non-current assets of the domestic market must be reported separately from the foreign revenues and foreign non-current assets. In addition, individual countries should be identified separately if material.**

# **New Segment Reporting.**

## **Additional voluntary information in the Group Financial Statements.**

- **The voluntary and unaudited sub-group income statements, balance sheets and cash flow statements, introduced with the 2001 Group Financial Statements, will be replaced with a segmental presentation.**
- **These voluntary changes have no effect on earnings.**

# New Segment Reporting.

## Segment information according to IFRS 8.

Financial Year 2007 in euro million	Automobiles	Motorcycles	Financial Services	Other Entities	Reconciliation to Group Amount	Group
<b>Revenues with third parties</b>	<b>42,435</b>	<b>1,223</b>	<b>12,146</b>	<b>214</b>	<b>-</b>	<b>56,018</b>
<b>Inter-segment revenues</b>	<b>11,383</b>	<b>5</b>	<b>1,794</b>	<b>76</b>	<b>-13,258</b>	<b>-</b>
<b>Total revenues</b>	<b>53,818</b>	<b>1,228</b>	<b>13,940</b>	<b>290</b>	<b>-13,258</b>	<b>56,018</b>
<b>Segment result</b>	<b>3,450</b> (EBIT)	<b>80</b> (EBIT)	<b>743</b> (EBT)	<b>168</b> (EBT)	<b>-568</b>	<b>3,873</b> (EBT)
<b>Segment assets</b>	<b>15,108</b> (CE**)	<b>440</b> (CE**)	<b>4,139</b> (Equity)	<b>33,419</b> (CE**)	<b>35,891</b>	<b>88,997</b> (Σ Assets)
<b>Investment in non-current assets*</b>	<b>4,462</b>	<b>45</b>	<b>13,012</b>	<b>9</b>	<b>-2,223</b>	<b>15,305</b>
<b>Depreciation of non-current assets*</b>	<b>3,566</b>	<b>86</b>	<b>4,124</b>	<b>11</b>	<b>-1,629</b>	<b>6,158</b>

\* including leased products

\*\* Capital Employed

- All companies in the BMW Group network which cannot be allocated to a core operating segment are reported in the 'Other Entities' segment.
- In the BMW Group, these are mainly holding companies and Group financing companies.
- The column 'Reconciliation to Group Amount' includes eliminations between segments and items not attributable to the segments.
- The segment results and assets are reported regularly to management and provide the basis for the segment-specific performance evaluation at the BMW Group.

# New Segment Reporting.

## Segment information according to IFRS 8.

in euro million

	External Sales	Non-Current Assets
	2007	2007
Germany	11,918	18,111
United States of America	11,110	11,549
Great Britain	5,945	2,302
Rest of Europe	16,450	3,101
Africa, Asia, Oceania	8,691	498
Rest of the Americas	1,904	1,382
Eliminations	-	-3,152
<b>Group</b>	<b>56,018</b>	<b>33,791</b>

- In addition to the country of domicile, Germany, significant foreign markets for the BMW Group are the United States of America and Great Britain.

# New Segment Reporting. Income Statements.

Financial year 2007 in euro million	Group	Automobiles	Motorcycles	Financial Services	Other Entities	Eliminations
Revenues	56,018	53,818	1,228	13,940	290	-13,258
Cost of sales	-43,832	-43,290	-883	-12,595	-229	13,165
<b>Gross profit</b>	<b>12,186</b>	<b>10,528</b>	<b>345</b>	<b>1,345</b>	<b>61</b>	<b>-93</b>
Sales and administrative costs	-5,254	-4,417	-152	-606	-76	-3
Research and development costs	-2,920	-2,805	-115	-	-	-
Other operating income	730	552	2	25	209	-58
Other operating expenses	-530	-408	-	-47	-145	70
<b>Profit before financial result</b>	<b>4,212</b>	<b>3,450</b>	<b>80</b>	<b>717</b>	<b>49</b>	<b>-84</b>
Result from equity accounted investments	11	11	-	-	-	-
Interest and similar income	645	710	-	2	1,768	-1,835
Interest and similar expenses	-897	-870	-9	-2	-1,591	1,575
Other financial result	-98	-69	-	26	-58	3
<b>Financial result</b>	<b>-339</b>	<b>-218</b>	<b>-9</b>	<b>26</b>	<b>119</b>	<b>-257</b>
<b>Profit before tax</b>	<b>3,873</b>	<b>3,232</b>	<b>71</b>	<b>743</b>	<b>168</b>	<b>-341</b>
Income taxes	-739	-511	-11	-269	-5	57
<b>Net profit</b>	<b>3,134</b>	<b>2,721</b>	<b>60</b>	<b>474</b>	<b>163</b>	<b>-284</b>
Attributable to minority interest	8	8	-	-	-	-
<b>Attributable to shareholders of BMW AG</b>	<b>3,126</b>	<b>2,713</b>	<b>60</b>	<b>474</b>	<b>163</b>	<b>-284</b>

In order to provide better insight into the earnings, financial and net assets position, the BMW Group Financial Statements are supplemented by the presentation of the operating segments (voluntary change).

# New Segment Reporting.

## Balance Sheets.

### Financial year 2007 in euro million

Financial year 2007 in euro million		Group	Automobiles	Motorcycles	Financial Services	Other Entities	Eliminations
Assets	Intangible assets	5,670	5,333	65	120	152	-
	Property, plant and equipment	11,108	10,870	194	25	19	-
	Leased products	17,013	254	-	19,911	-	-3,152
	Investments accounted for using the equity method	63	63	-	-	-	-
	Other investments	209	6,121	-	23	5,319	-11,254
	Receivables from sales financing	20,248	-	-	20,248	-	-
	Financial assets	1,173	92	-	349	762	-30
	Deferred tax	720	1,010	-	385	219	-894
	Other assets	415	404	-	392	11,015	-11,396
	Non-current assets	56,619	24,147	259	41,453	17,486	-26,726
	Inventories	7,349	7,036	292	9	13	-1
	Trade receivables	2,672	2,438	119	80	35	-
	Receivables from sales financing	13,996	-	-	13,996	-	-
	Financial assets	3,622	2,734	-	442	1,026	-580
	Current tax	237	180	-	8	49	-
	Other assets	2,109	14,630	-	2,879	19,937	-35,337
	Cash and cash equivalents	2,393	1,249	-	789	355	-
	Current assets	32,378	28,267	411	18,203	21,415	-35,918
	TOTAL ASSETS	88,997	52,414	670	59,656	38,901	-62,644
Equity and Liabilities	Equity	21,744	21,583	-	4,139	8,499	-12,477
	Pension provisions	4,627	3,831	111	31	654	-
	Other provisions	2,676	2,354	62	258	2	-
	Deferred tax	2,714	2,062	2	2,725	12	-2,087
	Financial liabilities	21,428	715	-	7,663	13,063	-13
	Other liabilities	2,024	2,024	285	12,020	418	-12,723
	Non-current provisions and liabilities	33,469	10,986	460	22,697	14,149	-14,823
	Other provisions	2,826	2,612	35	178	27	-26
	Current tax	808	630	-	115	63	-
	Financial liabilities	22,493	2,087	-	10,806	10,198	-598
	Trade payables	3,551	2,769	162	612	18	-10
	Other liabilities	4,106	11,747	13	21,109	5,947	-34,710
	Current provisions and liabilities	33,784	19,845	210	32,820	16,253	-35,344
	TOTAL EQUITY AND LIABILITIES	88,997	52,414	670	59,656	38,901	-62,644

In order to provide better insight into the earnings, financial and net assets position, the BMW Group Financial Statements are supplemented by the presentation of the operating segments (voluntary change).

# New Segment Reporting.

## Cash Flow Statements.

### Financial year 2007 in euro million

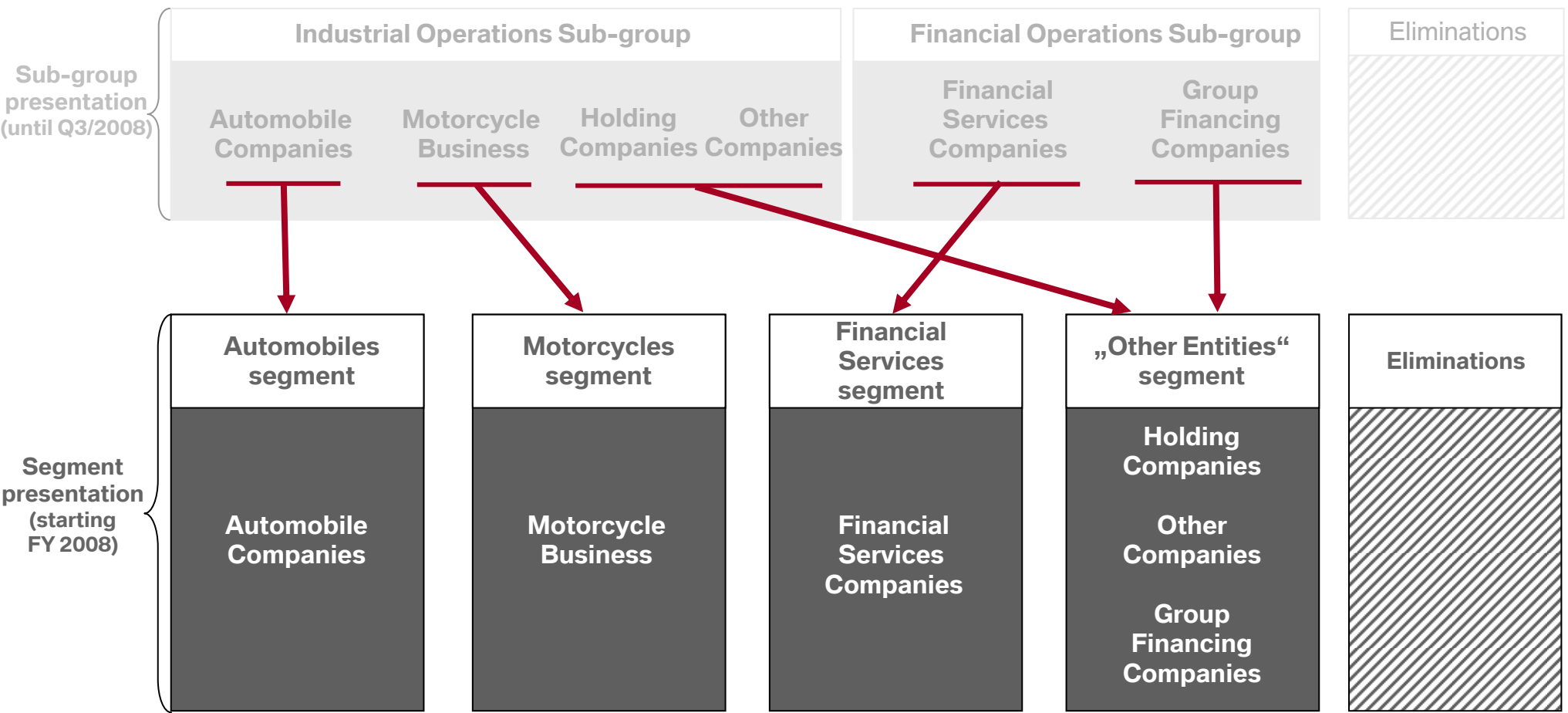
	Group	Automobiles	Financial Services
Net profit	3,134	2,721	474
Current tax	1,002	1,043	1
Other interest and similar income and expense	-62	-155	-
Depreciation of leased products	4,698	4	4,324
Depreciation and amortisation of tangible, intangible and investment assets	3,689	3,568	24
Change in provisions	221	236	-109
Change in deferred taxes	-256	-459	358
Other non-cash income and expense items	111	98	-78
Gain/loss on disposal of non-current assets and marketable securities	-181	-180	1
Result from equity accounted investments	-11	-11	-
Changes in current assets and liabilities			
Change in inventories	-700	-663	3
Change in receivables	398	371	-528
Change in liabilities	571	85	738
Taxes paid	-817	-589	-98
Interest received	386	177	-
<b>Cash inflow from operating activities</b>	<b>12,183</b>	<b>6,246</b>	<b>5,110</b>
Investment in intangible assets and property, plant and equipment	-4,267	-4,103	-110
Proceeds from the disposal of intangible assets and property, plant and equipment	272	270	2
Expenditure for investments	-44	-147	-
Proceeds from the disposal of investments	16	16	-
Investment in leased products	-13,261	-359	-12,902
Disposals of leased products	4,917	354	4,563
Additions to receivables from sales financing	-54,573	-	-54,573
Payments received on receivables from sales financing	49,813	-	49,813
Investment in/Proceeds from marketable securities	-121	-130	9
<b>Cash outflow from investing activities</b>	<b>-17,248</b>	<b>-4,099</b>	<b>-13,198</b>
Payment of dividend for the previous year	-458	-458	-
Interest paid	-389	-147	-
Proceeds from the issues/repayment of bonds	1,886	-	-33
Internal financing	-	-1,389	6,233
Change in financial liabilities	3,603	-333	2,140
Change in commercial paper	1,526	845	-
<b>Cash inflow/outflow from financing activities</b>	<b>6,168</b>	<b>-1,482</b>	<b>8,340</b>
Effect of exchange rate and changes in composition of group on cash and cash equivalents	-46	-15	-20
<b>Change cash and cash equivalents</b>	<b>1,057</b>	<b>650</b>	<b>232</b>
Cash and cash equivalents as at 1 January	1,336	599	557
<b>Cash and cash equivalents as at 31 December</b>	<b>2,393</b>	<b>1,249</b>	<b>789</b>

**In order to provide better insight into the earnings, financial and net assets position, the BMW Group Financial Statements are supplemented by the presentation of the operating segments (voluntary change).**

# New Segment Reporting.

## Company allocation.

The allocation of Group companies within the segments differs from the allocation within the former sub-groups:



# New Segment Reporting.

## Agenda.

1.

Introduction
2.

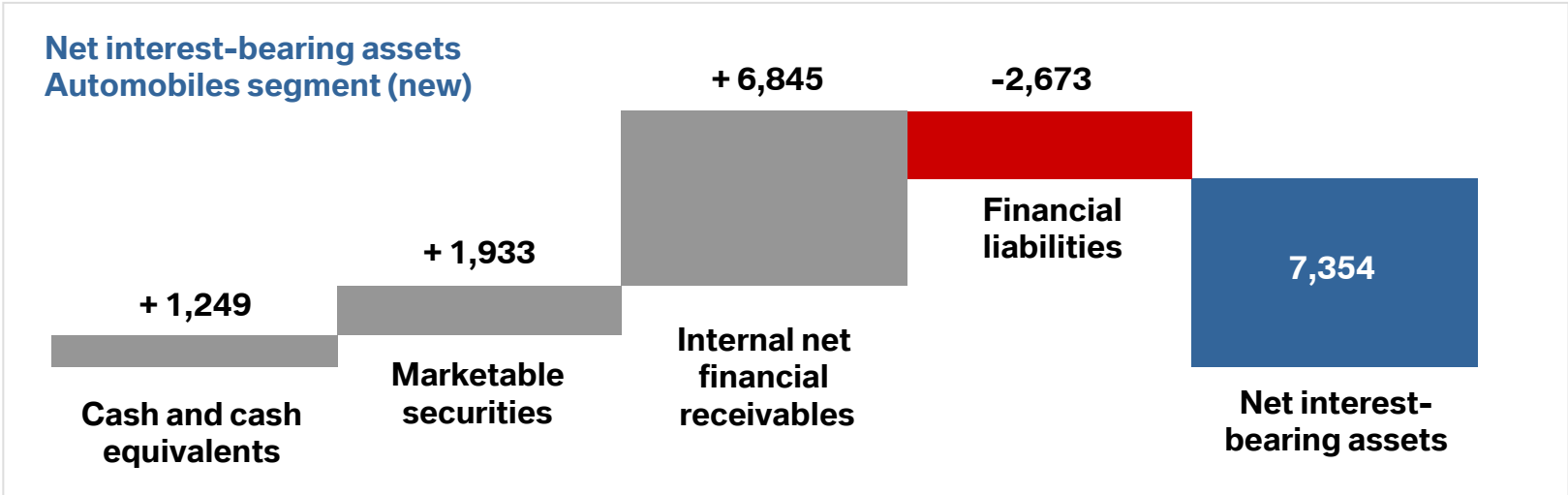
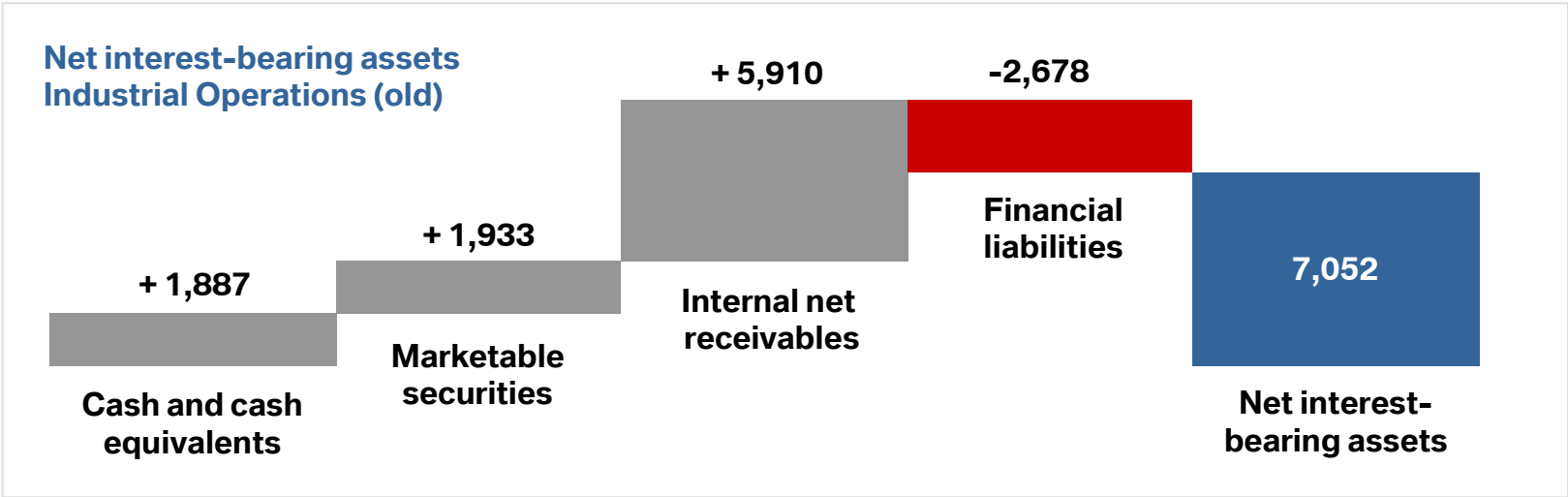
Significant Changes
3.

Financial Ratios

# New Segment Reporting.

## Net interest-bearing assets Automobiles segment.

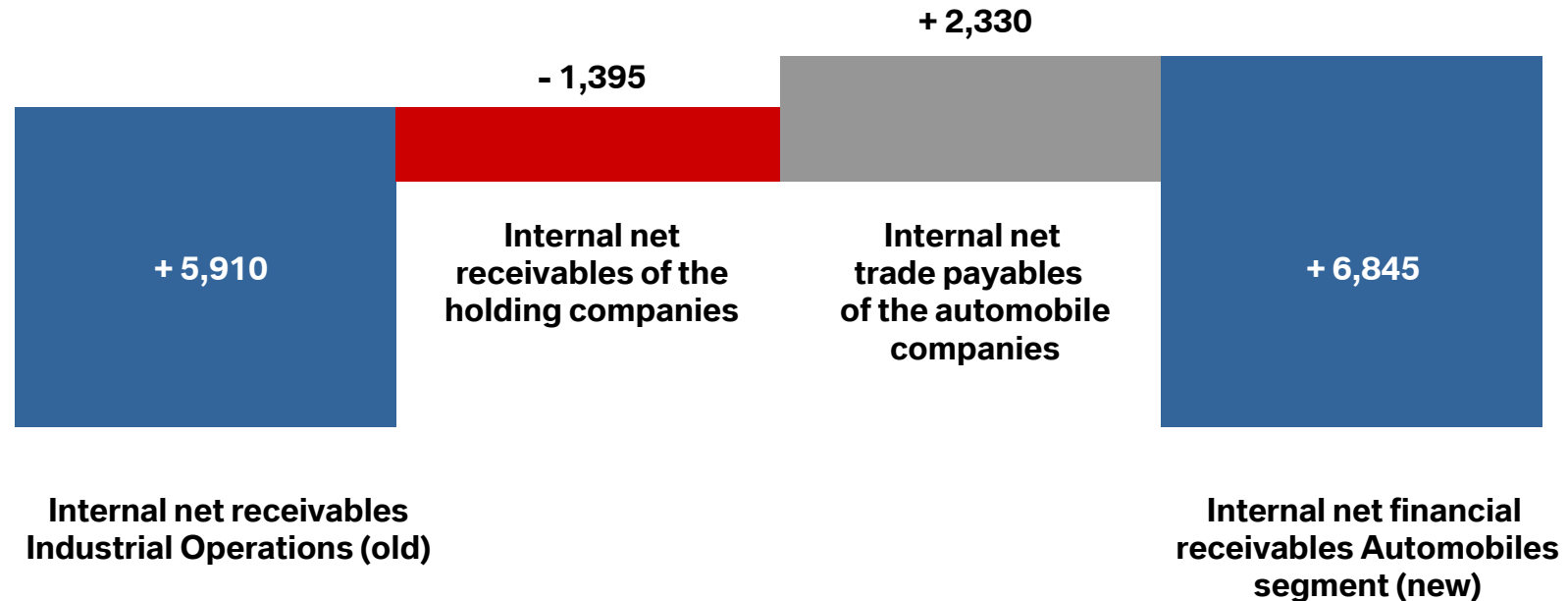
31.12.2007 in euro million



# New Segment Reporting.

## Net interest-bearing assets: reconciliation of internal financial receivables.

31.12.2007 in euro million

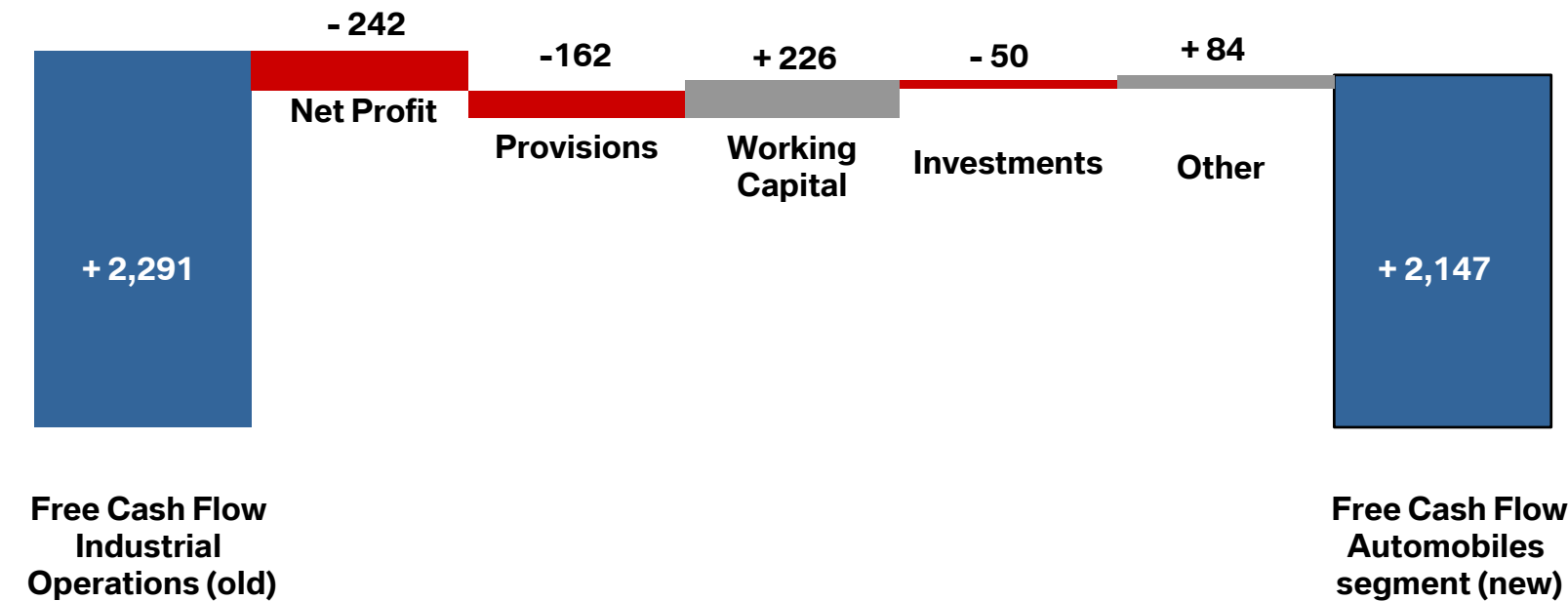


- The internal net receivables of the holding companies are not included in the Net interest-bearing assets of the Automobiles segment (different allocation of companies).
- Internal receivables and liabilities which result from operating activities are no longer included in the Net interest-bearing assets (calculation adjustment).

# New Segment Reporting.

## Reconciliation of Free Cash Flow Automobiles segment.

31.12.2007 in euro million



- The cash inflows and outflows attributable to the holding companies, Other Entities and the motorcycles business are not included in the Automobiles segment Cash Flow Statement (different allocation of companies/business).

# BMW Group Investor Relations.

## New Segment Reporting in the Group Financial Statements.

**If you have any questions, please contact:**

### **BMW Group Investor Relations Team**

Torsten Schüssler	+49-89-382-25387	<a href="mailto:torsten.schuessler@bmw.de">torsten.schuessler@bmw.de</a>
Helge Jorch	+49-89-382-24272	<a href="mailto:helge.jorch@bmw.de">helge.jorch@bmw.de</a>
Nathan Kohlhoff	+49-89-382-49427	<a href="mailto:nathan.kohlhoff@bmw.de">nathan.kohlhoff@bmw.de</a>
Patrick Neumayer	+49-89-382-31684	<a href="mailto:patrick.neumayer@bmw.de">patrick.neumayer@bmw.de</a>



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