

BMW Group.

Annual Accounts Press Conference.

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**Member of the Board of Management of
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BMW Group.

One-Off Effects Dampen 2008 Group Earnings.

- **Group revenues drop 5.0% to EUR 53.2 billion.**
- **Group earnings dampened by EUR 2.4 billion in one-off effects.**
- **Group earnings (EBIT) decline by 78.1% to EUR 921 million.**
- **Profit before tax down 90.9% to EUR 351 million.**

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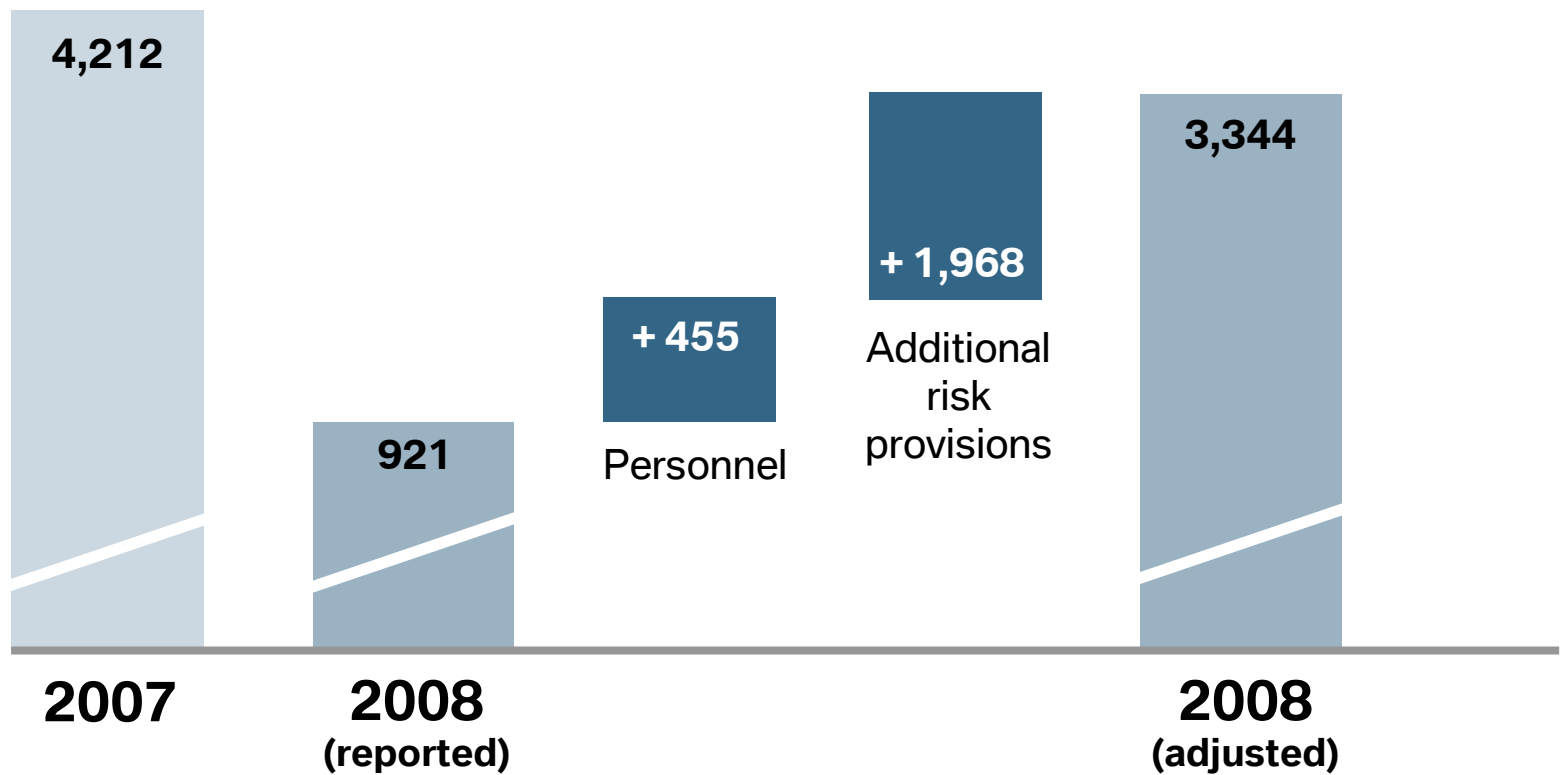
Additional Risk Provisions and Severance Payments had a Negative Impact.

- **One-off charge for additional risk provisions totalling EUR 1,968 million:**
 - **EUR 1,605 million for residual value losses**
 - **EUR 363 million for credit losses**
- **One-off charge of EUR 455 million due to personnel reduction**

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Adjusted Group Earnings (EBIT).

€ million



Adjusted EBIT margin = 6.3% (prior year: 7.5%).

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Gross Profit.

€ million	2008	%	2007	%	Change in %
Revenues	53,197	100.0	56,018	100.0	- 5.0
Cost of Sales	- 44,323	83.3	- 43,832	78.2	1.1
Gross profit	8,874	16.7	12,186	21.8	- 27.2

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Profit before Financial Result.

€ million	2008		% 2007		Change in %
Gross profit	8,874	16.7	12,186	21.8	- 27.2
Sales and administrative costs	- 5,369	10.1	- 5,254	9.4	2.2
Research and development costs	- 2,825	5.3	- 2,920	5.2	- 3.3
Other operating income and expenses	+ 241	0.5	+ 200	0.4	20.5
Profit before financial result (EBIT)	921	1.7	4,212	7.5	- 78.1

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Research and Development Costs.

€ million	2008	2007	Change in %
R&D expense (income statement)	2,825	2,920	- 3.3
R&D share of revenues (in %)	5.3	5.2	-
Depreciation and amortization	-1,185	-1,109	6.9
Capitalisation of development costs	+1,224	+1,333	- 8.2

Total R&D expenditure	2,864	3,144	- 8.9
R&D share of revenues (total, in %)	5.4	5.6	
Capitalization ratio (in %)	42.7	42.4	

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Financial Result and Profit Before Tax.

€ million	2008		% 2007		Change in %
Profit before financial result	921	1.7	4,212	7.5	- 78.1
Financial result	- 570	1.0	- 339	0.6	- 68.1
Thereof:					
▶ At-Equity result	26	0.1	11	-	-
▶ Interest and similar income	685	1.3	645	1.2	6.2
▶ Interest and similar expenses	- 930	1.7	- 897	1.6	3.7
▶ Other financial result	- 351	0.7	- 98	0.2	-
Profit before tax	351	0.7	3,873	6.9	- 90.9

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Net Profit.

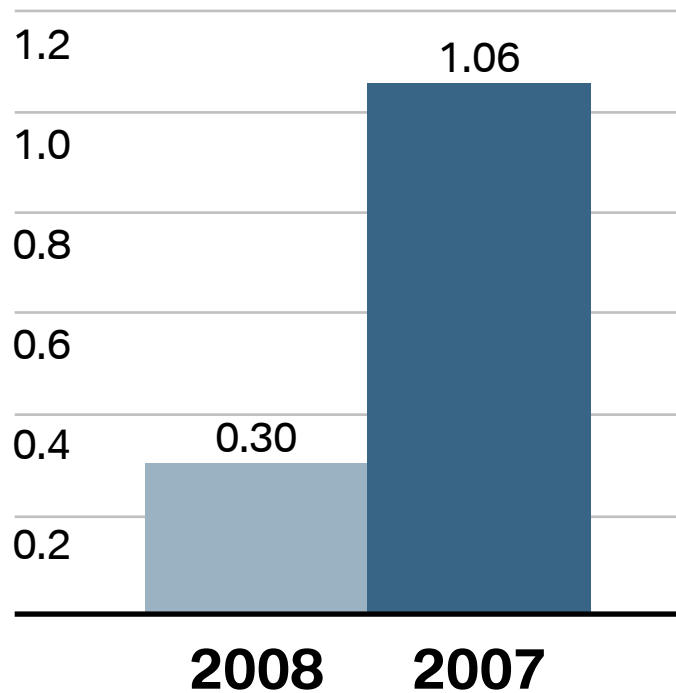
€ million	2008		% 2007	Change in %
Profit before tax	351	0.7	3,873	6.9 - 90.9
Income taxes	- 21	0.1	-739	1.3 - 97.2
Net profit	330	0.6	3,134	5.6 - 89.5
Effective tax rate (in %)	6.0		19.1	

EPS of common stock (€)	0.49	4.78	- 89.7
EPS of preferred stock (€)	0.51	4.80	- 89.4

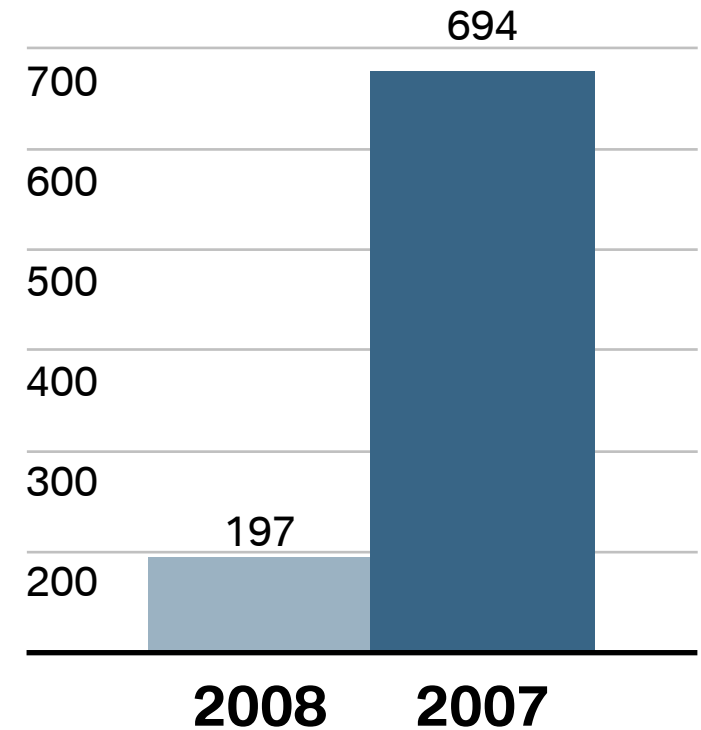
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Dividend development.

Dividend*
€



Dividend total
€ million

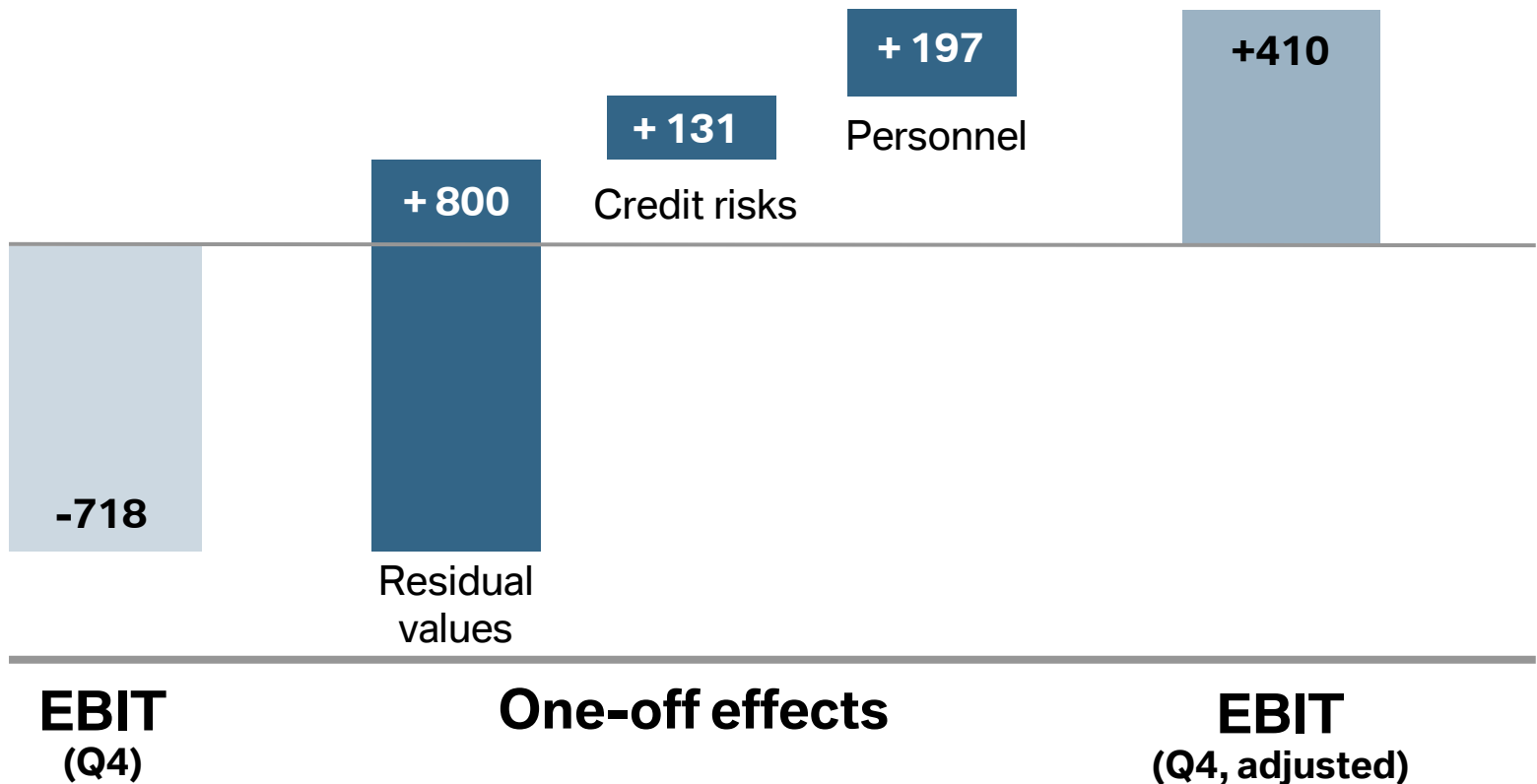


*per share of common stock.

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Effects on Earnings in Q4 2008.

€ million



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Operating Improvements in 2008.

- **Substantial year-on-year reduction in fixed costs.**
- **Material cost savings potential realized.**
- **Further productivity increases.**
- **Robust financial position further strengthened, Group liquidity up 86,3% to EUR 8.1 billion.**

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Excursus: New Segment Reporting.

	Income statement	Balance sheet	Cash flow statement
Automobiles Segment	✓	✓	✓
Motorcycles Segment	✓	✓	
Financial Services Segment	✓	✓	✓
Other Entities Segment	✓	✓	
Consolidation	✓	✓	

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Excursus: New Segment Reporting.

New segment information in compliance with IFRS 8

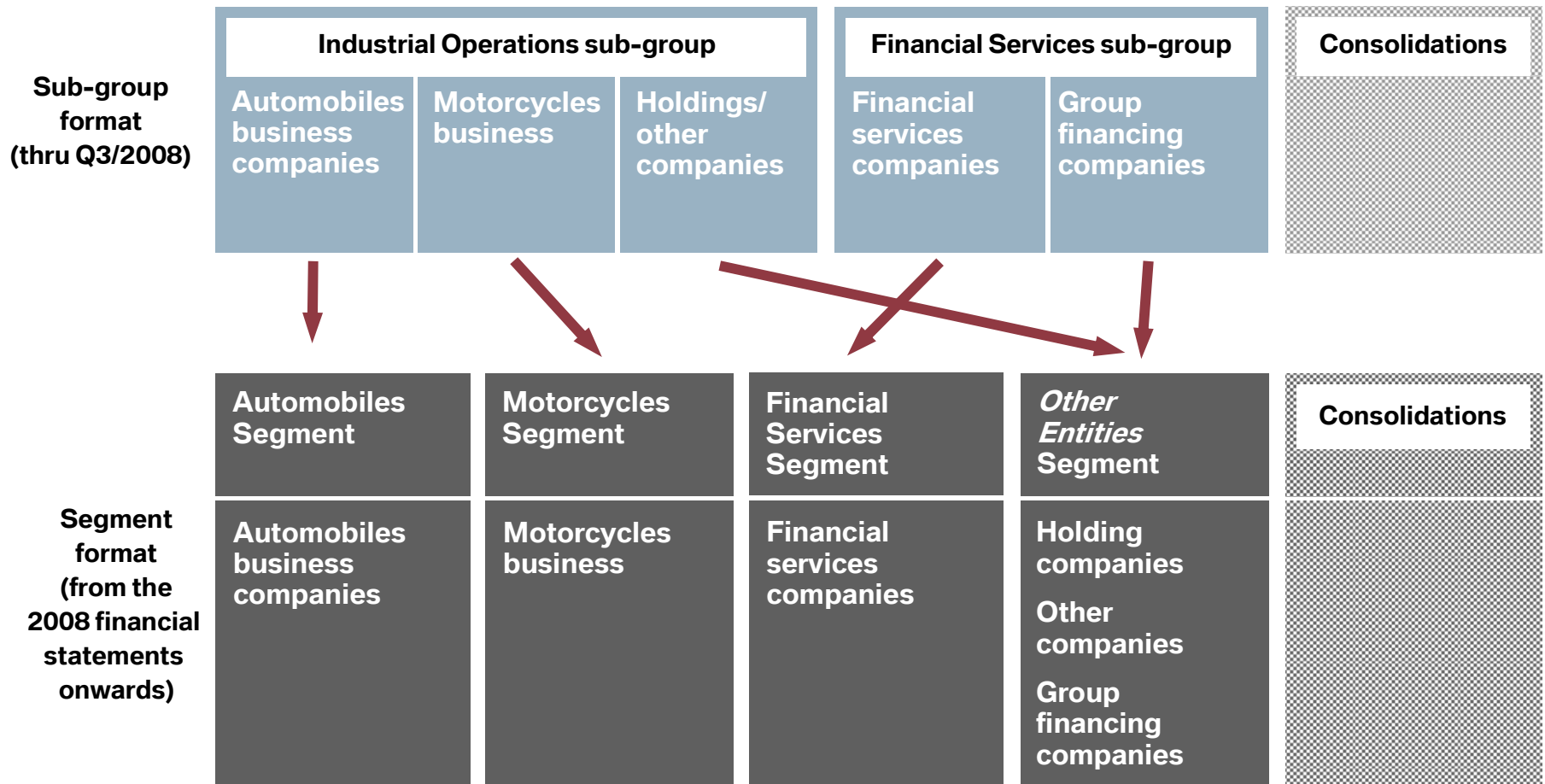
Fiscal 2008—€ million	Auto- mobiles	Motor- cycles	Financial Services	Other Entities	Reconciliation to the Group figure	Group
External revenues	37,877	1,222	13,952	146	–	53,197
Intra-segment revenues	10,905	8	1,773	45	-12,731	–
Total revenues	48,782	1,230	15,725	191	-12,731	53,197
Segment profit	690 (EBIT)	60 (EBIT)	- 292 (EBT)	295 (EBT)	- 402	351 (EBT)
Segment assets	14,367 (CE**)	423 (CE**)	3,752 (E***)	38,451 (CE**)	44,093	101,086 (Σ assets)
Capital expenditure*	4,467	55	14,842	4	-2,788	16,580
Depreciation & amortization*	3,567	70	3,995	13	-	7,645

* Including leased products. ** Capital employed. *** Equity.

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Excursus: New Segment Reporting.

New company assignments:



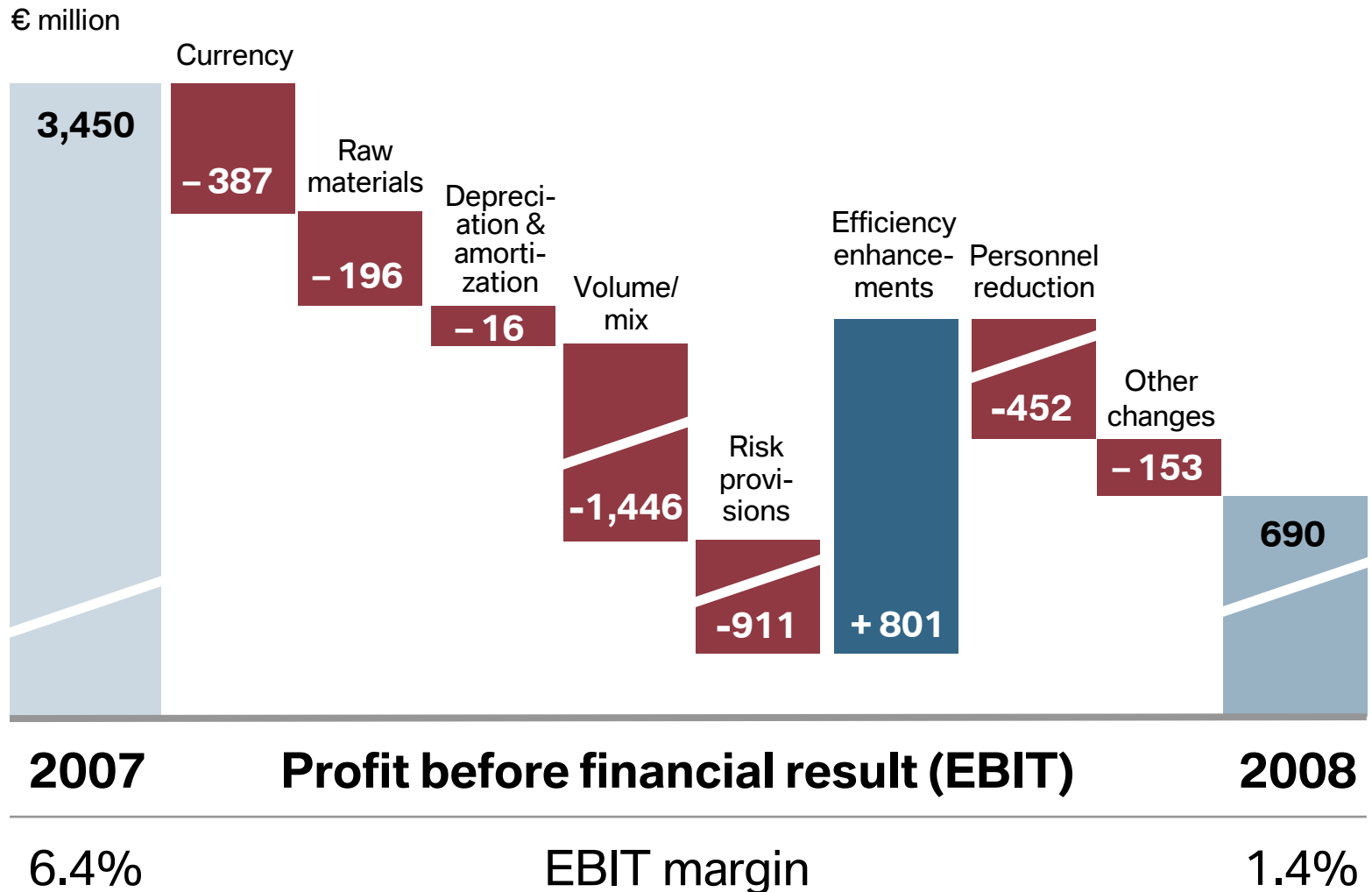
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Automobiles Segment Overview.

€ million	2008	2007	Change in %
Revenues	48,782	53,818	- 9.4
EBIT	690	3,450	- 80.0
EBIT (adjusted)	2,053	3,450	- 40.5
EBIT margin (in %)	1.4	6.4	- 78.1
EBIT margin (adjusted, in %)	4.2	6.4	- 34.4
RoCE (in %)	4.9	24.7	- 80.2
RoCE (adjusted, in %)	14.6	24.7	- 40.9

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Effects on Automobiles Segment Earnings.



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Automobiles Segment –

Successful Financial Management.

- **Proactive, foresighted financial management:**
 - **Net current assets (working capital) reduced by EUR 1,177 million.**
 - **Free cash flow: - EUR 81 million.**
 - **Net financial assets: EUR 9,046 million.**

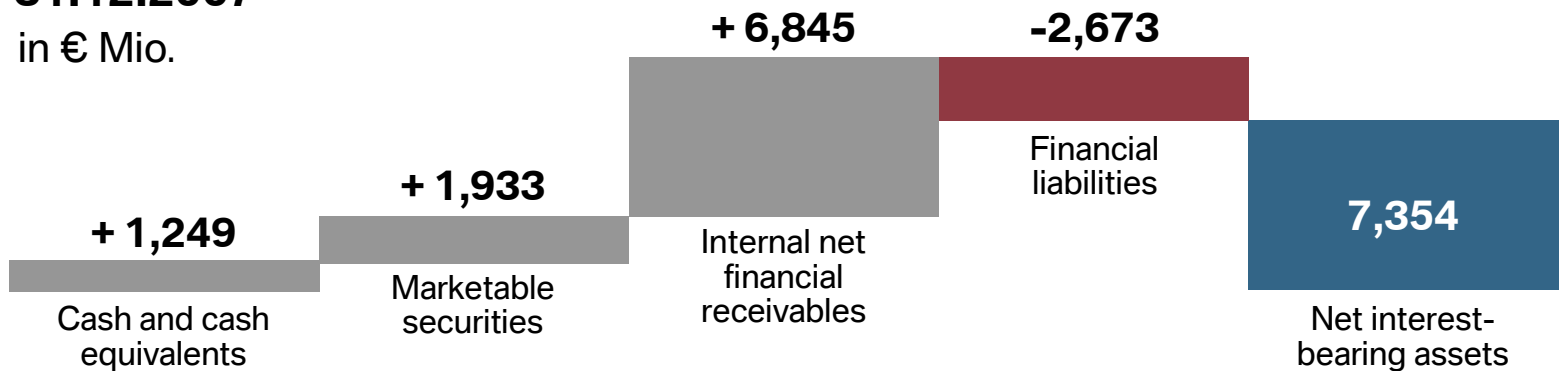
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Net interest – bearing assets

Automobiles segment.

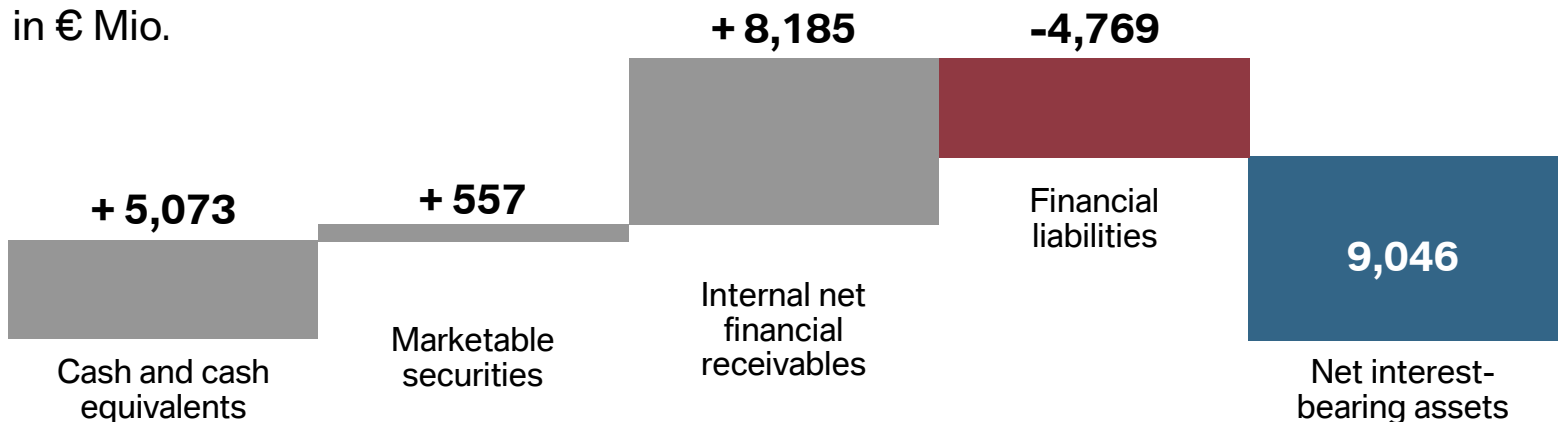
31.12.2007

in € Mio.



31.12.2008

in € Mio.



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Financial Services Segment Overview.

€ million	2008	2007	Change in %
Business volume (B/S)	57,587	51,257	12.3
Customer lease and financing agreements (millions)	3.03	2.63	15.2
Penetration rate (in %)	48.5	44.7	8.5
EBT	-292	743	-
EBT (adjusted)	768	743	3.4
RoE (in %)	-	18.1	-
RoE (adjusted, in %)	19.1	18.1	5.5

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Additional Risk Provisions.

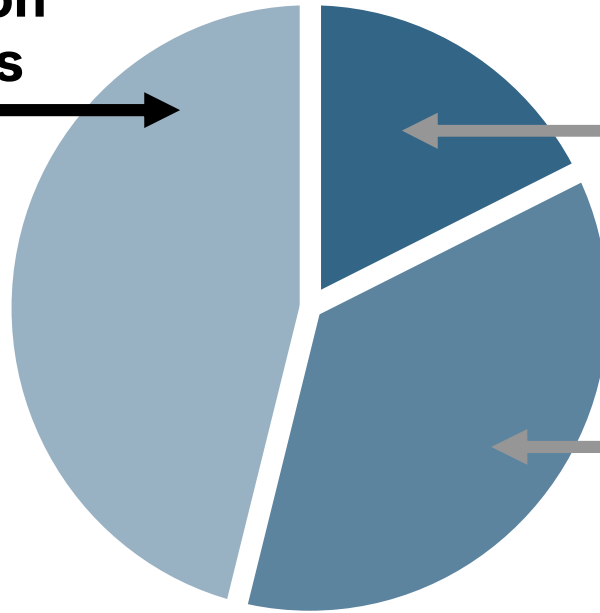
Total: EUR 1,968 million

**Automobiles
Segment:
EUR 911 million
residual values**

**Financial
Services
segment: EUR
1,057 million**

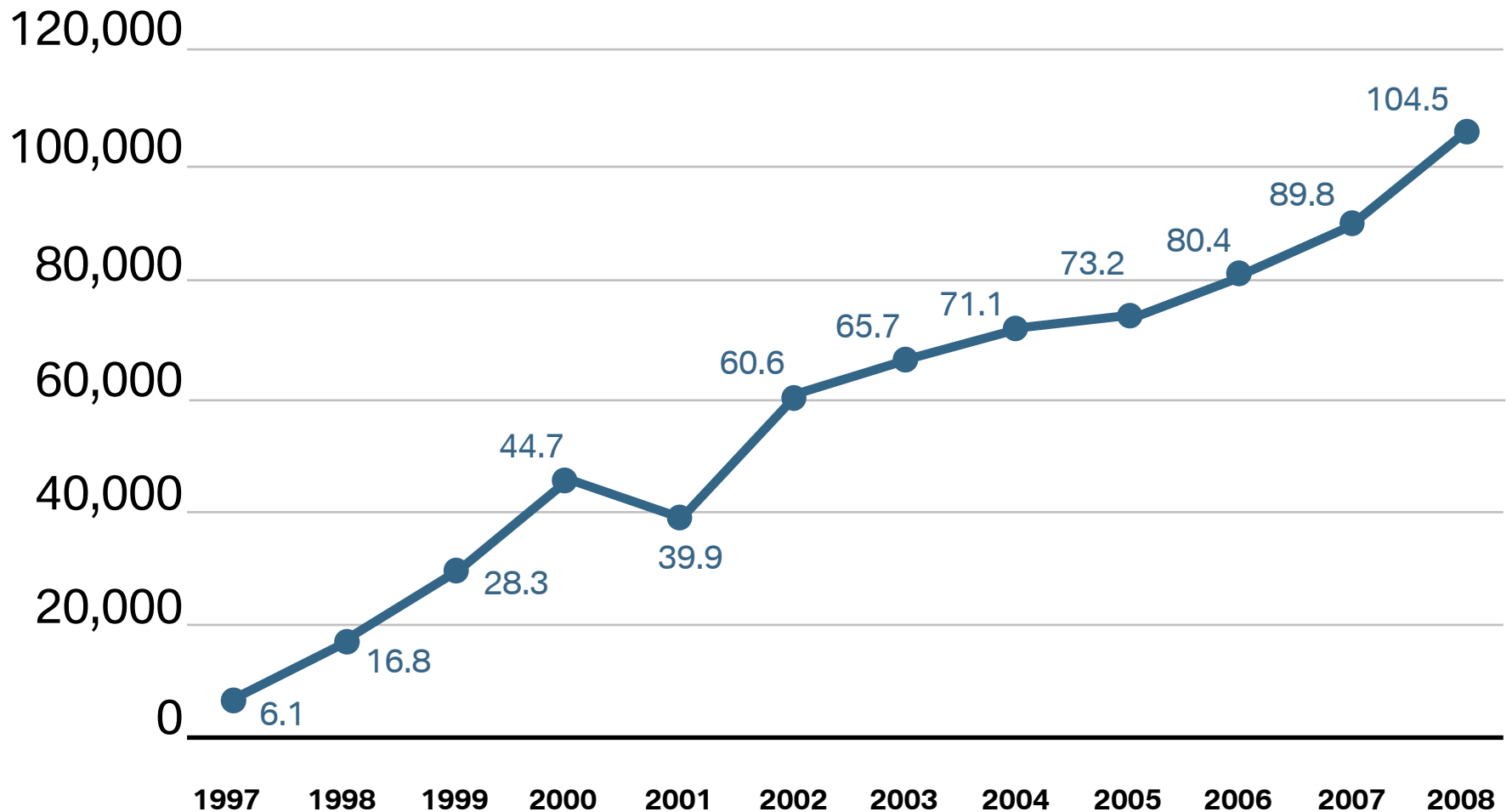
EUR 363 million
credit risks

EUR 694 million
residual values



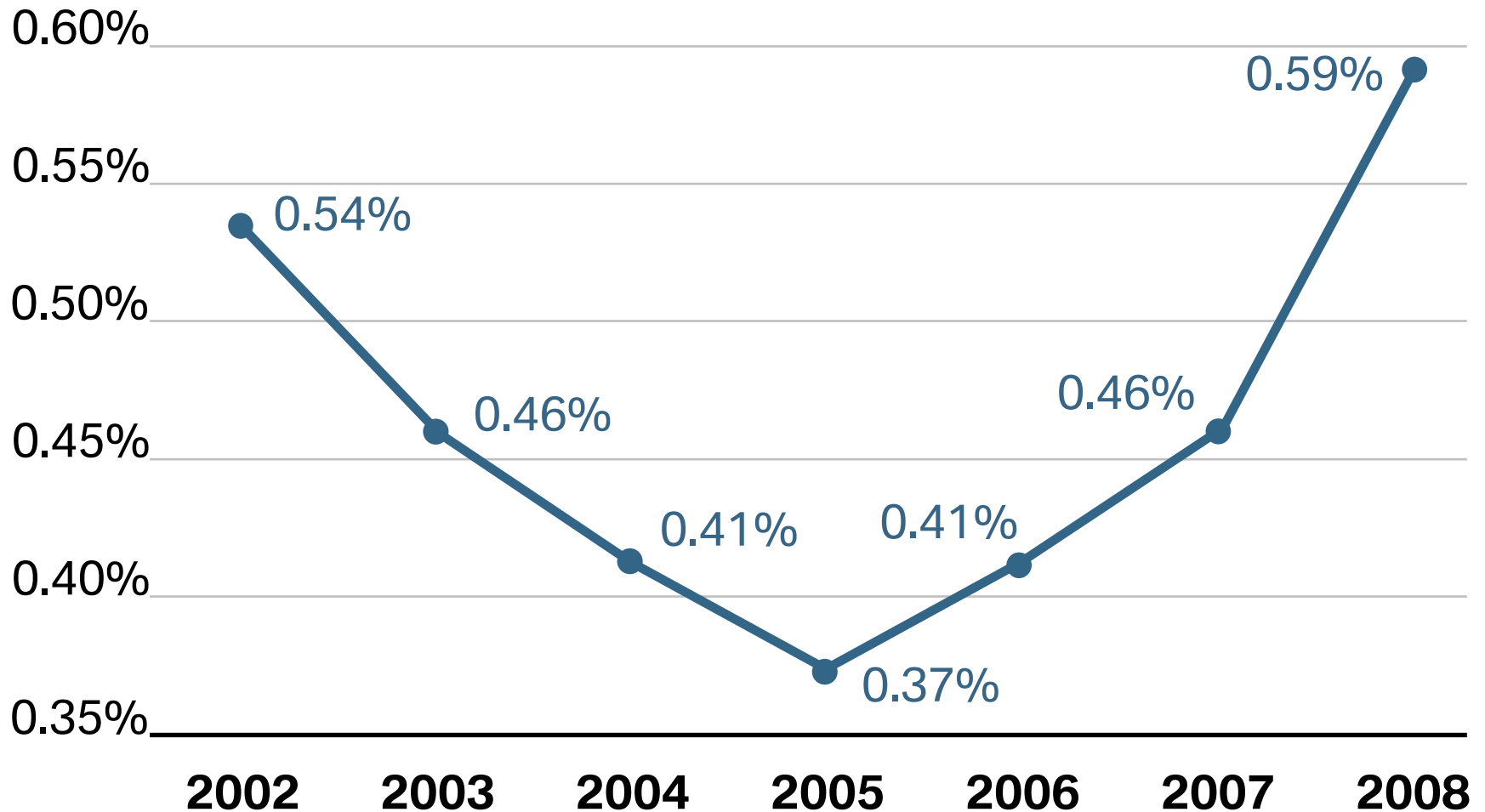
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Financial Services Segment – Development of CPO Retail in the USA.



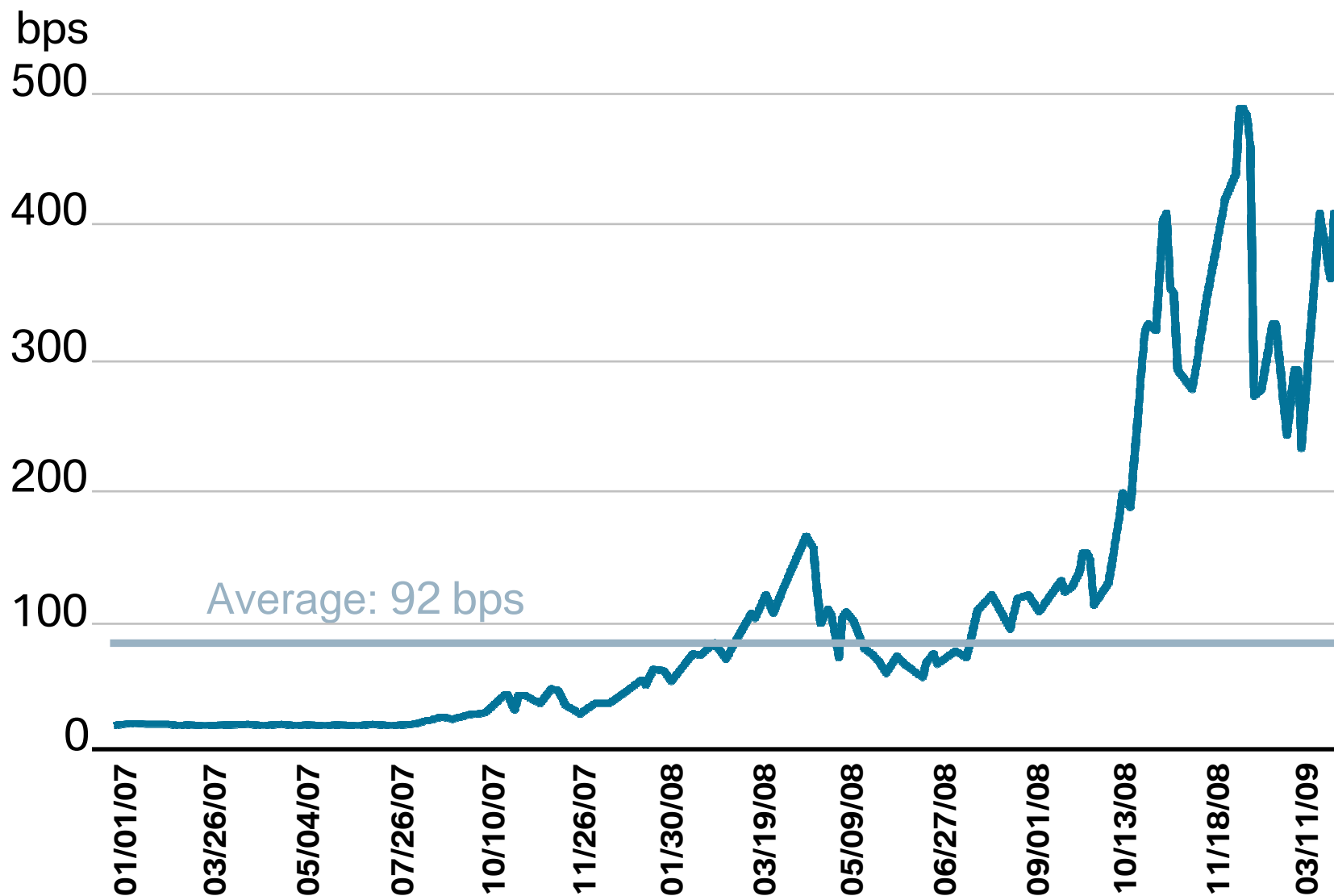
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Financial Services Segment – Development of Credit Loss Rates.



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Development of BMW 5-Year CDS.



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Motorcycles Segment Overview.

€ million	2008	2007	Change in %
Revenues	1,230	1,228	0.2
EBIT	60	80	- 25.0
EBIT margin (in %)	4.9	6.5	- 24.6
RoCE (in %)	13.9	18.0	- 22.8

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Outlook and Action for 2009.

- **Focused cost management is the top priority.**
- **Optimisation of capital employed.**
- **Reduction of capital expenditure without sacrificing investment in the future.**
- **Continuation of strict working capital and free cash flow management.**
- **Resolute pursuit of Strategy Number ONE.**