

# **BMW Group.**

## **Financial Analysts' Meeting.**

**Dr Friedrich Eichiner**

**Member of the Board of Management of  
BMW AG, Finance**

**March 19, 2009**

# **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.**

# **BMW Group.**

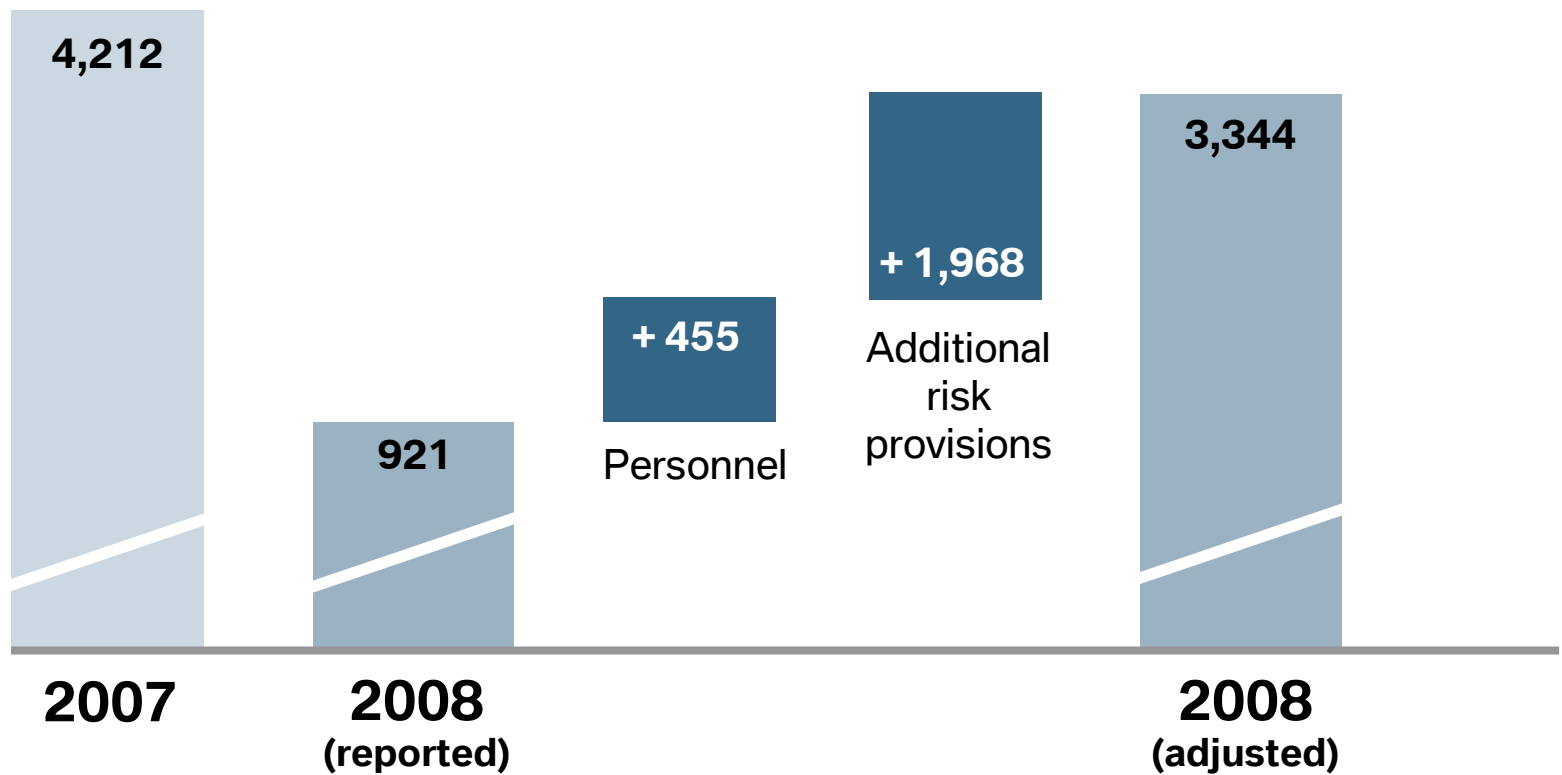
## **Additional Risk Provisions and Severance Payments had a Negative Impact.**

- **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.**

# BMW Group.

## Adjusted Group Earnings (EBIT).

€ million



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

# BMW Group.

## Research and Development Costs.

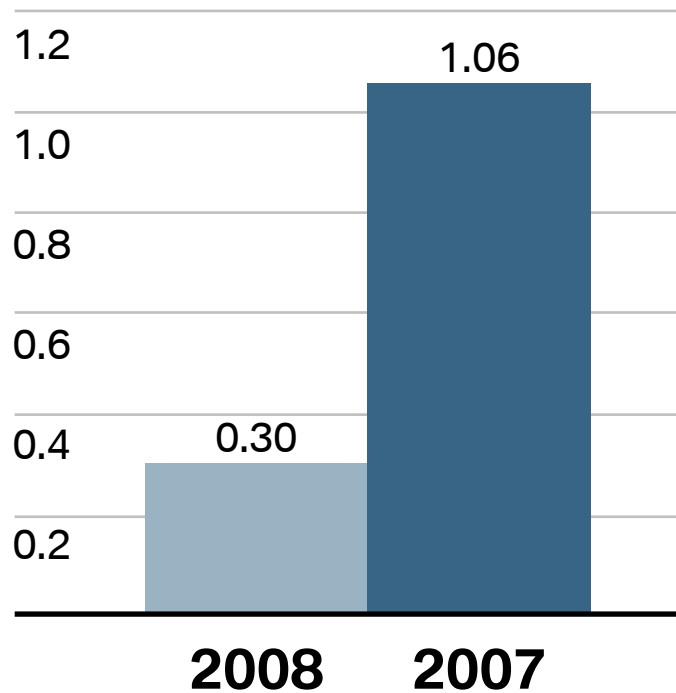
€ million	2008	2007	Change in %
R&D expense (income statement)	2,825	2,920	- 3.3
R&D share of revenues (in %)	5.3	5.2	-
Depreciation and amortization	-1,185	-1,109	6.9
Capitalisation of development costs	+1,224	+1,333	- 8.2

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	

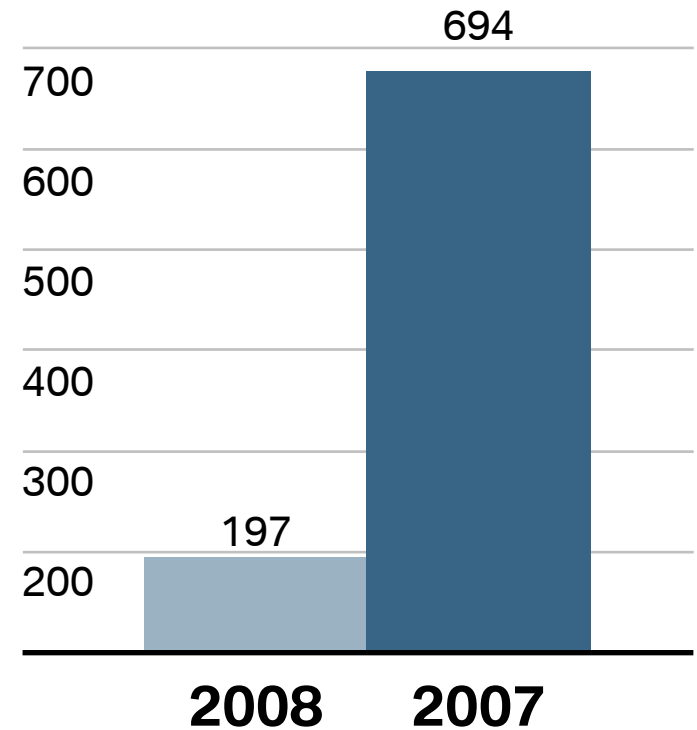
# BMW Group.

## Dividend development.

Dividend\*  
€



Dividend total  
€ million



\*per share of common stock.

# **BMW Group.**

## **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.**

# BMW Group.

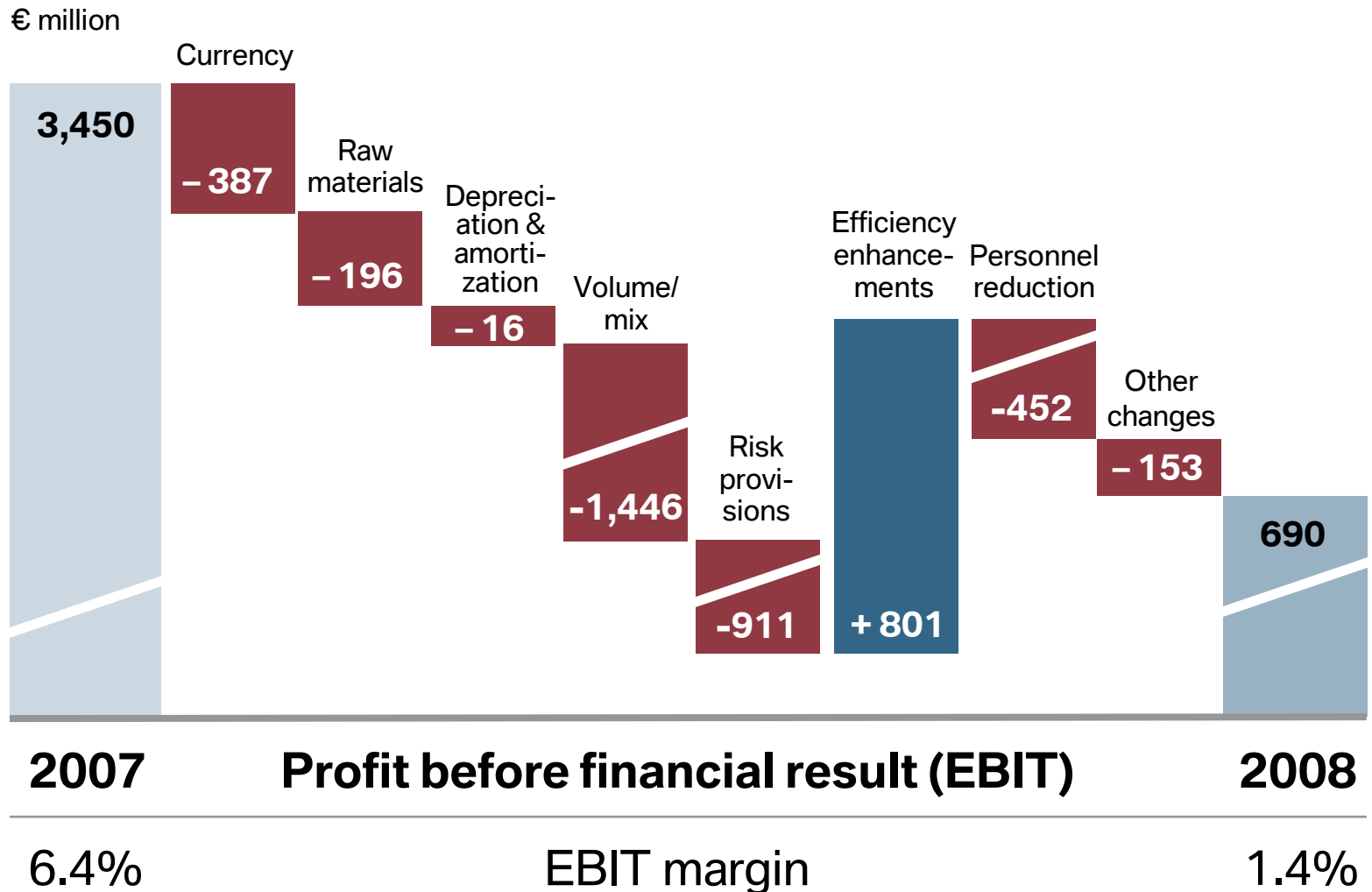
## Automobiles Segment Overview.

€ 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.**

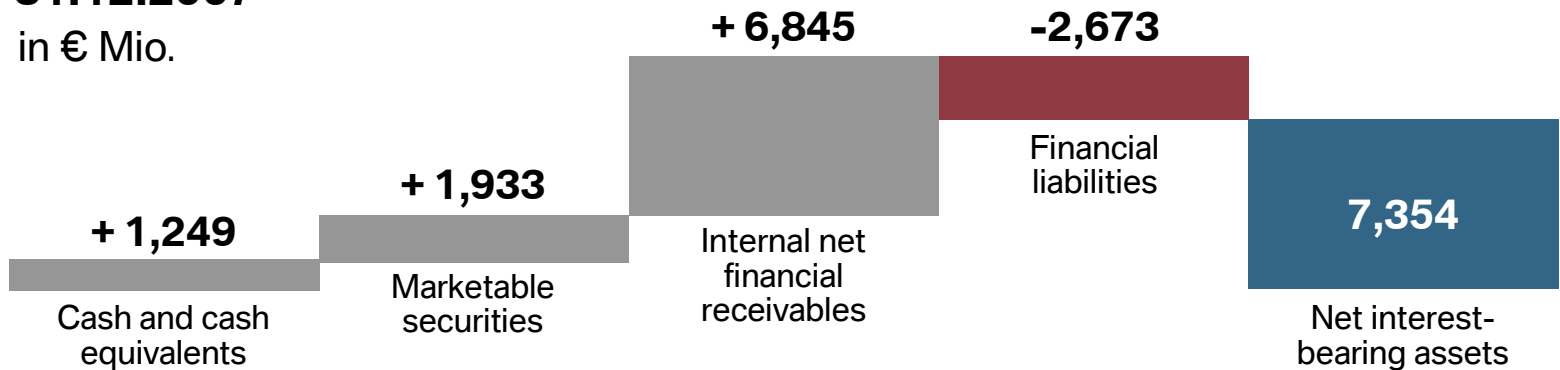
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## Net interest – bearing assets

### Automobiles segment.

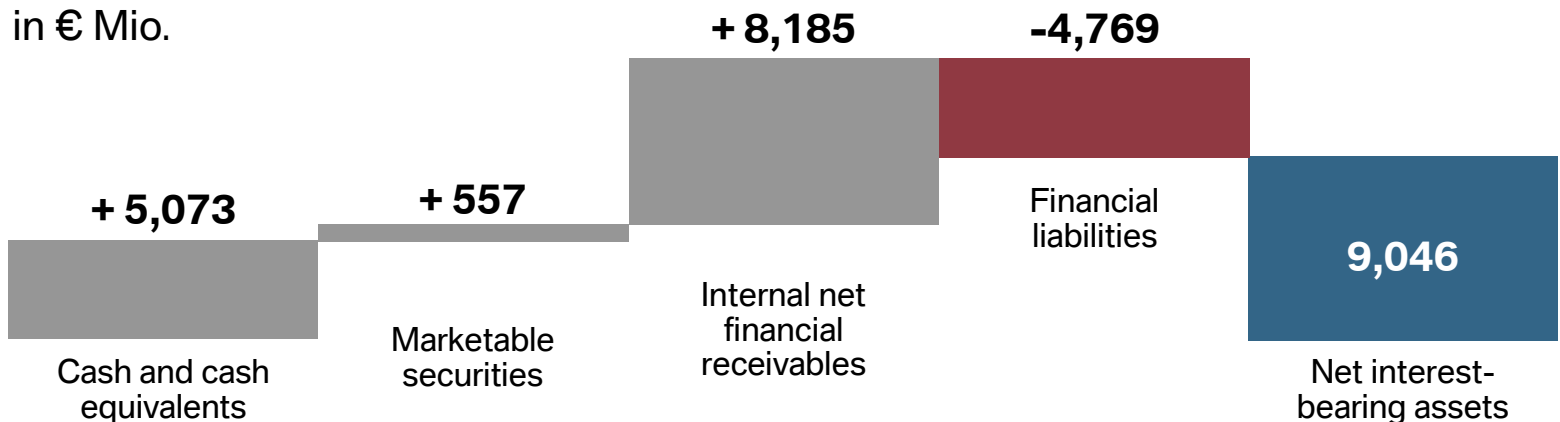
**31.12.2007**

in € Mio.



**31.12.2008**

in € Mio.



# BMW Group.

## 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.**

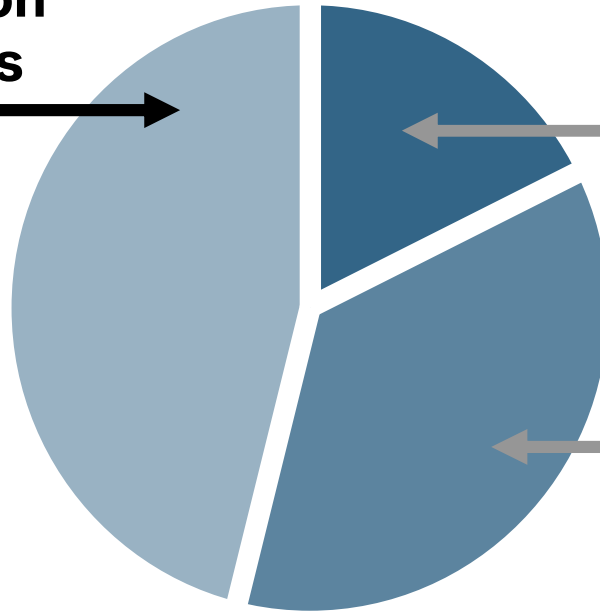
**Total: EUR 1,968 million**

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

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

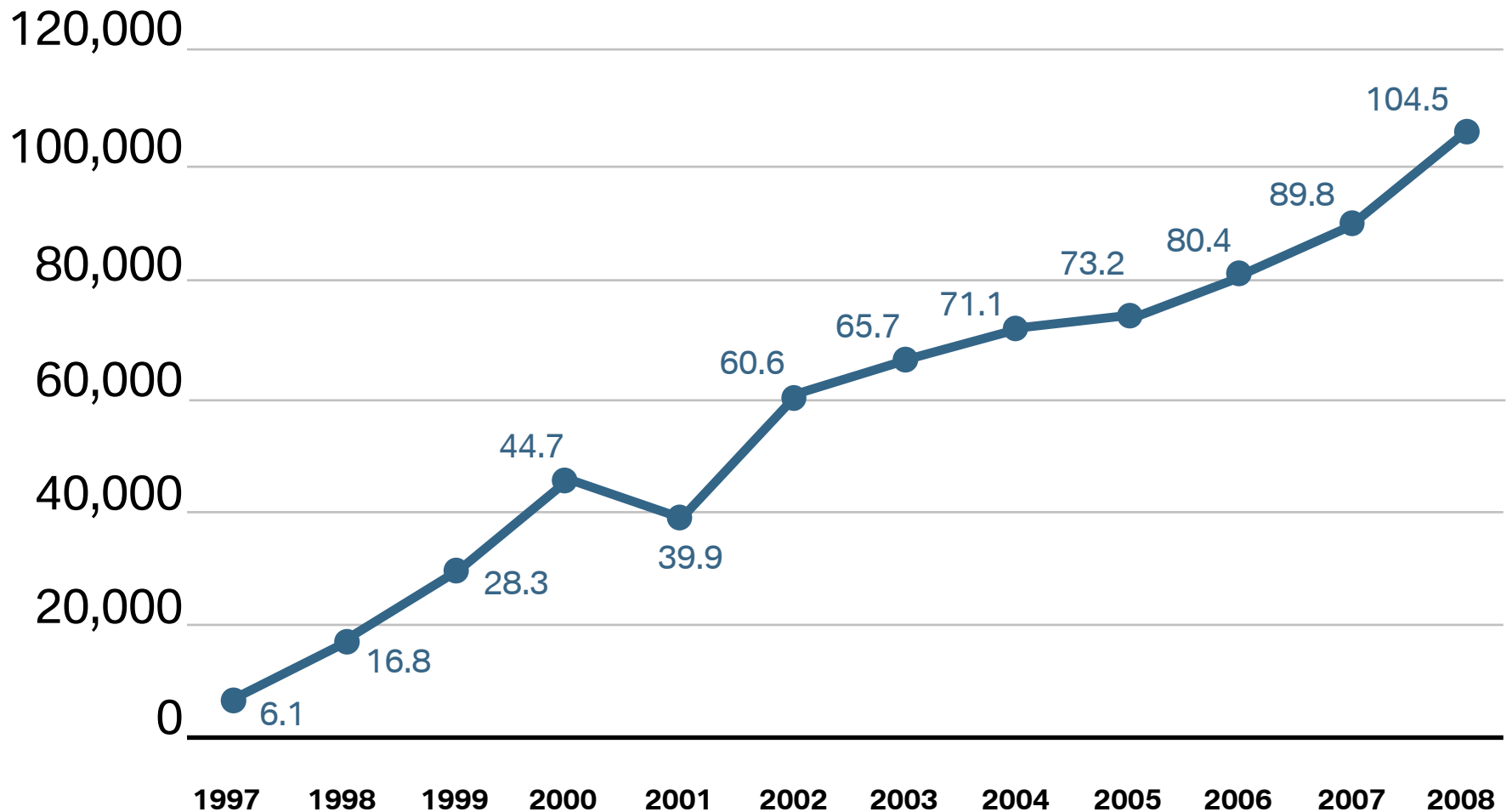
EUR 363 million  
credit risks

EUR 694 million  
residual values



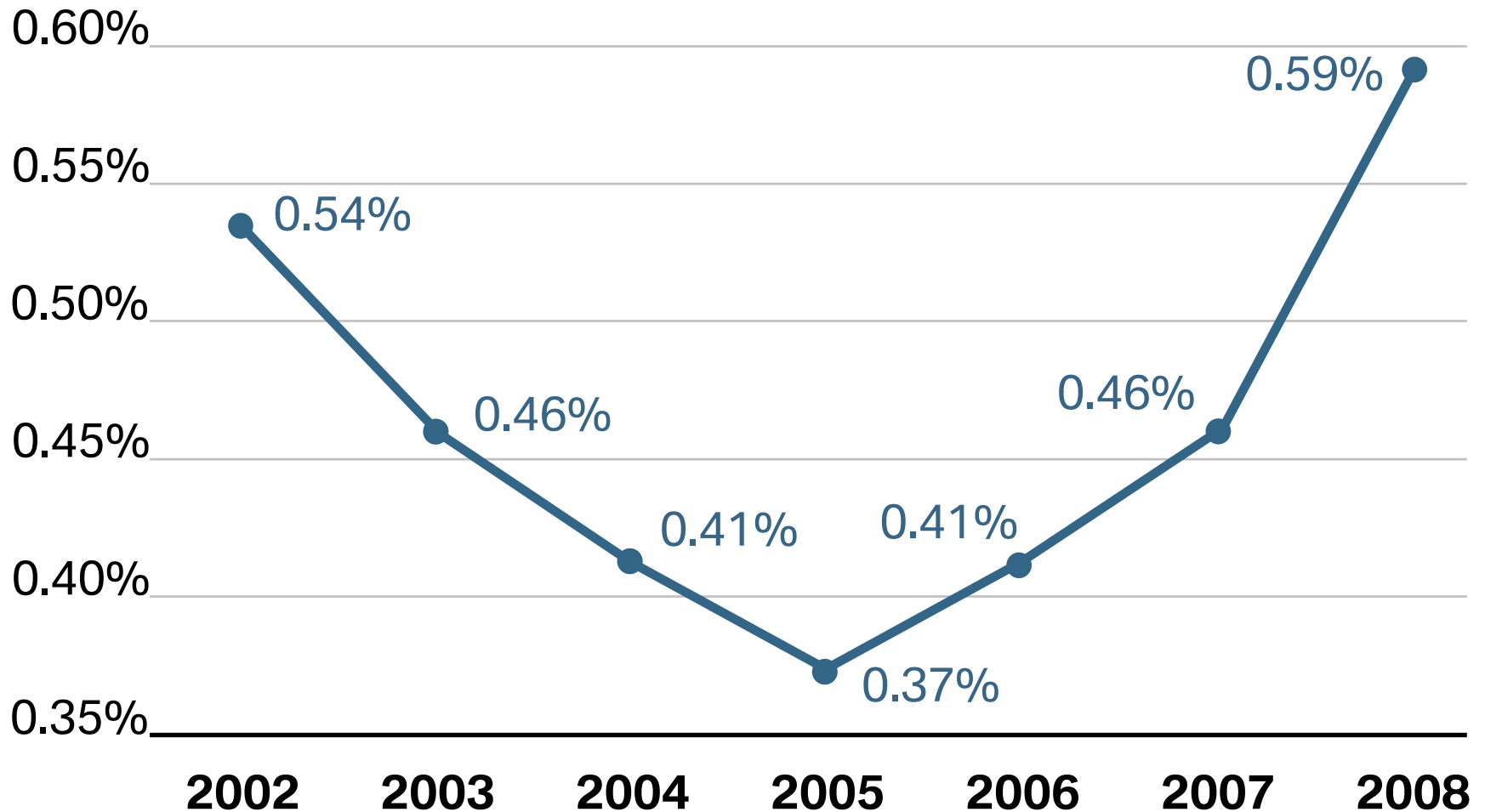
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## Financial Services Segment – Development of CPO Retail in the USA.



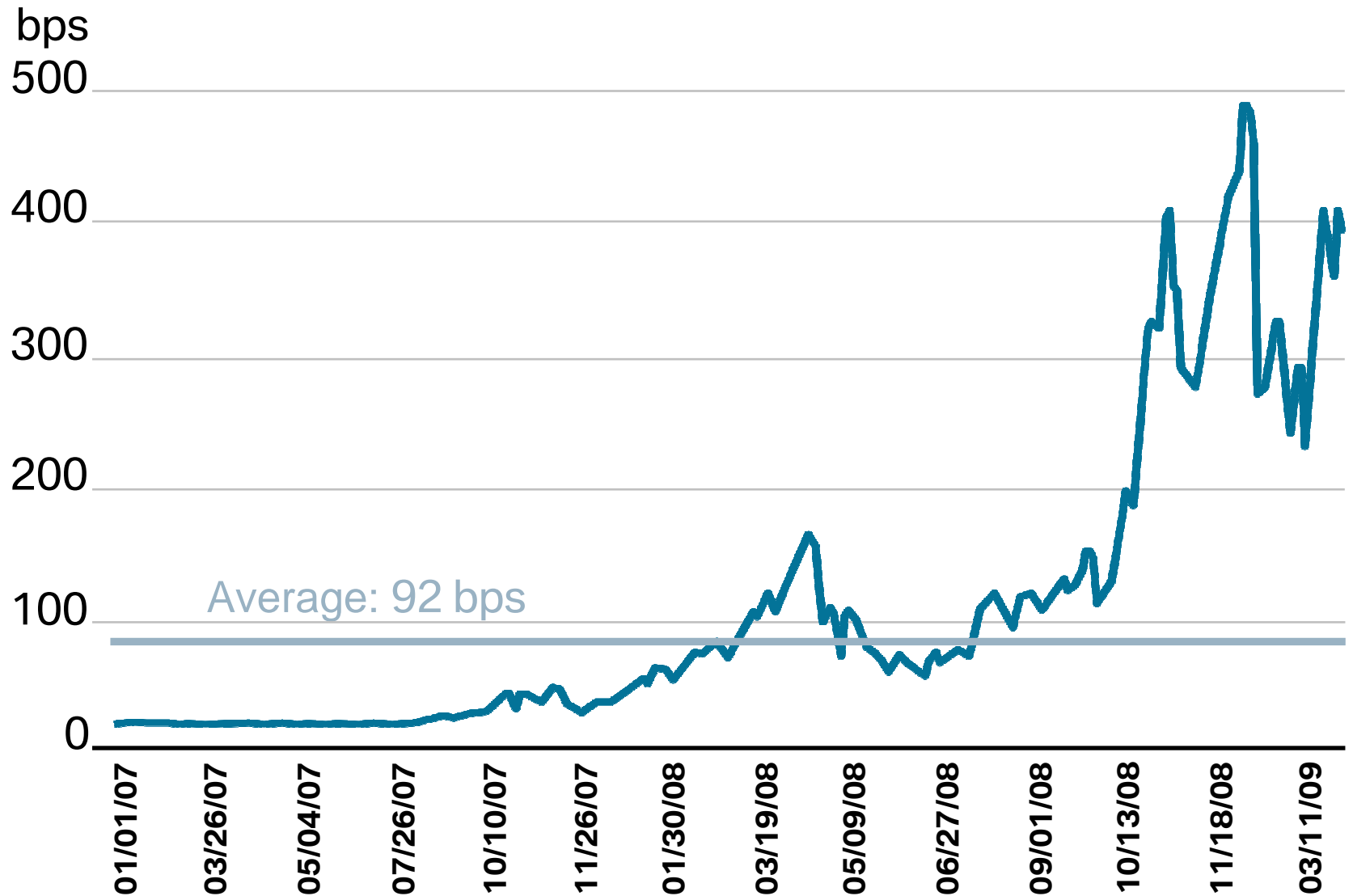
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## Financial Services Segment – Development of Credit Loss Rates.



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## Development of BMW 5-Year CDS.





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## **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.**