BMW Group in China.

Dr. Christoph Stark
President & CEO BMW Group Region China

BMW Group
Path of Growth.

Recent Development.

Outlook in China.
Road of Growth.
BMW in China.

Main Locations

- Beijing
  - NSC / Reg. Office
- Chengdu
  - Reg. Office
- Guangzhou
  - Reg. Office
- Shanghai
  - Reg. Office
- Taiwan
  - Reg. Office
- Shenyang
  - BMW Brilliance Automotive
- Hong Kong
  - Importer: BMW Concessionaires (HK) Limited

Milestones

- 1994: Opening of BMW Representative Office
- 2003: Start of JV production
- 2005: Establishment of National Sales Company
- 2005: Opening of Engineering Division (E-Office)
- 2006: Opening of International Purchasing Office
- 2009: Plant Phase II signing
- 2010: Groundbreaking of Plant Phase II
- 2010: Business commencement for Auto Finance Company
Road of Growth.
178 BMW and 37 MINI dealer outlets in operation YTD August 2010.

<table>
<thead>
<tr>
<th>Outlet</th>
<th>BMW</th>
<th>MINI</th>
</tr>
</thead>
<tbody>
<tr>
<td>North</td>
<td>54</td>
<td>10</td>
</tr>
<tr>
<td>East</td>
<td>59</td>
<td>12</td>
</tr>
<tr>
<td>West</td>
<td>30</td>
<td>5</td>
</tr>
<tr>
<td>South</td>
<td>35</td>
<td>10</td>
</tr>
<tr>
<td>Total</td>
<td>178</td>
<td>37</td>
</tr>
</tbody>
</table>
Multi-Tier Product Line.
Most BMW series models are on sale in China.
Multi-Tier Product Line.

Efficient Marketing – special products adapted to local market generate additional opportunities.

760Li China 60 Years Edition.

EXPO Edition.

1 Series Chocolate Edition.

BMW M Tiger Edition.
Multi-Tier Product Line.
EXCITING MINI PRODUCTS IN CHINA.
Super Sales Scores.

BMW and MINI annual sales growth averaged +40% in the last 5 years with continuing market penetration and leading positions in top segments (7 Series, X5/X6 and 5 Series GT).

<table>
<thead>
<tr>
<th>Year</th>
<th>Total (units)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>24,025</td>
</tr>
<tr>
<td>2006</td>
<td>36,357</td>
</tr>
<tr>
<td>2007</td>
<td>51,588</td>
</tr>
<tr>
<td>2008</td>
<td>65,822</td>
</tr>
<tr>
<td>2009</td>
<td>90,536</td>
</tr>
<tr>
<td>YTD Aug. 2010</td>
<td>106,447</td>
</tr>
</tbody>
</table>

CAGR* 2005-2009: +40%
Premium segment: +37%

Source: Sales data

*CAGR: Compound Average Growth Rate
How did we do it?

Highly committed and motivated people are key. 天时 地利 人和.

- We have the RIGHT TEAM.
- We have committed PARTNERS, dealers and investors who provide us with the support we need.
- We are CUSTOMER ORIENTED.
Customer Orientation.
Fully dedicated to customer satisfaction.

- Test Drive Experiences
- Quality of work performed
- Workshop lead-time
- Standardization of work and cost
- Competence of Service Advisor / Sales Consultant
- Higher employee retention rate at dealers
- Waiting time at car drop-off and pick-up
- Efficient customer care & complaint handling
- BMW owners activities by dealer
- Product Quality

悦
Capital Markets Day.

Agenda.

Path of Growth.

Recent Development.

Outlook in China.
Plant Expansion.
The BMW Brilliance Plant Phase II is a testimony to BMW’s commitment to the Chinese market.
The Latest Hit – BMW 5 Series LWB.
The all-new BMW 5 Series LWB, tailor-made for China, had a grand national launch in Shanghai in August.
The New 5 Series has been highly acclaimed by the Chinese media.

- “BMW is moving together with those who have dreams.”


- “The All-new BMW 5 Series Long Wheelbase is born for China.”
The Latest Hit – BMW 5 Series LWB.
Reset the benchmark of business sedan.

1. Longest wheelbase in the segment.
2. Most efficient and dynamic performance in the segment.
3. Best in class innovation and comfort.

- High quality interior trim and upholstery, Leather Nappa.(USP)
- Advanced rear seat entertainment system.
- Automatic parking assist.(USP)
- Night Vision with pedestrian detection.(USP)
- Head-up Display.(USP)
Joy Campaign.
Key success factor: Understanding and being understood in China.

BMW's core spirit is translated in local language, and well accepted.
The most cherished treasure we have.
In various brand surveys BMW is among the top 3 overall premium brands and the top automotive brand. We make every effort to maintain and strengthen the position of the most successful premium brand.
Social Responsibility – BMW Warm Heart.
Continue and enhance customer-integrated CSR.

CSR Umbrella

Educational Support
• Seek cooperation with higher governmental departments

Environmental Protection
• Communication of Efficient Dynamic & Joy Campaign

Cultural Promotion
• Further Strengthen Culture Engagement & Art Promotion

Corporate Governance
• Further involvement of staff, strengthen volunteer program

BMW Corporate-Level Programs

CCF BMW Warm Heart Fund (WHF)

Dealer & Customer Integration
Part of China.
With constant localization efforts, BMW is deeply integrated in China.
Path of Growth.

Recent Development.

Outlook in China.
China’s Economic Development.
As a huge market with great potential, China has shown fast and stable economic growth over the past 20 years.

China GDP Growth (1992-2009)

Source: China Statistical Yearbook
China’s Economic Development.

Despite possible temporary slow down, China’s economy will maintain high growth in the coming 10 years, with huge growth potential for vehicle penetration.

Forecast on GDP per capita in 2010-2020 (US$)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010F</td>
<td>4,228</td>
</tr>
<tr>
<td>2012F</td>
<td>4,861</td>
</tr>
<tr>
<td>2014F</td>
<td>5,672</td>
</tr>
<tr>
<td>2016F</td>
<td>6,525</td>
</tr>
<tr>
<td>2018F</td>
<td>7,447</td>
</tr>
<tr>
<td>2020F</td>
<td>8,421</td>
</tr>
</tbody>
</table>

Hungary in 2008: 15,542

Note: GDP deflator in 2010-2019 is calculated as 2.5%, RMB exchange rate is assumed as 4% appreciation in 2005-2010, 3% in 2011-2015 and 1% in 2016-2020.

Passenger Vehicle penetration vs. GDP per capita 2009

Source: SIC, IMF 2009 data, World Bank
China’s Economic Development
A growing middle class will create solid customer base for high-end products.

- Middle class consumers have more trust in foreign brands and are willing to pay a premium for quality.
China’s Economic Development.

China’s urbanization strategy will generate tremendous demand for mobility.

Since reform and opening-up was initiated 30 years ago, China's urbanization rate has risen from around 18% to more than 45%.

By 2020, more than 60% of the total population will live in urban area.

Source: State Information Center
China’s Economic Development.
One country, three economies.

Per Capita GDP (RMB)

- Shanghai
- Beijing
- Tianjin
- Zhejiang
- Jiangsu
- Guangdong
- Inner Mongolia
- Shandong
- Liaoning
- Fujian
- Other 21 provinces

* Preliminary data, and unavailable for some provinces

Source: national statistical bureau
China’s Economic Development.
The real purchase power in China could be much bigger than it appears.

- A top scholar’s research found almost RMB 10tn, or 30% of GDP in hidden income.
- The top 10% rich people account for 52% of wealth.
- It helps explain why there are such huge demands for luxury products in China despite a relatively low income in per capita terms.

A high concentration of wealth in China

China disposable household income

Source: Prof. Wang Xiaolu (National Economic Research Institute)
A Booming Premium Segment.
Driven by stable economic growth, growing customer base and increasing purchase power, China’s premium segment will jump above 1.5 mn units latest by 2020.

China Premium segment development (units)

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>111,000</td>
</tr>
<tr>
<td>2010 F</td>
<td>635,000</td>
</tr>
<tr>
<td>2015 F</td>
<td>&gt;1.2 mn</td>
</tr>
<tr>
<td>2020 F</td>
<td>&gt;1.5 mn</td>
</tr>
</tbody>
</table>

With this development, China will become the biggest market for BMW worldwide.

Source: Registration data
Further Dealer Network Expansion.
Fast development in our dealer network to match the fast growing market.

BMW Dealer Development by City Tier

2010F 2015

Ø 30-40 outlets set up per year

200

>350

Tier 5
Tier 4
Tier 3
Tier 2
Tier 1
Thank you for your attention.