Ladies and Gentlemen,

Good morning from my side as well.

The BMW Group is the world’s leading premium car company. In the first quarter of 2011, we continued to expand our position in the premium segment.

Our earnings performance increased once again: In the first quarter, we achieved a margin of 11.3%, based on pre-tax earnings of 1.8 billion euros. This is even higher than our very profitable fourth quarter of 2010.

The initiatives implemented under our Strategy Number ONE are having the intended effect. Most of the measures we initiated as part of our profitability programme have been completed and continue to have a positive impact on profitability.

We continue to work on optimising cost and efficiency improvements. We are not looking for one-off effects. We aim to keep our long-term profitability and EBIT margin within the target range of 8-10%. This should also be possible in spite of life-cycle effects and volatility. Our goal is to be a company with solid earnings that is efficient and profitable at all levels. This will give the BMW Group the financial strength it needs to continue innovating.

Let me go into a little more detail about the Automotive segment:

Continuing to benefit from strong demand, we sold nearly 383,000 units from January to March. This is 21% more than in the first quarter last year.
Nevertheless, these figures reflect basis effects from the crisis that still dominated the first quarter of last year – so growth rates may be lower for the full year.

The Automotive segment generated revenues of 14.4 billion euros in the first quarter – representing an increase of 35 percent year-on-year. EBIT for the segment totalled 1.7 billion euros. The EBIT margin of 11.9 percent was even higher than the previous quarter.

Our price positioning benefitted from strong demand in the first quarter. Because of this, we once again improved our net pricing from the previous quarter.

The financial steering system we implemented for the Sales division in 2010 showed positive effects on our earnings. We expect a further positive and significant impact on results for the full year.

Earnings were also boosted by reductions in the cost of materials as a result of product development and agreements with suppliers. Combined with higher volumes for the X3 and the 5 Series this resulted in comparably lower manufacturing costs.

Our production volume for the first quarter exceeded sales volumes by 47,000 units. This is mainly the result of longer transfer times for vehicles headed to rapidly growing markets overseas. The related expenses are not booked until the corresponding revenues are recognized.

Our strong operating performance in the first quarter boosted free cash flow in the Automotive segment to 1.6 billion euros.
The Financial Services segment also had a very dynamic start in the new year. The division reported pre-tax earnings of 429 million euros, thanks to attractive financing conditions and interest margins.

The risk situation further eased and led to lower provisions for credit risks. This had a positive impact on earnings. Segment earnings also contain positive effects of 60 million euros from the off-lease business and the adjustment of credit risk provisions.

Our leasing and customer financing business reported strong growth in the first quarter. We concluded almost 277,000 new leasing and financing contracts worldwide. The customer business grew by 14%.

In particular, growth in the U.S. and strong demand for the 5 Series Sedan among corporate and small business owners in Germany helped strengthen our leasing business. Combined with the lower manufacturing costs of our new vehicles we could eliminate a larger share of intragroup profits. This reduced our profit before tax in the Eliminations segment to -228 million euros.

The penetration rate – the percentage of new BMW Group vehicles handled by the Financial Services segment – was at 40%. This is almost 7 percentage points below the rate for the first quarter of the previous year.

This is due to our financial services activities in China: BMW Financial Services China began operating in the Chinese market at the start of 2011. Its lower penetration rate is now included in our global figures. So far, our new organisation has financed only a small percentage of new vehicles in China.

The financial services organisation is mostly supporting the expansion of the Chinese dealer network and providing interim financing for dealers. We see further potential for development in China – which we aim to leverage through our financial services business.
How did the risk situation develop in the Financial Services segment?

We saw used car markets in Europe continue to stabilise in the first quarter. In the United States, prices for pre-owned BMW vehicles trended upwards.

For the first time this year there will be a much smaller number of end-of-lease vehicles in the U.S., in part because we have been actively steering new customer business towards loan financing. This will further stabilise used-car prices.

Right now, we are cautiously optimistic about the U.S. market. But there are still a number of factors – such as rising oil prices – that point to possible volatility. A downturn in the economy would also have a negative impact on the used-car market.

We remain cautious about the European markets. In particular, the debt crisis among southern European members of the Eurozone implies a certain risk of volatility for the coming months.

Globally, the credit risk situation for the Financial Services segment continued to stabilise in the first quarter. The credit loss ratio for this period was 0.55 percent worldwide. This was 10 basis points lower than the same quarter last year.

If the recovery continues, we will take a close look at our risk provisions and may adjust them accordingly.

The increase in key interest rates in the Eurozone in March did not significantly impact our business forecast. We expect to see a further gradual increase in base rates in the near future. It is possible that this could somewhat dampen the momentum of our financial services business in the medium-term.
But overall we are confident about our performance. There are three primary reasons for this:
- strong rates of growth in the auto business,
- ongoing favourable financing conditions, and
- a sound risk position and healthy risk provisions.

We still anticipate that earnings for 2011 will be higher than last year.

Sales volumes also increased substantially in the Motorcycles segment. We delivered 25,000 motorcycles: 11% more units than last year.

This was mainly due to our new models. Our key motorcycle segments experienced a mixed performance in the first quarter but, overall, were able to maintain last year’s level. Our main motorcycle segments in Germany, France and the U.S. reported modest growth.

BMW Motorrad increased its first-quarter revenues by 13 percent to almost 400 million euros. The segment generated an EBIT of 31 million euros.

As we announced previously, Husqvarna earnings will be consolidated in the Motorcycles segment for the first time in 2011.

After three very strong months, we maintain our guidance for 2011. We continue to aim for record sales of well over 1.5 million vehicles, with new sales highs for all three brands.

In the first six months of the year, we expect to see significant sales increases due to our new models. Growth rates will be overstated, however, due to basis effects.
We anticipate a slower rate of growth in the second half of the year. The BMW 1 Series will be approaching the end of its lifecycle. And with another high-volume model soon to be phased out, this will also become more of a factor.

We also expect higher expenses for launching and ramping up new model versions.

We believe that raw material prices and currency risks will move in opposite directions over the course of the year. We are hedged at good rates and expect the effects from both of these areas to offset each other overall.

We are aiming for an EBIT margin of more than 8% for our automotive business in 2011 and a RoCE of more than 26%, in line with our strategic goals. This assumes that the current positive trend on the auto markets will continue.

Given the information we have to date, we expect model cycle effects to dampen earnings in the second half of the year.

We are confident that we will be able to keep returns within our target range beyond 2012. This is based on the assumption that the global economy and economic and political conditions remain stable.

We are reaping the benefits of the positive sales environment and our cost improvements. Together, they put the BMW Group in a much stronger position.

That said, in light of the risks, we are also prepared for potential volatility.

Overall, we are on track to meet our targets this year.

Thank you.