Ladies and Gentlemen,

Good morning from my side as well.

The BMW Group performed well in an increasingly difficult environment. Economic growth slowed in key markets in the third quarter of 2012, especially in Europe. At the same time, volatility has increased and is likely to intensify further.

After the first nine months, sales in Europe are slightly higher year-on-year. Our attractive new models have strengthened our competitive position. Nevertheless, we are feeling the impact of the sustained economic downturn, which has resulted in competitive pressure.

We delivered a total of almost 435,000 vehicles to customers in the third quarter — 9% more than in the same period last year.

The BMW Group will remain on its strategic course. We are standing by our long-term profitability targets, with a focus on efficiency and cost discipline. At the same time, we will continue to invest in our future – taking action today to strengthen our competitiveness tomorrow.

This long-term focus has paid off for the BMW Group in recent years. We have substantially increased our profitability since 2007. And, thanks to our strategic
framework, we were able to steer the company out of the financial crisis successfully and swiftly.

Group earnings before taxes reached 1.987 billion euros in the third quarter – an increase of 17.6% over the same period last year. The Group's return on sales for the third quarter was 10.6%.

Group Pre-tax earnings for the first nine months of the year were roughly on the level of last year at 6.040 billion euros. This includes a positive effect of 124 million euros from the Financial Services segment.

Last year's figures included positive effects from adjustments to risk provisions and re-evaluation of our leasing portfolio, which contributed a total of 524 million euros to earnings.

Adjusted for these effects, Group earnings for the first nine months rose by 7.2% year-on-year.

The BMW Group’s net profit for the third quarter totalled 1.289 billion euros and was therefore 16% higher than for the same quarter last year.

Let’s take a look now at the individual segments.

In the Automotive segment, we delivered a total of 1.335 million vehicles to customers in the first nine months — 8.3% more than in the same period last year. We achieved new all-time highs for unit sales and revenues in this segment. Third-quarter revenues rose 12% year-on-year to reach 17.18 billion euros.
EBIT in the Automotive segment totalled 1.649 billion euros in the third quarter. The EBIT margin for the same period was 9.6%. We are therefore on track to achieve margins at the upper end of our target range.

Our earnings reflect the challenging conditions in the third quarter: Demand for premium vehicles was weaker in many European markets and competition was intense. We responded in two ways: by adjusting production and reallocating vehicles. However, strong competitive pressure in Europe still put pressure on earnings.

On the other hand, sales performed well in our two largest single markets, China and the United States, with continued growth in both countries.

Overall, currency and raw material prices had a positive impact in the third quarter.

Our spending on future growth projects was somewhat higher than in previous quarters. The total amount after nine months was in the high three-digit millions.

We are investing on two levels – we are optimising our combustion engines and at the same time, pressing ahead with electric mobility and lightweight construction technologies. We are expanding our production network and investing in growing and established markets. As previously announced, upfront investments of this kind will amount to more than 1 billion euros over the full year.

As a result, expenditure for research and development also increased in the year to the end of September – by 14.9% to 2.964 billion euros. The R&D ratio was 5.3%.
Due to future growth projects and preparations for upcoming product ramp-ups, capital expenditure rose to 2.721 billion euros through to the end of September. The capex ratio for the same period was 4.8%.

The positive business development in the Automotive segment generated a strong operating cash flow at the end of the first nine months and a free cash flow of 3.840 billion euros for the same period. As it is typically the case in the 4th quarter, we anticipate higher capital expenditures.

The Financial Services segment benefited from our sales growth in the third quarter. More than 327,000 contracts with retail customers were concluded in this quarter. This represents a 12.2% increase over the same period last year. The total number of contracts rose by 5.4% to more than 3.745 million, with the strongest growth in the Asia/Pacific and Europe/Middle East/Africa regions.

In Europe, our fleet management company, Alphabet, is in a good position following the acquisition of ING Car Lease. We have grown organically in this region. The integration of the ICL Group into Alphabet is proceeding according to plan.

Attractive financing conditions and solid, proactive risk management also benefited the development of our financial services business.

The segment generated a pre-tax profit of 425 million euros in the third quarter – an increase of 20.1% year-on-year. This includes a positive effect in the amount of 46 million euros from the end-of-lease business.

EBT reached 1.290 billion euros at the end of the first nine months. The positive effects I referred to contributed 124 million euros during this period.

The penetration rate for this segment was slightly lower year-on-year at 39.2%.
Trends in used-car prices remained uneven. As expected, prices fell slightly in many European markets. We regularly anticipate risks of this kind and adjust risk provisions if needed.

The credit risk situation is similar. The credit loss ratio for the year to the end of September was 0.51% – and therefore within the expected range.

The Financial Services segment fulfils our profitability requirements and is in an excellent position to face the current market challenges.

BMW Financial Services France became part of BMW Bank in August. This move was carried out according to plan and will strengthen our banking business.

Thanks to its solid business performance, good access to capital markets worldwide and its excellent rating, the BMW Group is able to secure financing on attractive terms.

Group liquidity remained high. Our strong liquidity position continues to serve as a buffer against sustained uncertainty and high volatility. Group liquidity totalled roughly 11.0 billion euros as per September 30th.

The Motorcycles segment performed well in a weak market: BMW Motorrad achieved a new sales high in the third quarter, with a total of almost 29,000 motorcycles delivered to customers.

Revenue rose to 358 million euros – also a new record for a third quarter.

In the third quarter, we nearly reached break-even. In the first nine months of the year, segment EBIT climbed 32.2% to 82 million euros.
We expect this positive business development to continue. However, we are likely to face risks as a result of challenging market conditions.

I would now like to talk about the outlook for the BMW Group.

We expect this positive sales performance to continue through the end of the year.

However, we see risks for our business development in the fourth quarter. On the one hand, we assume that market conditions will continue to remain difficult and that competition in the premium segment could become even more intense. Weaker markets in many parts of Europe will also be a factor. Strong competition and market volatility will likely continue.

On the other hand, we expect higher upfront investments for future growth projects.

As in previous years, higher costs will incur in the last quarter. The topics I referred to will impact our earnings and margins, despite dynamic sales growth.

We remain cautious and continue to monitor developments. If conditions are worse than anticipated, we will use our flexibility to respond vigorously.

However, in this case, even with countermeasures, we cannot completely rule out a negative impact on earnings.

We are maintaining our guidance – assuming the situation does not change significantly. We are targeting record sales. And we are striving to achieve higher Group earnings than last year. The EBIT margin in the Automotive segment is also likely to be at the high end of our 8-10% target range.
This target range also applies to margins for the following years. However, depending on political and economic conditions, EBIT margins may ultimately be above or below this range.

We expect the Financial Services segment to maintain its positive business development in the face of increased volatility and to continue expanding its contract portfolio. We are targeting a return on equity of more than 18%.

In the coming year, market forecasts indicate a further slowdown in growth, with stagnation in Europe.

We expect however our attractive product line-up to generate positive momentum and will capitalize on our opportunities in various overseas markets. The US and China are likely to remain the most important growth markets for premium automobiles in 2013. We are in an excellent position in both of these markets.

We remain committed to our strategic course. This will entail a high level of investment in future technologies, in markets and new business fields. It will also require additional expenditure compared with 2012 levels.

We are currently prioritising our activities and will maintain our existing cost discipline. We strongly believe that these necessary upfront investments to secure our future success will make us more competitive over the long term.

The BMW Group is, and will remain, focused on the long term. We consistently pursue our strategy of profitable growth. It is the key to maintaining our leadership in the premium segment.

Thank you.