



Media Information  
1 August 2012

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## **Statement**

**Dr. Norbert Reithofer**

**Chairman of the Board of Management of BMW AG**

**Conference Call Interim Report to 30 June 2012**

**1 August 2012, 10:00 a.m.**

Good morning, Ladies and Gentlemen,

The BMW Group continues its success story.

- We continue to achieve profitable growth.
- We are working hard to meet the challenges of our industry.
- We are making great progress in developing the mobility of the future.

We had a strong second quarter – with a new record performance:

- In terms of sales, it was the strongest quarter in the history of the BMW Group: Over 475,000 units sold.
- In terms of revenues, it was the strongest quarter in the history of the BMW Group: 19.2 billion Euros.
- Group EBIT was again more than two billion Euros.
- The EBIT margin in the Automotive Segment was 11.6 per cent.

We deliver on our promises. That's what our customers expect. And that's what BMW Group stakeholders expect as well.

We continue to benefit from our Strategy Number ONE, our strong brands and our attractive products and services.

According to a study carried out by the Reputation Institute, the BMW Group is the world's most reputable company – ahead of Google and Apple.



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The annual survey carried out by Millward Brown consultants confirmed that BMW is the most valuable automotive brand in the world. At the Automobil Forum in Stuttgart, we received the “OEM of the Future Award” – as the most future-oriented automobile company in the world.

There continues to be strong demand for our vehicles, for example:

- The BMW 1 Series and the X1,
- The new BMW 3 Series Sedan and the 3 Series Convertible,
- The BMW 5 Series and the X5,
- The BMW 6 Series with the recently launched 6 Series Gran Coupé

– all are leaders in their market segments.

This is proof of the design, efficiency and substance of our vehicles.

In the first half of the year, we sold over 900,000 BMW, MINI and Rolls-Royce cars. This too is a new record in the history of the company.

But more than anything else, all these achievements are built on a strong financial foundation. This gives us the confidence and leeway to make the necessary investments for further growth and profitability in the future.

Ladies and Gentlemen,

Automotive markets worldwide are becoming ever more heterogeneous.

We had double-digit growth in the first half of the year in many growth markets – as well as in the large Asian regions and North and Central America.



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However, in Europe, consumers are growing more hesitant. The automotive market is also experiencing the impact of the sovereign debt crisis and the euro crisis.

In spite of difficult prevailing conditions, our sales in Europe remain on the same level as last year. However, in some European countries, we too have sold considerably fewer vehicles in 2012 than last year. Here we have been affected by the tough market conditions.

In spite of these challenges: We stand behind Europe!

Europe is the largest sales market for our company.

- We sell almost half of our vehicles here.
- It is home to all of our brands – BMW, MINI and Rolls-Royce as well as Husqvarna.

We see no alternative to a common Europe with a single currency area. The euro has generated growth, employment and prosperity in this country. It has considerably strengthened the role of Europe as an economic power.

For this reason we continue to call for decisive action on the part of the member states as well as long-term policies that strike a sensible balance between austerity and growth.

We also expect the markets to remain volatile.

Because in other regions of the world too, there is a significant dampening of growth. Competition is becoming tougher. Risks are increasing rather than decreasing.



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How are we reacting to these challenges?

With flexibility and foresight in all our actions.

We monitor developments on the markets very closely and adapt our production volumes as needed. This supports our competitiveness and increases the attractiveness of our brands. For us, profitable growth takes priority.

Our lean structures and flexible processes equip us well for future fluctuations.

In addition, we continue to strive for a balanced distribution in global sales. In the first half of 2012, the share of sales in our largest individual markets – Germany, the US and China – was about equal.

In absolute terms, China and the US were our strongest markets.

The premium segment in China should continue to offer good growth opportunities in the future. This is why we are expanding our activities there:

- At the end of May, we opened a second plant in Tiexi together with our partner Brilliance China Automotive. Depending on demand, we can produce up to 400,000 units at the Shenyang site in the medium term.
- With the new BMW X1 and the long wheelbase version of the new BMW 3 Series Sedan, two real firsts for China are rolling off the production line in Tiexi.
- Together with Brilliance, we will also be upgrading our engine production in China. The current engine production facility will be relocated to a new site next to our Tiexi vehicle plant and developed to achieve a capacity of up to 400,000 units a year in the mid-term.



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But North America also remains a high-potential market thanks to its positive demographics.

- For this reason, we are expanding our capacity at Spartanburg.
- Furthermore, this autumn we are launching the new BMW 3 Series with xDrive as well as the BMW X1. Both vehicles will bring additional momentum.

And this is what our customers worldwide can expect for the rest of 2012:

- The new BMW 1 Series 3-door – for the first time with xDrive.
- The new BMW 3 Series Touring and the ActiveHybrid 3.
- The revised BMW X1.
- Our flagship, the new BMW 7 Series.
- The new BMW M6 Coupé.
- For the MINI brand – the special edition MINI Clubman.
- For Rolls-Royce – the Phantom Series II.

Backed by all of these initiatives, we remain confident that we will achieve our targets for the 2012 financial year.

At the same time, we are already looking far into the future: In 2016, we aim to sell over two million vehicles. To achieve this, we are creating the preconditions today.

To grow the MINI brand, we are further expanding our UK locations in Oxford, Swindon and Hams Hall. The planned investment through to 2015 has increased to a total of 750 million pounds sterling. This makes it very clear that the UK will remain the heart of the MINI brand in the long term.



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In addition we are in negotiations with Dutch automotive manufacturer NedCar regarding future contract production. Our aim is to create more capacity while retaining high levels of flexibility and attractive production costs.

Ladies and Gentlemen,

Politics currently influence the automotive industry more than almost any other industrial sector. The current EU Commission proposal envisages a reduction in average CO<sub>2</sub> emissions from new vehicles to 95 grams per kilometre by 2020. This is a huge challenge.

Similar stipulations have been made for China and the US.

BMW Group vehicles in Europe today emit an average of 145 grams of CO<sub>2</sub> per kilometre – that's 30 percent less than in 1995. That means we have done more than most other manufacturers.

In spite of this: The reductions we and the entire industry now face are formidable. They require massive investment in new technologies. It is the greatest challenge the automotive industry has ever faced.

We accept the challenge and continue to set ourselves high targets: By 2020, we plan to halve the CO<sub>2</sub> emissions of our worldwide vehicle fleet compared to the mid-1990s.

To do this we are taking two parallel approaches: Evolution and revolution.

The combustion engine will remain the dominating drive type for the foreseeable future. Therefore we will continue to develop them even further. With Efficient Dynamics, we are making our engines even more fuel-efficient while also lowering emissions. This is evolution.



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But there is also another certainty: We need future technologies for the targets set – both by ourselves and by environmental policies. Technologies such as Plug-in hybrids and e-cars. For us, these efforts also include sustainable production, the use of new materials and innovative mobility services. This is revolution.

At the end of 2013, our BMW i models will go into series production. Both vehicles – the i3 and the i8 – give an innovative face to the vehicle of the future. They are tailor-made electric-drive vehicles.

We manufacture both models here in Germany.

- The main production of these vehicles will occur at our Leipzig plant.
- Carbon parts for the body and important components for the electric drive will be produced at the Dingolfing and Landshut plants.

Two reasons drove us to make this decision:

- First: We can leverage and continue to develop our employees' many years of expertise.
- Second: We are making our contribution as a carmaker towards Germany becoming the global leader and worldwide driver of electric mobility.

The automobile was invented in Germany. Many innovations led to its further development in Germany as well. It was the German premium car companies more than anyone else that made driving more modern, efficient and safe.

Today, “Made in Germany” is a seal of quality all over the world. It stands for engineering craftsmanship, reliability and innovation. And customers are willing to pay a higher price for this.



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We need to defend this leading position. Because Germany's advancement as a location for technology and innovation is mainly driven by those that create and produce "four wheels".

To do this, we need the right prevailing conditions, incentives and stimulus – especially in the initial phase.

Helping electric mobility to make its breakthrough – this is and remains a joint effort. If we manage to make Germany a pioneer in electric mobility, everyone will benefit:

- The companies involved,
- Germany as a business location and
- The people who live and work in this country.

Ladies and Gentlemen,

The challenges our sector faces are truly complex. It would not make sense to try to go it alone. This is why we cooperate with strong partners.

Since March, we have been collaborating with the Toyota Motor Corporation to carry out fundamental research into lithium-ion battery technology. Both companies are innovation leaders. Both companies set standards in terms of sustainable mobility.

In the future, we intend to collaborate even more closely. A memorandum of understanding has laid out the areas of interest:

- To develop powertrain electrification,
- To develop fuel cells,



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- To carry out research in lightweight technologies and
- For future vehicle architectures.

Leading individual mobility into a new age is a task both exciting and challenging. We strive to fulfil this task – in a highly volatile environment.

This requires all of our innovative energy.  
It requires initiative, stamina and discipline.

It is a challenge similar to running a marathon. And you can't win a marathon simply by sprinting the last few meters.

- This is why we continue to work for profitable growth.
- This is why we are setting the course today for the mobility of tomorrow.
- This is why we are responsible and sustainable in our actions.

This is our way. This is the BMW way.

Thank you for listening.