



BMW GROUP IN CHINA

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BMW
GROUP



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- **Market review**
- **The BMW business model**
- **Outlook**

ECONOMIC DEVELOPMENT HAS BEEN SUPPORTED BY GROWING URBANIZATION IN CHINA.

China cities – brief introduction (2010)

9 cities
population > 10 million

89 cities
population 5-10 million

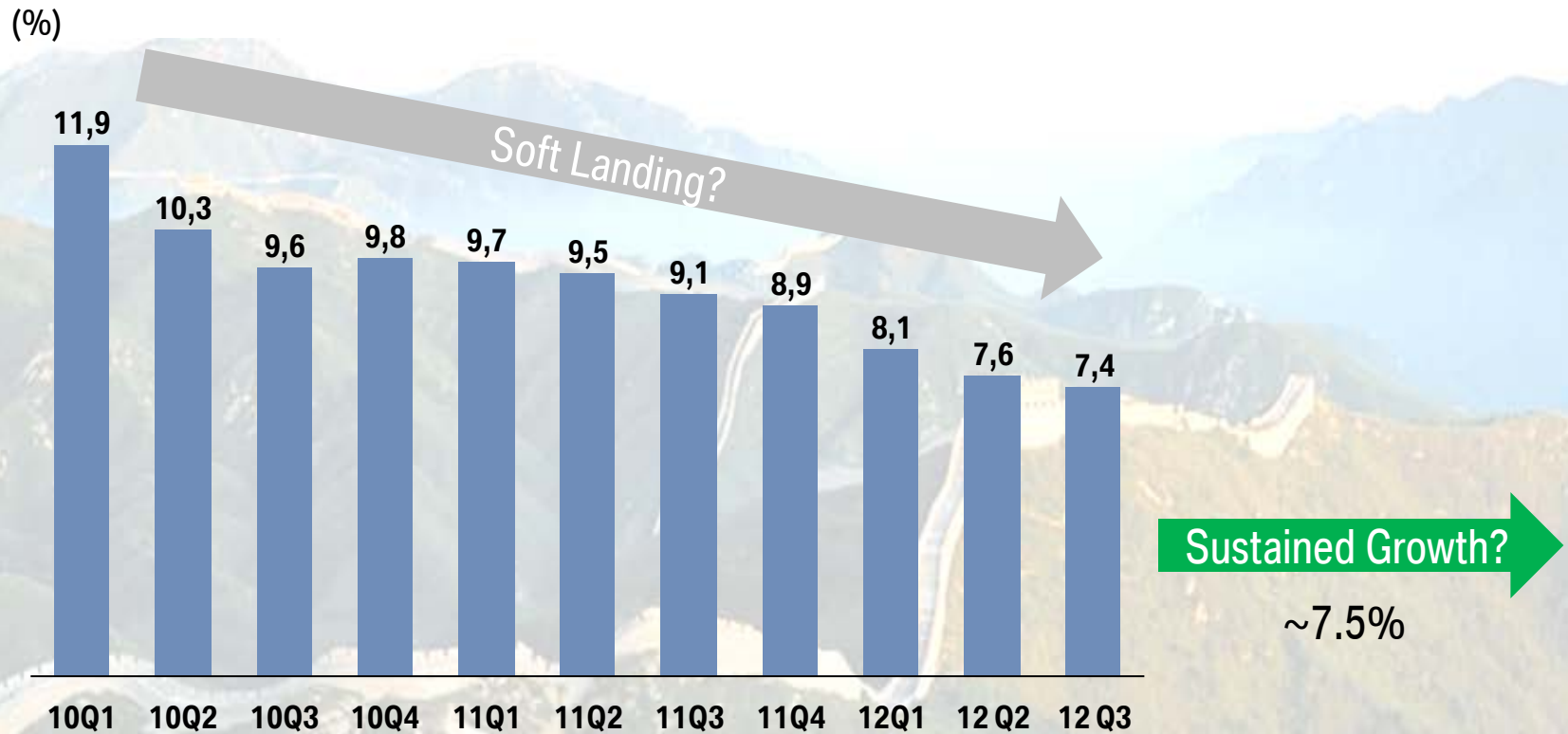
176 cities
population 1-5 million



350 million people will be added to China's urban population **by 2025**
(more than the population of the United States today)

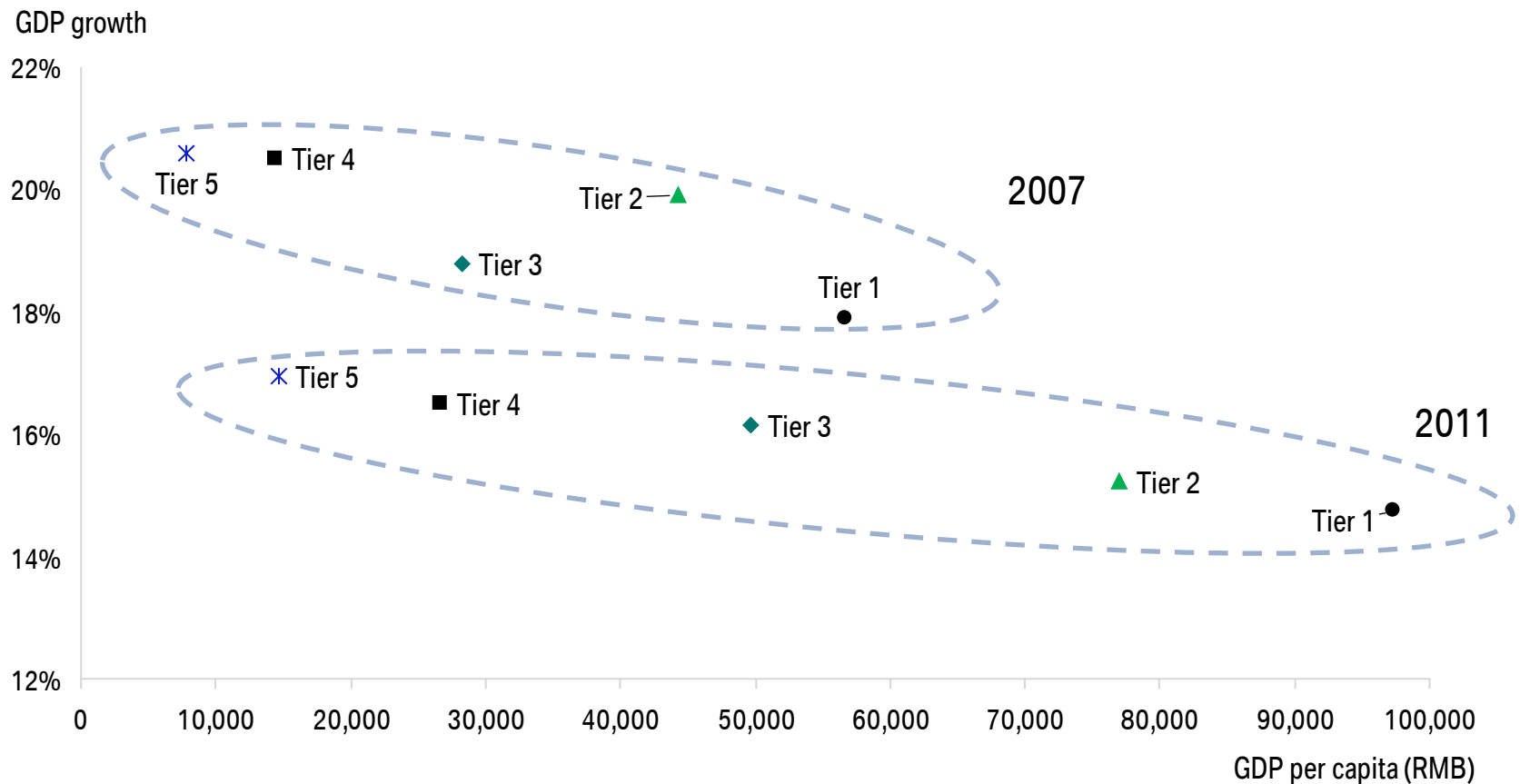
CHINA GDP GROWTH IS COOLING DOWN.

China GDP growth (2010~2012 YTD)



ALL CITY TIERS SHOW CONTINUED GROWTH WITH ESPECIALLY STRONG DEVELOPMENT IN THE LOWER CITY TIERS.

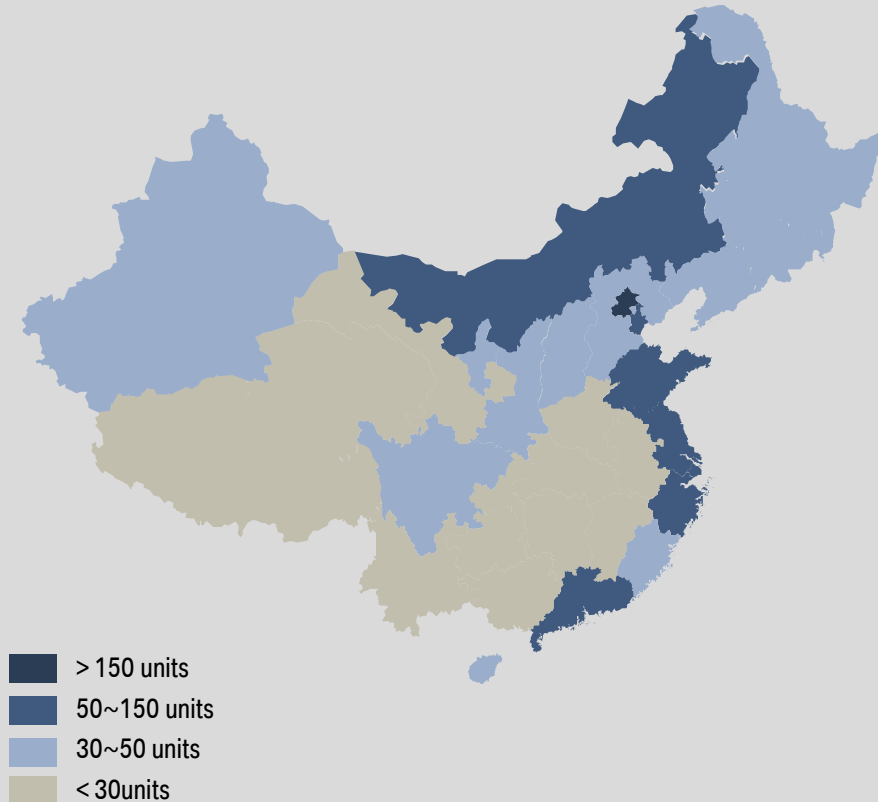
GDP growth and GDP per capita of different city tiers in 2007 and 2011



CAR DENSITY DIFFERS BETWEEN REGIONS AND CITY TIERS IN CHINA.

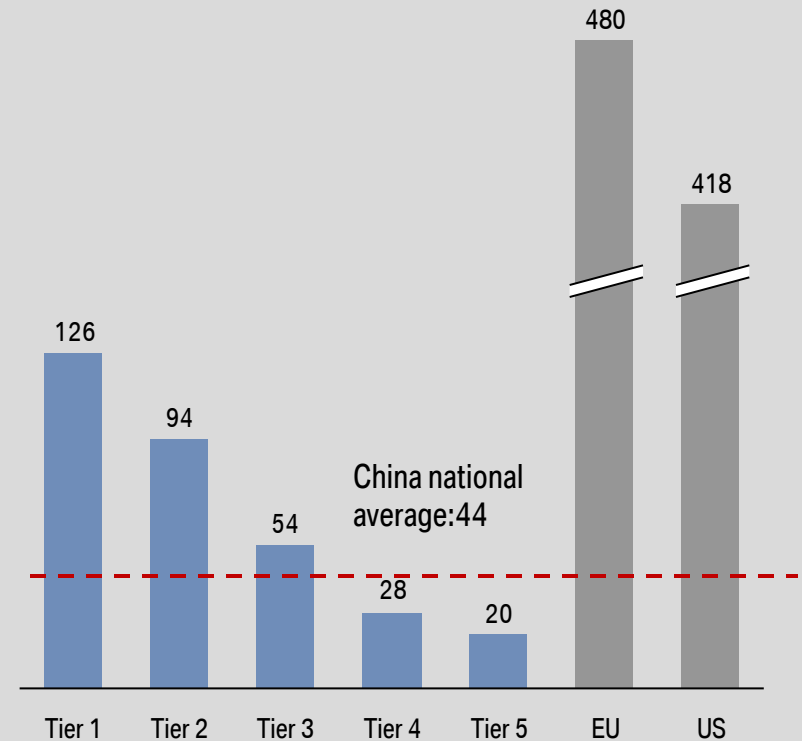
PV Ownership per 1000 people in 2011

(Units)



PV Ownership per 1000 people by city tier in 2011

(Units)

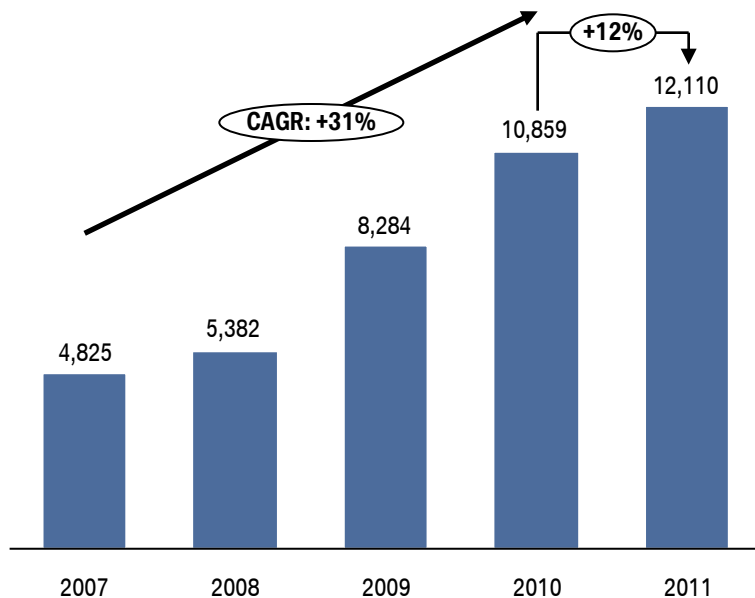


PV MARKET GROWTH SLOWED, BUT CONTINUED STRONG PLUS SEGMENT GROWTH.

PV Market Growth

('000 Units)

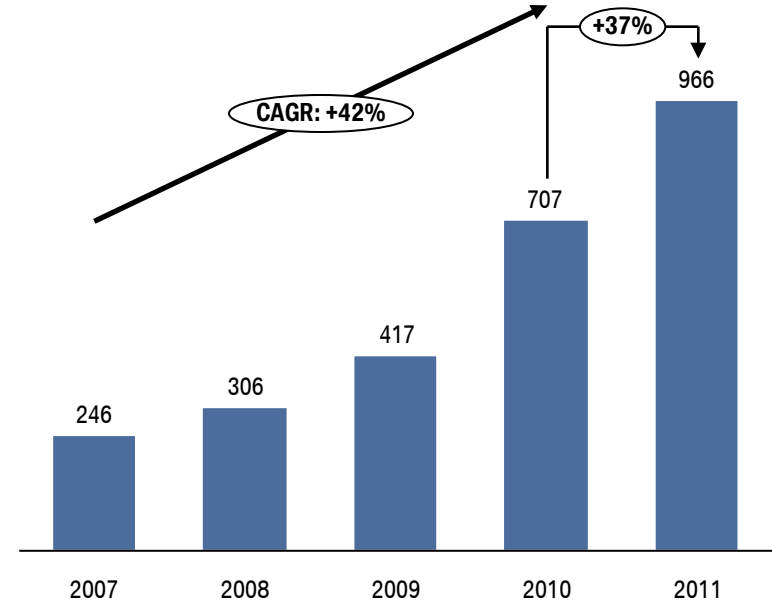
■ PV sales



Plus Segment Growth

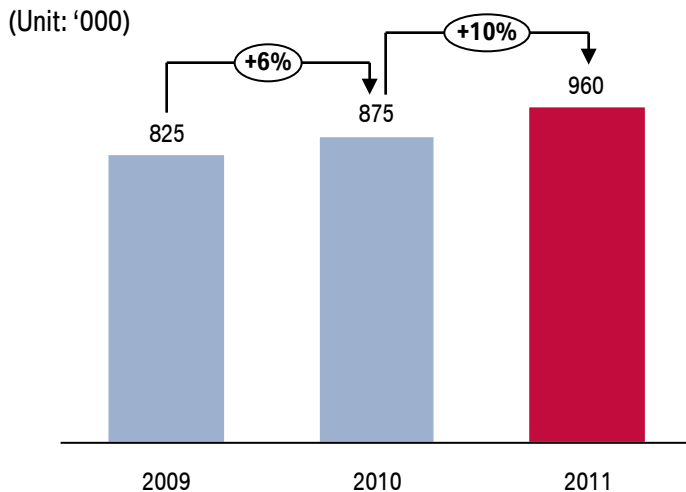
('000 Units)

■ Plus segment sales



CHINESE CUSTOMERS ARE GETTING WEALTHIER AND ARE WILLING TO SPEND – ON LUXURY.

Population with assets valued over 1 Million Dollars in China



Source: Hurun Wealth Report 2011

Ranking of luxury goods consumption

1. Japan
- 2. China**
3. US
4. ...



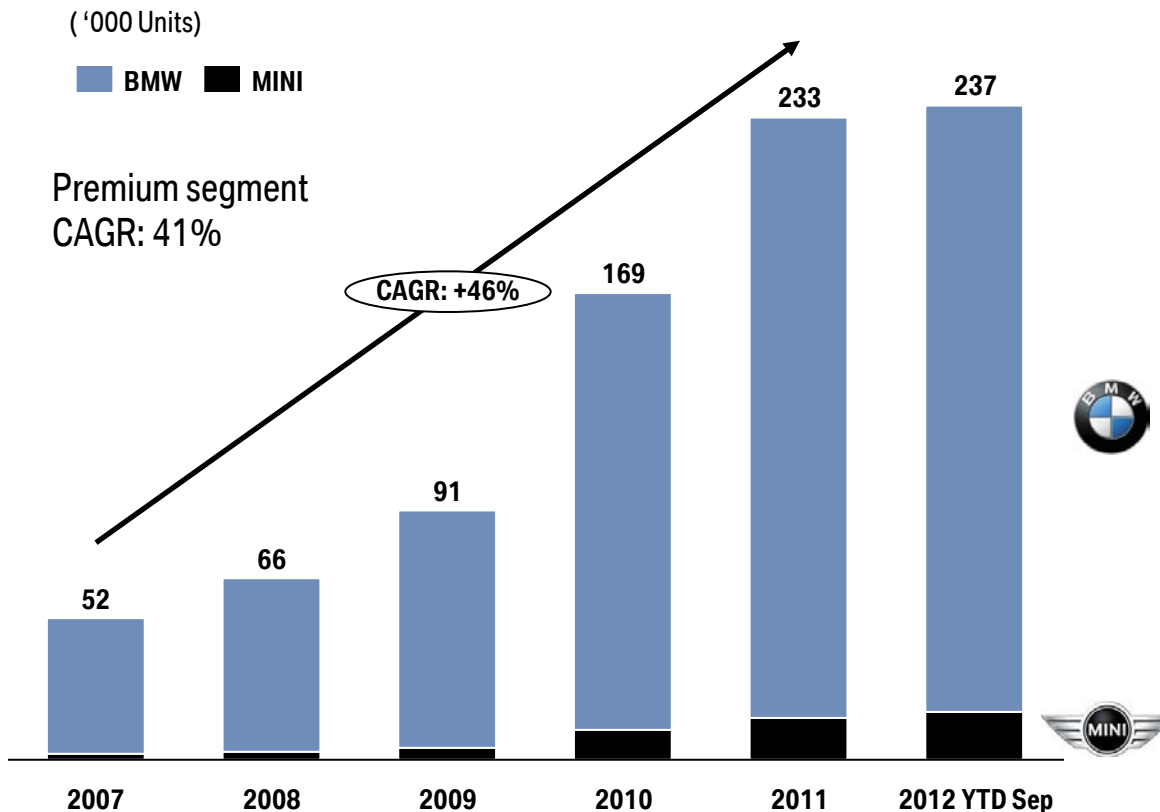
China to overtake Japan as the world's top luxury goods market in 2012.

Source: Hurun Wealth Report 2011, The Economist



BMW & MINI HAVE SUCCESSFULLY DEVELOPED OVER THE YEARS, OUTPERFORMING THE PREMIUM SEGMENT'S GROWTH.

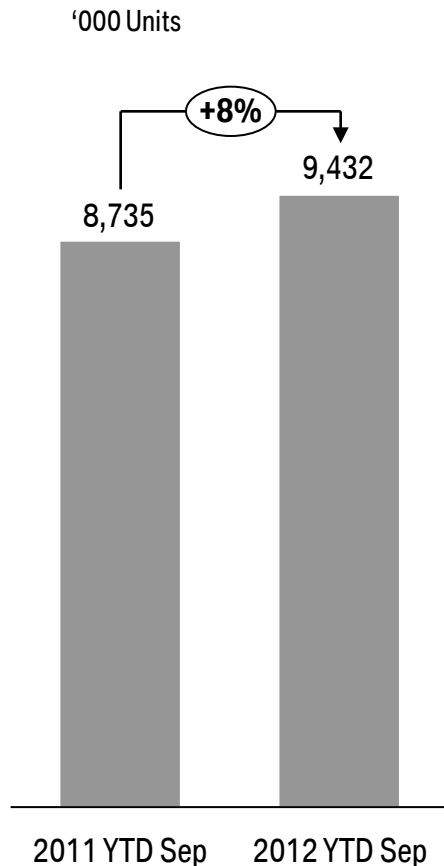
BMW Group Sales Development (2007-2011)



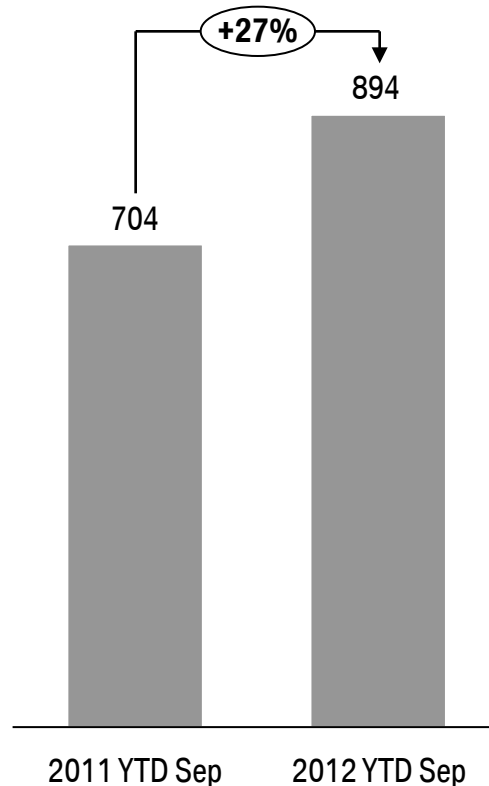
- We will sell the **1 millionth** BMW in 2012 Q4
- We surpassed 2011 FY in September 2012

2012 YTD SEPTEMBER MARKET STATUS. BMW GROUP HAS OUTPERFORMED THE PREMIUM SEGMENT.

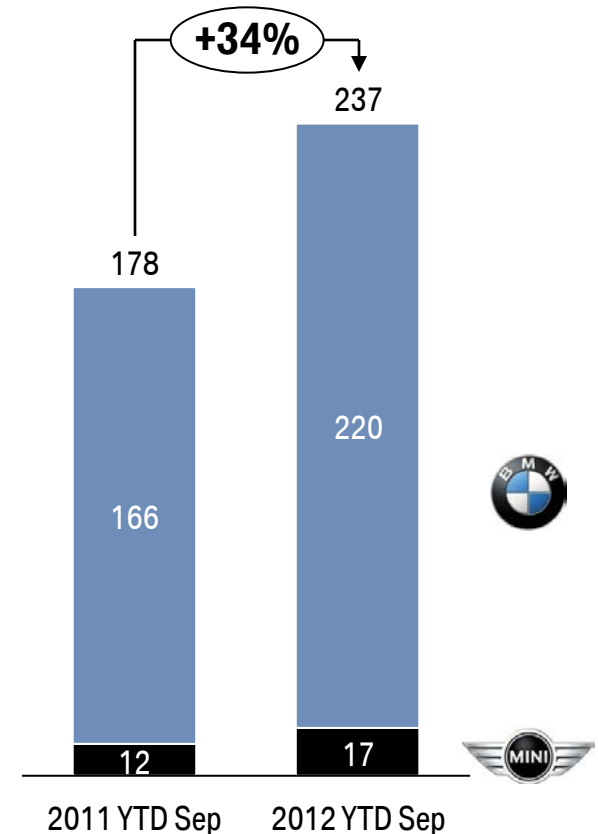
Total passenger car market



Premium segment



BMW+MINI

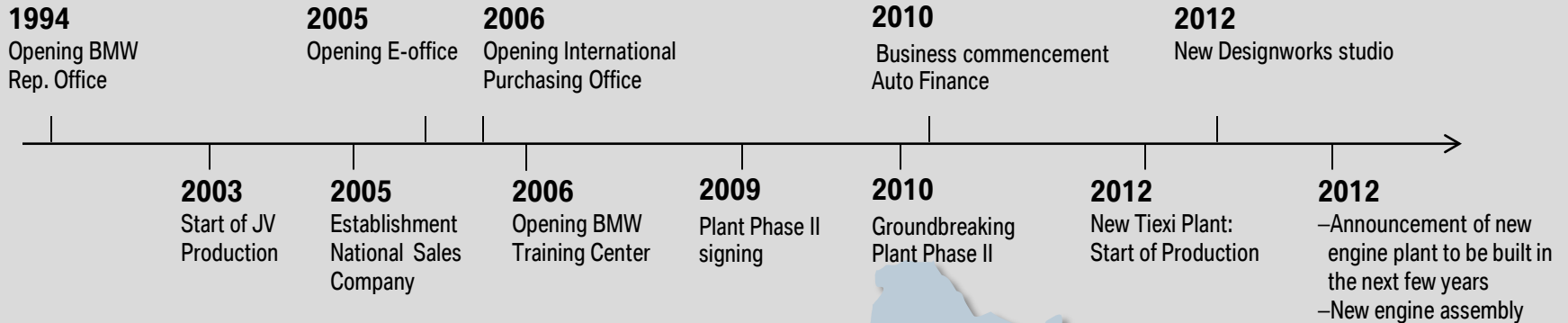


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BMW IN CHINA. OUR GROWTH PATH.

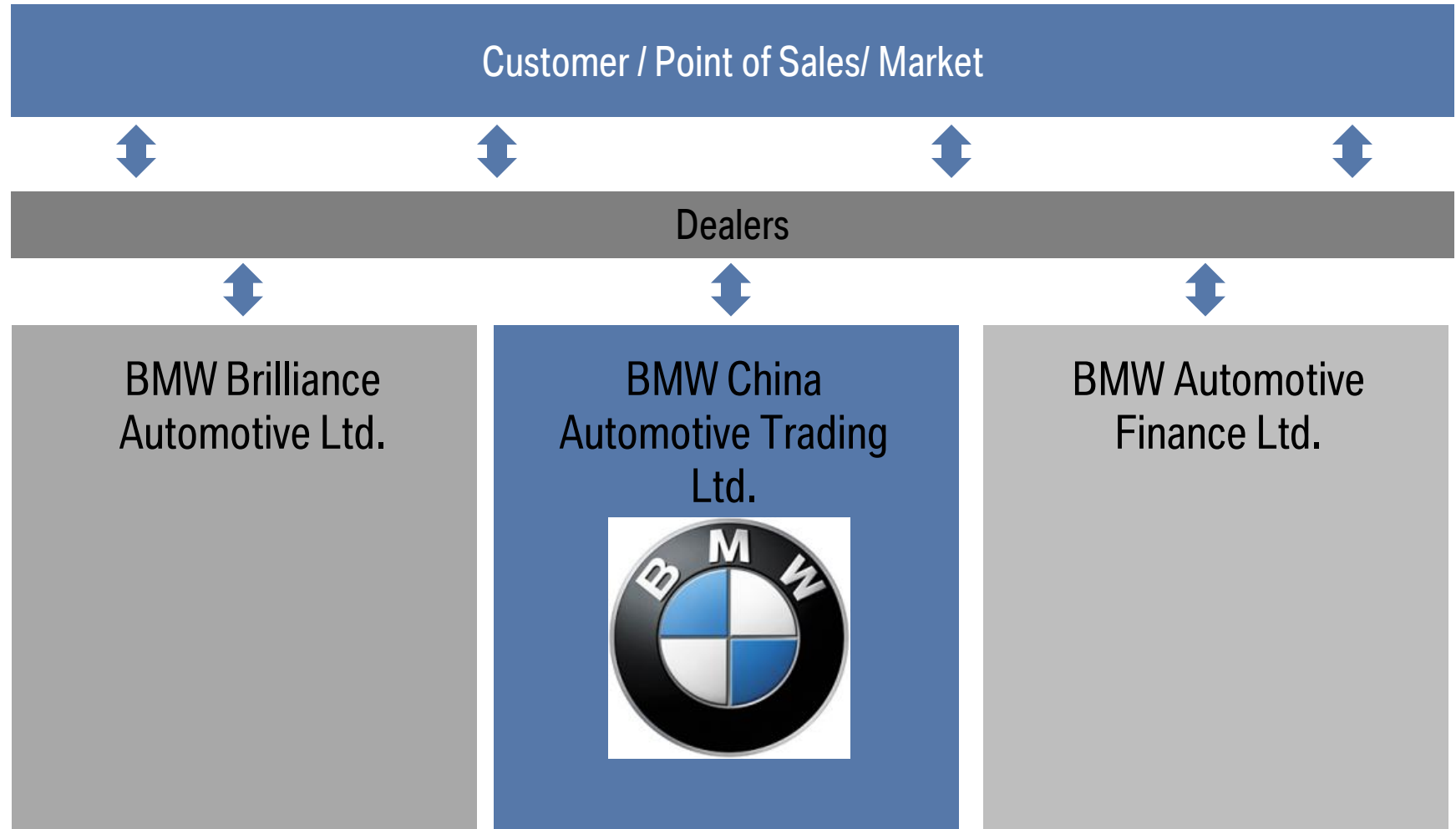
BMW China milestones



Main Locations



MULTIPLE ENTITIES, ONE FACE TO THE CUSTOMER.



BMW PRODUCT LINEUP. MOST BMW GROUP PRODUCTS ARE ALREADY OFFERED IN CHINA.

Locally-produced



Imported



MINI PRODUCT LINEUP. EXCITING MINI PRODUCTS IN CHINA.



BE MINI.

MINICHINA.COM.CN

LOCALIZED PRODUCT LINEUP. SIGNIFICANT PRODUCT UPDATES.



International Engine of the Year
Awards 2012
Best 1.8-2.0L Engine

THE 2013 5 SERIES LONG WHEELBASE



LOCALIZED PRODUCT LINEUP. EXCELLENCE OF ALL-NEW 3 SERIES.

Launched on July 13th, 2012



Standard wheelbase - The genuine sports sedan

Sport Line



Extended wheelbase - The luxurious sports sedan

Luxury Line

Modern Line

- Space and Functionality.
- BMW EfficientDynamics.
- BMW ConnectedDrive.
- Driving Dynamics.
- Premium Features.



LOCALIZED PRODUCT LINEUP. SIGNIFICANT PRODUCT UPDATES.

- BMW is the pioneer of this segment: X1 launched at the end of 2009
- Sales of locally-produced model since March 3, 2012
- BMW is ready to launch the new X1 in late 2012



Media Feedback:

- BMW X1 is equipped with the new and advanced BMW technology such as **Twinpower Turbo engine, 8-speed automatic gearbox, xDrive**, etc.

PRODUCT UPDATED. 7 SERIES LCI.



- Elegant and sophisticated appearance
- Interior: sheer luxury and best-in-class noise insulation
- Pneumatic suspension with new chassis
- Even more efficient and powerful
- BMW ConnectedDrive

THE NEW IDRIVE WITH TOUCH PAD AND NEW CONNECTEDDRIVE FEATURES.

New iDrive with touch pad and next generation navigation system



New Navigation Professional with Real Time Traffic Info (RTTI) via integrated phone module



New Internet based functions



BMW Online



Baidu Map search



POI Send to car

UNDERSTANDING THE DIVERSE CUSTOMER BASE.



Young, self-made company owners



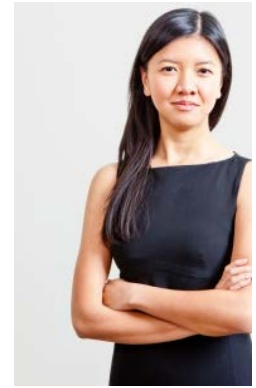
Directors/ managers in SOE



Traditional company owners



Directors of (multi-) national companies



Young professionals, executives

- In 2011, BMW's conquest rate is the highest in the market
- The average age of BMW customers is 36 years

COMPETING WITH SUBSTANCE. PRESENTING THE BEST QUALITY TO CUSTOMERS.



“Customer journey” starting from handover



Car usage training after purchase



Intensive CRM training & coaching for
“customer-facing staff”



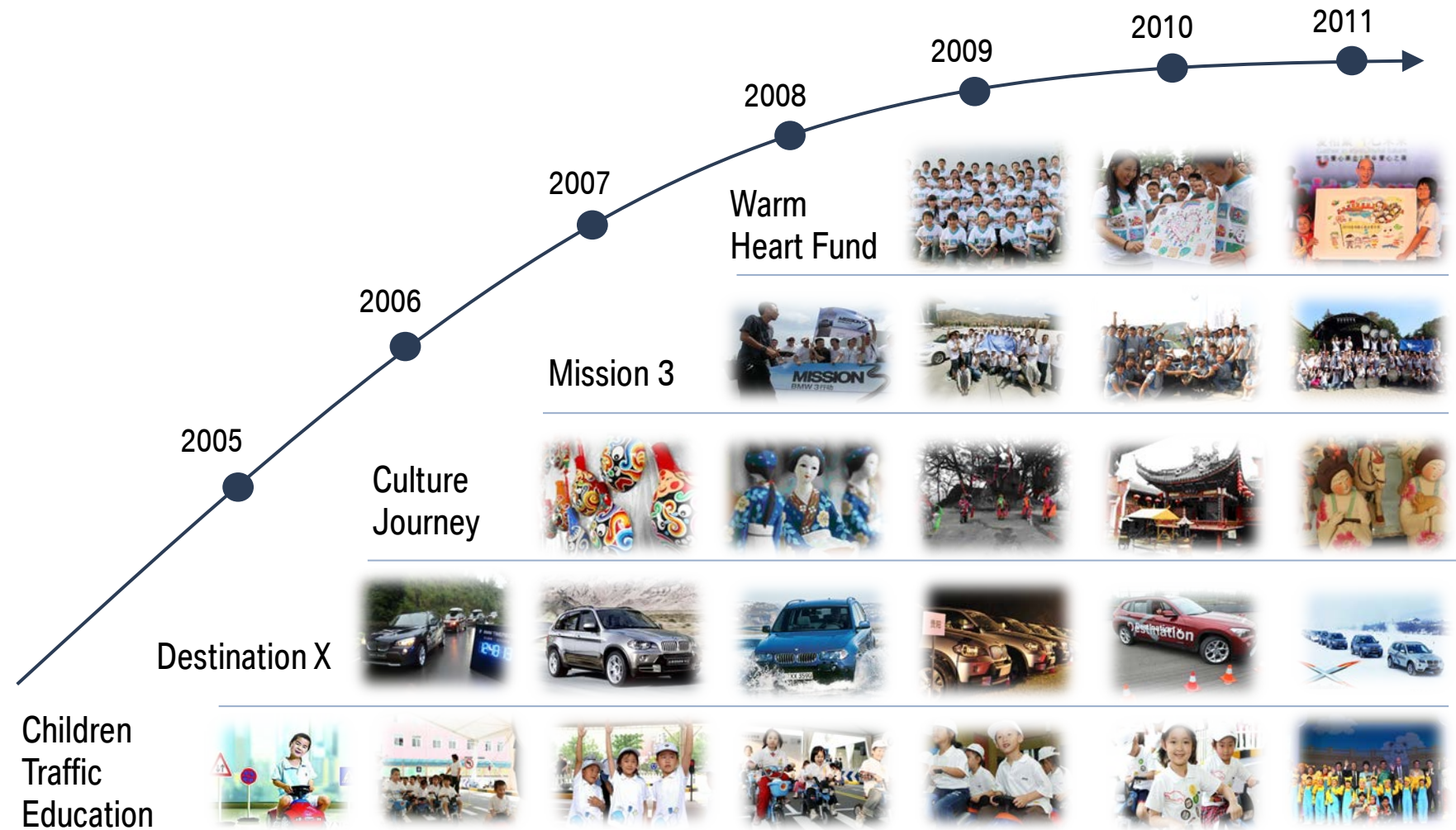
Keep long-term relationship with
customers by regular follow-up

BMW CHINA'S 5S CONCEPT WON POSITIVE FEEDBACK FROM THE MEDIA.



- Beijing Xingdebao, as the 1st brand new 5S dealership, opened in June and is the 1st LEED GOLD project in the worldwide BMW dealer network
- The concept of 5S is well-perceived by dealers and media, and additional 5S dealerships will be opened during 2012

CONSISTENT EXPERIENTIAL MARKETING ACTIVITIES STARTING 2005 AND CONTINUING INTO THE FUTURE. 40,000 DIRECT PARTICIPANTS IN 2011.



BMW WARM HEART FUND CONTINUES TO BUILD ON ITS SUCCESSES.

BMW China Corporate Social Contribution

Cultural Promotion:

- BMW China Culture Journey

Educational Support:

- BMW Children's Traffic Safety Education, BMW JOY Home, BMW Light Up Hope Program

Environmental Protection:

- BMW Green Tree Program

Social Care:

- Emergency Relief



WHF social care: Yushu, Qinghai visit



BMW JOY Home Children Drawing

BMW LEADS AMS CHINA BEST CARS 2012 SURVEY.

- **Best Cars Brand: BMW is NO.1 in 4 main categories out of 13:**

- Advanced Technology
- Environmental Friendly Cars
- Good Looks/ Styling
- **Overall, I Like This Brand**

- **Best Cars 2012: 5 series and Clubman are category winners**

Best Domestic Upper Mid-sized Car



Best Sub-compact Car



FOCUS ON QUALITY AND A HEALTHY BUSINESS MODEL IN THE CHINESE MARKET.

Products



Customer Orientation



Brand-building



Localization



Partners



People



Continuously outperforming the Premium segment in terms of volume while maintaining price leadership against our competitors

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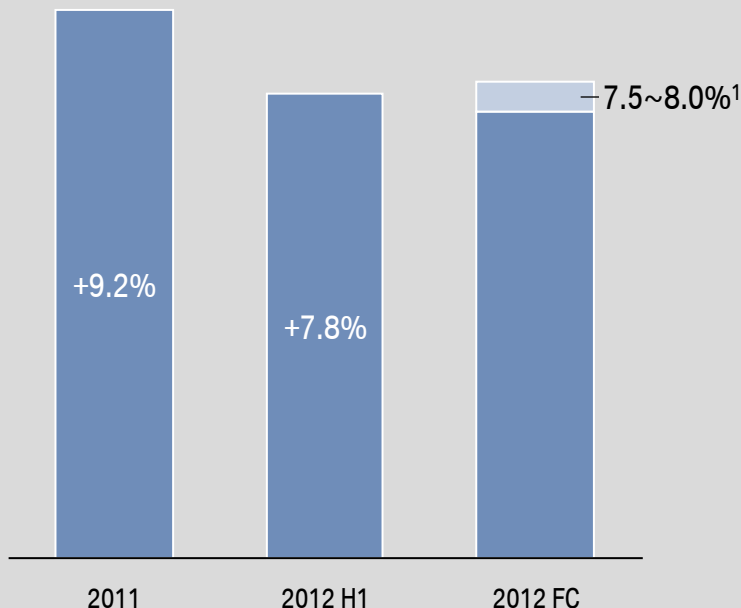
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BUOYANT OUTLOOK ON CHINA DESPITE SHORT-TERM CONSOLIDATION.

China is **accelerating the transformation of the pattern of economic development** and heading to make economic development more **sustainable and efficient**

China GDP growth

Risks to China's growth

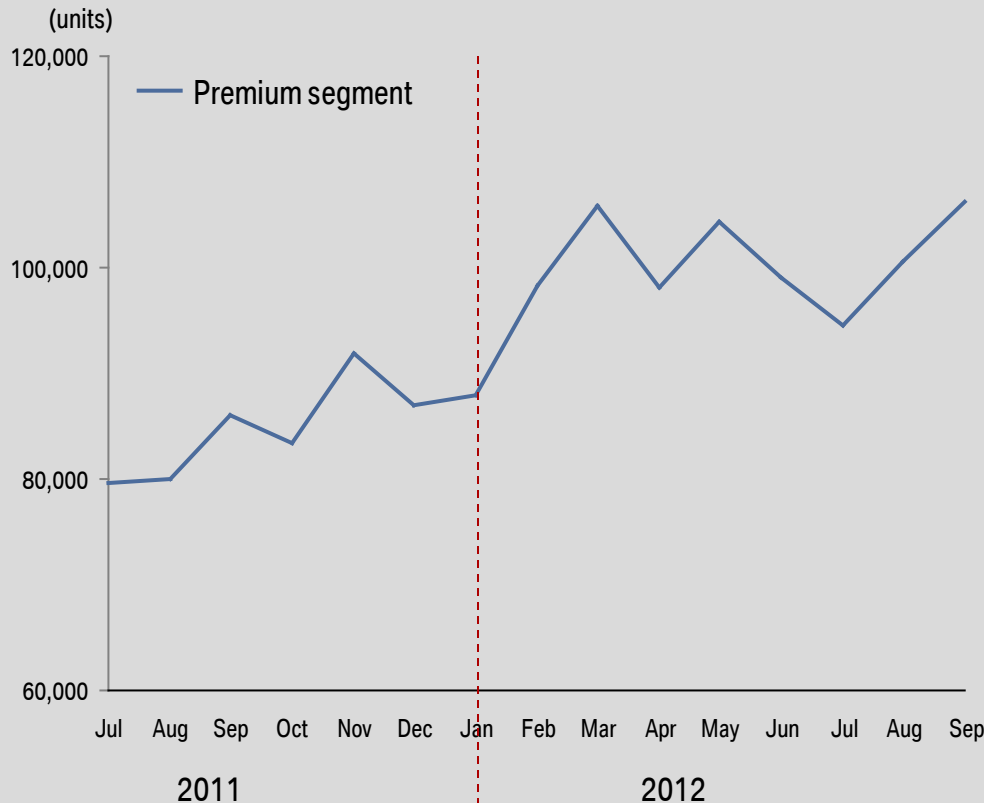


- Global economy is not picking up and export growth might remain weak
- Domestic demand rising slower than expected
- Real estate market cooldown
- Increase in trade disputes

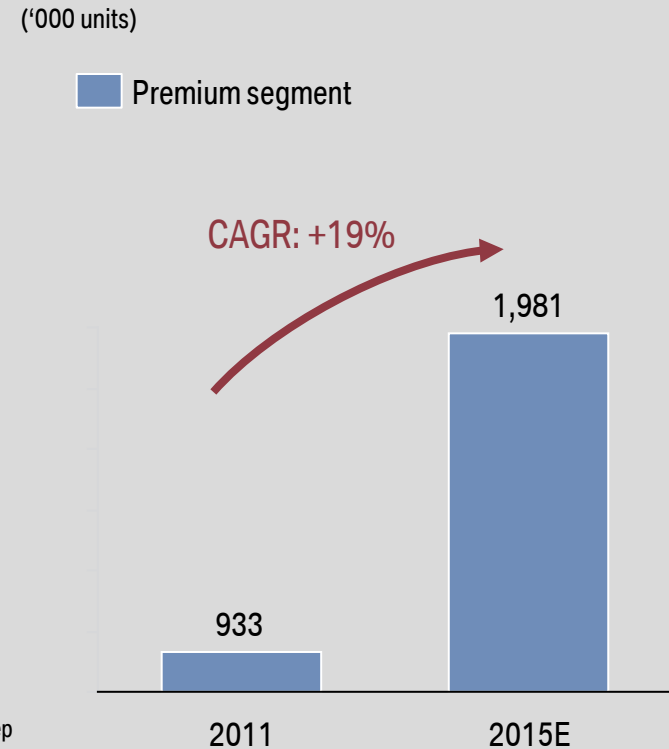
¹forecast from UBS, Morgan Stanley, CICC and HSBC

CONTINUED MOMENTUM FOR THE PREMIUM SEGMENT.

Premium segment development



Premium segment: Global Insight forecast



THE NEW TIEXI PLANT AND ENGINE PLANT – EXPANDED CAPACITY UTILIZING WORLD-CLASS TECHNOLOGY.

New Tiexi Manufacturing Plant



- “Cleanest” production within BMW Group (Benchmark comparison 2011)
- Till the end of 2013 the capacity in Tiexi will increase to 200,000 vehicles per year

New Engine Plant



- The second engine plant to raise production capacity to 400,000 units/year
- The first phase starts construction in 2013, with production to start in 2015

BMW IS WELL-POSITIONED TO MEET FUTURE REGULATIONS THROUGH ADVANCED FUEL-SAVING TECHNOLOGIES.

With BMW EfficientDynamics, Active Hybrid and BMW i, we are in a good position to meet future emissions and fuel consumption regulations in China.

EfficientDynamics



Active Hybrid



BMW i



FUTURE MOBILITY ENGINEERED TODAY. PERSISTENT PURSUIT OF SUSTAINABLE DRIVING.

1st Premium brand to launch E-Vehicle in China



Proactive national marketing communication



360°
BMW i Launch
Preparation



Active relationship with Chinese Government



Pioneering sustainable dealerships – 5S concept

BMW CONTINUES TO INVEST IN MULTIPLE DRIVERS FOR BALANCED PROFIT GROWTH.



– Aftersales



– Used Car Business



– Financial Services

BMW sees long-term growth opportunities and will continue to invest

**THE PROVEN “BMW MODEL” WILL ENSURE OUR
CONTINUING BRIGHT FUTURE.**

