



Media Information
7 December 2012

- Check against delivery -

Statement
Dr. Friedrich Eichiner
Member of the Board of Management of BMW AG,
Finance
Sneak Preview
7 December 2012, 2.30 pm

Ladies and Gentlemen

Welcome to this year's Sneak Preview. We are excited to give you an exclusive preview of the new models for release over the next year. But before we unveil the cars, I'd like to give you a brief update on our sales.

The year is drawing to a close – and all manufacturers, including the BMW Group, are fighting to reach their goals – I can assure you that we are in a strong position.

I would also like to say a few words about the topics that will be coming up next year, and about our strategic course and what that entails.

2013 will mark the launch of series-produced electro-mobility at the BMW Group, with the BMW i3. I would like to give you a brief outline of the route we took.

Customer orientation is another of our strategic goals. I'll be talking about our sales activities a little later.

The actuals of November 2012 show dynamic growth: In November, we sold more than 170,000 units worldwide – an increase of around 20%. Sales are 10% higher year-on-year, at over 1.66 million units.

Our new models are driving this sales growth: It is worth mentioning the new 3 Series Touring, which was just released in Europe, and the all-wheel 3 Series



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Sedan, which is now available in North America. The new X1 has also arrived in showrooms in the US and China; and the new 1 Series now also comes as a 3-door model – most recently, with all-wheel drive. The 135i x-Drive is also planned for the US. The new MINI John Cooper Works Roadster is one of six models offered by the MINI sub-brand John Cooper Works.

Our new models have even more efficient engines and better emission values. Some already meet EU6 emission requirements, which come into force in 2014.

We stated in our Q3 reporting that we expect positive sales and business developments to continue through the end of the year. However, we do anticipate risks from challenging market conditions, mainly due to increased competitive pressure.

Costs will be higher in the last quarter, as in previous years. Capital expenditure will increase towards the end of the year, as is usually the case. This year, we will see higher upfront investments in future growth projects – which will impact free cash flow in the Automotive Segment.

Despite our dynamic sales growth, there will be an effect on earnings and margins in the fourth quarter – as we already stated in our Q3 reporting. Nevertheless, we are maintaining our guidance – assuming the situation does not deteriorate significantly – and targeting record sales and higher Group earnings than last year. The EBIT margin in the Automotive segment is likely to be at the high end of our 8-10% target range, with a return on equity of more than 18% in the Financial Services Segment.

We will remain flexible and maintain our strategic course. Overall, we are counting on a strong performance in 2012 in a challenging environment.



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How do we expect the economy and general business conditions to develop over the year ahead?

The forecasts for 2013 point to uneven development: Our overseas markets are likely to continue growing, although business in Europe will be mostly stagnant. The situation in the southern European markets will probably remain difficult, with risks also increasing in France and the UK. Continued stability in Germany is unable to compensate for this.

Overall, we expect to see a downward trend in parts of Europe. According to forecasts, the premium segment is likely to remain stable or shrink slightly. And although the BMW Group will start the new year with strong product momentum, we expect to face tougher competition.

Despite increasing volatility, we still see promising sales opportunities in our strong overseas markets of the US and China, as well as in many emerging markets.

The premium market in the US still shows potential, despite the threat of a “fiscal cliff” – but has yet to regain its pre-crisis levels. The price situation in the US is satisfactory at present, and we expect the positive development to continue. In Mainland China, pricing stabilised once the 3 Series and 7 Series Sedans were phased out in the summer. We expect sales growth to continue.

We plan to expand our activities in BRIKT markets. Forecasts show that this is where future growth will come from – and that also applies to the premium segment. Together, Brazil, Russia, India, South Korea and Turkey form our fifth-largest market by sales. We firmly believe in this strategy of global balanced growth. We recently announced our decision to build a CKD plant in Brazil. This will contribute to our strategic growth targets – and make us less dependent on



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individual market regions. This is an important consideration in securing our future.

The automotive industry faces another challenge: stricter CO₂ emission standards worldwide. The BMW Group has already achieved a great deal in this field: We have reduced our fleet emissions by more than 30% in Europe since 1995, and have taken steps to meet 2015 emission requirements. The necessary investments for this have already been made and will not impact future earnings.

We are now working hard to meet the requirements for 2020. The details are still unclear – but our goal is to fulfil requirements and avoid penalties. CO₂ standards could become a critical test for the industry. Manufacturers still have a few years to get their innovations into series production – but anyone who doesn't move fast will soon get left behind. Those who don't invest today are sure to face problems down the line.

The BMW Group has been addressing this issue since 2007, when it launched its Strategy Number ONE. Today, ours is a dual-track approach: On the one hand, we are pursuing “evolution”, by continuing to build premium vehicles with increasingly efficient combustion engines. On the other, we are investing in alternative drive technologies, new materials and new mobility services.

The advantage of this is that it puts us at the forefront of technological change when it happens – but does not make us dependent on it. Consequently, we will be in a good position to offer the type of models needed. Of course, this goes hand in hand with rising capital expenditure and upfront investments. A dual-track approach costs money: We need to invest in these areas to be able to meet future CO₂ requirements.



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I can assure you that we are in a strong position: We can afford these additional costs and are using them to prepare ourselves for the future.

As a result, our R&D ratio is expected to be at the upper end of our target range of 5-5.5% in 2013.

In 2013, we will be investing in our new “evolutionary” vehicles as well as in the cars of our BMWi sub-brand. You will get to see both worlds later. We are currently expanding our production capacity and are designing our own BMW electro-mobility – but I’ll come back to that in a moment.

We are also investing in structures and plant capacity in growth regions – for example, our projected plant in Brazil. Our capacity development reflects future market potential. In Europe, on the other hand, we are using external production to enable flexible growth.

The use of new materials – in particular CFRP – plays a crucial role in BMW i models. We will continue to build on our competitive advantage in this field.

We are also expanding our modular system for powertrains, which will make development and production more flexible and efficient over the long term. We are creating a brand-independent portfolio of engines and engine components. This modular system will allow us to manufacture both diesel and petrol engines on one production line for the first time.

Investments in customer orientation are vital to our future. As part of our “Future Retail” initiative, we are implementing a wide range of measures designed to improve our access to customers and optimise the customer experience.

These investments in structures and projects will raise our capex ratio in 2013. We expect higher capital expenditure and upfront investments to have an effect



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on our free cash flow and earnings next year. However, we are standing by our EBIT margin target of 8-10% for the Automotive Segment.

2013 marks the BMW Group's entry into electro-mobility – with the release of the BMW i3 next autumn. You are all familiar with this car's story: It was born out of project i, our corporate strategy think-tank.

A key aspect of our strategy is, of course, the future proofing of the company. We are exploring new avenues for growth – seeking out new target groups, future-oriented products and technologies.

The BMW i sub-brand proves just how serious we are about sustainable mobility. Its products appeal to new target groups. BMW i is essentially redefining automotive engineering – which is why the sub-brand has its own separate identity that is significantly different from the main brand and the ultra-sporty BMW M sub-brand. It focuses on visionary new forms of mobility and new mobility services, and sports a completely different design.

We believe that a focus on sustainability is a crucial aspect of future premium mobility. That is why we refer to BMW i as the future, next premium.

Let's start with the vehicle architecture: The LifeDrive concept in BMW i vehicles has been specially developed to meet the technical needs of the electric drive train. Intelligent lightweight construction using highly-innovative CFRP gives the cars a low total weight for maximum range and spaciousness, superior handling and high levels of safety.

The BMW eDrive electric power train consists of an electric engine developed and built by BMW, innovative battery technology and an intelligent engine management system. This technology enables us to offer our customers a unique driving experience.



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BMW i combines a wide range of different mobility services, such as car sharing, parking solutions and intermodal mobility. These services are currently being developed and will be gradually expanded.

The Next Premium design of the i3 and i8 represents innovative technology and values such as lightweight, safety and efficiency. The focus is on progressive forms and sustainable materials – but with their familiar design features, the cars are still clearly recognisable as BMW vehicles.

I would like to go into a little more detail on the 360° Electric approach we have developed in connection with the BMW i products.

BMW 360° Electric has one aim: to provide the driver with an electric car that offers maximum convenience, service and flexibility. It is clear that the uptake of e-mobility will depend on the availability of infrastructure and corresponding services. Pure electric driving will only be attractive to customers if it is possible without compromising on convenience – also beyond the cars' 150 km range.

360° Electric is a one-of-a-kind premium offering. It will support customers with a four-pillar approach.

Assistance Services: Customers will be able to rely on services, such as connected drive e-remote apps that will inform the driver about the charging status, the range left and offer energy-optimized road-planning. There will be future roadside services providing mobile recharging equipment.

Home charging: The Wallbox for BMW i vehicles is the first and only home charging solution offered by any auto company. The BMW i Wallbox will bring home charging to a new level of convenience and efficiency. In addition, we will have green power options available via selected BMW i partners for emission-free home charging.



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Public charging: We will partner in the future with public charging providers in all countries where we introduce our BMW i models. We will create a BMW charging card for BMW i customers, providing convenient access to public charging stations.

Flexible mobility: We are creating a new mobile lifestyle built around a range of mobility services – such as our car-sharing initiative, DriveNow. We will also provide our customers with access to rental cars with combustion engines for longer distances.

One thing is already apparent: The success of the BMW i3 cannot be deduced from its initial sales figures. This project is about preparing today to meet future requirements.

Clearly, BMW i vehicles and services represent a completely new approach to individual mobility. BMW i showrooms will offer a completely new approach as well – allowing our customers to get in touch with BMW i vehicles and with electro-mobility. Virtual product presentation will enable customers to configure their own individual car and see it on the screen. Here, on the chart, you see how BMW i will be presented in showrooms across the world.

In addition to new products and services from BMW i, we are also in the midst of rolling out an entirely new approach to engaging our customers. The BMW Group is determined to set the benchmark for a premium sales experience in the automotive industry and beyond. That's what we call Future Retail.

Therefore we have focused our efforts in three areas:

- premium retail experience;
- retail enabling and
- multi-channel retail.



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Our future retail programmes will:

- increase the number of contact points with customers;
- increase the services and benefits offered through our retail channels;
and
- enhance the retail experience at all touch points.

We are using new sales channels for our BMW i brand. Customer orientation is a top priority. BMW i products and services will be sold through an innovative multi-channel model: In addition to the established “stationary” sales channel through the authorised dealers, there will also be

- a mobile field sales force, and
- a multimedia Customer Interaction Centre (CIC)
- as well as online purchasing.

All sales channels will be fully connected. Customers will be able to define and modify their entire purchasing process to suit their needs.

Our primary objective with these new sales channels is to achieve maximum customer satisfaction.

Future Retail will create a truly elevated buying and service experience. The Premium Retail Experience will be rolled out over the next two years at BMW and MINI dealer outlets worldwide.

That brings me to the end of my presentation. As you can see, we have big plans and ambitious goals we are determined to reach.

Unfortunately, I can't stay to the end of the event – so, I am happy to take your questions right away.

Thank you. Please enjoy yourselves!