Ladies and Gentlemen,

Good morning from my side as well! The second quarter was characterised by a more difficult situation in the European markets. Nevertheless, the BMW Group posted record sales and was successful overall – thanks, primarily, to our overseas markets. Profitability remains within our target range – despite the previously announced major investments in growth and future projects.

Retail sales reached a new high of more than 506,000 units in the second quarter – an increase of 6.6 per cent over the same period last year. The BMW Group benefitted from its young and attractive model line-up – especially the BMW brand, which has a strong position in all vehicle classes. Sales of our MINI and Rolls-Royce premium brands also performed to plan.

Our core 3 Series, 5 Series, 6 Series and 7 Series all remain segment leaders. Our SAV models are also in strong demand. The strongest growth was reported by the X1, which is also number one in its segment.

Our broad global presence was another advantage: We were able to offset declining demand in Europe with strong gains in Asia and the Americas, in particular, and reallocated vehicles accordingly. However, we cannot fully escape the challenges in our home region: Like other manufacturers, we are experiencing competitive pressure, especially in the Southern European markets.

Even Germany saw a decrease of about 8% in new vehicle registrations. In
Western Europe, only the UK performed well. The premium segment in France and Italy contracted – also impacting our premium brands.

We maintained the same level of sales in the European region as last year. Overall, market development in Western Europe was much weaker than previously forecast. We no longer expect to see a reversal of this trend in 2013 and are preparing to face a persistently difficult market environment.

We benefitted from sales growth outside of Europe – especially in the United States and China. The recovery of the US economy and housing market gave demand a boost. In the first six months of the year, we delivered more than 173,000 vehicles to customers in the US – an increase of 8.9%. The Financial Services Segment also profited from growth in this traditionally strong leasing market.

In China, we sold more than 183,000 vehicles – an increase of 15.0%. The gains in China came mostly from locally-produced models. In the second half of the year, we expect to see further growth from the 3 Series GT and the new X5.

Over the summer months, we predict strong growth in our two largest markets, the US and China. Although the current product momentum also reflects base effects, we expect growth to be sustained throughout the second half of the year.

At Group level, revenues climbed to more than 19.55 billion euros in the second quarter. Our quarterly earnings before taxes reached 2.03 billion euros – a 2.8% increase over the same quarter last year.

We continued our previously-announced expenditures and investments in our production network in the second quarter.
The Group’s R&D cost totalled one billion euros for the second quarter – a slight increase over the previous year.

Our R&D activities continue to focus on the development of new models, alternative drive trains and lightweight technologies, as we strengthen our leading position in these fields.

The R&D ratio for the first half year stood at 5.3% of Group revenues. This is within our target range of 5-5.5% of revenues. As previously announced, we will exceed our target range for the year as a whole.

The BMW Group’s capital expenditure for the first six months totalled 2.4 billion euros. This represents an increase of 60% over the same period last year.

Preparations for series production of the BMW i3 are now complete. We plan to continue expanding our entire vehicle portfolio and paving the way for the next phase of growth. Right now, we are also preparing for this growth in our plants, where capacity utilisation is already very high. This expansion is crucial to the vehicle projects planned for the coming years. We also continue to invest in developing new business areas.

The capex ratio for the first half year stood at 6.4% of revenues. As previously announced, we will exceed our capex target of below 7% of revenues over the full year. Capital expenditure will rise, as usual, in the second half of the year.

As per 30 June, Group liquidity totalled almost 11 billion euros. Our liquid asset position therefore remains solid.

Let’s move on to the Automotive Segment:

The Automotive Segment had revenues of 18.2 billion euros in the second quarter.
EBIT for the Automotive Segment totalled almost 1.76 billion euros.

As previously announced, the Automotive Segment also made up-front investments in future projects. Over the full year, we expect an incremental burden of around one billion euros. The first half of 2013 was impacted to a lesser extent by this – which benefitted earnings development in the second quarter. The planned expenditures will be accrued for the most part in the second half of the year.

Our profitability for the second quarter of 2013 was at the upper end of our target range of 8-10%. The EBIT margin for the segment stood at 9.6%.

Dynamic business trends within the segment generated a strong operating cash flow and a free cash flow of more than one billion euros for the second quarter. Free cash flow for the first six months of the year totalled almost 1.7 billion euros.

We still expect to generate a strong free cash flow for 2013 – although it is likely to remain under three billion euros for the full year. This is primarily due to the significant increase in capital expenditure, especially in the second half of the year.

As per 30 June, net financial assets in the Automotive Segment amounted to almost 13.3 billion euros.

The **Financial Services Segment** continued its positive business performance in the second quarter. Our growing automotive business and strong demand for financial services are generating sustained growth in this segment.
Financial Services concluded more than 388,000 leasing and financing contracts with retail customers in the second quarter. This represents a 12.2% increase over the same period last year. In Europe, the main gains were in the UK, with growth also in the Americas and the Asia/Pacific region.

As per 30 June, the total number of serviced contracts in place had risen to 3.98 million.

Thanks to this strong growth, Financial Services generated a quarterly pre-tax profit of 467 million euros – an increase of 8.4% year-on-year.

The percentage of new BMW Group vehicles leased or financed by the Financial Services Segment reached 44.5% for the year to the end of June. This increase of 5.8 percentage points compared to the same quarter last year, is mainly due to new business in the US and China.

The risk situation is largely unchanged from last quarter. As expected, credit risks have remained stable in Asia and the Americas. However, the situation is still difficult in Southern and Western European markets – although we do not anticipate any significant deterioration over the short term. Still, provisions have been made to cover potential risks.

The used-car business remained stable in the Americas and Asia in the second quarter. However, prices decreased slightly in a number of European markets, increasing pressure on residual values.

We expect market performance to remain uneven during the second half of the year – and have factored this potential volatility and pressure in the European markets into our risk provisions.
Let’s take a look at our **Motorcycles Segment**: We delivered more than 40,000 BMW motorcycles to customers in the second quarter of 2013, a plus of nearly 16% over the same period last year.

In its anniversary year, BMW Motorrad reported the best quarterly and half-year sales in its 90-year history. The segment’s strong sales growth was generated by new models: Together, the new F 800 GT, special anniversary models and the new R 1200 GS beat the overall downward market trend.

The growth at BMW Motorrad in the first half of the year mainly came from the US, Brazil and Japan. But BMW Motorrad also made gains in its primary market of Germany and other Western European countries.

Second-quarter revenues climbed to 475 million euros, with an EBIT of 46 million euros for the same period.

BMW Motorrad’s young and attractive model line-up is expected to further develop sales in the second half of the year.

The BMW Group is currently on course to meet its guidance for the full year. We accomplished this despite deterioration in the situation in Europe, and Western European markets in particular.

This demonstrates our strength. We continue to profit from our robust strategic alignment, our strong premium brands and our undisputed position as an innovation leader.

The BMW Group is investing heavily in its future this year: These investments are vital to the Group’s continued profitable growth over the long-term.

We will certainly feel the impact of the expenditures and upfront investments in
future projects I mentioned earlier over the rest of the year. This includes market launch and ramp-up costs for the BMW i3 and other new models in the second half of the year.

We continue to benefit from our attractive product portfolio and global market presence. The BMW Group is aiming for a new sales record for the full year – as long as markets in Asia and the Americas continue to perform well and there is no further deterioration in the European markets.

The BMW Group is targeting pre-tax earnings for the full year on a similar scale to that reported in 2012.

We are also maintaining our target range of 8-10% for EBIT margin in the Automotive Segment.

The target for the Financial Services Segment is a return on equity of at least 18%.

We also expect the positive business development in the Motorcycles Segment to continue.

We are working hard to continue our successful course and confirm these targets – assuming that economic and political conditions do not worsen significantly.

In other words: The BMW Group remains geared towards sustainable profitability and growth.

Thank you.