



Media Information

March 19, 2013

- Check against delivery -

Statement**Dr. Norbert Reithofer****Chairman of the Board of Management of BMW AG****Annual Accounts Press Conference for the Business Year 2012****March 19, 2013**

Ladies and Gentlemen!

We have a clear vision for the years leading up to 2020: To be the leading provider of premium products and premium services for individual mobility.

We are already the top-selling premium automaker worldwide. For us, however, leading the premium segment is more than volume leadership.

- We set standards for products, technologies and services, as well as manufacturing.
- We bring innovations onto the market.
- We create new segments and visionary design.
- We turn our customers into fans.
- We are shaping individual mobility of the future.

To achieve this vision, we have been implementing our Strategy Number ONE within the company since 2007. This demands persistence, strength and consistency. As a part of our Strategy Number ONE, we set three major milestones for the years: 2012, 2016 and 2020. We successfully completed the first third of our strategy in 2012. We achieved all of our interim targets. But, we still have two stages to go. We are now focusing on the next step through to 2016. This will set the foundation for 2020.

This is also the philosophy behind the latest model from BMW, which we are presenting to you today: The BMW 3 Series Gran Turismo. It combines the dynamic performance of a sedan with the functionality of a Touring model. This



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model further enhances the already highly desirable range of BMW 3 Series cars. In fact, in 2012, one in every four BMWs sold was a 3 Series. What's more, the 3 Series is the most successful series in the premium segment overall. The new Gran Turismo shows once again what unites us all at the BMW Group: The passion for mobility.

Our common goal is to future-proof individual mobility.

Now, let me share with you where we currently stand and where we will focus going forward. I will concentrate on the following points:

1. What did we achieve in 2012?
2. How do things stand five years into our Strategy Number ONE?
3. What can our customers look forward to in 2013?
4. How will we approach the next stage of the strategy in 2016?

First: What did we achieve in the business year 2012?

Our commercial success has a firm foundation: the desirability of our products and the strength of our brands. BMW is currently ranked 14th in Fortune Magazine's list of the "World's Most Admired Companies". We are the only automaker and the only European company listed among the Top 15 of the Top 500 Most Admired companies in the world. No premium manufacturer in our industry has ever sold more vehicles in a single year than we did in 2012.

Here are the sales figures in detail:

- BMW Group: over 1.84 million cars.
- BMW brand: 1.54 million cars.
- MINI brand: over 301,000 cars.
- Rolls-Royce brand: Exactly 3,575 cars.
- Motorcycles: Over 117,000 BMW and Husqvarna motorcycles.

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These are all new records. This positive trend in our sales figures is reflected in the Group's key financials for 2012:

- Revenues: EUR 76.8 billion
- Profit before tax: EUR 7.8 billion.
- Net profit: EUR 5.1 billion.
- EBIT margin for the Automobile segment of 10.9 percent.
- Our financial services business contributed over EUR 1.5 billion to the Group result.

So one thing is clear: We set new records in terms of revenues, pre-tax profit and net profit in 2012. This gives us the financial leeway that we need to make the right decisions for the future. In 2012, we spent EUR 3.9 billion on R&D. In addition, the volume of investment rose to EUR 5.2 billion. This is more than ever before. Investing early secures our future growth.

The automotive industry is undergoing a transformation – an “Iconic Change”, as we call it. It will be up to the customer to determine which technologies will succeed and which services will be in demand.

One thing is clear: We want to drive and shape the technological transformation to sustainable mobility. This will require all of our innovative skills:

- First, to develop new models and appealing mobility services,
- And second, to continue improving our structures and processes to further strengthen how we will work together.

What does this mean? In the coming years we will invest:

- In both new and familiar technologies
- In existing and new locations
- In our brands and sub-brands
- In established and aspiring markets
- In new services and sales structures



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- And in ensuring our managers and associates have the skills needed to succeed.

Key to all of these plans: We are making these investments from our own resources. Acting with an eye on the horizon is the best guarantee for making the future we envision become reality.

This is also confirmed by the positive movement in BMW ordinary shares. BMW ordinary shares rose by over 40 percent during 2012 compared to the closing price for the previous year. To put this in perspective: The DAX gained about 29 percent during the same period. BMW shares also achieved a new record high of EUR 74 in 2012. This figure has already been surpassed this year. As is the standard practice in the BMW Group, both our shareholders and our associates benefit from our positive business performance through our employee share award plan. The Executive Board and Supervisory Board will therefore propose a dividend of EUR 2.50 per ordinary share and EUR 2.52 per preferential share at this year's Annual General Meeting. This is the highest dividend we have ever paid.

All permanent staff at German locations will receive a profit-related bonus for their part in this 2012 result. It remains one of the highest in Germany, compared across sectors and industries. Our results for 2012 stem from strong team performance. On behalf of the Executive Board, I would like to thank all of our associates for their efforts during 2012.

Our associates are our most important success factor, both now and in the future. This is why we increased the number of vocational trainees in Germany by about ten percent last year. 1,376 young people began their professional careers with the BMW Group at the start of the 2012 training year. The total number of trainees at the end of the year was 4,266.



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Premium is beyond mainstream. Premium means always raising the bar. That also means making bold, counter-cyclical decisions. This is not always easy. But there can be no progress without this sort of decision and action.

There are many examples of this within the BMW Group.

1. We have often gone against the trend building new plants. Think of Dingolfing in the middle of the Oil Crisis in the early 1970s, or Leipzig in 2005, when many people were doubting whether Germany could still be a competitive manufacturing location. In the mid-1990s we opened our plant in Spartanburg, when other automakers from the US were withdrawing. In China, our plant in Shenyang began production in 2003, when we were selling only about 18,000 cars there. In 2012 we produced over 320,000. Today, these plants are key pillars of our global production network.
2. We focused on production that made most efficient use of resources at an early stage. As long ago as the early 1970s, we engaged the first environmental officer in the automotive industry. Since then, sustainable action has been firmly established as part of our business. In 2012 the BMW Group was listed as a sector leader in the Dow Jones Sustainability Index for the eighth time in a row. Our position as a recognized trailblazer in the area of clean production is a focal point in our current Annual Report.
3. We created the premium Sports Activity Vehicle segment. Until then there were no all wheel drive cars on the roads that were so sporty. From the late 1990s to date, we have sold over 2.7 million BMW X models. Next year we will expand our offering in this segment with the BMW X4.

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4. In 2007, we launched our Strategy Number ONE as a clear roadmap to 2020. The goal was – and still is – to secure the future profitability of the BMW Group. For 2012 we wanted to achieve an EBIT margin of 8 to 10 percent in the Automobile segment.

This brings me to the second key point: How do things stand one-third of the way into the implementation of Strategy Number ONE?

There are four pillars to our strategy:

- Growth
- Shaping the future
- Profitability
- Access to technologies and customers.

We have implemented measures in all four pillars in the past five years.

What did we achieve between 2007 and 2012?

- We have become more profitable. In terms of the EBIT margin of our Automobile segment, we were even over the corridor of the 8 to 10-percent range that we defined. We doubled our profit before tax in 2012 compared to 2007.
- The price of BMW ordinary shares increased by over 70 percent between year-end 2007 and year-end 2012. During the same period, the DAX share index lost 5.6 percent in value.
- We have consistently moved forward with our Efficient Dynamics technology program. By year-end 2012 our fleet was made up of 73 models with maximum CO₂ emissions of 140 grams per kilometer. In 2007 it was 27 models. Currently, we have 35 models that even fall below the 120 grams CO₂ per kilometer level. Our core BMW 3, 5 and 7 Series are also available as full hybrid versions. There will be further improvements in Efficient Dynamics, too: by the year 2020, we want to reduce the CO₂ emissions of our fleet by at least another 25 percent

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from their 2008 level. Our leading position in the field of sustainability is also the reason why we were the official automobile supplier to the Summer Olympics in London. Among our highly efficient fleet were a number of MINI E and BMW ActiveE models.

- We have invested as much in training and professional development program for our employees as we have in Efficient Dynamics – around EUR 1.2 billion in the last five years.

We have ensured our associates are qualified for the technological transformation, even during the years of financial crisis. In many surveys, the BMW Group maintains its position as one of the most attractive employers.

- Through the end of 2012 we expanded our global production network to 29 locations in 14 countries. In 2007 we had 23 production facilities in 12 countries. The latest example is our new Tiexi plant in Shenyang, which we run together with our Joint Venture Partner Brilliance. For us, planning a new location means setting new standards. Tiexi is the most advanced car factory in China and one of the most sustainable in the world.

As you can see: We achieved all of the interim targets in our strategy for 2012 and in some cases exceeded them. Compared to when Strategy Number ONE began, the BMW Group is now a stronger, more global and more future-proofed company.

Even in the context of changed external conditions, our strategy has proven robust:

- At the time of the global financial and economic crisis in 2008 and 2009, the BMW Group achieved a profit and paid a dividend.

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- In 2010 and 2011 we brought the company back on the road towards success. We benefited from the impetus provided by positive economic developments in the early part of this period.
- In 2012 we continued our success story despite a challenging and volatile environment.

This brings me to the third key point:

What can our customers look forward to in 2013?

This year we will offer our customers new models from all three car brands and BMW motorcycles. The BMW Z4 will be updated, as well as the BMW 5 Series with its sedan, Touring and Gran Turismo models.

The following will be new to the market:

- The BMW 3 Series Gran Turismo.
- The BMW M6 Gran Coupé.
- and the new MINI Paceman.
- Under the Rolls-Royce banner, the Wraith will be the most dynamic and powerful Rolls Royce ever.

There will also be a BMW 4 Series model for the first time. We have shown the BMW 4 Series Concept Coupé in Detroit and the media response has been very positive.

We intend for our successful course to continue this year as well.

- We aim to achieve a new sales record at Group level.
- The Group profit before tax should be similar to last year.

However, we are all aware that: The global financial environment is both uncertain and volatile. Our business performance is exposed to many risks:



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- High public debt levels.
- The continuing recession in the EU.
- China's flattening growth.
- Uneven development in the automobile markets.
- And political instability in numerous regions around the world.

Having a clear strategy to 2020 leads us to look to the future with confidence. We will break new ground in 2013 by putting electric cars into series production. Already, the first Pre-production BMW i3s rolled off the assembly line in Leipzig in January. This is a clear signal to anyone who may still have had any doubts: The BMW i3 is definitely coming onto the market. It will be a reality by late 2013.

We will then be able to offer our customers a new dimension in driving pleasure. As media representatives, you will be able to road-test the electric BMW i3 yourselves already this fall. The BMW i3 is our approach for emission-free driving in urban areas.

Our experience with the MINI E and BMW ActiveE test fleets has shown that:

- A range of 150 km is entirely sufficient for the great majority of drivers. Moreover, with a range-extender, the range can be increased.
- Across the globe, the average distance driven on a daily basis is 64 kilometres and cars are parked for 22 hours each day. This time can be used to recharge the battery.

Aside from these practical reasons, we have always emphasized the need for emission-free cars in our portfolio. This enables us to achieve the long-term regulatory requirements for CO₂ emissions that apply to new cars in the EU, US, China and other countries.

Many people here in Germany have a fairly sceptical view of the subject based on our local and regional circumstances. However, anyone driving in other

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countries in Europe or in a state like California will notice that many major cities now have parking areas with charging stations for electric cars. And true megacities have no choice but to promote alternative methods of mobility in the medium term. For instance, in Beijing, the China Daily reported in August 2012 that there were over a million applicants for fewer than 20,000 registration plates. Electric cars are exempt from this registration and the associated fees.

We are approaching the topic of electro mobility holistically. In the manufacture of the BMW i family we are also setting new standards:

- In the use of innovative materials
- In the careful use of resources and
- In the industrialization of electric mobility.

As an engineer I can tell you for sure: We are revolutionizing how cars are made.

- The BMW i3's car architecture is unique – with a “life-module” and a “drive-module”.
- The materials are unique – the cabin from carbon fiber and the “drive-module” from aluminum.
- The manufacturing processes are also unique: Unlike traditional methods of manufacture, we are using high-tech bonding to connect the body elements.
- The short manufacturing times are unique as well: Far fewer components are used. Processing times can be reduced through parallel operation. As a result, it takes only half as long to make a BMW i3 compared to a car of a similar size in our portfolio.

There is another important aspect, too: The work process itself is much easier for the workers compared to traditional body construction.

- The new car architecture makes workplaces more ergonomic.
- Assembly is much quieter.
- The production halls also use natural light.



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The future belongs to those who dare to make their vision a reality. We believe in sustainable mobility. Many customers have already expressed interest in buying a BMW i3 – a car they do not know with technologies they are not familiar with. What this tells me is that:

Our customers have faith in our know-how and power of innovation. They trust that we will deliver „Sheer Driving Pleasure“ with an electric car as well. This also applies to our mobility services.

These are a clearly defined part of our vision for 2020. Our car-sharing initiative DriveNow together with Sixt AG is doing well. Likewise, our innovative Apps such as “ParkNow”, “Park at my House” and “My City way”, facilitate mobility within the city. These are results obtained by our BMW i Ventures Company. In 2012 we also introduced DriveNow and ParkNow in San Francisco. Over 85,000 customers in Germany and the US are already using DriveNow.

This brings me to my fourth and last point: How will we approach the next stage of Strategy Number ONE in 2016?

We are shaping our future using our own ideas and from a position of strength. Our task is to ensure that the BMW Group has a promising future as well as a successful present.

In 2016, BMW will be 100 years old. We aim to sell over two million BMW, MINI and Rolls-Royce cars that year. BMW Motorcycles and Financial Services will also continue to contribute to our success. Profitability is and will remain a key prerequisite for overcoming the challenges using our own resources. This is why we strive to maintain a range of 8 to 10 percent in terms of the EBIT margin of our Automobile Segment for the long term.



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We will continue to develop our premium brands BMW, MINI and Rolls-Royce at the right times. We are adding even more variety to our customers' driving pleasure.

Within our core BMW brand we offer a range of possibilities:

- from emission-free cars in the BMW i family
- to highly efficient and innovative BMW models
- and efficient, high-performance cars in the BMW M range.

All of this is BMW.

The BMW M GmbH set a new sales record as it marked its 40th anniversary in 2012. Sales of more than 26,000 "M" vehicles put us well ahead of our competitors.

What's more, a BMW M3 won the German Touring Car Championships in 2012. After a 20-year absence from this important European racing series, we won the driver, team and manufacturer's titles as soon as we returned. Competition spurs us on. This applies to both motor sport and our core business.

We will continue to chart a new course for our company and for our industry. That's how we define premium. That's what makes us stand out. That's BMW.

Thank you!