

Media information
19 March 2013

BMW Group cautiously optimistic for 2013

Ambitious targets in challenging environment

Sales volume set to rise to new record figure in 2013

Earnings before tax expected at previous year's level

High rate of expenditure for new technologies and models

EBIT margin between 8% to 10% targeted for Automotive segment

All Strategy Number ONE interim targets fully attained

Reithofer: Several hundred advance orders received for BMW i3

Munich. After achieving a record-breaking year in 2012, the BMW Group's outlook for the current 12-month reporting period is cautiously optimistic, based on ambitious targets set amid a persisting difficult and volatile economic environment. "We are aiming to achieve a further rise in unit sales in the current year and hence a new sales volume record", stated Norbert Reithofer, Chairman of the Board of Management of BMW AG, at the Annual Accounts Press Conference in Munich on Tuesday.

In view of the strong demand for its vehicles, the BMW Group will continue to invest in boosting capacity in 2013, thus enabling it to remain successfully on course. Development costs for new technologies and vehicle concepts will also continue to rise. 2013 alone will see the launch of eleven new models. By the end of 2014, some 25 new models will have been added to the range, ten of them totally new models.

"Due to high levels of expenditure for new technologies and models as well as investment in the production network, we expect to report Group profit before tax on a similar scale to the year 2012", continued Reithofer.

Despite the additional costs referred to, the Automotive segment continues to forecast an EBIT margin of between 8% and 10% for the current year. This corridor is also seen as a sustainable EBIT margin for the time beyond 2013. However, depending on political and economic developments, actual margins could end up being above or below the targeted range.

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The Motorcycles segment forecasts further sales volume growth in the current year for the BMW brand thanks to attractive new models such as the R 1200 GS, which should, in turn, bring about a further rise in segment revenues and earnings.

The Financial Services segment is also expected to put in another strong performance and remains committed to achieving a return on equity of at least 18%.

Forecasts for the current year are based on the assumption that worldwide economic conditions will not change significantly.

Strategy Number ONE: First third successfully completed

The BMW Group has been tirelessly pursuing its Strategy Number ONE with great success since 2007, enabling it to achieve the intended impact of becoming significantly more profitable and competitive. The Group is also extremely well placed to meet future challenges: "We have now successfully implemented the first third of our strategy. All interim targets have been fully attained", emphasised Reithofer.

Group profit before tax doubled during the period between 2007 and 2012. At 10.9%, the Automotive segment's EBIT margin exceeded the targeted corridor of 8% to 10% during the past year. By way of comparison: the segment EBIT margin in 2006 was still only at a level of 6.4%. The return on equity of the Financial Services segment in 2012 was 21.2% (Number ONE target: >18%). The improvement in reported figures is also reflected in the share price: between the end of 2007 and the end of 2012, the price of BMW common stock rose by more than 70 percent.

Strategy Number ONE has also seen the birth of a whole host of innovative vehicle concepts – including the BMW i3 – as well as remarkable advances in

terms of reducing fuel consumption thanks to EfficientDynamics technology. As from the beginning of 2013, the emissions of 73 BMW Group models do not exceed 140 grams of CO₂ per kilometre driven. The equivalent figure five years ago was 27 models. The average fuel consumption of the fleet is 5 litres of diesel and 6.3 litres of petrol per 100 kilometres driven.

The BMW Group will continue its rigorous implementation of Strategy Number ONE through to 2020 and remain on a profitable growth course. The target for 2016 is to sell more than two million BMW, MINI and Rolls-Royce vehicles.

Several hundred advance orders received for BMW i3

Electromobility will be very much in the spotlight for the BMW Group in 2013. "The future belongs to those who dare to venture", remarked Reithofer. The first pre-series BMW i3 came off the production line in January 2013. This innovative vehicle, which has been specifically designed to run with zero emissions for use in an urban environment, will come onto the market by the end of the year. "Several hundred advance orders have already been received for the BMW i3", added Reithofer.

The BMW i3 is designed with a carbon-fibre-reinforced plastic (CFRP) passenger compartment, an aluminium chassis, and sets new standards in the field of lightweight construction. The i3 will be 250 to 350 kilograms lighter than a conventional electric car.

The BMW i3 has an approximate range of 150 kilometres, which – based on experience gleaned from the MINI E and BMW Active E test fleets – is absolutely sufficient in most circumstances. Customers can also opt to increase this capability with a so-called Range Extender. Production times are reduced significantly by employing unique production methods and a significantly lower number of assembly parts. The BMW i3 will require only half the time needed to produce a conventional vehicle.

To have any chance of addressing the growing ecological challenges in the world's metropolitan areas, there is no getting around the use of zero-emission drive technology. "In the medium term, megacities have no choice but to encourage the use of alternative drive systems", underlined Reithofer. Electric vehicles in Beijing, for instance, are already exempt from the allocation procedure for number plates and from fees.

Reithofer: 2012 best year in BMW Group's corporate history

The BMW Group can look back on an excellent 2012 financial year: "The past year has been the most successful year in the BMW Group's corporate history, with new records achieved for sales volume, revenues, and Group earnings", stated Reithofer.

Revenues increased year-on-year by 11.7% to reach a new high of € 76,848 million (2011: € 68,821 million). Despite greater expenditure on new technologies and increased personnel costs, earnings also climbed to new record levels, with profit before financial result (EBIT) up by 3.5% to € 8,300 million (2011: € 8,018 million), profit before tax (EBT) up by 5.9% to € 7,819 million (2011: € 7,383 million) and Group net profit up by 4.4% to € 5,122 million (2011: € 4,907 million).

The total number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers worldwide in 2012 rose by 10.6% to a new high of 1,845,186 units (2011: 1,668,982 units), thus enabling the BMW Group to maintain its position as the world's leading premium vehicle manufacturer.

Capital expenditure and R&D ratio within targeted corridor

Capital expenditure rose sharply (+41.9%) from € 3,692 million in 2011 to € 5,240 million in 2012 due to the number of new models, increased production capacities at various sites and preparation for the launch of the BMW i. The capital expenditure ratio increased to 6.8% (2011: 5.4%). Research and development expenditure went up by 17.2% to € 3,952 million (2011: € 3,373 million), mostly on projects aimed at securing the Group's future, resulting in an R&D ratio of 5.1% (2011: 4.9%).

Dividend to increase to € 2.50 per share of common stock

The Board of Management and the Supervisory Board will propose to shareholders at the Annual General Meeting on 14 May 2013 that the dividend be increased to a new high level of € 2.50 (2011: € 2.30) per share of common stock and € 2.52 (2011: € 2.32) per share of preferred stock. Based on these figures, the total distribution will rise to € 1,640 million (2011: € 1,508 million), corresponding to a distribution ratio of 32.0% (2011: 30.7%).

Automotive segment: EBIT rises to € 7.62 billion

The BMW, MINI, and Rolls-Royce brands all posted new sales volume records in 2012. Automotive segment revenues went up by 11.0% to € 70,208 million (2011: € 63,229 million), thanks to the sharp rise in the number of vehicles sold. The segment EBIT rose to € 7,624 million (2011: € 7,477 million/+2.0%), resulting in an EBIT margin of 10.9%. Profit before tax amounted to € 7,195 million (2011: € 6,823 million/+5.5%).

Free cash flow for the Automotive segment totalled € 3,809 million, an improvement of € 643 million on the previous year and well above the target of over € 3 billion set for the full year.

Sales of BMW brand cars increased by 11.6% to 1,540,085 units (2011: 1,380,384 units), thus exceeding the mark of 1.5 million units for the first time in a single financial year. The MINI brand surpassed the sales volume threshold of 300,000 units for the first time in a 12-month reporting period, with sales volume up by 5.8% to 301,526 units (2011: 285,060 units). Rolls-Royce was the clear market leader in the ultra-luxury segment in 2012. In total, 3,575 units were sold during the year (2011: 3,538 units/+1.0%),

Motorcycles segment also achieves sales volume record

117,109 BMW and Husqvarna brand motorcycles were sold worldwide during the past year (2011: 113,572 units; +3.1%), a new sales volume record for the segment.

Sales of BMW brand motorcycles went up by 2.0% to 106,358 units (2011: 104,286 units), while Husqvarna handed over 10,751 motorcycles to customers (2011: 9,286/+15.8%). In future, the Motorcycles segment intends to focus exclusively on the BMW brand. At the end of January 2013, the BMW Group signed a contract for the sale of Husqvarna with the Austrian company Pierer Industrie AG.

Segment revenues were 3.8% higher at € 1,490 million (2011: € 1,436 million). EBIT fell to € 9 million (2011: € 45 million/-80.0%) as a result of the new direction being taken for the BMW Group's motorcycles business. Profit before tax decreased accordingly to € 6 million (2011: € 41 million/-85.4%).

Financial Services segment remains on growth course

The Financial Services segment continued to perform well in the past year. Revenues went up by 11.7% to € 19,550 million (2011: € 17,510 million). Profit before tax came in at € 1,561 million (2011: € 1,790 million/-12.8%), whereby the decrease in segment earnings was primarily a reflection of the previous

year's extremely high figures. In 2011, the segment recorded exceptional income of € 439 million resulting from the reduction in provisions for residual value and bad debt risks. Business with end-of-contract leasing vehicles gave rise to an exceptional gain of € 124 million in 2012.

The number of new lease and credit financing contracts signed worldwide (1,341,296) was 12.1% up on the previous year. The number of lease and financing contracts in place with dealers and retail customers at the end of the year rose by 7.1% to a total of 3,846,364 contracts.

Workforce up by 5.6%

The BMW Group's workforce increased during the period to 31 December 2012, growing by 5.6% over the year to 105,876 employees (2011: 100,306 employees) worldwide. The BMW Group needs engineers and skilled workers, in order to keep pace with the continued strong demand for the BMW Group's cars, forge ahead with innovations, and develop new technologies.

1,376 young people – 1,200 of them in Germany – started their vocational training with the BMW Group at the beginning of the new training year. The number of trainees in Germany therefore increased by more than 10%. At the end of 2012, the BMW Group employed a total of 4,266 apprentices worldwide.

		2012	2011*	Change in %
Deliveries to customers				
Automotive		1,845,186	1,668,982	10.6
Thereof:				
BMW	units	1,540,085	1,380,384	11.6
MINI	units	301,526	285,060	5.8
Rolls-Royce	units	3,575	3,538	1.0
Motorcycles	units	117,109	113,572	3.1
BMW	units	106,358	104,286	2.0
Husqvarna	units	10,751	9,286	15.8
Workforce¹		105,876	100,306	5.6
Revenues	€ million	76,848	68,821	11.7
Thereof:				
Automotive	€ million	70,208	63,229	11.0
Motorcycles	€ million	1,490	1,436	3.8
Financial Services	€ million	19,550	17,510	11.7
Other entities	€ million	5	5	-
Eliminations	€ million	-14,405	-13,359	-
Capital expenditure	€ million	5,240	3,692	41.9
Operating cash flow	€ million	9,167	8,110	13.0
Profit before financial result	€ million	8,300	8,018	3.5
Thereof:				
Automotive	€ million	7,624	7,477	2.0
Motorcycles	€ million	9	45	-80.0
Financial Services	€ million	1,558	1,763	-11.6
Other entities	€ million	58	-19	-
Eliminations	€ million	-949	-1,248	--
Profit before tax	€ million	7,819	7,383	5.9
Thereof:				
Automotive	€ million	7,195	6,823	5.5
Motorcycles	€ million	6	41	-85.4
Financial Services	€ million	1,561	1,790	-12.8
Other entities	€ million	-6	-168	-
Eliminations	€ million	-937	-1,103	-
Income taxes	€ million	-2,697	-2,476	8.9
Net profit	€ million	5,122	4,907	4.4
Earnings per share²	€	7.77/7.79	7.45/7.47	4.3
Dividend per share of common/preferred stock	€	2.50/2.52	2.30/2.32	-

* Figures for 2011 partially adjusted

*The result for the financial year 2011 includes exceptional income of € 524 million in the Automotive and Financial Services segments, reflecting the reduction in risk provision for residual value and bad debt risks. Business with end-of-contract leasing vehicles gave rise to an exceptional gain of € 124 million in the Financial Services segment in 2012

¹ Figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

² Earnings per share of common stock/preferred stock

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The BMW Group is the leading premium manufacturer of automobiles and motorcycles in the world with its BMW, MINI and Rolls-Royce brands. As a global company, the BMW Group operates 28 production and assembly facilities in 13 countries and has a global sales network in more than 140 countries.

In 2012, the BMW Group sold about 1.85 million cars and more than 117,000 motorcycles worldwide. The profit before tax for the financial year 2012 was euro 7.82 billion on revenues amounting to euro 76.85 billion. At 31 December 2012, the BMW Group had a workforce of 105,876 employees.

The success of the BMW Group has always been built on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy. As a result of its efforts, the BMW Group has been ranked industry leader in the Dow Jones Sustainability Indexes for the last eight years.

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