Ladies and Gentlemen,

After a strong first quarter, the BMW Group is on track. Over the full year, we expect to see an upward trend in the European markets and significant growth in our major overseas markets, the US and China.

The first three months have met our expectations. We are seeing the first signs of recovery in Europe, and sales are several thousand units higher than this time last year. This could be a good indication of a sustainable recovery in the European car markets.

In the United States, the BMW brand posted sales growth of 11.5% in the first quarter. MINI volumes were lower due to the model changeover. After the market launch of new models, this will shift in the second half of the year.

Asia and China, in particular, reported a strong increase in sales: Deliveries in the Chinese market exceeded expectations, climbing 25% year-on-year. This was largely due to higher sales of locally-produced models.

The positive business development so far confirms our guidance for 2014. In the first three months, BMW Group revenues were 3.9% higher year-on-year.

Group pre-tax earnings reached € 2.17 billion – an increase of 8.1% over the same period last year.
At Group level, the pre-tax EBIT margin stood at 11.5%. Profitability was therefore on a par with the first quarter of 2013.

The BMW Group is maintaining its growth course. In the first quarter, we invested a total of €1.24 billion in new products and equipment to strengthen our competitiveness. This represents an increase of 1.6% over the previous year.

The capex ratio (HGB – German Commercial Code) for the first three months of the year stood at 6.8%. We aim at a 2014 ratio lower than last year, moving closer to our target of below 7%.

The BMW Group spent a total of €993 million on research and development (HGB – German Commercial Code) in the first quarter – a 4.2% increase over the same period of last year.

The development of new low-emission and lightweight technologies and other measures to enhance fuel economy remains our main focus. This R&D spending is designed to strengthen our future market position.

Our R&D ratio (HGB – German Commercial Code) of 5.4% is unchanged from the first quarter of last year. In 2013, the ratio was 6.3%. For the full year 2014, the ratio should move closer in line with our target range of 5-5.5% of revenue.

Group liquidity remained solid in the first three months. At the end of the quarter, liquid assets and securities totalled €10.75 billion, which assures the company the financial flexibility it needs.

The Automotive segment benefitted from higher sales.
With more than 487,000 vehicles delivered, sales in the Automotive segment grew by 8.7%.

Revenues climbed to € 16.56 billion. This represents an increase of 4.1% over the same period last year. Revenues rose more slowly than sales in the first quarter due to currency translation effects: Adjusted for these effects, revenues increased by 7.3%.

Also, revenues do not take full account of sales of vehicles produced locally in China.

Our product mix improved in the first three months of the year. Due to the model change, MINI accounted for a lower percentage of sales – although this will even out over the course of the year.

EBIT in the segment for the first quarter totalled € 1.58 billion, which is in line with the previous year’s figure.

The Automotive segment achieved an EBIT margin of 9.5%. We see this as confirmation of our guidance and also expect EBIT margin in the Automotive segment for the full year to stay within our target range of 8-10%.

Segment earnings benefitted from higher deliveries and improvements in the model mix. However, additional expenditure for future projects and costs for the market launch of new models offset this.

Segment earnings were affected by marketing and sales costs for the launch of the new 4 Series Convertible and Gran Coupé models, the new 2 Series Coupé, the new MINI Hatch and the X5. The total charge lies in the high two-digit million euro range.
The response of media and dealers to our new products has been extremely positive. We therefore expect good growth opportunities, as planned. It remains to be seen whether this will also have a positive effect on pricing.

In spite of lasting challenges, there are initial signs of pricing improvement in the European markets. However, we did not benefit from this in the first quarter.

Higher investment resulted in a larger impact from depreciation. Segment growth also raised personnel costs.

In the first quarter, changes in currency and raw material prices had no significant impact on segment earnings. For the full year, we are well hedged for the major currencies and raw materials and anticipate similar headwinds as those of last year. However, due to price changes profit might be affected in the course of the year.

In the year to the end of March, we produced almost 33,000 more units than we delivered – in preparation for traditionally strong sales in the second quarter and sales growth in overseas markets. For example, new 4 Series models and the BMW i3 are now also available in the US and Japan.

Overall, the second half of the year will benefit from stronger product momentum, as additional new models are launched.

First-quarter growth led to a corresponding increase in working capital of € 918 million. The segment generated a strong operating cash flow, with a free cash flow of € 932 million. This figure is € 308 million higher year-on-year.

As previously announced, we expect free cash flow to be higher than in 2013 and closer to € 3 billion.
At the end of the first quarter, net financial assets in the Automotive Segment totalled almost € 13 billion.

As stated in our Annual Report, we brought our accounting into line with IFRS standards 10, 11 and 12 in the first quarter. This means that our joint ventures with the SGL Group are now reported as joint operations. Consequently, their earnings contributions are no longer reported in the at-equity result, but proportionately consolidated. This results in minor changes at Group level and in the Automotive segment and Eliminations.

The Financial Services segment also expanded its operating business in parallel with sales. In the first three months, we concluded more than 348,000 leasing and financing contracts with customers: 2.3% more than in the first quarter of last year. BMW Group Financial Services managed a portfolio of 4.17 million contracts as per 31 March. This represents an increase of 6.8% over the previous year.

At 40.5%, the segment penetration rate – the percentage of new vehicles leased or financed by Financial Services – was lower than for the first quarter of 2013. In this segment, a profitable new business and a good balance between leasing and financing is our priority.

The segment reported pre-tax earnings of € 460 million in the first quarter of 2014 – an increase of 2.4%.

The risk situation developed in line with expectations. Pricing on the international used-car markets, including Europe, remained largely unchanged. In the US, prices trended downward slightly.

Over the full year we expect this price trend for used cars in North America to continue as the market mildly cools. In Europe, pricing should remain stable throughout the year.
The credit risk situation for Financial Services remained stable in the first quarter. In general, we make risk provisions for our Financial Services segment in line with our analyses and forecasts.

Overall, we remain confident about 2014, as Financial Services continues to benefit from strong sales growth and model ramp-ups.

The **Motorcycles segment** reported another new sales-high for the first quarter. A total of more than 28,700 BMW motorcycles were delivered to customers – an increase of 16.1%. The mild winter across Europe brought an earlier start to the motorcycle season, with particularly dynamic sales growth in France, Italy and Germany.

Revenues for the year to the end of March climbed 8.3% to € 472 million. EBIT for the first quarter reached € 64 million – an increase of 25.5% over the same period last year.

The new models R nineT, S 1000 R, R 1200 RT, R 1200 GS Adventure and K 1600 GTL Exclusive have all been available since March. The C evolution electro-scooter will be launched in May.

The **BMW Group** is committed to its ambitious growth targets for the full year. Our planning assumes that the company will continue its positive business development.

This will depend on a stable recovery in the European markets and continued strong growth in markets outside of Europe. As already mentioned, we are maintaining our guidance – which calls for a significant increase in pre-tax earnings at Group level. After the first three months of the year, positive business development in the segments indicates that we are on track.
In the Automotive segment, dynamic product momentum should generate a significant increase in deliveries and revenues. However, as announced, revenues might be affected by translation effects. We expect to see continuing signs of recovery in the European car markets, as well as price stabilisation.

We expect continued effects from expenses for product ramp-ups, up-front investments and preparations for further growth.

In the Automotive segment, EBIT margin should remain within our target range of 8-10%.

Assuming conditions remain stable, we expect our Financial Services segment to achieve a return on equity of at least 18%. This will be slightly lower than last year, however, as we make necessary investments. From today’s perspective, it appears we have made adequate provisions for the risks typically associated with this segment.

BMW Motorrad is likely to continue its positive business development, with new models producing a slight increase in sales over the full year. However, the rate of growth achieved in the first quarter will not be sustained throughout the rest of the year.

Our forecast for the year assumes that political and macroeconomic conditions remain stable. Risk factors, such as increased volatility in the markets, could affect our guidance, however.

Our focus in 2014 will be on consolidating the BMW Group’s position as the world’s leading premium car company, targeting profitable growth for the full year. In the interests of all its shareholders and associates, the BMW Group is
enhancing its future competitiveness today – and striving to maintain its leading role in the premium segment.

Thank you.