STRATEGIC OBJECTIVE.

We want to be the leading provider of premium products and premium services for individual mobility.
BMW GROUP.
STRATEGY NUMBER ONE.
BMW GROUP AUTOMOTIVE.
REGIONAL SPLIT OF RETAIL SALES: MAY-2014.

Source: BMW and MINI Retail Sales only, May-2014 (figures may not add to 100% due to rounding)
GLOBAL PREMIUM SEGMENT IS EXPECTED TO GROW WITH A STRONG MOMENTUM IN CHINA.

**Premium Segment:**
- **CAGR 2013-2020:** 4.6%
- **Total Growth 2013-2020:** 37%

**Region (000 units)**
- **World**: 2013: 8,264, 2020: 11,354, Chg.: 37%
- **Rest of World**: 2013: 756, 2020: 1,043, Chg.: 38%
- **BRIKT***: 2013: 631, 2020: 1,131, Chg.: 79%
- **China (Mainland)**: 2013: 1,535, 2020: 2,745, Chg.: 79%
- **Japan**: 2013: 311, 2020: 290, Chg.: -7%
- **North America**: 2013: 2,027, 2020: 2,533, Chg.: 25%
- **Western Europe**: 2013: 3,003, 2020: 3,612, Chg.: 20%

*BRIKT* refers to Brazil, Russia, India, South Korea and Turkey.

Source: Global Insight.
Capital Markets Day 2014, Beijing, China
EXPANSION OF GLOBAL PRODUCTION NETWORK. PRODUCTION FOLLOWS MARKETS - PREPARATIONS FOR FUTURE GROWTH.

USA
- Spartanburg
  Capacity increase from 300,000 to 450,000 units until 2016
  Total investment: USD 1bn

The Netherlands
- Born – VDL Nedcar

Brazil
- Araquari
  New plant with up to 30,000 units
  Total investment: EUR 200mn

Germany
- Dingolfing, Landshut, Regensburg, Munich, Leipzig
  Structural investment

UK
- MINI Plants
  Total investment between 2012-2015: GBP 750mn

China
- Shenyang
  Capacity increase from 200,000 to 400,000 units
  Total investment: EUR 1.5bn
Without a Modular Strategy, a three-fold increase in model numbers would drive costs and resources spiralling along the process chain. The Modular Strategy enables shorter development cycles and enhanced flexibility in our plants.
THE MODULAR STRATEGY IS THE ENABLER FOR THE EXPANSION OF THE BMW GROUP MODEL RANGE.

Architectures
- Underbody
  e.g.:
  - Front seat attachments

Modular product
- Modular front seat
  Common elements
  e.g.:
  - Structure
  - Head restraint

Modular system
- Front seat attachment
  e.g.:
  - Standardised seat installation process

Shorter development time
Shorter time to market
Lower investment costs
Lower manufacturing costs
Lower development costs
Lower fixed costs
ATTRACTIVE PRODUCT LAUNCHES 2014.

Q1
- Luxury
- Upper Medium
- Lower Medium
- Compact & Small

Q2
- Luxury: i8 06/14
- Upper Medium: M4 Coupé 06/14
- Lower Medium: M3 Sedan 07/14, 4er Cabrio 03/14
- Compact & Small: MINI Hatch 03/14

Q3
- Luxury: 4er Gran Coupé 06/14
- Upper Medium: X4 09/14
- Lower Medium: M4 Convertible 09/14
- Compact & Small: Active Tourer 10/14

Q4
- Luxury: X6 12/14
- Upper Medium: MINI 5 Door 10/14
- Lower Medium: 2er Coupe 03/14
- Compact & Small:
CO₂ LEGISLATION IN MAJOR MARKETS.

- Fleet objectives require a global reduction in CO₂ emissions.
- Regional objectives are not directly comparable due to differences in vehicle portfolio (market demand) and test-cycles/procedures.

New vehicle fleet 2008: USA 339g/mi (212g/km), EU 27 250g/mi (156g/km), China approx. 2015 12%, China approx. 2020 36%, Japan n.a.

Illustration:
- USA 2016 -26%, 2021 -52%, 2025 163g/mi (102g/km)*
- EU 27 2015 -16%, 2020 154g/km, 2025 130g/km
- China 2015 approx. -12%, 2020 approx. -36%
- Japan 2015 14.2km/l (166g/km)***, 2020 -30% 16.3km/l (146g/km)

Prognosis: * Based on review, ** under discussion, *** Consideration of test-cycle change to JC08
FUTURE CO$_2$ TARGETS CAN ONLY BE ACHIEVED WITH THE HELP OF NEW DRIVETRAIN TECHNOLOGIES.

Today

Lower CO$_2$ emissions

Improved combustion engines
Aerodynamics
Lightweight construction
Auto Start-Stop function
Brake energy regeneration

Hybrid
Plug-in hybrid

Tomorrow

Zero emissions

Electro-mobility
Fuel cell technology
STRATEGY NUMBER ONE – MANAGING THE TECHNOLOGICAL CHANGE TO REMAIN FUTURE PROOF.

Evolution
Efficient combustion engines
Innovative technologies

Revolution
Alternative drive trains
Mobility services
MANAGING VOLUME GROWTH, INNOVATION AND PROFITABILITY THROUGH COST-CONSCIOUS, EFFICIENT R&D.

- E-mobility
- New materials
- New technologies
- Strong growth of product portfolio
- Seizing new opportunities

Standardisation

Profitability

Innovation

Broader R&D spectrum
CAPEX RATIO TARGET FOR 2014: BRING THE RATIO CLOSER TO THE 7% TARGET.
R&D Ratio Target for 2014: Bring the ratio in the direction of the strategic corridor.

R&D Ratio: R&D Expenditure (HGB) / Group Revenues

Capital Markets Day 2014, Beijing, China
EBIT MARGIN DEVELOPMENT AUTOMOTIVE SEGMENT. TARGET PROFITABILITY OF 8 – 10%.

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<thead>
<tr>
<th>Year</th>
<th>EBIT Margin (in %)</th>
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<td>Q1-2014</td>
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</tbody>
</table>

*) 2012 figures have been adjusted in accordance with the revised version of IAS 19, see note 7 on page 106 of the annual report 2013.
## GUIDANCE 2014.

### BMW Group

- Significantly higher pre-tax profit than in previous year.

### Automotive segment

- Significant rise in vehicle deliveries and in revenues compared with previous year.
- Currency factors could have a negative impact on revenues.
- EBIT margin within target range of 8-10%.
- Significant drop in Return on Capital Employed, but over long-term target of at least 26%.

### Financial Services segment

- Return on equity of at least 18%, but slight decrease compared with previous year.

### Motorcycle segment

- Slight rise in deliveries compared with previous year.