Ladies and Gentlemen

Good morning from my side as well! The BMW Group made a positive start to 2015. The first three months of the year have confirmed the company’s operational strength. With record sales, revenues and earnings, the Group posted its best-ever first quarter.

The figures confirm our targets for 2015. With an attractive line-up, the BMW Group delivered almost 527,000 vehicles to customers. Sales growth of 8.1% year-on-year also boosted Group revenues. First-quarter revenues climbed to € 20.92 billion – up 14.7% from the same period last year. Positive currency translation effects from the depreciation of the euro against the other main currencies contributed to this significant increase: Adjusted for these effects, revenues were 6.5% higher.

BMW Group pre-tax earnings reached € 2.27 billion – an increase of 5.1% over the first quarter of last year. At Group level, the EBT margin stood at 10.8%.

The BMW Group maintained its growth course in the first three months. The company invested a total of € 794 million in products and equipment. A large share of our product investment benefited upcoming models, such as the 7 Series, the 2 Series Gran Tourer and the MINI Clubman.

With significantly higher revenues, the capex ratio for the first quarter stood at 3.8%. Due to the large number of projects, we expect to see a clear increase in
Media Information
6 May 2015

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capital expenditure for the full year. Overall, we aim to meet our strategic target of below 7% of revenue.

As an innovation-driven company, the BMW Group spent a total of € 926 million on research and development activities in the first quarter. This is a decrease of 6.7% over the same period of last year.

Research and development continues to focus on alternative drive trains, lightweight design and connectivity. The new BMW 7 Series, for example, will be equipped with an innovative composite body structure, the very latest assistance systems and ground-breaking interface concepts, such as instruction by hand movement.

Our R&D activities are designed to strengthen the company's competitive position. The R&D ratio (according to HGB – German Commercial Code) was only 4.4% – again due to currency translation effects on revenues. For the full year 2015, the company is aiming for a ratio within the target range of 5-5.5%.

As usual, capital expenditure and R&D expenses will have more of an impact in the second half of the year.

BMW Group liquidity remained solid at € 10.34 billion at the end of March. This healthy liquidity level assures the company's financial flexibility. Based on the company's strong performance and financial solidity, Moody's has changed our rating outlook: In March, it confirmed its A2 long-term rating and P-1 short-term rating, and changed the BMW Group outlook from “stable” to “positive”. The BMW Group remains the European auto manufacturer with the best credit ratings.

Let's take a look at the individual segments. Positive sales development in the Automotive segment generated higher revenues. At almost € 18.89 billion, this represents a significant increase of 14.1% year-on-year. Revenues rose faster
than sales due to currency translation effects: Adjusted for these effects, revenues increased by 5.4%.

EBIT in the segment climbed to € 1.79 billion – a significant increase of 13.5% over the previous year. The EBIT margin remained at the upper end of our target range of 8-10%, at 9.5% – like last year.

The first quarter already benefited from the favourable currency environment and a slight tailwind from changes in currency and raw material prices. However, pricing was slightly weaker than in early 2014.

The first quarter of last year was impacted by the market launch of the BMW i and new MINI Hatch models. Related costs were lower this year. Dampening effects, however, resulted from a higher percentage of compact vehicles, higher depreciation and personnel costs.

The BMW Group has hired new staff to implement its planned capacity expansion and to boost its innovation leadership. The Group’s total workforce increased by 5.5% to 117,554 employees.

The earnings contribution of our Chinese joint venture BBA, reported in the at-equity result, was lower than the previous year. This reflects preparations for the ramp-up of new vehicles, capacity expansion and more intense competition in the marketplace. The market evaluation of commodity derivatives also affected our financial result. Pre-tax earnings for the first quarter totalled € 1.63 billion – and were therefore on a par with the same period of last year. For the full year 2015, we expect to benefit from a positive balance of raw materials and currency effects. The Group is well-hedged in the main currencies for the current year.
The segment’s positive earnings development is also reflected in the free cash flow – which stood at € 1.06 billion as per 31 March. As previously announced, we anticipate a strong free cash flow of more than € 3 billion for 2015.

At the end of the quarter, net financial assets in the Automotive segment totalled over € 15 billion.

The Financial Services segment reported new all-time highs from its business activities in the first three months of the year. In line with sales growth, the segment concluded more than 384,000 new leasing and financing contracts with customers – 10.5% more than in the first quarter of last year. The volume of new business climbed 27.8% to € 11.79 billion.

BMW Group Financial Services managed a total portfolio of 4.07 million contracts as per 31 March. This represents an increase of 6.2% over the previous year. The Asia/Pacific region saw particularly strong growth. The segment also made solid gains in its other main sales regions.

At 44.9%, the segment penetration rate – the percentage of new vehicles financed or leased by Financial Services – was higher than for the first three months of 2014. There is growing demand for financial services products – both leasing and financing – in all regions of the world.

The growth of the automotive business is accompanied by a planned increase in the financial services contract portfolio. Our business will continue to focus on profitable new business, with a good balance between leasing and financing.

First-quarter pre-tax earnings climbed 23.4% to € 559 million. This significant increase also stems from currency translation effects. The segment is currently benefiting from attractive refinancing conditions and a healthy risk situation.
Pricing on the international used-car markets is largely on a par with last year. The credit risk situation remained stable – with a slight positive trend. The credit loss ratio for the entire portfolio is low, at 0.33%, which is also below last year’s figure.

For the full year 2015, we expect residual values and credit risks to remain stable across all regions. The segment takes a comprehensive, proactive approach to risk management and makes appropriate provisions for business risks.

We expect our Financial Services segment to continue its positive business development throughout the rest of the year.

The Motorcycles segment started the 2015 financial year with record sales, revenues and earnings. BMW Motorrad benefited from positive market development, especially in Europe. The brand’s attractive portfolio also boosted sales.

All five new models were available for the start of the season: the two supersport bikes, the S 1000 RR and the brand-new S 1000 XR; the two new Boxer models, the BMW R 1200 R and the R 1200 RS; and the BMW F 800 R – all of which will contribute to the solid sales growth forecast for this year. BMW Motorrad delivered a total of more than 31,300 motorcycles to customers in the year to the end of March – an increase of 9.2%. In Europe, the brand reported a significant sales increase of 12.1%.

Due in part to currency tailwinds, first-quarter revenues climbed 20.1% to € 567 million. The EBIT for the same period reached € 115 million, profiting from higher sales volume and a positive product mix.
I would like to finish with a few words about our outlook. As I already mentioned, our business development in the first three months of the year confirms our guidance for the full year.

We are committed to our targets for 2015, with:

- a solid increase in Group earnings before tax;
- a solid increase in sales in the Automotive segment, with an EBIT margin between 8-10%.
- The continued weakening of the euro against the main currencies, the US dollar and the renminbi, could lead to significantly higher revenues for the full year 2015, rather than the solid year-on-year increase originally forecast.
- We are planning for a solid increase in sales at BMW Motorrad.
- For Financial Services, return on equity should remain on a par with last year – and therefore above our target of at least 18%.

The BMW Group is addressing the challenges ahead for the whole automotive industry. In particular: intense competition in mature markets, normalisation of the Chinese market and the enormous investments needed to lower CO₂ emissions. We consider these aspects in our strategic alignment. We adjust our course to take advantage of opportunities for the company. Our target remains sustainable, profitable growth.

The solid increase in sales forecast for the full year 2015 will rely on continued positive business development. This will depend on sustained recovery in the European markets, which should help stabilise pricing. In North America, we expect dynamic economic growth to continue.
Further normalisation is likely in China: It will be virtually impossible to sustain the dynamic growth we have seen in the auto market in the past. Due to the higher basis, we expect lower growth rates than in previous years. Competition will intensify and put prices under further pressure. Nonetheless, we will continue to capitalize on the potential of this market. The Chinese government expects a GDP growth of around 7% in 2015. A slower rate of growth could potentially affect our business performance.

Over the course of the year, the percentage of compact models in our product mix will continue to increase.

To meet its forecast profitable growth and secure its future competitiveness, the company will continue to invest in new products, innovation and capacity expansion this year. We anticipate higher depreciation and increased personnel and marketing costs for the launch of new models. Compared to 2014, more of this expenditure will be concentrated in the second half of the year.

Depending on current risks and opportunities and how political and economic conditions develop, actual business performance may deviate from our present forecast.

The BMW Group will maintain its strategic course and focus on enhancing its competitiveness: Being doing this, the company will benefit from its financial stability, brand strength and from its attractive products and services.

Thank you.