BMW GROUP DRIVEN FOR GROWTH IN AMERICA.

LUDWIG WILLISCH
PRESIDENT AND CEO, BMW OF NORTH AMERICA, HEAD OF REGION AMERICAS.
THE BMW GROUP IN THE U.S.

1. Business Review.


3. Economic and Market Perspective.

"The BMW Group is the world's leading provider of premium products and premium services for individual mobility."
BMW GROUP AMERICAS FOOTPRINT EXPANDING IN REGION.

- BMW Manufacturing – SC
- BMW Americas HQ – NJ
- BMW Manufacturing – MX
- BMW SGL Joint Venture Carbon Fiber Plant – WA
- BMW do Brazil NSC
- BMW de Argentina NSC
- BMW Manufacturing – Brazil
2014 PREMIUM LEADER WORLDWIDE – 10 YEARS IN A ROW.
BEST YEAR EVER, PREMIUM LEADER IN AMERICAS.

- **Global** – 2.1 Million + vehicles sold worldwide – new Global Sales Record.
- **US** – best year ever for BMW, Premium Leader 3rd time in 4 years.
- **Canada** – best year ever for BMW, 24th consecutive year of growth.
- **Mexico** – best year ever for BMW.
- **Brazil** – best year ever for BMW, Premium Leader 5th time in 5 years.
- **IM** – best year ever for BMW, Premium Leader.

### December 2014 YTD

<table>
<thead>
<tr>
<th></th>
<th>BMW</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>US</strong></td>
<td>339,738</td>
</tr>
<tr>
<td><strong>Canada</strong></td>
<td>32,805</td>
</tr>
<tr>
<td><strong>Mexico</strong></td>
<td>10,502</td>
</tr>
<tr>
<td><strong>Brazil</strong></td>
<td>15,004</td>
</tr>
<tr>
<td><strong>IM w/AR</strong></td>
<td>12,043</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>410,092</strong></td>
</tr>
</tbody>
</table>
THE BMW GROUP,
A STRONG AND LASTING COMMITMENT TO THE UNITED STATES.
Today there are over 25 BMW Group company locations across the U.S. as well as a network of over 640 dealers representing all four brands:
THE BMW GROUP IN THE U.S. RETAIL NETWORK FOOTPRINT OF 642 STORES.

U.S. Retail Network (as of March, 2015)

– 339 BMW dealers
– 35 Rolls-Royce dealers
– 122 MINI dealers
– 146 BMW Motorrad dealers
THE BMW GROUP IN THE U.S.
BMW OF NORTH AMERICA FOUNDED IN 1975.

Back then, BMW was headquartered in Montvale NJ. Only four models in model line-up – total sales of 19,000 units.

- BMW 2002
- BMW 530i
- BMW Bavaria
- BMW 3.0 CS
THE BMW GROUP IN THE U.S.
HISTORIC SALES DEVELOPMENT – BMW BRAND.

Product driven growth. 63,000 to 340,000 units, 1990 – 2014.
Doubled BMW Brand U.S. Sales from 1999 to 2014.
MINI establishes premium small car segment in U.S. Growth driven by expansion of model portfolio. 610,000 cars sold in US since brand introduced in 2002.
THE BMW GROUP IN THE U.S.
HISTORIC SALES DEVELOPMENT: MOTORRAD.

Sales growth, from 3,200 to over 15,500 units per year since BMW NA began selling motorcycles in U.S. in 1981.
THE BMW GROUP IN THE U.S.

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THE BMW GROUP.
SUCCESS BUILT ON THREE KEY ELEMENTS.

Success of the BMW Group

Authentic and Desirable Brands

Exceptional Products

Satisfied Customers
BMW THE WORLD’S MOST VALUABLE PREMIUM AUTOMOBILE BRAND. AND AHEAD OF OTHER BLUE-CHIP BRANDS – AS RATED BY FORBES.
BMW i3. HOW DO YOU KNOW YOU DID SOMETHING RIGHT?
ELECTRIC SEGMENT – FEBRUARY 2015.
SEGMENT SALES THROUGH FEBRUARY UP 8% VS LAST YEAR.

Source: Autodata, Inc.
**BMW i IN THE U.S. MARKET. “BORN ELECTRIC”.**

The U.S. will be the world’s largest BMW i market

- Start of sales i3 in April 2014, 6,092 cars sold in 2014
- Start of sales i8 in August 2014, 555 cars sold in 2014
- i3 price at $41,350 (MSRP)*, i8 price at $135,700 (MSRP)*

California alone will represent the 4th largest market

- California share on national BMW volume: 22% (Act. 2014)
- California share on national BMW i volume: 42% (Act. 2014)
- All 50 BMW Dealers in California are selling BMW i

Future of BMW i

- More than 80% of U.S. BMW dealers applied for BMW i sales
- All dealers offer i Service (CFRP/high voltage)
- Trademarks for “ix” were secured

* before federal / state incentives (7,500 / CA: 2,500 USD)
SEDANS & SAVS DOMINATE PREMIUM SEGMENT. 1.65 MN SOLD IN 2014 NOT INCLUDING SMALL PREMIUM COMPACT CLASS.

<table>
<thead>
<tr>
<th>Segments</th>
<th>Sedan</th>
<th>Wagon</th>
<th>Hatch</th>
<th>Coupe</th>
<th>Cabrio</th>
<th>Roadster</th>
<th>4 Dr. Coupe</th>
<th>SAT</th>
<th>SUV</th>
<th>SAV</th>
</tr>
</thead>
<tbody>
<tr>
<td>Luxury PlusPlus</td>
<td>1,939</td>
<td></td>
<td></td>
<td>4,963</td>
<td>2,216</td>
<td>1,597</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luxury Plus</td>
<td>61,197</td>
<td></td>
<td></td>
<td>11,220</td>
<td>6,350</td>
<td>5,395</td>
<td>4,781</td>
<td></td>
<td>50,546</td>
<td>39,427</td>
</tr>
<tr>
<td>Upper Medium</td>
<td>231,995</td>
<td>2,327</td>
<td></td>
<td>8,246</td>
<td>7,500</td>
<td>2,297</td>
<td>15,114</td>
<td>1,613</td>
<td>22,685</td>
<td>347,745</td>
</tr>
<tr>
<td>Lower Medium</td>
<td>397,084</td>
<td>9,356</td>
<td></td>
<td>60,813</td>
<td>23,771</td>
<td>11,116</td>
<td>5,744</td>
<td>4,874</td>
<td></td>
<td>126,848</td>
</tr>
<tr>
<td>Compact</td>
<td>48,439</td>
<td></td>
<td>23,765</td>
<td></td>
<td>8,532</td>
<td>4,710</td>
<td></td>
<td>774</td>
<td></td>
<td>45,786</td>
</tr>
<tr>
<td>Total</td>
<td>740,654</td>
<td>11,683</td>
<td>15,928</td>
<td>93,774</td>
<td>44,547</td>
<td>20,405</td>
<td>21,636</td>
<td>7,261</td>
<td>73,231</td>
<td>559,806</td>
</tr>
</tbody>
</table>

Sedans and SAVs account for 87% of the Premium Segment in the U.S.

Source: Autodata Inc.

1999 – BMW X5

TODAY – BMW X3, X4, X5, X6, X5 M, X6M
Proudly built in the USA
THE BMW GROUP IN THE U.S.

1. Business Review.
3. Economic and Market Perspective.
THE WORLD IS GETTING MORE COMPLEX. POLITICAL UNCERTAINTIES HAVE IMPACT ON ECONOMY IN THE US.
U.S. CONTINUES TO SEE POSITIVE ECONOMIC OUTLOOK. REAL GDP GROWTH EXPECTED TO REBOUND OVER REST OF 2015.

Estimates of economic growth in Q1 continue to be trimmed on expectations that the severe winter weather temporarily depressed activities, but real GDP growth in 2015 is still expected to be the highest since 2005.

Unemployment fell to 5.5% in February, but labor force participation rate remains at lowest levels in 35 years.

Consumer confidence fell 7 pts. in February after having risen 23 pts. over the prior year to its highest level since 2007. Despite the decline, consumers remain confident that the economy will continue to expand.

Auto sales and Wall Street have generally been bright spots for the recovery through the year.

Housing starts and sales have struggled recently as severe winter weather (NE) likely weighed on activity.

Source: Blue Chip Economic Indicators, Conference Board Consumer Confidence, S&P/Case-Shiller Home Price Indices, Bloomberg
**STRONG LUXURY RETAIL SPENDING IN THE U.S. – TOPS GLOBAL LIST.**

<table>
<thead>
<tr>
<th>Country</th>
<th>Spending (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>$73.3</td>
</tr>
<tr>
<td>Japan</td>
<td>20.4</td>
</tr>
<tr>
<td>Italy</td>
<td>18.2</td>
</tr>
<tr>
<td>France</td>
<td>17.3</td>
</tr>
<tr>
<td>China</td>
<td>16.9</td>
</tr>
<tr>
<td>Britain</td>
<td>15.1</td>
</tr>
<tr>
<td>Germany</td>
<td>11.7</td>
</tr>
<tr>
<td>South Korea</td>
<td>10.3</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>8.9</td>
</tr>
<tr>
<td>Middle East</td>
<td>7.7</td>
</tr>
<tr>
<td>Russia</td>
<td>5.2</td>
</tr>
</tbody>
</table>

**Luxury retail spending** is bigger in the United States than in the next four countries combined.

2014 spending on personal luxury goods, including high-end clothing, accessories, watches, jewelry and beauty products.

*Source: Bain and Company*
Light Vehicle sales through December up 922,000 units or +5.9% vs. last year:
- Cars: +138,000 units
- Trucks: +784,000 units

Premium segment sales through December up 105,000 units or +6.8% vs. last year:
- Cars: +42,000 units
- Trucks: +63,000 units

Source: Autodata, Inc.
U.S. IMPORTANCE FOR GLOBAL CAR MARKET. CARS & LIGHT-TRUCKS – PREMIUM SEGMENT KEY CONTRIBUTOR.

- US Share of Total Market:
  - USA: 16.5 m. (19%)
  - Rest of World: 81%

- US Share of Premium Segment:
  - USA: 1.66 m. (21%)
  - Rest of World: 79%

- US Share of Luxury ++ and Luxury + subsegment:
  - USA: 0.19 m. (37%)
  - Rest of World: 63%
56% of premium segment sales done in only 6 states: CA, FL, NY, TX, NJ and PA – CA is number one premium market in US.
U.S. MARKET CLIMATE CHARACTERISTICS.
“AWD” IMPORTANCE IN PREMIUM SEGMENT.

North of the snowbelt: 80% of all Premium vehicles come with AWD

South of the snowbelt: Only 29% of all Premium vehicles come with AWD

2014 Premium Sales
North: 759,216
South: 802,213

Source: IHS/Polk Sales 2014

AWD share of Core 4 by brand:
- BMW: 29%
- Mercedes: 29%
- Audi: 25%
- Volvo: 17%

AWD penetration:
- >80%
- 70% - 79%
- 60% - 69%
- 50% - 59%
- 40% - 49%
- 30% - 39%
- 20% - 29%
THE BMW GROUP IN THE U.S.

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CHANGING EXPECTATIONS OF NEW GENERATION OF RETAIL CUSTOMERS REQUIRES NEW WAYS OF SATISFYING AND DELIGHTING THEM.
CHANGING EXPECTATIONS OF NEW GENERATION OF RETAIL CUSTOMER.

- Today’s customer better informed
- Expect knowledgeable staff
- Prefer to stay at home
- Want their time valued
- Expect higher price transparency
- Inviting, no-pressure environment
- Less loyal, and willing to walk
### CHANGING EXPECTATIONS OF NEW GENERATION OF RETAIL CUSTOMER. FEWER SHOWROOM VISITS, MORE INTERNET TRAFFIC.

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nr. of dealer visits per annum</td>
<td>4</td>
<td>1.4</td>
</tr>
<tr>
<td>Internet use before car purchase (%)</td>
<td>1</td>
<td>97</td>
</tr>
<tr>
<td>Readiness to buy a car online (%)</td>
<td>&lt;1</td>
<td>44</td>
</tr>
<tr>
<td>Readiness to buy parts online (%)</td>
<td>&lt;1</td>
<td>48</td>
</tr>
<tr>
<td>Readiness to buy options online (%)</td>
<td>&lt;1</td>
<td>59</td>
</tr>
</tbody>
</table>
BMW FUTURE RETAIL IN THE U.S. – HOLISTIC APPROACH TO PREMIUM RETAIL EXPERIENCE.

– Focus on providing Premium Customer Experience at every touch-point to satisfy a new generation of customers, and exceed their expectations.

– Be well-prepared for the continued expansion of the BMW product line-up that includes innovative, new vehicle concepts and ground-breaking technologies.

– Ensure continued profitability and sustained sales growth for us and our retail network, now and well into the future.
BMW FUTURE RETAIL IN THE U.S. BMW GENIUS DELIVERS PRESSURE-FREE PRODUCT CONSULTATION.

– BMW Geniuses stand for pressure-free, knowledgeable, enthusiastic product consultation at dealership.

– They are available to offer their knowledge and assistance before and after the sale.

– Latest technology leveraged to present engaging retail experience both in and out of the showroom.
BMW FUTURE RETAIL IN THE U.S. – MODERN, NEW FACILITIES.
BMW FUTURE RETAIL IN THE U.S. – HOLISTIC APPROACH TO NEW RETAIL EXPERIENCE.

– **BMW Genius:** 500 BMW Geniuses at dealers – 750 by close of year.

– **BMW Pop-Up Store:** Pilot launched, South Coast Plaza Mall, Orange County, CA, 100,000 visitors, driving leads and sales.

– **New Technologies:** 316 Virtual Product Presentation in 140 stores. Installed 317 Digital Point of Sale units.

– **New Facilities:** 100 Stores completed by the end of this year. 95% of network transformed by 2019 = $3 Billion investment, 30% increase in showroom capacity.
As a global company, the BMW Group has been supported by the historic influence, scale and strength of the US market. Our future success will be driven by the continued investment in, and commitment to the United States.