

21 March 2019

- Check against delivery –

**Statement****Harald Krüger****Chairman of the Board of Management of BMW AG.****Analyst and Investor Conference for the Business Year 2018.****Auditorium BMW Welt, 21 March 2019, 10.00 a.m.**

Good morning and welcome!

Today, I would like to show you what sets the BMW Group apart from our competition. Let's first take a look at the recent past, and then focus on the future. The BMW Group is successfully shaping the future of mobility.

We are doing so by charting our own course:

- We are redeveloping our business model. It has to be profitable and successful in the digital age. For example, our new joint venture with Daimler, which combines all our NOW services.
- We are strengthening our core business and our global presence. For example, in China and the US.
- We deliver. We turn words into action. Our successful transition to the new emissions standard WLTP is a good example of this.

In recent years, we have evolved from a manufacturer to a mobility provider.

Going forward, we aim to be a leading tech company for premium mobility.

For this reason, we are providing our company a new and stronger foundation:

- With regards to technology.
- In our relationships with customers.
- And in our processes, structures and work environment.

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This is no easy task. But we are a very strong team. We continue to make significant progress with our Strategy NUMBER ONE > NEXT. We have been implementing measures for the past three years. Our focus is until 2025. We have a clear vision of the future.

Our journey has three stages, with milestones in 2018, 2021 and 2025. The first stage, up to 2018, has already successfully been completed. We are now embarking on the second phase, which will take us to the end of 2021.

What are the challenges for our industry?

- The business environment remains highly volatile.
- E-mobility will continue to grow.
- The development of highly-automated vehicles will continue to make advances.

What is our approach to master these challenges? We are investing in our range of electrified vehicles – for all customer needs. We also will create additional flexible platforms for all types of drivetrains. From 2020, the popular BMW X3 will be our first model that we will offer with all three drive trains.

The customer will continue to have choices in the future. This broad approach allows us to respond flexibly. This is the most efficient solution – a single platform for all. We will keep our foot on the throttle with new model releases. This year alone, we will launch more than 20 new or updated models. And we are electrifying all our brands and model series. By the end of this year, we will have 500,000 electrified vehicles on the roads.

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As anyone who's ever driven an electric car will tell you: E-mobility is "Sheer Driving Pleasure" in its purest form – thanks to the electric engine and battery. Together, they form the heart of every electric vehicle. We produce the electric drive and high-voltage system ourselves. This keeps essential e-mobility expertise firmly in our own hands.

Regarding battery cells, we will continue to build on our existing expertise. This summer, we will open the new Battery Cell Competence Centre in Munich. This also includes infrastructure: Our CHARGE NOW customers have already today access to more than 100,000 charging points in 25 countries. CHARGE NOW also demonstrates that: Cooperation between companies is increasingly important.

We always seek out the most suitable partners in different fields. In two important areas of future activity, we have embarked on a long-term cooperation with Daimler AG:

- To provide more services in more cities, we have created five joint ventures. More than 60 million people already use NOW services. Together, we will invest over one billion euros. The benefit for customers is that everything comes from a single source. And soon, from a single app.
- When it comes to autonomous driving, both companies already have extensive know-how.
- Together, we are developing next-level technology for autonomous driving for our models from 2024 on.

As a global company, more than ever, we have to satisfy different demands in different regions. In line with our strategy, we are targeting continued growth in all major regions of the world and aim to expand our market share.

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To achieve this, we have a specific focus for each region:

China is our largest single market and a strong driving force for e-mobility.

Our approach is as follows:

- The new plant in Shenyang will increase our capacity to 650,000 vehicles per year.
- Our new joint venture with Great Wall will build fully-electric MINI vehicles.
- From 2020, we will produce the first fully-electric BMW, the iX3, which we will export from China to the rest of the world.

In the US, we continue to invest in expansion of our Spartanburg plant. This year, the plant celebrates its 25th anniversary. The new BMW X7 signals our firm commitment to the US.

- The US Department of Commerce has once again confirmed that BMW is the leading US automotive exporter by value – for the fifth consecutive year.
- Our new plant in Mexico will expand our sphere of activity in the Americas. It will open in June.
- Europe is our largest sales region and home to the most BMW Group plants and employees. The political situation remains tense, due to the uncertainty over Brexit. But we are well prepared for all scenarios.

The same principle applies to all regions: Our commitment is geared towards the long term. Free access to markets is essential for our success.

Ladies and Gentlemen,

To become an agile tech company, we also need the right internal organisation. Efficient structures have always been part of the BMW Group.

Two current examples include:

- Our cross-divisional Performance > NEXT programme,
- and our new Sales and Marketing structure.

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We began implementing Performance > NEXT some time ago. Our goal is to become faster, more profitable and more efficient. We are concentrating on three areas: “customer and sales”, “vehicle” and “organisation and structures”. Performance > NEXT will permanently change the whole company.

We are targeting total savings potential of more than 12 billion euros by the end of 2022. Performance > NEXT will have an impact well into the next decade. Let’s take a look at my second example: Our relationship with customers is vital to the success of our business. Starting in April, we will have ONE sales division for our BMW, MINI and Rolls-Royce automotive brands. It will be known as the C division. This reflects our clear focus on the customer. This division will be responsible for creating a consistent brand experience across all touchpoints. And we believe a smaller Board of Management sends the right signal for streamlined structures across the company.

The third stage will take us all the way to 2025. Here, the BMW approach is quite different from that of other companies. Our new innovation and technology flagship, the BMW iNEXT, will take individual mobility to a whole new level. It will enable the entire company and all our brands to face the challenges of the future. The concept car is here on stage with us.

The iNEXT combines several future technologies:

- Full connectivity and a futuristic interior.
- An electric range of up to 600 kilometres for everyday driving, for both short and long distances.
- It also signals the launch of Level 3 highly-automated driving.
- At the same time, we will also be testing Level 4 and 5 autonomous driving in urban areas with a fleet of iNEXT vehicles.

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This opens a whole new chapter for the BMW Group. Today, more than 80 percent of accidents are caused by driver error. Autonomous driving can virtually eliminate these accidents. Safety remains our top priority in this area. By the time we launch our Level 3 system in 2021, we will have clocked up more than 240 million test kilometres. Around 95 percent in simulations.

Technologies from the iNEXT will be integrated into our entire model line-up. The BMW iNEXT will be released onto the market in 2021. Autonomous driving relies on, and generates, huge quantities of data. Next week, we will be opening a data centre outside of Munich.

Ladies and Gentlemen,

As you can see, we have a clear roadmap to the future. Later, I will give you an update on upcoming product highlights. Thank you!

## **PART II – Statement Harald Krüger**

Ladies and Gentlemen,

The BMW Group has been number one in premium segment sales for the past 15 years. Despite the uncertainties we are facing across the globe, we aim to continue this successful development. Our goal is to outperform the premium segment. To achieve this, we will continue our model offensive, driving full speed ahead. 2019 will be our year of the plug-in hybrid. BMW will release the 3 Series, X5 and 7 Series all as PHEVs. The X3 will also be available for the first time as a plug-in hybrid.

All these models come with the fourth generation of our battery and electric-drive-train technology. This enables an electric range of up to 80 kilometres. The 2 Series and 5 Series models will also get a battery update in the summer.

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BMW and MINI will also release fully-electric models:

- The emotional MINI Electric will be launched this year.
- This will be followed in 2020 by the iX3.
- 2021 will then be the year of the BMW i4 and the iNEXT.

By the end of 2020, we will have launched more than ten new and updated models with electrified drive trains. For me, this is a clear statement. We will not only boost sales of electrified vehicles. We also aim to increase sales and revenues significantly in the upper segments in particular.

- The new X5 is now fully available for the whole year.
- The new 7 Series will be released onto the market later this month.
- The X7 will follow mid-year.
- And the 8 Series Coupé will be joined by the Convertible and the Gran Coupé, as well as the corresponding M models.

In the mid-size segment, our top-selling model the new BMW 3 Series has been in showrooms since early March. The new 3 Series has been well received by customers, particularly due to the extensive connectivity features.

We also have attractive new models in the compact class:

- The new BMW 1 Series will be available by the end of this year.
- I would also like to announce a completely new model today: the BMW 2 Series Gran Coupé. It will celebrate its world premiere in November at the LA Auto Show and is scheduled for release in early 2020.

As you can see: Customers – with all their wishes and mobility needs – remain our clear focus.

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Ladies and Gentlemen,

The BMW Group remains today among the most profitable automotive companies in the world. For our shareholders, we aim to continue to be a reliable and profitable investment moving forward. And we have a clear objective for the future: to remain a leader in everything we do.

Thank you.