Ladies and Gentlemen,

Good Morning! As Oliver Zipse already mentioned: We find ourselves in a highly unusual situation. Although we are well underway in many operational aspects, the measures regarding the Corona virus will significantly impact our business in the current year. Short-term, we are especially focusing on stabilizing liquidity and our result. I will say more about this in the forecast at the end of my speech. Basically the following applies: We are highly adaptable. Our fast and consistent actions make us stand out. Our strategic long-term goals for a stable business environment have not changed: We are targeting an EBIT margin of between 8-10% in the Automotive Segment and a free cash flow of more than three billion euros.

Let’s take a look at the previous business year. In a challenging business environment, the BMW Group is actively driving the transformation of the industry. In the financial year 2019, we demonstrated once again that we can deliver a strong performance. With new, important models, we improved from quarter to quarter, as promised. As planned, we significantly expanded our market share in the luxury segment. This gives us a sound financial basis for funding our electro-offensive. At the same time, we continue to utilize all levers consistently and systematically as we strive to meet our ambitious long-term profitability targets.

Our steadily improving performance during the financial year 2019 shows we are on the right track. As expected, the fourth quarter of 2019 was stronger than the third quarter. In fact, in terms of revenues, it was the strongest quarter in our history. In the Automotive Segment we continued to improve both our
operating result and our profitability. Several factors contributed to this: First, vehicle sales posted another increase. Second, targeted expansion of our portfolio in the luxury segment significantly improved our vehicle mix. Our young and very attractive product portfolio is also reflected in better pricing. And, finally, our continuous efficiency improvements are also having a significant impact. Despite continuing high expenses for research and development, as well as increased manufacturing costs due to regulatory requirements, the EBIT margin in the Automotive Segment was 6.8%.

Ladies and Gentlemen, as previously announced, we steadily improved our performance after a first half year that was challenging, as expected. Group revenues climbed 7.6% in 2019 to more than 104 billion euros and exceeded 100 billion euros for the first time. This increase was driven, in particular, by improvements in volumes, mix and pricing. Adjusted for currency translation effects, revenues increased by 6.1%. As previously announced, earnings before tax were significantly lower than the previous year, at 7.12 billion euros. In April, the European Commission provided us with a Statement of Objections relating to its antitrust allegations. In accordance with IFRS standards, we recognised a provision of almost 1.4 billion euros in connection with the proceedings in the first quarter of the year. This had a significant negative impact on earnings. Consequently, the EBT margin for the financial year 2019 was 6.8%.

As expected, the financial result also saw a significant decrease. The earnings contribution of our Chinese joint venture, BBA, rose significantly by almost 180 million euros to 918 million euros.

This was offset by the earnings of the YOUR NOW companies, value adjustments in connection with their realignment and a net interest result that was around 330 million euros lower, due to positive one-time effects in the previous year. In 2018, the acquisition of DriveNow shares from Sixt had a positive effect of 209 million euros. Net profit of the BMW Group for 2019 totalled 5.02 billion euros.
Ladies and Gentlemen, capital expenditure – mainly for property, plant and equipment – rose to 5.65 billion euros in 2019. This reflects the recognition of right-of-use assets in the balance sheet for the first time, according to IFRS 16. The overall capex ratio for the financial year 2019 was 5.4%. This was slightly higher year-on-year.

Our research and development spending is also clearly focused on gearing the BMW Group towards the future. For us, the transformation hasn't just begun – we are already in the middle of it. In 2019, R&D costs according to IFRS increased by around 630 million euros to almost six billion euros – due, in particular, to higher amortisation and a lower ratio of capitalised development costs. The R&D ratio, according to the German Commercial Code, was 6.2%. This was lower than the previous year's high, as already announced.

Ladies and Gentlemen, despite numerous headwinds and a lower financial result, the BMW Group still posted very solid earnings for 2019. The Board of Management and Supervisory Board will therefore propose a dividend of 2.50 euros per share of common stock and 2.52 euros per share of preferred stock. This represents a pay-out ratio of 32.8% – which is higher than last year and remains within our target range of 30 to 40%. Subject to the approval of the Annual General Meeting, the dividend pay-out will total 1.65 billion euros.

Let's turn now to developments in the individual segments, starting with the Automotive Segment. Segment revenues climbed 6.8% to 91.68 billion euros, benefiting from positive model mix effects and strong business in China. Deliveries to customers topped 2.5 million vehicles for the first time. As expected, the operating result decreased to just under 4.5 billion euros – mainly due to the provision I referred to. The EBIT margin of 4.9% was within our adjusted target range. Without the provision effect, the margin would be 6.4%.

Let's take a look at the EBIT bridge from the previous year. The greatly improved product mix had a positive impact in 2019. Specifically, the new X7 and 8 Series, and the updated X5, are proving very popular with customers. We were also able
to improve pricing slightly in key markets. Research and development expenses were over 600 million euros higher than the previous year. Higher manufacturing costs resulting from regulatory requirements also dampened earnings – as did the planned increase in depreciation and amortisation. We also experienced headwinds, as expected, from the negative development of around 650 million euros in currency and commodity prices.

We were able to offset much of these headwinds with ongoing efficiency measures and optimisation of our sales activities. However, this was counteracted by the provision for antitrust allegations included in other operating income and expenses.

Ladies and Gentlemen, we have once again set clear targets for 2020: Profitability and free cash flow are high priorities for steering the company. All measures and initiatives under our ongoing Performance > NEXT programme are geared in this direction. On the sales side, in material costs and indirect purchasing, we will continue to work all levers. As far as personnel costs are concerned, we have successfully taken measures early and, in recent months, have agreed on a long-term package of measures with the Works Council. An additional tailwind resulted from changes to the pension scheme for employees in the US.

With regard to free cash flow, we are specifically concentrating on capital expenditure and consistent management of all aspects of working capital.

Ladies and Gentlemen, despite the continued high level of investments in future technologies and lower net profit, free cash flow in the Automotive Segment remains at a solid level almost on a par with last year, at 2.57 billion euros. Our liquidity also developed very favourably in 2019. Adequate liquidity reserves ensure we are always able to take action and safeguard our independence as a company. At the end of the year, our liquidity totalled 17.4 billion euros. This sends a clear message to our investors and lays a strong foundation for further growth in our financial services business.
Ladies and Gentlemen, let’s move on to the Financial Services Segment. Pre-tax earnings reflected the positive business development and rose 6.0% to reach a new all-time high of 2.27 billion euros. The return on equity of 15.0% was on a par with last year, as forecast – and once again exceeded our minimum requirement of at least 14%.

Despite sustained political and economic uncertainty, the risk situation in the segment stayed stable throughout the past year. We make comprehensive provisions for our main business risks on an ongoing basis. The current developments regarding the Corona Virus will in our estimation likely impact the risk situation in 2020. Based on current assessments, we continue to be appropriately hedged against residual value and credit risks.

Ladies and Gentlemen, let’s turn now to the Motorcycles Segment. Deliveries saw solid growth, as planned, with over 175,000 units sold. This was our ninth consecutive sales record. Pre-tax segment earnings totalled 187 million euros – an increase of 18 million euros compared with the previous year. The EBIT margin was 8.2% and once again within our target range of 8-10%.

Finally, let’s look at earnings in the Other Entities Segment and intersegment eliminations. The combined result was around 146 million euros lower than the previous year. This development is partly the result of fluctuations in the market value of the interest rate derivatives we use to hedge our financial services portfolio. Intersegment eliminations were also affected by the growth in our new leasing business.

Ladies and Gentlemen, through continuous optimisation of our core business, we are systematically solidifying our financial strength. We are growing in the right segments, setting clear priorities and funding the continuing ramp-up of emissions-free mobility. In 2020, we will again make high upfront investments in further development of e-mobility, autonomous driving and vehicle connectivity.
We are also implementing the measures needed to meet European CO₂ regulations.

The current uncertainty surrounding future worldwide developments impacted by the coronavirus makes it difficult to provide an accurate forecast for 2020. According to the latest developments, our guidance for the full year assumes that the sales situation will deteriorate in all major markets. Here is the assumption that the sales situation in all markets will begin to normalize again after a few weeks. Possible longer-term impacts as a consequence of the spreading of the Corona virus and a resulting volatility of financial markets cannot currently be estimated and are therefore not included in our forecast.

Ladies and Gentlemen, let’s take a look at the forecast for the individual KPIs. With our very young, attractive model line-up, we are in an excellent position for 2020. Our ongoing efforts to improve – both on the cost and the performance side – will make an important contribution to earnings. As the prior year was burdened by the antitrust provision, there will be a positive effect this year, in comparison 2019. Before the Corona virus, we expected Group earnings before tax to increase significantly. However, due to the impact of the worldwide spreading of the virus, we now expect Group earnings before tax to decrease significantly.

The number of employees will remain on a par with 2019 for the current year. From reporting year 2020, only core employees and employees with limited contracts will be included in the figures reported.

Due to the availability of new models like the 8 series, the X5, X6, X7, the new 3 Series and the new 1 Series, we originally expected deliveries to customers in the Automotive Segment to increase slightly over last year. However, the spreading of the Corona virus has stopped growth in vehicle sales worldwide. As the number of infected people continues to rise in all world regions – currently especially in Europe and North America – we now expect our worldwide deliveries to decrease significantly from last year. Our original planning called
for an EBIT margin of between 6 and 8% in the Automotive Segment for 2020.

Due to the deterioration in the sales situation in China and an already visible similar development in other world regions, we anticipate a debiting effect especially in the first half year. This will therefore impact the EBIT margin for the full year by about four percentage points. As a result, in our current planning, we now expect the EBIT margin to be in the range of 2-4%.

The revised earnings expectations will also have an effect on free cash flow in the current year. Originally, we expected a free cash flow of more than 3 billion euros. Our current assessment for 2020 indicates a positive free cash flow generation. A possible cash outflow in connection with the antitrust allegations by the European Commission is not included in this assessment.

In the Motorcycles Segment, we are planning for a slight decrease in deliveries. We expect the EBIT margin to be in the range of 6-8%. In the Financial Services Segment, we now expect a slight decrease in return on equity, mainly due to higher risk provision.

Ladies and Gentlemen, we are monitoring the situation regarding the coronavirus very closely and will continue to update you on the precise impact on our business. In particular, in light of the challenges I talked about, we will continue to focus on strict working capital management and profitability. Both are key to being able to invest independently in new technologies and opportunities. With that, let me hand over to our Chairman of the Board of Management. Oliver, the stage is yours! Thank you.