

Media Information
3 May 2016

- Check against delivery -

Statement
Harald Krüger
Chairman of the Board of Management of BMW AG
Conference Call Quarterly Report to 31 March 2016
3 May 2016, 10:00 a.m.

Good morning, ladies and gentlemen.

2016 marks the year of the BMW Group's centenary. A look at our history clearly shows how our company has successfully transformed over the years: From an aircraft-engine and motorcycle manufacturer to a multi-brand Group. From the world's leading producer of premium vehicles to a leading provider of premium mobility and services. Our task now is to prepare our company for the digital transformation taking place in the area of individual mobility. We are turning the BMW Group into a high-tech provider of mobility.

Our vision vehicle – the BMW VISION NEXT 100 – embodies the innovative strength and clear future focus of our company in a very special way. It provides a glimpse into the future of mobility, from 2030 on: sustainable, fully connected and highly automated. We are transforming the 'ultimate driving machine' into 'the ultimate driver'. Our focus moving forward will remain on our customers and their individual mobility needs. We want to continue to bring joy to our customers and exceed their expectations: With our premium vehicles and premium brands. And – more than ever before – with our premium services for individual mobility. This will enable us to make mobility easier, more convenient and – above all – safer for our customers.

In two days' time, I will present the "BMW VISION NEXT 100" on its World Tour in Beijing. Two more vision vehicles – from MINI and Rolls-Royce – will be unveiled in London in June. All three vehicles will be shown in Los Angeles in



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October – along with our vision “on two wheels”. So, as you can see: We are working hard on creating the future.

Our strategy realignment, NUMBER ONE > NEXT, sets two clear target dates: 2020 and 2025. More than ever, we will need to be fast, professional and flexible to master the challenges that lie ahead – but also in our actions and our decision-making. Over the last few months, we have already launched the first measures and projects for Strategy NUMBER ONE > NEXT. These include the new BMW 7 Series, with its many technical innovations, our BMW iPerformance fleet, and the new BMW M2 Coupé.

The new BMW 7 Series has been well-received by customers. We have already delivered 10,500 BMW 7 Series since the beginning of the year. That’s over 20 percent more than during the same period last year. And at the end of March, we launched the 730i, which we expect will boost sales even further. Two additional variants of the 7 Series – the iPerformance and M Performance versions – will even give customers more choice. An M vehicle for the luxury class was something many of our customers wanted. And the BMW 740e iPerformance will show how we transfer BMW i ‘born electric’ technology into our series vehicles within the BMW brand.

Our plug-in hybrid BMWs will be under the label of BMW iPerformance. This summer, customers will already have five iPerformance models to choose from. This means we will offer a plug-in hybrid for every class, from compact to luxury. The electrification of our vehicle fleet is a key element of Strategy NUMBER ONE > NEXT.

A greater proportion of all-electric and plug-in hybrid vehicles within our fleet is essential in order to meet Europe’s ambitious CO2 emissions targets for 2020.

In the first quarter of this year, we sold over 5,000 BMW i3 cars.

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I am also delighted that the German government is taking concrete steps to support electric mobility. I am optimistic that this will increase the demand for electric cars. In the long term – and we are convinced of this – alternative drive trains will be an integral part of individual mobility. And we want to be the leader in electric mobility.

Ladies and gentlemen,

Our industry is undergoing a fundamental transformation. Strategy NUMBER ONE > NEXT focuses on six key focus areas: Brands & design, products, technologies, customer experience & services, digitalization and profitability.

For us, consistent profitability over the longer term is a must; it gives us the foundation we need for investing in the future. We must also constantly evaluate our internal structures and processes. Here, we are concentrating on speed and efficiency to prepare our company for the digitalisation of our vehicles and our production facilities.

In the future, our attractive model range will remain fundamental to our success. As part of Strategy NUMBER ONE > NEXT, we will expand our product portfolio – for all of our brands and segments, with an additional model for the luxury class, an X7 to complement our X family and further additions to our M and M Performance ranges. I already mentioned the BMW M2 Coupé. A new Rolls-Royce is developed under the project name ‘Cullinan’. And there will be new additions to the i family. In the second half of 2016, we will launch another i3 model, with 50 percent more battery capacity. This will be followed by a BMW i8 Roadster in 2018.

In terms of technology we are working parallel on optimising our combustion engines with Efficient Dynamics NEXT and also on electrification, with battery packs and fuel cells. At the beginning of 2020, our new BMW i NEXT will unite

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the full range of future features: autonomous driving, digital connectivity, intelligent lightweight construction and next-generation electric mobility.

Our goal is set out in Strategy NUMBER ONE > NEXT: We want to be the leader in the digitalisation of individual mobility. We will focus on three main areas: Digital customer experiences, connected and autonomous driving and business processes.

Mobility services and digital services are already a part of our business model today. DriveNow, ParkNow and ChargeNow are just three examples. Especially in major cities, customers need seamless and individual mobility solutions. For sustainable urban mobility, the USA is our pilot market. In early April, we launched our car sharing service, ReachNow, in Seattle. The number of people who have registered has far exceeded our expectations. ReachNow is modelled on DriveNow in Europe. Our partner for this service in the USA is a technology start-up called RideCell.

Since March this year, BMW Connected Drive users in the USA can download the BMW Connected app – a customised digital companion available from the Apple Store. This app offers customers convenient access to a highly personalised world of intelligent, connected digital mobility services. It's a cross-platform mobility concept that is based on an Open Mobility Cloud. The Cloud gives us an even better picture of our customers' wishes and we can provide an even more tailored service.

And that's exactly what we are aiming for: The best services in our competitive field. ReachNow and BMW Connected clearly show that we are pushing forward with the implementation of our strategy NUMBER ONE > NEXT.

We are strengthening our core business, working intensively on operational excellence. At the same time we are making swift progress in further developing our service range.



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We have set ourselves a number of ambitious goals for the current business year:

- A slight increase in automotive sales – which would be another all-time high for the BMW Group.
- A slight increase in Group EBT – which would be another best result for our company.
- An EBIT margin in the Automotive Segment that remains within our target range of 8 to 10 percent.

Our first quarter was a good start to the year. For the sixth time in a row, we achieved a new first-quarter sales record – with more than 557,000 vehicles sold. Our BMW, MINI and BMW Motorrad brands posted their best first-quarter figures yet. Group profit before tax was more than 2.3 billion euros – our highest first-quarter figure ever. Group profit rose to more than 1.6 billion euros. And our EBIT margin in the Automotive segment currently stands at 9.4 percent, which is at the upper end of our projected target range of 8 to 10 percent.

So, after three months, we remain on track to achieve our targets for 2016. This assumes that business conditions remain stable. A number of risks could potentially affect our business development, such as the continuing normalisation of the Chinese market, recessive developments in some emerging markets and political uncertainty in Europe. And not to be forgotten: market conditions in the all-important market of the USA. This year, they appear to be becoming more challenging. In addition, the premium segment remains highly competitive.

On the other hand, the forecast growth in the global automobile market is expected to provide momentum. And one of the greatest contributors to our business development will be our attractive range of new BMW, MINI and Rolls-



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Royce vehicles: The new BMW 7 Series has been available with the full range of engines since March. The new BMW X1 is proving extremely popular, with strong sales growth. The X1 long version is due for market launch in China in May. It will be manufactured at our plant in Tiexi. The new MINI Convertible has been on the market since March. And at Rolls-Royce, a new convertible, Dawn, will add further impetus to sales.

Ladies and gentlemen, as you can see: We are shaping the transformation of individual mobility. We are working from a position of strength, with a solid financial foundation. I remain confident that the BMW Group is on track for continued success – in its centenary year 2016 and beyond.

Thank you very much.