



March 26, 2015

# BMW GROUP DRIVEN FOR GROWTH IN AMERICA.

**LUDWIG WILLISCH**  
**PRESIDENT AND CEO, BMW OF NORTH AMERICA, HEAD OF REGION AMERICAS.**

**BMW**  
**GROUP**



Rolls-Royce  
Motor Cars Limited

# THE BMW GROUP IN THE U.S.

1. Business Review.

2. Strength of Brand and Product Strategy.

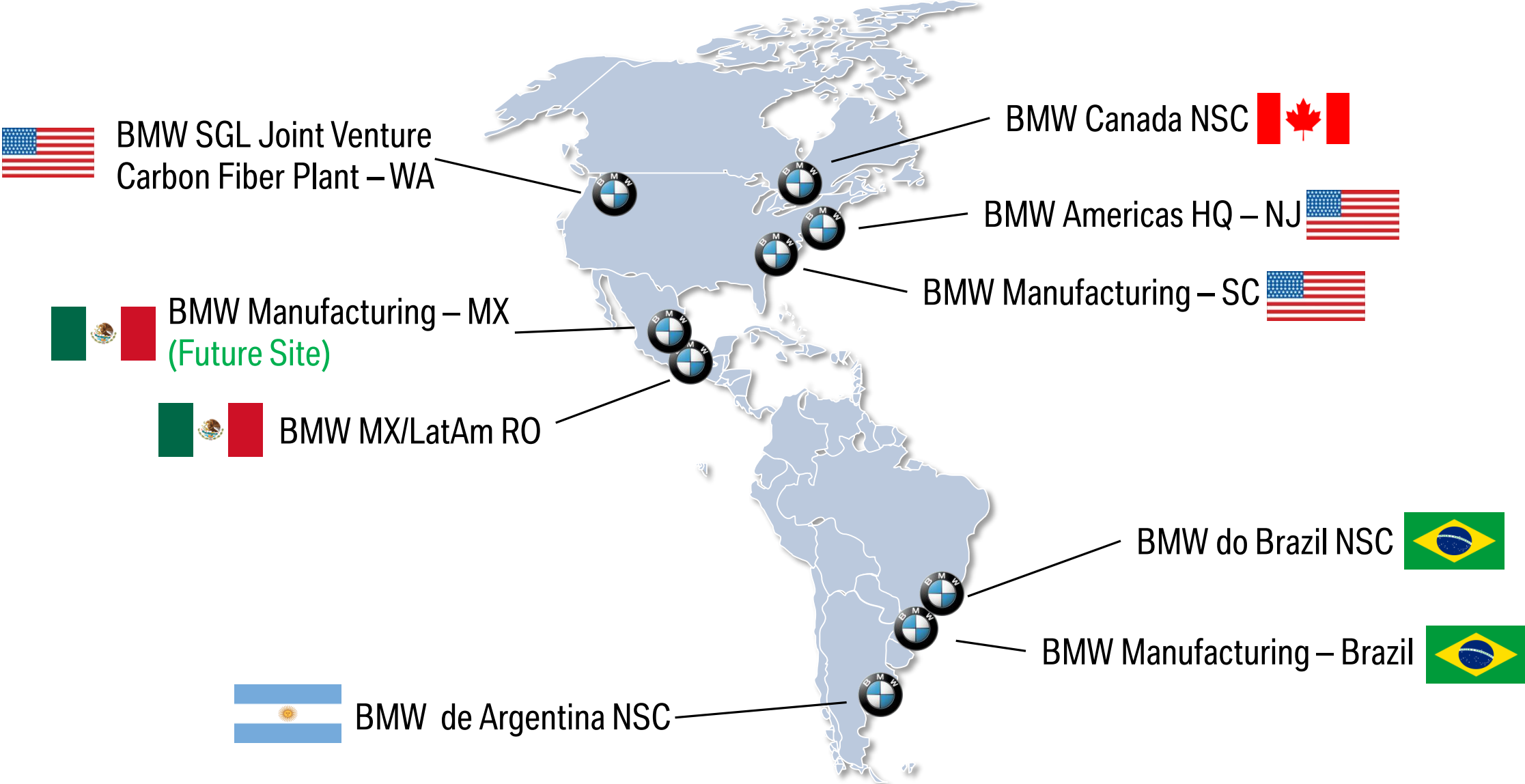
3. Economic and Market Perspective.

4. Future Retail Strategy – Driving Customer Delight.

**THE BMW GROUP IN THE U.S.  
A CLEAR MISSION.**

**"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.



# 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 3<sup>rd</sup> time in 4 years.
- **Canada** – best year ever for BMW, 24<sup>th</sup> consecutive year of growth.
- **Mexico** – best year ever for BMW.
- **Brazil** – best year ever for BMW, Premium Leader 5<sup>th</sup> time in 5 years.
- **IM** – best year ever for BMW, Premium Leader.

December 2014 YTD			
1 <sup>st</sup>		<b>US</b>	<b>BMW</b> 339,738
2 <sup>nd</sup>		<b>Canada</b>	32,805
		<b>Mexico</b>	10,502
		<b>Brazil</b>	15,004
3 <sup>rd</sup>		<b>IM w/AR</b>	12,043
		<b>Total</b>	410,092



**THE BMW GROUP.  
A STRONG AND LASTING COMMITMENT TO THE UNITED STATES.**





# BMW GROUP IN THE U.S.

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

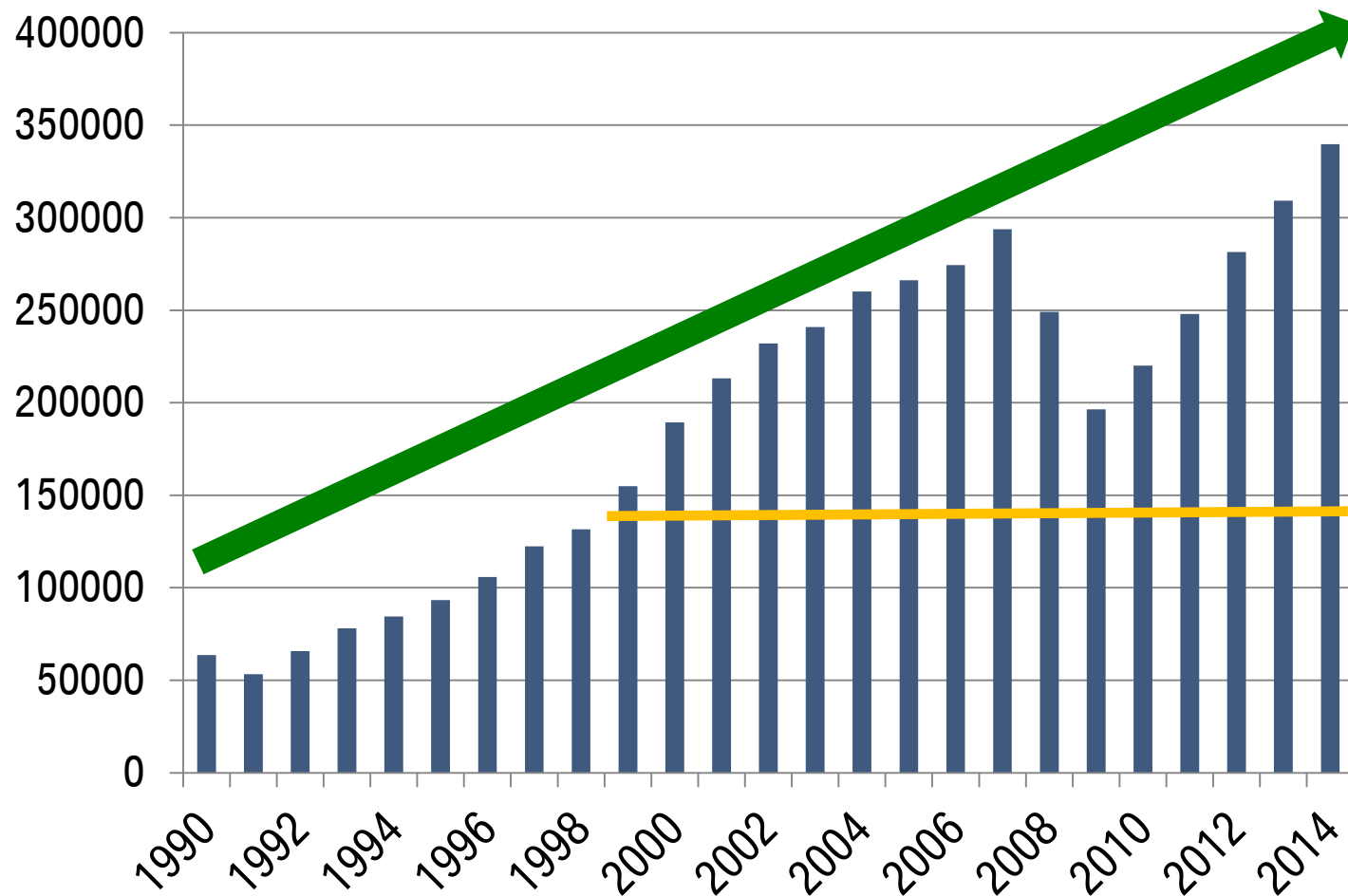
**40**  
YEARS BMW of  
North America





# 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.**







# HISTORIC MINI SALES DEVELOPMENT IN THE U.S.

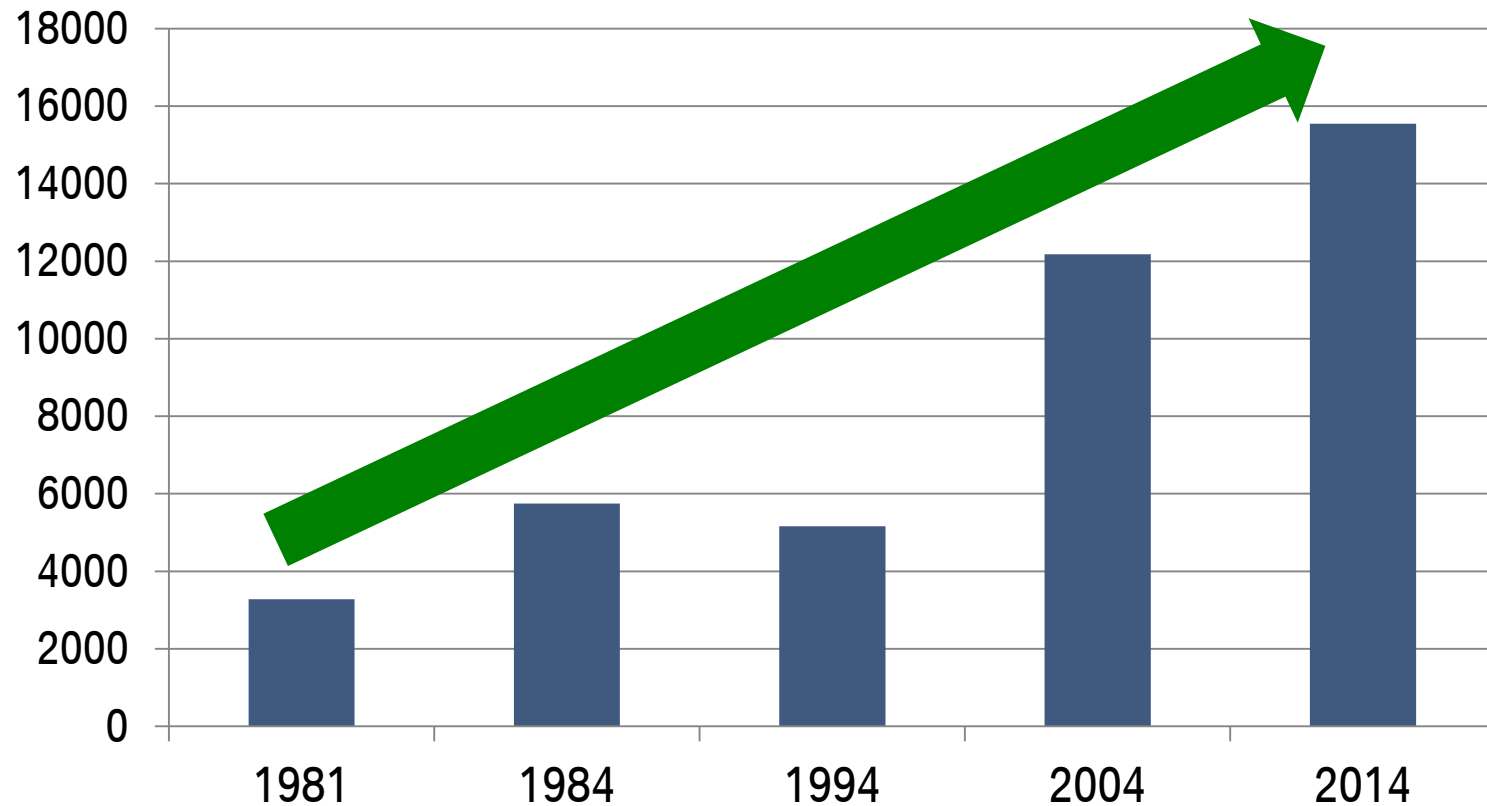
**MINI establishes premium small car segment in U.S.  
Growth driven by expansion of model portfolio.  
610,000 cars sold in US since brand introduced in 2002.**





# 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.





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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?

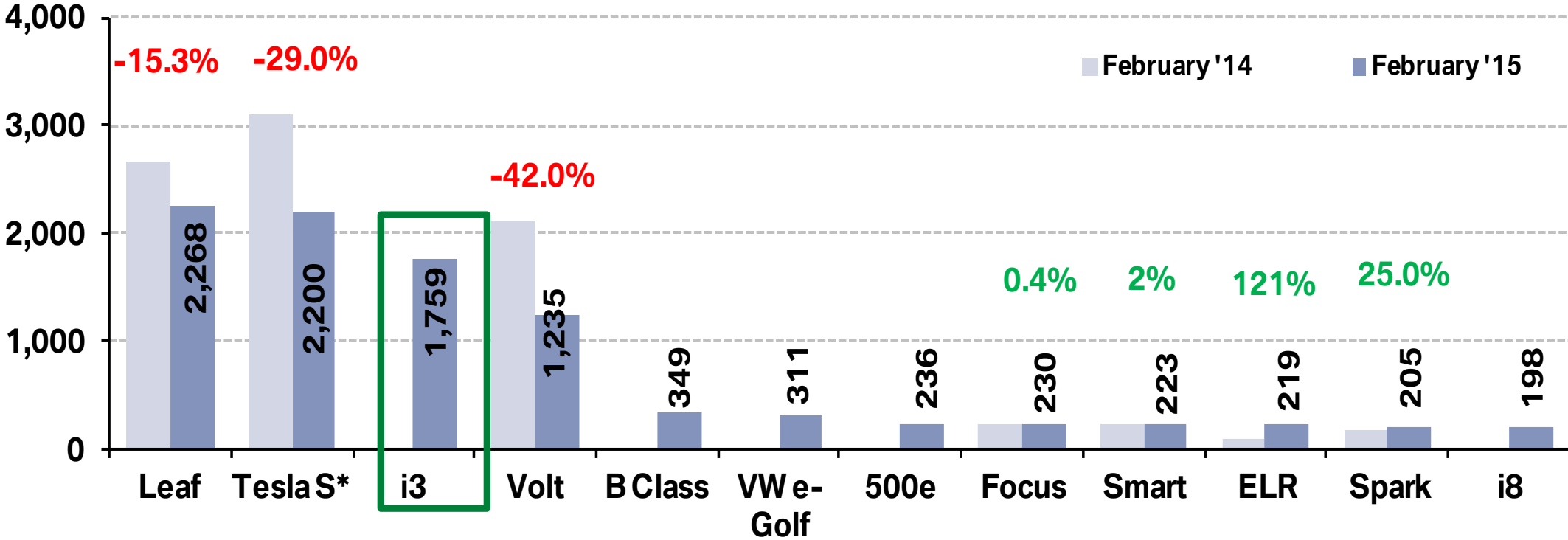






# ELECTRIC SEGMENT – FEBRUARY 2015.

## 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 4<sup>th</sup> 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.

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

Most relevant models

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



# BMW SAVS – ALMOST 1 MILLION X VEHICLES SOLD IN THE US SINCE THE FIRST X5 WAS INTRODUCED IN 1999.



**1999 – BMW X5**

**TODAY – BMW X3, X4, X5, X6, X5 M, X6M  
Proudly built in the USA**

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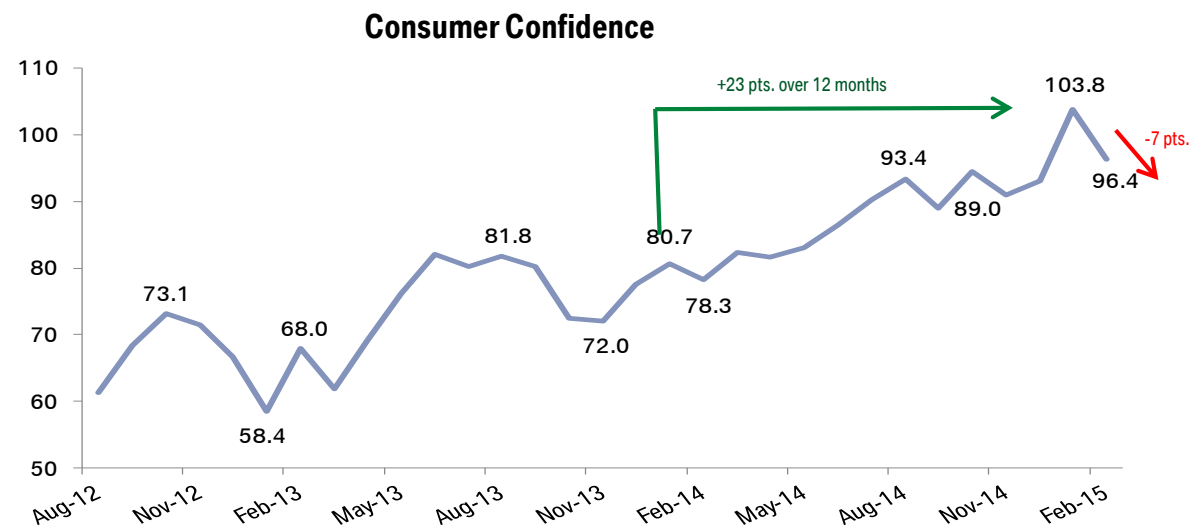
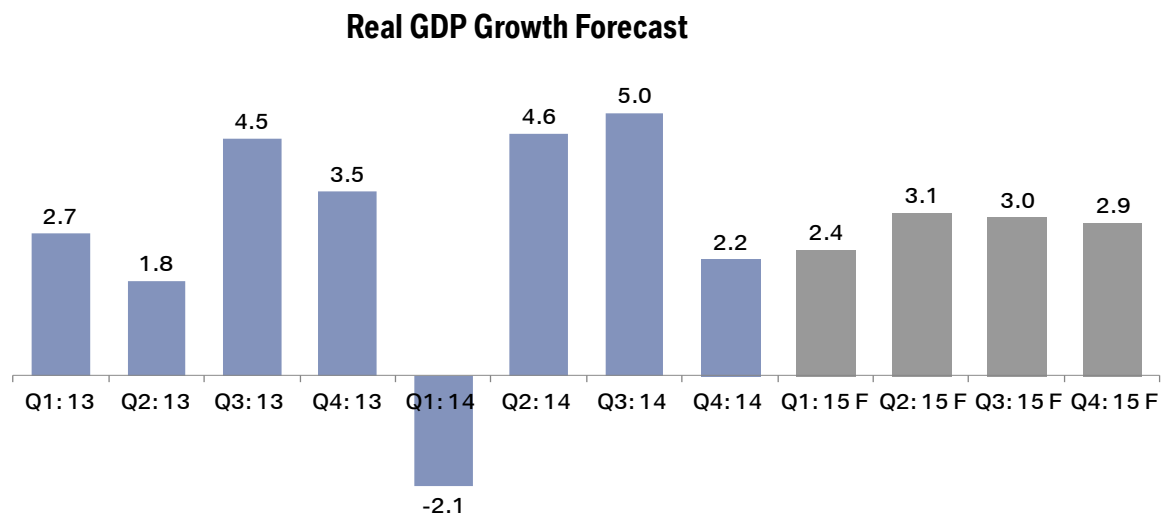
# THE WORLD IS GETTING MORE COMPLEX. POLITICAL UNCERTAINTIES HAVE IMPACT ON ECONOMY IN THE US.





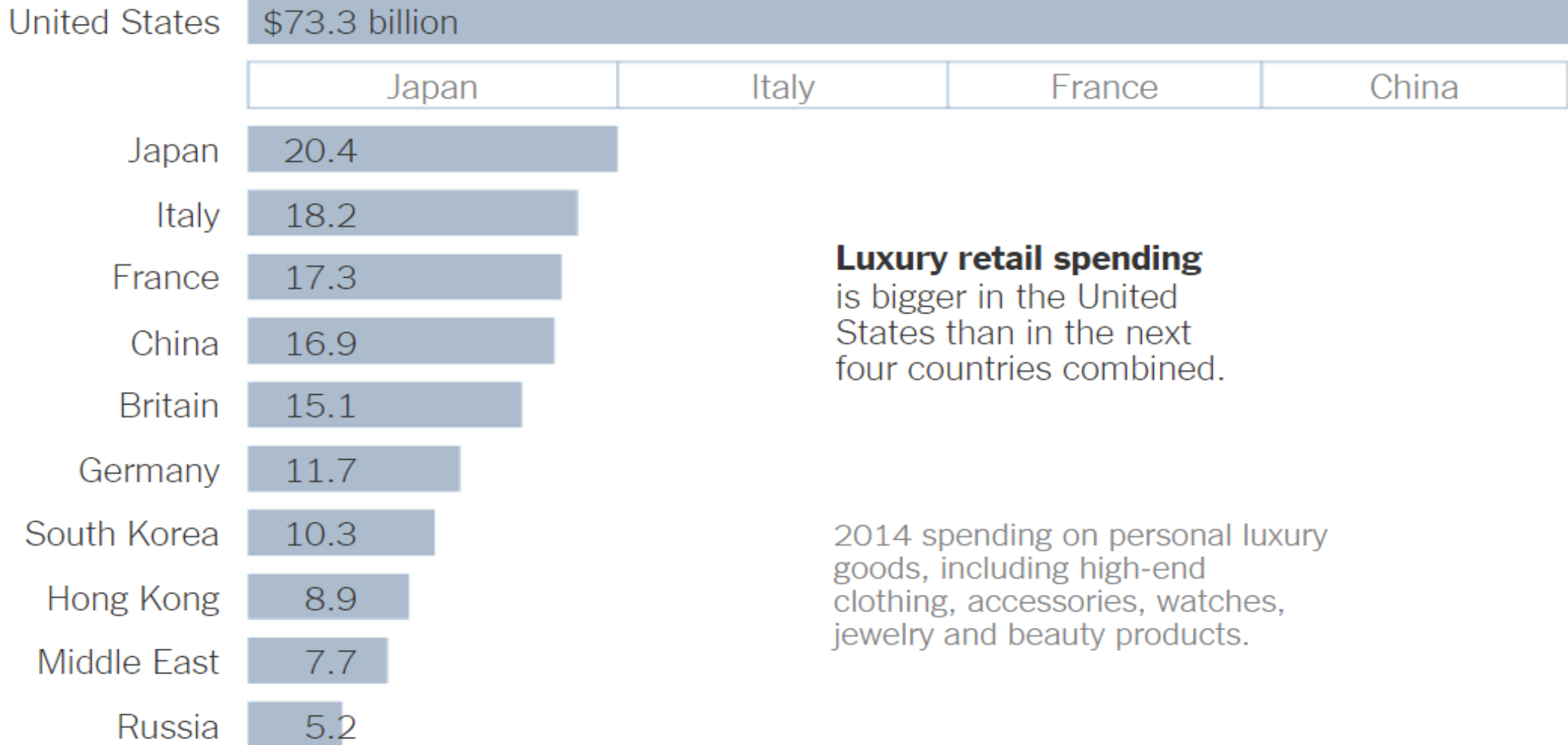


# U.S. CONTINUES TO SEE POSITIVE ECONOMIC OUTLOOK. REAL GDP GROWTH EXPECTED TO REBOUND OVER REST OF 2015.



- 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.

# STRONG LUXURY RETAIL SPENDING IN THE U.S. – TOPS GLOBAL LIST.



**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.

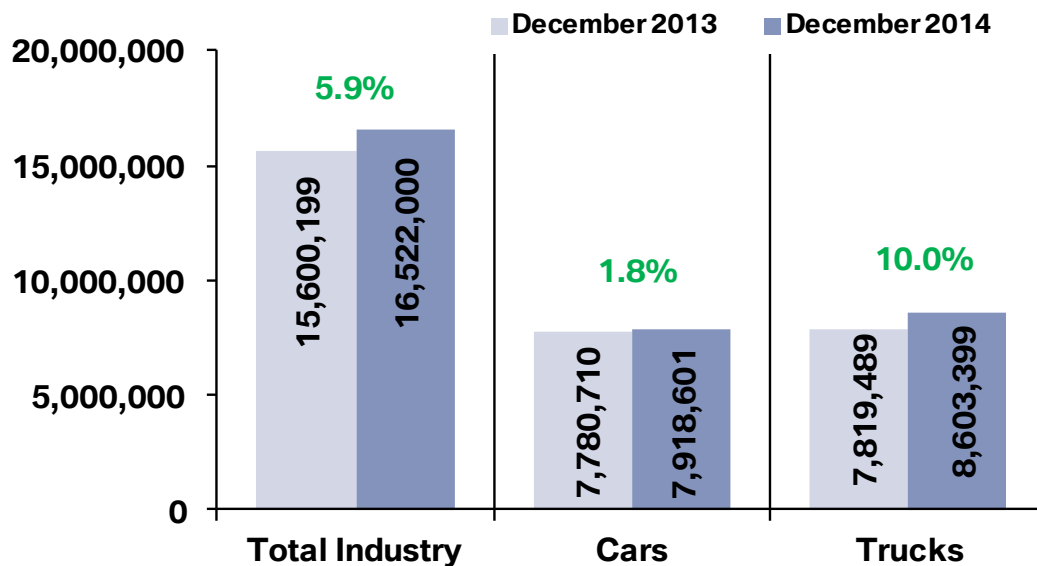
Source: Bain and Company





# U.S. LIGHT VEHICLE MARKET – DECEMBER 2014 YTD SALES. 16 MILLION + MARKET – PREMIUM SEGMENT STRONGER THAN INDUSTRY.

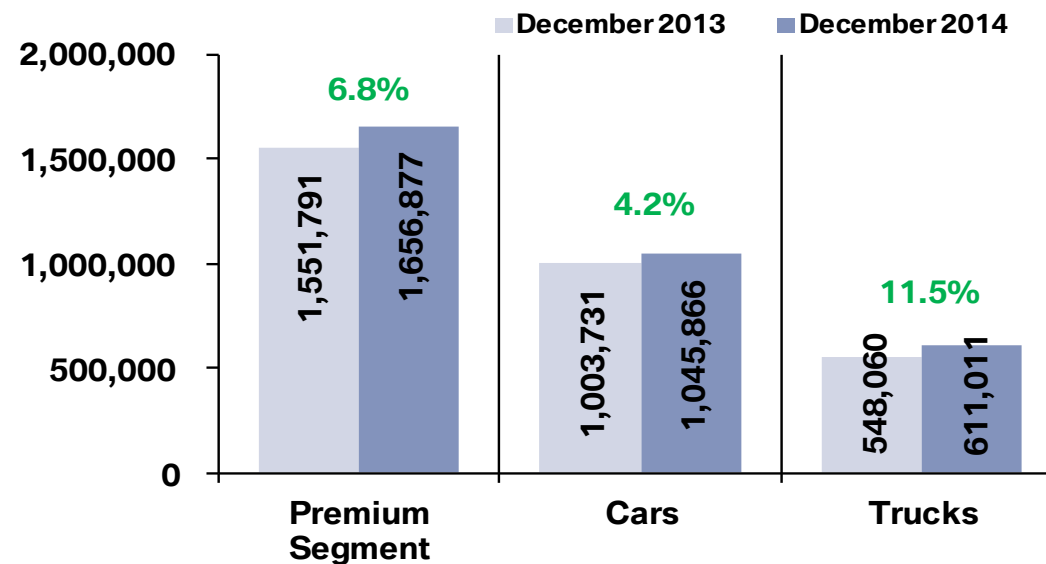
## U.S. Industry Light Vehicle Sales



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



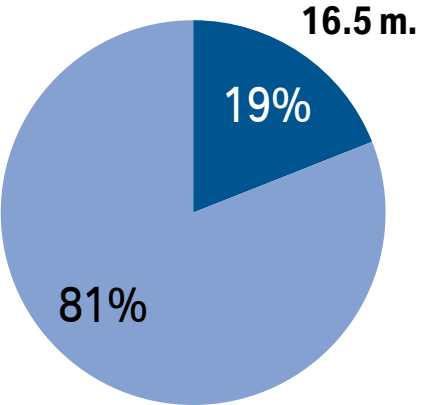
Premium segment sales through December up 105,000 units or +6.8% vs. last year:

- Cars: +42,000 units
- Trucks: +63,000 units

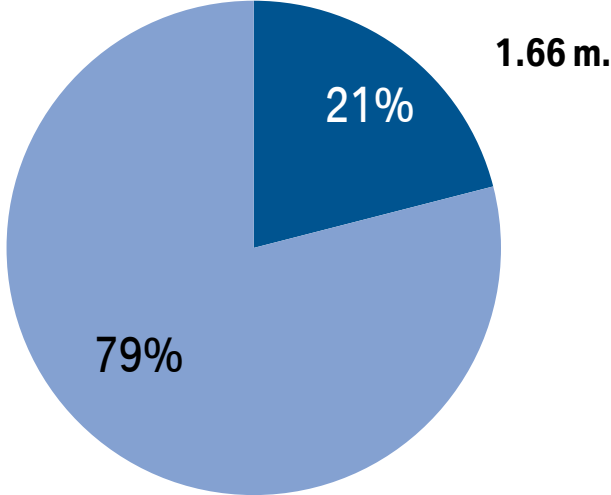
# U.S. IMPORTANCE FOR GLOBAL CAR MARKET. CARS & LIGHT-TRUCKS – PREMIUM SEGMENT KEY CONTRIBUTOR.



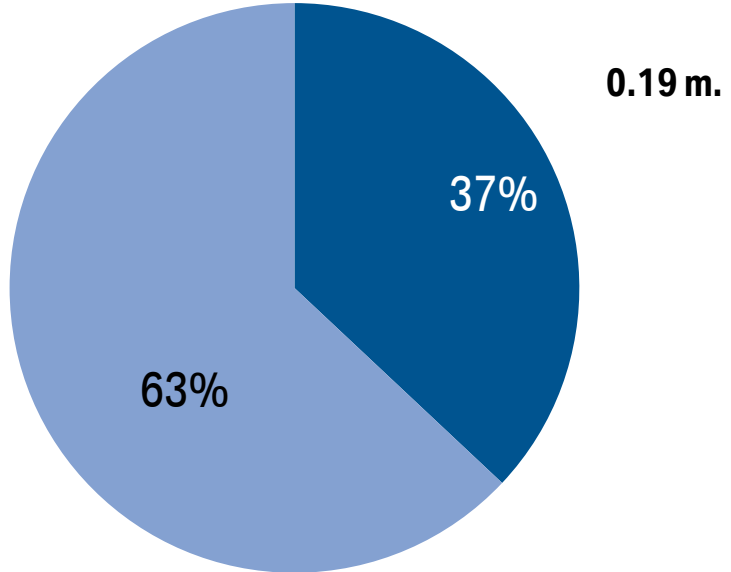
US Share of  
Total Market



US Share of  
Premium Segment



US Share of  
Luxury ++ and Luxury + subsegment



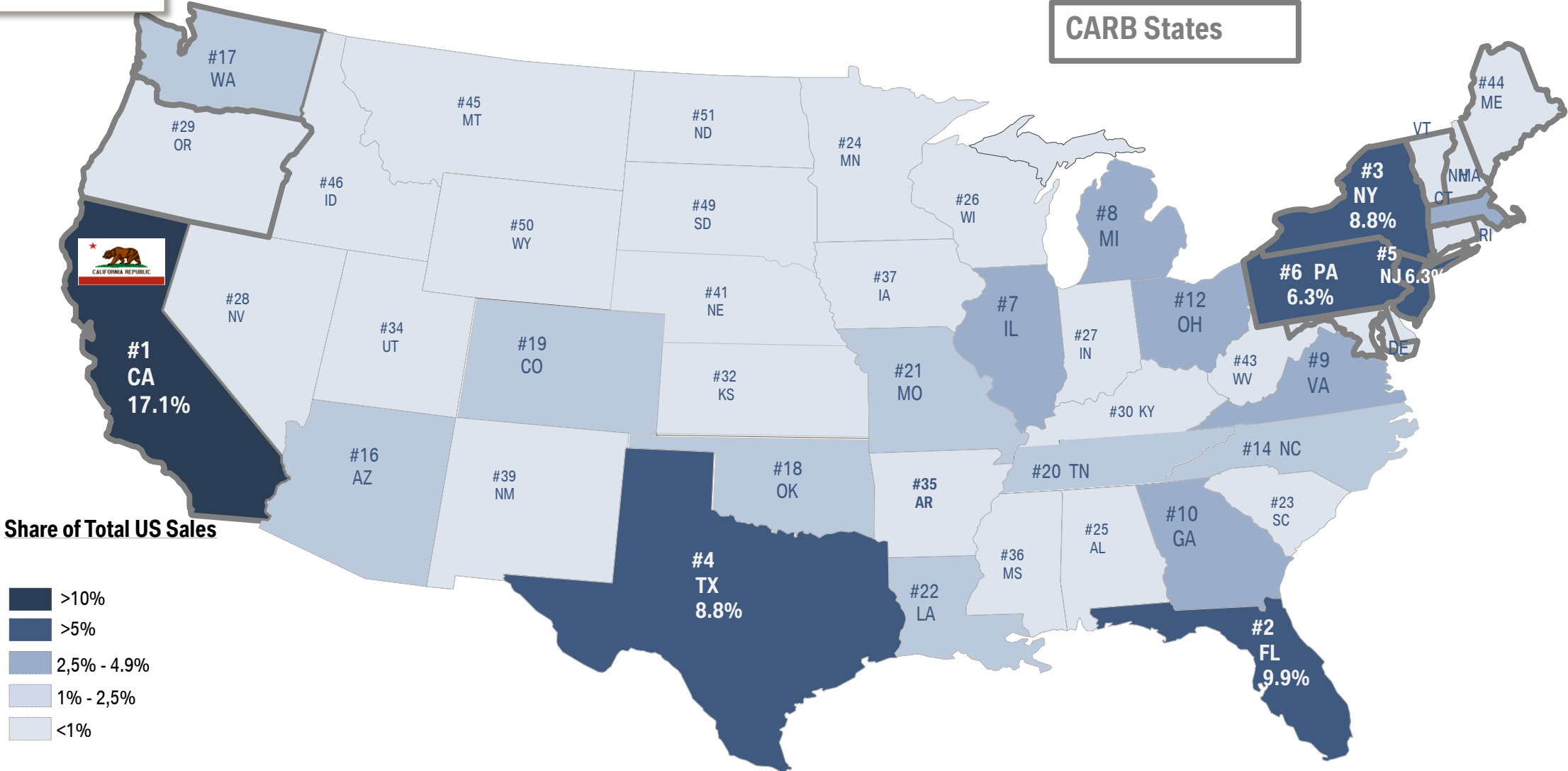
- USA
- Rest of world



# 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.

Act. 2012

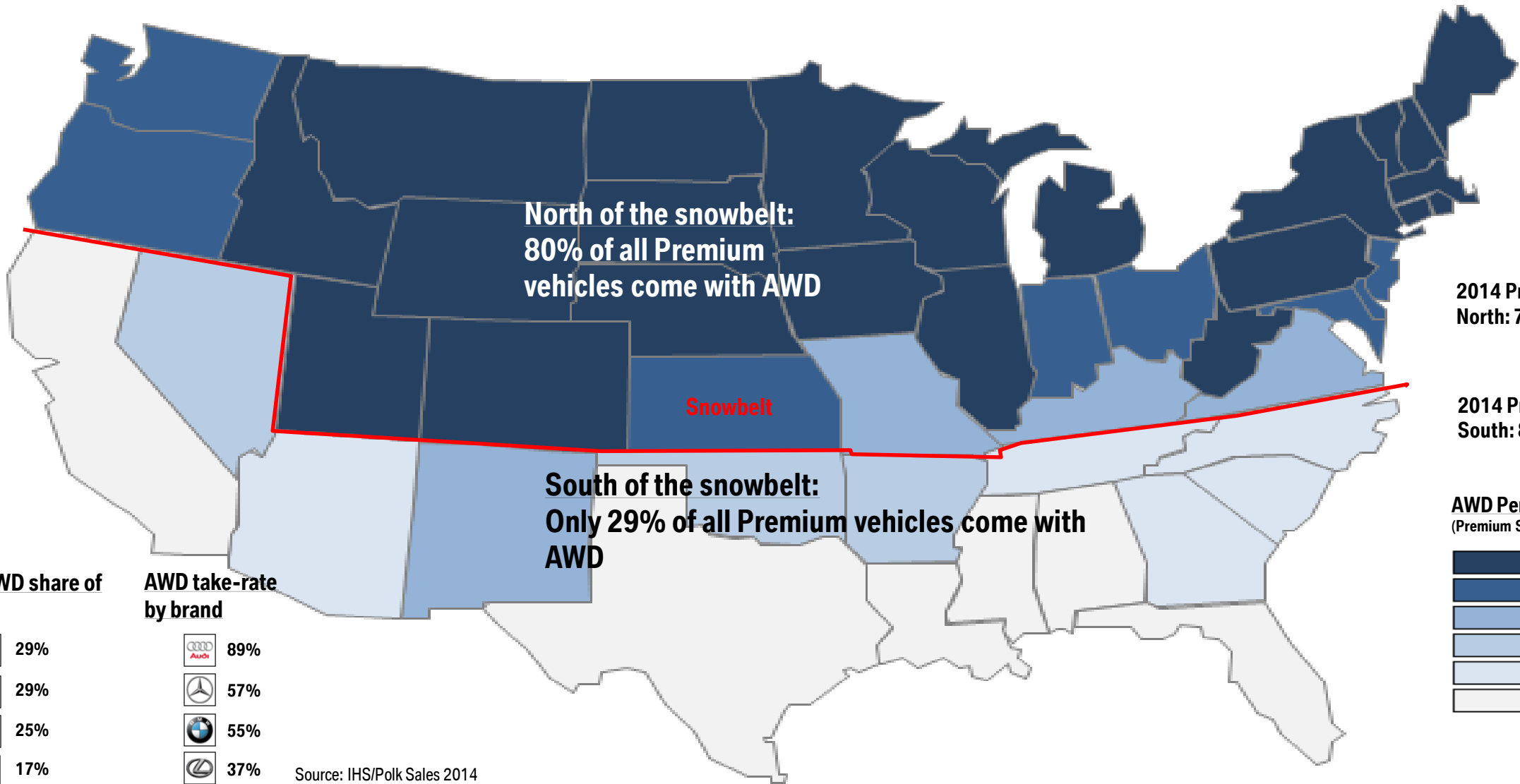
CARB States



Share of Total US Sales

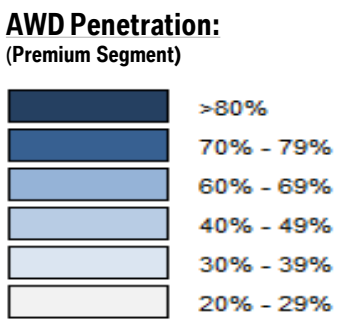
- >10%
- >5%
- 2,5% - 4.9%
- 1% - 2,5%
- <1%

# U.S. MARKET CLIMATE CHARACTERISTICS. “AWD” IMPORTANCE IN PREMIUM SEGMENT.

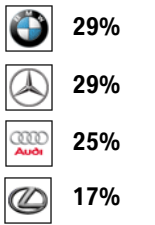


2014 Premium Sales  
North: 759,216

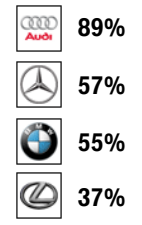
2014 Premium Sales  
South: 802,213



**U.S. AWD share of Core 4**



**AWD take-rate by brand**



Source: IHS/Polk Sales 2014

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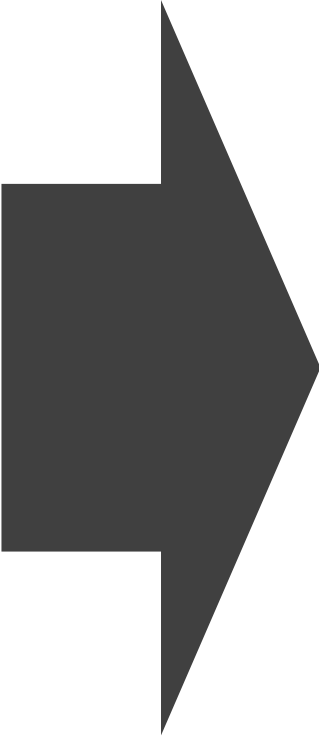
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# CHANGING EXPECTATIONS OF NEW GENERATION OF RETAIL CUSTOMERS REQUIRES NEW WAYS OF SATISFYING AND DELIGHTING THEM.



# CHANGING EXPECTATIONS OF NEW GENERATION OF RETAIL CUSTOMER.

Today's customer better informed

Expect knowledgeable staff

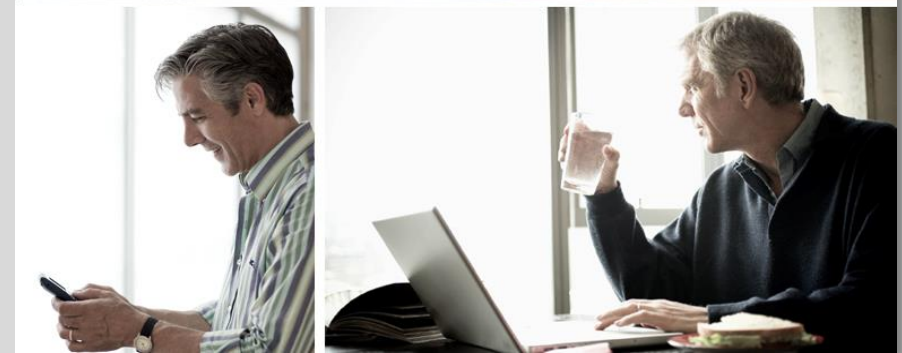
Prefer to stay at home

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.

Nr. of dealer visits per annum



2003  
4

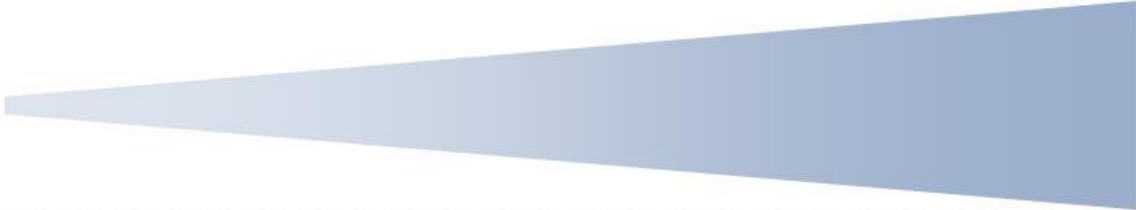


2014  
1.4

Internet use before car purchase (%)



1



97

Readiness to buy a car online (%)



<1



44

Readiness to buy parts online (%)



<1



48

Readiness to buy options online (%)



<1



59



# 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.



## THE BMW GROUP IN THE U.S.

**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.**