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**BMW Group remains on record course in second quarter**

Profit before financial result rises to euro 2,856 million

Profit before taxes increased to euro 2,704 million

Automotive segment EBIT up to euro 2,408 million

Automotive segment EBIT margin improved to 14.4%

Record earnings being targeted for full year

EBIT margin of over 10% expected for Automotive segment

Sales volume in 2011 set to rise to over 1.6 million units

**Munich.** The BMW Group has again achieved sales volume, revenues and earnings records in the second quarter 2011. Group revenues rose by 16.5% to euro 17,888 million (2010: euro 15,348 million). The second-quarter profit before financial result (EBIT) jumped by 66.3% to euro 2,856 million (2010: euro 1,717 million) and the profit before tax (EBT) to euro 2,704 million (2010: euro 1,299 million). Group net profit for the quarter improved to euro 1,809 million (2010: euro 834 million). The number of cars sold during the three-month period from April to June 2011 increased by 18.5% to a new record figure of 450,608 units (2010: 380,412 units).

New sales volume, revenues and earnings records were also achieved for the six-month period. Group revenues were 22.1% higher at euro 33,925 million (2010: euro 27,791 million). EBIT for the first six months of the year was euro 4,758 million (2010: euro 2,166 million) and the profit before tax was euro 4,516 million (2010: euro 1,807 million). Profit after tax improved to euro 3,021 million (2010: euro 1,158 million). The total number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers during the first six months of the year climbed by 19.7% to 833,366 units (2010: 696,026 units).

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“The first half of 2011 has been the best six-month period in the BMW Group’s history. We have achieved new sales volume, revenues and earnings records both for the second quarter and the six-month period. Strong demand worldwide for BMW, MINI and Rolls-Royce brand cars, together with efficiency improvements in all areas of the company have contributed greatly to this outstanding performance”, stated Norbert Reithofer, Chairman of the Board of Management of BMW AG on Tuesday in Munich.

**Sharp jump in second-quarter earnings for automotive segment**

All of the Group’s three brands achieved new sales volume records for both the quarter and the six-month period. Second-quarter revenues rose by 22.0% to euro 16,674 million (2010: euro 13,669 million). Segment EBIT improved significantly (+82.8%) to euro 2,408 million (2010: euro 1,317 million). Included in this figure is a positive exceptional effect of euro 85 million resulting from the reduction of risk provision following the good recovery seen on used car markets. The second-quarter EBIT margin for the automotive segment was 14.4%. The segment profit before tax improved to euro 2,297 million (2010: euro 938 million).

Six-month revenues of the automotive segment rose by 27.6% to euro 31,047 million (2010: euro 24,341 million). EBIT surged to euro 4,116 million (2010: euro 1,608 million), giving an EBIT margin of 13.3% for the period. The segment profit before tax improved to euro 3,902 million (2010: euro 1,158 million). Free cash flow amounted to euro 2,573 million (2010: euro 1,199 million) for the six-month period and euro 949 million for the second quarter (2010: euro 1,505 million). Adjusted for the injection of equity (euro 625 million) in the Financial Services segment, free cash flow totalled euro 1,574 million and euro 3,198 million for the second quarter and six-month period respectively.

The number of BMW brand cars sold in the second quarter increased by 15.2% to 368,686 units (2010: 319,946 units). For the six-month period, the sales volume recorded for the core brand increased by 17.8% to 689,861 units (2010: 585,755 units).

The BMW X1 continued to register growth, increasing sales in the first half of the year by 34.2% to 62,698 units (2010: 46,705 units). The new BMW X3 continued to be popular with customers, with worldwide sales more than doubling to 53,522 units (2010: 24,841 units; +115.5%). The BMW X5 recorded a 4.9% increase in sales to 48,749 units (2010: 46.459 units) and therefore remains the world market leader in its segment.

The picture is a similar one for the new BMW 5 Series: in total, 170,708 units (2010: 94,699 units) of this model series were sold in the first six months of the year, an increase of 80.3% against the same period last year. The BMW 6 Series recorded a sales volume of 3,213 units, 4.1% up on the previous year (2010: 3,085 units). The new BMW 6 Series Convertible has been available on the markets since spring 2011 and will be followed by the new 6 Series Coupé in autumn. The BMW 7 Series continues to perform well, with six-month sales of the BMW flagship rising to 31,764 units (2010: 30,711 units; +3.4%).

Now approaching the end of its product life cycle, six-month sales of the BMW 1 Series, at 94,454 units, were - as expected - below the previous year’s figure of 103,819 units. The new BMW 1 Series will be launched mid-September. A total of 192,927 units of the BMW 3 Series was sold during the first half of the year (2010: 199,027 units).

The MINI brand also achieved a new sales volume record, with sales up in the second quarter by 35.6% to 81,053 units and by 29.8% to 141,913 units in the six-month period (2010: 109,301). The MINI brand continued to generate a very high-value product mix, with almost one half of customers (48.3%) opting for the MINI Cooper, 31.7% for the MINI Cooper S and 20.0% for the MINI One. The MINI Countryman remained highly popular and recorded a six-month sales volume of 40,171 units. The MINI Coupé will come onto the markets in autumn as the fifth model variant.

Rolls-Royce also continued to perform well and achieved new sales volume records during the period under report. 869 units (2010: 691 units; +25.8%) were handed over to customers during the second quarter. The sales volume for the six-month period rose by 64.1% to 1,592 units (2010: 970 units).

Six-month sales figures were increased in almost all regions. 437,658 BMW, MINI and Rolls-Royce brand cars were sold in Europe, 12.3% more than in the previous year. Within those figures, sales increased by 9.2% to 144,370 units in Germany and by 14.3% to 83,606 units in Great Britain. Germany was therefore the largest single market for the BMW Group during the period under report. Growth was also recorded in Italy (38,421 units: +12.7%) and France (35,619 units; +4.0%).

Sales in North America during the first six months of 2011 went up by 17.5% to 160,892 units, of which 143,974 units were handed over to customers in the USA (+18.1%).

The BMW Group also registered strong growth in Asia, where a total of 190,054 units was sold (+47.4%) during the first six months of the year. A total of 122,034 units (+61.2%) was sold in China.

**Sales volume increase for Motorcycles segment in six-month period**

Second-quarter Motorcycles segment revenues increased by 2.5% to euro 450 million (2010: euro 439 million). As a result of the realignment of the Husqvarna Group, EBIT slipped to euro 47 million (2010: euro 54 million), while profit before tax also dipped to euro 47 million (2010: euro 53 million). The segment EBIT margin for the quarter was 10.4%. Sales of BMW and Husqvarna brand motorcycles totalled 39,061 units (2010: 39,195 units) and therefore almost reached the previous year’s level. 37,471 BMW motorcycles (2010: 36,175) and 1,590 Husqvarna motorcycles (2010: 3,020) were sold during the quarter.

Segment revenues for the six-month period rose by 7.2% to euro 847 million (2010: euro 790 million). The Motorcycles segment reports an EBIT for the period of euro 78 million (2010: euro 86 million) and a profit before tax of euro 77 million (2010: euro 83 million). The number of motorcycles sold in the first six months of the year increased by 3.9% to 64,110 units (2010: 61,674 units), comprising 60,580 (2010: 57,015) BMW brand and 3,530 (2010: 4,659) Husqvarna brand motorcycles.

**Good performance by Financial Services segment**

The Financial Services segment continued to perform well in the second quarter 2011. Segment revenues totalled euro 4,181 million (2010: euro 4,198 million), thus remaining at a similar level to the previous year. Second-quarter profit before tax improved by 96.3% to euro 744 million (2010: euro 379 million), partly reflecting the fact that refinancing conditions remained favourable. The result for the quarter also includes exceptional income of euro 379 million reflecting the reduction in risk provision for residual value and bad debt risks. The credit loss ratio fell from 0.55% in the first quarter to 0.43% in the first six months.

Segment revenues for the six-month period increased by 2.0% to euro 8,364 million (2010: euro 8,202 million). Profit before tax jumped by 95.2% to euro 1,173 million (2010: euro 601 million).

The total number of lease and financing contracts under management increased by 5.1% to stand at 3,277,247 at 30 June 2011. The number of new financing and lease contracts signed (591,351) was 12.2% up on the previous year. Leasing business grew by 20.4%, credit financing by 8.9%.

**Slight increase in workforce**

The number of employees increased slightly during the first half of the current year. The BMW Group’s worldwide workforce increased by 1.5% to 96,943 employees at the end of the reporting period (30 June 2010: 95,502). Compared to the end of the financial year 2010, there was an increase of 1.6%.

**BMW Group confident about full-year performance**

In view of strong demand for the new BMW 5, 6 and 7 Series and for its successful X models (the BMW X1, X3, X5 and X6) and thanks to greatly improved cost efficiencies, the BMW Group now expects that its full-year performance will be significantly better than originally forecast. For this reason, the earnings and sales volume forecasts for the full year were raised in mid-July.

For the full year, the BMW Group now forecasts an EBIT margin of over 10% and a return on capital employed (RoCE) of over 26% for its automotive segment. Sales volume and earnings growth is, however, likely to be held down during the second half of the year by changes affecting some of the BMW Group’s high-volume models as well as by the market launch and production start-up of successor models.

As a result of attractive market conditions and a less acute risk situation, the Financial Services segment continues to aim to achieve a significant improvement in pre-tax profit and a return on equity of over 18% in 2011.

It is now forecast that group earnings and sales volumes for the full year 2011 will be significantly higher than in the previous year. Reithofer went on to say: "We are aiming to achieve a record-breaking profit before tax and to increase sales volume by over 10% to a new high of more than 1.6 million vehicles. We are well on track to remain the world’s leading manufacturer of premium cars.”

All of these targets are based on the assumption that economic and political conditions remain stable and that the global economy continues to grow.

The BMW Group is also adhering to its long-term profitability targets. Reithofer added: “We are striving to achieve an EBIT margin of between 8% and 10% in the automotive segment which can be sustained in the year 2012 and beyond, as well as a return on capital employed of over 26%. Depending on political and economic developments, however, actual margins may end up being above or below the targeted range.”

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**The BMW Group – an overview**

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|  | **2nd quarter 2011** | **2nd quarter 2010** | **Change**  **in %** |
| **Deliveries to customers** |  |  |  |
| Automobiles | 450,608 | 380,412 | 18.5 |
| Thereof:  BMW units | 368,686 | 319,946 | 15.2 |
| MINI units | 81,053 | 59,775 | 35.6 |
| Rolls-Royce units | 869 | 691 | 25.8 |
| Motorcyclesunits | 39,061 | 39,195 | -0.3 |
| Thereof:  BMW units | 37,471 | 36,175 | 3.6 |
| Husqvarna units | 1,590 | 3,020 | -47.4 |
| **Workforce at end of quarter[[1]](#footnote-1)** | 96,943 | 95,502 | 1.5 |
| **Operating cash flow[[2]](#footnote-2)** euro million | 2,148 | 2,111 | 1.8 |
| **Revenues**  euro million | 17,888 | 15,348 | 16.5 |
| Thereof:  Automobiles euro million | 16,674 | 13,669 | 22.0 |
| Motorcycles euro million | 450 | 439 | 2.5 |
| Financial Services euro million | 4,181 | 4,198 | -0.4 |
| Eliminations euro million | -3,418 | -2,959 | - |
| **Profit before financial result** euro million | 2,856 | 1,717 | 66.3 |
| Thereof:  Automobiles euro million | 2,408 | 1,317 | 82.8 |
| Motorcycles euro million | 47 | 54 | -13.0 |
| Financial Services euro million | 739 | 379 | 95.0 |
| Other Entities euro million | 21 | -81 | - |
| Eliminations euro million | -359 | 48 | - |
| **Profit before tax** euro million | 2,704 | 1,299 | - |
| Thereof:  Automobiles euro million | 2,297 | 938 | - |
| Motorcycles euro million | 47 | 53 | -11.3 |
| Financial Services euro million | 744 | 379 | 96.3 |
| Other Entities euro million | -59 | -70 | 15.7 |
| Eliminations euro million | -325 | -1 | - |
| **Income taxes** euro million | -895 | -465 | -92.5 |
| **Net profit** euro million | 1,809 | 834 | - |
| **Earnings per share[[3]](#footnote-3)** euro | 2.75/2.76 | 1.27/1.28 | - |
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|  | **January - June 2011** | **January -  June 2010** | **Change**  **in %** |
| **Deliveries to customers** |  |  |  |
| Automobiles | 833,366 | 696,026 | 19.7 |
| Thereof:  BMW units | 689,861 | 585,755 | 17.8 |
| MINI units | 141,913 | 109,301 | 29.8 |
| Rolls-Royce units | 1,592 | 970 | 64.1 |
| Motorcyclesunits | 64,110 | 61,674 | 3.9 |
| Thereof:  BMW units | 60,580 | 57,015 | 6.3 |
| Husqvarna units | 3,530 | 4,659 | -24.2 |
| **Workforce at end of quarter[[4]](#footnote-4)** | 96,943 | 95,502 | 1.5 |
| **Operating cash flow[[5]](#footnote-5)** euro million | 4,227 | 2,408 | 75.5 |
| **Revenues**  euro million | 33,925 | 27,791 | 22.1 |
| Thereof:  Automobiles euro million | 31,047 | 24,341 | 27.6 |
| Motorcycles euro million | 847 | 790 | 7.2 |
| Financial Services euro million | 8,364 | 8,202 | 2.0 |
| Eliminations euro million | -6,335 | -5,544 | - |
| **Profit before financial result** euro million | 4,758 | 2,166 | - |
| Thereof:  Automobiles euro million | 4,116 | 1,608 | - |
| Motorcycles euro million | 78 | 86 | -9.3 |
| Financial Services euro million | 1,142 | 592 | 92.9 |
| Other Entities euro million | 38 | -74 | - |
| Eliminations euro million | -616 | -46 | - |
| **Profit before tax** euro million | 4,516 | 1,807 | - |
| Thereof:  Automobiles euro million | 3,902 | 1,158 | - |
| Motorcycles euro million | 77 | 83 | -7.2 |
| Financial Services euro million | 1,173 | 601 | 95.2 |
| Other Entities euro million | -83 | -73 | -13.7 |
| Eliminations euro million | -553 | 38 | - |
| **Income taxes** euro million | -1,495 | -649 | - |
| **Net profit** euro million | 3,021 | 1,158 | - |
| **Earnings per share[[6]](#footnote-6)** euro | 4.59/4.60 | 1.76/1.77 | - |
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**The BMW Group**

The BMW Group is one of the most successful manufacturers of automobiles and motorcycles in the world with its BMW, MINI and Rolls-Royce brands. As a global company, the BMW Group operates 25 production and assembly facilities in 14 countries and has a global sales network in more than 140 countries.

During the financial year 2010, the BMW Group sold 1.46 million cars and more than 110,000 motorcycles worldwide. The profit before tax for 2010 was euro 4.8 billion on revenues amounting to euro 60.5 billion. At 31 December 2010, the BMW Group had a workforce of approximately 95,500 employees.

Long-term thinking and responsible action have long been the foundation of the BMW Group’s success. Striving for ecological and social sustainability along the entire value-added chain, taking full responsibility for our products and giving an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategies. For these reasons, the BMW Group has been sector leader in the Dow Jones Sustainability Indices for the last six years.

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1. figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time arrangements and low wage earners [↑](#footnote-ref-1)
2. Automotive Segment [↑](#footnote-ref-2)
3. earnings per share in accordance with IAS 33 for common and preferred stock shares [↑](#footnote-ref-3)
4. figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time arrangements and low wage earners [↑](#footnote-ref-4)
5. Automotive Segment [↑](#footnote-ref-5)
6. earnings per share in accordance with IAS 33 for common and preferred stock shares [↑](#footnote-ref-6)