

Media Information  
5 August 2014

## **BMW Group success continues in second quarter**

Group revenues in second quarter at € 19.9 billion

Profit before tax increases to € 2.66 billion

Automotive segment EBIT margin rises to 11.7%

Six-month revenues increase to € 38.1 billion

Six-month EBT grows to € 4.8 billion

BMW Group reaffirms sales volume and earnings forecast

**Munich.** The BMW Group increased sales volume, revenues and Group earnings in both the second quarter and the first half of 2014, thereby continuing its successful business development.

**Group revenues** increased in the **second quarter** by 1.8% to reach € 19,905 million (2013: € 19,552 million) for this three-month period. Business benefited perceptibly from an increase in sales volume, with exchange rate factors damping the scale of the increase in revenues. **EBIT** rose by 26.0% to € 2,603 million (2013: € 2,066 million) on the back of an improved model and regional mix. **Group profit before tax** (EBT) climbed 30.9% to a new high of € 2,660 million (2013: € 2,032 million). The **pre-tax return on sales** was 13.4% (2013: 10.4%). **Group net profit** climbed by 27.2% to € 1,771 million (2013: € 1,392 million).

The total number of BMW, MINI and Rolls-Royce brand cars **delivered to customers worldwide** increased by 5.3% in the second quarter to a new record of 533,187 units for this three-month period (2013: 506,321 units).

**Group revenues** for the **six-month period** increased year-on-year by 2.8% to € 38,140 million (2013: € 37,098 million). Here too, exchange rate factors held back the scale of the increase. **EBIT** rose by 14.4% to € 4,693 million (2013: € 4,104 million) and **profit before tax** climbed 19.6% to € 4,826 million (2013: € 4,035 million). **Group net profit** increased by 19.6% to € 3,233 million (2013: € 2,704 million). BMW Group **sales volume** increased 6.9% to 1,020,211 units in the first half of the year (2013: 954,521 units) - the first time



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that more than one million vehicles have been sold in the first half of the year. With this performance, the BMW Group was able to maintain its position as the world's leading premium car company.

"The BMW Group increased sales volume, revenues and Group earnings in both the second quarter and the six-month reporting periods, continuing the successful development of our business," said **Norbert Reithofer**, Chairman of the Board of Management of BMW AG, on Tuesday in Munich.

### **Automotive segment: EBIT at € 2.16 billion in second quarter**

Strong demand for BMW Group vehicles had a positive impact on the Automotive segment's performance in the period under report. **Second-quarter revenues** increased by 1.7% to € 18,504 million (2013: € 18,201 million), although the rate of growth was dampened by the exchange rate factors referred to above. The improved model mix also gave a boost to **EBIT**, which rose by 23.1% to € 2,161 million (2013: € 1,755 million) and which corresponded to an **EBIT margin** of 11.7% (2013: 9.6%). **Segment profit before tax** jumped by 36.5% to € 2,250 million (2013: € 1,648 million).

**First six-month revenues** rose 2.8% to € 35,063 million (2013: € 34,108 million). **EBIT** increased by 12.2% to € 3,741 million (2013: € 3,335 million), while **segment profit before tax** increased by 23.0% to € 3,893 million (2013: € 3,164 million). The **EBIT margin** finished the six-month period at 10.7% (2013: 9.8%) and the **pre-tax return on sales** was 11.1% (9.3%).

The **BMW** brand recorded a new sales high in the period under report, with deliveries in the **second quarter** up by 8.3% to 458,088 units (2013: 422,844 units) and in the **first six-month** period by 10.2% to 886,347 units (2013: 804,248 units). The BMW 3, 5 and 6 Series as well as the X5 each led the world market in their segments.



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The sales performance of the **BMW 3 Series** during the first half of the year was on a par with the previous year, with a sales volume of 236,289 units (2013: 237,700 units; -0.6%). It should be noted, however, that the Coupé and Convertible variants are now positioned as part of the BMW 4 Series. Altogether, a sales volume of 47,031 units was recorded for the **BMW 4 Series**. The number of **BMW 5 Series** vehicles sold between January and June increased by 7.6% to 193,560 units (2013: 179,833 units). The **BMW 6 Series** and **BMW 7 Series** were close to the previous year's level with six-month sales figures of 13,734 units (2013: 14,012 units; -2.0%) and 26,378 units (2013: 27,100 units; -2.7%) respectively.

The various models of the BMW X family also continue to enjoy a high degree of popularity. Sales of the **BMW X1** rose 0.4% to 79,344 units (2013: 79,061 units), while those of the **BMW X3** increased 6.2% to a total of 82,830 units (2013: 77,959 units). The **BMW X5** also continues to sell extremely well, with sales rising 29.7% to 68,283 units (2013: 52,651 units).

The innovative **BMW i3** electric vehicle was handed over to a total of 5,396 customers during the first half of the year. This model has been available in Japan and the USA since the second quarter; it will go on sale in China from October. Sales figures are therefore set to increase further over the coming months as the vehicle becomes more widely available.

As expected, sales of **MINI** brand vehicles decreased year-on-year as a result of the MINI Hatch model change, both in the second-quarter with sales of 74,028 units (2013: 82,644 units; -10.4%) and in the first half-year period with sales of 131,896 units (2013: 148,798 units; -11.4%). The latest sales figures for the MINI Hatch, which made its first appearance in the showrooms in March, are already reflecting the positive response to the third generation of this automobile icon. In June, 12,862 units were handed over to customers, 3.2% more than in the same month last year (2013: 12,460 units).



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In the ultra-luxury segment, **Rolls-Royce Motor Cars** increased worldwide sales by 28.6% to 1,071 units (2013: 833 units) in the second quarter and by 33.4% to 1,968 units (2013: 1,475 units) in the first half of the year. Demand remains strong for the **Rolls-Royce Wraith**. The **Ghost Series II**, which will become available in autumn, is also attracting a great deal of attention from customers.

In line with its strategy of achieving an evenly balanced worldwide sales distribution, the BMW Group recorded growth in **all major sales regions** in the first half of the year.

In **Europe**, sales rose 2.2% to total 446,188 units (2013: 436,709 units) in the first half of the year. The number of vehicles sold in Germany grew 0.6% compared to the same period last year with a total of 134,308 units delivered (2013: 133,454 units). Sales in Great Britain increased by 1.8% to 96,180 units (2013: 94,434 units).

Since the beginning of the year, the BMW Group has sold a total of 322,943 vehicles (2013: 272,943 units) in **Asia**, surpassing the previous year's six-month figure by 18.3%. Some markets in this region registered double-digit growth. Sales on the Chinese mainland in this period grew by 23.1% to 225,490 units (2013: 183,208 units).

The BMW Group also recorded six-month sales growth in the **Americas**, with the number of vehicles sold rising 3.5% to 221,280 units (2013: 213,867 units). Sales in the USA increased 5.1% to 182,008 units (2013: 173,156 units).

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## Motorcycles segment records best-ever half-year results

**Second-quarter revenues** of the Motorcycles segment grew by 11.2% to € 528 million (2013: € 475 million). **EBIT** increased 19.6% to € 55 million (2013: € 46 million) and **profit before tax** rose 20.0% to € 54 million (2013: € 45 million). The **number of motorcycles sold** increased by 5.1% to a new second-quarter record of 42,259 units (2013: 40,209 units).

**Segment revenues** in the **first half of the year** increased by 9.8% to € 1,000 million (2013: € 911 million). **EBIT** rose by 22.7% to € 119 million (2013: € 97 million) and **profit before tax** grew 23.2% to € 117 million (2013: € 95 million). **Sales volume** for the six-month period increased by 9.3% to 70,978 units (2013: 64,941 units). With these figures, BMW Motorrad recorded the best six-month period in its 90-year history of motorcycle manufacturing.

## Financial Services remains on course

The positive development in the Financial Services segment continued during the second quarter 2014. **Segment revenues** were 1.9% higher at € 5,155 million (2013: € 5,058 million). **Profit before tax** was € 458 million (2013: € 467 million; -1.9%).

Six-month **revenues** rose 1.6% to € 10,045 million (2013: € 9,888 million). Profit before tax stood at € 918 million (2013: € 916 million; +0.2%).

In the first six months of the year, a total of 728,914 **new contracts** (2013: 728,618 contracts) were signed in the financing and leasing business. The **portfolio of lease and financing contracts** in place with dealers and retail customers at 30 June 2014 was up 5.8% to a total of 4,218,318 contracts (2013: 3,986,306 contracts).

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**Workforce size increased**

The size of the BMW Group workforce at 30 June 2014 was 5.3% higher than at the same time last year. Overall, the BMW Group had a worldwide workforce of 112,500 employees (2013: 106,870 employees). The increase is attributable to the growing need for engineers and skilled workers who are required to keep pace with rising demand for vehicles and to push ahead with innovations and develop new technologies.

**BMW Group reaffirms its sales volume and earnings forecast**

Following its strong performance in the first half of the year, the BMW Group reaffirms its **sales volume and earnings forecast** for the full year 2014. "We are on track to achieve our targets for the full year," said Reithofer. Within a market environment which continues to be challenging, **deliveries to customers** (2013: 1,963,798 units) and **Group profit before tax** (2013: € 7,913 million) are both expected to rise significantly.

"After our record sales volume performance in the first half of the year, we are now targeting a significant increase in the number of vehicles delivered to customers in the current year and hence a new sales record of over two million vehicles," Reithofer stated.

Such significant sales growth would also have a positive impact on Group profit before tax: "We are aiming for a Group profit before tax figure, which will be significantly higher than in the previous year," explained Reithofer.

In the second half of the year, however, the pace at which earnings increase will be influenced by high levels of expenditure for new technologies; the development of new technologies to reduce CO<sub>2</sub> emissions in line with increasing regulatory requirements plays a significant role here. The global economy also faces risks.



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The **Automotive segment** continues to strive in 2014 to achieve an EBIT margin within a range of 8 to 10% (2013: 9.4%). However, depending on economic and political developments, actual margins could end up being above or below the targeted range. In view of the dampening effect of exchange rates, the BMW Group predicts that automotive business revenues will increase solidly in the forecast period (2013: € 70,629 million).

Tailwind is expected to come from the 16 new models and model revisions which the BMW Group is launching in the current year. These include the 4 Series Gran Coupé and the BMW i8 plug-in hybrid sports car, which entered the market in June. The all-new BMW X4 and the revised BMW X3 went on sale in July. The first customer deliveries of the BMW 2 Series Active Tourer and the BMW M4 Convertible will take place in September.

The **Motorcycles segment** is also expected to continue to perform well over the year as a whole. Despite difficult conditions on international motorcycle markets, sales are forecast to be up slightly on the previous year (2013: 115,215 units).

The **Financial Services segment** should also remain on growth course in 2014. As a consequence of growth-related investments, the return on equity is likely to decrease slightly (2013: 20.2%), but is expected to achieve the BMW Group's minimum required level of 18%.

The BMW Group's forecasts for the current year are based on the assumption that political and economic conditions remain stable in 2014.

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**The BMW Group – an overview**

		<b>2nd quarter 2014</b>	<b>2nd quarter 2013*</b>	<b>Change in %</b>
<b>Sales volume</b>				
<b>Automotive</b>	units	<b>533,187</b>	<b>506,321</b>	<b>5.3</b>
Thereof:				
BMW	units	458,088	422,844	8.3
MINI	units	74,028	82,644	-10.4
Rolls-Royce	units	1,071	833	28.6
<b>Motorcycles</b>	units	<b>42,259</b>	<b>40,209</b>	<b>5.1</b>
<b>Workforce<sup>1</sup></b>		<b>112,500</b>	<b>106,870</b>	<b>5.3</b>
<b>Operating cash flow</b>				
<b>Automotive segment</b>	€ million	<b>1,370</b>	<b>2,378</b>	<b>-42.4</b>
<b>Revenues</b>	€ million	<b>19,905</b>	<b>19,552</b>	<b>1.8</b>
Thereof:				
Automotive	€ million	18,504	18,201	1.7
Motorcycles	€ million	528	475	11.2
Financial Services	€ million	5,155	5,058	1.9
Other Entities	€ million	1	2	-50.0
Eliminations	€ million	-4,283	-4,184	-2.4
<b>Profit before financial result (EBIT)</b>	€ million	<b>2,603</b>	<b>2,066</b>	<b>26.0</b>
Thereof:				
Automotive	€ million	2,161	1,755	23.1
Motorcycles	€ million	55	46	19.6
Financial Services	€ million	459	468	-1.9
Other Entities	€ million	16	7	-
Eliminations	€ million	-88	-210	58.1
<b>Profit before tax (EBT)</b>	€ million	<b>2,660</b>	<b>2,032</b>	<b>30.9</b>
Thereof:				
Automotive	€ million	2,250	1,648	36.5
Motorcycles	€ million	54	45	20.0
Financial Services	€ million	458	467	-1.9
Other Entities	€ million	25	89	-71.9
Eliminations	€ million	-127	-217	41.5
<b>Income taxes</b>	€ million	<b>-889</b>	<b>-640</b>	<b>-38.9</b>
<b>Net profit</b>	€ million	<b>1,771</b>	<b>1,392</b>	<b>27.2</b>
<b>Earnings per share<sup>2</sup></b>	€	<b>2.69/2.70</b>	<b>2.11/2.12</b>	<b>27.5/27.4</b>

\* Prior year's figures partially adjusted due to application of IFRS 10 and IFRS 11.

<sup>1</sup> figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

<sup>2</sup> earnings per share of common stock/preferred stock

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		Jan. - June 2014	Jan. - June 2013*	Change in %
<b>Sales volume</b>				
<b>Automotive</b>	units	<b>1,020,211</b>	<b>954,521</b>	<b>6.9</b>
Thereof:				
BMW	units	886,347	804,248	10.2
MINI	units	131,896	148,798	-11.4
Rolls-Royce	units	1,968	1,475	33.4
<b>Motorcycles</b>	units	<b>70,978</b>	<b>64,941</b>	<b>9.3</b>
<b>Workforce<sup>1</sup></b>		<b>112,500</b>	<b>106,870</b>	<b>5.3</b>
<b>Operating cash flow</b>				
<b>Automotive segment</b>	€ million	<b>3,502</b>	<b>4,349</b>	<b>-19.5</b>
<b>Revenues</b>	€ million	<b>38,140</b>	<b>37,098</b>	<b>2.8</b>
Thereof:				
Automotive	€ million	35,063	34,108	2.8
Motorcycles	€ million	1,000	911	9.8
Financial Services	€ million	10,045	9,888	1.6
Other Entities	€ million	3	3	-
Eliminations	€ million	-7,971	-7,812	-2.0
<b>Profit before financial result (EBIT)</b>	€ million	<b>4,693</b>	<b>4,104</b>	<b>14.4</b>
Thereof:				
Automotive	€ million	3,741	3,335	12.2
Motorcycles	€ million	119	97	22.7
Financial Services	€ million	924	918	0.7
Other Entities	€ million	26	24	8.3
Eliminations	€ million	-117	-270	56.7
<b>Profit before tax (EBT)</b>	€ million	<b>4,826</b>	<b>4,035</b>	<b>19.6</b>
Thereof:				
Automotive	€ million	3,893	3,164	23.0
Motorcycles	€ million	117	95	23.2
Financial Services	€ million	918	916	0.2
Other Entities	€ million	82	156	-47.4
Eliminations	€ million	-184	-296	37.8
<b>Income taxes</b>	€ million	<b>-1,593</b>	<b>-1,331</b>	<b>-19.7</b>
<b>Net profit</b>	€ million	<b>3,233</b>	<b>2,704</b>	<b>19.6</b>
<b>Earnings per share<sup>2</sup></b>	€	<b>4.91/4.92</b>	<b>4.10/4.11</b>	<b>19.8/19.7</b>

\* Prior year's figures partially adjusted due to application of IFRS 10 and IFRS 11.

<sup>1</sup> figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

<sup>2</sup> earnings per share of common stock/preferred stock

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**The BMW Group**

With its three brands BMW, MINI and Rolls-Royce, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. As a global company, the BMW Group operates 29 production and assembly facilities in 14 countries and has a global sales network in more than 140 countries.

In 2013, the BMW Group sold approximately 1.963 million cars and 115,215 motorcycles worldwide. The profit before tax for the financial year 2013 was € 7.91 billion on revenues amounting to approximately € 76.06 billion. As of 31 December 2013, the BMW Group had a workforce of 110,351 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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