

Media Information
22 January 2016

- Check against delivery -

**Statement
Oliver Zipse
Member of the Board of Management of BMW AG,
Production
Opening of the New BBA Engine Plant
22 January 2016**

Ladies and Gentlemen,

Every time I visit our plants in China, I feel proud of the innovative and efficient production facilities we have established here together with our partner Brilliance.

State-of-the-art and sustainable production methods combined with a skilled workforce make these plants a role model for China's great industrial potential. I am delighted that you have joined us today as we take our production in China to the next level.

In 2014, the BMW Group and our partner Brilliance signed a contract to extend our Joint Venture up to 2028. This clearly shows the long-term commitment of the BMW Group in China. The BMW Group has achieved great success in recent years – in each of the last five years we have set a new sales record.

In 2015, we sold more than 2.247 million vehicles worldwide – an increase of 6.1% over the previous year. China was once again our largest single market with more than 463,000 cars sold. Despite challenging market conditions, we managed to increase our sales by 1.7% compared to the previous year. These figures indicate the strength of the BMW brand in China. And they show it was right to step up our local production.

Though growing at a normalized speed now, China is still a market with major potential for the automotive industry. The growth of the Chinese middle class will

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further increase the demand for premium products and services. Last year, we produced more than 287,000 cars for the Chinese market here in Shenyang – in China, for China. Our Tiexi plant is one of the most modern plants in the BMW Group production network and a benchmark for sustainable industrial production. Now we are taking the next step in our localization strategy.

Opening a new engine plant is something very special for the BMW Group. Engines are the heart of our cars, and they are imprinted in our company's name, BMW – Bayerische Motoren Werke, Bavarian Motor Works, or “bao ma”, as you say in Chinese.

In 2016, the BMW Group is celebrating its centenary. 100 years after our first factory – BMW built aircraft engines back then – this facility in Shenyang will be the first location outside Europe where we manufacture engines. It joins our competence network in Munich, Hams Hall in the UK and Steyr in Austria. And it is our first fully-fledged engine plant with its own foundry.

The entire value chain is united in one location – from raw material to the finished product. This plant is a blueprint for efficient and innovative production processes, based on the latest expertise and reference models from our worldwide production network. And with its emission-free foundry, it sets a benchmark in terms of sustainability.

Around 2,000 associates will work in the Engine Plant in the long-term.

To reduce the physical workload, the assembly is designed to meet modern ergonomic requirements.

It is a major milestone for our production in China that we will be able to equip all of our locally produced cars with locally produced engines.

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With the integration of our latest generation 3- and 4- cylinder engines, we have installed an internationally standardised and highly flexible production system. It allows us to respond even more accurately to the needs of the Chinese market. The 3- and 4-cylinder engines also contribute to a more sustainable environment, as they comply with the strictest exhaust emission limits worldwide.

Furthermore, the New Engine Plant will boast a High Voltage Battery Center in the near future, supporting our E-mobility strategy in China. It will produce batteries for the future BMW Brilliance PHEV models.

Modern and innovative industries add real value. With our New Engine Plant, we expand our local production in China and improve our flexibility. But on top of that, we also add further industrial value to the Shenyang region. This facility will be part of an increasingly innovative industrial environment in China.

The BMW Group is proud of its important role, supporting China's ambition to upgrade its industrial landscape.

I want to thank our partner Brilliance and all of the political institutions involved for their constructive cooperation and support in this project. Together with Brilliance, we will further increase our standing as an innovative driving force of premium production and premium products in China.

Thank you.