

Press Release
4 November 2016

BMW Group combines successful core business with future-focussed strategic decisions

- Third quarter: Net profit up 15 percent
- Automotive segment: EBIT margin remains in target range
- Full year 2016: Forecast reaffirmed
- E-mobility: Over 100,000 electrified BMW vehicles on the streets today
- E-mobility: BMW Group to expand electrification of core brands to include MINI and BMW X3 battery versions

Munich. The BMW Group continued to chart a course of profitable growth in the third quarter 2016 and revealed how the next stages of its **Strategy Number ONE > NEXT** will be implemented. As the world's leading provider of premium products and services for individual mobility, the BMW Group recorded its best ever third quarter sales volume and net profit figures. The company also published details regarding the second phase of its electrification strategy.

"We posted new record earnings and continued to grow profitably – thereby maintaining a strong basis for the consistent implementation of our strategy," said **Harald Krüger, Chairman of the Board of Management of BMW AG**, on Friday. "We are already achieving measurable success in the areas in which the entire sector is judged, namely our successful electrification strategy, with more than 100,000 electric vehicles on the roads already today, and our consistent achievement of high profitability, which enables us to finance future investments from our own resources."

Krüger continued: "BMW i has always stood for a great deal more than alternative powertrains: BMW i is our 'spearhead of innovation', ensuring that the BMW Group maintains its pioneering technological role. We have already proved this in the field of electric mobility – and we continue to write our own success story in the fields of automated driving and digitalisation."

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Three years after the successful launch of BMW i, the BMW Group is now ready to present the second phase of its electric mobility strategy. Alongside the previously announced expansion of the BMW i model range to include the BMW i8 Roadster and the BMW iNEXT, the BMW Group will press ahead with its plans to systematically transfer all-electric, battery-powered mobility to its core brands. The first step will be an all-electric MINI in 2019, followed by an all-electric BMW X3 in 2020.

“We are absolutely convinced that the mobility of tomorrow is sustainable,” said **Krüger**. “Years ago, we announced our unambiguous commitment to electric mobility and achieved technological leadership in this field. Growing customer demand confirms that we are on the right track and that now is the right time to take the next steps.”

In the third quarter alone, the BMW Group delivered more than 18,000 electric BMW i and BMW iPerformance vehicles to customers, twice the figure achieved in the same period last year. For the full year 2016, the BMW Group expects to sell more than 60,000 vehicles featuring either all-electric or plug-in hybrid powertrains.

BMW Group posts best-ever figures for the first nine months of 2016

Third-quarter sales volume of the BMW Group’s three **premium brands** (BMW, MINI and Rolls-Royce) climbed by 7.1% to reach 583,499 units (2015: 545,062 units). These figures mark a new all-time high for a third quarter and safeguard the BMW Group’s position as the world’s leading manufacturer of premium vehicles.

Third-quarter revenues rose by 4.6% to € 23,362 million (2015: € 22,345 million). Adjusted for exchange rate factors, revenues increased by 6.6%. At € 2,380 million, **profit before financial result** (EBIT) was slightly

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higher than one year earlier (2015: € 2,354 million; +1.1%). **Group profit before tax** (EBT) improved by 13.8% to € 2,575 million (2015: € 2,263 million). **Net profit** climbed by 15.3% to € 1,821 million (2015: € 1,579 million), a new record for a third quarter.

Nine-month sales recorded by the Automotive segment rose by 6.2% to reach a new high of 1,746,638 units (2015: 1,644,810 units). The strategy of striving to achieve an evenly balanced distribution of sales worldwide continued to pay off, allowing fluctuations in individual markets to be compensated.

In the **first nine months, Group revenues** grew by 3.0% to € 69,229 million (2015: € 67,197 million). **Profit before financial result** (EBIT) edged up by 2.2% to € 7,562 million (2015: € 7,400 million). **Group profit before tax** (EBT) increased by 8.8% to set a new record of € 7,741 million (2015: € 7,114 million). **Group net profit** rose by 11.7% to € 5,411 million (2015: € 4,844 million), also marking a new record for the first nine months of a year.

Automotive segment: EBIT margin within target range

Third-quarter revenues of the Automotive segment grew by 2.8% to € 21,564 million (2015: € 20,970 million). As previously reported, upfront expenditure for projects and activities connected with the implementation of Strategy Number ONE > NEXT will affect earnings more in the second half-year than in the first half-year. **EBIT** for the third quarter came in at € 1,837 million (2015: € 1,912 million; -3.9%) million, resulting in an **EBIT margin** in the Automotive segment of 8.5% (2015: 9.1%), still within the target range of between 8 and 10%. At € 2,030 million, **segment profit before tax** was significantly higher than the previous year (€ 1,845 million; +10.0%).

Nine-month segment revenues grew by 2.8% to € 63,250 million (2015: € 61,513 million). **EBIT** increased to € 5,778 million

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(2015: € 5,525 million; +4.6%), resulting in an **EBIT margin** of 9.1% (2015: 9.0%). **Profit before tax** climbed to € 6,041 million (2015: € 5,323 million; +13.5%), the first time it has exceeded six billion euro in the first three quarters.

In the **third quarter**, sales of **BMW** brand vehicles rose by 6.4% to reach a new high of 493,379 units (2015: 463,739 units) for the period. The equivalent **nine-month** figure of 1,479,936 units (2015: 1,395,780 units; +6.0%) also broke all existing records. Tailwind came from various sources, including contributions made by the BMW Group's flagship model, the BMW 7 Series, and the BMW X models. Nine-month deliveries of the new **BMW 7 Series** were 65.8% up on the previous year, outperforming all of its predecessors during the launch period. Additional momentum is expected to come from the top model, the BMW M760Li xDrive. Sales of the **BMW X1** in the nine-month period jumped by 82.0% to 149,670 units, while the **BMW X3** recorded a 16.5% increase to 116,702 units.

Sales of BMW's electrified models continue to grow – particularly in Europe and the USA. More than 40,000 **BMW i** and **BMW iPerformance** vehicles had been delivered to customers by the end of September – and the upward trend is rising steeply. In September alone, sales of electrified BMW models exceeded the 7,000 mark.

Including the new **BMW 740e** as well as the **BMW 330e** and the **BMW 225xe Active Tourer** launched in spring, the BMW Group already offers a total of seven vehicle models that are either all-electric (such as the BMW i3) or plug-in hybrids which combine an electric motor and a combustion engine. Moreover, the additional version of the **BMW i3** with significantly extended electric range that came onto the market in July has also led to a noticeable increase in demand.

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MINI also increased higher sales figures for the **third quarter**, with the number of vehicles sold worldwide rising by 10.8% to 89,179 units (2015: 80,488 units), including significant contributions from the new MINI Clubman and MINI Convertible models. **Nine-month sales** of MINI climbed by 7.2% to 264,077 units.

Rolls-Royce Motor Cars announced the best ever third quarter sales performance in the history of the company, up 12.7% on the previous year. Demand was seen across all Rolls-Royce models, combined with significant interest in Dawn and Black Badge Wraith and Black Badge Ghost. Sales in the nine-month period from January to September totalled 2,625 units, up 0.8% on the previous year. This result is according to plan and the marque remains optimistic for a strong year in 2016.

The upward trend for the BMW Group in **Europe** continued. Nine-month sales in this region increased by 10.4% to 807,597 units. Double-digit growth was recorded in a number of markets, including Great Britain (189,712 units; +10.6%), France (62,340 units; +10.9%) and Italy (59,921 units; +17.7%).

Deliveries of BMW Group vehicles in **Asia** rose by 9.1% to 548,986 units during the nine-month period, including sales on the Chinese mainland, which grew by 10.7% to 379,461 units. In Japan, sales volume rose by 9.5% to 55,408 units.

The number of vehicles sold in the **Americas** region between January and September was 6.5% lower at 338,005 units, including 269,884 units (-8.7%) delivered to customers in the USA.

Continued sales volume growth for Motorcycles segment

The Motorcycles segment continues to perform well. Worldwide sales of BMW motorcycles and maxi-scooters during the three-month period from **July to September** totalled 35,290 units, 3.8% more than the previous year.



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Third-quarter segment revenues amounted to € 451 million (2015: € 454 million; -0.7%). Earnings were also down on the previous year, mainly due to expenses incurred during the start-up phase of a number of projects connected with implementing BMW Motorrad's new strategy. **EBIT** came in at € 32 million (2015: € 46 million; -30.4%), while **profit before tax** also finished at € 32 million (2015: € 45 million; -28.9%).

The segment delivered 116,044 (2015: 112,411) motorcycles and maxi-scooters to customers during the first **nine months** of the year, an increase of 3.2% compared to the previous year. At € 1,650 million, **segment revenues** were similar to the previous year (2015: € 1,643 million; +0.4%). **EBIT** amounted to € 224 million (2015: € 273 million; -17.9%), while **profit before tax** finished at € 223 million (2015: € 271 million; -17.7%).

Financial Services segment continues to perform well

The Financial Services segment continued to grow its business during the third quarter, again setting new records. A total of 467,702 **new contracts** (2015: 420,639 contracts; +11.2%) were signed between July and September in conjunction with financing and leasing business. The number of **lease and financing contracts** in place with retail customers at the end of the reporting period increased to 4,599,674 contracts (30 September 2015: 4,227,586 contracts; +8.8%). **Segment revenues** rose significantly to € 6,403 million (2015: € 5,621 million), 13.9% higher than in the previous year's equivalent three-month period. **Profit before tax** rose by 22.9% to € 568 million (2015: € 462 million).

In total, 1,341,792 (2015: 1,222,165) **new contracts** were signed during the **first nine months of the year** relating to financing and leasing business, 9.8% more than the previous year. **Segment revenues** were 6.2% higher at

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€ 18,940 million (2015: € 17,833 million). **Profit before tax** grew by 8.2% to € 1,641 million (2015: € 1,517 million).

Employee numbers increased

The **workforce** grew by 3.9% year-on-year as at 30 September. At the end of the reporting period, 126,013 people were employed worldwide (2015: 121,316 people). The BMW Group continues to concentrate its recruitment efforts on attracting the engineers and skilled staff, including software and IT experts, who are needed to keep pace with the constantly growing demand for the company's vehicles and to create the innovations which will become the technologies of tomorrow.

BMW Group on course to achieve its financial targets for 2016

The BMW Group is confident it will achieve its projected targets for the current financial year – largely thanks to its strong brands, its attractive product portfolio and the expectation that international automobile markets will continue their generally upward trend. These favourable factors contrast with high levels of upfront expenditure for new technologies, fierce competition and rising personnel expenses. The global political and economic environment is expected to remain volatile.

The BMW Group reaffirms its targets for the full year. “We forecast slight increases and hence new record figures for **Automotive segment sales volume** and **profit before tax** in 2016,” stated Krüger. With its three premium brands – BMW, MINI and Rolls-Royce – the BMW Group is firmly intent on remaining the world's leading manufacturer of premium vehicles in 2016.

Automotive segment revenues are also set to grow slightly over the year, on the back of increased sales volumes. The Automotive segment's **EBIT margin** in 2016 is forecast to remain within the targeted range of between 8 and 10%.

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The BMW Group expects the **Motorcycles segment** to continue its upward trend for the remainder of the current year. The new R NineT Scrambler and G 310 R models have given the product portfolio additional breadth and are attracting new customer groups. A “solid” year-on-year increase in **sales volume** is forecast for the full year.

The successful business performance of the **Financial Services segment** is expected to continue. Despite rising equity capital requirements worldwide, for the financial year 2016 the BMW Group forecasts a **return on equity** (RoE) in line with the previous year (2015: 20.2%) and therefore once again above the **target rate of at least 18%**.

Forecasts for the current year are based on the assumption that worldwide economic and political environment will not change significantly.

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The BMW Group – an overview		3 rd quarter 2016	3 rd quarter 2015	Change in %
Sales volume				
Automotive	Units	583,499	545,062	7.1
Thereof: BMW	Units	493,379	463,739	6.4
MINI	Units	89,179	80,488	10.8
Rolls-Royce	Units	941	835	12.7
Sales volume Motorcycles	Units	35,290	33,993	3.8
Workforce¹		126,013	121,316	3.9
EBIT margin Automotive Segment		8.5	9.1	-0.6 %points
Revenues		23,362	22,345	4.6
Thereof: Automotive	€ million	21,564	20,970	2.8
Motorcycles	€ million	451	454	-0.7
Financial Services	€ million	6,403	5,621	13.9
Other Entities	€ million	1	1	-
Eliminations	€ million	-5,057	-4,701	-7.6
Profit before financial result (EBIT)	€ million	2,380	2,354	1.1
Thereof: Automotive	€ million	1,837	1,912	-3.9
Motorcycles	€ million	32	46	-30.4
Financial Services	€ million	576	465	23.9
Other Entities	€ million	6	5	20.0
Eliminations	€ million	-71	-74	4.1
Profit before tax (EBT)	€ million	2,575	2,263	13.8
Thereof: Automotive	€ million	2,030	1,845	10.0
Motorcycles	€ million	32	45	-28.9
Financial Services	€ million	568	462	22.9
Other Entities	€ million	40	5	-
Eliminations	€ million	-95	-94	-1.1
Income taxes	€ million	-754	-684	-10.2
Net profit	€ million	1,821	1,579	15.3
Earnings per share²	€	2.75/2.75	2.39/2.39	15.1

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

² Earnings per share of common stock/preferred stock

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The BMW Group – an overview		Jan. – Sept. 2016	Jan. – Sept. 2015	Change in %
Sales volume				
Automotive	Units	1,746,638	1,644,810	6.2
Thereof: BMW	Units	1,479,936	1,395,780	6.0
MINI	Units	264,077	246,426	7.2
Rolls-Royce	Units	2,625	2,604	0.8
Sales volume Motorcycles	Units	116,044	112,411	3.2
Workforce¹		126,013	121,316	3.9
EBIT margin Automotive Segment				
	Percent	9.1	9.0	+0.1 %points
Revenues				
	€ million	69,229	67,197	3.0
Thereof: Automotive	€ million	63,250	61,513	2.8
Motorcycles	€ million	1,650	1,643	0.4
Financial Services	€ million	18,940	17,833	6.2
Other Entities	€ million	4	4	-
Eliminations	€ million	-14,615	-13,796	-5.9
Profit before financial result (EBIT)				
	€ million	7,562	7,400	2.2
Thereof: Automotive	€ million	5,778	5,525	4.6
Motorcycles	€ million	224	273	-17.9
Financial Services	€ million	1,696	1,523	11.4
Other Entities	€ million	29	139	-79.1
Eliminations	€ million	-165	-60	-
Profit before tax (EBT)				
	€ million	7,741	7,114	8.8
Thereof: Automotive	€ million	6,041	5,323	13.5
Motorcycles	€ million	223	271	-17.7
Financial Services	€ million	1,641	1,517	8.2
Other Entities	€ million	84	126	-33.3
Eliminations	€ million	-248	-123	-
Income taxes				
	€ million	-2,330	-2,270	-2.6
Net profit				
	€ million	5,411	4,844	11.7
Earnings per share²				
	€	8.19/8.20	7.35/7.36	11.4/11.4

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

² 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 31 production and assembly facilities in 14 countries and has a global sales network in more than 140 countries.

In 2015, the BMW Group sold approximately 2.247 million cars and nearly 137,000 motorcycles worldwide. The profit before tax for the financial year 2015 was approximately € 9.22 billion on revenues amounting to € 92.18 billion. As of 31 December 2015, the BMW Group had a workforce of 122,244 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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