

The history of the BMW Group: 100 years of fascination for mobility. (Summary)

On 7 March 2016, BMW Group will be celebrating 100 years of existence as a company. Over this period of time, a small aero-engine manufacturer based in the north of Munich has been transformed into a world-leading premium manufacturer of automobiles and motorcycles, as well as a provider of premium finance and mobility services. On the route to this status, BMW has always proved to be a highly innovative company which has defined change and looked to the future. Today, the BMW Group is an international group of companies with production and assembly facilities in 14 countries and a global sales network. The company makes significant contributions to designing individual mobility of the future.

Looking at the history of the BMW Group reveals a large variety of events and decisions which exerted a sustainable impact on the development of the company while at the same time being an expression of its character. Pioneering products and strategic trajectories owe a debt of gratitude to these visionary moments. They are all based on the courage to try out something new and strike out on new pathways. The ambition of the company has always been to achieve more than just the basics and to compete with the best, while also fostering the capacity to accept challenges and emerge from them with enhanced strength of purpose.

Choosing independent pathways leading to innovative solutions.

The ambition to achieve superior characteristics and the readiness to opt for completely new and technically complex solutions instead of making do with the mundane has determined product development since the very beginnings of the company right up to the present day. The BMW IIIa aero-engine launched in 1917 already demonstrated exceptional power, reliability and efficiency when operated at great altitudes. These characteristics were based on the robust basic design as an inline six-cylinder engine and on the use of particularly lightweight materials combined with innovative technology for carburettor and ignition.

The company also adopted an independent pathway when it developed the company's first motorcycle. While other manufacturers were still working with the geometry of bicycles, the BMW R 32 was consistently designed around the engine. The model presented in 1923 was the first motorcycle powered

by a horizontally opposed twin-cylinder Boxer engine, featuring a manual gearbox bolted directly to the engine and power transmission along a shaft instead of a chain or belt. These key attributes remain defining characteristics for BMW motorcycles with Boxer, or flat-twin, engines to the present day.

After the company also became an automobile manufacturer in 1928, it initially produced small cars based on an established contemporary design. However, all the common conventions of the period were broken when the BMW 303 formed the first mid-range vehicle launched under the brand powered by an inline six-cylinder engine. The model was presented in 1933 and established a profile that was marked out from its competitors by the distinctive contour of the radiator cover, which is today still recognisable as the BMW kidney-shaped grille. Most importantly, the car also featured low weight as a result of the tubular frame with twin down tubes of different cross sections. These were used for the first time in an automobile. The design engineers thereby refuted the widely held conviction that only a heavy vehicle could deliver stable driving characteristics. The BMW 303 was lightweight, accelerated rapidly, slowed down effortlessly and drove round bends with agile and safe handling. BMW patented the tubular frame with twin down tubes and continued to base its automobiles on the principle of optimising weight.

The automobiles of the BMW i brand are the latest example of intelligent, lightweight construction, powerful innovation and particularly consistent pursuit of independent solutions. Their vehicle architecture has been specially developed for pure electrically powered or plug-in hybrid models, and the design combines an aluminium chassis with a passenger cell made of carbon-fibre reinforced plastic. The holistic approach adopted by BMW i contributes to ensuring that the BMW Group will play a pioneering role in the design of individual mobility for the future.

Taking responsibility, mastering challenges.

Production of aero-engines was initially banned in Germany after the end of the First World War, and from 1918 onwards, engines for trucks and boats, and from 1920 also engines for motorcycles, were among the products bearing the BMW logo. The purchasers included Bayerische Flugzeugwerke AG, which was soon to assume considerable significance for the brand. The company took over the rights to the brand in June 1922 together with the BMW logo, the production facilities and the workforce. The comprehensive renaming of the company as Bayerische Motoren Werke AG also formed the platform for development into an independent engine and vehicle manufacturer. Since Bayerische Flugzeugwerke AG was founded on 7 March

1916, this date is today regarded as the date when the company BMW was established.

Soon after the relaunch of Bayerische Motoren Werke, aero-engines once again became the focus of government procurement agencies and their militarist objectives. In common with a large proportion of German industry, the managers at BMW were also guided by the ambition of achieving business efficiency as they addressed the political framework conditions of the 1930s and 1940s. The company therefore derived massive benefit from the new rearmament efforts. Starting in 1939, convicts, forced workers, prisoners of war and inmates of concentration camps were deployed in the production facilities operated by the company.

BMW Group has lived up to its responsibility for the events during the period of National Socialism and established initiatives that have contributed towards raising awareness and generating public debate. When the book “BMW – eine deutsche Geschichte” (“BMW – a German Story”) was published in 1983, the company was the first German industrial group to open up this chapter of its past to public scrutiny and discussion. Research into the period between 1933 and 1945 was carried out in the context of two dissertations, which were published in 2005 and 2008. In addition, BMW AG was among the inaugural members of the foundation “Erinnerung, Verantwortung, Zukunft” (“Remembrance, Responsibility, Future”) established in 1999 to compensate the former victims of forced labour.

During the immediate post-war period, the company had to adopt a new approach in all aspects of its business. The first post-war motorcycle in the form of the BMW R 24 only came off the Munich production line in 1948. The manufacture of automobiles only started up again in 1952 and the anticipated business success initially eluded the company. At the Annual General Meeting held in 1959, the sale of BMW AG to Daimler-Benz AG – which was on the brink of being signed and sealed – was averted at the last minute. The restructuring plan developed under the aegis of major shareholder Herbert Quandt was based on the independence of BMW AG, new structures and new models. The breakthrough came with the BMW 1500 as the first model of the “New Class”. After just a few years had elapsed, the company had developed from a candidate for takeover into a flagship company.

At the beginning of the 1970s, when the upswing was brought to an abrupt halt by the “oil crisis”, the managers at BMW set about overcoming the hard times and emerging from the crisis with renewed strength. In Munich, the new administrative tower familiar as the “Four-cylinder” and the BMW Museum were opened, and a new production plant started up operations in

Dingolfing. The BMW 5 Series was presented as the successor to the “New Class”. And indeed demand started to gather pace from 1975. BMW was in an outstanding position to respond with new models, expanded production capacities and optimised sales structures.

At the beginning of the 1990s, managers at BMW were once again at a crossroads. In 1994, they followed the sector-wide trend towards processes of concentration and decided to take over the British Rover Group, in order to acquire additional target groups with a wider range of automobiles. The endeavour was not a crowning success. In 2000, the Rover Group was sold again. BMW only continued with development of the MINI brand. The company had meanwhile undergone restructuring and had purchased the name and brand rights for Rolls-Royce Motor Cars.

Just before the onset of the global financial crisis in 2008, the “Number ONE” corporate strategy had defined the principles for sustainable, profitable growth and long-term increase in value. The associated measures were directed towards consolidating the position of the BMW Group as a world-leading premium manufacturer of automobiles and motorcycles, as well as a provider of premium finance and mobility services.

Benchmarking with the best: records and successes in motor sport.

As early as the beginning of the 20th century, competitive sporting events were regarded as the ideal setting for manufacturers of motorcycles and automobiles to impress the motoring public with the performance of new vehicles. Setting up national and international records was perceived as another way of providing factual evidence of advanced technology. For example, in June 1919, test pilot Zeno Diemer created a sensation with a world altitude record in an aircraft. He flew to an altitude of 9 760 metres in a plane powered by a BMW IV aero-engine. BMW engines powered the Dornier “Wal” (Whale), which was the first flying boat to go right round the world in the summer of 1932, and the “rail Zeppelin”, which had achieved a world speed record of 230 km/h for rail vehicles in the previous year. BMW works rider Ernst Jakob Henne set up numerous world records between 1929 and 1937 on two wheels. He achieved a speed of 279.503 km/h in his last record ride, which was to hold for 14 years. Records were also set up in more recent years with the objective of demonstrating innovative strength. At the BMW test circuit in Miramas, France, the BMW H₂R prototype established nine records for vehicles powered by hydrogen in September 2004.

The first racing success for the BMW brand was achieved in February 1924. This was the day when designer and racing driver Rudolf Schleicher won the hillclimb on the steep Mittenwalder Gsteig. The slogan “Tested in Sport –

Proven in Series" ("Erprob't im Sport – bewährt in der Serie") henceforth became a familiar moniker, underpinned by numerous German championships and the first international successes. The victory gained by Georg Meier with a supercharged BMW racing machine in 1939 was a particular landmark. Meier was the first rider from outside the United Kingdom to win the Tourist Trophy in the 500 cc class, known as the Senior TT, on the Isle of Man. British rider Jock West, also riding for BMW, came in second place. Exactly 75 years later, Northern Irish rider Michael Dunlop followed in Meier's footsteps and rode to victory on a BMW S 1000 RR at the Senior TT.

"Schorsch" Meier continued his earlier successes in the post-war period and won the German Championship in 1947. The team's racing machines powered by BMW engines in the Sidecar Combination World Championship had a particularly impressive series of wins with 20 constructors' titles and 19 riders' titles between 1954 and 1974. In 1980, the BMW R 80 G/S created a sensation in off-road racing for the first time. Winning the European Off-road Championship was followed by victories in the Paris-Dakar Rally in the years 1981, 1983, 1984 and 1985.

The first automobile produced by BMW also proved its worth in sporting competitions right from the start. Just four weeks after the car went on sale, the BMW 3/15 PS achieved a victory in the International Alpine Rally. The legendary BMW 328 roadster made its first public appearance on the race track. In June 1936, Ernst Henne proved his success on four wheels by driving the new model to class victory straightaway in the Eifel Race on the Nürburgring circuit. Four years later, the BMW brand achieved one of its biggest triumphs up to that point. Fritz Huschke von Hanstein and Walter Bäumer won the overall placings in the Mille Miglia endurance race held in Italy driving the BMW 328 Touring Coupé.

Initially, the post-war era only brought modest successes in motor racing. The "New Class" also notched up the first sensation here. In 1966, Hubert Hahne won the European Touring Car Championship driving the BMW 2000 TI. He also became the first driver to take a touring car round the north loop of the Nürburgring in less than ten minutes. The growing importance of motor-sport activities was manifested by the establishment of BMW Motorsport GmbH in May 1972. In the subsequent years, numerous successes were achieved mainly in touring-car racing. The collection of titles was enriched by the BMW 3.0 CSL, the BMW 635 CSi, the BMW 320 Group 5 and, most importantly, the BMW M3 Group A, which became the most successful touring car in the world.

In 1982, BMW took to the stage of Formula 1 as an engine supplier together with its partner Brabham. The big triumph followed just one year later.

Brazilian driver Nelson Piquet won the World Championship. He was the first driver to take the title driving a car powered by a turbo engine. As a result of realigning its commitment to motor sport, BMW returned to the German Touring Car Masters (DTM) in 2012. The comeback brought with it maximum success at a stroke. Canadian Bruno Spengler ended the inaugural season driving the BMW M3 as German Touring Car Masters Champion. BMW also won the constructor's and team placings.

The right product at the right time.

The pathway from aero-engine manufacturer with sales primarily dependent on procurement by a government agency to a leading supplier of premium automobiles with global appeal is closely linked with the history of individual mobility over the past 100 years. Again and again, the company succeeded in using its engineering skills and creativity to create products that successfully met contemporary needs and desires with unique qualities and an independent character. New vehicle segments were established and additional target groups were harnessed with an unerring instinct for identifying customers' aspirations that were not covered by other players in the market. This flair also identified market niches with potential for sustainable growth and developed innovations that were transformed into trends.

The growing importance of civil aviation during the 1920s encouraged Bayerische Motoren Werke to design new and particularly powerful aero-engines on the basis of proven designs. The BMW VI aero-engine, a twelve-cylinder V engine, was launched in the marketplace in 1926. It went on to become an export hit across the world and developed into the company's most successful product in the 1920s. The BMW VI was also fitted in the Heinkel HE 70, which was regarded as the fastest commercial aircraft in the world at the time and was given the nickname "Blitz" or "lightning".

The company also precisely geared its first motorcycle to the needs of the time. The BMW R 32 was launched in 1923 and featured safe and sporty handling characteristics alongside a high level of reliability. The drive shaft had clear advantages of low wear and minimum maintenance on dirt tracks. BMW was also aiming to attract sophisticated customers with its first mid-range automobiles. Most importantly, the BMW 326 launched in 1936 was powered by a 50 hp six-cylinder engine and presented an exclusive offering with a generously spaced interior and high-quality craftsmanship. Around 16 000 units were sold and this made it the brand's best-selling automobile up to that point. The company was on a successful technological and

commercial trajectory with its aero-engines, motorcycles and automobiles before the political changes in Germany during the 1930s brought the international alignment of the company and diversification in the civilian production programme to an abrupt halt.

In post-war Germany, the BMW Isetta initially reflected the spirit of the times during the years of the economic miracle. More than 160 000 units of the “Motocoupé” were sold – the two-seater was even in demand in the USA, the country of road cruisers. The BMW 700 lived up to sporty ambitions and was initially launched as a coupé in 1959 and a little later as a saloon. The successful sales of this car ensured the very survival of the company. In 1961, BMW finally launched a model in the BMW 1500 which customers had clearly been missing. The sales strategists perceived a need for a high-quality, mid-range saloon. The design engineers delivered a four-door automobile with a streamlined design and a powerful four-cylinder engine and advanced chassis technology. The “New Class” was a symbol of individuality at a high level, and its special character was mainly based on comfortable characteristics and sportiness. In 1965, the most powerful model up to that point was launched with the BMW 1800 TI/SA as a platform for motor sport – and at the same time the new slogan, which continues to be used today, encapsulated the reasons for the success of the “New Class”: “Freude am Fahren” – “The Ultimate Driving Machine”.

Seven years later, “The Ultimate Driving Machine” also became the guiding principle for BMW motorcycles. The company had previously launched the new models BMW R 50/5, BMW R 60/5 and BMW R 75/5 on the market. Riding motorcycles had now become an enjoyable leisure pastime which could be enjoyed particularly intensively on the sporty touring machines. In 1980, BMW engineered the next pioneering achievement in the motorcycle segment. The touring Enduro BMW R 80 G/S was a precursor to the popular category of motorcycles which still generates sheer riding pleasure today on off-road terrain and on roads.

A new form of diversity also characterised the pioneering vehicle concept with which BMW created a sensation in the automobile sector in 1999. Even before the global SUV boom became established, the company launched the BMW X5 at the North American International Auto Show in Detroit, which combined the dynamic performance on the road typical of the brand with superior all-round characteristics, a high seat position and all-wheel drive. This heralded the launch of the Sports Activity Vehicle segment where BMW also played the role of pioneer as it transferred the concept to other vehicle classes in the years to come. The range now comprises five BMW X Models,

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including two Sports Activity Coupés which enabled the brand to conquer new conceptual territory with a great deal of success.

On the threshold to the next century of its corporate history, the BMW Group is taking on a pioneering role in designing a form of mobility that is independent of fossil fuels and free of local emissions. Since 2013, the BMW i3 has provided the Ultimate Driving Machine in a pure electrically powered premium automobile. Furthermore, the plug-in hybrid model BMW i8 introduced in 2014 allows drivers to experience the future of the sports car right now.