

Media Information
3 August 2017

BMW Group remains on course for sustained success

- Growth in second-quarter revenues and earnings
- EBIT margin in target range between 8 and 10 per cent
- Well on track for 100,000 electrified vehicles in 2017
- Additional co-operation partners for autonomous driving
- Krüger: Forging ahead with e-mobility at top speed

Munich. After another strong performance in the first half of 2017, the BMW Group remains fully committed to implementing its **Strategy NUMBER ONE > NEXT** with the ultimate aim of shaping the mobility of the future and the transformation of the automobile sector. As the world's leading provider of premium mobility, the BMW Group always focuses on the needs and desires of its customers and is continuing its ground-breaking work on the four **ACES** topics (**A**utonomous, **C**onected, **E**lectrified und **S**ervices/Shared).

The Group's primary focus is on expanding electric mobility and automated driving. The **BMW iNEXT** will set new standards in both of these fields and will act as a technological spearhead. It will be manufactured at Plant Dingolfing from 2021, underlining the significance of Germany for future technologies and as a centre of competence for electric mobility. Germany will also serve as a key location for the development of autonomous driving. As part of the co-operation arrangements established with Intel and Mobileye, the first engineers from all three companies will move to the new development campus in Unterschleißheim near Munich in the course of the current year. Moreover, one year since the co-operation began, a number of other prestigious partners including Delphi and Continental have also joined the project.

"Huge changes lie ahead in the world of mobility and it is vital that our company is in top shape to tackle them. Strategy NUMBER ONE > NEXT sharpens our innovative edge and strengthens our core business," commented **Harald Krüger**, Chairman of the Board of Management of BMW AG. "We are advancing rapidly in the field of electric mobility, today and into the future. No established competitor has been able to put as many electrified vehicles onto the roads as

we have. In the future, our flexible architecture will enable us to decide quickly which and how many models to build with combustion, plug-in hybrid or all-electric drive systems. This flexibility in our product range is our key to success in times of volatility and uncertain forecasts.”

A successful core business, geared to generating long-term profitability, remains the backbone of the BMW Group, providing the underlying strength to determine the shape of mobility going forward. The BMW Group recorded growth in the second quarter 2017 in terms of volumes, revenues and earnings. This performance was boosted by the new **BMW 5 Series**, the launch of which in early 2017 marked the start of the largest model offensive in the BMW Group’s history. Forty new and updated models of the Group’s three premium brands, BMW, MINI and Rolls-Royce, will be brought to market during the current and the following year.

“Our customers are excited by the new 5 Series model. Since its market launch and throughout the second quarter it continues to achieve considerable market success. We are confident that the BMW Group, with its three premium brands, will set a new record for deliveries to customers in 2017 and remain the foremost provider of premium mobility,” said **Krüger**. “Together with the success of our products, our strategy of focusing on profitable growth in the USA is also paying dividends.”

The model offensive also extends the upper-premium segment. Through the targeted addition of vehicles with great emotive appeal – such as the new BMW 8 Series – the BMW Group aims to achieve significant volume growth in this segment by 2020. The segment also includes the BMW 7 Series and the future BMW X7. In addition, the BMW Group is raising the bar in terms of profitability in order to ensure its long-term business success.

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“Sustained profitability is and remains an integral part of our Strategy NUMBER ONE > NEXT, ensuring we have the necessary resources to take on the challenge of shaping the future of mobility,” stated **Nicolas Peter**, member of the BMW AG Board of Management responsible for Finance. “This is why we are focusing on the needs of our customers and the relevant technologies of tomorrow. Using our corporate values as the starting point, we ensure our structures enable future-oriented, cooperative ways of working, while setting clear priorities for the allocation of our resources. We are deliberately reducing the degree of complexity in our products and processes. We always act with foresight, a steady hand and from a position of strength, as we never lose sight of the long-term strategy and sustained success of the BMW Group as a whole. This combination of constancy and dependability is the hallmark of the BMW Group and will remain so in the future.”

The BMW Group’s broad range of electrified vehicles was particularly popular during the first six months of the current year. Deliveries of BMW i3 and i8 models, the BMW iPerformance plug-in hybrids and the new plug-in hybrid version of the MINI Countryman totalled 42,573 units, some 80% up on the previous year (2016: 23,681 units). “We remain firmly on track to deliver more than 100,000 electrified vehicles for the first time in a single year,” **Krüger** stated.

Since the market launch of the BMW i3 four years ago, the BMW Group is a pioneering force in the world of electric mobility and clearly remains on this course. Including the first MINI brand plug-in hybrid model, the BMW Group now offers nine electrified vehicles, with the new **BMW i8 Roadster** set to further increase that number in 2018. Shortly afterwards, all-electric, battery-powered e-mobility will become an integral part of the BMW Group's core brands, starting with the production of an all-electric, battery-powered MINI at the Group's plant in Oxford at the end of 2019 and followed by the all-electric, battery-powered BMW X3 in 2020.

BMW Group achieves volume, revenue and earnings growth

Deliveries of BMW, MINI and Rolls-Royce brand vehicles in the **second quarter** 2017 rose by 4.6% to 633,582 units (2016: 605,534 units). **Group revenues** between April and June went up by 3.1% to € 25,799 million (2016: € 25,014 million). **Profit before financial result** (EBIT) amounted to € 2,929 million, 7.5% up on the previous year's figure (€ 2,725 million). **Profit before tax** (EBT) grew to € 3,055 million (2016: € 2,798 million; +9.2%), resulting in an **EBT margin** for the Group of 11.8% (2016: 11.2%). **Net profit** rose by 13.6% to € 2,214 million (2016: € 1,949 million).

Deliveries in the **first half of the year** increased by 5.0% to 1,220,819 units (2016: 1,163,139 units). **Group revenues** grew by 7.4% to € 49,247 million (2016: € 45,867 million). **Profit before financial result** (EBIT) climbed by 7.6% to € 5,575 million (2016: € 5,182 million). **Profit before tax** (EBT) for the six-month period amounted to € 6,060 million (2016: € 5,166 million), 17.3% up on the previous year, boosted in part by a positive valuation effect recorded in the first quarter. The **EBT margin** for the six-month period came in at 12.3% (2016: 11.3%). **Group net profit** jumped by 21.5% to € 4,363 million (2016: € 3,590 million).

Automotive segment: EBIT margin within target range

At € 22,976 million, **second-quarter Automotive segment revenues** were at a similarly high level to the previous year (€ 22,872 million; +0.5%). **EBIT** increased by 2.8% to € 2,238 million (2016: € 2,178 million), causing the Automotive segment's **EBIT margin** to improve to 9.7% (2016: 9.5%), which lies within the unchanged target range of between 8 and 10%. **Profit before tax** climbed by 4.7% to € 2,385 million (2016: € 2,277 million).

Automotive segment revenues for the **six-month period** grew by 4.8% to € 43,668 million (2016: € 41,686 million). **EBIT** improved by 4.3% to € 4,109 million (2016: € 3,941 million), while the segment **EBIT margin** came in at 9.4% (2016: 9.5%). **Profit before tax** increased by 16.3% to € 4,664 million (2016: € 4,011 million).

Deliveries of **BMW** brand vehicles worldwide totalled 1,038,030 units (2016: 986,557; +5.2%), surpassing the one-million mark for the first time during a first half-year period. Volume growth was driven by a variety of models including the BMW Group's flagship BMW 7 Series, and the BMW X-family models. More than 32,000 units of the **BMW 7 Series** were sold during the period under report, 26.9% up on the previous year. Deliveries of the **BMW X1** in the first half of the year jumped by 45.2% to nearly 137,000 units. The **BMW X5** (nearly 90,000 units; +10.6%) also recorded significant growth. Even in the months directly affected by the model change, the new **BMW 5 Series** was able to maintain its previous year's high level, with deliveries to customers during the six-month period exceeding 166,000 units (-1.8%). The growing availability of the 5 Series is expected to provide additional momentum during the remainder of the year.

Deliveries of 181,214 units in the period from January to June 2017 also represented a new record for the **MINI** brand (2016: 174,898 units; +3.6%) in the first half of a year. Six-month deliveries of the **MINI Clubman** totalled 29,867 units (2016: 27,511 units; +8.6%), while the new **MINI Convertible** saw volume growth of 30.3% to 18,699 units (2016: 14,354 units).

The **Rolls-Royce** brand, based in Goodwood, England, delivered 1,575 units to customers during the first half of 2017 (-6.5%). The corresponding six-month period in 2016 had benefited greatly from the launch of the highly popular **Rolls-Royce Dawn** leading to particularly high sales. This basis effect and the break in availability of the **Phantom** ahead of the launch of the next generation of that

model were the main reasons for the year-on-year volume decrease. Despite ongoing and perceptible uncertainties in the luxury sector in a number of regions, Rolls-Royce continues to target long-term, sustainable growth.

In line with its strategy of achieving a well-balanced distribution of sales worldwide, the BMW Group uses its highly flexible production, sales and marketing structures to even out fluctuating demand between individual regions.

In **Europe**, the BMW Group recorded volume growth of 2.2%, delivering 555,206 units in the first half of the year (2016: 543,270 units), despite the recent headwinds affecting a number of key markets.

Demand in **Asia** grew significantly during the six-month period under report and the number of vehicles delivered increased to 415,888 units (2016: 361,568 units; +15.0%), mostly due to the Group's strong performance in China. Deliveries of BMW Group vehicles on that market grew by 18.5% to 293,572 units (2016: 247,817 units), mainly driven by the full availability of the BMW X1 and the popularity of the new BMW 1 Series Sedan, designed exclusively for the Chinese market.

Volume performance in the **Americas** region continued to be held down by the contracting automobile market in the USA, with deliveries in the six-month period falling by 2.5% to 217,530 units (2016: 223,098 units). By contrast, double-digit percentage increases were reported in the number of vehicles delivered to customers in Mexico and Latin America during the period from January to June.

Motorcycles segment records highest delivery volume figure to date

The **Motorcycles segment** performed extremely well in the **second quarter**. Deliveries to customers in the period from April to June rose by 12.3% to a new all-time high of 52,753 units (2016: 46,966 units). **Revenues** grew by 12.8% to € 696 million (2016: € 617 million). **Profit before financial result** rose by

6.1% to € 104 million (2016: € 98 million), giving an EBIT margin of 14.9% for the quarter (2016: 15.9%). **Profit before tax** increased by 6.2% to € 103 million (2016: € 97 million).

During the **first six months** of the year, a total of 88,389 BMW motorcycles and maxi-scooters were delivered to customers (2016: 80,754 units; +9.5%). **Revenues** grew by 10.0% to € 1,319 million (2016: € 1,199 million). **Profit before financial result** increased by 19.3% to € 229 million (2016: € 192 million), resulting in an EBIT margin of 17.4% for the six-month period under report (2016: 16.0%). **Profit before tax** improved by 19.4% to € 228 million (2016: € 191 million).

Financial Services segment remains on successful course

The Financial Services segment also continued to perform well during the **second quarter**. In total, 468,603 **new credit financing and leasing contracts** (2016: 460,718 contracts; +1.7%) were signed with customers between April and June. Including contracts with dealerships, a total of 5,307,296 **leasing and credit financing contracts** were in place as of 30 June 2017 (31 December 2016: 5,114,906 contracts; +3.8%). **Segment revenues** in the second quarter rose by 8.3% to € 7,044 million (2016: € 6,505 million). **Profit before tax** improved by 17.1% to € 589 million (2016: € 503 million).

In total, 934,237 (2016: 874,090) **new contracts** were signed in the **first half** of 2017 in conjunction with our financing and leasing business, up 6.9% on the previous year. Six-month **segment revenues** grew by 12.4% to € 14,090 million (2016: € 12,537 million). **Profit before tax** increased by 10.3% to € 1,184 million (2016: € 1,073 million).

Workforce numbers increased

The size of the Group's **workforce** grew by 3.3% year-on-year to stand at 127,680 employees as of 30 June (2016: 123,597). Skilled workers and IT specialists in future-oriented areas, such as digitalisation and automated driving, continue to be recruited.

Outlook for 2017: BMW Group forecasts new record figures

The BMW Group is confident of achieving 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 are offset by high levels of upfront expenditure for new technologies, intense competition and rising personnel expenses. The global political and economic environment is expected to remain volatile.

"We forecast slight increases, and hence new record figures, for **automotive segment deliveries** and **profit before tax** in 2017," stated Krüger. "With the first half-year now behind us, we are confident of achieving the targets set for the full year. We can therefore begin the second half of the year with cautious optimism. That said, we also continue to expect higher expenditure over the course of the year in connection with key technological and strategic projects on the one hand and the roll-out of the largest model offensive in the history of the BMW Group on the other. Other factors to bear in mind are the politically volatile environment and high upfront expenditure for electric mobility and autonomous driving."

The **EBIT margin** for the Automotive segment in 2017 is forecast to remain within the targeted range of between 8 and 10 per cent. With its premium brands, the BMW Group is confident it will remain the world's leading provider of premium mobility in 2017. Due to positive translation effects, the BMW Group

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now forecasts a solid increase in **automotive segment revenues** for the full year.

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

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The BMW Group – an overview		2nd quarter 2017	2nd quarter 2016	Change in %
Sales volume				
Automotive	Units	633,582	605,534	4.6
Thereof: BMW	Units	534,585	507,814	5.3
MINI	Units	98,155	96,587	1.6
Rolls-Royce	Units	842	1,133	-25.7
Sales volume Motorcycles	Units	52,753	46,966	12.3
Workforce ¹		127,680	123,597	3.3
EBIT margin Automotive Segment	Percent	9.7	9.5	+0.2 %points
EBIT margin Segment Motorcycles	Percent	14.9	15.9	-1.0 %points
EBT margin BMW Group	Percent	11.8	11.2	+0.6 %points
Revenues				
	€ million	25,799	25,014	3.1
Thereof: Automotive	€ million	22,976	22,872	0.5
Motorcycles	€ million	696	617	12.8
Financial Services	€ million	7,044	6,505	8.3
Other Entities	€ million	1	2	-
Eliminations	€ million	-4,918	-4,982	1.3
Profit before financial result (EBIT)				
	€ million	2,929	2,725	7.5
Thereof: Automotive	€ million	2,238	2,178	2.8
Motorcycles	€ million	104	98	6.1
Financial Services	€ million	588	529	11.2
Other Entities	€ million	8	12	-33.3
Eliminations	€ million	-9	-92	-
Profit before tax (EBT)				
	€ million	3,055	2,798	9.2
Thereof: Automotive	€ million	2,385	2,277	4.7
Motorcycles	€ million	103	97	6.2
Financial Services	€ million	589	503	17.1
Other Entities	€ million	23	46	-50.0
Eliminations	€ million	-45	-125	64.0
Income taxes				
	€ million	-841	-849	0.9
Net profit				
	€ million	2,214	1,949	13.6
Earnings per share ²				
	€	3.34/3.35	2.95/2.96	13.2/13.2

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		1st half year 2017	1st half year 2016	Change in %
Sales volume				
Automotive	Units	1,220,819	1,163,139	5.0
Thereof: BMW	Units	1,038,030	986,557	5.2
MINI	Units	181,214	174,898	3.6
Rolls-Royce	Units	1,575	1,684	-6.5
Sales volume Motorcycles	Units	88,389	80,754	9.5
Workforce ¹		127,680	123,597	3.3
EBIT margin Automotive Segment	Percent	9.4	9.5	-0.1 %points
EBIT margin Segment Motorcycles	Percent	17.4	16.0	+1.4 %points
EBT margin BMW Group	Percent	12.3	11.3	+1.0 %points
Revenues				
	€ million	49,247	45,867	7.4
Thereof: Automotive	€ million	43,668	41,686	4.8
Motorcycles	€ million	1,319	1,199	10.0
Financial Services	€ million	14,090	12,537	12.4
Other Entities	€ million	3	3	-
Eliminations	€ million	-9,833	-9,558	-2.9
Profit before financial result (EBIT)				
	€ million	5,575	5,182	7.6
Thereof: Automotive	€ million	4,109	3,941	4.3
Motorcycles	€ million	229	192	19.3
Financial Services	€ million	1,192	1,120	6.4
Other Entities	€ million	12	23	-47.8
Eliminations	€ million	33	-94	-
Profit before tax (EBT)				
	€ million	6,060	5,166	17.3
Thereof: Automotive	€ million	4,664	4,011	16.3
Motorcycles	€ million	228	191	19.4
Financial Services	€ million	1,184	1,073	10.3
Other Entities	€ million	19	44	-56.8
Eliminations	€ million	-35	-153	77.1
Income taxes				
	€ million	-1,697	-1,576	-7.7
Net profit	€ million	4,363	3,590	21.5
Earnings per share ²	€	6.59/6.60	5.44/5.45	21.1/21.1

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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With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, 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 2016, the BMW Group sold approximately 2.367 million cars and 145,000 motorcycles worldwide. The profit before tax was approximately € 9.67 billion on revenues amounting to € 94.16 billion. As of 31 December 2016, the BMW Group had a workforce of 124,729 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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