

Media Information
11 October 2018

15 years BMW Brilliance Automotive: BMW Group strengthens commitment to China

Early extension of the joint venture contract until 2040

Investment of more than three billion euros in new automotive plant and large-scale expansion of existing plant structure

Total production capacity increases to 650,000 units per year

5,000 new jobs in the BBA plants by the early 2020s

BMW Group intends to increase its stake in BBA to 75 percent

Krüger: "Success story goes hand in hand with BBA"

Munich/Shenyang. The BMW Group sets the course for the next chapter of its successful business development in China. With a long-term contract extension for the joint venture BMW Brilliance Automotive (BBA) and extensive investments for further expansion of the production capacity, the company plans to drive dynamic growth in the world's largest automobile market.

In the context of the 15th anniversary of BBA, the BMW Group announced together with its partner Brilliance China Automotive Holdings Ltd. (CBA) the early extension of the joint venture contract and the further deepening of the existing successful collaboration. The extended contract is valid for 22 years (from 2018 to 2040). Furthermore, the BMW Group intends to increase its stake in BBA from 50 percent to 75 percent and both partners have today signed a corresponding agreement. This transaction is subject to the approval of the relevant authorities and the consent of the CBA Shareholders' Meeting.

At the same time, the joint venture also announced an investment of more than three billion euros in new and existing plant structures in Shenyang over the coming years. In Tiexi, a new plant on the existing plant ground will double the site's capacity, while extensive remodelling and expansion measures will target the neighbouring plant in Dadong. Production capacity there will remain the same, but the structure of the plant will gradually be expanded for future BMW model variants and the expected market growth. As a result, the total annual production capacity of BMW automobiles at the BBA plants will gradually increase to 650,000 units from the early 2020s, creating 5,000 new jobs.

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“We are consistently following our growth strategy for China. With continuous investment, as well as the development and production of electric vehicles, we underline China’s importance as a dynamic growth market for us,” said Harald Krüger, Chairman of the Board of Management of BMW AG. “Our success story goes hand in hand with the success of the joint venture BBA. Together with our partners, we contribute to the sustainable development of the Chinese market,” he added.

In 2017, the BBA automotive plants in Tiexi and Dadong produced almost 400,000 vehicles. Currently, six BMW models are produced in Shenyang: Plant Tiexi manufactures the BMW 1 Series Sedan, the BMW 2 Series Active Tourer, the BMW 3 Series Sedan (including Long Wheelbase version) and the BMW X1 (including plug-in hybrid version). At Plant Dadong, the BMW 5 Series Long Wheelbase version (including plug-in hybrid version) and the BMW X3 are manufactured. From 2020, the fully-electric BMW iX3 will also roll off the production line at Plant Dadong, its sole production location, and be exported from China to markets worldwide.

Anniversary celebration in Shenyang

The anniversary celebration held at the BBA automotive plant in Tiexi / Shenyang was attended by Yumin Qi (Chief Executive Officer of Brilliance China Automotive Holdings Ltd.), Xiaoan Wu (Chairman of BBA), Harald Krüger (Chairman of the Board of Management of BMW AG), Dr. Nicolas Peter (Member of the Board of Management of BMW AG, Finance), Oliver Zipse (Member of the Board of Management of BMW AG, Production) and representatives of the Chinese government.

“BMW Brilliance Automotive is a unique success story and provides an outstanding example of a strong partnership built on trust,” added Yumin Qi, Chief Executive Officer of Brilliance Automotive Group Holdings. “This joint success is also driving economic development in Liaoning Province.”

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BBA lays the foundation for further growth of the BMW brand in China

“Today, as well as celebrating 15 years of a strong and reliable partnership with Brilliance, we are also laying the foundation for further growth of the BMW brand in China,” stated Dr. Nicolas Peter, member of the Board of Management of BMW AG, responsible for Finance.

In the past 15 years, BBA has become a cornerstone of the BMW brand’s success in China, the brand’s biggest single market. In 2017, around 560,000 BMW brand vehicles were delivered to customers in China. Two-thirds of all BMW vehicles sold in China last year were produced by BBA at the two automotive plants in Tiexi and Dadong.

With a proven dealer network, a total of 16 new products for launch in 2018 and an ongoing product roll-out in the upcoming years, the BMW Group strives to continue its success in China. In the first eight months of 2018, deliveries increased by 4.2 percent and, for the first time, exceeded 400,000 units. With a wide range of R&D activities and extensive local production, the company is poised for future growth, making a lasting contribution to the local economy.

A leader in electromobility: full range of drivetrains on a single production line

The BMW Group anticipates strong growth in demand for electric and electrified vehicles in China. As a leader in electromobility, the company is systematically gearing its production towards this trend. With six electrified models currently available, the BMW Group offers Chinese customers the widest range of options in the premium segment. In 2017, the BMW Group more than doubled its sales of electrified vehicles in China from the previous year and expects this growth to continue in 2018.

With its highly flexible production system, the new plant in Tiexi will be able to build vehicles with fully electric, partially electric and conventional drivetrains on a single production line.

“We are expanding our production system in Tiexi with a new plant. This new plant, together with the existing engine plant and battery factory, will put us in an ideal position,”

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according to Oliver Zipse, member of the Board of Management of BMW AG, responsible for Production. “With our highly flexible production system, we can respond quickly to market demand and would be able to ramp up production of electric vehicles to 100 percent of our output.”

In addition to its two existing vehicle plants, BBA opened its own battery factory in Tiexi a year ago. In May 2018, the company laid the foundation stone for a major expansion of this battery factory. The new “High-Voltage Battery Centre Phase II” will produce new, more powerful batteries with fifth-generation BMW eDrive technology for the fully-electric BMW iX3.

The BMW Brilliance Automotive (BBA) joint venture

The BMW Brilliance Automotive joint venture was founded in 2003. Over the past 15 years, it has become one of the most successful premium vehicle manufacturers in China, encompassing production and sales of BMW automobiles in China, as well as local R&D. In 2017, the BBA automotive plants in Tiexi and Dadong produced almost 400,000 vehicles for the Chinese market – an increase of around 30 percent year-on-year.

Since 2009, BMW Brilliance Automotive has invested more than 52 billion RMB in its plants in Shenyang. In total, BBA employs more than 18,000 employees. Since the founding of the joint venture, the supplier network has expanded to more than 350 companies. More than 80 suppliers have set up locations in the Liaoning province.

“15 years of BMW Brilliance is a joint success story that we share with our partners and over 18,000 associates. With this additional investment, innovation and job creation, we will continue our high-quality development and drive economic growth in Liaoning Province,” said Dr. Johann Wieland, president of BBA.

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Email: presse@bmw.de**The BMW Group**

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. The BMW Group production network comprises 30 production and assembly facilities in 14 countries; the company has a global sales network in more than 140 countries.

In 2017, the BMW Group sold over 2,463,500 passenger vehicles and more than 164,000 motorcycles worldwide. The profit before tax in the financial year 2017 was € 10.655 billion on revenues amounting to € 98.678 billion. As of 31 December 2017, the BMW Group had a workforce of 129,932 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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