

## **BMW Group in China - Facts and Figures**

Despite of all the unfavourable factors in 2009 and the slow down of the global car market, the BMW Group still set new sales records in China in 2009, underlining the importance of this market in our operations in Asia and worldwide. The BMW Group grew strongly in 2009 in China: with retail sales of 90,536 units (+37,5%) the Chinese mainland market has become the 4th largest single market worldwide for BMW Group and the most important market for the BMW 7 Series. In the first quarter of 2010 the BMW Group set a new sales record in China, selling 34,179 BMW and MINI vehicles – an increase of over 106 percent compared to the same period last year.

The BMW Group will continue to act as pioneer in China to explore new market segments and potential customer groups, and to further expand its sales/service network. New models with more Efficient Dynamics technology and features will continue to contribute positively to sales as well as to the benefits of BMW Group customers and the environment in China.

### **History of the BMW Group in China**

|      |  |
|------|--|
| 1994 | BMW Group opens a representative office in Beijing.  |
| 2002 | Chinese government accepts project proposal for German-Chinese Joint Venture between BMW Group and Chinese manufacturer Brilliance China Automotive Holdings.                          |
| 2003 | Joint Venture contract is officially signed in Beijing. BMW Group and Brilliance both own 50 percent. Until 2005 450 million Euros had been invested.                                  |
| 2004 | BMW Group and Brilliance China Automotive Holdings Limited open their shared manufacturing plant BMW Brilliance Automotive in Shenyang.  |
| 2005 | With around 60 dealerships BMW Group is now represented in almost all provinces of the country.  |
| 2006 | The BMW 5-series long version, especially produced for the Chinese market, is produced in Shenyang.  |
| 2007 | Two parts distribution centers were established in Beijing and Shanghai  |
| 2008 | The third parts distribution center went into operation in Foshan, an important step for BMW in China to be fully integrated into the BMW Group worldwide logistics and service system |
| 2009 | Announcement of establishment of second plant in Shenyang<br>Production capacity will increase to 100.000 units per year   |

### **Human Resources**

- BMW China total: 480; BMW Brilliance Automotive Ltd. (BBA): 3,900 (03/ 2009)
- The activities of BMW China and BBA in combination with dealers and suppliers have created more than 20,000 jobs.
- Social Services (BBA): Health care center (24 hours), VIP access to a related hospital in case of emergency, regular health checks and flu shots, busses for commuters, kindergarten for the children of BBA employees

## **Development of local production (BBA)**

| <b>Year/Model</b> | <b>BMW 3 Series</b> | <b>BMW 5 Series (long version)</b> | <b>Total</b> | <b>Increase</b> |
|-------------------|---------------------|------------------------------------|--------------|-----------------|
| <b>2006</b>       | 11,568              | 10,982                             | 22,550       | 47.4%           |
| <b>2007</b>       | 12,953              | 17,647                             | 30,600       | 35.7%           |
| <b>2008</b>       | 13,975              | 21,188                             | 35,163       | 14.9%           |
| <b>2009</b>       | 17,234              | 26,468                             | 43,702       | 24,28%          |

## **New production facility in Tiexi**

- In Nov 2009 the BMW AG and Brilliance China Automotive Holdings Limited signed a strategic commitment to build a second production plant at the Shenyang site.
- The joint investment volume for the new plant amounts to 560 million Euros.
- The start of production is planned for early 2012.
- The current plant has reached its capacity limit – so the BMW Group is now taking the next step. The decision to build a second plant demonstrates that the company is investing in its future in China and that intends to participate in the strong growth in the Chinese market.
- The joint venture has produced BMW 3 Series and 5 Series vehicles since 2003. A total of more than 150,000 vehicles have so far rolled off the assembly line, with 450 million Euros invested since the joint venture was founded.
- In a first step, the annual production capacity will be increased from 41.000 to 75.000 units.
- Upon completion of the second plant there will be a total annual production capacity of 100,000 units. Depending on market development, the potential production capacity could be increased to 300,000 units.
- Around 1,000 further jobs will be added to the 3,300 existing jobs in Shenyang. 600 of these 1,000 new jobs have already been recruited by March 2010.

## **Clean Production**

The BMW Group pursues its philosophy of Clean Production in China as well as in the other plants worldwide. This is part of its holistic sustainability approach. In relationship to the core indices energy, water, volatile organic chemicals (VOC), carbon dioxide (CO<sub>2</sub>) and waste in the last two years a clear progress was achieved: Within the core indices energy and carbon dioxide a reduction of more than 12 percent could be gained. In respect to water the reduction is even more than 40 percent, in respect to waste even more than 60 percent.

## **Sales development**

### **Retail sales development in Mainland China from 2005 to 2009 and in first quarter 2010**

|                      | <b>2005</b>      | <b>2006</b>      | <b>2007</b>      | <b>2008</b>      | <b>2009</b>      | <b>1<sup>st</sup> quarter<br/>2010</b> |
|----------------------|------------------|------------------|------------------|------------------|------------------|--|
| <b>BMW</b>           | 23,595<br>(+52%) | 35,300<br>(+50%) | 49,388<br>(+40%) | 62,688<br>(+27%) | 86,168<br>(+37%) | 32,326<br>(+104%)                      |
| <b>MINI</b>          | 430<br>(+40%)    | 1,057<br>(+146%) | 2,200<br>(+108%) | 3,134<br>(+42%)  | 4,368<br>(+39%)  | 1,853<br>(+154%)                       |
| <b>BMW<br/>Group</b> | 24,025<br>(+52%) | 36,357<br>(+41%) | 51,588<br>(+42%) | 65,822<br>(+28%) | 90,536<br>(+38%) | 34,179<br>(+106%)                      |

### **Products available in the market (China Mainland)**

#### BMW – locally produced

BMW 3 Series Sedan

BMW 5 Series Sedan Long Version

#### BMW – imported

BMW 1 Series

BMW 3 Series Convertible and Coupe

BMW 6 Series

BMW 7 Series (also Hybrid)

BMW Z4

BMW X1, X3, X5, X6 (also Hybrid)

BMW M3, M5, M6

BMW 5 Series Gran Turismo (GT)

#### MINI

MINI Cooper/-S

MINI Convertible/-S

MINI Clubman/-S

### **Dealer network**

- The strong growth in retail volume in the Chinese market can also be attributed to the intensive expansion and enhancement of the BMW Group's sales and service network
- Currently, the BMW Group has over 150 sales and services outlets
- Along with the strong market development, the BMW Group will continue to strengthen the expansion of the dealer network in 2010.

## **The BMW Group**

The BMW Group is one of the most successful manufacturers of automobiles and motorcycles and ranks among Germany's largest industrial companies. It is the only automobile company in the world represented in all relevant premium segments, with the brands of BMW, MINI and Rolls-Royce.

The BMW Group headquarters are in Munich and the Chairman of the Board of Management is Dr. Norbert Reithofer. The Chairman of the Supervisory Board is Prof. Joachim Milberg.

For the 2009 financial year, the BMW Group achieved a global sales volume of approximately 1.3 million vehicles and approximately 90.000 motorcycles, and generated revenues of euro 50,7 billion. The BMW Group's EBIT for the 2009 financial year totalled euro 289 million and EBT 413 million.

At the end of December 2009, 96.000 employees were part of the company's workforce.

The company's shares (WKN 519000; ISIN DE0005190003) are listed on the Frankfurt Stock Exchange's DAX index. On 31 December 2009, there were 601.995.196 BMW shares of common stock and 52.665.362 shares of preferred stock. This corresponds to a share capital of around euro 655 million. Members of the Quandt family hold 46.7 percent of the shares of the company's common stock, while 53.3 percent of the common stock is held by institutional and private investors.

### **History**

The Bayerische Motoren Werke GmbH was created on 21 July, 1917 from the former Rapp-Motorenwerke GmbH.

In 1918, the owners converted the company into a joint stock company. In 1922, the company's engine production operations, its name and the BMW trademark were transferred to the Bayerische Flugzeugwerke A.G., which was founded in 1916.

The company initially focused on the development and production of aircraft engines and from 1923 onwards, also on motorcycles. In 1928, BMW laid the foundation for its success as an automobile manufacturer with the purchase of the Eisenach motor vehicle factory.

### **Brands and objectives**

The BMW Group brands BMW, MINI and Rolls-Royce are three of the strongest premium brands in the automotive industry today. Vehicles built by the BMW Group offer superb product substance in terms of aesthetic appeal, dynamic performance, technology and quality, and underline the company's leading position in innovation and technology. The BMW Group also occupies a strong market position in the motorcycle segment with the brands of BMW and Husqvarna. BMW Financial Services rounds off the successful business of the BMW Group.

The goal of the BMW Group is to achieve profitable growth and above-average returns by focussing on premium segments. The company successfully began its strategic realignment "Strategy Number ONE" in September 2007, with the aim to be the leading provider of premium products and premium services for individual mobility.

## **Sustainability**

Corporate sustainability is firmly established as a guiding principle of the company's strategy and culture. The BMW Group complies with the ten principles of the Global Compact and the Cleaner Production Declaration of the United Nations Environmental Program (UNEP). In addition, the company also adheres to the agreements of the International Labour Organisation (ILO), the OECD's guidelines for multinational companies and the Business Charter for Sustainable Development issued by the International Chamber of Commerce (ICC).

For five consecutive years the BMW Group has been named as the world's most sustainable automobile company in the Dow Jones Sustainability Index. The BMW Group is the only automobile company to have been listed in the top three every year since the Dow Jones Sustainability Indexes were founded in 1999.

## **Production and assembly locations**

The BMW Group is a global operation with more than 24 production and assembly plants in 13 countries.

In Germany, production facilities are located in Munich, Dingolfing, Regensburg, Landshut, Leipzig, Berlin, Wackersdorf and Eisenach; Spartanburg, USA; Rosslyn, South Africa; Oxford, Hams Hall, Swindon, and Goodwood in the UK; Steyr, Austria; Varese, Italy; and Shenyang, China.

Assembly plants are located in Kaliningrad, Russia; Cairo, Egypt; Chennai, India; Rayong, Thailand; Kulim, Malaysia; and Jakarta, Indonesia. These are mainly operated together with external partners.

The company also uses Magna Steyr Fahrzeugtechnik AG & Co KG in Graz (Austria) for contract production.

## **Sales and distribution network**

Since the 1970s, the BMW Group has consistently pursued its objective to operate its own sales subsidiaries in all of the world's major markets, as part of its sales strategy. Today, the sales network consists of 43 company-owned sales subsidiaries and around 3,000 BMW, 1.300 MINI and 80 Rolls-Royce dealerships. More than 100 further countries are served by local importers. In total, the BMW Group is active in more than 140 countries on all five continents.