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1 August 2012

BMW Group remains on successful course in second quarter

New record figures for sales volume and revenues

Second-best quarterly earnings in the company's history

Profit before financial result amounts to € 2.27 billion

Automotive Segment second-quarter EBIT margin of 11.6%

BMW Group reaffirms targets for financial year 2012

Munich. The BMW Group continued its success during the second quarter as well as in the six-month period to June 2012, achieving new record figures for sales volume and revenues and the second-best Group operating profit in the company's history.

Second-quarter revenues rose by 7.3% to € 19,202 million (2011: € 17,888 million). Group earnings remained at a high level despite greater investment in new technologies and higher personnel costs: Profit before financial result (EBIT) amounted to € 2,270 million (2011: € 2,802 million; -19.0%), giving an operating margin of 11.8%. The second-quarter profit before tax (EBT) amounted to € 1,977 million (2011: € 2,650 million; -25.4%) and the net profit to € 1,277 million (2011: € 1,775; -28.1%).

Higher personnel costs, increased expenditure on development and new technologies, intense market competition and the higher baseline of the previous year's record second-quarter earnings all contributed to the lower earnings figures in 2012. Second-quarter earnings in the previous year included a positive exceptional effect of € 464 million arising from the adjustment of residual value and credit risk provisions.

Earnings benefited from increased sales volumes owing to the company's young and attractive model range and to efficiency improvements.

The number of vehicles sold during the three-month period from April to June 2012 increased by 5.4% to a new record figure of 475,011 units (2011: 450,608 units).

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Group revenues for the six-month period increased by 10.5% to € 37,495 million (2011: € 33,925 million). EBIT for the period amounted to € 4,402 million (2011: € 4,597 million; -4.2%). The positive exceptional effect referred to above resulting from the adjustment of residual value and credit risk provisions and a better than expected off-lease business totalled € 524 million for the first six months of 2011. Profit before tax and the Group net profit for the first half of 2012 amounted to € 4,053 million (2011: € 4,355 million; -6.9%) and € 2,626 million (2011: € 2,917 million; -10.0%) respectively.

Sales volume for the six-month period rose by 8.1% to a new high of 900,539 units (2011: 833,366 units) -- the first time that more than 900,000 vehicles have been sold in a six-month period.

"The BMW Group continued to perform extremely well, both on a second-quarter and half-yearly basis. We have achieved new sales volume and revenue highs as well as the second best operating profit in the company's history", stated Norbert Reithofer, the Chairman of the Board of Management of BMW AG on Wednesday in Munich.

Second-quarter EBIT margin of 11.6% for Automotive segment

Automotive segment revenues increased by 4.2% in the second quarter to € 17,366 million (2011: € 16,674 million). EBIT amounted to € 2,021 million (2011: € 2,408 million; -16.1%). This is still the second best segment operating result recorded in the company's history and was achieved despite the burdens referred to above (increased expenditure on new technologies, higher personnel costs, intense market competition, higher baseline). The EBIT margin for the Automotive segment was 11.6%, unchanged from the previous quarter. The second-quarter figure in the previous year had included a positive exceptional effect of € 85 million resulting from the better than expected off-lease business.

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Profit before tax for the period from April to June amounted to € 1,751 million (2011: € 2,297 million; -23.8%). Second-quarter free cash flow generated by the Automotive segment totalled € 853 million.

Revenues for the six-month period from January to June climbed by 8.0% to € 33,525 million (2011: € 31,047 million). Segment EBIT amounted to € 3,899 million (2011: € 4,116 million; -5.3%), giving an EBIT margin of 11.6% for the six-month period, identical to that for the quarter. Profit before tax decreased to € 3,571 million (2011: € 3,902 million; -8.5%). Six-month free cash flow for the Automotive segment totalled € 2,488 million.

The BMW brand recorded worldwide growth of 8.3% in the first half of the year with sales of 747,064 units (2011: 689,861 units). Sharp growth was recorded for the new BMW 1 Series, sales of which increased by 20.5% to 113,805 units (2011: 94,454 units). The three-door version of this highly successful model will go on sale in autumn, including for the first time a version with the xDrive four-wheel-drive system, thus giving a further boost to sales.

Sales of the BMW 3 Series totalled 193,989 units (2011: 192,927 units; +0.6%). The new BMW 3 Touring model, which is particularly sought after in Europe, and the four-wheel-drive Sedan, will reach markets in the course of the second half of the year and create further momentum. The extended wheelbase version of the BMW 3 Series Sedan for the Chinese market will be available for delivery from August onwards.

The highly popular BMW 5 Series, which continues to be the worldwide leader in its segment, saw sales increase by 4.1% to 177,785 units during the six-month period (2011: 170,708 units). Sales of the new BMW 6 Series more than tripled in the same period to 10,346 units (2011: 3,213 units). The M6 Coupé will become available in August.

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The various models of the X Series also continue to sell well. Six-month sales of the BMW X1 rose by 2.7% to 64,387 units (2011: 62,698 units). The revised model of the X1 came onto the markets in July and will also be available in the USA as of September. Sales of the BMW X3 jumped steeply by 38.4% to 74,098 units (2011: 53,522 units). The BMW X5 maintained its position as segment leader thanks to a 7.5% increase in sales volume to 52,399 units (2011: 48,749 units).

The total number of MINI brand vehicles sold during the first half of the year went up by 7.0% to 151,875 units (2011: 141,913 units). The MINI Countryman put in another strong performance, with sales volume up by 23.4% to 49,588 units (2011: 40,171 units). Sales of the MINI Coupé and the MINI Roadster totalled 6,278 and 4,563 units respectively. The MINI Clubvan will be added to the MINI model range in autumn.

Rolls-Royce continues its success story in the super-luxury segment. With 1,600 units sold during the period from January to June (2011: 1,592; +0.5%), six-month sales volume remained at the same high level as in the previous year. The Rolls-Royce Phantom Series II will be launched during the second half of the year.

Sales volume growth in North America and Asia, stable sales in Europe

The BMW Group recorded growth in almost all regions during the first half of the year. Despite highly unfavourable business conditions in some parts of Europe, in particular the region's southern countries, sales volume overall was kept roughly at the previous year's high level with 437,338 units sold (-0.1%). Sales volume in North America rose by 10.3% to 177,423 units, with the number of vehicles sold in the USA rising by 10.4% to 158,961 units.

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Strong growth rates were achieved again in Asia, where 238,731 units (+25.6%) were sold in the first half of the year. A total of 159,358 units (+30.6%) were sold in China. In Japan, the number of cars sold rose by 27.3% to 27,737 units.

Improvement in Motorcycles segment operating profit

Second-quarter Motorcycles segment sales volume fell by 4.2% to 37,409 units (2011: 39,061 units). Segment revenues dropped by 8.9% to € 410 million (2011: € 450 million) due to lower volumes. EBIT increased by 2.1% to € 48 million (2011: € 47 million) and the profit before tax for the quarter remained at the previous year's level of € 47 million.

The number of motorcycles sold during the six-month period went up by 0.5% to 64,424 units (2011: 64,110 units), enabling revenues to edge up by 1.3% to € 858 million (2011: € 847 million). EBIT improved by 9.0% to € 85 million (2011: € 78 million) and the profit before tax rose by 9.1% to € 84 million (2011: € 77 million).

The market launch of the BMW Scooter in Europe is expected to provide a boost to sales volumes in the second half of 2012.

Financial Services segment remains on growth course

The Financial Services segment remained on a growth course during the second quarter. Segment revenues totalled € 4,866 million (2011: € 4,181 million), 16.4% ahead of the previous year's corresponding period. Profit before tax decreased to € 431 million (2011: € 744 million; -42.1%). The decrease was mainly due to the baseline effect in comparison with the second quarter 2011, when a gain of € 379 million was recorded by the Financial Services segment from the adjustment of residual value and credit risk provision.

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Six-month revenues climbed by 15.6% to € 9,666 million (2011: € 8,364 million). Profit before tax amounted to € 865 million (2011: € 1,173 million; -26.3%). Excluding the exceptional gain of € 439 million recorded in the previous year, the six-month segment result would show an improvement of approximately 10%.

The number of lease and financing contracts in place with dealers and retail customers at 30 June 2012 grew by 12.7% to 3,693,474 contracts. These figures include the portfolio of financing contracts taken over as of 30 September upon the acquisition of the ING Car Lease Group. The number of new financing and lease contracts signed in the period from January to June rose by 10.0% to 346,034.

Workforce increased

The BMW Group's workforce was higher at 30 June 2012, compared to the previous year. The number of employees worldwide increased by 5.2% to 102,007 (30 June 2011: 96,943 employees), whereby part of the increase was due to the acquisition of the ING Car Lease Group. In addition, the BMW Group continues to recruit engineers and skilled workers in order to keep pace with the on-going strong demand for BMW Group cars, to push ahead with innovations and develop new technologies.

BMW Group reaffirms targets for full year

The euro crisis and high public sector debt levels in a number of countries could cause the global economic climate to cloud over further during the second half of the year. "We are monitoring developments very closely in various markets. The BMW Group has a flexible production network and, as a premium manufacturer, is focused on maintaining profitable growth", emphasised Reithofer.

Based on the strong performance in the first half of the year and the fresh and attractive range of vehicle models, the BMW Group reaffirms its targets for the

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full year. "We still aim to exceed our previous year's sales volume and pre-tax earnings in 2012", stated Reithofer.

The development of new technologies and investments in the production network will result in higher expenditure for the Automotive segment in the financial year 2012. A deteriorating market climate could also have a perceptible impact on business. Despite these factors, the BMW Group continues to target an EBIT margin of between 8% and 10% for the Automotive segment. Provided that the global economic climate does not take a further turn for the worse, the BMW Group forecasts an EBIT margin for 2012 at the upper end of this target range.

The Financial Services segment continues to target a return on equity of at least 18% in the Financial Services segment for the financial year 2012.

The forecasts for the current year are based on the assumption that worldwide economic conditions will not deteriorate sharply. The BMW Group sees risks primarily in a further deterioration of the economic situation in Europe and a slowdown of growth in China.

The BMW Group intends to achieve a sustainable EBIT margin of between 8% and 10% in 2012 and beyond. However, depending on political and economic developments, actual margins could end up being above or below the targeted range.

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The BMW Group – an overview

		2 nd quarter 2012	2 nd quarter 2011*	Change in %
Deliveries to customers				
Automotive		475,011	450,608	5.4
Thereof:				
BMW	units	390,516	368,686	5.9
MINI	units	83,665	81,053	3.2
Rolls-Royce	units	830	869	-4.5
Motorcycles	units	37,409	39,061	-4.2
Thereof:				
BMW	units	34,816	37,471	-7.1
Husqvarna	units	2,593	1,590	63.1
Workforce¹		102,007	96,943	5.2
Revenues	€ million	19,202	17,888	7.3
Thereof:				
Automotive	€ million	17,366	16,674	4.2
Motorcycles	€ million	410	450	-8.9
Financial Services	€ million	4,866	4,181	16.4
Other entities	€ million	2	1	100.0
Eliminations	€ million	-3,422	-3,418	-0.7
Operating cash flow²	€ million	1,840	3,010	-38.9%
Profit before financial result	€ million	2,270	2,802	-19.0
Thereof:				
Automotive	€ million	2,021	2,408	-16.1
Motorcycles	€ million	48	47	2.1
Financial Services	€ million	441	739	-40.3
Other entities	€ million	14	21	-33.3
Eliminations	€ million	-254	-413	38.5
Profit before tax	€ million	1,977	2,650	-25.4
Thereof:				
Automotive	€ million	1,751	2,297	-23.8
Motorcycles	€ million	47	47	-
Financial Services	€ million	431	744	-42.1
Other entities	€ million	-14	-59	76.3
Eliminations	€ million	-238	-379	37.2
Income tax expense	€ million	-700	-875	20.0
Net profit	€ million	1,277	1,775	-28.1
Earnings per share³	€	1.94/1.95	2.70/2.71	-28.1/-28.0

* Figures for 2nd quarter 2011 partially adjusted

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 Automotive segment

³ earnings per share of common stock/preferred stock

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		1 January to 30 June 2012	1 January to 30 June 2011	Change in %
Deliveries to customers				
Automotive		900,539	883,366	8.1
Thereof:				
BMW	units	747,064	689,861	8.3
MINI	units	151,875	141,913	7.0
Rolls-Royce	units	1,600	1,592	0.5
Motorcycles	units	64,424	64,110	0.5
Thereof:				
BMW	units	59,189	60,580	-2.3
Husqvarna	units	5,235	3,530	48.3
Workforce ¹		102,007	96,943	5.2
Revenues	€ million	37,495	33,925	10.5
Thereof:				
Automotive	€ million	33,525	31,047	8.0
Motorcycles	€ million	858	847	1.3
Financial Services	€ million	9,666	8,364	15.6
Other entities	€ million	3	2	50.0
Eliminations	€ million	-6,557	-6,335	-3.5
Operating cash flow ²	€ million	4,133	5,086	-18.7
Profit before financial result	€ million	4,402	4,597	-4.2
Thereof:				
Automotive	€ million	3,899	4,116	-5.3
Motorcycles	€ million	85	78	9.0
Financial Services	€ million	867	1,142	-24.1
Other entities	€ million	27	38	-28.9
Eliminations	€ million	-476	-777	38.7
Profit before tax	€ million	4,053	4,355	-6.9
Thereof:				
Automotive	€ million	3,571	3,902	-8.5
Motorcycles	€ million	84	77	9.1
Financial Services	€ million	865	1,173	-26.3
Other entities	€ million	-35	-83	57.8
Eliminations	€ million	-432	-714	39.5
Income tax expense	€ million	-1,427	-1,438	0.8
Net profit	€ million	2,626	2,917	-10.0
Earnings per share ³	€	3.99/4.00	4.43/4.44	-9.9/-9.9

* Figures for 2nd quarter 2011 partially adjusted

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 Automotive segment

³ earnings per share of common stock/preferred stock

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The BMW Group is one of the most successful manufacturers of automobiles and motorcycles in the world with its BMW, MINI, Husqvarna Motorcycles and Rolls-Royce brands. As a global company, the BMW Group operates 29 production and assembly facilities in 14 countries and has a global sales network in more than 140 countries.

In 2011, the BMW Group sold about 1.67 million cars and more than 113,000 motorcycles worldwide. The profit before tax for the financial year 2011 was euro 7.38 billion on revenues amounting to euro 68.82 billion. At 31 December 2011, the BMW Group had a workforce of approximately 100,000 employees.

The success of the BMW Group has always been built 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. As a result of its efforts, the BMW Group has been ranked industry leader in the Dow Jones Sustainability Indexes for the last seven years.

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