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Statement

Harald Krüger
Chairman of the Board of Management of BMW AG

BMW Group Sneak Preview Model Year 2018 Strategy Update Munich, 1 December 2017

- Electro-mobility: More than 200.000 electrified vehicles delivered since launch of the BMW i3
- BMW i: Going forward, all electrified BMW models will be under the BMW i brand – naming rights from iX1 to iX9 secured
- Model offensive: 2018 will be the year of the X
- Mobility services: ReachNow starts in China with 100 BMW i3 cars

Media Information

1 December 2017

Date

Subject

Statement Harald Krüger, Chairman of the Board of Management of BMW AG
Sneak Preview Model Year 2018

Page

2

Ladies and Gentlemen,

The BMW Group is always looking forward.

For me, two things are certain: Premium is future-proof. And the BMW Group is future-proof.

Why is that so? Because we do not just make promises – we deliver on them.

That is true:

- for our model offensive.
- for electro-mobility and autonomous driving.
- for our profitability.

Coming to my first topic: The biggest model offensive in our company's history is well underway. 2017 and 2018, we will launch 40 new and revised models. And that's not including motorcycles! This also means that the new drive train technologies are being systematically introduced to our portfolio.

Our model offensive kicked off with the new BMW 5 Series. We have sold more than 300,000 BMW 5 Series by the end of November. We reclaimed the top position in the relevant segment since October. We are rounding out our 5 Series range with the new M5. It succeeds the M760 Li as the fastest BMW series-production model.

Further examples this year include: At BMW the revised 1 Series, 2 Series Coupé and Convertible and 4 Series, the new 6 Series Gran Turismo and the new X3. The X2 will follow shortly.

Media Information

1 December 2017

Date

Subject

Statement Harald Krüger, Chairman of the Board of Management of BMW AG
Sneak Preview Model Year 2018

Page

3

In our BMW i family: the updated i3 and the sport version i3s.

At MINI: the new Countryman and its plug-in-hybrid version as well as the first battery-electric concept.

At Rolls-Royce: the eighth generation of the legendary Phantom in the next weeks.

At BMW Motorrad: 14 new and revised models.

All these new models represent our model offensive. In 2018, we will enter Phase II. Luxury plays an important role in it. The luxury segment is our “home turf”. In 2018 we will significantly enlarge our offer in this profitable growing segment:

- the Rolls-Royce Phantom.
- the i8 Roadster.
- the 8 Series Coupé.
- the BMW M8.
- the X7.
- at BMW Motorrad, the K1600 Grand America – luxury on two wheels.

These are our goals for the luxury class over the next few years: A higher segment share. A significant increase in sales and revenues. The shared identity of our top models is reflected in the new Bayerische Motoren Werke signet.

Our model offensive is also an X-offensive. BMW is a pioneer and trailblazer in SAVs. We have sold almost five-and-a-half million BMW X vehicles since 1999. Today, about a third of BMW sales are X models.

Media Information

1 December 2017

Date

Subject

Statement Harald Krüger, Chairman of the Board of Management of BMW AG
Sneak Preview Model Year 2018

Page

4

The segment is growing in all major global regions. That is why I call 2018 the year of the “X”! The cool X2 in the compact segment and the X7 in the luxury class are great examples. The new X3 is entering its first full year. And the new X4 will be launching shortly.

And: Systematic electrification of the successful BMW X family continues: The X5 has already been available as a plug-in hybrid for some time. In China we are producing an electrified long wheel-base version of the X1 for the local market. In 2020 we will launch the fully electric X3. In it, X and i come together.

Our i story enters the next round! Going forward, all electrified BMW models will be under the BMW i brand. And I can tell you one more thing: We have not only secured the naming rights for BMW i – from i1 to i9. We also hold the rights for BMW X – from iX1 to iX9.

Coming to my second topic:

Our clear strategic focus is on electrification and autonomous driving.

We will deliver our 100,000th electrified vehicle before Christmas. That was my clear goal for 2017. And I assure you: For 2018 we will set ourselves a new goal. You can measure our success on this basis. This is what I stand for.

All in all, we currently have 200,000 electrified vehicles on the roads: More than 90,000 of them are fully-electric BMW i3s. Our line-up of plug-in-hybrids sets the benchmark – from MINI to the BMW 7 Series.

Electro-mobility attracts new customers. The BMW i3 and the BMW i8 have conquest rates of well over 80 per cent. Interestingly, who once buys electric, stays with electric. We only have to convince customers to “go electric” once.

Media Information

1 December 2017

Date

Subject

Statement Harald Krüger, Chairman of the Board of Management of BMW AG
Sneak Preview Model Year 2018

Page

5

The fifth generation of storage and battery technology will make e-mobility attractive for longer distances. Thanks to the scalable electric modular systems, from the beginning of the next decade, it will be possible to fit all model series with any drivetrain, according to demand.

The BMW i Vision Dynamics will have a range of 600 kilometres in a car with strong emotional appeal. Electro-mobility and BMW are the perfect fit.

By 2025, we will offer 25 electrified models, including 12 fully-electric cars. We do not include so-called mild hybrids in this number.

You know our roadmap:

- in 2019 an all-electric MINI.
- in 2020 the mentioned battery-electric version of the X3.
- in 2021 the iNEXT.

Last week, we held the symbolic ground-breaking for our new Battery Competence Centre here in Germany. We see ourselves as a systems provider for e-mobility.

That also includes charging:

- ChargeNow is the leading public charging service worldwide. By the end of the year, customers will have access to more than 130,000 charging points in 29 countries.
- We also helped establish the European high-power charging network, Ionity.
- In 2018, we will introduce inductive charging with the BMW 530e iPerformance.
- We have also created a new digital business segment with the name BMW Energy Services. The aim is for e-mobility to ultimately be completely emission-free.

Media Information

1 December 2017

Date

Subject

Statement Harald Krüger, Chairman of the Board of Management of BMW AG
Sneak Preview Model Year 2018

Page

6

We also do autonomous driving the BMW way: Autonomous means premium. Autonomous means safety. We work together with strong partners.

At our new campus in Unterschleißheim, near Munich, more than 2,000 engineers will be working on autonomous driving. Our autonomous test vehicles are already in action around the world. A fleet of 40 BMW 7 Series will be on the roads at the end of the year – in Munich, California and Israel.

Partially-automated systems are already installed in our vehicles today. In the BMW 5 Series, you can already take your hands off the wheel for a defined period of time. We are rolling these functions out across the fleet.

Autonomous driving will take the mobility experience to a whole new level. The display and operating concept with personalised information will play an important role. We already launched the first ConnectedDrive services in the late 90s. We now have 10 million connected vehicles on the roads. As of November, our customers can use Skype for Business and starting this December BMW Connected will also be integrated with the Google Assistant.

Mobility services complete our business model. Today, our service ReachNow was launched in China.

Digitalisation will also change how we work. We will become more agile, anticipate faster and become more adaptive. At our Campus in Unterschleißheim, for example, we are already using new working models, such as Large Scale Scrum, interdisciplinary teams and end-to-end processes.

Ladies and Gentlemen,

The BMW Group stands by its goals. We deliver! You can rely upon this.

Media Information

1 December 2017

Date

Subject

Statement Harald Krüger, Chairman of the Board of Management of BMW AG
Sneak Preview Model Year 2018

Page

7

That is also true for our profitability – my third topic. This is the basis for our transformation.

In the first nine months of 2017, we have allotted more than 700 million euros more in research and development than in the previous year. Also next year our R&D ratio will further increase: from about 6% in 2017 to between 6.5 and 7% in 2018. After 2018, it will settle back down towards its current level.

More technology in the vehicle means higher costs as well. We are compensating for this through increased performance and efficiency gains. We want to internally finance all relevant upfront investments. We decide ourselves the path we are taking.

We are on course to meet our goals for 2017 – despite the volatile environment and added challenges, such as the diesel debate in Germany and Great Britain.

I promise: We will remain a highly flexible, forward-looking company. That is why financial stability and health are so important to us. They will serve us well during our transformation into a tech company.

Thank you for your attention.

Media Information

Date 1 December 2017

Subject Statement Harald Krüger, Chairman of the Board of Management of BMW AG
Sneak Preview Model Year 2018

Page 8

CONSUMPTION AND EMISSION DATA.

- BMW i3: fuel consumption combined: 12,9 kWh; CO₂ emissions combined: 0 g/km
- BMW i3s: fuel consumption combined: 14,3 kWh; CO₂ emissions combined: 0 g/km
- BMW i8 Coupé: fuel consumption combined: 1,9 l/100km; CO₂ emissions combined: 42 g/km; electric power consumption combined: 14,0 kWh/100 km
- BMW i8 Roadster: fuel consumption combined: 2,1 l/100km; CO₂ emissions combined: 46 g/km; electric power consumption combined: 14,5 kWh/100 km
- BMW M5: fuel consumption combined: 10,5/100 km; CO₂ emissions combined: 241 g/km
- BMW M760Li xDrive: fuel consumption combined: 12,8 l/100 km; CO₂ emissions combined: 294 g/km
- Rolls-Royce Phantom: fuel consumption combined: 13,9 l/100km; CO₂ emissions combined: 318 g/km

Fuel consumption figures based on the EU test cycle, may vary depending on the tyre format specified.

Further information on official fuel consumption figures, specific CO₂ emission values and the electric power consumption of new passenger cars is included in the guideline "Guideline for fuel consumption, CO₂ emissions and electric power consumption of new passenger cars", which can be obtained from all dealerships, from Deutsche Automobil Treuhand GmbH (DAT), Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen and at <http://www.dat.de>.