Media Information
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BMW Group makes good start to 2018

- Highest EBT margin at group level since 2011
- Best ever figures for sales volume and net profit
- Automotive segment EBIT margin above previous year, at upper end of target range
- Ongoing high upfront expenditure for tomorrow's mobility
- Electrification strategy is having a sustainable impact
- BMW Group reaffirms outlook for full year 2018
- Krüger: Combining tomorrow's mobility with sustainable profitability

Munich. The BMW Group has started the financial year 2018 with a strong first quarter. Despite volatile conditions and unfavourable exchange rate effects, new best ever figures were recorded for sales volume and net profit. Despite high upfront expenditure for tomorrow's mobility, the Automotive segment also set a new record for its result from operations (EBIT).

"Our industry is currently going through a phase of unprecedented technological change and must master the highly challenging conditions. The first quarter highlights some important points: we think in terms of opportunities and are pursuing a well-defined strategy; we are combining tomorrow's mobility with sustainable profitability – underlined by the fact that we are capable of generating a high pre-tax margin on group level, even in volatile times," said **Harald Krüger**, Chairman of the Board of Management of BMW AG, in Munich on Friday. "The BMW Group was the world's most profitable car company in 2017 and is stepping up the pace again in 2018. In the opening quarter of the new year, we achieved new best-ever figures for sales volume and net profit and implemented some crucial strategic decisions." The BMW Group continues to play an active role in transforming the mobility sector with its future-oriented **ACES** programme: **A**utomated, **C**onnected, **E**lectrified and **S**ervices.

Despite the major changes impacting the mobility sector, the one constant factor driving the BMW Group's strategic decisions is the **customer.** That is why the BMW Group offers a unique range of products, from the BMW i3 through to the

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Rolls-Royce Phantom, alongside services ranging from customised financing through to intelligent mobility services, which contribute towards making customers' lives easier and more convenient. With this user-oriented strategy, the BMW Group is developing into a customer-focused mobility and tech company, with the goal to have 100 million active customers by 2025.

Since the beginning of the year, the BMW Group has taken major steps to implement significant parts of its Strategy **NUMBER ONE > NEXT**. In February, the BMW Group and the Chinese manufacturer **Great Wall** signed a letter of intent to establish a joint venture for the local production of **all-electric MINI** vehicles in China. This step is a further clear commitment to the electrified future of the MINI brand and highlights the importance of the Chinese market for the BMW Group.

One month later, the BMW Group and Daimler AG signed an agreement to merge their **mobility services** business units. The aim is to merge and strategically expand the range of on-demand mobility services provided in the areas of CarSharing, Ride-Hailing, Parking, Charging and Multimodality.

On 11 April, the BMW Group opened its **campus for autonomous driving** just outside Munich, where together with partners, it will develop the technologies required for both highly and fully automated driving. Across 23,000 square metres of office space, new, state-of-the-art working environments now provide space for 1,800 employees. The project is creating many jobs and in 2017 alone, the BMW Group recruited around 1,000 people to develop the technologies of the future. IT specialists and software developers in the fields of artificial intelligence, machine learning and data analysis are particularly sought after.

Last week at the Auto China 2018 in Beijing, the BMW Group previewed its **BMW Concept iX3** vehicle, giving an idea of the first **all-electric BMW X3**, which will be manufactured in China. Production is scheduled to commence in 2020. The vehicle will be the first to be equipped with the fifth generation of electric drivetrains and will also feature enhanced battery technology. With a net capacity of more than 70 kWh, the vehicle will have a range of **over 400 kilometres** in the WLTP cycle.

At the beginning of March, the BMW Group announced that the BMW i Vision Dynamics will be launched as an all-electric **BMW i4** and manufactured in the **Munich plant**. The BMW Group already produces electrified models at ten of its plants worldwide. Furthermore, the Oxford plant will begin producing the all-electric MINI in 2019. The BMW i4 is just one of the **25 electrified models** that the BMW Group intends to bring to market by 2025. Half of these models will be fully electric.

The BMW Group is also **stepping up the pace** when it comes to its portfolio of conventionally powered vehicles. Through 2018, the largest **product offensive** in the history of the Group will be continued – powered by an additional twenty new and revised models. The BMW X2 was successfully launched in March, the new BMW X3 will be manufactured at three different locations from the second quarter on and the new generation of the BMW X4 is in the starting blocks. 2018 is clearly the **"Year of X"** for the world's largest manufacturer of premium vehicles and the new vehicles are expected to provide additional sales volume momentum, particularly in the second half of the year.

New first-quarter highs for sales volume and net profit

First-quarter **deliveries** of BMW, MINI and Rolls-Royce brand vehicles rose by 3.0% to 604,629 units (2017: 587,237). All three major sales regions contributed to the increase. Due to currency effects, **Group revenues** for the three-month period fell by 5.1% to € 22,694 million (2017: € 23,926 million). Adjusted for currency effects, revenues were at a similar level to the previous year (-0.7%). **Profit before financial result** (EBIT) was also influenced by currency factors and came in at € 2,733 million (2017: € 2,821 million / -3.1%). **Group profit before tax** (EBT), which is relevant for the BMW Group financial guidance, amounted to € 3,165 million (2017: € 3,180 million / -0.5%) and reached the previous year's high level despite rising costs and upfront expenditure for R&D activities. This performance was partly due to the financial result, which improved despite the impact of items working in the opposite direction. The previous year's first-quarter financial result benefited from a positive valuation effect of € 183 million arising in conjunction with the participation of new investors in the HERE mapping service. Improvements in other financial result totalling € 122 million had also impacted the previous year's figure. In the current year, the financial result for the period from January to March includes the valuation effect arising in connection with the acquisition of the 50% stake in the DriveNow joint venture from Sixt SE amounting to € 209 million.

Another strong free Cashflow expected for 2018

Overall, the **EBT margin** for the Group came in at 13.9% (2017: 13.3%), the highest quarterly figure since 2011. First-quarter **Group net profit** amounted to € 2,301 million (2017: € 2,274 million) and was therefore slightly up (+1.2%) on the record figure reported for the previous year.

"The first quarter underlines how we can perform well even under volatile conditions. So now we continue to focus on what needs to be done in order to ensure 2018 is another record year," commented **Nicolas Peter**, member of the Board of Management for BMW AG responsible for Finance. "We remain on track to secure the sustainable success of the company. The basis for future achievements is our financial strength, which we want to underline in 2018 with another free cashflow of more than € 3 billion."

Automotive segment: EBIT margin within target range

First-quarter **Automotive segment revenues** were also impacted by currency effects and finished the quarter slightly down (-3.4%) at € 19,326 million (2017: € 20,001 million). By contrast, **EBIT** of € 1,881 million (2017: € 1,877 million) remained at the previous year's record level (+0.2%), despite the high level of upfront expenditure for R&D. The **EBIT margin** improved accordingly to 9.7% (2017: 9.4%) and was thus at the upper end of the target range of 8 to 10%. At € 2,281 million (2017: € 2,285 million), **profit before tax** was also at a similarly high level to the previous year (-0.2%).

BMW Group vehicles with **electrified drivetrains** were particularly popular, with sales of the BMW i3 and i8 models, together with BMW iPerformance and MINI Electric plug-in hybrids, up by 38% to just under 27,000 units. "We are therefore well on course to delivering more than 140,000 electrified vehicles in the current year," **Harald Krüger** stated. Electrified vehicles accounted for more than four percent of total BMW Group vehicle deliveries to customers in the first quarter (Q1 2017: 3.3%). With its three automotive premium brands, the BMW Group is confident it will remain the world's leading manufacturer of premium vehicles in 2018.

Overall, the **BMW** brand delivered 517,447 units (2017: 503,445 units) to customers, its best result to date for a first quarter (+2.8%). Sales-volume growth was driven especially by the new generation of the BMW 5 Series and the BMW X1. These vehicles were introduced in spring 2017 and both have recorded double-digit growth.

The **MINI** brand also performed well during the first quarter, recording its best sales volume result to date for a first quarter, with 86,375 units delivered to customers (2017: 83,059 units; +4,0%) The market launch of the updated MINI and the MINI Convertible in March is expected to create growing momentum over the remainder of the year.

First-quarter sales of **Rolls-Royce** Motor Cars rose by 10.1% year-on-year to 807 units (2017: 733 units). Customer demand for Rolls-Royce models remains strong worldwide with the exception of the Middle East, where the market remains volatile. The new Phantom, the brand's flagship, has been on sale since January, with order intake set to remain high through to the year-end. Preparations are well underway for the market launch of the Rolls-Royce Cullinan.

The BMW Group remains committed to its strategy of achieving a well-balanced distribution of sales worldwide, using its highly flexible production, sales and marketing structures to even out fluctuating demand between individual regions. All three of the Group's **major sales regions** contributed to volume growth during the first quarter, driven in particular by strong performances on the Chinese mainland and in the USA.

Sales figures for **Europe** edged up by 1.0% to 270,725 units (2017: 267,996 units). First-quarter deliveries to customers in France were slightly up on the previous year (+3.1%). Business in the UK, however, contracted (-2.7%) in the wake of the continuing uncertainty regarding the progress of Brexit negotiations.

Sales of BMW, MINI and Rolls-Royce brand vehicles in **Asia** in the first quarter 2018 grew by a solid 6.3% to 212,693 units (2017: 200,140 units). China again accounted for the lion's share of the increase, with deliveries of the Group's three automotive brands up 7.1% compared to one year earlier.

In the **Americas** region, the BMW Group recorded volume growth of 4.0% to 106,348 units (2017: 102,238 units). The figure includes 84,630 units sold in the USA, also slightly up year-on-year (+3.0%).

Motorcycles segment sales volume at previous year's level

BMW Motorrad **sales volume** in the first quarter was at the same high level as the previous year. Worldwide deliveries to customers edged up 0.6% to 35,858 units (2017: 35,636 units), setting a new first-quarter sales volume record for the seventh year in succession. At the same time, segment performance was held down by the impact of the current model change and by currency effects. **Revenues** fell by 15.5% to € 524 million (2017: € 620 million). **EBIT** was also adversely affected by the same factors and finished at € 77 million (2017: € 125 million; -38.4%). Pre-tax profit for the three-month period amounted to € 78 million (2017: € 125 million; -37.6%). The first-quarter **EBIT margin** for the Motorcycles segment came in at 14.7% (2017: 20.2%). In the light of slightly slower production ramp-up of new models, retail sales for 2018 are now expected to grow slightly.

Financial Services segment remains on course

The **contract portfolio** under management within the **Financial Services segment** grew by 1.0% during the three-month period under report and stood at 5,434,664 contracts at 31 March 2018 (31 December 2017: 5,380,785 contracts). During the first quarter, 451,908 (2017: 465,634) **new leasing and credit financing contracts** were signed with retail customers (-2.9%). Segment revenues and earnings were influenced by currency factors: First-quarter **revenues** fell by 5.3% to € 6,674 million (2017: € 7,046 million) and **profit before tax** by 5.7% to € 561 million (2017: € 595 million). The BMW Group continues to record adequate levels of provision with respect to residual value and credit risk exposures in the leasing and financing lines of business.

Increase in workforce size

The BMW Group's workforce comprised 131,181 employees at the end of the first quarter, 1.0% more than at 31 December 2017. Skilled workers and IT specialists in future-oriented areas, such as digitalisation, autonomous driving and electric mobility continue to be recruited.

BMW Group reaffirms targets for the financial year 2018

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 extremely high levels of upfront expenditure for new technologies, fierce competition and rising personnel expenses. The global political and economic environment is expected to remain volatile.

The BMW Group reaffirms its targets for the full year. "We are targeting new record figures in the **Automotive segment** for **sales volume** and **revenues** in 2018," stated **Harald Krüger**. "**Group profit before tax** is expected to be at least at the previous financial year's level." The BMW Group continues to forecast an **EBIT margin** in the target range of 8 to 10% for the Automotive segment.

In connection with the planned bundling of mobility services, the BMW Group has announced that – if approved by the competition authorities in the current year – the foundation of the joint venture will have a one-off valuation and earnings effect and will result in an adjustment to the outlook. Under these circumstances, the **Group profit before tax** for 2018 would be slightly higher than one year earlier. The effect described above has no impact on the EBIT margin of the Automotive segment.

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

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The BMW Group – an overview		1st quarter 2018	1st quarter 2017	Change in %
Deliveries to customers				
Automotive	units	**604,629**	**587,237**	**3.0**
Thereof: BMW	units	517,447	503,445	2.8
MINI	units	86,375	83,059	4.0
Rolls-Royce	units	807	733	10.1
Motorcycles	units	**35,858**	**35,636**	**0.6**
Workforce[1]	(compared to 31.12.2017)	**131,181**	**129,932**	**1.0**
Automotive segment EBIT margin[3]	%	9.7	9.4	+0.3 %Points
Motorcycles segment EBIT margin[3]	%	14.7	20.2	-5.5 % Points
EBT margin BMW Group[3]	%	**13.9**	**13.3**	**+0.6 %Points**
Revenues[3]	€ million	**22,694**	**23,926**	**-5.1**
Thereof: Automotive[3]	€ million	19,326	20,001	-3.4
Motorcycles[3]	€ million	524	620	-15.5
Financial Services	€ million	6,674	7,046	-5.3
Other Entities	€ million	2	2	-
Eliminations[3]	€ million	-3,832	-3,743	-2.4
Profit before financial result (EBIT) [3]	€ million	**2,733**	**2,821**	**-3.1**
Thereof: Automotive[3]	€ million	1,881	1,877	0.2
Motorcycles[3]	€ million	77	125	-38.4
Financial Services	€ million	569	604	-5.8
Other Entities	€ million	9	4	-
Eliminations[3]	€ million	197	211	-6.6
Profit before tax (EBT) [3]	€ million	**3,165**	**3,180**	**-0.5**
Thereof: Automotive[3]	€ million	2,281	2,285	-0.2
Motorcycles[3]	€ million	78	125	-37.6
Financial Services	€ million	561	595	-5.7
Other Entities	€ million	70	-4	-
Eliminations[3]	€ million	175	179	-2.2
Income taxes[3]	€ million	**-864**	**-906**	**4.6**
Net profit[3]	€ million	**2,301**	**2,274**	**1.2**
Earnings per share[2,3]	€	**3.47/3.47**	**3.45/3.45**	**0.6/0.6**

[1] Excluding 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
[3] 2017 figures were adjusted according to IFRS 15 – see note [5] in quarterly report.

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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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