

Media Information
2 August 2016

- Check against delivery -

**Statement
Harald Krüger
Chairman of the Board of Management of BMW AG
Conference Call Interim Report to 30 June 2016
2 August 2016, 10:00 a.m.**

Ladies and gentlemen,

It has been nearly five months since I presented to you the guidelines of our Strategy Number ONE > NEXT, which form the foundation for the future development of the BMW Group. Our goal remains to go from the world's leading provider of premium vehicles and premium services to a leading mobility provider and tech company.

Our vision is clear: To be Number ONE. To inspire people on the move.
To shape tomorrow's premium individual mobility.

The implementation of our strategy is now well underway. On the technology side, we will be focusing on powertrain technologies and digitalisation. On the service side, we will be selectively expanding our customer offerings.

None of this would be possible without a strong financial base. Profitability is a key pillar of our strategy. For the past 25 quarters, we have achieved an EBIT margin in our Automotive Segment within our target range of 8 to 10 percent or higher. Our strategy will maintain this focus on sustainable profitability – despite a highly volatile environment and the constantly changing conditions we operate in. We will continue to strive for an EBIT margin of 8 to 10 percent in the automotive segment.

This will create the right conditions: to reinforce the confidence placed in us by our shareholders and investors over the long term, and to be able to continue investing in our future.

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We are convinced that profitable growth means much more than just being number one in sales and volumes – especially now that players in the premium segment are increasingly using price discounts to gain a competitive edge. The future viability of a company consists of various key performance indicators. In addition to the sales figures this includes the financial performance of the company, the strength of the brand and innovative drive. All these indicators demonstrate the successful long-term development of our company.

Our Strategy Number ONE > NEXT provides the BMW Group with a framework for our actions up to 2020 and 2025.

Today, I would like to focus on two key points:

- Where do we stand after the first six months of 2016?
- What are we doing to implement our Strategy Number ONE > NEXT systematically?

As to the first point: In the first half of 2016, the BMW Group once again remained the world's leading premium car company. We delivered more vehicles to customers worldwide than ever before during a six-month period: more than 1.16 million vehicles – an increase of 5.8 percent over the same period of 2015. The BMW, MINI und BMW Motorrad brands all reported new half-year highs.

Our key financials for the first six months are as follows: Earnings before tax of 5.17 billion euros – a 6.5 percent increase year-on-year and the highest half-year earnings in the history of the company. Group net profit rose to almost 3.6 billion euros – another all-time high. An EBIT margin in the Automotive Segment of 9.5 percent. This demonstrates that: We remain on track to achieve our targets for the 2016 business year.

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Our approach of balanced sales across the major regions continues to pay off. In Europe, the BMW Group was able to make strong gains. We also reported growth in Asia and China. As forecast, development in China stabilised at a high level. Our sales figures for the Americas and the United States trended lower. Estimates suggest that 17.5 million new vehicles will be registered in the US in 2016. It seems that the US market has settled at this high level. We continue to adapt our portfolio to the changing needs of customers in the US, who primarily choose BMW X models.

Which leads me to a look at our model portfolio: In the first half year of 2016, demand for our BMW X1 and BMW 2 Series models was particularly strong. With increasing availability of all variants, more and more customers are now buying the new BMW 7 Series. In June alone, we sold more than 6,200 new BMW 7 Series. The first 7 Series M Performance model will provide a further boost. The BMW M760Li xDrive will be launched in late 2016. Additionally, our plant in Dingolfing has been shipping the plug-in hybrid version of the BMW 7 Series since early July. New orders for the 740e are already exceeding expectations.

In Germany, private individuals are mainly the ones taking advantage of the incentives for electric vehicles and plug-in hybrids. Here, the government and the automotive industry are jointly covering the cost of the incentives. The plug-in hybrid versions of the 2 Series and 3 Series and the BMW i3 will all benefit from the purchase incentive.

I am happy to see that municipalities and institutions at the regional and local level continue to set a good example themselves. They are showing a growing interest in our electric-powered vehicles.

Our planned production of the iPerformance models of the BMW 740e, BMW 330e and 225xe for this year is already sold out. We will respond to this development. The BMW X5 PHEV is very successful in the US and in several

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other European countries. Since the beginning of July, we release our fully electric BMW i3 with 94 Ampere-hours. Our incoming orders in Europe have increased significantly. One month after the launch we have already received 7,158 orders for the i3 with 50 percent range increase. That is 5,190 more pre-orders than for the BMW i3 with the first generation battery at the same time after its launch in 2013.

This proves that when technical conditions and the right regulatory framework are aligned, electric-powered vehicles enjoy greater popularity. The Netherlands, for example, has been promoting e-mobility for quite some time. In June, BMW i and iPerformance models accounted for almost 15 percent of all BMW vehicles sold in the Netherlands. Worldwide, we delivered more than 23,600 BMW vehicles with an electric drive train or as PHEV in the first half of the year. This is an increase of 87 percent compared with the first half year 2015. Through May this year BMW recorded the strongest absolute growth in the premium segment of electric-powered vehicles.

Moreover, in this period BMW nearly doubled the dynamic growth of the entire PHEV and BEV premium segment. Systematic electrification of our fleet is a core tenet of our Strategy Number ONE > NEXT.

We also are working together with public partners and other organisations in various markets to expand charging infrastructure. This currently includes China and the US. In New Zealand we aim to install a comprehensive network of renewable energy-powered charging stations with local partners for BMW i vehicles.

That brings me to my second point. We have a clear objective: to be the technology and innovation leader for individual mobility in the digital age. To achieve this, we are establishing selected partnerships. Together with Intel and Mobileye, we aim to develop the technology for autonomous driving within five

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years. All three partners will pool their know-how in the fields of automotive engineering, technology, computer vision and machine learning.

With our BMW iNEXT, we aim to have a solution for highly and fully-autonomous driving ready for series production and on the market in 2021. For us it has always been clear: The safety of drivers, passengers and pedestrians remains our top priority. As I stated before, the technology for fully autonomous driving is not yet fully mature. We will also need a clear legal framework to accompany the introduction of this technology.

Our Strategy Number ONE > NEXT enables us to develop our own roadmap for autonomous driving. The first step was the acquisition of the mapping service HERE with other German premium car companies. The second step will be the partnership with Intel and Mobileye.

Expansion of our mobility-related services is another integral part of our strategy. Our car-sharing service DriveNow currently has more than 650,000 members, with more than 4,700 vehicles in ten cities. Over a quarter of the DriveNow fleet in Europe is made up of electric vehicles. This number will continue to grow.

In the US, we have launched an enhanced car-sharing service in Seattle under the brand ReachNow. 500 BMW and MINI cars are currently available. An additional 20 percent of the fleet is made up of BMW i3s. We plan to expand ReachNow to other cities in the United States.

Ladies and Gentlemen,

As you can see, there are many different fields of activity and business opportunities we are intensively pursuing. Our Strategy provides the guidelines to keep us on course in volatile times and offset future uncertainties in our business environment. These future technologies and new services naturally

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require a high level of investment. We will continue to draw on our own resources to achieve this.

For me, there is no “either/or” between the present and the future: The strength of our core business today is the foundation of our future success. All three of our brands have an attractive line-up, with tremendous technological diversity. Additionally, the global automotive market should continue to grow in 2016. All these factors make us optimistic for the business year 2016.

Our performance targets remain unchanged: A slight increase in automotive sales – to achieve another all-time high. A slight increase in earnings before tax – which would be another best for the company. And an EBIT margin in the automotive segment within our target range of eight to ten percent.

This guidance assumes, as always, that political and business conditions remain stable. However, we are all currently experiencing just how quickly and fundamentally things can change. Economic growth and political stability in the world certainly cannot be taken for granted.

With our BMW, MINI and Rolls-Royce Vision Vehicles, the BMW Group has sent a clear message: We are shaping the mobility of the present and the future. Our centenary celebration tour “The NEXT 100 YEARS” will conclude in Los Angeles after having been in Munich, Beijing and London. In October I look forward to presenting our VISION 100 vehicle for Motorrad. It would be great to see you there and to offer you a full picture of the BMW Group’s vision of the future.

Thank you for your attention.