

Media Information  
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## **BMW Group on course for successful financial year**

- Substantial upfront expenditure for tomorrow's mobility
- BMW Group will offer 25 electrified models by 2025
- Germany serves as innovation driver for mobility
- Krüger: We are resolutely doing things the BMW way
- Nine-month revenues and earnings up on previous year
- EBIT margin in target range between 8 and 10 per cent

**Munich.** As set out in its **Strategy NUMBER ONE > NEXT**, the BMW Group is committed to playing a key role in tomorrow's mobility and is investing substantially in new technologies. Against this background, the Group can report after the first three quarters that it remains firmly on track to complete a highly successful financial year 2017. Through sustainable profitability, the BMW Group is strengthening the position of Germany as a centre of expertise and driver of innovation for tomorrow's mobility and technologies. As the world's leading provider of premium mobility, the BMW Group always focuses on the needs and desires of its customers and is continuing its ground-breaking work on the four **ACES** topics (**A**utonomous, **C**onected, **E**lectrified and **S**ervices/Shared).

"We are resolutely doing things the BMW way, keeping our promises and raising the bar for our own ambitious targets," stated **Harald Krüger** in Munich on Tuesday. "We are investing substantially in tomorrow's mobility, enabling us to maintain our leading position of innovation and sustainable employment. In this way, we remain a dependable partner for society, policymakers and the environment as well as one of the most attractive employers worldwide."

The BMW Group is currently investing 400 million euros in the large-scale expansion of its Research and Innovation centre (FIZ) in Munich to create an innovative working environment for around 5,000 employees by 2019.

Additionally, from 2021 onwards, the BMW iNEXT will set new standards in terms of electric mobility, automated driving and connectivity, thereby further enhancing the Dingolfing production plant. As the BMW Group's centre of

competence for electric mobility, Plant Dingolfing already supplies components to the company's production network.

In the third quarter, the first employees moved to the new Autonomous Driving Campus near Munich and are now working there hand in hand with partners from Intel and Mobileye on the continued development of autonomous driving. With Fiat Chrysler Automobiles as well as Delphi, Continental and Magna, four additional partners are already collaborating to create a non-exclusive platform for autonomous driving. "These developments underline the success story that has been evolving over the past year with the unique cooperation arrangements and provide additional impetus to embark on the next steps," said **Krüger**.

With its **Strategy NUMBER ONE > NEXT**, the BMW Group has shown its clear technological focus on electric mobility, digitalisation and autonomous driving. By **2025**, the BMW Group intends to offer **25 models** across all of its brands, featuring either all-electric propulsion or plug-in hybrid solutions. The fifth generation of storage and powertrain technology is set to provide up to **700 kilometres** of range for all-electric vehicles and up to **100 kilometres** for plug-in hybrid models.

"Around a decade ago, we anticipated the '**iconic change**' and we put forward a clear strategy – far ahead of our competitors," stated **Krüger**. "We remain on track to deliver more than **100,000 electrified vehicles** in the current year." Crucial for the long-term transition from combustion engines to e-mobility is the flexibility factor, as technological change is likely to take place at various speeds, depending on the region and the respective regulatory regimes. The BMW Group is therefore fully committed to **flexible architectures** and modules. The combination of new vehicle architectures and flexible production facilities will enable quick decisions to be made on how many of which models should be produced and with which drive systems.

At the IAA in Frankfurt, the BMW Group revealed the **BMW i Vision Dynamics**, an emotional symbol for the future of e-mobility in the form of a four-door Gran Coupé. "With this concept vehicle, we are electrifying the very heart of the BMW brand and raising BMW i to a new dimension at the same time," stated **Krüger**. "We will build this model at our Munich plant, thereby highlighting Germany's importance as a location for electric mobility."

A successful core business, geared to generating long-term profitability, remains the backbone of the BMW Group, providing the underlying strength to determine the shape of mobility going forward. The BMW Group recorded volume, revenue and earnings growth in the first nine months of 2017. The new **BMW 5 Series**, along with other models, contributed to this success, impressing customers and experts alike. Its launch in February 2017 marked the start of the largest model offensive in the BMW Group's history.

Some forty new and updated models of the Group's three premium brands, BMW, MINI and Rolls-Royce, will be brought to market during the current and the following year. Through the addition of vehicles with great emotional appeal within the upper-premium segment such as the new BMW 8 Series, the BMW Group aims to achieve significant volume growth in this segment by 2020. The segment also includes the BMW 7 Series and the future BMW X7. This forms part of the company's strategy of strengthening the performance side in order to ensure long-term business success.

"Sustainable profitability remains a key element of Strategy NUMBER ONE > NEXT by providing us with the underlying strength to help shape mobility of the future. Significant upfront investment on research and development is therefore necessary, both now and in the coming years," explained **Nicolas Peter**, Member of the Board of Management of BMW AG, Finance. "We are investing extensively in the future of the BMW Group and rigorously following a strategy of achieving success on a sustainable basis. To this end, we are systematically

reducing process and product complexity on a daily basis and optimizing our product and service range to meet the needs of customers. In this way, we will ensure the consistency and reliability of the BMW Group.”

### **BMW Group achieves revenue and earnings growth in the year-to-date**

Deliveries of BMW, MINI and Rolls-Royce brand vehicles in the **third quarter** 2017 increased by 1.2% to 590,415 units (2016: 583,499 units). Held down by currency factors, **Group revenues** totalled € 23,424 million, slightly up on the previous year (€ 23,362 million; +0.3%). As expected, increased costs in the third quarter dampened earnings. At € 2,304 million, **profit before financial result** (EBIT) for the three-month period was slightly down on the previous year, influenced by significantly higher investments, as well as expenses for research and development (2016: € 2,380 million; -3.2%). Third-quarter **profit before tax** (EBT) amounted to € 2,422 million (2016: € 2,575 million; -5.9%), resulting in an **EBT margin** of 10.3% (2016: 11.0%). **Group net profit** amounted to € 1,789 million (2016: € 1,821 million; -1.8%).

Automobile deliveries in the **first nine months** increased by 3.7% to 1,811,234 units (2016: 1,746,638 units). **Group revenues** grew by 5.0% to € 72,671 million (2016: € 69,229 million). **Profit before financial result** (EBIT) climbed by 4.2% to € 7,879 million (2016: € 7,562 million). **Group profit before tax** (EBT) amounted to € 8,482 million (2016: € 7,741 million), 9.6% up on the previous year. The **EBT margin** came in at 11.7% (2016: 11.2%). **Group net profit** increased by 13.7% to € 6,152 million (2016: € 5,411 million).

### **Automotive segment: EBIT margin within target range**

At € 21,040 million, **third-quarter Automotive segment revenues** were slightly down on the previous year (€ 21,564 million; -2.4%). **EBIT** also fell slightly to € 1,753 million (2016: € 1,837 million; -4.6%). The segment **EBIT**

**margin** came in at 8.3% (2016: 8.5%) and therefore within the target range of between 8 and 10%. **Profit before tax** amounted to € 1,880 million (2016: € 2,030 million; -7.4%).

**Nine-month Automotive segment revenues** totalled € 64,708 million (2016: € 63,250 million; +2.3%). **EBIT** also rose slightly to € 5,862 million (2016: € 5,778 million; +1.5%). The **EBIT margin** remained at 9.1%. **Profit before tax** increased by 8.3% to € 6,544 million (2016: € 6,041 million).

Deliveries of **BMW** brand vehicles worldwide totalled 1,537,497 units (2016: 1,479,936; +3.9%), surpassing the 1.5 million mark for the first time in the first three quarters of a financial year. Volume growth was driven by a variety of models including the BMW Group's flagship BMW 7 Series, and the BMW X-family models. Nearly 48,000 units of the **BMW 7 Series** were delivered to customers during the first nine months of 2017, 14.7% more than one year earlier. Deliveries of the **BMW X1** rose in this period by 38.7% to more than 200,000 units. The **BMW X5** deliveries increased by 7.2% to over 130,000 units. In China, the new generation of the **BMW 5 Series** is still in model changeover. Outside China, deliveries are already well above the previous year's level: in September, the increase was 48.8%. The growing availability of the 5 Series should generate additional momentum as the year progresses.

Deliveries of 271,394 units during the first nine months of the year also represented a new record for the **MINI** brand (2016: 264,077 units; +2.8%). Deliveries of the MINI Countryman in this period totalled 57,256 units (2016: 51,491 units; +11.2%). The new MINI Convertible also saw significant volume growth to 26,665 units (2016: 23,217 units; +14.9% units).

The Goodwood-based **Rolls-Royce** brand delivered 2,343 (-10.7%) cars to customers in the first three quarters of the year. This result takes into account the current absence of Phantom from the market, pending first customer deliveries of

New Phantom in January 2018, and challenging market conditions within the global luxury sector in a number of regions around the world. Significant rebalancing of the company's manufacturing plant in preparation for new models has proceeded throughout this period. New Phantom was unveiled in July in London to worldwide acclaim and already has a strong order book.

In line with its strategy of achieving a well-balanced distribution of sales worldwide, the BMW Group uses its highly flexible production, sales and marketing structures to even out fluctuating demand between individual regions. In **Europe**, the BMW Group recorded volume growth of 1.1%, delivering 816,233 units in the first nine months of the year (2016: 807,597 units), despite the recent headwinds affecting a number of key markets.

The BMW Group achieved significant growth during the nine-month period in **Asia**, with deliveries rising to 621,203 units (2016: 548,986 units; +13.2%). This performance was driven primarily by China, where the number of BMW Group vehicles delivered grew by 15.2% to 437,111 units (2016: 379,461 units).

Volume performance in the **Americas** region was held down by the contracting automobile market in the USA, with deliveries in the nine-month period falling by 3.4% to 326,589 units (2016: 338,005 units). By contrast, a double-digit percentage increase was reported in Mexico and Latin America during the period from January to September.

### **Motorcycles segment records highest delivery volume figure to date**

The **Motorcycles segment** performed extremely well in the **third quarter**. Deliveries to customers in the period from July to September rose by 11.7% to 39,429 units (2016: 35,290 units). Accordingly, **revenues** grew by 14.0% to € 514 million (2016: € 451 million). **Profit before financial result** was significantly higher at € 53 million (2016: € 32 million; +65.6%), resulting in an

**EBIT margin** of 10.3% (2016: 7.1%). **Profit before tax** for the third quarter improved to € 53 million (2016: € 32 million; +65.6%).

During the first **nine months** of the year, a total of 127,818 BMW motorcycles and maxi-scooters were delivered to customers (2016: 116,044 units; +10.1%).

**Revenues** grew by 11.1% to € 1,833 million (2016: € 1,650 million). **Profit before financial result** improved significantly, rising by 25.9% to € 282 million (2016: € 224 million). The segment **EBIT margin** came in at 15.4% (2016: 13.6%). **Profit before tax** increased to € 281 million (2016: € 223 million; +26.0%).

### **Financial Services segment remains on successful course**

The **Financial Services segment** continued to deliver sustainable profitable growth in the **third quarter**. In total, 435,026 **new credit financing and leasing contracts** were signed with retail customers between July and September (2016: 467,702 contracts; -7.0%). The portfolio of **leasing and credit financing contracts** at 30 September 2017 comprised 4,946,423 contracts (31 December 2016: 4,703,417 contracts; +5.2%). **Segment revenues** grew by 4.3% to € 6,679 million (2016: € 6,403 million). **Profit before tax** climbed by 7.2% to € 609 million (2016: € 568 million).

In total, 1,369,263 (2016: 1,341,792) **new leasing and credit financing contracts** were signed during the **first nine months** of 2017, 2.0% more than in the previous year. **Segment revenues** grew by 9.7% to € 20,769 million (2016: € 18,940 million). **Profit before tax** improved by 9.3% to € 1,793 million (2016: € 1,641 million).

## Workforce size increased

The size of the Group's **workforce** increased by 2.8% year-on-year to stand at 129,545 employees at 30 September (2016: 126,013). The BMW Group continues to recruit skilled workers and IT specialists in future-oriented areas, such as digitalisation and automated driving.

## Outlook for 2017: BMW Group forecasts new record figures

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 positive trend. These favourable factors are offset by high levels of upfront expenditure for key new technologies, intense competition and rising personnel expenses. The global political and economic environment is expected to remain volatile.

For the financial year 2017, the BMW Group forecasts a slight increase in **deliveries to customers** by **the Automotive segment** and a solid (previously: slight) increase in **Group profit before tax**, in both cases to new record figures. "At the same time, we continue to expect higher expenditure in the fourth quarter for key technological and strategic projects as well as the roll-out of the largest model offensive in the history of the BMW Group. Other factors to bear in mind are the politically volatile environment and high upfront expenditure for electric mobility and autonomous driving", explained **Krüger**.

The **EBIT margin** for the Automotive segment in 2017 is forecast to remain within the target range of between 8 and 10%. With its premium brands, the BMW Group is confident it will remain the world's leading provider of premium mobility in 2017. The BMW Group forecasts a slight (previously: solid) increase in **revenues** in the **Automotive segment**. Forecasts for the current year are based on the assumption that global political and economic conditions will not change significantly

The BMW Group – an overview		3 <sup>rd</sup> quarter 2017	3 <sup>rd</sup> quarter 2016	Change in %
<b>Sales volume</b>				
<b>Automotive</b>	Units	<b>590,415</b>	<b>583,499</b>	<b>1.2</b>
Thereof: BMW	Units	499,467	493,379	1.2
MINI	Units	90,180	89,179	1.1
Rolls-Royce	Units	768	941	-18.4
<b>Sales volume Motorcycles</b>	Units	<b>39,429</b>	<b>35,290</b>	<b>11.7</b>
<b>Workforce <sup>1</sup></b>		<b>129,545</b>	<b>126,013</b>	<b>2.8</b>
EBIT margin Automotive Segment	Percent	8.3	8.5	-0.2 %points
EBIT margin Segment Motorcycles	Percent	10.3	7.1	+3.2 %points
<b>EBT margin BMW Group</b>	Percent	<b>10.3</b>	<b>11.0</b>	<b>-0.7 %points</b>
<b>Revenues</b>				
	€ million	<b>23,424</b>	<b>23,362</b>	<b>0.3</b>
Thereof: Automotive	€ million	21,040	21,564	-2.4
Motorcycles	€ million	514	451	14.0
Financial Services	€ million	6,679	6,403	4.3
Other Entities	€ million	1	1	-
Eliminations	€ million	-4,810	-5,057	4.9
<b>Profit before financial result (EBIT)</b>				
	€ million	<b>2,304</b>	<b>2,380</b>	<b>-3.2</b>
Thereof: Automotive	€ million	1,753	1,837	-4.6
Motorcycles	€ million	53	32	65.6
Financial Services	€ million	607	576	5.4
Other Entities	€ million	-12	6	-
Eliminations	€ million	-97	-71	-36.6
<b>Profit before tax (EBT)</b>				
	€ million	<b>2,422</b>	<b>2,575</b>	<b>-5.9</b>
Thereof: Automotive	€ million	1,880	2,030	-7.4
Motorcycles	€ million	53	32	65.6
Financial Services	€ million	609	568	7.2
Other Entities	€ million	11	40	-72.5
Eliminations	€ million	-131	-95	-37.9
<b>Income taxes</b>				
	€ million	<b>-633</b>	<b>-754</b>	<b>-16.0</b>
<b>Net profit</b>				
	€ million	<b>1,789</b>	<b>1,821</b>	<b>-1.8</b>
<b>Earnings per share <sup>2</sup></b>				
	€	<b>2.68/2.68</b>	<b>2.75/2.75</b>	<b>-2.5/-2.5</b>

<sup>1</sup> Figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

<sup>2</sup> Earnings per share of common stock/preferred stock

<b>The BMW Group – an overview</b>		<b>Jan. – Sept. 2017</b>	<b>Jan. – Sept. 2016</b>	<b>Change in %</b>
<b>Sales volume</b>				
<b>Automotive</b>	Units	<b>1,811,234</b>	<b>1,746,638</b>	<b>3.7</b>
Thereof: BMW	Units	1,537,497	1,479,936	3.9
MINI	Units	271,394	264,077	2.8
Rolls-Royce	Units	2,343	2,625	-10.7
<b>Sales volume Motorcycles</b>	Units	<b>127,818</b>	<b>116,044</b>	<b>10.1</b>
<b>Workforce <sup>1</sup></b>		<b>129,545</b>	<b>126,013</b>	<b>2.8</b>
EBIT margin Automotive Segment	Percent	9.1	9.1	-
EBIT margin Segment Motorcycles	Percent	15.4	13.6	+1.8 %points
<b>EBT margin BMW Group</b>	Percent	<b>11.7</b>	<b>11.2</b>	<b>+0.5 %points</b>
<b>Revenues</b>				
	€ million	<b>72,671</b>	<b>69,229</b>	<b>5.0</b>
Thereof: Automotive	€ million	64,708	63,250	2.3
Motorcycles	€ million	1,833	1,650	11.1
Financial Services	€ million	20,769	18,940	9.7
Other Entities	€ million	4	4	
Eliminations	€ million	-14,643	-14,615	-0.2
<b>Profit before financial result (EBIT)</b>				
	€ million	<b>7,879</b>	<b>7,562</b>	<b>4.2</b>
Thereof: Automotive	€ million	5,862	5,778	1.5
Motorcycles	€ million	282	224	25.9
Financial Services	€ million	1,799	1,696	6.1
Other Entities	€ million	0	29	-
Eliminations	€ million	-64	-165	61.2
<b>Profit before tax (EBT)</b>				
	€ million	<b>8,482</b>	<b>7,741</b>	<b>9.6</b>
Thereof: Automotive	€ million	6,544	6,041	8.3
Motorcycles	€ million	281	223	26.0
Financial Services	€ million	1,793	1,641	9.3
Other Entities	€ million	30	84	-64.3
Eliminations	€ million	-166	-248	33.1
<b>Income taxes</b>				
	€ million	<b>-2,330</b>	<b>-2,330</b>	<b>-</b>
<b>Net profit</b>				
	€ million	<b>6,152</b>	<b>5,411</b>	<b>13.7</b>
<b>Earnings per share <sup>2</sup></b>				
	€	<b>9.27/9.28</b>	<b>8.19/8.20</b>	<b>13.2/13.2</b>

<sup>1</sup> Figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

<sup>2</sup> Earnings per share of common stock/preferred stock

## Corporate Communications

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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. As a global company, the BMW Group operates 31 production and assembly facilities in 14 countries and has a global sales network in more than 140 countries.

In 2016, the BMW Group sold approximately 2.367 million cars and 145,000 motorcycles worldwide. The profit before tax was approximately € 9.67 billion on revenues amounting to € 94.16 billion. As of 31 December 2016, the BMW Group had a workforce of 124,729 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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