BMW GROUP THE NEXT 100 YEARS

Corporate Communications

Media Information
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Solid start to 2017 for BMW Group

- Significant revenues and earnings growth
- Automotive segment EBIT margin within target range
- Sales of electrified vehicles doubled
- Made in Germany: BMW iNEXT to be produced in Dingolfing
- BMW Group reaffirms outlook for full year 2017
- Krüger: Focus on profitability and rigorous implementation of Strategy NUMBER ONE > NEXT

Munich. The BMW Group has begun the financial year 2017 with a solid first quarter and made excellent progress in terms of implementing Strategy **NUMBER ONE > NEXT**. Deliveries of electrified vehicles, for instance, doubled to nearly 20,000 units in the first quarter. In addition, the BMW Group announced its intention to build the BMW iNEXT as the company's technological spearhead at its Dingolfing plant. The iNEXT, which is due to be unveiled in 2021, will set the benchmark in terms of automated driving, electrification and connectivity. The decision underlines the significance of Germany as a location for developing future technologies and shaping tomorrow's mobility.

The BMW Group recorded significant first-quarter growth in terms of both revenues and net profit. Alongside a solid operating performance, positive valuation-related earnings effects included in the financial result also contributed to the sharp rise in profit before taxes. "We shall continue to focus on rigorously implementing Strategy **NUMBER ONE > NEXT** and ensuring sustainable high profitability in order that we can shape future mobility by leveraging our own resources. That is how we will measure our success," commented **Harald Krüger**, Chairman of the Board of Management of BMW AG, in Munich on Thursday.

In the first quarter, the BMW Group embarked on the most substantial model offensive in its history with the launch of the new BMW 5 Series. Around 40 new and updated models of the BMW Group's three premium brands will be brought

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to market during 2017 and 2018. “Customers are excited by the new 5 Series Sedan, as we can see in its extremely good market reception. We expect the BMW Group's three premium brands to set new delivery records again in 2017 and the Group to remain the leading manufacturer of premium vehicles,” stated **Krüger**.

Particular emphasis is being placed on the upper-premium segment. Through the focussed addition of highly emotive vehicles, the BMW Group is targeting significant sales volume growth in this segment by 2020. Alongside the BMW 7 Series, the BMW Group will be launching other models in this segment, including the BMW X7.

New sales volume, revenues and earnings records in first quarter

First-quarter deliveries of BMW, MINI and Rolls-Royce brand vehicles rose by 5.3% to 587,237 units (2016: 557,605 units). All the Group's major sales regions contributed to this increase. Thanks to this strong performance, **Group revenues** for the period from January to March were significantly higher at € 23,448 million (2016: € 20,853 million; +12.4%). **Profit before financial result** amounted to € 2,646 million, 7.7% up on the previous year’s corresponding figure of € 2,457 million. **Group profit before tax** (EBT) was also significantly higher at € 3,005 million (2016: € 2,368 million). This significant increase was largely due to the following effects: a positive valuation effect of € 183 million in connection with the participation of new investors in the mapping service HERE, an increase in the other financial result of € 122 million, driven mainly by valuation effects, and a higher profit contribution from the Chinese joint venture BMW Brilliance Automotive Ltd. As a result, the Group’s **EBT margin** climbed to 12.8% (2016: 11.4%) in the first quarter. **Group net profit** rose by 31.0% to € 2,149 million (2016: € 1,641 million).

"The first quarter results lay a very sound foundation for us to achieve our ambitious targets for 2017. Given that the BMW Group is embarking on the biggest model offensive in its corporate history, we expect start-up and marketing costs regarding new models to increase over the course of the year. We will also incur high upfront expenditure in connection with electric mobility and autonomous driving," pointed out **Nicolas Peter**, member of the Board of Management of BMW AG responsible for Finance. "Short-term gain is not the decisive factor for us: we remain focussed on sustainable, profitable growth."

Automotive segment: EBIT margin within target range

First-quarter **revenues** for the **Automotive segment** grew by 10.0% to € 20,692 million (2016: € 18,814 million). **EBIT** improved by 6.1% to € 1,871 million (2016: € 1,763 million). The **EBIT margin** in the Automotive segment came in at 9.0% (2016: 9.4%) and was therefore within the targeted range of between 8 and 10%. On account of the factors described above, **profit before tax** rose by 31.4% to € 2,279 million (2016: € 1,734 million).

BMW Group vehicles with electrified drivetrains performed particularly well during the first quarter, as nearly 20,000 BMW i3, BMW i8 and BMW iPerformance plug-in hybrids were sold, twice the previous year's corresponding figure. "We are therefore well on course to delivering more than 100,000 electrified vehicles for the first time in 2017," **Krüger** stated. Electrified vehicles accounted for more than three per cent of all BMW Group vehicle deliveries to customers in the first quarter (Q1 2016: 1.7%).
With the launch of the BMW i3 almost four years ago, the BMW Group was an early pioneer of electric mobility and has remained true to its strategy ever since. When the first MINI brand plug-in hybrid model is introduced in summer 2017, the BMW Group will have nine electrified models in its portfolio. The BMW i8 Roadster is set to follow in the coming year and the first all-electric MINI is due in 2019. In 2020, the battery-powered BMW X3 will integrate all-electric mobility

into the Group's core brand. One year later, the new BMW iNEXT is set to take to the roads. As the BMW Group's new technological spearhead, it will set the benchmark in the future-oriented ACES fields **A**utonomous, **C**onnected, **E**lectrified and **S**ervices/Shared.

Deliveries of **BMW** brand vehicles totalled 503,445 units (2016: 478,743; +5.2%), surpassing the half-million figure for the first time in an opening quarter. Sales volume growth came from various areas, including good contributions made by the BMW Group's flagship model, the BMW 7 Series, and the BMW X-family models. Nearly 16,000 units of the **BMW 7 Series** were sold, 50.2% more than one year earlier. Sales of the **BMW X1** jumped by 29.5% to 66,063 units in the first quarter. Similarly, the **BMW X3** (41,742 units; +7.8%) and the **BMW X5** (45,892 units; +17.7%) also recorded significant growth.

Sales of 83,059 units during the first three months 2017 also represented a new first-quarter sales volume record for the **MINI** brand (2016: 78,311 units; +6.1%). The new **MINI Clubman** reported a significant rise, with deliveries to customers increasing to 14,830 units (2016: 12,173 units; +21.8%). First-quarter sales of the new **MINI Convertible** tripled to 7,705 units (2016: 2,553 units). With 47,530 units sold, the **MINI 3 and 5 door** models matched their previous year's performance (2016: 47,396 units; +0.3%).

Following the second highest annual sales in 2016, **Rolls-Royce Motor Cars** sales in the first quarter of 2017 were up year-on-year. This was based on full market availability of Dawn compared with the same period last year. In total, 733 Rolls-Royce motor cars were delivered to customers across the globe (+33.0%). Demand for Rolls-Royce models remains strong in most regions, although this is set against ongoing market volatility in the global luxury industry as a whole. Rolls-Royce continues to strive for long-term sustainable growth.
The BMW Group's upward sales volume trend continued in **Europe**, with 267,996 units (2016: 257,120 units) delivered to customers during the first

three-month period, up 4.2% year-on-year. Solid growth was reported in a number of markets, including Great Britain (+6.5%; 63,004 units), France (+5.4%; 21,943 units) and Italy (+6.7%; 21,278 units).

First-quarter sales of BMW Group vehicles in **Asia** rose by 9.2% to surpass the 200,000-unit mark (200,140 units; 2016: 183,204 units). Significant growth was also achieved on the Chinese mainland, where sales climbed by 12.4% to 142,958 units. First-quarter deliveries in Japan went up by 5.2% to 19,681 units.

Sales in the **Americas** region increased slightly by 2.0% to 102,238 units (2016: 100,245 units), including 82,169 units delivered to customers in the USA (+0.7%).

Motorcycles segment sets new delivery record

The **Motorcycles segment** had a successful start to the year, delivering 35,636 motorcycles and maxi-scooters (2016: 33,788 units) to customers during the first quarter, 5.5% up on the previous year. **Revenues** grew by 7.0% to € 623 million (2016: € 582 million). Higher volumes and positive sales-mix factors helped segment **profit before financial result** to jump by 33.0% to € 125 million (2016: € 94 million). Influenced by seasonal factors at the start of the motorcycle season, the segment **EBIT margin** came in at 20.1% (2016: 16.2%). **Profit before tax** also improved by 33.0% to € 125 million (2016: € 94 million).

Financial Services segment firmly on course

The **Financial Services** segment continued to perform well during the first quarter. A total of 465,634 **new credit financing and leasing contracts** (2016: 413,372 contracts) were signed with customers between January and March, an increase of 12.6%. Including contracts with dealerships, 5,214,729 **credit financing and leasing contracts** were in place at the end of the first

quarter (31 March 2016: 4,786,441 contracts), 8.9% more than one year earlier. First-quarter **segment revenues** rose by 16.8% to € 7,046 million (2016: € 6,032 million), while **profit before tax** was 4.4% higher at € 595 million (2016: € 570 million).

Workforce increased

The size of the BMW Group's **workforce** increased by 3.0% year-on-year and comprised 126,317 employees (2016: 122,692 employees) worldwide. The BMW Group continuously hires skilled experts and IT specialists in future-oriented areas, such as digitalisation and automated driving.

BMW Group reaffirms targets for the financial year 2017

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 contrast with 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 forecast slight increases, and hence new record figures, for **Automotive segment sales volume** and **profit before tax** in 2017," stated Krüger. With its three premium brands, the BMW Group is therefore confident it will remain the world's leading manufacturer of premium vehicles in 2017.

Automotive segment revenues are also set to grow slightly over the year on the back of higher sales volumes. The **EBIT margin** for the Automotive

segment in 2017 is forecast to remain within the targeted range of between 8 and 10%.

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 2017	1st quarter 2016	Change in %
Sales volume				
Automotive	Units	**587,237**	**557,605**	**5.3**
Thereof: BMW	Units	503,445	478,743	5.2
MINI	Units	83,059	78,311	6.1
Rolls-Royce	Units	733	551	33.0
Sales volume Motorcycles	Units	**35,636**	**33,788**	**5.5**
Workforce [1]		**126,317**	**122,692**	**3.0**
EBIT margin Automotive Segment	Percent	9.0	9.4	-0.4 %points
EBIT margin Segment Motorcycles	Percent	20.1	16.2	+3.9 %points
EBT margin BMW Group	Percent	**12.8**	**11.4**	**+1.4 %points**
Revenues	€ million	**23,448**	**20,853**	**12.4**
Thereof: Automotive	€ million	20,692	18,814	10.0
Motorcycles	€ million	623	582	7.0
Financial Services	€ million	7,046	6,032	16.8
Other Entities	€ million	2	1	-
Eliminations	€ million	-4,915	-4,576	-7.4
Profit before financial result (EBIT)	€ million	**2,646**	**2,457**	**7.7**
Thereof: Automotive	€ million	1,871	1,763	6.1
Motorcycles	€ million	125	94	33.0
Financial Services	€ million	604	591	2.2
Other Entities	€ million	4	11	-63.6
Eliminations	€ million	42	-2	-
Profit before tax (EBT)	€ million	**3,005**	**2,368**	**26.9**
Thereof: Automotive	€ million	2,279	1,734	31.4
Motorcycles	€ million	125	94	33.0
Financial Services	€ million	595	570	4.4
Other Entities	€ million	-4	-2	-
Eliminations	€ million	10	-28	-
Income taxes	€ million	**-856**	**-727**	**-17.7**
Net profit	€ million	**2,149**	**1,641**	**31.0**
Earnings per share [2]	€	**3.26/3.26**	**2.48/2.48**	**31.5/31.5**

[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] Earnings per share of common stock/preferred stock

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The BMW Group

With its three brands BMW, MINI and Rolls-Royce, 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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