

Media Information
1 December 2016

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**Sneak Preview Strategy-Workshops
Statement
Harald Krüger
Chairman of the Board of Management of BMW AG
Munich, Taunusstraße
1 December 2016, 9:30 a.m. and 1:30 p.m.**

Ladies and Gentlemen,

The world as we know it is currently undergoing a dramatic transformation. Many of the things we know are definitely changing – trade agreements, laws, political activities. For the BMW Group, we see three main trends that will affect us directly: political, technological and social trends. I do not want to talk too much about politics – we will all just have to keep a close eye on developments. On the technology side, there is strong momentum. With our launch of project i back in 2007, we advanced e-mobility significantly through ground-breaking innovations. Now, thanks to digitalisation, the speed of development is three times as fast. On the social front, we see the rapid growth of megacities. Environmental concerns and the challenges this brings are increasing.

The 17th Shell Youth Study was published recently. It shows that: On the one hand, the generation between 12 and 25 wishes for more security. At the same time, these young people are eager to try new things: They want to pitch in, shake things up and explore new horizons. This young generation in Germany in 2015 is therefore referred to as a “generation raring to go”. So, we naturally ask ourselves: What does that mean for our business?

Media Information

1 December 2016

Date

Subject

Statement by Harald Krüger, Chairman of the Board of Management
of BMW AG, Sneak Preview Strategy-Workshops

Page

2

I definitely see parallels. Where they seek a balance between “security and eagerness to try new things”, ours is between “tradition and innovation”. The automotive industry is also changing and looking to new horizons. I actually think “raring to go” fits the automotive industry a lot better than “changing”, too!

Let us take a look at the positives: What do we have to offer?

Our capacity for innovation remains one of the major strengths and opportunities for German manufacturing and the German automotive industry. Especially in the future core area of “self-driving cars”, many of the key patents are held by German and Japanese carmakers and their suppliers. We have recognised how important it is to pool our expertise in partnerships, for example, with suppliers from the IT industry – as well as the importance of strategic alliances. Our industry employs many hundreds of thousands of people. We offer young people first-class vocational training. We are investing in a dual education system that is recognised worldwide. All of this shows that here in Germany, we have the ideal conditions for a new era of mobility.

There are still a lot of questions to be answered – for example:

What position do we want to occupy in the digital world?

or

How will this change the fundamental role of mobility?

We do not have all the answers yet, either. But the BMW Group has already made a successful start. We have a clear vision of the future.

Media Information

1 December 2016

Date

Subject

Statement by Harald Krüger, Chairman of the Board of Management
of BMW AG, Sneak Preview Strategy-Workshops

Page

3

In the workshops today, we will show you where we stand in the individual areas. We deliberately chose this location: Welcome to prototype construction for all our electrified drive train components. This is where we test production of electric engines and drive trains for large-scale industrial production – also from an economic perspective. In early November, we reached the milestone of 100,000 electrified vehicles. That means there are 100,000 customers who can share their experience of e-mobility with us. We have set an ambitious goal of another 100,000 electrified vehicles in 2017 – that is as many as in the past three years. One thing is certain: We will continue to invest in electro-mobility.

We are now entering Phase II of our electrification strategy. We will gradually be transferring BMW i technologies to all other Group brands, series and models. We have already announced a MINI BEV for 2019 and a pure electric X3 for 2020. Next year, we will release a plug-in hybrid version of the MINI Countryman; followed in 2018 by the highly emotional i8 Roadster. This will be the first chance to combine e-mobility with genuine convertible feeling. I can promise you that range will continue to improve.

Our vehicle architecture is extremely scalable across a broad range of models. This enables us to use resources efficiently and effectively. Future architectures are designed flexibly for use in ICE, PHEV and BEV models. This also allows us to respond with high flexibility to changes in demand and requirements.

Media Information

1 December 2016

Date

Subject

Statement by Harald Krüger, Chairman of the Board of Management
of BMW AG, Sneak Preview Strategy-Workshops

Page

4

We are the only ones in the market to adopt a 360-degree approach with our BMW i brand. BMW i is a nucleus for successful new mobility services and business segments that go beyond the vehicle itself. Business in mobility services is developing rapidly. A large number of new competitors have entered the field. That motivates us to continue to evolve.

This is why we founded BMW i Ventures in 2011 – to make selective investments in young, fast-growing start-up companies. We have now significantly increased its capitalisation (up to 500 million euros over ten years) and are relocating the unit to the heart of Silicon Valley. Everybody is talking about UBER and LYFT – but we are setting different priorities.

We will expand our mobility services. Our fleet business offers lots of opportunities for the long term. We will certainly continue to invest in the BMW i brand. It will remain our spearhead for innovation. In 2021, we will launch the BMW iNext. This car embodies the four characteristics of modern mobility – what we like to call the ACES: Automated, connected, electrified and shared – in short: the mobility of the future.

One of today's two workshops will focus on the topic of autonomous driving. Here, the BMW Group has a clear strategy for development and more than ten years of experience. A BMW test vehicle already drove around the Hockenheimring racetrack autonomously back in 2006. Another milestone was the first autonomous lap of the Nürburgring Nordschleife in 2009. We are now concentrating all our expertise in this area at our new Research and Development Centre for Autonomous Driving. The campus will be located in the Munich area.

Media Information

1 December 2016

Date

Subject

Statement by Harald Krüger, Chairman of the Board of Management
of BMW AG, Sneak Preview Strategy-Workshops

Page

5

Working with colleagues from our FIZ Research and Innovation Centre and external partners, this is where we will develop and test our fully autonomous and highly automated vehicles.

As you will see today, the BMW Group is already well underway into the future. Our four Vision Vehicles represent all of this. They already embody the four ACES: They all drive autonomously. They all drive electric. They are all fully connected. The MINI also represents the sharing of the future. All four vehicles illustrate our clear direction where we want to take our brands.

Ladies and Gentlemen,

Please take advantage of our experts here today. They are here to answer your questions. I would also be happy to take your questions myself now.