

Media Information
7 November 2018

- Check against delivery -

Statement
Harald Krüger
Chairman of the Board of Management of BMW AG
Conference Call Interim Report to 30 September 2018
7 November 2018, 10:00 a.m. CET

Ladies and Gentlemen!

The BMW Group has two firm principles: We take a long-term approach, and we chart our own course. That is what has made us strong. Securing our company's future is the top priority in all that we do. This is especially true in volatile and challenging times like these our industry is currently experiencing.

Thanks to our financial strength, we are able to invest in new technologies and services. This year alone, we will be channelling another one billion euros into upfront investments in future mobility. At the same time, we are gearing the whole company to be future-oriented, efficient and flexible – in terms of our structures, processes and know-how.

In recent weeks and months, our business environment has become a lot more difficult. But steering through headwinds, while maintaining our course, is part of the BMW Group's success story. The current situation is certainly unique: We are seeing an accumulation of challenges – on the geopolitical, trade and competition fronts. And all of them vary from one region to another. Let me give you a few examples:

- The planned CO₂ targets for the EU from 2030.
- The trade dispute between the US and China is straining the entire global economy.
- The possibility of a “no-deal” Brexit remains – with all its implications for companies such as ours.
- We are also having to make higher provisions for goodwill and warranty activities.

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- The BMW Group has successfully completed the changeover to the new WLTP test procedure. But, in the European markets, we are now facing supply distortions and high pressure on prices.

All of these challenges are affecting our business in parallel and at a very intense level. As a result of these factors, we had to adjust our guidance for 2018. But our targets remain ambitious. Our Strategy NUMBER ONE > NEXT sets clear priorities for the coming years. We remain focused on the following key areas:

- Systematic electrification of all brands and model series.
- Development of autonomous driving.
- Expansion of mobility services through the planned joint venture with the Daimler Group.
- Strategic development of our global production network.

Today, the BMW Group is a much more global company than it was even ten years ago. Our customers in the three main economic regions have different wants and needs. We are therefore stepping up our commitment in Europe, Asia and the Americas.

In Europe, we are offering solutions for sustainable mobility in cities.

In Germany, we are supporting the federal government and municipalities in their efforts to improve urban air quality with effective measures. Three concrete examples:

1. We have paid into the federal Environmental Fund, “Sustainable Mobility for Cities”. However, the money is still not being used adequately in all cities. Here, the question must be asked:

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Can cities also then ban their diesel drivers, if they themselves are not exhausting their own direct possibilities – from power plants to city buses – to improve air quality?

2. We quickly developed a voluntary software update for our customers to improve older diesel models, just as we agreed to in August 2017 with the German federal government.
3. With the new BMW environmental bonus+ we have a special offer: Customers in designated cities currently affected by specific government measures will receive 10,000 euros if they trade in their older diesel for a BMW i3, for example. And customers who trade in their BMW or MINI Diesel Euro 4 or 5 will also receive a credit of 6,000 euros. These offers are being well received by customers.

Ladies and Gentlemen,

These discussions regarding diesel vehicles focused on hardware updates are only taking place in Germany. Other countries are instead focusing on the systematic renewal of vehicle fleets or are promoting e-mobility. We as the BMW Group are also driving ahead with the rapid renewal of our fleet. These measures are significantly more efficient and effective more quickly than a hardware modification. Our diesel vehicles perform very well. They achieved some of the lowest real emissions within the fleet average of independent manufacturer comparisons. In addition, there are good reasons why, for us, hardware upgrades for Euro 5 diesels are not in any way the right approach. The customer would have – despite careful vehicle development – increased quality risk and less efficient vehicles. Moreover, hardware upgrades are not feasible before 2021.

Furthermore, the technical progress of diesel technology cannot simply be retroactively implemented in vehicles that were developed about ten years ago.

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These vehicles were approved in accordance with regulations and met the technological standards at the time.

Our position remains unchanged: We are focussed on effective and efficient measures – and we are investing in the technologies of the future. In Germany and Europe, we are forging ahead with e-mobility and production of battery cells. And here I can give you three examples:

1. We will be building the all-electric BMW i4 and the iNEXT in Munich and Dingolfing, respectively, from 2021. On the World Flight of our Vision Vehicle, we demonstrated that the iNEXT is much more than just a car.
2. We have signed a contract worth more than four billion euros with CATL for delivery of battery cells. A new plant will be built in Thüringen.
3. We have presented our proposal for a technology consortium with Northvolt and Umicore to the European Commission. We want to produce battery cells in Europe and establish the entire value chain for cell manufacturing.

Now to our second region: Asia.

The BMW Group is widely respected in China. We are now taking our local footprint to the next level: We will be the first foreign carmaker allowed to expand its share in a Chinese joint venture. And we plan to increase our stake in the venture with Brilliance to 75 percent. BBA will be investing more than three billion euros in its plants in Shenyang over the next few years. In 2020, we will start building the first fully-electric BMW in China. This iX3 will be exported from there. It will be the first model to come with a fifth-generation electric drive train – one that does not use rare earths.

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And, finally, the third region: the Americas.

The United States is our second home. The BMW Group is not only the largest net exporter of vehicles from the US. We also create a total of almost 70,000 direct and indirect jobs in the US. In recent years, we have invested nearly nine billion euros in our largest plant, located in South Carolina. Another 600 million will follow, up to 2021. At the end of this year, a completely new vehicle concept, the BMW X7, will start rolling off the production line in Spartanburg. Many customers in North America, China, Russia and the Middle East are eagerly awaiting this, the biggest X model. The X7 is another building block in our offensive in the fast-growing luxury segment. It has received very positive reviews in the media – especially for its design. The X7 will have its world premiere in LA in three weeks' time.

Ladies and Gentlemen,

No matter what region the BMW Group is active in – wherever we go, we are a positive force for growth and prosperity. This will also be the case from June 2019 in Mexico and, later also in Hungary. Thanks to our highly flexible production network, we are able to balance out many market fluctuations and customs barriers. We continually target long-term growth with our attractive and technologically diverse portfolio.

Because: Our products are more desirable than ever. From January to September of this year, we sold more vehicles than ever before in this nine-month period. This applies to both the BMW Group and the BMW brand. The BMW Group is segment leader. Rolls-Royce also posted significant gains. BMW Motorrad remains on a par with the previous year; MINI slightly below.

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On the electrification side, we are right on track to sell more than 140,000 vehicles this year. There are now over 313,000 electrified BMW Group vehicles on the roads.

The BMW 3 Series is our most successful model, with more than 15 million sold. The new generation sets new standards for connectivity – especially with its range of digital services and driver assistance options. This offers our customers a new level of sheer driving pleasure. Production is currently ramping up at the Munich Plant. Next year, the 3 Series will also be rolling off the production line at our new plant in Mexico and in China.

Our model offensive continues at full speed.

The almost completely renewed BMW X family will also play a significant part in this. The new X3 is a hit with customers – with sales up more than 60 percent in the third quarter. The X4 has been available since July. The new X5 will be released this month. Next year, these will be joined by M models of the X3 and X4, as well as X3 and X5 plug-in hybrids. All these models will strengthen our leading position in plug-in hybrids.

The first 8 Series Coupés are being delivered to customers right now. Last week, we released the first pictures of the 8 Series Convertible. We will be launching this model in spring of next year. In 2019, the 8 Series Gran Coupé and the corresponding M models will complete the new 8 Series range in the luxury segment.

As you can see: We will continue to generate strong product momentum over the next few years.

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Ladies and Gentlemen,

The global environment is likely to stay volatile for the foreseeable future – and the level of complexity will remain just as challenging. The growth forecast for both the global economy and the Eurozone has been lowered for 2018.

The BMW Group has more than 100 years of experience dealing with change. We do not shy away from any challenge. We work towards solutions and pave new roads to success. We are investing in our business in this direction and winning new customers for our four premium brands.

We are on track to meet our adjusted targets for the current year.

I would like to clearly emphasize: We remain a profitable, reliable company.

And we will continue to lead our company into the future.

Thank you!

CONSUMPTION AND EMISSION DATA.

BMW i3 (120 Ah, 42.2 kWh):

CO₂ emissions in g/km (combined): 0

Power consumption in kWh/100 km (combined): 13.1

BMW i3s (120 Ah, 42.2 kWh):

CO₂ emissions in g/km (combined): 0

Power consumption in kWh/100 km (combined): 14.6 – 14.0

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BMW 3 Series:

Fuel consumption in l/100 km (combined): 6.1 – 4.1*

CO₂ emissions in g/km (combined): 139 – 108*

BMW 8 Series Coupé:

Fuel consumption in l/100 km (combined): 10.5 – 6.1

CO₂ emissions in g/km (combined): 240 – 160

BMW 8 Series Convertible:

Fuel consumption in l/100 km (combined): 10.0 – 5.9*

CO₂ emissions in g/km (combined): 229 – 155*

BMW X3:

Fuel consumption in l/100 km (combined): 9.1 – 5.3

CO₂ emissions in g/km (combined): 207 – 140

BMW X4:

Fuel consumption in l/100 km (combined): 9.1 – 5.4

CO₂ emissions in g/km (combined): 206 – 142

BMW X5:

Fuel consumption in l/100 km (combined): 11.6 – 6.0*

CO₂ emissions in g/km (combined): 264 – 158*

BMW X5 xDrive45e iPerformance:

Fuel consumption in l/100 km (combined): 2.1*

CO₂ emissions in g/km (combined): 49*

Power consumption in kWh/100 km (combined): 23.0*

BMW X7:

Fuel consumption in l/100 km (combined): 11.4 – 6.5*

CO₂ emissions in g/km (combined): 261 - 171*

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The figures for fuel consumption, CO₂ emissions and power consumption are calculated based on the measurement methods stipulated in the current version of Regulation (EU) 2007/715. This information is based on a vehicle with basic equipment in Germany; ranges take into account differences in wheel and tyre size selected as well as optional equipment.

Power consumption, emissions figures and ranges have been calculated based on the new WLTP test cycle and adapted to NEDC for comparison purposes, dependent on the tyre format selected. In these vehicles, different figures than those published here may apply for the assessment of taxes and other vehicle-related duties which are (also) based on CO₂-emissions. These figures are provisional.

For further details of the official fuel consumption figures and official specific CO₂ emissions of new cars, please refer to the "Manual on fuel consumption, CO₂ emissions and power consumption of new cars", available at sales outlets, from Deutsche Automobil Treuhand GmbH (DAT), Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen and at <http://www.dat.de/angebote/verlagsprodukte/leitfaden-kraftstoffverbrauch.html>.

The figures marked with * are preliminary.