

5 October 2009



## **BMW announces R2.2 billion investment: Production at BMW Plant Rosslyn secured for the future.**

- **R2.2 billion investment will trigger the introduction of the newest BMW vehicle and production technology at Plant Rosslyn and within the supplier network.**
- **The investment will enable maximum plant capacity to increase from 60 000 to 87 000 units. The investment will secure production at Plant Rosslyn for the future.**
- **At the same time, the BMW Group will enhance the skills of 1,100 associates ahead of the investment, by providing a MERSETA-accredited qualification over the next 18 months.**
- **The decision shows the BMW Group's faith in the South African economy.**

**Midrand/ Rosslyn.** Following in-depth negotiations with government, the BMW Group announced today that it will invest an additional R2.2 billion at BMW Plant Rosslyn, triggering the introduction of the newest BMW vehicle and production technology at the Plant and within its local supplier network. The investment will enable maximum plant capacity to increase from 60 000 to 87 000 units, while securing production in South Africa for the future.

The investment announcement follows the signing of a Letter of Commitment with the Department of Trade and Industry (**the dti**), which will honour the investment under the new support scheme for the motor industry, the Automotive Production and Development Programme (APDP).

The APDP will replace the current support programme for the automotive industry, the Motor Industry Development Programme (MIDP), in 2012.

At the same time, the German automaker announced a training program for 1,100 associates at Plant Rosslyn. The training program commenced in early September and will run for the next 18 months, providing a MERSETA-accredited qualification to the associates. It also serves to avoid a 'no work, no pay' situation, during scheduled Plant shutdown periods, for associates who have not opted into BMW's flexible Working Time Account. BMW is confident that this program will be given the support of government's well-timed Training Scheme, announced in August.

The BMW Group has a long history in South Africa, rich in major milestones, and has had a local presence since 1968. BMW Plant Rosslyn became the BMW Group's first manufacturing facility outside of Germany in 1975. The company was also the first South African car maker to adjust its entire production configuration to begin an export programme in 1994, ahead of the announcement of the MIDP. This was followed, five years later, by a decision to move Rosslyn to a two-shift production model focussed on producing almost three-quarters of its volume for export markets.

That decision 10 years ago led to production volumes at Plant Rosslyn increasing by some 220% and export volume by 400%. BMW South Africa now indirectly employs 42,000 people (2,500 Associates, 3,780 Dealer Staff and 36,000 first-tier Supplier employees) and is the country's leading exporter of passenger cars year to date.

The current investment decision follows in a similar vein and gives a clear message about the BMW Group's ongoing commitment to the South African economy and the confidence the company has in the country's future despite difficult market conditions. The local Premium Segment is currently trading 18% below 2008 levels, whilst the local vehicle market is facing its biggest decline in 15 years.

"The BMW Group has never shied away from making decisions for the future in spite of the current tough conditions the motor industry is facing," explains BMW South Africa Managing Director, Bodo Donauer. "By making an announcement of this magnitude during the worst known crisis the automotive industry has faced in recent times, we not only send a positive message to our staff about the long-term sustainability of BMW South Africa, but also a positive message about the future of South Africa as a whole."

However, Donauer stresses that it is important for the open issues with regard to the APDP to be resolved quickly.

“We have experienced that Government is certainly willing to support the entire automotive industry but this willingness seems to be overshadowed by the many hurdles encountered in creating a program that fits all stakeholders,” says Donauer. “It’s high time that all of these stakeholders – the OEMs, the suppliers and government – get beyond these hurdles quickly, in a unified effort, so that the automotive industry can concentrate on its core business. And by doing so, and maintaining and growing our operations, fulfil the most important prerequisite to support government’s call to sustain and create decent jobs in the process.

With 56 local first-tier suppliers, Plant Rosslyn currently produces the BMW 3 Series in both left- and right-hand drive derivatives at quality levels on par with those of plants in Germany. Almost 75% of this production volume is exported to customers in the USA, Japan, Taiwan, Singapore, New Zealand, Hong Kong, Sub Sahara and Australia.

“Maintaining the high standards demanded by these markets is only possible with the commitment of our highly skilled and highly motivated workforce. For this reason, BMW South Africa has remained 100% committed to safeguarding our workforce. We have not resorted to retrenchment, even in these tough times, and this gives us a distinct advantage to flexibly ramp-up the Plant as market demand may require in future,” Donauer continues. “The government Training Scheme will support our no-retrenchment policy and increase the skills base of our workforce at the same time.”

The MERSETA-accredited training program will equip production associates with a National Qualification Level One certificate. Furthermore, the content of the training focusses on a better understanding of the BMW business and therefore an even clearer grasp of the quality requirements of a premium manufacturer.

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