

Media Information  
3 May 2012

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## **Statement**

**Dr. Norbert Reithofer**

**Chairman of the Board of Management of BMW AG**

**Conference Call Interim Report to 31 March 2012**

**3 May 2012, 10:00 a.m.**

Ladies and Gentlemen,

In 2016, BMW will be 100 years old – a clear testimony to our company's ability to evolve and grow. This is a true milestone as we continue our success story. This means that we will keep acting with foresight and a long-term, global perspective in mind. Just like our investors expect of us.

In the first quarter of 2012, we managed to further build on our successful business performance of the 2011 financial year.

- In terms of sales, it was the most successful first quarter ever for the BMW Group, with a total of over 425,000 cars sold worldwide.
- It was the most successful first quarter ever for our three automotive brands – BMW, MINI and Rolls-Royce – as well as for BMW Motorrad.
- It was also the best first quarter ever with regard to our pre-tax result on the Group level, which stands at two billion Euros.
- We recorded an EBIT margin in the Automotive Segment of 11.6 per cent.

The BMW Group continues to benefit from the decisions we made as part of our strategy Number ONE back in 2007. And today, we are clearly looking far ahead again.

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- In 2016, we aim to sell over two million cars.

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- We also aim to generate sustainable profits. This means: A goal to achieve an EBIT margin in the Automotive Segment in the range of 8 to 10 per cent over the long-term. So far, almost no car company has managed to achieve this performance for a longer period of time.
- For the year 2020, our vision remains clear:  
to be the leading provider of premium products and premium services for individual mobility.

In order to meet these goals, we have to make large-scale investments now - in new technologies, in all our German and global facilities, and in training our staff successfully to meet today's and tomorrow's challenges.

What are our expectations for the year 2012?

- We are targeting a new sales record for the Group.
- New all-time highs for our three car brands.
- And a new record pre-tax result on the Group level.

These targets are based on the assumption that the economic and financial conditions will remain largely stable. Nobody can forecast how the financial systems and consumer demand will develop, given the high level of public debt in various countries. As well, the economic strength in individual southern European markets may weaken further.

But one thing is true: There continue to be opportunities for future growth in the premium car market. Demand for our young and attractive model portfolio remains strong with customers all around the world.

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Our segment leaders are:

The BMW 1 Series and the X1, the new BMW 3 Series Sedan — even with the model change in the first quarter of 2012 — the BMW 3 Series Convertible, the BMW 5 Series, the BMW X5, and the BMW 6 Series.

By summer, BMW and MINI will have introduced further new models and variants.

Let me give you a few examples:

- This March saw the launch of the next member of the MINI family, the MINI Roadster.
- Next will be the BMW 6 Series Gran Coupe in June. It's the first four-door coupe made by BMW.
- The model update of the BMW 7 Series will arrive at the dealerships in July.
- One of the highlights in the second half of the year will be the revised Phantom Series II at Rolls-Royce.
- And this fall, we will launch the BMW X1 in the US.

The development of global car markets varies from region to region. In many markets we recorded double-digit growth in the first quarter. This is especially true for larger regions such as North America, with a 17 per cent increase, and Asia, with a 32 per cent increase.

This strong performance allows us to compensate for the decrease in demand we are currently experiencing in some countries in Southern Europe which have been especially affected by the financial crisis. Thanks to our flexible production network and a wide range of models, we react quickly and effectively to changing market demands.

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It is for this very reason that we continue to strive for balanced growth across the globe. In the first quarter 2012, the BMW Group's largest individual markets of Germany, the US, and China were fairly balanced. In absolute terms, China was our best-performing market in the first quarter, ahead of the US and Germany for the first time. The premium segment in China will continue to offer positive growth opportunities. However, customers – and Chinese authorities – are setting specific requirements for the car industry in China.

We will continue to align our production, our products and new technologies to meet these requirements.

- Our new plant in Tiexi opens in mid-May.
- At the Beijing Motor Show, the BMW 3 Series long wheelbase version for Chinese customers celebrated its world premiere.
- We will bring BMW brand e-cars to China and develop a specific offering for the Chinese market in cooperation with our partner Brilliance.

Political regulations around the world affecting the automotive industry remain on the agenda. Specifics vary from country to country.

- In China, the government is strongly pushing for electrification.
- In the US, the government has established CO<sub>2</sub>-emission targets for 2025. E-cars will be receiving credits. They will be factored in several times when calculating a brand's fleet average.
- In Europe, the EU-Commission will decide this summer about a European fleet average of 95 grams of CO<sub>2</sub> per kilometer as the target for 2020. At present, e-cars in the EU also receive a so-called supercredit. However, this bonus is supposed to expire in 2015 – which would prove challenging.

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In order to meet the diverse CO<sub>2</sub>-emission targets, we are consistently pursuing the development of future technologies. Our goal for 2020 is to reduce our fleet's CO<sub>2</sub>-emissions by 50 per cent compared with the mid-1990s.

So what steps are we taking?

- We continue to invest in Efficient Dynamics as well as in plug-in hybrids and e-cars.
- We have signed a cooperation agreement with Toyota Motor Corporation. Together we want to take the lithium-ion battery technology to the next level.
- The carbon fiber for the BMW i family is produced in our new, hydroelectric-powered plant in Washington State. We are producing car body parts from this carbon fiber as well as components for the e-drive in Bavaria. We will then build our e-cars in Leipzig. That way, we strengthen Germany's position in the fields of industrializing e-mobility and lightweight construction.
- At the same time, we are preparing our staff for the challenges ahead. In the past twelve months, we have trained more than 1,000 employees – from apprentices to engineers – in the field of e-mobility at our new training center in Munich.

We are facing a variety of different issues – such as:

- political regulation
- diverse market conditions
- demographic change
- shortage of specialists
- new mobility services
- the value shift in our society, and
- new demands from upcoming generations.



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Our strategy is clearly focused on addressing these challenges – as an independent company. All our efforts are clearly geared toward remaining the leader in the premium segment.

Thanks to our experience in positioning premium brands, we will continue to grow the strength of our three brands – BMW, MINI and Rolls-Royce. We will act with foresight and maintain a long-term, global approach. This has been and continues to be the foundation for our success moving towards 2020.

Thank you very much for your attention.