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14 May 2013

BMW Group sets course for a successful future

Further investment in new technologies and markets
BMW Group reaffirms targets for full year 2013

Munich. The BMW Group is paving the way for continued success in the future with a high level of expenditure on new technologies and models and investments in its production network. "In this way, we are preparing for the company's next phase of growth and making the BMW Group more competitive for the future. Anyone who wishes to shape the mobility of tomorrow must make the necessary investments today," said Chairman of the Board of Management of BMW AG, Norbert Reithofer, at the Annual General Meeting on Tuesday in Munich.

The BMW Group will continue to invest in existing and new locations: for example, in the new site planned in Brazil, which will produce up to 30,000 vehicles per year. The start of production is slated for 2014, with investments in Brazil of more than 200 million euros over the coming years. Last year the BMW Group production network comprised a total of 29 locations in 14 countries.

Development costs for new technologies and vehicle concepts will also continue to rise in 2013, with eleven new BMW Group models scheduled for launch in 2013 alone. By the end of 2014, some 25 new models will have been added to the range, ten of them totally new models.

With a view to global sales development, the company will continue its strategy of avoiding over-reliance on a single market or region: "We aim to maintain a good balance of sales between the three major regions of the world: Europe, the Americas and Asia," emphasised Reithofer. Last year, the US accounted for 18.9% of total sales, China 17.7% and Germany 15.6%.

Company
Bayerische
Motoren Werke
Aktiengesellschaft

Postal Address
BMW AG
80788 München

Telephone
+49 89-382-24118
Internet
www.bmwgroup.com

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Spotlight on e-mobility for the BMW Group in 2013

Electro-mobility will be very much in the spotlight for the BMW Group this year. The BMW i3, which is designed for zero-emission driving in the urban environment and will come onto the market by the end of the year, underscores the BMW Group's role as a leading innovator in the premium segment.

"Later this year, we will start the revolution in our industry – and BMW i will give the mobility of tomorrow a face. The future belongs to those who dare to venture. We cannot ignore the need for new approaches – especially when circumstances are changing," Reithofer underlined at the Annual General Meeting. "Customers are waiting for attractive options – options which we can deliver," Reithofer added.

The BMW i3 features a passenger compartment made of carbon-fibre-reinforced plastic (CFRP) and an aluminium chassis, and sets new standards in the field of lightweight construction. As a result, the BMW i3 will be 250 to 350 kilogrammes lighter than a conventional electric car.

BMW Group reaffirms targets for full year 2013

After a record-breaking 2012, the BMW Group reaffirmed its ambitious targets for the full year amid a persistently difficult and volatile economic environment. "We are aiming for a new sales volume record at Group level and a Group profit before tax for 2013 on a similar scale to 2012," confirmed Reithofer.

Despite the additional costs referred to, the Automotive segment continues to forecast an EBIT margin of between 8% and 10% for the current year. This range is also seen as a sustainable EBIT margin beyond 2013. However, depending on political and economic developments, actual margins could end up being above or below the targeted range.

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The Motorcycles segment forecasts further sales volume growth in the current year thanks to attractive new models such as the R 1200 GS, which should, in turn, bring about a further rise in segment revenues and earnings.

The Financial Services segment is also expected to produce another strong performance and remains committed to achieving a return on equity of at least 18%.

Forecasts for the current year are based on the assumption that economic and political conditions worldwide will not change significantly.

Successful start in the first quarter of 2013

The BMW Group made a successful start to the new financial year. In the first quarter of 2013, Group revenues totalled €17,546 million (2012: €18,293 million; -4.1%). Despite higher expenditure on new technologies, increased personnel expenses and challenging market conditions worldwide, the profit before financial result (EBIT) for the three-month period totalled €2,039 million (2012: €2,134 million; -4.5%), the second-highest result ever achieved by the Group in a first quarter. The EBIT margin for the Group was 11.6%.

Profit before tax (EBT) for the period from January to March amounted to €2,003 million (2012: €2,080 million; -3.7%). Group net profit came in at €1,312 million (2012: €1,352 million; -3.0%). The total number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers worldwide in the first three months of 2013 rose by 5.3% to 448,200 units (2012: 425,528 units).

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2012 best year in the company's history

The 2012 financial year was the most successful year in the BMW Group's corporate history, with new records achieved for sales volume, revenues, and Group earnings.

Revenues increased year-on-year by 11.7% to reach a new high of €76,848 million (2011: €68,821 million). Despite higher expenditure on new technologies and increased personnel costs, earnings also climbed to new record levels, with profit before financial result (EBIT) up by 3.5% to €8,300 million (2011: €8,018 million), profit before tax (EBT) up by 5.9% to €7,819 million (2011: €7,383 million) and Group net profit up by 4.4% to €5,122 million (2011: €4,907 million).

The total number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers worldwide in 2012 rose by 10.6% to a new high of 1,845,186 units (2011: 1,668,982 units), thus enabling the BMW Group to maintain its position as the world's leading premium car company.

Capital expenditure rose sharply (+41.9%) from €3,692 million in 2011 to €5,240 million in 2012 due to the number of new models, increased production capacities at various sites and, in particular, preparation for the launch of the BMW i. The capital expenditure ratio increased to 6.8% (2011: 5.4%). Research and development expenditure went up by 17.2% to €3,952 million (2011: €3,373 million), mostly on projects aimed at securing the Group's future, resulting in an R&D ratio of 5.1% (2011: 4.9%).

Dividend to increase to €2.50 per share of common stock

The Board of Management and the Supervisory Board will propose to shareholders at the Annual General Meeting on 14 May 2013 that the dividend be increased to a new high level of €2.50 (2011: €2.30) per share of common

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stock and €2.52 (2011: €2.32) per share of preferred stock. Based on these figures, the total distribution will rise to €1,640 million (2011: €1,508 million), corresponding to a distribution ratio of 32.0% (2011: 30.7%).

Permanent employees also share in the success of the company. They will receive a profit-related bonus that is one of the highest in the automotive and industrial sector in Germany.

Automotive segment: EBIT rises to €7.62 billion

The BMW, MINI, and Rolls-Royce brands all posted new sales volume records in 2012. Automotive segment revenues climbed 11.0% to €70,208 million (2011: €63,229 million), thanks to the sharp rise in the number of vehicles sold. The segment EBIT rose to €7,624 million (2011: €7,477 million/+2.0%), resulting in an EBIT margin of 10.9%. Profit before tax amounted to €7,195 million (2011: €6,823 million/+5.5%).

Free cash flow for the Automotive segment totalled €3,809 million, an improvement of €643 million on the previous year and well above the target of over €3 billion set for the full year.

Sales of BMW brand cars increased by 11.6% to 1,540,085 units (2011: 1,380,384 units), thus exceeding the 1.5-million-unit mark for the first time in a single financial year. The MINI brand passed the sales volume threshold of 300,000 units for the first time in a 12-month reporting period, with sales volumes up by 5.8% to 301,526 units (2011: 285,060 units). Rolls-Royce was the clear market leader in the ultra-luxury segment in 2012. In total, 3,575 units were sold during the year (2011: 3,538 units/+1.0%).

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Motorcycles segment also achieves sales volume record

117,109 BMW and Husqvarna brand motorcycles were sold worldwide during the past year (2011: 113,572 units; +3.1%), a new sales volume record for the segment.

Sales of BMW brand motorcycles went up by 2.0% to 106,358 units (2011: 104,286 units), while Husqvarna handed over 10,751 motorcycles to customers (2011: 9,286/+15.8%). In future, the Motorcycles segment intends to focus exclusively on the BMW brand. At the end of January 2013, the BMW Group signed a contract for the sale of Husqvarna with the Austrian company, Pierer Industrie AG.

Segment revenues were 3.8% higher at €1,490 million (2011: €1,436 million). EBIT fell to €9 million (2011: €45 million/-80.0%) as a result of the realignment of the BMW Group's motorcycles business. Profit before tax decreased accordingly to €6 million (2011: €41 million/-85.4%).

Financial Services segment remains on growth course

The Financial Services segment continued to perform well in the past year. Revenues went up by 11.7% to €19,550 million (2011: €17,510 million). Profit before tax came in at €1,561 million (2011: €1,790 million/-12.8%), whereby the decrease in segment earnings was primarily a reflection of the previous year's extremely high figures. In 2011, the segment recorded exceptional income of €439 million resulting from the reduction in provisions for residual value and bad debt risks. Business with end-of-contract leasing vehicles gave rise to an exceptional gain of €124 million in 2012.

The number of new lease and credit financing contracts signed worldwide (1,341,296) was 12.1% up on the previous year. The number of lease and

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financing contracts in place with dealers and retail customers at the end of the year rose by 7.1% to a total of 3,846,364 contracts.

Workforce up by 5.6%

The BMW Group's workforce increased during the period to 31 December 2012, growing by 5.6% over the year to 105,876 employees (2011: 100,306 employees) worldwide. The BMW Group needs engineers and skilled workers, in order to keep pace with the continued strong demand for the BMW Group's cars, forge ahead with innovations, and develop new technologies.

1,376 young people – 1,200 of them in Germany – started their vocational training with the BMW Group at the beginning of the new training year. The number of trainees in Germany therefore increased by more than 10%. At the end of 2012, the BMW Group employed a total of 4,266 apprentices worldwide.

The BMW Group's current Sustainable Value Report is available at
www.bmwgroup.com/svr

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		2012	2011*	Change in %
Deliveries to customers				
Automotive		1,845,186	1,668,982	10.6
Thereof:				
BMW	units	1,540,085	1,380,384	11.6
MINI	units	301,526	285,060	5.8
Rolls-Royce	units	3,575	3,538	1.0
Motorcycles	units	117,109	113,572	3.1
BMW	units	106,358	104,286	2.0
Husqvarna	units	10,751	9,286	15.8
Workforce¹		105,876	100,306	5.6
Revenues	€ million	76,848	68,821	11.7
Thereof:				
Automotive	€ million	70,208	63,229	11.0
Motorcycles	€ million	1,490	1,436	3.8
Financial Services	€ million	19,550	17,510	11.7
Other entities	€ million	5	5	-
Eliminations	€ million	-14,405	-13,359	-
Capital expenditure	€ million	5,240	3,692	41.9
Operating cash flow	€ million	9,167	8,110	13.0
Profit before financial result	€ million	8,300	8,018	3.5
Thereof:				
Automotive	€ million	7,624	7,477	2.0
Motorcycles	€ million	9	45	-80.0
Financial Services	€ million	1,558	1,763	-11.6
Other entities	€ million	58	-19	-
Eliminations	€ million	-949	-1,248	--
Profit before tax	€ million	7,819	7,383	5.9
Thereof:				
Automotive	€ million	7,195	6,823	5.5
Motorcycles	€ million	6	41	-85.4
Financial Services	€ million	1,561	1,790	-12.8
Other entities	€ million	-6	-168	-
Eliminations	€ million	-937	-1,103	-
Income taxes	€ million	-2,697	-2,476	8.9
Net profit	€ million	5,122	4,907	4.4
Earnings per share²	€	7.77/7.79	7.45/7.47	4.3
Dividend per share of common/pREFERRED stock	€	2.50/2.52	2.30/2.32	-

* Figures for 2011 partially adjusted

*The result for the financial year 2011 includes exceptional income of €524 million in the Automotive and Financial Services segments, reflecting the reduction in risk provision for residual value and bad debt risks. Business with end-of-contract leasing vehicles gave rise to an exceptional gain of €124 million in the Financial Services segment in 2012

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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For questions please contact:

Corporate Communications

Mathias Schmidt, Business, Finance and Sustainability Communications
Telephone: + 49 89 382-24118, Fax: 49 89382-24418
mathias.m.schmidt@bmw.de

Alexander Bilgeri, Head of Business, Finance and Sustainability Communications
Telephone: +49 89 382-24544, Fax: +49 89382-24418
alexander.bilgeri@bmw.de

Internet: www.press.bmwgroup.com
E-mail: presse@bmw.de

The BMW Group

The BMW Group is the leading premium manufacturer of automobiles and motorcycles in the world with its BMW, MINI and Rolls-Royce brands. As a global company, the BMW Group operates 28 production and assembly facilities in 13 countries and has a global sales network in more than 140 countries.

In 2012, the BMW Group sold about 1.85 million cars and more than 117,000 motorcycles worldwide. The profit before tax for the financial year 2012 was euro 7.82 billion on revenues amounting to euro 76.85 billion. At 31 December 2012, the BMW Group had a workforce of 105,876 employees.

The success of the BMW Group has always been built 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. As a result of its efforts, the BMW Group has been ranked industry leader in the Dow Jones Sustainability Indexes for the last eight years.

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