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## **SUCCESSFUL 2003 FINANCIAL YEAR FOR THE BMW GROUP**

New sales volume highs for all brands, 3,000 new jobs created

**Munich – January 27, 2004 ...** The BMW Group has continued to perform well in 2003, keeping inline with its plan. With 1,104,916 BMW, MINI and Rolls-Royce Motorcars sold, the Group achieved a new sales volume record and surpassed the previous year's (2002) record of 1,057,344 units by 4.5%. As a result of the lower US dollar exchange rate, revenues fell by 2.1% to 41,525 million euros (2002: 42,411 million euros). Excluding the effect of exchange rate changes, revenues grew by more than 4%. The BMW Group was therefore able to strengthen its international position despite the difficult economic conditions facing some of the world's automobile markets.

Revenues for the automobile segment, at 38,285 million euros, increased by 0.3% compared to the previous year (2002: 38,179 million euro). For the Motorcycles segment, revenues fell by 3.8% to 1,087 million euros (2002: 1,130 million euros). The Financial Services segment generated revenues of 7,582 million euros, which are 9.1% lower than the previous year (2002: 8,342 million euros).

In light of the positive performance, the Group is able to confirm its earnings forecast for the year: "Current year earnings will match those of the previous year at a group level", stated Dr. Helmut Panke, Chairman of the Board of Management of BMW AG, in conjunction with the publication of the letter to shareholders for the financial year 2003. "During a phase of significant expenditure for the Group's product and market offensive, this is clear evidence of the underlying strength of the BMW Group and an incentive to deliver performances at the highest level in the years ahead."

### **More than 3,000 new jobs created**

At end of 2003, the BMW Group had a worldwide workforce of 104,342 employees, 2.9% more than one year ago. After excluding the effect of disposals and transfers of group companies, the Group created 3,131 new jobs in 2003. The number of apprentices working for the BMW Group also rose again. A total of 4,306 young people are currently learning a profession throughout the Group, 2.5% more than at the previous year-end.

### **Capital expenditure increases**

The BMW Group is laying the foundation for continued future expansion with high levels of capital expenditure. In 2003, the Group invested 3,255 million euros in intangible assets and property, plant and equipment. On top of that came development costs of 996 million euros which are required to be recognized as assets in accordance with IAS. Capital expenditure in 2003 therefore totalled 4,251 million euros. This represents an increase of 5.2% compared to the previous year (2002: 4,042 million euros).

A significant part of this expenditure related to the continued expansion of the production network. Most notably, the new BMW plant in Leipzig will generate a sharp increase in production capacity from the next year onwards.

### **All brands achieve new record sales volume levels**

The BMW Group again achieved new sales volume highs for all brands. As a result of product life-cycles factors, growth picked up sharply in the second half of 2003. This was attributable mainly to the launch of the new BMW 5 Series, which became available in July 2003. By the year-end, 70,522 units of this model had been sold. In total, 928,151 BMW cars were sold during the past year, 1.6% more than in the previous year (2002: 913,225 units).

The BMW 3 Series, now in its sixth year of production and with 528,358 units sold in 2003, was only 5.9% below the record year 2002 (561,249 units). The total sales volume of the BMW 5 Series, at 185,481 units, was 7.6% ahead of the previous year

(172,323 units). The BMW 7 Series achieved a sales volume of 57,899 units in 2003 and hence a new record for the model (2002: 53,504 units); the BMW Group has never sold so many BMW 7 Series cars in a single year as in 2003. Unit sales were up 8.2% compared to the previous year.

Demand for the BMW X5 continued at a high level in its fourth year after the start of production. Some 105,554 units were delivered to customers around the world in 2003, 4.6% more than in the previous year (2002: 100,906 units). Within the roadster segment, the BMW Group more than doubled sales compared to the previous year. The BMW Z4 achieved a sales volume of 47,049 units (2002: 3,858 units) and thus leads the competition with approximately 40% of the relevant market. Despite its phase-out, 2,957 Z3s were sold in 2003 (2002: 20,277 units) as production of this model was discontinued according to plan during the year.

The performance of the MINI brand again surpassed expectations in the year gone by and contributed substantially to the sales volume growth of the BMW Group. With a total of 176,465 MINI brand cars sold, unit sales were up by 22.4% compared to the previous year (2002: 144,119 units). Bolstered by the introduction of the new MINI convertible, the MINI brand will continue its success story in 2004.

With Rolls-Royce Motorcars, the BMW Group has extended its range of products at the very top end of the luxury segment. By the end of 2003, 300 Rolls-Royce Motorcars were handed over to their new owners. After the initial start-up phase in 2003, production at the Goodwood plant has now reached its planned capacity level within the scheduled timeframe. At present, five vehicles are being manufactured per day. A total of 481 Rolls-Royce Phantoms were manufactured in 2003. The BMW Group expects to sell approximately 1,000 Rolls-Royce Motorcars in 2004.

### **Production capacities still fully utilized**

In line with sales unit growth, the BMW Group also achieved new record car production volumes. An incredible 1,118,919 BMW, MINI and Rolls-Royce Motorcars vehicles were manufactured, 2.6% more than in the previous year (2002: 1,090,258 units). Production of BMW cars was affected to an exceptional degree in 2003 by

the start-up of new and revised models. The Group was able to carry out its ambitious program with the aid of flexible work-time arrangements and on-going process optimization.

### **Motorcycle unit sales again above previous year's level**

The Motorcycles segment achieved sales volume growth for the eleventh time in succession despite difficult market conditions. BMW's motorcycle group sold 92,962 units during the year, 0.4% more than in the previous year (2002: 92,599 units).

### **Strong growth in the Financial Services segment**

The BMW Group expanded its financial services activities in 2003 and thus remained on growth course in this area. The volume of new customer financing contracts grew by 10.7% reached a new high level of over 710,000 contracts (2002: 641,638). The proportion of new BMW and MINI brand cars financed by the Financial Services segment increased in 2003 to 38.3% (2002: 36.1%).

### **Automobile sector expected to recover**

On the basis of strong growth trends in the USA and Asia, the BMW Group anticipates that global economic recovery will continue to gain strength as the year progresses. As far as the euro region is concerned, however, it is doubtful whether the gradual recovery seen in this area will provide the necessary momentum to bring about robust economic growth. Overall, it is anticipated that the world's automobile sector will experience a modest revival.

### **BMW Group will continue on successful course in 2004**

The BMW Group will continue to carry through its product and market offensive in 2004. With the introduction of the BMW 6 Series Coupe and Convertible, the BMW X3, the BMW 5 Series Sports Wagon, the BMW 1 Series and the MINI Convertible, the BMW Group is taking further important steps to expand its product range. The BMW Group thus anticipates that it will again be able to achieve sales volume growth in 2004; record levels are expected for all three brands.

The full letter to shareholders can be found in the Internet at [www.press.bmwgroup.com](http://www.press.bmwgroup.com) or [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir).

### The BMW Group in figures

		2003	2002	Change in %
Vehicle production				
Automobiles	units	1,118,919	1,090,258	+2.6
Motorcycles <sup>1</sup>	units	89,745	93,010	-3.5
Deliveries to customers				
Automobiles	units	1,104,916	1,057,344	+4.5
Motorcycles <sup>2</sup>	units	92,962	92,599	+0.4
<b>Workforce at year-end</b> <sup>3</sup>				
		104,342	101,395	+2.9
<b>Revenues</b> <sup>4</sup> euros, in millions				
		41,525	42,411	-2.1
<b>Capital expenditure</b> euros, in millions				
		4,251	4,042	+5.2

<sup>1</sup> excluding 4,543 BMW C1 in 2002.

<sup>2</sup> excluding 10,421 BMW C1 in 2002.

<sup>3</sup> The comparable number of employees at December 31, 2002 after adjusting for disposals and transfers of group companies was 101,211.

<sup>4</sup> Following the adoption of International Accounting Standards (IAS) for the group financial statements at December 31, 2001, the BMW Group harmonised internal and external reporting in 2003, resulting in a number of adjustments in the income statement for 2002. Group revenues for the financial year 2002 before harmonisation were 42,282 million euro. The adjustments had no effect on the profit from ordinary activities and net profit. A detailed analysis of the adjustments can be found in the Internet under [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir).

### BMW Group In America

BMW of North America, LLC has been present in the United States since 1975. ROLLS-ROYCE Motor Cars NA, LLC began distributing vehicles in 2003. The BMW Group in the United States has grown to include marketing, sales, and financial service organizations for the BMW brand, the MINI brand, and the ROLLS-ROYCE brand of Motor Cars; DesignworksUSA, an industrial design firm in California; a technology office in Silicon Valley and various other operations throughout the country. BMW Manufacturing Corp. in South Carolina is part of BMW Group's global

manufacturing network and is the exclusive manufacturing plant for all Z4 roadster and X5 Sports Activity Vehicles. The BMW Group sales organization is represented in the U.S. through networks of 340 BMW passenger car centers, 327 BMW Sports Activity Vehicle centers, 148 BMW motorcycle retailers, 73 MINI passenger car dealers, and 25 ROLLS-ROYCE Motor Car dealers. BMW (US) Holding Corp., the BMW Group's sales headquarters for North, Central and South America, is located in Woodcliff Lake, New Jersey.

Information about BMW Group products is available to consumers via the Internet at:

[www.bmwusa.com](http://www.bmwusa.com)

[www.bmwmotorradusa.com](http://www.bmwmotorradusa.com)

[www.miniusa.com](http://www.miniusa.com)

[www.rolls-roycemotorcars.com](http://www.rolls-roycemotorcars.com)

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**Journalist note:** Information about the BMW Group and its products is available to journalists on-line at the BMW Group PressClub at the following address:

[www.press.bmwgroup.com](http://www.press.bmwgroup.com)

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