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## **BMW Group firmly on track**

Six-month EBIT exceeds € 5 billion for first time

Solid sales volume growth despite volatile markets

Sharp rise in second-quarter revenues to € 23.9 billion

EBT nears previous year's record level

BMW Group reaffirms targets for 2015

**Munich.** The BMW Group continued to perform well throughout the second quarter 2015. Group revenues and sales volume figures reached new heights for the period from April to June, with the Motorcycles segment raising its profit before tax to a new record level. Group profit before financial result (EBIT) for the six-month period exceeded € 5 billion for the first time.

In order to maintain its strategy of profitable growth, the BMW Group remains committed to achieving an evenly balanced distribution of global sales in the world's three major sales regions – Europe, Asia and the Americas – with the aim of preventing excessive dependence on individual markets. At the same time, the Chinese market is normalising, thereby becoming increasingly competitive.

**Second-quarter group revenues** rose by 20.2% to € 23,935 million (2014: € 19,905 million). With a tailwind of favourable currency factors, this growth was even more pronounced than the underlying sales volume increase achieved by the BMW Group. Higher personnel costs, increased expenditure on new product start-ups and a change in the model mix (generally involving a higher proportion of compact vehicles) were the main reasons for a minor dip in the **profit before financial result** (EBIT) below the previous year's outstanding level. **EBIT** amounted to € 2,525 million (2014: € 2,603 million; -3.0%), while the **profit before tax** (EBT) came in at € 2,582 million, slightly below the € 2,654 million reported one year earlier (-2.7%). In the second quarter of 2014, the BMW Group achieved its best-ever pre-tax profit to date. At € 1,749 million, **net profit** for the three-month period also came extremely close to the previous year's figure (2014: € 1,767 million; -1.0%).



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**Worldwide sales** of BMW, MINI and Rolls-Royce brand vehicles between April and June increased by 7.5% to 573,079 units (2014: 533,187), thus setting a new record for the second quarter.

### **Six-month EBIT exceeds € 5 billion for first time**

**Group revenues** for the **six-month period** climbed by 17.6% to € 44,852 million (2014: € 38,140 million), with currency factors partially fuelling the increase, in contrast to the previous year. Overall, **profit before financial result** (EBIT) rose by 7.5% for the six-month period to € 5,046 million (2014: € 4,693 million), thus exceeding the € 5-billion mark for this period for the first time. Despite the lower result from equity-accounted investment, partly reflecting the ongoing normalisation of the Chinese market, **profit before tax** (EBT), at € 4,851 million, nevertheless surpassed the previous year's record figure (2014: € 4,813 million; +0.8%). This outcome was achieved despite the fact that fair value losses on financial derivatives held down this key performance indicator. **Net profit** for the six-month period amounting to € 3,265 million was also slightly up on the previous year's record figure (€ 3,225 million; +1.2%). The total **number of cars sold** by the BMW Group during the first half of the year rose by 7.8% to 1,099,748 units (2014: 1,020,211 units).

“We remain firmly on track, achieving our best figures to date in terms of sales volume, revenues and earnings,” **commented Harald Krüger, the Chairman of the Board of Management of BMW AG** on Tuesday in Munich. “We remain committed to achieving an evenly balanced distribution of worldwide sales and maintaining the flexibility to react appropriately to developments on individual markets.”

**CFO Friedrich Eichiner** commented on the situation in China as follows: “For some time now, we have been drawing attention to the normalisation of the Chinese automobile market. In the medium and long term, however, we remain

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utterly convinced of its potential for growth, given the comparatively low rate of vehicle ownership, the country's well-developed infrastructure and the strong affinity of the fast-growing middle class for brands."

### **Automotive segment: EBIT margin within target range**

**Second-quarter revenues** of the Automotive segment rose by 17.0% to € 21,650 million (2014: € 18,504 million). **EBIT** declined to € 1,819 million (2014: € 2,161 million; -15.8%), reflecting the challenging business conditions prevailing in individual markets, driven in particular by ever-fiercer competition. The earnings performance was also influenced by changes in the model mix, with compact vehicles accounting for a higher proportion than one year earlier. **Segment result before tax** amounted to € 1,844 million (2014: € 2,250 million; -18.0%). The **EBIT margin** came in at 8.4% (2014: 11.7%) and hence within the target range of 8 to 10%. The **pre-tax return on sales** was 8.5% (2014: 12.2%).

Compared with the previous year, Automotive segment **revenues** for the **six-month period** were 15.6% higher at € 40,543 million (2014: € 35,063 million), reflecting the sales volume performance and favourable currency factors. **EBIT** was slightly lower at € 3,613 million (2014: € 3,741 million; -3.4%). The **EBIT margin** finished at 8.9% (2014: 10.7%) and hence within the target range of 8 to 10%. **Profit before tax** for the six-month period amounted to € 3,478 million (2014: € 3,893 million; -10.7%). The **pre-tax return on sales** was 8.6% (2014: 11.1%).

The **BMW** brand recorded a new sales volume high in the **second quarter**, with 480,465 units (2014: 458,088 units; +4.9%) delivered to customers. Sales volume for the **six-month period** grew by 5.2% to 932,041 units (2014: 886,347 units). Momentum was provided by numerous models, including the BMW X5 and X6 as well as the 2 and 4 Series.

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A total of 64,285 units (2014: 11,067 units) of the **BMW 2 Series** were sold during the **six-month period**, driven by sales of the new Active Tourer and the 2 Series Convertible. Sales of the **BMW 3 Series** declined to 219,369 units (2014: 236,289 units; -7.2%), partly due to the fact that the Convertible and Coupé models are now reported as part of the BMW 4 Series. By the same token, these models helped boost worldwide sales of the **BMW 4 Series** to 79,351 units (2014: 47,031 units; +68.7%).

Demand for the various models of the BMW X family remains strong. The **BMW X5** saw sales volume rise by 25.9% to 85,983 units (2014: 68,283 units) during the **first six months** of the year. Sales volume figures for the **BMW X6** were equally impressive, rising by 22.7% to 22,125 units (2014: 18,033 units). Keys to the new **BMW X4** were handed over to 28,146 customers. The **BMW i** also continued to make good progress, with sales more than doubling to 12,562 units (2014: 5,405 units).

**MINI** recorded a 23.8% increase in sales volume in the **second quarter**, with sales jumping to 91,626 units (2014: 74,028 units). The **six-month period** also saw double-digit growth, with sales up by 25.8% to a new high of 165,938 units (2014: 131,896 units). The most pronounced increases were recorded for the **MINI** 3 and 5 door models, whose sales more than doubled to 107,542 units (2014: 47,056 units). A further surge should be generated by the new **MINI Clubman**, which is due to appear in showrooms towards the end of October.

**Rolls-Royce Motor Cars** posted its second-best **six-month** sales volume figure in the company's history, with 1,769 vehicles delivered to customers during the first half of 2015 (-10.1%). Worldwide sales in the **second quarter** stood at 988 units (2014: 1,071 units; -7.8%).

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In line with its strategy of achieving a balanced distribution of sales worldwide, the BMW Group recorded sales volume growth in **all of its major sales regions** in the period from January to June.

The first half of 2015 saw an extremely good performance in **Europe**, with sales up by 9.5% to 488,490 units (2014: 446,188 units). The number of vehicles sold in Germany during this period increased by 2.6% to 137,830 units (2014: 134,308 units). Great Britain – the BMW Group's fourth largest market – saw a 15.2% increase to 110,822 units (2014: 96,180 units) during the six-month period, while the number of vehicles sold in France rose by 22.6% to 38,670 units (2014: 31,551 units). An increase of 8.5% was recorded in Italy, with sales volume rising to 35,980 units (2014: 33,157 units).

Sales of BMW and MINI vehicles in **Asia** grew by 4.4% to 337,107 units (2014: 322,943 units) for the six-month period, including a 2.3% increase in sales on the Chinese mainland to 230,788 units (2014: 225,490 units). Double-digit growth rates were recorded in Japan, with six-month sales climbing by 10.6% to 33,960 units (2014: 30,692 units).

A good six-month performance was also recorded for the **Americas** region, with sales of BMW Group vehicles rising to 242,379 units (2014: 221,280 units), an increase of 9.5% compared with the corresponding period one year earlier. In the USA, sales volume increased by 9.6% to 199,418 units (2014: 182,008 units).

**Motorcycles segment sets new records**

The Motorcycles segment registered its best quarter to date. **Segment revenues** for the the period from **April to June** grew by 17.8% to € 622 million (2014: € 528 million) on the back of strong sales volumes and a high-value model mix. **EBIT** improved to € 112 million (2014: € 55 million; +103.6%), similar to **profit before tax**, which also increased to € 112 million (2014: € 54 million; +107.4%). **Sales**



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**volume** climbed by 11.3% to 47,048 units (2014: 42,259 units). These earnings and sales volume figures all marked new records for a second quarter. The upward trend in business has been boosted by the new BMW R 1200 R, R 1200 RS, S 1000 RR, S 1000 XR and F 800 R models.

BMW Motorrad also produced its best-ever **first half-year** performance in more than 90 years of operations. **Segment revenue** for the six-month period rose by 18.9% to € 1,189 million (2014: € 1,000 million). **EBIT** improved to € 227 million (2014: € 119 million; +90.8%). **Profit before tax** showed a similar picture, with a jump of 93.2% to € 226 million (2014: € 117 million). **Sales volume** was 10.5% higher at 78,418 units (2014: 70,978 units).

### **Financial Services segment continues to perform well**

The Financial Services segment also continued to perform well in the second quarter, recording new best figures for the period. **Segment revenues** were 19.4% higher than the previous year at € 6,154 million (2014: € 5,155 million). **Profit before tax** increased by 9.7% to € 496 million (2014: € 452 million) thanks to growth in new customer business and a stable risk position. Exchange rate factors also had a positive impact.

Six-month **revenues** grew by 21.6% to € 12,212 million (2014: € 10,045 million), while profit before tax came in at € 1,055 million (2014: € 905 million; +16.6%).

A total of 801,526 **new contracts** (2014: 728,914 contracts: +10.0%) were signed in the period from January to June in conjunction with financing and leasing business. The **portfolio of lease and financing contracts** in place with retail customers at 30 June rose by 6.6% to a total of 4,146,505 contracts (2014: 3,888,137 contracts).



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**Workforce enlarged**

The size of the **workforce** increased by 6.2% at 30 June 2015 compared with one year earlier. Overall, the BMW Group had a worldwide workforce of 119,489 employees (2014: 112,500 employees). The BMW Group continues to recruit engineers and skilled experts in order to keep pace with rising demand for BMW Group vehicles, forge ahead with innovations and develop new technologies.

**BMW Group reaffirms targets for the full year**

Thanks to its attractive range of models, the BMW Group can look ahead with confidence at the current financial year and reaffirms its targets for the full year. “In 2015 we intend to achieve solid growth and new record figures for **sales volume** and **profit before tax,**” stated Eichiner. The BMW Group also firmly intends to remain the world's leading premium manufacturer of vehicles in 2015.

However, the scale of the increase during the forecast period is likely to be held down by fierce competition on automobile markets, rising personnel costs, continued high levels of upfront expenditure to safeguard business viability going forward and upcoming challenges relating to the normalisation of the Chinese market. A number of risks will also have to be faced, including the precarious state of the Russian market and macroeconomic uncertainties in Europe. The political and economic environment is also expected to remain volatile.

Further tailwind is expected in the current year from the market launch of a total of 15 new models and model revisions and also from the forecast positive development of automobile markets around the world.

**Automotive segment revenues** are set to grow significantly for the full year on the back of increased sales volume and favourable currency factors. We reaffirm our



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forecast of an EBIT margin within a target range of 8 to 10% for the Automotive segment.

The BMW Group expects the **Motorcycles segment** to continue its seasonally influenced upward trend during the current year, with additional impetus coming from new models. Sales of BMW motorcycles over the year as a whole are forecast to grow solidly.

The **Financial Services segment** should also continue to perform well throughout 2015. Despite rising equity capital requirements worldwide, the BMW Group forecasts a return on equity (RoE) for 2015 in line with the previous year's level (2014: 19.4%), thus remaining ahead of the target of at least 18%.

The BMW Group's forecasts for the financial year 2015 are based on the assumption that political and economic conditions remain stable.

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The BMW Group – an overview		2nd quarter 2015	2nd quarter 2014*	Change in %
<b>Sales volume</b>				
<b>Automotive</b>	units	<b>573,079</b>	<b>533,187</b>	<b>7.5</b>
Thereof:				
BMW	units	480,465	458,088	4.9
MINI	units	91,626	74,028	23.8
Rolls-Royce	units	988	1,071	-7.7
<b>Motorcycles</b>	units	<b>47,048</b>	<b>42,259</b>	<b>11.3</b>
<b>Workforce<sup>1</sup></b>		<b>119,489</b>	<b>112,500</b>	<b>6.2</b>
<b>Operating cash flow</b>				
<b>Automotive segment</b>				
<b>Revenues</b>	€ million	<b>23,935</b>	<b>19,905</b>	<b>20.2</b>
Thereof:				
Automotive	€ million	21,650	18,504	17.0
Motorcycles	€ million	622	528	17.8
Financial Services	€ million	6,154	5,155	19.4
Other Entities	€ million	1	1	-
Eliminations	€ million	-4,492	-4,283	-4.9
<b>Profit before financial result (EBIT)</b>	€ million	<b>2,525</b>	<b>2,603</b>	<b>-3.0</b>
Thereof:				
Automotive	€ million	1,819	2,161	-15.8
Motorcycles	€ million	112	55	-
Financial Services	€ million	503	459	9.6
Other Entities	€ million	94	16	-
Eliminations	€ million	-3	-88	-
<b>Profit before tax (EBT)</b>	€ million	<b>2,582</b>	<b>2,654</b>	<b>-2.7</b>
Thereof:				
Automotive	€ million	1,844	2,250	-18.0
Motorcycles	€ million	112	54	-
Financial Services	€ million	496	452	9.7
Other Entities	€ million	144	25	-
Eliminations	€ million	-14	-127	89.0
<b>Income taxes</b>	€ million	<b>-833</b>	<b>-887</b>	<b>6.1</b>
<b>Net profit</b>	€ million	<b>1,749</b>	<b>1,767</b>	<b>-1.0</b>
<b>Earnings per share<sup>2</sup></b>	€	<b>2.66/2.67</b>	<b>2.68/2.69</b>	<b>-0.7/-0.7</b>

\*Prior year figures partially adjusted in accordance with IAS 8

1 figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time arrangements and low wage earners

2 earnings per share of common stock/preferred stock

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<b>The BMW Group – an overview</b>		<b>January to June 2015</b>	<b>January to June 2014*</b>	<b>Change in %</b>
<b>Sales volume</b>				
<b>Automotive</b>	units	<b>1,099,748</b>	<b>1,020,211</b>	<b>7.8</b>
Thereof:				
BMW	units	932,041	886,347	5.2
MINI	units	165,938	131,896	25.8
Rolls-Royce	units	1,769	1,968	-10.1
<b>Motorcycles</b>	units	<b>78,418</b>	<b>70,978</b>	<b>10.5</b>
<b>Workforce<sup>1</sup></b>		<b>119,489</b>	<b>112,500</b>	<b>6.2</b>
<b>Operating cash flow Automotive segment</b>	€ million	<b>4,838</b>	<b>3,472</b>	<b>39.3</b>
<b>Revenues</b>	€ million	<b>44,852</b>	<b>38,140</b>	<b>17.6</b>
Thereof:				
Automotive	€ million	40,543	35,063	15.6
Motorcycles	€ million	1,189	1,000	18.9
Financial Services	€ million	12,212	10,045	21.6
Other Entities	€ million	3	3	-
Eliminations	€ million	-9,095	-7,971	-14.1
<b>Profit before financial result (EBIT)</b>	€ million	<b>5,046</b>	<b>4,693</b>	<b>7.5</b>
Thereof:				
Automotive	€ million	3,613	3,741	-3.4
Motorcycles	€ million	227	119	90.8
Financial Services	€ million	1,058	924	14.5
Other Entities	€ million	134	26	-
Eliminations	€ million	14	-117	-
<b>Profit before tax (EBT)</b>	€ million	<b>4,851</b>	<b>4,813</b>	<b>0.8</b>
Thereof:				
Automotive	€ million	3,478	3,893	-10.7
Motorcycles	€ million	226	117	93.2
Financial Services	€ million	1,055	905	16.6
Other Entities	€ million	121	82	47.6
Eliminations	€ million	-29	-184	84.2
<b>Income taxes</b>	€ million	<b>-1,586</b>	<b>-1,588</b>	<b>0.1</b>
<b>Net profit</b>	€ million	<b>3,265</b>	<b>3,225</b>	<b>1.2</b>
<b>Earnings per share<sup>2</sup></b>	€	<b>4.96/4.97</b>	<b>4.90/4.91</b>	<b>1.2/1.2</b>

\*Prior year figures partially adjusted in accordance with IAS 8

1 figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time arrangements and low wage earners

2 earnings per share of common stock/preferred stock



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### **The BMW Group**

With its three brands BMW, MINI and Rolls-Royce, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. As a global company, the BMW Group operates 30 production and assembly facilities in 14 countries and has a global sales network in more than 140 countries.

In 2014, the BMW Group sold approximately 2.118 million cars and 123,000 motorcycles worldwide. The profit before tax for the financial year 2014 was approximately € 8.71 billion on revenues amounting to € 80.40 billion. As of 31 December 2014, the BMW Group had a workforce of 116,324 employees.

The success of the BMW Group has always been based 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.

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