

Media Information
20 March, 2019

- Check against delivery –

Statement**Harald Krüger****Chairman of the Board of Management of BMW AG****Annual Accounts Press Conference for the Business Year 2018****Auditorium BMW Welt, 20 March 2019, 10.00 a.m.**

Good morning and welcome!

Today, I would like to show you what sets the BMW Group apart from our competition. Let's first take a look at the recent past, and then focus on the future. The BMW Group is successfully shaping the future of mobility. We are doing so by consistently charting our own course:

- We are constantly redeveloping our business model. It has to be profitable and successful in the digital age. For example, our new joint venture with Daimler, which combines all our NOW services.
- We are strengthening our core business and our global presence. For example, in China and the US.
- We deliver. We turn words into action. Our successful transition to the new emissions standard WLTP is a good example of this.

In recent years, we have evolved from a manufacturer to a mobility provider. Going forward, we aim to be a leading tech company for premium mobility.

For this reason, we are providing our company a new and stronger foundation: With regards to technology. In our relationships with customers. And in our processes, structures and work environment. That is no easy task. But, at the BMW Group, we are a very strong team.

We continue to make significant progress with our Strategy NUMBER ONE > NEXT. We have been implementing measures for the past three years.

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Our focus extends up until 2025. We have a clear vision of the future. Our journey has three stages, with milestones in 2018, 2021 and 2025.

The first stage, up to 2018, has already successfully been completed.

What was the BMW way? What sets us apart from others?

First of all, to make very clear: BMW Group vehicles are not manipulated. A fact that has now been confirmed again. We have invested heavily – in new products, in new drive technologies and in digitalisation. We have electrified many models and model series. Our BMW i3 continues its success, year after year. Worldwide, the total was more than 140,000 vehicles.

In addition, we successfully launched the biggest model offensive in our history. This helps us to win market share across the globe. Since 2016, we have also made major advances in the development of autonomous driving: Our Autonomous Driving Campus outside Munich is now working at full speed. At the same time, we have strengthened our footprint in all major regions of the world and expanded our capacity. All of this shows: The BMW Group is a trusted partner and corporate citizen. And, we are robust, fast and flexible.

We are now embarking on the second phase of NUMBER ONE > NEXT – which will take us up to the end of 2021.

What are the challenges for our industry now?

- The business environment remains highly volatile.
- E-mobility will continue to grow.
- The development of highly-automated vehicles will continue to make advances.

What do we do differently than others, and why?

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We are systematically investing in our range of electrified vehicles – for all customer needs. We also will create additional flexible platforms for various types of drivetrains: combustion engines, plug-in-hybrid and electric drive trains. From 2020, the popular BMW X3 will be our first model that we will offer with all three drive trains. The customer will continue to have choices in the future. This broad approach allows us to respond flexibly. This is the most efficient solution – a single platform for all.

We will keep our foot on the throttle with new model releases. This year alone, we will launch more than 20 new or updated models. And we are electrifying all our brands and model series. By the end of this year, we will have 500,000 plug-in hybrid and electric vehicles on the roads.

As anyone who's ever driven an electric car will tell you: E-mobility is fun. Amazing acceleration and virtually silent – thanks to the electric engine and battery. Together, they form the heart of every electric vehicle. We produce the electric drive and high-voltage system ourselves. This keeps essential e-mobility expertise firmly in our own hands. Regarding battery cells, we will continue to build on our existing expertise. This summer, we will open the new BMW Group Battery Cell Competence Centre in Munich. This also includes infrastructure: Charge NOW already gives our customers access to more than 100,000 charging points in 25 countries. Charge NOW also demonstrates that: Cooperation between companies is increasingly important. We always seek out the most suitable partners in different fields.

In two important areas of future activity, we have embarked on a long-term cooperation with Daimler AG. To provide more services in more cities, we have created five joint ventures. More than 60 million people already use NOW services. Together, we will invest over one billion euros.

The benefit for customers is that everything comes from a single source. And soon, from a single app. When it comes to autonomous driving, both companies

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already have extensive know-how. Together, we are developing next-level technology for autonomous driving for our models from 2024 on.

As a global company, more than ever, we have to satisfy different demands in different regions. In line with our Strategy NUMBER ONE > NEXT, we are targeting continued growth in all major regions of the world and aim to expand our market share. To achieve this, we have a specific strategy for each region:

- China is our largest single market and a strong driving force for e-mobility. Our approach is as follows: The new plant in Shenyang will increase our capacity to 650,000 vehicles per year. Our new joint venture with Great Wall will build fully-electric MINI vehicles. From 2020, we will produce the first fully-electric BMW, the iX3, which we will export from China to the rest of the world.
- In the US, we continue to invest in the expansion of our Spartanburg plant. This year, the plant celebrates its 25th anniversary. The new BMW X7 signals our firm commitment to the US, our second home. The US Department of Commerce has once again confirmed that BMW is the leading US automotive exporter by value – for the fifth consecutive year. Our new plant in Mexico will expand our sphere of activity in the Americas. It will open in June.
- Europe is our largest sales region and home to the most BMW Group plants and employees. The political situation remains tense, due to the uncertainty over Brexit. But we are well prepared for all scenarios.

The same principle applies to all regions: Our commitment is geared towards the long term. Free access to markets is essential for all of this. It ensures growth, prosperity and employment everywhere.

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To become an agile tech company, we also need the right internal organisation. Efficient structures have always been part of the BMW Group. Two current examples include: Our cross-divisional Performance > NEXT programme, and our new Sales and Marketing structure.

We began implementing Performance > NEXT some time ago. Our goal is to become faster, profitable and more efficient. We are concentrating specifically on three fields: “customer and sales”, “vehicle” and “organisation and structures”. Performance > NEXT will permanently change the whole company. We are targeting a total savings potential of more than 12 billion euros by the end of 2022. Performance > NEXT will have an impact well into the next decade.

Let’s take a look at my second example:

Our relationship with customers is vital to the success of our business. Starting in April, we have ONE sales division for our BMW, MINI and Rolls-Royce automotive brands. It will be known internally as the C division. C stands for customer. This reflects our clear focus on the customer. This division will be responsible for creating a consistent brand experience across all touchpoints. Peter Schwarzenbauer will leave the company in October at his own request when he turns 60. We have no plans to refill this position. We believe a smaller Board of Management sends the right signal for consistently streamlined structures across the entire company.

Successful marketing supports our sales activities worldwide. Each of our premium brands embodies emotions. The same goes for sports. That is why sports have played a key role in our marketing for so long. Here, too, we will be taking a new direction with strategic partnerships.

The third stage in implementation of Strategy NUMBER ONE > NEXT will take us all the way to 2025.

Here, the BMW approach is quite different from that of other companies:

Our new innovation and technology flagship, the BMW iNEXT, will take individual mobility to a whole new level. It will enable the entire company and all our brands to face the challenges of the future. The concept car is here on stage with us. Other than its four wheels, it doesn't have much in common with a regular car.

The iNEXT combines several future technologies:

- Full connectivity.
- A futuristic interior.
- An electric range of up to 600 kilometres for everyday driveability over both short and long distances.
- It also signals the launch of Level 3 highly-automated driving.
- At the same time, we will also be testing Level 4 and 5 autonomous driving in urban areas with a fleet of iNEXT vehicles.

This opens a whole new chapter for the BMW Group.

Today, more than 80 percent of accidents are caused by driver error. Autonomous driving can virtually eliminate these accidents. Safety is our top priority in developing automated vehicles. That is why we go to such lengths to safeguard these new technologies. By the time we launch our Level 3 system in 2021, we will have clocked up more than 240 million test kilometres: around 95 percent in simulations.

Technologies from the iNEXT will be incorporated throughout our entire model line-up. The BMW iNEXT will be released onto the market in 2021.

Autonomous driving relies on, and generates, huge quantities of data. This means data analytics will be a game changer. Next week, we will be opening a

data centre outside of Munich. But, by mid-2025, 500 petabytes will be available. That is needed to process data “off-board”.

Ladies and Gentlemen,

Being mobile will continue to be part of our lives in our globally-connected world. At the BMW Group, we will continue to drive sustainable, connected and autonomous mobility forwards. But that’s enough for now. Later, I’ll show you the models that will inspire our customers in the coming years. Thank you!

PART II – Statement Harald Krüger

Ladies and Gentlemen,

The BMW Group has been number one in premium segment sales for the past 15 years. Despite the uncertainties we are facing across the globe, we aim to continue our successful development. Our brands, products and services are the basis for this. Our goal is to outperform the premium segment. To achieve this, we will continue our model offensive, driving full speed ahead.

2019 will be our year of the plug-in hybrid. BMW will release the 3 Series, X5 and 7 Series all as PHEVs. The X3 will also be available for the first time as a plug-in hybrid. All these models come with the fourth generation of our battery and electric-drive-train technology. This enables an electric range of up to 80 kilometres. The 2 Series and 5 Series models will also get a battery update in the summer.

I myself drive a plug-in hybrid. It’s a great way to get customers excited about electric driving. This technology offers a pragmatic approach that goes a long way towards improving air quality in cities quickly. Studies have found that plug-in hybrids with an electric range of at least 60 km are driven just as far in electric mode as pure-electric models. We are taking this a step further with our “Electric

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City Drive” pilot project. Together with the City of Rotterdam, we are currently encouraging plug-in-hybrid drivers to use pure-electric mode in the city by providing them with relevant data on their smartphone.

BMW and MINI will also release fully-electric models:

- The emotional MINI Electric will be launched this year. Media representatives have already had a chance to test it.
- This will be followed in 2020 by the iX3.
- 2021 will then be the year of the BMW i4 and the BMW iNEXT.

By the end of 2020, we will have brought more than ten new and updated models with electrified drive trains to the market. For me, this is a clear statement. With Strategy NUMBER ONE > NEXT, we will not only boost sales of electrified vehicles.

We also aim to increase sales and revenues significantly in the upper segments in particular:

- The new X5 is now fully available for the whole year.
- The new 7 Series will be released onto the market later this month.
- The X7 will follow mid-year.
- And the 8 Series Coupé will be joined by the Convertible and the Gran Coupé, as well as the corresponding M models.

In the mid-size segment, our top-selling model the new BMW 3 Series has been in showrooms since early March. The new 3 Series has been well received by customers, particularly due to the extensive connectivity features.

We also have attractive new models in the compact class: The new BMW 1 Series will be available for delivery by the end of this year. I would also like to announce a

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completely new model today: the BMW 2 Series Gran Coupé. It will celebrate its world premiere in November at the LA Auto Show and is scheduled for release in early 2020. This model will especially appeal to young, urban target groups, with a fresh and stunning design.

As you can see: We remain consistently on the offensive.

The BMW Group is firmly setting its course for the future. Customers – with all their wishes and mobility needs – remain the clear focus of all that we do. Innovative solutions are how we ensure every customer experiences mobility in a wholly individual way.

There has been a lot of talk recently about the purpose of companies. At the end of the day, it all comes down to sustainably earning money with a particular business model. Only then can the continued existence of one's own company be ensured. Only then can we create jobs and innovations. And only then can a company make an effective contribution to society. None of these prerequisites will change in the digital age.

The BMW Group remains today among the most profitable automotive companies in the world. We will continue to be a reliable and profitable investment for our shareholders moving forward. And we have a clear objective for the future to remain a leader in everything we do.

Thank you.

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Consumption and emission data:

BMW 225xe Active Tourer: Fuel consumption combined: 1.9 l/100 km; Electric power consumption combined: 14.7 kWh/100 km; CO2 emissions combined: 43 g/km* (provisional figures)

BMW 330e Sedan: Fuel consumption combined: 1.7 l/100 km; CO2 emissions combined: 39 g/km* (provisional figures)

BMW 530e Sedan: Fuel consumption combined: 1.7 l/100 km; CO2 emissions combined: 38 g/km* (provisional figures)

BMW 530e xDrive Sedan: Fuel consumption combined: 1.9 l/100 km; CO2 emissions combined: 44 g/km* (provisional figures)

BMW 745e Sedan: Fuel consumption combined: 2.3 – 2.1 l/100 km; Electric power consumption combined: 15.6 – 15.1 kWh/100 km; CO2 emissions combined: 52 – 48 g/km* (provisional figures)

BMW 745Le Sedan: Fuel consumption combined: 2.3 – 2.2 l/100 km; Electric power consumption combined: 15.7 – 15.6 kWh/100 km; CO2 emissions combined: 53 – 50 g/km* (provisional figures)

BMW 745Le xDrive Sedan: Fuel consumption combined: 2.6-2.3 l/100 km; Electric power consumption combined: 16.3-15.8 kWh/100 km; CO2 emissions combined: 59-52 g/km* (provisional figures)

BMW X3 xDrive30e: Fuel consumption combined: 2.4 l/100 km; CO2 emissions combined: 56 g/km* (provisional figures)

BMW X5 xDrive45e: Fuel consumption combined: 2.1 l/100 km; CO2 emissions combined: 49 g/km* (provisional figures)

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The figures for fuel consumption, CO₂ emissions and power consumption are calculated based on the measurement methods stipulated in the current version of Regulation (EU) 2007/715. This information is based on a vehicle with basic equipment in Germany; ranges take into account differences in wheel and tyre size selected as well as optional equipment.

Power consumption, emissions figures and ranges have been calculated based on the new WLTP test cycle and adapted to NEDC for comparison purposes, dependent on the tyre format selected. In these vehicles, different figures than those published here may apply for the assessment of taxes and other vehicle-related duties which are (also) based on CO₂-emissions. These figures are provisional.

For further details of the official fuel consumption figures and official specific CO₂ emissions of new cars, please refer to the "Manual on fuel consumption, CO₂ emissions and power consumption of new cars", available at sales outlets, from Deutsche Automobil Treuhand GmbH (DAT), Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen and at <http://www.dat.de/angebote/verlagsprodukte/leitfaden-kraftstoffverbrauch.html>.