BMW GROUP

Corporate Communications

Press Release
13 March 2012

BMW Group targets another record year in 2012

New highs forecast for sales volume and earnings
EBIT margin of 8 to 10% targeted in Automotive segment
Sales volume of over two million vehicles planned for 2016

Munich. The BMW Group is confident about the current financial year after a record year in 2011. “We are targeting new highs in sales volume and pre-tax earnings for 2012”, stated Norbert Reithofer, Chairman of the Board of Management of BMW AG at the Annual Accounts Press Conference in Munich on Tuesday. The Automotive segment remains on course to achieve an EBIT margin of between eight and ten percent, in line with our long-term profitability targets. Provided that the global economic climate does not take a turn for the worse, the BMW Group forecasts an EBIT margin in 2012 for the Automotive segment at the upper end of this corridor.

“We are starting the new year with a full order book and a highly attractive model range. The BMW Group plans to grow faster than the market as a whole in 2012 and expects to achieve new sales volume records for its BMW, MINI and Rolls-Royce brands” continued Reithofer. One important driver for growth will be the new BMW 3 Series, the sedan version of which has been available worldwide since 11 February 2012.

Other new and revised models will also be launched in 2012, including the BMW 6 Series Gran Coupé in June – the first four-door coupé in the company’s history – and the model revision of the group’s flagship, the BMW 7 Series, in July.

The Motorcycles segment will also expand its product range in 2012, with new vehicles such as the BMW Scooter and Husqvarna street motorcycles providing good momentum for sales volume, revenues and earnings. The strong performance of the Financial Services segment is also expected to continue. The BMW Group forecasts that it will again be able to achieve a return on equity in 2012 of at least 18%.

Company
Bayerische
Motoren Werke
Aktiengesellschaft

Postal Address
BMW AG
80788 München

Telephone
+49 89-382-24118

Internet
www.bmwgroup.com

These forecasts are based on the assumption that worldwide economic conditions remain stable.

Long-term sales volume target to be attained much earlier than planned

Strategy Number ONE, adopted back in 2007, set the BMW Group on track at an early stage for a successful future. The benefits of this strategy are now clearly visible. “The past year has been the most successful year in BMW Group’s corporate history, with new highs achieved for sales volume, revenues and earnings”, explained Reithofer.

We will continue to develop and implement Strategy Number ONE in the future. The BMW Group will continue to focus on the premium segment. “Premium is and remains our business model and the basis for the BMW Group’s future success. In terms of innovation, design, sustainability and efficiency, our vehicles will continue to set standards in the premium segment”, emphasised Reithofer.

Profitable growth will be achieved by launching new products in all vehicle segments and by engaging in new markets. “We are targeting a worldwide sales volume of more than two million vehicles in 2016 and hence significantly earlier than originally planned for 2020”, stated Reithofer.

The company remains committed to its long-term profitability targets and aims to achieve a sustainable EBIT margin of between eight and ten percent in the Automotive segment. Depending on political and economic developments, however, actual margins may end up being above or below the targeted range.

Expenditure for new technologies and to expand the production network will rise in the coming years. Even so, the capital expenditure ratio will remain below 7% in future (2011 : 5.4%).

BMW Group records new highs for sales volume and earnings in 2011

The BMW Group has again achieved sales volume, revenues and earnings records in the past year. Compared to the previous year, Group revenues increased by 13.8% to € 68,821 million (2010: € 60,477 million). In earnings terms, profit before tax (EBT) rose by 52.1% to € 7,383 million (2010: € 4,853 million), profit before financial result (EBIT) by 56.9% to € 8,018 million (2010: € 5,111 million) and net profit by 51.3% to € 4,907 million (2010: € 3,243 million). The total number of BMW, MINI and Rolls-Royce brand cars delivered to customers increased by 14.2% to a new record figure of 1,668,982 units (2010: 1,461,166 units).

In view of this strong performance, the BMW Group intends to allow its shareholders to participate appropriately in the success of the BMW Group. The Board of Management and the Supervisory Board will propose to shareholders at the Annual General Meeting on 16 May 2012 that the dividend be increased to a new high level of € 2.30 (2010: € 1.30) per share of common stock and € 2.32 (2010: € 1.32) per share of preferred stock, equivalent to a payout ratio of 30.7%.

Automotive segment EBIT margin up to 11.8%

The Automotive segment also reported record figures for 2011. Revenues increased by 16.8% to € 63,229 million (2010: € 54,137 million). EBIT jumped by 71.7% to € 7,477 million (2010: € 4,355 million) and the profit before tax by 75.5% to € 6,823 million (2010: € 3,887 million). The EBIT margin for the Automotive segment was therefore 11.8%, compared to the full-year EBIT margin of “over 10%” previously forecast for the Automotive segment. The principal factors contributing to the significant improvement in segment earnings were the sharp rise in sales volume on the one hand and improved cost structures on the other.

The good earnings performance in 2011 helped generate strong free cash flow within the Automotive segment. At the same time, the market launch of high-volume model series such as the BMW 1 Series and 3 Series impacted working capital, thus reducing free cash flow. Other factors included the share of the purchase price for the ING Car Lease Group acquisition related to the Automotive segment, the purchase of shares in SGL Carbon and the equity increase at the BMW Bank GmbH.

Free cash flow in the financial year 2011 totalled € 2,133 million (2010: € 4,471 million). Adjusted for the factors referred to above, it would have been € 3,494 million. The BMW Group forecasts a free cash flow of over € 3 billion for its Automotive segment in 2012.

The BMW brand set a new sales volume record in 2011, registering a 12.8% rise to 1,380,384 units (2010: 1,224,280 units). Sales of the BMW 3 Series remained high at 384,464 units (2010: 399,009 units; -3.6%) despite the model change. The new BMW 3 Series Sedan has been available worldwide since 11 February 2012. Sales of the BMW 5 Series jumped by 39.4% to 332,501 units (2010: 238,454 units), ensuring that it remained the market leader in its segment. The BMW 6 Series, which saw the launches of the new Convertible in spring 2011 and the new Coupé in autumn, increased sales volume by 60.7% to 9,396 units (2010: 5,848 units).

The BMW 7 Series, the flagship of the BMW brand, continued to perform well, selling 68,774 units (2010: 65,814 units) in 2011, an increase of 4.5% over the previous year. The various models of the BMW X family also continue to enjoy a high degree of popularity. Sales of the BMW X1 rose by 26.4% to 126,429 units (2010: 99,990 units), while the BMW X3 more than doubled its sales volume to

117,944 units (2010: 46,004 units). Sales of the BMW X5 climbed by 2.6% to 104,827 units (2010: 102,178 units), allowing this highly successful model to retain its title as market leader in the Sports Activity Vehicles premium segment.

The MINI brand was also able to achieve a new sales volume high in 2011. In total, 285,060 units of the MINI (2010: 234,175 units) were sold, 21.7% more than in the previous year. The MINI Countryman performed particularly well, with sales up more than six fold to 89,036 units (2010: 14,337 units). The MINI Coupé was launched in September 2011 as the fifth model in the MINI family and recorded a sales volume of 3,799 units up to the year end.

Rolls-Royce Motor Cars continued to perform successfully in 2011, recording the best ever sales volume in its 107-year history, with 3,538 cars (2010: 2,711 cars; +30.5%) delivered to customers.

The BMW Group was able to increase sales volumes in almost all markets in the past year. In Europe, the number of cars sold rose by 8.5% to 858,383 units. Registrations in Germany grew by 6.8% to 285,257 units. Increases were also recorded for Great Britain (167,456 units; +8.2%), Italy (72,521 units; +4.9%) and France (70,442 units; +8.6%). Sales volume in North America rose by 14.4% to 341,345 units, including 306,349 units sold in the USA (+14.9%).

The BMW Group recorded significant growth in Asia in 2011, with sales volume in the region growing by 31.1% to 375,452 units. Sales in China rose by 37.7% to 233,630 and in Japan by 9.2% to 47,663 units.

EBIT of € 45 million for Motorcycles segment in 2011

The Motorcycles segment performed well despite persistently unfavourable market conditions. The number of motorcycles sold worldwide increased in total by 3.1% to 113,572 units (2010: 110,113 units). BMW Motorrad was able to raise its sales volume in 2011 to a new record level of 104,286 units (2010: 98,047 units; +6.4%). Husqvarna's sales performance was affected by a number of factors, in particular unfavourable conditions on the off-road market (9,286 units/ 2010: 12,066 units; -23.0%).

Segment revenues rose by 10.1% to € 1,436 million (2010: € 1,304 million) on the back of sales volume growth. As a result of restructuring at Husqvarna, EBIT fell to € 45 million (2010: € 71 million) and profit before tax to € 41 million (2010: € 65 million).

Excellent performance by Financial Services segment

The Financial Services segment also put in a fine performance in 2011, profiting from its highly attractive product portfolio, favourable refinancing conditions and an improved risk situation. Segment revenues went up by 5.4% to € 17,510 million (2010: € 16,617 million). The profit before tax jumped by 47.4% to € 1,790 million (2010: € 1,214 million).

At 31 December 2011, the Financial Services segment was managing a portfolio of 3,592,093 lease and credit financing contracts, 12.6% more than a year earlier. The number of new lease and credit financing contracts signed (1,196,610) was 10.5% up on the previous year. The volume of new business was greater than in the preceding year, both for credit financing (+4.6%) and leasing (+25.0%).

The proportion of new BMW Group vehicles financed or leased by the Financial Services segment was 41.1%, down by 7.1 percentage points compared to the previous year. The decrease is primarily due to the fact that the Chinese market is included in these figures for the first time: the proportion of financed or leased vehicles in China is significantly lower than the average for other car markets.

Sharp rise in workforce in 2011

The number of employees increased significantly during the past year. At the end of 2011, the worldwide workforce comprised 100,306 employees, an increase of 5.1% (31 December 2010: 95,453 employees). One of the reasons for the increase was the acquisition of the ING Car Lease Group. In addition, skilled workers were recruited to keep abreast of the high demand for BMW Group vehicles and to press ahead with the development of new technologies.

Moreover, more apprentices have been taken on to ensure that the BMW Group's requirements for skilled staff at locations both in Germany and abroad can be met. The number of apprentices increased by 2.7% over the course of the year to 3,899 as of 31 December 2011.

* * *

The BMW Group – an overview

		2011	2010	Change in %
Sales volume				
Automobiles		1,668,982	1,461,166	14.2
Thereof: BMW	units	1,380,384	1,224,280	12.8
MINI	units	285,060	234,175	21.7
Rolls-Royce	units	3,538	2,711	30.5
Motorcycles	units	113,572	110,113	3.1
Thereof: BMW	units	104,286	98,047	6.4
Husqvarna	units	9,286	12,066	-23.0
Workforce at the end of the year[1]		100,306	95,453	5.1
Revenues	€ million	68,821	60,477	13.8
Thereof: Automotive	€ million	63,229	54,137	16.8
Motorcycles	€ million	1,436	1,304	10.1
Financial Services	€ million	17,510	16,617	5.4
Capital expenditure	€ million	3,692	3,263	13.1
Operating cash flow[2]	€ million	7,077	8,149	-13.2
Profit before financial result[2]	€ million	8,018	5,111	56.9
Thereof: Automotive[4]	€ million	7,477	4,355	71.7
Motorcycles	€ million	45	71	-36.6
Financial Sevices[5]	€ million	1,763	1,201	46.8
Profit before tax[2]	€ million	7,383	4,853	52.1
Thereof: Automotive	€ million	6,823	3,887	75.5
Motorcycles	€ million	41	65	-36.9
Financial Services	€ million	1,790	1,214	47.4
Income taxes[2]	€ million	-2,476	-1,610	53.8
Net profit[2]	€ million	4,907	3,243	51.3
Earnings per share[3/2]	€	7.45/7.47	4.93/4.95	-
Dividend per share of common /preferred stock	€	2.30/2.32	1.30/1.32	-

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 2010 figures adjusted for change in accounting policy for leased products
3 earnings per share of common stock/preferred stock
4 includes a € 85 million one-off effect for the adjustment of residual value provisions
5 includes a € 439 million one-off effect for the adjustment of residual value and credit risk provisions

For questions please contact:

Corporate and Governmental Affairs

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

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

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

The BMW Group

With its three brands – BMW, MINI, Husqvarna Motorcycles and Rolls-Royce – the BMW Group is one of the world's most successful premium manufacturers of cars and motorcycles. It operates internationally with 25 production and assembly plants in 14 countries and a global sales network with representation in more than 140 countries.

During the financial year 2011, the BMW Group sold approximately 1.67 million cars and more than 113,000 motorcycles worldwide. The profit before tax for 2011 was € 7.38 billion on revenues amounting to € 68.82 billion. At 31 December 2011, the BMW Group had a workforce of approximately 100,000 employees.

Long-term thinking and responsible action have long been the foundation of the BMW Group's success. Striving for ecological and social sustainability along the entire value-added chain, taking full responsibility for our products and giving an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategies. For these reasons, the BMW Group has been sector leader in the Dow Jones Sustainability Indices for the last seven years.

www.bmwgroup.com
Facebook: http://www.facebook.com/BMWGroup
Twitter: http://twitter.com/BMWGroup
YouTube: http://www.youtube.com/BMWGroupview