

18 April 2013



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Statement**Daniel Schaefer****Head of Production Concept BMW i****BMW i Innovation Days 2013****April 18, 2013**

Ladies and Gentlemen,

Welcome to the BMW i Innovation Days.

I am delighted to see you all here in Leipzig – a place which will play such a key role for the BMW Group in 2013.

The BMW Group is charting new territory with BMW i. We are the only auto manufacturer to take an entirely new and holistic approach to the electromobility of the future – with large-scale series production using a totally new material.

The first BMW i3s will soon be rolling off the assembly line right here in Leipzig. We want to give you a glimpse behind the scenes to show those aspects of BMW i that are not always apparent at first sight.

Today, my colleagues and I will be talking in detail about the following four topics:

- Battery and charging
- Safety and service
- Production, and
- Energy and responsibility

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What is BMW i all about?



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For us, as an automotive company, technological and social change offers a tremendous opportunity to win new customers and occupy new business sectors. “Rethinking mobility” – that is what drives us.

We intend to actively shape this change as a pioneer and trailblazer with our BMW i brand – and to maintain our innovation leadership in the future. That is why BMW i is about so much more than just electric cars.

BMW i stands for visionary vehicles and mobility services, futuristic and modern design – and for a new understanding of premium that is strongly defined by sustainability. BMW i is our holistic approach to the mobility of tomorrow – it is quite unique in the automotive industry. BMW i is opening up new target groups for the company and positioning the BMW Group even more strongly as a sustainable, forward looking company.

For the first time, the BMW Group's 360° ELECTRIC full-service package will offer a complete range of products and services to enable our customers. We want them to enjoy all the benefits of everyday electro-mobility in the most reliable, convenient and flexible way – for example, through easy access to public charging infrastructure.

The BMW i3 is our solution to emission-free driving in urban areas.

Personally, I am thrilled with this car. Carbon-fibre materials open up whole new design possibilities. I think you'll agree that the modern design speaks for itself: The i3 certainly does not mean giving up driving pleasure! With no centre console, the interior is optimised for a totally new feeling of space. It is sheer driving pleasure, it's dynamic, agile – a true BMW.

Range is a key issue for electric cars. We sense a certain scepticism. We deliberately decided on a range of 130-160 kilometres –having conducted

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intensive discussions with several thousand customers worldwide about their expectations and driving habits.

Our MINI E and BMW Active E cars have recorded more than 20 million test kilometres. Some of our customers were so keen they kept detailed driving logs and became voluntary ambassadors for our electric vehicles.

We firmly believe that the BMW i3 is ready for everyday driving. Experience with our test fleets has shown that a range of 150 kilometres is perfectly adequate for the vast majority of customers. Worldwide, people normally drive no more than 40 or 50 kilometres a day. In China for example the daily average is 49 kilometres. Most cars are not actually in use for more than 22 hours of the day – so the battery can easily be charged during that time.

With regards to charging: Anyone who travels in other areas like Europe or California will notice that parking spots with charging stations for electric vehicles are appearing in many cities. Real megacities will have no choice but to promote alternative drive forms over the medium term.

As investors and analysts I am sure you are wondering:
What does BMW i mean for the profitability of the company?

We decided to go a new route and develop a car which is “born electric”.

We have always emphasized the importance of electromobility and thus, the need for emission-free cars in our portfolio.

BMW i will help us meet long-term CO2 emission legislation for new cars in the EU, the US, China and other countries.

With its unique architecture, the BMW i models offer our customers a new dimension in driving pleasure.

The BMW i models are thus part of our strategy to secure the future success of our company.



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Therefore, we have invested a substantial amount of money – more than 600 million Euros in total - in the locations in our carbon-fibre production chain and our e-mobility competence network in Dingolfing and Landshut. We have already absorbed the one-time expenses for BMW i development and production in past years. And, as you know, they were the most successful years in the history of the BMW Group. We are confident we will earn money with every BMW i3 we sell from the launch on.

BMW i will help the BMW Group realise its promise to shareholders of long-term profitability and a long-term EBIT margin of 8 – 10% in the automobile segment.

Let's move to production now. With the BMW i3, we have not only reinvented the car, but also car manufacture – without losing sight of profitability. Even though we have a new vehicle concept, a new drive technology and a new material.

The vehicle concept of the BMW i3 is unique: comprising a Life Module and a Drive Module. This is the first time a vehicle body made of carbon fibre, and a Drive Module of aluminium have been combined in a series-produced vehicle. This makes our cars at least 250 to 350 kilos lighter than a similar-sized, converted electric vehicle made of steel.

By the way, you will see for yourselves that the BMW i3 is just as safe and easy to service as any other BMW – despite its totally new technology and vehicle architecture.

We employ the special expertise of our Landshut foundry and the Aluminium Competence Centre at our Dingolfing plant to build the Drive Module. The new Life/Drive vehicle concept using carbon fibre also results in savings here at the Leipzig plant – for example through

- parallel assembly of the Life/Drive Module, and
- omission of the White Body Store.



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The high level of investment needed for a conventional press shop, body painting and corrosion protection are no longer required as well.

Battery cells are supplied by our partner Samsung. The technological concept for the high-voltage batteries – which is crucial to performance, range and service life – comes from the BMW Group. However, it is just as important to have a top-quality, stable production process for high-voltage batteries. For this, the BMW Group relies on in-house manufacturing, taking advantage of the expertise our Dingolfing plant has acquired in recent years.

The high-voltage Battery unit still has relatively high costs. The lower vehicle weight we achieve by using carbon fibre means we do not need such high battery capacity.

For the coming years, we expect reasonable steps with regards to battery costs and efficiency which will make Battery Electric Vehicles even more attractive.

Carbon-fibre is an interesting material. When we began industrial production of carbon-fibre components for the roof of the M3 CSL ten years ago, many in the automotive industry claimed there was no future for carbon fibre in car manufacturing, because it was simply too expensive. But we continued to believe in integrating carbon fibre into series production of our M models. Our experience with many thousands of carbon-fibre roofs reinforced our belief in the evolution of this material. It paved the way for its use in BMW i vehicles. Back then, carbon-fibre components were produced in an autoclave, in a manual process that took several hours.

Our manufacturing concept for the M3 roof was the first to reduce production time to minutes and assure the necessary quality in series production. In the



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BMW i3, we were able to reduce production cycle times for carbon-fibre body components by a further 30%.

At the same time, we continued refining carbon-fibre materials with our partner, SGL Carbon. Together we set up and optimised processing throughout our state-of-the-art carbon-fibre production chain. It begins in Moses Lake in the United States and continues at our plants in Wackersdorf and Landshut, all the way through to finishing here in Leipzig.

Carbon fibre's most impressive features are its light weight and high dimensional stability – as this chart shows quite clearly. Carbon fibre weighs half as much as steel and is 30% lighter than aluminium. On top of that a carbon-fibre body, for example, uses just a third of the parts and the body shop takes up only half as much production area.

Combined, all these effects boost profitability significantly: Compared with initial industrial production of M3 roofs, we have succeeded in lowering manufacturing costs for carbon-fibre body components by as much as 50%!

Here in Leipzig, you will find a production facility that sets new standards: with the first industrialised manufacture of electric vehicles using carbon fibre.

As an engineer, I can promise you: We are revolutionising automotive manufacturing.

Today, you will see for yourselves: We have turned our production upside-down – a lot of things are different with BMW i:

- We use shaping instead of pressing, and
- bonding instead of welding.

This also makes the work of our employees even easier than in traditional vehicle manufacturing. With plenty of natural light, the new production halls meet the



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strict demands of a modern manufacturing facility. The body shop offers much quieter working conditions. Thanks to lighter materials and the new vehicle architecture, physical strain is significantly lower.

We have also raised the bar for the efficient use of resources and sustainability. Sustainability is of vital importance to the BMW Group. That is why we have set binding sustainability targets for purchasing, development and production, as well as sales and marketing, for all BMW i vehicles from the earliest stages of strategy and planning. Throughout the entire vehicle development process, these sustainability targets are given equal priority with cost and weight targets. For the first time the BMW Group has implemented this kind of approach in such a radical, extensive and systematic manner in a vehicle project.

This can also be seen in our highly-advanced carbon-fibre production chain. In Moses Lake, for example, 100 per cent of the plant's electricity requirements are met by environmentally-friendly hydropower. And the electricity needed for BMW i production at the Leipzig plant is supplied exclusively by wind power it generates itself. In addition to CO₂-free power generation, the plant sets other records: BMW i production uses 50% less energy and 70% less water than the average for our already highly-efficient BMW Group production network.

Both BMW i models are key enablers for us for new technologies and processes. The design possibilities of the material also look extremely promising. All of this will benefit other vehicles: We plan to integrate carbon fibre into future BMW Group models. We firmly believe that: The future belongs to those who dare. We believe in sustainable mobility.

We expect the most important markets for the BMW i3 to be: Belgium, Germany, France, the Netherlands, Switzerland, the UK and the US, as well as Canada, China and Japan.



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We have set ourselves an ambitious volume target. Please understand that it is too early to release our estimated sales figures.

A great number of customers have already told us they are interested in buying a BMW i3 – a car they have not yet seen as a series model, with a technology they are not familiar with. This tells me that: Customers trust in our competence and our innovative strength. They trust that we can guarantee “Sheer driving pleasure” in our electric cars also.

I can assure you: We will deliver on this promise, too!

Thank you.