

# BMW GROUP

## INVESTOR PRESENTATION



December 2017

**BMW  
GROUP**

THE NEXT  
100 YEARS



Rolls-Royce  
Motor Cars Limited

**VISION**

**COMPETITIVE  
ADVANTAGE**

**STRATEGY  
NUMBER ONE**  **NEXT**

**STRATEGIC  
APPROACH**

**CORPORATE  
CULTURE**



# STRATEGY NUMBER ONE NEXT.

**We are Number ONE.**

We inspire people on the move: We shape tomorrow's individual premium mobility.





# ACES ARE A CORE ELEMENT OF STRATEGY NUMBER ONE > NEXT.



**A**  
AUTONOMOUS

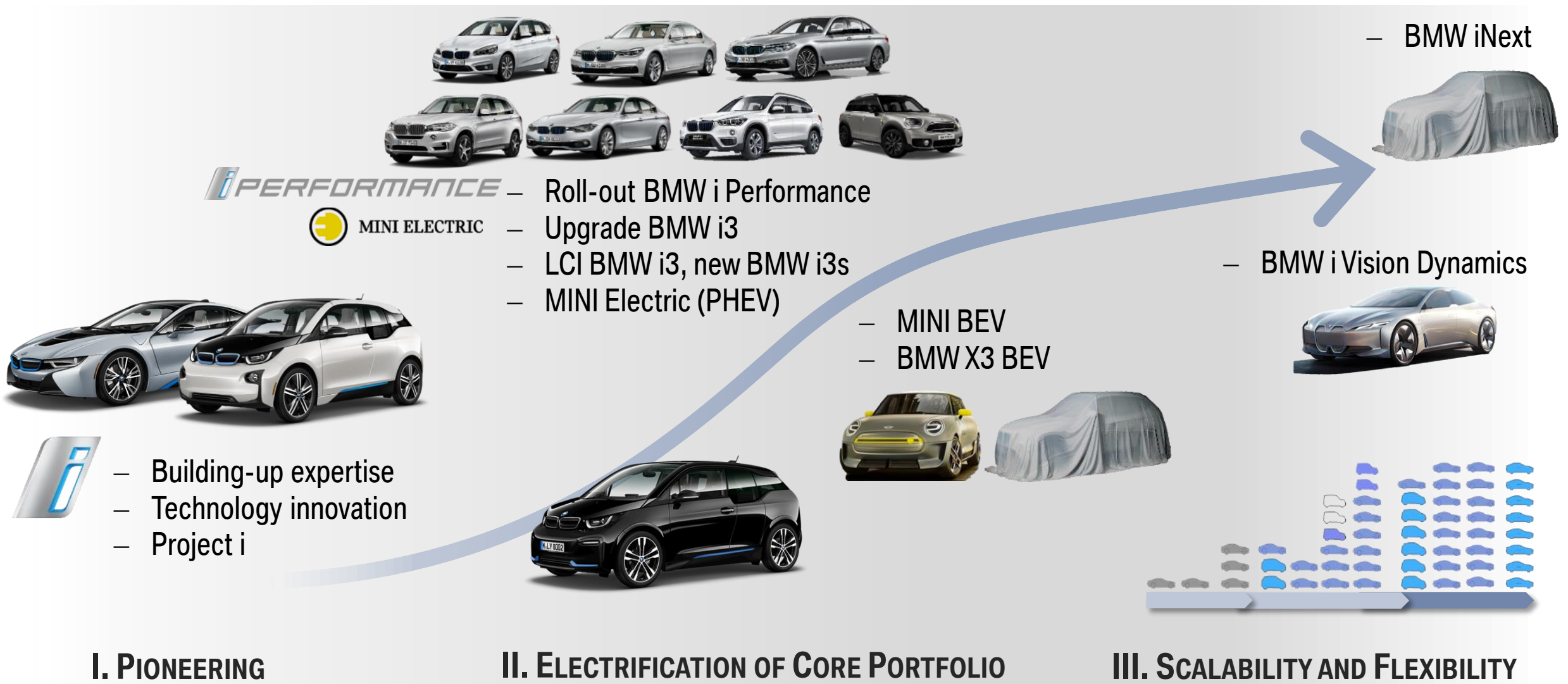
**C**  
CONNECTED

**E**  
ELECTRIFIED

**S**  
CUSTOMER FOCUS

**S**  
SHARED / SERVICES

# BMW GROUP'S ELECTRIFICATION PATHWAY.





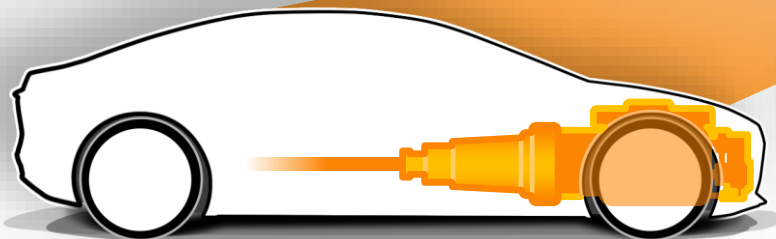
# BMW i. FROM “BORN ELECTRIC” TO “ONE PLATFORM SERVES ALL”.

2013

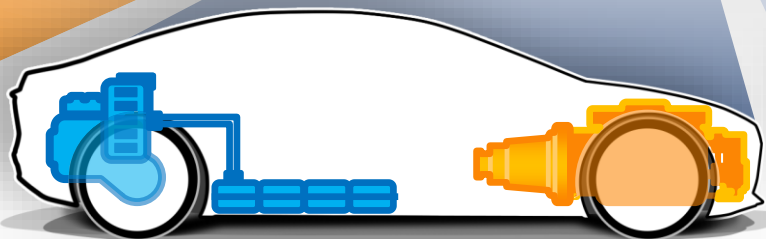
“Born electric”



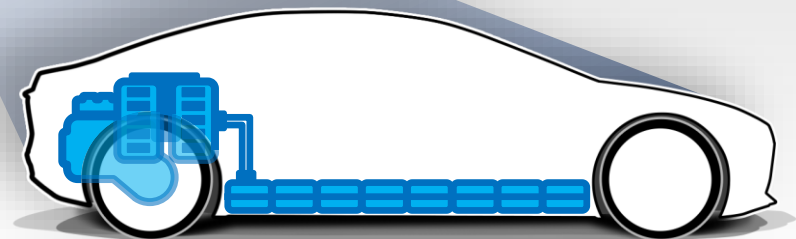
FROM  
2021 ON



➤ Combustion engine



➤ Plug-In-Hybrid



➤ Pure electric

# OUR CLEAR ROADMAP: 25 ELECTRIFIED MODELS BY 2025, INCLUDING 12 FULLY ELECTRIC CARS.

## Fully electric



BMW i3  
60 Ah / 22 kWh



BMW i3  
94 Ah / 33 kWh



BMW i3s  
94 Ah / 33.2 kWh



MINI BEV\*\*



BMW i Vision Dynamics



BMW X3 BEV



BMW iNext



2013 — 2014 — 2015 — 2016 — 2017 — 2018 — 2019 — 2020 — 2021 — 2022 — 2023 — 2024 — 2025



BMW i8



BMW 530Le China\*



BMW 225xe  
iPerformance



BMW X1 xDrive25Le  
iPerformance (China)



BMW i8 Roadster



BMW X5  
xDrive40e  
iPerformance



BMW 330e  
iPerformance



BMW 530e  
iPerformance



BMW 530Le  
iPerformance(China)



BMW 740e  
iPerformance

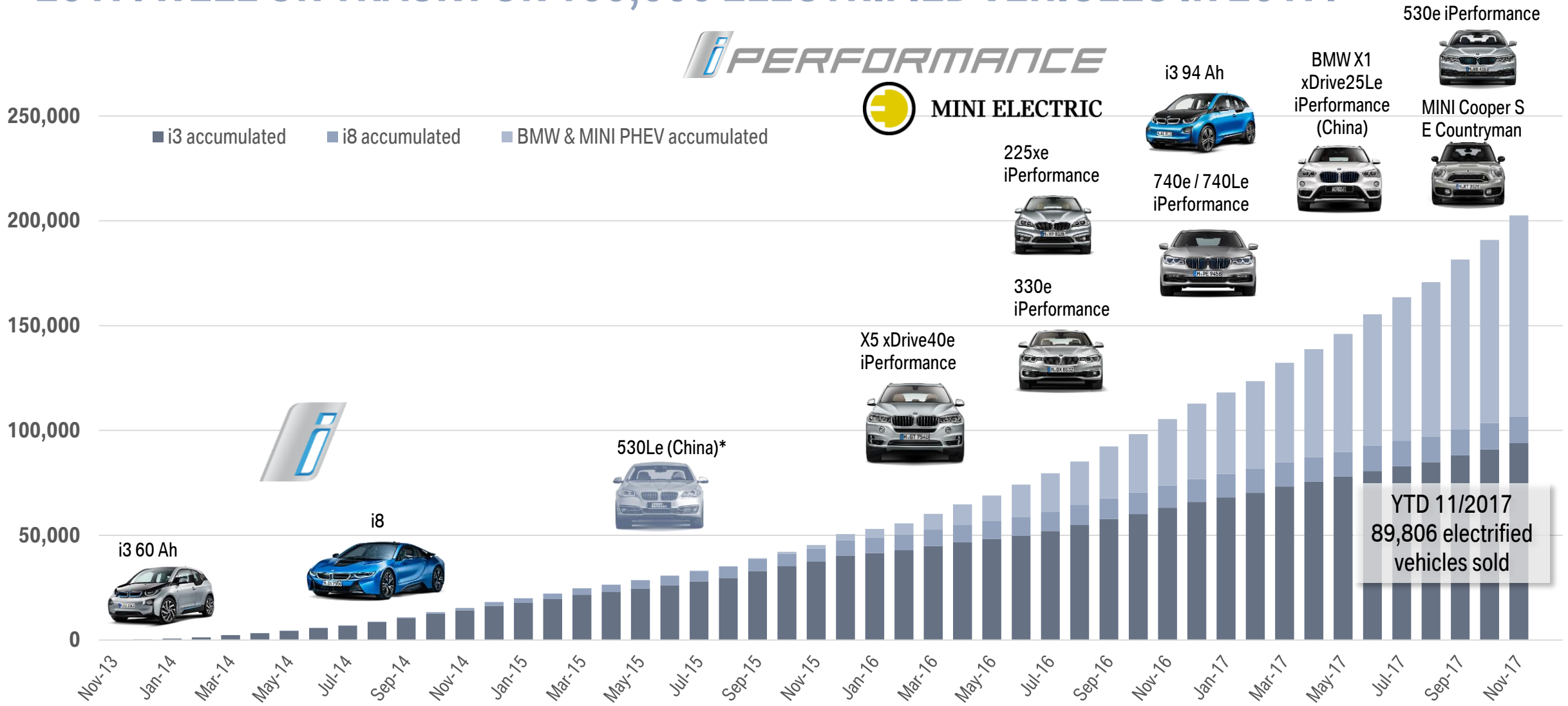


MINI Cooper S E  
Countryman ALL4



## Plug-in hybrid

# MORE THAN 200,000 ELECTRIFIED BMW GROUP VEHICLES SOLD BY NOVEMBER 2017. WELL ON TRACK FOR 100,000 ELECTRIFIED VEHICLES IN 2017.





# THE NEW BMW 5 SERIES DRIVER ASSISTANCE PROVIDES COMFORT AND SAFETY AT THE HIGHEST LEVEL.

**Top View Remote**

**Lane keeping assistant with active side collision protection**

**Active cruise control with Stop&Go function**

**Rear collision prevention**

**Crossroad Assist**

**3D View**

**Top View**

**Parking assistant**

**Active Park Distance Control**

**BMW Selective Beam**

**Remote Control Parking**

**Crossing traffic warning rear / front**

**Night Vision**

**Lateral parking aid**

**Distance information**

**Lane departure warning**

**Steering and lane control assistant**

**Speed limit and No Pass information**

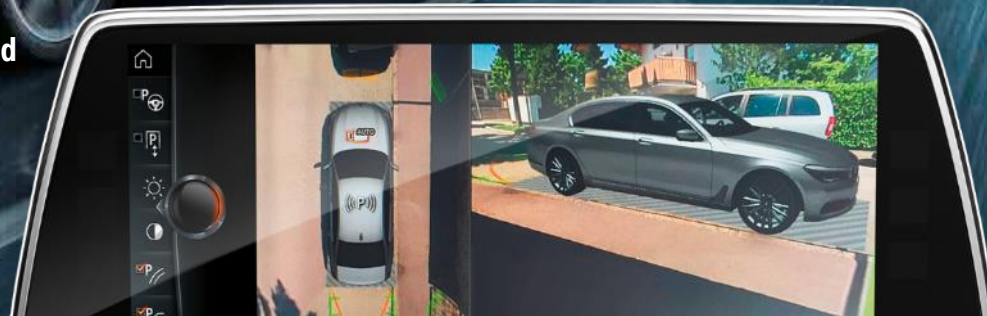
**Panorama View**

**Speed Limit Device**

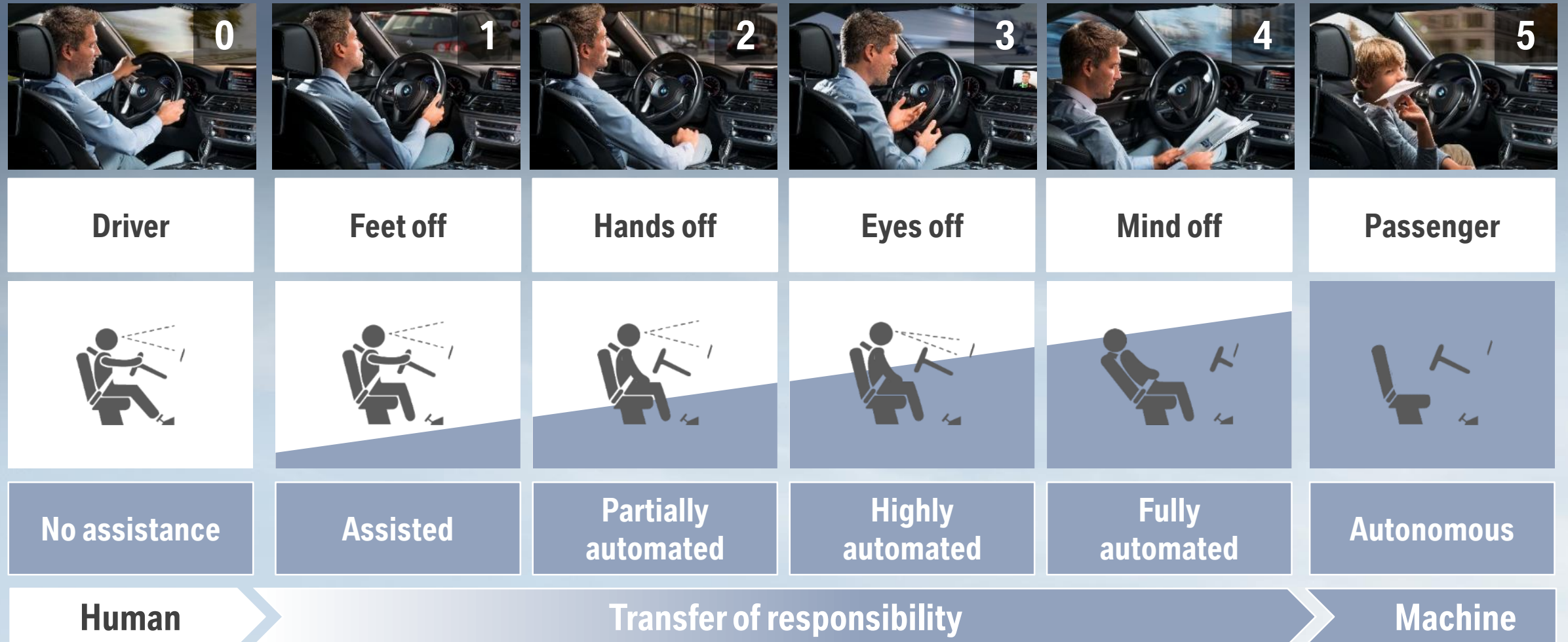
**Approach control warning with braking function**

**Speed Limit Assist**

**Wrong Way Assist**  
**Lane change warning**



# THE NEXT STEPS ARE HIGHLY AND FULLY AUTONOMOUS DRIVING.





# ARCHITECTURE FOR AUTOMATED DRIVING. END-TO-END WITH ALL KEY-TECHNOLOGIES.



\* CD: ConnectedDrive (Entertainment/Infotainment)  
 FAS: HD Map and other features for automated driving  
 MS: Mobility Services (DriveNow, ReachNow,...)



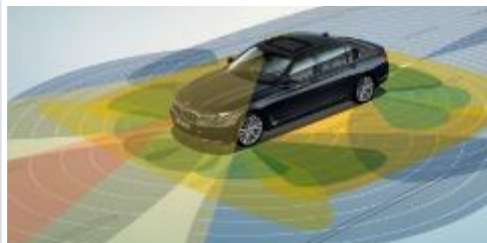
# HD-MAP, SENSORS, AI/ENVIRONMENT MODEL AND MOTION CONTROL PLAY A KEY ROLE IN THE ARCHITECTURE OF AUTOMATED DRIVING.

## HD-MAP BACKEND



- centimeter precision
- real-time capable
- highly available and reliable

## SENSORS



- camera
- radar
- lidar
- ultra-sonic
- inertial sensor

## AI / ENVIRONMENT MODEL



- object fusion
- free space detection
- road model
- prediction
- driving strategy / planning

## VEHICLE INTEGRATION



- motion control
- safe vehicle management up to the limits
- fail operational architecture

Cross-industry Cooperation



Cooperation for development of autonomous driving platform



System Integrator



# EXPANDING OUR MOBILITY SERVICES.

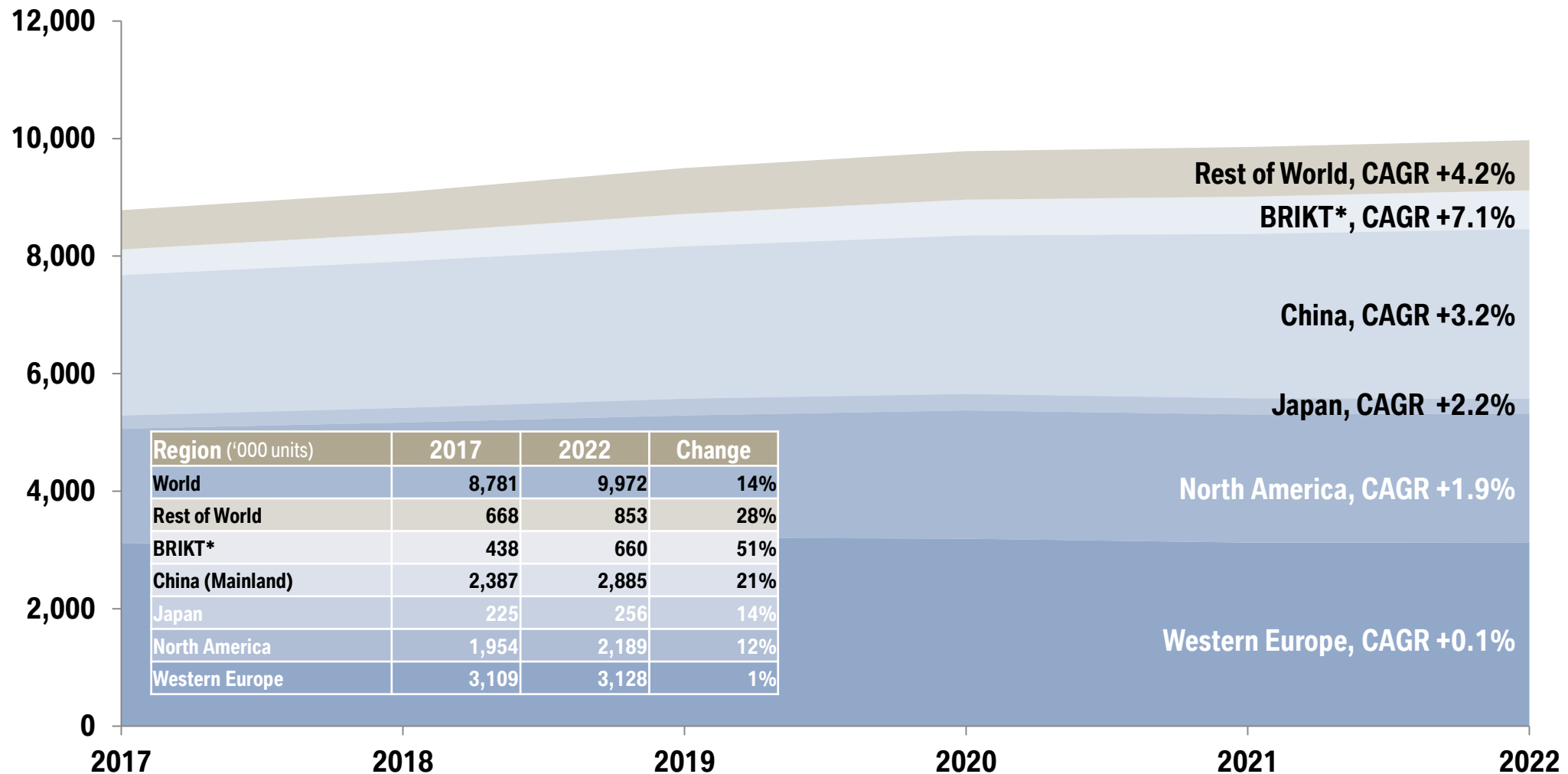
 **ChargeNow**

 **DriveNow**

 **ParkNow**

 **ReachNow**

# GLOBAL ANNUAL PREMIUM SEGMENT SALES ARE EXPECTED TO GROW AT A CAGR OF 2.1% TO 9.97 MN UNITS BY 2022.





# THE LARGEST MODEL OFFENSIVE IN THE COMPANY'S HISTORY. 40 AUTOMOBILE LAUNCHES IN 2017 AND 2018 & ATTRACTIVE MOTORCYCLE LAUNCHES.

BMW M760Li

BMW 5 Series

MINI Countryman

BMW 4 Series

BMW 1 Series

BMW 2 Series



BMW 6 Series Gran Turismo

BMW X3

BMW M5

BMW X2

BMW i3s

Rolls-Royce Phantom

HP4 RACE



G 310 GS



G 310 R



K 1600 B



R nineT Urban G/S



... AND WE WILL KEEP THE MOMENTUM ROLLING IN 2018.



BMW i8  
Roadster



BMW  
8 Series



BMW X7



BMW Z4



BMW K1600  
Grand America



BMW M8



...



# THE BMW i VISION DYNAMICS. A NEW FORM OF ELECTRIFYING DRIVING PLEASURE.

## ➤ BMW i Vision Dynamics

Drive	Pure Electric
Range	600 km (WLTP cycle)
Acceleration	4.0 sec (0-100 km/h)
Top speed	200 km/h

The BMW i Vision Dynamics exudes modernity, progressiveness and an appealing technical aesthetic from every angle. As a trailblazer for the BMW brand, it showcases clearly the BMW Group's future vision of emotionally engaging electrified mobility.





# MINI ELECTRIC CONCEPT. ICONIC DESIGN AND URBAN DRIVING FUN WITH ZERO EMISSIONS.





# THE NEW BMW i3 AND i3S. OUTSTANDING DRIVING DYNAMICS & EMISSION-FREE FUN AT THE WHEEL.





# SEVENTH GENERATION OF BMW 5 SERIES. SPORTINESS AND EVERYDAY USABILITY.





# BMW CONCEPT 8 SERIES. THE PINNACLE OF SPORTS PERFORMANCE AND EXCLUSIVITY.





# THE BMW CONCEPT Z4. FREEDOM ON FOUR WHEELS.



# THE NEW ROLLS-ROYCE PHANTOM. PURSUIT OF PERFECTION, VISIONARY ENGINEERING & AESTHETIC ACUITY.





# KEEPING THE LEAD. FURTHER EXPANSION OF THE X-PORTFOLIO PLANNED UNTIL 2020.

**BMW X1**



**BMW X2**



**BMW X3**



**BMW X4**



**BMW X5**



**BMW X6**



**BMW X7\***



# BMW CONCEPT X7 iPERFORMANCE. STRIKING EXTERIOR COMBINED WITH EXCEPTIONALLY EFFICIENT & DYNAMIC PLUG-IN HYBRID POWERTRAIN.





# BMW GROUP SALES CONTINUE TO GROW THROUGH NOVEMBER 2017.

**BMW  
GROUP**

**2,229,497**

**+3.6%**



**1,892,365**

**+3.7%**



**334,205**

**+3.0%**

**Rolls-Royce**  
Motor Cars Limited

**2,927**

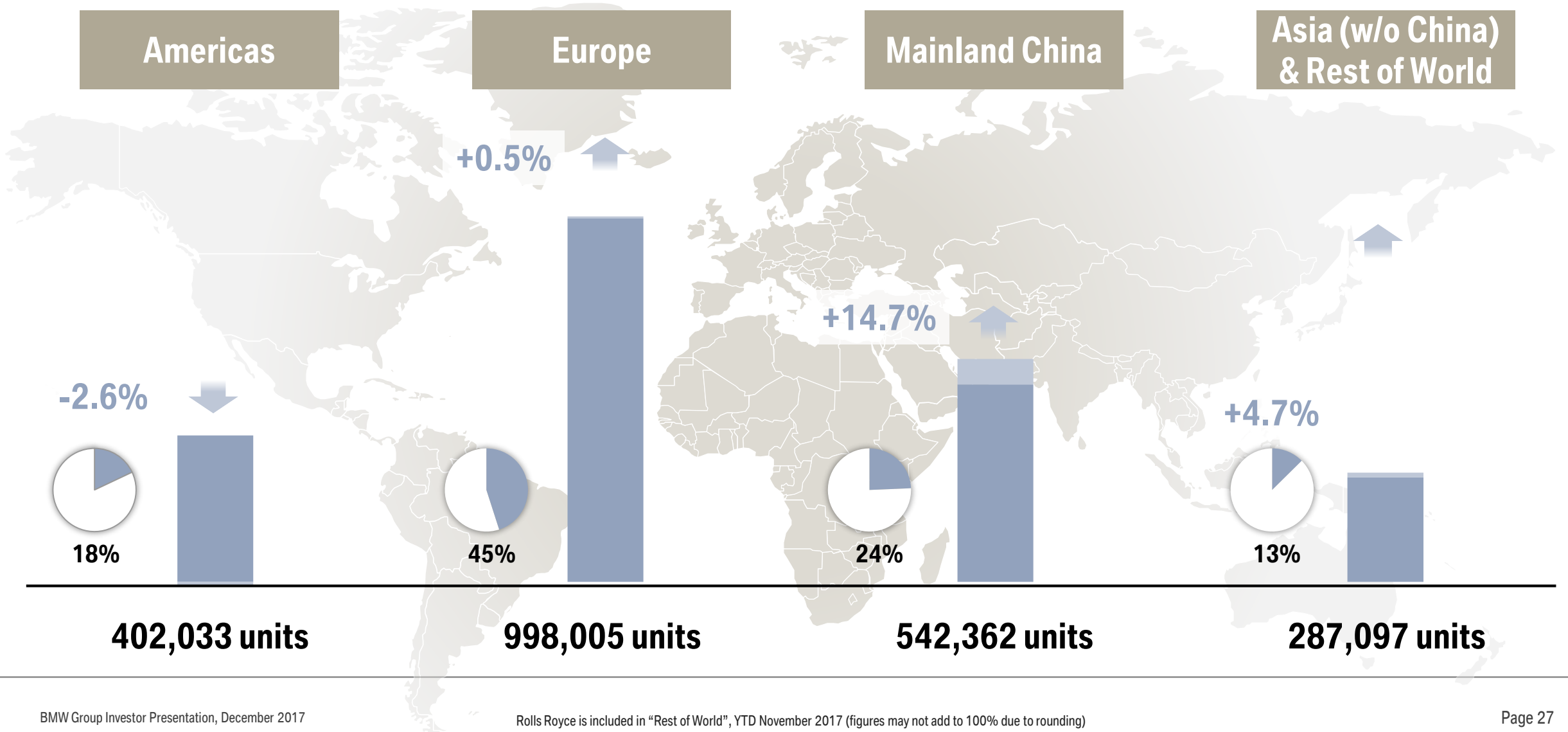
**-16.0%**

**BMW Motorrad**

**152,322**

**+11.7%**

# BMW GROUP AUTOMOTIVE: BALANCED SALES DISTRIBUTION AND SOLID YTD 11/2017 GROWTH OF +3.6% TO A NEW RECORD OF 2,229,497 VEHICLES.



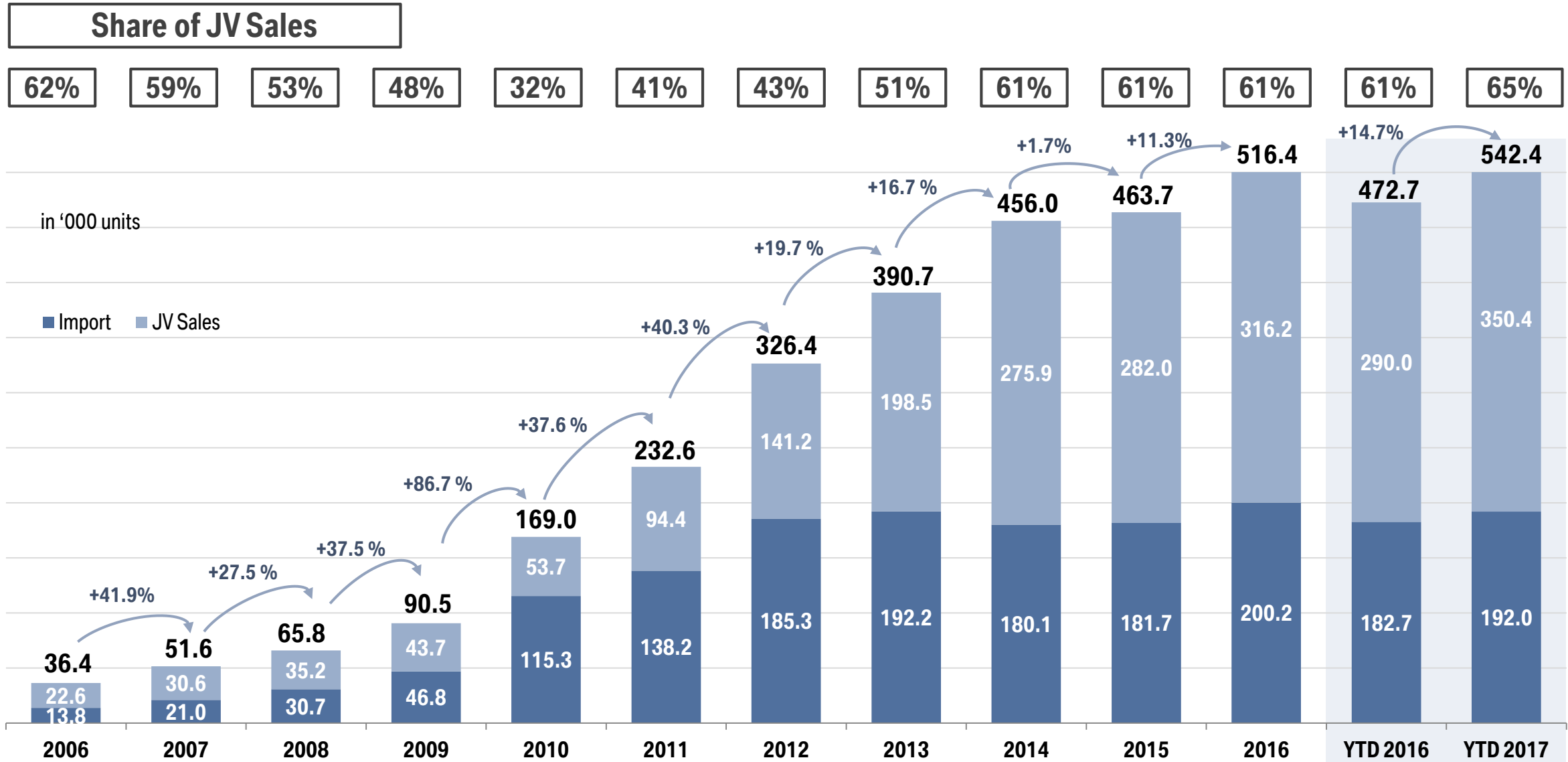


# BMW GROUP AUTOMOTIVE MAJOR MARKETS. DELIVERIES TO CUSTOMERS YTD NOVEMBER 2017.

Deliveries of automobiles		YTD 11/2017	YTD 11/2016	Change in %
<b>Europe</b>		<b>998,005</b>	<b>992,602</b>	<b>0.5</b>
thereof	Germany <sup>1)</sup>	281,713	281,886	-0.1
	Great Britain	220,126	228,720	-3.8
<b>Americas</b>		<b>402,033</b>	<b>412,873</b>	<b>-2.6</b>
thereof	USA	313,926	327,711	-4.2
<b>Asia</b>		<b>769,643</b>	<b>680,540</b>	<b>13.1</b>
thereof	China Mainland	542,362	472,705	14.7
	thereof BBA retail sales	350,356	290,031	20.8
<b>Rest of the World (incl. RR) <sup>2)</sup></b>		<b>59,816</b>	<b>66,400</b>	<b>-9.9</b>
<b>Total</b>		<b>2,229,497</b>	<b>2,152,415</b>	<b>3.6</b>



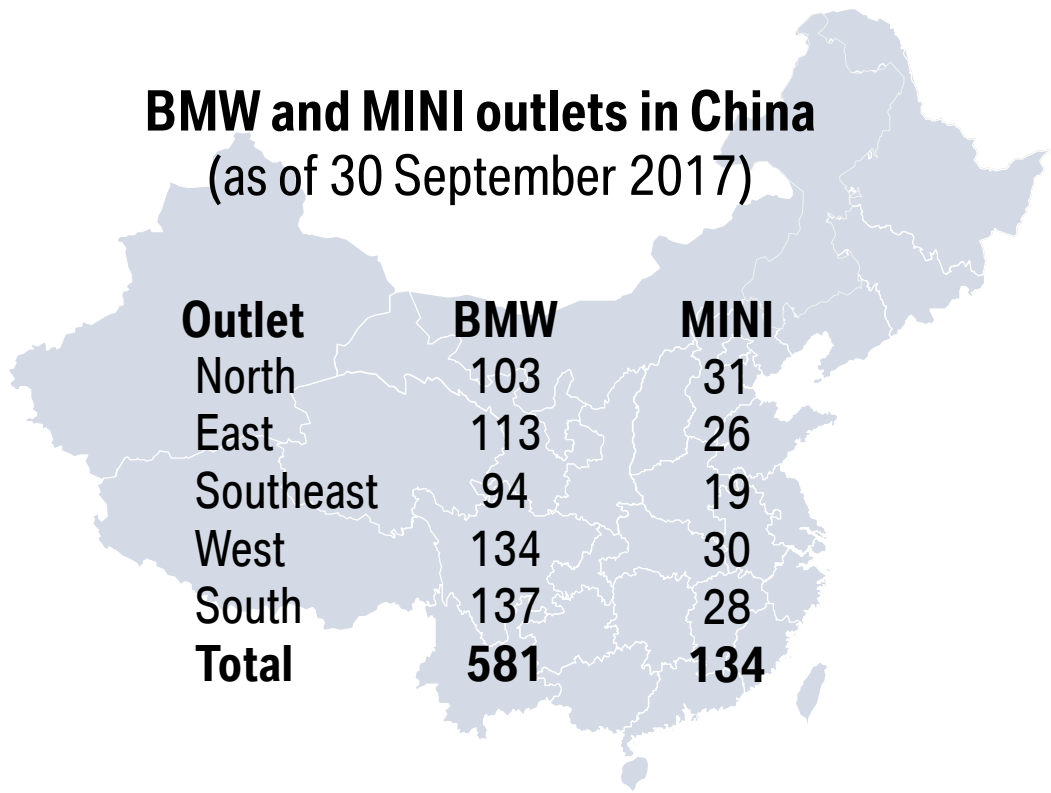
# BMW AND MINI RETAIL DEVELOPMENT IN MAINLAND CHINA YTD NOV. 2017.





# ROBUST GROWTH IN CHINA DESPITE MARKET NORMALIZATION. GROWTH OF DEALER NETWORK AND FURTHER LOCALIZATION.

## BMW and MINI outlets in China (as of 30 September 2017)



### 5 MODELS IN LOCAL PRODUCTION & MORE TO COME

**3 SERIES**



**5 SERIES**



**X1 (SINCE 2012)**



**2 SERIES ACTIVE TOURER (SINCE 2016)**



**1 SERIES SEDAN (SINCE 2017)**



**CHINA SPECIFIC X3 (2018)**



# BMW MOTORRAD. WIDER RANGE THAN EVER BEFORE.

ADVENTURE



TOUR



SPORT



ROADSTER



HERITAGE



URBAN  
MOBILITY



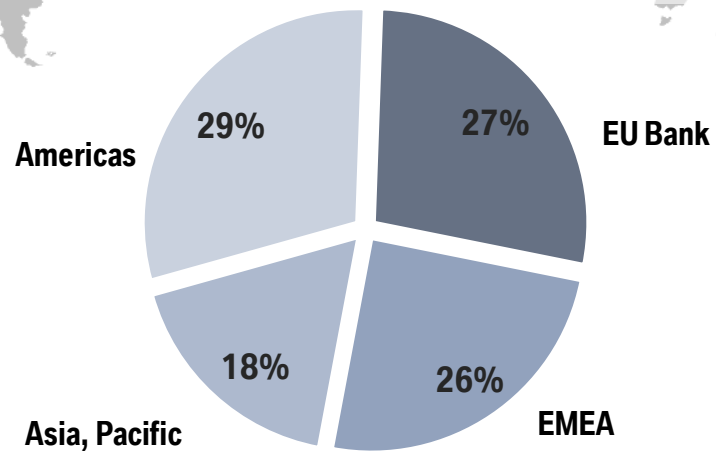


# BMW GROUP FINANCIAL SERVICES AT A GLANCE.

## Global Presence as of 09/2017



~ 4.9 Million Serviced Retail Contracts



## Business Lines as of 09/2017



**Retail Finance**

€ 87.9 bn



**Dealer Finance**

€ 17.8 bn



**Fleet Business**

€ 12.1 bn



**ALPHERA**  
Financial Services

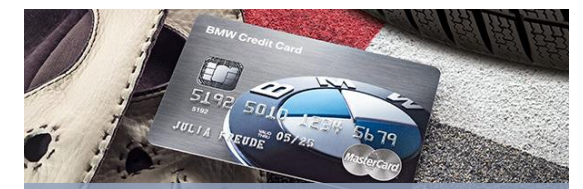
**Multi Make Financing**

€ 7.9 bn



**Insurance**

3.6 mn contracts

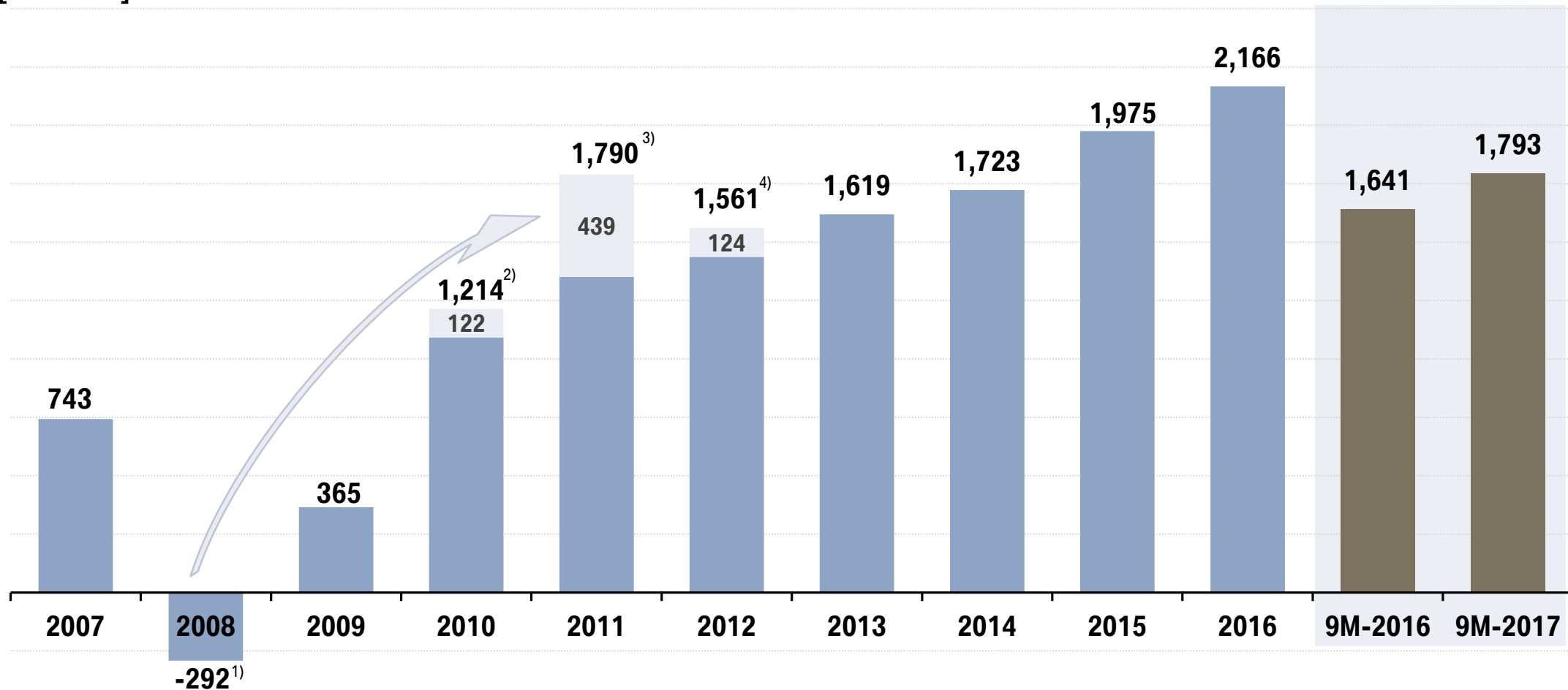


**Banking**

€ 10.1 bn

# SIGNIFICANT CONTRIBUTION OF FINANCIAL SERVICES TO BMW GROUP PROFIT.

## Earnings before Tax (EBT) Financial Services [in mn €]



1) FY-08 EBT includes a negative effect of EUR 1,057 million from additional credit and residual value risk provisions.

2) FY-10 EBT includes a positive effect of EUR 122 million from better than expected off-lease business.

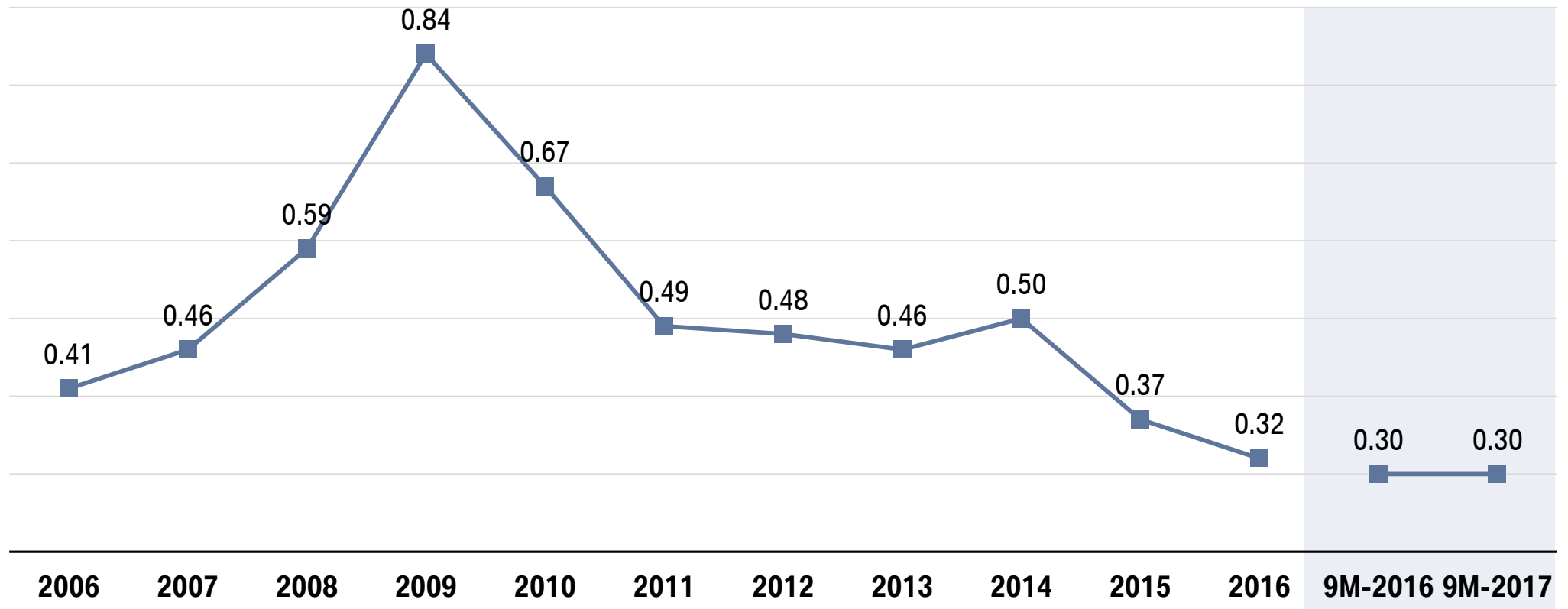
3) FY-11 EBT includes a positive effect of EUR 439 million from adjustment of residual value and credit risk provisions and a better than expected off-lease business.

4) FY-12 EBT includes a positive effect of EUR 124 million from better than expected off-lease business.



# BMW GROUP FINANCIAL SERVICES. SOLID DEVELOPMENT OF CREDIT LOSS RATIO.

## Credit loss ratio\* [in %]



# BMW GROUP FINANCIAL YEAR 2016. POSITIVE BUSINESS DEVELOPMENT DESPITE CHALLENGING POLITICAL AND ECONOMIC CONDITIONS.

BMW Group	FY-2016	FY-2015	Change in %
Earnings before tax – Group (in m€)	<b>9,665</b>	9,224	+4.8
EBT margin (in %) – Group	<b>10.3</b>	10.0	+0.3 pp
<b>Automotive Segment</b>			
Automotive sales (units)	<b>2,367,603</b>	2,247,485	+5.3
Earnings before interest and tax (EBIT) (in m€)	<b>7,695</b>	7,836	-1.8
EBIT margin (in %)	<b>8.9</b>	9.2	-0.3 pp
Net financial assets (m€)*	<b>19,520</b>	16,911	+15.4
<b>Motorcycles Segment</b>			
Sales (units)	<b>145,032</b>	136,963	+5.9
Earnings before interest and tax (EBIT) (in m€)	<b>187</b>	182	+2.7
EBIT margin (in %)	<b>9.0</b>	9.1	-0.1 pp
<b>Financial Services</b>			
Earnings before tax (EBT) (in m€)	<b>2,166</b>	1,975	+9.7
Penetration rate (in %)	<b>49.6</b>	46.3	+3.3 pp
Credit loss ratio (in %)	<b>0.32</b>	0.37	-0.05 pp





# BMW GROUP Q3-2017. SUBSTANTIAL UPFRONT EXPENDITURE FOR TOMORROW'S MOBILITY DAMPENED EARNINGS IN THE 3<sup>RD</sup> QUARTER.

BMW Group	Q3-2017	Q3-2016	Change in %
Earnings before tax – Group (in m€)	<b>2,422</b>	2,575	-5.9
EBT margin (in %) – Group	<b>10.3</b>	11.0	-0.7 pp
<b>Automotive Segment</b>			
Automotive sales (units)	<b>590,415</b>	583,499	+1.2
Earnings before interest and tax (EBIT) (in m€)	<b>1,753</b>	1,837	-4.6
EBIT margin (in %)	<b>8.3</b>	8.5	-0.2 pp
Net financial assets (m€)*	<b>18,796</b>	16,715	+12.4
<b>Motorcycles Segment</b>			
Sales (units)	<b>39,429</b>	35,290	+11.7
Earnings before interest and tax (EBIT) (in m€)	<b>53</b>	32	+65.6
EBIT margin (in %)	<b>10.3</b>	7.1	+3.2 pp
<b>Financial Services</b>			
Earnings before tax (EBT) (in m€)	<b>609</b>	568	+7.2
Penetration rate (in %)**	<b>46.7</b>	49.0	-2.3 pp
Credit loss ratio (in %)**	<b>0.30</b>	0.30	-



# BMW GROUP 9M-2017. STRONG RESULTS IN THE FIRST 9 MONTHS OF 2017. BMW GROUP ON COURSE FOR SUCCESSFUL FINANCIAL YEAR.

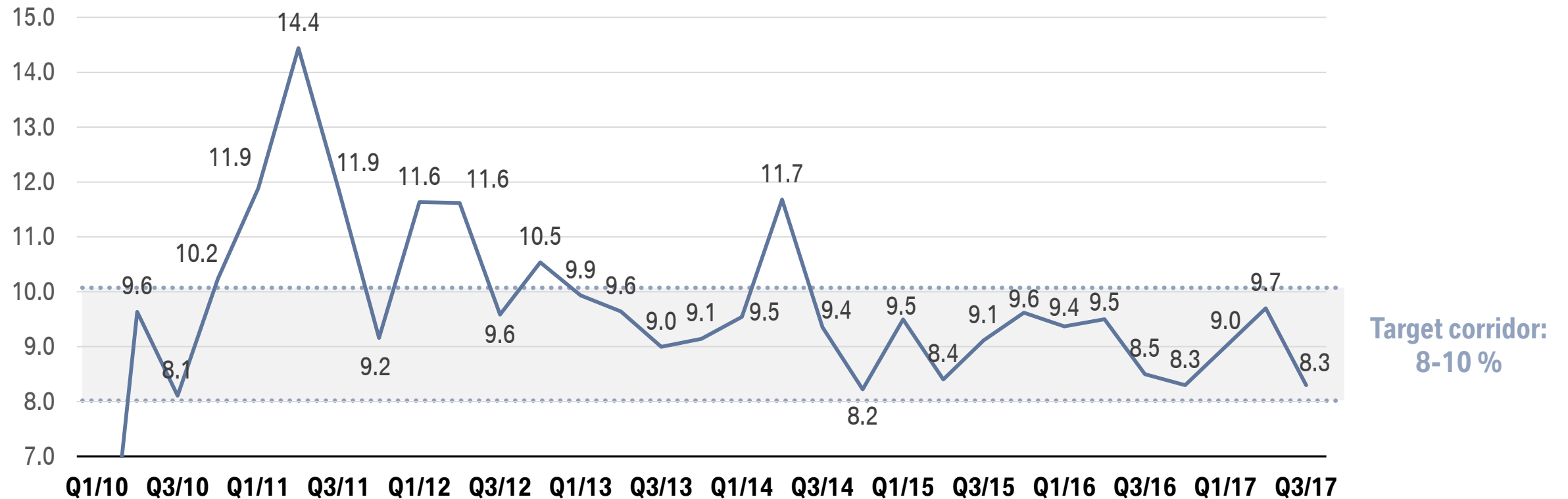
BMW Group	9M-2017	9M-2016	Change in %
Earnings before tax – Group (in m€)	<b>8,482</b>	7,741	+9.6
EBT margin (in %) – Group	<b>11.7</b>	11.2	+0.5 pp
<b>Automotive Segment</b>			
Automotive sales (units)	<b>1,811,234</b>	1,746,638	+3.7
Earnings before interest and tax (EBIT) (in m€)	<b>5,862</b>	5,778	+1.5
EBIT margin (in %)	<b>9.1</b>	9.1	-
Net financial assets (m€)*	<b>18,796</b>	16,715	+12.4
<b>Motorcycles Segment</b>			
Sales (units)	<b>127,818</b>	116,044	+10.1
Earnings before interest and tax (EBIT) (in m€)	<b>282</b>	224	+25.9
EBIT margin (in %)	<b>15.4</b>	13.6	+1.8 pp
<b>Financial Services</b>			
Earnings before tax (EBT) (in m€)	<b>1.793</b>	1.641	+9.3
Penetration rate (in %)	<b>46.7</b>	49.0	-2.3 pp
Credit loss ratio (in %)	<b>0.30</b>	0.30	-



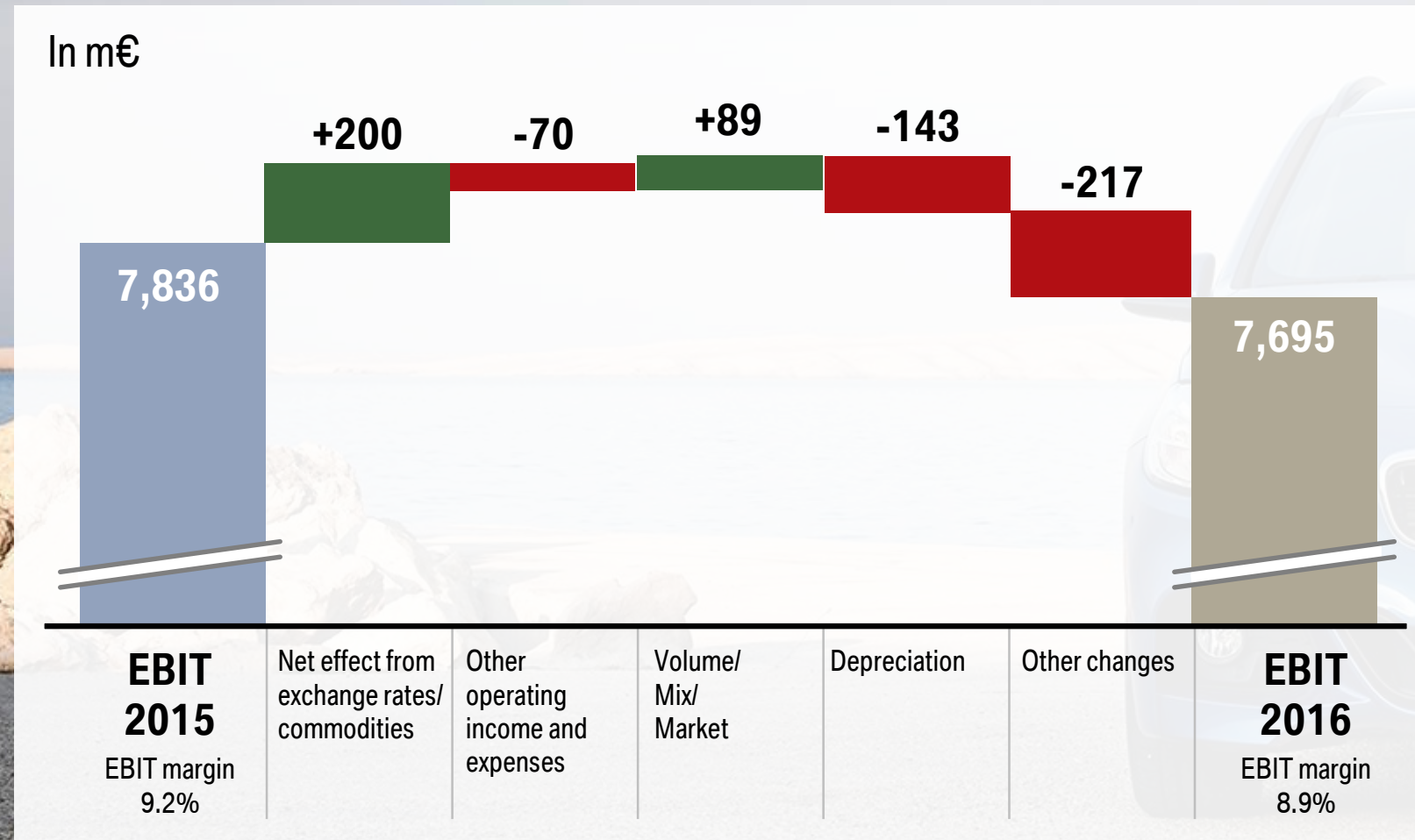


# EBIT MARGIN IN THE AUTOMOTIVE SEGMENT WITHIN OR ABOVE TARGET RANGE OF 8-10% SINCE 2010.

## EBIT margin development automotive segment [in %]



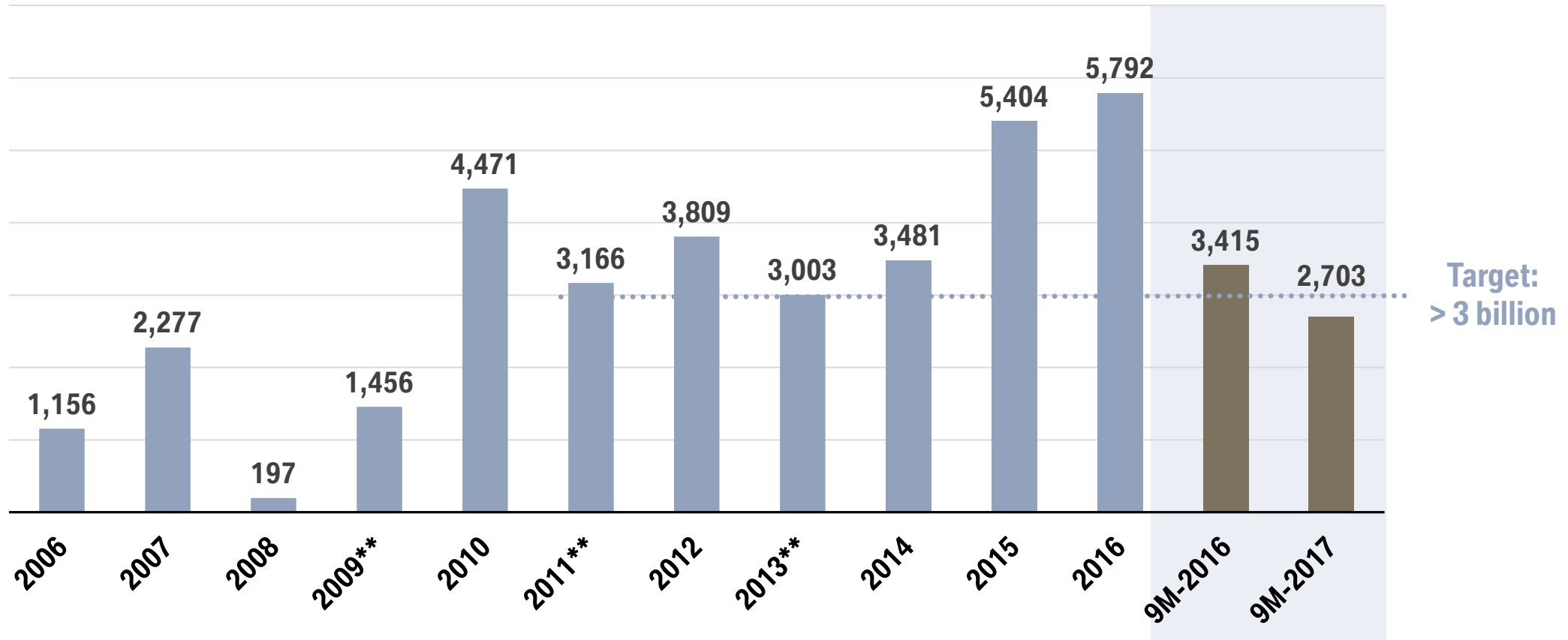
# AUTOMOTIVE SEGMENT. 2015 TO 2016 EBIT DEVELOPMENT.





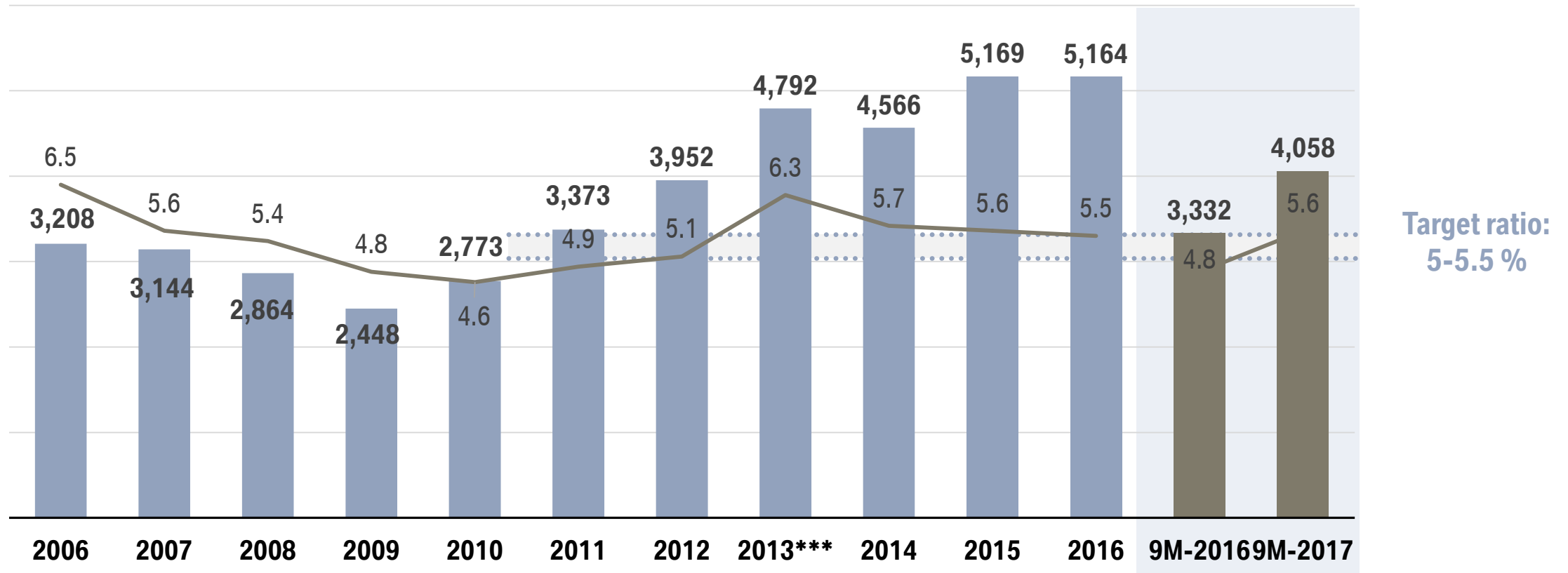
# SOLID FREE CASH FLOW DEVELOPMENT IN THE AUTOMOTIVE SEGMENT.

## Free Cash Flow (Automotive)\* [in m€]



# THE BMW GROUP IS COMMITTED TO PLAYING A KEY ROLE IN TOMORROW'S MOBILITY AND IS INVESTING SUBSTANTIAL AMOUNTS IN NEW TECHNOLOGIES.

**R&D Expenditure\*** [in m€, HGB]     **R&D Ratio\*\*** [in %, HGB]



HGB: German Commercial Code

\* R&D Expenditure: Research and development expenses plus capitalized research and development cost minus amortization of capitalized development costs.

\*\* R&D Ratio: R&D expenditure divided by Group revenues.

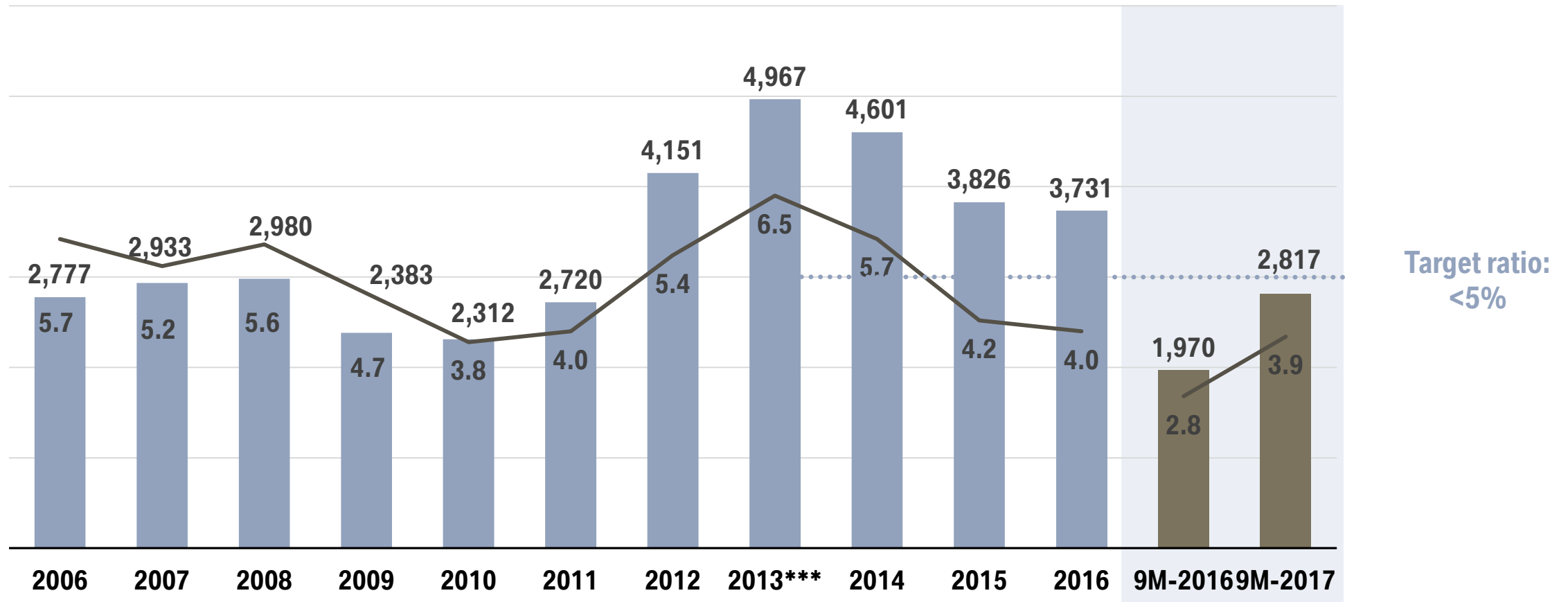
\*\*\* 2013 figures have been adjusted in accordance with IAS 8.



# TIGHT MANAGEMENT OF CAPITAL EXPENDITURE TO ACHIEVE TARGET RATIO.

**BMW Group Capital Expenditure\***  
[in m€]

**Capex Ratio\*\***  
[in %]



# OUTLOOK FOR 2017. POSITIVE BUSINESS DEVELOPMENT EXPECTED DESPITE CHALLENGES.

## BMW Group

Solid increase in EBT compared with previous year

## Automotive Segment

Slight increase in deliveries compared with previous year

Slight increase in revenues compared with previous year

EBIT margin in the target range of 8-10%

## Financial Services Segment

Return on equity of at least 18%, slight decrease compared with previous year

## Motorcycles Segment

Significant increase in deliveries compared with previous year

EBIT margin in the target range of 8-10%



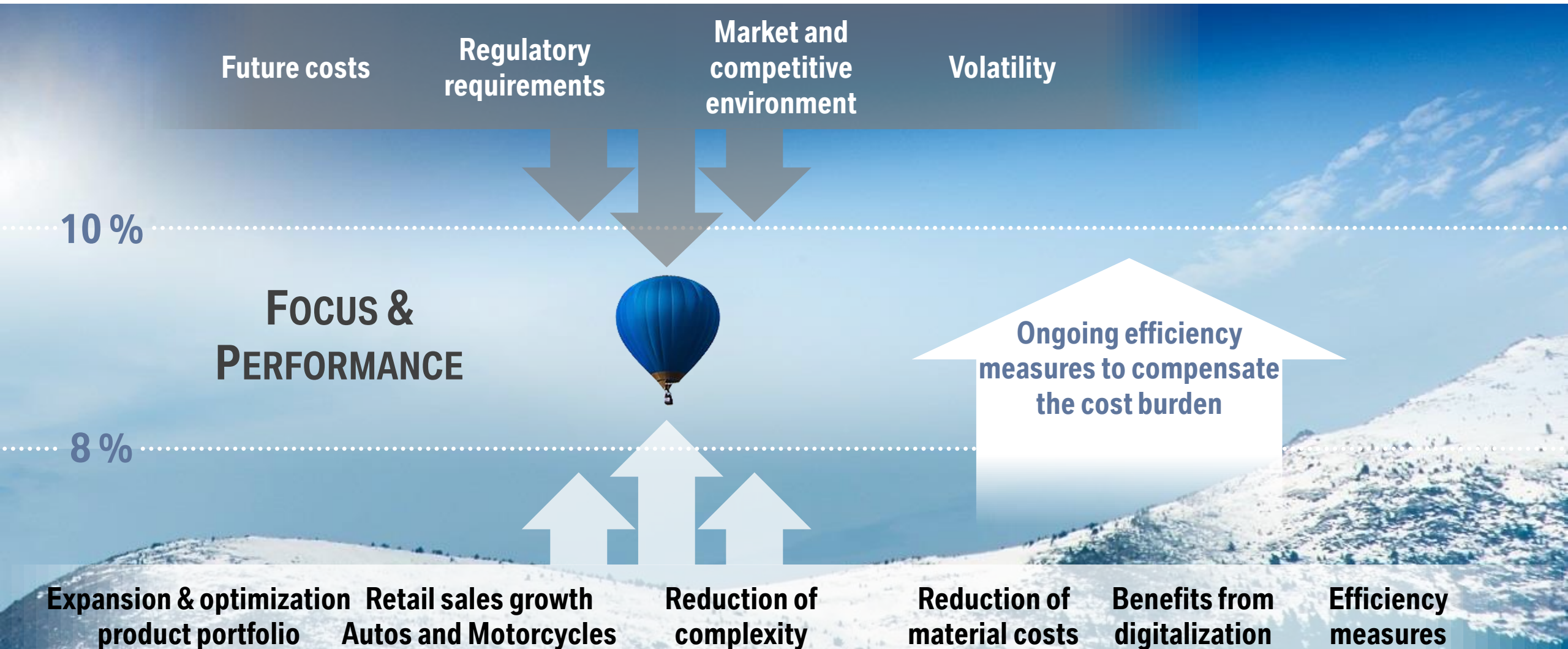
# FINANCIAL TARGETS 2020: SUSTAINABLE GROWTH AND SOLID PROFITABILITY DESPITE CHALLENGES.

BMW Group	2016	2020
EBT margin	10.3%	>10%
Investment ratio*	4.0%	<5.0%
Research and development ratio	5.5%	5.0 - 5.5%
Payout ratio	33.3%	30 - 40%
Automotive Segment		
EBIT margin	8.9%	8 - 10%
Free Cashflow	5.8 bn €	>3 bn €
Motorcycles Segment		
Sales volume	145,032 units	> 200,000 units
EBIT margin	9.0%	8 - 10%
Financial Services Segment		
Return on Equity	21.2%	>18%

\* Investments in property, plant and equipment and other intangible assets (without capitalized development costs).



# MAINTAINING THE AUTOMOTIVE EBIT MARGIN IN THE CORRIDOR OF 8-10% DESPITE ONGOING CHALLENGES.





# BMW GROUP'S FINANCE STRATEGY COVERS THE ENTIRE AUTOMOTIVE VALUE CHAIN.

BMW GROUP CORPORATE FINANCE STRATEGY REFLECTS THE INDUSTRIAL NATURE OF THE BUSINESS AND IS FOCUSED ON THE ENTIRE AUTOMOTIVE VALUE CHAIN.

## Automotive value chain



**Research & Development**



**Production**



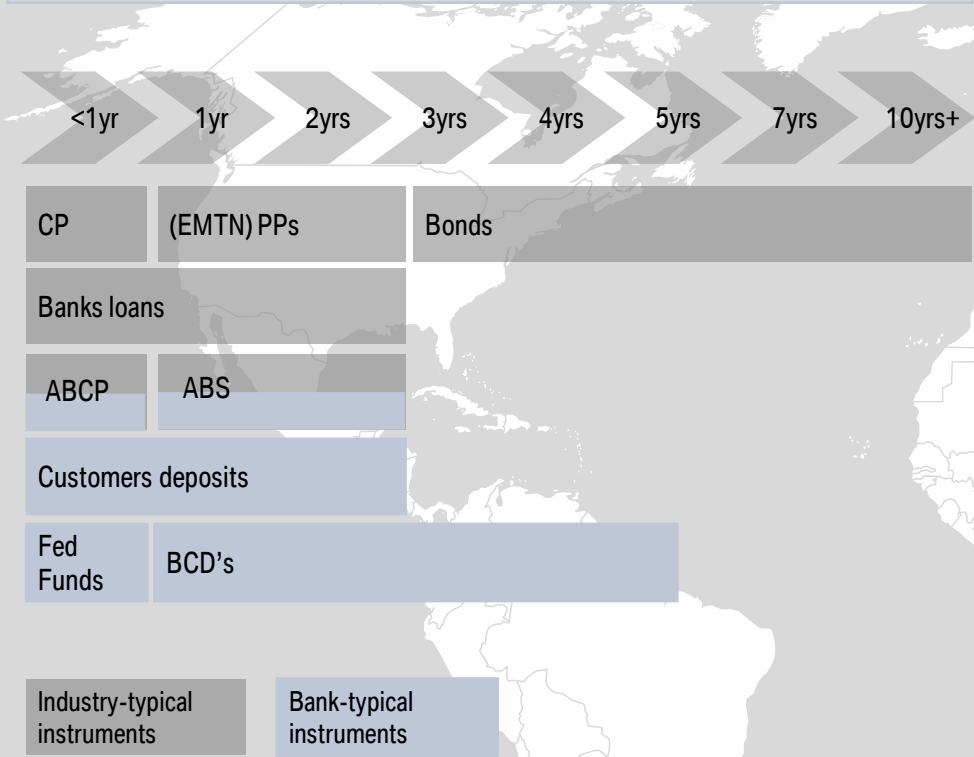
**Sales & Marketing**



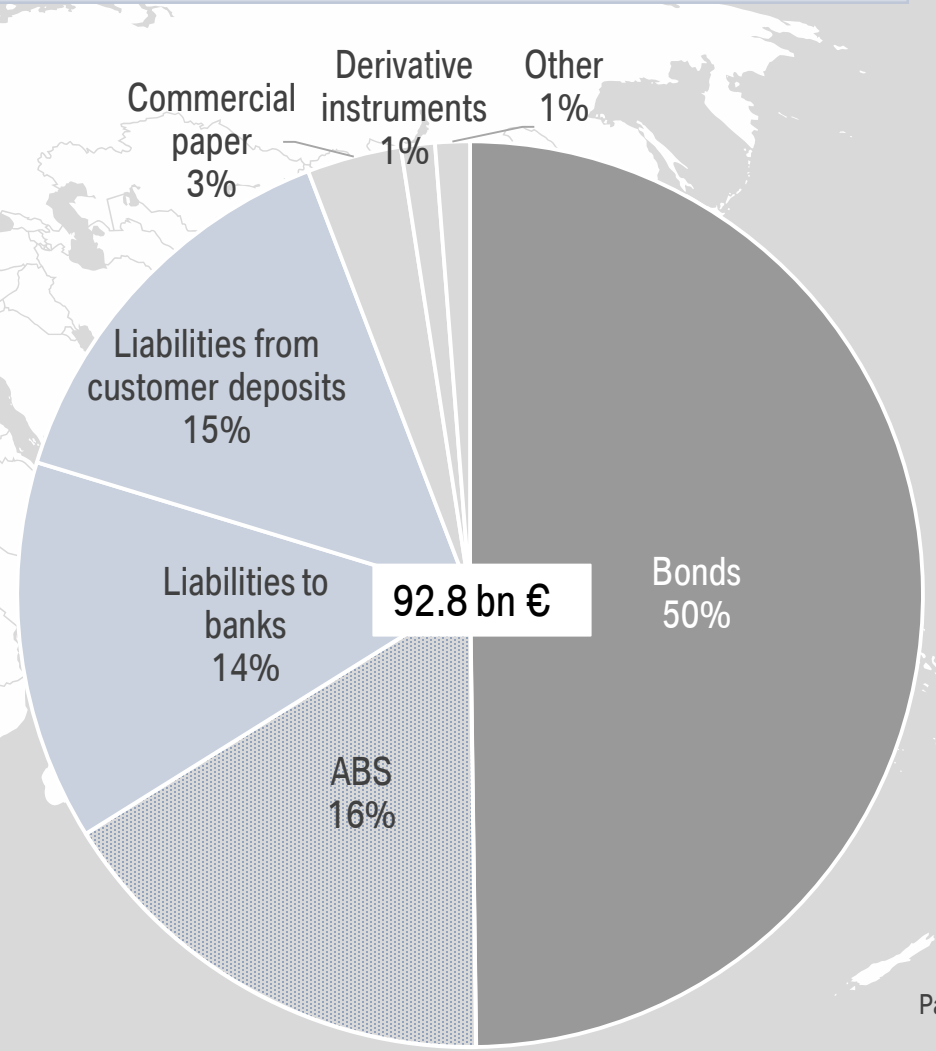
**Financial Services**

# DIVERSIFIED FUNDING MIX WITH A COMBINATION OF INDUSTRY AND BANK TYPICAL FINANCING INSTRUMENTS.

## Funding Instruments



## Financial Debt as of 30.09.2017





# BMW GROUP INVESTOR RELATIONS. CONTACTS.



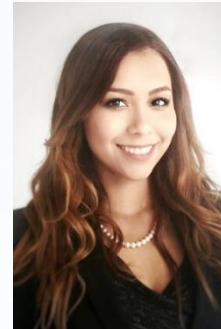
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# BMW GROUP INVESTOR RELATIONS. ON THE ROAD Q1-2018.

08./09.01.2018	Commerzbank German Investment Seminar 2018	New York City
16./17.01.2018	German Corporate Conference (KeplerCheuvreux)	Frankfurt
05.02.2018	HSBC SRI Conference	Frankfurt



<http://www.bmwgroup.com/ir>



# BMW GROUP INVESTOR RELATIONS. FINANCIAL CALENDAR 2017 & 2018.

21.03.2018	Annual Accounts Press Conference
22.03.2018	Analyst and Investor Conference
04.05.2018	Quarterly Report to 31 March 2018
17.05.2018	Annual General Meeting 2018
02.08.2018	Quarterly Report to 30 June 2018
07.11.2018	Quarterly Report to 30 September 2018



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