

ANNUAL ACCOUNTS PRESS CONFERENCE.

20 MARCH 2019



**BMW
GROUP**



MAXIMILIAN SCHÖBERL

EXECUTIVE VICE PRESIDENT.
CORPORATE COMMUNICATIONS AND GOVERNMENTAL AFFAIRS.





CHANNEL.

#

TRANSLATION.

Kanal

1

Deutsch

Channel

2

English

Canal

3

Français

Canale

4

Italiano

Canal

5

Español

声道

6

中文



AGENDA.

STRATEGY NUMBER ONE > NEXT

What does the BMW Group do differently?

2018 FINANCIAL STATEMENTS

Outlook for 2019

MODEL OFFENSIVE 2.0

How we inspire our customers

HARALD KRÜGER

CHAIRMAN OF THE BOARD OF MANAGEMENT OF BMW AG.



OUR ROAD TO A **TECH COMPANY** FOR PREMIUM MOBILITY.
WE ARE CREATING A **STRONG NEW FOUNDATION.**

TECHNOLOGIES



CUSTOMERS



WORK METHODS



**STRATEGY NUMBER ONE > NEXT.
WE ARE SHAPING OUR FUTURE.**





PHASE 1

IMPLEMENTATION OF
NUMBER ONE > NEXT
2016 – 2018

WE CONSISTENTLY CHART OUR OWN **BMW COURSE**. WHAT MAKES US DIFFERENT?

**HIGHER BMW i3
SALES FROM
YEAR TO YEAR**



**FUTURE
TECHNOLOGIES**



**MODERN DIESEL
TECHNOLOGY FOR
LESS CO₂**



**NOW FAMILY
SERVICES**



**INCREASED GLOBAL
FOOTPRINT**



PHASE 2

IMPLEMENTATION OF
NUMBER ONE > NEXT
2019 – 2021



PHASE 1

IMPLEMENTATION OF
NUMBER ONE > NEXT
2016 – 2018



OUR ENVIRONMENT REMAINS VOLATILE. THE **CHALLENGES** FOR THE INDUSTRY CONTINUE.

REGULATIONS



**AUTONOMOUS
DRIVING**



**VOLATILE
MARKETS**



E-MOBILITY



**COOPERATIONS
BMW GROUP &
DAIMLER AG**



THE **NEW BMW X3**: THE CUSTOMER HAS THE CHOICE. ONE MODEL – **THREE DRIVETRAINS.**



**BMW X3 with highly-efficient
combustion engine.**



**Plug-in hybrid
BMW X3 xDRIVE 30e.**



**Fully-electric
BMW iX3.**

>500,000

**ELECTRIFIED VEHICLES
ON THE ROAD
BY THE END OF 2019.**



**OUR BATTERY CELL
COMPETENCE CENTRE.**

E-MOBILITY:

**WE PRODUCE THE ELECTRIC
DRIVE TRAIN AND HIGH-VOLTAGE
SYSTEM OURSELVES.**

**KEEPING KNOW-HOW
IN OUR OWN HANDS.**





TOGETHER WE ARE DEVELOPING **NEXT-LEVEL TECHNOLOGY** FOR AUTONOMOUS DRIVING.

GLOBAL.

**WE ARE TARGETING
GROWTH IN ALL REGIONS
AND AIM TO EXPAND
OUR MARKET SHARE.**

**WE HAVE A SPECIFIC
STRATEGY FOR EACH REGION.**



CHINA.

**INCREASED
CAPACITY IN SHENYANG.**

**NEW JV WITH GREAT WALL:
FULLY-ELECTRIC MINI.**

**FROM MAINLAND CHINA
TO THE WORLD. FROM 2020:
FULLY-ELECTRIC BMW iX3.**



AMERICAS.

**INVESTMENT IN
PLANT SPARTANBURG.**

**THE BMW X7: COMMITMENT
TO OUR SECOND HOME.**

**MEXICO PLANT:
OPENING IN JUNE 2019.**



EUROPE.

**THE BMW GROUP'S
BIGGEST SALES REGION.**

**MOST PLANTS AND HIGHEST
NUMBER OF EMPLOYEES.**

**BREXIT: WE ARE PREPARED
FOR ALL SCENARIOS.**



GLOBAL.

**OUR COMMITMENT IS
GEARED TOWARDS THE
LONG TERM.**

**FREE TRADE FOR
GROWTH AND PROSPERITY.**



PERFORMANCE > NEXT.
WE ARE TRANSFORMING OUR COMPANY.

CUSTOMER AND SALES



Improved sales performance
and optimisation of
customer interface.

VEHICLE



Intelligent product options
focused on customer benefits
and major cost reductions.

**ORGANISATION
AND STRUCTURES**



Faster development process.
Optimisation of process and
organisational structure.

WE WILL ESTABLISH A **NEW SALES STRUCTURE** IN APRIL.
ALL AUTOMOTIVE BRANDS WILL COME TOGETHER WITHIN ONE DIVISION.

BMW



MINI



ROLLS-ROYCE



CUSTOMER-SPECIFIC **BRAND EXPERIENCES** UNDER ONE ROOF.

PHASE 2

IMPLEMENTATION OF
NUMBER ONE > NEXT
2019 – 2021

PHASE 3

IMPLEMENTATION OF
NUMBER ONE > NEXT
2022 – 2025

PHASE 1

IMPLEMENTATION OF
NUMBER ONE > NEXT
2016 – 2018



**THE BMW iNEXT WILL BE LAUNCHED IN 2021 –
WITH AN ELECTRIC RANGE OF UP TO 600 KM.**



**THE BMW iNEXT.
LEVEL 3 HIGHLY-
AUTOMATED DRIVING.**

**TEST FLEET
ENABLED FOR
LEVELS 4
AND 5.**



LEVEL 1 – 3

LEVEL 4 – 5

FULLY-AUTOMATED



**THE BMW GROUP
DATA CENTRE.**

**ONE OF THE LARGEST IN EUROPE.
STORAGE CAPACITY OF 500 PETABYTES BY 2025.**

TECH COMPANY FOR PREMIUM MOBILITY.

PHASE 2

IMPLEMENTATION OF
NUMBER ONE > NEXT
2019 – 2021

PHASE 3

IMPLEMENTATION OF
NUMBER ONE > NEXT
2022 – 2025

PHASE 1

IMPLEMENTATION OF
NUMBER ONE > NEXT
2016 – 2018





BMW VISION

0 NEXT

DR NICOLAS PETER

MEMBER OF THE BOARD OF MANAGEMENT OF BMW AG, FINANCE.



DESPITE MASSIVE HEADWINDS
SECOND-BEST RESULT
IN COMPANY'S HISTORY.



Trade tensions.

Brexit.

FX/Commodity prices.

WLTP transition.

Regulations.

STRONG SALES DEVELOPMENT DESPITE HIGH VOLATILITY.



USA.

356,000

14.2%



EUROPE.

1.1 Mio.

44.1%



MAINLAND CHINA.

640,000

25.7%



**NEW SALES RECORD
FOR BMW, ROLLS-ROYCE
AND BMW MOTORRAD.**




4,100 +22.2%



165,600 +0.9%



2.125 MIO. +1.8%

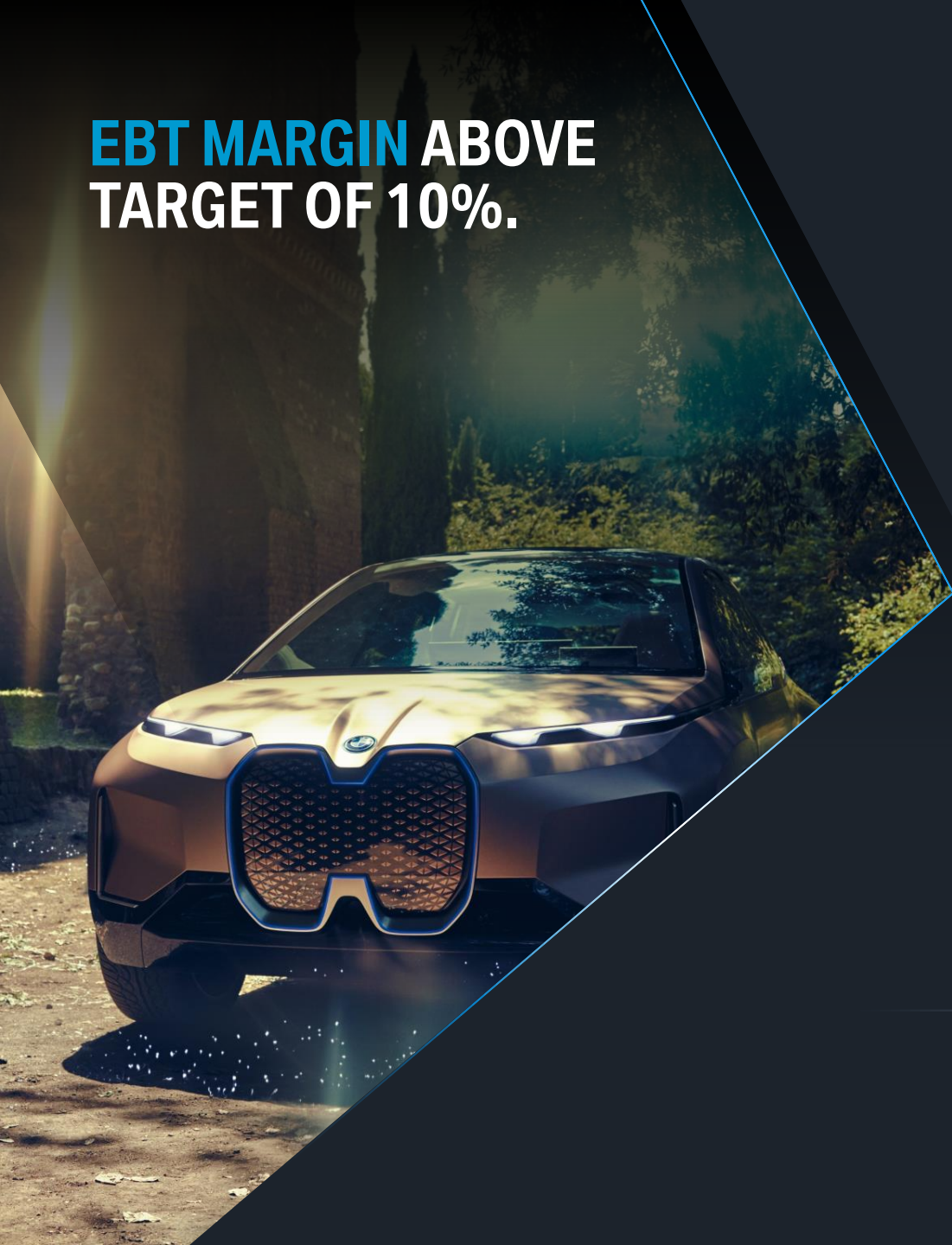


362,000 -2.8%

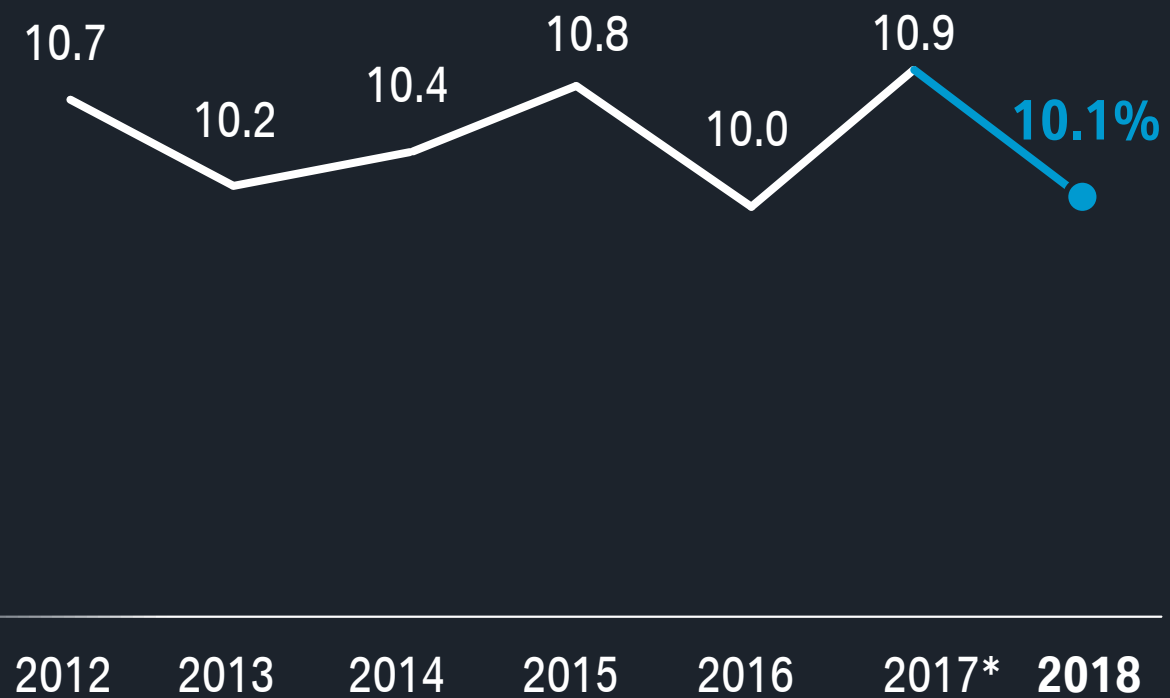
**MORE THAN
140,000 ELECTRIFIED
VEHICLES SOLD,
AS PLANNED.**



**EBT MARGIN ABOVE
TARGET OF 10%.**



EBT margin
in %



* Prior year figures adjusted due to first-time application of IFRS 15.

**GROUP EBT AFFECTED
BY CHALLENGING
BUSINESS
ENVIRONMENT.**



in m€	2017*	2018	Change [%]
Automobile deliveries [units]	2,463,526	2,490,664	+ 1.1
Revenues Group	98,282	97,480	-0.8
Earnings before tax Group	10,675	9,815	-8.1
EBT margin [in %] – Group	10.9	10.1	–
Net profit Group	8,675	7,207	-16.9

* Prior year figures adjusted due to first-time application of IFRS 15.

in m€	2017*	2018	Change [%]
Automobile deliveries [units]	652,292	655,854	+ 0.5
Revenues Group	24,958	25,020	+ 0.2
Earnings before tax Group	1,934	1,932	-0.1
EBT margin [in %] – Group	7.7	7.7	–
Net profit Group	2,338	1,419	-39.3
EBIT margin Automotive Segment [in %]	8.7	6.3	–

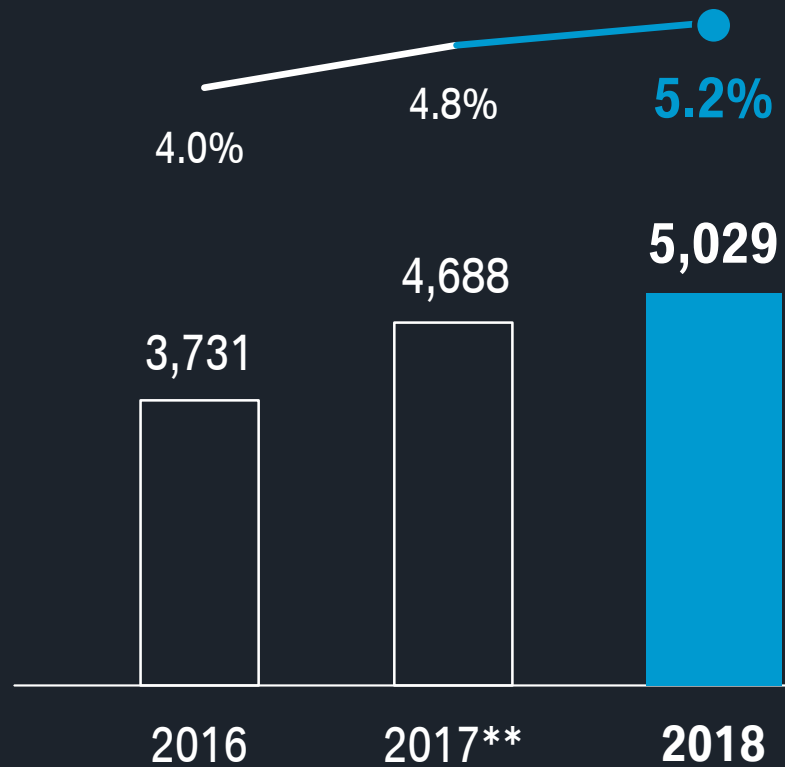
* Prior year figures adjusted due to first-time application of IFRS 15.

4TH QUARTER
IN LINE WITH OUR
EXPECTATIONS.



**OUR SIGHTS REMAIN FIRMLY
FIXED ON THE FUTURE.**

Capital expenditure*
in m€



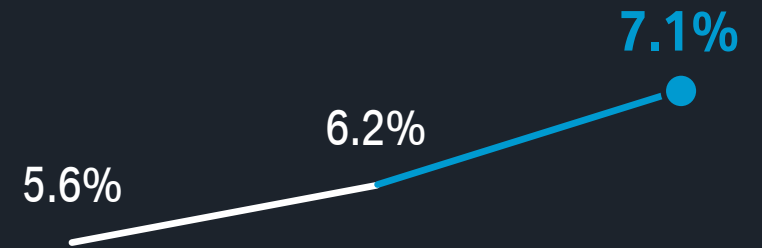
* Excl. capitalised development costs.

** Prior year figures adjusted due to first-time application of IFRS 15.

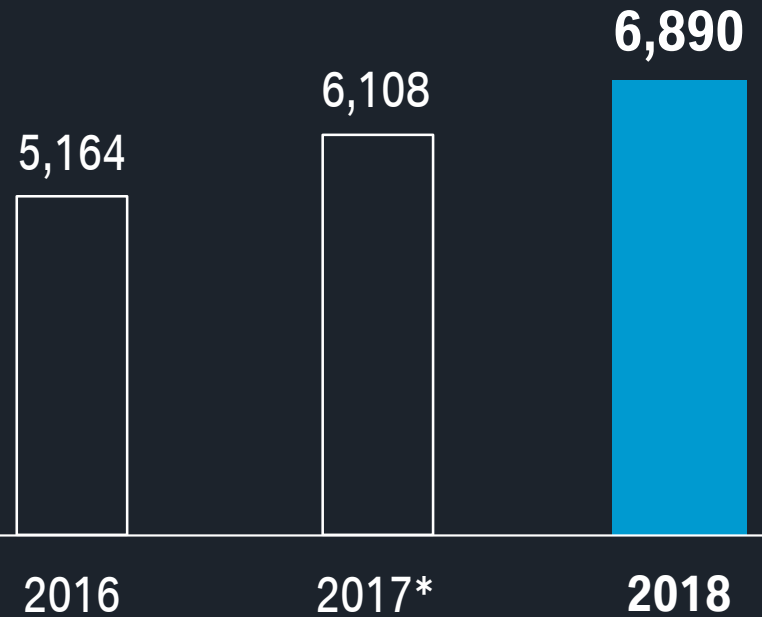
R&D-RATIO CLIMBS TO 7.1%.



R&D ratio
(HGB)
BMW Group



R&D
expenditure
(HGB)
in m€



* Prior year figures adjusted due to first-time application of IFRS 15.

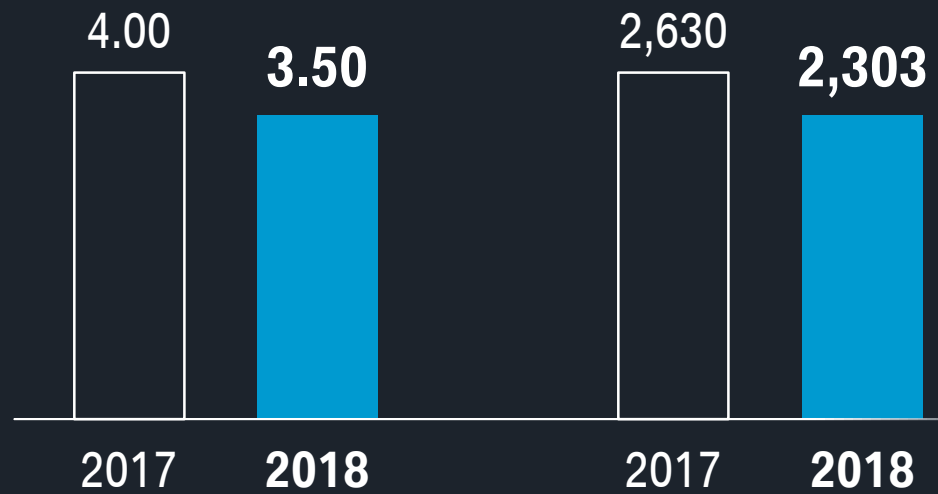
SECOND-HIGHEST DIVIDEND PROPOSED.

Dividend per common share
in €

Total dividend payout
in m€

Payout-ratio

30.3% → 32.0%



**EBIT-MARGIN OF 7.2%
IN AUTOMOTIVE
SEGMENT.**

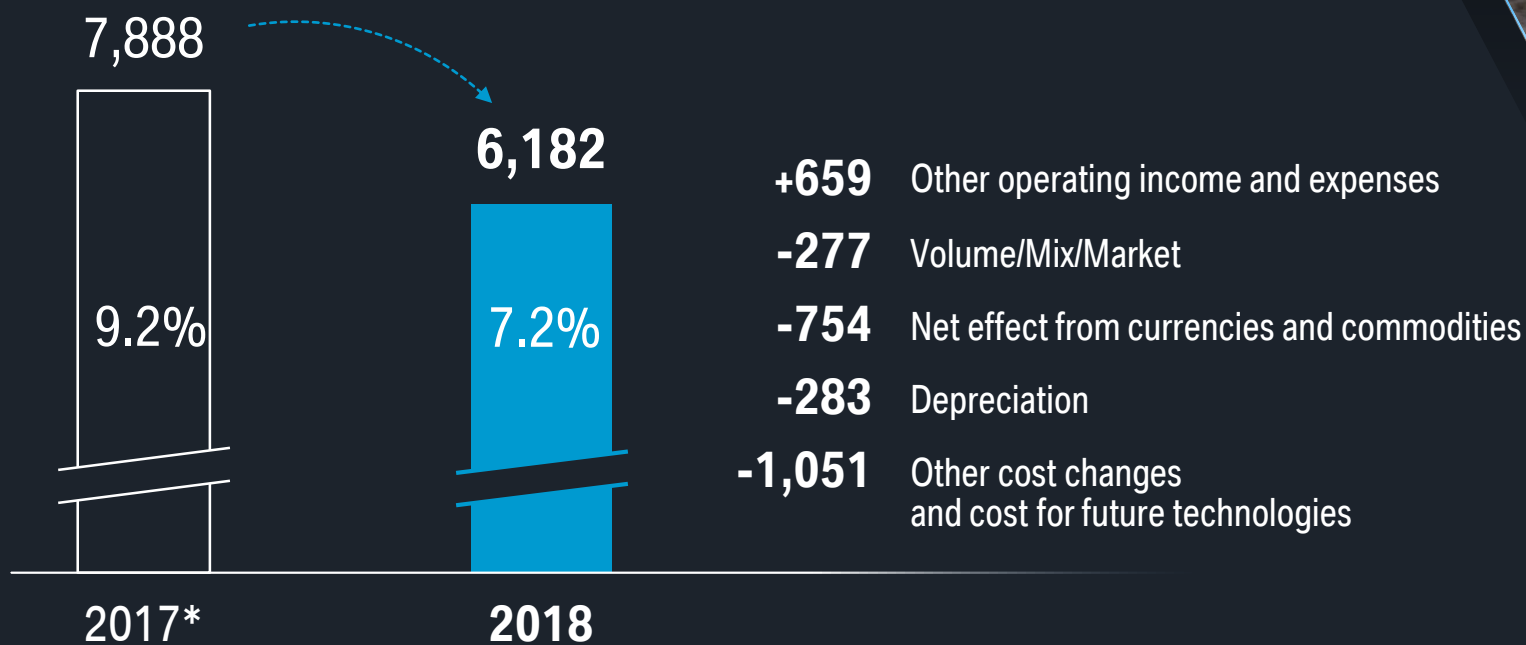


in m€	2017*	2018	Change [%]
Deliveries [units]	2,463,526	2,490,664	+ 1.1
Revenues	85,742	85,846	+0.1
Earnings before interest and tax [EBIT]	7,888	6,182	-21.6
EBIT margin [in %]	9.2	7.2	—
Earnings before tax [EBT]	8,717	6,977	-20.0

* Prior year figures adjusted due to first-time application of IFRS 15.

EBIT

in m€



EBIT BRIDGE IN THE AUTOMOTIVE SEGMENT.



* Prior year figures adjusted due to first-time application of IFRS 15.

PERFORMANCE

> NEXT: IMPORTANT
DECISIONS ALREADY
BEING IMPLEMENTED.



**REDUCING THE COMPLEXITY
OF OUR PORTFOLIO.**

(up to -50%).

**SHORTENING THE
DEVELOPMENT PROCESS.**

(up to -30%).

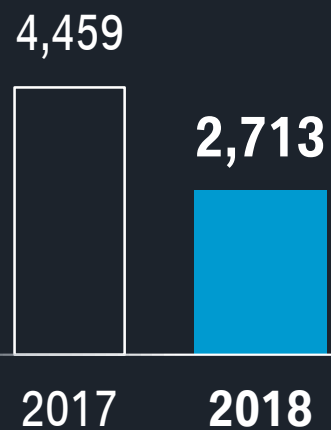
**OPTIMISING STRUCTURES
AND PROCESSES.**

Pooling resources.

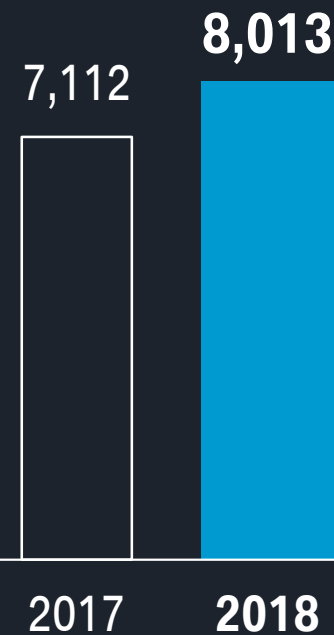
**FREE CASH FLOW IN
AUTOMOTIVE SEGMENT
AT 2.7 BILLION EUROS.**



Free
cash flow
in m€

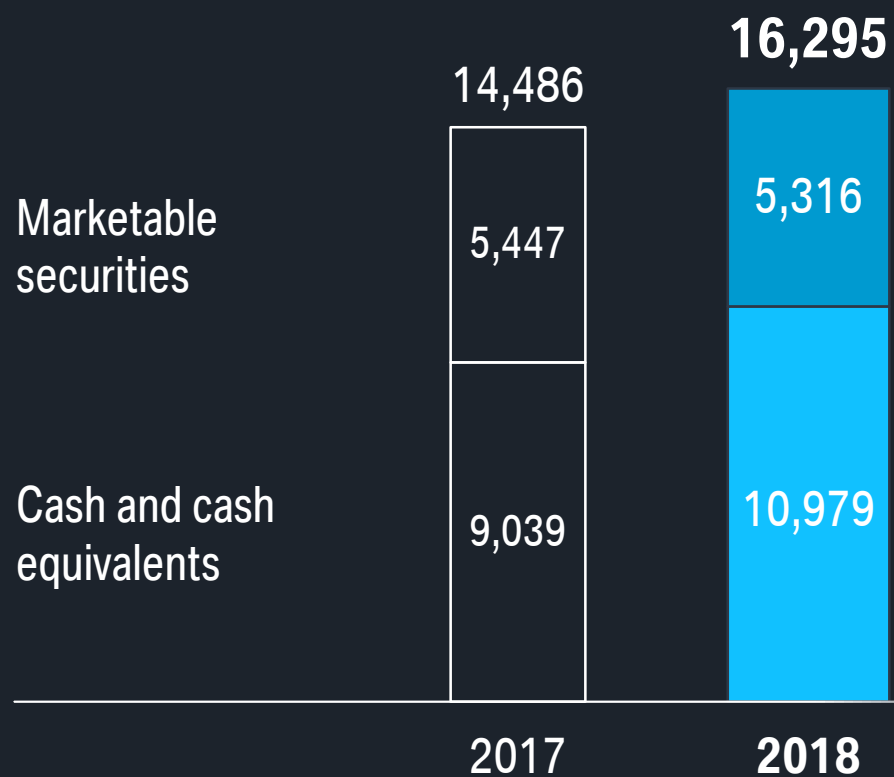


Total capital
expenditure
in m€



Liquidity

in m€



**HIGH LIQUIDITY
SECURES FINANCIAL
INDEPENDENCE.**

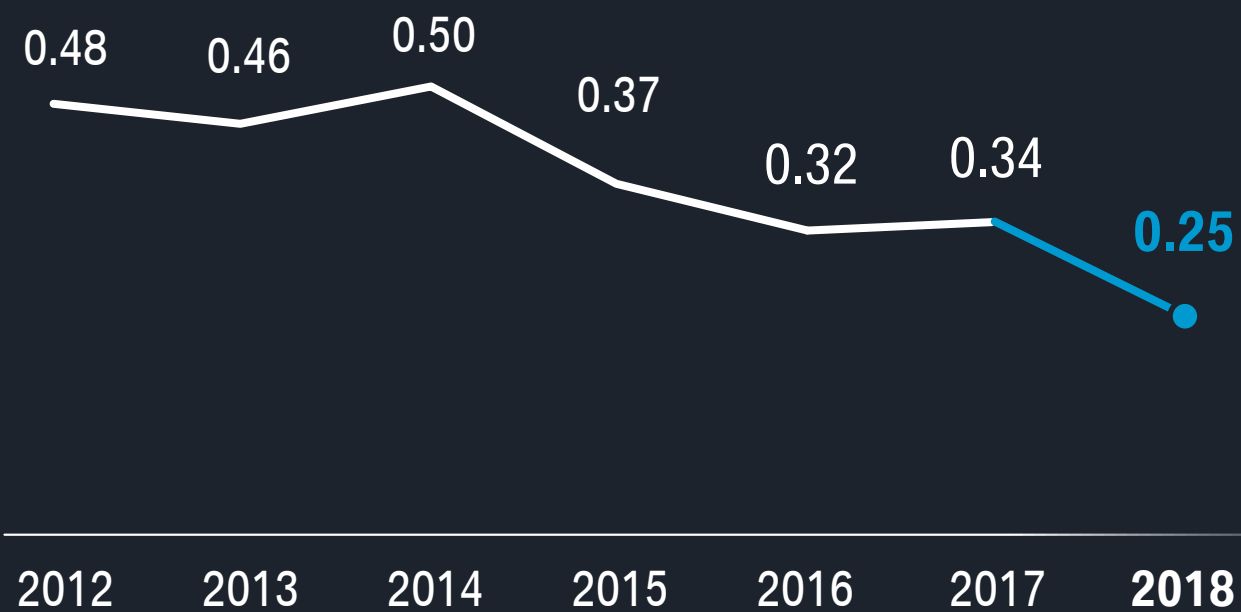




**FINANCIAL SERVICES
SEGMENT CONTINUES
TO GROW ITS BUSINESS.**

in m€	2017	2018	Change [%]
Contracts with new customer [units]	1,828,604	1,908,640	+ 4.4
Total volume of new customer contracts	55,049	55,817	+1.4
Earnings before tax [EBT]	2,207	2,161	-2.1
Return on equity [in %]	18.1	14.8	—
Penetration rate [in %]	46.8	50.0	—

Credit loss ratio
per year
in %



**RISK SITUATION
REMAINS STABLE.**



MOTORCYCLES SEGMENT REPORTS 8TH SALES RECORD IN A ROW.



in m€	2017*	2018	Change [%]
Deliveries [units]	164,153	165,566	+0.9
Revenues	2,272	2,173	-4.4
Earnings before interest and tax [EBIT]	207	175	-15.5
EBIT margin [in %]	9.1	8.1	—
Earnings before tax [EBT]	205	169	-17.6

* Prior year figures adjusted due to first-time application of IFRS 15.

POSITIVE IMPACT OF ELIMINATIONS.

in m€	2017*	2018	Change [%]
Automotive	8,717	6,977	-20.0
Motorcycles	205	169	-17.6
Financial Services	2,207	2,161	-2.1
Other Entities	80	-45	—
Eliminations	-534	553	—
BMW Group	10,675	9,815	-8.1

* Prior year figures adjusted due to first-time application of IFRS 15.

OUTLOOK 2019. SETTING HIGH STANDARDS IN CHALLENGING ENVIRONMENT.

AUTOMOTIVE



Slight increase
in **deliveries**.

EBIT-margin
between 6 and 8%.

MOTORCYCLES



Solid increase
in **deliveries**.

EBIT-margin
between 8 and 10%.

FINANCIAL SERVICES



Return on Equity
on par with previous
year's level.

BMW GROUP



Significant decrease in
Group earnings before tax.

Size of workforce at year-end
on par with previous year's level.



**BMW GROUP KEEPS
LONG-TERM FOCUS.**

Clear decisions as part
of **PERFORMANCE > NEXT.**

SYSTEMATIC IMPLEMENTATION
of decided measures.

**FINANCIAL STRENGTH FOR
SUCCESSFUL TRANSFORMATION.**



BMW VISION
NEXT

HARALD KRÜGER

CHAIRMAN OF THE BOARD OF MANAGEMENT OF BMW AG.



**OUR YEAR OF THE
PLUG-IN HYBRID.**

**NEW BMW MODELS:
3 SERIES, X3, X5,
7 SERIES.**

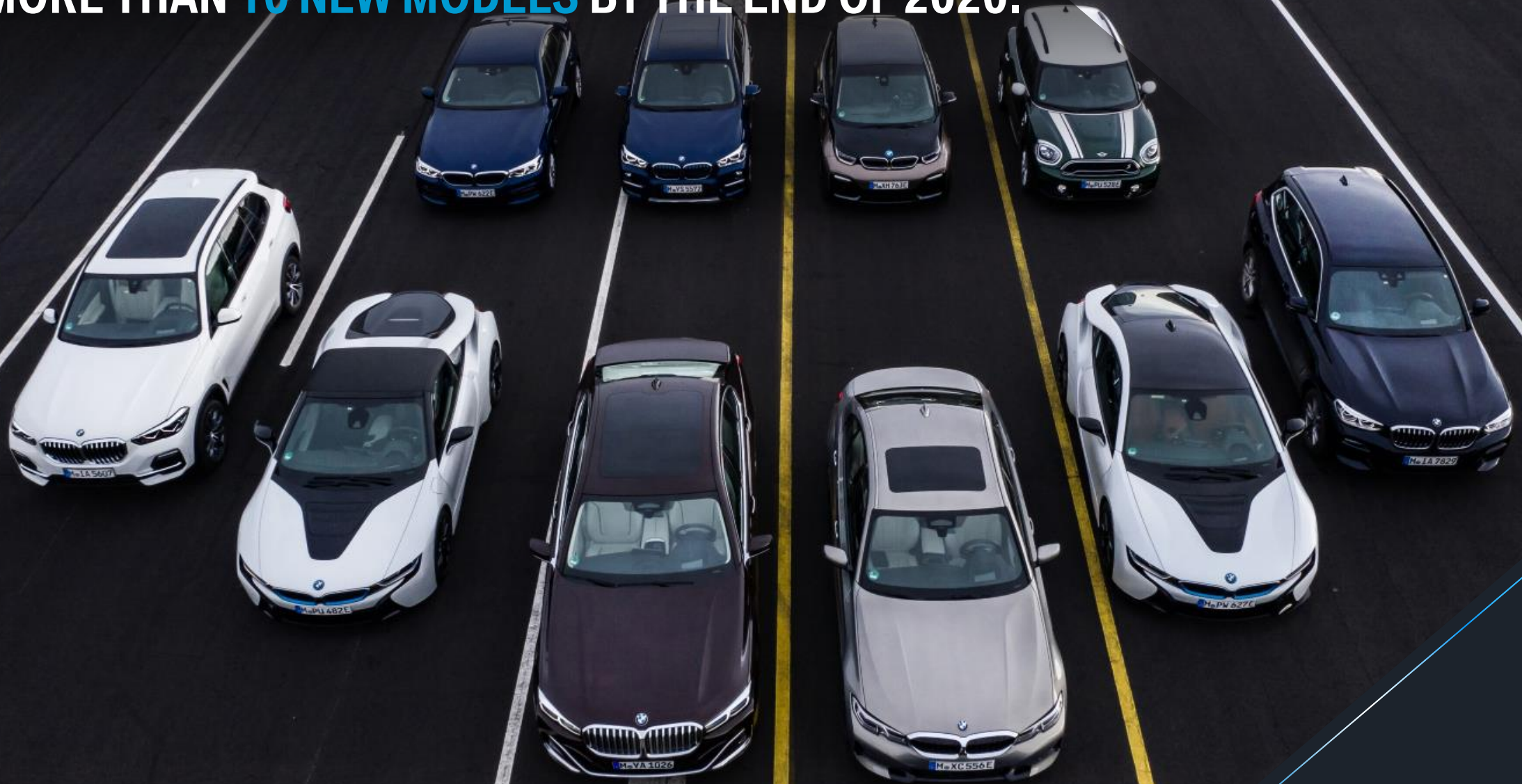


**OUR YEAR OF THE
PLUG-IN HYBRID.**

**BATTERY
UPDATE FOR:
2 SERIES,
5 SERIES.**



WE ARE DRIVING **ELECTRIFICATION** FORWARD.
MORE THAN **10 NEW MODELS** BY THE END OF 2020.



EXPANSION IN THE LUXURY SEGMENT.



BMW i8 Coupe

BMW i8 Roadster

BMW X7

BMW 8 Series Coupe

BMW 7 Series

BMW 8 Series Convertible

**THE NEW BMW 3 SERIES.
CONNECTIVITY
INSPIRES CUSTOMERS.**





**BMW 2 SERIES
GRAN COUPÉ.**

**AVAILABLE
IN SPRING 2020.**

**WE CONTINUE TO CHART
OUR OWN COURSE.**

**RELIABILITY.
PROFITABILITY.
INNOVATION.**



CONSUMPTION AND EMISSION DATA.

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)

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>.

CONSUMPTION AND EMISSION DATA.

Consumption and emission data:

BMW M850i xDrive Convertible: Fuel consumption combined: 10.0-9.9 l/100 km;
CO₂ emissions combined: 229-225 g/km

BMW i8 Coupé: Fuel consumption combined: 1.8 l/100 km;
Electric power consumption combined: 14.0 kWh/100 km;
CO₂ emissions combined: 42 g/km

BMW i8 Roadster: Fuel consumption combined: 2.0 l/100 km;
Electric power consumption combined: 14.5 kWh/100 km;
CO₂ emissions combined: 46 g/km

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>.