

Media Information  
1 August 2019

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## **Statement**

**Harald Krüger**

**Chairman of the Board of Management of BMW AG**

**Conference Call Interim Report to 30 June 2019**

**1 August 2019, 10.00 a.m.**

Good Morning, Ladies and Gentlemen!

Today, I would like to address three main points:

1. Our electro model programme.
2. Our market performance.
3. And our profitability.

Many of you were at our first #NEXTGen in the BMW Welt at the end of June. We were very pleased with the positive feedback from the media and social networks.

At the event, we showed our clear approach to the future: To offer sustainable mobility with a variety of drive technologies.

And our focus is clearly on the customer. Our customers' needs and desires are diverse across the globe – as are the regions and locations where they live.

Therefore, we are offering our customers various, attractive solutions during this phase of great technological change in our industry.

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Our approach towards sustainable mobility is holistic: Including vehicles, production and the supply chain.

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Let me give you two examples:

First: As of next year, all our 31 production sites in 15 countries will obtain the electricity they need from renewable energies.

Second: We are already developing our fifth-generation electric drive train. It will be first used to power the BMW iX3 starting next year. From then on, our electric engines will no longer use rare earths.

We see all these things as part of our overall responsibility.

We have set ourselves ambitious goals for the electrification of our fleet:

- By 2021, we will double sales of our electric models and plug-in hybrids.
- In 2023 – two years earlier than planned – we will have 25 electrified models on the market. More than half will be fully electric.
- By 2025, we expect our electrified vehicles to be growing by an average of more than 30 percent per year.

As you can see: We are making great strides in this area. The growth curve is exponential.

In Germany alone, we sold over 10,000 electrified vehicles in the first six months of 2019. That is around 60 percent more than in the same period last year. Sales of our fully electric BMW i3 surged 85 percent in our domestic market. Three of the five top-selling plug-in hybrids in Germany are from the BMW Group.

In the first half of the year, i3 sales climbed 21 percent worldwide, even though it has been on the market since 2013.

Electrification also continues at MINI:

- Sales of the Countryman plug-in hybrid were up more than 50 percent.

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- In July, we presented our fully electric MINI in Rotterdam and Oxford: The MINI Cooper SE will roll off the production line in Oxford later this year. It's enjoying strong popularity, with over 40,000 interested customers.

Already today, with ten models, we offer customers a wide range of electrified vehicles – in all segments.

At #NEXTGen, we made it very clear: We support the aim of a CO<sub>2</sub>-neutral society – the same goal formulated by the new European Commission president for the EU by 2050.

At the BMW Group, we are consequently expanding our fully electric range, with:

- the iX3 from 2020
- the BMW i4, and the iNEXT from 2021.
- Our new technology flagship – the iNEXT – will provide us with building blocks for the future.

To ensure that we can focus on both present and future needs and still remain profitable, we are relying on a mix of different technologies. That is clearly what our customers want.

And now onto the second topic: our sales performance.

We are growing – in a declining and highly competitive world car market. The BMW Group achieved new all-time highs in both the second quarter and the first half of 2019.

In the second quarter, that also applied to the BMW, Rolls-Royce and BMW Motorrad brands, as well as the BMW Group.

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In our largest sales market, China, we beat the trend with growth of almost 24 percent in the second quarter.

And we won market share. Through June, the brand BMW:

- Was number one in the US.
- Was number one in the UK.
- And in Germany, we grew more strongly than the entire market and the premium segment.

Globally, we were able to significantly reduce the difference between the brand BMW and Mercedes-Benz in the first half-year. In the month of June, BMW was ahead of Mercedes.

At Group level we continue to lead the premium segment.

Our new model rollout continues at full speed: The new BMW 3 Series and the new Z4 have been in showrooms since March. The new BMW 7 Series will now also be launched in China.

Sales of our X models were up by almost a quarter in the first half-year. The new BMW X7 has been available since March and enjoys high demand as segment leader. The X7 brings the popular and highly successful X family to seven models.

In early July, we also announced the new BMW X6. This completes the renewal of our X series. Over the past two years, all X models from X1 to X7 have either been refreshed, newly launched, or launched for the very first time.

The new BMW 8 Series is part of our rollout plan in the luxury segment: In addition to the Coupé, the convertible has been available since March. Since July, production has begun for three more 8 Series models at our Dingolfing

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plant: The Gran Coupé and the M models of the Coupé and Convertible. We expect the Gran Coupé to be the top-selling 8 Series model.

In late September, BMW will launch the new 1 Series, the new 3 Series Touring and the revised X1. The X1 will also be available as a plug-in hybrid from 2020. This variant was previously only available in China.

As you know, the brand BMW will be releasing 21 new or revised models this year alone.

And now to my third point: our profitability.

The BMW Group has often successfully mastered turbulent times in its past. Today, volatility, changing conditions and increasing regulatory requirements are part of our everyday business.

The BMW Group will continue its successful development – and is investing heavily in future technologies to ensure this.

We are able to do so because we are profitable.

Our EBIT margin in the Automotive Segment was 6.5 percent in the second quarter. Therefore, we are on course for the expected target range of between 4.5 and 6.5 percent for 2019.

I would like to emphasise again: For the first half-year, the EBIT margin without the provision related to ongoing antitrust allegations from the EU Commission was 6.1 percent. This would therefore fall within our original guidance of 6 to 8 percent for the entire year.

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As you can see: The BMW Group is clearly on track to meet its goals for the financial year 2019.

Ladies and Gentlemen,

Allow me to finish on a personal note.

This is my last quarterly conference as CEO of BMW AG. I joined the Board of Management in the midst of the global economic and financial crisis, back in December 2008.

As part of the Board, I could play a significant role in shaping the course of the BMW Group for more than ten years – over four of those as chairman.

During this time, we forged new paths. I firmly believe: The BMW Group is robust, innovative and in a strong position to manage the complex challenges facing the company today.

BMW has been my professional home for more than 27 years. You will understand, I'm sure, that the BMW Group will always have a special place in my heart.

I wish my successor, Oliver Zipse, much success in the coming years as CEO.

I would also like to thank all of you for the valuable exchanges and discussions we have had over the years. No doubt, you will continue to follow our industry and the BMW Group very closely.

Although everyone has the same challenges, not every company is the same. The BMW Group continues to forge its own path. Think of the discussions around diesel. The BMW Group did not deceive its customers.

I am sure: The BMW Group will continue to be successful in the future.

Thank you!

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## CONSUMPTION AND EMISSION DATA.

**MINI Cooper S E Countryman ALL4:** Fuel consumption combined: 2.1 – 1.9 l/100 km; Electric power consumption combined: 13.6-13.5 kWh/100 km; CO<sub>2</sub> emissions combined: 47-43 g/km

**MINI Cooper SE:** Fuel consumption combined: 0.0 l/100 km; Electric power consumption combined: 16.8 – 14.8 kWh/100 km; CO<sub>2</sub> emissions combined: 0 g/km

**BMW X1 xDrive25e:** Fuel consumption combined: from 2.0 l/100 km; CO<sub>2</sub> emissions combined: from 43 g/km

**BMW M8 Coupé and BMW M8 Competition Coupé:** Fuel consumption combined: 10.6 – 10.5 l/100 km; CO<sub>2</sub> emissions combined: 242-238 g/km

**BMW M8 Convertible and BMW M8 Competition Convertible:** Fuel consumption combined: 10.8 – 10.6 l/100 km; CO<sub>2</sub> emissions combined: 246-241 g/km

The figures for fuel consumption, CO<sub>2</sub> 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 CO<sub>2</sub>-emissions. These figures are provisional.

For further details of the official fuel consumption figures and official specific CO<sub>2</sub> emissions of new cars, please refer to the "Manual on fuel consumption, CO<sub>2</sub> 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>.