

BMW Group

Corporate and Governmental Affairs

Media Information
14 May 2009

Kindly observe **embargo time 10:15 a.m.!**

Market for premium vehicles will continue to grow First megacity vehicles on the market by 2015 Leipzig plant to resume two-shift operation in June

Munich. The BMW Group will continue to focus on individual mobility in the premium sector as part of its Strategy Number ONE. "The market for premium vehicles will continue to grow over the medium to long term," stated Chairman of the Board of Management of BMW AG, Norbert Reithofer, at the Annual General Meeting in Munich on Thursday. For instance, premium vehicles account for only one to two percent of the total market in China – well below the level achieved in countries such as Germany. "But, in the future, premium will not just be defined in terms of horsepower, but much more in terms of sustainability," emphasised Reithofer.

Today, the BMW Group is already the world's most sustainable automobile company. In 2008, the Dow Jones Sustainability Indexes listed BMW Group as the leading company in the automotive industry for the fourth consecutive year. Thanks to Efficient Dynamics the average fuel consumption of BMW and MINI vehicles in Germany is 5.9 litres, which corresponds to around 158 g/km in CO₂ emissions. On average, newly registered cars in Germany emit 165 g CO₂/km. There are already 49 BMW and MINI models which meet strict EU5 emissions standards.

The BMW Group will continue to invest in new products and technologies in the years ahead and to offer its customers vehicles that are by far the most efficient in the premium sector. "We will be launching the first megacity vehicle with a fully electric drive or an ultra-efficient combustion engine by the first half of the next decade. This vehicle will launch a whole family of extremely low-emission single and double-track vehicles," explained Reithofer. A first step in this direction is the electric-powered MINI E which is being tested in extensive customer field trials in Germany, the United States and the U.K. as part of "project i" this year.

Momentum from ramp-up of high-selling models from 2010 onwards

The company will soon be launching a number of new models that will boost sales. The new BMW 7 Series has been available in Europe since late last

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year. The BMW flagship, which is already the market leader in Western Europe, will be available to customers worldwide by the spring. Due to the longer period of availability in the current year, the BMW Group expects deliveries for 2009 to be above the previous year's level. The new BMW Z4 was launched in early May.

The 5 Series Gran Turismo and the X1 will come onto the market towards the end of the year. The new MINI Convertible has been available since late March; and in early April the BMW Group presented M variants of the BMW X5 and BMW X6. This year will also see the start of series production for BMW's first hybrid vehicles: the new 7 Series as a mild-hybrid and the X6 as a full-hybrid vehicle.

From 2010 onwards, the company expects the renewed product range to provide impetus for business. This trend should be fuelled by the new versions of high-selling models that will come onto the markets between 2010 and 2012. For the year 2012, the BMW Group continues to target a return on capital employed (ROCE) in excess of 26% and an EBIT margin of between 8% and 10% for its Automobiles segment.

Leipzig plant to resume two-shift operation in early June

BMW's Leipzig plant will resume two-shift operation five days a week starting in early June, thanks to strong demand for the BMW 1 Series. The plant will continue one-shift operation until the end of May. Leipzig is currently building the BMW 1 Series three-door, 1 Series Coupé and 1 Series Convertible models, as well as the BMW 3 Series Sedan, subject to market demand. The Leipzig plant is also slated to begin series production of the new BMW X1 later this year.

BMW Group asserts its position in the first quarter of 2009

The BMW Group continued its forward-looking finance and cost management strategies in the first quarter of 2009 and asserted its position despite the global financial and economic crisis. Performance was nevertheless impaired

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by the ongoing reluctance of consumers to spend and by high refinancing costs. Group revenues for the quarter fell by 13.4% to euro 11,509 million (first quarter 2008: euro 13,285 million) as a result of the drop in sales volumes. The Group reported a loss before financial result (EBIT) of euro 55 million (first quarter 2008: profit before financial result of euro 827 million). The loss before tax was euro 198 million (first quarter 2007: profit before tax of euro 641 million). The loss after tax was euro 152 million (first quarter 2008: profit after tax of euro 487 million).

A whole range of efficiency improvement measures are being implemented at great pace on both the cost and the revenues side to enable the BMW Group to overcome the current crisis. The BMW Group continued to improve its cost structures during the first three months of the year. It also managed to reduce inventory levels further and substantially cut back working capital in the Automobiles segment during the same period. This allowed the company to generate a positive free cash flow of euro 220 million during the first quarter. Group liquidity improved to a total of euro 10.025 billion by the end of the quarter.

The total number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers fell by 21.2% to 277,264 units (first quarter 2008: 351,787 units) in the first quarter of 2009. The BMW Group nevertheless performed better than the global premium segment as a whole: The BMW brand's share of the global premium segment rose to 20.7%.

BMW Group reports EBIT of euro 921 million for 2008

Despite difficult market conditions the BMW Group reported clearly positive earnings for the 2008 financial year. Just taking the additional risk provision expense for residual value risks – caused by the weak used car markets – and for bad debts plus one-time personnel expenses, earnings were reduced by exceptional expenses amounting to euro 2,423 million in 2008.

The EBIT of the BMW Group fell accordingly to euro 921 million in 2008 (2007: euro 4,212 million). The profit before tax was euro 351 million (2007: euro

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3,873 million) while the net profit came in at euro 330 million (2007: euro 3,134 million). Group revenues fell relatively moderately to euro 53,197 million (2007: euro 56,018 million).

Adjusted for the exceptional expense for risk provision and personnel costs referred to above, EBIT would have been euro 3,344 million and the EBIT margin would have been 6.3%.

Unsurprisingly in the face of difficult business conditions in 2008, the BMW Group was not able to match the previous year's record sales volume figure. In total, the BMW Group sold 1,435,876 BMW, MINI and Rolls-Royce brand vehicles in 2008 (2007: 1,500,678 units/-4.3%). The Group therefore recorded the second-best annual sales volume figure in its history (behind 2007).

Dividend of euro 0.30 proposed for common stock

As a result of decreased earnings, the Board of Management and the Supervisory Board will propose to shareholders at the Annual General Meeting that a dividend of euro 0.30 (2008: euro 1.06) be paid on each share of common stock and of euro 0.32 (2008: euro 1.08) on each share of preferred stock. "We want to give our shareholders an appropriate share in our company's success over the long term," emphasised Reithofer.

Workforce reduced

The number of employees decreased further during the first quarter of 2009. Over the first three months the workforce was reduced by 929 employees, of whom approximately 300 had signed voluntary severance contracts in the previous year and left the company during the first quarter of 2009. In addition, positions becoming free due to natural staff attrition were not filled. The BMW Group workforce comprised 99,112 employees worldwide at the end of the first quarter 2009 (31 March 2008: 106,887 employees), representing a 7.3%

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decrease on a year-on-year basis. Compared to 31 December 2008, the number of employees was decreased by 0.9%.

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The speech given by Dr. Norbert Reithofer at the Annual General Meeting and the results of the shareholders' approvals are available for download at www.bmwgroup.com/ir.

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The BMW Group – an overview

		1st Quarter 2009	1st Quarter 2008	Change in %
Vehicle production				
Automobiles	units	267,637	405,595	-34.0
Motorcycles ¹	units	29,111	28,589	1.8
Vehicles deliveries				
Automobiles	units	277,264	351,787	-21.2
Thereof:				
BMW	units	233,498	293,550	-20.5
MINI	units	43,592	58,054	-24.9
Rolls-Royce	units	174	183	-4.9
Motorcycles ²	units	17,232	21,046	-18.1
Workforce at end of quarter				
		99,112	106,887	-7.3
Operating cash flow³				
	euro million	1,122	1,063	5.6
Revenues				
	euro million	11,509	13,285	13.4
Profit/loss before financial result (EBIT)				
	euro million	-55	827	-
Thereof:				
Automobiles	euro million	-251	619	-
Motorcycles	euro million	28	36	-22.2
Financial Services	euro million	70	79	-11.4
Other Entities	euro million	12	36	-66.7
Eliminations	euro million	86	57	-
Profit/loss before tax				
	euro million	-198	641	-
Thereof:				
Automobiles	euro million	-471	539	-
Motorcycles	euro million	26	34	-23.5
Financial Services	euro million	72	84	-14.3
Other Entities	euro million	24	-5	-
Eliminations	euro million	151	-11	-
Income taxes				
	euro million	46	-154	-
Net profit/loss				
	euro million	-152	487	-

¹ including G 650X assembly by Piaggio S.p.A., Noale, Italy, excluding Husqvarna Motorcycles (2,124 units).

² excluding Husqvarna Motorcycles (1,960 units)

³ Automobiles segment

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Earnings per share⁴	euro	-0.23/-0.23	0.74/0.74	-
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⁴ For common/preferred stock in accordance with IAS 33.

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		2008	2007	Change in %
Vehicle production				
Automobiles		1,439,918	1,541,503	-6.6
Thereof:				
BMW	units	1,203,482	1,302,774	-7.6
MINI	units	235,019	237,700	-1.1
Rolls-Royce	units	1,417	1,029	37.7
Motorcycles	units	104,220	104,396	-0.2
Vehicle deliveries				
Automobiles		1,435,876	1,500,678	-4.3
Thereof:				
BMW	units	1,202,239	1,276,793	-5.8
MINI	units	232,425	222,875	4.3
Rolls-Royce	units	1,212	1,010	20.0
Motorcycles	units	101,685	102,467	-0.8
Workforce at end of year¹				
		100,041	107,539	-7.0
Revenues				
	euro million	53,197	56,018	-5.0
Capital expenditure				
	euro million	4,204	4,267	-1.5
Operating cash flow²				
	euro million	4,471	6,246	-28.4
EBIT				
	euro million	921	4,212	-78.1
Thereof:				
Automobiles	euro million	690	3,450	-80.0
Motorcycles	euro million	60	80	-25.0
Financial Services	euro million	-216	717	-
Profit before tax				
	euro million	351	3,873	-90.9
Income taxes				
	euro million	-21	-739	-
Net profit/loss				
	euro million	330	3,134	-89.5
Earnings per share³				
	euro	0.49/0.51	4.78/4.80	-
Dividend per share of common/preferred stock				
	euro	0.30/0.32	1.06/1.08	-

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 Automobiles segment

³ Earnings per share in accordance with IAS 33 for common and preferred stock shares.

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