

# **BMW Group** **Annual Accounts** **Press Conference**

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Member of the Board of Management of  
BMW AG, Finance

March 18, 2009

**BMW Group**

Rolls-Royce  
Motor Cars Limited



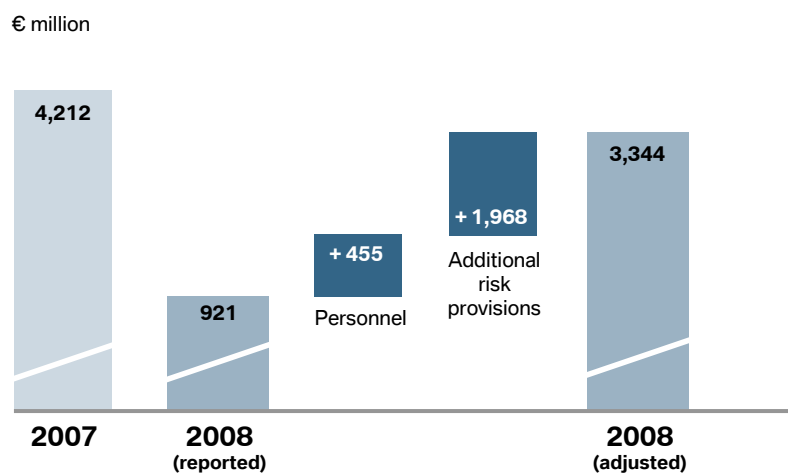
## **BMW Group.** **One-Off Effects Dampen** **2008 Group Earnings.**

- **Group revenues drop 5.0% to EUR 53.2 billion.**
- **Group earnings dampened by EUR 2.4 billion in one-off effects.**
- **Group earnings (EBIT) decline by 78.1% to EUR 921 million.**
- **Profit before tax down 90.9% to EUR 351 million.**

## **BMW Group.** Additional Risk Provisions and Severance Payments Had a Negative Impact.

- One-off charge for additional risk provisions totalling EUR 1,968 million:
  - EUR 1,605 million for residual value losses
  - EUR 363 million for credit losses
- One-off charge of EUR 455 million due to personnel reduction

## **BMW Group.** Adjusted Group Earnings (EBIT).



## BMW Group. Gross Profit.

€ million	2008		% 2007		Change in %
Revenues	53,197	100.0	56,018	100.0	- 5.0
Cost of Sales	- 44,323	83.3	- 43,832	78.2	1.1
<b>Gross profit</b>	<b>8,874</b>	<b>16.7</b>	<b>12,186</b>	<b>21.8</b>	<b>- 27.2</b>

## BMW Group. Profit before Financial Result.

€ million	2008		% 2007		Change in %
Gross profit	8,874	16.7	12,186	21.8	- 27.2
Sales and administrative costs	- 5,369	10.1	- 5,254	9.4	2.2
Research and development costs	- 2,825	5.3	- 2,920	5.2	- 3.3
Other operating income and expenses	+ 241	0.5	+ 200	0.4	20.5
<b>Profit before financial result (EBIT)</b>	<b>921</b>	<b>1.7</b>	<b>4,212</b>	<b>7.5</b>	<b>- 78.1</b>

## BMW Group. Research and Development Costs.

€ million	2008	2007	Change in %
R&D expense (income statement)	2,825	2,920	- 3.3
R&D share of revenues (in %)	5.3	5.2	-
Depreciation and amortization	-1,185	-1,109	6.9
Capitalisation of development costs	+1,224	+1,333	- 8.2
<b>Total R&amp;D expenditure</b>	<b>2,864</b>	<b>3,144</b>	<b>- 8.9</b>
<b>R&amp;D share of revenues (total, in %)</b>	<b>5.4</b>	<b>5.6</b>	
<b>Capitalization ratio (in %)</b>	<b>42.7</b>	<b>42.4</b>	

## BMW Group. Financial Result and Profit Before Tax.

€ million	2008		% 2007		Change in %
Profit before financial result	921	1.7	4,212	7.5	- 78.1
Financial result	- 570	1.0	- 339	0.6	- 68.1
Thereof:					
At-Equity result	26	0.1	11	-	-
Interest and similar income	685	1.3	645	1.2	6.2
Interest and similar expenses	- 930	1.7	- 897	1.6	3.7
Other financial result	- 351	0.7	- 98	0.2	-
<b>Profit before tax</b>	<b>351</b>	<b>0.7</b>	<b>3,873</b>	<b>6.9</b>	<b>- 90.9</b>

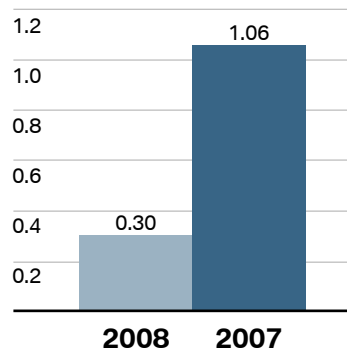
## BMW Group. Net Profit.

€ million	2008		% 2007		Change in %
Profit before tax	351	0.7	3,873	6.9	- 90.9
Income taxes	- 21	0.1	- 739	1.3	- 97.2
Net profit	330	0.6	3,134	5.6	- 89.5
Effective tax rate (in %)	6.0		19.1		

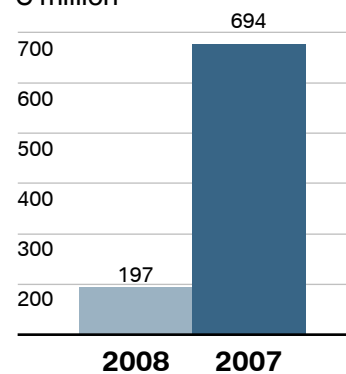
EPS of common stock (€)	0.49	4.78	- 89.7
EPS of preferred stock (€)	0.51	4.80	- 89.4

## BMW Group. Dividend development.

Dividend\*  
€

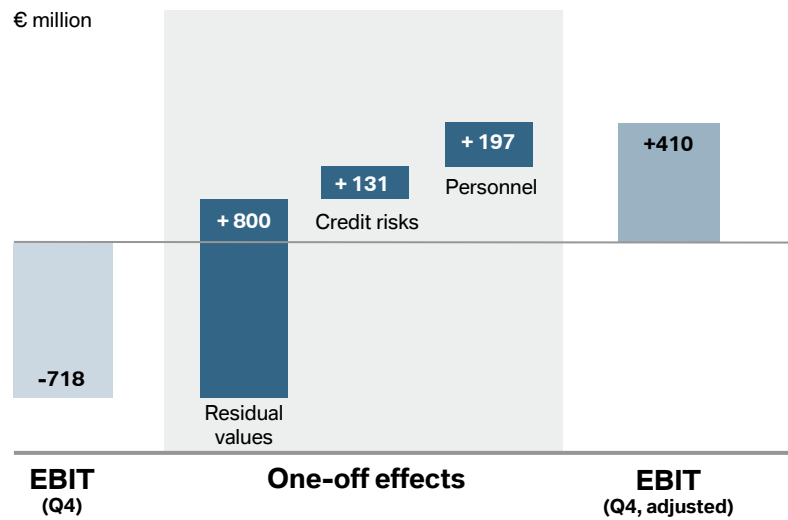


Dividend total  
€ million



\*per share of common stock.

## BMW Group. Effects on Earnings in Q4 2008.



## BMW Group. Operating Improvements in 2008.

- **Substantial year-on-year reduction in fixed costs.**
- **Material cost savings potential realised.**
- **Further productivity increases.**
- **Robust financial position further strengthened, Group liquidity up 86,3% to EUR 8.1 billion.**

## BMW Group. Excursus: New Segment Reporting.

	Income statement	Balance sheet	Cash flow statement
Automobiles Segment	✓	✓	✓
Motorcycles Segment	✓	✓	
Financial Services Segment	✓	✓	✓
Other Entities Segment	✓	✓	
Consolidation	✓	✓	

## BMW Group. Excursus: New Segment Reporting.

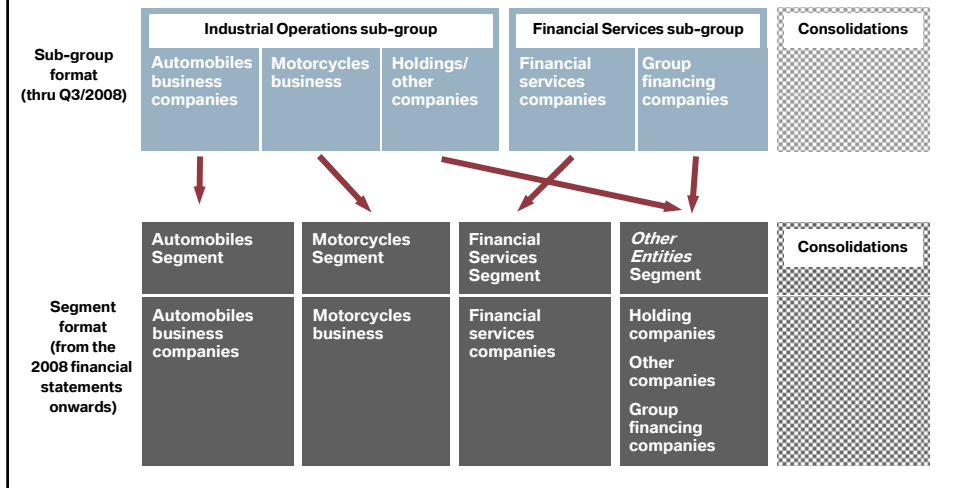
### New segment information in compliance with IFRS 8

Fiscal 2008—€ million	Auto- mobiles	Motor- cycles	Financial Services	Other Entities	Reconciliation to the Group figure	Group
External revenues	37,877	1,222	13,952	146	-	53,197
Intra-segment revenues	10,905	8	1,773	45	-12,731	-
Total revenues	48,782	1,230	15,725	191	-12,731	53,197
Segment profit	690	60	- 292	295	- 402	351
	(EBIT)	(EBIT)	(EBT)	(EBT)		(EBT)
Segment assets	14,367	423	3,752	38,451	44,093	101,086
	(CE**)	(CE**)	(E***)	(CE**)		(Σ assets)
Capital expenditure*	4,467	55	14,842	4	-2,788	16,580
Depreciation & amortization*	3,567	70	3,995	13	-	7,645

\* Including leased products. \*\* Capital employed. \*\*\* Equity.

## BMW Group. Excursus: New Segment Reporting.

### New company assignments:

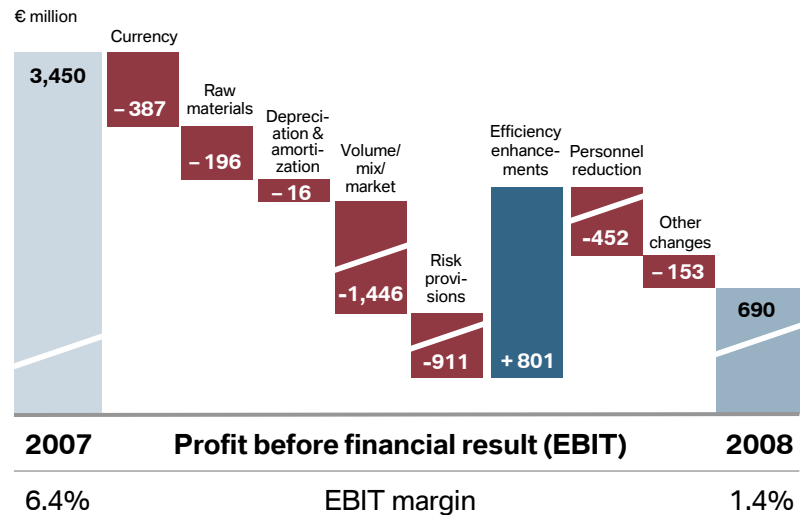


## BMW Group. Automobiles Segment Overview.

€ million	2008	2007	Change in %
Revenues	48,782	53,818	- 9.4
EBIT	690	3,450	- 80.0
EBIT (adjusted)	2,053	3,450	- 40.5
EBIT margin (in %)	1.4	6.4	- 78.1
EBIT margin (adjusted, in %)	4.2	6.4	- 34.4
RoCE (in %)	4.9	24.7	- 80.2
RoCE (adjusted, in %)	14.6	24.7	- 40.9



## BMW Group. Effects on Automobiles Segment Earnings.

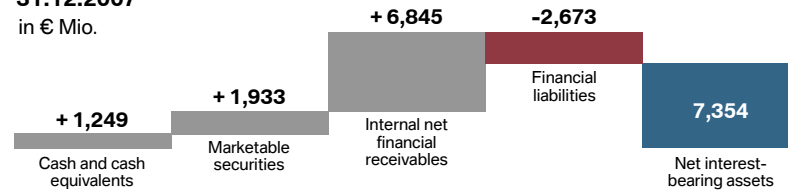


## BMW Group. Automobiles Segment— Successful Financial Management.

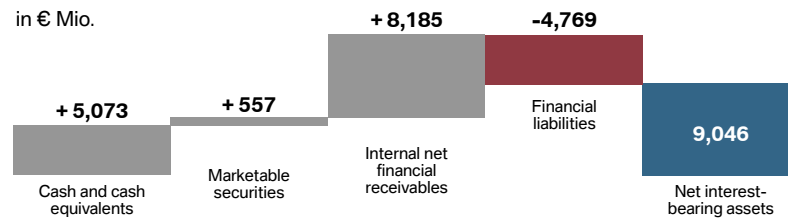
- **Proactive, foresighted financial management:**
  - **Net current assets (working capital) reduced by EUR 1,177 million**
  - **Free cash flow: - EUR 81 million**
  - **Net financial assets: EUR 9,046 million**

## BMW Group. Net interest-bearing assets Automobiles segment.

**31.12.2007**  
in € Mio.



**31.12.2008**  
in € Mio.

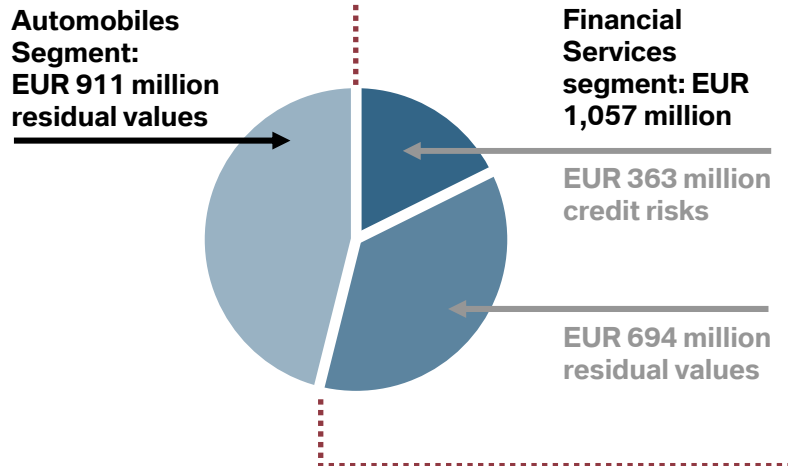


## BMW Group. Financial Services Segment Overview.

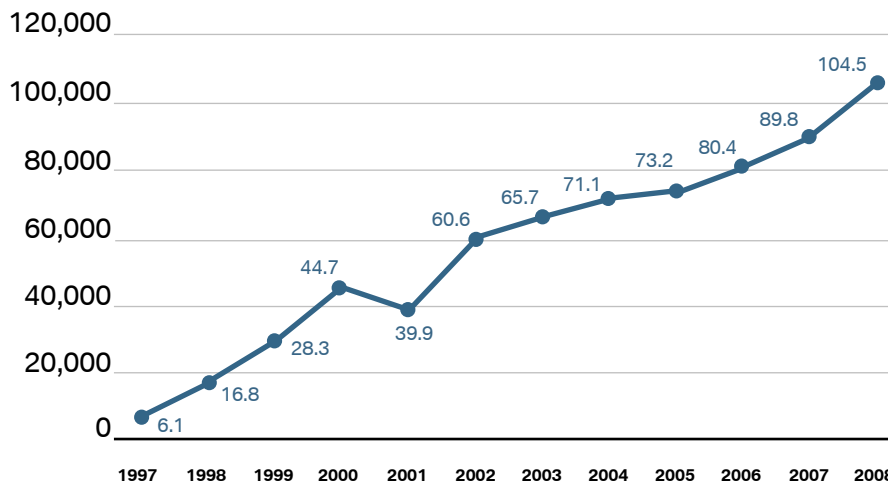
€ million	2008	2007	Change in %
Business volume (B/S)	57,587	51,257	12.3
Customer lease and financing agreements (millions)	3.03	2.63	15.2
Penetration rate (in %)	48.5	44.7	8.5
EBT	-292	743	-
EBT (adjusted)	768	743	3.4
RoE (in %)	-	18.1	-
RoE (adjusted, in %)	19.1	18.1	5.5

**BMW Group.**  
**Additional Risk Provisions.**

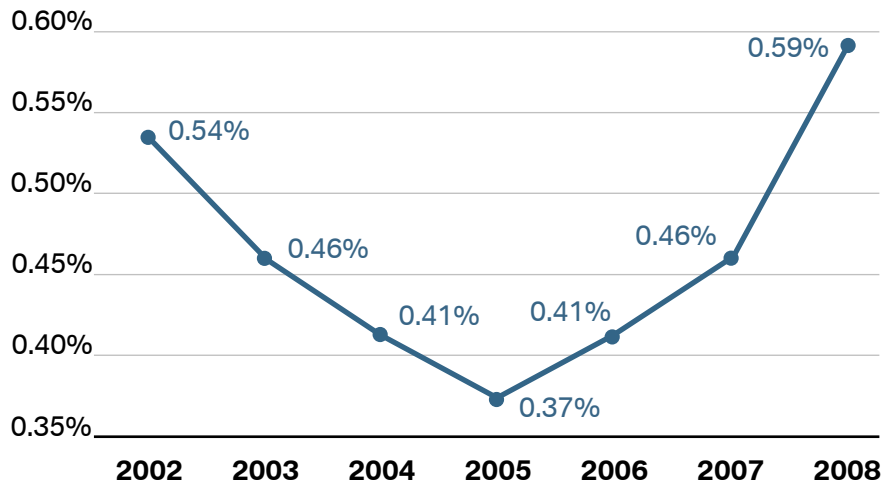
**Total: EUR 1,968 million**



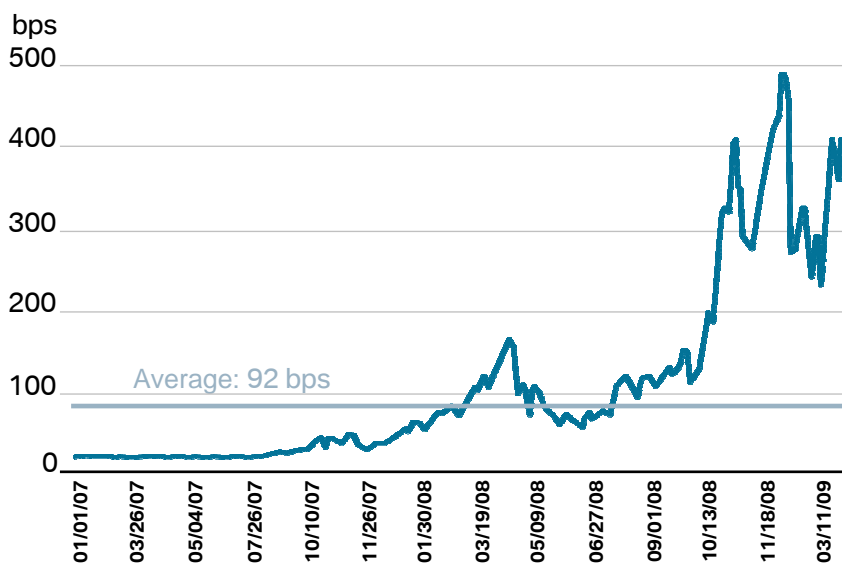
**BMW Group.**  
**Financial Services Segment—**  
**Development of CPO Retail in the USA.**



**BMW Group.**  
**Financial Services Segment—**  
**Development of Credit Loss Rates.**



**BMW Group.**  
**Development of BMW 5-Year CDS.**



## **BMW Group.** Motorcycles Segment Overview.

<b>€ million</b>	<b>2008</b>	<b>2007</b>	<b>Change in %</b>
Revenues	1,230	1,228	0.2
EBIT	60	80	- 25.0
EBIT margin (in %)	4.9	6.5	- 24.6
RoCE (in %)	13.9	18.0	- 22.8

## **BMW Group.** Outlook and Action for 2009.

- **Focused cost management is the top priority.**
- **Optimisation of capital employed.**
- **Reduction of capital expenditure without sacrificing investment in the future.**
- **Continuation of strict working capital and free cash flow management.**
- **Resolute pursuit of Strategy Number ONE.**

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