

BMW Group

Corporate and Governmental Affairs

Media Information
5 May 2010

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Statement by Dr. Norbert Reithofer Chairman of the Board of Management of BMW AG Conference Call Interim Report to 31 March 2010 5 May 2010, 10:00 a.m.

Ladies and Gentlemen!

The BMW Group, with its three strong brands, stands for premium. It is through our innovative strength that we will continue to push forward into new segments and tap new customer groups.

With Strategy Number ONE, we set the perfect foundation to achieve sustainable and profitable growth. Today we see that

- our strategy is paying off and that
- the individual activities are taking effect.
- And we confident that we will meet our 2012 growth targets and our vision for 2020.

The business performance in the first quarter of 2010 was positive:

- We have achieved a positive pre-tax result of 508 million Euros.
- This results in a net-profit of 324 million Euros.
- The EBIT in the automobile segment is positive at 291 million Euros.
- We managed to increase sales significantly in the first three months of this year. All in all, we delivered more than 315,000 units worldwide between January and March. That's 13.8 percent up from the same period last year. In 2009, we only marginally benefited from the

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scrappage incentive introduced in various countries. In March 2010 almost all major BMW markets – including Germany, the US, the UK, China, France, Spain, Canada, and South Africa – were doing better than in March 2009.

We remain confident that we will reach our 2010 targets:

- We plan to achieve sales growth at the Group level in the solid one-digit percentage range, to over 1.3 million cars.
- In the automobile segment, we plan to post an EBIT margin in the lower one-digit percentage range.
- And finally, we expect a Group result significantly above the 2009 level.

This positive development in the first quarter demonstrates that

- our efforts and the optimizations introduced in all areas of the company – in keeping with the Strategy Number ONE – are paying off.
- The reduction of our cost of retail will remain a top priority for us. We are on the right track here as well.
- We will build upon the momentum from the economic recovery with the launch of our new models. Our customers will be able to choose from a highly attractive product portfolio, offering a variety of possibilities for sheer driving pleasure – with regard to both technology and design. After all, design is the number one reason people buy cars. And this is not going to change.
- Last but not least, we continue our in-house efforts to analyze our leadership approach and to align it with the challenges that lie ahead. Our managers and employees alike understand that we as a company have to change – and they are actively shaping this process.

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I think it is fair to say: Everything has been in line with our plan: We have approached the economic crisis as an opportunity to improve and have become a stronger and leaner company for it.

We have a clear focus and have significantly improved our efficiency in all areas. And we will stay the course. At the same time, we are starting a new chapter of Strategy Number ONE: How do we position ourselves for a successful future? For this, we are breaking new ground and building the necessary foundation.

Here are just three examples of our efforts:

1. Tapping into new sales channels.
2. Zero-emission e-mobility.
3. The sustainable production of future mobility concepts.

On the first point:

This aspect deals with new growth potential and includes the business opportunity of selling engines to third parties.

We entered into an exclusive partnership with Carbon Motors Corp. in the US. This deal includes our commitment to deliver over 240,000 high-efficiency diesel engines with BMW Advanced Diesel technology with BluePerformance to be used in US law enforcement cars from 2013 to 2019. Thanks to these engines, Carbon Motors will be able to provide law enforcement organizations with cars that combine minimum CO₂ emissions with maximum performance.

Regarding the second point:

Our ideas about future mobility primarily focus on electric power.

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Our global field test with the MINI E has been a great success. In fact, a passionate international MINI E community has already developed. Just see for yourselves what our customer Tom Moloughney from New Jersey has written in his blog. So far he has covered more than 25,000 miles or 40,000 kilometers with his MINI E.

And this is only the beginning: As early as this year, we will launch a new fleet of MINI E cars in other countries, including France and China.

And next year, we will add an e-mobility test with the BMW brand. The BMW ActiveE will take the idea of practical, everyday use even further. The test fleet will be launched in several countries, among them China.

China is also becoming a driving force in the field of e-mobility. Just a week ago, we signed a cooperation agreement with the Chinese government and local energy suppliers. This move has set the course for our future activities in the field of e-mobility in China.

Another project in the pipeline for China is the launch of a so-called New Energy Vehicle. This is to be developed and produced locally, together with our joint venture partner, Brilliance.

Because mobility of this kind exists without borders, we need global standards. In Europe, we need to define the rules for a single e-mobility market. This is a crucial first step before we can responsibly allocate the resources needed to manufacture these technologies on a production scale.

Key regulatory issues in this field are:

- the technological requirements on vehicle and infrastructure;
- the responsibility in the value chain, regarding the environmental impact;

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- and the classification of different drive concepts.

All these points have been raised in our meeting with the German Chancellor on Monday.

The fact is: The BMW Group is determined to continue to drive the development of e-mobility with its breakthrough innovations. We will share our results and experiences concerning e-mobility with the German government and fully support any governmental cooperation.

The development of new drive systems is part of Efficient Dynamics – and consists of the full range of cars from fuel-efficient combustion engines to hybrid drives and plug-in hybrids, as well as our Megacity Vehicle. The Megacity Vehicle will be our first series-produced e-car. It will be launched in 2013 as a BMW sub-brand.

And finally, my third point:

In April, we announced in Seattle that we would build a joint-venture carbon fiber plant, with an investment volume of 100 million Euros for the first stage.

Carbon fiber reinforced materials will play an important role in the series production of our Megacity Vehicle and other vehicle concepts. We are convinced that future mobility concepts also need to be sustainably produced. The BMW Group is creating a whole new meaning of sustainable production. Now, others are following our lead in this area.

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Ladies and Gentlemen,

This year, BMW was given the distinction of being named the most valued automotive brand in the world by Millward Brown, a market research group. While we are of course delighted to receive this distinction, it serves as another source of motivation for all of us at the company to continue accomplishing even greater things.

In 2010 we are taking a major step toward reaching our profitability targets laid out for the year 2012 in Strategy Number ONE. Our current products, concept cars, and our ground-breaking innovations continue to define the true meaning of premium for the global auto industry.

Thank you for your attention.