

BMW GROUP

INVESTOR PRESENTATION



December 2018

**BMW
GROUP**

THE NEXT
100 YEARS



Rolls-Royce
Motor Cars Limited

STRATEGY NUMBER ONE NEXT.

We are Number ONE.

We inspire people on the move: We shape tomorrow's individual premium mobility.

VISION

COMPETITIVE
ADVANTAGE

STRATEGIC
APPROACH

CORPORATE
CULTURE

ACES ARE A CORE ELEMENT OF STRATEGY NUMBER ONE > NEXT.

A AUTONOMOUS

CONNECTED **C**

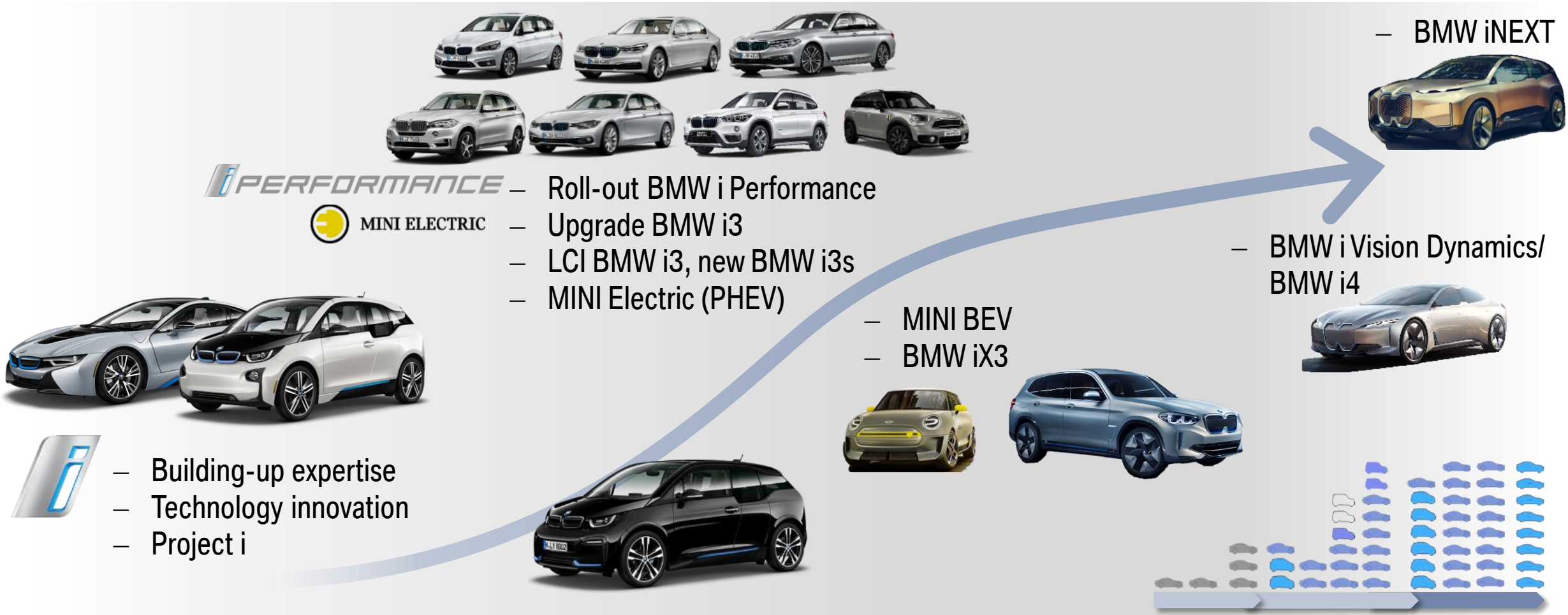


Clear Customer Focus.

E ELECTRIFIED

SHARED / SERVICES **S**

BMW GROUP'S ELECTRIFICATION PATHWAY.



i PERFORMANCE



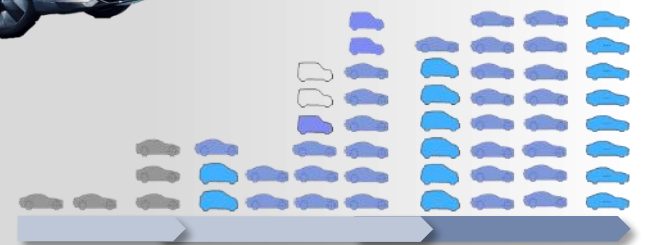
- Building-up expertise
- Technology innovation
- Project i

- Roll-out BMW i Performance
- Upgrade BMW i3
- LCI BMW i3, new BMW i3s
- MINI Electric (PHEV)

- MINI BEV
- BMW iX3



- BMW i Vision Dynamics/ BMW i4

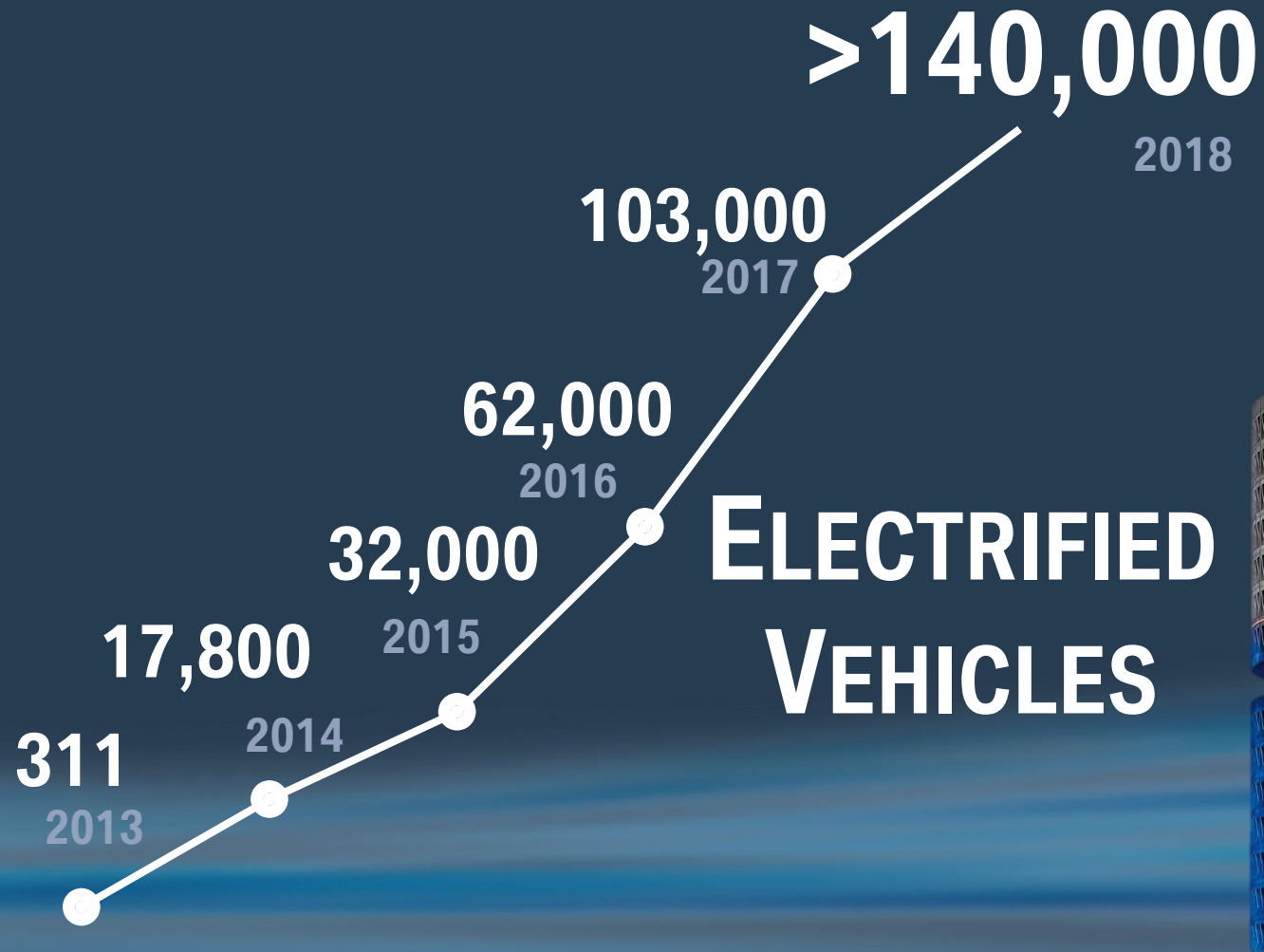


I. PIONEERING

II. ELECTRIFICATION OF CORE PORTFOLIO

III. SCALABILITY AND FLEXIBILITY

OUR FUTURE IS ELECTRIC. AMBITIOUS TARGETS FOR SALES OF ELECTRIFIED VEHICLES.



500,000

BY THE END OF 2019
ON THE ROAD

YTD-11/2018
125,365 ELECTRIFIED
VEHICLES SOLD

OUR CLEAR ROADMAP: 25 ELECTRIFIED MODELS BY 2025, INCLUDING 12 FULLY ELECTRIC CARS.

Fully electric



BMW i3
60 Ah / 22 kWh



BMW i3
94 Ah / 33 kWh



BMW i3s
94 Ah / 33 kWh



BMW i3/i3s
120Ah / 42 kWh



MINI BEV**



BMW iX3**



BMW i Vision Dynamics/
BMW i4



BMW iNEXT

2013 — 2014 — 2015 — 2016 — 2017 — 2018 — 2019 — 2020 — 2021 — 2022 — 2023 — 2024 — 2025



BMW i8



BMW 530Le China*



BMW 225xe
iPerformance



BMW X1 xDrive25Le
iPerformance (China)



BMW i8 Roadster



BMW X5
xDrive40e
iPerformance



BMW 330e
iPerformance



BMW 530e
iPerformance



BMW 530Le
iPerformance (China)



BMW X5xDrive 45e



BMW 740e
iPerformance



MINI Cooper S E
Countryman ALL4



BMW 330e



Plug-in hybrid

Schematic illustration of future launch dates
* Not in series production any more
** MINI Battery Electric Vehicle & BMW iX3 are Concept Cars

MINI ELECTRIC CONCEPT. MINI COUNTRYMAN PLUG-IN HYBRID.



THE BMW CONCEPT iX3. ELECTRIC MOBILITY ARRIVES AT THE CORE OF BMW.



THE BMW i VISION DYNAMICS WILL BE BUILT AS i4 IN MUNICH. A NEW FORM OF ELECTRIFYING DRIVING PLEASURE.



THE BMW VISION iNEXT. FUTURE FOCUSED. iNEXT— THE BUILDING BLOCKS FOR THE FUTURE.



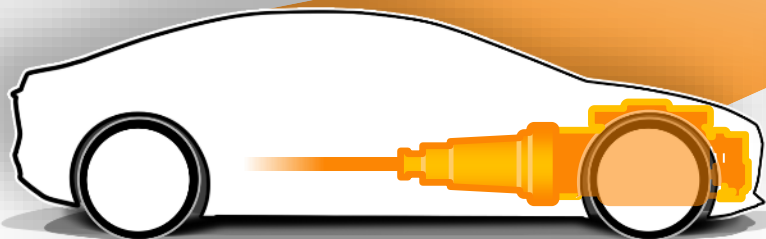
BMW i. FROM “BORN ELECTRIC” TO “ONE PLATFORM SERVES ALL”. FLEXIBLE VEHICLE ARCHITECTURE TO ENSURE QUICK RESPONSE TO DEMAND.

2013

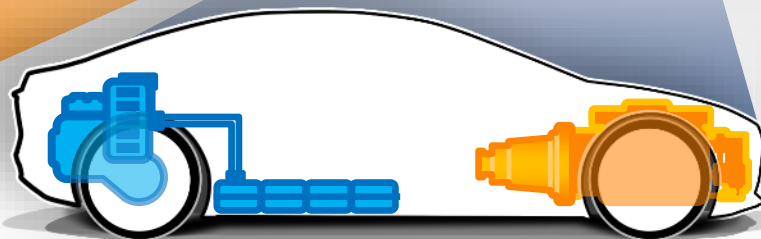
“Born electric”



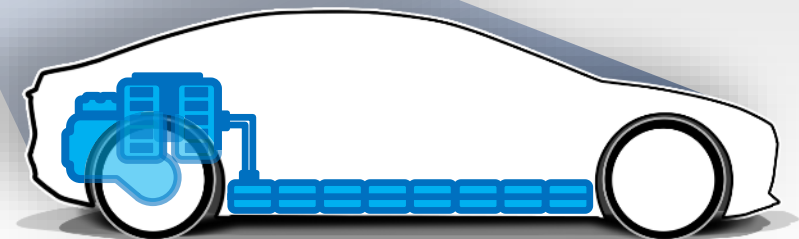
FROM
2021 ON



➤ Combustion engine



➤ Plug-In-Hybrid



➤ Pure electric

WHAT WILL DRIVE THE ACCEPTANCE AND THE PROFITABILITY OF E-MOBILITY GOING FORWARD...

+ ACCEPTANCE OF EVs

Regulation favors E-Mobility with purchasing or tax incentives or non cash benefits like parking, commuter lanes,..

Optimization of the Charging Infrastructure

ChargeNow IONITY
Smart and Efficient, Increase of charging points



Cost Reduction due to technological advancement, supplier consolidation and manufacturing efficiency



Driving Range Extension with new storage topologies and motor configurations. An improved drive range would lead to higher usability and easier adoption.



Time Outlook

+ PROFITABILITY OF EVs

Utilization of the pricing potential of BEV/PHEVs



MINI ELECTRIC

i PERFORMANCE

Increase in volume/sales due to BMW i /iPerformance Rollout with 25 electrified models by 2025

Improvement in Production Efficiency due to flexible architecture and less complexity



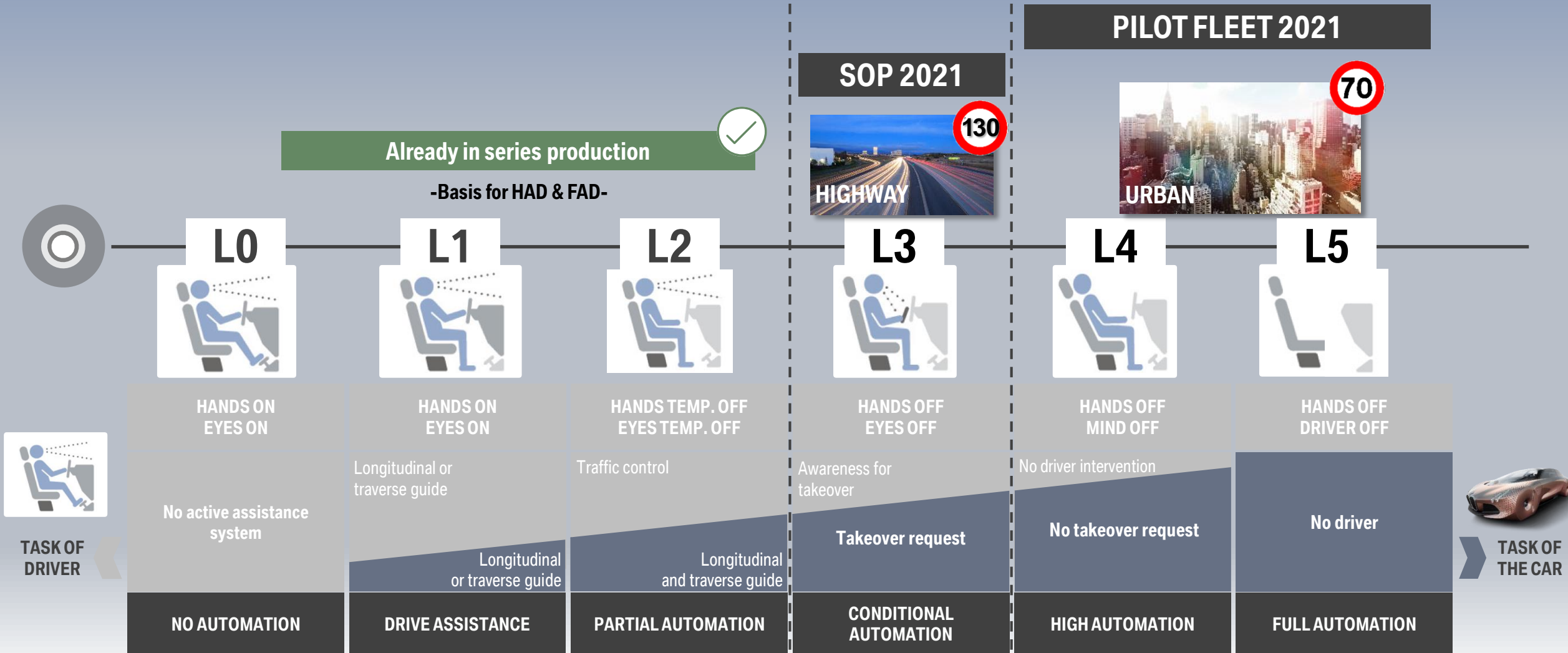
Decrease in Battery Costs due to new innovations and scalability



Material Costs Reduction due to higher supply and higher volume

Time Outlook

THE DEVELOPMENT OF TODAY'S ASSISTED FUNCTIONS TO FULL AUTOMATION EQUALS A TECHNOLOGICAL QUANTUM LEAP.



Levels according to SAE (Society of Automotive Engineers) J3016

THE NEW BMW 5 SERIES DRIVER ASSISTANCE SYSTEMS PROVIDE COMFORT AND SAFETY AT THE HIGHEST LEVEL.

Top View Remote
Lane keeping assistant with active side collision protection
Active cruise control with Stop&Go function
Rear collision prevention
Crossroad Assist
3D View
Top View
Parking assistant
Active Park Distance Control
Remote Control Parking

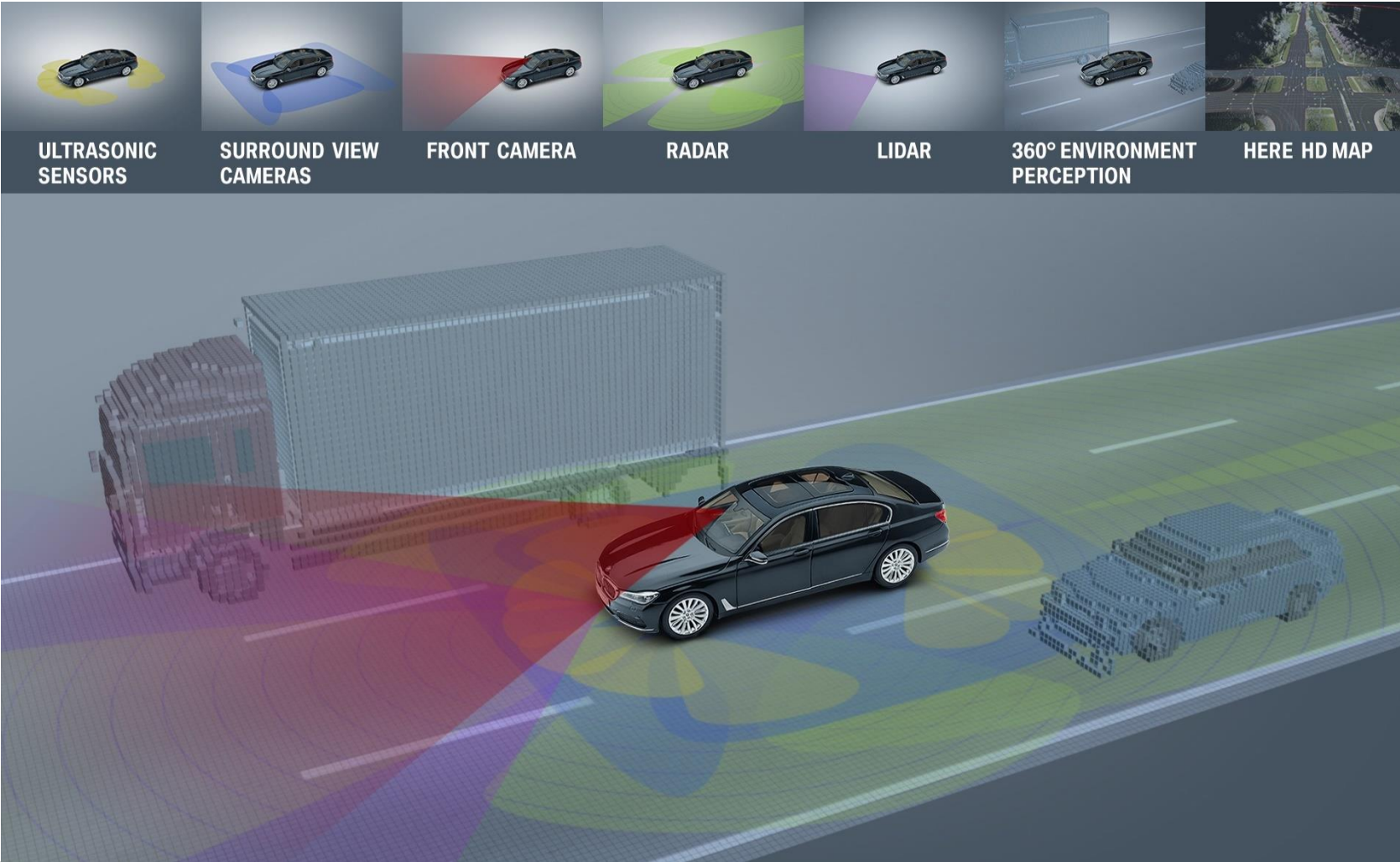
Crossing traffic warning rear / front
Night Vision
Lateral parking aid
Distance information
Lane departure warning

Steering and lane control assistant
Speed limit and No Pass information
Panorama View
Speed Limit Device

Wrong Way Assist
Lane change warning
Speed Limit Assist
Approach control warning with braking function



AUTOMATED DRIVING AT THE BMW GROUP.



AUTONOMOUS DRIVING REQUIRES TO COOPERATE WITH LEADING COMPANIES WITHIN THE TECH INDUSTRY.

COOPERATION



- Sensors: camera, radar, LIDAR
- Object fusion
- Road model
- Driving strategy/planning

AUTONOMOUS DRIVING



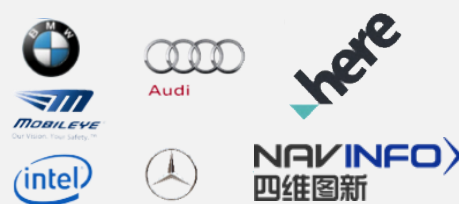
OEMs

HD-MAP



- Centimeter precision
- Real-time capable
- Highly available and reliable

OEM COOPERATION



INFRASTRUCTURE 5G

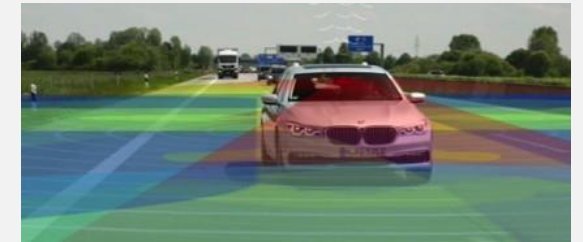


- Ultra low latency
- Ultra high reliability
- Ultra high data rates

5G AUTOMOTIVE ASSOCIATION



TEST FIELDS



- Worldwide regulation
- Unified homologation
- Safe and secure development

AUTHORITIES AND ASSOCIATIONS



AUTONOMOUS DRIVING. BMW GROUP'S TRANSFORMATION INTO A TECH COMPANY.

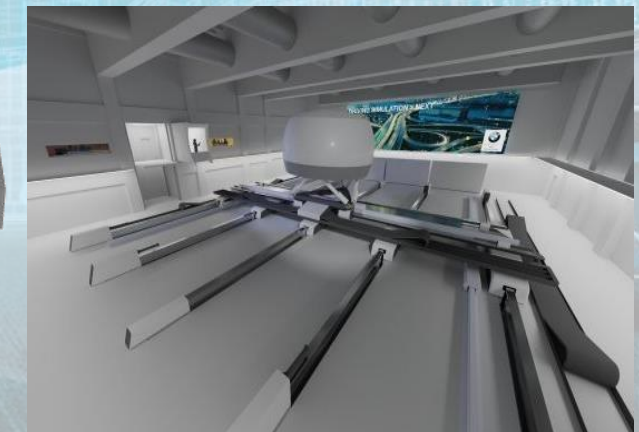
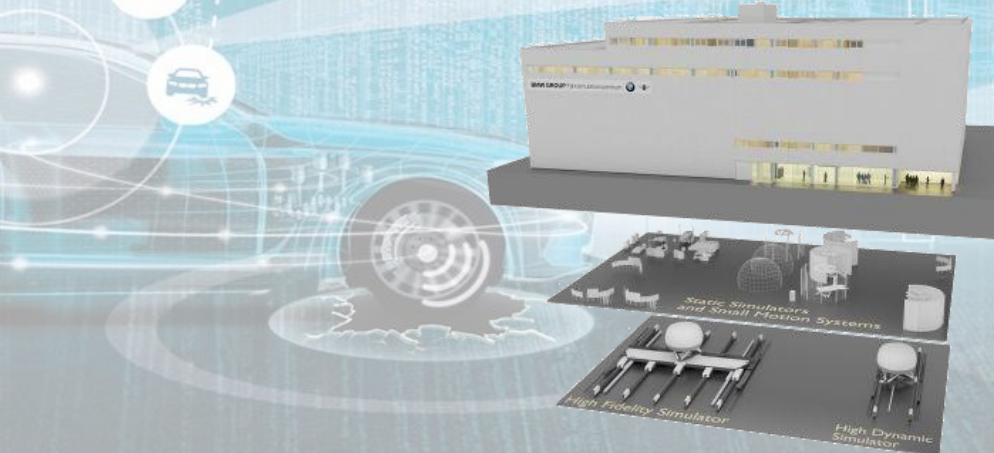
NEW AUTONOMOUS DRIVING CAMPUS

- Next steps towards fully-automated driving, from software development to road testing.
- Agile teams, short distances and short decision-making processes.
- Room for 1,800 employees.



NEW DRIVING SIMULATION CENTER

- World's most advanced facility of its kind for the simulation of real-world driving situations.
- Construction completion in 2020.



MOBILITY SERVICES.

- Options for strategic development.
- 100 million active customers by 2025.
- A complete, all-inclusive ecosystem for our customers.
- Agreement with Daimler AG to form Mobility Services Joint Venture.*

*Subject to approval by relevant authorities.



A STRONG PRODUCT MOMENTUM AND THE MIX IMPROVEMENT WILL FOSTER GROWTH AND PROFITABILITY.



BMW i8 Roadster



BMW 8 Series



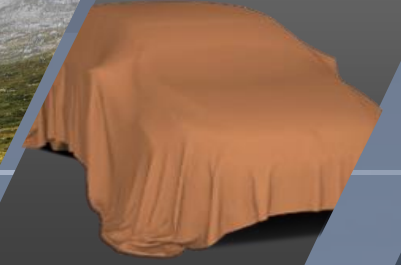
BMW Z4



Rolls Royce Cullinan



BMW 3 Series



...



MINI BEV*



BMW X2



BMW X5



BMW X6**



BMW X7



...

MODEL OFFENSIVE. STRONG GROWTH IN THE X FAMILY.



BMW X2



BMW X3



BMW X4



BMW X5



BMW X6



BMW X7

THE BMW Z4. FREEDOM ON FOUR WHEELS.



THE NEW BMW 3 SERIES SEDAN. SPORTY DRIVING PLEASURE, NEW DESIGN LANGUAGE, AND TRAILBLAZING DRIVER ASSISTANCE TECHNOLOGY.



THE BMW X7. FUSION OF DRIVING PLEASURE AND LUXURY.



BMW 8 SERIES COUPÉ & CONVERTIBLE. THE PINNACLE OF SPORTS PERFORMANCE AND EXCLUSIVITY.



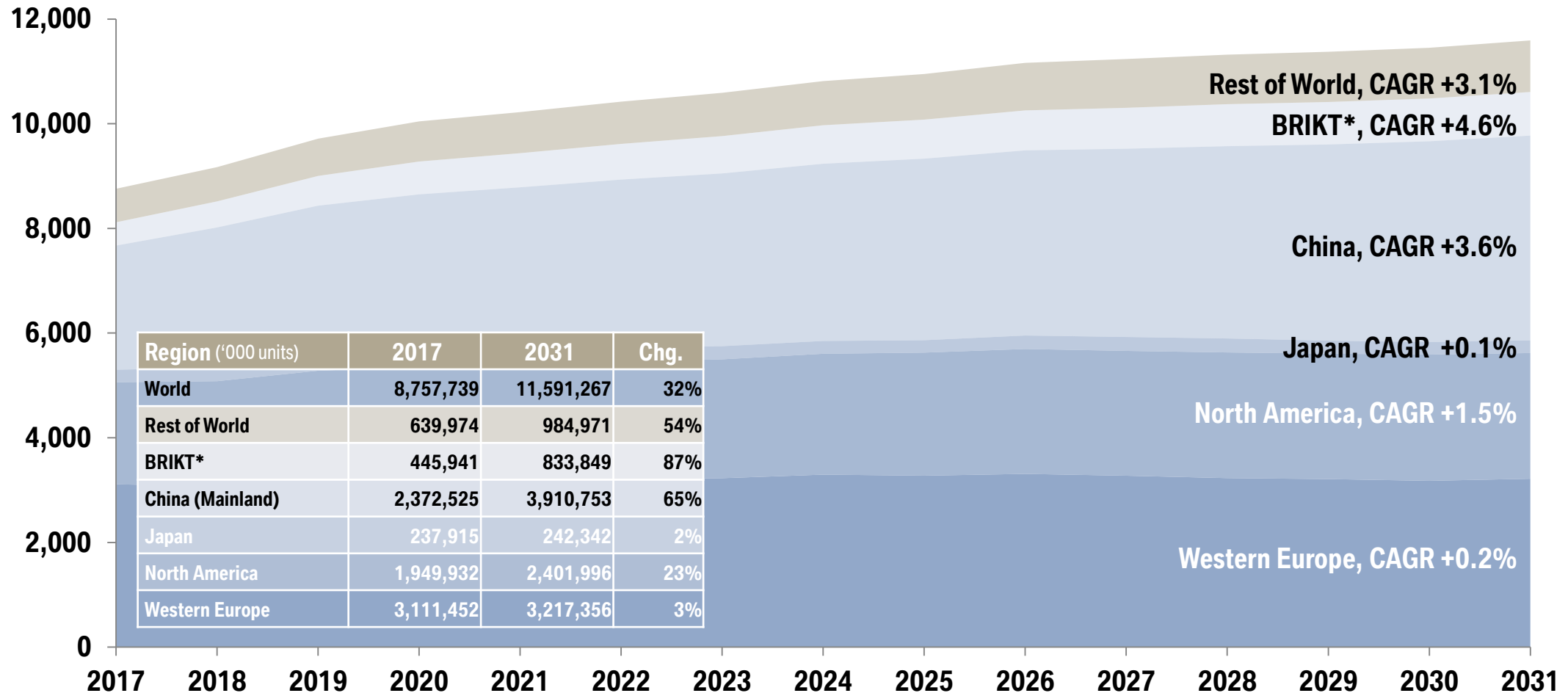
BMW CONCEPT M8 GRAN COUPÉ. A NEW INTERPRETATION OF LUXURY FOR THE BMW BRAND.



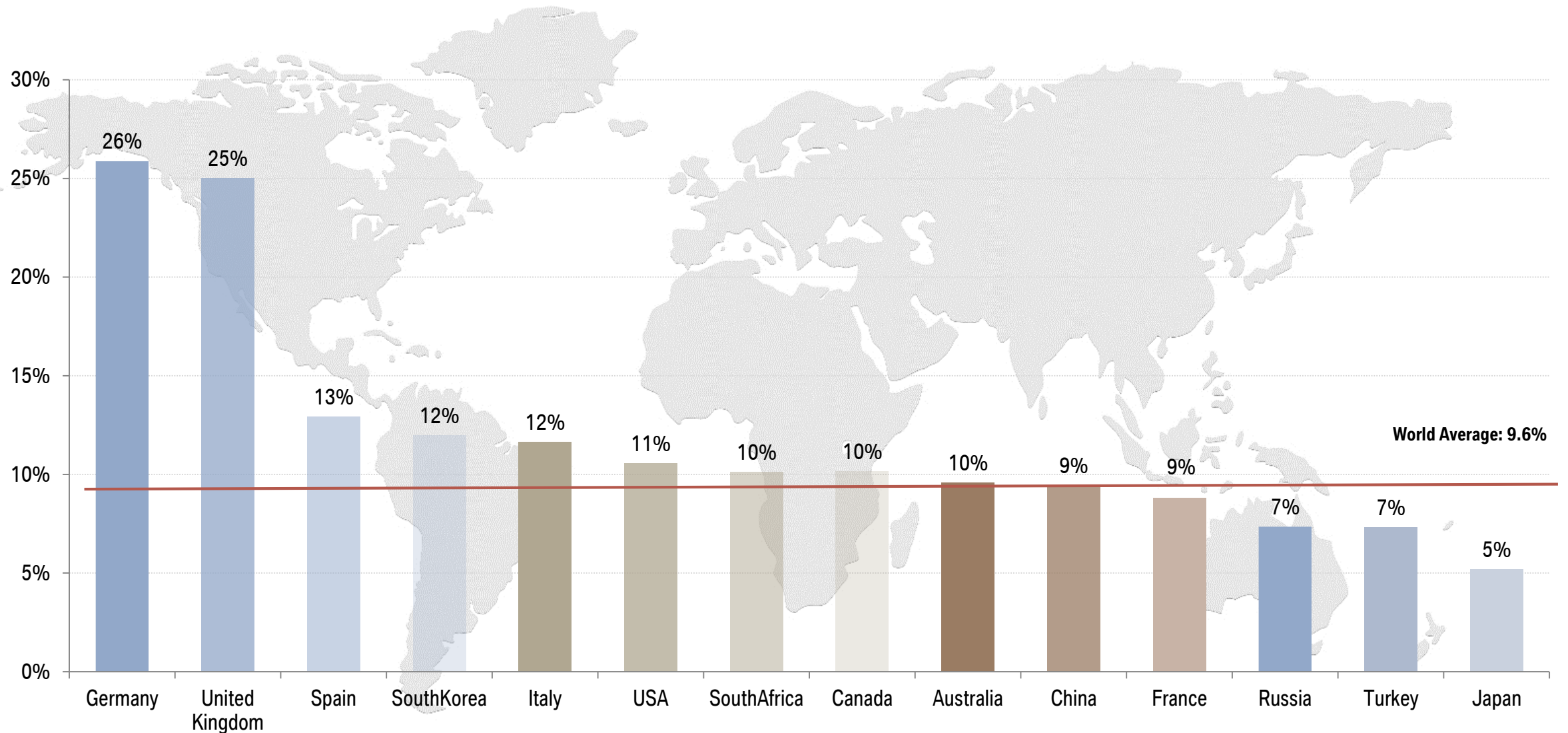
THE NEW ROLLS-ROYCE CULLINAN – EFFORTLESS EVERYWHERE. LUXURY, PERFORMANCE AND USABILITY NOT SEEN BEFORE IN THE SUV MARKET.



GLOBAL ANNUAL PREMIUM SEGMENT SALES ARE EXPECTED TO GROW AT A CAGR OF 2.0% TO 11.6 MN UNITS BY 2031.



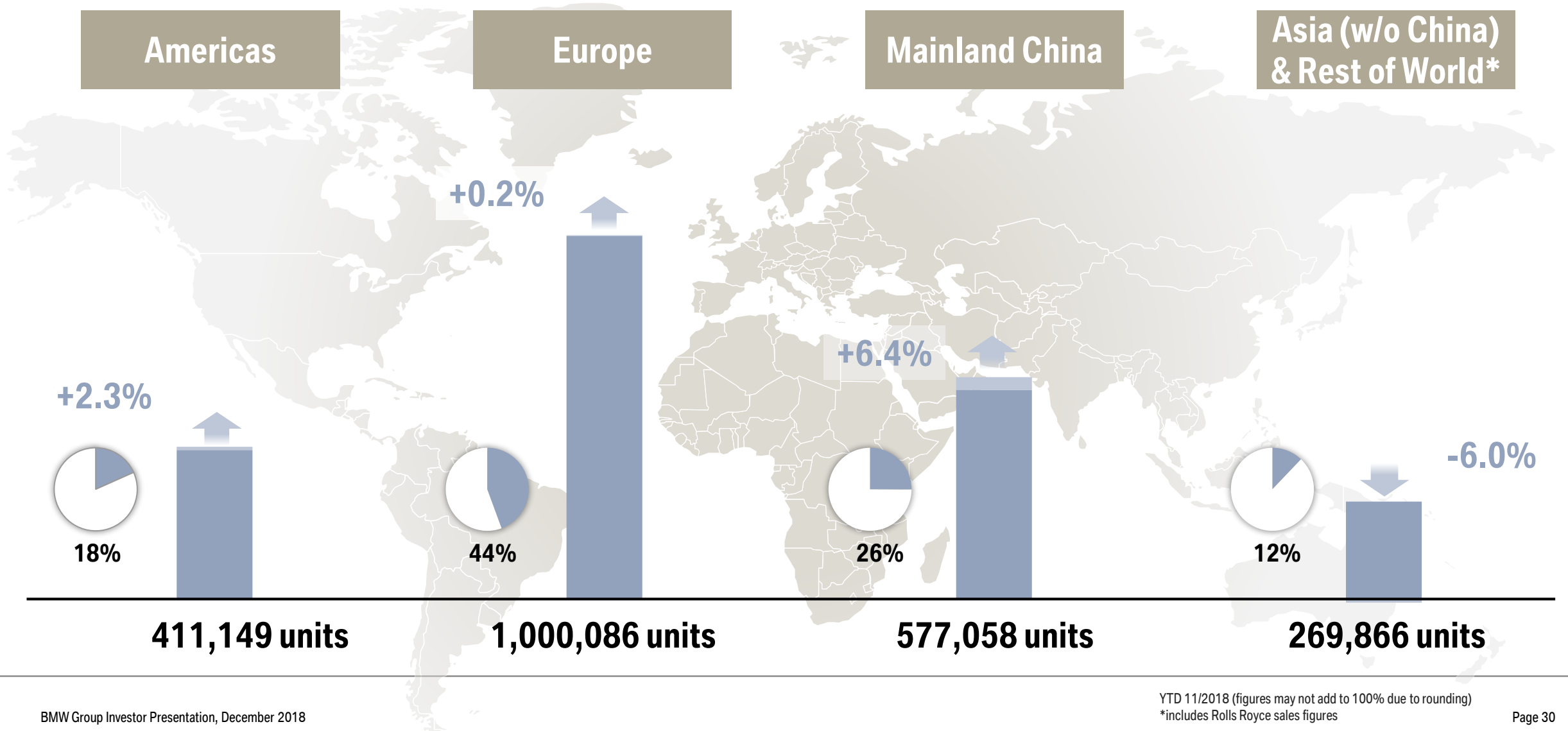
PREMIUM SEGMENT SHARE OF TOTAL MARKET 2018.



BMW GROUP SALES CONTINUE TO GROW THROUGH NOVEMBER 2018.

BMW GROUP	2,258,159	+1.3%
	1,926,631	+1.8%
	328,099	-1.8%
Rolls-Royce Motor Cars Limited	3,429	+17.2%
BMW Motorrad	152,181	-0.1%

BMW GROUP AUTOMOTIVE: BALANCED SALES DISTRIBUTION AND SLIGHT YTD-11/2018 GROWTH OF +1.3% TO A NEW RECORD OF 2,258,159 VEHICLES.



BMW GROUP AUTOMOTIVE MAJOR MARKETS. DELIVERIES TO CUSTOMERS YTD-11/2018.

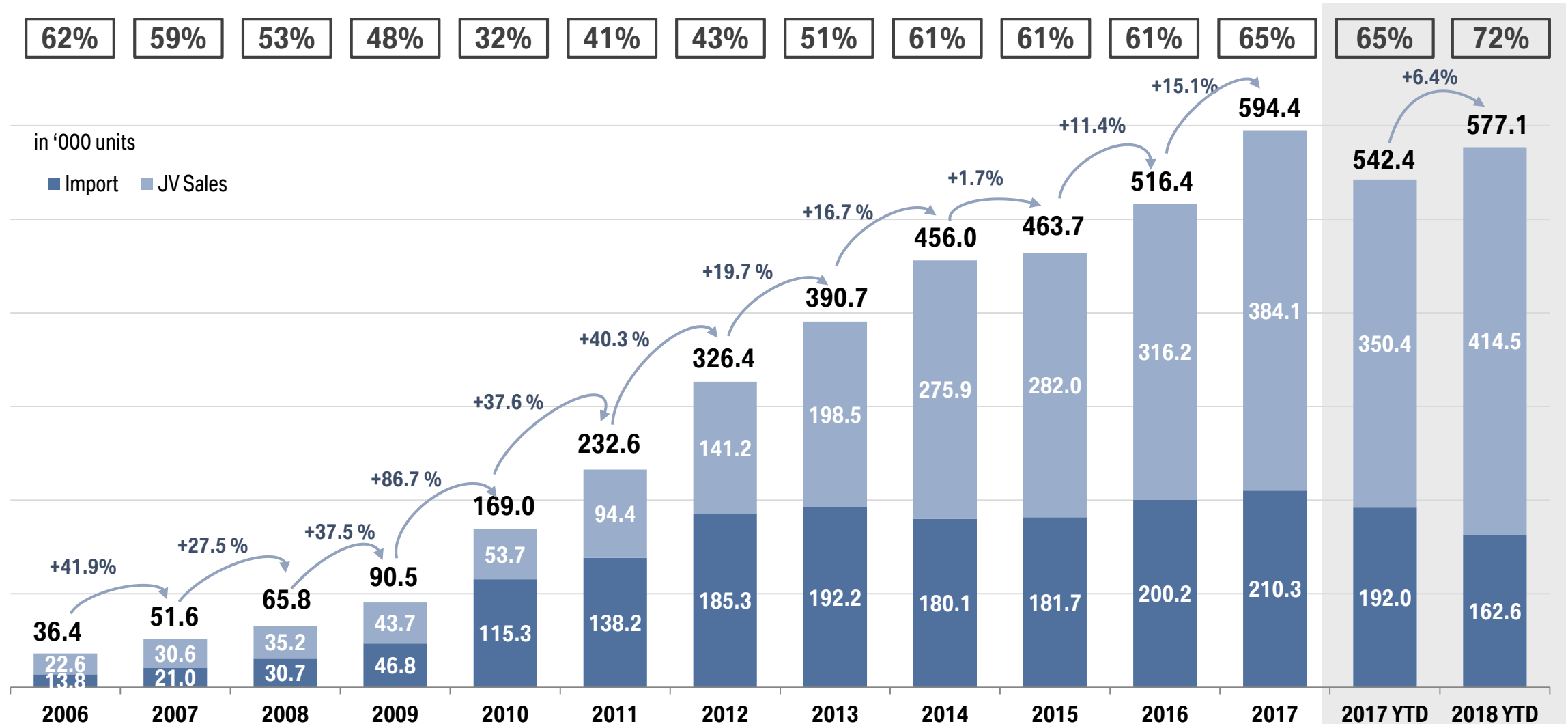
Deliveries of automobiles		YTD-11/2018	YTD-11/2017	Change in %
Europe		1,000,086	998,007	0.2
thereof	Germany	289,393	282,009	2.6
	Great Britain	216,129	220,128	-1.8
Americas		411,149	402,033	2.3
thereof	USA	317,544	313,926	1.2
Asia		790,112	769,643	2.7
thereof	China Mainland	577,058	542,362	6.4
	thereof BBA retail sales	414,475	350,356	18.3
Rest of the World*		56,812	59,816	-5.0
Total		2,258,159	2,229,499	1.3

*includes Rolls Royce sales figures



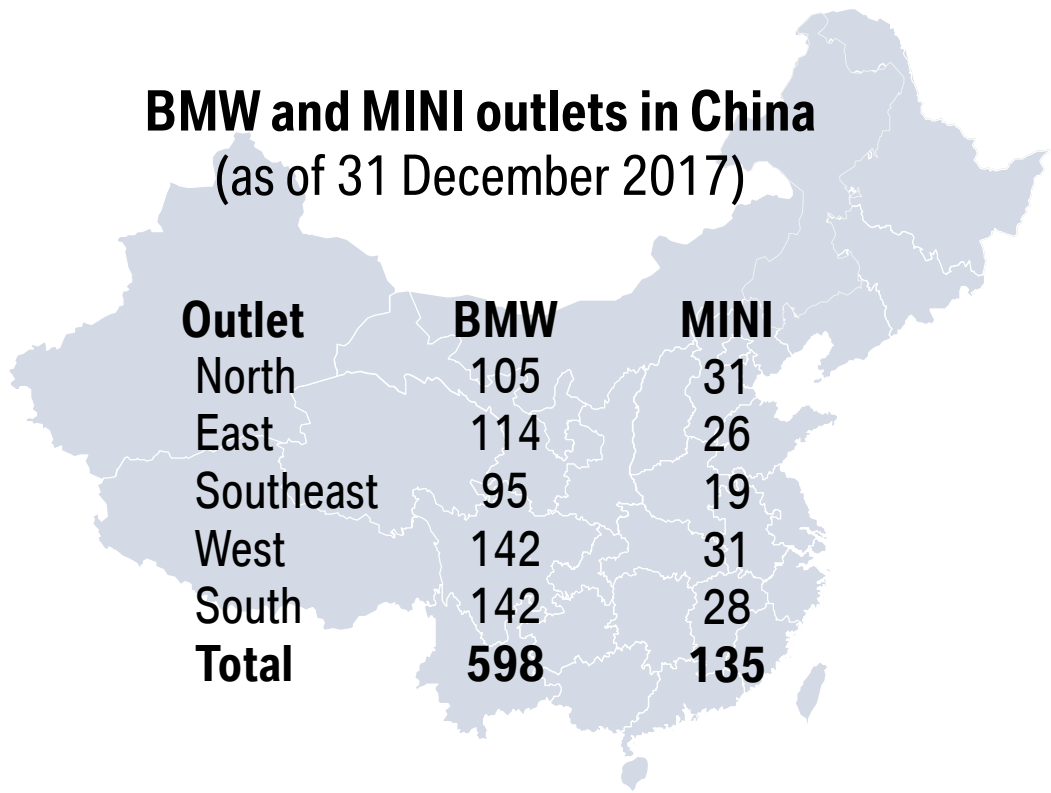
BMW AND MINI RETAIL SALES DEVELOPMENT IN MAINLAND CHINA YTD 11/2018.

Share of JV Sales (through BMW Brilliance Automotive)



GROWTH IN CHINA DESPITE MARKET NORMALIZATION. GROWTH OF DEALER NETWORK AND FURTHER LOCALIZATION.

BMW and MINI outlets in China (as of 31 December 2017)



6 MODELS IN LOCAL PRODUCTION

5 SERIES



X1



3 SERIES



2 SERIES ACTIVE TOURER



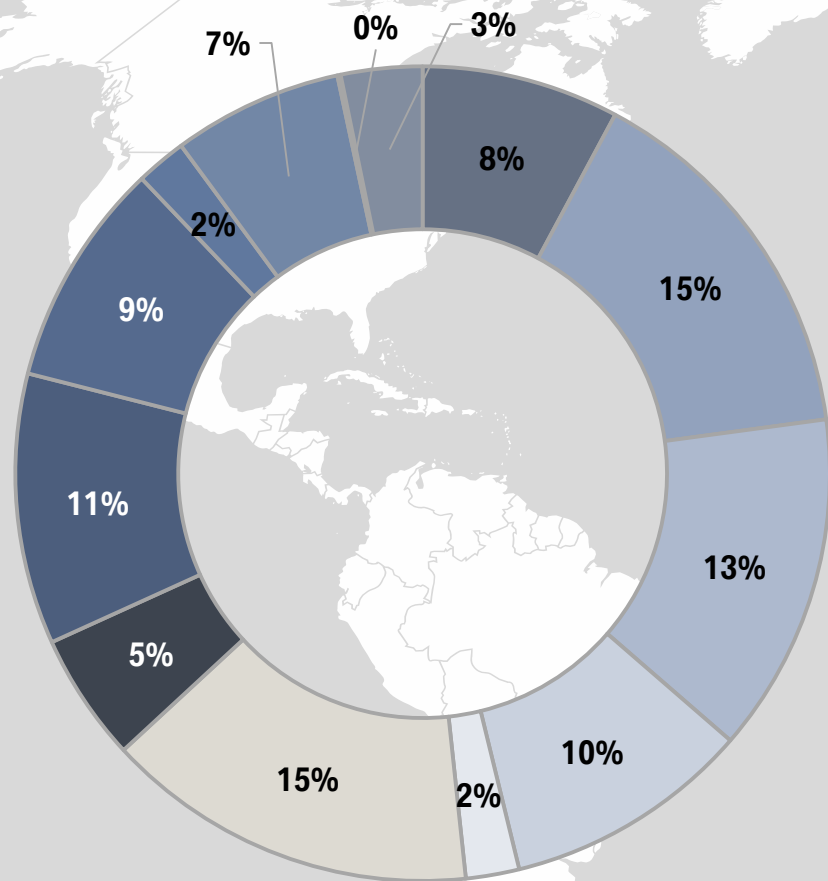
1 SERIES SEDAN



X3



AUTOMOBILE PRODUCTION BY PLANT IN 2017.



■ Munich, Germany	BMW 3, 4 series	196,455
■ Dingolfing, Germany	BMW 3, 4, 5, 6, 7 series	376,580
■ Regensburg, Germany	BMW 1, 2, 3, 4 series, X1, X2	338,259
■ Leipzig, Germany	BMW 1, 2 series, i3, i8	246,043
■ Rossllyn, South Africa	BMW 3 series, X3***	53,105
■ Spartanburg, USA	BMW X3, X4, X5, X6	371,316
■ Dadong, China*	BMW 5 series	127,440
■ Tiexi, China*	BMW 1, 2, 3 series, X1	269,309
■ Oxford, UK	MINI Hatch, MINI Clubman	223,817
■ Graz, Austria (Magna Steyr)**	BMW 5series	50,272
■ Born, Netherlands (VDL Nedcar)**	MINI Hatch, Conv., Countryman; BMW X1	168,969
■ Goodwood, UK	Rolls-Royce	3,308
■ Assembly plants		80,868
Sum		2,505,741

* Joint venture BMW Brilliance Automotive Ltd., Shenyang

** Contract production

*** X3 production as of 04/2018

BMW MOTORRAD. WIDER RANGE THAN EVER BEFORE.

ADVENTURE



TOUR



SPORT



ROADSTER



HERITAGE



URBAN
MOBILITY

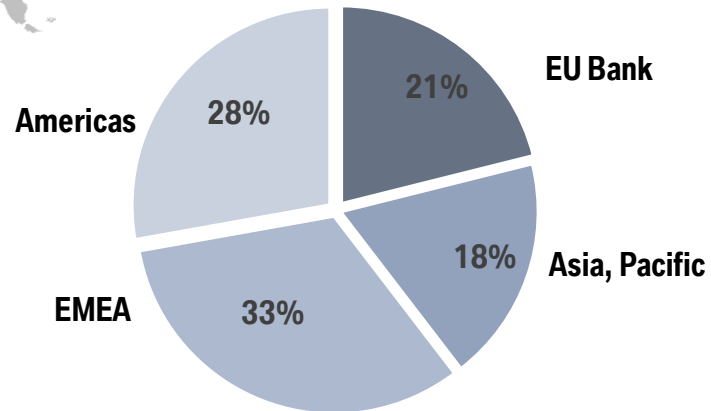


BMW GROUP FINANCIAL SERVICES AT A GLANCE.

Global Presence as of 12/2017



~ 4.9 Million Serviced Retail Contracts



Business Lines as of 12/2017



Retail Finance

€ 88.8 bn



Dealer Finance

€ 19.2 bn



Fleet Business

€ 12.4 bn



ALPHERA
Financial Services

Multi Make Financing

€ 6.7 bn



Insurance

3.6 mn contracts

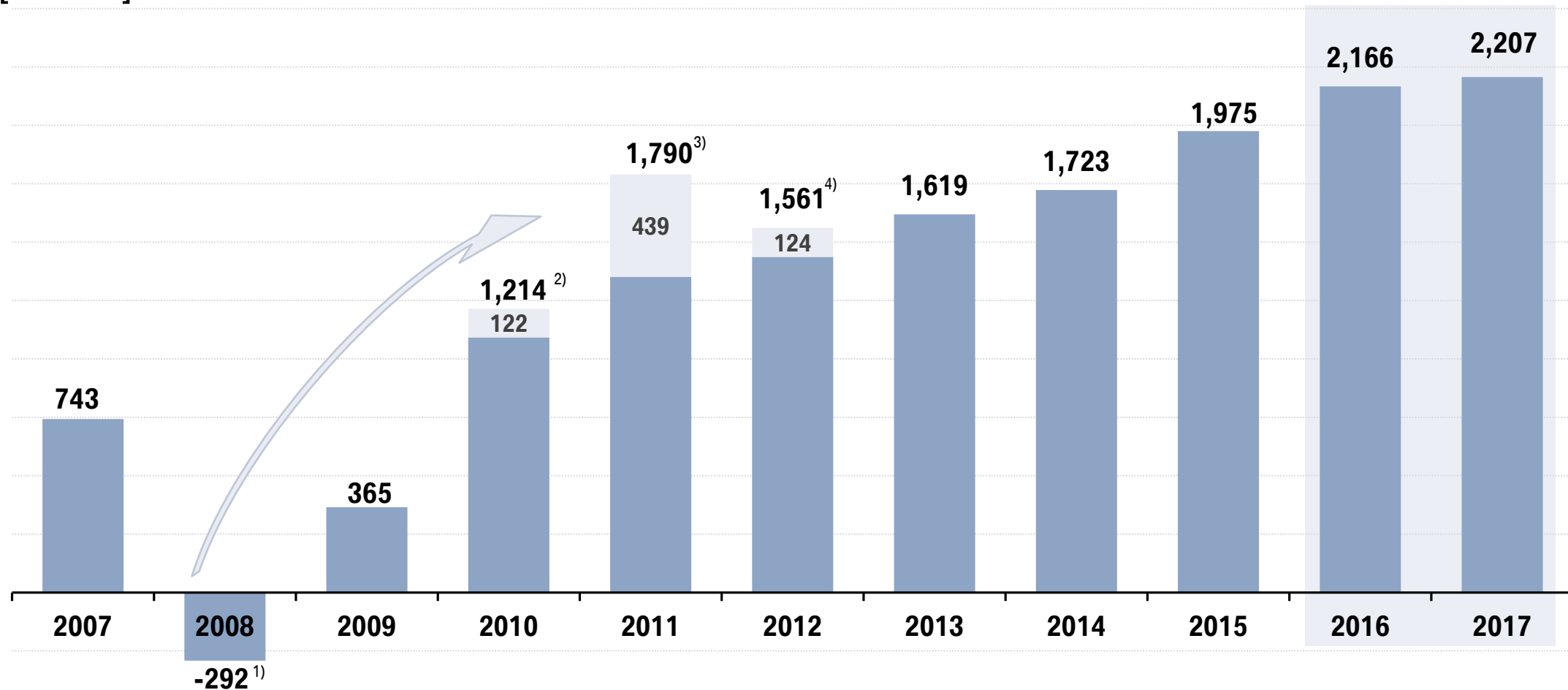


Banking

€ 10.4 bn

SIGNIFICANT CONTRIBUTION OF FINANCIAL SERVICES TO BMW GROUP PROFIT.

Earnings before Tax (EBT) Financial Services [in mn €]



1) FY-08 EBT includes a negative effect of EUR 1,057 million from additional credit and residual value risk provisions.

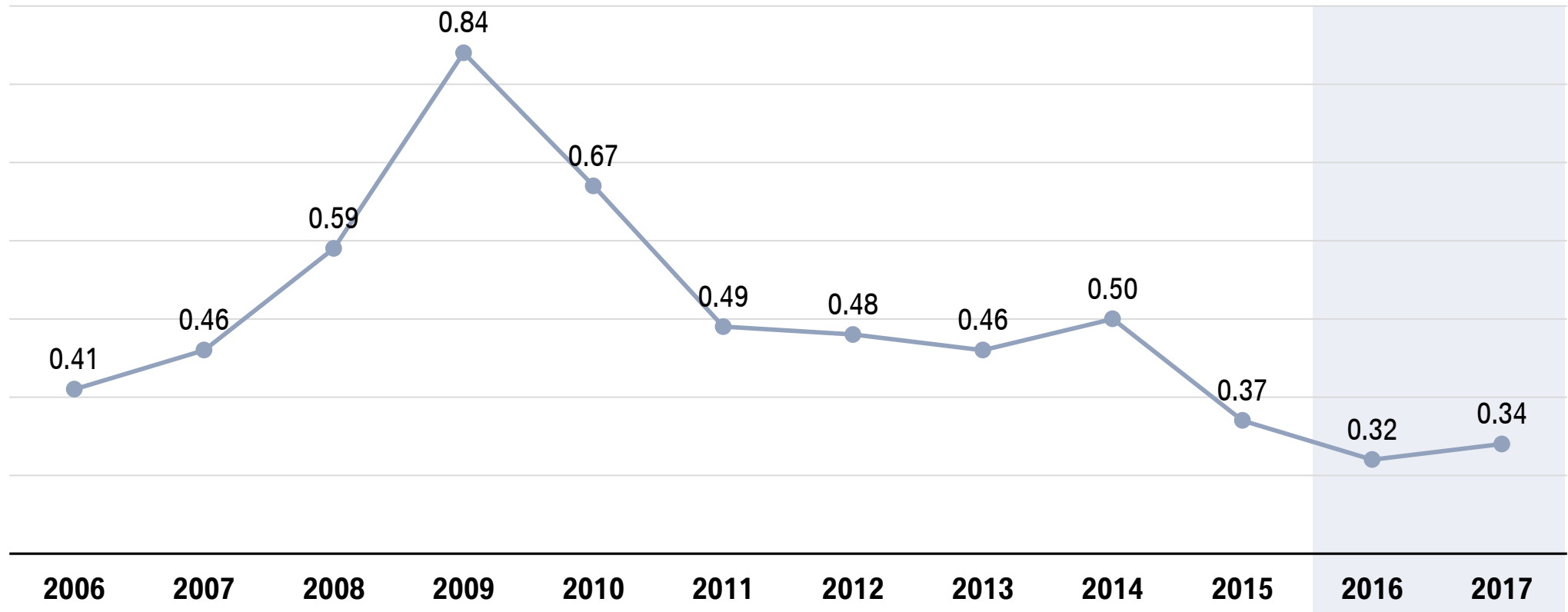
2) FY-10 EBT includes a positive effect of EUR 122 million from better than expected off-lease business.

3) FY-11 EBT includes a positive effect of EUR 439 million from adjustment of residual value and credit risk provisions and a better than expected off-lease business.

4) FY-12 EBT includes a positive effect of EUR 124 million from better than expected off-lease business.

BMW GROUP FINANCIAL SERVICES. SOLID DEVELOPMENT OF CREDIT LOSS RATIO.

Credit loss ratio*
[in %]



BMW GROUP FINANCIAL YEAR 2017.

KEY FINANCIALS UNDERLINE BMW GROUP'S STRONG OPERATING PERFORMANCE.

BMW Group	FY-2017 adjusted*	FY-2017 reported	FY-2016 reported	Change in %
Earnings before tax – Group (in m€)	10,675	10,655	9,665	+10.2
EBT margin (in %) – Group	10.9	10.8	10.3	+0.5 pp
Payout Ratio (in %) – Group	30.2	30.2	33.3	-3.1 pp
Automotive Segment				
Automotive sales (units)	2,463,526	2,463,526	2,367,603	+4.1
Earnings before interest and tax (EBIT) (in m€)	7,888	7,863	7,695	+2.2
EBIT margin (in %)	9.2	8.9	8.9	-
Net financial assets (m€)*	19,787	19,787	19,520	+1.4
Motorcycles Segment				
Sales (units)	164,153	164,153	145,032	+13.2
Earnings before interest and tax (EBIT) (in m€)	207	207	187	+10.7
EBIT margin (in %)	9.1	9.1	9.0	+0.1 pp
Financial Services				
Earnings before tax (EBT) (in m€)	2,207	2,207	2,166	+1.9
Return on Equity (in %)	18.1	18.1	21.2	-3.1 pp
Penetration rate (in %)**	46.8	46.8	49.6	-2.8 pp
Credit loss ratio (in %)**	0.34	0.34	0.32	+0.02 pp



BMW GROUP Q3-2018. HIGH VOLATILITY AND COMPETITIVE MARKETS AS WELL AS INVESTMENTS IN FUTURE IMPACTED Q3-2018 RESULT.

BMW Group	Q3-2018	Q3-2017*	Change in %
Earnings before tax – Group (in m€)	1,845	2,503	-26.3
EBT margin (in %) – Group	7.5	10.6	-3.1 pp
Automotive Segment			
Automotive sales (units)	592,303	590,415	+0.3
Earnings before interest and tax (EBIT) (in m€)	930	1,758	-47.1
EBIT margin (in %)	4.4	8.6	-4.2 pp
Motorcycles Segment			
Sales (units)	39,818	39,429	+1.0
Earnings before interest and tax (EBIT) (in m€)	33	53	-37.7
EBIT margin (in %)	6.9	10.4	-3.5 pp
Financial Services			
Earnings before tax (EBT) (in m€)	548	609	-10.0
Penetration rate (in %)**	49.4	46.7	+2.7 pp
Credit loss ratio (in %)**	0.24	0.30	-0.06 pp



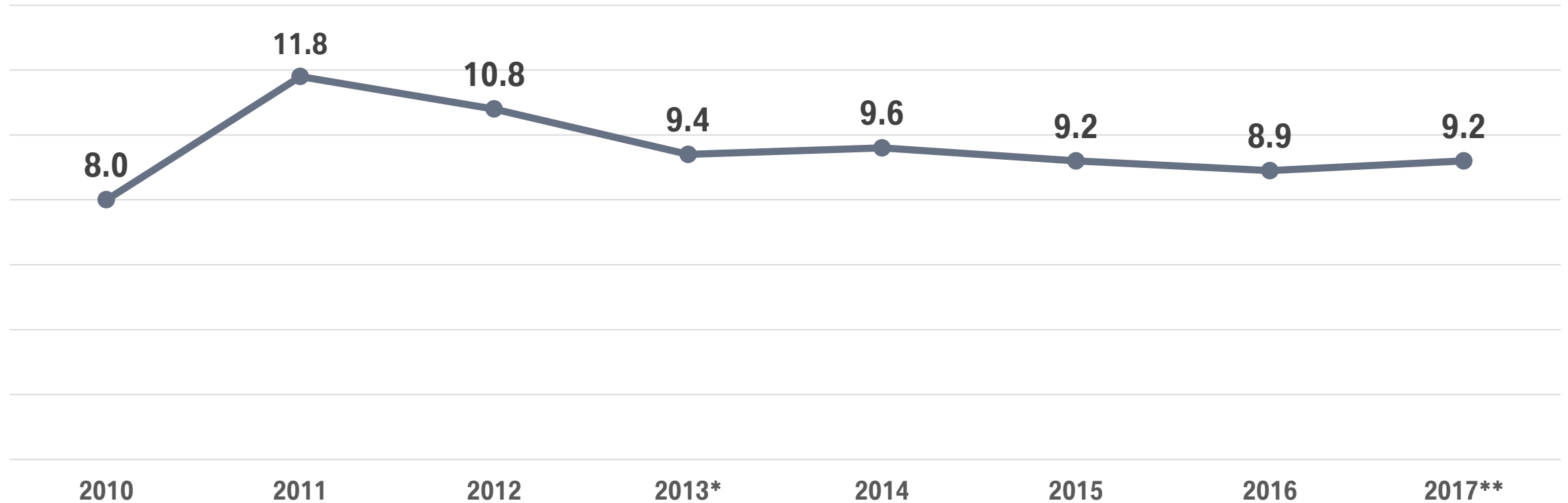
BMW GROUP 9M-2018. DESPITE DIFFICULT MARKET ENVIRONMENT AND HIGH INVESTMENTS IN THE FUTURE THE BMW GROUP MAINTAINED ITS COURSE.

BMW Group	9M-2018	9M-2017*	Change in %
Earnings before tax – Group (in m€)	7,883	8,741	-9.8
EBT margin (in %) – Group	10.9	11.9	-1.0 pp
Automotive Segment			
Automotive sales (units)	1,834,810	1,811,234	+1.3
Earnings before interest and tax (EBIT) (in m€)	4,730	5,879	-19.5
EBIT margin (in %)	7.6	9.4	-1.8 pp
Motorcycles Segment			
Sales (units)	126,793	127,818	-0.8
Earnings before interest and tax (EBIT) (in m€)	208	282	-26.2
EBIT margin (in %)	12.5	15.4	-2.9 pp
Financial Services			
Earnings before tax (EBT) (in m€)	1,714	1,793	-4.4
Penetration rate (in %)	49.4	46.7	+2.7 pp
Credit loss ratio (in %)	0.24	0.30	-0.06 pp



AUTOMOTIVE SEGMENT EBIT MARGIN. CORE BUSINESS REMAINS ON TRACK FOR SUCCESS.

EBIT margin [in %]

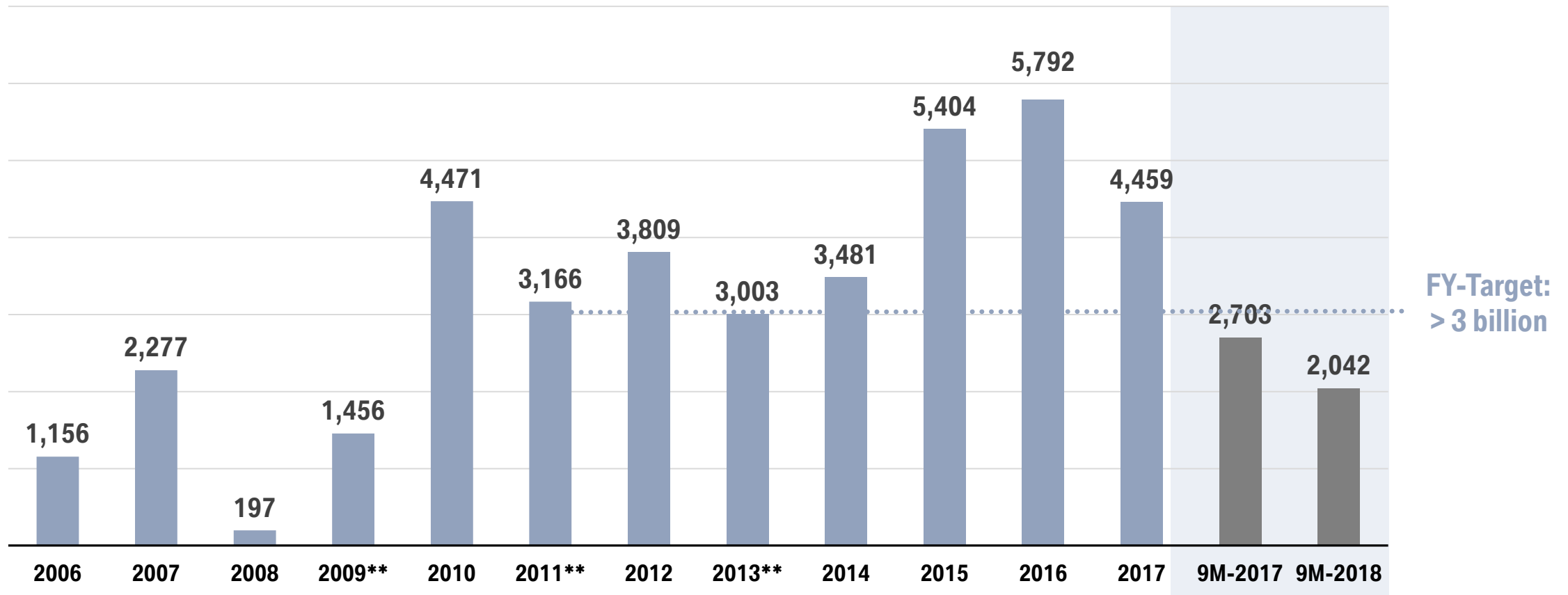


* 2013 figures have been adjusted in accordance with IAS 8

** adjusted value for 2017 in accordance with IFRS 15

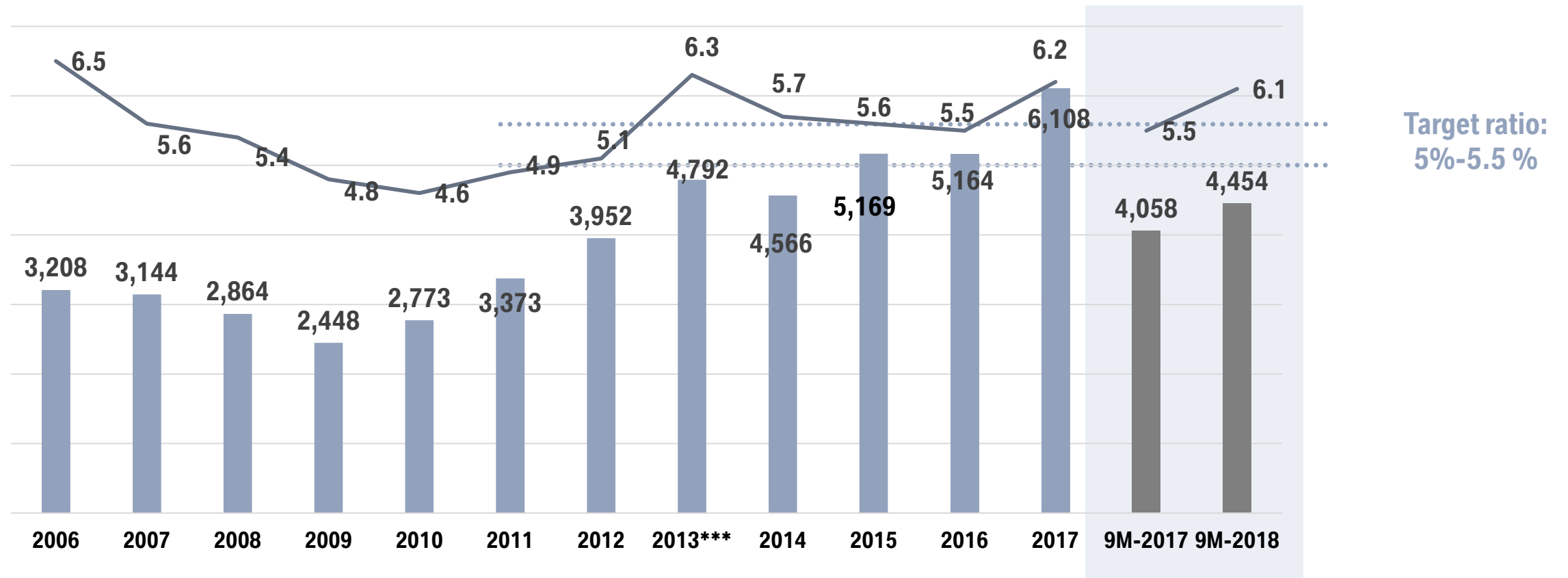
FREE CASH FLOW IN AUTOMOTIVE SEGMENT REMAINS STRONG, DESPITE SIGNIFICANTLY HIGHER INVESTMENTS.

Free Cash Flow (Automotive)* [in m€]



THE BMW GROUP IS COMMITTED TO PLAYING A KEY ROLE IN TOMORROW'S MOBILITY AND IS INVESTING SUBSTANTIAL AMOUNTS IN NEW TECHNOLOGIES.

R&D Expenditure* [in m€, HGB]
R&D Ratio** [in %, HGB]



HGB: German Commercial Code

* R&D Expenditure: Research and development expenses plus capitalized research and development cost minus amortization of capitalized development costs.

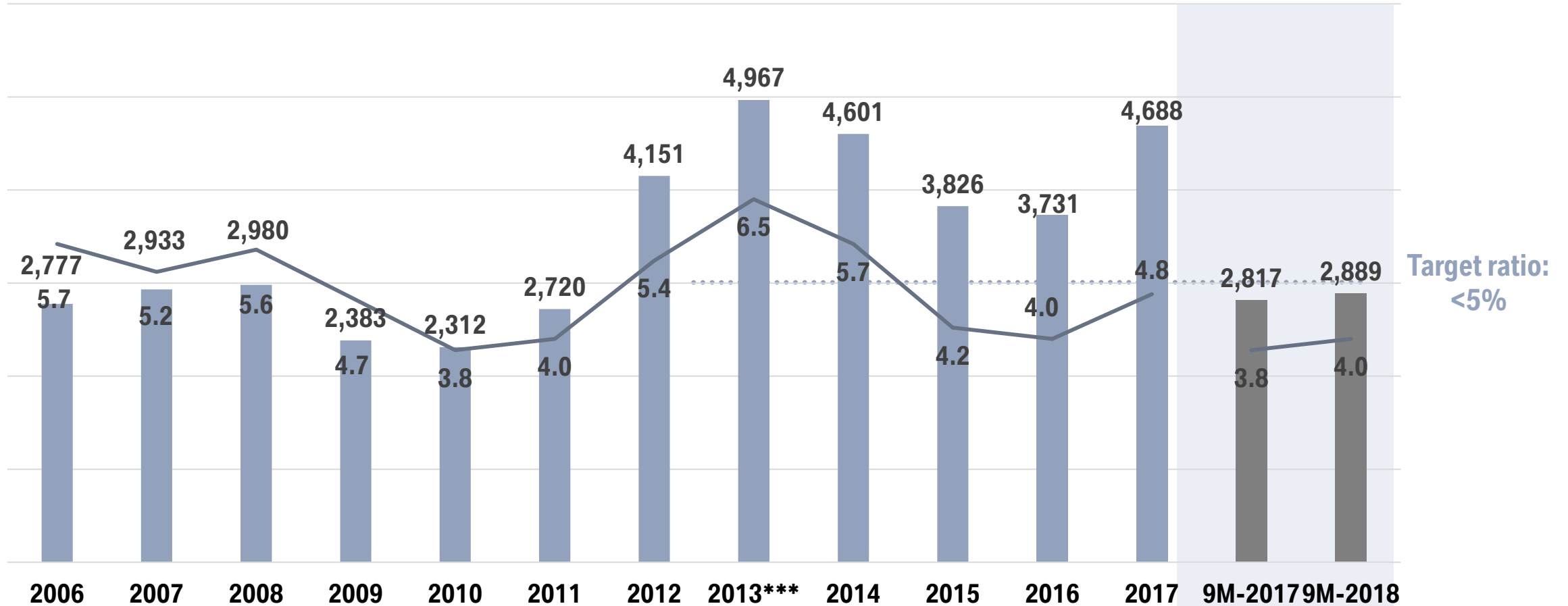
** R&D Ratio: R&D expenditure divided by Group revenues.

*** 2013 figures have been adjusted in accordance with IAS 8.

TIGHT MANAGEMENT OF CAPITAL EXPENDITURE TO ACHIEVE TARGET RATIO.

BMW Group Capital Expenditure*
[in m€]

Capex Ratio**
[in %]



* Capital Expenditure: additions to property, plant and equipment and other intangible assets (definition has been changed in 2016).

** Capital expenditure ratio: Capital expenditure divided by Group revenues.

*** 2013 figures have been adjusted in accordance with IAS 8.

OUTLOOK FOR 2018.



BMW GROUP

Moderate decrease of pre-tax earnings compared to the previous year*



AUTOMOTIVE

Deliveries slightly higher than the previous year
Revenues slightly lower than the previous year
EBIT margin at least 7%



MOTORCYCLES

Slight increase in deliveries compared to the previous year
EBIT margin in target corridor of 8-10%



FINANCIAL SERVICES

Return on equity of at least 14%, slight decrease

BMW GROUP'S FINANCE STRATEGY COVERS THE ENTIRE AUTOMOTIVE VALUE CHAIN.

BMW GROUP CORPORATE FINANCE STRATEGY REFLECTS THE INDUSTRIAL NATURE OF THE BUSINESS AND IS FOCUSED ON THE ENTIRE AUTOMOTIVE VALUE CHAIN.

Automotive value chain



Research & Development



Production



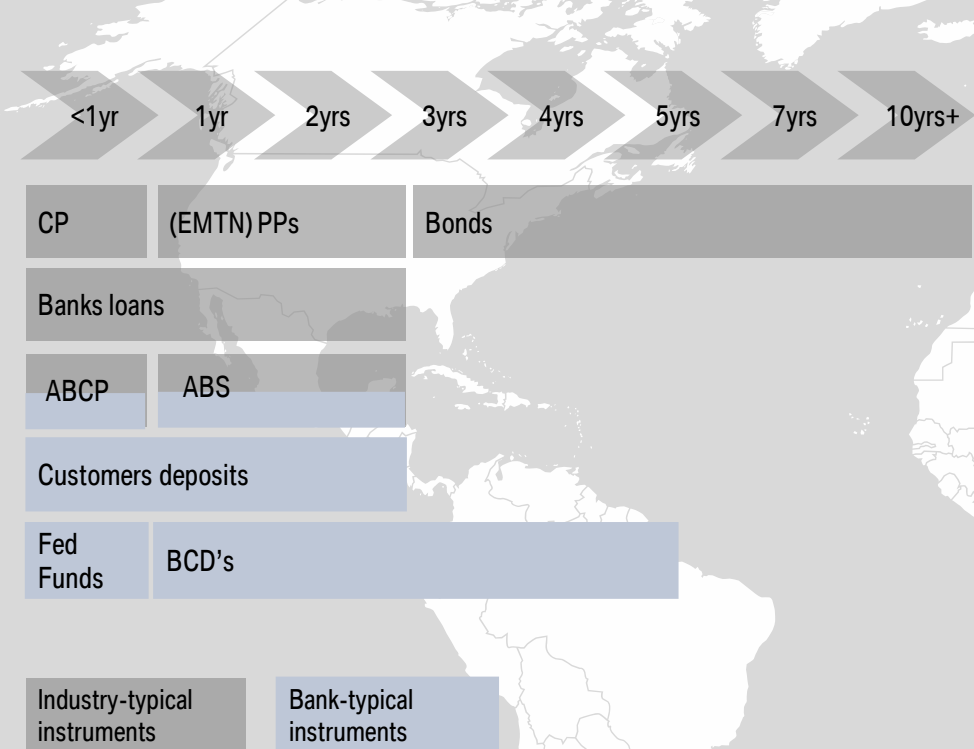
Sales & Marketing



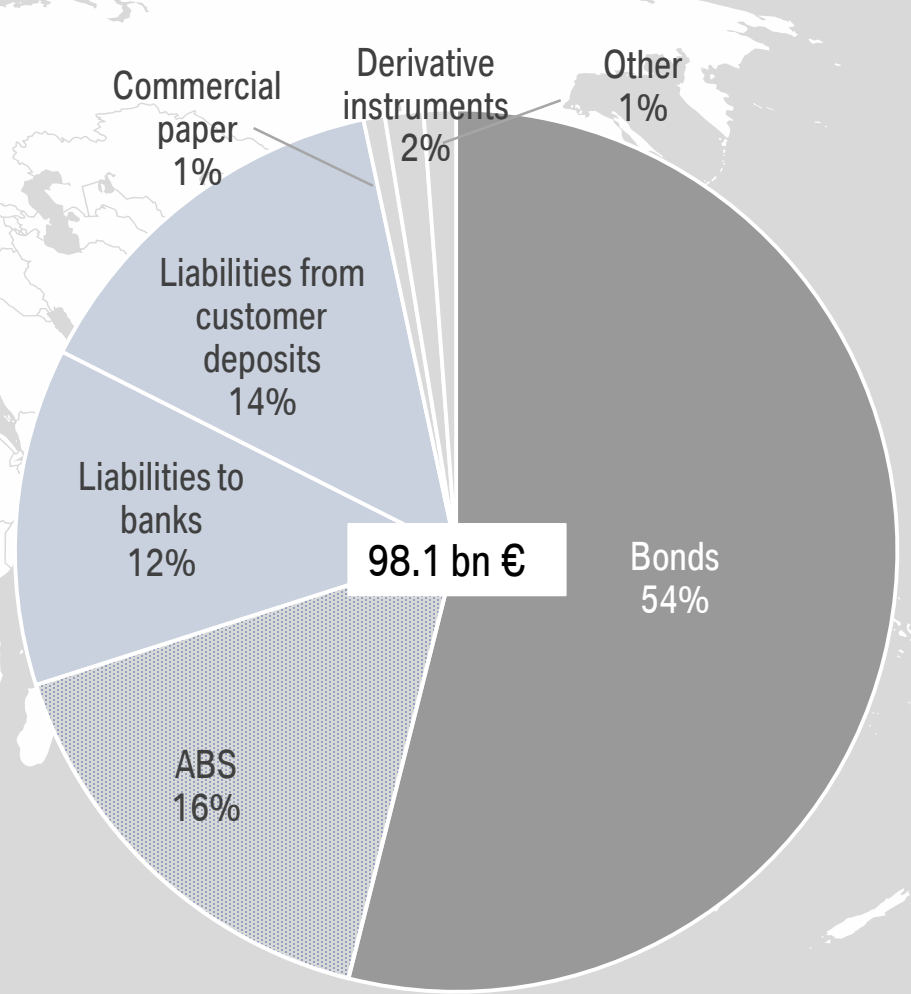
Financial Services

DIVERSIFIED FUNDING MIX WITH A COMBINATION OF INDUSTRY AND BANK TYPICAL FINANCING INSTRUMENTS.

Funding Instruments



Financial Debt as of 30.09.2018



BMW Group continues to target a well diversified debt structure

BMW GROUP INVESTOR RELATIONS. CONTACTS.



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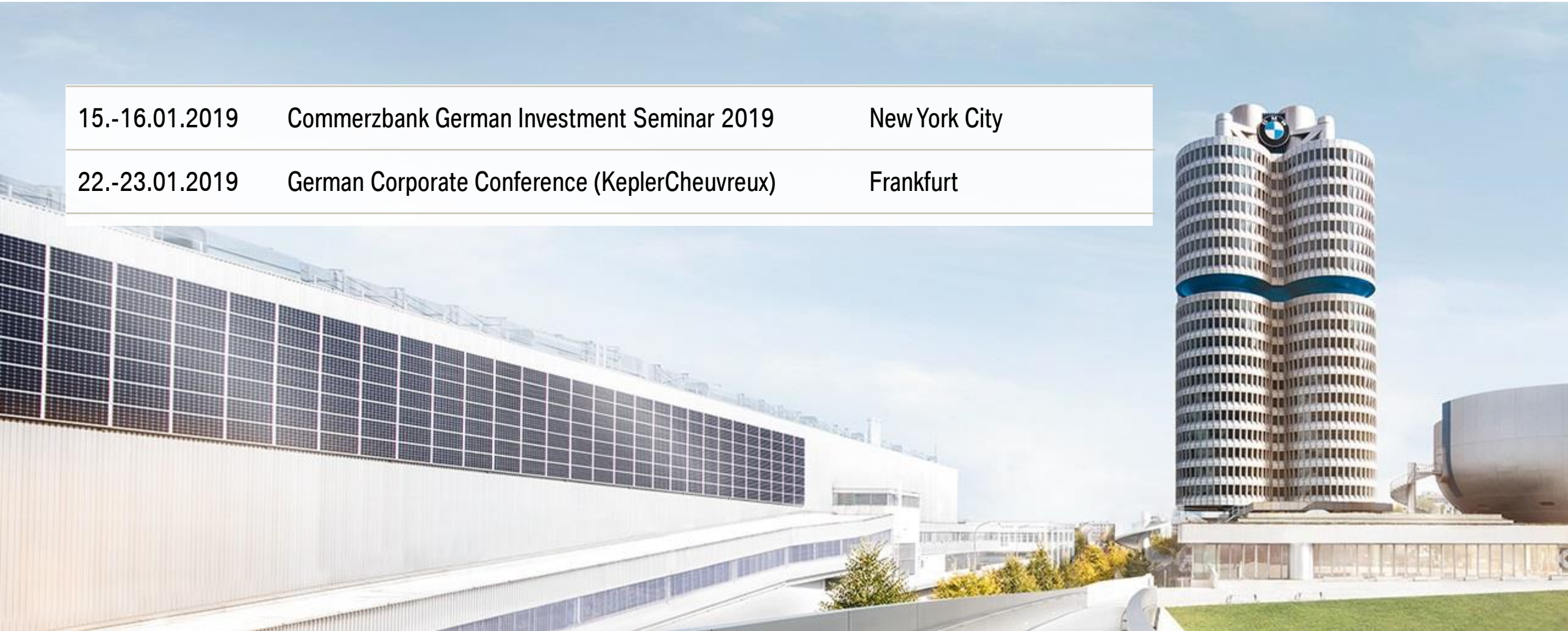
BMW GROUP INVESTOR RELATIONS. FINANCIAL CALENDAR 2018 & 2019.

20.03.2019	Annual Accounts Press Conference
21.03.2019	Analyst and Investor Conference
07.05.2019	Quarterly Report to 31 March 2019
16.05.2019	Annual General Meeting
01.08.2019	Quarterly Report to 30 June 2019



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15.-16.01.2019	Commerzbank German Investment Seminar 2019	New York City
22.-23.01.2019	German Corporate Conference (KeplerCheuvreux)	Frankfurt



DISCLAIMER.

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