

# ANALYST AND INVESTOR CONFERENCE.

21 MARCH 2019



**BMW  
GROUP**



# MAXIMILIAN SCHÖBERL

EXECUTIVE VICE PRESIDENT.  
CORPORATE COMMUNICATIONS AND GOVERNMENTAL AFFAIRS.





## AGENDA.

### STRATEGY NUMBER ONE > NEXT

What does the BMW Group do differently?

### 2018 FINANCIAL STATEMENTS

Outlook for 2019

### MODEL OFFENSIVE 2.0

How we inspire our customers

# HARALD KRÜGER

CHAIRMAN OF THE BOARD OF MANAGEMENT OF BMW AG.



OUR ROAD TO A **TECH COMPANY** FOR PREMIUM MOBILITY.  
WE ARE CREATING A **STRONG NEW FOUNDATION.**

**TECHNOLOGIES**



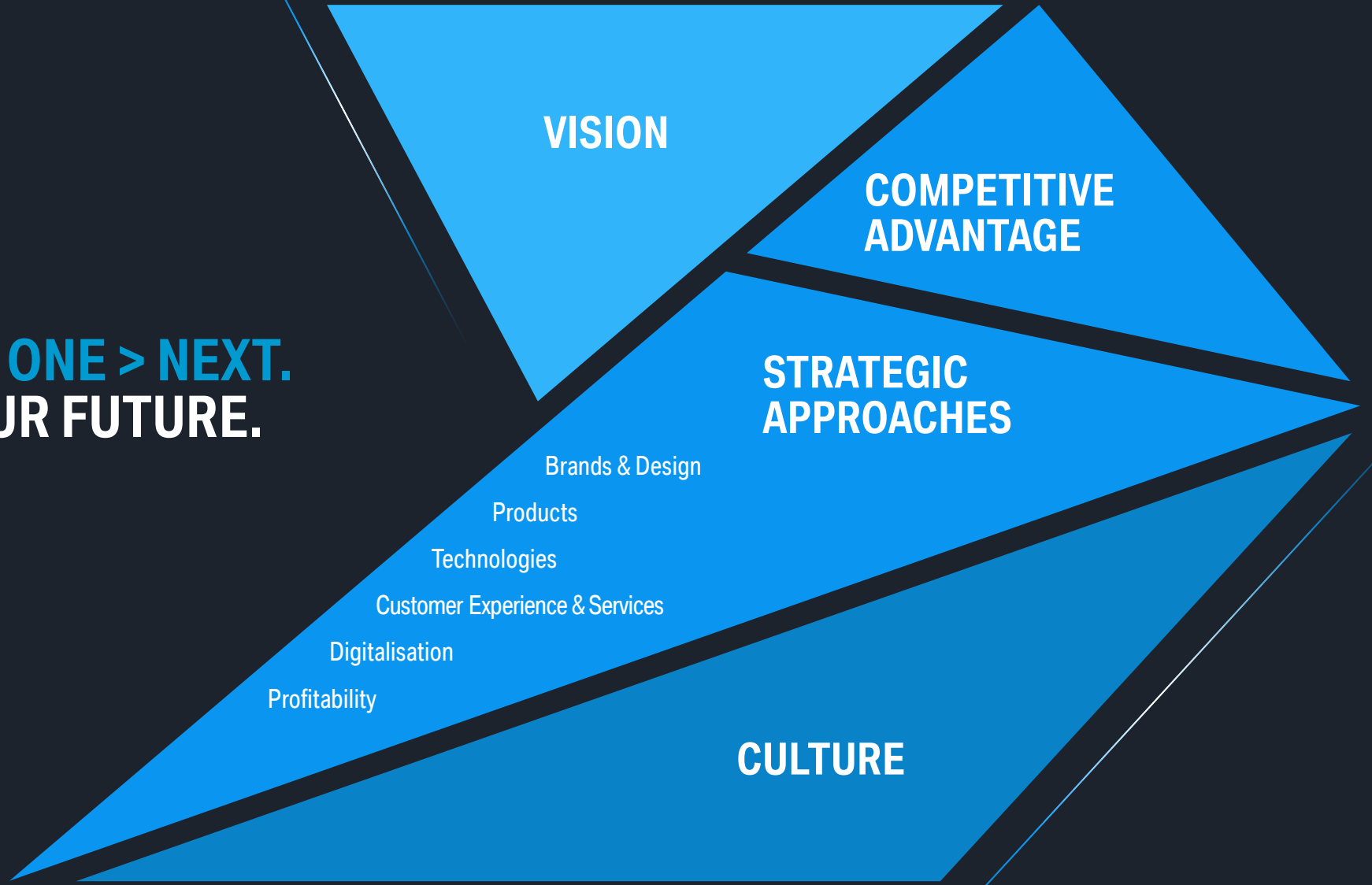
**CUSTOMERS**



**WORK METHODS**



**STRATEGY NUMBER ONE > NEXT.  
WE ARE SHAPING OUR FUTURE.**





## PHASE 1

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2016 – 2018

## PHASE 2

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2019 – 2021



## PHASE 1

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2016 – 2018





# OUR ENVIRONMENT REMAINS VOLATILE. THE **CHALLENGES** FOR THE INDUSTRY CONTINUE.

**REGULATIONS**



**AUTONOMOUS  
DRIVING**



**VOLATILE  
MARKETS**



**E-MOBILITY**



**COOPERATIONS  
BMW GROUP &  
DAIMLER AG**



# THE **NEW BMW X3**: THE CUSTOMER HAS THE CHOICE. ONE MODEL – **THREE DRIVETRAINS.**



**BMW X3 with highly-efficient  
combustion engine.**



**Plug-in hybrid  
BMW X3 xDRIVE 30e.**



**Fully-electric  
BMW iX3.**

**>500,000**

**ELECTRIFIED VEHICLES  
ON THE ROAD  
BY THE END OF 2019.**



OUR **BATTERY CELL**  
**COMPETENCE CENTRE.**

**E-MOBILITY:**

WE PRODUCE THE **ELECTRIC**  
**DRIVE TRAIN** AND HIGH-VOLTAGE  
SYSTEM OURSELVES.

KEEPING **KNOW-HOW**  
IN OUR OWN HANDS.





TOGETHER WE ARE DEVELOPING **NEXT-LEVEL TECHNOLOGY** FOR AUTONOMOUS DRIVING.

**GLOBAL.**

**WE ARE TARGETING  
GROWTH IN ALL REGIONS  
AND AIM TO EXPAND  
OUR MARKET SHARE.**

**WE HAVE A SPECIFIC  
STRATEGY FOR EACH REGION.**



**CHINA.**

**INCREASED  
CAPACITY IN SHENYANG.**

**NEW JV WITH GREAT WALL:  
FULLY-ELECTRIC MINI.**

**FROM MAINLAND CHINA  
TO THE WORLD. FROM 2020:  
FULLY-ELECTRIC BMW iX3.**



**AMERICAS.**

**INVESTMENT IN  
PLANT SPARTANBURG.**

**THE BMW X7: COMMITMENT  
TO OUR SECOND HOME.**

**MEXICO PLANT:  
OPENING IN JUNE 2019.**





**EUROPE.**

**THE BMW GROUP'S  
BIGGEST SALES REGION.**

**MOST PLANTS AND HIGHEST  
NUMBER OF EMPLOYEES.**

**BREXIT: WE ARE PREPARED  
FOR ALL SCENARIOS.**



**GLOBAL.**

**OUR COMMITMENT IS  
GEARED TOWARDS THE  
LONG TERM.**

**FREE TRADE FOR  
GROWTH AND PROSPERITY.**



**PERFORMANCE > NEXT.**  
**WE ARE TRANSFORMING OUR COMPANY.**

**CUSTOMER AND SALES**



Improved sales performance  
and optimisation of  
customer interface.

**VEHICLE**



Intelligent product options  
focused on customer benefits  
and major cost reductions.

**ORGANISATION  
AND STRUCTURES**



Faster development process.  
Optimisation of process and  
organisational structure.

WE WILL ESTABLISH A **NEW SALES STRUCTURE** IN APRIL.  
ALL AUTOMOTIVE BRANDS WILL COME TOGETHER WITHIN ONE DIVISION.

**BMW**



**MINI**



**ROLLS-ROYCE**



CUSTOMER-SPECIFIC **BRAND EXPERIENCES** UNDER ONE ROOF.

## PHASE 2

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2019 – 2021

## PHASE 3

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2022 – 2025

## PHASE 1

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2016 – 2018



**THE BMW iNEXT WILL BE LAUNCHED IN 2021 –  
WITH AN ELECTRIC RANGE OF UP TO 600 KM.**



**THE BMW iNEXT.  
LEVEL 3 HIGHLY-  
AUTOMATED DRIVING.**

**TEST FLEET  
ENABLED FOR  
LEVELS 4  
AND 5.**



LEVEL 1 – 3

LEVEL 4 – 5

FULLY-AUTOMATED



**THE BMW GROUP  
DATA CENTRE.**

**ONE OF THE LARGEST IN EUROPE.  
STORAGE CAPACITY OF 500 PETABYTES BY 2025.**



# TECH COMPANY FOR PREMIUM MOBILITY.

## PHASE 2

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2019 – 2021

## PHASE 3

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2022 – 2025

## PHASE 1

IMPLEMENTATION OF  
NUMBER ONE > NEXT  
2016 – 2018





BMW VISION

0NEXT

# DR NICOLAS PETER

MEMBER OF THE BOARD OF MANAGEMENT OF BMW AG, FINANCE.



**DESPITE MASSIVE HEADWINDS**  
**SECOND-BEST RESULT**  
**IN COMPANY'S HISTORY.**



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**Trade tensions.**

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**Brexit.**

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**FX/Commodity prices.**

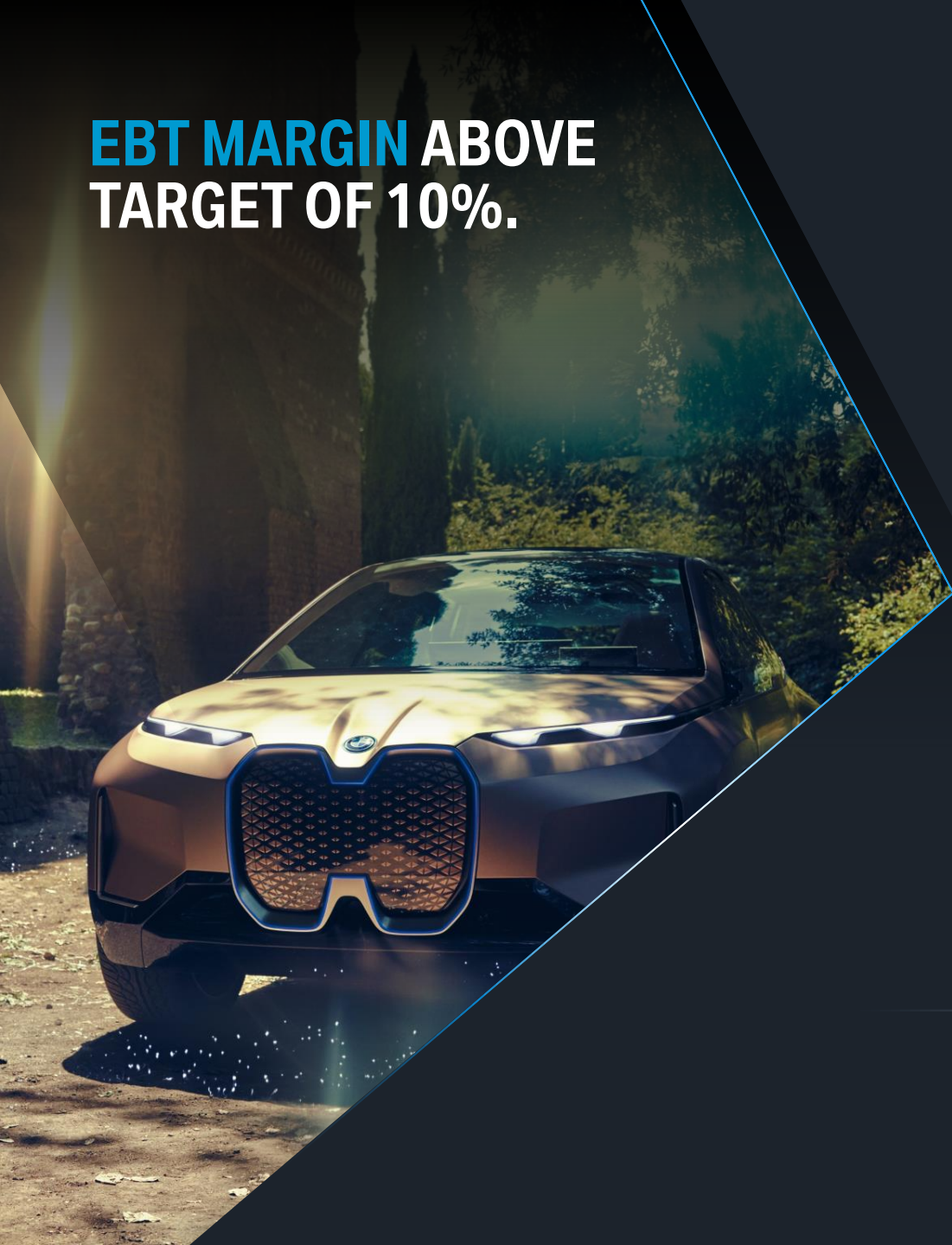
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**WLTP transition.**

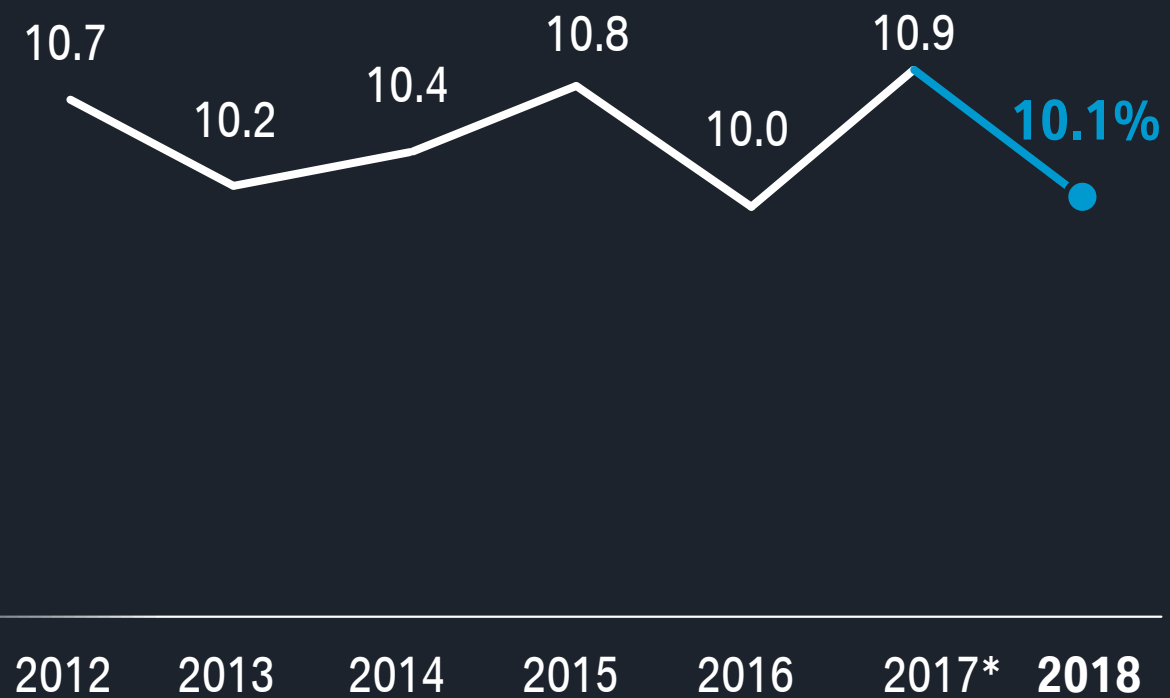
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**Regulations.**

**EBT MARGIN ABOVE  
TARGET OF 10%.**



EBT margin  
in %



\* Prior year figures adjusted due to first-time application of IFRS 15.

**GROUP EBT AFFECTED  
BY CHALLENGING  
BUSINESS  
ENVIRONMENT.**



in m€	2017*	2018	Change [%]
Automobile deliveries [units]	2,463,526	<b>2,490,664</b>	+ 1.1
Revenues Group	98,282	<b>97,480</b>	-0.8
Earnings before tax Group	10,675	<b>9,815</b>	-8.1
EBT margin [in %] – Group	10.9	<b>10.1</b>	–
Net profit Group	8,675	<b>7,207</b>	-16.9

\* Prior year figures adjusted due to first-time application of IFRS 15.

in m€	2017*	2018	Change [%]
Automobile deliveries [units]	652,292	<b>655,854</b>	+ 0.5
Revenues Group	24,958	<b>25,020</b>	+ 0.2
Earnings before tax Group	1,934	<b>1,932</b>	-0.1
EBT margin [in %] – Group	7.7	<b>7.7</b>	–
Net profit Group	2,338	<b>1,419</b>	-39.3
EBIT margin Automotive Segment [in %]	8.7	<b>6.3</b>	–

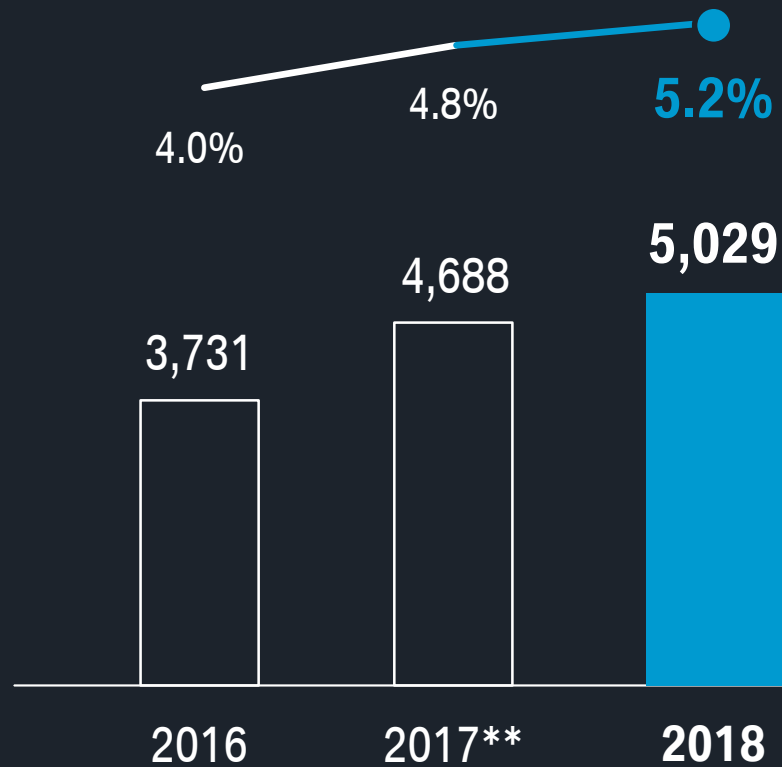
\* Prior year figures adjusted due to first-time application of IFRS 15.

**4<sup>TH</sup> QUARTER**  
**IN LINE WITH OUR**  
**EXPECTATIONS.**



**OUR SIGHTS REMAIN FIRMLY  
FIXED ON THE FUTURE.**

**Capital expenditure\***  
in m€



\* Excl. capitalised development costs.

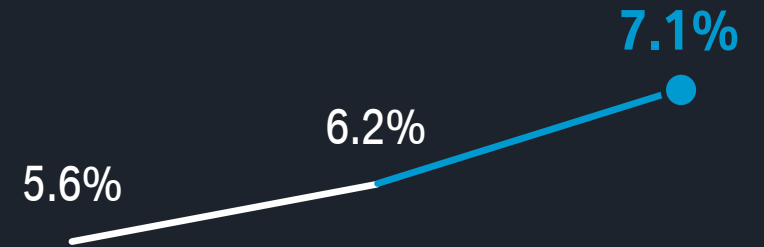
\*\* Prior year figures adjusted due to first-time application of IFRS 15.



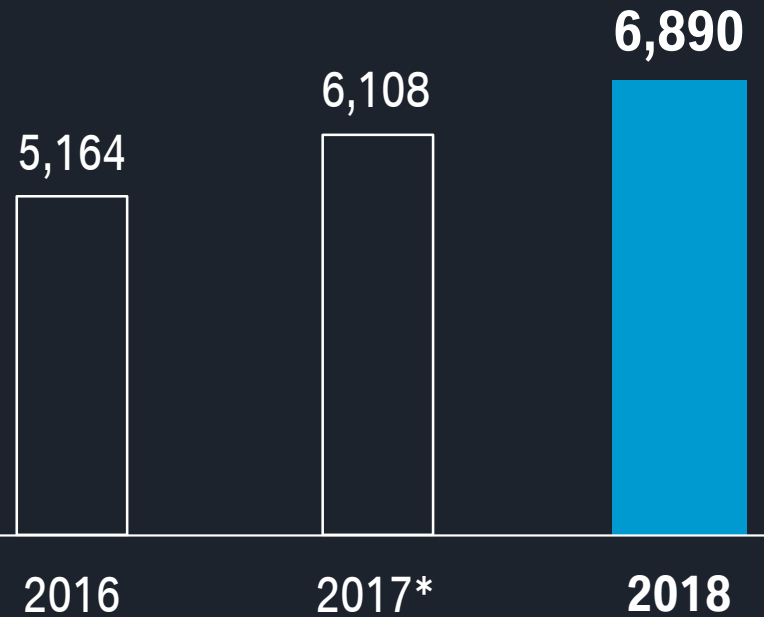
# R&D-RATIO CLIMBS TO 7.1%.



R&D ratio  
(HGB)  
BMW Group



R&D  
expenditure  
(HGB)  
in m€



\* Prior year figures adjusted due to first-time application of IFRS 15.

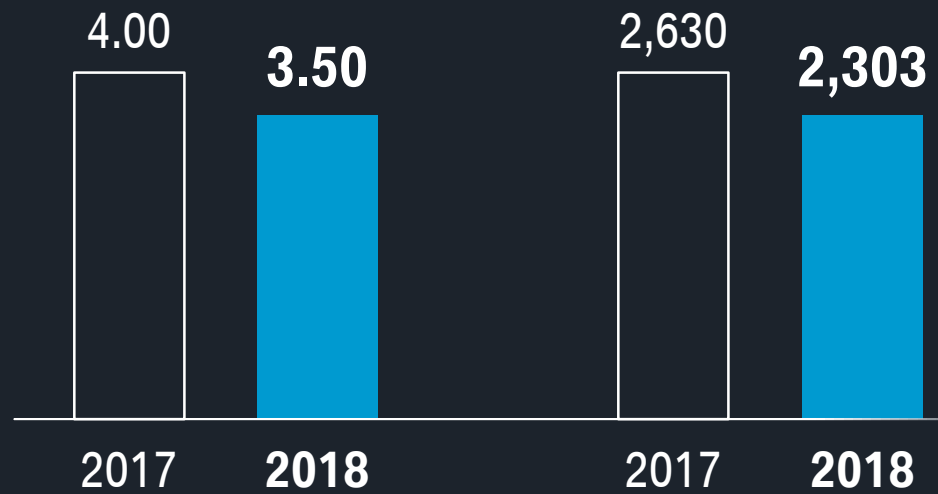
# SECOND-HIGHEST DIVIDEND PROPOSED.

Dividend per common share  
in €

Total dividend payout  
in m€

Payout-ratio

30.3% → 32.0%



**EBIT-MARGIN OF 7.2%  
IN AUTOMOTIVE  
SEGMENT.**

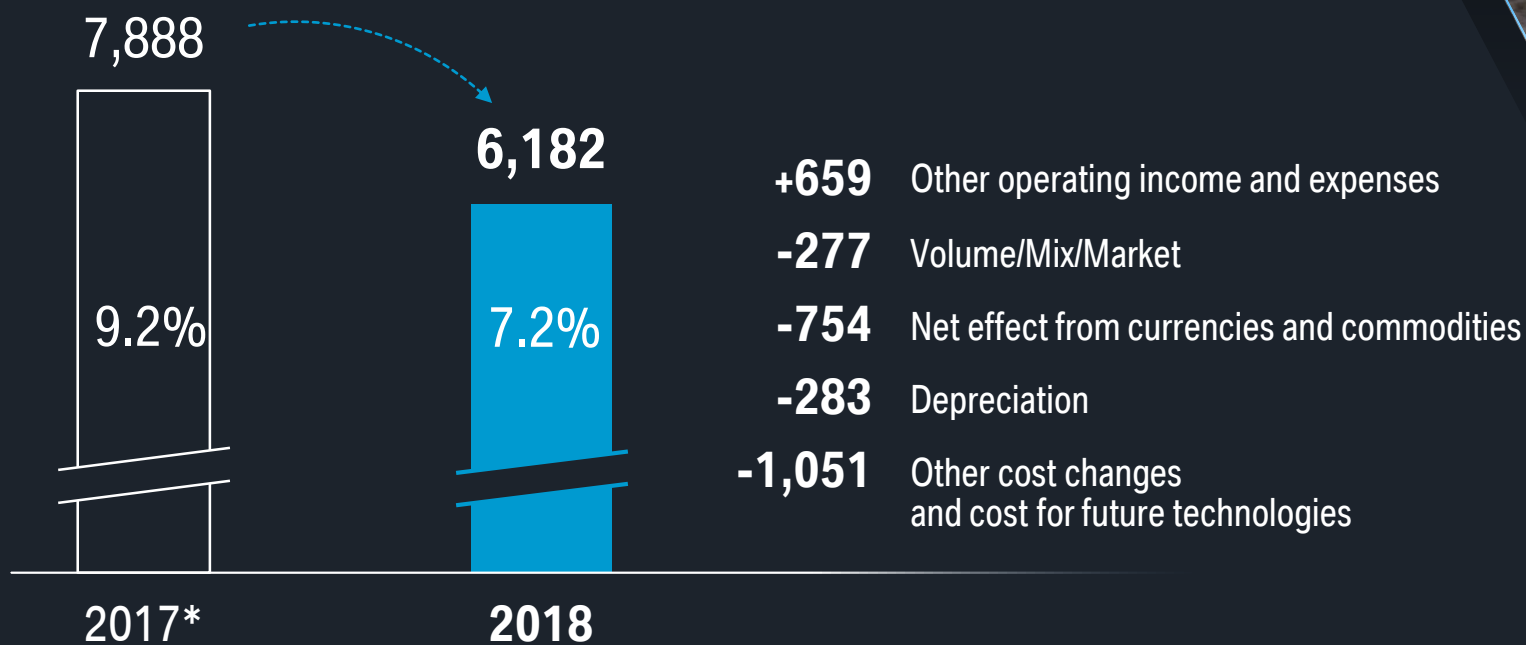


in m€	2017*	2018	Change [%]
Deliveries [units]	2,463,526	<b>2,490,664</b>	+ 1.1
Revenues	85,742	<b>85,846</b>	+0.1
Earnings before interest and tax [EBIT]	7,888	<b>6,182</b>	-21.6
EBIT margin [in %]	9.2	<b>7.2</b>	—
Earnings before tax [EBT]	8,717	<b>6,977</b>	-20.0

\* Prior year figures adjusted due to first-time application of IFRS 15.

# EBIT

in m€



## EBIT BRIDGE IN THE AUTOMOTIVE SEGMENT.



\* Prior year figures adjusted due to first-time application of IFRS 15.

## PERFORMANCE

> NEXT: IMPORTANT  
DECISIONS ALREADY  
BEING IMPLEMENTED.



**REDUCING THE COMPLEXITY  
OF OUR PORTFOLIO.**

(up to -50%).

**SHORTENING THE  
DEVELOPMENT PROCESS.**

(up to -30%).

**OPTIMISING STRUCTURES  
AND PROCESSES.**

Pooling resources.

# FREE CASH FLOW IN AUTOMOTIVE SEGMENT AT 2.7 BILLION EUROS.



Free  
cash flow  
in m€

4,459



2017

2,713



2018

Total capital  
expenditure  
in m€

7,112



2017

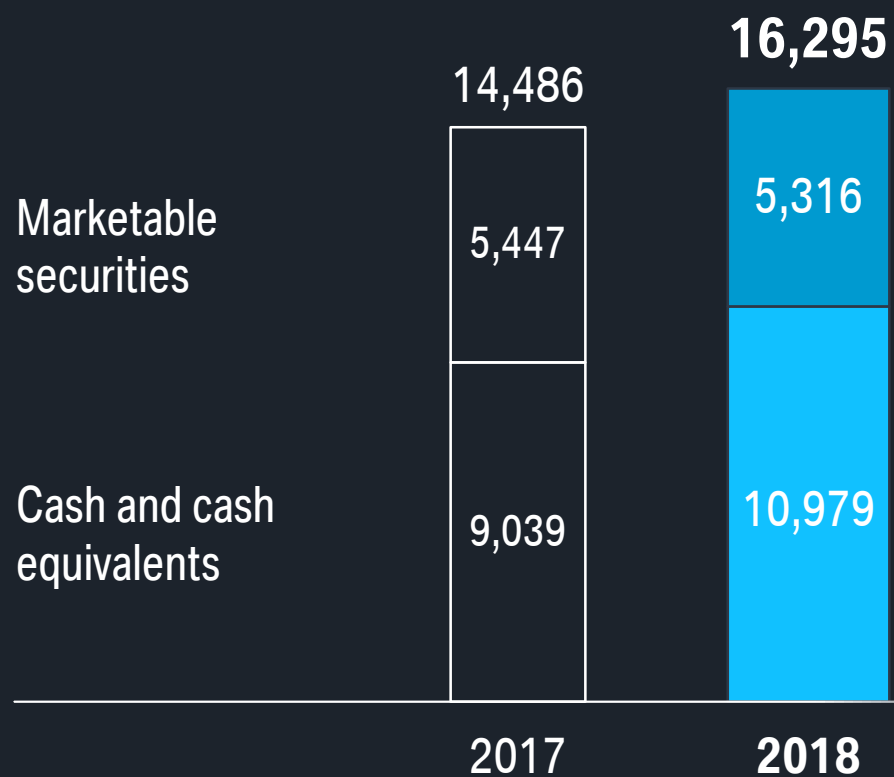
8,013



2018

## Liquidity

in m€



**HIGH LIQUIDITY  
SECURES FINANCIAL  
INDEPENDENCE.**



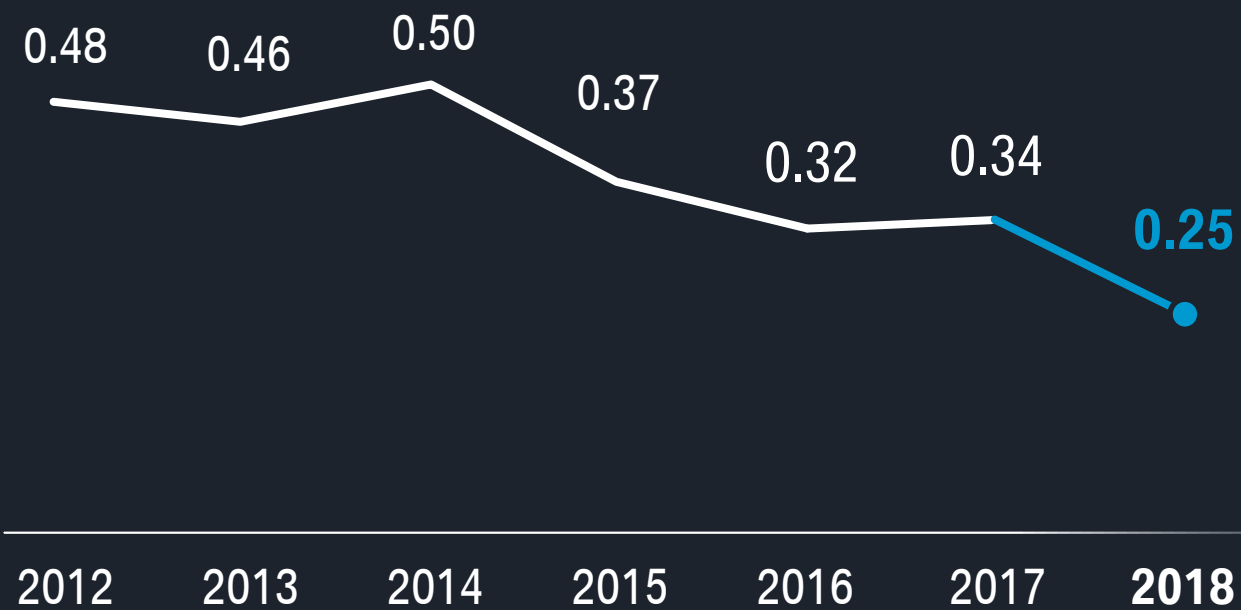


**FINANCIAL SERVICES  
SEGMENT CONTINUES  
TO GROW ITS BUSINESS.**

in m€	2017	2018	Change [%]
Contracts with new customer [units]	1,828,604	<b>1,908,640</b>	+ 4.4
Total volume of new customer contracts	55,049	<b>55,817</b>	+1.4
Earnings before tax [EBT]	2,207	<b>2,161</b>	-2.1
Return on equity [in %]	18.1	<b>14.8</b>	—
Penetration rate [in %]	46.8	<b>50.0</b>	—



Credit loss ratio  
per year  
in %



**RISK SITUATION  
REMAINS STABLE.**



# MOTORCYCLES SEGMENT REPORTS 8<sup>TH</sup> SALES RECORD IN A ROW.



in m€	2017*	2018	Change [%]
Deliveries [units]	164,153	<b>165,566</b>	+0.9
Revenues	2,272	<b>2,173</b>	-4.4
Earnings before interest and tax [EBIT]	207	<b>175</b>	-15.5
EBIT margin [in %]	9.1	<b>8.1</b>	—
Earnings before tax [EBT]	205	<b>169</b>	-17.6

\* Prior year figures adjusted due to first-time application of IFRS 15.

# POSITIVE IMPACT OF ELIMINATIONS.

in m€	2017*	2018	Change [%]
Automotive	8,717	<b>6,977</b>	-20.0
Motorcycles	205	<b>169</b>	-17.6
Financial Services	2,207	<b>2,161</b>	-2.1
Other Entities	80	<b>-45</b>	—
Eliminations	-534	<b>553</b>	—
<b>BMW Group</b>	<b>10,675</b>	<b>9,815</b>	<b>-8.1</b>

\* Prior year figures adjusted due to first-time application of IFRS 15.

# OUTLOOK 2019. SETTING HIGH STANDARDS IN CHALLENGING ENVIRONMENT.

## AUTOMOTIVE



Slight increase  
in **deliveries**.

**EBIT-margin**  
between 6 and 8%.

## MOTORCYCLES



Solid increase  
in **deliveries**.

**EBIT-margin**  
between 8 and 10%.

## FINANCIAL SERVICES



**Return on Equity**  
on par with previous  
year's level.

## BMW GROUP



Significant decrease in  
**Group earnings before tax**.

**Size of workforce at year-end**  
on par with previous year's level.



**BMW GROUP KEEPS  
LONG-TERM FOCUS.**

Clear decisions as part  
of **PERFORMANCE > NEXT.**

**SYSTEMATIC IMPLEMENTATION**  
of decided measures.

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**FINANCIAL STRENGTH FOR  
SUCCESSFUL TRANSFORMATION.**



BMW VISION  
NEXT

# HARALD KRÜGER

CHAIRMAN OF THE BOARD OF MANAGEMENT OF BMW AG.



**OUR YEAR OF THE  
PLUG-IN HYBRID.**

**NEW BMW MODELS:  
3 SERIES, X3, X5,  
7 SERIES.**



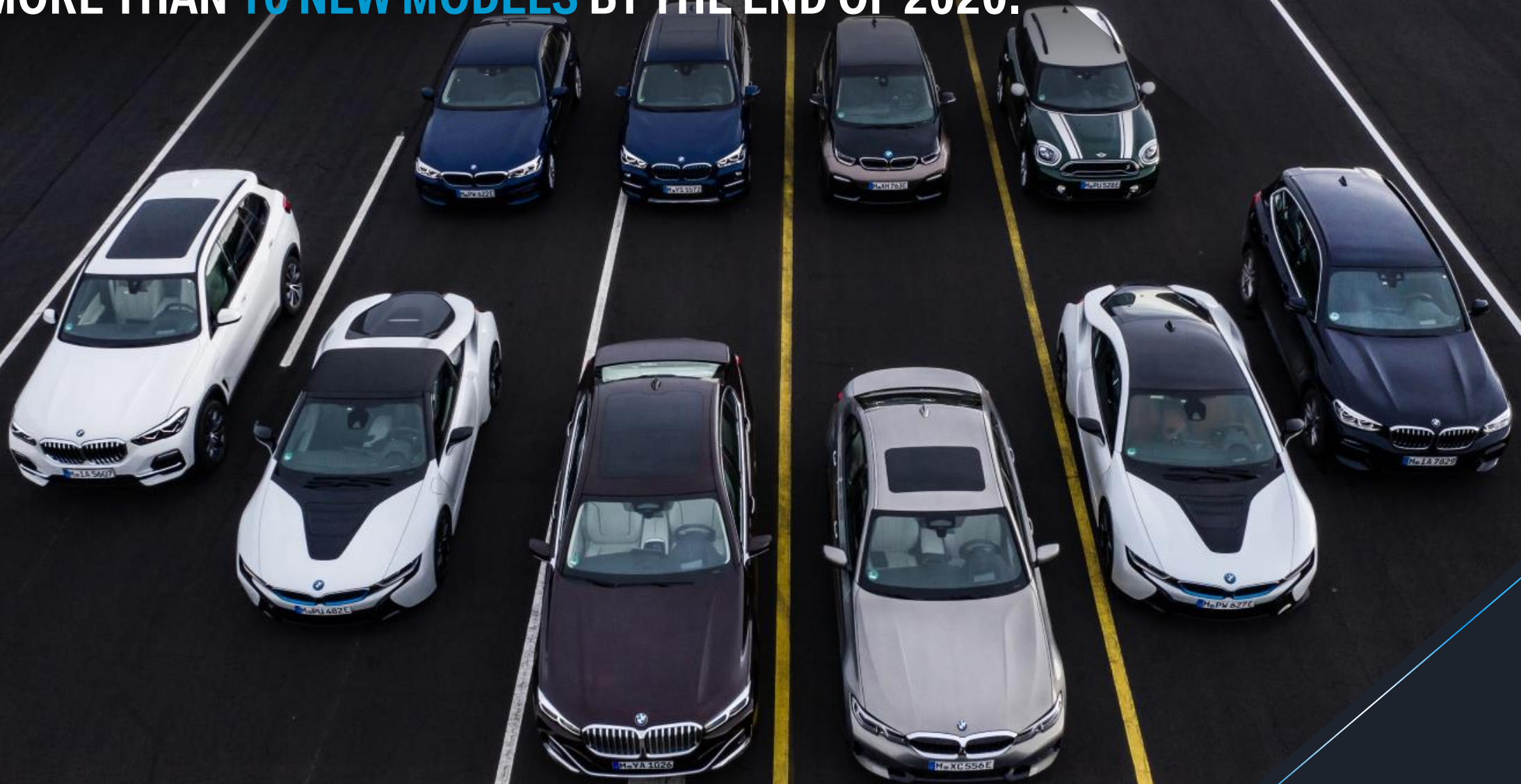


**OUR YEAR OF THE  
PLUG-IN HYBRID.**

**BATTERY  
UPDATE FOR:  
2 SERIES,  
5 SERIES.**



WE ARE DRIVING **ELECTRIFICATION** FORWARD.  
MORE THAN **10 NEW MODELS** BY THE END OF 2020.



# EXPANSION IN THE LUXURY SEGMENT.



BMW i8 Coupe

BMW i8 Roadster

BMW X7

BMW 8 Series Coupe

BMW 7 Series

BMW 8 Series Convertible

**THE NEW BMW 3 SERIES.  
CONNECTIVITY  
INSPIRES CUSTOMERS.**





**BMW 2 SERIES  
GRAN COUPÉ.**

**AVAILABLE  
IN SPRING 2020.**

**WE CONTINUE TO CHART  
OUR OWN COURSE.**

**RELIABILITY.  
PROFITABILITY.  
INNOVATION.**



## CONSUMPTION AND EMISSION DATA.

**BMW 225xe Active Tourer:** Fuel consumption combined: 1.9 l/100 km;  
Electric power consumption combined: 14.7 kWh/100 km;  
CO2 emissions combined: 43 g/km\* (provisional figures)

**BMW 330e Sedan:** Fuel consumption combined: 1.7 l/100 km;  
CO2 emissions combined: 39 g/km\* (provisional figures)

**BMW 530e Sedan:** Fuel consumption combined: 1.7 l/100 km;  
CO2 emissions combined: 38 g/km\* (provisional figures)

**BMW 530e xDrive Sedan:** Fuel consumption combined: 1.9 l/100 km;  
CO2 emissions combined: 44 g/km\* (provisional figures)

**BMW 745e Sedan:** Fuel consumption combined: 2.3 – 2.1 l/100 km;  
Electric power consumption combined: 15.6 – 15.1 kWh/100 km;  
CO2 emissions combined: 52 – 48 g/km\* (provisional figures)

**BMW 745Le Sedan:** Fuel consumption combined: 2.3 – 2.2 l/100 km;  
Electric power consumption combined: 15.7 – 15.6 kWh/100 km;  
CO2 emissions combined: 53 – 50 g/km\* (provisional figures)

**BMW 745Le xDrive Sedan:** Fuel consumption combined: 2.6-2.3 l/100 km;  
Electric power consumption combined: 16.3-15.8 kWh/100 km;  
CO2 emissions combined: 59-52 g/km\* (provisional figures)

**BMW X3 xDrive30e:** Fuel consumption combined: 2.4 l/100 km;  
CO2 emissions combined: 56 g/km\* (provisional figures)

**BMW X5 xDrive45e:** Fuel consumption combined: 2.1 l/100 km;  
CO2 emissions combined: 49 g/km\* (provisional figures)

## CONSUMPTION AND EMISSION DATA.

The figures for fuel consumption, CO2 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 tire 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 CO2-emissions. These figures are provisional. For further details of the official fuel consumption figures and official specific CO2 emissions of new cars, please refer to the "Manual on fuel consumption, CO2 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>.



## CONSUMPTION AND EMISSION DATA.

**BMW M850i xDrive Convertible:** Fuel consumption combined: 10.0-9.9 l/100 km; CO2 emissions combined: 229-225 g/km

**BMW i8 Coupé:** Fuel consumption combined: 1.8 l/100 km;  
Electric power consumption combined: 14.0 kWh/100 km;  
CO2 emissions combined: 42 g/km

**BMW i8 Roadster:** Fuel consumption combined: 2.0 l/100 km;  
Electric power consumption combined: 14.5 kWh/100 km;  
CO2 emissions combined: 46 g/km

## CONSUMPTION AND EMISSION DATA.

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## DISCLAIMER.



This document contains forward-looking statements that reflect BMW Group's current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "can," "could," "plan," "project," "should" and similar expressions are used to identify forward-looking statements.

These statements are subject to many risks and uncertainties or may be affected by factors outside BMW Group's control, including adverse developments in global economic conditions resulting in a decline in demand in BMW Group's key markets, including China, North America and Europe; a deterioration in credit and financial markets; a shift in consumer preferences affecting demand for BMW Group's products; changes in the prices of fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; the effective implementation of BMW Group's strategic goals and targets; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; and other risks and uncertainties, including those described under the heading "Report on Risks and Opportunities" in BMW Group's most recent Annual Report.

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