

Media Information

March 19, 2014

- Check against delivery -

Statement**Dr. Norbert Reithofer****Chairman of the Board of Management of BMW AG****Annual Accounts Press Conference for the Business Year 2013****March 19, 2014**

Good morning, Ladies and Gentlemen!

The core task of a company is to safeguard its future.

- This means we must ensure that our products and services are always inspiring our customers.
- We need to think ahead and continually take our business model to the next level.
- We also have to remain profitable so we can invest and bring new ideas to life.

Our ambition of the BMW Group is:

- Always to consider the long term in all our planning,
- to follow our own path successfully,
- and to be a pioneer in our industry.

Our business model is clear: Individual mobility in the premium segment. Cars are incredible products, because they benefit people in their daily lives and they reach out and speak to their emotions. More than 76 million cars were sold worldwide in 2013. The global automotive market will continue to grow in 2014.

And the BMW Group was the Number 1 choice for customers in the premium segment around the world.



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This is proof that we deliver on our brand promise – whether it be BMW, MINI and Rolls-Royce. This is why the BMW Group has held the lead in the premium segment for about a decade now.

Just recently, BMW was named best corporate brand internationally – in the German brand ranking, 'Best Brands'. In Fortune Magazine's ranking list 'World's Most Admired Companies', BMW is the only German company among the Top 20 of 500 companies. And in the global industry ranking, our company was once again number 1 among automakers.

What you see next to me is the BMW i8.

It embodies our company's strength: The BMW i8 is not only an attractive plug-in hybrid sports car. It is also the world's first series vehicle featuring laser light. In the future, a driver will be able to see not 300, but 600 meters ahead in the dark. And the energy efficiency has increased by 30 percent. This innovation will definitely benefit customer needs. The first BMW i8 cars will be delivered starting in June – in Germany, the US, China, Japan, and other countries. Our dealers all over the world tell us: They will easily be able to sell every single BMW i8 we produce.

Long-term profitable development is one of the key reasons people invest in the BMW Group. As we see it, profitability is a key element of premium. It gives us a firm financial footing. And it provides us with the leeway we need to invest and grow.

I assure you, we will continue to invest in the years to come. This is a commitment to guarantee the future of our company. BMW will turn 100 in 2016. Our vision laid out in the Strategy Number ONE leads up to the year 2020.



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At the BMW Group, we have always based our decisions in long-term thinking. What will customers expect of a mobility company ten or twenty years from now?

That's what we are always asking ourselves, because the aspirations and needs of our present and future customers always come first.

There are three points I'd like to talk about today:

1. How did we perform in the business year 2013?
2. What are our targets for 2014?
3. How can we ensure our long-term success in an ever-changing environment?

Let's look at our performance:

We generated a profit during the global financial and economic crisis during 2008 and 2009 and paid a dividend. Subsequently, the BMW Group achieved four consecutive record years.

Our sales figures in the year 2013 prove that we continue to develop our business success:

- BMW Group: 1.96 million cars.
- BMW brand: 1.66 million cars.
- MINI brand: over 305,000 cars.
- Rolls-Royce brand: 3,630 cars.
- BMW Motorrad: over 115,200 motorcycles.



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These figures set new records for all our brands. We offer our customers a complete range in the premium segment: from MINI to Rolls-Royce. In our core brand BMW we were number 1 in four segments: the 3 Series, 5 Series, 6 Series and the BMW X1.

In 2013, the BMW Group enhanced the spectrum of its core brand:

- On the one hand, there is BMW i with its extremely sustainable cars.
- On the other, there is BMW M with its efficient, high-performance models.

BMW, BMW i and BMW M have one thing in common: Sheer driving pleasure. It is sheer driving pleasure that our customers expect from us and it's what we will continue to offer them in the future.

Valuable premium brands and desirable products also underscore our 2013 key financials:

- Group revenues stood at EUR 76.1 billion.
- We recorded a profit before tax of EUR 7.9 billion. Just as previously announced, this was on par with the result of 2012.
- The net profit rose to EUR 5.3 billion. This is the highest net profit in the history of the company.
- The EBIT margin for the Automobile segment remained within our expected profitability range.
- Our financial services business made a significant contribution to our success, posting another record result.

So one thing is clear: We deliver on our promises – and we hit all our targets for 2013. I know that our associates identify with our company and our products.



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And it is this passion and relentless drive to create premium products that unites us all.

On behalf of the Management Board, I would like to thank all of our associates for their great commitment during 2013. It is their dedication that strengthens our company's reputation, not only today but in the future. As a result, they too participate in the company's success. This is, and will remain, a part of our corporate culture.

All permanent staff in Germany will receive a profit-related bonus for the year 2013. This is the highest profit-related bonus we have ever paid to our associates. And it is also one of the highest compared across sectors and industries.

Ladies and Gentlemen,

we will strive to grow further. To achieve this, enhancing expertise in future technologies such as e-mobility and lightweight construction plays an important role. First off, we offer extensive training to our associates: Since 2007, we have invested close to EUR 1.5 billion in vocational training and professional development programs.

This is key to us remaining an attractive employer. In addition, we recruit new talent – a total of over 7,000 worldwide last year. 4,500 of our new hires were recruited here in Germany. This figure includes 1,700 temporary workers we have switched over to permanent positions.

At the start of the 2013 training year, 1,363 young people began their professional careers with the BMW Group. This is to safeguard our own future. And shows how we take responsibility for future generations.



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Ladies and Gentlemen,

the roots of our company are here in Munich and in Germany. Today, the BMW Group is a globally active corporation.

- We sell our products in more than 140 countries.
- We build our vehicles at 28 production sites in 13 countries.
- Wherever we operate, we work in partnership with the region.

Our goal is to improve our understanding of our customers in all regions of the world even further. This is why the diversity of our customers is also reflected within our company. We take great care to ensure we have a variety of talent on board. Today over 90 nations are represented within the BMW Group. Such diversity makes us strong.

As does having common values – based on our tradition, on our innovative strength and on our culture of cooperation. This sets the BMW Group apart from the competition.

Let me move on to my second point:

What are our targets for 2014?

In our Strategy, we announced that we would sell over two million cars by the year 2016. We are going to meet this target earlier than planned.

Our targets for this business year are as follows:

1. We are aiming for a significant increase in deliveries. To be precise, a new Group sales record of over two million cars.
2. We will remain the world's leading premium car company.
3. Group profit before tax is expected to achieve a new record significantly beyond the previous year's level.



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4. We are striving to maintain an EBIT margin in the Automobile segment in a target range of 8 to 10 percent.

As you can see, we remain very confident about the business year 2014. In the first two months of the year, we have already sold around 274,000 cars – more than any of our competitors. This is the best start to a year we have ever had.

Just like you, we closely follow global political and economic developments. The world is very fragile. And only one thing is certain: Things can change very quickly, at any time. So it is important to have a long-term strategy – as a guideline for our own development within such a volatile environment. Our strategy enables us to clearly assess the numerous risks and uncertainties in our business and to respond accordingly.

We regard challenges as opportunities – taking us towards the success of tomorrow. And a clear example of this is Efficient Dynamics. More than a decade ago, we set the technological foundation for our competitive advantage.

Today, the BMW Group's fleet includes 39 models with CO₂ emissions of less than 120 grams per kilometer.

- In 1995, our European fleet average still stood at 210 grams of CO₂ per km.
- In 2013, it was 133 grams of CO₂ per km – a reduction of 37 percent.
- By 2020, we want to reduce our fleet's CO₂ emissions by half from their 1995 level.



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This brings me to my third point:

How can we ensure our long-term success in an ever-changing environment?

Being a pioneer means more to us than simply achieving positive financial figures. A company that wants to remain successful in a changing world needs to break new ground while remaining true to its principles.

For us, three elements are essential:

1. Balanced growth.
2. Innovation.
3. Sustainable action.

In the world's three largest regions – Europe – Asia – America – we are aiming at a balanced sales distribution. In 2013, we were able to compensate for the weakness of some European markets by further growth in the US and China. Our two largest individual markets, China and the USA, accounted for a share of about 20 and 19 percent respectively of Group total sales; our home market Germany for around 13 percent.

In our efforts to tap into high-potential markets, we act in line with a sound principle: Production follows the market. In 2014, we are strengthening our global presence.

- In the USA, our Spartanburg plant is celebrating its 20th anniversary. Since 1994, we have more than quadrupled our sales in the US. Today, BMW is the largest exporter from a NAFTA country. Starting this year, our Center of Competence for the BMW X models will also build the new X4. Last year, we manufactured 300,000 cars at the site. The US will stay a market with great potential for us. This is why we are evaluating the possibility of increasing capacity in the US.



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- In China, we expanded our production capacity in 2013 by up to 300,000 cars. In the medium term, we are able to increase production up to 400,000 cars annually if needed. Together with our joint-venture partner Brilliance, we are planning a new engine production site, due to open in 2016.
- Then there is Brazil: In the fall of 2014, our new plant in this growth market will go on stream, following a considerable growth in sales in 2013. We are planning to build up to 30,000 units annually at this site. To achieve this, we are investing over 200 million Euros and are creating around 1,300 jobs.
- And in the Netherlands: From the summer of 2014, the new MINI will also be produced by our partner, VDL NedCar.

The continuous investment in innovations ensures our long-term success.

BMW i is an example of our innovative strength in several areas:

- The vehicle concept consisting of a Life module and a Drive module.
- The industrialization of carbon fiber in large-series production.
- And the application of especially sustainable production procedures.

The BMW i3 is currently being launched in various markets. Customer demand is exceeding our expectations. By the summer, it will be introduced in the US, currently the most important market for electric cars.

To date, we have invested EUR 600 million in our E-Mobility network thus creating 1,500 jobs. The comprehensive use of carbon fiber underscores our leading position in the field of lightweight construction. We are planning to apply this expertise also in other series models in the future.



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We believe the electric motor is a future technology for zero-emission driving in urban areas. Battery technology will continue to progress.

Our eDrive technology brings together the following technologies today: electric drive trains and low-emission plug-in hybrids such as the BMW i8.

When it comes to emission-free long-distance driving, however, electric cars featuring hydrogen fuel cell technology offer great potential. Alternative drive technologies are key towards meeting the global CO₂ targets in 2020.

And the same is true for our products in the premium small car and compact car segments within BMW and MINI. There is strong growth potential in the smaller vehicle segments, especially in Europe, and we plan to capitalize on this potential. So, the share of smaller cars in the global sales volume of the BMW Group will increase. And we must ensure that this growth also remains profitable.

In the future, we are going to produce our vehicles on two types of architecture:

- one for rear-wheel and four-wheel drives for BMW models and
- one for front-wheel and four-wheel drives for BMW and MINI.

This will enable us to achieve:

- synergies between the BMW and MINI brands;
- the application of standardized module kits;
- cost savings throughout the entire process chain.

Ladies and Gentlemen,

the most recent example of how we strategically address new customers and break new ground is the BMW 2 Series Active Tourer. It is the BMW brand's first model with a front-wheel drive. In order to offer the customer greater



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functionality and flexibility, front-wheel drive is the best solution for this car. It will be available from the fourth quarter 2014. Without a doubt, the BMW 2er Active Tourer will offer sheer driving pleasure in this segment.

All in all, our customers can look forward to 16 new models and model updates this year.

- The BMW 2 Series Coupé is even more dynamic than its 1 Series predecessor. It was launched at the beginning of the month.
- The BMW 4 Series Convertible can be driven all year round. It arrived at the dealerships in early March, right in time for the start of the convertible season.
- The BMW 4 Series Gran Coupé will be available from June on. It is the latest member of our new BMW 4 Series.
- The new BMW X3 sets a new benchmark for interior quality. It will be available in April.
- From July 2014 on, the new BMW X4 will build on the great success of the X family in the premium mid-size segment.
- The new M3 Sedan and the M4 Coupé will be the new benchmark for competitors. The launch of these two M models is scheduled for June.
- The new MINI blazes the trail for the future of MINI.
- The MINI Clubman Concept shows us a glimpse of the possible future development of MINI: a lot more space, a lot more fun.
- With the Ghost Series II, Rolls-Royce has gently revised both the exterior and the interior of its successful model – fully in keeping with the brand's exclusive heritage.

Ladies and Gentlemen,

our vision for the year 2020 is: To be the leading provider of premium products and premium services for individual mobility. Even today, we are much more than



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just a manufacturer. We are clearly moving towards being a provider of attractive mobility and connectivity services.

This is what BMW ConnectedDrive and DriveNow stand for. With the realignment of the BMW ConnectedDrive services, BMW is extending its position as the leading provider of in-car online-based services.

Our focus is on:

- driver assistance systems including comfort and safety features and
- services, in other words: infotainment and mobility services.

Our car-sharing program, DriveNow, is a success, especially with the younger generation. Over 230,000 users have already signed up in five German cities and in San Francisco. The DriveNow fleet also includes 130 fully-electric BMW ActiveE cars. We are going to expand DriveNow to more cities in Europe and the US.

As a leader in our industry, we believe we need to act as a role model in terms of sustainability. It is a crucial factor in achieving long-term success. By 2020, we plan to reduce the resources needed to produce each vehicle by 45 percent compared with 2006.

Ladies and Gentlemen,

for us at the BMW Group, driving innovation and maintaining our financial strength are essential to our long-term success.

In 2016, BMW will mark its 100th anniversary – a historic milestone. I promise, we will not be looking in the rear-view mirror but focusing on the road ahead. We will be starting from pole position in creating and defining future mobility.

Thank you very much!