

## **BMW Group continues its course of profitable growth**

- Second quarter: sales volume and earnings at record levels
- Sustainable profitability: 25<sup>th</sup> consecutive quarter to achieve automotive segment EBIT margin within target range of between 8 and 10% or higher
- BMW Group reaffirms outlook for full year 2016
- Strong demand for BMW i and BMW iPerformance models
- Cooperation with Intel and Mobileye underlines drive to lead the field of automated driving

**Munich.** The BMW Group continued its course of profitable growth during the second quarter of 2016, whilst also taking important decisions for the future in line with its **Strategy Number ONE > NEXT**. As the world's leading provider of premium products and services for individual mobility, the BMW Group recorded its best ever quarterly sales volume and net profit figures between April and June. The partnership with Intel and Mobileye underlines the BMW Group's ambition to play a leading role in developing safe and reliable automated driving.

"We sold more vehicles in the second quarter than ever before and achieved record earnings. We are growing profitably while simultaneously implementing our strategy step by step," stated **Harald Krüger, Chairman of the Board of Management of BMW AG**, on Tuesday. "Sustainable profitability on this scale provides us with the financial headroom we need to pursue our work on future technologies such as electric mobility and automated driving. For me, there is no "either/or" between the present and the future. The strength of today's core business is the cornerstone for tomorrow's success."

**Second-quarter sales volume** of the BMW Group's three **premium brands** (BMW, MINI and Rolls-Royce) climbed by 5.7% to 605,534 units (2015: 573,079 units), thereby marking a new high for a quarter. Once again, the BMW Group was the world's leading manufacturer of premium vehicles.

**Second-quarter revenues** rose by 4.5% to € 25,014 million (2015: € 23,935 million). At € 2,725 million, **profit before financial result** (EBIT) was

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7.9% higher than one year earlier (2015: € 2,525 million). **Group profit before tax** (EBT) increased by 8.4% to a new high level of € 2,798 million (2015: € 2,582 million). **Group net profit** rose by 11.4% to € 1,949 million (2015: € 1,749 million), also marking a new record for a second quarter.

### **BMW Group achieves best ever six-month figures in first half of 2016**

**Six-month sales** recorded by the Automotive segment rose by 5.8% to reach a new high of 1,163,139 units (2015: 1,099,748 units). The strategy of balancing sales worldwide continued to pay off, allowing fluctuations in some markets to be offset.

**Six-month revenues** edged up by 2.3% to € 45,867 million (2015: € 44,852 million). **Profit before financial result** (EBIT) rose by 2.7% to € 5,182 million (2015: € 5,046 million). **Group profit before tax** (EBT) increased by 6.5% to a new all-time high level of € 5,166 million (2015: € 4,851 million). **Group net profit** rose by 10.0% to € 3,590 million (2015: € 3,265 million), also marking a new record for the first six months of a year.

### **Automotive segment: EBIT margin at upper end of target range**

**Second-quarter revenues of the Automotive segment** grew by 5.6% to € 22,872 million (2015: € 21,650 million). **EBIT** rose sharply to € 2,178 million (2015: € 1,819 million; +19.7%). The **EBIT margin** in the Automotive segment came in at 9.5% (2015: 8.4%), the 25<sup>th</sup> consecutive quarter within the target range of between 8 and 10% or higher. **Segment profit before tax** rose by 23.5% from € 1,844 million to € 2,277 million.

“A look at the EBIT margin for the past 25 quarters shows that we do not only focus on short-term results. More importantly, we concentrate on what we

consider to be our primary responsibility: delivering consistently good results, even in volatile times, in order that we can finance and shape the company's future based on our own underlying strength," pointed out **Friedrich Eichner, member of the Board of Management responsible for Finance.**

Six-month **revenues of the Automotive segment** grew by 2.8% to € 41,686 million (2015: € 40,543 million). Segment **EBIT** increased to € 3,941 million (2015: € 3,613 million; +9.1%), resulting in an **EBIT margin** of 9.5% (2015: 8.9%). **Profit before tax** improved sharply to € 4,011 million (2015: € 3,478 million; +15.3%).

Sales of **BMW** brand vehicles in the **second quarter** rose by 5.7% to a new high of 507,814 units (2015: 480,465 units). The equivalent **six-month** figure of 986,557 units (2015: 932,041 units; +5.8%) also broke all existing records. Tailwind came from various directions, including sales of the BMW Group's flagship model, the BMW 7 Series, and the BMW X models. Six-month deliveries of the **BMW 7 Series** were 31.7% up on the previous year. Additional momentum is expected to come from the plug-in hybrid version of the 740e and from the top model BMW M760Li xDrive. Sales of the **BMW X1** during the six-month period jumped by 61.7% to 94,156 units, while **BMW 2 Series** deliveries to customers were up by 52.4% to 97,949 units. The **BMW X3** recorded a 16.6% increase, with sales volume rising to 77,486 units.

Demand for electrified **BMW i** and **iPerformance** models equipped with a plug-in hybrid drive system grew particularly strongly in Europe. In June, electric vehicles accounted for four per cent of all BMW vehicles sold in Western Europe. The percentage is significantly higher in markets promoting electric mobility in the form of financial incentives and infrastructural measures. In the Netherlands, 14.9% of all BMW vehicles sold in June were BMW i or BMW iPerformance models. The equivalent proportion in Scandinavia was 13.2%.

The BMW Group currently offers seven electrified models including plug-in hybrids, such as the new **BMW 740e** or the recently launched **BMW 330e** and **BMW 225xe Active Tourer**, and the fully electric **BMW i3**. Thanks to the expanded range of electrified models, sales of this type of vehicle in the first six months of the year were just under 87% higher than the same period last year: a total of 23,675 have been delivered to customers worldwide. Furthermore, to the end of July 2016, over 7,000 orders had been received for the additional BMW i3 model with significantly extended battery range, which only celebrated its market launch in July. This is more than three times the figure of orders received for the first generation BMW i3 at the equivalent launch period.

**MINI** also recorded a new high for deliveries to customers in the **second quarter**. Worldwide sales were 5.4% higher at 96,587 units (2015: 91,626 units), with momentum coming in particular from the new MINI Clubman and the MINI Convertible. **Six-month sales** at MINI climbed by 5.4% to 174,898 units.

**Rolls-Royce Motor Cars** achieved a new sales volume record of 1,133 units in the **second quarter** (2015: 988 units; +14.7%). This performance was helped by a strong contribution made by the new Rolls-Royce Dawn, of which 514 units had been sold since its market launch in March. The addition of this latest member to the family provided the expected boost to the brand's sales figures, which had been affected in the early months of the year by the production changeover. Worldwide sales for the six-month period totalled 1,684 units (2015: 1,769 units; -4.8%).

The upward trend for the BMW Group continued in **Europe**, with six-month sales up 11.2% year-on-year to 543,270 units. Double-digit growth was recorded in a number of markets, including Great Britain (+10.7%; 122,720 units), France (+12.0%; 43,314 units) and Italy (+15.2%; 41,455 units).

Deliveries of BMW Group vehicles in **Asia** during the six-month period rose by 7.3% to 361,568 units, including 247,817 units sold on the Chinese mainland (+7.4%) and 36,598 units in Japan (+7.8%).

Sales volume in the **Americas** region during the six-month period fell by 8.0% to 223,098 units, including 179,102 units (-10.2%) sold in the USA.

### **Motorcycles segment exceeds sales volume of 80,000 units for the first time in the first half of a year – sales guidance raised**

The Motorcycles segment continues to perform well. At 46,966 units, **second-quarter** sales of BMW motorcycles and maxi-scooters worldwide remained at the previous year's high level (47,048 units; -0.2%). **Segment revenues** totalled € 617 million in the second quarter, similar to one year earlier (2015: € 622 million; - 0.8%). Earnings, however, were down on the previous year, due to starting a number of projects which support the implementation of the Motorcycles segment's new strategy. **EBIT** amounted to € 98 million (2015: € 112 million; -12.5%), while **profit before tax** finished at € 97 million (2015: € 112 million; -13.4%).

For the first time in the first half of a year, more than 80,000 motorcycles and maxi-scooters were delivered to customers during the **first half of 2016**. Sales volume during the period from January to June increased by 3.0% to 80,754 units (2015: 78,418 units) – the fourth successive record figure for the first half of a year. At € 1,199 million, **segment revenues** were at a similar level to the previous year (2015: € 1,189 million: +0.8%). **EBIT** amounted to € 192 million (2015: € 227 million; -15.4%), while **profit before tax** finished at € 191 million (2015: € 226 million; -15.5%). The Motorcycles segment's sales volume performance is expected to improve further during the **second half of the year** thanks to its attractive and young model range. For the full year, a solid (previously: slight) increase in retail sales is expected.

## Financial Services segment continues to perform well

The Financial Services segment put in another convincing performance during the reporting period, again setting new records. In total, 460,718 (2015: 416,961) **new contracts** were signed in the second quarter in conjunction with financing and leasing business, 10.5% more than in the previous year. The number of **lease and financing contracts** in place with retail customers and dealers increased to 4,890,279 contracts at the end of the reporting period (30 June 2015: 4,500,056 contracts; 8.7%). **Segment revenues** rose by 5.7% to € 6,505 million (2015: € 6,154 million). **Profit before tax** edged up to € 503 million (2015: € 496 million; +1.4%).

In total, 874,090 (2015: 801,526) **new contracts** were signed during the **first half of the year** relating to financing and leasing business, 9.1% more than in the corresponding period of the previous year. **Segment revenues** were 2.7% higher at € 12,537 million (2015: € 12,212 million). **Profit before tax** grew marginally to € 1,073 million (2015: € 1,055 million; +1.7%).

## Employee numbers slightly up

The size of the BMW Group **workforce** at 30 June 2016 increased by 3.4% year-on-year. The BMW Group employed a total workforce of 123,597 people worldwide at the end of the reporting period (2015: 119,489 people). The BMW Group continues to recruit engineers and skilled workers, including software and IT experts, in order to keep pace with the constantly growing demand for BMW Group vehicles and to forge ahead with creative innovations, developing the technologies of tomorrow.

## **BMW Group on track to achieve guidance for full year 2016**

The BMW Group remains confident of being able to achieve its projected targets for the current financial year – largely thanks to its strong brands, its attractive product portfolio and the expectation that international automobile markets will continue their generally upward trend. These favourable factors contrast with high levels of upfront expenditure for new technologies, fierce competition and rising personnel expenses. The global political and economic environment is expected to remain volatile.

The BMW Group reaffirms its targets for the full year. "We forecast slight increases, and hence new record figures, for **Automotive segment sales volume** and **profit before tax** in 2016," stated Krüger. With its premium brands – BMW, MINI and Rolls-Royce – the BMW Group is firmly intent on remaining the world's leading manufacturer of premium vehicles in 2016.

**Automotive segment revenues** are also set to grow slightly over the year as a whole on the back of higher sales volumes. The **EBIT margin** of the Automotive segment in 2016 is forecast to remain within the targeted range of between 8 and 10%.

The BMW Group expects the **Motorcycles segment** to continue its upward trend for the remainder of the current year. The new R NineT Scrambler and G 310 R models have given the product portfolio additional breadth and are attracting new customer groups. A solid (previously: slight) year-on-year increase in **sales volume** is forecast for the full year.

The successful business performance of the **Financial Services segment** is expected to continue. Despite rising equity capital requirements worldwide, for the financial year 2016 the BMW Group forecasts a **return on equity** (RoE) in

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line with the previous year's level (2015: 20.2%), once again above the **target rate of at least 18%**.

Forecasts for the current year are based on the assumption that worldwide economic conditions will not change significantly.

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<b>The BMW Group – an overview</b>		<b>2<sup>nd</sup> quarter 2016</b>	<b>2<sup>nd</sup> quarter 2015</b>	<b>Change in %</b>
<b>Sales volume</b>				
<b>Automotive</b>	Units	<b>605,534</b>	<b>573,079</b>	<b>5.7</b>
Thereof: BMW	Units	507,814	480,465	5.7
MINI	Units	96,587	91,626	5.4
Rolls-Royce	Units	1,133	988	14.7
<b>Sales volume Motorcycles</b>	Units	<b>46,966</b>	<b>47,048</b>	<b>-0.2</b>
<b>Workforce <sup>1</sup></b>				
		<b>123,597</b>	<b>119,489</b>	<b>3.4</b>
<b>EBIT margin Automotive Segment</b>				
	Percent	<b>9.5</b>	<b>8.4</b>	<b>+1.1 %points</b>
<b>Revenues</b>				
	€ million	<b>25,014</b>	<b>23,935</b>	<b>4.5</b>
Thereof: Automotive	€ million	22,872	21,650	5.6
Motorcycles	€ million	617	622	-0.8
Financial Services	€ million	6,505	6,154	5.7
Other Entities	€ million	2	1	100.0
Eliminations	€ million	-4,982	-4,492	-10.9
<b>Profit before financial result (EBIT)</b>				
	€ million	<b>2,725</b>	<b>2,525</b>	<b>7.9</b>
Thereof: Automotive	€ million	2,178	1,819	19.7
Motorcycles	€ million	98	112	-12.5
Financial Services	€ million	529	503	5.2
Other Entities	€ million	12	94	-87.2
Eliminations	€ million	-92	-3	-
<b>Profit before tax (EBT)</b>				
	€ million	<b>2,798</b>	<b>2,582</b>	<b>8.4</b>
Thereof: Automotive	€ million	2,277	1,844	23.5
Motorcycles	€ million	97	112	-13.4
Financial Services	€ million	503	496	1.4
Other Entities	€ million	46	144	-68.1
Eliminations	€ million	-125	-14	-
<b>Income taxes</b>				
	€ million	<b>-849</b>	<b>-833</b>	<b>-1.9</b>
<b>Net profit</b>				
	€ million	<b>1,949</b>	<b>1,749</b>	<b>11.4</b>
<b>Earnings per share <sup>2</sup></b>				
	€	<b>2.95/2.96</b>	<b>2.66/2.67</b>	<b>10.9/10.9</b>

<sup>1</sup> Figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

<sup>2</sup> Earnings per share of common stock/preferred stock

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<b>The BMW Group – an overview</b>		<b>1<sup>st</sup> half year 2016</b>	<b>1<sup>st</sup> half year 2015</b>	<b>Change in %</b>
<b>Sales volume</b>				
<b>Automotive</b>	Units	<b>1,163,139</b>	<b>1,099,748</b>	<b>5.8</b>
Thereof: BMW	Units	986,557	932,041	5.8
MINI	Units	174,898	165,938	5.4
Rolls-Royce	Units	1,684	1,769	-4.8
<b>Sales volume Motorcycles</b>	Units	<b>80,754</b>	<b>78,418</b>	<b>3.0</b>
<b>Workforce <sup>1</sup></b>				
		<b>123,597</b>	<b>119,489</b>	<b>3.4</b>
<b>EBIT margin Automotive Segment</b>				
	Percent	<b>9.5</b>	<b>8.9</b>	<b>+0.6 %points</b>
<b>Revenues</b>				
	€ million	<b>45,867</b>	<b>44,852</b>	<b>2.3</b>
Thereof: Automotive	€ million	41,686	40,543	2.8
Motorcycles	€ million	1,199	1,189	0.8
Financial Services	€ million	12,537	12,212	2.7
Other Entities	€ million	3	3	-
Eliminations	€ million	-9,558	-9,095	-5.1
<b>Profit before financial result (EBIT)</b>				
	€ million	<b>5,182</b>	<b>5,046</b>	<b>2.7</b>
Thereof: Automotive	€ million	3,941	3,613	9.1
Motorcycles	€ million	192	227	-15.4
Financial Services	€ million	1,120	1,058	5.9
Other Entities	€ million	23	134	-82.8
Eliminations	€ million	-94	14	-
<b>Profit before tax (EBT)</b>				
	€ million	<b>5,166</b>	<b>4,851</b>	<b>6.5</b>
Thereof: Automotive	€ million	4,011	3,478	15.3
Motorcycles	€ million	191	226	-15.5
Financial Services	€ million	1,073	1,055	1.7
Other Entities	€ million	44	121	-63.6
Eliminations	€ million	-153	-29	-
<b>Income taxes</b>				
	€ million	<b>-1,576</b>	<b>-1,586</b>	<b>0.6</b>
<b>Net profit</b>				
	€ million	<b>3,590</b>	<b>3,265</b>	<b>10.0</b>
<b>Earnings per share <sup>2</sup></b>				
	€	<b>5.44/5.45</b>	<b>4.96/4.97</b>	<b>9.7/9.7</b>

<sup>1</sup> Figures exclude dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners

<sup>2</sup> Earnings per share of common stock/preferred stock

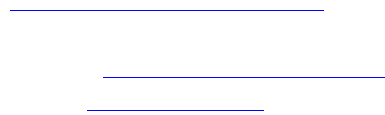
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### **The BMW Group**

With its three brands BMW, MINI and Rolls-Royce, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. As a global company, the BMW Group operates 31 production and assembly facilities in 14 countries and has a global sales network in more than 140 countries.

In 2015, the BMW Group sold approximately 2.247 million cars and nearly 137,000 motorcycles worldwide. The profit before tax for the financial year 2015 was approximately € 9.22 billion on revenues amounting to € 92.18 billion. As of 31 December 2015, the BMW Group had a workforce of 122,244 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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