BMW Group : Croissance des ventes, du chiffre d'affaire et des bénéfices.

Vente et part de marché en hausse dans un marché en baisse ++++ EBIT et cash flow libre en forte hausse au troisième trimestre +++ Investissements élévés pour les technologies du futur +++ Perspectives pour 2019 réaffirmées +++ Oliver Zipse : " L'essentiel de la transformation a lieu à l'interieur de la voiture."

Munich. The BMW Group recorded growth in deliveries, revenues and earnings in the third quarter and is therefore well on its way to achieving its targets for 2019. Group net profit increased at a double-digit percentage rate, helped to some extent by a base effect from the previous year's reported figures. Moreover, profitability has continued to improve over the course of the nine-month period. To compensate for the high upfront expenditure on future-oriented technologies, the BMW Group is working hard on continually improving efficiency.

"At the nine-month stage, we are well on our way to achieving our targets for the year as a whole," said **Oliver Zipse**, Chairman of the Board of Management of BMW AG, in Munich on Wednesday. "However, we are looking further into the future, having recognised that far-reaching technological transformation is a great opportunity for the BMW Group. I am convinced that our business model will only benefit from this. The vehicle of the future, with all its integrated digital functions, is a high-tech product of a complexity that is still underestimated."

The BMW Group sees enormous potential for the future role of the automobile on the back of these technological developments: "The decisive transformation is taking place inside the vehicle. We are bringing technological solutions to the road that ensure the automobile continues to meet the expectations and needs of society going forward. Areas of key focus include digital connectivity and creating environmentally compatible mobility," said **Zipse**

Significant expansion in e-mobility – increase in upfront expenditure

The BMW Group is significantly expanding its range of e-mobility products. By 2023, the company will have 25 electrified models on the roads – more than half of which will be all-electric. The key to implementation is highly flexible vehicle architectures and an equally agile production system that enables a model to be manufactured as an all-electric, a plug-in hybrid or a combustion engine version to ideally meet demand in each relevant market segment. By 2021, demand for electrified vehicles is likely to double compared to 2019. The BMW Group then expects to see a steep growth curve up to 2025, with sales of electrified vehicles growing on average by more than 30% annually.

As a pioneer in e-mobility, the BMW Group is already a leading supplier of electrified vehicles. By the end of 2021, the company aims to have more than a million all-electric or plug-in hybrids on the roads worldwide.

All-electric vehicles planned with increased frequency

At that stage, the BMW Group will offer five all-electric series-built vehicles. Alongside the **BMW i3**, demand for which has increased by approximately 20% so far this year, November will also see production of the all-electric MINI* begin at the Oxford plant (UK). Over 78,000 customers have meanwhile expressed a keen interest in the **MINI ELECTRIC***. In 2020, production of the **all-electric BMW iX3** will begin at the Shenyang plant (China), followed in 2021 by the **BMW iNEXT**, which will be manufactured at the Dingolfing plant (Germany). The **BMW i4** is also due to go into series production at the Munich plant the same year.

In paving the way for the future of mobility, a substantial level of upfront expenditure was again required during the period under report. **Research and development** expenses for the nine-month period totalled € 4,247 million, 9.4% up on the previous year (€ 3,881 million). The growing proportion of electrified vehicles is also driving up costs. Exchange rate factors and rising prices for raw materials also put downward pressure on earnings. **Capital expenditure** for property, plant and equipment and other intangible assets during the period from January to September increased by 14.5% to € 3,308 million (2018: € 2,889 million), mainly in connection with continuing the new model initiative as well as the modernisation and flexibilisation of existing plant structures.

Revenues and net profit significantly up in third quarter

The BMW Group set a new record for **third-quarter deliveries** with its highly attractive and rejuvenated model range. In total, 613,361 units of the Group's BMW, MINI and Rolls-Royce premium brand vehicles were delivered during the three-month period (2018: 592,303; +3.6%). The BMW Brilliance Automotive joint venture in China continued to play a major role in this positive development. **Group revenues** rose to € 26,667 million (2018: € 24,715 million; +7.9%). **Profit before financial result** (EBIT) improved by around one third to € 2,289 million (2018: € 1,722 million; +32.9%). In the third quarter of the previous financial year, performance had been significantly dampened by supply distortions and unexpectedly intense competition due to the changeover to WLTP regulations as well as higher expenditure for goodwill and warranty measures. All of these factors had contributed to a significant decline in profit before financial result in the third quarter, especially in the Automotive segment.

In 2019, third-quarter **Group profit before tax** (EBT) increased significantly to € 2,248 million (2018: € 1,822 million; +23.4%). The **EBT margin** came in at 8.4% (2018: 7.4%), while **Group net profit** improved significantly to € 1,546 million (2018: € 1,387 million; +11.5%).

During the **first nine months** of 2019, the BMW Group delivered a total of 1,866,198 units to customers (2018: 1,834,810 units; +1.7%). **Group revenues** increased slightly year-on-year to € 74,844 million (2018: € 72,373 million; +3.4%). Earnings for the nine-month period were impacted by a provision of approximately € 1.4 billion recognised in the first quarter in connection with the Statement of Objections received from the EU Commission relating to ongoing antitrust proceedings. However, the BMW Group has made it clear that if necessary it will contest the EU Commission's allegations with all the legal means at its disposal. **Profit before financial result** (EBIT) reported for the nine-month period amounted to € 5,079 million, significantly lower than in the previous year (2018: € 7,168 million; -29.1%). **Group profit before tax** (EBT) amounted to € 5,063 million (2018: € 7,827 million; -35.3%), corresponding to an **EBT margin** of 6.8% (2018: 10.8%). The BMW Group reported nine-month **Group net profit** of € 3,614 million (2018: € 5,745 million; -37.1%).

"The efficiency-boosting measures we have implemented are bearing fruit: we are performing at a high level in comparison with our competitors and considering the difficult conditions our business is facing. Nonetheless, we aspire to achieve more than that," said **Nicolas Peter**, Member of the Board of Management of BMW AG, Finance. "Upfront expenditure in the technologies of the future such as e-mobility needs to be financed. That is why we continue to work systematically on those matters that lie in our own hands and maintain a clear focus on performance and efficiency."

A key aspect in achieving these aims for the BMW Group is to develop even faster digital processes and leaner structures. The **Performance > NEXT** initiative is expected to generate efficiencies in excess of 12 billion euros by the end of 2022. Among other contributing factors, development times for new vehicle models will be reduced by as much as one third. On the product side, up to 50% of traditional **drivetrain variants** will be eliminated from 2021 onwards in the transition to creating enhanced flexible vehicle architectures – in favour of additional electrified drivetrains. It is in this area that the full impact of these measures will come into effect particularly in the years after 2022. Moreover, the model portfolio is regularly assessed with a view to finding additional ways of **reducing complexity**. Potential for greater synergy and efficiency in indirect purchasing as well as in terms of material and production costs is also being leveraged throughout the Group. Furthermore, the BMW Group is strengthening its top line performance with new models – especially in the high-margin segments. The company aims to double its sales volume in the luxury segment from 2018 to 2020.

EBIT margin improved in third quarter

Automotive segment revenues for the three-month period increased to € 23,016 million (2018: € 21,111 million; +9.0%). EBIT was significantly higher than one year earlier at € 1,515 million (2018: € 930 million; +62.9%), corresponding to a third-quarter **EBIT margin** of 6.6% (2018: 4.4%). **Profit before tax** amounted to € 1,533 million (2018: € 1,003 million; +52.8%). Free cash flow in the Automotive segment jumped to € 714 million in the third quarter (2018: € 98 million).

At € 64,853 million, **nine-month segment revenues** were slightly up on the previous year (2018: € 62,629 million; +3.6%). **EBIT** for the **nine-month period** from January to September was influenced by the provision (approximately € 1.4 billion) recognised in the first quarter of the financial year 2019 in conjunction with the Statement of Objections received from the EU Commission relating to ongoing antitrust proceedings, and accordingly amounted to € 2,674 million (2018: € 4,730 million; -43.5%). The **EBIT margin** came in at 4.1% (2018: 7.6%). **Profit before tax** amounted to € 2,989 million (2018: € 5,346 million; -44.1%).

BMW brand sales increased by 2.2% to 1,601,397 units in the first nine months of the year (2018: 1,566,216 units). During this period, high double-digit growth was recorded in particular by the BMW X3 (+74.0%) and the BMW X4 (+43.4%).

At 261,024 units, sales of the **MINI** brand in the first nine months were slightly down year-on-year (2018: 265,935 units; -1.8%) within an extremely competitive market environment. Sales figures for the MINI Countryman for the nine-month period went up by 2.6% to 73,344 units (2018: 71,490 units), whereas the MINI Hatch (3 and 5 door models) was slightly down year-on-year at 132,363 units (2018: 133,963 units; -1.2%).

Rolls-Royce continued to grow strongly in sales volume terms, with 3,777 units delivered to customers worldwide in the first nine months of the year (2018: 2,659 units; +42.0%). All regions of the world recorded growth and sustained demand across the entire range of Rolls-Royce model families. Sales of the Wraith, especially the Black Badge variant, developed particularly well during the period under report. Customer demand for the Cullinan remains exceptionally high, as a result of which the order book has grown steeply and now extends well into the first quarter of 2020. Based on this performance, the brand remains firmly on course for a highly successful financial year in 2019.

BMW Group strives for evenly balanced delivery distribution worldwide

The BMW Group remains committed to its strategy of achieving an even distribution of deliveries worldwide, including a well-balanced relationship between production and delivery volumes by region. In this endeavour, the company leverages its highly flexible production and sales structures to even out fluctuating demand between individual regions.

At 809,497 units, delivery numbers in **Europe** during the nine-month period were similar to the previous year (2018: 816,037 units; -0.8%). In Germany, the region's largest single market, the BMW Group recorded solid growth, with deliveries up to 239,601 units (2018: 224,933 units; +6.5%).

Deliveries of BMW, MINI and Rolls-Royce brand vehicles in **Asia** during the first nine months of the year increased to 681,773 units (2018: 638,449 units; + 6.8%). China contributed significantly to this performance, with nine-month deliveries of the Group's three brands up by 14.5% to a total of 526,824 units (2018: 460.200 units).

In the **Americas** region, deliveries of 334,785 units between January and September came close to matching the previous year's level (2018: 336,258 units; -0.4%). At 261,278 units, sales volume in the USA was also at a similar level year-on-year (2018: 260,086 units; +0.5%).

Motorcycles segment reports higher revenues and earnings

BMW Motorrad was able to increase **deliveries** of its motorcycles and maxi-scooters in the third quarter to 43,744 units (2018: 39,818 units; +9.9%), resulting in a corresponding growth in **revenues** to € 558 million (2018: € 476 million; +17.2%). **EBIT** also improved, rising to € 35 million for the three-month period (2018: € 33 million; +6.1%). The third-quarter **EBIT margin** for the segment came in at 6.3% (2018: 6.9%).

Motorcycle deliveries during the **first nine months** of 2019 totalled 136,932 units (2018: 126,793 units; +8.0%), generating **revenues** of € 1,871 million (2018: € 1,658 million; +12.8%). **EBIT** improved by 8.7% to € 226 million (2018: € 208 million), corresponding to an **EBIT margin** of 12.1% (2018: 12.5%).

Financial Services segment continues to perform well

The **retail customer contract portfolio under management** within the **Financial Services segment** grew by 3.4% to stand at 5,414,506 contracts as at 30 September 2019 (31 December 2018: 5,235,207 contracts). During the **third quarter**, 504,217 (2018: 490,347 contracts; +2.8%) **new credit financing and lease contracts** were signed with retail customers. **Revenues** grew by 3.5% to € 7,471 million (2018: € 7,219 million). **Profit before tax** for the three-month period amounted to € 597 million (2018: € 549 million; +8.7%).

In total, 1,475,504 **new contracts** were concluded with customers during the **nine-month** period under report (2018: 1,422,558 contracts; +3.7%). Segment **revenues** increased to € 21,981 million (2018: € 20,807 million; +5.6%) and **profit before tax** to € 1,797 million (2018: € 1,705 million; +5.4%).

Workforce at previous year's level

The BMW Group's **workforce** comprised 135,524 employees at 30 September 2019 and was therefore at a similar level to the end of the previous financial year

(134,682; +0.6%). The BMW Group continues to recruit skilled workers and IT specialists on a selective basis to engage in future-oriented projects such as digitalisation, autonomous driving and electric mobility. By capitalising on natural fluctuation trends, the aim for the year as a whole is to maintain workforce numbers at the previous year's level.

BMW Group reaffirms targets for current financial year

The BMW Group sets itself ambitious targets, even in times of political and economic uncertainty. With its **young product portfolio**, further rejuvenated with the introduction of new models, the Group intends to remain the world's leading automotive manufacturer in the premium segment.

The BMW Group is again investing substantially in new technologies and the mobility of the future in 2019. Costs are also being driven up in other areas, including the significantly higher cost of complying with stricter carbon emission legislation. Against this background, **rising manufacturing costs** are likely to have a dampening effect on earnings. Currency factors and raw materials prices will also have a negative impact. At the same time, the ongoing issue of international trade conflicts remains a source of uncertainty.

Taking all these factors into account, the BMW Group is confident of its ability to achieve volume growth in the **Automotive segment**, where it is targeting a slight increase in the number of deliveries to customers in 2019. Within a stable business environment, an **EBIT margin** in the range of 8 to 10% remains the set target for the BMW Group. However, its ability to influence underlying conditions is limited. Excluding the impact of the € 1.4 billion provision recognised in connection with ongoing antitrust proceedings, the target range for the EBIT margin remains unchanged at 6 to 8%. Since the provision has a negative impact on the EBIT margin, the BMW Group is expecting a margin between 4.5 and 6.5% in the Automotive segment for 2019.

With its rejuvenated model range, the **Motorcycles segment** is forecast to achieve a solid increase in deliveries to customers. As in 2018, the segment **EBIT margin** is expected to be within the target range of 8 to 10%. In the **Financial Services segment**, the BMW Group expects a **return on equity** at the previous year's level and thus above the target of 14%.

In addition to the various negative influences described above, the fact that some positive valuation effects recorded in 2018 will not be repeated in 2019 will result in a significant decline in the Group's financial result. **Group profit before tax** is therefore also expected to be significantly below the previous year's level.

Forecasts made for the current year are based on the assumption that worldwide economic and political **conditions** will not change significantly. However, any deterioration in conditions could have a negative impact on the outlook. The BMW Group will vigorously continue to implement key measures for growth on the one hand and improved performance and efficiency on the other, thereby creating sufficient headroom to enable it to help **shape the future** and secure its own competitiveness going forward. Its operational and financial strength place the BMW Group in an excellent position to play a key role in shaping the ongoing transformation and enhance its **leading role** in the automotive industry.

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The BMW Group – an overview		**Jan. – Sept. 2019**	**Jan. – Sept. 2018**	**Change in %**
Deliveries to customers				
Automotive	units	**1,866,198**	**1,834,810**	**1.7**
thereof: BMW	units	1,601,397	1,566,216	2.2
MINI	units	261,024	265,935	-1.8
Rolls-Royce	units	3,777	2,659	42.0
Motorcycles	units	**136,932**	**126,793**	**8.0**
Workforce [1] (compared to 31 December 2018)		**135,524**	**134,682**	**0.6**
Automotive segment EBIT margin	%	4.1	7.6	-3.5 % points
Motorcycles segment EBIT margin	%	12.1	12.5	-0.4 % points
EBT margin BMW Group [3]	%	**6.8**	**10.8**	**-4.0 % points**
Revenues [3]	€ million	**74,844**	**72,373**	**3.4**
thereof: Automotive	€ million	64,853	62,629	3.6
Motorcycles	€ million	1,871	1,658	12.8
Financial Services[3]	€ million	21,981	20,807	5.6
Other Entities	€ million	4	4	-

Eliminations[3]	€ million	-13,865	-12,725	-9.0
Profit before financial result (EBIT) [3]	€ million	**5,079**	**7,168**	**-29.1**
thereof: Automotive	€ million	2,674	4,730	-43.5
Motorcycles	€ million	226	208	8.7
Financial Services[3]	€ million	1,860	1,694	9.8
Other Entities	€ million	7	22	-68.2
Eliminations[3]	€ million	312	514	-39.3
Profit before tax (EBT) [3]	€ million	**5,063**	**7,827**	**-35.3**
thereof: Automotive	€ million	2,989	5,346	-44.1
Motorcycles	€ million	222	205	8.3
Financial Services[3]	€ million	1,797	1,705	5.4
Other Entities	€ million	-181	105	-
Eliminations[3]	€ million	236	466	-49.4
Income taxes [3]	€ million	**-1,493**	**-2,060**	**27.5**
Net profit [3,4]	€ million	**3,614**	**5,745**	**-37.1**
Earnings per share [2,3]	€	**5.37/5.38**	**8.62/8.63**	**-37.7/-37.7**

[1] Excluding dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners.

[2] Earnings per share of common stock/preferred stock.

[3] Prior year figures adjusted due to first-time application of revised IFRS 16; see note 4 to the Interim Group Financial Statements for the period ended 30 June 2019.

[4] Value for 2018 includes a loss from discontinued operations of € 22 million; value for 2019 includes a loss from discontinued operations of € 44 million.

The BMW Group – an overview		**3rd quarter 2019**	**3rd quarter 2018**	**Change in %**
Deliveries to customers				
Automotive	units	**613,361**	**592,303**	**3.6**
thereof: BMW	units	525,438	506,920	3.7

MINI	units	86,680	84,505	2.6
Rolls-Royce	units	1,243	878	41.6
Motorcycles	units	**43,744**	**39,818**	**9.9**
Workforce [1] compared to 31 December 2018)		**135,524**	**134,682**	**0.6**
Automotive segment EBIT margin	%	6.6	4.4	+2.2 % points
Motorcycles segment EBIT margin	%	6.3	6.9	-0.6 % points
EBT margin BMW Group [3]	%	**8.4**	**7.4**	**+1.0 % points**
Revenues [3]	€ million	**26,667**	**24,715**	**7.9**
thereof: Automotive	€ million	23,016	21,111	9.0
Motorcycles	€ million	558	476	17.2
Financial Services[3]	€ million	7,471	7,219	3.5
Other Entities	€ million	1	1	-
Eliminations[3]	€ million	-4,379	-4,092	-7.0
Profit before financial result (EBIT) [3]	€ million	**2,289**	**1,722**	**32.9**
thereof: Automotive	€ million	1,515	930	62.9
Motorcycles	€ million	35	33	6.1
Financial Services[3]	€ million	606	528	14.8
Other Entities	€ million	1	6	-83.3
Eliminations[3]	€ million	132	225	-41.3
Profit before tax (EBT) [3]	€ million	**2,248**	**1,822**	**23.4**
thereof: Automotive	€ million	1,533	1,003	52.8
Motorcycles	€ million	35	31	12.9
Financial Services[3]	€ million	597	549	8.7
Other Entities	€ million	-26	27	-
Eliminations[3]	€ million	109	212	-48.6

Income taxes [3]	€ million	**-702**	**-420**	**-67.1**
Net profit [3,4]	€ million	**1,546**	**1,387**	**11.5**
Earnings per share [2,3]	€	**2.31/2.31**	**2.07/2.07**	**11.6/11.6**

[1] Excluding dormant employment contracts, employees in the work and non-work phases of pre-retirement part-time working arrangements and low wage earners.

[2] Earnings per share of common stock/preferred stock.

[3] Prior year figures adjusted due to first-time application of revised IFRS 16; see note 4 to the Interim Group Financial Statements for the period ended 30 June 2019.

[4] Value for 2018 includes a loss from discontinued operations of € 15 million.

The BMW Group

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. The BMW Group production network comprises 31 production and assembly facilities in 15 countries; the company has a global sales network in more than 140 countries.
In 2018, the BMW Group sold over 2,490,000 passenger vehicles and more than 165,000 motorcycles worldwide. The profit before tax in the financial year 2018 was € 9.815 billion on revenues amounting to € 97.480 billion. As of 31 December 2018, the BMW Group had a workforce of 134,682 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. Ecological and social sustainability along the entire value-added chain, full responsibility for our products and an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategy.

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