

# BMW Group

## Corporate and Governmental Affairs

Press Release

3 November 2010

### **BMW Group raises earnings forecast for 2010**

Automobile segment aiming for EBIT margin of above 7%

Third-quarter EBT jumps to euro 1,359 million

Automobile segment EBIT rises to euro 1,152 million

EBIT margin of 8.1% for Automobile segment

**Munich.** The BMW Group continued to perform extremely well in the third quarter 2010, recording sharp increases in sales volumes, revenues and earnings. Third-quarter Group revenues rose by 35.6% to euro 15,940 million (2009: euro 11,759 million) while the profit before tax jumped to euro 1,359 million (2009: euro 126 million), the highest pre-tax profit ever recorded by the BMW Group in a single quarter. The third-quarter profit before financial result increased to euro 1,192 million (2009: euro 55 million), while the third-quarter profit after tax improved to euro 874 million (2009: euro 78 million). The number of cars sold during the period from July to September increased by 13.0% to 366,190 units (2009: 324,100 units).

“We are very pleased with our third-quarter performance. Our attractive model range and the recovery of the global economy have enabled us to achieve another significant rise in sales volumes. Measures taken to boost profitability and a renewed high-value model mix have also had a positive impact“, stated Norbert Reithofer, Chairman of the Board of Management of BMW AG, on Wednesday in Munich.

Nine-month revenues grew by 20.7% to euro 43,731 million (2009: euro 36,239 million), with an EBIT of euro 3,358 million (2009: euro 169 million) and a profit before tax of euro 3,166 million (2009: euro 79 million). Profit after tax for the period amounted to euro 2,032 million (2009: euro 47 million). The total number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers up to the end of September increased by 13.1% to 1,062, 216 units (2009: 939,554 units).

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# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 2

### **BMW Group again raises earnings forecast for 2010**

As a result of the positive business trend, the BMW Group is once again increasing its earnings forecast for the current financial year. "We are currently aiming to achieve an EBIT margin of above 7% as a result of the strong sales volume performance in the Automobile segment in 2010", said Reithofer. Previously, a full-year EBIT margin of over 5% had been forecast for the Automobile segment. The forecast for the Financial Services segment remains unchanged with a sharp improvement in earnings before tax and a return on equity of over 18%.

"The BMW Group is well on its way towards achieving its targets for the full year. We want to increase Group earnings significantly in the current year and thus take an important step towards achieving our targets for 2012", continued Reithofer.

Sales volumes will continue to be boosted in the coming months thanks to new models. "We forecast robust double-digit sales volume growth again in the fourth quarter and are therefore confident that the full-year sales volume figure will increase by more than 10% to over 1.4 million vehicles. With this performance, the BMW Group will remain the world's leading provider of premium vehicles in 2010", commented Reithofer.

The new 5 Series Touring, the extended wheelbase version of the BMW 5 Series Sedan for the Chinese market and the MINI Countryman have been on sales since September. The new BMW X3 will follow at the end of the year. Order-intake has been strong for all of these models.

In 2012, the BMW Group still aims to achieve an EBIT margin of eight to ten percent in the Automobile segment and a return on equity of at least 18% in the Financial Services segment.

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 3

### **Dynamic growth for Automobile segment**

The Automobile segment continued to grow dynamically in the third quarter. The main factors benefitting segment earnings were higher sales volume, a high-value model-mix, better pricing and lower material costs.

EBIT for the third quarter improved from a negative euro 76 million to a positive euro 1,152 million on revenues of euro 14,210 million (2009: euro 10,178 million/+39.6%), resulting in an EBIT margin of 8.1%. The third-quarter result before tax turned around from a loss of euro 154 million to a profit of euro 1,285 million. The pre-tax return on sales was 9.0%. Third-quarter sales of BMW brand cars rose by 16.3% to 306,982 units (2009: 263,864) units. MINI recorded a sales volume of 58,450 units (2009: 60,104 units/-2.8%), while Rolls-Royce was able to increase its third-quarter sales figure almost six fold to 758 units (2009: 132 units).

Nine-month revenues of the Automobile segment rose to euro 38,551 million (2009: euro 30,610 million/+25.9%). The segment EBIT for the first nine months of the year turned from a loss of euro 358 million to a profit of euro 2,760 million, corresponding to an EBIT margin of 7.2%. The segment profit before tax improved significantly to euro 2,443 million (2009: loss before tax of euro 783 million). Adjusted for the externalisation of pension obligations and the purchase of marketable securities, the free cash flow generated by the Automobile segment during the period from January to September 2010 amounted to euro 2.1 billion. On an unadjusted basis, the free cash flow was euro 468 million.

The nine-month sales volume rose worldwide by 13.1% to 1,062,216 units (2009: 939,554 units). The number of BMW brand cars sold during the period from January to September increased by 14.8% to 892,737 units (2009: 777,455 units). Growth was achieved in particular by the BMW 5 Series (155,648 units/+22.2%), the BMW X1 (72,294 units), the BMW X5 (74,655

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 4

units/+16.2%) and X6 (34,464/+13.1%), the BMW 7 Series (47,349 units/+41.7%) as well as the BMW Z4 (20,637 units/+21.9%). Nine-month sales of the BMW 3 Series edged up by 1.1% to 295,608 units (2009: 292,466 units). The BMW 1 Series recorded a nine-month sales volume of 151,681 units (2009: 164,114 units /-7.6%). Now coming to the end of its life-cycle, the BMW 6 Series recorded a sales volume of 5,149 units (2009: 7,078 units/-27.3%) during the period from January to September.

MINI brand sales during the first three quarters of the year went up by 3.8% to 167,751 units (2009: 161,638 units). This was helped by the good start made by the MINI Countryman which has been on sale since mid-September. Since then, 1,763 units of the first MINI Crossover model have been handed over to customers. Model revisions of the remaining MINI models have also been available since mid-September. The positive impact on sales volume figures is already perceptible: with more than 25,200 units sold, the MINI brand – with which the BMW Group created the first premium product in the small car segment back in 2001 – recorded its best September sales volume figure to date.

Rolls-Royce continues to perform successfully. With 1,728 units (2009: 461 units) handed over to customers, the sales volume almost quadrupled in the first nine months of the year. Demand for Rolls-Royce brand cars has been strong, in particular for the Ghost launched in December 2009, of which 1,535 units have been sold up to the end of the third quarter 2010.

Sales volume growth was recorded on almost all markets during the first nine months of the year, with China and the American markets in particular well ahead of the previous year. In Europe, the number of cars sold rose by 3.2% to 577,626 units. The company also remained on a growth course in its largest international market during the period under report. A total of 192,569 units were sold in the USA during the nine-month period, for instance, 7.4% more than in the previous year.

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# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 5

Sales in Asia during the period from January to September climbed by 59.4% to 206,490 units. The BMW Group recorded very strong growth on the Chinese markets, almost doubling nine-month sales in China (including Hong Kong and Taiwan) to 132,270 units (+96.1%).

### **BMW Motorrad reports sharp sales volume increase**

BMW Motorrad increased its third-quarter sales volume by 7.7% to 24,493 units (2009: 22,741 units). Segment revenues for the quarter rose by 21.8% to euro 291 million (2009: euro 239 million). The EBIT for the period from July to September turned around from a negative euro 3 million to a positive euro 2 million. The number of motorcycles sold during the nine-month period increased by 16.9% to 81,508 units (2009: 69,715 units), with segment revenues improving by 25.0% to euro 1,081 million (2009: euro 865 million). The nine-month segment EBIT jumped by 72.5% to euro 88 million (2009: euro 51 million), while the segment profit before tax improved by 84.4% to euro 83 million (2009: euro 45 million).

The BMW Group was able to strengthen its competitive position further during the period under report despite difficult market conditions and is now market leader in the 500 cc plus segment in countries such as Germany, Italy, Spain, the Netherlands, Belgium, Austria and South Africa.

### **Sharp rise in Financial Services segment earnings**

Improved business conditions on the international automobile markets also benefited the third-quarter performance of the Financial Services segment. Revenues increased by 11.7% to euro 4,278 million (2009: euro 3,831 million). The segment reported a third-quarter profit before tax of euro 318 million (2009: euro 94 million) and an EBIT of euro 308 million (2009: euro 89 million). Nine-month segment revenues went up by 3.5% to euro 12,480 million (2009: euro 12,058 million). The segment profit before tax for the first nine months of

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 6

the year increased to euro 919 million (2009: euro 247 million), while the segment EBIT improved to euro 900 million (euro 234 million).

At 30 September 2010, the Financial Services segment was managing a portfolio of 3,144,817 lease and credit financing contracts, 3.0% more than in the previous year. The number of new contracts rose worldwide by 6.7% to a total of 802,719 contracts. Leasing business grew by 4.7%, credit financing by 7.5%. Lease contracts and credit financing accounted for 28.4% and 71.6% of new business respectively. The proportion of new BMW Group cars financed or leased by the Financial Services segment was 47.6%, 1.3 percentage points below the proportion recorded one year earlier.

### **Workforce roughly at previous year's level**

The BMW Group had a worldwide workforce of 96,402 employees at the end of the third quarter (30 September 2009: 98,358 employees), marginally up (+0.2%) on the level at 31 December 2009. Compared to the end of the third quarter last year, the number of employees fell by 2.0%. The number of apprentices employed by the BMW Group remained at a high level. In Germany, some 1,080 apprentices started their training with the BMW Group during the third quarter. Worldwide, the figure was 1,124 apprentices.

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 7

### The BMW Group – an Overview

		July - September 2010	July - September 2009	Change in %
<b>Vehicle production</b>				
Automobiles	units	347,181	333,783	4.0
Motorcycles <sup>1</sup>	units	20,311	15,646	29.8
<b>Deliveries to customers</b>				
Automobiles	units	366,190	324,100	13.0
Thereof:				
BMW	units	306,982	263,864	16.3
MINI	units	58,450	60,104	-2.8
Rolls-Royce	units	758	132	-
Motorcycles <sup>2</sup>	units	24,493	22,741	7.7
<b>Workforce at end of quarter</b>				
		96,402	98,358	-2.0
<b>Operating cash flow<sup>3</sup></b>				
	euro million	1,764	654	-
<b>Revenues</b>				
	euro million	15,940	11,759	35.6
<b>Profit before financial result (EBIT)</b>				
	euro million	1,192	55	-
Thereof:				
Automobiles	euro million	1,152	-76	-
Motorcycles	euro million	2	-3	-
Financial Services	euro million	308	89	-
Other Entities	euro million	0	8	-
Eliminations	euro million	-270	37	-
<b>Profit before tax</b>				
	euro million	1,359	126	-
Thereof:				
Automobiles	euro million	1,285	-154	-
Motorcycles	euro million	0	-5	-
Financial Services	euro million	318	94	-
Other Entities	euro million	40	40	-
Eliminations	euro million	-284	151	-
<b>Income taxes</b>				
	euro million	-485	-48	-
<b>Net profit</b>				
	euro million	874	78	-

<sup>1</sup> excluding Husqvarna motorcycles (3,199 units)

<sup>2</sup> excluding Husqvarna motorcycles (2,601 units)

<sup>3</sup> Automobile Segment

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 8

<b>Earnings per share<sup>4</sup></b>	euro	1.33/1.33	0.12/0.12	-
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<sup>4</sup> for common/preferred stock in accordance with IAS 33

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 9

		January - September 2010	January - September 2009	Change in %
<b>Vehicle production</b>				
Automobiles	units	1,052,382	907,429	16.0
Motorcycles <sup>5</sup>	units	82,426	65,909	25.1
<b>Deliveries to customers</b>				
Automobiles	units	1,062,216	939,554	13.1
Thereof:				
BMW	units	892,737	777,455	14.8
MINI	units	167,751	161,638	3.8
Rolls-Royce	units	1,728	461	-
Motorcycles <sup>6</sup>	units	81,508	69,715	16.9
<b>Workforce at end of quarter</b>				
		96,402	98,358	-2.0
<b>Operating cash flow<sup>7</sup></b>				
	euro million	4,172	2,763	51.0
<b>Revenues</b>				
	euro million	43,731	36,239	20.7
<b>Profit before financial result (EBIT)</b>				
	euro million	3,358	169	-
Thereof:				
Automobiles	euro million	2,760	-358	-
Motorcycles	euro million	88	51	72.5
Financial Services	euro million	900	234	-
Other Entities	euro million	-74	46	-
Eliminations	euro million	-316	196	-
<b>Profit before tax</b>				
	euro million	3,166	79	-
Thereof:				
Automobiles	euro million	2,443	-783	-
Motorcycles	euro million	83	45	84.4
Financial Services	euro million	919	247	-
Other Entities	euro million	-33	82	-
Eliminations	euro million	-246	488	-
<b>Income taxes</b>				
	euro million	-1,134	-32	-
<b>Net profit</b>				
	euro million	2,032	47	-

<sup>5</sup> excluding Husqvarna motorcycles (8,586 units)

<sup>6</sup> excluding Husqvarna motorcycles (7,260 units)

<sup>7</sup> Automobile Segment

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 10

<b>Earnings per share<sup>8</sup></b>	euro	3.09/3.10	0.06/0.07	-
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The full Quarterly Report to 30 September 2010 is available for download at [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir). As the world's most sustainable automobile manufacturer, the BMW Group has decided not to publish its quarterly reports in paper form.

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### Corporate and Governmental Affairs

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### The BMW Group

The BMW Group is one of the most successful manufacturers of automobiles and motorcycles in the world with its BMW, MINI and Rolls-Royce brands. As a global company, the BMW Group operates 24 production facilities in 13 countries and has a global sales network in more than 140 countries.

The BMW Group achieved a global sales volume of approximately 1.29 million automobiles and over 87,000 motorcycles for the 2009 financial year. Revenues totalled euro 50.68 billion. At 31 December 2009, the company employed a global workforce of approximately 96,000 associates.

The success of the BMW Group has always been built 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

<sup>8</sup> for common/preferred stock in accordance with IAS 33

# BMW Group

## Corporate and Governmental Affairs

Press release

Datum 3 November 2010

Thema BMW Group raises earnings forecast for 2010

Seite 11

resources as an integral part of its strategy. As a result of its efforts, the BMW Group has been ranked industry leader in the Dow Jones Sustainability Indexes for the last six years.