



Beijing, July 2014

**CAPITAL MARKETS DAY CHINA 2014.
NORBERT MAYER, SENIOR VICE PRESIDENT / GROUP TREASURER.**

**BMW
GROUP**



Rolls-Royce
Motor Cars Limited

STRATEGIC OBJECTIVE.

We want to be the leading provider of premium products and premium services for individual mobility.



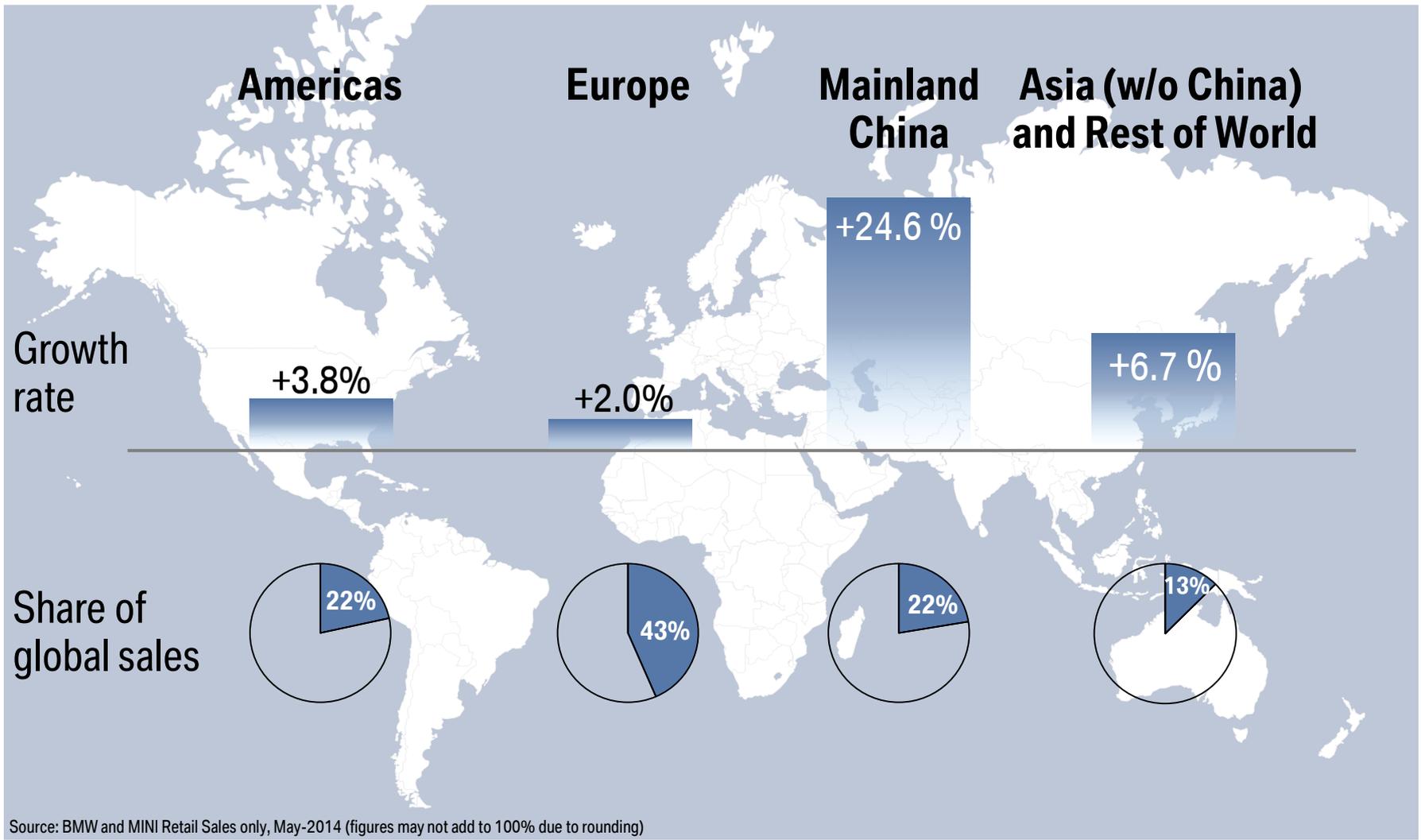
Rolls-Royce
Motor Cars Limited

BMW GROUP. STRATEGY NUMBER ONE.



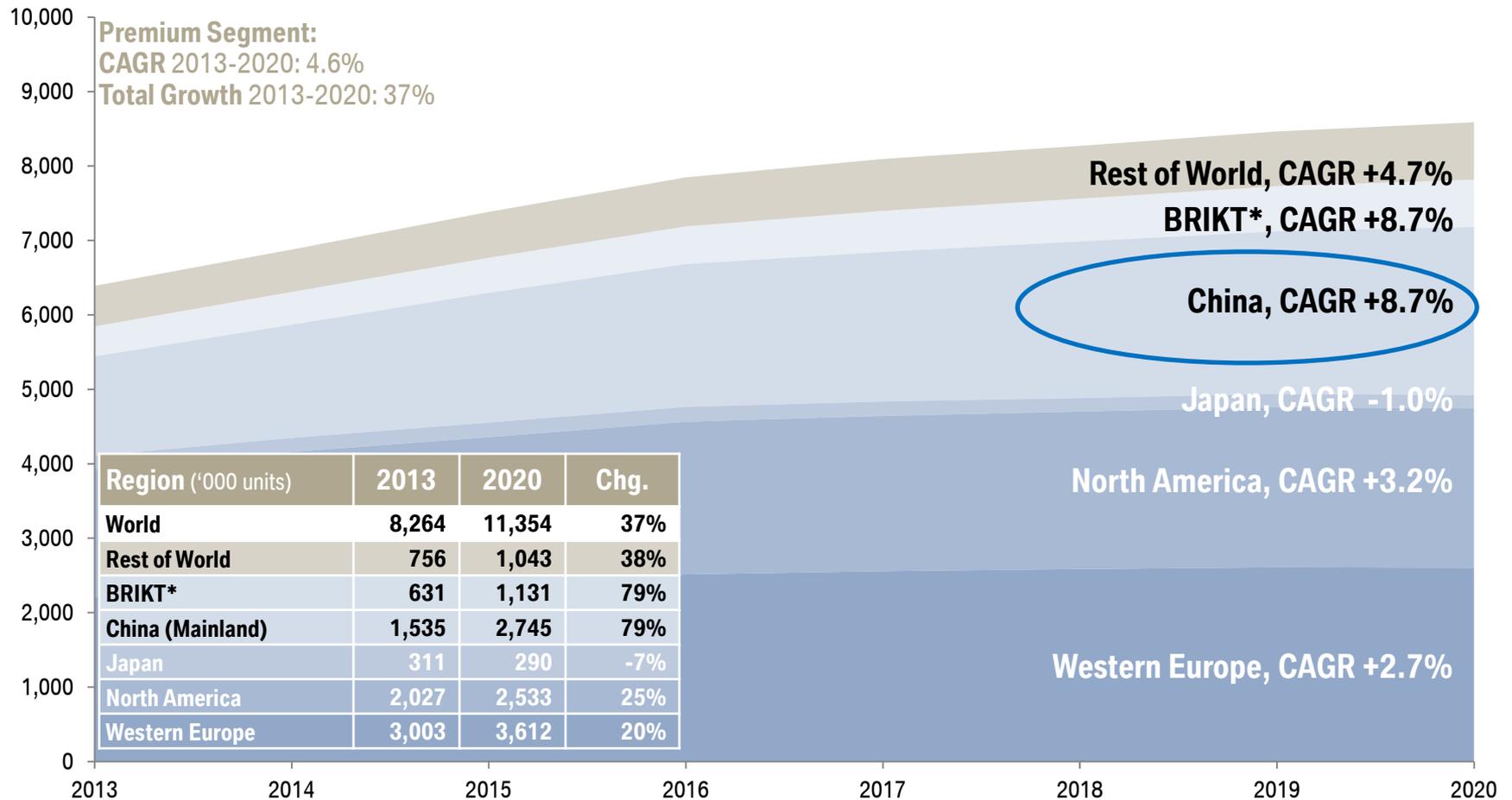


BMW GROUP AUTOMOTIVE. REGIONAL SPLIT OF RETAIL SALES: MAY-2014.



Source: BMW and MINI Retail Sales only, May-2014 (figures may not add to 100% due to rounding)

GLOBAL PREMIUM SEGMENT IS EXPECTED TO GROW WITH A STRONG MOMENTUM IN CHINA.



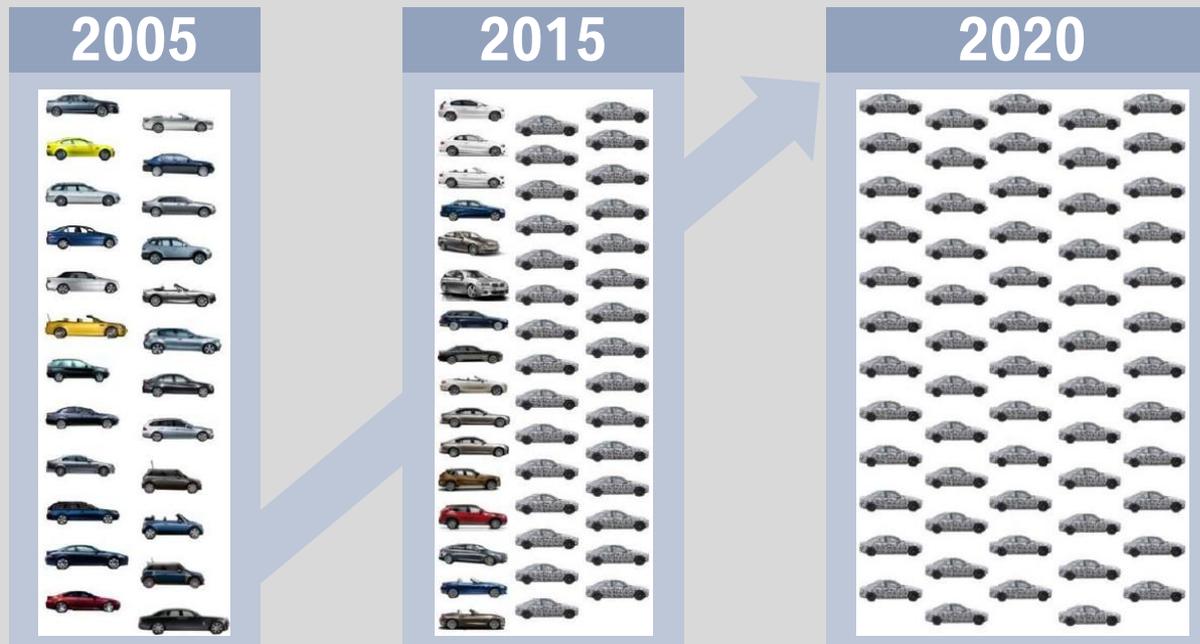
Source: Global Insight.

*BRIKT refers to Brazil, Russia, India, South Korea and Turkey

EXPANSION OF GLOBAL PRODUCTION NETWORK. PRODUCTION FOLLOWS MARKETS- PREPARATIONS FOR FUTURE GROWTH.



OUR GOAL: TO MANAGE A THREE-TIMES LARGER PORTFOLIO WITH RESOURCES THAT HAVE NOT INCREASED PROPORTIONATELY.



Without a Modular Strategy, a three-fold increase in model numbers would drive costs and resources spiralling along the process chain. The Modular Strategy enables shorter development cycles and enhanced flexibility in our plants.

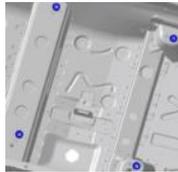
THE MODULAR STRATEGY IS THE ENABLER FOR THE EXPANSION OF THE BMW GROUP MODEL RANGE.

Architectures

Underbody

e.g.:

- Front seat attachments



Modular product

Modular front seat

Common elements

e.g.:

- Structure
- Head restraint



Modular system

Front seat attachment

e.g.:

- Standardised seat installation process

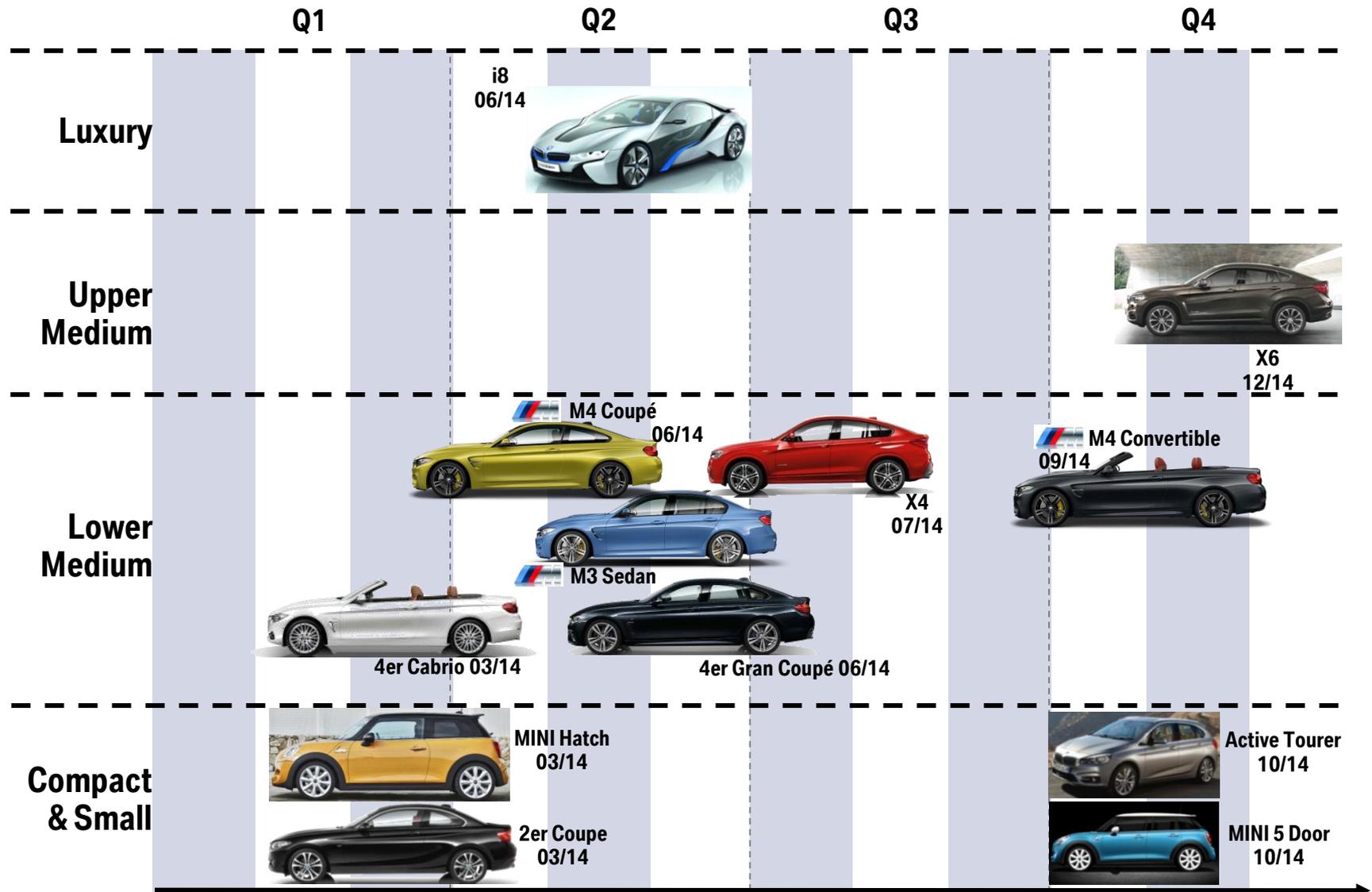


Shorter development time
Shorter time to market

Lower investment costs
Lower manufacturing costs

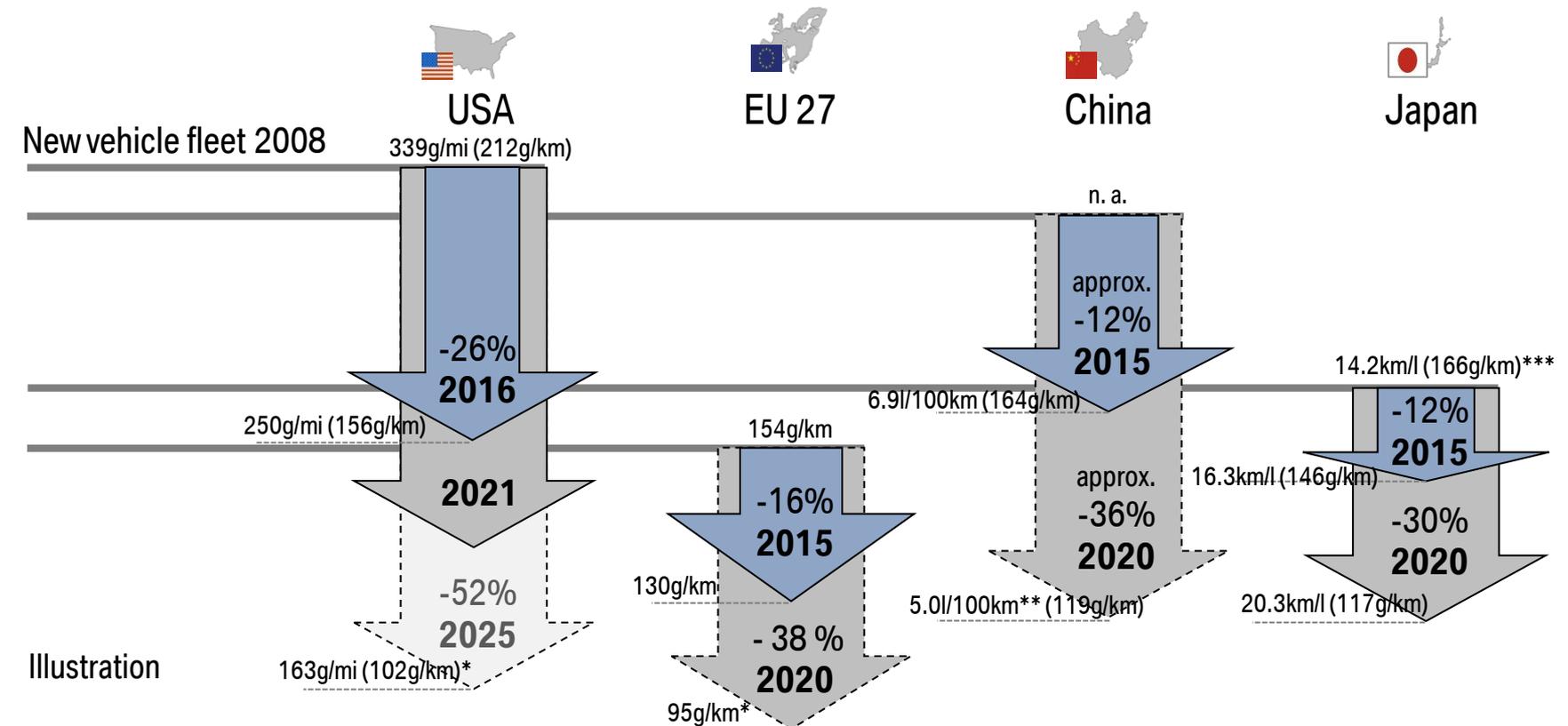
Lower development costs
Lower fixed costs

ATTRACTIVE PRODUCT LAUNCHES 2014.

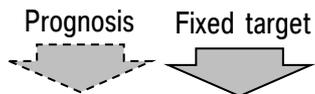


CO₂ LEGISLATION IN MAJOR MARKETS.

- Fleet objectives require a global reduction in CO₂ emissions.
- Regional objectives are not directly comparable due to differences in vehicle portfolio (market demand) and test-cycles/procedures.



Illustration



* Based on review

** under discussion

*** Consideration of test-cycle change to JC08



FUTURE CO₂ TARGETS CAN ONLY BE ACHIEVED WITH THE HELP OF NEW DRIVETRAIN TECHNOLOGIES.

Today



Tomorrow

Lower CO₂ emissions

Zero emissions



Improved combustion engines

Aerodynamics

Lightweight construction

Auto Start-Stop function

Brake energy regeneration

Hybrid

Plug-in hybrid

Electro-mobility

Fuel cell technology

STRATEGY NUMBER ONE – MANAGING THE TECHNOLOGICAL CHANGE TO REMAIN FUTURE PROOF.

Evolution

Efficient combustion engines
Innovative technologies

Revolution

Alternative drive trains
Mobility services



MANAGING VOLUME GROWTH, INNOVATION AND PROFITABILITY THROUGH COST-CONSCIOUS, EFFICIENT R&D.



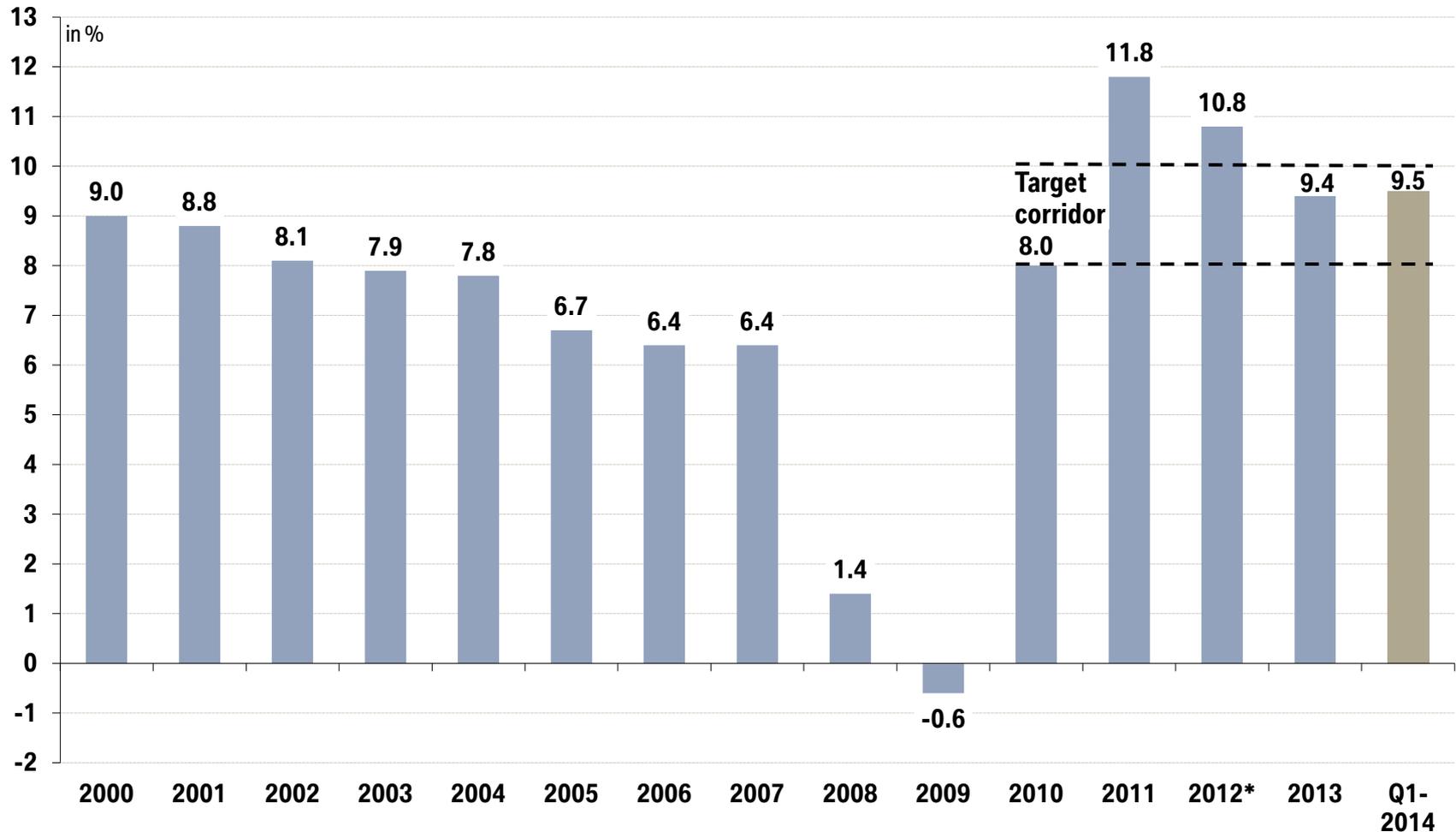
CAPEX RATIO TARGET FOR 2014: BRING THE RATIO CLOSER TO THE 7% TARGET.



R&D RATIO TARGET FOR 2014: BRING THE RATIO IN THE DIRECTION OF THE STRATEGIC CORRIDOR.



EBIT MARGIN DEVELOPMENT AUTOMOTIVE SEGMENT. TARGET PROFITABILITY OF 8 – 10%.





GUIDANCE 2014.

BMW Group

Significantly higher pre-tax profit than in previous year.

Automotive segment

Significant rise in vehicle deliveries and in revenues compared with previous year.

Currency factors could have a negative impact on revenues.

EBIT margin within target range of 8-10%.

Significant drop in Return on Capital Employed, but over long-term target of at least 26%.

Financial Services segment

Return on equity of at least 18%, but slight decrease compared with previous year.

Motorcycle segment

Slight rise in deliveries compared with previous year.