Creative Global Investments

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BMW (EUR 89.10) – BUY

2014E-16E outlook - EPS growth at CAGR of 8.5%

Our 2016E EPS is EUR 10.34; our YE14 target price of EUR 110.00 implies a 24% upside potential for BMW shares.

Earnings growth set to accelerate in 2014E-16E. Following a better than expected 4.4% increase in FY13 EPS to EUR 8.10, we forecast that EPS will grow by a **CAGR of 8.5% in 2014E-16E and generate EPS of EUR 10.34 in FY16E**. Driving forces are expected to be an **accelerating model momentum and the further rollout of the Baukasten modular strategy**. We expect that the **Automotive segment** which, over the past four years, has already been operating within and above its long-term 8-10% profitability corridor, **will continue to operate at the upper end of its profit margin range**.

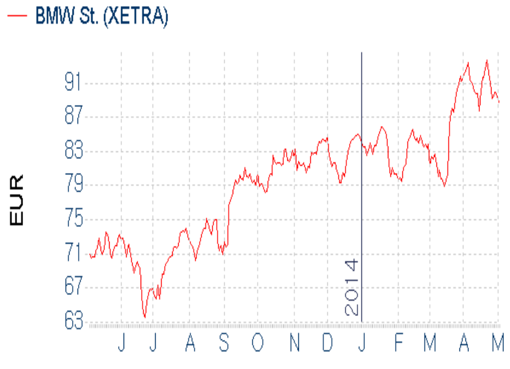
For FY14E, we forecast a 10.6% increase in EPS to EUR 8.86. At the dominant Automotive segment, we expect that an 11.2% increase in retail sales (to 2.18m units) will result in a 14.7% increase in EBIT to EUR 7.64bn/9.7% and a 14.9% increase in pre-tax profit to EUR 7.54bn/9.7%. **A planned record 16 model launches should generate sharply higher sales, a better mix and better pricing. Negatives** are set to include a **forex headwind** in the magnitude of last year's EUR 0.2bn, and an **incremental net burden from 'Strategy Number One' (SNO)** in the order of EUR 0.5bn. Our forecast is compatible with BMW management's bullish guidance for FY14 of a 'significant increase in its group's pre-tax profit', driven by 'a significant increase in sales'. (See pp. 3-10 for details.)

Investment opinion - BUY: At EUR 89.10, BMW shares are valued at 8.6x prospective 2016E earnings, implying a 21% discount to the 5-year average historic valuation of 11.0x. This is inconsistent with the implication that our 2016E EPS estimates of EUR 10.34 are 56% higher than the 5-year average of EUR 6.61. A valuation in line with the 5-year average historic valuation of 11.0x implies a share price of EUR 113.39 at year-end 2016E and time-discounted (yield of 10-year Bund), **a target price of EUR 110.00 at year-end 2014E and a 24% upside potential for BMW shares.** (See p. 11.)

BMW– share summary (2012-16E)

Current price (EUR)	89.10				
Market cap.(EUR bn)	57.50				
December YE	**2012**	**2013**	**2014E**	**2015E**	**2016E**
EPS (EUR)	7.75	8.10	8.96	9.63	10.34
CFPS (EUR)	5.05	14.78	15.95	16.98	17.98
BVPS (EUR)	46.7	54.3	52.0	57.6	65.2
DPS (EUR)	2.50	2.60	2.90	3.20	3.50
Free CFPS (EUR)	5.42	2.93	4.45	5.91	6.17
P/E (x)	11.5	11.0	9.9	9.2	8.6
PCF (x)	17.6	6.0	5.6	5.2	5.0
Price/BV (x)	1.9	1.6	1.7	1.5	1.4
P/revenue (x)	0.75	0.76	0.69	0.65	0.62
Dividend yd (%)	2.8	2.9	3.3	3.6	3.9
Free CF yd (%)	6.1	3.3	5.0	6.6	6.9

BMW – share price (-1year)



Close 05.02.2014 (1) All classes of shares. Source: Company data and CGI estimates.

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Note: In BMW accounts, EBIT refers to 'profit before financial results' and thus also excludes results from equity accounted investments.

Earnings growth picking up in 2014E-16E

EPS to grow at 8.5% CAGR in 2014E-16E

Following a better than expected 2013 result of a 4.4% increase in EPS to EUR 8.10, we expect that BMW's earnings momentum will accelerate sharply in 2014E-16E. We forecast that EPS will grow by a CAGR of 8.5% to EUR 10.36 in FY16E, driven by an **accelerating model momentum and supported by the further rollout of the Baukasten modular strategy**. We expect that the Automotive segment which, over the past four years, has already been operating within and above its long-term 8-10% profitability corridor, will continue to operate at the upper end of its profit margin range.

Accelerating model momentum,…

…Baukasten modular strategy,…

We expect that BMW's self-propelled earnings growth will be supported by a benign global demand environment for premium products. We estimate that demand for premium cars will continue to outpace that for light vehicles overall. From 2014E onwards, a slow, but gradual recovery in the group's home region West Europe should become a key positive in addition to a continuing recovery in NA and strong growth (double digit) in China. In emerging markets overall, demand for premium cars is expected to remain less affected by an expected increase in forex volatility and the ensuing higher interest rates and thus financing costs for end-customers.

…and benign demand outlook

In addition, BMW is close to the top/peak of its cap ex and R&D cycle – in absolute terms in 2015E. The outlook of a strong increase in industrial FCF also supports speculation about a special centenary dividend in 2016. (See p.6 for details.)

FY14E outlook in detail

BMW management have given a bullish guidance for FY14 and expect a 'significant increase in its group's pre-tax profit', driven by a significant increase in sales. 'Significant' means, according to CFO Eichiner, a 'high single-digit or low double-digit percentage increase', or by some 10%.

Management guidance

BMW – Management guidance 2014 – depending on stable economic conditions
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 above long-term target of at least 26%
Segment Financial Services
Return on equity of at least 18%, but slight decrease compared with previous year.
Segment Motorcycles
Slight rise in deliveries compared with previous year.

Source: Company data

The announcement breaks with BMW's tradition of giving extremely conservative and also rather vague guidance. This is due to the new DRS 20 German accounting standard that refers to the 'Report on Outlook, Risks & Opportunities', stipulating more accurate forecasting over a shorter forecast period and a more precise guidance on anticipated changes in key performance indicators.

Our forecast 2014E

In FY14E, we expect that a 10.6% increase in earnings to EUR 8.96 per share will be driven by the automotive segment. Here, we expect that an 11.2% increase in retail sales (to 2.18m unit) will result in a 14.7% increase in EBIT to EUR 7.64bn/9.7% and a 14.9% increase in pre-tax profit to EUR 7.54bn/9.6%.

BMW – Automotive profitability (2006-2016E)

	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Retail sales ('000)	**1,374.0**	**1,500.7**	**1,435.9**	**1,286.3**	**1,461.2**	**1,669.0**	**1,845.2**	**1,963.8**	**2,184.6**	**2,358.2**	**2,508.5**
Change (%)	3.5	9.2	-4.3	-10.4	13.6	14.2	10.6	6.4	11.2	7.9	6.4
Retail sales–cons. comps ('000)	**1,351.4**	**1,470.1**	**1,400.7**	**1,242.6**	**1,407.5**	**1,574.6**	**1,704.0**	**1,765.3**	**1,939**	**2,037**	**2,140**
Change (%)	2.5	8.8	-4.7	-11.3	13.3	11.9	8.2	3.6	9.8	5.0	5.1
Division (EUR m)											
Revenue	47,767	53,818	48,782	43,737	54,137	63,229	70,208	70,629	78,751	83,476	88,485
Gross profit	9,636	10,528	7,991	4,121	9,434	13,065	13,683	12,858	15,357	18,365	19,467
'EBIT'	**3,055**	**3,450**	**690**	**-265**	**4,355**	**7,477**	**7,624**	**6,657**	**7,639**	**8,181**	**8,760**
Financial result		-218	-372	-323	-468	-654	-429	-96	-100	100	200
- o/w China JV net profit share		11	25	42	98	164	271	398	506	689	819
Pre-tax profit	**3,012**	**3,232**	**318**	**-588**	**3,887**	**6,823**	**7,195**	**6,561**	**7,539**	**8,281**	**8,960**
Margin (%)											
Gross profit	20.2	19.6	16.4	9.4	17.4	20.7	19.5	18.2	19.5	22.0	22.0
'EBIT'	**6.4**	**6.4**	**1.4**	**-0.6**	**8.0**	**11.8**	**10.9**	**9.4**	**9.7**	**9.8**	**9.9**
PBT	6.3	6.0	0.7	-1.3	7.2	10.8	10.2	9.3	9.6	9.9	10.1
Per vehicle (EUR)[1]											
Revenue/vehicle (EUR k)	35.3	36.6	34.8	35.2	38.5	40.2	41.2	40.0	40.6	41.0	41.3
EBIT/vehicle	2,261	2,347	493	-213	3,094	4,749	4,474	3,771	3,940	4,016	4,093
Change (%)											
Revenue/vehicle	1.7	3.6	-4.9	1.1	9.3	4.4	2.6	-2.9	1.5	0.9	0.9
OP/vehicle	-3.2	3.8	-79.0	-143.3	-1550.9	53.5	-5.8	-15.7	4.5	1.9	1.9

(1) Divisional revenue and EBIT vs. fully consolidated retail sales. Source: Company data and CGI estimates

The key factor in the expected FY14E growth is an accelerating model momentum. Following launches in 2H13, such as a new generation X5 and the all-new 3-Series GT and 4-Series coupé, BMW is in the process of launching 16 models in FY14E, 12 of which new and four revised. Benefits of an accelerating model momentum include a **higher sales volume, better mix and better pricing**. This is the more so, as BMW keeps broadening its portfolio, with only four of the 12 new models being renewals, new generations of existing and established models (such as the M3, X6, Mini One/Cooper) and eight additional models. The latter are either completely new concepts such as the i3 (EV) and the i8 (PIEV) with CERP body and derivatives that are becoming ever more differentiated from their base saloon models and thus command higher margins – this applies to the 2-Series coupé, X4, 4-Series convertible and Gran Coupe, M4 coupé & convertible.

The 2-Series Active Tourer, the first FWD BMW-badged car will become BMW's new entry model and is expected to have an 80% conquest rate.

Model introduction schedule

BMW – Model introductions and segmentation (2014E)

	Model	Version	Segmentation[1]
	BMW		
March	2-Series	Coupé on 1-Series	C+
March	4-Series	Convertible on 3-Series	D+
April	X3	mid-size SAV F/L	D-SUV+
June	i8	Vision EfficientDynamics (PHEV)	E-S+
June	4 Gran Coupe	4-door coupé on 3-Series	D+
June	M3	Saloon	D+
June	M4	Coupé*	D+
July	X4	Sports-activity 4-door coupé*	D-SUV+
September	2-Series Active Tourer	FWD MPV 5-seater*	C-MPV+
October	M4	Convertible*	D+
November	X6	Sports-activity coupé*	SUV+
	Mini		
March	One*	Hatchback	B+
March	Cooper*	Hatchback	B+
September	Countryman F/L	B-SUV	B+
September	Paceman F/L	B-SUV coupé	B+
	Roll-Royce		
	Ghost Series II	Smaller Model Series	LS++

(*) New generation. F/L=facelift; (1) Segmentation – a) size related: B = small, subcompact; C = lower-medium, compact; D = upper-medium, midsize, E= executive; L=large, full-size; b) body-style related: S=sporty, MPV, SUV; c) market status related: '+' - premium; ++ - 'super-premium'. See Appendix on page 12. For full schedule 2012-18E. Source: Company data and CGI estimates

Automotive segment

Our FY14E EBIT estimate of EUR 7.64bn/9.7% implies an increase of 14.7% or EUR 0.98bn:

1) Higher sales volume

We forecast that BMW's additional 174k units (at the fully consolidated companies) should contribute some EUR 1.6bn to divisional EBIT in FY14E. In FY13, sales by the fully consolidated companies increased by 3.6% or 61.2k units and should have contributed some EUR 0.6bn to divisional EBIT, according to our calculations. We furthermore expect a growing profit contribution from the BMW's JV with Brilliance in China, driven by an expected 24% increase in sales (to 246k units) and a higher profitability at local production.

2) Positive mix

A majority of the new models that are being launched in 2013-14 are higher value derivatives of existing models and should thus help to improve the mix. This should be further supported by an improved country mix, due to continuing growth in China and a moderate recovery in West Europe. In FY13, on the other hand, there was a marginal headwind from mix in the order of some EUR -0.1bn.

3) Positive pricing

BMW expects that the new models, together with a moderate recovery in the West European car markets should result in improved pricing of up to 100bpts over-all in FY14E, implying a positive effect of some EUR 0.6bn. This would reverse some of the negative pricing effect seen in the previous two years/FY 2012-13. BMW indicated that in FY13, prices had declined in the order of 100bpts, following a pricing decline of 100-150bpts in FY12; we calculate a negative EBIT impact of some EUR -0.5bn in FY13 after an estimated impact of almost EUR -0.8bn in FY12.

BMW reports that the main reason for the over-all pricing decline in 2012-13 had been due to a considerably tougher competitive environment and severe pricing pressures in a recessionary Western European passenger that was trading at some 20% below pre-crisis trend.

4) Efficiency gains

With the a record number of model introductions, in 2H13 and FY14, BMW is stepping up the roll-out of its modular Baukasten strategy and thus accelerating efficiency gains as new models have a considerable cost advantage versus their predecessors, raising communality within the portfolio.

A particularly important milestone in this context is the introduction of the new small vehicle architecture in FY14 that should play an integral part in increasing economies of scale and modularisation of the product portfolio as it integrates the Mini model portfolio with part of the sub-compact portfolio of the BMW brand. BMW is in the process of introducing new generation Mini and is planning to launch the 2-Series Active Tourer in 4Q14E.-

Headwinds – forex and SNO

Negatives in FY14E are set to include a forex headwind in the magnitude of last year's EUR 0.2bn, and an incremental net burden from 'Strategy Number One' (SNO) in the order of EUR 0.5bn, the same as in FY13, according to management.

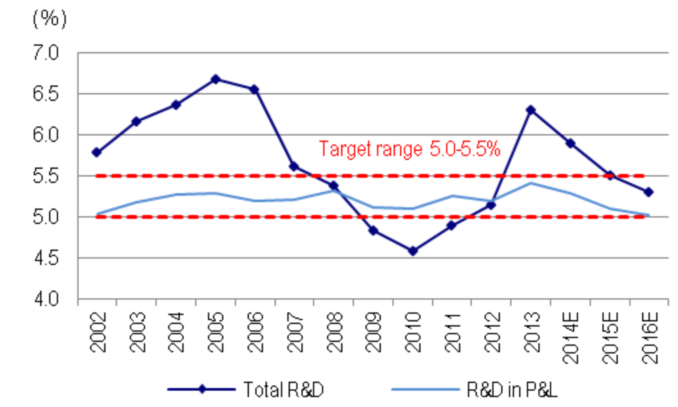
However, in FY13, the incremental upfront investment for future projects (net of efficiency gains) from 'Strategy Number One' (SNO) was EUR -0.48bn was considerably better than the 'up to EUR 1bn' communicated by management at the beginning of 2013. We understand that the lower burden was the result of additional/special efficiency and cost-cutting measures undertaken during 2H13/4Q13 in order to counteract a worse than the initially expected pricing development in Europe. The FY13 incremental net burden was thus 42% lower than FY12's net impact of SNO of EUR -0.82bn.

BMW – Cash flow at industrial operations and automotive segment (2006-16E)

	Ind. Operations <=	=> Auto division											
(EUR m)	**2006**	**2007**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014E**	**2015E**	**2016E**
Net profit	**2,449**	**2,963**	**2,721**	**226**	**-439**	**2,607**	**4,991**	**4,717**	**4,408**	**5,065**	**5,563**	**5,440**
Depreciation	**3,315**	**3,665**	**3,568**	**3,567**	**3,502**	**3,762**	**3,564**	**3,679**	**3,745**	**3,845**	**3,945**	**4,045**
Depreciation leased products	4	4	4	6	7	5	29	23	109	6	6	6
Gross Cash Flow	**5,768**	**6,632**	**6,293**	**3,799**	**3,070**	**6,374**	**8,584**	**8,419**	**8,262**	**8,910**	**9,508**	**9,485**
Increase in provisions	236	398	236	-515	42	869	577	267	373	100	300	300
Other	-404	-257	-76	10	-332	1,280	539	100	-200	1,200	1,000	1,000
CF from operations	**5,600**	**6,773**	**6,453**	**3,294**	**2,780**	**8,523**	**9,700**	**7,545**	**8,435**	**10,210**	**10,808**	**10,785**
WCR	-227	-433	-207	1,177	2,141	-374	-1,590	1,622	1,015	500	300	300
CF- operating activities	**5,373**	**6,340**	**6,246**	**4,471**	**4,921**	**8,149**	**8,110**	**9,167**	**9,450**	**10,710**	**11,108**	**11,085**
Capital expenditure	-4,272	-4,157	-4,103	-4,114	-3,409	-3,183	-3,565	-5,074	-6,575	-6,825	-6,325	-6,125
Other	-148	-158	4	-438	-2,266	-2,358	-2,160	-456	-913	-900	-820	-820
CF -Investment activities	**-4,417**	**-4,050**	**-4,099**	**-4,552**	**-5,675**	**-5,541**	**-5,725**	**-5,530**	**-7,488**	**-7,725**	**-7,145**	**-6,945**
Free CF	**956**	**2,160**	**2,147**	**-81**	**-754**	**2,608**	**2,385**	**3,637**	**1,962**	**2,985**	**3,963**	**4,140**
Net inv. marketable sec.	-	-	-	-	2,210	1,863	781	172	537	-	-	-
Adj. FCF	**956**	**2,160**	**2,147**	**-81**	**1,456**	**4,471**	**3,166**	**3,809**	**2,499**	**2,985**	**3,963**	**4,140**
Dividends	-419	-458	-458	-694	-197	-197	-852	-1,508	-1,640	-1,707	-1,903	-2,100
Other application	-1,025	-1,642	NM	741	1,070	1,718	-1,686	55	250	-78	-260	-240
Net debt increase/-decrease	741	-60	NM	34	-119	-4,129	153	-2,184	-572	-1,200	-1,800	-1,800
Net cash (calculated)	**980**	**1,040**	**380**	**346**	**465**	**4,594**	**4,441**	**6,625**	**7,197**	**8,397**	**10,197**	**11,997**
Intra-group net receivables	-	-	6,974	8,700	8,497	6,692	7,947	6,702	4,930	-	-	-
Net cash - BMW definition	**-**	**-**	**7,354**	**9,046**	**8,962**	**11,286**	**12,388**	**13,327**	**12,127**	**-**	**-**	**-**

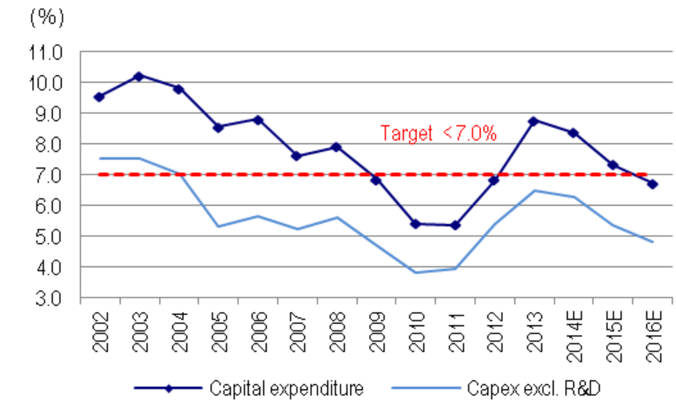
Source: Company data and CGI estimates

Development of R&D ratio[1] (2002-16E)



Note: According to IAS 38, BMW capitalises R&D costs related to a project, between the decision to go ahead with series production and the start of production. Amortisation begins one month after the start of production. Other R&D costs are directly charged to the P&L. (1) Group capital expenditure vs. group revenue. Source: Company data and CGI estimates

Development of Capex ratio[1] (2002-16E)



Note: According to IAS 38, BMW capitalises R&D costs related to a project, between the decision to go ahead with series production and the start of production. Amortisation begins one month after the start of production. Other R&D costs are directly charged to the P&L. Amortisation begins one month after the start of production. Other R&D costs are directly charged to the P&L. (1) Group R&D expenditure vs. group revenue. Source: Company data and CGI estimates

BMW Auto – Retail sales by model series (2006-16E)

	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Units ('000)											
- 2 – Series AT	-	-	-	-	-	-	-	-	5.0	46.0	62.0
- 1 - Series	151.9	165.8	225.1	216.9	196.0	176.4	226.8	213.6	188.0	178.6	175.0
- 2 - Series	-	-	-	-	-	-	-	-	25.0	48.8	53.6
- X1	-	-	-	8.5	100.0	126.4	147.8	161.4	169.4	166.0	195.9
- 3 - Series	508.5	555.2	474.2	397.1	399.0	384.5	406.8	500.3	481.7	498.6	516.0
- 4 - Series								14.8	125.0	139.4	150.5
- X3	114.0	111.9	84.4	55.6	46.0	117.9	149.9	157.3	165.2	171.8	164.9
- X4	-	-	-	-	-	-	-	-	29.0	48.0	53.0
- Z4	31.0	28.4	18.0	22.8	24.6	18.8	15.2	12.9	12.6	12.4	12.1
- 5 - Series	232.2	230.8	202.3	176.0	238.5	332.5	359.0	346.7	357.1	350.0	367.5
- X5	75.3	120.6	116.5	88.9	102.2	104.8	108.5	107.2	126.5	149.3	176.2
- X6	-	-	26.6	41.7	46.4	40.8	43.7	36.7	34.5	42.1	44.6
- 6 - Series	21.9	19.6	16.3	8.6	5.8	9.4	23.2	27.7	28.8	29.4	27.9
- 7 - Series	50.2	44.4	38.8	52.7	65.8	68.8	59.2	56.0	57.7	56.5	65.0
- i3	-	-	-	-	-	-	-	0.3	20.0	30.0	35.0
- i8	-	-	-	-	-	-	-	-	1.8	3.0	3.0
BMW brand	**1,185.1**	**1,276.8**	**1,202.2**	**1,068.8**	**1,224.3**	**1,380.4**	**1,540.1**	**1,655.1**	**1,847.0**	**1,988.8**	**2,120.8**
Mini brand	**188.1**	**222.9**	**232.4**	**216.5**	**234.2**	**285.1**	**301.5**	**305.0**	**334.0**	**365.7**	**384.0**
Rolls-Royce	**0.8**	**1.0**	**1.2**	**1.0**	**2.7**	**3.5**	**3.6**	3.6	3.7	3.7	3.7
Group	**1,374.0**	**1,500.7**	**1,435.9**	**1,286.3**	**1,461.2**	**1,669.0**	**1,845.2**	**1,963.8**	**2,184.6**	**2,358.2**	**2,508.5**
% change											
- 2 – Series AT	-	-	-	-	-	-	-	-	-	820.0	34.8
- 1 - Series	1.6	9.1	35.8	-3.6	-9.7	-10.0	28.6	-5.8	-12.0	-5.0	-2.0
- 2 - Series	-	-	-	-	-	-	-	-	-	95.0	10.0
- X1	-	-	-	-	1076.5	26.4	16.9	9.2	5.0	-2.0	18.0
- 3 - Series	17.1	9.2	-14.6	-16.3	0.5	-3.6	5.8	23.0	-3.7	3.5	3.5
- 4 - Series	-	-	-	-	-	-	-	-	746.7	11.5	8.0
- X3	3.0	-1.9	-24.5	-34.1	-17.3	156.4	27.1	5.0	5.0	4.0	-4.0
- X4	-	-	-	-	-	-	-	-	-	65.5	10.4
- Z4	7.3	-8.4	-36.6	26.4	8.0	-23.5	-18.9	-15.6	-2.0	-2.0	-2.0
- 5 - Series	1.7	-0.6	-12.4	-13.0	35.5	39.4	8.0	-3.4	3.0	-2.0	5.0
- X5	-25.8	60.1	-3.4	-23.7	15.0	2.6	3.5	-1.2	18.0	18.0	18.0
- X6	-	-	-	56.8	11.4	-12.0	7.0	-16.0	-6.0	22.0	6.0
- 6 - Series	-6.0	-10.6	-17.0	-46.9	-32.4	60.7	146.8	19.4	4.0	2.0	-5.0
- 7 - Series	0.3	-11.6	-12.6	35.7	24.9	4.5	-13.9	-5.4	3.0	-2.0	15.0
- i3	-	-	-	-	-	-	-	-	NM	50.0	16.7
- i8	-	-	-	-	-	-	-	-	-	66.7	0.0
BMW brand	**5.2**	**7.7**	**-5.8**	**-11.1**	**14.6**	**12.8**	**11.6**	**7.5**	**11.6**	**7.7**	**6.6**
Mini brand	**-6.2**	**18.5**	**4.3**	**-6.8**	**8.1**	**21.7**	**5.8**	**1.2**	**9.5**	**9.5**	**5.0**
Rolls-Royce	**1.1**	**25.5**	**20.0**	**-17.3**	**170.6**	**30.5**	**1.0**	**1.5**	**1.0**	**1.0**	**1.0**
Group	**3.5**	**9.2**	**-4.3**	**-10.4**	**13.6**	**14.2**	**10.6**	**6.4**	**11.2**	**7.9**	**6.4**
Share (%)											
- 2 – Series AT	-	-	-	-	-	-	-	-	0.2	2.0	2.5
- 1 - Series	11.1	11.0	15.7	16.9	13.4	10.6	12.3	10.9	8.6	7.6	7.0
- 2 - Series	-	-	-	-	-	-	-	-	1.1	2.1	2.1
- X1	-	-	-	0.7	6.8	7.6	8.0	8.2	7.8	7.0	7.8
- 3 - Series	37.0	37.0	33.0	30.9	27.3	23.0	22.0	25.5	22.0	21.1	20.6
- 4 - Series	-	-	-	-	-	-	-	0.8	5.7	5.9	6.0
- X3	8.3	7.5	5.9	4.3	3.1	7.1	8.1	8.0	7.6	7.3	6.6
- X4	-	-	-	-	-	-	-	-	1.3	2.0	2.1
- Z4	2.3	1.9	1.3	1.8	1.7	1.1	0.8	0.7	0.6	0.5	0.5
- 5 - Series	16.9	15.4	14.1	13.7	16.3	19.9	19.5	17.7	16.3	14.8	14.6
- X5	5.5	8.0	8.1	6.9	7.0	6.3	5.9	5.5	5.8	6.3	7.0
- X6	-	-	1.9	3.2	3.2	2.4	2.4	1.9	1.6	1.8	1.8
- 6 - Series	1.6	1.3	1.1	0.7	0.4	0.6	1.3	1.4	1.3	1.2	1.1
- 7 - Series	3.7	3.0	2.7	4.1	4.5	4.1	3.2	2.9	2.6	2.4	2.6
- i3	-	-	-	-	-	-	-	0.0	0.9	1.3	1.4
- i8	-	-	-	-	-	-	-	-	0.1	0.1	0.1
BMW brand	**86.3**	**85.1**	**83.7**	**83.1**	**83.8**	**82.7**	**83.5**	**84.3**	**84.5**	**84.3**	**84.5**
Mini brand	**13.7**	**14.9**	**16.2**	**16.8**	**16.0**	**17.1**	**16.3**	**15.5**	**15.3**	**15.5**	**15.3**
Rolls-Royce	**0.1**	**0.1**	**0.1**	**0.1**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**
Group	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Source: Company data and CGI estimates

BMW Automobile – Retail sales by region (2006-2016E)

	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Units ('000)											
- Germany	287.7	280.9	280.9	267.5	267.2	285.3	287.4	259.2	287.7	305.0	311.1
- UK	154.1	173.8	151.5	137.1	154.8	167.5	174.5	189.1	208.0	222.6	231.5
- Other Europe	375.0	443.6	432.2	357.3	369.3	405.7	403.5	411.2	449.7	474.6	494.7
Europe	**816.8**	**898.3**	**864.6**	**761.9**	**791.2**	**858.4**	**865.4**	**859.5**	**945.5**	**1,002.2**	**1,037.3**
- US	313.9	336.2	303.6	242.1	266.6	306.3	348.5	376.6	410.5	435.2	452.6
- Canada	23.4	27.7	28.2	29.0	31.7	35.0	37.7	37.7	38.3	38.7	40.2
North America	**337.4**	**364.0**	**331.8**	**271.0**	**298.3**	**341.3**	**386.2**	**414.4**	**448.8**	**473.8**	**492.8**
- Japan	62.1	60.5	48.8	41.1	43.6	47.7	56.7	64.2	67.4	68.1	68.8
- China	36.4	51.6	65.8	90.5	169.0	233.6	327.3	391.7	470.1	540.6	610.8
- o/w imports	13.8	21.0	30.6	46.8	115.3	139.2	186.2	193.2	224.5	219.2	242.5
- o/w JV	22.6	30.6	35.2	43.7	53.7	94.4	141.2	198.5	245.6	321.3	368.4
- Other Asia	43.6	47.4	51.1	51.5	73.7	94.2	109.4	122.7	133.8	146.5	158.6
Asia	**142.1**	**159.5**	**165.7**	**183.2**	**286.3**	**375.5**	**493.4**	**578.7**	**671.3**	**755.2**	**838.2**
Rest of World	**77.7**	**78.9**	**73.8**	**70.2**	**85.3**	**93.8**	**100.1**	**111.2**	**119.0**	**127.0**	**140.2**
World	**1,374.0**	**1,500.7**	**1,435.9**	**1,286.3**	**1,461.2**	**1,669.0**	**1,845.2**	**1,963.8**	**2,184.6**	**2,358.2**	**2,508.5**
World – cons. comps	**1,351.4**	**1,470.1**	**1,400.7**	**1,242.6**	**1,407.5**	**1,574.6**	**1,704.0**	**1,765.3**	**1,939.0**	**2,036.9**	**2,140.2**
% change											
- Germany	-2.8	-2.4	0.0	-4.8	-0.1	6.8	0.7	-9.8	11.0	6.0	2.0
- UK	-1.4	12.8	-12.8	-9.5	12.9	8.2	4.2	8.4	10.0	7.0	4.0
- Other Europe	6.9	18.3	-2.6	-17.3	3.4	9.8	-0.5	1.9	9.4	5.5	4.2
Europe	**1.7**	**10.0**	**-3.8**	**-11.9**	**3.9**	**8.5**	**0.8**	**-0.7**	**10.0**	**6.0**	**3.5**
- US	2.1	7.1	-9.7	-20.3	10.1	14.9	13.8	8.1	9.0	6.0	4.0
- Canada	8.7	18.4	1.5	2.9	9.5	10.3	7.7	0.0	1.5	1.0	4.0
North America	**2.6**	**7.9**	**-8.8**	**-18.3**	**10.1**	**14.4**	**13.2**	**7.3**	**8.3**	**5.6**	**4.0**
- Japan	5.6	-2.6	-19.2	-15.8	6.1	9.2	19.0	13.3	5.0	1.0	1.0
- China	51.3	41.9	27.6	37.5	86.7	38.2	40.1	19.7	20.0	15.0	13.0
- o/w imports	-8.4	52.6	45.9	52.9	146.2	20.8	33.7	3.8	16.2	-2.3	10.6
- o/w JV	151.1	35.4	15.0	24.2	22.9	75.8	49.5	40.6	23.7	30.8	14.6
- Other Asia	1.8	8.7	7.7	0.9	42.9	27.8	16.1	12.3	9.0	9.5	8.3
Asia	**13.0**	**12.3**	**3.9**	**10.5**	**56.3**	**31.1**	**31.4**	**17.3**	**16.0**	**12.5**	**11.0**
Rest of World	**10.3**	**1.5**	**-6.5**	**-4.8**	**21.6**	**9.9**	**6.8**	**11.1**	**7.0**	**6.7**	**10.4**
World	**3.5**	**9.2**	**-4.3**	**-10.4**	**13.6**	**14.2**	**10.6**	**6.4**	**11.2**	**7.9**	**6.4**
World – cons. comps.	**2.5**	**8.8**	**-4.7**	**-11.3**	**13.3**	**11.9**	**8.2**	**3.6**	**9.8**	**5.0**	**5.1**
Share (%)											
- Germany	20.9	18.7	19.6	20.8	18.3	17.1	15.6	13.2	13.2	12.9	12.4
- UK	11.2	11.6	10.6	10.7	10.6	10.0	9.5	9.6	9.5	9.4	9.2
- Other Europe	27.3	29.6	30.1	27.8	25.3	24.3	21.9	20.9	20.6	20.1	19.7
Europe	**59.5**	**59.9**	**60.2**	**59.2**	**54.1**	**51.4**	**46.9**	**43.8**	**43.3**	**42.5**	**41.4**
- US	22.8	22.4	21.1	18.8	18.2	18.4	18.9	19.2	18.8	18.5	18.0
- Canada	1.7	1.8	2.0	2.3	2.2	2.1	2.0	1.9	1.8	1.6	1.6
North America	**24.6**	**24.3**	**23.1**	**21.1**	**20.4**	**20.5**	**20.9**	**21.1**	**20.5**	**20.1**	**19.6**
- Japan	4.5	4.0	3.4	3.2	3.0	2.9	3.1	3.3	3.1	2.9	2.7
- China	2.6	3.4	4.6	7.0	11.6	14.0	17.7	19.9	21.5	22.9	24.4
- o/w imports	1.0	1.4	2.1	3.6	7.9	8.3	10.1	9.8	10.3	9.3	9.7
- o/w JV	1.6	2.0	2.5	3.4	3.7	5.7	7.7	10.1	11.2	13.6	14.7
- Other Asia	3.2	3.2	3.6	4.0	5.0	5.6	5.9	6.3	6.1	6.2	6.3
Asia	**10.3**	**10.6**	**11.5**	**14.2**	**19.6**	**22.5**	**26.7**	**29.5**	**30.7**	**32.0**	**33.4**
Rest of World	**5.7**	**5.3**	**5.1**	**5.5**	**5.8**	**5.6**	**5.4**	**5.7**	**5.4**	**5.4**	**5.6**
World	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
World – cons. comps.	**98.4**	**98.0**	**97.5**	**96.6**	**96.3**	**94.3**	**92.3**	**89.9**	**88.8**	**86.4**	**85.3**

Source: Company data and CGI estimates

BMW group – P&L by division (2006-16E)

BMW – P&L by division (2006-16E)

(EUR m)	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
Revenue											
Automotive	**47,767**	**53,818**	**48,782**	**43,737**	**54,137**	**63,229**	**70,208**	**70,629**	**78,751**	**83,476**	**88,485**
Motorcycles	1,265	1,228	1,230	1,069	1,304	1,436	1,490	1,504	1,534	1,611	1,691
Financial Services	11,079	13,940	15,725	15,798	16,617	17,510	19,550	19,874	20,470	21,494	22,568
Other	-	290	191	3	4	5	5	6	5	5	5
Eliminations	-11,112	-13,258	-12,731	-9,926	-11,585	-13,359	-14,405	-15,955	-17,462	-18,507	-19,609
Group	**48,999**	**56,018**	**53,197**	**50,681**	**60,477**	**68,821**	**76,848**	**76,058**	**83,298**	**88,079**	**93,141**
EBIT											
Automotive	**3,055**	**3,450**	**690**	**-265**	**4,355**	**7,477**	**7,599**	**6,657**	**7,639**	**8,181**	**8,760**
Motorcycles	75	80	60	19	71	45	9	79	77	81	85
Financial Services	689	717	-216	355	1,201	1,763	1,558	1,643	1,600	1,550	1,500
Other	-	49	273	30	-41	-19	58	44	30	30	30
Eliminations	231	-84	114	150	-475	-1,248	-949	-437	-400	-350	-300
Group	**4,050**	**4,212**	**921**	**289**	**5,111**	**8,018**	**8,275**	**7,986**	**8,946**	**9,491**	**10,075**
EBIT margin (%)											
Automobiles	**6.4**	**6.4**	**1.4**	**-0.6**	**8.0**	**11.8**	**10.8**	**9.4**	**9.7**	**9.8**	**9.9**
Motorcycles	5.9	6.5	4.9	1.8	5.4	3.1	0.6	5.3	5.0	5.0	5.0
Financial Services	6.2	5.1	-1.4	2.2	7.2	10.1	8.0	8.3	7.8	7.2	6.6
Group	**8.3**	**7.5**	**1.7**	**0.6**	**8.5**	**11.7**	**10.8**	**10.5**	**10.7**	**10.8**	**10.8**
Financial Income											
Automotive	**-43**	**-218**	**-372**	**-323**	**-468**	**-654**	**-429**	**-96**	**-100**	**100**	**200**
Motorcycles	-9	-9	-9	-8	-6	-4	-3	-3	-3	-3	-3
Financial Services	-4	26	-76	10	13	27	3	-4	-4	-4	-4
Other	-	119	22	21	86	-149	-55	120	0	0	0
Eliminations	130	-257	-135	424	117	145	12	-90	0	0	0
Group	**74**	**-339**	**-570**	**124**	**-258**	**-635**	**-472**	**-73**	**-107**	**93**	**193**
Pre-tax profit											
Automotive	**3,012**	**3,232**	**318**	**-588**	**3,887**	**6,823**	**7,170**	**6,561**	**7,539**	**8,281**	**8,960**
Motorcycles	66	71	51	11	65	41	6	76	74	78	82
Financial Services	685	743	-292	365	1,214	1,790	1,561	1,639	1,596	1,546	1,496
Other	-	168	295	51	45	-168	3	164	30	30	30
Eliminations[1]	361	-341	-21	574	-358	-1,103	-937	-527	-400	-350	-300
Group	**4,124**	**3,873**	**351**	**413**	**4,853**	**7,383**	**7,803**	**7,913**	**8,839**	**9,584**	**10,268**
Pre-tax margin (%)											
Automobiles	**6.3**	**6.0**	**0.7**	**-1.3**	**7.2**	**10.8**	**10.2**	**9.3**	**9.6**	**9.9**	**10.1**
Motorcycles	5.2	5.8	4.1	1.0	5.0	2.9	0.4	5.1	4.8	4.8	4.8
Financial Services	6.2	5.3	-1.9	2.3	7.3	10.2	8.0	8.2	7.8	7.2	6.6
Group	**8.4**	**6.9**	**0.7**	**0.8**	**8.0**	**10.7**	**10.2**	**10.4**	**10.6**	**10.9**	**11.0**
Less tax charge											
Automotive	**-**	**511**	**92**	**-149**	**1,280**	**1,832**	**2,453**	**2,153**	**2,474**	**2,717**	**2,940**
Motorcycles	-	11	14	3	20	12	22	25	24	26	27
Financial Services	-	269	-131	147	446	1,053	545	527	513	497	481
Other	-	5	16	-13	-22	-37	-5	68	68	68	68
Eliminations	-	-57	30	215	-114	-384	-323	-200	-152	-105	-90
Group	**1,250**	**739**	**21**	**203**	**1,610**	**2,476**	**2,692**	**2,573**	**2,928**	**3,203**	**3,426**
Profit after tax											
Automotive	**-**	**2,721**	**226**	**-439**	**2,607**	**4,991**	**4,717**	**4,408**	**5,065**	**5,563**	**6,020**
Motorcycles	-	60	37	8	45	29	-16	51	49	52	55
Financial Services	-	474	-161	218	768	737	1,016	1,112	1,083	1,049	1,015
Other	-	163	279	64	67	-131	8	96	-38	-38	-38
Eliminations	-	-284	-51	359	-244	-719	-614	-327	-248	-245	-210
Group	**2,874**	**3,134**	**330**	**210**	**3,243**	**4,907**	**5,111**	**5,340**	**5,911**	**6,381**	**6,841**
Tax rate (%)											
Automotive	**-**	**15.8**	**28.9**	**25.3**	**32.9**	**26.9**	**34.2**	**32.8**	**32.8**	**32.8**	**32.8**
Motorcycles	-	15.5	27.5	27.3	30.8	29.3	366.7	32.9	32.9	32.9	32.9
Financial Services	-	36.2	44.9	40.3	36.7	58.8	34.9	32.2	32.2	32.2	32.2
Group	**-**	**19.1**	**6.0**	**49.2**	**33.2**	**33.5**	**34.5**	**32.5**	**33.1**	**33.4**	**33.4**

(1) Other & eliminations in 2006. Source: Company data and CGI estimates

Overview 2006-16E

BMW – overview (2006-16E)

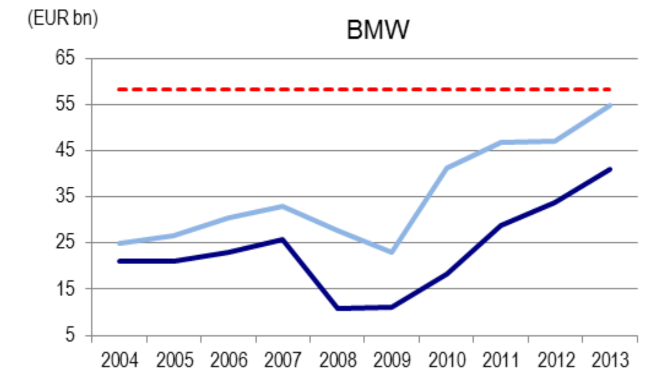
Ordinary share price (EUR)	89.10					
Market capitalisation (EUR bn)[1]	57.50					
No of shares (m)[2]	654.7					
	2006	**2007**	**2008**	**2009**	**2010**	**2011**
Values per share (EUR)						
EPS	**4.38**	**4.78**	**0.49**	**0.31**	**4.93**	**7.45**
CFPS	15.34	18.23	18.32	12.95	7.20	11.19
BVPS	39.29	39.77	41.43	43.58	39.23	39.69
DPS - ordinary shares	0.70	1.06	0.30	0.30	1.30	2.30
Free CFPS	1.43	3.22	-0.12	-1.12	3.89	2.02
Stock market ratios (x)						
P/E	20.4	18.6	180.2	287.4	18.1	12.0
P/CF	5.8	4.9	4.9	6.9	12.4	8.0
P/BV	2.3	2.2	2.2	2.0	2.1	2.0
P/revenue	1.17	1.03	1.08	1.13	0.95	0.84
Dividend yield (%)	0.8	1.2	0.3	0.3	1.5	2.6
Free CF yield (%)	1.6	3.6	-0.1	-1.3	4.4	4.0
EV (EUR bn)	56.1	57.0	54.9	54.5	53.0	51.1
EV/ revenue – industrial (%)	114.5	103.5	109.8	121.5	95.6	79.1
EV/EBITDA - industrial	8.8	7.9	12.5	16.3	6.4	4.6
Group P&L (EUR m)						
Revenue[1]	48,999	56,018	53,197	50,681	60,477	68,821
Gross profit	8,795	9,266	6,049	5,325	10,915	14,545
EBIT	**4,050**	**4,212**	**921**	**289**	**5,111**	**8,018**
EBIT, full R&D	3,386	3,988	882	428	5,420	8,255
EBITDA	7,390	7,901	4,597	3,892	5,999	11,672
Profit before tax	**4,124**	**3,873**	**351**	**413**	**4,853**	**7,383**
Net profit	2,874	3,134	330	210	3,243	4,907
Less dividends	459	694	197	197	852	1,508
Retained profit	2,415	2,440	133	13	2,391	3,399
CF – automotive segm. (EUR m)[3]						
CF from operations	5,600	6,453	2,954	2,780	3,019	8,667
Working capital	-227	-207	1,517	2,141	-943	-1,590
CF from operating activities	**5,373**	**6,246**	**4,471**	**4,921**	**2,076**	**7,077**
Capital expenditure (incl. R&D)	-4,272	-4,103	-4,114	-3,409	-428	-3,565
Other	-145	4	297	-2,266	-14	-2,160
Free CF after investment	**956**	**2,147**	**654**	**-754**	**1,634**	**1,352**
BS - automotive segm. (EUR m)[3]						
Net cash/-debt	980	380	346	465	4,594	4,441
Intra-group receivables	-	6,845	8,185	8,272	5,690	6,404
Net cash (BMW definition)	-	7,354	9,046	8,962	11,286	12,388
SHFs	15,315	21,583	22,481	22,101	23,993	26,154
Profitability and financial ratios (%)						
Gross profit margin	17.9	16.5	11.4	10.5	18.0	21.1
EBIT margin	8.3	7.5	1.7	0.6	8.5	11.7
Adj. EBIT margin - full R&D	6.9	7.1	1.7	0.8	9.0	12.0
Pre-tax profit margin	8.4	6.9	0.7	0.8	8.0	10.7
Tax rate	30.3	19.1	6.0	49.2	33.2	33.5
Net profit margin	5.9	5.6	0.6	0.4	5.4	7.1
Pay-out ratio	16.0	22.2	60.7	96.8	30.9	30.9
Return on equity	15.0	14.4	1.6	1.1	16.1	24.3
Automotive segment						
Unit sales ('000)	1,374.0	1,500.7	1,435.9	1,286.3	1,461.2	1,669.0
% change	3.5	9.2	-4.3	-10.4	13.6	14.2
Revenue (EUR m)[3]	47,767	53,818	48,782	43,737	54,137	63,229
% change	4.2	12.7	-9.4	-10.3	23.8	16.8
EBITDA (EUR m)	6,214	7,018	4,257	3,237	8,117	11,041
Margin (%)	13.0	13.0	8.7	7.4	15.0	17.5
EBIT (EUR m)	3,055	3,450	690	-265	4,355	7,477
Margin (%)	6.4	6.4	1.4	-0.6	8.0	11.8
Profit before tax (EUR m)	3,012	3,232	318	-588	3,887	6,823
Margin (%)	6.3	6.0	0.7	-1.3	7.2	10.8

	2012	**2013**	**2014E**	**2015E**	**2016E**
Values per share (EUR)					
EPS	**7.75**	**8.10**	**8.96**	**9.63**	**10.34**
CFPS	5.05	14.78	15.95	16.98	17.98
BVPS	46.66	54.31	52.05	57.64	65.20
DPS - ordinary shares	2.50	2.60	2.90	3.20	3.50
Free CFPS	5.42	2.93	4.45	5.91	6.17
Stock market ratios (x)					
P/E	11.5	11.0	9.9	9.2	8.6
P/CF	17.6	6.0	5.6	5.2	5.0
P/BV	1.9	1.6	1.7	1.5	1.4
P/revenue	0.75	0.76	0.69	0.65	0.62
Dividend yield (%)	2.8	2.9	3.3	3.6	3.9
Free CF yield (%)	6.1	3.3	5.0	6.6	6.9
EV (EUR bn)	49.9	48.9	49.0	47.2	45.7
EV/ revenue – industrial (%)	69.6	67.8	61.1	55.5	50.7
EV/EBITDA - industrial	4.4	4.6	4.2	3.8	3.5
Group P&L (EUR m)					
Revenue[1]	76,848	76,058	83,298	88,079	93,141
Gross profit	15,494	15,274	16,826	18,497	19,560
EBIT	**8,275**	**7,986**	**8,946**	**9,491**	**10,075**
EBIT, full R&D	8,316	7,311	8,430	9,142	9,808
EBITDA	11,991	11,841	12,901	13,546	14,230
Profit before tax	**7,803**	**7,913**	**8,839**	**9,584**	**10,268**
Net profit	5,111	5,340	5,911	6,381	6,841
Less dividends	1,640	1,707	1,903	2,100	2,297
Retained profit	3,471	3,633	4,008	4,281	4,544
CF – automotive segm. (EUR m)[3]					
CF from operations	7,545	8,435	10,210	10,808	10,785
Working capital	1,622	1,015	500	300	300
CF from operating activities	**9,167**	**9,450**	**10,710**	**11,108**	**11,085**
Capital expenditure (incl. R&D)	-5,074	-6,575	-6,825	-6,325	-6,125
Other	-456	-913	-900	-820	-820
Free CF after investment	**3,637**	**1,962**	**2,985**	**3,963**	**4,140**
BS - automotive segm. (EUR m)[3]					
Net cash/-debt	6,625	7,197	8,397	10,197	11,997
Intra-group receivables	5,862	4,460	-	-	-
Net cash (BMW definition)	13,327	12,127	-	-	-
SHFs	28,202	30,909	43,624	48,550	53,765
Profitability and financial ratios (%)					
Gross profit margin	20.2	20.1	20.2	21.0	21.0
EBIT margin	10.8	10.5	10.7	10.8	10.8
Adj. EBIT margin - full R&D	10.8	9.6	10.1	10.4	10.5
Pre-tax profit margin	10.2	10.4	10.6	10.9	11.0
Tax rate	34.5	32.5	33.1	33.4	33.4
Net profit margin	6.7	7.0	7.1	7.2	7.3
Pay-out ratio	32.2	32.1	32.4	33.2	33.9
Return on equity	23.5	23.1	23.9	24.9	26.4
Automotive segment					
Unit sales ('000)	1,845.2	1,963.8	2,184.6	2,358.2	2,508.5
% change	10.6	6.4	11.2	7.9	6.4
Revenue (EUR m)[3]	70,208	70,629	78,751	83,476	88,485
% change	11.0	0.6	11.5	6.0	6.0
EBITDA (EUR m)	11,278	10,304	11,231	12,027	8,192
Margin (%)	16.1	14.6	14.3	14.4	9.3
EBIT (EUR m)	7,599	6,657	7,639	8,181	8,760
Margin (%)	10.8	9.4	9.7	9.8	9.9
Profit before tax (EUR m)	7,170	6,561	7,539	8,281	8,960
Margin (%)	10.2	9.3	9.6	9.9	10.1

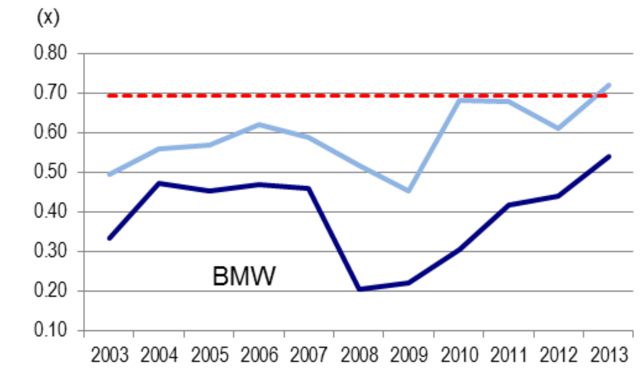
(1) All classes of shares. (2) 602.0m ordinary and 53.6m preferred. (3) Automotive segment since 2007, industrial operations (Auto+motorcycles+other) 2006. (4) Preliminary figures are blue areas only. Source: Company data and CGI estimates

BMW shares - valuation

BMW – Market capitalisation – historic range (2004-13) vs. current valuation



BMW – Price/revenue – historic range (2003-13) vs. current valuation (2014E)



BMW – Historic valuation (1999-2013)

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	5-yr average 2008-12	10-yr average 2003-12
EPS (EUR)	**1.01**	**1.80**	**2.78**	**3.00**	**2.89**	**3.33**	**3.33**	**4.38**	**4.78**	**0.49**	**0.31**	**4.93**	**7.45**	**7.75**	**8.10**	**6.61**	**4.49**
P/E -high	31.3	22.8	15.0	15.8	10.6	11.3	12.0	10.6	10.6	86.4	115.9	13.2	9.9	9.5	10.5	13.0	13.2
P/E-low	22.7	12.9	8.6	9.3	7.3	9.6	9.6	8.1	8.3	34.5	56.8	5.8	6.0	6.9	7.9	8.0	9.0
P/E-average	**26.5**	**18.5**	**13.4**	**13.1**	**9.1**	**10.4**	**10.8**	**9.4**	**9.5**	**60.4**	**86.4**	**9.5**	**8.0**	**8.2**	**11.5**	**11.0**	**11.5**

Source: Company data and CGI estimates

BMW – Current valuation (2004-2016E)

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E
BMW EPS (EUR)		**3.33**	**3.33**	**4.38**	**4.78**	**0.49**	**0.31**	**4.93**	**7.45**	**7.75**	**8.10**	**8.96**	**9.63**	**10.34**
Current BMW PE (x)		**26.8**	**26.7**	**20.4**	**18.6**	**180.2**	**287.4**	**18.1**	**12.0**	**11.5**	**11.0**	**9.9**	**9.2**	**8.6**
% vs. 5-yr high	(13.0x)	107	106	57	44	NM	NM	40	-8	-11	-15	-23	-29	-33
% vs. 5-yr low	(8.0x)	236	235	156	134	NM	NM	127	50	44	38	25	16	8
% vs. 5-yr average	**(11.0x)**	**143**	**143**	**85**	**69**	**NM**	**NM**	**64**	**9**	**4**	**0**	**-9**	**-16**	**-21**
% vs. 10-yr high	(13.2x)	103	102	54	41	NM	NM	37	-9	-13	-17	-25	-30	-35
% vs. 10-yr low	(9.0x)	197	196	126	107	NM	NM	100	33	27	22	10	3	-4
% vs. 10-yr average	(11.5x)	134	133	78	63	NM	NM	58	4	0	-4	-13	-19	-25

Source: Company data and CGI estimates

BMW – Valuation summary

Current share price	Current P/E 2016E	Target P/E 2016E	Implied price YE 2016E	Target price YE 2014E	Potential TP vs. current price
EUR 89.10	**8.7x**	**11.0x**	**EUR 113.39**	**EUR 110.2**	**23.6%**

Close 05.02.2014 Source: Company data and CGI estimates

BMW – share price (- 5 years)

BMW vs. DAX 30 Index (- 5 years)

Appendix: BMW – model introduction schedule

BMW – Model introductions and segmentation (2012-18E)

BMW

		Model	Version	Segmentation[1]
February	2012	3-Series	Saloon*	D+
March		5-Series	Active Hybrid 5	E+
March		M6	Convertible	E-S+
June		6 Gran Coupé	4-door coupé on 6-Series	E+
June		X6	Sports-activity coupé F/L	SUV+
July		7-Series	Saloon F/L	L+
July		X1	Compact SAV F/L	C-SUV+
August		3-Series	LWB (China only)	D+
August		M6	Coupé	E-S+
September		3-Series	Active Hybrid 3	D+
September		3-Series	Touring	D+
September		1-Series	3-door hatchback	C+
September		M6	Coupé/Convertible	E-S+
March	2013	Z4	Roadster F/L	D-S+
April		Zinoro	EV in China	
June		M6 Gran Coupé	4-door coupé on 6-Series	E+
June		3-Series GT	Space-functional concept*	D-MPV+
June		5-Series	Saloon/Touring F/L	E+
June		5-Series GT	Space-functional concept F/L	E-MPV+
October		4-Series	Coupé on 3-Series*	D+
November		X5	SAV*	SUV+
November		i3	Megacity (BEV)*	C-MPV+
March	2014	2-Series	Coupé on 1-Series	C+
March		4-Series	Convertible on 3-Series	D+
April		X3	mid-size SAV F/L	D-SUV+
June		i8	Vision EfficientDynamics (PHEV)	E-S+
June		4 Gran Coupe	4-door coupé on 3-Series	D+
June		M3	Saloon	D+
June		M4	Coupé*	D+
July		X4	Sports-activity 4-door coupé*	D-SUV+
September		2-Series Active Tourer	FWD MPV 5-seater*	C-MPV+
October		M4	Convertible*	D+
November		X6	Sports-activity coupé*	SUV+
	2015	2-Series	Convertible on 1-Series	C+
		M2	Coupé*	C+
		M2	Convertible*	C+
		2-Series Active Tourer	FWD MPV 7-seater	C-MPV+
		7-Series	Saloon*	L+
late	2016	X1	Compact SAV* (FWD/AWD)	C-SUV+
		X1 LWB	LWB (China only)	C-SUV+
		X1	PHEV	C-SUV+
		9-Series	4-door coupé on 7-Series	L+
		5-Series	Saloon*	E+
		X2	Sports-activity 2-door coupé*	C-SUV+
		Z4	Roadster*	MS+
		5-Series	Touring	E+
		5-Series	LWB (China only)	E+
	2017	5-Series GT	Space-functional concept*	E-MPV+
		X3	mid-size SAV*	D-SUV+
		sub 1-Series	FWD entry-level	B+
		X7	SAV*	L-SUV+
	2018	3-Series	Saloon*	D+
		3-Series	LWB (China only)	D+
		6-Series	Convertible*	E-S+
		3-Series	Touring	D+
		6-Series	Convertible*	E-S+
		6 Gran Coupé	4-door coupé on 6-Series	E+

Mini

		Model	Version	Segmentation[1]
July	2001	One*	Hatchback	B+
		Cooper*	Hatchback	B+
March	2002	Cooper S	Hatchback	B+
June	2003	One Diesel	Hatchback	B+
	2004	One/Cooper	Convertible	B+
		Cooper S	Convertible	B+
Nov/March	2006	Cooper/Cooper S	Hatchback	B+
April	2007	One/Diesel	Hatchback	B+
November		Clubman	Estate	B+
March	2009	One/Cooper/S	Convertible	B+
September	2010	One/Cooper/S F/L	Hatchback	B+
September		Countryman	Small SUV	B-SV+
October	2011	Coupé	Coupé	B+
February	2012	Speedster	Roadster	B+
March	2013	Paceman	B-SUV coupé	B+
March		Clubvan	Estate/van	B+
March	2014	One*	Hatchback	B+
March		Cooper*	Hatchback	B+
September		Countryman F/L	B-SUV	B+
		Paceman F/L	B-SUV coupé	B+

Rolls-Royce

	Model	Version	Segmentation[1]
2003	Phantom	Saloon	L++
2005	Phantom	Long-wheelbase	L++
2007	Drophead Coupé	Convertible	L-S++
2008	Phantom Coupé	Coupé	L-S++
2009	Ghost	Smaller model Series	L++
2011	Ghost	Extended Wheelbase	L++
2013	Wraith	Ghost based coupé	LS++
2014	Ghost Series II	Smaller Model Series	LS++

(*) New generation. F/L=facelift; (1) Segmentation – a) size related: B = small, subcompact; C = lower-medium, compact; D = upper-medium, midsize, E= executive; L=large, full-size; b) body-style related: S=sporty, MPV, SUV; c) market status related: '+' - premium; ++ - 'super-premium'. Source: Company data and CGI estimate

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