Creative Global Investments

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BMW (EUR 88.33) – BUY

1Q14A group results in line with 1Q14E. Strong result at Automotive segment, despite front-loaded costs. We keep FY14E estimates virtually unchanged and confirm those for 2015E-16E. Our 2016E EPS is EUR 10.34 and our YE14 target price of EUR 110.00 implies a 25% upside potential for BMW shares.

1Q14A group results in line: A 3.9% yoy increase in revenue to EUR 18.24bn generated yoy increases of 2.5% in EBIT to EUR 2.09bn/11.5% and 11.6% in net profit to EUR 1.46bn/8.0%. As we expected, **BMW management confirmed their bullish guidance for FY14 of a 'significant increase in its group's pre-tax profit', driven by 'a significant increase in sales'.** (See pp. 3-4 for details.)

The Automotive segment generated strong 1Q14 results, despite front-loaded costs. A 4.8% yoy increase in (fully consolidated) sales generated a 4.1% growth in revenue to EUR 16.56bn and flat EBIT at EUR 1.58bn, implying a margin of 9.5% vs. 9.9% in 1Q13. As expected, **positives** included higher volume and a better model mix, whereas **headwinds** included launch costs and costs related to Strategy Number One. Both currency and pricing were neutral. PBT (EUR 1.64bn/9.9%) benefited from a stronger than expected equity result from the Chinese JV as costs there should be back-loaded. **Net FCF of EUR 0.71bn was considerably better yoy, reflecting the strong underlying profitability of the BMW Auto. (**See pp.5-7)

We keep FY14E estimates virtually unchanged and confirm those for 2015E-16E; this implies **EPS growth at a CAGR of 8.5% in 2014E-16E.** At **Autos, we expect for FY14E,** that an 11.2% increase in retail sales will result in increases of **14.6% in EBIT to EUR 7.63bn/9.7% and of 14.7% in PBT to EUR 7.53bn/9.6%.** This is compatible with management indicating that the **earnings momentum at Autos will accelerate during the year.** The successive introduction of new models should gradually tilt the cost-benefit ratio towards the latter.

Investment opinion - BUY: At EUR 88.33, BMW shares are valued at 8.5x 2016E earnings, implying a 22% 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 YE16E and time-discounted (yield of 10-year Bund), **a target price of EUR 110.00 at YE14E and a 25% upside potential for BMW shares.** (See p. 10.)

BMW– share summary (2012-16E)

Current price (EUR)	88.33				
Market cap.(EUR bn)	56.97				
December YE	**2012**	**2013**	**2014E**	**2015E**	**2016E**
EPS (EUR)	7.75	8.10	8.95	9.64	10.34
CFPS (EUR)	5.05	14.78	16.18	17.21	18.21
BVPS (EUR)	46.7	54.3	51.8	57.2	64.5
DPS (EUR)	2.50	2.60	2.90	3.20	3.50
Free CFPS (EUR)	5.42	2.93	4.37	6.13	6.40
P/E (x)	11.4	10.9	9.9	9.2	8.5
PCF (x)	17.5	6.0	5.5	5.1	4.9
Price/BV (x)	1.9	1.6	1.7	1.5	1.4
P/revenue (x)	0.74	0.75	0.69	0.65	0.61
Dividend yd (%)	2.8	2.9	3.3	3.6	4.0
Free CF yd (%)	6.1	3.3	4.9	6.9	7.2

Share price 05.06.2014. Source: Company data and CGI estimates

BMW – share price (-1year)

Source: Euroland

Contents

Group results - 1Q14A and FY14E

BMW – Group results (1Q12-FY14E)

	1Q12[1]	2Q12[1]	3Q12[1]	4Q12[1]	FY12[1]	1Q13A	2Q13	3Q13	4Q13	FY13	1Q14A	New FY14E	1Q14E	Old FY14E
(EUR m)														
Revenue	18,293	19,202	18,817	20,536	76,848	17,546	19,552	18,750	20,210	76,058	18,235	82,832	18,759	83,298
EBIT[2]	**2,134**	**2,267**	**2,002**	**1,871**	**8,275**	**2,039**	**2,068**	**1,928**	**1,951**	**7,986**	**2,090**	**8,938**	**2,100**	**8,946**
Financial income	-54	-291	-15	-112	-472	-36	-36	61	-62	-73	76	-107	-12	-107
Pre-tax profit	**2,080**	**1,976**	**1,987**	**1,760**	**7,803**	**2,003**	**2,032**	**1,989**	**1,889**	**7,913**	**2,166**	**8,831**	**2,088**	**8,839**
Less tax charge	728	699	698	567	2,692	691	640	659	583	2,573	704	2,923	711	2,928
Profit after tax	**1,352**	**1,277**	**1,289**	**1,193**	**5,111**	**1,312**	**1,392**	**1,330**	**1,306**	**5,340**	**1,462**	**5,908**	**1,377**	**5,911**
Minorities	7	3	9	7	26	5	6	9	6	26	4	35	5	35
Net profit	**1,345**	**1,274**	**1,280**	**1,186**	**5,085**	**1,307**	**1,386**	**1,321**	**1,300**	**5,314**	**1,458**	**5,873**	**1,372**	**5,876**
Margin (%)														
EBIT[1]	11.7	11.8	10.6	9.1	10.8	11.6	10.6	10.3	9.7	10.5	11.5	10.8	11.2	10.7
Pre-tax profit	11.4	10.3	10.6	8.6	10.2	11.4	10.4	10.6	9.3	10.4	11.9	10.7	11.1	10.6
Tax rate (%)	*35.0*	*35.4*	*35.1*	*32.2*	*34.5*	*34.5*	*31.5*	*33.1*	*30.9*	*32.5*	*32.5*	33.1	*34.0*	*33.1*
Net profit	7.4	6.6	6.8	5.8	6.6	7.4	7.1	7.0	6.4	7.0	8.0	7.1	7.3	7.1

Note: Old FY14E estimates refer to our BMW report of May 5th. (1) Restated, adjusted for effects from application of the amended version of IAS19. (2) In BMW accounts EBIT refers to 'profit before financial results' and thus also excludes results from equity accounted investments. Source: Company data and CGI estimates

Management confirmed FY14 guidance of March 20th

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

BMW – P&L by division (1Q12-FY14E)

(EUR m)	1Q12[1]	2Q12[1]	3Q12[1]	4Q12[1]	FY12[1]	1Q13	2Q13	3Q13	4Q13	FY13	1Q14A	New FY14E	1Q14E	Old FY14E
Revenue														
Automotive	**16,159**	**17,366**	**17,187**	**19,496**	**70,208**	**15,907**	**18,201**	**17,196**	**19,325**	**70,629**	**16,559**	**78,398**	**17,180**	**78,751**
Motorcycles[1]	448	410	358	274	1,490	436	475	324	269	1,504	472	1,549	445	1,534
Financial Services[1]	4,800	4,866	4,916	4,968	19,550	4,830	5,058	4,994	4,992	19,874	4,890	20,271	5,023	20,470
Other[1]	1	2	1	1	5	1	2	1	2	6	2	5	1	5
Eliminations	-3,115	-3,442	-3,645	-4,203	-14,405	-3,628	-4,184	-3,765	-4,378	-15,955	-3,688	-17,392	-3,890	-17,462
Group	**18,293**	**19,202**	**18,817**	**20,536**	**76,848**	**17,546**	**19,552**	**18,750**	**20,210**	**76,058**	**18,235**	**82,832**	**18,759**	**83,298**
EBIT														
Automotive	**1,880**	**2,018**	**1,647**	**2,054**	**7,599**	**1,582**	**1,756**	**1,549**	**1,770**	**6,657**	**1,580**	**7,628**	**1,666**	**7,639**
Motorcycles	37	48	-3	-73	9	51	46	-4	-14	79	64	85	54	77
Financial Services	426	441	424	267	1,558	450	468	390	335	1,643	465	1,635	445	1,600
Other	13	14	17	14	58	17	7	14	6	44	10	30	15	30
Eliminations	-222	-254	-83	-390	-949	-61	-209	-21	-146	-437	-29	-440	-80	-400
Group	**2,134**	**2,267**	**2,002**	**1,872**	**8,275**	**2,039**	**2,068**	**1,928**	**1,951**	**7,986**	**2,090**	**8,938**	**2,100**	**8,946**
EBIT margin (%)														
Automotive	**11.6**	**11.6**	**9.6**	**10.5**	**10.8**	**9.9**	**9.6**	**9.0**	**9.2**	**9.4**	**9.5**	**9.7**	**9.7**	**9.7**
Motorcycles	8.3	11.7	-0.8	-26.6	0.6	11.7	9.7	-1.2	-5.2	5.3	13.6	5.5	12.1	5.0
Financial Services	8.9	9.1	8.6	5.4	8.0	9.3	9.3	7.8	6.7	8.3	9.5	8.1	8.9	7.8
Group	**11.7**	**11.8**	**10.6**	**9.1**	**10.8**	**11.6**	**10.6**	**10.3**	**9.7**	**10.5**	**11.5**	**10.8**	**11.2**	**10.7**
Financial Income														
Automobiles	**-58**	**-270**	**54**	**-155**	**-429**	**-66**	**-108**	**82**	**-4**	**-96**	**63**	**-100**	**-10**	**-100**
Motorcycles	0	-1	-1	-1	-3	-1	-1	-1	0	-3	-1	-3	-1	-3
Financial Services	8	-10	1	4	3	-1	-1	8	-10	-4	-5	-4	-1	-4
Other	-32	-26	-54	57	-55	50	82	-3	-9	120	47	0	0	0
Eliminations	28	16	-15	-17	12	-18	-8	-25	-39	-90	-28	0	0	0
Group	**-54**	**-291**	**-15**	**-112**	**-472**	**-36**	**-36**	**61**	**-62**	**-73**	**76**	**-107**	**-12**	**-107**
Pre-tax profit														
Automotive	**1,822**	**1,748**	**1,701**	**1,899**	**7,170**	**1,516**	**1,648**	**1,631**	**1,766**	**6,561**	**1,643**	**7,528**	**1,656**	**7,539**
Motorcycles	37	47	-4	-74	6	50	45	-5	-14	76	63	82	53	74
Financial Services	434	431	425	271	1,561	449	467	398	325	1,639	460	1,631	444	1,596
Other	-19	-12	-37	71	3	67	89	11	-3	164	57	30	15	30
Eliminations	-194	-238	-98	-407	-937	-79	-217	-46	-185	-527	-57	-440	-80	-400
Group	**2,080**	**1,976**	**1,987**	**1,760**	**7,803**	**2,003**	**2,032**	**1,989**	**1,889**	**7,913**	**2,166**	**8,831**	**2,088**	**8,839**
Pre-tax margin (%)														
Automotive	**11.3**	**10.1**	**9.9**	**9.7**	**10.2**	**9.5**	**9.1**	**9.5**	**9.1**	**9.3**	**9.9**	9.6	**9.6**	**9.6**
Motorcycles	8.3	11.5	-1.1	-27.0	0.4	11.5	9.5	-1.5	-5.2	5.1	13.3	5.3	11.9	4.8
Financial S	9.0	8.9	8.6	5.5	8.0	9.3	9.2	8.0	6.5	8.2	9.4	8.0	8.8	7.8
Group	**11.4**	**10.3**	**10.6**	**8.6**	**10.2**	**11.4**	**10.4**	**10.6**	**9.3**	**10.4**	**11.9**	**10.7**	**11.1**	**10.6**
Less tax charge														
Automotive	**640**	**618**	**591**	**604**	**2,453**	**529**	**545**	**544**	**535**	**2,153**	**534**	**2,470**	**571**	**2,474**
Motorcycles	12	17	-1	-6	22	17	15	-3	-4	25	20	27	18	24
Financial services	146	157	136	106	545	151	152	127	97	527	143	524	147	513
Other	-2	-1	-4	2	-5	24	61	6	-23	68	23	68	5	68
Eliminations	-68	-92	-24	-139	-323	-30	-133	-15	-22	-200	-16	-167	-30	-152
Group	**728**	**699**	**698**	**567**	**2,692**	**691**	**640**	**659**	**583**	**2,573**	**704**	**2,923**	**711**	**2,928**
Profit after tax														
Automotive	**1,182**	**1,130**	**1,110**	**1,295**	**4,717**	**987**	**1,103**	**1,087**	**1,231**	**4,408**	**1,109**	**5,058**	**1,085**	**5,065**
Motorcycles	25	30	-3	-68	-16	33	30	-2	-10	51	43	55	35	49
Financial services	288	274	289	165	1,016	298	315	271	228	1,112	317	1,107	297	1,083
Other	-17	-11	-33	69	8	43	28	5	20	96	34	-38	10	-38
Eliminations	-126	-146	-74	-268	-614	-49	-84	-31	-163	-327	-41	-273	-50	-248
Group	**1,352**	**1,277**	**1,289**	**1,193**	**5,111**	**1,312**	**1,392**	**1,330**	**1,306**	**5,340**	**1,462**	**5,908**	**1,377**	**5,911**
Tax rate (%)														
Automotive	**35.1**	**35.4**	**34.7**	**31.8**	**34.2**	**34.9**	**33.1**	**33.4**	**30.3**	**32.8**	**32.5**	**32.8**	**34.5**	**32.8**
Motorcycles	32.4	36.2	25.0	8.1	366.7	34.0	33.3	60.0	28.6	32.9	31.7	32.9	34.0	32.9
Financial Services	33.6	36.4	32.0	39.1	34.9	33.6	32.5	31.9	29.8	32.2	31.1	32.2	33.0	32.2
Group	**35.0**	**35.4**	**35.1**	**32.2**	**34.5**	**34.5**	**31.5**	**33.1**	**30.9**	**32.5**	**32.5**	**33.1**	**34.0**	**33.1**

Note: Old FY14E estimates refer to our BMW report of May 5th. (1) Restated, adjusted for effects from application of the amended version of IAS19. Source: Company data and CGI estimates

Automotive segment – 1Q14A & FY14E

BMW – Auto - results, deliveries and production (1Q12-FY14E)

	1Q12[1]	2Q12[1]	3Q12[1]	4Q12[1]	FY12[1]	1Q13	2Q13	3Q13	4Q13	FY13	1Q14A	New FY14E	1Q14E	Old FY14E
(EUR m)														
Revenue	16,159	17,366	17,187	19,496	70,208	15,907	18,201	17,196	19,325	70,629	16,559	78,398	17,180	78,751
% change yoy	12.4	4.2	12.0	15.8	11.0	-1.6	4.8	0.1	-0.9	0.6	4.1	11.0	8.0	11.5
Gross profit	3,271	3,521	3,121	3,770	13,683	2,876	3,393	3,088	3,501	12,858	3,119	15,288	3,436	15,357
Gross margin (%)	20.2	20.3	18.2	19.3	19.5	18.1	18.6	18.0	18.1	18.2	18.8	19.5	20.0	19.5
EBIT[1]	1,880	2,018	1,647	2,054	7,599	1,582	1,756	1,549	1,770	6,657	1,580	7,628	1,666	7,639
EBIT margin (%)	11.6	11.6	9.6	10.5	10.8	9.9	9.6	9.0	9.2	9.4	9.5	9.7	9.7	9.7
Net financial result	-58	-270	54	-155	-429	-66	-108	82	-4	-96	63	-100	-10	-100
- China JV net profit share	43	105	51	72	271	85	164	122	27	398	225	506	125	506
Pre-tax profit	1,822	1,748	1,701	1,899	7,170	1,516	1,648	1,631	1,766	6,561	1,643	7,528	1,656	7,539
Unit revenue (%-yoy)	1.1	-1.2	2.8	-0.9	0.4	-6.5	-1.7	-8.7	-5.1	-5.5	-4.2	1.1	-0.6	1.6
Cons. unit revenue (%-yoy)	2.4	1.6	4.8	0.6	2.4	-3.3	0.8	-5.5	-3.6	-2.9	-0.7	2.9	3.0	3.4
Units ('000)														
Deliveries[3]	425.5	475.0	435.0	509.7	1,845.2	448.2	506.3	476.6	532.6	1,963.8	487.0	2,184.6	487.0	2,184.6
% change yoy	11.2	5.4	9.0	16.8	10.6	5.3	6.6	9.6	4.5	6.4	8.7	11.2	8.7	11.2
Deliveries – cons. comps[3]	397.8	437.2	399.4	469.6	1,704.0	404.9	454.5	422.9	483.0	1,765.3	424.5	1,939.0	424.5	1,939.0
% change yoy	9.8	2.5	6.8	15.1	8.5	1.8	3.9	5.9	2.9	3.6	4.8	9.8	4.8	9.8
Production	460.9	451.8	475.1	474.1	1,861.8	482.2	519.9	519.9	484.3	2,006.4	519.9	2,224.6	522.0	2,224.6
% change yoy	7.1	0.5	8.7	12.6	7.1	4.6	15.1	9.4	2.2	7.8	7.8	10.9	8.3	10.9
Over-production	35.4	-23.3	40.1	-35.6	16.6	34.0	13.6	43.3	-48.3	42.6	32.9	40.0	35.0	40.0

Note: Old FY14E estimates refer to our BMW report of May 5th. (1) Restated, adjusted for effects from application of the amended version of IAS19. (2) In BMW accounts, EBIT refers to 'profit before financial results' and thus also excludes results from equity accounted investments. (3) See tables for retail sales by model and markets on pp.6-7. Source: Company data and CGI estimates

BMW – Automotive CF (1Q12-FY14E)

(EUR m)	1Q12	2Q12	3Q12	4Q12	FY12	1Q13	2Q13	3Q13	4Q13	FY13	1Q14A	New FY14E	1Q14E	old FY14E
Net profit	1,182	1,130	1,110	1,295	4,717	987	1,103	1,087	1,766	4,408	1,109	5,058	1,085	5,065
Depreciation	853	1,013	832	981	3,679	878	985	888	994	3,745	935	3,995	898	3,845
Depr /chage leased prods.	1	-1	18	5	23	8	42	31	28	109	-6	6	10	6
Gross CF	2,036	2,142	1,960	2,281	8,419	1,873	2,080	2,056	2,253	8,262	2,038	9,053	1,993	8,910
Change in provisions	292	-244	-405	624	267	33	49	-424	715	373	327	100	40	100
Other	-319	-508	1,475	-1,789	100	555	46	827	-1,628	-200	695	1,000	-9	1,200
CF from operations	2,009	1,391	3,012	1,116	7,545	2,461	2,225	2,378	1,340	8,435	3,060	10,153	2,024	10,210
WCR	285	448	-397	1,286	1,622	-493	156	161	1,191	1,015	-918	500	-500	500
CF- operating activities	2,294	1,838	2,633	2,402	9,167	1,968	2,381	2,570	2,531	9,450	2,142	10,653	1,524	10,710
Capital expenditure	-585	-852	-1,187	-2,450	-5,074	-1,190	-1,150	-1,917	-2,318	-6,575	-1,227	-6,825	-1,225	-6,825
Other	-357	-117	36	-18	-456	-614	-196	122	-225	-913	-202	-900	-200	-900
CF - investment activities	-942	-969	-1,151	-2,468	-5,530	-1,804	-1,346	-1,795	-2,543	-7,488	-1,429	-7,725	-1,425	-7,725
Free CF	1,352	869	1,482	-66	3,637	164	1,035	775	-12	1,962	713	2,928	99	2,985
Net inv. in marketable sec	284	-18	-132	38	172	464	7	9	57	537	219	-	-	-
Adj. FCF[1]	1,636	851	1,350	-28	3,809	628	1,042	784	45	2,499	932	-	-	-

Note: Old FY14E estimates refer to our BMW report of May 5th. Source: Company data and CGI estimates.

Revenue affected by forex and wholesales lagging retail sales

In 1Q14, divisional revenue was negatively affected by a EUR 0.54bn forex effect, mainly due to the USD, JPY, AUD, and ZAR. Adjusted for currency, revenue was up 7.3% yoy at EUR 17.07bn, implying a 2.3% yoy increase in calculated unit revenue, compared to the unadjusted 0.7% yoy decline. We understand that the calculated unit revenue figure was further depressed by the fact that wholesales which actually drive the revenue line, trailed retail sales. Management indicated that this should reverse during 2-4Q14E.

EBIT 1Q14 vs. 1Q13

Positives included **volume growth** and a **better model mix**, mainly due to a lower share of Mini in group sales.

Negatives included **additional expenditure for future projects** and **model launch costs**, the latter of which was a high two-digit euro-million amount, according to management.

Pricing and forex neutral

Management indicated that pricing was flat in 1Q14 vs. 1Q13 and confirmed their FY14 target of an increase by 100bpts that should be mainly driven by a recovering European market. Management also indicated that in 1Q14, currency and raw materials had no measurable impact yoy; however, they confirmed their FY14E guidance of a EUR 0.2bn headwind, in line with that of FY13.

BMW Auto – Retail sales by model series (1Q12 – FY14E)

	1Q12	2Q12	3Q12	4Q12	FY12	1Q13	2Q13	3Q13	4Q13	FY13	1Q14A	New=Old FY14E
Units ('000)												
- 2 – Series AT	-	-	-	-	-	-	-	-	-	-	-	5.0
- 1 - Series	54.2	59.6	54.6	58.4	226.8	53.9	55.8	53.4	50.5	213.6	50.2	188.0
- 2 - Series	-	-	-	-	-	-	-	-	-	-	2.6	25.0
- X1	29.5	34.9	38.1	45.3	147.8	37.7	41.4	37.4	44.9	161.4	43.3	169.4
- 3 - Series	91.2	102.8	92.6	120.1	406.8	109.3	127.1	128.1	134.6	500.3	116.7	481.7
- 4 - Series	-	-	-	-	-	-	-	0.9	13.9	14.8	17.7	125.0
- X3	35.2	38.9	33.7	42.0	149.9	36.2	41.8	36.0	43.4	157.3	40.1	165.2
- X4	-	-	-	-	-	-	-	-	-	-	-	29.0
- Z4	4.1	4.7	3.3	3.0	15.2	3.0	4.3	3.1	2.5	12.9	3.0	12.6
- 5 - Series	82.2	95.6	86.0	95.3	359.0	85.7	94.1	91.1	80.8	346.7	91.6	357.1
- X5	26.6	25.8	24.3	31.8	108.5	27.3	25.4	25.6	29.0	107.2	31.0	126.5
- X6	11.0	9.8	10.6	12.2	43.7	9.8	9.2	8.2	9.5	36.7	9.2	34.5
- 6 - Series	4.7	5.7	6.3	6.6	23.2	6.2	7.8	6.3	7.3	27.7	8.2	28.8
- 7 - Series	17.8	12.7	13.3	15.4	59.2	12.4	14.7	15.3	13.6	56.0	12.7	57.7
- i3	-	-	-	-	-	-	-	-	**0.3**	**0.3**	2.0	20.0
- i8	-	-	-	-	-	-	-	-	-	-	-	1.8
BMW brand	**356.5**	**390.5**	**362.9**	**430.1**	**1,540.1**	**381.4**	**421.5**	**405.4**	**450.6**	**1,655.1**	**428.3**	**1,847.0**
Mini brand	**68.2**	**83.7**	**71.3**	**78.3**	**301.5**	**66.2**	**82.6**	**75.5**	**80.8**	**305.0**	**57.9**	**334.0**
Rolls-Royce	**0.8**	**0.8**	**0.7**	**1.2**	**3.6**	**0.6**	**0.8**	**0.8**	**1.3**	**3.6**	**0.9**	**3.7**
Group	**425.5**	**475.0**	**435.0**	**509.7**	**1,845.2**	**448.2**	**505.0**	**481.7**	**532.6**	**1,963.8**	**487.0**	**2,184.6**
%-change yoy												
- 1 - Series	20.2	20.8	57.9	23.3	28.6	-0.5	-6.5	-2.3	-13.5	-5.8	-6.9	-12.0
- X1	8.4	-1.7	20.7	40.8	16.9	27.6	18.7	-1.9	-0.8	9.2	14.8	5.0
- 3 – Series[1]	3.9	-2.2	-2.6	24.6	5.8	19.9	23.6	38.3	12.0	23.0	6.7	-3.7
- 4 Series	-	-	-	-	-	-	-	-	-	-	-	746.7
- X3	55.3	26.0	11.6	22.9	27.1	2.7	7.5	6.7	3.2	5.0	10.9	5.0
- Z4	-8.3	-21.2	-34.8	-4.2	-18.9	-28.0	-9.3	-8.3	-16.7	-15.6	0.8	-2.0
- 5 – Series[2]	-3.7	12.0	7.6	16.3	8.0	4.3	-1.5	6.0	-15.2	-3.4	6.8	3.0
- X5	14.7	0.9	-7.5	6.9	3.5	2.7	-1.8	5.2	-8.9	-1.2	13.8	18.0
- X6	13.7	-15.3	5.8	28.8	7.0	-11.6	-6.5	-22.4	-22.2	-16.0	-6.2	-6.0
- 6 - Series	489.5	134.9	198.0	61.3	146.8	32.7	37.6	1.4	11.3	19.4	33.2	4.0
- 7- Series	20.0	-24.9	-22.2	-22.8	-13.9	-30.3	15.6	15.5	-11.9	-5.4	2.3	3.0
BMW brand	**11.0**	**5.9**	**9.3**	**20.0**	**11.6**	**7.0**	**7.9**	**11.7**	**4.8**	**7.5**	**12.3**	**11.6**
Mini brand	**12.1**	**3.2**	**7.6**	**1.9**	**5.8**	**-3.0**	**-1.2**	**5.8**	**3.1**	**1.2**	**-12.5**	**9.5**
Rolls-Royce	**6.5**	**-4.5**	**-14.5**	**13.9**	**1.0**	**-16.6**	**0.4**	**13.6**	**6.5**	**1.5**	**39.7**	**1.0**
Group	**11.2**	**5.4**	**9.0**	**16.8**	**10.6**	**5.3**	**6.3**	**10.7**	**4.5**	**6.4**	**8.7**	**11.2**
Share (%)												
- 2 – Series AT	-	-	-	-	-	-	-	-	-	-	-	0.2
- 1 - Series	12.7	12.6	12.6	11.5	12.3	12.0	11.0	11.1	9.6	10.9	10.3	8.6
- 2 - Series	-	-	-	-	-	-	-	-	-	-	0.5	1.1
- X1	6.9	7.3	8.8	8.9	8.0	8.4	8.2	7.8	8.5	8.2	8.9	7.8
- 3 - Series	21.4	21.6	21.3	23.6	22.0	24.4	25.2	26.6	29.9	26.7	24.0	22.0
- 4 - Series	-	-	-	-	-	-	-	0.2	2.6	0.8	3.6	5.7
- X3	8.3	8.2	7.8	8.2	8.1	8.1	8.3	7.5	8.2	8.0	8.2	7.6
- X4	-	-	-	-	-	-	-	-	-	-	-	1.3
- Z4	1.0	1.0	0.8	0.6	0.8	0.7	0.8	0.6	0.5	0.7	0.6	0.6
- 5 - Series	19.3	20.1	19.8	18.7	19.5	19.1	18.6	18.9	18.2	18.7	18.8	16.3
- X5	6.2	5.4	5.6	6.2	5.9	6.1	5.0	5.3	5.5	5.5	6.4	5.8
- X6	2.6	2.1	2.4	2.4	2.4	2.2	1.8	1.7	1.8	1.9	1.9	1.6
- 6 - Series	1.1	1.2	1.4	1.3	1.3	1.4	1.6	1.3	1.4	1.4	1.7	1.3
- 7 - Series	4.2	2.7	3.1	3.0	3.2	2.8	2.9	3.2	2.6	2.9	2.6	2.6
- i3	-	-	-	-	-	-	-	-		**0.0**	0.4	**0.9**
- i8	-	-	-	-	-	-	-	-	-	-	-	**0.1**
BMW brand	**83.8**	**82.2**	**83.4**	**84.4**	**83.5**	**85.1**	**83.5**	**84.2**	**84.4**	**84.3**	**87.9**	**84.5**
Mini brand	**16.0**	**17.6**	**16.4**	**15.4**	**16.3**	**14.8**	**16.4**	**15.7**	**15.3**	**15.5**	**11.9**	**15.3**
Rolls-Royce	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**	**0.2**	**0.2**	**0.3**	**0.2**	**0.2**	**0.2**
Group	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: 1Q14 retail sales were announced on April 9th. (1) 3-Series incl. 3-Series GT since 3Q13; (2) 5-Series incl. 5-Series GT. Source: Company data and CGI estimates

BMW Auto – Retail sales by region (1Q12 – FY14E)

	1Q12	2Q12	3Q12	4Q12	FY12	1Q13	2Q13	3Q13	4Q13	FY13	1Q14A	New=Old FY14E
Units ('000)												
- Germany	63.0	79.1	65.1	80.1	287.4	63.4	70.0	58.4	67.3	259.2	62.5	287.7
- UK	39.0	45.9	47.8	41.8	174.5	45.7	48.6	52.6	42.2	189.1	46.5	208.0
- Other Europe	99.1	111.2	90.0	103.3	403.5	98.0	110.9	93.8	108.5	411.2	105.2	449.7
Europe	**201.1**	**236.3**	**202.9**	**225.2**	**865.4**	**207.1**	**229.6**	**204.8**	**218.0**	**859.5**	**214.2**	**945.5**
- US	75.9	83.0	76.5	113.0	348.5	79.0	94.2	89.6	113.9	376.6	81.2	376.6
- Canada	7.2	11.2	10.3	9.0	37.7	7.6	10.6	9.3	10.3	37.7	8.2	72.2
North America	**83.2**	**94.2**	**86.8**	**122.0**	**386.2**	**86.6**	**104.8**	**98.9**	**124.1**	**414.4**	**89.5**	**448.8**
- Japan	**14.0**	**13.7**	**14.3**	**14.7**	**56.7**	**15.0**	**16.0**	**15.6**	**17.7**	**64.2**	**18.9**	**67.4**
- Mainland China	80.2	79.1	78.3	89.7	327.3	86.2	97.0	102.4	106.1	391.7	108.1	470.1
- o/w imports	52.5	41.4	42.7	49.6	186.2	42.9	45.1	48.7	56.4	193.2	45.6	224.5
- o/w JV	27.7	37.8	35.6	40.1	141.2	43.3	51.8	53.7	49.7	198.5	62.5	245.6
- Other Asia	24.7	27.0	27.8	29.9	109.4	28.7	30.1	31.9	32.2	122.7	31.5	133.8
Asia	**118.9**	**119.9**	**120.4**	**134.3**	**493.4**	**129.9**	**143.1**	**149.8**	**155.9**	**578.7**	**158.6**	**671.3**
Rest of World	**22.4**	**24.7**	**24.9**	**28.2**	**100.1**	**24.7**	**28.9**	**23.1**	**34.6**	**111.2**	**24.8**	**119.0**
World	**425.5**	**475.0**	**435.0**	**509.7**	**1,845.2**	**448.2**	**506.3**	**476.6**	**532.6**	**1,963.8**	**487.0**	**2,184.6**
World – cons. comps.	**397.8**	**437.2**	**399.4**	**469.6**	**1,704.0**	**404.9**	**454.5**	**422.9**	**483.0**	**1,765.3**	**424.5**	**1,939.0**
%-change yoy												
- Germany	-1.6	-1.4	-0.5	6.1	0.7	0.6	-11.5	-10.2	-16.0	-9.8	-1.4	11.0
- UK	-0.7	3.5	6.8	7.0	4.2	17.3	5.9	9.9	0.9	8.4	1.8	10.0
- Other Europe	2.4	-1.5	2.7	-4.7	-0.5	-1.1	-0.3	4.3	5.0	1.9	7.2	9.4
Europe	**0.5**	**-0.5**	**2.6**	**1.0**	**0.8**	**3.0**	**-2.8**	**1.0**	**-3.2**	**-0.7**	**3.4**	**10.0**
- US	16.5	5.4	0.7	29.9	13.8	4.0	13.5	17.1	0.7	8.1	2.7	0.0
- Canada	18.9	3.4	19.9	6.9	7.7	4.8	-5.7	-9.4	14.1	0.0	8.4	91.4
North America	**16.7**	**5.1**	**2.1**	**27.9**	**13.2**	**4.1**	**11.2**	**14.0**	**1.7**	**7.3**	**3.2**	**8.3**
- Japan	44.4	13.9	11.7	11.7	19.0	7.1	16.5	8.8	20.4	13.3	26.2	5.0
- China	36.6	25.0	39.3	61.9	40.1	7.5	22.5	30.8	18.3	19.7	25.4	20.0
- o/w imports	36.7	5.6	38.7	83.6	37.5	-18.3	9.2	13.9	13.8	3.8	6.3	16.2
- o/w JV	36.6	56.4	40.1	41.3	43.7	56.3	37.2	51.2	23.8	40.6	44.3	23.7
- Other Asia	13.4	10.0	18.6	22.4	16.1	16.2	11.5	14.7	7.4	12.3	8.7	9.0
Asia	**31.9**	**20.0**	**30.2**	**44.4**	**31.4**	**9.2**	**19.4**	**24.5**	**16.1**	**17.3**	**21.8**	**16.0**
Rest of World	**5.4**	**5.0**	**3.7**	**12.6**	**6.8**	**10.0**	**17.2**	**-7.5**	**22.8**	**11.1**	**3.0**	**7.0**
World	**11.2**	**5.4**	**9.0**	**16.8**	**10.6**	**5.3**	**6.6**	**9.6**	**4.5**	**6.4**	**8.7**	**11.2**
World – cons. comps.	**9.8**	**2.5**	**6.8**	**15.1**	**8.5**	**1.8**	**3.9**	**5.9**	**2.9**	**3.6**	**4.8**	**9.8**
Share (%)												
- Germany	14.8	16.7	15.0	15.7	15.6	14.1	13.8	12.3	12.6	13.2	12.8	13.2
- UK	9.2	9.7	11.0	8.2	9.5	10.2	9.6	11.0	7.9	9.6	9.5	9.5
- Other Europe	23.3	23.4	20.7	20.3	21.9	21.9	21.9	19.7	20.4	20.9	21.6	20.6
Europe	**47.3**	**49.7**	**46.6**	**44.2**	**46.9**	**46.2**	**45.3**	**43.0**	**40.9**	**43.8**	**44.0**	**43.3**
- US	17.8	17.5	17.6	22.2	18.9	17.6	18.6	18.8	21.4	19.2	16.7	17.2
- Canada	1.7	2.4	2.4	1.8	2.0	1.7	2.1	2.0	1.9	1.9	1.7	3.3
North America	**19.5**	**19.8**	**20.0**	**23.9**	**20.9**	**19.3**	**20.7**	**20.7**	**23.3**	**21.1**	**18.4**	**20.5**
- Japan	3.3	2.9	3.3	2.9	3.1	3.3	3.2	3.3	3.3	3.3	3.9	3.1
- China	18.9	16.7	18.0	17.6	17.7	19.2	19.2	21.5	19.9	19.9	22.2	21.5
- o/w imports	12.3	8.7	9.8	9.7	10.1	9.6	8.9	10.2	10.6	9.8	9.4	10.3
- o/w JV	6.5	8.0	8.2	7.9	7.7	9.7	10.2	11.3	9.3	10.1	12.8	11.2
- Other Asia	5.8	5.7	6.4	5.9	5.9	6.4	5.9	6.7	6.0	6.3	6.5	6.1
Asia	**27.9**	**25.2**	**27.7**	**26.3**	**26.7**	**29.0**	**28.3**	**31.4**	**29.3**	**29.5**	**32.6**	**30.7**
Rest of World	**5.3**	**5.2**	**5.7**	**5.5**	**5.4**	**5.5**	**5.7**	**4.8**	**6.5**	**5.7**	**5.1**	**5.4**
World	**100.0**	**100.0**	**100.0**	**100.0**	**100**	**100.0**	**100.0**	**100.0**	**100.0**	**100**	**100.0**	**100**
World – cons. comps.	**93.5**	**92.0**	**91.8**	**92.1**	**92.3**	**90.3**	**89.8**	**88.7**	**90.7**	**89.9**	**87.2**	**88.8**

Note: Old FY14E estimates refer to our BMW report of May 5th. Note: 1Q14 retail sales were announced on April 9th. (1) Full geographic split available only at publication of 1FY14 results on May 6th. Source: Company data and CGI estimates

Financial Services – summary (FY11-1Q14)

BMW – Financial Services (FY11-1Q14)

(EUR m)	FY11	1H12	3Q12	1-3Q12	4Q12	FY12	1Q13	2Q13	2H13	3Q13	1-3Q13	4Q13	FY13	1Q14
Financial Operations[1]														
Business volume	**75,245**	**77,929**	**-**	**79,485**	**-**	**80,974**	**82,595**	**-**	**82,568**	**-**	**83,028**	**-**	**84,347**	**85,181**
Growth (%)	13.6	18.5	-	10.4	-	7.6	10.5	-	6.0	-	4.5	-	12.1	3.1
FS (total assets)	**82,709**	**85,645**	**-**	**87,303**	**-**	**73,703**	**74,413**	**-**	**90,932**	**-**	**91,125**	**-**	**92,330**	**64,260**
Group (total assets)	123,429	126,638	-	130,921	-	131,850	138,367	-	134,151	-	136,613	-	138,368	146,431
FS asset share (%)	**67.0**	**67.6**	**-**	**66.7**	**-**	**55.9**	**53.8**	**-**	**67.8**	**-**	**66.7**	**-**	**66.7**	**43.9**
FS asset growth (%)	16.0	17.3	-	10.0	-	-10.9	-10.6	-	6.2	-	4.4	-	11.6	-29.1
Equity	**7,169**	**7,132**	**-**	**7,428**	**-**	**7,631**	**4,656**	**-**	**8,370**	**-**	**8,080**	**-**	**8,407**	**5,383**
Leverage (Assets/equity) (x)	**11.5**	**12.0**	**-**	**11.8**	**-**	**9.7**	**16.0**	**-**	**10.9**	**-**	**11.3**	**-**	**11.0**	**11.9**
Contract portfolio[1]														
Number of contracts outstanding	**3,592,093**	**3,693,474**	**-**	**3,745,760**	**-**	**3,846,364**	**3,905,891**	**-**	**3,986,306**	**-**	**4,048,821**	**-**	**4,130,002**	4,170,318
Dealer financing														
Contracts outstanding (#)	280,284	270,175	-	281,014	-	311,744	310,380	-	314,402	-	314,517	-	336,234	334,983
Managed business volume	**11,417**	**11,355**	**-**	**11,776**	**-**	**12,669**	**12,866**	**-**	**12,451**	**-**	**12,291**	**-**	**13,110**	**13,155**
Customer financing														
Retail portfolio (#)	**3,311,809**	**3,423,299**	**-**	**3,464,746**	**-**	**3,534,620**	**3,595,511**	**-**	**3,671,904**	**-**	**3,734,304**	**-**	**3,793,768**	**3,835,335**
Retail share (%)	92.2	92.7	-	92.5	-	91.9	92.1	-	92.1	-	92.2	-	91.9	92.0
- Est. loan share – RP (%)	67	66	-	67	-	66	66	-	66	-	67	-	66	68
- Est. leasing share - RP (%)	33	34	-	33	-	34	34	-	34	-	33	-	34	32
Alphabet Fleet	**474,717**	**489,439**	**-**	**493,914**	**-**	**502,397**	**508,560**	**-**	**517,156**	**-**	**524,612**	**-**	**535,528**	**534,869**
Fleet share - retail portfolio (%)	14.3	14.3	-	14.3	-	14.2	14.1	-	14.1	-	14.0	-	14.1	13.9
Leasing portfolio (EUR m)[1]														
Leasing portfolio (group)[2]	**23,112**	**23,782**	**-**	**24,106**	**-**	**24,468**	**25,007**	**-**	**25,321**	**-**	**25,434**	**-**	**25,914**	**26,125**
Growth (%)	21.1	38.2	-	12.6	-	5.9	8.7	-	6.5	-	5.5	-	12.1	4.5
Leasing portfolio (FS)[2]	**25,900**	**27,022**	**-**	**27,391**	**-**	**28,060**	**28,730**	**-**	**29,245**	**-**	**29,353**	**-**	**30,230**	**30,464**
Growth (%)	24.1	31.3	-	9.0	-	8.3	11.0	-	8.2	-	7.2	-	16.7	6.0
Implied margin (%)	12.1	13.6	-	13.6	-	14.7	14.9	-	15.5	-	15.4	-	16.7	16.6
New retail business														
New retail contracts (EUR m)	**31,779**	**17,580**	**8,977**	**26,557**	**10,107**	**36,664**	**9,174**	**10,425**	**19,599**	**9,865**	**29,464**	**9,777**	**39,241**	**9,228**
%-change	13.3	13.2	15.2	13.9	19.5	15.4	10.9	12.0	11.5	9.9	10.9	-3.3	7.0	0.6
Nr. retail contracts signed	**1,196,610**	**652,018**	**327,304**	**979,322**	**361,974**	**1,341,296**	**340,328**	**388,290**	**728,618**	**375,909**	**1,104,527**	**366,858**	**1,471,385**	**348,072**
%-change	10.5	10.3	12.2	10.9	15.4	12.1	11.2	12.2	11.7	14.9	12.8	1.3	9.7	2.3
Loan share (%)	67.4	66.3	67.6	66.7	64.7	66.2	66.2	66.6	66.3	67.2	66.7	64.5	66.2	67.6
Loan (%-change)	**4.6**	**5.1**	**11.1**	**7.1**	**19.3**	**10.0**	**12.1**	**12.0**	**12.0**	**14.2**	**12.8**	**1.1**	**20.7**	**4.4**
Leasing share (%)	32.6	33.7	32.4	33.3	35.3	33.8	33.8	33.4	33.7	32.8	33.3	35.5	33.8	32.4
Leasing (%-change)	**25.0**	**22.1**	**14.6**	**19.5**	**8.9**	**16.3**	**9.5**	**12.7**	**11.2**	**16.1**	**12.8**	**1.8**	**27.6**	**-1.9**
FS penetration of retail car sales[3,4]														
Group														
Leasing & financing (%)	**41.1**	**38.7**	**40.2**	**39.2**	**44.0**	**40.4**	**44.2**	**44.8**	**44.5**	**46.0**	**45.0**	**41.0**	**44.0**	**40.5**
Leasing (%)	**20.0**	**18.8**	**19.4**	**19.0**	**21.8**	**19.7**	**22.4**	**21.2**	**21.8**	**21.8**	**21.8**	**20.6**	**21.5**	**19.4**
Financing (%)	21.1	19.9	20.8	20.2	22.2	20.7	21.8	23.6	22.7	24.2	23.2	20.4	22.5	21.1
US														
Leasing & financing (%)	**68.4**	**66.6**	**64.2**	**65.8**	**59.4**	**64.2**	**80.3**	**73.3**	**76.8**	**59.1**	**70.9**	**60.9**	**68.4**	**70.3**
Leasing (%)	**41.2**	**39.4**	**39.4**	**39.4**	**33.5**	**38.3**	**49.4**	**47.0**	**48.2**	**29.3**	**41.9**	**39.1**	**41.2**	**49.3**
Financing (%)	27.2	32.0	15.2	26.4	25.9	25.9	30.9	26.3	28.6	29.8	29.0	21.8	27.2	21.0
Cost of risk[3]														
Credit loss ratio (%)	**0.49**	**0.49**	**0.55**	**0.51**	**0.39**	**0.48**	**0.35**	**0.39**	**0.37**	**0.43**	**0.39**	**0.67**	**0.46**	**0.41**
Profit (EUR m)														
EBIT (FS)	**1,763**	**867**	**424**	**1,291**	**267**	**1,558**	**450**	**468**	**918**	**390**	**1,308**	**335**	**1,643**	**465**
EBIT (group)	8,018	4,402	2,004	6,406	1,894	8,300	2,039	2,068	4,107	1,928	6,035	1,951	7,986	2,090
EBIT (FS/group) (%)	22.0	19.7	21.2	20.2	14.1	18.8	22.1	22.6	22.4	20.2	21.7	17.2	20.6	22.2
PBT (FS)	**1,790**	**865**	**425**	**1,290**	**271**	**1,561**	**449**	**467**	**916**	**398**	**1,314**	**325**	**1,639**	**460**
PBT (group)	7,383	4,053	1,987	6,040	1,779	7,819	2,003	2,032	4,035	1,989	6,024	1,889	7,913	2,166
PBT (FS/group) (%)	24.2	21.3	21.4	21.4	15.2	20.0	22.4	23.0	22.7	20.0	21.8	17.2	20.7	21.2
Earnings (FS)	737	562	289	851	165	1,016	298	315	613	271	884	884	1,112	317

(1) Period end. (2) Leasing portfolio in group accounts at production costs and at the division at list price. (3) Data is YTD; therefore 2Q, 3Q and 4Q are implied. (4) Financing ratio relates to retail sales only in countries where FS is operating, thus excluding f.i. countries such as mainland China until 4Q10. Source: Company data and CGI calculations.

Group Overview 2006-16E

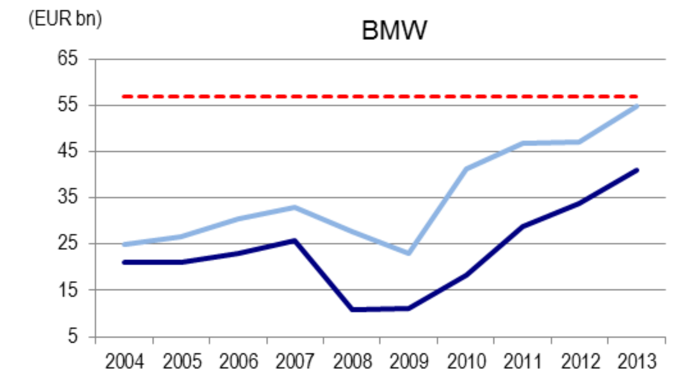
BMW – overview (2006-16E)

Ordinary share price (EUR)	88.33										
Market capitalisation (EUR bn)[1]	56.97										
No of shares (m)[2]	654.7										
	2006	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014E**	**2015E**	**2016E**
Values per share (EUR)											
EPS	**4.38**	**4.78**	**0.49**	**0.31**	**4.93**	**7.45**	**7.75**	**8.10**	**8.95**	**9.64**	**10.34**
CFPS	15.34	18.23	18.32	12.95	7.20	11.19	5.05	14.78	16.18	17.21	18.21
BVPS	39.29	39.77	41.43	43.58	39.23	39.69	46.66	54.31	51.82	57.18	64.52
DPS - ordinary shares	0.70	1.06	0.30	0.30	1.30	2.30	2.50	2.60	2.90	3.20	3.50
Free CFPS	1.43	3.22	-0.12	-1.12	3.89	2.02	5.42	2.93	4.37	6.13	6.40
Stock market ratios (x)											
P/E	20.2	18.5	178.7	284.9	17.9	11.9	11.4	10.9	9.9	9.2	8.5
P/CF	5.8	4.8	4.8	6.8	12.3	7.9	17.5	6.0	5.5	5.1	4.9
P/BV	2.2	2.2	2.1	2.0	2.1	2.0	1.9	1.6	1.7	1.5	1.4
P/revenue	1.16	1.02	1.07	1.12	0.94	0.83	0.74	0.75	0.69	0.65	0.61
Dividend yield (%)	0.8	1.2	0.3	0.3	1.5	2.6	2.8	2.9	3.3	3.6	4.0
Free CF yield (%)	1.6	3.6	-0.1	-1.3	4.4	4.0	6.1	3.3	4.9	6.9	7.2
EV (EUR bn)	55.6	56.5	54.4	53.9	52.5	50.6	49.4	48.4	48.5	46.7	45.2
EV/ revenue – industrial (%)	113.4	102.6	108.8	120.4	94.6	78.2	68.8	67.1	60.7	54.8	50.1
EV/EBITDA - industrial	8.7	7.9	12.4	16.2	6.3	4.5	4.3	4.6	4.1	3.8	3.4
Group P&L (EUR m)											
Revenue[1]	48,999	56,018	53,197	50,681	60,477	68,821	76,848	76,058	82,832	88,094	93,157
Gross profit	8,795	9,266	6,049	5,325	10,915	14,545	15,494	15,274	16,732	18,500	19,563
EBIT	**4,050**	**4,212**	**921**	**289**	**5,111**	**8,018**	**8,275**	**7,986**	**8,938**	**9,492**	**10,075**
EBIT, full R&D	3,386	3,988	882	428	5,420	8,255	8,316	7,311	8,425	9,143	9,809
EBITDA	7,390	7,901	4,597	3,892	5,999	11,672	11,991	11,841	13,043	13,697	14,380
Profit before tax	**4,124**	**3,873**	**351**	**413**	**4,853**	**7,383**	**7,803**	**7,913**	8,831	9,585	10,268
Net profit	2,874	3,134	330	210	3,243	4,907	5,111	5,340	5,908	6,382	6,842
Less dividends	459	694	197	197	852	1,508	1,640	1,707	1,903	2,100	2,297
Retained profit	2,415	2,440	133	13	2,391	3,399	3,471	3,633	4,005	4,282	4,545
CF – automotive segm. (EUR m)[3]											
CF from operations	5,600	6,453	2,954	2,780	3,019	8,667	7,545	8,435	10,153	10,958	10,935
Working capital	-227	-207	1,517	2,141	-943	-1,590	1,622	1,015	500	300	300
CF from operating activities	**5,373**	**6,246**	**4,471**	**4,921**	**2,076**	**7,077**	**9,167**	**9,450**	**10,653**	**11,258**	**11,235**
Capital expenditure (incl. R&D)	-4,272	-4,103	-4,114	-3,409	-428	-3,565	-5,074	-6,575	-6,825	-6,325	-6,125
Other	-145	4	297	-2,266	-14	-2,160	-456	-913	-900	-820	-820
Free CF after investment	**956**	**2,147**	**654**	**-754**	**1,634**	**1,352**	**3,637**	**1,962**	**2,928**	**4,113**	**4,290**
BS - automotive segm. (EUR m)[3]											
Net cash/-debt	980	380	346	465	4,594	4,441	6,625	7,197	8,397	10,197	11,997
Intra-group receivables	-	6,845	8,185	8,272	5,690	6,404	5,862	4,460	-	-	-
Net cash (BMW definition)	-	7,354	9,046	8,962	11,286	12,388	13,327	12,127	-	-	-
SHFs	15,315	21,583	22,481	22,101	23,993	26,154	28,202	30,909	43,621	48,548	53,764
Profitability and financial ratios (%)											
Gross profit margin	17.9	16.5	11.4	10.5	18.0	21.1	20.2	20.1	20.2	21.0	21.0
EBIT margin	8.3	7.5	1.7	0.6	8.5	11.7	10.8	10.5	10.8	10.8	10.8
Adj. EBIT margin - full R&D	6.9	7.1	1.7	0.8	9.0	12.0	10.8	9.6	10.2	10.4	10.5
Pre-tax profit margin	8.4	6.9	0.7	0.8	8.0	10.7	10.2	10.4	10.7	10.9	11.0
Tax rate	30.3	19.1	6.0	49.2	33.2	33.5	34.5	32.5	33.1	33.4	33.4
Net profit margin	5.9	5.6	0.6	0.4	5.4	7.1	6.7	7.0	7.1	7.2	7.3
Pay-out ratio	16.0	22.2	60.7	96.8	30.9	30.9	32.2	32.1	32.4	33.2	33.9
Return on equity	15.0	14.4	1.6	1.1	16.1	24.3	23.5	23.1	23.9	24.9	26.4
Automotive segment											
Unit 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
Revenue (EUR m)[3]	47,767	53,818	48,782	43,737	54,137	63,229	70,208	70,629	78,398	83,476	88,485
% change	4.2	12.7	-9.4	-10.3	23.8	16.8	11.0	0.6	11.0	6.5	6.0
EBITDA (EUR m)	6,214	7,018	4,257	3,237	8,117	11,041	11,278	10,304	11,220	12,027	8,192
Margin (%)	13.0	13.0	8.7	7.4	15.0	17.5	16.1	14.6	14.3	14.4	9.3
EBIT (EUR m)	3,055	3,450	690	-265	4,355	7,477	7,599	6,657	7,628	8,181	8,760
Margin (%)	6.4	6.4	1.4	-0.6	8.0	11.8	10.8	9.4	9.7	9.8	9.9
Profit before tax (EUR m)	3,012	3,232	318	-588	3,887	6,823	7,170	6,561	7,528	8,281	8,960
Margin (%)	6.3	6.0	0.7	-1.3	7.2	10.8	10.2	9.3	9.6	9.9	10.1

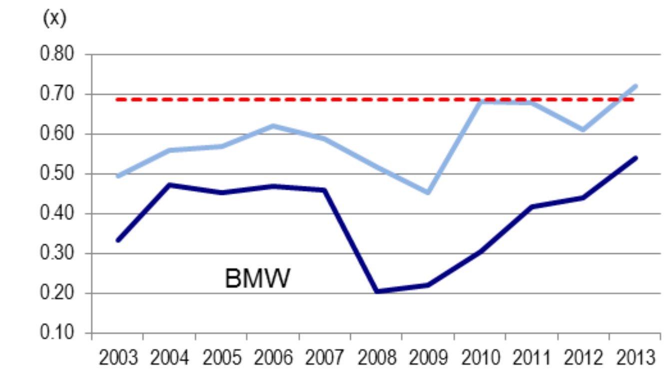
(1) All classes of shares. (2) 602.0m ordinary and 53.6m preferred. (3) Automotive segment since 2007, industrial operations (Auto+motorcycles+other) 2006. (4) Preliminary figures are blue areas only. Source: Company data and CGI estimates

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**	**8.95**	**9.64**	**10.34**
Current BMW PE (x)		**26.5**	**26.5**	**20.2**	**18.5**	**178.7**	**284.9**	**17.9**	**11.9**	**11.4**	**10.9**	**9.9**	**9.2**	**8.5**
% vs. 5-yr high	(13.0x)	105	105	56	43	NM	NM	38	-8	-12	-16	-24	-29	-34
% vs. 5-yr low	(8.0x)	233	233	153	132	NM	NM	125	49	43	37	24	15	7
% vs. 5-yr average	**(11.0x)**	**142**	**142**	**84**	**68**	**NM**	**NM**	**63**	**8**	**4**	**-1**	**-10**	**-16**	**-22**
% vs. 10-yr high	(13.2x)	101	101	53	40	NM	NM	36	-10	-14	-17	-25	-31	-35
% vs. 10-yr low	(9.0x)	194	194	124	105	NM	NM	99	31	26	21	9	2	-5
% vs. 10-yr average	(11.5x)	132	132	76	61	NM	NM	57	4	0	-5	-14	-20	-25

Source: Company data and CGI estimates

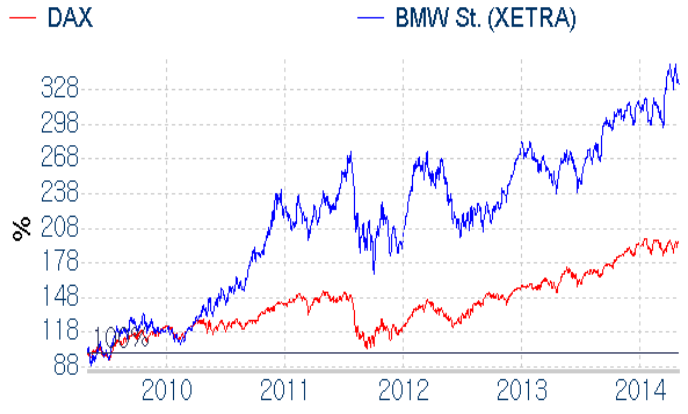
BMW – Valuation summary

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 88.33	**8.5x**	**11.0x**	**EUR 113.39**	**EUR 110.2**	**24.7%**

Close 05.06.2014 Source: Company data and CGI estimates

BMW – share price (- 5 years)

BMW vs. DAX 30 Index (- 5 years)



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