Creative Global Investments

Thursday, November 5th 2015

Sabine CJ Blümel
Automotive Research

Creative Global Advisers (UK) LLP

sblumel@cg-inv.com
Tel +44 7785 301 588

Creative Global Investments LLC
115 East 57th Street
11th Floor
New York, NY 10022
Tel 212 939 7256

Creative Global Investments/Europe
5, op der Heed
L-1709 Senningerberg
Luxembourg
Tel +352 2625 8640

Objectivity

Integrity

Creativity

BMW (EUR 92) – BUY

Solid 3Q15 EBIT results of EUR 1.91bn/9.1% at the Automotive segment and EUR 2.35bn/10.5% at the group. In 2015E-17E, we expect EPS to grow at a CAGR of 6.2% and reach EUR 10.59 in FY17E. Our new YE16 target price of EUR 112 implies a 21% upside potential for BMW shares.

3Q15 group: 14.0% higher revenue generated yoy increases of 4.3% in EBIT (EUR 2.35bn/10.5%) and 20.2% in net profit (EUR 1.57bn/7.0%), topping our forecast.

3Q15A EBIT at the Auto segment increased 12.7% yoy to EUR 1.91bn/9.1% on 8.5% higher retails sales, implying only a small margin decline by 0.3%-pts from 3Q14's strong 9.4% and, against seasonality, an improvement qoq from a weak 2Q15 (8.4%). The stronger than expected performance was due to **1) a structural improvement, the stabilisation in the trading environment in China**, **2) cost calendarisation** that allocates costs related to model change-over and SNO (Strategy Number One) to 4Q15 rather than 3Q15; **3) stabilisation in pricing**; and 4) a **small forex tailwind**. **Negatives included model momentum and mix** (model changeover 7-Series and X1 and a higher share of FWD models.) (See pp.5-9 for details.)

FY15E outlook: we expect a 5.5% increase in EPS to EUR 9.35 and at Autos a 2**.8% increase in EBIT to EUR 7.45bn/8.7%**, implying **margin deterioration by 0.9%-points.** We expect that a forex tailwind in the order of EUR 0.5bn will fail to fully compensate for the incremental net costs related to 'SNO' of up to EUR 0.7bn and a price deterioration in the 50-100bpts range. For 4Q15E, this implies a 6.5% improvement in EBIT to EUR 1.92bn and a margin of just 8.1%.

We fine-tuned our 2016E-17E estimates and see EPS grow 7.2% (EUR 10.02) and 5.7% (EUR 10.59) respectively. **D**riving forces are an improving model momentum and tailwinds from currency through enhanced hedging opportunities to peak in 2016E. **We forecast that Autos will operate at the middle, rather than at the top end of its 8-10% profitability target range.** (See pp.11-15.)

Investment opinion - BUY: Based on historic P/E valuation, we calculate a target price of EUR 112 for YE16E. This implies a 21% upside potential from the current share price. The chart technical outlook is positive and the next levels of minor resistance around EUR 93 and EUR 96 should not prevent BMW shares to test their 200-day moving average around EUR 98. (See pp.16-17.)

BMW– share summary (2013-17E)

Current price (EUR)	92.45				
Market cap.(EUR bn)	59.57				
December YE	**2013**	2014	**2015E**	**2016E**	**2017E**
EPS (EUR)	8.10	8.83	9.35	10.02	10.59
CFPS (EUR)	4.01	5.28	17.37	18.27	19.06
BVPS (EUR)	54.3	57.0	50.8	56.9	62.7
DPS (EUR)	2.60	2.90	3.20	3.50	3.70
Free CFPS (EUR)	2.93	5.35	4.36	4.51	5.42
P/E (x)	11.4	10.5	9.9	9.2	8.7
PCF (x)	23.1	17.5	5.3	5.1	4.8
Price/BV (x)	1.7	1.6	1.8	1.6	1.5
P/revenue (x)	0.78	0.74	0.65	0.62	0.59
Dividend yd (%)	2.8	3.1	3.5	3.8	4.0
Free CF yd (%)	2.9	5.3	4.7	4.9	5.9

Share price 11.04.2015. Source: Company data and CGI estimates

BMW – share price (-1year)

Source: Euroland

Contents

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

Group results - 3Q15A & FY15E

BMW – Group results (1Q12-FY15E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15A	3Q15A	Old 3Q15E	Old 4Q15E	Old FY15E	New 4Q15E	New FY15E
(EUR m)													
Revenue	18,235	19,905	19,600	22,661	80,401	20,917	23,935	22,345	22,409	23,012	90,274	24,364	91,561
EBIT[1]	**2,090**	**2,603**	**2,256**	**2,169**	**9,118**	**2,521**	**2,525**	**2,354**	**2,204**	**2,372**	**9,440**	**2,379**	**9,596**
Financial income	76	57	-243	-301	-411	-252	57	-91	-102	-108	-405	-184	-470
Pre-tax profit	**2,166**	**2,660**	**2,013**	**1,868**	**8,707**	**2,269**	**2,582**	**2,263**	**2,102**	**2,081**	**9,035**	**2,012**	**9,126**
Less tax charge	704	889	699	598	2,890	753	833	684	716	596	2,897	699	2,969
Profit after tax	**1,462**	**1,771**	**1,314**	**1,270**	**5,817**	**1,516**	**1,749**	**1,579**	**1,387**	**1,485**	**6,137**	**1,313**	**6,157**
Minorities	4	6	7	2	19	4	6	7	7	3	20	3	20
Net profit	**1,458**	**1,765**	**1,307**	**1,268**	**5,798**	**1,512**	**1,743**	**1,572**	**1,380**	**1,482**	**6,117**	**1,310**	**6,137**
Margin (%)													
EBIT[1]	11.5	13.1	11.5	9.6	11.3	12.1	10.5	10.5	9.8	10.3	10.5	9.8	10.5
Pre-tax profit	11.9	13.4	10.3	8.2	10.8	10.8	10.8	10.1	9.4	9.0	10.0	8.3	10.0
Tax rate (%)	*32.5*	33.4	34.7	*32.0*	*33.2*	33.2	32.3	*30.2*	34.0	28.6	32.1	34.7	32.5
Net profit	8.0	8.9	6.7	5.6	7.2	7.2	7.3	7.0	6.2	6.4	6.8	5.4	6.7

Note: Old FY15E estimates refer to our BMW report of November 2nd. (1) 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

3Q15 group results significantly higher

In 3Q15A, a 14.0% yoy increase in revenue to EUR 22.35bn (adjusted for currency the increase was 7.7%), generated a 4.3% yoy increase in EBIT to EUR 2.35bn/10.5%. The implied EUR 0.01bn yoy improvement was driven by all operational divisions, with the Automotive segment contributing EUR 0.22bn. A EUR 0.15bn positive swing in group net financial income was responsible for the considerably larger increases of 12.4% in pre-tax profit (to EUR 2.26bn/10.1%) and 20.2% in net profit to EUR 1.57bn/7.0%.

As expected, BMW management confirmed their guidance for FY15 of a 'solid increase in the group's pre-tax profit. 'Solid' means, according to CFO Eichiner a 'mid- to high-single-digit percentage increase', or 5-9.9%.

BMW – Management guidance 2015* (of August 4th)	BMW – Management guidance 2015* (of November 3rd)
Group	**Group**
Solid increase of BMW Group EBT compared to previous year.	Solid increase of BMW Group EBT compared to previous year.
Automotive segment	**Automotive segment**
• Solid increase in vehicle deliveries compared to previous year • Significant increase in revenue compared to the previous year • EBIT margin in target range of 8-10%.	• Solid increase in vehicle deliveries compared to previous year • Significant increase in revenue compared to the previous year • EBIT margin in target range of 8-10%.
Segment Financial Services	**Segment Financial Services**
Return on equity of at least 18%, on par with previous year's 19.4%.	Return on equity of at least 18%, on par with previous year's 19.4%
Segment Motorcycles	**Segment Motorcycles**
Solid rise in deliveries compared with previous year.	Solid rise in deliveries compared with previous year.

(*) Subject to stable economic conditions. Source: Company data

BMW – P&L by division (1Q14-FY15E)

(EUR m)	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15A	Old 3Q15E	Old 4Q15E	Old FY15E	New 4Q15E	New FY15E
Revenue													
Automotive	**16,559**	**18,504**	**18,142**	**21,968**	**75,173**	**18,893**	**21,650**	**20,970**	**20,174**	**23,101**	**83,818**	**23,808**	**85,321**
Motorcycles	472	528	370	309	1,679	567	622	454	407	268	1,864	305	1,948
Financial Services	4,890	5,155	5,221	5,333	20,599	6,058	6,154	5,621	6,109	4,544	22,865	5,032	22,865
Other[1]	2	2	2	2	7	2	1	1	2	0	5	1	5
Eliminations	-3,688	-4,283	-4,135	-4,951	-17,057	-4,603	-4,492	-4,701	-4,282	-4,901	-18,278	-4,782	-18,578
Group	**18,235**	**19,906**	**19,600**	**22,661**	**80,401**	**20,917**	**23,935**	**22,345**	**22,409**	**23,012**	**90,274**	**24,364**	**91,561**
EBIT													
Automotive	**1,580**	**2,161**	**1,697**	**1,806**	**7,244**	**1,794**	**1,819**	**1,912**	**1,674**	**1,879**	**7,166**	**1,924**	**7,449**
Motorcycles	64	55	27	-34	112	115	112	46	55	-25	257	-22	251
Financial Services	465	459	456	376	1,756	555	503	465	495	393	1,946	383	1,906
Other	10	16	31	14	71	40	94	5	0	16	150	11	150
Eliminations	-29	-88	45	7	-65	17	-3	-74	-20	-74	-80	-100	-160
Group	**2,090**	**2,603**	**2,256**	**2,169**	**9,118**	**2,521**	**2,525**	**2,354**	**2,204**	**2,189**	**9,440**	**2,196**	**9,596**
EBIT margin (%)													
Automotive	**9.5**	**11.7**	**9.4**	**8.2**	**9.6**	**9.5**	**8.4**	**9.1**	**8.3**	**8.1**	**8.6**	**8.1**	**8.7**
Motorcycles	13.6	10.4	7.3	-11.0	6.7	20.3	18.0	10.1	13.5	-9.3	13.8	-7.1	12.9
Financial Services	9.5	8.9	8.7	7.1	8.5	9.2	8.2	8.3	8.1	8.6	8.5	7.6	8.3
Group	**11.5**	**13.1**	**11.5**	**9.6**	**11.3**	**12.1**	**10.5**	**10.5**	**9.8**	**9.5**	**10.5**	**9.0**	**10.5**
Financial Income													
Automobiles	**63**	**89**	**-267**	**-243**	**-358**	**-160**	**25**	**-67**	**-100**	**-115**	**-350**	**-148**	**-350**
Motorcycles	-1	-1	-1	-2	-5	-1	0	-1	-1	-3	-5	-3	-5
Financial Services	-5	-1	-1	-26	-33	4	-7	-3	-1	-46	-50	-24	-30
Other	47	9	32	-5	83	-63	50	0	10	3	0	-2	-15
Eliminations	-28	-39	-6	-25	-98	-32	-11	-20	-10	53	0	-7	-70
Group	**76**	**57**	**-243**	**-301**	**-411**	**-252**	**57**	**-91**	**-102**	**-108**	**-405**	**-184**	**-470**
Pre-tax profit													
Automotive	**1,643**	**2,250**	**1,430**	**1,563**	**6,886**	**1,634**	**1,844**	**1,845**	**1,574**	**1,764**	**6,816**	**1,776**	**7,099**
Motorcycles	63	54	26	-36	107	114	112	45	54	-28	252	-25	246
Financial Services	460	458	455	350	1,723	559	496	462	494	347	1,896	359	1,876
Other	57	25	63	9	154	-23	144	5	10	19	150	9	135
Eliminations	-57	-127	39	-18	-163	-15	-14	-94	-30	-21	-80	-107	-230
Group	**2,166**	**2,660**	**2,013**	**1,868**	**8,707**	**2,269**	**2,582**	**2,263**	**2,102**	**2,081**	**9,035**	**2,012**	**9,126**
Pre-tax margin (%)													
Automotive	**9.9**	**12.2**	**7.9**	**7.1**	**9.2**	**8.6**	**8.5**	**8.8**	**7.8**	**7.6**	**8.1**	**7.5**	**8.3**
Motorcycles	13.3	10.2	7.0	-11.7	6.4	20.1	18.0	9.9	13.3	-10.4	13.5	-8.1	12.6
Financial Services	9.4	8.9	8.7	6.6	8.4	9.2	8.1	8.2	8.1	7.6	8.3	7.1	8.2
Group	**11.9**	**13.4**	**10.3**	**8.2**	**10.8**	**10.8**	**10.8**	**10.1**	**9.4**	**9.0**	**10.0**	**8.3**	**10.0**
Less tax charge													
Automotive	**534**	**753**	**499**	**579**	**2,365**	**551**	**596**	**607**	**527**	**575**	**2,249**	**589**	**2,343**
Motorcycles	20	17	8	-11	34	37	37	15	17	-9	82	-8	81
Financial Services	143	143	141	98	525	175	147	138	153	132	607	103	563
Other	23	20	38	-32	49	-6	50	62	5	-49	0	-6	100
Eliminations	-16	-44	13	-36	-83	-4	3	-138	13	-53	-41	22	-117
Group	**704**	**889**	**699**	**598**	**2,890**	**753**	**833**	**684**	**716**	**596**	**2,897**	**699**	**2,969**
Profit after tax													
Automotive	**1,109**	**1,497**	**931**	**984**	**4,521**	**1,083**	**1,248**	**1,238**	**1,047**	**1,189**	**4,567**	**1,187**	**4,756**
Motorcycles	43	37	18	-25	73	77	75	30	37	-19	170	-17	165
Financial Services	317	315	314	252	1,198	384	349	324	341	215	1,289	256	1,313
Other	34	5	25	41	105	-17	94	-57	5	68	150	15	35
Eliminations	-41	-83	26	18	-80	-11	-17	44	-43	32	-39	-129	-113
Group	**1,462**	**1,771**	**1,314**	**1,270**	**5,817**	**1,516**	**1,749**	**1,579**	**1,387**	**1,485**	**6,137**	**1,313**	**6,157**
Tax rate (%)													
Automotive	**32.5**	**33.5**	**34.9**	**37.0**	**34.3**	**33.7**	**32.3**	**32.9**	**33.5**	**32.6**	**33.0**	**33.1**	**33.0**
Motorcycles	31.7	31.5	30.8	30.6	31.8	32.5	33.0	33.3	31.5	32.5	32.5	33.3	32.8
Financial Services	31.1	31.2	31.0	28.0	30.5	31.3	29.6	29.9	31.0	37.9	32.0	28.6	30.0
Group	**32.5**	**33.4**	**34.7**	**32.0**	**33.2**	**33.2**	**32.3**	**30.2**	**34.0**	**28.6**	**32.1**	**34.7**	**32.5**

Note: Old FY15E estimates refer to our BMW report of November 2nd. Source: Company data and CGI estimates

Automotive segment – 3Q15A & FY15E

BMW – Auto - results, deliveries and production (1Q14-FY15E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	2Q15	3Q15A	Old 3Q15E	Old 4Q15E	Old FY15E	New 4Q15E	New FY15E
(EUR m)													
Revenue	**16,559**	**18,504**	**18,142**	**21,968**	**75,173**	**18,893**	**21,650**	**20,970**	**20,174**	**23,101**	**83,818**	**23,808**	**85,321**
% change yoy	4.1	1.7	5.5	13.7	6.4	14.1	17.0	15.6	11.2	5.2	11.5	8.4	13.5
Gross profit	**3,119**	**3,758**	**3,301**	**3,774**	**13,952**	**3,385**	**3,654**	**3,630**	**3,301**	**4,915**	**15,255**	**4,859**	**15,528**
Gross margin (%)	18.8	20.3	18.2	17.2	18.6	17.9	16.9	17.3	16.4	21.3	18.2	20.4	18.2
EBIT[1]	**1,580**	**2,161**	**1,697**	**1,806**	**7,244**	**1,794**	**1,819**	**1,912**	**1,674**	**1,879**	**7,166**	**1,924**	**7,449**
EBIT margin (%)	**9.5**	**11.7**	**9.4**	**8.2**	**9.6**	**9.5**	**8.4**	**9.1**	**8.3**	**8.1**	**8.6**	**8.1**	**8.7**
Net financial result	63	89	-267	-243	-358	-160	25	-67	-100	-115	-350	-148	-350
- China JV net profit share	225	201	170	60	658	128	120	95	95	40	420	52	475
Pre-tax profit	**1,643**	**2,250**	**1,430**	**1,563**	**6,886**	**1,634**	**1,844**	**1,845**	**1,574**	**1,764**	**6,816**	**1,776**	**7,099**
Unit revenue (%-yoy)	-4.2	-3.5	-0.3	2.0	0.0	5.5	8.9	8.1	4.0	1.2	3.4	4.3	5.2
Cons. unit revenue (%-yoy)	-0.7	-0.2	2.8	5.4	2.0	6.6	7.7	6.6	2.5	0.7	9.0	3.8	10.9
Units ('000)													
Deliveries[3]	**487.0**	**533.2**	**509.7**	**588.1**	**2,118.0**	**526.7**	**573.1**	**545.1**	**545.1**	**610.8**	**2,255.6**	**610.8**	**2,255.6**
% change yoy	8.7	5.3	5.8	11.5	7.9	8.1	7.5	6.9	6.9	3.9	6.5	3.9	6.5
Deliveries – cons. comps[2]	**424.5**	**463.2**	**439.0**	**515.3**	**1,842.1**	**454.5**	**503.0**	**476.5**	**476.5**	**537.8**	**1,971.8**	**537.8**	**1,971.8**
% change yoy	4.8	1.9	2.6	7.8	4.4	7.1	8.6	8.5	8.5	4.4	7.0	4.4	7.0
Production	**519.9**	**552.8**	**545.9**	**547.0**	**2,165.6**	**556.3**	**557.0**	**595.0**	**567.7**	**609.7**	**2,290.6**	**585.4**	**2,293.6**
% change yoy	7.8	6.3	5.0	12.9	7.9	7.0	0.8	9.0	4.0	11.5	5.8	7.0	5.9
Over-production	**32.9**	**19.6**	**36.2**	**-41.1**	**47.6**	**29.6**	**-16.1**	**49.9**	**22.7**	**-1.2**	**35.0**	**-25.4**	**38.0**

Note: Old FY15E estimates refer to our BMW report of November 2nd. Note: 3Q15 retail sales were announced on October 12th. (1) In BMW accounts, EBIT refers to 'profit before financial results' and thus also excludes results from equity accounted investments. (2) See tables for retail sales by model and markets pp.9-10. Source: Company data and CGI estimates

3Q15 EBIT up 12.7%...

…thanks to stabilisation in China, and...

In 3Q15A, an 8.5% yoy increase in retail sales (at the fully consolidated companies) to 576.5k units generated increases of 15.6% in revenue to EUR 20.97bn and a 12.7% increase in 'EBIT' to EUR 1.91bn/9.1%, topping our and consensus forecast. The 3Q15 margin of 9.1% implies a decline by just 0.3%-pts from 3Q14's strong 9.4% and, against seasonality, an improvement qoq from a weak 2Q15 margin of 8.4%.

… cost calendarisation

The surprising strength of the 3Q15 result was partly attributable to a **structural improvement, namely the stabilisation in the trading environment in China** after having deteriorated throughout 1H15. 3Q15 results also benefitted from a timing/**accounting issue, namely the fact that costs related to SNO (Strategy Number One) had basically no impact yoy or qoq**, unlike in 2Q15 and 3Q14. In addition, the considerable **over-production by almost 50k units**, mainly due the model momentum (ramp-up production for the new 7-Series and X1) had also a positive effect on the quarter's profit margin.

Pricing deterioration stabilised

China was also the main reason for **stable pricing in 3Q15 vs.1H15**, when the group's pricing had declined 50-100bpts. Management also reported that there was improvement in European markets, whereas higher competition had a negative impact in the US. Management therefore expect to keep the FY15 price deterioration comfortably in the 50-100bpts range.

Negative model mix

Forex was a marginal positive factor, while **mix was negative mainly due to the model momentum:** the 1-Series, 3-Series and the 6-Series underwent their face-lift in 3Q15, while new versions of the flagship 7-Series and the X1 were launched in late October. In addition, the 5-Series is rapidly approaching the end of its life cycle.

The share of small and compact models was boosted following the introduction of the group-wide FWD-platform with the launch of the new generation Mini in April 2014 and the two versions of the 2-Series Active Tourer minivan in September 2014 and June 2015 respectively. In addition, Rolls-Royce sales were down 6.3% at 835 units (-8.9% yoy at 2.60k in 1-3Q15). In China, alone R-R sales were down 72.4% at 50 units in 3Q15 (and -62.7% at 237 in 1-3Q15).

Model introduction schedule

BMW – Model introductions and segmentation (2015E)

	Model	Version	Segmentation[1]
	BMW		
February '15	2-Series	Convertible on 1-Series	C+
March	X5 M	SAV	SUV+
March	X6 M	Sports-activity coupé	SUV+
March	6-Series F/L	Coupé, convertible, gran coupé	E+
March	M6 F/L	Coupé, convertible, gran coupé	E-S+
March	1-Series F/L	3-/5-door hatchback	C+
June	2-Series Gran Tourer	FWD MPV 7-seater	C-MPV+
July	3-Series, M3	Saloon/estate F/L	D+
October	X5 eDRIVE	SAV	SUV+
October	X1*	Compact SAV* (FWD/AWD)	C-SUV+
October	7-Series	Saloon*	L+
	Mini		
April '15	John Cooper Works	high performance version	B++
October	Clubman	5-door hatch	B+

(*) 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 estimates

PBT up 29% due to swing in FI...

3Q15 pre-tax profit jumped 29% yoy to EUR 1.85bn/8.8%, thanks to a positive EUR 0.2bn yoy swing in net financial results, due to a lower amount of fair value losses recognised on derivatives.

…and despite a lower contribution from China JV

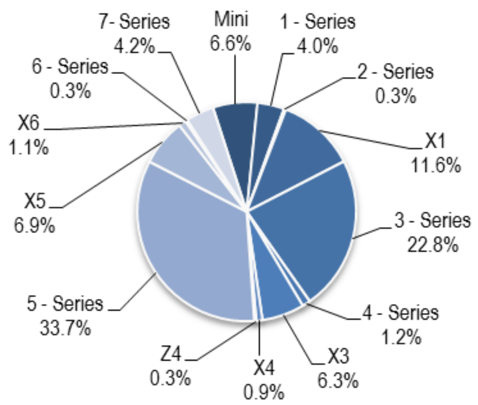
The share in equity income from BBA, BMW's China JV with Brilliance declined 19% yoy to EUR 0.14bn due to a combination of a 2.9% decline in locally produced retail sales to 68.6k and costs related to model change-over (3-Series F/L and X1) and capacity expansion. (Note that profits from supplying components, modules and services of an estimated EUR 0.15bn are included in the 'official' EBIT figure.)

BMW – Mainland China – sales & production (1Q14-FY15E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15A	Old 3Q15E	Old 4Q15E	Old FY15E	New 4Q15E	New FY15E
Units ('000)													
China sales	**108.1**	**117.3**	**111.0**	**120.2**	**456.7**	**115.1**	**115.7**	**112.1**	**111.9**	**120.4**	**463.1**	**120.2**	**463.1**
Imports	45.6	47.3	40.4	47.5	180.8	42.9	45.0	44.2	44.0	47.4	179.3	47.2	179.3
Sale of local products	**62.5**	**70.0**	**70.6**	**72.8**	**275.9**	**72.2**	**70.1**	**68.6**	**68.6**	**73.0**	**283.8**	**73.0**	**283.8**
Import ratio (%)	*42.2*	*40.3*	*36.4*	*39.5*	*39.6*	*37.3*	38.9	39.4	39.3	39.4	38.7	39.3	38.7
%-change													
China sales	**25.4**	**21.0**	**8.4**	**13.3**	**16.6**	**6.4**	**-1.4**	**1.0**	**0.8**	**0.2**	**1.4**	**0.0**	**1.4**
Imports	6.3	4.9	-17.0	-15.9	-6.4	-6.0	-5.0	9.5	8.9	-0.1	-0.9	-0.6	-0.9
Sale of local products	**44.3**	**35.1**	**31.4**	**46.5**	**39.0**	**15.5**	**0.1**	**-2.9**	**-2.9**	**0.3**	**2.9**	**0.3**	**2.9**

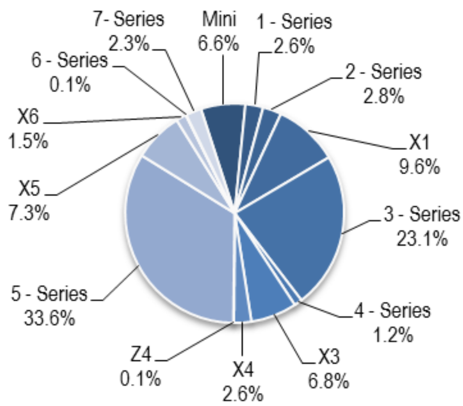
Note: Old FY15E estimates refer to our BMW report of November 2nd. Source: Company data and CGI estimates.

BMW – Model-mix mainland China (3Q14)



Source: Company data and CGI calculations

BMW – Model-mix mainland China (3Q15)



Source: Company data and CGI calculations

FY15E outlook

FY15E EBIT growth supported by forex

For FY15E, we expect that at the Automotive Segment, a 7.0% increase in fully-consolidated car sales to 1.97m units will generate a 13.5% increase in revenue to EUR 85.32bn and a 2.8% increase in EBIT to EUR 7.45bn/8.7%. We expect that a forex tailwind in the order of EUR 0.5bn will fail to fully compensate for the incremental net costs related to 'SNO' of up to EUR 0.7bn and a price deterioration in the 50-100bpts range.

4Q15E EBIT hit by lion's share of FY15's SNO

For 4Q15E, this implies that increases of 4.4% in retail sales and 8.4% in revenue should generate a 6.5% improvement in EBIT to EUR 1.92bn and a margin of just 8.1%. We understand that 4Q15E results should be hit by SNO costs of as much as EUR 0.4bn.

Management indicated that 4Q15E will see some mix improvement qoq thanks to the introduction of the 7-Series and X1 in late October, and also the face-lifted 3-Series in July, and some further improvement in the trading environment in China

FY15E PBT

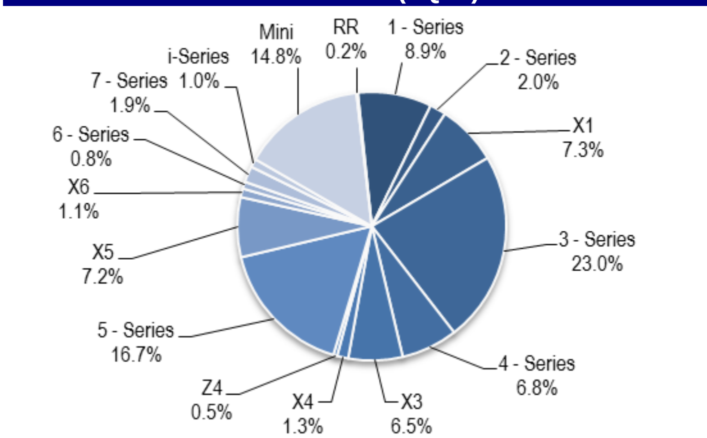
For the FY15E, we estimate that a net financial charge of EUR-0.35bn that includes a EUR 0.48bn contribution from BBA) will result in a 3.1% increase in pre-tax profit to EUR 7.10bn/8.3%.

BMW – Automotive CF (1Q14-FY15E)

(EUR m)	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15A	Old 3Q15E	Old 4Q15E	Old FY15E	New 4Q15E	New FY15E
Net profit	**1,109**	**1,497**	**931**	**1,563**	**4,521**	**1,083**	**1,248**	1,238	1,047	1,764	4,567	1,776	4,756
Depreciation	**935**	**1,001**	**1,178**	**1,116**	**4,230**	**1,083**	**1,103**	1,216	1,024	1,120	4,330	1,228	4,630
Depr /chage leased prods.	-6	12	5	4	15	3	0	0	8	-1	10	7	10
Gross CF	**2,038**	**2,504**	**2,120**	**2,104**	**8,766**	**2,169**	**2,348**	**2,457**	**2,082**	**2,308**	**8,907**	**2,422**	**9,396**
Change in provisions	327	-142	79	770	1,034	144	-68	-240	24	200	300	464	300
Other	695	-119	-366	-35	175	431	371	672	-52	-350	400	-665	700
CF from operations	**3,060**	**2,249**	**1,822**	**2,839**	**9,975**	**2,744**	**2,654**	**2,886**	**2,043**	**2,158**	**9,607**	**2,221**	**10,396**
WCR	-918	-889	-181	1,436	-552	-914	354	-531	-890	950	-500	791	-300
CF- operating activities	**2,142**	**1,360**	**1,646**	**4,275**	**9,423**	**1,830**	**3,008**	**2,246**	**1,161**	**3,108**	**9,107**	**3,012**	**10,096**
Capital expenditure	-1,227	-1,321	-1,407	-2,066	-6,021	-785	-1,398	-1,429	-1,467	-2,321	-5,971	-2,359	-5,971
Other	-202	257	161	-31	185	-912	536	-639	326	-150	-200	-185	-1,200
CF - investment activities	**-1,429**	**-1,064**	**-1,246**	**-2,097**	**-5,836**	**-1,697**	**-862**	**-2,068**	**-1,141**	**-2,471**	**-6,171**	**-2,544**	**-7,171**
Free CF	**713**	**296**	**400**	**2,178**	**3,587**	**133**	**2,146**	**178**	**20**	**637**	**2,936**	**468**	**2,925**
Net inv. in marketable sec	*219*	*-196*	*-122*	*-7*	*-106*	*927*	*-649*	*641*	*-478*	*100*	*-100*	*-619*	*300*
Adj. FCF[1]	***932***	***100***	***278***	***2,171***	***3,481***	***1,060***	***1,497***	*819*	***-458***	***737***	***2,836***	-151	3,225
Dividends	0	-1,707	0	0	-1,707	0	-1,904	0	0	0	-1,904	0	-1,904
Other application	-1,279	1,051	-1,621	-3,293	-5,142	-5,552	2,249	275	480	1,863	-960	1,032	-1,996
Net debt increase/-decrease	566	360	1,221	1,115	3,262	5,419	-2,491	-453	-500	-2,500	-72	-1,500	975
Net cash (calculated)	**6,631**	**6,271**	**5,050**	**3,935**	**3,935**	**-1,484**	**1,007**	**1,460**	**1,507**	**4,007**	**4,007**	**2,960**	**2,960**
Intra-group net receivables	6,365	5,215	7,040	10,288	10,288	16,521	12,588	10,630	-	-	-		
Net cash - BMW definition	**12,996**	**11,486**	**12,090**	**14,223**	**14,223**	**15,037**	**13,595**	**12,090**	-	--			

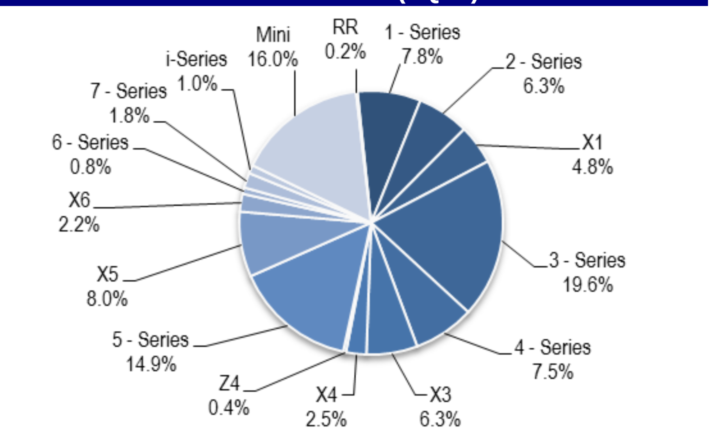
Note: Old FY15E estimates refer to our BMW report of November 2nd. Source: Company data and CGI estimates

BMW – Model-mix retail sales[1] (3Q14)



(1) Incl. BBA sales in China. Source: Company data and CGI calculations

BMW – Model-mix retail sales[1] (3Q15)



(1) Incl. BBA sales in China. Source: Company data and CGI calculations

BMW Auto – Retail sales by model series (1Q14 – FY15E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	New-Old 4Q15E	New-Old FY15E
Units ('000)										
- 1 - Series	50.2	47.6	45.2	47.0	190.0	41.5	44.5	45.9	48.6	180.5
- 2 – Series[1] (incl. ATourer)	2.6	8.5	10.0	20.0	41.0	27.9	36.4	45.8	67.9	178.0
- X1	43.3	36.1	37.4	39.7	156.5	30.4	27.8	24.0	39.8	122.0
- 3 – Series[2] (incl. GT)	116.7	119.6	116.8	127.1	480.2	107.3	112.1	112.3	129.3	461.0
- 4 – Series	17.7	29.3	34.8	37.7	119.6	36.5	42.8	34.8	23.4	137.5
- X3	40.1	42.7	33.2	34.9	150.9	30.5	35.9	33.7	35.7	135.8
- X4	0.0	0.4	6.8	14.5	21.7	13.9	14.2	12.8	14.1	55.0
- Z4	3.0	3.2	2.4	2.2	10.8	2.5	2.0	1.7	1.7	7.9
- 5 – Series[2] (incl. GT)	91.6	102.0	84.9	94.6	373.1	88.6	85.6	84.6	88.1	346.9
- X5	31.0	37.3	36.7	42.4	147.4	40.2	45.7	39.8	40.8	166.5
- X6	9.2	8.9	5.4	6.9	30.2	9.6	12.5	10.7	6.5	39.3
- 6 - Series	8.2	5.5	4.5	5.8	24.0	7.0	4.4	3.8	6.4	21.6
- 7 - Series	12.7	13.7	9.9	12.2	48.5	8.8	10.5	5.9	9.3	34.4
- i3 & i8	2.0	3.4	5.1	7.3	17.8	6.6	5.9	8.0	6.2	26.8
BMW brand	**428.3**	**458.1**	**433.1**	**492.2**	**1,811.7**	**451.6**	**480.5**	**463.7**	**517.6**	**1,913.4**
Mini brand	**57.9**	**74.0**	**75.6**	**94.7**	**302.2**	**74.3**	**91.6**	**80.5**	**92.0**	**338.4**
Rolls-Royce	**0.9**	**1.1**	**0.9**	**1.2**	**4.1**	**0.8**	**1.0**	**0.8**	**1.2**	**3.8**
Group	**487.0**	**533.2**	**509.7**	**588.1**	**2,118.0**	**526.7**	**573.1**	**545.1**	**610.8**	**2,255.6**
%-change yoy										
- 1 - Series	-6.9	-14.6	-15.3	-7.0	-11.0	-17.2	-6.6	1.4	3.5	-5.0
- 1 & 2 – Series	-2.1	0.5	3.4	32.6	8.2	31.6	44.1	65.9	74.1	55.2
- X1	14.8	-12.8	0.0	-11.5	-3.0	-29.6	-23.0	-35.7	0.1	-22.0
- 3 – Series	6.7	-6.8	-8.8	-5.5	-4.0	-8.0	-6.3	-4.3	2.2	-4.0
- 3 & 4 – Series	22.9	16.0	17.6	11.0	16.4	7.0	4.0	-3.2	-7.2	-0.2
- X3	10.9	2.2	-7.8	-19.5	-4.1	-23.9	-15.9	1.5	2.3	-10.0
- Z4	0.8	-24.5	-22.8	-13.4	-16.0	-15.9	-36.7	-30.0	-24.7	-27.0
- 5 – Series	6.8	8.4	-6.8	-1.6	1.7	-3.3	-16.0	-0.4	-6.8	-7.0
- X5	13.8	46.8	43.4	46.2	37.4	29.7	22.8	8.3	-3.7	13.0
- X6	-6.2	-3.5	-34.9	-27.8	-17.6	4.7	41.3	100.4	-5.8	30.0
- 6 - Series	33.2	-29.7	-29.1	-21.5	-13.4	-15.2	-19.9	-10.0	6.0	-10.0
- 7- Series	2.3	-6.8	-35.4	-9.8	-13.4	-30.5	-23.2	-40.8	-24.3	-29.0
BMW brand	**12.3**	**8.3**	**6.9**	**10.5**	**9.5**	**5.4**	**4.9**	**7.0**	**5.2**	**5.6**
Mini brand	**-12.5**	**-10.4**	**0.2**	**17.2**	**-0.9**	**28.4**	**23.8**	**6.4**	**-2.8**	**12.0**
Rolls-Royce	**39.7**	**28.6**	**8.0**	**-9.5**	**11.9**	**-12.9**	**-7.7**	**-6.3**	**-2.4**	**-7.0**
Group	**8.7**	**5.3**	**5.8**	**11.5**	**7.9**	**8.1**	**7.5**	**6.9**	**3.9**	**6.5**
Share (%)										
- 1 - Series	10.3	8.9	8.9	8.0	9.0	7.9	7.8	8.4	8.0	8.0
- 2 - Series	0.5	1.6	2.0	3.4	1.9	5.3	6.3	8.4	11.1	7.9
- X1	8.9	6.8	7.3	6.8	7.4	5.8	4.8	4.4	6.5	5.4
- 3 - Series	24.0	22.4	22.9	21.6	22.7	20.4	19.6	20.6	21.2	20.4
- 4 - Series	3.6	5.5	6.8	6.4	5.6	6.9	7.5	6.4	3.8	6.1
- X3	8.2	8.0	6.5	5.9	7.1	5.8	6.3	6.2	5.8	6.0
- X4		0.1	1.3	2.5	1.0	2.6	2.5	2.3	2.3	2.4
- Z4	0.6	0.6	0.5	0.4	0.5	0.5	0.4	0.3	0.3	0.3
- 5 - Series	18.8	19.1	16.7	16.1	17.6	16.8	14.9	15.5	14.4	15.4
- X5	6.4	7.0	7.2	7.2	7.0	7.6	8.0	7.3	6.7	7.4
- X6	1.9	1.7	1.1	1.2	1.4	1.8	2.2	2.0	1.1	1.7
- 6 - Series	1.7	1.0	0.9	1.0	1.1	1.3	0.8	0.7	1.0	1.0
- 7 - Series	2.6	2.6	1.9	2.1	2.3	1.7	1.8	1.1	1.5	1.5
- i3 & i8	0.4	0.6	1.0	**1.2**	**0.8**	**1.3**	**1.0**	**1.5**	**1.0**	**1.2**
BMW brand	**87.9**	**85.9**	**85.0**	**83.7**	**85.5**	**85.7**	**83.8**	**85.1**	**84.7**	**84.8**
Mini brand	**11.9**	**13.9**	**14.8**	**16.1**	**14.3**	**14.1**	**16.0**	**14.8**	**15.1**	**15.0**
Rolls-Royce	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.1**	**0.2**	**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**

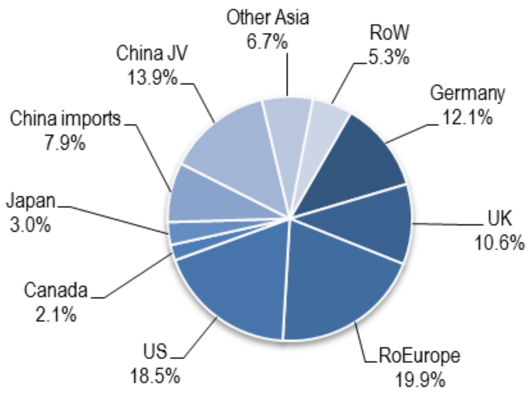
Note: Old FY15E estimates refer to our BMW report of November 2nd. Note: 3Q15 retail sales were announced on October 12th (1) 2-Series incl. Active Tourer since 3Q14; (2) 3-Series incl. 3-Series GT since 3Q13; (3) 5-Series incl. 5-Series GT. Source: Company data and CGI estimates

BMW Auto – Retail sales by region (1Q14 – FY15E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	New-Old 4Q15E	New-Old FY15E
Units ('000)										
- Germany	62.5	71.8	63.8	74.3	272.3	64.6	73.2	70.8	79.5	280.5
- UK	46.5	49.7	54.4	54.4	205.1	53.5	57.3	60.7	58.4	229.7
- Other Europe	105.2	110.5	99.0	122.5	437.2	116.7	123.1	111.7	127.9	486.7
Europe	**214.2**	**232.0**	**217.2**	**251.2**	**914.6**	**234.8**	**253.6**	**243.1**	**265.8**	**996.9**
- US	81.2	100.8	94.5	120.5	397.0	91.5	107.9	96.3	121.9	416.8
- Canada	7.3	10.3	10.5	10.2	38.3	7.9	12.5	10.9	11.2	42.5
North America	**88.5**	**111.0**	**105.0**	**130.7**	**435.2**	**99.4**	**120.5**	**107.2**	**133.1**	**459.3**
- Japan	**18.9**	**11.7**	**15.4**	**18.0**	**64.0**	**17.1**	**16.8**	**16.5**	**19.7**	**70.2**
- Mainland China	108.1	117.3	111.0	120.2	456.7	115.1	115.7	112.1	120.4	463.1
- o/w imports	*45.6*	*47.3*	*40.4*	*47.5*	*180.8*	*42.9*	*45.0*	*44.2*	*47.4*	*179.3*
- o/w JV	*62.5*	*70.0*	*70.6*	*72.8*	*275.9*	*72.2*	*70.7*	*67.9*	*73.0*	*283.8*
- Other Asia	31.5	35.3	33.4	37.4	137.6	34.5	37.9	37.4	35.9	144.8
Asia	**158.6**	**164.4**	**159.8**	**175.7**	**658.4**	**166.7**	**170.4**	**166.1**	**176.1**	**678.1**
Rest of World	**25.7**	**25.8**	**27.9**	**30.3**	**109.8**	**25.8**	**28.6**	**28.7**	**35.8**	**121.3**
World	**487.0**	**533.2**	**509.9**	**587.9**	**2,118.0**	**526.7**	**573.1**	**545.1**	**610.8**	**2,255.6**
World – cons. comps.	**424.5**	**463.2**	**439.3**	**515.1**	**1,842.1**	**454.5**	**502.3**	**477.1**	**537.8**	**1,971.8**
%-change yoy										
- Germany	-1.4	2.5	9.1	10.3	5.1	3.4	2.0	11.0	7.0	3.0
- UK	1.8	1.9	3.7	29.0	8.4	15.1	15.3	11.4	6.9	12.0
- Other Europe	7.2	-0.2	5.4	12.9	6.3	10.9	11.4	12.8	4.7	11.3
Europe	**3.4**	**1.1**	**6.0**	**15.2**	**6.4**	**9.6**	**9.3**	**11.9**	**5.8**	**9.0**
- US	2.7	7.1	5.5	5.8	5.4	12.6	7.1	1.9	1.2	5.0
- Canada	-18.5	10.7	13.0	-0.6	1.3	9.0	22.0	3.2	9.5	11.0
North America	**0.5**	**7.5**	**6.2**	**5.2**	**5.0**	**12.3**	**8.5**	**2.1**	**1.8**	**5.5**
- Japan	26.2	-27.1	-1.1	2.1	-0.3	-9.4	44.2	7.4	9.5	9.7
- China	25.4	21.0	8.4	13.3	16.6	6.4	-1.4	1.0	0.2	1.4
- o/w imports	*6.3*	*4.9*	*-17.0*	*-15.9*	*-6.4*	*-6.0*	*-5.0*	*9.5*	*-0.1*	*-0.9*
- o/w JV	*44.3*	*35.1*	*31.4*	*46.5*	*39.0*	*15.5*	*1.0*	*-3.8*	*0.3*	*2.9*
- Other Asia	8.7	18.8	4.8	16.3	12.1	9.4	7.2	12.1	-4.0	5.2
Asia	**21.8**	**15.2**	**6.6**	**12.7**	**13.8**	**5.1**	**3.7**	**3.9**	**0.2**	**3.0**
Rest of World	**13.3**	**-16.2**	**-0.7**	**2.6**	**-1.3**	**0.1**	**10.6**	**2.9**	**18.1**	**10.5**
World	**8.7**	**5.3**	**5.9**	**11.4**	**7.9**	**8.1**	**7.5**	**6.9**	**3.9**	**6.5**
World – cons. comps.	**4.8**	**1.9**	**2.7**	**7.8**	**4.4**	**7.1**	**8.5**	**8.6**	**4.4**	**7.0**
Share (%)										
- Germany	12.8	13.5	12.5	12.6	12.9	12.3	12.8	13.0	13.0	12.4
- UK	9.5	9.3	10.7	9.3	9.7	10.2	10.0	11.1	9.6	10.2
- Other Europe	21.6	20.7	19.4	20.8	20.6	22.2	21.5	20.5	20.9	21.6
Europe	**44.0**	**43.5**	**42.6**	**42.7**	**43.2**	**44.6**	**44.3**	**44.6**	**43.5**	**44.2**
- US	16.7	18.9	18.5	20.5	18.7	17.4	18.8	17.7	20.0	18.5
- Canada	1.5	1.9	2.1	1.7	1.8	1.5	2.2	2.0	1.8	1.9
North America	**18.2**	**20.8**	**20.6**	**22.2**	**20.5**	**18.9**	**21.0**	**19.7**	**21.8**	**20.4**
- Japan	3.9	2.2	3.0	3.1	3.0	3.3	2.9	3.0	3.2	3.1
- China	22.2	22.0	21.8	20.5	21.6	21.9	20.2	20.6	19.7	20.5
- o/w imports	*9.4*	*8.9*	*7.9*	*8.1*	*8.5*	*8.1*	*7.8*	*8.1*	*7.8*	*7.9*
- o/w JV	*12.8*	*13.1*	*13.9*	*12.4*	*13.0*	*13.7*	*12.3*	*12.5*	*12.0*	*12.6*
- Other Asia	6.5	6.6	6.5	6.4	6.5	6.5	6.6	6.9	5.9	6.4
Asia	**32.6**	**30.8**	**31.3**	**29.9**	**31.1**	**31.6**	**29.7**	**30.5**	**28.8**	**30.1**
Rest of World	**5.3**	**4.8**	**5.5**	**5.2**	**5.2**	**4.9**	**5.0**	**5.3**	**5.9**	**5.4**
World	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
World – cons. comps.	**87.2**	**86.9**	**86.1**	**87.6**	**87.0**	**86.3**	**87.7**	**87.5**	**88.0**	**87.4**

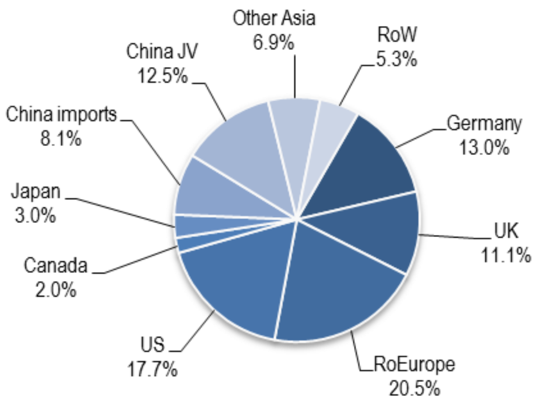
Note: Old FY15E estimates refer to our BMW report of November 2nd. Note: 3Q15 retail sales were announced on October 12th. Source: Company data and CGI estimates

BMW – Geographic split retail sales (3Q14)



(1) Incl. BBA sales in China. Source: Company data and CGI calculations

BMW – Geographic split retail sales (3Q15)



(1) Incl. BBA sales in China. Source: Company data and CGI calculations

Financial Services – summary (FY13-1-3Q15)

BMW – Financial Services (FY13-1-3Q15)

(EUR m)	FY13	1Q14	2Q14	1H14	3Q14	1-3Q14	4Q14	FY14	1Q15	2Q15	1H15	3Q15	1-3Q15
Financial Operations[1]													
Business volume	**84,347**	**85,181**	**-**	**87,534**	**-**	**91,802**	**-**	**96,390**	**104,348**	**-**	**104,734**	**-**	**105,051**
Growth (%)	12.1	3.1	-	6.0	-	10.6	-	29.0	22.5	-	19.6	-	14.4
FS (total assets)	**92,330**	**64,260**	**-**	**68,875**	**-**	**38,901**	**-**	**106,316**	**114,174**	**-**	**114,718**	**-**	**114,989**
Group (total assets)	138,368	146,431	-	155,288	-	164,018	-	154,803	166,090	-	164,647	-	166,269
FS asset share (%)	**66.7**	**43.9**	**-**	**44.4**	**-**	**23.7**	**-**	**68.7**	**68.7**	**-**	**69.7**	**-**	69.2
FS asset growth (%)	11.6	-29.1	-	-24.3	-	-57.3	-	27.8	77.7	-	66.6	-	195.6
Equity	8,407	5,383	-	6,276	-	8,499	-	9,357	10,232	-	9,618	-	9,623
Leverage (Assets/equity) (x)	11.0	11.9	-	11.0	-	4.6	-	11.4	11.2	-	11.9	-	11.9
Contract portfolio[1]													
Number of contracts outstanding	**4,130,002**	**4,170,318**	**-**	**4,218,318**	**-**	**4,260,436**	**-**	**4,359,572**	**4,419,817**	**-**	**4,500,056**	**-**	**4,580,290**
Dealer financing													
Contracts outstanding (#)	336,234	334,983	-	330,181	-	327,985	-	354,144	348,349	-	353,551	-	352,704
Managed business volume	**13,110**	**13,155**	**-**	**13,311**	**-**	**13,713**	**-**	**14,710**	**15,719**	**-**	**15,584**	**-**	**13,713**
Customer financing													
Retail portfolio (#)	**3,793,768**	**3,835,335**	**-**	**3,888,137**	**-**	**3,932,451**	**-**	**4,005,428**	**4,071,468**	**-**	**4,146,505**	**-**	**4,227,586**
Retail share (%)	91.9	92.0	-	92.2	-	92.3	-	91.9	92.1	-	92.1	-	92.3
- Est. loan share – RP (%)	66	68	-	66	-	67	-	65	65	-	66	-	66
- Est. leasing share - RP (%)	34	32	-	34	-	33	-	35	35	-	34	-	35
Alphabet Fleet	**535,528**	**534,869**	**-**	**541,977**	**-**	**537,355**	**-**	**555,349**	**563,394**	**-**	**572,764**	**-**	**537,355**
Fleet share - retail portfolio (%)	14.1	13.9	-	13.9	-	13.7	-	13.9	13.8	-	13.8	-	12.7
Leasing portfolio (EUR m)[1]													
Leasing portfolio (group)[2]	**25,914**	**26,125**	**-**	**26,865**	**-**	**28,395**	**-**	**30,165**	**32,506**	**-**	**32,680**	**-**	**33,285**
Growth (%)	12.1	4.5	-	6.1	-	11.6	-	31.2	24.4	-	21.6	-	17.2
Leasing portfolio (FS)[2]	**30,230**	**30,464**	**-**	**31,396**	**-**	**33,129**	**-**	**35,366**	**38,049**	**-**	**38,162**	**-**	**38,856**
Growth (%)	16.7	6.0	-	7.4	-	12.9	-	36.6	24.9	-	21.6	-	17.3
Implied margin (%)	16.7	16.6	-	16.9	-	16.7	-	17.2	17.1	-	16.8	-	16.7
New retail business													
New retail contracts (EUR m)	**39,241**	**9,228**	**10,263**	**19,491**	**10,485**	**29,976**	**11,342**	**41,318**	**11,789**	**12,837**	**24,626**	**12,649**	**37,275**
%-change	7.0	0.6	-1.6	-0.6	6.3	1.7	16.0	5.3	27.8	25.1	26.3	20.6	24.3
Nr. retail contracts signed	**1,471,385**	**348,072**	**380,842**	**728,914**	**382,786**	**1,111,700**	**397,413**	**1,509,113**	**384,565**	**416,961**	**801,526**	**420,639**	**1,222,165**
%-change	9.7	2.3	-1.9	0.0	1.8	0.6	8.3	2.6	10.5	9.5	10.0	9.9	9.9
Loan share (%)	66.2	67.6	66.6	66.4	67.2	66.7	61.4	65.3	64.6	66.6	65.9	64.8	65.5
Loan (%-change)	**20.7**	**4.4**	**-3.7**	**0.1**	**1.8**	**0.6**	**3.0**	**1.2**	**5.6**	**12.2**	**9.0**	**6.0**	**8.0**
Leasing share (%)	33.8	32.4	33.4	33.6	32.8	33.3	38.6	34.7	35.4	33.4	34.2	35.2	34.5
Leasing (%-change)	**27.6**	**-1.9**	**1.7**	**0.0**	**1.9**	**0.6**	**18.0**	**5.2**	**20.6**	**4.4**	**11.9**	**17.8**	**13.9**
FS penetration of retail car sales[3,4]													
Group													
Leasing & financing (%)	**44.0**	**40.5**	**41.3**	**40.9**	**43.6**	**41.8**	**41.4**	**41.7**	**44.9**	**45.3**	**45.1**	**48.1**	**46.1**
Leasing (%)	**21.5**	**19.4**	**21.6**	**20.5**	**22.0**	**21.0**	**20.6**	**20.9**	**21.8**	**20.6**	**21.2**	**23.3**	**21.9**
Financing (%)	22.5	21.1	19.7	20.4	21.6	20.8	20.8	20.8	23.1	24.7	23.9	24.8	24.2
US													
Leasing & financing (%)	**68.4**	**70.3**	**63.9**	**67.1**	**67.4**	**67.2**	**54.8**	**64.1**	**77.7**	**69.3**	**73.5**	**75.0**	**74.0**
Leasing (%)	**41.2**	**49.3**	**48.3**	**48.8**	**48.5**	**48.7**	**40.7**	**46.7**	**55.1**	**44.1**	**49.6**	**52.9**	**50.7**
Financing (%)	27.2	21.0	15.6	18.3	18.9	18.5	14.1	17.4	22.6	25.2	23.9	22.1	23.3
Cost of risk[3]													
Credit loss ratio (%)	**0.46**	**0.41**	**0.41**	**0.41**	**0.38**	**0.40**	**0.80**	**0.50**	**0.33**	**0.35**	**0.34**	**0.37**	**0.35**
Profit (EUR m)													
EBIT (FS)	**1,643**	**465**	**459**	**924**	**456**	**1,380**	**376**	**1,756**	**555**	**503**	**1,058**	**465**	**1,523**
EBIT (group)	7,986	2,090	2,603	4,693	2,256	6,949	2,169	9,118	2,521	2,525	5,046	2,354	7,400
EBIT (FS/group) (%)	20.6	22.2	17.6	19.7	20.2	19.9	17.3	19.3	22.0	19.9	21.0	19.8	20.6
PBT (FS)	**1,639**	**460**	**458**	**918**	**455**	**1,373**	**350**	**1,723**	**559**	**496**	**1,055**	**462**	**1,517**
PBT (group)	7,913	2,166	2,660	4,826	2,013	6,839	1,868	8,707	2,269	2,582	4,851	2,263	7,114
PBT (FS/group) (%)	20.7	21.2	17.2	19.0	22.6	20.1	18.7	19.8	24.6	19.2	21.7	20.4	21.3
Earnings (FS)	**1,112**	**317**	**315**	**632**	**314**	**946**	**314**	**1,112**	**384**	**349**	**733**	**324**	**1,057**

(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. Source: Company data and CGI calculations.

Group estimates 2015E-17E

BMW group – P&L by division (2010-17E)

BMW – P&L by division (2010-17E)								
(EUR m)	2010	2011	2012	2013	2014	New 2015E	New 2016E	New 2017E
Revenue								
Automotive	**54,137**	**63,229**	**70,208**	**70,629**	**75,173**	85,321	90,760	95,980
Motorcycles	1,304	1,436	1,490	1,504	1,679	1,948	2,045	2,147
Financial Services	16,617	17,510	19,550	19,874	20,599	22,865	23,551	24,257
Other	4	5	5	6	7	5	5	5
Eliminations[1]	-11,585	-13,359	-14,405	-15,955	-17,057	-18,578	-19,766	-20,910
Group	**60,477**	**68,821**	**76,848**	**76,058**	**80,401**	**91,561**	**96,595**	**101,480**
EBIT								
Automotive	**4,355**	**7,477**	**7,599**	**6,657**	**7,244**	7,449	8,123	8,782
Motorcycles	71	45	9	79	112	251	286	303
Financial Services	1,201	1,763	1,558	1,643	1,756	1,906	1,956	2,006
Other	-41	-19	58	44	71	150	0	0
Eliminations[1]	-475	-1,248	-949	-437	-65	-160	-150	-200
Group	**5,111**	**8,018**	**8,275**	**7,986**	**9,118**	**9,596**	**10,215**	**10,891**
EBIT margin (%)								
Automobiles	**8.0**	**11.8**	**10.8**	**9.4**	9.6	8.7	9.0	9.2
Motorcycles	5.4	3.1	0.6	5.3	6.7	12.9	14.0	14.1
Financial Services	7.2	10.1	8.0	8.3	8.5	8.3	8.3	8.3
Group	**8.5**	**11.7**	**10.8**	**10.5**	**11.3**	**10.5**	**10.6**	**10.7**
Financial Income								
Automotive	**-468**	**-654**	**-429**	**-96**	**-358**	**-350**	**-350**	**-350**
Motorcycles	-6	-4	-3	-3	-5	-5	-5	-5
Financial Services	13	27	3	-4	-33	-30	-30	-30
Other	86	-149	-55	120	83	-15	0	0
Eliminations[1]	117	145	12	-90	-98	-70	0	0
Group	**-258**	**-635**	**-472**	**-73**	**-411**	**-470**	**-385**	**-385**
Pre-tax profit								
Automotive	**3,887**	**6,823**	**7,170**	**6,561**	**6,886**	7,099	7,773	8,432
Motorcycles	65	41	6	76	107	246	281	298
Financial Services	1,214	1,790	1,561	1,639	1,723	1,876	1,926	1,976
Other	45	-168	3	164	154	135	0	0
Eliminations[1]	-358	-1,103	-937	-527	-163	-230	-150	-200
Group	**4,853**	**7,383**	**7,803**	**7,913**	**8,707**	**9,126**	**9,830**	**10,506**
Pre-tax margin (%)								
Automobiles	**7.2**	**10.8**	**10.2**	**9.3**	9.2	8.3	8.6	8.8
Motorcycles	5.0	2.9	0.4	5.1	6.4	12.6	13.8	13.9
Financial Services	7.3	10.2	8.0	8.2	8.4	8.2	8.2	8.1
Group	**8.0**	**10.7**	**10.2**	**10.4**	**10.8**	**10.0**	**10.2**	**10.4**
Less tax charge								
Automotive	**1,280**	**1,832**	**2,453**	**2,153**	**2,365**	2,343	2,565	2,867
Motorcycles	20	12	22	25	34	81	91	97
Financial Services	446	1,053	545	527	525	563	636	652
Other	-22	-37	-5	68	49	100	0	0
Eliminations[1]	-114	-384	-323	-200	-83	-117	-60	-80
Group	**1,610**	**2,476**	**2,692**	**2,573**	**2,890**	**2,969**	**3,232**	**3,536**
Profit after tax								
Automotive	**2,607**	**4,991**	**4,717**	**4,408**	**4,521**	4,756	5,208	5,565
Motorcycles	45	29	-16	51	73	165	190	201
Financial Services	768	737	1,016	1,112	1,198	1,313	1,290	1,324
Other	67	-131	8	96	105	35	0	0
Eliminations[1]	-244	-719	-614	-327	-80	-113	-90	-120
Group	**3,243**	**4,907**	**5,111**	**5,340**	**5,817**	**6,157**	**6,598**	**6,970**
Tax rate (%)								
Automotive	**32.9**	**26.9**	**34.2**	**32.8**	**34.3**	33.0	33.0	34.0
Motorcycles	30.8	29.3	366.7	32.9	31.8	32.8	32.5	32.5
Financial Services	36.7	58.8	34.9	32.2	30.5	30.0	33.0	33.0
Group	**33.2**	**33.5**	**34.5**	**32.5**	**33.2**	**32.5**	**32.9**	**33.7**

Source: Company data and CGI estimates

Automotive segment – 2015E-17E

BMW – Automotive profitability (2010-2017E)

	2010	2011	2012	2013	2014	New 2015E	New 2016E	New 2017E	Old 2015E	Old 2016E	Old 2017E
Retail sales ('000)	**1,461.2**	**1,669.0**	**1,845.2**	**1,963.8**	**2,118.0**	**2,255.6**	**2,381.0**	**2,513.6**	**2,255.6**	**2,381.0**	**2,513.6**
Change (%)	13.6	14.2	10.6	6.4	7.9	6.5	5.6	5.6	6.5	5.6	5.6
Retail sales–cons. comps ('000))	**1,407.5**	**1,574.6**	**1,704.0**	**1,765.3**	**1,842.1**	**1,971.8**	**2,087.6**	**2,197.2**	**1,972**	**2,088**	**2,197**
Change (%)	13.3	11.9	8.2	3.6	4.4	7.0	5.9	5.3	7.0	5.9	5.3
Division (EUR m)											
Revenue	54,137	63,229	70,208	70,629	75,173	85,321	90,760	95,980	83,818	89,161	94,289
Gross profit	9,434	13,065	13,683	12,858	13,952	15,528	16,881	230	15,255	16,584	230
'EBIT'	**4,355**	**7,477**	**7,624**	**6,657**	**7,244**	**7,449**	**8,123**	**8,782**	**7,166**	**8,024**	**8,675**
Financial result	**-468**	**-654**	**-429**	**-96**	**-358**	**-350**	**-350**	**-350**	**-350**	**-350**	**-350**
- o/w China JV NP share	98	164	271	398	658	475	550	600	420	450	500
Pre-tax profit	**3,887**	**6,823**	**7,195**	**6,561**	**6,886**	**7,099**	**7,773**	**8,432**	**6,816**	**7,674**	**8,325**
Margin (%)											
Gross profit	17.4	20.7	19.5	18.2	18.6	18.2	18.6	0.2	18.2	18.6	0.2
'EBIT'	**8.0**	**11.8**	**10.9**	**9.4**	**9.6**	**8.7**	**9.0**	**9.2**	**8.6**	**9.0**	**9.2**
PBT	7.2	10.8	10.2	9.3	9.2	8.3	8.6	8.8	8.1	8.6	8.8
Per vehicle (EUR)[1]											
Revenue/vehicle (EUR k)	38.5	40.2	41.2	40.0	40.8	37.8	38.1	38.2	37.2	37.4	37.5
EBIT/vehicle	3,094	4,749	4,474	3,771	3,933	3,302	3,412	3,494	3,177	3,370	3,451
Change (%)											
Revenue/vehicle	9.3	4.4	2.6	-2.9	2.0	6.0	0.5	0.5	4.2	0.5	0.5
OP/vehicle	-1550.9	53.5	-5.8	-15.7	4.3	-3.9	3.0	2.7	-7.6	5.8	2.7

Note: Old FY15E estimates refer to our BMW report of November 2nd. (1) Divisional revenue and EBIT vs. fully consolidated retail sales. Source: Company data and CGI estimates

BMW – Cash flow automotive segment (2010-17E)

(EUR m)	2010	2011	2012	2013	2014	New 2015E	New 2016E	New 2017E	Old 2015E	Old 2016E	Old 2017E
Net profit	**2,607**	**4,991**	**4,717**	**4,408**	**4,521**	**4,756**	**5,208**	**5,565**	**4,567**	**5,142**	**5,494**
Depreciation	**3,762**	**3,564**	**3,679**	**3,745**	**4,230**	**4,630**	**4,680**	**4,730**	**4,330**	**4,430**	**4,530**
Depreciation leased products	5	29	23	109	15	10	10	10	10	10	10
Gross Cash Flow	**6,374**	**8,584**	**8,419**	**8,262**	**8,766**	**9,396**	**9,898**	**10,305**	**8,907**	**9,582**	**10,034**
Increase in provisions	869	577	267	373	1,034	300	300	300	300	300	300
Other	1,280	539	100	-200	175	700	-100	-100	400	-100	-100
CF from operations	**8,523**	**9,700**	**7,545**	**8,435**	**9,975**	**10,396**	**10,098**	**10,505**	**9,607**	**9,782**	**10,234**
WCR	-374	-1,590	1,622	1,015	-552	-300	-500	-500	-500	-500	-500
CF- operating activities	**8,149**	**8,110**	**9,167**	**9,450**	**9,423**	**10,096**	**9,598**	**10,005**	**9,107**	**9,282**	**9,734**
Capital expenditure	-3,183	-3,565	-5,074	-6,575	-6,021	-5,971	-5,771	-5,571	-5,971	-5,771	-5,571
Other	-2,358	-2,160	-456	-913	185	-1,200	-800	-800	-200	-200	-200
CF -Investment activities	**-5,541**	**-5,725**	**-5,530**	**-7,488**	**-5,836**	**-7,171**	**-6,571**	**-6,371**	**-6,171**	**-5,971**	**-5,771**
Free CF	**2,608**	**2,385**	**3,637**	**1,962**	**3,587**	**2,925**	**3,027**	**3,634**	**2,936**	**3,311**	**3,963**
Net inv. marketable sec.	*1,863*	*781*	*172*	*537*	*-106*	300	-100	-100	*-100*	*-100*	*-100*
Adj. FCF	***4,471***	***3,166***	***3,809***	***2,499***	**3,481**	3,225	2,927	3,534	**2,836**	**3,211**	**3,863**
Dividends	-197	-852	-1,508	-1,640	-1,707	-1,904	-2,101	-2,298	-1,904	-2,101	-2,232
Other application	1,718	-1,686	55	250	-5,142	-1,996	-126	-1,036	-960	-577	-1,431
Net debt increase/-decrease	-4,129	153	-2,184	-572	3,262	975	-800	-300	-72	-633	-300
Net cash (calculated)	**4,594**	**4,441**	**6,625**	**7,197**	**3,935**	**2,960**	**3,760**	**4,060**	**4,007**	**4,640**	**4,940**
Intra-group net receivables& adj.	*6,692*	*7,947*	*6,702*	*4,930*	*10,288*	-	-	-	-	-	-
Net cash - BMW definition	***11,286***	***12,388***	***13,327***	***12,127***	***14,223***	**-**	**-**	**-**	**-**	**-**	**-**

Note: Old FY15E estimates refer to our BMW report of November 2nd. Source: Company data and CGI estimates

BMW Auto – Retail sales by model series (2010-17E)

	2010	2011	2012	2013	2014	New-Old 2015E	New-Old 2016E	New-Old 2017E
Units ('000)								
- 1 - Series	196.0	176.4	226.8	213.6	190.0	180.5	188.7	193.4
- 2 – Series[1]	-	-	-	-	41.0	178.0	180.0	170.0
- X1	100.0	126.4	147.8	161.4	156.5	122.0	155.0	182.9
- 3 - Series[2]	399.0	384.5	406.8	500.3	480.2	461.0	428.7	420.2
- 4 - Series				14.8	119.6	137.5	145.8	151.6
- X3	46.0	117.9	149.9	157.3	150.9	135.8	129.0	135.5
- X4	-	-	-	-	21.7	55.0	52.0	51.0
- Z4	24.6	18.8	15.2	12.9	10.8	7.9	7.1	6.4
- 5 – Series[2]	238.5	332.5	359.0	346.7	373.1	346.9	412.9	491.3
- X5	102.2	104.8	108.5	107.2	147.4	166.5	158.2	150.3
- X6	46.4	40.8	43.7	36.7	30.2	39.3	42.5	40.3
- 6 - Series	5.8	9.4	23.2	27.7	24.0	21.6	21.8	20.7
- 7 - Series	65.8	68.8	59.2	56.0	48.5	34.4	48.2	65.1
- i3	-	-	-	0.3	16.1	21.4	30.0	35.0
- i8	-	-	-	-	1.7	5.4	5.0	5.0
BMW brand	**1,224.3**	**1,380.4**	**1,540.1**	**1,655.1**	**1,811.7**	**1,913.4**	**2,004.9**	**2,118.6**
Mini brand	**234.2**	**285.1**	**301.5**	**305.0**	**302.2**	**338.4**	**372.3**	**390.9**
Rolls-Royce	**2.7**	**3.5**	**3.6**	**3.6**	**4.1**	3.8	3.9	4.1
Group	**1,461.2**	**1,669.0**	**1,845.2**	**1,963.8**	**2,118.0**	**2,255.6**	**2,381.0**	**2,513.6**
% change								
- 1 - Series	-9.7	-10.0	28.6	-5.8	-11.0	-5.0	4.5	2.5
- 2 - Series	-	-	-	-	-	333.7	1.1	-5.6
- X1	1076.5	26.4	16.9	9.2	-3.0	-22.0	27.0	18.0
- 3 - Series	0.5	-3.6	5.8	23.0	-4.0	-4.0	-7.0	-2.0
- 4 - Series	-	-	-	-	710.0	15.0	6.0	4.0
- X3	-17.3	156.4	27.1	5.0	-4.1	-10.0	-5.0	5.0
- X4	-	-	-	-	-	153.6	-5.5	-2.0
- Z4	8.0	-23.5	-18.9	-15.6	-16.0	-27.0	-10.0	-10.0
- 5 - Series	35.5	39.4	8.0	-3.4	1.7	-7.0	19.0	19.0
- X5	15.0	2.6	3.5	-1.2	37.4	13.0	-5.0	-5.0
- X6	11.4	-12.0	7.0	-16.0	-17.6	30.0	8.0	-5.0
- 6 - Series	-32.4	60.7	146.8	19.4	-13.4	-10.0	1.0	-5.0
- 7 - Series	24.9	4.5	-13.9	-5.4	-13.4	-29.0	40.0	35.0
- i3	-	-	-	-	NM	33.3	40.2	16.7
- i8	-	-	-	-	-	207.3	-6.5	0.0
BMW brand	**14.6**	**12.8**	**11.6**	**7.5**	**9.5**	**5.6**	**4.8**	**5.7**
Mini brand	**8.1**	**21.7**	**5.8**	**1.2**	**-0.9**	**12.0**	**10.0**	**5.0**
Rolls-Royce	**170.6**	**30.5**	**1.0**	**1.5**	**11.9**	**-7.0**	**3.0**	**5.0**
Group	**13.6**	**14.2**	**10.6**	**6.4**	**7.9**	**6.5**	**5.6**	**5.6**
Share (%)								
- 1 - Series	13.4	10.6	12.3	10.9	9.0	8.0	7.9	7.7
- 2 - Series	-	-	-	-	1.9	7.9	7.6	6.8
- X1	6.8	7.6	8.0	8.2	7.4	5.4	6.5	7.3
- 3 - Series	27.3	23.0	22.0	25.5	22.7	20.4	18.0	16.7
- 4 - Series	-	-	-	0.8	5.6	6.1	6.1	6.0
- X3	3.1	7.1	8.1	8.0	7.1	6.0	5.4	5.4
- X4	-	-	-	-	1.0	2.4	2.2	2.0
- Z4	1.7	1.1	0.8	0.7	0.5	0.3	0.3	0.3
- 5 - Series	16.3	19.9	19.5	17.7	17.6	15.4	17.3	19.5
- X5	7.0	6.3	5.9	5.5	7.0	7.4	6.6	6.0
- X6	3.2	2.4	2.4	1.9	1.4	1.7	1.8	1.6
- 6 - Series	0.4	0.6	1.3	1.4	1.1	1.0	0.9	0.8
- 7 - Series	4.5	4.1	3.2	2.9	2.3	1.5	2.0	2.6
- i3	-	-	-	0.0	0.8	0.9	1.3	1.4
- i8	-	-	-	-	0.1	0.2	0.2	0.2
BMW brand	**83.8**	**82.7**	**83.5**	**84.3**	**85.5**	**84.8**	**84.2**	**84.3**
Mini brand	**16.0**	**17.1**	**16.3**	**15.5**	**14.3**	**15.0**	**15.6**	**15.6**
Rolls-Royce	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
Group	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

Note: Old FY15E estimates refer to our BMW report of November 2nd. (1) 2-Series incl. Active Tourer since 3Q14; (2) 3-Series incl. 3-Series GT since 3Q13; (3) 5-Series incl. 5-Series GT. Source: Company data and CGI estimates

BMW Automobile – Retail sales by region (2010-2017E)

	2010	2011	2012	2013	2014	New-Old 2015E	New-Old 2016E	New-Old 2017E
Units ('000)								
- Germany	267.2	285.3	287.4	259.2	272.3	280.5	288.9	297.6
- UK	154.8	167.5	174.5	189.1	205.1	229.7	236.6	243.7
- Other Europe	369.3	405.7	403.5	411.2	437.2	486.7	526.2	552.5
Europe	**791.2**	**858.4**	**865.4**	**859.5**	**914.6**	**996.9**	**1,051.7**	**1,093.8**
- US	266.6	306.3	348.5	376.6	397.0	416.8	429.3	442.2
- Canada	31.7	35.0	37.7	37.7	38.3	42.5	44.2	45.9
North America	**298.3**	**341.3**	**386.2**	**414.4**	**435.2**	**459.3**	**473.5**	**488.1**
- Japan	43.6	47.7	56.7	64.2	64.0	70.2	70.9	71.6
- China	169.0	233.6	327.3	391.7	456.7	463.1	495.5	535.2
- o/w imports	*115.3*	*139.2*	*186.2*	*193.2*	*180.8*	*179.3*	*202.1*	*218.8*
- o/w JV	*53.7*	*94.4*	*141.2*	*198.5*	*275.9*	*283.8*	*293.4*	*316.4*
- Other Asia	73.7	94.2	109.4	122.7	137.6	144.8	152.4	165.9
Asia	**286.3**	**375.5**	**493.4**	**578.7**	**658.4**	**678.1**	**718.8**	**772.7**
Rest of World	**85.3**	**93.8**	**100.1**	**111.2**	**109.8**	121.3	137.0	158.9
World	**1,461.2**	**1,669.0**	**1,845.2**	**1,963.8**	**2,118.0**	**2,255.6**	**2,381.0**	**2,513.6**
World – cons. comps	**1,407.5**	**1,574.6**	**1,704.0**	**1,765.3**	**1,842.1**	**1,971.8**	**2,087.6**	**2,197.2**
% change								
- Germany	-0.1	6.8	0.7	-9.8	5.1	3.0	3.0	3.0
- UK	12.9	8.2	4.2	8.4	8.4	12.0	3.0	3.0
- Other Europe	3.4	9.8	-0.5	1.9	6.3	11.3	8.1	5.0
Europe	**3.9**	**8.5**	**0.8**	**-0.7**	**6.4**	**9.0**	**5.5**	**4.0**
- US	10.1	14.9	13.8	8.1	5.4	5.0	3.0	3.0
- Canada	9.5	10.3	7.7	0.0	1.3	11.0	4.0	4.0
North America	**10.1**	**14.4**	**13.2**	**7.3**	**5.0**	**5.5**	**3.1**	**3.1**
- Japan	6.1	9.2	19.0	13.3	-0.3	9.7	1.0	1.0
- China	86.7	38.2	40.1	19.7	16.6	1.4	7.0	8.0
- o/w imports	*146.2*	*20.8*	*33.7*	*3.8*	*-6.4*	*-0.9*	*12.7*	*8.3*
- o/w JV	*22.9*	*75.8*	*49.5*	*40.6*	*39.0*	*2.9*	*3.4*	*7.8*
- Other Asia	42.9	27.8	16.1	12.3	12.1	5.2	5.2	8.9
Asia	**56.3**	**31.1**	**31.4**	**17.3**	**13.8**	**3.0**	**6.0**	**7.5**
Rest of World	**21.6**	**9.9**	**6.8**	**11.1**	**-1.3**	**10.5**	**12.9**	**16.0**
World	**13.6**	**14.2**	**10.6**	**6.4**	**7.9**	**6.5**	**5.6**	**5.6**
World – cons. comps.	**13.3**	**11.9**	**8.2**	**3.6**	**4.4**	**7.0**	**5.9**	**5.3**
Share (%)								
- Germany	18.3	17.1	15.6	13.2	12.9	12.4	12.1	11.8
- UK	10.6	10.0	9.5	9.6	9.7	10.2	9.9	9.7
- Other Europe	25.3	24.3	21.9	20.9	20.6	21.6	22.1	22.0
Europe	**54.1**	**51.4**	**46.9**	**43.8**	**43.2**	**44.2**	**44.2**	**43.5**
- US	18.2	18.4	18.9	19.2	18.7	18.5	18.0	17.6
- Canada	2.2	2.1	2.0	1.9	1.8	1.9	1.9	1.8
North America	**20.4**	**20.5**	**20.9**	**21.1**	**20.5**	**20.4**	**19.9**	**19.4**
- Japan	3.0	2.9	3.1	3.3	3.0	3.1	3.0	2.8
- China	11.6	14.0	17.7	19.9	21.6	20.5	20.8	21.3
- o/w imports	*7.9*	*8.3*	*10.1*	*9.8*	*8.5*	*7.9*	*8.5*	*8.7*
- o/w JV	*3.7*	*5.7*	*7.7*	*10.1*	*13.0*	*12.6*	*12.3*	*12.6*
- Other Asia	5.0	5.6	5.9	6.3	6.5	6.4	6.4	6.6
Asia	**19.6**	**22.5**	**26.7**	**29.5**	**31.1**	**30.1**	**30.2**	**30.7**
Rest of World	**5.8**	**5.6**	**5.4**	**5.7**	**5.2**	**5.4**	**5.8**	**6.3**
World	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
World – cons. comps.	**96.3**	**94.3**	**92.3**	**89.9**	**87.0**	**87.4**	**87.7**	**87.4**

Note: Old FY15E estimates refer to our BMW report of November 2nd. Source: Company data and CGI estimates

Group Overview 2010-17E

BMW – overview (2010-17E)

Ordinary share price (EUR)	92.45							
Market capitalisation (EUR bn)[1]	59.57							
No of shares (m)[2]	654.7							
	2010	**2011**	**2012**	**2013**	**2014**	**2015E**	**2016E**	**2017E**
Values per share (EUR)								
EPS	**4.93**	**7.45**	**7.75**	8.10	8.83	9.35	10.02	10.59
CFPS	7.20	11.19	5.05	14.78	5.28	17.37	18.27	19.06
BVPS	39.23	39.69	46.66	54.31	57.05	50.83	56.93	62.68
DPS - ordinary shares	1.30	2.30	2.50	2.60	2.90	3.20	3.50	3.70
Free CFPS	3.89	2.02	5.42	2.93	5.35	4.36	4.51	5.42
Stock market ratios (x)								
P/E	18.8	12.4	11.9	11.4	10.5	9.9	9.2	8.7
P/CF	12.8	8.3	18.3	23.1	17.5	5.3	5.1	4.8
P/BV	2.2	2.1	2.0	1.7	1.6	1.8	1.6	1.5
P/revenue	0.98	0.87	0.78	0.78	0.74	0.65	0.62	0.59
Dividend yield (%)	1.4	2.5	2.7	2.8	3.1	3.5	3.8	4.0
Free CF yield (%)	4.2	3.8	5.9	3.2	5.8	4.7	4.9	5.9
EV (EUR bn)	55.1	53.2	52.0	51.0	53.4	55.1	55.5	58.1
EV/ revenue – industrial (%)	99.3	82.3	72.5	70.7	69.4	63.2	59.8	59.2
EV/EBITDA - industrial	6.7	4.8	4.6	4.8	4.6	4.4	4.2	4.2
Group P&L (EUR m)								
Revenue[1]	60,477	68,821	76,848	76,058	80,401	91,561	96,595	101,480
Gross profit	10,915	14,545	15,494	15,274	17,005	18,312	19,512	20,803
EBIT	**5,111**	**8,018**	**8,275**	**7,986**	**9,118**	**9,596**	**10,215**	**10,891**
EBIT, full R&D	5,420	8,255	8,316	7,311	8,687	9,246	9,944	10,601
EBITDA	5,999	11,672	11,991	11,841	13,441	14,336	15,005	13,042
Profit before tax	**4,853**	**7,383**	**7,803**	**7,913**	**8,707**	**9,126**	**9,830**	**10,506**
Net profit	3,243	4,907	5,111	5,340	5,817	6,157	6,598	6,970
Less dividends	852	1,508	1,640	1,707	1,904	2,101	2,298	2,429
Retained profit	2,391	3,399	3,471	3,633	3,913	4,056	4,300	4,541
CF – automotive segm. (EUR m)								
CF from operations	3,019	8,667	7,545	8,435	9,975	10,396	10,098	10,505
Working capital	-943	-1,590	1,622	1,015	-552	-300	-500	-500
CF from operating activities	**2,076**	**7,077**	**9,167**	**9,450**	**9,423**	**10,096**	**9,598**	**10,005**
Capital expenditure (incl. R&D)	-428	-3,565	-5,074	-6,575	-6,021	-5,971	-5,771	-5,571
Other	-14	-2,160	-456	-913	185	-1,200	-800	-800
Free CF after investment	**1,634**	**1,352**	**3,637**	**1,962**	**3,587**	**2,925**	**3,027**	**3,634**
BS - automotive segm. (EUR m)								
Net cash/-debt	4,594	4,441	6,625	7,197	3,935	2,960	3,760	4,060
Intra-group receivables	5,690	6,404	5,862	4,460	8,583	-	-	-
Net cash (BMW definition)	11,286	12,388	13,327	12,127	14,223	-	-	-
SHFs	23,993	26,154	28,202	30,909	31,045	45,619	50,566	55,705
Profitability and financial ratios (%)								
Gross profit margin	18.0	21.1	20.2	20.1	21.2	20.0	20.2	20.5
EBIT margin	8.5	11.7	10.8	10.5	11.3	10.5	10.6	10.7
Adj. EBIT margin - full R&D	9.0	12.0	10.8	9.6	10.8	10.1	10.3	10.4
Pre-tax profit margin	8.0	10.7	10.2	10.4	10.8	10.0	10.2	10.4
Tax rate	33.2	33.5	34.5	32.5	33.2	32.5	32.9	33.7
Net profit margin	5.4	7.1	6.7	7.0	7.2	6.7	6.8	6.9
Pay-out ratio	30.9	30.9	32.2	32.1	32.8	34.2	34.9	34.9
Return on equity	16.1	24.3	23.5	23.1	23.5	24.0	25.4	25.8
Automotive segment								
Unit sales ('000)	1,461.2	1,669.0	1,845.2	1,963.8	2,118.0	2,255.6	2,381.0	2,513.6
% change	13.6	14.2	10.6	6.4	7.9	6.5	5.6	5.6
Revenue (EUR m)[3]	54,137	63,229	70,208	70,629	75,173	85,321	90,760	95,980
% change	23.8	16.8	11.0	0.6	6.4	13.5	6.4	5.8
EBITDA (EUR m)	8,117	11,041	11,278	10,304	10,836	11,295	8,134	8,802
Margin (%)	15.0	17.5	16.1	14.6	14.4	13.2	9.0	9.2
EBIT (EUR m)	4,355	7,477	7,599	6,657	7,244	7,449	8,123	8,782
Margin (%)	8.0	11.8	10.8	9.4	9.6	8.7	9.0	9.2
Profit before tax (EUR m)	3,887	6,823	7,170	6,561	6,886	7,099	7,773	8,432
Margin (%)	7.2	10.8	10.2	9.3	9.2	8.3	8.6	8.8

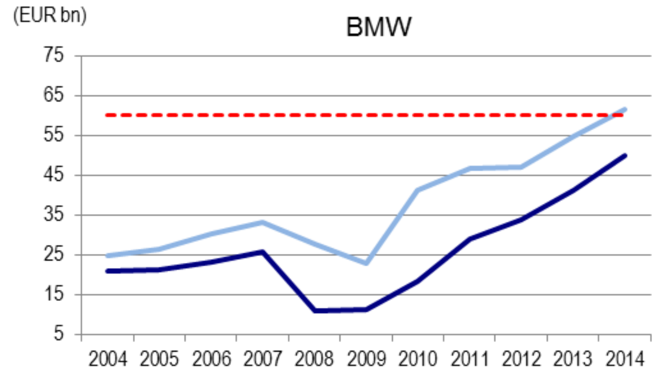
(1) All classes of shares. (2) 602.0m ordinary and 53.6m preferred. Source: Company data and CGI estimates

BMW shares – valuation

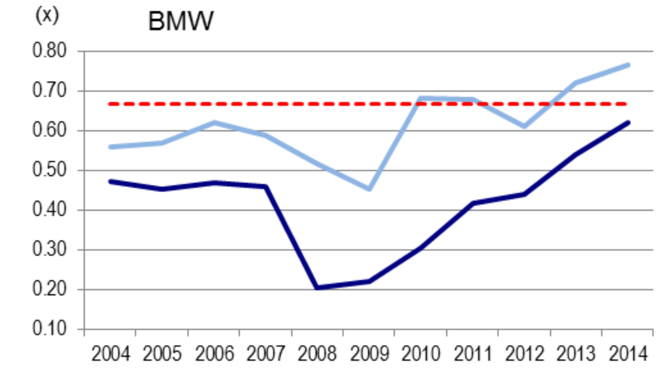
Investment opinion - BUY

At EUR 92, BMW shares are valued at 8.7x 2017E earnings, implying a 18% discount to the 5-year high historic valuation of 10.6x. This is inconsistent with the implication that our FY17E EPS estimates of EUR 10.59 are 42.9% higher than the 5-year average of EUR 7.41. A valuation in line with the 5-year high historic valuation of 10.6x implies a share price of EUR 112.70 at YE17E and time-discounted (yield of 10-year Bund), a target price of EUR 112 at YE16E and a 21% upside potential for BMW shares.

BMW – Market capitalisation – historic range (2004-14) vs. current valuation



BMW – Price/revenue – historic range (2004-14) vs. current valuation (2015E)



BMW – Historic valuation (2002-14)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	5-yr avg '10-'14	10-yr avg '05-'14
EPS (EUR)	**3.00**	**2.89**	**3.33**	**3.33**	**4.38**	**4.78**	**0.49**	**0.31**	**4.93**	**7.45**	**7.75**	**8.10**	**8.83**	**7.41**	**5.04**
P/E -high	15.8	10.6	11.3	12.0	10.6	10.6	86.4	115.9	13.1	9.9	9.5	10.5	10.8	10.6	13.1
P/E-low	9.3	7.3	9.6	9.6	8.1	8.3	34.5	56.8	5.8	6.0	6.9	7.9	8.8	6.9	8.9
P/E-average	**13.1**	**9.1**	**10.4**	**10.8**	**9.4**	**9.5**	**60.4**	**86.4**	**9.5**	**8.0**	**8.2**	**9.2**	**11.5**	**9.1**	**11.3**

Source: Company data and CGI estimates

BMW – Current valuation (2004-2016E)

		2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014E	2015E	2016E	2017E
BMW EPS (EUR)		**3.33**	**3.33**	**4.38**	**4.78**	**0.49**	**0.31**	**4.93**	**7.45**	**7.75**	**8.10**	**8.83**	**9.35**	**10.02**	**10.59**
Current BMW PE (x)		**27.8**	**27.7**	**21.1**	**19.3**	**NM**	**NM**	**18.8**	**12.4**	**11.9**	**11.4**	**10.5**	**9.9**	**9.2**	**8.7**
% vs. 5-yr high	**(10.6x)**	**161**	**161**	**99**	**82**	**NM**	**NM**	**76**	**17**	**12**	**7**	**-2**	**-7**	**-13**	**-18**
% vs. 5-yr low	(6.9x)	302	302	206	180	NM	NM	172	80	73	65	52	43	34	26
% vs. 5-yr average	(9.1x)	209	209	135	115	NM	NM	109	38	33	27	16	10	3	-3
% vs. 10-yr high	(13.1x)	112	111	61	47	NM	NM	43	-5	-9	-13	-20	-25	-30	-33
% vs. 10-yr low	(8.9x)	211	210	136	116	NM	NM	110	39	33	28	17	11	3	-2
% vs. 10-yr average	(11.3x)	147	147	88	72	NM	NM	67	10	6	2	-7	-12	-18	-22

Source: Company data and CGI estimates

BMW – Valuation summary

Current share price	Current P/E 2017E	Target P/E 2017E	Implied price YE 2017E	Target price YE 201E	Potential TP vs. current price
EUR 92.45	8.7x	10.6x	EUR 112.70	EUR112	20.6%

Close 10.30.2015 Source: Company data and CGI estimates

BMW – share price (- 5 years)

BMW vs. DAX 30 Index (- 5 years)

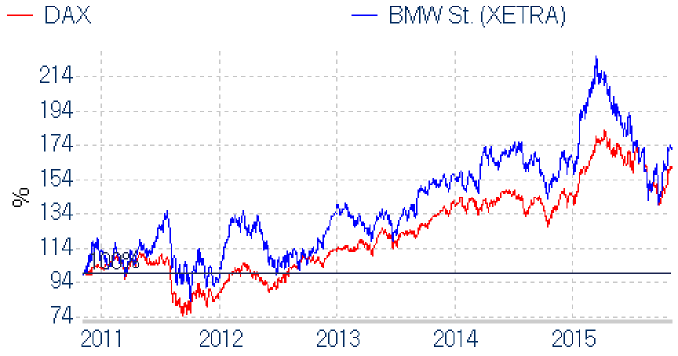


Chart technical view by Carlo R. Besenius

Short-term technical outlook positive

BMW shares short-term technical outlook is positive. All short-term technical indicators are rising, such as RSI, MACD. BMW shares are trading above their 20-and 50-day moving averages, and the next levels of minor resistance around EUR 93 and EUR 96 should not prevent BMW shares to test their 200-day moving average around EUR 98.

From a chart-technical point of view, we see BMW shares move back towards EUR 118 levels in the coming 3 - 6 months.

Carlo R Besenius, CEO & Head of Global Strategy
cbesenius@cg-inv.com
office: +(352) 26 25 86 40
mobile: +(352) 691 106 969
Luxembourg/Europe

Steve Gluckstein, Global Strategist
sgluckstein@cg-inv.com
office: 212 939 7256
mobile: 732 768 8843
New York, NY, USA

Sabine CJ Blümel, Head of Global Automotive Research
sblumel@cg-inv.com
office: +44 (7785) 301588
London, UK

Marc Peters, Head of Global Industrial Strategy
mpeters@cg-inv.com
office: +(352) 26 25 86 40
mobile: +352 621 36 44 50
Luxembourg/Europe

Feliks Lukas, Director of Industrial Consulting
flukas@cg-inv.com
office: 212-939-7256
New York, NY, USA

Allison M Cimon, Director of Sales & Technology
amcimon@cg-inv.com
office: 646 228 4321
Boston, MA, USA

Gary Schieneman, Director,
Global Accounting and Finance
gschieneman@cg-inv.com
office: 917-868-6842
New York, NY, USA

Jennifer Crisman, COO
jcrisman@cg-inv.com
office: +(352) 26 25 86 40
Luxembourg/Europe