

# QUARTERLY REPORT

TO 30 SEPTEMBER 2014



**Q3** — 30 SEPTEMBER 2014

**BMW  
GROUP**



Rolls-Royce  
Motor Cars Limited

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|                                                   |           | 3rd quarter<br>2014 | 3rd quarter<br>2013       | Change in %      |
|---------------------------------------------------|-----------|---------------------|---------------------------|------------------|
| <b>Automotive segment</b>                         |           |                     |                           |                  |
| <b>Sales volume<sup>1</sup></b>                   |           |                     |                           |                  |
| BMW <sup>2</sup>                                  | units     | 433,145             | 405,350                   | 6.9              |
| MINI                                              | units     | 75,633              | 75,482                    | 0.2              |
| Rolls-Royce                                       | units     | 891                 | 825                       | 8.0              |
| <b>Total</b>                                      |           | <b>509,669</b>      | <b>481,657</b>            | <b>5.8</b>       |
| <b>Production</b>                                 |           |                     |                           |                  |
| BMW <sup>3</sup>                                  | units     | 451,651             | 441,877                   | 2.2              |
| MINI                                              | units     | 93,397              | 77,334                    | 20.8             |
| Rolls-Royce                                       | units     | 835                 | 727                       | 14.9             |
| <b>Total</b>                                      |           | <b>545,883</b>      | <b>519,938</b>            | <b>5.0</b>       |
| <b>Motorcycles segment</b>                        |           |                     |                           |                  |
| <b>Sales volume<sup>1</sup></b>                   |           |                     |                           |                  |
| BMW                                               | units     | 29,239              | 28,213                    | 3.6              |
| <b>Production</b>                                 |           |                     |                           |                  |
| BMW                                               | units     | 29,336              | 21,047                    | 39.4             |
| <b>Financial Services segment</b>                 |           |                     |                           |                  |
| New contracts with retail customers               |           | 382,786             | 375,909                   | 1.8              |
| <b>Workforce at 30 September<sup>1,4</sup></b>    |           |                     |                           |                  |
| BMW Group                                         |           | 114,587             | 109,871                   | 4.3              |
| <b>Financial figures</b>                          |           |                     |                           |                  |
| <b>Operating cash flow Automotive segment</b>     | € million | <b>1,646</b>        | <b>2,574<sup>6</sup></b>  | <b>-36.1</b>     |
| <b>EBIT margin Automotive segment<sup>1</sup></b> | %         | <b>9.4</b>          | <b>9.0</b>                | <b>-</b>         |
| <b>Revenues</b>                                   | € million | <b>19,600</b>       | <b>18,751<sup>6</sup></b> | <b>4.5</b>       |
| — Automotive <sup>1</sup>                         | € million | 18,142              | 17,197 <sup>6</sup>       | 5.5              |
| — Motorcycles                                     | € million | 370                 | 324                       | 14.2             |
| — Financial Services                              | € million | 5,221               | 4,994                     | 4.5              |
| — Other Entities                                  | € million | 2                   | 1                         | -                |
| — Eliminations                                    | € million | -4,135              | -3,765                    | -9.8             |
| <b>Profit before financial result (EBIT)</b>      | € million | <b>2,256</b>        | <b>1,926<sup>6</sup></b>  | <b>17.1</b>      |
| — Automotive                                      | € million | 1,697               | 1,547 <sup>6</sup>        | 9.7              |
| — Motorcycles                                     | € million | 27                  | -4                        | -                |
| — Financial Services                              | € million | 456                 | 390                       | 16.9             |
| — Other Entities                                  | € million | 31                  | 14                        | -                |
| — Eliminations                                    | € million | 45                  | -21 <sup>6</sup>          | -                |
| <b>Profit before tax<sup>1</sup></b>              | € million | <b>2,013</b>        | <b>1,989</b>              | <b>1.2</b>       |
| — Automotive                                      | € million | 1,430               | 1,631                     | -12.3            |
| — Motorcycles                                     | € million | 26                  | -5                        | -                |
| — Financial Services                              | € million | 455                 | 398                       | 14.3             |
| — Other Entities                                  | € million | 63                  | 11                        | -                |
| — Eliminations                                    | € million | 39                  | -46                       | -                |
| <b>Income taxes</b>                               | € million | <b>-699</b>         | <b>-659</b>               | <b>-6.1</b>      |
| <b>Net profit</b>                                 | € million | <b>1,314</b>        | <b>1,330</b>              | <b>-1.2</b>      |
| <b>Earnings per share<sup>5</sup></b>             | €         | <b>1.99/1.99</b>    | <b>2.02/2.02</b>          | <b>-1.5/-1.5</b> |

<sup>1</sup> Principal performance indicators reported on during the year.

<sup>2</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 53,747 units, 2014: 70,627 units).

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 49,052 units, 2014: 66,440 units).

<sup>4</sup> Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

<sup>5</sup> Common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

<sup>6</sup> Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

|                                                   |           | 1 January to<br>30 September 2014 | 1 January to<br>30 September 2013 | Change in %      |
|---------------------------------------------------|-----------|-----------------------------------|-----------------------------------|------------------|
| <b>Automotive segment</b>                         |           |                                   |                                   |                  |
| <b>Sales volume<sup>1</sup></b>                   |           |                                   |                                   |                  |
| BMW <sup>2</sup>                                  | units     | 1,319,492                         | 1,209,598                         | 9.1              |
| MINI                                              | units     | 207,529                           | 224,280                           | -7.5             |
| Rolls-Royce                                       | units     | 2,859                             | 2,300                             | 24.3             |
| <b>Total</b>                                      |           | <b>1,529,880</b>                  | <b>1,436,178</b>                  | <b>6.5</b>       |
| <b>Production</b>                                 |           |                                   |                                   |                  |
| BMW <sup>3</sup>                                  | units     | 1,389,522                         | 1,282,715                         | 8.3              |
| MINI                                              | units     | 225,721                           | 237,172                           | -4.8             |
| Rolls-Royce                                       | units     | 3,339                             | 2,145                             | 55.7             |
| <b>Total</b>                                      |           | <b>1,618,582</b>                  | <b>1,522,032</b>                  | <b>6.3</b>       |
| <b>Motorcycles segment</b>                        |           |                                   |                                   |                  |
| <b>Sales volume<sup>1</sup></b>                   |           |                                   |                                   |                  |
| BMW                                               | units     | 100,217                           | 93,154 <sup>4</sup>               | 7.6              |
| <b>Production</b>                                 |           |                                   |                                   |                  |
| BMW                                               | units     | 104,336                           | 89,499 <sup>5</sup>               | 16.6             |
| <b>Financial Services segment</b>                 |           |                                   |                                   |                  |
| New contracts with retail customers               |           | 1,111,700                         | 1,104,527                         | 0.6              |
| <b>Workforce at 30 September<sup>1,6</sup></b>    |           |                                   |                                   |                  |
| BMW Group                                         |           | 114,587                           | 109,871                           | 4.3              |
| <b>Financial figures</b>                          |           |                                   |                                   |                  |
| <b>Operating cash flow Automotive segment</b>     | € million | <b>5,148</b>                      | <b>6,923<sup>8</sup></b>          | <b>-25.6</b>     |
| <b>EBIT margin Automotive segment<sup>1</sup></b> | %         | <b>10.2</b>                       | <b>9.5</b>                        | <b>-</b>         |
| <b>Revenues</b>                                   | € million | <b>57,740</b>                     | <b>55,849<sup>8</sup></b>         | <b>3.4</b>       |
| — Automotive <sup>1</sup>                         | € million | <b>53,205</b>                     | <b>51,305<sup>8</sup></b>         | <b>3.7</b>       |
| — Motorcycles                                     | € million | <b>1,370</b>                      | <b>1,235</b>                      | <b>10.9</b>      |
| — Financial Services                              | € million | <b>15,266</b>                     | <b>14,882</b>                     | <b>2.6</b>       |
| — Other Entities                                  | € million | <b>5</b>                          | <b>4</b>                          | <b>25.0</b>      |
| — Eliminations                                    | € million | <b>-12,106</b>                    | <b>-11,577</b>                    | <b>-4.6</b>      |
| <b>Profit before financial result (EBIT)</b>      | € million | <b>6,949</b>                      | <b>6,030<sup>8</sup></b>          | <b>15.2</b>      |
| — Automotive                                      | € million | <b>5,438</b>                      | <b>4,882<sup>8</sup></b>          | <b>11.4</b>      |
| — Motorcycles                                     | € million | <b>146</b>                        | <b>93</b>                         | <b>57.0</b>      |
| — Financial Services                              | € million | <b>1,380</b>                      | <b>1,308</b>                      | <b>5.5</b>       |
| — Other Entities                                  | € million | <b>57</b>                         | <b>38</b>                         | <b>50.0</b>      |
| — Eliminations                                    | € million | <b>-72</b>                        | <b>-291<sup>8</sup></b>           | <b>-</b>         |
| <b>Profit before tax<sup>1</sup></b>              | € million | <b>6,839</b>                      | <b>6,024</b>                      | <b>13.5</b>      |
| — Automotive                                      | € million | <b>5,323</b>                      | <b>4,795</b>                      | <b>11.0</b>      |
| — Motorcycles                                     | € million | <b>143</b>                        | <b>90</b>                         | <b>58.9</b>      |
| — Financial Services                              | € million | <b>1,373</b>                      | <b>1,314</b>                      | <b>4.5</b>       |
| — Other Entities                                  | € million | <b>145</b>                        | <b>167</b>                        | <b>-13.2</b>     |
| — Eliminations                                    | € million | <b>-145</b>                       | <b>-342</b>                       | <b>-</b>         |
| <b>Income taxes</b>                               | € million | <b>-2,292</b>                     | <b>-1,990</b>                     | <b>-15.2</b>     |
| <b>Net profit</b>                                 | € million | <b>4,547</b>                      | <b>4,034</b>                      | <b>12.7</b>      |
| <b>Earnings per share<sup>7</sup></b>             | €         | <b>6.90/6.91</b>                  | <b>6.12/6.13</b>                  | <b>12.7/12.7</b> |

<sup>1</sup> Principal performance indicators reported on during the year.

<sup>2</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 148,879 units, 2014: 203,128 units).

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 155,697 units, 2014: 212,041 units).

<sup>4</sup> Plus an additional 1,110 Husqvarna motorcycles (until 5 March 2013).

<sup>5</sup> Plus an additional 1,569 Husqvarna motorcycles (until 5 March 2013).

<sup>6</sup> Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

<sup>7</sup> Common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

<sup>8</sup> Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

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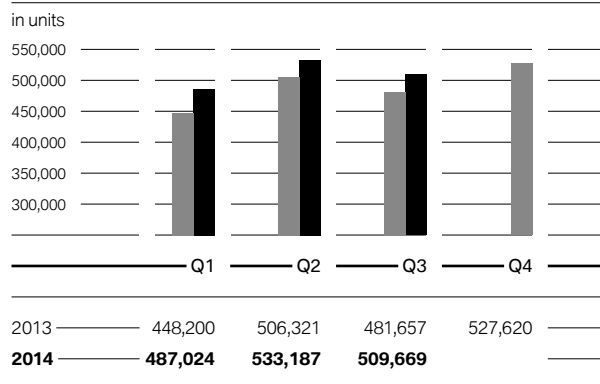
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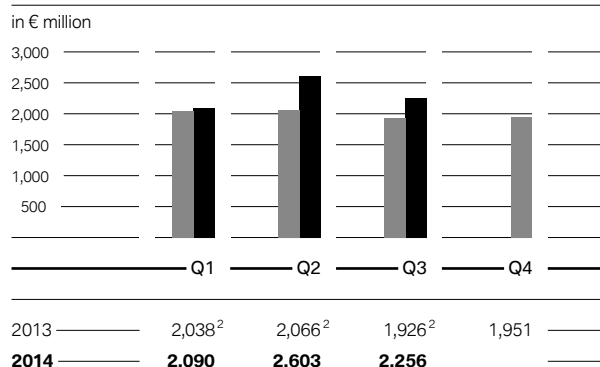
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Sales volume of automobiles<sup>1</sup>

## Profit before financial result

**Automobile business continues to grow**

The BMW Group remained firmly on course during the period under report. Car sales volumes surpassed the previous year's figures, both in total and for each of the BMW, MINI and Rolls-Royce brands. We delivered 509,669<sup>1</sup> vehicles worldwide during the three-month period under report, growing once again year-on-year (+5.8%). In the nine-month period from January to September 2014, sales volume for the three Group brands achieved a solid increase of 6.5% to 1,529,880<sup>1</sup> units.

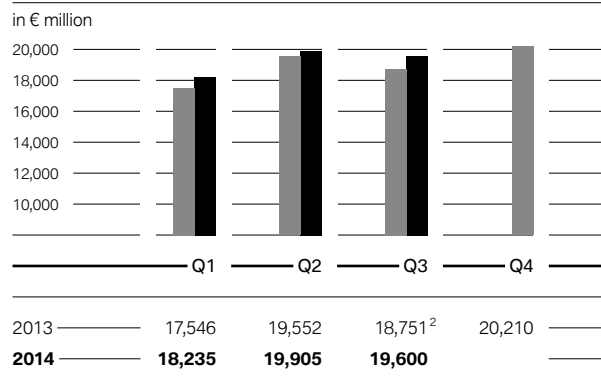
BMW Motorrad sold 29,239 BMW motorcycles in the third quarter (+3.6%) and 100,217 units in the nine-month period (+7.6%), thus exceeding the 100,000 mark for the first time in a nine-month period.

The Financial Services segment concluded 382,786 new lease and financing contracts with retail customers during the third quarter (+1.8%). The number of new contracts signed during the nine-month period (1,111,700 units) remained on par with the previous year's figure (+0.6%).

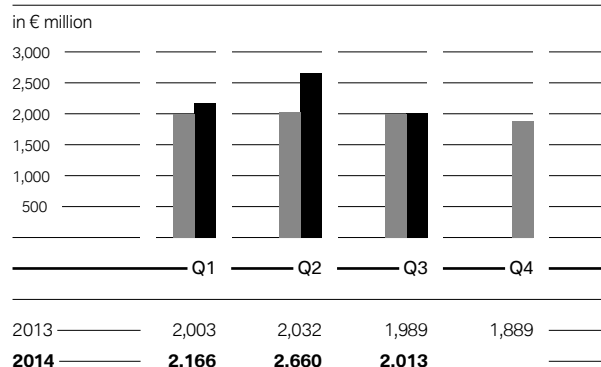
**Revenues and earnings up on previous year**

Third-quarter revenues increased to €19,600 million (+4.5%). Group EBIT performed particularly well on the

## Revenues



## Profit before tax



back of a high-value model mix, and, at €2,256 million, surpassed the previous year's equivalent figure by 17.1%. Pre-tax profit rose to €2,013 million (+1.2%).

Nine-month revenues increased slightly (+3.4%) to €57,740 million. EBIT rose by €919 million to €6,949 million (+15.2%), due to the mix factors mentioned above. Profit before tax totalled €6,839 million, a significant increase (+13.5%) on the previous year.

**Workforce increased**

The BMW Group continues to recruit engineers and skilled workers as needed, in order to keep pace with the strong demand for BMW Group cars, while at the same time continually forging ahead with innovations and new technologies. At 30 September 2014, the BMW Group had a worldwide workforce of 114,587 employees (+4.3%). A total of 1,500 apprentices, including 1,200 in Germany, began their working careers with the BMW Group at the start of the new training year.

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (third quarter 2014: 70,627 units; January to September 2014: 203,128 units).

<sup>2</sup> Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

**INTERIM GROUP MANAGEMENT REPORT**

## General Information

Bayerische Motoren Werke Aktiengesellschaft (BMW AG) is based in Munich, Germany and the parent company of the BMW Group. The primary business object of the BMW Group is to develop, manufacture and sell engines as well as various types of vehicles that are equipped with these engines. The BMW Group is sub-divided into the Automotive, Motorcycles, Financial Services and Other Entities segments (the latter primarily comprising holding companies and Group financing companies). The BMW Group operates on a global scale and is represented in more than 140 countries worldwide. Its research and innovation network is spread over twelve locations in five countries. Currently, the Group's production network consists of 30 sites located in 14 countries.

Long-term thinking and responsible action have long been the sturdy cornerstones of our enduring success. Constant striving for ecological and social sustainability along the entire value-added chain, complete responsibility for our products and an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategies. Our steadfast dedication to outstanding performance has repeatedly placed us among the most sustainable companies in the automobile industry for many years.

Further information regarding the BMW Group's business model and its internal management system can be found in the chapter "General Information on the BMW Group" in the Annual Report 2013 (pages 18 et seq.).

## INTERIM GROUP MANAGEMENT REPORT

Report on Economic Position

General Economic Environment in the first nine months of 2014

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### Car markets

International car markets generally performed well during the first nine months of 2014. In Europe, numerous markets finally returned to positive growth after stubbornly weak performance in recent years. By contrast, a number of emerging economies recorded downturns.

In the USA, after a sluggish start to the year, the pace of growth continued in line with the previously observed trend. New registrations were 5.5 % up on the previous year, reflecting the economy's continued robust performance during the period under report.

Car markets in Europe expanded overall by 5.8 %, suggesting they may well have finally overcome their previous weakness. The fastest growth rates were recorded by the countries which suffered the greatest contractions in recent years, with both Spain (+17.2 %) and Portugal (+35.3 %) doing particularly well. These figures compared favourably with the more moderate growth rates recorded in Germany (+2.9 %), France (+2.4 %) and Italy (+3.7 %). The cyclical upturn in the United Kingdom had a positive impact on car registrations, which grew sharply by 9.1 %.

The car market in Japan profited at the beginning of the year from purchases brought forward to pre-empt the value-added tax hike on 1 April. After a comparatively moderate drop in the second and third quarters of 2014, the growth rate for the nine-month period remained positive overall at 5.7 %.

Registration figures in China for the period from January to September 2014 jumped by 12.9 %, mainly reflecting continued strong demand from private consumers.

By contrast, car markets in the emerging economies of Brazil and Russia continued to contract. The number of registrations in Brazil fell by 9.4 %, while in Russia, the rate of contraction (–12.3 %) accelerated as a result of the political situation.

### Motorcycle markets

International motorcycle markets in the 500 cc plus class continued to perform generally well during the third quarter 2014. Worldwide motorcycle sales in this class were 4.6 % up for the nine-month period. In Europe, new registrations rose by 7.4 %, with the German motorcycle market 7.0 % ahead of the previous year and France (+3.6 %) and Italy (+3.0 %) also performing well. The number of new registrations in the USA remained similar to the same period one year earlier (+0.8 %).

### Financial Services sector

Disappointing economic data and deflationary tendencies in the eurozone prompted the European Central Bank (ECB) to prolong its policy of monetary easing. Among other measures taken, the reference interest rate was reduced to 0.05 %. The ECB also intends to acquire asset-backed securities (ABS) from banks, in a bid to encourage lending. Expansionary monetary policies by central banks resulted in historically low interest rates, both in the eurozone and in Japan. As expected, the US Reserve Bank (FED) reduced the volume of its bond-buying programme, causing interest rates to rise in the USA and the UK.

Bad debt levels either remained stable or even dropped slightly in some cases. Conditions on the world's used car markets also remained stable, with selling prices fluctuating within normal ranges.

## INTERIM GROUP MANAGEMENT REPORT

### Report on Economic Position Automotive Segment

#### Increase in car sales volume

With a sales volume of 509,669<sup>2</sup> BMW, MINI and Rolls-Royce brand vehicles, the BMW Group recorded the best third quarter in its history (2013: 481,657<sup>2</sup> units; +5.8 %). Sales comprised 433,145<sup>2</sup> BMW (2013: 405,350<sup>2</sup> units; +6.9 %), 75,633 MINI (2013: 75,482 units; +0.2 %) and 891 Rolls-Royce brand vehicles (2013: 825 units; +8.0 %), with all three Group brands contributing to the outstanding performance.

The BMW Group's worldwide sales volume during the period from January to September 2014 therefore increased to 1,529,880<sup>5</sup> units (2013: 1,436,178<sup>5</sup> units; +6.5 %), with the BMW brand accounting for 1,319,492<sup>5</sup> units (2013: 1,209,598<sup>5</sup> units; +9.1 %), the MINI brand for 207,529 units (2013: 224,280 units; -7.5 %) and Rolls-Royce Motor Cars for 2,859 units (2013: 2,300 units; +24.3 %).

#### Growth across all regions

The positive trend seen throughout Europe continued, with third-quarter sales up by 6.0 % to 217,219 units (2013: 204,828 units) and nine-month sales rising by 3.4 % to 663,407 units (2013: 641,537 units). Sales of the

Group's three brands in Germany totalled 63,775 units (2013: 58,435 units; +9.1 %) for the third quarter, while nine-month sales rose by 3.2 % to 198,083 units (2013: 191,889 units). In Great Britain, both the third-quarter (54,446 units; +3.7 %; 2013: 52,479 units) and nine-month performances (150,626 units; +2.5 %; 2013: 146,913 units) were up on the previous year's high levels.

At 159,775<sup>2</sup> units, sales volume recorded in Asia for the third quarter represented solid year-on-year growth (2013: 149,834<sup>2</sup> units; +6.6 %). In the period from January to September we sold 482,718<sup>5</sup> BMW, MINI and Rolls-Royce brand cars in this region, 14.2 % more than during the same period one year earlier (2013: 422,777<sup>5</sup> units). In China alone, 111,009<sup>2</sup> units (2013: 102,422<sup>2</sup> units; +8.4 %) were delivered to customers during the third quarter. Nine-month sales of the Group's three brands on the Chinese mainland totalled 336,499<sup>5</sup> units (2013: 285,630<sup>5</sup> units; +17.8 %).

A total of 116,572 units was sold in the Americas region in the third quarter (2013: 111,810; +4.3 %) and 337,852 units over the nine-month period (2013: 325,677 units; +3.7 %). These figures include 94,483 units sold in the

#### Automotive

|                                       |           | 3rd quarter<br>2014 | 3rd quarter<br>2013 | Change in % |
|---------------------------------------|-----------|---------------------|---------------------|-------------|
| Sales volume <sup>1,2</sup>           | units     | 509,669             | 481,657             | 5.8         |
| Production <sup>3</sup>               | units     | 545,883             | 519,938             | 5.0         |
| Revenues <sup>1</sup>                 | € million | 18,142              | 17,197 <sup>4</sup> | 5.5         |
| Profit before financial result (EBIT) | € million | 1,697               | 1,547 <sup>4</sup>  | 9.7         |
| Profit before tax                     | € million | 1,430               | 1,631               | -12.3       |
| EBIT margin <sup>1</sup>              | %         | 9.4                 | 9.0                 | -           |

|                                       |           | 1 January to<br>30 September 2014 | 1 January to<br>30 September 2013 | Change in % |
|---------------------------------------|-----------|-----------------------------------|-----------------------------------|-------------|
| Sales volume <sup>1,5</sup>           | units     | 1,529,880                         | 1,436,178                         | 6.5         |
| Production <sup>6</sup>               | units     | 1,618,582                         | 1,522,032                         | 6.3         |
| Revenues <sup>1</sup>                 | € million | 53,205                            | 51,305 <sup>4</sup>               | 3.7         |
| Profit before financial result (EBIT) | € million | 5,438                             | 4,882 <sup>4</sup>                | 11.4        |
| Profit before tax                     | € million | 5,323                             | 4,795                             | 11.0        |
| EBIT margin <sup>1</sup>              | %         | 10.2                              | 9.5                               | -           |
| Workforce at 30 September             |           | 104,489                           | 100,198                           | 4.3         |

<sup>1</sup> Principal performance indicators reported on during the year.

<sup>2</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 53,747 units, 2014: 70,627 units).

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 49,052 units, 2014: 66,440 units).

<sup>4</sup> Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

<sup>5</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 148,879 units, 2014: 203,128 units).

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USA in the third quarter (2013: 89,589 units; +5.5 %) and 276,491 units over the nine-month period (2013: 262,745 units; +5.2 %).

**BMW remains leading premium brand\***

The BMW brand has retained pole position in the premium segment worldwide throughout the current year, recording the best third-quarter and nine-month sales volume figures in its entire history. The BMW X5 as well as the 3, 4 and 5 Series models all made outstanding contributions to this performance, each achieving first place in their relevant segments.

In line with expectations, nine-month sales of the BMW 1 Series dipped to 143,029 units (2013:

163,086 units; –12.3 %), reflecting the fact that the Coupé and Convertible body variants are now part of the 2 Series and therefore counted separately. The Coupé and Convertible models previously included in the BMW 3 Series are now counted as part of the BMW 4 Series. For this reason, the BMW 3 Series in the nine-month period, at 353,078 units, fell just short of last year's figure (2013: 365,772 units; –3.5 %). The BMW 4 Series has proven popular since its market launch in autumn 2013, with 81,876 units sold in the first nine months of 2014. Sales of the highly successful BMW 5 Series were slightly up by 2.8 % to 278,479 units (2013: 270,902 units).

Demand for the various models of the BMW X family also remained very high during the period under report.

**Sales volume of BMW vehicles by model variant\***

in units

|                  | 1 January to<br>30 September 2014 | 1 January to<br>30 September 2013 | Change in % |
|------------------|-----------------------------------|-----------------------------------|-------------|
| BMW 1 Series     | 143,029                           | 163,086                           | –12.3       |
| BMW 2 Series     | 21,047                            | –                                 | –           |
| BMW 3 Series     | 353,078                           | 365,772                           | –3.5        |
| BMW 4 Series     | 81,876                            | 863                               | –           |
| BMW 5 Series     | 278,479                           | 270,902                           | 2.8         |
| BMW 6 Series     | 18,233                            | 20,360                            | –10.4       |
| BMW 7 Series     | 36,278                            | 42,445                            | –14.5       |
| BMW X1           | 116,722                           | 116,451                           | 0.2         |
| BMW X3           | 116,015                           | 113,945                           | 1.8         |
| BMW X4           | 7,199                             | –                                 | –           |
| BMW X5           | 104,997                           | 78,244                            | 34.2        |
| BMW X6           | 23,394                            | 27,202                            | –14.0       |
| BMW Z4           | 8,605                             | 10,328                            | –16.7       |
| BMW i            | 10,540                            | –                                 | –           |
| <b>BMW total</b> | <b>1,319,492</b>                  | <b>1,209,598</b>                  | <b>9.1</b>  |

In total, 116,722 units of the BMW X1 were handed over to customers during the period from January to September (2013: 116,451 units; +0.2 %), while sales of the BMW X3 were slightly up by 1.8 % to 116,015 units (2013: 113,945 units). The number of BMW X5 vehicles sold rose by more than one third to 104,997 units (2013: 78,244 units; +34.2 %).

**Model change impacts MINI sales volume**

As expected, the MINI Hatch model change caused MINI brand sales to fall by 7.5 % to 207,529 units (2013:

224,280 units) during the period from January to September 2014. Nine-month sales of the MINI Countryman totalled 78,599 units (2013: 73,455 units; +7.0 %). The MINI Hatch saw its sales volume figure dip to 83,508 units during this period (2013: 95,394 units; –12.5 %). The third-quarter sales performance of 36,452 units clearly indicates an increasingly upward trend (2013: 32,436 units; +12.4 %).

\* Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 148,879 units, 2014: 203,128 units).

### Sales volume of MINI vehicles by model variant

in units

|                   | 1 January to<br>30 September 2014 | 1 January to<br>30 September 2013 | Change in % |
|-------------------|-----------------------------------|-----------------------------------|-------------|
| MINI Hatch        | 83,508                            | 95,394                            | -12.5       |
| MINI Convertible  | 13,603                            | 16,877                            | -19.4       |
| MINI Clubman      | 12,530                            | 15,076                            | -16.9       |
| MINI Countryman   | 78,599                            | 73,455                            | 7.0         |
| MINI Coupé        | 3,039                             | 6,802                             | -55.3       |
| MINI Roadster     | 4,220                             | 7,635                             | -44.7       |
| MINI Paceman      | 12,030                            | 9,041                             | 33.1        |
| <b>MINI total</b> | <b>207,529</b>                    | <b>224,280</b>                    | <b>-7.5</b> |

### Significant growth for Rolls-Royce

Rolls-Royce Motor Cars sold nearly 25 % more vehicles year-on-year worldwide in the first nine months of 2014 (2,859 units; + 24.3 %; 2013: 2,300 units). During this period, customers were presented with the keys to

1,071 units of the Rolls-Royce Ghost (2013: 1,664 units; - 35.6 %) and 1,361 units of the Rolls-Royce Wraith (2013: 40 units).

### Sales volume of Rolls-Royce vehicles by model variant

in units

|                          | 1 January to<br>30 September 2014 | 1 January to<br>30 September 2013 | Change in % |
|--------------------------|-----------------------------------|-----------------------------------|-------------|
| <b>Rolls-Royce</b>       |                                   |                                   |             |
| Phantom                  | 427                               | 596                               | -28.4       |
| Ghost                    | 1,071                             | 1,664                             | -35.6       |
| Wraith                   | 1,361                             | 40                                | -           |
| <b>Rolls-Royce total</b> | <b>2,859</b>                      | <b>2,300</b>                      | <b>24.3</b> |

### World premieres at the Mondial de l'Automobile Paris

Three new BMW Group models celebrated their world premieres at the Mondial de l'Automobile Paris: the MINI five-door Hatch, the BMW 2 Series Convertible and the BMW X6. With its longer wheelbase, the new MINI five-door Hatch offers increased interior space and a larger boot. The new BMW 2 Series Convertible follows in the tracks of the BMW 1 Series Convertible and, as a four-seater, provides passengers with more space, comfort and functionality. The new version of the BMW X6 boasts luxurious interior design, a range of new features and more standard equipment than ever.

The completely new BMW 2 Series Active Tourer and the BMW M4 Convertible were launched during the third quarter 2014. The new Rolls-Royce Ghost Series II has also recently become available on the market.

### Car production volume above last year's level

Our production network manufactured a total of 545,883<sup>1</sup> BMW, MINI and Rolls-Royce brand cars during the period from July to September 2014 (2013: 519,938<sup>1</sup> units; + 5.0 %). The figure comprises 451,651<sup>1</sup> BMW (2013: 441,877<sup>1</sup> units; + 2.2 %), 93,397 MINI (2013: 77,334 units; + 20.8 %) and 835 Rolls-Royce brand vehicles (2013: 727 units; + 14.9 %).

A total of 1,618,582<sup>2</sup> units of the Group's three brands were produced during the first nine months of the year (2013: 1,522,032<sup>2</sup> units; + 6.3 %), comprising 1,389,522<sup>2</sup> BMW (2013: 1,282,715<sup>2</sup> units; + 8.3 %),

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 49,052 units, 2014: 66,440 units).

<sup>2</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 155,697 units, 2014: 212,041 units).

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225,721 MINI (2013: 237,172; units; – 4.8 %) and 3,339 Rolls-Royce brand vehicles (2013: 2,145 units; + 55.7 %).

The BMW Group just recently assembled the first vehicles at its new automobile plant in Araquari, Brazil. More than €200 million is being invested in the plant, where annual production is scheduled to exceed 30,000 units. Construction work at the site is due to be completed by September 2015. The plant's production portfolio will include the MINI Countryman, the BMW 1 Series five-door model, the BMW 3 Series Sedan and the BMW X1 as well as BMW X3 models.

### Segment revenues and earnings up

Segment revenues improved both for the quarter and the nine-month period, reflecting the excellent sales volume figures achieved. Third-quarter segment revenues rose to €18,142 million (2013: €17,197\* million; + 5.5 %), while nine-month revenues finished at €53,205 million, 3.7 % ahead of the previous year (2013: €51,305\* million).

Automotive segment earnings rose significantly on the back of sales volume growth and positive sales mix factors. Third-quarter EBIT increased to €1,697 million (2013: €1,547\* million; + 9.7 %), resulting in an EBIT margin of 9.4 % (2013: 9.0 %). The segment's pre-tax profit for the three-month period decreased to €1,430 million (2013: €1,631; – 12.3 %). The nine-month period saw an EBIT of €5,438 million (2013: €4,882\* million; + 11.4 %) and an EBIT margin of 10.2 % (2013: 9.5 %). The pre-tax profit for the nine-month period rose to €5,323 million (2013: €4,795 million; + 11.0 %).

### Automotive segment workforce enlarged

The Automotive segment employed a workforce of 104,489 people at the end of the reporting period (2013: 100,198 employees), 4.3 % more than one year earlier.

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

## INTERIM GROUP MANAGEMENT REPORT

### Report on Economic Position Motorcycles Segment

#### Rise in motorcycles sales

The Motorcycles segment sold 29,239 units worldwide in the third quarter, slightly more than one year earlier (2013: 28,213 units; +3.6%). The nine-month figure of 100,217 units represented a solid increase of 7.6% (2013: 93,154<sup>2</sup> units), the first time that BMW Motorrad has exceeded the 100,000 mark in the first nine months of a year.

In Europe, unit sales grew by 7.0% to 61,052 (2013: 57,033 units). Sales volume rose to 17,068 units (2013: 16,780 units; +1.7%) in Germany and 9,165 units in France (2013: 8,690 units; +5.5%). Italy finished the reporting period with a solid increase of 8.1% (9,343 units; 2013: 8,641 units). The number of motorcycles sold in the USA in the first nine months climbed by 6.2% to 12,197 units (2013: 11,484 units).

#### Motorcycle production up on previous year

A total of 29,336 motorcycles rolled off production lines during the third quarter (2013: 21,047 units; +39.4%), bringing production volume for the nine-month period to 104,336 units (2013: 89,499<sup>3</sup> units; +16.6%). The third-quarter production increase related to model life-cycle factors.

#### Motorcycle segment revenues and earnings improved

The strong sales volume performance is also reflected in segment revenues. Third-quarter revenues totalled €370 million (2013: €324 million; +14.2%). EBIT for the nine-month period amounted to €27 million (2013: loss of

€4 million), while profit before tax came in at €26 million (2013: loss of €5 million).

Segment revenues for the nine-month period grew by 10.9% to €1,370 million (2013: €1,235 million). EBIT jumped to €146 million (2013: €93 million; +57.0%) and profit before tax to €143 million (2013: €90 million; +58.9%).

#### BMW Motorrad presents attractive new models

Three BMW motorcycles celebrated their world premieres at the INTERMOT in Cologne: the S 1000 RR, the R 1200 R and the R 1200 RS. The latest version of the S 1000 RR supersports model features an additionally improved weight-to-power ratio and a whole host of integrated technical innovations. The new R 1200 RS combines the qualities of a touring bike with the dynamic performance of a sports machine. The new R 1200 R continues the tradition of a "purist" BMW roadster, powered by a boxer engine. The new models will become available in spring 2015, in good time for the start of the motorcycle season. At the beginning of November, BMW Motorrad will be presenting a further array of model innovations during the International Motorcycle Fair in Milan.

#### Workforce up slightly on previous year

The Motorcycles segment had a worldwide workforce of 2,896 employees at the end of the third quarter 2014 (2013: 2,782 employees; +4.1%).

#### Motorcycles

|                                       |           | 3rd quarter 2014                  | 3rd quarter 2013                  | Change in % |
|---------------------------------------|-----------|-----------------------------------|-----------------------------------|-------------|
| Sales volume BMW <sup>1</sup>         | units     | 29,239                            | 28,213                            | 3.6         |
| Production BMW                        | units     | 29,336                            | 21,047                            | 39.4        |
| Revenues                              | € million | 370                               | 324                               | 14.2        |
| Profit before financial result (EBIT) | € million | 27                                | -4                                | -           |
| Profit before tax                     | € million | 26                                | -5                                | -           |
|                                       |           |                                   |                                   |             |
|                                       |           | 1 January to<br>30 September 2014 | 1 January to<br>30 September 2013 | Change in % |
| Sales volume BMW <sup>1</sup>         | units     | 100,217                           | 93,154 <sup>2</sup>               | 7.6         |
| Production BMW                        | units     | 104,336                           | 89,499 <sup>3</sup>               | 16.6        |
| Revenues                              | € million | 1,370                             | 1,235                             | 10.9        |
| Profit before financial result (EBIT) | € million | 146                               | 93                                | 57.0        |
| Profit before tax                     | € million | 143                               | 90                                | 58.9        |
| Workforce at 30 September             |           | 2,896                             | 2,782                             | 4.1         |

<sup>1</sup> Principal performance indicator reported on during the year.

<sup>2</sup> Plus an additional 1,110 Husqvarna motorcycles (until 5 March 2013).

<sup>3</sup> Plus an additional 1,569 Husqvarna motorcycles (until 5 March 2013).

## INTERIM GROUP MANAGEMENT REPORT

### Report on Economic Position Financial Services Segment

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#### Financial Services segment on growth course

Despite a challenging competitive environment, the Financial Services segment underlined its robustness with another fine performance in the third quarter 2014. The number of lease and financing contracts in place with dealers and retail customers at 30 September 2014 increased to 4,260,436 contracts, 5.2 % more than at the same date last year (2013: 4,048,821 contracts). The business volume in balance sheet terms<sup>1</sup> at the end of the reporting period totalled €91,802 million (2013: €84,347 million; +8.8 %).

#### New retail customer business continues at high level

After a slight dip in the second quarter, worldwide demand for financing and leasing products offered by the Financial Services segment soon returned to an upward trajectory. A total of 382,786 new lease and financing contracts was concluded with retail customers during the third quarter 2014, up slightly by 1.8 % compared to the same quarter last year (2013: 375,909 contracts).

Dissecting these figures, credit financing remained at a similar level to the previous year, whereas leasing business grew by 5.5 %. Credit financing and leasing

business accounted for 66.2 % and 33.8 % of total new business respectively during the nine-month period.

The proportion of new BMW Group vehicles<sup>2</sup> leased or financed via the Financial Services segment was 41.8 %, and thus 3.2 percentage points lower than one year earlier (2013: 45.0 %). The slight decrease reflects, among other factors, continued fierce competition within the sector.

In the used car financing line of business, 253,781 new contracts for BMW and MINI brand cars had been signed by the end of the third quarter 2014, 6.8 % more than in the corresponding nine-month period one year earlier (2013: 237,725 contracts).

The volume of new credit and lease business signed with retail customers in the first nine months of the year totalled €29,976 million, slightly above the previous year's equivalent figure (2013: €29,464 million; +1.7 %).

The growth of new business had a positive impact on the overall size of the contract portfolio with retail customers. In total, 3,932,451 retail customer contracts

#### Financial Services

|                                                     |           | 3rd quarter 2014               | 3rd quarter 2013               | Change in % |
|-----------------------------------------------------|-----------|--------------------------------|--------------------------------|-------------|
| New contracts with retail customers                 |           | 382,786                        | 375,909                        | 1.8         |
| Revenues                                            | € million | 5,221                          | 4,994                          | 4.5         |
| Profit before financial result (EBIT)               | € million | 456                            | 390                            | 16.9        |
| Profit before tax                                   | € million | 455                            | 398                            | 14.3        |
|                                                     |           | 1 January to 30 September 2014 | 1 January to 30 September 2013 | Change in % |
| New contracts with retail customers                 |           | 1,111,700                      | 1,104,527                      | 0.6         |
| Revenues                                            | € million | 15,266                         | 14,882                         | 2.6         |
| Profit before financial result (EBIT)               | € million | 1,380                          | 1,308                          | 5.5         |
| Profit before tax                                   | € million | 1,373                          | 1,314                          | 4.5         |
| Workforce at 30 September                           |           | 7,083                          | 6,771                          | 4.6         |
|                                                     |           | 30.9.2014                      | 31.12.2013                     | Change in % |
| Business volume in balance sheet terms <sup>1</sup> | € million | 91,802                         | 84,347                         | 8.8         |

<sup>1</sup> Calculated on the basis of the lines Leased products and Receivables from sales financing (current and non-current) of the Financial Services segment balance sheet.

<sup>2</sup> The calculation only includes automobile markets, in which the Financial Services segment is represented by a consolidated entity.

were in place at 30 September 2014, 5.3 % more than one year earlier (2013: 3,734,304 contracts). All regions reported growth, with Europe/Middle East/Africa up by 5.8 %, EU Bank by 0.9 % and the Americas by 3.3 %. The fastest growth was once again recorded in the Asia/Pacific region (+ 20.1 %).

#### **Fleet business ahead of previous year**

The BMW Group operates its international multi-brand fleet business under the brand name "Alphabet". The BMW Group fleet service is among the top four fleet management and leasing providers in Europe. The portfolio of fleet financing contracts grew slightly and finished the third quarter with 537,355 contracts in place (2013: 524,612 contracts; + 2.4 %).

#### **Decrease in multi-brand financing**

Demand for multi-brand financing declined again in the third quarter in the face of undiminished competition. 126,282 new contracts were signed during the three-month period, moderately down on last year's figure (2013: 138,546 contracts; - 8.9 %). 465,445 contracts were in place at 30 September 2014, representing a year-on-year increase of 4.4 % (2013: 445,807 contracts).

#### **Dealer financing continues to expand**

The total volume of financing disbursed to the BMW Group's dealer organisation amounted to €13,713 million at 30 September, an increase of 11.6 % (2013: €12,291 million). Sales growth and a broader product range in the Automotive segment both contributed to higher levels of inventories.

#### **Deposit business slightly down on previous year**

The managed volume of customer deposits at the end of the reporting period stood at €12,483 million, a slight decrease of 3.6 % (2013: €12,949 million).

#### **Further growth in insurance business**

Demand for insurance products remained high in the third quarter 2014, bringing the total number of new policies signed in the period from January to September to 784,315, a year-on-year increase of 2.0 % (2013: 768,656 contracts). At 30 September 2014, 2,802,952 contracts were in place in this line of business (2013: 2,464,343 contracts; + 13.7 %).

#### **Significant increase in third-quarter segment earnings**

Revenues of the Financial Services segment for the three-month period increased by 4.5 % to €5,221 million

(2013: €4,994 million). Third-quarter EBIT amounted to €456 million, significantly higher than in the previous year (2013: €390 million; + 16.9 %). A similar picture arose at the level of profit before tax, which climbed by 14.3 % to €455 million (2013: €398 million). The improvement in earnings reflected both segment growth and the stable risk situation.

Segment revenues for the nine-month period amounted to €15,266 million, 2.6 % up on the previous year's figure (2013: €14,882 million). EBIT was 5.5 % higher at €1,380 million (2013: €1,308 million). The pre-tax profit rose by 4.5 % to €1,373 million (2013: €1,314 million).

#### **Workforce strengthened**

At 30 September 2014, the Financial Services segment's workforce comprised 7,083 employees, 4.6 % more than one year earlier (2013: 6,771 employees). Segment growth was the main reason for the additional recruitment.

## INTERIM GROUP MANAGEMENT REPORT

### Report on Economic Position

### Results of Operations, Financial Position and Net Assets

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#### Earnings performance\*

The BMW Group increased sales of BMW, MINI and Rolls-Royce brand cars in the first three quarters of 2014, compared to the previous year, by 6.5 % to 1,529,880 units. This figure includes 203,128 units (2013: 148,879 units) manufactured by the joint venture BMW Brilliance Automotive Ltd., Shenyang.

The BMW Group had a worldwide workforce of 114,587 employees at the end of the reporting period (2013: 109,871 employees). The increase was attributable firstly to the growing need for engineers and skilled workers in order to keep pace with the continued strong demand for vehicles and secondly to the necessity to forge ahead with innovations and develop new technologies.

Revenues increased both in the third quarter and in the nine-month period on the back of higher volumes. The BMW Group generated a net profit of €4,547 million (2013: €4,034 million) for the nine-month period, significantly higher (+12.7 %) than one year earlier. The post-tax return on sales was 7.9 % (2013: 7.2 %). Earnings per share of common and preferred stock were €6.90 and €6.91 respectively (2013: €6.12 and €6.13 respectively).

#### Earnings performance for the third quarter 2014

Group revenues in the third quarter 2014 totalled €19,600 million, 4.5 % higher than in the same quarter last year. Adjusted for exchange rate factors, the increase was 4.6 %,

All segments reported third-quarter growth in external revenues. The sale of BMW, MINI and Rolls-Royce brand cars contributed a 4.0 % rise in external revenues

(4.3 % adjusted for exchange rate factors), reflecting the 5.8 % rise in sales volume. External revenues from Motorcycles business climbed significantly (14.6 %) compared to the previous year, primarily due to the 3.6 % increase in sales volume and a favourable model mix. Financial Services operations generated a 5.3 % increase in external revenues. Adjusted for exchange rate factors, third-quarter revenues of the Motorcycles and Financial Services segments rose by 15.0 % and 4.8 % respectively.

Group cost of sales went up by 2.8 % compared to the previous year and comprised mainly manufacturing costs (2014: €9,063 million; 2013: €8,938 million), cost of sales attributable to financial services (2014: €4,160 million; 2013: €3,973 million) and research and development expenses (2014: €1,014 million; 2013: €1,024 million).

Gross profit increased by 11.5 % to €4,146 million, mainly reflecting higher sales volume and a favourable model mix. The gross profit margin for the quarter was 21.2 % (2013: 19.8 %).

Research and development expenses amounting to €1,014 million were slightly lower than one year earlier (2013: €1,024 million) and represented 5.2 % of revenues (2013: 5.5 %). Research and development expenses include amortisation of capitalised development costs amounting to €270 million (2013: €253 million). Total research and development expenditure – comprising research costs, non-capitalised development costs, capitalised development costs and systematic amortisation of capitalised development costs – amounted to €1,156 million in the third quarter (2013: €1,270 million), giving a research and development expenditure

#### Revenues by segment in the third quarter

in € million

|                    | External revenues |               | Inter-segment revenues |          | Total revenues |               |
|--------------------|-------------------|---------------|------------------------|----------|----------------|---------------|
|                    | 2014              | 2013*         | 2014                   | 2013     | 2014           | 2013*         |
| Automotive         | 14,389            | 13,832        | 3,753                  | 3,365    | 18,142         | 17,197        |
| Motorcycles        | 369               | 322           | 1                      | 2        | 370            | 324           |
| Financial Services | 4,841             | 4,596         | 380                    | 398      | 5,221          | 4,994         |
| Other Entities     | 1                 | 1             | 1                      | -        | 2              | 1             |
| Eliminations       | -                 | -             | -4,135                 | -3,765   | -4,135         | -3,765        |
| <b>Group</b>       | <b>19,600</b>     | <b>18,751</b> | <b>-</b>               | <b>-</b> | <b>19,600</b>  | <b>18,751</b> |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

### Revenues by segment in the period from 1 January to 30 September

in € million

|                    | External revenues |               | Inter-segment revenues |          | Total revenues |               |
|--------------------|-------------------|---------------|------------------------|----------|----------------|---------------|
|                    | 2014              | 2013*         | 2014                   | 2013     | 2014           | 2013*         |
| Automotive         | 42,253            | 40,925        | 10,952                 | 10,380   | 53,205         | 51,305        |
| Motorcycles        | 1,363             | 1,227         | 7                      | 8        | 1,370          | 1,235         |
| Financial Services | 14,122            | 13,695        | 1,144                  | 1,187    | 15,266         | 14,882        |
| Other Entities     | 2                 | 2             | 3                      | 2        | 5              | 4             |
| Eliminations       | -                 | -             | -12,106                | -11,577  | -12,106        | -11,577       |
| <b>Group</b>       | <b>57,740</b>     | <b>55,849</b> | <b>-</b>               | <b>-</b> | <b>57,740</b>  | <b>55,849</b> |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

ratio of 5.9 % (2013: 6.8 %). The proportion of development costs recognised as assets in the three-month period was 35.6 % (2013: 39.4 %).

Selling and administrative expenses rose by €99 million to €1,887 million, reflecting mainly higher marketing costs and the greater workforce size. Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €1,107 million (2013: €909 million).

Third-quarter other operating income and expenses gave rise to a net expense of €3 million, almost identical to the net expense of €5 million reported one year earlier.

Profit before financial result (EBIT) amounted to €2,256 million and was therefore 17.1 % up on the previous year.

The third-quarter financial result deteriorated by €306 million to a net expense of €243 million, primarily due to the negative impact of currency and commodity derivatives. In addition, write-downs were recognised on available-for-sale investments, mainly relating to the investment in SGL Carbon SE, Wiesbaden. By contrast, the result from equity accounted investments, comprising the Group's share of results from interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, and the two DriveNow joint venture entities, developed positively.

Taking all these factors into consideration, third-quarter profit before tax edged up to €2,013 million (2013: €1,989 million). The pre-tax return on sales was 10.3 % (2013: 10.6 %). Income tax expense amounted to €699 million (2013: €659 million).

Net profit for the period from July to September came in at €1,314 million and was therefore €16 million lower

### Profit before tax by segment

in € million

|                          | 3rd quarter 2014 | 3rd quarter 2013 | 1 January to 30 September 2014 | 1 January to 30 September 2013 |
|--------------------------|------------------|------------------|--------------------------------|--------------------------------|
| Automotive               | 1,430            | 1,631            | 5,323                          | 4,795                          |
| Motorcycles              | 26               | -5               | 143                            | 90                             |
| Financial Services       | 455              | 398              | 1,373                          | 1,314                          |
| Other Entities           | 63               | 11               | 145                            | 167                            |
| Eliminations             | 39               | -46              | -145                           | -342                           |
| <b>Profit before tax</b> | <b>2,013</b>     | <b>1,989</b>     | <b>6,839</b>                   | <b>6,024</b>                   |
| Income taxes             | -699             | -659             | -2,292                         | -1,990                         |
| <b>Net profit</b>        | <b>1,314</b>     | <b>1,330</b>     | <b>4,547</b>                   | <b>4,034</b>                   |

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than one year earlier. For the third quarter 2014, the BMW Group generated earnings per share of common stock and preferred stock of €1.99 (2013: €2.02).

**Earnings performance in the first nine months of 2014**  
Nine-month revenues of the BMW Group increased by 3.4 % to €57,740 million. Adjusted for changes in exchange rates, revenues increased by 5.6 %.

External revenues from the sale of BMW, MINI and Rolls-Royce brand cars were slightly higher (3.2 %) than in the previous year. Adjusted for changes in exchange rates, external revenues increased by 5.7 %, mainly reflecting the favourable model mix and higher sales volumes. External revenues from Motorcycles operations climbed significantly (11.1 %) compared to the previous year, primarily due to the increase in sales volume and a favourable model mix. Financial Services operations recorded a 3.1 % increase in external revenues. Adjusted for exchange rate factors, external revenues of the Motorcycles and Financial Services segments rose by 14.2 % and 4.6 % respectively.

Group cost of sales increased year-on-year by 1.6 % and comprised mainly manufacturing costs (2014: €26,425 million; 2013: €26,459 million), cost of sales attributable to financial services (2014: €12,181 million; 2013: €11,939 million) and research and development expenses (2014: €2,993 million; 2013: €2,970 million).

Gross profit amounted to €12,471 million, 10.5 % up on the previous year and the gross profit margin was 21.6 % (2013: 20.2 %).

The Automotive and Motorcycles segments recorded gross profit margins of 19.1 % (2013: 18.2 %) and 21.1 % (2013: 17.5 %) respectively. The Financial Services segment's nine-month gross profit margin finished at 13.6 % and therefore at a similar level to one year earlier (2013: 13.5 %).

The BMW Group continues to invest heavily in product and technological development. Research and development expenses for the nine-month period increased slightly to €2,993 million (2013: €2,970 million). As a proportion of revenues, the research and development ratio

of 5.2 % was slightly down on the previous year (2013: 5.3 %). Research and development expenses include amortisation of capitalised development costs amounting to €809 million (2013: €791 million). Total research and development expenditure – comprising research costs, non-capitalised development costs, capitalised development costs and systematic amortisation of capitalised development costs – amounted to €3,198 million for the nine-month period (2013: €3,229 million), giving a research and development expenditure ratio of 5.5 % (2013: 5.8 %). The proportion of development costs recognised as assets in the nine-month period was 31.7 % (2013: 32.5 %).

Selling and administrative expenses increased by €282 million to €5,533 million as a result of higher marketing expenses and the greater workforce size.

Other operating income and expenses gave rise to a net positive amount of €11 million. The main factors for the €17 million year-on-year improvement were gains arising in conjunction with the first-time consolidation of European branches and income relating to other tax refunds.

At €6,949 million, the Group's nine-month profit before financial result was 15.2 % up on the previous year.

The financial result was a net expense of €110 million. The deterioration of €104 million compared to the previous year was primarily due to the negative impact of currency derivatives. By contrast, the result from equity accounted investments, comprising the Group's share of results from interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, and the two DriveNow joint venture entities, developed very positively.

Profit before tax amounted to €6,839 million (2013: €6,024 million). The pre-tax return on sales was 11.8 % (2013: 10.8 %). The income tax expense for the first nine months of the current year amounted to €2,292 million and was therefore higher than in the previous year (2013: €1,990 million). The effective tax rate increased slightly from 33.0 % to 33.5 %.

Overall, the BMW Group recorded a net profit of €4,547 million for the nine-month period (2013: €4,034 million). Earnings per share of common and

preferred stock were €6.90 and €6.91 respectively (2013: €6.12 and €6.13 respectively).

#### Earnings performance by segment

The Automotive segment recorded a third-quarter profit before tax of €1,430 million, which was €201 million lower than in the previous year. The decrease was mainly attributable to the deterioration in the segment's financial result. By contrast, the profit before tax of €5,323 million recorded for the nine-month period was significantly higher than one year earlier (2013: €4,795 million), mainly thanks to higher sales volumes and favourable model mix factors across the BMW, MINI and Rolls-Royce brands.

Third-quarter revenues of the Motorcycles segment increased by 14.2%. Profit before tax, at €26 million, represented an improvement of €31 million on the previous year. Nine-month revenues grew by 10.9% to €1,370 million. The pre-tax segment result improved from €90 million to €143 million. Higher sales volumes and the favourable model mix had a positive impact on revenues and earnings in both the third-quarter and nine-month periods under report.

Revenues of the Financial Services segment in the third quarter increased by 4.5% to €5,221 million. The third-quarter pre-tax profit, at €455 million, was 14.3% higher than one year earlier. Revenues for the nine-month period grew by 2.6% to €15,266 million and the pre-tax result improved by €59 million to €1,373 million.

The profit before tax of the Other Entities segment amounted to €63 million (2013: €11 million) for the third quarter 2014. For the nine-month period, it dropped by €22 million to €145 million, mainly due to net fair value losses on derivatives which contributed to a year-on-year deterioration in the financial result, partially alleviated by gains arising on the disposal of marketable securities. Inter-segment eliminations during the nine-month period up to the level of profit before tax gave rise to a net expense of €145 million (2013: net expense of €342 million).

#### Financial position\*

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments

show the sources and applications of cash flows for the first nine-month periods of 2014 and 2013, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amount disclosed in the balance sheet.

Cash flows from operating activities are determined indirectly, starting with Group and segment net profit for the period. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

The cash inflow from operating activities for the first nine months of the year fell by €117 million to €3,255 million, whereby the negative impact of the higher level of working capital (€1,924 million) outweighed the positive impact of the improved net profit (€513 million) and the lower increase in leased products and receivables from sales financing (€1,031 million).

The cash outflow for investing activities, at €3,769 million (2013: €4,535 million), was 16.9% lower than in the previous year, mainly due to lower investments in tangible and intangible assets (down by €331 million) and increased net proceeds from marketable securities (up by €341 million).

Cash inflow from financing activities totalled €917 million (2013: €548 million). Proceeds from the issue of bonds amounted to €9,711 million (2013: €7,211 million), compared with an outflow of €5,982 million (2013: €6,219 million) for the repayment of bonds. The change in other financial liabilities and commercial paper gave rise to a cash outflow of €1,098 million (2013: cash inflow of €1,208 million). The payment of dividends resulted in a cash outflow of €1,714 million (2013: €1,652 million).

Cash outflow for investing activities exceeded cash inflow from operating activities in the first nine months of 2014 by €514 million. A similar constellation arose in the same period last year, when cash outflows for investing activities had exceeded cash inflows from operating activities by €1,163.

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

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After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group with a positive impact of €90 million (2013: negative impact of €5 million), the various cash flows resulted in an increase in cash and cash equivalents of €493 million (2013: decrease of €620 million).

The cash flow statement for the Automotive segment shows that the cash inflow from operating activities exceeded the cash outflow for investing activities by

| in € million                             | 2014         | 2013 <sup>1</sup> |
|------------------------------------------|--------------|-------------------|
| Cash inflow from operating activities    | 5,148        | 6,923             |
| Cash outflow for investing activities    | -3,739       | -4,946            |
| Net investment in marketable securities  | -99          | 480               |
| <b>Free cash flow Automotive segment</b> | <b>1,310</b> | <b>2,457</b>      |

Cash outflows from operating activities of the Financial Services segment are driven primarily by cash flows relating to leased products and receivables from sales financing and totalled €1,707 million (2013: €2,717 million). The cash outflow for investing activi-

ties totalled €93 million (2013: cash inflow of €332 million). Net financial assets of the Automotive segment comprise the following:

| in € million                                      | 30.9.2014     | 31.12.2013 <sup>1</sup> |
|---------------------------------------------------|---------------|-------------------------|
| Cash and cash equivalents                         | 6,807         | 6,775                   |
| Marketable securities and investment funds        | 2,725         | 2,758                   |
| Intragroup net financial assets                   | 5,782         | 4,411                   |
| <b>Financial assets</b>                           | <b>15,314</b> | <b>13,944</b>           |
| Less: external financial liabilities <sup>2</sup> | -3,224        | -1,859                  |
| <b>Net financial assets Automotive segment</b>    | <b>12,090</b> | <b>12,085</b>           |

### Refinancing

The BMW Group uses a broadly diversified and flexible range of funding sources to finance its operating activities. Almost all of the funds raised are used to finance the BMW Group's Financial Services business. Further details regarding the principles and objectives of financial management are contained in the Group Financial Statements at 31 December 2013. During the period from January to September 2014, the BMW Group issued euro-benchmark bonds with a volume of €4.3 billion as well as a number of foreign-currency corporate bonds (denominated in Norwegian krone, US dollar, Canadian dollar and Australian dollar) and private placements in various currencies with a total volume of €5.5 billion. In

addition, asset-backed-securities (ABS) transactions were executed in euro, Chinese renminbi, US dollar, Japanese yen, Brazilian real, South African rand and Canadian dollar with a total volume of €2.3 billion. The regular issue of commercial paper and deposits received by the Group's banking subsidiaries are also used to refinance the BMW Group.

### Net assets position<sup>1</sup>

The Group balance sheet total increased by €11,727 million (8.5 %) compared to the end of the previous financial

<sup>1</sup> Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

<sup>2</sup> Excluding derivative financial instruments.

year to stand at €150,104 million at 30 September 2014. Adjusted for exchange rate factors, the balance sheet total increased by 4.8 %.

The increase in non-current assets on the assets side of the balance sheet related primarily to receivables from sales financing (11.3 %), leased products (9.6 %) and property, plant and equipment (7.8 %). At the same time, financial assets decreased by 26.9 %.

Within current assets, increases were registered in particular for inventories (36.9 %), receivables from sales financing (4.0 %) and cash and cash equivalents (6.4 %). By contrast, financial assets (22.0 %) and trade receivables (13.2 %) decreased.

The growth in business reported by the Financial Services segment is reflected in increases in leased products (€2,481 million) and in non-current receivables from sales financing (€3,694 million). At the end of the reporting period, leased products accounted for 18.9 % of total assets, slightly more than at the end of the 2013 financial year (18.7 %). Adjusted for changes in exchange rates, leased products went up by 5.2 % and non-current receivables from sales financing by 6.2 %. Current receivables from sales financing increased by 4.0 % (decreased by 0.7 % adjusted for exchange rate factors).

Property, plant and equipment increased by €1,180 million compared to the end of the previous financial year. Adjusted for exchange rate factors, this corresponded to an increase of 5.9 %. The main focus was on product investments for production start-ups and infrastructure improvements. In total, €2,957 million (2013: €2,875 million) was invested, most of which related to the Automotive segment. Depreciation on property, plant and equipment totalled €2,135 million (2013: €1,808 million). At 30 September 2014, property, plant and equipment accounted for 10.9 % of total assets (2013: 11.0 %).

Compared to the end of the financial year 2013, non-current and current financial assets decreased by €697 million and €1,225 million respectively, mainly reflecting the fair value measurement of currency derivatives.

Inventories increased by €3,544 million to €13,139 million during the nine-month period, as a result of which they accounted for 8.8 % (2013: 6.9 %) of total assets. Stocking up of new models was the main reason for the

increase. Adjusted for exchange rate factors, inventories increased by 32.7 %.

Trade receivables decreased by €323 million to €2,126 million thanks to active receivables management.

Compared to 31 December 2013, cash and cash equivalents increased by €493 million to €8,164 million.

On the equity and liabilities side of the balance sheet, increases were recorded for equity (3.6 %), current and non-current financial liabilities (3.9 % and 13.2 % respectively), pension provisions (65.6 %), trade payables (11.0 %) and current other liabilities (10.8 %).

Group equity rose by €1,278 million to €36,921 million, mainly due to the profit attributable to shareholders of BMW AG totalling €4,530 million. The dividend paid by BMW AG reduced equity by €1,707 million. Other items affecting equity were currency translation differences of foreign operations (increase of €700 million), deferred taxes on items recognised directly in equity (increase of €1,126 million) and remeasurements of the net defined benefit liability for pension plans (decrease of €1,561 million mainly due to the lower discount rates used in Germany and the United Kingdom). The fair value measurement of derivative financial instruments at the end of the reporting period had a negative impact (€1,832 million) on equity, whereas the remeasurement of available-for-sale marketable securities had a positive impact (€30 million). Income and expenses relating to equity accounted investments and recognised directly in equity (before tax) reduced equity by €40 million. Minority interests increased by €25 million. Other items increased equity by €7 million. The equity ratio of the BMW Group slipped overall by 1.2 percentage points to 24.6 %. The equity ratio of the Automotive segment was 41.0 % (2013: 43.0 %) and that of the Financial Services segment was unchanged at 9.1 %.

Current and non-current financial liabilities increased from €70,304 million to €76,711 million during the nine-month period, mainly due to the issue of new bonds and new loans raised. Repayments of commercial paper reduced financial liabilities.

Pension provisions increased from €2,303 million to €3,813 million during the nine-month period, mainly reflecting the reduction of the discount rate used in Germany from 3.50 % to 2.45 %.

## INTERIM GROUP MANAGEMENT REPORT

Report on Economic Position  
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Trade payables went up from €7,485 million to €8,308 million, largely as a result of higher production volumes. At the end of the reporting period, trade payables accounted for 5.5 % of the balance sheet total, slightly more than at the end of the 2013 financial year (5.4 %). Adjusted for exchange rate factors, they increased by 9.2 %.

The €764 million increase in current other liabilities reflects, among other things, the expansion of service and leasing business and the ensuing impact on deferred income. In addition, value added tax payables were higher than at the end of the previous financial year as a result of the higher volume of vehicles sold.

Overall, the results of operations, financial position and net assets of the BMW Group continued to develop positively during the third quarter and nine-month periods under report.

#### Related party relationships

Further information on transactions with related parties can be found in note 32 to the Interim Group Financial Statements.

#### Events after the end of the reporting period

No events have occurred after the balance sheet date which could have a major impact on the results of operations, financial position or net assets of the BMW Group.

## INTERIM GROUP MANAGEMENT REPORT

Report on Outlook, Risks and Opportunities  
Report on Outlook

The report on outlook, risks and opportunities describes the expected development of the BMW Group, together with associated material risks and opportunities, from the perspective of Group management.

It contains forward-looking assertions based on the BMW Group's expectations and assessments, which are, by their very nature, subject to a degree of uncertainty. For this reason, actual outcomes, including those attributable to political and economic developments, could differ substantially – either positively or negatively – from the expectations described below. Further information is also available in the section "Report on risks and opportunities" on page 68 et seq. of the Annual Report 2013.

Further information on the assumptions used in the BMW Group's outlook can be found in the "Outlook" section on page 63 et seq. of the Annual Report 2013.

### Economic outlook in 2014

We base our outlook on the assumption that the global economy will grow overall by approximately 3 % in 2014. This assessment of growth, however, is subject to various risks. Public-sector budgets in Europe, the USA and Japan remain constrained by high sovereign debt levels. Asset prices have increased – in some cases steeply – due to the expansionary monetary policies of major central banks. Over-capacities in certain sectors of the economy in China continue to constitute a risk factor for future growth. Acute political and military conflicts in Ukraine and the Middle East could well have an adverse impact on world trade. Further information can be found in the "Risk report" section of the Annual Report 2013 (page 68 et seq.).

After two years of recession, the eurozone should grow again slightly (by 0.8 %) in 2014. The German economy is set to display greater vitality and grow at the somewhat faster rate of 1.6 %. France is only expected to see growth of 0.4 %, reflecting the impact of ongoing structural problems. Economic output in Italy is likely to fall by a further 0.1 %, which would mean a third consecutive year of recession. In Spain, brighter expectations for the economy as a whole could be underpinned by a growth rate of 1.2 %. The UK economy should continue to perform well, with consumer spending and a booming property market contributing to a growth rate of around 3.1 % for the full year.

In the USA, the economy was heavily affected by the hard winter, leading to a slowdown at the beginning of 2014 and causing growth forecasts to be reduced to 2.1 %.

However, since economic momentum generally remained intact, the underlying trend should provide somewhat more growth. The employment and property markets continue to develop favourably. Owing to the fact that pay rises have remained at moderate levels, and despite the current low interest rates, there are still no signs of any of these factors having an impact on the inflation rate in the USA.

Expansionary monetary policies and economic stimulus programmes have helped boost the economy in Japan. On the other hand, the value-added tax hike from 5.0 to 8.0 % has held down the upswing since its introduction in spring 2014. Seen over the full year, Japan's gross domestic product (GDP) is meanwhile predicted to grow slightly by 1.1 %.

The Chinese economy is set to grow by approximately 7.4 % in the current year, and therefore within the range of 7 to 8 % targeted by the Chinese government. However, the increasing problem of distressed loans in the financial sector – mostly resulting from overcapacities in the property and industrial sectors – continues to pose a growing risk for the Chinese economy.

The pace of growth has slowed in the majority of emerging economies. India's GDP is only likely to grow by 5.4 % over the course of the year. The growth rate in Brazil is expected to drop to as low as 0.3 %. The negative trend in Russia has continued. Although a growth rate of 0.2 % is still being predicted for the full year, it cannot be ruled out that various factors, including economic sanctions, could result in a recession.

### Car markets in 2014

In our view, the world's car markets are likely to grow by 3.2 % in 2014. This forecast is underpinned not only by economic developments in the two largest markets, the USA and China; the recovery in Europe is also having a positive impact on the growth rate as a whole.

Europe's car markets are expected to report growth for the first time since the onset of the economic and financial crisis in 2008. Largely due to the promising performance in the region during the first half of the year, new registrations are now forecast to rise by 3.7 % to approximately 12.8 million units over the full year. Even so, this still leaves European markets significantly down on their pre-crisis level of approximately 16 million units per annum. Vehicle registrations in Germany are forecast to rise by 1.6 % to approximately 3.0 million units. Based on the latest predictions, the French market is set to grow by 2.5 % to 1.8 million units. Italy's car

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market should continue to recover (+4.5%; 1.4 million units). In the United Kingdom, the domestic market is expected to expand by 8.0% to 2.4 million units. Among the major European markets, Spain is currently enjoying the fastest growth rate, with new registrations expected to rise by 16.2% to over 0.8 million units.

Recovery in the USA also remains on track, where the vehicle market is predicted to expand by 5.1% to 16.4 million units, returning to the level customary prior to the crisis. China is set to remain the world's largest vehicle market in 2014, with passenger car sales up by 12.0% to 18.3 million units. In Japan, the value-added tax hike will continue to have a perceptibly adverse impact on volumes for the remainder of the year. Therefore, despite the good start to the year, the Japanese market is likely to contract overall by around 1.4% to 5.1 million units in 2014.

Looking at the emerging markets, the full-year forecast for Russia has been revised downwards to 2.3 million units, a significant reduction of 13.2%. The Brazilian car market is set to contract by 10.7% to 3.2 million units.

#### **Motorcycle markets in 2014**

After years of contraction, markets for 500 cc plus class motorcycles showed signs of a slight recovery during the first nine months of 2014. For the full year 2014 we expect markets in both Germany and Europe as a whole to perform positively. The US market is likely to consolidate at the level seen in 2013.

#### **Financial Services sector in 2014**

If deflationary fears prove to be true and economic conditions in the eurozone remain weak, the ECB may decide to initiate a large-scale government bond-buying programme. In the USA, on the other hand, positive job market figures are likely to result in a further tightening of monetary policies. Japan's central bank, however, will keep interest rates low for the time being.

We expect refinancing costs in the USA and the UK to rise. In countries with weaker economies, we anticipate a continuation of the current monetary policies, with interest rates at the same or even slightly lower levels. The market environment as a whole is likely to be highly volatile.

We expect credit risks to remain stable for the remainder of the year. Some southern European markets are showing signs of an upward trend. Vehicle residual values should remain stable in Europe and Asia. In North America, we expect any decrease in used car selling prices to be of a minor nature.

#### **Expected impact on the BMW Group in 2014**

Future developments on international automobile markets also have a direct impact on the BMW Group. While competition is likely to intensify in shrinking markets, new opportunities are appearing in the growth regions of the world. Sales volumes will be influenced to a great extent by the way the Company tackles new competitive challenges. It remains to be seen how the various car markets within Europe will develop. In North America and China, we expect business conditions to remain positive during the final months of the year.

#### **Outlook for the BMW Group in 2014**

##### **The BMW Group in 2014**

**Profit before tax: significant increase expected**

We assume that high levels of expenditure for future technologies, fierce competition and higher personnel expenses will continue to influence the pace at which the BMW Group's earnings rise in 2014. Nevertheless, the Company forecasts another successful year, with Group profit before tax likely to be significantly up on the previous year's figure (2013: €7,913 million). The rate at which earnings grow will ultimately depend on the impact of various trends currently shaping the automobile sector. Tough competition in some markets is also likely to play a significant role in sales volume growth. Some economic risks remain, particularly in Europe, whereas North America and China could well generate additional momentum. We expect both the Motorcycles segment and the Financial Services segment to continue performing well in 2014.

**Workforce at year-end: solid increase expected**

The BMW Group will continue to recruit staff on a selective basis in 2014. Qualified talent is required in order to meet strong market demand for the Group's cars and to develop the technologies of the future, particularly in the field of electromobility. The increase in workforce numbers is therefore expected to be solid in 2014 (2013: 110,351 employees).

### Automotive segment in 2014

Deliveries to customers (cars): solid increase expected

We expect the Automotive segment to continue performing well in 2014. Positive momentum is likely to be generated in particular by the launching of new models and by the generally dynamic market conditions in North America and China. However, if the economic situation in Europe does not continue to stabilise, new challenges will have to be faced, despite the current slight upward trend. Assuming economic conditions do not deteriorate, we expect a solid increase of deliveries to customers to a new record level (2013: 1,963,798<sup>1</sup> units).

The new BMW 2 Series Coupé was launched in March 2014 and sets new standards in terms of sporting flair within the compact segment. The new BMW 4 Series Convertible was released at the same time. The four-door Gran Coupé was added to the BMW 4 Series family in June. The new BMW M3 Sedan and BMW M4 Coupé models also joined the BMW Group's high-performance line-up in June. The BMW 2 Series Active Tourer is a new compact vehicle concept that perfectly fuses dynamism with comfort, functionality and spaciousness and has been available on markets since September 2014. The BMW M4 Convertible followed in the same month. This vehicle's design language uniquely blends a vibrant silhouette with finely balanced lines. Within the BMW X family, the highly successful BMW X1 underwent a model revision in 2014 and went on sale in March. The model revision of the BMW X3 also came onto the market in July. The July launch of the BMW X4 within a new segment heralded the beginning of a new chapter in the BMW X family's success story.

Following its launch in Europe, the USA and Japan, the all-electric powered BMW i3 has also been available in metropolitan regions within China for use since September. The BMW i8 plug-in hybrid went on sale in June. It represents a new generation that combines the dynamism of a high-performance sports model with low fuel consumption and carbon emission levels.

The new generation of the MINI Hatch arrived on showroom floors in March 2014. The Dutch car manufacturer, VDL NedCar bv, Born, began producing MINI models in July 2014. The Rolls-Royce Ghost Series II has been available since autumn.

Fleet carbon emissions<sup>2</sup>: slight decrease expected

Increasing the scope of electrification in our vehicles will reinforce our position as a key player in the continuing pursuit to minimise CO<sub>2</sub> emissions and fuel consumption. In 2013, we expanded our range of products to include BMW i vehicles featuring an electric powertrain. This strategy will ensure our continued ability to meet statutory threshold values in the coming years. Thanks to our increasingly efficient drive systems, we forecast a further slight reduction in fleet emissions<sup>2</sup> in 2014 (2013: 133 g CO<sub>2</sub>/km).

Revenues: solid increase expected

Growing demand for BMW, MINI and Rolls-Royce brand cars worldwide is predicted to have a positive impact on Automotive segment revenues. Despite the dampening effect of exchange rates – mentioned in our annual outlook as a potentially negative factor – we predict a solid increase in automobile revenues during the forecast period (2013: €70,629 million).

EBIT margin in target corridor between 8 and 10 % expected

Despite considerable levels of investment in new technologies, it is the Company's aim to achieve an EBIT margin in the Automotive segment within an unchanged target range of 8 to 10 % (2013: 9.4 %). We expect to see a significant drop in segment RoCE (2013: 63.3 %), mainly reflecting the substantial scale of investment required to deal with upcoming challenges and pave the way for future growth. However, the long-term target RoCE of at least 26 % for the Automotive segment will be clearly surpassed.

### Motorcycles segment in 2014

Deliveries to customers (motorcycles): solid increase expected

Thanks to its attractive and extremely young model range, we forecast a continuation of the Motorcycles segment's good performance through to the year-end. The new machines presented at the 2013 autumn trade fairs have already made an important contribution in this respect over the first nine months of 2014. Reflecting the fact that the world's motorcycle markets developed more

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2013: 198,542 units).

<sup>2</sup> EU-27

## INTERIM GROUP MANAGEMENT REPORT

Report on Outlook, Risks and Opportunities  
Report on Risks and Opportunities

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positively than predicted at the beginning of 2014, we now expect deliveries of BMW motorcycles to rise solidly compared to the previous year (2013: 115,215<sup>1</sup> units).

**Return on capital employed in the Motorcycles segment expected in line with last year's level**

We believe the impetus provided by our new models will help keep segment RoCE in line with last year's level (2013: 16.4 %).

#### Financial Services segment in 2014

**Return on equity: slight decrease predicted**

Based on the latest forecasts, we expect the BMW Group's Financial Services segment to remain on growth course throughout 2014. As a consequence of required investments, the return on equity is likely to decrease slightly (2013: 20.2 %), but still surpass the minimum required level of 18 %.

#### Overall assessment by Group management for the full year 2014

We expect the good progress made in the first nine months to continue throughout the remainder of the year. Demand for our fresh and attractive fleet of vehicles remains high worldwide. We are therefore confident that the BMW Group will again grow profitably in 2014. Group profit before tax is expected to rise significantly, despite a continuing volatile environment, and thus reflect the solid increase of deliveries to customers generated in the Automotive segment. Despite the dampening effect of exchange rates – mentioned in our annual outlook as a potentially negative factor – we predict that automotive business revenues will achieve a solid increase during the forecast period. At the same time, we also intend to reduce fleet carbon emissions<sup>2</sup> slightly year-on-year. We aim to achieve profitable growth through a further solid increase in workforce numbers across the Group. The Automotive segment's EBIT margin is set to remain within the target range of 8 to 10 %. Owing to the substantial volume of capital expenditure planned, we expect RoCE for the Automotive segment to be significantly down and RoE for the Financial Services segment to be slightly lower than in the preceding financial year. Nevertheless, both performance indicators will be higher than their long-term targets of 26 % and 18 % respectively. For the Motorcycles segment we forecast a solid increase in sales volume and RoCE in line with last year's level. Group

management's overall assessment of the outlook for the full year 2014 has not changed significantly in comparison to assertions made in the Annual Report 2013. Depending on the political and economic situation and the outcome of the risks and opportunities described below, actual business performance could, however, differ from our current forecasts.

#### Risks and opportunities report

As a globally operating enterprise, the BMW Group is confronted with a broad range of risks, but also with numerous opportunities. Making full use of these opportunities as they present themselves is the cornerstone of the BMW Group's entrepreneurial success. Risks are also taken consciously in order to achieve growth, profitability, efficiency and sustainable levels of future business. Further information on risks and opportunities, and on the methods employed to manage them, can also be found in the "Report on risks and opportunities" section on page 68 et seq. of the Annual Report 2013.

<sup>1</sup> Plus an additional 1,110 Husqvarna motorcycles (until 5 March 2013).

<sup>2</sup> EU-27

## INTERIM GROUP MANAGEMENT REPORT

### BMW Stock and Capital Markets

#### BMW stock and capital markets in third quarter 2014

The mood in financial centres, especially those in Europe, was dominated in the third quarter 2014 by nervousness exacerbated by international crises. The ECB took further monetary measures and lowered the interest rate for the Eurosystem's main refinancing operations. Reference interest rates in the eurozone are therefore currently at a new historically low level. At the same time, large-scale purchases of government bonds to prop up the economy have no longer been ruled out by the ECB.

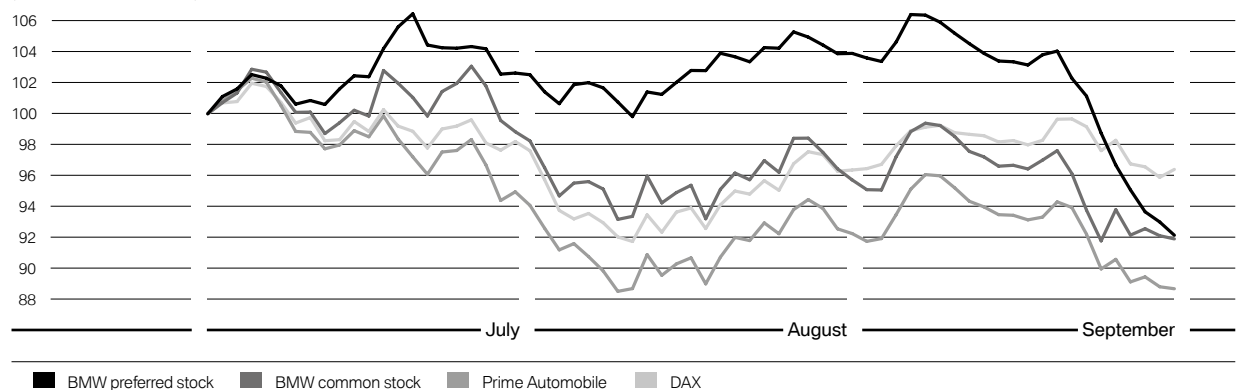
The German stock index, the DAX, finished the third quarter at 9,474.30 points, dropping back further from its historical high at the beginning of July (10,029.43 points). On 30 September 2014 the index closed 3.6 % below the level recorded at the end of the second quarter and 5.5 % below its historical all-time high. The Prime Automobile Performance Index followed a similar trend at the beginning of the third quarter, rising initially to 1,539.19 points (just below the second quarter's historic high), before dropping back significantly to finish the third quarter at 1,331.48 points. The sector index therefore fell by 11.5 % compared to 30 June 2014 and 4.4 % compared to the end of 2013.

Both categories of BMW stock recorded new highs in the third quarter. BMW common stock reached a new all-time high of €95.51 on 24 July, but was unable to maintain this level. By 30 September 2014 the share price had fallen to €85.02, 8.2 % lower than at the end of the second quarter, and back to the level seen at the end of

the previous financial year. BMW preferred stock recorded a new high of €74.60 on 18 July and finished the third quarter at €64.43. The price was 8.0 % down on its closing price at the end of the second quarter, but 3.8 % higher than at the end of 2013.

Development of BMW stock compared to stock exchange indices

(Index: 30. 6. 2014 = 100)



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Statement of Comprehensive Income for Group for the period from 1 July to 30 September 2014

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### Income Statement for Group and Segments for the third quarter

in € million

|                                                           | Note | Group        |              | Automotive   |              |
|-----------------------------------------------------------|------|--------------|--------------|--------------|--------------|
|                                                           |      | 2014         | 2013*        | 2014         | 2013*        |
| Revenues                                                  | 7    | 19,600       | 18,751       | 18,142       | 17,197       |
| Cost of sales                                             | 8    | -15,454      | -15,032      | -14,841      | -14,110      |
| <b>Gross profit</b>                                       |      | <b>4,146</b> | <b>3,719</b> | <b>3,301</b> | <b>3,087</b> |
| Selling and administrative expenses                       | 9    | -1,887       | -1,788       | -1,579       | -1,512       |
| Other operating income                                    | 10   | 222          | 164          | 172          | 143          |
| Other operating expenses                                  | 10   | -225         | -169         | -197         | -171         |
| <b>Profit before financial result</b>                     |      | <b>2,256</b> | <b>1,926</b> | <b>1,697</b> | <b>1,547</b> |
| — Result from equity accounted investments                | 11   | 170          | 124          | 170          | 124          |
| — Interest and similar income                             | 12   | 43           | 40           | 73           | 71           |
| — Interest and similar expenses                           | 12   | -102         | -59          | -152         | -90          |
| — Other financial result                                  | 13   | -354         | -42          | -358         | -21          |
| <b>Financial result</b>                                   |      | <b>-243</b>  | <b>63</b>    | <b>-267</b>  | <b>84</b>    |
| <b>Profit before tax</b>                                  |      | <b>2,013</b> | <b>1,989</b> | <b>1,430</b> | <b>1,631</b> |
| Income taxes                                              | 14   | -699         | -659         | -499         | -544         |
| <b>Net profit/loss</b>                                    |      | <b>1,314</b> | <b>1,330</b> | <b>931</b>   | <b>1,087</b> |
| Attributable to minority interest                         |      | 7            | 9            | 2            | 7            |
| <b>Attributable to shareholders of BMW AG</b>             |      | <b>1,307</b> | <b>1,321</b> | <b>929</b>   | <b>1,080</b> |
| <b>Basic earnings per share of common stock in €</b>      | 15   | <b>1.99</b>  | 2.02         |              |              |
| <b>Basic earnings per share of preferred stock in €</b>   | 15   | <b>1.99</b>  | 2.02         |              |              |
| Dilutive effects                                          | 15   | -            | -            |              |              |
| <b>Diluted earnings per share of common stock in €</b>    | 15   | <b>1.99</b>  | 2.02         |              |              |
| <b>Diluted earnings per share of preferred stock in €</b> | 15   | <b>1.99</b>  | 2.02         |              |              |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

### Statement of Comprehensive Income for Group for the third quarter

in € million

|                                                                                    | Note | 2014         | 2013         |
|------------------------------------------------------------------------------------|------|--------------|--------------|
| <b>Net profit</b>                                                                  |      | <b>1,314</b> | <b>1,330</b> |
| Remeasurement of net liability for defined benefit pension plans                   |      | -647         | -68          |
| Deferred taxes                                                                     |      | 189          | -21          |
| <b>Items not expected to be reclassified to the income statement in the future</b> |      | <b>-458</b>  | <b>-89</b>   |
| Available-for-sale securities                                                      |      | 12           | 56           |
| Financial instruments used for hedging purposes                                    |      | -1,165       | 581          |
| Other comprehensive income from equity accounted investments                       |      | -27          | 33           |
| Deferred taxes                                                                     |      | 407          | -219         |
| Currency translation foreign operations                                            |      | 469          | -113         |
| <b>Items expected to be reclassified to the income statement in the future</b>     |      | <b>-304</b>  | <b>338</b>   |
| <b>Other comprehensive income for the period after tax</b>                         | 16   | <b>-762</b>  | <b>249</b>   |
| <b>Total comprehensive income</b>                                                  |      | <b>552</b>   | <b>1,579</b> |
| Total comprehensive income attributable to minority interests                      |      | 7            | 9            |
| <b>Total comprehensive income attributable to shareholders of BMW AG</b>           |      | <b>545</b>   | <b>1,570</b> |



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### Income Statement for Group and Segments for the period from 1 January to 30 September

in € million

|                                                           | Note | Group         | Automotive    |
|-----------------------------------------------------------|------|---------------|---------------|
|                                                           |      | 2014          | 2013*         |
| Revenues                                                  | 7    | 57,740        | 55,849        |
| Cost of sales                                             | 8    | -45,269       | -44,562       |
| <b>Gross profit</b>                                       |      | <b>12,471</b> | <b>11,287</b> |
| Selling and administrative expenses                       | 9    | -5,533        | -5,251        |
| Other operating income                                    | 10   | 589           | 485           |
| Other operating expenses                                  | 10   | -578          | -491          |
| <b>Profit before financial result</b>                     |      | <b>6,949</b>  | <b>6,030</b>  |
| Result from equity accounted investments                  | 11   | 596           | 377           |
| Interest and similar income                               | 12   | 141           | 132           |
| Interest and similar expenses                             | 12   | -320          | -277          |
| Other financial result                                    | 13   | -527          | -238          |
| <b>Financial result</b>                                   |      | <b>-110</b>   | <b>-6</b>     |
| <b>Profit before tax</b>                                  |      | <b>6,839</b>  | <b>6,024</b>  |
| Income taxes                                              | 14   | -2,292        | -1,990        |
| <b>Net profit/loss</b>                                    |      | <b>4,547</b>  | <b>4,034</b>  |
| Attributable to minority interest                         |      | 17            | 20            |
| <b>Attributable to shareholders of BMW AG</b>             |      | <b>4,530</b>  | <b>4,014</b>  |
| <b>Basic earnings per share of common stock in €</b>      | 15   | <b>6.90</b>   | 6.12          |
| <b>Basic earnings per share of preferred stock in €</b>   | 15   | <b>6.91</b>   | 6.13          |
| Dilutive effects                                          | 15   | -             | -             |
| <b>Diluted earnings per share of common stock in €</b>    | 15   | <b>6.90</b>   | 6.12          |
| <b>Diluted earnings per share of preferred stock in €</b> | 15   | <b>6.91</b>   | 6.13          |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

### Statement of Comprehensive Income for Group for the period from 1 January to 30 September

in € million

|                                                                                    | Note | 2014          | 2013         |
|------------------------------------------------------------------------------------|------|---------------|--------------|
| <b>Net profit</b>                                                                  |      | <b>4,547</b>  | <b>4,034</b> |
| Remeasurement of net liability for defined benefit pension plans                   |      | -1,561        | 867          |
| Deferred taxes                                                                     |      | 528           | -292         |
| <b>Items not expected to be reclassified to the income statement in the future</b> |      | <b>-1,033</b> | <b>575</b>   |
| Available-for-sale securities                                                      |      | 30            | -11          |
| Financial instruments used for hedging purposes                                    |      | -1,832        | 1,099        |
| Other comprehensive income from equity accounted investments                       |      | -40           | -8           |
| Deferred taxes                                                                     |      | 598           | -311         |
| Currency translation foreign operations                                            |      | 700           | -474         |
| <b>Items expected to be reclassified to the income statement in the future</b>     |      | <b>-544</b>   | <b>295</b>   |
| <b>Other comprehensive income for the period after tax</b>                         | 16   | <b>-1,577</b> | <b>870</b>   |
| <b>Total comprehensive income</b>                                                  |      | <b>2,970</b>  | <b>4,904</b> |
| Total comprehensive income attributable to minority interests                      |      | 17            | 20           |
| <b>Total comprehensive income attributable to shareholders of BMW AG</b>           |      | <b>2,953</b>  | <b>4,884</b> |

| Motorcycles |       | Financial Services |        | Other Entities |       | Eliminations |        |                                                    |
|-------------|-------|--------------------|--------|----------------|-------|--------------|--------|----------------------------------------------------|
| 2014        | 2013  | 2014               | 2013   | 2014           | 2013  | 2014         | 2013*  |                                                    |
| 1,370       | 1,235 | 15,266             | 14,882 | 5              | 4     | 12,106       | 11,577 | Revenues                                           |
| 1,081       | 1,019 | 13,185             | 12,874 | -              | -     | 12,024       | 11,283 | Cost of sales                                      |
| 289         | 216   | 2,081              | 2,008  | 5              | 4     | 82           | 294    | Gross profit                                       |
| 142         | 127   | 724                | 688    | 17             | 19    | 10           | 8      | Selling and administrative expenses                |
| -           | 6     | 82                 | 36     | 105            | 90    | 53           | 59     | Other operating income                             |
| 1           | 2     | 59                 | 48     | 36             | 37    | 53           | 54     | Other operating expenses                           |
| 146         | 93    | 1,380              | 1,308  | 57             | 38    | 72           | 291    | Profit before financial result                     |
| -           | -     | -                  | -      | -              | -     | -            | -      | Result from equity accounted investments           |
| -           | -     | 3                  | 2      | 985            | 1,029 | 1,087        | 1,116  | Interest and similar income                        |
| 3           | 3     | 1                  | 3      | 916            | 964   | 1,014        | 1,065  | Interest and similar expenses                      |
| -           | -     | 9                  | 7      | 19             | 64    | -            | -      | Other financial result                             |
| 3           | 3     | 7                  | 6      | 88             | 129   | 73           | 51     | Financial result                                   |
| 143         | 90    | 1,373              | 1,314  | 145            | 167   | 145          | 342    | Profit before tax                                  |
| 45          | 29    | 427                | 430    | 81             | 91    | 47           | 178    | Income taxes                                       |
| 98          | 61    | 946                | 884    | 64             | 76    | 98           | 164    | Net profit/loss                                    |
| -           | -     | 9                  | 6      | 1              | -     | -            | -      | Attributable to minority interest                  |
| 98          | 61    | 937                | 878    | 63             | 76    | 98           | 164    | Attributable to shareholders of BMW AG             |
|             |       |                    |        |                |       |              |        | Basic earnings per share of common stock in €      |
|             |       |                    |        |                |       |              |        | Basic earnings per share of preferred stock in €   |
|             |       |                    |        |                |       |              |        | Dilutive effects                                   |
|             |       |                    |        |                |       |              |        | Diluted earnings per share of common stock in €    |
|             |       |                    |        |                |       |              |        | Diluted earnings per share of preferred stock in € |

# INTERIM GROUP FINANCIAL STATEMENT

Balance Sheets for Group and Segments to 30 September 2014

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## Assets

|                                                   | Note | Group          |                | Automotive    |               |
|---------------------------------------------------|------|----------------|----------------|---------------|---------------|
| in € million                                      |      | 30.9.2014      | 31.12.2013*    | 30.9.2014     | 31.12.2013*   |
| Intangible assets                                 | 17   | 6,284          | 6,179          | 5,780         | 5,646         |
| Property, plant and equipment                     | 18   | 16,348         | 15,168         | 16,046        | 14,863        |
| Leased products                                   | 19   | 28,395         | 25,914         | 8             | 19            |
| Investments accounted for using the equity method | 20   | 1,038          | 638            | 1,038         | 638           |
| Other investments                                 | 20   | 357            | 553            | 5,115         | 5,253         |
| Receivables from sales financing                  | 21   | 36,310         | 32,616         | -             | -             |
| Financial assets                                  | 22   | 1,896          | 2,593          | 569           | 1,183         |
| Deferred tax                                      | 23   | 2,221          | 1,620          | 2,914         | 2,226         |
| Other assets                                      | 24   | 994            | 912            | 3,440         | 2,797         |
| <b>Non-current assets</b>                         |      | <b>93,843</b>  | <b>86,193</b>  | <b>34,910</b> | <b>32,625</b> |
| Inventories                                       | 25   | 13,139         | 9,595          | 12,779        | 9,269         |
| Trade receivables                                 |      | 2,126          | 2,449          | 1,882         | 2,184         |
| Receivables from sales financing                  | 21   | 22,363         | 21,501         | -             | -             |
| Financial assets                                  | 22   | 4,334          | 5,559          | 3,245         | 4,479         |
| Current tax                                       | 23   | 1,492          | 1,151          | 1,054         | 1,002         |
| Other assets                                      | 24   | 4,643          | 4,258          | 16,183        | 15,480        |
| Cash and cash equivalents                         |      | 8,164          | 7,671          | 6,807         | 6,775         |
| <b>Current assets</b>                             |      | <b>56,261</b>  | <b>52,184</b>  | <b>41,950</b> | <b>39,189</b> |
| <b>Total assets</b>                               |      | <b>150,104</b> | <b>138,377</b> | <b>76,860</b> | <b>71,814</b> |

## Equity and liabilities

|                                                      | Note | Group          |                | Automotive    |               |
|------------------------------------------------------|------|----------------|----------------|---------------|---------------|
| in € million                                         |      | 30.9.2014      | 31.12.2013*    | 30.9.2014     | 31.12.2013*   |
| Subscribed capital                                   | 26   | 656            | 656            |               |               |
| Capital reserves                                     | 26   | 1,990          | 1,990          |               |               |
| Revenue reserves                                     | 26   | 34,957         | 33,167         |               |               |
| Accumulated other equity                             | 26   | -895           | -358           |               |               |
| <b>Equity attributable to shareholders of BMW AG</b> | 26   | <b>36,708</b>  | 35,455         |               |               |
| Minority interest                                    | 26   | 213            | 188            |               |               |
| <b>Equity</b>                                        |      | <b>36,921</b>  | <b>35,643</b>  | <b>31,523</b> | <b>30,909</b> |
| Pension provisions                                   |      | 3,813          | 2,303          | 2,120         | 938           |
| Other provisions                                     | 27   | 4,123          | 3,772          | 3,410         | 3,075         |
| Deferred tax                                         | 28   | 3,569          | 3,554          | 855           | 1,072         |
| Financial liabilities                                | 29   | 44,646         | 39,450         | 1,890         | 1,604         |
| Other liabilities                                    | 30   | 3,809          | 3,603          | 4,616         | 3,627         |
| <b>Non-current provisions and liabilities</b>        |      | <b>59,960</b>  | <b>52,682</b>  | <b>12,891</b> | <b>10,316</b> |
| Other provisions                                     | 27   | 3,742          | 3,412          | 3,365         | 3,040         |
| Current tax                                          | 28   | 1,280          | 1,237          | 833           | 1,021         |
| Financial liabilities                                | 29   | 32,065         | 30,854         | 2,592         | 725           |
| Trade payables                                       |      | 8,308          | 7,485          | 7,514         | 6,774         |
| Other liabilities                                    | 30   | 7,828          | 7,064          | 18,142        | 19,029        |
| <b>Current provisions and liabilities</b>            |      | <b>53,223</b>  | <b>50,052</b>  | <b>32,446</b> | <b>30,589</b> |
| <b>Total equity and liabilities</b>                  |      | <b>150,104</b> | <b>138,377</b> | <b>76,860</b> | <b>71,814</b> |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

|             |                    |                |              |           |            |           |             | Assets                                            |
|-------------|--------------------|----------------|--------------|-----------|------------|-----------|-------------|---------------------------------------------------|
| Motorcycles | Financial Services | Other Entities | Eliminations |           |            |           |             |                                                   |
| 30.9.2014   | 31.12.2013         | 30.9.2014      | 31.12.2013   | 30.9.2014 | 31.12.2013 | 30.9.2014 | 31.12.2013* |                                                   |
| 54          | 63                 | 449            | 469          | 1         | 1          | -         | -           | Intangible assets                                 |
| 270         | 271                | 32             | 34           | -         | -          | -         | -           | Property, plant and equipment                     |
| -           | -                  | 33,129         | 30,230       | -         | -          | -4,742    | -4,335      | Leased products                                   |
| -           | -                  | -              | -            | -         | -          | -         | -           | Investments accounted for using the equity method |
| -           | -                  | 6              | 6            | 5,771     | 5,754      | -10,535   | -10,460     | Other investments                                 |
| -           | -                  | 36,310         | 32,616       | -         | -          | -         | -           | Receivables from sales financing                  |
| -           | -                  | 132            | 276          | 1,563     | 1,779      | -368      | -645        | Financial assets                                  |
| -           | -                  | 289            | 285          | 414       | 290        | -1,396    | -1,181      | Deferred tax                                      |
| -           | -                  | 1,806          | 1,436        | 21,552    | 18,627     | -25,804   | -21,948     | Other assets                                      |
| 324         | 334                | 72,153         | 65,352       | 29,301    | 26,451     | -42,845   | -38,569     | <b>Non-current assets</b>                         |
| 350         | 318                | 10             | 8            | -         | -          | -         | -           | Inventories                                       |
| 104         | 120                | 138            | 145          | 2         | -          | -         | -           | Trade receivables                                 |
| -           | -                  | 22,363         | 21,501       | -         | -          | -         | -           | Receivables from sales financing                  |
| -           | -                  | 843            | 826          | 577       | 936        | -331      | -682        | Financial assets                                  |
| -           | -                  | 104            | 89           | 334       | 60         | -         | -           | Current tax                                       |
| -           | -                  | 3,888          | 3,530        | 32,430    | 32,775     | -47,858   | -47,527     | Other assets                                      |
| -           | -                  | 1,301          | 879          | 56        | 17         | -         | -           | Cash and cash equivalents                         |
| 454         | 438                | 28,647         | 26,978       | 33,399    | 33,788     | -48,189   | -48,209     | <b>Current assets</b>                             |
| 778         | 772                | 100,800        | 92,330       | 62,700    | 60,239     | -91,034   | -86,778     | <b>Total assets</b>                               |

|             |                    |                |              |           |            |           |             | Equity and liabilities                              |
|-------------|--------------------|----------------|--------------|-----------|------------|-----------|-------------|-----------------------------------------------------|
| Motorcycles | Financial Services | Other Entities | Eliminations |           |            |           |             |                                                     |
| 30.9.2014   | 31.12.2013         | 30.9.2014      | 31.12.2013   | 30.9.2014 | 31.12.2013 | 30.9.2014 | 31.12.2013* |                                                     |
| -           | -                  | 9,174          | 8,407        | 11,135    | 10,805     | -14,911   | -14,478     | Subscribed capital                                  |
| -           | -                  | -              | -            | -         | -          | -         | -           | Capital reserves                                    |
| -           | -                  | -              | -            | -         | -          | -         | -           | Revenue reserves                                    |
| -           | -                  | -              | -            | -         | -          | -         | -           | Accumulated other equity                            |
| -           | -                  | -              | -            | -         | -          | -         | -           | <b>Equity attributable to shareholders of BMWAG</b> |
| -           | -                  | -              | -            | -         | -          | -         | -           | Minority interest                                   |
| -           | -                  | 9,174          | 8,407        | 11,135    | 10,805     | -14,911   | -14,478     | <b>Equity</b>                                       |
| 29          | 29                 | 36             | 40           | 1,628     | 1,296      | -         | -           | Pension provisions                                  |
| 141         | 141                | 266            | 257          | 306       | 299        | -         | -           | Other provisions                                    |
| -           | -                  | 5,766          | 5,266        | -         | 6          | -3,052    | -2,790      | Deferred tax                                        |
| -           | -                  | 15,790         | 14,376       | 27,334    | 24,115     | -368      | -645        | Financial liabilities                               |
| 319         | 318                | 23,218         | 20,084       | 69        | 68         | -24,413   | -20,494     | Other liabilities                                   |
| 489         | 488                | 45,076         | 40,023       | 29,337    | 25,784     | -27,833   | -23,929     | <b>Non-current provisions and liabilities</b>       |
| 56          | 57                 | 319            | 309          | 2         | 3          | -         | 3           | Other provisions                                    |
| -           | -                  | 252            | 123          | 195       | 93         | -         | -           | Current tax                                         |
| -           | -                  | 17,203         | 16,006       | 12,601    | 14,805     | -331      | -682        | Financial liabilities                               |
| 186         | 204                | 598            | 502          | 10        | 5          | -         | -           | Trade payables                                      |
| 47          | 23                 | 28,178         | 26,960       | 9,420     | 8,744      | -47,959   | -47,692     | Other liabilities                                   |
| 289         | 284                | 46,550         | 43,900       | 22,228    | 23,650     | -48,290   | -48,371     | <b>Current provisions and liabilities</b>           |
| 778         | 772                | 100,800        | 92,330       | 62,700    | 60,239     | -91,034   | -86,778     | <b>Total equity and liabilities</b>                 |

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Condensed Cash Flow Statements for Group and Segments for the period from 1 January to 30 September 2014

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|                                                                               | Group                |                      |
|-------------------------------------------------------------------------------|----------------------|----------------------|
| in € million                                                                  | <b>2014</b>          | 2013*                |
| Net profit                                                                    | <b>4,547</b>         | 4,034                |
| Depreciation and amortisation of tangible, intangible and investment assets   | <b>3,190</b>         | 2,820                |
| Change in provisions                                                          | <b>411</b>           | -323                 |
| Change in leased products and receivables from sales financing                | <b>-3,308</b>        | -4,339               |
| Change in deferred taxes                                                      | <b>223</b>           | 293                  |
| Changes in working capital                                                    | <b>-1,924</b>        | -                    |
| Other                                                                         | <b>116</b>           | 887                  |
| <b>Cash inflow/outflow from operating activities</b>                          | <b><u>3,255</u></b>  | <b><u>3,372</u></b>  |
| Investment in intangible assets and property, plant and equipment             | <b>-3,999</b>        | -4,330               |
| Net investment in marketable securities                                       | <b>30</b>            | -311                 |
| Other                                                                         | <b>200</b>           | 106                  |
| <b>Cash inflow/outflow from investing activities</b>                          | <b><u>-3,769</u></b> | <b><u>-4,535</u></b> |
| <b>Cash inflow/outflow from financing activities</b>                          | <b><u>917</u></b>    | <b><u>548</u></b>    |
| <b>Effect of exchange rate on cash and cash equivalents</b>                   | <b><u>88</u></b>     | <b><u>-52</u></b>    |
| <b>Effect of changes in composition of Group on cash and cash equivalents</b> | <b><u>2</u></b>      | <b><u>47</u></b>     |
| <b>Change in cash and cash equivalents</b>                                    | <b><u>493</u></b>    | <b><u>-620</u></b>   |
| Cash and cash equivalents as at 1 January                                     | <b>7,671</b>         | 8,374                |
| <b>Cash and cash equivalents as at 30 September</b>                           | <b><u>8,164</u></b>  | <b><u>7,754</u></b>  |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

| Automotive    |               | Financial Services |               |                                                                               |
|---------------|---------------|--------------------|---------------|-------------------------------------------------------------------------------|
| 2014          | 2013*         | 2014               | 2013          |                                                                               |
| 3,537         | 3,177         | 946                | 884           | Net profit                                                                    |
| 3,114         | 2,753         | 26                 | 14            | Depreciation and amortisation of tangible, intangible and investment assets   |
| 264           | -341          | 81                 | 63            | Change in provisions                                                          |
| 11            | 81            | -3,525             | -4,735        | Change in leased products and receivables from sales financing                |
| 315           | -195          | 62                 | 240           | Change in deferred taxes                                                      |
| -1,988        | -177          | 94                 | 130           | Changes in working capital                                                    |
| -105          | 1,235         | 609                | 687           | Other                                                                         |
| <u>5,148</u>  | <u>6,923</u>  | <u>-1,707</u>      | <u>-2,717</u> | <b>Cash inflow / outflow from operating activities</b>                        |
| -3,955        | -4,271        | -3                 | -5            | Investment in intangible assets and property, plant and equipment             |
| 99            | -480          | -91                | 169           | Net investment in marketable securities                                       |
| 117           | -195          | 1                  | 168           | Other                                                                         |
| <u>-3,739</u> | <u>-4,946</u> | <u>-93</u>         | <u>332</u>    | <b>Cash inflow / outflow from investing activities</b>                        |
| <u>-1,431</u> | <u>-2,740</u> | <u>2,233</u>       | <u>2,579</u>  | <b>Cash inflow / outflow from financing activities</b>                        |
| <u>52</u>     | <u>-24</u>    | <u>-11</u>         | <u>-26</u>    | <b>Effect of exchange rate on cash and cash equivalents</b>                   |
| <u>2</u>      | <u>47</u>     | <u>-</u>           | <u>-</u>      | <b>Effect of changes in composition of Group on cash and cash equivalents</b> |
| <u>32</u>     | <u>-740</u>   | <u>422</u>         | <u>168</u>    | <b>Change in cash and cash equivalents</b>                                    |
| 6,775         | 7,488         | 879                | 797           | Cash and cash equivalents as at 1 January                                     |
| <u>6,807</u>  | <u>6,748</u>  | <u>1,301</u>       | <u>965</u>    | <b>Cash and cash equivalents as at 30 September</b>                           |

# INTERIM GROUP FINANCIAL STATEMENT

## Group Statement of Changes in Equity to 30 September 2014

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| in € million                                        | Note | Subscribed capital | Capital reserves | Revenue reserves |
|-----------------------------------------------------|------|--------------------|------------------|------------------|
| <b>1 January 2013, as originally reported</b>       |      |                    |                  |                  |
|                                                     | 26 — | <b>656</b>         | <b>1,973</b>     | <b>28,340</b>    |
| Impact of application of revised IAS 19             |      | —                  | —                | — 204            |
| <b>1 January 2013 (adjusted)</b>                    | 26 — | <b>656</b>         | <b>1,973</b>     | <b>28,544</b>    |
| Dividends paid                                      |      | —                  | —                | — 1,640          |
| Net profit                                          |      | —                  | —                | — 4,014          |
| Other comprehensive income for the period after tax |      | —                  | —                | — 575            |
| <b>Comprehensive income 30 September 2013</b>       |      | <b>—</b>           | <b>—</b>         | <b>4,589</b>     |
| Other changes                                       |      | —                  | —                | —                |
| <b>30 September 2013</b>                            | 26 — | <b>656</b>         | <b>1,973</b>     | <b>31,493</b>    |

| in € million                                        | Note | Subscribed capital | Capital reserves | Revenue reserves |
|-----------------------------------------------------|------|--------------------|------------------|------------------|
| <b>1 January 2014</b>                               |      |                    |                  |                  |
|                                                     | 26 — | <b>656</b>         | <b>1,990</b>     | <b>33,167</b>    |
| Dividends paid                                      |      | —                  | —                | — 1,707          |
| Net profit                                          |      | —                  | —                | — 4,530          |
| Other comprehensive income for the period after tax |      | —                  | —                | — 1,033          |
| <b>Comprehensive income 30 September 2014</b>       |      | <b>—</b>           | <b>—</b>         | <b>3,497</b>     |
| Other changes                                       |      | —                  | —                | —                |
| <b>30 September 2014</b>                            | 26 — | <b>656</b>         | <b>1,990</b>     | <b>34,957</b>    |

| Accumulated other equity |            |                                  | Equity attributable to shareholders of BMW AG | Minority interest | Total         |                                                     |
|--------------------------|------------|----------------------------------|-----------------------------------------------|-------------------|---------------|-----------------------------------------------------|
| Translation differences  | Securities | Derivative financial instruments |                                               |                   |               |                                                     |
| <u>-984</u>              | <u>108</u> | <u>202</u>                       | <u>30,295</u>                                 | <u>107</u>        | <u>30,402</u> | <b>1 January 2013, as originally reported</b>       |
| -                        | -          | -                                | 204                                           | -                 | <u>204</u>    | Impact of application of revised IAS 19             |
| <u>-984</u>              | <u>108</u> | <u>202</u>                       | <u>30,499</u>                                 | <u>107</u>        | <u>30,606</u> | <b>1 January 2013 (adjusted)</b>                    |
| -                        | -          | -                                | -1,640                                        | -                 | <u>-1,640</u> | Dividends paid                                      |
| -                        | -          | -                                | 4,014                                         | 20                | <u>4,034</u>  | Net profit                                          |
| -478                     | 8          | -765                             | 870                                           | -                 | <u>870</u>    | Other comprehensive income for the period after tax |
| <u>-478</u>              | <u>8</u>   | <u>765</u>                       | <u>4,884</u>                                  | <u>20</u>         | <u>4,904</u>  | <b>Comprehensive income 30 September 2013</b>       |
| -                        | -          | -                                | -                                             | 32                | <u>32</u>     | Other changes                                       |
| <u>-1,462</u>            | <u>116</u> | <u>967</u>                       | <u>33,743</u>                                 | <u>159</u>        | <u>33,902</u> | <b>30 September 2013</b>                            |

| Accumulated other equity |            |                                  | Equity attributable to shareholders of BMW AG | Minority interest | Total         |                                                     |
|--------------------------|------------|----------------------------------|-----------------------------------------------|-------------------|---------------|-----------------------------------------------------|
| Translation differences  | Securities | Derivative financial instruments |                                               |                   |               |                                                     |
| <u>-1,629</u>            | <u>135</u> | <u>1,136</u>                     | <u>35,455</u>                                 | <u>188</u>        | <u>35,643</u> | <b>1 January 2014</b>                               |
| -                        | -          | -                                | -1,707                                        | -                 | <u>-1,707</u> | Dividends paid                                      |
| -                        | -          | -                                | 4,530                                         | 17                | <u>4,547</u>  | Net profit                                          |
| 805                      | -          | -1,349                           | -1,577                                        | -                 | <u>-1,577</u> | Other comprehensive income for the period after tax |
| <u>805</u>               | <u>-</u>   | <u>-1,349</u>                    | <u>2,953</u>                                  | <u>17</u>         | <u>2,970</u>  | <b>Comprehensive income 30 September 2014</b>       |
| 7                        | -          | -                                | 7                                             | 8                 | <u>15</u>     | Other changes                                       |
| <u>-817</u>              | <u>135</u> | <u>-213</u>                      | <u>36,708</u>                                 | <u>213</u>        | <u>36,921</u> | <b>30 September 2014</b>                            |

## INTERIM GROUP FINANCIAL STATEMENT

Condensed Notes to the Interim Group Financial Statement to 30 September 2014  
Accounting Principles and Policies

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### 1 – Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2013 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the European Union (EU) at that date. The interim Group Financial Statements (Interim Report) at 30 September 2014, which have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), have been drawn up using, in all material respects, the same accounting methods as those utilised in the 2013 Group Financial Statements. The BMW Group applies the option of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 September 2014 have also been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 2013.

In order to improve clarity, various items are aggregated in the income statement and balance sheet. These items are disclosed and analysed separately in the notes.

A Statement of Comprehensive Income is presented at Group level reconciling the net profit to comprehensive income for the periods under report.

In order to provide a better insight into the net assets, financial position and performance of the BMW Group and going beyond the requirements of IFRS 8 (Operating Segments), the Interim Group Financial Statements also include balance sheets and income statements for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by statements of cash flows for the Automotive and Financial Services segments.

In order to facilitate the sale of its products, the BMW Group provides various financial services – mainly loan and lease financing – to both retail customers and dealers. The inclusion of the financial services activities of the Group therefore has an impact on the Interim Group Financial Statements.

Inter-segment transactions – relating primarily to internal sales of products, the provision of funds and the

related interest – are eliminated in the “Eliminations” column. More detailed information regarding the allocation of activities of the BMW Group to segments and a description of the segments is provided in the explanatory notes to segment information in the Group Financial Statements of BMW AG for the year ended 31 December 2013.

In conjunction with the refinancing of financial services business, a significant volume of receivables arising from retail customer and dealer financing is sold. Similarly, rights and obligations relating to leases are sold. The sale of receivables is a well-established instrument used by industrial companies. These transactions usually take the form of asset-backed financing transactions involving the sale of a portfolio of receivables to a trust which, in turn, issues marketable securities to refinance the purchase price. The BMW Group continues to “service” the receivables and receives an appropriate fee for these services. In accordance with IFRS 10 (Consolidated Financial Statements) such assets remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 30 September 2014 totalled €10.9 billion (31 December 2013: €10.1 billion).

In addition to credit financing and leasing contracts, the Financial Services segment also brokers insurance business via cooperation arrangements entered into with local insurance companies. These activities are not material to the BMW Group as a whole.

The Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

The preparation of the Interim Group Financial Statements requires management to make certain assumptions and judgements and to use estimations that can affect the reported amounts of assets and liabilities, revenues and expenses and contingent liabilities. All assumptions and estimates are based on factors known at the end of the reporting period. They are determined on the basis of the most likely outcome of future business developments. Actual amounts could differ from those assumptions and estimates if business conditions develop differently to the Group's expectations at the end of the reporting period. Estimates and underlying assumptions are checked regularly.

## 2 – Group reporting entity

The BMW Interim Group Financial Statements for the third quarter of 2014 include, besides BMW AG, 21 German and 170 foreign subsidiaries. This includes 32 special purpose trusts, almost all of which are used for asset-backed financing transactions. In addition, three joint operations are consolidated proportionately.

BMW Vermögensverwaltungs GmbH, Munich, BMW Beteiligungs GmbH & Co. KG, Munich, and BMW International Holding B.V., Rijswijk, were consolidated for the first time in the third quarter 2014.

Noord Lease B.V., Groningen, was sold in the third quarter 2014 and therefore ceased to be a consolidated company. In addition, Alphabet Belgium B.V., Bornem, and Bavaria NTTBL Company Ltd., Dublin, were liquidated in the third quarter and ceased to be consolidated companies.

Since 30 September 2013, nine subsidiaries and twelve special purpose trusts were consolidated for the first time. Five subsidiaries and six special purpose trusts ceased to be consolidated companies. In addition, three joint operations were consolidated proportionately for the first time.

BMW Madrid S. L., Madrid, BMW Amsterdam B.V., Amsterdam, BMW Den Haag B.V., The Hague, BMW Retail Nederland B.V., The Hague, BMW Milano

S. r. l., Milan, BMW Distribution S. A. S., Montigny-le-Bretonneux, BMW Vermögensverwaltungs GmbH, Munich, BMW Beteiligungs GmbH & Co. KG, Munich, and BMW International Holding B.V., Rijswijk, were consolidated for the first time in the first nine months of the 2014 financial year.

BMW Österreich Finanzierungs GmbH, Steyr, was merged with BMW Motoren GmbH, Steyr, and therefore ceased to be a consolidated company. Noord Lease B.V., Groningen, was sold and therefore ceased to be a consolidated company. In addition, Alphabet Belgium B.V., Bornem, and Bavaria NTTBL Company Ltd., Dublin, were liquidated and ceased to be consolidated companies.

The joint operations SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, were consolidated proportionately for the first time in the first nine months of the 2014 financial year on the basis of the BMW Group's 49% shareholding. Further information is provided in note 6.

The changes to the composition of the Group do not have a material impact on the results of operations, financial position or net assets of the Group.

## 3 – Sales of business

With the purchase of the ING Car Lease Group in 2011, the BMW Group also acquired Noord Lease B.V., Groningen. This entity was managed – alongside Alphabet Nederland B.V., Breda, – as a second fleet leasing company in the Netherlands with a strong regional focus and a high proportion of private leasing. As part of an evaluation of the strategic direction of the BMW Group's fleet business in the Netherlands, the decision was taken to focus on only one company in this region.

Accordingly, BMW AG's Board of Management put up Noord Lease B.V., Groningen for sale during the financial year 2014. At the end of a bidding process, Noord Lease B.V., Groningen, was sold to Noordlease Midco B.V., Groningen. The purchase agreement was signed in June 2014 and the shares transferred in August 2014. The deconsolidation of Noord Lease B.V., Groningen, gave rise in the third quarter to a gain of €7.4 million, which is included in other operating income and expenses of the Financial Services segment.

## 4 – Currency translation

The exchange rates applied for currency translation purposes in accordance with the modified closing rate

method, and which have a material impact on the Group Financial Statements, were as follows:

|                  | Closing rate |            | Average rate                   |                                |
|------------------|--------------|------------|--------------------------------|--------------------------------|
|                  | 30.9.2014    | 31.12.2013 | 1 January to 30 September 2014 | 1 January to 30 September 2013 |
| US Dollar        | 1.26         | 1.38       | 1.36                           | 1.32                           |
| British Pound    | 0.78         | 0.83       | 0.81                           | 0.85                           |
| Chinese Renminbi | 7.75         | 8.34       | 8.36                           | 8.12                           |
| Japanese Yen     | 138.33       | 144.55     | 139.52                         | 127.31                         |
| Russian Rouble   | 50.04        | 45.29      | 48.03                          | 41.67                          |

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For further information regarding foreign currency translation, reference is made to note 4 of the Group Financial Statements of BMW AG for the year ended 31 December 2013.

## 5 – New financial reporting rules

## (a) Financial reporting rules applied for the first time in the first nine months of the financial year 2014

The following Standards and Revised Standards issued by the International Accounting Standards Board (IASB) were applied for the first time in the first nine months of 2014:

| Standard / Interpretation                                                                       | Date of<br>issue by IASB | Date of<br>mandatory<br>application<br>IASB | Date of<br>mandatory<br>application<br>EU | Impact<br>on BMW Group   |
|-------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------|-------------------------------------------|--------------------------|
| IFRS 10 — Consolidated Financial Statements                                                     | 12.5.2011                | 1.1.2013                                    | 1.1.2014                                  | Significant in principle |
| IFRS 11 — Joint Arrangements                                                                    | 12.5.2011                | 1.1.2013                                    | 1.1.2014                                  | Significant in principle |
| IFRS 12 — Disclosure of Interest in Other Entities                                              | 12.5.2011                | 1.1.2013                                    | 1.1.2014                                  | Significant in principle |
| Changes in Transitional Regulations<br>(IFRS 10, IFRS 11 and IFRS 12)                           | 28.6.2012                | 1.1.2013                                    | 1.1.2014                                  | Significant in principle |
| Investment Entities (Amendments to<br>IFRS 10, IFRS 12 and IAS 27)                              | 31.10.2012               | 1.1.2014                                    | 1.1.2014                                  | Insignificant            |
| IAS 27 — Separate Financial Statements                                                          | 12.5.2011                | 1.1.2013                                    | 1.1.2014                                  | None                     |
| IAS 28 — Investments in Associates and<br>Joint Ventures                                        | 12.5.2011                | 1.1.2013                                    | 1.1.2014                                  | None                     |
| IAS 32 — Presentation – Offsetting of Financial Assets<br>and Financial Liabilities             | 16.12.2011               | 1.1.2014                                    | 1.1.2014                                  | Insignificant            |
| IAS 39 — Novation of Derivatives and Continuation<br>of Hedge Accounting (Amendments to IAS 39) | 27.6.2013                | 1.1.2014                                    | 1.1.2014                                  | Insignificant            |

Information regarding the introduction and impact of the consolidation-related Standards IFRS 10, IFRS 11 and IFRS 12 is provided note 6.

## (b) Financial reporting pronouncements issued by the IASB, but not yet applied

| Standard / Interpretation                                                                                                                          | Date of<br>issue by IASB                                | Date of<br>mandatory<br>application<br>IASB | Date of<br>mandatory<br>application<br>EU | Expected impact<br>on BMW Group |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|---------------------------------------------|-------------------------------------------|---------------------------------|
| IFRS 9 — Financial Instruments                                                                                                                     | 12.11.2009/<br>28.10.2010/<br>16.12.2011/<br>19.11.2013 | 1.1.2018                                    | No                                        | Significant in principle        |
| IFRS 10/<br>IAS 28 — Sale or Contribution of Assets between an<br>Investor and an Associate or Joint Venture<br>(Amendments to IFRS 10 and IAS 28) | 11.9.2014                                               | 1.1.2016                                    | No                                        | Insignificant                   |
| IFRS 11 — Acquisition of an Interest in a Joint Operation –<br>(Amendments to IFRS 11)                                                             | 6.5.2014                                                | 1.1.2016                                    | No                                        | Insignificant                   |
| IFRS 14 — Regulatory Deferral Accounts                                                                                                             | 30.1.2014                                               | 1.1.2016                                    | No                                        | Insignificant                   |
| IFRS 15 — Revenue from Contracts with Customers                                                                                                    | 28.5.2014                                               | 1.1.2017                                    | No                                        | Significant in principle        |

| Standard/Interpretation                                                                                                | Date of issue by IASB | Date of mandatory application IASB | Date of mandatory application EU | Expected impact on BMW Group |
|------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------|----------------------------------|------------------------------|
| IAS 16/IAS 38 — Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) | 12.5.2014             | 1.1.2016                           | No                               | Insignificant                |
| IAS 16/IAS 41 — Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)                                           | 30.6.2014             | 1.1.2016                           | No                               | None                         |
| IAS 19 — Employment Benefits: Employee Contributions (Amendments to IAS 19)                                            | 21.11.2013            | 1.7.2014                           | No                               | Insignificant                |
| IAS 27 — Equity Method in Separate Financial Statements (Amendments to IAS 27)                                         | 12.8.2014             | 1.1.2016                           | No                               | None                         |
| IFRIC 21 — Levies                                                                                                      | 20.5.2013             | 1.1.2014                           | 17.6.2014*                       | Insignificant                |
| Annual Improvements to IFRS 2010–2012                                                                                  | 12.12.2013            | 1.7.2014                           | No                               | Insignificant                |
| Annual Improvements to IFRS 2011–2013                                                                                  | 12.12.2013            | 1.7.2014                           | No                               | Insignificant                |
| Annual Improvements to IFRS 2012–2014                                                                                  | 25.9.2014             | 1.1.2016                           | No                               | Insignificant                |

\* Mandatory application in annual periods beginning on or after 17 June 2014.

In November 2009 the IASB issued IFRS 9 (Financial Instruments) in conjunction with a project to change the accounting treatment for financial instruments. This Standard marks the first of three phases of the IASB project to replace the existing IAS 39 (Financial Instruments: Recognition and Measurement). The first phase deals initially only with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts.

Financial assets are measured at either amortised cost or fair value. IFRS 9 harmonises the various rules contained in IAS 39 and reduces the number of valuation categories for financial instruments on the assets side of the balance sheet.

The new categorisation is based partly on the entity's business model and partly on the contractual cash flow characteristics of the financial assets.

In October 2010, additional rules for financial liabilities were added to IFRS 9. The requirements for financial liabilities contained in IAS 39 remain unchanged with the exception of new requirements relating to the measurement of an entity's own credit risk at fair value. A package of amendments to IFRS 9 was announced on 19 November 2013. On the one hand, the amendments overhaul the requirements for hedge accounting by introducing a new hedge accounting model. They also enable entities to change the accounting for liabilities

ties they have elected to measure at fair value such that fair value changes due to changes in "own credit risk" would not require to be recognised in profit or loss. The mandatory effective date of 1 January 2015 was removed and a new application date of 1 January 2018 set. The impact of adoption of the Standard on the Group Financial Statements is currently being assessed.

In May 2014 the IASB issued IFRS 15 (Revenue from Contracts with Customers) together with the Financial Accounting Standards Board. The objective of the new Standard is to assimilate all the various existing requirements and Interpretations relating to revenue recognition (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, SIC-31 Revenue – Barter Transactions involving Advertising Services) in a single Standard. Uniform basic principles for revenue recognition are also stipulated for all sectors and all categories.

The new Standard is based on a five-step model, which sets out the rules for revenue from contracts with customers, with the exception – among other things – of lease arrangements, insurance contracts, financial instruments and specified contractual rights and obligations relating to non-monetary transactions between entities within the same sector. Revenue can be recognised either over time or at a specific point in time.

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The five-step model describes the five steps necessary to recognise revenue on the basis of the transfer of control:

1. Identify the contract with the customer,
2. Identify the performance obligations in the contract,
3. Determine the transaction price,
4. Allocate the transaction price to separate performance obligations,
5. Recognise revenue when a performance obligation is satisfied.

In the case of multi-component transactions or transactions with variable consideration, it is possible that

## 6 – Changes brought about by consolidation-related Standards

In May 2011, the IASB issued three new Standards – IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities) – as well as amendments to IAS 27 (Separate Financial Statements) and to IAS 28 (Investments in Associates and Joint Ventures), all relating to accounting for business combinations. The three new Standards, which were endorsed by the EU in December 2012, are mandatory for the first time for annual periods beginning on or after 1 January 2014 and are required to be applied retrospectively.

IFRS 10 replaces the consolidation guidelines contained in IAS 27 and SIC-12 (Consolidation – Special Purpose Entities). The requirements for separate financial statements remain unchanged in the revised version of IAS 27.

IFRS 10 introduces a uniform consolidation model which establishes control as the basis for consolidation – control of a subsidiary entity by a parent entity – and which can be applied to all entities. The control concept must therefore be applied both to parent-subsidiary relationships based on voting rights as well as to parent-subsidiary relationships arising from other contractual arrangements. Under the control concept established in IFRS 10, an investor controls another entity when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary

revenue may have to be recognised earlier or later under IFRS 15 compared with the previous Standard.

A major difference to the previous Standard is the increased scope of discretion for estimates and the introduction of thresholds that could influence the amount and timing of revenue recognition.

The Standard is mandatory for the first time for annual periods beginning on or after 1 January 2017. Early adoption is not permitted under IFRS. The impact of adoption of the new requirements on the Group Financial Statements is currently being assessed.

Contributions by Venturers). This Standard sets out the requirements for accounting for joint arrangements and places the emphasis on the rights and obligations that arise from such arrangements. IFRS 11 distinguishes between two types of joint arrangements, namely joint operations and joint ventures, and therefore results in a change in the classification of joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires joint operators to account for their share of assets/liabilities and income/expenses in the joint operation (proportionate consolidation). Joint venturers are required to account for their investment using the equity method. The withdrawal of IAS 31 means the removal of the option to account for joint ventures using either the proportionate consolidation or the equity method. The equity method must be applied in accordance with amended IAS 28.

IFRS 12 sets out the requirements for disclosures relating to all types of interests in other entities, including joint arrangements, associated companies, structured entities and unconsolidated entities.

Application of IFRS 10 has no impact on the scope of entities included in the Group Financial Statements. The removal of the option for accounting for joint ventures (as stipulated by IFRS 11) does not have any impact since the BMW Group already accounted for joint ventures using the equity method. By contrast, the classification of joint arrangements in accordance with

IFRS 11 has changed. With effect from the first quarter of the financial year 2014, the investments in SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, are classified as joint operations and are therefore consolidated proportionately on the basis of the BMW Group's 49% shareholding. Application of IFRS 12 impacts the scope of disclosures required to be made in the notes to the BMW Group Financial Statements, in particular the requirement to disclose more detailed financial information with respect to significant joint ventures. The Interim Group Financial Statements are not affected.

The new requirements pertaining to IFRS 10, IFRS 11 and IFRS 12 are required to be applied retrospectively. The transition requirements contained in these new Standards were complied with.

The following tables show the impact on the opening balance sheet at 1 January 2013, on the balance sheet at 31 December 2013, on the income statement and on the cash flow statement for the first nine months of 2013. Due to the immateriality of the amounts involved, the effect of adjustments to the income statement is only presented for the first nine months of 2013 and not, additionally, for the third quarter 2013.

#### Change in Group Balance Sheet presentation

| 1 January 2013<br>in € million                              | As originally<br>reported | Adjustment | As reported |
|-------------------------------------------------------------|---------------------------|------------|-------------|
| Total assets                                                | 131,835                   | 4          | 131,839     |
| — thereof property, plant and equipment                     | 13,341                    | 35         | 13,376      |
| — thereof investments accounted for using the equity method | 514                       | -9         | 505         |
| — thereof non-current other assets                          | 803                       | -33        | 770         |
| — thereof inventories                                       | 9,725                     | -7         | 9,732       |
| — thereof cash and cash equivalents                         | 8,370                     | 4          | 8,374       |
| Total current provisions and liabilities                    | 48,395                    | 4          | 48,399      |
| — thereof trade payables                                    | 6,433                     | 4          | 6,437       |

| 31 December 2013<br>in € million                            | As originally<br>reported | Adjustment | As reported |
|-------------------------------------------------------------|---------------------------|------------|-------------|
| Total assets                                                | 138,368                   | 9          | 138,377     |
| — thereof property, plant and equipment                     | 15,113                    | 55         | 15,168      |
| — thereof investments accounted for using the equity method | 652                       | -14        | 638         |
| — thereof non-current other assets                          | 954                       | -42        | 912         |
| — thereof inventories                                       | 9,585                     | -10        | 9,595       |
| — thereof current other assets                              | 4,265                     | -7         | 4,258       |
| — thereof cash and cash equivalents                         | 7,664                     | -7         | 7,671       |
| Total current provisions and liabilities                    | 50,043                    | 9          | 50,052      |
| — thereof other provisions                                  | 3,411                     | -1         | 3,412       |
| — thereof trade payables                                    | 7,475                     | 10         | 7,485       |
| — thereof other liabilities                                 | 7,066                     | -2         | 7,064       |

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## Change in Group Income Statement presentation

| 1 January to 30 September 2013<br>in € million | As originally<br>reported | Adjustment | As reported |
|------------------------------------------------|---------------------------|------------|-------------|
| Revenues                                       | 55,848                    | 1          | 55,849      |
| Cost of sales                                  | -44,557                   | -5         | -44,562     |
| Gross profit                                   | 11,291                    | -4         | 11,287      |
| Selling and administrative expenses            | -5,250                    | -1         | -5,251      |
| Other operating income                         | 484                       | 1          | 485         |
| Other operating expenses                       | -490                      | -1         | -491        |
| Profit before financial result                 | 6,035                     | -5         | 6,030       |
| — Result from equity accounted investments     | 371                       | 6          | 377         |
| — Interest and similar income                  | 133                       | -1         | 132         |
| Financial result                               | -11                       | 5          | -6          |

## Change in Group Cash Flow Statement presentation

| 1 January to 30 September 2013<br>in € million                                | As originally<br>reported | Adjustment | As reported |
|-------------------------------------------------------------------------------|---------------------------|------------|-------------|
| Cash inflow from operating activities                                         | 3,368                     | 4          | 3,372       |
| — Depreciation and amortisation of tangible, intangible and investment assets | 2,818                     | 2          | 2,820       |
| — Change in provisions                                                        | -324                      | 1          | -323        |
| — Change in working capital                                                   | 1                         | -1         | -           |
| — Other                                                                       | 885                       | 2          | 887         |
| Cash outflow from investing activities                                        | -4,534                    | -1         | -4,535      |
| — Investment in intangible assets and property, plant and equipment           | -4,316                    | -14        | -4,330      |
| — Other                                                                       | 93                        | 13         | 106         |
| Change in cash and cash equivalents                                           | -623                      | 3          | -620        |
| Cash and cash equivalents as at 1 January                                     | 8,370                     | 4          | 8,374       |
| Cash and cash equivalents as at 30 September                                  | 7,747                     | 7          | 7,754       |

## INTERIM GROUP FINANCIAL STATEMENT

Condensed Notes to the Interim Group Financial Statement to 30 September 2014  
Notes to the Income Statement

### 7 – Revenues

Revenues by activity comprise the following:

| in € million                                    | 3rd quarter<br>2014 | 3rd quarter<br>2013* | 1 January to<br>30 September<br>2014 | 1 January to<br>30 September<br>2013* |
|-------------------------------------------------|---------------------|----------------------|--------------------------------------|---------------------------------------|
| Sales of products and related goods             | 14,524              | 13,922               | 42,914                               | 41,476                                |
| Income from lease instalments                   | 1,956               | 1,854                | 5,731                                | 5,450                                 |
| Sale of products previously leased to customers | 1,720               | 1,610                | 4,997                                | 4,836                                 |
| Interest income on loan financing               | 735                 | 722                  | 2,129                                | 2,159                                 |
| Other income                                    | 665                 | 643                  | 1,969                                | 1,928                                 |
| <b>Revenues</b>                                 | <b>19,600</b>       | <b>18,751</b>        | <b>57,740</b>                        | <b>55,849</b>                         |

An analysis of revenues by segment is shown in the segment information in note 33.

### 8 – Cost of sales

Cost of sales include €9,063 million (2013\*: €8,938 million) in the third quarter and €26,425 million for the nine-month period (2013\*: €26,459 million) relating to manufacturing costs.

Cost of sales include €4,160 million (2013: €3,973 million) in the third quarter and €12,181 million (2013: €11,939 million) for the period from January to September relating to financial services business.

Third-quarter cost of sales include research and development expenses of €1,014 million (2013\*: €1,024 million), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €270 million (2013: €253 million). For the first nine months, research and development expenses amounted to €2,993 million (2013\*: €2,970 million), including amortisation on capitalised development costs of €809 million (2013: €791 million).

### 9 – Selling and administrative expenses

Selling expenses, comprising mainly marketing, advertising and sales personnel costs, amounted to €1,287 million in the third quarter (2013: €1,211 million) and €3,745 million (2013: €3,558 million) for the nine-month period.

Administrative expenses, comprising expenses for administration not attributable to development, production or sales functions, amounted to €600 million (2013\*: €577 million) in the third quarter and €1,788 million (2013\*: €1,693 million) for the nine-month period.

### 10 – Other operating income and expenses

Other operating income in the third quarter totalled €222 million (2013\*: €164 million). The nine-month figure amounted to €589 million (2013\*: €485 million). Other operating expenses for the three- and nine-month periods totalled €225 million (2013\*: €169 million) and

€578 million (2013\*: €491 million) respectively. These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expense from the reversal of, and allocation to, provisions.

### 11 – Result from equity accounted investments

The result from equity accounted investments in the third quarter was a positive amount of €170 million (2013\*: €124 million). For the nine-month period, the equivalent figure was €596 million (2013\*: €377 million). These figures include the results of the joint

ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

## 2 BMW GROUP IN FIGURES 12 – Net interest result

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| in € million                  | 3rd quarter<br>2014 | 3rd quarter<br>2013* | 1 January to<br>30 September<br>2014 | 1 January to<br>30 September<br>2013* |
|-------------------------------|---------------------|----------------------|--------------------------------------|---------------------------------------|
| Interest and similar income   | 43                  | 40                   | 141                                  | 132                                   |
| Interest and similar expenses | -102                | -59                  | -320                                 | -277                                  |
| <b>Net interest result</b>    | <b>-59</b>          | <b>-19</b>           | <b>-179</b>                          | <b>-145</b>                           |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

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## 13 – Other financial result

| in € million                  | 3rd quarter<br>2014 | 3rd quarter<br>2013 | 1 January to<br>30 September<br>2014 | 1 January to<br>30 September<br>2013 |
|-------------------------------|---------------------|---------------------|--------------------------------------|--------------------------------------|
| Result on investments         | -100                | 1                   | -107                                 | -80                                  |
| Sundry other financial result | -254                | -43                 | -420                                 | -158                                 |
| <b>Other financial result</b> | <b>-354</b>         | <b>-42</b>          | <b>-527</b>                          | <b>-238</b>                          |

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## 14 – Income taxes

Taxes on income comprise the following:

| in € million                | 3rd quarter<br>2014 | 3rd quarter<br>2013 | 1 January to<br>30 September<br>2014 | 1 January to<br>30 September<br>2013 |
|-----------------------------|---------------------|---------------------|--------------------------------------|--------------------------------------|
| Current tax expense         | 718                 | 522                 | 2,067                                | 1,697                                |
| Deferred tax income/expense | -19                 | 137                 | 225                                  | 293                                  |
| <b>Income taxes</b>         | <b>699</b>          | <b>659</b>          | <b>2,292</b>                         | <b>1,990</b>                         |

The effective tax rate for the nine-month period to 30 September 2014 was 33.5 % (2013: 33.0 %) and corresponds to the best estimate of the weighted average

annual income tax rate for the full year. This tax rate has been applied to the pre-tax profit for the interim reporting periods.

## 15 – Earnings per share

The computation of earnings per share is based on the following figures:

|                                                            |                     | 3rd quarter<br>2014 | 3rd quarter<br>2013 | 1 January to<br>30 September<br>2014 | 1 January to<br>30 September<br>2013 |
|------------------------------------------------------------|---------------------|---------------------|---------------------|--------------------------------------|--------------------------------------|
| Profit attributable to shareholders of BMWAG               | € million           | <b>1,307.5</b>      | 1,321.4             | <b>4,530.4</b>                       | 4,014.1                              |
| Profit attributable to common stock                        | € million (rounded) | <b>1,199.4</b>      | 1,212.6             | <b>4,155.3</b>                       | 3,683.2                              |
| Profit attributable to preferred stock                     | € million (rounded) | <b>108.1</b>        | 108.8               | <b>375.1</b>                         | 330.9                                |
| Average number of<br>common stock shares in circulation    | number              | <b>601,995,196</b>  | 601,995,196         | <b>601,995,196</b>                   | 601,995,196                          |
| Average number of<br>preferred stock shares in circulation | number              | <b>54,259,787</b>   | 53,994,217          | <b>54,259,787</b>                    | 53,994,217                           |
| <b>Basic earnings per share of common stock</b>            | €                   | <b>1.99</b>         | 2.02                | <b>6.90</b>                          | 6.12                                 |
| <b>Basic earnings per share of preferred stock</b>         | €                   | <b>1.99</b>         | 2.02                | <b>6.91</b>                          | 6.13                                 |

Basic earnings per share are calculated for common and preferred stock by dividing the net profit after minority interests, as attributable to each category of stock, by the average number of shares in circulation.

In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per

share of preferred stock are spread over the four quarters of the corresponding financial year. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years. As in the previous year, diluted earnings per share correspond to basic earnings per share.

## INTERIM GROUP FINANCIAL STATEMENT

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Notes to the Statement of Comprehensive Income

### 2 BMW GROUP IN FIGURES 16

#### Disclosures relating to the statement of total comprehensive income

Other comprehensive income for the period after tax comprises the following:

| in € million                                                                       | 3rd quarter<br>2014 | 3rd quarter<br>2013 | 1 January to<br>30 September<br>2014 | 1 January to<br>30 September<br>2013 |
|------------------------------------------------------------------------------------|---------------------|---------------------|--------------------------------------|--------------------------------------|
| Remeasurement of net liability for defined benefit pension plans                   | -647                | -68                 | -1,561                               | 867                                  |
| Deferred taxes                                                                     | 189                 | -21                 | 528                                  | -292                                 |
| <b>Items not expected to be reclassified to the income statement in the future</b> | <b>-458</b>         | <b>-89</b>          | <b>-1,033</b>                        | <b>575</b>                           |
| Available-for-sale securities                                                      | 12                  | 56                  | 30                                   | -11                                  |
| — thereof gains/losses arising in the period under report                          | 38                  | 62                  | 82                                   | 20                                   |
| — thereof reclassifications to the income statement                                | -26                 | -6                  | -52                                  | -31                                  |
| Financial instruments used for hedging purposes                                    | -1,165              | 581                 | -1,832                               | 1,099                                |
| — thereof gains/losses arising in the period under report                          | -1,145              | 662                 | -1,568                               | 1,126                                |
| — thereof reclassifications to the income statement                                | -20                 | -81                 | -264                                 | -27                                  |
| Other comprehensive income from equity accounted investments                       | -27                 | 33                  | -40                                  | -8                                   |
| Deferred taxes                                                                     | 407                 | -219                | 598                                  | -311                                 |
| Exchange differences on translating foreign operations                             | 469                 | -113                | 700                                  | -474                                 |
| <b>Items expected to be reclassified to the income statement in the future</b>     | <b>-304</b>         | <b>338</b>          | <b>-544</b>                          | <b>295</b>                           |
| <b>Other comprehensive income for the period after tax</b>                         | <b>-762</b>         | <b>249</b>          | <b>-1,577</b>                        | <b>870</b>                           |

Deferred taxes on components of other comprehensive income in the third quarter are as follows:

| in € million                                                     | 3rd quarter 2014 |                                       |              | 3rd quarter 2013 |                                       |              |
|------------------------------------------------------------------|------------------|---------------------------------------|--------------|------------------|---------------------------------------|--------------|
|                                                                  | Before<br>tax    | Deferred<br>tax<br>expense/<br>income | After<br>tax | Before<br>tax    | Deferred<br>tax<br>expense/<br>income | After<br>tax |
| Remeasurement of net liability for defined benefit pension plans | -647             | 189                                   | -458         | -68              | -21                                   | -89          |
| Available-for-sale securities                                    | 12               | -7                                    | 5            | 56               | -2                                    | 54           |
| Financial instruments used for hedging purposes                  | -1,165           | 377                                   | -788         | 581              | -202                                  | 379          |
| Other comprehensive income from equity accounted investments     | -27              | 37                                    | 10           | 33               | -15                                   | 18           |
| Exchange differences on translating foreign operations           | 469              | -                                     | 469          | -113             | -                                     | -113         |
| <b>Other comprehensive income</b>                                | <b>-1,358</b>    | <b>596</b>                            | <b>-762</b>  | <b>489</b>       | <b>-240</b>                           | <b>249</b>   |

Deferred taxes on components of other comprehensive income for the nine-month period are as follows:

| in € million                                                     | 1 January to 30 September 2014 |                                       |               | 1 January to 30 September 2013 |                                       |              |
|------------------------------------------------------------------|--------------------------------|---------------------------------------|---------------|--------------------------------|---------------------------------------|--------------|
|                                                                  | Before<br>tax                  | Deferred<br>tax<br>expense/<br>income | After<br>tax  | Before<br>tax                  | Deferred<br>tax<br>expense/<br>income | After<br>tax |
| Remeasurement of net liability for defined benefit pension plans | -1,561                         | 528                                   | -1,033        | 867                            | -292                                  | 575          |
| Available-for-sale securities                                    | 30                             | -30                                   | -             | -11                            | -19                                   | -8           |
| Financial instruments used for hedging purposes                  | -1,832                         | 592                                   | -1,240        | 1,099                          | -331                                  | 768          |
| Other comprehensive income from equity accounted investments     | -40                            | 36                                    | -4            | -8                             | 1                                     | -7           |
| Exchange differences on translating foreign operations           | 700                            | -                                     | 700           | -474                           | -                                     | -474         |
| <b>Other comprehensive income</b>                                | <b>-2,703</b>                  | <b>1,126</b>                          | <b>-1,577</b> | <b>1,473</b>                   | <b>-603</b>                           | <b>870</b>   |

## INTERIM GROUP FINANCIAL STATEMENT

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### 17 – Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects, software and acquired customer lists. Capitalised development costs amounted to €5,227 million at the end of the reporting period (31 December 2013: €5,022 million). Additions to development costs in the first nine months of 2014 totalled €1,014 million (2013: €1,050 million). The amortisation expense for the period was €809 million (2013: €791 million).

At 30 September 2014 other intangible assets amounted to €693 million (31 December 2013: €788 million), including a brand-name right with a carrying amount of €46 million (31 December 2013: €43 million) and concessions, protected rights and licenses with a carrying amount of €397 million (31 December 2013: €467 mil-

lion). Investments in other intangible assets during the nine-month period totalled €28 million (2013: €423 million). No impairment losses were recognised in the period under report. Amortisation on other intangible assets in the same period totalled €139 million (2013: €131 million).

Intangible assets also include goodwill of €33 million (31 December 2013: €33 million) allocated to the Automotive cash-generating unit. Goodwill allocated to the Financial Services cash-generating unit totalled €331 million (31 December 2013: €336 million), with the decrease in the period under report attributable to the sale of Noord Lease B.V., Groningen.

Intangible assets amounting to €46 million (31 December 2013: €43 million) are subject to restrictions on title.

### 18 – Property, plant and equipment

Capital expenditure for property, plant and equipment in the first nine months of 2014 totalled €2,957 million (2013\*: €2,875 million). The depreciation expense for the period amounted to €2,135 million (2013\*: €1,808 million), while disposals amounted to €20 million (2013: €25 million).

Purchase commitments for property, plant and equipment totalled €2,792 million at the end of the reporting period (31 December 2013: €2,661 million).

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

### 19 – Leased products

Additions/reclassifications to leased products and depreciation/reclassifications thereon in the first nine months of the year amounted to €10,154 million (2013: €9,948 million) and €2,666 million (2013: €2,570 million) respectively. Disposals amounted to €6,169 million (2013: €6,038 million) and include an amount of €129 million

relating to the sale of Noord Lease B.V., Groningen. The translation of foreign currency financial statements resulted in a net positive translation difference of €1,162 million (2013: net negative translation difference of €374 million).

### 20 – Investments accounted for using the equity method and other investments

Investments accounted for using the equity method relate to the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

Other investments relate primarily to investments in non-consolidated subsidiaries, interests in associated

companies not accounted for using the equity method, participations and non-current marketable securities. Impairment losses recognised on investments during the first nine months of the year amounting to €107 million (2013: €85 million), related mainly to the investment in SGL Carbon SE, Wiesbaden, which was written down after being tested for impairment. Investments went down by €41 million as a result of first-time consolidations at 1 January 2014.

### 21 – Receivables from sales financing

Receivables from sales financing totalling €58,673 million (31 December 2013: €54,117 million) relate to credit financing for retail customers and dealerships and to finance leases.

Receivables from sales financing include €36,310 million (31 December 2013: €32,616 million) with a remaining term of more than one year.

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## 22 – Financial assets

Financial assets comprise:

| in € million                               | 30.9.2014    | 31.12.2013   |
|--------------------------------------------|--------------|--------------|
| Derivative instruments                     | 2,553        | 4,013        |
| Marketable securities and investment funds | 3,123        | 3,060        |
| Loans to third parties                     | 12           | 32           |
| Credit card receivables                    | 224          | 222          |
| Other                                      | 318          | 825          |
| <b>Financial assets</b>                    | <b>6,230</b> | <b>8,152</b> |
| thereof non-current                        | 1,896        | 2,593        |
| thereof current                            | 4,334        | 5,559        |

A description of the measurement of derivatives is provided in note 31.

## 23 – Income tax assets

Income tax assets totalling €1,492 million (31 December 2013: €1,151 million) include claims amounting to €491 million (31 December 2013: €530 million) which

are expected to be settled after more than twelve months. Some of the claims may be settled earlier than this depending on the timing of proceedings.

## 24 – Other assets

| in € million                                                    | 30.9.2014    | 31.12.2013*  |
|-----------------------------------------------------------------|--------------|--------------|
| Other taxes                                                     | 1,184        | 867          |
| Receivables from subsidiaries                                   | 701          | 779          |
| Receivables from other companies in which an investment is held | 920          | 950          |
| Prepayments                                                     | 1,227        | 1,074        |
| Collateral receivables                                          | 689          | 706          |
| Sundry other assets                                             | 916          | 794          |
| <b>Other assets</b>                                             | <b>5,637</b> | <b>5,170</b> |
| thereof non-current                                             | 994          | 912          |
| thereof current                                                 | 4,643        | 4,258        |

## 25 – Inventories

Inventories comprise the following:

| in € million                         | 30.9.2014     | 31.12.2013*  |
|--------------------------------------|---------------|--------------|
| Raw materials and supplies           | 1,068         | 851          |
| Work in progress, unbilled contracts | 1,048         | 851          |
| Finished goods and goods for resale  | 11,023        | 7,893        |
| <b>Inventories</b>                   | <b>13,139</b> | <b>9,595</b> |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

## 26 – Equity

The Group Statement of Changes in Equity is shown on pages 34 and 35.

### Number of shares issued

At 30 September 2014 common stock issued by BMW AG was divided, as at the end of the previous year, into 601,995,196 shares with a par-value of €1. The number of shares of preferred stock at that date – also unchanged from 31 December 2013 – was 54,259,787 shares, each with a par-value of €1. Unlike the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of €0.02 per share.

The shareholders passed a resolution at the 2014 Annual General Meeting authorising the Board of Management, with the approval of the Supervisory Board, to increase the Company's share capital by up to €5 million prior to 14 May 2019 by the issuance of new shares of non-voting preferred stock, carrying the same rights as existing non-voting preferred stock, in return for cash contributions. The authorisation had not been utilised by the end of the reporting period. Authorised Capital therefore remained at €5 million. The BMW Group did not hold any treasury shares at the end of the reporting period.

### Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2013 at €1,990 million.

### Revenue reserves

Revenue reserves comprise the post-acquisition and non-distributed earnings of consolidated companies. In

addition, revenue reserves include both positive and negative goodwill arising on the consolidation of Group companies prior to 31 December 1994.

Revenue reserves increased during the nine-month period to stand at €34,957 million at 30 September 2014 (31 December 2013: €33,167 million). They were increased in the first nine months of 2014 by the net profit for the period attributable to shareholders of BMW AG amounting to €4,530 million (2013: €4,014 million) and were reduced by BMW AG's payment of dividends on common stock (€1,566 million) and preferred stock (€141 million) for the financial year 2013. Revenue reserves also decreased by €1,033 million (2013: increased by €575 million) as a result of remeasurements of the net defined benefit liability for pension plans (net of deferred tax recognised directly in equity).

### Accumulated other equity

Accumulated other equity comprises all amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, the effects of recognising changes in the fair value of derivative financial instruments and marketable securities directly in equity as well as the related deferred taxes recognised directly in equity.

### Minority interests

Equity attributable to minority interests amounted to €213 million (31 December 2013: €188 million). This includes a minority interest of €17 million in the results for the period (2013: €20 million).

## 27 – Other provisions

Other provisions, at €7,865 million (31 December 2013\*: €7,184 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

Current other provisions amounted to €3,742 million at the end of the reporting period (31 December 2013\*: €3,412 million).

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

## 28 – Income tax liabilities

Income tax liabilities totalling €1,280 million (31 December 2013: €1,237 million) include obligations amounting to €37 million (31 December 2013: €823 million) which are expected to be settled after more than twelve months. Some of the liabilities may be settled earlier than this depending on the timing of proceedings.

Current tax liabilities comprise €161 million (31 December 2013: €197 million) for taxes payable and €1,119 million (31 December 2013: €1,040 million) for tax provisions.

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## 29 – Financial liabilities

Financial liabilities include all obligations of the BMW Group relating to financing activities. Financial liabilities comprise the following:

| in € million                                 | 30.9.2014     | 31.12.2013    |
|----------------------------------------------|---------------|---------------|
| Bonds                                        | 35,195        | 30,370        |
| Liabilities to banks                         | 11,196        | 8,590         |
| Liabilities from customer deposits (banking) | 12,483        | 12,457        |
| Commercial paper                             | 2,985         | 6,292         |
| Asset backed financing transactions          | 10,904        | 10,128        |
| Derivative instruments                       | 2,413         | 1,103         |
| Other                                        | 1,535         | 1,364         |
| <b>Financial liabilities</b>                 | <b>76,711</b> | <b>70,304</b> |
| thereof non-current                          | 44,646        | 39,450        |
| thereof current                              | 32,065        | 30,854        |

During the first nine months of 2014, a number of bonds was issued in various currencies with a total volume of €9,655 million (2013: €7,445 million). Repayments during the nine-month period amounted to €6,026 million (2013: €6,123 million). Currency translation differences accounted for most of the remainder of the change in bonds.

Further information relating to the change in other items within financial liabilities is provided in the section “Net assets position” in the Interim Group Management Report. A description of the measurement of derivatives is provided in note 31.

## 30 – Other liabilities

Other liabilities comprise the following items:

| in € million                                               | 30.9.2014     | 31.12.2013*   |
|------------------------------------------------------------|---------------|---------------|
| Other taxes                                                | 884           | 745           |
| Social security                                            | 74            | 74            |
| Advance payments from customers                            | 664           | 605           |
| Deposits received                                          | 509           | 381           |
| Payables to subsidiaries                                   | 127           | 157           |
| Payables to other companies in which an investment is held | 114           | 70            |
| Deferred income                                            | 5,593         | 4,926         |
| Other                                                      | 3,672         | 3,709         |
| <b>Other liabilities</b>                                   | <b>11,637</b> | <b>10,667</b> |
| thereof non-current                                        | 3,809         | 3,603         |
| thereof current                                            | 7,828         | 7,064         |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

## 31 – Financial instruments

The fair values shown are computed using market information available at the balance sheet date, on the basis of prices quoted by the contract partners or using ap-

propriate measurement methods e.g. discounted cash flow models. In the latter case, amounts were discounted at 30 September 2014 on the basis of the following interest rates:

| ISO Code                     | EUR  | USD  | GBP  | JPY  | CNY  |
|------------------------------|------|------|------|------|------|
| in %                         |      |      |      |      |      |
| Interest rate for six months | 0.13 | 0.29 | 0.76 | 0.05 | 4.40 |
| Interest rate for one year   | 0.18 | 0.36 | 0.88 | 0.17 | 4.14 |
| Interest rate for five years | 0.45 | 1.95 | 2.01 | 0.27 | 4.05 |
| Interest rate for ten years  | 1.16 | 2.68 | 2.54 | 0.66 | 4.10 |

The interest rates derived from interest-rate structures are adjusted, where necessary, to take account of the credit quality and risk of the underlying financial instrument.

Derivative financial instruments are measured at their fair value, determined using measurement models. There is therefore a risk that the amounts calculated could differ from realisable market prices on disposal. Observable financial market price spreads are taken into account in the measurement of derivative financial instruments, thus helping to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on their disposal. In addition, the Group's own default risk and that of counterparties is taken into account in the form of credit default swap (CDS) contracts which

have matching terms and which can be observed on the market.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 13 (Fair Value Measurement). This includes financial instruments that are

1. measured at their fair values in an active market for identical financial instruments (Level 1),
2. measured at their fair values in an active market for comparable financial instruments or using measurement models whose main input factors are based on observable market data (Level 2) or
3. using input factors not based on observable market data (Level 3).

The following table shows the amounts allocated to each measurement level at the end of the reporting period:

| <b>30 September 2014</b>                                                                 |       | Level hierarchy in accordance with IFRS 13 |         |         |  |
|------------------------------------------------------------------------------------------|-------|--------------------------------------------|---------|---------|--|
| in € million                                                                             |       | Level 1                                    | Level 2 | Level 3 |  |
| Marketable securities, investment fund shares and collateral assets – available-for-sale | 3,165 |                                            |         |         |  |
| Other investments – available-for-sale                                                   | 216   |                                            |         |         |  |
| Derivative instruments (assets)                                                          |       |                                            |         |         |  |
| — Cash flow hedges                                                                       |       |                                            | 723     |         |  |
| — Fair value hedges                                                                      |       |                                            | 1,202   |         |  |
| — Other derivative instruments                                                           |       |                                            | 628     |         |  |
| Derivative instruments (liabilities)                                                     |       |                                            |         |         |  |
| — Cash flow hedges                                                                       |       |                                            | 928     |         |  |
| — Fair value hedges                                                                      |       |                                            | 535     |         |  |
| — Other derivative instruments                                                           |       |                                            | 950     |         |  |
|                                                                                          |       |                                            |         |         |  |
| <b>31 December 2013</b>                                                                  |       | Level hierarchy in accordance with IFRS 13 |         |         |  |
| in € million                                                                             |       | Level 1                                    | Level 2 | Level 3 |  |
| Marketable securities, investment fund shares and collateral assets – available-for-sale | 3,134 |                                            |         |         |  |
| Other investments – available-for-sale                                                   | 379   |                                            |         |         |  |
| Derivative instruments (assets)                                                          |       |                                            |         |         |  |
| — Cash flow hedges                                                                       |       |                                            | 1,914   |         |  |
| — Fair value hedges                                                                      |       |                                            | 1,050   |         |  |
| — Other derivative instruments                                                           |       |                                            | 1,049   |         |  |
| Derivative instruments (liabilities)                                                     |       |                                            |         |         |  |
| — Cash flow hedges                                                                       |       |                                            | 317     |         |  |
| — Fair value hedges                                                                      |       |                                            | 321     |         |  |
| — Other derivative instruments                                                           |       |                                            | 465     |         |  |

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As in the previous year, there were no reclassifications within the level hierarchy during the first nine months of 2014.

In situations where a fair value was required to be measured for a financial instrument only for disclosure purposes, this was achieved using the discounted cash flow method and taking account of the BMW Group's own

default risk. The fair values so calculated can therefore be allocated to Level 2.

In the case of financial instruments held by the BMW Group which are not measured at fair value, the carrying amounts of such instruments correspond as a general rule to fair values. The following items are the main exceptions to this general rule:

| in € million                                             | 30.9.2014  |                 | 31.12.2013 |                 |
|----------------------------------------------------------|------------|-----------------|------------|-----------------|
|                                                          | Fair value | Carrying amount | Fair value | Carrying amount |
| Loans and receivables – Receivables from sales financing | 60,302     | 58,673          | 55,536     | 54,117          |
| Other liabilities – Bonds                                | 35,718     | 35,195          | 30,860     | 30,370          |

### 32 – Related party relationships

In accordance with IAS 24 (Related Party Disclosures), related individuals or entities which have the ability to control the BMW Group or which are controlled by the BMW Group, must be disclosed unless such parties are already included in the Group Financial Statements of BMW AG as consolidated companies. Control is defined as ownership of more than one half of the voting power of BMW AG or the power to direct, by statute or agreement, the financial and operating policies of the management of the BMW Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, joint ventures, joint operations and individuals that have the ability to exercise significant influence over the financial and operating policies of the BMW Group. This also includes close relatives and intermediary entities. Significant influence over the financial and operating policies of the BMW Group is presumed when a party holds 20% or more of the voting power of BMW AG. In addition, the requirements contained in IAS 24 relating to key management personnel and close members of their families or intermediary entities are also applied. In the case of the BMW Group, this applies to members of the Board of Management and Supervisory Board.

For the first nine months of 2014, the disclosure requirements contained in IAS 24 affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures, joint operations and associated companies as well as with members of the Board of Management and Supervisory Board of BMW AG.

The BMW Group maintains normal business relationships with **affiliated, non-consolidated entities**. Transactions with these companies are small in scale, arise in the normal course of business and are conducted on the basis of arm's length principles.

Transactions of BMW Group companies with the **joint venture** BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first nine months of 2014 for an amount of €3,260 million (2013: €2,575 million), of which €1,100 million was recorded in the third quarter (2013: €859 million). At 30 September 2014, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €819 million (31 December 2013: €898 million). Payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, at the end of the reporting period amounted to €110 million (31 December 2013: €66 million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the first nine months of 2014 for an amount of €23 million (2013: €24 million), of which €8 million was recorded in the third quarter (2013: €16 million).

All relationships of BMW Group entities with the **joint ventures** DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, are conducted on the basis of arm's length principles. Transactions with these entities arise in the normal course of business and are small in scale.

Transactions of Group companies with SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, were reported in their entirety in the Group Financial Statements until 1 January 2014. As a result of the first-time application of IFRS 11 (Joint Arrangements) in the first nine months of 2014, these entities are now consolidated, as **joint operations**, on a proportionate basis (49 %) and the appropriate portion of transactions eliminated on consolidation. The remaining 51 % of the transactions continue to be reported in the Group Financial Statements (non-consolidated portion) and are described below. Prior year figures have been adjusted accordingly. All relationships with the joint operations are attributable to the ordinary activities of the entities concerned. All transactions were conducted on the basis of arm's length principles. At 30 September 2014, loans receivable from the joint operations amounted to €101 million (31 December 2013\*: €52 million). Interest income recognised on these loans amounted to €0.7 million (2013\*: €0.2 million) in the third quarter 2014 and €1.7 million (2013\*: €0.9 million) for the nine-month period. Goods and services received by Group companies from the joint operations during the first nine months of 2014 totalled €39 million (2013\*: €11 million), of which €15 million was recorded in the third quarter (2013\*: €5 million). Amounts payable to the joint operations at the end of the reporting period totalled €4 million (31 December 2013\*: €4 million).

Business transactions between BMW Group entities and **associated companies** all arise in the normal course of business and are conducted on the basis of arm's length principles.

Stefan Quandt is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistic-related services for the BMW Group during the first nine months of 2014. In addition, companies of the DELTON Group acquired vehicles from the BMW Group, mostly in the form of leasing contracts. Stefan Quandt is also the majority shareholder of Solarwatt GmbH, Dresden. Cooperation arrangements are also in place between BMW AG and Solarwatt GmbH, Dresden, within the field of electromobility. The focus of this collaboration is on providing complete photovoltaic solutions for rooftop systems and carports to BMW i customers. During the first nine

months of 2014 Solarwatt GmbH leased vehicles from the BMW Group. The service, cooperation and lease contracts referred to above are not material for the BMW Group. They all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, acquired vehicles from the BMW Group during the first three quarters of 2014, mostly in the form of lease contracts. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

Apart from the transactions referred to above, companies of the BMW Group did not enter into any contracts with members of the Board of Management or Supervisory Board of BMW AG. The same applies to close members of the families of those persons.

BMW Trust e.V., Munich, administers assets on a trustee basis to secure obligations relating to pensions and pre-retirement part-time work arrangements in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity, which is a registered association (eingetragener Verein) under German law, does not have any assets of its own. It did not have any income or expenses during the period under report. BMW AG bears expenses on a minor scale and renders services on behalf of BMW Trust e.V., Munich.

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

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## 33 — Explanatory notes to segment information

For information on the basis used for identifying and assessing the performance of reportable segments along internal management lines, reference is made to the Group Financial Statements of BMW AG for the year ended 31 December 2013. No changes have been made

either in the accounting policies applied or in the basis used for identifying reportable segments as compared to 31 December 2013.

Segment information by operating segment for the third quarter is as follows:

## Segment information by operating segment

|                                                     | Automotive    |               | Motorcycles |            |
|-----------------------------------------------------|---------------|---------------|-------------|------------|
| in € million                                        | 2014          | 2013*         | 2014        | 2013       |
| External revenues                                   | 14,389        | 13,832        | 369         | 322        |
| Inter-segment revenues                              | 3,753         | 3,365         | 1           | 2          |
| <b>Total revenues</b>                               | <b>18,142</b> | <b>17,197</b> | <b>370</b>  | <b>324</b> |
| Segment result                                      | 1,697         | 1,547         | 27          | -4         |
| Capital expenditure on non-current assets           | 1,407         | 1,929         | 11          | 30         |
| Depreciation and amortisation on non-current assets | 1,078         | 890           | 17          | 16         |

Segment information by operating segment for the first nine months is as follows:

## Segment information by operating segment

|                                                     | Automotive    |               | Motorcycles  |              |
|-----------------------------------------------------|---------------|---------------|--------------|--------------|
| in € million                                        | 2014          | 2013*         | 2014         | 2013         |
| External revenues                                   | 42,253        | 40,925        | 1,363        | 1,227        |
| Inter-segment revenues                              | 10,952        | 10,380        | 7            | 8            |
| <b>Total revenues</b>                               | <b>53,205</b> | <b>51,305</b> | <b>1,370</b> | <b>1,235</b> |
| Segment result                                      | 5,438         | 4,882         | 146          | 93           |
| Capital expenditure on non-current assets           | 3,955         | 4,334         | 41           | 54           |
| Depreciation and amortisation on non-current assets | 3,010         | 2,668         | 51           | 50           |

|                | Automotive |             | Motorcycles |            |
|----------------|------------|-------------|-------------|------------|
| in € million   | 30.9.2014  | 31.12.2013* | 30.9.2014   | 31.12.2013 |
| Segment assets | 13,716     | 10,318      | 489         | 488        |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

| Financial Services |              | Other Entities |          | Reconciliation to Group figures |               | Group         |               |                                                     |
|--------------------|--------------|----------------|----------|---------------------------------|---------------|---------------|---------------|-----------------------------------------------------|
| 2014               | 2013         | 2014           | 2013     | 2014                            | 2013*         | 2014          | 2013*         |                                                     |
| 4,841              | 4,596        | 1              | 1        | -                               | -             | 19,600        | 18,751        | External revenues                                   |
| 380                | 398          | 1              | -        | -4,135                          | -3,765        | -             | -             | Inter-segment revenues                              |
| <b>5,221</b>       | <b>4,994</b> | <b>2</b>       | <b>1</b> | <b>-4,135</b>                   | <b>-3,765</b> | <b>19,600</b> | <b>18,751</b> | <b>Total revenues</b>                               |
| 455                | 398          | 63             | 11       | -229                            | 37            | 2,013         | 1,989         | Segment result                                      |
| 4,690              | 4,311        | -              | -        | -1,082                          | -1,846        | 5,026         | 4,424         | Capital expenditure on non-current assets           |
| 1,919              | 2,026        | -              | -        | -1,011                          | -2,013        | 2,003         | 919           | Depreciation and amortisation on non-current assets |

| Financial Services |               | Other Entities |          | Reconciliation to Group figures |                | Group         |               |                                                     |
|--------------------|---------------|----------------|----------|---------------------------------|----------------|---------------|---------------|-----------------------------------------------------|
| 2014               | 2013          | 2014           | 2013     | 2014                            | 2013*          | 2014          | 2013*         |                                                     |
| 14,122             | 13,695        | 2              | 2        | -                               | -              | 57,740        | 55,849        | External revenues                                   |
| 1,144              | 1,187         | 3              | 2        | -12,106                         | -11,577        | -             | -             | Inter-segment revenues                              |
| <b>15,266</b>      | <b>14,882</b> | <b>5</b>       | <b>4</b> | <b>-12,106</b>                  | <b>-11,577</b> | <b>57,740</b> | <b>55,849</b> | <b>Total revenues</b>                               |
| 1,373              | 1,314         | 145            | 167      | -263                            | -432           | 6,839         | 6,024         | Segment result                                      |
| 13,324             | 12,992        | -              | -        | -3,167                          | -3,091         | 14,153        | 14,289        | Capital expenditure on non-current assets           |
| 5,620              | 5,401         | -              | -        | -2,932                          | -2,819         | 5,749         | 5,300         | Depreciation and amortisation on non-current assets |

| Financial Services |              | Other Entities |              | Reconciliation to Group figures |               | Group     |               |                |
|--------------------|--------------|----------------|--------------|---------------------------------|---------------|-----------|---------------|----------------|
| 30.9.2014          | - 31.12.2013 | 30.9.2014      | - 31.12.2013 | 30.9.2014                       | - 31.12.2013* | 30.9.2014 | - 31.12.2013* |                |
| 9,174              | 8,407        | 56,289         | 54,250       | 70,436                          | 64,914        | 150,104   | 138,377       | Segment assets |

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Segment figures for the third quarter can be reconciled to the corresponding Group figures as follows:

| in € million                                                           | 3rd quarter<br>2014 | 3rd quarter<br>2013* |
|------------------------------------------------------------------------|---------------------|----------------------|
| Reconciliation of segment result                                       |                     |                      |
| — Total for reportable segments                                        | 2,242               | 1,952                |
| — Financial result of Automotive segment and Motorcycles segment       | -268                | 83                   |
| — Elimination of inter-segment items                                   | 39                  | -46                  |
| <b>Group profit before tax</b>                                         | <b>2,013</b>        | <b>1,989</b>         |
| Reconciliation of capital expenditure on non-current assets            |                     |                      |
| — Total for reportable segments                                        | 6,108               | 6,270                |
| — Elimination of inter-segment items                                   | -1,082              | -1,846               |
| <b>Total Group capital expenditure on non-current assets</b>           | <b>5,026</b>        | <b>4,424</b>         |
| Reconciliation of depreciation and amortisation on non-current assets  |                     |                      |
| — Total for reportable segments                                        | 3,014               | 2,932                |
| — Elimination of inter-segment items                                   | -1,011              | -2,013               |
| <b>Total Group depreciation and amortisation on non-current assets</b> | <b>2,003</b>        | <b>919</b>           |

Segment figures for the first nine months of the year can be reconciled to the corresponding Group figures as follows:

| in € million                                                           | 1 January to<br>30 September 2014 | 1 January to<br>30 September 2013* |
|------------------------------------------------------------------------|-----------------------------------|------------------------------------|
| Reconciliation of segment result                                       |                                   |                                    |
| — Total for reportable segments                                        | 7,102                             | 6,456                              |
| — Financial result of Automotive segment and Motorcycles segment       | -118                              | -90                                |
| — Elimination of inter-segment items                                   | -145                              | -342                               |
| <b>Group profit before tax</b>                                         | <b>6,839</b>                      | <b>6,024</b>                       |
| Reconciliation of capital expenditure on non-current assets            |                                   |                                    |
| — Total for reportable segments                                        | 17,320                            | 17,380                             |
| — Elimination of inter-segment items                                   | -3,167                            | -3,091                             |
| <b>Total Group capital expenditure on non-current assets</b>           | <b>14,153</b>                     | <b>14,289</b>                      |
| Reconciliation of depreciation and amortisation on non-current assets  |                                   |                                    |
| — Total for reportable segments                                        | 8,681                             | 8,119                              |
| — Elimination of inter-segment items                                   | -2,932                            | -2,819                             |
| <b>Total Group depreciation and amortisation on non-current assets</b> | <b>5,749</b>                      | <b>5,300</b>                       |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

| in € million                                                                 | 30.9.2014             | 31.12.2013*           |
|------------------------------------------------------------------------------|-----------------------|-----------------------|
| Reconciliation of segment assets                                             |                       |                       |
| — Total for reportable segments                                              | <b>79,668</b>         | 73,463                |
| — Non-operating assets – Other Entities segment                              | <b>6,411</b>          | 5,989                 |
| — Operating liabilities – Financial Services segment                         | <b>91,626</b>         | 83,923                |
| — Interest-bearing assets – Automotive and Motorcycles segments              | <b>37,392</b>         | 37,357                |
| — Liabilities of Automotive and Motorcycles segments not subject to interest | <b>26,041</b>         | 24,423                |
| — Elimination of inter-segment items                                         | <b>-91,034</b>        | -86,778               |
| <b>Total Group assets</b>                                                    | <b><u>150,104</u></b> | <b><u>138,377</u></b> |

\* Prior year's figures adjusted due to first-time application of IFRS 10 and IFRS 11, see note 6.

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| Annual Report 2014                    | 18 March 2015   |
| Annual Accounts Press Conference      | 18 March 2015   |
| Analyst and Investor Conference       | 19 March 2015   |
| Quarterly Report to 31 March 2015     | 6 May 2015      |
| Annual General Meeting                | 13 May 2015     |
| Quarterly Report to 30 June 2015      | 4 August 2015   |
| Quarterly Report to 30 September 2015 | 3 November 2015 |

**OTHER INFORMATION**

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**The BMW Group on the Internet** 

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about the various BMW Group brands is available at [www.bmw.com](http://www.bmw.com), [www.mini.com](http://www.mini.com)  
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