

## **Supplementary information on agenda item 9.6:**

**Annual Financial Statements for BMW M GmbH Gesellschaft  
für individuelle Automobile as of 31 December 2018**

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## ANNUAL FINANCIAL STATEMENTS OF BMW M GMBH

Gesellschaft für individuelle Automobile, Munich

### B I L A N C

to

31 December 2018

in € thousand

<b>ASSETS</b>	<b><u>31.12.2018</u></b>	<b><u>31.12.2017</u></b>
<b>A. Fixed assets</b>		
I. Intangible assets		
Concessions and licences acquired for consideration	370	638
II. property, plant and equipment		
1. rights equivalent to real property	531	538
2. buildings on third-party land	8.202	8.739
3. technical equipment and machinery	18.456	16.431
4. other equipment, operating and office equipment	5.083	3.757
5. advance payments made and assets under construction	138	579
	<u>32.410</u>	<u>30.044</u>
	<b>32.780</b>	<b>30.682</b>
<b>B. Current assets</b>		
I.		
Inventories		
Raw materials and supplies	1.242	1.166
II. receivables and other assets		
1. trade receivables	919	498
2. receivables from affiliated companies	75.801	52.344
3. other assets	4.171	1.514
thereof from taxes TEUR 344 (prev. year TEUR 295)		
	<u>80.891</u>	<u>54.356</u>
III. cash in hand and bank balances	106	106
	<b>82.239</b>	<b>55.628</b>
<b>C. Prepaid expenses</b>	<b>89</b>	<b>166</b>
	<u><b>115.108</b></u>	<u><b>86.476</b></u>

<b>PASSIVA</b>	<u><b>31.12.2018</b></u>	<u><b>31.12.2017</b></u>
<b>A. Equity</b>		
I. Subscribed capital	26	26
II. revenue reserves		
Other revenue reserves	391	391
	<u><b>417</b></u>	<u><b>417</b></u>
<b>B. Provisions</b>		
1. tax provisions	0	0
2. other provisions	29.255	24.128
	<u><b>29.255</b></u>	<u><b>24.128</b></u>
<b>C. Liabilities</b>		
1. advance payments received on orders	32.747	22.549
2. liabilities from deliveries and services	52.489	39.302
3. liabilities to affiliated companies	65	30
4. other liabilities	135	50
thereof from taxes TEUR 92 (prev. year TEUR 3)		
	<u><b>85.436</b></u>	<u><b>61.931</b></u>
	<u><u><b>115.108</b></u></u>	<u><u><b>86.476</b></u></u>

**BMW M GmbH**  
**Gesellschaft für individuelle Automobile, Munich**

**PROFIT AND LOSS ACCOUNT**

for the period from 1 January to 31 December 2018

In € thousands

	<b>2018</b>	<b>2017</b>
1. sales revenues	484.339	448.259
2. production costs of the assets used to generate the Revenue from services rendered	- 349.345 -	- 334.819
	<hr/>	<hr/>
<b>3. gross profit on sales</b>	<b>134.994</b>	<b>113.440</b>
4. distribution costs	- 29.605 -	- 27.828
5. general administrative expenses	- 22.764 -	- 22.579
6. other operating income	10.194	5.804
7. other operating expenses	- 605 -	- 581
8. interest result	- 1.733 -	- 1.120
9. taxes on income and earnings	- 8 -	- 13
	<hr/>	<hr/>
<b>10. result after taxes</b>	<b>90.473</b>	<b>67.123</b>
11. other taxes	- 48 -	- 19
12. due to a profit and loss transfer agreement transferred profits	- 90.425 -	- 67.104
	<hr/>	<hr/>
<b>13. net profit for the year</b>	<b><u>0</u></b>	<b><u>0</u></b>

# **BMW M GmbH**

## **Gesellschaft für individuelle Automobile, Munich**

### **NOTES FOR THE 2018 FINANCIAL YEAR**

#### **Accounting and valuation principles**

The annual financial statements of BMW M GmbH are prepared in accordance with the provisions of the German Commercial Code (Handelsgesetzbuch) and the German Limited Liability Companies Act (GmbH-Gesetz) and are stated in thousands of €. BMW M GmbH, with its registered office in Munich, is registered with the Munich Local Court under the commercial register number HRB 44621.

Fixed assets are valued at acquisition or production cost less depreciation. Intangible assets are amortised on a straight-line basis over a useful life of 3 years. The heritable building right reported under rights equivalent to real property is depreciated on a straight-line basis over the contractual term of 99 years. Tangible fixed assets are generally depreciated on a straight-line basis. In the year of acquisition, depreciation is carried out pro rata temporis. The useful life for depreciable property, plant and equipment is between 3 and 33 years, depending on the asset.

Inventories of raw materials and supplies are valued at average prices. Write-downs are made to the lower fair value on the balance sheet date. Inventory risks resulting from the storage period or reduced usability are taken into account through devaluations.

Receivables and other assets as well as cash and cash equivalents are recognised at nominal value. In the case of receivables and other assets, all recognisable risks are taken into account through appropriate write-downs.

Provisions are measured in such a way that they take into account all identifiable risks. They are recognised at the settlement amount; long-term provisions are discounted at the average Bundesbank interest rate corresponding to their remaining term, taking into account forecast price adjustments.

Liabilities are recognised at the settlement amount on the balance sheet date. Liabilities in foreign currencies are valued at the mean spot exchange rate at the time of the transaction. Gains resulting from the valuation on the balance sheet date are recognised for liabilities with a remaining term of less than one year. Losses from exchange rate changes are taken into account by revaluation on the balance sheet date.

## Notes to the balance sheet and the profit and loss account

The development of the fixed assets of BMW M GmbH (gross presentation) is as follows:

	Acquisition and production costs					Depreciation				Book value	
	Lecture	Access	Disposals	Transfers	Stand	Lecture	Depreciation of the financial year	Disposals	Stand	Net value	Net value
	01.01.2018				31.12.2018	01.01.2018			31.12.2018	31.12.2018	31.12.2017
	T€	T€	T€	T€	T€	T€	T€	T€	T€	T€	T€
<b>Acquired for consideration and licences</b>	3.351	53	1	0	3.403	2.713	321	1	3.033	370	638
<b>Intangible Assets</b>	<b><u>3.351</u></b>	<b><u>53</u></b>	<b><u>1</u></b>	<b><u>0</u></b>	<b><u>3.403</u></b>	<b><u>2.713</u></b>	<b><u>321</u></b>	<b><u>1</u></b>	<b><u>3.033</u></b>	<b><u>370</u></b>	<b><u>638</u></b>
<b>Land parcel Right</b>	631	0	0	0	631	94	6	0	100	531	538
<b>Buildings on other people's Land</b>	19.569	231	45	0	19.755	10.830	764	41	11.553	8.202	8.739
<b>Technical facilities and machines</b>	54.153	5.951	462	+579	60.221	37.722	4.505	462	41.765	18.456	16.431
<b>Other facilities, Operating and business equipment</b>	14.295	2.832	694	0	16.433	10.538	1.428	616	11.350	5.038	3.757
<b>Number of payments made</b>	579	138	0	-579	138	0	0	0	0	138	579
<b>Intangible Assets a. facilities Under construction</b>											
<b>Property, plant and equipment</b>	<b><u>89.227</u></b>	<b><u>9.153</u></b>	<b><u>1.201</u></b>	<b><u>0</u></b>	<b><u>97.179</u></b>	<b><u>59.183</u></b>	<b><u>6.704</u></b>	<b><u>1.119</u></b>	<b><u>64.768</u></b>	<b><u>32.411</u></b>	<b><u>30.044</u></b>
<b>Fixed assets</b>	<b><u>92.578</u></b>	<b><u>9.207</u></b>	<b><u>1.202</u></b>	<b><u>0</u></b>	<b><u>100.583</u></b>	<b><u>61.896</u></b>	<b><u>7.025</u></b>	<b><u>1.120</u></b>	<b><u>67.801</u></b>	<b><u>32.781</u></b>	<b><u>30.682</u></b>

## Receivables and other assets

As in the previous year, receivables and other assets have a remaining term of up to one year. Receivables from affiliated companies mainly relate to the shareholder in the amount of € 75,028,000 (previous year: € 51,709,000).

## Equity

The share capital of the company is DM 50,000.  
This corresponds to a balance sheet amount of T€ 26.

Retained earnings are other revenue reserves that exclusively contain discounting effects of provisions from the first-time application of the German Accounting Law Modernisation Act in the 2010 financial year.

## Provisions

The other provisions mainly comprise outstanding obligations from the supply of goods and services and from rental agreements.

## Liabilities

The liabilities have a remaining term of up to one year.

## Other financial obligations

The other financial obligations from rental agreements amounting to € 48,060,000 (previous year: € 46,144,000) are broken down by maturity as follows:

	<b>31.12.2018</b>	<b>31.12.2017</b>
	<b>T€</b>	<b>T€</b>
2019	5.542	5.321
- of which to affiliated companies	T€ 390 (prev. year T€ 376)	
2021-2023	16.542	15.445
- of which to affiliated companies	T€ 748 (prev. year T€ 1,097)	
After 2023	25.976	25.378
- of which to affiliated companies	T€ 0 (prev. year T€ 0)	

In addition, there are open purchase order commitments for investment volumes in the amount of € 123,000 (previous year: € 349,000).

## NOTES TO THE INCOME STATEMENT

	<b>2018</b>	<b>2017</b>
	<b>T€</b>	<b>T€</b>
<b>Revenues</b>		
Automobiles	462.437	426.139
Driver training	18.746	17.828
Parts and other	3.156	4.292
	<u><b>484.339</b></u>	<u><b>448.259</b></u>
Germany	476.358	440.375
Europe without Germany	4.061	3.471
Rest of the world	3.920	4.413
	<u><b>484.339</b></u>	<u><b>448.259</b></u>
<b>Production costs of the assets used to of sales revenue from services rendered</b>		
Research and development costs	316.001	300.495
Proportional costs of production	15.349	17.410
Procurement	7.962	7.149
Administrative costs of production	7.867	7.422
Other production costs	2.166	2.343
	<u><b>349.345</b></u>	<u><b>334.819</b></u>

The item research and development costs mainly includes current development costs in the area of product development for new BMW M models and BMW Individual.

<b>Cost of materials</b>	<b>2018</b>	<b>2017</b>
	<b>T€</b>	<b>T€</b>
Expenses for raw materials, consumables and supplies and for purchased goods	72.770	66.145
Expenses for purchased services	244.479	236.753
	<u><b>317.249</b></u>	<u><b>302.898</b></u>

The cost of purchased services includes personnel expenses of T€ 82,684 (prev. year T€ 79,599) for employees who work for the company and are employed by BMW AG, Munich.



## Distribution costs

Distribution costs include sales overheads and marketing costs.

## General administrative expenses

This item includes the costs for commercial administration, IT services and other area costs.

## Other operating income

Other operating income includes income unrelated to the accounting period, which is made up as follows:

	<b>2018</b>	<b>2017</b>
	<b>T€</b>	<b>T€</b>
Reversals of provisions	5.926	2.772
Income from reversals of specific bad debt allowances/PWB on receivables and other assets	117	230
Yields of previous years	<u>4.016</u>	<u>2.672</u>
<b>Total income unrelated to the accounting period</b>	<b>10.059</b>	<b>5.674</b>

Other operating income includes income from currency translation amounting to € 37,000 (previous year: € 73,000). Income from previous years mainly includes write-offs of expired vouchers for driver training.

## Other operating expenses

Other operating expenses include, among other things, non-operating expenses from claims amounting to € 28,000 (previous year: € 168,000), expenses from currency translations amounting to € 191,000 (previous year: € 38,000) and expenses unrelated to the accounting period amounting to € 124,000 (previous year: € 149,000).

<b>Interest result</b>	<b>2018</b>	<b>2017</b>
	<b>T€</b>	<b>T€</b>
Other interest and similar income	565	497
- thereof interest from affiliated companies T€ 513 (prev. year T€ 372)		
- of which from discounting of other provisions T€ 0 (prev. year T€ 110)		
Interest and similar expenses	-2.298	-1.617
- thereof interest from affiliated companies T€ 2,168 (prev. year T€ 1,617)		
- of which from the compounding of other provisions € 129,000 (previous year € 0,000)		
	<b>-1.733</b>	<b>-1.120</b>

The interest result includes expenses and income from interest on cash pool receivables and liabilities as well as interest on provisions.

#### **Other taxes**

Other taxes mainly relate to back taxes paid in connection with events abroad.

## OTHER DISCLOSURES

Employees: The company has no employees in the 2018 financial year. The employees are provided by a group loan from BMW AG, Munich, Munich.

Management Board: Chairman of the Board of Management:  
Markus Flasch, Dipl.  
Ingenieur Chairman Division Manager BMW M, Gesellschaft für individuelle Automobile

Stefan Pielmeier, Dipl. Betriebswirt Head of  
Finance BMW M, Gesellschaft für individuelle Automobile

Group-BMW M GmbH is a wholly owned subsidiary of Bayerische Motoren Werke Aktiengesellschaft, Munich, with which a profit and loss transfer agreement exists, and are included in its consolidated financial statements. The Consolidated Financial Statements of Bayerische Motoren Werke Aktiengesellschaft for the 2018 financial year will be submitted to the operator of the electronic Federal Gazette and are available on the website of the Company Register.

Management report: The company makes use of the exemption option of § 264 para. 3 HGB with regard to the preparation of a management report in accordance with § 289 HGB and for disclosure in accordance with § 325 HGB.

Transactions with related parties  
Company and People: Related companies and persons are only carried out with transactions with related parties at arm's length.

Auditor-Fee: In respect of the disclosure for the financial year made by the auditor for the Total fee calculated in the financial year 2018, use is made of the simplification option pursuant to Section 285 Sentence 1 No. 17 of the German Commercial Code (HGB), as the disclosure is included in the consolidated financial statements of BMW AG. ...

Munich, 29.03.2019

[SIGNATURE]  
Markus Flasch

[SIGNATURE]  
Stefan Pielmeir