

June 13, 2013

Europe | Germany | Automotive

DR. KALLIWODA
RESEARCH GmbH

Update

BUY

Target price: EUR 81.90

Overview

Industry:	Automotive
Country:	Germany
ISIN: (Ordinary shares)	DE0005190003
ISIN: (Preferred shares)	DE0005190037
Bloomberg:	BMW GR
Reuters:	BMWG.DE
Website:	www.bmwgroup.com

Last Price:	70,88
	High Low
Price 52 W.:	76,16 53,16
Market Cap. (EURbn)	46,44
No. of Shares ordin. + pref. (in m)	655,17
Avg. Daily Volume (in m)	1,82

Shareholders

Stefan Quandt	17,40%
Johanna Quandt	16,70%
Susanne Klatten	12,60%
Free float	53,30%

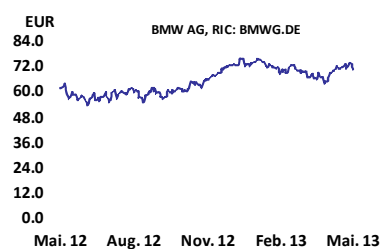
Performance

4 Weeks	9,38%
13 Weeks	2,43%
26 Weeks	9,89%
52 Weeks	14,32%
YTD	-5,62%

Dividend

	in EUR	in %
2010	1,30	1,83%
2011	2,30	3,24%
2012 (pref. Shares: EUR 2,52)	2,50	3,53%
2013E	2,68	3,78%

52-Wochen Chart



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BMW AG

Emerging markets continue to drive growth

■ Similar to fiscal-year 2012, when the company exceeded our estimates on the sales level, BMW Group reported solid results for Q1/13. Despite 5.3% higher total car deliveries y-o-y of 448k, total revenues came in 4.1% lower y-o-y at €17.6bn, due to currency (-1% revenues) and add-equity accounting effects of the joint venture with Brilliance. EBIT (Q1/13: 11.6%) and net margin (7.4%) remained flat y-o-y, although the company continued to invest heavily into new products and technologies.

■ In 2012, the BMW Group delivered 1.8m vehicles worldwide (+10.5% y-o-y). While sales of Rolls-Royce remained flat y-o-y, the company sold 11.6% more BMW and 5.8% more MINI cars. Despite the disposal of Husqvarna, sales of motorcycles improved by 3.1% y-o-y to 117k units. In Q1/13, all brands except MINI and Rolls-Royce improved sales y-o-y, resulting from particularly strong demand in America and Asia/Oceania.

■ In Q1/13, BMW's cash position decreased by €0.4bn to €7.9bn, while marketable sec. & invest. funds increased by €0.3bn. The reasons were €1.1bn higher receivables from leasing, which negatively affected the operating cash flow (€0.7bn vs. €2.3bn in Q1/12), as well as a higher cash flow from investing y-o-y (€-1.6bn vs. €-1bn). At the end of March 2013, BMW Group had a net gearing of 202.5% compared to 212.2% in the previous year.

■ Following solid 2012 and Q1/13 figures, we have increased our 12-months PT (50% DCF, 50% peer group) for BMW Group from €81.10 to €81.90. In our valuation, we have accounted for higher CAPEX, which in our view the company will incur due to investments associated with the BMW i Series (e.g. JV with SGL Carbon AG relating to the production of carbon fibres) and new concepts such as Predictive Energy Management. Nevertheless, we believe that given BMW's very strong position in fast-growing emerging markets and promising model pipeline for the current year e.g. BMW i3, 3 Series Gran Turismo, the company's current 2013 EV/EBITDA and P/E multiples of 9x and 8.7x respectively are very attractive.

Key Figures

EURbn	2009	2010	2011	2012	2013E	2014E
Net sales	50.68	60.48	68.82	76.85	77.56	81.12
EBITDA	3.89	8.97	11.67	12.02	11.97	12.68
EBIT	0.29	5.11	8.02	8.30	8.30	8.92
Net income	0.20	3.23	4.88	5.10	5.32	5.75
EPS	0.31	4.93	7.45	7.77	8.13	8.77
BVPS	30.26	36.52	41.27	46.24	51.93	58.07
RoE	1.02%	14.73%	19.16%	17.78%	16.56%	15.95%
EBIT margin	0.57%	8.45%	11.65%	10.80%	10.70%	11.00%
P/E	228.65	14.38	9.51	9.12	8.72	8.08
P/BVPS	2.34	1.94	1.72	1.53	1.36	1.22
EV/EBITDA	27.72	12.02	9.24	8.98	9.01	8.51

Content

1	Company profile.....	3
2	SWOT.....	3
3	Valuation.....	4
4	Q1/13 financial results and outlook.....	6
5	Profit and loss statements.....	11
6	Balance sheets.....	12
7	Cash flow statements.....	13
8	Financial ratios.....	13

1 Company profile

Headquartered in Munich in Southern Germany, BMW AG is one of the leading manufacturers of premium cars and motorcycles worldwide. The company, which was founded in 1916, has 17 own production facilities in Germany, UK, US, South Africa, Italy, Austria and China (Joint Venture with Brilliance). In Brazil, India, Russia, Egypt, Malaysia, Indonesia and Thailand, it co-operates with external manufacturers. BMW's cars and motorcycles are distributed through the company's 34 sales subsidiaries. As of 31 March 2013, the BMW Group had in total 106,470 employees.

2 SWOT

Strengths

- Leading premium auto brand, which was 1st most valuable in 2012
- In contrast to competitors BMW only produces premium cars and motorcycles
- Strong market position in Asia and especially in China, where BMW sells most of its high-margin luxury cars
- In the US, higher market share than closest peer Daimler
- Excellent management, which has guided conservatively in the last years
- Efficiency program number ONE; EBIT margin in the Auto segment is already higher than the targeted 8-10%
- Efficient Dynamics concept reduces both fuel consumption and emissions (efficient engines, improved aerodynamics)
- Short average age of current car models of only 2.4 years
- BMW has one of the highest customer loyalty ratios in the industry (KRe: 55%)
- Target payout ratio of 30-40%; DYield 2012 = 2.6%
- Biggest stake in BMW is owned by the Quandt family

Opportunities

- Recovery in BMW's two biggest markets, the US and Germany
- Strong sales of new models, especially 3 Series, (4 Series in 2014 exp.) and 6 Series Gran Coupe
- Currently, the premium car segment in China only has a share of 9.1% in the entire car market vs. 29.6% in Germany and 25% in the UK; thus significant catch-up potential
- In fast-growing regions such as Asia and Eastern Europe cars are an important status symbol
- Introduction of first electric cars, the BMW i3 in 2013 and i8 in 2014
- Connected Drive concept
- Higher sales margins due to new versions of luxury cars such as BMW 7 Series and Rolls-Royce
- Co-operation with Toyota Motor Corporation with regard to the research of next generation lithium-ion batterie cells; from 2014 BMW is supposed to deliver Toyota fuel-efficient diesel engines
- Increase of production capacity in fast-growing markets such as China

Weaknesses

- High net gearing (Q1/13: 202.5%) as a significant share of cars is leased; Daimler and Volkswagen have lower ones

Threats

- Higher prices of raw materials
- Risks associated with exchange rate fluctuations
- Competitive pressure
- Demand for premium cars is highly cyclical
- Limitations of the number of cars in Chinese cities; China is one of BMW's most profitable markets
- Stricter emission rules for cars
- Risks associated with residual value in case of leasing
- Car recalls
- Risks associated with external suppliers
- Pressure on credit risk, especially in Southern Europe
- High prices of fuel and more eco-focussed consumers could negatively affect demand especially for BMW's larger cars

3 Valuation

In order to account for current market valuations, we have valued BMW by using a weighted average of our DCF model (50%) and peer group (50%). Our 12-months price target for the stock equals €81.90, which implies an upside of 155% at current level.

DCF model

Discount Cash Flow-Model (Basis 05/2013)

in EURm	Phase 1								
	2013E	2014E	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Total revenues	77,556.00	81,121.00	84,322.59	87,102.43	89,715.50	92,227.54	94,533.23	96,707.49	98,641.64
(y-o-y change)	0.9%	4.6%	3.9%	3.3%	3.0%	2.8%	2.5%	2.3%	2.0%
EBIT	8,298.49	8,923.31	9,359.81	9,842.57	10,317.28	10,560.05	10,776.79	10,947.29	11,077.46
(operating margin)	10.7%	11.0%	11.1%	11.3%	11.5%	11.5%	11.4%	11.3%	11.2%
NOPLAT	5,808.94	6,246.32	6,551.86	6,889.80	7,222.10	7,392.04	7,543.75	7,663.10	7,754.22
+ Depreciation & amortisation	3672.68	3760.38	3824.47	3863.45	3889.63	3906.32	3909.44	3902.65	3882.06
= Net operating cash flow	9481.62	10006.70	10376.33	10753.25	11111.73	11298.35	11453.19	11565.75	11636.28
- Total investments (Capex and WC)	-5837.69	-8872.42	-8465.04	-7981.71	-7766.25	-7626.69	-7356.30	-7166.18	-6851.37
Capital expenditure	-5951.97	-6097.04	-6131.91	-6136.97	-6149.75	-6158.31	-6144.84	-6127.48	-6086.59
Working capital	114.28	-2775.38	-2333.13	-1844.74	-1616.49	-1468.38	-1211.46	-1038.70	-764.78
= Free cash flow (FCF)	3643.94	1134.28	1911.30	2771.54	3345.49	3671.66	4096.89	4399.57	4784.91
PV of FCF's	3,529.93	1,042.60	1,666.96	2,293.60	2,626.98	2,735.65	2,896.36	2,951.28	3,045.61
PV of FCFs in explicit period	22,788.97								
PV of FCFs in terminal period	93,644.68								
Enterprise value (EV)	116,433.65								
+ Net cash / - net debt	-61,342.00								
+ Investments / - minorities	-107.00								
Shareholder value	54,984.65								
Number of shares outstanding (m)	655.17								
WACC	5.39%								
Cost of equity	7.7%								
Pre-tax cost of debt	5.5%								
Normal tax rate	30.0%								
After-tax cost of debt	3.9%								
Share of equity	40.0%								
Share of debt	60.0%								
Fair value per share in EUR (today)	83.92								
Fair value per share in EUR (in 12 months)	88.45								

Sensitivity Analysis		Terminal EBIT margin						
		9.7%	10.2%	10.7%	11.2%	11.7%	12.2%	12.7%
WACC	3.9%	119.68	162.84	206.01	249.17	292.33	335.50	378.66
	4.4%	75.15	107.90	140.65	173.40	206.16	238.91	271.66
	4.9%	45.67	71.67	97.66	123.66	149.65	175.65	201.64
	5.4%	24.63	45.90	67.18	88.45	109.72	130.99	152.26
	5.9%	8.81	26.60	44.40	62.20	80.00	97.80	115.59
	6.4%	-3.56	11.58	26.73	41.87	57.02	72.16	87.30

Source: Dr. Kalliwoda Research GmbH

Peer Group Analysis

Our peer group comprises four listed automobile manufacturers with premium brands:

- (1) *Daimler AG*: Headquartered in Stuttgart/Germany, Daimler develops, manufactures and distributes passenger cars, trucks, vans and buses. With its brands Mercedes-Benz and Maybach, the company is one of the main producers of premium cars worldwide. Its other brands include Smart (city cars), Fuso (busses and trucks), Western Star (trucks) and Setra (busses). Daimler has production facilities in 18 countries and distributes its automotive products and related financial services through its own sales network of 34 German sales-and-service centers, foreign sales subsidiaries and external partners. In fiscal-year 2012, the company had total revenues of €114.3bn.

- (2) *Volkswagen AG*: Volkswagen, which in 2012 was the No 3 car manufacturer worldwide by sales volume, is based in Wolfsburg/Germany. The company operates under the brands Volkswagen, Audi, SEAT, Skoda, Bentley, Bugatti, Lamborghini (cars) as well as Scania and Volkswagen Commercial Vehicles (trucks and busses). It sells cheaper vehicles for the mass market as well as premium cars, which are predominantly offered under the Audi, Bentley, Bugatti and Lamborghini brands. In fiscal-year 2012, Volkswagen generated revenues of €192.7bn.
- (3) *Toyota Motor Corp.*: Toyota Motor, which in 2012 was the world's largest car manufacturer, is a Japanese producer of cars, busses and trucks. The company operates under the brands Toyota, Scion, Daihatsu (all mainly serve the mass car market), Hino (trucks and busses) and Lexus (premium cars). For fiscal-year 2012/13, which ended on 31 March, Toyota Motor reported sales of JPY 22.1tr.
- (4) *Nissan Motor Co. Ltd.*: Nissan Motor, which is based in Japan, was the fifth largest car manufacturer worldwide in 2012. Apart from cars and trucks, the company, in which Renault has hold a stake of 43.5% since 1999, also produces forklifts and boats. Nissan Motor operates under the following brands: Nissan, which mainly sells cheaper vehicles for the mass market, and Infinity, which is the company's premium brand. In fiscal-year 2012, Nissan's total revenues amounted to JPY 9.6tr.

Company	EV/EBITDA		EV/EBIT		P/E		EBITDA margin	Net gearing	P/BVPS
	2013E	2014E	2013E	2014E	2013E	2014E	2012	Latest	Latest
Daimler (EUR)	8.83x	8.48x	13.32x	12.81x	10.09x	9.22x	14.09%	160.39%	1.30x
Volkswagen (EUR)	7.39x	6.60x	14.71x	12.19x	7.78x	6.61x	13.32%	121.13%	0.95x
Toyota (JPY)	10.61x	9.87x	14.44x	11.73x	12.57x	11.44x	11.00%	94.55%	1.77x
Nissan (JPY)	7.86x	7.12x	11.12x	8.90x	10.09x	8.83x	11.42%	115.81%	1.40x
Median	8.35x	7.80x	13.88x	11.96x	10.09x	9.03x	12.37%	118.47%	1.35x
BMW (EUR)	9.00x	8.50x	12.99x	12.08x	8.72x	8.08x	16.30%	202.48%	1.53x
Premium/Discount	7.9%	8.9%	-6.5%	1.0%	-13.6%	-10.5%			
Fair value BMW (EUR)	71.50								

Source: Dr. Kalliwoda Research GmbH, Thomson Reuters Knowledge

According to our peer group, BMW currently trades at a slight discount to its peers. In our view, this is not justified as the company is more profitable than its competitors and has a very strong market position in the important markets US and China.

4 Q1/13 financial results and outlook

Revenues

In Q1/13, BMW generated total sales of €17.6bn, which were 4.1% lower y-o-y. The reason for the decline were exchange rate effects (equalled -1%) and the add-equity result from the Joint Venture with Brilliance in China. Car sales in China do not appear in BMW's revenues, but in its net financial result.

Between January and March 2013, BMW was able to increase its car sales by 5.3% y-o-y to 448k and motorcycle sales by 1.5% y-o-y to 25k units. Within the Automobiles segment, sales of BMW cars increased by 7% y-o-y to 381k, while those of MINI (66k units) and Rolls-Royce (0.6k units) decreased by 3% and 16.6% respectively.

With 109k and 86k units sold, the 3 Series and 5 Series were BMW's most popular models in Q1/13. However, the highest sales growth was reported for the 6 Series (+32.7% to 6k units), which benefitted from the introduction of the 6 Series Grand Coupe in 2012, and BMW X3 (+27.6% to 38k units).

In terms of geographic sales split, the best-performing regions in Q1/13 were Asia (+9.5% to 130k cars) and America (+5% to 96k). Compared to last year, car sales grew most in Russia (+21% to 9.3k cars) and United Kingdom (+17.4% to 46k).

Q1/13 results vs. previous year

Q1/13 vs. previous year			
in EURbn	Q1/13	Q1/12	change (%)
Net sales	17.55	18.29	-4.1%
EBITDA	2.95	3.01	-2.0%
EBITDA margin	16.8%	16.4%	
EBIT	2.04	2.13	-4.5%
EBIT margin	11.6%	11.7%	
Net income	1.31	1.35	-2.8%
Net margin	7.4%	7.4%	

Source: Company data, Dr. Kalliwoda Research GmbH

Sales split and EBIT margins Q1/13 vs. Q1/12

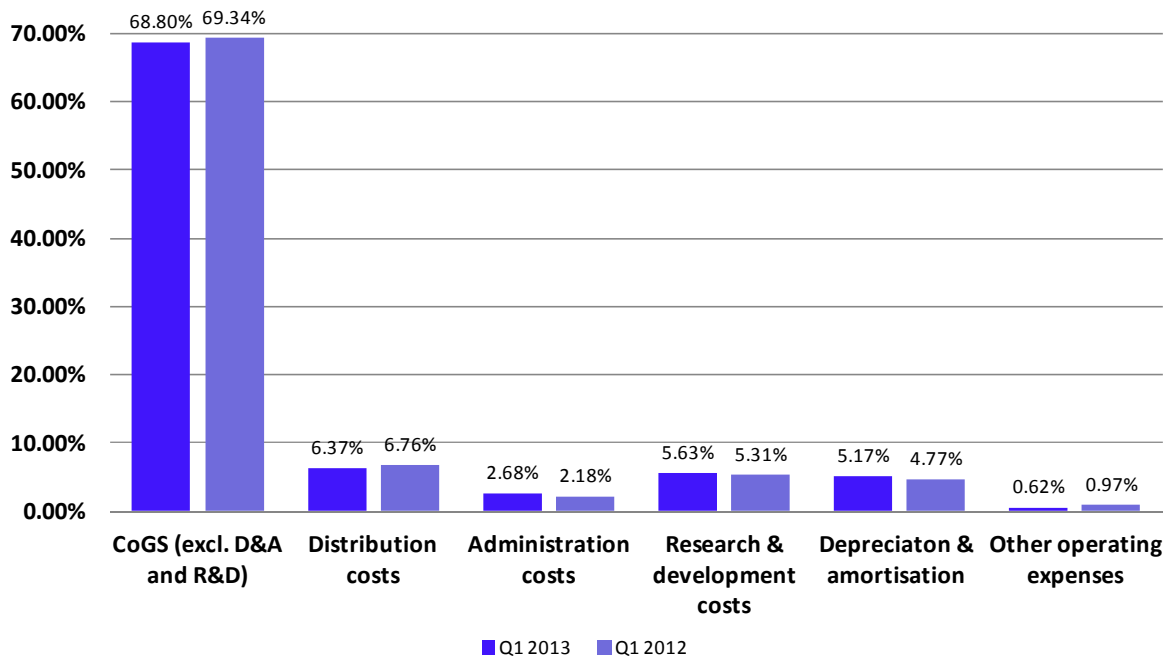
Q1/13 vs. previous year

in EURbn	Q1/13	Q1/12
Automobiles (external sales)	12.66	13.45
% of net sales	72.2%	73.5%
Units sold (in k)	448	426
EBIT margin	12.5%	14.0%
Motorcycles (external sales)	0.43	0.44
% of net sales	2.5%	2.4%
Units sold (in k)	25	24
EBIT margin	11.8%	8.4%
Financial services (external sales)	4.45	4.41
% of net sales	25.4%	24.1%
EBIT margin	10.1%	9.9%
Total net sales	17.55	18.29
change y-o-y	-4.1%	

Source: Company data, Dr. Kalliwoda Research GmbH

Profitability

Share in sales Q1/13 vs. Q1/12



Source: Company data, Dr. Kalliwoda Research GmbH

Between Q1/12 and Q1/13, BMW Group's EBIT (11.7% vs. 11.6%) and net margins (7.4% vs. 7.4%) remained flat y-o-y. Although the segments Financial Services, which benefitted from a strong development of car sales, and Motorcycles, which after the sale of Husqvarna to Austrian Pierer Industrie AG only comprised the brand BMW in Q1/13, reported stronger EBIT margins y-o-y, profitability on the Group level was negatively affected by competitive pressure, investments into new technologies and higher personnel expenses. Net profit, which decreased only by 2.8% y-o-y to €1.3bn, was positively impacted by a better net financial result y-o-y (€-36k vs. €-54k).

Balance Sheet and Cash Flow

As of 31 March 2013, the most important positions on BMW's balance sheet were financial liabilities of €70.4bn, which comprise bonds, bank debt and deposits of the BMW Bank among others, receivables from financial services of €32.5bn, which stem from credit and finance lease contracts with customers, and equity of €31.6bn. With total interest-bearing debt including pension provisions of €73.9bn and liquid funds of €2.6bn, the net gearing amounted to 202.5%.

In Q1/13, BMW generated an operating cash flow of €677m (Q1/12: €2.3bn), which went down y-o-y mainly due to an increase of receivables from leasing by €1.1bn. While the cash inflow from financing increased from €266m in Q1/12 to €450m, the company's liquid funds position decreased by €427m since December 2012 as the cash outflow from investing went up from €967m to €1.6bn.

Outlook

Due to solid Q1/13 result, we have maintained our BUY rating for the BMW Group and increased our 12-months price target from previously €81.10 to €81.90. We like the company's very strong position in fast-growing emerging markets such as China and South Korea, where the number of millionaires is expected to grow at a CAGR 11-20 of 7.4% and 14.2% respectively. Also, we appreciate the fact that high investments in new cars and technologies have not much affected the company's profitability so far. Altogether, given its excellent fundamentals the company still remains attractively valued.

Although car markets remain weak especially in Europe, we expect a positive impact on BMW's sales and profitability from the introduction of new models. For example, in February and March 2013 the company introduced the MINI Paceman, the first Sports Activity Coupe in the segment of compact premium cars, the new version of BMW Z4 as well as the motorcycle F 800 GT. In June 2013, it expects to bring the M6 Gran Coupe and 3 Series Gran Turismo on the market. Finally, at the end of 2013 it will release Rolls-Royce Wraith as well as BMW i3, a widely-expected electric city car, which is made of ultra-light carbon fibre and is equipped with latest communication technology.

For the period 2013 to 2015, we forecast an average yearly growth of car sales of 3.4% and forecast that BMW Group will achieve sales of >2m cars already in 2015. Given strong prospects in emerging markets and highly attractive new models such as the i3 and i8 due in 2013 and 2014 respectively, we are slightly more optimistic than BMW's management in this regard. For the Motorcycles segment, where BMW Group now focuses only on the BMW brand, we forecast a CAGR 12-15 of 3.3% to 129k units in 2015. In terms of geographic sales split, we see the share of America & Asia/Oceania growing further from 50% in 2012 to 51% in 2015, while in Europe it should decrease from 45.7% to 45.1% due to negative effects on demand from the Euro debt crisis.

With regard to profitability, we think that the EBIT margin will improve from 10.8% in 2012 to 11.3% in the long term. In our opinion, growing competitive pressure will be offset by more cost-efficient production e.g. due to new materials and technologies.

Our 2013 estimates are below current consensus forecasts on Thomson Reuters for sales (€78.9bn) and slightly above those for EBIT (€8bn) and net income (€5.1bn). In our view, sales of expensive high-margin premium cars in emerging markets will remain strong and as seen in Q1/13 BMW Group will be able to keep its costs under control.

Financial results and forecasts 2012-2014E

Financial results and estimates 2012-2014E

in EURbn	2012		2013E		2014E	
	actual	estimated	old	new	old	new
Net sales	76.85	72.25	76.66	77.56	81.12	81.12
EBITDA	12.02	12.07	12.43	11.97	12.99	12.68
EBITDA margin	15.6%	16.7%	16.2%	15.4%	16.0%	15.6%
EBIT	8.30	8.31	8.51	8.30	8.92	8.92
EBIT margin	10.8%	11.5%	11.1%	10.7%	11.0%	11.0%
Net income	5.10	5.23	5.33	5.32	5.60	5.75
Net margin	6.6%	7.2%	7.0%	6.9%	6.9%	7.1%

Source: Company data, Dr. Kalliwoda Research GmbH

Sales split according to segments and regions 2012-2014E

in EURbn	2012	2013E	2014E
Automobiles (external sales)	57.50	57.75	60.84
% of net sales	74.8%	74.5%	75.0%
Units sold (in k)	1,845	1,853	1,952
Motorcycles (external sales)	1.48	1.53	1.58
% of net sales	1.9%	2.0%	1.9%
Units sold (in k)	117	121	125
Financial services (external sales)	17.87	18.28	18.70
% of net sales	23.3%	23.6%	23.1%
Total net sales	76.85	77.56	81.12
Germany	12.19	12.22	12.70
% of net sales	15.9%	15.8%	15.7%
Rest of Europe	22.97	23.09	24.05
(% of net sales)	29.9%	29.8%	29.7%
America	16.27	16.50	17.34
% of net sales	21.2%	21.3%	21.4%
Asia/Oceania	22.16	22.53	23.75
% of net sales	28.8%	29.1%	29.3%
Other markets	3.26	3.21	3.28
% of net sales	4.2%	4.1%	4.0%

Source: Company data, Dr. Kalliwoda Research GmbH

5 Profit and loss statements

Profit and loss statement - BMW AG						
in EURbn	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Revenue split						
Germany	11.44	11.21	12.86	12.19	12.22	12.70
Rest of Europe	16.99	18.58	20.96	22.97	23.09	24.05
America	11.72	12.97	14.29	16.27	16.50	17.34
Asia/Oceania	8.50	14.78	17.77	22.16	22.53	23.75
Other markets	2.04	2.95	2.95	3.26	3.21	3.28
Total revenues	50.68	60.48	68.82	76.85	77.56	81.12
CoGS (excl. D&A and R&D)	-39.17	-42.60	-47.01	-53.65	-54.06	-56.63
Gross profit	11.52	17.88	21.81	23.20	23.49	24.49
Other operating income	0.81	0.77	0.78	0.83	0.85	0.86
Distribution costs	-3.65	-4.02	-4.55	-5.15	-5.19	-5.43
Administration costs	-1.39	-1.51	-1.62	-1.86	-1.88	-1.96
Research & development costs	-2.59	-3.08	-3.61	-3.99	-4.03	-4.22
Depreciation & amortisation	-3.60	-3.86	-3.65	-3.72	-3.67	-3.76
Other operating expenses	-0.80	-1.06	-1.13	-1.02	-1.27	-1.06
EBIT	0.29	5.11	8.02	8.30	8.30	8.92
Net financial result	0.12	-0.26	-0.64	-0.48	-0.65	-0.67
EBT	0.41	4.85	7.38	7.82	7.65	8.25
Income taxes	-0.20	-1.61	-2.48	-2.70	-2.29	-2.48
Minorities	-0.01	-0.02	-0.03	-0.03	-0.03	-0.03
Net income / loss	0.20	3.23	4.88	5.10	5.32	5.75
EPS	0.31	4.93	7.45	7.77	8.13	8.77
DPS	0.30	1.30	2.30	1.84	2.44	2.63
Change y-o-y						
Total revenues	n.a	19.33%	13.80%	11.66%	0.92%	4.60%
CoGS (excl. D&A and R&D)	n.a	8.77%	10.35%	14.11%	0.78%	4.75%
Gross profit	n.a	55.23%	22.01%	6.39%	1.26%	4.25%
Other operating income	n.a	-5.20%	2.09%	6.01%	2.00%	2.00%
Distribution costs	n.a	10.23%	13.28%	13.02%	0.92%	4.60%
Administration costs	n.a	8.33%	7.55%	14.60%	0.92%	4.60%
Research & development costs	n.a	19.13%	17.13%	10.61%	0.92%	4.60%
Depreciation & amortisation	n.a	7.16%	-5.36%	1.70%	-1.17%	2.39%
Other operating expenses	n.a	31.59%	6.99%	-10.25%	24.74%	-16.34%
EBIT	n.a	1668.51%	56.88%	3.52%	-0.02%	7.53%
Net financial result	n.a	-308.06%	146.12%	-24.25%	35.14%	3.08%
EBT	n.a	1075.06%	52.13%	5.91%	-2.18%	7.91%
Income taxes	n.a	693.10%	53.79%	8.93%	-14.92%	7.91%
Minorities	n.a	166.67%	62.50%	0.00%	12.69%	4.60%
Net income / loss	n.a	1481.86%	51.26%	4.40%	4.49%	7.93%
EPS	n.a	1490.32%	51.12%	4.30%	4.60%	7.93%
DPS	n.a	333.33%	76.92%	-19.96%	32.44%	7.93%
Share in total revenues						
Total revenues	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %	100.00 %
CoGS (excl. D&A and R&D)	-77.28 %	-70.44 %	-68.31 %	-69.81 %	-69.71 %	-69.81 %
Gross profit	22.72 %	29.56 %	31.69 %	30.19 %	30.29 %	30.19 %
Other operating income	1.59 %	1.27 %	1.14 %	1.08 %	1.09 %	1.06 %
Distribution costs	-7.20 %	-6.65 %	-6.62 %	-6.70 %	-6.70 %	-6.70 %
Administration costs	-2.75 %	-2.50 %	-2.36 %	-2.42 %	-2.42 %	-2.42 %
Research & development costs	-5.10 %	-5.10 %	-5.25 %	-5.20 %	-5.20 %	-5.20 %
Depreciation & amortisation	-7.11 %	-6.38 %	-5.31 %	-4.84 %	-4.74 %	-4.64 %
Other operating expenses	-1.59 %	-1.75 %	-1.64 %	-1.32 %	-1.63 %	-1.31 %
EBIT	0.57 %	8.45 %	11.65 %	10.80 %	10.70 %	11.00 %
Net financial result	0.24 %	-0.43 %	-0.92 %	-0.63 %	-0.84 %	-0.83 %
EBT	0.81 %	8.02 %	10.73 %	10.17 %	9.86 %	10.17 %
Income taxes	-0.40 %	-2.66 %	-3.60 %	-3.51 %	-2.96 %	-3.05 %
Minorities	-0.01 %	-0.03 %	-0.04 %	-0.03 %	-0.04 %	-0.04 %
Net income / loss	0.40 %	5.34 %	7.09 %	6.63 %	6.87 %	7.08 %

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6 Balance sheets

Balance sheet - BMW AG						
in EURbn	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Assets						
Inventories	6.56	7.77	9.64	9.73	9.58	9.80
Trade receivables	1.86	2.33	3.29	2.54	2.57	2.68
Receivables from sales financing	17.12	18.24	20.01	20.61	20.79	21.75
Financial assets	1.57	3.26	3.75	4.61	4.65	4.87
Current tax	0.00	1.17	1.19	0.97	0.97	1.02
Deferred tax assets	0.95	0.00	0.00	0.00	0.00	0.00
Other assets	2.48	2.96	3.35	3.69	3.73	3.90
Securities	1.65	0.00	0.00	0.00	0.00	0.00
Cash & cash equivalents	7.77	7.43	7.78	8.37	9.37	6.12
Current assets	39.94	43.15	49.00	50.51	51.67	50.14
Property, plant and equipment	11.39	11.43	11.69	13.34	15.39	17.44
Leased assets	17.97	19.09	23.11	24.47	24.46	25.34
Shareholdings at-equity	0.14	0.21	0.30	0.51	0.52	0.54
Other financial assets	0.23	0.18	0.56	0.55	0.55	0.58
Receivables from sales financing	23.48	27.13	29.33	32.31	32.22	33.29
Financial assets	1.52	1.87	1.70	2.15	2.17	2.27
Deferred tax assets	1.27	1.39	1.93	2.00	0.00	0.00
Other assets	0.64	0.69	0.57	0.80	0.81	0.84
Intangible assets	5.38	5.03	5.24	5.21	5.43	5.68
Non-current assets	62.01	67.01	74.43	81.34	81.55	85.99
Total assets	101.95	110.16	123.43	131.85	133.22	136.13
Liabilities						
Other provisions	2.06	2.83	3.10	3.28	3.31	3.46
Current tax liabilities	0.84	1.20	1.36	1.48	1.50	1.56
Financial liabilities	26.93	26.52	30.38	30.41	30.21	30.01
Trade payables	3.12	4.35	5.34	6.43	6.48	6.79
Other liabilities	3.97	5.24	7.03	6.82	6.88	7.20
Current liabilities	36.92	40.13	47.21	48.43	48.39	49.03
Pension provisions	2.97	1.56	2.18	3.97	4.00	4.19
Other provisions	2.71	2.72	3.15	3.51	3.55	3.71
Deferred tax liabilities	2.77	3.40	3.27	3.04	1.44	0.00
Financial liabilities	34.39	35.83	37.60	39.10	38.25	37.40
Other liabilities	2.28	2.58	2.91	3.40	3.44	3.59
Long-term liabilities	45.12	46.10	49.11	53.02	50.67	48.88
Total liabilities	82.04	86.23	96.33	101.45	99.06	97.91
Shareholder's equity	19.92	23.90	27.04	30.30	34.02	38.04
Minority interests	0.00	0.03	0.07	0.11	0.14	0.17
Total equity and liabilities	101.95	110.16	123.43	131.85	133.22	136.13

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7 Cash flow statements

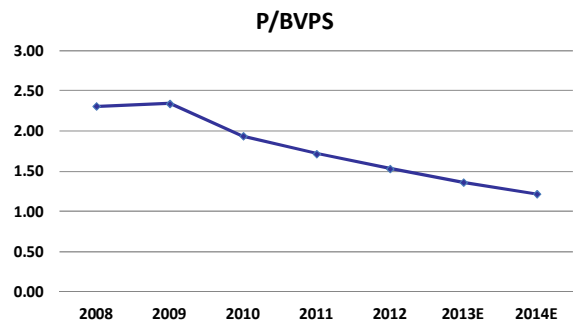
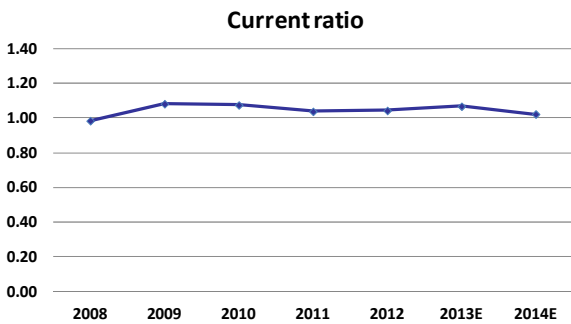
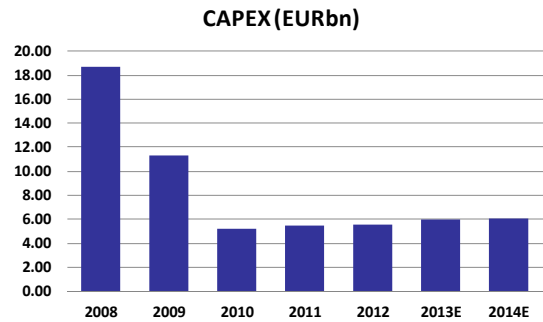
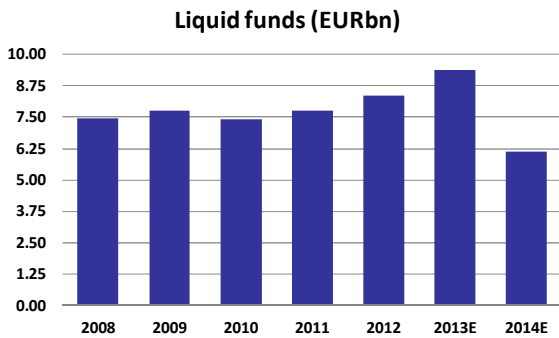
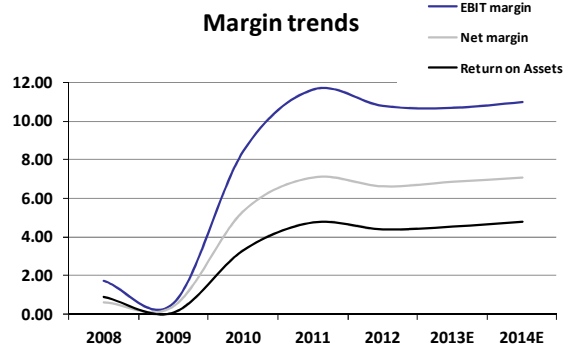
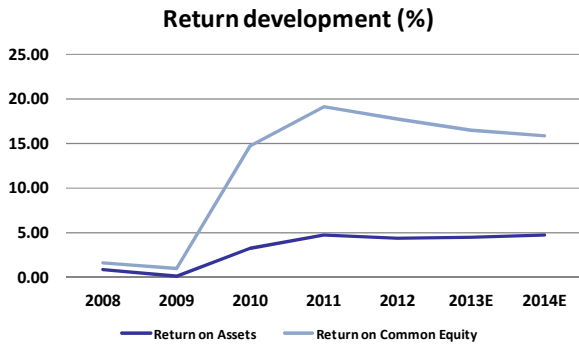
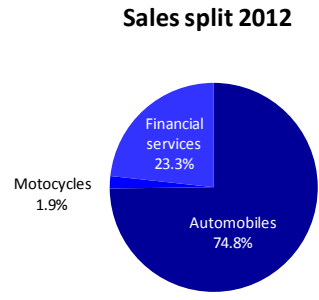
Cash flow statement - BMW AG						
in EURbn	Fiscal year					
	2009	2010	2011	2012	2013E	2014E
Net income	0.20	3.23	4.88	5.10	5.32	5.75
Depreciation	3.60	3.86	3.65	3.72	3.67	3.76
Change of working capital	1.93	-0.40	-1.62	1.76	0.11	-2.78
Others	4.53	-2.37	-1.21	-5.49	0.47	-1.13
Net operating cash flow	10.27	4.32	5.71	5.08	9.58	5.60
Cash flow from investing	-11.33	-5.19	-5.50	-5.43	-5.95	-6.10
Free cash flow	-1.06	-0.87	0.21	-0.36	3.63	-0.49
Cash flow from financing	1.35	0.51	0.09	0.95	-2.62	-2.76
Change in cash	0.31	-0.34	0.34	0.60	1.00	-3.26
Cash, start of the year	7.45	7.77	7.43	7.78	8.37	9.37
Cash, end of the year	7.77	7.43	7.78	8.37	9.37	6.12

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8 Financial ratios

Fiscal year	2009	2010	2011	2012	2013E	2014E	2015E	2016E
Gross margin	22.72%	29.56%	31.69%	30.19%	30.29%	30.19%	30.09%	29.99%
EBITDA margin	7.68%	14.84%	16.96%	15.64%	15.44%	15.64%	15.64%	15.74%
EBIT margin	0.57%	8.45%	11.65%	10.80%	10.70%	11.00%	11.10%	11.30%
Net margin	0.40%	5.34%	7.09%	6.63%	6.87%	7.08%	7.16%	7.30%
Return on equity (ROE)	1.02%	14.73%	19.16%	17.78%	16.56%	15.95%	15.03%	14.29%
Return on assets (ROA)	0.08%	3.29%	4.72%	4.37%	4.51%	4.76%	4.86%	4.95%
Return on capital employed (ROCE)	0.23%	4.88%	6.99%	6.52%	6.85%	7.17%	7.20%	7.25%
Net debt (in EURm)	53.32	53.22	58.63	60.49	58.43	60.61	60.70	60.08
Net gearing	267.71%	222.65%	216.85%	199.67%	171.74%	159.31%	143.60%	128.59%
Equity ratio	19.53%	21.70%	21.91%	22.98%	25.54%	27.95%	30.08%	32.21%
Current ratio	1.08	1.08	1.04	1.04	1.07	1.02	1.02	1.02
Quick ratio	0.35	0.32	0.31	0.32	0.34	0.28	0.26	0.25
Net interest cover	-2.33	19.81	12.63	17.26	12.77	13.32	13.56	13.86
Net debt/EBITDA	13.70	5.93	5.02	5.03	4.88	4.78	4.60	4.38
Book value per share	30.26	36.52	41.27	46.24	51.93	58.07	64.52	71.31
CAPEX/Sales	6.74%	5.96%	5.80%	7.25%	7.67%	7.52%	7.27%	7.05%
Working capital/Sales	121.42%	112.25%	110.71%	103.54%	102.45%	101.37%	100.29%	99.21%
EV/Sales	2.13	1.78	1.57	1.40	1.39	1.33	1.28	1.24
EV/EBITDA	27.72	12.02	9.24	8.98	9.01	8.51	8.18	7.87
EV/EBIT	373.31	21.11	13.46	13.00	13.00	12.09	11.53	10.96
P/BVPS	2.34	1.94	1.72	1.53	1.36	1.22	1.10	0.99
P/E	228.65	14.38	9.51	9.12	8.72	8.08	7.69	7.30
P/FCF	-43.81	-53.38	221.13	-130.08	12.81	-94.24	27.65	18.67

Source: Company data, Dr. Kalliwoda Research GmbH



Source: Company data, Dr. Kalliwoda Research GmbH

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Analyst of this research:
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BUY:	Based on our analysis, we expect the stock to appreciate and produce a total return of at least 10% over the next twelve months
ACCUMULATE:	Based on our analysis, we expect the stock to appreciate and produce a total return between 5%- 10% over the next twelve months
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