Media Information
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Innovation leadership: BMW Group plans over 30 billion euros on future-oriented technologies up to 2025

- Zipse: “Solidarity and responsible action are called for”
- Guidance 2020 affected by corona spread
- Power of Choice: Next BMW 7 Series all-electric version
- Unequivocal commitment to meeting CO2 targets
- Quarter-on-quarter improvement in profitability in 2019
- Group revenues exceed 100 billion euros for the first time

Munich. The BMW Group is embracing the transformation of the automotive industry with great confidence and investing heavily in research and development with a view to shaping the mobility of the future for the benefit of its customers.

In the context of the spread of coronavirus, the Chairman of the Board of Management of BMW AG, **Oliver Zipse**, pointed out in Munich on Wednesday: “Solidarity and responsible action are called for. In our society it is the duty of the strong to protect the weak. The BMW Group therefore fully supports the measures aimed at containing the spread of coronavirus.” The BMW Group is responding to the foreseeable development in demand on the global automobile markets by adjusting production volumes at an early stage and will make full use of the broad range of instruments available to it to maximise flexibility.

Manfred Schoch, General Works Council Chairman, emphasized the tools agreed jointly between management and the general works council: “In times of crisis, as we are experiencing right now, the General Works Council seeks to provide a clear sense of direction for associates. Our top priority is to protect their health, and safeguard their jobs and incomes. The General Works Council has agreed three important tools to make this possible: flexible BMW working time accounts, the option of working from home, and the latest company regulation on short-time work. This stipulates that the net income of a pay-scale employee at BMW must amount to at least 93% of their usual sum. I am

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convinced that these three tools will allow us to navigate our staff safely through the corona crisis."

Zipse went on to say: "We take our responsibility seriously, both when it comes to ensuring the protection and health of our employees and to achieving the best possible balance in terms of profitability. One thing is certain: coronavirus is here now, but there will also be a time after coronavirus. The approach we are taking clearly reflects the BMW Group's ability to react quickly and flexibly."

"New technologies are key to the future of mobility. Up to 2025, we intend to invest more than 30 billion euros in research and development to underscore our position as an innovation leader. This also expresses our confidence for the future business development," said **Zipse**. "The ability to integrate diverse technologies to form a complete system is vitally important. Those companies capable of developing and combining hardware and software in equal measure will shape the future of the automobile. In this respect, we are quite clearly in the fast lane."

Decisive steps taken at the right time

In future, the BMW Group is also benefiting from strategic decisions taken at an early stage that have given it a definite competitive edge during this crucial phase of change for the entire sector. "We took decisive steps in the relevant strategic fields at the right time and are now intent on leveraging our competitive advantage to set ourselves apart from the industry trend," **Zipse** continued.

The BMW Group set about achieving the new **CO2 targets** at an early stage, an important aspect of which was the decision to systematically electrify the model range. With its Performance > NEXT programme launched in 2017, further moves were made to achieve greater **efficiency** and a stronger **operating performance**. Moreover, over the past eight years, some 46,000 employees have received training in the field of **electric mobility**. In view of the growing importance of **software know-how**, the BMW Group founded the Critical Techworks IT joint venture in 2018 in order to secure the relevant expertise and skills. The BMW Group itself is one of the largest IT employers in Germany with 5,300 employees having been trained in the field of data analytics. Access to the **raw materials** needed to produce electric mobility has also been strategically secured. Since the beginning of the current year, the BMW Group has been procuring the required cobalt and lithium directly and passing those resources on to the suppliers involved in manufacturing **battery cells**.

At the same time, the BMW Group remains convinced of the importance of focusing systematically on customer needs and therefore on the innovations required to meet those needs. With this point in mind, efforts to broaden expertise in future fields of technology continue to be scaled up.

Financial strength as the basis for tomorrow's success

To compensate for the high upfront expenditure on forward-looking technologies, the BMW Group will continue to work systematically on achieving continual efficiency improvements as part of the **Performance > NEXT** programme.

"We have set ourselves clear targets for 2020. High priority will be given to profitability and free cash flow in our management of the business going forward. All measures and initiatives implemented in conjunction with Performance > NEXT are taking us in the right direction. With regard to free cash flow, we are specifically concentrating on capital expenditure and consistent management of working capital," said **Nicolas Peter**, Member of the Board of Management of BMW AG, Finance. "We are already making measurable progress, which will continue to have a noticeably positive impact on earnings – whether in terms of sales, the cost of materials or indirect purchasing."

A key aspect in this endeavour is to develop even faster digital processes and leaner structures. The Performance > NEXT programme is expected to generate efficiency savings in excess of 12 billion euros by the end of 2022. Among other things, development times for new vehicle models will be reduced by as much as one third. On the product side, up to 50 percent of traditional **drivetrain variants** will be eliminated from 2021 onwards in the transition to creating enhanced, intelligent vehicle architectures – in favour of additional electrified drivetrains. It is in this area that the full impact of these measures will come into effect, particularly in the years after 2022.

Moreover, the model portfolio is regularly assessed with a view to finding additional potential ways of **reducing complexity**. Potential for greater synergy and efficiency in indirect purchasing as well as in terms of material and production costs is also being leveraged throughout the Group. The BMW Group is also strengthening performance with an array of new models – especially in segments where the rates of return are highest. One of the Group's targets is to double its sales volume in the luxury segment from 2018 to 2020.

Unequivocal commitment to achieving CO2-targets

The BMW Group is continuously working to reduce the CO2-emissions of its new car fleet. The company has always lived up to its voluntary commitment and will achieve the CO2 fleet target for its European new car registrations also this year. This is around 20 percent below last year´s target. One third of that step can be achieved by further improvements to conventional drivetrain systems and two-thirds by the growth in the field of electrified vehicles. The BMW Group's endeavours to meet future mandatory CO_2 and fuel consumption limits are therefore based on the combined impact of **Efficient Dynamics** technologies – which have been deployed by the BMW Group since 2007 – and the ongoing electrification of vehicles.

As a pioneer of electric mobility, the BMW Group is already today a leading manufacturer and supplier of electrified vehicles and is currently in the process of expanding its range significantly. By the end of 2021, the company intends to have more than one million vehicles with all-electric or plug-in hybrid drivetrains on the roads. At that stage, the BMW Group will offer five all-electric series production vehicles. Alongside the **BMW i3**, demand for which increased for the sixth year in succession, production of the all-electric **MINI Cooper SE*** was commenced at the Oxford plant (UK) towards the end of 2019. The **BMW iX3** will go into production this year at the plant in Shenyang, China, followed in 2021 by the **BMW iNEXT** in Dingolfing, Germany, and the **BMW i4** at the Munich plant – all of which will be equipped with fifth-generation electric drivetrain technology.

Next generation of BMW 7 Series to include an all-electric version

The next generation of the **BMW 7 Series** will mark a new milestone. The BMW brand's flagship vehicle also offers customers the "Power of Choice" and is set be available with four different types of drivetrain: as a highly efficient diesel- or petrol-driven car, as an electrified plug-in hybrid and, for the first time, as an all-electric BEV model, which will also be equipped with a **fifth-generation electric drivetrain**. Offering such a comprehensive range is a clear expression of the BMW Group's aspiration to enable every customer to choose the technology best suited to realise sustainable mobility.

By 2023, the BMW Group will already have 25 electrified models on the roads – more than half of them all-electric. The key to achieving this objective is having intelligent vehicle architectures that, with the aid of a highly flexible production system, enable a model to be powered fully electrically, as a plug-in hybrid or with a combustion engine. With these prerequisites in place, the company is in an ideal position to meet demand in each relevant market segment and offer its customers a genuine **power of choice** between the various drive types. By 2021, demand for electrified vehicles is predicted to double compared to 2019. The BMW Group then expects to see a steep growth curve up to 2025, with sales of electrified vehicles growing on average by more than 30 percent p.a.

High upfront expenditure for future mobility

In paving the way for the future of mobility, a substantial level of upfront expenditure was again required during the period under report. **Research and development** expenses for the year 2019 in accordance with IFRS totalled € 5,952 million, significantly up on the previous year (2018: € 5,320 million; +11.9%). The growing proportion of electrified vehicles is also driving up manufacturing costs. Exchange rate factors and rising prices for raw materials also put downward pressure on earnings. **Capital expenditure** for property, plant and equipment and other intangible assets increased by 12.3% to € 5,650 million year-on-year (2018: € 5,029 million) due to the first-time application of IFRS 16. Investment was made mainly in connection with continuing the new model initiative as well as the modernisation and flexibilisation of existing plant structures.

Steady improvement in profitability and EBIT in financial year 2019

The BMW Group's profitability and profit before financial result improved from quarter to quarter over the course of 2019. The first quarter was impacted by the recognition of a provision for € 1.4 billion following the receipt of a Statement of Objections from the EU Commission in connection with ongoing antitrust proceedings. Group profit before tax for the second half of 2019 then grew significantly year-on-year (€ 4.3 billion; +18.8%).

Fourth quarter deliveries of BMW, MINI and Rolls-Royce premium brand vehicles stood at 665,803[1] units and thus increased slightly compared to the previous year (2018: 656,823[1] units; +1,4%[1]). **Group revenues** rose significantly to € 29,366 million (2018: € 24,482 million; +19.9%) on the back of positive mix effects arising from the significantly higher proportion of vehicles from the upper luxury segment. The figure is the highest amount of revenues ever recorded by the BMW Group in a single quarter and underlines the attractiveness of the current product portfolio. **Profit before financial result** also improved significantly to € 2,332 million (2018: € 1,765 million; +32.1%), while **profit before tax** amounted to € 2,055 million (2018: € 1,800 million; +14.2%). The pre-tax return on sales **(EBT margin)** came in at 7.0% (2018: 7.4%).

In 2019, deliveries increased by 2.2%[1] to a new record of 2,538,367[1] units (2018: 2,483,292[1] units). At € 104,210 million, **Group revenues** exceeded the 100 billion euro mark for the first time (2018: € 96,855 million; +7.6%). Influenced by the above-mentioned provision recognised in the first quarter as well as by high levels of upfront expenditure for research and development, **profit before financial result** for the financial year 2019 finished at € 7,411 million (2018: € 8,933 million; -17.0%). As expected, headwinds also came from negative developments in currencies and raw materials prices.

In addition, as previously reported, positive valuation effects recorded in 2018 were not repeated in 2019 and contributed to a significant decline in the Group's financial result. **Profit before tax** finished accordingly at € 7,118 million (2018: € 9,627 million; -26.1%). The pre-tax return on sales (**EBT margin)** was 6.8% (2018: 9.9%). **Net profit** amounted to € 5,022 million (2018: € 7,064 million; -28.9%).

Based on the annual financial statements of BMW AG, the Board of Management and the Supervisory Board will propose at the Annual General Meeting on 14 May 2020 payment of a **dividend** of € 2.50 per share of common stock and € 2.52 per share of preferred stock, leading to a dividend payout ratio of 32.8% (2018: 32.0%) of net profit. The total dividend payment would be approximately € 1.65 billion.

Free cash flow at solid level despite higher capital expenditure

Automotive segment revenues in the **fourth quarter** 2019 increased to € 26,829 million (2018: € 23,217 million; +15.6%) as a result of the positive mix effects described above. **Profit before financial result** also improved significantly to € 1,825 million (2018: € 1,452 million; +25.7%). The **EBIT margin** therefore improved both year-on-year and compared to the third quarter and amounted to 6.8% (2018: 6.3%).

Segment revenues for the **full year 2019** climbed to € 91,682 million (2018: € 85,846 million; +6.8%). Influenced by the above-mentioned provision recognised in the first quarter as well as by high levels of upfront expenditure for research and development, **profit before financial result** amounted to € 4,499 million (2018: € 6,182 million; -27.2%). The **EBIT margin** came in at 4.9% (2018: 7.2%). Excluding the above-mentioned provision, the EBIT margin was 6.4%. **Profit before tax** amounted to € 4,467 million (2018: € 6,977 million; -36.0%). Despite higher capital expenditure and lower net profit, the segment generated a **free cash flow** of € 2,567 million (2018: € 2,713 million; -5.4%).

In total, 2,185,793[1] **BMW** brand vehicles were delivered to customers worldwide in 2019 (2018: 2,114,963[1] units; +3.3%[1]). Growth was particularly strong in the upper luxury segment, with volumes up by around 75%[1] overall to more than 100,000[1] units, thanks to new models such as the 8 Series. Deliveries of the all-electric BMW i3 rose by 13%[1] to nearly 40,000[1] units.

Focusing on profitable sales growth in an extremely competitive market segment, deliveries of **MINI** vehicles in 2019 totalled 347,474[1] units (2018:

364,135[1] units; -4.6%[1]). The plug-in hybrid MINI Cooper S E Countryman ALL4* was particularly popular, with deliveries up by around 28%[1] to almost 17,000[1] units.

Rolls-Royce Motor Cars recorded the best volume performance in the marque's 116-year history with 5,100[1] units delivered worldwide (2018: 4,194[1] units; +21.6%[1]). Growth was achieved in all regions, with North America standing out again as the most important market. The past year saw exceptional demand worldwide for the Cullinan and Black Badge models.

At 1,083,669[1] units, deliveries of the BMW Group in **Europe** exceeded the one-million mark for the fifth consecutive year, even though the figure was slightly down on the previous year's high level (1,097,117[1] units; -1.2%[1]). In contrast, deliveries in the **USA** went up to 375,751[1] units (2018: 355,373[1] units; +5.7%[1]). The biggest growth driver was **China**, where deliveries increased significantly to 724,733[1] units (2018: 635,813[1] units; +14.0%[1]).

Motorcycles segment achieves targets for year

As predicted, BMW Motorrad recorded solid growth in 2019, with a total 175,162 BMW motorcycles and maxi-scooters delivered to customers (2018: 165,566 units; +5.8%). Segment **revenues** increased to € 2,368 million (2018: € 2,173 million; +9.0%). **Profit before financial result** improved to € 194 million (2018: € 175 million; +10.9%). The **EBIT margin** for the segment finished at 8.2% (2018: 8.1%) and therefore within the target range of 8 to 10%. **Profit before tax** amounted to € 187 million (2018: € 169 million; +10.7%).

Financial Services segment continues positive performance

The **Financial Services segment** continued to perform well in 2019. In total, 2,003,782 **new contracts** were signed with retail customers in 2019

(2018: 1,908,640; +5.0%). The **contract portfolio** with retail customers comprised 5,973,682 contracts at the end of the reporting period (31 December 2018: 5,708,032 contracts; +4.7%). **Segment revenues** totalled € 29,598 million (2018: € 27,705 million; +6.8%). **Profit before tax** amounted to € 2,272 million (2018: € 2,143 million; +6.0%).

Workforce size at previous year's level

As forecast, the BMW Group's **workforce** at 31 December comprised 133,778 employees, similar to the level one year earlier (2018: 134,682 employees; -0.7%). In particular, the Group continues to recruit skilled workers and IT specialists in future-oriented fields such as software development, digitalisation, autonomous driving and e-mobility, as well as for its international production network.

From the beginning of the financial year 2020, the key performance indicator for the workforce size will be based solely on the number of core and temporary employees. This change is in line with a reorganisation of internal management, which focuses on these employee groups. Employee groups such as apprentices, students gaining work experience and doctoral students will not be included in this key performance indicator in future, as they primarily serve to promote the training of young people and to secure the next generation of employees. Based on the new reporting methodology, the workforce comprised 126,016 employees at 31 December 2019.

Outlook for the financial year 2020

The BMW Group sets itself ambitious targets, even in politically and economically turbulent times.

The current uncertainty regarding the further global spread and the effects of coronavirus makes it difficult to provide an accurate forecast of the BMW Group's business performance for the financial year 2020. Based on the latest developments, the BMW Group expects the spread of coronavirus and the required containment measures to have a negative impact on delivery volumes in all major markets over the year 2020 as a whole.

As a result, **Automotive segment deliveries to customers** worldwide in 2020 are now expected to be significantly below **the previous year's level**.

This development is expected to have a negative impact on Automotive segment earnings, particularly in the first half of 2020. Accordingly, a negative effect on the EBIT margin of the Automotive segment for the full twelve-month period is expected to be in the region of 4 percentage point. Based on the latest forecast, the **EBIT margin** of the Automotive segment is therefore expected to lie within a range of **between 2 and 4 percent**.

In the **Financial Services segment,** the number of new contracts is expected to decrease and the risk provisioning expense to increase. As a result, the **return on equity** is forecast to be slightly below the previous year's level.

Taking into account the effects described above, **Group profit before tax** is expected to be **significantly lower** than in 2019.

Deliveries to customers by the **Motorcycles segment** are forecast to show a **slight decrease**, with an EBIT margin within the range of between **6 and 8 percent**.

These targets are to be achieved with a **workforce** of a **similar size to the previous year**.

***: Consumption and emission data:**

MINI Cooper SE: fuel consumption combined: 0.0 l/100 km, power consumption combined 16.8-14.8 kWh/100 km, CO_2 emissions combined: 0 g/km
MINI Cooper S E Countryman ALL4: fuel consumption combined: 2.1-1.9 l/100 km, power consumption combined 13.9-13.5 kWh/100 km, CO_2 emissions combined: 47-43 g/km

The BMW Group – an overview		2019	2018	Change in %
Deliveries to customers				
Automotive[1]	units	**2,538,367**	**2,483,292**	**2.2**
thereof: BMW[1]	units	2,185,793	2,114,963	3.3
MINI[1]	units	347,474	364,135	-4.6
Rolls-Royce[1]	units	5,100	4,194	21.6
Motorcycles	units	**175,162**	**165,566**	**5.8**
Workforce	(compared to 31.12.2018)	**133,778**	**134,682**	**-0.7**
Automotive segment EBIT margin	%	4.9	7.2	-2.3 % points
Motorcycles segment EBIT margin	%	8.2	8.1	0.1 % points
EBT margin BMW Group[2]	%	**6.8**	**9.9**	**-3.1 % points**
Revenues[2]	€ million	**104,210**	**96,855**	**7.6**
thereof: Automotive	€ million	91,682	85,846	6.8
Motorcycles	€ million	2,368	2,173	9.0
Financial Services[2]	€ million	29,598	27,705	6.8
Other Entities	€ million	5	6	-16.7
Eliminations[2]	€ million	-19,443	-18,875	-3.0
Profit before financial result (EBIT) [2]	€ million	**7,411**	**8,933**	**-17.0**
thereof: Automotive	€ million	4,499	6,182	-27.2
Motorcycles	€ million	194	175	10.9
Financial Services[2]	€ million	2,312	2,172	6.4
Other Entities	€ million	29	-27	-
Eliminations[2]	€ million	377	431	-12.5
Profit before tax (EBT) [2]	€ million	**7,118**	**9,627**	**-26.1**
thereof: Automotive	€ million	4,467	6,977	-36.0
Motorcycles	€ million	187	169	10.7
Financial Services[2]	€ million	2,272	2,143	6.0
Other Entities	€ million	-96	-45	-
Eliminations[2]	€ million	288	383	-24.8
Income taxes[2]	€ million	**-2,140**	**-2,530**	**15.4**
Net profit [2,3]	€ million	**5,022**	**7,064**	**-28.9**
Earnings per share(common / preferred stock), 2	€	**7.47/7.49**	**10.60/10.62**	**-29.5/-29.5**

[1] Delivery figures have been adjusted retrospectively going back to 2015. The basis for the adjustments is a change in the methodology used to collate data for the BMW Group's most important markets (China, USA, Germany, UK, Italy and Japan). The retrospective adjustment enables better comparability. Additional information can be found on page 15.
[2] Prior year figures adjusted due to first-time application of revised IAS 16, see note 4 to the condensed Interim Group Financial Statements for the six-month period ended 30 June 2019.
[3] Value for 2018 includes -€ 33 million from discontinued operations; value for 2019 includes +€ 44 million from discontinued operations.

The BMW Group – an overview		**4th quarter 2019**	**4th quarter 2018**	**Change in %**
Deliveries to customers				
Automotive[1]	units	**665,803**	**656,823**	**1.4**
thereof: BMW[1]	units	576,782	556,470	3.7
MINI[1]	units	87,628	98,816	-11.3
Rolls-Royce[1]	units	1,393	1,537	-9.4
Motorcycles	units	**38,230**	**38,773**	**-1.4**
Workforce	(compared to 31.12.2018)	**133,778**	**134,682**	**-0.7**
Automotive segment EBIT margin	%	6.8	6.3	0.5 % points
Motorcycles segment EBIT margin	%	-6.4	-6.4	0.0 % points
EBT margin BMW Group[2]	%	**7.0**	**7.4**	**-0.4 % points**
Revenues[2]	€ million	**29,366**	**24,482**	**19.9**
thereof: Automotive	€ million	26,829	23,217	15.6
Motorcycles	€ million	497	515	-3.5
Financial Services[2]	€ million	7,617	6,898	10.4
Other Entities	€ million	1	2	-50.0
Eliminations[2]	€ million	-5,578	-6,150	9.3
Profit before financial result (EBIT) [2]	€ million	**2,332**	**1,765**	**32.1**
thereof: Automotive	€ million	1,825	1,452	25.7
Motorcycles	€ million	-32	-33	3.0
Financial Services[2]	€ million	452	478	-5.4
Other Entities	€ million	22	-49	-
Eliminations[2]	€ million	65	-83	-
Profit before tax (EBT) [2]	€ million	**2,055**	**1,800**	**14.2**
thereof: Automotive	€ million	1,478	1,631	-9.4
Motorcycles	€ million	-35	-36	2.8
Financial Services[2]	€ million	475	438	8.4
Other Entities	€ million	85	-150	-
Eliminations[2]	€ million	52	-83	-
Income taxes[2]	€ million	**-647**	**-470**	**37.7**
Net profit [2,3]	€ million	**1,408**	**1,319**	**6.7**
Earnings per share(common / preferred stock), 2	€	**2.09/2.10**	**1.98/1.99**	**5.6/5.5**

[1] Delivery figures have been adjusted retrospectively going back to 2015. The basis for the adjustments is a change in the methodology used to collate data for the BMW Group's most important markets (China, USA, Germany, UK, Italy and Japan). The retrospective adjustment enables better comparability. Additional information can be found on page 15.
[2] Prior year figures adjusted due to first-time application of revised IAS 16, see note 4 to the condensed Interim Group Financial Statements for the six-month period ended 30 June 2019.
[3] Value for 2018 includes -€ 11 million from discontinued operations.

Additional information on delivery figures

In December 2019, BMW Group was informed by the U. S. Securities and Exchange Commission (the SEC) that the SEC had commenced an inquiry into BMW Group's vehicle sales practices and reporting. On January 22, 2020, the SEC formally opened an investigation into potential violations of U. S. securities laws by BMW Group relating to disclosures regarding BMW Group's unit sales of new vehicles. BMW Group is reviewing the matter and cooperating with the SEC's investigation. Information on contingent liabilities is provided in note 38 to the Group Financial Statements in the annual report.

The preparation of BMW Group's retail vehicle delivery data involves estimates and judgments and is subject to other uncertainties, including:

- The vast majority of deliveries of vehicles are carried out by independent dealerships or other third parties, and BMW Group is reliant on such third parties to correctly report relevant data to BMW Group.
- In addition, the definition of deliveries includes any vehicles delivered in the United States or Canada if:
    - the relevant dealers designate such vehicles as service loaner vehicles or demonstrator vehicles (BMW Group provides financial incentives in this regard to such dealers); or
    - such vehicles are company vehicles purchased by dealers or other third parties at auctions or by dealers directly from BMW Group,

  each of which may not correlate to a sale to a consumer or other end user in the relevant reporting period.

See Glossary – Explanation of Key Figures – Deliveries for the definition of deliveries (see below).

Retail vehicle deliveries during a given reporting period do not correlate directly to the revenue that BMW Group recognises in respect of such reporting period.

In connection with reviewing its sales practices and related reporting practices, BMW Group also reviewed prior period retail vehicle delivery data and separately determined that certain vehicle deliveries were not reported in the correct periods. BMW Group has revised the data on those vehicle deliveries that had not been reported in the correct periods as further described below, and is making, and will continue to make in the future, certain adjustments to its policies and procedures in order to improve the reliability and validity of its retail vehicle delivery data, in particular with respect to the timing of the recognition of deliveries.

Specifically, the retail vehicle delivery data presented in the annual report (years 2015 through 2019) and this media information (years 2018 through 2019) have been revised by adjusting the data for BMW Group's six most significant markets to reflect the above. In the years 2015 through 2019, these six markets (China, USA, Germany, UK, Italy and Japan) represented on average 68.3% of BMW Group's total vehicle deliveries. For each of the years 2015 through 2019, these revisions amounted to less than 1% of BMW Group's total retail vehicle deliveries. The retail vehicle delivery data for BMW Group's other markets have not been adjusted, as BMW Group believes the impact to be immaterial.

While BMW Group believes the retail vehicle delivery data presented in the annual report and this media information to be materially correct in accordance with BMW Group's definition of deliveries, challenges and further revisions of such data cannot be ruled out.

GLOSSARY – Explanation of Key Figures

Deliveries

A new or used vehicle will be recorded as a delivery once handed over to the end user (which also includes leaseholders under lease contracts with BMW Financial Services). In the US and Canada, end users also include (1) dealers when they designate a vehicle as a service loaner or demonstrator vehicle and (2) dealers and other third parties when they purchase a company vehicle at auction and dealers when they purchase company vehicles directly from BMW Group. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent third party dealers. The vast majority of deliveries – and hence the reporting to BMW Group of deliveries – is made by independent third party dealers. Retail vehicle deliveries during a given reporting period do not correlate directly to the revenue that BMW Group recognises in respect of such reporting period.

EBIT

Abbreviation for "Earnings Before Interest and Taxes", equivalent in the BMW Group income statement to "Profit / loss before financial result". This is comprised of revenues less cost of sales, selling and administrative expenses and the net amount of other operating income and expenses.

EBIT margin

Profit / loss before financial result as a percentage of revenues.

EBT

EBIT plus financial result.

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The BMW Group

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. The BMW Group production network comprises 31 production and assembly facilities in 15 countries; the company has a global sales network in more than 140 countries.

In 2019, the BMW Group sold over 2.5 million passenger vehicles and more than 175,000 motorcycles worldwide. The profit before tax in the financial year 2019 was € 7.118 billion on revenues amounting to € 104.210 billion. As of 31 December 2019, the BMW Group had a workforce of 133,778 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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