

Media Information
3 November 2021

– Check against delivery –

Statement**Oliver Zipse****Chairman of the Board of Management of BMW AG****Conference Call Quarterly Statement to 30 September 2021****3 November 2021, 10:00 a.m. CET**

A very warm welcome to all of you!

The BMW Group is profitable and the company is growing. This is thanks to our customers around the world as well as the strong demand for our diverse range of products and drivetrain technologies.

We delivered 1.9 million BMW, MINI and Rolls-Royce vehicles to customers in the first nine months of the year as well as 156,000 BMW motorcycles and scooters. This represents an increase of 18 and 21 percent respectively above the previous year. BMW once again gained market share and captured 3.4 percent of the global market as a premium manufacturer.

We were also able to expand our strong competitive position in key markets, such as the US and China. BMW leads the premium segment in numerous countries. In addition to China and the US, this is also the case in Mexico, Brazil and other markets in South America, as well as South Africa and several European countries, including our domestic market of Germany.

This shows that: We are maintaining our successful business development. And we can therefore confirm our adjusted guidance for 2021. Our profitability is of extreme importance. In this way, we are laying the foundation for continued investment in relevant future areas of activity. This ambidexterity is needed now more than ever. Just think about the ambitious political guidelines, diversified economic and social developments around the world, new technological possibilities and geopolitical tensions, and many other examples.

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As a global company, we have a responsibility to ensure the BMW Group's business model is viable in the long term under all possible conditions. On the one hand, this means we have to approach short-term changes in our environment with flexibility, but also with consistency. At the same time, we continue to follow our strategic direction in line with our long-term goals and are making the necessary decisions.

I would like to discuss these two perspectives in more detail today:

- **What are we focused on right now?**
- **And how are we setting ourselves up for the years after 2025?**

Directly to the first point:

This year, we demonstrated once again that we are capable of overcoming difficult situations: This applies equally to the lingering effects of the coronavirus pandemic, as well as to the current situation with semiconductor supplies. Our Divisions Purchasing, Development and Production as well as Sales and Marketing are working together very closely on this and exhausting all possibilities. Our stable and trustful relationships with suppliers worldwide also mean that we have been able to cushion the impact for our customers better than many of our competitors.

Not only all our brands, but also all major regions of the world saw significant growth until September: Europe: more than 10 percent. Asia: almost 20 percent. The Americas: over 30 percent. Other markets grew by almost 30 percent.

As expected, and as previously announced, the sales momentum for our electrified vehicles is particularly strong: Our deliveries of electric vehicles and plug-in hybrids doubled between January and September, compared to the previous year. Our BEV sales were even 120 percent higher year-on-year.

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Our new innovation flagships, the BMW i4 and BMW iX, have recently begun rolling off the production line. Both are pre-ordered several months out. Many members of the media and car experts from around the world have already experienced the i4 and the iX for themselves and they were thrilled.

We on the Board of Management get to test our products on a regular basis, of course. But recently, our senior managers had the same opportunity. They drove almost 600 km in the iX, from Munich to just outside Cologne – fully electric and with all the latest digital features. Their conclusion: E-mobility has fully arrived in our everyday lives.

However, the charging infrastructure isn't keeping up. Here in Germany and all across Europe, it needs to be expanded swiftly and noticeably – while also being binding and ambitious. I am also advocating for this as ACEA president. The growth of electric cars already exceeds the growth of current charging capacity in Germany by factor of five. Many EU countries still don't have a charging network at all. Without a coherent framework, no technology can be implemented or become widely accepted. This applies to both e-mobility and hydrogen. That is why the next steps towards tighter CO₂ reductions in Europe after 2030 should only be decided based on the charging infrastructure that has actually been built by then. A review in 2028 can then define the right specifications for the rest of the journey.

A fundamental requirement is that our customers are already enthusiastic about e-drives today. And we can state that we are on the right track here. To quote a recent headline: "The best 4 Series is electric" – the new BMW i4 is getting a lot of praise like this. This is how we create desirability. We are building the new i4 at our oldest plant – where people of more than 50 nationalities work together, right in the heart of the city.

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Please allow me a brief digression – because this is where the change is most visible: We are gradually relocating our engine production to other sites – without cutting jobs. Instead, an assembly plant for electric cars is being built on the same site. That gets us moving quickly: By 2023, at least half of all vehicles from Plant Munich will have an electrified drive train – the overwhelming majority of them fully electric. With its new vehicle assembly, the plant will also be able to produce up to 100 percent BEVs from 2026 onwards. This will be determined entirely by demand. That is how systematic transformation works. At the same time, we are also working on emission-free transport logistics for our main plant.

No one will get left behind. We have already trained more than 50,000 specialists worldwide for e-mobility. Starting this month, the i4 and iX will also be available alongside our electric pioneer, the BMW i3; our successful urban model, the MINI SE*; and the BMW iX3*, which is built in China. Over the next two years, these will be joined by fully electric versions of the high-volume BMW 5 Series and X1, as well as the 7 Series.

What does this mean for our customers?

By 2023, we will have at least one fully electric model in about 90 percent of our current market segments – giving our customers the ability to choose.

Nevertheless, we still have a long way to go until all customers in all countries around the world are able to rely solely on electric driving. But, when it comes to climate protection, every single gram of CO₂ that we can avoid today counts. Why should we commit to a single technical solution early in the process, when that means leaving considerable potential untapped in the here and now?

This explicitly includes further CO₂ reductions through the use of state-of-the-art conventional drive technologies. From 2022 onwards, our modular motors will receive second generation 48-volt technology.

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This leads to a further significant increase in efficiency. For some models that now jump straight into the second stage, this can result in less CO₂ of up to 20 percent. We need competition between technologies – in the interest of customers and for less CO₂. Anything else would put us on a consolidation course. Our intelligent vehicle architectures will allow us to continue to offer markets worldwide the right technologies for their individual circumstances and pace of change.

Let's move on to my second point:**How are we setting ourselves up for the years after 2025?**

We see technological change as a tremendous opportunity to strengthen our business model for the long term. Technology can protect the climate. We are systematically gearing the BMW Group towards climate neutrality. What does that include?

First:

Continuing to ramp up e-mobility for all our brands. MINI and Rolls-Royce will be exclusively all-electric from the early 2030s. We will be taking our core BMW brand into a new fully electric dimension with the NEUE KLASSE from 2025 onwards. The same applies to the digital experience of mobility for our customers.

Second:

Our strong commitment to climate-neutral mobility. To achieve this, we have again tightened our ambitious sustainability goals for the supply chain, production and the use phase.

And thirdly:

Our focus on the circular economy. We showed what this looks like in practice at the IAA Mobility:

We have received extremely positive feedback worldwide on the BMW i Vision Circular. It is made of 100-percent recycled material and is itself 100-percent recyclable. We don't just make announcements; we let our actions speak for themselves. For the NEUE KLASSE, for example, we are sourcing "green" steel – manufactured using hydrogen and green power – from Swedish start up H2 Green Steel. In this way, we can drastically reduce CO₂ emissions starting at the very beginning of the supply chain.

The real question, after all, is: What is a vehicle's overall carbon footprint throughout its lifecycle – from the use of raw materials, through industrial manufacturing and active use, all the way to recycling?

The credibility of this is measured by whether concrete action can be verified at the end. That is why the BMW Group became the first German automotive manufacturer to join the Business Ambition for 1.5 degrees. This entails a commitment to climate neutrality by 2050.

Our path to achieving this is scientifically validated, transparent and measurable. It is absolutely clear: Resources are becoming increasingly scarce – and, as a result, prices for raw materials are rising. That is why we are already thinking about the next logical step in the transformation: how to significantly reduce our resource consumption. This will be a crucial lever to achieving sustainable development and profitable growth in the future.

The BMW Group will gradually increase the percentage of secondary material it uses in its vehicles to 50 percent. This is a challenge for all of us. That is why we can no longer think in a fragmented way. In light of the ongoing UN Climate Change Conference in Glasgow, I will address these issues at the COP's Sustainable Innovation Forum next Monday. Our shared goal of lowering CO₂ emissions quickly and on a massive scale demands cooperation at the global level. This applies specifically to CO₂ pricing.

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We support pricing as the most efficient measure to curb carbon emissions – provided it is regulated across national borders and in a uniform manner. It is very important that the steering effect of policy is aimed in this direction.

In all sectors, sustainability and digitisation have long been closely linked. That is precisely why we have established the industrial flagship project Catena-X – which we now seek to strengthen further.

Catena-X creates transparency, from small suppliers to OEMs. This cross-sectoral connectivity is a real advantage for Europe as a manufacturing location. Today's modern vehicles are already shaped largely by software. With research and development activities at 10 locations worldwide – our own and, also, at our joint ventures – we have a total of around 10,000 IT and software specialists working on digitisation of vehicles. We have been moving forward with connectivity in our vehicles for more than two decades. And we are seeing this again right now:

By the end of this year, the BMW Group will have the world's largest fleet of vehicles on the road with “over-the-air” update and upgrade capabilities. With Remote Software Upgrade, our vehicles always have the very latest technology – just like the updates we are all used to on our smartphones.

This benefits our customers directly: Their vehicle is not only always up to date; it also keeps on getting better because we can access every line of programming code in the vehicle. Our customers can also purchase or subscribe to new functions and features. With high-end connectivity, such as 5G in the iX, our vehicles are transformed into a smart device within the customer's own digital ecosystem.

Standardisation is key to the digitisation of cars.

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We believe it makes sense to develop common, standardised basic elements for vehicle operating systems in conjunction with other OEMs and suppliers. The use of open-source software is highly relevant in this respect – to make sure we are all speaking the same language. There is no need to reinvent the wheel. We can ensure a high level of economic efficiency and, at the same time, make use of existing digital ecosystems, such as Google’s Android Open-Source Project.

In this process, we are working with tech players like Apple, Amazon, Tencent, Google and Intel – while still competing with them. I see this less as a clash between OEMs and tech giants, and more as an expression of the market reality in the digital age and a way to guarantee further progress.

Ladies and Gentlemen,

In a multi-layered transformation process, employees are a meaningful seismograph that provides a valuable indication of the state of a company. We received over 100,000 responses to our Employee Survey in October – the highest ever. And the results show a very positive trend in all categories compared to the surveys in 2017 and 2019. They showed that the vast majority of our global team are confident about the future of the BMW Group – across all divisions and hierarchy levels.

This spirit and optimism demonstrate to me that:

- Our team really sees the transformation as an opportunity.
- We have the right balance of disruption and stability.
- We consistently combine change and responsibility.

We are finding solutions and moving fast – and taking our people along with us. This is how the BMW Group will remain on course for long-term success – by being profitable, innovative and responsible. Thank you!



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***Consumption/emissions data:**

MINI Cooper SE: Power consumption in kWh/100 km combined: 16.9-14.9 NEDC, 17.6-15.2 WLTP.

BMW iX3: Power consumption in kWh/100 km combined: 18.9-18.5 WLTP.