



OLIVER ZIPSE

Focal points of the speech of the Chief Executive Officer of BMW AG at the virtual Annual General Meeting on 15 May 2024. Check against delivery.

Dear shareholders,

„Strong today – strong tomorrow“.

That is our BMW approach, summed up in just a few words. We achieve this by thinking far into the future. We base our strategic decisions on facts and informed analysis, without prejudging the outcome. This makes your company robust and ensures that we remain composed in a dynamic environment. We can always rely on BMW's vast array of experience. It gives us strength and empowers us to take bold action: We know what we are capable of! That is why BMW is still here after 108 years.

The most important catalyst for lasting success is our capacity to innovate – with a focus on marketability and delivering value for customers. Our thoroughly global team brings innovations – in the truest sense of the word – to the roads. More than 150,000 people make up the BMW Group. In autumn 2023, we asked all of them to share their opinion: 85 percent said they support the company's goals and strategy. 93 percent are proud to work for the BMW Group. Those are pretty impressive approval ratings – especially when you consider that your company is once again in the process of reinventing itself.

Our associates value your commitment and your loyalty to the BMW Group as shareholders. You give us the latitude we need to make decisions with a long-term perspective. This traces back to legendary entrepreneur Herbert Quandt. The next generation is carrying forward his legacy – much like we do at the company.

Everyone is talking about the transformation of mobility and the automotive industry – how one will replace the other. We take a different approach. We call it continuous progress. Becoming a little bit better every day – that is what we aspire to. We are realising ambitious goals, step by step. That may sound very methodical, but it certainly yields highly effective results.

Your investment must be worth it – that goes without saying. In the financial year 2023, after revising our guidance upwards, we met all our targets. Should you approve our proposed dividend, you will receive a payout equivalent to 33.7 percent of our unappropriated profit.

At our Annual General Meeting, I will elaborate on how we intend to realise our future plans. We look forward to the discussion with you and answering your questions from the BMW Welt.

I will be exploring the following aspects in more depth:

1. **Future to the max: Turning visions into reality.**
2. **Following our own convictions: Technology openness works.**
3. **Global success today: Regional action and partnership.**
4. **The car as digital companion: Making mobility more human, more intelligent and more sustainable.**

In the first part, I'll be talking about our future: Turning visions into reality.

Last year, I announced to you a new Vision Vehicle, which we then unveiled at the IAA MOBILITY 2023. No other car has received as much media coverage and positive feedback as our BMW Vision Neue Klasse – which is just one more reason to present this exceptional vehicle to you. I'll also be bringing along our latest Vision Vehicle. As you will see: You couldn't ask for more BMW or more future!

With the NEUE KLASSE, we are rethinking individual mobility from the ground up. And what makes more sense than applying this new approach to everything that defines the core of the BMW brand? On the one hand, you have the BMW Vision Neue Klasse as a sporty sedan. On the other, you have the BMW X philosophy totally reimaged in the BMW Vision Neue Klasse X. Both of these vehicles come from high-volume segments.

Not only do they show how consistent the NEUE KLASSE is – in terms of design, technology and the relevant parameters for sustainability, they also demonstrate how broad the NEUE KLASSE is: Because between these two “bookends”, there is still plenty of room for other models. We are now picking up the pace: Both of these models will be on the roads – in a very similar form. From the second half of next year, the first production vehicles of the NEUE KLASSE will initially roll off the line at our new plant in Debrecen, Hungary. This will be followed by our locations in Munich and Shenyang in 2026 and San Luis Potosí, Mexico in 2027.

There is no mistaking that this is a real mega-project! The dimensions become clearer when you understand that the innovations of the NEUE KLASSE will be incorporated into the entire BMW line-up going forward. In simple terms: Soon, all BMW technology will be NEUE KLASSE. We refer to it as our innovation and technology booster for the whole product range and all major future projects. In this way, we are not just taking mobility to a new level, but also becoming a new company. I believe this is entirely in your interest as shareholders.

The second part reflects our belief that technology openness works.

The heart of the NEUE KLASSE is pure electric – and we are creating a new and separate architecture for this. As demand for electric vehicles grows, we are able to leverage corresponding economies of scale. At the same time, we continue to serve all markets with premium products tailored to their needs. We offer the full range of drive technologies – which architecture they are based on is secondary. Using technology clusters and modules, we can roll out innovations and technological advances across all architectures, vehicle concepts and segments, and scale them efficiently.

We don't divide our products into "old" and "new". We deliver cutting-edge technology across all areas, integrated into the best cohesive complete package. That is perhaps the underlying secret of your company's success.

Our comprehensive technological expertise is proving highly effective. Following the new BMW 5 Series Sedan, the new BMW 5 Series Touring is another example of this: It is available fully-electric as the BMW i5, as a plug-in hybrid and as a highly efficient diesel and petrol engine with 48-volt technology. In other words, the full range of options.

You know my position: Building cars is always going to be a highly complex task. New market players are realising this, too. The ability to master this complexity, seamlessly, and to effectively orchestrate, scale and further develop technologies is not only one of your company's strengths, but also a unique selling point.

Just look at our fresh line-up across all brands! Our core BMW brand is maintaining its leading position in the global premium segment. In 2023, the strongest impetus for growth came from our vehicles in the upper premium segment and our all-electric models. We delivered over 375,000 BEVs to customers – an increase of almost 75 percent over the previous year.

This dynamism is also reflected in our share of the global BEV market: At 4.1 percent, it is already significantly higher than our share of the total global market, which remains stable at 3.3 percent.

Demand for BEVs will continue to rise – although not in a linear fashion; it will be volatile and market-specific, due to several factors. We have reiterated this time and again – and it is currently holding true in multiple markets. We stay on track by reacting quickly and flexibly. We are able to do this because this has been our strategic approach for years – and we have implemented it efficiently with our architectures.

Ramping up e-mobility is a clear priority for us. By the end of 2024, our line-up will feature more than 15 BEV models, including the MINI Aceman, as the next member of the New MINI family. Rolls-Royce has also taken off at full speed since the Spectre market launch. In 2024, BMW Motorrad is also releasing no fewer than three top models: the fully-electric CE 02, as well as the M 1000 XR and the R 1300 GS Adventure.

This past February, we presented our new and future vehicles, such as the BMW 1 Series and the new edition of the extremely popular BMW X3, to about 1,500 retailers from 30 European countries in Amsterdam; in March, we did the same in Las Vegas for over 1,000 dealers from the Americas region. What I experienced there can only be described as unbridled enthusiasm.

Talking about retailers: They also have a key role to play in our new sales system. For the MINI brand – after China – we are now also implementing direct sales in the first European countries. BMW will then switch to the new sales model in Europe from 2026. Our goal is to reach out to our customers in a direct, digitalised way.

Since last year, we have also been testing the hydrogen fuel cell drivetrain. Our pilot fleet of the BMW iX5 Hydrogen has raised awareness, industry-wide, of hydrogen's role in the energy transition.

All our brands and drivetrain variants are helping your company meet and overfulfil the European Union's CO₂ fleet target for the use phase. In 2023, the BMW Group outperformed the CO₂ limit set for us by the EU by more than 20 percent. This year, we expect another slight reduction.

Technology-centric with a clear focus on e-mobility: It is precisely because we are so consistent in our actions that we are reshaping the public perception of your company. In March, the New York Times named BMW a “winner in electric vehicles”. People expect us to consider things carefully and come up with practical solutions – because we consistently demonstrate our ability to do so.

In part three, I will delve into our global success – which requires regional action.

If you look closely, your company stands out as one of the automotive industry's few “truly” global manufacturers. We have expanded our footprint over the decades and now reap the benefits whenever there is a shift in the global balance of power. In 2023, your company once again reported growth in all major regions of the world. We are living proof that everyone benefits when people work together. That is why we continue to advocate for open markets and global free trade with unwavering conviction.

Let me give you three examples: Our biggest single market is China. Our largest sales region is Europe. And our “second home” is the US.

1. We employ about a fifth of our workforce in China. After Germany, China is our second-largest R&D location. We are highly regarded as a company there, because we enter into serious, long-term commitments. This year, we are celebrating 30 years “at home in China” and more than two decades of commitment in Shenyang. But our sights are also set on the future: In April, we signed a new investment agreement with Liaoning Province, worth 20 billion renminbi or about 2.5 billion euros. The Shenyang production site of our BBA joint venture is transforming into an iFACTORY, as it gears up for the launch of the NEUE KLASSE from 2026.
2. In Europe, our success is founded on democratic principles, the single market and peaceful coexistence. We sell nearly a third of all our vehicles in the EU, where we operate ten plants and maintain a broad supplier base. We all benefit from a united Europe – not just as companies, but also on a human level. The European Union stands as a unique and valuable asset that is worthy of our collective efforts to preserve it.

3. We refer to the US as our “second home”. Next year will be our 50th year in the United States. In 2023, your company was once again one of the largest net exporters of vehicles from the US by value. The US is also our second-largest purchasing market worldwide, with a volume of 6.7 billion euros. We have been a local partner there – particularly in South Carolina for over 25 years, which is home to our largest plant worldwide. Free trade made this success story possible.

“Local for local” is a principle your company has perfected – and we are now applying this same approach to manufacturing cells for the batteries needed for e-mobility. We locate production facilities for BMW high-voltage batteries close to our vehicle plants – in Hungary, the US and China. Just a few days ago, we laid the foundation stone for the high-voltage battery assembly in San Luis Potosí, Mexico. What are the benefits for us? It will ensure short transport distances and secure our supply against unforeseen events around the globe.

From 2026, the Gen6 batteries for our Bavarian plants will come from Lower Bavaria. We took part in in-depth discussions with local residents in Irlbach-Straßkirchen – because talking to each other builds trust. The residents voted overwhelmingly in favour of the new location.

Today, global means local – and this also applies to our supply chains. We have learned in recent years how vulnerable and susceptible to disruption they can be. How many parts do our plants worldwide need to be supplied with every day? 36 million. The right quantities have to be in the right place, at the right time, in the best quality. Our “i Supply Chain” strategy ensures that we have resilient, digital supply chains.

You might already have heard of Catena-X. There's tremendous potential here: Automotive manufacturers, suppliers and, soon, recyclers are creating a shared data ecosystem – collaborating digitally for greater efficiency and transparency. This also includes aspects such as the carbon footprint and tracing components and raw materials. We are about to embark on a pilot project, where we will be using data from Catena-X to measure the product carbon footprint of production of the BMW iX kidney grille.

Wherever we collaborate with partners and suppliers, we do so on a cooperative basis, always treating each other as equals.

**Part four focuses on the car as a digital companion:
We are making mobility more human, more intelligent and more sustainable.**

With over-the-air upgrades, each and every one of our vehicles is always digitally up-to-date. The BMW 5 Series Sedan is the first car in Germany to be approved for partially automated driving at speeds up to 130 km/h on motorways. This new (Level 3) functionality can be experienced in the new BMW 7 Series since March 2024 – allowing you to take your hands off the steering wheel and temporarily turn your attention away from the road.

Our digital driving experience guarantees maximum safety for all road users. Here, our guiding principle is that your company only introduces mature technical solutions onto the road. Since summer 2023, we have been testing automated driving and parking functions up to fully automated driving (Level 4) at our “Future Mobility Development Centre” in Sokolov in the Czech Republic.

The NEUE KLASSE will offer an even higher-level “BMW driving experience”. Driver and vehicle will interact in an intuitive way – as embodied in our new BMW iDrive. Our BMW Panoramic Vision, for example, projects key information across the full windscreen. Our new electric Gen6 system includes the high-voltage battery and powertrain. This will reduce costs by 40 to 50 percent compared to today's Gen5. We are leveraging all of these innovations to make mobility more human, more intelligent and more sustainable.

Esteemed Shareholders,

The US publication “Time Magazine” and the online platform Statista analysed and compared 750 international companies: Your company did exceptionally well to make it into the top ten and was, in fact, the highest-ranked automotive manufacturer. Revenue growth, sustainability and employee satisfaction – for many these are conflicting goals: We combine them in an intelligent manner.

Our environment will continue to be dominated by challenges and uncertainty. You are counting on us to remain successful – and, indeed, we will! We have ambitious plans for financial year 2024. Our capital expenditure as well as our research and development spending will peak this year. We are making substantial investments – because we are forward-thinking.

That is why your company is financially strong – at a consistently high level – and continuing to grow. Deliveries are projected to increase slightly from last year, with significantly higher BEV sales.

The first quarter gave a boost to our confidence: Our BEV sales are up almost 28 percent and on the rise in all major regions of the world. Not every manufacturer can say the same. Together, BEVs and plug-in hybrids accounted for over 20 percent of our sales in the first quarter.

I travel the world a lot, visiting our markets and facilities; it is something I enjoy. Everywhere I go, I see how beneficial and how essential individual mobility is in many people's everyday lives. My experience is also that the BMW Group is viewed as a valued partner. All of this encourages us to continue forging our own BMW path.

For me, that means continuous progress. That is why the following holds true for your company: **“Strong today – strong tomorrow.”**

We trust that you will continue to stand by us – and be part of an exciting and successful shared future.

Yours

Oliver Zipse
Chairman of the Board of Management