

# BMW GROUP CHINA BANKERS DAY 2020.

BIRGIT BÖHM | 21st July 2020

Senior Vice President Finance and Group Treasurer of BMW Group.



**BMW  
GROUP**



Rolls-Royce  
Motor Cars Limited

# AGENDA.

## Agenda.

### Group Strategy

Financial performance  
Review and Outlook 2020

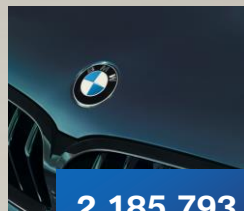
BMW Group Treasury  
In China



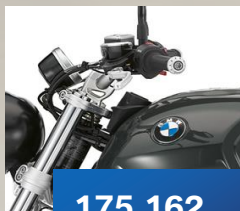


# THE WORLD'S LEADING PREMIUM CAR COMPANY AT A GLANCE.

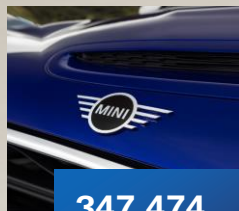
## BMW, ROLLS-ROYCE AND BMW MOTORRAD POST NEW ALL-TIME HIGHS IN 2019.



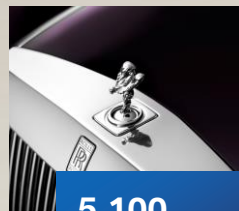
**2,185,793**  
+3.3%



**175,162**  
+5.8%



**347,474**  
-4.6%



**5,100**  
+21.6%



# BMW GROUP STRATEGY.

## WHAT do we stand for? POSITION.

We take on business, environmental and societal challenges.

## WHAT drives us? DIRECTION

We offer inspiring premium products for individual mobility. Today and for future generations.

BMW GROUP  
STRATEGY



## WHERE do we want to go? STRATEGIC APPROACH.

We focus on our customers and fulfil their diverse needs worldwide.

## HOW do we achieve our goals? COOPERATION.

We deliver top performance. Each of us makes a contribution, based on our values.



# POWER OF CHOICE.

OUR CUSTOMERS DECIDE WHAT IS RIGHT FOR THEIR NEEDS.



**BMW X3.** PETROL & DIESEL.



**BMW X3 xDRIVE 30e.**



**BMW iX3.**

VARIETY OF DRIVE TRAINS IN THE BMW X3.



# BMW i. FROM “BORN ELECTRIC” TO “ONE PLATFORM SERVES ALL”.

**2013**  
“BORN ELECTRIC”.

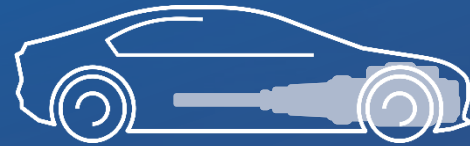


FROM  
**2021** ON.



**ONE PLATFORM  
FITS ALL POWERTRAIN  
DERIVATIVES ...**

COMBUSTION ENGINE.



PLUG-IN HYBRID.



PURE ELECTRIC.





# OUR CLEAR ROADMAP.

AT LEAST 25 ELECTRIFIED MODELS BY 2023 INCLUDING AT LEAST 13 FULLY ELECTRIC CARS.  
BY THE END OF 2020, THE BMW GROUP WILL HAVE AT LEAST 12 PHEVS BASIC MODELS AVAILABLE.

## FULLY ELECTRIC.



BMW i3  
60 Ah / 22 kWh



BMW i3  
94 Ah/33 kWh



BMW i3, BMW i3s  
94 Ah/33 kWh



BMW i3, BMW i3s  
120 Ah/42 kWh



MINI Electric



BMW ix3\*



BMW i4\*



BMW iNEXT\*



BMW i7

2013

2014

2015

2016

2017

2018

2019

2020

2021

2022

2023



BMW i8 Coupe



BMW X5  
xDrive40e



BMW 740e,  
Le, Le xDrive



BMW X1 xDrive  
25Le (CN only)



BMW i8 Roadster



BMW 745e,  
Le, Le xDrive



BMW 330e



BMW X1 xDrive25e



BMW 530  
Le China



BMW 330e



BMW 530e



BMW i8 Coupé



BMW 225xe



BMW 530e, xDrive



BMW 330e xDrive Touring



BMW 225xe



MINI Cooper S E  
Countryman ALL4



BMW 530Le  
(CN only)



BMW X3 xDrive30e



BMW X5  
xDrive45e



BMW X2 xDrive25e



BMW X1 xDrive 25Le (CN only)



BMW 530e, xDrive Touring

## PLUG-IN HYBRID.

# LEADING PROVIDER OF ELECTRIFIED CARS.

MORE THAN 146,000 UNITS SOLD IN 2019.

## SALES. ELECTRIFIED CARS.



END OF 2019  
**500,000**  
ON THE ROAD.

## ROADMAP EUROPEAN NEW VEHICLE FLEET.

**2021**  
25% ELECTRIFIED.

**2025**  
33% ELECTRIFIED.

**2030**  
50% ELECTRIFIED.



# E-MOBILITY WITHOUT COMPROMISE. BMW CONCEPT i4.

## **BMW i4 (2021).**

UP TO 600 KM RANGE  
(BASED ON WLTP).

UP TO 530 HP.

5<sup>TH</sup> GENERATION BMW eDRIVE  
WITHOUT ANY RARE EARTHS.

BUILT IN MUNICH.





# THE BMW GROUP USES INDUSTRY & CROSS-INDUSTRY COOPERATION TO PREPARE ITSELF FOR FUTURE TECHNOLOGIES AND BUSINESS OPPORTUNITIES.

## ELECTRIFICATION AND CELL TECH



## AUTONOMOUS DRIVING



## DIGITAL & MOBILITY SERVICES





# BMW'S REMOTE SOFTWARE UPDATE SYSTEM IS AT THE FOREFRONT OF THE AUTOMOTIVE INDUSTRY.

Update  
I&C-Features  
(OtA)



OTA SW-  
Updates for  
complete vehicle



Update via  
Smartphone /  
App



## BMW Group's OTA in a nutshell:

- Offered in **49 Connected Drive markets** since May 2020.
- From now on up to **3 total vehicle updates per year**.
- From over 500,000 vehicles today to **over 2 million vehicles p.a. (as of 2021)**

BMW is the first traditional OEM  
who uses software updates for the entire vehicle via OTA.

# SUSTAINABILITY. HOLISTIC APPROACH.

## SUSTAINABLE PRODUCTION.

- External electricity sourcing 100% renewable.
- CO2-emissions: -60% since 2006.

## SUSTAINABILITY IN THE SUPPLY CHAIN.

- Direct sourcing of Cobalt/Lithium.
- No rare earth materials in electric motors (Gen5).

## HOLISTIC APPROACH.



## VEHICLE EMISSIONS.

- CO2-emissions EU-fleet: -50% by end of 2020 (vs. 1995).
- 12 electrified models on offer, >500,000 xEVs delivered to customers.

## CONSISTENT RECYCLING.

- All vehicles 95% recyclable.
- Up to 20% of plastics in vehicles are made from recycled material.

The BMW Group is fully on track to meet the CO2 fleet targets in the EU\* in 2020.



# VERY ATTRACTIVE AND FRESH PRODUCT LINE UP IN 2020.



**BMW X1 PHEV**



**BMW X2 PHEV**



**BMW X3 PHEV**



**BMW X5 M**



**4 Series Gran Coupé**



**5 Series LCI**



**M8 Gran Coupé**



# THE BMW GROUP'S ALREADY STRONG FOOTPRINT IN CHINA

## EXPANDED WITH JV SPOTLIGHT AUTOMOTIVE FOR MINI.



**8 LEGAL ENTITIES, INCL. DIGITAL DEVELOPMENT ENTITY LINGYUE**



**2 BBA VEHICLE PLANTS  
1 BBA ENGINE PLANT**



**HIGH VOLTAGE BATTERY ASSEMBLY**



**3 DEVELOPMENT SITES**



**300+ 1<sup>ST</sup> TIER SUPPLIERS**



**5 REGIONAL OFFICES & 600+ SALES OUTLETS**



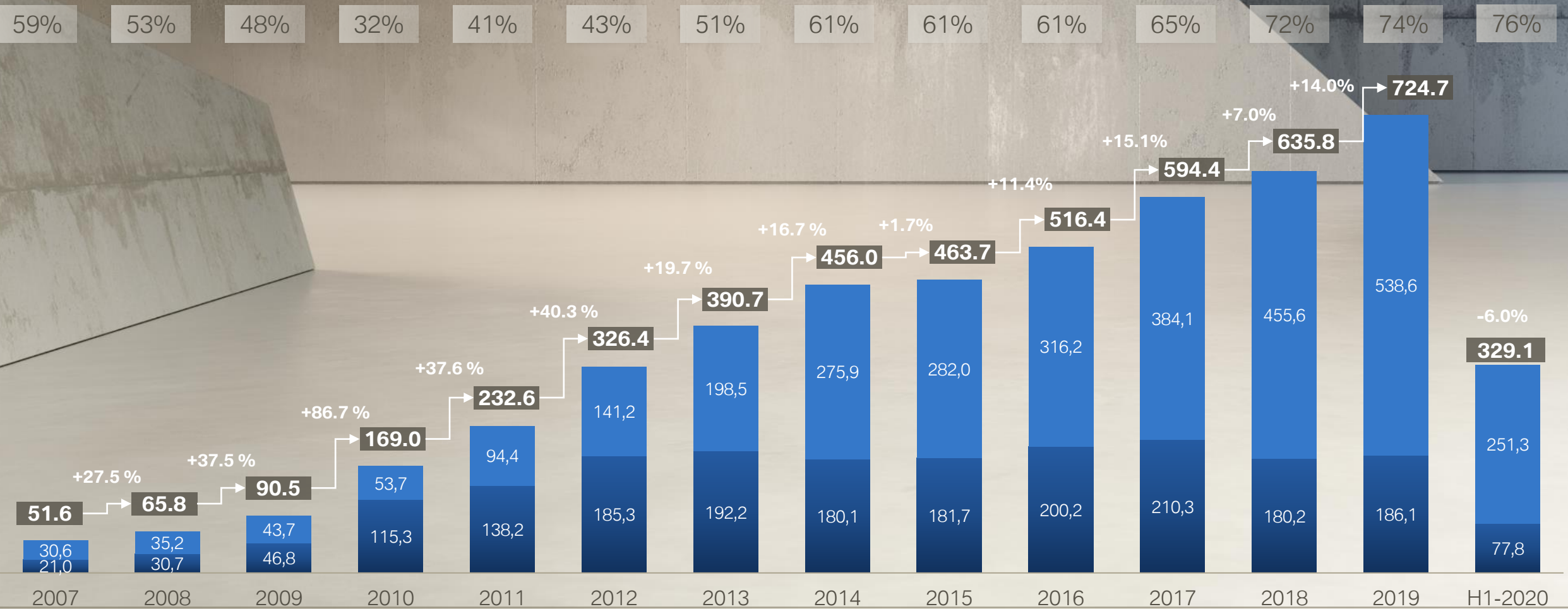
**12/2019: SPOTLIGHT  
AUTOMOTIVE LIMITED**



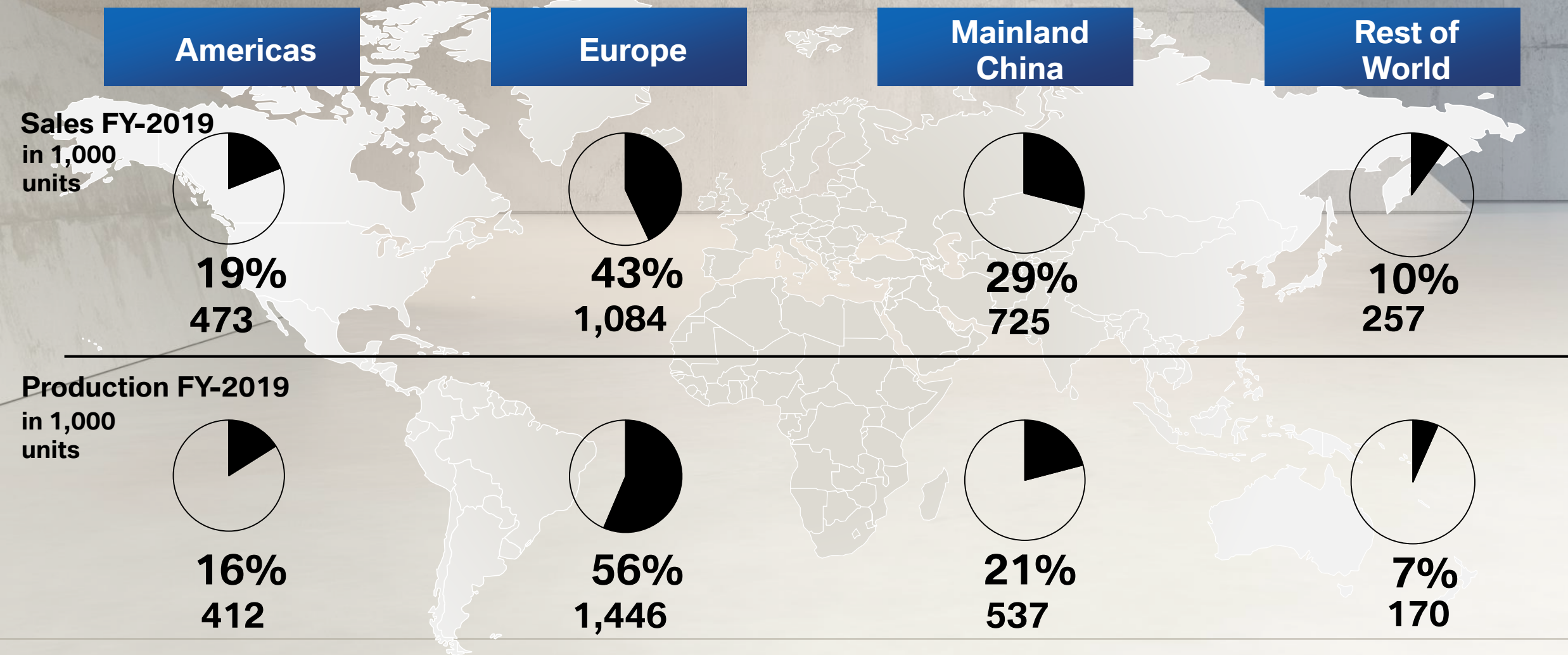
# STRONG GROWTH IN BMW GROUP'S RETAIL SALES IN CHINA

SUPPORTED BY A MARKET ORIENTED PRODUCT LOCALIZATION.

Share of JV Sales (through BMW Brilliance Automotive).



# BMW GROUP AUTOMOTIVE BALANCED SALES\* DISTRIBUTION AND FY-2019 GROWTH OF +2.2% TO A NEW RECORD OF 2,538,367 VEHICLES.





# AGENDA.

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**Financial performance  
Review and Outlook 2020**

BMW Group Treasury  
In China



# BMW GROUP

## FY-2019 KEY FINANCIALS.

BMW Group	FY-2019	FY-2018**	Change in %
<b>Earnings before tax (EBT) – Group (in m€)</b>	<b>7,118*</b>	<b>9,627</b>	<b>-26.1</b>
EBT margin (in %) – Group	6.8*	9.9	-3.1% points

### Automotive Segment

Sales (units)	<b>2,538,367</b>	2,483,292	+2.2
Earnings before interest and tax (EBIT) (in m€)	<b>4,499*</b>	6,182	-27.2
<b>EBIT margin (in %)</b>	<b>4.9*</b>	<b>7.2</b>	<b>-2.3% points</b>

### Motorcycles Segment

Sales (units)	<b>175,162</b>	165,566	+5.8
Earnings before interest and tax (EBIT) (in m€)	<b>194</b>	175	+10.9
EBIT margin (in %)	<b>8.2</b>	8.1	+0.1 % points

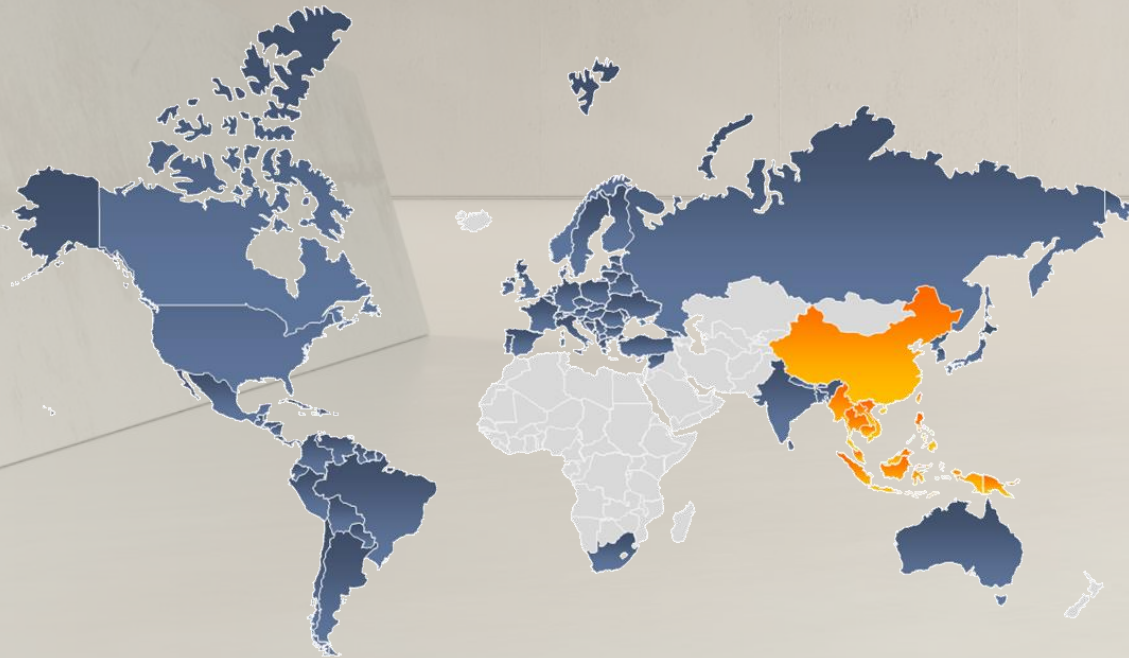
### Financial Services

Earnings before tax (EBT) (in m€)	<b>2,272</b>	2,143	+6.0
<b>Return on Equity (in %)</b>	<b>15.0</b>	14.8	<b>+0.2 % points</b>
Penetration rate (in %)	<b>52.2</b>	50.1	+2.1 % points
Credit loss ratio (in %)	<b>0.26</b>	0.25	+0.01 % points

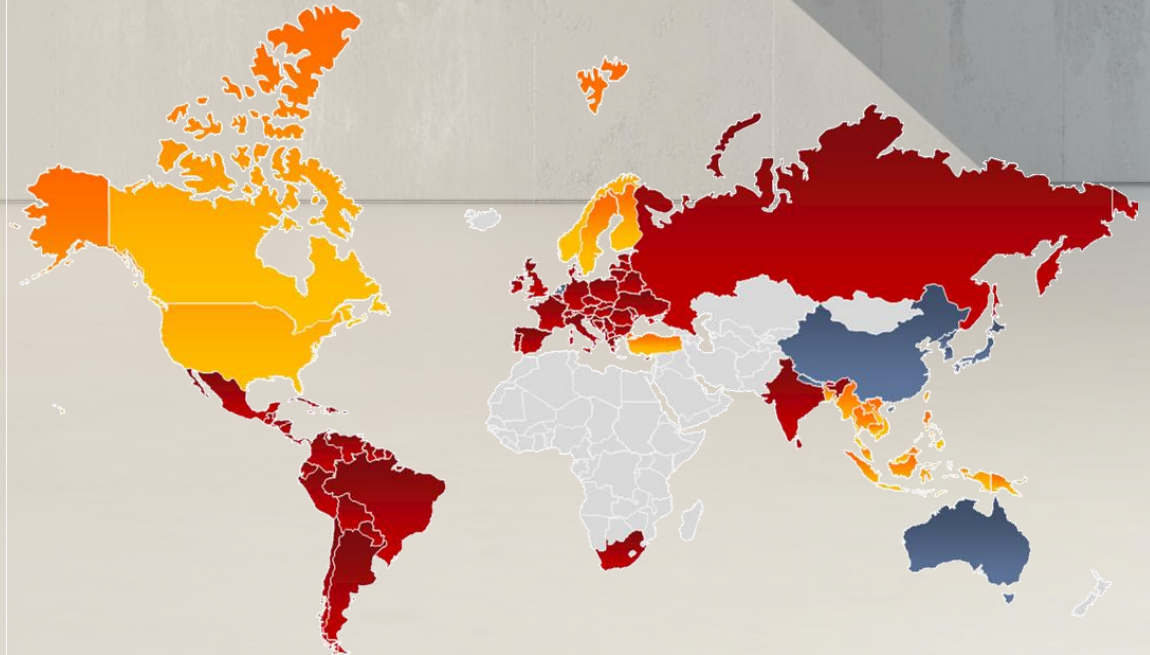


# GLOBAL SPREAD OF COVID-19. CLOSURE OF OUR DEALERSHIPS.

**BEGINNING OF MARCH**  
(2.-8.3.2020)



**MID APRIL**  
(6.-12.4.2020)



■ Sales Stop    ■ Limited Sales    ■ Regular Sales (>95% of the dealerships)

# LOCKDOWN-DEVELOPMENT IS REFLECTED IN THE GLOBAL SALES OVER THE FIRST 6 MONTHS OF 2020.

1. QUARTER 2020		H1 2020	
<b>WORLD</b>		<b>WORLD</b>	
	476,258 units <b>(-20.5 %)</b>		962,575 units <b>(-23.0 %)</b>
<b>CHINA</b>		<b>CHINA</b>	
	116,452 units <b>(-30.9 %)</b>		329,069 units <b>(-6.0%)</b>

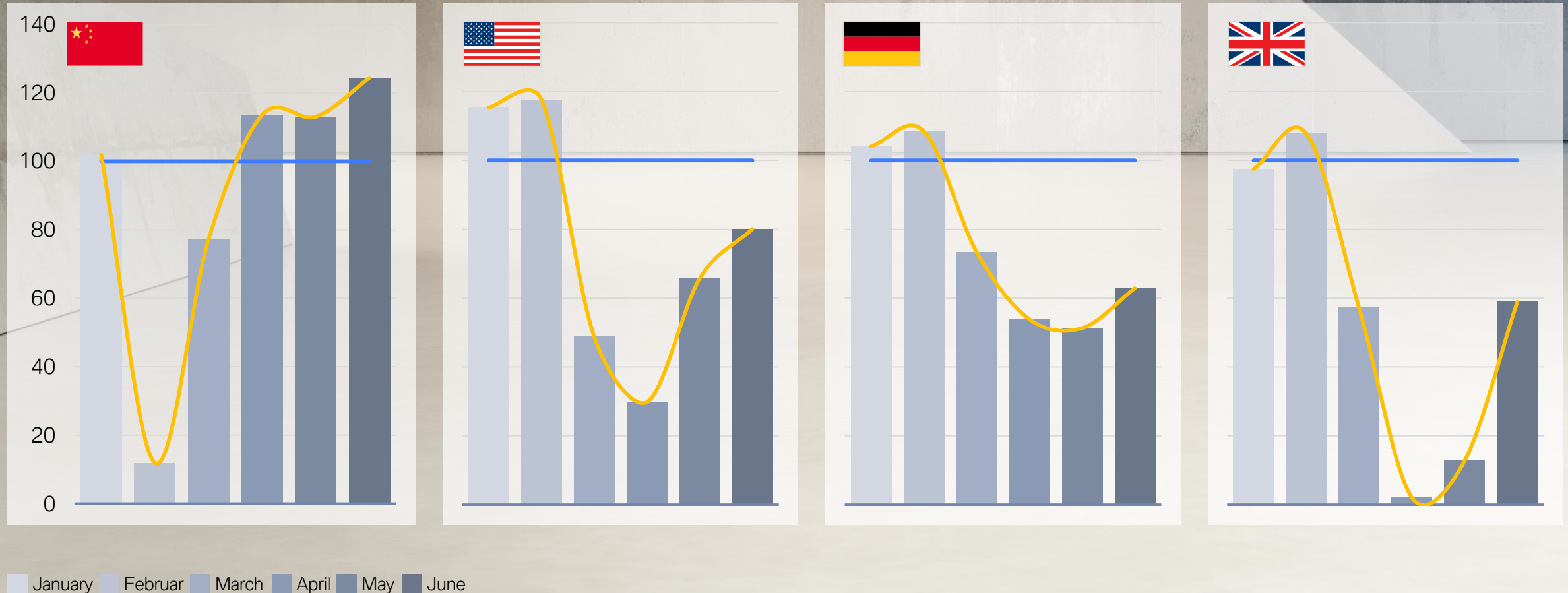




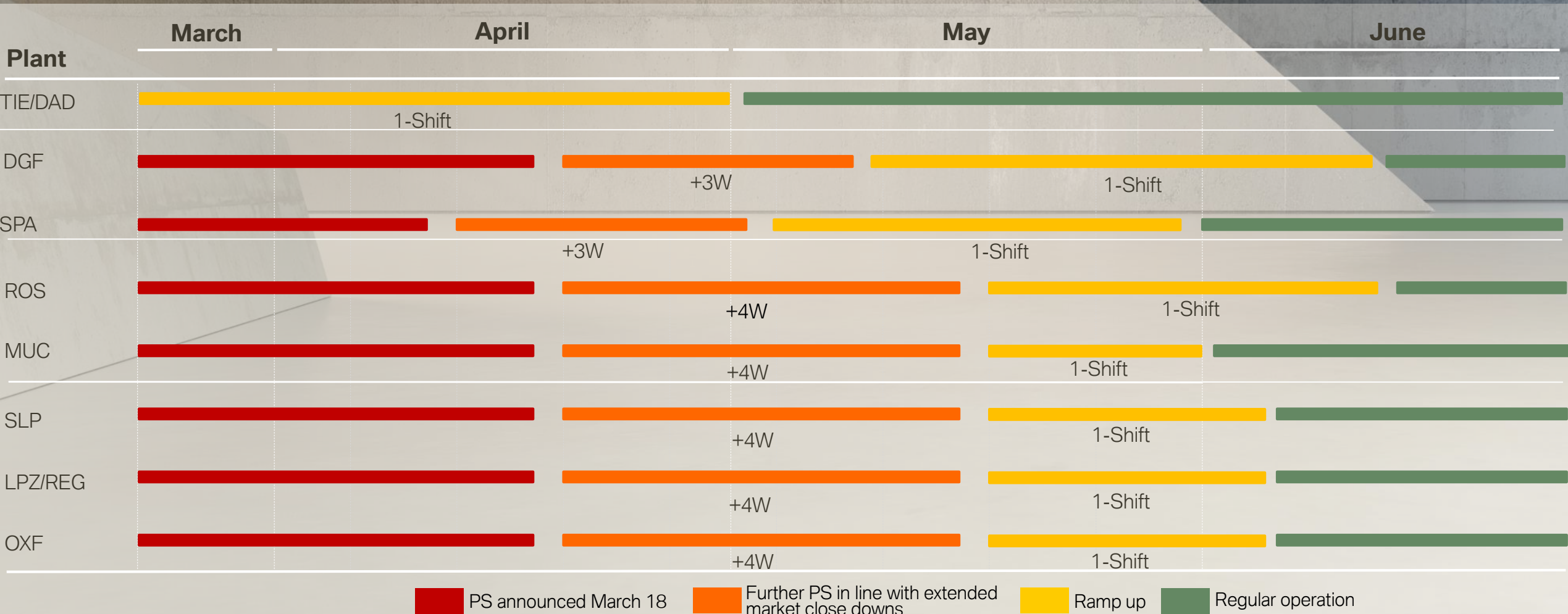
# RETAIL SALES DEVELOPMENT H1-2020

## IN OUR FOUR BIGGEST MARKETS.

BMW Group retail sales 2020 relative to previous year's level (blue line), in %



# BMW GROUP IS RESPONDING TO THIS MARKET SITUATION WITH FORWARD PLANNING AND BY ADJUSTING PRODUCTION WELL IN ADVANCE.





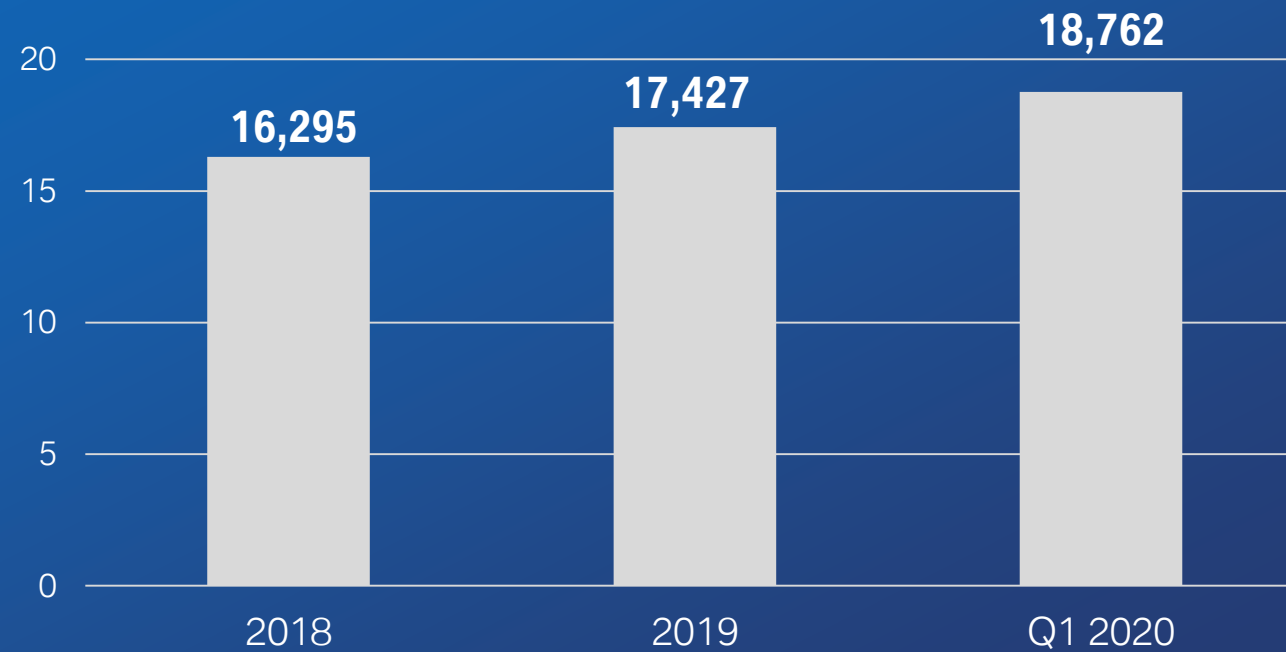
# BMW GROUP

## Q1-2020 KEY FINANCIALS.

BMW Group	Q1-2020	Q1-2019	Change in %
<b>Earnings before tax – Group (in m€)</b>	<b>798</b>	<b>762*</b>	<b>4.7</b>
EBT margin (in %) – Group	3.4	3.4*	.
<b>Automotive Segment</b>			
Sales (units)	477,111	600,614	-20.6
Earnings before interest and tax (EBIT) (in m€)	229	-310*	.
<b>EBIT margin (in %)</b>	<b>1.3</b>	<b>-1.6*</b>	.
<b>Free Cash Flow (in m€)</b>	<b>-2.218</b>	<b>-559</b>	.
<b>Motorcycles Segment</b>			
Sales (units)	34,774	38,606	-9.9
Earnings before interest and tax (EBIT) (in m€)	72	89	-19.1
EBIT margin (in %)	12.9	15.2	-2.3% points
<b>Financial Services</b>			
Earnings before tax (EBT) (in m€)	484	627	-22.8

# SOLID LEVEL OF BMW GROUP GROSS LIQUIDITY WITH EUR 18.8 BN.

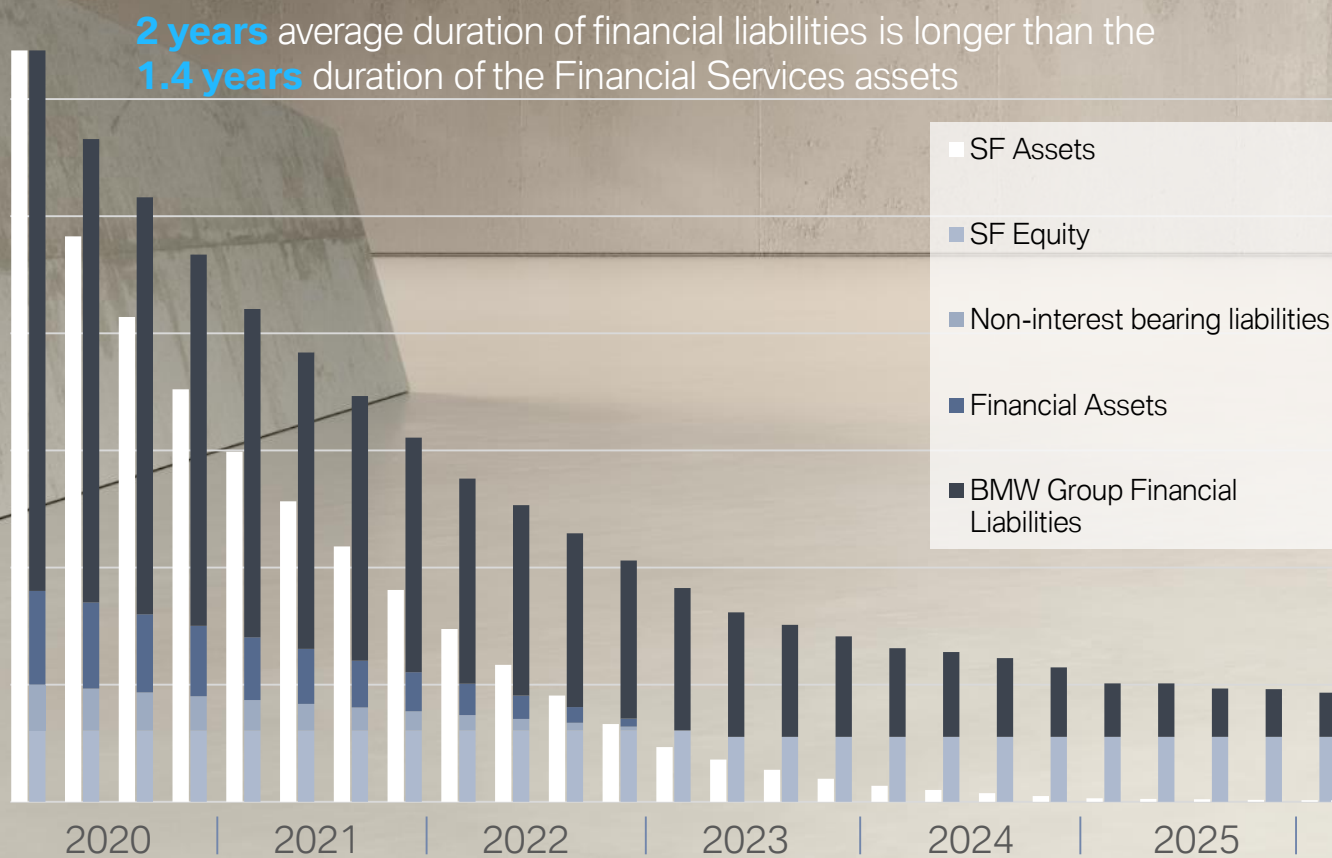
**BMW Group Gross Liquidity**  
in m€



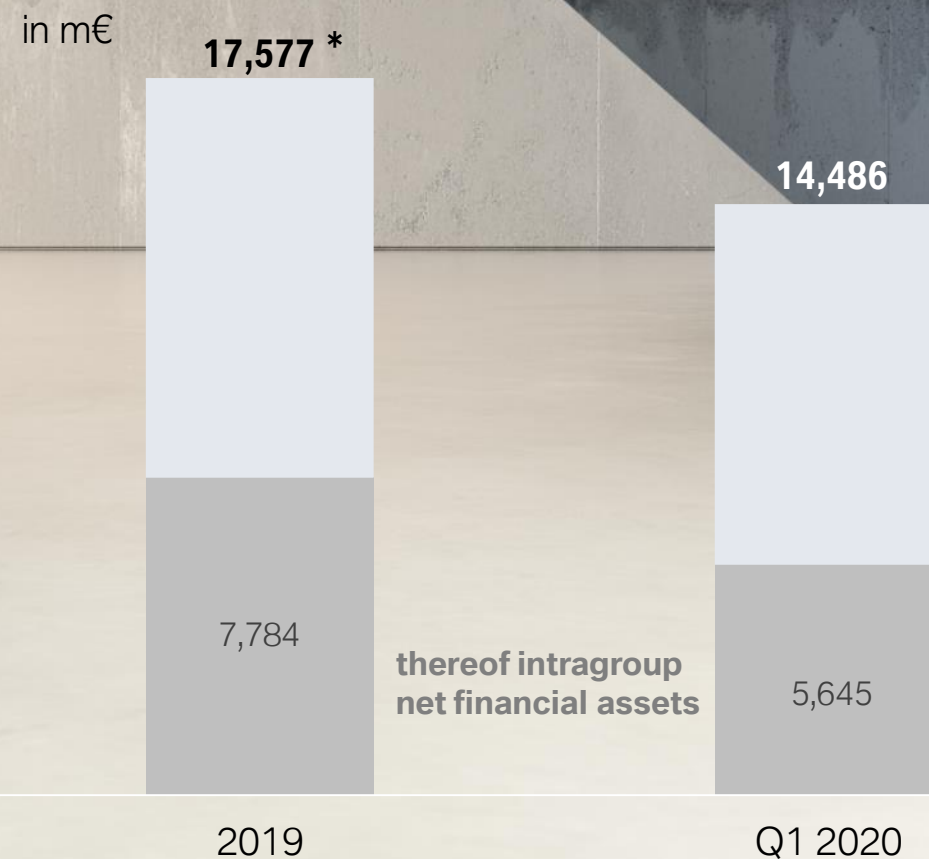


# FINANCIAL SERVICES ASSETS/LIABILITIES WITH PRUDENT MATURITY PROFILE AND AUTOMOTIVE FINANCIAL ASSETS REMAINING AT A SOLID LEVEL.

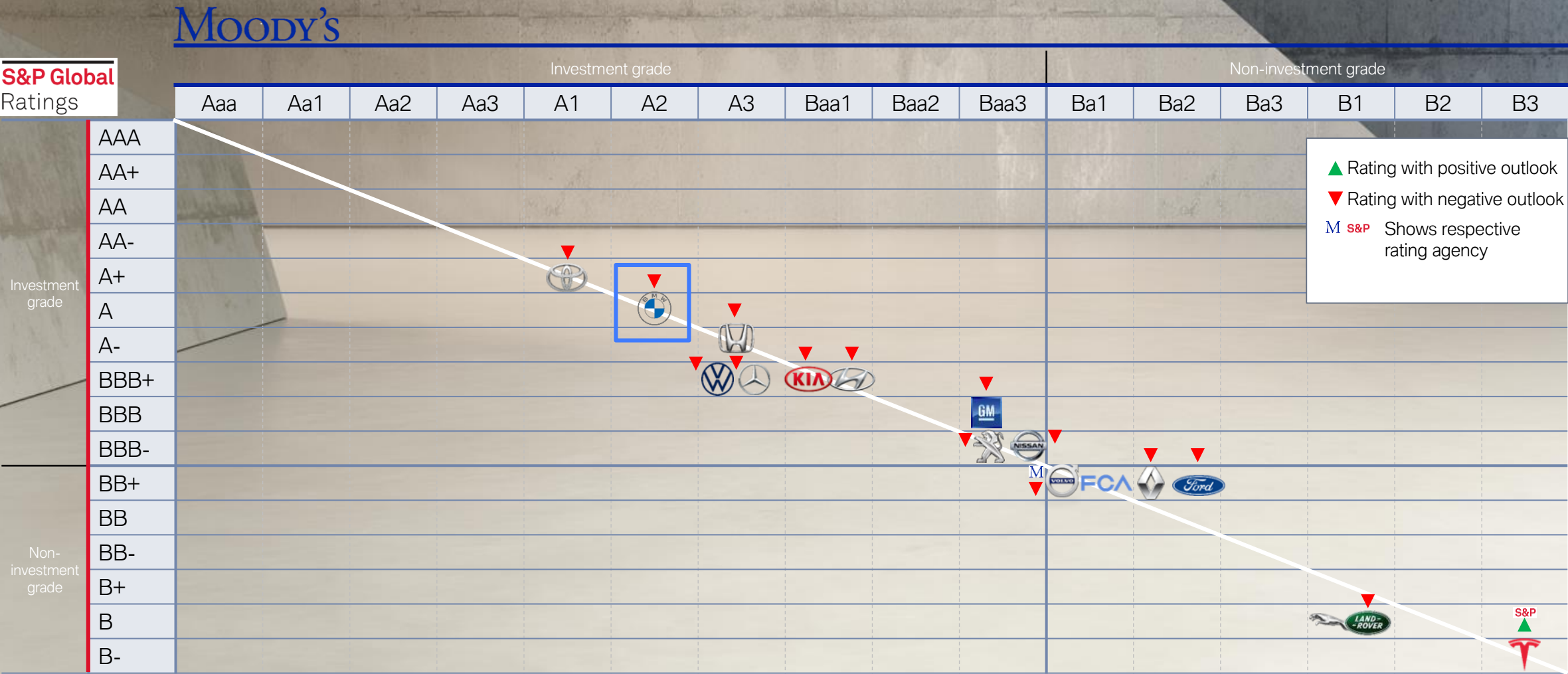
BMW Financial Services asset / liability maturity profile



Net financial assets in the automotive segment



# THE BMW AG CONTINUES TO HAVE THE BEST CREDIT RATING AMONG EUROPEAN OEMS AND THE SECOND BEST RATING WORLDWIDE.





# THE PERFORMANCE PROGRAMME IS INTENSIFIED AND ACCELERATED.



## PERFORMANCE PROGRAMME



# BMW GROUP. OUTLOOK FOR FULL YEAR 2020.



## AUTOMOTIVE

Significant decrease  
in **deliveries\***

**EBIT-margin** between 0  
and 3%

Significant decrease in  
**Fleet emissions\*\***



## MOTORCYCLES

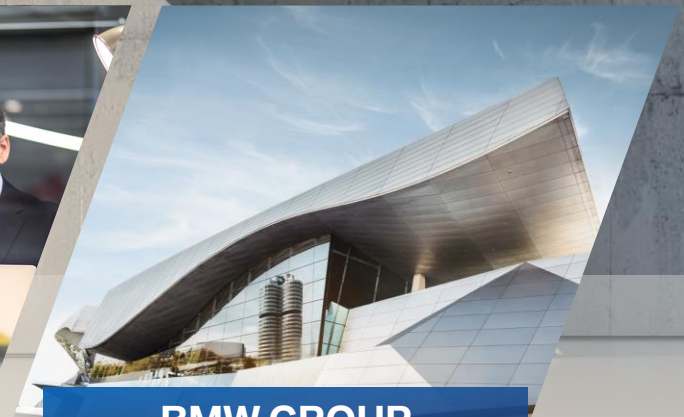
Significant decrease  
in **deliveries**

**EBIT-margin** between  
3 and 5%



## FINANCIAL SERVICES

Moderate decrease in  
**Return on Equity**



## BMW GROUP

Significant decrease in **Profit  
before tax**

Slight decrease in **workforce  
at year-end**

Prior to the coronavirus outbreak, the company's planning envisaged the Automotive segment posting a slight increase in sales. The spread of the coronavirus slowed the BMW Group's worldwide vehicle sales. We now expect global sales in 2020 to be much lower than last year. In light of the negative effects of the pandemic and the assessment that deliveries in all markets would return to normal levels after a few weeks, we had published an EBIT margin target of 2% to 4% for the year as a whole by mid-March 2020. Other than assumed by mid-March 2020, we do now expect that the economic environment will only begin to stabilize in the third quarter of the year. Accordingly, we are expanding our guidance for the financial year and are expecting an EBIT margin of between 0 and 3%, with the first half of the year being affected more than H2.

\*Including the joint venture BMW Brilliance Automotive Ltd., Shenyang \*\* EU-28



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Group Strategy

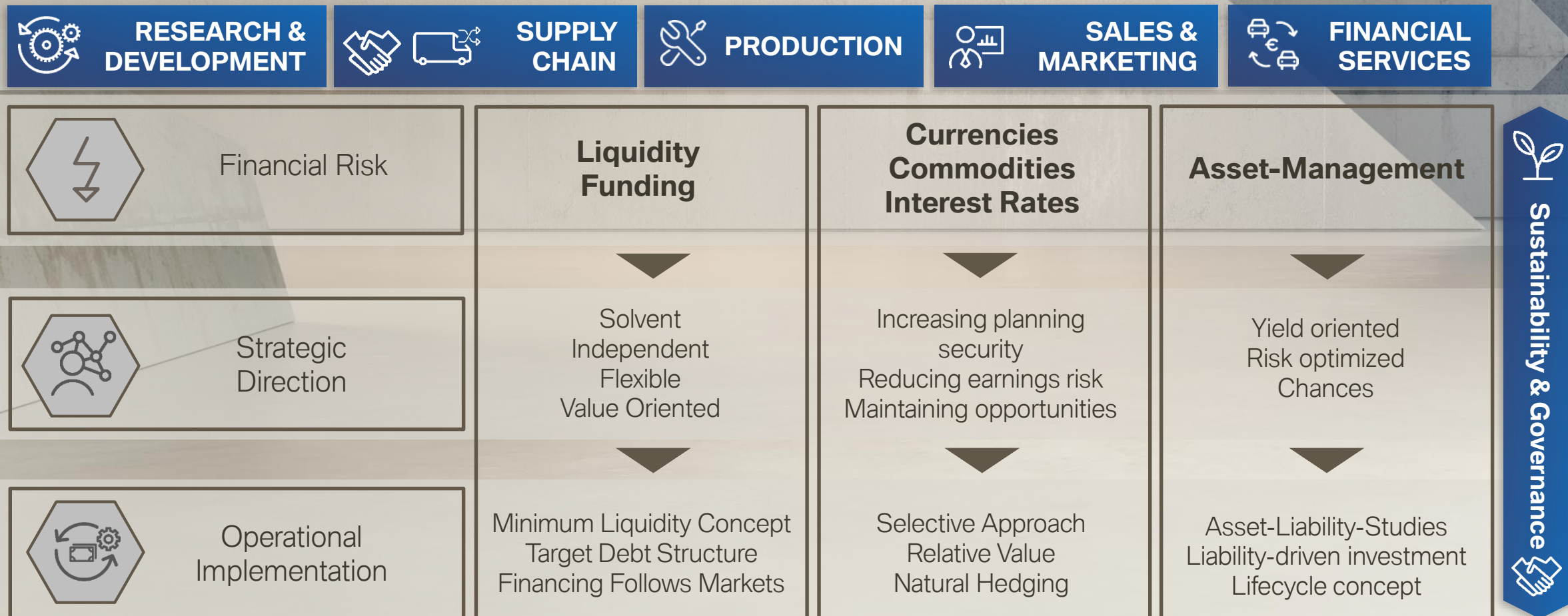
Financial performance  
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**BMW Group Treasury  
In China**



# SOLVENCY AT ALL TIMES.

GROUP TREASURY MANAGES RISK ALONG THE ENTIRE VALUE CHAIN.

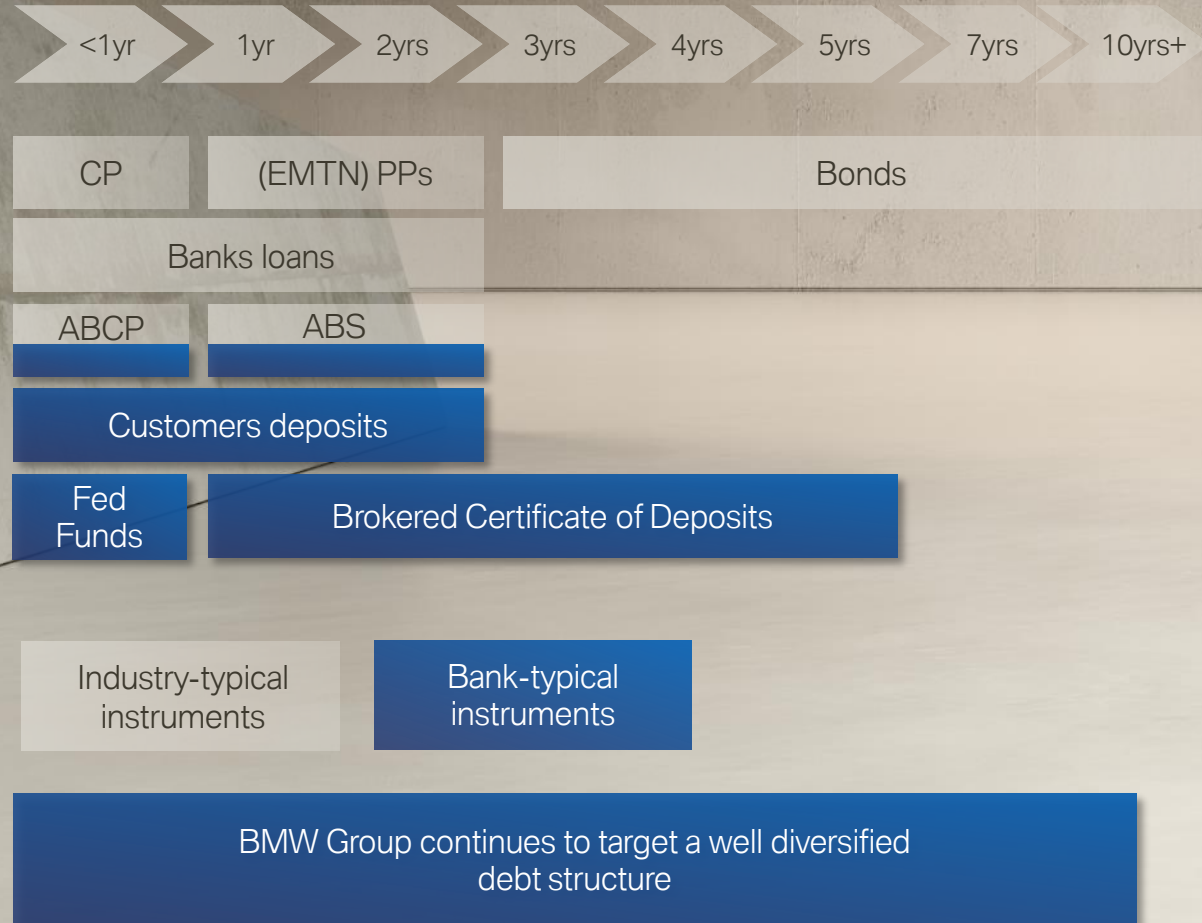




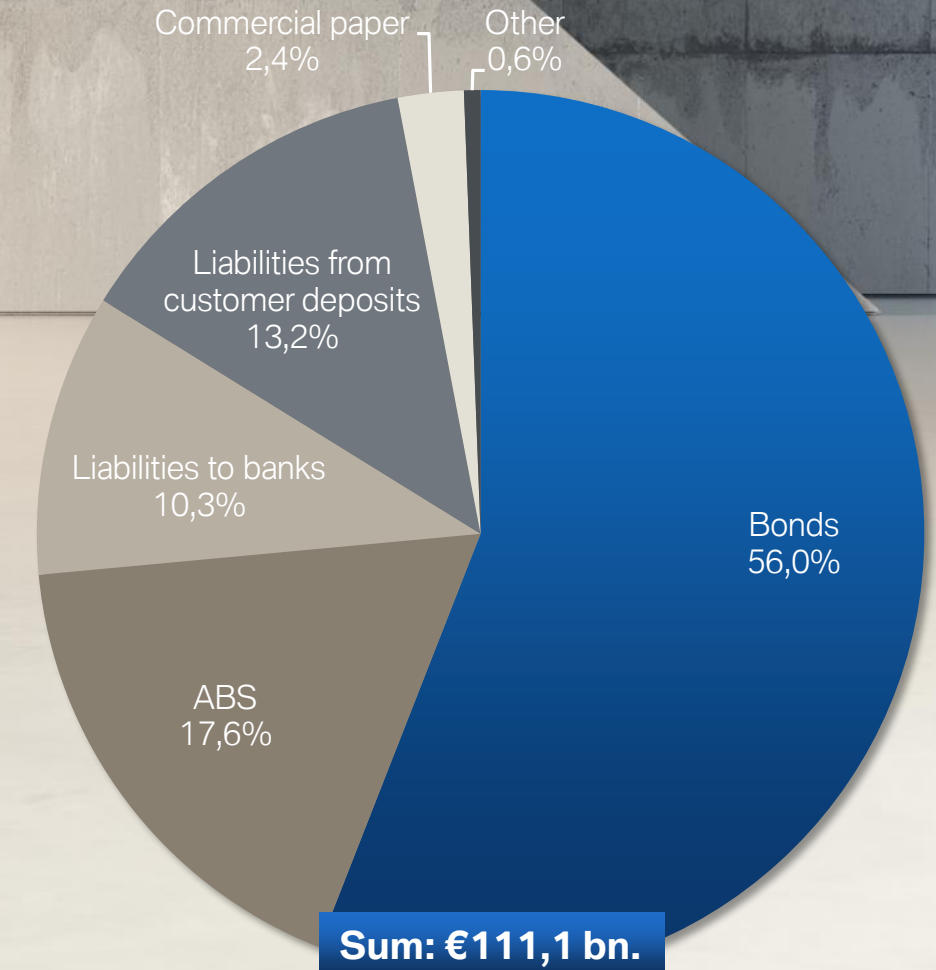
# DIVERSIFIED FUNDING MIX.

## COMBINATION OF INDUSTRY AND BANK-TYPICAL FINANCING INSTRUMENTS.

### FUNDING INSTRUMENTS

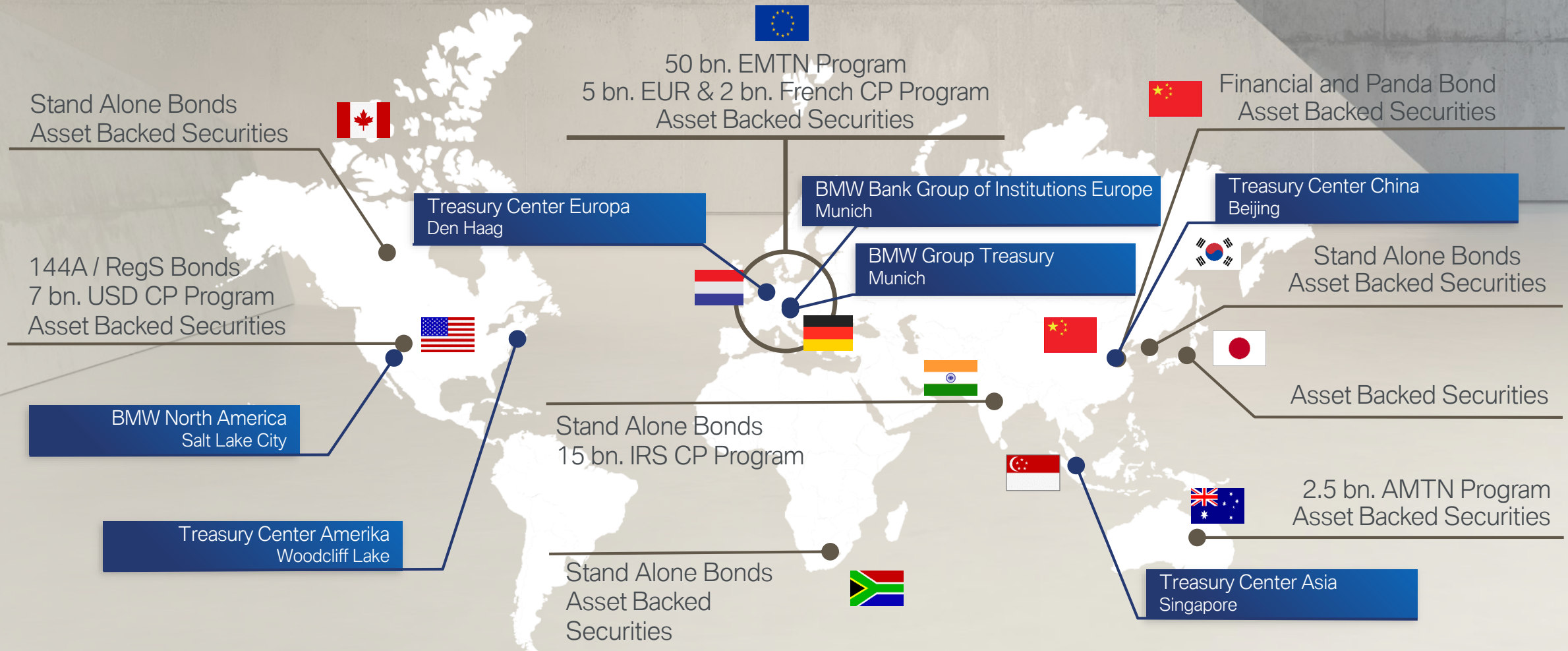


### FINANCIAL DEBT AS OF FY 2019



# GLOBAL MARKETS ACCESS.

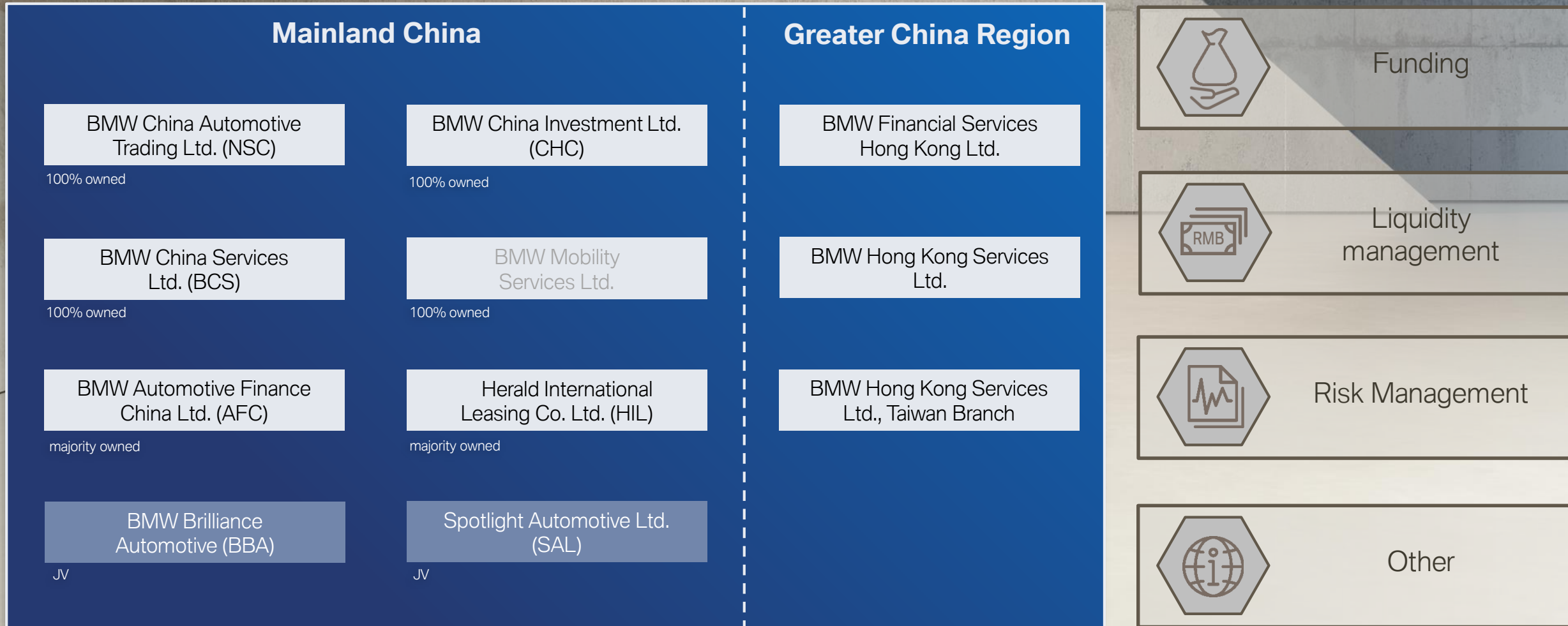
TREASURY ORGANIZATION ENSURES 24 HOUR MARKET COVERAGE.





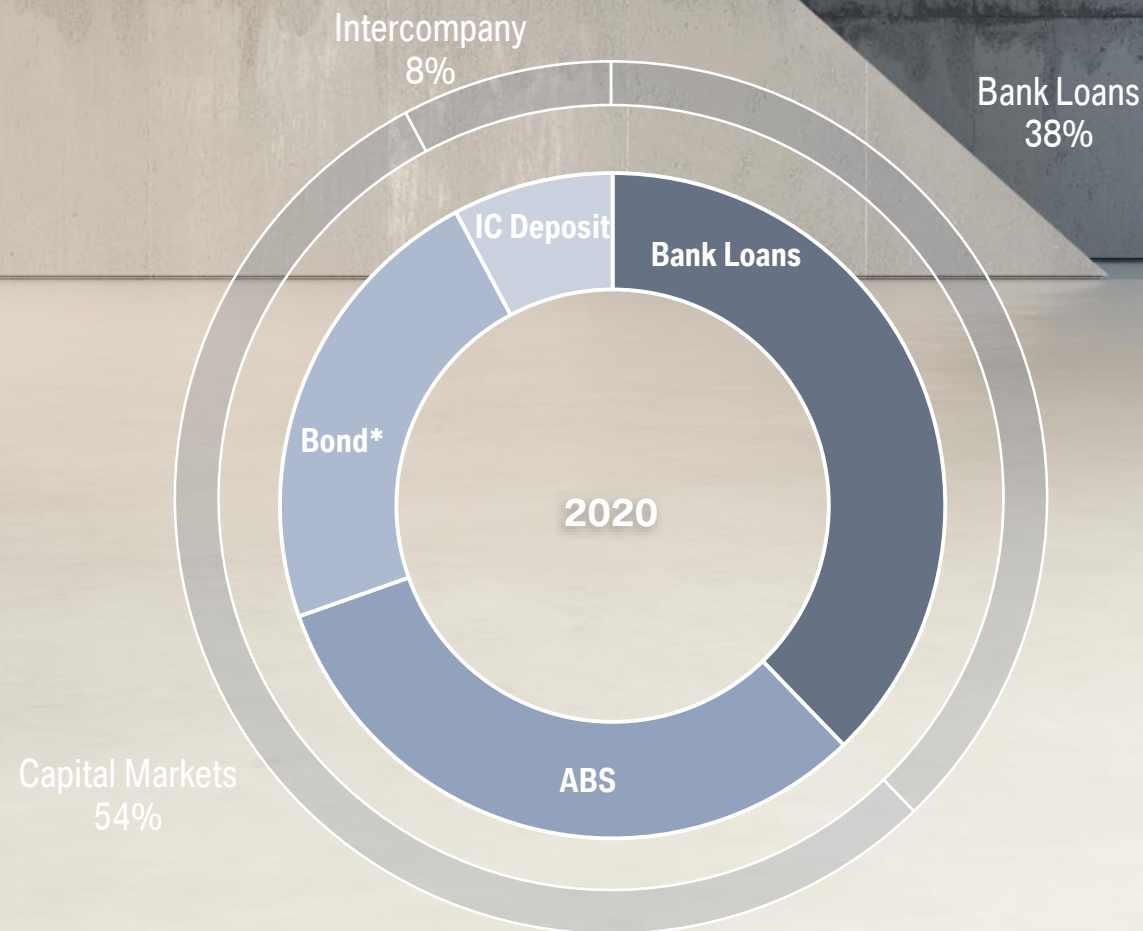
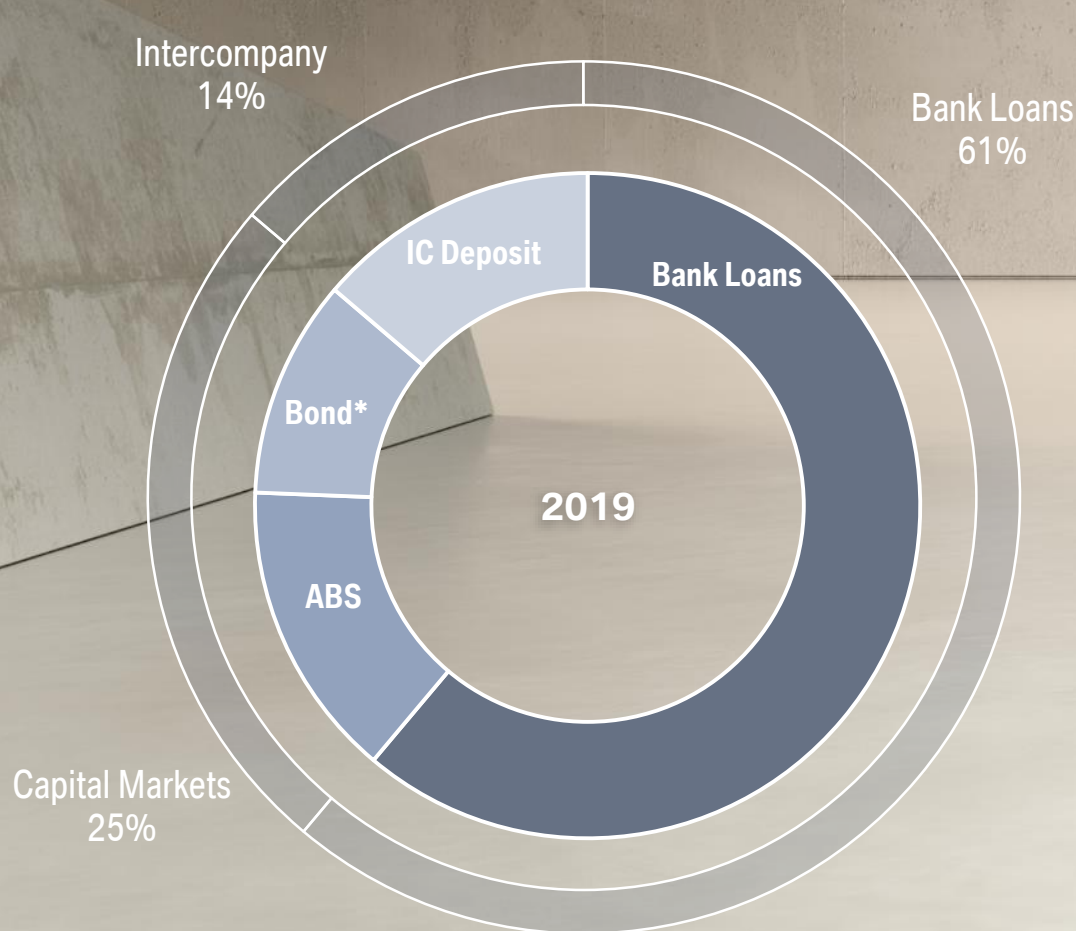
# TREASURY CENTER CHINA.

AS PART OF GROUP TREASURY THE LOCAL TREASURY CENTER SUPPORTS THE BUSINESS IN MAINLAND CHINA AND THE GREATER CHINA REGION.



# DEBT STRUCTURE CHINA.

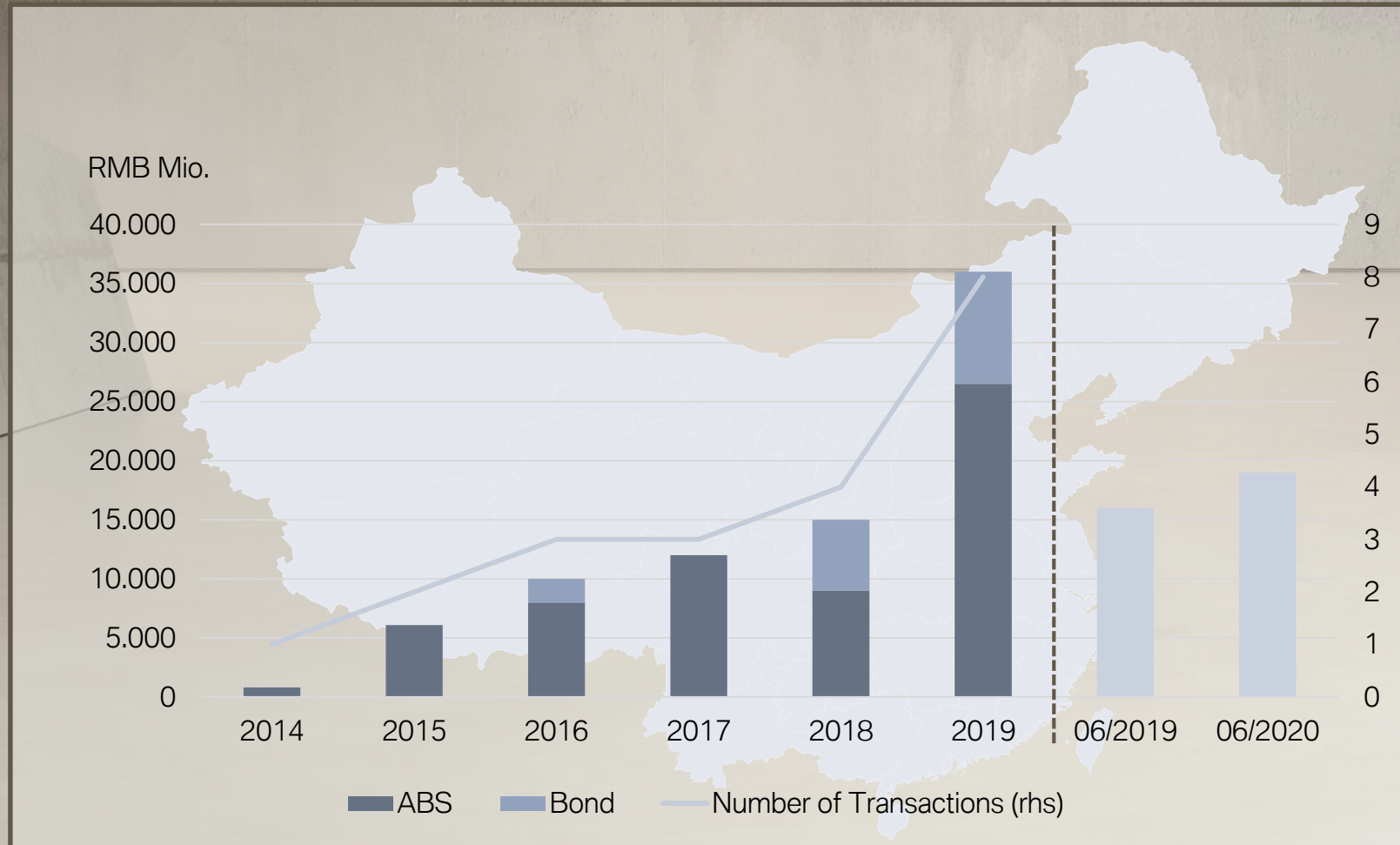
ACCESS TO THE CHINESE CAPITAL MARKETS HAS FURTHER INCREASED IN LINE WITH THE GROUP STRATEGY.





# CAPITAL MARKET ACCESS.

CONTINUING SUPPORT IS APPRECIATED TO FURTHER DEVELOP BMW GROUP'S CAPITAL-MARKET BASED FUNDING IN CHINA.



# AWARD WINNING TRANSACTIONS.

MARKET PARTICIPANTS HONOR THE WAY BMW GROUP MANAGES THE CAPITAL MARKETS IN CHINA.

**GlobalCapitalChina**  
INCORPORATING GLOBALRMB 环球资本



„Most Impressive Issuer“

**债券通**  
**BOND CONNECT**



“Top Issuer Award”



**FinanceAsia** 《亚洲金融》

**CHINA AWARDS 2019**

2019中国颁奖盛典

In collaboration with 联合

**CorporateTreasurer** 《企业财资人》



“Best Panda Bond”



# OUTLOOK.

OUR SUCCESSFUL BUSINESS DEVELOPMENT OFFERS FURTHER BUSINESS OPPORTUNITIES FOR OUR PARTNERS.



Reliable lending relationship



Access to broad investor base



Jointly develop capital markets



Derivatives Trading



Manage regulatory challenges together.



Innovative funding and liquidity management solutions.



Process optimization to reduce manual workload.

THANK YOU FOR YOUR ATTENTION.

