Ladies and Gentlemen,

Good Morning! I hope you are all doing well!

2020 was an exceptional year for all of us – in our personal lives and in the business environment. The same is true for the BMW Group. In a very volatile market environment, we successfully dealt with complex situations and were therefore able to limit the negative impact of the pandemic on our results. Under these circumstances, we were able to achieve solid Group earnings. At the same time, we also made important decisions for the long-term success of the company and even stepped up our transformation process.

A high level of flexibility and agility was a fundamental requirement for reaching our adjusted targets for 2020 – and we succeeded. The coronavirus pandemic significantly increased the high level of volatility that was already there in the market environment last year. The result was a historically unprecedented slump in all major automotive markets in the first six months of the year. Our response to the situation was swift and we made the right decisions.

In particular, we reduced our inventories and focused on a strict management of our costs and investments. As a result, we were able to reduce our fixed costs by almost one billion euros and capital expenditure by around 1.7 billion euros.

These measures paid off in the second half of the year as we exploited every market opportunity that arose. Customer demand recovered substantially in the
major regions of the world. With more than 1.36 million vehicles sold, the second half-year was the strongest in the company’s history.

Electromobility was once again a major growth driver. Sales of our electrified vehicles climbed to almost 193,000 units.

Additionally, our electrified vehicle fleet played a crucial role in helping us comply with the European Union’s CO2 limits – which we even overfulfilled in 2020.

We have put sustainability at the centre of the company. This is also what our new BMW Group Report represents. We are the first automotive manufacturer listed on the DAX to combine our Sustainable Value Report with our Annual Report to create our BMW Group Report from the reporting year 2020 on. The Report shows how economic, environmental and social concerns are not only dependent on each other, but complement each other at the BMW Group.

Ladies and Gentlemen,

2020 was also a stress test for our capacity for transformation. Almost as soon as the pandemic broke out, we initiated important company-wide measures to make us even faster, more efficient, more digital and more profitable.

Our Performance Programme has an important part to play in this. The aim of our company-wide performance and cost-cutting programme is to achieve a sustainable increase in profitability, make our structures leaner and speed up our processes.

Digitisation provides decisive leverage in this respect. We are using it in a targeted manner to make our company more efficient.

In Sales and Marketing for instance, we set up digital systems to manage and increase the contribution margin at individual vehicle level.
At the same time, by cutting back on our sales promotion programmes and streamlining our structures, we were able to lower our selling costs. The impact will be even greater in the years to come.

In parallel, we continue to focus on reducing variant and drivetrain complexity. By 2025, up to 50 percent of our current drivetrain variants will no longer be offered. We already reduced our range of diesel and petrol engines by almost 30 percent in recent years.

As you can see: We are making the decisions necessary to raise and maintain our profitability within our target range of 8-10%.

Ladies and Gentlemen,
Let's start with the key figures for the Group.

Group revenues for 2020 totalled around 99 billion euros, a moderate year-on-year decrease due to the coronavirus pandemic.

Group earnings before tax totalled 5.2 billion euros, with a Group EBT margin of 5.3%.

The second half of 2020 underlined the BMW Group’s performance capabilities. Our products were very much in demand and the strong product mix and better pricing also contributed to the positive effect. Our free cash flow was strong. On this basis, we are investing in the future and forging ahead with electrification and digitisation, in particular.

Research and development expenditure totalled almost 6.3 billion euros in 2020. Thanks to strict cost management, this was slightly lower than the previous year,
without having to cut back on key upfront investments. The R&D ratio of 6.3% was on a par with the previous year.

The main focus areas here were on the development of the fifth and other future generations of our electric drivetrains, the new eighth generation of our BMW iDrive, and highly automated driving.

The financial result improved significantly year-on-year. The key driver here was the significantly higher at-equity result of more than 1.2 billion euros from our Chinese joint venture BMW Brilliance Automotive, mainly due to high volumes combined with effective pricing. From April on, sales figures in China were consistently higher than the previous year.

The operating business of the YOUR NOW Group, with its focus on mobility services, also performed significantly better than the year before. The sale of shares in the mapping service provider HERE had a further positive effect.

The significant decrease in tax expenses to 1.36 billion euros mainly stems from the decline in earnings due to the pandemic. The tax rate stood at 26.1% and was also lower than the previous year (2019: 30.1%).

As part of our transformation process, we are also moving forward with personnel restructuring measures. The size of the workforce decreased in 2020, as forecast, from 126,000 to 120,700. We are taking advantage of vacancies arising from voluntary agreements, as well as natural attrition. The company is noticeably leaner than it was just a year ago.

This is another area where our sights are firmly fixed on the future. Even though the number of employees decreased overall, we continued to fill selected positions in key areas for our transformation.
Ladies and Gentlemen,

In the face of challenging conditions, the BMW Group posted solid Group earnings. The Board of Management and the Supervisory Board will therefore propose to the Annual General Meeting that BMW AG's net profit of 1.25 billion euros be utilised to pay a dividend of 1.90 euros per share of common stock and 1.92 euros per share of preferred stock. This represents a payout ratio of 32.5% for 2020 and is therefore on a par with the previous year and within our long-term target range of 30-40%.

At 17.8 billion euros, Group liquidity remained almost at the same level as at the end of December 2019. We have the liquidity reserves we need to be able to act at any time if the situation deteriorates again.

The effectiveness of our liquidity concept was demonstrated once again in 2020. With our diversified financing instruments, we maintained access to the capital markets at all times – even immediately after the pandemic broke out. Our excellent credit rating made a positive contribution to this.

A quick word about our pension obligations: Despite the coronavirus pandemic and the resulting volatility in the capital markets, we were able to keep the funding level of our global pension funds fairly constant at 86%.

Ladies and Gentlemen,

I would now like to start with the Automotive Segment. As a result of the pandemic, deliveries were moderately lower, at 2.33 million vehicles. Revenues decreased significantly to around 81 billion euros.

The EBIT margin for the segment was 2.7%. This is at the higher end of our forecast, adjusted during the year to 0-3%. The third-quarter EBIT margin of 6.7% was followed by a margin of 7.7% in the final quarter. This is the segment’s best quarterly figure for two-and-a-half years.
In addition to the recovery in customer demand, the healthy model mix and improved pricing also had a positive effect. EBIT totalled 2.2 billion euros and was therefore significantly lower than the previous year, as expected, due to the pandemic.

Ladies and Gentlemen,
Let’s take a look at free cash flow in the Automotive Segment, which totalled around 2.8 billion euros in the fourth quarter. For the full year 2020, it reached 3.4 billion euros and was therefore significantly higher than in 2019. Healthy pre-tax earnings in the second half of the year were a key driver for this, as well as a reduction in inventories and capital expenditure.

We were able to lower inventory levels by almost one billion euros from 2019 by optimising lead times and through structural improvements in logistics.

At the end of the year, capital expenditure totalled 3.9 billion euros. With prioritisation and a clear focus, we were able to reduce this total by about 1.7 billion euros compared to the previous year. Efficiency improvements we introduced throughout our in-house component production also contributed to this reduction.

The increase in free cash flow over the previous year also led to an increase in the segment’s net financial assets of over 800 million euros to 18.5 billion euros.

Ladies and Gentlemen,
Let’s move on to the Financial Services Segment.

Our financing and leasing business also felt the effects of the pandemic. As expected, earnings before tax were significantly lower than the previous year, at 1.7 billion euros. This is due to significantly higher risk provisioning in the mid-
to-high three-digit million-euro range for anticipated credit and residual value losses.

Almost 1.85 million new financing and leasing contracts were concluded with retail customers in 2020. This represents a moderate decrease from the previous year.

In the last six months of the year, the number of new contracts concluded was on a par with the previous year due to the market recovery.

We also benefited from positive development in the pre-owned car market. This resulted in higher income from the sale of end-of-lease vehicles. The credit loss ratio also remained low.

The segment’s return on equity was 11.2%. Particularly thanks to the improved risk situation in the fourth quarter, return on equity was only slightly lower than the previous year.

I would like to turn now to the Motorcycles Segment.

Despite the coronavirus pandemic, BMW Motorrad was able to deliver almost 170,000 motorcycles and scooters to customers in 2020 and went on to achieve the second-best sales figures in its history. This underpins BMW Motorrad’s successful growth strategy.

Overall, segment earnings before tax were significantly lower year-on-year, as forecast, totalling 100 million euros. This also reflected the negative sales volume growth in the first six months of the year.

With 13 new models, such as the BMW R 18, the product offensive had a positive effect.
At 4.5%, the EBIT margin for 2020 was comfortably in the top third of our forecast target range of 3-5%.

Ladies and Gentlemen,
We are actively driving the transformation process.

In 2021, we will once again invest in a targeted and focused manner in the areas of electromobility and digitisation – financed by our profitable core business. We expect to see a positive development in key automotive markets this year. This is also reflected in our guidance for the year, despite there still being a great deal of uncertainty.

How the coronavirus pandemic develops from here, remains uncertain – even with vaccines available.

The supply situation for semiconductors also remains tense. Moreover, we also anticipate ongoing headwinds from material prices.

All these factors could have a potential impact on the results of operations, financial position and net assets of the BMW Group. Any possible impact in connection with the EU's ongoing anti-trust proceedings are not included in the following forecast of our key performance indicators.

Let's now take a look at our guidance for 2021.

We expect to see significant growth in Group pre-tax earnings this year.

The Automotive Segment should post a solid increase in the number of BMW, MINI and Rolls-Royce vehicles delivered to customers.
The EBIT margin in the Automotive Segment is expected to be within the range of 6 to 8%, with a significantly higher RoCE for the automotive business. We are assuming business development will remain volatile, especially in Europe, throughout the rest of the year.

In the Financial Services Segment, we forecast a return on equity of between 12 and 15%.

The Motorcycles Segment should see a solid increase in deliveries. The EBIT margin is likely to remain within our target range of 8 to 10% and RoCE for the segment should therefore also be significantly higher year-on-year.

With the expansion of our outlook to include some of the following non-financial indicators, we are highlighting the strategic importance of ESG reporting and the systematic management of our ESG targets.

The percentage of women in management positions at the BMW Group is expected to increase slightly in 2021.

Through the continued personnel restructuring measures, the targets that have been set will be reached with a slight decrease in the size of the workforce.

With the adjusted reference basis, we anticipate another significant reduction in CO₂ emissions in the new vehicle fleet. This will be tied to a significant increase in the percentage of electrified vehicles as well as the further development of our highly efficient combustion engines.

Plans also call for a moderate decrease in CO₂ emissions per vehicle produced, which is included in the forecast for the first time.
Ladies and Gentlemen,

2021 will be all about profitability enhancement and growth for us. We are ready to respond quickly and flexibly to any further developments that could arise from the uncertainties I described.

We started the year off strongly. However, we are expecting an increasingly volatile business development over the course of the year. In the Automotive Segment, we are nonetheless aiming for a Free Cash Flow of over 4 billion euros for 2021.

You know the BMW Group: Our thinking and actions are always geared towards the long term. By making the right decisions today, we are creating the necessary conditions for reaching and sustaining our strategic target of an EBIT margin of 8-10% in the Automotive segment. We are on the right course and looking to the future with confidence.

Thank you for your attention!