BMW GROUP CHINA BANKERS DAY 2021.

BIRGIT BÖHM | 06th July 2021
Senior Vice President Finance and Group Treasurer of BMW Group.
AGENDA.

Group Strategy

Financial performance
Review and Outlook 2021
CHALLENGES.
MANIFOLD AND SIMULTANEOUS.

- CORONAVIRUS PANDEMIC
- COMPETITION.
- CLIMATE CHANGE.
- URBANISATION.
- DIGITALIZATION.
- REGULATION.
FOCUS AREAS OF BMW GROUP STRATEGY.

FIRST-CLASS INDIVIDUAL MOBILITY – We play a pioneering role in setting standards for the individual premium mobility of tomorrow. It combines pleasure and responsibility without compromise.

SUSTAINABILITY – The BMW Group is a holistically sustainable company taking responsibility for sustainable future mobility. Every investment in BMW is a sustainable investment.

INNOVATION & FLEXIBILITY – The BMW Group is an innovation pioneer in the automotive industry. Our business model is based on constant transformation and flexibility – successful for over 100 years.

ELECTRIFICATION – Due to our flexibility and permanently transformed plants, we will have a convincing battery-electric vehicle offer covering 90% of our current market segments from 2023.

DIGITALIZATION – We set standards in the digitalization and connectivity of our vehicles and use our competitive edge in remote software upgrades.

FINANCIAL PERFORMANCE – We offer financial stability due to our strong balance sheet and industry-leading credit ratings*. We set ambitious profitability and cash flow targets and are a reliable dividend payer.

*Best credit rating in Europe, second best credit rating worldwide
ENSURE LONG-TERM SUCCESS.
BMW GROUP STRATEGIC OBJECTIVES.

- **≥ 10%** GROUP EBT MARGIN
- **↑ 8-10%** AUTO EBIT MARGIN
- **≥ 40%** RETURN ON CAPITAL EMPLOYED IN THE AUTOMOTIVE SEGMENT

**2025**

- **≥ 25%** MINIMUM SHARE OF ELECTRIFIED CARS IN TOTAL DELIVERIES
- **↑ 22%** PERCENTAGE OF WOMEN IN MANAGEMENT POSITIONS IN THE BMW GROUP

**2030**

- **↓ 80%** REDUCTION OF CO₂ EMISSIONS PER VEHICLE IN PRODUCTION (REFERENCE YEAR 2019)
- **↓ > 40%** REDUCTION OF CO₂ EMISSIONS IN THE USE PHASE OF THE VEHICLE PER KILOMETRE DRIVEN (REFERENCE YEAR 2019)
- **↓ ≥ 20%** REDUCTION OF CO₂ EMISSIONS IN THE SUPPLY CHAIN (REFERENCE YEAR 2019)

This is a simplified representation. Detailed explanations of the key figures as well as the identification of the depth of the audit can be found in the respective report chapters.
THE GREENEST CAR COMES FROM BMW.
THE BMW GROUP IS A HOLISTICALLY SUSTAINABLE COMPANY.

Our clear claim is that the GREENEST ELECTRIC VEHICLE comes FROM BMW. We are reducing CO₂ emissions per vehicle over the entire value chain. This is what sets the BMW Group apart.

Oliver Zipse
Chairman of the Board of Management
SUBSTANTIAL CO₂ REDUCTION BY AT LEAST ONE THIRD PER VEHICLE ACROSS THE ENTIRE VALUE CHAIN UP TO 2030.

SUPPLY CHAIN.

2030
Avoid increase of ca. +40% per vehicle and reverse trend.
-20% CO₂ per vehicle vs. 2019 in the supply chain.

PRODUCTION.

2021
CO₂-neutral production.

2030
-80% substantial CO₂ reduction per vehicle vs. 2019.

USE PHASE.

2030
-40% CO₂ per vehicle vs. 2019.
Continued rollout of electro mobility, reduction of real emissions.
BMW CONSIDERS THE TOTAL VALUE CHAIN OF BATTERY CELL. FROM CRADLE TO GRAVE.

RAW MATERIALS AND REFINING.
- Environmental and social standards.
- Raw material optimized for chemistry design.
- Use of recycled raw materials.
- Securing raw material supply.

CELL DESIGN AND PRODUCTION.
- Optimized performance/costs based on BMW Group application.
- Securing production capacity.
- Reduction CO₂ footprint.

BATTERY “2ND LIFE”.
- Cell/module/pack design.
- Application on BMW Group sites.
- Business Models to secure markets.

RECYCLING.
- Cell/module/pack design to foster recyclability.
- Development of recycling processes with ability to close material loops.
- Securing recycling capacities.
We are consistently pursuing the path to integrated corporate steering including **sustainability and mobility KPIs**.

We **delivered successfully** on the goals set until 2020.

We have set ourselves new challenging **sustainability and mobility targets for 2030**.

The CO$_2$ targets are officially validated by the **Science-Based Targets Initiative (SBTI)**.

In the following years, we will **report transparently** on the progress of target achievement.
BMW’S CAPITAL MARKET PRESENCE FOLLOWS THE GROUPS’ HOLISTIC DIRECTION AND IS CONSISTENT TO ALL STAKEHOLDERS.

Single “green” labeled financing

“Green” financing of selected projects – may suggest that other projects are not green.

Holistic concept of sustainability

Financial market appearance in line with holistic sustainable corporate strategy - consistent and convincing.
OUR THREE PHASES OF TRANSFORMATION.

2013
Pioneering e-mobility.

Today
Electrification across our entire portfolio.

From 2025
E-mobility first: High BEV volume and the next level of digitalization.
BY 2023 90% OF OUR SEGMENTS ARE COVERED BY AT LEAST ONE BEV.
OUR CLEAR E-MOBILITY ROADMAP.

Phase 1
Pioneering e-mobility

- BMW i3
- MINI Electric
- BMW i8 (PHEV)

Phase II
Electrification across our segments

- BMW iX
- BMW iX3
- BMW i4
- BMW 7 series BEV*
- BMW X1 BEV*
- BMW 5 series BEV*
- MINI Countryman BEV*

*Schematic illustration of future launch dates
10 MILLION BEVS ON THE ROAD WITHIN THE NEXT TEN YEARS. LEADING PROVIDER OF BATTERY-ELECTRIC VEHICLES.

**PHASE I**
- 2020

**PHASE II**
- Until 2025
  - Ø +50% BEV SALES p.a.
- 2023 BEVs available for 90% of today’s MARKET SEGMENTS
- 2025
  - 2 MILLION BEVs delivered to customers by the end of 2025

**PHASE III**
- 2025 - 2030
  - Ø +20% BEV SALES p.a.
- 2030 BEVs will account for 50% of GLOBAL SALES
- 2030
  - 2030 BEVs available for 100% of today’s MARKET SEGMENTS
THE FIRST EVER BMW i4.
E-MOBILITY WITHOUT COMPROMISE.

UP TO 590 KM RANGE
(BASED ON WLTP).

UP TO 390 KW / 530 HP.

5TH GENERATION BMW eDRIVE
WITHOUT ANY RARE EARTHS.

0 TO 100 KM/H IN AROUND
4 SECONDS.

BUILT IN MUNICH.
THE FIRST EVER BMW iX.
NEXT ERA, NEXT LEVEL i.

COMBINED POWER CONSUMPTION
< 21 KWH/100KM.

ELECTRIC MOTORS W/O RARE EARTHS.

UP TO 630 KM ELECTRIC RANGE (WLTP).

ELECTRIC ALL-WHEEL DRIVE WITH TWO ELECTRICALLY DRIVEN AXLES.

>370 KW/500 HP.

RECHARGING 120 KM IN JUST TEN MINUTES.

Specifications for BMW iX xDrive50
NEUE KLASSE 2025.
UNCOMPRIMISINGLY ELECTRIC, DIGITAL AND CIRCULAR.

**ELECTRIC FIRST**
Uncompromisingly optimised for electric drivetrains.
Aim of matching range and manufacturing cost of state-of-the-art combustion engines.

**SECONDARY FIRST**
Proportion of secondary materials will be sharply increased.
Focus on greatly reducing resource consumption.

**DIGITAL FIRST**
Completely novel user experience.
Even more individually configurable and bookable features.
DIGITALIZATION ADDRESSES THE OVERALL COMPANY. CONSISTENT DIGITALIZATION TO EXPLOIT POTENTIALS IN ALL BUSINESS SEGMENTS.

FOCUS ON CUSTOMER CENTRICITY.

BUSINESS PROCESSES.

SMART LOGISTICS
INNOVATIVE AUTOMATION and ASSISTANCE SYSTEMS
VIRTUALIZATION
QUANTUM COMPUTING
CATENA-X AUTOMOTIVE NETWORK

PRODUCTS.

CONNECTIVITY
REMOTE SOFTWARE UPGRADE
AUTOMATED DRIVING

CUSTOMER INTERACTION.

DIGITAL CUSTOMER EXPERIENCE
DIGITAL AFTERSALES UPGRADES
DIGITAL PERSONALISATION OF THE VEHICLE
DIGITAL FINANCING PROCESS AT FINANCIAL SERVICES

China Bankers Day - Treasury Update | Birgit Böhm | 6th July 2021
**THE BMW GROUP HAS A STRONG FOOTPRINT IN CHINA.**

- **HIGH VOLTAGE BATTERY ASSEMBLY**
- **2 VEHICLE PLANTS**
- **1 ENGINE PLANT**
- **+ 3 NEW VEHICLE PLANTS**
- **4 DEVELOPMENT SITES**
- **300+ 1ST TIER SUPPLIERS**
- **5 REGIONAL OFFICES & 600+ SALES OUTLETS**

**Production:** Preparing the acquisition of an additional 25% shareholding in the BBA Joint Venture in 2022 for BMW and developing the Spotlight Joint Venture for MINI while ramping up new Shenyang and Zhangjiagang plants.

**R&D and Digitalization:** Leveraging local competencies by expanding our footprint in China.
BMW GROUP CHINA – STRATEGIC TARGETS.
ALSO IN FUTURE CHINA OFFERS UNIQUE MARKET POTENTIAL.

- Products perfectly customized for Chinese requirements.
- Local partnerships to access technologies and competencies.
- Localisation of production and supply chain, where suitable.
- Maximum synergies between BMW Group headquarters and the China team.
AGENDA.

Group Strategy

Financial performance
Review and Outlook 2021
## FY 2020 Key Financials

<table>
<thead>
<tr>
<th></th>
<th>FY 2020</th>
<th>FY 2019</th>
<th>Change in %</th>
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</thead>
<tbody>
<tr>
<td><strong>BMW Group</strong></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Earnings before tax (EBT) – Group (in m€)</td>
<td>5,222</td>
<td>7,118</td>
<td>-26.6 %</td>
</tr>
<tr>
<td>EBT margin (in %) – Group</td>
<td>5.3</td>
<td>6.8</td>
<td>-1.5 % points</td>
</tr>
<tr>
<td>Payout Ratio (in %) – Group</td>
<td>32.5</td>
<td>32.8</td>
<td>-0.3 % points</td>
</tr>
<tr>
<td><strong>Automotive Segment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales (units)*</td>
<td>2,325,179</td>
<td>2,537,504</td>
<td>-8.4 %</td>
</tr>
<tr>
<td>Earnings before interest and tax (EBIT) (in m€)</td>
<td>2,162</td>
<td>4,499</td>
<td>-51.9 %</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>2.7</td>
<td>4.9</td>
<td>-2.2 % points</td>
</tr>
<tr>
<td>Free Cash Flow (m€)</td>
<td>3,395</td>
<td>2,567</td>
<td>+32.3 %</td>
</tr>
<tr>
<td><strong>Motorcycles Segment</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales (units)*</td>
<td>169,272</td>
<td>175,162</td>
<td>-3.4 %</td>
</tr>
<tr>
<td>Earnings before interest and tax (EBIT) (in m€)</td>
<td>103</td>
<td>194</td>
<td>-46.9 %</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>4.5</td>
<td>8.2</td>
<td>-3.7 % points</td>
</tr>
<tr>
<td><strong>Financial Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Earnings before tax (EBT) (in m€)</td>
<td>1,725</td>
<td>2,272</td>
<td>-24.1 %</td>
</tr>
<tr>
<td>Return on Equity (in %)</td>
<td>11.2</td>
<td>15.0</td>
<td>-3.8 % points</td>
</tr>
<tr>
<td>Penetration rate (in %)</td>
<td>49.8</td>
<td>52.2</td>
<td>-2.4 % points</td>
</tr>
<tr>
<td>Credit loss ratio (in %)</td>
<td>0.21</td>
<td>0.26</td>
<td>-0.05 % points</td>
</tr>
</tbody>
</table>

*In connection with a review of its sales practices and related reporting practices, the BMW Group has examined prior-period vehicle delivery data and ascertained that certain vehicle deliveries were not reported in the correct periods. The BMW Group has revised its vehicle delivery data retrospectively for previous years. Further information on this matter is provided in the BMW Group Report 2020, pp. 128. The BMW Group continues to develop policies and procedures relating to vehicle delivery data, whereby it is not always practicable to revise the data for prior periods. This applies in particular to minor revisions that would not have a material impact on the comparability of reporting periods.
RETAIL TREND OVER THE YEAR SHOWS REGIONAL DIFFERENCES. CHINA CONTINUES TO GROW; US & EU RECOVERING, BUT STILL NOT AT PRE-CRISIS LEVEL.

Retail BMW + MINI 2021 relative to ACT 2019 (blue line), in %

<table>
<thead>
<tr>
<th></th>
<th>JAN</th>
<th>APRIL</th>
<th>Vs. ACT 19</th>
<th>Vs. ACT 20</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td></td>
<td></td>
<td>-0,7%</td>
<td>+20,1%</td>
</tr>
<tr>
<td>Europe</td>
<td></td>
<td></td>
<td>-13,5%</td>
<td>+8,4%</td>
</tr>
<tr>
<td>Mainland China</td>
<td></td>
<td></td>
<td>+36,4%</td>
<td>+97,3%</td>
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</table>

- ACT 2019 (100%) - ACT 2020
## BMW GROUP.
### Q1 2021 KEY FINANCIALS.

<table>
<thead>
<tr>
<th>BMW Group</th>
<th>Q1 2021</th>
<th>Q1 2020</th>
<th>Change in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Earnings before tax – Group (in m€)</td>
<td>3,757</td>
<td>798</td>
<td>-</td>
</tr>
<tr>
<td>EBT margin (in %) – Group</td>
<td>14.0</td>
<td>3.4</td>
<td>+10.6% points</td>
</tr>
</tbody>
</table>

### Automotive Segment

| Sales (units)* | 636,606 | 477,111 | +33.4 |
| Earnings before interest and tax (EBIT) (in m€) | 2,236 | 229 | - |
| EBIT margin (in %) | 9.8 | 1.3 | +8.5% points |
| Free Cash Flow (m€) | 2,522 | -2,218 | |

### Motorcycles Segment

| Sales (units)* | 42,592 | 34,774 | +22.5 |
| Earnings before interest and tax (EBIT) (in m€) | 135 | 72 | +87.5 |
| EBIT margin (in %) | 17.9 | 12.9 | +5.0% points |

### Financial Services

| Earnings before tax (EBT) (in m€) | 787 | 484 | +62.6 |

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China Bankers Day - Treasury Update I  
Birgit Böhm I 6th July 2021
IN SPITE OF THE CORONAVIRUS PANDEMIC WE ARE GUIDING FOR AN AUTO EBIT MARGIN CORRIDOR IN 2021 WHICH IS JUST SLIGHTLY BELOW OUR STRATEGIC TARGET RATIO OF 8%-10%.

EBIT margin. 
[in %]

<table>
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<tr>
<th>Year</th>
<th>EBIT margin</th>
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<tbody>
<tr>
<td>2010</td>
<td>8.0</td>
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<tr>
<td>2011</td>
<td>11.8</td>
</tr>
<tr>
<td>2012</td>
<td>10.8</td>
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<tr>
<td>2013**</td>
<td>9.4</td>
</tr>
<tr>
<td>2014</td>
<td>9.6</td>
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<tr>
<td>2015</td>
<td>9.2</td>
</tr>
<tr>
<td>2016</td>
<td>8.9</td>
</tr>
<tr>
<td>2017**</td>
<td>9.2</td>
</tr>
<tr>
<td>2018</td>
<td>7.2</td>
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<tr>
<td>2019</td>
<td>4.9</td>
</tr>
<tr>
<td>2020</td>
<td>2.7</td>
</tr>
<tr>
<td>2021</td>
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</table>

Mid-term target ratio: 8% – 10%.
Guidance for 2021*: 7% – 9%.

* Including an increase of the corridor of 6-8% by around 1 percentage point due to the revaluation of the provision for the ongoing EU antitrust proceedings.
** 2013 figures have been adjusted in accordance with IAS 8. *** Adjusted value for 2017 in accordance with IFRS 15.
OUTLOOK 2021.

**AUTOMOTIVE**
- Solid increase in **deliveries**
- Significant increase in **share of electrified vehicles in deliveries**
- Significant decrease **CO2-Emissions New Vehicle Fleet**
- Moderate decrease in **CO2 emissions per vehicle produced**
- **EBIT-margin** between 7 and 9%
- Significant increase in **Return on capital employed**

**MOTORCYCLES**
- Solid increase in **deliveries**
- **EBIT-margin** between 8 and 10%
- Significant increase in **Return on capital employed**

**FINANCIAL SERVICES**
- **Return on equity** between 12 and 15%

**BMW GROUP**
- Significant increase in **Profit before tax**
- Slight decrease in **workforce at year-end**
- Slight increase in **share of women in management positions in the BMW Group**

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1 Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 602,247 units).
2 EU including Norway and Iceland; since 2018 value converted WLTP (Worldwide Harmonised Light Vehicles Test Procedure) basis.
3 Efficiency indicator calculated from Scope 1 and Scope 2 CO2 emissions (market-based method according to GHG Protocol Scope 2 Guidance. Other climate-impacting gases than CO2 not included) from vehicle production, without motorcycles, minus CHP losses divided by the total number of vehicles produced, incl. BMW Brilliance Automotive Ltd. joint venture, Shenyang, not including the vehicles from the Magna Steyr and Nedcar contract production plants.
4 Including an increase of the corridor of 6-8% by around 1 percentage point due to the revaluation of the provision for the ongoing EU antitrust proceedings.
5 Unlike the other key performance indicators, the RoCE forecast for the Automotive and Motorcycles segments is based on the change in percentage points.
THE PERFORMANCE PROGRAMME CONTRIBUTES SUBSTANTIALLY TO OUR EARNINGS AND FREE CASHFLOW.

The programme continues to show its effects in 2021 and subsequent years.

- **IMPROVE SALES PERFORMANCE**
  - Steering of our sales activities even more granular, e.g. at the level of sales channel, markets and models. Rollout of all performance levers worldwide in 2021.
  - Best customer support for service and spare parts offerings and increasing efficiency in spare parts logistics.

- **OPTIMISE PRODUCT OFFER AND COMPLEXITY**
  - Drive train variants reduced by up to 50% until 2025.
  - In recent years, we have already reduced our portfolio of diesel and gasoline engines by almost 30%.

- **DECREASE PROPORTIONAL AND FIXED COSTS**
  - Continuation of our measures to optimize our personnel structures and reduce costs.
  - Facility management: further reduction of fixed costs.

- **OPTIMISE INVESTMENT AND WORKING CAPITAL**
  - Optimise product planning at early stage for efficient plant integration and investment.
  - Working capital: further reduction (in particular for finished goods).
THE BMW GROUP IS COMMITTED TO PLAYING A KEY ROLE IN TOMORROW’S MOBILITY.

R&D Expenditure.*
[in m€, HGB]

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<tbody>
<tr>
<td>Value</td>
<td>3,144</td>
<td>2,864</td>
<td>2,448</td>
<td>2,773</td>
<td>3,373</td>
<td>3,952</td>
<td>4,792</td>
<td>4,566</td>
<td>5,169</td>
<td>5,164</td>
<td>6,108</td>
<td>6,890</td>
<td>6,419</td>
<td>6,279</td>
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R&D Ratio.**
[in %, HGB]

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</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>5.6</td>
<td>5.4</td>
<td>4.8</td>
<td>4.6</td>
<td>4.9</td>
<td>5.1</td>
<td>6.3</td>
<td>5.7</td>
<td>5.6</td>
<td>5.5</td>
<td>6.2</td>
<td>7.1</td>
<td>6.2</td>
<td>6.3</td>
</tr>
</tbody>
</table>

The R&D ratio is expected to remain at prior year level in 2021.
The capitalization ratio in 2021 is expected to be within a corridor of 35-40%.

HGB: German Commercial Code. | *R&D Expenditure: Research and development expenses plus capitalized research and development cost minus amortization of capitalized development costs. | ** R&D Ratio: R&D expenditure divided by Group revenues. | *** 2013 figures have been adjusted in accordance with IAS 8.
THE BMW GROUP CONTINUES TO HAVE THE BEST RATINGS OF ALL EUROPEAN CAR MANUFACTURERS.

The overall company profile supports the commitment towards a single “A” rating.
THANK YOU FOR YOUR ATTENTION.