Corporate Communications

Media Information
16 March 2022

- Check against delivery –

**Statement**

Oliver Zipse
Chairman of the Board of Management of BMW AG
Annual Conference for the Business Year 2021
Munich, 16 March 2022, 10.00 a.m.

Good Morning, Ladies and Gentlemen!

The BMW Group has proven time and time again that it can master challenging situations, emerging even stronger than before. Think about the global economic and financial crisis, the coronavirus pandemic or the semiconductor supply shortages.

In unpredictable times, it is even more important to do the right thing. For us, this currently means three things:

1. First, we are helping out wherever our assistance is needed. Max Schöberl just gave an overview of the Group’s position. Our thoughts are with all those who are suffering as well as with our suppliers and our partners. The BMW Group stands for both the peaceful coexistence of all cultures and free global trade, which brings people closer together and leads to progress and prosperity in every region of the world.

2. Second, we are working to secure and keep our operating business running – because we can only provide effective support for others and serve the common good if we as a company are able to perform in a strong manner.

3. And third, we are also continuing to work tirelessly towards our long-term goals. This is our most fundamental task. It is what BMW is all about. If we fail to do this, we lose valuable time. The commitment to climate neutrality is a huge task for the global community. We all must act, intensively and without delay.

The BMW Group has a robust capital structure. We are a highly flexible, global company that calls all regions of the world home. Even the current situation will not
change our long-term perspective. For us, every year is just the next step in our BMW journey.

We will make a difference. To create value that our customers ask for. To generate meaningful added value. We balance the legitimate demands of all stakeholders – because we all need, live with and benefit from mobility.

We also view the environment as an important stakeholder. We were the first German automotive manufacturer to join the Business Ambition for 1.5°C campaign launched by the Science-Based Targets Initiative. As a result, our road to climate neutrality in 2050 follows a scientifically validated, transparent path that spans the entire value chain. That is my understanding of holistic responsibility.

Global markets develop at different speeds. To have maximum impact on the climate, we need a diversity of technological solutions and offerings. Because: Our future will be decided by technologies. Customers expect tech magic – products that fascinate.

This car right here was one of the highlights of the CES in Las Vegas. It perfectly embodies what we aim to do at BMW: Technological innovations that inspire people. We have shown what is possible – and we definitely succeeded with the iX Flow.

Digitalised vehicles are created in a digitalised company. We are pioneering the use of artificial intelligence in our industry: Several hundred AI applications are already being used in our production phase alone. We are creating a virtual image of production processes in our global network – a revolution in factory planning.

Further digitalising processes and structures lowers costs, improves quality and efficiency, and helps us reach our sustainability goals quickly and effectively. Our aim is to lead the transformation of our industry. This will require adaptability as well as resilience. This means reliability, stability and operational excellence, on the one hand, and courage, disruption and forging our own technology-based path on the other. These characteristics can turn transformation into a competitive
advantage for us – because, in this process, we can fully exploit our renowned BMW capabilities.

Let me give you a few examples:

1. We are accelerating our e-mobility ramp-up in a precise manner in line with growing demand. By the end of 2025, we aim to have delivered two million fully electric vehicles to customers. By 2030, at least half our global deliveries should be BEVs – and we are doing everything we can to meet this goal earlier. By then, our BEV sales could already surpass 1.5 million per year – depending, among other things, on how quickly the charging infrastructure expands worldwide, and how the supply of raw materials for batteries shapes up.

2. The BMW i Vision Circular is our look ahead to what sustainable and luxurious mobility could look like in the urban environment of 2040. With this vehicle, BMW has impressively laid claim to the next big cross-industry topic of circularity and defined it for itself.

3. In 2025, we will embark on Phase III of our transformation with a major leap in technology. The NEUE KLASSE will be built on our new vehicle architecture. This means digital and circular, with substantially improved efficiency for uncompromising e-mobility. Our future Gen 6 drivetrain generation enables lower costs, enhanced performance, new cell chemistry and new cell formats. The profitability of the NEUE KLASSE therefore needs to be on par with vehicles that have state-of-the-art internal combustion engines. BMW should remain an attractive investment.

4. With the launch of the NEUE KLASSE at our new plant in Hungary in 2025, we are also taking our production network into new spheres: lean, green and digital. We are preparing every plant for this. We call it the BMW iFactory.

5. The car is becoming a digital device – and BMW is right at the forefront. Independent from the drive technology, we also offer over-the-air Remote
Software Upgrades. In this way, BMW has the world’s largest fleet that can be upgraded continuously.

6. We are collaborating with the best tech players in all regions of the world and with partners from other industries – for example, within the framework of Catena-X. When it comes to all-solid-state batteries, we believe we have the strongest partner in this field with Solid Power. We are establishing long-term cooperation with Qualcomm Technologies and Arriver to develop next-generation software for driver assistance systems and automated driving. Together, we will provide industry-leading software functions for automated driving, ranging from New Car Assessment Program Level 2 and Level 2+ Driving Assistance Systems to Level 3 High Automated Driving functionalities.

7. Our BMW Brilliance Automotive joint venture has been fully consolidated in the Group Financial Statements of BMW AG since February. With this move, the BMW Group is taking its growth to the next level. BMW continues to be a long-standing partner of China and the Liaoning Province. China is a driving force and pacesetter for digital trends. We will now be even closer to customers there, keeping our finger on the digital pulse.

8. In past weeks, we have also secured the trademark rights of the ALPINA brand. In doing so, we will ensure the longevity of this tradition-rich brand while leading it into a new future.

All these examples show: We are leveraging the transformation with purpose in order to highlight our strengths.

Our success benefits many different stakeholders:

- Our employees in Germany will receive their profit-sharing bonus – which they definitely earned with their performance in 2021. We are also proposing a higher dividend for our shareholders this year.
We are hiring new staff – and plan to increase our workforce by roughly five percent in 2022.

Our customers profit from technological diversity. Our attractive models make it easier for them to transition to emission-free e-mobility. Including pre-series models, we will have 15 BEVs in production this year.

And, last but not least, the climate also benefits: In 2021, we significantly overfulfilled the EU CO2 requirements and outperformed the target by about 10 grams per kilometre. All drive technologies contributed to this.

The fact of the matter is:
Our successful transformation is good for everyone.

We consider it a privilege to be able to operate independently in this process and make long-term investments. We receive the support we need for this from our motivated team: I notice it whenever I talk to our associates. And this does not just come from my intuition.

Our global Employee Survey clearly showed that the team backs the company, and we have found the right balance between disruption and stability.

In 2021, the company achieved all-time highs in important key figures. And we aim to maintain this financial strength in 2022.

Dr Nicolas Peter will now talk about our performance in 2021 in more detail and present our targets for 2022.

We will see each other again here in a bit to discuss our strategic outlook. This will include a first look at the new 7 Series. Stay tuned.

Thank you!
Ladies and Gentlemen,

The new BMW 7 Series that will be released this year is tech magic at its best. This is the first time we are fully using our Tech Stack for driver assistance functions. It will also enable Level 3 highly automated driving, which we will present before the end of 2022.

We developed its sound system with the Hollywood film-score composer Hans Zimmer.

The new 7 Series will be the next ace in our successful growth strategy in the luxury class. It is the only luxury sedan with true drivetrain diversity – offered as a BEV, a plug-in hybrid and a modern combustion engine.

The most powerful variant of 7 Series is the fully electric model. The BMW i7 is part of the success story of how we perceive our role as a leader.

We will remain open to all technologies – as long as there is customer demand, and it benefits the climate. The new BMW 7 Series also kicks off the new generation of our highly efficient combustion engines. It is already geared towards the likely incoming Euro 7 standard legislation.

In other words, our conventional drivetrains are already prepared in accordance with 2030 regulatory requirements. And we have already covered the main financial expenses for these requirements.

On the 20th of April, we will present our new 7 Series for the first time at its public world premiere. We will also give you a sneak preview now.

Film: Frank Weber, Member of the Board of Management, Development.

A digital driving experience has played an integral part in mobility for a long time. For this reason, we are rolling out the BMW iDrive and our Operating System 8 on a broad scale and in all derivatives.
Of course, the new BMW 2 Series Active Tourer is also equipped with the latest BMW iDrive – the first vehicle in the premium compact class. This is how we are transferring technology to smaller vehicle classes.

The new level of connectivity, including the 5G standard, brings even more entertainment to all segments. The same applies to future BMW models, like the 3 Series and X7 updates, as well as the new XM and the new X1, with its BEV variant, the iX1.

Starting at the end of the year, the new iX1 will be our fully electric offer to customers in the high-volume premium compact segment. The X1 also highlights the potential of modern, flexible BMW architectures with its diversity of different drivetrains – just as you have experienced with iX and i4.

Digitalised mobility primarily needs robust international supply chains for both software and hardware. The flow of goods around the world is highly interconnected – as the semiconductor supply bottlenecks have shown. And this is typical for all key technologies.

We build several thousand chips into every vehicle. Now, we are increasingly relying on direct supply contracts.

Film: Dr. Joachim Post, Member of the Board of Management, Purchasing and Supplier Network.

The supply chain takes on a whole new meaning with the ramp-up of e-mobility. We are signing targeted agreements with our suppliers – for instance, for energy-intensive primary materials like steel and aluminium. Already today, we have contractually agreed with our suppliers that by 2030, we will save around 20 million tonnes of CO₂ in the supply chain alone, compared to 2019.

In the company internally, we are paying much closer attention to the increased importance and responsibility of upstream value chain processes. We have been creating the structures for this and refining our organisation since the start of the year. This will make the company significantly faster and more resilient.
Today, our Purchasing, Development and Production divisions are already working very closely together. The Board of Management has decided that such collaboration should be linked even more closely together.

In the future, this will consist of technology clusters. This applies to the clusters "digital", "drivetrain", "driving" and "exterior and interior". As part of this process, we will explicitly strengthen the responsibility of our Purchasing and Supplier Network division.

Joachim Post and his team will foster close collaboration with our development and production as well as our suppliers, forming new alliances across value chains and regions.

We are selective about the companies we work with. This could even be an innovative start-up if they are the ones developing exactly the technology we need. In this way, we are able to significantly improve the transfer of technological innovations into our products, our development and our production in a targeted, permanent manner. The same applies to our partners' contribution to our climate goals for 2030.

The global commitment to climate neutrality is bringing the topic of production back into the public focus. It is, and will remain, one of BMW's greatest strengths – something we are able to exploit even more during the transformation.

Film: Dr Milan Nedeljković, Member of the Board of Management, Production.

All our plants will become iFactories.

Take, for instance, our two “bookends”: our oldest plant in Munich, and our future plant in Hungary. We are transitioning our plant in Munich to 100-percent electric during ongoing production. On 1 June, we will lay the foundation stone for our plant in Debrecen. Already 26 months later, the pre-series for the NEUE KLASSE is set to roll off the production line.
The plant in Hungary is the first representative of both the BMW iFactory and our new vehicle architecture. Exactly one year after announcing the NEUE KLASSE, we are right on track.

We are once again reinventing ourselves – our products, our technology and our way of working. 90 percent of the supplier contracts for the first vehicles will be awarded this year – with CO₂ emissions as part of our selection criteria. I want to put it clearly: Cool, digitalised products are built in cool, digitalised plants.

In Shenyang, we will be opening a completely new plant at the Tiexi site this year. Our plant in the Dadong district is also undergoing a comprehensive expansion. We are using this capacity to produce additional BEV models in China. This year, we will start producing a fully electric variant of the BMW 3 series long sedan, tailor-made for the Chinese market.

In addition to this, the BMW X5 is currently No. 1 in its segment globally. In China, we are expanding our offer of a locally produced variant of the X5, which has an extra-long wheelbase and added comfort as the 3 Series.

Hydrogen remains relevant for us, alongside electromobility. We see hydrogen-electric drivetrains as a complement to battery electric drivetrains. This is the only way our fleet can have a maximum impact protecting the climate. That is why we support the European Commission’s plans to expand charging and hydrogen-filling station infrastructure along European highways.

Our BMW ix5 Hydrogen is already in its final stages of development. We just completed winter testing under extreme conditions. The result: full range and performance, even under negative 20 degrees Celsius. We will begin producing a small series in autumn. And we are already preparing for the next generation of our fuel cell drivetrain. IPCEI funding would rapidly advance development and industrialisation of this additional drivetrain generation in Germany. BMW is actually the only automaker that has committed to produce a vehicle within the framework of this program.
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Our technological transformation is a comprehensive, far-reaching process. And we are taking our people with us.

Film: Ilka Horstmeier, Member of the Board of Management, Human Ressources.

We have already trained more than 50,000 employees worldwide on e-mobility and we are bringing new experts on board for emission-free mobility.

Our MINI and Rolls-Royce brands will be all-electric from 2030 onwards.

By the end of this year, we will give you a glimpse of the new MINI family line-up: New models with a remarkable character and the MINI specific electrified go-cart feeling. Full digitalisation – reflecting the lifestyle of our MINI customers. And an overall ecological footprint that is minimal.

At BMW Motorrad, all future urban models will be fully electric. BMW Motorrad has been developing electrified two-wheelers for over ten years.

Here, you can see the latest model: the BMW CE 04. The media is currently testing it. It's a real eye-catcher and a lot of fun to ride – especially given how it sprints away from the traffic lights.

The next innovative model built for urban mobility will follow in 2023. Customers can expect a new electric two-wheeler from BMW Motorrad every 18 to 24 months.

We are fulfilling our customers' wishes in all segments – because it is our customers who ultimately decide whether we continue to be successful.

Film: Pieter Nota, Member of the Board of Management, Customer, Brands, Sales.

Flexibility, technological expertise and fantastic products in every segment – all of this pays off: The BMW brand is back on top of the global premium segment – and we intend to keep it that way.
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Our global market share of 3.4 percent is a result of our successful business operations. All our brands are focused on the customer and their mobility experience.

We are digitalising the customer interface and leveraging digital and physical options to reach out to customers through all channels. We are scaling up online sales. However, our retailers will have an important and future role as the “point of sales and service”. We see the premium customer experience, especially in sales and service, as a potential competitive advantage we want to expand.

Ladies and Gentlemen,

Standing here next to the BMW iX Flow, I want to share our promise with you for the CES in January 2023. You can look forward to our #NextGen and our digital Vision Vehicle, our next vision for mobility in 2040. I refer to it as a metaverse experience, combining the physical vehicle and the digital future.

Technology will enable emission-free, digitalised, circular mobility. The BMW Group is in the best position for this – as upcoming anniversaries this year show.

This includes the centenary for BMW Plant Munich, 50th anniversary for the BMW Hochhaus, and 50 years of BMW M. They all show how we always look far into the future.

2022 will not be an easy year – that much is certain. However, we have experience handling challenging situations – and at the same time, we have always pursued and reached our long-term goals.

In order to do this, our world must remain peaceful with the possibility of free global trade which drives innovation in a competitive environment. We will do everything in our power to achieve this. And we are providing help when and wherever it is needed.

Thank you!