

Media Information  
11 May 2022

- Check against delivery –

**Statement****Oliver Zipse****Chairman of the Board of Management of BMW AG****102<sup>nd</sup> Annual General Meeting of BMW AG****Munich, 11 May 2022, 10.00 a.m. CEST**

**The BMW Group.**

**We move body, heart and mind.**

Ladies and Gentlemen,

The BMW Group is your company!

But why should you continue to invest in us? What makes us strong and relevant? Why should – and why will – we still be around 100 years from now? These are questions that concern us, just like they concern you. You are our shareholders. A warm welcome from the BMW Welt in Munich!

This is the third time I have stood before you to answer your questions. It is an honour – and also very important to me.

A company needs to know what it stands for – because that is what enables it to stay the course, to rely on its own capabilities, to withstand the headwinds and to constantly reinvent itself.

The BMW Group exists because we move body, heart and mind. That is our internal compass: Our North Star that guides us at all times – even in times of change. It tells our story: What set us apart in the past? What can we achieve in the present? And where do our strengths for the future lie?

My message to you is: Your company has a future.

That is our mission – and it is important to you, as well, Ladies and Gentlemen. Your support is for the long term – and that needs to be worth your while. Today,

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we are proposing a dividend of 5.80 euros per share of common stock and 5.82 euros per share of preferred stock, in recognition of our successful financial year 2021.

This represents a pay-out ratio of 30.7 percent and is within our long-term target range. Our dividend policy remains appropriate and reliable.

Our future is also very important for more than 140,000 BMW associates – who make a difference, each and every day. We are using innovations to ensure our customers' mobility. Last year, more than 2.5 million people purchased a BMW, MINI or Rolls-Royce vehicle. They expect much more than just being able to get from A to B. They want to experience and enjoy their mobility in a very individual way. Our business model is based on precisely this feeling. Joy forms the core of the BMW brand and is our constant in the midst of change.

Our future is also important to the suppliers we consider our partners – because industrial value creation has become highly complex and the interdependencies are stronger than ever. When supply chains falter, that is when stable, trust-based relationships with suppliers come into their own – just like they are right now.

Having a future remains the main economic currency. Your company is a success story we continue to write. Every generation of managers has a responsibility for this – in the spirit of Herbert Quandt, the bold entrepreneur who believed in BMW. The next generation will continue his legacy, making us stronger and preserving our entrepreneurial freedom. We will build the future out of this trust.

There are three decisive action areas:

- 1. Our strong foundation.**
- 2. Our successful transformation.**
- 3. Our NEUE KLASSE for a new age.**

These areas are where I want to focus today.

You know your company: Empty claims, announcements that lead to nothing – that is not how BMW operates. We are committed to action. We deliver on our promises.

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That gives us credibility – and you can always rely on that!

Let me give you two examples:

1. In 2021, we once again overfulfilled the European Union's CO<sub>2</sub> requirements, coming in at around 10 g/km lower.
2. Our road to "net zero" sets out clear milestones up to 2030, based on an approach that is both transparent and backed by scientific evidence. As part of this, we became the first German automotive manufacturer to join the "Business Ambition for 1.5°C degrees" campaign launched by the Science-Based Targets Initiative – and we are including the entire value chain in this.

Ladies and Gentlemen,

No matter how massive, how unexpected the demands may be, we can handle them – and even emerge stronger than before. In the midst of the global economic and financial crisis, we developed the BMW i3. No electric model has been on the market longer. We turn upheavals into new beginnings – and are doing so now once again.

**That brings me to my first point: Our future has a strong foundation.**

The whole industry is short of semiconductor chips right now. This is a stress test for all of us. We are unable to build as many cars as we could sell. It really hurts to keep customers waiting. But a modern car contains thousands of chips. In response to this, we are increasingly relying on direct supply contracts. Semiconductor bottlenecks will remain a challenge for quite some time – at least into the second half of the year and into 2023.

On the other hand, we are realising good prices for both new and used vehicles – and our sales costs are going down in all markets. This is also reflected in our business figures for 2021. We took advantage of our opportunities – and achieved new all-time highs:

- Group earnings before tax totalled over 16 billion euros. This includes around one billion euros from the provision in connection with the antitrust

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proceedings brought by the European Commission, which have now been concluded. We were therefore able to partially reverse this provision.

- The EBIT margin in the Automotive Segment came in at 10.3 percent – at the high end of our target range.
- The Motorcycles Segment and Financial Services also posted growth.
- The BMW brand is back on top of the global premium segment, but volume isn't everything – because without desirable products, nothing else matters.
- Global market share is also considered a hard currency in our industry. Despite the coronavirus pandemic, we were able to increase this to 3.4 percent.

We achieved all these things together, as a global “Team BMW Group”. I would like to say a big thank you to everyone – also on behalf of the Board of Management.

Ladies and Gentlemen,

Your company has a robust capital structure and is highly profitable. This solid foundation supports us – especially in difficult times. In the first quarter, we faced unforeseen events yet again – for the third time in three years.

What is happening in Ukraine leaves us speechless – but we are not standing idly by. As I said to you last year: Attitudes are reflected in behaviour. That is truer now than ever: We immediately donated one million euros to UNICEF to help the children affected. We halted our contract manufacturing in Russia, as well as our vehicle exports to Russia. We are now helping children who have fled Ukraine, alone or with their mothers. One of the ways we are doing this is by supporting SOS Children's Villages in Poland.

People from nearly all countries work side by side at the BMW Group, with more than 70 nationalities at the main plant in Munich alone. Diversity is our strength. We practise peaceful coexistence ourselves every day, at all 31 production and assembly facilities in 15 countries. We are also committed to global free trade, because it brings people together and leads to progress and prosperity in all regions. Your global company has been demonstrating this for years.

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What are we doing about the supply bottlenecks for components from Ukraine?

On the one hand, we are making up the shortfalls at alternative supplier locations and helping suppliers set up additional manufacturing structures to secure delivery of critical components. On the other hand, we are continuing to source wiring harnesses from Ukraine – because this gives local suppliers a perspective for the future.

Several of our plants in Europe had to suspend or limit production for a brief time. The same applies to our locations in China – due to official requirements there to contain COVID-19.

Companies like to talk about “flexibility”. For BMW production, it is our trademark: We are able to reallocate volumes at short notice and adjust our production flexibly – something which sets us apart from the competition.

That is why we have ambitious plans again this year, targeting sales on a par with last year's high level. Our order books are extremely full. The markets are keen to order our new all-electric models: the BMW i4 and iX, as well as the MINI Cooper SE\* and the iX3\*. The BMW X family is more popular than ever. We have sold nearly ten million X vehicles to date. Almost half our deliveries to customers in 2021 were X models.

In April, Pieter Nota and I visited the US, in Austin, Texas. We presented our current and future vehicles to more than 1,000 retailers from North, Central and South America. It was a highly emotional event, with a tremendous sense of optimism and confidence towards the future. You could really feel that the US is our second home. BMW was also the largest vehicle exporter by value from the US in 2021, for the eighth consecutive year.

Our market strategy aims for a good balance between the three major regions of the world: the Americas, Europe and Asia. Understanding the unique aspects of every region, providing adequate supplies for customers, enabling local production, research and purchasing – that is what we mean by “localisation”.

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It is essential to future market success – and is also a response to current geopolitical developments.

Let me describe this briefly, using China as an example:

In Shenyang, we will be opening a new plant this year at our Tiexi location, which will build the long-wheelbase version of the new all-electric BMW 3 Series Sedan specifically for China. Our facility in the Dadong district has also undergone a comprehensive expansion, as the BMW X5 with extended wheelbase that has been exclusively tailored to the needs of Chinese customers ramps up there.

If the market situation is challenging in individual regions, other markets "pick up the slack".

Everyone expects the situation in the world to remain difficult: policymakers, institutes – and so do we. In many cases, a string of entirely new challenges come one after the other – with less and less time in-between. Some of these are familiar: Dealing with pandemics. Military conflicts with an economic impact. Fragile supply chains. Growing protectionism. A shortage of resources. High raw material prices. Energy insecurity. However, what is new is that the challenges are now overlapping and having an impact at the same time, with different degrees of intensity and in different constellations. Dealing with multiple challenges is becoming the norm for businesses.

Despite the uncertainty, we have issued our guidance for 2022. A high level of profitability remains our goal and our obligation – towards you and towards all the stakeholders who contribute to our success. Without the events in Ukraine, we would have been targeting an EBIT margin in the Automotive Segment of between eight and ten percent – which remains our strategic target range. However, for 2022, we are now aiming for seven to nine percent. Our earnings before tax should be significantly higher than last year – largely thanks to our joint venture, BMW Brilliance Automotive. The contract with BBA has now been extended until 2040 and, in February, the BMW Group acquired a 75-percent stake in the company.

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As a result, BBA is now fully consolidated in the Group Financial Statements. Strategically, this is an important step: It means that the almost 25,000 BBA employees are now officially part of "Team BMW Group". Your company is taking its growth to the next level.

Our key financial figures for the first quarter already reflect this. For instance, revenues increased by 16.3 percent year-on-year. Our previously-held 50-percent stake was reassessed at fair market value in connection with the purchase of the BBA shares. This resulted in a higher value of around 7.7 billion euros. This effect is included in Group earnings for the first quarter.

This year, we will prove once again that: BMW can handle a crisis. BMW can handle transformation. And, above all: We are strong, because we are transforming ourselves.

**That brings me to my second point: Our successful transformation.**

We firmly believe that: We have the right strategy. We have the right products and technologies on the market at the right time. Our transformation is having an impact – and moving us forwards. For this, we continue to rely on operational excellence, bold thinking and our own technology-based approach. With these characteristics, we are turning the transformation into a competitive advantage – because, in this process, we can exploit our typical BMW capabilities, such as technological diversity, to the full.

The BMW way is not mainstream – but it is very effective. We are lowering CO<sub>2</sub> emissions quickly and effectively. Every drivetrain contributes to this. Europe is now setting course for the Green Deal. But before we rule out any individual technologies in these early stages, we should validate the new ones sufficiently first!

We are further developing all technologies. This will deliver substantial benefits for climate protection and for customers – today, and in the coming decades.

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Because: The markets won't «tick» the same in the future, either. The charging infrastructure is at different stages in its development. Customers in different regions have different needs.

The most recent example of how we are implementing our open technology approach is the new BMW 7 – one model, with four different drivetrains, unique in the luxury segment. This car also marks the launch of the latest generation of highly efficient combustion engines, which already meet the Euro 7 standard. This means our conventional drivetrains are prepared for regulatory requirements into the 2030s. I would like to add that the main financial expenses for this are already behind us.

The 7 Series is way ahead of its time. Imagine admiring a painting or a work of art for the first time. Whether you are an art lover or not: You intuitively know right away when you are looking at something very special. That's how it is with the new 7 and why we refer to it as our masterpiece. It invites you to take a drive – or perhaps allow yourself to be driven. We want our most discerning customers to feel at home – as if they were in a private lounge. For me, it's like a leap into the future. I really like the superb 31-inch screen in the rear compartment: the BMW Theatre Screen. It transforms your 7 Series into a cinema.

The most powerful 7 Series is the all-electric model. It's tech magic – and that is exactly what our customers expect. In terms of technology, no other car currently offers more. The i7\* will be released onto the market in November, as the first 7 Series variant. We developed the electric sound together with Hans Zimmer. You don't have to be a fan of film scores to know that he just won his second Academy Award.

The new BMW X1 also offers real drivetrain diversity. Its all-electric variant will be released towards the end of the year. The iX1\* will bring fresh momentum to the high-volume premium compact class. In 2023, we will be electrifying the next core BMW product: the 5 Series.



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This is all part of our “e-mobility roadmap”: Ambitious and consistent, it is closely aligned with growing demand. That is how your company will stay a leading manufacturer in the world of electric cars. We will make sure of that!

- We will have eight all-electric models on the roads this year. If we include pre-production vehicles, we are already building 15 BEVs – which is short for Battery Electric Vehicles. All-electric vehicles should account for at least ten percent of our deliveries this year. In the first three months, our BEV sales more than doubled compared to the prior-year quarter.
- By the end of 2025, we aim to break through another sound barrier, reaching a total of two million of our BEVs on the roads.
- By 2030, at least half our global sales should come from all-electric vehicles. We are naturally doing everything we can to meet this goal earlier – because we are always looking to challenge ourselves.
- Our MINI and Rolls-Royce brands will be all-electric from the early 2030s. In just a few months, we will be providing a look ahead to the all-new MINI family.
- At BMW Motorrad, all upcoming urban models will be fully-electric. Last year, we had a concept bike standing here; today, I brought along the production model. I ride a motorcycle myself and, for me, the BMW CE 04 is a real eye-catcher, perfect for the city.

We are exploiting the full potential of our flexible BMW architectures – a strength that is unique to your company. This will enable us to grow in all segments and across our entire portfolio.

A new addition is the hydrogen-electric drivetrain – which complements e-mobility in a meaningful way at the high end of the market – and will break through first in countries like Japan and Korea, or in California. We have tested the BMW iX5 Hydrogen under extreme conditions and will begin producing a small series in the autumn.

Progress to net zero does not just take place on the roads. It also needs sustainable supply chains.

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Every electric car sold increases the importance of the upstream supply chain for the climate footprint. Hundreds of our partners already use renewable energy and this has been written into their contracts. Between 2019 and 2030, this will avoid around 20 million tonnes of CO<sub>2</sub> from the supply chain alone. Like I said: We measure ourselves by our results.

We are also taking account of upstream added value within the company: Going forward, our Purchasing, Development and Production divisions will be working together in technology clusters. As part of this process, we will be explicitly strengthening the responsibility of our Purchasing and Supplier Network division. This will ensure we get early access to the latest technology offered by our partners. Developing our organisation in a dynamic way is another essential element of the transformation for us.

At our Annual Conference, a journalist asked me: “Mr Zipse, why do you use terms from the tech world all the time? Do you have to?” I responded: “Because they describe our day-to-day life.” BMW is digital through and through – and the real and virtual worlds are increasingly merging. The tech world calls this the metaverse.

On the one hand, it relates to our products – since customers expect a digital driving experience. We are rolling out BMW iDrive and our Operating System 8, with Remote Software Updates over-the-air, across all derivatives. We are masters of the digital car tech stack across all domains, off-board and on-board – in other words, the entire set of technologies used in developing all digital features. More than 10,000 experts around the world work together in our IT and software development.

But it also concerns our production: We are creating a virtual representation of our processes, so that every plant has a digital twin. In this way, we are revolutionising factory planning. To put it simply: Cool digitalised vehicles are built in cool digitalised plants. That is just one aspect of our BMW iFACTORY – our masterplan for the future of production. At every plant, we are realising a new dimension of LEAN, GREEN, DIGITAL.

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There are also significant implications for our Sales and Marketing: Here, we are digitalising the customer interface. By 2025, we will process a quarter of our sales online, making use of both digital and physical possibilities. Our retail network will remain relevant in delivering a premium experience for our customers through sales and service. We also see this as a potential advantage that we intend to build on.

In a complex transformation, no one can win on their own. Our partnerships are geared towards the long term. At the same time, we ourselves remain in motion in a dynamic environment: For example, with Qualcomm Technologies and Arriver Software, we are developing the next generation of driver assistance systems and automated driving: with Level 2, Level 2+ and Level 3 functions. We are working with the best tech players, including Google and Apple, as well as highly specialised start-ups. Our philosophy of cooperation and competition is perfectly normal in the digital environment.

French automotive manufacturer Stellantis has announced that it plans to acquire the carsharing operator SHARE NOW. The transaction is still subject to approval by the relevant antitrust authorities. We are reorganising YOUR NOW. Going forward, our joint venture with Mercedes-Benz Mobility AG will concentrate on two business segments: FREE NOW and CHARGE NOW. In other words: digital multimobility and digital services related to charging. This is where we see potential for growth.

Ladies and Gentlemen,

The future needs binding targets and clear milestones.

**And that brings me to my third point today: Our NEUE KLASSE for a new age.**

This is definitely your company's biggest project for the future: Digital. Electric. Circular. A quantum leap in technology – for our product, our technology and our way of working. We will be awarding most of the contracts for the first vehicles by the end of the year – taking CO<sub>2</sub> emissions and the percentage of secondary material into account as criteria for selecting suppliers. This will be integrated into the purchasing process – not an "add-on".

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The NEUE KLASSE is entirely geared towards e-mobility. That is also what our latest GEN6 drivetrain generation stands for: more output, a new cell chemistry and new cell formats. On 1 June, we will lay the foundation stone for our plant in Debrecen. The pre-series for the NEUE KLASSE will ramp up there with our new vehicle architecture within 26 months. We are combining this with a unique step in production processes: Our plant in Hungary is designed to operate entirely without fossil fuels and will be the first car plant in the world to do so. That means we are even producing without natural gas – which is the subject of much discussion. That is quite a sensation. It means that: We are not only able to supply the plant with energy that is net carbon neutral, but also run it entirely CO<sub>2</sub>-free. Where will most of the electricity we need come from? We will produce it directly on the plant grounds. For the rest, we are using 100-percent renewable energy sources. Total requirements will mainly be met from regional sources. As you can see: We are actively contributing to the energy transition.

We are doing the same at our other locations worldwide: What suits each plant best? What local options are there? That is how we are reducing our climate footprint – always in the best-possible way for the region. Environmental and economic action go hand in hand – because our concept ensures stable prices and secures the supply.

One thing is clear: The NEUE KLASSE is designed to be – and will be – as profitable as vehicles with state-of-the-art combustion engines. My Board of Management colleagues and I recently checked out two concept cars. I can promise you that you will also be fascinated by them. The NEUE KLASSE represents precisely the quantum leap we are aiming for.

Ladies and Gentlemen,

Prices for industrial and precious metals, like nickel, aluminium, palladium and copper, are rising rapidly. Recycling raw materials and using less primary material offers a way out of this spiral. About 90 percent of the material we use is already recyclable, but our goal is even more ambitious than that:

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We aim to increase the percentage of secondary material in our vehicles significantly: from around 30 percent currently to at least 50 percent. Your company is becoming less and less dependent on scarce raw materials, with circularity as our new guiding principle – from an environmental perspective, but also from an economic and geopolitical standpoint.

As a society, there is intense debate over how to reduce our dependence on fossil energies. But, at the same time, we have to make sure we don't end up in new dependencies. Think of the raw materials in batteries. For me, that is another argument for a broad range of technologies: Diversity makes us resilient.

Circularity is not just a pipe dream for us: The light-alloy cast wheels of the new MINI Countryman are made from 70 percent secondary raw materials. Our BMW iVision Circular already made its mark at the IAA Mobility trade show. This extraordinary Vision Vehicle is made entirely from secondary and renewable raw materials and is 100 percent recyclable. This is how we intend to move "body, heart and mind".

We are leading the way – also for the German automotive industry. Your company has published its second Integrated BMW Group Report. Integrated reporting challenges us with every decision: What is the overall impact? Not just economically and environmentally, but also in the short, medium and long term. This is a complex requirement that we face with confidence.

Dear Shareholders,

Confidence comes from having a perspective for the future – and a company that is confident and growing is one that also hires new employees. Our team is fully behind the BMW Group. This is not just a gut feeling. Our global Employee Survey showed that we have found the right balance between disruption and stability. And we view transformation as an opportunity. For us, every year marks the next logical step in our BMW journey into the future.

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Your company is celebrating three anniversaries this year:

- BMW Plant Munich's centenary.
- The 50th anniversary of the BMW Four Cylinder building, and
- 50 years of BMW M.

They are all proof that:

Together, we can continue to make a difference in the future – by creating values and generating added value.

We trust that you will continue to stand by us.

Thank you.

**\*Consumption/emissions data:****MINI Cooper SE:** Power consumption in kWh/100 km combined: 17.6-15.2 WLTP.**BMW iX3:** Power consumption in kWh/100 km combined: 18.9-18.5 WLTP.**BMW i7:** Power consumption in kWh/100 km combined: 19.6-18.4 WLTP**BMW iX1:** Power consumption in kWh/100 km combined: 18.4-17.3 WLTP (forecast value based on vehicle's prior development status).