

Media Information  
3 November 2022

- Check against delivery –

**Statement****Dr Nicolas Peter****Member of the Board of Management of BMW AG, Finance  
Conference Call Quarterly Statement to 30 September 2022  
Munich, 3 November 2022, 10.00 a.m. CET**

Good morning, Ladies and Gentlemen.

The BMW Group delivered a solid performance in the third quarter of 2022.

In a highly volatile global business environment, we can look back on a successful quarter. Sales totalled just under 588,000 vehicles – on par with the strong prior-year quarter. The EBIT margin in the Automotive Segment came in at 8.9%, which is at the high end of our target range for 2022.

The semiconductor shortage and supply chain disruptions have been with us all year – not to mention bottlenecks in vehicle and parts logistics, partly due to pandemic-related lockdowns in China. All of these things have disrupted production.

Since we were unable to fully meet demand, we adjusted our volume targets at the half-year mark. For the full year, we are targeting slightly lower sales than in 2021, with solid growth forecasted for the second half of the year. After the third quarter, we are on track to meet our goal.

Thanks to our flexible production network, we once again did an excellent job of steering the BMW Group through the difficult supply situation in the third quarter. From purchasing to supplier management to sales and marketing – our employees are delivering the highest standard of performance each and every day and doing everything they can to meet customer demand.

We are partnering with our suppliers to continuously optimise our processes and make them more effective and more efficient. Flexibility and operational excellence are what make the BMW Group resilient.

Our sales are also benefiting from our presence in the three key regions of the

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 2

world: Europe, the Americas and Asia – as well as from our highly attractive and updated models.

This became especially clear in the month of September where sales grew by 6.6% compared to the same month of last year.

Our order books remain full, in particular for our highly attractive range of all-electric models. Here, we continue to see dynamic growth. In the first nine months, we delivered more than 128,000 BEVs to customers – an increase of 114.8%, compared to the previous year.

Ladies and Gentlemen,

Let's take a look at the financial key figures for the first nine months. I'll start at Group level.

Third-quarter revenues were up 35.3% on the previous year, reaching just under 37.2 billion euros. Revenues for the first nine months climbed to 103 billion euros. This significant increase in revenues mainly resulted from the full consolidation of our Chinese joint venture, BBA.

Group earnings before tax for the third quarter reached 4.1 billion euros – which is 20% higher than the already strong result in the same quarter in the prior-year.

Pre-tax earnings September year-to-date totalled just under 20.3 billion euros. This 54% increase over the previous year largely came from the fair market valuation of previously-held equity interests in BBA, which resulted in a one-time effect of around 7.7 billion euros.

The Group EBT margin came in at 11.0% for the third quarter and 19.6% for the first nine months.

Our research and development costs in accordance with IFRS totalled just under 4.9 billion euros for the year to the end of September. This represents a year-on-year increase of 12.6%.

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance, Conference Call Quarterly Statement to 30 September 2022

Page 3

The R&D ratio, according to the German Commercial Code, stood at 4.7% at the end of September. Due to the strong increase in revenues, this figure was 0.6 percentage points lower than for the same period of last year (2021: 5.3%). We expect the figure for the full year to be within our target range of 5 to 5.5%.

We are constantly working on the future of sustainable individual mobility and the long-term transformation of the BMW Group.

To achieve this, we are investing in new models, including our NEUE KLASSE. In the third quarter, we once again pushed forward with electrification of our vehicle fleet and digitalisation.

For example, Plant Leipzig launched its second line for standard production of battery modules. In this way, the plant is making an important contribution to supplying the growing number of electrified vehicles with battery components.

At Plant Dingolfing, we rolled out an innovative digital system for the production of axle supports. This makes us more flexible and ensures optimal use of our production capacity.

Capital expenditure for the first nine months of 2022 totalled just under 4.7 billion euros – two billion euros more than the figure for the previous year. More than 40% of this increase is the result of investments at BBA. In the first nine months, investment was also focused on the ramp-up of e-mobility.

We expect to see the usual seasonal increase in investment activity in the fourth quarter.

The capex ratio for the year to the end of September was 4.5%. For the full year 2022 we expect a capex ratio of around 5.5%.

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 4

Ladies and Gentlemen,

Let's move on to the individual segments. First, the Automotive Segment.

Segment revenues for the third quarter totalled 32.3 billion euros and were therefore 42.7% higher year-on-year. Revenues for the year to date reached a new all-time high of 89 billion euros.

The full consolidation of BBA made a significant contribution to this increase. Other operational business factors also benefited revenues. We are still able to command good prices for our vehicles. In combination with a consistently strong model mix and positive development in pre-owned car markets, we were able to more than offset the impact of the decrease in sales. Currency translation effects also played a part, due to the weak euro.

The cost of sales in the Automotive Segment reached 27.3 billion euros in the third quarter, and 75.4 billion euros for the first nine months. This is 30% higher than for the same period of last year.

Here, once again, the full consolidation of BBA into the Group Financial Statements contributed to the operational increase in the year-on-year comparison.

Headwinds from the full consolidation had a total impact of 2.7 billion euros. Of this amount, depreciation from the purchase price allocation accounted for around 1.4 billion euros, as planned. Around 1.3 billion euros in intercompany profits from intragroup deliveries were eliminated in the first half-year.

In the first nine months, we saw an increase in costs for materials and logistics of almost 2 billion euros, partly due to the developments in raw material and energy prices.

The higher percentage of electrified vehicles also contributed to the increase in costs.

The segment's third-quarter operating result totalled just under 2.9 billion euros – a 63.6% increase on the same quarter of last year. EBIT for the year to the end of

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 5

September was only slightly lower (-3.0%) than last year, at 7.7 billion euros.

However, the figure for 2021 included the partial release of the provision for the EU antitrust proceedings.

EBIT for the current year was also impacted by the effects from the full consolidation of BBA I already mentioned.

Overall, we are seeing high earnings quality – which is also reflected in the EBIT margin. The figure for the third quarter was 8.9% and, for the first nine months, it was 8.7%. This keeps us on track for the high end of our target range of 7-9% for the full year.

Excluding the consolidation effects mentioned above, the EBIT margin would be 10.1% for the third quarter and 11.7% for the first nine months. This underlines the strong operating performance of our core business.

The segment's financial result for the year to the end of September totalled around 8.2 billion euros and was therefore 6.5 billion euros higher year-on-year. The main driver for this was the revaluation of the previously-held BBA shares, resulting in a one-time effect of 7.7 billion euros.

The at-equity result decreased by just under 1.4 billion euros, since earnings from the BBA joint venture were only included until 10 February.

Free cash flow in the Automotive Segment totalled 9.9 billion euros at the end of September.

It includes an inflow totalling five billion euros from the acquisition of BBA's liquid funds in the first quarter.

In the third quarter, free cash flow stood at 2.1 billion euros, primarily due to the high operating profit.

In the fourth quarter, we will also see increased investments in electromobility. We also expect higher advance tax payments as a result of business development.

For the full year, we are therefore still targeting a free cash flow of at least ten billion euros.

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 6

In the Financial Services Segment, just over 1.18 million new contracts were concluded with retail customers in the first nine months of the year. This decrease of 21.9% from the previous year reflects higher interest rates, in general, and the price increases associated with them. At the same time, competition remains intense in the financial services sector. In addition, the tight supply situation over the course of the year led to limited availability of new vehicles.

Thanks to our strong product mix and higher transaction prices, we have been able to partially offset the downtick in new contracts with the higher contract volume of financed vehicles. The volume of new business from all financing and leasing contracts with retail customers was therefore only 13.2% lower than for the same period of last year.

Segment earnings before tax for the first nine months amounted to nearly 2.7 billion euros. This represents a decrease of 8.6% compared to the strong prior year.

We continue to see high income from the resale of our end-of-lease vehicles, especially in the US and Europe.

In contrast to last year, the macroeconomic parameters and overall conditions for consumers have deteriorated. For this reason, we recognised higher provisions for credit risks in the third quarter. Nevertheless, the credit loss ratio currently remains at a historically low level.

In the Motorcycles Segment, we sold just over 159,000 units (159,333) from our attractive product portfolio by the end of September. This means we were once again able to surpass the result for the same period of last year by 1.7%.

Segment EBIT for the first nine months was on par with last year, at 322 million euros. The EBIT margin came in at 13.0%.

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 7

Ladies and Gentlemen,

Let's move on now to the outlook for our key performance indicators.

Owing to the full consolidation of BBA, we expect Group pre-tax earnings to be significantly higher.

The number of Group employees will also increase significantly, due to the integration of BBA staff.

In the Automotive Segment, we anticipate a significant year-on-year increase in deliveries in the fourth quarter. We are therefore able to confirm our guidance for the full year, targeting slightly lower sales.

The percentage of deliveries from electrified vehicles is also forecast to increase significantly and the number of all-electric vehicles should more than double.

We expect the EBIT margin in the Automotive Segment to be within the range of 7 to 9%.

The CO<sub>2</sub> emissions performance indicator for our new EU vehicle fleet is developing better than originally forecast.

Driven by the rapid ramp-up of our all-electric models, we now expect a moderate reduction in CO<sub>2</sub> emissions for our EU fleet for the full year rather than a slight reduction.

In the Financial Services Segment, we can confirm our target range of 17 to 20% for return on equity.

In the Motorcycles Segment, we anticipate a slight increase in deliveries, with an EBIT margin within our target range of 8 to 10%.

Our guidance does not currently assume that Russia's interruption of the gas supply will lead to production stoppages in 2022.

However, we do expect costs for energy, materials and manufacturing to remain

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 8

high.

The macroeconomic environment remains dominated by high inflation and rising interest rates. This is causing conditions for consumers to deteriorate, which will affect their behaviour in the coming months. We therefore continue to expect our higher-than-average order books to normalise, especially in Europe.

Our guidance does not take into account any significant tightening of sanctions against Russia or reactive measures by Russia.

The possibility of the conflict spreading outside of Ukraine or of significant, prolonged lockdowns in response to the pandemic are also not included in our guidance assumptions.

Ladies and Gentlemen,

Although our environment remains volatile, the BMW Group is still on course to meet its targets for financial year 2022.

We expect to post significant sales growth in the fourth quarter. After increasing levels of production during the third quarter, we plan to reduce inventories, especially in overseas markets. We are also counting on high sales numbers for our all-electric models, given the strong customer demand for e-mobility.

A growing number of forecasts for 2023 predict that Germany and parts of Europe will enter into a recession. The US and China are likely to fare slightly better.

Despite these signs, the BMW Group's dynamic growth will continue. Thanks to our attractive product range and expertise in the field of electromobility, we are in a strong competitive position.

Our globally balanced sales and production strategy allows us to respond quickly and flexibly to different market developments.

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 9

We are seeing continuing high demand for our products. Our all-electric vehicles are especially popular.

The BMW iX and BMW i4 are a hit with our customers. Orders are particularly strong for both these models.

The long-wheelbase version of our 3 Series, the BMW i3, has been produced in China since the middle of the year and is being extremely well received in the Chinese market.

The BMW iX1\* and the BMW i7\* will also be in showrooms before the end of the year.

With the iX1\*, we are offering one of our high-volume models as a pure electric vehicle. This will provide the next impetus for our accelerated ramp-up of electromobility.

The all-electric i7\* demonstrates the BMW Group's capacity for innovation like no other vehicle. It sets new standards for digitalisation and the electrified driving experience.

Further momentum will come next year from the continued renewal of our product range. The introduction of the BMW i5 is another important step towards electrification of our full model line-up.

Ladies and Gentlemen,

The BMW Group remains focused on the long term. We are setting the course today for the successful future of our company. Our high profitability gives us the room to invest in a targeted and continuous manner in the long-term transformation of the BMW Group.

In September, we presented the sixth generation of our BMW battery cells.

## Media Information

Date 3 November 2022

Subject Statement Dr Nicolas Peter, Member of the Board of Management of BMW AG,  
Finance, Conference Call Quarterly Statement to 30 September 2022

Page 10

The newly-developed BMW round cell is optimised for the future vehicle architecture of our NEUE KLASSE. It represents an enormous technological leap: an increase of 20% in energy density, a 30% increase in range and a 30% increase in charging speed. The cost for the high-voltage battery will be reduced by up to 50%.

Our partners will be investing in a total of six factories to produce the BMW round cell. In keeping with our "local for local" strategy, the sites will be spread across the key regions of Europe, China and the Americas.

The next highlight on our road to the NEUE KLASSE will follow in January 2023. At the CES in Las Vegas, we will be unveiling a Vision Vehicle that will underpin our digital expertise.

The future of the BMW Group is electric, circular and digital.

We are steering the BMW Group prudently through current market volatilities, while keeping our sights set firmly on the future. We are in an excellent position to shape the transformation and achieve our long-term strategic objectives.

Thank you!

**\*: Consumption/emissions data:****BMW iX1 xDrive30:** Power consumption in kWh/100 km combined: 18.1-16.8 WLTP.**BMW i7 xDrive60:** Power consumption in kWh/100 km combined: 19.6-18.4 WLTP.