

- Check against delivery –

Statement**Oliver Zipse****Chairman of the Board of Management of BMW AG****Conference Call Interim Report to 31 March 2020****Wednesday, 6 May 2020, 10:00 a.m. CEDT**

Good morning, Ladies and Gentlemen!

The current situation is extremely challenging, which makes it even more important to have a clear course, a firm stance and responsible leadership. This includes balancing business decisions – between short-term impact and long-term perspective – intelligently and effectively: On the one hand, we have measures to combat the massive impact of the coronavirus pandemic on our business and the way we work. On the other hand, we have future projects we plan to continue.

The BMW Group is in a strong position and well prepared to handle the challenges on both sides.

- We have intensified and accelerated our Performance > NEXT program, through which we have tapped considerable potential on both the cost and the performance side since 2017.
- We continue to electrify our product portfolio and are bringing new models onto the market at the right time.
- We are using the time to make our supply chain even more sustainable.

All of this helps us to balance business, environmental and societal challenges equally. Responsibility is and will remain the foundation of everything we do.

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I have three points to underscore this:

1. We are guiding the company through the coronavirus pandemic with flexibility and sound judgement.
2. We remain committed to meeting our climate protection targets.
3. We remain focused on investing to enhance our future success.

Let's turn to the first topic:

No one can reliably predict how the global economy and, specifically, auto markets worldwide will develop in the next few months. We are prepared for our business to be impacted for a long period. Our decisions and how we steer the company are based on customer demand. The BMW Group is located in over 150 countries. As you know, business conditions are different across the globe, and the situation is constantly changing as a result of coronavirus pandemic. At the beginning of March, the sale of vehicles was only restricted in China and parts of Asia. In all other markets, retail outlets were still able to go about their business as usual.

Five weeks later – by the second week of April – sales had come to a complete halt: nearly everywhere in Europe, in Central and South America, Russia, South Africa, India and parts of Asia. Sales were also restricted at that time in the US, Canada, the Netherlands, Scandinavia and several Asian countries. The only retailers open at that time without any restrictions were in Korea, Japan, Australia and in China once again. Under these circumstances, our first-quarter sales were impacted above all by the economic fallout of the pandemic in China and Asia.

There was a pronounced decrease in sales in all our major market regions.

- Asia: minus 25 percent.
- Europe: minus 18 percent.
- Americas: also minus 18 percent.

To put it another way: We reached 75 percent of our sales volume of the previous year in Asia, and about 82 percent in Europe and the Americas.

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At Group level, sales decreased by 20.6 percent compared with the first quarter of 2019.

The geographic spread of the pandemic around the globe from East to West became even clearer in our sales figures for the month of April – with a decrease of about 44 percent year-on-year. In China, on the other hand, the first signs of recovery started to become visible in March and April.

But I want to make it quite clear: China is only of limited use as a blueprint for development in other markets. In our most important sales region, Europe, the picture is extremely mixed. It is clear that automotive demand in countries that have been hard hit by the pandemic, like Spain, Italy and the UK, will probably remain relatively low for the rest of the year. As government containment restrictions are gradually being eased, retail outlets in many markets can now partially reopen.

Our dealers have stayed in contact with customers even during the closure. The “Dealer Mobile Sales Office” was rolled out in more than 60 markets in early April: It allows our sales representatives to videoconference with customers so they can advise them and configure vehicles together online. Where legally possible, they have also carried out necessary service and repairs, providing pick-up and delivery of vehicles directly to customers.

With our investments in the digitalization of our marketing and sales processes – together with our retail partners – we are exactly on the right track. Our advanced capabilities here increasingly enable a contactless sales process, which during the corona pandemic is a big benefit for both our customers and staff. The global situation remains extremely fragile.

On 18 March, we provided an outlook for the financial year 2020.

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- Global sales significantly lower than the previous year.
- Group earnings before tax significantly lower than the previous year.
- EBIT margin in the Automotive Segment of between 2 and 4 percent.

Possible longer-term economic implications of the coronavirus pandemic were not included in this outlook. Over the past few weeks, however, it has become apparent that the measures to contain the corona pandemic have lasted longer in many markets. It is therefore clear that delivery volumes in these markets are not going to return to normal within just a few weeks, as was assumed.

As a consequence, we now expect the EBIT margin for the Automotive segment to be within a target range of 0 percent and 3 percent. Deliveries to customers and group profit before tax are still expected to be significantly lower than in 2019. It is important to me that we are neither pessimistic nor euphoric about initial signs of normalization in a number of markets. We need to take a realistic view and must be fully able to respond accordingly at all times. For this reason, we are taking a measured approach and exercising sound judgement.

This applies not only to protecting our employees, but also when it comes to ramping up our production facilities. Since the 17th of March – alongside flexibility instruments such as reducing overtime hours and asking employees to take leave – we have also been implementing short-time working at our German plants. Around 30,000 employees are affected. In line with our agreement with the German Works Council, we are topping up the short-time allowance to up to 93 percent of employees' salary.

How is short-time working compatible with paying a dividend? The short-time allowance is a benefit paid by the Federal German Employment Agency. It is funded by unemployment insurance contributions split between employers and employees. It is not state aid, but rather an insurance benefit to preserve jobs.

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The dividend is always geared towards past results, which is distributed to shareholders retroactively for the prior financial year. The profit-sharing payments received by our employees are also tied to the dividend, by the way. And we cannot forget that many investors are pension funds, which use the dividend for pension schemes. The economic impact of the pandemic will be apparent in the current financial year, and it will also be reflected in the dividend, bonuses and profit-sharing payouts for the business year 2020.

The most important thing is:

We have always kept the BMW Group running, even if operations have been reduced. In both production and non-production areas, we have continued to implement measures that were urgently needed. We put an important package of initiatives into effect early on.

- To protect our employees and their families.
- To maintain our operational capabilities.
- To support society in its fight against the virus. We are, for instance, obtaining medical protective equipment and providing relief organizations with vehicles.

All our activities are coordinated by our “Corona Competence Team” – in consultation with the authorities and the Robert Koch Institute in Germany. In administrative areas, we are gradually increasing the number of employees going into the office. All managers in Germany have received a handbook with clear rules on how to adhere to the measures to protect against infection.

A few examples include:

- Face masks must be worn if a minimum distance of 1.5 metres cannot be maintained.
- “One-way traffic” rules for walkways.
- Assigned seating on plant buses.

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We will also produce face masks at our Wackersdorf location to meet our own needs. The machines are currently being set up and will start production over the coming week. We are also using our Employee App to communicate quickly and directly with nearly 50,000 employees.

On the 27th of April, we began ramping up our plants in a successive, structured process that will be strictly aligned with conditions and demand in the respective markets. That is why we will initially restart production with just one shift.

- The joint venture plants in China, as well as our component plants, already resumed production several weeks ago.
- Our engine plants, the Rolls-Royce plant in Goodwood in the UK and Plant Spartanburg in the US have also restarted.
- Dingolfing as our largest European plant will start producing again on May 11.
- All other German plants as well as Oxford, Rosslyn und San Luis Potosí will follow on May 18 at the earliest.

Naturally, a transition towards two-shift operation will depend on further development in the markets. And we will take a cautious approach before a full ramp-up. A key indicator for us in this will be monitoring our inventories.

Let's move on to the second topic:

We remain committed to meeting our climate protection targets. For us, climate protection is a given. It will remain one of the central tasks for our global society. We will deliver on this, while at the same time keeping our promises to policymakers.

In the face of the coronavirus, we remain more committed than ever to the climate goals that have been agreed. This applies to both the European Union's CO₂ targets for 2020 / 2021 and the introduction of the Euro 6d emissions standard. We are strongly opposed to calls for moratoria – in other words for deadlines to be postponed.

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This shows once again:

The auto industry is not a monolith. WE electrified early and systematically and prepared very diligently for the new targets. By doing so, the BMW Group possesses a substantial competitive edge. Even in the first quarter of 2020, we delivered more electrified BMW and MINI vehicles to customers than in the same period of last year – with growth of almost 14 percent. In Germany, new registrations of BMW and MINI e-vehicles and plug-in hybrids increased by almost 50 percent in the first three months.

But postponing the targets and deadlines would reward those who didn't make adequate preparations. Instead, a restart premium could be used in a targeted manner to connect market efficacy and innovative products. We are open to the idea of moratoria on “additional burdens” – for example, if registration offices or authorities are closed as a result of the crisis. This could certainly include discussions about deadlines for the introduction of new and pending regulations, such as the Euro 7 standard, for instance.

On to my third and final point:

We remain focused our future success and will continue investing accordingly. We will invest more than 30 billion euros in research and development by 2025. This will also include hydrogen fuel cell technology, which we continue to drive forwards. As planned, we will be electrifying our model line-up across all brands. By 2023, we will have 25 models with a pure electric or plug-in hybrid drivetrain on the roads.

This will also include the upcoming generation of the BMW 7 Series – both as an electric model and a plug-in hybrid variant. We have used the past few weeks for the necessary re-modelling at our plants: At Plant Munich, we have been preparing for production of the fully-electric BMW i4. Plant Dingolfing is gearing up for the launch of the BMW iNEXT. Both will be released in 2021. There will

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be no compromise when it comes to the iNEXT. This vehicle will enable highly automated driving on motorways.

In the current situation, we are carefully reviewing all our projects as a matter of principle. We are analyzing structural and construction projects as well as product decisions. We are asking ourselves: Will these projects contribute to the long-term success of the company? Are they still viable? And is their timing still feasible? As an example of this: since expected demand is always a relevant factor for us, we have decided to postpone the opening of the plant in Hungary by a year.

Ladies and Gentlemen,

Around the world, the impact of the corona pandemic is dominating virtually all areas of the economy and our daily lives. Although this disruption may continue for a long period of time, we are also thinking ahead to what comes after. We are reviewing different scenarios and developing measures and initiatives that will make the BMW Group even more adaptable. Thinking in scenarios will enable us to be far more agile and flexible to make decisions to effectively combat the challenges – and remain on course for the long-term strategic development the BMW Group is striving for. It is also clear that: The impact of the coronavirus comes on top of the complete transformation of mobility. As a result, it will accelerate the consolidation of our industry. I am confident that the strength of the BMW Group, even in such a challenging time, lies in its ability to act in a responsible manner, while maintaining its course to a successful future. This has always set us apart as a company. Thank you!