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17 March, 2021

- Check against delivery –

Statement**Oliver Zipse****Chairman of the Board of Management of BMW AG****Annual Conference for the Business Year 2020****Munich, 17 March 2021, 09.00 a.m.**

Good Morning, Everyone!

I like to start with the bigger picture. Why is this important to me? Because, at BMW, our decisions are based on a long-term perspective. That makes anticipating how the world around us will change even more important. What are the big issues of our time that concern us all and demand joint answers?

I would like to offer five beliefs:

First:

Effective climate protection can only be achieved through the intensive use of technology.

I firmly believe science and technology-based innovation are key to making the world carbon-neutral. This will require industry-wide networking, with the active support of policy. Doubts, unilateral technology determination, and politics of interest only hinder this process. To make real progress, we need the biggest efforts in all areas where they have been proven to deliver the greatest impact. Sacrifice is not an option.

Second:

Industrialisation needs the right timing.

The success of a technical invention depends, first, on the ability to industrialise under highly complex conditions and, second, on finding the right timing.

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These two factors, combined, determine whether an innovation gains traction in the marketplace. Physical industrialisation will remain valuable to society, even in the digital age – especially, as the two merge into one and result in progress.

Third:

The future of our planet demands circularity.

Every year, humanity uses more than 100 billion tonnes of raw materials. Anyone wanting to use our Earth's scarce resources for their business model in the future will need to have very good reasons. We must turn the narrative around – from a taken-for-granted, unquestioned use of primary materials to the primacy of secondary materials. Let's reduce our dependencies! Every time we think about using raw materials, we should ask: How much do we need and what do we want to use it for? Are there better options?

Fourth:

Digitisation serves humankind.

Digitisation has long been a commodity and we look to take advantage of it. Think about the images the Mars Rover has been sending us over the past few days. How those shots were taken is secondary. What counts is their magic. Digitalisation is there alongside us wherever we go. It makes our lives easier. We simply expect it to work – without being too obvious. In doing so, it needs to be human and will become even “more human”.

Fifth:

Growth will remain the most important economic currency.

Global companies need to recognise where markets are headed – both progressive ones and those that are more established. All markets have potential for growth and profitability. Markets will continue to develop in different ways – in terms of pace, technology and the framework conditions. Companies with a strong ability to serve different markets with the right technologies and products will have the best prospects for further growth and profitability.

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I wanted to begin today by sharing these thoughts with you – because they guide our actions at the BMW Group.

Our brand new BMW iX* is our innovation and technology flagship – entirely in the sense of these five beliefs. We have worked intensively to achieve this. Choosing the right timing for this highly complex vehicle was both a guiding principle for us and a decision we had to make. The iX* will enable all future BMW vehicles. I have already driven it a few times myself. And I can tell you: It definitely delivers on our promises. It is a true BMW. Fully-electric: with a range up to 600 km according to WLTP; short charging times, a unique discovery space – packed to the brim with technology you can't see or feel. We call this shy tech. All is intuitive, simple and human-like. I'm sure customers will love it.

There are three things we associate with it:

- BMW's capacity for innovation.
- BMW systems expertise.
- BMW's ability for the right timing.

There is a lot going on right now in our Individual Mobility business segment. The market capitalization of our industry really exploded last year. A lot of promises have been made. There are a lot of new projects – with real and perceived obligations to take action. Now, as always, we are charting our own BMW course. Today, we will be showing you what that looks like all the way up to 2030.

Speech Dr. Nicolas Peter.

Followed by speech Oliver Zipse part II.

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Ladies and Gentlemen,

Since August 2019, I have been working with my strong new Board of Management team to lay the foundations for a new beginning:

- We adopted our integrated approach to sustainability with concrete goals up to 2030 in line with the Paris Climate Agreement. In fact, our own CO₂ emissions target is a lot more ambitious. We are also submitting our activities to external scrutiny – as demonstrated by our first Integrated BMW Group Report.
- We instilled the team with confidence. BMW certainly has all the capabilities it needs for the age of sustainable electromobility – which we launched ourselves, almost a decade ago, with the BMW i3.
- We dealt with the effects of the coronavirus pandemic with typical BMW flexibility. In fact, our global market share even increased during the pandemic. The BMW team spirit won through – and I would like to thank all our more than 120,000 associates worldwide for that.

Now, it is time for the next big push.

We are driving the transformation the company needs to ramp up e-mobility at high speed. The BMW iX is a good example of our technology offensive.

And there'll be much more to come. Take a look!

Video clip Pieter Nota, Member of the Board of Management, Customer, Brands, Sales

Here it is – the world premiere of the BMW i4* live in front of you! What a great car! As Pieter Nota said: The fully-electric i4* comes right from the heart of BMW. Many customers have been eagerly waiting for it. This is a clear sign that markets are ready now for electromobility. And that made releasing this Gran Coupé three months earlier than planned an easy decision for us.

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At major tipping points, BMW has often ushered in change with bold decisions. Our entire product line-up at BMW, MINI and Rolls-Royce is based on technological innovations. It meets our customers' different needs in different markets worldwide. That is exactly where our strength lies in the current Phase of our transformation. We are electrifying BMW and picking up the pace of electromobility.

Here is our **roadmap for 2021, 2023 and 2025**.

Through our technology offensive, we have prepared ourselves with the necessary depth and precision. This year our xEV sales are expected to grow by more than 75 percent compared to last year. The percentage of fully-electric vehicles will continue to grow and is expected to more than double compared to 2020. By the end of this year, we aim to have delivered more than one million electrified vehicles to customers since 2013.

2023 will be a key year for us in e-mobility – with 13 fully-electric models on the roads. Positioning our BEVs in the high-volume segments will enable us to ramp up quickly and achieve swift market penetration. To this end, we have empowered our structures in recent years. Others focus on individual market segments and niches. We, on the other hand, are taking a targeted approach across all market segments. By 2023, we will already have at least one fully-electric model on the roads in all key segments – from the compact-car segment to the ultra-luxury class. This means, by the end of Phase II of our transformation, we will have fully-electric models for all our major series – covering about 90 percent of our segments. With an eye towards regulations, we could even serve certain segments exclusively with fully-electric models. The most important aspect is always ensuring an optimal balance between the product offering and profitability.

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I want to make it quite clear: If demand in certain markets shifts entirely to fully-electric vehicles within the next few years – we will be able to deliver.

By the end of 2025, we will have delivered a total of around two million fully-electric vehicles to customers. We will also be growing our sales of fully-electric models by well over 50 percent per year over the next few years – more than ten times the figure for 2020. We have been focused on this growth and have prepared for it systematically, so we can adapt flexibly to market developments at any time.

MINI will be the first BMW Group brand to go fully electric. MINI is perfect for the city – and for e-mobility. We will be releasing the last model with a combustion-engine variant in 2025. By the early 2030s, MINI will be exclusively fully electric.

You can also expect to see fully-electric products from Rolls-Royce.

As an industry, we will only be able to meet current and future mobility needs with an open-technology approach for all drivetrain forms. This includes e-fuels as well as hydrogen, which will be an alternative worldwide. Next year, we will be releasing a small series of the BMW i Hydrogen NEXT. We could also imagine it as a production vehicle. That is why we are supporting the creation of the necessary infrastructure here in Germany.

Our production network is swiftly and efficiently integrating electrification into our existing plant structure. With our intelligent vehicle architecture, we are in an optimal position to industrialise and scale manufacturing, using a single production structure, with maximum flexibility and exchangeability. In this way, we can tap the full potential of differentiated demand around the world, both today and in the years to come.

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BMW is global and present in over 140 markets worldwide. It is not realistic that the same technologies will prevail equally in every country at the same time. That is why it does not make economic sense to pull certain offerings from markets which still enjoy demand. For example, because the necessary infrastructure for certain technologies is not available. The BMW X3 will now be followed by the high-volume BMW 7 Series, X1 and 5 Series models, as well as the MINI Countryman – each with a choice of four drive train variants, including BEV models. This is technology openness par excellence. By 2022, each of our four German vehicle plants will be producing at least one fully-electric vehicle. This is flexibility at BMW!

Video clip Milan Nedeljković, Member of the Board of Management, Production and Ilka Horstmeier, Member of the Board of Management, Human Resources, Labour Relations Director

Around the world, we are gearing up our plants to ramp up e-mobility. As Milan Nedeljković said: Even our oldest plant is going electric. The main plant in Munich has a long tradition of building combustion engines. Now, we are looking to the future and relocating this production to our locations in Steyr, Austria and Hams Hall in the UK. A highly modern, fully digitized and flexible vehicle assembly will be built on the current engine production site by 2026.

Our signal both inside and outside the company is that: We are combining the transition to e-mobility with a shift in competence and development of new skills – not job cuts. Ilka Horstmeier talked about 4,000 new hires – despite the coronavirus pandemic and the transformation. We are in the midst of the biggest training offensive in our company's history.

Technology is our enabler for climate neutrality in 2050. Because: The greenest electric car in the world will be a BMW!

Our customers can rest assured that their BMW will always have the smallest overall carbon footprint. And that is a very high standard. At the high end of the market, in particular, where customers are willing to pay more, they are already asking specifically for sustainable product features in their cars.

Luxury and sustainability go hand in hand. That is another reason why we have been so successful in the luxury segment. In 2020 despite the pandemic, the 7 Series, 8 Series and X7 saw sales growth of 12 percent compared to 2019. Since 2017 it is even 70 percent.

We focus on the entire value chain – not just vehicles' local emissions. We are reducing CO₂ emissions throughout the entire lifecycle: that means, supply chain, production, use phase. We will reduce carbon emissions per vehicle by at least a third across all these phases by 2019. We already set the benchmark for production. We will now reduce CO₂ emissions per vehicle by another 80 percent by 2030. Our plants worldwide already source their electricity exclusively from renewable energies. The iX* and i4* will be produced using electricity from domestic hydroelectric power from the Isar and Lech Rivers. We have already concluded direct supplier contracts in each case. We are now even aiming to reduce CO₂ fleet emissions during the use phase by more than 40 percent by 2030.

That just leaves the supply chain – which is especially important when it comes to e-mobility.

Video clip Andreas Wendt, Member of the Board of Management, Purchasing and Supplier Network

We are realising our holistic approach by working with our suppliers. As Andreas Wendt explained: We have reached an agreement with our suppliers that they will only use green power to produce battery cells.

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In fact, ramping up e-mobility would cause supply chain CO₂ emissions per vehicle to increase by more than a third by 2030. We are deliberately turning the tables and, instead, lowering emissions during the same period by more than 20 percent. We are serious about making BMW sustainable.

As a high-tech company, we drive technological innovation forwards. As Frank Weber says: Our new BMW Operating System 8 is the most powerful vehicle data processing system we have ever developed.

Video clip Frank Weber, Member of the Board of Management, Development

The BMW Operating System 8 will be available first in the BMW iX*. It forms the basis of the next-generation BMW iDrive. It is the best, most secure user interface currently available for physical and digital functions in the car. It will transform every new BMW model into a digital powerhouse. Customers will be able to install, buy or book “functions on demand” over-the-air at a later date. We always think of mechanics and digital together and develop hardware and software in a highly integrated manner. Software supports our customers, is discrete and becoming more human. The new BMW iDrive shows that: At the BMW Group, we are experts in systems integration.

This capability will also be crucial during the next phase of our transformation from 2025 onwards.

The electromobility growth curve will continue to climb between 2025 and 2030: Our BEVs will see average growth of more than 20 percent per year during this period. To this end, we will be launching a radically new product offering in 2025.

We call it – **Die NEUE KLASSE** – the NEW CLASS.

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I'm sure the name sounds familiar to some of you. BMW made a similarly radical change in its product direction once before – back in the early 1960s. With its “rediscovery of the sporty mid-range car”, BMW experienced an unprecedented upswing for the coming decades. But, most of all, back then, it was about our mindset and sheer determination to change things. We are being just as bold and just as radical again today.

We are asking the question:

- What does a BMW need to be in 2030?
- What fits our customers?
- What does society need – and what does it demand?

For us, the NEUE KLASSE forms the nucleus of rethinking the car from the ground up. We are liberating ourselves from today's segments and architectures. We are revolutionising the underlying logic of our product offering and combining it with a new vehicle architecture, based on the principle of e-mobility first. An electric drive train based on the hydrogen fuel cell could also be a part of this.

We see the NEUE KLASSE as a combination of:

- an entirely new IT and software architecture;
- a newly-developed electric drive train and battery generation;
- a new level of sustainability, geared towards a circular economy.

Digitisation, electrification and sustainability are the defining characteristics of the NEUE KLASSE.

Circular is already a USP for BMW. We have defined new efficiency standards for the models of the NEUE KLASSE. Resources are scarce and valuable. That is why we are purposely using secondary materials, such as recycled steel, plastics and aluminium.

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This means a paradigm shift towards “secondary first” – wherever the quality and availability of materials allow. Circularity is both an aspiration and a promise for us. In developing the vehicles of the NEUE KLASSE, we are ensuring from the outset that the raw materials can be recycled at the end of their lifecycle for use in new vehicles. From “cradle to cradle”.

This is a much broader approach than simply a focus on climate protection. Through economic recycling, we are helping solve the world’s resource problems. No one can do it alone. The circular economy demands cross-sector collaborations. Look out for our vision vehicle at the IAA Mobility. It will provide a first glimpse of our approach to the circular economy and new cooperation models.

In addition to “e-mobility first”, the NEUE KLASSE also aspires to be “digital first”. We are developing a totally new kind of user experience, never before seen in a production vehicle. And, because every region of the world has different digital ecosystems, we are using regionally customisable technology stacks. They tailor the vehicle’s operating system perfectly to local conditions and update it constantly to ensure it is “always fresh”. Our customers can book and configure features throughout their vehicle’s lifecycle. We will generate a significant share of our revenues in this way in the future.

The NEUE KLASSE will create a complete emotional experience and secure our long-term profitability. In terms of range and manufacturing costs, we aim to match the level of our state-of-the-art combustion-engine vehicles. The NEUE KLASSE underlines our clear commitment to achieve an EBIT margin within the target range of 8 to 10 percent.

One thing is already certain: The vehicles of the NEUE KLASSE will be true BMWs. They are designed to win over our customers and inspire them.

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By 2030, at least 50 percent of our global sales will be fully electric. Over the next approximately ten years, we will be releasing a total of **about ten million fully-electric vehicles onto the roads**. How quickly each individual market gets there will depend on availability of charging infrastructure. In Asia, for instance, many countries plan the infrastructure from the start when constructing new buildings. Here, too, we want to make faster joint progress in Europe.

The NEUE KLASSE is our global product offering for the markets of the future. We will grow with this unique portfolio and we can handle the necessary complexity. We have confidence in our abilities. We think far into the future. Our approach is tech-forward.

We are also optimistic about the financial year 2021. Our sales figures for January and February seamlessly continued the trend at the end of the strong fourth quarter of 2020 – with significant double-digit growth rates.

Ladies and Gentlemen,

I never cease to be inspired by our products. Taking the car into the future is the most exciting challenge. It takes passion and excitement for mobility. The greenest electric car will be a BMW – and the boldest company, the BMW Group.

In other words: **BMW is going electric, digital and circular.**

I look forward to your questions. Thank you!

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Consumption/ Emission data**BMW iX xDrive50*:**Fuel consumption combined: 00 l/100 km power consumption (NEDC): below 21 kWh/100 km;
CO2 emissions: 0 g/km.**BMW iX xDrive40*:**Fuel consumption combined: 00 l/100 km power consumption (NEDC): below 20 kWh/100 km;
CO2 emissions: 0 g/km.

* Data on driving performance, energy consumption and range are preliminary and based on forecasts.

BMW i3 (120 Ah): Fuel consumption combined: 0.0 l/100 km; power consumption in kWh/100 km combined: 13.1 NEDC, 16.3-15.3 WLTP; CO2 emissions combined: 0 g/km**BMW i3s (120 Ah):** Fuel consumption combined: 0.0 l/100 km; power consumption in kWh/100 km combined: 14.6-14.0 NEDC, 16.6-16.3 WLTP; CO2 emissions combined: 0 g/km**MINI Cooper SE:** Fuel consumption combined: 0.0 l/100 km, power consumption combined in kWh/100 km: 16.9-14.9 NEDC, 17.6-15.2 WLTP; CO2 emissions combined: 0 g/km**BMW i4:** This is a pre-production model, no homologation figures are available yet.