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3 November 2021

BMW Group boosts performance with significantly higher earnings

- Automotive segment reports nine-month free cash flow of € 6.3 billion
- Segment EBIT margin comes in at 11.3% for nine months
- BMW brand grows nine-month market share in Europe, Asia and Americas
- Deliveries of fully electric vehicles up by 121.4% for nine-month period
- Raised outlook for full year 2021 confirmed

Munich. The BMW Group continued to demonstrate its high level of profitability in the period from July to September 2021, with revenues, profit before tax and net profit all at record levels for a third quarter. The Group's strong performance during this period was driven in particular by favourable product mix factors and positive pricing effects for new vehicles as well as stable selling prices of pre-owned vehicles.

The BMW Group also posted new record figures for deliveries to customers, revenues and profit before tax for the nine-month period and, in light of this strong performance, confirmed its outlook for the full year at the quarterly press conference. The outlook for the current year was raised in an ad-hoc announcement dated 30 September, clearly demonstrating the Group's underlying profitability.

At the same time, the Group is relentlessly driving forward the process of becoming a climate-neutral premium automobile manufacturer.

"The BMW Group shows how profitability and transformation go hand in glove. We see technological change as a great opportunity to strengthen our business model on a sustainable basis. With our focus on climate-neutral mobility, we are consistently driving the company forward to make it future-proof," said **Oliver Zipse**, Chairman of the Board of Management of BMW AG, in Munich on Wednesday.

The BMW Group's consistent focus on sustainability, ultimately leading to a circular economy, was underlined with the unveiling of the **BMW i Vision Circular** concept vehicle at the IAA in Munich in September. This first, fully recycled and recyclable vision vehicle

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created by the BMW Group provides a forward glimpse of sustainable premium mobility in the year 2040.

"When it comes to climate protection, the relevant question is: how big is the carbon footprint of a vehicle over its entire life cycle, including the impact of raw materials, industrial production, the active use of the vehicle and recycling? That is the currency that ultimately counts and the one by which our performance will be measured," **Zipse** emphasised.

"That's why our understanding of sustainability goes far beyond developing e-drive systems. We aim to leverage circular economy principles to achieve a maximum of climate protection – starting with the sustainable selection of individual raw materials for production and considering the life cycle of our vehicles as a whole."

E-mobility expanding at faster pace – high growth rates achieved

The BMW Group is swiftly and systematically expanding its range of electrified models. With demand for electrified vehicles on the rise, it sold **231,575 fully electric and plug-in hybrid vehicles** during the first nine months of 2021, twice as many as one year earlier (2020: 116,400 units; +98.9%). **Sales of fully electric vehicles** grew particularly dynamically, rising by **121.4%** to **59,688 units** (2020: 26,957 units).

During the third quarter, the BMW Group received high acclaim from international automotive experts and journalists alike for its new, fully electric **BMW iX** and **BMW i4** vehicles. Order intake worldwide is high for both models, with deliveries to customers due to start from this month onwards. "With the BMW i4 and the BMW iX, we are taking e-mobility to a new level. The BMW iX is the innovation flagship that gives upcoming BMW models new capabilities that include 5G technology, the latest generation of software and the most advanced e-drive the BMW Group has ever developed. The BMW i4 comes straight from the heart of the BMW brand and offers customers a whole new dimension of driving pleasure. The statement we are making could not be clearer: If a vehicle bears the BMW badge, then it's a genuine BMW – regardless of the drive variant," said **Zipse**.

The BMW Group's electric mobility strategy is moving relentlessly towards its steep ramp-up phase. As early as **2023**, the Group will have **25 electrified models** on the roads – 13 of them fully electric. In the period up to **2025**, the BMW Group is set to grow its sales of

fully electric vehicles by an average of **more than 50% annually**, delivering around **two million fully electric vehicles** to customers by the middle of the decade.

Growth in revenues and profit before tax

The BMW Group recorded significant **sales volume growth** in the first nine months of the current year, with **deliveries rising by 18%** to **1,932,224 units** (2020: 1,638,167 units). In the third quarter, reduced production volumes of the BMW Group due to the supply situation impacted delivery figures. During the period from July to September, a total of **593,177 BMW, MINI and Rolls-Royce brand vehicles** were delivered to customers (2020: 675,592 units; -12.2%).

The continuation of **positive pricing effects** for new and pre-owned vehicles as well as a **favourable product mix** more than compensated for the lower sales volume, driving third-quarter **revenues up to € 27,471 million** (2020: € 26,283 million; +4.5%; adjusted for currency factors: +3.5%). Revenue growth for the nine-month period was even more pronounced, rising significantly to **€ 82,831 million** (2020: € 69,508 million; +19.2%; adjusted for currency factors: +20.5%).

The improved price penetration for new and pre-owned vehicles is primarily due to the BMW Group's attractive product range, strong customer demand and the generally lower availability of vehicles due to the shortage of semiconductors.

"Business during the current financial year to date has benefited substantially from the favourable stable market situation and continued brisk demand," said **Nicolas Peter**, Member of the Board of Management of BMW AG, Finance. "The latest set of reported figures underlines the operational strength of the BMW Group and demonstrates the outstanding commitment of our workforce." Looking ahead to the upcoming changes in the BMW Group's business model, he added: "Our ability to generate profit is the prerequisite for transforming our business model. Our stated policy is to finance the necessary investments out of ongoing operations. With a combination of prudent planning, good management and a keen focus on efficiency and profitability, we are excellently positioned to do so."

Future-oriented investments remain at high level

Research and development activities during the period under report were focused on new models as well as on the electrification and digitisation of the vehicle fleet and automated driving, in other words on key issues in terms of driving the process of transformation and strengthening the company's future viability. **R&D expenses** recognised in the income statement amounted to **€ 1,600 million** in the third quarter, 13.8% up on the previous year, taking the total for the nine-month period to **€ 4,337 million** (2020: € 4,140 million; +4.8%). Total **R&D expenditure** amounted to **€ 4,369 million**, slightly lower than one year earlier (2020: € 4,397 million; -0.6%).

Due to revenue growth, the **research and development ratio** for the nine-month period fell slightly from 6.3% to **5.3%** (in the third quarter: 6.5%; 2020: 5.9%).

Group profit before financial result (EBIT) rose to **€ 10,913 million** (2020: € 2,633 million) for the nine-month period and to € 2,883 million (2020: € 1,924 million) for the third quarter. In addition to improved pricing for new and pre-owned vehicles, as described above, EBIT also benefited from the unchanged low level of allowances required to be recognised for credit risks. The partial reversal of the provision for EU antitrust proceedings recorded in the second quarter also had a positive impact on nine-month earnings.

The **financial result** for the nine-month period was a net positive amount of **€ 2,240 million** (2020: € 329 million; in the third quarter: € 534 million; 2020: € 540 million). The result from investments benefited in particular from the Group's share of the profit reported by the Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang, which increased to € 1,475 million for the nine-month period (2020: € 959 million; +53.8%).

Other financial result went up to a net positive amount of € 940 million (2020: negative € 282 million; in the third quarter: positive € 173 million; 2020: positive € 200 million), whereby the improvement was mainly attributable to the continued favourable fair value development of interest rate hedges resulting from the rise in yield curves in the USA. The remeasurement of investments held by the BMW i Ventures fund as well as the investment in SGL Carbon had a positive impact.

Group profit before tax (EBT) amounted to **€ 13,153 million** (2020: € 2,962 million; in the third quarter: € 3,417 million; 2020: € 2,464 million).

The **pre-tax return on sales (EBT margin)** came in at **15.9%** for the nine-month period (2020: 4.3%) and **12.4%** for the third quarter (2020: 9.4%).

Nine-month delivery figures significantly up on previous year

Automotive segment sales in the third quarter of 2021 were impacted by semiconductor supply issues. Deliveries to customers in Europe and Asia were down, whereas sales in the Americas region rose year on year. Over the nine-month period, however, **sales growth** was recorded for all major regions worldwide, including an excellent performance on **European markets**, where deliveries of BMW, MINI and Rolls-Royce brand vehicles were up by 11.9% to **725,721 units** (2020: 648,494 units).

The limited availability of semiconductors caused third-quarter deliveries in **Asia** to fall to **254,739 units** (2020: 288,907 units; -11.8%). However, the figure contrasts sharply with Group performance over the nine-month period, during which **835,090 units** were delivered to customers (2020: 705,789 units; +18.3%).

Third-quarter sales figures for **China** dropped to **203,008 units** (2020: 230,920 units; -12.1%). Here, too, figures were well up over the nine-month period, with **670,964 BMW, MINI and Rolls-Royce brand vehicles** delivered to customers since the beginning of 2021, 19.7% more than in the same period one year earlier (2020: 560,367 units).

Overall, the BMW Group has continued to strengthen its competitive position in all key regions. Mirroring this positive trend, sales volume growth at brand level also ranged between 'solid' and 'significant' for the nine-month period. Worldwide, **BMW brand** sales climbed by 19.3% (2021: **1,703,068 units**; 2020: 1,427,392 units). **MINI** brand deliveries increased to **224,838 units** (2020: 208,124; +8.0%), whereby the 106.6% growth in sales of electrified models – particularly the fully electric MINI SE* – contributed considerably to the overall growth recorded. The ultra-luxury brand **Rolls-Royce** delivered **4,318 units** to customers between January and September, setting a new record for the period with an

increase of 62.9% (2020: 2,651 units).

Automotive segment revenues rose significantly to **€ 70,373 million** in the first nine months of the current financial year (2020: € 54,829 million; +28.3%), of which **€ 22,628 million** were recorded in the third quarter (2020: € 21,962 million; +3.0%).

Profit before financial result (EBIT) jumped to **€ 7,945 million** (2020: € 152 million; in the third quarter: € 1,756 million; 2020: € 1,477 million; +18.9%), giving an **EBIT margin of 11.3%** (2020: 0.3%) for the nine-month period and **7.8%** (2020: 6.7%) for the three-month period from July to September 2021. As expected, the third quarter was impacted to a greater degree by higher raw materials prices and fixed costs (in particular R&D expenses) as well as by the lower sales volume.

The nine-month **financial result** recorded by the **Automotive segment** amounted to **€ 1,711 million** (2020: € 615 million, in the third quarter: € 374 million, 2020: € 383 million). As described above, the main driving factors were the improved result from the at-equity accounted Chinese joint venture BMW Brilliance Automotive Ltd. (BBA) and positive valuation effects recognised in other financial result arising on investments held by the BMW i Ventures fund as well as on the investment in SGL Carbon.

Segment profit before tax (EBT) amounted to **€ 9,656 million** (2020: € 767 million) for the nine-month period and **€ 2,130 million** (2020: € 1,860 million; +14.5%) for the third quarter.

Free cash flow generated by the Automotive segment amounted to **€ 1,397 million** for the third quarter and to **€ 6,299 million** for the nine-month period. The increase in cash flows from operating activities mainly reflected higher earnings before tax and the favourable development of working capital. Automotive segment free cash flow for the full year is expected to be in the region of € 6.5 billion.

Motorcycles segment reports higher revenues and earnings

BMW Motorrad delivered **156,609** motorcycles and maxi-scooters (2020: 129,599 units; +20.8%) to customers in the first nine months of 2021. With **48,999 units** recorded during

the third quarter, deliveries decreased compared to the previous year due to model changes and supply issues (2020: 52,892 units; -7.4%). **Revenues** rose significantly to **€ 2,262 million** (2020: € 1,716 million; +31.8%) for the nine-month period, including **€ 641 million** recorded in the third quarter (2020: € 637 million; +0.6%). Segment **EBIT** developed accordingly, rising significantly to **€ 323 million** for the nine-month period (2020: € 110 million), but remaining below the previous year at **€ 39 million** for the third quarter (2020: € 45 million; -13.3%). The segment **EBIT margin** came in at **14.3%** (2020: 6.4%) for the nine-month period and **6.1%** (2020: 7.1%) for the third quarter.

Financial Services segment reports strong growth in new business

The **Financial Services segment** reported significant growth in new business with retail customers in the period from January to September with **1,509,195 new credit financing and leasing contracts** signed, up by 12.4% on the previous year (2020: 1,342,803 contracts). New business concluded with retail customers during the nine-month period also rose sharply by 16.2% to **€ 48,000 million** (2020: € 41,311 million), with the Chinese market in particular contributing to the recorded growth.

In the third quarter, however, the supply-related reduction in deliveries resulted in a lower number of new contracts (2021: 479,850 new contracts; 2020: 538,351 new contracts; -10.9%).

Over the nine-month period, **50.7%** of new BMW Group vehicles were either leased or financed by the Financial Services segment (2020: 50.5%; +0.2 percentage points).

Segment earnings developed extremely positively in both the three-month and nine-month periods. **Segment profit before tax (EBT)** reached a new record level with **€ 2,924 million** (2020: € 1,039 million, in the third quarter: € 988 million; 2020: € 458 million). Higher revenues generated from the remarketing of lease returns, particularly in the USA and the UK also drove up earnings. Moreover, segment profit benefited from the favourable risk situation as well as the stable margins arising on new business.

BMW Group confirms adjusted outlook for full year

The BMW Group raised its outlook for the full year on 30 September. With its attractive product portfolio, it expects to continue benefiting from a sustained favourable product mix and positive pricing effects for new and pre-owned vehicles.

The BMW Group continues to forecast a **Group profit before tax** that is significantly higher than in the previous year.

The **Automotive segment** is expected to record a solid year-on-year increase in the number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers and RoCE is forecast to improve significantly.

The EBIT margin for the Automotive segment for the full year is set to finish within a range of 9.5% to 10.5% (outlook prior to the ad-hoc announcement dated 30 September: 7% to 9%).

The **Financial Services segment** is forecast to achieve a return on equity (RoE) for the full year within a range of 20 to 23% (outlook prior to the ad-hoc announcement: 17% to 20%) due to the improved risk situation.

The **Motorcycles segment** is expected to record a significant increase in deliveries on the back of a positive market trend. The EBIT margin is set to finish within a target range of 8 to 10%, leading to a considerably higher level of RoCE than one year earlier.

The BMW Group also reaffirms its forecast for **non-financial performance indicators**. Accordingly, the proportion of women in management functions is expected to increase slightly. At the same time, the BMW Group is targeting a further significant reduction in the carbon emissions generated by its EU new vehicle fleet. According to current expectations, carbon emissions per vehicle produced are likely to fall moderately.

The Group's targets for the year are to be met with a **slightly smaller workforce**. Forecasts for the current year are based on the assumption that economic and political **conditions** worldwide will not change significantly. However, any deterioration of these factors could have a negative impact on the BMW Group's outlook. "We are firmly on course



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to meet our outlook for the full year and we look ahead with confidence ," said **Nicolas Peter**. "We expect the semiconductor supply situation to remain an issue beyond 2021."

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The BMW Group – an overview		Jan. – Sept. 2021	Jan. – Sept. 2020	Change in %
Deliveries to customers¹				
Automotive	units	1,932,224	1,638,167	18.0
thereof: BMW ²	units	1,703,068	1,427,392	19.3
MINI	units	224,838	208,124	8.0
Rolls-Royce	units	4,318	2,651	62.9
Motorcycles	units	156,609	129,599	20.8
Automotive segment EBIT margin				
	%	11.3	0.3	-
Motorcycles segment EBIT margin				
	%	14.3	6.4	-
EBT margin BMW Group³				
	%	15.9	4.3	-
Revenues				
	€ million	82,831	69,508	19.2
thereof: Automotive	€ million	70,373	54,829	28.3
Motorcycles	€ million	2,262	1,716	31.8
Financial Services	€ million	24,179	22,055	9.6
Other Entities	€ million	3	1	-
Eliminations	€ million	-13,986	-9,093	53.8
Profit before financial result (EBIT)				
	€ million	10,913	2,633	-
thereof: Automotive	€ million	7,945	152	-
Motorcycles	€ million	323	110	-
Financial Services	€ million	2,869	1,057	-
Other Entities	€ million	-3	43	-
Eliminations	€ million	-221	1,271	-
Profit/loss before tax (EBT)				
	€ million	13,153	2,962	-
thereof: Automotive	€ million	9,656	767	-
Motorcycles	€ million	324	108	-
Financial Services	€ million	2,924	1,039	-
Other Entities	€ million	378	-290	-
Eliminations	€ million	-129	1,338	-
Income taxes				
	€ million	-2,946	-785	-
Net profit				
	€ million	10,207	2,177	-
Earnings per share^(common/preferred share) 4				
	€	15.38/15.39	3.20/3.21	-

¹In connection with a review of its sales practices and related reporting practices, the BMW Group has reviewed prior-period vehicle delivery data and ascertained that certain vehicle deliveries were not reported in the correct periods. BMW Group has revised the data on vehicle deliveries for previous years retrospectively. Further information on this matter is provided in the BMW Group Report 2020 from page 128. As BMW Group continues to enhance its policies and procedures regarding retail vehicle delivery data, it may not always be practicable for BMW Group to adjust prior period data (and any such adjustments would be of a de minimis nature without any material impact on the comparability of periods).

²Including deliveries to customers of the joint venture BMW Brilliance Automotive Ltd., Shenyang.

³Group profit before tax as a percentage of Group revenues.

⁴Common / preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of € 0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year.

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The BMW Group – an Overview		3rd quarter 2021	3rd quarter 2020	Change in %
Deliveries to customers¹				
Automotive	units	593,177	675,592	-12.2
thereof: BMW ²	units	524,858	585,239	-10.3
MINI	units	66,990	89,262	-25.0
Rolls-Royce	units	1,329	1,091	21.8
Motorcycles	units	48,999	52,892	-7.4
Automotive segment EBIT margin				
	%	7.8	6.7	16.4
Motorcycles segment EBIT margin				
	%	6.1	7.1	-14.1
EBT margin BMW Group³				
	%	12.4	9.4	31.9
Revenues				
	€ million	27,471	26,283	4.5
thereof: Automotive	€ million	22,628	21,962	3.0
Motorcycles	€ million	641	637	0.6
Financial Services	€ million	8,073	7,799	3.5
Other Entities	€ million	1	0	-
Eliminations ³	€ million	-3,872	-4,115	-5.9
Profit before financial result (EBIT)				
	€ million	2,883	1,924	49.8
thereof: Automotive	€ million	1,756	1,477	18.9
Motorcycles	€ million	39	45	-13.3
Financial Services	€ million	974	438	-
Other Entities	€ million	2	18	-88.9
Eliminations	€ million	112	-54	-
Profit/loss before tax (EBT)				
	€ million	3,417	2,464	38.7
thereof: Automotive	€ million	2,130	1,860	14.5
Motorcycles	€ million	40	44	-9.1
Financial Services	€ million	988	458	-
Other Entities	€ million	113	118	-4.2
Eliminations	€ million	146	-16	-
Income taxes				
	€ million	-833	-649	28.4
Net profit				
	€ million	2,584	1,815	42.4
Earnings per share⁴ (common/preferred share)				
	€	3.89/3.89	2.71/2.71	43.5/43.5

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³Group profit before tax as a percentage of Group revenues.

⁴Common / preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of € 0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year.

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:Consumption / emissions data:*MINI Cooper SE:** Power consumption in kWh/100 km combined: 16.9-14.9 NEDC, 17.6-15.2 WLTP.**GLOSSARY – explanatory comments on key performance indicators****Deliveries**

A new or pre-owned vehicle will be recorded as a delivery once handed over to the end user. End users also include leaseholders under lease contracts with BMW Financial Services and – in the USA and Canada – dealerships when they designate a vehicle as a service loaner or demonstrator vehicle. In the case of pre-owned vehicles, end users may include dealerships and other third parties when they purchase a vehicle at auction or directly from BMW Group. Vehicles designated for the end user and suffering total loss in transit will also be recorded as deliveries. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent dealerships. The vast majority of deliveries – and hence the reporting of deliveries to the BMW Group – are carried out by independent dealerships.

EBIT

Profit/loss before financial result, comprising revenues less cost of sales, selling and administrative expenses and the net amount of other operating income and expenses.

EBIT margin

Profit/loss before financial result as a percentage of revenues.

EBT

EBIT plus financial result.

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The BMW Group

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. The BMW Group production network comprises 31 production and assembly facilities in 15 countries; the company has a global sales network with representatives in more than 140 countries.

In 2020, the BMW Group sold over 2.3 million passenger vehicles and more than 169,000 motorcycles worldwide. The profit before tax in the financial year 2020 was € 5.222 billion on revenues amounting to € 98.990 billion. As of 31 December 2020, the BMW Group had a workforce of 120,726 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The Group set the course for the future at an early stage and consistently makes sustainability and efficient resource management central to its strategy, from the supply chain through production to the end of the use phase of all its products.

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