

Media Information

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Strong increase in earnings and margin following full consolidation of China joint venture

- Zipse: "Strength and resilience of BMW Group particularly evident in challenging environment"
- Group EBT rises to € 12.2 billion
- Free cash flow of € 4.8 billion in auto segment
- BEV sales increased by almost 150%
- Guidance confirmed despite high volatility

Munich. The BMW Group further strengthened its competitive position as well as its profitability in the first quarter of 2022, thanks to sustained high demand for its premium vehicles.

The company's quarterly financial statements also include positive effects from the **full consolidation of the Chinese joint venture, BMW Brilliance Automotive Ltd (BBA)**, as previously announced.

Even without these effects, margins of BMW Group were strong – a proof point of its financial strength in a volatile economic and geopolitical environment. The Group's **earnings return before taxes (EBT margin)** was **39.3%** in the first quarter (2021: 14.0%). **Without the revaluation of the existing stake and consolidation effects arising from BBA's full consolidation**, the Group's return on sales achieved **18.4%**.

The automotive segment showed a similarly strong performance in the first three months: The **EBIT margin** in the **Automotive segment** was **8.9%** (2021: 9.8%) and thus at the upper end of the target range for 2022. Excluding the consolidation effects, the **EBIT margin** amounts to **13.2%**.

"The strength and resilience of the BMW Group are particularly evident in this challenging environment: With a high level of flexibility, operational excellence and the tremendous commitment of our team, we are steering the company towards success, today and in the future," said **Oliver Zipse, Chairman of the Board of Management of BMW AG** on Thursday in Munich.

Significant increase in electrified vehicle deliveries

In the first quarter of 2022, **sales of electrified vehicles** increased significantly – by **28% to 89,669 units** (2021: 70,207 vehicles/+27.7%). As planned, **sales of pure electric vehicles** more than doubled to **35,289 units** (2021: 14,161 vehicles/+149.2%). The BMW iX3* (2022: 11,200 vehicles; 2021: 2,330 vehicles) and the MINI Cooper SE* (2022: 8,925 vehicles; 2021: 5,852 vehicles) were the most in-demand fully-electric models, with sales significantly higher than in the same quarter of the previous year. Within a short time of being introduced onto the market, the innovation flagships, the BMW iX and the BMW i4, are already generating strong demand and high new orders. The fully-electric BMW i7* luxury sedan and the BMW iX1*, as well as the fully-electric BMW i3 in China, will expand the range of battery-electric models in 2022.

"We firmly believe that it is especially important in difficult times not to stop doing the right things. That is why we are upping the pace of the e-mobility ramp-up and accelerating the transformation towards sustainable mobility. And with our holistic approach to reducing CO2 emissions from our vehicles throughout the value chain, we are making an effective contribution to combatting climate change", said **CEO Zipse**.

The company aims to have more than **two million fully-electric vehicles** on the roads by **2025**. This year already, including pre-production vehicles, the BMW Group will have **15 fully-electric models in production** – covering around **90% of its current segments** -and is on track to deliver at least 10% of its annual sales volume in fully-electric vehicles.

Slight increase in US deliveries – supply bottlenecks continue

A total of **596,907 vehicles** were delivered to customers in the **first quarter**. This figure was lower than the previous year's all-time high (2021: 636,606 vehicles/-6.2%), due to limited availability of components and wide-scale lockdowns in China. The rate of sales growth varied between different regions of the world: In the Americas and in the US, the BMW Group reported growth on a par with the prior-year quarter. In the **Americas**, the company delivered **99,169 vehicles** to customers (2021: 96,352 vehicles; +2.9%). In the **US**, BMW Group sales reached **80,974 vehicles** (2021: 78,067 vehicles; +3.7%), earning it a leading position in the US premium segment.

The **European markets**, on the other hand, saw a moderate decrease of 7.8% in BMW, MINI and Rolls-Royce deliveries (2022: 220,393 units; 2021: 239,018 units). Sales in **Germany** were slightly lower year-on-year, at **60,098 units** (2021: 62,696 vehicles/-4.1%).

Sales development in **Asia** primarily reflected COVID-related restrictions and renewed lockdowns in China, which led to a moderate decrease in deliveries to **265,065 units** (2021: 287,697 units; -7.9%). In **China**, the company delivered **208,953 vehicles** to customers (2021: 230,193 vehicles/-9.2%).

Premium brands MINI and Rolls-Royce grow sales

In the first three months of 2022, the **BMW brand** delivered a total of **519,796 vehicles** to customers – a decrease of 7.3% compared to the strong prior-year quarter (2021: 560,543 vehicles). 2022 marks the 50th anniversary year for BMW M. **39,055** high-performance models from BMW M went to customers, an increase of 3.1% (2021: 37,894 vehicles).

At brand level, **MINI** sales for the first quarter were up slightly (**75,487 vehicles**; 2021: 74,683 vehicles, **+1.1%**) – mainly thanks to the electrified MINI Cooper SE* and MINI Countryman Plug-in Hybrid* models. Together, both models accounted for over 17% of total MINI sales.

Rolls-Royce Motor Cars handed over **1,624 vehicles** to customers in the first quarter – an increase of **17.7%** over the previous year (2021: 1,380 vehicles). This sales growth mainly comes from the Rolls-Royce models Ghost and Cullinan.

Significant growth in Group revenues

First-quarter revenues climbed **16.3%** to **€ 31,142 million** (2021: € 26,778 million). This significant increase is a result of the **full consolidation of BBA** already referred to: The JV has been fully consolidated since 11 February 2022, following the extension of the joint venture agreement and the increase in shares held by BMW AG from 50% to 75%. Since this date, **around 23,000 employees in China** have been added to the BMW Group **workforce number**. The subsidiary contributed **€ 3,287 million** to revenues from 11 February 2022 onwards. The company

also benefited from **positive pricing** and **product mix effects** and was able to expand its **after-sales business**. The continuing positive development in used car markets, especially the US and the UK, resulted in higher income from the sale of end-of-lease vehicles. Revenues also benefited from currency tailwinds. Strong pricing has also helped to partly compensate the headwinds from rising raw material and energy prices.

Group research and development spending totalled **€ 1,391 million** (2021: € 1,287 million/+8.1%) and was therefore higher than the previous year. Spending was mainly focused on new models, as well as further electrification and digitalisation of the portfolio. Upfront investments were also made for the Neue Klasse. The **R&D ratio** decreased to **4.5%** (2021: 4.8%) due to the increase in revenues.

Financial result and Group earnings – strong growth from BBA

Due to the full consolidation of BBA the **Group financial result**, in particular, saw a strong increase to **€ 8,836 million** (2021: € 732 million). This is due to a preliminary profit of € 7.7 billion from the revaluation of the existing stake held in BBA. At the same time, the at-equity result decreased (2022: € 260 million, 2021: € 429 million/-39.4%), since earnings from BBA were only included until 10 February 2022, due to full consolidation after that date.

Group earnings before tax (EBT) increased as a result of this effect, reaching **€ 12,227 million** (2021: € 3,757 million; +225.4%).

The **Group EBT margin** for the first quarter increased significantly to **39.3%** (2021: 14.0%). Without the revaluation of the existing stake and consolidation effects arising from BBA's full consolidation, the Group's EBT margin reached **18.4%**.

Group net profit amounted to **€ 10,185 million** (2021: € 2,833 million; +259.5%).

Full consolidation boosts financial figures in Automotive Segment

The **Automotive Segment** significantly increased its **first-quarter revenues** to € 26,726 million (2021: € 22,762 million/+**17.4%**), as a result of the full consolidation. Positive pricing and product mix effects, combined with currency tailwinds and continuing good conditions in the used car markets – with the favourable residual value development that results from this – also supported revenues.

Earnings before financial result (EBIT) for the first quarter reached **€ 2,367 million** (2021: € 2,236 million/+5.9%). The **EBIT margin** in the Automotive Segment for the same period came in at **8.9%** (2021: 9.8%).

The full consolidation of BBA has also led to consolidation effects in the Automotive Segment: "Depreciation from the purchase price allocation and eliminations of intercompany profits amounted to around € 1.2 billion. Without these effects the EBIT margin was at 13.2%. This reflects the strength of our core segment in the first quarter – especially in the face of difficult external conditions", said **Nicolas Peter, member of the Board of Management responsible for Finance**.

The **financial result** for the segment totalled **€ 8,053 million** (2021: € 540 million).

This was positively impacted by the revaluation of the previously held stake in BBA already referred to. Due to the effects described above, **segment earnings before tax (EBT)** for the first three months of 2022 amounted to **€ 10,420 million** (2021: € 2,776 million).

Free cash flow in the **Automotive Segment** of the first quarter of 2022 totalled as expected **€ 4,816 million** (2021: € 2,522 million). The **full consolidation of BBA** contributed to this with a cash inflow from investment activities of **€ 5,011 million**. The purchase price for the 25% of shares acquired, in the amount of € 3,735 million, was paid in full in cash. As previously announced, the BMW Group intends to deliver a free cash flow of at least **€ 12 bn.** for the full year.

Financial Services Segment delivers high EBT growth

The **Financial Services Segment** had a total of **5,516,021 financing and leasing contracts with retail customers** at the end of the first quarter (31 December 2021: 5,577,011/-1.1%). The limited availability of new cars was also reflected in the number of new contracts. Between January and March 2022, a total of **433,429 new contracts** were concluded with retail customers (2021: 489,066 contracts/-11.4%). The positive development in the used car markets led to higher income from the sale of end-of-lease vehicles, with a corresponding positive effect on the segment's financial figures.

First-quarter **revenues** showed a solid increase from € 7,906 million to **€ 8,486 million (+7.3%)**. With significant growth of **28.0%**, **earnings before tax (EBT)** in the **Financial Services Segment** rose to **€ 1,007 million** (2021: € 787 million).

A main contributor was increased income from the resale of end-of-lease vehicles in the US and the UK.

The **percentage of BMW Group new vehicles** leased or financed by the Financial Services Segment stood at **46.8%** at the end of the first quarter (2021: 50.4%/-3.6 %-points).

Motorcycles Segment increases deliveries and revenues

The Motorcycles Segment was once again able to increase its **sales volume** in the first quarter, building on a very successful prior year. A total of **47,403 BMW motorcycles and scooters** were delivered to customers – up **11.3%** compared to the same quarter of the previous year (2021: 42,592 units). **Revenues** climbed **6.1%** to **€ 799 million** (2021: € 753 million).

The segment's **earnings before financial result** (EBIT) totalled **€ 108 million** (2021: € 135 million/-20.0%), while the **EBIT margin** came in at **13.5%**.

BMW Group maintains its guidance – high volatility expected to continue

Bolstered by strong global demand for its attractive premium vehicles, the BMW Group is maintaining its guidance for the year. The company is closely monitoring the geopolitical situation, dominated by the war in Ukraine, as well as the ongoing volatile price development in the commodity and energy markets. The situation on commodities markets is expected to remain tense. Energy prices are also likely to remain at a high level. The BMW Group has therefore already taken the initial impact of the prevailing situation into account in its outlook for the financial year 2022. The war in Ukraine and rising inflation rates are likely to exacerbate these developments. As in the financial year 2021, the risk of supply bottlenecks for

semiconductor components required for production persists. Currently, the situation is not expected to ease until the second half of 2022 at the earliest.

Deliveries in the **Automotive Segment** are therefore forecast to be **on par with last year**. The **EBIT margin** is still expected to be within the range **of 7-9%**.

Although a **slight increase** in **deliveries** is forecast for the **Motorcycles Segment**, the **EBIT margin** should remain within our target range of **8-10%**. The performance indicators for the Motorcycles Segment are only marginally affected by the full consolidation of BBA.

In the **Financial Services Segment**, we expect **RoE** to be between **14-17%**. Compared to reporting year 2021, the strong positive effects from the resale of end-of-lease vehicles are expected to normalise.

The effects of the full consolidation of BBA are projected to lead to **significant growth** in **Group earnings before tax**, despite the negative impacts from production adjustments.

The targets outlined in the company's guidance are intended to be achieved with **slightly higher employee numbers**, excluding the employees from BBA.

Not factored into this forecast are: A significant tightening of sanctions against Russia and / or countermeasures by Russia, an escalation of the conflict outside Ukraine as well as a significant prolongation or extension of the pandemic-related lockdown in China.



Regardless of these uncertainties, however, the situation remains highly volatile, making it extremely difficult to accurately forecast outcomes for the financial year 2022.

The BMW Group – an overview		1st Quarter 2022	1st Quarter 2021	Change in %
Deliveries to customers				
Automotive¹	units	596,907	636,606	-6.2
thereof: BMW ¹	units	519,796	560,543	-7.3
MINI ¹	units	75,487	74,683	1.1
Rolls-Royce ¹	units	1,624	1,380	17.7
Motorcycles	units	47,403	42,592	11.3
Employees	(as of 31 Dec. 2021)	118,909		
<u>Automotive Segment EBIT margin</u>	percent	8.9	9.8	-0.9 %-points
<u>Motorcycles Segment EBIT margin</u>	percent	13.5	17.9	-4.4 %-points
EBT margin²	percent	39.3	14.0	25.3 %-points
Revenues	€ million	31,142	26,778	16.3
thereof: Automotive	€ million	26,726	22,762	17.4
Motorcycles	€ million	799	753	6.1
Financial Services	€ million	8,486	7,906	7.3
Other Entities	€ million	1	1	-
Eliminations	€ million	-4,870	-4,644	4.9
Profit before financial result (EBIT)	€ million	3,391	3,025	12.1
thereof: Automotive	€ million	2,367	2,236	5.9
Motorcycles	€ million	108	135	-20.0
Financial Services	€ million	966	767	25.9
Other Entities	€ million	-32	-6	-
Eliminations	€ million	-18	-107	-83.2
Profit before tax (EBT)	€ million	12,227	3,757	225.4
thereof: Automotive	€ million	10,420	2,776	275.4
Motorcycles	€ million	109	135	-19.3
Financial Services	€ million	1,007	787	28.0
Other Entities	€ million	685	141	-
Eliminations	€ million	6	-82	-
Income taxes	€ million	-2,042	-924	-
Net profit	€ million	10,185	2,833	259.5
Earnings per share^(common/preferred share)	€	15.33/15.33	4.26/4.26	-/-

¹ Includes 96,133 units (2021: 175,838 units) delivered to customers by the BMW Brilliance Automotive Ltd., Shenyang, joint venture in the period from 1 January to 10 February 2022 (i.e. prior to the full consolidation of that entity in the BMW Group Financial Statements).

² Ratio of Group earnings before taxes to Group revenues.

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Consumption/emissions data:*BMW iX3:** Power consumption in kWh/100 km combined: 18.9-18.5 WLTP.**MINI Cooper SE:** Power consumption in kWh/100 km combined: 17.6-15.2 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).**MINI Cooper SE Countryman ALL4:** fuel consumption in l/100 km combined: 2.1-1.9 (NEDC), 2.1-1.7 (WLTP); power consumption in kWh/100 km combined: 14.8-14.1 (NEDC), 15.9-14.8 (WLTP); CO2 emissions in g/km combined: 48-44 (NEDC), 47-39 (WLTP).**GLOSSARY – explanatory comments on key performance indicators****Deliveries to customers**

A new or used vehicle is recorded as a delivery once its handed over to the end user (which also includes leaseholders under lease contracts with BMW Financial Services). In the US and Canada, end users also include (1) dealers when they designate a vehicle as a service loaner or demonstrator vehicle and (2) dealers and other third parties when they purchase a company vehicle at auction and dealers when they purchase company vehicles directly from the BMW Group. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent third-party dealers. The vast majority of deliveries – and hence the reporting of deliveries to the BMW Group – is made by independent third-party dealers. Retail vehicle deliveries during a given reporting period do not correlate directly to the revenues that the BMW Group recognises in respect of that particular reporting period.

EBIT

Profit before financial result. Profit before financial result comprises revenues less cost of sales, less selling and administrative expenses and plus/minus net other operating income and expenses.

EBIT margin

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

EBT

EBIT plus financial result.

If you have any questions, please contact:

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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 in more than 140 countries.

In 2021, the BMW Group sold over 2.5 million passenger vehicles and more than 194,000 motorcycles worldwide. The profit before tax in the financial year 2021 was € 16.1 billion on revenues amounting to € 111.2 billion. As of 31 December 2021, the BMW Group had a workforce of 118,909 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company set its course for the future early on and is making sustainability and resource efficiency the focus of the company's strategic direction – from the supply chain, through production, to the end of the use phase, for all its products.

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