

Media Information  
5 August 2020

- Check against delivery –

**Statement****Oliver Zipse****Chairman of the Board of Management of BMW AG****Conference Call Interim Report to 30 June 2020****Wednesday, 5 August 2020, 10:00 a.m.**

Ladies and Gentlemen!

Recent months have been marked by the massive impact of global measures to contain Covid-19.

At the BMW Group:

- We still achieved positive Group earnings before taxes in the first half of the year.
- We have always kept the company running.
- And all vehicle projects are coming to market as planned.

It's also clear: There remains great uncertainty. Nobody knows how the situation in the individual countries and world regions will develop in the face of the corona pandemic.

But you all know BMW: We are meeting responsibly the current challenges. We make realistic plans based on solid data and pursue our long-term goals with determination. This approach has always made the BMW Group reliable.

Let me give you three examples:

1. The most important trait of our global production network is flexibility. I can't emphasize this enough. We swiftly shut down production in the lockdown and restarted it just as quickly.

We continue to align our production strictly to demand and are preparing ourselves for different scenarios.

2. We have agreed on a package of measures with the Works Council in Germany that will reduce our personnel costs. Our tradition of constructive cooperation has once again proved extremely valuable. We are taking advantage of natural attrition and are also making compensation offers on a voluntary basis. For young apprentices this year, nothing will change: We are hiring again at the same high level as in 2019.

Parallel to these measures, we have fundamentally sharpened our Performance Programme and extended it until the end of 2021. Absolute cost discipline is top priority for all divisions. We are also boosting the company's performance by fully capitalizing on market potential, optimising product design and creating much more efficient processes and structures. New initiatives for strategic modules and efficiency in IT have also been added.

3. We issued guidance in the early days of the global pandemic back in March, which we then adjusted in early May in line with global developments. After the first six months of the year, our outlook remains stable. We can confirm our targets for the financial year 2020 – although this does not factor in a second wave of infection or a more sustained or deeper recession in key markets.

As expected, our business felt the full effects of global efforts to contain the pandemic in the second quarter. Our sales fell by a quarter from the previous year.

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The markets are now recovering – but at varying speeds and different levels of intensity.

- In China, we were once again able to deliver more vehicles to customers in the second quarter than in the same period last year – with growth of almost 17 percent.
- In Europe and the Americas, on the other hand, second-quarter deliveries were significantly lower.

What matters now is how robust this upward trend is and when individual markets will follow suit. In July, sales were moving in the right direction. At Group level, our automotive sales posted a significant year-on-year increase for the month. However, in the comparative month of 2019, there was a model changeover for the 3 Series in China. In Germany, there are currently positive effects from the reduction in value-added tax.

At this point, we are cautiously optimistic about the second half of the year. The new BMW 2 Series Gran Coupé, 4 Series Coupé, the 5 Series, the 6 Series Gran Turismo and the iX3, along with plug-in hybrids like the X2, 3 Series Touring, and 5 Series will all create fresh momentum.

The backbone of the BMW Group has always been based on our strong cost-consciousness and financial strength. We reported a profit for 44 consecutive quarters. That is why we are able to make targeted investments in our future, even during the conditions and uncertainties resulting from Covid-19.

In September, we will mark the first milestone in our major project “FIZ Future”. Research and development activities at our Munich location will be substantially expanded up to 2050.

We are making good progress with electrification.

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Even with the restrictions from the coronavirus pandemic, we sold more electrified vehicles in the first six months of 2020 than in the same period last year. More than 61,600 vehicles is an increase of 3.4 percent.

In July there was a real push: Sales of our electrified BMW and MINI models were up more than 50 percent year on year. For the whole year, we are moving towards a total of 200,000 electrified vehicles. The plug-in hybrid models BMW offers in all segments are especially popular.

This shows we are on the right track.

And we can already say with confidence that: We will fully meet and even outperform the European Union's CO<sub>2</sub> target for this year – by lowering our fleet emissions by more than 20 percent. Incentives in individual EU countries are also having a positive effect.

We continue to stand by our plans: All plug-in hybrids and all electric models will be launched as planned. The popularity of the MINI Electric has well exceeded our expectations. The BMW iX3 will follow later this year – initially for our customers in China.

Our first fully electric Sports Activity Vehicle is impressive in many respects.

It boasts:

- An electric range of over 500 km, according to NEDC, and 460 km in WLTP.
- A drive train we developed and produced in-house, including an electric engine without rare earths.
- The latest version of BMW Operating System 7, including over-the-air updates.

We are currently hosting our Electric Days in Munich.

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Media representatives will have the chance to drive and experience our full range of electrified vehicles for themselves – including the new BMW 545e that will be available starting autumn. They can also experience our eDrive Zones. As you know, we are actively helping our customers use their plug-in hybrids in a way that is best for the environment.

Our electro-offensive is also part of our company's new strategic direction. For me, premium and sustainability are inseparable. Our mobility – like everything else – is only justified if it is not in opposition to an intact planet as the basis of life and humanity.

Exceptional products are especially desirable if they are sustainable, and we can use and consume them with a clear conscience. For this reason, we at the BMW Group will focus even more beyond our products and their attributes.

That's why we are expanding the dimension of our corporate responsibility to a full scope of sustainability:

- How sustainably are our vehicles produced?
- Which raw materials do they contain and how are those materials extracted?
- What is the environmental impact of our vehicles while customers are using them?
- And what happens afterwards, when their service life is over?

All these aspects are essential to commercial success in the future.

We are designing solutions to reduce our environmental footprint in a substantial way. Let's be clear: This is a mammoth challenge that will require enormous efforts from all of us.

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However, we don't want to wait until the distant future to make a difference. It's important to everyone at the BMW Group that we take action here and now.

We are setting ourselves highly ambitious goals for the current decade. This is a timeline we can oversee ourselves and directly take responsibility for. Sustainability and resource efficiency are anchored throughout the company with corresponding targets:

- This applies to all divisions – from purchasing to development and production, all the way to sales and administration.
- It also applies to our top executives. Going forward, our compensation will be tied to what we actually achieve in this area.

In this way, we can take sustainability to a whole new level and make it part of the BMW mindset.

We are substantially reducing CO<sub>2</sub> throughout the entire value chain. We are using 2019 as the starting point. BMW has been a pioneer in many aspects of sustainability in the past. As the Board of Management, we want to be measured by what we achieve.

Our ambitious targets up to 2030 are as follows:

- Use phase: minus 40 percent CO<sub>2</sub> per vehicle.
- Production: minus 80 percent CO<sub>2</sub> per vehicle.
- Supply chain: minus 20 percent CO<sub>2</sub> per vehicle – reversing the trend by which CO<sub>2</sub> would actually rise as a result of increasing e-mobility.

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The aim is to reduce total carbon emissions per vehicle by at least a third across all these phases. With around 2.5 million new vehicles per year, that adds up to over 40 million tonnes less CO<sub>2</sub> worldwide.

This makes us the first in our industry to set ourselves concrete targets for CO<sub>2</sub> reduction throughout the entire lifecycle – from the supply chain through production to the end of the use phase and beyond.

We will do all of these things in accordance with the guidelines of the globally recognised Science-Based Targets initiative. The initiative's overall aim is that science-based target setting becomes standard business practice – and corporations will play a major role in driving down greenhouse gas emissions.

Let's begin with our vehicle fleet:

We will continue to expand e-mobility on a large scale:

- In ten years, we aim to have delivered more than seven million electrified vehicles to customers in total – two thirds of them will be fully electric.
- By 2023, we will have 25 electrified models in our line-up. These will include fully electric variants of the next-generation BMW 7 Series, the X1 and 5 Series. Customers will also be able to choose either a plug-in hybrid or an efficient diesel or petrol engine with 48-volt technology. The Power of Choice will continue to be an important part of our drive towards sustainable mobility. We will win customers over by offering options to suit their individual needs and preferences.

Next, to our locations and facilities worldwide.

What you need to know here is that: We have already lowered emissions per vehicle produced by more than 70 percent since 2006. We are the clear industry leader in this area. And we will now take it one step further. Our new goal for our

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own locations goes even further than limiting the increase in global temperature to 1.5 degrees.

How can we achieve this?

- Starting this year, all BMW sites worldwide will source only green power.
- We are systematically applying data analytics in production.
- We are expanding renewable energy sources at all our locations. This also includes green hydrogen.
- We will fully offset the remaining CO<sub>2</sub> emissions from 2021 on with the appropriate certificates.

Now let's take a look at the supply chain.

What you need to know is that: More e-mobility will automatically lead to higher CO<sub>2</sub> emissions per vehicle in the supply chain – because producing high-voltage batteries is very energy-intensive. An increase of around 40 percent in CO<sub>2</sub> in the supply chain by 2030 is inherent to the system. We don't just want to stop this – we intend to reverse this trend and reduce our supply chain's carbon footprint by 20 percent.

In this way, we can create the most sustainable supply chain in our industry:

- We are also making CO<sub>2</sub> a criterion for awarding contracts from our 60-billion-euro purchasing volume. Of course, we will continue working together with our suppliers as partners in the future.
- Our suppliers will only source green power to produce battery cells for us. We have agreed upon that in our contracts. This measure alone will save around ten million tonnes of CO<sub>2</sub> over the next ten years.
- We will gradually expand the use of green power to our component and raw material suppliers throughout the entire supply chain.

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In addition to these three elements of sustainability – use phase, production and the supply chain – we will also be adding another component:

How do we basically deal with resources and valuable raw materials?

Natural resources are finite. That is why we have to use them sparingly. When we use them, we should use them at least more than once and make sure we recycle them. This requires redirecting the underlying flow of resources and closing the materials loop. Raw materials can be used much more efficiently in this way. In this context, recycling takes on a whole new relevance.

Let me give you four examples of what we are doing:

1. Our vehicles are already 95 percent recyclable. We aim to increase the percentage of secondary material in our vehicles significantly by 2030. The CO<sub>2</sub> emissions are much lower than for primary material: by about factor four to six for aluminum.
2. In the case of high-voltage batteries, we aim to improve the recycling rate to up to 96 percent – including graphite and electrolytes.
3. We already take back all used BMW high-voltage batteries worldwide – even though there is no legal requirement to do so. We are already collecting end-of-life i3 batteries at our battery storage farm at Plant Leipzig. Here, they are given a second life, by buffering surplus wind power and feeding it back into the grid.
4. We are also piloting digital tools, up to and including blockchain technology, to track and verify global flows of goods. We want to be able to trace critical raw materials, in particular, all the way from the mine to the smelter.

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As you can see:

With its new strategic direction, the BMW Group is systematically developing its business model towards a circular economy.

Our efforts are focussed on making our vehicles and our entire value chain the most sustainable in our industry.

The road ahead will be long and challenging. But we are convinced it will be worth it. Our holistic approach puts us right on track to achieve significantly more than the two-degree goal for limiting CO<sub>2</sub> emissions worldwide.

Ladies and Gentlemen,

In the last few months, we have proven once again:

That even in challenging times, we are thinking well ahead to the future. A future in which individual mobility remains a crucial element in society.

To this end, we continue to make targeted investments in relevant future fields and technologies. We will invest 30 billion euros in research and development up to 2025.

The BMW Group currently has a high level of liquidity and good access to the capital markets – and manages its costs very stringently.

In this way – even under the conditions of a continuing corona pandemic – we assume overall responsibility and are a reliable partner for all our stakeholders.

Thank you!

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**CONSUMPTION AND EMISSION DATA.****BMW X2 xDrive25e:** Fuel consumption in l/100 km (combined): 1.9; CO<sub>2</sub> emissions in g/km (combined): 43; Power consumption in kWh/100 km (combined): 13.7**BMW 330e Touring:** Fuel consumption in l/100 km (combined): 1.9-1.7; CO<sub>2</sub> emissions in g/km (combined): 44-38; Power consumption in kWh/100 km (combined): 15.6-14.5**BMW 330e xDrive Touring:** Fuel consumption in l/100 km (combined): 2.2-1.9; CO<sub>2</sub> emissions in g/km (combined): 49-43; Power consumption in kWh/100 km (combined): 15.8-14.7**BMW 545e xDrive Sedan\*:** Fuel consumption in l/100 km (weighted combined): 2.4-2.1; CO<sub>2</sub> emissions in g/km (weighted combined): Power consumption in kWh/100 km (weighted combined): 16.3-15.3**BMW iX3:** Fuel consumption in l/100 km (combined): 0; CO<sub>2</sub> emissions in g/km (combined): 0; Power consumption in kWh/100 km (combined): 17.8-17.5**MINI Cooper SE:** Fuel consumption in l/100 km (combined): 0; CO<sub>2</sub> emissions in g/km (combined): 0; Power consumption in kWh/100 km (combined): 16.8-14.8

\*Provisional figures

The figures for fuel consumption, CO<sub>2</sub> emissions and energy consumption are obtained in accordance with the specified measuring procedure (EC Regulation No. 715/2007), as issued and amended. The figures are for a basic-version vehicle in Germany. The bandwidths allow for differences in the choice of wheel and tire sizes and items of optional equipment and can be changed by the configuration.

Obtained on the basis of the new "Worldwide harmonized Light vehicles Test Procedure" (WLTP), the figures are converted back to the "New European Driving Cycle" (NEDC) for the sake of comparability. Values other than those stated here may be used for the purposes of taxation and for other vehicle-related duties relating to CO<sub>2</sub> emissions.

More information about official fuel consumption figures and the official specific CO<sub>2</sub> emissions of new passenger cars can be obtained from the "guideline on fuel consumption, CO<sub>2</sub> emissions and current consumption of new passenger cars", available here: <https://www.dat.de/co2/>.