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Statement
Oliver Zipse
Chairman of the Board of Management of BMW AG
Conference Call Interim Report to 30 September 2020
Wednesday, 4 November 2020, 10:00 a.m. CET

Good morning, Ladies and Gentlemen!

2020 has been dominated by the highly volatile coronavirus pandemic worldwide – which is now worsening again – and its impact on the economy and our lives.

At the BMW Group, we respond to unexpected challenges like this with flexibility and sound judgement. The long-term perspective is and will always remain decisive for us.

We demonstrated all of this in the first three quarters:

First: We are determined to target and exploit potential for growth and steer the company calmly and consistently through the coronavirus pandemic. In the third quarter, we demonstrated our performance capacity and kept the company on track for success in a difficult environment – posting the highest quarterly sales in our history.
We can therefore confirm our guidance for the financial year 2020. We issued this guidance early in the pandemic and have only adjusted it once since. This means, despite all the uncertainties, we assessed the situation correctly.

Second: We are aligning the BMW Group for sustainable mobility through our strategic decisions. This applies to products, technologies and our organisation. It is precisely at these so-called tipping points that BMW has often set the course for new beginnings in the past. We continue to do things the BMW way in times of upheaval and always remain an attractive and reliable partner for our

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investors. With our products and technologies, we are ideally positioned for the years ahead. We want to be in a similar position from the middle of the decade on, when the conditions on markets will have further developed. That is why we are already working on solutions for after 2025 and 2030. Because, in our industry, timing is crucial to leveraging opportunities as they arise and being able to make targeted investments in the future.

Today, I would like to focus on:
1. Our perspective up to 2025, and
2. Our perspective for the second half of the decade.

Let's start with the first topic:
We have a fresh, attractive and diverse model line-up in all segments that is winning over customers. That is how we were able to absorb the regional lockdowns and even improve on the previous year in some cases:
- In the third quarter, we delivered 8.6 percent more cars and almost 21 percent more BMW motorcycles to customers than in the same period of last year.
- In the year to the end of September, our automotive sales decreased by only 12.5 percent. We even increased our global market share during the pandemic to 3.2 percent.

A look at the markets in the first nine months shows how much the situation varies:
- In China, the recovery that began in the second quarter continued. By the end of September, our sales had risen 6.4 percent to reach a new all-time high.
- In Europe, on the other hand, deliveries were down almost 20 percent.
- In the US, sales decreased by about a quarter.

Our models in the luxury class and, especially, our electrified vehicles, emerged as winners from these times of pandemic.

You could say circumstances provided a boost – aided by government-initiated measures in a number of countries. We delivered more than 116,000 electric vehicles and plug-in hybrids to customers in the first nine months – a new all-time high and a significant year-on-year increase of 20 percent. This trend became even clearer in October.

We are already firmly established as one of the absolute leading manufacturers of electrified vehicles worldwide. We already laid the foundation for this back in 2013, with the fully-electric BMW i3. Our project i was the beginning of phase I of our transformation to sustainable mobility – and has been a great success story! Since then, we have sold the i3 more than 200,000 times. And there is still no other vehicle on the market that has a comparable 360-degree approach and no vehicle with a longer life cycle.

Overall, we have delivered well over 600,000 electrified vehicles to customers worldwide to date. And now, as demand for electric models starts to pick up, we are starting phase II of our transformation with highly innovative vehicles:

- The MINI Cooper SE has delighted around 13,000 customers since March – and our current order book is just as full.
- The BMW iX3 will be arriving in showrooms in the next few days. Employees at the BBA plant in Shenyang celebrated the start of production in late September. The iX3 brings e-mobility to the extremely popular X family and paves the way for the fifth generation of BMW eDrive technology.
- In 2021, the BMW i4 will come out of Plant Munich, with an electric range of up to 600 km.
- Followed in 2021 by the iNEXT. The Board of Management took the series version for a test drive. I'm sure this car will surprise and delight a lot of people: the driving feeling is unique for an e-drive; it sets a totally new

benchmark for digitalisation and connectivity; its operating system is revolutionary; the interior is minimalist and absolutely user-focused; and the exterior is progressive. You'll hear more about this when our NEXTGen kicks off next week.

- Other fully-electric BMW models will include the high-volume 5 Series and X1, as well as the 7 Series. All of these will be available with four different drive technologies – petrol, diesel, plug-in hybrid and fully-electric. We call this Power of Choice. Customers choose the drivetrain that best suits their needs. That is why we need and use flexible architectures for several drive technologies.

This enables us to meet demand for different drivetrains efficiently across all model ranges and segments. This is not only an exceptional capability, but also a competitive advantage for us. Our electro-offensive encompasses all model ranges, with much more to come: By 2023, we will offer 25 models with an electrified drive train.

Our plug-in hybrids are also doing very well. This is a great opportunity to introduce people to electric drivetrains. We want our customers to choose e-mobility for themselves, because they recognise and appreciate the benefits. Later this month, we will be expanding our plug-in hybrid options for the 5 Series from two models to five. That is more PHEV variants than any other model range.

With the right timing and right technologies, and despite the coronavirus pandemic, we will meet the European CO2 targets for both this year and next.

This year alone, our fleet emissions will be around 20 percent lower than in 2019. We are preparing for future CO2 targets just as systematically and just as persistently.

The key to success for our electro-offensive clearly lies in our plants. We are expanding our production network for e-mobility and the necessary components. Here, we are specifically strengthening Germany as a manufacturing location.

Let me give you three examples:

1. By 2022, each of our four automotive plants in Germany will be capable of manufacturing fully-electric vehicles.
2. From 2022 on, Dingolfing will be able to build e-drives for up to 500,000 electrified vehicles a year. Leipzig and Regensburg will produce battery modules and high-voltage batteries, respectively.
3. Our new pilot plant for near-series-standard battery cell production will also begin operations in 2022. The BMW Group has more comprehensive battery cell expertise than any other car manufacturer in the world. Our aim is to have the most efficient and most sustainable battery cell in the industry. Together with Northvolt and Umicore, we are creating a closed material loop for battery cells.

We are combining the reorganization of our production network with structural efficiency improvements and optimized utilization of capacity. By doing so, we aim to save a mid-triple-digit million-euro amount, by the middle of the decade.

At the same time, we are investing in research and development according to our commitment: More than 30 billion euros by 2025.

Here, also, we are continuing to focus on our locations in Germany. In September, the first FIZ Future sub-project was put into service: At the new FIZ Nord facility in Munich, a total of 4,800 employees are developing innovations for the mobility of the coming decades. This makes the FIZ Research and Innovation Centre one of Europe's largest R&D sites. It connects our 14 Tech Offices – from California to Shanghai and Tokyo – as a new digital R&D hub.

Let's move on to the second topic:
Our perspective for the second half of the decade.

We expect demand for fully-electric vehicles to continue increasing significantly from 2025 on. Exactly then – just at the right time – we will launch phase III of our transformation.

Here, in addition to electrification, the focus will be on digital connectivity and volume capability. In ten years, we aim to have more than seven million electrified BMW Group vehicles on the roads – two thirds of them fully-electric. The company is already scaling up for this, both strategically and technologically.

We have established two new cross-functional areas internally to coordinate, shape and take company-wide responsibility for key areas of transformation:

- First: In-car digitalisation.
  Over twenty years ago, we began focusing on digitalisation in our vehicles. To this day, we have brought 14 million connected vehicles to roads worldwide. They collect 25 million bits of traffic information daily. Now, we are strengthening digital across the company and creating a new central decision-making function. All key software functions have been pooled into the new "Digital Car" unit since October, and report directly to the board member for development.
  Our vehicles are "managed devices". They are always up to date with the latest services and features. We are continuing to expand our successful Operating System 7 to support this. It goes without saying that our user interface is easy to operate, because technology should serve the user. And digital technologies are at the heart of BMW. Hardware and software are equally important to our customers.
- Second: Underlying product development, and its implications for our vehicle architecture from the middle of the decade.

Our new cluster architecture is geared towards electric drive trains. This area reports directly to me. It is organisationally connected to all divisions – from markets, finance, procurement, development and production, all the way to sales and marketing. This gives us greater leverage and makes us much faster – also in our cooperation with partners. The objective is for the new architecture to create an overall optimum. Our new plant in Hungary will play a key role in this, ramping up the new BEV-centric architecture from the middle of the decade.

There is another aspect to our transformation in phase III: In the midst of the coronavirus crisis, we geared our company towards a circular economy.

We aim to reduce our carbon footprint per vehicle by at least a third from 2019 levels by 2030. No other manufacturer in our industry is making its business model as holistically sustainable: throughout the supply chain, production, use phase and recycling.
We cannot achieve this through offsets. We are using renewable energies and efficiency measures.

This is impactful progress through technology.

Ladies and Gentlemen,
The coronavirus pandemic is far from over.

The current rate of infection, especially in Europe, makes this abundantly clear. The virus will remain the biggest of many risks for the global economy in the foreseeable future. New lockdowns could severely impact our business development in the fourth quarter and early 2021. However, the same rule applies in this situation: We will continue to respond flexibly to short-term challenges.

And we will systematically and proactively set the course for the long-term development of the company.

The BMW Group is in a strong position and exactly where it needs to be for the second phase of the transformation up to 2025 – with a growing share of e-mobility and maximum production flexibility.

We are now concentrating on the third phase of the transformation, from 2025 and beyond. We will be making more fundamental decisions for this in the coming months.

I look forward to your questions.
Thank you!

Consumption and Emission Data.
BMW iX3: Fuel consumption in l/100 km (combined): 0; Power consumption in kWh/100 km (combined): 17.8-17.5; CO_2 emissions in g/km (combined): 0
MINI Cooper SE: Fuel consumption in l/100 km (combined): 0; Power consumption in kWh/100 km (combined): 16.8-14.8; CO_2 emissions in g/km (combined): 0