

Media Information
5 August 2020

- Check against delivery –

Statement**Dr. Nicolas Peter****Member of the Board of Management of BMW AG, Finance****Conference Call Interim Report to 30 June 2020****Wednesday, 5 August 2020, 10:00 a.m.**

Ladies and Gentlemen,

Good morning from my side as well!

In the second quarter, as expected, the Corona crisis had a strong impact on our business. However, because we consequently took action to secure our liquidity, applied strict cost discipline, and leveraged opportunities for example in China and Korea, we were able to limit the effects of the pandemic on the BMW Group. Our flexibility in all areas of the company has been particularly valuable, enabling us to continue steering the company according to demand. As previously announced, we significantly reduced inventory in the second quarter to bolster our free cash flow.

As measures to contain the virus have gradually been relaxed after an almost complete lockdown, business has now stabilised somewhat, as expected. The sustainability of the current recovery will depend on how infection rates continue to develop, the political response and the resulting economic impact.

Development in the markets around the world varies greatly. In China, the market has been developing better than expected. And, we are benefiting from our strong market presence in China and good local supply situation. The same applies to Korea. We are now also seeing a slight recovery in other markets, such as in Germany and the US. We are therefore on track to meet our targets for the year, as planned. Against this backdrop, we are cautiously optimistic about the second half of the year. However, we will continue to monitor the situation very

Corporate Communications

Media Information

Date 5 August 2020

Subject Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance
Conference Call Interim Report to 30 June 2020

Page 2

closely so we can respond quickly and flexibly, if needed, to what remains a highly volatile situation. Our outlook does not currently factor in any renewed deterioration of the situation or a possible second wave of infection and containment measures.

Ladies and Gentlemen,

Let's now turn to the financial figures for the Group.

After starting out in January with strong product and market momentum, first-quarter earnings were dampened by the situation emerging in China. In the second quarter, business in China bounced back. But, by then, the global spread of the pandemic brought wide-ranging sales restrictions in almost all other markets. As a result, revenues for the first half-year fell to 43.23 billion euros. Thanks to swift and systematic corrective action, Group earnings before tax for the first half-year reached almost +500 million euros, despite the challenging conditions.

With sales suspended for nearly two months in many key markets, the total for the quarter was -300 million euros. The Group EBT margin was +1.2% for the first half of the year and -1.5% for the second quarter. As I already mentioned, the main influencing factor was the temporary closure of retail outlets and the resulting loss of vehicle and aftersales business. Provisions for residual value and credit risks were also adjusted to reflect the current volatility.

Also affecting Group EBT are the high expenses for our successful electro-offensive. On the other hand, a strong product mix and better pricing from our young model line-up produced a positive effect. We were also able to lower personnel costs and selling expenses.

Corporate Communications

Media Information

Date 5 August 2020

Subject Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance
Conference Call Interim Report to 30 June 2020

Page 3

Our Performance Programme played an important part in managing this unprecedented situation. We are benefiting now from the important work done over the past three years, which allows us to act effectively and efficiently. The Performance Programme also gives us the leeway to continue systematically investing in the future during these challenging times. Our focus is clearly on the topics that are important to us, like emission-free drivetrains, sustainable mobility and autonomous driving. We are mainly concentrating on market launches for fully electric models like the BMW iX3 in 2020, and the i4 and iNEXT in 2021. We are also launching new plug-in hybrid models, such as the 3 Series and the 5 Series Touring. We are also continuing to make upfront investments for our next generation of electric modules.

The BMW Group's R&D ratio for the first half-year was 6.6%. This slight increase from last year reflects lower revenues due to Corona.

In view of the current situation, we have adjusted, prioritised and focused our investment activities. We will continue to pursue future projects to leverage and expand our competitive edge. Capital expenditure for the first half-year totalled around 1.48 billion euros. The capex ratio therefore decreased to 3.4%. Capital expenditure for property, plant and equipment for the full year will be below four billion euros.

The financial result for the second quarter increased to 366 million euros, mainly thanks to a strong performance by our Chinese joint venture BBA – on both volume and pricing. The sale of shares in HERE to the Mitsubishi Corporation and NTTCC also had a positive effect.

The financial result for the year to the end of June was -211 million euros. The positive appreciation effect from pooling our mobility services with Daimler in 2019 negatively impacted the year-on-year comparison. Tailwinds from fair value gains recognized on marketable securities in the second quarter could not fully

Corporate Communications

Media Information

Date 5 August 2020

Subject Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance
Conference Call Interim Report to 30 June 2020

Page 4

offset the headwinds from lower interest rates in the US in the first quarter, in particular.

A word about intersegment eliminations – which, at +1.3 billion euros, were significantly higher in the first six months than last year: In intersegment eliminations, profits earned in the Automotive Segment from leased vehicles are taken back at the time of sale and prorated over the term of the leasing contract. The decline in new leasing business caused by the corona crisis had a positive effect in the Intersegment Eliminations, since margin realisation from previous years exceeds margin eliminations from new business in 2020.

Ladies and Gentlemen,

Let's move on to the individual segments.

In the Automotive Segment, vehicle sales for the first half-year decreased by 23% overall to just under 963,000 units. At the same time, we are seeing a positive development in China, where our second-quarter sales were already higher year-on-year. We also saw the first signs of recovery worldwide in June and July. With restrictions on sales during the first six months, revenues in the Automotive Segment totalled 32.87 billion euros. The figure for the second quarter was 14.88 billion euros. Thanks to the strong model mix and better pricing, revenues decreased at a lower rate than sales.

As expected, the operating result totalled -1.33 billion euros for the year to the end of June and -1.55 billion euros for the second quarter. This mainly reflects the volumes lost through the temporary closure of many retail outlets, especially between March and May. Additionally, provisions for residual value risks in a three-digit million amount had an impact on earnings. However, tailwinds from lower personnel costs and selling expenses, as well as ongoing efficiency programmes, helped stabilise earnings.

Corporate Communications

Media Information

Date 5 August 2020

Subject Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance
Conference Call Interim Report to 30 June 2020

Page 5

Despite an EBIT margin of -4.0% for the first half of the year, we are on course to meet our guidance of 0-3% for the full year, as planned. Compared with the previous year, the financial result benefited from two effects in the second quarter: On the one hand, BBA contributed 176 million euros more to earnings than in the same quarter of last year. Additionally, the sale of shares in the mapping service HERE to Mitsubishi and NTT also had a positive valuation effect.

Ladies and Gentlemen,

Let's now take a look at free cash flow in the Automotive Segment.

This stood at almost -0.3 billion euros in the second quarter, mainly due to the decrease in pre-tax earnings. We were able to bolster free cash flow in the second quarter by consistently managing working capital and, specifically, by significantly reducing inventory. We expect to report positive numbers again in the third and fourth quarters and to continue steadily improving. We have already taken effective measures to achieve this.

Over the coming months, we will set all levers in motion to get our free cash flow for the full year back to positive territory, despite all the challenges. Not included in the free cash flow are possible payments related to the anti-trust provision. Overall, our liquidity position remains excellent. By the end of June, Group liquidity had increased to 21.7 billion euros. This gives us the liquidity reserves we need to remain flexible and able to take action at all times if the situation should deteriorate. If the situation continues to stabilise, Group liquidity will return to pre-crisis levels by the end of the year. Compared with our competitors, we continue to benefit from attractive refinancing conditions thanks to our good credit ratings, even in these highly volatile times, and retain the confidence of the capital markets.

Corporate Communications

Media Information

Date 5 August 2020

Subject Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance
Conference Call Interim Report to 30 June 2020

Page 6

Now let's move on to the Financial Services Segment, which was also impacted by the COVID-19 pandemic in the second quarter.

A total of around 804,000 new financing and leasing contracts were concluded with retail customers in the first half of 2020 – a decrease of 17.2% year-on-year. The total portfolio of 5.5 million retail contracts was at the same level as at the start of the year. Due to the slump in demand caused by the pandemic and higher risk provisioning in the light of the worldwide slowdown of the economy in the second quarter, segment earnings before tax for the first half-year decreased significantly, to 581 million euros. We constantly monitor the development of all the main business risks. Based on current assessments, we are appropriately hedged against residual value and credit risks.

Let's turn now to the Motorcycles Segment, which also felt the impact of the coronavirus pandemic. Here, however, we did see a slight seasonal catch-up effect in the second quarter, after a number of European markets gradually re-opened. Despite temporary retail closures, a total of around 77,000 motorcycles were delivered to customers in the first half of the year. The segment reported an operating result of 65 million euros and an EBIT margin of 6.0%.

Ladies and Gentlemen,

Let's now take a look at our guidance for the year.

Our forecast still assumes the economic environment will stabilise slightly over the course of the third quarter. Moreover, our outlook does not factor in the possible impact of a rise in infections of COVID-19 and containment measures. The same applies to the risk of production stoppages resulting from local coronavirus outbreaks near plant sites. A possible economic downturn in China, due to recession in other regions of the world, is also not taken into account

Corporate Communications

Media Information

Date 5 August 2020

Subject Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance
Conference Call Interim Report to 30 June 2020

Page 7

here. Supply disruptions from more intense competition also pose a risk for our guidance.

Automobile markets are only recovering slowly. Despite the current signs of recovery, we expect to see a significant decline in the premium segment of almost 20% this year. We are therefore still assuming that global vehicle sales at the BMW Group will be significantly lower in 2020 than last year. In the Automotive Segment, we still expect the EBIT margin to be within the range of 0 and 3%.

Deliveries in the Motorcycles Segment are likely to decrease significantly during the forecast period, with an EBIT margin of between 3 and 5%.

On the Financial Services side, we anticipate a moderate decrease in return on equity, mainly due to the decline in new business and an increase in risk provisioning.

Group earnings before tax will remain well below last year's figure.

Ladies and Gentlemen,

We are cautiously optimistic about the second half of the year. Thanks to our good credit ratings and the immediate action we have taken, we have an excellent liquidity basis. Having good access to capital markets secures our operational capabilities at all times.

Our focus is on safeguarding earnings and stabilising free cash flow. Over the coming months, we will set all levers in motion to get our free cash flow for the full year back to positive territory. As mentioned before, possible payments related to the anti-trust provision are not included in the free cash flow. To achieve this, we have set many measures in motion, some of which have already had an impact in the second quarter. This includes, for example, the systematic management of our vehicle inventory.

Corporate Communications

Media Information

Date 5 August 2020

Subject Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance
Conference Call Interim Report to 30 June 2020

Page 8

We will see further efficiency gains in the second half of the year as we intensify and extend our Performance Programme. Absolute cost discipline and fully leveraging the opportunities presented remain a clear focus in all areas of the company in the second half of the year. This will pave the way for us to meet our targets for the year, as planned.

Thank you.

CONSUMPTION AND EMISSION DATA.

BMW iX3: Fuel consumption in l/100 km (combined): 0; CO₂ emissions in g/km (combined): 0; Power consumption in kWh/100 km (combined): 17.8-17.5

The figures for fuel consumption, CO₂ 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 CO₂ emissions.

More information about official fuel consumption figures and the official specific CO₂ emissions of new passenger cars can be obtained from the “guideline on fuel consumption, CO₂ emissions and current consumption of new passenger cars”, available here: <https://www.dat.de/co2/>.