

Media Information  
3 August 2022

- Check against delivery –

**Statement****Oliver Zipse****Chairman of the Board of Management of BMW AG****Conference Call Half-Year Report to 30 June 2022****Munich, 3<sup>rd</sup> August 2022, 10.00 a.m. CEST**

Ladies and Gentlemen,

The BMW Group is a high-performing company with a global presence. It is financially strong, highly robust, innovative and also extremely flexible. This is especially important in the current situation with all the diverse and overlapping challenges we face right now.

We are always focused on our company's perspective for the future. The BMW Group takes advantage of opportunities for the long term. This is now being demonstrated once again by our three anniversaries this year: the centenary of our plant Munich, the 50th anniversary of the BMW Hochhaus and 50 years of BMW M. These milestones will serve as a springboard for the next chapter in our company's history.

We know what our strengths are – and are ensuring the success of our business through profitable growth and by gaining market share. The key lies in operational excellence and flexibility. This lays the foundation for transforming the BMW Group – its technologies, its structures and its mindset. We are pursuing all of this with a clear focus on our goals for 2025 and 2030.

It is important to us to maintain a holistic view of all the changes taking place in our environment. This enables us to assess new situations objectively in the early stages, quickly draw the right conclusions and find appropriate solutions with our suppliers and partners – for the mutual benefit of everyone. This applies to both securing semiconductors and other components and to supplying our European plants with energy. We conduct strategic scenario planning. Our decisions are based on facts and specialist expertise. We do not follow every trend and we are able to withstand headwinds. That is what makes the BMW Group resilient.

At the same time, we remain strictly focused on our long-term economic success. We are always mindful of our customers' mobility needs, as well as our social responsibility. That's why we serve all markets, with our BMW, MINI, Rolls-Royce

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and BMW Motorrad brands represented in the relevant segments, from premium to the ultra-luxury class.

We are perfectly on track with our technologically flexible approach. Customers love our diverse portfolio. Our all-electric models, like the BMW iX3\* and the MINI Cooper SE\*, are particularly in demand. Although our BMW innovation flagships, the iX and the i4, are still being rolled out in some areas, new orders are already exceptionally strong.

The iX also introduced BMW Operating System 8 – the most powerful data processing system you'll find in any car. Its range is pretty impressive, too: The BMW iX xDrive50\* set a new record for range in an electric SUV in a test carried out by car-shopping guide Edmunds. In a real-life EV range test, it drove 377 miles, that's nearly 607 kilometers, and exceeded its EPA range by an impressive 62 miles. It also used less energy per hundred miles than any other electric SUV and even some smaller EV models.

In the second half of the year, we expect further sales momentum to come from the all-electric BMW iX1\* and the BMW i3, a long-wheelbase version of the 3 Series we are building in China, for China.

The new 7 Series has been rolling off the production line at Plant Dingolfing since July. This vehicle raises the bar for automotive manufacturing to a new level – for the car itself and also for production: The 7 Series will be the first vehicle from large-scale standard production to drive itself off the finish line and find itself a parking spot in the dispatch area. It will be built on the same assembly line as the iX, the 5 Series and the 8 Series models. This kind of model diversity on a single line is unique – and provides confirmation of our expertise in system integration. The all-electric i7\* will be in showrooms from November.

It will be joined next year by the i5, the high-volume electric version of the new 5 Series.

By the end of this year – including pre-series models – we will be producing 15 BEV models. By 2025, we aim to have delivered a total of two million all-electric vehicles to customers. And we are doing everything we can to make sure at least half our global deliveries come from BEVs before 2030. Our goal is to ensure our customers' mobility and to be as climate-friendly as possible. We firmly believe that

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a mix of BEVs, fuel cells and highly efficient combustion engines is the best approach for the system as a whole at this time.

The role of hydrogen in individual mobility also needs reassessing. In our view, hydrogen is the missing piece of the puzzle that can complement electromobility in places where battery-electric drivetrains are unable to gain traction. Towards the end of the year, we will launch production of a small series of the BMW iX5 Hydrogen. And we are already thinking about a possible next generation.

Ladies and Gentlemen,

For the current year, we see both positive trends and risks for our business development. Without supply bottlenecks, we would have sold more vehicles in all three main markets in the first half of the year. In the second half of 2022 – despite uncertainties in the supply situation – we expect a solid increase in our deliveries to customers than in the same period of last year.

Our order books are well-filled several months out. The BMW Group remains number one in the global premium segment. We offer customers an attractive range of products, with a large number of new models and a great variety of drivetrains. As previously announced, we intend to more than double our sales of all-electric vehicles for the full year 2022, compared to last year. And, after the first six months, we are on track to do this.

Our product and drivetrain strategy is now realising its full dynamic potential. But we wouldn't be BMW, if we weren't already gearing up our company for the next big leap forward.

Our NEUE KLASSE will be coming in 2025 – at exactly the right time, when the e-mobility ramp-up will be reaching new levels. The NEUE KLASSE will speed up market penetration of electric vehicles even further. For the launch of the NEUE KLASSE, we are planning a compact sedan in the 3 Series segment and a sporty SUV. By the end of the decade, the NEUE KLASSE should already account for more than half our global sales. We could also imagine a hydrogen drivetrain for this new vehicle generation.

But the NEUE KLASSE is so much more than a comprehensive new product portfolio with the core characteristics: electric, digital and circular. It defines what the BMW Group will stand for in the future and will make us an entirely new

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company. Because: BMW was founded in 1916. In the 1960s, the company reinvented itself with the "old" Neue Klasse. And, in 2025, we will totally reinvent ourselves for the second time with the NEUE KLASSE. We see the NEUE KLASSE as a complete reset for the car and our understanding of mobility. Over the next three years, our preparations will be intense, encompassing all areas of the company.

At the same time, we are systematically transforming our production network for e-mobility as these three examples show:

1. At our oldest plant Munich, every second vehicle coming off the production line will be fully electric by the end of next year. We will also be producing the NEUE KLASSE there from 2026.
2. In China, we have expanded the Dadong site in Shenyang, where we are localising the long-wheelbase version of the X5 for our Chinese customers. We have also brought a comprehensive plant expansion on-stream at the Tiexi location. This is where we are producing a long-wheelbase version of the new 3 Series BEV for the Chinese market. By the way, we planned and simulated this plant in an entirely virtual environment. It is fully geared towards e-mobility.
3. The same applies to our new plant in Hungary, for which we laid the foundation stone in June. Debrecen will be the site for the initial launch of the NEUE KLASSE from 2025. For the first time in BMW history, we will be launching a new plant with a new vehicle architecture and a new generation of electric drivetrain. Something else that is unique: Debrecen will be our first vehicle plant to operate completely carbon-free and without natural gas. We will be using heat transducers that can run on electricity or even geothermal energy. This message has been extremely well received around the world.

Each and every one of our production locations worldwide will become an iFACTORY. That means lean, green and digital.

Our plants already performed very well in the latest customer study by US market research company J.D. Power. All BMW plants in Europe took top spots or made it into the top ten. The BMW Group won eight awards in total – the best performance ever.

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Ladies and Gentlemen,

We remain optimistic. In a complex environment dominated by macroeconomic developments, we are deliberately playing to our strengths. Rising raw material and energy prices, energy insecurity in Europe, high inflation, interest-rate hikes and worsening financing conditions – all these things affect our business, as well as consumer behaviour.

Semiconductor supply difficulties remain the dominant and decisive issue for our sales performance. Against this background, we have updated our sales guidance for 2022. We now expect deliveries for the whole year to be slightly lower than the previous year's high level. Our EBIT margin in the Automotive Segment should stay within the range of seven to nine percent. The crucial factor will be how the supply situation develops – not just for semiconductors, but also energy supplies in Europe.

Our “natural gas competence team” is actively preparing for a potential gas shortage, together with our suppliers. Extensive reviews are currently underway at our locations in Germany and Austria.

We are looking at all areas and all fuels to see where we can reduce our gas usage. We could potentially envisage making up the electricity from gas-powered co-generation plants by purchasing external power. We are evaluating whether this is feasible and what the possible implications might be. We have shared tips with our employees on how to save gas and electricity at work and at home.

Resource efficiency has been a key issue for production at the BMW Group for many years. We are the leader in many areas – including lowering CO<sub>2</sub> emissions and water consumption per vehicle produced. Over 99 percent of the waste from our production is recycled or recovered.

At the present time, no one can reliably predict how the situation will develop in the coming months and years. But we at BMW believe in seizing opportunities wherever they arise. The flexibility of our vehicle architectures and our global production network are proving extremely valuable – as are our strong partnerships with our suppliers. We are able to serve diverse markets efficiently. At the same time, our electric models are winning important comparative tests.

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There can be no question for us about whether to stand by our sustainability goals. This is more important than ever in the current volatile environment.

We take the long view – and we know where we are headed.

The Vision Vehicle we unveiled at IAA 2022, the BMW iVision Circular, showed exactly how entrepreneurial thinking can work in a circular economy. In January 2023, we will take things to the next level, when we present a digital Vision Vehicle, at the CES, as well as our NEXTGen in Las Vegas. It will showcase our digital expertise – both in our vehicles and as a company and partner for tech players around the world. And, for IAA 2023, I can already promise you a glimpse of the NEUE KLASSE – with a spectacular digital experience for our customers.

As you can see:

We are on the right track – and we have ambitious plans for the future.

Thank you!

**\*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: 16.9-14.9 NEDC, 17.6-15.3 WLTP.**BMW iX xDrive50:** Power consumption in kWh/100 km: 21.5-20.7 WLTP.**BMW iX1:** Power consumption in kWh/100 km combined: 18.4-17.3 WLTP (forecast value based on vehicle's prior development status).**BMW i7 xDrive60:** Power consumption in kWh/100 km combined: 19.6-18.4 WLTP.