

Media Information
10 March 2022

BMW Group significantly increases Group earnings and net profit

- Group EBT: € 16 billion
- 2021 EBIT margin of 10.3% at high end of guidance range
- Free cash flow (automotive): € 6,354 million
- CO2 emissions of EU new vehicle fleet significantly reduced to 115.9 g/km (WLTP)
- Dividend of € 5.80 per share of common stock proposed
- Share repurchase authorisation will be proposed to Annual General Meeting
- Zipse: "Successful transformation due to employee performance"

Munich. In a challenging environment, the BMW Group ended the financial year 2021 strong and fulfilled its targets as forecast. The premium manufacturer was able to significantly increase both Group earnings and net profit compared to the previous year, having already raised its guidance in May and September. Valuation effects and reversals contributed to this improvement. The BMW Group also met high expectations for its non-financial targets: For example, in financial year 2021, the percentage of total deliveries from electrified vehicles increased significantly to 13%. As well, the CO2 emissions value of the BMW Group's EU new vehicle fleet was reduced to 115.9 g/km (WLTP).

The company has stepped up electrification of its product range, while considerably enhancing its profitability.

"The past year provides clear evidence that successful transformation bears fruit.

The strong earnings we achieved in financial year 2021 are the result of our consistent strategy – with the right products at the right time," said **Oliver Zipse**, Chairman of the Board of Management of BMW AG, on Thursday in Munich. "This success is also thanks to our associates, and I would especially like to thank them

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for their hard work and their passion. Together, we are demonstrating that bold transformation and economic success go hand in hand at BMW."

High Group earnings for financial year 2021

The BMW Group ended the financial year 2021 with all-time highs for Group revenues, earnings and net profit – all of which were significantly higher.

Deliveries were up **8.4%**, to **2,521,514 units**, of which 13% were electrified vehicles (328,314 units/ +70.4% YOY).

Group revenues climbed to **€ 111,239 million** (prev. yr.: € 98,990 million/ +12.4%). With a higher percentage of high-revenue vehicles, the BMW Group benefited from positive product-mix effects and improved pricing – both for the sale of new vehicles and the resale of end-of-lease vehicles. Lower year-on-year employee numbers and modernisation of the pension scheme for employees in Germany resulted in a lower cost of sales in the high three-digit million euro range. However, this was partially offset by higher expenses for performance-based remuneration in the cost of sales. Further headwinds resulted from higher raw material prices.

E-mobility and digitalisation drive R&D costs

Higher research and development spending is an indication that the BMW Group is consistently driving forward with its transformation. Total costs for **research and development** in accordance with IFRS increased significantly year-on-year to **€ 6,299 million** (prev. yr.: € 5,689 million/ +10.7%). Higher revenues meant the **R&D ratio**, according to the German Commercial Code, of **6.2%** remained on a par

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with the previous year (prev. yr.: 6.3%). In 2021, investments were channelled into new vehicle architectures and toolkits in connection with the electro-offensive. Additional expenses came from the development of digital products and automated driving.

Capital expenditure for property, plant and equipment and other intangible assets amounted to **€ 5,012 million** in 2021 (2020: € 3,922 million/ +27.8%). The major expansion of the electrified product line-up and upcoming series launches led to corresponding capital expenditure at the plants involved. The **capex ratio** of **4.5%** was within the target range of <5% as planned.

The BMW Group reported **earnings before financial result** for the full year of **€ 13,400 million** (prev. yr.: € 4,830 million/ +177.4%). **Group earnings before tax** also saw a strong increase, reaching an all-time high of **€ 16,060 million** (prev. yr.: € 5,222 million/ +207.5%). A positive effect of around € 1 billion resulted from the partial reversal of the provision for the EU Commission's antitrust proceedings, after these were concluded in the second quarter.

Group net profit also reached a new all-time high of **€ 12,463 million** (prev. yr.: € 3,857 million/ +223.1%).

Dividend to increase proportionally

Shareholders should also participate to an appropriate extent in the success of the company. Based on the annual financial statements of BMW AG, the unappropriated profit (according to the German Commercial Code) for distribution to shareholders amounts to **€ 3,827 million** (prev. yr.: € 1,253 million/ +205.4%). While maintaining the target range of 30–40% for the payout ratio, the Board of Management and Supervisory Board will propose a **dividend** of **€ 5.80 per share**

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of common stock (prev. yr.: € 1.90) and **€ 5.82 per share of preferred stock** (prev. yr.: € 1.92) to the Annual General Meeting on 11 May. The payout ratio amounts to 30.7% (prev. yr.: 32.5%).

"We intend to keep our promise of enabling shareholders to participate in the company's success at a reliable and commensurate level. With a payout ratio of 30.7%, our shareholders will also be able to benefit from a strong financial year 2021," said **Nicolas Peter**, Member of the Board of Management of BMW AG, Finance.

EBIT margin of Automotive Segment at 10.3%

The **Automotive Segment** benefited from better pricing and an improved product mix in 2021, as demand remained high. Due to the global semiconductor shortage, fewer new vehicles were available on the market and high-revenue models were preferred. Positive residual value development for end-of-lease vehicles – especially in the US and the UK – also contributed to higher segment income. Increased business from new parts and accessories also lifted revenues.

As a result, **segment revenues** were significantly higher, at **€ 95,476 million** (prev. yr.: € 80,853 million/ +18.1%).

Earnings before financial result (EBIT) amounted to **€ 9,870 million** (prev. yr.: € 2,162 million/ +356.5%). At **10.3%**, (2020: 2.7%; +7.6 percentage points), the segment **EBIT margin** was at the high end of our guidance.

The segment's **financial result** of **€ 1,935 million** was significantly higher year-on-year (2020: € 560 million/ +345.5%). It benefited, in particular, from the higher

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contribution of our Chinese joint venture, BMW Brilliance Automotive Ltd., as well as positive valuation effects from equity investments and shares.

The total **earnings before tax** for financial year 2021 of **€ 11,805 million** were significantly higher than the figure for the previous year (2020: € 2,722 million/ +333.7%).

Free cash flow in the Automotive Segment reached a new all-time high of **€ 6,354 million** (prev. yr.: € 3,395 million/ +87.2%) at year end.

As forecast, **return on capital employed (RoCE)** for the automotive business also increased significantly in 2021 to **59.9%** (prev. yr.: 12.7%/ +47.2ppts). This significant increase primarily resulted from the much higher EBIT in the year-on-year comparison.

Financial Services Segment delivers high earnings contribution

The **Financial Services Segment** also benefited from high demand for new and used premium vehicles. The **number of new retail contracts with customers** reached **1,956,514** for the full year (prev. yr.: 1,845,271/ +6%). The total portfolio of 5,577,011 retail contracts managed at the end of 2021 was on a par with the previous year (prev. yr.: 5,591,799 contracts/ -0.3%).

Revenues in the **Financial Services Segment** increased significantly to **€ 32,867 million** (prev. yr.: € 30,044 million/ +9.4%) in 2021. **Pre-tax earnings** in the Financial Services Segment totalled **€ 3,753 million** (prev. yr.: € 1,725 million/ +117.6%) and were therefore also significantly higher than the previous year. The

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increase in revenues and earnings mainly resulted from higher income from end-of-lease vehicles due to positive price development in the used car markets. The need for value adjustments for credit risks remained low – which had a further positive effect on earnings.

At **22.6%, return on equity** in the Financial Services Segment was at the high end of our guidance corridor of 20-23% (prev. yr.: 11.2%/ +11.4 percentage points). This increase mainly stems from the improvement in the risk situation during the financial year.

BMW Motorrad with strong growth in revenues and earnings

BMW Motorrad delivered **194,261 units** (prev. yr.: 169,272/ +14.8%) to customers in 2021. The segment posted **revenues of € 2,748 million** (prev. yr.: € 2,284 million/ +20.3%) and an **EBIT of € 227 million** (prev. yr.: € 103 million/ +120.4%). The **EBIT margin** came in at **8.3%** (prev. yr.: 4.5%/ +3.8 percentage points) and is therefore within the guidance corridor of 8-10%.

The main drivers were positive product-mix effects and sales growth. The significant increase in **return on capital employed to 35.9%** (prev. yr.: 15.0%/ +20.9 percentage points) mainly reflects the improvement in EBIT.

“Our business figures are proof that we were able to combine the underlying transformation and the major investment it entails with strong operational success in a very volatile environment in 2021. We are in a good position and optimistic about the future. The rating agencies have affirmed this by revising our outlook to

'stable' last year," said **Nicolas Peter**, member of the Board of Management of BMW AG responsible for Finance on Thursday in Munich.

Successful fourth quarter, despite cost headwinds

The BMW Group ended **2021** with a successful **fourth quarter**, despite continuing semiconductor supply bottlenecks and rising energy and raw material prices.

During this period, deliveries of the three premium automotive brands, BMW, MINI and Rolls-Royce decreased to **589,290 units** (prev. yr.: 687,012/ -14.2%), due to the semiconductor situation. At the same time, exceptionally high orders confirmed the strong appeal of the current product line-up. **Electrified vehicles** accounted for just over 16% of sales volumes, with **96,739 units** delivered to customers. **Group revenues** totalled **€ 28,408 million** (prev. yr.: € 29,482 million/ -3.6%).

Group profit before tax for this period increased significantly to **€ 2,907 million** (prev. yr.: € 2,260 million/ +28.6%).

Despite higher fixed costs, as is usual in the final quarter of the year, the **Group EBT margin** came in at **10.2%**. **Group net profit** for the fourth quarter amounted to **€ 2,256 million** (prev. yr.: € 1,680 million/ +34.3%).

In the **Automotive Segment**, the **EBIT** of **€ 1,925 million** (prev. yr.: € 2,010 million/ -4.2%) was down slightly year-on-year, essentially due to the lower sales volume.

At **€ 2,352 million**, **capital expenditure** was also significantly higher than in the same period of 2020 (prev. yr.: € 1,547 million). The **Automotive Segment EBIT margin** for the final quarter of the year was **7.7%** (prev. yr. 7.7%).

The **Financial Services Segment** once again significantly increased its fourth-quarter pre-tax earnings to **€ 829 million** (prev. yr.: € 686 million/ +20.8%), as it

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continued to benefit from high prices in the used car markets, especially in the US and the UK.

Workforce slightly lower year-on-year

The BMW Group employed a workforce of **118,909** at the end of 2021 (prev. yr.: 120,726/ -1.5%). This year, the company plans to hire new staff for its further digitisation and electrification of its product range.

Share repurchase authorisation to be proposed to Annual General Meeting

Thanks to its successful business development, the BMW Group has a healthy balance sheet and a very solid financing structure. It also has the potential to generate sustainably high free cash flow. One reason for this is the recent full consolidation of the Chinese joint venture BMW Brilliance Automotive Ltd. in the BMW Group Financial Statements. To retain the option of optimising the company's capital structure, the Board of Management and the Supervisory Board will propose to the Annual General Meeting that the Board of Management be authorised to purchase and retire treasury shares. In accordance with the legal framework, the Board of Management would be authorised for a period of five years to purchase shares in the company worth up to 10% of the total share capital and to retire or to use them.

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Integrated BMW Group Report 2021 addresses all SASB requirements

Sustainability is a central dimension of the BMW Group corporate strategy. In this year's BMW Group Report, which will be published on 16 March, the BMW Group has fully integrated the requirements of the Sustainability Accounting Standards Board (SASB) into its reporting for the first time.

"We understand that our economic success in the future will depend, more than today, on further reducing the negative impact of our operating activities on the environment and making a positive contribution to the development of society," said **Nicolas Peter**. "The Integrated BMW Group Report 2021 provides a holistic, qualified insight into the BMW Group, by incorporating comprehensive non-financial KPIs into our regular reporting. Disclosing our sustainability efforts in a way that is transparent and comprehensible puts our company on the right track. We aim to lead our industry in this area."

Proposal of reelection of Supervisory Board member

The mandate of Dr Heinrich Hiesinger will end at the Annual General Meeting 2022. On the recommendation of the nomination committee, the Supervisory Board proposes Dr Hiesinger for another four-year mandate. In accordance with the criteria of the German Corporate Governance Code, the candidate is considered to be independent by the Supervisory Board.

* * *

You will receive further information on the Group Financial Statements 2021 and the outlook for the current financial year at the BMW Group Annual Conference on

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16 March 2022. You can follow the virtual event live on the internet at:

<http://www.live.bmwgroup.com/en/live-streaming/>

The BMW Group Report 2021 will be published at 7.30 a.m. (CET) on 16 March at

<https://www.bmwgroup.com/en/investor-relations/company-reports.html>

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The BMW Group – an overview		2021	2020	Change in %
Deliveries to customers				
Automotive¹	units	2,521,514	2,325,179	8.4
thereof: BMW ²	units	2,213,790	2,028,841	9.1
MINI ²	units	302,138	292,582	3.3
Rolls-Royce ²	units	5,586	3,756	48.7
Motorrad	units	194,261	169,272	14.8
Employees	(compared to 31 Dec. 2020)	118,909	120,726	-1.5
<u>Automotive Segment EBIT margin</u>	percent	10.3	2.7	+7.6% points
<u>Motorcycles Segment EBIT margin</u>	percent	8.3	4.5	+3.8% points
EBT margin BMW Group³	percent	14.4	5.3	+9.1% points
Revenues	€ million	111,239	98,990	12.4
thereof: Automotive	€ million	95,476	80,853	18.1
Motorcycles	€ million	2,748	2,284	20.3
Financial Services	€ million	32,867	30,044	9.4
Other Entities	€ million	5	3	66.7
Eliminations	€ million	- 19,857	-14,194	39.9
Profit before financial result (EBIT)	€ million	13,400	4,830	177.4
thereof: Automotive	€ million	9,870	2,162	356.5
Motorcycles	€ million	227	103	120.4
Financial Services	€ million	3,701	1,721	115.0
Other Entities	€ million	-8	36	-
Eliminations	€ million	-390	808	-
Profit before tax (EBT)	€ million	16,060	5,222	207.5
thereof: Automotive	€ million	11,805	2,722	333.7
Motorcycles	€ million	228	100	128.0
Financial Services	€ million	3,753	1,725	117.6
Other Entities	€ million	531	-235	-
Eliminations	€ million	-257	910	-
Income taxes	€ million	- 3,597	- 1,365	-
Net profit²	€ million	12,463	3,857	223.1
Earnings per share^(common/preferred share)	€	18.77/18.79	5.73/5.75	-

¹ Including Joint Venture BMW Brilliance Automotive Ltd., Shenyang (2021: 651,236 vehicles, 2020: 602,247 vehicles, 2019: 538,612 vehicles, 2018: 455,581 vehicles, 2017: 385,705 vehicles).

² Retail vehicle delivery data presented for 2020 and 2021 is not directly comparable to such data presented for previous years. For further information on retail vehicle delivery data, please see Comparison of Forecasts with Actual Outcomes within the BMW Group Report 2021.

³ Ratio of Group earnings before taxes to Group revenues

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The BMW Group – an overview		Q4/2021	Q4/2020	Change in %
Deliveries to customers				
Automotive¹	units	589,290	687,012	-14.2
thereof: BMW ²	units	510,722	601,449	-15.1
MINI ²	units	77,300	84,458	-8.5
Rolls-Royce ²	units	1,268	1,105	14.8
Motorcycles	units	37,652	39,673	-5.1
Employees (compared to 31 Dec. 2020)				
		118,909	120,726	-1.5
Automotive Segment EBIT margin	percent	7.7	7.7	-
Motorcycles Segment EBIT margin	percent	-19.8	-1.2	-18.6% points
EBT margin BMW Group³	percent	10.2	7.7	+2.5% points
Revenues € million				
		28,408	29,482	-3.6
thereof: Automotive	€ million	25,103	26,024	-3.5
Motorcycles	€ million	486	568	-14.4
Financial Services	€ million	8,688	7,989	8.7
Other Entities	€ million	2	2	-
Eliminations	€ million	-5,871	-5,101	15.1
Profit before financial result (EBIT) € million				
		2,487	2,197	13.2
thereof: Automotive	€ million	1,925	2,010	-4.2
Motorcycles	€ million	-96	-7	-
Financial Services	€ million	832	664	25.3
Other Entities	€ million	-5	-7	-
Eliminations	€ million	-169	-463	-
Profit before tax (EBT) € million				
		2,907	2,260	28.6
thereof: Automotive	€ million	2,149	1,955	9.9
Motorcycles	€ million	-96	-8	-
Financial Services	€ million	829	686	20.8
Other Entities	€ million	153	55	178.2
Eliminations	€ million	-128	-428	-
Income taxes € million				
		-651	-580	12.2
Net profit € million				
		2,256	1,680	34.3
Earnings per share (Common/preferred share) €				
		3.39/3.40	2.53/2.54	-

¹ Including Joint Venture BMW Brilliance Automotive Ltd., Shenyang (2021: 651,236 vehicles, 2020: 602,247 vehicles, 2019: 538,612 vehicles, 2018: 455,581 vehicles, 2017: 385,705 vehicles).

² Retail vehicle delivery data presented for 2020 and 2021 is not directly comparable to such data presented for previous years. For further information on retail vehicle delivery data, please see Comparison of Forecasts with Actual Outcomes within the BMW Group Report 2021.

³ Ratio of Group earnings before taxes to Group revenues

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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.

For queries, 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 the course for the future at an early stage and consistently makes sustainability and efficient resource management central to its strategic direction, from the supply chain through production to the end of the use phase of all products.

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