BMW GROUP THE NEXT 100 YEARS

Corporate Communications

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BMW Group Press Conference
Symbolic ground-breaking of the BMW Group Battery Cell Competence Centre

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Symbolic ground-breaking of the BMW Group Battery Cell Competence Centre

Klaus Fröhlich, Member of the Board of Management of BMW AG, Development

Minister Aigner,
Dr. Zeisel,
Ladies and Gentlemen,

Our industry is changing fast.
But one thing is already clear:
There is no stopping the trend towards electro-mobility.

Our goal is also to be the NUMBER ONE in premium electro-mobility – ahead of both our new and established rivals.

But only the cost leader and function leader for electric drive trains will win – which is why we are making massive investments in this area.

The new Battery Competence Centre that will be built right here is an important part of this strategy. This new high-tech centre of competence will concentrate all our in-house expertise throughout the battery cell value chain in one place. We began acquiring this know-how in 2008, with development of the BMW i3 and the i8.

Back then, we not only acquired development and production expertise for the electric motor and power electronics, but also battery system know-how.

In the new development labs and facilities that will be built here, we will bring together international experts and focus on the battery cell and the refinement of its chemistry and design.

The focus will be on further improvements in battery performance, lifespan, safety, charging and, not least, costs.

To achieve this, we will be investing 200 million euros in this building, which will have around 13,000 square metres of space to accommodate 200 specialists and researchers – and set the benchmark for all our competitors.

We already have the highest level of core competence and value creation in electric drive trains.

From electric engine to power electronics to the battery system:
For us, it is only in-house development with build-to-print or in-house production expertise.

In other words: full technical penetration of all relevant systems at BMW.

We are currently developing the fifth generation of our electric drive train for release in 2021. This will be a scalable modular construction kit, which means the technology can also be used in models already on the market. This allows us to offer fully and partially electrified versions of each model series in line with demand – and puts us in an ideal position:

- As pure battery-powered vehicles become more popular, volumes will rise, with full road capability and a range of up to 700 kilometres.

- Our plug-in hybrids will set the benchmark for driving pleasure as so-called “Power PHEVs” with a range of up to 100 kilometres.

- And our combustion engines will continue to set the standard with 48-volt recuperation systems and maximum emissions reductions.

Our investments are already paying off:
In Europe, our market share for electric vehicles is three times higher than for cars with combustion engines.

We already offer nine electrified vehicles and will deliver more than 100,000 to customers this year alone – making us one of the leading suppliers of electrified vehicles worldwide!

With the MINI BEV, the all-electric BMW X3, the BMW iNEXT and the BMW i Vision Dynamics, things will really take off. By 2025, we will have 25 electrified vehicles – 12 of them all-electric.

In short:
We are going for the lead!
All our brands will be electrified.

Electro-mobility is the “new normal” for us and cell research is an integral part of our development.

Oliver, what does that mean for everyone over in Production?

Oliver Zipse, Member of the Board of Management of BMW AG, Production

Minister Aigner,
Ladies and Gentlemen,

The BMW Group plays a leading role in electro-mobility, as Klaus Fröhlich has explained.

We are gearing up for further market growth. By 2025, we expect between 15 and 25 percent of our vehicle sales to be plug-in hybrids or all-electric.

However, it is still too early to say exactly how fast the market will develop in Europe, Asia and the Americas over the next decade.

For us, the solution lies in flexible concepts, regarding:

- vehicle architectures,
- production at vehicle plants, and also
- production of electric drive components.

Our future vehicle architectures will be designed so that they can be produced with a combustion engine, as a plug-in hybrid or with a pure electric drive train.

Another key element of our strategy is that all new electrified vehicles can be integrated into the existing production system. That means we don't need special plants that just build electric vehicles.

We are already producing plug-in hybrids alongside conventionally-powered vehicles on a single production line at ten locations worldwide – for example, in Munich, Dingolfing, Leipzig, in Spartanburg in the US and in Shenyang, China.

With the new vehicle architectures, we are able to integrate pure battery-powered vehicles into every major plant, with some adjustments in the body shop, logistics and assembly.

There are several benefits to this flexibility:

- We can respond to market demand and scale electrified volumes up or down accordingly.
- We can optimise plant utilisation and meet customer wishes.
- We can offer our customers very competitive electro-mobility options. It is especially important that these options are also profitable and therefore make sense over the long term.

Our high level of drive-train flexibility is supported by our in-house production of electric drive components.

We already have battery factories at three of our plant locations:

In Spartanburg in the US; since just a few weeks ago, in Shenyang, China; and also in Dingolfing in Lower Bavaria. Dingolfing is also our global competence centre for electric drive systems. It also produces electric engines, as well as Landshut.

All sites building electric components are designed to be very adaptive. This means capacity can be expanded quickly if demand increases, since we have planned for considerable expansion potential.

This in-house production contains two important factors for success.

First: We have a much higher percentage of in-house value-added in electric drive train production than for combustion engines. This is crucial in terms of sustainable jobs.

Second: We can ensure optimal, holistic integration of all components ourselves. For our customers, it is important that our electric vehicles have typical BMW emotional appeal.

That is where we differ from our competitors. You'll see that for yourselves when you compare the BMW i3 with its competitors. And it has been that way for the past four years.

As you can see: We have already geared our production towards electro-mobility.

That is also the aim of our new Battery Cell Competence Centre.

For years, we have been conducting our own battery cell research at the Munich plant. We also have our high-voltage battery prototype assembly and our research centre for electric motors at the Taunusstrasse location.

We will now continue to expand our capabilities at the new Battery Cell Competence Centre.

By producing battery-cell prototypes, we can analyse and fully understand the cell's value-creation processes. With this build-to-print expertise, we can enable potential suppliers to produce cells to our specifications.

The knowledge we gain is important to us, regardless of whether we produce the battery cells ourselves, or not.

As of today, there is no need to begin our own series-production of battery cells. However, we will acquire the technical capability to do so to ensure our strategic flexibility and independence.

Ladies and Gentlemen,
In the transformation towards electro-mobility, we are firmly focused on the needs of our customers and our employees, and on the long-term success of our company.

Today, we are taking another important step in this direction. Thank you.