

# QUARTERLY STATEMENT

30 September 2020



**BMW  
GROUP**

THE NEXT  
100 YEARS 



Rolls-Royce  
Motor Cars Limited

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# BMW GROUP AT A GLANCE

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# 1

# BMW GROUP IN FIGURES

## Key performance indicators reported during the year

→ 01

		3rd quarter 2020	3rd quarter 2019	Change in %
<b>GROUP</b>				
Profit / loss before tax	€ million	2,464	2,248	9.6
<b>AUTOMOTIVE SEGMENT</b>				
Deliveries <sup>1,2</sup>	units	675,592	621,981	8.6
EBIT margin <sup>3</sup>	% (change in %pts)	6.7	6.6	0.1
<b>MOTORCYCLES SEGMENT</b>				
Deliveries	units	52,892	43,744	20.9
EBIT margin <sup>3</sup>	% (change in %pts)	7.1	6.3	0.8

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 186,235 units, 2019: 126,878 units).

<sup>2</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>3</sup> Profit / loss before financial result as a percentage of segment revenues.

## Further performance figures

→ 02

		3rd quarter 2020	3rd quarter 2019	Change in %
<b>AUTOMOTIVE SEGMENT</b>				
Deliveries				
BMW <sup>1,2</sup>	units	585,239	533,215	9.8
MINI <sup>2</sup>	units	89,262	87,561	1.9
Rolls-Royce <sup>2</sup>	units	1,091	1,205	-9.5
<b>Total<sup>1,2</sup></b>		<b>675,592</b>	<b>621,981</b>	<b>8.6</b>
Production volume				
<b>Total<sup>3</sup></b>		<b>632,880</b>	<b>630,757</b>	<b>0.3</b>
<b>FINANCIAL SERVICES SEGMENT</b>				
New contracts with retail customers		538,351	504,217	6.8
<b>Free cash flow Automotive segment<sup>4</sup></b>	€ million	<b>3,065</b>	714	-
<b>Group revenues</b>	€ million	<b>26,283</b>	<b>26,667</b>	<b>-1.4</b>
Automotive	€ million	21,962	23,016	-4.6
Motorcycles	€ million	637	558	14.2
Financial Services	€ million	7,799	7,471	4.4
Other Entities	€ million	0	1	-
Eliminations	€ million	-4,115	-4,379	6.0
<b>Group profit / loss before financial result (EBIT)</b>	€ million	<b>1,924</b>	<b>2,289</b>	<b>-15.9</b>
Automotive	€ million	1,477	1,515	-2.5
Motorcycles	€ million	45	35	28.6
Financial Services	€ million	438	606	-27.7
Other Entities	€ million	18	1	-
Eliminations	€ million	-54	132	-
<b>Group profit / loss before tax (EBT)</b>	€ million	<b>2,464</b>	<b>2,248</b>	<b>9.6</b>
Automotive	€ million	1,860	1,533	21.3
Motorcycles	€ million	44	35	25.7
Financial Services	€ million	458	597	-23.3
Other Entities	€ million	118	-26	-
Eliminations	€ million	-16	109	-
<b>Group income taxes</b>	€ million	<b>-649</b>	<b>-702</b>	<b>7.5</b>
<b>Profit / loss from continuing operations</b>	€ million	<b>1,815</b>	<b>1,546</b>	<b>17.4</b>
Profit / loss from discontinued operations	€ million	-	-	-
<b>Group net profit / loss</b>	€ million	<b>1,815</b>	<b>1,546</b>	<b>17.4</b>
<b>Earnings per share<sup>5</sup></b>	€	<b>2.71/2.71</b>	<b>2.31/2.31</b>	<b>17.3/17.3</b>
<b>Group pre-tax return on sales<sup>6</sup></b>	% (change in %pts)	<b>9.4</b>	<b>8.4</b>	<b>1.0</b>

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 186,235 units, 2019: 126,878 units).

<sup>2</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 173,269 units, 2019: 136,582 units).

<sup>4</sup> At the beginning of the financial year 2020, the starting point for determining cash flow was changed to profit / loss before tax; the previous year's figures have been adjusted accordingly.

<sup>5</sup> Common / preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

<sup>6</sup> Group profit / loss before tax as a percentage of Group revenues.

# BMW GROUP IN FIGURES

## Key performance indicators reported during the year

→ 03

		1 January to 30 September 2020	1 January to 30 September 2019	Change in %
<b>GROUP</b>				
Profit / loss before tax	€ million	2,962	5,063	-41.5
<b>AUTOMOTIVE SEGMENT</b>				
Deliveries <sup>1,2</sup>	units	1,638,167	1,872,451	-12.5
EBIT margin <sup>3</sup>	% (change in %pts)	0.3	4.1	-3.8
<b>MOTORCYCLES SEGMENT</b>				
Deliveries	units	129,599	136,932	-5.4
EBIT margin <sup>3</sup>	% (change in %pts)	6.4	12.1	-5.7

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 437,549 units, 2019: 392,394 units).

<sup>2</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>3</sup> Profit / loss before financial result as a percentage of segment revenues.

## Further performance figures

→ 04

		1 January to 30 September 2020	1 January to 30 September 2019	Change in %
<b>AUTOMOTIVE SEGMENT</b>				
Deliveries				
BMW <sup>1,2</sup>	units	1,427,392	1,608,701	-11.3
MINI <sup>2</sup>	units	208,124	260,043	-20.0
Rolls-Royce <sup>2</sup>	units	2,651	3,707	-28.5
<b>Total<sup>1,2</sup></b>		<b>1,638,167</b>	<b>1,872,451</b>	<b>-12.5</b>
Production volume				
<b>Total<sup>3</sup></b>		<b>1,577,130</b>	<b>1,925,758</b>	<b>-18.1</b>
<b>FINANCIAL SERVICES SEGMENT</b>				
New contracts with retail customers		1,342,803	1,475,504	-9.0
<b>Free cash flow Automotive segment<sup>4</sup></b>	€ million	<b>552</b>	1,024	-46.1
<b>Group revenues</b>	€ million	<b>69,508</b>	<b>74,844</b>	<b>-7.1</b>
Automotive	€ million	54,829	64,853	-15.5
Motorcycles	€ million	1,716	1,871	-8.3
Financial Services	€ million	22,055	21,981	0.3
Other Entities	€ million	1	4	-75.0
Eliminations	€ million	-9,093	-13,865	34.4
<b>Group profit / loss before financial result (EBIT)</b>	€ million	<b>2,633</b>	<b>5,079</b>	<b>-48.2</b>
Automotive	€ million	152	2,674	-94.3
Motorcycles	€ million	110	226	-51.3
Financial Services	€ million	1,057	1,860	-43.2
Other Entities	€ million	43	7	-
Eliminations	€ million	1,271	312	-
<b>Group profit / loss before tax (EBT)</b>	€ million	<b>2,962</b>	<b>5,063</b>	<b>-41.5</b>
Automotive	€ million	767	2,989	-74.3
Motorcycles	€ million	108	222	-51.4
Financial Services	€ million	1,039	1,797	-42.2
Other Entities	€ million	-290	-181	60.2
Eliminations	€ million	1,338	236	-
<b>Group income taxes</b>	€ million	<b>-785</b>	<b>-1,493</b>	<b>47.4</b>
<b>Profit / loss from continuing operations</b>	€ million	<b>2,177</b>	<b>3,570</b>	<b>-39.0</b>
Profit / loss from discontinued operations	€ million	-	44	-
<b>Group net profit / loss</b>	€ million	<b>2,177</b>	<b>3,614</b>	<b>-39.8</b>
<b>Earnings per share<sup>5</sup></b>	€	<b>3.20 / 3.21</b>	<b>5.37 / 5.38</b>	<b>-40.4 / -40.3</b>
<b>Group pre-tax return on sales<sup>6</sup></b>	% (change in %pts)	<b>4.3</b>	<b>6.8</b>	<b>-2.5</b>

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 437,549 units, 2019: 392,394 units).

<sup>2</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 426,409 units, 2019: 381,416 units).

<sup>4</sup> At the beginning of the financial year 2020, the starting point for determining cash flow was changed to profit / loss before tax; the previous year's figures have been adjusted accordingly.

<sup>5</sup> Common / preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

<sup>6</sup> Group profit / loss before tax as a percentage of Group revenues.

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# INTERIM GROUP MANAGEMENT REPORT

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# 2



# REPORT ON ECONOMIC POSITION

**International automobile markets  
volatile overall**

**BMW Group achieves sales volume  
growth in third quarter**

## GENERAL ECONOMIC ENVIRONMENT IN THE FIRST NINE MONTHS OF 2020

**International automobile markets show first signs  
of recovery while remaining volatile**

International automobile markets were subject to volatility during the period from January to September 2020. Whereas registrations collapsed to some extent, especially in the second quarter, due to the lockdowns imposed for several weeks in response to the corona pandemic, international automobile markets showed the first signs of recovery during the period from July to September. In China, for instance, new registrations returned to their upward trajectory. The situation in the USA and Europe also stabilised in September. Overall, however, the automobile markets were down on the previous year (50.45 million units; -19%).

Key automobile markets for the nine-month period developed year-on-year as follows:

### International automobile markets

→ 05

	Change in %
EU	-28
thereof Germany	-25
thereof France	-29
thereof Italy	-34
thereof Spain	-38
United Kingdom (UK)	-33
USA	-19
China	-10
Japan	-18
<b>Total</b>	<b>-19</b>

## Group Overview

### Solid sales volume growth in third quarter

In the third quarter 2020, the BMW Group's sales volume recovered from the disruptive effects of the coronavirus pandemic in the second quarter. In some markets, deliveries to customers were even significantly up on the same quarter last year. Deliveries to customers during the period from July to September increased solidly to 675,592<sup>1</sup> units (2019: 621,981<sup>1,2</sup> units; +8.6%). However, figures for the nine-month period continued to be influenced by the corona pandemic. In view of these factors, the BMW Group delivered 1,638,167<sup>3</sup> BMW, MINI and Rolls-Royce brand vehicles to customers during the first nine months of the year, 12.5% fewer than in the same period of the previous year (2019: 1,872,451<sup>2,3</sup> units).

In total, 5,578,149 contracts were in place with retail customers in the Financial Services segment at 30 September 2020 (31 December 2019: 5,486,319; +1.7%). A total of 538,351 new lease and credit financing contracts were signed during the third quarter with retail customers worldwide, 6.8% more than one year earlier (2019: 504,217 new contracts). For the period from January to September, the number of new contracts fell by 9.0% to 1,342,803 contracts (2019: 1,475,504 new contracts).

### Group earnings impacted by corona pandemic – third-quarter earnings benefit from pent-up demand

At €69,508 million, Group revenues were moderately down for the nine-month period (2019: €74,844 million; -7.1%, currency-adjusted: -6.2%) and slightly lower for the third quarter at €26,283 million (2019: €26,667 million; -1.4%, currency-adjusted: +1.3%). The main negative factor was the decline in demand due to corona-related dealership closures and stay-at-home restrictions during the first half of the year. The recovery in China seen in the second quarter continued throughout the period from July to September,

a trend reflected in revenue growth at the level of the Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang. Customer demand for new and pre-owned vehicles also recovered in the third quarter, partly caused by pent-up demand and changes in mobility behaviour in other key sales markets of the BMW Group. The latter trend was also reflected in the higher level of revenue generated from the sale of returned lease vehicles. Favourable product mix effects due to the less pronounced drop in the sale of high-revenue models partially offset the effect of lower volumes. In addition, better selling prices on the back of the rejuvenated product portfolio as well as the pent-up demand effects described above had a positive effect. Due to the lower volume of new leasing business during the first half of the year as well as lower expected new leasing business, the amount of revenues eliminated on consolidation fell compared to the previous year.<sup>4</sup>

Group cost of sales totalled €60,668 million (2019: €61,674 million; -1.6%), slightly down on the corresponding nine-month period one year earlier. Particularly in the first half of the year, reduced manufacturing costs due to lower sales volumes were partially offset by increased expenses recognised for risk provisions, mostly arising in connection with the measurement of residual value and credit risks. In the third quarter, the cost of sales of products previously leased to customers constituted a significant component of cost of sales, mirroring the impact on revenues. Furthermore, the eliminations described above had an equal and opposite impact on cost of sales and resulted in a year-on-year decrease in the amount of cost of sales eliminated on consolidation.

At €4,397 million, research and development expenditure was slightly lower than in the previous year (2019: €4,448 million; -1.1%). Whereas the amount reported for the first nine months of the previous year was influenced by higher expenses in connection with the new model initiative, the current year's figure was impacted by the higher amount of development costs capitalised for projects nearing the completion stage.

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 186,235 units, 2019: 126,878 units).

<sup>2</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 437,549 units, 2019: 392,394 units).

<sup>4</sup> See Annual Report 2019, note 4 to the Group Financial Statements.

**BMW Group performance indicators relating to research and development expenses**

→ 06

in %	3rd quarter 2020	3rd quarter 2019	Change in %pts	1 January to 30 September 2020	1 January to 30 September 2019	Change in %pts
Research and development expenses as a percentage of revenues	5.3	5.4	-0.1	6.0	5.7	0.3
Research and development expenditure ratio <sup>1</sup>	5.9	6.1	-0.2	6.3	5.9	0.4
Capitalisation rate <sup>2</sup>	36.4	35.3	1.1	34.7	31.7	3.0

  

in € million	3rd quarter 2020	3rd quarter 2019	Change in %	1 January to 30 September 2020	1 January to 30 September 2019	Change in %
Research and development expenses	1,406	1,451	-3.1	4,140	4,247	-2.5
Capitalised development costs	562	571	-1.6	1,527	1,411	8.2
Amortisation	-423	-404	4.7	-1,270	-1,210	5.0
<b>Research and development expenditure<sup>3</sup></b>	<b>1,545</b>	<b>1,618</b>	<b>-4.5</b>	<b>4,397</b>	<b>4,448</b>	<b>-1.1</b>

<sup>1</sup> Research and development expenditure as a percentage of Group revenues.<sup>2</sup> Capitalised development costs as a percentage of research and development expenditure.<sup>3</sup> Research and development expenditure comprises the sum of research and non-capitalised development cost and capitalised development cost (not including the associated scheduled amortisation).

Selling and administrative expenses fell moderately by 6.1 % to €6,258 million for the nine-month period (2019: €6,665 million). The decrease was mainly attributable to lower personnel expenses, partly due to a year-on-year reduction in the workforce size and scaled-down performance-related remuneration components. Lower expenses for communications and marketing as well as strict fixed cost management also continued to make a contribution to improved earnings. The net amount of other operating income and expenses recorded for the nine-month period improved by €1,477 million, reflecting the fact that a provision of approximately €1.4 billion had been recognised in the first quarter of 2019 in connection with ongoing antitrust proceedings<sup>4</sup>.

Group profit before financial result for the nine-month period fell significantly to €2,633 million (2019: €5,079 million; -48.2%) due to the various negative impacts on gross profit described above. In the third quarter, Group profit before financial result amounted to €1,924 million (2019: €2,289 million; -15.9%).

The financial result was a net positive amount of €329 million (2019: net negative amount of €16 million) for the nine-month period and a net positive amount of €540 million (2019: net negative amount of €41 million) for the third quarter. The performance benefited in particular from higher at-equity earnings from the Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: €959 million; 2019: €728 million) and from the gain recorded by THERE Holding B.V. on the sale of shares in the mapping service provider HERE International B.V. to Mitsubishi Corporation (MC) and Nippon Telegraph and Telephone Corporation (NTT)<sup>5</sup> in the first half of the year. In the third quarter, sundry other financial result was also positively impacted by gains arising on interest rate hedges as well as on the market valuation of investments.

Driven by a combination of revitalised sales markets, positive effects recorded within selling and administrative expenses and an improved financial result, Group net profit amounted to €2,464 million for the third quarter, representing a solid increase on the previous year (2019: €2,248 million; +9.6%). The positive effects described above were unable to make up for the impact of the corona pandemic on the BMW Group's business, particularly in the first half of the year. As a result, Group profit before tax for the first nine months of the year fell to €2,962 million (2019: €5,063 million; -41.5%).

**Financing activities**

The BMW Group issued bonds for a total amount of €9.2 billion during the first three quarters of the year, including a Euro benchmark bond, two Panda bonds on the Chinese capital market and a 144a bond on the US capital market. In addition, ABS transactions were issued or prolonged in Germany, the USA, China, Japan, the UK, Australia and Canada with a total financing volume of approximately €11.4 billion.

The BMW Group continues to have very good access to the world's major capital markets. Liquidity-related measures were put in place during the first half of the year to enable the Group to respond flexibly to ongoing uncertainties caused by the corona pandemic. Group liquidity totalled €21.8 billion at the end of the reporting period (31 December 2019: €17.4 billion) and thus remains at a solid level.

<sup>4</sup> Further information is provided in note 6 to the Interim Group Financial Statements for the period ended 30 June 2020.<sup>5</sup> Further information is provided in note 2 to the Interim Group Financial Statements for the period ended 30 June 2020.

## Automotive Segment

### Automobile deliveries up in third quarter

The BMW Group recorded a solid increase in automobile deliveries in the third quarter 2020. In some markets, deliveries to customers between July and September were even significantly up on one year earlier. During this period, the BMW Group recorded year-on-year volume growth of 8.6%, with 675,592<sup>1</sup> units delivered to customers (2019: 621,981<sup>1,2</sup> units). In line with expectations, however, with a total of 1,638,167<sup>3</sup> BMW, MINI and Rolls-Royce brand vehicles, the cumulative volume sold worldwide in the first nine months of the year reflects the global impact of the corona pandemic (2019: 1,872,451<sup>2,3</sup> units; -12.5%).

Third-quarter deliveries of BMW brand vehicles rose by 9.8% to 585,239<sup>1</sup> units (2019: 533,215<sup>1,2</sup> units), while MINI finished 1.9% up for the three-month period at 89,262 units (2019: 87,561<sup>2</sup> units). Rolls-Royce delivered 1,091 units to customers (2019: 1,205<sup>2</sup> units; -9.5%) during the three-month period. ↱

### Growth recorded in many markets after corona-related slump

Customer demand rose in many markets during the third quarter 2020. Over the nine-month period, however, the repercussions of the corona pandemic particularly affected business during the first half of the year.

In Europe, the BMW Group recorded overall growth of 7.1% in the third quarter with 275,740 units delivered to customers (2019: 257,540<sup>2</sup> units). In the period from January to September, deliveries to customers across markets in Europe fell to 648,494 units (2019: 807,780<sup>2</sup> units; -19.7%).

In Germany, the BMW Group recorded significant growth in the third quarter (87,060 units, 2019: 76,797<sup>2</sup> units; +13.4%), whereas for the nine-month period deliveries to customers fell to 203,422 units (2019: 238,222<sup>2</sup> units; -14.6%).

### Automotive segment at a glance

→ 07

		3rd quarter 2020	3rd quarter 2019	Change in %
Deliveries <sup>1,4</sup>	units	675,592	621,981 <sup>2</sup>	8.6
Production <sup>5</sup>	units	632,880	630,757	0.3
Revenues	€ million	21,962	23,016	-4.6
Profit / loss before financial result (EBIT)	€ million	1,477	1,515	-2.5
EBIT margin <sup>4,6</sup>	% (change in %pts)	6.7	6.6	0.1
Profit / loss before tax	€ million	1,860	1,533	21.3

  

		1 January to 30 September 2020	1 January to 30 September 2019	Change in %
Deliveries <sup>3,4</sup>	units	1,638,167	1,872,451 <sup>2</sup>	-12.5
Production <sup>7</sup>	units	1,577,130	1,925,758	-18.1
Revenues	€ million	54,829	64,853	-15.5
Profit / loss before financial result (EBIT)	€ million	152	2,674	-94.3
EBIT margin <sup>4,6</sup>	% (change in %pts)	0.3	4.1	-3.8
Profit / loss before tax	€ million	767	2,989	-74.3

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 186,235 units, 2019: 126,878 units).

<sup>2</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 437,549 units, 2019: 392,394 units).

<sup>4</sup> Key performance indicators reported on during the year.

<sup>5</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 173,269 units, 2019: 136,582 units).

<sup>6</sup> Profit / loss before financial result as a percentage of Automotive segment revenues.

<sup>7</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 426,409 units, 2019: 381,416 units).

In the UK, third-quarter sales figures recovered to 54,733 units (2019: 56,861<sup>1</sup> units; –3.7%) following the corona-related slump in the first half of the year. Between January and September, 118,652 units were delivered to customers (2019: 177,443<sup>1</sup> units; –33.1%).

The Americas region has also been hit hard by the consequences of the pandemic. Deliveries to customers across the region fell to 99,356 units (2019: 119,645<sup>1</sup> units; –17.0%) for the third quarter and to 251,936 units for the nine-month period (2019: 339,201<sup>1</sup> units; –25.7%).

Within this region, the US market continued to be negatively impacted during the third quarter by the pandemic. Deliveries to customers there totalled 78,905 units between July and September <sup>⇩</sup>

(2019: 93,631<sup>1</sup> units; –15.7%) and 200,286 units between January to September (2019: 265,694<sup>1</sup> units; –24.6%).

In Asia, the BMW Group increased automobile deliveries to customers significantly by 24.8% to 288,907 units (2019: 231,417<sup>1</sup> units) in the third quarter and by 3.0% to 705,789 units between January and September 2020 (2019: 685,293<sup>1</sup> units).

In China, the largest single market in the Asia region, a significant recovery had already set in during the second quarter. In the third quarter, deliveries were up by 31.0% compared to one year earlier (230,920<sup>2</sup> units; 2019: 176,225<sup>1,2</sup> units). Over the nine-month period, 560,367<sup>3</sup> units were delivered to customers, up 6.4% in the same period one year earlier (2019: 526,802<sup>1,3</sup> units).

### Automotive segment deliveries of vehicles by region and market

→ 08

in units	3rd quarter 2020	3rd quarter 2019 <sup>1</sup>	Change in %	1 January to 30 September 2020	1 January to 30 September 2019 <sup>1</sup>	Change in %
Europe	275,740	257,540	7.1	648,494	807,780	–19.7
thereof Germany	87,060	76,797	13.4	203,442	238,222	–14.6
thereof UK	54,733	56,861	–3.7	118,652	177,443	–33.1
Americas	99,356	119,645	–17.0	251,936	339,201	–25.7
thereof USA	78,905	93,631	–15.7	200,286	265,694	–24.6
Asia	288,907 <sup>2</sup>	231,417 <sup>2</sup>	24.8	705,789 <sup>3</sup>	685,293 <sup>3</sup>	3.0
thereof China	230,920 <sup>2</sup>	176,225 <sup>2</sup>	31.0	560,367 <sup>3</sup>	526,802 <sup>3</sup>	6.4
Other markets	11,589	13,379	–13.4	31,948	40,177	–20.5
<b>Total</b>	<b>675,592<sup>2</sup></b>	<b>621,981<sup>2</sup></b>	<b>8.6</b>	<b>1,638,167<sup>3</sup></b>	<b>1,872,451<sup>3</sup></b>	<b>–12.5</b>

<sup>1</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>2</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 186,235 units, 2019: 126,878 units).

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 437,549 units, 2019: 392,394 units).

## Automotive segment deliveries of BMW brand vehicles

Third-quarter deliveries of BMW brand vehicles were 9.8 % higher than one year earlier (585,239<sup>1</sup> units; 2019: 533,215<sup>1,2</sup> units). Coronavirus-related reductions  $\uparrow$

in production and sales volumes arising in the second quarter contributed to an 11.3 % decrease over the nine-month period (1,427,392<sup>3</sup> units; 2019: 1,608,701<sup>2,3</sup> units). Details are shown in the following table.

### Automotive segment deliveries of BMW vehicles by model series<sup>3</sup>

→ 09

in units	1 January to 30 September 2020	1 January to 30 September 2019 <sup>2</sup>	Change in %
BMW i	18,356	31,274	-41.3
BMW 1 Series	117,871	129,655	-9.1
BMW 2 Series	73,324	93,305	-21.4
BMW 3 Series	266,774	253,032	5.4
BMW 4 Series	27,590	60,436	-54.3
BMW 5 Series	216,184	259,532	-16.7
BMW 6 Series	14,144	18,575	-23.9
BMW 7 Series	31,169	36,247	-14.0
BMW 8 Series	15,634	7,493	108.6
BMW Z4	12,226	11,929	2.5
BMW X1	161,302	199,981	-19.3
BMW X2	54,216	72,585	-25.3
BMW X3	206,396	230,391	-10.4
BMW X4	40,012	44,816	-10.7
BMW X5	114,228	116,644	-2.1
BMW X6	24,961	17,738	40.7
BMW X7	33,005	25,068	31.7
<b>BMW total</b>	<b>1,427,392</b>	<b>1,608,701</b>	<b>-11.3</b>

<sup>1</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 186,235 units, 2019: 126,878 units).

<sup>2</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>3</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 437,549 units, 2019: 392,394 units).

**MINI deliveries up in third quarter**

Deliveries of MINI brand vehicles totalled 89,262 units (2019: 87,561<sup>1</sup> units; +1.9%) in the third quarter and <sup>1</sup>

208,124 units (2019: 260,043<sup>1</sup> units; –20.0%) for the nine-month period. Details are shown in the following table.

**Automotive segment deliveries of MINI vehicles by model variant**

→ 10

in units	1 January to 30 September 2020	1 January to 30 September 2019 <sup>1</sup>	Change in %
MINI Hatch (3- and 5-door)	111,648	131,403	–15.0
MINI Convertible	18,868	24,467	–22.9
MINI Clubman	24,213	30,641	–21.0
MINI Countryman	53,395	73,532	–27.4
<b>MINI total</b>	<b>208,124</b>	<b>260,043</b>	<b>–20.0</b>

**Rolls-Royce**

Rolls-Royce Motor Cars delivered 1,091 units to customers during the third quarter (2019: 1,205<sup>1</sup> units; –9.5%) and 2,651 units over the first nine months of the year (2019: 3,707<sup>1</sup> units; –28.5%). <sup>1</sup>

The new Rolls-Royce Ghost<sup>2</sup> was presented in September and the first deliveries are scheduled for the end of the fourth quarter. Details are shown in the following table.

**Automotive segment deliveries of Rolls-Royce vehicles by model variant**

→ 11

in units	1 January to 30 September 2020	1 January to 30 September 2019 <sup>1</sup>	Change in %
Phantom	250	455	–45.1
Ghost	242	509	–52.5
Wraith / Dawn	640	974	–34.3
Cullinan	1,519	1,769	–14.1
<b>Rolls-Royce total</b>	<b>2,651</b>	<b>3,707</b>	<b>–28.5</b>

**Electric mobility as substantial growth driver**

During the first nine months of 2020, the BMW Group sold a total of 116,381 electrified vehicles worldwide (2019: 96,971<sup>1</sup> units), up by 20% on the previous year. <sup>1</sup>

The first units of the BMW iX3<sup>2</sup> will be delivered before the end of the current year, making the X3 the first model to be available with a choice of four drivetrain systems (petrol, diesel, plug-in hybrid and all-electric).

**Automotive segment deliveries of electrified models**

→ 12

in units	1 January to 30 September 2020	1 January to 30 September 2019 <sup>1</sup>	Change in %
BMW i	18,356	31,274	–41.3
BMW e	79,195	53,697	47.5
MINI Electric	18,830	12,000	56.9
<b>Total</b>	<b>116,381</b>	<b>96,971</b>	<b>20.0</b>

<sup>1</sup> In connection with a review of its sales and related reporting practices, BMW Group reviewed prior period retail vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information can be found in BMW Group's 2019 Annual Report on page 54. As an update of the information given there, BMW Group has revised the data on vehicle deliveries retrospectively going back to 2015 in its sixteen most significant markets.

<sup>2</sup> Fuel consumption and CO<sub>2</sub> emissions information are available on page 17.

## Earnings adversely impacted by pandemic – signs of recovery in third quarter

The Automotive segment's profit before financial result amounted to €152 million (2019: €2,674 million; – 94.3 %) for the nine-month period and €1,477 million (2019: €1,515 million; – 2,5 %) for the third quarter.

Whereas earnings in the first half of the year were impacted in particular by lower delivery volumes as well as by expenses recognised in connection with the residual value of leased products, third-quarter earnings improved in light of the perceptible recovery of key sales markets. As in the first six months of the year, a favourable product mix due to the less pronounced drop in the sale of high-revenue models and higher selling prices on the back of a strong product portfolio had a positive impact on earnings in the third quarter. In addition, strict fixed cost management also contributed to the improvement ↱

of the quality of earnings, despite the recognition of expenses in conjunction with structural measures.

The net amount of other operating income and expenses improved as a result of the provision recognised in the previous financial year in connection with ongoing antitrust proceedings<sup>1</sup>, the expense for which was recorded within other operating expenses.

<sup>1</sup> Further information is provided in note 6 to the Interim Group Financial Statements for the period ended 30 June 2020.

At €615 million, the Automotive segment's nine-month financial result was significantly up on the previous year (2019: €315 million), boosted in particular by the improved result from equity-accounted investments, as described above.

Segment profit before tax for the third quarter improved accordingly to €1,860 million (2019: €1,533 million; + 21.3 %). For the nine-month period, however, it amounted to €767 million (2019: €2,989 million; – 74.3 %).

## Free cash flow and net financial assets

### Free cash flow Automotive segment for the period from 1 January to 30 September<sup>2</sup>

→ 13

in € million	2020	2019	Change
Cash inflow (+)/ outflow (–) from operating activities	3,047	6,144	– 3,097
Cash inflow (+)/ outflow (–) from investing activities	– 1,472	– 5,151	3,679
Net investment in marketable securities and investment funds	– 1,023	31	– 1,054
<b>Free cash flow Automotive segment</b>	<b>552</b>	<b>1,024</b>	<b>– 472</b>

<sup>2</sup> At the beginning of the financial year 2020, the starting point for determining cash flow was changed to profit / loss before tax; the previous year's figures have been adjusted accordingly.

Free cash flow generated by the Automotive segment totalled €552 million for the period from January to September 2020, whereby the year-on-year decrease was attributable primarily to the pandemic-related deterioration in pre-tax operating earnings in the first half of the year. In the third quarter, cash flows from operating activities were positive, reflecting the impact of growing customer demand, systematic working capital management and cost savings.

Cash flows from investing activities for the nine-month period were influenced by the careful management of capital expenditure and in the previous year by the cash outflows, particularly those used to acquire the YOUR NOW companies and for investments in the production network.



Net financial assets comprised the following:

## Net financial assets Automotive segment

→ 14

in € million	30. 9. 2020	31.12. 2019	Change
Cash and cash equivalents	14,087	9,077	5,010
Marketable securities and investment funds	3,390	4,470	-1,080
Intragroup net financing	-1,034	7,784	-8,818
<b>Financial assets</b>	<b>16,443</b>	<b>21,331</b>	<b>-4,888</b>
Less: external financial liabilities*	-2,942	-3,754	812
<b>Net financial assets Automotive segment</b>	<b>13,501</b>	<b>17,577</b>	<b>-4,076</b>

\* Excluding derivative financial instruments.

The decrease in net financial assets was mainly attributable to lower free cash flow and the payment of the dividend (approximately €1.6 billion) for the financial year 2019.

## BMW Group fuel consumption and CO<sub>2</sub> emissions information

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Model	Fuel consumption in l / 100 km (combined)	CO <sub>2</sub> emissions in g / km (combined)	Electric power consumption in kWh / 100 km (combined)
BMW iX3	0	0	17.8–17.5
Rolls-Royce Ghost	15.0	343	–

## Financial Services Segment

### Financial Services business also held down by corona pandemic

Financial Services segment revenues for the period from July to September 2020 were slightly up on the previous year. Segment profit before tax for the third quarter was nevertheless significantly lower than one year earlier. As in the first half of the year, the main reason for this development was the recognition of risk provisioning expenses for credit and residual value risks.

The initial and ongoing assessment of customer credit-worthiness is one of the key pillars of the BMW Group's credit risk management strategy. Allowances for expected credit losses were increased slightly in the third quarter in order to reflect the potential longer-term economic impact of the corona pandemic on retail and dealership business for accounting purposes. The amounts recognised were based on reasonable, well-founded information and estimates available at the end of the reporting period.

The credit risk management measures implemented during the first half of 2020 in the areas of dealership and customer financing, including moratoriums and temporary increases in credit lines for dealerships, were scaled back in many markets towards the end of the third quarter.

Compared to the previous three-month period, the remarketing of returned lease vehicles improved during the third quarter 2020. After a number of months during which lockdown restrictions had affected selling activities and caused reduced vehicle availability, demand for new and pre-owned vehicles increased. The economic consequences of the pandemic, particularly for the medium-term development of pre-owned vehicle markets across the world within the premium segment continue to be exposed to a higher level of uncertainty. Accordingly, further market-specific measures were also taken during the third quarter in terms of the level of risk provisioning expense recognised for the portfolio of vehicles subject to residual value risks.

The Financial Services segment monitors and provides for core business risks on an ongoing and comprehensive basis. Even though the situation may have eased in most markets in the third quarter, in light of the continued volatility caused by the corona pandemic on the one hand and the lack of any historical comparability on the other, it cannot be ruled out that additional expenses may need to be recognised in subsequent quarters. Based on current assessments, however, the Financial Services segment has recognised appropriate levels of provisions/allowances to cover residual value and credit risks.

Due to the effects of the corona pandemic, in balance sheet terms, business volumes with retail customers and dealerships declined moderately compared to the end of 2019.

### Financial Services segment at a glance

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		3rd quarter 2020	3rd quarter 2019	Change in %
New contracts with retail customers		538,351	504,217	6.8
Revenues	€ million	7,799	7,471	4.4
Profit before financial result (EBIT)	€ million	438	606	-27.7
Profit before tax	€ million	458	597	-23.3
		1 January to 30 September 2020	1 January to 30 September 2019	Change in %
New contracts with retail customers		1,342,803	1,475,504	-9.0
Revenues	€ million	22,055	21,981	0.3
Profit before financial result (EBIT)	€ million	1,057	1,860	-43.2
Profit before tax	€ million	1,039	1,797	-42.2
		30. 9. 2020	31. 12. 2019	Change in %
Total contract portfolio		5,936,975	5,973,682	-0.6
Contract portfolio with retail customers		5,578,149	5,486,319	1.7
Business volume in balance sheet terms*	€ million	131,268	142,834	-8.1

\* Calculated on the basis of the lines Leased products and Receivables from sales financing (current and non-current) of the Financial Services segment balance sheet.

## New business with retail customers up in third quarter

With a total of 538,351 new contracts, credit financing and leasing business with retail customers grew solidly in the third quarter (2019: 504,217 contracts; +6.8%), mainly due to the resurgent demand for financial products in Europe and China.

However, the total figure for the nine-month period fell moderately to 1,342,803 new contracts (2019: 1,475,504 new contracts; -9.0%), with new credit financing business down by 6.5% and new leasing business down by 13.9%. Overall, leasing accounted for 31.9% and credit financing for 68.1% of new business in the nine-month period under report.

Customer demand for pre-owned vehicles picked up strongly in some key sales markets. New contracts signed during the period from January to September included 305,369 credit financing and leasing contracts relating to pre-owned BMW and MINI brand vehicles (2019: 297,678 contracts; +2.6%).

New business from credit financing and leasing contracts concluded with retail customers during the first nine months of the year fell moderately by 7.2% to €41,311 million (2019: €44,497 million).

In the period from January to September, 50.5%<sup>1</sup> of new BMW Group vehicles were either leased or financed by the Financial Services segment (2019: 51.4%; -0.9 percentage points), and therefore in line with the previous year's level.

At 30 September 2020, a total of 5,578,149 credit financing and leasing contracts were in place with retail customers, slightly above the level recorded at the end of 2019 (31 December 2019: 5,486,319 contracts; +1.7%). While the number of new contracts signed in China grew solidly (+5.8%) and in the Europe/Middle East/Africa region slightly (+3.5%), figures for the EU Bank<sup>2</sup> region remained at a similar level to the previous year (+0.8%). By contrast, the contract portfolios in the Americas and Asia/Pacific regions fell slightly by 1.1% and 1.7% respectively.

## Fleet business slightly down year-on-year

Operating under the brand name Alphabet, the BMW Group offers leasing and financing arrangements as well as other specific services to commercial customers. A portfolio of 707,434 contracts was in place at 30 September 2020 (31 December 2019: 717,353 contracts; -1.4%).

## Dealership financing significantly down on previous year

The total volume of dealership financing stood at €15,040 million at 30 September 2020 and was therefore 29.1% lower than nine months earlier (31 December 2019: €21,227 million) due to lower dealer inventory.

## Eliminations

The pre-tax effect of eliminations was a positive amount of €1,338 million (2019: positive €236 million) for the nine-month period and a negative amount of €16 million (2019: positive €109 million) for the third quarter.

The main drivers were reversal effects from the leased products portfolio and lower eliminations due to the decline in new leasing business.

<sup>1</sup> The calculation only includes automobile markets in which the Financial Services segment is represented by a consolidated entity or a branch office.

<sup>2</sup> EU Bank comprises BMW Bank GmbH, with its branches in Italy, Spain and Portugal.

# REPORT ON OUTLOOK, RISKS AND OPPORTUNITIES

**Contraction of global economy and  
automobile markets**

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## OUTLOOK

The report on outlook, risks and opportunities describes the expected development of the BMW Group, including the significant risks and opportunities, from a Group management perspective. It contains forward-looking statements based on expectations and assessments that are subject to uncertainty. As a result, actual outcomes, including those attributable to political, legal and economic developments, could differ positively or negatively from those described below. More detailed information on this topic is provided in the Annual Report 2019 (Outlook, pp. 84, Risks and Opportunities, pp. 90).

## International automobile markets

International automobile markets are likely to contract significantly in 2020 as a result of corona-related lockdowns worldwide. The IMF currently expects global economic output to shrink by 4.4 %. The scale of the downturn will largely depend on the further course of the pandemic and the economic stimulus programmes implemented in various countries.

### International automobile markets 2020

→ 17

	Change in %
EU	-25
thereof Germany	-22
thereof France	-26
thereof Italy	-28
thereof Spain	-36
UK	-29
USA	-16
China	-7
Japan	-21
<b>Total</b>	<b>-16</b>

## Outlook for the BMW Group

### Assumptions used in the outlook

At the time the Annual Report 2019 was published in March 2020, the BMW Group's assessment was still based on the assumption that the sales situation across all key markets would return to normal after a few weeks. Measures to contain the spread of the corona pandemic, such as lockdowns and restrictions on business, particularly in Europe and America, have since been extended and so far only very gradually eased. To some extent, the easing of lockdown measures has already been reversed. The prolonged restrictions put in place to curb the pandemic are weighing heavily on global growth and continue to cloud the economic outlook for 2020.

The current assessment assumes a further recovery in the fourth quarter, despite currently increasing infection figures in many markets. Since the beginning of November, restrictions in public and private life have been put back in place in large parts of Europe. This outlook does not take account of the potential impact of a protracted, deep recession in key sales markets, an economic downturn in China as a result of recessions in other economic regions, major market supply disruptions in the wake of even greater competition, or a significant deterioration in the situation with nationwide lockdowns and stricter containment measures in response to the corona pandemic.

The prevailing high level of uncertainty makes accurate forecasting difficult and has resulted in a combination of scenarios being incorporated in the forecast. This approach is reflected in the broader range of EBIT now being forecast for the Automotive segment for 2020.

## Overall assessment by Group management

Within a volatile economic environment, dominated by the global spread of coronavirus, the BMW Group expects reported figures to be significantly down for the financial year 2020. Under normal circumstances, business would benefit from the numerous new automobile and motorcycle models as well as the individual mobility-related services on offer. However, this positive momentum is currently being outweighed by the impact of the negative developments currently affecting the global economy described above. Research and development expenses will remain at a high level in view of ongoing future-oriented projects. Driven by the global impact of the corona crisis, the BMW Group's pre-tax earnings for the current financial year are likely to decline significantly year-on-year.

Due to the proliferation of the virus, sales volumes in the Automotive segment are expected to be significantly down on the previous year. In light of the adverse factors described above, the Automotive segment EBIT margin is expected to lie within a range between 0 and 3 % in 2020, as already communicated in the Quarterly Statement to 31 March 2020. The segment RoCE<sup>1</sup> is also predicted to be well below the previous year's level. At the same time, fleet carbon dioxide emissions<sup>2</sup> are forecast to drop significantly, through which the emissions targets will be achieved.

The Financial Services segment is expected to be affected by an even steeper decline in new business as well as a volatile risk environment, mainly due to the unfavourable economic outlook. Accordingly, as previously reported, a moderate year-on-year decrease in segment RoE<sup>3</sup> is forecast.

Motorcycles segment deliveries to customers are expected to decrease moderately over the year as a whole. The EBIT margin is currently forecast to lie within a range between 3 and 5 %, with RoCE significantly below the previous year's level.

The targets are to be achieved with a workforce size which – based on the new method of calculation described in the Annual Report 2019 – will be slightly below the level recorded one year earlier. The planned reduction will be achieved through a combination of natural fluctuation and voluntary agreements. Vocational training, however, will be continued at the same high level as in the previous year.

The prevailing extreme level of uncertainty – exacerbated in particular by the further spread of coronavirus and driven by economic and political developments such as the outcome of the negotiations between the EU and the UK on a trade agreement by 31 December 2020 as well as international trade and customs policies – may cause economic developments in many regions to differ markedly from even the most recently expected trends and outcomes. Any such deviations could have a further significant impact on the business performance of the BMW Group.

Furthermore, the actual business performance of the BMW Group may also differ from current expectations as a result of the risks and opportunities described in the Report on Risk and Opportunities (pp. 88) of the Annual Report 2019.

<sup>1</sup> RoCE in the Automotive and Motorcycles segments is measured on the basis of relevant segment profit before financial result and the average amount of capital employed in the segment concerned. Capital employed corresponds to the sum of all current and non-current operational assets, less liabilities that generally do not incur interest.

<sup>2</sup> EU-28.

<sup>3</sup> RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital attributable to the Financial Services segment balance sheet.

**BMW Group Key performance indicators**

In almost all aspects, the BMW Group continues to stand by the adjusted outlook for the financial year 2020 presented in the Quarterly Statement to 31 March 2020. The original outlook for deliveries to  $\rightarrow$

customers by the Motorcycles segment has, however, been adjusted from a significant decrease to a moderate decrease. The following outlook therefore now applies for key performance indicators:

**BMW Group key performance indicators**

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		2019 reported	2019 adjusted	2020 Outlook <sup>1</sup>
<b>GROUP</b>				
Profit before tax	€ million	7,118	–	significant decrease
Workforce at year-end		133,778	126,016	slight decrease
<b>AUTOMOTIVE SEGMENT</b>				
Deliveries to customers <sup>2</sup>	units	2,538,367	–	significant decrease
Fleet emissions <sup>3</sup>	g CO <sub>2</sub> /km	127	–	significant decrease
EBIT margin	%	4.9	–	between 0 and 3
Return on capital employed <sup>4</sup>	%	29.0	–	significant decrease
<b>MOTORCYCLES SEGMENT</b>				
Deliveries to customers	units	175,162	–	moderate decrease
EBIT margin	%	8.2	–	between 3 and 5
Return on capital employed <sup>4</sup>	%	29.4	–	significant decrease
<b>FINANCIAL SERVICES SEGMENT</b>				
Return on equity <sup>5</sup>	%	15.0	–	moderate decrease

<sup>1</sup> Based on adjusted figures.

<sup>2</sup> Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2019: 538,612 units).

<sup>3</sup> EU-28.

<sup>4</sup> RoCE in the Automotive and Motorcycles segments is measured on the basis of relevant segment profit before financial result and the average amount of capital employed in the segment concerned. Capital employed corresponds to the sum of all current and non-current operational assets, less liabilities that generally do not incur interest.

<sup>5</sup> RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital attributable to the Financial Services segment balance sheet.

# RISKS AND OPPORTUNITIES

As a globally operating enterprise, the BMW Group is exposed to a broad range of risks and opportunities. The Group's corporate success is based on leveraging perceived opportunities as they present themselves. In order to drive growth, boost profitability, bolster efficiency and operate sustainably going forward, the BMW Group also needs to take calculated risks.

As a consequence of the corona pandemic, risks associated with macroeconomic and financial conditions have increased significantly both short-term and medium-term compared with the assessment presented in the Annual Report 2019. The level of risk due to the negative impact of the pandemic on the BMW Group's supply chains, production and sales volumes is still assessed as high. After a more stable phase for the economy in the third quarter, the pandemic is now clearly regaining momentum. In light of the containment measures required as well as the economic impact, a high level of uncertainty remains. Moreover, the pandemic has affected markets to widely differing degrees. For this reason, demand for automobiles is only likely to recover at a very sluggish rate in many markets. If the corona pandemic takes a turn for the worse and the global economy deteriorates significantly, the risk exposure could be considerable, particularly on the demand side. With these risks in mind, the BMW Group is continuously monitoring developments on world markets and preparing for all possible scenarios. Likewise, the impact of the corona pandemic on capital markets, on the measurement of receivables and on residual values is also assessed as high. In this context, the risk exposure includes increases in financing costs, credit defaults and remarketing losses in the Financial Services segment.

In parallel, the progress of negotiations on a free trade agreement between the EU and the UK and developments in global trade policy will continue to be closely monitored.

Changes in the risk profile are continuously assessed and factored into the current and long-term forecasts as deemed necessary.

Further information on risks and opportunities as well as on the methods employed to manage them is also available in the "Report on Risks and Opportunities" section of the Annual Report 2019 (pp. 88).



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# INTERIM GROUP FINANCIAL STATEMENTS

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→ Page 26 **Income Statement**

→ Page 30 **Balance Sheet**

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# 3

# BMW GROUP INCOME STATEMENT

→ BMW Group  
Income Statement

## Income Statements for Group and Segments for the period from 1 January to 30 September

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in € million	Group		Automotive		Motorcycles	
	2020	2019	2020	2019	2020	2019
Revenues	69,508	74,844	54,829	64,853	1,716	1,871
Cost of sales	-60,668	-61,674	-49,546	-55,193	-1,445	-1,460
<b>Gross profit</b>	<b>8,840</b>	<b>13,170</b>	<b>5,283</b>	<b>9,660</b>	<b>271</b>	<b>411</b>
Selling and administrative expenses	-6,258	-6,665	-5,136	-5,511	-162	-186
Other operating income	705	455	735	461	2	2
Other operating expenses	-654	-1,881	-730	-1,936	-1	-1
<b>Profit / loss before financial result</b>	<b>2,633</b>	<b>5,079</b>	<b>152</b>	<b>2,674</b>	<b>110</b>	<b>226</b>
Result from equity accounted investments	787	379	787	379	-	-
Interest and similar income	80	102	182	277	-	1
Interest and similar expenses	-256	-297	-381	-472	-2	-5
Other financial result	-282	-200	27	131	-	-
<b>Financial result</b>	<b>329</b>	<b>-16</b>	<b>615</b>	<b>315</b>	<b>-2</b>	<b>-4</b>
<b>Profit / loss before tax</b>	<b>2,962</b>	<b>5,063</b>	<b>767</b>	<b>2,989</b>	<b>108</b>	<b>222</b>
Income taxes	-785	-1,493	-207	-875	-32	-70
<b>Profit / loss from continuing operations</b>	<b>2,177</b>	<b>3,570</b>	<b>560</b>	<b>2,114</b>	<b>76</b>	<b>152</b>
Profit / loss from discontinued operations	-	44	-	44	-	-
<b>Net profit / loss</b>	<b>2,177</b>	<b>3,614</b>	<b>560</b>	<b>2,158</b>	<b>76</b>	<b>152</b>
Attributable to minority interest	67	78	15	19	-	-
<b>Attributable to shareholders of BMW AG</b>	<b>2,110</b>	<b>3,536</b>	<b>545</b>	<b>2,139</b>	<b>76</b>	<b>152</b>
<b>Basic earnings per share of common stock in €</b>	<b>3.20</b>	5.37				
<b>Basic earnings per share of preferred stock in €</b>	<b>3.21</b>	5.38				
Dilutive effects	-	-				
<b>Diluted earnings per share of common stock in €</b>	<b>3.20</b>	5.37				
<b>Diluted earnings per share of preferred stock in €</b>	<b>3.21</b>	5.38				

Financial Services		Other Entities		Eliminations		
2020	2019	2020	2019	2020	2019	
22,055	21,981	1	4	-9,093	-13,865	Revenues
-20,002	-19,170	-	-	10,325	14,149	Cost of sales
<b>2,053</b>	<b>2,811</b>	<b>1</b>	<b>4</b>	<b>1,232</b>	<b>284</b>	<b>Gross profit</b>
-970	-966	-17	-17	27	15	Selling and administrative expenses
22	54	120	82	-174	-144	Other operating income
-48	-39	-61	-62	186	157	Other operating expenses
<b>1,057</b>	<b>1,860</b>	<b>43</b>	<b>7</b>	<b>1,271</b>	<b>312</b>	<b>Profit / loss before financial result</b>
-	-	-	-	-	-	Result from equity accounted investments
2	1	921	1,142	-1,025	-1,319	Interest and similar income
-3	-4	-962	-1,059	1,092	1,243	Interest and similar expenses
-17	-60	-292	-271	-	-	Other financial result
<b>-18</b>	<b>-63</b>	<b>-333</b>	<b>-188</b>	<b>67</b>	<b>-76</b>	<b>Financial result</b>
<b>1,039</b>	<b>1,797</b>	<b>-290</b>	<b>-181</b>	<b>1,338</b>	<b>236</b>	<b>Profit / loss before tax</b>
-275	-529	80	55	-351	-74	Income taxes
<b>764</b>	<b>1,268</b>	<b>-210</b>	<b>-126</b>	<b>987</b>	<b>162</b>	<b>Profit / loss from continuing operations</b>
-	-	-	-	-	-	Profit / loss from discontinued operations
<b>764</b>	<b>1,268</b>	<b>-210</b>	<b>-126</b>	<b>987</b>	<b>162</b>	<b>Net profit / loss</b>
53	59	-1	-	-	-	Attributable to minority interest
<b>711</b>	<b>1,209</b>	<b>-209</b>	<b>-126</b>	<b>987</b>	<b>162</b>	<b>Attributable to shareholders of BMW AG</b>
						<b>Basic earnings per share of common stock in €</b>
						<b>Basic earnings per share of preferred stock in €</b>
						Dilutive effects
						<b>Diluted earnings per share of common stock in €</b>
						<b>Diluted earnings per share of preferred stock in €</b>

# BMW GROUP INCOME STATEMENT

→ BMW Group  
Income Statement

## Income Statements for Group and Segments for the period from 1 July to 30 September

→ 20

in € million	Group		Automotive		Motorcycles	
	2020	2019	2020	2019	2020	2019
Revenues	26,283	26,667	21,962	23,016	637	558
Cost of sales	-22,268	-22,098	-18,752	-19,631	-541	-461
<b>Gross profit</b>	<b>4,015</b>	<b>4,569</b>	<b>3,210</b>	<b>3,385</b>	<b>96</b>	<b>97</b>
Selling and administrative expenses	-2,099	-2,242	-1,722	-1,835	-52	-63
Other operating income	188	140	186	153	2	2
Other operating expenses	-180	-178	-197	-188	-1	-1
<b>Profit / loss before financial result</b>	<b>1,924</b>	<b>2,289</b>	<b>1,477</b>	<b>1,515</b>	<b>45</b>	<b>35</b>
Result from equity accounted investments	383	191	383	191	-	-
Interest and similar income	24	25	46	86	-	-
Interest and similar expenses	-67	-106	-100	-165	-1	-
Other financial result	200	-151	54	-94	-	-
<b>Financial result</b>	<b>540</b>	<b>-41</b>	<b>383</b>	<b>18</b>	<b>-1</b>	<b>-</b>
<b>Profit / loss before tax</b>	<b>2,464</b>	<b>2,248</b>	<b>1,860</b>	<b>1,533</b>	<b>44</b>	<b>35</b>
Income taxes	-649	-702	-500	-470	-14	-15
<b>Profit / loss from continuing operations</b>	<b>1,815</b>	<b>1,546</b>	<b>1,360</b>	<b>1,063</b>	<b>30</b>	<b>20</b>
Profit / loss from discontinued operations	-	-	-	-	-	-
<b>Net profit / loss</b>	<b>1,815</b>	<b>1,546</b>	<b>1,360</b>	<b>1,063</b>	<b>30</b>	<b>20</b>
Attributable to minority interest	29	25	10	6	-	-
<b>Attributable to shareholders of BMW AG</b>	<b>1,786</b>	<b>1,521</b>	<b>1,350</b>	<b>1,057</b>	<b>30</b>	<b>20</b>
Basic earnings per share of common stock in €	2.71	2.31				
Basic earnings per share of preferred stock in €	2.71	2.31				
Dilutive effects	-	-				
<b>Diluted earnings per share of common stock in €</b>	<b>2.71</b>	<b>2.31</b>				
<b>Diluted earnings per share of preferred stock in €</b>	<b>2.71</b>	<b>2.31</b>				

Financial Services		Other Entities		Eliminations		
2020	2019	2020	2019	2020	2019	
7,799	7,471	-	1	-4,115	-4,379	Revenues
-7,008	-6,512	-	-	4,033	4,506	Cost of sales
<b>791</b>	<b>959</b>	<b>-</b>	<b>1</b>	<b>-82</b>	<b>127</b>	<b>Gross profit</b>
-344	-348	-3	-7	22	11	Selling and administrative expenses
12	14	41	33	-53	-62	Other operating income
-21	-19	-20	-26	59	56	Other operating expenses
<b>438</b>	<b>606</b>	<b>18</b>	<b>1</b>	<b>-54</b>	<b>132</b>	<b>Profit / loss before financial result</b>
-	-	-	-	-	-	Result from equity accounted investments
-	-	267	383	-289	-444	Interest and similar income
-1	-1	-292	-361	327	421	Interest and similar expenses
21	-8	125	-49	-	-	Other financial result
<b>20</b>	<b>-9</b>	<b>100</b>	<b>-27</b>	<b>38</b>	<b>-23</b>	<b>Financial result</b>
<b>458</b>	<b>597</b>	<b>118</b>	<b>-26</b>	<b>-16</b>	<b>109</b>	<b>Profit / loss before tax</b>
-116	-190	-33	7	14	-34	Income taxes
<b>342</b>	<b>407</b>	<b>85</b>	<b>-19</b>	<b>-2</b>	<b>75</b>	<b>Profit / loss from continuing operations</b>
-	-	-	-	-	-	Profit / loss from discontinued operations
<b>342</b>	<b>407</b>	<b>85</b>	<b>-19</b>	<b>-2</b>	<b>75</b>	<b>Net profit / loss</b>
19	19	-	-	-	-	Attributable to minority interest
<b>323</b>	<b>388</b>	<b>85</b>	<b>-19</b>	<b>-2</b>	<b>75</b>	<b>Attributable to shareholders of BMW AG</b>
						<b>Basic earnings per share of common stock in €</b>
						<b>Basic earnings per share of preferred stock in €</b>
						Dilutive effects
						<b>Diluted earnings per share of common stock in €</b>
						<b>Diluted earnings per share of preferred stock in €</b>

# BMW GROUP BALANCE SHEET

in € million	Group		Automotive		Motorcycles	
	30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019
<b>ASSETS</b>						
Intangible assets	11,980	11,729	11,451	11,212	147	127
Property, plant and equipment	21,742	23,245	21,282	22,749	387	407
Leased products	41,831	42,609	–	–	–	–
Investments accounted for using the equity method	3,481	3,199	3,481	3,199	–	–
Other investments	802	703	4,680	5,144	–	–
Receivables from sales financing	47,310	51,030	–	–	–	–
Financial assets	2,780	1,370	509	131	–	–
Deferred tax	2,083	2,194	3,235	3,451	–	–
Other assets	1,319	1,325	2,762	2,203	35	36
<b>Non-current assets</b>	<b>133,328</b>	<b>137,404</b>	<b>47,400</b>	<b>48,089</b>	<b>569</b>	<b>570</b>
Inventories	16,078	15,891	14,850	14,404	603	679
Trade receivables	2,492	2,518	2,202	2,228	177	186
Receivables from sales financing	35,577	41,407	–	–	–	–
Financial assets	5,121	5,955	3,942	4,772	–	–
Current tax	1,341	1,209	659	1,000	–	–
Other assets	9,466	11,614	31,937	33,492	2	1
Cash and cash equivalents	17,830	12,036	14,087	9,077	6	11
<b>Current assets</b>	<b>87,905</b>	<b>90,630</b>	<b>67,677</b>	<b>64,973</b>	<b>788</b>	<b>877</b>
<b>Total assets</b>	<b>221,233</b>	<b>228,034</b>	<b>115,077</b>	<b>113,062</b>	<b>1,357</b>	<b>1,447</b>
<b>EQUITY AND LIABILITIES</b>						
Subscribed capital	659	659	–	–	–	–
Capital reserves	2,161	2,161	–	–	–	–
Revenue reserves	58,183	57,667	–	–	–	–
Accumulated other equity	–1,325	–1,163	–	–	–	–
<b>Equity attributable to shareholders of BMWAG</b>	<b>59,678</b>	<b>59,324</b>	–	–	–	–
Minority interest	617	583	–	–	–	–
<b>Equity</b>	<b>60,295</b>	<b>59,907</b>	<b>38,006</b>	<b>40,174</b>	<b>–</b>	<b>–</b>
Pension provisions	3,272	3,335	2,687	2,820	90	96
Other provisions	5,738	5,788	5,578	5,605	77	81
Deferred tax	487	632	721	543	–	–
Financial liabilities	69,078	70,647	2,046	2,680	–	–
Other liabilities	4,822	5,100	7,586	7,929	525	569
<b>Non-current provisions and liabilities</b>	<b>83,397</b>	<b>85,502</b>	<b>18,618</b>	<b>19,577</b>	<b>692</b>	<b>746</b>
Other provisions	7,044	7,421	6,531	6,962	100	105
Current tax	1,181	963	435	704	–	–
Financial liabilities	43,000	46,093	1,153	1,929	–	–
Trade payables	9,861	10,182	8,561	8,814	358	413
Other liabilities	16,455	17,966	41,773	34,902	207	183
<b>Current provisions and liabilities</b>	<b>77,541</b>	<b>82,625</b>	<b>58,453</b>	<b>53,311</b>	<b>665</b>	<b>701</b>
<b>Total equity and liabilities</b>	<b>221,233</b>	<b>228,034</b>	<b>115,077</b>	<b>113,062</b>	<b>1,357</b>	<b>1,447</b>

Financial Services		Other Entities		Eliminations		
30.9.2020	31.12.2019	30.9.2020	31.12.2019	30.9.2020	31.12.2019	
						<b>ASSETS</b>
381	389	1	1	-	-	Intangible assets
73	89	-	-	-	-	Property, plant and equipment
48,324	50,348	-	-	-6,493	-7,739	Leased products
-	-	-	-	-	-	Investments accounted for using the equity method
20	1	6,964	6,847	-10,862	-11,289	Other investments
47,367	51,079	-	-	-57	-49	Receivables from sales financing
223	139	2,083	1,168	-35	-68	Financial assets
547	512	183	84	-1,882	-1,853	Deferred tax
3,066	3,351	40,089	38,919	-44,633	-43,184	Other assets
<b>100,001</b>	<b>105,908</b>	<b>49,320</b>	<b>47,019</b>	<b>-63,962</b>	<b>-64,182</b>	<b>Non-current assets</b>
625	808	-	-	-	-	Inventories
112	103	1	1	-	-	Trade receivables
35,577	41,407	-	-	-	-	Receivables from sales financing
787	1,009	452	187	-60	-13	Financial assets
50	84	632	125	-	-	Current tax
6,515	5,106	58,976	64,692	-87,964	-91,677	Other assets
2,996	2,075	741	873	-	-	Cash and cash equivalents
<b>46,662</b>	<b>50,592</b>	<b>60,802</b>	<b>65,878</b>	<b>-88,024</b>	<b>-91,690</b>	<b>Current assets</b>
<b>146,663</b>	<b>156,500</b>	<b>110,122</b>	<b>112,897</b>	<b>-151,986</b>	<b>-155,872</b>	<b>Total assets</b>
						<b>EQUITY AND LIABILITIES</b>
						Subscribed capital
						Capital reserves
						Revenue reserves
						Accumulated other equity
						<b>Equity attributable to shareholders of BMW AG</b>
						Minority interest
14,989	15,545	23,551	21,972	-16,251	-17,784	<b>Equity</b>
52	47	443	372	-	-	Pension provisions
83	102	-	-	-	-	Other provisions
3,160	3,804	34	34	-3,428	-3,749	Deferred tax
17,179	18,170	49,888	49,865	-35	-68	Financial liabilities
40,135	39,639	781	102	-44,205	-43,139	Other liabilities
<b>60,609</b>	<b>61,762</b>	<b>51,146</b>	<b>50,373</b>	<b>-47,668</b>	<b>-46,956</b>	<b>Non-current provisions and liabilities</b>
334	299	79	55	-	-	Other provisions
742	184	4	75	-	-	Current tax
27,608	26,938	14,299	17,239	-60	-13	Financial liabilities
934	943	8	12	-	-	Trade payables
41,447	50,829	21,035	23,171	-88,007	-91,119	Other liabilities
<b>71,065</b>	<b>79,193</b>	<b>35,425</b>	<b>40,552</b>	<b>-88,067</b>	<b>-91,132</b>	<b>Current provisions and liabilities</b>
<b>146,663</b>	<b>156,500</b>	<b>110,122</b>	<b>112,897</b>	<b>-151,986</b>	<b>-155,872</b>	<b>Total equity and liabilities</b>

# BMW GROUP

## CASH FLOW STATEMENT

→ BMW Group  
Cash Flow Statement

### Condensed Cash Flow Statement for the period from 1 January to 30 September

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in € million	Group	
	2020	2019
Profit / loss before tax*	2,962	5,063
Depreciation and amortisation of tangible, intangible and investment assets	4,562	4,398
Change in leased products and receivables from sales financing	5,848	-3,131
Changes in working capital	-794	-2,727
Change in provisions	-19	943
Other	-2,012	-1,942
<b>Cash inflow/outflow from operating activities</b>	<b>10,547</b>	<b>2,604</b>
Total investment in intangible assets and property, plant and equipment	-3,789	-4,783
Net investment in marketable securities and investment funds	1,320	10
Other	1,116	-546
<b>Cash inflow/outflow from investing activities</b>	<b>-1,353</b>	<b>-5,319</b>
<b>Cash inflow/outflow from financing activities</b>	<b>-3,519</b>	<b>4,719</b>
<b>Effect of exchange rate on cash and cash equivalents</b>	<b>119</b>	<b>-17</b>
<b>Effect of changes in composition of Group on cash and cash equivalents</b>	<b>-</b>	<b>32</b>
<b>Change in cash and cash equivalents</b>	<b>5,794</b>	<b>2,019</b>
Cash and cash equivalents as at 1 January	12,036	10,979
<b>Cash and cash equivalents as at 30 September</b>	<b>17,830</b>	<b>12,998</b>

\* At the beginning of the financial year 2020, the starting point for determining cash flow was changed to profit / loss before tax; the previous year's figures have been adjusted accordingly.



Automotive		Financial Services		
2020	2019	2020	2019	
767	2,989	1,039	1,797	Profit / loss before tax*
4,442	4,280	33	37	Depreciation and amortisation of tangible, intangible and investment assets
–	–	6,915	–2,945	Change in leased products and receivables from sales financing
–923	–2,603	162	–139	Changes in working capital
–81	438	21	798	Change in provisions
–1,158	1,040	–1,722	–1,149	Other
<b>3,047</b>	<b>6,144</b>	<b>6,448</b>	<b>–1,601</b>	<b>Cash inflow/outflow from operating activities</b>
–3,687	–4,690	–10	–9	Total investment in intangible assets and property, plant and equipment
1,023	–31	298	41	Net investment in marketable securities and investment funds
1,192	–430	–1	3	Other
–1,472	–5,151	287	35	<b>Cash inflow/outflow from investing activities</b>
<b>3,338</b>	<b>930</b>	<b>–5,849</b>	<b>1,779</b>	<b>Cash inflow/outflow from financing activities</b>
97	–44	35	10	Effect of exchange rate on cash and cash equivalents
–	27	–	–	Effect of changes in composition of Group on cash and cash equivalents
<b>5,010</b>	<b>1,906</b>	<b>921</b>	<b>223</b>	<b>Change in cash and cash equivalents</b>
9,077	8,631	2,075	1,985	Cash and cash equivalents as at 1 January
<b>14,087</b>	<b>10,537</b>	<b>2,996</b>	<b>2,208</b>	<b>Cash and cash equivalents as at 30 September</b>

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# OTHER INFORMATION

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Information about the various BMW Group brands is available at → [www.bmw.com](http://www.bmw.com), → [www.mini.com](http://www.mini.com)

and → [www.rolls-roycemotorcars.com](http://www.rolls-roycemotorcars.com) and → [www.bmw-motorrad.com](http://www.bmw-motorrad.com).

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