

Media Information

4 May 2023

- Check against delivery –

Statement**Dr Nicolas Peter****Member of the Board of Management of BMW AG, Finance****Conference Call Quarterly Statement to 31 March 2023****Munich, 4 May 2022, 10.00 a.m. CEST**

Good Morning, Ladies and Gentlemen.

As expected, the BMW Group started 2023 with a solid performance.

Group earnings came in at around 5.1 billion euros – with a Group EBT margin of 13.9%. After the first three months of the year, the Automotive Segment delivered an EBIT margin of 12.1%.

We achieved this in the face of persistently volatile conditions. The geopolitical and macroeconomic situation remains tense; inflation and interest rates remain at a high level in many markets. The same applies to material and commodity prices.

Sales of our fully-electric vehicles increased dynamically in the first three months of the year: Just under 65,000 units were sold – an increase of over 83% compared to the same quarter of the previous year. BEV sales at the BMW brand saw growth of 112%. Overall, all-electric vehicles accounted for 11% of customer deliveries.

Sales momentum also came from the market launch of vehicles in the upper price segment, including, for example, the BMW i7*.

The BMW Group's total vehicle sales for the first quarter were down slightly on the previous year, with just over 588,000 vehicles sold. While the US market posted significant growth, we saw a moderate decrease in deliveries in China, where the aftereffects of the coronavirus wave at the beginning of the year were being felt. Europe remained stable overall.

In the first quarter of 2023, the operating result of our Chinese joint venture, BBA, was integrated fully into the Automotive Segment's income statement. In the previous year, BBA was only fully consolidated from 11 February.

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The Automotive Segment EBIT for 2022 and 2023 therefore include consolidation effects of differing amounts.

The previous year's financial result also reflected the high one-time effect from the full consolidation of BBA.

The quarterly results are therefore not directly comparable.

Ladies and Gentlemen,

Let's start with a look at the Group's earnings performance.

Revenues reached just over 36.9 billion euros, with a cost of sales of around 29.1 billion euros. A key factor in these year-on-year increases of 18.3% and 13.5%, respectively, is the full integration of BBA's operating business in 2023. The Automotive Segment also benefited from positive pricing and mix effects.

The Group financial result for the first three months was slightly negative, at -246 million euros. This represents a significant decrease of just over 9.1 billion euros compared to the previous year.

The main factor here is the one-time revaluation effect of around 7.7 billion euros from the fair market valuation of BBA equity interests in 2022.

In the first six weeks of last year, BBA also still contributed approximately 300 million euros to the at-equity result. In 2023, BBA earnings were no longer included in the at-equity result.

In the Other Entities Segment, the fair market value of interest rate hedging transactions declined slightly in the first quarter of 2023.

In the prior-year quarter interest rate hedges had developed positively, due to the sharp increase in interest rates. The difference in earnings from the previous year was about 700 million euros.

At the end of the first quarter, Group earnings totalled just over 5.1 billion euros. The Group EBT margin of 13.9% was significantly above our strategic target of at least 10%.

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Our strong financial position lays the foundation for the transformation of the BMW Group. We continue to invest in new models and structures, with a clear focus on topics for the future: electrification, digitalisation and automated driving.

Research and development expenditure was significantly higher than the previous year, at just under 1.6 billion euros. Our R&D ratio of 4.2%, according to the German Commercial Code, was within our long-term target range of 4 to 5%.

We are funding investments from our operational cashflow. Capital expenditure was about 200 million euros higher than the comparable figure for 2022, at just under 1.3 billion euros.

Due to higher revenues, the capex ratio was on a par with the previous year, at 3.6%.

We expect the ratio for the full year to be around 6%.

Let's move on to the Automotive Segment.

The EBIT margin for the first quarter came in at 12.1%. Earnings before financial result exceeded the previous year's EBIT by around 60%, at just under 3.8 billion euros.

Full integration of BBA's operating result increased both the segment's first-quarter revenues and its cost of sales.

With regard to BBA, segment earnings for the first quarter of 2022 were impacted by depreciation and amortisation from the purchase price allocation and the elimination of interim profits in connection with intra-Group deliveries, totalling around 1.2 billion euros.

In the first quarter of this year, depreciation and amortisation from the purchase price allocation resulted in an expense of around 400 million euros. This depreciation equals about one percentage point of EBIT margin.

In the first three months of the year, we continued to see robust pricing for our

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products. The product mix also developed positively – especially in the upper segments with products such as the new 7 Series, the updated X7, the XM* and, of course, the Rolls-Royce family.

Higher material and commodity prices, an increase in research and development spending and a higher percentage of all-electric vehicles also pushed up the cost of sales. In the first quarter, we were able to compensate for these cost increases with strong pricing and an improved product mix.

Free cashflow in the Automotive Segment for the year to the end of March totalled just under two billion euros – despite the seasonal increase of inventory levels.

We are therefore on track to achieve our targeted free cashflow of around seven billion euros for the full year.

By mid-2023, BMW AG will finalize its current share buyback program of 2 billion euros, which was launched in July 2022.

The company's strong operating performance is the basis for continuing our share buyback activities.

As announced yesterday, the Board of Management has therefore decided on a second share buyback program as part of the authorization granted by the 2022 Annual General Meeting. This programme amounts to another 2 billion euros. It will start after the end of the first program and will be completed by December 31, 2025, at the latest.

Let's turn now to the Financial Services Segment.

In the financing and leasing business with retail customers the volume of new business decreased by 14.0%. This was mainly due to price increases – stemming from higher interest rates – and intense competition in the financial services sector. However, price developments and an improved product mix in the automotive business had a positive impact, resulting in a higher average financing volume per vehicle.

Segment earnings before tax totalled 945 million euros. This moderate year-on-

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year decrease of 6.2% is mainly due to higher refinancing costs. Income from the resale of end-of-lease vehicles remains consistently high and the risk situation is stable. The credit loss ratio is still at the very low rate of 0.13%.

The Motorcycles Segment also got off to a successful start in 2023.

In the first three months of its centenary year, the BMW Motorrad brand grew its sales by 1.1% year-on-year – delivering its best-ever first-quarter sales result, with around 48,000 units sold.

This impressive performance is underpinned by an attractive product line-up. At the end of the first quarter, the segment's operating earnings totalled 154 million euros, with an EBIT margin of 16.5%.

Ladies and Gentlemen,

In the first quarter of 2023, the BMW Group's business developed positively, despite the volatile business environment.

We continue to benefit from stable pricing in new and pre-owned car markets. However, we do expect the competitive environment and pre-owned car markets to gradually normalise through 2023. There is still some uncertainty around stabilization in the Chinese market, which is an underlying assumption for our outlook.

After a good start to 2023, as forecast, we expect the full year to progress in line with our outlook. Therefore, our guidance remains unchanged. This assumes that geopolitical and economic conditions do not deteriorate significantly. Group earnings before tax will decrease significantly – without the tailwind from the revaluation of previously held equity interests in BBA.

In the Automotive Segment, we are planning for a slight increase in deliveries overall. The all-electric share of total vehicle deliveries is projected to increase significantly.

The EBIT margin in the Automotive Segment should be within the range of 8 to 10

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percent, with a segment RoCE of between 15 and 20 percent.

In the Motorcycles Segment, we anticipate a slight increase in deliveries, with an EBIT-Marge of 8 to 10% and a RoCE of 21 to 26%.

In the Financial Services Segment, return on equity should be between 14 and 17 percent.

The size of the workforce and the share of women in management positions are forecast to increase slightly.

Once again this year, we are targeting a slight reduction in CO₂ emissions in the new vehicle fleet, as well as in CO₂ emissions per vehicle produced.

The macroeconomic situation remains difficult and the geopolitical environment is volatile. Our guidance does not factor in the possibility of a deep recession in key sales markets or further escalation of the war between Russia and Ukraine.

Ladies and Gentlemen,

The BMW Group's strategy remains robust, even in highly volatile times. It is well-balanced and focused on the long term. With the positive effects of a strong operating performance, we continue to make targeted investments in the future competitiveness of our company. Even during the transition to emission-free mobility, the BMW Group will continue on its road to success.

We are determined to stay the course, proceeding at the same time with prudence and flexibility – knowing that we can rely on our attractive product portfolio. We remain on track to meet our goals for the year in a volatile business environment – and are looking forward to the rest of 2023 with confidence.

Thank you!

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Consumption/emissions data:*BMW i7 xDrive60:** Power consumption in kWh/100 km combined: 19.6-18.4 WLTP.**BMW XM:** Fuel consumption weighted, combined in l/100 km: - (NEDC)/1.6-1.4 (WLTP);
CO2 emissions weighted, combined in g/km: - (NEDC)/36-32 (WLTP); power consumption
weighted, combined in kWh/100 km: - (NEDC)/301-28.6 (WLTP); electric range (WLTP) in
km: 82-90.