

Media Information
11 March 2021

Strong second half-year 2020 driven by high demand and well-coordinated management

- Group profit before tax for second half-year up 9.8% year-on-year
- Q4 EBIT margin of 7.7% in Automotive segment
- Full-year EBIT margin at higher edge of target range
- Free cash flow of € 3.4 billion despite lockdowns above previous year
- Dividend of € 1.90 per share of common stock proposed
- Zipse: "Starting 2021 with a favourable tailwind"

Munich. The BMW Group's profitable performance in the second half of the financial year 2020 provided a good tailwind going into 2021. Despite the global pandemic, the premium automobile manufacturer recorded an impressive pre-tax profit for the final six months of the year amounting to € 4,724 million, 9.8% up on the previous year's already high figure of € 4,303 million.

Following the pandemic-related downturn in earnings in the second quarter, the BMW Group has therefore made a swift return to a more familiar profitable course. In the second half of the year, it delivered over 1.36 million units to customers, significantly more than in the corresponding period one year earlier. Volumes and earnings grew respectively in the final quarter of the year.

"Our performance in the second half of the year demonstrated just how strong the BMW Group is. By pooling all of our strengths, we soon overcame the impact of weeks of plant closures and nationwide lockdowns. And we have ensured that the BMW Group never stands still," **Oliver Zipse**, Chairman of the Board of Management of BMW AG, said in Munich on Thursday. "We have developed our corporate strategies, in particular our whole-hearted adoption of a holistic approach to sustainability. We are starting 2021 revitalised and with a favourable tailwind. We follow a clear roadmap for transformation to ensure our continued success as the world's leading premium manufacturer."

No premium quality without sustainability: decarbonisation targets for 2020 surpassed

Thanks to the higher number of electrified BMW and MINI models delivered, the BMW Group improved on the emissions target of 104 g/km set for its European fleet in 2020 by achieving a (provisional) figure of 99 g/km. In combination with transparent targets for conserving resources, the BMW Group is intent on staking its claim to offer the 'greenest' electric car on the market.

Five fully electric series models available in 2021

Electric mobility was a key growth driver in 2020, with 192,662 electrified BMW and MINI brand vehicles sold worldwide, one third more than in the previous year (+31.8%). Deliveries of fully electric and plug-in hybrid vehicles increased by 13% and nearly 40% respectively. In Europe, the proportion of total deliveries accounted for by electrified vehicles already stands at 15%. Following its launch in China in autumn 2020, the BMW iX3* has also become available on European markets within the last few weeks. Together with the BMW i3*, the MINI Cooper SE* and the upcoming BMW i4 and iX*, a total of five all-electric models will be on offer by the end of the year.

Continued high upfront expenditure on tomorrow's mobility

The ongoing transformation of the BMW Group again necessitated a high level of expenditure on research and development in 2020, mostly benefiting future-oriented mobility technologies, such as vehicle connectivity, highly autonomous driving and electric mobility as well as the new vehicle projects referred to above. Overall, **research and development** expenses in accordance with IFRS decreased slightly to €5,689 million (2019: € 5,952 million; -4.4%). As a result of intensified cost management, the R&D ratio also remained almost at the previous year's level of 6.3%, despite a moderate decline in Group revenues (2019: 6.2%).

Manufacturing costs were slightly down year-on-year, in line with the lower number of vehicles delivered over the full twelve-month period. At the same, however, negative currency effects and a significant increase in risk provisioning expense had a dampening effect on earnings. As previously announced, **capital expenditure** on property, plant and equipment and other intangible assets was reduced significantly in 2020, with additions totalling €3,922 million (2019: €5,650 million; -30.6%). A significant portion of these investments related to new vehicle projects prior to the start of series production as well as the construction and expansion of production facilities.

"The BMW Group has emerged from 2020 in a more digital, efficient and agile shape. We have improved the situation on the cost side by cutting fixed costs and lowering capital expenditure, putting us in a favourable starting position to make 2021 a more profitable year," said **Dr Nicolas Peter**, Member of the Board of Management of BMW AG, Finance. "Our highly attractive product portfolio will help drive growth."

Measures implemented in conjunction with the ongoing performance programme are having a long-term beneficial impact on profitability and creating more streamlined processes and structures. In both cases, the measures are making vital contributions to the successful transformation process. Given the rapid progress of electrification, it is likely that up to 50% of today's **drivetrain variants** will have disappeared by 2025. The BMW Group is also striving to reduce model portfolio complexity and boost efficiency in the fields of purchasing, production and sales. In 2020, for example, sales expenses were reduced through a combination of **more efficient sales promotion programmes** and optimised sales and marketing processes.

Back on profitable growth course after lockdowns

With the exception of the second quarter, the Group reported improved pre-tax earnings for the remaining three quarters of 2020 compared to one year earlier.

Fourth-quarter deliveries of BMW, MINI and Rolls-Royce premium brand vehicles went up slightly to 686,277 units (+3.2%). At € 29,482 million, **Group revenues** for this three-month period were at a similarly high level to the previous year (2019: € 29,366 million; +0.4%).

Profit before financial result for the fourth quarter dipped to € 2,197 million (2019: € 2,332 million; -5.8%). The decrease was partly attributable to the negative impact of eliminations recorded at Group level, brought about by a significant rise in new business volumes in the Financial Services segment. The Group's fourth-quarter EBIT margin came in at 7.5% (2019: 7.9%).

Profit before tax for the three-month period increased to € 2,260 million (2019: € 2,055 million; +10.0%). The pre-tax return on sales (**EBT margin**) improved to 7.7% (2019: 7.0%).

The Group's **reported figures for the financial year 2020** clearly reflect the impact of the corona pandemic. Due to worldwide lockdowns lasting several weeks, vehicle **deliveries to customers** fell by a moderate 8.4% to 2,325,179 units.

Group revenues also decreased moderately, dropping to €98,990 million (2019: € 104,210 million; -5.0%).

Profit before financial result deteriorated significantly to € 4,830 million (2019: € 7,411 million; -34.8%).

Profit before tax fell to € 5,222 million (2019: € 7,118 million; -26.6%) partly reflecting the negative impact of unfavourable currency factors. The Group's pre-tax margin came in at 5.3% (2019: 6.8%).

Based on the annual financial statements of BMW AG, at the Annual General Meeting on 12 May 2021 the Board of Management and the Supervisory Board will propose payment of a **dividend** of € 1.90 per share of common stock and € 1.92 per share of preferred stock. This corresponds to a payout ratio of 32.5% (2019: 32.8%) on net profit for the year amounting to € 3,857 million (2019: € 5,022 million), giving a total dividend of € 1,253 million (2019: € 1,646 million). „Even after a challenging financial year 2020, we intend to keep our promise of enabling shareholders to participate in the company’s success at a reliable and commensurate level," said CFO **Dr Nicolas Peter**. "We are looking to 2021 with confidence and aim to maintain the growth momentum of recent months."

High level of free cash flow recorded in fourth quarter and for full year

The impact of the pandemic is most evident in the **Automotive segment**, the BMW Group's largest operating segment. Here too, a catch-up effect took place during the second half of the year, with segment profitability rising sharply in the final three-month period.

Although **fourth-quarter revenues** decreased slightly to € 26,024 million (2019: € 26,829 million; -3.0%), profit before financial result was significantly higher at € 2,010 million (2019: € 1,825 million; +10.1%), reflecting the higher share of vehicles sold in high-margin market segments, with business benefiting from the improved product mix and higher selling prices. Moreover, increased revenues from sales of pre-owned vehicles also contributed to improving profitability.

Accordingly, the EBIT margin improved year-on-year, rising to 7.7% in the final three-month period of the year (Q4 2019: 6.8%).

Between January and December 2020, the BMW Group delivered a total of 2,325,179 units to customers (-8.4%).

In **Europe**, deliveries fell significantly to 913,642 units (-15.5%). In the **USA**, the corresponding figure dropped to 307,876 units (-18.1%). By contrast, the BMW Group recorded solid growth in **China**, its largest sales market, with deliveries to customers up by 7.4% to 778,412 units.

In 2020, Automotive segment **revenues** totalled € 80,853 million (2019: € 91,682 million; -11.8%), significantly lower than one year earlier, mainly due to the lower number of deliveries during lockdown periods. Volume contraction on markets in Europe and the USA was partially offset by corresponding growth in China. Higher selling prices and volumes were also achieved in the upper luxury segment.

The lower number of deliveries overall, unfavourable currency factors, higher material and manufacturing costs incurred for electrified vehicles as well as personnel-related restructuring measures caused **profit before financial result** to drop to € 2,162 million (2019: € 4,499 million; -51.9%). The **EBIT margin** for the year finished at 2.7% (2019: 4.9%). The BMW Group thus met its forecast of achieving an EBIT margin within the upper third of the target range of 0 to 3%. **Profit before tax** for the year amounted to € 2,722 million (2019: € 4,467 million; -39.1%).

By contrast, **free cash flow generated by the Automotive segment** developed even more positively than expected during the second half of the year, turning around from a pandemic-related negative free cash flow in the first six-month period to a positive free cash flow for the full year of € 3,395 million (2019: € 2,567 million), with good contributions coming from improving earnings and more efficient inventories management. Other factors affecting free cash flow were the lower amount of warranty provisions utilised, higher proceeds from the sale of pre-owned vehicles as referred to above and higher advance payments from dealerships during the final quarter.

In the financial year 2020, a total of 2,028,841 **BMW** brand vehicles were delivered to customers worldwide (-7.1%). Growth was again particularly strong in the upper luxury segment, with deliveries up by 12.4% to more than 115,000 vehicles, mainly reflecting the performance of the 7 Series and the 8 Series as well as that of the BMW X7 in its first full year on the market. Indeed, sales of these profitable models have soared by over 70% since 2018. BMW M vehicles were also in high demand during 2020, resulting in a 6% increase in deliveries to 144,218 units, including good contributions from the high-performance models of the X Series. In the meantime, the new BMW M3 and the BMW M4 have been added to the product range following their launch in the first quarter 2021. Deliveries of BMW Group electrified vehicles jumped by almost 32% to 192,600 units.

MINI Cooper SE* and John Cooper Works models particularly popular

The MINI brand, operating within a highly competitive segment, saw a significant drop in business in 2020, with deliveries to customers falling to 292,582 units as a result of the pandemic (-15.8%). Bucking the trend, however, the all-electric MINI Cooper SE* (17,580 units) and the John Cooper Works models (20,565 units; +20.8%) sold very well.

Rolls-Royce Motor Cars launches the new Ghost

Rolls-Royce Motor Cars delivered a total of 3,756 units of its ultra-luxury brand vehicles to customers in 2020 (-26.4%). The lower figure was partially attributable to the Rolls-Royce Ghost model change and the fact that the launch of the brand's best-selling model did not take place until the final quarter of the year. The order book for the new Rolls-Royce Ghost is full until well into the second half of 2021. Rolls-Royce Motor Cars also received a new record level of orders for Bespoke business.

BMW Motorrad earnings down due to pandemic

Despite the prevailing economic challenges, **BMW Motorrad** delivered a total of 169,272 motorcycles and scooters to customers in 2020 (2019: 175,162; -3.4%). In the fourth quarter, deliveries rose slightly by just under 4% to 39,673 units (2019: 38,230; +3.8%), reflecting the success of the brand's broad product portfolio, including thirteen new models launched.

Revenues fell slightly to € 2,284 million (2019: € 2,368 million; -3.5%). **Profit before financial result** dropped sharply to € 103 million (2019: € 194 million; -46.9%), giving a segment **EBIT margin** of 4.5% (2019: 8.2%). **Profit before tax** for the year amounted to € 100 million (2019: € 187 million; -46.5%).

Financial Services segment continues to perform well

Pandemic-related closures also weighed on the performance of the **Financial Services segment** in the first half of the year. The number of new contracts fell to 1,845,271 (2019: 2,003,782; -7.9%), while the contract portfolio with retail customers comprising 5,981,928 contracts was virtually identical to one year earlier (31 December 2019: 5,973,682 contracts; +0.1%).

Catch-up effects on the demand side during the second half of the year resulted in a higher volume of business relating to pre-owned vehicles, contributing to the segment's slight rise in revenues for the full year to € 30,044 million (2019: € 29,598 million; +1.5%). **Segment profit before tax** amounted to € 1,725 million (2019: € 2,272 million; -24.1%), significantly down on the previous year, mainly due to the pandemic-related increase in risk provisions for residual value risks and, to an even greater extent, for credit risks, in both cases causing earnings to deteriorate. The return on equity (RoE) fell accordingly to 11.2% (2019: 15.0%).

Number of employees slightly below previous year's level

The BMW Group had a workforce of 120,726 **employees** at 31 December, slightly lower than one year earlier and in line with the outlook (2019: 126,016 employees; -4.2%). Recruitment in the IT sector and in future-oriented fields such as digitisation, autonomous driving and electric mobility continued throughout 2020. The number of new apprentices remained at the previous year's high level of around 1,200. In order to secure personnel requirements going forward, the BMW Group will take on a similar number of apprentices in 2021.

Supervisory Board

The mandates of Dr Karl-Ludwig Kley and Simone Menne end at the close of the Annual General Meeting on 12 May 2021. They will not stand for re-election as they have been members of the Supervisory Board for more than 12 years or because they have other mandates. In addition, Prof. Dr Dr h.c. Reinhard F. Hüttl resigned with effect from the close of the Annual General Meeting, also having been a member of the Supervisory Board for more than 12 years. The Supervisory Board would like to thank the aforementioned members for their many years of trustworthy cooperation and valuable work on behalf of the BMW Group. Upon the recommendation of the Nomination Committee, the Supervisory Board will propose that Dr Marc Bitzer, Rachel Empey and Prof. Dr Dr h.c. Christoph M. Schmidt be elected to the Supervisory Board for the first time at the upcoming Annual General Meeting. All candidates have been assessed by the Supervisory Board as being independent in accordance with the requirements of the German Corporate Governance Code.

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Further information on the Group Financial Statements 2020 and the outlook for the current year will be available at the BMW Group's Annual Conference to be held in Munich on 17 March 2021. The financial statements will be included in new integrated BMW Group Report which will be available from 17 March onwards at <https://report.bmwgroup.com/>.

The pdf download of the BMW Group Report 2020 will be available at:

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

The BMW Group – an Overview		2020	2019	Change in %
Deliveries to customers				
Automotive ¹	units	2,325,179	2,537,504	-8.4
thereof: BMW ¹	units	2,028,841	2,184,939	-7.1
MINI ¹	units	292,582	347,465	-15.8
Rolls-Royce ¹	units	3,756	5,100	-26.4
Motorcycles	units	169,272	175,162	-3.4
Employees	(compared to 31.12.2019)	120,726	126,016	-4.2
Automotive segment EBIT margin	%	2.7	4.9	-2.2 % points
Motorcycles segment EBIT margin	%	4.5	8.2	-3.7 % points
EBT margin BMW Group	%	5.3	6.8	-1.5 % points
Revenues	€ million	98,990	104,210	-5,0
thereof: Automotive	€ million	80,853	91,682	-11.8
Motorcycles	€ million	2,284	2,368	-3.5
Financial Services	€ million	30,044	29,598	1.5
Other Entities	€ million	3	5	-40.0
Eliminations	€ million	-14,194	-19,443	27.0
Profit before financial result (EBIT)	€ million	4,830	7,411	-34.8
thereof: Automotive	€ million	2,162	4,499	-51.9
Motorcycles	€ million	103	194	-46.9
Financial Services	€ million	1,721	2,312	-25.6
Other Entities	€ million	36	29	24.1
Eliminations	€ million	808	377	-
Profit before tax (EBT)	€ million	5,222	7,118	-26.6
thereof: Automotive	€ million	2,722	4,467	-39.1
Motorcycles	€ million	100	187	-46.5
Financial Services	€ million	1,725	2,272	-24.1
Other Entities	€ million	-235	-96	-
Eliminations	€ million	910	288	-
Income taxes	€ million	-1,365	-2,140	36.2
Net profit ²	€ million	3,857	5,022	-23.2
Earnings per share (common/preferred share)	€	5.73/5.75	7.47/7.49	-23.2/-23.2

¹ In connection with a review of its sales practices and related reporting practices, the BMW Group has reviewed prior-period vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information is available on page 54 of the BMW Group's Annual Report 2019. To update the information provided there, the BMW Group has revised the data on vehicle deliveries in its sixteen most important markets retrospectively back to 2015.

² Figure for 2019 includes a profit of € 44 million from discontinued operations.

The BMW Group – an Overview		4th quarter 2020	4th quarter 2019	Change in %
Deliveries to customers				
Automotive¹	units	686,277	665,803	3.2
thereof: BMW ¹	units	600,981	576,782	4.3
MINI ¹	units	84,191	87,628	-3.7
Rolls-Royce ¹	units	1,105	1,393	-20.7
Motorcycles	units	39,673	38,230	3.8
Employees	(compared to 31.12.2019)	120,726	126,016	-4.2
Automotive segment EBIT margin	%	7.7	6.8	0.9 % points
Motorcycles segment EBIT margin	%	-1.2	-6.4	5.2 % points
EBT margin BMW Group	%	7.7	7.0	0.7 % points
Revenues	€ million	29,482	29,366	0.4
thereof: Automotive	€ million	26,024	26,829	-3.0
Motorcycles	€ million	568	497	14.3
Financial Services	€ million	7,989	7,617	4.9
Other Entities	€ million	2	1	-
Eliminations	€ million	-5,101	-5,578	-8.6
Profit before financial result (EBIT)	€ million	2,197	2,332	-5.8
thereof: Automotive	€ million	2,010	1,825	10.1
Motorcycles	€ million	-7	-32	-78.1
Financial Services	€ million	664	452	46.9
Other Entities	€ million	-7	22	-
Eliminations	€ million	-463	65	-
Profit before tax (EBT)	€ million	2,260	2,055	10.0
thereof: Automotive	€ million	1,955	1,478	32.3
Motorcycles	€ million	-8	-35	77.1
Financial Services	€ million	686	475	44.4
Other Entities	€ million	55	85	-35.3
Eliminations	€ million	-428	52	-
Income taxes	€ million	-580	-647	10.4
Net profit	€ million	1,680	1,408	19.3
Earnings per share (common/preferred share)	€	2.53/2.54	2.09/2.10	21.1/21.0

¹ In connection with a review of its sales practices and related reporting practices, the BMW Group has reviewed prior-period vehicle delivery data and determined that certain vehicle deliveries were not reported in the correct periods. Further information is available on page 54 of the BMW Group's Annual Report 2019. To update the information provided there, the BMW Group has revised the data on vehicle deliveries in its sixteen most important markets retrospectively back to 2015.

***Consumption/emission data:**

BMW iX3: Fuel consumption combined: 0.0 l/100 km; power consumption combined in kWh/100 km combined: 17.8-17.5 NEDC, 19.0-18.6 WLTP; CO2 emissions combined: 0 g/km.

BMW i3 (120 Ah): Fuel consumption combined: 0.0 l/100 km; power consumption in kWh/100 km combined: 13.1 NEDC, 16.3-15.3 WLTP; CO2 emissions combined: 0 g/km

BMW i3s (120 Ah): Fuel consumption combined: 0.0 l/100 km; power consumption in kWh/100 km combined: 14.6-14.0 NEDC, 16.6-16.3 WLTP; CO2 emissions combined: 0 g/km

MINI Cooper SE: Fuel consumption combined: 0.0 l/100 km, power consumption combined in kWh/100 km: 16.9-14.9 NEDC, 17.6-15.2 WLTP; CO2 emissions combined: 0 g/km

BMW iX: Fuel consumption combined: 0.0 l/100 km power consumption (NEDC): below 21 kWh/100 km; CO2 emissions: 0 g/km. Data on driving performance, energy consumption and range are preliminary and based on forecasts.

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.

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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 2020, the BMW Group sold over 2.3 million passenger vehicles and more than 169,000 motorcycles worldwide. The profit before tax in the financial year 2020 was € 5.222 billion on revenues amounting to € 98.990 billion. As of 31 December 2020, the BMW Group had a workforce of 120,726 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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