

Media Information
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First quarter: Transformation accelerated – core business significantly strengthened

- Zipse: "BMW Group highly profitable and sustainable"
- Deliveries of electrified vehicles more than doubled
- Free cash flow of € 2.5 billion in first quarter
- Sustainable mobility needs more than just an e-drive
- Earnings boosted by higher deliveries and better pricing
- Automotive segment EBIT margin at 9.8%

Munich. The BMW Group continued to grow extremely dynamically in the first quarter 2021 – as demonstrated by its outstanding reported figures. The Group is systematically driving its transformation process at a high pace, reaching new milestones in terms of e-mobility, digitisation and sustainability. At the same time, it was able to strengthen its business model in the first quarter of the year and to grow further.

"The first quarter shows that our global business model is a successful one, even in times of crisis. We remain firmly on track for continued sustainable, profitable growth," said **Oliver Zipse, Chairman of the Board of Management of BMW AG**, in Munich on Friday. "Our strategy is based on retaining a keen focus on providing attractive high-tech products that are destined to shape the changing world of mobility going forward. With this clear vision, we are already developing the next major technological leaps that will continue to fascinate our customers ten years from now."

The main thrust of the Group's work is on **digitally connected, sustainable electric mobility**. The **breakthrough of e-mobility** has been expedited by the holistic approach adopted by the BMW Group, driven in particular by the systematic addition of electrified drivetrain technologies to its model portfolio and the target of increasing its **sales of fully electric vehicles** by an average of more than 50 per cent per year through to **2025**. By then, the BMW Group plans to have some **two million fully electric vehicles** on roads worldwide,

also putting it firmly on track from a strategic perspective to **achieve** the **EU's ambitious decarbonisation targets** by 2030.

As part of this strategy, the BMW Group is keen to play a leading role in the development of **battery technology**. Within the framework of its second EU-coordinated '**IPCEI**' project ('Important Project of Common European Interest'), the focus is on developing the next generation of lithium-ion battery cells. The all-solid-state battery (ASSB) for automobiles is expected to be more cost-effective, more sustainable and optimised for the **circular reuse of raw materials** to take account of the increasingly limited availability of natural resources worldwide. After their deployment in vehicles, the intention is to use the batteries as stationary storage devices, with the ultimate aim of processing all their raw materials for subsequent reuse. The second IPCEI project also promotes the continued development of process technologies and the construction of a prototype production plant for innovative battery modules and systems. The BMW Group recently signed an agreement with the US company **Solid Power** for the industrialisation of new solid-state batteries. As part of a pilot project, the latter will supply solid-state battery cells with a higher capacity of 100 Ah already from 2022 onwards.

By adopting this sustainable reuse approach, the BMW Group intends to make a valuable contribution to **preserving limited natural resources**. Circularity is also a proactive way of counteracting price hikes of scarce commodities going forward.

"This example of combatting resource scarcity clearly shows how sustainability has economic as well as ecological benefits and validates the comprehensive approach to sustainability applied throughout the enterprise," stated **Oliver Zipse**.

At the same time, the BMW Group is also extensively involved in **expanding public and private charging infrastructures**. Since 2013, it has participated

in some 50 international projects with various partners, jointly installing over **15,000 public charging points**. By mid-year, it will have established around 4,100 charging points for its own employees in parking areas at various Group locations, around half of which will be accessible to the general public, all powered fully by electricity from renewable sources.

The BMW Group is also fostering the rapid expansion of and ubiquitous access to an open charging infrastructure in Europe in the form of a recently agreed **collaboration of the YOUR NOW subsidiary CHARGE NOW with the energy company bp** (formerly: BP British Petroleum). With the same objective in mind, the BMW Group is also a **co-founder and partner of Ionity and its high-power charging network**. So far, Ionity has set up around 350 charging stations across Europe, with the number expected to rise to over 400 by the end of the year. These charging facilities each provide an average of four fast-charging points and are conveniently located on motorways and main traffic routes. The all-electric **BMW iX3***, for instance, can be recharged **within 10 minutes for a range of up to 100 km (WLTP)** at one of these fast-charging points. The Ionity network is due to be successively expanded, also within towns and cities.

The BMW Group's mission to build the 'greenest' electric car has been furthered by its involvement in a number of projects during the past quarter.

For example, it has concluded multi-year supply agreements with the US company Livent to **purchase sustainable lithium** sourced from South America. Livent utilises a special process that reduces the impact of lithium extraction on the surrounding ecosystem to a minimum.

With immediate effect, one half of the aluminium required by the light metal foundry in Landshut will be supplied by the Abu Dhabi-based company

Emirates Global Aluminium. The raw material is produced using electricity generated by one of the world's largest solar farms.

The BMW Group also has a stake in **Boston Metal**, a company that aims to make steel production more sustainable. Boston Metal is working on industrialising low-emission electrolysis processes for producing liquid iron.

In collaboration with the WWF (World Wide Fund For Nature), Google, Samsung SDI and Volvo, the BMW Group has launched an **initiative to protect the deep seas**. Accordingly, the practise of extracting minerals from deep-sea mining is considered taboo as long as the consequences have not been comprehensively scientifically investigated.

World's largest fleet capable of over-the-air upgrades set to be on roads by end of 2021

Apart from the electric drivetrain itself, other crucial factors driving the transformation process include **software systems and their digital interaction** with the vehicle.

Since 2014, customers have been able to book and pay for services online directly from the vehicle via the **BMW Connected Drive** Store. Moreover, since 2018, BMW drivers have been able to keep vehicle connectivity up to date at all times with the help of **remote software upgrades**, much like they have already become used to doing with their smartphones. By the end of 2021, the BMW Group will already have the **world's largest fleet** on the road, with around 2.5 million vehicles that can be updated with new and enhanced functions **over the air**.

The **BMW iX*** will be the first vehicle to feature the new **BMW Operating System 8** – the most powerful data processing system devised for cars to date – enabling high-speed **over-the-air upgrades**, which will provide an even broader range of **functions on demand** that can be ordered and installed over the air at any time with complete flexibility.

BMW Group on growth course in first quarter

Compared to the previous year's pandemic-affected first-quarter performance, key financial figures developed positively in the first three months of the financial year 2021. The significant recovery of the markets, which began in mid-2020, continued to gain momentum during the first three months of the year. Within a favourable environment, the BMW Group set a new record for first-quarter deliveries with an increase of 33.4% compared to the previous year to 636,606 units (2020: 477,111 units).

Sales of electrified vehicles more than doubled in the first quarter

Strong demand for electrified vehicles (plug-in hybrids and fully electric vehicles) contributed substantially to the outstanding sales performance, with deliveries more than doubling compared to the same quarter one year earlier. This dynamic growth rate is testimony to the success of the BMW Group's electrification strategy, with a total of **70,207 electrified vehicles** delivered to customers during the three-month period (2020: 30,692 units; +128.7%), including 14,161 units of the fully electric BMW iX3*, BMW i3* and MINI Cooper SE* models (2020: 6,457 units; +119.3%). In the course of 2021, two key innovation leaders – the **BMW iX*** and **the BMW i4*** – will be added to the core segments of the BMW brand.

Significant growth in Group revenues and earnings

The greatly improved level of revenues and earnings was driven by a combination of higher sales volume figures across all regions of the world, particularly in China, and improved selling prices. Positive effects also came from the robust situation on pre-owned vehicle markets, causing revenues from the sale of previously leased vehicles to rise, above all in the USA.

Group revenues grew by 15.2% to **€ 26,778 million** (2020: € 23,252 million; +18.9% adjusted for currency factors).

The Group's **research and development expenditure** totalled **€ 1,287 million** (2020: € 1,324 million; -2.8%), slightly lower than one year earlier, with costs arising in the first quarter 2021 primarily for electrification and digitisation as well as for preparing the production ramp-up of the BMW iX*. The increase in revenues caused the **R&D ratio** to fall to **4.8%** (2020: 5.7%). At **22.6%**, the **capitalisation rate** was also lower than one year earlier (2020: 28.4%).

In light of the various positive effects described above, **Group profit before financial result** for the three-month period rose significantly to **€ 3,025 million** (2020: € 1,375 million; +120%).

The improved **financial result** also contributed to earnings growth. In particular, the Group's share of the profit in the Chinese joint venture BMW Brilliance Automotive amounting to € 503 million (2020: € 162 million) as well as positive valuation effects arising on interest rate hedges and individual investments gave rise to a significant improvement in the first-quarter **financial result**, which turned around from a net negative amount of € 577 million to a **net positive amount of € 732 million**.

Group profit before tax improved to **€ 3,757 million** (2020: € 798 million). The **EBT margin** for the Group came in at **14.0%** (2020: 3.4%). **Group net profit** amounted to **€ 2,833 million** (2020: € 574 million).

"Profitability is a key aspect of our transformation journey. Our operational strength enables us to manage the move towards a world of digitally connected, sustainable mobility. With this aim in mind, we are investing specifically in low-emission drivetrain systems and attractive, highly innovative products and equipment. Furthermore, we continue to streamline our processes and structures in order to boost performance," said **Dr Nicolas Peter, Member of the Board of Management of BMW AG, Finance** in Munich on Friday.

Dynamic sales growth for all Group brands

Higher sales volume in the first quarter 2021 resulted in corresponding increases in Automotive segment revenues and earnings.

Worldwide deliveries of **BMW brand** vehicles totalled **560,543 units** (2020: 411,809 units; +36.1%). The figure included excellent contributions from the highly successful BMW 5 Series and BMW 3 Series, both of which recorded year-on-year growth of more than 40%. The popular X-family models were also in high demand during the three-month period.

At **74,683 units, MINI brand sales** were 16% higher than one year earlier (2020: 64,449 units; +15.9%). Demand for the MINI Countryman was extremely high, with deliveries up by more than one third (+35.9%) as well as for the John Cooper Works models (+20.5%) with their sporty flair.

Rolls-Royce Motor Cars delivered **1,380 ultra-luxury automobiles** to customers, the highest number ever achieved in a single quarter (2020: 853 units; +61.8%), with China, the USA and the Asia-Pacific region the biggest contributors to this growth.

Deliveries up in all major regions of the world

In **Europe**, the number of vehicles delivered by the BMW Group rose by a solid 8.1% to **239,018 units** (2020: 221,024 units) despite the adverse effects of the coronavirus pandemic.

Customers in **Germany** took delivery of **62,696 units** (2020: 66,004 units; -5.0%) and customers in the **UK 42,413 units** (2020: 44,474 units; -4.6%). In other countries and regions of Europe such as France, Italy and northern Europe, the BMW Group recorded double-digit sales volume growth year on year.

Deliveries to customers in the **Americas** region rose to **96,352 units** (2020: 82,078 units; +17.4%) as markets continued to pick up, most notably in the

USA, where sales were up by more than one fifth to **78,067 units** (2020: 64,956 units; +20.2%).

In **Asia**, the BMW Group delivered a total of **287,697 units**, up by 77% on the same quarter last year and a new all-time high (2020: 162,940 units; +76.6%). Sales figures for **China** nearly doubled year-on-year, jumping by 98% to **230,193 units** (2020: 116,577 units; +97.5%), partly reflecting the weaker performance one year earlier.

Automotive segment records high revenue growth

Segment **revenues** totalled **€ 22,762 million** in the first quarter (2020: € 17,989 million; +26.5%, currency-adjusted +30.4%), driven primarily by the continued upward trend in sales volume. In addition, positive product mix effects due to higher sales of the X5 and X6, among other models, as well as improved price penetration boosted revenues. Revenues generated with the Chinese joint venture BMW Brilliance Automotive also rose year-on-year.

Segment EBIT amounted to **€ 2,236 million** (2020: € 229 million) and **segment profit before tax** to **€ 2,776 million** (2020: € 80 million). The **EBIT margin** came in at **9.8%** and therefore within the defined long-term target range (2020: 1.3%).

Free cash flow generated by the Automotive segment increased to **€ 2,522 million**, mainly reflecting improved earnings before tax and continued rigorous working capital management.

Financial Services: solid increase in new business with retail customers

In total, **489,066 new credit financing and leasing contracts** were signed with retail customers during the first quarter 2021, up by a solid 8.8% compared to one year earlier (2020: 449,687 contracts), mainly due to the sharp rise in credit financing business (+15.2%), particularly in China. The total **volume of**

new credit financing and leasing contracts concluded with retail customers increased by 9.1% to **€ 15,351 million** (2020: € 14,075 million).

Significant improvement in Financial Services segment earnings

Revenues generated by the **Financial Services segment** in the first quarter increased slightly to **€ 7,906 million** (2020: € 7,598 million; +4.1%) due to positive effects from business with end-of-contract leasing vehicles.

Earnings improved at an even more pronounced rate, largely thanks to the improved risk situation on the one hand and higher marketing revenues from the sale of returned lease vehicles on the other, particularly on the US market, with segment **profit before tax** rising to **€ 787 million** (2020: € 484 million; +62.6%). The Financial Services segment makes provision on an ongoing and comprehensive basis to take account of significant business risks. Current assessments confirm that residual value and credit risks are appropriately covered.

Remainder of year expected to remain volatile

The coronavirus pandemic will continue to influence the course of business for the BMW Group throughout the current financial year – both directly and indirectly. Vaccination measures being taken worldwide should, however, have a positive effect on the situation and increasingly reduce the adverse impact of the pandemic on global economic growth. Nevertheless, negative consequences for the BMW Group cannot be ruled out in the further course of the year.

Furthermore, rising raw materials prices could have a dampening impact on earnings going forward. In light of the current dynamic environment, the BMW Group reaffirms its outlook for the full year, expecting business performance continuing to develop positively. New models and digital services covering various aspects of individual mobility are likely to ensure that demand remains buoyant. Group profit before tax is therefore predicted to rise significantly during the outlook period.

The **Automotive segment** is expected to record a solid year-on-year increase in the number of BMW, MINI and Rolls-Royce brand vehicles delivered to customers. The segment's EBIT margin is set to improve significantly on the previous year's figure and come in at the upper end of the forecast range between 6 and 8%, with segment RoCE therefore also improving significantly. Segment free cash flow is likely to exceed € 4 billion over the year as a whole. In the **Financial Services segment**, the Return on Equity (RoE) is forecast to come in at the upper end of the range between 12 and 15%.

The **Motorcycles segment** is expected to record a solid increase in deliveries to customers. The EBIT margin is predicted to lie within a target range of 8 to 10%, enabling the segment to record a significantly higher level of RoCE than one year earlier.

The BMW Group also reaffirms its forecast for **non-financial performance indicators**. Accordingly, the proportion of women in management functions is expected to increase slightly. At the same time, the BMW Group is targeting a further significant reduction in the carbon emissions generated by its new vehicle fleet. According to current forecasts, carbon emissions per vehicle produced are likely to fall moderately.

The Group's targets for the year are to be met with a **slightly smaller workforce**. Ongoing uncertainty – particularly regarding the further course of the corona pandemic, macroeconomic and political developments as well as international trade and customs policies – could have a negative impact on economic conditions in many regions. These eventualities could hold down growth and thereby have a further significant impact on the business performance of the BMW Group.

The BMW Group – an overview		1st quarter 2021	1st quarter 2020	Change in %
Deliveries to customers				
Automobiles¹	units	636,606	477,111	33.4
thereof: BMW ¹	units	560,543	411,809	36.1
MINI ¹	units	74,683	64,449	15.9
Rolls-Royce ¹	units	1,380	853	61.8
Motorcycles	units	42,592	34,774	22.5
Employees	(as of 31.12.2020)	120,726		-4.2²
<u>Automotive</u> segment EBIT margin	%	9.8	1.3	8.5 % points
<u>Motorcycles</u> segment EBIT margin	%	17.9	12.9	5 % points
Pre-tax return on sales³	%	14.0	3.4	10.6 % points
Revenues	€ million	26,778	23,252	15.2
thereof: Automotive	€ million	22,762	17,989	26.5
Motorcycles	€ million	753	557	35.2
Financial Services	€ million	7,906	7,598	4.1
Other Entities	€ million	1	1	-
Eliminations	€ million	-4,644	-2,893	60.5
Profit before financial result (EBIT)	€ million	3,025	1,375	120.0
thereof: Automotive	€ million	2,236	229	-
Motorcycles	€ million	135	72	87.5
Financial Services	€ million	767	542	41.5
Other Entities	€ million	-6	12	-
Eliminations	€ million	-107	520	-
Profit before tax (EBT)	€ million	3,757	798	-
thereof: Automotive	€ million	2,776	80	-
Motorcycles	€ million	135	72	87.5
Financial Services	€ million	787	484	62.6
Other Entities	€ million	141	-344	-
Eliminations	€ million	-82	506	-
Group income taxes	€ million	-924	-224	-
Group net profit	€ million	2,833	574	-
Earnings per share (common/preferred share)	€	4.26/4.26	0.84/0.84	-/-

¹In connection with a review of its sales practices and related reporting practices, the BMW Group has examined prior-period vehicle delivery data and ascertained that certain vehicle deliveries were not reported in the correct periods. The BMW Group has revised its vehicle delivery data retrospectively for previous years. Further information on this matter is provided in the BMW Group Report 2020 on pages 128 and 129.

²Percentage change in the number of employees compared to the same period of the previous year (31.12.2019, number of employees: 126,016).

³ Group profit before tax as a percentage of Group revenues

***Consumption/emissions data:**

BMW iX3: Power consumption in kWh/100 km combined: 17.8-17.5 NEDC, 19.0-18.6 WLTP.

BMW iX: Power consumption in kWh/100 km: 22.5-19.5 WLTP. Data are preliminary and based on forecasts.

BMW i3 (120 Ah): Power consumption in kWh/100 km combined: 13.1 NEDC, 16.3-15.3 WLTP.

BMW i3s (120 Ah): Power consumption in kWh/100 km combined: 14.6-14.0 NEDC, 16.6-16.3 WLTP.

MINI Cooper SE: Power consumption in kWh/100 km combined: 16.9-14.9 NEDC, 17.6-15.2 WLTP.

BMW i4: This is a pre-production model, no homologation figures are available yet.

GLOSSARY – explanatory comments on key performance indicators**Deliveries**

A new or pre-owned vehicle is recorded as a delivery when handed over to the end user. Business with retail customers also includes lessees under lease agreements with BMW Financial Services and, within the USA and Canada, dealerships if they classify a vehicle as a workshop replacement vehicle or demonstration vehicle. In the case of pre-owned vehicles, end users may include dealerships and other third parties when they purchase a vehicle at auction or directly from the BMW Group. Vehicles designated for the end user that suffer total loss in transit are also recorded as deliveries. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet or independent dealerships. The vast majority of deliveries – and hence the reporting to the BMW Group of deliveries – is made by independent third-party dealers.

EBIT

Profit/loss before financial result, comprising revenues less cost of sales, selling and administrative expenses and the net amount of other operating income and expenses.

EBIT margin

Profit/loss before financial result as a percentage of revenues.

EBT

EBIT plus financial result.

Corporate Communications

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If you have any queries, please contact:

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 with representatives 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 Group set the course for the future at an early stage and consistently makes sustainability and efficient resource management central to its strategy, from the supply chain through production to the end of the use phase of all its products.

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