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4 May 2023

BMW Group achieves healthy margins in volatile environment thanks to high demand

- Zipse: "Our compelling products inspire customers all over the world"
- Group EBT margin at 13.9%
- Automotive EBIT margin climbs to 12.1%
- Free cash flow of around € 2 billion in Auto Segment
- Sales of BMW BEVs up 112%
- 2023 Guidance confirmed in continuing volatility

Munich. With its fresh and attractive portfolio and a strong product mix, the BMW Group continued on its successful course in the first quarter of 2023. The company's strong operating performance was confirmed by its margins: The Group **EBT margin** for the three-month period came in at **13.9%**, while the **EBIT margin** for the **Automotive Segment** increased to **12.1%**. The BMW Group's operating financial strength is also reflected in the **free cash flow** of **€ 1,981 million** in the **Automotive Segment**.

With its popular premium vehicles, the BMW Group benefited from positive development in many automotive markets and from continued stable pricing for both new and used cars. Sales momentum came from the electrified product line-up as well as models of higher classes, which are among the youngest in the market. Sales of **BMW BEV models** more than doubled to **55,979 deliveries** (2022: 26,362 units/**+112.3%**).

Company
Bayerische
Motoren Werke
Aktiengesellschaft

Postal address
BMW AG
80788 München

Telephone
+49 89-382-18364

Internet
www.bmwgroup.com

"The first quarter underlines that compelling products are the best answer to a persistently challenging environment. Both our electric vehicles and our renewed model line up with cutting-edge combustion technology inspire customers all over the world," said **BMW AG CEO Oliver Zipse** in Munich on Thursday. "A high level of



flexibility combined with our operational performance is the basis for ensuring the BMW Group's continued success even in the face of headwinds."

Electrified models drive sales growth

The BMW Group is systematically expanding its range of electrified vehicles. In the first quarter of 2023, the **BEV share of total deliveries** increased to **11.0%** (2022: 5.9%/+84.6%), while the figure for electrified models climbed to **19.0%**. For the full year 2023, fully-electric vehicles' share of total sales should reach **15%**.

Overall, **deliveries of electrified vehicles** (BEV and PHEV models) rose to **110,486 units** in the first quarter (2022: 89,669 units/+23.2%). The main sales drivers included the BMW i4* sport coupé and the Plug-in-Hybrid X5*, but the BMW iX3* and MINI Cooper SE* were also still key contributors. The fully-electric BMW i7* luxury sedan, the BMW iX1* and the BMW XM* plug-in hybrid all enjoyed a successful market launch.

Fully-electric models (BEVs) saw particularly strong growth in demand – with a total of **64,647** units delivered to customers (2022: 35,289 vehicles/+83.2%). The BMW Group is expanding its range of electrified models, as planned. The fully-electric BMW i5 and BMW iX2 will be released onto the market towards the end of the year. This means the BMW Group will have at least one fully-electric model of all its main series on the roads in 2023. By **2024, at least one in five** of the company's **new vehicles should** be a BEV; by **2025**, it will be **one in four**.

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The main growth drivers in 2023 will be fully-electric vehicles (BEVs) and models from the upper premium segment – like the new BMW 7 Series, the BMW XM and the Rolls-Royce model family, as well as the updated BMW X7 and the BMW X5 M* and X6 M* model updates.

In the upper segment, the BMW Group expects **growth** for this financial year to be **in the mid-double-digit percentage range**, while BEV models should even see **high double-digit** growth. The BMW Group is projecting a slight increase in global customer deliveries in the Automotive Segment in 2023.

BMW Group sales benefit from robust demand in automotive markets

In the first quarter of 2023, a total of **588,138 vehicles** were sold (2022: 596,907 units/-1.5%). The **BMW brand** delivered **517,957 vehicles** to customers in the first three months (2022: 519,796 vehicles/**-0.4%**). **BMW M** models, in particular, were again in high demand, with a significant increase in **deliveries of 18.9%** to **46,430 units**. The main growth driver was the fully-electric **BMW M Performance i4 M50***.

The recently introduced new M3 Touring* is also in very high demand, as well as the BMW M3 Sedan* and the BMW M4*, which are already well established on the market. The sales launch of model updates for the X5 M* and X6 M*, as well as the X5*, X6 M60i* and BMW M2 Coupé*, is scheduled for the coming months.

Rolls-Royce once again improved on the strong first quarter of last year, with **1,640** motor cars delivered to customers (2022: 1,624 vehicles/**+1.0%**). The



Rolls-Royce Cullinan and Ghost models were the most in demand. The market introduction of the fully-electric Rolls-Royce Spectre towards the end of 2023 is set to generate further sales momentum.

The **MINI** brand reported sales of **68,541** units (2022: 75,487 units/**-9.2%**). The electrified MINI Cooper SE* and MINI Countryman Plug-in-Hybrid* models once again increased their share of total MINI sales, to **19%**. The market launch of the limited MINI Cooper SE Convertible* is another strategic step towards full electrification of the brand.

Thanks to its balanced global positioning, the BMW Group was able to take advantage of differentiated sales growth in different regions of the world during the first quarter. For example, in the Americas and in the US, it once again posted a significant increase in deliveries. In the **Americas**, BMW Group first-quarter deliveries were up **8.8%**, with **107,855 vehicles** sold (2022: 99,169 vehicles). In the **US**, **90,174 vehicles** were delivered to customers (2022: 80,974 units/**+11.4%**).

In **Europe**, where the environment was characterised by persistent inflation and high interest rates, the BMW Group delivered a total of **216,270 vehicles** to customers (2022: 220,393 units/ **-1.9%**). Stable new orders and an order book reaching into the second half of 2023 confirmed the BMW Group's strong position in the Europe region in the first quarter.

The aftereffects of the coronavirus pandemic in China dampened the BMW Group's business development in **Asia** in the three-month period. The company sold a total



of **251,927 vehicles** (2022: 265,065 vehicles/**-5.0%**) in Asia and **195,100** in **China** (2022: 208,953 vehicles/**-6.6%**). Sales of electrified models climbed 79% to **22,390** units.

The **upward trend in BMW Group deliveries**, which was clearly visible in March, continued globally in April.

Full consolidation in Q1/2022 affects comparative basis

BBA's operating profit was included in full and consistently in the first quarter of 2023, and only from February 11, 2022 in the prior-year quarter, which should be taken into account when comparing the previous year. EBIT in the Automotive segment also includes consolidation effects of varying amounts for 2022 and 2023.

Group revenues increase significantly following BBA full consolidation in prior-year quarter

First-quarter **revenues** of BMW Group once again increased significantly to **€ 36,853 million** (2022: € 31,142/**+18.3%**). This mainly reflected full integration of the operating business of BMW Brilliance Automotive Ltd. (BBA) into the Automotive Segment, as well as robust pricing and a continued positive product mix. Higher material prices and increased manufacturing costs, due to higher production volumes, raised the **cost of sales** compared to the previous year.

Group research and development expenditure totalled **€ 1,554 million** (2022: € 1,391 million/**+11.7%**) and were therefore significantly higher than the previous



year. Spending was mainly focused on new models, as well as further electrification and digitalisation of the line-up.

The **R&D ratio (according to the German Commercial Code)** decreased to **4.2%** (2022: 4.5%), due to higher revenues.

Capital expenditure at the BMW Group increased to **€ 1,328 million** and was channelled into new models and structures, with a clear focus on the future topics of electrification and digitalisation (2022: € 1,098 million/ **+20.9%**). These investments were financed from operating cashflow. The **capex ratio** stood at **3.6%** (2022: 3.5%). The company expects the ratio for the full year to be around 6%.

Lower financial result and Group earnings following full consolidation of 2022

In the prior-year quarter, one-time effects from the full consolidation of BBA had substantially boosted BMW Group financial result and Group earnings. Due to this base effect, both indicators were significantly lower in the first quarter of 2023. The **financial result** for the reporting period was **€ -246 million** (2022: 8.836 Mio. €), while **Group earnings before tax (EBT)** totalled **€ 5,129 million** (2022: € 12,227 million). The **Group EBT margin** for the first quarter of 2023 came in at **13.9%** (2022: 39.3%) and **Group net profit** amounted to **€ 3,662 million** (2022: € 10,185 million; -64.0%).

Share repurchase: BMW AG holds shares valued at 3.23% of share capital

The BMW Group will conclude the **share repurchase programme** with a value of **up to € 2.0 billion** on the basis of the authorisation granted by the 2022 Annual General Meeting at the latest in mid-2023. A supplementary € 2 billion share buy-back programme will be launched shortly thereafter and be completed at the latest by 31 December 2025. A strong operating performance, which results in a strong balance sheet and free cash flow, are the basis for a continuation of share buyback activities. As of 31 March 2023, the company holds **21,368,120 treasury shares**, with a nominal value of € 21,368,120. The shares held represent **3.23% of the share capital** at the time the resolution was passed.

Higher financial figures in Automotive Segment

Revenues rose significantly to **€ 31,268 million**, largely due to full consolidation of BBA (2022: € 26,726 million/ **+17.0%**). Continued robust pricing for new and used cars, combined with positive product mix effects also boosted revenues.

First-quarter **earnings before financial result (EBIT)** reached **€ 3,777 million** (2022: € 2,367 million/**+59.6%**). This strong performance by the Automotive Segment was confirmed by its **EBIT margin** of **12.1%** (2022: 8.9%). Without the subsequent effects of full consolidation of BBA, the **EBIT margin** was **13.2%**.

“We achieved these margins in the face of persistently volatile conditions. The geopolitical and macroeconomic situation remains unpredictable and tense. Inflation and interest rates in key markets are high. The same applies to



material and commodity prices. But we are in a good position: Our strategy is coherent, our attractive product portfolio is fresh and innovative, and recent challenges have made us flexible and resilient. This gives us strength and confidence for the coming months," said **Nicolas Peter**, member of the Board of Management responsible for Finance.

Free cash flow in the **Automotive** Segment totalled **€ 1,981 million** (2022: € 4,816 million). The seasonal increase in inventory impacted free cash flow in the first quarter. The BMW Group is targeting a free cash flow in the Automotive Segment of around **€ 7 billion** for the full year.

Financial services successful despite intense competition

BMW Group Financial Services' financing and leasing business faced considerable competition in the first three months of the year and was particularly impacted by macroeconomic factors, such as persistently high interest rates and inflation-related price increases in many markets. Higher prices in the automotive business and an improved product mix led to a higher average financing volume per vehicle in first quarter. The **volume of new business with end customers** amounted to **€12,788 million** (2022: €14,875 million/**-14.0%**).

The positive development in the used car markets which led to continued high revenue from the sale of end-of-lease vehicles, and a stable risk situation had a positive effect on the segment's financial performance.



The Financial Services Segment generated **earnings before tax of € 945 million** in the first quarter of 2023 (2022: € 1,007 million/**-6.2%**).

The **percentage of BMW Group new vehicles** leased or financed by the Financial Services Segment was **36.5%** in the first quarter (2022: 46.8%/**-10.3%-points**).

Motorcycles Segment increases deliveries and revenues

The Motorcycles Segment posted a new all-time high in the first quarter of its centenary year: **BMW Motorrad** delivered a total of **47,935 motorcycles and scooters**, selling more vehicles in a first quarter than ever before (2022: 47,403 units; **+1.1%**). A compelling product line-up, with attractive new models like the M 1000 R, provides confirmation of the segment's successful growth strategy. This strong operating performance was reflected in significantly higher financial key figures. **Revenues** climbed to **€ 933 million** (2022: € 799 million/**+16.8%**). **Segment EBIT** was up **42.6%** to **€ 154 million** (2022: € 108 million) and the **EBIT margin** increased to **16.5%** (2022: 13.5%/ **+3%-points**).

BMW Group confirms guidance despite high volatility

Despite recessionary trends in many markets, stable development is forecast for the global automotive market in 2023. In **Europe**, slight growth is currently still projected for the total market, after order books across the region remained at healthy levels during the first quarter. However, high inflation and interest rates are creating uncertainty that continues to weigh on European consumers.



In the **US**, the robust sales situation should continue. In **China**, now that the COVID pandemic has subsided, the economy and the automotive market are expected to stabilise over the course of the year, although more intense competition should also be anticipated.

Bolstered by strong global demand for its attractive premium vehicles, the **BMW Group can confirm its guidance for the year** and is planning for **slight growth in deliveries** to customers **worldwide** in 2023.

The stable pricing situation in the new and used car markets, which has benefited the BMW Group, is likely to normalise over the course of the year. More resilient supply chains should improve vehicle availability – although this could lead to more intense competition.

The BMW Group recognises the uncertainty created by the ongoing burden of high inflation and interest rates on consumers in many markets. It also expects manufacturing costs to remain at a high level, as a result of continuing high prices for industrial metals – especially battery raw materials.

Additional cost headwinds could come from the supply chains and logistics, as well as from continued high energy prices. Due to inflation, higher costs for personnel and external services should be expected over the course of the year.

Taking the above developments into account, the BMW Group forecast calls for an **EBIT margin in the Automotive Segment of between 8 and 10%** for the full year.



This still includes headwinds of € 1.5 billion from consolidation effects which is around 1% impact in EBIT margin.

A slight increase in deliveries is projected for the **Motorcycles Segment**. Its **EBIT margin** will remain within the **target range of 8 to 10%**. Return on equity (**RoE**) in the **Financial Services Segment** is expected to be between **14 and 17%**. **Group earnings before tax** will decrease significantly. These targets will be achieved with **slightly higher employee numbers**.

The underlying assumption is that geopolitical and macroeconomic conditions will not substantially deteriorate. This guidance does not factor in the possibility of a deep recession in key BMW Group sales markets or further escalation of the conflict between Russia and Ukraine, with potential spread of the war.

The BMW Group continues to make targeted investments in the future on the basis of its current operating performance. During the transition to emission-free mobility, the BMW Group aims to maintain its successful course.



The BMW Group – an overview		1st Quarter 2023	1st Quarter 2022	Change in %
Deliveries to customers				
Automotive ¹	units	588,138	596,907	-1.5
thereof: BMW ¹	units	517,957	519,796	-0.4
MINI	units	68,541	75,487	-9.2
Rolls-Royce	units	1,640	1,624	1.0
Motorcycles	units	47,935	47,403	1.1
Employees	(as of 31 Dec. 2022)	149,475	118,909	25.7
<u>Automotive Segment EBIT margin</u>	percent	12.1	8.9	3.2 %-points
<u>Motorcycles Segment EBIT margin</u>	percent	16.5	13.5	3.0 %-points
EBT margin ²	percent	13.9	39.3	-64.6
Revenues	€ million	36,853	31,142	18.3
thereof: Automotive	€ million	31,268	26,726	17.0
Motorcycles	€ million	933	799	16.8
Financial Services	€ million	8,826	8,486	4.0
Other Entities	€ million	3	1	-
Eliminations	€ million	-4,177	-4,870	-14.2
Profit before financial result (EBIT)	€ million	5,375	3,391	58.5
thereof: Automotive	€ million	3,777	2,367	59.6
Motorcycles	€ million	154	108	42.6
Financial Services	€ million	958	966	-0.8
Other Entities	€ million	-4	-32	87.5
Eliminations	€ million	490	-18	-
Profit before tax (EBT)	€ million	5,129	12,227	-58.1
thereof: Automotive	€ million	3,828	10,420	-63.3
Motorcycles	€ million	154	109	41.3
Financial Services	€ million	945	1,007	-6.2
Other Entities	€ million	-128	685	-
Eliminations	€ million	330	6	-
Income taxes	€ million	-1,467	-2,042	28.2
Net profit	€ million	3,662	10,185	-64.0
Earnings per share ^(common/preferred share)	€	5.31/5.31	15.33/15.33	-65.4/-65.4

¹ including joint venture BMW Brilliance Automotive Ltd., Shenyang (1 January to 10 February 2022: 96,133 vehicles, 2021: 651,236 vehicles, 2020: 602,247 vehicles, 2019: 538,612 vehicles, 2018: 455,581 vehicles, 2017: 385,705 vehicles).

² Ratio of Group earnings before taxes to Group revenues

***Fuel consumption/emissions data:**

BMW i4 eDrive35: Power consumption in kWh/100 km: - (NEDC)/18.7-15.8 (WLTP); electric range (WLTP) in km: 406-483

BMW X5 xDrive40i: Power consumption combined in kWh/100 km: - (NEFZ) / 9,9-8,5 (WLTP); CO2 emissions combined in g/km: - (NEFZ) / 224-193 (WLTP)

BMW iX3: Power consumption combined in kWh/100 km: - (NEDC)/18.9-18.5 (WLTP); electric range (WLTP) in km: 453-461

MINI Cooper SE: Electric range (WLTP combined): 201 km; power consumption (WLTP combined): 17.2 kWh/100 km; power consumption combined (NEDC) in: - kWh/100 km

BMW i7 xDrive60: Power consumption in kWh/100 km combined: 19.6-18.4 WLTP

BMW iX1 xDrive30: Power consumption in kWh/100 km: - (NEDC)/18.1-16.9 (WLTP); electric range (WLTP) in km: 417-439

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

BMW X5 M Competition: Power consumption combined in kWh/100 km: - (NEFZ) / 13,1-12,9 (WLTP); CO2 emissions combined in g/km: - (NEFZ) / 295-291 (WLTP)

BMW X6 M Competition: Power consumption combined in kWh/100 km: - (NEFZ) / 12,9-12,7 (WLTP); CO2-Emissionen CO2 emissions combined in g/km: - (NEFZ) / 292-287 (WLTP)

BMW i4 M50: Power consumption in kWh/100 km: - (NEDC)/22.5-18.1 (WLTP); electric range (WLTP) in km: 414-520

BMW M3 Competition Touring mit M xDrive: Power consumption combined in kWh/100 km: - (NEFZ) / 10,4-10,1 (WLTP); CO2 emissions combined in g/km: - (NEFZ) / 235-229 (WLTP)

BMW M3 Limousine: Power consumption combined in kWh/100 km: - (NEFZ) / 10,1-10,0 (WLTP); CO2 emissions combined in g/km: - (NEFZ) / 231-227 (WLTP)

BMW M4 Competition Coupé: Power consumption combined in kWh/100 km: - (NEFZ) / 9,8 CO2 emissions combined in g/km: - (NEFZ) / 224-223 (WLTP)

BMW X5 M60i xDrive: Fuel consumption combined in l/100 km: - (NEDC)/12.5-11.5 (WLTP); CO2 emissions combined in g/km: - (NEDC)/283-261 (WLTP)

BMW X6 M60i xDrive: Fuel consumption combined in l/100 km: - (NEDC)/12.3-11.4 (WLTP); CO2 emissions combined in g/km: - (NEDC)/279-258 (WLTP)

BMW M2 Coupé: Power consumption combined in kWh/100 km: - (NEFZ) / 10,2-9,6 (WLTP); CO2 emissions combined in g/km: - (NEFZ) / 231-218 (WLTP)

MINI Cooper SE Countryman ALL4: Fuel consumption in l/100 km: 2.1-1.9 (NEDC), 2.1-1.7 (WLTP); power consumption in kWh/100 km combined: 14.8-14.1 (NEDC), 15.9-14.8 (WLTP); CO2 emissions in g/km combined: 48-44 (NEDC), 47-39 (WLTP)

GLOSSARY – explanatory comments on key performance indicators

BEV: Battery Electric Vehicle

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

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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.

PHEV: Plug-in-hybrid electric vehicle

RoCE

Return on capital employed (RoCE). 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 – at the end of the last five quarters – 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.

RoE

Return on equity (RoE). RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital – at the end of the last five quarters – attributable to the Financial Services segment.

If you have any questions, please contact:

BMW Group Corporate Communications

Dr Britta Ullrich, Finance Communications

Telephone: +49 89 382-18364

Email: britta.ullrich@bmwgroup.com

Eckhard Wannieck, head of Communications BMW Group, Finance, Sales

Telephone: +49 89 382-24544

Email: eckhard.wannieck@bmwgroup.com



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Media website: www.press.bmwgroup.com/deutschland

Email: presse@bmwgroup.com

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 over 30 production sites worldwide; the company has a global sales network in more than 140 countries.

In 2022, the BMW Group sold nearly 2.4 million passenger vehicles and more than 202,000 motorcycles worldwide. The profit before tax in the financial year 2022 was € 23.5 billion on revenues amounting to € 142.6 billion. As of 31 December 2022, the BMW Group had a workforce of 149,475 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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