

Media Information
3 August 2022

Profitable first half-year – BMW Group stays on course in difficult environment

- **1st half-year: Group EBT totals € 16.2 billion (EBT margin: 24,5%)**
- **1st half-year: EBIT margin Auto of 8.5% (excluding consolidation effects related to BBA: 12.6%)**
- **2nd quarter: Free cash flow of €3 billion in Auto Segment**
- **Annual outlook for EBIT margin in auto segment confirmed: 7-9%**
- **BEV sales more than double in 1st half-year (+110.3%)**
- **Persistent supply bottlenecks – solid sales volume growth in 2nd half-year yoy expected**
- **Zipse: "High degree of resilience and flexibility"**
- **NEUE KLASSE defines what BMW Group stands for**

Munich. In a highly volatile environment, the BMW Group remained on course in the first half of 2022. With flexibility and expertise, the company encountered challenges including continued supply chain disruptions and bottlenecks for semiconductors and specific supplier parts.

The BMW Group's underlying strength and operational excellence was reflected in its profits for the first six months: Despite the volatility, the company earned a **Group EBT margin of 24.5% (Q2 2022: 11.3%)**. The revaluation of the previously held shares in the Chinese joint venture BMW Brilliance Automotive Ltd. (BBA) contributed to the high return. This revaluation due to full consolidation on February 11 increased the financial result by **€ 7.7 billion**.

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The **Automotive EBIT margin** in Q2 was **8.2% (HY1 2022: 8.5%)**. In the first two quarters of the year, the **full consolidation** of BBA dampened Automotive Segment earnings. **Excluding the effects from its full consolidation**, the BMW Group posted an **EBIT margin in the Automotive Segment** of **12.0%** in Q2 (**HY1 2022: 12.6%**) – well above the long-term strategic corridor of 8-10%.

“Especially under unfavourable conditions, the BMW Group is characterized by a high degree of resilience. The company recognizes changes in the economic environment at an early stage and counteracts them accordingly. Our high degree of flexibility and operational performance have proven time and again to be an effective combination to ensure the BMW Group's successful course even in rough waters. This strength will now be important again, as we see an increasing economic headwind coming up in addition to the ongoing supply shortages,” said BMW AG **CEO Oliver Zipse** in Munich on Wednesday.

To the long-term success of BMW Group contribute its pioneering spirit and consistent focus on innovation. An upcoming proof-point of its innovative strength is the pure electric NEUE KLASSE. It will be fully geared towards sustainability and circular economy, using new technologies and production processes from the middle of the decade onwards. The all-electric products of NEUE KLASSE will make a significant contribution to BMW Group sales volumes from the middle of the decade onwards and will further accelerate the ramp-up of e-mobility.

“Emotional products and innovative technology are and will remain the backbone of our business success. Our rapidly growing range of all-electric vehicles with the BMW Operating System 8 impresses customers and experts alike — and is already



a central driver of our sales today," said **Zipse**. "From 2025, we will make the next big leap with the NEUE KLASSE: The NEUE KLASSE defines what the BMW Group stands for in the future. At the start, we are planning a compact sedan in the 3-series segment and a sporty SUV. By the end of the decade, the NEUE KLASSE is expected to account for more than half of our sales."

Deliveries of fully-electric vehicles more than double

In the first half of 2022, the BMW Group was able to more than double its sales of **pure electric vehicles to 75,890 units** (2021: 36,087 vehicles/**+110.3%**; **Q2 2022: 40,601 units; +85.2%**). During the same period, **sales of electrified vehicles** increased significantly, climbing **20.4% to 184,468 units** (2021: 153,243 vehicles; **Q2 2022: 94,799 units; +14.2%**). Electrified vehicles' share of total deliveries rose to **15.9%** (HY1 2021: 11.4%).

The **BMW iX3*** (2022: 21,548 vehicles; HY1 2021: 10,009 vehicles) and the **MINI Cooper SE*** (2022: 18,428 vehicles; HY1 2021: 13,454 vehicles) remained the most in-demand fully-electric models, reporting significantly higher sales than in the prior-year quarter. **69%** of these fully-electric vehicles were delivered to customers in the **European region**. The innovative **BMW iX** and **BMW i4**, which are still being launched in the markets, have also been well received and contributed to the outstandingly high order bank of BMW Group. Further sales growth is expected in the second half of the year – on top from the fully-electric **BMW i3** built in China, but also from the **BMW iX1*** and the **BMW i7*** luxury sedan.

Lower sales due to supply bottlenecks – base effect from prior year

Ongoing semiconductor supply issues and supply chain disruptions following Covid lockdowns in China, impacted production and deliveries during the first six months.



With a total of **1,160,094 vehicles**, BMW Group sales failed to reach the all-time high of the previous year (HY1 2021: 1,339,047 units; **-13.4%**; **Q2 2022: 563,187 units; -19.8%** from Q2 2021). The company nevertheless expanded its leading position in the global premium segment.

Significantly higher Group revenues in first half-year

Despite negative sales growth, Group **revenues** climbed **19.1%** in the first six months of 2022 to **€ 65,912 million** (HY1 2021: € 55,360 million; **Q2 2022: 34,770; +21.6%**). The full consolidation of the Chinese subsidiary BBA was one of the main contributing factors, bringing in revenues of around **€ 11 billion**.

The **Group cost of sales** also rose significantly for the same reason, reaching **€ 54,399 million** (HY1 2021: € 44,109 million; **+23.3%**; **Q2 2022: € 28,780 million; Q2 2021: € 22,521 million; +27.8%**).

Group earnings before tax totalled **€ 16,156 million** after six months (HY1 2021: € 9,736 million; **+65.9%**), a new all-time high. This includes a tailwind of **€ 7.7 billion** from the revaluation of previously held BBA shares at fair market value.

In the **second quarter (Q2 2022: € 3,929 million; Q2 2021: € 5,979 million; -34.3%)**, Group EBT was lower than for the same period of last year. On the one hand, this reflects the one-time gain of € 1 billion in the second quarter of 2021 from the partial reversal of the provision for the EU antitrust proceedings. On the other, headwinds from the full consolidation of BBA in the second quarter of this year impacted Group EBT by around € 1.1 billion.



The **Group EBT margin** for the first six months came in at **24.5%** (HY1 2021: 17.6%; **Q2 2022: 11.3%**; Q2 2021: 20.9%).

Group net profit amounted to **€13,232 million** (HY1 2021: € 7,623 million; **+73.6%**; **Q2 2022: € 3,047 million**; Q2 2021: € 4,790 million; **-36.4%**).

Group research and development costs (IFRS) for the first half-year totalled **€ 3,128 million** (HY1 2021: € 2,737 million; **+14.3%**; **Q2 2022: € 1,560 million**; Q2 2021: € 1,304 million/**+19.6%**) 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. Upfront investments were also made for the NEUE KLASSE and automated driving.

The **R&D ratio (HGB)** of **4.5%** (HY1 2021: 4.6%; **Q2 2022: 4.5%**; Q2 2021: 4.5%) was on a par with the previous year. The R&D ratio for the full year is expected to be within the target range of 5-5.5%.

Group capital expenditure was at a significantly higher level during the first six months at **€ 2,929 million** (HY1 2021: € 1,709 million; **+71.4%**; **Q2 2022: € 1,831 million**; Q2 2021: € 950 million; **+92.7%**). The increase is primarily due to upfront expenditures for the ramp-up of e-mobility and investments at BBA. The **capex ratio** stood at **4.4%** at the end of the first half-year.

“Our investors know that the BMW Group has the financial strength to invest today in the success of tomorrow. We are steering the company through the current transformation with strategic foresight. We are positioning it in such a way that we can leverage our employees' innovative capabilities and expertise to play a leading



role in sustainable mobility today and in the future," stated **Nicolas Peter, member of the Board of Management responsible for Finance.**

Full consolidation affects financial figures for Automotive Segment

The financial key figures for the Automotive Segment show significant effects from the full consolidation of BBA during the reporting period. Segment revenues rose significantly to **€ 56,741 million** (HY1 2021: € 47,745 million/**+18.8%**; **Q2 2022: € 30,015 million**; Q2 2021: € 24,982 million; **+20.1%**).

As before, the BMW Group continued to benefit from **positive pricing and product mix effects** and from **growth in its aftersales business**. Revenues were also lifted by currency translation effects. In particular, the positive situation on the used car markets in the USA, UK and Germany led to higher revenues from the sale of end-of-lease vehicles.

The segment **cost of sales** rose to **€ 48,093 million** (HY1 2021: € 39,060 million/**+23.1%**; **Q2 2022: € 25,464 million**; 2021: € 20,344 million/**+25.2%**), with the BBA cost of sales a major contributor to this increase. In addition, **headwinds from full consolidation**, such as depreciation and amortisation from the purchase price allocation and elimination of inter-company profits, totalled **around € 2.3 billion**. Rising raw material and energy prices, as well as expenses due to higher prices and research and development costs, also increased the cost of sales. The growing percentage of electrified vehicles this year also raised costs compared to 2021.

Earnings before financial result (EBIT) totalled **€ 4,830 million** for the reporting period (HY1 2021: € 6,189 million/**-22.0%**; **Q2 2022: € 2,463 million**; Q2 2021:



€ 3,953 million; **-37.7%**). The **Automotive Segment EBIT margin** was **8.5%** (HY1 2021: 13.0%; **Q2 2022: 8.2%**; Q2 2021: 15.8%). Excluding the headwinds from the full consolidation of BBA, the segment EBIT margin came in at **12.6%** for the half-year and **12.0%** for the three-month period.

The segment's **financial result** totalled **€ 8,116 million** (HY1 2021: € 1,337 million; **Q2 2022: € 63 million**; Q2 2021: € 797 million). This includes the tailwind from the revaluation of the previously-held BBA shares in February already referred to. The **at-equity result**, since 11 February no longer including BBA earnings, stood at **€ 137 million** and was therefore significantly lower (HY1 2021: € 975 million; **-85.9%**; **Q2 2022: € -123 million**; Q2 2021: € 546 million).

Due to the effects described above, **segment earnings before tax (EBT)** for the first six months of 2022 amounted to **€ 12,946 million** (HY1 2021: € 7,526 million; **Q2 2022: € 2,526 million**; Q2 2021: € 4,750 million; **-46.8%**).

Free cash flow in the **Automotive Segment** reached **€ 7,770 million** for the reporting period (HY1 2021: € 4,902 million; **Q2 2022: € 2,954 million**; Q2 2021: € 2,380 million). The **acquisition of BBA's liquid funds**, less the purchase price transferred in February, contributed **€ 5,011 million** to this amount. In view of the strong demand for all-electric vehicles, the BMW Group will increase its investments in electromobility from the second half of the year. In addition, the company expects a slight decline in deliveries for the full year. This will only be partially offset by positive price and mix effects and the development of the used car markets. As a consequence, it will now be targeting a **free cash flow in the Automotive Segment** for the full year of at least **€10 billion**.

**Earnings slightly higher for Financial Services Segment**

The **Financial Services Segment** managed a total of **5,411,274 financing and leasing contracts with retail customers** at the end of the second quarter (31 December 2021: 5,577,011/-3.0%). The limited availability of new cars – combined with intense competition in the financial services sector – was also reflected in the number of new contracts. In the first half of 2022, a total of **815,448 new financing and leasing contracts** were concluded with retail customers (HY1 2021: 1,029,345; **-20.8%**; **Q2 2022: 382,019**; Q2 2021: 540,279; **-29.3%**).

Thanks to the high-quality product mix, the financing volume per vehicle increased, partially offsetting the reduction in new contracts. The **volume of new business from all financing and leasing contracts** with retail customers amounted to **€ 28,442 million** (HY1 2021: € 32,445 million) and was therefore only 12.3% lower than for the same period of last year.

High income from the resale of end-of-lease vehicles, especially in the US and Europe, paired with positive currency translation effects, benefited both segment revenues and earnings.

With growth of **2.3%**, **earnings before tax (EBT)** in the **Financial Services Segment** increased slightly to **€ 1,981 million** (HY1 2021: € 1,936 million; **Q2 2022: € 974 million**; Q2 2021: € 1,149 million; **-15.2%**).

The **percentage of BMW Group new vehicles** leased or financed by the Financial Services Segment stood at **44.4%** at the end of the second quarter (2021: 50.2%/-5.8 %-points).

**Motorcycles Segment increases deliveries and revenues**

In the first half of the year, the **sales volume** in the Motorcycles Segment remained at the same high level as in the strong prior year. A total of **107,555 BMW motorcycles and scooters** were delivered to customers. (HY1 2021: 107,610 units; -0.1%; **Q2 2022: 60,152 units**; (Q2 2021: 65,018 units; **-7.5%**). **Revenues** were up slightly at **€ 1,663 million** (HY1 2021: € 1,621 million; **+2.6%**; **Q2 2022: € 864 million**; Q2 2021: € 868 million; **-0.5%**).

Segment **earnings before financial result** (EBIT) totalled **€ 235 million** (HY1 2021: € 284 million; **-17.3%**; **Q2 2022: € 127 million**; Q2 2021: € 149 million; **-14.8%**), with an **EBIT margin** of **14.1%** (HY1 2021: 17.5%; **Q2 2022: 14.7%**; Q2 2021: 17.2%).

Outlook – high volatility expected to continue

The BMW Group expects business conditions to remain difficult in the second half of the year. The ongoing supply bottlenecks, particularly for semiconductors, the war in Ukraine and interruptions in supply chains have led to a decline in deliveries in the Automotive segment in the first half of the year. Although the company expects sales volumes in the second half of the year to be solidly higher than in the same period of the previous year, this will not fully compensate for lost volume in HY1 2022. As a consequence, deliveries for the year are expected to be slightly below previous year.

The percentage of electrified vehicles should still increase significantly and sales of fully-electric vehicles are expected to more than double.



CO₂ emissions in the EU new car fleet can still be expected to be slightly reduced. The significant increase in the proportion of electrified vehicles in total deliveries of the BMW Group is decisive for this.

As before, the company anticipates **significantly higher Group pre-tax earnings**, due to the full consolidation of BBA.

In the Automotive Segment, the **EBIT margin** is forecast to be within the range of **7 to 9%**, as before. The expected decline in deliveries should be partially offset by positive price and mix effects and the continued good development of the used car markets. RoCE in the automotive business is also expected to remain in the range of 14 to 19%.

A **slight increase in deliveries** is projected for the full year for the **Motorcycles Segment**. The EBIT margin is expected to be in the target range of 8 to 10% and the segment ROCE in a corridor of 19 to 24%.

In the **Financial Services segment**, the consistently good performance in the used car markets led to a rising segment result. Accordingly, **Return on Equity (RoE)** is now expected to be in the **corridor of 17 to 20%** (previously: 14 to 17%). Based on current assessments, the Financial Services segment has recognised appropriate levels of provisions/ allowances to cover residual value and credit risks. The targets outlined above are intended to be achieved with significantly higher employee numbers, resulting from the full consolidation of BBA. The proportion of women in management positions in the BMW Group should rise slightly regardless of the full consolidation.



Ongoing inflation and interest rate hikes will continue to shape the macroeconomic environment in the coming months and impact demand.

Accordingly, the above-average order bank — particularly in Europe — is expected to normalize towards the end of the year.

Further significant tightening of sanctions against Russia or reactive measures by Russia, an interruption of the gas supply impacting own plants and suppliers' locations, as well as the possibility of the conflict spreading outside of Ukraine and further extended and ongoing Covid lockdowns are not factored into this guidance.

The actual business performance of the BMW Group may differ from current expectations given the numerous uncertainties and existing risks and opportunities.

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The BMW Group in figures: Q2/ 2022		Q2 2022	Q2 2021	Change in %
Deliveries to customers				
Automotive ¹	units	563,187	702,441	-19.8
thereof: BMW	units	496,432	617,667	-19.6
MINI	units	65,188	83,165	-21.6
Rolls-Royce	units	1,567	1,609	-2.6
Motorcycles	units	60,152	65,018	-7.5
Employees	(as of 31 Dec. 2021)	118,909		
Automotive Segment EBIT margin	%	8.2	15.8	-48.1
Motorcycles Segment EBIT margin	%	14.7	17.2	-14.5
EBT margin BMW Group ²	%	11.3	20.9	-45.9
Revenues	€ million	34,770	28,582	21.6
thereof: Automotive	€ million	30,015	24,983	20.1
Motorcycles	€ million	864	868	-0.5
Financial Services	€ million	8,765	8,200	6.9
Other Entities	€ million	2	1	-
Eliminations	€ million	-4,876	-5,470	-10.9
Profit before financial result (EBIT)	€ million	3,426	5,005	-31.5
thereof: Automotive	€ million	2,463	3,953	-37.7
Motorcycles	€ million	127	149	-14.8
Financial Services	€ million	982	1,128	-12.9
Other Entities	€ million	-142	1	-
Eliminations	€ million	-4	-226	-98.2
Profit before tax (EBT)	€ million	3,929	5,979	-34.3
thereof: Automotive	€ million	2,526	4,750	-46.8
Motorcycles	€ million	128	149	-14.1
Financial Services	€ million	974	1,149	-15.2
Other Entities	€ million	277	124	-
Eliminations	€ million	24	-193	-
Income taxes	€ million	-882	-1,189	-25.8
Net profit	€ million	3,047	4,790	-36.4
Earnings per share ^(common/preferred) ³	€	4.30/4.31	7.23/7.24	-40.5/-40.5

¹ Deliveries including Joint Venture BMW Brilliance Automotive Ltd., Shenyang.

² Group profit before tax as a percentage of Group revenues.

³ Common/ Preferred shares - earnings per share of preferred stock are calculated by distributing the earnings required to cover the additional dividend of €0.02 per preferred share proportionally over the quarters of the corresponding financial year.

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The BMW Group in figures: HY1/ 2022		HY1 2022	HY1 2021	Change in %
Deliveries to customers				
Automotive ¹	units	1,160,094	1,339,047	-13.4
thereof: BMW	units	1,016,228	1,178,210	-13.7
MINI	units	140,675	157,848	-10.9
Rolls-Royce	units	3,191	2,989	6.8
Motorcycles	units	107,555	107,610	-0.1
Employees	(as of 31 Dec. 2021)	118,909		
<u>Automotive</u> Segment EBIT margin	%	8.5	13.0	-34.6
<u>Motorcycles</u> Segment EBIT margin	%	14.1	17.5	-19.4
EBT margin BMW Group ²	%	24.5	17.6	39.2
Revenues	€ million	65,912	55,360	19.1
thereof: Automotive	€ million	56,741	47,745	18.8
Motorcycles	€ million	1,663	1,621	2.6
Financial Services	€ million	17,251	16,106	7.1
Other Entities	€ million	3	2	50.0
Eliminations	€ million	-9,746	-10,114	-3.6
Profit before financial result (EBIT)	€ million	6,817	8,030	-15.1
thereof: Automotive	€ million	4,830	6,189	-22.0
Motorcycles	€ million	235	284	-17.3
Financial Services	€ million	1,948	1,895	2.8
Other Entities	€ million	-174	-5	-
Eliminations	€ million	-22	-333	-93.4
Profit before tax (EBT)	€ million	16,156	9,736	65.9
thereof: Automotive	€ million	12,946	7,526	72.0
Motorcycles	€ million	237	284	-16.5
Financial Services	€ million	1,981	1,936	2.3
Other Entities	€ million	962	265	-
Eliminations	€ million	30	-275	-
Income taxes	€ million	-2,924	-2,113	38.4
Net profit	€ million	13,232	7,623	73.6
Earnings per share ^{(common/preferred) 3}	€	19.63/19.64	11.49/11.50	70.8/70.8

1 Deliveries including Joint Venture BMW Brilliance Automotive Ltd., Shenyang.

2 Group profit before tax as a percentage of Group revenues.

3 Common/ Preferred shares. Earnings per share of preferred stock are calculated by distributing the earnings required to cover the additional dividend of €0.02 per preferred share proportionally over the quarters of the corresponding financial year.

Consumption/emissions data:*BMW iX3:** Power consumption in kWh/100 km combined: 18.9-18.5 WLTP.**MINI Cooper SE:** Power consumption in kWh/100 km combined: 16.9-14.9 NEDC, 17.6-15.3 WLTP.**BMW iX1:** Power consumption in kWh/100 km combined: 18.4-17.3 WLTP (forecast value based on vehicle's prior development status).**BMW i7 xDrive60:** Power consumption in kWh/100 km combined: 19.6-18.4 WLTP.**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.

Corporate Communications

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

In 2021, the BMW Group sold over 2.5 million passenger vehicles and more than 194,000 motorcycles worldwide. The profit before tax in the financial year 2021 was € 16.1 billion on revenues amounting to € 111.2 billion. As of 31 December 2021, the BMW Group had a workforce of 118,909 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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