

# BMW GROUP CHINA BANKERS DAY 2021.

BIRGIT BÖHM | 06th July 2021

Senior Vice President Finance and Group Treasurer of BMW Group.



# AGENDA.

## Group Strategy

Financial performance  
Review and Outlook 2021



# CHALLENGES. MANIFOLD AND SIMULTANEOUS.



CORONAVIRUS PANDEMIC



COMPETITION.



CLIMATE CHANGE.



URBANISATION.



DIGITALIZATION.



REGULATION.

# FOCUS AREAS OF BMW GROUP STRATEGY.



**FIRST-CLASS INDIVIDUAL MOBILITY** – We play a **pioneering role** in setting standards for the individual **premium** mobility of tomorrow. It **combines pleasure and responsibility** without compromise.



**SUSTAINABILITY** – The BMW Group is a **holistically sustainable company** taking **responsibility for sustainable future mobility**. Every investment in BMW is a **sustainable investment**.



**INNOVATION & FLEXIBILITY** – The BMW Group is an **innovation pioneer** in the automotive industry. Our business model is based on **constant transformation** and **flexibility** – successful for over 100 years.



**ELECTRIFICATION** – Due to our **flexibility** and **permanently transformed plants**, we will have a **convincing battery-electric vehicle** offer **covering 90%** of our current market segments from 2023.



**DIGITALIZATION** – We set standards in the **digitalization** and **connectivity** of our vehicles and use our **competitive edge in remote software upgrades**.



**FINANCIAL PERFORMANCE** – We offer **financial stability** due to our strong **balance sheet** and industry-leading **credit ratings\***. We set **ambitious profitability** and **cash flow targets** and are a **reliable dividend payer**.

# ENSURE LONG-TERM SUCCESS. BMW GROUP STRATEGIC OBJECTIVES.

## 2025

## 2030



**> 10%**  
GROUP EBT  
MARGIN



**↑ 8-10%**  
AUTO EBIT  
MARGIN



**≥ 40%**  
RETURN ON CAPITAL EMPLOYED  
IN THE AUTOMOTIVE SEGMENT



**↑ ≥ 25%**  
MINIMUM SHARE OF  
ELECTRIFIED CARS IN  
TOTAL DELIVERIES



**↑ 22%**  
PERCENTAGE OF WOMEN  
IN MANAGEMENT POSITIONS  
IN THE BMW GROUP



**↓ 80%**  
REDUCTION OF CO<sub>2</sub> EMISSIONS  
PER VEHICLE IN PRODUCTION  
(REFERENCE YEAR 2019)



**↓ > 40%**  
REDUCTION OF CO<sub>2</sub> EMISSIONS  
IN THE USE PHASE OF THE VEHICLE  
PER KILOMETRE DRIVEN  
(REFERENCE YEAR 2019)



**↓ ≥ 20%**  
REDUCTION OF CO<sub>2</sub> EMISSIONS  
IN THE SUPPLY CHAIN  
(REFERENCE YEAR 2019)

**THE GREENEST CAR COMES FROM BMW.**  
THE BMW GROUP IS A HOLISTICALLY SUSTAINABLE COMPANY.



**Our clear claim  
is that the GREENEST  
ELECTRIC VEHICLE comes  
FROM BMW. We are  
reducing CO<sub>2</sub> emissions per  
vehicle over the entire  
value chain. This is what sets  
the BMW Group apart.**

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Oliver Zipse  
Chairman of the Board of Management

# SUBSTANTIAL CO<sub>2</sub> REDUCTION BY AT LEAST ONE THIRD PER VEHICLE ACROSS THE ENTIRE VALUE CHAIN UP TO 2030.

## SUPPLY CHAIN.



**2030**

Avoid increase of ca. +40% per vehicle and reverse trend.

-20% CO<sub>2</sub> per vehicle vs. 2019 in the supply chain.

## PRODUCTION.



**2030**

-80% substantial CO<sub>2</sub> reduction per vehicle vs. 2019.

**2021**

CO<sub>2</sub>-neutral production.

## USE PHASE.



**2030**

-40% CO<sub>2</sub> per vehicle vs. 2019.

Continued rollout of electro mobility, reduction of real emissions.

# BMW CONSIDERS THE TOTAL VALUE CHAIN OF BATTERY CELL. FROM CRADLE TO GRAVE.



## RAW MATERIALS AND REFINING.

Environmental  
and social standards.

Raw material optimized  
for chemistry design.

Use of recycled  
raw materials.

Securing raw  
material supply.



## CELL DESIGN AND PRODUCTION.

Optimized performance/  
costs based on BMW Group  
application.

Securing production  
capacity.

Reduction  
CO<sub>2</sub> footprint.



## BATTERY "2<sup>ND</sup> LIFE".

Cell/module/  
pack design.

Application on  
BMW Group sites.

Business Models  
to secure markets.



## RECYCLING.

Cell/module/pack design  
to foster recyclability.

Development of recycling  
processes with ability  
to close material loops.

Securing recycling  
capacities.

# AS THE FIRST PREMIUM OEM BMW GROUP PUBLISHED AN INTEGRATED REPORT AT THE ANNUAL CONFERENCE 2021.

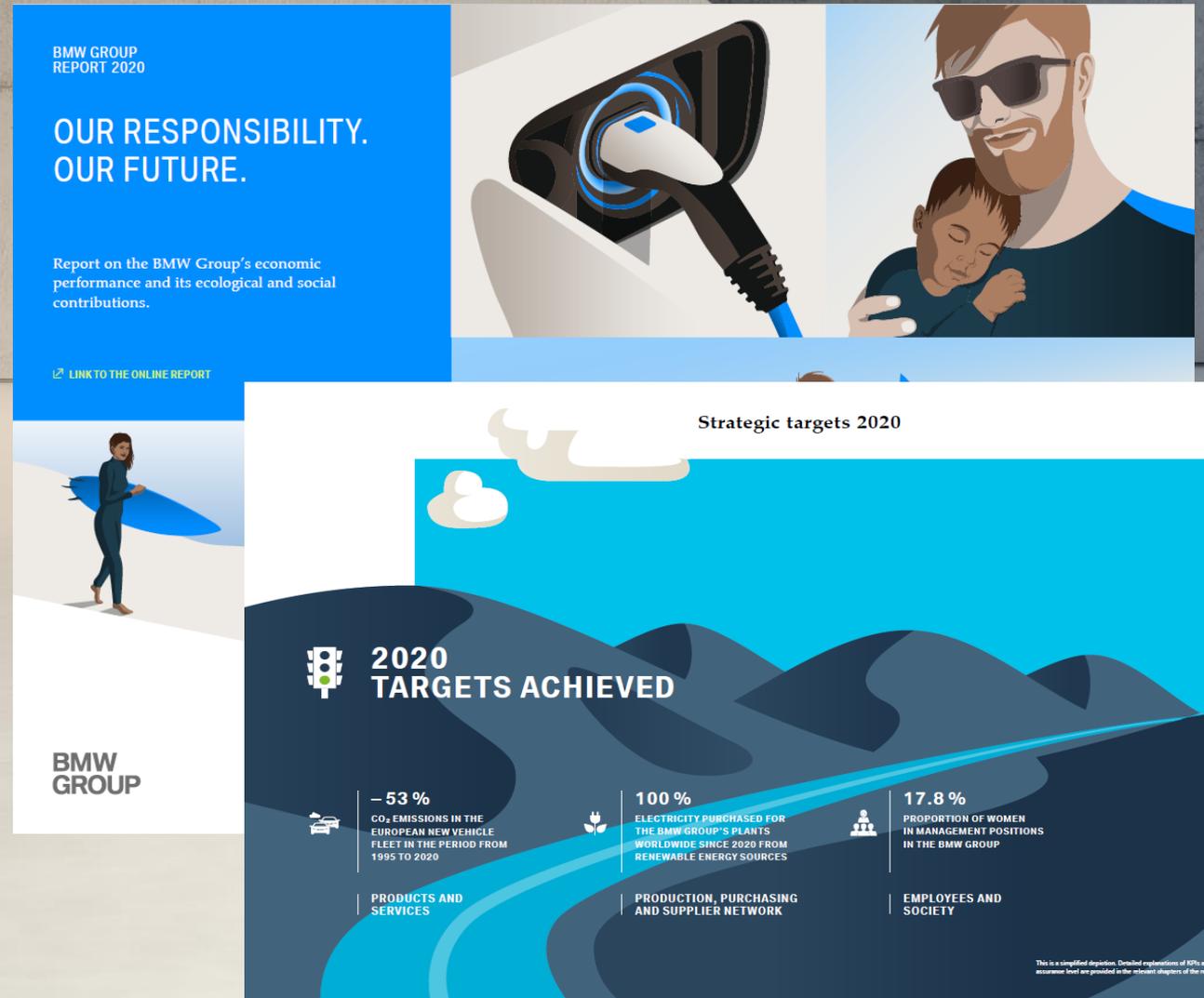
We are consistently pursuing the path to integrated corporate steering including **sustainability and mobility KPIs**.

We **delivered successfully** on the goals set until 2020.

We have set ourselves new challenging **sustainability and mobility targets for 2030**.

The CO<sub>2</sub> targets are officially validated by the **Science-Based Targets Initiative (SBTI)**.

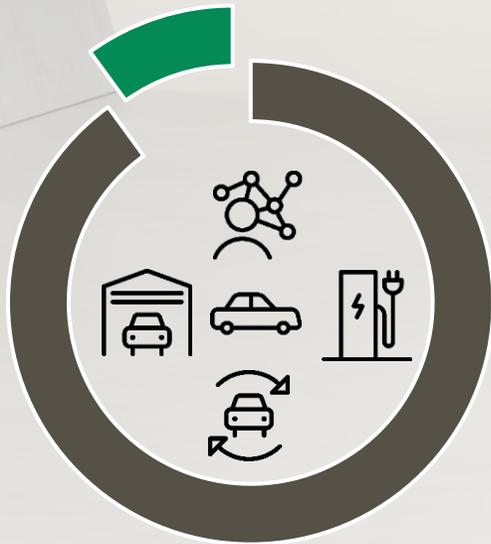
In the following years, we will **report transparently** on the progress of target achievement.



# BMW'S CAPITAL MARKET PRESENCE FOLLOWS THE GROUPS' HOLISTIC DIRECTION AND IS CONSISTENT TO ALL STAKEHOLDERS.

## Single "green" labeled financing

"Green" financing of selected projects – may suggest that other projects are not green.

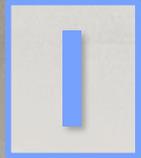


## Holistic concept of sustainability

Financial market appearance in line with holistic sustainable corporate strategy - consistent and convincing. ✓

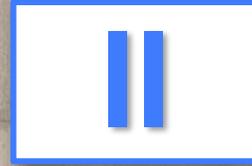


# OUR THREE PHASES OF TRANSFORMATION.



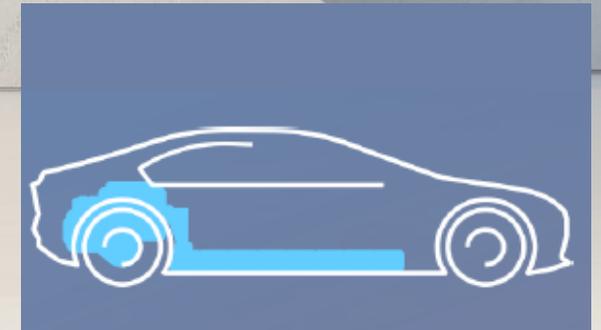
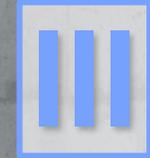
2013

**Pioneering**  
e-mobility.



Today

**Electrification** across  
our **entire portfolio.**



From 2025

**E-mobility first:**  
High BEV volume and  
the next level of digitalization.

# BY 2023 90% OF OUR SEGMENTS ARE COVERED BY AT LEAST ONE BEV. OUR CLEAR E-MOBILITY ROADMAP.

## Phase I Pioneering e-mobility



BMW i3



MINI Electric



BMW i8  
(PHEV)



BMW iX3



BMW i4



BMW iX

## Phase II Electrification across our segments



BMW X1 BEV\*



BMW 5 series BEV\*



BMW 7 series BEV\*



MINI Countryman BEV\*



2013

//

2019

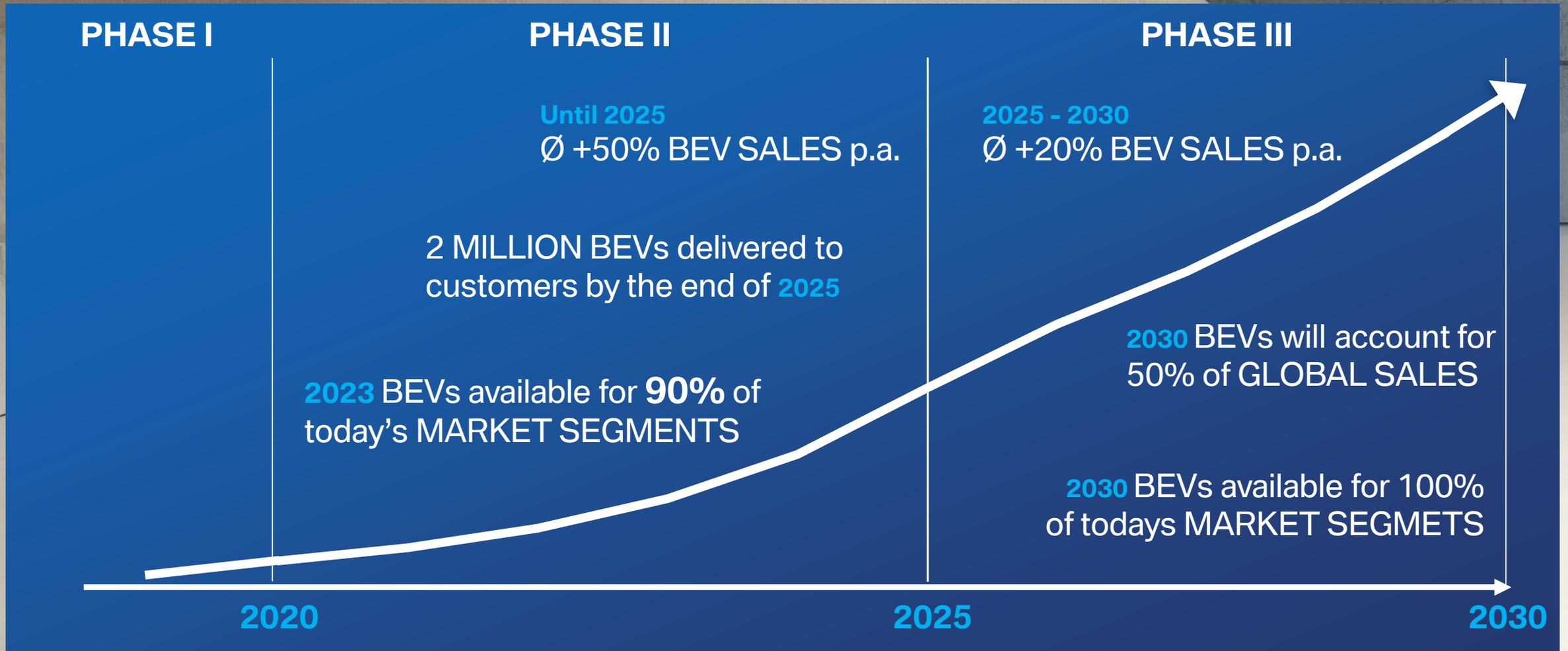
2020

2021

2022

2023

# 10 MILLION BEVS ON THE ROAD WITHIN THE NEXT TEN YEARS. LEADING PROVIDER OF BATTERY-ELECTRIC VEHICLES.



**THE FIRST EVER BMW i4.**  
E-MOBILITY WITHOUT COMPROMISE.



**UP TO 590 KM RANGE  
(BASED ON WLTP).**

**BUILT IN MUNICH.**

**UP TO 390 KW / 530 HP.**

**5TH GENERATION BMW eDRIVE  
WITHOUT ANY RARE EARTHS.**

**0 TO 100 KM/H IN AROUND  
4 SECONDS.**

# THE FIRST EVER BMW iX. NEXT ERA, NEXT LEVEL i.

COMBINED POWER CONSUMPTION  
< 21 KWH/100KM.

ELECTRIC MOTORS W/O  
RARE EARTHS.



>370 KW/500 HP.

UP TO 630 KM ELECTRIC RANGE (WLTP).

ELECTRIC ALL-WHEEL DRIVE WITH  
TWO ELECTRICALLY DRIVEN AXLES.

RECHARGING 120 KM IN JUST  
TEN MINUTES.

# NEUE KLASSE 2025.

UNCOMPROMISINGLY ELECTRIC, DIGITAL AND CIRCULAR.

## ELECTRIC FIRST

Uncompromisingly optimised for electric drivetrains.

Aim of matching range and manufacturing cost of state-of-the-art combustion engines.



## DIGITAL FIRST

Completely novel user experience.

Even more individually configurable and bookable features.

## SECONDARY FIRST

Proportion of secondary materials will be sharply increased.

Focus on greatly reducing resource consumption.

# **DIGITALIZATION ADDRESSES THE OVERALL COMPANY.**

CONSISTENT DIGITALIZATION TO EXPLOIT POTENTIALS IN ALL BUSINESS SEGMENTS.

## **BUSINESS PROCESSES.**

**SMART LOGISTICS**

**INNOVATIVE AUTOMATION and ASSISTANCE SYSTEMS**

**VIRTUALIZATION**

**QUANTUM COMPUTING**

**CATENA-X AUTOMOTIVE NETWORK**

## **PRODUCTS.**

**CONNECTIVITY**

**REMOTE SOFTWARE UPGRADE**

**AUTOMATED DRIVING**

## **CUSTOMER INTERACTION.**

**DIGITAL CUSTOMER EXPERIENCE**

**DIGITAL AFTERSALES UPGRADES**

**DIGITAL PERSONALISATION OF THE VEHICLE**

**DIGITAL FINANCING PROCESS AT FINANCIAL SERVICES**

**FOCUS ON CUSTOMER CENTRICITY.**

# THE BMW GROUP HAS A STRONG FOOTPRINT IN CHINA.



HIGH VOLTAGE BATTERY ASSEMBLY



2 VEHICLE PLANTS  
1 ENGINE PLANT  
+ 3 NEW VEHICLE PLANTS



4 DEVELOPMENT SITES



300+ 1<sup>ST</sup> TIER SUPPLIERS



5 REGIONAL OFFICES &  
600+ SALES OUTLETS

**Production:** Preparing the acquisition of an additional 25% shareholding in the BBA Joint Venture in 2022 for BMW and developing the Spotlight Joint Venture for MINI while ramping up new Shenyang and Zhangjiagang plants.

**R&D and Digitalization:** Leveraging local competencies by expanding our footprint in China.

# BMW GROUP CHINA – STRATEGIC TARGETS.

ALSO IN FUTURE CHINA OFFERS UNIQUE MARKET POTENTIAL.



PRODUCTS PERFECTLY CUSTOMIZED FOR CHINESE REQUIREMENTS.

LOCAL PARTNERSHIPS TO ACCESS TECHNOLOGIES AND COMPETENCIES.

LOCALISATION OF PRODUCTION AND SUPPLY CHAIN, WHERE SUITABLE.

MAXIMUM SYNERGIES BETWEEN BMW GROUP HEADQUARTERS AND THE CHINA TEAM.

# AGENDA.

Group Strategy

**Financial performance  
Review and Outlook 2021**



# BMW GROUP.

## FY 2020 KEY FINANCIALS.

BMW Group	FY 2020	FY 2019	Change in %
Earnings before tax (EBT) – Group (in m€)	5,222	7,118	-26.6
EBT margin (in %) – Group	5.3	6.8	-1.5 % points
Payout Ratio (in %) – Group	32.5	32.8	-0.3 % points

### Automotive Segment

Sales (units)*	2,325,179	2,537,504	-8.4
Earnings before interest and tax (EBIT) (in m€)	2,162	4,499	-51.9
EBIT margin (in %)	2.7	4.9	-2.2 % points
Free Cash Flow (m€)	3,395	2,567	+32.3

### Motorcycles Segment

Sales (units)*	169,272	175,162	-3.4
Earnings before interest and tax (EBIT) (in m€)	103	194	-46.9
EBIT margin (in %)	4.5	8.2	-3.7 % points

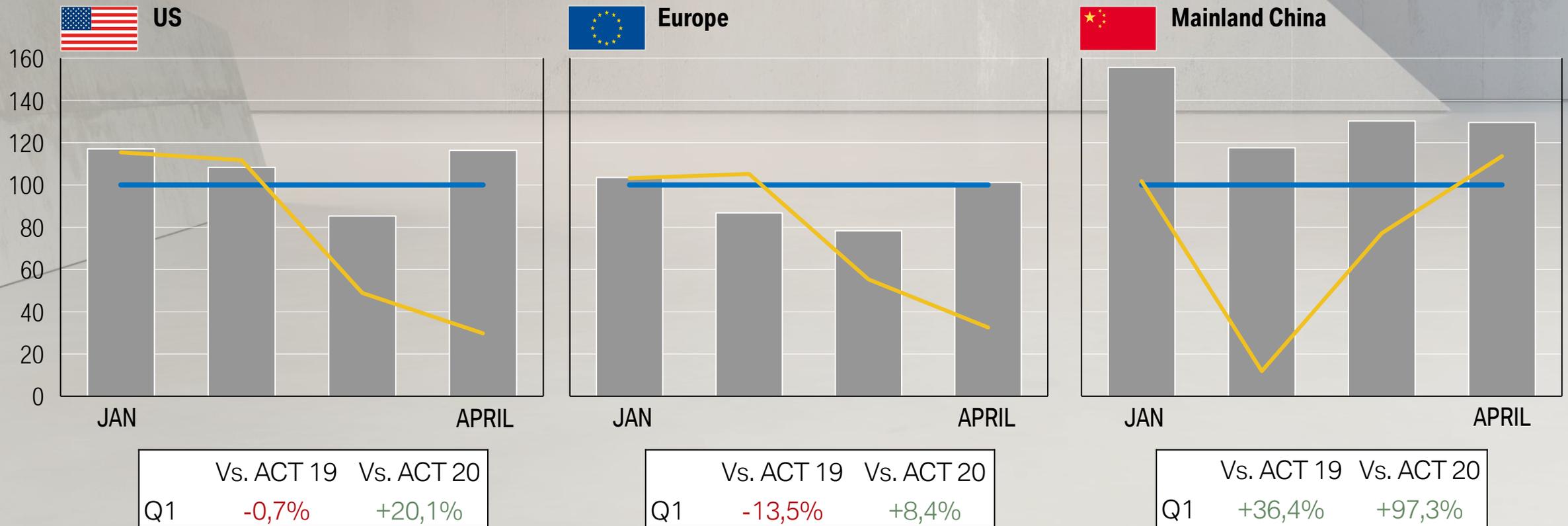
### Financial Services

Earnings before tax (EBT) (in m€)	1,725	2,272	-24.1
Return on Equity (in %)	11.2	15.0	-3.8 % points
Penetration rate (in %)	49.8	52.2	-2.4 % points
Credit loss ratio (in %)	0.21	0.26	-0.05 % points

# RETAIL TREND OVER THE YEAR SHOWS REGIONAL DIFFERENCES.

CHINA CONTINUES TO GROW; US & EU RECOVERING, BUT STILL NOT AT PRE-CRISIS LEVEL.

**Retail BMW + MINI 2021 relative to ACT 2019 (blue line), in %**



# BMW GROUP.

## Q1 2021 KEY FINANCIALS.

BMW Group	Q1 2021	Q1 2020	Change in %
Earnings before tax – Group (in m€)	3,757	798	-
EBT margin (in %) – Group	14.0	3.4	+10.6% points

### Automotive Segment

Sales (units)*	636,606	477,111	+33.4
Earnings before interest and tax (EBIT) (in m€)	2,236	229	-
EBIT margin (in %)	9.8	1.3	+8.5% points
Free Cash Flow (m€)	2,522	-2,218	.

### Motorcycles Segment

Sales (units)*	42,592	34,774	+22.5
Earnings before interest and tax (EBIT) (in m€)	135	72	+87.5
EBIT margin (in %)	17.9	12.9	+5.0% points

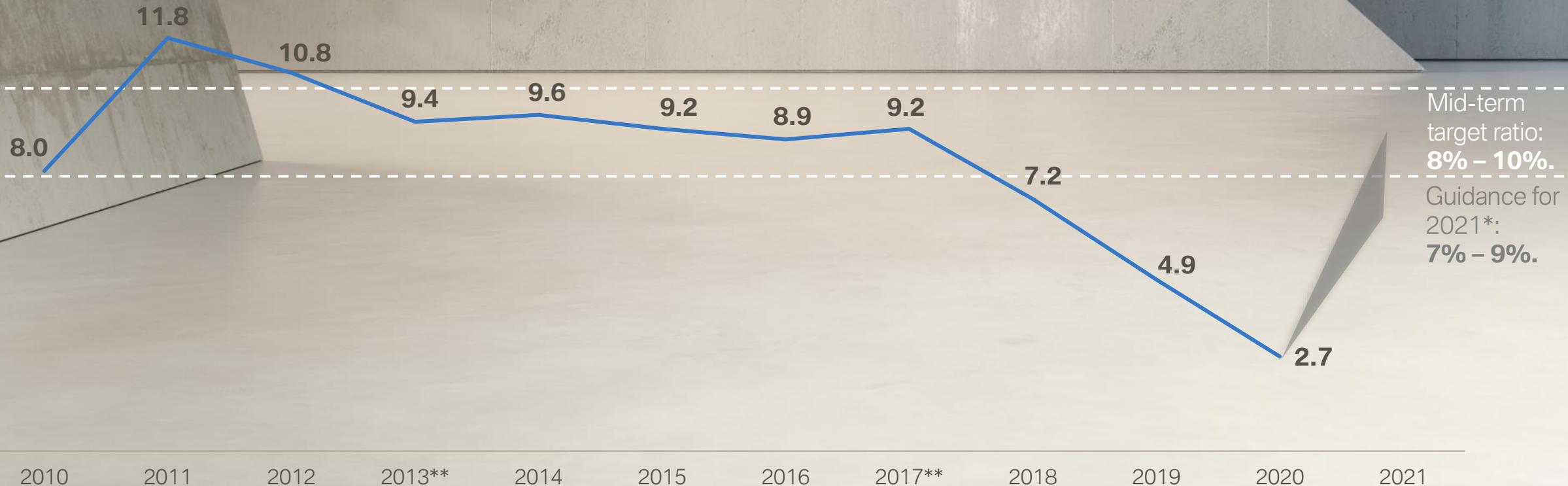
### Financial Services

Earnings before tax (EBT) (in m€)	787	484	+62.6
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# IN SPITE OF THE CORONAVIRUS PANDEMIC WE ARE GUIDING FOR AN AUTO EBIT MARGIN CORRIDOR IN 2021 WHICH IS JUST SLIGHTLY BELOW OUR STRATEGIC TARGET RATIO OF 8%-10%.

## EBIT margin.

[in %]



# OUTLOOK 2021.



Solid increase in **deliveries**<sup>1</sup>

Significant increase in **share of electrified vehicles in deliveries**

Significant decrease **CO2-Emissions New Vehicle Fleet**<sup>2</sup>

Moderate decrease **in CO2 emissions per vehicle produced**<sup>3</sup>

**EBIT-margin**<sup>4</sup> between 7 and 9%

Significant increase in **Return on capital employed**<sup>5</sup>



Solid increase in **deliveries**

**EBIT-margin** between 8 and 10%

Significant increase in **Return on capital employed**<sup>5</sup>



**Return on equity** between 12 and 15%



Significant increase in **Profit before tax**

Slight decrease in **workforce at year-end**

Slight increase in **share of women in management positions in the BMW Group**

<sup>1</sup>Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2020: 602,247 units).

<sup>2</sup>EU including Norway and Iceland; since 2018 value converted WLTP (Worldwide Harmonised Light Vehicles Test Procedure) basis.

<sup>3</sup>Efficiency indicator calculated from Scope 1 and Scope 2 CO2 emissions (market-based method according to GHG Protocol Scope 2 Guidance. Other climate-impacting gases than CO2 not included) from vehicle production, without motorcycles, minus CHP losses divided by the total number of vehicles produced, incl. BMW Brilliance Automotive Ltd. joint venture, Shenyang, not including the vehicles from the Magna Steyr and Nedcar contract production plants.

<sup>4</sup>Including an increase of the corridor of 6-8% by around 1 percentage point due to the revaluation of the provision for the ongoing EU antitrust proceedings.

<sup>5</sup>Unlike the other key performance indicators, the RoCE forecast for the Automotive and Motorcycles segments is based on the change in percentage points.

# THE PERFORMANCE PROGRAMME CONTRIBUTES SUBSTANTIALLY TO OUR EARNINGS AND FREE CASHFLOW.



## IMPROVE SALES PERFORMANCE

Steering of our sales activities **even more granular**, e.g. at the level of sales channel, markets and models. Rollout of all **performance levers worldwide** in 2021.

**Best customer support** for service and spare parts offerings and increasing **efficiency in spare parts logistics**.



## OPTIMISE PRODUCT OFFER AND COMPLEXITY

Drive train variants reduced by up to **50%** until 2025.

In recent years, we have already reduced our portfolio of diesel and gasoline engines by almost **30%**.



## DECREASE PROPORTIONAL AND FIXED COSTS

Continuation of our measures to **optimize** our **personnel structures** and **reduce costs**.

**Facility management:** further reduction of fixed costs.



## OPTIMISE INVESTMENT AND WORKING CAPITAL

Optimise **product planning** at early stage for **efficient plant integration** and **investment**.

**Working capital:** further reduction (in particular for finished goods).

**The programme continues to show its effects in 2021 and subsequent years.**

# THE BMW GROUP IS COMMITTED TO PLAYING A KEY ROLE IN TOMORROW'S MOBILITY.

**R&D Expenditure.\***  
[in m€, HGB]

**R&D Ratio.\*\***  
[in %, HGB]

The R&D ratio is expected to remain at prior year level in 2021.

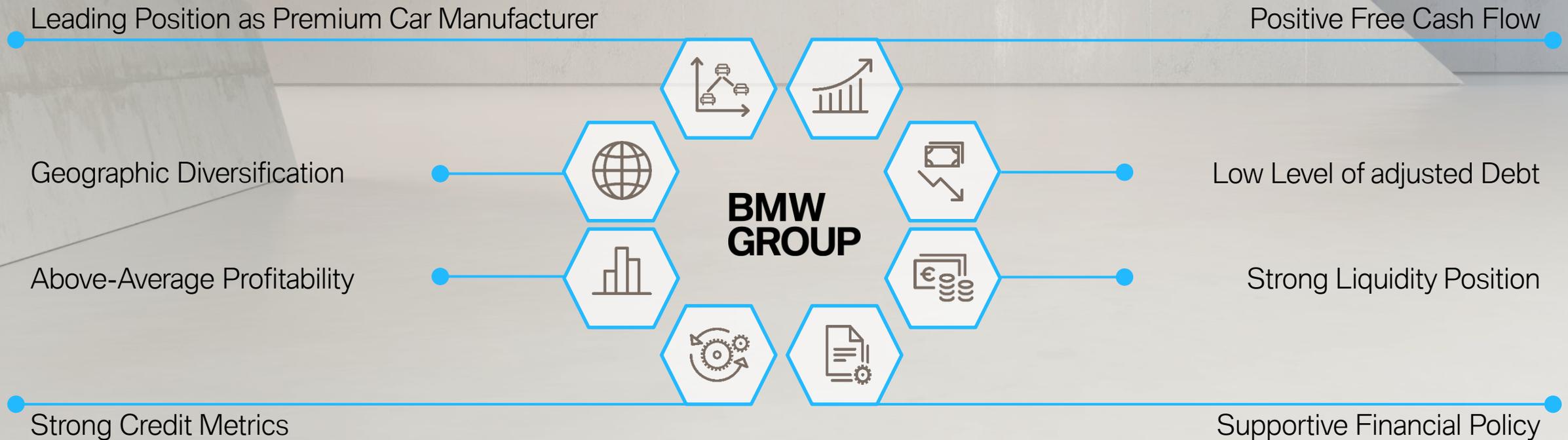
The capitalization ratio in 2021 is expected to be within a corridor of 35-40%.



Long-term target ratio:  
**5% - 5.5%.**

# THE BMW GROUP CONTINUES TO HAVE THE BEST RATINGS OF ALL EUROPEAN CAR MANUFACTURERS.

The overall company profile supports the commitment towards a single “A” rating



THANK YOU FOR YOUR ATTENTION.

