

Media Information  
15 March 2023

- Check against delivery –

**Statement****Oliver Zipse****Chairman of the Board of Management of BMW AG****BMW Group Annual Conference****15 March 2023, 8:30-9:30 a.m., BMW Welt**

Ladies and Gentlemen,

The BMW Group is a company that takes the long view, that is profitable – even in a volatile environment – and that always charts its own course. In 2022, we grew in three different ways: with the complex challenges we faced, with e-mobility and with our earnings. On the one hand, our focus is on operational excellence in the “here and now”. We know we can handle complexity. We can pivot quickly if the situation requires – and that makes the company more resilient than ever. On the other hand, we consistently maintain our course for the future, realising our goals with determination. A good example of this is our BEV ramp-up since 2013. We steer it to closely track growing demand. Since the start of the BMW i3, we have put more than half a million all-electric BMW and MINI vehicles on the roads worldwide. In fact, we sold more than 215,000 all-electric vehicles just last year. That’s more than double the number from 2021 – despite the difficult supply situation. We deliver on our promises. That has been a differentiating factor for BMW for over a hundred years.

With our strong BEV growth, we are leaving established competitors far behind – not to mention many of the BEV-only manufacturers from the US and Asia who are new to the market. This is true both in absolute terms and in terms of our growth dynamic. And we continue to up the pace. Demand remains strong. That’s why all-electric vehicles are expected to account for 15 percent of our global sales this year already. This will mean another big leap and the highest absolute increase we have targeted to date. We have clearly defined the next milestones for our BEV ramp-up: a fifth of overall sales in 2024; a quarter in 2025 and a third in 2026. With this momentum, more than half the vehicles we sell worldwide will be all-electric BEFORE 2030. It goes without saying that the percentage in Europe will already be well over 50 percent by then. If individual markets or regions demand 100 percent e-mobility at a certain point in time – we will be ready and able to deliver.

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BMW, MINI, Rolls-Royce and BMW Motorrad already offer fully-electric cars and two-wheelers in practically all the market segments we serve. We already have a dozen fully-electric cars in our line-up this year, covering a range of different customer requirements. Last year, I was only able to show you the profile of the BMW i7\* and the BMW iX1\*. Today, those production models are standing right here beside me. Both vehicles are fresh on the market – and impressing the media and customers alike. With all our BEVs, we are attracting an especially high number of new customers across different segments. That is another reason why we are expanding our BEV range in a deliberate manner. And we are not done yet.

In 2023, we will take the next big step to fulfil the drivers technological needs of our customers around the globe. Later this year, we will be releasing the latest version of the world's most successful business sedan on the market: the new BMW 5 Series – including of course the fully-electric i5. This will also be followed in 2024 by two plug-in hybrid variants. The official launch is still a few months away. But, behind me you can at least see the camouflaged i5. Production will get underway in the summer. From October onwards, the i5 will initially be released in Korea, Europe and the US.

BMW M fans get to experience the perfect harmony of e-mobility and dynamic performance in a very unique way. BMW M reported a record year to mark its 50th anniversary in 2022. The best-selling M model was the fully-electric BMW i4 M50\*. I think, that speaks for itself. It is another reason why we are also bringing the new BMW i5 onto the market as an M Performance model.

Today, I can also announce the new BMW 5 Series Touring, which is particularly popular in Europe. Our Touring fans will be excited to hear that an all-electric version of the Touring will also be available for the first time from spring 2024. That is our unique selling point in this segment. I can also officially confirm the new BMW X2 and the all-electric iX2. This is already BMW's second BEV offering in the high-volume compact class. Like the iX1\*, we are building the iX2 in Germany, at our Regensburg plant. It will be launched towards the end of the year. E-mobility is a priority for us – and we measure ourselves against this. That is why, starting this year, the BEV share of total sales will be a KPI for our management of the company.

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Our BEVs also make a vital contribution to achieving further, tangible reductions in the CO<sub>2</sub> emissions of our EU new vehicle fleet. At 105.0 grams of CO<sub>2</sub> per kilometre in the WLTP cycle, we even outperformed the EU27+2 fleet target by 22.5 grams per kilometre by the end of 2022. As you can see: The BMW Group can also be relied on to meet political directives. We are pressing ahead with our BEV ramp-up. At the same time, we remain true to our broad technological approach. Why? Because we don't want to miss out on any market potential – and this is the only way to effectively contribute to climate protection in all markets. It is also the only way we can continue to take different customer needs in the regions and markets into account.

In addition to BEVs, we are also seeing particularly strong growth in the profitable high-end premium and luxury segments. Specifically, we anticipate growth here in the mid-double-digit percentage range in 2023 – thanks to attractive models like the new BMW 7 Series, the BMW X7, the BMW XM\* and the Rolls-Royce model family. These will be joined in the spring by updates to the BMW X5 and the BMW X6. From 2025 onwards, the NEUE KLASSE will bring added momentum to sales of our all-electric vehicles. We intend to release at least six models onto the market within 24 months of the start of production. But before we look ahead to the future, here's Nicolas Peter to talk about our key figures for financial year 2022.

On the road to the NEUE KLASSE, we revealed our digital vision Vehicle at the CES in Las Vegas. And this was really a sensation! At the BMW Group, we deliver on our promises. That is our pledge.

The same applies to digital innovations. We are making mobility a totally new experience for our customers. Our revolutionary Head-Up Display blurs the lines between reality and the virtual world. Augmented Reality even enhances the real world. No one has ever imagined and implemented it like this in a car before. We call it BMW Panoramic Vision. And it is certainly not science fiction. In 2025 – just two years away – a standard-production version of this technology will be used in the NEUE KLASSE.

Video Frank Weber

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At the CES we demonstrated how we can integrate software and hardware into a perfect customer experience. Behind a digitalised vehicle like our Vision Vehicle Dee, there stands a digital company. What others are only just announcing has long been reality for us.

1. We already have the world's biggest update-compatible fleet of almost five million vehicles on the roads.
2. We have rolled out the third generation of our Operation System 8 – and we're already raising the bar again with OS 8.5 and OS 9.
3. We know exactly what we develop in-house and where we need to integrate partners. For example, in Qualcomm Arriver, we have a strong strategic partner for the next generation of driver assistance systems.
4. For intelligent customer functions, predictions and improved efficiency, we already use vehicle and fleet data from over 20 million vehicles connected to the BMW Cloud. For the required IT infrastructure, we use, among other things, our strategic cooperation with Amazon Web Services. Our position is clear: We live by digital sovereignty for data and intellectual property, independence and data protection.

One thing is clear: It is our employees who are developing these innovations. We are creating the knowledge and tools needed to identify and implement digital potential in every area of responsibility.

## Video Ilka Horstmeier

The Theatre Screen in the new BMW 7 Series is a good example of how we are also realising digital innovations in collaboration with our suppliers. This highly exclusive, private cinematic experience on wheels came out of our cooperation with Amazon and three other companies. But collaborating with our suppliers is not just about technical innovations. Our supply chains need to meet increasingly complex and demanding requirements: for CO<sub>2</sub> emissions, environmental and social standards, and on the road to a circular economy. The aim is for the BMW Group's entire value chain to be climate-neutral no later than 2050. This will require many individual steps. Let me give you three examples to illustrate our holistic approach:

1. Starting next year, we will be sourcing significantly CO<sub>2</sub>-reduced aluminium in Canada, exclusively for vehicle production at our US plant in Spartanburg.

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2. We have also concluded agreements for delivery of CO<sub>2</sub>-reduced steel in Europe, the US and China. Our goal is to supply more than a third of our global production network with CO<sub>2</sub>-reduced steel from 2026 onwards. This move alone will avoid 900,000 tonnes of CO<sub>2</sub> in our supply chain and support the transformation of the steel industry.
3. We continue to pursue our major goal of a circular economy: To achieve this, we are significantly increasing the percentage of secondary material in our vehicles – and, especially, for the NEUE KLASSE.

We showed how the circular economy can be implemented in our industry with our BMW i Vision Circular two years ago. The key to all this is close cooperation with our partners in the supplier network.

Video Joachim Post / Video Milan Nedeljković

BMW iFACTORY – that is the future for our global production network. We are expanding this concept in great strides – in all major regions of the world. We completed two key projects in China last year: In April, the expansion at our Dadong location began operations. This is where we are localising the BMW X5 as a long-wheelbase version for the Chinese market. In late June, we also put another plant into service at our Tiexi site. The plant is fully geared towards e-mobility and was planned entirely in a virtual environment.

In Europe, at around the same time, we laid the foundation stone for our new plant in Debrecen, Hungary. It should become a pioneer in sustainable and climate-friendly production. This plant was also planned completely digitally. Production of the NEUE KLASSE will get underway there in 2025. From then on, others will follow in rapid succession: Our main plant in Munich in 2026. In 2027, our Mexican plant in San Luis Potosí. With other locations to follow.

We are also enabling our largest plant worldwide, Plant Spartanburg in South Carolina, for production of all-electric vehicles. We are investing over 1.7 billion dollars in the site. By 2030, we will have six pure electric models coming off the production line in the US. We will be manufacturing the high-voltage batteries needed for this at a completely new plant in nearby Woodruff. Woodruff is just one example of our local production of high-voltage batteries around the world.

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At the moment, we are manufacturing high-voltage batteries for our current electric models in Germany and in China, at our Shenyang location.

Debrecen in Hungary, San Luis Potosí in Mexico and Woodruff will complete this network for the sixth generation of battery technology in the future. This "local for local" approach enables us to secure our BEV ramp-up in individual regions of the world and significantly increase our resilience to unforeseen events. Our world is diverse and individual at the same time.

We believe that the mobility of the future also needs more than one leg to stand on, in addition to battery-electric drivetrains. We see hydrogen-electric vehicles as a meaningful complement to e-mobility – even if with something of a time lag. Hydrogen has a lot of potential. Globally and across all industries we are already on the way to becoming a hydrogen society. At BMW, we could even envision a production vehicle in the second half of this decade. Hydrogen could also be a possible drive technology for the NEUE KLASSE going forward. Technologically, we are ready.

We proved this a few weeks ago when we presented our BMW iX5 Hydrogen\* in Antwerp. A range of around 500 kilometres in the WLTP cycle and refuelling in three to four minutes speak for themselves. We are now sending a pilot fleet out into selected markets to gain customer experience. But let's leave the slightly more distant hydrogen technology and come back to what our customers can look forward to today and in the near future.

MINI will be really taking off in the next few years. By the early 2030s, the brand will be electric-only. This is what the pioneering "NEW MINI Family" is all about. A total of three new electric models will be coming onto the market next year. Standing next to me is the new MINI Cooper Electric\*. And I'm confident – the fan community is also going to love the MINI Countryman and the MINI Aceman.

Rolls-Royce will be all-electric from the start of the next decade. The Spectre is being released at exactly the right time. We have never had so many pre-orders for a new Rolls-Royce model.

BMW Motorrad already relies solely on e-drives in urban settings. Following on from the CE 04, the CE 02 is mainly designed to appeal to

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young people living in the city. The Concept is standing right here beside me. Today's perfect customer experience also entails personalised communication with customers in the worlds they live in.

## Video Pieter Nota

Focused on the customer, with highly attractive products for all brands and a new sales model – this is how we are heading into the future together with our retailers. We have broad support from our sales partners. This collaborative approach is what sets us apart from others. Direct sales, with agents acting as sales representatives, will be a key element of our realigned sales structure.

We have already successfully tested this as part of a pilot project in South Africa. We launched this model in China for MINI on the first of March. It will be followed next year by the European sales region for MINI. We plan to transition the BMW brand in Europe from 2026 onwards.

Ladies and Gentlemen,

At the BMW Group, we move body, heart and mind. This aspiration also encapsulates our impact on society, as a value-based, value-creating company. And, above all: We deliver on our promises. You will always be able to rely on the BMW Group for this in the future.

In 2023, our strategic approach will once again keep us on track for success. We will meet current requirements with our fresh, technologically broad product line-up and with our operational excellence. At the same time, we will remain focused on our course for the future.

With the NEUE KLASSE, we are embarking on a new era of mobility. And, at the same time, taking the company into the next dimension.

Thank you!

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**\*Consumption/emissions data:****BMW i7 xDrive60:** Power consumption in kWh/100 km combined: 19.6-18.4 WLTP.**BMW iX1 xDrive30:** Power consumption in kWh/100 km combined: 18.1-16.9 WLTP.**BMW i4 M50:** Power consumption in kWh/100 km combined: 22.5-18.1 WLTP.**BMW XM:** fuel consumption in l/100 km combined: 1.6-1.5 WLTP; power consumption in kWh/100 km combined: 30.1-28.9 WLTP; CO2 emissions in g/km combined: 36-33 WLTP.**BMW iX5 Hydrogen:** H2 Consumption in kg/100 km: 1,19 WLTP.**MINI Cooper SE:** Power consumption in kWh/100 km combined: 17.6-15.3 WLTP.