

Media Information

11 February 2022

BMW Group strengthens partnership in China: Extension of Joint Venture Contract until 2040 enters into force

Production capacity to be expanded during current year

Zipse: "Important move in stepping up our successful commitment to China"

Peter: "Foundation for further mutual growth"

Munich. The BMW Group underlines its long-term commitment in China: as of 11 February 2022, the extension of the joint venture contract for the BMW Brilliance Automotive Ltd. (BBA) joint venture until 2040 takes effect.

The agreement on the contract extension was signed by the two joint venture partners back in October 2018, on BBA's 15th anniversary. The corresponding amendment to the contract comes into force with the new "business licence", which BBA received today from the relevant Chinese authorities.

"Today marks an important step, as we continue to expand our long and successful commitment to China. We firmly believe that our continued success in the world's largest automotive market can only go hand in hand with the growth and further development of our BBA joint venture. The joint venture contract has been extended until 2040 and lays the foundation for sustainable business success, creating growth and prosperity in the province of Liaoning and beyond," said Oliver Zipse, Chairman of the Board of Management of BMW AG.

With the issuance of the new "business licence", also the increase of BMW Group's stake in BBA becomes effective on 11 February 2022, as agreed upon by both joint venture partners in 2018. BMW Group now holds 75% of the shares in BBA, while its Chinese partner, Brilliance China Automotive Holdings Ltd. (CBA), indirectly holds the remaining 25%.

Last year, a total of 846,237 BMW Group vehicles were delivered to customers in the Chinese market (+8.9% against 2020). In 2021, BBA produced more than 700,000 BMW vehicles, with around 23,000 employees.

In response to strong demand, BBA is increasing production capacity in Shenyang again this year: The BBA plant in the Dadong district is currently undergoing a comprehensive expansion, while a completely new plant is also being built in the

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Tiexi district. The BMW Group will use the additional capacity to locally manufacture models for the Chinese market, which are also being produced in other plants. It will also be used to manufacture additional fully electric models in China.

"BBA's remarkable success story testifies to the proven partnership within the joint venture and with the provincial government in Liaoning," said Nicolas Peter, member of the Board of Management of BMW AG responsible for Finance. "Our local investments are proving to be the right approach. BBA has significantly contributed to position the BMW brand as a leading premium brand in China. In the past decade alone, BBA has invested more than 10 billion euros in China. Our extended joint venture contract lays the foundation for further mutual growth and progressive development in the future. It therefore paves the way for balanced development in the three main regions of the world, as we have done in the past."

Founded in 2003 with Chinese partner Brilliance China Automotive Holdings Ltd. (CBA), the joint venture produces BMW vehicles with internal combustion engines and electric drivetrains for the Chinese market and for export at two locations in Shenyang (Liaoning Province).

Effective 11 February, the BBA joint venture will be fully consolidated in the Group Financial Statements of BMW AG. Payment of the purchase price is expected to be completed by 22 February.

The main impact on the Financial Statements for the financial year 2022 is laid out in the ad hoc announcement also released today.

Further details on the full consolidation of BMW Brilliance Automotive Ltd. will be included in the Outlook and Notes to the Group Financial Statements sections of the BMW Group Report 2021 (for release on 16 March 2022). Full consolidation will be completed in the Quarterly Statement to 31 March 2022 (for release on 5 May 2022). Definitions of the financial key figures referred to can be found in the Glossary of the BMW Group Report 2020, on pages 326 to 329.

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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 31 production and assembly facilities in 15 countries; 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 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 company set its course for the future early on and is making sustainability and resource efficiency the focus of the company's strategic direction – from the supply chain, through production, to the end of the use phase, for all its products.

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