

Media Information

6 November 2024

BMW Group confirms adjusted full year guidance

- Looking ahead after extraordinary challenges in Q3.
- Significant BEV growth, with a sales share of 19.1% in Q3.
- BMW brand increases sales volume in Europe as of September: +7.6%, leading position expanded.
- BMW sales and market share stable in the US.
- Significant inventory reduction planned in Q4 – forecast auto free cash flow confirmed.
- Zipse: "Securing short-term earnings and long-term success"

Munich. The BMW Group expects sequentially increasing deliveries in the final quarter of 2024. This follows a third quarter in which technical actions linked to the Integrated Braking System (IBS) presented extraordinary challenges. As stated in the ad hoc announcement on September 10, the technical actions – together with weak demand in China – dampened the sales and revenue situation in the reporting period from July to September. Moreover, additional IBS-related provisions for warranty obligations in the high three-digit million-euro range impacted the third quarter. As a result, the BMW Group adjusted its 2024 financial guidance.

Nevertheless, the ramp-up in e-mobility remained strong and made a positive contribution in Q3. BMW Group BEV deliveries grew significantly by +10.1% compared to the previous year, and the share of sales of fully electric vehicles rose to 19.1% percent.

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The BMW Group delivered a total of **1,754,157 automobiles** in the nine-month period (2023:1,836,563 automobiles/ **-4.5%**). In the third quarter, the premium manufacturer delivered **540,881** BMW, MINI and Rolls-Royce vehicles (2023: 621,699 automobiles/ **-13.0%**).

The BMW Group benefits from its global presence and was able to balance out the different sales developments in the major world regions. The BMW brand grew by +4% outside China and gained +0.1% points in global market share while the premium brands **MINI** and **Rolls-Royce** were affected by **model changes**.

In **Europe**, the BMW brand experienced moderate growth of +7.6% over the nine-month period. Double digit growth in individual markets such as Spain, UK, France and Italy was a key driver. Despite a notable impact of the IBS issue in the Americas region and delivery stops in the **US market**, BMW sales reached the previous year's level and BMW maintained a stable market share.

The company has been working hard to replace the IBS components and is expediting the processing of vehicles in customer hands and those in stock. The majority of stock vehicles requiring action will be addressed and delivered before the end of the year.

"After the extraordinary challenges in the third quarter, we are looking ahead: In the fourth quarter, we are back on track for stronger earnings in order to achieve our annual targets, despite planned high upfront expenditures," said the **Chairman of the Board of Management of BMW AG, Oliver Zipse**, on Wednesday. "We are striking a balance between securing short-term earnings and long-term success: This year we are investing more than ever in new

products, technologies and our plants, so that we can continue the BMW success story with the NEUE KLASSE from next year onwards."

IBS-related delivery stops and delays significantly impacted the BMW Group key financial figures in the reporting period: In Q3, the BMW Group posted **revenues of €32,406 million** (2023: €38,458 million/ -15.7%; adjusted for currency translation effects **-15.3%**; Sep YTD: **€105,964 million**; 2023: €112,530 million/ -5.8%; adjusted for currency translation effects **-4.8%**).

R&D spending and capital expenditure to secure future competitiveness

The BMW Group has a solid and robust balance sheet which enables continued investments in the future. As previously announced, the company expects to **post peak figures for both research & development and capital expenditure in 2024**. At the core is the roll-out of NEUE KLASSE across the whole portfolio focused on electrification, decarbonisation and digitalisation of its product line-up and structures.

Group **research and development expenditure** for the first nine months totalled **€6,642 million** and was significantly higher than the previous year (2023: €5,223 million/ **+27.2%**; in Q3: **€2,473 million/ +35.4%**). The R&D ratio of **6.3%** was also higher year-on-year due to declining revenues (2023: 4.6%/ **+1.7 percentage points**; in Q3: **7.6%; +2.8 percentage points**).

Impact on Group and Automotive Segment financial figures

Group operating profit (EBIT) in the third quarter was **€1,696 million** (Q3 2023: €4,352 million/ **-61.0%**; Sep YTD: €9,627 million; 2023: €14,070 million/

-31.6%). Negative fair value measurement effects resulting from falling interest rates contributed significantly to the decline in the Group financial result of **€-858 million** (Q3/2023: €-289 million; Sep YTD: €-766 million; 2023: €-656 million). As a result, **Group earnings before tax** in the third quarter declined to **€838 million** (€4,063 million/ **-79.4%**; Sep YTD: **€8,861 million**; 2023: €13,414 million/ **-33.9%**). The **Group EBT margin** came in at **2.6%** respectively at **8.4%** after nine months (Q3/ 2023: 10.6%/ **-8.0%-pts.**; 2023: 11.9%/ **-3.5%-pts.**)

The **Automotive Segment** posted **revenues** of **€27,854 million** (2023: €32,096 million /-13.2%; adjusted for currency translation effects **-12.8%**) in the third quarter (Sep YTD: **€90,863 million** (2023: €94,994 million/-4.3%; adjusted for currency translation effects **-3.1%**). Vehicle sales declined and product mix was negatively impacted – mainly due to weaker demand in China and IBS-related delivery stops of higher-class vehicle models.

Earnings before financial result (EBIT) in the same reporting period totalled **€634 million** (Q3 2023: €3,135 million/ **-79.8%**; Sep YTD: **€6,028 million** (2023: €9,810 million/ **-38.6%**). The **EBIT margin** decreased to **2.3%** respectively to **6.6%** in Sep YTD (Q3 2023: 9.8%/ **-7.5 %-pts.**; 2023: 10.3%/ **-3.7%-pts.**). Excluding the depreciation resulting from the purchase price allocation of BBA, the Automotive EBIT margin came in at **3.5%** for the third quarter and **7.7%** for September YTD.

Free cash flow impacted by capital expenditure and inventory

Lower earnings and increased inventory – resulting from delivery stops and lower sales volumes – had a particular impact on Q3 **auto free cash flow**. **Working capital** changed by €-1.934 million over the period and high **capital expenditure**



of €3,311 million weighed on free cash flow. In the third quarter, it posted **€-2,480 million** (2023: €2,618 million; Sep YTD: **€-191 million**/ 2023: €5,759 million). With the release of stock vehicles following IBS exchange, the company is aiming for inventory levels at the previous year's level in the fourth quarter. Lower inventory levels and a sequentially higher result will contribute to the **forecast free cash flow of >€4 billion** despite further high investments.

"With stringent management, the BMW Group remains on track for the forecast auto free cash flow for the full year", said **BMW Group Chief Financial Officer Walter Mertl**. "In the fourth quarter, sequentially higher deliveries and a stronger product mix will support our earnings. Despite the extraordinary pressures in Q3, we are adhering to our planned extensive investments. These are the basis for our future automotive portfolio, for our profit generation in the coming years. We are committed to our future and are shaping it today with focus", said Mertl.

Capex ratio in the third quarter was **6.7%**; after nine months and stood at **5.3%**. A capex ratio of > 6% is expected for the year as a whole — as in previous years, the fourth quarter will also show seasonally high capital expenditure.

The BMW Group has consistently continued its **share buyback program**: The third tranche of the current second share buyback program was successfully completed on October 25, 2024.

Based on the authorization of the Annual General Meeting on May 11, 2022, BMW AG acquired a total of 6.19% of the share capital as of September 30, 2024.

Financial Services Segment sees significant growth in new business

In the **Financial Services Segment**, the number of new financing and leasing contracts concluded in the first nine months of the year rose significantly to **1,252,251** (2023: 1,112,817 contracts/ **+12.5%**). The segment's **volume of new business** also grew significantly to **€46,531 million** (2023: €40,973 million/ **+13.6%**). The **penetration rate** increased to **42.3%** (2023: 37.7%; **+4.6 %-pts.**).

For the year to the end of September, the segment reported an **EBT** of **€2,146 million** (2023: €2,451 million/ **-12.4%**). Lower revenues from the resale of end-of-lease vehicles, that resulted largely from the continuing normalisation of global used car markets, primarily weighed on the result. During the nine-month period, the **credit loss ratio** was **0.26%** across the entire loan portfolio (2023: 0.15%).

Adjusted guidance confirmed

In the fourth quarter, the BMW Group will continue to implement the measures outlined in the IBS technical campaigns with focus and urgency. Accordingly, it intends to hand over vehicles to customers that have been blocked to date. In many markets, the BMW Group is experiencing robust demand for its premium vehicles.

For the fiscal year 2024, the BMW Group is confirming its adjusted full-year guidance as of September 10: **Group earnings before taxes** will decrease significantly. Vehicle deliveries in the **Automotive Segment** will be slightly lower than the previous year. The **EBIT margin** for 2024 is forecast to be within the range of **6% to 7%**. The return on capital employed (**RoCE**) is expected to be between **11%** and **13%**.



Return on equity (**RoE**) in the **Financial Services Segment** is projected to be between **15-18%**, reflecting the current improvement in business development.

In the **Motorcycles Segment**, faced with a challenging market and competitive landscape, the BMW Group expects customer deliveries to be on a par with the previous year. The **EBIT margin** for 2024 will be in the range of **6%** to **7%**, with a return on capital employed (**RoCE**) of between **14%** and **16%**. These targets will be achieved with **slightly higher employee numbers**.

This guidance assumes that geopolitical and macroeconomic conditions will not deteriorate. Given the many uncertainties surrounding the existing risks and opportunities, the BMW Group's actual business performance may deviate from current expectations.

The BMW Group continues to fully leverage its young and attractive product portfolio and its proven approach of technology openness. Thanks to its flexibility, the balance across key global regions and a strong balance sheet, it is able to adapt to dynamic market changes while consistently pursuing its long-term business success.

The BMW Group – an overview: YTD Q3 2024		YTD Q3 2024	YTD Q3 2023	Change in %
Deliveries to customers				
Automotive¹	units	1,754,157	1,836,563	-4.5
thereof: BMW	units	1,583,503	1,621,267	-2.3
MINI	units	166,684	210,741	-20.9
Rolls-Royce	units	3,970	4,555	-12.8
Motorcycles	units	163,436	164,908	-0.9
Employees (as of 31 Dec. 2023)		154,950		
EBIT margin Automotive Segment	percent	6.6%	10.3%	-3.7 %-points
EBIT margin Motorcycles Segment	percent	9.5%	12.0%	-2.5 %-points
EBT margin BMW Group²	percent	8.4%	11.9%	-3.5 %-points
Revenues	€ million	105,964	112,530	-5.8
thereof: Automotive	€ million	90,863	94,994	-4.3
Motorcycles	€ million	2,563	2,571	-0.3
Financial Services	€ million	28,598	26,723	7.0
Other Entities	€ million	10	9	11.1
Eliminations	€ million	-16,070	-11,767	36.6
Profit before financial result (EBIT)	€ million	9,627	14,070	-31.6
thereof: Automotive	€ million	6,028	9,810	-38.6
Motorcycles	€ million	243	308	-21.1
Financial Services	€ million	2,199	2,449	-10.2
Other Entities	€ million	-13	-13	0.0
Eliminations	€ million	1,170	1,516	-22.8
Profit before tax (EBT)	€ million	8,861	13,414	-33.9
thereof: Automotive	€ million	5,763	9,611	-40.0
Motorcycles	€ million	244	311	-21.5
Financial Services	€ million	2,146	2,451	-12.4
Other Entities	€ million	379	112	-
Eliminations	€ million	329	929	-64.6
Group income taxes	€ million	-2,729	-3,863	-29.4
Net profit	€ million	6,132	9,551	-35.8
Earnings per share of common stock	€	9.21	13.90	-33.7
Earnings per share of preferred stock³	€	9.22	13.91	-33.7

¹Deliveries include the joint venture BMW Brilliance Automotive Ltd., Shenyang

²Ratio of Group earnings before taxes to 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.

The BMW Group – an overview: in Q3 2024		IN Q3 2024	IN Q3 2023	Change in %
Deliveries to customers				
Automotive¹	units	540,881	621,699	-13.0
thereof: BMW	units	487,062	549,941	-11.4
MINI	units	52,669	70,384	-25.2
Rolls-Royce	units	1,151	1,374	-16.2
Motorcycles	units	50,364	52,037	-3.2
Employees (as of 31 Dec. 2023)		154,950		
EBIT margin Automotive Segment	percent	2.3%	9.8%	-7.5 %-points
EBIT margin Motorcycles Segment	percent	3.8%	-0.6%	+4.4 %-points
EBT margin BMW Group²	percent	2.6%	10.6%	-8.0 %-points
Revenues	€ million	32,406	38,458	-15.7
thereof: Automotive	€ million	27,854	32,096	-13.2
Motorcycles	€ million	702	650	8.0
Financial Services	€ million	9,331	9,102	2.5
Other Entities	€ million	3	3	0.0
Eliminations	€ million	-5,484	-3,393	-61.6
Profit before financial result (EBIT)	€ million	1,696	4,352	-61.0
thereof: Automotive	€ million	634	3,135	-79.8
Motorcycles	€ million	27	-4	-
Financial Services	€ million	760	740	2.7
Other Entities	€ million	0	-8	-
Eliminations	€ million	275	489	-43.8
Profit before tax (EBT)	€ million	838	4,063	-79.4
thereof: Automotive	€ million	433	3,043	-85.8
Motorcycles	€ million	28	-2	-
Financial Services	€ million	665	747	-11.0
Other Entities	€ million	-317	-5	-
Eliminations	€ million	29	280	-89.6
Group income taxes	€ million	-362	-1,132	-68.0
Net profit	€ million	476	2,931	-83.8
Earnings per share of common stock	€	0.64	4.20	-84.8
Earnings per share of preferred stock³	€	0.64	4.20	-84.8

¹ Deliveries include the joint venture BMW Brilliance Automotive Ltd., Shenyang

² Ratio of Group earnings before taxes to 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.

GLOSSARY – explanatory comments on key performance indicators

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BEV

Battery Electric Vehicle.

Deliveries to customers

A new or used vehicle is recorded as a delivery once it is 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.

EBT Margin

Profit/loss as a percentage of revenues.

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:

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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 2023, the BMW Group sold over 2.55 million passenger vehicles and more than 209,000 motorcycles worldwide. The profit before tax in the financial year 2023 was € 17.1 billion on revenues amounting to € 155.5 billion. As of 31 December 2023, the BMW Group had a workforce of 154,950 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action, from the supply chain through production to the end of the use phase of all products.

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