BMW GROUP

Corporate Communications

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More speed, more efficiency: BMW Group realigns for tougher competition

- Q2 Group pre-tax earnings (EBT) of €1,697 million (-35.1%); EBT margin at 5.4%
- H1 Group EBT of €4,045 million (-29.4%); EBT margin at 6,5 %
- Q2 Automotive segment EBIT margin at 2.3%
- Neue Klasse gains traction: BEV deliveries in Europe rose by more than one-third in Q2
- Agreement reached with the Works Council on workforce restructuring program
- CEO Nedeljković: "Preparing the BMW Group for growing challenges"

Munich. The BMW Group is maintaining a clear course in an increasingly competitive environment: Faced with a significant downturn in the Chinese market and an increasingly challenging operating environment worldwide, the company is accelerating and intensifying consequently measures to tackle enduring changes in the operating environment. As an initial and decisive step, the BMW Group has reached an agreement with the Works Council on an extensive workforce restructuring program including voluntary severance packages.

"The automotive industry is faced with rapidly escalating challenges – intense global competition, increasing regional regulatory requirements and the implications of geopolitical conflicts will shape our business model in the years ahead. That's why it's important to be lean and agile," said **Milan Nedeljković, Chairman of the Board of Management of BMW AG**. "We are working to reshape our organisation and processes, thereby positioning the company to stay competitive going forward."

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In the second quarter, the sharply negative market development in China, intensified competition, particularly in the Asia-Pacific region, and the consequences of the continuing conflict in the Middle East clearly impacted the BMW Group's business performance. Group pre-tax earnings (EBT) came in at €1,697 million (-35.1%) with an EBT margin of 5.4%; in H1, it was 6.5% (H1: €4,045 million; -29.4%). The EBIT margin in the Automotive Segment was 2.3%. Free cash flow in the segment totalled €513 million (-73.4%).

Global deliveries down slightly year-on-year; growth in Europe and the US

The BMW Group delivered a total of **1,156,727 BMW, MINI and Rolls-Royce** vehicles to customers worldwide in the first six months of the year (2025: 1,207,594 vehicles/-4.2%; in Q2: 590,947 vehicles/-4.9%).
The company reported growth in the first half of the year in the Sales Region Europe and in the USA (Europe: +5.4%; USA: +3.9%). Growth in both regions increased further in the second quarter (Europe: +7.6%; USA: +11.9%).

In the Sales Region China, the negative trend accelerated during the reporting period. The BMW Group also recorded a significant decrease in deliveries (H1: 261,773 units/-20.4%; Q2: 117,815 units/-30.2%).

MINI brand deliveries increased significantly during the reporting period, with growth of +17.1% and 81,032 vehicles delivered in the second quarter (2025: 69,223 vehicles/+17.1%; H1: 149,535 units; 2025: 133,838 units/+11.7%). Its fully-electric models contributed to this sales growth: Accounting for 36.9% of the brand's total deliveries, more than one in every three MINIs sold in the first six months was fully electric (2025: 34.3%).

The BMW Group delivered a total of **116,807 fully-electric vehicles** between April and June (2025: 111,070 vehicles/+5.2%, H1: 204,295 vehicles/-7.4%). As a result, nearly one in five vehicles delivered was fully electric (19.8%). In the Sales Region Europe, the positive sales performance continued following the launch of the BMW iX3* in early March: In the second quarter of 2026, total BEV sales in this region reached 81,500 vehicles, an increase of 37.9% compared to the previous year. Nearly one in three new vehicles delivered was fully electric (31.3%/2025: 24.4%).

Demand for the **Neue Klasse** continues to grow with every new model introduced: The **BMW iX3**, the first model of the Neue Klasse, is fully on track to reach the milestone of 100,000 orders since its sales launch.

The second Neue Klasse model, the **BMW i3**, has equally recorded strong demand immediately following the start of the early ordering phase for the Launch Edition in June. Since their world premieres, the **BMW 7 Series** and the all-new **BMW X5** have received extremely positive feedback. The new X5 will make the technologies of the Neue Klasse available in five drive train variants to deliver on different customer requirements worldwide.

“With the Neue Klasse and its technologies, we are bringing a strong product portfolio to market – innovative and at the forefront of technology. Customer feedback has been excellent, and demand remains consistently strong,” said **CEO Nedeljković.**

Lower Group revenues year-on-year – cost reduction achieved

For the first six months of 2026, the BMW Group reported **revenues** of **€62,266 million** (2025: €67,685 million/**-8.0%**, adjusted for currency translation effects -6.1%; **Q2**: €**31,259 million** (2025: €33,927 million/**-7.9%**, adjusted for currency translation effects -7.8%). Increased competitive pressure and lower sales volumes impacted the year-on-year comparison.

Research and development expenditure was further reduced, as planned, declining moderately year-on-year to **€3,714 million** in the first six months (H1 2025: €4,020 million/**-7.6%**; **Q2**: **€1,959 million**; 2025: €2,036 million/**-3.8%**).

As planned, **capital expenditure** was also significantly lower, amounting to **€1,900 million** for the first half of the year and **€1,277 million** in the second quarter (H1 2025: €2,736 million/**-30.5%**; Q2 2025: €1,534 million/-16.7%). The **capex ratio** for the first half-year came in at **3.1%** (2025: 4.0%; **Q2**: **4.1%**; Q2 2025: 4.5%).

As planned, the BMW Group also achieved a further moderate reduction in **sales and administrative expenses**, with costs declining to **€4,777 million** for the year to the end of June (2025: €5,089 million/**-6.1%**; **Q2: €2,509 million**; 2025: €2,700 million/**-7.1%**).

"Competition in the global automotive market has sharpened noticeably. Following cost savings of €2.5 billion last year, we are intensifying and accelerating our efficiency measures while implementing targeted structural measures. Our goal is to reduce complexity and establish a sustainably lower cost base," **said Walter Mertl, Member of the Board of Management responsible for Finance**. "The targeted use of digitalisation and artificial intelligence is already generating positive momentum across all areas of the company. For example, within our Development division, we use industrial data combined with artificial intelligence to achieve shorter cycles in virtual vehicle validation, therefore unlocking greater data-driven value creation."

Group half-year EBT margin at 6.5%

Group **earnings before tax** for the reporting period were significantly lower than the previous year, totalling **€4,045 million** (2025: €5,727 million/-29.4%; **Q2**: **€1,697 million**; 2025: € 2,614 million/**-35.1%**). The **EBT margin** for the first half of 2026 stood at **6.5%** (2025: 8.5%/-2.0 percentage points/**Q2: 5.4%**; 2025: 7.7%/-2.3 percentage points).

In the **Automotive Segment**, lower sales volumes and intense competition weighed on revenue performance. During the first six months, Automotive Segment **revenues** declined moderately year-on-year to **€54,321 million** (2025: €58,654 million/-7.4%, adjusted for currency translation effects -5.4%; **Q2: €27,162 million**/2025: €29,443 million/-7.7%, adjusted for currency translation effects -7.8%).

Earnings before financial result (EBIT) for the first half of the year amounted to **€ 1,974 million** (2025: €3,626 million/-45.6%; **Q2: € 629 million**; 2025: €1,602 million/-60.7%). Compared with the same period of the previous year, earnings were impacted by the negative market development in China, increased depreciation and amortisation, as well as currency and commodity headwinds, which could only be partially offset by cost reductions.

The **EBIT margin** for the second quarter came in at **2.3%** (Q2 2025: 5.4%; **H1: 3.6%**; 2025: 6.2%). This includes headwinds of around 1.25 percentage points from expenses related to import duties (USA, EU), as well as around 1.2 percentage points from **depreciation and amortisation of BBA assets** resulting from the purchase price allocation.

Free cash flow of €1,290 million in first half-year

The **Automotive** Segment's **free cash flow** for the first six months totalled **€1,290 million** (2025: €2,345 million/-45.0%; **Q2: €513 million**; 2025: €1,932 million/-73.4%). A free cash flow of **>€2.5 billion** is projected for the full year.

Financial Services Segment sees growth in new contracts

In the **Financial Services Segment**, the number of **new financing and leasing contracts** increased by **5.0%** to **866,088 contracts** (2025: 824,672 contracts; Q2: 445,876 contracts; 2025: 421,861 contracts/+5.7%).
The **penetration rate** rose to **52.9%** (2025: 43.7%; Q2: 54.2% (2025: 44.4%).

For the year to the end of June, the segment reported **profit before tax (PBT)** of **€1,008 million** (2025: €1,192 million/-15.4%). The year-on-year decline was attributable to an increase in the provision for a UK customer compensation programme in the first quarter. In the second quarter, substantially due to the higher portfolio volume and the resulting increase in interest income, Financial

Services reported a significantly higher profit before tax of **€627 million** (2025: €542 million/+15.7%).

Guidance for 2026 confirmed

Against the backdrop of the challenges outlined above, the BMW Group confirms its guidance for the financial year 2026:

- Slight decline in Automotive Segment deliveries compared to the previous year
- Automotive Segment EBIT margin: within the range of 1–3%
- Group earnings before tax: significant decrease
- Automotive Segment RoCE: within the range of 1–5%
- Return on equity (RoE) in the Financial Services segment: 13-16%
- Motorcycles segment: deliveries expected in line with previous year; EBIT margin expected within a corridor of 4.0–6.0% and RoCE within a corridor of 10–14%

The BMW Group's actual business performance may deviate from the expectations outlined above – for example, due to changes in political and macroeconomic conditions.

The BMW Group – an overview: IN Q2 2026		IN Q2 2026	IN Q2 2025	Change in %
Deliveries to customers				
Automotive[1]	units	**590,947**	**621,477**	**-4.9**
thereof: BMW	units	508,663	550,839	-7.7
MINI	units	81,032	69,223	17.1
Rolls-Royce	units	1,252	1,415	-11.5
Motorcycles	units	**60,112**	**61,300**	**-1.9**
Employees (as of 31 Dec. 2025)		**154,450**		
EBIT margin Automotive Segment	percent	2.3	5.4	-3.1 %-points
EBIT margin Motorcycles Segment	percent	15.2	14.2	+1.0 %-points
EBT margin BMW Group[2]	percent	**5.4**	**7.7**	**-2.3 %-points**
Free cash flow Automotive Segment	€ million	**513**	**1,932**	**-73.4**
Revenues	€ million	**31,259**	**33,927**	**-7.9**
thereof: Automotive	€ million	27,162	29,443	-7.7
Motorcycles	€ million	929	961	-3.3
Financial Services	€ million	10,151	9,978	1.7
Other Entities	€ million	3	3	-
Eliminations	€ million	-6,986	-6,458	8.2
Profit before financial result (EBIT)	€ million	**1,631**	**2,661**	**-38.7**
thereof: Automotive	€ million	629	1,602	-60.7
Motorcycles	€ million	141	136	3.7
Financial Services	€ million	647	591	9.5
Other Entities	€ million	-6	-3	-
Eliminations	€ million	220	335	-34.3
Profit before tax (EBT)	€ million	**1,697**	**2,614**	**-35.1**
thereof: Automotive	€ million	559	1,613	-65.3
Motorcycles	€ million	140	136	2.9
Financial Services	€ million	627	542	15.7
Other Entities	€ million	283	177	59.9
Eliminations	€ million	88	146	-39.7
Group income taxes	€ million	**-497**	**-772**	**-35.6**
Net profit	€ million	**1,200**	**1,842**	**-34.9**
Earnings per share of common stock	€	**2.05**	**2.85**	**-28.1**

[1] Deliveries include the joint venture BMW Brilliance Automotive Ltd., Shenyang.
[2] Ratio of Group earnings before taxes to Group revenues.

The BMW Group – an overview: In H1 2026		H1 2026	H1 2025	Change in %
Deliveries to customers				
Automotive[1]	**units**	**1,156,727**	**1,207,594**	**-4.2**
thereof: BMW	units	1,004,669	1,070,960	-6.2
MINI	units	149,535	133,838	11.7
Rolls-Royce	units	2,523	2,796	-9.8
Motorcycles	units	**102,847**	**105,909**	**-2.9**
Employees (as of 31 Dec. 2025)		**154,540**		
EBIT margin Automotive Segment	percent	3.6	6.2	-2.6 %-points
EBIT margin Motorcycles Segment	percent	13.5	12.0	+1.5 %-points
EBT margin BMW Group[2]	percent	**6.5**	8.5	-2.0 %-points
Free cash flow Automotive Segment	€ million	**1,290**	**2,345**	**-45.0**
Revenues	€ million	**62,266**	**67,685**	**-8.0**
thereof: Automotive	€ million	54,321	58,654	-7.4
Motorcycles	€ million	1,708	1,767	-3.3
Financial Services	€ million	19,988	20,104	-0.6
Other Entities	€ million	6	6	-
Eliminations	€ million	-13,757	-12,846	7.1
Profit before financial result (EBIT)	€ million	**3,635**	**5,803**	**-37.4**
thereof: Automotive	€ million	1,974	3,626	-45.6
Motorcycles	€ million	230	212	8.5
Financial Services	€ million	1,000	1,243	-19.5
Other Entities	€ million	-4	-9	-55.6
Eliminations	€ million	435	731	-40.5
Profit before tax (EBT)	€ million	**4,045**	**5,727**	**-29.4**
thereof: Automotive	€ million	1,825	3,517	-48.1
Motorcycles	€ million	228	211	8.1
Financial Services	€ million	1,008	1,192	-15.4
Other Entities	€ million	826	472	75.0
Eliminations	€ million	158	335	-52.8
Group income taxes	€ million	**-1,173**	**-1,712**	**-31.5**
Net profit	€ million	**2,872**	**4,015**	**-28.5**
Earnings per share of common stock	€	**4.73**	**6.23**	**-24.1**

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

[2]Ratio of Group earnings before taxes to Group revenues.

***Fuel consumption/emissions data:**
BMW iX3 50 xDrive: energy consumption combined: 18.1-15.1 kWh/100 km (WLTP); CO_2 emissions combined: 0 g/km (WLTP); CO_2 class(es): A; electric range: 679-805 km (WLTP)

** As of 1 January 2025, the forecast range for Group EBT has been adjusted. For details, please refer to the glossary in the BMW Group Report 2024.

GLOSSARY – explanatory comments on key performance indicators

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.

Payout ratio
The payout ratio is preliminary. Although the Board of Management and the Supervisory Board will propose a fixed dividend per share at the Annual General Meeting, the number of shares entitled to a dividend is expected to fall by the Annual General Meeting due to the ongoing share buy-back programme. Accordingly, the total amount to be distributed to shareholders is also still expected to change by 13 May.
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.

PHEV
Plug-in-hybrid electric vehicle - hybrid vehicle with petrol engine and electric drive.

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 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 2025, the BMW Group sold 2.46 million passenger vehicles and more than 202,500 motorcycles worldwide. The profit before tax in the financial year 2025 was € 10.2 billion on revenues amounting to € 133,5 billion. As of 31 December 2025, the BMW Group had a workforce of 154,540 employees.

The economic success of the BMW Group has always been based on long-term thinking and responsible action. Sustainability is a key element of the BMW Group's corporate strategy and covers all products – from the supply chain through production to the end of their useful life.

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