BMW GROUP
Corporate Communications

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Statement
Dr. Milan Nedeljković
Chairman of the Board of Management of BMW AG
Conference Call Quarterly Report to 30 June 2026
Munich, 30 July 2026, 08.30 a.m.

Good morning,
Ladies and Gentlemen.

Over the past several weeks, we have seen how quickly our business environment can change.

As Walter outlined, the Q2 results reflect our adjusted guidance. However, the figures in the first and second quarters are not satisfactory.

The rapid deterioration of the market in China was the main trigger that forced us to adjust our guidance in June. In addition, new competitors are also expanding into several markets across Asia-Pacific, Latin America and Europe. These market dynamics, however, are just one aspect of the fundamental changes in our industry.

In a little over a year, several other factors have converged and have had a significant impact on our business environment, including:

- headwinds from tariffs, trade barriers and currency exchange rates;
- increasing requirements in regulations, especially in Europe; and
- the impact of the ongoing conflict in the Middle East.

To address these challenges we are taking immediate, decisive action to drive the necessary change.

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This will ensure that we remain competitive and will return us to better results – for the short, medium and longer term.

In the short term, we are taking steps to accelerate ongoing cost reduction initiatives, focusing on structural and efficiency measures. These will deliver a sustained reduction of our overall fixed costs. The impact will be visible from 2027 onwards and will provide a new baseline for our strategic and operational measures going forward.

One important aspect is the dimension of the organization, which we will make leaner to increase speed and effectiveness. We have made very quick progress with the General Works Council to reach an agreement on a workforce restructuring program. This includes a voluntary severance program in indirect functions in Germany. Now, we will move forward with the implementation of the agreed measures in order to realize the benefits in the near term.

As our industry continues to transform, we need to be prepared for the road ahead – by tackling both our structures and our processes. To ensure that we are fit to deliver the necessary changes in the mid-term, we are closely examining the entire value chain and have begun to take action on four key areas internally:

Customer journey, our organizational structures, delivery and purchasing, and engineering.

To give you an idea of what we are looking at:

- On the **customer** side: our focus is on the continued implementation of a new sales model in Europe, which requires a shift in mindset from wholesalers to retailers. At the same time, we are optimizing every touchpoint in our customer ecosystem and leveraging the data we have to generate additional business opportunities.

- On the **organizational** side: this means making greater use of AI to further automate processes and increase speed; as well as accelerating decision-making throughout the organization.

- On **delivery and purchasing**: we are looking at how value creation is distributed globally and identifying opportunities to expand our local-for-local approach.

- And on **engineering**: our focus is on increasing the speed of development through further standardization and communality in engineering solutions and components.

Across all these areas, we will fundamentally transform the company.

On the long-term perspective, we are constantly looking at the broader, strategic picture – covering technologies, products, markets and brands.

In all of these areas we are taking significant steps and picking up the pace. For example, we are re-evaluating which technologies, model variants, and drivetrains we will need in the future. We are also further tailoring our approach to individual markets and their specific product and drivetrain requirements. And we are evaluating where we can pursue new partnerships where it makes economic and technological sense.

While we face a lot of headwinds at the moment, we also have a solid foundation to leverage. In Q2 we saw a strong performance in Europe and the US which could partly counterbalance the developments in China and Asia Pacific. And our performance in China to date in 2026 was at least in line with the overall market development.

We will also build on key changes that we have made in the last years, in particular the significant investment in Neue Klasse.
But this also includes the consolidation of the dealer network in China and, not least, the cost savings of 2.5 billion euros that we made in 2025.

As we look ahead, our strong portfolio of premium products and technologies, our drivetrain approach and our global footprint provide us with a strategic direction as we navigate the current market environment.

First: our products and technologies.
The rollout of the Neue Klasse is now well underway.

The BMW iX3* continues to see strong momentum:
We are on track to reach the next major milestone of 100,000 orders.

To support this incredible demand, we introduced a second shift at Plant Debrecen ahead of schedule. Since the start of series production, the plant has already produced 50,000 BMW iX3 – the fastest ramp-up of a new BMW Group plant.

We have also seen strong demand for the BMW i3 launch edition with initial orders, which we started earlier than planned in June. Regular ordering will open at the end of September.

Just a few weeks ago, we also celebrated the world premiere of the new, fifth-generation BMW X5. The new X5 shows the full potential of our **technology-open approach – the second pillar of our strategic foundation**.

Customer needs and expectations vary widely from market to market – and even within individual markets. Our Q2 sales also reflect this reality and the strength of our technology-open approach. In Europe, sales were supported by BEV growth, which jumped by over a third in Q2. In the US, sales of ICE vehicles drove growth to double digits in the second quarter, as BEV demand in the overall market fell.

The positive response to the BMW iX3, i3, new 7 Series and X5 shows that we have made the right investments to bring the right product momentum to the markets. And there is much more to come, as our product roadmap remains firmly on track: by the end of next year, we will have launched 40 new and updated models.

This includes the first Neue Klasse models in China – the BMW iX3 and BMW i3 long-wheelbase. Produced at our manufacturing base in Shenyang, they have been developed specifically for Chinese customer preferences, and incorporate technologies from local tech players.

This illustrates the **third key pillar of our strategy:**
our global footprint with a local-for-local approach.

In major markets, it allows us to better address individual market needs, while serving demand through local production and supply chains. Particularly in challenging times, this set up offers us significant resilience and flexibility as developments vary from market to market.

Ladies and gentlemen,

We are operating in a dynamic and challenging environment.

We are taking a critical look at how we work, including re-visiting core processes and structures that previously were considered untouchable.

We know we have hard work to do on the road ahead. My responsibility is to ensure that we pick up the pace and increase the impact.

We know we can put the company back on a solid, enduring path to the premium profitability that the company is capable of generating.

We remain ambitious and intend to return to our strategic EBIT margin corridor of 8-10% by the beginning of the next decade. In the interim, we will work our way back to this target step-by-step.

Ultimately, it's about ensuring the long-term success of the company and creating value for our customers, our partners and our investors.

Thank you.

***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)