

Media Information

1 August 2024

BMW Group continues profitability course in a volatile environment

- BMW brand achieves sales growth of 2.3% in HY1 – double-digit growth for models in upper price segment
- BMW BEV deliveries climb 34% to over 179,500 units in first half-year
- Profitability targets exceeded: Group EBT margin of 10.9% for HY1
- Automotive EBIT margin at 8.6% in HY1
- Financial Services: New business posts significant growth
- Zipse: "Delivering high profitability in target corridor for past ten quarters"
- Outlook for 2024 confirmed

Munich. In a challenging environment, the BMW Group proves its high resilience and can confirm its full year guidance, after six months of 2024: Thanks to its extensive range of attractive products, with deliveries on a par with the previous year, the company posted an automotive EBIT Margin at **8.6%** (Q2: **8.4%**) in the first half of the year. **Excluding depreciation from purchase price allocation related to BBA**, the BMW Group posted an **EBIT margin in the Automotive Segment of 9.6%** (Q2: **9.4%**). With a consistently high level of investment, the BMW Group also continues to strengthen its innovative power and enhance its future model line-up.

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The sales success of the first half-year was largely driven by fully-electric vehicles (BEVs) and higher-priced BMW and BMW M models, which both saw double-digit growth. The BMW, MINI and Rolls-Royce brands reported a **24.6% increase in BEV deliveries to 190,614 fully electric vehicles**. The **BMW brand** is in third place



worldwide, with almost **180,000 BEVs** delivered. In total, the company delivered **1,213,276 vehicles** to customers across all BMW Group brands between January and June, thus reaching the same high level as the previous year (2023: **-0.1%**; **Q2: 618,743 units; -1.3%**).

At **10.9%** (**Q2: 10.5%**), the **Group EBT margin** outperformed the company's strategic target of 10%.

"Our ambition has always been: BMW sets itself apart from the competition, especially in the face of headwinds. The first six months confirm this: under the challenging conditions in the first half of the year, we are leading within our direct competitive environment with our electric growth - and at the same time, we have delivered high profitability within the full year target corridor for ten consecutive quarters," said **Oliver Zipse, Chairman of the Board of Management of BMW AG**, in Munich on Thursday. "With this high degree of resilience, we can consistently invest in our future when the entire industry has to navigate through rough waters. In this way, we remain clearly on course for our largest future project, the NEUE KLASSE, with which we will raise BMW to a completely new technological level as of next year."

BMW Group remains committed to strengthening its innovative power

In a difficult economic environment, the BMW Group has continued to push forward with the NEUE KLASSE as well as with electrification and digitalisation of its portfolio and its global facilities. As previously announced, research and development spending rose significantly, to **€ 4,169 million** (2023: € 3,396 million/ **+22.8%**). The **R&D ratio (according to the German Commercial Code)**

increased to **5.7%** (2023: 4.6%). For the full year, the BMW Group expects a peak of R&D spending and an R&D ratio above 5.0%.

Higher manufacturing and personnel costs, as well as the cost of IT projects, all impacted Group earnings.

Group earnings before tax (EBT) for the first six months totalled **€ 8,023 million** (2023: € 9,351 million; **-14.2%**; **Q2: € 3,861 million; -8,6%**). During this period, the BMW Group recorded a **net profit** of **€ 5,656 million** (2023: € 6,620 million; **-14.6%**; **Q2: € 2.705 million; -8.6%**).

Share repurchase continues as planned

Following the authorisation of the Annual General Meeting of BMW AG on 11 May 2022, the company has continued to acquire treasury shares. As of 30 June 2024, BMW AG holds 11,056,731 treasury shares, with a nominal value of € 11,056,731. In total, BMW AG acquired shares amounting to 5.51% of the share capital as of June 30, 2024.

Automotive Segment with improved product mix

High sales volumes and positive product mix effects lifted Automotive Segment revenues to **€ 63,009 million** in the first six months (2023: € 62,898 million; **+0.2%**; **adjusted for currency translation effects: +1.8%**; **Q2: € 32,070 million; +1.4%**; **adjusted for currency translation effects: +2.1%**). In China, in particular, revenues were impacted by heightened competition and weaker consumer sentiment.

The **segment's EBIT** stood at **€ 5,394 million** after six months (2023: € 6,675 million, **-19.2%**), while for the second quarter it was down moderately year-on-

year at **€ 2,684 million** (Q2 2023: € 2,898 million; **-7.4%**). Segment earnings were impacted by higher manufacturing and fixed costs, as well as the planned increase in expenditure for research and development.

Automotive Segment invests heavily in the future

Higher capital expenditure in particular **impacted the free cash flow of the automotive segment**. It amounted to **€ 2,289 million** (2023: € 3,141 million/ **-37,2%**) in the period from January to June. Total investments in intangible assets and property, plant and equipment amounted to **€ 4,971 million** (2023: € 3,911 million/ **+27.1%**) – increasing by around one billion euros against the previous first half-year and thus affecting free cash flow.

Despite peak levels of capital expenditure, the BMW Group is targeting a **free cash flow of > € 6 billion** for the full year.

"The BMW Group aspires to be a leader in innovation. Today, we are investing more than ever, especially in the vehicles of the NEUE KLASSE and in innovative technologies. We are pushing forward with the digitalisation and electrification of our plants and introducing more efficient processes for our operating business. The future of the company has already begun – which we are implementing step by step," said **Walter Mertl, member of the Board of Management responsible for Finance**. "We are maintaining our course of profitable growth, systematically managing our costs and boosting our efficiency through digitalisation and AI applications."

Net financial assets of € 43.2 billion in Automotive Segment as of 30 June

Starting with the current Half-Year Report, the BMW Group is reporting a wider range of automotive net financial assets: In addition to the net financial assets of



the Automotive segment, it now includes those of the holding companies within the Other Companies segment which receive distributions from subsidiaries. As a result of the inclusion of the net financial assets of holding companies, these intra-group distributions will continue to be reported as net financial assets. As of June 30, **automotive net financial assets** amounted to **€ 43,208 million** (see Half-Year Report, p. 16).

Financial Services Segment posts significant growth

In the **Financial Services Segment**, the number of new credit financing and leasing contracts in the first six months of the year rose significantly to **849,908 units (+16.5%)**. The segment's **volume of new business** increased significantly to **€ 31,677 million** (2023: € 26,797 million; **+18.2%**). The **penetration rate** increased to **41.2%** (2023: 37.5%; **+3.7 percentage points**).

For the first six months, the segment reported **pre-tax earnings (EBT)** of **€ 1,481 million** (2023: € 1,704 million/ **-13.1%**). The main dampening effect came from the normalisation of global used car markets, resulting in lower income from the resale of end-of-lease vehicles. During the reporting period, the **credit loss ratio** remained at **0.25%** across the entire loan portfolio (2023: 0.15%).

BMW Group confirms guidance

Given the sustained demand for its attractive premium vehicles, the BMW Group is able to confirm its full year guidance for the year. The BMW Group expects to see **slight growth in customer deliveries worldwide** in the full year. In China, the company expects the economic situation to begin to stabilize in Q3. Positive momentum in H2 2024 is also expected on a global scale from the new BMW 5 Series and the current ramp-up of the MINI family.



Group earnings before tax are forecast to decrease slightly in the full year, due to higher manufacturing and fixed costs, especially personnel costs and R&D spending, than reported in the previous year. The anticipated price decrease in the global used car markets is also likely to contribute to this. In the **Automotive Segment**, the **EBIT margin** is expected to be within the **corridor of 8-10%** for the full year.

A slight increase in deliveries is forecast for the **Motorcycles Segment**, with an **EBIT margin** within the **target range of 8-10%**. The **return on equity** in the **Financial Services segment** is now expected to be in the **range of 15-18%** due to the current improved business development. 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 forecasts.

**The BMW Group – an overview:
IN Q2 2024**

		IN Q2 2024	IN Q2 2023	Change in %
Deliveries to customers				
Automotive¹	units	618,743	626,726	-1.3
thereof: BMW	units	565,490	553,369	2.2
MINI	units	51,959	71,816	-27.6
Rolls-Royce	units	1,294	1,541	-16.0
Motorcycles	units	66,638	64,936	2.6
Employees (as of 31 Dec. 2023)		154,950		
EBIT margin Automotive Segment	percent	8.4%	9.2%	-0.8 %pts
EBIT margin Motorcycles Segment	percent	11.1%	16.0%	-4.9 %pts
EBT margin BMW Group²	percent	10.5%	11.3%	-0.8 %pts
Revenues	€ million	36,944	37,219	-0.7
thereof: Automotive	€ million	32,070	31,630	1.4
Motorcycles	€ million	989	988	0.1
Financial Services	€ million	9,742	8,795	10.8
Other Entities	€ million	3	3	0.0
Eliminations	€ million	-5,860	-4,197	39.6
Profit before financial result (EBIT)	€ million	3,877	4,343	-10.7
thereof: Automotive	€ million	2,684	2,898	-7.4
Motorcycles	€ million	110	158	-30.4
Financial Services	€ million	725	751	-3.5
Other Entities	€ million	-8	-1	-
Eliminations	€ million	366	537	-31.8
Profit before tax (EBT)	€ million	3,861	4,222	-8.6
thereof: Automotive	€ million	2,627	2,740	-4.1
Motorcycles	€ million	110	159	-30.8
Financial Services	€ million	751	759	-1.1
Other Entities	€ million	295	245	20.4
Eliminations	€ million	78	319	-75.5
Group income taxes	€ million	-1,156	-1,264	-8.5
Net profit	€ million	2,705	2,958	-8.6
Earnings per share of common stock	€	4.15	4.39	-5.5
Earnings per share of preferred stock³	€	4.16	4.40	-5.5

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

²Ratio of Group earnings before taxes to Group revenues.

³Common/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:
YTD Q2 2024**

		YTD Q2 2024	YTD Q2 2023	Change in %
Deliveries to customers				
Automotive¹	units	1,213,276	1,214,864	-0.1
thereof: BMW	units	1,096,423	1,071,326	2.3
MINI	units	114,034	140,357	-18.8
Rolls-Royce	units	2,819	3,181	-11.4
Motorcycles	units	113,072	112,871	0.2
Employees (as of 31 Dec. 2023)		154,950		
EBIT margin Automotive Segment	percent	8.6%	10.6%	-2%pts
EBIT margin Motorcycles Segment	percent	11.6%	10.6%	+1%pt
EBT margin BMW Group²	percent	10.9%	12.6%	-1.7%pts
Revenues	€ million	73,558	74,072	-0.7
thereof: Automotive	€ million	63,009	62,898	0.2
Motorcycles	€ million	1,861	1,921	-3.1
Financial Services	€ million	19,267	17,621	9.3
Other Entities	€ million	7	6	16.7
Eliminations	€ million	-10,586	-8,374	26.4
Profit before financial result (EBIT)	€ million	7,931	9,718	-18.4
thereof: Automotive	€ million	5,394	6,675	-19.2
Motorcycles	€ million	216	312	-30.8
Financial Services	€ million	1,439	1,709	-15.8
Other Entities	€ million	-13	-5	-
Eliminations	€ million	895	1,027	-12.9
Profit before tax (EBT)	€ million	8,023	9,351	-14.2
thereof: Automotive	€ million	5,330	6,568	-18.8
Motorcycles	€ million	216	313	-31.0
Financial Services	€ million	1,481	1,704	-13.1
Other Entities	€ million	696	117	-
Eliminations	€ million	300	649	-53.8
Group income taxes	€ million	-2,367	-2,731	-13.3
Net profit	€ million	5,656	6,620	-14.6
Earnings per share of common stock	€	8.57	9.70	-11.6
Earnings per share of preferred stock³	€	8.58	9.71	-11.6

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

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Media Information

Date 1 August 2024

Subject BMW Group continues profitability course in a volatile environment

Page 9

GLOSSARY – explanatory comments on key performance indicators**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.

Media Information

Date

1 August 2024

Subject

BMW Group continues profitability course in a volatile environment

Page

10

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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.

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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. The company set the course for the future at an early stage and consistently makes sustainability and efficient resource management central to its strategic direction, from the supply chain through production to the end of the use phase of all products.

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