

Media Information
7 May 2025

- Check against delivery –

Statement**Walter Mertl****Member of the Board of Management of BMW AG, Finance****Conference Call Quarterly Statement to 30 September 2025****Munich, 5 May 2024, 08.30 a.m.****SLIDE 2: BMW Group Quarterly Statement to 30 September 2025**

Ladies and Gentlemen,
Good Morning.

In the third quarter of 2025, the BMW Group continued its strategic course and maintained its global market position.

But before we dive into the details of the quarter, I would like to directly address our communication from October 7th.

You all know the BMW Group as an ambitious company. We have always focused on identifying opportunities and realizing market potential, and our success demonstrates that this is the right approach.

In 2025, despite all known challenges, we were confident in the fundamental potential of the Chinese market.

Our planning scenario was fully confirmed during the first six months, with a performance on the level of the second half of 2024.

For the second half of this year, we assumed we would see growth momentum.

However, at the beginning of the fourth quarter we observed that this momentum had not materialized to date.

So, for the remainder of 2025, volume stabilization, rather than volume growth, now appears likely. Accordingly, we have adjusted our planning and now anticipate a consistent monthly run rate in China in line with the first half of 2025.

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In addition, we have introduced measures to support the profitability and liquidity of our dealers in China.

These measures will also have an impact on our Q4 profitability.

The consolidation of our dealer network in China is progressing to plan.

Ladies and Gentlemen,

With respect to tariffs, the BMW Group has been fully transparent throughout the year concerning the impact on our 2025 financial results.

Our original guidance given in March as well as our updated assessments in the Q1 and Q2 reporting were based on certain assumptions.

As mentioned in our ad-hoc announcement, these assumptions were not fully realized as expected to date.

We now anticipate a tariff-related headwind of 1.5 percentage points on the Auto EBIT margin for the full year.

I will share further details on our full-year outlook later on.

But now, let me walk you through our Q3 figures.

Group earnings before tax totaled over 2.3 billion euros in the third quarter and exceeded 8 billion euros year-to-date through September.

Compared to the first nine months of 2024, this represents only a slight decrease of 9.1 percent – a notable achievement in light of the current developments in the Automotive industry.

And for the full year, we also expect a decrease in the single-digit range only.

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This represents a full-year Group profit before tax of approximately 10 billion euros – despite the significant burden of higher tariffs. Excluding the impact of tariffs, pre-tax profit even exceeds the 2024 figure.

Within the BMW Group ecosystem, every segment contributes to our overall success.

The reported Group EBT margin stood at 7.2 percent in the third quarter and 8.1 percent year-to-date through September.

The reported Auto EBIT margin fell within our full-year target corridor for both Q3, at 5.2 percent, and year-to-date through September, at 5.9 percent.

Ladies and Gentlemen,

As you know, the BMW Group is always transparent in its reporting, and we consistently focus on communicating our published figures.

For better comparability within the industry, allow me, nevertheless, to provide a few additional details regarding our operational performance in the Automotive segment.

First: Auto EBIT includes the depreciation resulting from the purchase price allocation of BBA.

Excluding this depreciation, which amounts to approximately 1.1 percentage points, the quarterly margin would be 6.3 percent, and the nine-month margin would be 7.0 percent.

Second: Auto EBIT also includes the burden of extra tariffs, which amounts to around 1.75 percentage points in the third quarter and 1.5 percentage points through September.

This impact should also be added for a fair comparison of our EBIT margin.

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Q3 deliveries to customers at Group level increased solidly by 8.7 percent year-on-year.

After nine months, the share of all-electric vehicles reached 18 percent of total sales.

And with a share of 26.2 percent, more than one in four vehicles sold globally was electrified, meaning either a BEV or a plug-in hybrid.

Let's now take a look at how the Automotive Segment performed across key metrics.

Deliveries of BMW, MINI and Rolls-Royce vehicles to customers reached 588,140 units in the third quarter.

In Europe, sales grew by 9.3 percent, and in the US by 24.9 percent.

In China, retail sales did not meet our expectations, with deliveries at previous year's level.

After nine months, global retail sales approached 1.8 million units, representing a slight increase of 2.4 percent.
This clearly demonstrates the strength of our global business model, with sales performance in Europe and the US more than compensating the challenges in China.

Sales of all-electric vehicles exceeded 100,000 units for the sixth consecutive quarter.

Q3 revenues in the Automotive segment amounted to 28.5 billion euros, reflecting a slight increase of 2.4 percent year-on-year. Adjusted for currency translation effects, the increase was 6.4 percent.

Segment EBIT amounted to approximately 1.5 billion euros in Q3 and 5.1 billion euros from January to September.

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The reported EBIT margin – including the negative impact of BBA PPA and tariffs – came in at 5.2 percent for the quarter and 5.9 percent as of September.

That brings me to my next slide, taking a detailed look at our operating result of the third quarter year-on-year.

Automotive EBIT increased by around 900 million euros compared to Q3 2024.

As anticipated at mid-year, changes in currencies negatively impacted EBIT by 500 million euros, while raw material positions remained neutral.

The net effect of volume, model mix and pricing resulted in a negative impact of 300 million euros in the third quarter, compared to the previous year.

Both volume and model mix provided a tailwind, while pricing was a headwind.

This is particularly evident in China, where we see price pressure across all segments.

Furthermore, since the end of June, Chinese banks have significantly reduced dealer commissions.

While this led to a certain increase in transaction prices, as expected, it could not offset the negative impact of the lower commission revenues for dealerships.

Consequently, we implemented dealer support measures in Q3 to strengthen dealer profitability and liquidity.

Ladies and Gentlemen,

In line with our planning, we will continue to decrease our operating costs in 2025 and beyond.

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This trend is once again reflected in our figures for the third quarter.

Research and development expenses decreased by about 300 million euros compared to the prior-year quarter.

Group R&D expenditure totaled 5.9 billion euros as of September. This remains significantly below last year's level, despite extensive product initiatives and intensive preparations for the first models of the NEUE KLASSE.

The R&D ratio according to the German Commercial Code stood at 5.9 percent after nine months.

Selling and administrative expenses decreased by around 200 million euros compared to the previous year.

These nominal cost savings of 500 million euros more than offset the negative impact from volume, model mix and pricing.

Other Cost Changes provided a tailwind of around 1.2 billion euros compared to the third quarter of 2024.

This development results mainly from three areas:

On the one hand, warranty expenses were significantly lower year-on-year.

In Q3 2024, we fully recognized the necessary warranty provisions for the Integrated Braking System.

On the other hand, tariffs had a negative impact of around 1.75 percentage points on the Auto EBIT margin in Q3.

The majority of the improvement in other cost changes in Q3 results from the positive development of manufacturing costs and material costs.

Overall, we reduced costs by over 1 billion euros in the third quarter and by approximately 2 billion euros year-to-date through September.

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In addition to EBIT, tariffs also affect free cashflow. While refunds are recognized in EBIT, cash will rather be recognized in 2026 than in 2025.

This negatively affected free cashflow through September, and the timing effect alone will impact free cashflow for the full-year by a high three-digit million euros amount.

Free cash flow in the Automotive Segment totaled 343 million euros in the third quarter.

Earnings before tax amounted to 1.4 billion euros.

The net change in working capital contributed positively to free cashflow by around 300 million euros.

The negative net effect of capital expenditure and depreciation impacted the third quarter by 300 million euros.

The capex ratio was 5.2 percent in the third quarter and 4.4 percent for the first nine months.

Following the peak in 2024, capex will decrease for the full year 2025. The capex ratio is projected to remain below 6 percent.

Changes to provisions negatively impacted free cash flow in the third quarter by approximately 400 million euros.

This was primarily due to the consumption of warranty provisions.

The change in the position Other, amounting to around 600 million euros, includes income taxes paid.

After nine months, free cash flow in the Automotive segment stands at almost 2.7 billion euros.

For the full year, we now target a free cash flow of over 2.5 billion euros, compared to the original forecast of over 5 billion euros.

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This is driven by two factors:

Lower-than-expected earnings for the full year

And tariff refunds that we expect to receive in 2026 instead of 2025

We remain committed to shareholder returns using both dividends and share buyback.

Despite the lower free cashflow outlook, we will maintain our dividend payout ratio of 30 to 40 percent and will continue our share buyback program as announced.

As a result, the anticipated shareholder returns for the financial year 2025 will exceed free cashflow.

Let's now turn to our Financial Services segment.

Financial Services is a key component of our customer journey and an important part of our integrated value chain.

As a vital element of our financial operating model, the segment contributes consistently to our Group profit.

New business grew significantly during the third quarter, primarily driven by the changed competitive environment in China.

This contributed to a slight year-on-year increase of 1.9 percent in new leasing and financing contracts concluded with retail customers over the nine-months-period.

New business volume increased by 4.2 percent to 48.5 billion euros.

The penetration rate for lease and loan offerings rose by 4.1 percentage points to 46.4 percent.

Segment earnings amounted to more than 1.8 billion euros, a year-on-year decrease of 14.4 percent.

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The decline is primarily attributable to the lower income from the resale of end-of-lease vehicles as well as a tax payment in the second quarter resulting from a revised operational tax assessment for prior years.

Resale income remains positive on a portfolio basis.

The credit loss ratio across the entire loan portfolio remained low at 0.26 percent.

In the Motorcycles Segment, deliveries increased solidly by 5.7 percent year-on-year.

EBIT for the second quarter totaled 60 million euros, resulting in an EBIT margin of 7.9 percent.

Let's now turn to our outlook for the 2025 financial year.

Four weeks ago, we confirmed that the Auto EBIT margin will remain in the guided corridor of 5 to 7 percent – more specifically in the range of 5 to 6 percent.

We also confirmed that deliveries in the Automotive segment are expected to increase slightly.

At the same time, the BMW Group adjusted its guidance for the following two key performance indicators:

Group Profit before Tax, which we now anticipate to decrease slightly compared to 2024

Return on Capital Employed (RoCE) in the Automotive segment, which is now expected in a corridor between 8 and 10 percent

In the Motorcycles segment, deliveries are now expected to decrease slightly, whilst the EBIT margin range is confirmed between 5.5 and 7.5 percent.

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In the Financial Services segment, we confirm a Return on Equity (RoE) in the range of 13 to 16 percent.

Ladies and Gentlemen,

We have invested early and significantly in the future of our company, in line with our long-term strategy.

Our technology clusters are ready – paving the way for the broad deployment of innovations across our complete product portfolio.

Our Gen6 battery technology will shortly hit the market and support profitability with cost savings of 40 to 50 percent for the battery pack.

After reaching their peak levels in 2024, we are reducing both capex and R&D, as planned.

We are also maintaining our consistent management of operational costs. This is reflected in our figures for the third quarter and through September, and it will continue to be visible going forward.

With our highly attractive products and the NEUE KLASSE, we have the right levers in place to continuously strengthen our global market position, today and in the future.

We believe that our 2025 profitability stands out in the current business environment, with a pre-tax profit decline only in the single-digit percentage range year-on-year.

And with our strong balance sheet as a solid foundation, we will deliver consistent returns for our stakeholders.

Thank you.