

Media Information  
25 September 2018

## **BMW Group adjusts guidance for current financial year**

**Munich.** The BMW Group is updating its guidance for the current financial year. The company always expected 2018 to be a challenging year, due in part to additional upfront investments of around one billion euros for future mobility and currency headwinds in the mid-to-high three-digit million-euro range compared with 2017. Despite this starting position, based on its strong operating performance, the BMW Group had forecast Group pre-tax earnings on a par with last year's record level.

This revision is mainly due to the following factors:

- The BMW Group implemented the requirements of the WLTP regulations early. The industry-wide shift to the new WLTP test cycle has, however, led to significant supply distortions in several European markets and an unexpected intense competition. Thanks to its flexible production and sales strategy, the BMW Group is responding to this increased competition and is reducing its volume planning to focus on earnings quality.
- Increased goodwill and warranty measures are leading to significantly higher additions to the respective provisions in the Automotive Segment.
- The continuing international trade conflicts are aggravating the market situation and feeding uncertainty. These circumstances are distorting demand more than anticipated and leading to pricing pressure in several automotive markets.

Based on the above, the BMW Group is adjusting its guidance for the 2018 financial year as follows:

- In the Automotive Segment, revenues are now forecast to be slightly lower than the previous year (previously: slight year-on-year increase).
- The EBIT margin in the Automotive Segment is now expected to be at least 7 percent (previously: 8 to 10 percent).

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- Group profit before tax is expected to show a moderate decrease from the previous year (previously: on a par with previous year). Possible positive earnings effects from a regulatory approval and closing of the planned mobility services joint venture in 2018 are still not reflected in the adjusted outlook.

These circumstances will have a significant effect on group profit before tax and the EBIT margin in the Automotive Segment in both the third and fourth quarters.

“The BMW Group remains fully committed to its goal of leading the transformation of the industry,” stated **Harald Krüger**, Chairman of the Board of Management of BMW AG. The company continues to strive for sustained high profitability as the foundation of its Strategy NUMBER ONE > NEXT. In addition to the continuation of the current product roll-out, ongoing cost and efficiency measures will also be intensified.

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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 30 production and assembly facilities in 14 countries; the company has a global sales network in more than 140 countries.

In 2017, the BMW Group sold over 2,463,500 passenger vehicles and more than 164,000 motorcycles worldwide. The profit before tax in the financial year 2017 was € 10.655 billion on revenues amounting to € 98.678 billion. As of 31 December 2017, the BMW Group had a workforce of 129,932 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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