

THE NEW STANDARD IFRS 16 (LEASES).

MOST RELEVANT IMPACTS ON THE BMW GROUP'S ACCOUNTS.



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Rolls-Royce
Motor Cars Limited

BMW GROUP INVESTOR RELATIONS.

THE NEW STANDARD IFRS 16 (LEASES).

- The new Standard IFRS 16 (Leases), which becomes effective from the financial year 2019, sets out a new approach to accounting for leases by lessees. While under IAS 17, the accounting treatment of a lease was determined on the basis of the transfer of risks and rewards incidental to ownership of the asset, in the future, each lease arrangement will, as a general rule, be accounted for by the lessee in a similar way to finance leases.
- Please find below the most relevant impacts on the BMW Group's accounts:
 - BMW Group's balance sheet: increase by approximately €2.4 billion as a result of leases previously classified as operating leases, of which €2.3 billion relate to the Automotive segment's balance sheet.
 - Net financial assets Automotive segment: the IFRS 16 related increase in leasing liabilities in the amount of € 2.3 billion reduces the net financial assets in the Automotive segment by approximately the same amount.
 - Return on capital employed Automotive segment: a significant decrease is expected in 2019 (2018: 49.8 %), partly due to the introduction of IFRS 16 (Leases). Nonetheless, the long-term target RoCE of at least 26 % for the Automotive segment will be surpassed.
 - As described in the annual report on page 129, the BMW Group is expecting a slight positive effect on the EBIT going forward, mainly in the Automotive segment.

IMPACT OF IFRS 16 (LEASES) ON BMW GROUP'S NET FINANCIAL ASSETS IN THE AUTOMOTIVE SEGMENT.

in € billion

