

Media Information
6 November 2024

- Check against delivery -

Statement**Walter Mertl****Member of the Board of Management of BMW AG, Finance
Conference Call Quarterly Statement to 30 September 2024
Munich, 6 November 2024, 08:30 CET****SLIDE 2: BMW Group Quarterly Statement to 30 September 2024**

Good Morning,
Ladies and Gentlemen,

First, I want to clear up that the sales and earnings figures we are releasing today should be viewed in the light of extraordinary challenges.

As you are aware, we revised our guidance for 2024 on September 10th. This was mainly due to two factors:

- First: temporary delivery stops and technical measures related to the Integrated Braking System, or IBS, delivered by a supplier.
- Second: ongoing muted demand in China.

In the case of IBS, numerous markets have to replace the affected parts before cars can be delivered to customers. This led to temporary delivery stops that impacted sales and revenues and drove up inventory levels.

In the third quarter, we fully recognised the necessary provisions for warranty obligations in the high three-digit million-euro range.

Looking forward, we have already made good progress with the implementation of technical measures worldwide and expect to complete them for most cars held in stock by the end of this year.

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So in Q4 we will see volumes well above Q3 and an improved product mix.

SLIDE 3: BMW Group Performance per Q3 2024

Let's now take a look into the numbers for the third quarter.

At Group level, revenues were significantly lower than in the prior-year quarter, at 32.4 billion euros.

Group EBIT totalled 1.7 billion euros in the third quarter.

The Financial Result was considerably impacted by negative fair value measurement effects and, consequently, Group EBT amounted to 838 million euros between July and September.

The Group EBT margin for the third quarter came in at 2.6 percent.

Year to date, Group EBT totalled almost 8.9 billion euros, resulting in an EBT margin of 8.4 percent.

The Automotive EBIT margin was 2.3 percent for the third quarter and 6.6 percent for the year to the end of September.

Excluding the depreciation resulting from the purchase price allocation of BBA, the Automotive EBIT margin came in at 3.5 percent for the quarter and 7.7 percent for the first nine months.

After nine months, the BMW Group's global sales showed a slight year-on-year decrease of 4.5 percent.

The Balance Sheet of the BMW Group has increased by 11 billion euros since the beginning of the year.

Half of this increase is driven by the growth of our Financial Services portfolio and thus represents future profit potential.

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The remaining increase is mainly related to temporary inventory build up.

While the third quarter results were impacted by extraordinary factors, it is important to highlight the positive aspects of our operational performance:

- Sales of our all-electric vehicles amounted to almost 300,000 vehicles in the first nine months of the year, a significant increase of 19.1 percent.
- BEVs made up 16.8 percent of our deliveries for the year to the end of September.
- Despite the temporary delivery stops and excluding the Chinese market, the BMW brand reported worldwide growth of 4 percent.
- In Europe, the brand achieved sales growth of 7.6 percent.
- Our core brand continues to be well positioned in the US and maintained its market share.

SLIDE 4: Automotive Retail Units, BEV Units, Auto Revenue and Auto EBIT

Moving to the Automotive Segment.

In the third quarter, the BMW Group delivered around 541,000 BMW, MINI and Rolls-Royce vehicles to customers worldwide. This represents a decrease of 13 percent compared to the same quarter of last year.

However, our all-electric vehicles continued to perform well: Over 100,000 units were delivered to customers – 10.1 percent more than in the same quarter of last year.

The share of our all-electric vehicles was 19.1 percent of total sales.

In fact, more than a quarter of our total sales came from electrified vehicles – that is, BEVs, plus plug-in hybrids.

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The successful sales development of our electrified vehicles is clear proof that we are well on track to fulfilling our CO2 emission targets in the EU for 2025.

Segment revenues amounted to around 28 billion euros – which was lower than in the same quarter of 2023.

In Q3 revenue per unit continues to be at last year's level.

EBIT for July to the end of September totalled 634 million euros. The EBIT margin came in at 2.3 percent for the quarter and 6.6 percent for the year to the end of September.

That brings me to the next slide with the details of the changes in the operational result.

SLIDE 5: Automotive Segment EBIT in Q3

The net balance of currency and raw material positions exceeded the previous year by 200 million euros.

For the full year 2024, the net balance of currency and raw material positions should provide a tailwind of close to one billion euros. We expect this to nearly offset the headwinds from material costs. But we are seeing additional requests for supply chain support.

The net balance of volume, model mix and pricing effects negatively impacted EBIT by 2.1 billion euros in the third quarter, compared to the previous year.

All three elements trended lower year-on-year.

- The volume effect reflects the sales decline I mentioned earlier.
- The mix was also adversely affected, since the temporary delivery stops and market conditions in China had a greater

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impact on vehicles in the upper premium segment.

This will turn in Q4, as we expect to see an improved product mix.

- The pricing effect reflects the ongoing challenges of a difficult price environment globally as well as weak consumer sentiment in China.

The health of our dealers' operations is strategically important to us. Therefore, in Q3, we have implemented measures jointly with our Chinese dealers to support both profitability and liquidity.

Research and development expenses increased by about 100 million euros, compared to the prior-year quarter.

Group expenditure for research and development reached approximately 6.6 billion euros in the first nine months.

The R&D ratio according to the German Commercial Code was at 6.3 percent at the end of September. It is significantly higher than prior year due in part to higher expenditure, but also compounded by lower revenues.

The capitalisation ratio for development costs stood at 35.3 percent after nine months – evidence of our ongoing commitment to investing in innovation.

Selling and administrative expenses for the third quarter were on par with the previous year, as planned.

Other Cost Changes include the high three-digit million-euro warranty expenses related to IBS and some smaller compensating items.

Overall, the negative net effect in this position amounts to 500 million euros, compared to the prior-year quarter.

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SLIDE 6: Automotive Segment Free Cash Flow in Q3

Free cashflow in the Automotive Segment totalled negative 2.5 billion euros in the third quarter.

EBT contributed around 400 million euros to Automotive Free cashflow.

The change in working capital of 1.9 billion euros reflects the increase in inventory levels.

The net effect of capital expenditure and depreciation reduced free cashflow by 1.2 billion euros.

Capital expenditure for July to September totalled 2.2 billion euros.

This represents a capex ratio of 6.7 percent for the third quarter and 5.3 percent for the nine-month period.

A significant portion of our capital expenditure will accrue in the fourth quarter, as in previous years. As a result, we still expect the capex ratio for the full year to be over six percent.

At the end of the first nine months, free cashflow in the Automotive Segment totalled negative 200 million euros.

In line with our guidance, we expect a free cashflow of over four billion euros for the full year, despite the planned peak investments in R&D and capex.

On the one hand, we anticipate a significant sequential increase in EBT in the final quarter of the year.

On the other hand, we also expect a strong positive contribution from the reduction in working capital.

We are making good progress in replacing the affected IBS components worldwide.

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In addition, we have taken measures to adjust our production.

Given these measures and the projected sales volume increase in Q4, we expect inventory to be on previous year's levels by the end of 2024.

Net Financial Assets in the automotive business totalled close to 40 billion euros as of September.

The NFA position was impacted by the development of Free Cashflow in the third quarter. The strong Free Cashflow we are targeting in the fourth quarter will increase our NFA accordingly.

Given our strong balance sheet, the BMW Group remains committed to its shareholder return strategy, which includes both dividend payments and share buybacks.

On October 25th, we successfully completed tranche three of our ongoing share buyback program.

We will continue with this program following the completion of a separate buyback of common shares designated for our employee share program.

We anticipate that the current program of 2 billion euros will be finalized by April next year – more than half a year earlier than initially planned.

Additionally, the Board of Management of BMW AG plans to propose an agenda item at the upcoming AGM, seeking a new authorization to acquire treasury shares amounting to up to 10 percent of share capital.

SLIDE 7: Financial Services Segment YTD September

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Let's move on to the Financial Services Segment.

The positive trend in new business continued in the third quarter – for both new and used vehicles.

In the first nine months, more than 1.25 million new leasing and financing contracts were concluded. This represents a significant increase of 12.5 percent year-on-year.

The volume of new business, including all new financing and leasing contracts, also saw significant growth of 13.6 percent to 46.5 billion euros.

The total value of all contracts managed reached almost 144 billion euros at the end of September.

Segment earnings for the first nine months were 12.4 percent lower year-on-year, at 2.15 billion euros.

This decrease resulted mainly from lower income from the resale of end-of-lease vehicles as well as measurement effects related to the evaluation of interest rate derivatives.

During the reporting period, the credit loss ratio stood at 0.26 percent across the entire credit portfolio.

SLIDE 8: Motorcycles Segment in Q3

In the Motorcycles Segment, the ongoing competitive situation across core markets affected the volume development.

Deliveries experienced a slight year-on-year decrease of 3.2 percent in the third quarter. Through September, they were on previous year's level.

The segment's third-quarter EBIT totalled 27 million euros.

The EBIT margin came in at 3.8 percent for the third quarter and 9.5 percent for the nine-month period.

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SLIDE 9: Outlook 2024

Ladies and Gentlemen,

in the fourth quarter, we expect the usual seasonality of fixed costs and ongoing muted demand in China.

But we will also see volumes well above Q3 and an improved product mix, as the completion of technical measures progresses.

Therefore, we confirm the adjusted full-year guidance we communicated in September for the Group and for all segments.

Group earnings before tax will decrease significantly.

In the Automotive segment, we are planning for a slight decrease in deliveries compared to last year.

The share of all-electric vehicles will increase significantly.

We expect to see the EBIT margin in a corridor between 6 and 7 percent.

The Return on Capital Employed (RoCE) should come in between 11 and 13 percent.

Deliveries in the Motorcycles Segment are projected to be on last year's level.

The EBIT margin is forecast to be in a range between 6 and 7 percent, with a Return on Capital Employed (RoCE) between 14 and 16 percent.

In the Financial Services Segment, Return on Equity (RoE) should be between 15 and 18 percent for the full year.

Our guidance assumes that geopolitical and macroeconomic conditions will not deteriorate significantly.

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SLIDE 10: Ambidextrous approach addresses the short and the long term

Ladies and Gentlemen,

The BMW Group remains fully focused on achieving our short-term results without compromising our long-term strategic objectives. Our flexible approach allows us to calibrate to changing market dynamics and to constantly fine-tune our cost structures across the company.

At the same time, we remain committed to invest in strategic projects that will secure enduring future success.

Our performance in the third quarter was impacted by one-time headwinds as well as ongoing challenges in the Chinese market. However, the sales development of our all-electric vehicles in the third quarter clearly demonstrates the continued success in implementing our electrification strategy.

This year, we are setting a decisive course for the future of our company. To that end both research and development spending and capital expenditure will peak in 2024, as planned. We expect our R&D ratio for the full year to exceed five percent, with a capex ratio of more than six percent.

With the NEUE KLASSE we will take a significant step forward in design, battery technology, software and tech stack.

This ensures that we will capitalize on the full value generation potential as it rolls out across the whole product portfolio, starting at the end of next year.

The NEUE KLASSE will shape the future of our company and deliver sustained success for the benefit of all stakeholders.

Thank you.