

## Transcript of BMW Group IR Call on 7 October 2025

Ladies and Gentlemen, Welcome and thank you for joining today's call.

My name is Ritu Chandy and I will represent Group Treasury and Investor Relations at the BMW Group today. Given the leadership transition with changes effective October 1<sup>st</sup> Stefan Richmann is currently ramping up as my successor, hence I am representing the function today.

The Board of Management adjusted the guidance for the 2025 financial year late this afternoon. I would like to take this opportunity to provide some additional context to the ad hoc announcement we just published.

Two topics have triggered this announcement – the market performance in China and the tariff assumptions not being fully realised as expected.

Allow me to start by sharing more detail on the Q3 sales performance as important background information.

In the third quarter, the BMW Group delivered 588,000 vehicles to customers, which represents an increase of 8.8% year-over-year. Excluding China, retail sales grew by 12.2%. This is partially supported by a base effect of IBS impacting Q3 in 2024. After nine months, the worldwide BMW Group retail sales increased by 2.4% versus previous year. Wholesale figures were slightly above reported retail sales in Q3 and YTD.

Let's now review the retail sales performance across the regions.

In Europe, the BMW Group recorded a 9.3 % increase in retail sales, reaching 240,000 units in Q3. Group BEV retail sales in Europe in Q3 increased by 14.5%, representing 26.0% of total retail sales. Retail sales of the BMW brand contributed 197,000 units, reflecting a rise of 5.6% with growth in most markets outpacing the passenger vehicle market and gaining market share. Order intake for the BMW brand across our entire product portfolio is robust, with an order bank extending right to the end of the year.

In the US, the BMW Group experienced retail sales growth of 24.9% in Q3, totaling 105,000 units. With 97,000 retail sales in Q3, BMW brand grew 24.0% year-on-year. As reported by Autodata we maintain prudent inventory management with 35 days to sell for the BMW brand being below the industry average and that of the European competitors, both of which are at approximately 50 days. At the same time, our incentives declined significantly by 24% year-over-year.

In China, our growth in sales remains below our expectations. The BMW Group delivered 147,000 vehicles to customers in Q3, marking a decline of -0.4% year-on-year. Retail sales for the BMW brand totaled 140,000 units, down -2.9% compared to the previous year. We have seen the gap to previous year improve sequentially in 2025. For the fourth quarter we expect a consistent monthly run rate.

In China, we continue to experience muted consumer sentiment in the premium segment and overall pricing pressure. The Government measure introduced in June to reduce commissions from 15% to 5% had an initial positive impact on transaction prices in July, but partially reversed in August and September leading to headwinds for volume and dealer profitability and liquidity.

As a result, we implemented two measures to address these market dynamics. Firstly, we adjusted volume planning in the fourth quarter recognizing the consistent monthly run rate mentioned before. Secondly, we introduced dealer compensation payments through the end of the year with monthly rather than quarterly payments. Both of these measures aim to strengthen dealer profit and stabilize transactions prices.

Moving to tariffs, we welcome the decision by the U.S. Administration to reduce tariffs from 27.5% to 15% effective 1<sup>st</sup> August and we will recognize this in Q3 Auto EBIT. At the same time, some of the assumptions on tariff reductions made at the time of our half year reporting have not been realised to date. In this context, the BMW Group continues to maintain the assumption that the EU Council and Parliament will sign off in 2025 on the announced reduction of tariffs from 10% to 0% on vehicles and auto parts arriving from the U.S. effective 1<sup>st</sup> August.

Taking all of these tariff effects together, we now expect to see an additional 25 basis point tariff-related headwind for the full year Auto EBIT margin result.

Accounting for the factors that I have outlined in the call so far that will weigh on profit, we can confirm that the Auto EBIT margin for 2025 will remain in the corridor of 5% to 7% guided to date; more specifically in the range of 5% to 6%.

As outlined in the ad hoc communication, we have **adjusted guidance for the 2025 financial year** regarding the following KPIs:

- Return on Capital Employed (RoCE) in Segment Automotive is expected at 8% to 10% (previously: 9% to 13%).
- Group Earnings before Tax is expected to decline slightly (previously: on same level as previous year).

Turning now to free cashflow, let me begin with the timing effect in connection with tariff-related payments. We expect a refund of customs duties paid on Autos and Auto parts imported into the U.S. in August and September being the difference between 27.5% paid and the new rate of 15%. We also expect to receive the latest Import Adjustment Offset Credits of 3.75% on MSRP on vehicles produced in Spartanburg from May to December. Finally, we expect a refund of 10% of customs duties paid for vehicles and parts coming into the EU from the USA from 1<sup>st</sup> August. We now understand, based on discussions with the authorities, that these refunds will only happen in 2026. This represents a high three-digit million impact on free cashflow in 2025. These effects together with the China market situation outlined earlier mean **we expect Segment Automotive free cashflow to be above €2.5bn (previously: above €5bn)**.

As also stated in the ad hoc communication, we remain committed to our dividend ratio of 30-40% of net income attributable to BMW AG shareholders. We also continue our share buyback program as announced. As you are aware, Auto free cashflow generally sets the orientation for capital allocation. For the 2025 shareholder return, we will exceed this orientation in line with the 30-40% dividend ratio.

Ladies and Gentlemen, we recognize the relevance of the financial impact outlined in this call. That said, we would like to emphasize that Auto EBIT in Q3 is expected to be in the full year guided corridor I just mentioned.

In addition, we would also like to draw attention to the positive aspects of our strategy and operating results.

We profit from our global footprint and global sales model with the market performance especially in Europe and the Americas showing positive momentum and delivering a robust global sales result.

The consolidation of our dealer network in China is on track to reach the target structure by mid-2026 and to solidify dealer health. At the same time, we continue to expand our engineering footprint and network of local partners in China to better deliver on local market requirements.

Our consistent strategy of technology neutrality ensures that we have the solutions in place across all powertrains to focus on execution going forward.

Together with our strong balance sheet, this provides a solid foundation for us to honour our capital allocation commitments despite a challenging environment.

Ladies and Gentlemen, thank you for making time at short notice and for your attention during this call. Please note that today's call and dialogue will replace the pre-close call scheduled for Friday, 10<sup>th</sup> October. We will share the full quarterly results in the BMW Group Q3 Statement publication on 5<sup>th</sup> November. I will now take any questions that you may have.

**BMW  
GROUP**



**ROLLS-ROYCE**  
MOTOR CARS LTD

**Company**

Bayerische Motoren Werke Aktiengesellschaft  
**Postal address** BMW AG  
80788 München  
**Office address** Petuelring 130  
**Office address** Forschungs- und  
Innovationszentrum (FIZ)  
Knorrstraße 147  
**Telephone** Switchboard +49 89 382-0  
**Fax** +49 89 382-70-25858  
**Internet** www.bmwgroup.com

**Bank details**

Deutsche Bank  
**IBAN**  
DE05 7007 0010 0152 6946 00  
**SWIFT(BIC)**  
DEUTDEMMXXX  
**VAT-ID**  
DE 1292 73398  
**Tax-ID** 143/301/01130  
**Domicile and Court of Registry**  
München HRB 42243

**Chairman of the Supervisory Board**

Nicolas Peter  
**Board of Management**  
Oliver Zipse  
(Chairman)  
Jochen Goller  
Ilka Horstmeier  
Nicolai Martin  
Walter Mertl  
Milan Nedeljković  
Joachim Post

**BMW  
GROUP**



**ROLLS-ROYCE**  
MOTOR CARS LTD