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Statement
Walter Mertl
Member of the Board of Management of BMW AG, Finance
Conference Call Half-Year Report to 30 June 2024
Munich, 1 August 2024, 08.30 a.m.

Ladies and Gentlemen,
Good morning,

SLIDE 2: BMW Group Half-Year Report to 30 June 2024

The BMW Group remains on track and confirms its targets for 2024, despite the volatile market environment.

After a successful start to the year, we again achieved an EBIT margin for the Automotive Segment within our full year target range of 8-10 percent in the second quarter, thanks to our attractive product portfolio.

At the same time, we are continuing to invest in our future model line-up and securing the company's long-term competitiveness.

SLIDE 3: Highlights of BMW Group Performance in Q2 2024

As of June, BMW Group global sales remained on par with last year. The BMW brand grew by 2.3 percent globally or 6.2 percent if we exclude the Chinese market.
Global growth drivers are our all-electric vehicles and models from the upper premium segment, both of which saw a double-digit increase.

The Group EBT margin came in at 10.5 percent for the second quarter and 10.9 percent for the first half-year.

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The Automotive EBIT margin reached 8.4 percent in the second quarter and 8.6 percent for the half-year, both within our full year target range of 8 to 10 percent.

Excluding the depreciation resulting from the purchase price allocation of BBA, the margins came in at 9.4 percent for the second quarter and 9.6 percent through six months.

Ladies and Gentlemen,

The BMW Group is committed to maintaining its strategic focus.
We have a clear plan and a long-term strategy that we are implementing systematically.
At the same time, we remain highly flexible in our execution and are able to respond swiftly to market developments.
This enables our operating business to deliver consistently good results.

SLIDE 4: BMW Group in Q2

Let's take a look at the financial figures in the second quarter in more detail, starting with a brief overview of the Group.

BMW Group revenues were on par with the previous year.

Group earnings before tax totalled around 3.9 billion euros, resulting in a Group EBT margin of 10.5 percent.

SLIDE 5: Automotive Retail Units, BEV Units, Auto Revenue and Auto EBIT

On this slide you can see how the Automotive Segment performed across key figures.

In the second quarter, the BMW Group delivered approximately 619,000 BMW, MINI and Rolls-Royce vehicles to customers.
The BMW brand reported sales growth of 2.2 percent.
MINI, on the other hand, saw a significant decrease from the previous year, due to the planned model changeover across the entire product range.
However, in the second half of the year, the brand will benefit from the ramp-up of the New MINI Family, with the Countryman* and Cooper*, both available in several drivetrains, as well as the all-electric Aceman*.

We continue to see sales growth of our all-electric vehicles.
The BMW Group delivered about 108,000 BEVs to customers in the second quarter. This represents 17.4 percent of our total sales.
Our electrified vehicles – in other words, BEVs, plus plug-in hybrids – accounted for almost 24 percent of total sales in the second quarter.

Segment revenues increased slightly by 1.4 percent.
Adjusted for currency translation effects, revenues saw an increase of 2.1 percent.

The significant growth in all-electric vehicles and models from the upper premium segment contributed to this. The current trend is also expected to have a positive effect on revenues for the remainder of 2024.
Revenue per wholesale unit across the entire product portfolio is expected to be in line with last year's level.

EBIT for the period from April to June totalled 2.7 billion euros.
The EBIT margin came in at 8.4 percent for the quarter and 8.6 percent for the half-year.

Excluding the depreciation resulting from the purchase price allocation of BBA, the EBIT margin was 9.4 percent for the second quarter and 9.6 percent through six months.

That brings me to the EBIT bridge, to explain in more detail the changes in the operating result, compared to the second quarter of the previous year.

SLIDE 6: Automotive Segment EBIT in Q2

The net balance of currency and commodity positions provided a tailwind of 500 million euros over last year's second quarter.

For the full year 2024, we anticipate a positive net balance from currency and commodity positions.
This is expected to nearly offset material cost headwinds. However, we see additional requests for supply chain support.

The net balance of volume, model mix and pricing effects in the second quarter was about 300 million euros lower year-on-year.

Volume development and the model mix made a positive contribution to this.
The global price environment for new and used cars continued to normalise in the second quarter.
The Chinese market, in particular, remains highly competitive.

For the full year 2024, we expect the net effect from volumes, model mix and prices to be neutral over last year.

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

The BMW Group's research and development expenditure remained at a high level through the end of June, totalling almost 4.2 billion euros.
The R&D ratio according to the German Commercial Code was at 5.7 percent after the first six months.

The capitalization ratio for development costs, which is relevant for R&D costs according to IFRS, was 34 percent in the second quarter and 30.8 percent as of June.

Selling and administrative expenses increased by around 100 million euros compared to the previous year, primarily driven by personnel costs and expenses for IT projects.

The headwind of 200 million euros from Other Cost Changes can mainly be attributed to manufacturing costs. Here, inflation in material costs continues to have an impact.

SLIDE 7: Automotive Segment Free Cash Flow in Q2

Free cash flow in the Automotive Segment totalled 1 billion euros in the second quarter.

The change in working capital, amounting to 500 million euros, is largely due to the planned increase in inventory levels. This ensures we can continue to meet global demand for our products in the second half of the year.

The net effect from capital expenditure and depreciation reduced free cash flow by 400 million euros in the second quarter.

Total investments for April to June amounted to around 2.6 billion euros.

The capex ratio came in at 5.8 percent for the second quarter and 4.7 percent for the half-year.
As in the previous years, the major share of capital expenditure will occur in the second half of the year and especially in the fourth quarter.
We expect a capex ratio of more than six percent for the full year.

Changes to provisions positively impacted free cash flow in the second quarter by around 100 million euros.

The change in the position Other of around 800 million euros mainly reflects regular tax payments.

After the first six months, Automotive Segment free cash flow had reached just over 2.3 billion euros.
The difference in free cashflow compared to 2023 is due to the capex increase of around 1 billion euros.

We expect to see a positive contribution from a reduction in working capital.
For the full year, we are targeting a free cash flow of over six billion euros.

Since 2022, we have made a paradigm shift in our shareholder return strategy by adding a share buyback programme that supplements our annual dividend payout.

In doing so, we have increased the payout ratio of Automotive Free Cashflow by paying dividends in our target corridor of 30 to 40 percent as well as using the share buyback program.

BMW AG is continuing with its share repurchase programme as planned. At the end of June, it had acquired shares equivalent to 5.51 percent of the existing share capital as of June 30th.

The second tranche of the second programme, totalling 500 million euros, was completed in June.

The third tranche of 500 million euros, which began in June, will be concluded no later than December 31st.
By the end of 2024, BMW AG will have repurchased shares valued at 1.5 billion euros as part of the second programme, which amounts to 2 billion euros.

SLIDE 8: Net Financial Assets

Ladies and Gentlemen,

The BMW Group has a solid and robust balance sheet, confirming the company's considerable financial strength.
This is also underscored by our net financial assets in the automotive business, which totalled just over 43 billion euros.

Starting with the Half-Year Report 2024, we are changing the way we report net financial assets in our automotive business.
In addition to the Automotive Segment's NFA that was previously reported, the new figure also includes the NFA of holding companies within the Other Entities Segment, which receive regular distributions from their subsidiaries.

I trust that this new, comprehensive definition of Net Financial Assets provides you with useful additional information.

SLIDE 9: Financial Services Segment in H1

Let's move on to the Financial Services Segment.
Here, the positive trend in new business continues – for financing of both new and used vehicles.

A total of about 850,000 new leasing and credit financing contracts were concluded in the first half-year. This represents a significant increase of 16.5 percent year-over-year.

The volume of new business, encompassing all new credit financing and leasing contracts, climbed 18.2 percent to around 32 billion euros.

This positive development in new business is also reflected in the portfolio. The total value of all contracts managed surpassed 143 billion euros for the first time.
Segment earnings amounted to just under 1.5 billion euros. This year-on-year decrease of 13.1 percent resulted mainly from lower income from the resale of end-of-lease vehicles, which reflects the continued normalisation of the used car market.

During the reporting period, the credit loss ratio for the entire credit portfolio was 0.25 percent (2023: 0.15 percent).

The segment's overall business performance was better than anticipated. For this reason, we are raising our full-year guidance for Return on Equity (RoE) from a range between 14 and 17 percent to a range between 15 and 18 percent.

SLIDE 10: Motorcycles Segment in Q2

In the Motorcycles Segment, second-quarter deliveries increased by 2.6 percent compared to the prior-year quarter.

EBIT in the second quarter totalled 110 million euros, with an EBIT margin of 11.1 percent.

SLIDE 11: Outlook 2024

Ladies and Gentlemen,

the BMW Group is on course to meet its targets for the year.

The market development in China in the first half of this year has not met our expectations.

We expect that the various measures taken by the government, including the cut in lending rates in July, will lead to a stabilisation of the market starting in the third quarter.

Our overall business environment will remain challenging throughout the rest of the year.
Our guidance assumes that geopolitical and macroeconomic conditions will not deteriorate.

Group earnings before tax will decrease slightly.

We expect to see a slight increase in demand, with sales in the Automotive Segment slightly higher than the previous year. The percentage of all-electric vehicles will increase significantly.

We are targeting an EBIT margin between 8 and 10 percent and a Return on Capital Employed (RoCE) between 15 and 20 percent.

Deliveries are projected to increase slightly in the Motorcycles Segment. The EBIT margin should come in between 8 and 10 percent, with a Return on Capital Employed (RoCE) between 21 and 26 percent.

In the Financial Services Segment we are now forecasting a Return on Equity (RoE) in the range of 15 to 18 percent for the full year.

SLIDE 12: BMW Group with Consistent Strategy and Focused Execution

Ladies and Gentlemen,

The BMW Group is pursuing a clear strategic approach, focused on long-term success.

Our company maintains a globally balanced footprint. We are leveraging this balance and the high flexibility of all our systems to mitigate market volatility and consistently provide our customers with the best products to suit their needs.

We continue to systematically implement our electrification and digitalisation strategy and make targeted investments in our future model line-up.

In 2024, we are setting a decisive course for our future. Research and development spending and capital expenditure will therefore respectively peak, 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.

Despite these high upfront investments, we were still able to deliver a solid financial performance in the second quarter, thanks to our attractive product range.

Across global markets, we are carefully steering our performance in line with individual market conditions.
At the same time, we are maintaining a high level of cost discipline. Whether manufacturing costs, fixed costs, or capital expenditure: at the BMW Group, we have always constantly optimized our cost structures and will continue to do so.

I am confident that our clear long-term strategy, combined with focused execution in our operational business, will keep us competitive and successful – both now and in the future.

Thank you.

***Fuel consumption/emissions data:**
MINI Countryman: energy consumption combined in l/100km: 6,2; CO2 emissions combined g/km: 141; CO2 class E
MINI Cooper 3-Türer: energy consumption combined in l/100km: 6,4; CO2 emissions combined g/km: 144; CO2 class E
MINI Aceman E: electricity consumption combined: 14,7 – 14,1 kWh/100 km according to WLTP; CO2 emissions combined: 0 g/km; CO2-class: A; Range in km according to WLTP: 298 - 310