

Media Information  
3 November 2023

## BMW Group maintains successful course

- Zipse: "Right on track to meet our goals for the year"
- Group EBT margin of 10.6% in Q3 and 11.9% in YTD September
- Automotive EBIT margin of 9.8% in Q3 and 10.3% in YTD September
- Free cash flow of € 5.8 billion in Automotive Segment in YTD September
- Percentage of BEV deliveries increases to 15.1% in Q3

**Munich.** The BMW Group is maintaining its course for profitable growth in a volatile business environment. The company once again reaffirmed its leading position in the global premium segment, with a solid increase in sales to **621,699 premium automobiles** in the third quarter and **1,836,563** units over the nine-month-period (Q3 2022: 587,744 units/**+5.8%**; 2022: 1,747,838 units/**+5.1%**).

The BMW Group combined this growth with a strong financial performance: The **EBT margin** for the first nine months came in at **11.9%** (2022: 19.6%; **Q3: 10.6%**; Q3 2022: 11.0%), with an **EBIT margin** in the **Automotive Segment** of **10.3%** (2022: 8.7%; **Q3: 9.8%**; Q3 2022: 8.9%). Excluding depreciation for BBA assets from the purchase price allocation, the EBIT margin was **10.8%** in the third quarter (Q3/2022: 10.1%) and **11.4%** (Sept YTD/2022: 11.7%) after nine months.

The company is still on track to deliver an **EBIT margin in the Automotive Segment** of between **9-10.5%** for the full year and **solid growth in customer deliveries**. These gains are mostly expected to come from higher-priced models and fully-electric vehicles. By the third quarter, battery-electric vehicles accounted for **15.1%** of total

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sales, already meeting the 15% target planned for the full year (2022: 8.9%/+69.7%). Over the nine-month period, the percentage of BEVs climbed to **13.4%** (2022: 7.3%/+83.6%).

"Our third quarter showed once again that strong products generate strong demand – across all drive technologies. This puts us right on track to meet the higher targets we set ourselves in August," said **Oliver Zipse, Chairman of the Board of Management of BMW AG**, on Friday. "In parallel with today's successful business, we are also setting the course for the future: With the BMW Vision Neue Klasse, we presented nothing less than the future of the car at the IAA MOBILITY. In this way, we are already bringing the mobility for the next decade to the roads in 2025."

The growth trend for BMW continued in many of the world's automotive markets in the third quarter: Compared to the previous year, the supply situation improved – making it easier to meet demand for vehicles. BMW Group deliveries trended higher in the main regions of the Americas and Europe, while Asia was on a par with last year. Germany and Europe made significant gains (Europe: 221,735 units/+12.9%; Germany: 68,569 units/+12.4%) and the US market posted solid growth of 7.7%, with a total of 92,218 vehicles delivered to customers (2022: 85,631 units). In China, the BMW Group delivered 210,659 units in China (2022: 214,565/-1.8%). From January to September, the BMW brand saw a slight increase in the market (+3.4%), thus exceeding the overall Chinese market development (+2.4%). Total BMW Group deliveries in China rose to 603,920 vehicles (594,089 units/+1.7%) in the year to the end of September. The slightly reduced increase year on year was mainly due to MINI model change.

The biggest increase was in deliveries of **battery-electric models**. Between July and September, the BMW Group sold a total of **93,931 fully-electric vehicles** (2022: 52,305 vehicles/**+79.6%**). In the year to the end of September, BEV deliveries almost doubled, climbing **92.6%** to **246,867 units** (2022: 128,195 units). This sales growth derived largely from the **BMW brand**, with BEV deliveries up **119.3%** in the first nine months.

The company is pushing forward with electrification of its product range: With the launch of the new BMW i5\* and the upcoming Rolls-Royce Spectre\*, all three premium brands will have at least one fully-electric variant across the relevant segments. By 2024, one in five of the company's new vehicles will be a BEV; by 2025, one in four.

Growth is expected to get a further boost in the fourth quarter from the BMW Group's diverse and attractive product line-up, including the all-new 7 Series models, the BMW 5 Series and the BMW X1, which is particularly popular in Europe.

### **Slight increase in Group revenues**

**Group revenues** increased slightly in the third quarter to **€ 38,458 million** (2022: € 37,176 million/**+3.4%**), with solid growth in the year to the end of September to **€ 112,530 million** (2022: € 103,088 million/**+9.2%**). In addition to full integration of the operating business of BMW Brilliance Automotive Ltd. (BBA) into the Automotive Segment, higher sales volumes and positive product mix effects supported the increase. Headwinds came from currency translation effects, especially for the Chinese renminbi and US dollar. In the year to the end of



September, the greatest negative impact came from volume-related manufacturing cost.

By the end of September 2023, BBA's operating result had been fully and uniformly integrated due to full consolidation; in the prior-year period, this was only the case from 11 February 2022. This must be factored into the year-on-year comparison.

**Group research and development spending** for the year to the end of September totalled **€ 5,223 million** (2022: € 4,894 million/**+6.7%**) – which represents a solid increase from last year. In addition to development expenses for new models such as the new BMW 5 Series and those of the NEUE KLASSE, R&D spending was primarily focused on further electrification and digitalisation of the vehicle fleet and automated driving. For example, the innovative “BMW OS 9” operating system is being rolled out this year. The partially automated, “hands-free” Level 2+ driving functions in the new 5 series and the highly automated Level 3 functions have also been advanced.

The **R&D ratio (according to the German Commercial Code)** came in at **4.6%** (2022: 4.7%; -0.1 %-points).

The BMW Group's **capital expenditure** for the first nine months was significantly higher, at **€ 5.078 million** (2022: € 4.680 million/**+8.5%**). In the third quarter, the capital expenditure of **€ 1.847 million** was focused on accelerating the ramp-up of electrification and topics related to digitalisation (2022: € 1.751 million/**+5.5%**). The highest expenditure was caused by the

fifth and sixth generation e-modular kits and the plant construction in Debrecen, Hungary.

The **capex ratio** for the year to the end of September was **4.5%** and remained on a par with the previous year (2022: 4.5%). Capital expenditure in the fourth quarter will lead to an increase in capex ratio to around 6% for the full year.

### **Q3 Group earnings on a par with last year**

**Group earnings before tax (EBT)** for the third quarter were on a par with last year at **€ 4,063 million** (2022: € 4,100 million/**-0.9%**). The EBT includes a financial result of € -289 million (2022: € 418 million), which was primarily affected by fair-value assessment in interest rate hedging transactions. The **EBT margin** for this period was **10.6%** (2022: 11.0%). **Group net profit** amounted to **€ 2,931 million** in the third quarter (2022: **€ 3,175 million**/**-7.7%**).

In the year to the end of September, the BMW Group reported **pre-tax earnings** of **€ 13,414 million** (2022: € 20,256 million/**-33.8%**). As part of the full consolidation of BBA, the revaluation of previously held shares in BBA of € 7.7 billion had substantially boosted the BMW Group's financial result, Group earnings and Group net profit in 2022. Due to this base effect, these key figures were significantly lower in the year to the end of September 2023.

The **financial result** for this period totalled **€ -656 million** (2022: € 9,757 million) and was primarily affected by the fair value development of interest rate hedges. **Group EBT margin** came in at **11.9%** (2022: 19.6%). In the year to the end of



September, **Group net profit** totalled **€ 9,551 million** (2022: € 16,407 million/**-41.8%**).

### **BMW AG continues share repurchase programme**

The second share repurchase programme worth up to € 2.0 billion, was launched in July 2023 and is on track. It led to the repurchase of 2,659,869 shares of common stock and 530,588 shares of preferred stock, which were recognised as treasury shares. During the third quarter, the 24,123,400 own shares (22,199,529 common shares and 1,923,871 preferred shares) acquired between July 2022 and June 2023 as part of the first € 2.0 billion share repurchase programme were retired. The share capital was reduced by € 24,123,400.

### **Solid Q3 EBIT in Automotive Segment, significant increase in YTD September**

In the **Automotive Segment**, third-quarter **revenues** were on a par with last year at **€ 32,096 million** (2022: € 32,290 million/**-0.6%**). Excluding currency translation headwinds, especially from the Chinese renminbi and the US dollar, revenues posted solid growth of **+6.5%**.

Tailwind came from higher sales volumes. In the nine-month-period, also a positive pricing effect contributed to the solid increase in revenues of **6.7%** (adjusted for currency translation effects: **+10.9%**) to **€ 94,994 million** (2022: € 89,031 million).

Higher vehicle sales in turn increased sales costs, which were also relieved by currency effects. In addition, depreciation from the purchase price allocation for



BBA assets of around € 0.3 billion was included in the cost of sales in the third quarter (2022: € 0.4 billion).

**Earnings before financial result (EBIT)** for the third quarter profited from higher sales volume and amounted to **€ 3,135 million** (2022: € 2,873 million/**+9.1%**). The strong operating performance of the Automotive Segment was underlined by the year-on-year increase in its **EBIT margin**, which came in at **9.8%** (2022: 8.9%). Excluding depreciation for BBA assets from the purchase price allocation, the EBIT margin was **10.8%** (Q3/2022: 10.1%).

In the year to the end of September, the Automotive Segment posted significant growth, with an EBIT of **€ 9,810 million** (2022: € 7,703 million/**+27.4%**). The EBIT margin for the year to the end of September came in at **10.3%** (2022: 8.7%). Excluding depreciation for BBA assets from the purchase price allocation, the EBIT margin was **11.4%** (Sept YTD/2022: 11.7%).

"We are steering our core business along a long-term, profitable growth path. To do this, we are making significant investments in our future: We are digitalising and electrifying our products and bringing the entire company into a new era. We are strengthening our innovation capabilities and creating value for our shareholders. The solid customer demand shows us that we are on the right track," said **Walter Mertl, member of the Board of Management responsible for Finance**.

**Free cash flow** in the Automotive Segment came in at **€ 2,618 million** (2022: € 2,106 million/**+24.3%**) in the third quarter. At the end of September 2023, it



totalled **€ 5,759 million** (2022: € 9,876 million/**-41.7%**). The previous year still included the positive one-time effect of € 5 billion from the full consolidation of BMW Brilliance.

"The free cash flow in the Automotive Segment illustrates the financial strength of our core business. Despite extensive investment in the transformation of the company, we are benefiting, in a volatile environment, from stable cash inflows. In the fourth quarter, we plan to reduce our inventory – which will benefit free cash flow. On the other hand, the increase of capex ratio to around 6% (September YTD: 4.5%) and the usual seasonal rise in costs as well as higher tax payments will significantly weigh on our Q4 free cash flow," said **Mertl**.

The company expects a free cash flow of at least **€ 6 billion** for the full year 2023.

### **Upward trend in Financial Services Segment**

**BMW Group Financial Services** reported growth in the number of new contracts and the volume of new retail business in the third quarter, as the average financing volume per vehicle increased during the reporting period.

The **penetration rate**, the percentage of new BMW Group vehicles leased or financed by the Financial Services Segment, for the third quarter was **38.0%** (2022: 38.3%/-0.3 %-points).

The segment's third-quarter **pre-tax earnings** saw solid growth, to **€ 747 million** (2022: € 691 million/**+8.1%**).





In the year to the end of September, the segment reported **earnings before tax of € 2,451 million** (2022: € 2,672 million/**-8.3%**). The decline resulted from increased refinancing costs and the lower contract portfolio. BMW Group Financial Services benefited from continued high sales revenues for lease returns.

Credit loss ratio remained at a historically low level of 0.15%. The segment is adequately hedged against risk.

### **Motorcycles Segment steps up deliveries again in centenary year**

The **Motorcycles Segment** delivered **52,037 BMW motorcycles and scooters** to customers in the third quarter, reaching the same high level as the previous year (2022: 51,778 units/**+0.5%**). Thanks to its attractive product line-up and, in particular, new models like the fascinating Power Roadster M 1000 R, sales rose slightly to **164,908 units** in the year to the end of September (2022: 159,333 units/**+3.5%**).

Third-quarter segment **revenues** totalled **€ 650 million** (2022: € 822 million/**-20.9%**; excluding currency translation: -18.1%). Mainly due to the change in the model launch calendar from the previous year, the EBIT for the third quarter decreased to **€ -4 million** (2022: € 87 million/**-104.6%**), resulting in a negative **EBIT margin of -0.6%** (Q3 2022: 10.6%).

In the year to the end of September, **BMW Motorrad revenues** were up slightly, at **€ 2,571 million** (2022: € 2,485 million/**+3.5%**; excluding currency translation: +5.5%). The **segment EBIT** for the year to the end of September was down



slightly on the previous year at **€ 308 million** (2022: € 322 million/**-4.3%**). The EBIT margin for the first nine months came in at **12.0%** (2022: 13.0%).

The upcoming market launch of the new R 1300 GS in the fourth quarter will be the most important product highlight of the year. As the world's most successful premium motorcycle, the redesigned Boxer GS, with its many innovations, should be one of the segment's main profitable sales drivers.

### **BMW Group confirms guidance**

The BMW Group forecasts overall growth for the global automotive markets year on year. In Europe and in the US, markets should grow robustly in 2023. The most optimistic forecast for China's automotive market expects a slight growth year on year.

For the rest of the year, the company expects stable business development and confirms its forecast for financial year 2023 for all segments. This assumes that the geopolitical and macroeconomic conditions do not significantly deteriorate.

Due to improved vehicle availability, a healthy volume of orders and positive volume development overall, the company is planning for **solid growth in deliveries to customers worldwide** in 2023.

Taking the sales volume guidance into account, the BMW Group expects the **EBIT margin in the Automotive Segment** to be within the **range of 9 to 10.5%** for the full year.

The forecast calls for a slight increase in deliveries in the **Motorcycles Segment** for the full year. The **EBIT margin** will remain within the **target range of 8 to 10%**.

Return on equity (**RoE**) in the **Financial Services Segment** is projected to be between **16-19%**.

**Group earnings before tax** will decrease significantly. Without the one-time effect of 2022, Group earnings before tax for the year 2023 would be higher than the previous year.

These targets will be achieved with **slightly higher employee numbers**.

The BMW Group is committed to long-term, profitable growth as it continues its transformation process. Through systematic investment and a commitment to being a pacesetter and driving force for innovation in its industry, the BMW Group aspires to a leading role in the global premium segment.

The BMW Group in figures: Q3 2023		Q3 2023	Q3 2022	Change in %
<b>Deliveries to customers</b>				
<b>Automotive<sup>1</sup></b>	units	<b>621,699</b>	<b>587,744</b>	<b>5.8</b>
Thereof: BMW	units	549,941	517,638	6.2
MINI	units	70,384	68,596	2.6
Rolls-Royce	units	1,374	1,510	-9.0
<b>Motorcycles</b>	units	<b>52,037</b>	<b>51,778</b>	<b>0.5</b>
<b>Employees</b> (compared to 31. Dec. 2022)				
		<b>149,475</b>		
Automotive Segment EBIT margin	%	9.8	8.9	<b>+0.9%-pts.</b>
Motorcycles Segment EBIT margin	%	-0.6	10.6	<b>-11.2%-pts.</b>
<b>EBT margin BMW Group<sup>2</sup></b>	%	<b>10.6</b>	<b>11.0</b>	<b>-0.4%pts.</b>
<b>Revenues</b> € million				
thereof: Automotive	€ million	32,096	32,290	-0.6
Motorcycles	€ million	650	822	-20.9
Financial Services	€ million	9,102	8,785	3.6
Other Entities	€ million	3	3	0.0
Eliminations	€ million	-3,393	-4,724	-28.2
<b>Profit before financial result (EBIT)</b> € million				
thereof: Automotive	€ million	3,135	2,873	9.1
Motorcycles	€ million	-4	87	-104.6
Financial Services	€ million	740	679	9.0
Other Entities	€ million	-8	-13	-38.5
Eliminations	€ million	489	56	773.2
<b>Profit before tax (EBT)</b> € million				
thereof: Automotive	€ million	3,043	2,963	2.7
Motorcycles	€ million	-2	89	-102.2
Financial Services	€ million	747	691	8.1
Other Entities	€ million	-5	296	-101.7
Eliminations	€ million	280	61	359.0
<b>Income taxes</b> € million				
		<b>-1,132</b>	<b>-925</b>	<b>22.4</b>
<b>Net profit</b> € million				
		<b>2,931</b>	<b>3,175</b>	<b>-7.7</b>
<b>Earnings per share</b> <sup>(common/preferred)<sup>3</sup></sup> €				
		<b>4.20</b>	<b>4.25</b>	<b>-1.2</b>

<sup>1</sup> Deliveries include joint venture BMW Brilliance Automotive Ltd., Shenyang. <sup>2</sup> Ratio of Group earnings before taxes to Group revenues.

<sup>3</sup> Common/preferred stock. Earnings per share of preferred stock are calculated by distributing the earnings required to cover the additional dividend of €0.02 per preferred share proportionally over the quarters of the corresponding financial year.

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<b>The BMW Group in figures: Q3 YTD 2023</b>		<b>Q3 YTD 2023</b>	<b>Q3 YTD 2022</b>	<b>Change in %</b>
<b>Deliveries to customers</b>				
<b>Automotive<sup>1</sup></b>	units	<b>1,836,563</b>	<b>1,747,838</b>	<b>5.1</b>
Thereof: BMW <sup>1</sup>	units	1,621,267	1,533,866	5.7
MINI <sup>1</sup>	units	210,741	209,271	0.7
Rolls-Royce <sup>1</sup>	units	4,555	4,701	-3.1
<b>Motorcycles</b>	units	<b>164,908</b>	<b>159,333</b>	<b>3.5</b>
<b>Employees (as of 31. Dec. 2022)</b>				
		<b>149,475</b>		
Automotive Segment EBIT margin	%	10.3	8.7	+1.6%-pts.
Motorcycles Segment EBIT margin	%	12.0	13.0	-1.0 %-pt.
<b>EBT margin BMW Group<sup>2</sup></b>	%	<b>11.9</b>	<b>19.6</b>	<b>-7.7%-pts.</b>
<b>Revenues</b>				
	€ million	<b>112,530</b>	<b>103,088</b>	<b>9.2</b>
thereof: Automotive	€ million	94,994	89,031	6.7
Motorcycles	€ million	2,571	2,485	3.5
Financial Services	€ million	26,723	26,036	2.6
Other Entities	€ million	9	6	50.0
Eliminations	€ million	-11,767	-14,470	-18.7
<b>Profit before financial result (EBIT)</b>				
	€ million	<b>14,070</b>	<b>10,499</b>	<b>34.0</b>
thereof: Automotive	€ million	9,810	7,703	27.4
Motorcycles	€ million	308	322	-4.3
Financial Services	€ million	2,449	2,627	-6.8
Other Entities	€ million	-13	-187	-93.0
Eliminations	€ million	1,516	34	4358.8
<b>Profit before tax (EBT)</b>				
	€ million	<b>13,414</b>	<b>20,256</b>	<b>-33.8</b>
thereof: Automotive	€ million	9,611	15,909	-39.6
Motorcycles	€ million	311	326	-4.6
Financial Services	€ million	2,451	2,672	-8.3
Other Entities	€ million	112	1,258	-91.1
Eliminations	€ million	929	91	920.9
<b>Income taxes</b>				
	€ million	<b>-3,863</b>	<b>-3,849</b>	<b>0.4</b>
<b>Net profit</b>				
	€ million	<b>9,551</b>	<b>16,407</b>	<b>-41.8</b>
<b>Earnings per share(common/preferred)<sup>3</sup></b>				
	€	<b>13.90</b>	<b>23.88</b>	<b>-41.8</b>

<sup>1</sup> Deliveries include joint venture BMW Brilliance Automotive Ltd., Shenyang. <sup>2</sup> Ratio of Group earnings before taxes to Group revenues.

<sup>3</sup> Common/preferred stock. Earnings per share of preferred stock are calculated by distributing the earnings required to cover the additional dividend of €0.02 per preferred share proportionally over the quarters of the corresponding financial year.

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**\*Fuel consumption/emissions data:****BMW i5 eDrive40:** Power consumption in kWh/100 km: - (NEDC)/18.9-15.9 (WLTP); electric range (WLTP) in km: 497-582.**Rolls-Royce Spectre:** Power consumption in mi/kWh // kWh/100km: 2.6 – 2.8 mi/kWh // 23.6 – 22.2 kWh/100km (WLTP); electric range (WLTP): 329\* mi / 530\* km. CO2 emissions: 0 g/km (NEDC).**GLOSSARY – explanatory comments on key performance indicators****BEV**

Battery Electric Vehicle.

**Deliveries to customers**

A new or used vehicle is recorded as a delivery once it is handed over to the end user (which also includes leaseholders under lease contracts with BMW Financial Services). In the US and Canada, end users also include (1) dealers when they designate a vehicle as a service loaner or demonstrator vehicle and (2) dealers and other third parties when they purchase a company vehicle at auction and dealers when they purchase company vehicles directly from the BMW Group. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent third-party dealers. The vast majority of deliveries – and hence the reporting of deliveries to the BMW Group – is made by independent third-party dealers. Retail vehicle deliveries during a given reporting period do not correlate directly to the revenues that the BMW Group recognises in respect of that particular reporting period.

**EBIT**

Profit before financial result. Profit before financial result comprises revenues less cost of sales, less selling and administrative expenses and plus/minus net other operating income and expenses.

**EBIT margin**

Profit/loss before financial result as a percentage of revenues.

**EBT**

EBIT plus financial result.

**EBT Margin**

Profit/loss as a percentage of revenues.

**PHEV**

Plug-in-hybrid electric vehicle.

**RoCE**

Return on capital employed (RoCE). RoCE in the Automotive and Motorcycles segments is measured on the basis of relevant segment profit before financial result and the average

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amount of capital employed – at the end of the last five quarters – in the segment concerned. Capital employed corresponds to the sum of all current and non-current operational assets, less liabilities that generally do not incur interest.

**RoE**

Return on equity (RoE). RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital – at the end of the last five quarters – attributable to the Financial Services segment.

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**The BMW Group**

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 over 30 production sites worldwide; the company has a global sales network in more than 140 countries.

In 2022, the BMW Group sold nearly 2.4 million passenger vehicles and more than 202,000 motorcycles worldwide. The profit before tax in the financial year 2022 was € 23.5 billion on revenues amounting to € 142.6 billion. As of 31 December 2022, the BMW Group had a workforce of 149,475 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company set the course for the future at an early stage and consistently makes sustainability and efficient resource management central to its strategic direction, from the supply chain through production to the end of the use phase of all products.

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