

Media Information  
8 May 2024

- Check against delivery –

**Statement****Walter Mertl****Member of the Board of Management of BMW AG, Finance  
Conference Call Quarterly Statement to 31 March 2024  
Munich, 8 May 2024, 08.30 a.m.**

Ladies and Gentlemen,  
Good morning,

**SLIDE 2: BMW Group Quarterly Statement to 31 March 2024**

The BMW Group had a successful start into 2024.

Both sales and earnings for the first quarter were in line with our expectations. This results from the focused implementation of our strategic priorities.

At the BMW Group, we have strong brands and attractive products, which create ongoing high demand and a profitable operational business.

**SLIDE 3: Highlights of BMW Group Performance in Q1 2024**

In the first three months, the BMW Group delivered just under 595,000 vehicles to customers. This is a slight increase of 1.1 percent over the same period of last year.

Our all-electric vehicles, in particular, made an important contribution, with growth of 27.9 percent.

If we look at the BMW brand alone, that number was 40.6 percent. At the same time, sales of models in the upper premium segment also recorded significant double-digit growth of more than 21 percent.

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The Group EBT margin for the first quarter came in at 11.4 percent, which is above our strategic target of 10 percent.

The EBIT margin in the Automotive Segment was 8.8 percent. This falls clearly within our target corridor of 8 to 10 percent.

Ladies and Gentlemen,

This quarter confirms once again that the BMW Group's operating business consistently delivers strong results.

We have a clearly defined long-term plan. And we have significant flexibility in our systems and processes. This allows us to adapt quickly to developments and take advantage of market opportunities.

On this basis, we expect to operate at a consistent level throughout 2024.

#### **SLIDE 4: BMW Group in Q1**

Let's take a look at the financial figures for the first quarter in more detail.

I'll start with a brief overview at Group level.

BMW Group revenues were on par with the previous year.

Group earnings before tax totalled around 4.2 billion euros, resulting in a Group EBT margin of 11.4 percent.

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

And now more details on how the Automotive Segment performed across key metrics.

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In the first three months, the BMW Group delivered 595,000 BMW, MINI and Rolls-Royce vehicles to customers.

The BMW brand reported growth of 2.5 percent.

Due to the upcoming model changeovers MINI sales were down 9.4 percent from the previous year. The New MINI Family, comprising the Countryman\*, the Cooper\* and the Aceman\*, will boost MINI sales – particularly in the second half of the year.

This sales development is also reflected in segment revenues. Adjusted for currency translation effects, revenues saw a slight increase of 1.5 percent.

Both the higher sales volume and positive product mix effects from the upper price segment and BEV contributed to the increase in revenues in Q1 2024.

This is expected to provide a tailwind for revenues also in the remainder of 2024.

Furthermore, prices across the product portfolio are expected to be in line with last year's level.

The electrification of our product line-up continued to generate substantial sales momentum in the most recent quarter.

Almost 83,000 fully-electric vehicles were sold – or 13.9 percent of our total sales.

Taken together, BEV and plug-in hybrids accounted for about 21 percent of total sales in the first quarter.

EBIT for the period from January to March was 2.7 billion euros, with an EBIT margin of 8.8 percent.

This means that the first quarter of 2024 is in line with the consistent trend in profitability since the beginning of 2022.

Q1 2023 was exceptional, as the effects of inflation were not yet fully reflected in the operating result.

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I will provide more details on the Q1 year-on-year development with the EBIT bridge.

### **SLIDE 6: Automotive Segment EBIT in Q1**

Changes in commodity prices accounted for a positive impact of around 200 million euros. Currency effects remained neutral.

For the full year 2024, we anticipate a positive net balance from currency and commodity positions.

The net balance of volume, model-mix and pricing effects is about 300 million euros lower than for the first quarter of 2023.

Increase in volumes made a slight positive contribution. The double-digit growth by models in the upper price segment almost entirely compensated the effect from the higher BEV share.

Starting with the second quarter of 2023, we began to see increased competition due to better availability of vehicles in the market. This led to a gradual softening of the global price environment for new and used cars, which has continued into the first quarter of 2024. For the full year 2024, we expect the net effect from volume, mix and pricing to be slightly positive, as planned.

We expect additional momentum from models like the new BMW 5 Series, which is currently ramping up in markets across the globe. In China, it launched after the Lunar New Year holiday and has therefore only been in showrooms for a few weeks.

Full availability of the BMW 7 Series will also have a positive effect.

Moving on, we come to research and development expenses – which were 200 million euros higher than in the prior-year first quarter.

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Based on Group R&D expenditure, the R&D ratio according to the German Commercial Code came in at 5.4 percent. Our R&D activities remain focused on the electrification and digitalisation of our entire vehicle fleet. We are constantly developing attractive new models, like the NEUE KLASSE or the next generation of the BMW X5.

Sales and administrative costs were 100 million euros higher than the previous year. This is largely due to IT projects and the increase in personnel costs, which was implemented from the third quarter of 2023.

The headwind of 700 million euros from Other Cost Changes essentially results from two areas.

The first is manufacturing costs.

Sales margins in the first quarter of 2023 still benefitted from a lower level of purchasing prices in 2022.

This led to a positive EBIT effect in Q1 2023 as inventories with lower manufacturing costs were sold.

Starting in Q2 2023, we saw an elevation in costs that has carried through into Q1 2024.

Another reason for the difference in other cost changes is income from the resale of end-of-lease vehicles.

As expected, income was lower than in the first quarter of 2023, yet remains positive.

The normalisation we have been seeing in the used car market over the past twelve to fifteen months has gradually continued.

**SLIDE 7: Automotive Segment Free Cash Flow in Q1**

Free cashflow in the Automotive Segment totalled about 1.3 billion euros in the first quarter of 2024.

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The difference to the first quarter of 2023 mainly results from the lower EBT.

Inventory levels rose during the first quarter, in line with planning. This contributed to the change in working capital, which amounts to 1.2 billion euros.

The increase in stock will ensure that we can service the expected customer demand.

The net effect from capital expenditure and depreciation also reduced free cash flow by 200 million euros.

Capital expenditure for January to March totalled around 1.3 billion euros. This was mainly allocated to new models and structures, with a clear focus on electrification and digitalisation as well as automated driving systems.

The capex ratio for the year to the end of March was 3.6 percent.

Changes in provisions and in the position other, such as tax payments, had no net impact on free cash flow.

In the first quarter of 2024, investments totalling 2.3 billion euros were made into future models and innovations. Nevertheless, the Automotive segment generated 1.3 billion euros in free cashflow.

For the full year, the BMW Group is targeting a free cashflow above 6 billion euros in the Automotive segment, despite the planned peak investments in R&D and capex in 2024.

The strong underlying free cashflow generation supports our ongoing and consistent shareholder return.

As part of the share buyback program BMW AG has acquired shares equivalent to 5.03 percent of the share capital in place on March 31st.

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The second tranche of the second program with a volume of 500 million euros is currently in progress and will be completed no later than June 28th.

Currently we see no reason not to continue with tranche three immediately after conclusion of tranche two.

### **SLIDE 8: Financial Services Segment in Q1**

In the Financial Services Segment, the positive trend in new business from the second half of 2023 continued through the first three months of 2024.

The number of new contracts concluded with retail customers increased significantly by 21.5 percent year-on-year to reach 422,000 contracts. Financing for both new and used vehicles contributed to this growth.

In line with this, the volume of new business grew by 22.1 percent to just over 15.6 billion euros.

Segment earnings for the first quarter amounted to 730 million euros – a decrease of 215 million from the previous year.

This can be attributed both to higher credit risk provisioning and the normalisation of income from the resale of lease returns.

The credit loss ratio across the entire loan portfolio remained at a low rate of 0.21 percent.

### **SLIDE 9: Motorcycles Segment in Q1**

In the Motorcycles Segment, first-quarter deliveries decreased slightly by 3.1 percent year-on-year.

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EBIT for the year to the end of March totalled 106 million euros, with an EBIT margin of 12.2 percent.

### **SLIDE 10: Outlook 2024**

Ladies and Gentlemen,

After a successful first quarter, we expect the solid business performance to continue throughout the year 2024.

Therefore, our guidance for key performance indicators remains unchanged.

This is based on the assumption that geopolitical and macroeconomic conditions do not deteriorate.

Group earnings before tax are projected to decrease slightly.

In the Automotive Segment, we are planning for slight year-on-year sales growth – with the percentage of all-electric vehicles set to increase significantly.

We expect to see an EBIT margin of between 8 and 10 percent and a Return on Capital Employed (RoCE) of between 15 and 20 percent.

Sales should be slightly higher in the Motorcycles Segment, too. The segment's EBIT margin should come in at between 8 and 10 percent and Return on Capital Employed (RoCE) should be between 21 and 26 percent.

In the Financial Services Segment, we are targeting a Return on Equity (RoE) in the range of 14 to 17 percent for the full year.

### **SLIDE 11: BMW Group with Consistent Performance**

Ladies and Gentlemen,



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The BMW Group combines a robust financial performance in its current business with a long-term perspective for the future.

We have a range of highly attractive products in the market and we are continuously developing new models that will set the standard for driving experience, digitalisation and connectivity.

As planned for and previously announced, our research and development spending, and our capital expenditure, will respectively peak in 2024.

We expect our R&D ratio for the full year to be above 5 percent, and the capex ratio above 6 percent.

Our underlying profitability allows us to finance these investments in the future and at the same time yield attractive returns to our shareholders.

We continue to steer the company in line with our strategic priorities. And we deliver what we promise.

Our flexibility allows us to quickly adapt to market fluctuations and to meet customer demand across the globe.

This ensures that we capitalize on market developments and deliver strong results through consistent execution.

Thank you.

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**\*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