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- Check against delivery –

Statement
Walter Mertl
Member of the Board of Management of BMW AG, Finance
Annual Conference 2025
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Ladies and Gentlemen,
Good morning!

SLIDE: BMW Group in Full-Year 2024

As Oliver emphasized, we continue to follow our course and implement our long-term strategy. At the same time, we are focused on our operational business to consistently deliver on what we say.

The BMW Group proved this once again in Q4 2024:
We successfully reduced inventory impacted by the Integrated Braking System or IBS. And we achieved a sequential improvement in retail sales and profit versus Q3.

For the full year, we achieved our revised guidance in all parameters.

As anticipated, we reached peak levels of R&D and capital expenditure in 2024, particularly to prepare for models of the NEUE KLASSE. Starting this year, both the R&D and capex ratios will decrease meaningfully, as we start production of the NEUE KLASSE and lay the foundation for the long-term success of our company with over 40 new and updated models by 2027.

Through our global positioning and the flexibility of our operations, we can adapt to the geopolitical landscape and short-term market dynamics, proving our resilience.

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Let's take a look at the financial figures for the full year.

2024 was a year of two halves:
While the first half-year was in line with our original planning, sales performance in the second half of the year was impacted by delivery stops in connection with IBS, as well as persistent subdued demand in China. As expected, Q4 marked an improvement on the Q3 result.

SLIDE: BMW Group KPIs in FY24

Group revenues totaled 142.4 billion euros. The moderate decrease compared to 2023 was mainly driven by the decline in sales volume and intense price competition in the Chinese market.

Earnings before Tax at Group level amounted to 11 billion euros – significantly under 2023, but as expected in our adjusted guidance. This resulted in a Group EBT Margin of 7.7% for the year.

SLIDE: BMW Group Segment Performance in FY24

If we look at the key financial results of the individual segments:
Automotive delivered an EBIT of 7.89 billion euros and EBIT margin of 6.3%.

Motorrad had an EBIT of 198 million euros, representing a margin of 6.1%.

Financial Services saw an EBT of 2.54 billion euros and a Return on Equity of 15.1%.

And, finally, Other Entities generated 837 million euros in EBT, while eliminations amounted to a negative 146 million euros.

SLIDE: Automotive Retail Units, BEV Units, Auto Revenue and Auto EBIT in FY24

So, let's take a look at the Automotive Segment in detail:

For the full year, the BMW Group delivered 2.45 million BMW, MINI and Rolls-Royce vehicles to customers worldwide. This represents a slight decrease of 4% from the previous year, in line with our adjusted guidance.

Market dynamics in China remain weak, which impacted sales performance. However, the BMW brand achieved growth in every other major region.

In Europe, order intake in Q4 improved month by month. In the US, we experienced a strong recovery from IBS in Q4 with growth quarter-over-quarter of just over 50% and year-over-year of 8.9%.

Worldwide BMW Group sales performance in Q4 saw sequential improvement over Q3. Global deliveries grew by nearly a third quarter-on-quarter including double digit growth coming from the mid- and upper-segment together.

All-electric vehicles remained a key growth driver for us. BEV deliveries totaled over 426,000 units for the year, significantly above 2023 by 13.5%. Overall, BEVs therefore made up 17.4% of total sales.

Our plug-in hybrid vehicles also remained very popular, with over 166,000 units sold in 2024. Electrified vehicles – meaning all-electric vehicles and plug-in hybrids – made up nearly a quarter of total sales.

Revenues in the Automotive segment amounted to nearly 125 billion euros, a decrease of 5.6% from 2023.

Earnings before interest and taxes reached 7.9 billion euros. This resulted in an EBIT margin of 6.3%, which was within our adjusted guidance corridor of 6 to 7 percent for the full year.

Excluding the 1.3 billion euros depreciation resulting from the purchase price allocation of BBA, the Automotive EBIT margin came in at 7.4% for the year.

SLIDE: Automotive EBIT Development in FY24

Looking to the operating result in detail:

Compared to 2023, EBIT for full-year 2024 saw a tailwind of 1 billion euros from the net balance of currency and raw material positions.

Year on year, the net effect of volume, model mix and pricing weighed on Automotive EBIT. The headwind resulted partly from the volume decrease, particularly in China. Pricing headwinds, including the effects of a highly competitive Chinese market and dealer compensation in China, amounted to more than half of the overall decrease of 4.4 billion euros.

The headwind of 1.4 billion euros from Other cost changes was driven by inflation in material costs and supply chain support.

The effect from warranty expenses was a tailwind year-on-year. Overall, lower additions to warranty provisions for specific topics were necessary in every quarter throughout 2024 compared to the previous year. An exception was Q3, due to the impact of IBS. For the full year 2024, the P&L impact of quality issues trended in a positive direction year-on-year, as planned.

SLIDE: R&D Expenditure in FY24
SLIDE: Capital Expenditure in FY24

Our R&D activities and investments focused on our ongoing electrification and digitalization strategy across the entire portfolio. As anticipated, R&D and capital expenditure reached peak levels in 2024 – both in absolute terms and in ratio.

Group expenditure for research and development for the full year reached 9.1 billion euros, compared to 7.8 billion euros in 2023. The R&D ratio according to the German Commercial Code was 6.4%, 1.4 percentage points more than in 2023.

Group capital expenditure totaled 9.1 billion euros, an increase from 8.8 billion euros in 2023. This resulted in a capex ratio of 6.4%, compared to 5.7% in 2023.

As we begin to rollout models of the NEUE KLASSE, we will see a decline in R&D and capex. This means in both absolute and relative terms, back towards our strategic corridors of between 4 to 5% for R&D and less than 5% for Capex by 2027 at the latest.

SLIDE: Automotive Segment Free Cash Flow in FY24

Turning to free cash flow – as you know, we steer this on an annual basis.

Starting with EBT delivering a full year result of 7.5 billion euros, working capital contributed positively with 200 million euros to free cash flow. Whilst inventory levels had risen due to sales stops related to IBS in Q3, we managed to successfully reduce stock by 5 billion euros in Q4. As a result, year-end inventory reached nearly the same level as it was at the beginning of the year.

For the full year, the net effect from capital expenditure and depreciation reduced free cash flow by 3.3 billion euros.

The development of provisions reduced free cash flow by 700 million euros.

The position “Other” reflects several positive effects, including interest received.

In line with our adjusted guidance, free cash flow reached 4.9 billion euros in 2024.

This is even after we invested 18.2 billion euros: 9.1 billion euros in CapEx and another 9.1 billion euros in R&D, paving the way for our future, and demonstrating our financial strength.

This strength is underscored by our Automotive net financial assets, which benefitted from the strong development of free cash flow in the fourth quarter. At year end, the Automotive NFA came in at almost 46 billion euros, which is around the same level as the start of the year.

SLIDE: Financial Services Segment in FY24

Moving on to the Financial Services Segment.

New business development in the segment remained robust throughout the year. A total of almost 1.7 million new financing and leasing contracts were concluded, a solid year-on-year increase of nearly 10%.

Overall, new business volume even increased significantly by 12.5% to 64.5 billion euros, due to higher average financing volume per vehicle.

Penetration rates for lease and loan offerings rose by 4.4 percentage points, reaching 42.6%. Without China, the penetration rate was over 50%, with growth in particular in the US and the UK.

Segment earnings before tax amounted to 2.54 million euros and were therefore significantly lower than the previous year. This was mainly due to higher credit and residual value risk costs than in 2023, but well within our expectations. We continue to see gains from the sale of off-lease vehicles, yet at lower levels due to market dynamics.

The credit loss ratio of 0.26% across the entire credit portfolio was well within our expectations and below industry levels.

Return on Equity for the full year reached 15.1%, within our adjusted guidance range of 15 to 18%.

Ladies and Gentlemen,

In our BMW Group Report, you will note that we have voluntarily adopted the full European Sustainability Reporting Standards for the first time as the framework for reporting all sustainability-related disclosures in our combined non-financial statement.

The BMW Group only reports on sustainability topics that have been assessed as “material” according to ESRS. However, this does not mean that topics which are assessed as “not-material” are necessarily less important.

We view sustainability holistically and as a competitive advantage. That is why we disclose our sustainability performance to our investors and customers.

You will note that the implementation of ESRS requirements have contributed over 100 additional pages to our Report. Due to the company-specific materiality assessment, comparability between companies remains limited – even within the same industry.

Indeed, it can be questioned how much value the additional scope and limited comparability offer to stakeholders. Accordingly, we welcome the proposed regulatory changes in the draft of the so-called Omnibus package and look forward to the draft updates and reduced scope of the ESRS.

Ultimately, we want added value for our stakeholders – meaning relevant and concise information. It's not just about reporting and compliance.

SLIDE: Proposed Dividend and Payout Ratio

One important element of our stakeholder orientation is our shareholder return strategy, which the BMW Group remains committed to.

The Board of Management and the Supervisory Board will propose a dividend of 4.30 euros per share of common stock and 4.32 euros per share of preferred stock to the Annual General Meeting. This results in a total dividend payout of 2.7 billion euros.

The proposed dividend for 2024 represents a payout ratio of 36.7%. This is within our long-term strategic target range of 30-40% and notably higher than the payout ratio in 2023.

On January 2nd, we began the final tranche of our ongoing second share buyback program, which should be completed by latest April 30th. This will conclude the second program – with 2 billion euros – more than half a year earlier than initially planned.

By this point in time, we will have reduced a total of 47 million shares in circulation since the start of the share buyback authorization in 2022. This corresponds to over 7% reduction in share capital.

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

You will have noted that we have made a step change in our approach since 2021. Starting in 2022, we added share buybacks as an additional instrument alongside dividend payments. We have also increasingly used the range of dividend payout corridor. And we increased the share of Automotive free cash flow distributed to shareholders from the previous years' levels to almost 100% this year.

So, let's move to the Outlook for 2025.

Looking to the market development:
Due to stabilizing inflation and declining interest rates in many countries, we expect to see a rise in demand.

How will the BMW Group's sales performance develop this year?

Given the robust economic situation, we anticipate a solid market development in the US. In Europe, we do expect growth driven by electrified vehicles. The market dynamics in China, however, will remain challenging.

For the full year, revenues per vehicle in the Automotive segment are expected to be in the same range as 2024.

Our guidance reflects the current status of our planning, including all the tariff increases in force as of March 12th, 2025.

SLIDE: Outlook 2025

What do we expect for our key performance indicators in 2025?

Let me focus on selected guidance parameters.

In the Automotive Segment we are forecasting a slight increase in deliveries of BMW, MINI and Rolls Royce vehicles.

In terms of profitability, the total impact of the tariff increases in place as of March 12th amounts to approximately 1 percentage point on the Auto EBIT margin. As a result, the EBIT margin is now expected between 5 to 7%. Consequently, Return on Capital Employed in the Automotive segment should be within a range of 9 to 13%.

In the Financial Services segment, we anticipate a Return on Equity of 13 to 16%.

The Group's pre-tax profit is expected to remain at the previous year's level.

Starting January 1st, 2025, we have adjusted the outlook range for Group EBT guidance. The existing bandwidth was too narrow to reflect the underlying movements in the segments. For details, please refer to the glossary of the BMW Group Report.

The full outlook for 2025 for all key performance indicators is also available in the BMW Group Report.

For the full year 2025, we expect a free cash flow in the Automotive Segment of over 5 billion euros.

SLIDE: Closing

Ladies and Gentlemen,

The BMW Group remains fully focused on achieving our short-term results without compromising our long-term strategic objectives.

We remain committed to our long-term target corridor of 8 to 10% EBIT margin in the Automotive Segment.

To that end, we are constantly enhancing our operational business to ensure we achieve our strategic priorities and optimize our returns.

So, after the peak in 2024, we not only expect to see a turnaround in R&D expenditure and CapEx in 2025, but also a turnaround in operational costs. And here I mean a cost decrease in nominal terms, covering the effects of inflation. This will become visible over the course of the year.

At the BMW Group, strong brands and emotional products have long built the foundation of our success.

With the technological boost from the NEUE KLASSE across the entire portfolio, we look forward to seeing the benefits from our investments start hitting the road later this year.