

THE ROAD FORWARD.

Walter Mertl

Board of Management of BMW AG, Finance



OUR INTEGRATED STEERING APPROACH PUTS VALUE CREATION AT THE CENTER OF OUR DECISIONS AND ACTIONS.

1 Profitable Growth

Growth, Premium Market Share

EBIT Margin 8-10%*

Group EBT Margin >10%

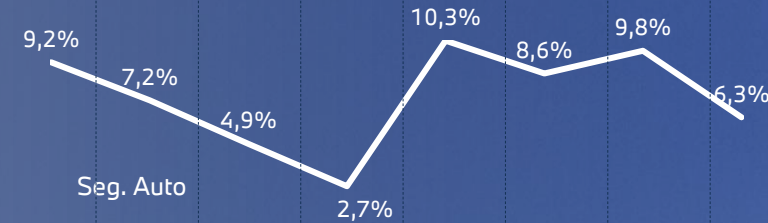
2 Capital Return

RoCE
Return on Capital Employed* = $\frac{\text{EBIT}}{\text{Capital Employed}}$

RoE
Return on Equity Financial Services = $\frac{\text{Profit before tax}}{\text{Average IFRS equity capital}}$

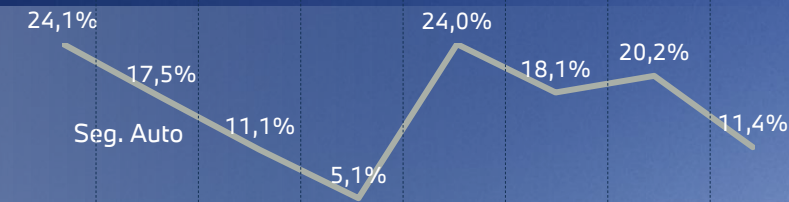
3 Value Creation

Growth of **Shareholder Value** = $\text{Group EBT} - (\text{CE} * \text{WACC})$



Profitable Growth

&



Capital Efficiency

=



Value Creation



*Automotive + Motorrad.

TODAY'S FOCUS: THE ROAD FORWARD.

Geopolitical Framework

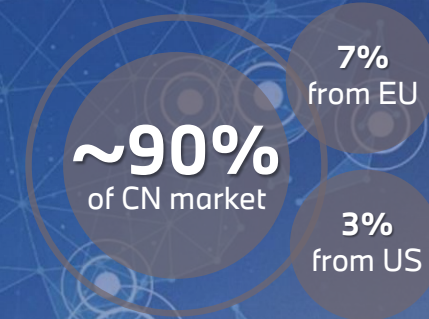
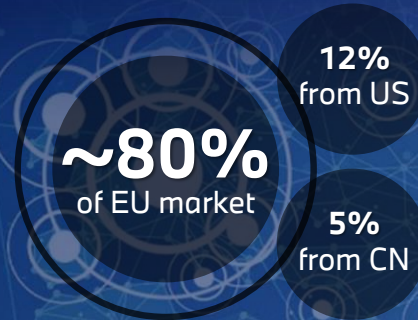
Market Dynamics

Road to strategic KPIs

BS & shareholder returns.



OUR GLOBAL FOOTPRINT IS A DIFFERENTIATOR IN TACKLING TARIFFS.



 **XM | X7 | X6 | X5 | X4 | X3**
Increased local share with
transition from iX to X5

 **3 | 2 Coupe | M2**

Tariff mitigation measures:

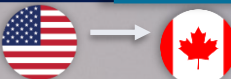
- Free Trade Zone intact
- Stock optimization & US product mix adjustment
- Model year transition MSRP increase
- Flexibility to increase production in Spartanburg
- Supply chain optimization

Majority of portfolio (incl. X5)

Imported X7 | 7 | X6 | X4 | M models
75% JV share higher than competition
PPA until 2028



OUR RESILIENT AND DIFFERENTIATED FOOTPRINT & CONSISTENT OPERATIONAL CAPABILITY ALLOWED US TO GUIDE FOR 2025.

Trade flows	Tariffs	Incl. in March guidance	Status at Q1 (07.05)	Expectation H2
	<u>EU</u> : Anti-subsidy tariffs on BEVs from China	mid three-digit	mid three-digit	↔
	<u>USA</u> : Tariff increases for imports from MX / CA	mid three-digit	mid three-digit	↓
	<u>USA</u> : Tariff increases on imports from China	low three-digit	low three-digit	↓
	<u>China</u> : Countermeasures - tariffs on US imports			
	<u>USA</u> : Tariff increases on steel/aluminum imports	high double-digit	low three-digit	↓
Without tariffs guidance would have been 6 – 8%. Impact included in March guidance ~ -1%pt Auto EBIT margin → Guidance 5 – 7%.				
	<u>CA</u> : Tariff increase on car imports from US		low two-digit	↓
	<u>USA</u> : Tariff increase on car & component imports		high three-digit	↓
Mitigations:	Eligibility of 3.75% of MSRP for Spartanburg production volume		mid three-digit	
	Further mitigation e.g. foreign trade zone intact for exports		low three-digit	

Guidance 2025 intact

Our tariff assumptions include a change in tariffs from August 2025 onwards; expecting some rates to decrease from currently high levels.

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INTERNATIONAL OEMS WITH SOME INCREASE IN MARKET SHARE IN EU & US. SHARE OF LOCAL OEMS WITH SIGNIFICANT INCREASE IN CN.

Sales Region Europe



United States

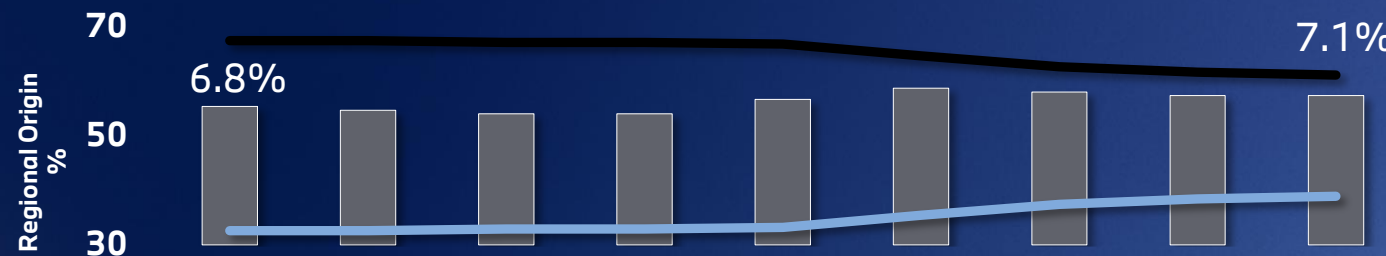


China

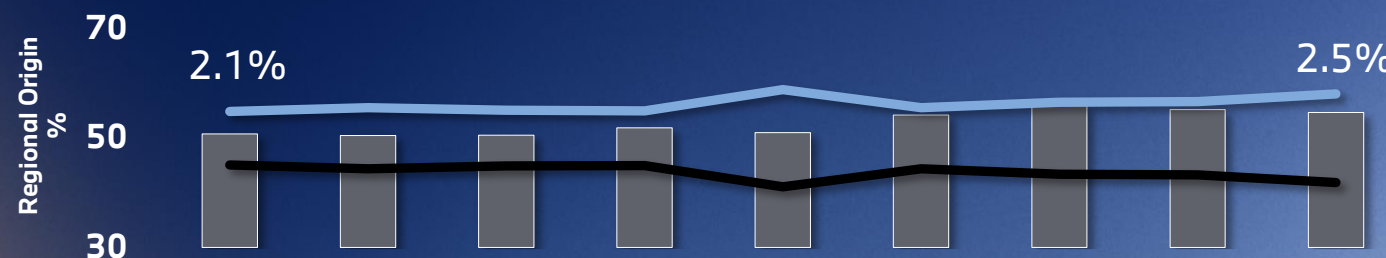


Sales by origin of brand: ■ BMW Group — Domestic — International

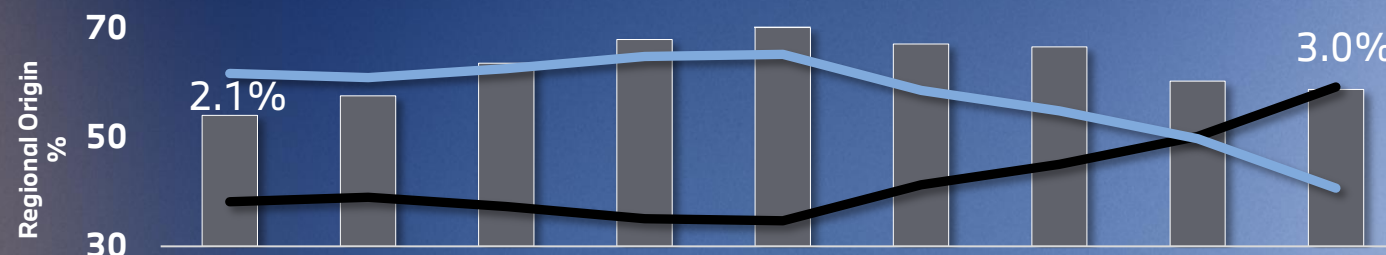
Δ % Change



BMW - Group Market Share %

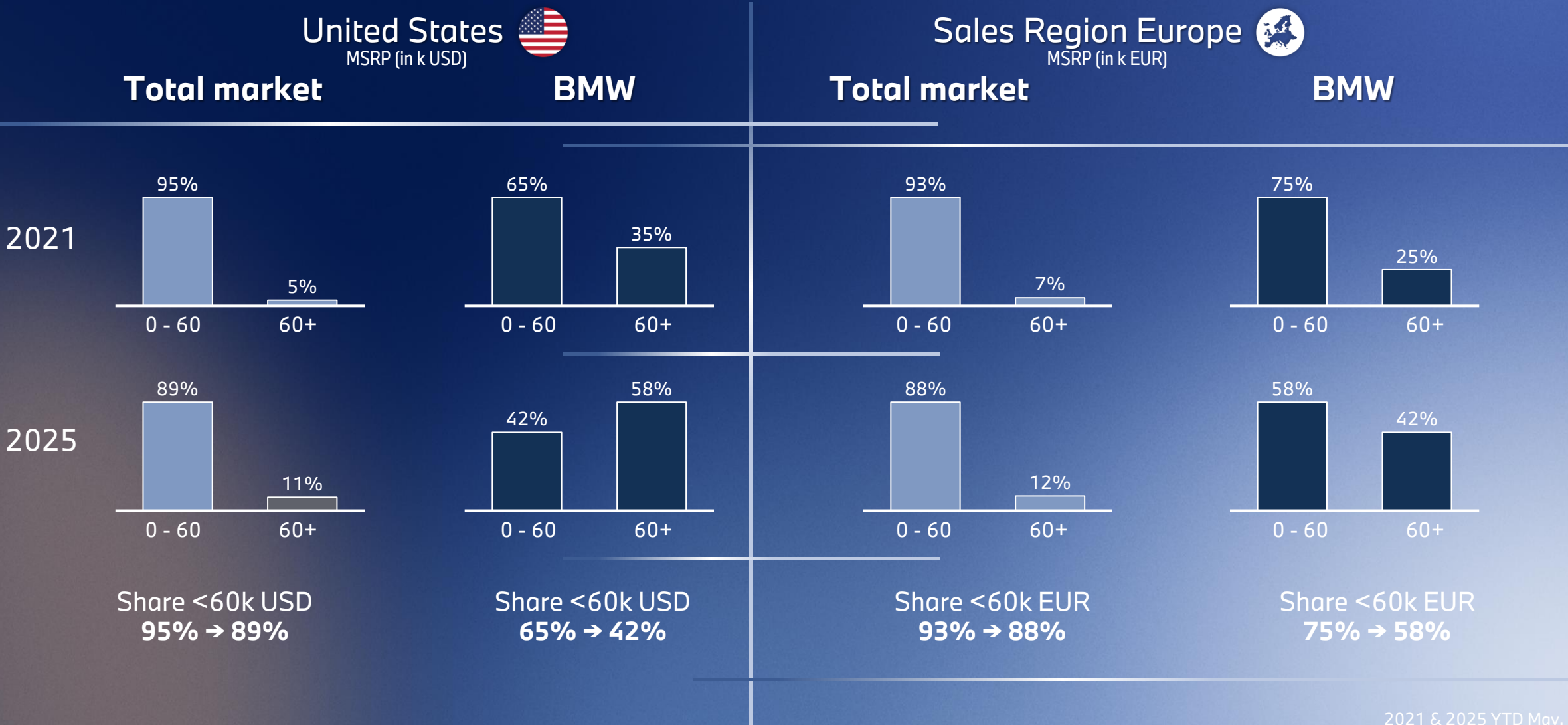


BMW - Group Market Share %

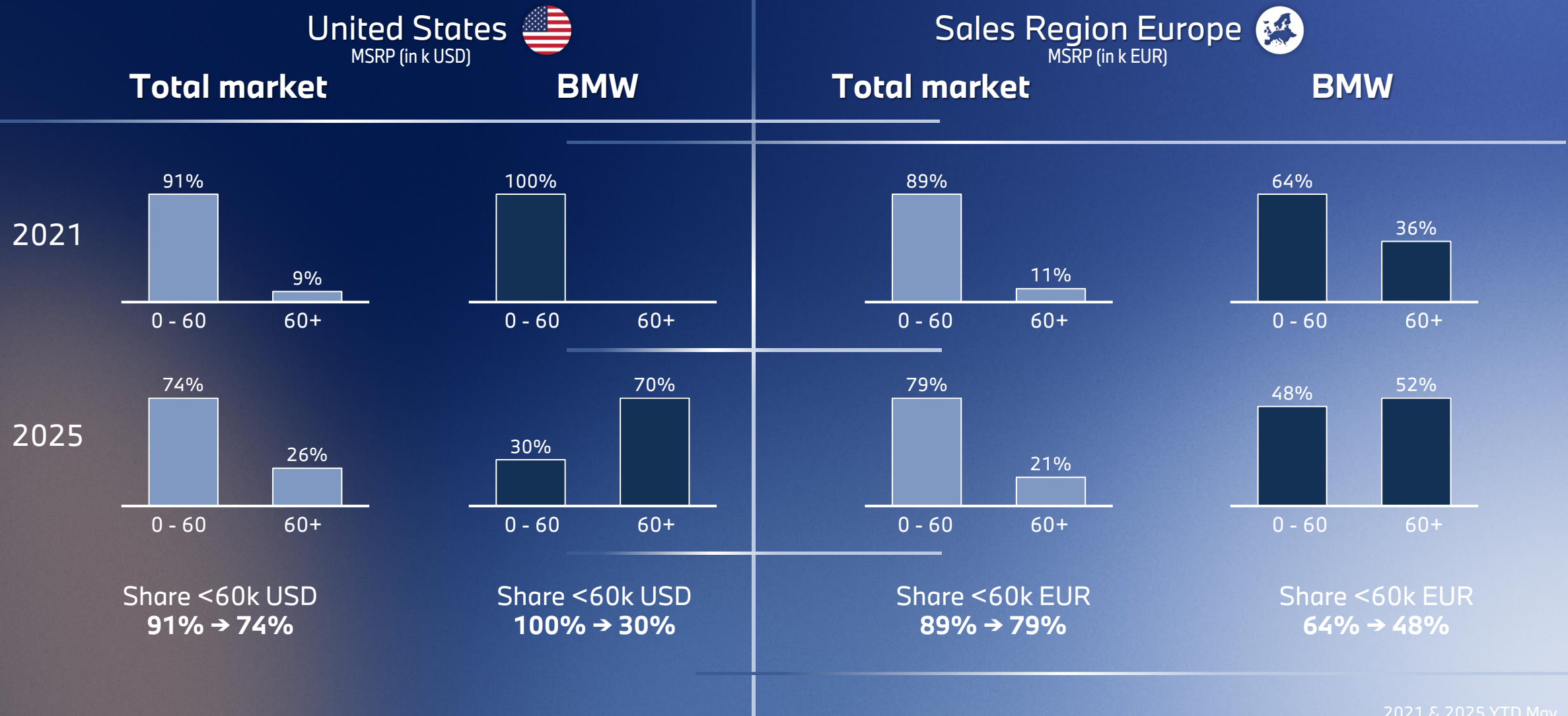


BMW - Group Market Share %

BMW HAS UPTIERED PRICING AND OUTPACED THE TOTAL MARKET WHILST GROWING MARKET SHARE IN KEY REGIONS ...



... TO AN EVEN HIGHER EXTENT ON THE BEV SIDE.



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CORE BUILDING BLOCKS IN OUR AMBITION TO RETURN TO 8-10% ARE THE CHINESE MARKET, STRUCTURAL COSTS & NEUE KLASSE.

CHINA.

Defensible 3% market share.

Dynamic environment

Dealer rightsizing

Cost measures

Portfolio & tech outlook

Tech transformation

Range & charging speed improvement

40-50% battery pack cost reduction

Ambition to Margin parity

Structural costs

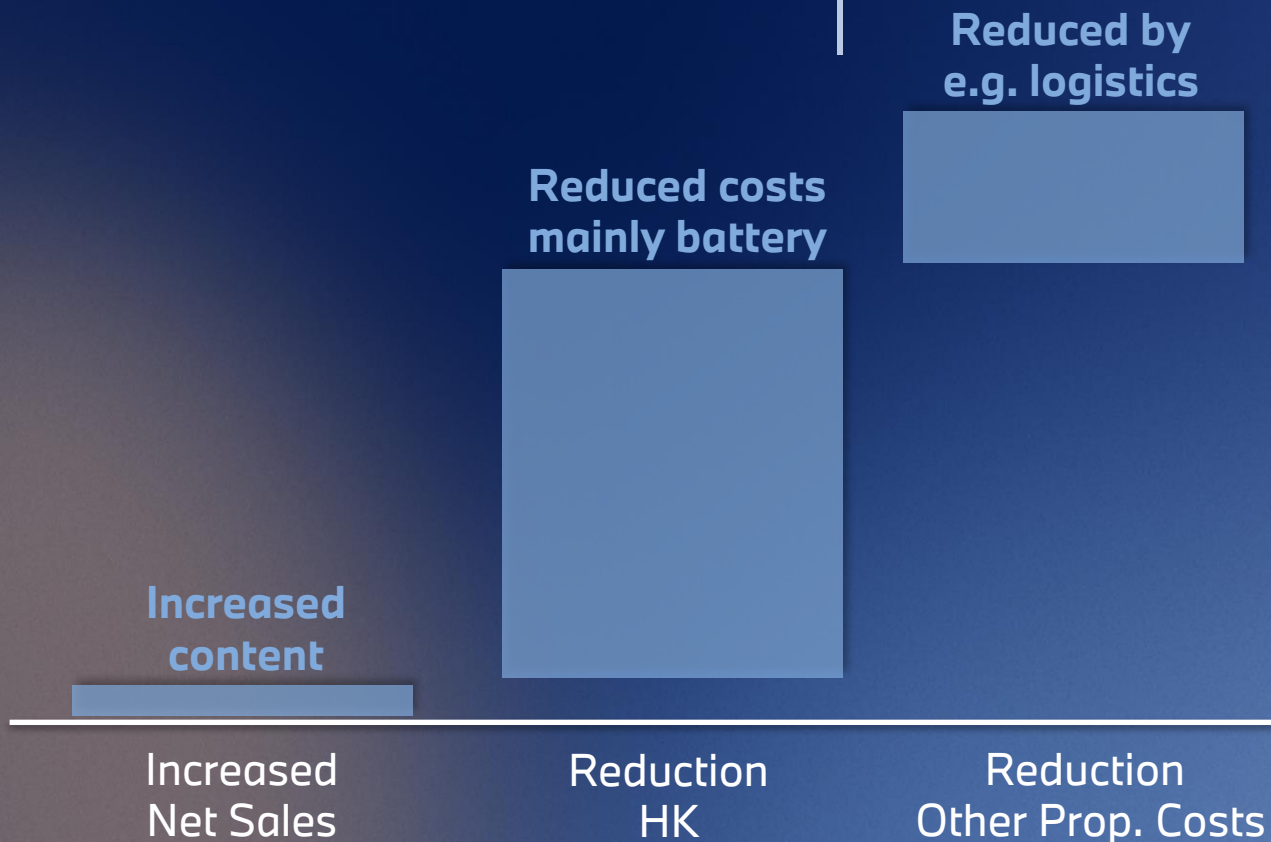
NEUE KLASSE.

Inflection point in cost & profit.



GEN6 BATTERIES WITH 40-50% COST REDUCTION VS. GEN5 ARE THE KEY DRIVER IN AMBITION TO REACH MARGIN PARITY FOR ICE & BEV.

Building blocks contribution margin improvement BEV Gen6 vs BEV Gen5.

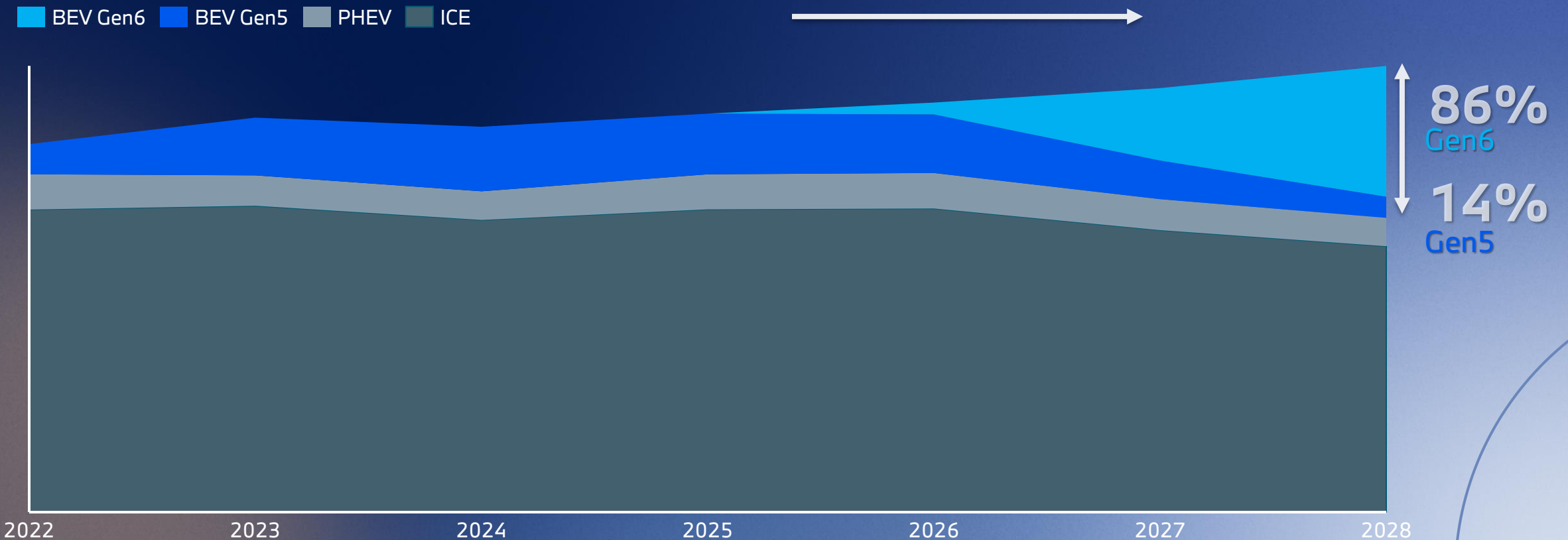


Ambition to reach margin parity between ICE and BEV.



NEUE KLASSE GEN6 VOLUME TO RAMP UP SIGNIFICANTLY FROM 2026, LEADING TO AN 86% SHARE IN BEV VOLUME BY 2028.

Volume development BMW.
2022 - 2028



WELL-BALANCED WORLDWIDE PRODUCTION FOOTPRINT WITH STRONG CAPACITY UTILIZATION RATES COMPARED TO INDUSTRY.

Structure: EU +20%
Labour: on par with EU

Cost Factors:

Structure: EU -20 to -30%
Labour: ~15% of EU

92%
Capacity
utilization



79%
Capacity
utilization



71%
Capacity
utilization



Higher flexibility in
capacity utilization
based on structural
& labour costs.

Our “Local for Local” principle.
Secures production against political & economic eventualities.

PEAK IN R&D, CAPEX AND FIXED COST IN 2024. MEANINGFUL DECLINE FROM 2025 ONWARDS.

- Investing in all categories into Neue Klasse reached its peak in 2024.
- R&D and CAPEX development (HGB) and Fixed Cost development (IFRS) show a meaningful decline after the peak in 2024.
- R&D and CAPEX displays decline in absolute figures to return to their strategic %-corridors by 2027.
- Fixed cost decrease in nominal terms 2028 vs. 2022 despite inflation and higher depreciation.

AI SUPPORTS EVERY PROCESS ALONG THE VALUE CHAIN TO RAISE PRODUCTIVITY AND CUSTOMER & EMPLOYEE SATISFACTION.



GROUP AI ASSISTANT

Central AI self-service platform that allows all BMW employees to use, build, share, & integrate AI in their daily operations.



SOFTWARE DEVELOPMENT

All DevOps processes – from business requirements specification, over software development, to operations are enhanced by AI, using Github Copilot & orchestrated via Group AI assistant.



The engineering search makes data-driven engineering a working reality. Even faster access to engineering data & a reallocation of resources. **R&D**

DEVOPS HUBS PLAY A PIVOTAL ROLE IN OUR AUTOMOTIVE SOFTWARE DEVELOPMENT NETWORK.

15.000

Employees worldwide

SW hubs set up as JVs with local partners designed to enable speed, productivity, and SW tech culture. And to leverage the best talent.



Cluj-Napoca |
2024 |
~250 employees¹ |
Development &
operation of business
IT solutions



ROMANIA



Nanjing | 2021 |
~640 employees¹ |
Auto SW for China &
global



CHINA



Lisbon, Porto,
Braga | 2018 |
~2,850 employees¹ |
Auto SW for global,
Digital Company
DevOps



Critical
TechWorks

PORTUGAL



Pretoria |
2006 |
~2.500 employees¹ |
Development of AI &
finance solutions &
global SAP
applications

SOUTH AFRICA



Pune, Bangalore,
Chennai | 2024 |
~100 employees¹ |
Auto SW for global,
Digital Company
DevOps



INDIA

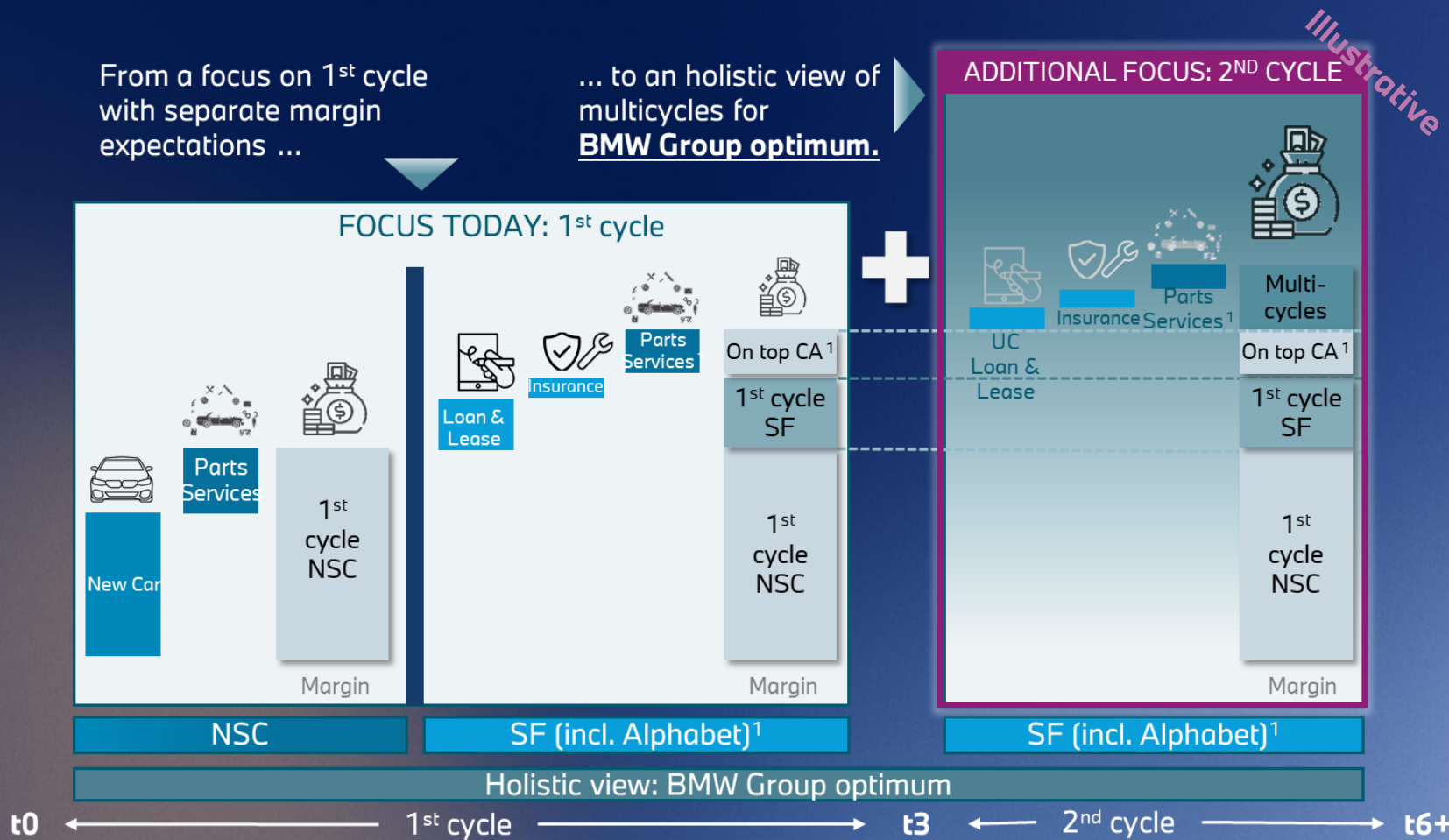


BMW Tech Offices:
Silicon Valley, Greenville,
Munich, Tel Aviv, Singapore,
Shanghai, Seoul, Tokyo



R&D Centre:
Munich, Shanghai,
Beijing

HOLISTIC PERFORMANCE MANAGEMENT ACROSS GROUP ECOSYSTEM (SALES AND FINCO) DRIVES HIGHER PROFITS.



- **Maximizing revenue** by keeping vehicle (VLV²) & customer (CLV³) in BMW Group ecosystem
- 2nd cycle brings **new UC customer** segment into BMW ecosystem & generates potential for further profits
- **State of health** promise as prerequisite for multicycles to increase customer acceptance for BEV transition
- Additional cycles support **stabilization of realized market values** (esp. for BEVs)

¹Additional parts and services will be configured if customers select finance offers due to improved affordability; ² Vehicle Lifetime Value; ³ Customer Lifetime Value.

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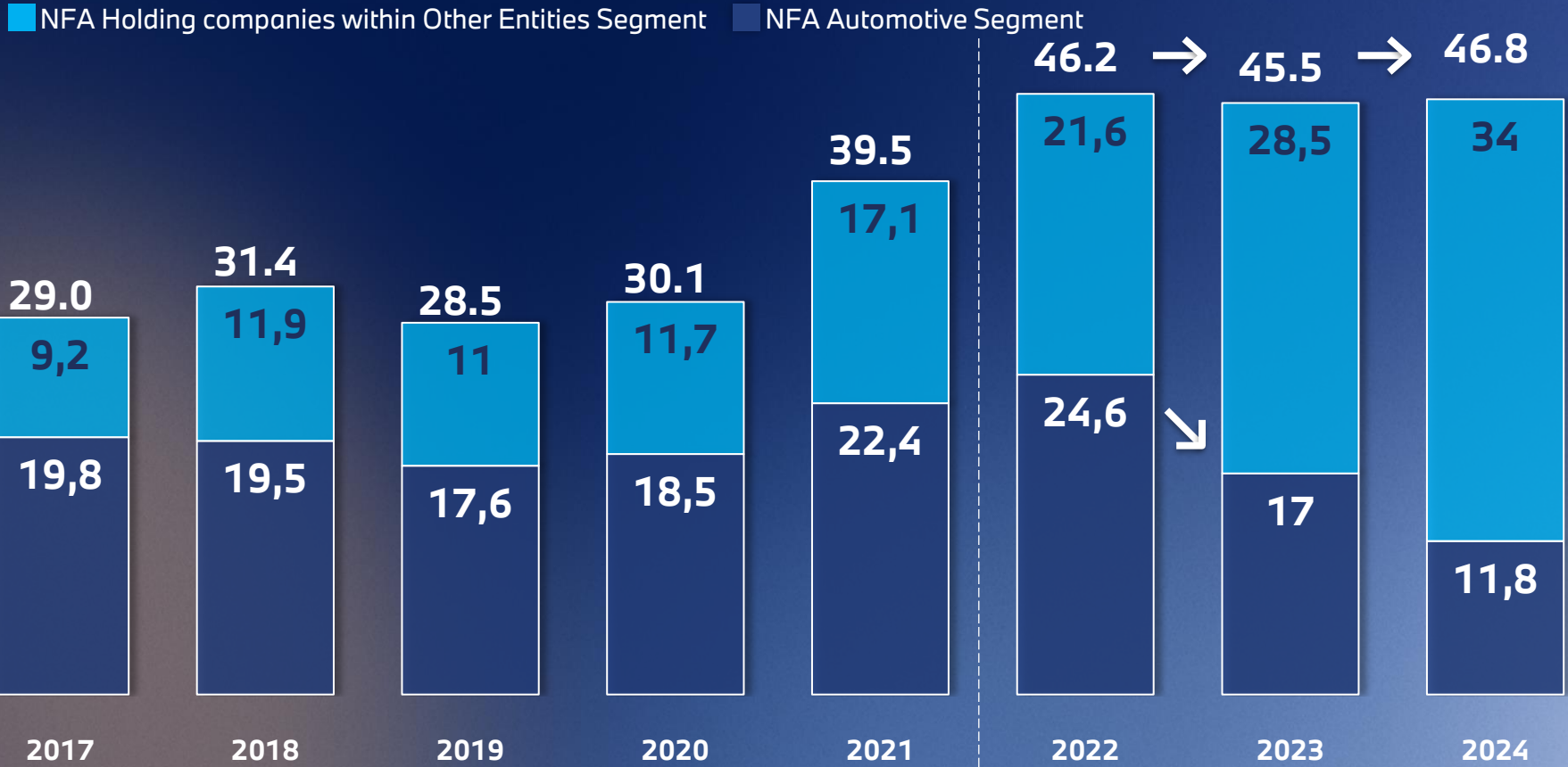
Road to strategic KPIs

BS & shareholder returns



A STRONG BALANCE SHEET AND NET FINANCIAL ASSET POSITION PROVIDE A SOLID FOUNDATION FOR SHAREHOLDER RETURNS.

Development Net Financial Assets Automotive in bn€.
2017 - 2024

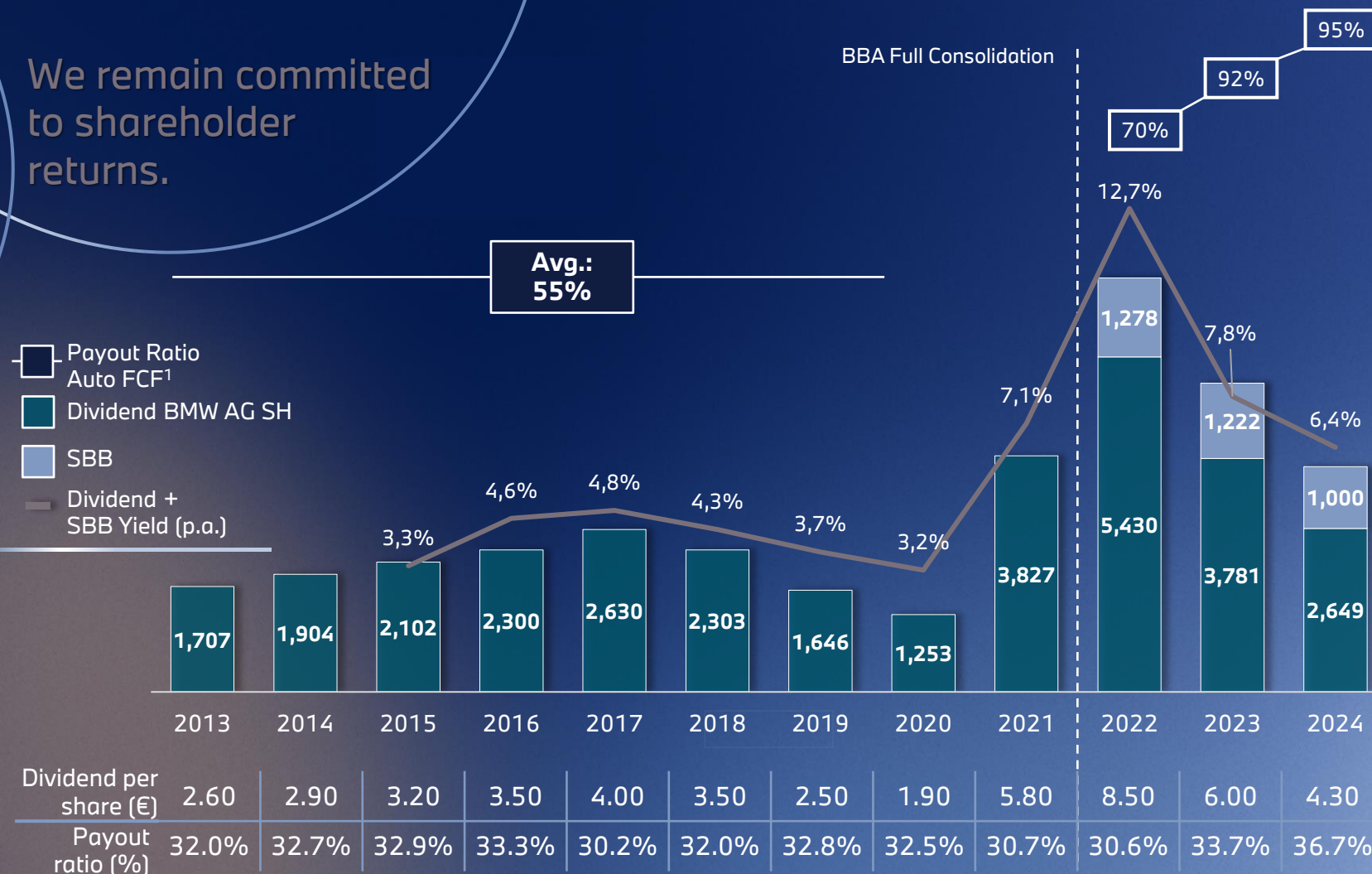


>> BBA Full Consolidation

NFA Automotive is reflective of retained earnings generated in the core business and remained stable after BBA full consolidation

95% OF AUTO FCF PAID OUT IN 2024 UNDERSCORES THE STEP CHANGE FROM 2022 IN A RELIABLE & CONSISTENT MANNER.

We remain committed to shareholder returns.



Consistent Dividend Policy.

- **Reliable & transparent** dividend policy
- Target payout ratio at **30-40%** of Group net income attributable to BMW AG shareholders
- **Consistent development** of annual dividend payments

Additional Instruments.

- We distribute FCF Auto to investors using additional distribution instruments such as the current **share buyback program in a flexible manner**

¹ % Auto FCF after dividends to minority shareholders

BMW PURSUES A LONG-TERM STRATEGIC PATH & STEERS GLOBAL OPERATIONS TO DELIVER SUSTAINABLE STAKEHOLDER RETURNS.

BMW is not the automotive industry but a **DIFFERENTIATED GLOBAL PLAYER**.

Clear handle on the **KEY LEVERS** & how we steer the business.

BALANCE FLEXIBILITY to capitalize on market opportunities & deliver profitable performance.

Costs, China stabilization & Neue Klasse pave the road to deliver on **AUTO EBIT 8-10% AMBITION**.

STRONG BALANCE SHEET – allows us to balance the interests of all stakeholders consistently and reliably.

