Transcript of BMW AG IR Call on 16 June 2026

~ Check against delivery ~

Dr. Milan Nedeljković, Chairman of the Board of Management of BMW AG

Good Evening Ladies and Gentlemen.

As you can imagine, I would have preferred to have my first interaction with you under better circumstances and with other news. Nevertheless, it is very important to me that Walter and I address this topic in an early and personal exchange with you.

The market situation in China and across the Asia Pacific region has continued to deteriorate significantly during this quarter. Based on our current outlook, we are compelled to adjust our market expectations and our guidance.

I want to emphasize that due to the gravity of the situation, we are taking immediate action by implementing a set of measures to address these headwinds. But before I share more about our future plans, I would like to hand over to Walter, who will provide more context on the ad hoc communication and the adjusted guidance.

Walter – please go ahead.

Walter Mertl, Member of the Board of Management of BMW AG, Finance

Thank you Milan. And thank you to all of you on the call for making the time to join us at short notice today.

Ladies and Gentlemen, with the communication that we made this afternoon, I would like to highlight two important aspects to the adjustments that we have made. Firstly, we have accounted for the evolving environment in our operating business results. Secondly, we have decided to take additional action by intensifying structural and efficiency measures to address our cost base.

Allow me to begin with the operational topics, which focus on China, Asia Pacific and the Middle East conflict.

What has been the overall market development in China since the start of this year?

In December 2025, the Chinese Passenger Car Association expected the total market to remain flat in 2026. These estimations have been revised downward month-by-month. At the beginning of May, they stood at -7.6%. In the third week of May, they were adjusted to -11.2%. And just yesterday the latest forecast of a -14.3% decline for the full year was published. The current performance of the market is even worse: Year-to-date May actuals have already declined -19.4%!

Switching to the BMW Group performance in China: At our annual conference in March, we set our guidance for 2026 based on our stable volume performance in China. At that point in time, we had experienced a continuous run rate of roughly 50,000 units per month over all of 2025 and into 2026. As we reported our Q1 financials, our volumes were 10% lower year-on-year and we adjusted our expectations. In April and May, we saw ongoing subdued consumer demand due to the further market deterioration. Year-to-date May, our sales were -17.6% lower than previous year.

We cannot operate in isolation of this market development and the associated intensity in the competitive field. We remain focused on balancing volume, transaction prices and profitability for our dealer partners and ourselves in China. Acknowledging the development in the total market and at BMW, we have, therefore, recalibrated our volume expectations for the full year.

In addition to this development in China, we are experiencing a certain carryover effect – particularly driven by the intense competitive environment – into other countries in Asia Pacific. The overall region saw a double-digit decline in April and May.

At the same time, we have seen positive developments in the USA and Europe in line with our expectations. Additionally, the sales of iX3 in Europe will support margins, also driven by the lower Gen6 battery pack costs. Nevertheless, these positive effects will not be sufficient to compensate the volume decline in China and Asia Pacific.

The impact of the conflict in the Middle East on our global business extends beyond our original assumptions. On the one hand, energy prices remain elevated and weigh on the cost structures in our company; on the other hand, the lack of stability due to the conflict is negatively impacting consumer sentiment across markets around the world.
The effects outlined above will contribute to a significant decline in profit and free cashflow in the second quarter versus previous year.

I would now like to move from operational topics to our decision to take further action regarding structures and efficiencies. As you know, we reduced costs across the business in 2025 by approximately 2.5 billion Euros, clearly and consistently executing the plan that we

previously announced. For this year we shared that we are continuing these efforts and are also seeing further reductions in investment.

In light of the current situation, we have decided to intensify and speed up our structure and efficiency measures. The benefits will be visible in the following years. These additional measures will carry a one-time negative impact in the second half of 2026.
As a result of the adjustments that we have shared with you, we have updated our guidance for the full year as follows:

- Deliveries Automotive Segment: slight decrease versus previous year (before: at previous year's level)
- EBIT Margin Automotive Segment: in the corridor 1-3% (before: in the corridor 4-6%)
- RoCE Automotive Segment: in the corridor 1-5% (before: in the corridor 6-10%)
- Group Profit before Tax: significant decrease versus previous year (before: moderate decrease)
- CO2e Emissions Scope 3: at previous year's level (before: slight increase)

The BMW Group expects the Automotive Free Cashflow to be above €2.5 billion.
We remain committed to capital returns with our current framework comprising the dividend payout ratio of 30 – 40% and the third share buyback program that is currently running.

This brings me to the end of my remarks and now I will hand back to you, Milan.

Dr. Milan Nedeljković, Chairman of the Board of Management of BMW AG

Thank you Walter.

I would now like to address the broader strategic framework and the future prospects for our company.

As a highly innovative and tech-based company, we are committed to deliver sustained performance and strong profits. To achieve this, we maintain a high degree of flexibility across our entire value chain.

We have carefully shaped our suite of brands, customer experience and product portfolio accordingly. Our global business model and our consistent technology open approach remain key drivers of our corporate strategy.

Nothing embodies this strategic framework better than the NEUE KLASSE.

In March, we brought the BMW iX3 successfully to market in Europe and revealed the BMW i3. Just this weekend, we showcased the BMW M Concept Neue Klasse in Le Mans. The early customer response has been overwhelmingly positive and there is still much more to come. With the ramp up this year, we have begun to roll out the NEUE KLASSE technologies across 40 models and derivatives. In 2027, we will build strong momentum and take confidence from the opportunity that this presents.

While we go to market, we are facing a very dynamic operating environment that shifts rapidly. As an example, it feels like we have been dealing with tariffs for a long time, yet it is barely 12 months.

Acknowledging these developments, I made it a priority that the company addresses the issues head-on. As Walter mentioned, we reduced costs in 2025 and continue to do so in 2026. We – the entire Board of Management – are now intensifying and accelerating our efforts to improve performance further. All structures and processes are being challenged to drive fundamental change and secure additional savings potential.

Additionally, we are reappraising our global value chain in order to further enhance our resilience. In the current environment, we face increasing challenges from geopolitics and

protectionism. We will take additional steps to strengthen our global business model and to reduce dependencies on individual markets and regions.

I am convinced that, going forward, we need to take a more entrepreneurial approach to managing the business. That is what I call Unternehmertum in German. This mindset is required to significantly improve necessary speed, flexibility and impact.

We are currently in the process of planning our Capital Market Day which is scheduled for the last week of September. At that point in time, we will give a more comprehensive forward-looking update.

We thank you for joining us today.

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