

BMW
GROUP



ROLLS-ROYCE
MOTOR CARS LTD

STRATEGIC & FINANCIAL UPDATE.



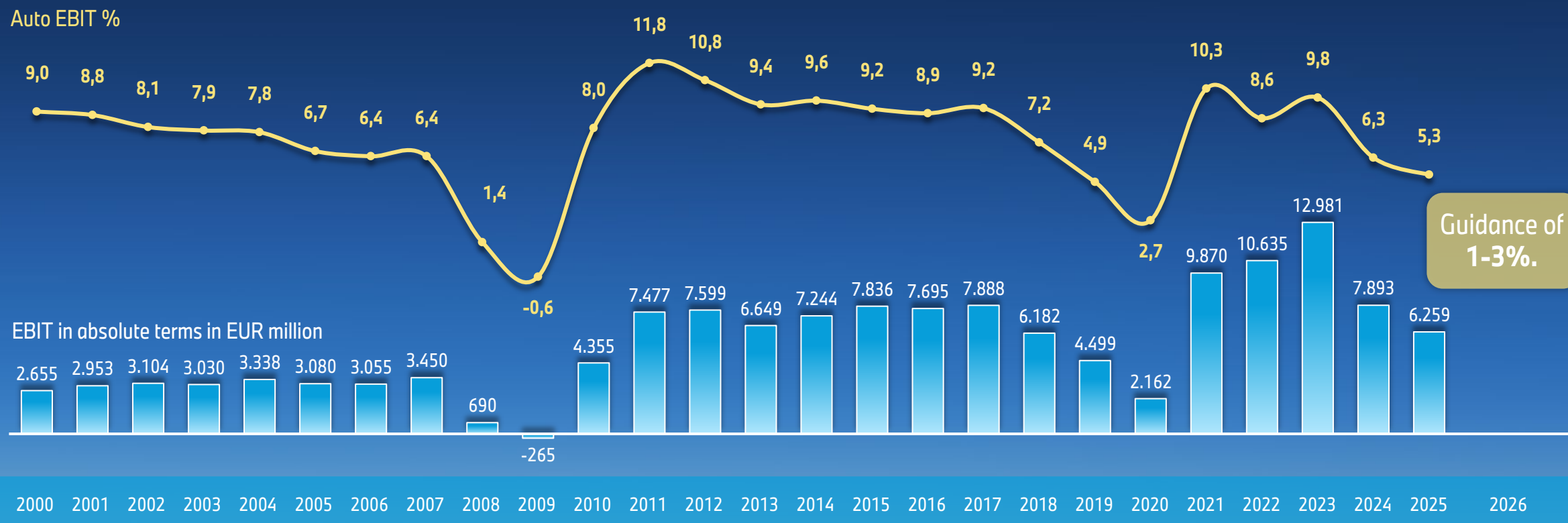
DR. MILAN NEDELJKOVIĆ / WALTER MERTL.
SEPTEMBER 2026.

ENTREPRENEURSHIP means

seizing opportunities,
getting things done - fast & profitably -
with a clear focus on the value of money.

FOLLOWING YEARS OF INCREASING BMW GROUP AUTO EBIT AND SOLID MARGINS, PRESSURE HAS MOUNTED SINCE 2024, CULMINATING IN THE CURRENT SITUATION.

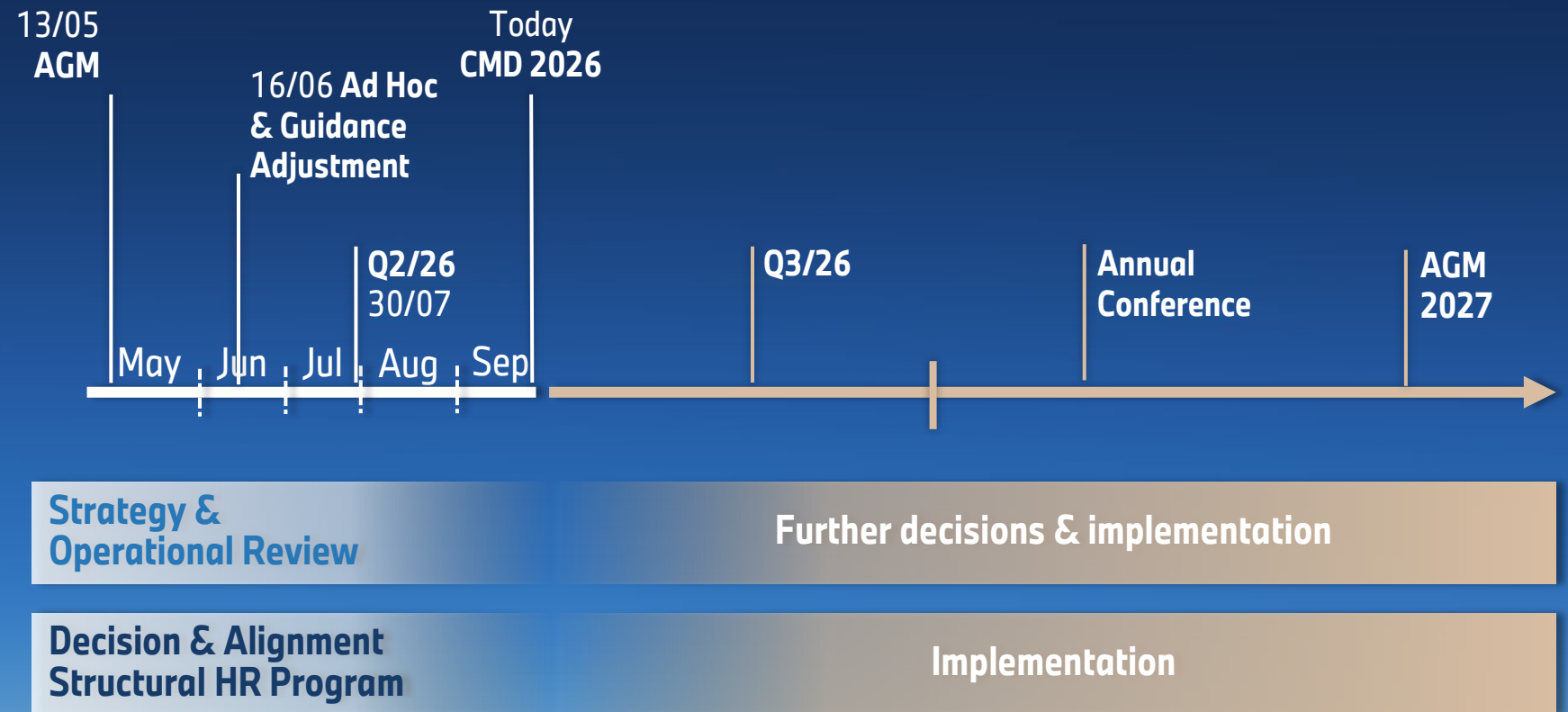
2010 and 2021 recovery effects are not to be expected, the need for action is clear.



WE HAVE REVIEWED THE ENTIRE VALUE CHAIN SINCE MAY AND TAKEN SWIFT ACTION – THE PROCESS WILL CONTINUE TO UNLOCK VALUE.



Our journey has just begun with an intense initial phase.



BUILDING ON KEY STRATEGIC PARAMETERS, THE BMW GROUP REMAINS COMMITTED TO ITS LONG-TERM EBIT MARGIN TARGET OF 8–10%.

Individual premium mobility remains the core of our business.

Strong brands, attractive products and a global presence secure reach, aspiration and balance.

NEUE KLASSE delivers a major leap in technology and efficiency, while technology openness is an advantage in catering to diverse customer needs.

Stronger regional focus in all aspects (especially in China) to win in a more intense competitive and regulatory environment.

Transformation for higher competitiveness: speed, agility and productivity for stronger profitability and free cashflow.



ALONGSIDE RESTORING THE PERFORMANCE IN THE CORE BUSINESS, WE WILL EXPLORE NEW BUSINESS AREAS AND STRONG PARTNERSHIPS.

AUTOMOBILE



Premium vehicles from the BMW, MINI, and Rolls-Royce brands across all drivetrain technologies.

MOTORCYCLE



Premium motorcycles complemented by integrated accessories, service, and after-sales solutions.

FINANCIAL SERVICES



An integrated portfolio of **financing, leasing, insurance,** and **fleet** solutions.



COOPERATION & PARTNERSHIPS



Strategic partnerships to leverage synergies and strengthen competitiveness in the core business.

NEW BUSINESS FIELDS



Assessment of revenue and profit potential in new business areas beyond or adjacent to the core business.

WE ARE REVIEWING POTENTIAL INCREMENTAL BUSINESS FIELDS AND WILL PROVIDE ADDITIONAL UPDATES GOING FORWARD.

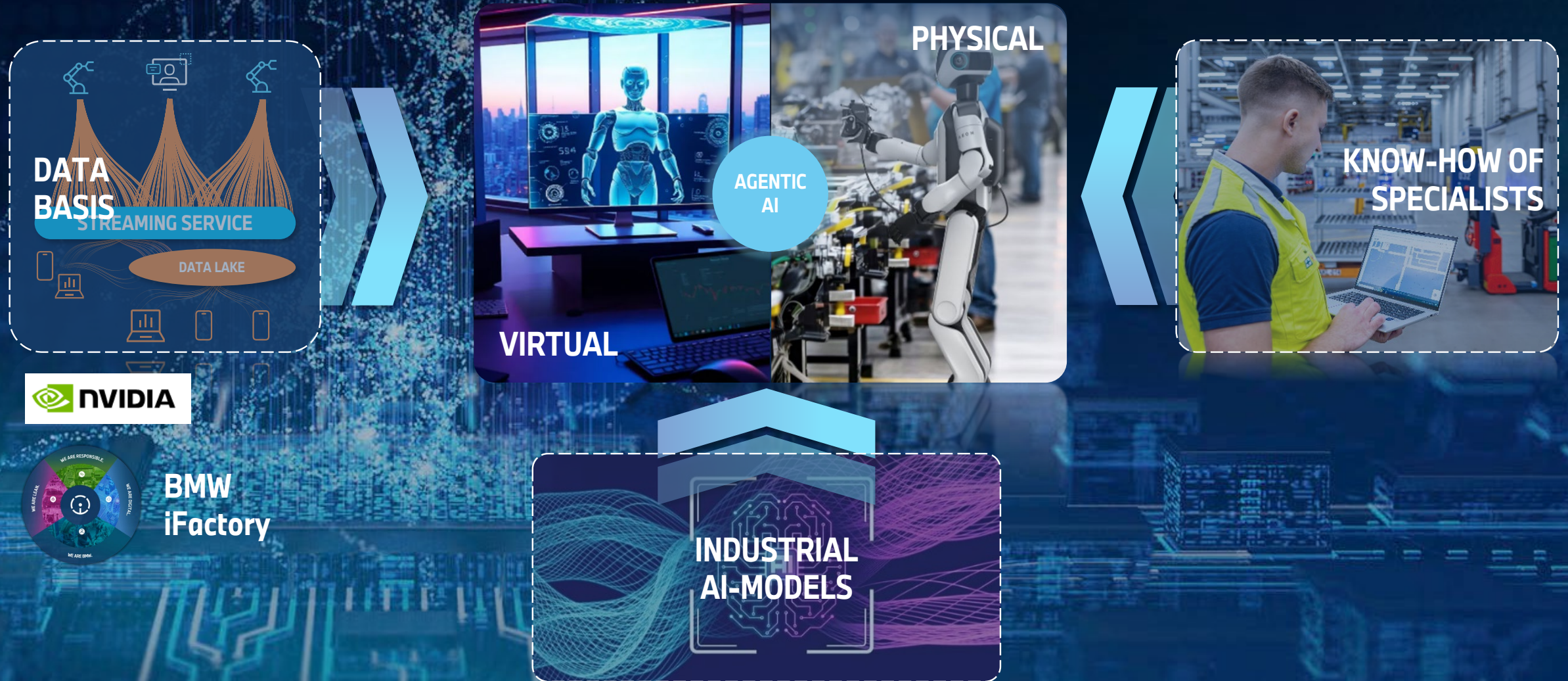
Core Business

Support Core Business

Extend Core Business



ITS ALL ABOUT THE BRAIN ... LEVERAGING DATA UTILISATION IN NETWORK THINKING FOR INDUSTRIAL APPLICATION.



OUTLINING THE PATH BACK TO OUR STRATEGIC AUTO EBIT MARGIN CORRIDOR ...

PATH TO
8-10%.

BRAND & CUSTOMER



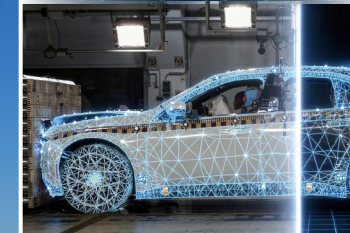
PRODUCT



VALUE CREATION



TECHNOLOGY



STRUCTURES



OUR BRAND STRATEGY REMAINS FOCUSED ON A PREMIUM-ONLY, MULTI-BRAND OFFERING TO ADDRESS CUSTOMER NEEDS ACROSS SEGMENTS AND REGIONS.



The emotional premium car brand ensuring driving pleasure for future generations.



The most loved urban car brand.

ROLLS-ROYCE
MOTOR CARS

The pinnacle of luxury.



The premium motorcycle experience brand.

Freude



Spread Smiles



Inspiring Greatness



Make Life A Ride



ALPHABET

Financial Services



NEUE KLASSE REPRESENTS THE FUTURE OF THE BMW BRAND. WE ARE AT THE START OF THE JOURNEY AND THERE IS MUCH MORE TO COME.



Competitive tech across the
entire portfolio & all powertrains.

We strengthen our brand position,
improve our margin structure and
build resilience.



2025

2026

2027

Illustrative only

WE WILL STRENGTHEN OUR BRAND POSITIONING IN THE HIGH-VALUE SEGMENT TO CAPTURE INCREMENTAL MARGIN.



BMW ALPINA

Access new price segment.



M expansion.



Offer new product.

The levers create value beyond the sum of their parts: Strengthening premium positioning, amplifying the portfolio's halo effect, unlocking new profit pools, and expanding the share of high-margin vehicles.

BMW M WILL GROW PROFITABLY WITH THE ADDITION OF ELECTRIFICATION, ACCESS TO NEW CUSTOMER GROUPS AND A LOYAL COMMUNITY OF FANS.

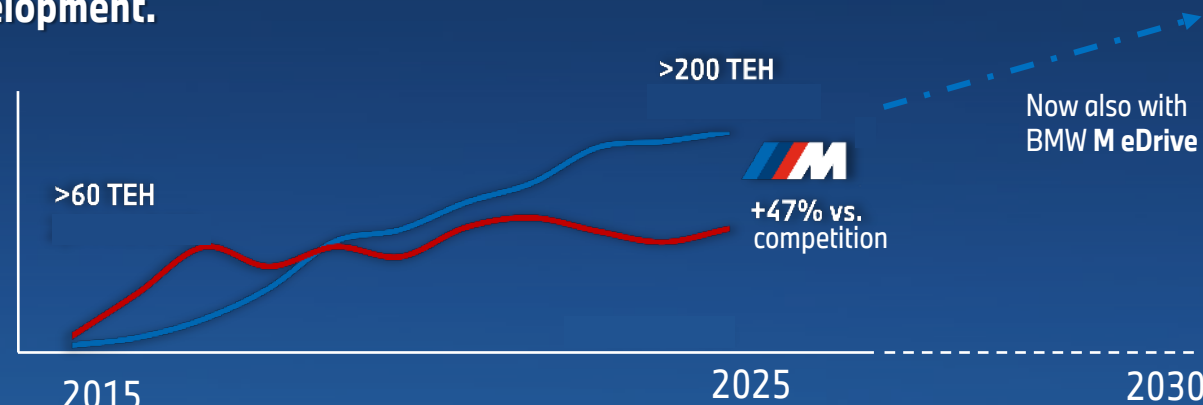
Emotionally compelling products, an iconic brand with a passionate community, and a rich motorsport heritage at its core.

Retail Volume Development.

M share 2025
BMW M / BMW.



Over-proportional
profit contribution



BMW M
Automobiles

BMW M
Equipment &
Packages

AREA M
Ultimate
Experience

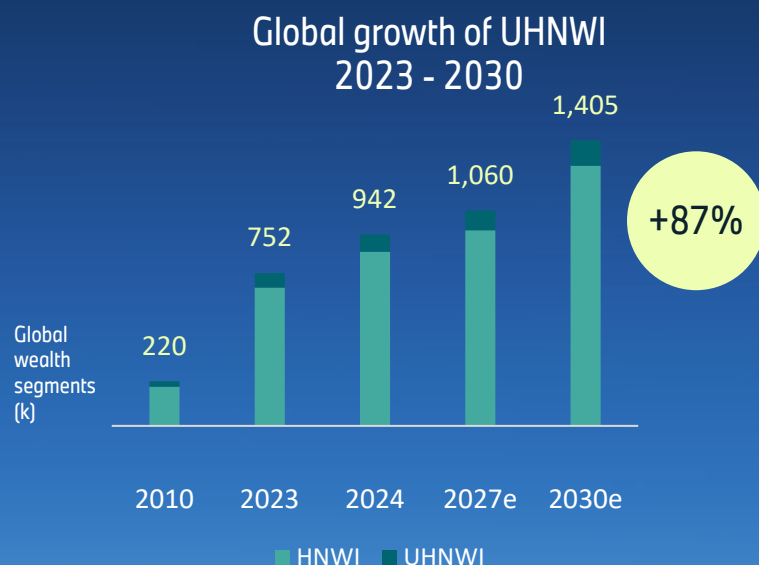
BMW M
Motorsport

BMW
individual

BMW Authority &
Emergency
Vehicles

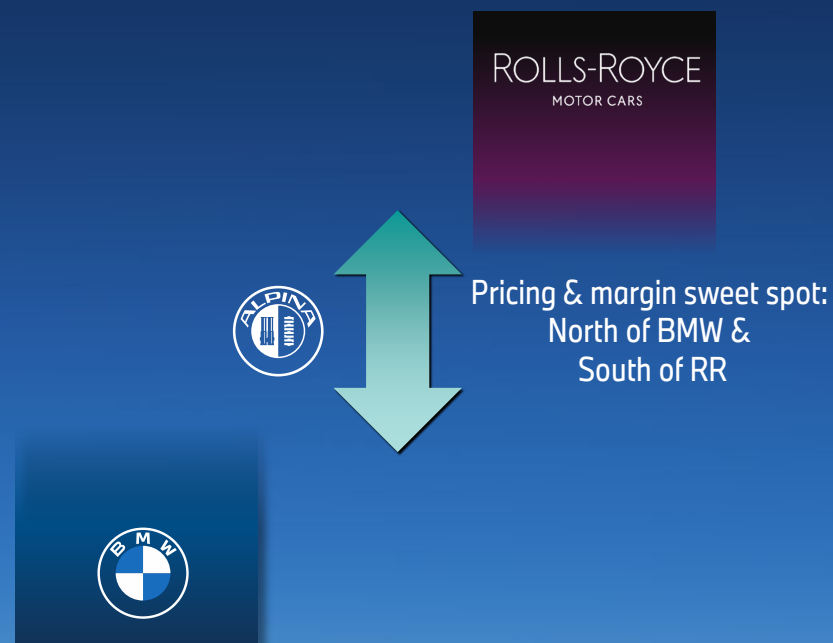
BMW ALPINA COMPLEMENTS THE BMW PORTFOLIO IN THE HIGH-VALUE SEGMENT, BRIDGING THE GAP BETWEEN BMW AND ROLLS-ROYCE.

Continued growth of (U)HNWIs
as a fundamental driver.



Source: The Wealth Report 2024.

BMW Group today without offering
between BMW and Rolls-Royce.





THE EXPANSION OF FINANCIAL SERVICES WILL SUPPORT THE AUTO SEGMENT AND ALSO GENERATE ADDITIONAL PROFIT AND CASH.



Supporting **sales**.
today more than every 2nd
vehicle is financed / or leased
by BMW Financial Services.

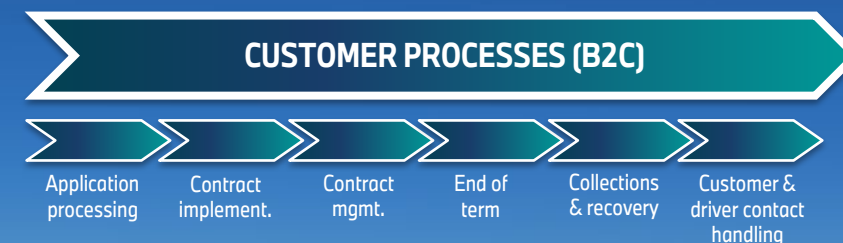
Delivering **premium**
customer experience.
Seamless purchasing process,
usage & ownership cycles.

Driving **loyalty**.
Core enabler for retention,
lifecycle management &
ecosystem integrator.

Aiming for over-proportional growth in Service & Insurance as well as in core business areas.



Agentic AI will reshape the service delivery within financial services.



EXPERTISE IN MULTIPLE ASPECTS OF SALES & MARKETING COMBINED WITH STRONG PARTNERSHIPS DELIVERS LEADING CUSTOMER EXPERIENCE OVER YEARS.



AN ACCELERATION IN REGIONALIZATION AND DECOUPLING DEMANDS A SHIFT IN STRATEGIC FOCUS TO ADDRESS THE DIVERGING NEEDS OF KEY GEOGRAPHIES.

Europe



- Maintain stable, strong performance
- Deliver to diverse customer needs with brands & broad product portfolio
- Pursue incremental value with agency model
- Leverage expertise in retail, corporate, Financial Services & used car / residual value.

USA



- Maintain robust position
- Pursue interest in strong brands, high-end, SUVs & performance vehicles
- Leverage local footprint
- Seek incremental opportunities with financial services

APAC & Rest of World



- Introduce solutions to shifting market dynamics in competition & mix
- Deliver to diverse customer needs with brands & broad product portfolio
- Addressing individual market opportunities with technology openness

China



- Leverage competitive tech in Neue Klasse
- Expand access to growing NEV segment
- Prioritize product portfolio based on value
- Increase localization in all aspects of the value chain

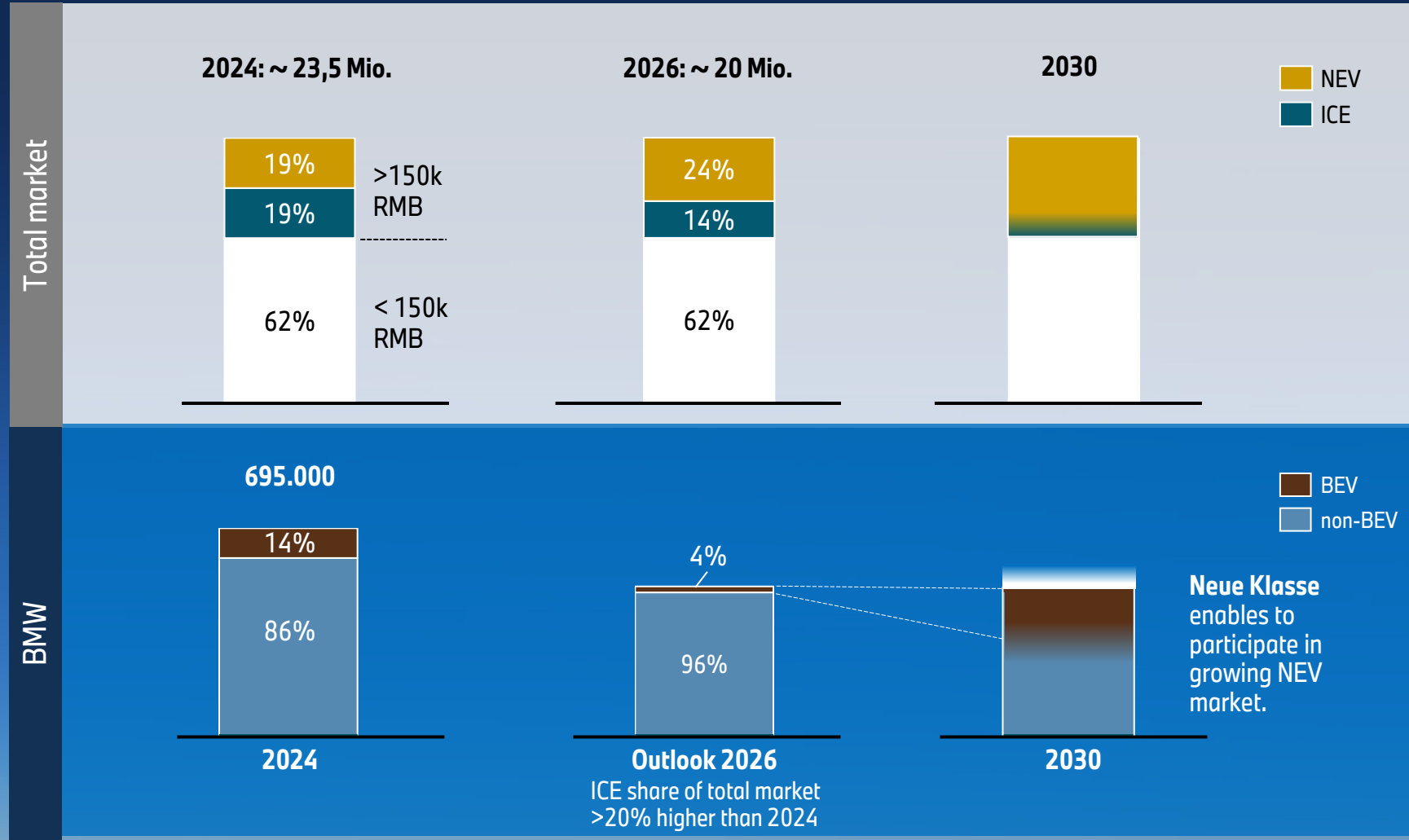


A VARIETY OF STRUCTURAL MEASURES HAVE BEEN INITIATED TO STRATEGICALLY ADAPT TO THE NEW ENVIRONMENT.





THE TOTAL MARKET IN CHINA IS SHIFTING TO NEV. THE ROLL-OUT OF NEUE KLASSE ENSURES BMW'S PARTICIPATION IN THIS GROWING SEGMENT.





WE LEVERAGE OUR LOCAL FOOTPRINT AND STRONG PARTNERSHIPS WITH LOCAL PLAYERS TO DELIVER LONG-TERM SUCCESS IN CHINA.

LOCAL FOOTPRINT



PARTNERSHIPS WITH TECH PLAYERS.

Reduce costs & shorten development cycles by focusing on China-specific requirements.

Enable faster decision-making through local processes & accountability.

Increase competitiveness through access to China's supply chain & efficient operating models.

Partnerships with technology players will be selectively expanded to deliver the best possible experience for our Chinese customers.



China specific
ADAS L2++



Large Language
Model Integration

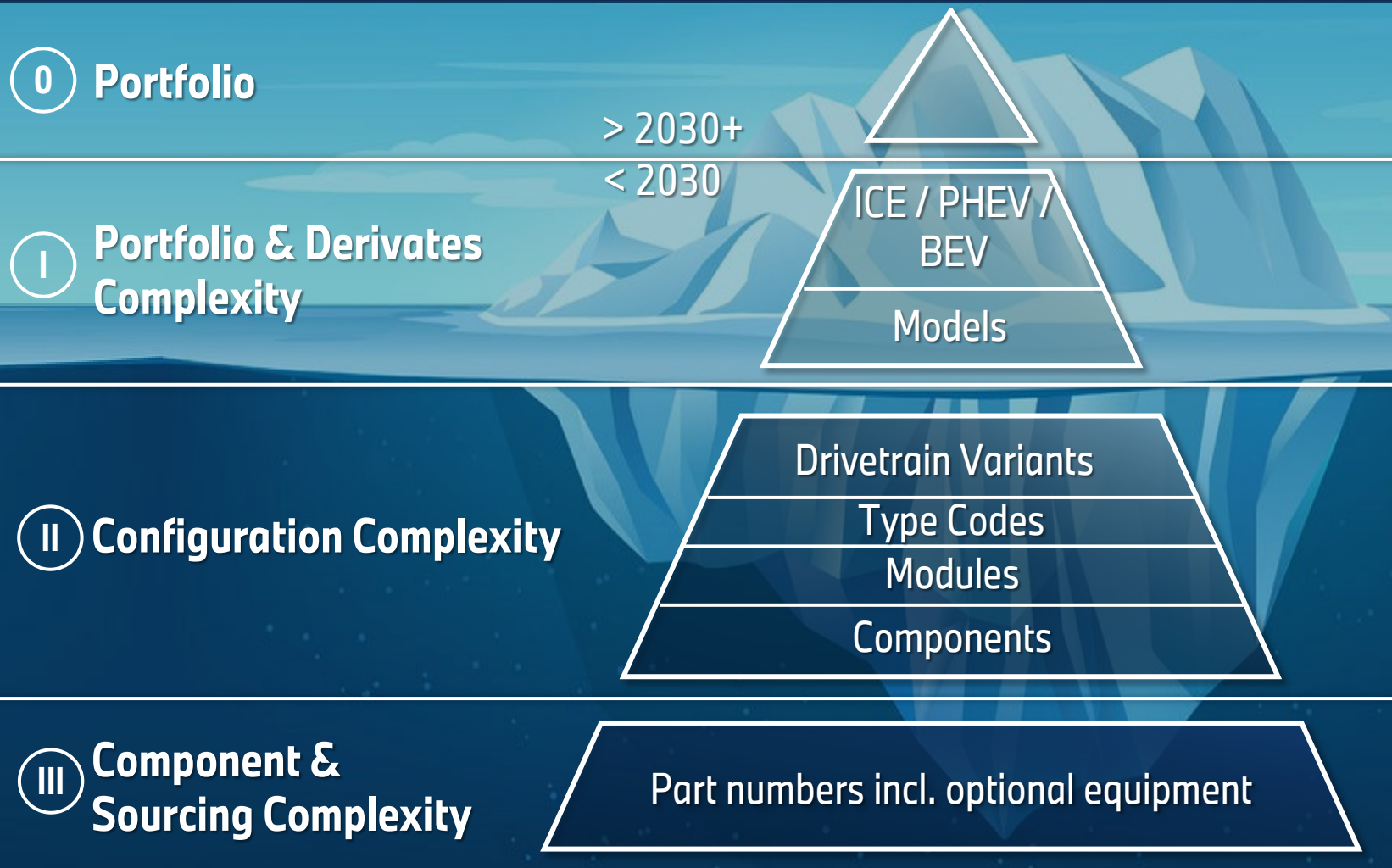


Integration in IPA-voice assistant



Integration in
digital ecosystem

VALUE-ORIENTED PORTFOLIO MANAGEMENT: WE WILL STREAMLINE THE PRODUCT PORTFOLIO, REDUCE COMPLEXITY AND FOCUS ON VALUE GENERATION.



- Detailed and comprehensive review of product portfolio
- Wide range of configuration, market & sourcing variants addressed
- Refocusing for each global region completed to define effective offering and deliver efficiencies
- Simplification at all level of the pyramid to reduce complexity and increase speed

TO STRENGTHEN OUR COMPETITIVE POSITION, WE ARE SIMPLIFYING OUR DEVELOPMENT PROCESS SIGNIFICANTLY AND ACCELERATING EXECUTION.



New ways of working.

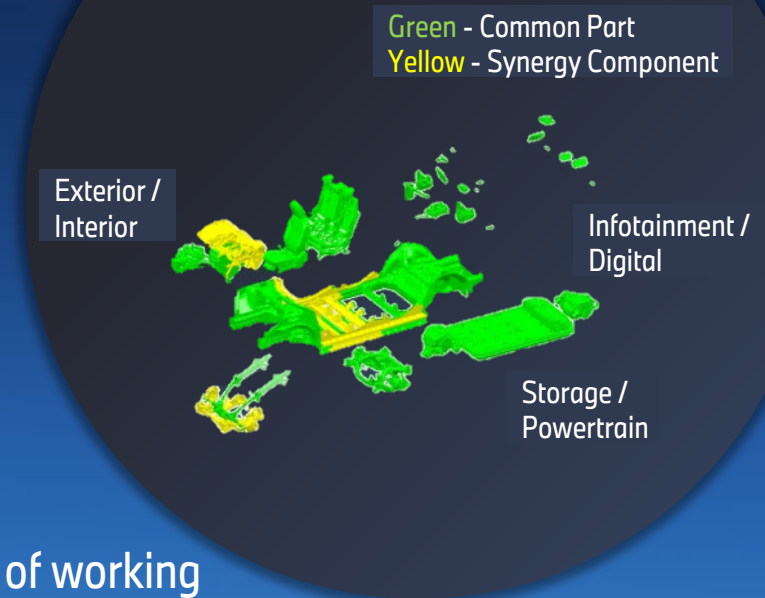
- Small, cross-functional teams
- Software-first, AI-driven and early standardization
- New partnership and supplier models



Speed as a competitive advantage.

- Leaner organization and AI-native ways of working
- Shorter development cycles
- Industry Best Offer (IBO)

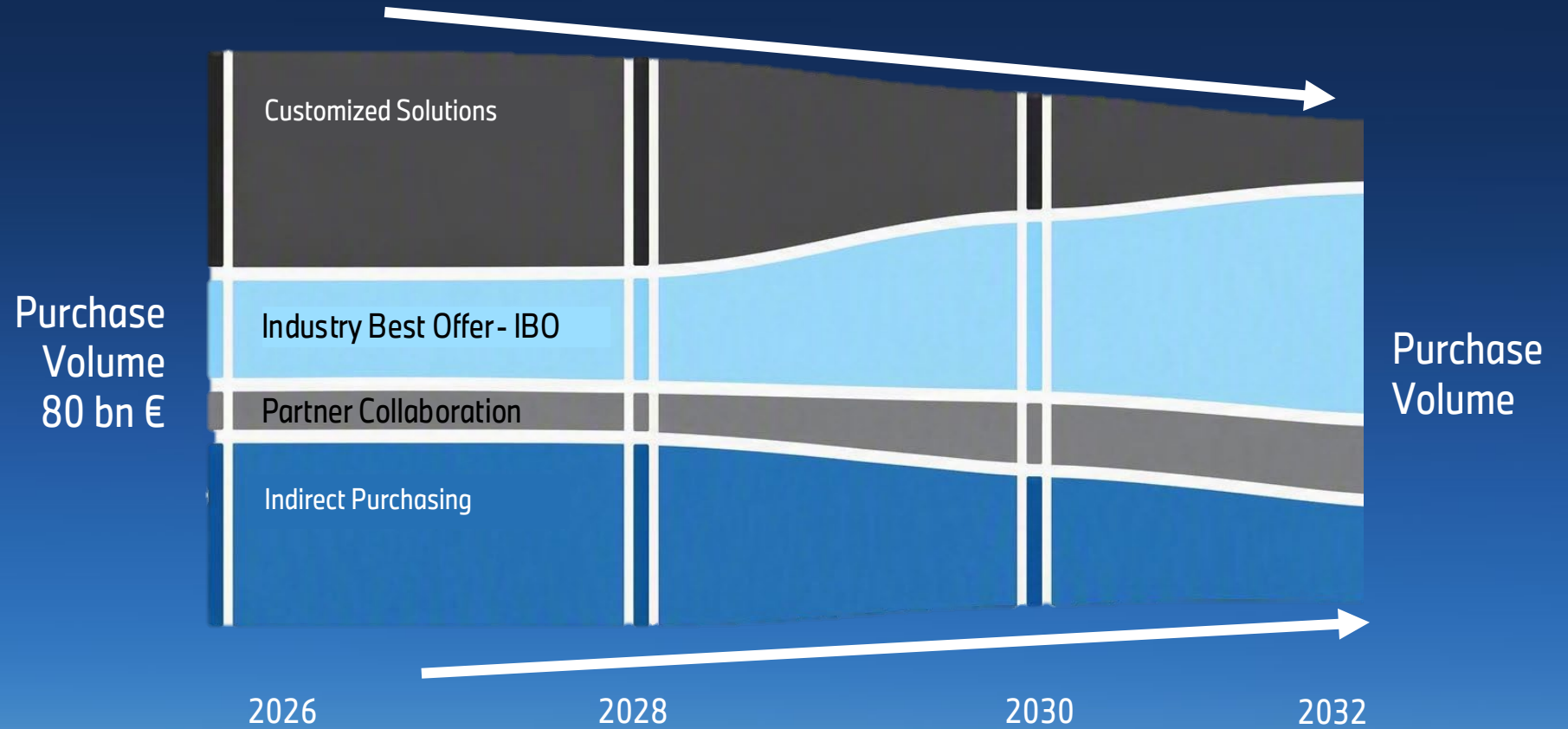
Roll out of the Neue Klasse i3.



OUR PURCHASING STRATEGY IS SHIFTING ITS FOCUS TOWARD VALUE OPTIMIZATION, INDUSTRY BEST OFFER AND STRATEGIC PARTNERSHIPS.

PROFITABILITY

Through value creation & digitalization.



WE HAVE MAINTAINED A FOCUS ON EFFICIENCY IN THE PRODUCTION NETWORK BY REBALANCING ALLOCATION AND MANAGING CAPACITY.

Nedcar partnership
terminated in 2024.



Magna Steyr Austria
partnership terminated in 2026.



Shenyang Plant capacity
adjustment & management.



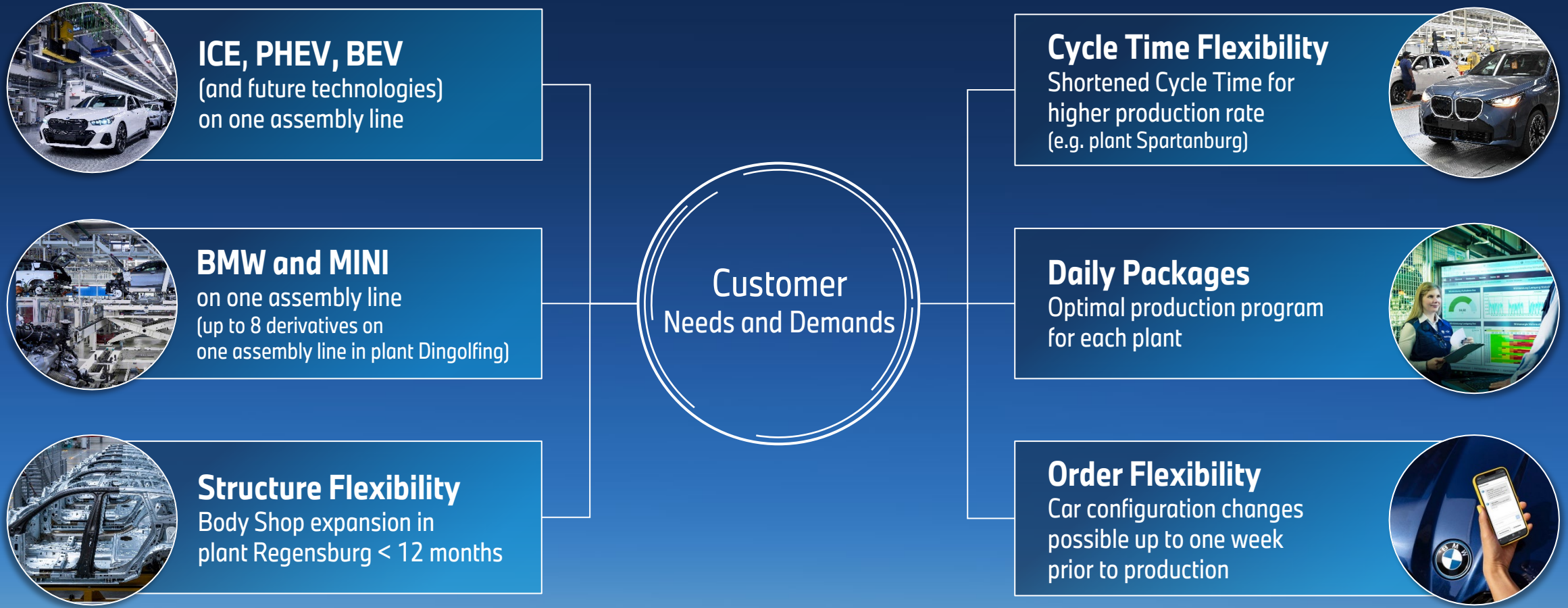
Our machines.



Our people.



WE DELIVER THE POWER OF CHOICE THROUGH FOCUS ON FLEXIBILITY WITHIN AND ACROSS PLANTS WITHIN THE BMW GROUP PRODUCTION NETWORK.

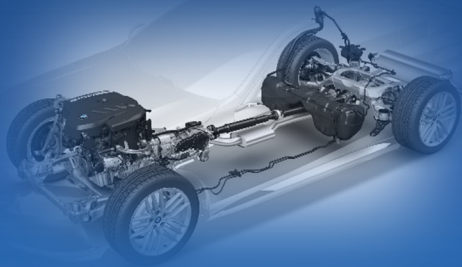


TECHNOLOGY OPENNESS CONTINUES TO DELIVER ON DIVERGING CUSTOMER NEEDS AROUND THE GLOBE – RESILIENCE IN REGIONALIZATION.

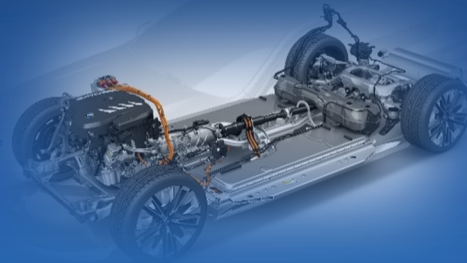
We maintain flexibility to deliver on wide variety of customer needs globally – individual phasing across models and regions as market dynamics adjust.

HIGHLY EFFICIENT ICE

DIESEL / PETROL

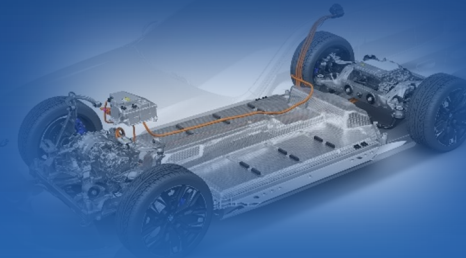


PLUG-IN HYBRID

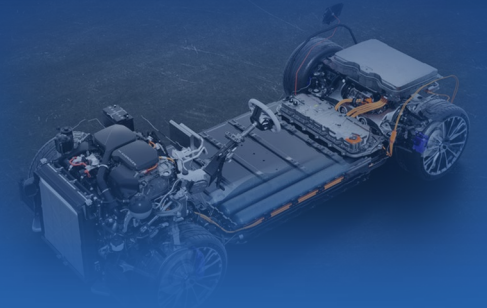


BEV

NMC / LFP



HYDROGEN



Application in each model in line with customer demand – not all powertrains in every model.



BUILDING ON OUR SDV COMPETENCE WITH NEUE KLASSE, WE WILL TRANSITION TO THE NEXT LEVEL WITH AI-DEFINED VEHICLE SOLUTIONS.

Software-defined Vehicle



CLOUD & BACKEND
Data, updates & services

Software defines functions
& enables updates.

AI-powered Vehicle



CLOUD & DATA
Training & models

AI in the vehicle extends
functions & assists.

AI-defined Vehicle

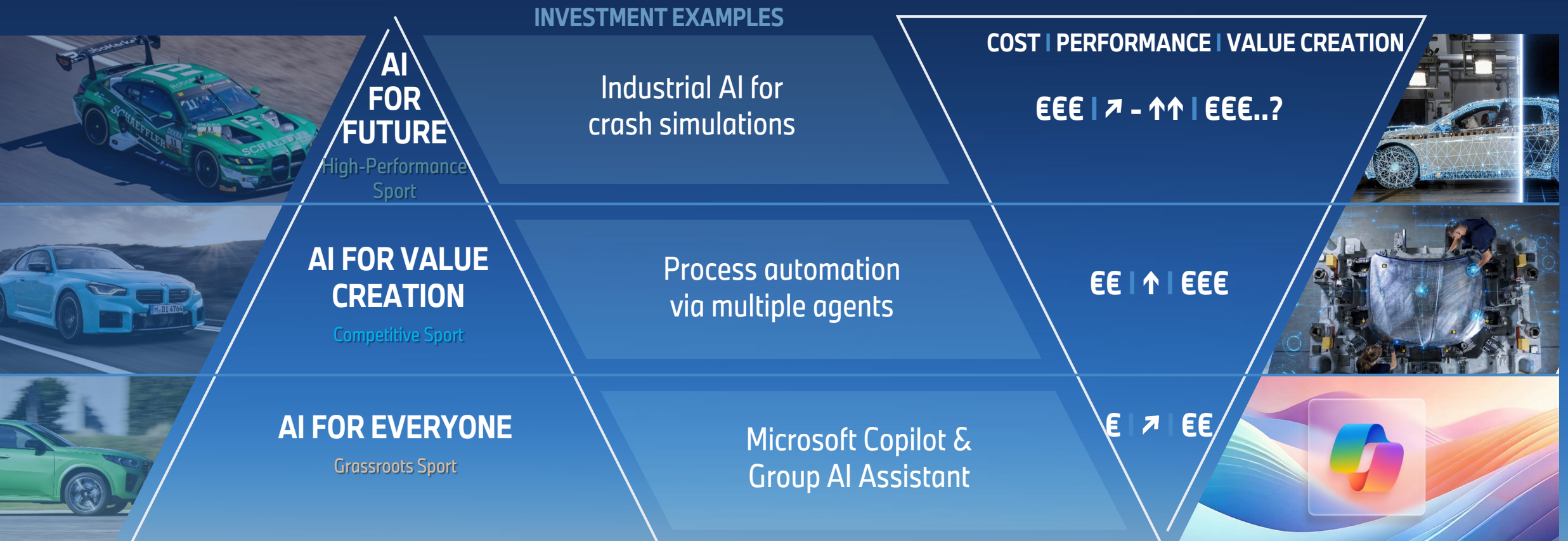


CLOUD & DATA
Continuous learning, digital twin

AI as central orchestrator is
the architecture driving value,
safety & experience.

OUR AI INVESTMENT PRINCIPLES DELIVER SOLUTIONS ACROSS THE ENTIRE COMPANY, COMPRISING MEASURABLE BUSINESS VALUE & STRATEGIC LEAPS.

We will leverage AI and data across the entire value chain, transforming engineering and operational excellence into business value.



THE PURSUIT OF AGILITY WILL ENSURE LEANER HQ STRUCTURES, ENHANCE PRODUCTIVITY, INCREASE SPEED AND REDUCE COSTS – AI IS A KEY ENABLER.



Voluntary redundancy program for indirect staff in Germany with **2 year** payback on outlay for completion.

October 2026 →
Completion in 2027

Streamlining of leadership structures through **20%** reduction of SVPs & the corresponding consolidation of management structures

Moving the organization to a **leaner working model** with fewer structures & accelerated processes.

Change structures to drive agility → smaller organization → reduced cost base.

By embedding AI everywhere across the company, we can achieve efficiencies and transition our people to higher-value activities.

UNTERNEHMERTUM: A NEW MINDSET TO ADDRESS THE CURRENT CHALLENGES AND TO IMPROVE OUR PERFORMANCE.

Ownership.

Win for BMW.
Not for your function.

Pragmatism.

Decide with courage.
Execute with speed.

Impact.

Create impact,
not activity.
Deliver results.

Value of Money.

Cut the unnecessary.
Make every resource
matter – less is more.

Cohesion.

Challenge one another.
Trust one another.
Stand by one another.

REFLECT – RELEARN – RECODE

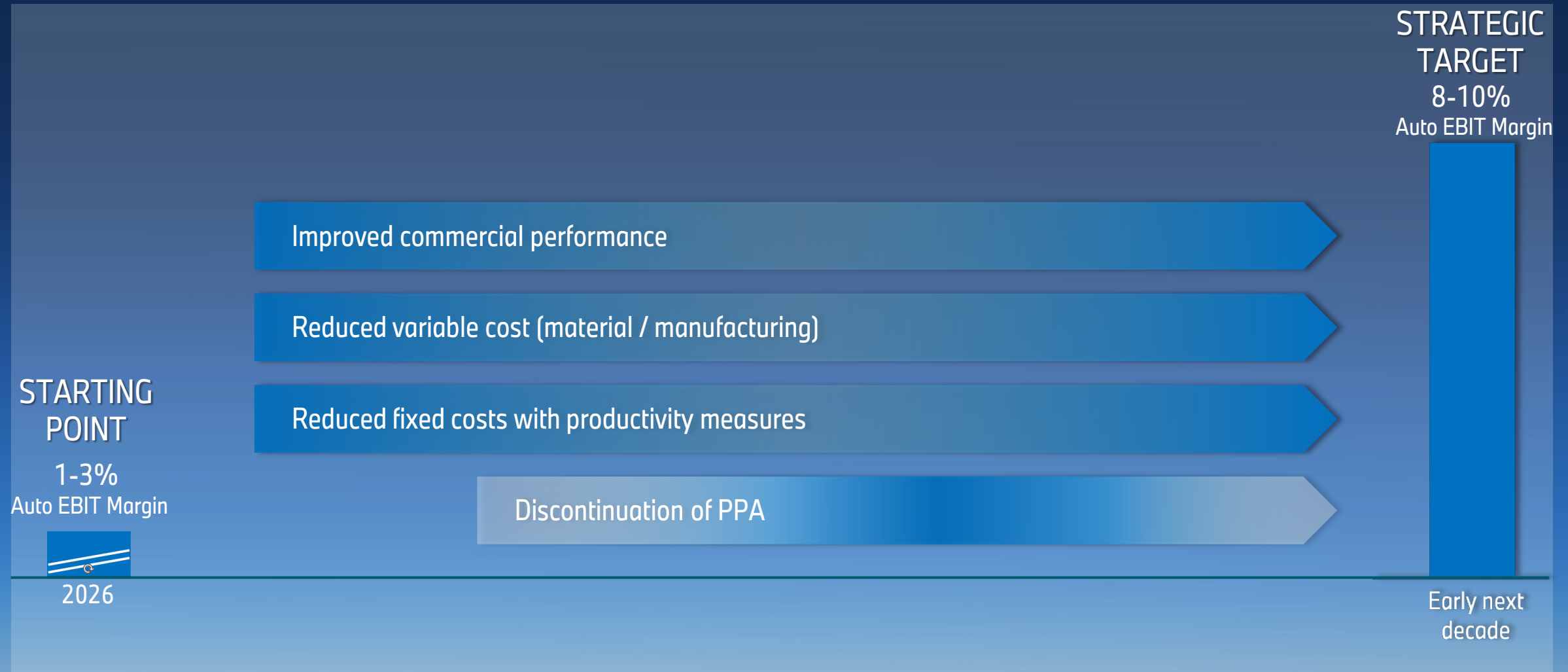


We **WIN** as a **TEAM**,

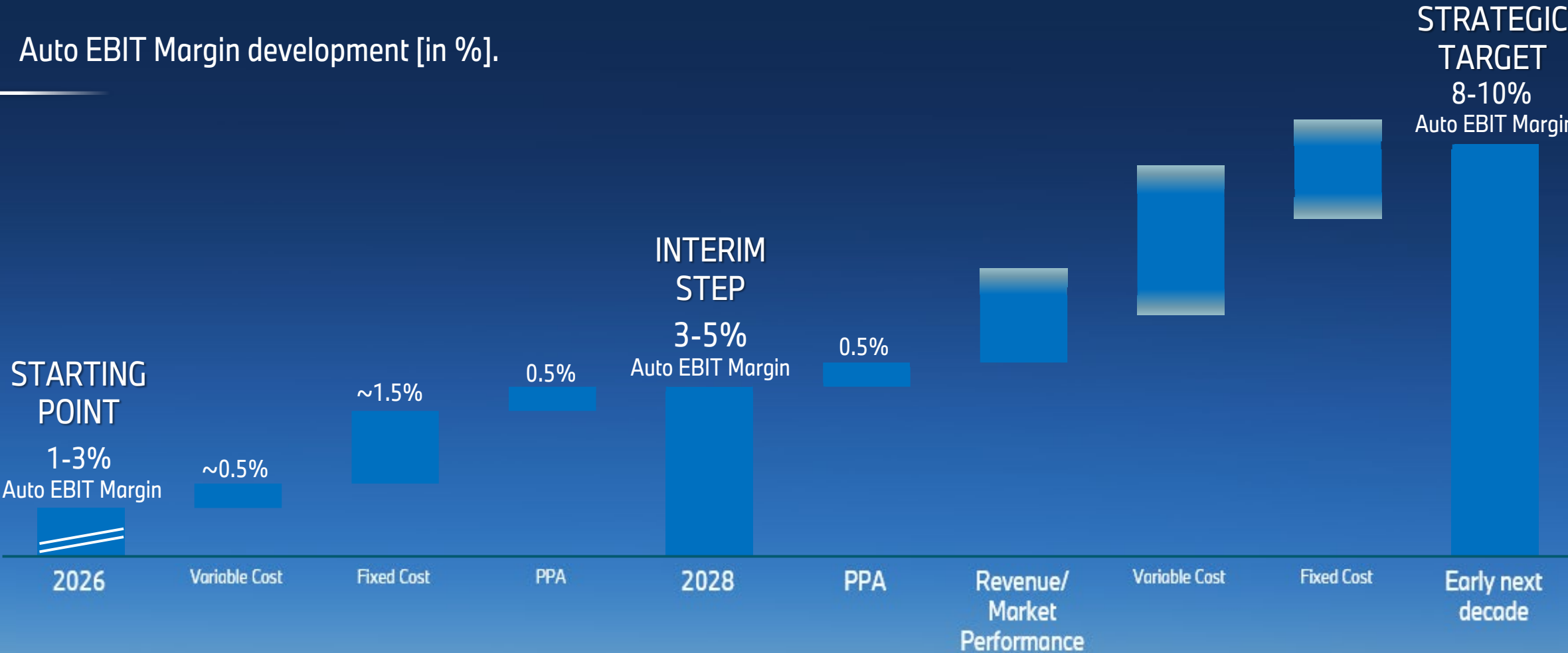
delivering on
our strategic goals
with focus and agility
to secure 8-10% in Auto
and a strong Group result.



THE PATH FROM TODAY TO 8-10% AUTO EBIT MARGIN IS PAVED BY STRATEGIC INITIATIVES CLUSTERED IN THREE GROUPS AND FLANKED BY THE END OF PPA.

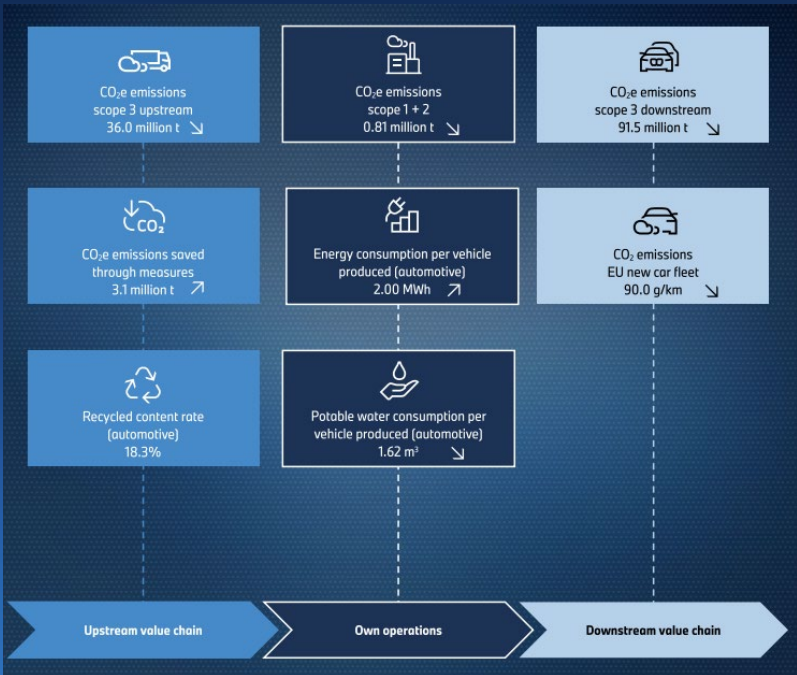


WE AIM FOR AN INTERIM STEP OF 3-5% AUTO EBIT MARGIN IN 2028 WITH CLEAR FOCUS ON THE FACTORS WITHIN OUR CONTROL – THIS WILL BRIDGE TO 8-10%.



BMW GROUP STRATEGY INCORPORATES A HOLISTIC ESG FOCUS THAT SUPPORTS STRONG RESULTS ACROSS THE BUSINESS WITH RESPONSIBLE STANDARDS.

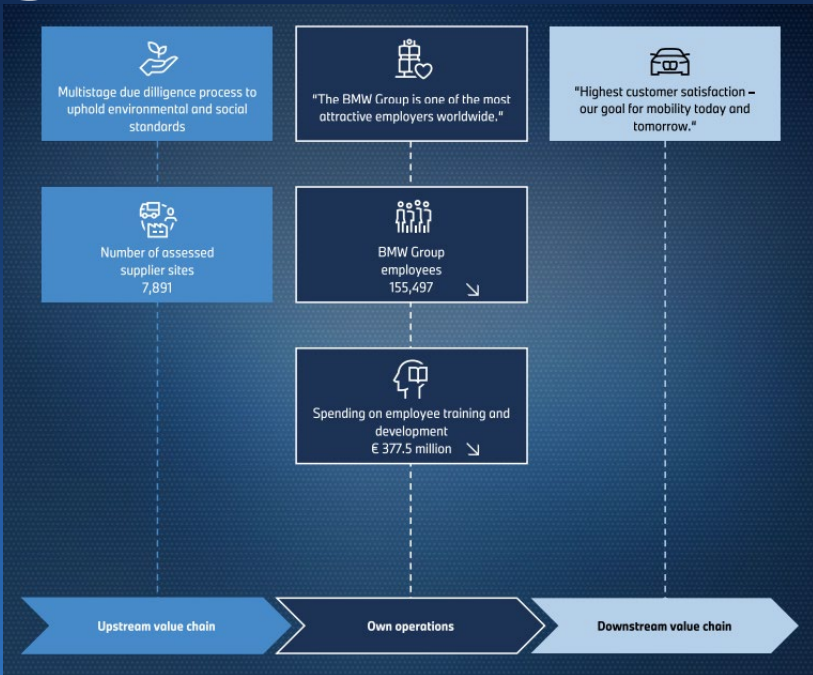
E



Commitment to the Paris Climate Agreement

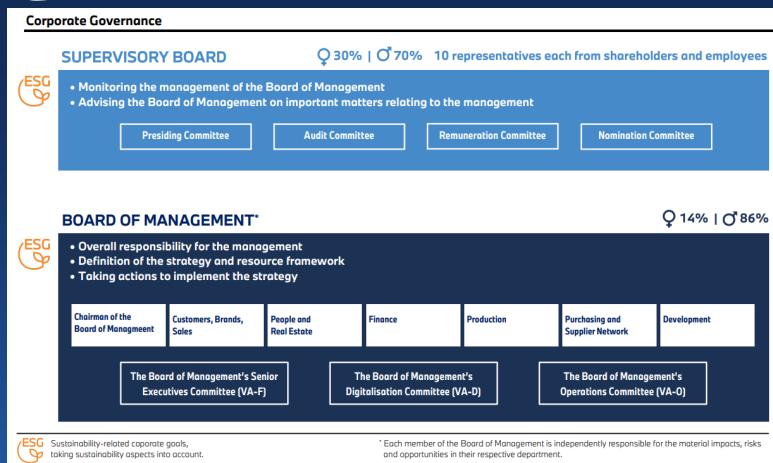
2025 90g vs 92g Target (without pooling)

S



Responsible social standards throughout the entire value chain

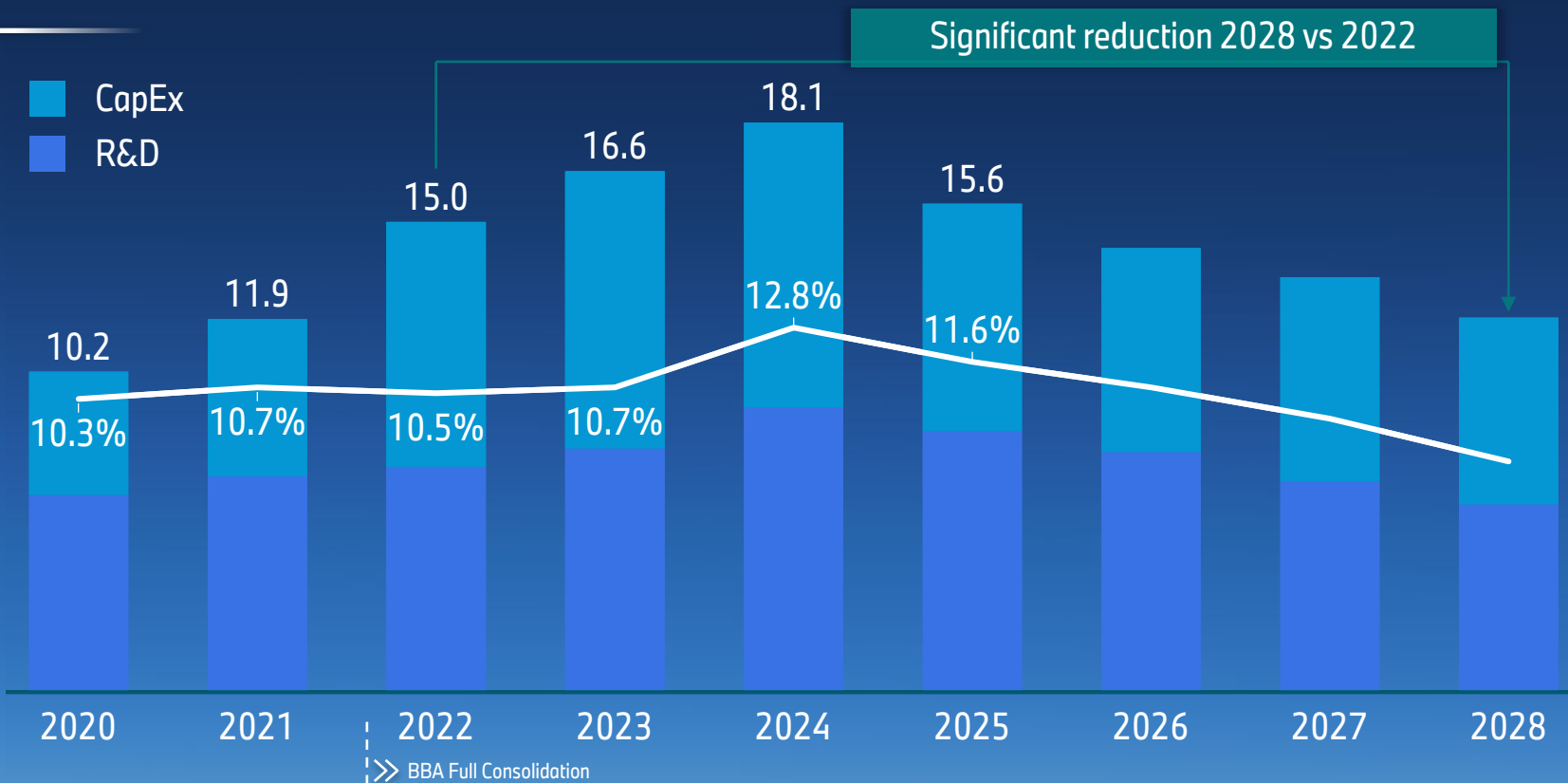
G



ESG clearly anchored in our Corporate Governance Codex

STRATEGIC MEASURES WILL DELIVER EFFICIENCIES IN R&D AND CAPEX, WHILE ALSO ENSURING INNOVATIVE PACE AT A LOWER COST POINT.

R&D expenditure (HGB) and CAPEX development [in bn €].



Back to **strategic corridor from 2027** for CAPEX and R&D ratio.

Capex ratio **< 5%**

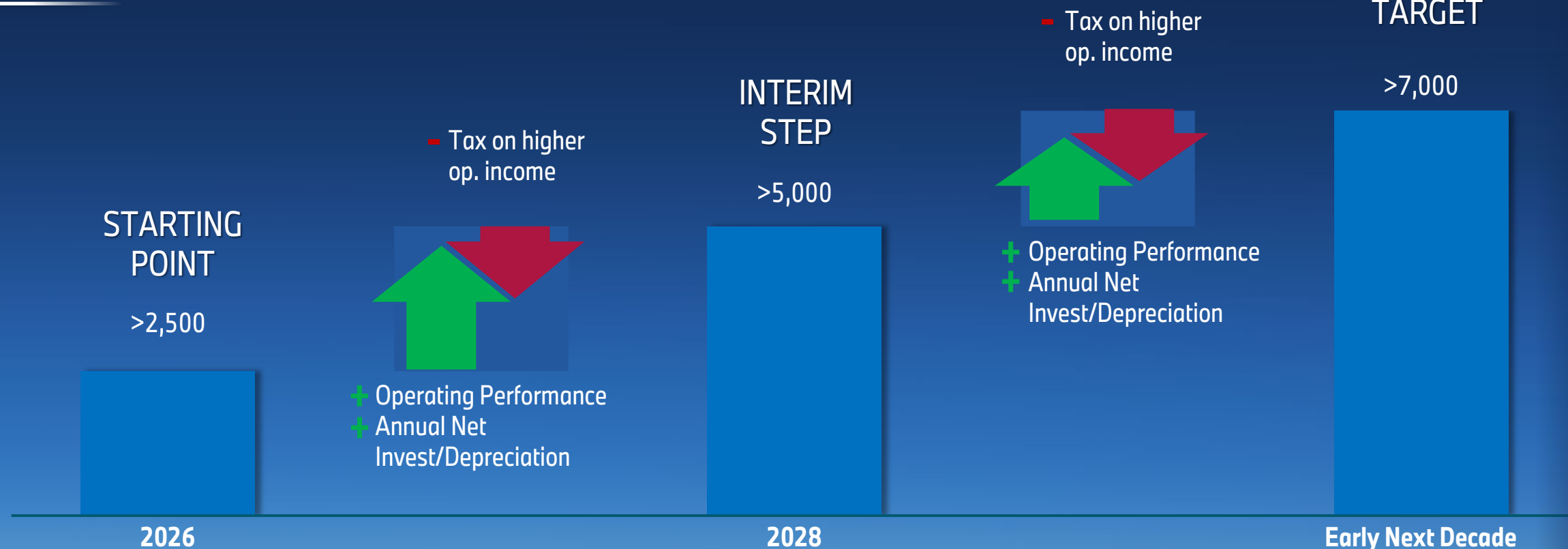
R&D ratio **4-5%**

Cumulated ratio
< 10% in 2027
and
< 9% from 2028.

Ratios calculated as % of Group revenue.

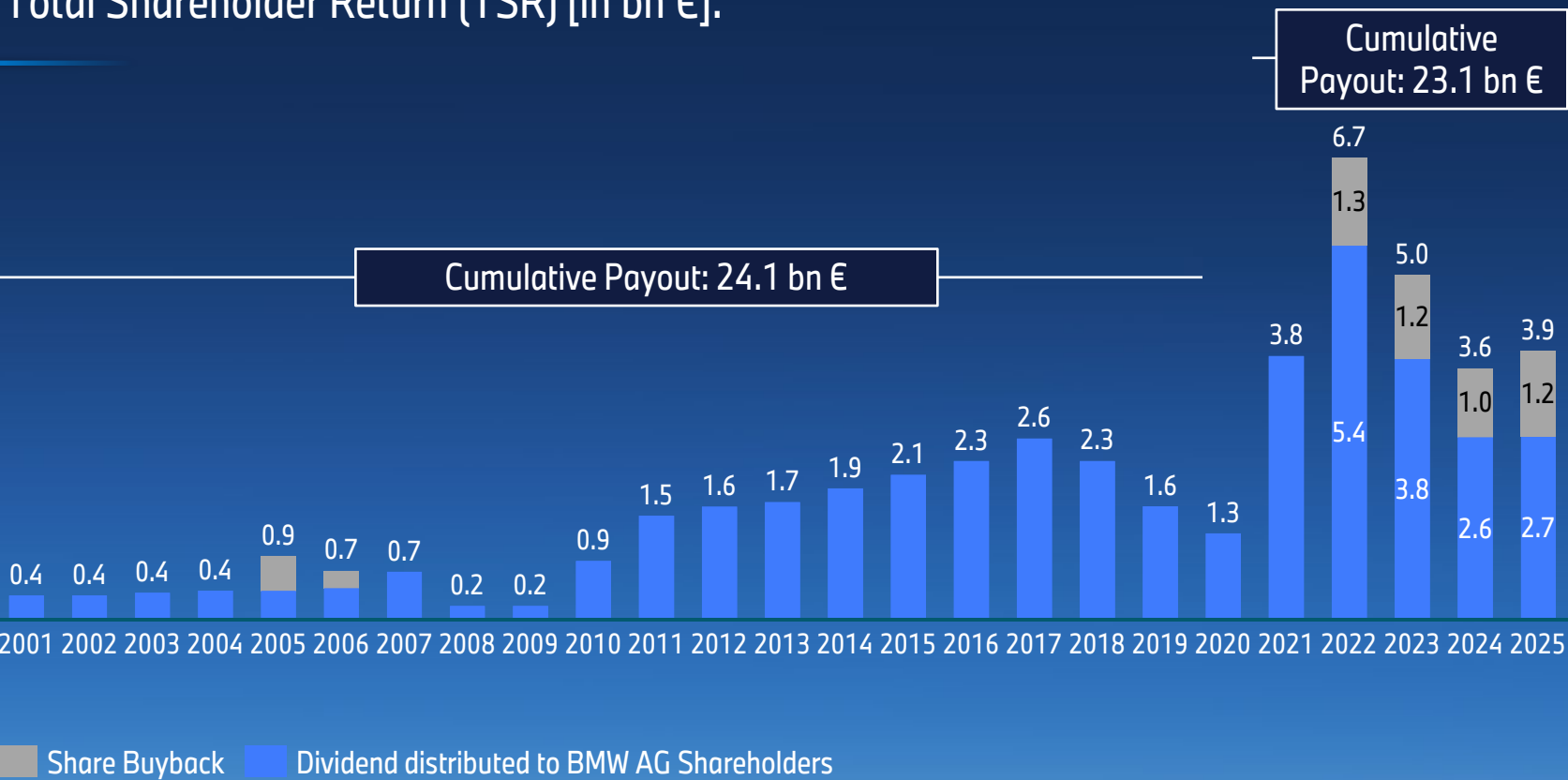
IMPROVED OPERATIONAL PERFORMANCE AND A NET TAILWIND FROM INVEST / DEPRECIATION WILL PAVE THE WAY TO OUR STRATEGIC TARGET OF >€7BN FCF.

Auto FCF Development [in mn €].



A STRONGER FOCUS ON SHAREHOLDER RETURNS YIELDED TSR OF APPROX. €23BN SINCE 2021 – THE SAME MAGNITUDE AS WITHIN THE 20 YEARS BEFORE.

Total Shareholder Return (TSR) [in bn €].

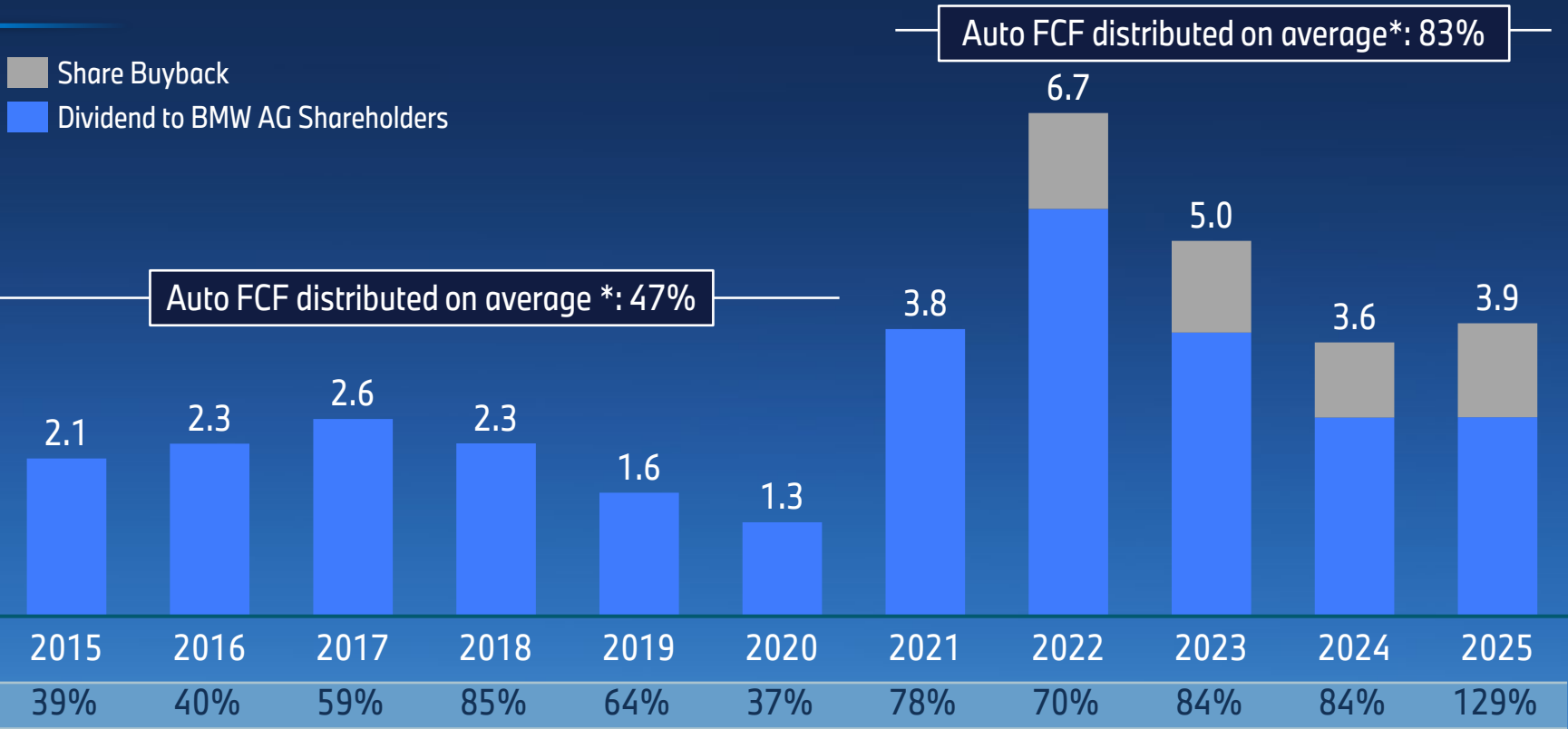


Total shareholder return of ~ **€23bn** in 2021-2025 on approx. the same level as in the 20 years from 2001-2020.

We remain committed to shareholder returns.

MORE THAN 80% OF AUTO FCF WAS DISTRIBUTED IN THE LAST THREE YEARS ON AVERAGE. IN 2025, OUR COMMITMENT RESULTED IN OVER 100%.

Total Shareholder Return (TSR) [in bn €].

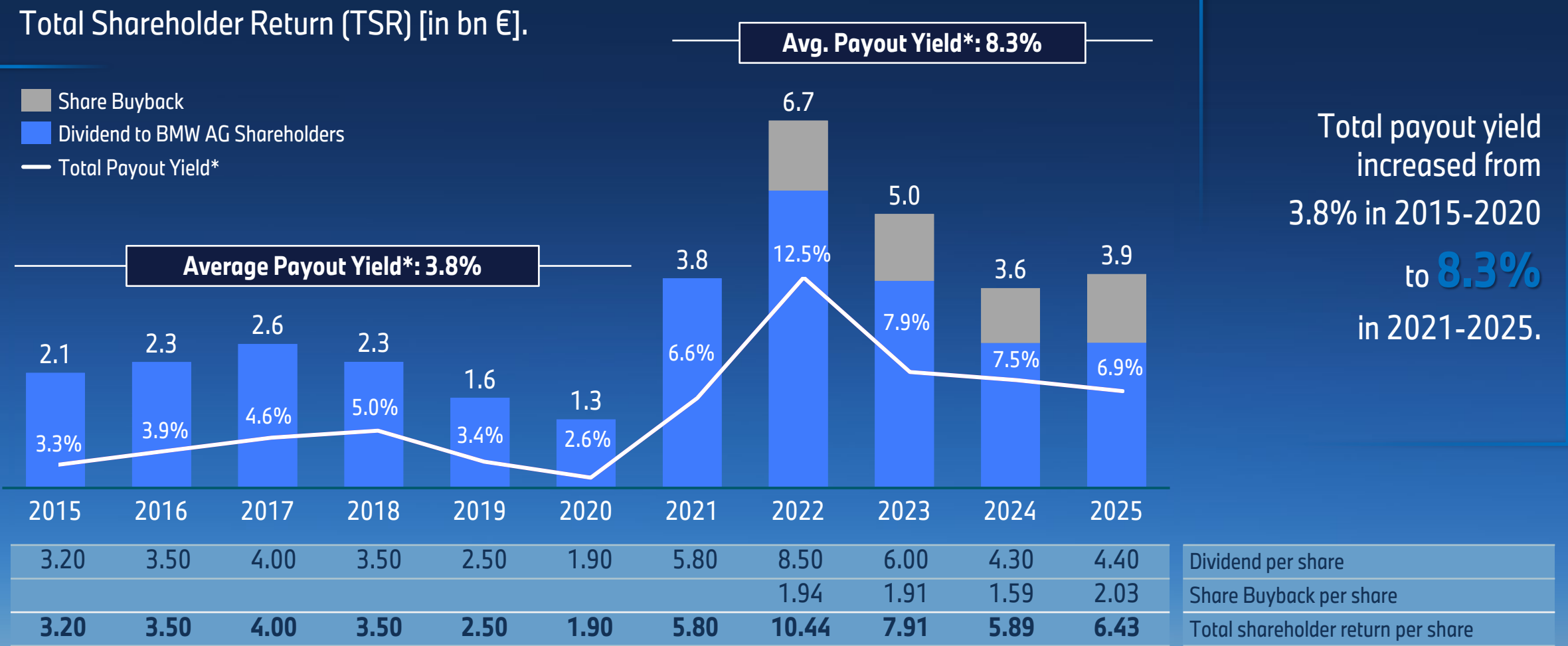


The average total shareholder return ratio increased from 47% in 2015-2020 to **83%** in 2021-2025.

Auto FCF Distributed (% of total FCF*)

*in % of Auto FCF BMW AG after dividends to non-controlling interests

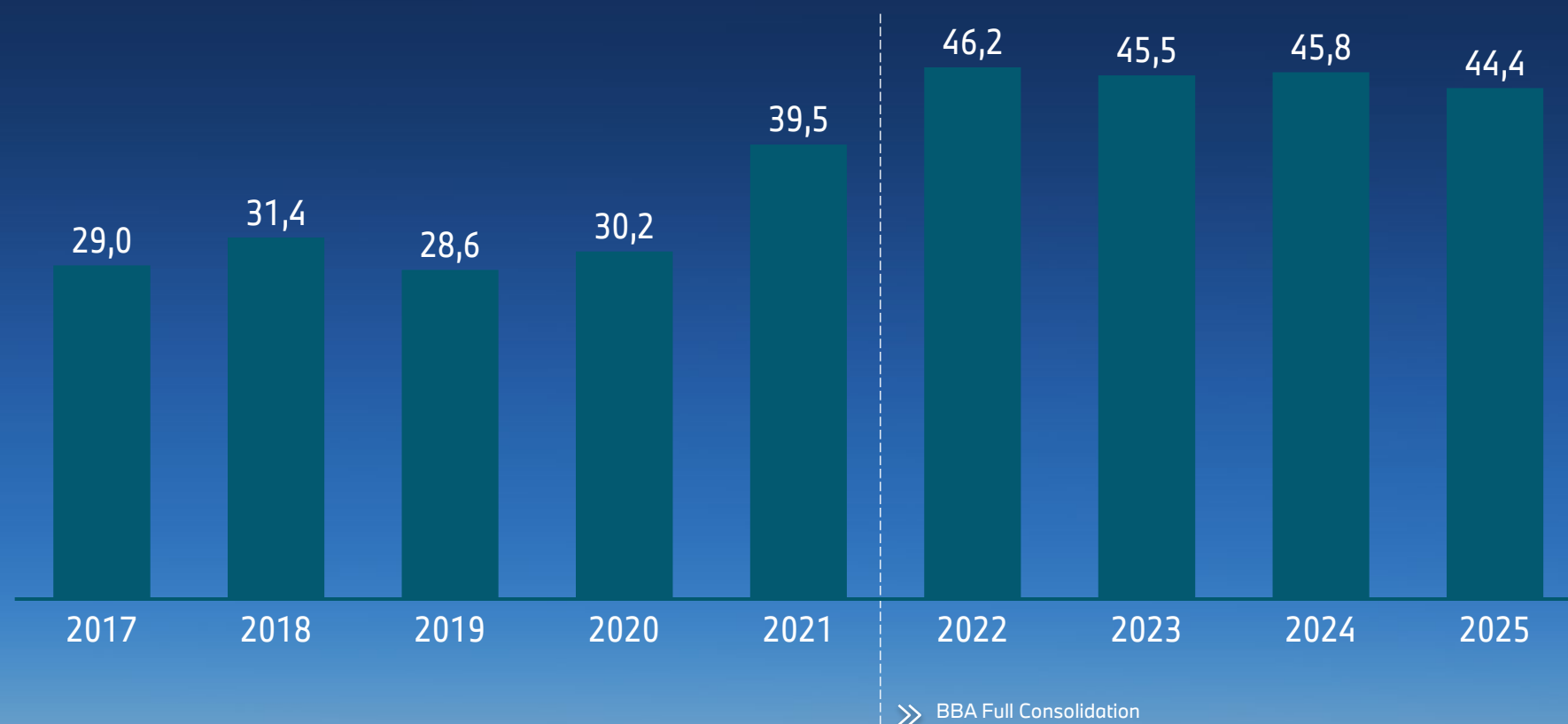
WE ALSO SAW A STEP-CHANGE IN AVERAGE PAYOUT YIELD, WHICH MORE THAN DOUBLED IN 2021-2025 VS. 2015-2020.



*in % of ordinary share price on last trading day of the year

WHILE DELIVERING ON SHAREHOLDER RETURNS, THE BMW GROUP HAS MAINTAINED A STRONG BALANCE SHEET AND NET FINANCIAL ASSET POSITION.

Net Financial Assets Automotive development 2017-2025 [in € bn].



NFA Automotive reflects retained earnings generated in the core business & remained stable after BBA full consolidation.

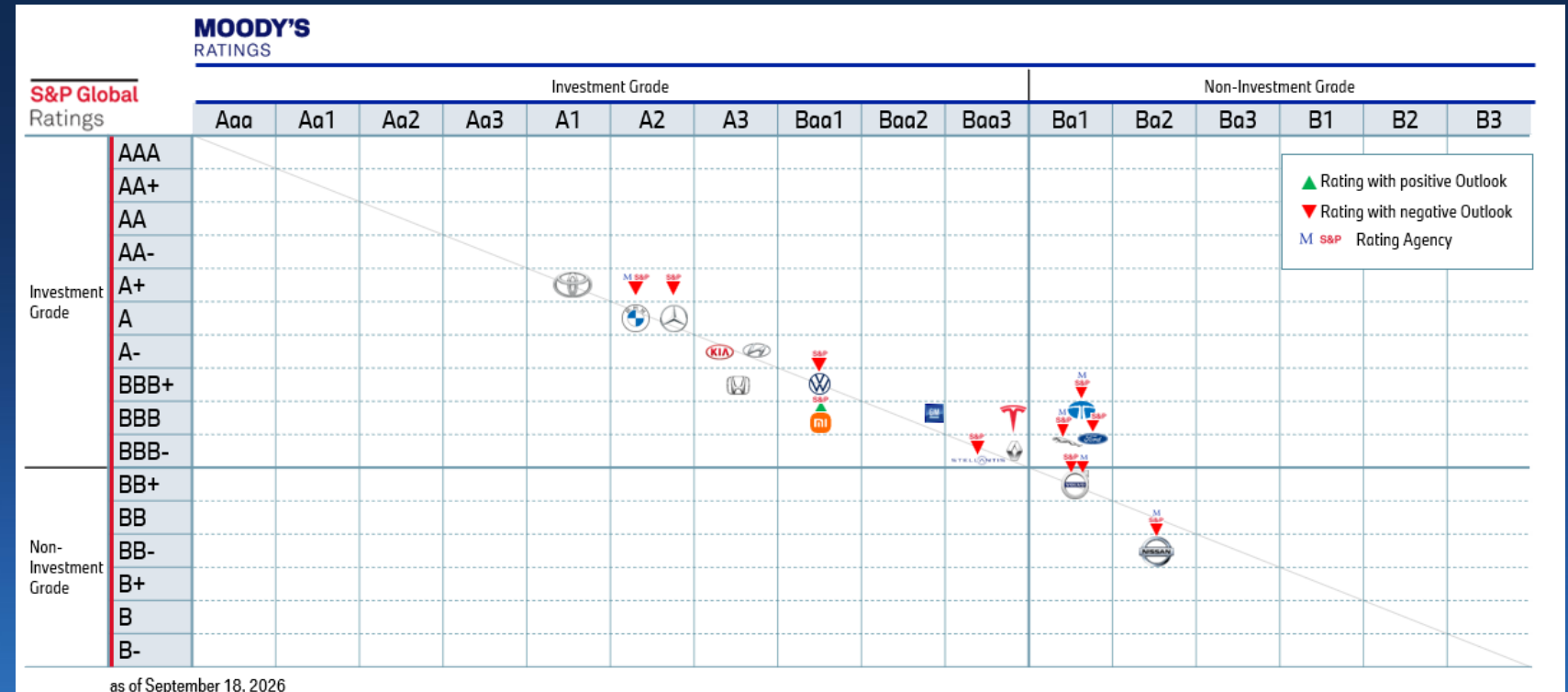
**Sufficient
balance sheet
strength.**

Net Financial Assets (NFA) Automotive comprise NFA of Automotive segment and NFA of holding companies incl. in Other Entities segment [expanded scope reported since H1-2024 report]. Past figures adjusted accordingly for comparison purposes.

OUR FUTURE FINANCIAL STRATEGY REMAINS COMMITTED TO RETAINING A "SINGLE A" INVESTMENT GRADE CREDIT RATING.

BMW is
among best rated
OEMs.

Our foundation for
capital market access &
attractive refinancing.



Fundamentals for our "Single A" rating:

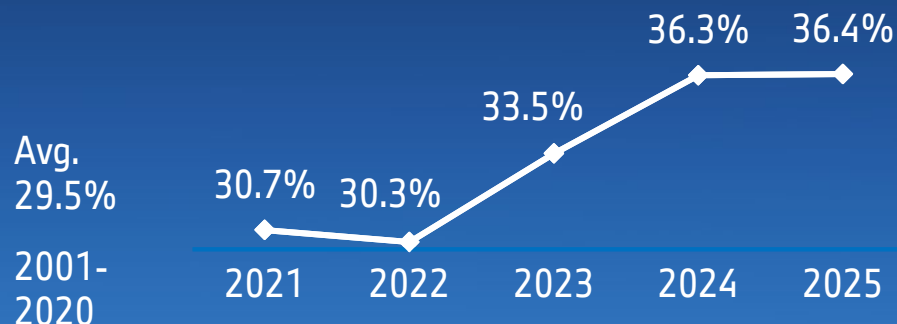
- return to strong industrial profitability & cash generation
- balance sheet strength & solid liquidity position
- disciplined & balanced financial policy

OPERATING WITHIN THE EXISTING CAPITAL ALLOCATION FRAMEWORK, WE WILL DELIVER TSR BASED ON IMPROVED EARNINGS AND SOLID CASH GENERATION.

Under review

Capital Allocation Framework

Strategic **dividend** corridor of **30-40%** reaffirmed¹.
Moving towards upper end.



Three **Share Buyback** programs since 2022.
Continuation after early completion of P3 in Nov '26.



¹ Total dividend payout to BMW AG shareholders divided by BMW Group net profit attributable to BMW AG shareholders.

We **DELIVER** as a **TEAM**,

in transforming the business
to achieve our profitability & cash goals,
while maintaining balance sheet strength
& honoring returns to investors.

