



ROLLS-ROYCE
MOTOR CARS LTD

FINANCIAL STEERING

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OF BMW AG, FINANCE

BMW
GROUP

OVERVIEW.

- This presentation provides an overview of how the BMW Group financially steers the business to **balance the interest of multiple stakeholders, generate value and deliver compelling returns to shareholders.**
- It explains the **long range planning process** and the approach to **integrated project and periodic steering** using weighted average cost of capital (WACC) and return on capital employed (ROCE).
- It also outlines the **balancing of key KPIs** and the **holistic ecosystem** perspective in managing the business to deliver **consistent Group EBT as a basis for dividend returns.**
- The **structure** of the company in **key segments**, the interplay between them as well as the **role of the holding companies and treasury centers** in Segment Other Entities are detailed – this includes an explanation of the **funding of Financial Services.**
- A **new comprehensive definition of Net Financial Assets Automotive** is introduced and transparently shares the currently reported Net Financial Assets in Segment Automotive and additionally those held by holding companies in Segment Other Entities.
- **Net Financial Assets Automotive as of 31.12.2023 totaled €45.5bn** versus the reported Net Financial Assets Segment Automotive of €17bn.
- It is outlined how Net Financial Assets Automotive will be **formally reported from H1 2024.**
- The development and the **step change in shareholder returns** after the full consolidation of BBA are detailed. A general outlook for future shareholder returns is provided.

THE INTERESTS OF MULTIPLE STAKEHOLDERS NEED TO BE BALANCED WHEN STEERING THE BMW GROUP.

55-70bn €

Market Cap

95.6bn €

Book Equity

88bn €

Debt

A | A2

Credit Rating

155,000

Employees

22.6mn

BMW Group
car park (=customers)

5,300

Dealers

2,500

Tier-1 suppliers



INTERNAL STEERING FOCUSES ON TARGET SETTING AS WELL AS ENSURING THE TARGET ACHIEVEMENT.

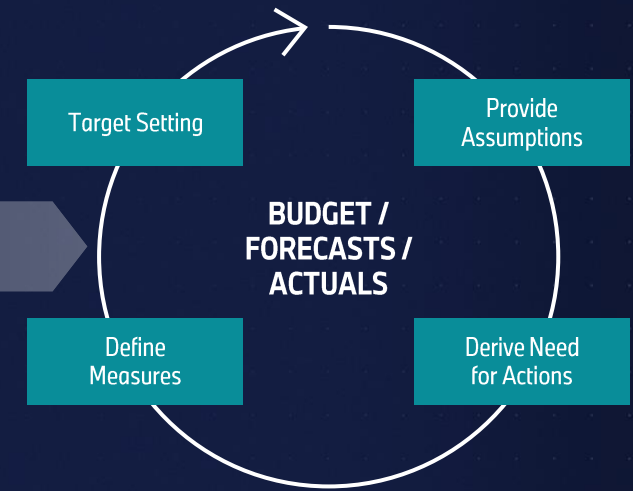
BMW GROUP INTERNAL STEERING



Define Strategic Direction for Products, Markets and Structures.



Translate Strategy into Long Range Plan, present Need for Actions and ensure Target Achievement.



Set targets for yearly planning process.

BMW GROUP IS MAINLY DRIVEN BY ITS PRODUCTS & PROJECTS: AN INTEGRATED PROJECT AND PERIOD PLANNING IS THE BASIS FOR FINANCIAL MANAGEMENT.

Focus: Segment Automotive

PERIODICAL LONG-TERM PLANNING



Integrated long-term plan,
projects & divisions

Converting periodical
targets to project scenarios



Converting project results
to periodical perspectives

PROJECT CONTROLLING & DECISIONS



Project decisions based on
cashflow projections

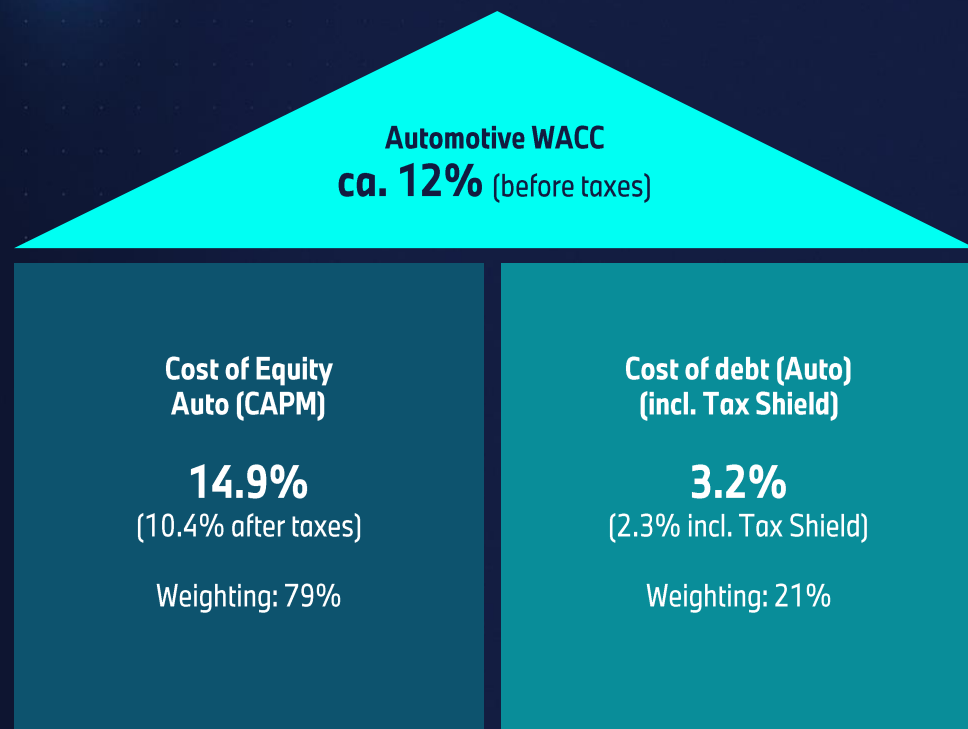
RoCE > 18%

EBIT 8-10%

Internal Rate of Return > Cost of Capital

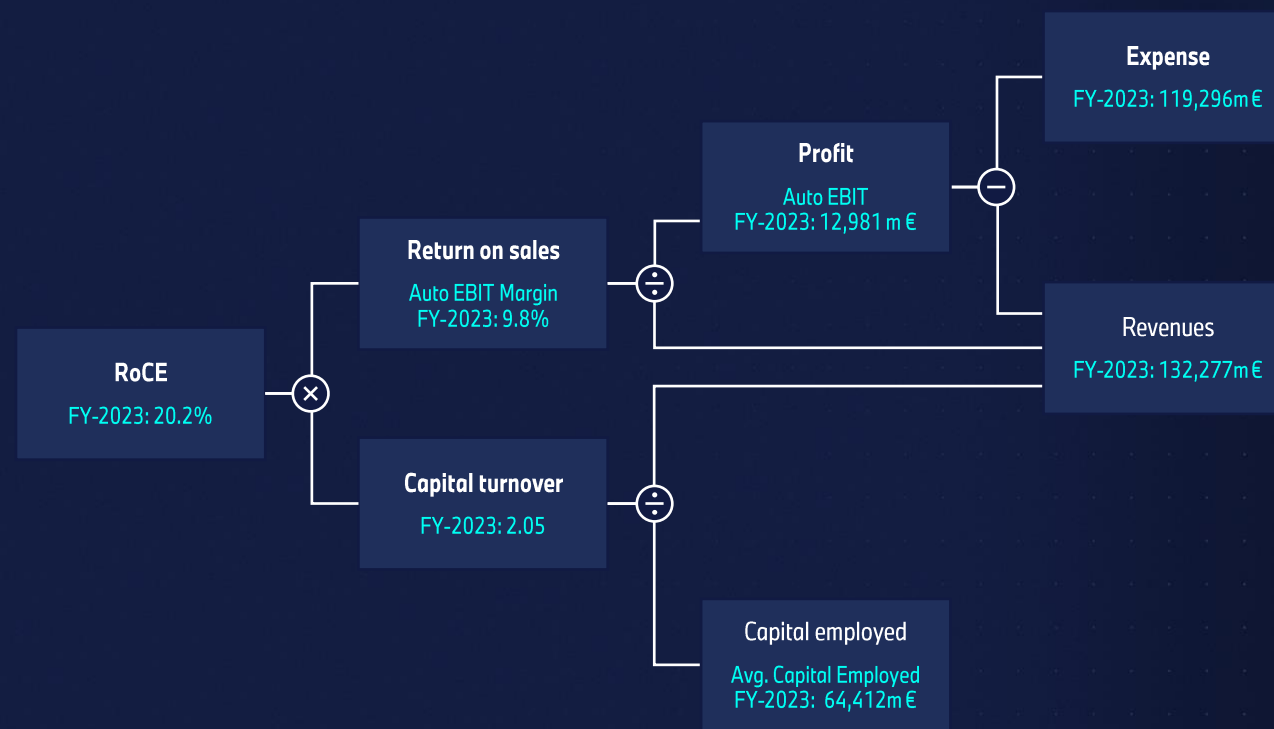
WEIGHTED AVERAGE COST OF CAPITAL (WACC) & ROCE UNDERPIN THE PROJECT & PERIODICAL ASSESSMENT OF THE INDUSTRIAL BUSINESS RESPECTIVELY.

Weighted Average Cost of Capital (WACC) Segment Automotive (+ Motorrad)



PROJECT FOCUS

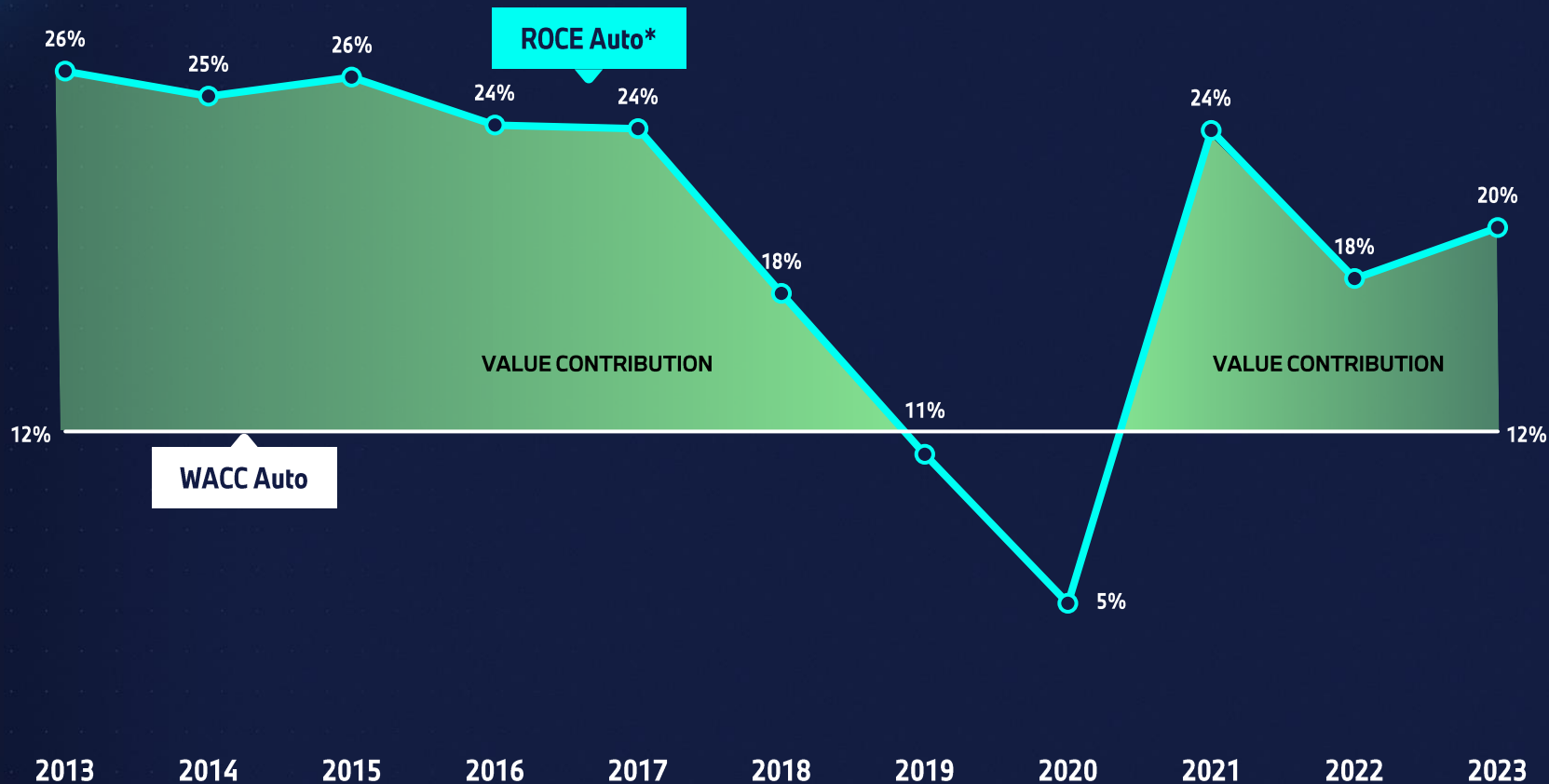
Return on Capital Employed (ROCE) Segment Automotive (+ Motorrad)



PERIODICAL FOCUS

CONTRIBUTING VALUE WITH AUTO RETURN ON CAPITAL EMPLOYED (ROCE) CONSISTENTLY EXCEEDING AVERAGE COST OF CAPITAL (WACC).

VALUE CREATION

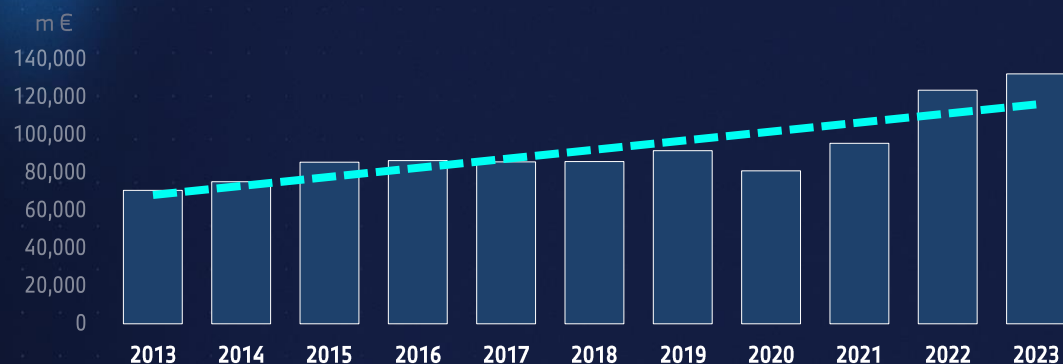


- Steer the **value contribution** of the industrial business
- Connecting the periodic and project view demonstrates **strength** and **consistency** both of the **corporate strategy** and of the steering of the business to **execute** on that strategy

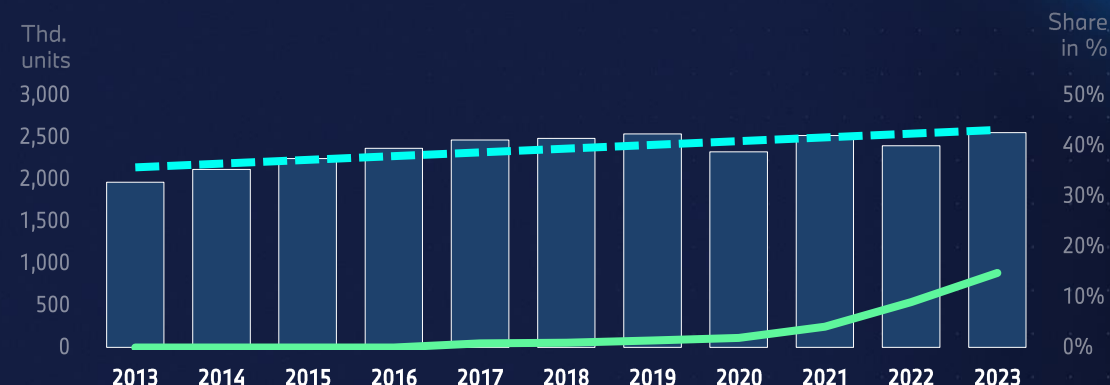
*RoCE definition has changed in 2022. Previous years' figures have been adjusted to new definition.

OUR STEERING APPROACH HAS RESULTED IN VOLUME & BEV GROWTH WHILE MAINTAINING AUTO MARGIN IN TARGET CORRIDOR OF 8-10%.

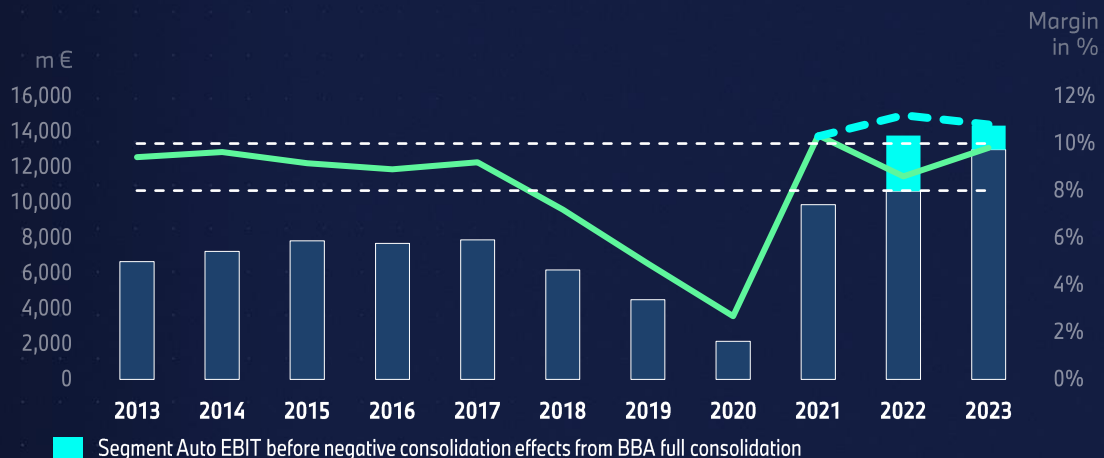
AUTO REVENUE



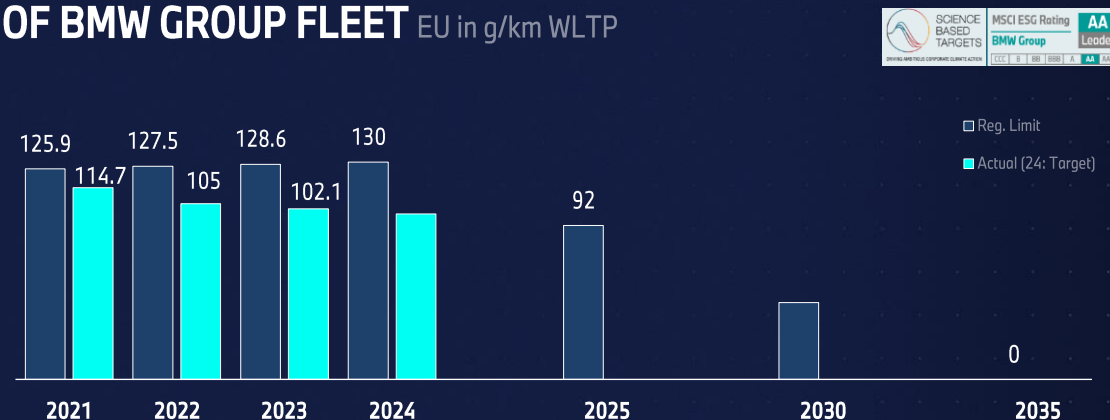
RETAIL SALES / BEV SHARE



SEGMENT AUTO EBIT / MARGIN



AVERAGE VOLUME WEIGHTED CO2 EMISSIONS OF BMW GROUP FLEET EU in g/km WLTP



CONNECTING THE DOTS: ECO-SYSTEM: HOLISTIC PERFORMANCE MANAGEMENT OVER VEHICLE LIFECYCLE.



NEW CAR



FINANCIAL SERVICES

including Insurance and Services



USED CAR



CUSTOMER SUPPORT

BMW GROUP COMPRISES THREE KEY SEGMENTS WHICH ARE REFLECTED IN THE REPORTING STRUCTURE.

AUTOMOTIVE/MOTORCYCLE



- BMW, MINI and Rolls Royce brands
- Includes all sales companies and plants



Core Business

OTHER ENTITIES



- Includes **Holding Companies**
- Includes the **Treasury Center** in the USA, Netherlands, Singapore and Beijing



Holding Companies



Treasury Centers

FINANCIAL SERVICES



- Credit financing and leasing, dealer support, insurance and banking services
- Includes the multi-brand fleet retail business (Alphabet & Alpha)



Strategic business support

BMW GROUP SEGMENT REPORTING. FOCUS ON FINANCIAL SERVICES AND TREASURY CENTERS.

AUTOMOTIVE/MOTORCYCLE



- BMW, MINI and Rolls Royce brands
- Includes all sales companies and plants



Core Business

OTHER ENTITIES



- Includes **Holding Companies**
- Includes the **Treasury Center** in the USA, Netherlands, Singapore and Beijing



Holding Companies



Treasury Centers



Capital Market

FINANCIAL SERVICES



- Credit financing and leasing, dealer support, insurance and banking services
- Includes the multi-brand fleet retail business (Alphabet & Alpha)

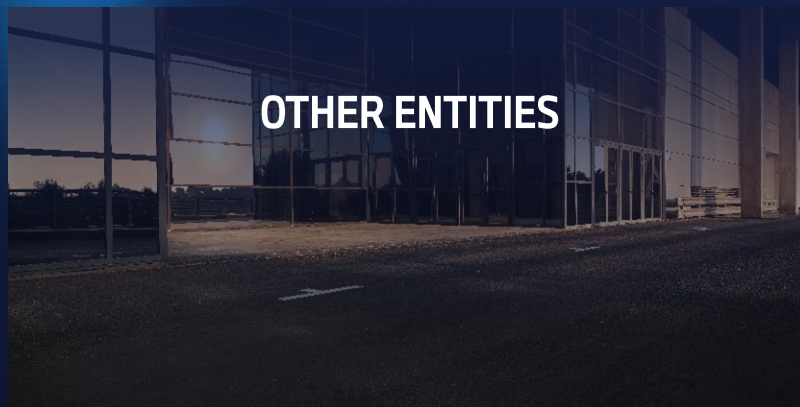


Int. Refinancing



Strategic business support

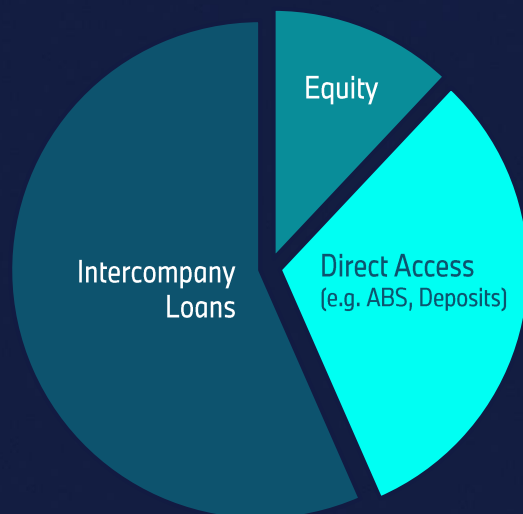
AUTOMOTIVE LIQUIDITY AND CAPITAL MARKET FINANCING ACTIVITIES CONTRIBUTE TO THE FUNDING NEEDS OF THE FINANCIAL SERVICES BUSINESS.



Holding Companies:
Equity



Treasury Centers:
Unsecured financing



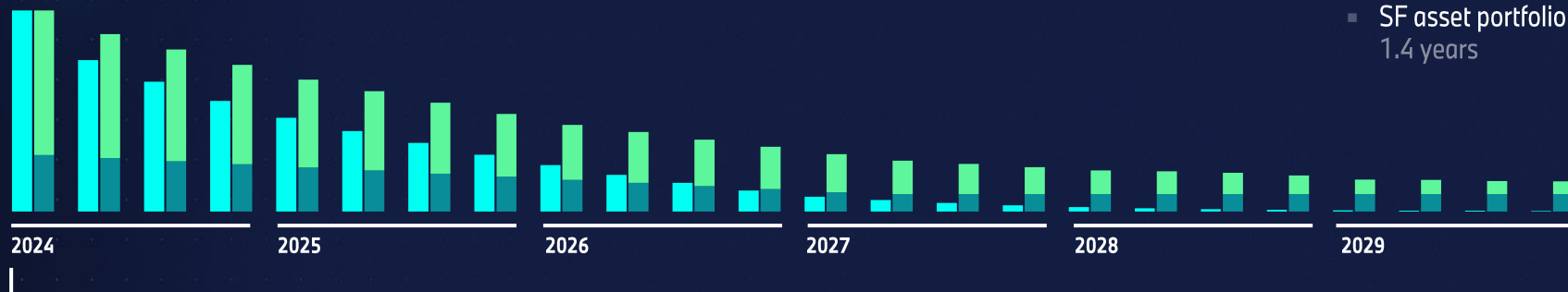
Capital Market

- **Debt is raised** by treasury companies in Segment Other Entities. This is lent internally to Financial Services entities
- The holding companies in Segment Other Entities receive **dividends** from their subsidiaries. This is lent internally to financial services entities
- Segment Financial Services also has some **direct access** to capital markets
- **Lower leverage** at the Group level has a positive effect on **Group EBT** and supports the industry-leading **single A credit ratings**

MATCHED FUNDING ENSURES THAT NO INTRINSIC LIQUIDITY RISKS DERIVE FROM FINANCIAL SERVICES REFINANCING.

BMW GROUP ASSET / LIABILITY MATURITY PROFILE

BMW GROUP



Duration

- Financial Liabilities: 2.2 years
- SF asset portfolio: 1.4 years

MOODY'S RATINGS

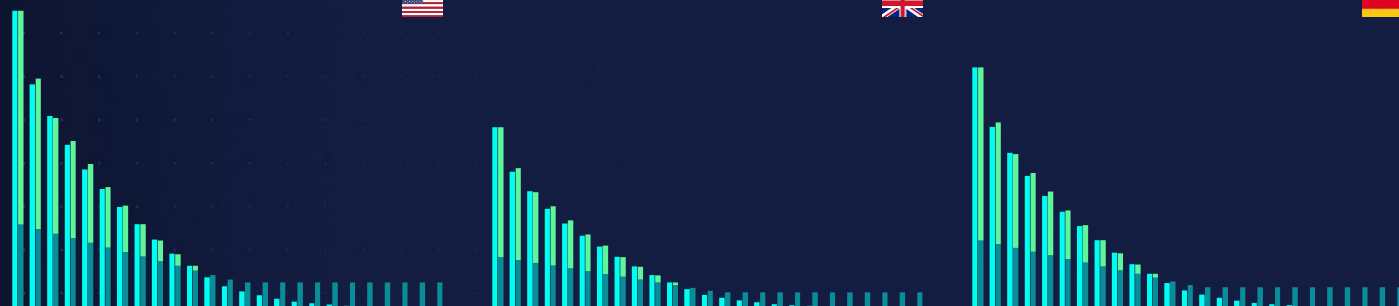
Rating Report, 26.01.24

"BMW was able to maintain strong leverage metrics [...] which continue to compare favourably with those of its other competitors [...]. BMW's debt metrics are **at the threshold of a rating upgrade.**"

MATCHED-FUNDING PRINCIPLE APPLIED TO SF-ENTITIES



FINANCIAL SERVICES
Exemplary markets



Duration

- SF Financial Liabilities (internal/external): 1.4 years
- SF asset portfolio: 1.4 years

Key strength:

"**Strong capital structure and prudent financial policy**, supported by conservative anchor shareholders."

- SF Assets
- Equity & Non-interest bearing liabilities
- Financial Liabilities

BMW GROUP SEGMENT REPORTING. FOCUS ON SEGMENT AUTOMOTIVE AND HOLDING COMPANIES.



AUTOMOTIVE/MOTORCYCLE



OTHER ENTITIES



FINANCIAL SERVICES

- BMW, MINI and Rolls Royce brands
- Includes all sales companies and plants

- Includes **Holding Companies**
- Includes the **Treasury Center** in the USA, Netherlands, Singapore and Beijing

- Credit financing and leasing, dealer support, insurance and banking services
- Includes the multi-brand fleet retail business (Alphabet & Alpha)



Core Business



Dividends



Holding Companies



Treasury Centers



Int. Refinancing



Strategic business support

THE NEW COMPREHENSIVE NET FINANCIAL ASSETS AUTOMOTIVE DEFINITION BETTER REFLECTS THE IMPACT OF INTRAGROUP DISTRIBUTION.



AUTOMOTIVE/MOTORCYCLE



OTHER ENTITIES



FINANCIAL SERVICES

**NFA
Segment Automotive**

**NEW: NFA
Automotive**

Core Business

Dividends



Holding Companies



Treasury Centers



Capital Market

Int. Refinancing

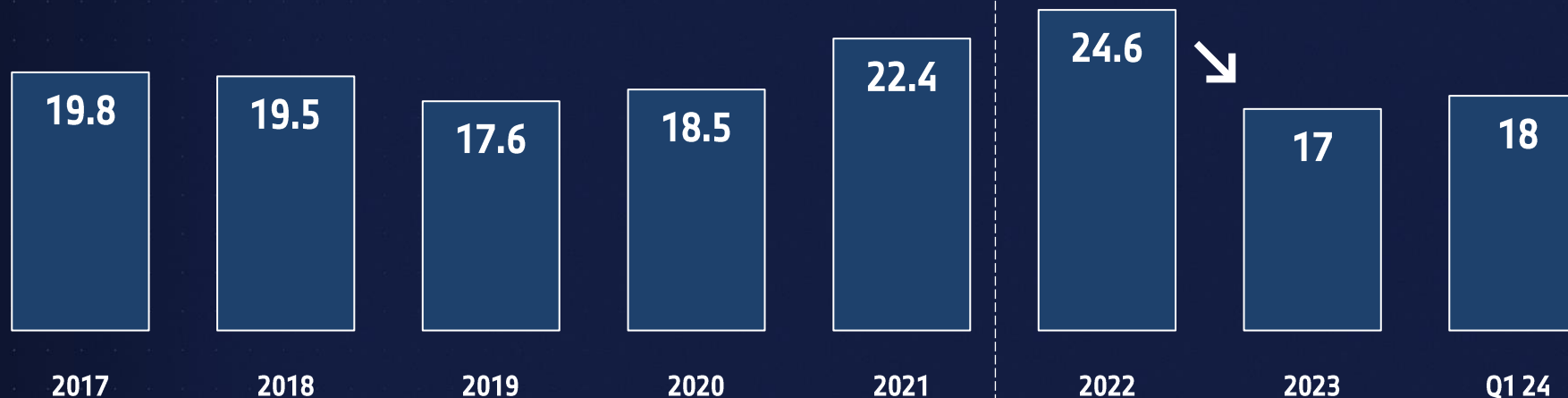


Strategic business support



CURRENTLY REPORTED NET FINANCIAL ASSETS ARE LIMITED TO SEGMENT AUTOMOTIVE.

DEVELOPMENT NET FINANCIAL ASSETS SEGMENT AUTOMOTIVE IN BN. €

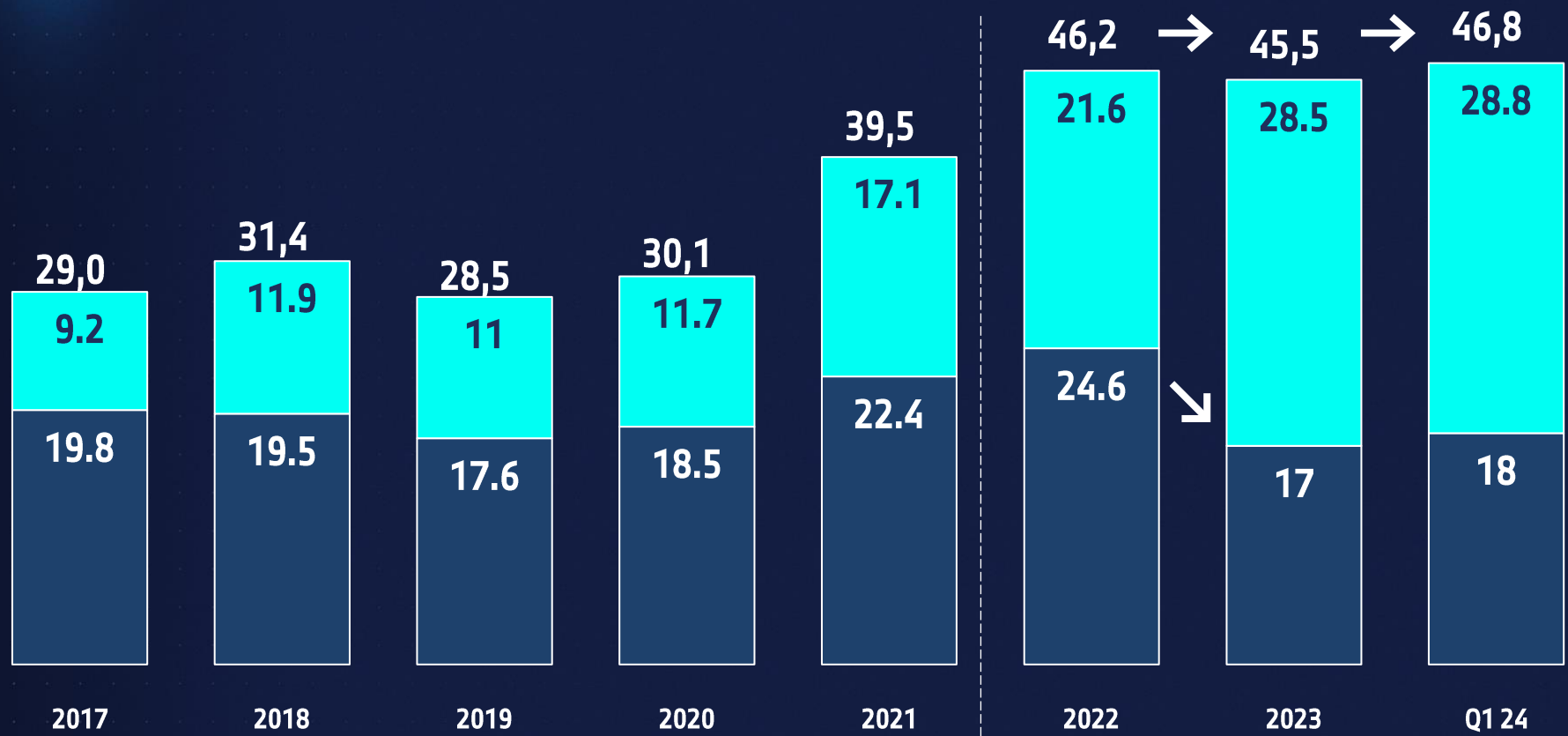


>> BBA Full Consolidation

Net Financial Assets Segment Automotive show a downward trend for structural reasons

THE NEW COMPREHENSIVE NET FINANCIAL ASSETS AUTOMOTIVE COMPRISE NFA SEGMENT AUTO & HOLDING COMPANIES WITHIN OTHER ENTITIES SEGMENT.

DEVELOPMENT NET FINANCIAL ASSETS AUTOMOTIVE IN BN. €



» BBA Full Consolidation

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

- NFA Holding companies within Other Entities Segment
- NFA Automotive Segment

WITH THE HALF-YEAR REPORT 2024, THE NET FINANCIAL ASSETS FOR THE AUTOMOTIVE BUSINESS ARE REPORTED MORE COMPREHENSIVELY.

Net financial assets - Automotive Segment

in € million	31.3.2024	31.12.2023	Change
Cash and cash equivalents	12.421	13.590	- 1.169
Marketable securities and investment funds	1.628	1.782	- 154
Intragroup net financial assets	6.638	4.406	2.232
Financial assets	20.687	19.778	909
Less: external financial liabilities ¹	- 2.646	- 2.775	129
Net financial assets Automotive segment	18.041	17.003	1.038

¹ Excluding derivative financial instruments



Net financial assets - Automotive¹

in € million	31.3.2024	31.12.2023	Change
Cash and cash equivalents	12.517	13.682	- 1.165
Marketable securities and investment funds	1.628	1.782	- 154
Intragroup net financial assets	35.339	32.832	2.507
Financial assets	49.484	48.296	1.188
Less: external financial liabilities ²	- 2.666	- 2.794	128
Net financial assets Automotive	46.818	45.502	1.316

¹ Excluding derivative financial instruments

² The term "Net Financial Assets Automotive" has been newly defined with effect from the reporting date of 30.6.2024. The figure for 31.12.2023 was adjusted accordingly for comparison purposes (31.12.2023 before adjustment: 17.003 € million)

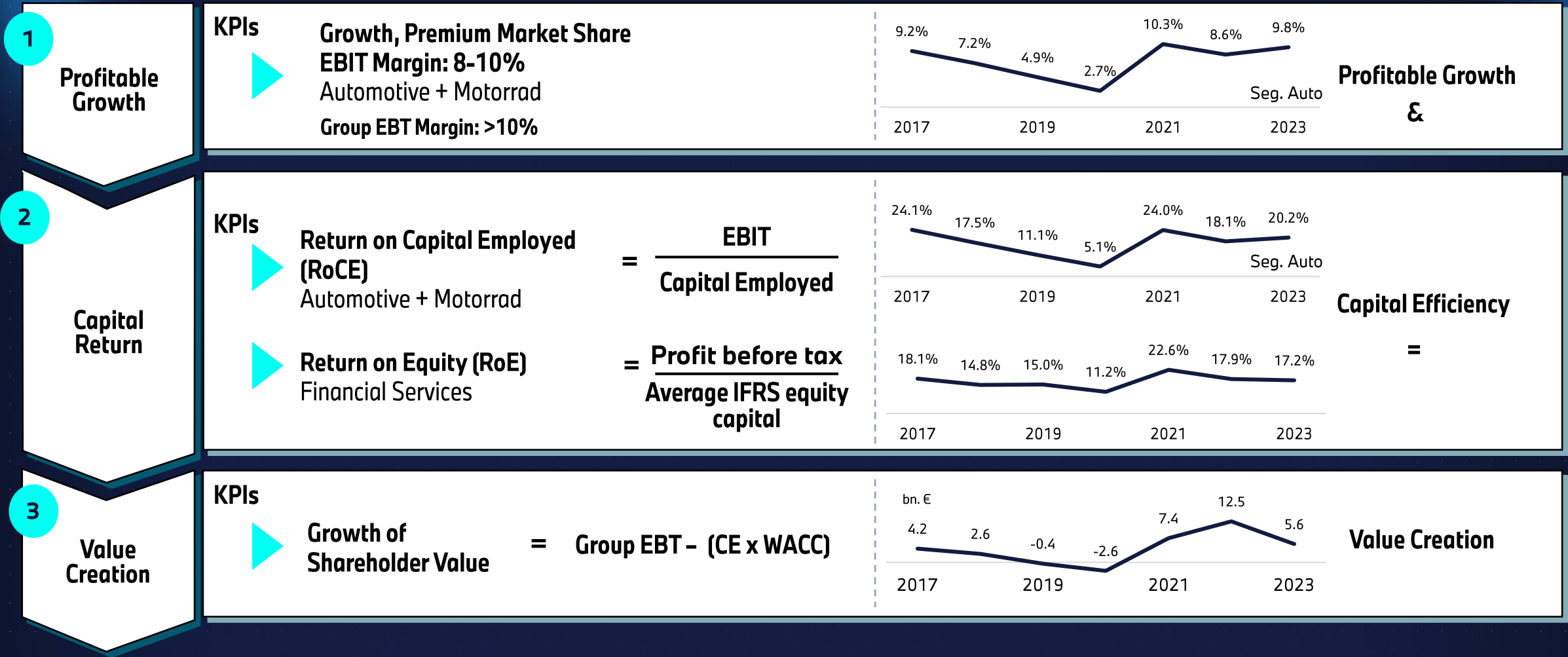
PROPOSED LANGUAGE FOR THE COMBINED MANAGEMENT REPORT

"With the half-year report 2024, the net financial assets for the automotive business are being reported more comprehensively:

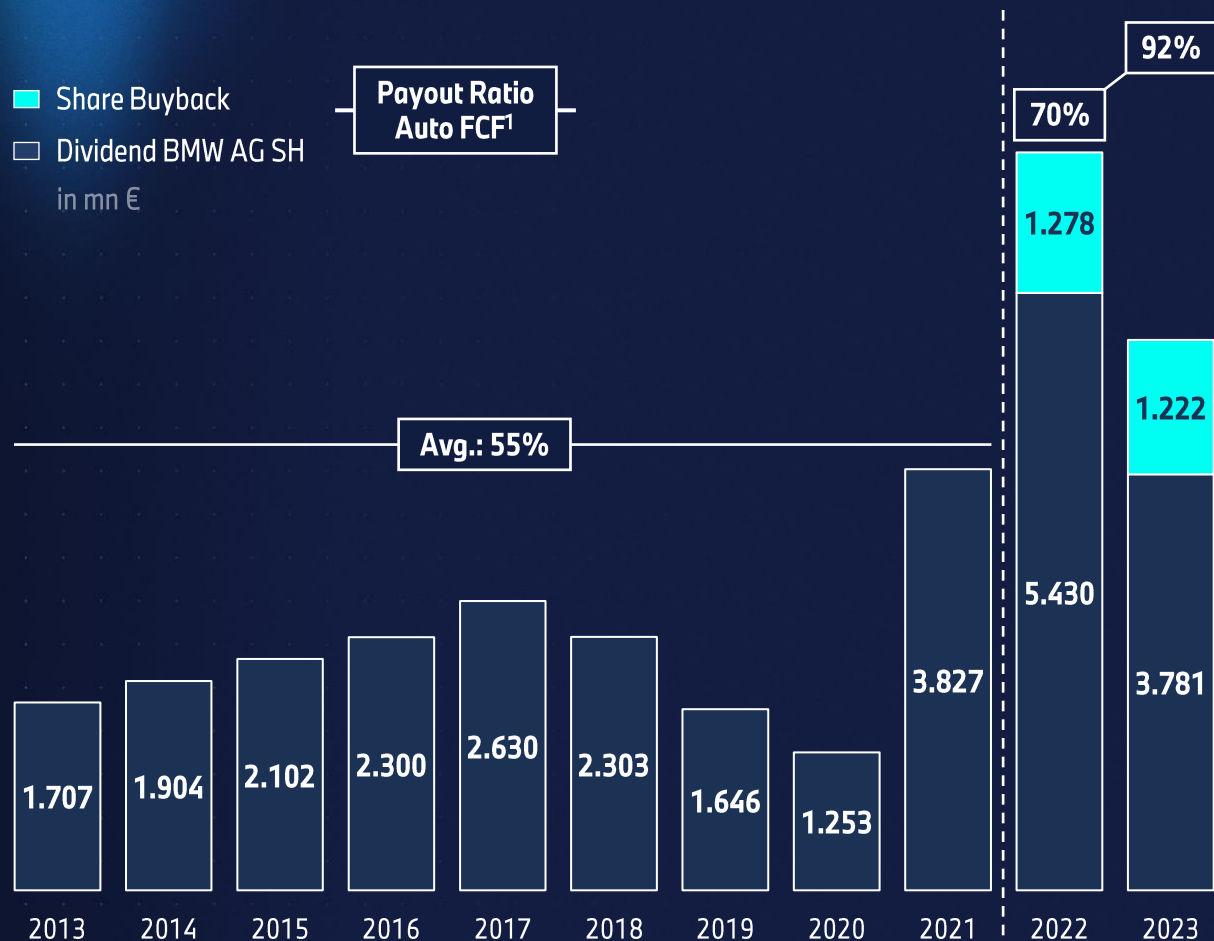
The Net Financial Assets Automotive comprise the net financial assets of the Automotive segment and the holding companies within the Other Entities segment.

The holding companies receive dividends from their subsidiaries in other segments at least once a year. Given the inclusion of the net financial assets in the holding companies, these intra-group distributions are reported in Net Financial Assets Automotive."

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



WE FOCUS ON RELIABLE DIVIDEND POLICY AND SHARE-HOLDER RETURNS, THAT ARE SUPPORTED BY FREE CASHFLOW GENERATION.



¹ % Auto FCF attributable to BMW AG shareholders

>> BBA Full Consolidation



Consistent Dividend Policy

- **Reliable and 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**

KEY MESSAGES.

Clear focus on value creation that is integral in how we steer the company and make all decisions.

Strong balance sheet ...

... as a solid foundation for all our business activities – strategically and operationally.

... allows us to balance the interests of all stakeholders consistently and reliably over a period of time.

... provides the confidence to distribute Auto FCF utilizing 30-40% dividend payout ratio and share buybacks.