Universidade do Minho
Escola de Economia, Gestão e Ciência Política

Ana Carolina Martins

Equity Research Report
BMW Group

julho de 2026

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Equity Research Report
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Projeto de Mestrado
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Trabalho efetuado sob a orientação do(a)
Professora Doutora Florinda Silva

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DIREITOS DE AUTOR E CONDIÇÕES DE UTILIZAÇÃO DO TRABALHO POR TERCEIROS

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Sincere gratitude goes to my supervisor, Professor Florinda Silva, for her availability, guidance, and unwavering support throughout the development of this dissertation.

The deepest gratitude goes to my parents. Although they did not have access to the same educational opportunities, they never stopped believing in the power of education as a tool for growth and a path to a better life. Their hard work, sacrifices, and constant encouragement are the foundation upon which everything has been built.

I am especially grateful to my boyfriend for always supporting me in this journey.

Finally, a thank you to myself. Completing this dissertation while managing professional responsibilities was one of the greatest challenges faced. There were moments of doubt and exhaustion but the strength to keep going was always found.

STATEMENT OF INTEGRITY

I hereby declare having conducted this academic work with integrity. I confirm that I have not used plagiarism or any form of undue use of information or falsification of results along the process leading to its elaboration.

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RESUMO

Este relatório apresenta um estudo de Equity Research da Bayerische Motoren Werke AG (BMW), uma fabricante global líder a operar nos segmentos de Automóveis, Motociclos e Serviços Financeiros. O principal objetivo é estimar o valor intrínseco da empresa, explorando a sua transição estratégica para a eletrificação, as dinâmicas competitivas no mercado chinês e as implicações operacionais da futura arquitetura *Neue Klasse.*

O relatório está estruturado em várias secções, incluindo o perfil da empresa, uma visão geral da indústria e uma análise detalhada do desempenho financeiro e da estrutura de capital da BMW. De notar que, embora a avaliação final tenha sido consolidada através de um modelo integrado de Fluxos de Caixa Descontados (DCF), cada segmento de negócio foi analisado individualmente para captar com precisão os seus *drivers* de crescimento e perfis de risco específicos. Esta avaliação utiliza um Custo Médio Ponderado de Capital (WACC) de 5,16% e uma taxa de crescimento terminal de 2,00%. A robustez desta avaliação é ainda corroborada através de uma Avaliação Relativa utilizando múltiplos de pares (*peer multiples*), de um modelo de Avaliação de Opções de Black-Scholes e de uma extensa avaliação de risco que engloba análises de cenários e simulações de Monte Carlo.

O relatório conclui com uma recomendação de **MANTER (HOLD)** e um preço-alvo de 83,57 € para dezembro de 2026, representando um potencial de desvalorização (*downside*) de 6,59% face ao preço atual da ação de 89,46 € (à data de 27 de fevereiro de 2026).

Palavras-chave: Bayerische Motoren Werke AG, Grupo BMW, Equity Research, Avaliação de Empresas, Indústria Automóvel, Neue Klasse, Fluxos de Caixa Descontados (DCF), Avaliação Relativa e Avaliação de Opções.

ABSTRACT

This report provides an Equity Research of Bayerische Motoren Werke AG (BMW), a leading global manufacturer operating in the Automotive, Motorcycles, and Financial Services segments. The primary objective is to estimate the company's fair value by exploring its strategic transition towards electrification, the competitive dynamics in the Chinese market, and the operational implications of the upcoming *Neue Klasse* architecture.

The report is structured into several sections, including a company profile, an industry overview, and a detailed analysis of BMW's financial performance and capital structure. Notably, although the final valuation was consolidated through an integrated Discounted Cash Flow (DCF) model, each business segment was analyzed individually to accurately capture their specific growth drivers and risk profiles. This evaluation utilizes a Weighted Average Cost of Capital (WACC) of 5.16% and a terminal growth rate of 2.00%. The robustness of this valuation is further corroborated through a Relative Valuation using peer multiples, a Black-Scholes Option Valuation model, and an extensive risk assessment encompassing scenario analyses and Monte Carlo simulations.

The report concludes with a **HOLD** recommendation and a target price of €83.57 for December 2026, representing a 6.59% downside potential from the current share price of €89.46 (as of February 27, 2026).

Keywords: Bayerische Motoren Werke AG, BMW Group, Equity Research, Valuation, Automotive Industry, Neue Klasse, Discounted Cash Flow (DCF), Relative Valuation & Options Valuation.

DISCLAIMER

The Equity Research Report was prepared for academic purposes only by Ana Carolina Martins, a Master's in Finance student at the University of Minho. The report was supervised by a faculty member acting merely as an academic mentor. Neither the author of this report nor the supervisor are certified investment advisors. This report should be read as a purely academic exercise for a master's student. The information used to produce this report is generally available to the public from different sources and is believed to be reliable by the student. The student is the sole responsible for the information used in this report, as well as the estimates and forecasts, application of valuation models, and views expressed. The UMinho and its faculty members have no unique nor formal position on those matters and do not take responsibility for any consequences of the use of this report.

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List of Acronyms

AG	Aktiengesellschaft (German: Public Limited Company)
AI	Artificial Intelligence
ASP	Average Selling Price
BBA	BMW-Brilliance Automotive
BEV	Battery Electric Vehicle
BMW	Bayerische Motoren Werke
BYD	Build Your Dreams (Chinese EV Manufacturer)
CAGR	Compound Annual Growth Rate
CapEx	Capital Expenditures
CAPM	Capital Asset Pricing Model
CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
COGS	Cost of Goods Sold
DAX	Deutscher Aktienindex (German Stock Index)
DCF	Discounted Cash Flow
DIO	Days Inventory Outstanding
DPO	Days Payables Outstanding
DSO	Days Sales Outstanding
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EBT	Earnings Before Taxes
ECB	European Central Bank
ERP	Equity Risk Premium
ESG	Environmental, Social and Governance
EU	European Union
EV	Electric Vehicles
EV	Enterprise Value
FCA	Financial Conduct Authority
FCFF	Free Cash Flow to the Firm
GDP	Gross Domestic Product

GM	General Motors
IBS	Integrated Braking System
ICE	Internal Combustion Engine
IMF	International Monetary Fund
ISS	Institutional Shareholder Services
LSEG	London Stock Exchange Group
MaaS	Mobility-as-a-Service
MINI	MINI (BMW Group Brand)
MSCI	Morgan Stanley Capital International
MV	Market Value
NIO	NIO Inc. (Chinese EV Manufacturer)
OEM	Original Equipment Manufacturer
OWC	Operating Working Capital
PPE	Property, Plant and Equipment
PSA	Peugeot Société Anonyme (now Stellantis)
PV	Present Value
R&D	Research and Development
ROCE	Return on Capital Employed
ROE	Return on Equity
ROIC	Return on Invested Capital
RR	Reinvestment Rate
SUV	Sport Utility Vehicle
SWOT	Strengths, Weaknesses, Opportunities, Threats
UK	United Kingdom
USA	United States of America
USD	United States Dollar
VW	Volkswagen
WACC	Weighted Average Cost of Capital

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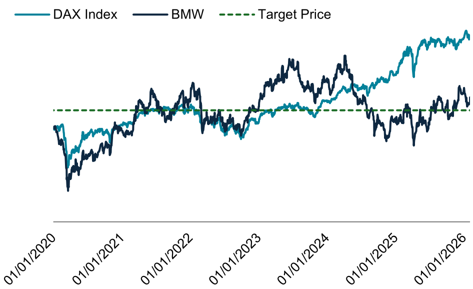
Table 1: BMW AG overview

Recommendation	HOLD
Date	27/02/2026
Current Price	89.46 €
Target Price	83.57 €
Target Date	31/12/2026
Downside	-6.59%
52-Week Range	62.96 € - 97.92 €
Industry	Automotive
Sector	Premium Automotive
Ticker	BMW
Stock Exchange	Börse Frankfurt (Xetra)
Shares Outstanding (#)	627,340,240
Market Capitalization (M)	56,121,858 €
EPS (2024)	13.46 €
Free Float	49.80%

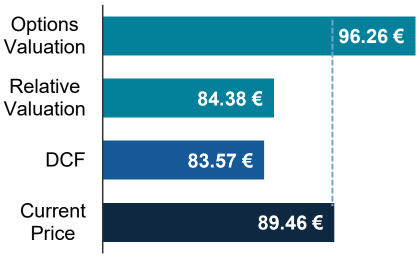
Source: Company Data, Author Analysis

Figure 1: BMW AG and DAX Index price evolution



Source: LSEG

Figure 2: Valuation summary



Source: Author Analysis

Investment Summary

This report issues a **HOLD** recommendation for BMW Group, with a 2026 year-end target price of **83.57 €**, representing a **6.59%** downside potential from the current share price.

As shown in Figure 1, BMW's share price has significantly decoupled from the DAX Index since early 2024. This divergence reflects a "wait-and-see" market sentiment regarding Electric Vehicles (EV) profitability. The stock has exhibited high volatility over the last 52 weeks, trading between €62.96 and €97.92 (Table 1). This range represents a significant 29.6% downside risk and a modest 9.5% upside potential relative to the current price, this lack of clear direction reinforces a **HOLD** recommendation (Table 1). The market remains in a "wait-and-see" mode, pricing in both the cyclical risks in China and the long-term potential of the *Neue Klasse*.

The target price is primarily derived from a Discounted Cash Flow (DCF) methodology and is supported by Relative Valuation, and Option Valuation (Figure 2), Scenario and Sensitivity analyses, and a Monte Carlo Simulation. The investment decision is anchored by the following key catalysts:

Navigating the transition

A leading premium Original Equipment Manufacturer (OEM) and an emerging player in the Battery Electric Vehicle (BEV) segment, the Company key competitive advantages lie in its strong brand positioning and recognized engineering expertise. With a strategic goal of achieving 50% of deliveries as fully electric vehicles by 2030, this strategy has become a cornerstone of the brand. The company has surpassed expectations, positioning itself as a premium player in the BEV market.

China Market Exposure

China remains BMW's most critical market, while also representing its greatest source of risk, accounting for 29.2% of global deliveries, as shown in Figure 3. While the 2022 full consolidation of the BMW-Brilliance Automotive (BBA) joint

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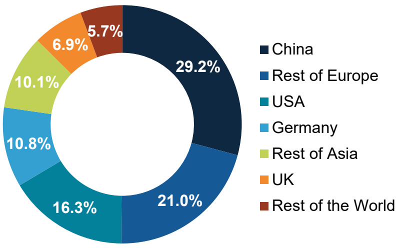
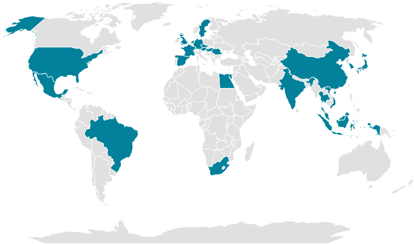
Figure 3: BMW Group deliveries of vehicles by region and market (2024)



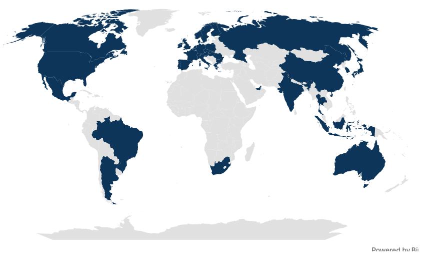
Source: Company Data

Figure 4: Production plant, sales and R&D, as of 2024



Source: Company Data

Figure 5: Sales and subsidiaries geographic distribution, as of 2024



Source: Company Data

Figure 6: BMW Group main brands

Source: Company Data

venture (75% stake) provides a significant cushion for Net Profit, the automotive EBIT margin continues to be negatively impacted by aggressive price discounting in response to intense local competition, in order to protect market share. This trade-off between EBIT margin and volume is expected to persist until the *Neue Klasse* architecture provides the necessary cost efficiencies to restore margin parity in the region.

The *Neue Klasse* as the pivotal upside catalyst

A valuation upside is dependent on the successful rollout of the *Neue Klasse* architecture started in 2025. The integration of Gen6 battery technology is projected to yield a 50% reduction in battery production costs, a critical milestone to achieve margin parity between BEVs and Internal Combustion Engine (ICE) models and deliver the necessary cost efficiencies to effectively solve the ongoing trade-off between EBIT margin and volume.

Business Description

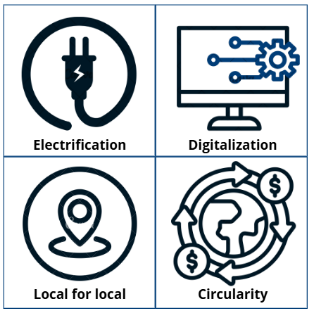
Bayerische Motoren Werke AG, commonly known as BMW Group, is a world-renowned German automotive powerhouse headquartered in Munich. It is the world's leading manufacturer of premium cars and motorcycles and provides high-end financial and mobility services. Founded in 1916 initially as an aircraft engine manufacturer, the company transitioned to producing motorcycles in 1923 and automobiles in 1928 (BMW Group, n.a.). Currently, the group is led by CEO Oliver Zipse, who has been in this role since 2019, and was an important catalyst for the rapid expansion of the EV portfolio. With approximately 159,000 employees, the BMW Group operates a global production network with 33 production and assembly facilities in 16 countries (Figure 4) and maintains a commercial presence in over 140 countries (Figure 5), either directly or through subsidiaries and independent dealerships that manage retail sales and services (BMW Group, 2025a). The Group's portfolio includes some of the world's most recognized brands: BMW, MINI, Rolls-Royce, and BMW Motorrad (Figure 6).

Strategy & Core

BMW Group's value creation strategy is built on four integrated cornerstones (Figure 7), designed to balance technological transition with capital efficiency:

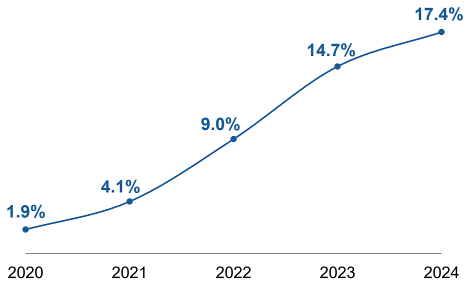
Electrification | The company is actively transitioning toward electromobility. As presented in Figure 8, this shift is accelerating rapidly, with the share of BEV sales surging from just 1.9% in 2020 to 17.4% in 2024. While its evolving portfolio still includes combustion and hybrid options, it now features at least one all-electric model across every brand and segment. Looking forward, the

Figure 7: Strategy cornerstones



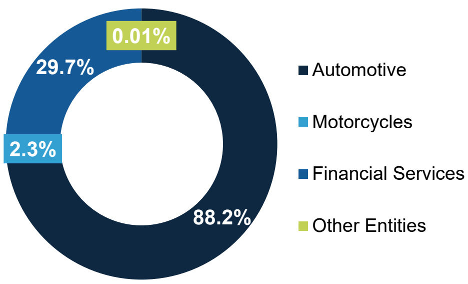
Source: Company Data

Figure 8: Historical BEV sales share (2020–2024)



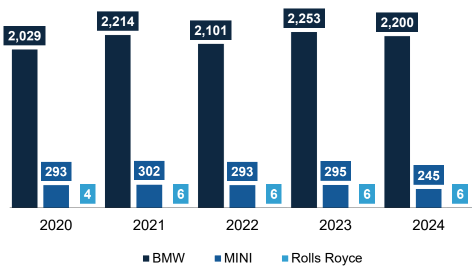
Source: Company Data

Figure 9: Revenue distribution by business segment (2024)[1]



Source: Company Data

Figure 10: Deliveries per automotive brand in thousands of units



Source: Company Data

Group has set a strategic goal for BEVs to account for at least 50% of its total deliveries by 2030 (BMW Group, 2025a).

Digitalization & Omnichannel | The strategy leverages the expansion of digital interfaces and connected services, incorporating artificial intelligence (AI) and over-the-air updates to enhance vehicle value. Additionally, the Group is modernizing its route-o-market by integrating online vehicle sales directly into its traditional distribution model.

"Local for Local" | BMW Group's industrial strategy approach, enables flexible manufacturing of multiple powertrains (combustion, plug-in hybrid, and fully electric) on the same assembly line, enabling rapid adaptation to regional demand fluctuations.

Circular Economy | The focus on circularity extends beyond compliance. By keeping materials in use for as long as possible, BMW structurally lowers its reliance on primary raw materials and exposure to price volatility (BMW Group, 2025a).

Business Segments

The BMW Group operates in three segments: Automotive, Motorcycles, and Financial Services. As illustrated in Figure 9, the Automotive division is the undisputed financial core of the business, generating 88.2% of the total segment revenues, as of 2024. It is supported by a robust Financial Services arm (29.7%) and a niche Motorcycle division (2.3%). This integrated business model allows the Group to cover the entire value chain of premium mobility, from vehicle manufacturing to specialized financial solutions.

Automotive Segment

The Automotive segment is the core of the Group's operations, housing a portfolio of three distinct and complementary brands that target different tiers of the premium and luxury markets.

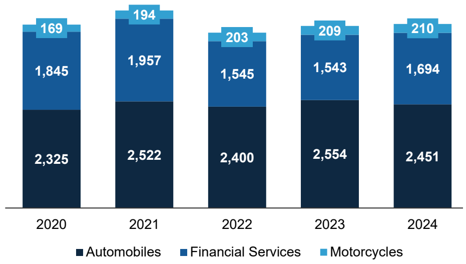
BMW | The flagship brand, offering a premium range of sedans and SUVs. As detailed in Figure 10, it is volume driver for the segment, consistently delivering over 2.1 million units annually. It leads the Group's technological shift towards electrified and digitalized mobility.

MINI | A lifestyle, urban-focused brand currently undergoing a strategic pivot to become fully electric by 2030, resulting in a temporary phase-out of legacy models.

Rolls-Royce | Positioned in the ultra-luxury tier, it provides the Group with significant pricing power and exclusivity through its customized manufacturing

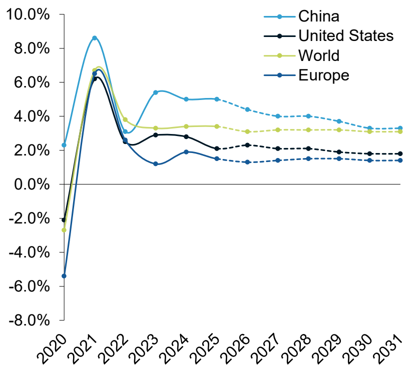
[1] Segment shares include internal transactions. A 20.2% adjustment for inter-segment reconciliations is applied in the final consolidation.

Figure 11: Deliveries and new leasing and financing contracts, in thousands of units



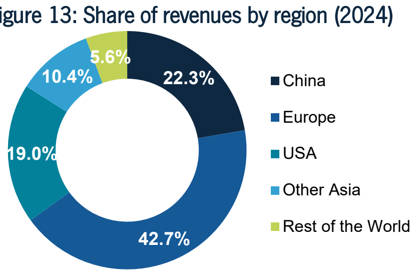
Source: Company Data

Figure 12: Real GDP growth (annual percent change)



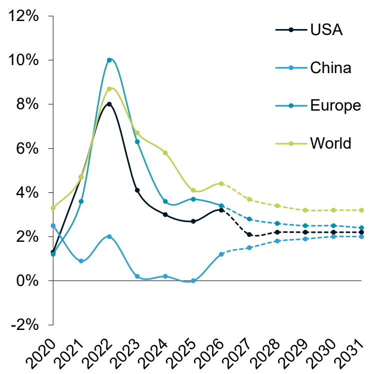
Source: IMF

Figure 13: Share of revenues by region (2024)



Source: Company Data

Figure 14: Inflation rate, average consumer prices (annual percent change)



Source: IMF

approach. This exclusivity is clearly reflected in its limited delivery volume of approximately 6,000 units per year (Figure 10).

Motorcycles (BMW Motorrad)

Focuses on the premium motorcycle market, emphasizing high-performance touring and heritage models. The segment targets growth through expansion in emerging markets and urban electric mobility.

Financial Services

Acts as a sales enabler by providing financing, leasing, and insurance solutions. The scale of this support is evident in Figure 11 the segment consistently generates at least 1.5 million new leasing and financing contracts annually, providing direct financial backing for a vast majority of the Group's automobile deliveries. The segment's performance is driven by contract management, interest rate dynamics, and the remarketing of used vehicles.

Industry Overview and Competitive Positioning

Macroeconomic Overview

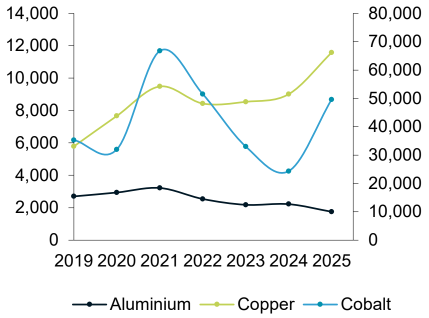
The BMW Group's main sector is the automotive industry, a cyclical sector that is deeply influenced by macroeconomic trends.

As illustrated in Figure 12, the global real Gross Domestic Product (GDP) growth has been slowing down since 2021 and is expected to stabilize at current levels in 2031, having registered a growth of 3.2% in 2024.

This trend is reflected across BMW's three most critical markets (Figure 13). In 2025 the Europe real GDP growth was approximately 1.5%. This low growth can be explained by the lagged effects of the restrictive monetary policy in Europe, with high interest rates throughout much of 2024, which led to a restrained decline in consumer spending. In the United States, the real GDP rebounded after the pandemic contraction to 6.2% in 2021, and since then the growth eased and reached 2.1% in 2025, being projected to moderately slow down reaching a value of 1.8% by 2031 (IMF, 2026). Lastly, in China, after recovering in 2021 to 8.6% post pandemic contraction, the growth has been slowing down reaching a value of 5% in 2025 and is projected to reach a rate of 3.3% by 2031 (Figure 12).

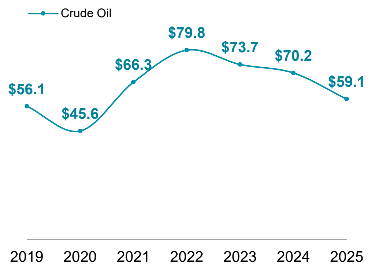
As illustrated by Figure 14, global inflation increased from 2020 till 2022, reaching 8.7%, and is projected to fall to 3.2% in 2031 (IMF, 2026). Regionally, this stabilization reflects a cooling in Western markets, where the United States and Europe are recovering from inflationary peaks of 8% to 10% and returning to the Federal Reserve and European Central Bank (ECB) long-term target levels of around 2%, (Baptista, P., et al., 2025; Federal Reserve, 2025a). China experienced a inflation of 0% in 2025 and is expected to increase to 3.3%

Figure 15: Evolution of metal commodity prices (USD/tonne)



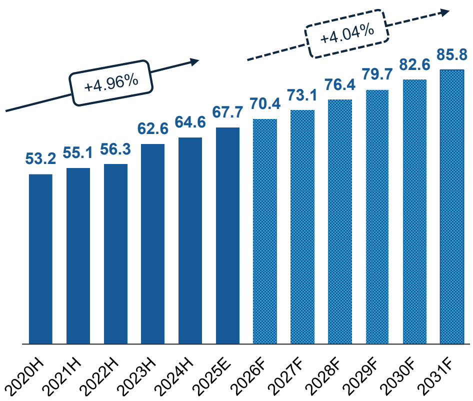
Source: LSEG

Figure 16: WTI crude oil price evolution (USD/barrel)



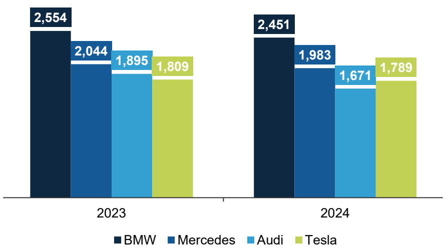
Source: LSEG

Figure 17*:* Passenger car registrations (units)



Source: The Economist Intelligence Unit

Figure 18: Deliveries across main premium automotive players, 2023-24



Source: Company data, Players' Annual Reports

by 2031 (IMF, 2026). Amid falling inflation rates, central banks have signalized interest rate cuts to transition away from restrictive monetary policy (ECB, 2025; Federal Reserve, 2025b). For the BMW Group, this is a highly favourable trend, lower interest rates directly reduce the cost of leasing and auto-loans, potentially stimulating demand through its Financial Services division and offsetting the slower overall GDP growth.

As illustrated in Figure 15, the price of energy and raw materials, such as steel and materials used for batteries, have been falling since 2022 (Fred, 2025a). Lithium particularly reached prices lower than the long-term average (Trading Economics, 2025a). On the other hand, other components such as cobalt and copper showcase a slightly upward growing trend (Trading Economics, 2025b, 2025c). As shown in Figure 16, average crude oil prices decreased in 2024 (Fred, 2025b). For BMW, the stabilization of energy prices and cheaper key battery metals are critical favourable drivers. They reduce manufacturing costs and help protect profit margins as the company scales its BEV production toward its 50% target by 2030 (BMW Group, 2025a).

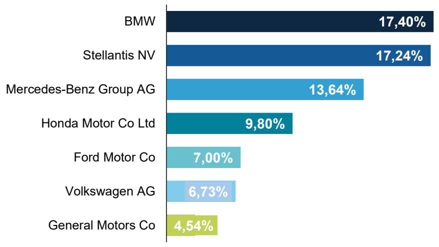
Sector Overview

The automobile markets performed well in 2025, with a growth of 4.8%, the number of new registrations went up to 67,7 million passenger cars, and it is projected a (Compound Annual Growth Rate) CAGR of 4.04% from 2026 to 2031, as shown in Figure 17 (Economist Intelligence Unit, 2026a).

The premium automotive sector is defined by a tight race among three German manufacturers, increasingly challenged by the persistent influence of Tesla as an electric disruptor. As illustrated by Figure 18, in 2024, the BMW Group successfully defended its position as the global leader in the premium segment, delivering 2,450,854 vehicles (slight decline of 4.0% Year on Year). In contrast, Mercedes-Benz recorded a less significant delivery drop of 3.0%, but delivered less units totalling 1,983,403 units. Audi followed in third place with a significant decrease in deliveries of -11.8%. Parallel to this, Tesla delivered about 1,789,000 vehicles in 2024, while it remains the benchmark for pure EV volume, it faced a decline of 1.1% in deliveries, due to intensifying competition in the BEVs segment. As shown in Figure 19, industry electrification rates vary significantly among major players. According to the data collected from LSEG, in 2024, BMW Group led with a 17.40% BEV share, outperforming Mercedes-Benz (13.64%) and Volkswagen AG (6.73%).

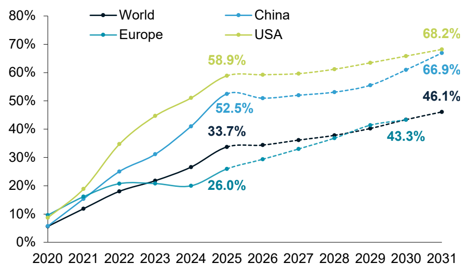
This divergence in consumer behavior is well illustrated by the percentage of new electric vehicle registrations across different regions (Figure 20), where USA leads with 58.9% in 2025, while Europe (25.97%) show more moderate adoption rates (Economist Intelligence Unit, 2026b).

Figure 19: BEV Share of total unit sales by automotive group (2025)



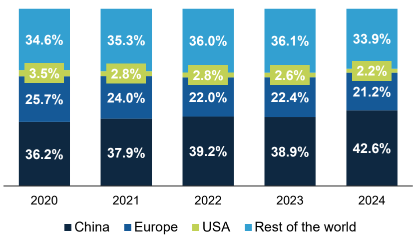
Source: Company data, LSEG

Figure 20: New electric-vehicle registrations (as a percentage of new passenger-car registrations)



Source: The Economist Intelligence Unit

Figure 21: Passenger car production share per Market



Source: The Economist Intelligence Unit

Demand drivers

Electrication & Hybrid Adoption| Consumer adoption of all-battery electric vehicles remains muted in some key markets. Many consumers are instead opting for hybrid vehicles and range extender technologies (Walker & Proff, 2025).

Autonomous Driving| Another trend is autonomous driving, given recent developments in artificial intelligence and machine learning that are driving the advancement of self-driving vehicles. However, safety concerns persist in major markets (Walker & Proff, 2025).

Mobility-as-a-Service (MaaS)| Meanwhile, although private car ownership remains the dominant preference, a growing number of younger consumers are showing interest in MaaS instead of traditional ownership.

Yearly Updated Models| The Yearly Updated trend reflects the setor's increasing dynamism, with new updates integrated into vehicle models on a yearly basis to keep up with rapid technological advancements and changing consumer needs (Koster, Kuhnert, & Stürmer, 2017)

Supply Drivers

Rise of China | Currently, China produces and exports more cars than any other country in the world (Figure 21), with companies such as BYD expanding into Europe. In China, German automakers' sales are already suffering from weak consumer demand (Eckl-Dorna, 2024).

Regionalization| Additionally, due to recent events such as the COVID 19 pandemic, trade wars, and shipping delays, supply chain leaders are opting to regionalize their networks. The localization of battery production is a prime example of this shift, with companies such as Tesla and Volkswagen investing in North American and European facilities to mitigate risk and meet growing sustainability requirements (Alicke et al., 2023).

Sustainability Requirements | Supply in the automotive industry is also being shaped by growing sustainability requirements, such as the European Union (EU) carbon neutrality targets, which require companies not only to decarbonize their operations but also the entire lifecycle of their vehicles (Österle, Grashof, & Horton, 2024).

Competitive Positioning

When evaluating the top OEMs, BMW Group's peer group was chosen based on business description, business segments (including a financial services arm), risk and size. This selection includes major industry players such as Mercedes-Benz, Volkswagen Group, Stellantis, Ford, GM, and Honda (Appendix 1). To help with the competitive analysis, the industry landscape is detailed bellow through Porter's Five Forces (Figure 23) while key internal and external factors are summarized in the SWOT Analysis (Figure 22).

Porter's Five Forces

Threat of New Entrants | **Moderate**: The threat of new entrants in the automotive industry is moderate due to the existence of high barriers of entry, which includes high capital required with massive facilities, research and development of new technologies, established distribution networks and the need to achieve economies of scale.

Additionally, the consumers in the premium segment are influenced by emotional and brand-driven factors and consequently are reluctant making a decision in favour of a new entrant. Nevertheless, BEV focused entrants can disrupt business models and threat the existing players (Virgen, 2025).

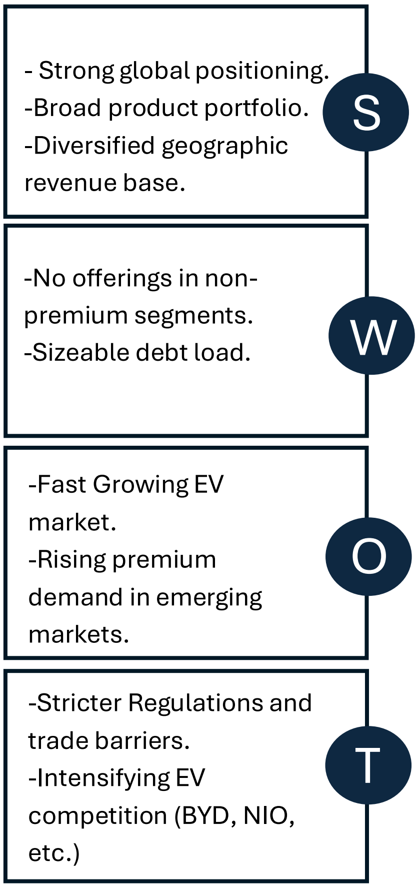
Threat of Substitute Products | **Low**: The threat of substitute products in automotive industry is low and depends on demographic factors, being higher in urban areas. Private car ownership is being increasingly substituted by alternative mobility solutions, such as ride-sharing platforms (Uber and Bolt) and micromobility (e-bikes and electric scooters) (Virgen, 2025). Nevertheless, there are no close substitutes for luxury car manufacturing.

Bargaining power of buyers | **High**: Buyers have a high bargaining power, due to increased transparency and product comparability, by being able to access detailed information, customer reviews and features, in the digital platforms (Geng, 2023). Additionally, with the growing popularity of leasing and financing options, buyers can also change brands more easily.

Power of the Suppliers | **Moderate**: The bargaining power of suppliers depends on the type of parts supplied. Critical EV components such battery cells increase manufacturer's dependence and strengthen supplier's bargaining power. On the other hand, other basic non-branded and less differentiated products can be easily replaced by the manufacturer. However, large brands can mitigate risk through long-term contracts, vertical integration, and diversified supplier base.

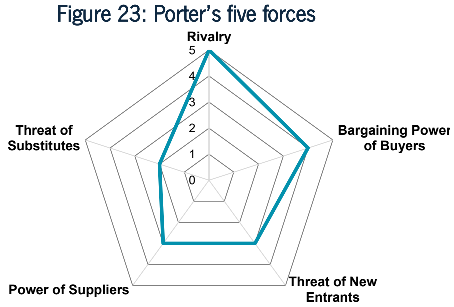
Rivalry Among Competitors | **Very High**: The automotive industry is extremely competitive, particularly during the current transition to EV mobility. Traditional competitors include BMW, Mercedes-Benz and Audi, who are now challenged by new BEV focused entrants like Tesla and BYD. The automotive industry is reaching maturity in many markets thus, to outperform other brands there's intense investments in production, electrification and digitalization to reach more innovative products.

Figure 22: SWOT analysis



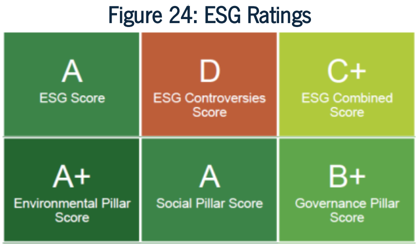
Source: Author

Figure 23: Porter's five forces



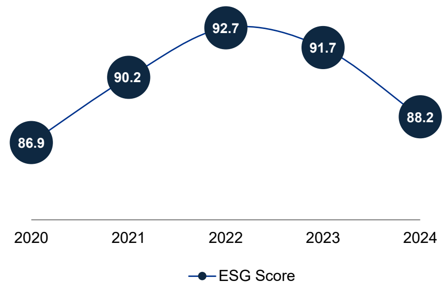
Source: Author

Figure 24: ESG Ratings



Source: LSEG

Figure 25: Historic ESG score



Source: Company Data

Table 2: Global top 10 automakers & auto parts ESG rating

Ranking	Company	ESG Score
1	Mahindra and Mahindra Ltd	89.67
2	**Bayerische Motoren Werke AG**	**88.19**
3	Stellantis NV	85.45
4	Tata Motors Passenger Vehicles Ltd	85.11
5	Volkswagen AG	83.76
6	Volvo Car AB	83.63
7	Mercedes-Benz Group AG	83.28
8	Compagnie Generale des Etablissements Michelin SCA	82.33
9	Ford Otomotiv Sanayi AS	81.74
10	Renault SA	80.01

Source: LSEG

Table 3: Other ratings

Other Rankings	Score
MSCI ESG	A
Sustainalytics	22.9 (Medium ESG Risks)
ISS ESG	C+
CDP Climate	A

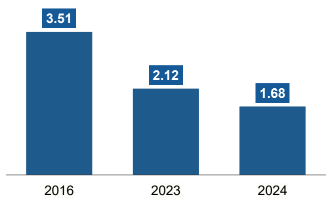
Source: Company Data

Table 4: ESG main targets

ESG Main Targets
Share of all electric cars in deliveries above 50% by 2030.
Net zero emissions across the entire value chain by 2050.
25% women in management by 2030.
50% of executive cross-divisional targets tied to ESG criteria.

Source: Company Data

Figure 26: Waste disposal per vehicle produced (kg)



Source: Company Data

Environmental, Social and Governance

Overview and ESG Strategy

According to the data collected from LSEG in 2024, the BMW Group achieved good rantings, having a ESG score of 88.19 (A) decreasing from 91.73 in 2023 (Figure 25), ranking second on Automobiles & Auto Parts Industry (Table 2). The BMW Group receive a controversy score of 8.33 (D), resulting in a ESG combined Score of 48.26 (C+) for the year (Figure 24).

Besides the ratings mentioned above, BMW Group ranks 'A' in MSCI ESG and CDP Climate but received a 'C' from ISS ESG (Table 2). This 'C' grade from ISS, which focuses strictly on financial materiality and corporate governance risks (ISS, n.a.), suggests there are still internal gaps in how ESG is managed.

BMW Group main ESG goals are summarized in Table 4. Reaching these goals is not guaranteed, it depends heavily on external factors such as global infrastructure and raw material supply chains.

Environmental

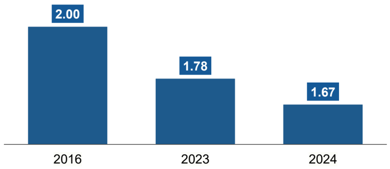
Net Zero Target | By 2050 the group aims to achieve net zero emissions across the entire value chain. The Group aims to reduce its total emissions by 90% relatively to the baseline year 2019. At net zero, unavoidable CO^2 emissions remaining after the reduction measures will be at maximum 10% of the 2019 baseline, these remaining 10% will be offset through certified carbon removal (BMW Group, 2025a).

Energy Efficiency | Energy consumption per vehicle produced decreased to 1.94 MWh of which 48.5% of total energy was sourced from renewables (BMW Group, 2025a).

Circular Economy | The Group implements a Secondary First strategy, which aims to prioritize the use of recycled materials over primary raw materials. This approach is designed to reduce CO2 emissions and the environmental impact of resource extraction, while simultaneously decreasing dependency on critical raw materials. Currently, reused and recycled materials account for 30.0% of the Automotive segment's composition (BMW Group, 2025a). As shown in Figure 26, the Group successfully reduced waste for disposal to 1.68kg per vehicle produced in 2024, a 20.8% decrease compared to the previous year (BMW Group, 2025a).

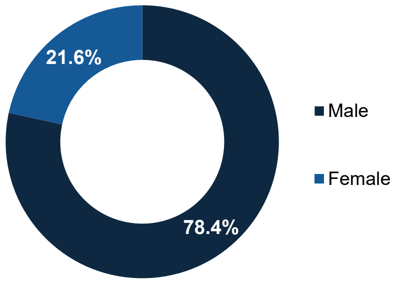
Water | In 2024 potable water consumption per vehicle in automobile production was 1.67 m^3 (Figure 27), lower than 2023 which was 1.78 m^3 (BMW Group, 2025a).

Figure 27: Potable water consumption per vehicle produced in m^3



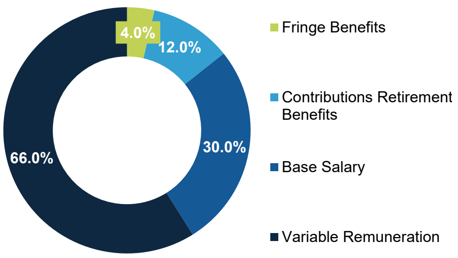
Source: Company Data

Figure 28: Gender distribution at management level by 2024



Source: Company Data

Figure 29: Total target remuneration of the board of management



Source: Company Data

Table 5: Board members fixed remuneration

Board members fixed remuneration	
Board members (level 1)	€0.9 Million
Board members (level 2 - after 4th year or 2nd term)	€1.05 Million
Chairman / CEO	€1.95 Million

Source: Company Data

Controversies | Ongoing Investigation on X3 diesel emissions, despite the lack of ruling, in the worst-case scenario involves reputational negative impact (Reuters, 2023).

Social

Own work force | BMW Group employs 158,411 people worldwide. In its 2024 report the group discloses to have invested 415.4 million in vocational training and further education. In 2024 about 81% of employees were covered on the group performance and career assessment processes. Additionally, as shown in figure 28, Female representation in management is 21.6%, approaching the 2030 target of 25% (BMW Group, 2025a).

Supplier Responsibility | The Group performs due diligence on its suppliers to prevent child labour, slave work and sustainability violations (BMW Group, 2025a).

Consumers and End-Users | On its report the BMW Group places safety and digital data protections as material topics, as digital services increase cybersecurity exposure (BMW Group, 2025a).

Controversies | The BMW Group, Mercedes-Benz and Volkswagen AG were challenged on the due diligence made to prevent forced labour on its supply chain, associated with components from banned suppliers in Xinjiang, China. This represents a material risk due to the reputational damage to BMW Group's Brand Value (Reuters, 2024).

Governance

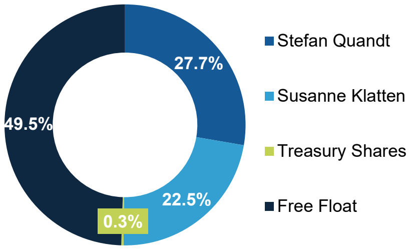
Supervisory board & board of Management

The BMW Group corporate governance is based on the German model, operating under a two-tier governance system, comprising the Supervisory Board and a Management Board. The Supervisory Board, led by Nobert Reithofer, is composed by 20 members, 10 elected by General Meeting of Shareholders and 10 by employees, and is responsible for the company's management. The Board of Management, detailed in Appendix 2, led by Oliver Zipse, is composed by 7 members, and is responsible for the day-to-day operations, and the execution of the strategy approved by the Supervisory Board (BMW Group, 2025a).

Executive Compensation

While the BMW Group Supervisory Board compensation is entirely fixed (Table 5), the remuneration system for the Board of Management combines fixed and

Figure 30: Shareholder structure



Source: Company Data

variable components (Figure 29). Variable remuneration is composed by the Short-term and Long-term components. Regarding the Short-term variable remuneration, this annual bonus consists of two other components equally weighted: Earnings Component and Performance Component. The long-term incentive involves a personal cash investment. This structure is further detailed in Appendix 3.

Shareholder Structure

According to the BMW Group 2025 Half-Year Report, the Group has issued 561,134,926 shares of common stock and 54,675,505 shares of non-voting preferred stock, each with a par value of €1. As illustrated in Figure 30, the majority of voting power is held by the Quandt family: Stefan Quandt holds 27.7% and Susanne Klatten holds 22.5%, either directly or through controlled entities. Of the remaining ordinary shares, 0.3% are held as Treasury Shares, while 49.5% represent the free-float, making them available for public trading (BMW Group, 2025b).

Financial Analysis

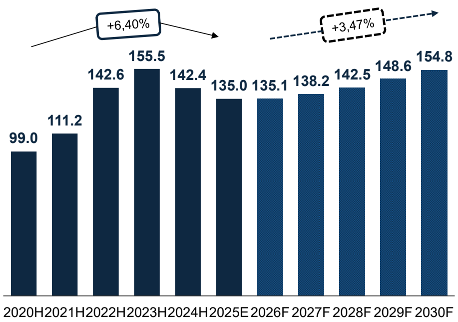
The financial performance of the BMW Group is currently defined by a structural transition from traditional ICE vehicles to BEVs. Historically, the Group has leveraged its premium brand positioning to maintain high-profit margins, however, the recent period has been marked by a significant operational realignment. In 2024 and 2025, performance was severely impacted by deteriorating conditions in China (the Group's largest market in terms of deliveries, as shown in Figure 3) where intense competition from local BEV manufacturers and a broader economic slowdown led to a substantial contraction in revenue and operating results. Additionally, the Group is currently facing a peak in Research and Development (R&D) and Capital expenditures (CapEx) requirements necessary to develop and scale the *Neue Klasse* architecture, leading to compromised fixed cost absorption and temporary margin dilution. Despite these headwinds, the strategy for the explicit forecast period (2026F-2031F) relies on the launch of the *Neue Klasse* generation in 2025, including a model specifically developed for the Chinese market released in March 2026 to regain market share. Additionally, the Group's "Local-for-Local" strategy remains a key operational hedge, allowing flexible production to mitigate the financial impact of global trade protectionism and regional demand fluctuation. This financial analysis is supported by the company's financial statements presented in Appendices 4 through 8, while assumptions used are detailed in Appendix 9. The specific formulas applied in Table 8 are further detailed in Appendix 10

Table 6: BMW Key financials: actual values for 2023-2024, expected values for 2025 and forecasted values for 2026-2030 (M'€)

Key Financials (€M or %)	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F
Sales	142,610	155,498	142,380	135,006	135,095	138,172	142,519	148,632	154,829
EBIT	14,028	18,463	11,377	8,261	8,125	7,836	8,956	9,708	10,950
Net Income	18,582	12,165	7,678	5,897	5,802	5,604	6,394	6,929	7,807
Margins									
Gross Margin	26.29%	28.18%	26.06%	25.00%	26.00%	27.00%	28.00%	29.00%	30.00%
EBITDA Margin	15.84%	17.64%	14.07%	12.86%	13.36%	13.36%	14.11%	14.36%	14.86%
EBIT Margin	9.84%	11.87%	7.99%	6.12%	6.01%	5.67%	6.28%	6.53%	7.07%
EBT Margin	16.48%	10.99%	7.71%	6.24%	6.13%	5.79%	6.40%	6.65%	7.20%
Profitability Ratios									
Payout Ratio	18.66%	40.52%	44.59%	45.00%	45.00%	45.00%	45.00%	45.00%	45.00%
Net operating profit margin	6.89%	8.32%	5.60%	4.29%	4.21%	3.97%	4.40%	4.58%	4.95%
ROCE	6.68%	8.72%	4.72%	3.54%	3.37%	3.16%	3.49%	3.66%	3.99%
ROE	19.65%	12.15%	7.67%	8.71%	8.31%	7.85%	8.30%	8.47%	8.90%
Solvency Ratios									
D/E	1.03	1.02	1.17	1.09	1.09	1.08	1.08	1.08	1.08
Equity Ratio	0.37	0.37	0.35	0.37	0.37	0.38	0.38	0.38	0.38
Interest coverage ratio	82	55.89	28.14	28.32	27.83	26.24	29.08	30.22	32.73
Net Debt/EBITDA	4.95	3.83	7.40	4.61	4.46	4.35	4.08	4.01	3.92
Liqudity Ratios									
Current Ratio	1.09	1.09	1.10	1.06	1.08	1.10	1.11	1.12	1.12
Cash Ratio	0.20	0.20	0.22	0.22	0.25	0.28	0.30	0.30	0.29
Quick Ratio	0.89	0.89	0.88	0.84	0.83	0.81	0.81	0.82	0.83
Operating & Asset Management									
Capex	8,947	10,765	12,184	11,401	10,867	10,100	9,900	9,804	10,223
Capex/Sales	6.27%	6.92%	8.56%	8.45%	8.04%	7.31%	6.95%	6.60%	6.60%
Depreciation/net PP&E t-1	21.56%	15.93%	14.55%	14.55%	14.55%	14.55%	14.55%	14.55%	14.55%
Operating Working Capital	10,012	12,334	13,095	11,803	12,155	12,687	13,360	14,533	15,761
Days Sales Outstanding	11	9.77	7.27	7.61	7.60	7.60	6.89	6.89	6.90
Days Inventory Outstanding	69	77.52	84.55	80.02	82.76	85.72	88.86	92.22	95.66
Days Payables Outstanding	49	50.81	48.97	47.62	48.65	50.22	50.90	51.66	52.43

Source: Author, Company Data

Figure 31: Total revenues growth (M'€)



Source: Company Data

Table 7: Automotive segment *(M'€)*

Key Financials (€M or %)	2022H	2023H	2024H
Sales	105.834	118.266	103.524
Deliveries	2.399.632	2.554.183	2.450.854
ASP	44.104	46.303	42.240
EBIT	10.635	12.981	7.893
EBIT Margin	10,05%	10,98%	7,62%
RoCE	18,10%	20,20%	11,40%
Capex	8.766	10.573	11.987
Capex/Sales	8,28%	8,94%	11,58%
Depreciation	8.433	8.826	8.504
Operating Working Capital	10.012	12.334	13.095
Days Sales Outstanding	13,3	12,0	8,6
Days Inventory Outstanding	65,4	73,5	75,8
Days Payables Outstandind	44,7	46,2	42,5

Source: Author, Company Data

Revenue Dynamics and Profitability

As illustrated by Figure 31, the BMW Group achieved record revenues of €155.5 billion in 2023, driven by strong pricing and highly favourable product mix, with an increase in deliveries of high revenue models such as the BMW 7 Series and BMW X5. However, 2024 saw an 8.44% decline to €142.4 billion, a contraction primarily led by the Automotive segment. This downturn reflects a normalization of Average Selling Prices (ASPs) following the supply-constrained peaks of previous years, alongside volume softness in the Chinese market, and temporary delivery stops related to the Integrated Braking System (IBS) supplier issue. Despite the revenue contraction, total vehicle deliveries remained broadly stable at 2.45 million units, indicating that the decline was largely price driven. For the forecast period (2026-2030), total group revenue is projected to grow at a CAGR of 3.47%. This growth is modelled based on regional GDP expectations for delivery volumes and inflation for ASPs.

Automotive | Over the historical period, the automotive segment revenues rose from €68,106 million in 2020 to €103,534 million in 2024 (+8.74% CAGR). The BMW brand deliveries remained stable from 2.02 million in 2020 to 2.20 million in 2024 (+1,64% CAGR), while the MINI brand deliveries increased from

Table 8: Motorcycles segment key financials (M'€)

Key Financials (€M or %)	2022H	2023H	2024H
Sales	3.194	3.255	3.259
Deliveries	202.895	209.066	210.385
ASP	15.742	15.569	15.491
EBIT	257	259	198
EBT Margin	8,05%	7,96%	6,08%
RoCE	24,90%	22,10%	15,50%
Capex	171	184	183
Capex/Sales	5,35%	5,65%	5,62%
Depreciation	101	116	118
Operating Working Capital	451	441	490
Days Sales Outstanding	16,04	11,42	59,78
Days Inventory Outstanding	111,39	124,37	123,28
Days Payables Outstandind	68,61	77,78	75,25

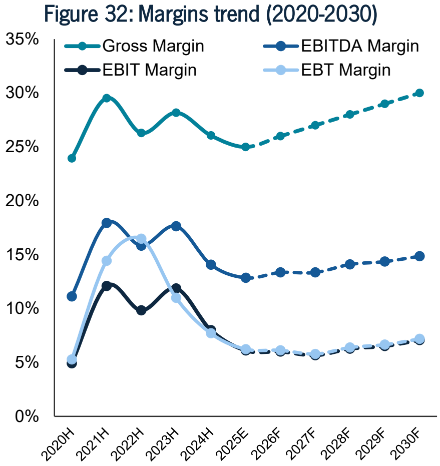
Source: Author, Company Data

Table 9: Financial services segment key financials (M'€)

Key Financials (€M or %)	2022H	2023H	2024H
Sales	33,581	33,976	35,595
Penetration Rate	64.41%	60.39%	69.11%
New contracts	1,545,490	1,542,514	1,693,876
Average Revenue per contract	21,728	22,026	21,014
EBT Margin	8.82%	8.72%	7.13%
ROE	12.57%	12.57%	10.66%

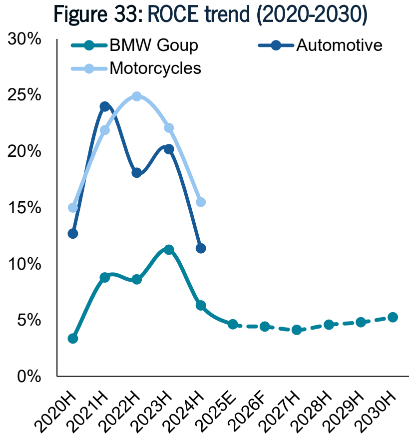
Source: Author, Company Data

Figure 32: Margins trend (2020-2030)



Source: Author, Company Data

Figure 33: ROCE trend (2020-2030)



Source: Author, Company Data

292k in 2020 to 245k in 2024 (-3.49% CAGR). The decline reflects limited new model introductions and the phase-out of traditional gasoline and diesel models, as the brand moves towards an all-electric model range by 2030. Lastly, Rolls-Royce deliveries rose from 3,756 units in 2020 to 5,712 in 2024 (+8,75% CAGR). Overall automotive deliveries remained stable (1.06% CAGR). For the projection period deliveries are projected to have a moderate growth (+1.36% CAGR) and Revenues are forecasted to grow at a CAGR of 2.73%. The Automotive segment key financials for the entire period under analysis is in Appendix 11.

Motorcycles | This segment followed a similar trajectory to the automotive segment, as shown in Table 8 revenues grew to €3.22 billion in 2024 (+7.28% CAGR from 2020 to 2024) (BMW Group, 2025a). For the forecasted period the Motorcycle segmented is forecasted at a CAGR of 4.29% for 2026-2031. These forecasts are further detailed in Appendix 12.

Financial Services | The Financial Services segment had 5-year revenues historical CAGR of 4.48% from 2020 to 2024. Within this segment, the volume of new leasing contracts depends on the penetration rate, which is projected to increase alongside the growing share of electric vehicles, as BEVs historically exhibit a higher propensity to be leased. Supported by this steady increase in new contracts, the segment's revenues are projected to grow at a CAGR of 3.51% between 2026 and 2030. These forecasts are further detailed in Appendix 13.

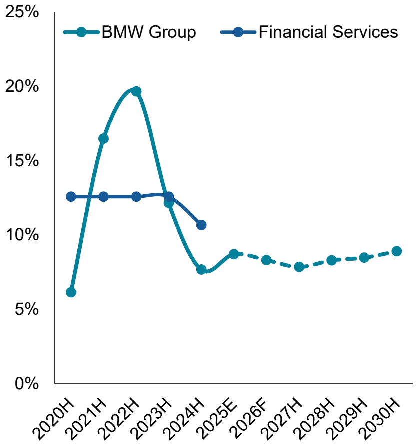
The Group's margins have seen a significant contraction relative to 2023. The EBITDA margin, which reached 17.64% in 2023, fell to 14.07% in 2024. This was accompanied by an EBIT margin compression to 7.99% (vs. 11.87% in 2023) and an EBT Margin of 7.71% (vs. 10.99% in 2023), as shown in Table 6. As previously noted, this profitability dilution reflects the peak in transition-related R&D expenditures, compounded by exceptional warranty provisions and competitive pressures in China.

In terms of profitability, the group's Returns on Capital Employed (ROCE) and Return on Equity (ROE) decreased significantly in 2024 reaching 6.32% and 7.67%, as shown in Table 6. This compression reflects the peak investment phase in the *Neue Klasse* architecture and the competitive pressure in the electric vehicle segment. A trajectory is forecasted from 2027 onwards, with ROCE reaching 5.25% and ROE 8.90%.

Automotive | The segment's EBIT fell 39.20% year-on-year to €7.89 billion in 2024. The ROCE followed a similar downward path, dropping from 20.2% in 2023 to 11.4% in 2024 (Table 7).

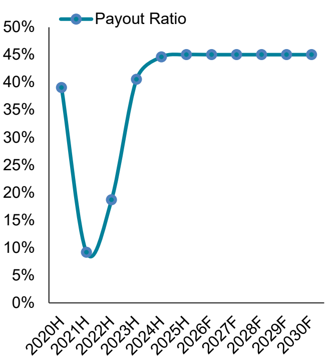
Motorcycles | Recorded an EBIT contraction of 23.55% in 2024, with EBIT Margin at 6.08% in 2024 (vs. 7.96% in 2024), ROCE also declined to 15.5%

Figure 34: ROE trend (2020-2030)



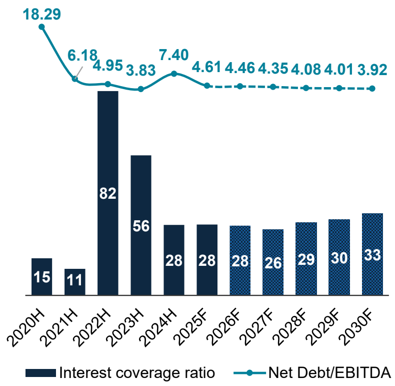
Source: Author, Company Data

Figure 35: Payout ratio trend (2020-2025)



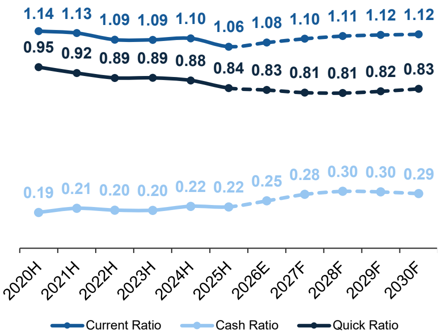
Source: Author, Company Data

Figure 36: Solvency breakdown (2020-2030)



Source: Author, Company Data

Figure 37: Liquidity breakdown (2020-2030)



Source: Author, Company Data

(vs. 22.10% in 2023). Although the segment had favourable pricing and product mix these effects were offset by higher material and development costs.

Financial Services | This segment recorded an EBT margin of 7.13% (vs. 8.72% in 2023) and an ROE of 10.66% (vs. 12.57% in 2023), as shown in Table 9. This profitability contraction was primarily driven by slightly higher credit defaults due to the economic slowdown in China, alongside unexpected legal and tax expenses in the UK.

For the forecast period (2026-2030), margins are projected to moderately increase (Figure 32), driven by structural manufacturing efficiencies and lower battery costs introduced by the *Neue Klasse* rollout. While the Group anticipates a gradual recovery in the EBIT margin, this progress is constantly squeezed by the need to reinvest at higher intensities than in the past. Consequently, the heavy capital requirements needed to stay competitive pressure profitability, preventing margins from returning to their previous historical peaks in the forecast period. Additionally, ROCE is estimated to reach 5.25% (Figure 33) and ROE stabilizing at 8.90% by 2030 (Figure 34), these levels reflect a new reality where the operational leverage of the new platform is largely absorbed by the high capital intensity and R&D costs required to sustain the EV transition.

The dividend payout ratio is expected to remain disciplined and stable at 45% throughout the forecast period aligned with the increase in the payout ratio in 2023 in 2024 illustrated in Figure 35.

Solvency & Liquidity

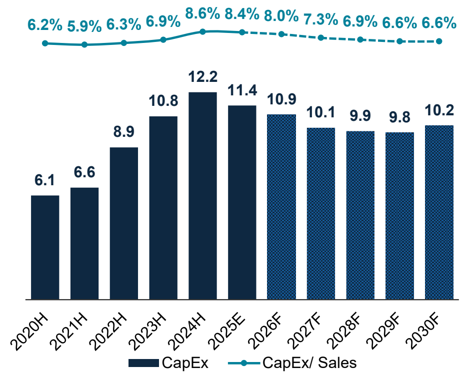
BMW's capital structure has faced recent fluctuations, with the Interest Coverage Ratio peaking at 82.0x in 2022 due to the consolidation of the BBA joint venture in China before normalizing to 28.14x in 2024 (Table 6). Simultaneously, Net Debt/EBITDA reached 7.40x in 2022 (Figure 36). Looking ahead, solvency is expected to stabilize: the Net Debt/EBITDA is projected to decrease to 3.92x (Figure 36), and the D/E ratio to 1.08 by 2030 (Table 6). This trend suggests that as the *Neue Klasse* scales, operational cash flows will effectively manage debt and interest obligations.

The Group maintains resilient liquidity, with a historical Current Ratio around 1.10 and a Quick Ratio of 0.88 in 2024. Over the 2026–2030 projection period, liquidity is forecast to remain robust, with the Current Ratio reaching 1.12 and the Quick Ratio stabilizing at 0.83. These levels ensure BMW can sustain high strategic investments without compromising short-term financial stability (Figure 37).

Operating & Asset Management

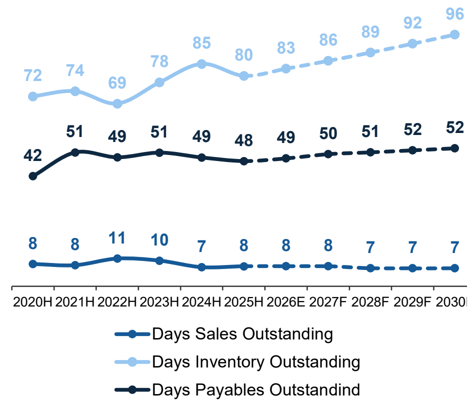
Historically, BMW maintained a steady CapEx-to-Sales ratio of around 6% between 2020 and 2022. However, to secure its technological advantage in

Figure 38: CapEx (Billions of €) (2020-2030)



Source: Author, Company Data

Figure 33: Days outstanding breakdown (2019-2030)



Source: Author, Company Data

Table 10: WACC estimation (M'€)

Weighted Average Cost of Capital	
Equity (MV)	56 122
Debt (MV)	98 653
Enterprise Value	**154 775**
Default Spread	0,40%
Cost of Debt	3,26%
Marginal Tax Rate	29,94%
After tax cost of debt	**2,29%**
Rf (10-Year Treasury Bond Yield)	2,86%
Equity Risk Premium	6,21%
Levered Beta	1,18
D/V	0,64
E/V	0,36
Cost of Equity	**10,21%**
WACC	**5,16%**

Source: Author Analysis

Table 11: Selected peers for bottom-up beta estimation

Peers	Levered Beta	Unlevered Beta
Ford Motor Co	1,62	0,49
General Motors Co	1,32	0,53
Mercedes-Benz Group AG	1,01	0,42
Stellantis NV	1,61	0,76
Volkswagen AG	1,65	0,38
Honda Motor Co Ltd	1,39	0,61
Average	**1,43**	**0,53**

Source: Author Analysis

the electric transition, the Group significantly increased its investment spending in recent years. As shown in Figure 38 and Table 6, overall CapEx peaked at 8.56% of total sales in 2024 (€12,184M), reflecting an intense phase of factory modernization for the new *Neue Klasse* architecture. Similarly, historical depreciation as a percentage of net PP&E$_{(t-1)}$ stood at 15.93% in 2023 and 14.55% in 2024. Looking into the forecast period, the CapEx-to-sales ratio is expected to gradually normalize, although absolute CapEx will remain higher than historical averages.

By 2030, CapEx is projected to decrease to 6.60% of sales (€10,223M) (Table 6), as the Group reaches its target of a 50% electric vehicle sales share in 2030. Regarding depreciation, the projection assumes a constant rate of 14.55% moving forward. This assumption reflects that, driven by the sustained high levels of CapEx, absolute depreciation expenses will remain high.

In the historical period, BMW's Operating Working Capital (OWC) increased to €15,761M in 2024 (Table 6). This evolution was driven by fluctuations in the operational cycles: Days Inventory Outstanding (DIO) showed an upward historical trend, reaching 80-84 days by 2024, while Days Sales Outstanding (DSO) and Days Payables Outstanding (DPO) remained relatively stable, ending 2024 at approximately 7 and 49 days, respectively. Over the projection period, OWC is expected to grow steadily, reaching €15,761M by 2030. As illustrated in the working capital cycle chart, DIO is assumed to continue its historical upward trend, reaching 96 days by 2030. This assumption reflects the higher inventory complexity driven by electrification, broader model availability, and the simultaneous production of combustion and electric vehicles, before converging towards a stable long-term level. Conversely, DSO and DPO are projected by assuming their historical averages will be maintained. DSO will stabilize at 7 days, supported by the Group's strategy to increase direct sales, while DPO will remain steady at around 52 days, reflecting disciplined liquidity management and continued support for the supplier base.

VALUATION

The **HOLD** recommendation for BMW Group is based on a 2026 year-end target price of €83.57 (6.59% downside), derived from a core DCF model. This baseline valuation is rigorously corroborated by Sensitivity, Scenario, and Monte Carlo analyses, alongside Relative and Option Valuation models, all converging to solidify the final investment decision. This recommendation is based on the system presented in Appendix 14.

A WACC of 5.16% (Table 10) is used to discount the projected FCFFs and the Terminal Value to present values. The pre-tax cost of debt of 3.26% is determined by adding a default spread of 0.40% (reflecting BMW's AAA credit rating) to the risk-free rate of 2.86%, which corresponds to the 10-year German

Table 12: Free cash flows to the firm (2025-2030) (M'€)

Free Cash Flows to the Firm (M'€)	
2025E	8.773
2026F	4.999
2027F	5.238
2028F	5.074
2029F	4.224
2030F	4.595

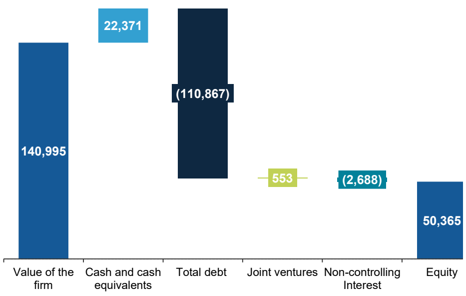
Source: Author Analysis

Table 13: Discounted cash flow breakdown (M'€)

DCF Valuation 2026F (M'€)	
Present value FCFF (2026-2031)	16.959
Present Value Terminal Value	124.036
Enterprise Value	140.995
Debt (2026F)	110.867
Cash and cash equivalents (2026F)	22.371
Joint Ventures (2026F)	553
Non-controlling interest (2026F)	2.688
Value of equity	50.365
Value of equity per share	**83,57**
Downside	*-6,59%*

Source: Author Analysis

Figure 39:Value of the firm to equity value waterfall chart



Source: Author Analysis

Figure 40: Terminal growth rate sensitivity analysis

WACC	Terminal Growth Rate 1.70%	1.85%	2.00%	2.15%	2.30%
4.86%	86.09	96.76	108.55	121.65	136.28
5.01%	75.46	85.12	95.74	107.48	120.52
5.16%	65.74	74.53	83.57	94.72	106.41
5.31%	56.83	64.85	73.60	83.18	93.71
5.46%	48.64	55.98	63.97	72.68	82.22

Source: Author

Figure 41: EBIT Margin sensitivity analysis

WACC	EBIT Margin -3.00%	-1.50%	0.00%	+1.50%	+3.00%
-0.30%	90.87	94.92	98.98	103.03	107.09
-0.15%	83.18	87.11	91.04	94.97	98.91
0.00%	75.94	79.75	83.57	87.38	91.20
+0.15%	69.11	72.81	76.52	80.23	83.94
+0.30%	62.66	66.26	69.86	73.47	77.07

Source: Author

government bond yield. The applied marginal tax rate is 29.94%. The cost of equity of 10.21% is calculated using the CAPM formula, incorporating the risk-free rate, an equity risk premium of 6.21% (resulting from a weighted average of the company's regional sales), and a re-levered beta of 1.18. This beta was derived through a bottom-up approach, leveraging the average unlevered beta of a refined peer group illustrated in Table 11. Peers were specifically selected based on their closeness to the premium automotive segment, comparable market capitalization, and the presence of a captive financial services arm, ensuring the WACC accurately reflects the integrated risk profile of the Group. The debt-to-equity ratio is applied to the WACC and used to re-lever resulting in levered beta of 1.18, reflecting the current capital structure. Notably, the market value of debt was estimated using Damodaran's methodology, treating the total book debt as a single coupon-paying bond to accurately reflect current market conditions further detailed in Appendix 15. WACC computation is further detailed in Appendix 16.

While a WACC of 5.16% may appear low for a traditional automotive OEM, it is primarily driven by BMW's capital structure, where debt represents 64% of total firm value (D/V of 0.64). Given pre-tax cost of debt of 3.26%, this high leverage leads to a WACC bellow the automotive benchmark. As a robust check, a direct market regression of BMW's monthly returns against the DAX yields a WACC of 5.33%, further detailed in Appendix 17.

Discounted Cash Flow Valuation

The DCF valuation uses the FCFF approach to estimate the cash flows over the projected period shown in Table 12, and the Terminal Value is estimated using the Gordon Growth Model. The terminal growth rate is assumed at 2.00%, aligned with the European Central Bank's long-term inflation target. For the perpetuity state, it was assumed that terminal ROIC equals WACC (5.16%). Consequently, the terminal reinvestment rate was calculated using the relationship between terminal growth and ROIC, resulting in a rate of 38.77%. Using this reinvestment rate, the Terminal Value is estimated at €151.7 billion. This approach yields an Enterprise Value of €141.0 billion. After adjusting for cash, the market value of debt, and non-controlling interests, the Equity Value stands at €50.4 billion, resulting in a value per share of €83.57 at the end of 2026, as shown in Figure 39. The forecast assumptions used for this method and the DCF computation are further detailed in Appendix 18.

Sensitivity Analysis

A sensitivity analysis was conducted to test the DCF model's robustness against key macroeconomic and operational variables. Given the estimated downside of -6.59% (target price of €83.57 versus the current price of €89.46), the baseline recommendation is a Hold, making the valuation highly dependent on minor operational shifts.

Figure 42: Deliveries sensitivity analysis

WACC	Deliveries Growth -3.00%	-1.50%	0.00%	+1.50%	+3.00%
-0.30%	81.16	89.51	98.98	109.64	121.60
-0.15%	74.94	82.47	91.04	100.73	111.63
0.00%	69.07	75.84	83.57	92.34	102.25
+0.15%	63.54	69.58	76.52	84.43	93.41
+0.30%	58.31	63.67	69.86	76.97	85.06

Source: Author

Regarding core valuation parameters, the model demonstrates high sensitivity to the discount rate and terminal growth, as illustrated in Figure 40. A pessimistic scenario (WACC at 5.46% and terminal growth rate at 1.70%) yields a share price of €48.64, becoming a sell recommendation. Conversely, an optimal scenario (WACC at 4.86% and Terminal growth rate at 2.30%) values the shares at €136.28, emphasizing the terminal period's weight in the Enterprise Value.

Operational profitability is a primary value driver. As shown in Figure 41 in Figure 3.00% fluctuation in the EBIT margin, assuming the base WACC, changes the target price between €75.94 and €91.20.

Figure 43 : Average selling price sensitivity analysis

WACC	Average selling price -3.00%	-1.50%	0.00%	+1.50%	+3.00%
-0.30%	78.57	88.20	98.98	110.99	124.32
-0.15%	72.49	81.23	91.04	102.00	114.20
0.00%	66.77	74.66	83.57	93.54	104.67
+0.15%	61.36	68.47	76.52	85.57	95.70
+0.30%	56.26	62.62	69.86	78.04	87.22

Source: Author

The deliveries sensitivity analysis includes vehicles and motorcycles deliveries, and new contracts on the financial services segment. As shown in figure 42, a 3.00% acceleration in deliveries growth raises the target price to €102.25, whereas a 3.00% contraction decreases it to €69.07. Similarly, a 3.00% decrease in the ASP lowers the target to €66.77 while a 3.00% ASP premium raises it to €104.67, as shown in Figure 43.

This dynamic demonstrates that volume expansion successfully offsets the heavy reinvestment in the current capital-intensive transition to electric mobility. Additionally, a 3.00% fluctuation in the Cost of Goods Sold (COGS) swings the valuation between €78.19 and €88.28, as shown in figure 44.

Figure 44: Cost of goods sold sensitivity analysis

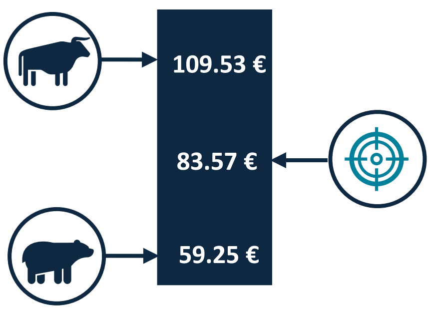
WACC	COGS -3.00%	-1.50%	0.00%	+1.50%	+3.00%
-0.30%	104.21	107.01	109.80	112.60	115.39
-0.15%	90.54	93.19	95.84	98.49	101.14
0.00%	78.19	80.71	83.23	85.75	88.28
+0.15%	67.00	69.40	71.80	74.21	76.61
+0.30%	56.81	59.10	61.39	63.69	65.98

Source: Author

Scenario Analysis

A scenario analysis summarized in figure 45, was conducted to evaluate the DCF valuation under divergent macroeconomic and operational environments. In the Bear scenario, the model assumes a deterioration in the macroeconomic environment, driven by intense price wars in China, potential trade tariffs, and high costs for new platforms that fail to achieve immediate scale efficiency. Key operational parameters were adjusted pessimistically: Cost of Goods Sold (COGS) and CapEx-to-sales increased by 0.50% and 0.25%, respectively, while both deliveries and Average Selling Price (ASP) contracted by 0.50%. Under these conditions, the valuation yields a target price of €59.25, representing a downside of -33.77% relative to the current share price.

Figure 45: Scenario analysis summary



Source: Author Analysis

Conversely, the Bull scenario reflects optimal execution of the *Neue Klasse* technology, leading to significant cost reductions and high operating leverage.

Operational parameters were adjusted optimistically: COGS improved by 0.50% and CapEx-to-sales decreased by 0.25%, supported by a 0.50% expansion in both deliveries and ASP. This operational excellence enhances cash flow generation, resulting in a target price of €109.53, which implies an upside potential of 22.44%.

Monte Carlo Simulation

A Monte Carlo simulation comprising 10,000 iterations was conducted to assess the target price probability distribution. Assuming a normal probability distribution for all key inputs, the model simultaneously varied five core variables: WACC, terminal growth rate, ASP, COGS, and deliveries growth. The simulation applied the exact standard deviations previously established (0.25% for operational variables and 0.15% for discount and growth rates). The simulation yields an average target share price of €83.89, with a standard deviation of €10.48 (Table 14).

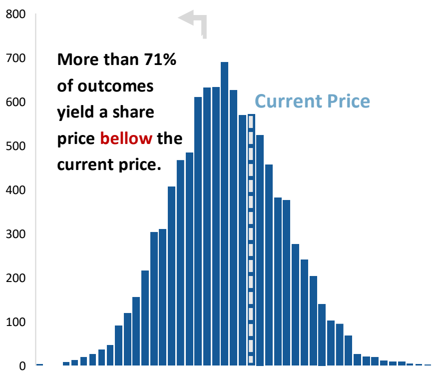
The resulting distribution reveals that 90% of the outcomes fall between €67.10 (5th percentile) and €101.40 (95th percentile), as shown in Table 14. The distribution illustrated in Figure 46 indicates a 71% probability of the target price falling below the current market price, compared to merely a 29% probability of exceeding it. Because the average target price (€83.89) sits below current trading levels and most simulated outcomes point to a downside, this probabilistic approach strongly reinforces the baseline Hold recommendation, signalling limited upside potential given the current risk profile

Table 14: Monte Carlo simulation statistics

Simulation Statistics	
Average share price	83.89
Maximun	122.35
Minimun	46.88
Standard Deviation	10.48
Covariance	0.12
Skewness	0.10
Kurtosis	(0.01)
% above bull scenario	0.95%
% bellow bear scenario	0.63%
5% Percentile	67.10
95% Percentile	101.40
Probability of being below the current Price	0.71
Probability of being above the current Price	0.29
Trial Balances	10,000

Source: Author Analysis

Figure 46: Monte Carlo simulation histogram



Source: Author Analysis

Relative Valuation

To complement the DCF analysis, a relative valuation is performed by benchmarking BMW against the previously established peer group of global automakers with integrated financial services. The valuation utilizes four 12-month forward multiples: P/E, EV/EBITDA, and a sector-specific EV/BEVs Deliveries metric. For the EV/BEVs Deliveries multiple, 12-month forward Enterprise Value (as of 31/12/2025) and current total deliveries were sourced from Refinitiv. Peer electric vehicle volumes were estimated by multiplying total deliveries by the respective percentage of electrified vehicles for each automaker, as reported by Refinitiv. EV/EBITDA is considered a primary multiple for the capital-intensive automotive industry, as it neutralizes discrepancies related to capital structure and depreciation policies, yielding an implied share price of €78.56 based on a peer average of 7.65x. The EV/Electric Vehicles Deliveries metric (average 0.16x) is applied to provide a targeted assessment of the portfolio's value regarding the ongoing electrification transition, resulting in a more conservative implied price of €66.47. Additionally, traditional equity multiples are assessed, the P/E ratio (average 7.68x) suggests a implied value of €108.12.

Averaging the implied stock values from these four metrics results in a final implied share price of €84.38 (Table 16). This represents a downside potential of -5.68% compared to the current stock price of €89.46. Ultimately, the relative valuation results are highly consistent with the updated DCF output (€83.57), reinforcing the current pricing dynamics of the stock and strongly supporting

Table 15: BMW Group peer companies (M'€)

Company Name	Market Cap (€)	Enterprise Value
Bayerische Motoren Werke AG	**56,122**	**154,775**
Ford Motor Co	47,585	196,484
General Motors Co	60,232	181,986
Mercedes-Benz Group AG	56,811	169,210
Stellantis NV	20,155	50,719
Volkswagen AG	50,840	295,821
Honda Motor Co Ltd	38,948	108,386
	672,328	**1,198,446**

Source: LSEG

Table 16: BMW Group relative valuation FY2026

Company Name	P/E	EV/EBITDA	EV/BEVs Deliveries
Ford Motor Co	8.99	10.94	0.09
General Motors Co	7.03	9.28	0.74
Mercedes-Benz Group AG	8.86	8.73	0.05
Stellantis NV	7.27	2.05	0.02
Volkswagen AG	5.08	5.36	0.04
Honda Motor Co Ltd	8.82	9.53	0.04
Average	**7.68**	**7.65**	**0.16**
Implied Enterprise Value	**n.a**	**137,978**	**130,689**
Implied Equity Value	**65,164**	**47,347**	**40,059**
Implied Share Price	**108.12**	**78.56**	**66.47**
Average Implied Share Price	**84.38**		
Downside	*-5.68%*		

Source: Author Analysis

the baseline Hold recommendation. This analysis is further detailed in Appendix 19.

Table 17: Option Valuation breakdown

Option parameters	
Stock Price (S)	154 775
Strike Price (K)	110 867
Expiration (in Years) (t)	4,50
Riskless rate (r_f)	2,86%
Volatility (σ)	13,21%
Annualized dividend yield (q)	5,04%
d1	1,79
N(d1)	0,96
d2	1,51
N(d2)	0,93
Value of equity as a call	**58 018**
Value per share	**96,26**
	7,61%

Source: Author Analysis

Options Valuation

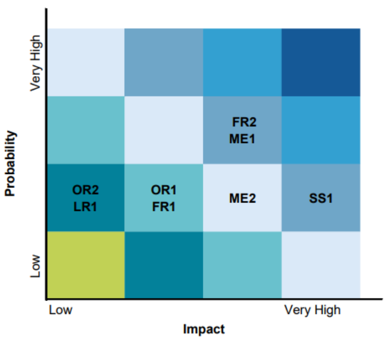
An Option Valuation using the Black-Scholes model was performed, treating equity as a call option on the firm's assets. As shown in Table 17, the model incorporates the current Enterprise Value (€154.78 billion) (as of February 27, 2026) as the asset price, the 2026 debt (€110.87 billion) as the strike price, a 4.50-year average maturity and a 2.86% risk-free rate. Asset volatility was estimated at 13.21%, derived from historical daily stock prices and adjusted by the firm's Equity-to-Value (E/V) ratio. This approach yields an implied share

price of €96.26 (+7.61% upside). While slightly more optimistic than the DCF, this result aligns with the broader valuation range, further supporting the baseline Hold recommendation.

Investment Risks

This investment risks analysis is further supported by Table 18, and Figure 47.

Figure 47: BMW group's risk matrix



Source: Author

Macroeconomic risk

Geopolitical Conflicts (ME1) | High Probability, High Impact: Disruption Global relations can cause intense adverse effects. The risk of escalation of the war in Ukraine would mean additional sanctions on Russia, further disruptions in Eastern European supply chains and raw-material markets. Likewise, an escalation of the conflict in the Middle East have a negative impact in oil prices.

Trade Restrictions (ME2) | Moderate Probability, High Impact: The current relation between the US and China, potential tariff increases and the escalation of this tension to import and export restrictions on specific technologies, can lead to less favourable export and import restrictions to BMW Group.

Sector-Specific Risks

Market Development Risk (SS1) | Moderate Probability, Very High Impact The constant change in consumer preferences and brand perception, particularly in the transition from combustion engines to electric powertrain.

Weak consumer sentiment in key markets such as China, that has an aggressive competition from domestic manufacturers, increases the risk of sudden changes in sale volume.

Table 18: Investment risks mitigation strategies

Risks	Mitigation
MR1 - Geopolitical Conflicts	- Monitorization of global makets to adapt quickly to political and economic changes ("Local for local" approach allows for this flexibility).
MR2- Trade Restrictions	- Consideration of Trade/tariff risks into risks outlook; - Maintain strong liquidity reserves and diversified financing instruments to absorb trade-related shocks.
SR1 - Market Development Risks	- Systematic monitoring of key regions; - Trend Analysis.
OP1- Product Interruptions & Supply Disruptions	- Scenario Analysis of natural hazards at plants and suppliers
OP2 - Cybersecurity & IT Disruptions	- Employee awareness programme - Regular penetration tests
FR1 - Currency Risk	- Natural hedging via production/ purchasing in Foreign currency. - Financial market hedging
FR2- Raw Material Price Risk	- Forward commodity contracts to hedge exposures.
LR1- Compliance Risk	- Compliance Trainning. - IT- based systems for transparent and efficient documentation, assessment and approval.

Source: Author Analysis

Operational Risk

Supply Disruptions (OR1) | Probability Moderate, Impact Moderate: Regarding supplier level shortages, the BMW Group is exposed to shortage in raw materials, energy and components. Additionally, supplier insolvency, non-compliance with sustainability or quality standards can restrict production. Production problems at the supplier level could lead to increases in costs pressuring down sales. Further it could also damage the group's reputation if demand cannot be met.

Cybersecurity & IT Disruptions (OR2) | Probability Moderate, Impact Low: The increase in digitalization and automation, and geopolitical tensions heighten the risk of cyberattacks, that could compromise data, disrupt production and damage the brand reputation.

Financial Risks

Currency risk (FR1) | Probability Moderate, Impact Moderate: The BMW Group conducts business in a variety of currencies. A High portion of the group's revenues, production, other purchases and funding occur outside the eurozone.

Raw Material Price Risk (FR2) | Probability High, Impact High: As a manufacturing company the group is subject to price risks, particularly oil prices, raw materials for batteries, steel and energy.

Legal and Regulatory Risks

Compliance Risk (LR1) | Probability Moderate, Impact Low: The BMW Group faces legal disputes, claims of intellectual property rights infringements and proceedings initiated by government agencies. Additionally, with exports to multiple countries comes extensive control regulations and non-compliance with these regulations in any of the countries could result significant legal consequences.

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Appendices

Appendix 1: Peers Description

Mercedes-Benz Group AG

Mercedes-Benz is BMW's most direct and traditional competitor. As a German premium and luxury vehicle manufacturer, it shares a highly similar target demographic, global geographic footprint, and pricing power. Crucially, like BMW, Mercedes operates a massive captive financial services division (Mercedes-Benz Mobility) and is undergoing a heavily capital-intensive transition toward a fully electric portfolio, making its capital structure and risk profile directly comparable.

Volkswagen AG

Volkswagen is one of the world's largest automotive conglomerates. While it operates mass-market brands, it is selected as a peer due to its premium and luxury divisions (Audi and Porsche), which compete directly with BMW and Rolls-Royce. Furthermore, Volkswagen Financial Services operates on a similar scale to BMW's finance arm, and the group faces identical regulatory, supply chain, and European macroeconomic exposures.

Stellantis NV

Formed by the merger of FCA and PSA, Stellantis is a major European-rooted global automaker. It is included in the peer group due to its significant scale, its growing exposure to the premium/luxury segments (through brands like Alfa Romeo and Maserati), and its integrated financial services. Stellantis is also executing a massive, multi-regional electrification strategy comparable to BMW's "Local-for-Local" approach.

Ford Motor Co

Ford is a global automaker with a substantial footprint in the US and Europe. It serves as a peer primarily due to its capital structure, anchored by Ford Motor Credit, a major captive finance arm that mirrors BMW Financial Services. Additionally, Ford is currently navigating a similar structural transition and high-CapEx phase to scale its EV division, facing the same global battery supply chain challenges.

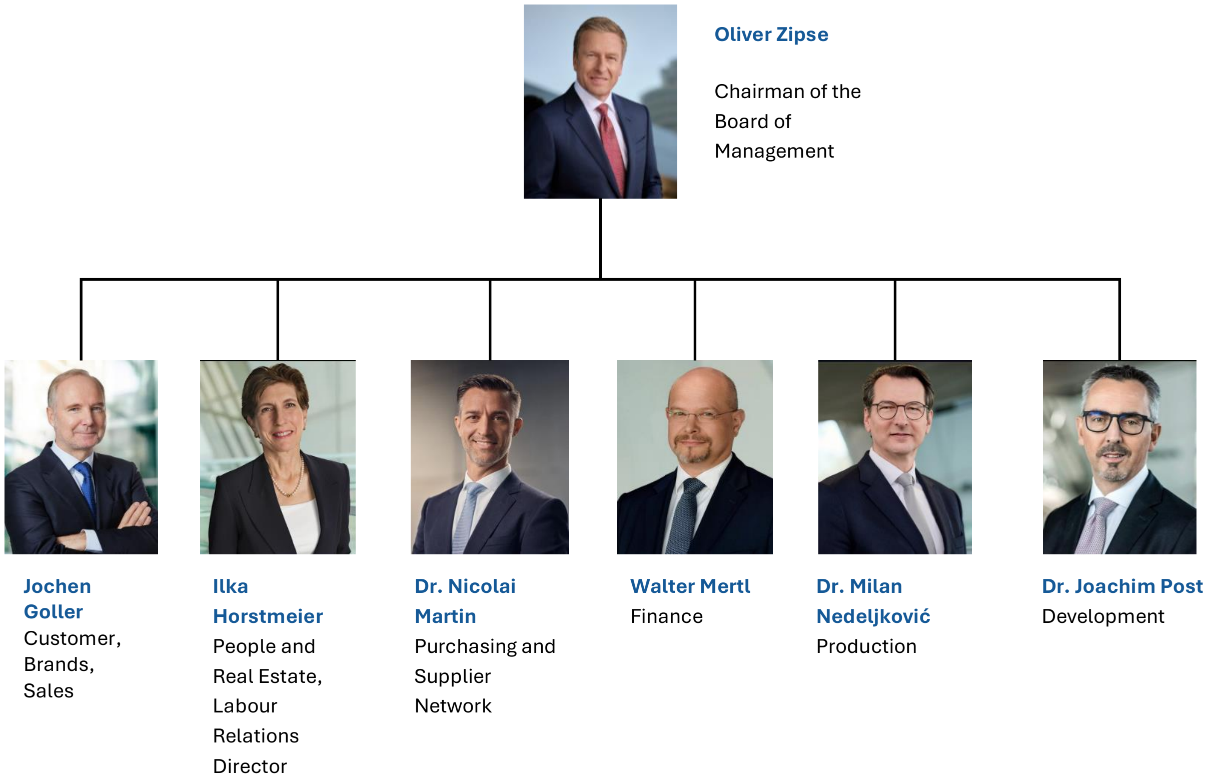
General Motors Co

General Motors is a leading US-based automotive group. It is a relevant peer given its scale and its premium division (Cadillac), which competes with BMW in the high-margin segments in North America and China. GM Financial is a core component of its business model. Furthermore, GM's massive investments in its EV platform provide a strong parallel to BMW's *Neue Klasse* rollout.

Honda Motor Co Ltd

Honda is a multinational mobility manufacturer that provides valuable geographic diversification to the peer group. It is uniquely positioned as a peer because, exactly like the BMW Group, its core business is split between automobile manufacturing and a highly successful premium motorcycle division (analogous to BMW Motorrad). Coupled with its own financial services operations and shift towards electrified powertrains, Honda shares a highly comparable integrated business model.

Appendix 2: Board of Management Structure



Source: Company data

Name	Position	Appointed	Nationality	Education	Work Experience
Oliver Zipse	Chairman of the Board of Management	2019	German	Dipl.-Ing. Mechanical Engineering, TU Darmstadt (1985–1991) Executive MBA, WHU Koblenz / Kellogg School of Management (1997–1999)	Chairman of the Board of Management, BMW AG (since 2019) Member of the Board of Management, Production, BMW AG (2015–2019) SVP Corporate Planning and Product Strategy (2012–2015) Managing Director Plant Oxford, UK (2007–2008) Various leading functions in Development & Production, BMW AG
Jochen Goller	Member of the Board of Management, Customer, Brands, Sales	2023	German	Chemistry studies, University of Düsseldorf (1986–1989)	President & CEO, BMW Group Region China, Beijing (2018–2023) Head of Sales and Marketing, BMW Brilliance Automotive (2015–2018) Head of MINI (2013–2015) Head of Brand Management MINI UK & Ireland (2009–2013) Joined BMW Group (1999)
Ilka Horstmeier	Member of the Board of Management, People and Real Estate, Labour Relations Director	2019	German	Degree in Business Administration, Saarland University (1988–1994)	Managing Director BMW Group Plant Dingolfing (2018–2019) SVP Production and Planning Engines and E-Powertrain (2013–2018) Head of Engine Production Munich (2010–2011) Various management positions in production & logistics (2005–2009) Joined BMW AG (1995)
Dr. Nicolai Martin	Member of the Board of Management, Purchasing and Supplier Network	2025	German	Dipl.-Wirtsch.-Ing. Industrial Engineering, TU Darmstadt (1999–2004) Dr. rer. pol., TU Darmstadt (2005–2010)	Head of Product Line Luxury Class BMW, BMW ALPINA, Rolls-Royce (Oct Head of Automated Driving / Driving Experience (2020–2023) Head of Development Electric Drive Systems (2019–2020) Various managerial positions within BMW AG (2004–2018) Joined BMW AG, Development Driving Dynamics (2004)
Walter Mertl	Member of the Board of Management, Finance	2023	German	Business Administration (Focus Organisation & Business Informatics), University of Applied Sciences Augsburg	Head of BMW Group Corporate Controlling (2020–2023) Head of Controlling A-, F-, P-Division (2017–2020) Head of Accounting, Services (2013–2017) Head of Intra-Annual Group Reporting (2008–2013) Sales Controlling Region Europe (1999–2004) Joined BMW AG (February 1998)
Dr. Joachim Post	Member of the Board of Management, Development	2025	German	Dipl.-Ing. Mechanical Engineering, Karlsruhe University (1991–1997) Doctorate in Mechanical Engineering, TU Munich (1997–2002)	Member of the Board of Management, Purchasing & Supplier Network Head of Product Line Midsize Class BMW (2020–2021) Various management functions at BMW AG incl. JV BMW Brilliance China Joined BMW AG, Function Development Engine Application Motorcycles
Dr.-Ing. Milan Nedeljković	Member of the Board of Management, Production	2019	German, Serbian	Dipl.-Ing. Mechanical Engineering, RWTH Aachen & MIT (1988–1993) Dr.-Ing., TU Munich (2000–2004)	SVP Corporate Quality (2018–2019) Managing Director BMW Group Plant Munich (2015–2018) Managing Director BMW Group Plant Leipzig (2013–2015) Head of Paint Shop, MINI Plant Oxford (2006–2010) Joined BMW AG as trainee (1993)

Source: Company data

Appendix 3: Executive Compensation Details

The remuneration system for the BMW Group Board of Management combines fixed and variable components. Variable remuneration is composed by the Short-term and Long-term components. On the short-term Component, the Earnings Component is linked to profit attributable to shareholders of the BMW AG and the group's after-tax return on sales. As for the Performance Component, the performance is linked to non-financial criteria that includes ESG related interdepartmental target. These Bonuses are capped at 180% of the target. Lastly, the long-term incentive involves a personal cash investment, which must be used to purchase BMW Group common shares and held for four years, after the four-year period the payout is adjusted based on a set of predetermined strategic and financial targets. The first component is linked to the RoCE of the Automotive segment, and the second is the Strategic Focus component which is entirely linked to ESG targets, especially EU fleet CO_2 emission reduction and global BEV sales targets. The Supervisory Board compensation is entirely fixed, promoting independence.

CEO Remuneration Breakdown (2024)	
Fixed	1,950,000
Fringe Benfits	27,963
Subtotal Fixed	**1,977,963**
Variable (Short-term)	2,004,450
Earnings Component	954,450
Performance Component	1,050,000
Variable (Long-term)	2,768,200
RoCE Component	-
Strategic Focus targets	2,768,200
Subtotal Variable	**4,772,650**
Pension service cost	711,077
Total	**7,461,690**

Source: Company Data

Appendix 4: Balance Sheet

Consolidated Balance Sheet, (M'€)	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F	Assumptions
Goodwill	1.562	1.487	1.529	1.529	1.529	1.529	1.529	1.529	1.529	Stable at 2024 levels
Other intangible assets	20.214	18.535	18.691	18.901	18.238	17.962	17.815	17.836	17.805	% of sales (decreasing Margin) (1)
Net Property, plant and equipment	74.946	78.384	88.419	91.971	96.290	100.253	104.034	108.000	112.145	
Net PPE excluding Leased products	32.126	35.266	39.581	45.225	49.513	52.411	54.686	56.536	58.535	(2)
Leased Products	42.820	43.118	48.838	46.747	46.777	47.843	49.348	51.464	53.610	3-year average (% of sales)
Investments accounted for using the equity methoc	420	443	553	553	553	553	553	553	553	3-year average (% of sales)
Financial Assets	4.424	2.584	1.933	2.980	2.980	2.980	2.980	2.980	2.980	Stable at 2024 levels
Receivables from sales financing	50.368	50.517	55.149	51.977	52.012	51.814	52.732	54.251	56.513	% of sales (decreasing Margin) (3)
Deferred taxes	1.758	2.431	3.244	3.244	3.244	3.244	3.244	3.244	3.244	Stable at 2024 levels
Other assets	1.030	1.537	1.827	1.827	1.827	1.827	1.827	1.827	1.827	Stable at 2024 levels
Non-current assets	**154.722**	**155.918**	**171.345**	**172.983**	**176.673**	**180.163**	**184.715**	**190.220**	**196.596**	
Inventories	20.005	23.719	24.387	22.197	22.666	23.689	24.981	26.662	28.405	increasing DIO (4)
Trade receivables	39.467	41.000	41.403	39.268	39.290	38.801	39.031	40.242	41.922	
Trade recevables excluding sales financing recei	4.127	4.162	2.834	2.816	2.814	2.877	2.689	2.807	2.926	increasing DIO (4)
Receivables from sales financing	35.340	36.838	38.569	36.452	36.476	35.925	36.342	37.435	38.996	% of sales (decreasing Margin) (3)
Financial assets	5.164	4.131	2.565	3.953	3.953	3.953	3.953	3.953	3.953	Stable at 2024 levels
Current tax	1.096	1.199	1.316	1.316	1.316	1.316	1.316	1.316	1.316	Stable at 2024 levels
Other assets	9.602	7.596	7.429	7.429	7.429	7.429	7.429	7.429	7.429	Stable at 2024 levels
Cash and cash equivalents	16.870	17.327	19.287	19.164	22.371	26.005	28.144	28.613	28.437	Plug Variable
Current assets	**92.204**	**94.972**	**96.387**	**93.328**	**97.026**	**101.193**	**104.855**	**108.215**	**111.463**	
Total assets	**246.926**	**250.890**	**267.732**	**266.311**	**273.699**	**281.357**	**289.570**	**298.434**	**308.059**	
Subscribed capital	663	639	639	606	603	599	596	592	587	(5)
Capital reserves	2.432	2.456	2.456	2.456	2.456	2.456	2.456	2.456	2.456	Stable at 2024 levels
Revenue reserves	85.425	89.072	92.812	96.431	100.011	103.506	107.335	111.389	115.814	(6)
Accumulated other equity	(117)	(2.071)	(2.090)	(2.090)	(2.090)	(2.090)	(2.090)	(2.090)	(2.090)	Stable at 2024 levels
Treasury shares	(1.278)	(500)	(1.502)	(1.502)	(1.502)	(1.502)	(1.502)	(1.502)	(1.502)	Stable at 2024 levels
Equity attributable to shareolders of BMW.AG	**87.125**	**89.596**	**92.315**	**95.901**	**99.477**	**102.970**	**106.795**	**110.845**	**115.265**	
Non-controlling interests	4.163	3.327	2.688	2.688	2.688	2.688	2.688	2.688	2.688	Stable at 2024 levels
Equity	**91.288**	**92.923**	**95.003**	**98.589**	**102.165**	**105.658**	**109.483**	**113.533**	**117.953**	
Pension provisons	339	427	222	222	222	222	222	222	222	Stable at 2024 levels
Other provisions	8.445	7.797	7.830	7.830	7.830	7.830	7.830	7.830	7.830	Stable at 2024 levels
Deferred taxes	2.765	2.797	2.621	2.621	2.621	2.621	2.621	2.621	2.621	Stable at 2024 levels
Financial liabilities	53.469	52.880	66.770	61.054	63.136	65.170	67.397	69.756	72.330	
Debt	49.870	49.829	63.129	57.413	59.495	61.529	63.756	66.115	68.689	
Long-term debt	47.639	47.774	61.096	55.180	57.181	59.136	61.277	63.543	66.017	3-year average (% of equity)
Capitalized lease obligations	2.231	2.055	2.033	2.233	2.314	2.393	2.480	2.572	2.672	3-year average (% of sales)
Derivative Liabilities	3.599	3.051	3.641	3.641	3.641	3.641	3.641	3.641	3.641	Stable at 2024 levels
Other liabilities	6.199	7.065	7.597	7.597	7.597	7.597	7.597	7.597	7.597	Stable at 2024 levels
Non-current liabilities	**71.217**	**70.966**	**85.040**	**79.324**	**81.406**	**83.440**	**85.667**	**88.026**	**90.600**	
Other provisions	7.316	9.240	8.543	8.543	8.543	8.543	8.543	8.543	8.543	Stable at 2024 levels
Current tax	1.224	1.401	1.131	1.131	1.131	1.131	1.131	1.131	1.131	Stable at 2024 levels
Financial liabilities	40.727	42.130	44.491	46.115	47.731	49.309	51.037	52.867	54.864	Stable at 2024 levels
Debt	39.265	40.781	42.925	44.549	46.165	47.743	49.471	51.301	53.298	
Shor-term debt	38.732	40.297	42.405	44.006	45.602	47.161	48.868	50.676	52.649	3-year average (% of equity)
Capitalized leases	533	484	520	543	563	582	603	625	650	3-year average (% of sales)
Derivative Liabilities	1.462	1.349	1.566	1.566	1.566	1.566	1.566	1.566	1.566	Stable at 2024 levels
Trade payables	14.120	15.547	14.126	13.211	13.325	13.879	14.310	14.936	15.569	Stable DPO (4)
Other liabilities	21.034	18.683	19.398	19.398	19.398	19.398	19.398	19.398	19.398	Stable at 2024 levels
Current liabilities	**84.421**	**87.001**	**87.689**	**88.397**	**90.128**	**92.259**	**94.419**	**96.875**	**99.506**	
Total equity and liabilities	**246.926**	**250.890**	**267.732**	**266.311**	**273.699**	**281.357**	**289.570**	**298.434**	**308.059**	

Note: Assumptions details are further detailed in Appendix 9.

Source: LSEG, Author Analysis

Appendix 5: Common Size Balance Sheet

Consolidated Balance Sheet, million €	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F
Goodwill	0.63%	0.59%	0.57%	0.57%	0.56%	0.54%	0.53%	0.51%	0.50%
Other intangible assets	8.19%	7.39%	6.98%	7.10%	6.66%	6.38%	6.15%	5.98%	5.78%
Net Property, plant and equipment	30.35%	31.24%	33.03%	34.54%	35.18%	35.63%	35.93%	36.19%	36.40%
Net PPE excluding Leased products	13.01%	14.06%	14.78%	16.98%	18.09%	18.63%	18.89%	18.94%	19.00%
Leased Products	17.34%	17.19%	18.24%	17.55%	17.09%	17.00%	17.04%	17.24%	17.40%
Investments accounted for using the equity method	0.17%	0.18%	0.21%	0.21%	0.20%	0.20%	0.19%	0.19%	0.18%
Financial Assets	1.79%	1.03%	0.72%	1.12%	1.09%	1.06%	1.03%	1.00%	0.97%
Receivables from sales financing	20.40%	20.14%	20.60%	19.52%	19.00%	18.42%	18.21%	18.18%	18.34%
Deferred taxes	0.71%	0.97%	1.21%	1.22%	1.19%	1.15%	1.12%	1.09%	1.05%
Other assets	0.42%	0.61%	0.68%	0.69%	0.67%	0.65%	0.63%	0.61%	0.59%
Non-current assets	**62.66%**	**62.15%**	**64.00%**	**64.96%**	**64.55%**	**64.03%**	**63.79%**	**63.74%**	**63.82%**
Inventories	8.10%	9.45%	9.11%	8.34%	8.28%	8.42%	8.63%	8.93%	9.22%
Trade receivables	15.98%	16.34%	15.46%	14.75%	14.36%	13.79%	13.48%	13.48%	13.61%
Trade recevables excluding sales financing receivables	1.67%	1.66%	1.06%	1.06%	1.03%	1.02%	0.93%	0.94%	0.95%
Receivables from sales financing	14.31%	14.68%	14.41%	13.69%	13.33%	12.77%	12.55%	12.54%	12.66%
Financial assets	2.09%	1.65%	0.96%	1.48%	1.44%	1.41%	1.37%	1.32%	1.28%
Current tax	0.44%	0.48%	0.49%	0.49%	0.48%	0.47%	0.45%	0.44%	0.43%
Other assets	3.89%	3.03%	2.77%	2.79%	2.71%	2.64%	2.57%	2.49%	2.41%
Cash and cash equivalents	6.83%	6.91%	7.20%	7.20%	8.17%	9.24%	9.72%	9.59%	9.23%
Current assets	**37.34%**	**37.85%**	**36.00%**	**35.04%**	**35.45%**	**35.97%**	**36.21%**	**36.26%**	**36.18%**
Total assets	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**
Subscribed capital	0.27%	0.25%	0.24%	0.23%	0.22%	0.21%	0.21%	0.20%	0.19%
Capital reserves	0.98%	0.98%	0.92%	0.92%	0.90%	0.87%	0.85%	0.82%	0.80%
Revenue reserves	34.60%	35.50%	34.67%	36.21%	36.54%	36.79%	37.07%	37.32%	37.59%
Accumulated other equity	-0.05%	-0.83%	-0.78%	-0.78%	-0.76%	-0.74%	-0.72%	-0.70%	-0.68%
Treasury shares	-0.52%	-0.20%	-0.56%	-0.56%	-0.55%	-0.53%	-0.52%	-0.50%	-0.49%
Equity attributable to shareolders of BMW.AG	**35.28%**	**35.71%**	**34.48%**	**36.01%**	**36.35%**	**36.60%**	**36.88%**	**37.14%**	**37.42%**
Non-controlling interests	1.69%	1.33%	1.00%	1.01%	0.98%	0.96%	0.93%	0.90%	0.87%
Equity	**36.97%**	**37.04%**	**35.48%**	**37.02%**	**37.33%**	**37.55%**	**37.81%**	**38.04%**	**38.29%**
Pension provisons	0.14%	0.17%	0.08%	0.08%	0.08%	0.08%	0.08%	0.07%	0.07%
Other provisions	3.42%	3.11%	2.92%	2.94%	2.86%	2.78%	2.70%	2.62%	2.54%
Deferred taxes	1.12%	1.11%	0.98%	0.98%	0.96%	0.93%	0.91%	0.88%	0.85%
Financial liabilities	21.65%	21.08%	24.94%	22.93%	23.07%	23.16%	23.28%	23.37%	23.48%
Debt	20.20%	19.86%	23.58%	21.56%	21.74%	21.87%	22.02%	22.15%	22.30%
Long-term debt	19.29%	19.04%	22.82%	20.72%	20.89%	21.02%	21.16%	21.29%	21.43%
Capitalized lease obligations	0.90%	0.82%	0.76%	0.84%	0.85%	0.85%	0.86%	0.86%	0.87%
Derivative Liabilities	1.46%	1.22%	1.36%	1.37%	1.33%	1.29%	1.26%	1.22%	1.18%
Other liabilities	2.51%	2.82%	2.84%	2.85%	2.78%	2.70%	2.62%	2.55%	2.47%
Non-current liabilities	**28.84%**	**28.29%**	**31.76%**	**29.79%**	**29.74%**	**29.66%**	**29.58%**	**29.50%**	**29.41%**
Other provisions	2.96%	3.68%	3.19%	3.21%	3.12%	3.04%	2.95%	2.86%	2.77%
Current tax	0.50%	0.56%	0.42%	0.42%	0.41%	0.40%	0.39%	0.38%	0.37%
Financial liabilities	16.49%	16.79%	16.62%	17.32%	17.44%	17.53%	17.63%	17.71%	17.81%
Debt	15.90%	16.25%	16.03%	16.73%	16.87%	16.97%	17.08%	17.19%	17.30%
Shor-term debt	15.69%	16.06%	15.84%	16.52%	16.66%	16.76%	16.88%	16.98%	17.09%
Capitalized leases	0.22%	0.19%	0.19%	0.20%	0.21%	0.21%	0.21%	0.21%	0.21%
Derivative Liabilities	0.59%	0.54%	0.58%	0.59%	0.57%	0.56%	0.54%	0.52%	0.51%
Trade payables	5.72%	6.20%	5.28%	4.96%	4.87%	4.93%	4.94%	5.00%	5.05%
Other liabilities	8.52%	7.45%	7.25%	7.28%	7.09%	6.89%	6.70%	6.50%	6.30%
Current liabilities	**34.19%**	**34.68%**	**32.75%**	**33.19%**	**32.93%**	**32.79%**	**32.61%**	**32.46%**	**32.30%**
Total equity and liabilities	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

Source: LSEG, Author Analysis

Appendix 6: Income Statement

Consolidated Income Statement, (M'€)	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F	Assumptions
Revenues	142 610	155 498	142 380	135 006	135 095	138 172	142 519	148 632	154 829	(7)
Cost of sales	(105 117)	(111 684)	(105 282)	(101 255)	(99 971)	(100 865)	(102 614)	(105 528)	(108 380)	% of sales (decreasing Margin) (8)
Gross profit	**37 493**	**43 814**	**37 098**	**33 752**	**35 125**	**37 306**	**39 905**	**43 103**	**46 449**	
SG&A expenses	(10 797)	(11 038)	(11 313)	(10 800)	(10 808)	(11 745)	(12 470)	(13 377)	(13 935)	% of sales (increasing Margin) (9)
R&D expenses	(4 359)	(5 151)	(5 553)	(5 400)	(6 079)	(6 909)	(7 126)	(8 175)	(9 290)	% of sales (increasing Margin) (10)
Other operating income /expense	257	(188)	(205)	(194)	(195)	(199)	(205)	(214)	(223)	
EBITDA	**22 594**	**27 437**	**20 027**	**17 356**	**18 043**	**18 454**	**20 104**	**21 338**	**23 001**	
Depreciation/Amortization - Total	(8 566)	(8 974)	(8 650)	(9 095)	(9 919)	(10 618)	(11 147)	(11 630)	(12 052)	(2)
EBIT (Operating result)	**14 028**	**18 463**	**11 377**	**8 261**	**8 125**	**7 836**	**8 956**	**9 708**	**10 950**	
Net Interest income/expense	673	45	82	251	251	257	265	277	288	
Interest Income	422	701	655	543	543	556	573	598	623	3-year average (% of sales)
Interest expense	251	(656)	(573)	(292)	(292)	(299)	(308)	(321)	(335)	3-year average (% of sales)
Foreign exchange income/expense (non-business	14	28	247	96	96	96	96	96	96	Stable at 2024 levels
Equity Earnings/(Loss)	21	(216)	(163)	(119)	(119)	(119)	(119)	(119)	(119)	Stable at 2024 levels
Other non-operating income/expense	1 124	(1 224)	(115)	(72)	(72)	(72)	(72)	(72)	(72)	Stable at 2024 levels
Other non-recurring income/expense	7 649	-	(457)	-	-	-	-	-	-	
EBT	**23 509**	**17 096**	**10 971**	**8 418**	**8 282**	**7 998**	**9 127**	**9 890**	**11 143**	
Income Tax	(4 927)	(4 931)	(3 293)	(2 520)	(2 480)	(2 395)	(2 733)	(2 961)	(3 336)	EBT x Marginal Tax Rate
Net income (from continuing operations)	**18 582**	**12 165**	**7 678**	**5 897**	**5 802**	**5 604**	**6 394**	**6 929**	**7 807**	
Extraordinary items & discontinued operations g	-	-	-	-	-	-	-	-	-	Stable at 2024 levels
Minority interest/ Non-controlling interests	(641)	(875)	(388)	2 688	2 688	2 688	2 688	2 688	2 688	Stable at 2024 levels
Net income attributable to shareholders	**17 941**	**11 290**	**7 290**	**8 585**	**8 490**	**8 292**	**9 082**	**9 617**	**10 495**	

Note: For further Assumptions details see Appendix 9.

Source: LSEG, Author Analysis

Appendix 7: Common Size Income Statement

Consolidated Income Statement, million €	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F
Revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cost of sales	-73.71%	-71.82%	-73.94%	-75.00%	-74.00%	-73.00%	-72.00%	-71.00%	-70.00%
Gross profit	**26.29%**	**28.18%**	**26.06%**	**25.00%**	**26.00%**	**27.00%**	**28.00%**	**29.00%**	**30.00%**
SG&A expenses	-7.57%	-7.10%	-7.95%	-8.00%	-8.00%	-8.50%	-8.75%	-9.00%	-9.00%
R&D expenses	-3.06%	-3.31%	-3.90%	-4.00%	-4.50%	-5.00%	-5.00%	-5.50%	-6.00%
Other operating income /expense	0.18%	-0.12%	-0.14%	-0.14%	-0.14%	-0.14%	-0.14%	-0.14%	-0.14%
EBITDA	**15.84%**	**17.64%**	**14.07%**	**12.86%**	**13.36%**	**13.36%**	**14.11%**	**14.36%**	**14.86%**
Depreciation/Amortization - Total	-6.01%	-5.77%	-6.08%	-6.74%	-7.34%	-7.68%	-7.82%	-7.82%	-7.78%
EBIT (Operating result)	**9.84%**	**11.87%**	**7.99%**	**6.12%**	**6.01%**	**5.67%**	**6.28%**	**6.53%**	**7.07%**
Net Interest income/expense	0.47%	0.03%	0.06%	0.19%	0.19%	0.19%	0.19%	0.19%	0.19%
Interest Income	0.30%	0.45%	0.46%	0.40%	0.40%	0.40%	0.40%	0.40%	0.40%
Interest expense	0.18%	-0.42%	-0.40%	-0.22%	-0.22%	-0.22%	-0.22%	-0.22%	-0.22%
Foreign exchange income/expense (non-business)	0.01%	0.02%	0.17%	0.07%	0.07%	0.07%	0.07%	0.06%	0.06%
Equity Earnings/(Loss)	0.01%	-0.14%	-0.11%	-0.09%	-0.09%	-0.09%	-0.08%	-0.08%	-0.08%
Other non-operating income/expense	0.79%	-0.79%	-0.08%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%	-0.05%
Other non-recurring income/expense	5.36%	0.00%	-0.32%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
EBT	**16.48%**	**10.99%**	**7.71%**	**6.24%**	**6.13%**	**5.79%**	**6.40%**	**6.65%**	**7.20%**
Income Tax	-3.45%	-3.17%	-2.31%	-1.87%	-1.84%	-1.73%	-1.92%	-1.99%	-2.15%
Net income (from continuing operations)	**13.03%**	**7.82%**	**5.39%**	**4.37%**	**4.29%**	**4.06%**	**4.49%**	**4.66%**	**5.04%**
Extraordinary items & discontinued operations gains/(los	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Minority interest/ Non-controlling interests	-0.45%	-0.56%	-0.27%	1.99%	1.99%	1.95%	1.89%	1.81%	1.74%
Net income attributable to shareholders	**12.58%**	**7.26%**	**5.12%**	**6.36%**	**6.28%**	**6.00%**	**6.37%**	**6.47%**	**6.78%**

Source: LSEG, Author Analysis

Appendix 8: Cash Flow Statement

Consolidated Cash Flow Statement, (M'€)	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F
Operating Cash flow									
Net Income	23,509	17,096	10,971	8,418	8,282	7,998	9,127	9,890	11,143
D&A	8,566	8,974	8,650	9,095	9,919	10,618	11,147	11,630	12,052
Other non-cash reconciliation items	(3,888)	440	(6,037)	(3,338)	(3,316)	(3,967)	(3,106)	(2,582)	(2,267)
Change in working capital	(605)	(4,602)	(2,868)	3,410	(377)	20	(1,091)	(2,265)	(2,790)
Income taxes paid	(4,512)	(5,049)	(3,794)	(2,520)	(2,480)	(2,395)	(2,733)	(2,961)	(3,336)
Other operating cash flow items (net)	231	497	448	736	(58)	748	(1,335)	(2,611)	(3,823)
Cash flow from opertaing activities	**23,301**	**17,356**	**7,370**	**15,801**	**11,970**	**13,023**	**12,010**	**11,100**	**10,979**
Investing Cash Flow									
Capex	(8,947)	(10,765)	(12,184)	(9,520)	(10,235)	(10,890)	(11,257)	(11,942)	(12,338)
Other investing Cash flow	4,175	1,217	815	-	-	-	-	-	-
Cash Flow from Investing Activities	**(4,772)**	**(9,548)**	**(11,369)**	**(9,520)**	**(10,235)**	**(10,890)**	**(11,257)**	**(11,942)**	**(12,338)**
Financing Cash Flow									
Dividends Paid	(5,282)	(6,915)	(4,794)	(3,863)	(3,821)	(3,731)	(4,087)	(4,328)	(4,723)
Net Debt	(11,287)	1,484	11,780	(4,093)	3,698	3,612	3,956	4,189	4,571
Other financing cash flow	(1,193)	(1,242)	(1,024)	(1,136)	(1,094)	(1,068)	(1,170)	(1,239)	(1,352)
Cash Flow from Finacing Activities	**(17,762)**	**(6,673)**	**5,962**	**(9,091)**	**(1,216)**	**(1,188)**	**(1,301)**	**(1,378)**	**(1,504)**
Non-Classified Cash Flows	(10)	27	-	2,688	2,688	2,688	2,688	2,688	2,688
Foreign Exchange Effects - Cash Flow	104	(705)	(3)	-	-	-	-	-	-
Cash and cash equivalents at beggining of the yea	**16,009**	**16,870**	**17,327**	**19,287**	**19,164**	**22,371**	**26,005**	**28,144**	**28,613**
Net increase/decrease in cash equivalents	**861**	**457**	**1,960**	**(123)**	**3,207**	**3,633**	**2,139**	**469**	**(175)**
Cash and cash equivalents at end of the year	**16,870**	**17,327**	**19,287**	**19,164**	**22,371**	**26,005**	**28,144**	**28,613**	**28,437**

Source: LSEG, Author Analysis

Appendix 9: Assumptions

1) **Intangible Assets**: As BMW transitions toward software-defined vehicles and the *Neue Klasse* electric architecture, the continued capitalization of development costs is expected to maintain the intangible asset base at elevated levels compared to the 2018-2020 period although lower than the peak investment period (2022-2025).
2) **CapEx, PPE and Depreciation:** For the Automotive segment, CapEx is projected as a percentage of revenues, peaking in 2024-26 with the release of *Neue Klass* and gradually decreasing thereafter in line with management guidance on electrification and digitalization investments, although still maintain high levels of investment in comparison with historical levels. Both Motorcycles and Financial services are stable at 2024 levels.

Group	2021H	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F	2030F
Capex	**(6,579)**	**(8,947)**	**(10,765)**	**(12,184)**	**(11,401)**	**(10,867)**	**(10,100)**	**(9,900)**	**(9,804)**	**(10,223)**
Capex as % of revenues	*-5.91%*	*-6.27%*	*-6.92%*	*-8.56%*	*-8.45%*	*-8.04%*	*-7.31%*	*-6.95%*	*-6.60%*	*-6.60%*
Automotive										
Capex	(6,400)	(8,766)	(10,573)	(11,987)	(11,201)	(10,660)	(9,886)	(9,675)	(9,570)	(9,979)
Capex as % of revenues	*-8.29%*	*-8.28%*	*-8.94%*	*-11.58%*	-11.50%	-11.00%	-10.00%	-9.50%	-9.00%	-9.00%
Motorcycles										
Capex	(169)	(171)	(184)	(183)	(187)	(193)	(200)	(210)	(219)	(228)
Capex as % of revenues	*-6.12%*	*-5.35%*	*-5.65%*	*-5.62%*	-5.62%	-5.62%	-5.62%	-5.62%	-5.62%	-5.62%
Financial Services										
Capex	(11)	(10)	(8)	(14)	(13)	(14)	(14)	(15)	(15)	(16)
Capex as % of revenues	*-0.04%*	*-0.03%*	*-0.02%*	*-0.04%*	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%	-0.04%

Source: LSEG, Company Data, Author Analysis

Although capital expenditures are forecasted to decline over the forecast period, depreciation and amortisation are expected to remain elevated, as the Group continues to absorb the depreciation impact of significant investments in electrification and digitalization capitalized in prior years, thus both Depreciation/net PP&E $_{t-1}$ and Intangibles/sales are assumed to remain stable at 2024 levels.

	2021H	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F	2030F
Net PP&E	22,390	32,126	35,266	39,581	45,225	49,513	52,411	54,686	56,536	58,535
Depreciation	**4,358**	**4,827**	**5,117**	**5,130**	**5,758**	**6,579**	**7,202**	**7,624**	**7,955**	**8,224**
Depreciation/net PP&E t-1	*19.95%*	*21.56%*	*15.93%*	*14.55%*	14.55%	14.55%	14.55%	14.55%	14.55%	14.55%
Intangibles	**2,137**	**3,739**	**3,857**	**3,520**	**3,338**	**3,340**	**3,416**	**3,523**	**3,675**	**3,828**
Intangibles depreciation/Sales	*1.92%*	*2.62%*	*2.48%*	*2.47%*	2.47%	2.47%	2.47%	2.47%	2.47%	2.47%
Total Depecriation					**9,095**	**9,919**	**10,618**	**11,147**	**11,630**	**12,052**

Source: LSEG, Company Data, Author Analysis

3) Both **current and non-current from trading receivables from sales financing** are forecasted with a decreasing % of sales aligning with their historical downward trend.
4) **Working capital metrics (DIO, DSO, and DPO)**: WC metrics were estimated individually by business segment. DIO is projected to increase in both the Automotive and Motorcycles segments driven by the current transition to electric vehicles. This transition requires the company to maintain higher inventory levels in the near term to manage two supply chains (combustion and electric). All other metrics (DSO and DPO across all segments, as well as Financial Services ratios) are assumed to remain stable.
5) **Subscribed Capital, Shares and Share Buybacks:** It was assumed that each share carries a nominal par value of €1.00. Consequently, the projected Subscribed Capital corresponds exactly to the total number of shares outstanding.
   Share buybacks are projected to remain stable based on the 3-year historical average of the Buyback-to-Net Income ratio. Consequently, the number of shares outstanding is projected to decrease over the forecast period, reflecting the impact of these continuous repurchases.
$$Number\ of\ Shares_t = Number\ of\ Shares_{t-1} - \left(\frac{BuyBack\ Amount_t}{Number\ of\ Shares_{t-1}}\right)$$
6) **Revenue Reserves**:
$$Revenue\ Reserves_t = Revenue\ Reserves_{t-1} + (Net\ Income_t \times (1 - Payout\ Ratio)) - Shares\ BuyBacks$$
7) **Revenues**: Group revenues were forecasted by business segment. For the Automotive and Motorcycles divisions, revenues were estimated by multiplying projected delivery volumes by the ASP. In the near term, both deliveries and ASPs are negatively impacted by the challenging market dynamics and intense competition in China during 2025, with a recovery forecasted from 2026 onwards. Over the long term, both variables are projected to align with macroeconomic indicators weighted by the revenue contribution of each geographic region: ASP converges to regionally weighted inflation, while deliveries converge to regionally weighted GDP growth. For the Financial Services segment, revenues were forecasted using a penetration rate applied to automotive deliveries. This rate is expected to increase over time, driven by the growing share of electric vehicles (EVs), which typically present a higher propensity for leasing and financing agreements.

Group	2021H	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F
Total Group revenues	**111,239**	**142,610**	**155,498**	**142,380**	**135,006**	**135,095**	**138,172**	**142,519**	**148,632**	**154,829**
YoY growth	*12.37%*	*28.20%*	*9.04%*	*-8.44%*	*-5.18%*	*0.07%*	*2.28%*	*3.15%*	*4.29%*	*4.17%*
Automotive										
Revenues (millions €)	77,173	105,834	118,266	103,524	97,403	96,911	98,859	101,847	106,338	110,879
YoY growth	*13.31%*	*37.14%*	*11.75%*	*-12.47%*	*-5.91%*	*-0.51%*	*2.01%*	*3.02%*	*4.41%*	*4.27%*
Car Sales (millions of units)	2.52	2.40	2.55	2.45	2.39	2.40	2.43	2.46	2.52	2.57
YoY growth	*8.44%*	*-4.83%*	*6.44%*	*-4.05%*	-2.50%	0.50%	1.00%	1.50%	2.22%	2.10%
Revenues/deliveries	30,606	44,104	46,303	42,240	40,762	40,354	40,757	41,369	42,254	43,151
YoY growth	*4.49%*	*44.10%*	*4.99%*	*-8.77%*	-3.50%	-1.00%	1.00%	1.50%	2.14%	2.12%
Share of all electric vehicles	*4.10%*	*9.00%*	*14.70%*	*17.40%*	17.90%	33.33%	39.00%	42.00%	46.00%	50.00%
Motorcycles										
Revenues (millions €)	2,761	3,194	3,255	3,259	3,323	3,434	3,569	3,731	3,896	4,062
YoY growth	*20.41%*	*15.68%*	*1.91%*	*0.12%*	*1.96%*	*3.36%*	*3.93%*	*4.54%*	*4.41%*	*4.27%*
Motorcycles shipment (millions of units)	0.19	0.20	0.21	0.21	0.22	0.22	0.23	0.23	0.24	0.24
YoY growth	*14.76%*	*4.44%*	*3.04%*	*0.63%*	2.47%	2.33%	2.39%	2.33%	2.22%	2.10%
Revenues/deliveries	14,213	15,742	15,569	15,491	15,413	15,567	15,801	16,143	16,488	16,838
YoY growth	*4.92%*	*10.76%*	*-1.10%*	*-0.50%*	-0.50%	1.00%	1.50%	2.16%	2.14%	2.12%
α (revenues excess growth to GDP)	*8.66%*	*1.63%*	*-0.06%*	*-2.27%*						
Financial Services										
Revenues (millions €)	31,304	33,581	33,976	35,595	34,279	34,749	35,742	36,940	38,397	39,887
YoY growth	*9.49%*	*7.27%*	*1.18%*	*4.77%*	*-3.70%*	*1.37%*	*2.86%*	*3.35%*	*3.94%*	*3.88%*
New contracts finaced or leased vehicles	1,956,514	1,545,490	1,542,514	1,693,876	1,664,555	1,670,650	1,683,315	1,702,846	1,732,934	1,762,773
YoY growth	*6.03%*	*-21.01%*	*-0.19%*	*9.81%*	-1.73%	0.37%	0.76%	1.16%	1.77%	1.72%
Deliveries growth	*8.44%*	*-4.83%*	*6.44%*	*-4.05%*	*-2.50%*	*0.50%*	*1.00%*	*1.50%*	*2.22%*	*2.10%*
Penetration rate	*77.59%*	*64.41%*	*60.39%*	*69.11%*	69.24%	73.23%	75.81%	77.35%	79.52%	81.84%
Revenue per contract	16,000	21,728	22,026	21,014	20,594	20,800	21,233	21,693	22,157	22,627
	3.27%	*35.80%*	*1.37%*	*-4.60%*	-2.00%	1.00%	2.09%	2.16%	2.14%	2.12%

Source: LSEG, Company Data, Author Analysis

8) **COGS**: As BMW transitions toward software-defined vehicles and the *Neue Klasse* electric architecture, COGS as a percentage of revenues is expected to gradually decrease. This improvement is driven by increased manufacturing efficiencies, standardized platforms, and optimized battery costs as the new EV architecture reaches scale.
9) **Selling, General, and Administrative (SG&A) expenses**: SG&A expenses are forecasted to increase over the forecast period. This upward trend is primarily driven by the substantial marketing, promotional, and distribution efforts required to successfully launch and establish the new *Neue Klasse* architecture across global markets.
10) **Research and Development (R&D) expenses**: R&D expenses are forecasted to increase over the forecast period. This upward trend reflects the accelerated pace of innovation and the rapidly changing landscape of the automotive industry. To remain competitive, the company must sustain elevated investments in next-generation technologies, including electrification, autonomous driving capabilities, and the broader transition toward software-defined vehicles.

Appendix 10: Financial Analysis Table 6 Formulas

$$Average\ Selling\ Price\ (ASP) = \frac{Total\ Revenue}{Total\ Deliveries}$$

$$Return\ on\ Capital\ Employed\ (ROCE) = \frac{EBIT}{Total\ Assets - Operating\ Liabilities}$$

$$Return\ on\ Equity\ (RoE) = \frac{Net\ Income}{Shareholders'Equity}$$

$$Interest\ Coverage\ Ratio = \frac{EBIT}{Interest\ Expense}$$

$$Current\ Ratio = \frac{Current\ Assets}{Current\ Liabilities}$$

$$Quick\ Ratio = \frac{Current\ Assets - Inventory}{Current\ Liabilities}$$

$$Cash\ Ratio = \frac{Cash\ \&\ Cash\ Equivalents}{Current\ Liabilities}$$

$$DIO = (\frac{Inventory}{COGS}) * 365$$

$$DSO = (\frac{\text{Accounts Receivable}}{\text{Total Revenue}}) * 365$$

$$DPO = (\frac{Accounts\ Payable}{COGS}) * 365$$

Appendix 11: Automotive Segment Key Financials

Key Financials (€M or %)	2019H	2020H	2021H	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F	2029F
Sales	73,624	68,106	77,173	105,834	118,266	103,524	97,403	96,911	98,859	101,847	106,338	110,879
Deliveries	2,538,367	2,325,179	2,521,514	2,399,632	2,554,183	2,450,854	2,389,583	2,401,531	2,425,546	2,461,929	2,516,630	2,569,580
ASP	29,004	29,291	30,606	44,104	46,303	42,240	40,762	40,354	40,757	41,369	42,254	43,151
EBIT	4,499	2,162	9,870	10,635	12,981	7,893						
EBIT Margin	6.11%	3.17%	12.79%	10.05%	10.98%	7.62%						
ROCE	29.00%	12.70%	24.00%	18.10%	20.20%	11.40%						
Capex	6,703	6,116	6,400	8,766	10,573	11,987	11,201	10,660	9,886	9,675	9,570	9,979
Capex/Sales	9.10%	8.98%	8.29%	8.28%	8.94%	11.58%	11.50%	11.00%	10.00%	9.50%	9.00%	9.00%
Depreciation	5,853	5,974	6,341	8,433	8,826	8,504						
Operating Working Capital	8,227	8,550	7,442	10,012	12,334	13,095	11,803	12,155	12,687	13,360	14,533	15,761
Days Sales Outstanding	11.0	10.6	10.7	13.3	12.0	8.6	9.0	9.0	9.0	8.0	8.0	8.0
Days Inventory Outstanding	67.3	68.4	69.0	65.4	73.5	75.8	78.0	80.0	82.0	84.0	86.0	88.0
Days Payables Outstandind	41.2	37.6	44.8	44.7	46.2	42.5	44.5	45.0	46.0	46.0	46.0	46.0

Source: LSEG, Company Data, Author Analysis

Appendix 12: Motorcycles Segment Key Financials

Key Financials (€M or %)	2019H	2020H	2021H	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F	2030F
Sales	2,374	2,293	2,761	3,194	3,255	3,259	3,323	3,434	3,569	3,731	3,896	4,062
Deliveries	175,162	169,272	194,261	202,895	209,066	210,385	215,581	220,612	225,895	231,150	236,286	241,258
ASP	13,553	13,546	14,213	15,742	15,569	15,491	15,413	15,567	15,801	16,143	16,488	16,838
EBIT	194	103	227	257	259	198						
EBT Margin	8.17%	4.49%	8.22%	8.05%	7.96%	6.08%						
ROCE	29.40%	15.00%	21.90%	24.90%	22.10%	15.50%						
Capex	149	146	169	171	184	183	187	193	200	210	219	228
Capex/Sales	6.28%	6.37%	6.12%	5.35%	5.65%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%	5.62%
Depreciation	110	119	119	101	116	118						
Operating Working Capital	452	528	369	451	441	490	620	648	682	721	762	803
Days Sales Outstanding	29.61	28.95	10.40	16.04	11.42	59.78	25.45	25.45	25.45	25.45	25.45	25.45
Days Inventory Outstanding	129.69	129.19	105.99	111.39	124.37	123.28	124.00	125.00	126.00	127.00	128.00	129.00
Days Payables Outstandind	78.88	71.08	61.08	68.61	77.78	75.25	72.32	72.32	72.32	72.32	72.32	72.32

Source: LSEG, Company Data, Author Analysis

Appendix 13: Financial Services Key Financials

Key Financials (€M or %)	2019H	2020H	2021H	2022H	2023H	2024H	2025F	2026F	2027F	2028F	2029F	2030F
Sales	28,210	28,590	31,304	33,581	33,976	35,595	34,279	34,749	35,742	36,940	38,397	39,887
Penetration Rate	78.94%	79.36%	77.59%	64.41%	60.39%	69.11%	69.24%	73.23%	75.81%	77.35%	79.52%	81.84%
New contracts	2,003,782	1,845,271	1,956,514	1,545,490	1,542,514	1,693,876	1,664,555	1,670,650	1,683,315	1,702,846	1,732,934	1,762,773
Average Revenue per contract	14,078	15,494	16,000	21,728	22,026	21,014	20,594	20,800	21,233	21,693	22,157	22,627
EBT Margin	10.50%	10.36%	9.46%	8.82%	8.72%	7.13%						
ROE	12.57%	12.57%	12.57%	12.57%	12.57%	10.66%						
Operating Working Capital	1	1	1	1	2	351	(30)	(30)	(31)	(32)	(33)	(35)
Days Sales Outstanding	1	1	1	1	2	3	2	2	2	2	2	2
Days Inventory Outstanding	11	11	5	6	8	12	9	9	9	9	9	9
Days Payables Outstandind	13	12	12	10	12	11	11	11	11	11	11	11

Source: LSEG, Company Data, Author Analysis

Appendix 14: Recommendation System

Strong Buy	>20% total return over the next 3 months, with identifiable share price catalysts within this time frame
Buy	>15% total return over the next 12 months for small caps, >10% for large caps
Hold	-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps
Fully Valued	> -10% over the next 12 months
Sell	> -20% over the next 3 months, with identifiable share price catalysts within this time frame

Source: DBS

Appendix 15: Market Value of Debt

Synthetic Rating Estimation (Cost of debt)	2024
EBIT	11,377
Interest expense	(573)
Interest coverage ratio	20
Rating	**0.40%**

Source: Company Data, Damodaran's Website, Author Analysis

Estimation of Average Debt Maturity	2024
Total value of cash outflows	111,261
1 year	44,491
1-5 year	53,522
more than 5 years	13,248
Average maturity	**4.5**

Source: Company Data

Market Value of Debt Estimation	2024
Average maturity	4.5
Cost of Debt	3.26%
Face Value	111,261
Market Value of Debt	**98,653**

Source: Author

$$Market\ Value\ of\ Debt = Interest\ Expense * \left[\frac{1+\frac{1}{1+k_d}}{k_d}\right] + [\frac{Face\ Value\ of\ Debt}{(1+k_d)^t}]$$

Appendix 16: WACC Calculation Details (Bottom-up Approach)

Inputs

BMW Group	
Share price (€)	89.46
No. Shares Outstanding	627,340,240
Marginal Tax Rate	29.94%
Risk Free Rate	2.86%

Equity Risk Premium (ERP)				
Region	**Revenues (€)**	**% Sales**	**ERP**	**Wheighted ERP**
Europe	60,780	42.69%	6.43%	2.74%
Americas	31,941	22.43%	6.46%	1.45%
Asia	46,558	32.70%	5.72%	1.87%
Rest of the worl	3,101	2.18%	6.82%	0.15%
Total	**142,380**			**6.21%**

Capital Structure	
Total Debt	98,653.20
Market Cap	56,121.86
Total	**154,775.06**

Captial Structure (ratios)	
D/V	0.64
E/V	0.36
D/E	1.76

Debt Risk	
Credit Rating	Aaa/AAA
Interest Coverage Ratio	20
Default Spread	0.40%
Cost of Debt	3.26%

Bottom-up Approach

Identifier	Company Name	Market Cap (€)	Enterprise Value	Levered Beta	D/V	E/V	D/E	Marginal Tax Rate	Unlevered Beta
BMWG.DE	**Bayerische Motoren Werke AG**	**56,122**	**154,775**	**1.11**	**0.64**	**0.36**	**1.76**	**29.94%**	**0.50**
F.N	Ford Motor Co	47,585	196,484	1.62	0.76	0.24	3.13	25.77%	0.49
GM.N	General Motors Co	60,232	181,986	1.32	0.67	0.33	2.02	25.77%	0.53
MBGn.DE	Mercedes-Benz Group AG	56,811	169,210	1.01	0.66	0.34	1.98	29.94%	0.42
STLAM.MI	Stellantis NV	20,155	50,719	1.61	0.60	0.40	1.52	25.80%	0.76
VOWG.DE	Volkswagen AG	50,840	295,821	1.65	0.83	0.17	4.82	29.94%	0.38
7267.T	Honda Motor Co Ltd	38,948	108,386	1.39	0.64	0.36	1.78	27.50%	0.61
Total		**672,328**	**1,198,446**	**1.43**	**0.69**	**0.31**	**2.54**		**0.53**

Betas	
β unlevered	0.53
β levered	1.18

Results

Cost of equity levered (Re)	10.21%
Cost of debt (Rd)	3.26%
WACC	**5.16%**

Source: Company Data, Damodaran's Website, Trading Economics, Author Analysis

Appendix 17: WACC Calculation Details (Regression Approach)

To validate the bottom-up beta (1.18) used in the baseline WACC, a regression was performed using BMW AG's monthly returns against the DAX Index (85 observations). The regression yielded a levered beta of 1.19, which is highly statistically significant (p-value: 1.1E-15) and strongly converges with the bottom-up estimate.

Key takeaways from the regression:

- R-Squared (54.08%): Broad market movements explain approximately 54% of BMW Group's variance. This is aligned with expectations for a large-cap OEM facing significant idiosyncratic risks.
- Alpha (-0.009): The intercept is statistically insignificant (p-value: 0.151), indicating no abnormal risk-adjusted returns beyond what is explained by market beta.
- WACC Impact: Feeding this regression beta into the CAPM formula (Risk-Free Rate: 2.86%, ERP: 6.21%) yields a Cost of Equity of 10.69% and a resulting WACC of 5.33%.

Regression Statistics	
Multiple R	73.54%
R Square	54.08%
Adjusted R Square	53.53%
Standard Error	5.63%
Observations	85

	df	SS	MS	F	Significance F
Regression	1	0.31	0.31	97.751	1.10E-15
Residual	83	0.26	0.00		
Total	84	0.57			

	Coefficients	Standard Error	t Stat	P-value	Lower	Upper	Lower	Upper
Intercept	-0.009	0.006	-1.45	0.15	-0.02	0.00	-0.02	0.00
X Variable 1	1.195	0.121	9.89	1.10E-15	0.95	1.44	0.95	1.44

Cost of equity levered (Re)	10.69%
Cost of debt (Rd)	3.26%
WACC	**5.33%**

Appendix 18: Discounted cash flow

The terminal value represents the present value of the future cash flows from 2031 onwards. This value was estimated assuming that the 2030 EBIT after taxes will grow at a perpetual rate of 2.00%, and at a reinvestment rate of 38.77% which results from the fundamental relationship between ROIC and the terminal growth rate. The steady-state RR (38.77%) and ROIC (5.16%) reflect a mature stage where the company earns exactly its cost of capital in perpetuity, as the ROIC converges with the WACC (5.16%). The present value for the terminal value obtained was €124,036 million.

Lastly, the BMW Group Enterprise Value is obtained by adding the PV of the terminal value with the PV of the annual FCFF for the explicit period of 2027F to 2030F, resulting in a firm value of €140,995 million. After adjusting for the existing cash, total debt, joint ventures, and non-controlling interests, as of 2026F, the final Equity Value was determined. By dividing this result by the forecasted total number of shares outstanding for 2026F (602,694,320 shares), the target share price achieved was €83.57. This target price reveals a downside potential of 6.59%, which leads to a **HOLD** recommendation.

Assumptions	
g	**2.00%**
ROIC	**5.16%**
RR	**38.77%**

Free Cash Flow to the firm

	2020H	2021H	2022H	2023H	2024H	2025E	2026F	2027F	2028F	2029F	2030F
NOPAT	3,417	9,428	9,828	12,935	7,971	5,788	5,692	5,490	6,275	6,801	7,671
Depreciation & Amortization	6,143	6,495	8,566	8,974	8,650	9,095	9,919	10,618	11,147	11,630	12,052
Gross cash flow	**9,560**	**15,923**	**18,394**	**21,909**	**16,621**	**14,883**	**15,611**	**16,108**	**17,422**	**18,431**	**19,723**
Investments	(6,116)	(6,579)	(8,947)	(10,765)	(12,184)	(9,520)	(10,235)	(10,890)	(11,257)	(11,942)	(12,338)
ΔWC	(188)	525	(2,307)	(2,306)	(176)	3,410	(377)	20	(1,091)	(2,265)	(2,790)
Investing cash flow	**(6,304)**	**(6,054)**	**(11,254)**	**(13,071)**	**(12,360)**	**(6,110)**	**(10,611)**	**(10,871)**	**(12,348)**	**(14,207)**	**(15,128)**
FCFF	**3,256**	**9,869**	**7,140**	**8,838**	**4,261**	**8,773**	**4,999**	**5,238**	**5,074**	**4,224**	**4,595**
Terminal Value											*151,680*
PV Terminal Value											*124,036*
PV FCFF								**4,981**	**4,588**	**3,632**	**127,794**

Value of the firm	**140,995**

Value of the firm	**140,995**
Cash and cash equivalents	22,371
Total debt	110,867
Joint ventures	553
Non-controlling Interest	2,688
Equity	**50,365**
# Shares	603
Value per share	**83.57**
Downside potential	*-6.59%*

Source: Company Data, Author Analysis

Appendix 19: Relative Valuation

The relative valuation employs three specific multiples to derive an average implied share price. The 12-month forward P/E and EV/EBITDA multiples for the selected peer group were retrieved directly from the LSEG database with the starting date of Dezember 31, 2025. For the calculation of the custom EV/BEVs Deliveries multiple, the projected Enterprise Value (EV) and the percentage of fleet electrification ("TE road electrified") were also sourced from LSEG, whereas the total vehicle delivery volumes were extracted from each peer's respective annual report.

Finally, to transition from the implied Enterprise Value to the Implied Equity Value, the exact same structural adjustments were applied as in the DCF model framework (subtracting total debt and non-controlling interests, while adding cash and cash equivalents and the value of joint ventures).

Company Name	P/E	EV/EBITDA	EV/BEVs
Ford Motor Co	8,99	10,94	0,09
General Motors Co	7,03	9,28	0,74
Mercedes-Benz Group AG	8,86	8,73	0,05
Stellantis NV	7,27	2,05	0,02
Volkswagen AG	5,08	5,36	0,04
Honda Motor Co Ltd	8,82	9,53	0,04
Average	**7,68**	**7,65**	**0,16**
Implied Enterprise Value	**n.a.**	**137 978**	**130 689**
Implied Equity Value	**65 164**	**47 347**	**40 059**
Shares Outstanding	603	603	603
Implied Share Price	**108,12**	**78,56**	**66,47**
Average Implied Share Price	**84,38**		
Downside potential	*-5,68%*		

Source: Company Data, Author Analysis

Peers	EV (31/12/2026 estimative)	% of electrified vehicles	Deliveries (2024)	EV/BEVs Deliveries
Ford Motor Co	28,125	7.00%	4,278,419	0.94
General Motors Co	45,074	4.54%	1,337,000	7.43
Mercedes-Benz Group	16,236	13.64%	2,389,013	0.50
Stellantis NV	17,948	17.24%	6,168,000	0.17
Volkswagen AG	22,122	6.73%	8,693,208	0.38
Honda Motor Co Ltd	12,556	9.80%	3,333,000	0.38

Source: LSEG, Peers Annual Reports, Author Analysis

Appendix 20: Options Valuation Inputs

Value of the Underlying Asset (S): €154,775 million (Current Enterprise Value as of 27/02/2026).

Strike Price (K): €110,867 million (Forecasted book value of total debt for 2026F).

Expiration Time (t): 4.50 years used in the Market value of debt (Weighted average maturity of outstanding debt, calculated across the <1 year, 1-5 years, and >5 years tranches).

Riskless Rate (r_f): 2.86% (Yield on the 10-year German Government Bond).

Volatility (σ): 13.21% (derived from historical daily stock prices and adjusted by the firm's Equity-to-Value(E/V) ratio used in WACC).