

AUTOMOTIVE

BMW lowers 2024 outlook amid technical, market pressures

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BMW Group is lowering its annual projections for sales and car deliveries in response to an Integrated Braking System (IBS) defect that has affected over 1.5 million vehicles. Image credit: BMW Group

By LUXURY DAILY NEWS SERVICE

Germany's **BMW Group** is rethinking its annual financial forecast.

Announced Sept. 10, the company is lowering its 2024 outlook in response to an Integrated Braking System (IBS) defect that has affected over 1.5 million vehicles. Initial projections from BMW Group projected an increase in car deliveries by year's end; a slight decrease is now expected instead, in comparison to volumes from 2023.

Recalls impact revenue

According to BMW's latest advisory, challenges related to an automotive parts recall is the key reason why leaders are sharing a revenue deficit warning this season, though market slowdowns are also cited.

Stalled sales in China due to muted demand and weak consumer sentiment are mentioned among factors currently hitting its bottom line.

Besides this, the group, which owns BMW, Mini, Rolls-Royce and BMW Motorrad brands, is dealing with a technical issue caused by supplier-provided IBS units that have been installed in BMW X1, BMW X2, BMW X5, Mini Cooper, Countryman and Rolls-Royce Spectre models since June 2022.



*Delivery stops on a number of models, including the BMW X2, are due to significantly impact earnings, according to an advisory from the corporation.
Image credit: BMW Group*

So far, BMW has taken several actions, including delivery stops, that it says have significantly impacted sales and led to increased warranty costs in the hundreds of millions of euros.

The update states that the conditions outlined will result in a “negative worldwide sales effect in the second half of the year,” knocking its EBIT margin estimates from 8-10 percent to 6-7 percent, anticipating more losses in the third quarter than those to come in the fourth.

Motorcycle deliveries are also at risk per BMW Group’s statement, which shares that “the ongoing competitive situation across core markets including China and the USA is having a major impact on volume and price realization” within the segment.

BMW Group predicts that, here, deliveries to customers will net out at prior year’s level, contrary to the slight increase it laid out previously ([see story](#)).

The corporation’s full quarterly report will be published on Nov. 6, 2024.

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