

# BMW recalls 1.5 mn cars over bad brake, cuts outlook

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The recall comes as BMW faces slowing sales in China, a key market.

BMW said Tuesday it was recalling about 1.5 million vehicles due to problems with their brakes and cut its outlook for the year, sending the German luxury carmaker's shares tumbling.

The development will hit revenues in the second half of the year, said the group, which also includes the Rolls-Royce and Mini brands.

The financial impact in the three months to the end of September will be in the "high three-digit million" euro range, it said.

It was further bad news for BMW, which has been hit by weakening demand in China, and for the broader German auto sector after Volkswagen said last week it was mulling the unprecedented step of closing factories in Germany.

The braking system behind the problems was supplied by Continental. The German auto supplier said the affected component would be replaced if problems were detected.

But it added that, even in cases where the fault is detected, the "braking performance is not compromised and brakes can always be applied".

As well as the impact of the recall, BMW said "the ongoing muted demand in China is affecting sales volumes. Despite stimulus measures from the government, consumer sentiment remains weak".

Munich-headquartered BMW now expects a slight decrease in vehicle deliveries this year compared to last, having previously forecast a slight increase.

It did not give a precise figure. In 2023 deliveries of BMW, Rolls-Royce and Mini vehicles stood at 2.56 million.

The automaker also trimmed its guidance for profitability and expects margins this year between six and seven percent, down from eight to 10 previously.

The car maker's shares closed 11 percent lower on the Frankfurt Stock Exchange, while Continental's share price fell 10.5 percent.

Last month BMW also recalled 1.4 million vehicles in China due to faulty airbags, the country's market regulator announced.

BMW reported a drop in net profit in the second quarter, due to the impact of poorer business in China and higher manufacturing costs.

Net profit at the group declined by 8.6 percent to 2.7 billion euros (\$2.9 billion) between April and June, on the back of revenues that fell 0.7 percent to just under 37 billion euros.

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