DAIMLER

Investor Relations Release

Date:
July 27, 2010

Daimler targets Group EBIT of €6 billion in full-year 2010

- **Group EBIT of €2,104 million in the second quarter (Q2 2009: minus €1,005 million)**
- **Net profit of €1,312 million (Q2 2009: net loss of €1,062 million)**
- **Revenue substantially above prior-year level at €25.1 billion (Q2 2009: €19.6 billion)**
- **Substantial increase in free cash flow to €2.5 billion**
- **Mercedes-Benz Cars targets EBIT of €4 billion for 2010**
- **Daimler Trucks anticipates EBIT of around €1 billion for 2010**

Stuttgart – Recovering automotive markets around the world, strong growth in major car and commercial-vehicle markets, an attractive product portfolio and the implementation of efficiency improvements had a very positive effect on Daimler AG (stock-exchange symbol DAI) in the second quarter of 2010. As already announced on July 16, Group EBIT amounted to €2,104 million (Q2 2009: minus €1,005 million).

"Our strategy is paying off: We have a very dynamic development of unit sales and revenue in all divisions. After what was already a very good first quarter, we achieved excellent results in the second quarter," stated Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars. Mercedes-Benz Cars and Daimler Trucks in particular posted significant improvements in their operating profit.

Zetsche remains confident for the full year: “We anticipate significant revenue growth in 2010 and we are targeting EBIT from the ongoing business of €6 billion.”

The positive development of EBIT in the second quarter led to a significant improvement in net profit to €1,312 million (Q2 2009: net loss of €1,062 million). Earnings per share amounted to €1.18 (Q2 2009: loss per share of €0.99).

Unit sales up by 27% in the second quarter

In the second quarter of 2010, Daimler sold 496,500 cars and commercial vehicles worldwide, surpassing the prior-year volume by 27%.

The Daimler Group’s second-quarter revenue increased significantly from €19.6 billion in 2009 to €25.1 billion this year (+28%); adjusted for exchange-rate effects, revenue grew by 21%.

The free cash flow of the industrial business was positive and increased substantially by €1.1 billion to €2.5 billion.

At the end of the second quarter of 2010, Daimler employed 257,658 people worldwide (June 30, 2009: 257,427). Of that total, 163,507 were employed in Germany (June 30, 2009: 162,818). Due to the current order situation and the revival of demand around the world, short-time work was terminated as of June 30, 2010, with just a few small exceptions.

Details of the divisions in the second quarter

The **Mercedes-Benz Cars** division increased its unit sales by 19% to 342,500 vehicles. For the Mercedes-Benz brand, this was the strongest second quarter ever; its unit sales rose by 24% to 314,400 vehicles. For lifecycle reasons, sales of the smart fortwo decreased to 27,100 units (Q2 2009: 33,500). Mercedes-Benz Cars' revenue increased by 33% to €14.0 billion. EBIT rose by €1.7 billion to €1,376 million. The division's return on sales was 9.8% (Q2 2009: minus 3.2%).

The very positive earnings trend was primarily the result of increased vehicle shipments, especially in China, as well as an improved product mix. The substantial improvement in profitability was also caused by better pricing, efficiency enhancements and slightly positive exchange-rate effects.

Daimler Trucks increased its unit sales by 55% to 83,800 vehicles. All of the division's major markets contributed to this positive development, in particular Indonesia (+130%), the United States (+44%), Brazil (+50%) and Europe (+39%). Revenue of €5.9 billion was also well above the prior-year level (Q2 2009: €4.2 billion). The division also achieved a significant improvement in its operating performance, with EBIT of €300 million (Q2 2009: minus €508 million) and a return on sales of 5.1% (Q2 2009: minus 12.0%).

The key factor for the earnings trend was the good development of unit sales. There were other positive effects from the measures taken to reduce costs, in particular from the repositioning of the subsidiaries Daimler Trucks North America and Mitsubishi Fuso Truck and Bus Corporation. The ongoing implementation of those programs reduced second-quarter EBIT by €14 million (Q2 2009: €217 million).

Unit sales by **Mercedes-Benz Vans** increased by 42% to 59,400 vehicles. Second-quarter revenue of €2.0 billion was also well above last year's level

(Q2 2009: €1.5 billion). EBIT amounted to €127 million (Q2 2009: minus €10 million) and the return on sales improved to 6.4% (Q2 2009: minus 0.7%). The division's earnings improvement was primarily the result of a strong increase in unit sales compared to the second quarter of last year. Negative exchange-rate effects were more than offset by sustained efficiency gains.

Daimler Buses sold a total of 10,800 buses and chassis worldwide (Q2 2009: 8,300). Revenue of €1.2 billion was higher than in the prior-year quarter (€1.1 billion). EBIT also increased, to €79 million compared to €49 million in the second quarter of last year. The return on sales was 6.6% (Q2 2009: 4.4%). The main factors behind this earnings development were positive exchange-rate effects and higher revenue resulting from increased chassis shipments in Latin America.

The contract volume of **Daimler Financial Services** increased to €63.8 billion at the end of the second quarter, which is 9% higher than at the end of 2009. Adjusted for exchange-rate effects, the division's portfolio remained stable. New business amounted to €7.9 billion (Q2 2009: €6.5 billion). EBIT improved substantially to €171 million (Q2 2009: €79 million).

The earnings increase was mainly caused by lower risk expenses and higher interest margins. In addition, gains were realized in connection with the sale of non-automotive assets (€26 million). Expenses of €78 million were incurred for the repositioning of business activities in Germany.

The **reconciliation** of the divisions' EBIT to Group EBIT reflects Daimler's proportionate share in the results of its equity-method investment in EADS, other gains or losses at the corporate level, and the effects on earnings of eliminating internal transactions between the divisions.

The special items that affected Daimler's EBIT in the second quarter of 2010 are shown in the table on page 8.

Outlook

Based on the divisions' estimations, Daimler expects **total unit sales** to increase significantly in 2010 (2009: 1.6 million vehicles).

The Daimler Group assumes that it will achieve significant **revenue growth** in 2010 (Q2 2009: €78.9 billion).

In view of the good business development in all divisions and supported by the favorable development of important exchange rates, the Daimler Group has once again increased its earnings forecast. For 2010, **EBIT** from the ongoing business of €6 billion is targeted.

This expectation is based on the continuation of a stable economic development and the ongoing market success of the Group's products. The biggest risks are seen to be in the high volatility of the financial markets, as well as in a worsening of the macroeconomic environment.

The divisions' new expectations for EBIT from the ongoing business in 2010 are as follows:

- **Mercedes-Benz Cars** targets EBIT of €4 billion.
- **Daimler Trucks** anticipates EBIT of around €1 billion.
- **Mercedes-Benz Vans** assumes it will achieve EBIT in the magnitude of €350 million.
- **Daimler Buses** expects to post EBIT of €180 million.
- **Daimler Financial Services** anticipates EBIT of approximately €800 million.

Mercedes-Benz Cars will profit this year from the full availability of the new E-Class models. Unit sales will be additionally boosted by the new super sports car Mercedes-Benz SLS AMG, and as of autumn 2010 by the new generations of the R-Class and the CL-Class. Starting in the third quarter of 2010, cars will gradually be equipped with new and particularly efficient six- and eight-cylinder gasoline engines.

For the smart brand, an increase in demand is anticipated as of the third quarter of 2010 following the launch of the new generation of the smart fortwo. On the basis of an attractive and competitive range of vehicles, the division assumes that unit sales of the Mercedes-Benz brand will increase at a double-digit rate in 2010.

For the second half of the year 2010, the Mercedes-Benz Cars division expects the positive trend of the first two quarters to continue, but no longer with the same dynamism. Although a continuation of stable global sales markets and an improving economic environment is anticipated, there are still risks of a growth slowdown in some regions. An additional factor is that personnel expenses will increase in the second half of the year due to the termination of reduced working hours as of May 31, and the exchange rates of currencies important to Daimler are highly volatile. There will be opposing, positive effects, however, from the consistent implementation of the efficiency program and an optimized product range.

Daimler Trucks expects a significant recovery of unit sales in 2010 due to the stabilizing market situation in many major markets and the availability of new models. Indonesia, the United States, Brazil and Europe will probably remain the main drivers. In addition, market recovery is also anticipated in Japan and Turkey.

The division also expects sales impetus from the face-lifted Mercedes-Benz trucks Atego and Axor, which can be ordered as of the IAA Commercial Vehicles Show with deliveries starting towards the end of this year.

The Detroit Diesel engines supplied in the United States from the new generation of heavy-duty engines with BLUETEC technology and complying with EPA10 emission regulations will lead to increasing demand for Freightliner trucks. Customer demand should also be stimulated by the new Fuso heavy-duty truck with BLUETEC engines from the new Daimler Trucks heavy-duty engine generation and by the new medium-duty Fuso Fighter.

Against the backdrop of rising demand and the market recovery in the vans business, **Mercedes-Benz Vans** anticipates a significant increase in unit sales compared to 2009.

Daimler Buses anticipates growth in unit sales for 2010, primarily due to the development of chassis sales in Latin American markets. In Western Europe, however, unit sales will remain below the prior-year level for market reasons.

Daimler Financial Services anticipates a reduction in worldwide credit-risk costs and further efficiency improvements in full-year 2010. Adjusted for exchange-rate effects, contract volume is expected to develop along a stable path in the second half of this year.

As a result of the upturn in demand, the Daimler Group expects the size of its **worldwide workforce** to remain constant or to increase slightly compared to the end of 2009.

The **special factors** shown in the following table affected EBIT in the second quarters of 2010 and 2009.

Special factors affecting EBIT Amounts in millions of €	**Q2 2010**	**Q2 2009**
Daimler Trucks		
Repositioning of Daimler Trucks North America	(4)	(13)
Repositioning of Mitsubishi Fuso Truck and Bus Corporation	(10)	(204)
Daimler Financial Services		
Repositioning of business activities in Germany	(78)	-
Sale of non-automotive assets	26	6
Reconciliation		
Chrysler-related expenses	-	(387)

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including a lack of further improvement or a renewed deterioration of global economic conditions, in particular a renewed decline of consumer demand and investment activity in Western Europe or the United States, or a downturn in major Asian economies; a continuation or worsening of the tense situation in the credit and financial markets, which could result in a renewed increase in borrowing costs or limit our funding flexibility; changes in currency exchange rates or interest rates; the ability to continue to offer fuel-efficient and environmentally friendly products; a permanent shift in consumer preference towards smaller, lower margin vehicles; the introduction of competing, fuel-efficient products and the possible lack of acceptance of our products or services, which may limit our ability to adequately utilize our production capacities or raise prices; price increases in fuel, raw materials and precious metals; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a renewed decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization programs at all of our segments, including the repositioning of our truck activities in the NAFTA region and in Asia; the business outlook of companies in which we hold an equity interest, most notably EADS; the successful implementation of the strategic cooperation with Renault-Nissan, changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in Daimler’s most recent Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in Daimler’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made.

Further Investor Relations information on Daimler is available on the Internet via http://www.daimler.com/investors and on handhelds via http://www.daimler.mobi/ir.

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Figures for the 2nd Quarter 2010/First Half-Year 2010

Daimler Group amounts in €	Q2 2010	Q2 2009	Change 10/09	YTD 2010	YTD 2009	Change 10/09
Revenue, in millions	25,107	19,612	+ 28 %	46,294	38,291	+ 21 %
EBIT, in millions	2,104	(1,005)	-	3,294	(2,431)	-
Net profit (loss), in millions	1,312	(1,062)	-	1,924	(2,348)	-
Earnings (loss) per share (EPS)	1.18	(0.99)	-	1.84	(2.37)	-
Employees (June 30)	257,658	257,427	+ 0 %	257,658	257,427	+ 0 %

EBIT by Divisions in millions of €	Q2 2010	Q2 2009	Change 10/09	YTD 2010	YTD 2009	Change 10/09
Mercedes-Benz Cars	1,376	(340)	-	2,182	(1,463)	-
Daimler Trucks	300	(508)	-	430	(650)	-
Mercedes-Benz Vans	127	(10)	-	191	(101)	-
Daimler Buses	79	49	+ 61 %	120	114	+ 5 %
Daimler Financial Services	171	79	+ 116 %	290	(88)	-
Reconciliation	51	(275)	-	81	(243)	-

Revenue by Divisions in millions of €	Q2 2010	Q2 2009	Change 10/09	YTD 2010	YTD 2009	Change 10/09
Mercedes-Benz Cars	14,018	10,568	+ 33 %	25,613	19,635	+ 30 %
Daimler Trucks	5,853	4,217	+ 39 %	10,726	9,135	+ 17 %
Mercedes-Benz Vans	1,977	1,481	+ 33 %	3,674	2,772	+ 33 %
Daimler Buses	1,205	1,103	+ 9 %	2,216	2,007	+ 10 %
Daimler Financial Services	3,322	3,108	+ 7 %	6,383	6,258	+ 2 %
Reconciliation	(1,268)	(865)	- 47 %	(2,318)	(1,516)	- 53 %

Unit Sales in units	Q2 2010	Q2 2009	Change 10/09	YTD 2010	YTD 2009	Change 10/09
Daimler Group	496,481	391,540	+ 27 %	899,206	723,792	+ 24 %
Mercedes-Benz Cars	342,461	287,243	+ 19 %	619,578	518,436	+ 20 %
Daimler Trucks	83,797	54,134	+ 55 %	154,354	119,539	+ 29 %
Mercedes-Benz Vans	59,393	41,871	+ 42 %	106,048	70,705	+ 50 %
Daimler Buses	10,830	8,292	+ 31 %	19,226	15,112	+ 27 %