

# **DAIMLERCHRYSLER**

## **Q1 2007 RESULTS CONFERENCE CALL**

**Bodo Uebber**  
**Member of the Board of Management**  
**Finance & Controlling / Financial Services**

**May 15, 2007**

## SUMMARY

- **Unit sales down 5% to 1.1 million vehicles**
- **Revenues decreased by 6% to EUR 35.4 billion;**  
Adjusted for exchange-rate effects and changes in the consolidated Group at last year's level
- **EBIT of EUR 2.0 billion (+73%), including:**
  - EUR 914 million for Chrysler Group's Recovery and Transformation Plan
  - EUR 54 million related to the new management model
  - a gain of EUR 1,563 million from the transfer of interest in EADS
- **Net profit more than doubled to EUR 2.0 billion**

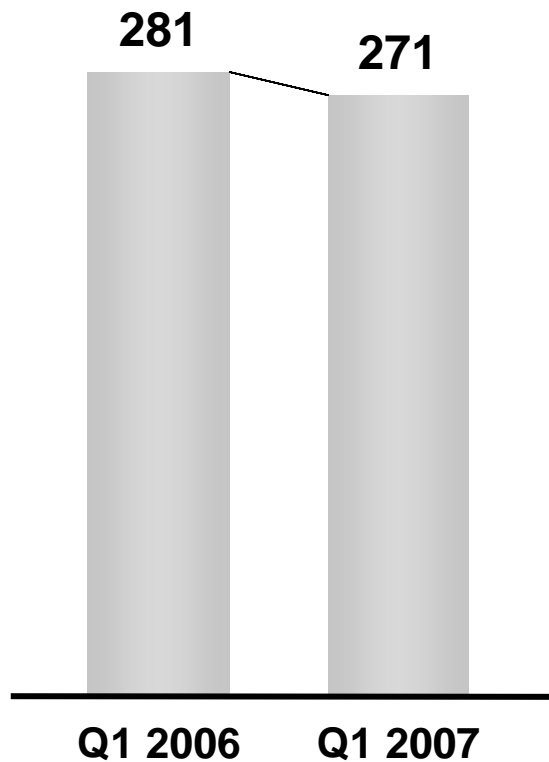
**KEY FINANCIAL FIGURES**

– in billions of EUR –

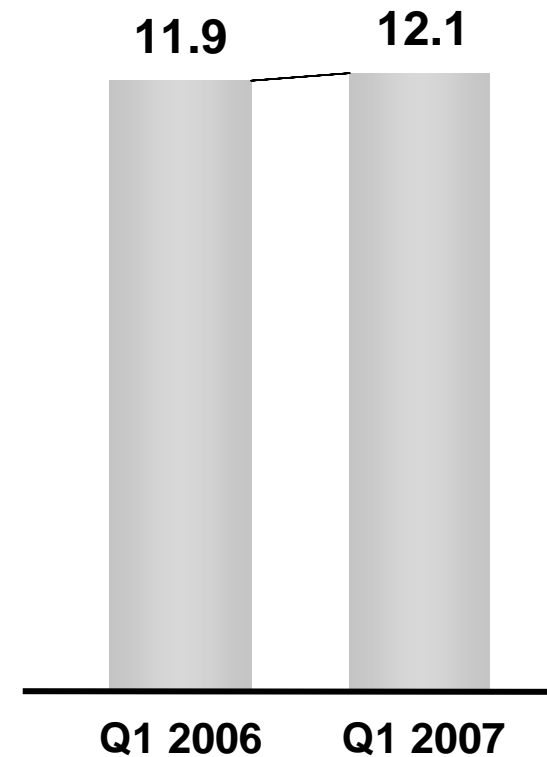
	Q1 2006	Q1 2007
<b>Unit Sales</b> (in thousands of units)	1,153	1,099
<b>Revenues</b>	37.4	35.4
<b>EBIT</b>	1.2	2.0
<b>Net Profit</b>	0.8	2.0
<b>Earnings per Share</b> (in EUR)	0.77	1.89
<b>Free Cash Flow Industrial Business</b>	1.1	2.9
<b>Net Liquidity Industrial Business</b> (2006: year end)	9.9	12.9

## LOWER UNIT SALES REFLECT C-CLASS AND SMART MODEL CHANGEOVER

**Unit Sales**  
- in thousand units -

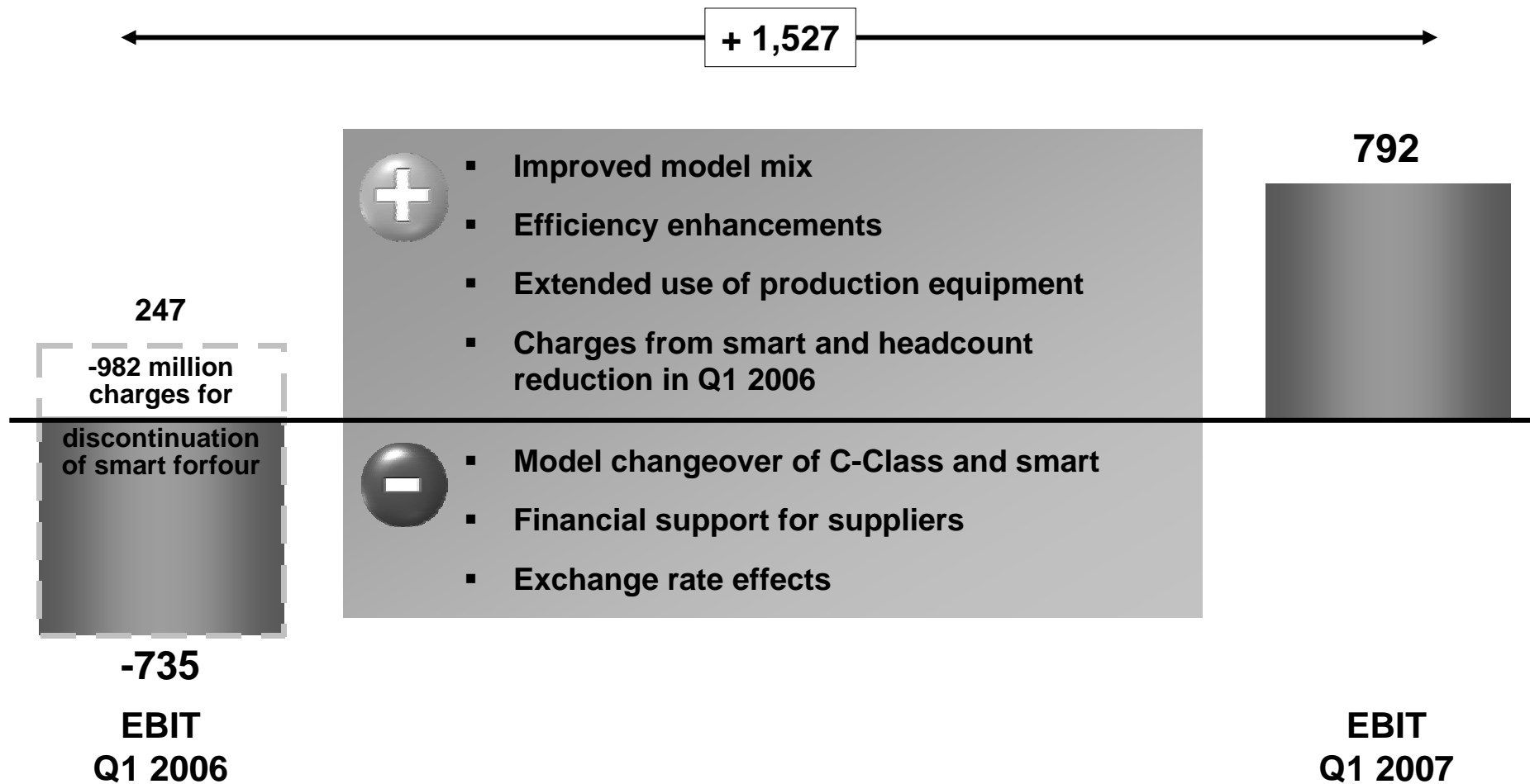


**Revenues**  
- in billions of EUR -



# SIGNIFICANT GROWTH IN EBIT

– in millions of EUR –



**NEW PRODUCTS**



**C-Class  
Elegance**



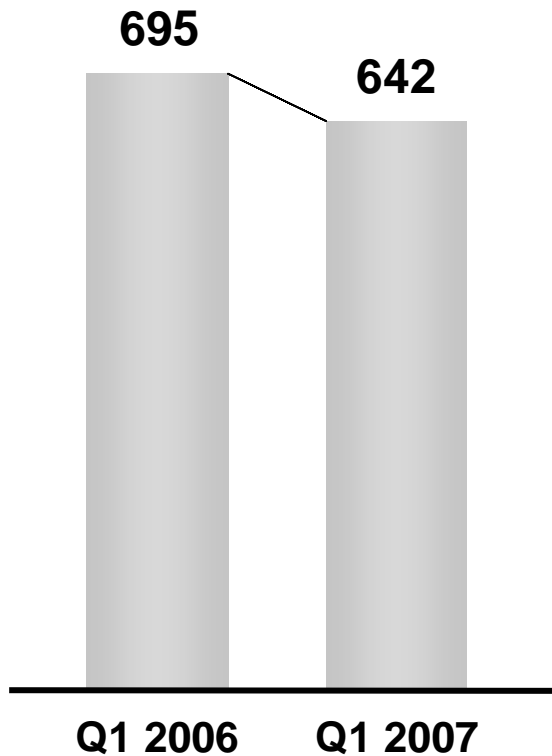
**C-Class  
Avantgarde**



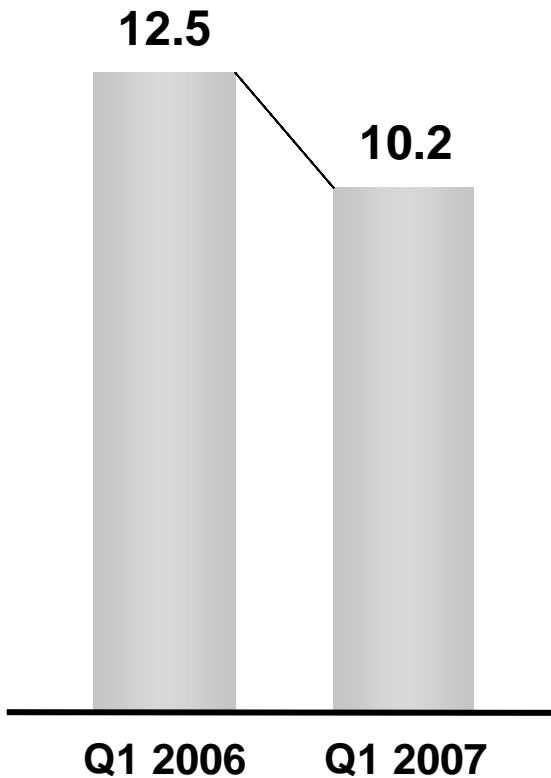
**smart fortwo**

# UNIT SALES AND REVENUES MAINLY IMPACTED BY FURTHER INVENTORY ADJUSTMENTS

**Unit Sales / Shipments**  
- in thousand units -

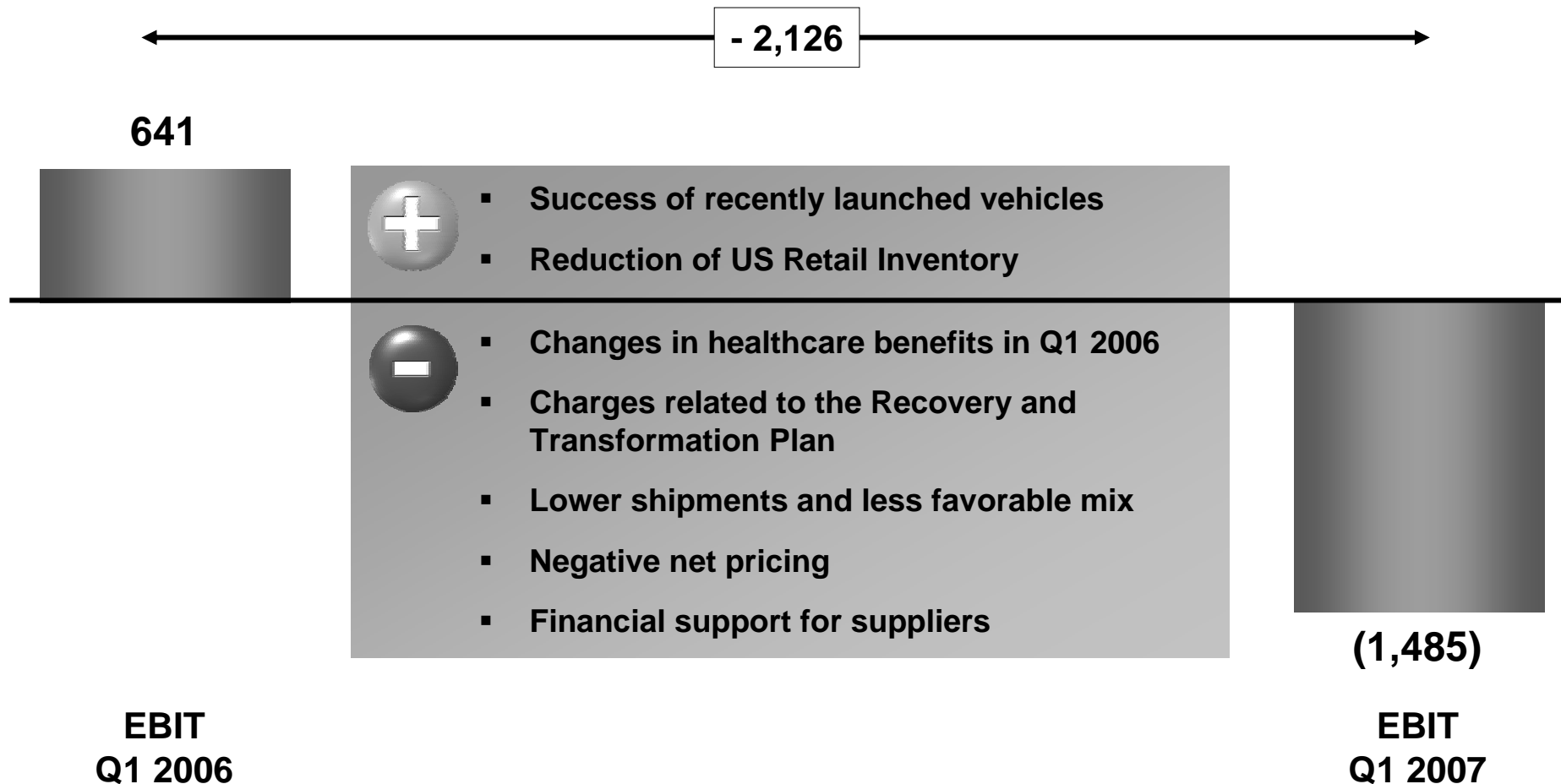


**Revenues**  
- in billions of EUR -



# EARNINGS REFLECT LOWER SHIPMENTS AND CHARGES FOR THE RECOVERY AND TRANSFORMATION PLAN

– in millions of EUR –





# NEW PRODUCTS



**Jeep Patriot**

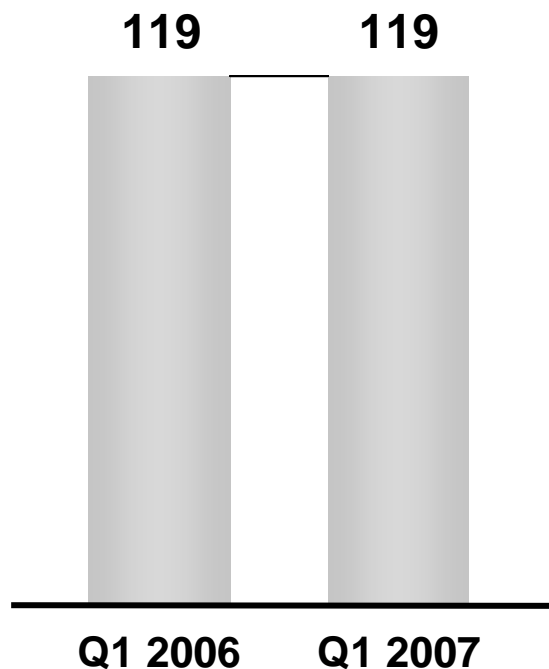
**Sebring  
Convertible**

**Dodge  
Avenger**

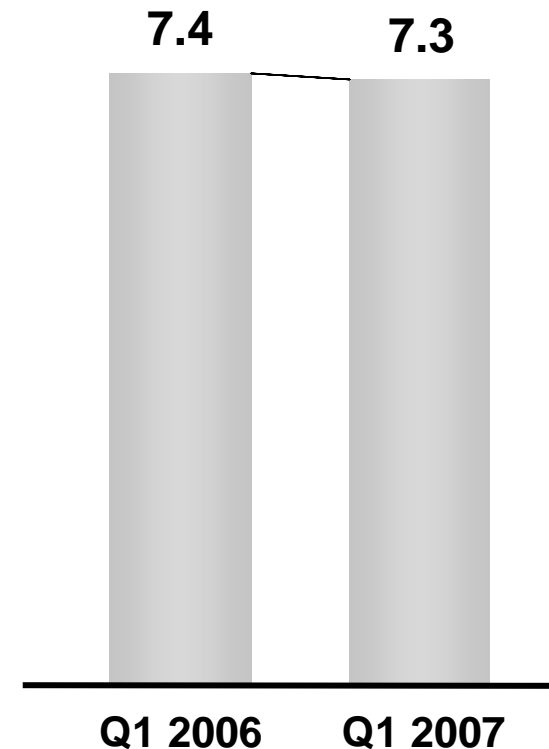
**Dodge / Chrysler  
Minivans**

## STRONG DEMAND FOR BLUETEC TRUCKS IN EUROPE AND HIGH VOLUME IN NAFTA

**Unit Sales**  
- in thousand units -

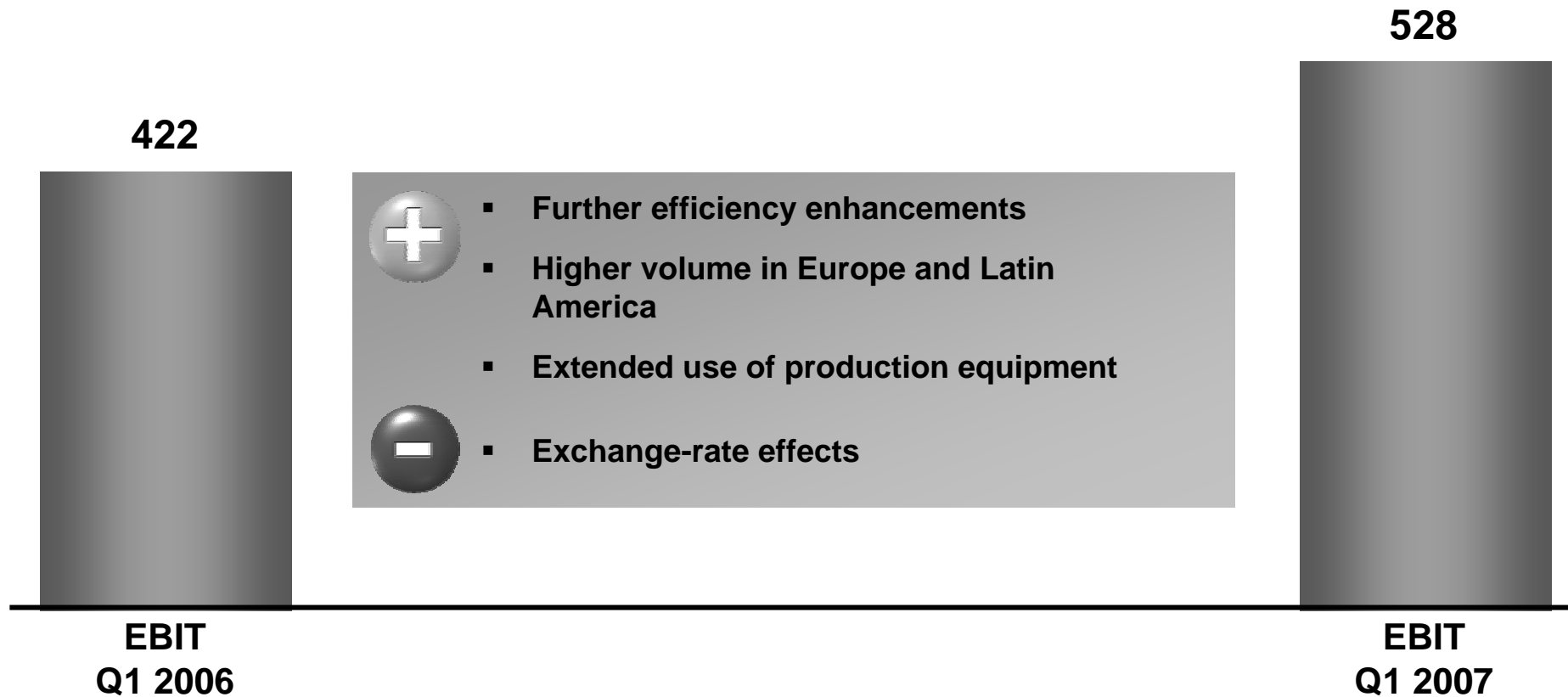
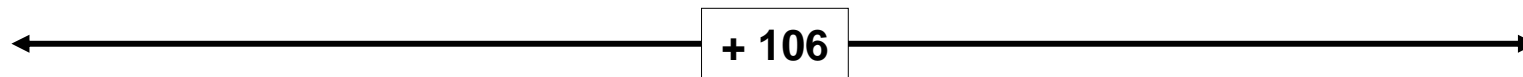


**Revenues**  
- in billions of EUR -



# HIGHER EARNINGS DUE TO HIGHER VOLUME IN EUROPE / LATIN AMERICA AND EFFICIENCY IMPROVEMENTS

– in millions of EUR –



**NEW PRODUCTS**



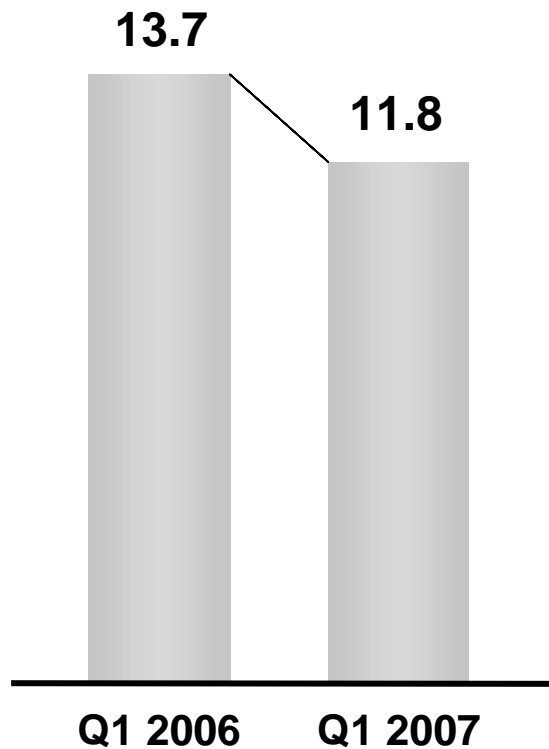
**Sterling  
Bullet**

**Freightliner  
Cascadia**

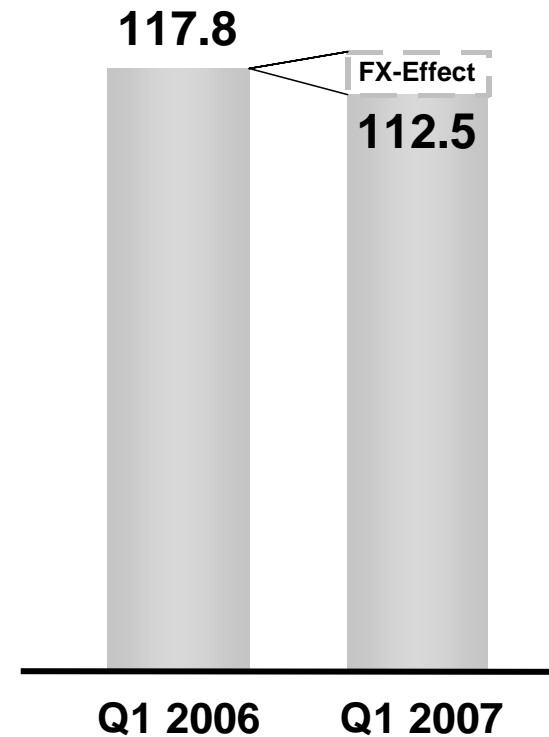
**Mercedes-Benz  
Axor BLUETEC 5**

# STABLE DEVELOPMENT AT FINANCIAL SERVICES, COMPARISON IMPACTED BY EXCHANGE RATE EFFECTS

**New Business**  
- in billions of EUR -



**Contract Volume**  
- in billions of EUR -



# EXCHANGE RATE EFFECTS AND HIGHER COST OF RISK LARGELY OFFSET BY GROWTH IN PORTFOLIO


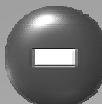
– in millions of EUR –



455



EBIT  
Q1 2006

-  Slight increase in contract volume (adjusted for exchange rate effects)
- Efficiency enhancements
-  Appreciation of the euro against the US dollar
- Higher cost of risk

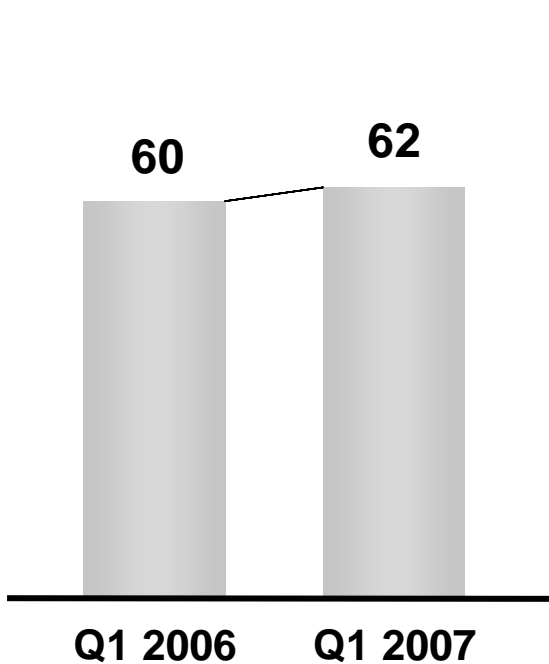
419



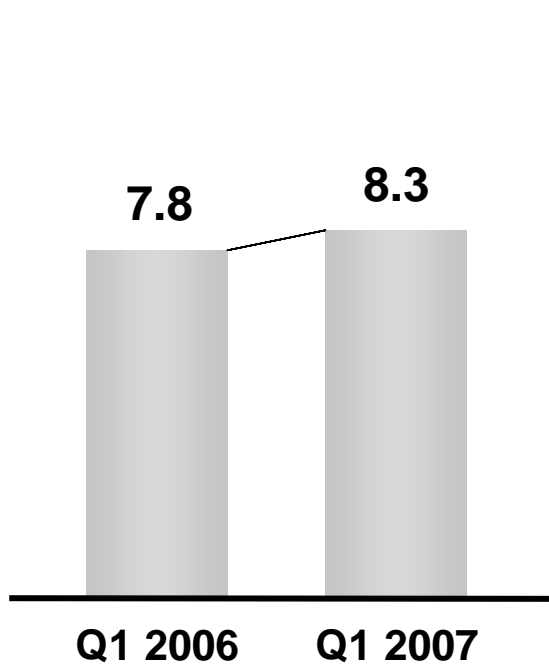
EBIT  
Q1 2007

# ONGOING GROWTH IN VOLUME FOR VANS AND BUSES

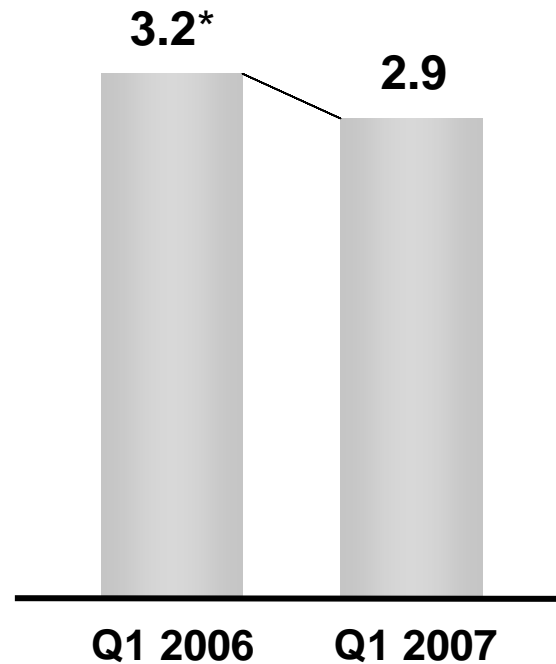
**Unit Sales Vans**  
- in thousand units -



**Unit Sales Buses**  
- in thousand units -



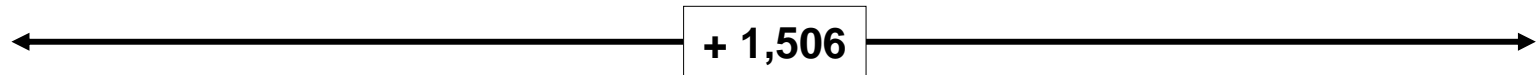
**Revenues**  
- in billions of EUR -




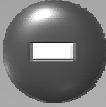
\*) Includes EUR 0.4 billion related to off-highway business

# GAIN FROM THE TRANSFER OF INTEREST IN EADS

– in millions of EUR –



1,872

- 
  - Higher sales of vans and buses
  - Successful launch of new Sprinter van
  - Extended use of production equipment
  - Gain from the transfer of interest in EADS
- 
  - Charges for Power8 program at EADS
  - Gain on disposal of the off-highway business in Q1 2006

366

EBIT  
Q1 2006

EBIT  
Q1 2007



PRODUCTS



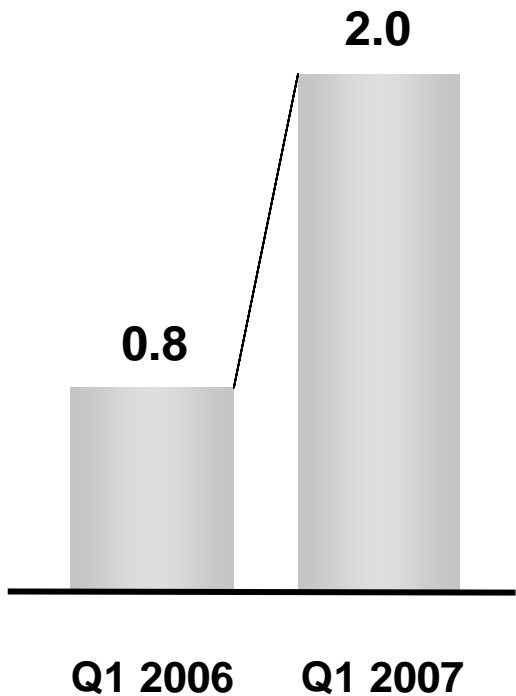
**Mercedes-Benz  
Sprinter**

**Mercedes-Benz  
Tourismo**

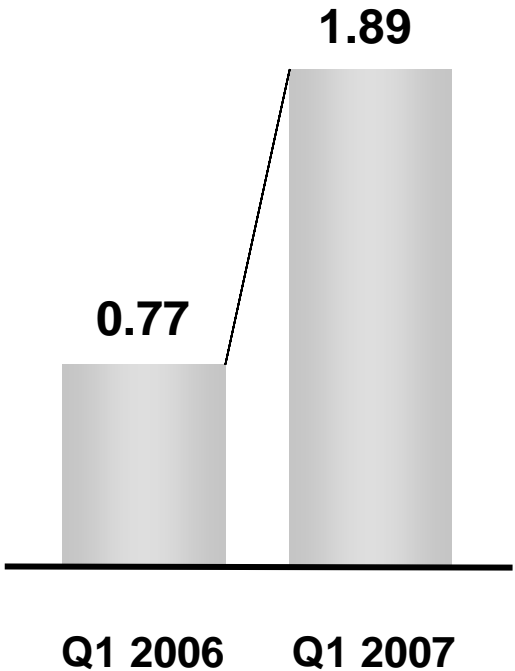
**Setra  
Multi Class**

# NET PROFIT AND EARNINGS PER SHARE

**Net Profit**  
- in billions of EUR -



**Earnings per Share**  
- in EUR -



## KEY BALANCE SHEET AND FINANCIAL FIGURES

- in billions of EUR -

	Dec. 31 2006	Mar. 31 2007
<b>DaimlerChrysler Group</b>		
▪ Equity ratio <sup>1)</sup>	16.5%	17.9%
▪ Gross liquidity	14.4	15.5
<b>Industrial Business</b>		
▪ Equity ratio <sup>1)</sup>	27.2%	29.2%
▪ Net liquidity	9.9	12.9
<b>Funded Status</b>		
▪ Pensions	(2.3)	(2.0)
▪ Healthcare	(14.1)	(14.0)
<b>Free cash flow</b> (January – March)		
▪ Group <sup>2)</sup>	1.0	3.0
▪ Industrial business	1.1	2.9

1) Excluding dividend payment

2) After net debt financing Financial Services

## EARNINGS OUTLOOK 2007

- Mercedes Car Group expects to achieve more than 7% ROS.
- EBIT at Chrysler Group is expected to be negative at EUR 1.6 billion, including charges of EUR 1.0 billion for the Recovery and Transformation Plan.
- The Truck Group earnings will be below 2006 level due to lower volume in major markets. However, it expects to be well above its costs of capital.
- Financial Services will continue to support Group sales and aims to achieve a return on equity of more than 14%.
- Group EBIT expected at EUR 7 billion, including
  - A gain of EUR 1.6 billion from the transfer of interest in EADS
  - Charges of EUR 1.0 billion for the Recovery and Transformation Plan
  - Charges of EUR 0.6 billion related to the new management model
- The Group guidance is based on the current structure and does not yet include the future concept for the Chrysler Group and the realignment of DaimlerChrysler AG.

## SUMMARY OF THE CHRYSLER GROUP TRANSACTION

- **Cerberus affiliate will acquire 80.1% equity interest in Chrysler Group and Chrysler-related financial services business for EUR 5.5 billion.**
- **EUR 4.5 billion of this will go into the new Chrysler Holding LLC; EUR 1.0 billion will go to DaimlerChrysler.**
- **Combined with a loan of EUR 0.3 billion and fixed compensation for Chrysler cash needs of EUR 1.2 billion until the closing, net cash outflow will total EUR 0.5 billion.**
- **Discharge of long-term liabilities of Chrysler Group will cause prepayment compensation of approx. EUR 650 million.**
- **Obligations for pensions and healthcare costs to be retained by Chrysler companies**
- **DaimlerChrysler's net profit according to IFRS in 2007 to be reduced in a range of EUR 3 to 4 billion**

## **DISCLAIMER**

This document contains forward-looking statements that reflect our current views about future events, including, among others, the pendency and consummation of the transaction with Cerberus Capital Management, L.P. regarding Chrysler Group. 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 an economic downturn or slow economic growth, especially in Europe or North America; changes in currency exchange rates and interest rates; introduction of competing products and possible lack of acceptance of our products or services; competitive pressures which may limit our ability to reduce sales incentives and raise prices; price increases in fuel, raw materials, and precious metals; disruption of production or delivery of new vehicles due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; our ability to close the transaction with Cerberus Capital Management, L.P., regarding Chrysler Group; the ability of the Chrysler Group to implement successfully its Recovery and Transformation Plan; the business outlook for our Truck Group, which may experience a significant decline in demand as a result of accelerated purchases in 2006 made in advance of the effectiveness of new emission regulations; effective implementation of cost reduction and efficiency optimization programs, including our new management model; the business outlook of our equity investee EADS, including the financial effects of delays in and potentially lower volume of future aircraft deliveries; 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 DaimlerChrysler’s most recent Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in DaimlerChrysler’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.

## SPECIAL ITEMS AFFECTING EBIT

		1st Quarter	
		2006	2007
- in millions of EUR -			
<b>MCG</b>	Financial support for suppliers	-	(82)
	Discontinuation of smart forfour	(982)	-
	Headcount reduction in the context of CORE	(203)	-
<b>CG</b>	Implementation of the Recovery and Transformation Plan	-	(914)
	Financial support for suppliers	(15)	(38)
	Changes in healthcare benefits	390	-
<b>VBO</b>	Transfer of interest in EADS	(58)	1,563
	Restructuring program at EADS	-	(114)
	Disposal of off-highway business	238	-
<b>Recon.</b>	New Management Model	-	(54)

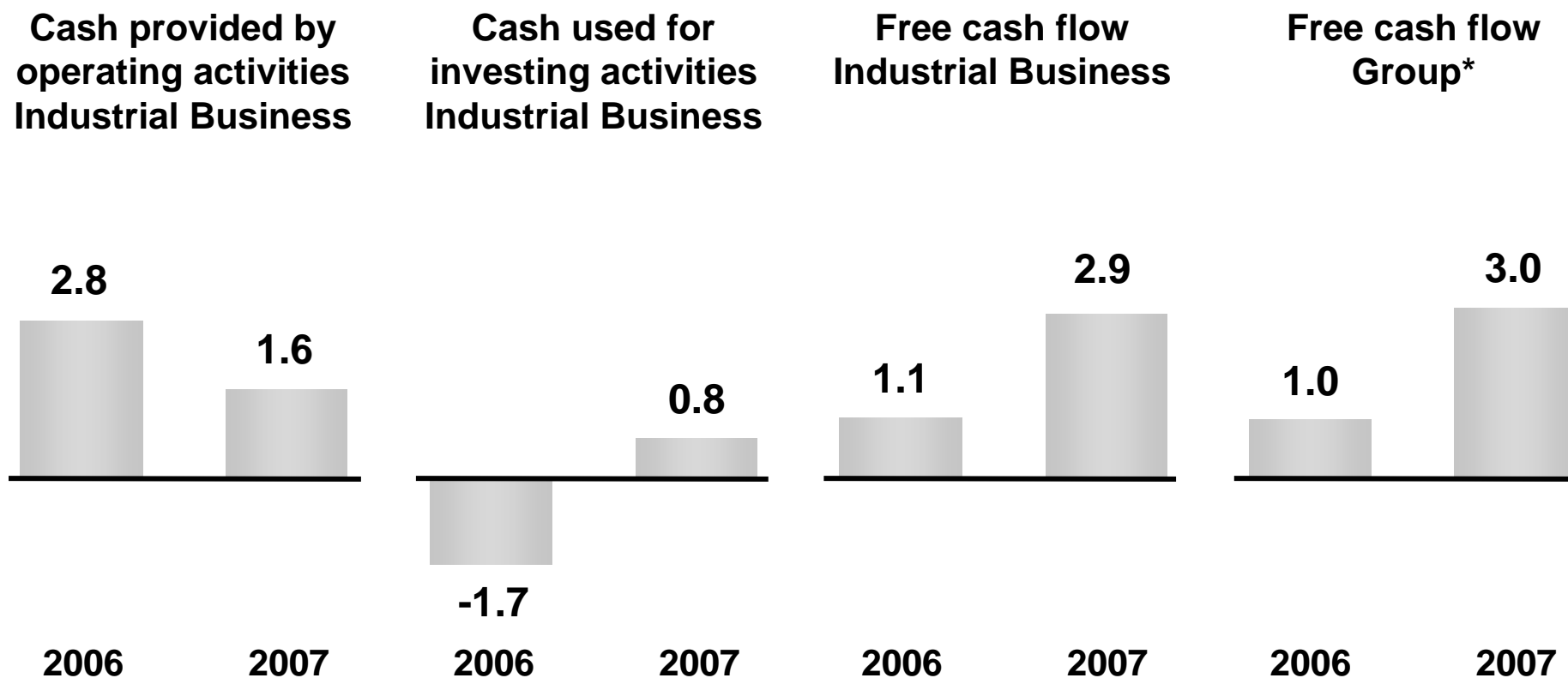
## STATUS OF PENSIONS AND POSTRETIREMENT HEALTH CARE BENEFITS

	Pensions		Health Care	
	Dec. 31 2006	Mar. 31 2007	Dec. 31 2006	Mar. 31 2007
- in billions of EUR -				
Benefit obligations	(37.5)	(37.4)	(17.3)	(17.2)
Plan assets	35.2	35.4	1.9	1.9
<b>Sub-total</b>	<b>(2.3)</b>	<b>(2.0)</b>	<b>(15.4)</b>	<b>(15.3)</b>
Reimbursement Medicare Act	-	-	1.3	1.3
<b>Funded status</b>	<b>(2.3)</b>	<b>(2.0)</b>	<b>(14.1)</b>	<b>(14.0)</b>



## CASH FLOW FIGURES FOR THE PERIOD FROM JANUARY THROUGH MARCH

– in millions of EUR –



\*) After net debt financing Financial Services