

# DAIMLER

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Full Year 2007 Results Roadshow

## Important achievements in FY 2007

### ● Improved profitability

- Significantly improved performance at Mercedes-Benz Cars
- Daimler Trucks increased earnings despite substantial downturn in the NAFTA region
- Daimler Financial Services generated solid earnings ratios despite set-up costs for a separate North American organization
- Higher unit sales of Mercedes-Benz Vans and Daimler Buses

### ● Optimized business portfolio

- Transfer of the majority in Chrysler
- Reduction of interest in EADS
- Sale of Potsdamer Platz and real estate in Japan

### ● Optimized capital structure

- 50 million shares equivalent to €3.5 billion bought back until year-end 2007
- Program resumed on February 14, 2008
- Further programs subject to development of earnings, cash flows and net liquidity

## Key financials

- in billions of € -	FY 2006	FY 2007
EBIT	5.0	8.7
Net profit	3.8	4.0
Net profit from continuing operations	3.2	4.9
Earnings per share (in €)	3.66	3.83
Free cash flow industrial business	2.7	7.6
Net liquidity industrial business (at period end)	9.9	12.9

## Key balance-sheet and financial figures

- in millions of € -	<b>Dec. 31, 2006</b>	<b>Dec. 31, 2007</b>
<b>Daimler Group</b>		
Equity ratio <sup>1)</sup>	16.5%	<b>26.8%</b>
Gross liquidity	14,447	<b>17,055</b>
<b>Industrial Business</b>		
Equity ratio <sup>1)</sup>	27.1%	<b>43.5%</b>
Net liquidity	9,861	<b>12,912</b>
Free cash flow (12-months period)	2,679	<b>7,637</b>

1) Excluding dividend payment

## Share buyback will be continued ...

- 50 million shares had been bought back by December 31, 2007, equivalent to an amount of €3.5 billion
- All these shares were canceled by the end of FY 2007
- Share buyback resumed on February 14, 2008

... on the basis of increased retained earnings at Daimler AG

● **Net profit of the parent company Daimler AG increased to €12.4 billion, of which:**

- €6.2 billion allocated to retained earnings
- €4.2 billion additionally allocated to retained earnings subject to the decision of the annual meeting
- €2.0 billion proposed for dividend payment

● **Boost in net profit resulted from:**

- Strong business performance at Mercedes-Benz Cars and Daimler Trucks
- Dividend payments from subsidiaries
- Gain from transfer of interest in EADS
- Gain from transfer of investments

● **Further programs subject to development of earnings, cash flows and net liquidity**

# Mercedes-Benz Cars

Maybach



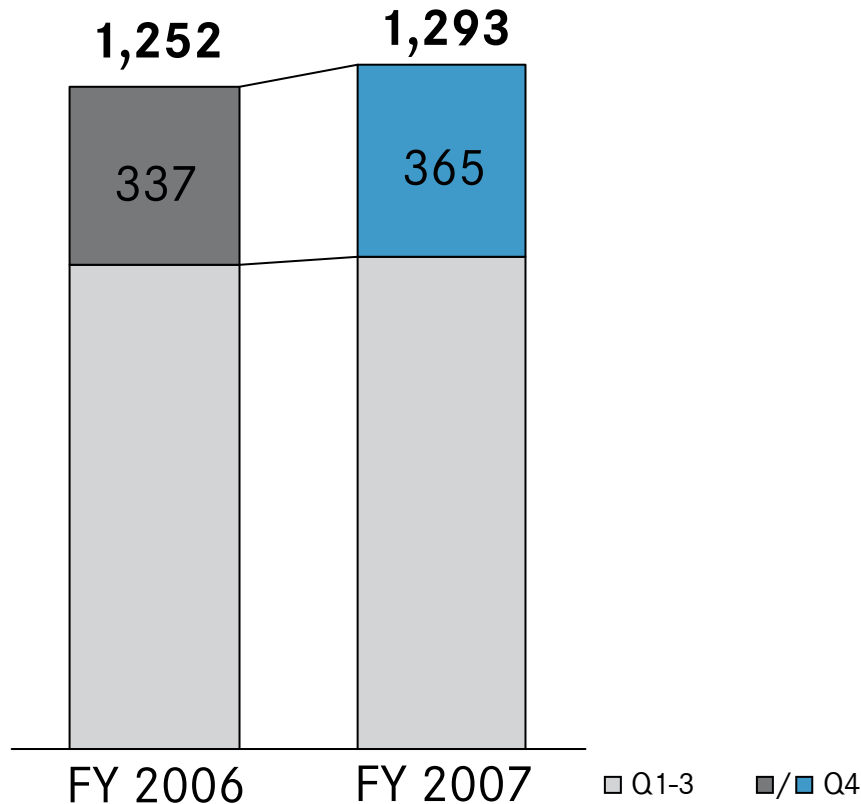
Mercedes-Benz



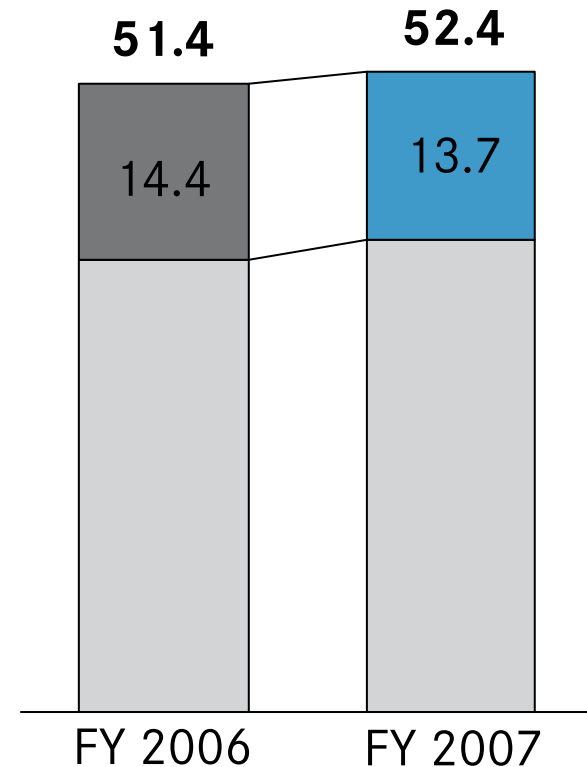
smart

Higher unit sales and revenue reflect success of new products

**Unit sales**  
- in thousands of units -



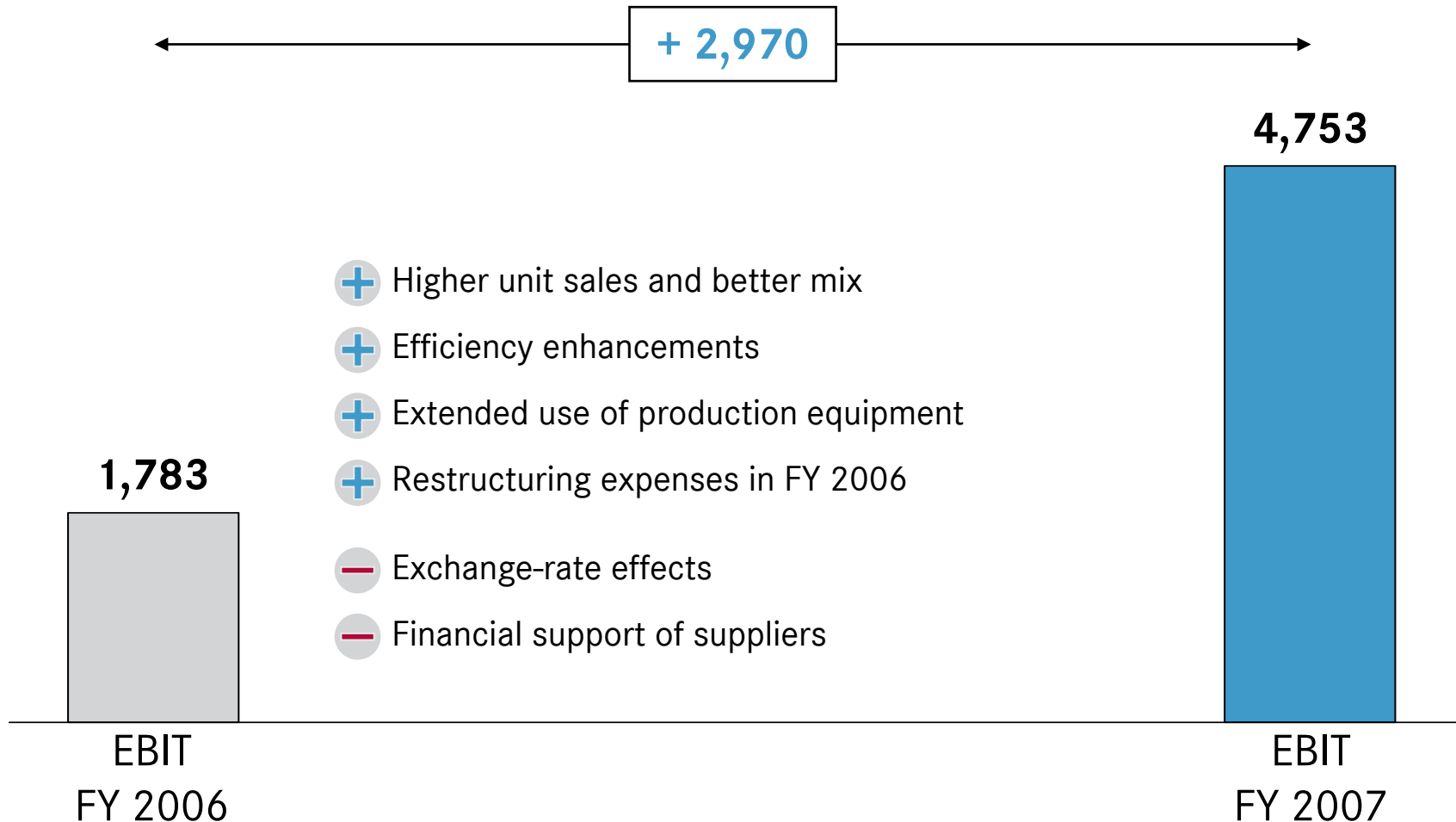
**Revenue**  
- in billions of € -



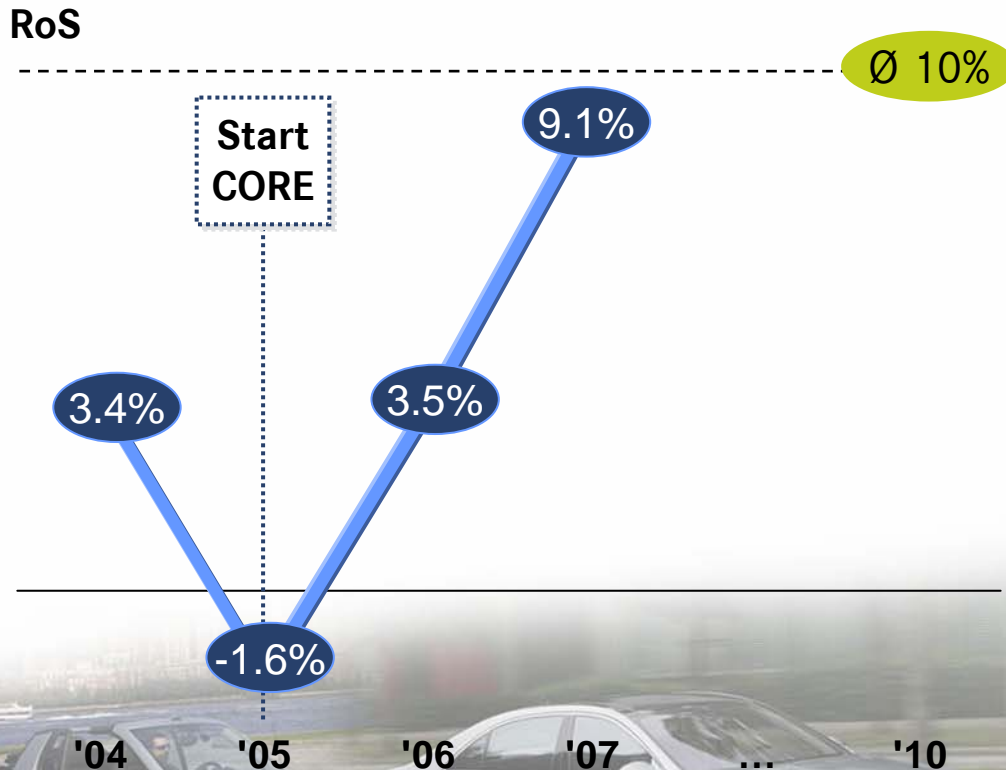


# EBIT increased mainly due to higher volume and substantially improved efficiency

- in millions of € -



# Target for Mercedes-Benz Cars Achieve average RoS of 10%



## Major levers

- Operational excellence
- Growth through regional strategies
- CSI #1
- Brand strategy "Appreciation"
- "Road to the Future"



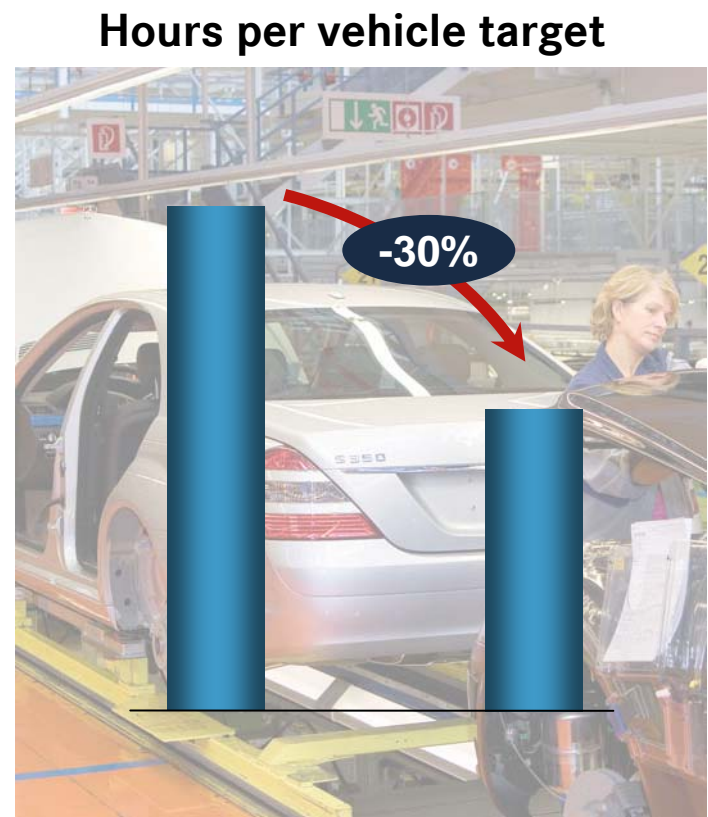
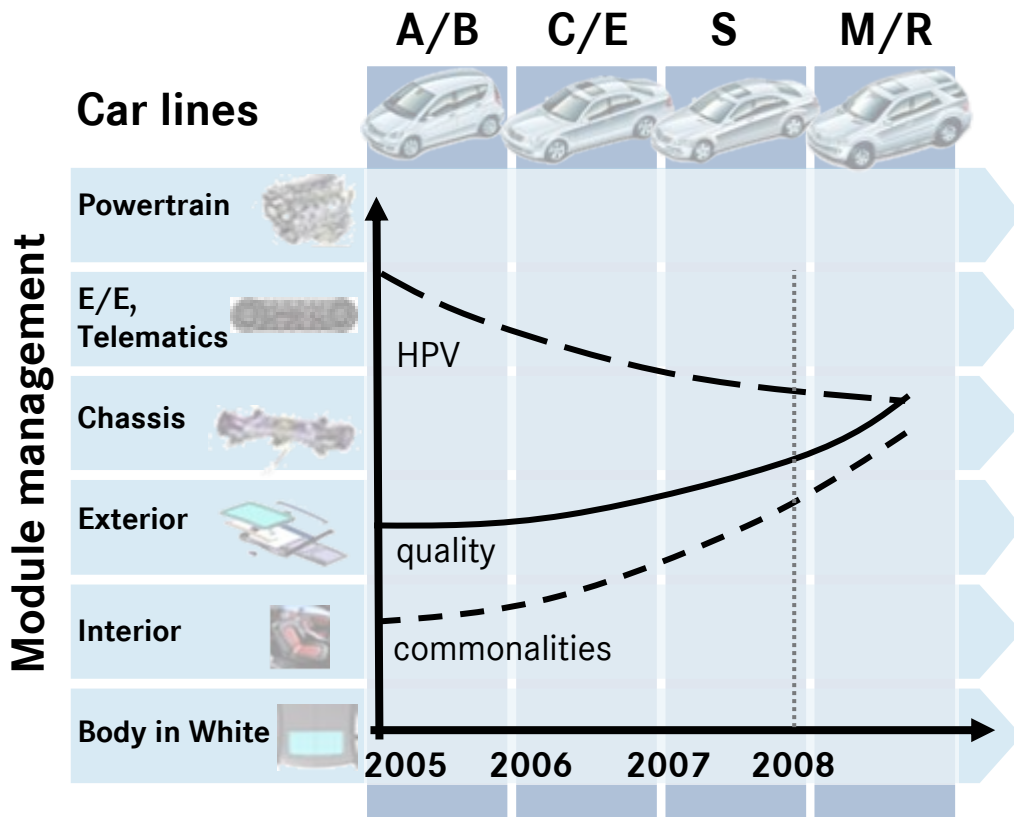
Note: before '05: RoS based on operating profit (US GAAP); from '05: RoS based on EBIT (IFRS)

# Operational excellence

## Module management and plant performance

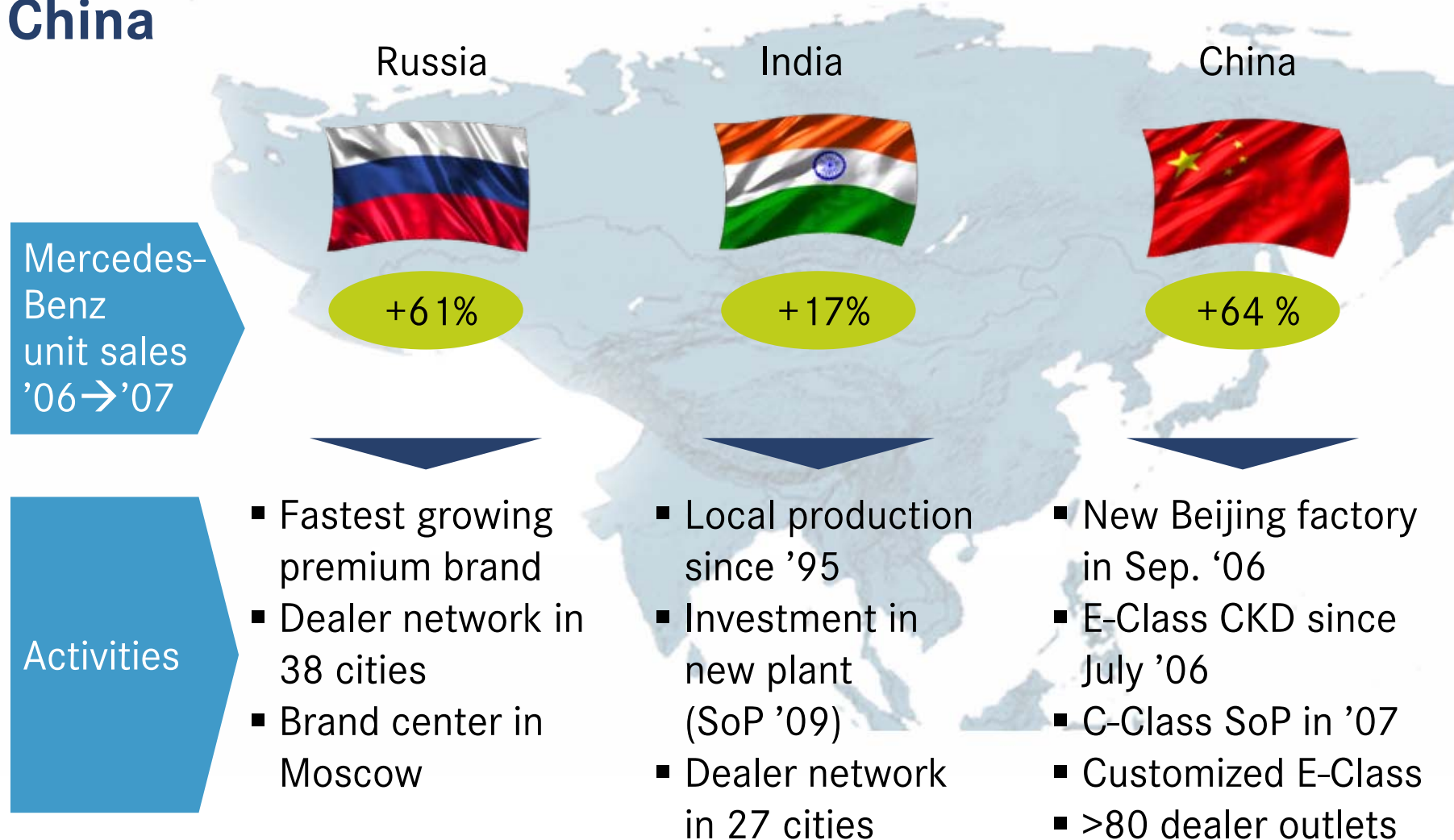
### Development

### Plants



## Emerging markets

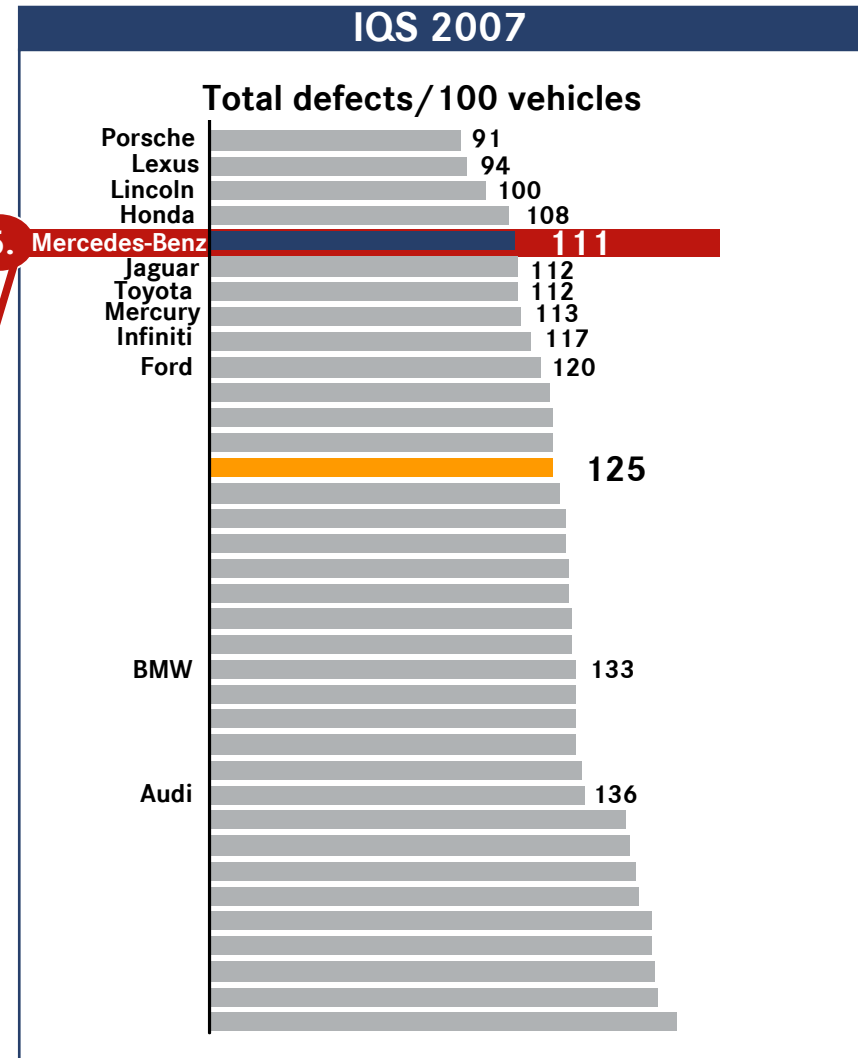
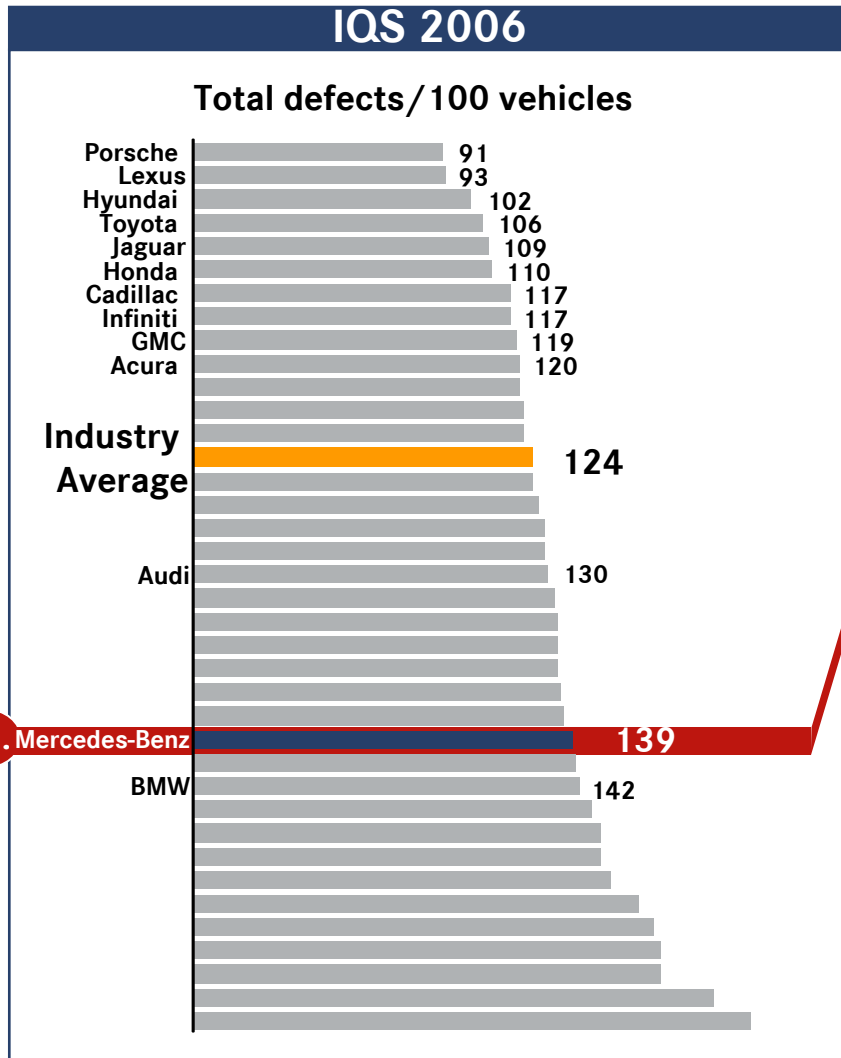
## Expanding in high-growth markets Russia, India, and China



Note: SoP=Start of Production; Unit sales = wholesale

Quality/customer experience

Mercedes-Benz quality took a big step up



New products 2007

**C-Class sedan, C-Class station wagon, and smart fortwo**



C-Class station wagon



smart fortwo



C-Class sedan

## New products 2008/2009

**GLK and CLC in 2008, E-Class and CLK in 2009**

2008

**New C-Class Sports Coupe** CLC  
**New compact SUV** GLK  
**New Generations:**  
 SL  
 SLK  
 CLS  
 A-/B-Class  
 M-Class

2009

**New:**  
 E-Class Sedan  
 E-Class Estate  
 CLK Coupe  
 CLK Convertible  
**New Generations:** S-Class  
 GL-Class

20 FE-Types in 2008

... further roll-out of FE-optimized models



New C-Class Sports Coupe



New Generation SLK



Vision GLK Townside

# Daimler Trucks



**Mercedes-Benz**

**FUSO**



**Freightliner**

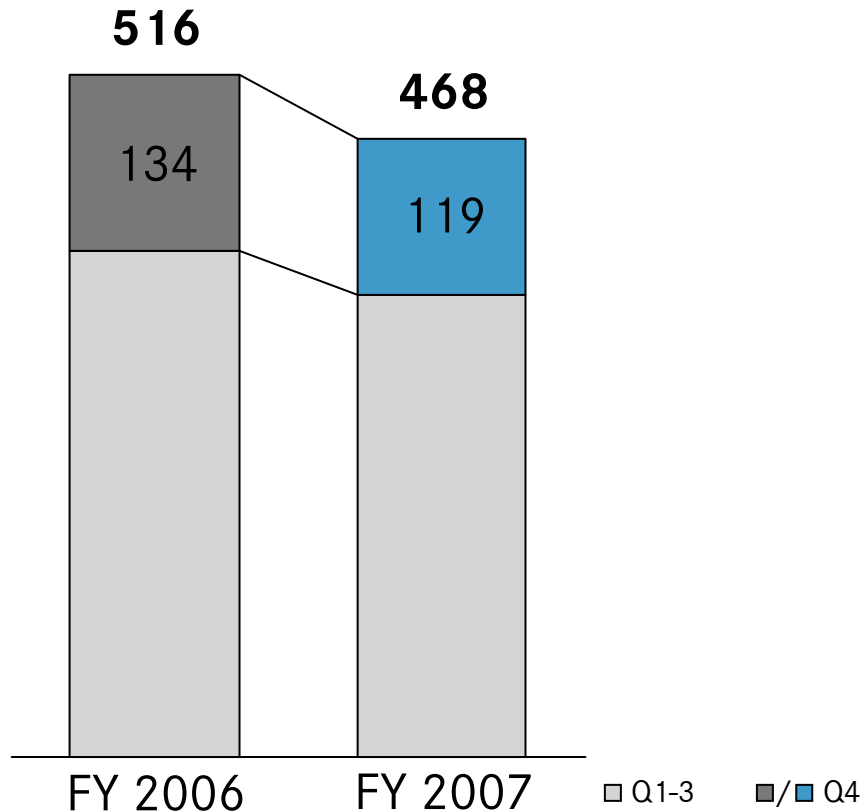
**Western Star**

**Sterling**

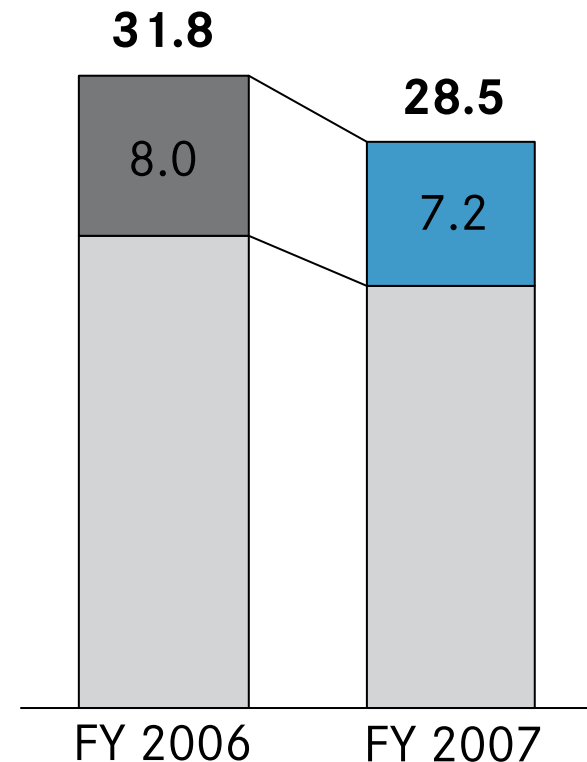


## Growth in Europe and Latin America partially offset the strong decline in NAFTA and Japan

**Unit sales**  
- in thousands of units -

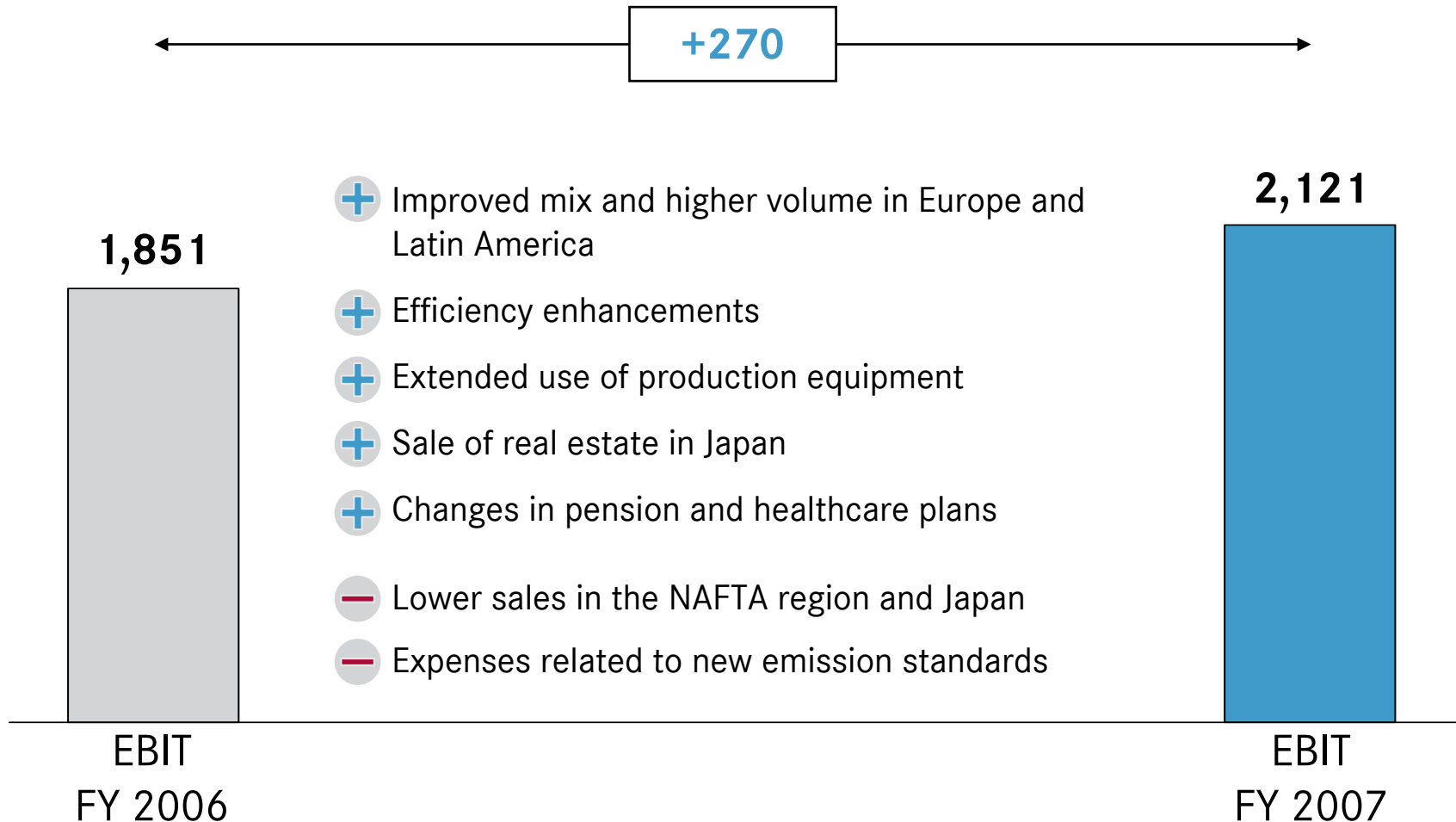


**Revenue**  
- in billions of € -



# Increase in EBIT despite weak truck markets in the NAFTA and Japan

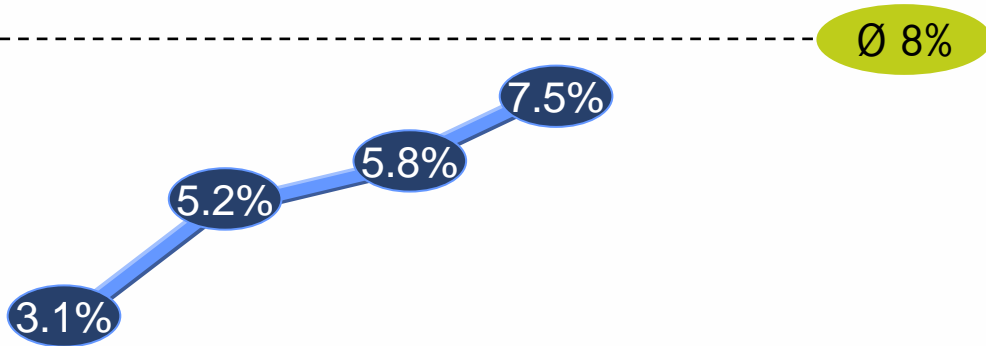
- in millions of € -



# Higher margin target for Daimler Trucks

## 8% RoS on average over the market cycle

RoS



**“Global Excellence” as major lever**

Management of cycles

Operational excellence

Market penetration & growth

Future products/technologies



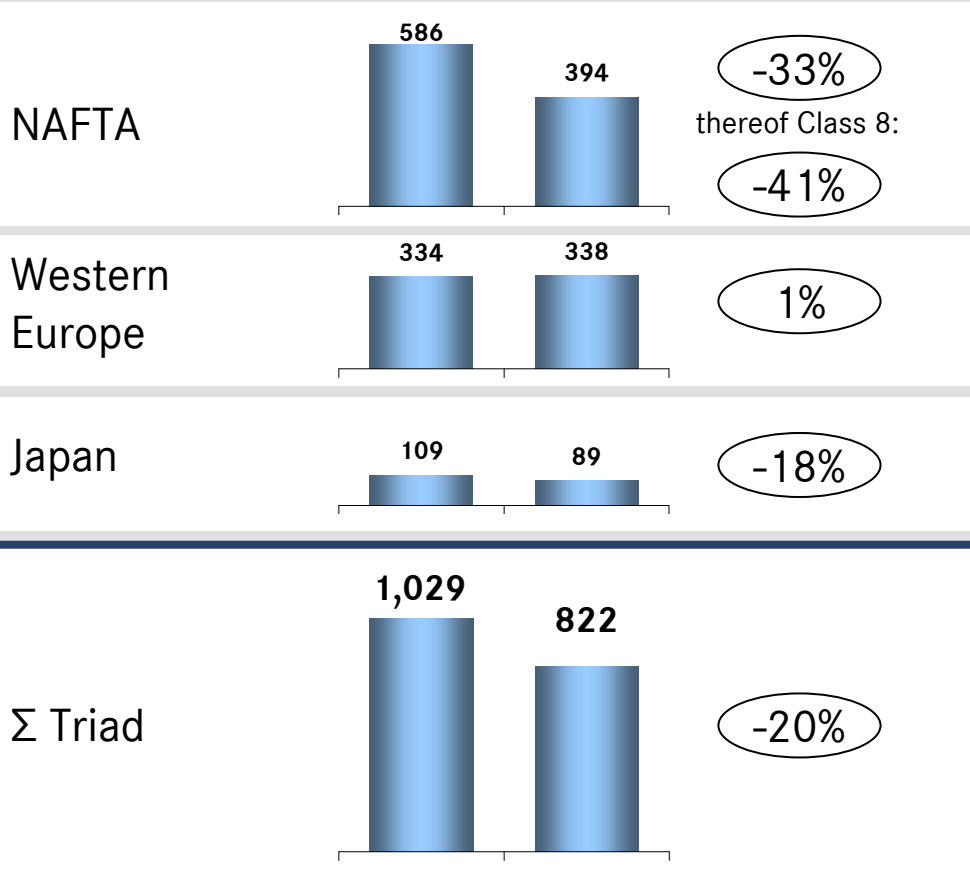
Note: before '05: RoS based on operating profit (US GAAP); from '05: RoS based on EBIT (IFRS)

# Management of cycles

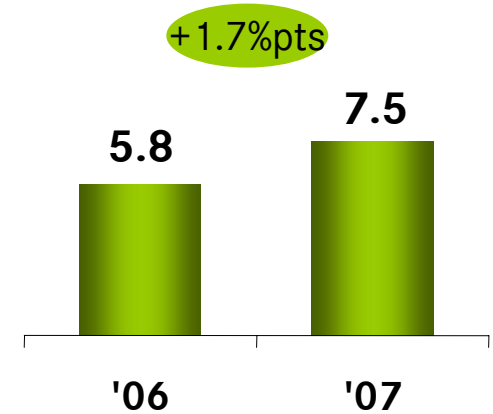
## Higher profitability despite regional market downturns

### Truck Market '06→'07

Thousand units



### Profitability (RoS %) Daimler Trucks



Management of cycles (started in 2005) proved successful

## Emerging markets

# Addressing growth markets Brazil, Russia, India, and China

Brazil



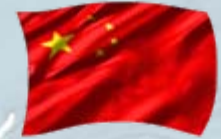
Russia



India



China



Daimler  
Truck  
unit sales  
'06→'07

Combined BRIC sales growth

+ 29 %

Activities

- MB market leader
- MB production hub for Latin America, part of global network
- Modified European and local products

- Local plant targeted
- Sales & service network expansion

- JV with Hero contracted
- Actros production in Pune

- Cooperation with Chinese OEM

Quality/customer experience

## “Truck Dedication” at Mercedes-Benz Trucks

Today: Partly mixed  
Mercedes-Benz outlets (PV/CV)



Future: Dedicated  
Mercedes-Benz truck outlets



“Truck Dedication” means:

- Well-accessible locations
- Spacious workshops
- Tailored investments and services
- Extended opening hours

New products 2007

Freightliner Cascadia, Fuso Super Great and Mercedes-Benz Compact Unimog



Freightliner Cascadia



Fuso Super Great



Mercedes-Benz Compact Unimog

New products 2008

**New Actros and Hybrid LDT and MDT in Europe**



New Mercedes-Benz Actros



Fuso Canter Eco Hybrid for UK

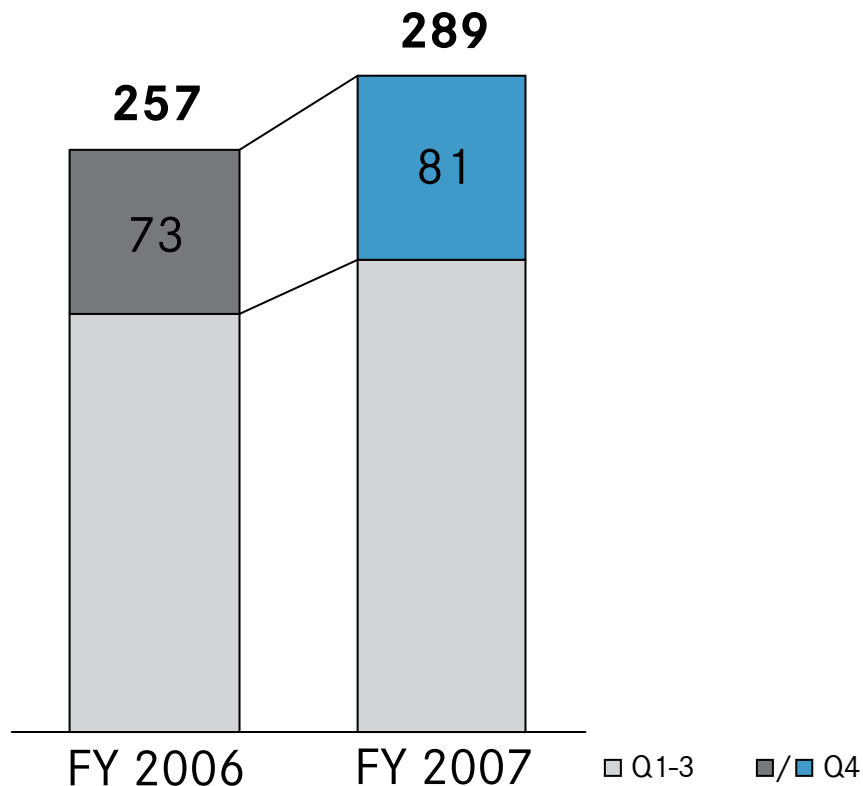


Mercedes-Benz Atego BLUETEC Hybrid

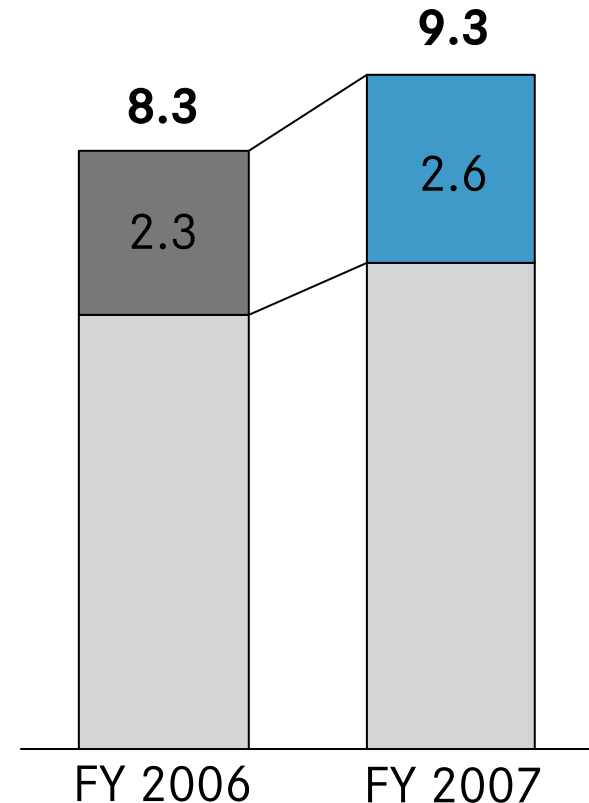


## Increase in sales reflects success of Sprinter and Vito/Viano vans

**Unit sales**  
- in thousands of units -



**Revenue**  
- in billions of € -



## Major performance levers

### Mercedes-Benz Vans

- Next product generation (incl. CSI#1)
- Efficiency and standardization program
- Growth in core and emerging markets
- Production capacity enhancement to cover growing market demand



# Mercedes-Benz Vans: New products 2007 / 2008

## Freightliner Sprinter, new Viano type and Sprinter NGT



Freightliner Sprinter



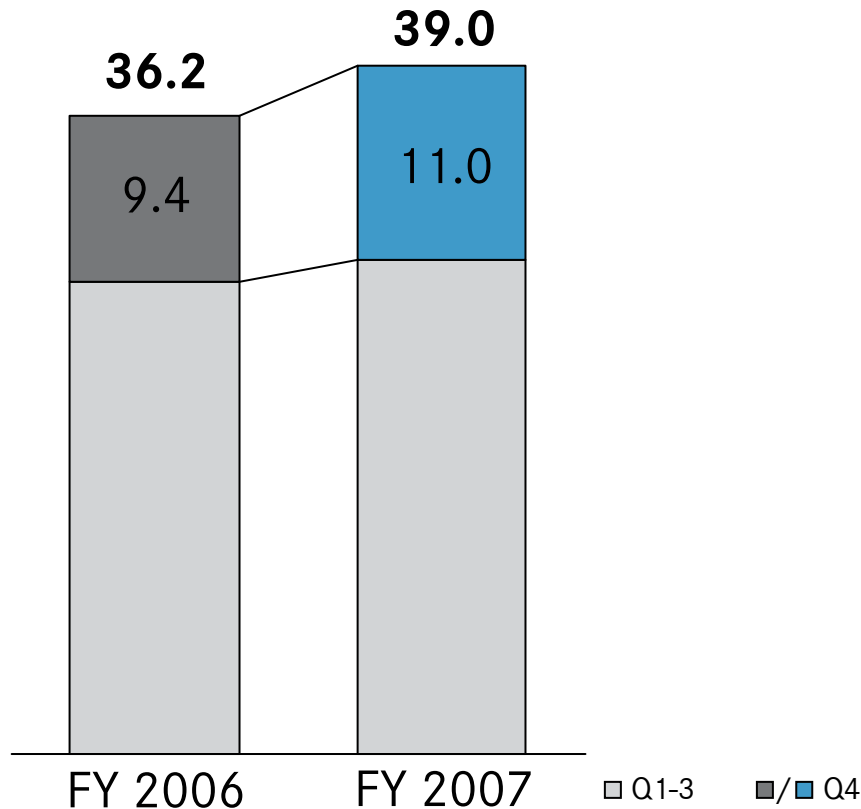
Viano X-CLUSIVE



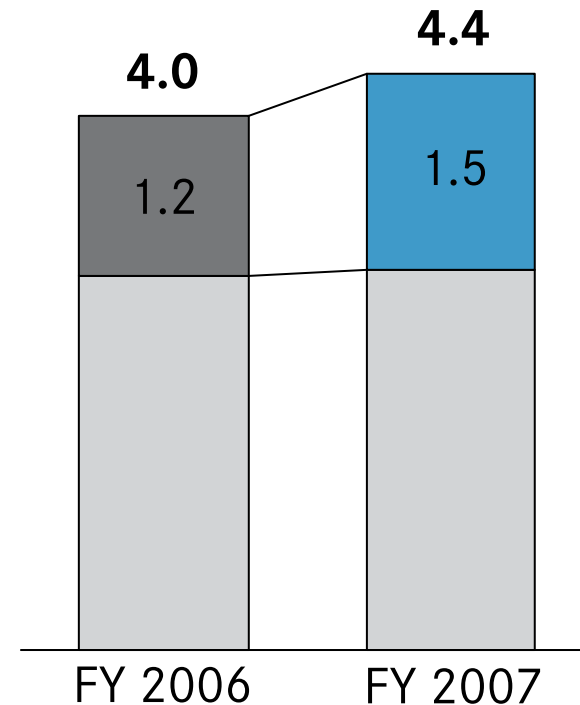
Sprinter NGT (natural gas technology)

# Growth at Daimler Buses driven by Latin America and Eastern Europe

**Unit sales**  
- in thousands of units -



**Revenue**  
- in billions of € -



## Major performance levers

### Daimler Buses

- Next product generation in Europe
- Exploit market opportunities for complete buses
- Growth in emerging markets
- Leadership in alternative propulsion



# Daimler Buses: New products 2007/2008

## Orion VII, Mercedes-Benz CapaCity and Conecto, Setra TopClass 400



Orion VII



Mercedes-Benz Capa-City



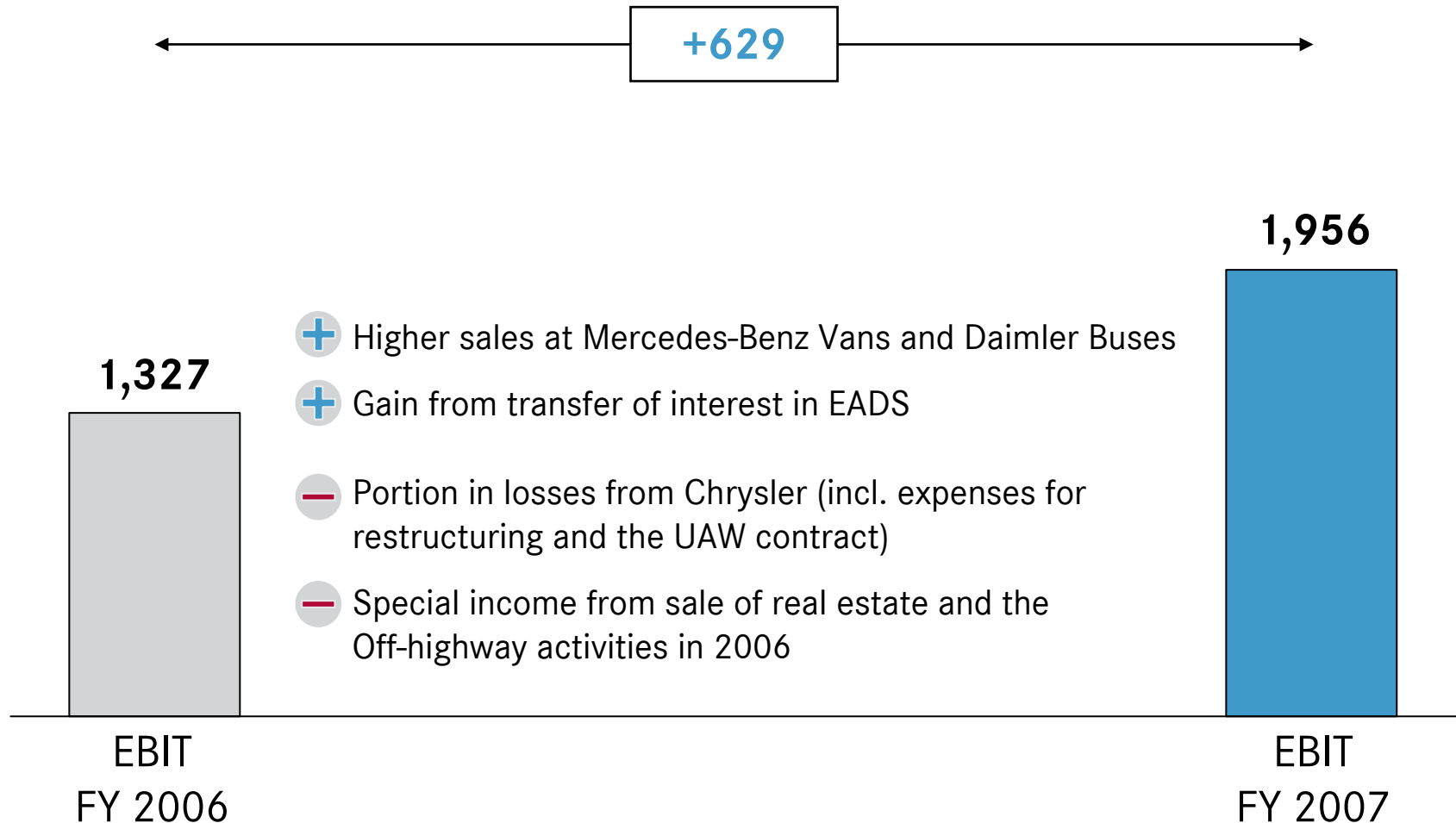
Mercedes-Benz Conecto



New Setra TopClass 400

# EBIT increased due to improved earnings at vans and buses and the gain from transfer of EADS shares

- in millions of € -



# Daimler Financial Services

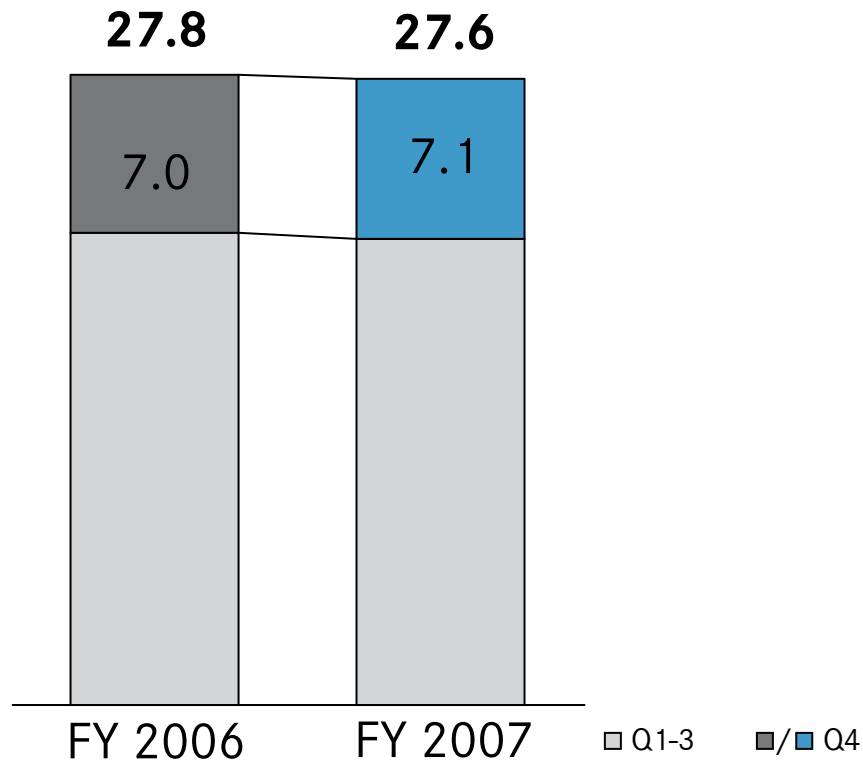




## Contract volume continued to grow in all regions

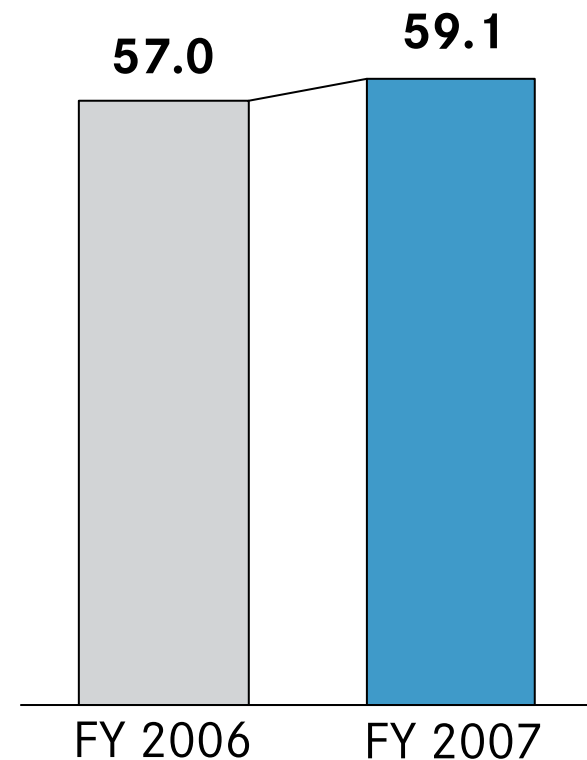
### New business

- in billions of € -



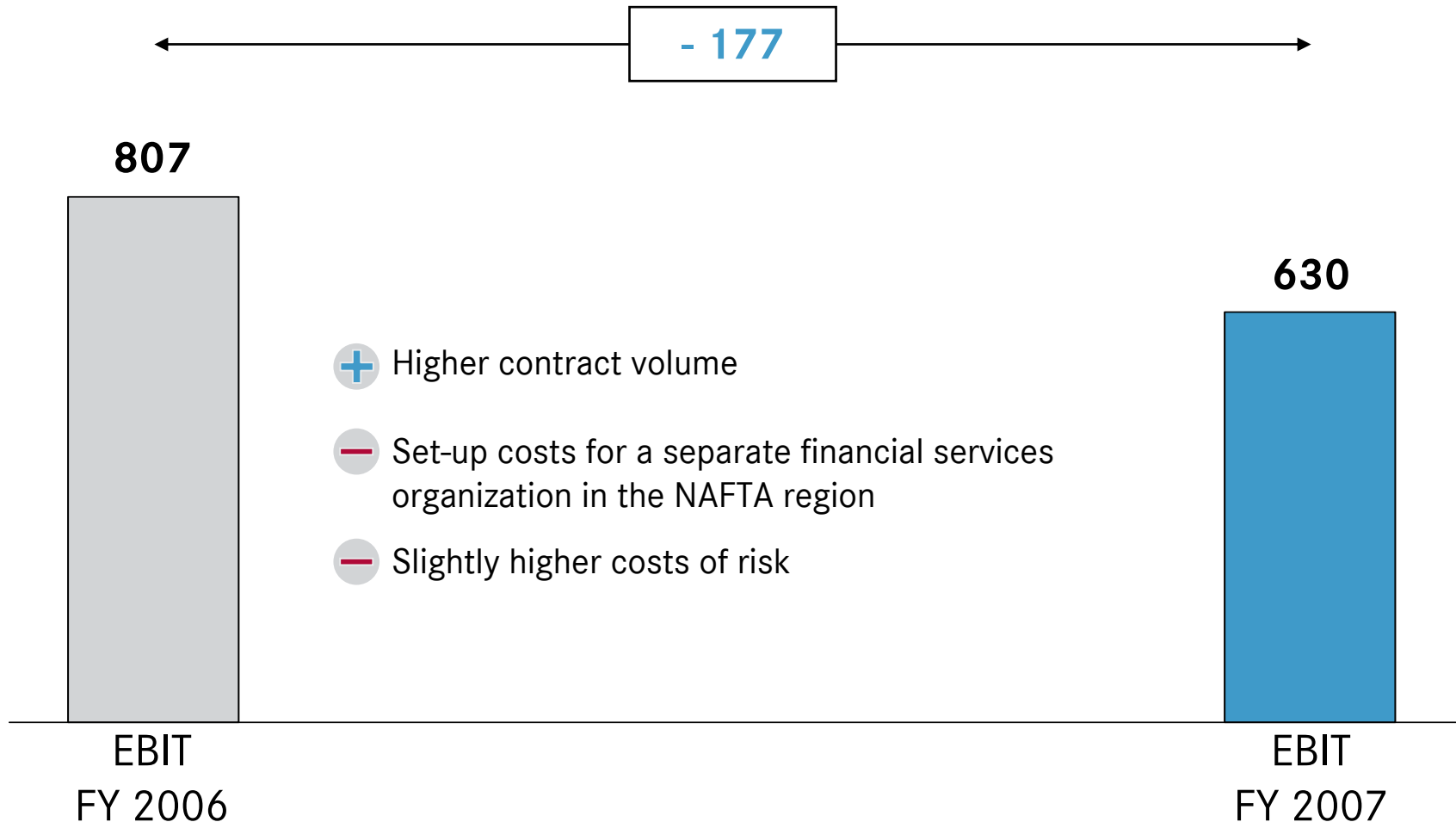
### Contract volume

- in billions of € -



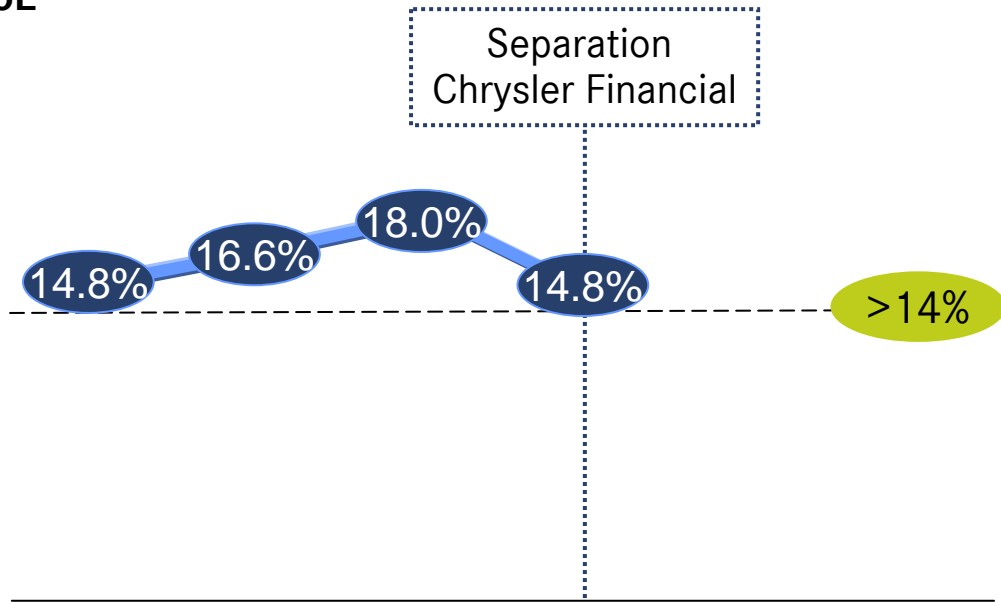
## Lower EBIT mainly reflects burdens from setting up a new organization in the NAFTA region

- in millions of € -



# Target for Daimler Financial Services Return on Equity >14%

RoE



## Major levers

- “Global Products, Processes & Systems” project
- Penetration of existing markets
- Expansion into new markets
- New products
  - Fleet management
  - Insurance

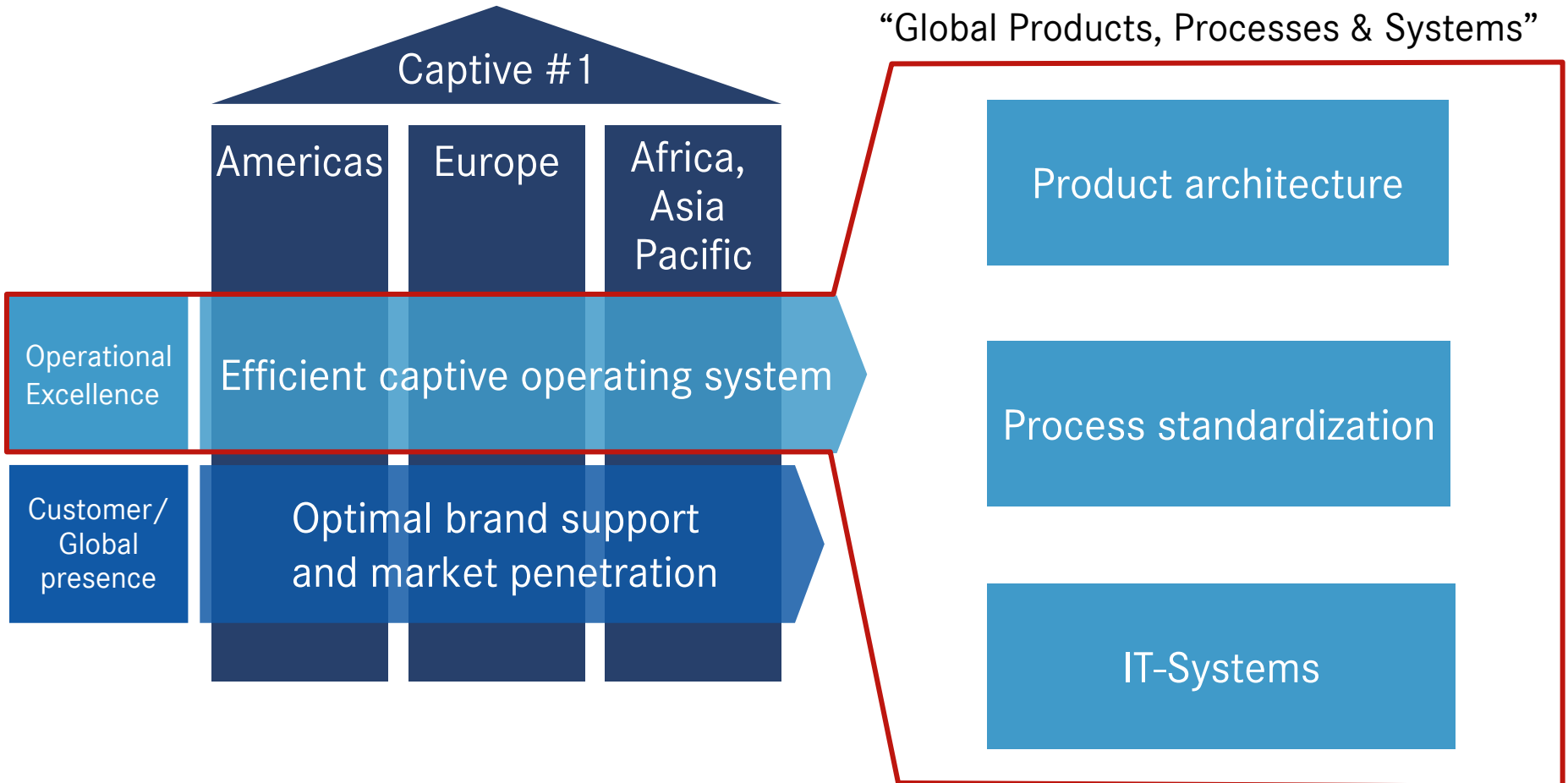
'04    '05    '06    '07    ...



Note: before '05: RoE based on operating profit (US GAAP); from '05: RoE based on EBIT (IFRS)

Operational excellence

**Cross-regional operating system to be implemented**



## Growth markets

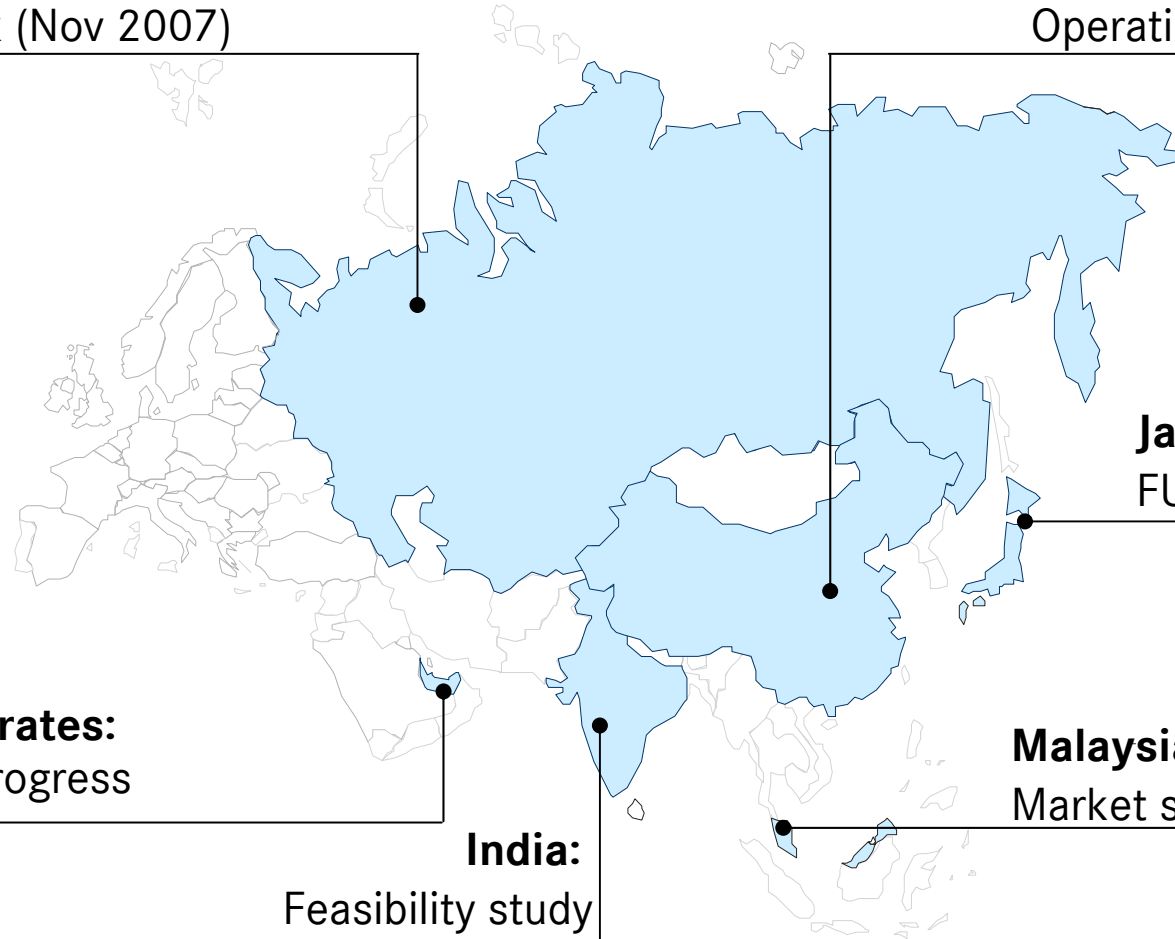
# Support brand partners and leverage new opportunities

**Russia:**

Bank (Nov 2007)

**China:**

Operations launched



**Japan:**

FUSO Financial

**United Arab Emirates:**

Market entry in progress

**India:**

Feasibility study

**Malaysia:**

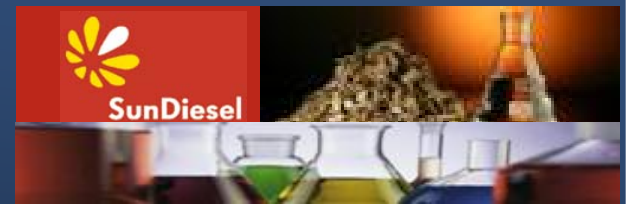
Market study planned

Safe and sustainable mobility

Emission-free driving  
with fuel cell/battery-drive



Improved & alternative fuels







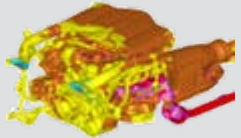
Efficient cars and trucks  
with *efficient powertrains*  
with or without *hybrid modules*



Today

Future

# Comprehensive approach to efficient driving With and without hybrid modules

Gasoline engines	Diesel engines	Transmission	Hybrid powertrain	Weight/energy management
Fuel economy types		Efficiency optimized torque converter	Start/Stop	Heat management
2nd generation direct injection: V6/V8 CGI	BLUETEC Clean diesel	Double clutch	Hybrid modules (Gasoline/Diesel)	Energy optimization
Turbocharging w/ direct injection and downsizing	New 4-cylinder diesel engine family	New generation transmission	Mild/full hybrid	Vehicle optimization
DIESOTTO				
				
Powertrain				Beyond powertrain

# Improved and alternative fuel

## Biomass can help stretch oil resources

Daimler-Choren cooperation



- Synthetic fuel from biomass (e.g. wood)
- Potential to cover 20% of the Diesel demand in the EU
- Up to 90% less CO<sub>2</sub>-emissions
- 50% less particulates
- 90% less CO- and HC-emissions



## Daimler worldwide leader in fuel cell experience

### >100 Daimler vehicles in daily operation since 2005

60 Cars



1,642,450 km  
48,000 hrs

37 Buses



2,000,000 km  
130,000 hrs

3 Vans

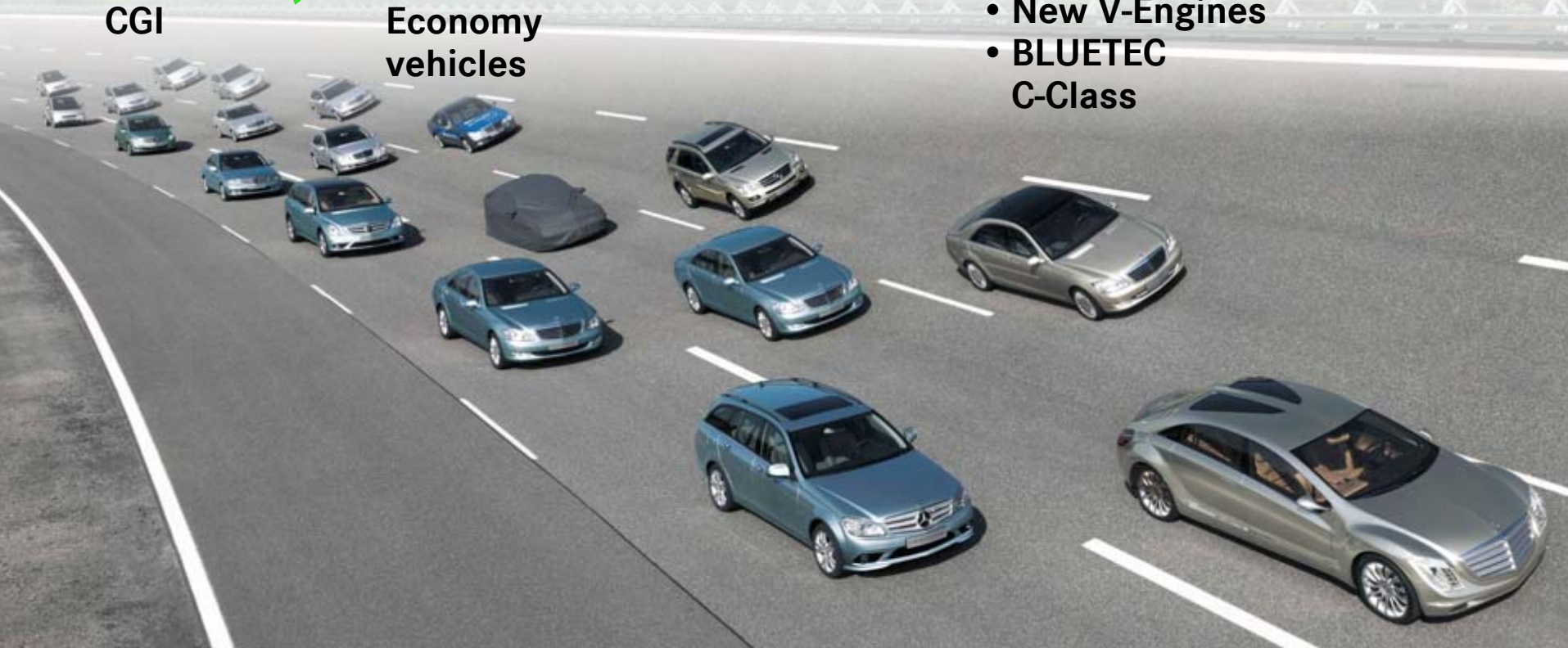


64,000 km  
2,300 hrs

- First vehicle in 1994
- Stability in daily operation: first vehicle surpassed 100,000 km
- Customer operation in different climate zones

# Mercedes-Benz Cars “Road to the Future”

2006 / 2007	2008	2009	2010	...
<ul style="list-style-type: none"> <li>• BLUETEC E-Class ✓</li> <li>• mhd/ed smart ✓</li> <li>• 2nd Gen. CGI ✓</li> </ul>	<ul style="list-style-type: none"> <li>• BLUETEC ML/R/GL-Class</li> <li>• NGT B-Class</li> <li>• 20 Fuel Economy vehicles</li> </ul>	<ul style="list-style-type: none"> <li>• Hybrid S-Class</li> <li>• Hybrid ML-Class</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel Cell B-Class</li> <li>• BLUETEC Hybrid S-/E-Class</li> <li>• New V-Engines</li> <li>• BLUETEC C-Class</li> </ul>	<ul style="list-style-type: none"> <li>• DiesOtto</li> <li>• Other BLUETEC Hybrids</li> </ul>



## Daimler Trucks and Buses worldwide leader in efficient drives and alternative fuels

- 100,000 Mercedes-Benz BLUETEC trucks
- 1,500 ORION Hybrid buses
  - 900 Mercedes-Benz Citaro CNG-buses
  - 600 Mercedes-Benz Econic NGT trucks
  - 200 Mitsubishi Fuso Canter Eco Hybrid trucks
  - 36 Mercedes-Benz Citaro Fuel Cell buses



## Assumptions for the automotive markets in 2008

### ● Passenger car and light truck markets:

- Weakening of the North American market is expected to continue
- Western European markets should perform at prior-year's levels
- High growth rates are anticipated for the emerging markets

### ● Commercial vehicle markets:

- Cyclical recovery of the North American market
- Western European and Japanese truck markets expected at 2007 levels

## Sales outlook FY 2008

### ● Mercedes-Benz Cars

Unit sales expected above the record levels of 2007

### ● Daimler Trucks

Increase in unit sales of Trucks NAFTA anticipated; Trucks Europe/Latin America and Trucks Asia slightly above 2007 levels

### ● Mercedes-Benz Vans

Extension of the Sprinter model range should result in higher unit sales

### ● Daimler Buses

Further growth opportunities in Asia and Russia

## Earnings outlook

### ● Mercedes-Benz Cars ...

... expects higher EBIT in 2008 and ROS of 10% on average as of the year 2010 at the latest.

### ● Daimler Trucks ...

... expects earnings to increase in 2008, reflecting further efficiency improvements and higher unit sales. Starting in 2010, the division expects a ROS of 8% on average over the business cycle.

### ● Daimler Financial Services ...

... assumes a return on equity of at least 14% in 2008.

### ● Daimler Group

For 2008, the Group expects a substantially higher EBIT from its ongoing business and aims for a ROS of 9% on average for its automotive business over the market and product cycles.

We want to achieve the following profitability targets



**Mercedes-Benz  
Cars**



**Daimler  
Trucks**



**Mercedes-Benz  
Vans**



**Daimler  
Buses**



**Daimler  
Financial  
Services**

**Daimler Automotive Return on Sales**

Ø 9 %

**Return on Equity**

>14 %

# DAIMLER

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Full Year 2007 Results Roadshow

[Additional Information](#)



## Transfer of majority in Chrysler to Cerberus

- As a consequence, substantially improved risk profile
- Negative cash impact of €0.5 billion
- Net profit impact from the transaction of €2.2 billion
- Risk from healthcare obligations and pensions transferred
- Guarantee of US-\$1.0 billion pension obligation for a maximum of 5 years
- Subscription of a second-lien loan of US-\$1.5 billion for Chrysler's automotive business

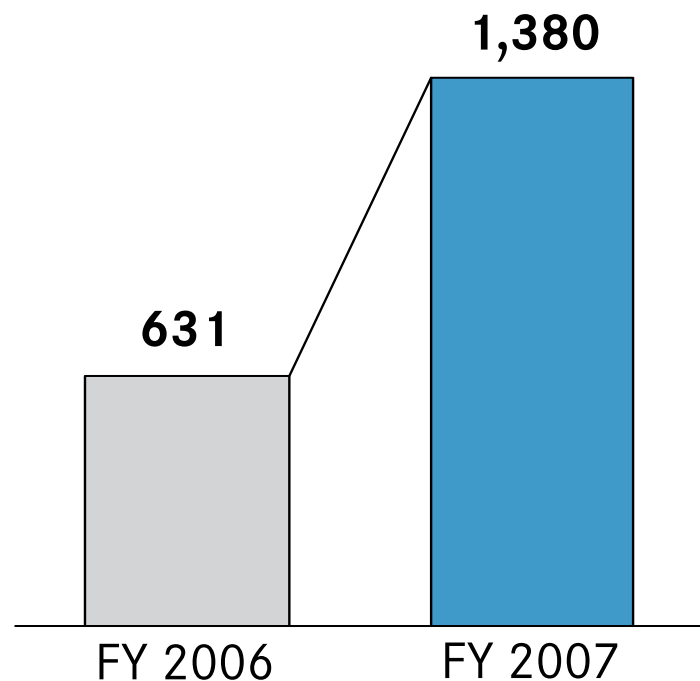
## EBIT improved significantly in Q4 2007

- in millions of € -	Q4 2006	Q4 2007
Mercedes-Benz Cars	978	1,426
Daimler Trucks	279	512
Daimler Financial Services	147	109
Vans, Buses, Other	(501)	(492)
Reconciliation / Elimination	(353)	(162)
<b>Daimler Group</b>	<b>550</b>	<b>1,393</b>

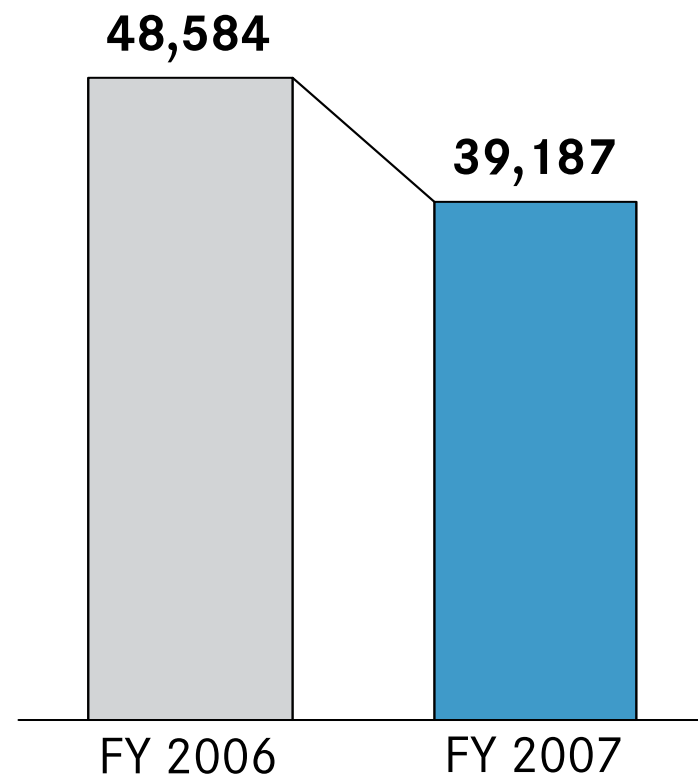
## Value added of the Group (after taxes)

- in millions of € -

**Value added**



**Average net assets**



## Value added by divisions (before taxes)

- in millions of € -

**Mercedes-Benz  
Cars**

**Daimler Trucks**

**Vans, Buses,  
Other**

**Daimler  
Financial Serv.**

**3,892**

**1,447**

**988**

**33**

**915**

**1,107**

**277**

**218**

FY 2006 FY 2007

FY 2006 FY 2007

FY 2006 FY 2007

FY 2006 FY 2007

## Special items affecting EBIT

- in millions of € -	4th Quarter		Fiscal Year	
	2006	2007	2006	2007
<b>Mercedes-Benz Cars</b>				
Financial support for suppliers	-	-	-	(82)
Discontinuation of smart forfour	9	-	(946)	-
Headcount reductions in the context of CORE	(16)	-	(286)	-
Expenses relating to new early retirement contracts	(216)	-	(216)	-
<b>Daimler Trucks</b>				
Adjustment of pension plans / healthcare obligations	(161)	86	(161)	86
Disposal of real-estate properties in Japan	-	10	-	78
Expenses relating to new early retirement contracts	(134)	-	(134)	-
Disposal of the off-highway business	13	-	13	-
<b>Vans, Buses, Other</b>				
Gain / expense relating to the transfer of shares in EADS	(241)	12	519	1,573
Restructuring program at EADS	-	-	-	(114)
Expenses relating to restructuring and UAW contract at Chrysler	-	(322)	-	(322)
Disposal of real-estate properties	185	73	271	73
Disposal of off-highway business	15	-	253	-
Expenses relating to new early retirement contracts	(29)	-	(29)	-
<b>Reconciliation / elimination</b>				
New management model	(165)	(96)	(349)	(256)

## Liquidity

- in millions of € -	December 31, 2007		
	Group	IB	FS
Cash and cash equivalents	15,631	14,894	737
Marketable securities and term deposits	1,424	1,276	148
<b>Gross liquidity</b>	<b>17,055</b>	<b>16,170</b>	<b>885</b>
<b>Financial liabilities, net</b>	<b>(54,967)</b>	<b>(5,019)</b>	<b>(49,948)</b>
<b>Market valuation and currency hedges for financing liabilities</b>	<b>1,761</b>	<b>1,761</b>	<b>0</b>
<b>Net liquidity</b>	<b>(36,151)</b>	<b>12,912</b>	<b>(49,063)</b>

## Funding status of pension and healthcare benefits

– continuing operations –

– in billions of € –	Dec. 31, 2006	Dec. 31, 2007
<b>Pension benefits</b>		
Benefit obligations	(17.2)	(15.7)
Plan assets	13.3	13.8
Funded status	(3.9)	(1.9)
<b>Healthcare benefits</b>		
Benefit obligations	(0.9)	(0.9)
Plan assets	-	0.1
Reimbursement Medicare Act	0.1	0.1
Funded status	(0.8)	(0.7)

## Disclaimer

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 an economic downturn or slow economic growth in important economic regions, especially in Europe or North America; changes in currency exchange rates and interest rates; the introduction of competing products and the possible lack of acceptance of our products or services which may limit our ability to 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 decline in resale prices of used vehicles; the business outlook for Daimler Trucks, which may be affected if the U.S. and Japanese commercial vehicle markets experience a sustained weakness in demand for a longer period than originally expected; the effective implementation of cost reduction and efficiency optimization programs; the business outlook of Chrysler, in which we hold an equity interest, including its ability to successfully implement its restructuring plans; the business outlook of EADS, in which we hold an equity interest, including the financial effects of delays in and potentially lower volumes 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 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.