

# DAIMLER

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## **62<sup>nd</sup> IAA Commercial Vehicles Credit Suisse Investor Conference**

- 1. Daimler Trucks and Buses**  
Andreas Renschler
- 2. Mercedes-Benz Vans**  
Wilfried Porth

# DAIMLER

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## 62<sup>nd</sup> IAA Commercial Vehicles Credit Suisse Investor Conference



Mercedes-Benz



**FUSO**



## Daimler Trucks and Buses

Andreas Renschler

Hanover - September 24, 2008

## Agenda

**1) Daimler Trucks – Key Figures as of Q2/2008**

**2) Daimler Buses – Key Figures as of Q2/2008**

**3) Global Excellence Strategy – Status Report Daimler Trucks and Buses**

**Daimler Trucks:** Per Q2/2008, sales on level of 2007, EbIT -11%,  
RoS - 0.6%-points compared to year 2007

**Key Figures per Q2/2008:**

		Actual 1. HY 2007	Actual 1. HY 2008	Delta
<b>Group Sales</b>	in units	231.272	230.537	0%
<b>Revenues</b>	in mill. EUR	14.220	13.712	-4%
<b>EbIT</b>	in mill. EUR	1.129	1.011	-11%
<b>RoS</b>	in %	7,9	7,4	-0,6 %-P
<b>Workforce</b>	empl.	80.853	80.839	0%

## Daimler Trucks: Markets per Q2/2008 show positive signs for Trucks EU/LA and decline for Trucks NAFTA and Asia

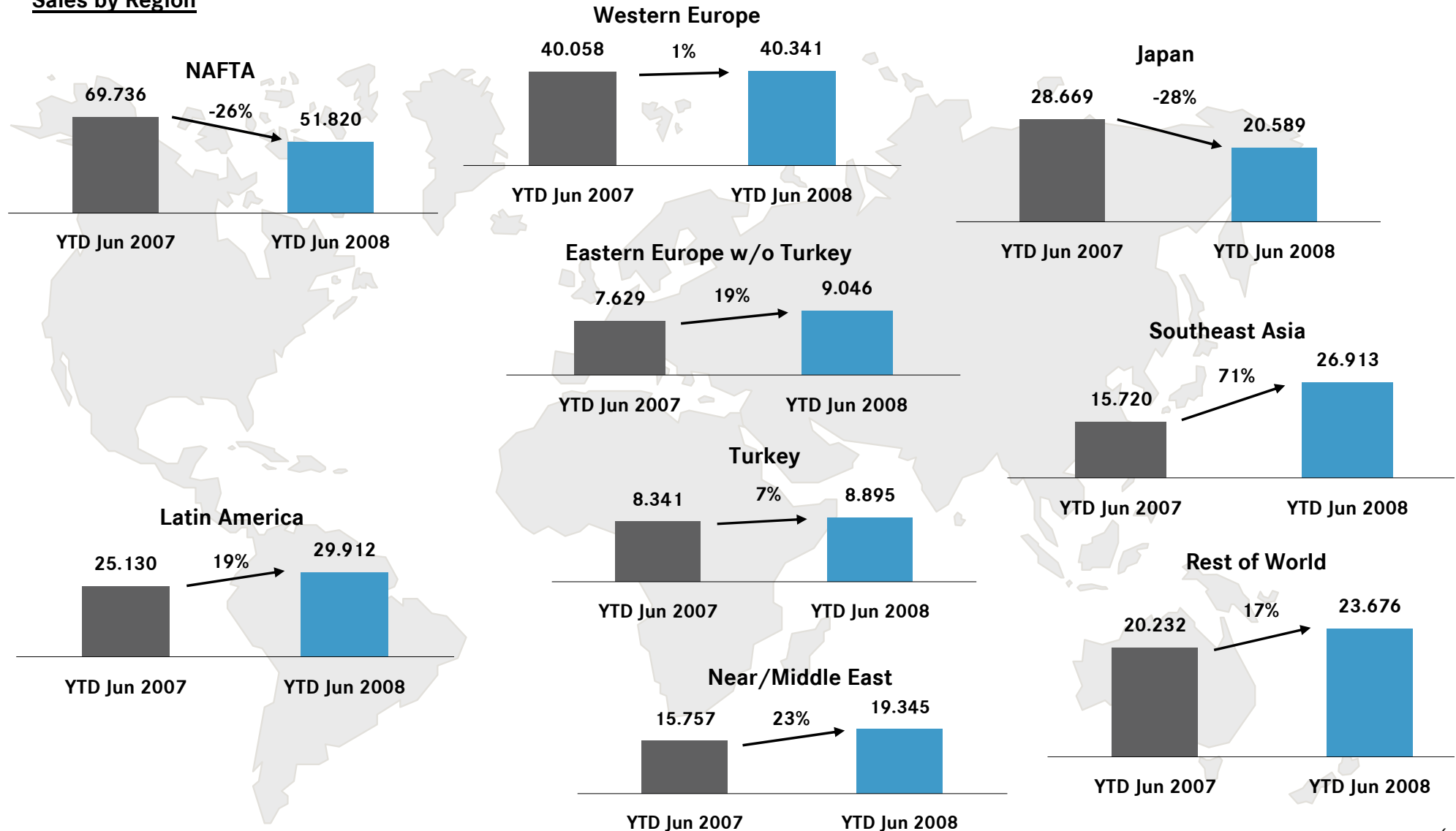
### Key Figures of Q2/2008:

- in thsd. Units -	Actual 1. HY 2007	Actual 1. HY 2008	Delta	Actual 2007	Trend 2008
<b>Trucks EU/LA</b>					
EU 29 Trucks (HDT)	136	151	11%	332	↗
EU 29 Trucks (MDT)	32	32	1%	78	↗
Brazil Trucks (HDT)	22	32	46%	61	↗
Brazil Trucks (MDT)	12	14	17%	30	↗
<b>Trucks NAFTA</b>					
NAFTA Cl. 8 Trucks	100	77	-23%	208	↘
NAFTA Cl. 5-7 Trucks	84	70	-17%	186	↘
<b>Trucks Asia</b>					
Japan Trucks (HDT)	18	15	-15%	43	↘
Japan Trucks (MDT)	19	17	-10%	46	↘
Japan Trucks (LDT)	48	41	-15%	113	↘

Figures may not tie due to rounding  
Market Data 1. HY based on months from January until May







## Daimler Trucks: Per Q2 /2008, in Western Europe sales on 2007 level, decrease in NAFTA and Japan, in all other markets increase

### Sales by Region










**Daimler Trucks:** Incoming Orders per Q2 /2008 show increase of 7%, +60% for Trucks NAFTA, -19% for Trucks EU/LA

## Incoming orders (in units)

		Actual YTD 06/2007	Actual YTD 06/2008	Delta
<b>Daimler Trucks</b>		218,635	234,034	+ 7%
Trucks EU/LA		95,746	77,423	- 19%
Trucks NAFTA	   	33,493	53,629	+ 60%
Trucks Asia		89,396	102,982	+ 15%

## Daimler Trucks: Sales per Q2/2008 on last year's level

### Sales (in units)

	Actuals per 06/07	Actuals per 06/08	Δ Act 06/08 vs. Act 06/07
 Trucks EU/LA	73,385	80,281	 9,4%
 Trucks NAFTA	70,633	54,637	 -22,6%
 Trucks Asia	87,254	95,619	 +9,6%
Daimler Trucks	231,272	230,537	 -0,3%

### Trucks EU/LA:

Higher sales than last year despite production shortfall in January 2008

### Trucks NAFTA:

Sales below last year due to strong sales of trucks with EPA 04 engines in Q1/07 and market downturn in NAFTA region

### Trucks Asia:

Sales above last year due to continued strong sales in export markets



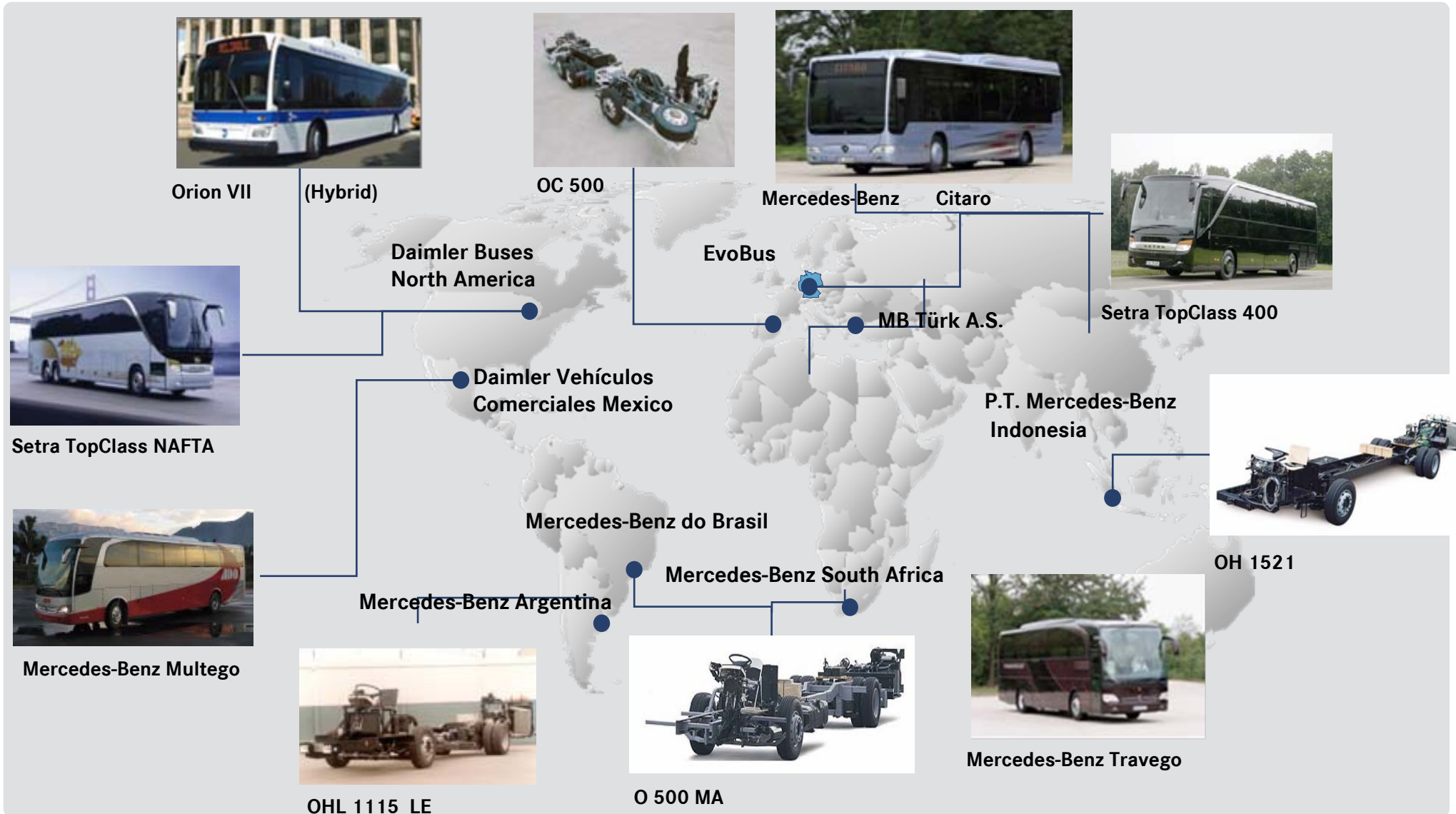
## Agenda

**1) Daimler Trucks – Key Figures as of Q2/2008**

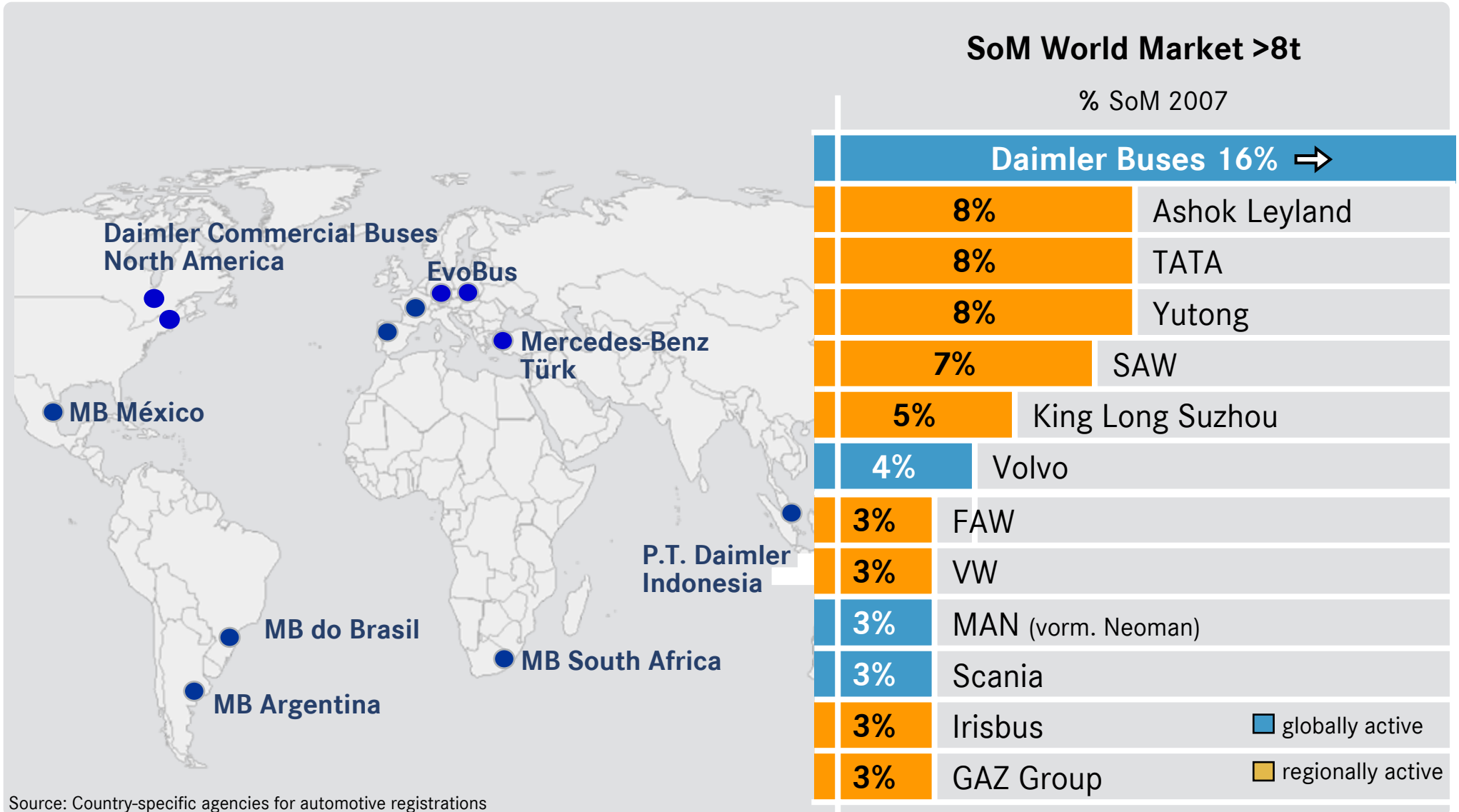
**2) Daimler Buses – Key Figures as of Q2/2008**

**3) Global Excellence Strategy – Status Report Daimler Trucks and Buses**

## Daimler Buses: Global full-line supplier



## Daimler Buses: Number 1 in world-wide bus business



**Daimler Buses:** Per Q2/2008, sales + 9% compared to year 2007, Ebit 245 Mio.€, RoS 10,9%

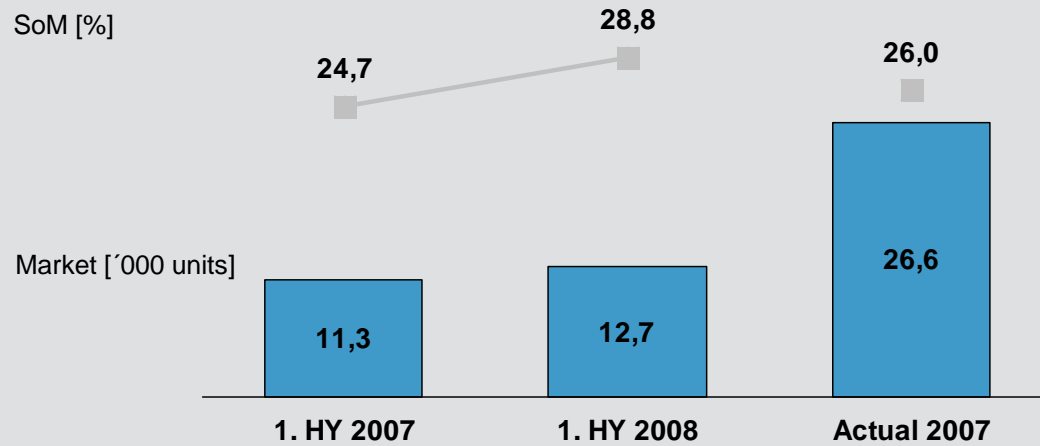
## Key Figures

		Actual 1. HY 2007 *	Actual 1. HY 2008	Delta
<b>Sales</b>	in units	18.640	20.243	+9%
<b>Revenues</b>	in mill. EUR	1.889	2.240	+19%
<b>Ebit</b>	in mill. EUR	not reported	245	n/a
<b>RoS</b>	in %	not reported	10,9	n/a

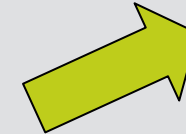
N.B: Ebit and RoS for 2007 not reported

## Daimler Buses: Growing bus markets in Western Europe and Brazil with positive trends

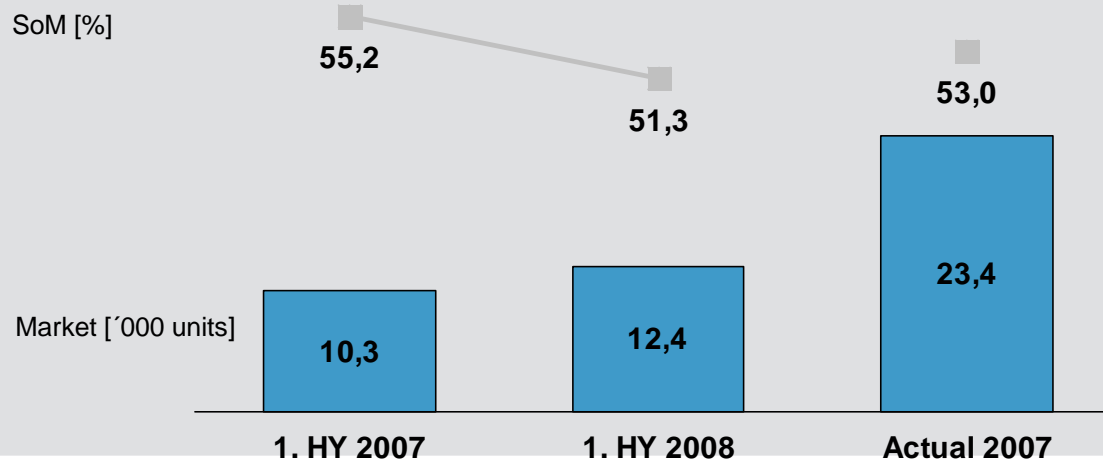
**Market / SoM Western Europe (>8t)**



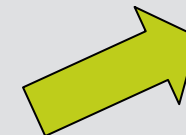
**Market Trend 2008**



**Market / SoM Brazil (>8t)**

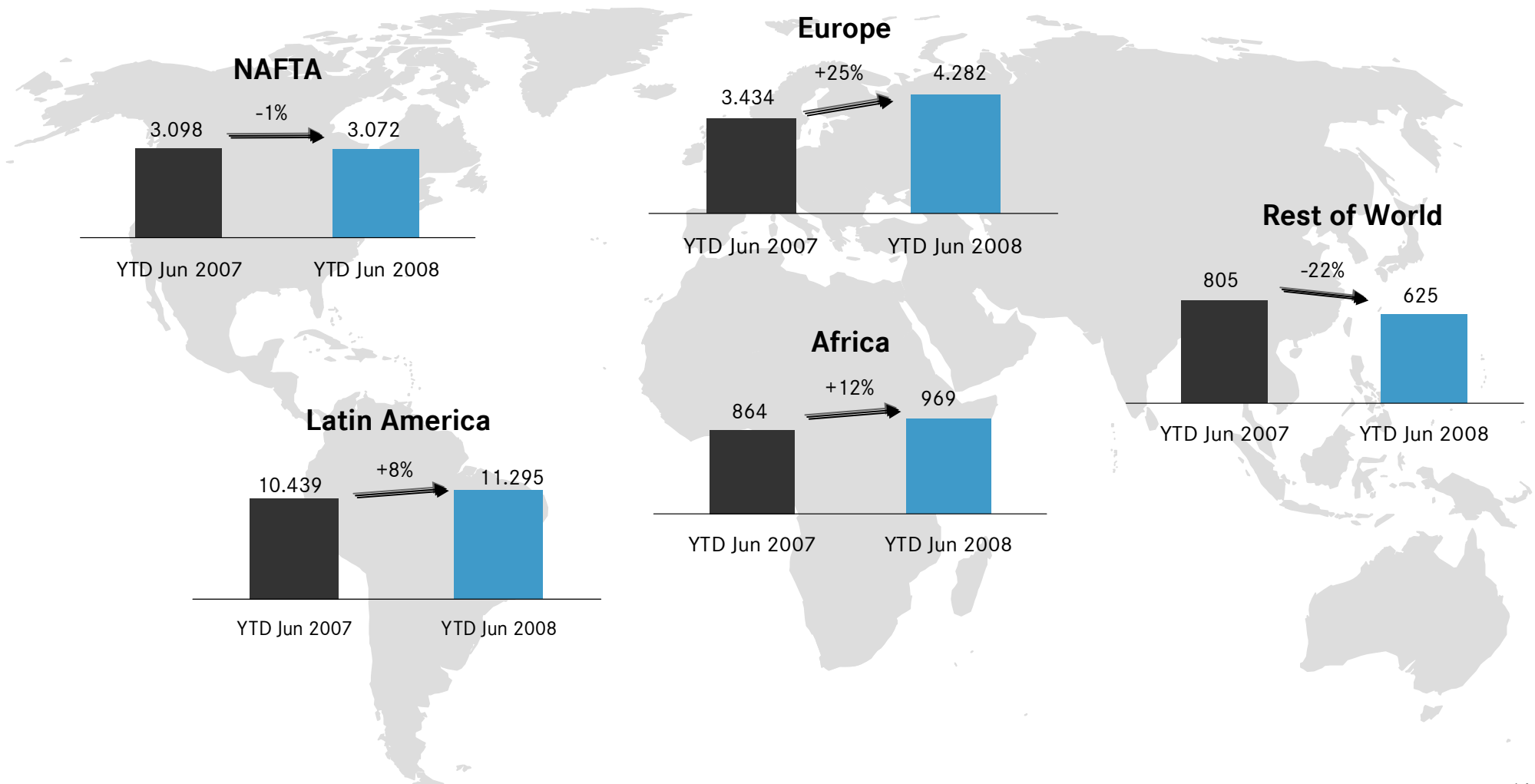


**Market Trend 2008**



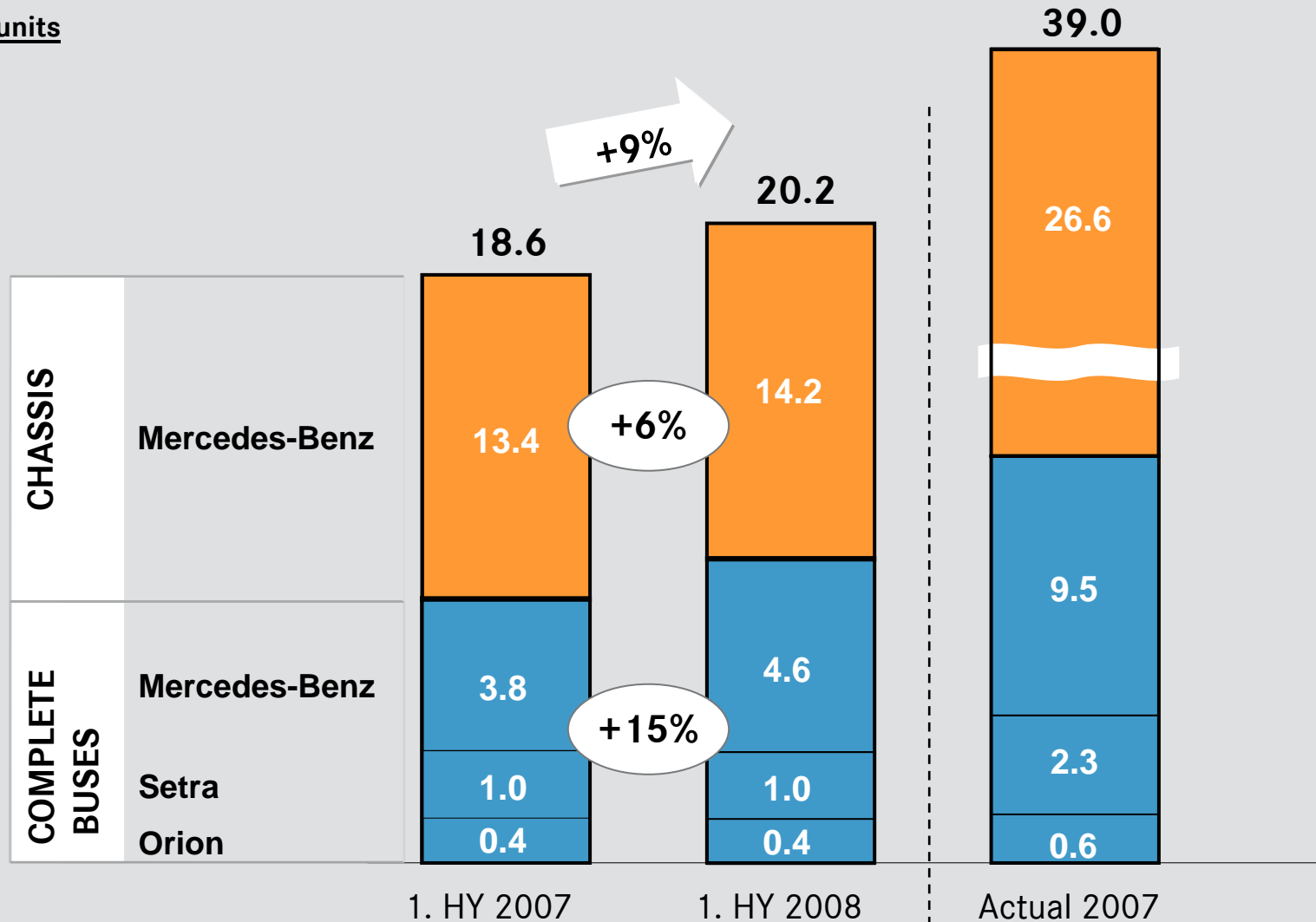
## Daimler Buses: Increase of sales in Europe, Africa and Latin America slight decrease in NAFTA, decrease in Rest of World

### Sales by region



## Daimler Buses: Per Q2/2008 significant increase of sales – in both complete buses and chassis

Sales in '000 units



## Challenges and Opportunities for Daimler Trucks and Buses

### Challenges

- **US economic situation**
- **Normalization of Western European market**
- **Stable to slightly declining Japanese market**
- **New competition out of emerging markets**
- **Increase of raw material and energy prices**
- **Inconsistent world-wide emission regulations**
- **Development of green technologies to comply with CO2 regulations**

### Opportunities

- **Growth of emerging markets (BRIC)/ Realization of market entry**
- **Successful introduction of trucks and buses with alternative drive-train technologies (“Shaping Future Transportation”)**
- **Continuous realization and implementation of operational excellence initiatives**
- **Implementation and roll-out of TOS to secure sustainable operational excellence**
- **Active management of cycles in all regions**

**Implementation of Global Excellence strategy as key for success of Daimler Trucks and Buses**



## Agenda

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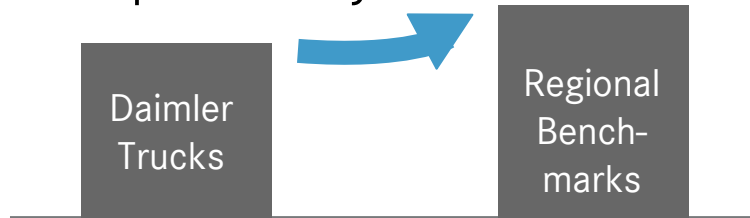
**3) Global Excellence Strategy – Status Report Daimler Trucks and Buses**

## Global Excellence as major key for success

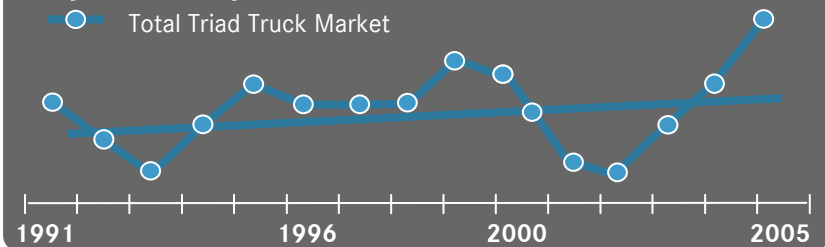
### Overall Target:

“We are No. 1 in the global Truck business, create superior value for our customers and are benchmark for quality and profitability”

Further close the gap in Daimler Trucks' profitability



### Cyclicality



### Global Excellence Program to achieve target:

Business Model Strategy  
(Management of Cycles)

Operational Excellence

Focus  
in  
2007

Growth and market  
exploitation **1**

Future product  
generations **2**

Focus  
for  
2008,  
...

# BRIC countries with high potential for Daimler Trucks and Buses international growth

Brazil



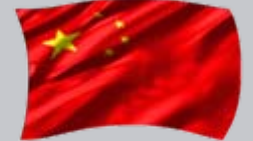
Russia



India



China



**Daimler Truck unit sales**  
1. HY 2007/  
1. HY 2008

Combined BRIC sales growth

+ 34 %

**Activities**

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

- Local plant targeted
- Sales & service network expansion

- JV with Hero contracted
- Actros production in Pune
- Bus co-operation with Sutelj

- Cooperation with Chinese OEM



## Significant investment in trucks, buses and components production in Brazil (2009 - 2011)

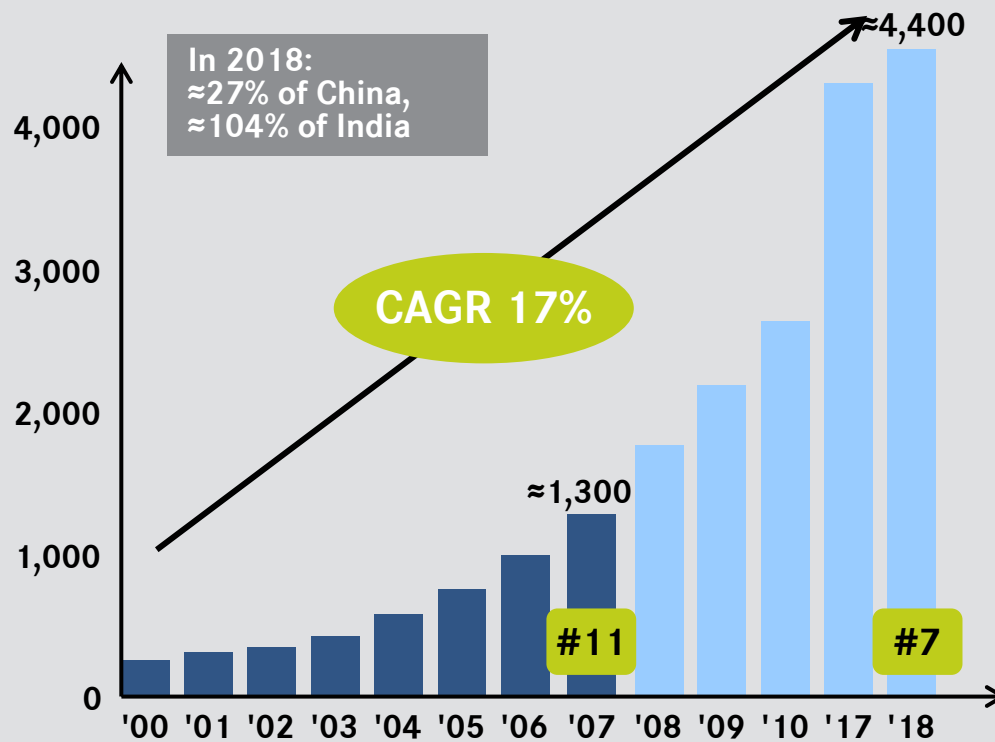


- Plant at Sao Bernardo do Campo runs at nearly full capacity
- With investment, increase of daily production by 25%
- With new investment, plant's competitiveness for the next decade will be ensured



Russia's economic development is tremendous – with its rich natural resources as its treasure box

GDP nominal in US\$ bn



Natural Resources

Oil	# 2	in the world
Gas	# 1	in the world
Gold	# 6	in the world
Diamonds	# 1	in the world

Source: CIA World Fact Book, 2007; Welt in Zahlen, 2007

# As one option, Daimler investigates participation in Kamaz As the other option, Daimler analyzes set-up of new factory in Russia

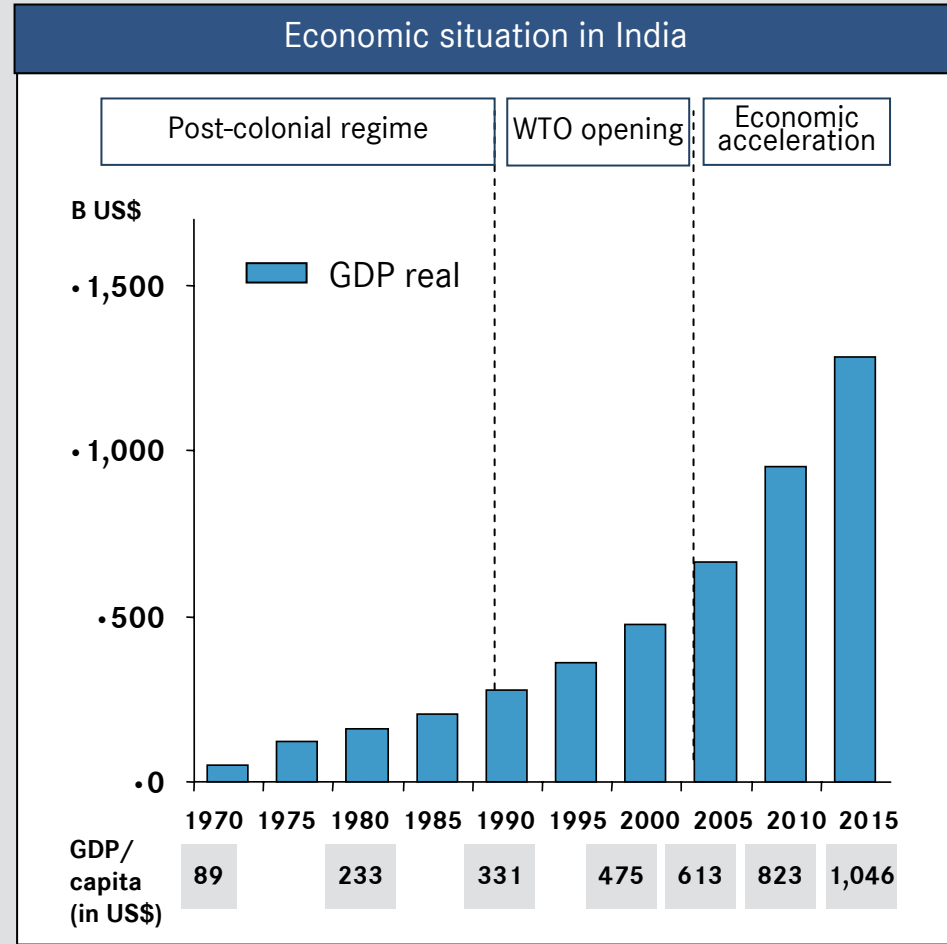
- Kamaz to be **positioned between “Entry-Level Markets“** (India, China) **and the more developed countries** of the triad
- Kamaz offers Daimler Trucks/Buses **rapid access to the Russian growth market** and the upcoming CIS states
- Kamaz is engaged in cooperations with suppliers in Russia, e.g. ZF, Knorr Bremse, Federal Mogul and Cummins (diesel engines < 7L)



- 
- **Other option** to enter Russian market:  
Set-up of new factory for production of Daimler trucks in Russia



# India – awakening giant with several challenges



Source: The Economist Intelligence Unit; SIAM

## Joint Venture “Daimler Hero Motor Corporation Ltd.” established



- Approval of JV by Indian Authorities in March 2008 / JV closing in April 2008
- Daimler: 60%, Hero: 40%
- Production of light-, medium- and heavy-duty commercial vehicles for Indian volume market, production for export markets expected to follow at a later stage.
- SoP planned for 2010



## Entrance into the luxury bus segment in India realized in September 2008

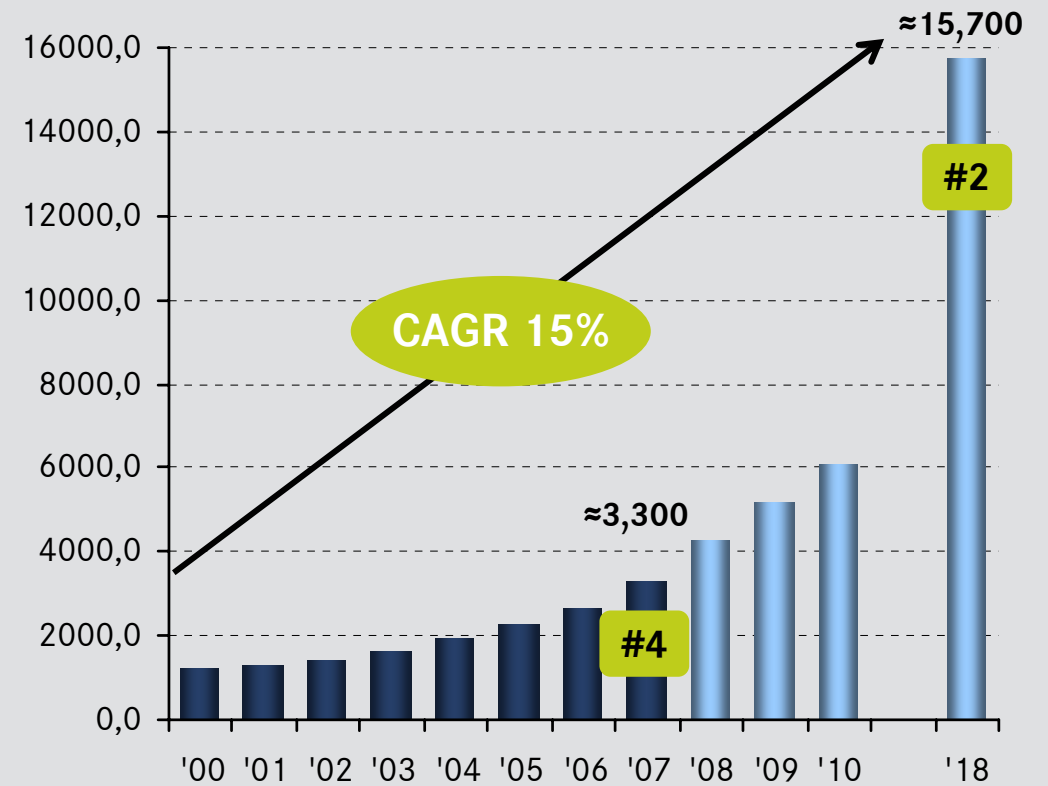


- Handing-over of new Mercedes-Benz Intercity Luxury Coach to customers
- Bus built in cooperation between Daimler Buses and Sutlej Motors: Chassis from Mercedes-Benz, body built by Sutlej Motors
- Cooperation encompasses development, production, marketing, (after-)sales of luxury rear engine coaches



# China to become 2nd largest economy by 2018 in terms of nominal GDP

GDP nominal in US\$ bn



Resources

- #1 Foreign exchange reserves
- #1 Population
- #2 Exports
- #4 Nominal GDP

Source: Global Insight; S/EM; SIAM



## Lol signed for MDT-/HDT-JV between Daimler and Beiqi Foton



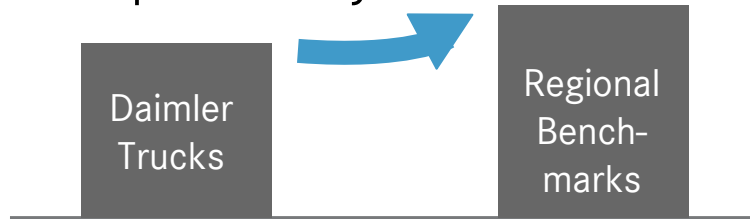
- With JV, entrance into the Chinese low-end MDT/HDT market
- Daimler share: 50%, Beiqi Foton share: 50%
- Aim of the JV is to sell medium- and heavy-duty trucks under the brand Auman
- Exploitation of export opportunities for products of JV

## Global Excellence as major key for success

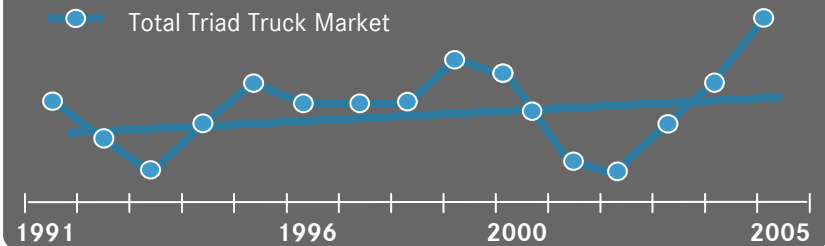
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### Global Excellence Program to achieve target:

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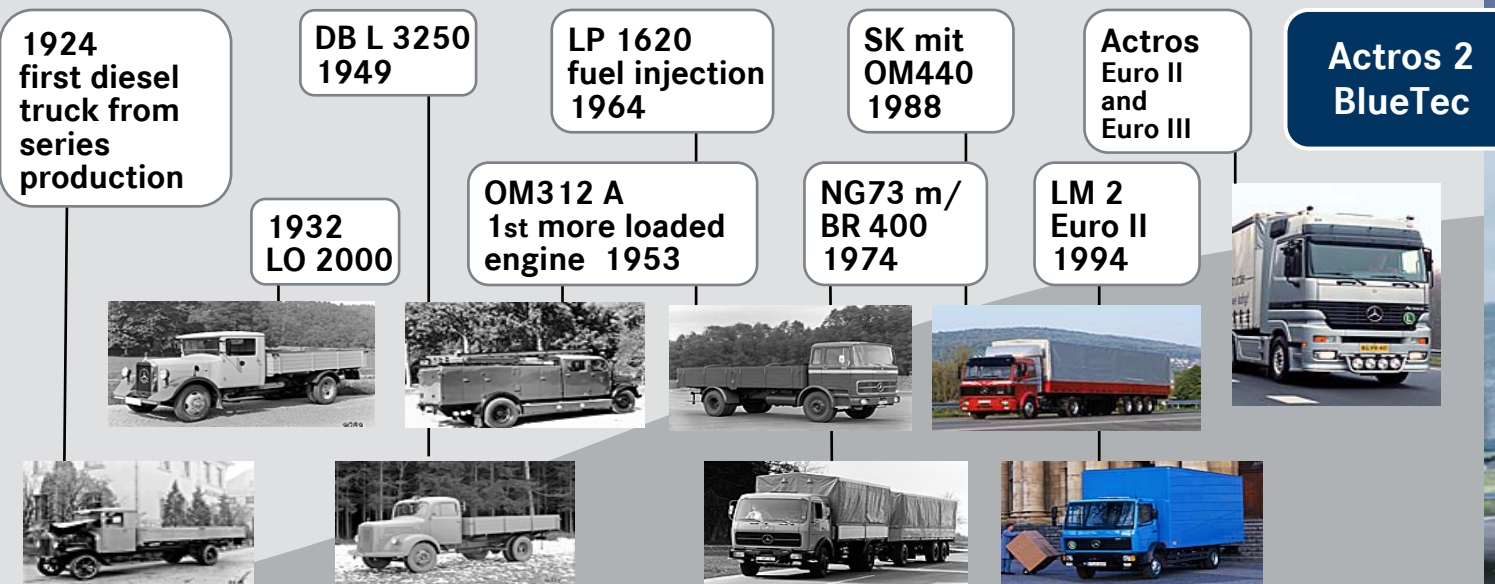
Focus  
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Future product  
generations

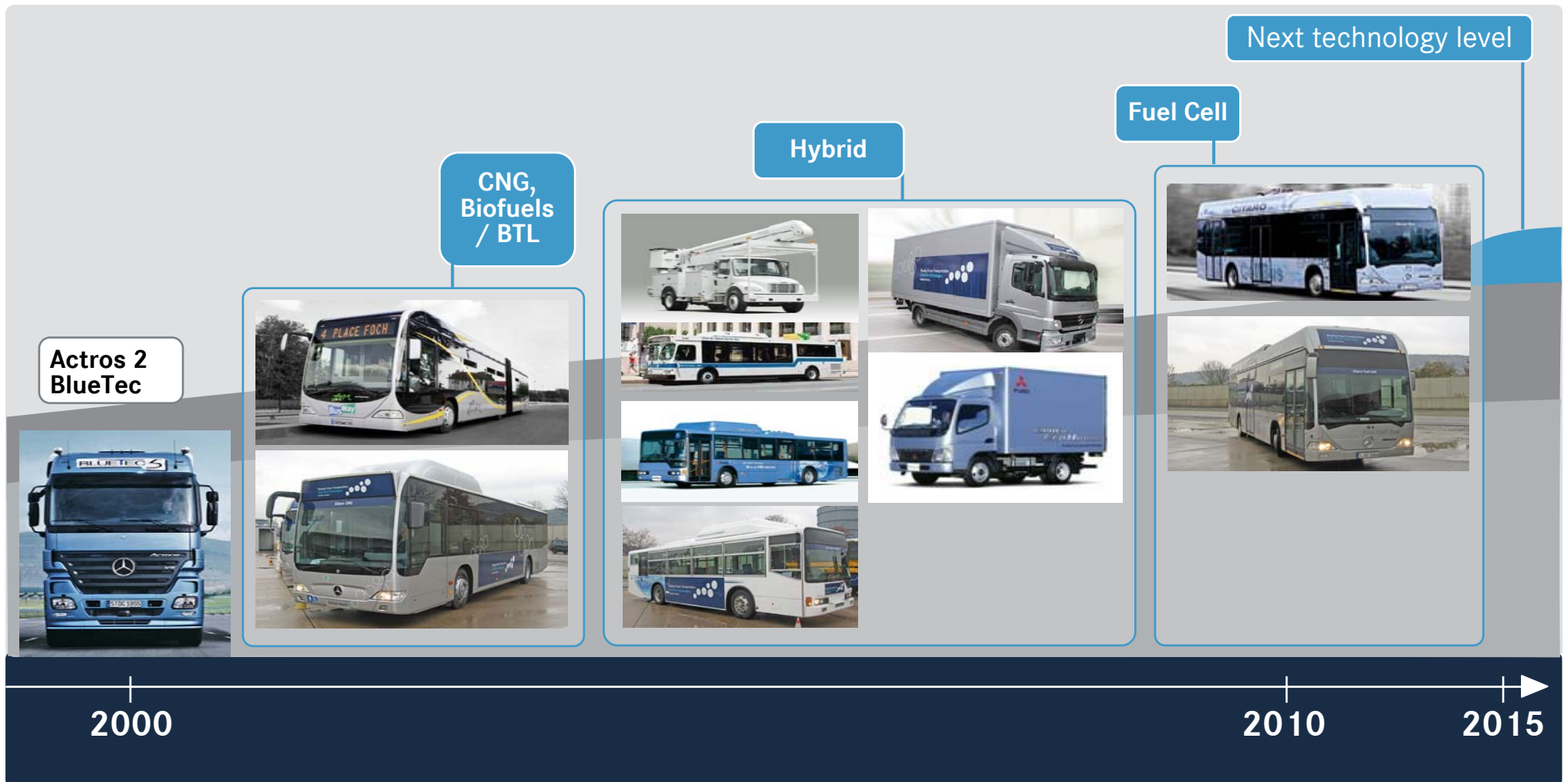
2

As a mature technology, the internal combustion engine is further optimized, BlueTec groundbreaking innovation

## Conventional Trucks & Buses



## Bluetec Diesel Technology gives way for innovation – Daimler is investing in alternative drivetrain technologies



## Daimler Trucks and Buses with Green Technology are already on the road world-wide

160 Freightliner Business Class M2eHybrid

200,000 MB BlueTec trucks

7,000 MB BlueTec buses

1,000 MB Citaro CNG buses

700 MB Econic NGT trucks

36 MB Citaro F-Cell buses

350 Mitsubishi Canter Eco Hybrid trucks

900 Mitsubishi Fuso Canter CNG

160 Mitsubishi Fuso Fighter CNG

165 Mitsubishi Aero Star CNG

9 Mitsubishi Fuso Aero Star Eco Hybrid

1,600 Orion Hybrid buses

4,700 Setra BlueTec buses



# DAIMLER

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## **62<sup>nd</sup> IAA Commercial Vehicles Credit Suisse Investor Conference Mercedes-Benz Vans**

Wilfried Porth  
Executive Vice President  
Head of Mercedes-Benz Vans



# Agenda

- **Overview Mercedes-Benz Vans**
- **Market & Competitive Situation**
- **1<sup>st</sup> Half Year 2008**
- **Challenges**
- **Summary**

# Product overview

## Mid-size Van Segment

## Large Van Segment

20.219 units



Viano

79.051 units



Vito

165.916 units



Sprinter (new) NCV3

18.425 units



Sprinter (old) T1N

5.291 units



Vario

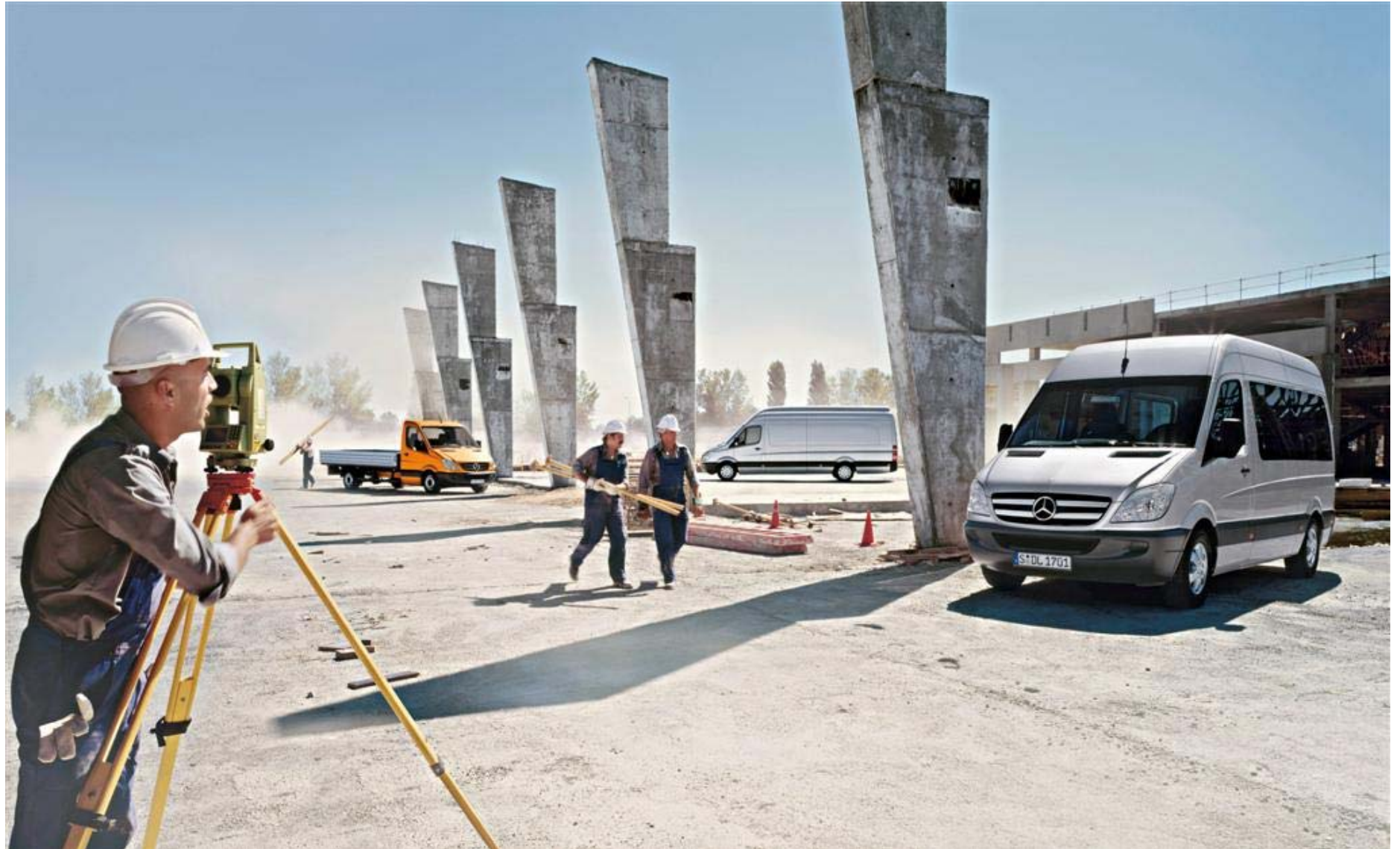
2,5t

GVW

7,49t



# Basic Concepts NCV3





## Worldwide production at 6 different locations with 18.000 employees

**Charleston:**  
Dodge/Freightliner Sprinter



SKD assembly  
capacity 48.000 units  
150 employees

**Düsseldorf:**  
Sprinter (new),  
VW crafter



capacity  
150.000 units  
7.600 employees

**Ludwigsfelde:** Sprinter (new),  
VW crafter, Vario



capacity  
72.000 units  
2.700 employees

**Fuzhou:** Vito,  
Viano, Sprinter



**Buenos Aires:**  
Sprinter (old, new)



capacity  
32.000 units  
2.400 employees



**Vitoria:**  
Vito/Viano

capacity  
150.000 units  
3.800 employees



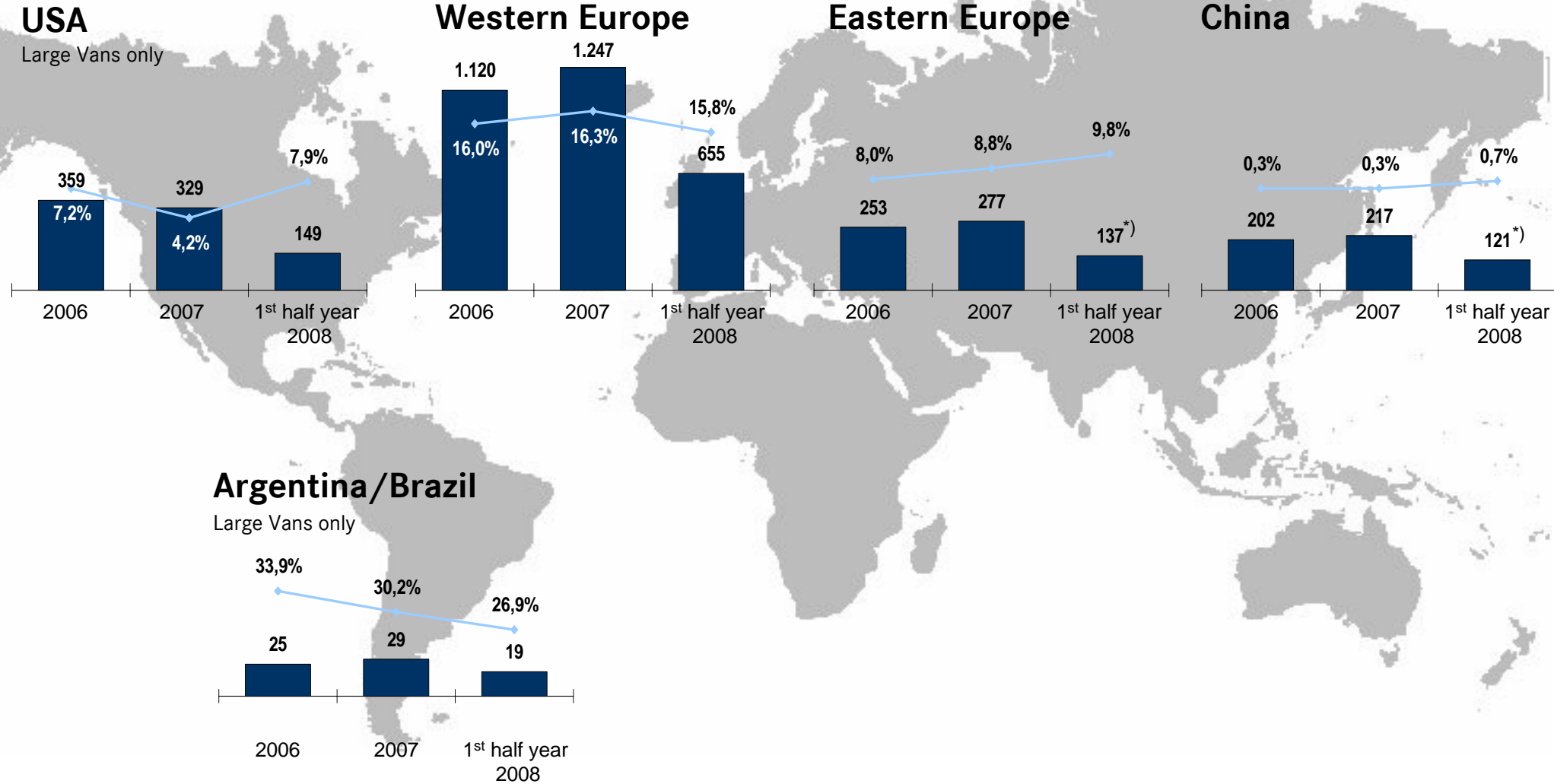
**Stuttgart:**  
Management,  
Sales&Marketing, Development  
1.100 employees

**Vietnam:**  
CKD assembly  
Sprinter (old)



# Market & Market Shares Midsize and Large Vans

(in '000 units)

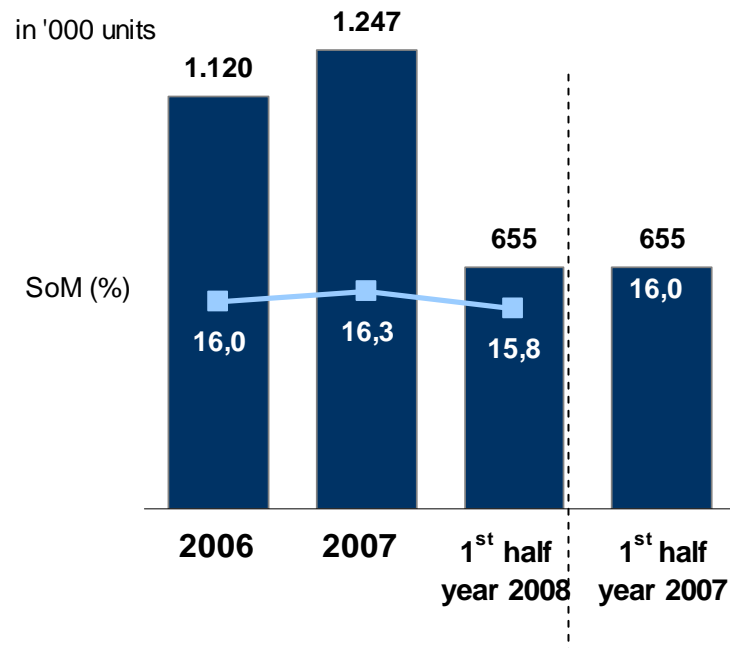


<sup>\*)</sup> estimation

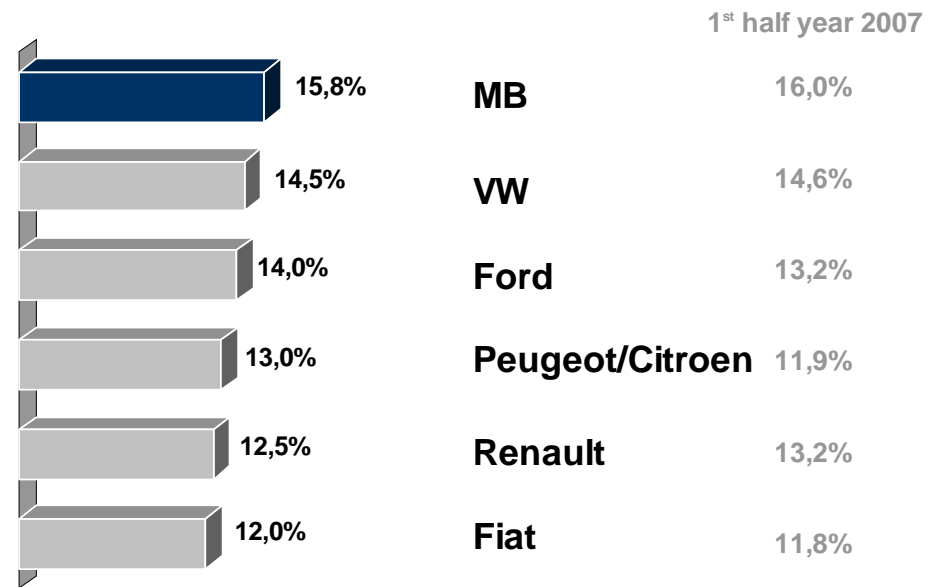


## Market/Market Shares - Western Europe -



### Midsize/Large Vans



### Market position 1<sup>st</sup> half year 2008 (in %)



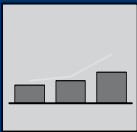
## Sales, Revenues as well as EbIT increased along with growing business in 1<sup>st</sup> Half Year 2008

Key Figures		1 <sup>st</sup> Half Year 2007	1 <sup>st</sup> Half Year 2008	Δ 2008 vs. 2007
<b>Group Sales</b>	in units	135.526	147.255	+9%
<b>Revenues</b>	in mill. EUR	4.344	4.892	+13%
<b>EbIT</b>	in mill. EUR		448	
<b>RoS</b>	in %		9,2	

## Challenges Mercedes-Benz Vans

Strategic core challenges

Closing capacity gap



- Investment of 177 mill € for production capacity increase (+45.000 units p.a.) at the plants in Düsseldorf and in Ludwigsfelde necessary
- Agreement with VW about extended contract until 2016 and agreed prices on additional volumes

Markets



- USA strategy: optimization of volume and price
- JV China with SOP of NCV2 in 05/2009
- Analysis of market potential of the T1N with local production in Russia

Products



- NCV2 successor strategy with SOP in 2014
- CO<sub>2</sub> strategy oriented on customer needs

CTX<sup>2</sup>



- MB Vans strives for higher efficiency, standardization and cultural change to compensate risks from raw materials and FX-rate






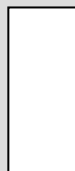


# Creating the Next<sup>2</sup> (CTX<sup>2</sup>) MB Vans strives for higher efficiency, standardization and cultural change





# Professional Answers to Green Challenges

customer profiles	characteristics	customer oriented solution	
 <p><b>Down Town</b> IAA 2010</p>	<ul style="list-style-type: none"> <li>• short distances</li> <li>• many stops in sensitive inner-city areas</li> <li>• low mileage per year (&lt; 10.000 km)</li> <li>• zero emission capability</li> </ul>	<p><b>DownTown Package</b></p>	<p>e.g.</p> <ul style="list-style-type: none"> <li>-low roll. resist. tires</li> <li>-Hybrid</li> <li>-Battery Electric Vehicle*</li> <li>-Fuel Cell Vehicle*</li> </ul>
 <p><b>Town</b> IAA 2008</p>	<ul style="list-style-type: none"> <li>• normal city areas</li> <li>• short distances with many stops</li> <li>• low mileage per year (&lt; 20.000 km)</li> </ul>	<p><b>Town Package</b></p>	<p>e.g.</p> <ul style="list-style-type: none"> <li>- low roll. resist. tires</li> <li>- Hybrid</li> <li>- Eco Start II</li> <li>- OM 651 with new TSG</li> <li>- Van NGT</li> <li>- Generator Management</li> </ul>
 <p><b>Mid Range</b> IAA 2008</p>	<ul style="list-style-type: none"> <li>• suburban and rural areas</li> <li>• regional transports on country roads and highways (between 20.000 km and 80.000 km)</li> </ul>	<p><b>MidRange Package</b></p>	<p>e.g.</p> <ul style="list-style-type: none"> <li>- low roll. resist. tires</li> <li>- Hybrid</li> <li>- OM 651 with new TSG</li> <li>- Van NGT</li> <li>- Eco power steering</li> <li>- Eco Start II</li> </ul>
 <p><b>Long Range</b> IAA 2008</p>	<ul style="list-style-type: none"> <li>• very long distances / highways / motorways</li> <li>• high speed / only few stops</li> <li>• high mileage per year (&gt; 80.000 km)</li> </ul>	<p><b>LongRange Package</b></p>	<p>e.g.</p> <ul style="list-style-type: none"> <li>- low roll. resist. tires</li> <li>- OM 651 with TSG</li> <li>- Aerodynamic-improvements</li> </ul>

Highly affected by entry restrictions     
  Not affected by entry restrictions     
 \* Not yet decided

**Mercedes-Benz Vans provides Flexible Green Solutions for various van user profiles**

## Showcar Vito BlueEFFICIENCY



## Mercedes-Benz Vans - Summary

- Strong financial performance with 9,2% RoS in 1<sup>st</sup> Half Year 2008
- Market leader in Western Europe
- Capacity increase by 45,000 units to support future growth opportunities
- Market opportunities in China and Russia
- CTX<sup>2</sup> has started a successful transformation
- CO<sub>2</sub> regulations will demand new technologies
- Risks (FX-rate, raw materials, economic framework)

## 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; the effects of the credit crisis which could result in a weaker demand for our products particularly in the U.S. but as well in the European market; changes in currency exchange rates and interest rates; the introduction of competing products and the possible lack of acceptance of our products or services; 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 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.