

# DAIMLER

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## **Annual Press Conference 2008 Results**

Dr. Dieter Zetsche

Chairman of the Board of Management  
Head of Mercedes-Benz Cars

February 17, 2009

# Global economy sharply deteriorated

## Stock markets

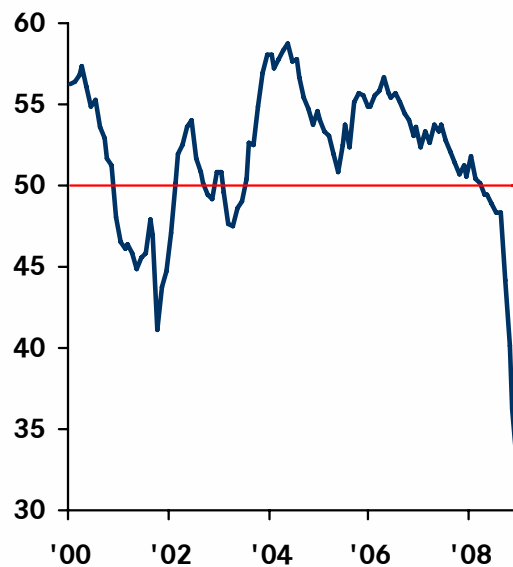
Dow Jones



Financial crisis

## Business sentiment

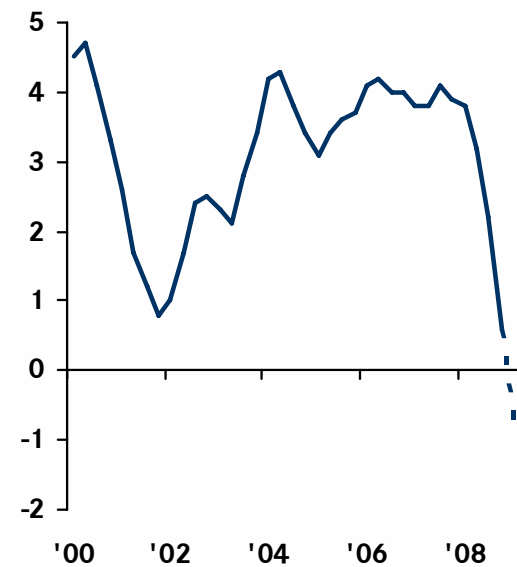
PMI<sup>1)</sup>, Triad, manufacturing, 50 = neutral



Confidence crisis

## GDP growth

World, real in % to year ago



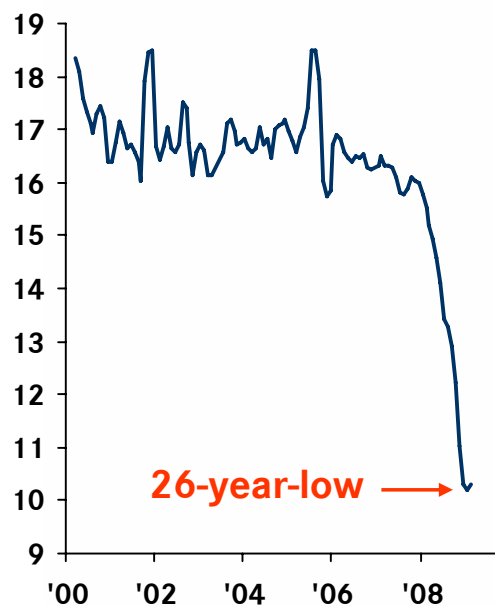
Recession

1) Purchasing Manager Index

## Triad markets - severe downturn to historical lows

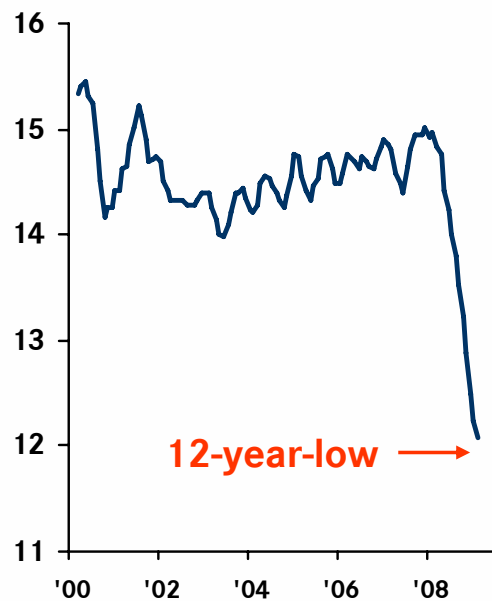
### US – Light vehicle sales

Million units, seasonally adjusted  
at annual rates



### WEU – Passenger car sales

Million units, seasonally adjusted  
at annual rates



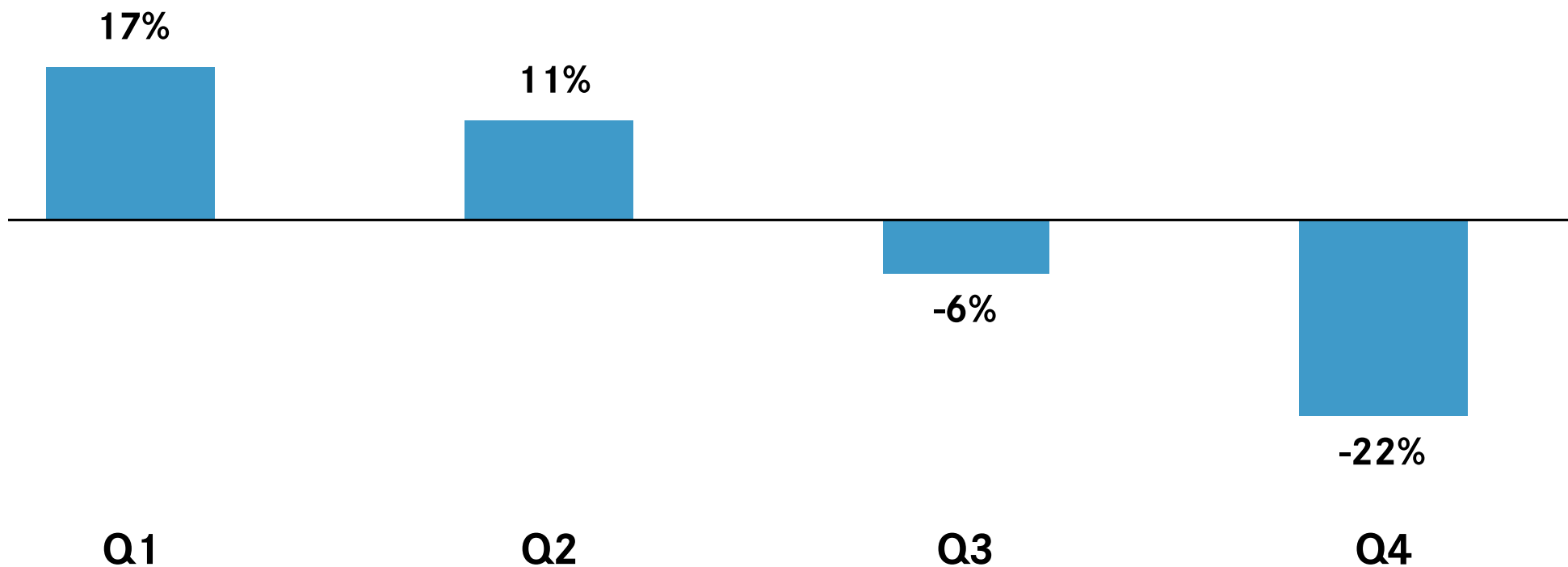
### Japan – Passenger car sales

Million units, seasonally adjusted  
at annual rates



## 2008: One year – two stories

Mercedes-Benz Cars unit sales 2008 / 2007



## Group first-half year results at record level

Mercedes-Benz  
Cars



Set all-time first-half sales record

Daimler Trucks



Matched first-half record sales set in '07

Mercedes-Benz  
Vans



Recorded best first half

Daimler Buses



Best first-half ever

Daimler  
Financial Services

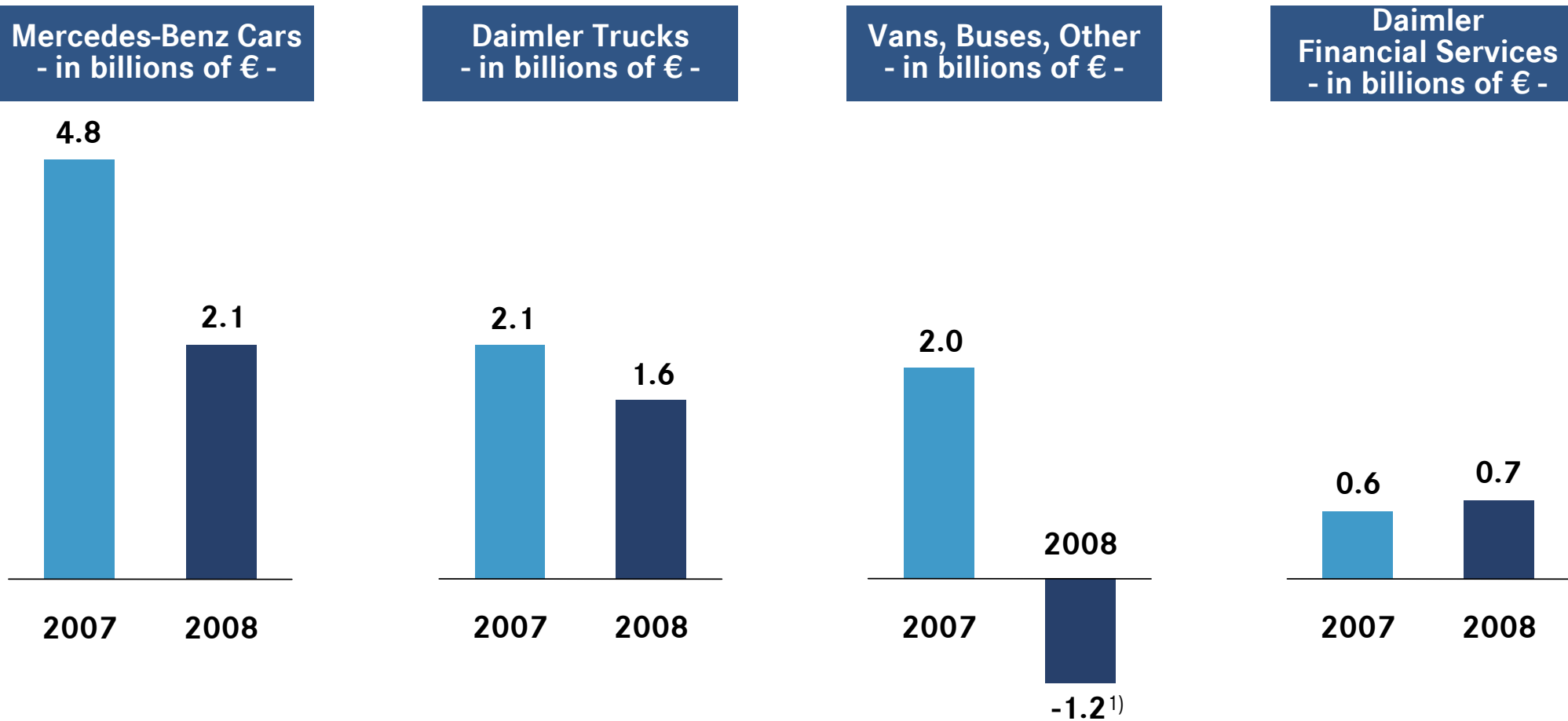


Ambitious profit targets achieved

## Group full-year earnings reflect difficult environment

- in billions of € -	FY 2007	FY 2008	% change
Revenue	99.4	<b>95.9</b>	<b>-4</b>
EBIT	8.7	<b>2.7</b>	<b>-69</b>
Net profit	4.0	<b>1.4</b>	<b>-65</b>
Dividend (in EUR)	2.0	<b>0.60</b>	<b>-70</b>

## EBIT: All businesses contributed



1) Including special reporting items

# Strike right balance – master crisis & invest in future

## DAIMLER

Manage through  
the economic crisis



Accelerate ongoing  
efficiency programs



Invest in strategic  
key areas



**Mastering  
the crisis**

**Strengthen strategic  
position**



## Safeguard financial flexibility (I)

### Cash flow measures

- Reduction of factory output and stock
- Disciplined cash spending
  - Rigid review of capital expenditure/investments
  - Reduction of budgets for 2009 and beyond

## Safeguard financial flexibility (II)

### Labor cost measures

- Introduced short-time work
- Utilized flexible work accounts
- Reduced number of temporary workers
- No salary increases for senior management
- No cash boni
- Significantly reduced 2008 executive bonus payments

## Safeguard financial flexibility (III)

### Funding

- Comfortable gross liquidity
- Access to debt markets
- Broad range of funding instruments available
- Solid balance sheet

# Accelerate company-wide efficiency programs

## Daimler efficiency programs

Mercedes-Benz Cars

Daimler Trucks

Mercedes-Benz Vans

Daimler Buses

Daimler Financial Services



Global Excellence

- 1 Business Model Strategy (Management of Cycles)
- 2 Operational Excellence
- 3 Growth and market optimization
- 4 Future product generations



Cross-divisional functions / New Management Model

## “GO FOR 10” program takes efficiency to next level

Example: Mercedes-Benz Cars

**GO FOR 10**

Improvement levers

### Investments and existing assets

- Review product portfolio
- Reduction net assets/ working capital
- ...

### Fixed costs and organizational agility

- Review indirect sectors
- Allocation of engineering resources
- ...

### Short- and long-term efficiency

- Reduction material and production costs
- ...

### Revenue and profit increase

- Optimization product mix
- Turn around new and young used cars
- ...

# “Global Excellence” drives efficiency

## Example: Daimler Trucks



### Efficiency measures

#### Daimler Trucks EU/LA

- MB Trucks contingency program
- Active management of downturn
- ...

#### Daimler Trucks North America

- Cost optimization and repositioning
- Portfolio optimization with two-brand strategy
- Adjustment plant capacity
- ...

#### Daimler Trucks Asia

- Further reduction of cost base
- Optimization of business processes
- ...

# “Captive #1” review of all business areas

## Example: Daimler Financial Services



Efficiency areas

### Optimization of Sales & Marketing functions

- Business center consolidation
- Optimization size of field force
- ...

### Optimization of all country operations processes

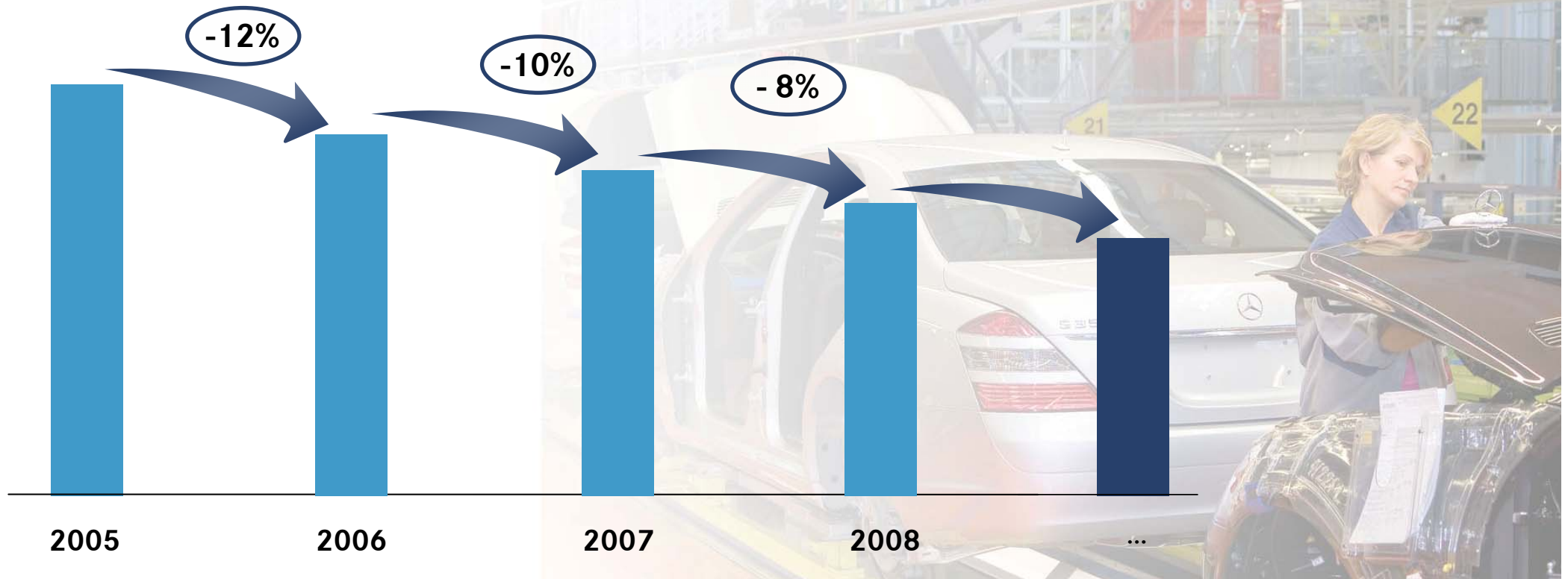
- Operational country clusters
- Increased automation and leveraging of best practices
- ...

### Optimization of Finance, HR, project and staff functions

- Shared services with brand partner
- Optimization labor costs
- ...

## Continued productivity improvement

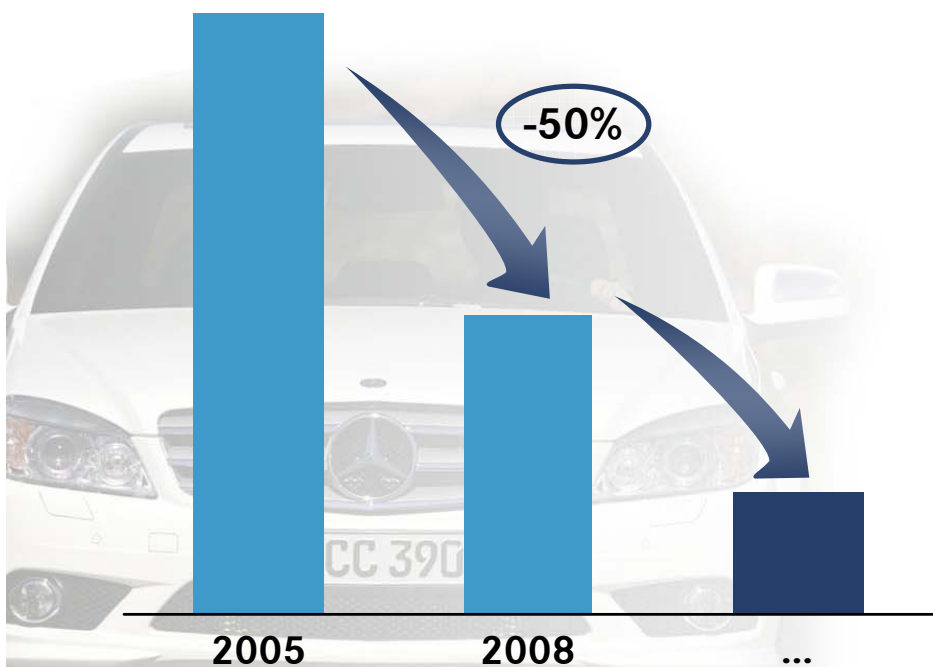
Mercedes-Benz Cars productivity [hours per vehicle]



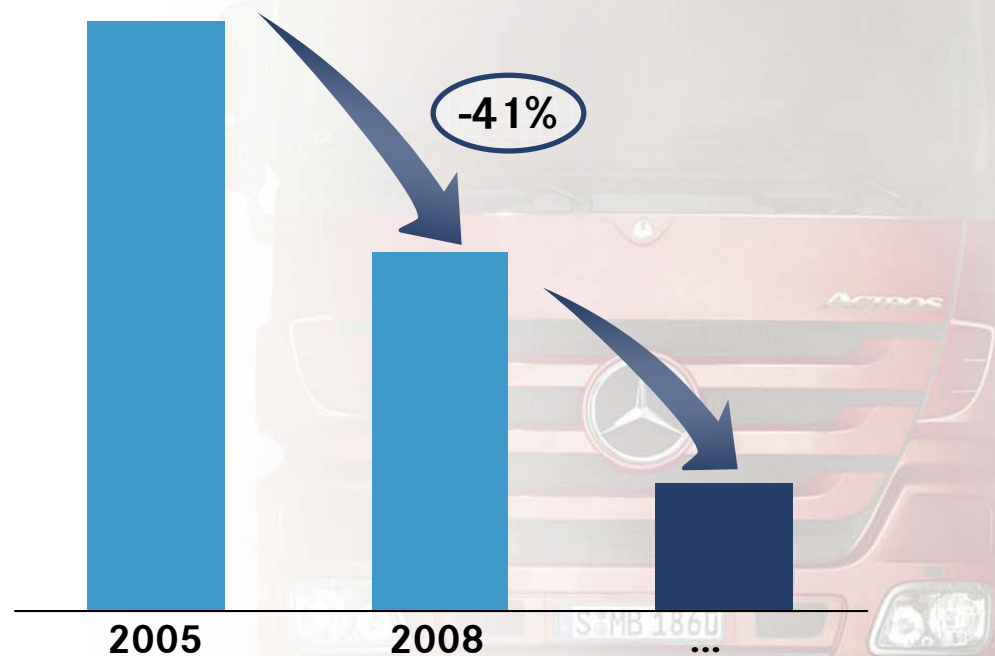


# Improving quality reduces warranty costs

**Mercedes-Benz Cars**  
(warranty & goodwill costs)



**Daimler Trucks**  
(warranty expense 12 months in service)

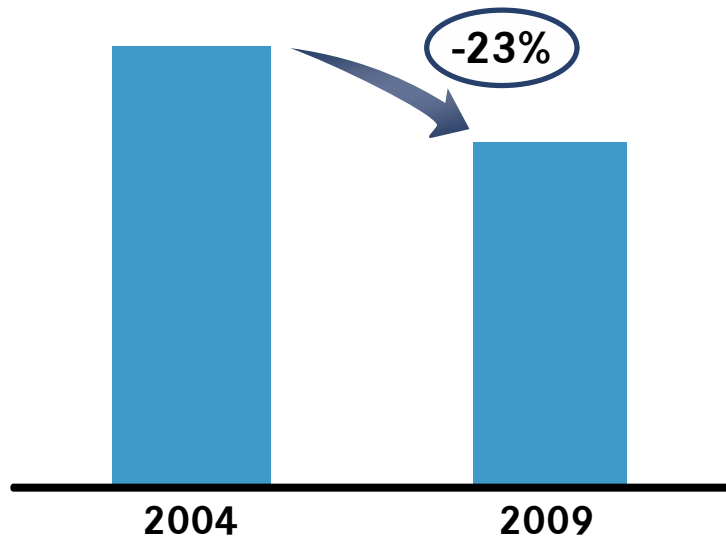


**- x %** change to 2005

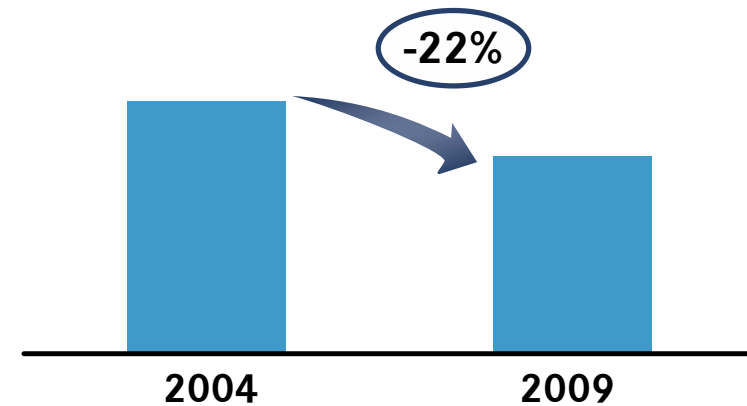
## Structural improvements continue

“New Management Model” (NMM)

Cost reduction of NMM functions



Headcount reduction



Cost of NMM functions reduced by approximately 1.2 bn € by 2009

# Invest to strengthen our strategic position

## Daimler-wide initiatives



New products  
and green technologies

New markets

New business

## The new E-Class: superior safety, outstanding comfort and up to 23 percent fuel savings



### New models in 2009<sup>1)</sup>

**Q1:** • E-Class Sedan

**Q2:** • E-Class Coupe  
• New Generation S-Class

**Q3:** • New Generation GL-Class

**Q4:** • E-Class Station Wagon

E 250 CDI: 139 CO<sub>2</sub>/km; 5,3l/100 km

1) Launch WEU

## New trucks and buses set benchmarks



Mercedes-Benz Construction Actros



Mercedes-Benz Travego



Setra CC 419 GT-HD

# Roadmap to sustainable mobility – gaining momentum

Optimization of combustion engines



C 250 CDI

Hybridization



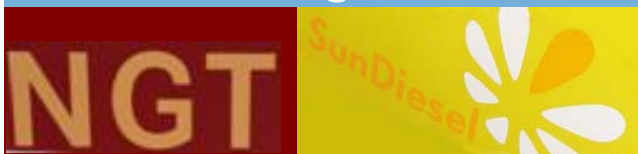
Mitsubishi Fuso Canter Eco Hybrid

Emission-free driving



Mercedes-Benz BlueZERO

Clean fuels for combustion engines



Energy sources for future mobility

Fuel cell



## New engines and technologies improve fuel efficiency and reduce emissions



Example OM 651 diesel engine



Example BlueTec trucks

## Luxury class CO<sub>2</sub> hybrid champion and hybrid world market leader in commercial vehicles



S 400 BlueHYBRID



Examples hybrid model range



## Milestones in emission-free driving



Mercedes-Benz B-Class F-CELL



smart fortwo ed



Mercedes-Benz Citaro F-CELL

## Cooperations for sustainable mobility

Examples li-Tec and e-mobility



### Upstream:

Strategic alliances – e.g. to improve battery technology

## *e-mobility*



### Downstream:

Cooperations with energy providers to improve infrastructure

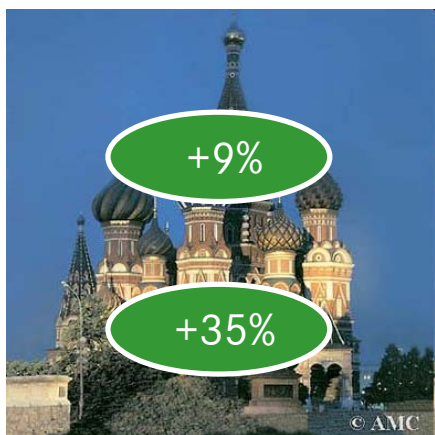
# Increasing presence in important growth markets

unit sales  
'07 → '08

Mercedes-Benz Cars

Daimler Trucks

## Russia



- Strategic partnership KAMAZ (10% share)

## India



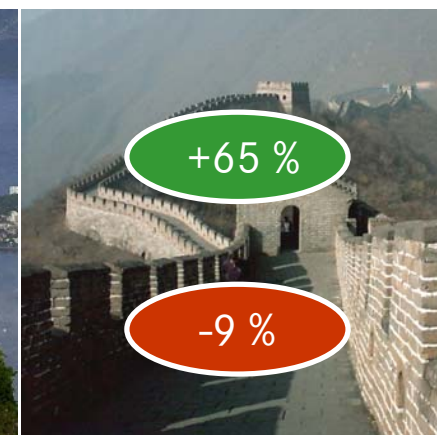
- JV "Daimler Hero Commercial Vehicles Ltd."
- Cooperation with Sutlej Motors
- New PV plant

## Brazil



- Top position in truck market
- Market leader in bus

## China



- JV "Fujian Daimler Automotive Ltd" to start van production in 2009
- Lol with Foton signed to found Truck JV

## Exploring new businesses along the automotive value chain



### Example car2go

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- Completely new mobility concept
- Pilot start in Ulm, October 2008
- Rental as easy as using a mobile phone

## 2009 planning based on different scenarios

### Planning assumptions for market development

- Pronounced decline expected in all major markets Q1 and Q2 2009
- PV market likely to reach bottom in 2<sup>nd</sup> half of 2009
- Stabilization of CV market in 2010

- **Retail planning aligned to these assumptions**
- **Cost reduction set up to accommodate pro-longed crisis**

## We are prepared for the challenges ahead!

Manage through  
the economic crisis

Accelerate ongoing  
efficiency programs

Invest in strategic  
key areas



## Disclaimer

**The figures in this document are preliminary and have neither been approved yet by the Supervisory Board nor audited by the external auditor.**

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 improvement or a further deterioration of global economic conditions; a continuation or worsening of the turmoil in the credit and financial markets, which could result in ongoing high borrowing costs or limit our funding flexibility; changes in currency exchange rates and interest rates; 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 further 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; the business outlook of Chrysler, in which we hold an equity interest and some of whose obligations we have guaranteed; the business outlook of companies in which we hold an equity interest, most notably EADS; 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.