

# DAIMLER

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## **Annual Press Conference** FY 2010 and Q4 2010 Results

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Member of the Board of Management  
Finance & Controlling and Daimler Financial Services

February 16, 2011

## Highlights of 2010

- **Significant improvement in market situation**
  - Strong recovery of global passenger car markets
  - Truck markets started to recover from low level
  - Success of our attractive and competitive product range
- **Strong earnings performance**
  - Increase in EBIT to €7.3 billion
  - Earnings development significantly better than expected
  - Sustainable measures to reduce costs and increase efficiency
  - Dividend of €1.85 proposed
- **Sound financial position**
  - Strong free cash flow
  - Solid capital structure

## Recent developments in 2011

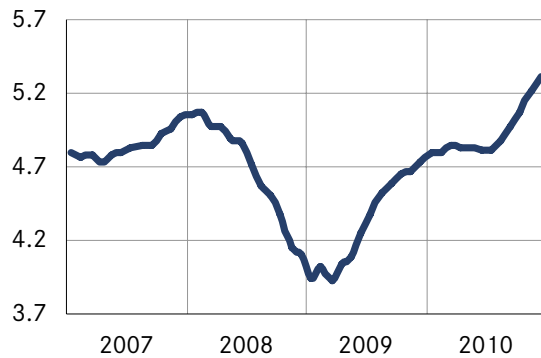
- **Strong sales development of cars, trucks and vans in January 2011**
  - Mercedes-Benz Cars: +26%
  - Daimler Trucks: +30%
  - Mercedes-Benz Vans: +18%
  - Daimler Buses: -29%
- **Joint venture with Toray**
  - For manufacturing and marketing of Carbon Fibre Reinforced Plastics (CFRP) automobile parts
- **Update on legal proceedings**

## Recovery of global automotive markets

- Monthly sales, seasonally adjusted -

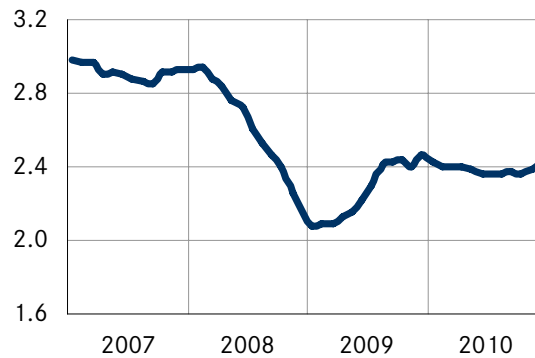
**Passenger Vehicles –worldwide–**

- in millions of units -



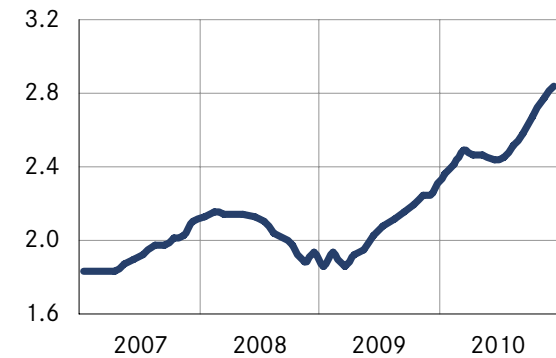
**Passenger Vehicles –triad–**

- in millions of units -



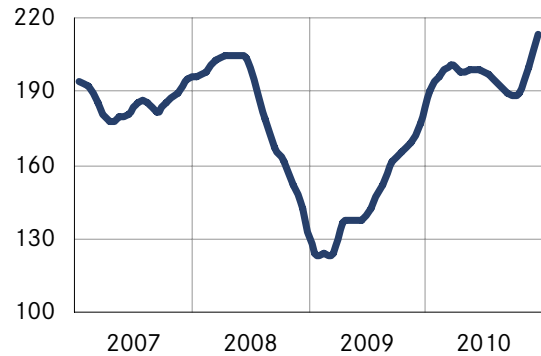
**Passenger Vehicles –non-triad–**

- in millions of units -



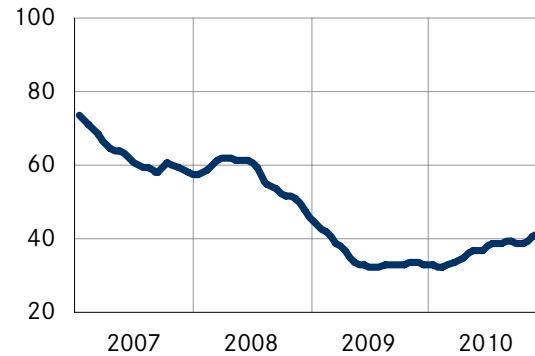
**Trucks >6t –worldwide–**

- in thousands of units -



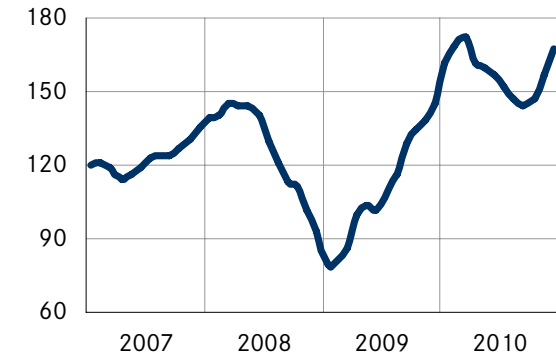
**Trucks >6t –triad–**

- in thousands of units -



**Trucks >6t –non-triad–**

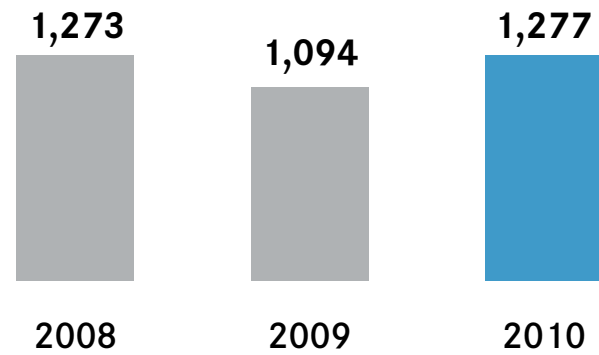
- in thousands of units -



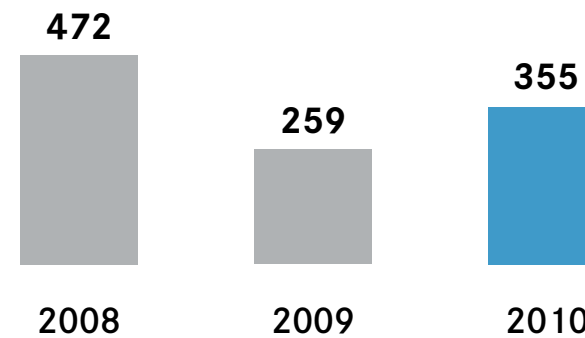
## Development of unit sales

- Unit sales in thousands -

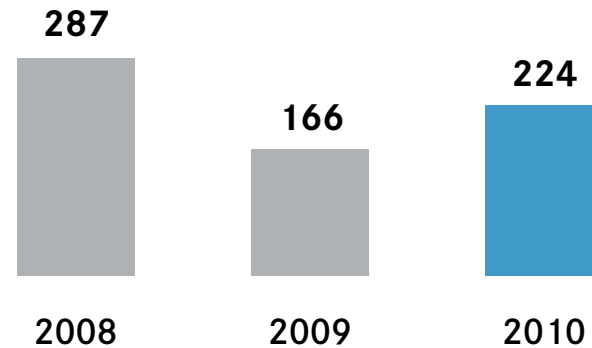
Mercedes-Benz Cars



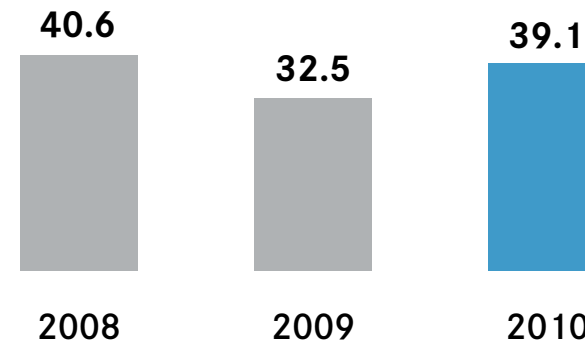
Daimler Trucks



Mercedes-Benz Vans



Daimler Buses



## Key financials

- in billions of euros -

	2009	2010
<b>Revenue</b>	78.9	97.8
<b>EBIT</b>	-1.5	7.3
<b>Net profit (loss)</b>	-2.6	4.7
<b>Earnings (loss) per share (in euros)</b>	-2.63	4.28
<b>Dividend per share (in euros)</b>	-	1.85
<b>Net liquidity industrial business (year-end)</b>	7.3	11.9
<b>Free cash flow industrial business</b>	2.7	5.4

## Key balance-sheet figures

- in billions of euros -

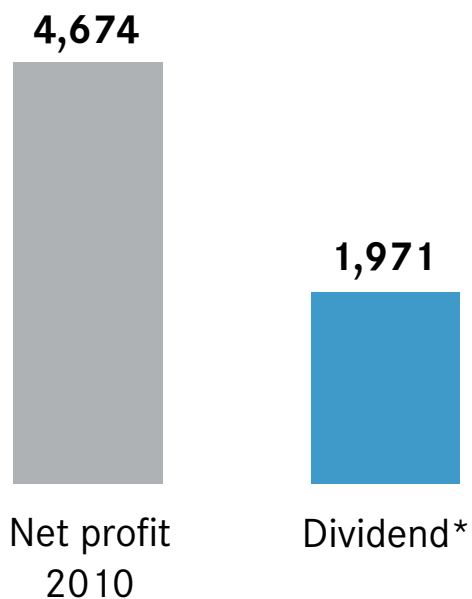
	Dec. 31, 2009	Dec. 31, 2010
<b>Daimler Group</b>		
Equity ratio	24.7%	26.5%
Gross liquidity	16.1	13.0
<b>Industrial business</b>		
Equity ratio	42.6%	45.8%
Net liquidity	7.3	11.9

## Net profit, earnings per share and dividend

### Net profit and dividend

- in millions of euros -

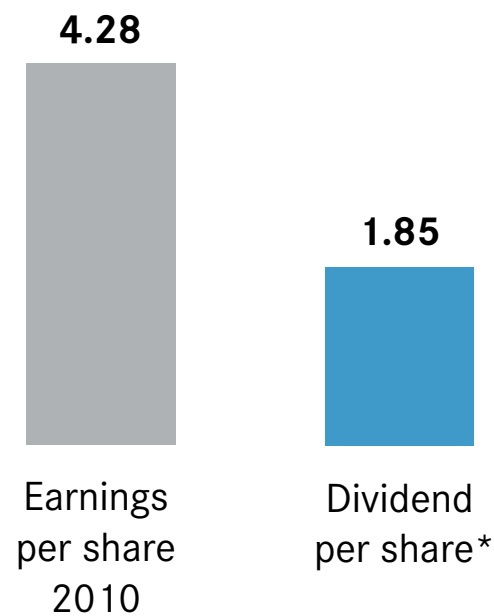
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### Earnings and dividend per share

- in euros -

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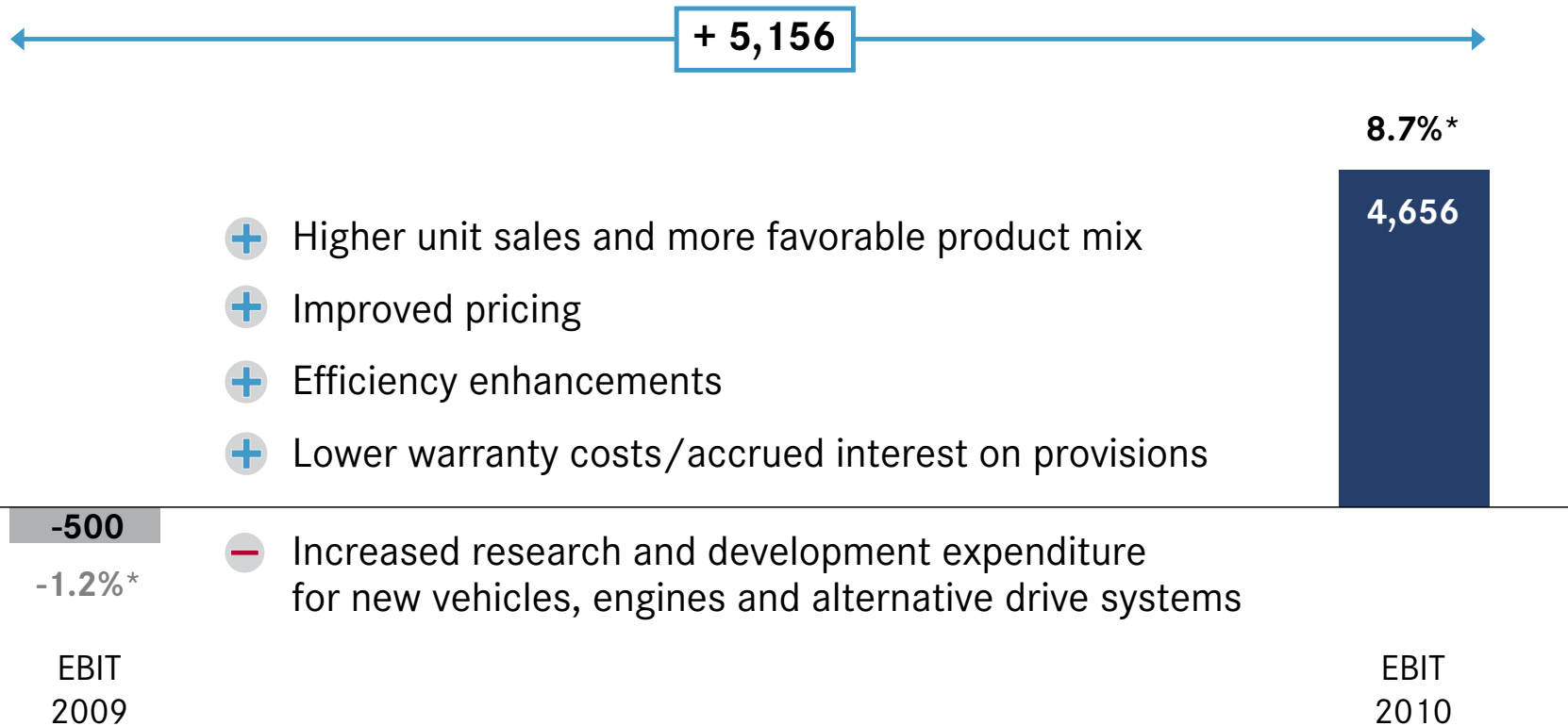


\* proposed for 2010



## Strong EBIT performance

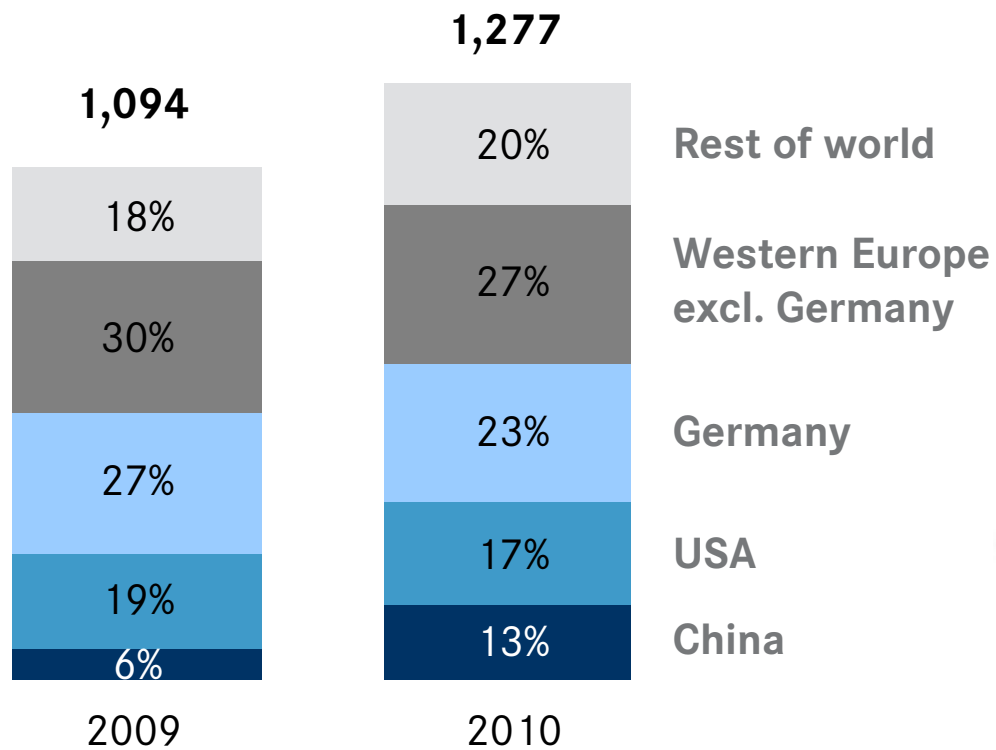
- in millions of euros -



\* Return on sales

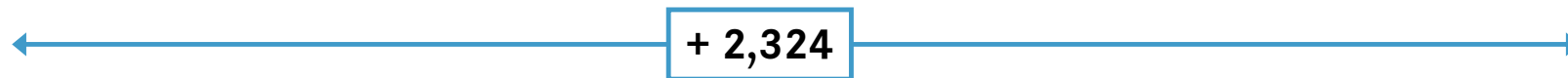
## Balanced sales structure 2010

- Unit sales in thousands -



## Significant improvement in EBIT

- in millions of euros -



- + Higher unit sales
- + Benefits from repositioning programs in NAFTA and Asia
- + Adjustment of health-care and pension plans/lower accrued interest on provisions

5.5%\*

1,323

-1,001

-5.5%\*

EBIT  
2009

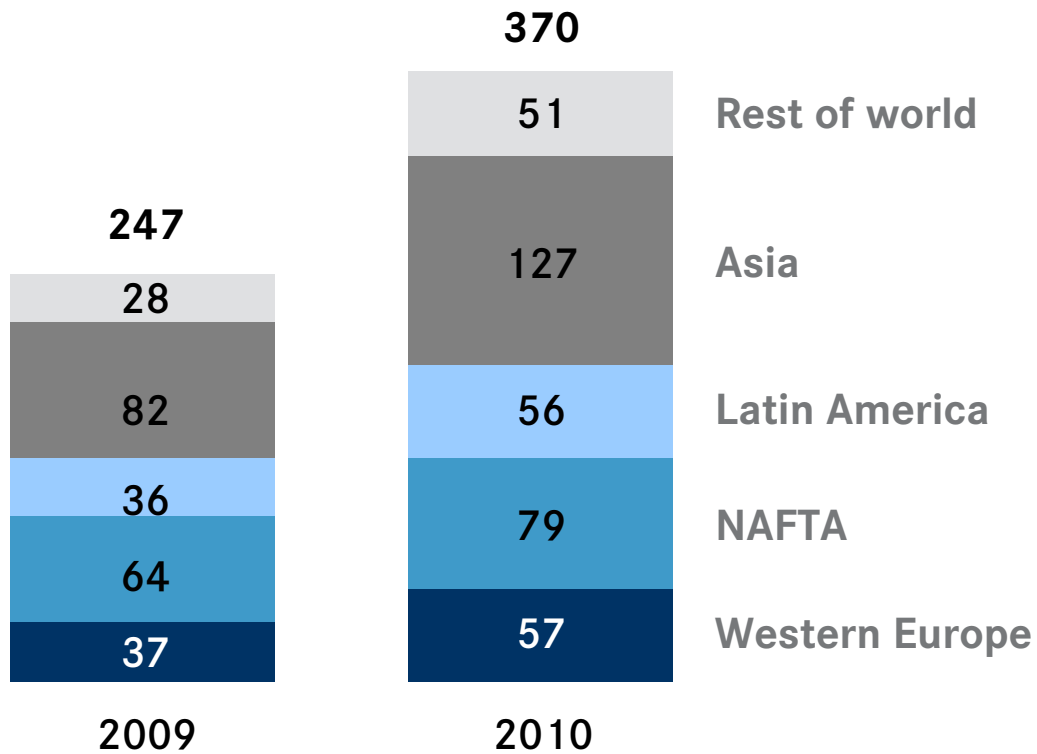
- Reassessment of long-term warranty and service obligations
- Higher expenditure for research and development in alternative drive systems, new truck engines and successor generations of existing products

EBIT  
2010

\* Return on sales

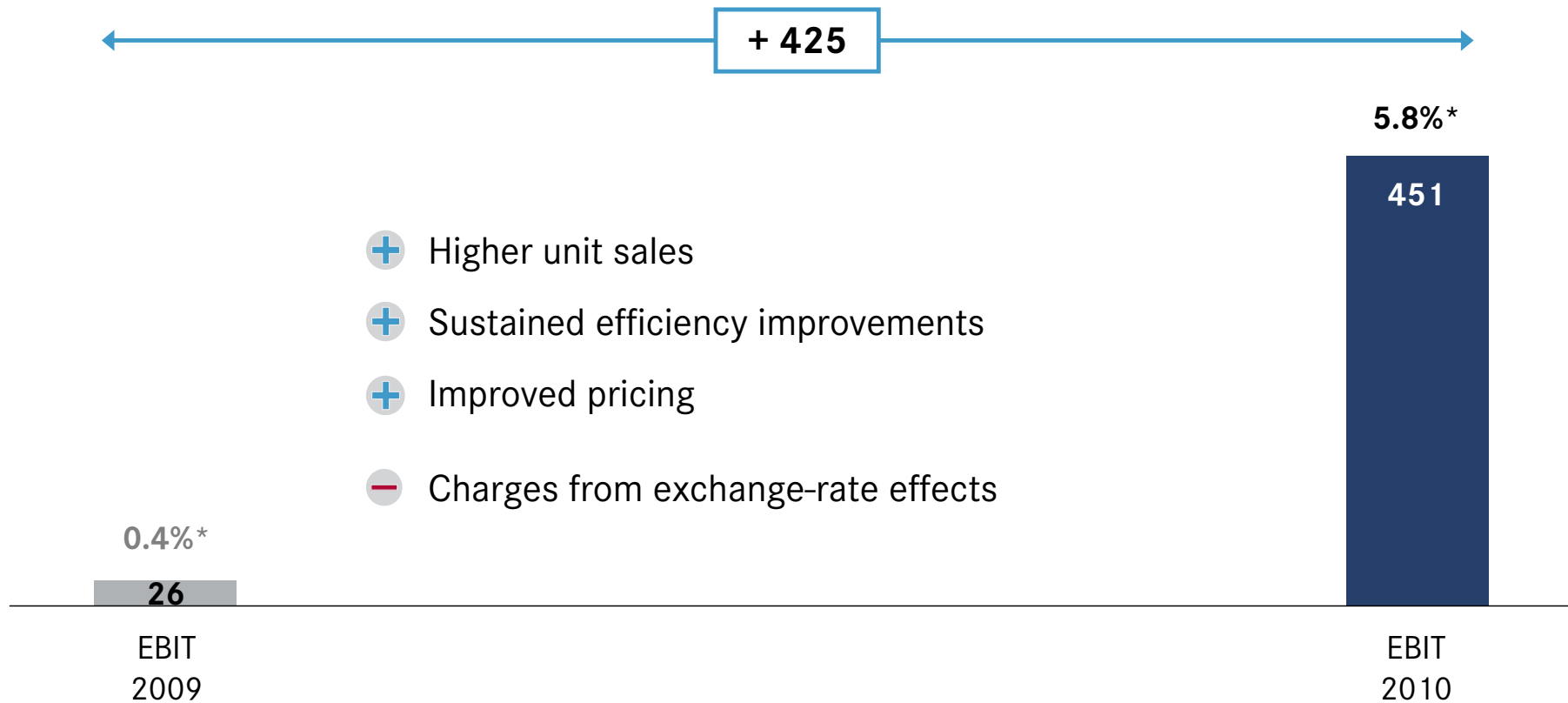
# Incoming orders up by 50%

- in thousands of units -



## Strong earnings performance at Mercedes-Benz Vans

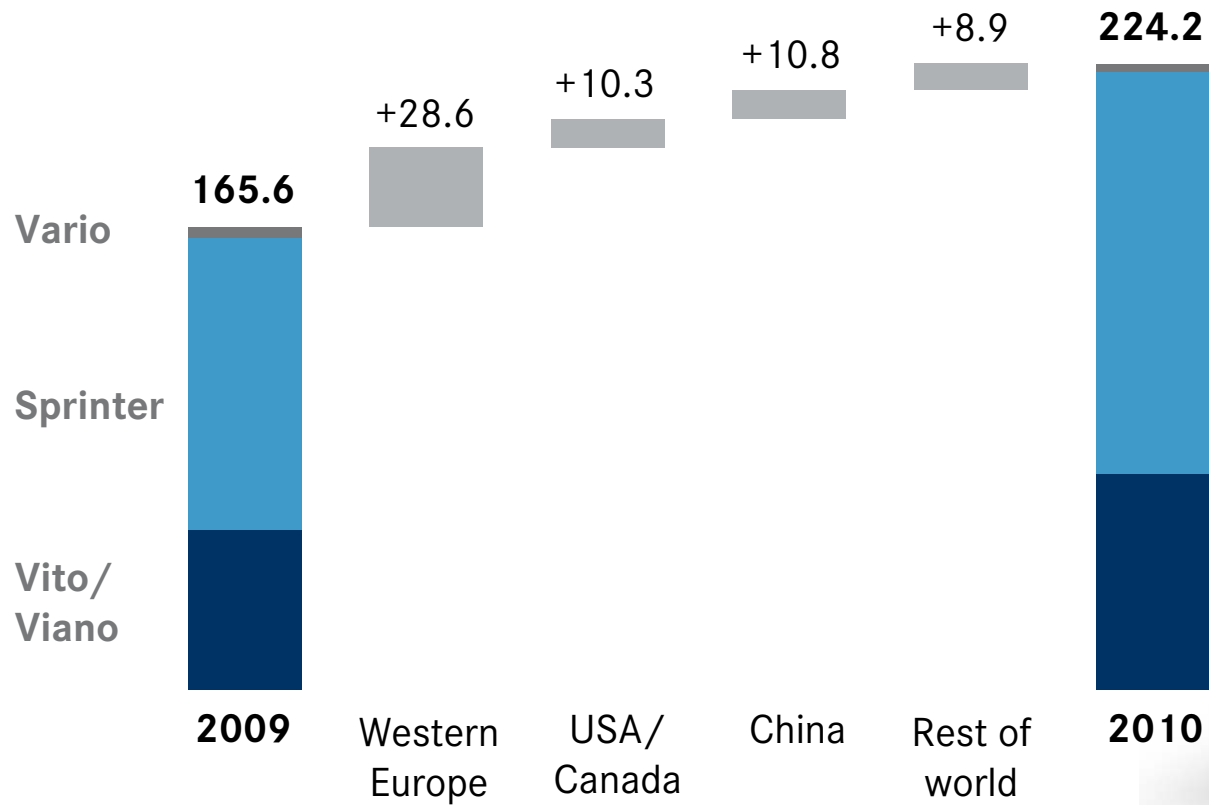
- in millions of euros -



\* Return on sales

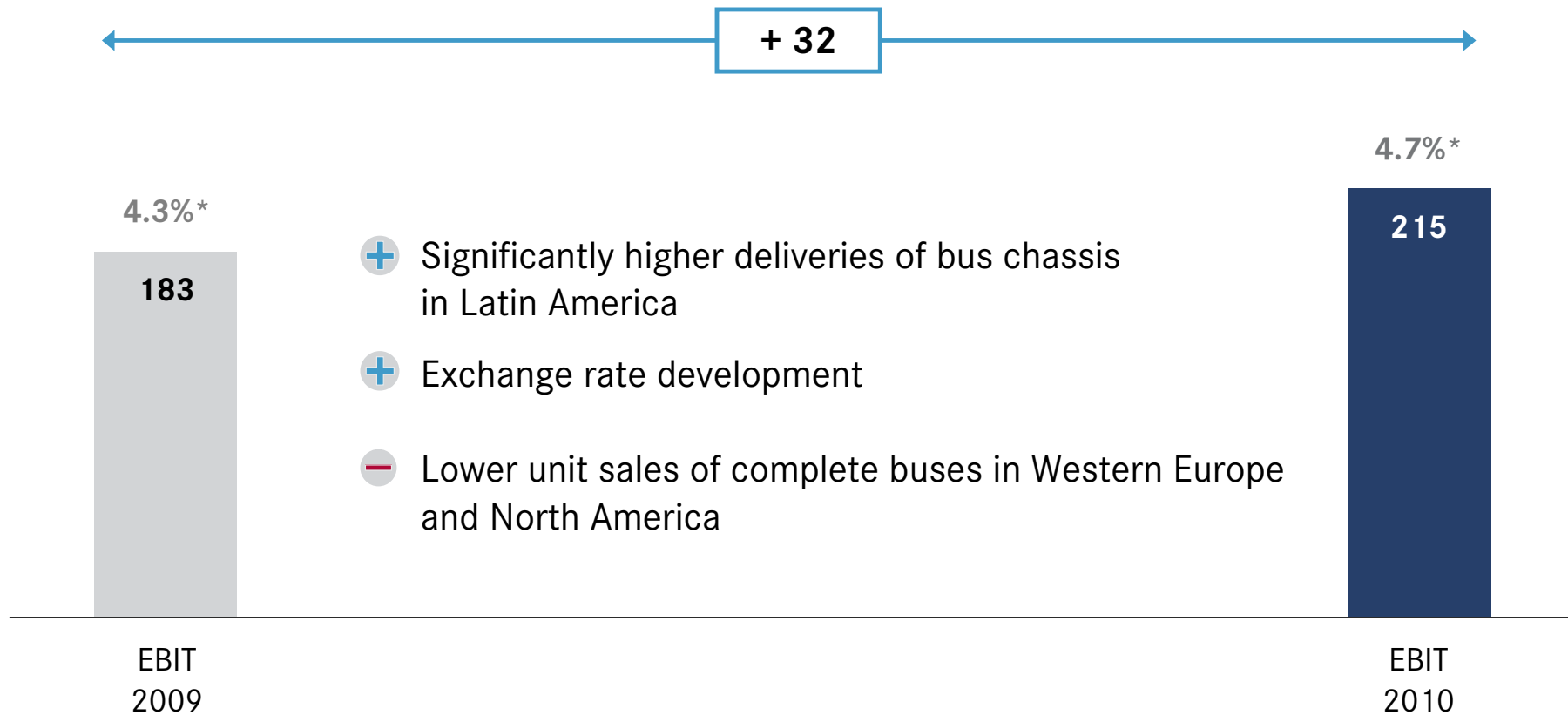
## Sales increase in all major markets

- Unit sales in thousands -



## Higher EBIT despite weak European markets

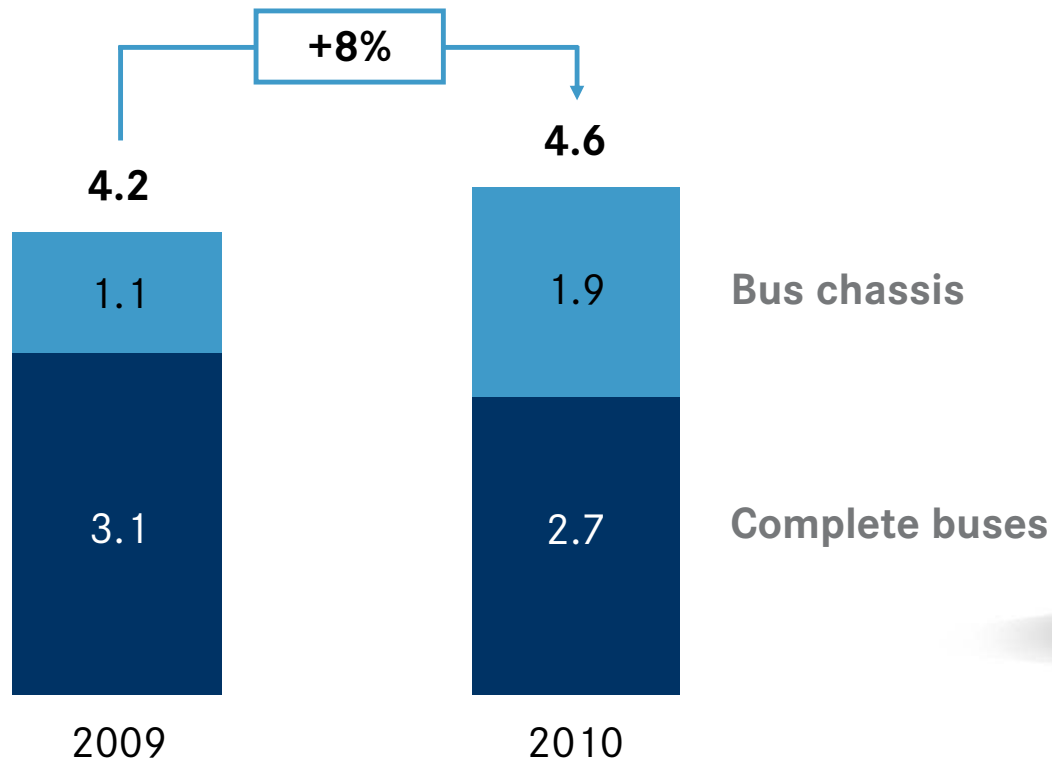
- in millions of euros -



\* Return on sales

# Revenue growth driven by chassis business

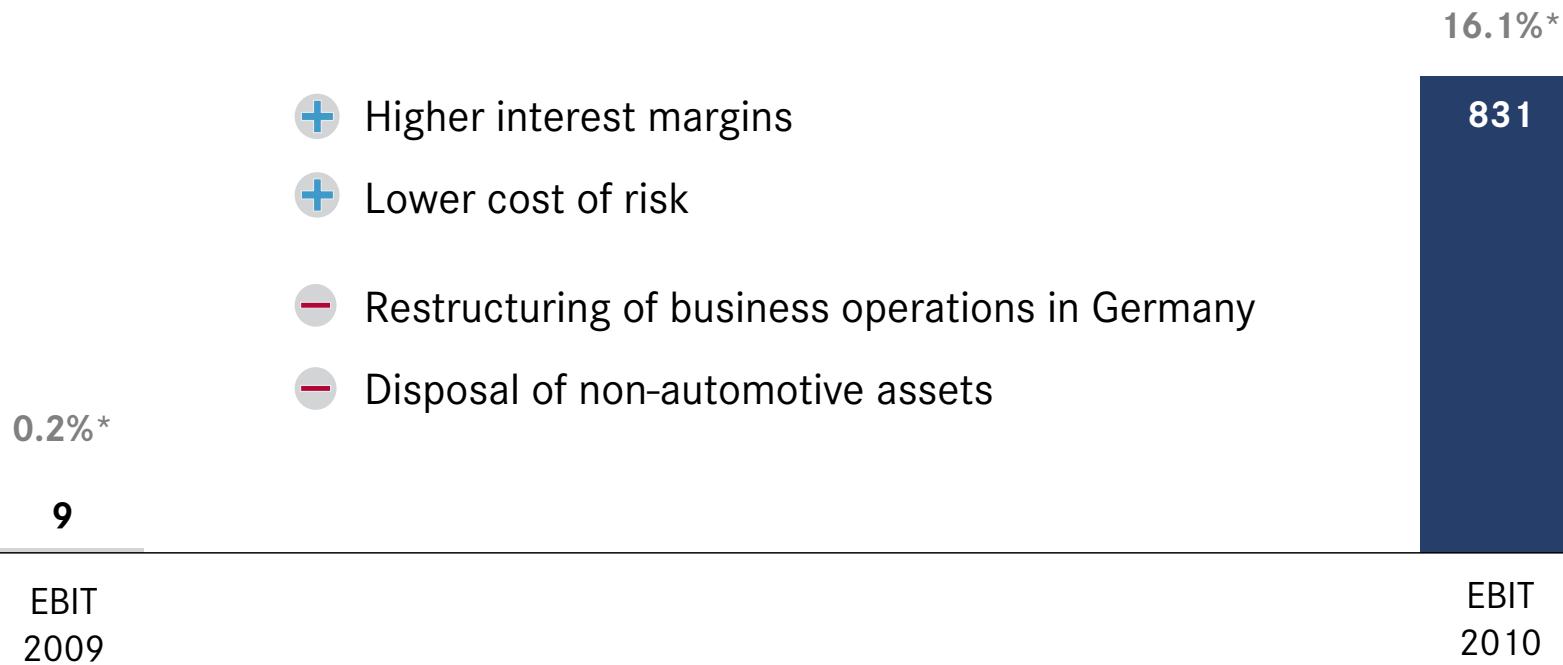
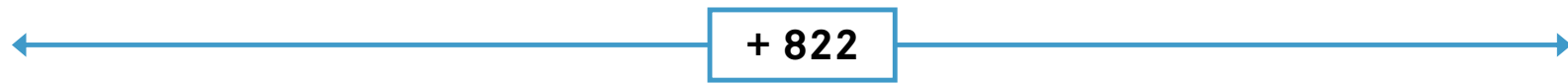
- in billions of euros -





# Strong earnings increase with return on equity above hurdle rate

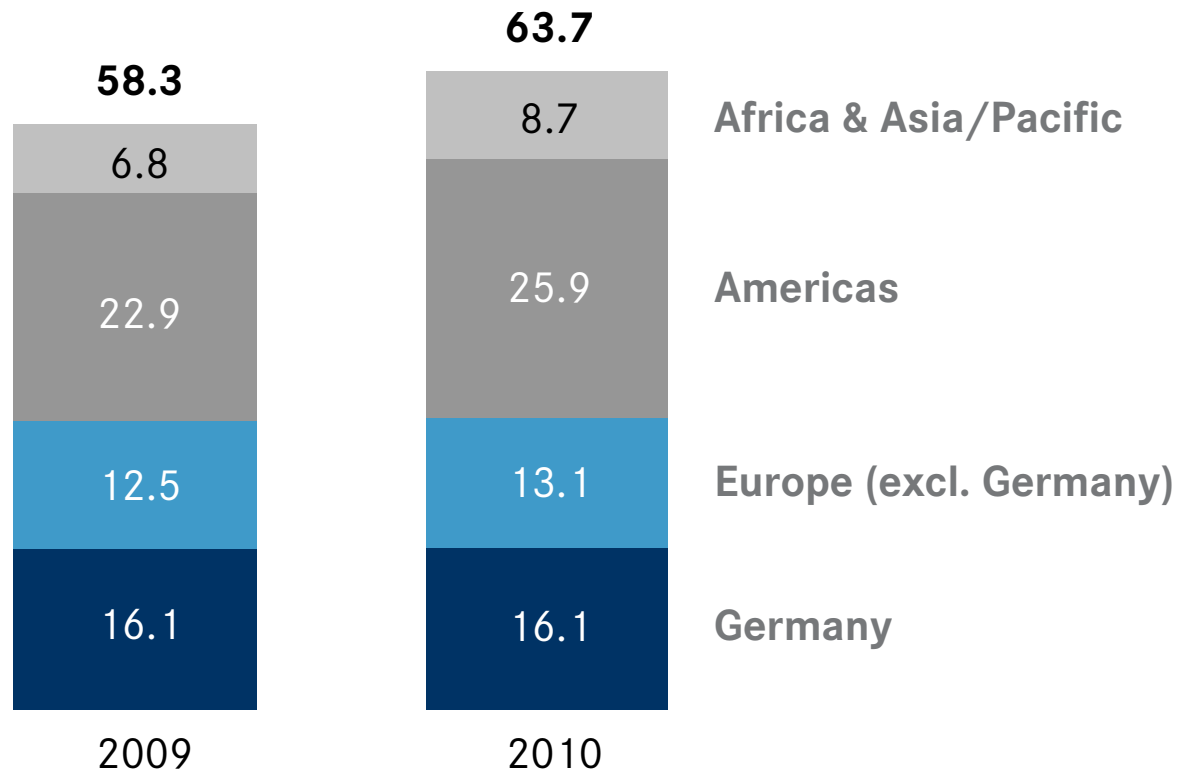
- in millions of euros -



\* Return on equity

## Higher contract volume mainly driven by emerging markets and exchange rate effects

- in billions of euros -



## EBIT from ongoing business above company guidance

- in millions of euros -

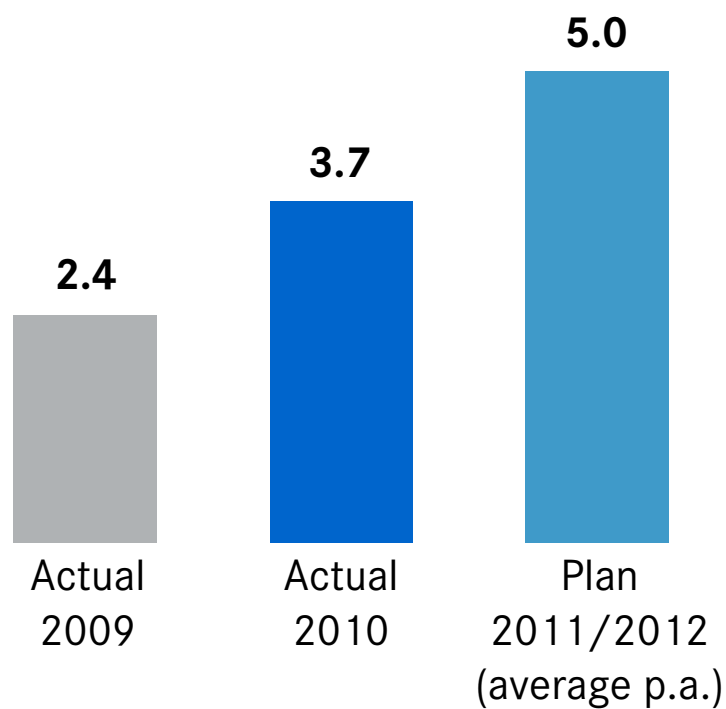
	<b>2010</b>
<b>Group as reported</b>	<b>7,274</b>
<b>Special reporting items and A400M</b>	<b>62</b>
<b>Group ongoing business</b>	<b>7,212</b>
of which	
Mercedes-Benz Cars	4,656
Daimler Trucks	1,203
Mercedes-Benz Vans	451
Daimler Buses	215
Daimler Financial Services	922
Reconciliation	-235

## Capital expenditure / Research and development

- in billions of euros -

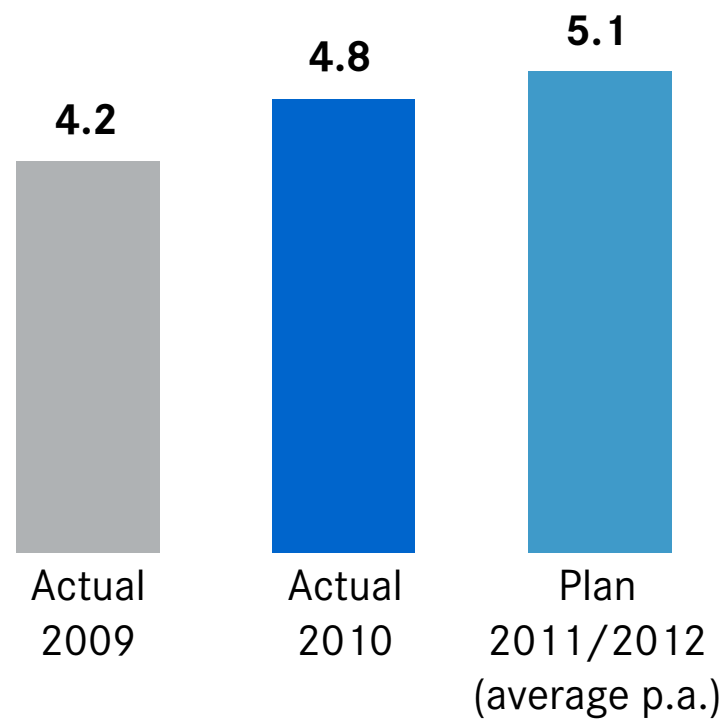
Investment in property, plant and equipment

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Research and development expenditure

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## Assumptions for automotive markets in 2011

### ● Car markets

- Worldwide market expected to grow by approximately 5 to 7%
- Growth potential especially in the United States and the emerging markets in Asia, particularly China and India; the German market is also expected to grow

### ● Truck markets

- Further market growth expected for medium- and heavy-duty trucks in the triad
- Europe: +15 to 20%
- NAFTA region: +20 to 25%
- Brazil: at the level of 2010
- Japan: slight increase in market volume

### ● Van markets

- Market growth expected in Europe and especially in the United States

### ● Bus markets

- We expect continuing high demand in Latin America at the prior year's level, but no substantial market improvement in Western Europe

## Sales outlook for 2011

### ● Mercedes-Benz Cars

- Further sales increase of Mercedes-Benz vehicles
- Growth potential especially in North America and BRIC countries

### ● Daimler Trucks

- Unit sales should increase considerably
- Growth expected in Europe, the NAFTA region and Asia; Latin America anticipated at the high level of the previous year

### ● Mercedes-Benz Vans

- Positive sales development should continue, driven by the new generation of Vito and Viano and growth in Europe, China and the United States

### ● Daimler Buses

- Unit sales expected at the high level of 2010

## Earnings outlook for 2011

### ● Challenges

- Research and development expenditure
- Investment in plants, products and regions
- Raw material and oil prices
- Higher labor costs
- Exchange-rate fluctuations

### ● Opportunities

- Faster recovery of the mature automotive markets
- Additional growth potential especially in Asia and Eastern Europe
- Opportunities from cooperations
- Strong technological position

### ● Daimler Group earnings

- EBIT 2011 from ongoing business expected to significantly exceed level of 2010

## Financial targets from 2013 onwards

Financial targets from 2013 onwards, average over the cycle (Return on sales/return on equity\* in %)



**10**

Mercedes-Benz  
Cars



**8**

Daimler  
Trucks



**9**

Mercedes-Benz  
Vans



**6**

Daimler  
Buses



**17**

Daimler  
Financial Services

\* Daimler Financial Services



# DAIMLER

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## **Annual Press Conference**

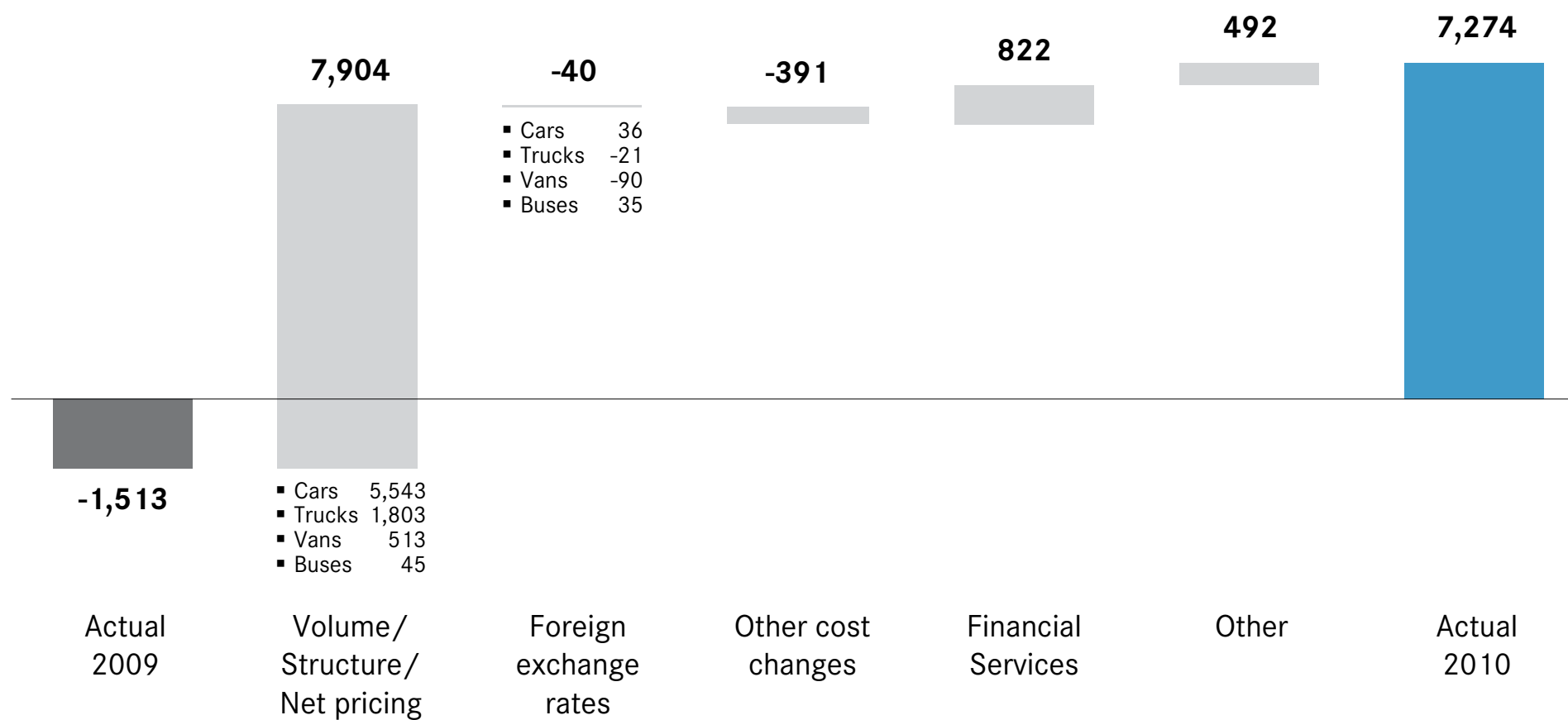
FY 2010 and Q4 2010 Results

Questions & Answers

February 16, 2011

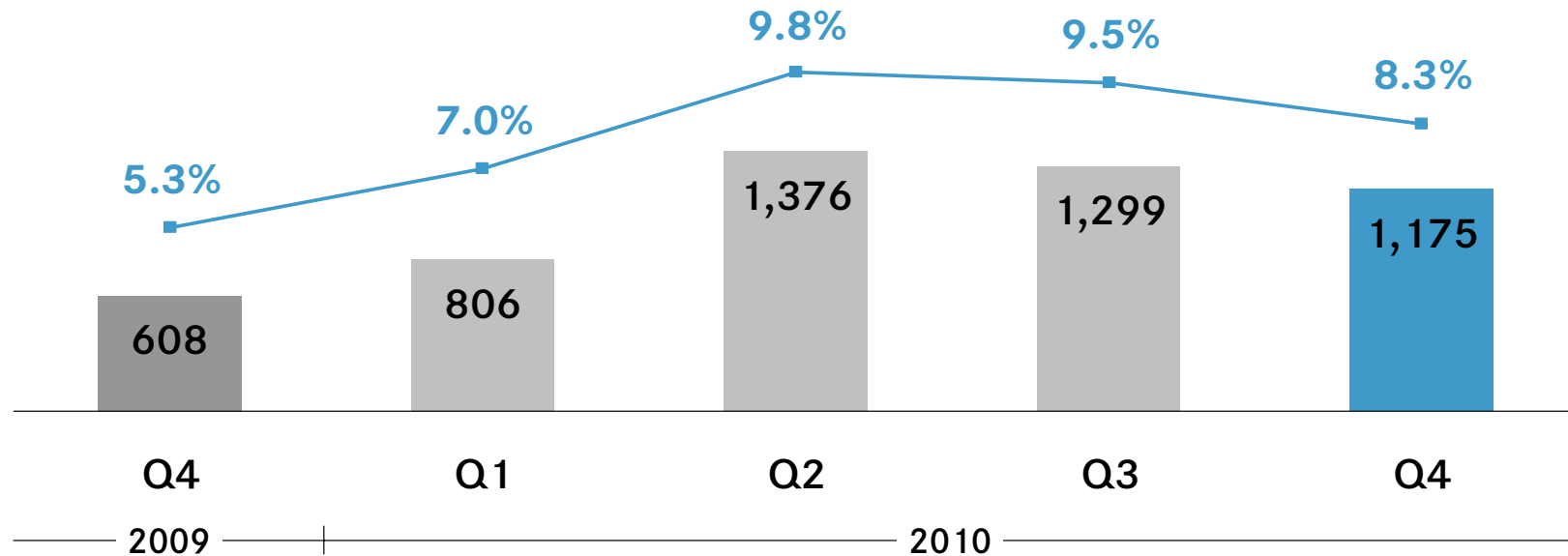
## Group EBIT in 2010

- in millions of euros -



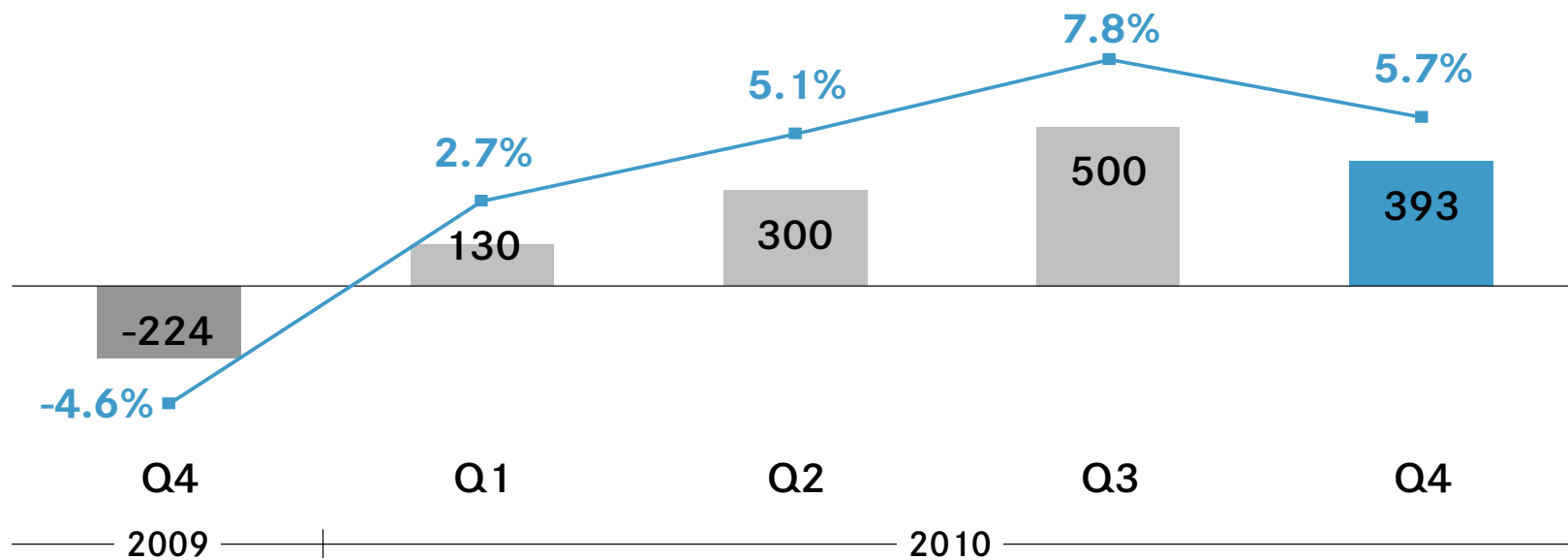
## Strong earnings performance despite high investments in R&D

- EBIT in millions of euros, return on sales in % -



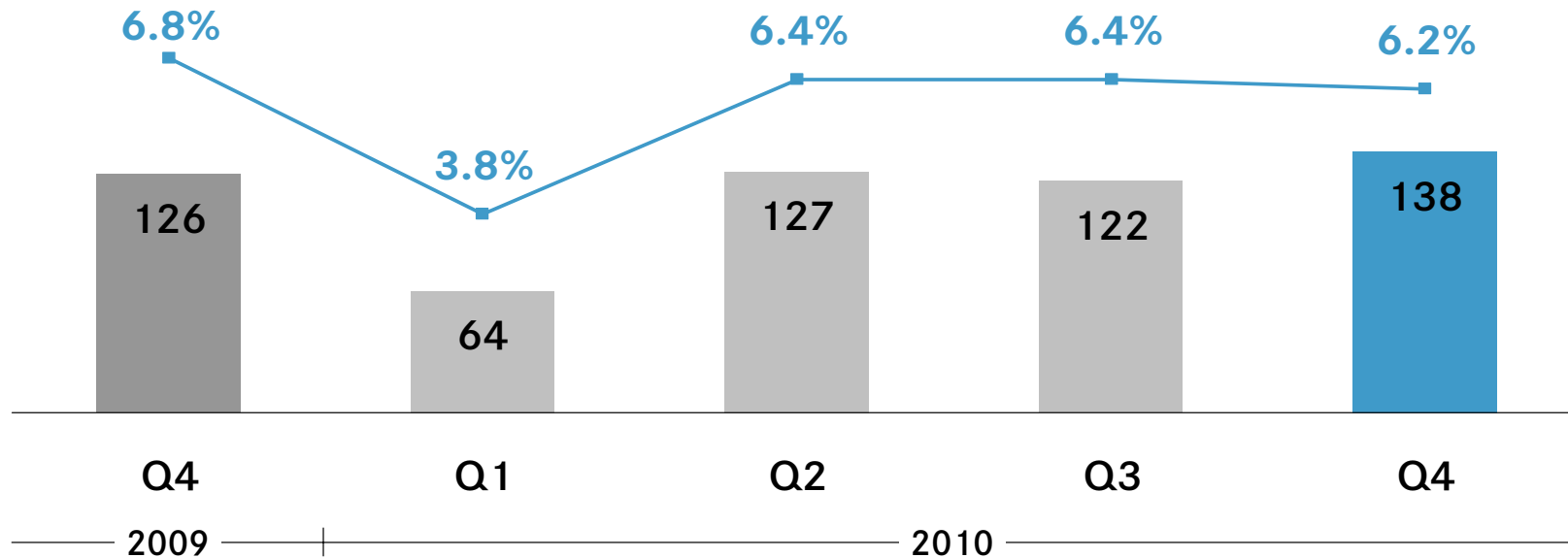
## EBIT improvement due to volume growth and efficiency enhancements

- EBIT in millions of euros, return on sales in % -



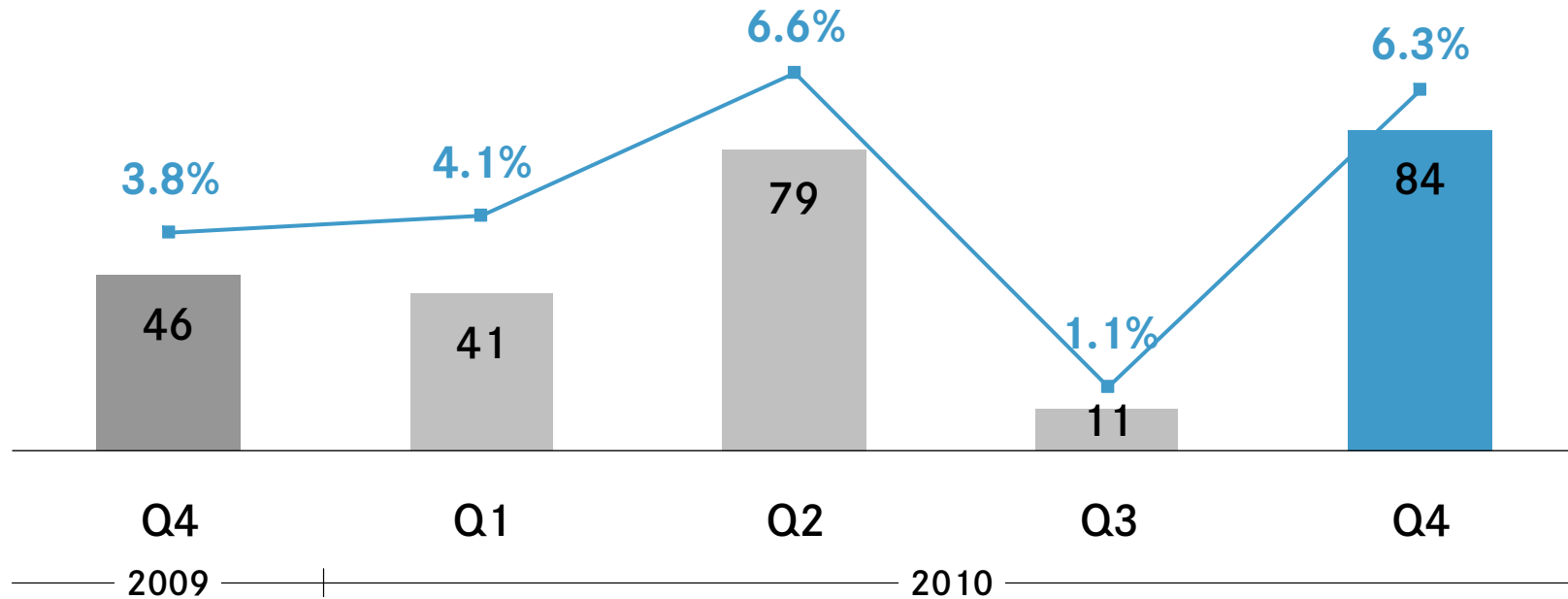
## Stable earnings development over the last quarters

- EBIT in millions of euros, return on sales in % -



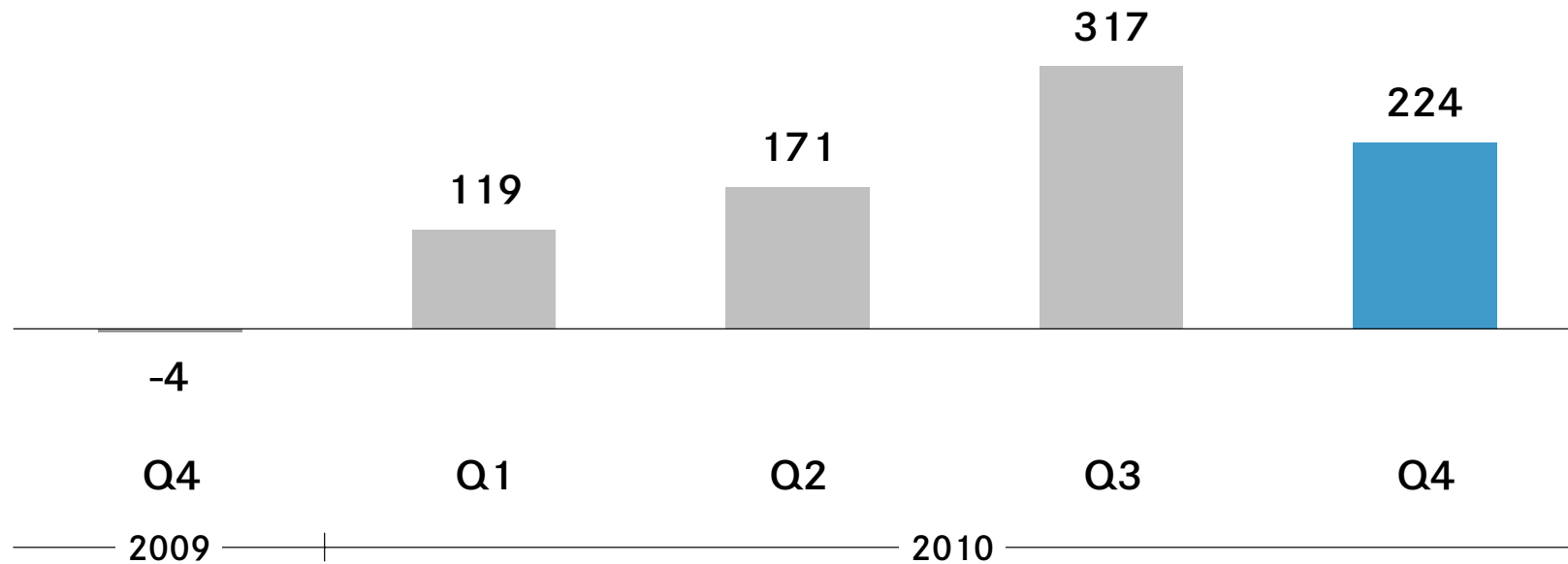
## Good performance despite weaker markets for complete buses

- EBIT in millions of euros, return on sales in % -



## High level of earnings due to lower cost of risk

- EBIT in millions of euros -



## Special items affecting EBIT / A400M

- in millions of euros -

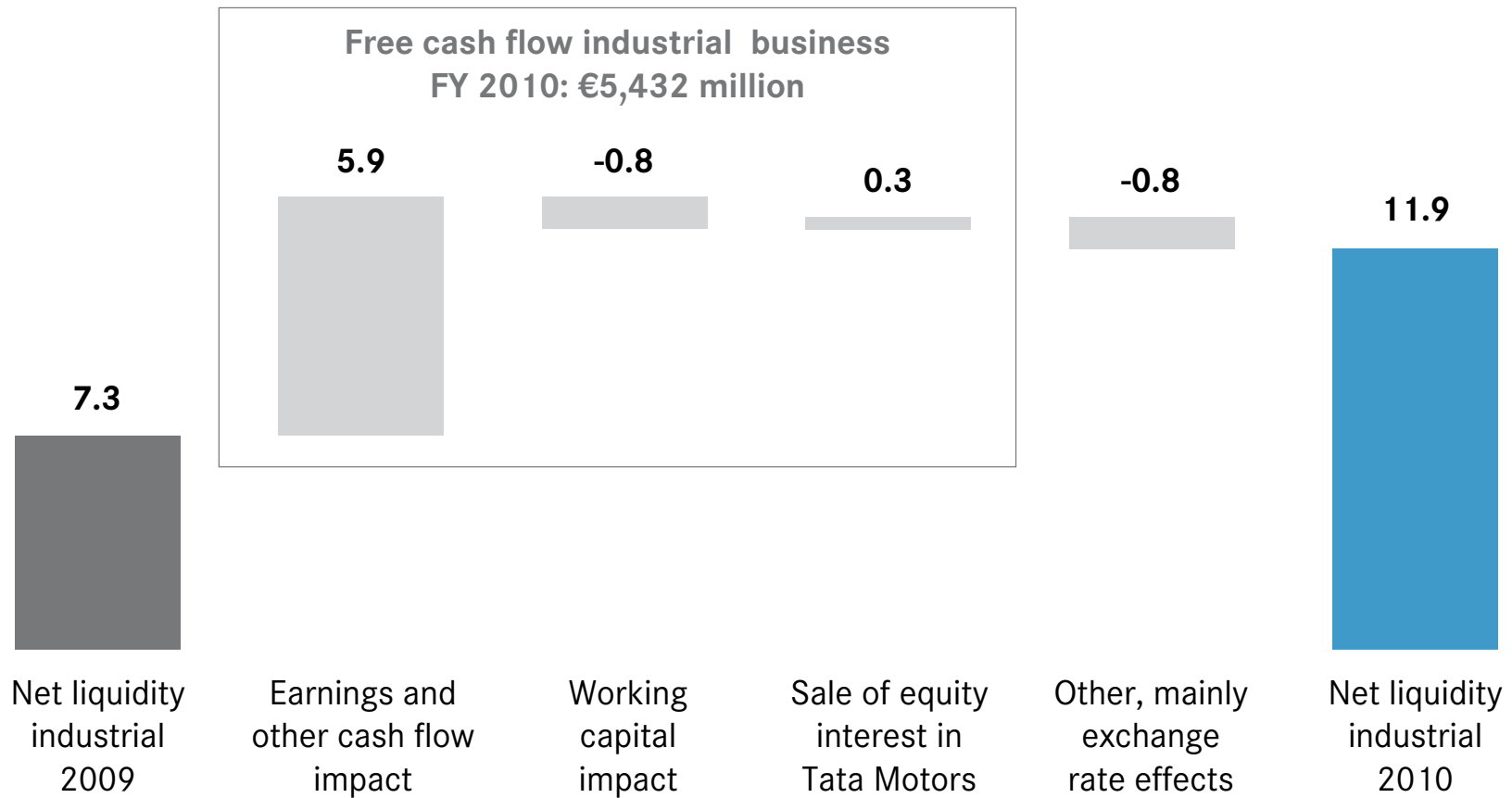
	4th quarter		Fiscal year	
	2009	2010	2009	2010
<b>Daimler Trucks</b>				
Repositioning of Daimler Trucks North America	-47	-8	-95	-37
Repositioning of Mitsubishi Fuso Truck and Bus Corporation	-28	4	-245	-3
Adjustment of health care and pension benefits	-	-23	-	160
<b>Daimler Financial Services</b>				
Repositioning of business activities in Germany	-	-4	-	-82
Sale of non-automotive assets	-81	11	-100	-9
<b>Reconciliation</b>				
Gain related to a legal dispute	-	-	-	218
Sale of equity interest in Tata Motors	-	-	-	265
Gains/expenses related to Chrysler	5	-	-294	-
Anniversary bonus and allocation to Daimler and Benz Foundation	-	-213	-	-213
<b>A400M military transport aircraft</b>				
	-	-	-	-237*

\* Charges related to the A400M military transport aircraft of EADS are not considered in the calculation of EBIT from ongoing business



## Strong increase in net industrial liquidity

- in billions of euros -



## Liquidity

- in millions of euros -

December 31, 2009

December 31, 2010

	Group	IB	FS	Group	IB	FS
Cash and cash equivalents	9,800	6,735	3,065	10,903	9,535	1,368
Marketable securities and term deposits	6,342	5,073	1,269	2,096	1,258	838
<b>Gross liquidity</b>	<b>16,142</b>	<b>11,808</b>	<b>4,334</b>	<b>12,999</b>	<b>10,793</b>	<b>2,206</b>
<b>Financing liabilities (nominal)</b>	<b>-57,301</b>	<b>-4,523</b>	<b>-52,778</b>	<b>-53,895</b>	<b>1,145</b>	<b>-55,040</b>
<b>Net liquidity</b>	<b>-41,159</b>	<b>7,285</b>	<b>-48,444</b>	<b>-40,896</b>	<b>11,938</b>	<b>-52,834</b>

## Funding status of pension and health-care benefits

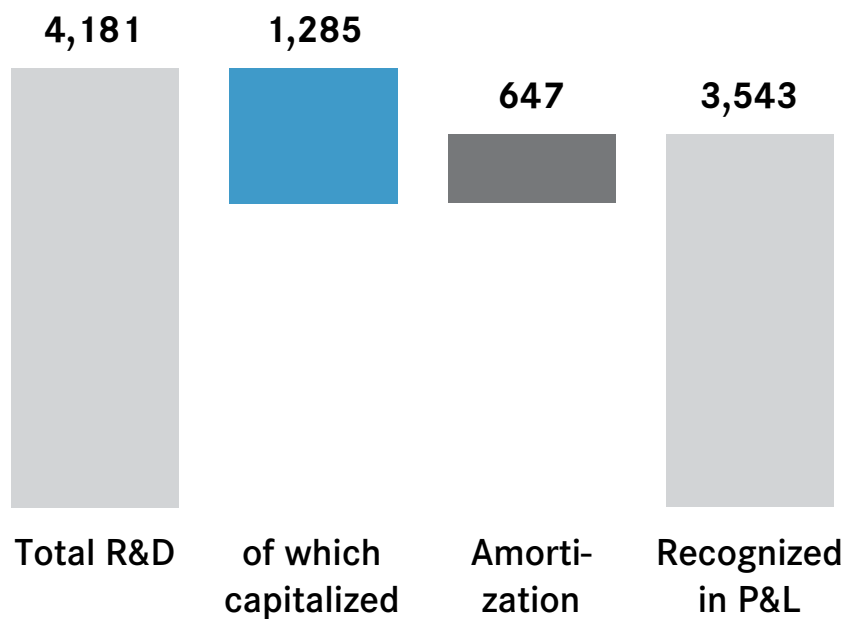
- in billions of euros -

	Pension benefits		Health-care benefits	
	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010
Benefit obligations	-16.5	-17.7	-1.0	-1.0
Plan assets	10.6	11.2	0.0	0.0
Reimbursement Medicare Act			0.1	0.1
<b>Funded status</b>	<b>-5.9</b>	<b>-6.5</b>	<b>-0.9</b>	<b>-0.9</b>
Provisions	3.1	3.4	0.8	0.8
<b>Funded position net of provisions</b>	<b>-2.8</b>	<b>-3.1</b>	<b>-0.1</b>	<b>-0.1</b>

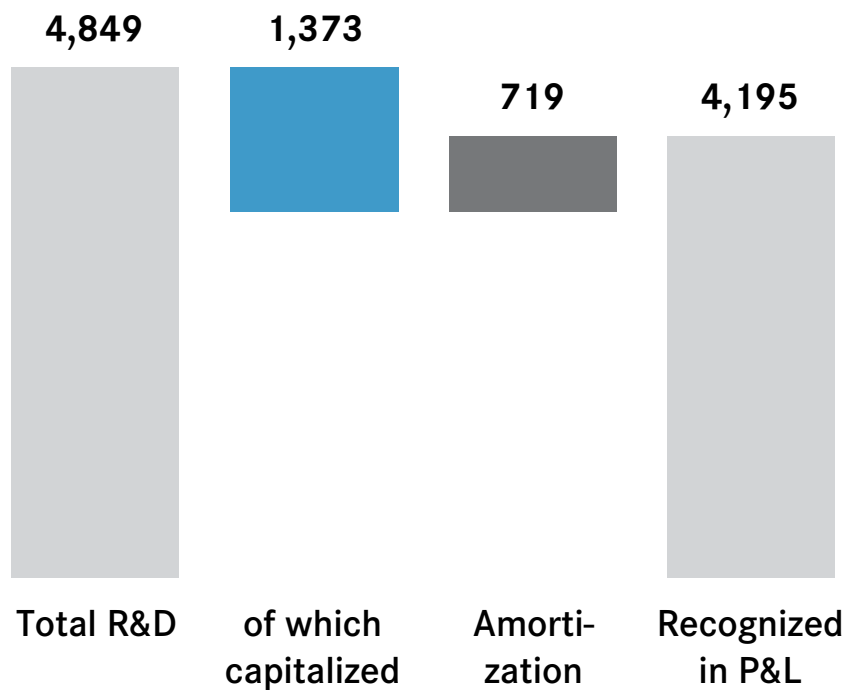
## Research & development costs

- in millions of euros -

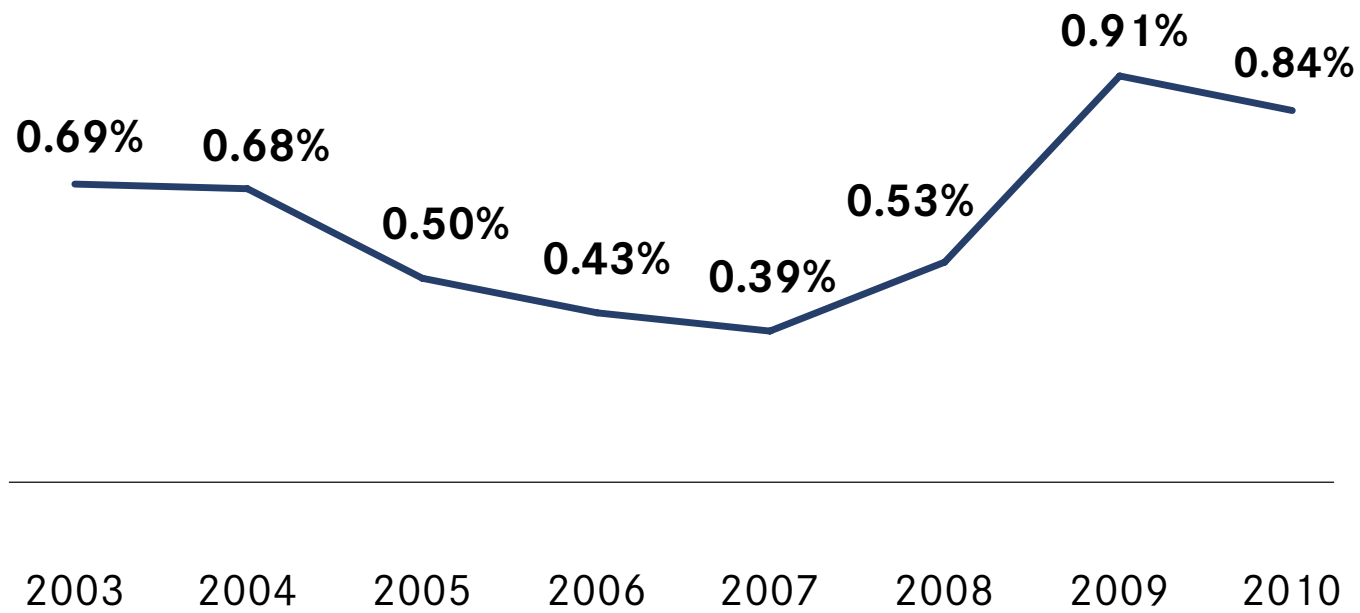
2009



2010



## Net credit losses\* have stabilized



\* as a percentage of global automotive portfolio, subject to credit risk

## 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 adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our funding possibilities on the credit and financial markets; changes in currency exchange rates; a shift in consumer preference towards smaller, lower margin vehicles; or a possible lack of acceptance of our products or services, which may limit our ability to implement prices as well as to adequately utilize our production capacities; price increases in fuel, raw materials; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook of companies in which we hold a significant equity interest, most notably EADS; the successful implementation of strategic cooperations and joint ventures, 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 conclusion 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 Annual Report. 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.