

# DAIMLER

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## 2<sup>nd</sup> Automotive Credit Conference 2011

Dr. Michael Mühlbayer

Senior Vice President  
Investor Relations & Treasury

London, May 18 2011

## Agenda

**1** Highlights & Financial Results Q1 2011

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**2** Passenger Cars & Truck Strategies

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**3** Liquidity and Debt

## Key developments in Q1 2011

- **Strong EBIT of €2 billion marks a further step to reach our mid-term profitability targets**
- **Group sales increased by 15%**
  - Mercedes-Benz Cars +12%
  - Daimler Trucks +27%
  - Mercedes-Benz Vans +16%
  - Daimler Buses -8%
- **Mercedes-Benz Cars on track to post new record sales in 2011**
- **Successful start of Daimler Trucks into 2011; increased market shares and incoming orders of Daimler Trucks North America**
- **Continued strong net liquidity of the industrial business of €12.4 billion**

## Effects of the situation in Japan

### ● Effects on our business in Japan

- Mitsubishi Fuso Truck and Bus Corporation resumed production of parts and components on March 29, 2011 and of vehicles on April 20, 2011
- Daimler Financial Services Japan expects higher credit losses in affected regions

### ● Financial impact recorded in Q1

- Mitsubishi Fuso Truck and Bus Corporation: €49 million
- Daimler Financial Services Japan: €29 million

### ● Effects on our business outside Japan

- Currently no material impacts on production outside of Japan
- Monitoring of effects on supply chains and credit risks
- Counter measures in place to minimize potential impacts

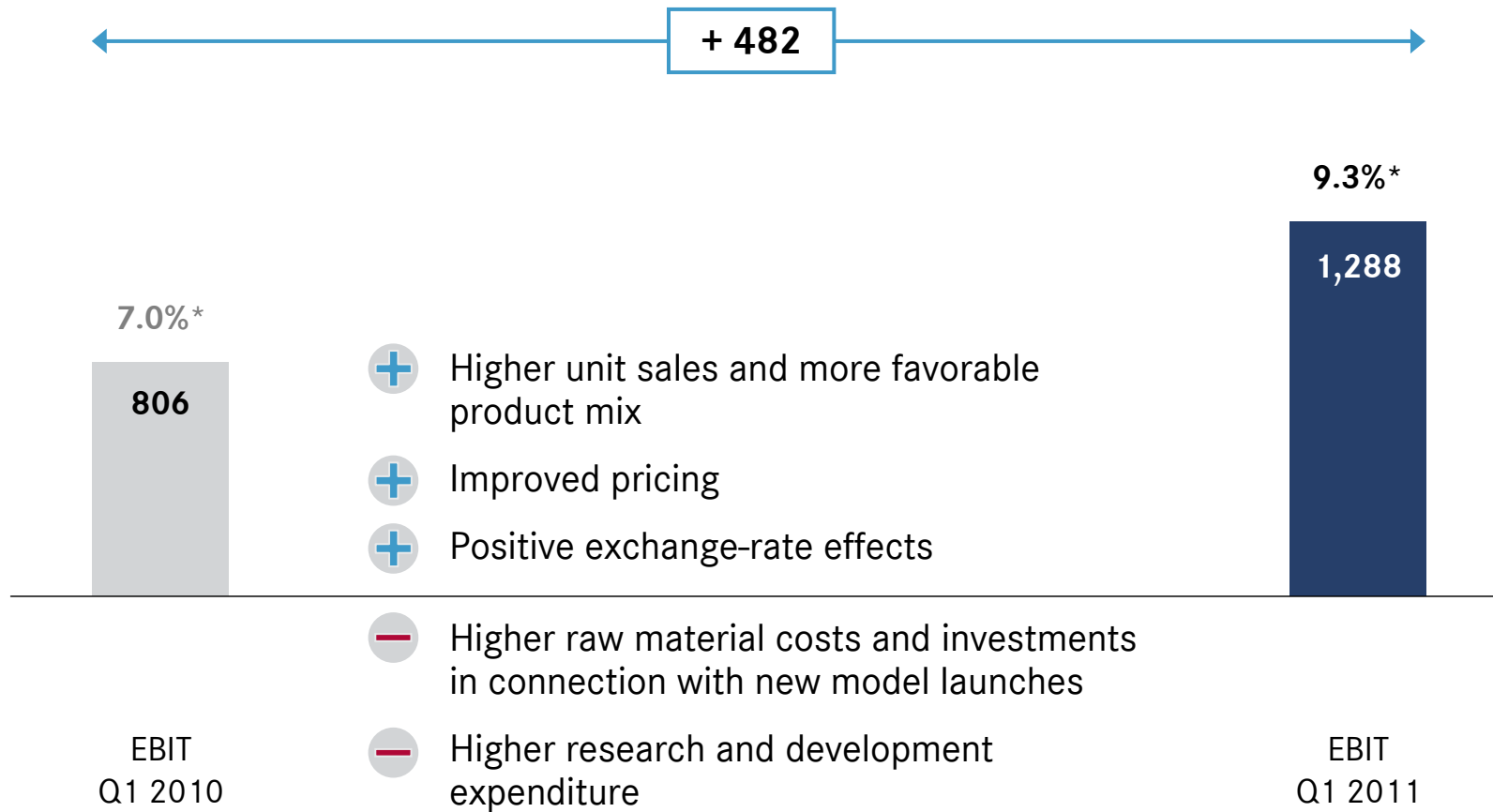
## Key financials

- in billions of euros -

	Q1 2010	Q1 2011
<b>Revenue</b>	21.2	24.7
<b>EBIT</b>	1.2	2.0
<b>Net profit</b>	0.6	1.2
<b>Earnings per share (in euros)</b>	0.65	0.99
<b>Net liquidity industrial business (2010: year-end)</b>	11.9	12.4
<b>Free cash flow industrial business</b>	0.3	-0.5

# Strong EBIT performance

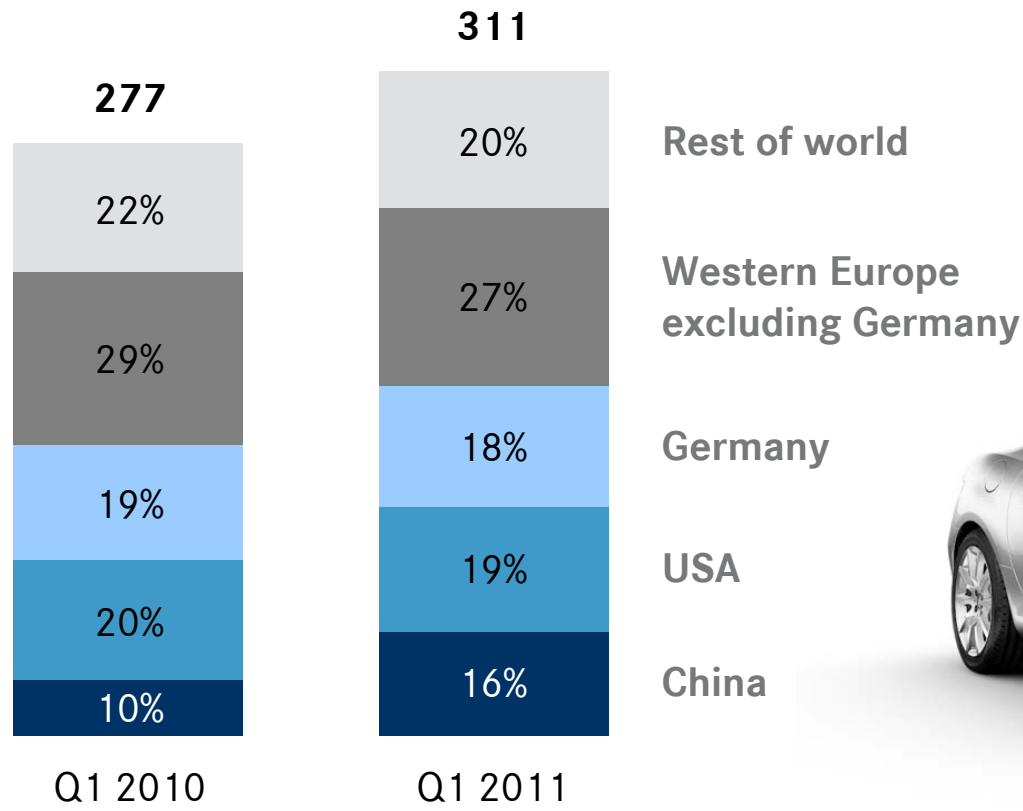
- in millions of euros -



\* Return on sales

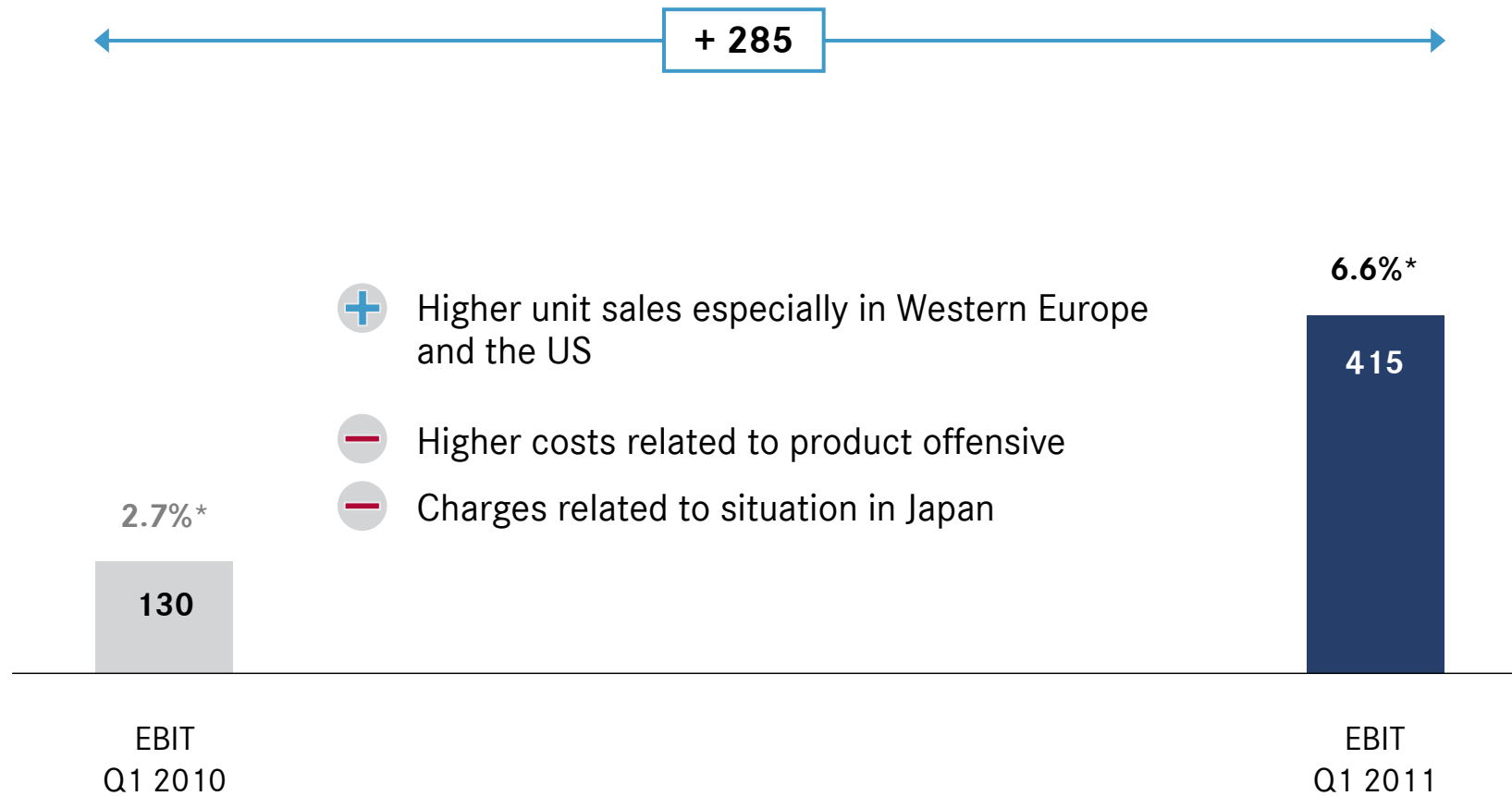
# Balanced sales structure

- Unit sales in thousands -



# Significant improvement in EBIT

- in millions of euros -

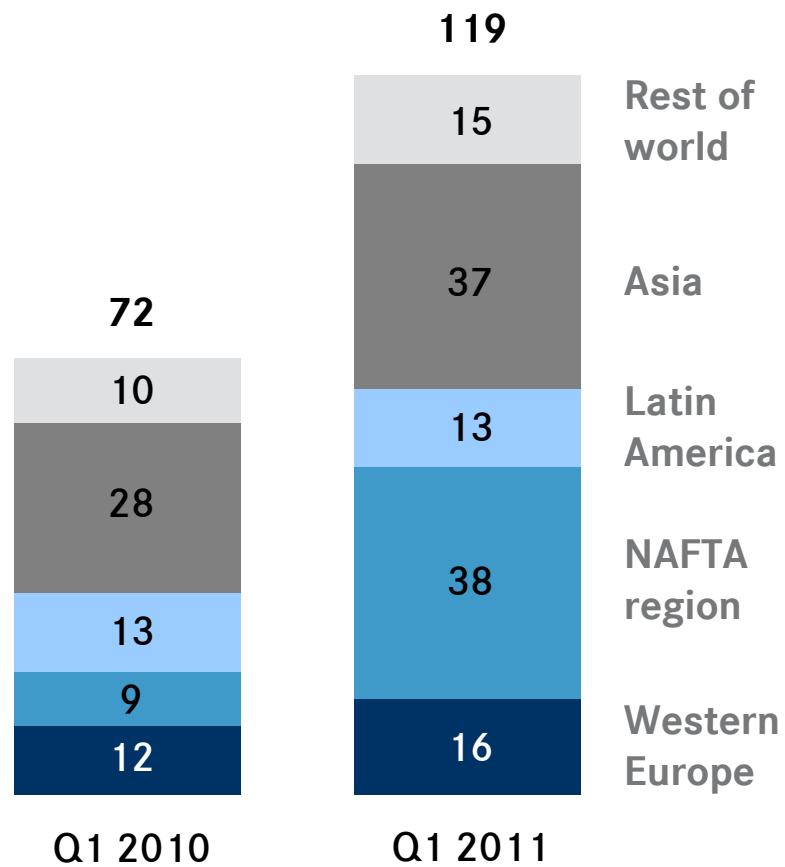


\* Return on sales



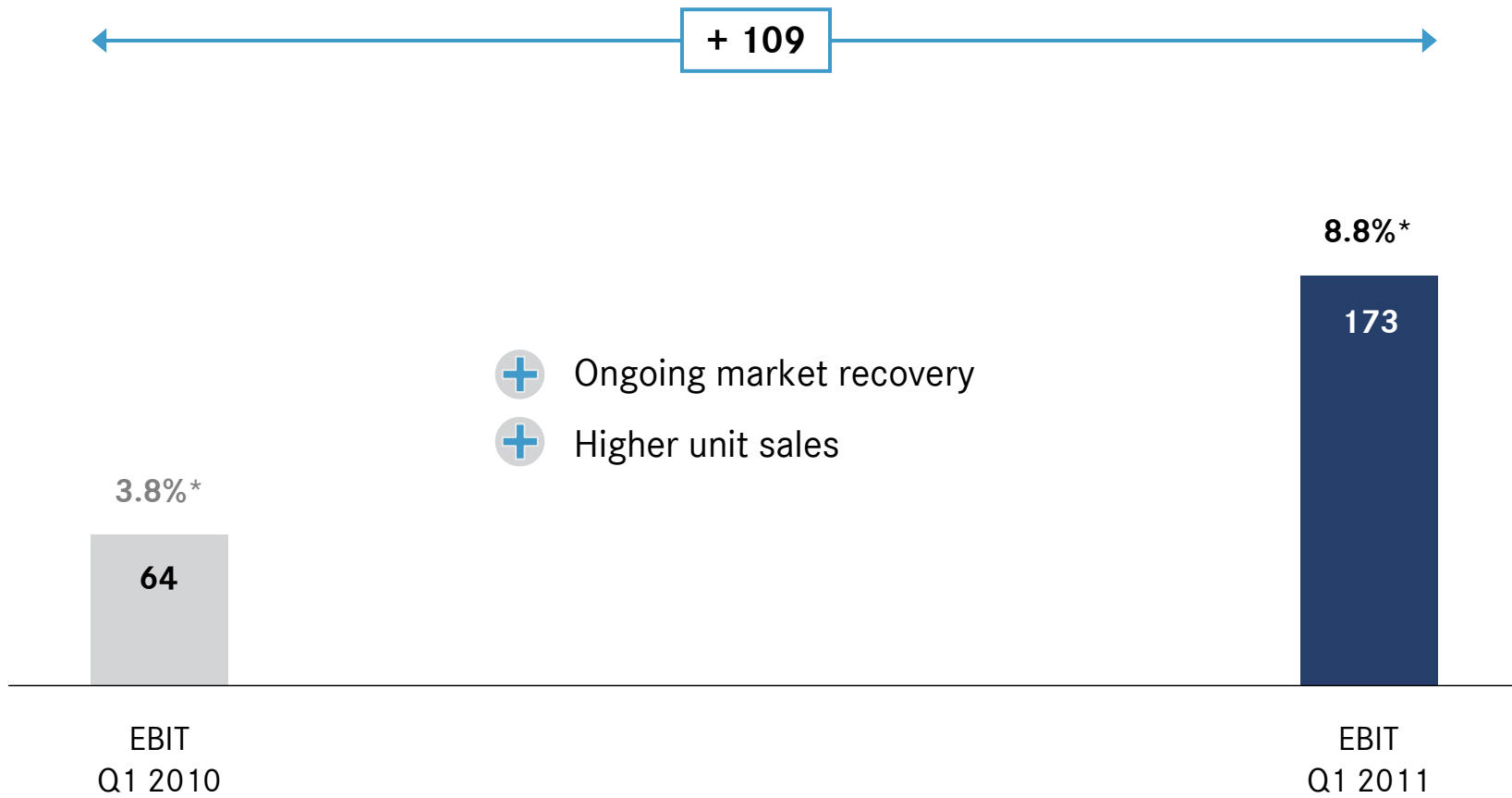
# Incoming orders rose significantly

- in thousands of units -



# Strong earnings performance at Mercedes-Benz Vans

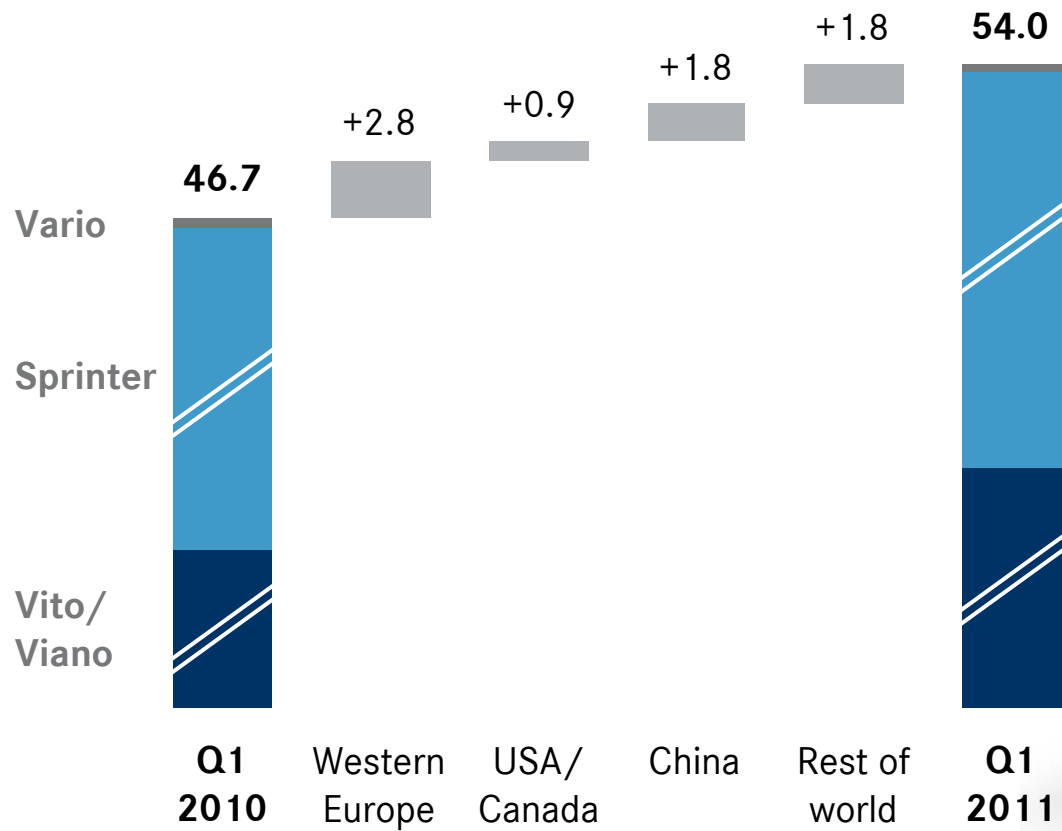
- in millions of euros -



\* Return on sales

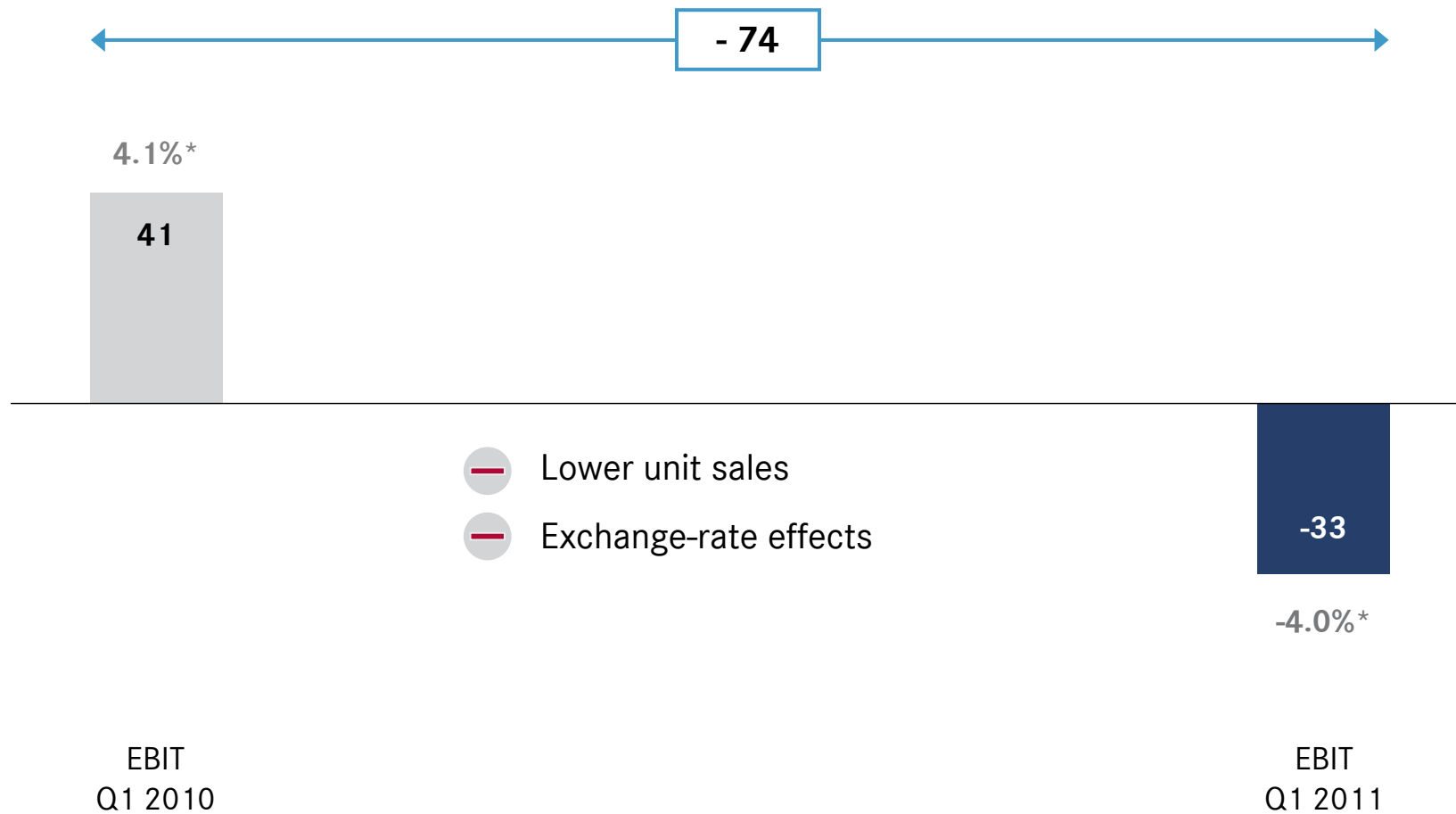
# Increased sales in all major markets

- Unit sales in thousands -



# Negative EBIT due to weak city-bus business

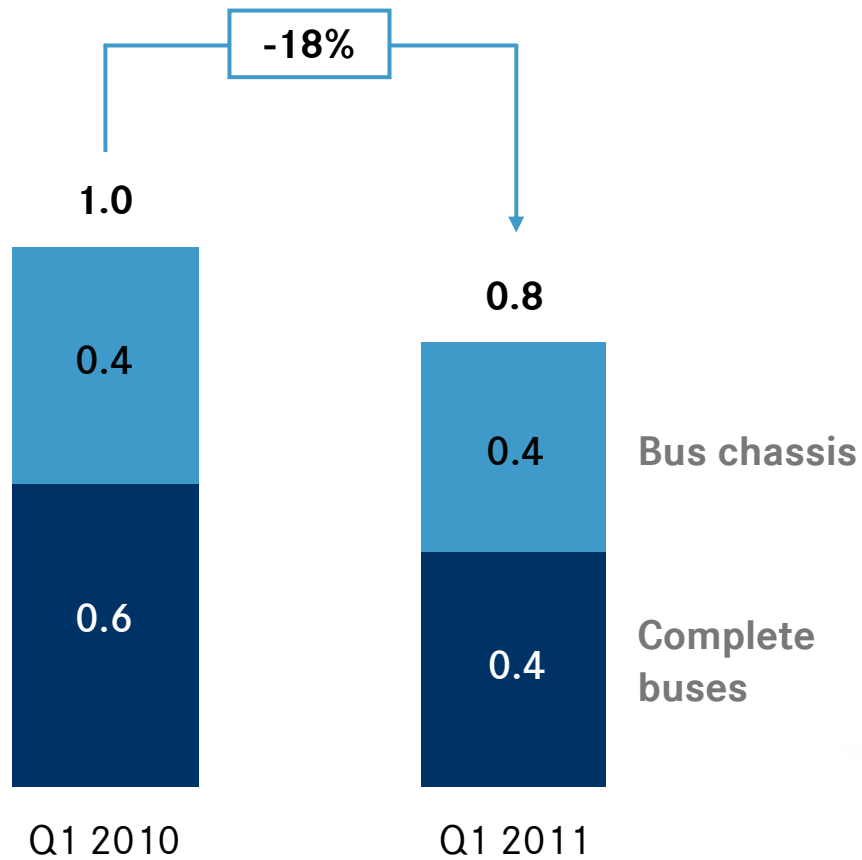
- in millions of euros -



\* Return on sales

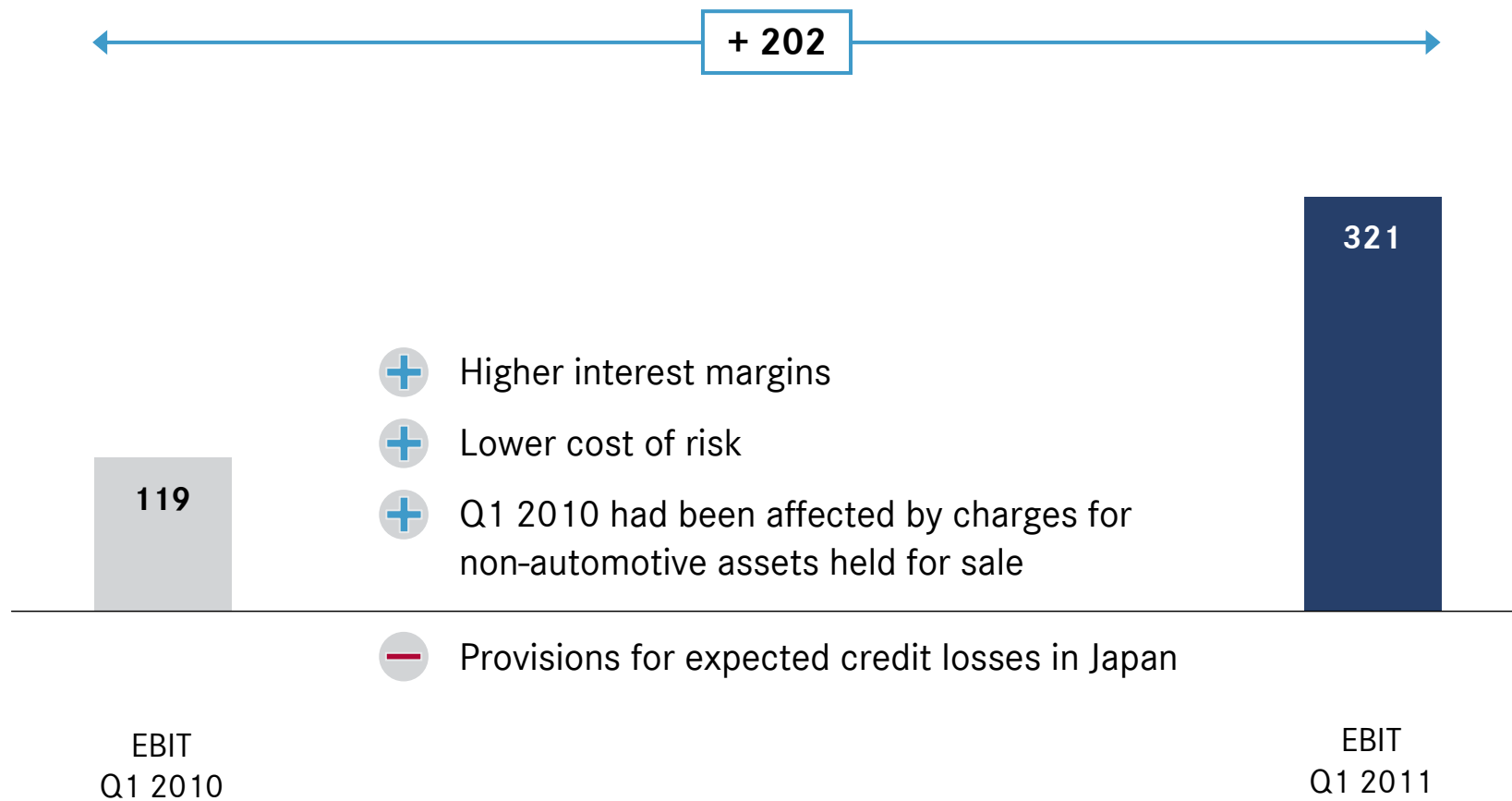
# Revenue decrease due to lower unit sales and weaker mix

- in billions of euros -

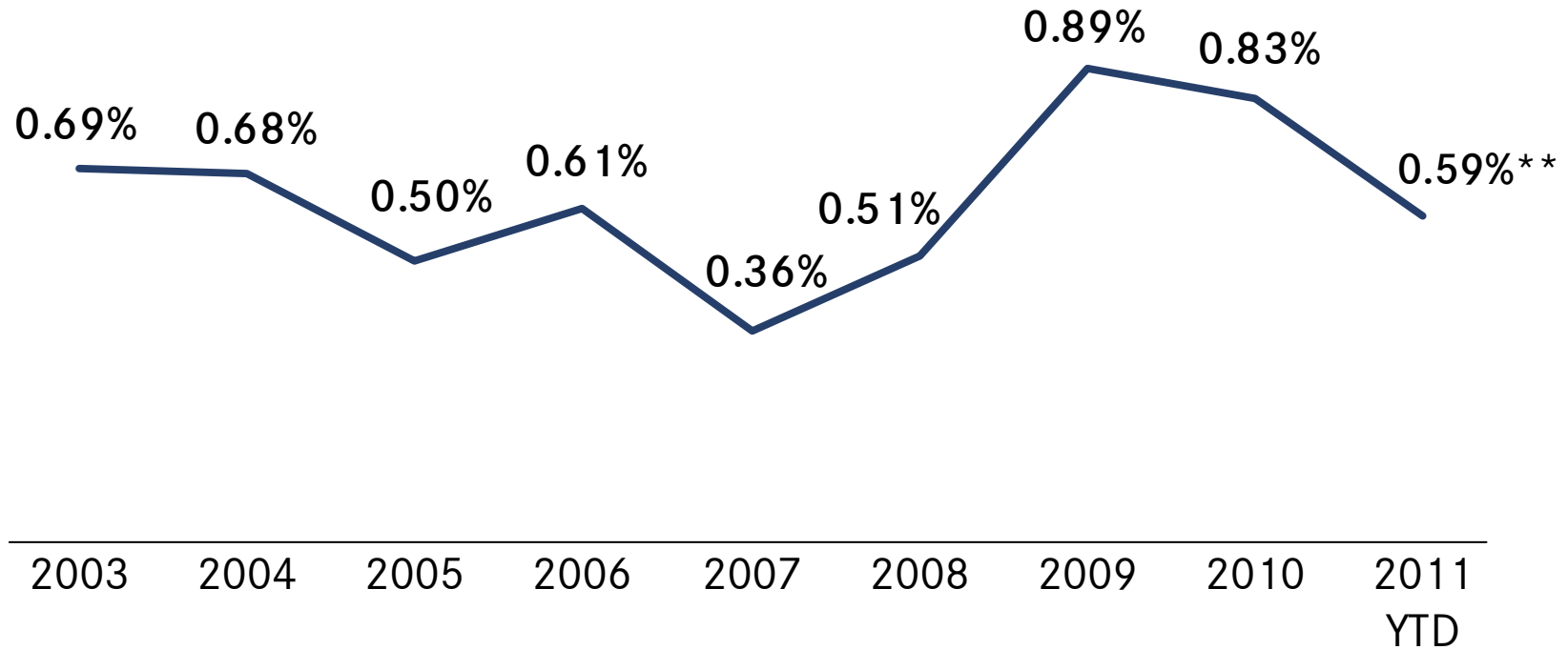


# Strong earnings increase at Daimler Financial Services

- in millions of euros -



# Net credit losses\* decreased significantly



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

\*\* annualized rate

## 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 Asian emerging markets, particularly China and India
- Overall Western European market expected to be flat; in Germany, however, distinct market growth anticipated

### ● Truck markets

- Further market growth expected for medium- and heavy-duty trucks in the triad
- Europe: +20 to 25%
- NAFTA region: +30 to 35%
- Brazil: moderate increase in market volume
- Japan: cannot be accurately forecasted on the basis of the information currently available

### ● Van markets

- Market growth of 8% expected in Europe, in the United States double-digit growth rate expected

### ● Bus markets

- In Europe stable market volume on low level assumed due to weak city-bus business
- Slightly increasing demand expected in Latin America



## Sales outlook 2011

### ● Mercedes-Benz Cars

- Further sales increase of Mercedes-Benz vehicles to record level of more than 1.2 million units
- Growth potential especially in North America and BRIC countries

### ● Daimler Trucks

- Daimler Trucks maintains its overall target to increase unit sales substantially despite the situation in Japan
- European business expected to grow in line with market expansion
- Significant growth of unit sales in the NAFTA region based on strong order situation and growing market shares
- Mercedes-Benz do Brasil expects to remain on current high level
- Further growth in Asia; development in Japan difficult to predict

### ● Mercedes-Benz Vans

- Positive sales development should continue, driven by the recovery of important markets, the introduction of the Sprinter in China and capacity increase in Argentina

### ● Daimler Buses

- Sales target of more than 40,000 units, based on positive chassis business in Latin America
- Business of complete buses in Europe and North America expected to remain weak

## Earnings outlook for 2011

### ● Challenges

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

### ● 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

- 2011 EBIT from ongoing business expected to significantly exceed level of 2010
- First quarter developments have shown that we continue to make good progress toward the targeted rates of return to be achieved on a sustained basis as of the year 2013

## Agenda

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Highlights & Financial Results Q1 2011

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Passenger Cars & Truck Strategies

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3

Liquidity and Debt

## Aiming for superior performance

Mission statements and financial targets from 2013 onwards (RoS/RoE\* in %)

<b>Mercedes-Benz Cars: “Most successful premium manufacturer“</b>		<b>10</b>
<b>Daimler Trucks: “No. 1 in the global truck business“</b>		<b>8**</b>
<b>Mercedes-Benz Vans: “Most successful van manufacturer“</b>		<b>9</b>
<b>Daimler Buses: “No. 1 in the global bus business“</b>		<b>6</b>
<b>Daimler Financial Services: “Best financial services provider“</b>		<b>17</b>

\* Automotive Business: Return on Sales (RoS); Daimler Financial Services: Return on Equity (RoE)

\*\* over the cycle

# Mercedes-Benz Cars



## Mercedes-Benz Cars Strategy



**GO FOR 10**

Profitable Growth  
10%  
RoS

### Our strategic pillars

- Superior Products & Customer Experience
- Leading Brands
- Innovation & Technology Leadership
- Global Presence & Network
- Operational Excellence
- High Performing, Inspired People

### Current topics

- Constantly leading & profitable large cars
- New attractive compact cars (MB/smart)
- Delightful customer care
- Brand positioning and claim
- Green technology leadership
- Global footprint
- Cooperations
- Powerful sales & service organization
- Excellence

# New models in 2010/2011



E-Class convertible



SLS



New generation R-Class



New generation S-Class Coupe



B-Class F-Cell



A-Class E-Cell



S-Class 4-cyl diesel



New generation smart



CLS



New generation C-Class



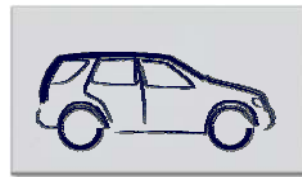
SLK



E-Class long version



C-Class Coupe



M-Class



B-Class

## New C-Class Coupe





## New C-Class Coupe - Interior



## New Mercedes-Benz SLK



## New Mercedes-Benz SLK - Interior




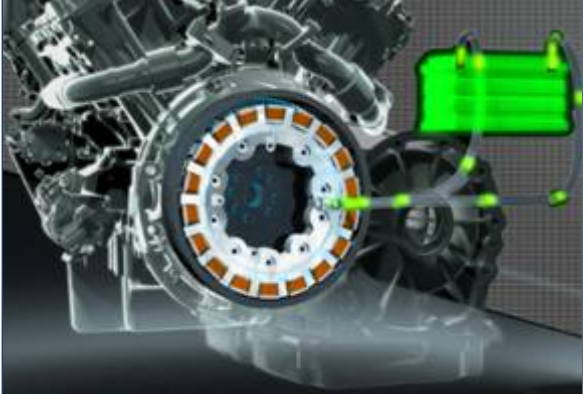



## Mercedes-Benz Concept A



## Mercedes-Benz Concept A - Interior & Connectivity

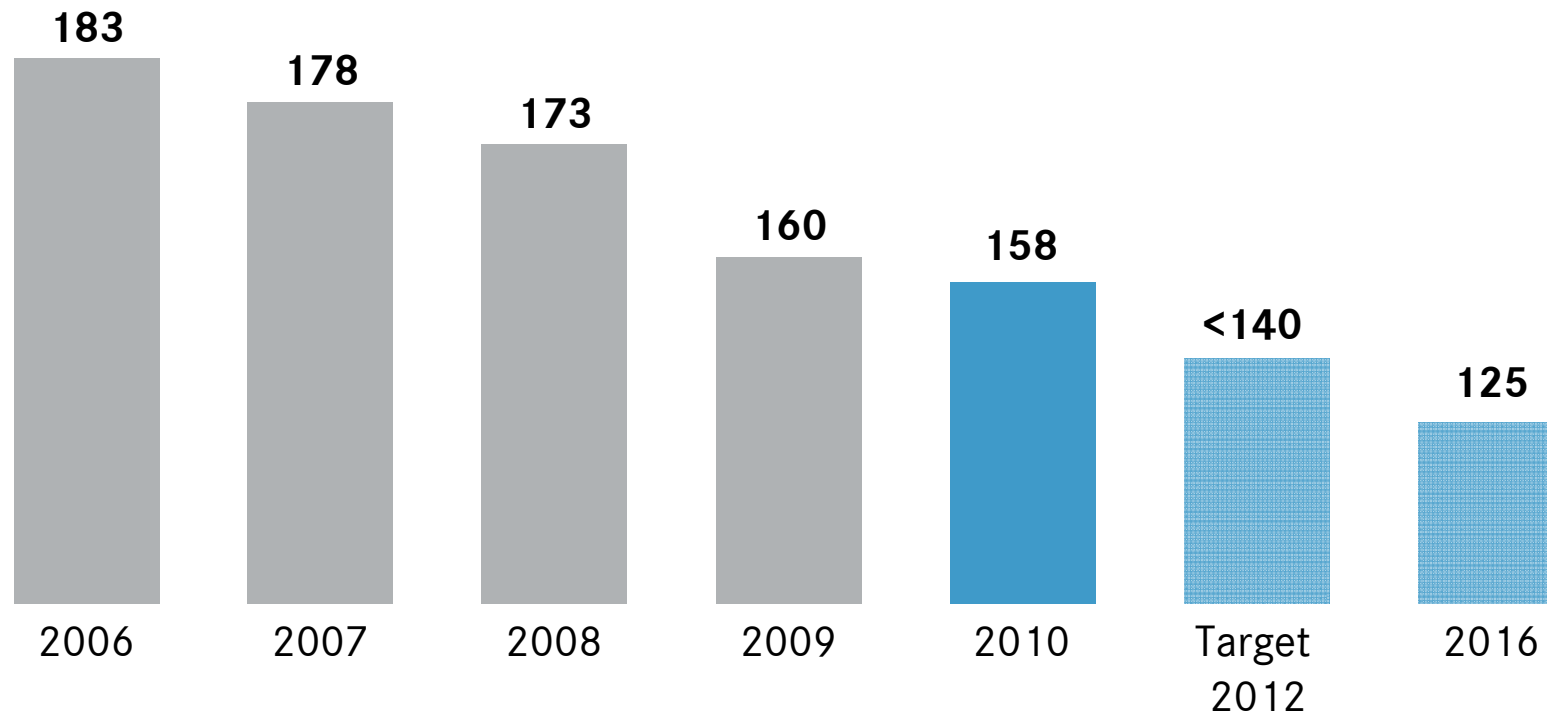


# Innovative powertrain systems towards sustainable mobility for the future

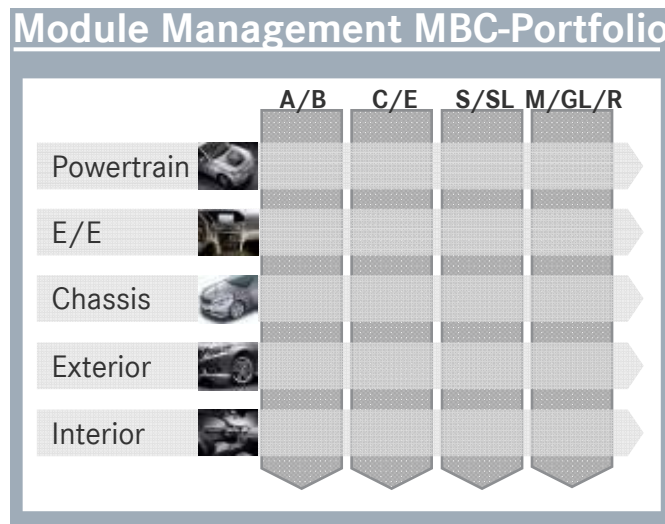
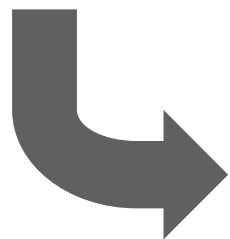
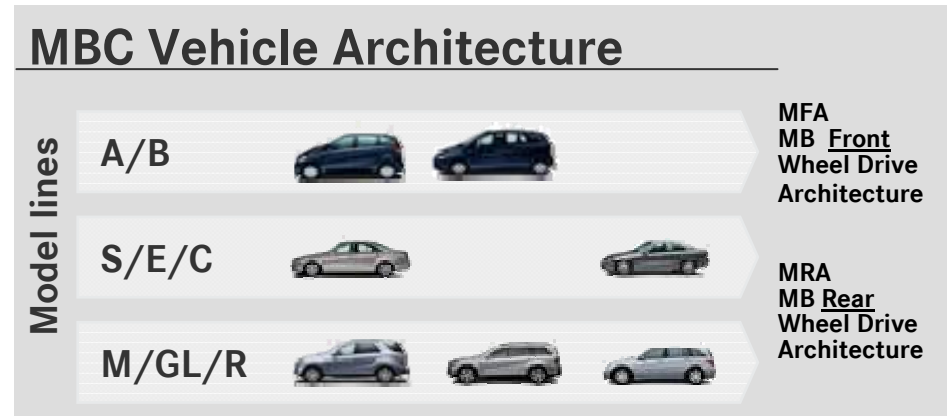
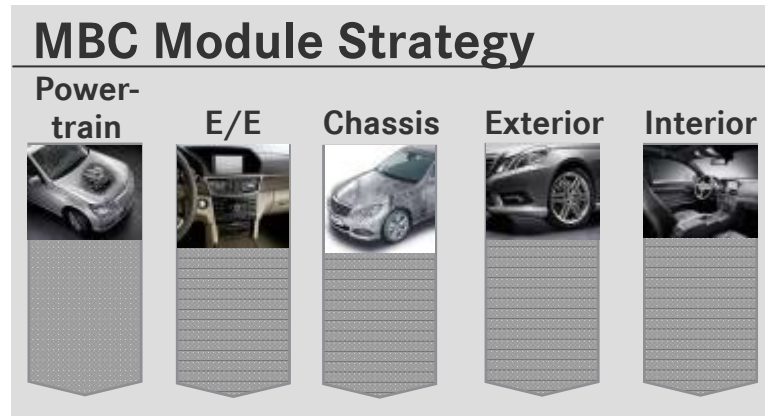
<p>Further optimization of combustion engine</p>	<p>Increase efficiency with hybridization</p>	<p>Locally emission-free driving</p>
		
<p><b>BlueEFFICIENCY</b> CGI, BlueTec, Diesotto</p>	<p><b>Hybrid</b> Range Extender Plug-In</p>	<p><b>Electric drive</b> E-CELL/E-CELL PLUS F-CELL</p>
<p><b>Clean fuels</b></p>  <p><b>Energy sources for future mobility</b></p>		<p><b>Battery/Fuel cell</b></p> 

## Substantially reducing CO<sub>2</sub> emissions

CO<sub>2</sub> fleet average for Mercedes-Benz Cars  
[in grams / kilometer]



# MBC vehicle architecture and module strategy enable competitive and cost-efficient product portfolio

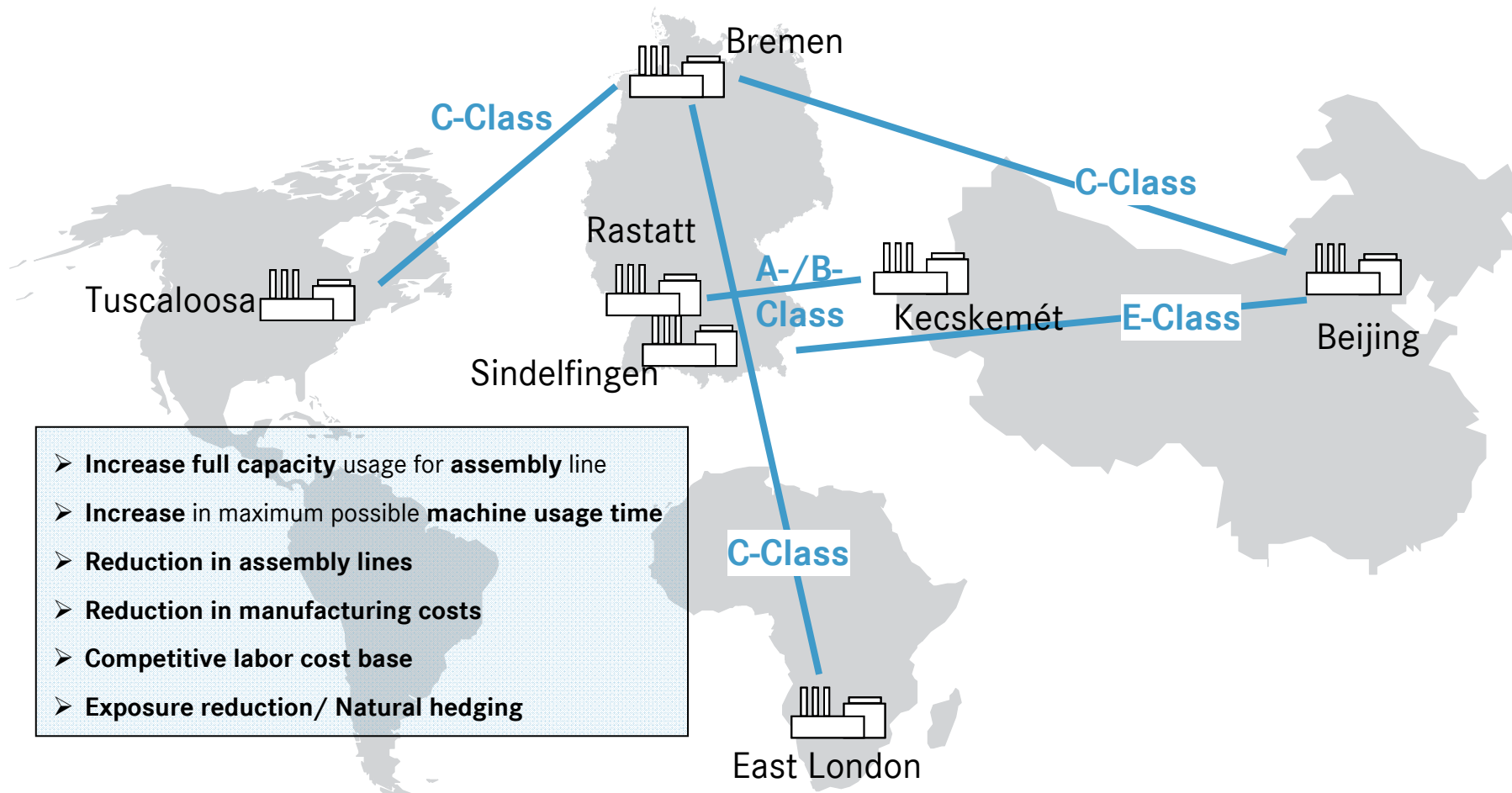


**Advantage: Less complex, faster to realize , more efficient!**



# Global production network realigned

Selected Mercedes-Benz Cars production locations and their products as of 2014



- Increase full capacity usage for assembly line
- Increase in maximum possible machine usage time
- Reduction in assembly lines
- Reduction in manufacturing costs
- Competitive labor cost base
- Exposure reduction/ Natural hedging

# Daimler Trucks Size DOES matter!



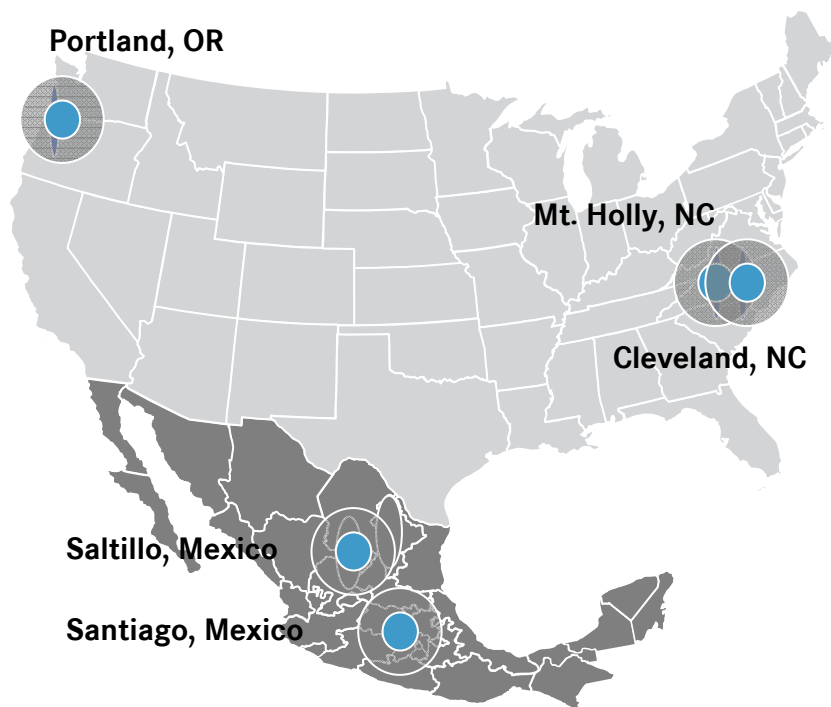
## Staying the course: Global Excellence

### Daimler Trucks Global Excellence

- 1 Management of Cycles
- 2 Operational Excellence
- 3 Growth and Market Exploitation
- 4 Future Product Generations



# Cycle management complete in NAFTA: Production flexibility in Mexican and US plant network



Increase in Cascadia flexible capacity by ~100% while lowering total network cost



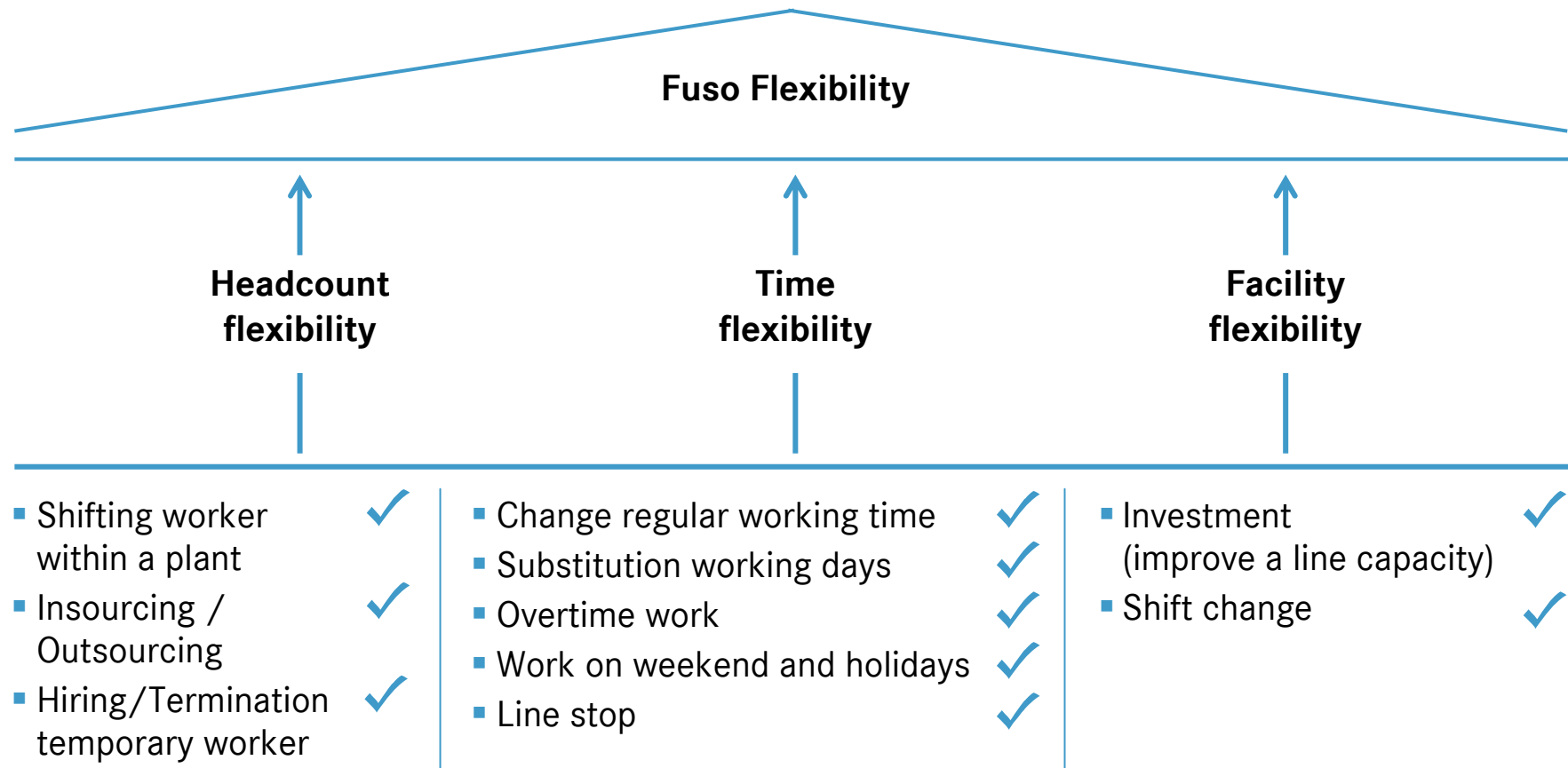
Maximize Military flexible capacity while decreasing per unit cost across entire network



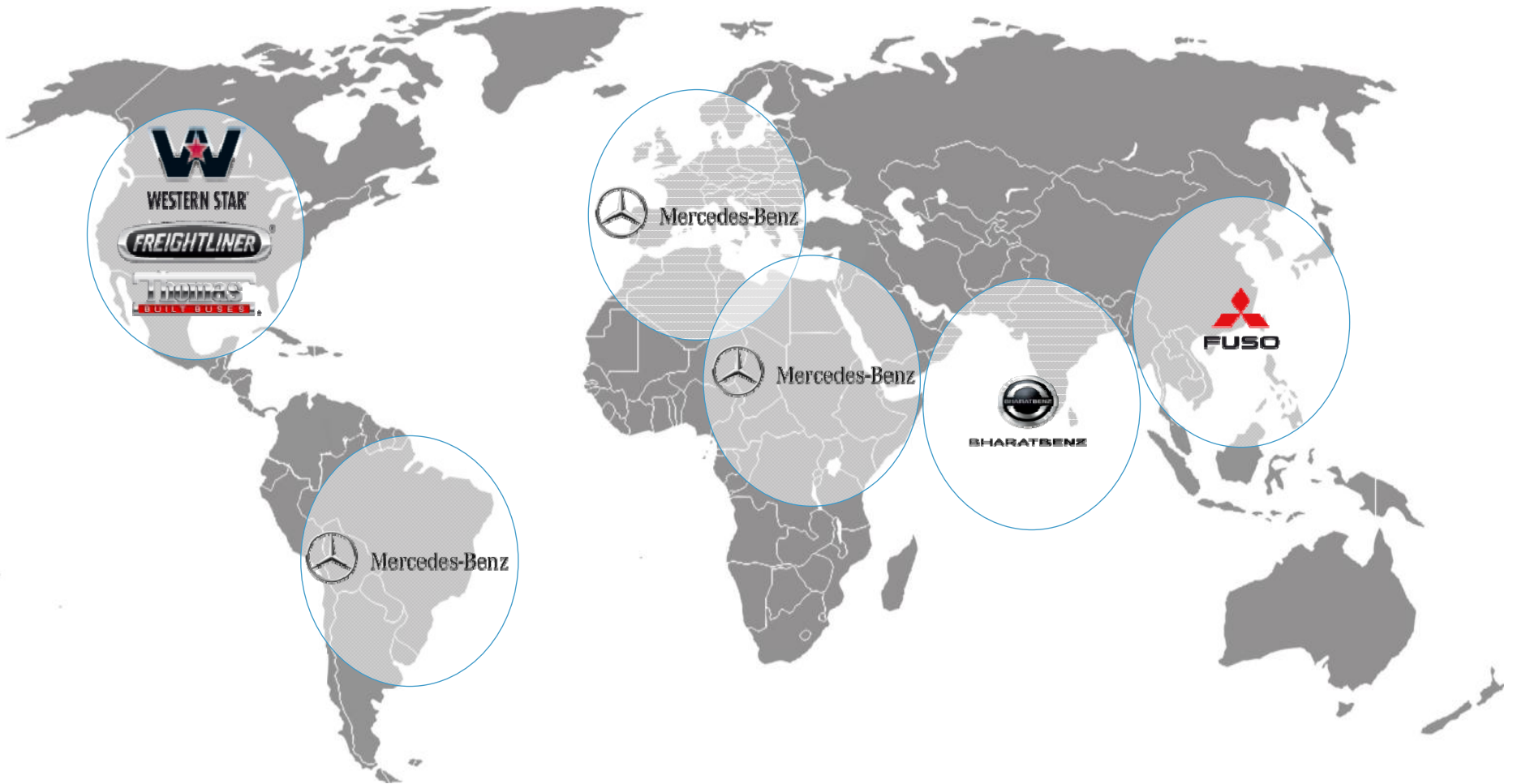
Maximize Medium duty flexible capacity while not increasing per unit cost across entire network



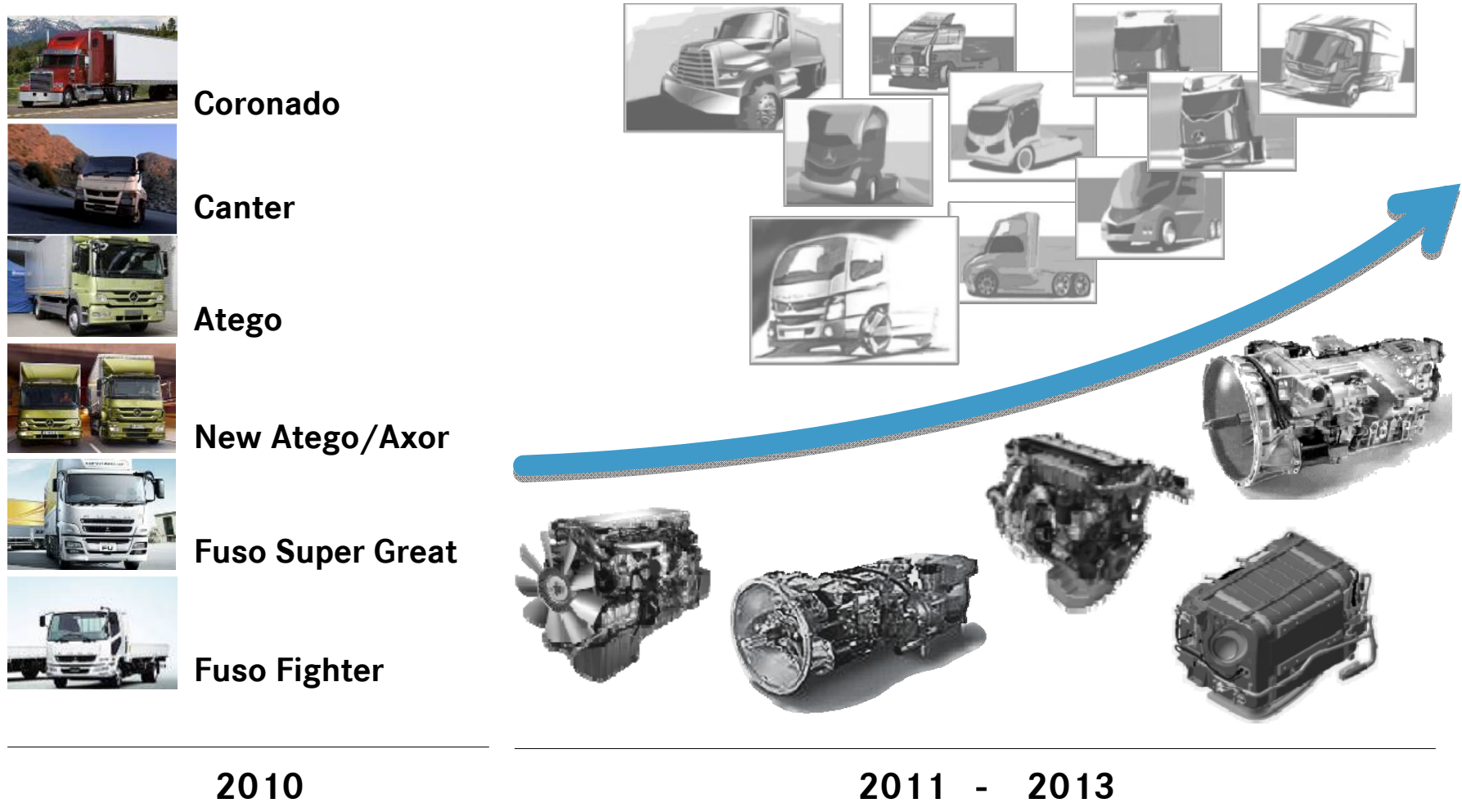
# High flexibility at Fuso



# Global Footprint / Local Expertise



# Most comprehensive product launch ever



Significant product launches at all Operating Units in 2010, Fuso with completely new product portfolio



Coronado

Super Great

Fighter



Atego

Axor



Atego HEV



Canter



# New FTL Severe Duty (SD) Lineup

108 SD Set Back



108/114 SD Set Back Lineup



114 SD Set Forward

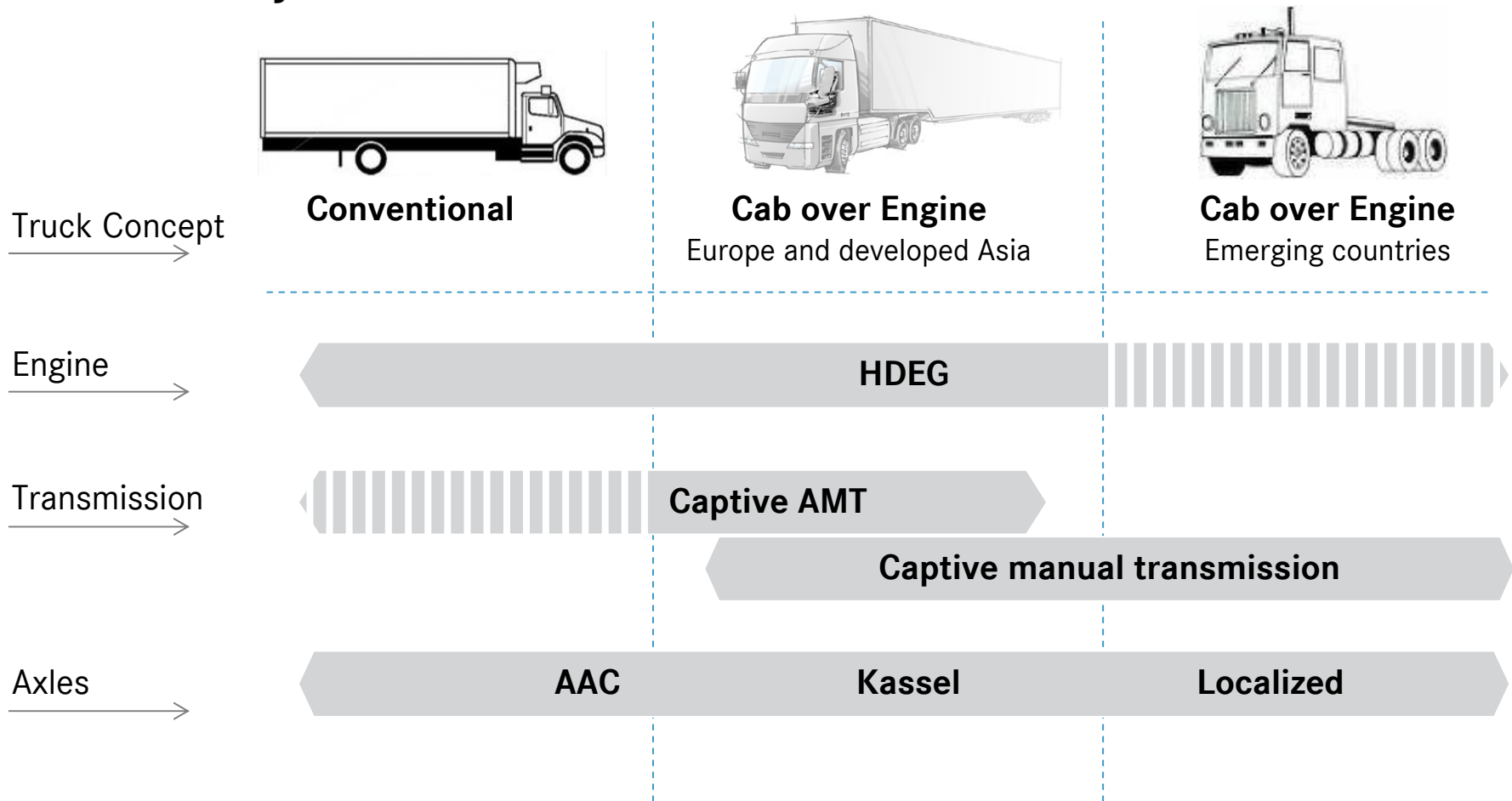


114 SD Set Forward (MATS)



# Commonality – Modular truck concept: Unified aggregates for different truck concepts

## Commonality

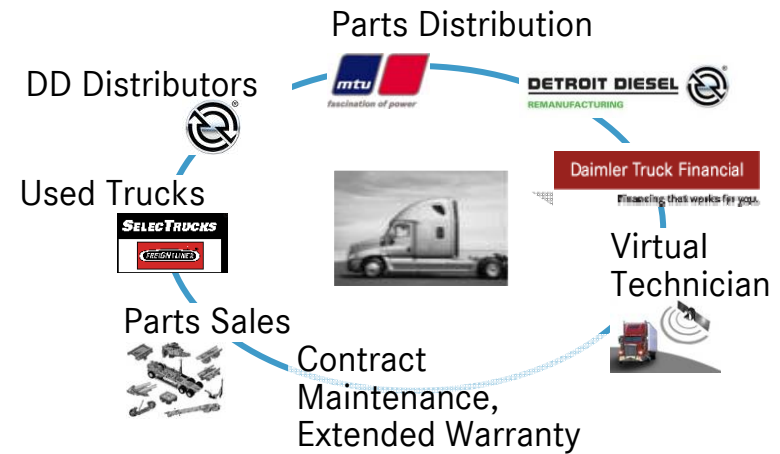


# Trucks supported by comprehensive service portfolio

## Trucks EU/LA



## Trucks North America



## Trucks Asia

### Domestic Retail Program



- Reliable** Full-Support System
- Safety** Expert Knowledge & High Technical Capability
- Reasonable** Reliable Warranty by Fuso



### International "WE PROMISE" Program



“TCO” = Key Buying Criteria: 90% of costs occur after truck purchase

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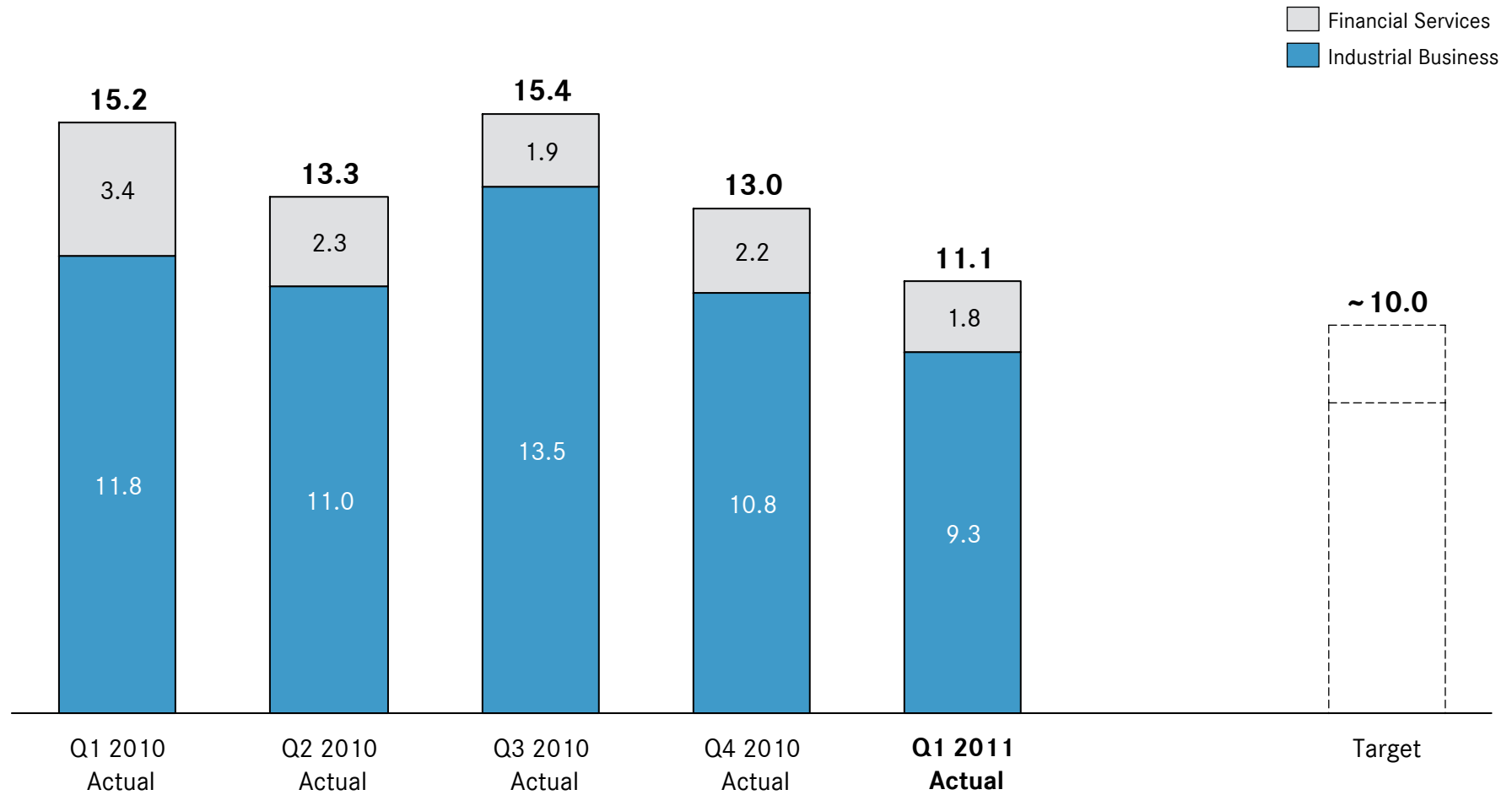
## Key balance-sheet figures

- in billions of euros -

	Dec. 31, 2010	Mar. 31, 2011
<b>Daimler Group</b>		
Equity ratio	26.5%	27.4%
Gross liquidity	13.0	11.1
<b>Industrial business</b>		
Equity ratio	45.8%	46.7%
Net liquidity	11.9	12.4

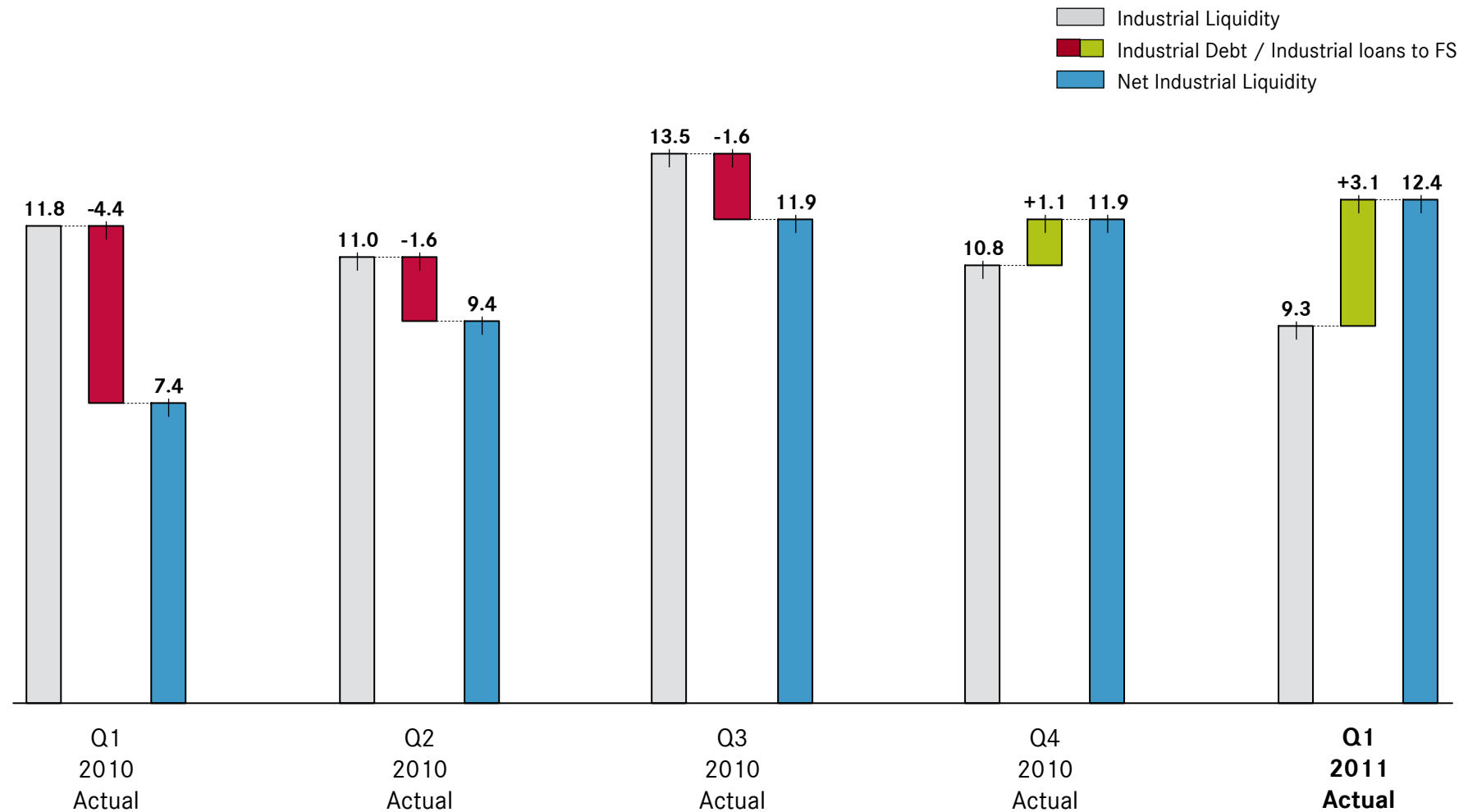
## Gross Liquidity Development 2010–2011

in billions of €



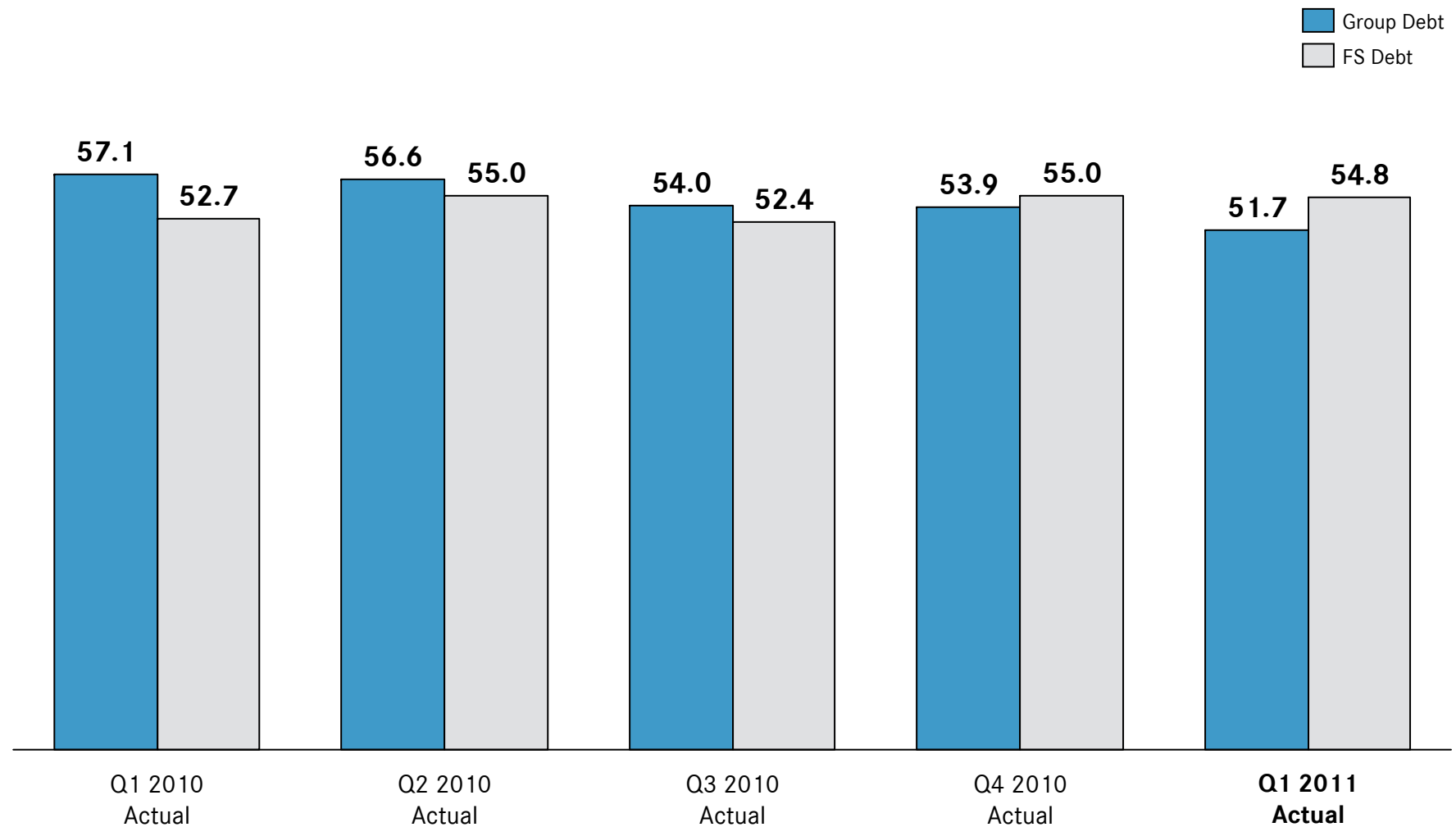
## Industrial Net Liquidity 2010–2011

in billions of €



## Group Debt vs. FS Debt Development 2010–2011

in billions of € (nominal amount)





## Financing Liabilities Development Q1 2011

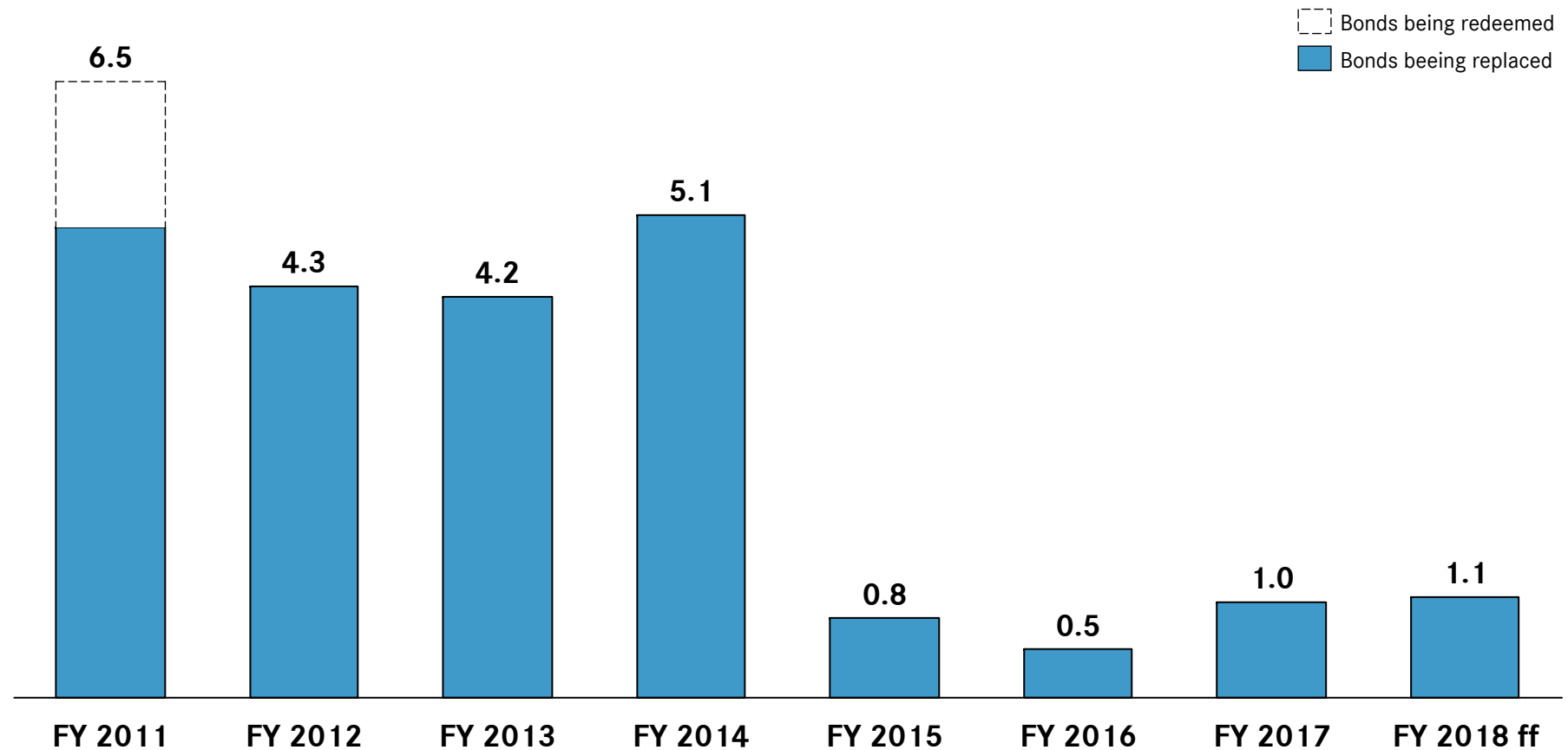
in billions of € (nominal amount)

➤ More than € 5bn debt reduction year-over-year

In billions of €	Actual Mar 31, 2010	Actual Mar 31, 2011	Variance Dec 2010 vs. Mar 2011
Bonds	30,1	23,4	- 6,7
Bank Loans	13,3	14,6	+ 1,3
ABS	1,2	1,6	+ 0,4
Commercial Paper	0,1	0,3	+ 0,2
Account Deposits*	11,1	10,7	- 0,4
Other	1,3	1,1	- 0,2
<b>Total</b>	<b>57,1</b>	<b>51,7</b>	<b>- 5,5</b>
Thereof exchange-rate effects:	1,35	1,42	- 0,1

## Bond Maturities as of Q1 2011

in billions of € (nominal amount)



## Funding policy

- Daimler is committed to insure a **strong Financial Flexibility** through a balanced mix of
  - Solid cash position
  - Committed credit facilities with no covenants
  - Pool of receivables readily available for sale
- Further **Diversification of Funding Sources** and Instruments to ensure thereby continued access to markets.
- General applied **Funding Principles**:
  - Liquidity matched funding
  - Interest rate matched funding
  - Local funding where feasible

# DAIMLER

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## **Automotive Credit Conference 2011**

### Questions & Answers

London, May 18 2011

## 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; events of force majeure, including, amongst others, natural disasters, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchases, production or financial services activities; 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 or 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 most recent 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.