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# 14. German & Austrian Corporate Conference

Frankfurt, 20th May 2010

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Mercedes-Benz FREIGHTLINER FUSO WESTERN STAR Thomas BUILT BUSES BHARATBENZ

# Agenda

1) **Macro-economic Environment**

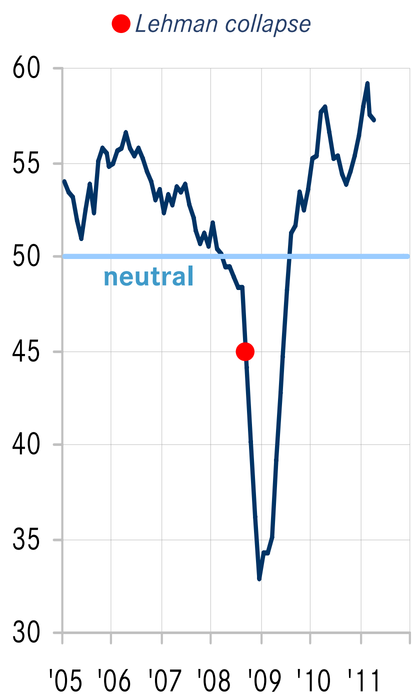
2) Daimler Trucks – Key Figures / “Global Excellence”

3) Daimler Trucks – Outlook

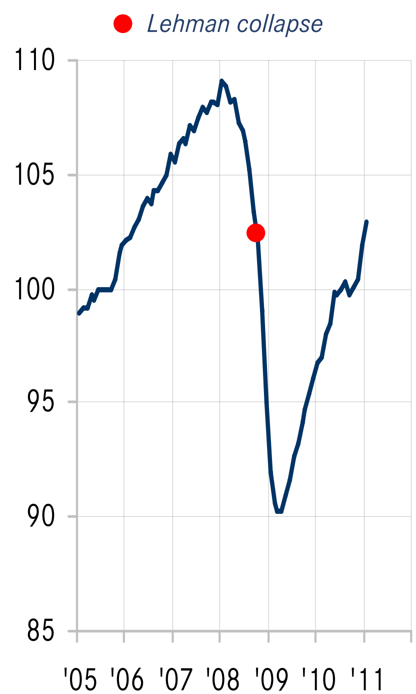
# Leading indicators in positive territory
# Global economy still in a solid upswing phase

## Stock markets
Dow Jones

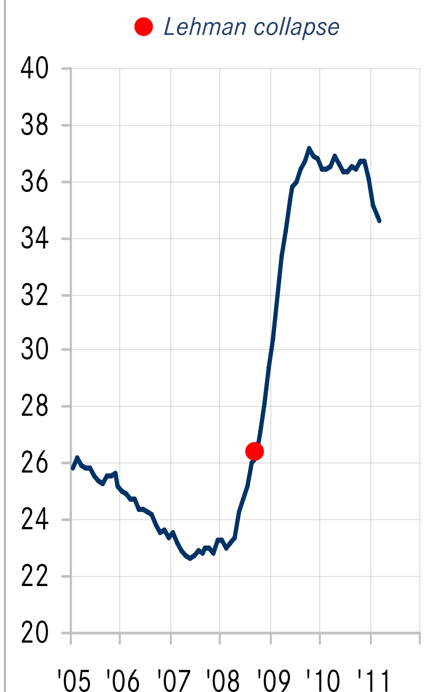

## Business sentiment
PMI[1]), Triad, manufacturing




## Production
OECD, mfg., 2005 = 100




## Unemployment
Triad, in million




Financial market | Confidence | Real economy | Labor market

Source: Different external sources; Daimler internal expectations; NB: PM = Purchasing Managers' Index

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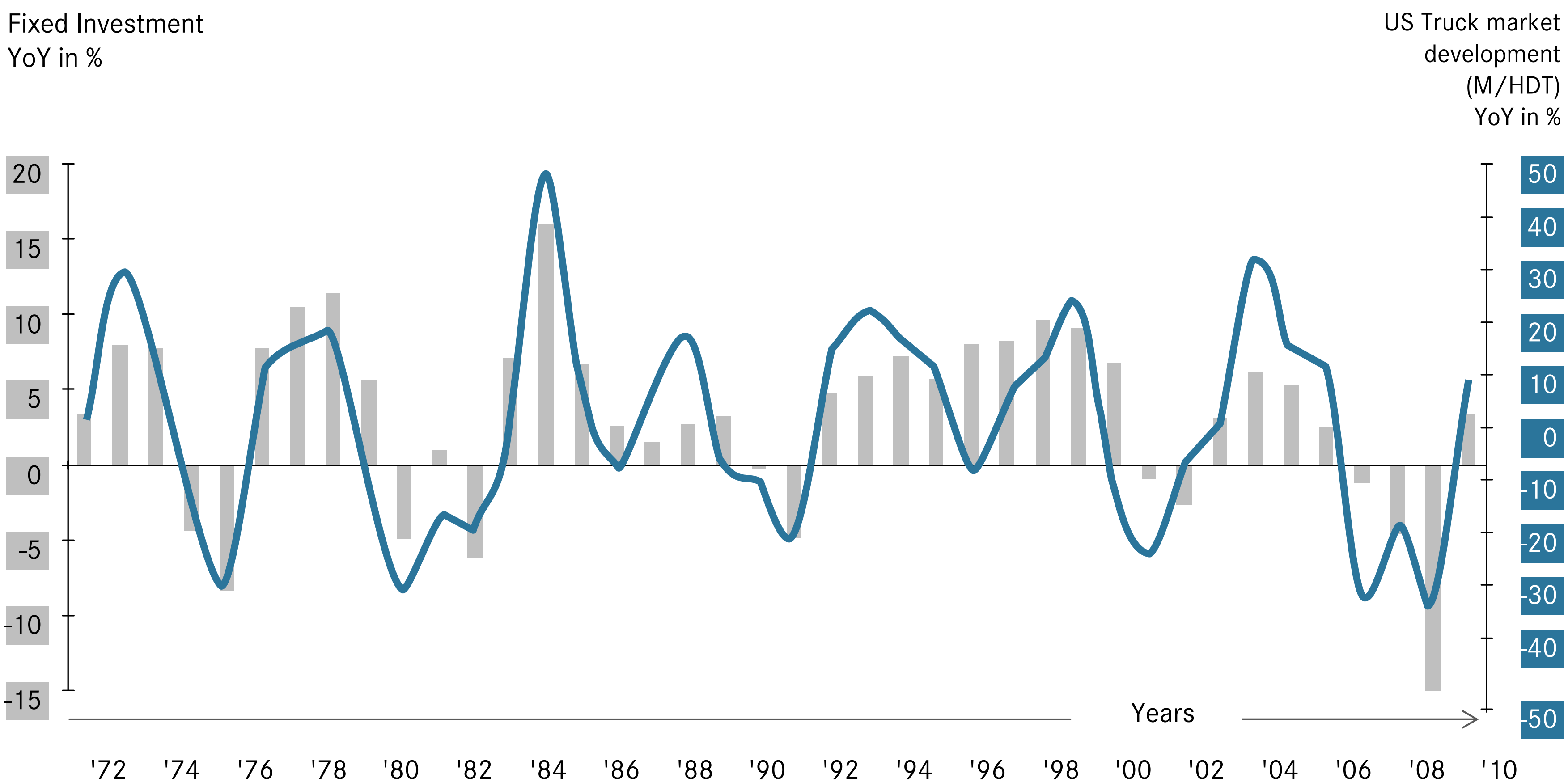
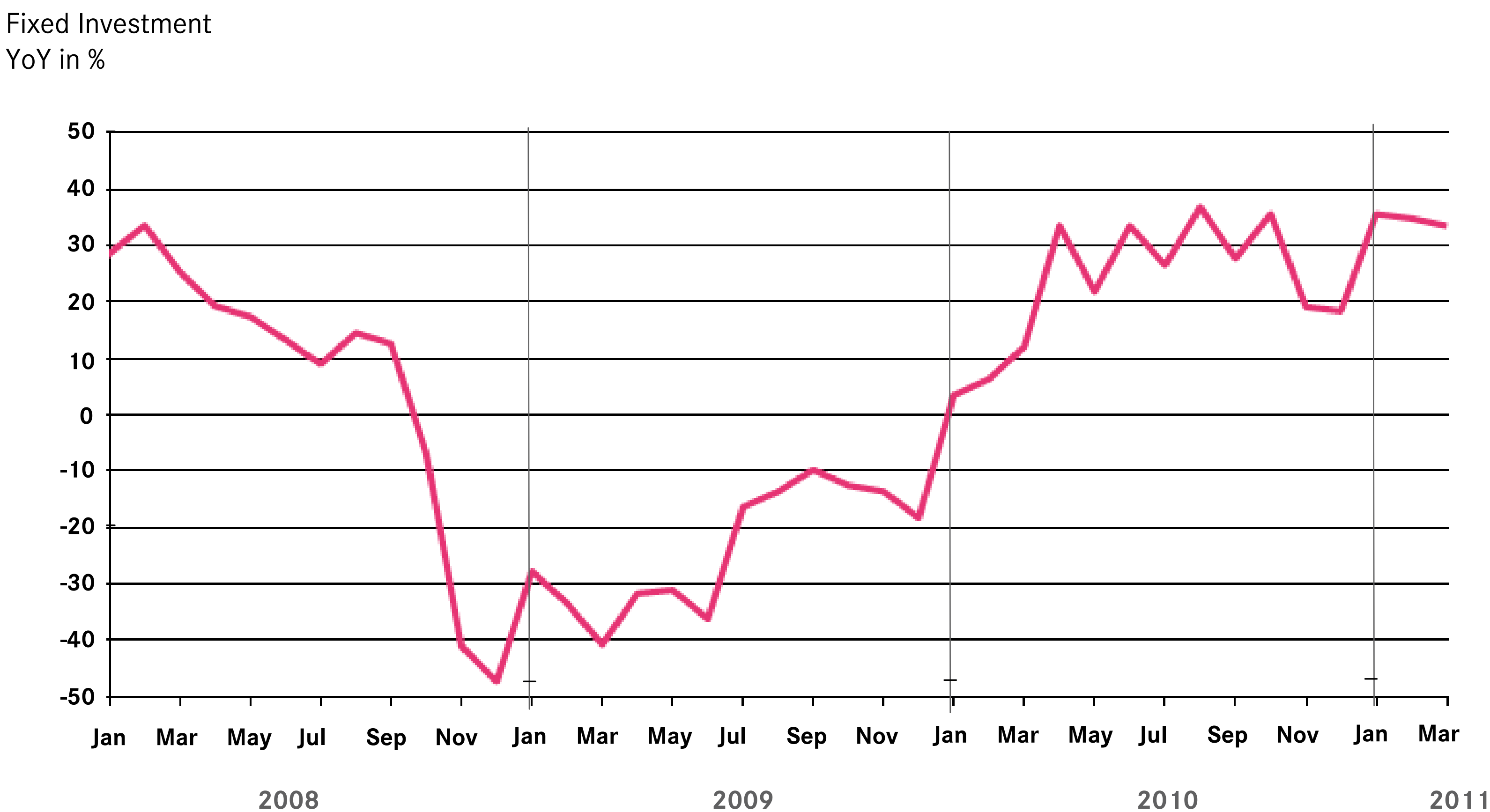
# Economic growth means truck growth



# Positive sign in overall German logistics visible




Source: http://www.sci.de/produkte/scilogistikbarometer.html

# Agenda

1) Macro-economic Environment

**2) Daimler Trucks – Key Figures / “Global Excellence”**

3) Daimler Trucks – Outlook

# Daimler Trucks: Sustainable growth in Q1 2011, Sales increase: +27%, EbIT: 415 mill.€

## Key Figures



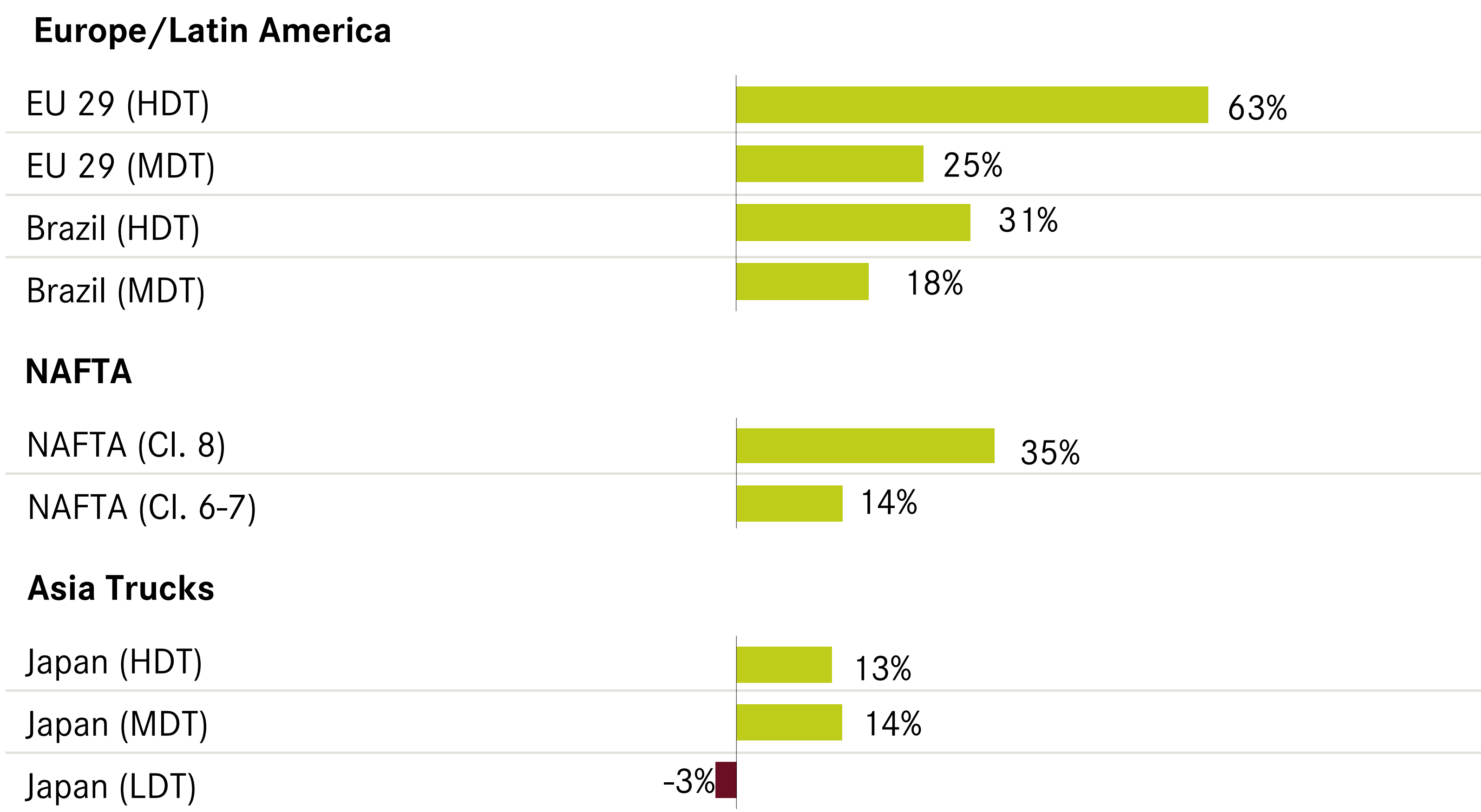
| | Actual Q1/2010 | Actual Q1/2011 | Delta `11 vs. `10 |
|---|---|---|---|
| Group Sales (units in '000) | 70,557 | 89,260 | +27% |
| Revenues (in mill.€) | 4,873 | 6,242 | +1,369 |
| EbIT (in mill.€) | 130 | 415 | +285 |
| RoS (in %) | 2,7% | 6,6% | +4,0%-pts |
| RoS adjusted. (in %) | 3,0% | 7,4% | +4,4%-pts |

N.B: Figures may not tie due to rounding

# Double digit growth rates vs. 2010 prior year in all regions and segments, exception LDT Japan

**Deviation Core Markets**

YTD 03/2011 vs. YTD 03/2010



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# Daimler Trucks as global "Number 1", Market leader in Europe and Nafta region

**SoM (in %)**

| | Actual Q1/2010 | Actual Q1/2011 | Act Q1/2011 vs. Act Q1/2010 |
|---|---|---|---|
| **Trucks EU/LA** | | | |
| EU 29 Trucks (HDT) | 20.0% | 18.4% | -1.6%-pts. |
| EU 29 Trucks (MDT) | 28.0% | 30.1% | +2.1%-pts. |
| Brazil Trucks (HDT) | 23.5% | 26.7% | +3.2%-pts. |
| Brazil Trucks (MDT) | 28.6% | 26.8% | -1.8%-pts. |
| **Trucks NAFTA** | | | |
| NAFTA Cl. 8 Trucks | 32.4% | 37.0% | +4.6%-pts. |
| NAFTA Cl. 6-7 Trucks | 27.8% | 37.4% | +9.6%-pts. |
| **Trucks Asia** | | | |
| Japan Trucks (HDT) | 16.3% | 20.1% | +3.8%-pts. |
| Japan Trucks (MDT) | 12.7% | 14.5% | +1.8%-pts. |
| Japan Trucks (LDT) | 18.4% | 21.1% | +2.7%-pts. |

EU 29
No. 1
MB 20.3%

Brazil
No. 2
MB 26.7%

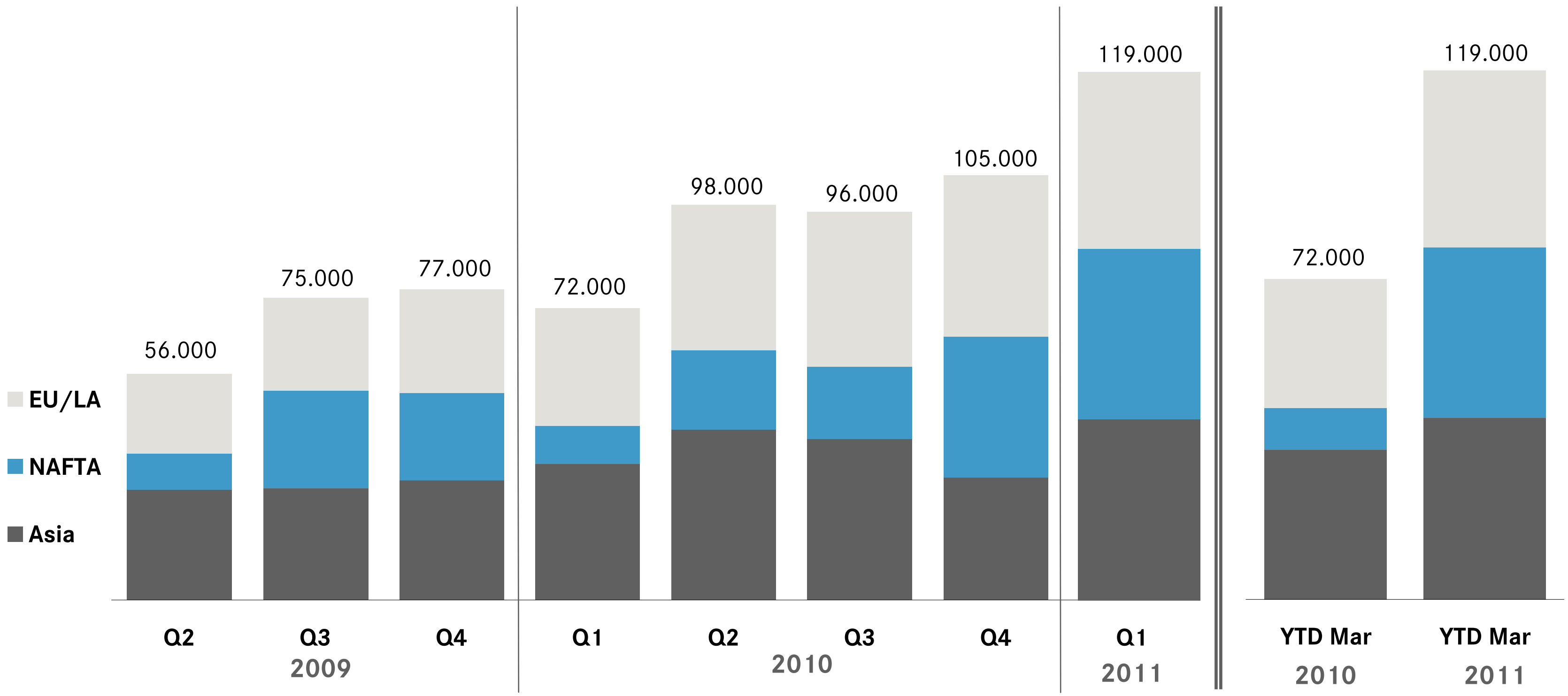
NAFTA
No. 1
DTNA 37.1%

Japan
No. 3
Fuso 19.5%

N.B: Figures may not tie due to rounding; Brazil method change based on registrations; Ranks: HDT/MDT, Nafta: Class 6-8, Japan: HDT/MDT/LDT

# In Q1/2011, highest incoming orders since Q1/2008, Book-to-Bill ratio of 133%

**Incoming Orders**
**- in units -**

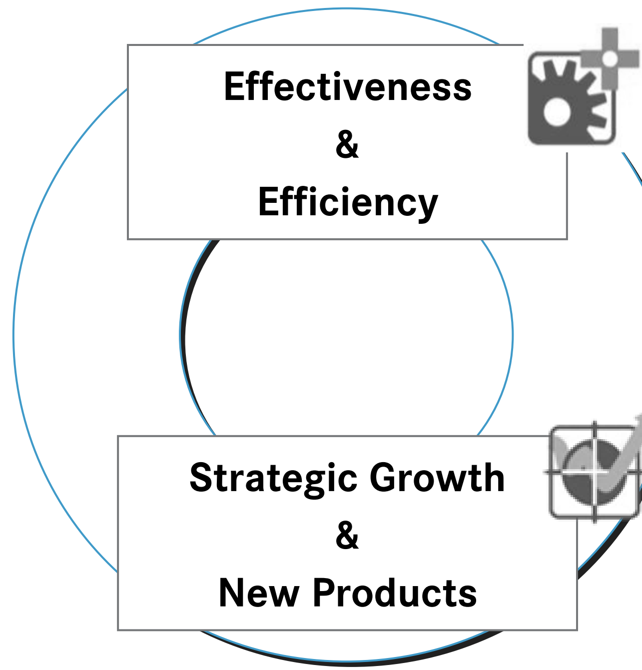


# Path to the future: Global Excellence

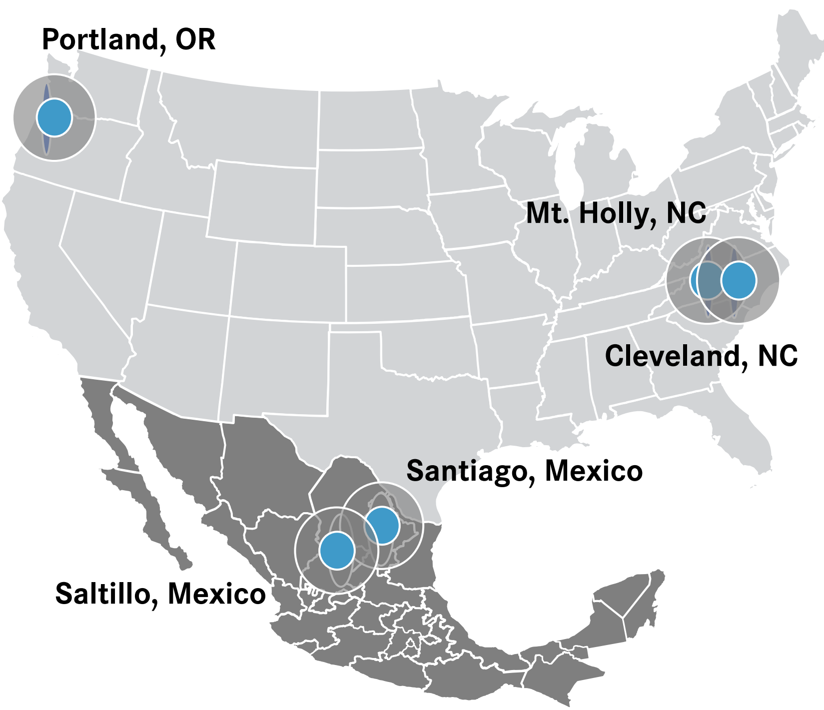
## Daimler Trucks

Global Excellence Strategy

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

# DTNA Repositioning Program significantly enhanced DTNA's competitive positioning

## Program "DTNA Repositioning"

| | |
|---|---|
| Business Model Optimization | ▪ Transition to two brand strategy<br>▪ Improvement in truck & aftermarket margins obtained |
| Structural Manufacturing Optimization | ▪ Full ramp-up of Saltillo (Mexico) plant<br>▪ Closure of St. Thomas plant<br>▪ Conclusion of union negotiations (North Carolina/Redford) |
| Variable Cost Reductions | ▪ 20% material evaluated for global sourcing<br>▪ Technical cost improvement program well underway<br>▪ Improvement of conversion cost |
| Fixed Cost Reduction | ▪ Reduction of structural fixed cost: ~20%<br>▪ Reduction of white collar headcounts: ~1,200 people |

# High flexibility at Fuso

**Fuso Flexibility**

| **Headcount flexibility** | **Time flexibility** | **Facility flexibility** |
|---|---|---|
| ▪ Shifting worker within a plant ✓<br>▪ Insourcing / Outsourcing ✓<br>▪ Hiring/Termination temporary worker ✓ | ▪ Change regular working time ✓<br>▪ Substitution working days ✓<br>▪ Overtime work ✓<br>▪ Work on weekend and holidays ✓<br>▪ Line stop ✓ | ▪ Investment (improve a line capacity) ✓<br>▪ Shift change ✓ |

# Fuso Realignment program leads to significant efficiency increase

## Program "Fuso Realignment"

| | |
|---|---|
| Streamlining product portfolio | ▪ Reduction of model variants: 50%<br>▪ Reduction of parts variants: 30% |
| Realignment of manufacturing operations | ▪ Integration HD/MD lines Kawasaki plant<br>▪ Sales of Thailand plant<br>▪ Closure of Oye bus plant |
| Streamlining Japanese retail network & enhancing international aftersales | ▪ Reduction of Japan sales locations: 25%<br>▪ Launch of "Good Support" campaign |
| Material cost optimization | ▪ Optimization of total material costs<br>▪ Improvement of global sourcing rate |
| Fixed cost reduction | ▪ Fixed cost reduction: 25%<br>▪ Workforce reduction: 2,300 people |

# “Global Powertrain Trucks and Procurement Trucks and Buses” with full result responsibility

**Daimler Trucks**

**EU/LA (TE)** | **Asia (TA)** | **NAFTA (TN)**

**Global Powertrain Trucks and Procurement Trucks & Buses (TG)**

**Truck Product Engineering (TP)**

**Finance & Controlling Daimler Trucks and Buses (FT)**

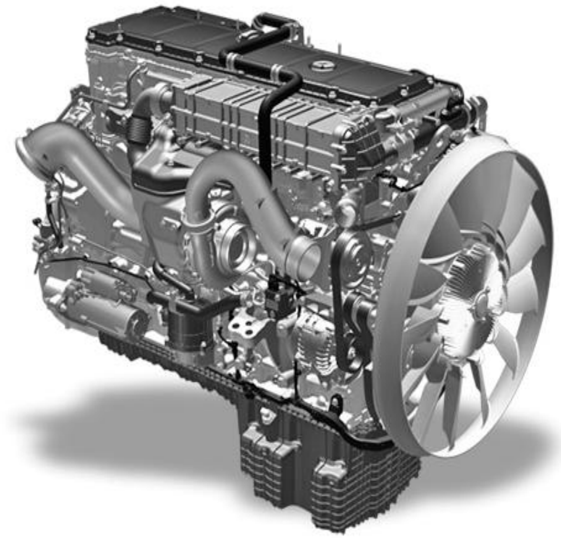
## Benefits

1. Global result responsibility facilitates **entrepreneurial culture**
2. Globally aligned strategy to optimize **product portfolio** and **production network**
3. Strengthened matrix organization **supports commonality**
4. Global standardization and governance to **manage complexity**

# Global Innovation / Local Adaptation

FREIGHTLINER WESTERN STAR

FUSO



Mercedes-Benz

# Growth in traditional markets: Investment in plant Aksaray / Actros “Made in Turkey”

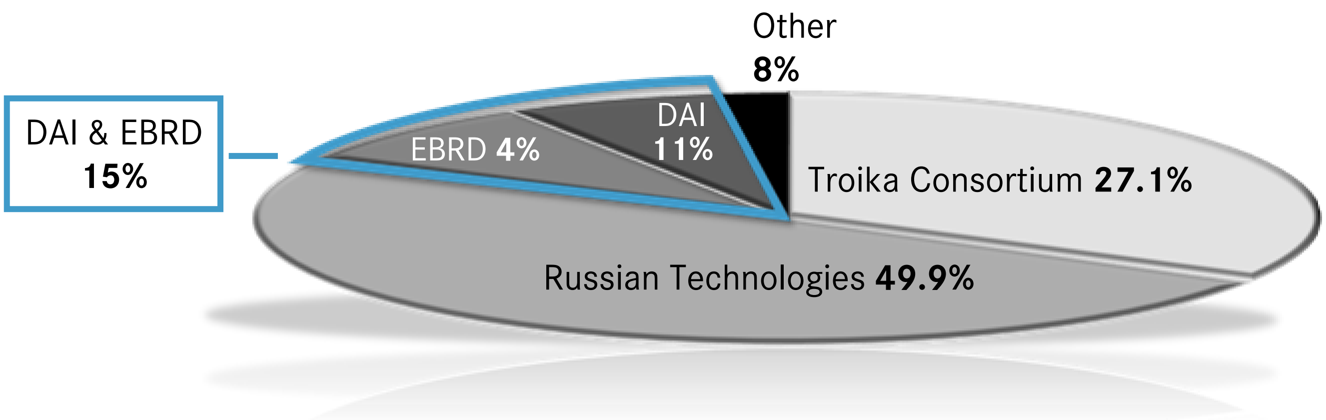
# Juiz de Fora transformation into full-fledged CV plant, Actros on-road launch in Brazil, Nationalization started


- Products (2011): Actros and Accelo
- Planned capacity: 15,000 units
- Employment: 1,500 people
- Space: 2.8 mill. sqm

- HDT segment (+63% in 2010) is fastest growing Brazilian market segment
- Market introduction 2010: Actros on-road (CBU)
- Target: 60% nationalization within three years

# Russia:
# Good progress in strategic partnership with Kamaz!

**Strategic Partnership with Kamaz**




# India:
# New brand for Daimler Trucks: “BharatBenz”


## One name will say it all.

**Excellence. Strength. Reliability. Prosperity.**

In 2012, India's trucking industry will awaken to a name that stands for all this, and much more: BharatBenz.

A name that symbolises a commitment to India from Daimler, the world's leading truck maker. BharatBenz brings with it an investment of over ₹ 4,400 crores in a state-of-the-art manufacturing facility near Chennai, a rich legacy of world-class trucks, and a complete understanding of the requirements of the Indian trucking industry.

Soon, Daimler will begin production of BharatBenz trucks that are made in India, for Indian needs, and deliver on an undisputed reputation for the best in quality, technology, reliability and value. Trucks that are derived from the genes of the world's most respected brands, like Mercedes-Benz, leaders in heavy duty trucks, and Fuso, the frontrunners in light duty trucks.

**India's trucking industry will embark on a journey of prosperity. And one name shall lead the way.**

BHARATBENZ

# China: Making headway with Foton

Frankfurter Allgemeine
ZEITUNG FÜR DEUTSCHLAND

**Daimler baut Lastwagen in China**
Kooperation mit Foton Motor

THE WALL STREET JOURNAL

**Daimler, Beiqi Foton Ink Deal On China Truck Joint Venture**

CHINA DAILY

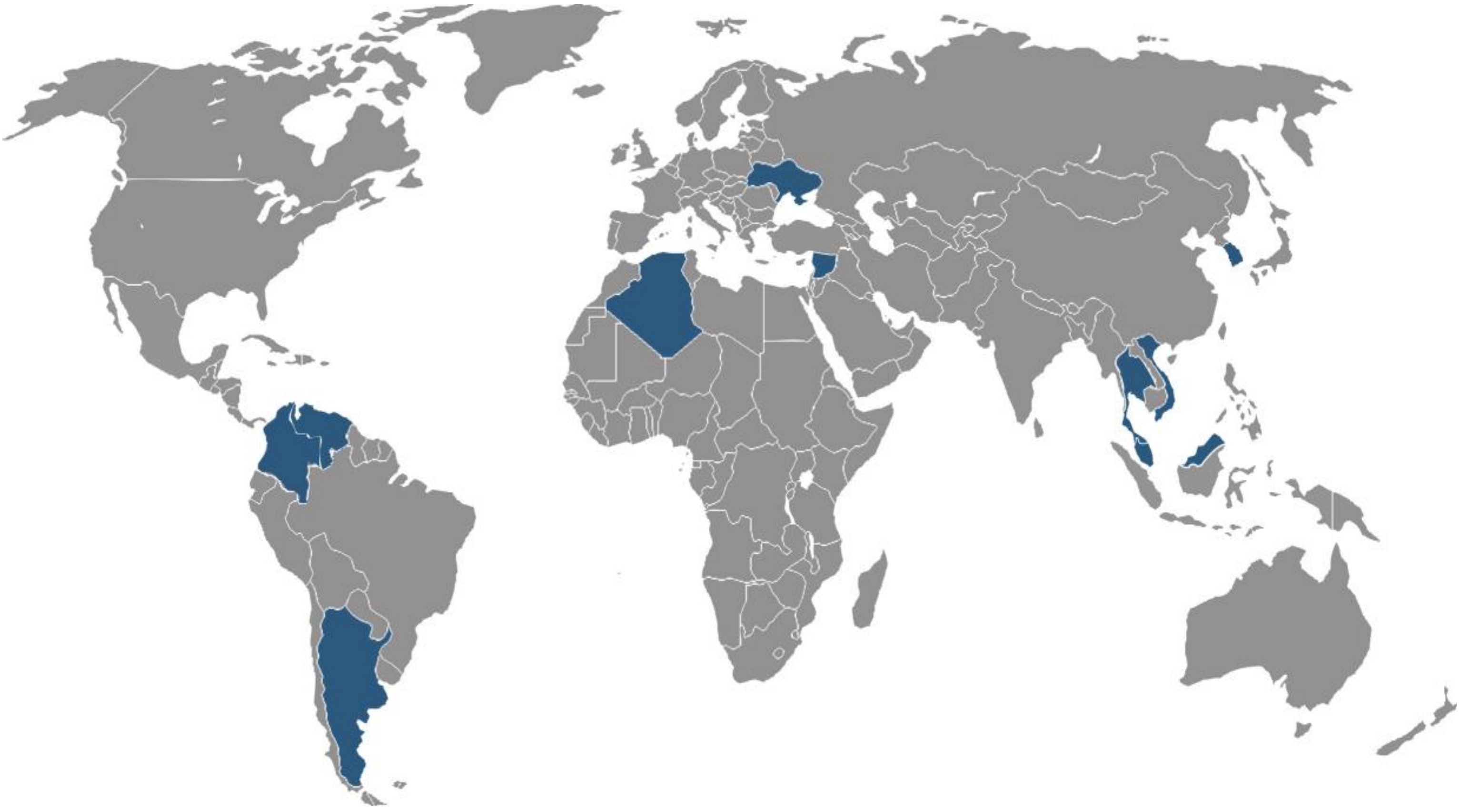
**Daimler in truck deal with Foton**

Börsen-Zeitung
Zeitung für die Finanzmärkte

**Daimler gelingt Durchbruch in China**

# Daimler Trucks "Future Focus Markets"

- Algeria
- Argentina
- Columbia
- Malaysia
- South Korea
- Syria
- Thailand
- Ukraine
- Venezuela
- Vietnam



# Most comprehensive product launch ever


**Coronado**

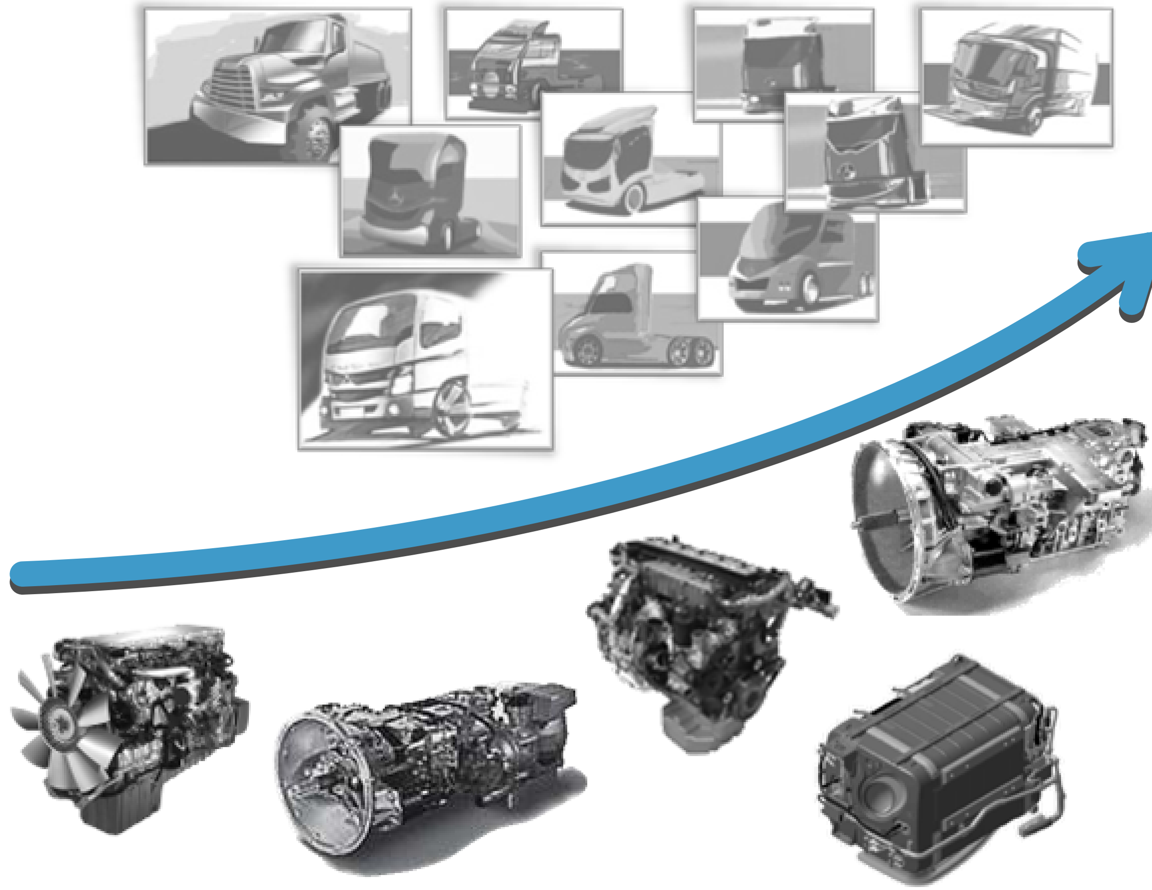

**Canter**


**Atego**


**New Atego/Axor**


**Fuso Super Great**


**Fuso Fighter**



**2010** | **2011 - 2013**

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


**Coronado** **Super Great** **Fighter**


**Atego** **Axor** **Atego HEV** **Canter**

# BlueEfficiency Power!

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# Agenda

# 2011 Outlook

## Truck market outlook

- 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

## Daimler Trucks sales outlook

- 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