

# DAIMLER

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## Bank Meeting Japan

April 26, 2013

## Agenda

**1** Actuals Q1 and Outlook 2013

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**2** Mercedes-Benz Cars Strategy

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**3** Daimler Trucks Strategy

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**4** Financing Strategy

## Key financials

- in billions of euros -

	Q1 2012	Q1 2013
Revenue	27.0	26.1
EBIT*		
as reported	2.1	0.9
from ongoing business	2.1	0.9
Net profit*	1.4	0.6
Earnings per share (in euros)*	1.26	0.50
Net liquidity industrial business (2012: year-end)	11.5	10.0
Free cash flow industrial business	-2.0	-1.2

\* The previous year's figures were adjusted for the effects of the application of the revised IAS 19.  
Further information related to the adjustments of the prior-year figures is disclosed in charts no. 38 and 39 of this presentation.

## Unit sales

- in thousand units-

	Q1 2012	Q1 2013	% Change
<b>Daimler Group</b>	502.1	501.6	-0.1
of which			
Mercedes-Benz Cars	338.3	341.5	+0.9
Daimler Trucks	107.7	101.4	-5.8
Mercedes-Benz Vans	51.2	52.6	+2.7
Daimler Buses	4.9	6.0	+23.2

## Product highlights



New E-Class



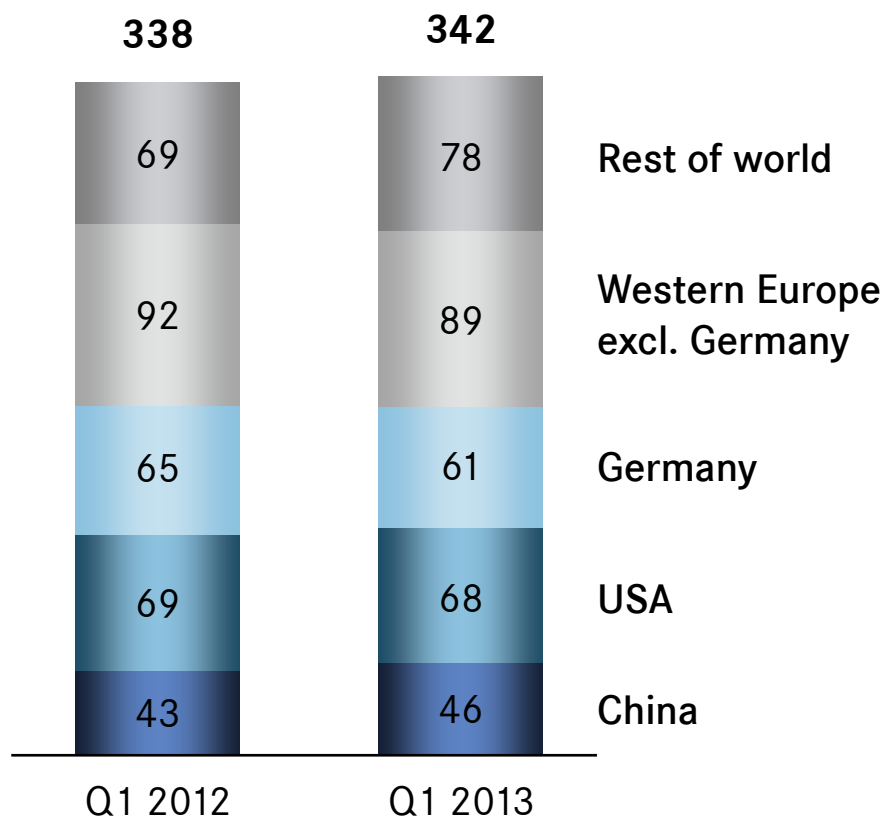
A-Class A 45 AMG



New CLA-Class

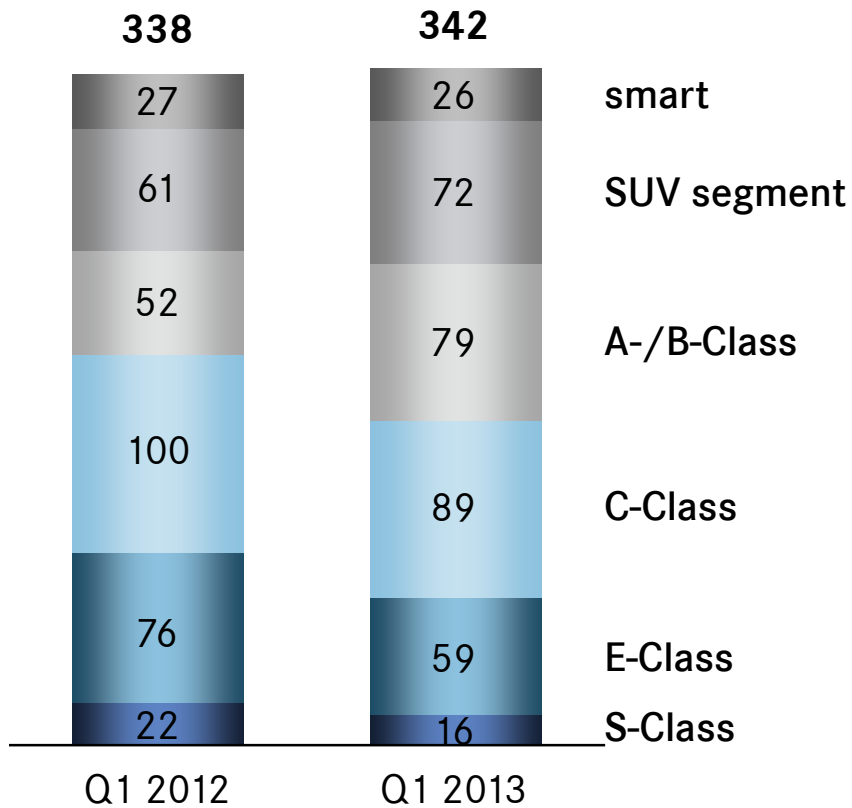
## Balanced sales structure

- Unit sales in thousands -



## Increase in unit sales mainly of A-/B-Class and SUVs

- Unit sales in thousands -



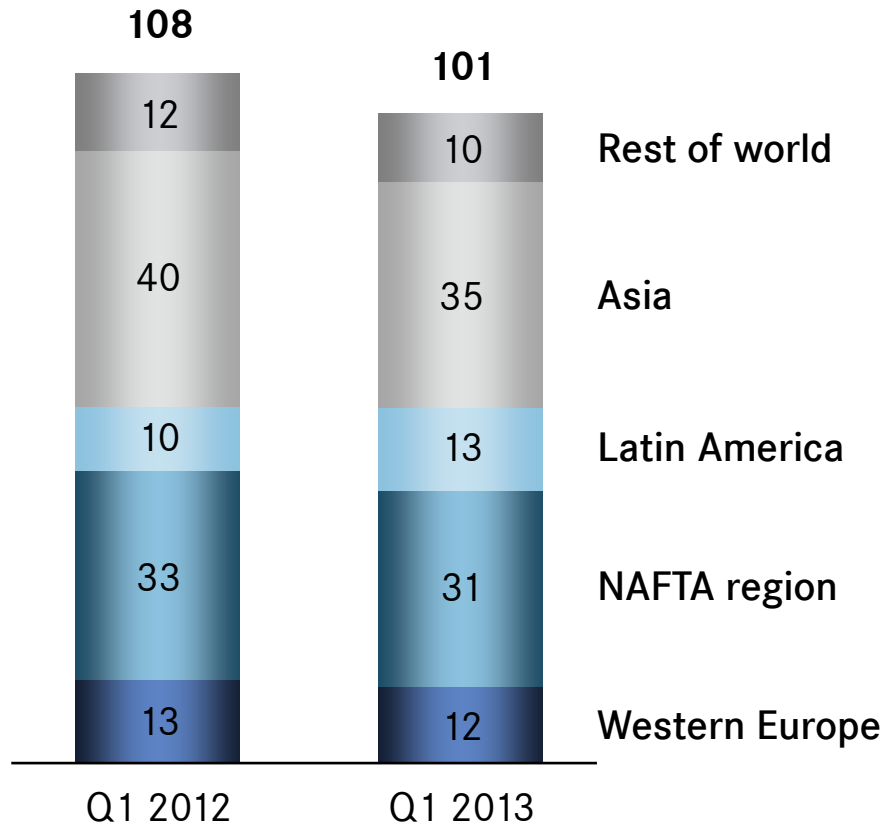
## Product highlights





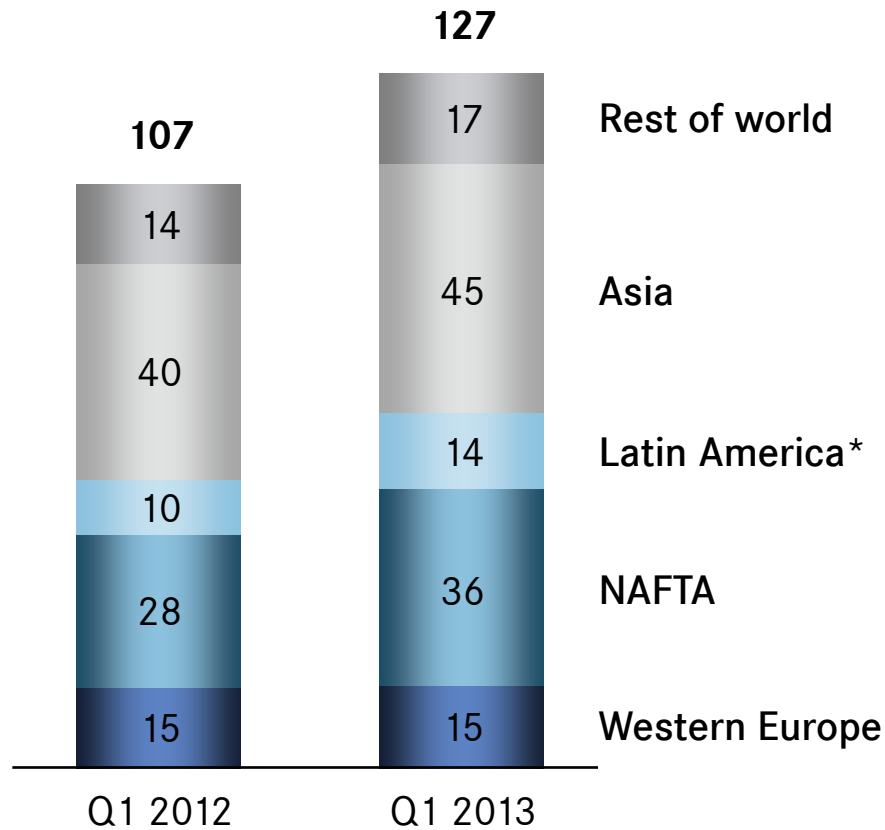
## Sales decrease especially in Asia

- in thousands of units -



# Higher level of order intake in most regions

- in thousands of units -



\* Due to the business model, incoming orders in Brazil correspond with unit sales.

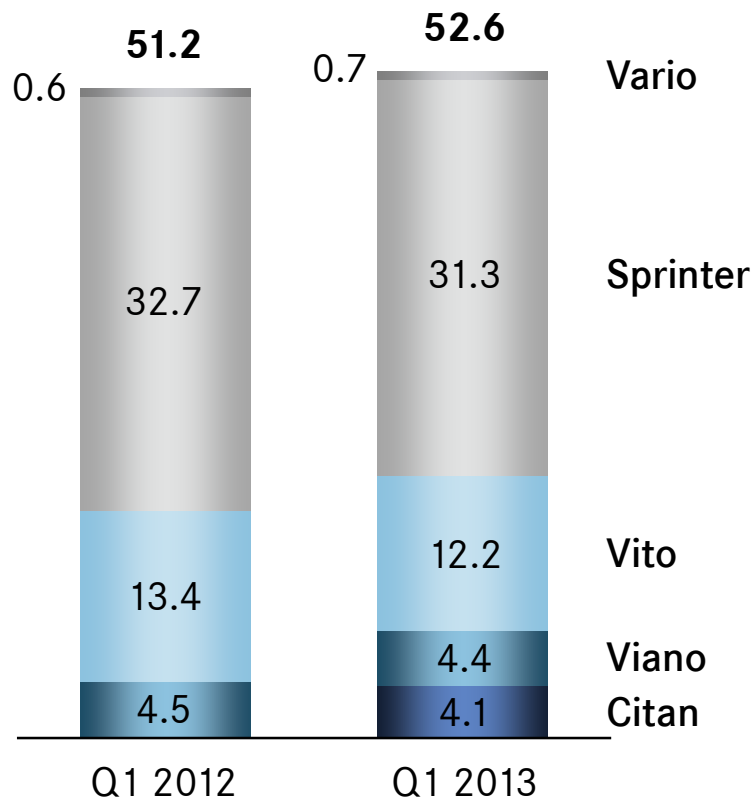
## Product highlights



Mercedes-Benz Sprinter, Vito and Citan

# Higher unit sales due to increase outside Western Europe

- Unit sales in thousands -



## Product highlights



**Setra ComfortClass 500**



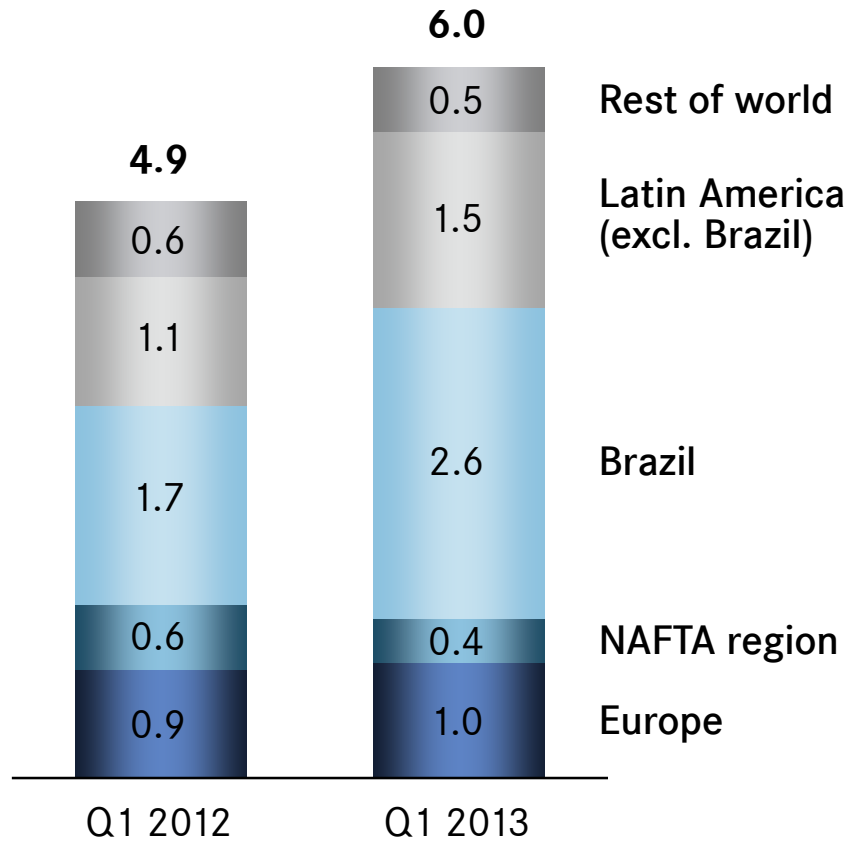
**Mercedes-Benz Citaro Euro VI**



**Mercedes-Benz Travego Euro VI**

# Increase in unit sales especially due to higher demand in Brazil

- Unit sales in thousands -



## Revenue by segment

- in billions of euros -

	Q1 2012	Q1 2013	% Change
<b>Daimler Group</b>	27.0	26.1	-3.4
of which			
Mercedes-Benz Cars	14.9	14.1	-5.5
Daimler Trucks	7.4	7.0	-4.9
Mercedes-Benz Vans	2.1	2.0	-4.9
Daimler Buses	0.7	0.8	+2.9
Daimler Financial Services	3.1	3.6	+13.9
Contract volume of Daimler Financial Services*	80.0	81.7	+2.1

\* Figures as of December 31, 2012 and March 31, 2013.

## EBIT by division

- EBIT in millions of euros; RoS in % -

	Q1 2012		Q1 2013	
	EBIT	RoS*	EBIT	RoS*
<b>Daimler Group</b>	2,098	6.6	917	2.6
of which				
Mercedes-Benz Cars	1,230	8.2	460	3.3
Daimler Trucks	376	5.1	116	1.7
Mercedes-Benz Vans	167	8.0	81	4.1
Daimler Buses	-105	-14.4	-31	-4.1
Daimler Financial Services	344	-	314	-
Reconciliation	86	-	-23	-

\* Return on sales; Daimler Group excluding Daimler Financial Services



## Assumptions for automotive markets in 2013

Car markets	Global	+2% to +4%
	Western Europe	decline
	U.S./Asia	growth in China and USA
Truck markets	NAFTA	up to -5%
	Europe	around -5%
	Japan	up to -5%
	Brazil	up to +10%
Van markets	Europe	around -5%
Bus markets	Western Europe	at prior year's level
	Brazil	moderate growth

## Sales outlook FY 2013



- Further unit sales increase
- Strong momentum from new compact cars and SUVs
- Launch of new CLA, E-Class and S-Class



- Unit sales slightly above prior year
- Further increase based on strong product portfolio
- Growth of market share in major regions



- Increase in unit sales
- Support from new city van Citan and new generation of Sprinter
- Launch of Sprinter Classic in Russia



- Higher unit sales
- Growth supported by new Mercedes-Benz Citaro and Setra 500
- Maintain market leadership in core markets

## 2013 expectations for EBIT from ongoing business

### **Second half of 2013:**

Earnings improvement expected compared with the level of the first half, due to the planned new models, the increasing effects of the efficiency measures that have been initiated and the assumptions made for the development of markets important to Daimler.

### **Full year 2013:**

Daimler: Due to the fact that there will be no further equity-method results from EADS in the course of the year as well as lowered market expectations and the weaker than expected EBIT in the first quarter, Group EBIT from the ongoing business is expected to be below the previous year's level.

Mercedes-Benz Cars: Full-year EBIT is expected to be below the previous year's level.

Daimler Trucks and Mercedes-Benz Vans: Full-year EBIT is expected in the magnitude of the prior year.

Daimler Buses: Earnings are expected to be higher than in the prior year.

### **2014 and the following years:**

Improvements in operative profit expected for all automotive divisions and for the Group.

### **Daimler Financial Services:**

Stable development of earnings anticipated in the next two years.

## Agenda

1 Actuals Q1 2013

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**2 Mercedes-Benz Cars Strategy**

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3 Daimler Trucks Strategy

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4 Financing Strategy

## Leadership – a state of mind



# Mercedes-Benz 2020

## Four levers of Mercedes-Benz 2020



## Brand: “The Best or Nothing”



The image features a silver Mercedes-Benz R230 SL convertible with its top down and doors open, set against a dramatic sky background. Overlaid on the left is a circular diagram representing the Mercedes-Benz brand strategy. At the center is the Mercedes-Benz logo with the text "AMBITION TO LEAD" and "Perfection" below it. The diagram is divided into two main sections: "Responsibility" on the left and "Fascination" on the right. The "Responsibility" section includes: Delightful Customer Care, Holistic Sustainability, Passionate Innovation, Energizing Comfort, and Perceivable Quality. The "Fascination" section includes: Refined Sportiness, Distinctive Style, Trendsetting Design, and Exemplary Safety.

**BEST GLOBAL BRANDS 2011**

Interbrand Creating and Managing Brands™

**Mercedes-Benz is the most valuable premium automotive brand worldwide and Europe's most valuable brand overall**

## Products: SUV Offensive - Our new GLK-Class





## Products: SUV Offensive - Our new GL-Class



## Products: Our new SL-Class

A Daim

### Nerves of steel. Body of aluminium.

The new SL with an entirely aluminium body.

Thanks to lightweight construction throughout, the new SL 350 V6 is 140 kg lighter than its predecessor. Fuel consumption is reduced by 29.6%, while the dynamism and agility have simultaneously been improved. Fuel consumption (urban, extra-urban, combined) 9.9-9.3/6.1-5.4/7.5-6.8 l/100 km, CO<sub>2</sub> emissions (combined) 176-159 g/km. Athlete, aesthete. [www.mercedes-benz.com/sl](http://www.mercedes-benz.com/sl)

Figures do not relate to the specific emissions or fuel consumption of any individual vehicle, do not form part of any offer, and are intended solely to aid comparison between different types of vehicles.

## Products: The new A-Class



## Products: Mercedes-Benz Concept Style Coupé



## More to come: At least 10 additional model series by 2015

### Compact



### Mid-Size



### Full-Size



### Large

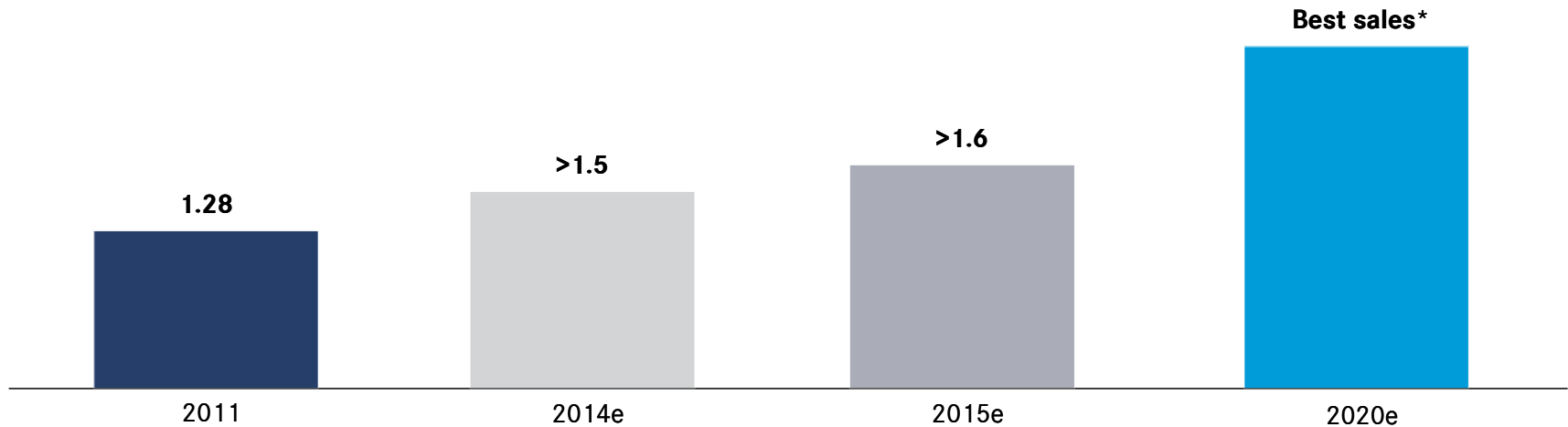


### SUV



## Sales: At least 1.6 million cars in 2015 – sales leadership in 2020

**Mercedes-Benz sales forecast**  
[million units – without smart]



\*Within automotive premium segment; schematic representation

## Products: Delivering on responsibility



**ML 250 BlueTEC 4MATIC**

**6.0**



**E 300 BlueTEC HYBRID**

**4.2**

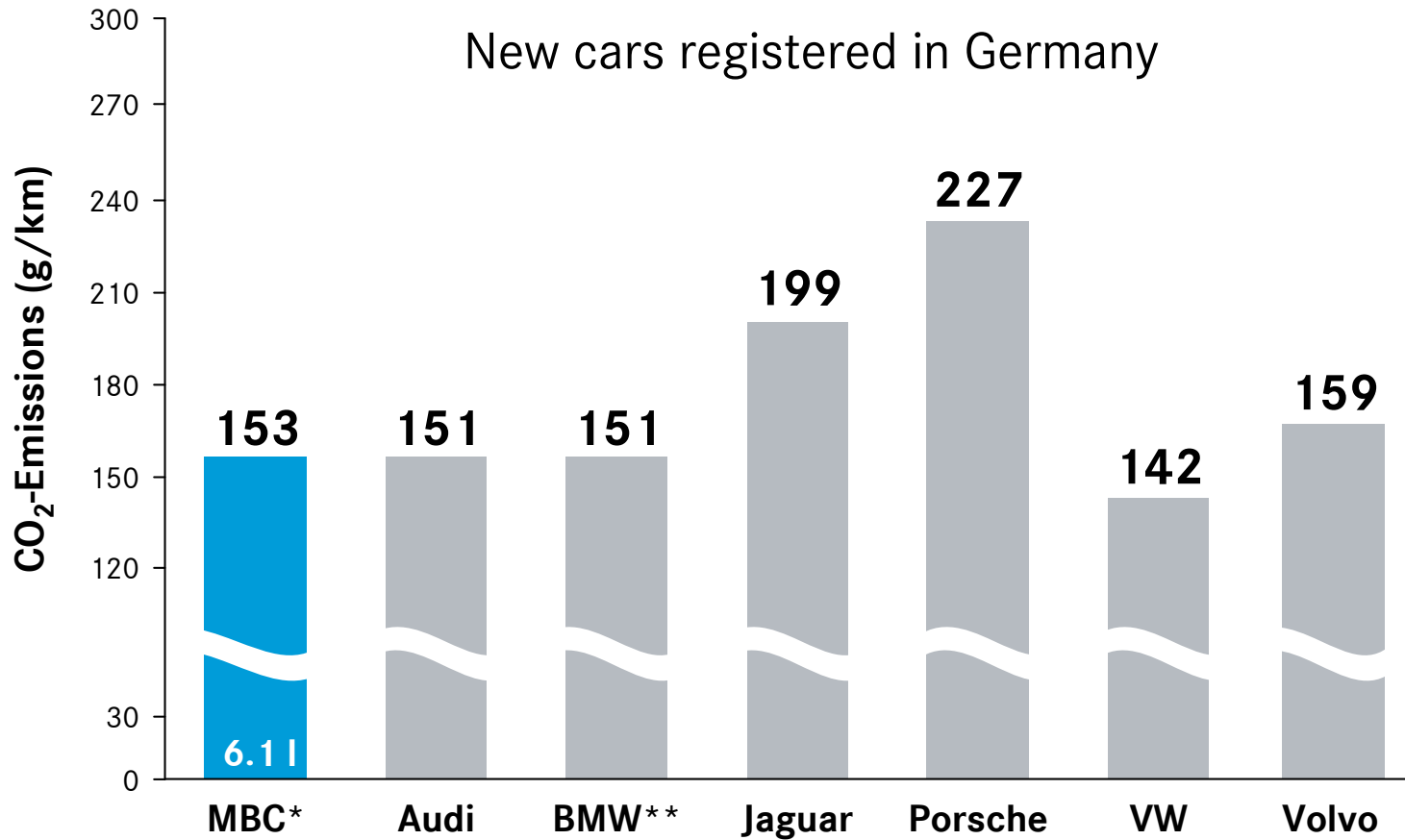


**SLS AMG E-CELL**

**0**

Fuel consumption combined in l/100 km

## Products: CO<sub>2</sub>- Emissions in 2011

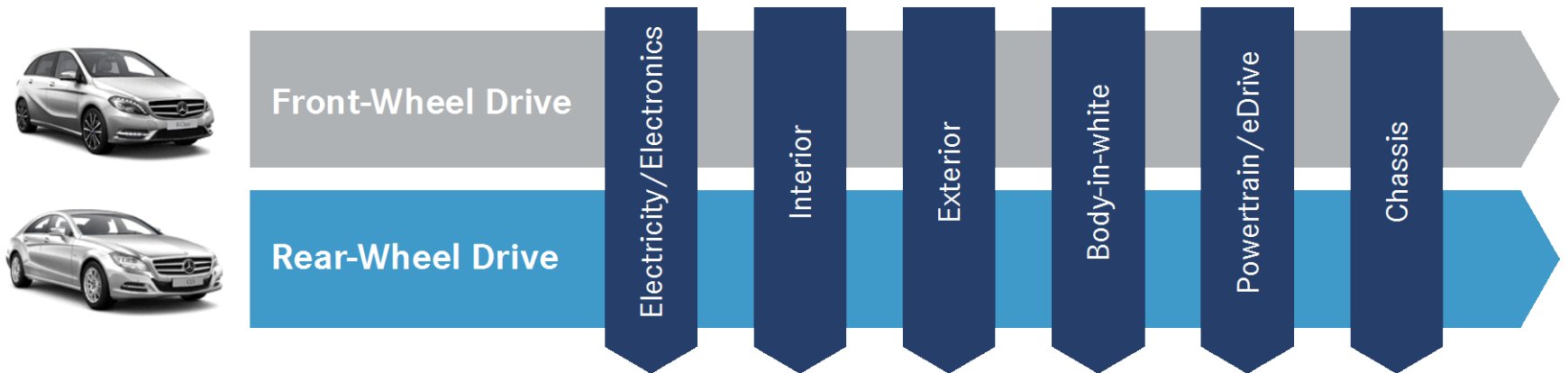


\* Mercedes-Benz Cars incl. smart and excl. Vans      \*\* BMW incl. Mini

Source: Federal Motor Transport Authority (KBA); auto, motor und sport 5/2012

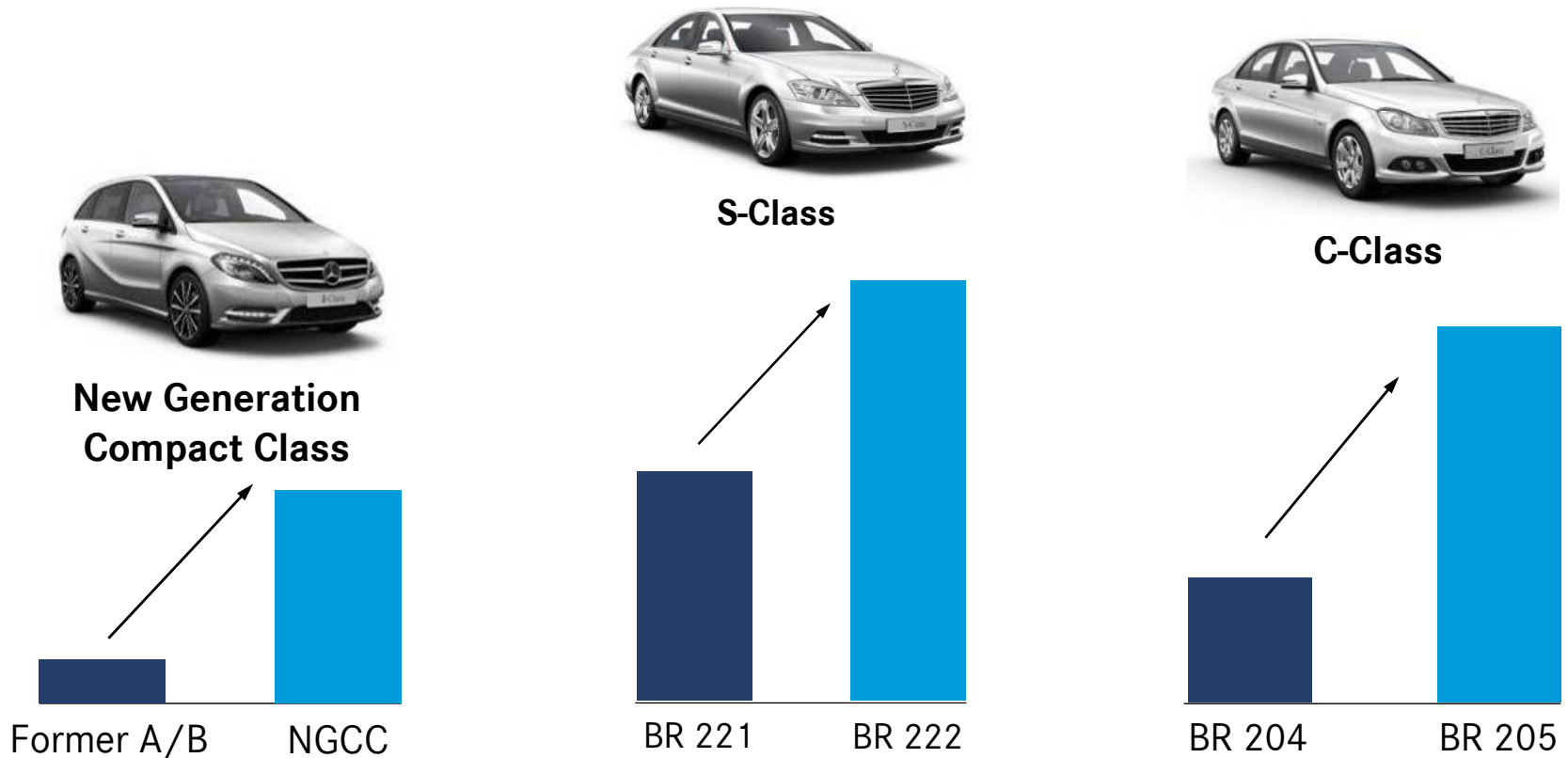


## Profit: Common vehicle architectures and module strategy enable efficient use of resources



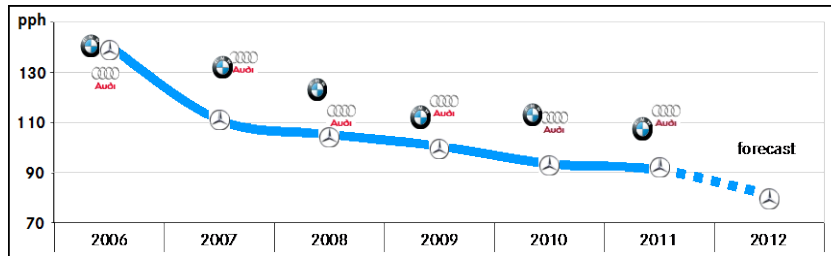
## Profit: Strong improvement at New Generation Compact Cars, S-Class and C-Class

EBIT Lifecycle Performance Development

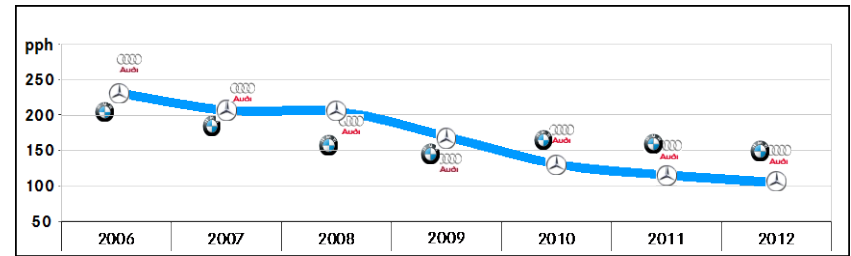


## Profit: Mercedes outperforms competition in initial quality and long term quality dependability

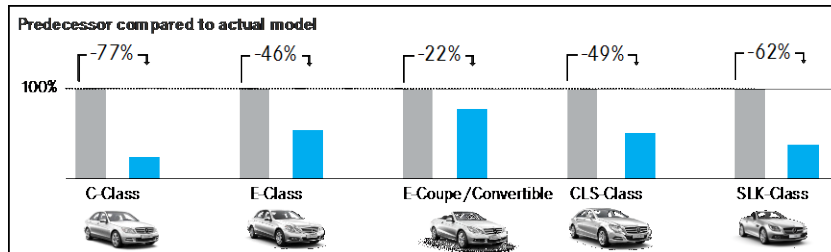
### J.D. Power Initial Quality Study



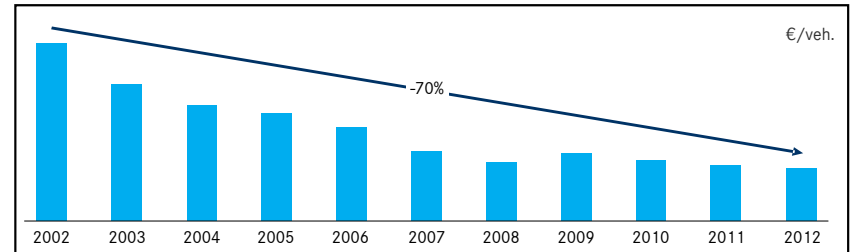
### J.D. Power Vehicle Dependability Study



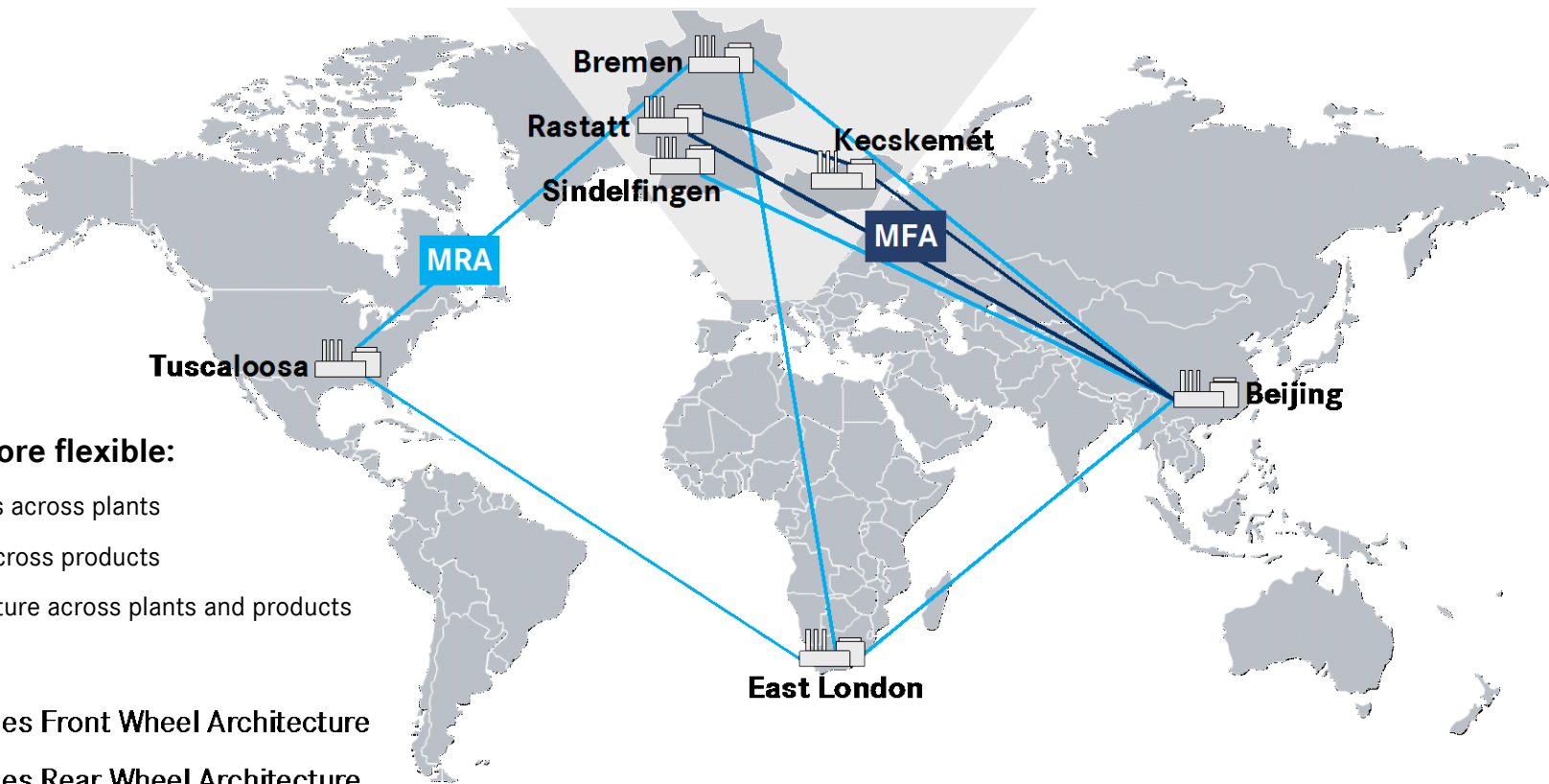
### Warranty and good will cost - 12 months in sales



### Warranty and good will cost - 60 months in sales



## Profit: By 2015 two flexible manufacturing networks will be established



### We will be more flexible:

- Within products across plants
- Within plants across products
- Within architecture across plants and products

**MFA** Mercedes Front Wheel Architecture

**MRA** Mercedes Rear Wheel Architecture

## Financial Outlook and Targets

### ▶ Sales leadership

Milestones: >1.5 in 2014 / >1.6 in 2015

### ▶ Technology leadership

Milestone: 125 g CO<sub>2</sub> / km fleet average in 2016

### ▶ Flexible footprint and productivity improvement

Milestone: HPV 30h in 2015

### ▶ Capital and cost discipline

Milestones: CapEx Ratio ~7% / R&D Ratio ~6%

### ▶ Strategic Return Target

10% RoS on average

## Agenda

1 Actuals Q1 2013

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2 Mercedes-Benz Cars Strategy

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**3 Daimler Trucks Strategy**

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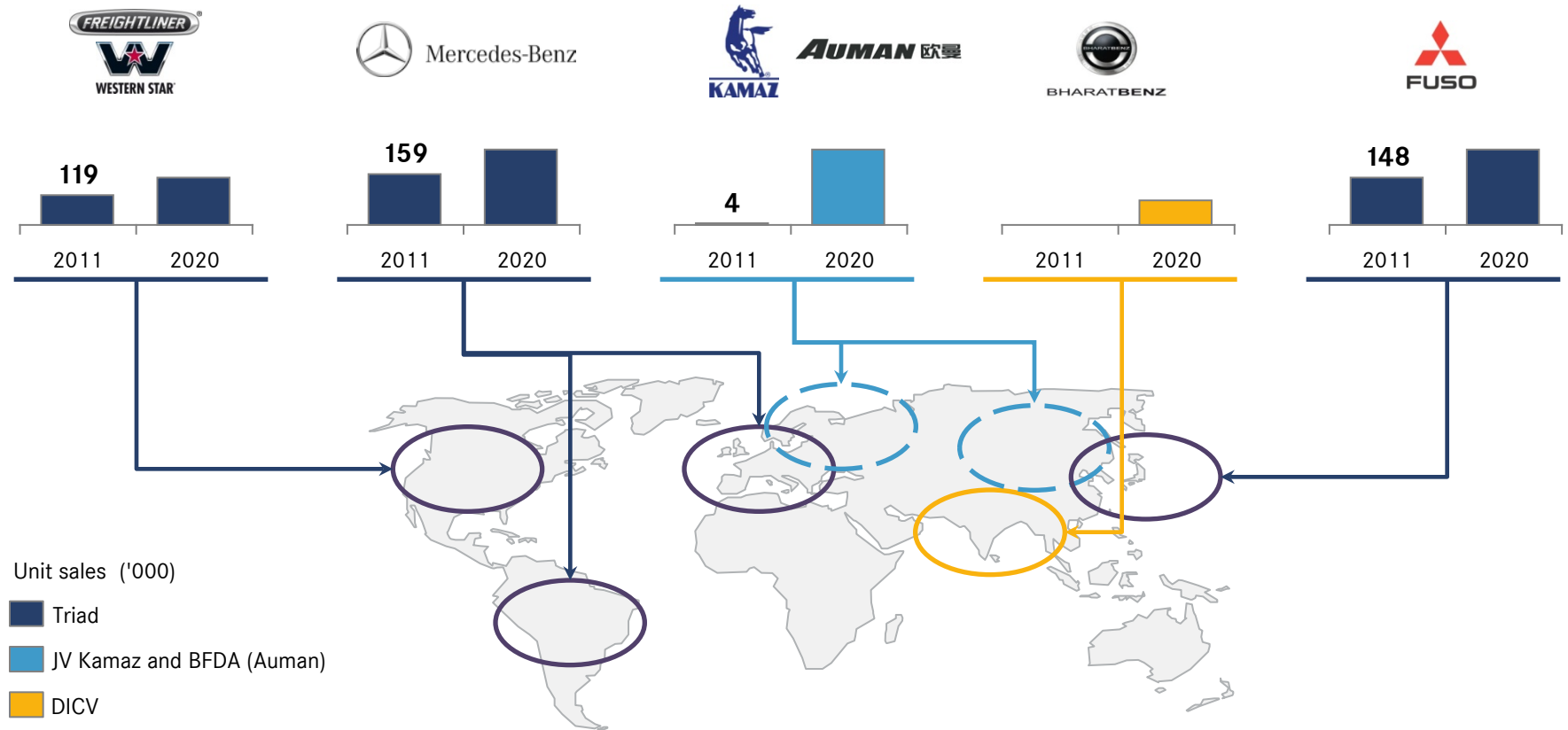
4 Financing Strategy

## Best products for our customers and regional operations



Product offensive to continue over next years

## BRIC expansion: Excellent global coverage of Triad and Brazil – RIC coverage implemented in 2012



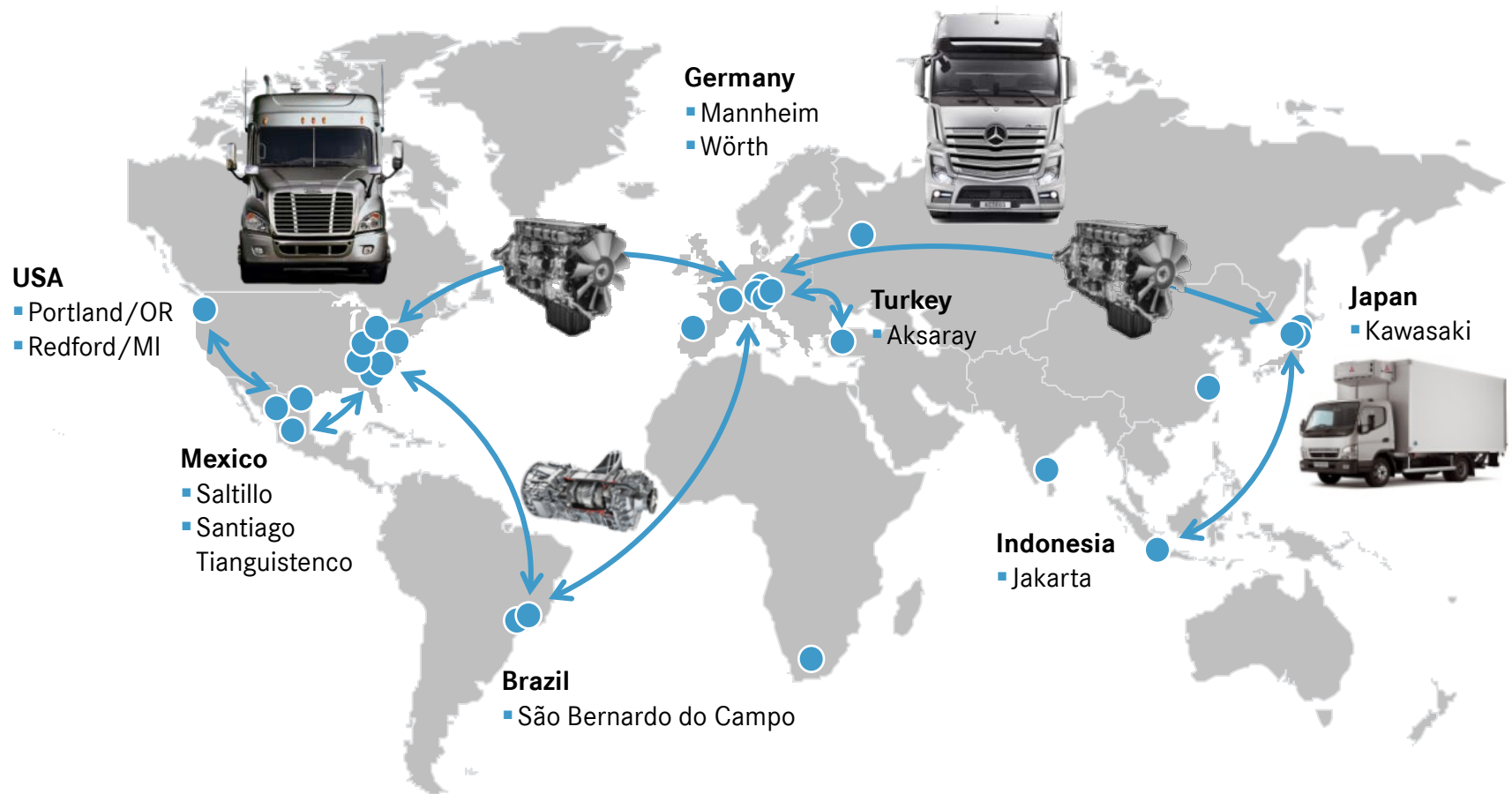
**Target of selling 500 thousand<sup>1</sup> units in 2013  
and 700 thousand<sup>1</sup> in 2020**

1. Excluding JV sales Auman brand

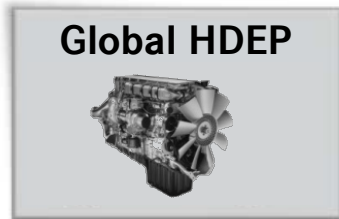


## Further flexibility in global production network

Selected facility flexibility across 27 sites



## Global platform roll-out: Foundations laid to reap benefits of global scale



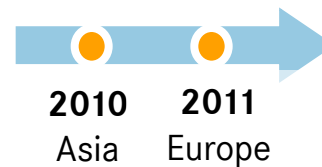
**HDEP**  
Global HD engine platform



**New Actros**  
Global platform for cab-over-engine trucks



**Global LDT**  
Roll-out of Fuso LDT concept to other markets

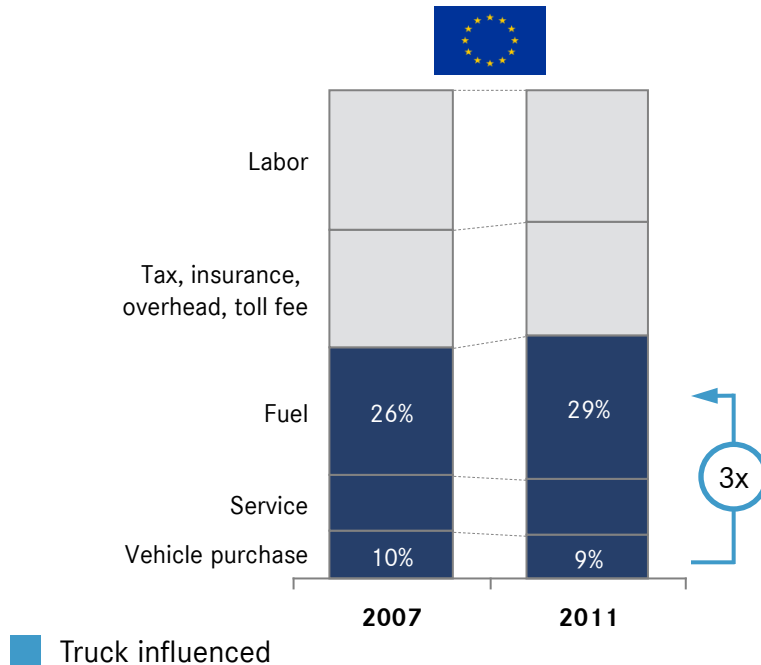


- Further global platform roll-out
- Launch of additional platforms

**Roll-out of global product platforms has just begun**

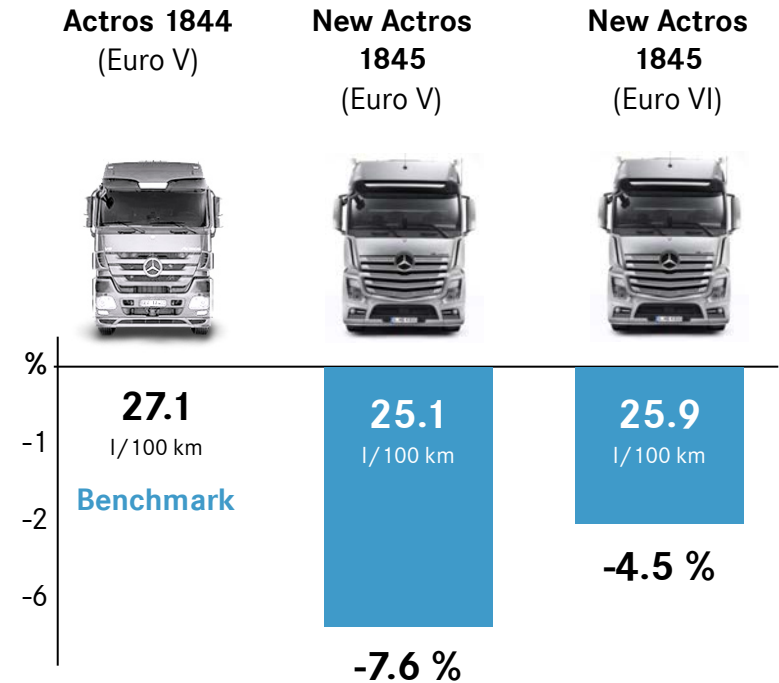
## TCO increasingly relevant as key driver for customer decisions

### Typical operator cost structure (triad)



### DT benchmark in fuel efficiency

- example Europe -



**New global engine generation ensures benchmark position in all regions**

Source: Bundesverband Güterkraftverkehr, Logistik und Entsorgung; Trucker's Report

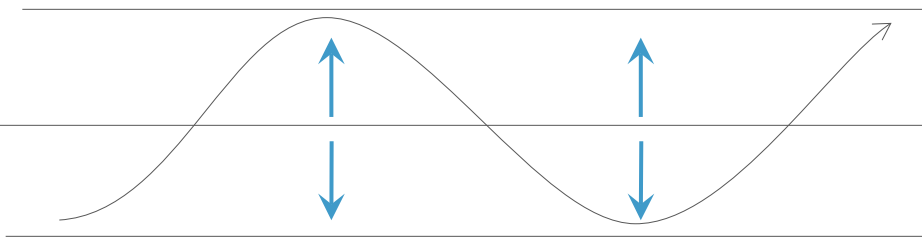
## Flexibility Measures: Strong progress in increasing DT's flexibility in production plants



Wörth, Mount Holly NC, Kawasaki

+30% units/year

-30% units/year



### Workforce flexibility

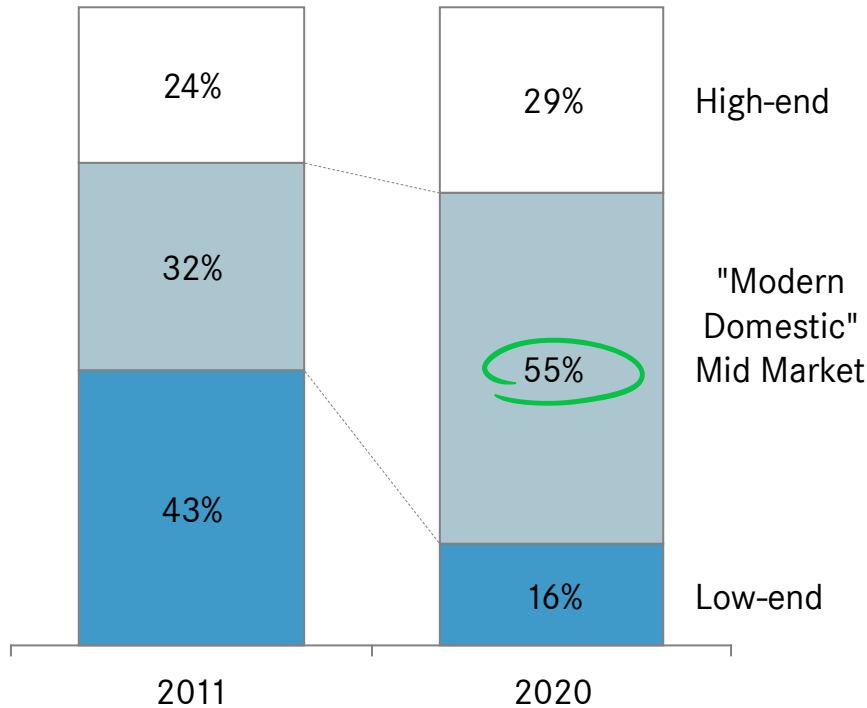
- Flexible working hours
- Flexible shift models

### Flexible cycle time

- 430 ↔ 300 units/day

## Technology dynamics will lead to significant vehicle upgrading

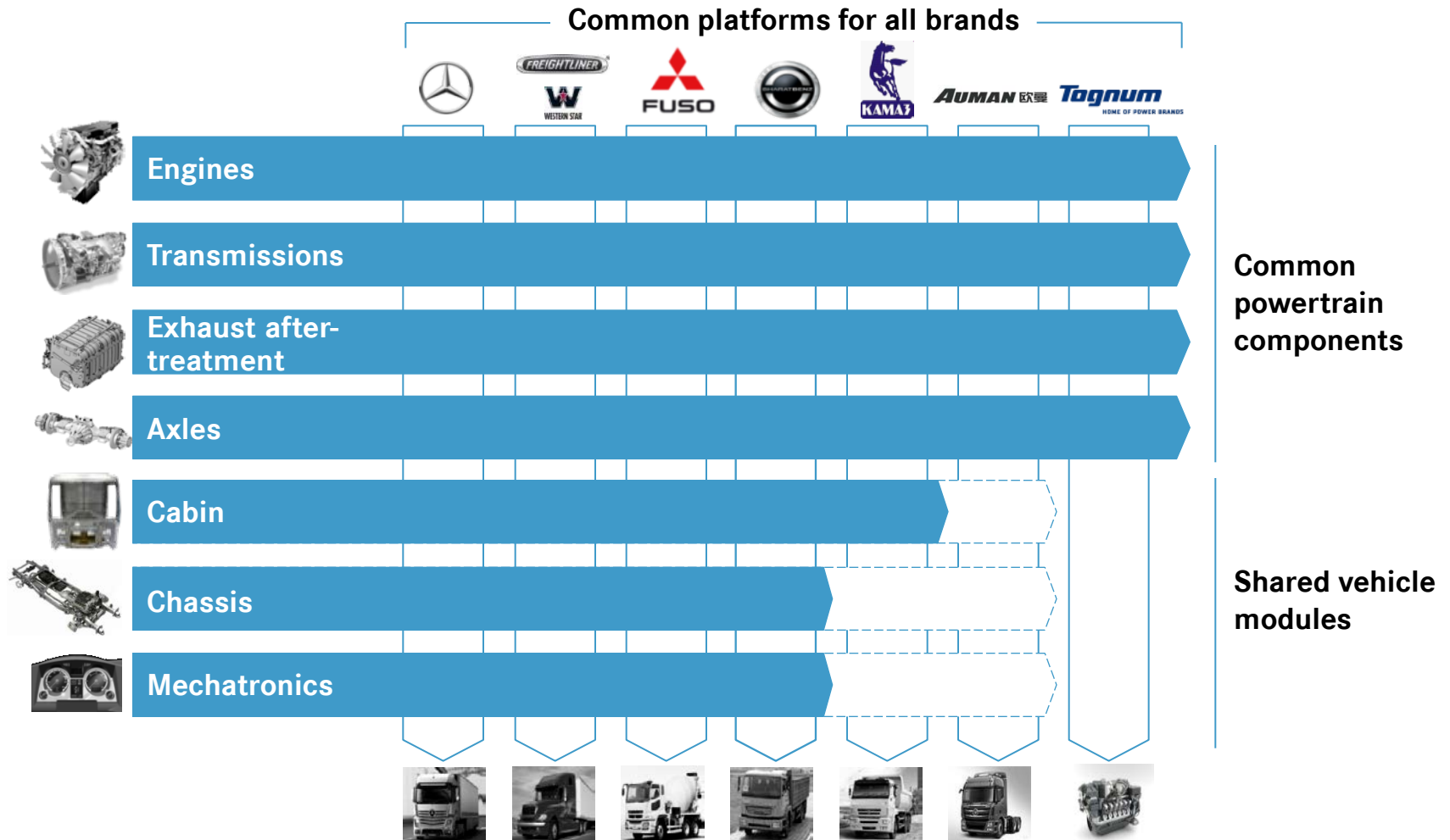
Share of total M/HDT market



*Not targeted*

**Strong DT lineup in "Modern Domestic" to play leading role in RIC  
Products from DT toolbox localized to RIC needs**

## Platform and module strategy to fully leverage commonality for powertrain and vehicles



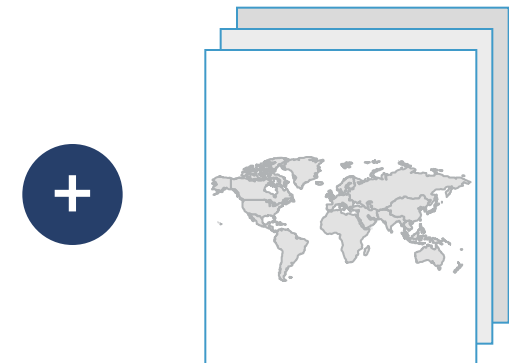
## DT#1 targets 1.6 bn€ benefits – via Excellence Programs in our operating units and cross-business initiatives



### Excellence Programs



### Cross-business initiatives



Main topics

- Sales and aftersales push
  - Cost optimization
  - Quality push
  - People and high performance culture
- Stringent portfolio review
  - Integrated Asia business model
  - Global scale realization
  - Global aftersales

## Financial Outlook and Targets

### ▶ Outlook 2013

Increase in unit sales and EBIT in the magnitude of the prior year expected

### ▶ Target

We continue to target a RoS of 8% on average over the cycle, supported by DT#1, however, from a later starting point.

### ▶ Sales leadership

Milestones: over 500k in 2015 / 700k in 2020

### ▶ Technology leadership

We offer the best products in terms of TCO and fuel efficiency, globally.

### ▶ Our vision

No. 1 in the global truck industry and sustainable leadership in profitability. DT#1 targets benefits of 1.6 B€, coming from Sales / After Sales Push, variable / fixed cost reduction and platform/module rollout



## Agenda

1 Actuals Q1 2013

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2 Mercedes-Benz Cars Strategy

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3 Daimler Trucks Strategy

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**4 Financing Strategy**

## Key balance-sheet figures

- in billions of euros -

<b>Daimler Group</b>	<b>Dec. 31, 2012</b>	<b>March 31, 2013</b>
Equity ratio	22.7%*	22.5%
Gross liquidity	16.6	17.7
<b>Industrial business</b>		
Equity ratio	39.8%*	38.3%
Net liquidity	11.5	10.0

\* Figures adjusted for the effects of the application of the revised IAS 19.

Further information related to the adjustments of the prior-year figures is disclosed in charts no. 38 and 39 of this presentation.

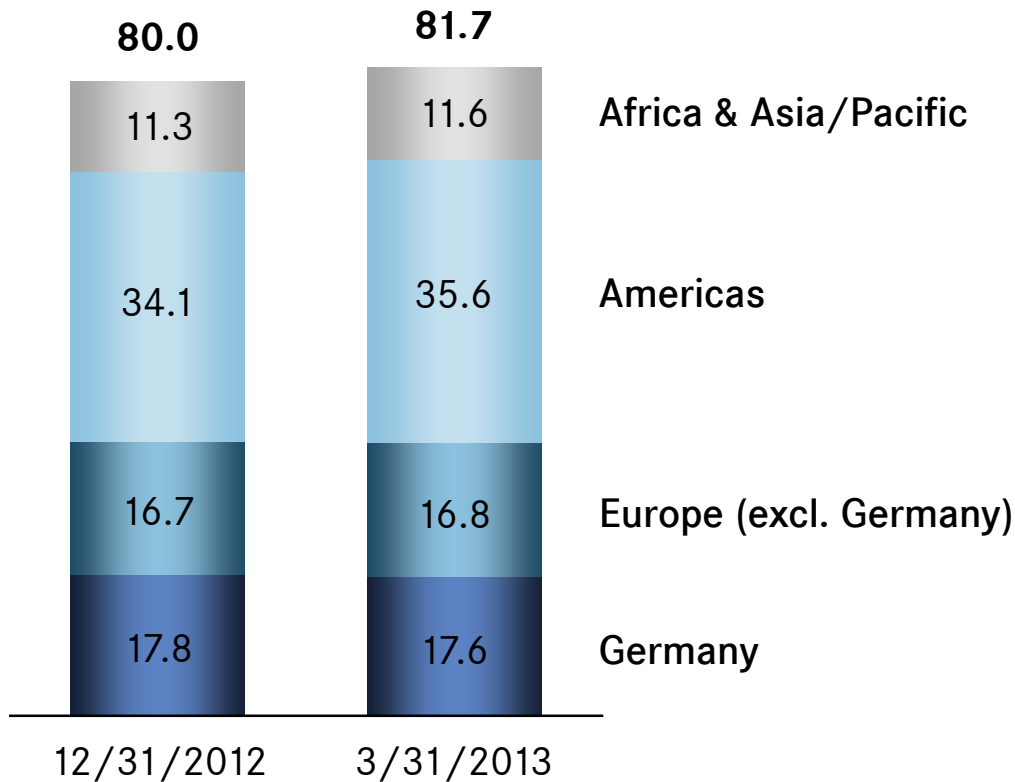
## Funding Sources

Financial Liabilities as of March 31, 2013

in billions of €	Current	Non-current	Total
<b>Bonds</b>	9,6	29,1	38,7
<b>Bank Loans</b>	11,0	8,8	19,8
<b>ABS</b>	2,2	2,3	4,5
<b>Commercial Paper</b>	1,7	0,0	1,7
<b>Account Deposits</b>	8,3	4,3	12,6
<b>Other</b>	0,6	0,6	1,2
<b>Total</b>	<b>33,4</b>	<b>45,1</b>	<b>78,5</b>

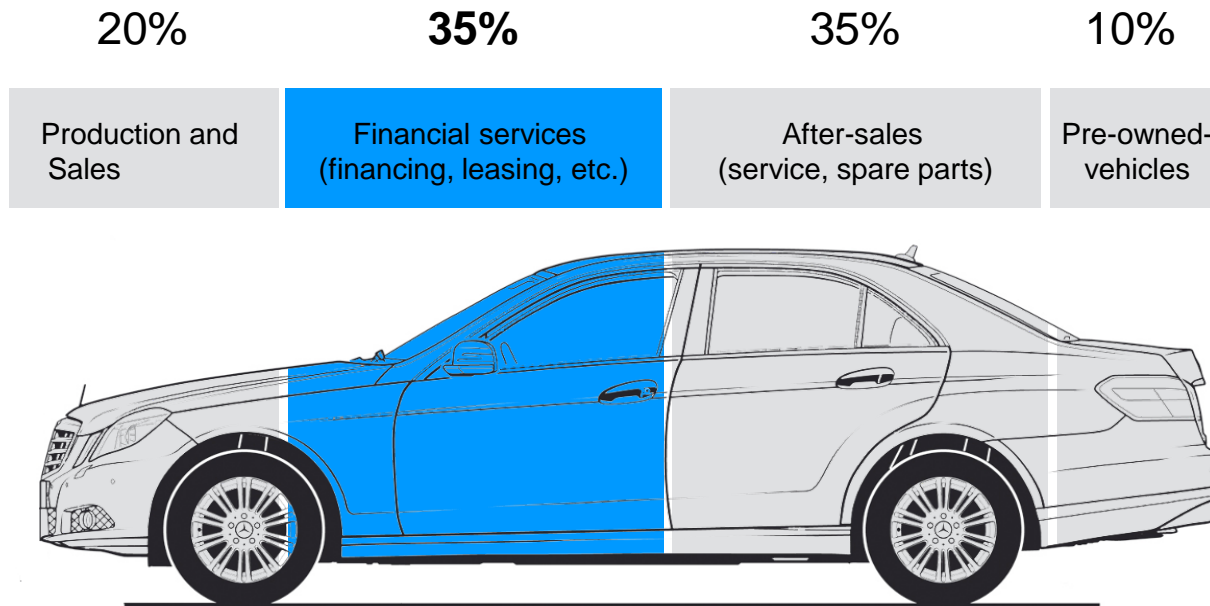
# Increase in contract volume driven by growth in the Americas regions

- in billions of euros -



## Automotive value chain

80% of profits are generated after the production phase – financial services account for a large share of these profits. Financial services however requires the majority of the Groups' funding volume.



Source: IXIS Securities, Mercer, Booz Allen Hamilton, Arthur D. Little 2006

## Funding policy

Daimler is committed to insure a **strong Financial Flexibility** through a balanced mix of

- Solid cash position
- Committed credit facilities without any 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**:

1. Liquidity matched funding
2. Interest rate matched funding
3. Currency matched funding
4. Country matched funding

## Worldwide access to capital markets

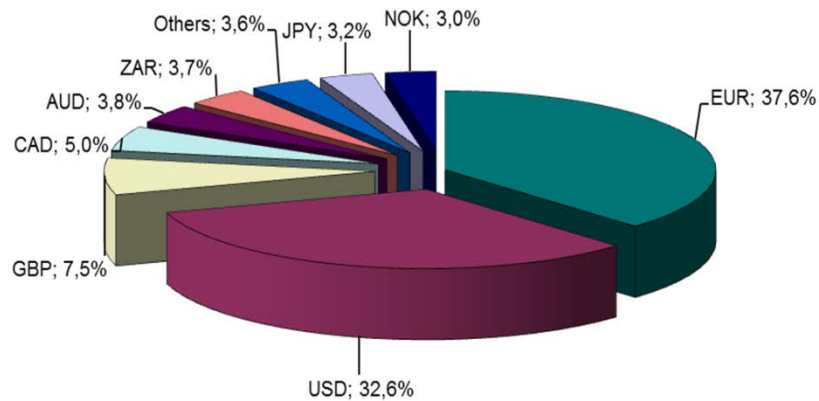
### Capital market programs:

- 144a / RegS  
Documentation for  
US offerings
- Euro MTN Program  
(35 bn EUR, multi currency and multi issuers)
- Local Programs established in Mexico, Argentina, South Africa, Thailand und Japan
- In future: India, China, Korea, Brazil and others to be added, when capital markets open and funding requirements justify the effort

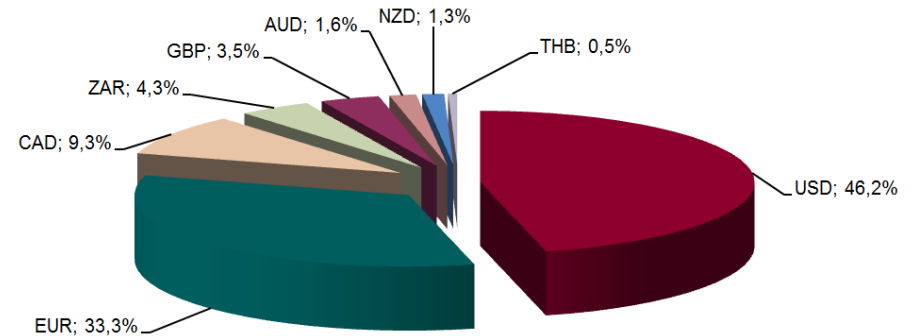
## Bond Issuances

by currencies

### 2012



### Q1 2013





## Group's rating position

Current Ratings:	S&P:	A- stable	A-2
	Moody's:	A3 positive	P-2
	Fitch:	A- stable	F2
	DBRS:	A (low) stable	R-1 (low)
Daimler target:	An A rating at all rating agencies		

## Our new GLA



## Our new S-Class



## Our new S-Class



## Disclaimer

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “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 worsening of the sovereign-debt crisis in the Eurozone; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, 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 limits our ability to achieve prices and 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; 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 government 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 to be incorrect, the 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 since they are based solely on the circumstances at the publication date.