

# DAIMLER

**Corporate Presentation – May 2014**



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**Actuals Q1 2014**

**Daimler Group Strategy**

**Divisions**

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**Appendix**

## Highlights of Q1 2014

Group unit sales	565,800	(+13%)
Record unit sales at Mercedes-Benz Cars	389,500	(+14%)
Further growth in revenue	€29.5bn	(+13%)

Market launch of the new C-Class and the new GLA

World premiere of the new S-Class Coupé and the new V-Class

Presentation of the new Mercedes-Benz SLT heavy-haulage vehicle

700,000 customers registered for car2go

Sale of 50% equity interest in Rolls-Royce Power Systems Holding decided

## Key financials

- in billions of euros -

	Q1 2013	Q1 2014
Revenue	26.1	29.5
EBIT		
as reported	0.9	1.8
from ongoing business	0.9	2.1
Net profit	0.6	1.1
Earnings per share (in euros)	0.50	0.96
Net liquidity industrial business (2013: year-end)	13.8	14.5
Free cash flow industrial business	-1.2	0.7

## Unit sales

- in thousands of units -

	Q1 2013	Q1 2014	% change
<b>Daimler Group</b>	501.6	565.8	+13
of which			
Mercedes-Benz Cars	341.5	389.5	+14
Daimler Trucks	101.4	108.5	+7
Mercedes-Benz Vans	52.6	61.1	+16
Daimler Buses	6.0	6.7	+11

## Revenue by division

- in billions of euros -

	Q1 2013	Q1 2014	% change
<b>Daimler Group</b>	26.1	29.5	+13
of which			
Mercedes-Benz Cars	14.1	17.0	+21
Daimler Trucks	7.0	7.1	+1
Mercedes-Benz Vans	2.0	2.2	+11
Daimler Buses	0.8	0.9	+14
Daimler Financial Services	3.6	3.8	+6
Contract volume of Daimler Financial Services*	83.5	84.3	+1

\* Figures as of December 31, 2013 and March 31, 2014.

## EBIT by division

– EBIT in millions of euros; RoS in % –

	Q1 2013		Q1 2014	
	EBIT	RoS*	EBIT	RoS*
<b>Daimler Group</b>	917	2.7	1,787	5.4
of which				
Mercedes-Benz Cars	460	3.3	1,183	7.0
Daimler Trucks	116	1.7	341	4.8
Mercedes-Benz Vans	81	4.1	123	5.6
Daimler Buses	-31	-4.1	53	6.2
Daimler Financial Services	314	-	397	-
Reconciliation	-23	-	-310	-

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

## Significant positive EBIT and cash flow effects from investments in Tesla and Rolls-Royce Power Systems expected

### Tesla

- Daimler hedged capital gains of Tesla stake in Q4 2013
- Further share price increases of Tesla caused a negative non-cash accounting effect in Q1 2014
- Upcoming change in Tesla board composition will cause significant non-cash capital gain in Q2 2014
- Book value of at-equity investment in Tesla: €12 million
- Fair value of our stake in Tesla was €736 million at March 31, 2014
- Successful partnership to be continued

### Rolls-Royce Power Systems

- Daimler decided to sell 50-percent equity interest in Rolls-Royce Power Systems Holding (RRPSH) to Rolls-Royce by making use of its put option
- Fair market value determined at €2.43 billion
- Book value of investment in RRPSH: €1.4 billion
- Transaction is subject to regulatory approvals
- Close cooperation with Rolls-Royce Power Systems to be continued



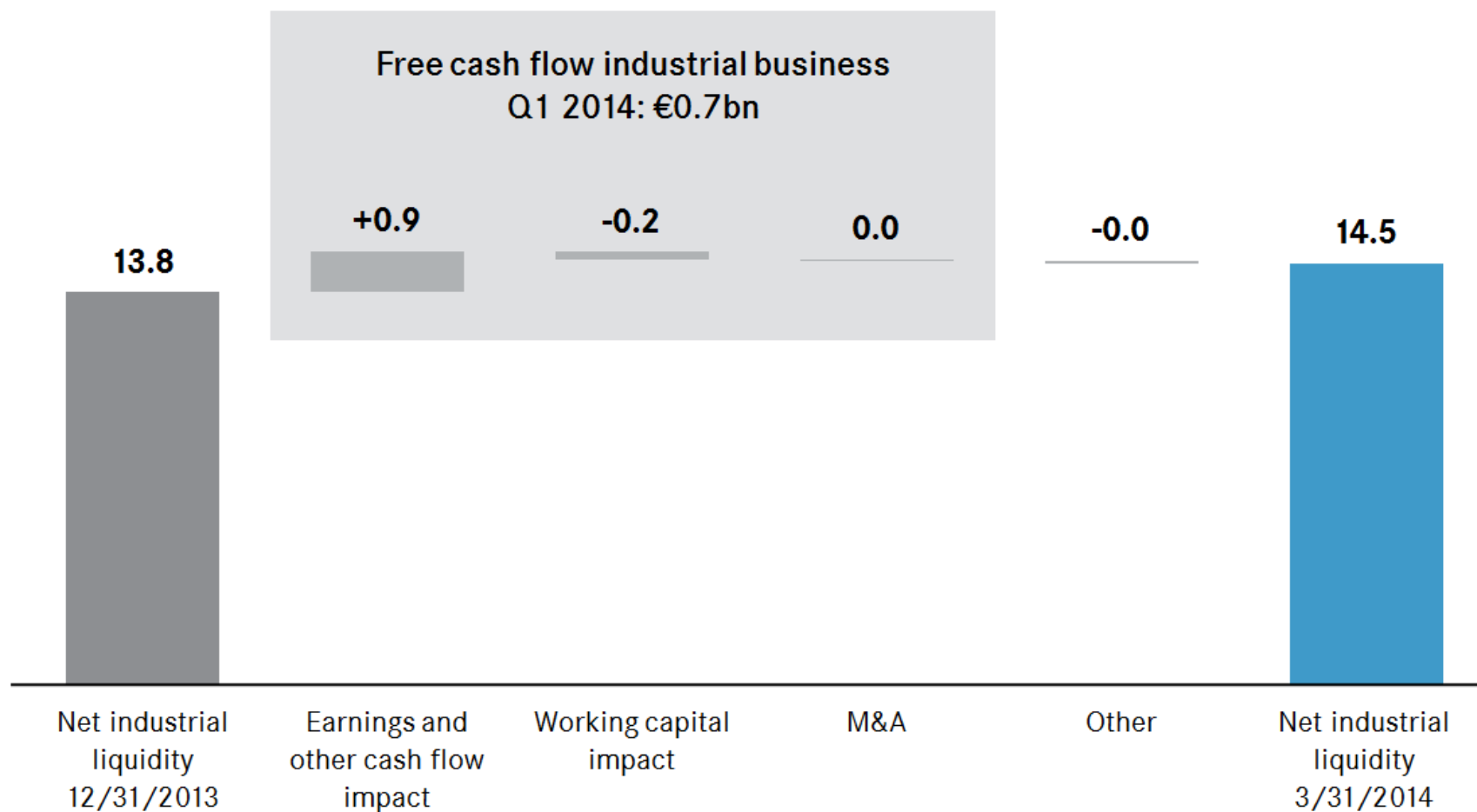
## Key balance sheet figures

- in billions of euros -

<b>Daimler Group</b>	Dec. 31, 2013	March 31, 2014
Equity ratio	24.3%	23.9%
Gross liquidity	18.1	18.3
<b>Industrial business</b>		
Equity ratio	43.4%	41.8%
Net liquidity	13.8	14.5

## Increase in net industrial liquidity in Q1 2014

- in billions of euros -



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# Major global trends...



... and our answers.



Strengthening core business



Growing in new markets



Leading in Green and Safety



Pushing mobility services & Digital Life

# Combining growth and efficiency



# Our financial targets



10

Mercedes-Benz  
Cars



8

Daimler  
Trucks



9

Mercedes-Benz  
Vans



6

Daimler  
Buses



17

Daimler  
Financial Services

„Return on Sales“ target automotive business: 9 percent

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**Mercedes-Benz Cars**

## Strong Compact Car Portfolio: Our A-, B-, CLA- and GLA-Class



CLA-, A-, B- and GLA-Class

# Strong SUV Portfolio: Our GLK-, G- and GL-Class



GLK-Class



G-Class



GL-Class

## The new E-Class Family



E-Class (Sedan, Convertible, T-Model, Coupe)

## The new S-Class



S-Class Sedan

# The new S-Class Interior



S-Class

## New C-Class launched March 2014



C-Class Sedan

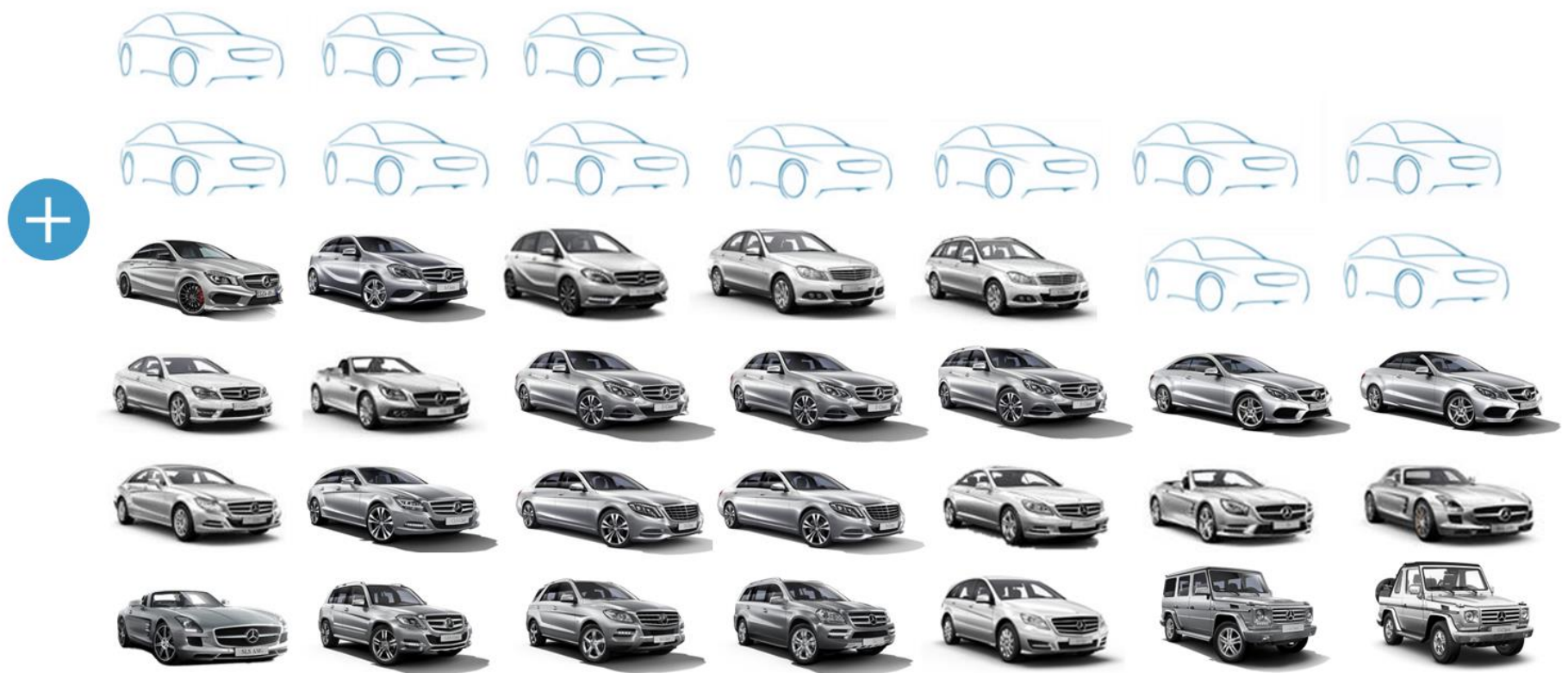
## New C-Class significantly upgraded



C-Class



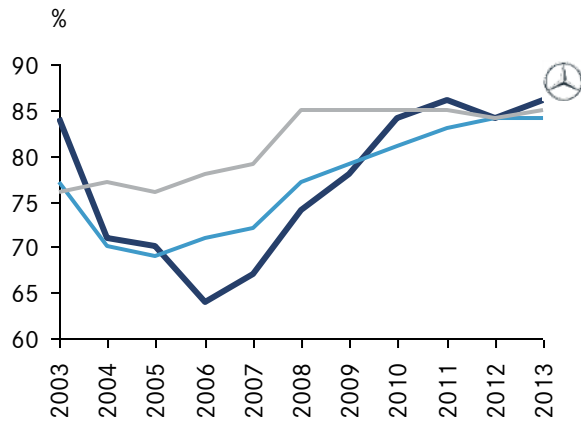
# Product Offensive continues: 12 additional models by 2020



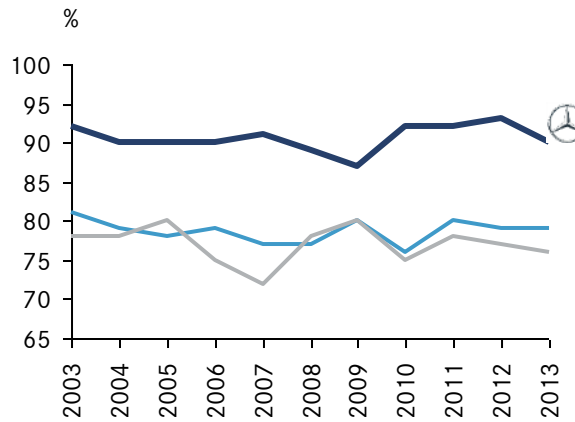
# Strong development of brand value and perception

- AMS Survey Results -

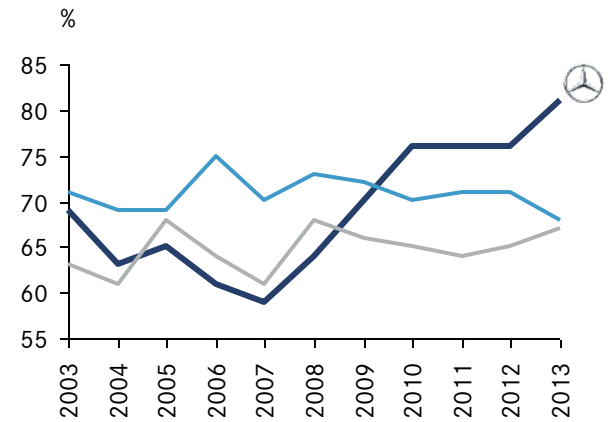
Product reliability



Safety



Good aftersales



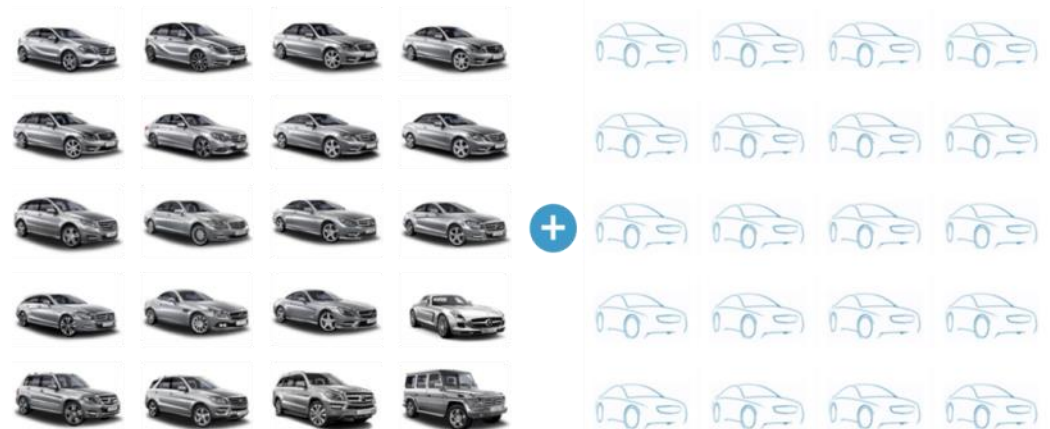
— Competitor A — Competitor B

# China: Product offensive in China also continues

Next in line 2014/2015:



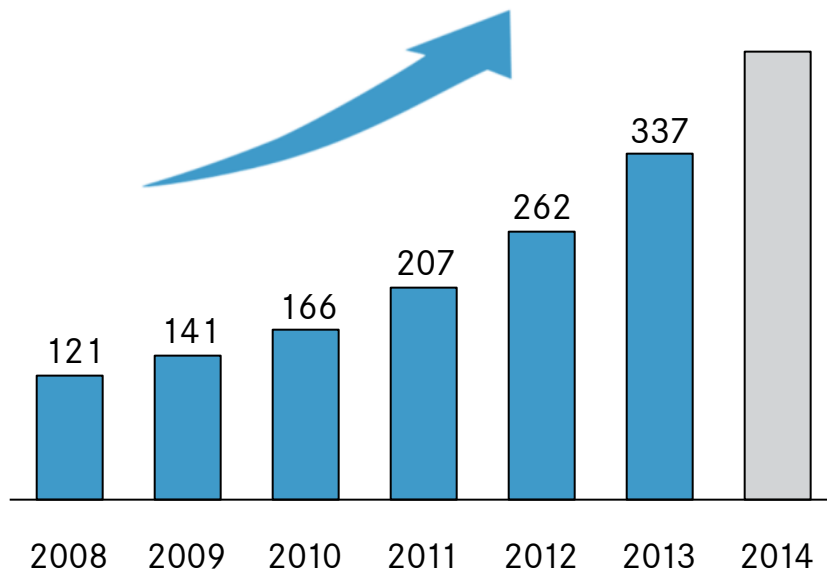
**Overall, we will introduce around 20 new or face-lifted vehicles in China by 2015**



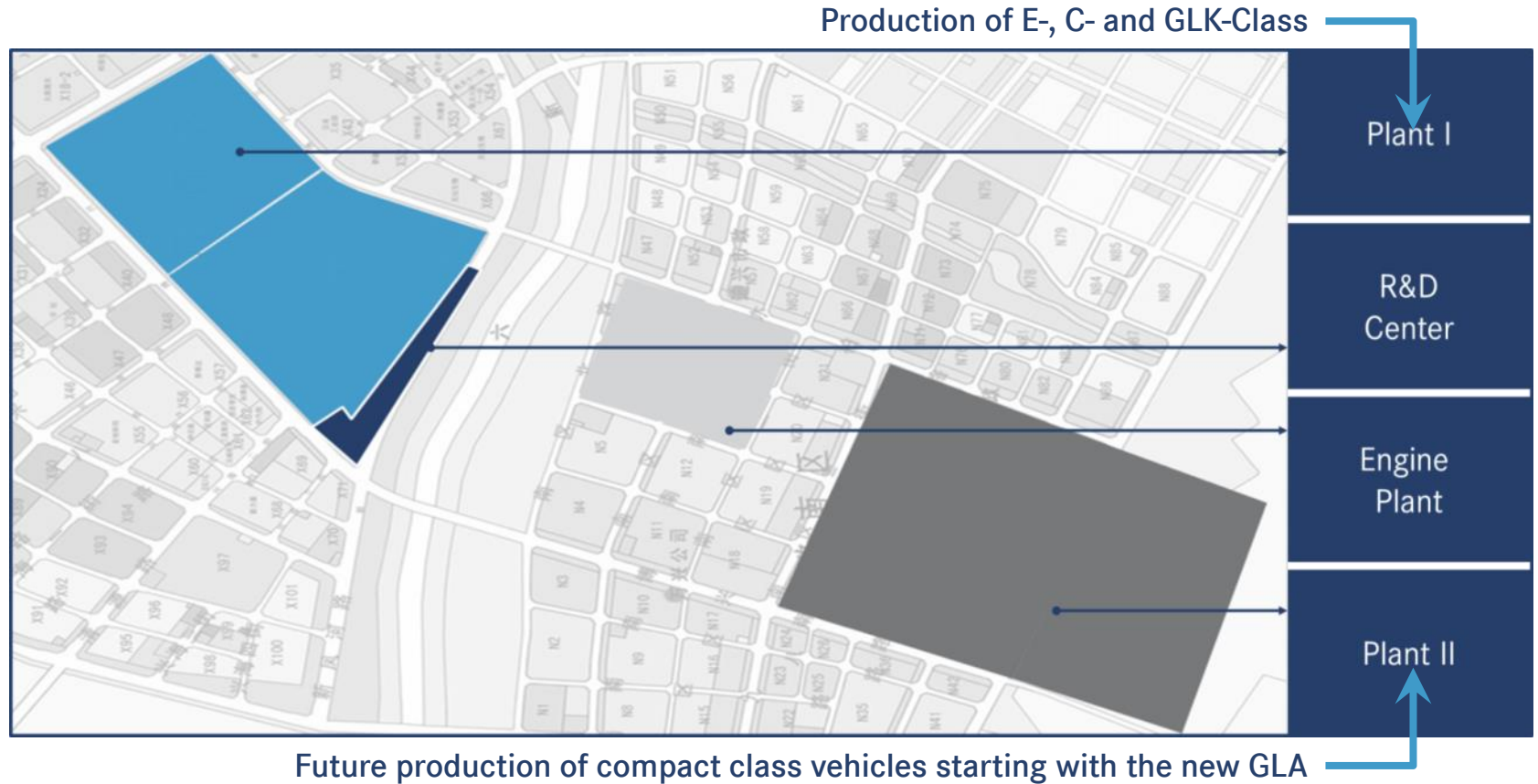
# China: Dealer network expansion is further accelerating - around 100 new dealer outlets planned in 2014

## Mercedes-Benz PC Network Development

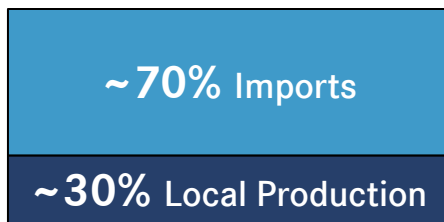
Number of outlets, including AS only outlets



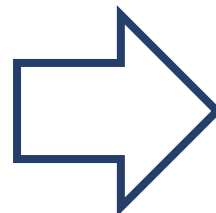
# China: Extension of capacity to localize compact class



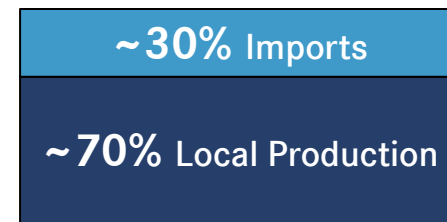
Expected shift  
in production  
mix:



2010



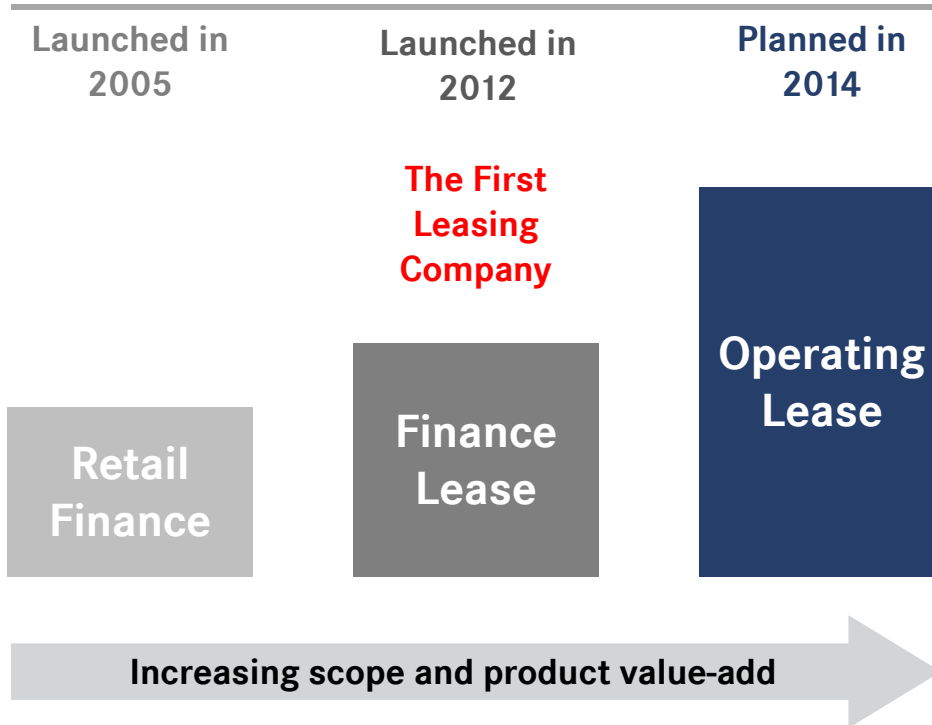
...



2015

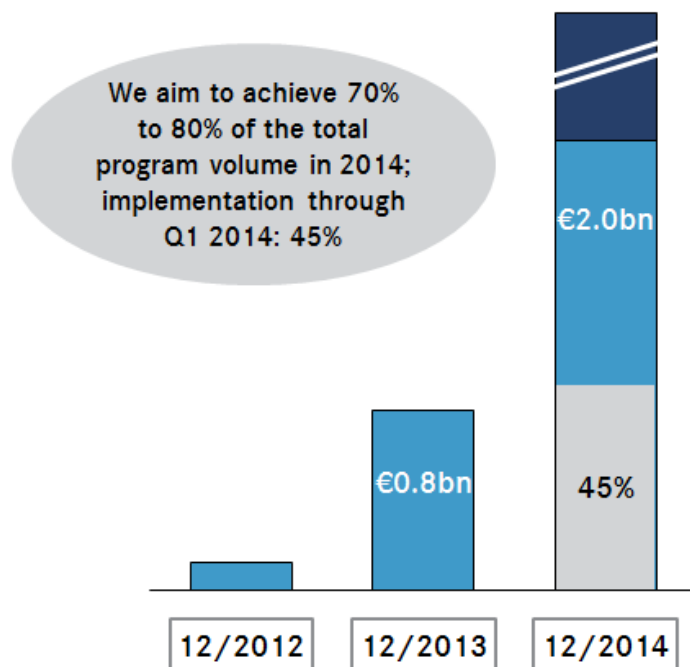
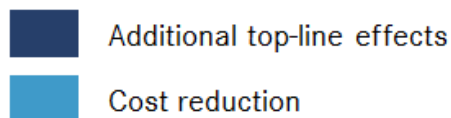
# China: Expansion of Financial Services product portfolio

## Mercedes-Benz Financials Product Roadmap



# Mercedes-Benz Cars: Fit for Leadership

## Flight path towards benefits

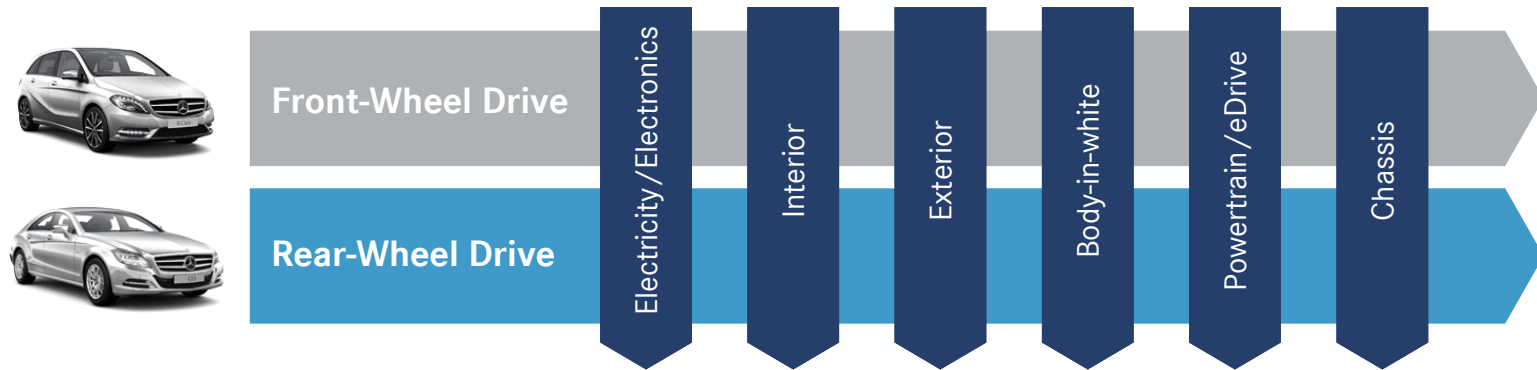


## Key levers

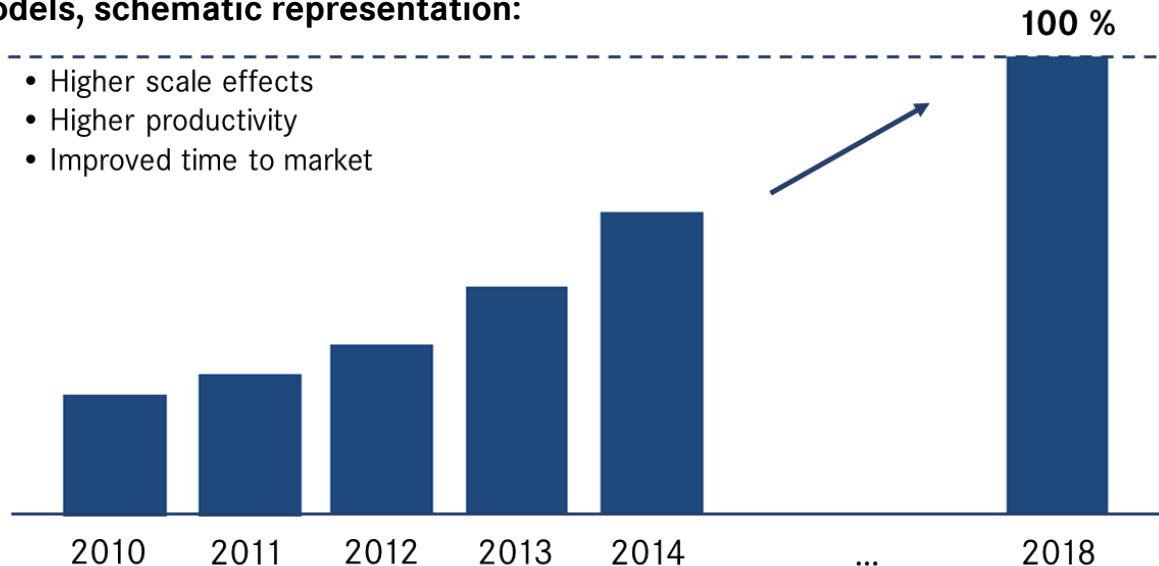
- Material costs/net-zero approach
- Further reduction of hours per vehicle
- Optimization of funding requirements
- Reduction of fixed costs
- Increased efficiency in application of funds
- Higher flexibility of MBC business model

# Module strategy on track

Common vehicle architectures and module strategy enable efficient use of resources



## Rollout of module strategy within all passenger car models, schematic representation:

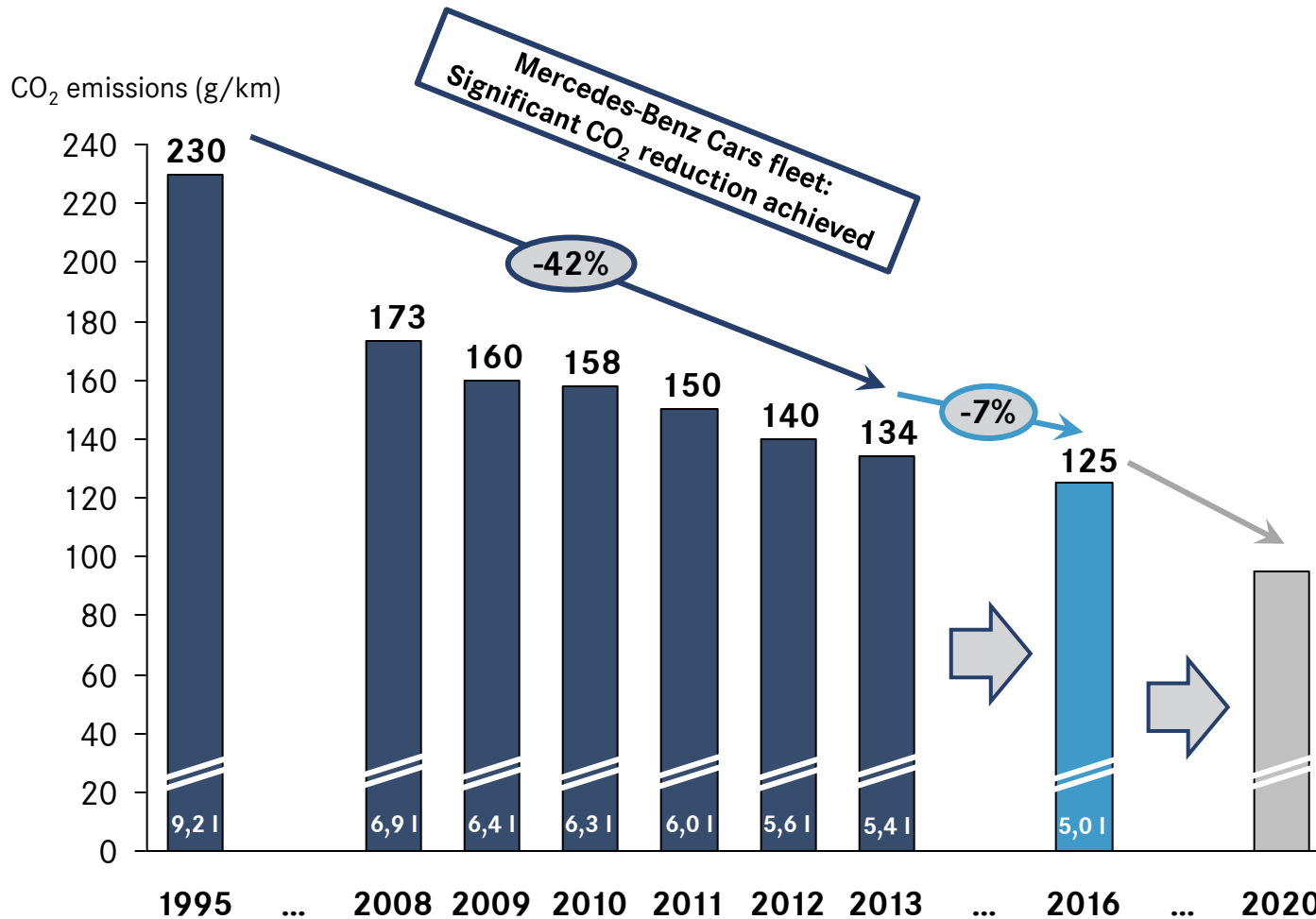


- Higher scale effects
- Higher productivity
- Improved time to market



# Targets to reduce CO<sub>2</sub> emissions

Average CO<sub>2</sub> emissions per kilometer of our Mercedes-Benz car fleet in Europe



Products with electric drive systems, examples:



S 500 PLUG-IN HYBRID



E 300 BlueTEC HYBRID



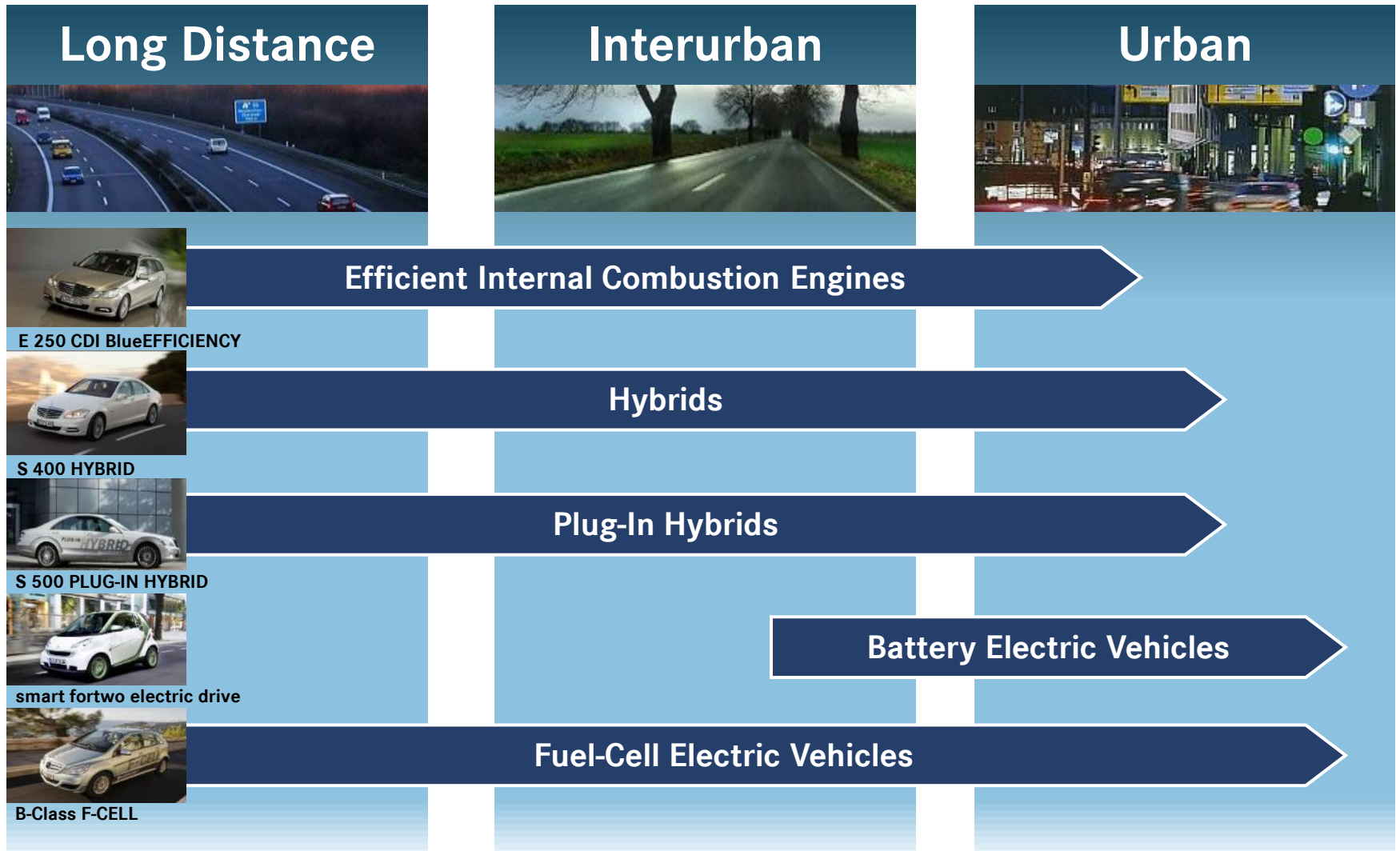
B-Class Electric Drive



smart fortwo electric drive

# Drive train portfolio for tomorrows mobility

Different use cases and options



# The new Mercedes-Benz B-Class Electric Drive

Specifications*	
<b>Vehicle</b>	<b>Mercedes-Benz B-Class Electric Drive</b>
<b>Launch</b>	<b>2014: USA (followed by Europe)</b>
<b>Engine</b>	<b>130 kW</b>
<b>Range</b>	<b>200 km (NEFZ), 115 Miles (US City)</b>
<b>v<sub>max</sub></b>	<b>160 km/h (100 mph)</b>
<b>Acceleration 0-100 km/h (0-60 mph)</b>	<b>7.9 sec</b>
<b>Battery</b>	<b>Lithium-Ion</b>
<b>Charging time: 100 km (NEDC) / 60 miles (US City)</b>	<b>ECE: 1,5 h @ 400V / USA: 2 h @ 240V</b>



B-Class Electric Drive



\* preliminary values

# The new S-class

Premium Performance with 3 liters per 100km



150 + 20kW  
500 + 250 Nm  
4,4 l/100km  
115 g CO2/km

Fuel Economy / Efficiency Label:

- A+ (circled in red)
- A
- B
- C
- D
- E
- F
- G

S 300 BlueTEC HYBRID

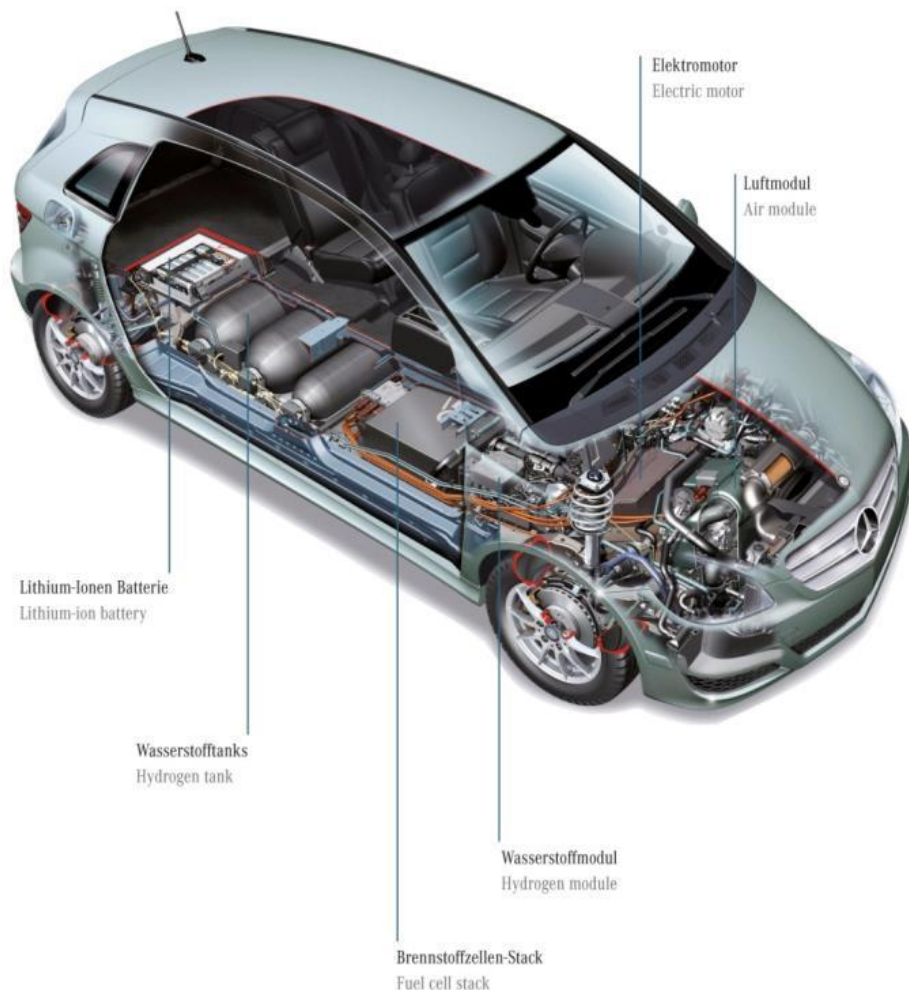


S 500 PLUG-IN-HYBRID

245 + 80 kW  
480 + 340 Nm  
30 km electrical range  
3 l/100km 69 g CO2

# The Current Generation of Fuel Cell Vehicles

“Driving the Future” becomes Reality

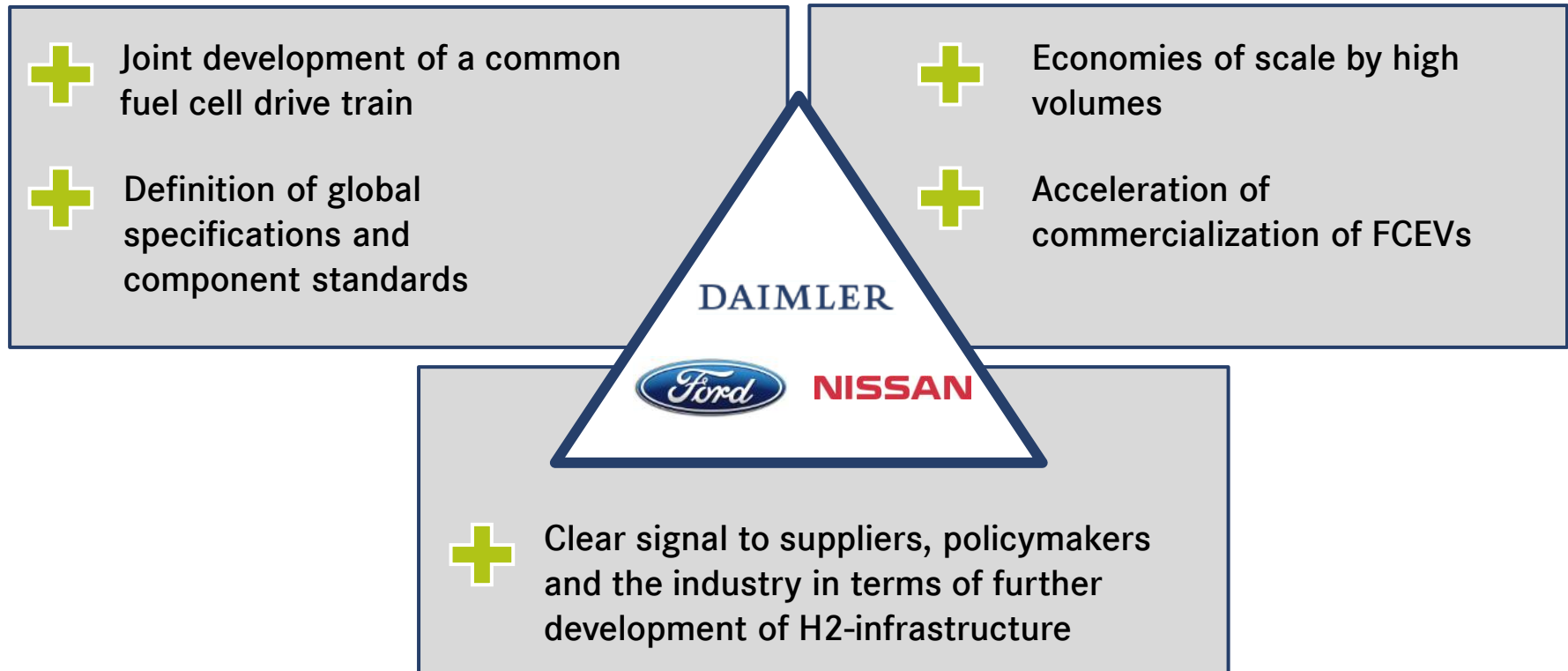


Technical Data	
Vehicle	Mercedes-Benz B-Class
Fuel Cell System	PEM, 90 kW (122 hp)
Engine	Output (Cont./ Peak) 70kW / 100kW (136 hp) Max. Torque: 290 Nm
Fuel	Compressed hydrogen (70 MPa)
Range	380 km (NEDC)
Top Speed	170 km/h
Li-Ion Battery	Output (Cont./ Peak): 24 kW / 30 kW (40 hp) Capacity: 6.8 Ah, 1.4 kWh



## F-Cell Cooperation Nissan/Ford/Daimler

“The Hydrogen Vehicle for the World”



H<sub>2</sub>-Infrastructure and market conditions are expected to be on an appropriate level by 2017. From 2017 onwards, we are planning for series production of F-Cell vehicles.

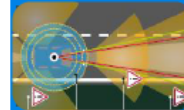
# Mercedes-Benz Intelligent Drive



## Accident-free driving

**Prevent and avoid accidents** altogether or at least mitigate their effects to an amount of minimum harm and damage

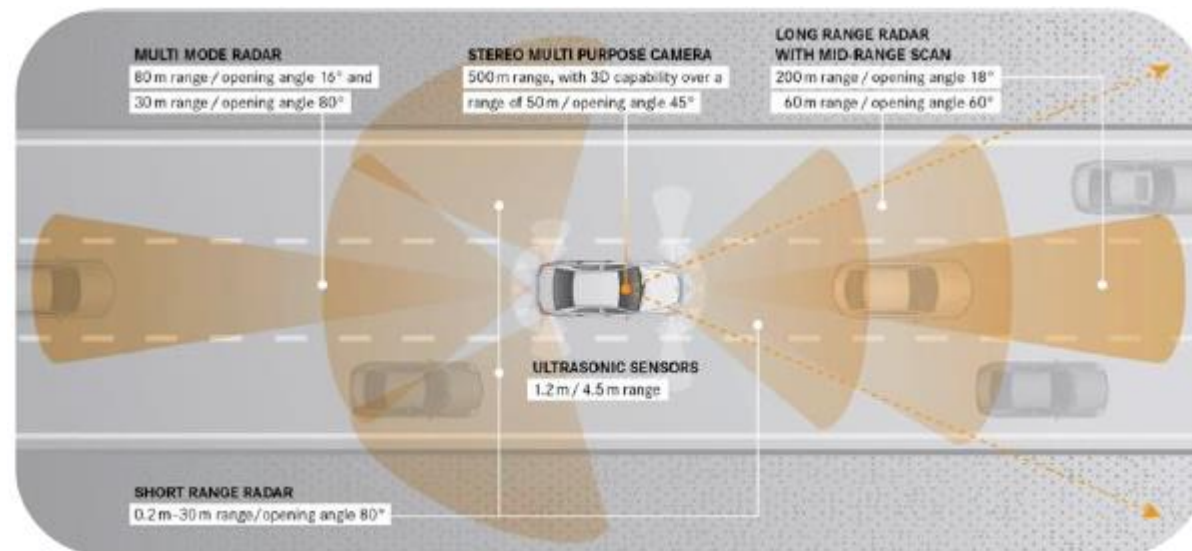
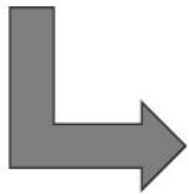
Safety



## Autonomous driving

**Assist drivers** with maneuvers **if they want it**, but only when and where it is technically possible without taking imponderable risks

Comfort



## Financial Outlook and Targets

### ▶ Outlook 2014

We expect unit sales as well as EBIT from ongoing business significantly above prior year.

### ▶ Sales leadership

Milestone: >1.6 mn 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



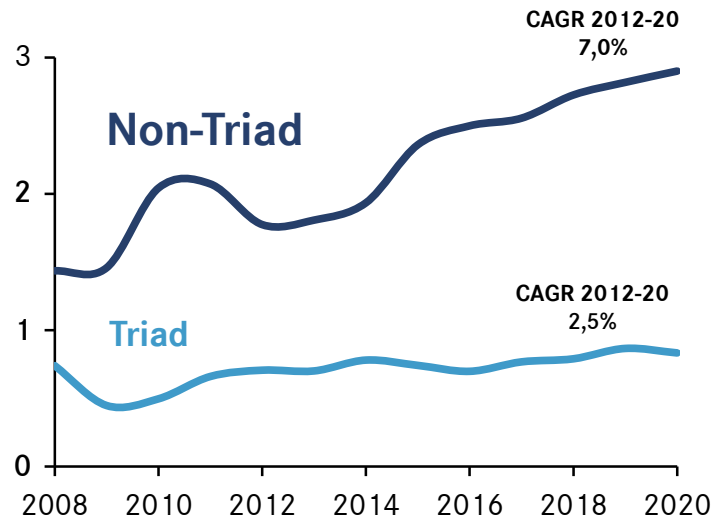


**Daimler Trucks**

# Megatrends impacting global truck business

## Regional volume growth

M/HDT in million units, source SP



Major growth in Non-Triad

## Legislation

selected examples (JP, US, EU)



### Emissions

e.g. Post JP 09  
(NO<sub>x</sub> 0.4 g/kWh, PM 0.01 g/kWh)



### Consumption

e.g. GHG 2017



### Safety

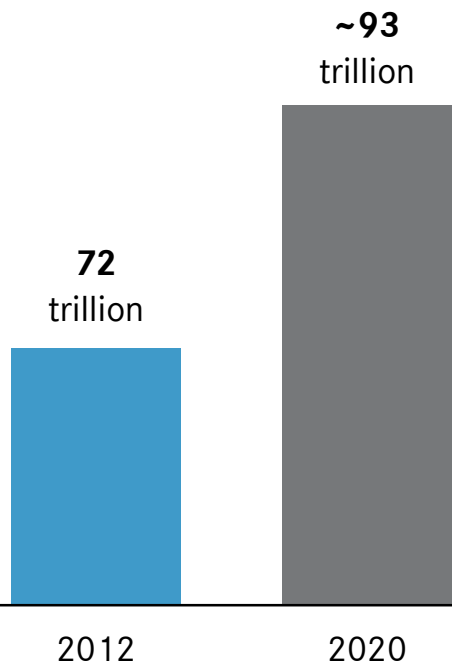
e.g. AEBS: emergency braking system



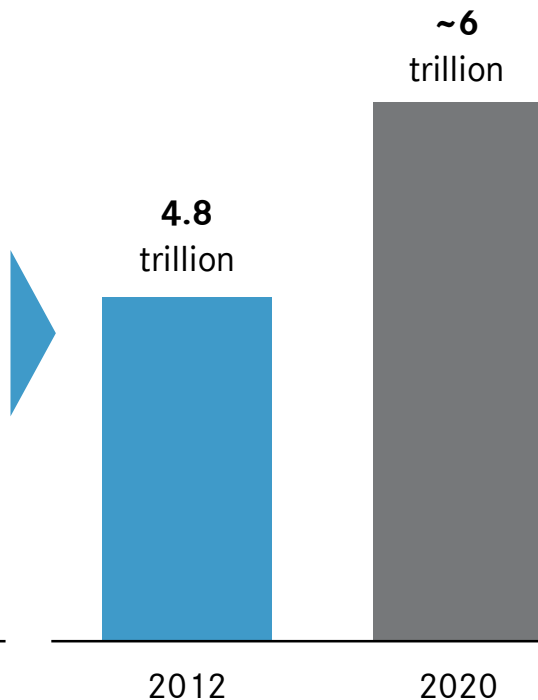
Standards regarding Emission, Consumption and Safety driven by Triad

# Long-term outlook for truck industry shows strong growth potential in Non-Triad

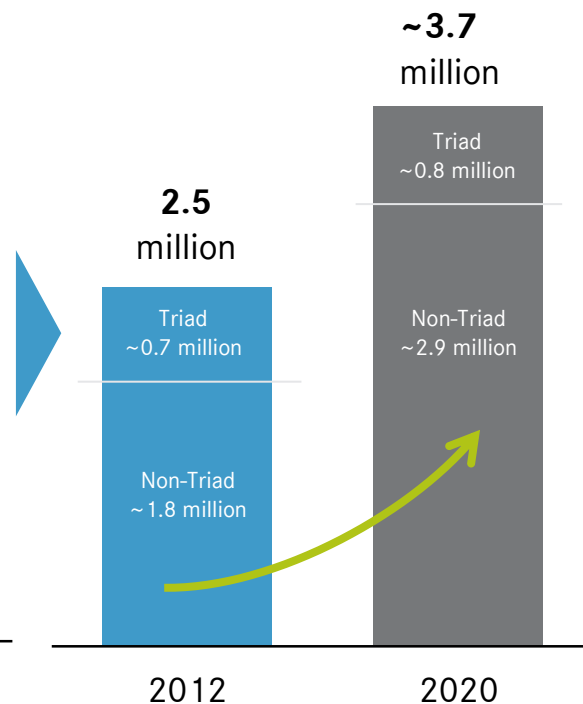
**World GDP**  
in USD<sup>1</sup>



**Transport volume**  
OECD, in ton-kilometer<sup>2</sup>



**Truck demand**  
World, in units<sup>3</sup>







<sup>1</sup> real, in 2012 USD;  
source: Daimler AG

<sup>2</sup> All transport modes;  
Source: OECD International Transport Forum, Daimler AG

<sup>3</sup> medium and heavy duty trucks;  
Source: Daimler AG  
Triad: Western Europe, NAFTA (Cl. 6-8), Japan

# Strategy of Daimler Trucks within the three defined market segments

Triad	Follower	Developer
		
EPA10   Euro VI   JP09	Euro IV/V	< Euro IV
<div style="text-align: center; margin-bottom: 10px;">  </div> <ul style="list-style-type: none"> <li>▪ Focus Technological Leadership</li> <li>▪ Improve Cost Position</li> </ul>	<div style="text-align: center; margin-bottom: 10px;">  </div> <ul style="list-style-type: none"> <li>▪ Push Platform Concept for Follower</li> <li>▪ Successfully manage Turnaround Brazil</li> </ul>	<div style="text-align: center; margin-bottom: 10px;">  </div> <ul style="list-style-type: none"> <li>▪ Increase Revenue Base</li> <li>▪ Leverage Indian Strength</li> </ul>

# Product Offensive at Daimler Trucks



New Actros



Cascadia



Super Great HDEP



Actros Brazil



Antos



Severe Duty Line



Canter Hybrid



MDEG/HDEP



Bharat Benz



Auman

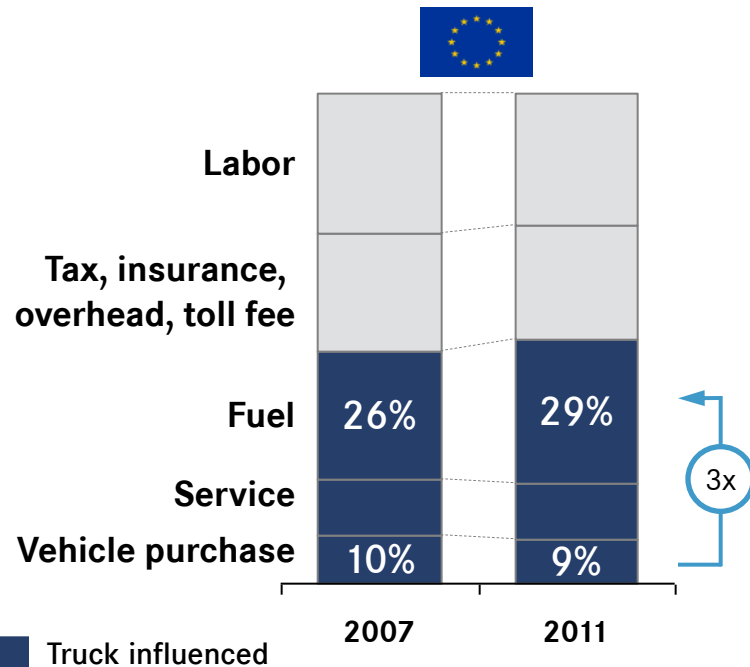
Product offensive to continue over next years

# First OEM to offer full Euro VI compliant product portfolio in Europe

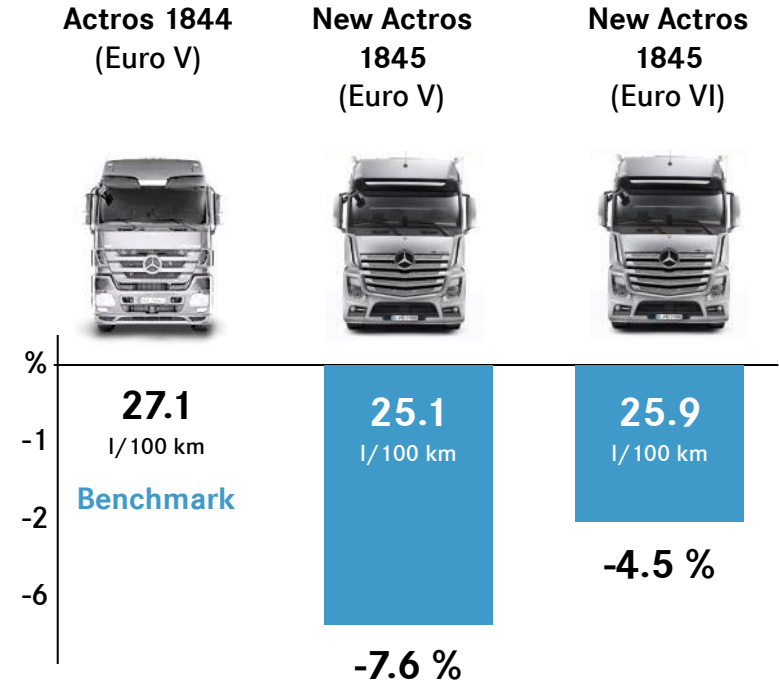


# TCO increasingly relevant as key driver for customer decisions

Typical operator cost structure (triad)



DT benchmark in fuel efficiency - example Europe -



New global engine generation ensures benchmark position in all regions

# Increasing Global Commonality of Engines and Powertrain Components

**Strong product base...**



**HDEP/MDEG**  
The new global engine platforms



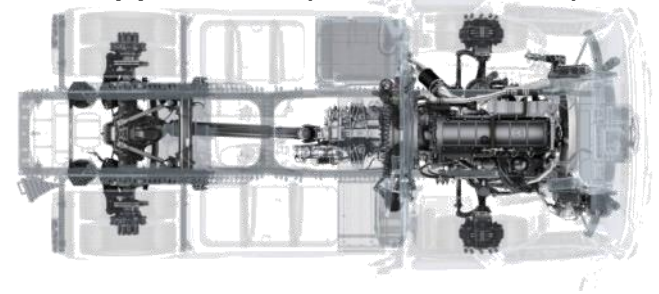
**PowerShift**  
Perfect integration for high performance



**Common Axle Platform**  
Cutting edge, globally

**...and a clear vision**

**Integrated Powertrain with global application (Daimler inside)**



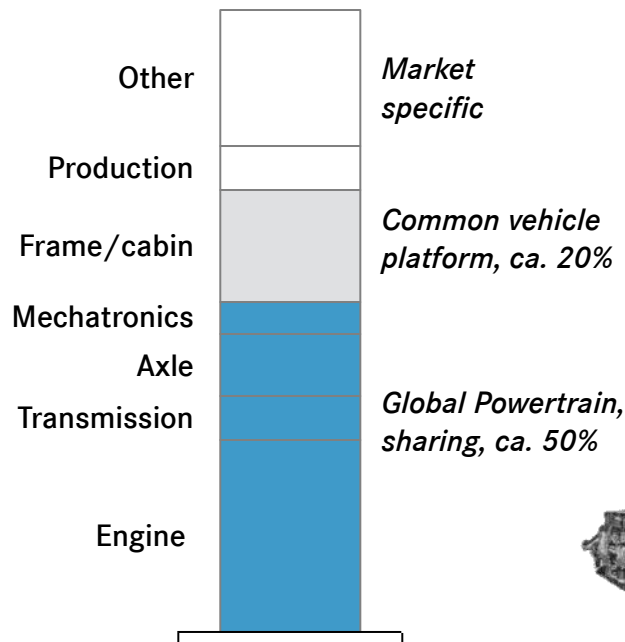


# Scale benefits of common modules just starting

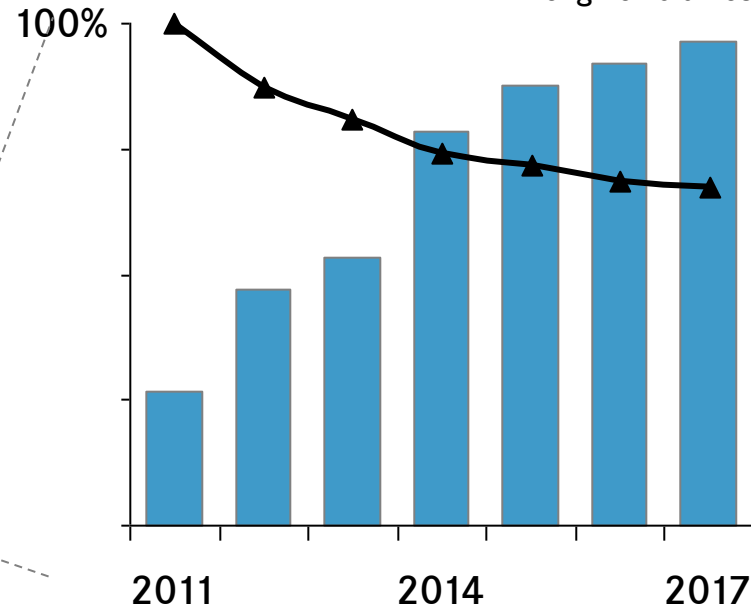
**Up to 70% of vehicle sharable**

**Significant scale benefits (example engine)**

SFTP cost structure



Cost index on synergy parts (in %)



# The program DT#1 addresses all levers in regions and cross-business



Trucks EU/LA	Trucks NAFTA	Trucks Asia	Global Powertrain
MB TRUCKS#1	Road to Leadership	FUSO 2015	GET Full Power 2

## Topics in each program

- Sales and Aftersales push
- Material cost optimization
- Production cost optimization
- Quality push
- People and high performance culture



## Cross-business initiatives to achieve global synergy effects, e.g.:

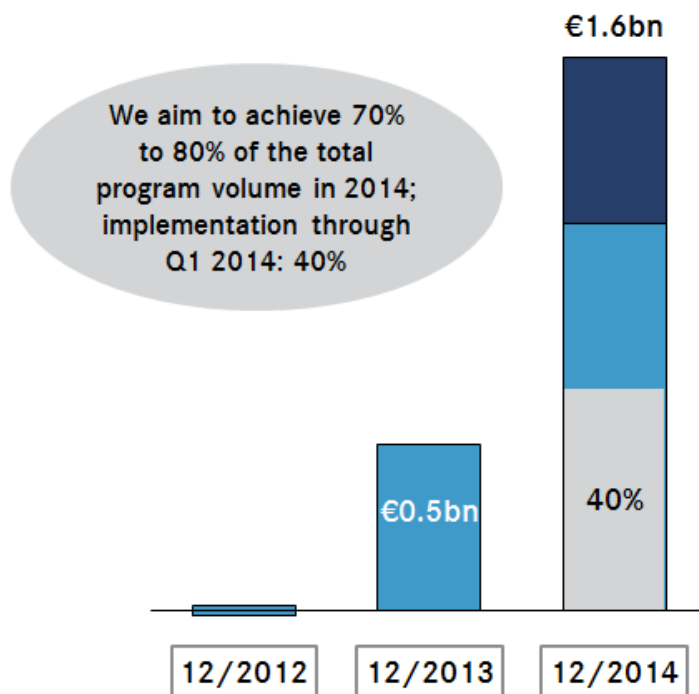
- Global Sales and Aftersales push
- Module strategy and global scale realization
- Integrated Asia Business Model

**Significant progress achieved in all regions and in cross-business initiatives**

# Daimler Trucks # 1

## Flight path towards benefits

- Top-line effects (30%)
- Cost reductions (70%)



## Key levers

- Sales and aftersales push
- Module strategy to realize global scale
- Asia Business Model
- Strong efficiency push in all operating units:
  - Fixed costs
  - Material costs
  - Production costs
  - Warranty and quality costs

## Financial Outlook and Targets

### ▶ Outlook 2014

We expect unit sales as well as EBIT from ongoing business significantly above prior year.

### ▶ 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 bn, coming from Sales / After Sales Push, variable / fixed cost reduction and platform/module rollout



# Mercedes-Benz Vans

## Our new V-Class

The Mercedes among multi-purpose vehicles



V-Class

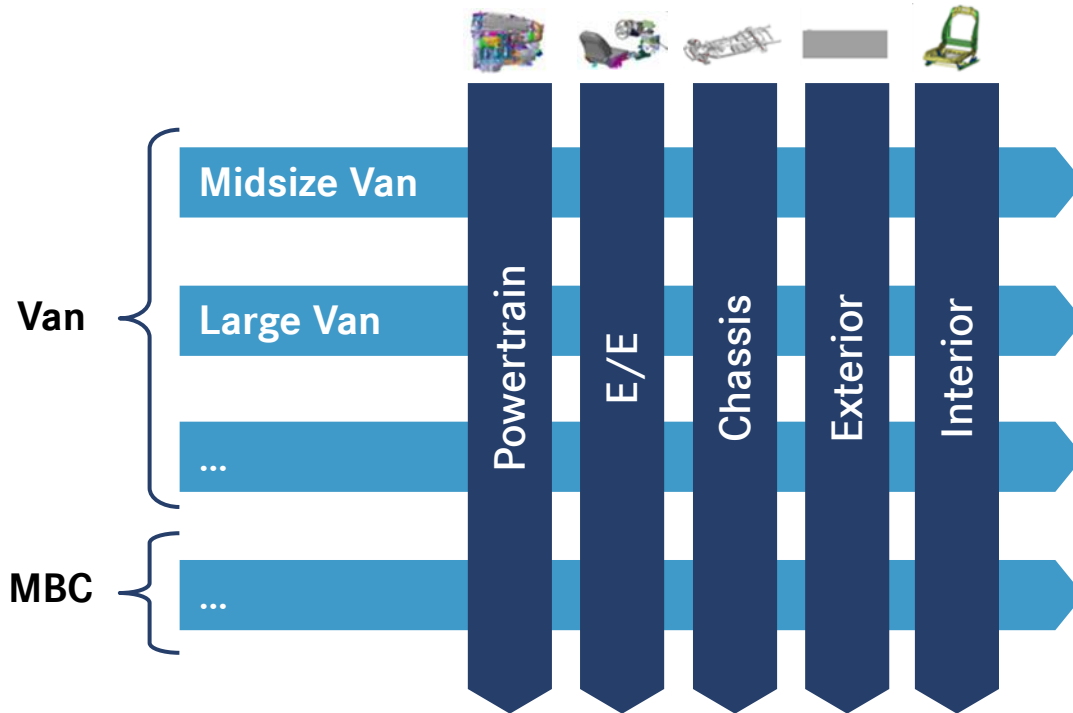
## Our new V-Class

The Mercedes among multi-purpose vehicles

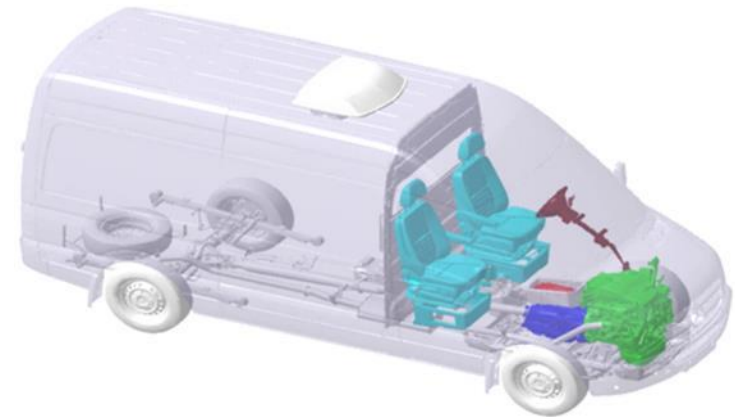


V-Class

# Joint module strategy with Mercedes-Benz Cars



- For engines and transmissions joint development and production as well as shared components (OM651, NAG2)



- Modification of components without changing the structure (e.g. SCS2 seats, A/C components)

- Blocking of electronic architecture and control units (e.g. engine control unit, ESP9i, airbag control unit)



# Daimler Buses



## SETRA TC500 – Developed to inspire



SETRA TopClass 500

# Growth in traditional as well as new markets

## Europe

- New generation city bus Citaro (C2) triggered by Euro VI
- Travego with Euro VI
- New coach Setra TC/CC500
- New interurban MB/Setra generation
- Start of “MB Business“ in 2015
- C2 with CNG, hybrid
- Altogether ca. 40 launches until 2017

## Russia

- Bus sales via MBTV

## China

- MB chassis and CBU sales

## Mexico

- New coach generation (G 7) with Polomex
- Nationalization of Braz. chassis to reduce costs
- LO successor to cover midibus market

## India

- Cooperation in coach segment (2-/3 axle):
  - Chassis together with truck (DICV), body from Wrightbus
  - Exports out of India starting end of 2014

## Latin America

- Expand product portfolio (school bus, Capachassis, CNG)
- LO successor
- New BRT projects
- Increasing demand for alternative fuel products (Dual, Hybrid)

## Algeria

- CKD production city bus (Conecto) and midi-bus (Medio)

## BRT (Bus Rapid Transit)

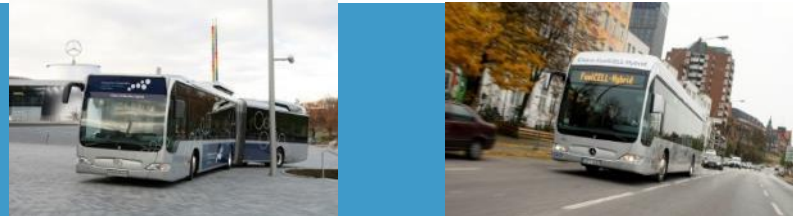
- Public transport solution for fast growing cities in emerging markets



# Technology Leadership

## Alternative drives

- Fuel Cell, Hybrids (Mercedes-Benz)
- CNG
- Dual Fuel



## Powertrain

- Optimization of current engines (EEV; Euro 6) and new generation



## Technology leader

- In safety, comfort, design & customer value (TCO)

## Production Network

- Flexible production network/green production

# Daimler Financial Services



# Pushing mobility services and Digital Life: Connecting with our customers

Mercedes-Benz <https://www.connection-online.mercedes-benz.com/>

Mercedes-Benz connect me  
Hamburg.

**CO2-Effizienz**

- A+
- A
- B
- C
- D
- E
- F
- G

**B**

**42**  
A-Klasse  
Angebote.

**A 180 STYLE plus »DTM-Rennene**  
Kraftstoffverbr. komb.\*\*: 5,5 l/100 km  
CO2-Emissionen komb.\*\*: 128 g/km

**A 180 STYLE plus »Zubehör-Nutzunge**  
Kraftstoffverbr. komb.\*\*: 5,5 l/100 km  
CO2-Emissionen komb.\*\*: 128 g/km

**A 180 plus »Zubehör-Nutzunge**  
Kraftstoffverbr. komb.\*\*: 5,5 l/100 km  
CO2-Emissionen komb.\*\*: 128 g/km

A-Class

# Pushing mobility services and Digital Life: A new dimension of carsharing



# Overview of products, projects and vision of mobility services

**Product** car2go



**Product** Mobility Platform



**Product** Mercedes-Benz Rent




**Product** Mobility4Fleets



**Product** park2gether



**Project** Mobility CARD



Build ecosystem to provide connected mobility services



Daimler Mobility Campus: Bundling the Mobility Services Power under one roof



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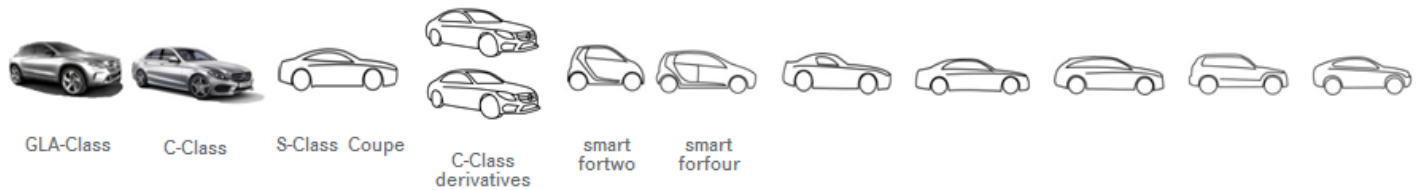
# Our product offensive continues

2014

2015



## Mercedes-Benz Cars



GLA-Class

C-Class

S-Class Coupe

C-Class derivatives

smart fortwo

smart forfour

## Mercedes-Benz Vans



V-Class



Vito



## Daimler Trucks



Actros/Arocs SLT



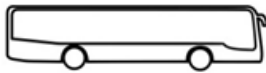
Fuso Super Great Update



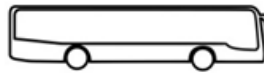
Western Star HDT



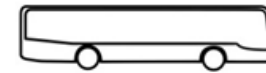
## Daimler Buses



Mercedes-Benz Citaro 2, Step 3



Setra Multiclass LE Business



## Assumptions for automotive markets in 2014

Car markets	Global	+4% to 5%
	Western Europe	moderate market recovery
	USA/Asia	significant growth in China, moderate growth in USA
Medium- and heavy-duty truck markets	NAFTA region	around +10%
	Europe	slightly below the prior-year level
	Japan*	slightly above the prior-year level
	Brazil	around -10%
Van markets	Europe	midsize/large vans: slight market recovery small vans: in the magnitude of the prior year
Bus markets	Western Europe	slightly above the prior-year level
	Brazil	below the prior-year level

In general, we carefully monitor the development in the emerging markets.

\* including light-duty trucks

## Sales outlook for 2014



- Significantly higher unit sales
- Strong momentum from new S-Class and compact cars
- Launch of new GLA, C-Class, CLS, CLS Shooting Brake and smart



- Significantly higher unit sales
- Further increase based on full availability of the product portfolio
- Growth potential due to new Asia Business Model



- Significantly higher unit sales
- Additional momentum from new Sprinter and Citan city van
- Launch of new Vito and V-Class



- Slightly higher unit sales
- Significantly higher sales of complete buses in Western Europe
- Lower unit sales in Latin America

## 2014 outlook for EBIT from ongoing business

DAIMLER

We expect Group EBIT for FY 2014 to increase significantly based on the following expectations for the divisional EBIT:



Significantly above the prior year



Significantly above the prior year



At prior year's level



Slightly above the prior year



Daimler Financial Services

Slightly above the prior year

This guidance is based on the current market expectations and exchange rate environment.

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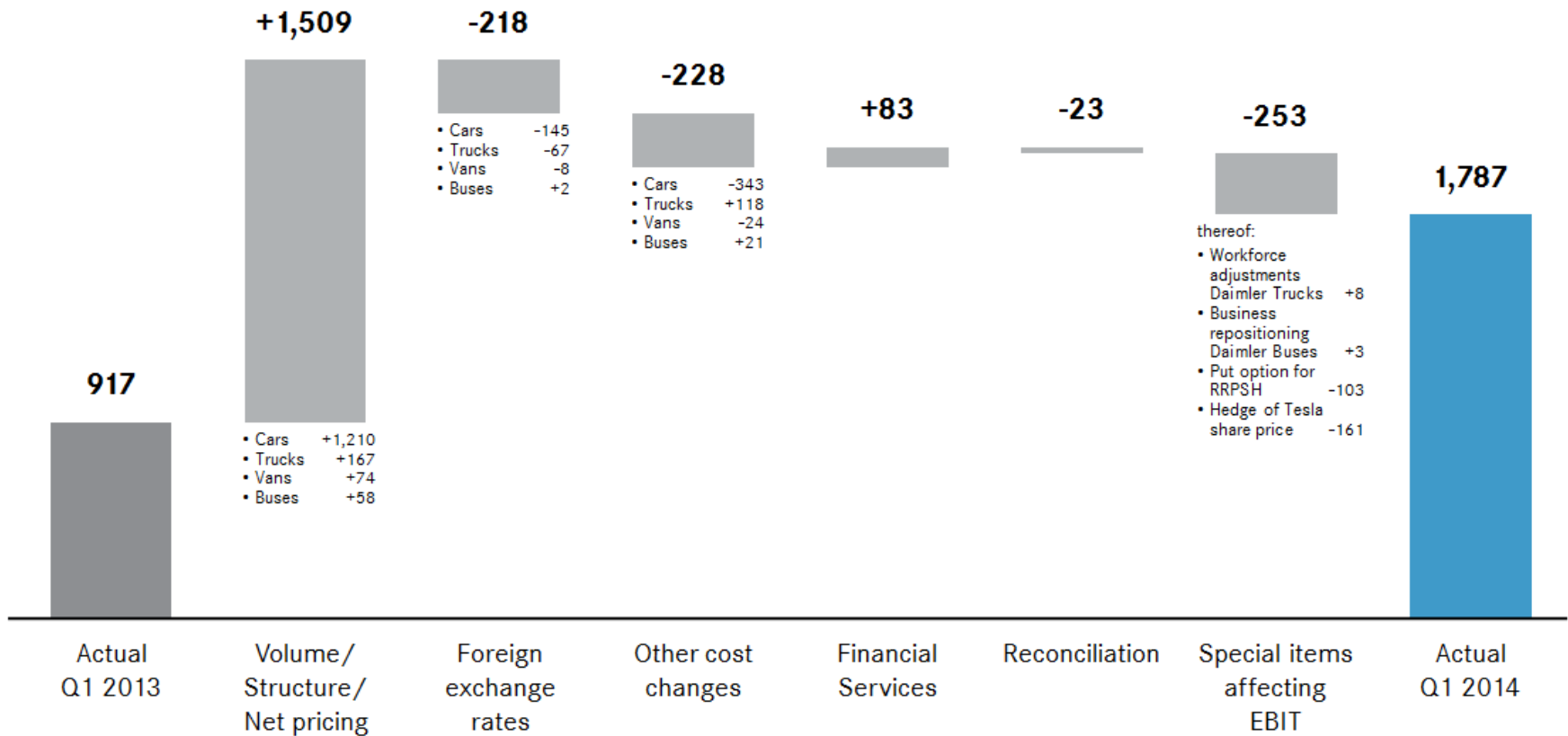
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# Group EBIT in Q1 2014

- in millions of euros -



## Special items affecting EBIT

– in millions of euros –

	1 <sup>st</sup> quarter	
	2013	2014
<b>Daimler Trucks</b>		
Workforce adjustments*	-13	-5
<b>Daimler Buses</b>		
Business repositioning	-4	-1
<b>Reconciliation</b>		
Measurement of put option for Rolls-Royce Power Systems Holding	-15	-118
Hedge of Tesla share price	-	-161

\* Daimler Trucks expects expenses from workforce adjustments in a total of up to €150 million in 2014 and 2015, the majority of which will be recognized in 2014.



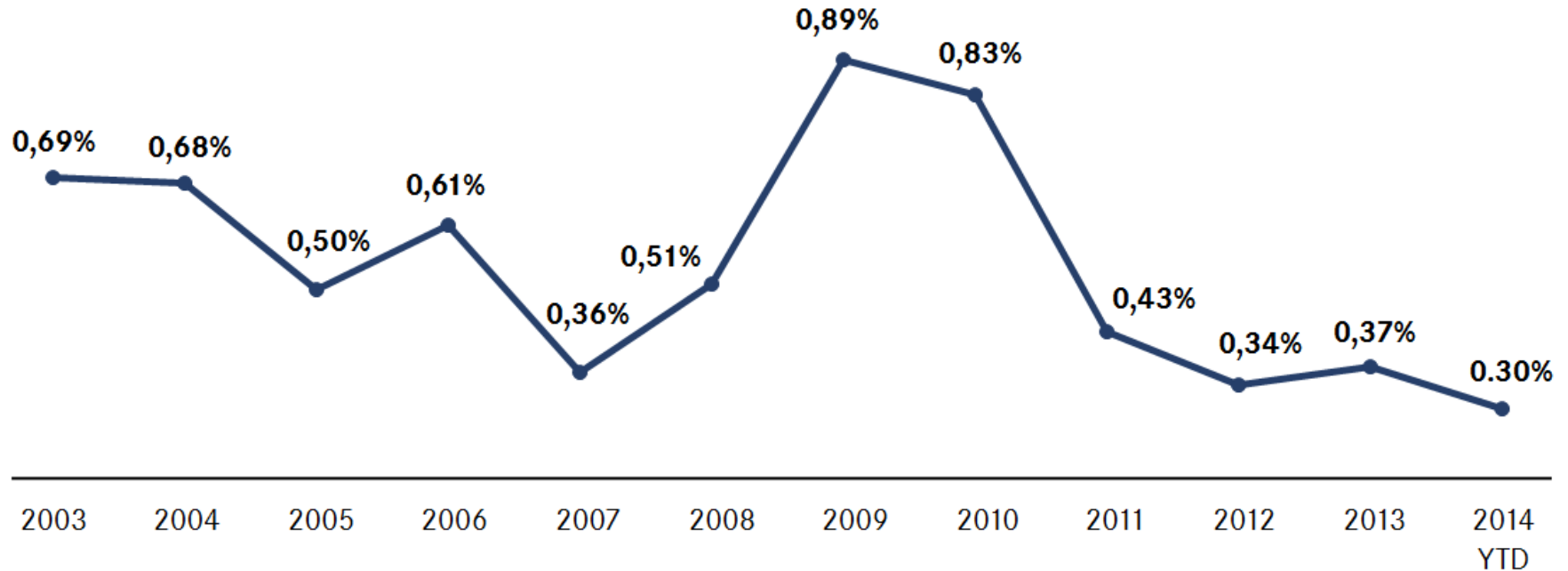
## EBIT from ongoing business

- EBIT in millions of euros; RoS in % -

	Q1 2013		Q1 2014	
	EBIT	RoS*	EBIT	RoS*
<b>Daimler Group</b>	949	2.8	2,072	6.5
of which				
Mercedes-Benz Cars	460	3.3	1,183	7.0
Daimler Trucks	129	1.8	346	4.9
Mercedes-Benz Vans	81	4.1	123	5.6
Daimler Buses	-27	-3.6	54	6.3
Daimler Financial Services	314	-	397	-
Reconciliation	-8	-	-31	-

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

## Daimler Financial Services: Net credit losses\* at low level



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

## Capital expenditure / Research and development

- in billions of euros -

	Investment in property, plant and equipment			Research and development expenditure		
	Actual 2012	Actual 2013	Plan 2014-2015	Actual 2012	Actual 2013	Plan 2014-2015
<b>Daimler Group</b>	4.8	5.0	10.7	5.6	5.4	11.0
of which						
Mercedes-Benz Cars	3.5	3.7	8.1	3.9	3.8	7.7
Daimler Trucks	1.0	0.8	2.0	1.2	1.1	2.4
Mercedes-Benz Vans	0.2	0.3	0.4	0.4	0.3	0.6
Daimler Buses	0.1	0.1	0.2	0.2	0.2	0.3
Daimler Financial Services	0.02	0.02	0.03	-	-	-

## 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; an exacerbation of the budgetary situation in the United States; 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.