

DAIMLER

Q2 and Half-Year 2014 Results

July 23, 2014

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Results for Q2 2014

Outlook for 2014

Developments at the Divisions

Highlights of Q2 2014

Group unit sales

628,900

+4%

Record unit sales at Mercedes-Benz Cars

418,700

+3%

Further growth in revenue

€31.5bn

+6%

Start of production of the new S-Class Coupé

Start of production of the new C-Class sedan in South Africa and the United States

Unveiling of the new FUSO Super Great V heavy-duty truck

Market launch of the new V-Class

Announcement of a new passenger car plant in Mexico with Renault-Nissan

Key financials

- in billions of euros -

	Q2 2013	Q2 2014
Revenue	29.7	31.5
EBIT		
as reported	5.2	3.1
from ongoing business	2.2	2.5
Net profit	4.6	2.2
Earnings per share (in euros)	2.65	1.97
Net liquidity industrial business (2013: year-end)	13.8	12.7
Free cash flow industrial business	3.5	0.8

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

Tesla

- Change in Tesla board composition after the annual meeting triggered remeasurement of Tesla stake and a non-cash EBIT effect of €718 million in Q2 2014
- Negative non-cash EBIT effect in Q2 2014 of minus €68 million due to existing share price hedge
- Fluctuations of Tesla share price will continue to result in non-cash EBIT effects from valuation of the hedging instrument
- Successful partnership to be continued

Rolls-Royce Power Systems

- In Q1 2014, 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
- No further equity-method result from RRPSH

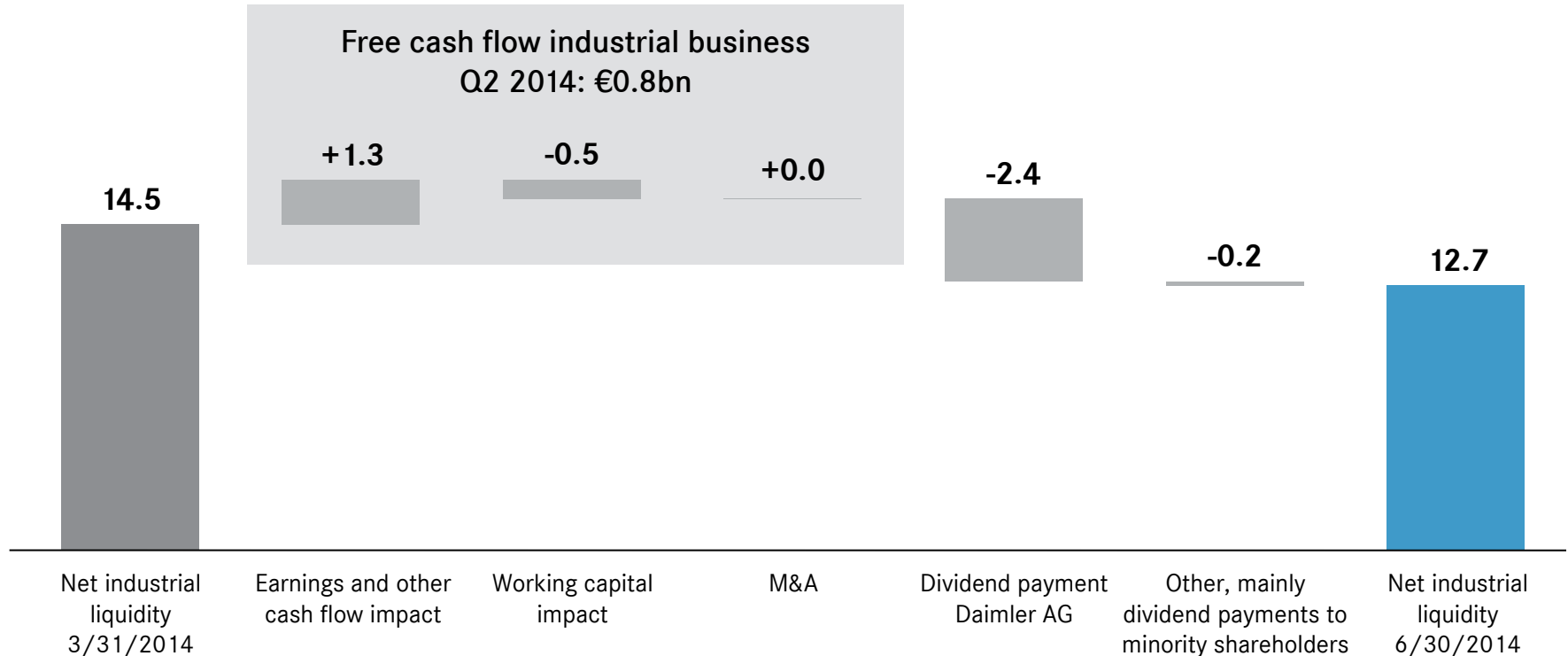
Key balance sheet figures

- in billions of euros -

Daimler Group	Dec. 31, 2013	June 30, 2014
Equity ratio	24.3%	24.3%
Gross liquidity	18.1	16.9
Industrial business		
Equity ratio	43.4%	43.3%
Net liquidity	13.8	12.7

Net industrial liquidity: development in Q2 2014

- in billions of euros -



Unit sales

- in thousands of units -

	Q2 2013	Q2 2014	% change
Daimler Group	605.8	628.9	+4
of which			
Mercedes-Benz Cars	404.7	418.7	+3
Daimler Trucks	123.8	126.1	+2
Mercedes-Benz Vans	69.4	76.0	+9
Daimler Buses	7.9	8.1	+2

Product highlights



Product highlights



Mercedes-Benz Future Truck 2025

Product highlights



New Mercedes-Benz SLT



New Western Star Heavy-Duty Truck



New FUSO Super Great V



New BharatBenz Construction Truck

Product highlights



New V-Class

Product highlights



Revenue by division

– in billions of euros –

	Q2 2013	Q2 2014	% change
Daimler Group	29.7	31.5	+6
of which			
Mercedes-Benz Cars	16.3	17.8	+9
Daimler Trucks	8.0	8.0	+0
Mercedes-Benz Vans	2.4	2.5	+2
Daimler Buses	0.9	1.0	+12
Daimler Financial Services	3.5	3.8	+8
Contract volume of Daimler Financial Services*	83.5	88.1	+5

* Figures as of December 31, 2013 and June 30, 2014.

EBIT by division

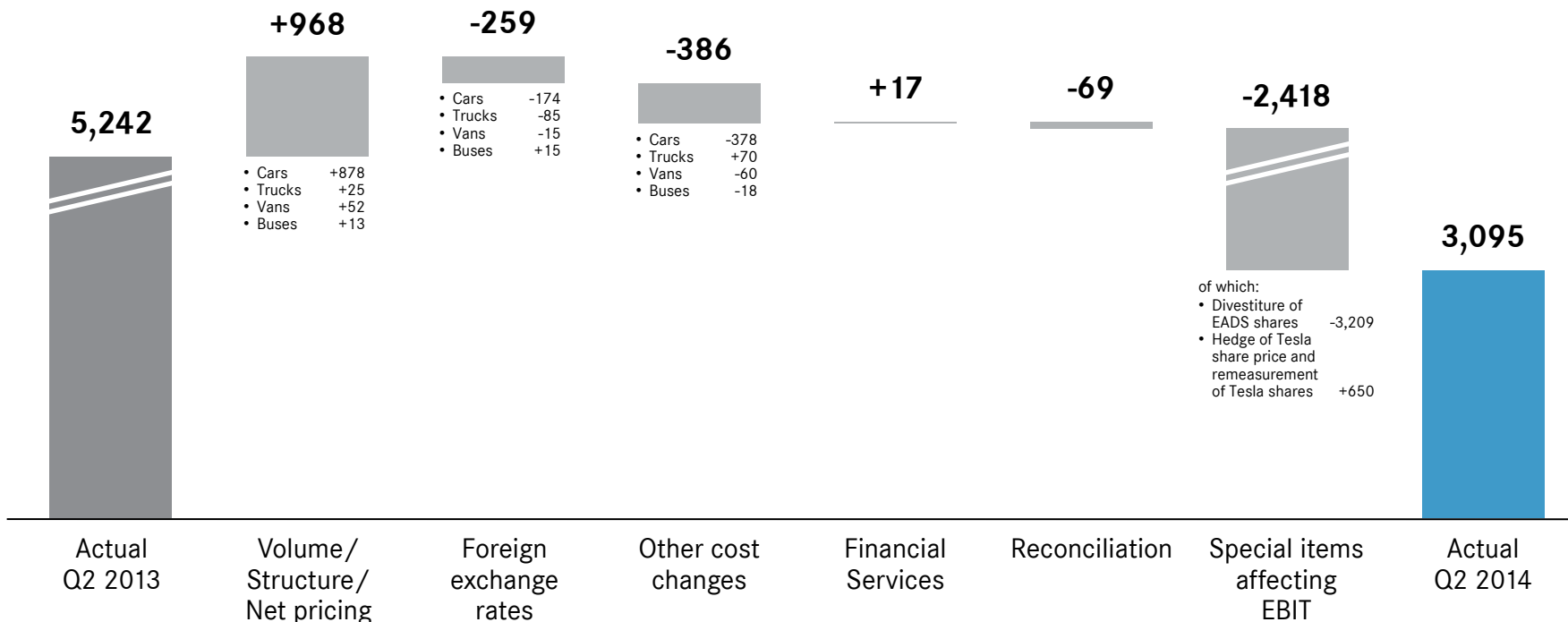
– EBIT in millions of euros; RoS in % –

	Q2 2013		Q2 2014	
	EBIT	RoS*	EBIT	RoS*
Daimler Group	5,242	18.8	3,095	10.0
of which				
Mercedes-Benz Cars	1,041	6.4	1,409	7.9
Daimler Trucks	434	5.4	455	5.7
Mercedes-Benz Vans	204	8.4	242	9.7
Daimler Buses	27	2.9	50	4.8
Daimler Financial Services	319	–	336	–
Reconciliation	3,217	–	603	–

* Return on sales; Daimler Group excluding Daimler Financial Services

Group EBIT in Q2 2014

- in millions of euros -



Special items affecting EBIT

– in millions of euros –

	Q2		January-June	
	2013	2014	2013	2014
Mercedes-Benz Cars				
Impairment of investments in the area of alternative drive systems	-43	-	-43	-
Daimler Trucks				
Workforce adjustments*	-82	-71	-95	-76
Mercedes-Benz Vans				
Reversal of impairment of investment in FBAC	-	+61	-	+61
Daimler Buses				
Business repositioning	-20	-8	-24	-9
Reconciliation				
Divestiture of EADS shares	+3,209	-	+3,209	-
Measurement of put option for Rolls-Royce Power Systems Holding**	-14	-	-29	-118
Hedge of Tesla share price	-	-68	-	-229
Remeasurement of Tesla shares	-	+718	-	+718

* 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.

** The sale of the 50% equity interest in RRPSH is expected to lead to a positive EBIT effect of €1.0 billion by the end of 2014.

EBIT from ongoing business

- EBIT in millions of euros; RoS in % -

	Q2 2013		Q2 2014	
	EBIT	RoS*	EBIT	RoS*
Daimler Group	2,192	7.2	2,463	7.7
of which				
Mercedes-Benz Cars	1,084	6.6	1,409	7.9
Daimler Trucks	516	6.5	526	6.6
Mercedes-Benz Vans	204	8.4	181	7.3
Daimler Buses	47	5.0	58	5.5
Daimler Financial Services	319	-	336	-
Reconciliation	22	-	-47	-

* Return on sales; Daimler Group excluding Daimler Financial Services

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Developments at the Divisions

Our product offensive continues

2014

2015



Mercedes-Benz
Cars



Mercedes-Benz
Vans

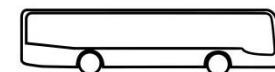
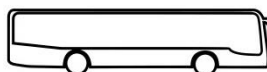


Daimler
Trucks



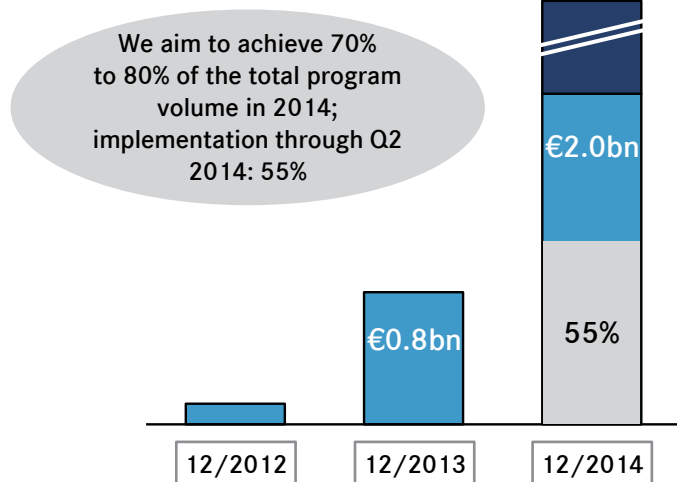
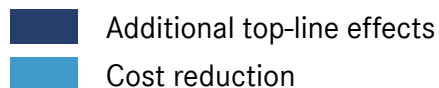
Actros/Arocs SLT Fuso Super Great Update

Daimler
Buses



Mercedes-Benz Cars: Fit for Leadership

Flight path towards benefits



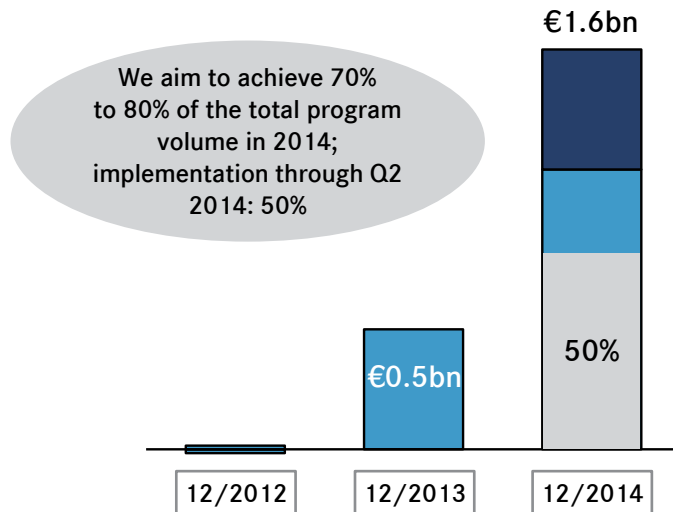
Key levers

- 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

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

Assumptions for automotive markets in 2014

Car markets	Global	around +4%
	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	at least -5%
	Japan*	around +5%
	Brazil	at least -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	significantly 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, S-Class Coupé and compact cars
- Launch of new GLA, C-Class, CLS-Class and smart



- Slightly 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



- Unit sales slightly below the prior year
- Significantly higher sales of complete buses in Western Europe
- Slightly lower unit sales in Latin America

2014 outlook for EBIT from ongoing business

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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



Significantly 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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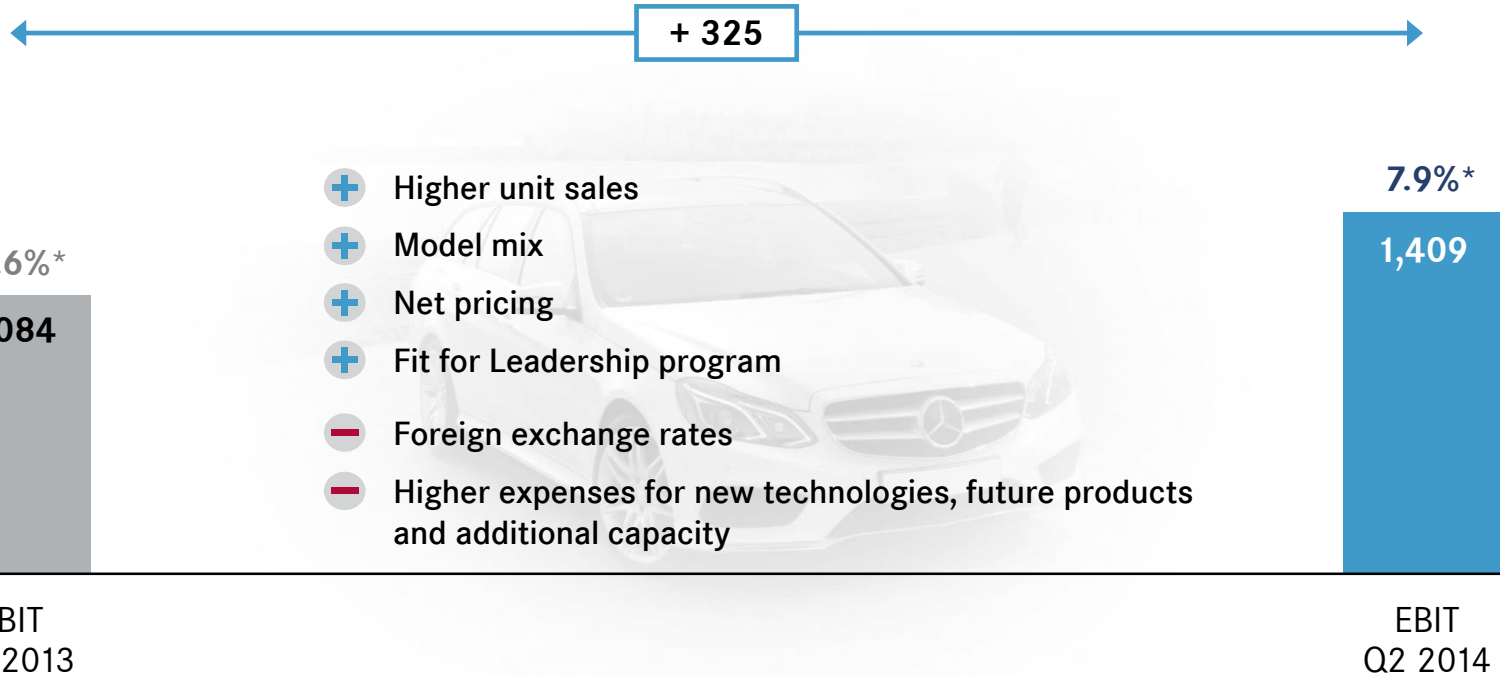
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Outlook for 2014

Developments at the Divisions

Mercedes-Benz Cars: EBIT from ongoing business

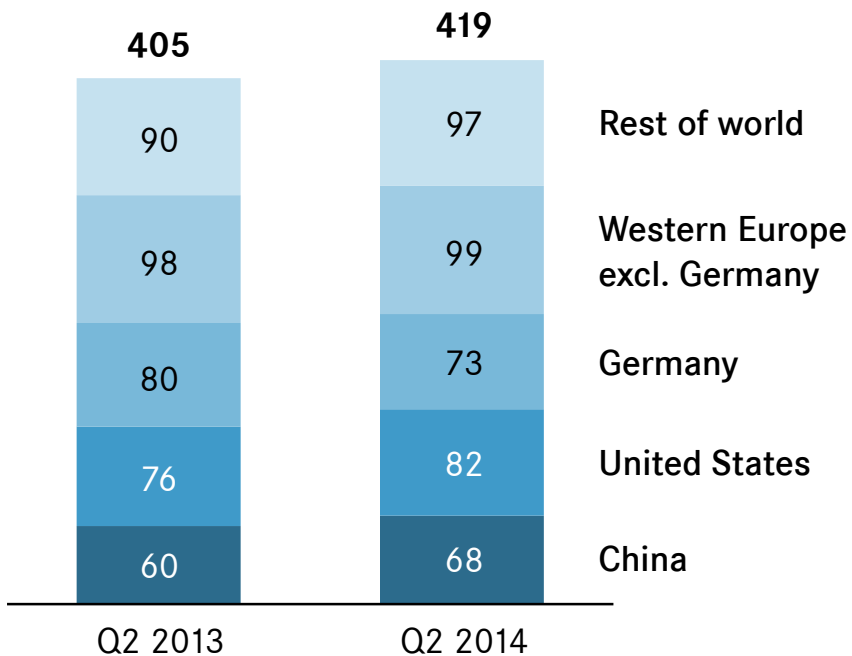
- in millions of euros -



* Return on sales

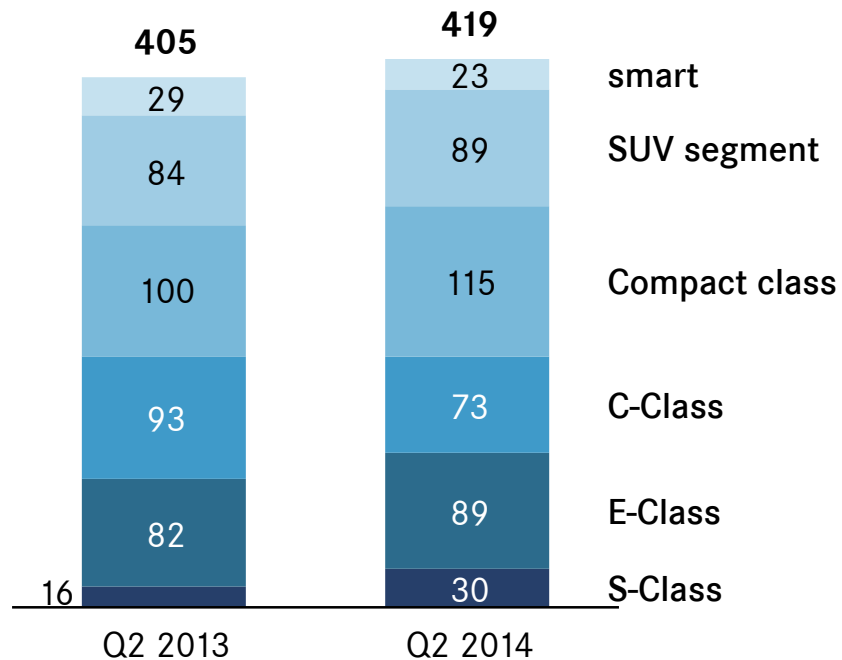
Mercedes-Benz Cars: Balanced sales structure

- Unit sales in thousands -



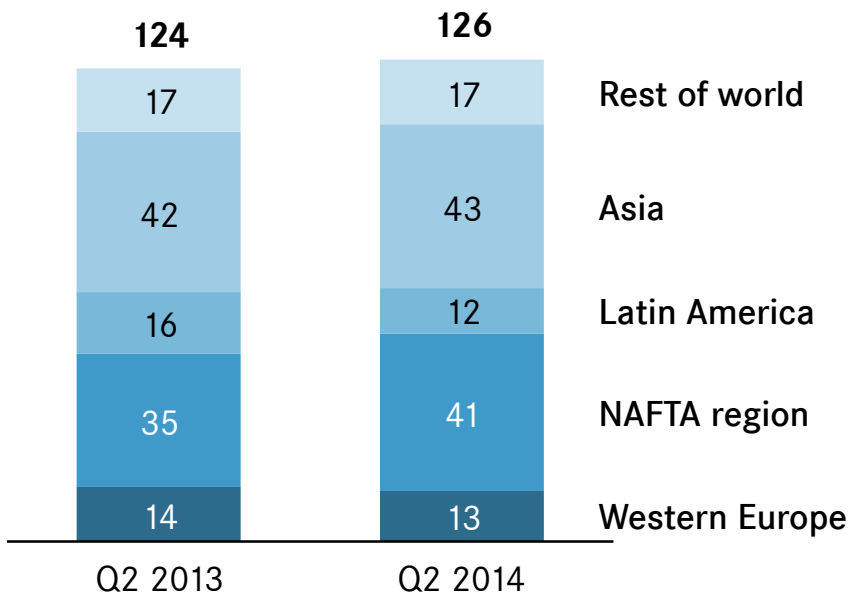
Mercedes-Benz Cars: Further sales increase

- in thousands of units -



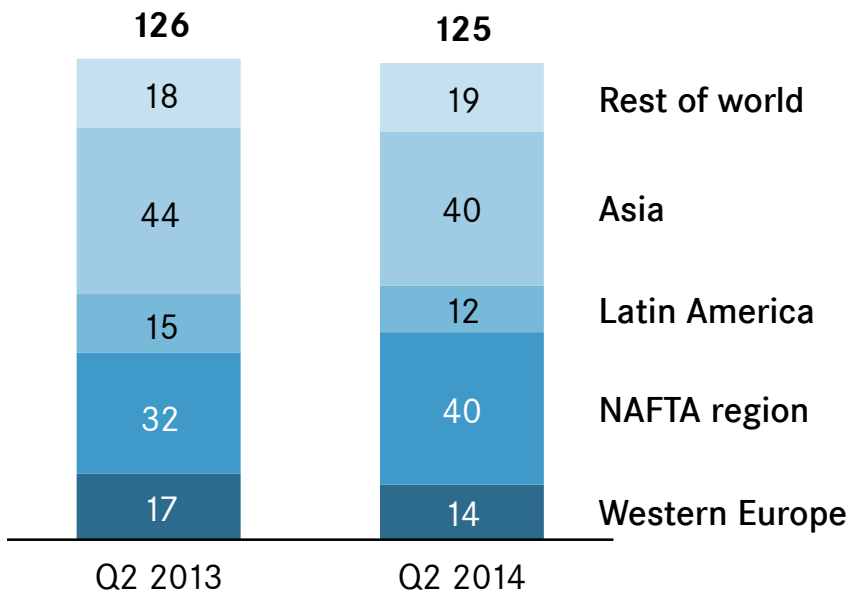
Daimler Trucks: Higher unit sales in NAFTA region

- in thousands of units -



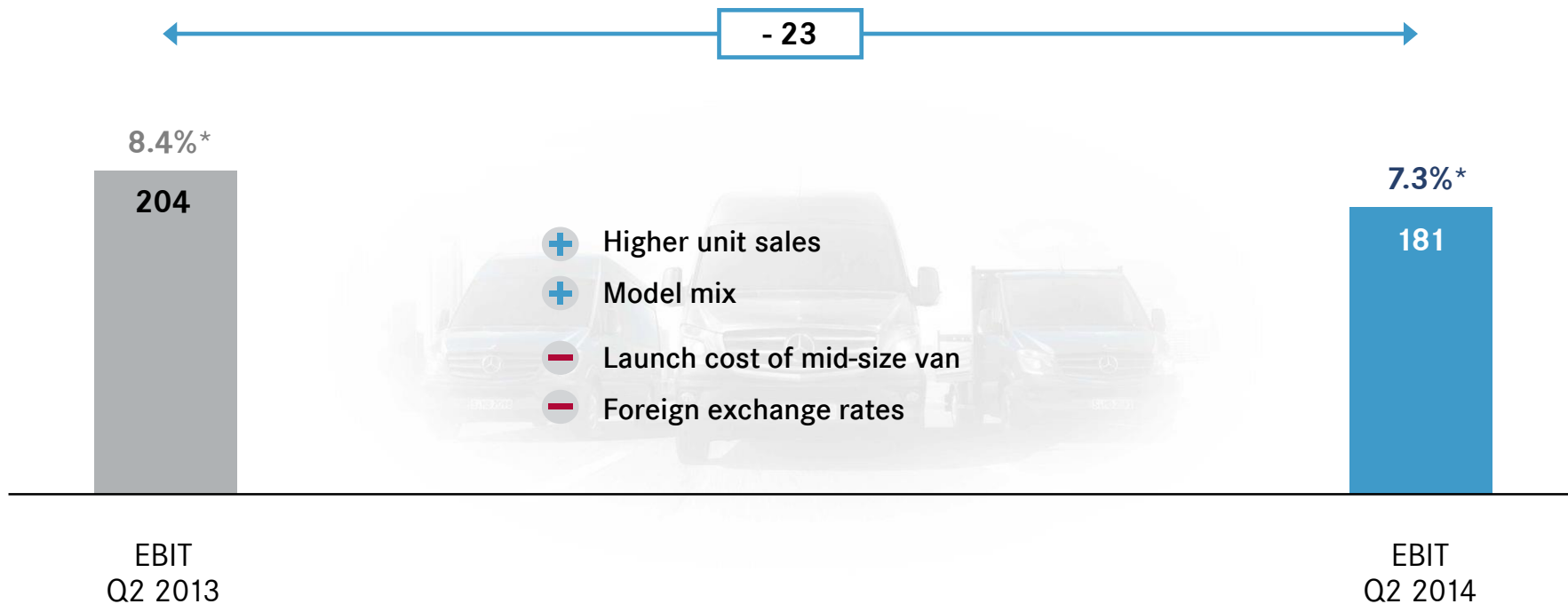
Daimler Trucks: Incoming orders at prior year's level

- in thousands of units -



Mercedes-Benz Vans: EBIT from ongoing business

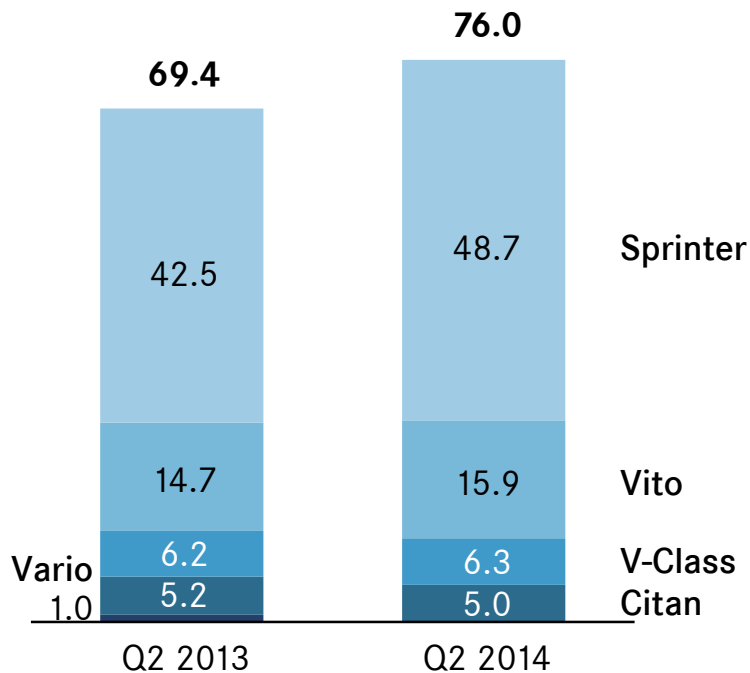
- in millions of euros -



* Return on sales

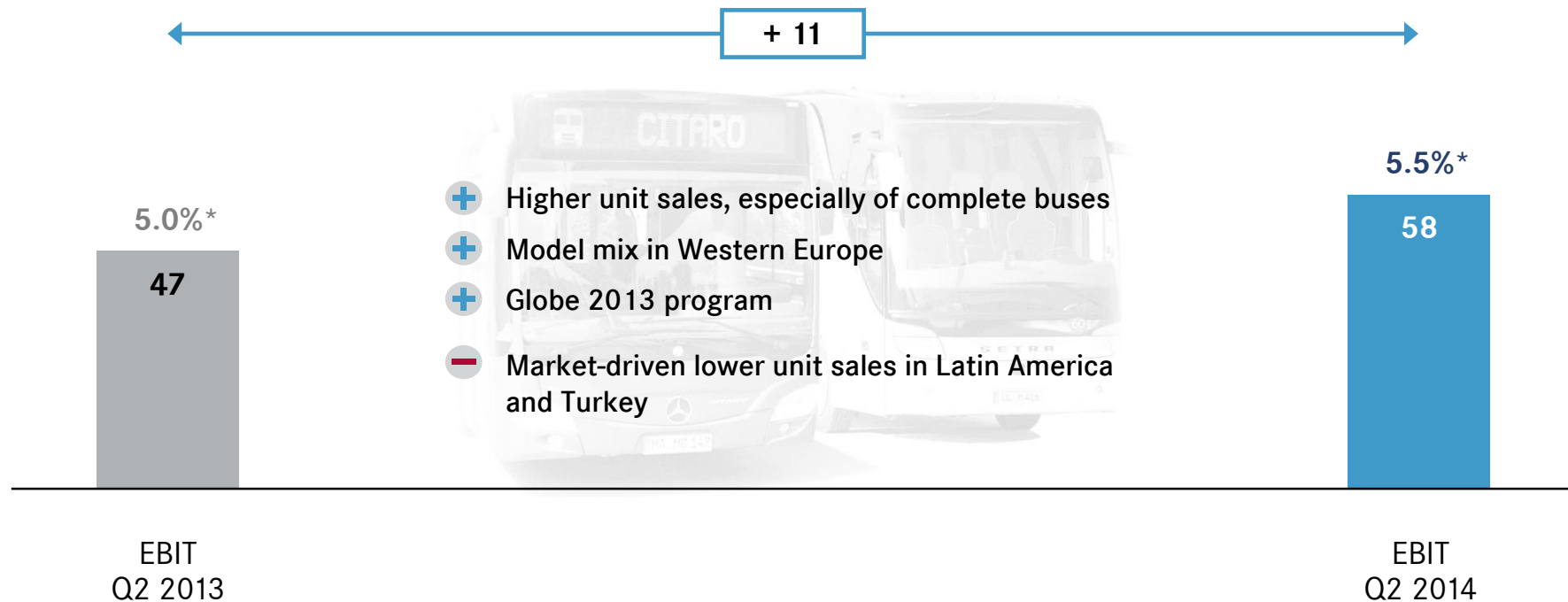
Mercedes-Benz Vans: Higher unit sales

- in thousands of units -



Daimler Buses: EBIT from ongoing business

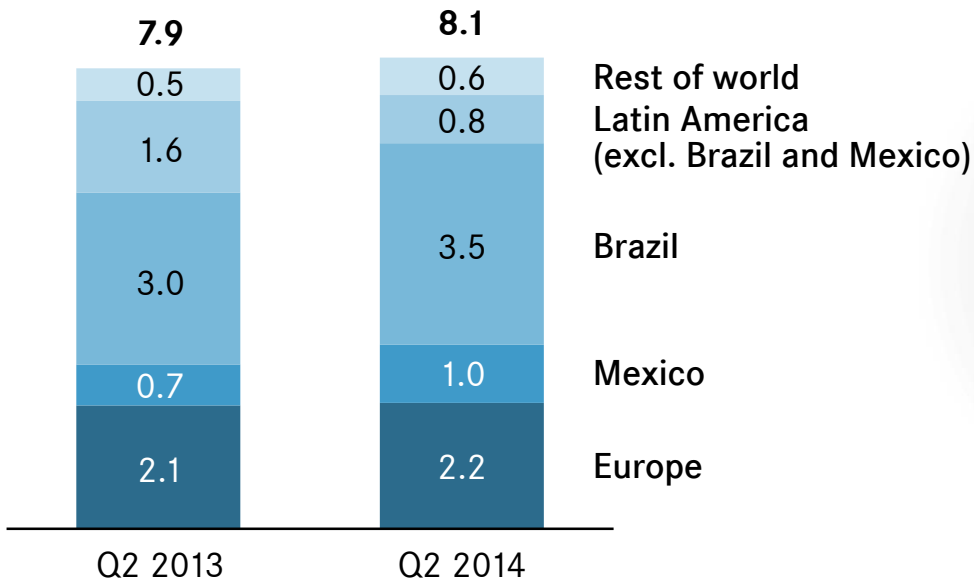
- in millions of euros -



* Return on sales

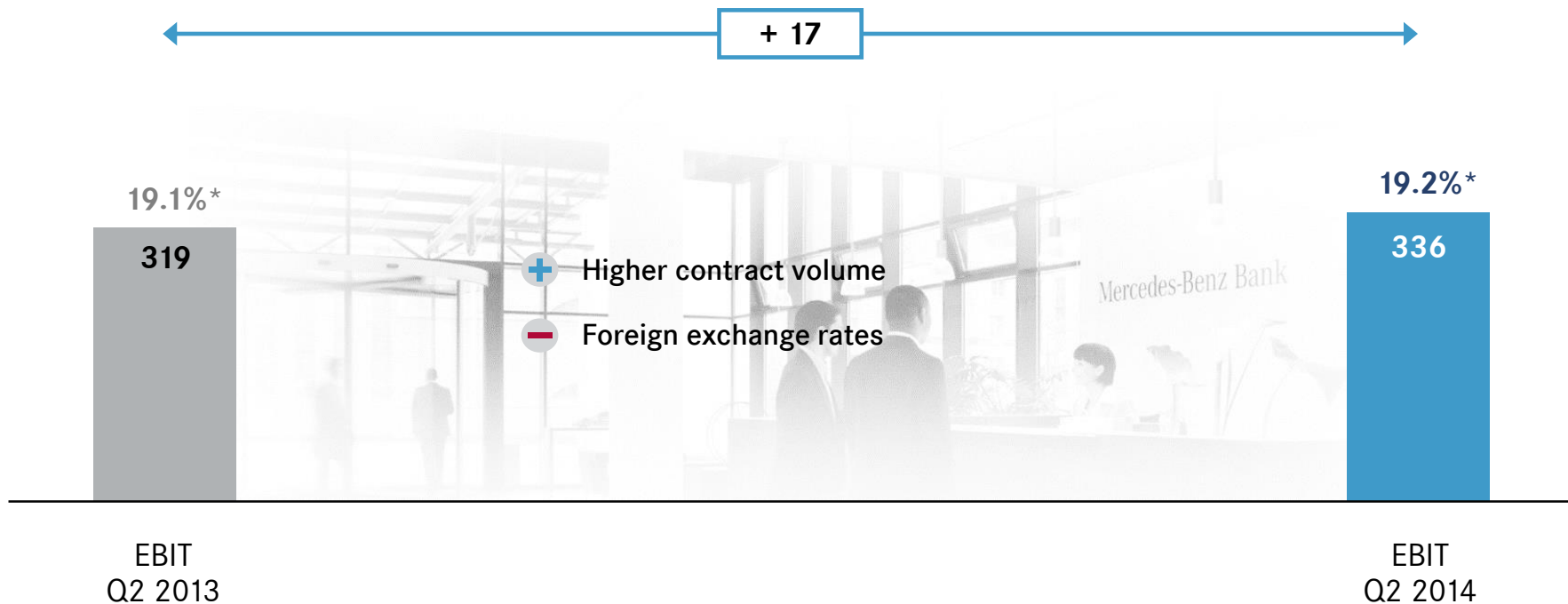
Daimler Buses: Sales growth especially in Brazil

- in thousands of units -



Daimler Financial Services: EBIT from ongoing business

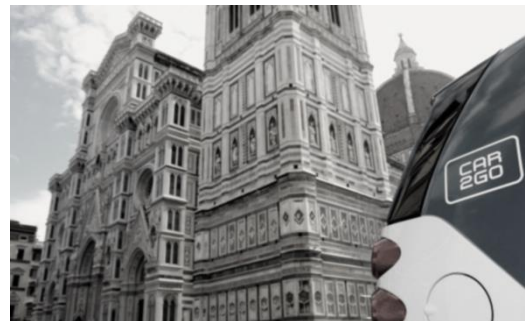
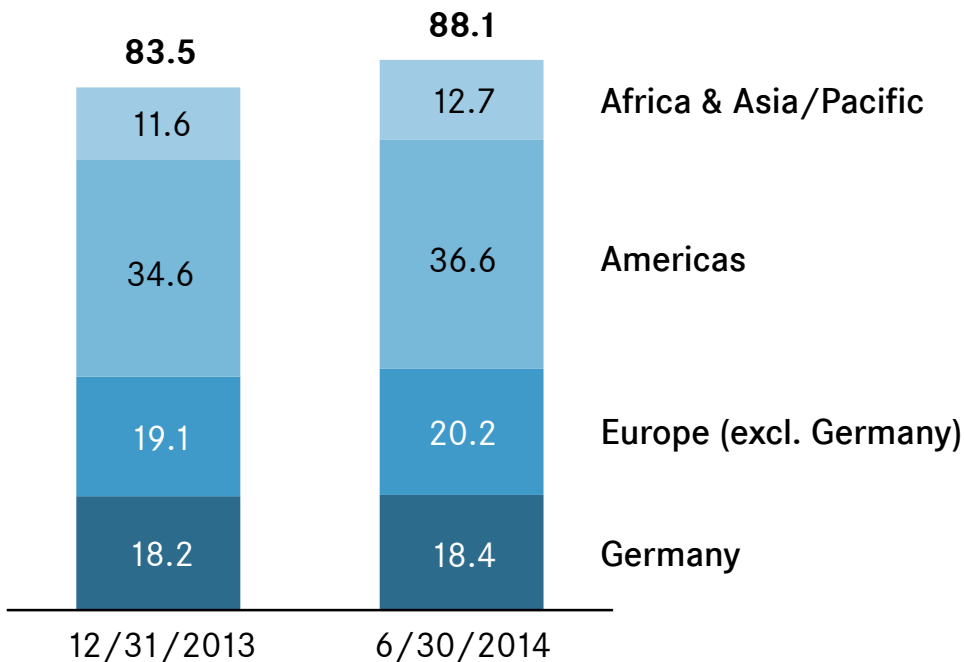
- in millions of euros -



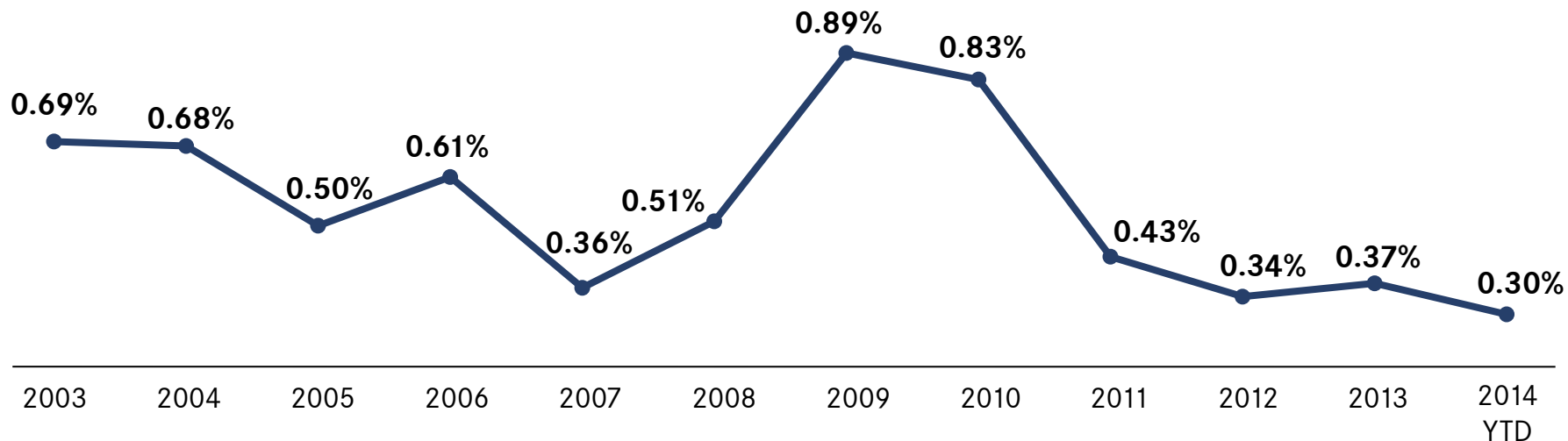
* Return on equity

Daimler Financial Services: Higher contract volume

- in billions of euros -



Daimler Financial Services: Net credit losses* at low level



* as a percentage of 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,” “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 euro zone; an increase in political tension in Eastern Europe; 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 preferences towards smaller, lower-margin vehicles; 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 for 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 for 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 and Opportunity Report” in the current Annual Report. If any of these risks and uncertainties materializes 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 date of publication.