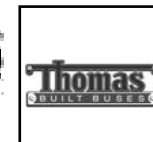


# Investor Meeting

## DaimlerChrysler Truck Group Presentation

Hubertus Troska – Head of Business Unit Trucks Europe / Latin America

- Hanover, September 2006 -



## AGENDA

- **Introduction & Market Situation**
- **Truck Group Strategy**



# TRUCK GROUP & BUSES WITH A GLOBAL SETUP OF BRANDS, VEHICLES AND COMPONENTS

Commercial Vehicles

Mercedes-Benz

FREIGHTLINER

FUSO

STERLING TRUCKS

WESTERN STAR TRUCKS

THOMAS BUILT BUSES

SETRA

ORION

Components

DETROIT DIESEL

Mercedes-Benz

## Trucks

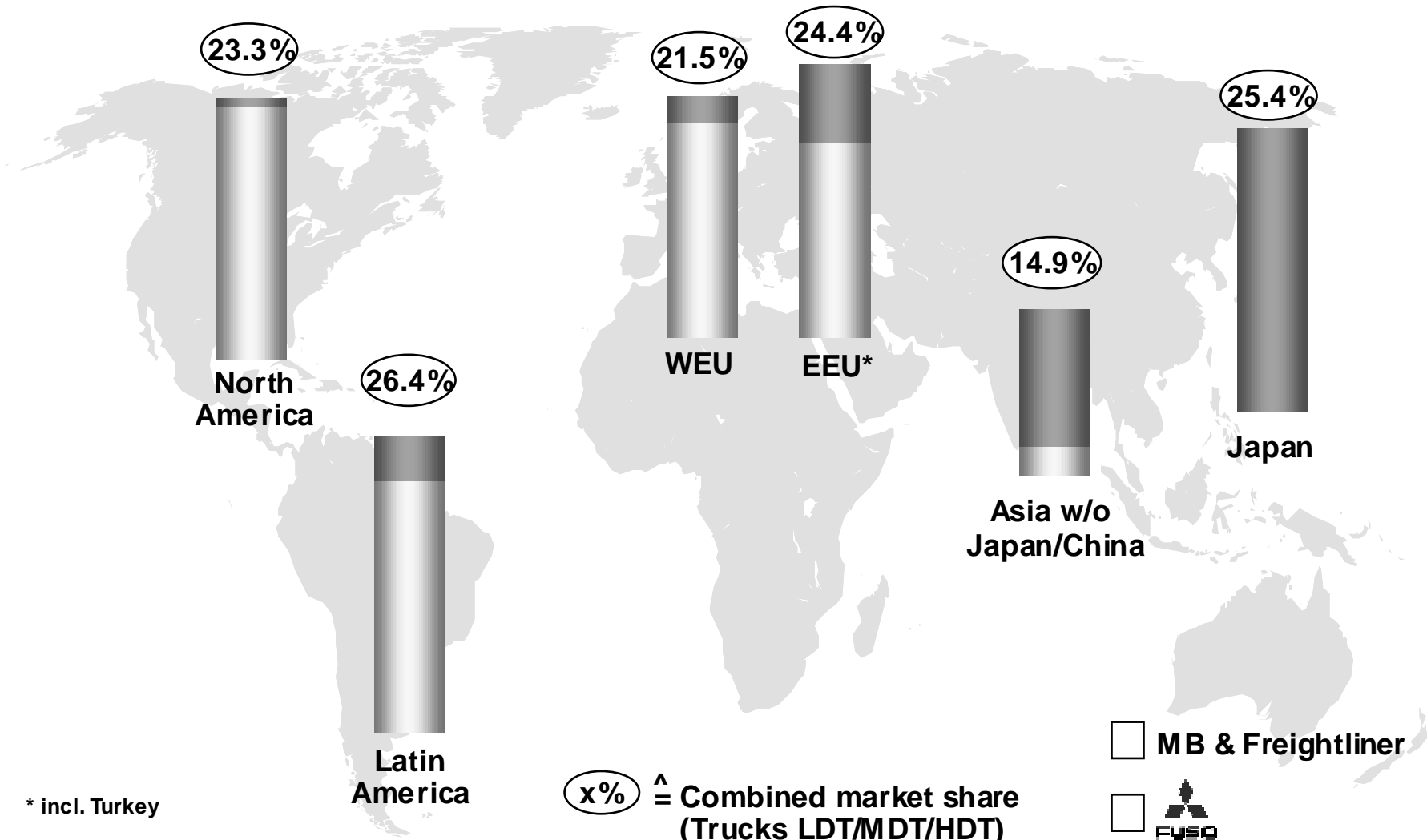


## Buses





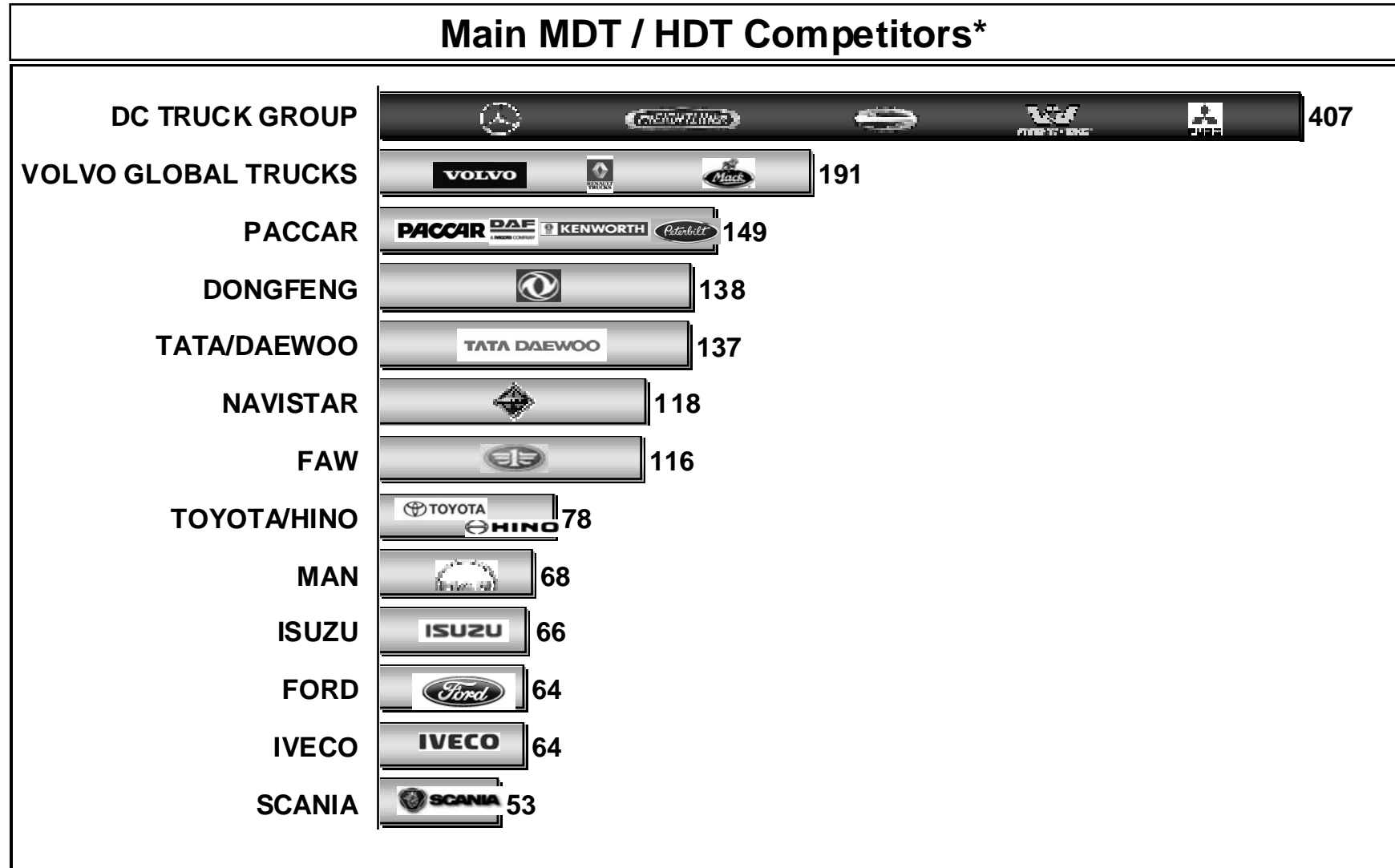
# FUSO IMPORTANT PILLAR FOR ASIA STRATEGY



Source: iCORS, EA II /2006



### Significant advantage in scale compared to next global competitor



\* ) Actuals 2005



## TRUCK GROUP

		1st HY 2005	1st HY 2006	Delta in %
<b>Group Sales</b>	<b>in units</b>	<b>263.579</b>	<b>257.903</b>	<b>-2%</b>
<b>Revenues</b>	<b>in mill. EUR</b>	<b>14.860</b>	<b>15.925</b>	<b>7%</b>
<b>Operating Profit</b>	<b>in mill. EUR</b>	<b>1.108</b>	<b>977</b>	<b>-12%</b>
<b>Workforce</b>	<b>empl.</b>	<b>85.994</b>	<b>83.922</b>	<b>-2%</b>

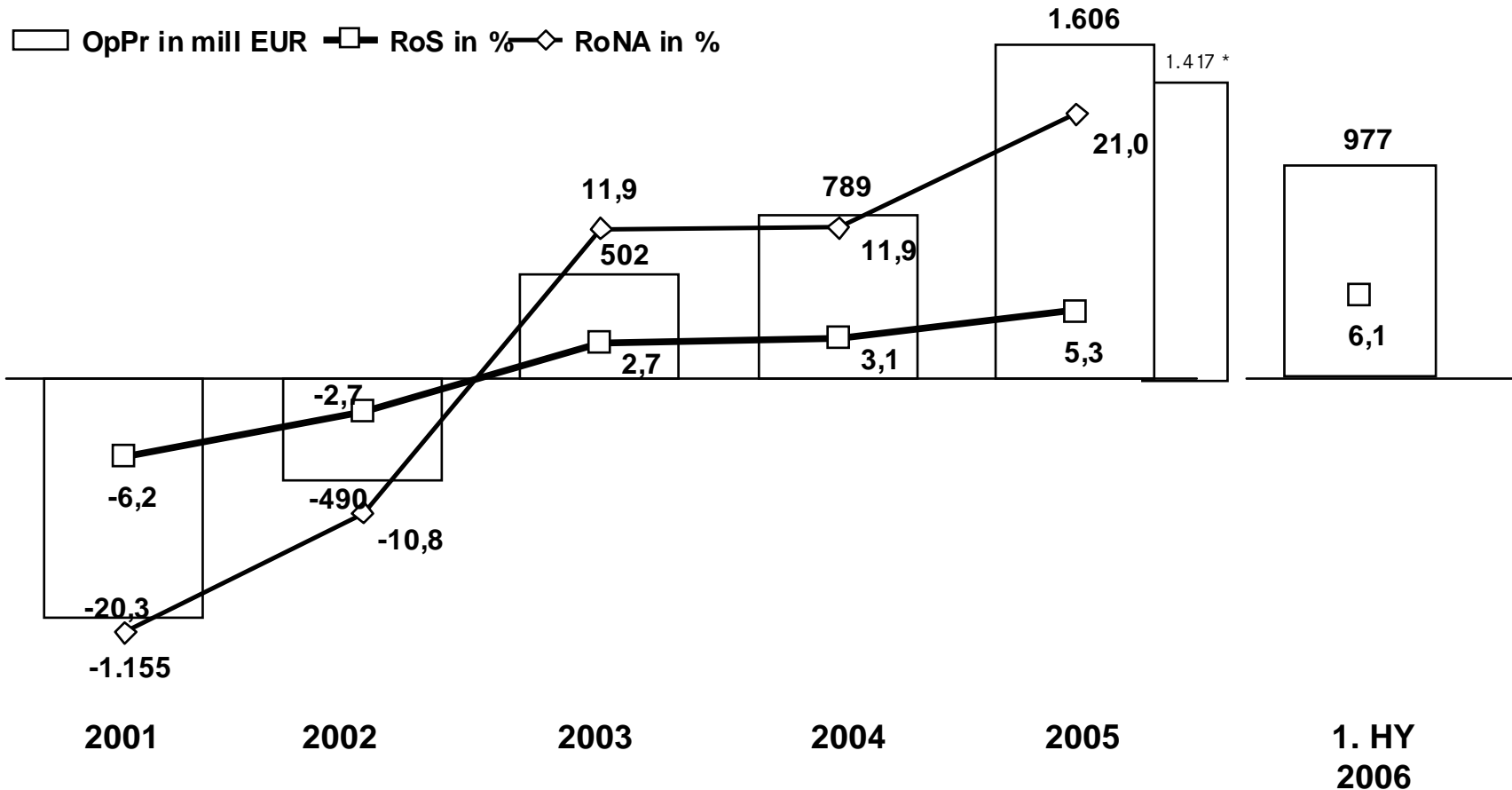
\* ind. MMC-Settlement +276 mill. EUR; Sale American La France -24 mill. EUR

\*\* ind. method change partial retirement +55 mill. EUR

} w/o special items delta +8%



## Truck Group shows a significant profit improvement...



\* w/o MMC-Settlement +276 mill. EUR; Sale American La France -87 mill. EUR



## Stable market situation in Japan, slight market increase in Western Europe and NAFTA

- in thsd. Units -

Actual 1st HY* 05	Actual 1st HY* 06	Delta in %
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### Trucks EU/LA

Western Europe Trucks (MDT/HDT)	138	153	11%
Turkey Trucks (MDT/HDT)	14	18	30%
Brazil Trucks (MDT/HDT)	32	27	-18%

### Trucks NAFTA

NAFTA Cl. 5-7 Trucks	92	97	6%
NAFTA Cl. 8 Trucks	119	141	18%

### Trucks Asia

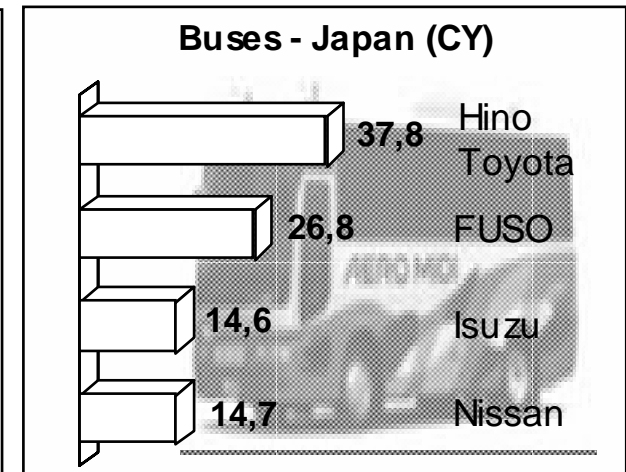
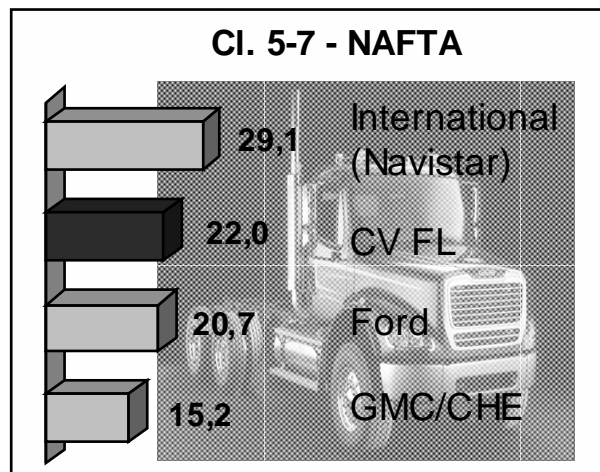
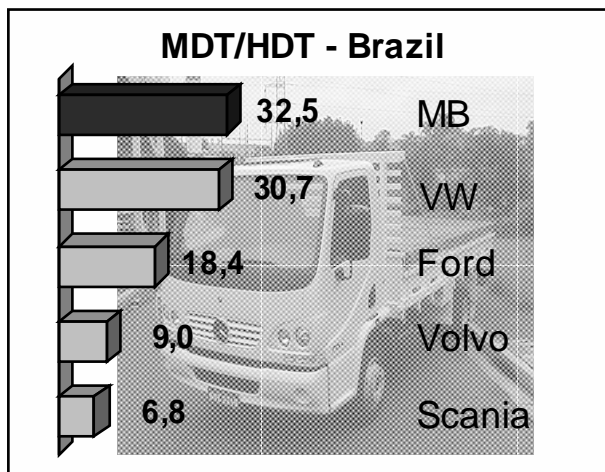
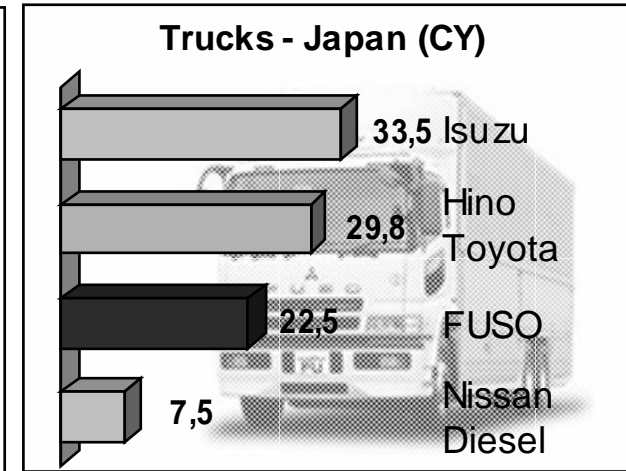
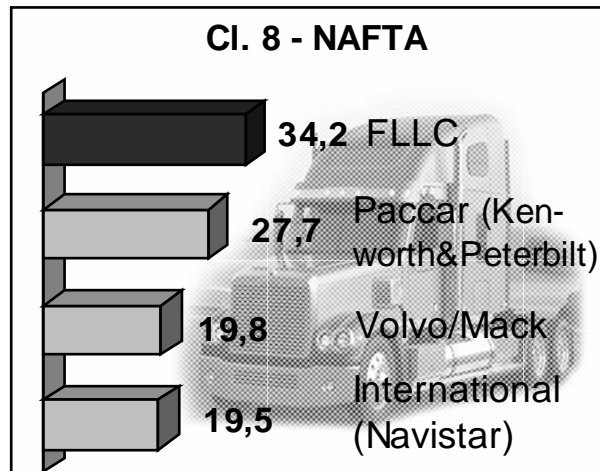
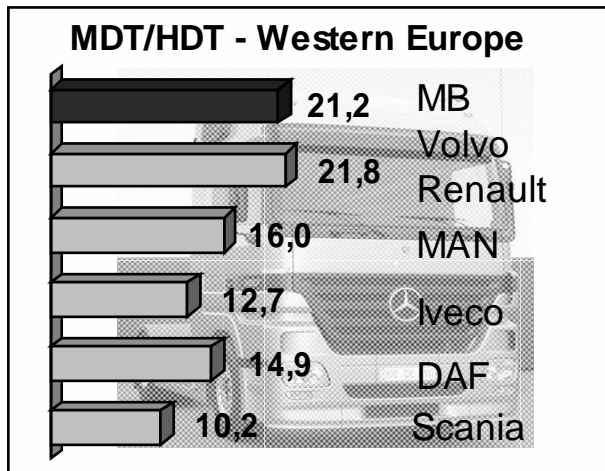
Japan Total Trucks (Calendar Year)	100	108	8%
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\* Market Data HY based on month May



# TRUCK GROUP STRONG MARKET PLAYER

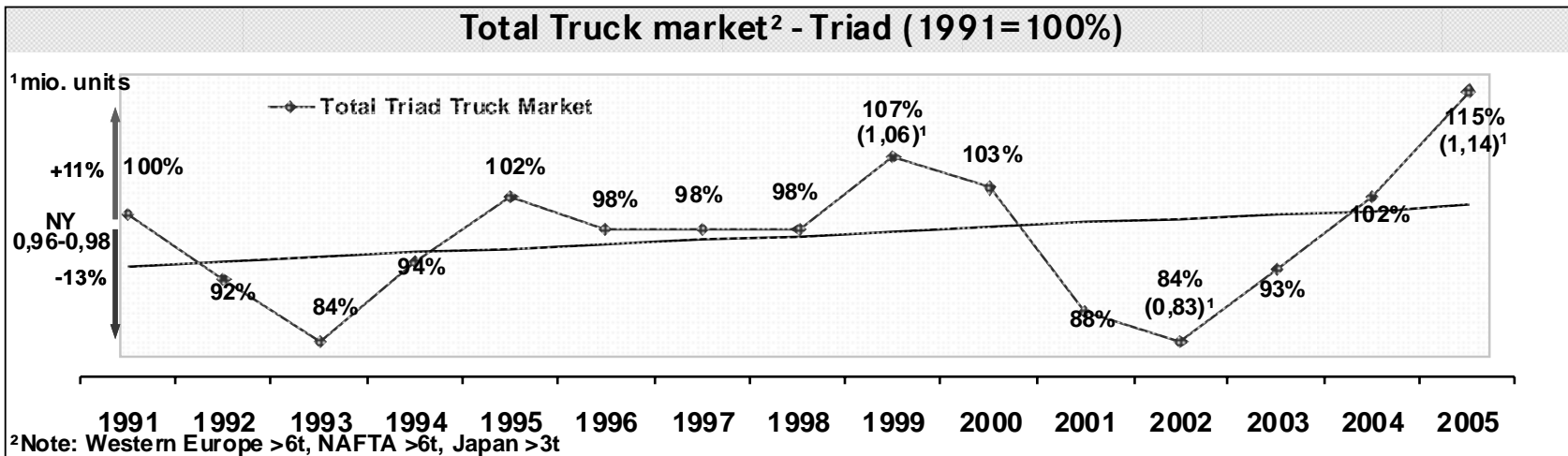
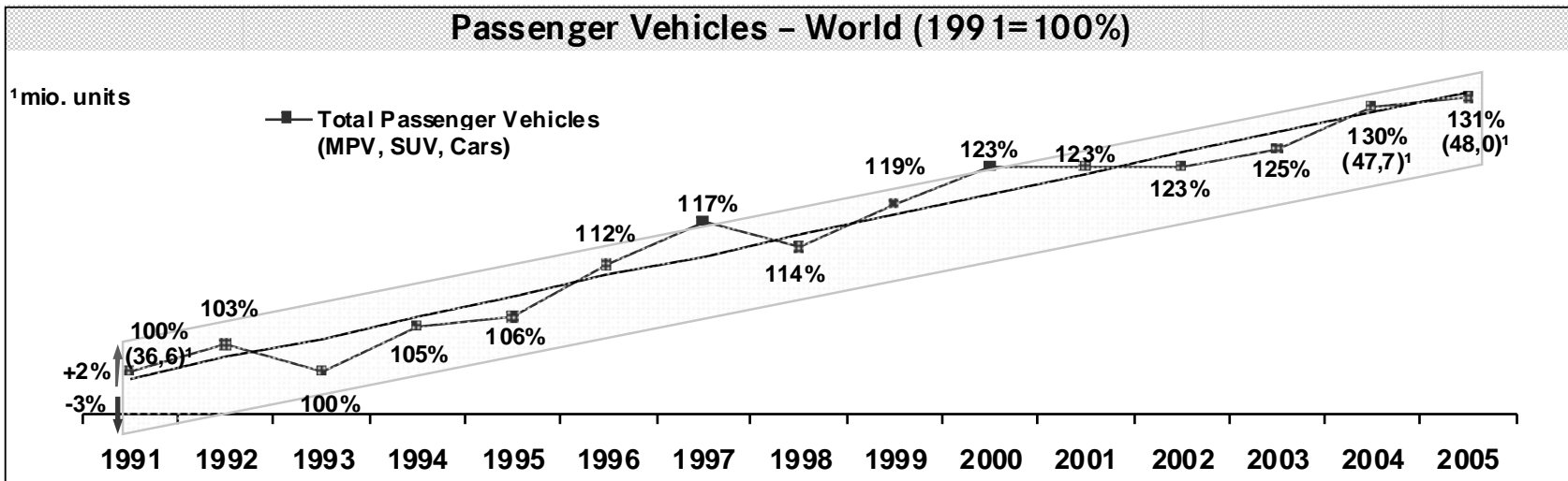
- Market position 06/2006\* [%] -



\* Base for Market Data: May 2006



## TRUCK MARKET WITH HIGH VOLATILITY ON SLIGHTLY INCREASING LEVEL



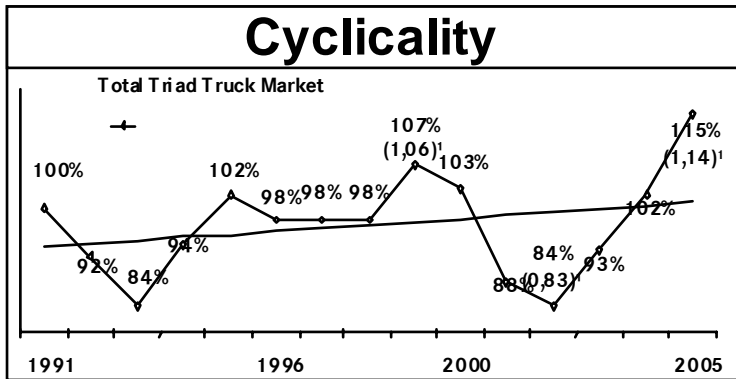
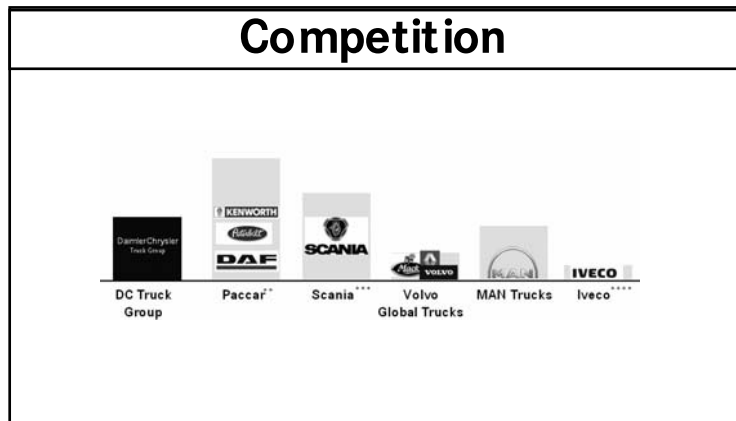
## AGENDA

- **Introduction & Market Situation**

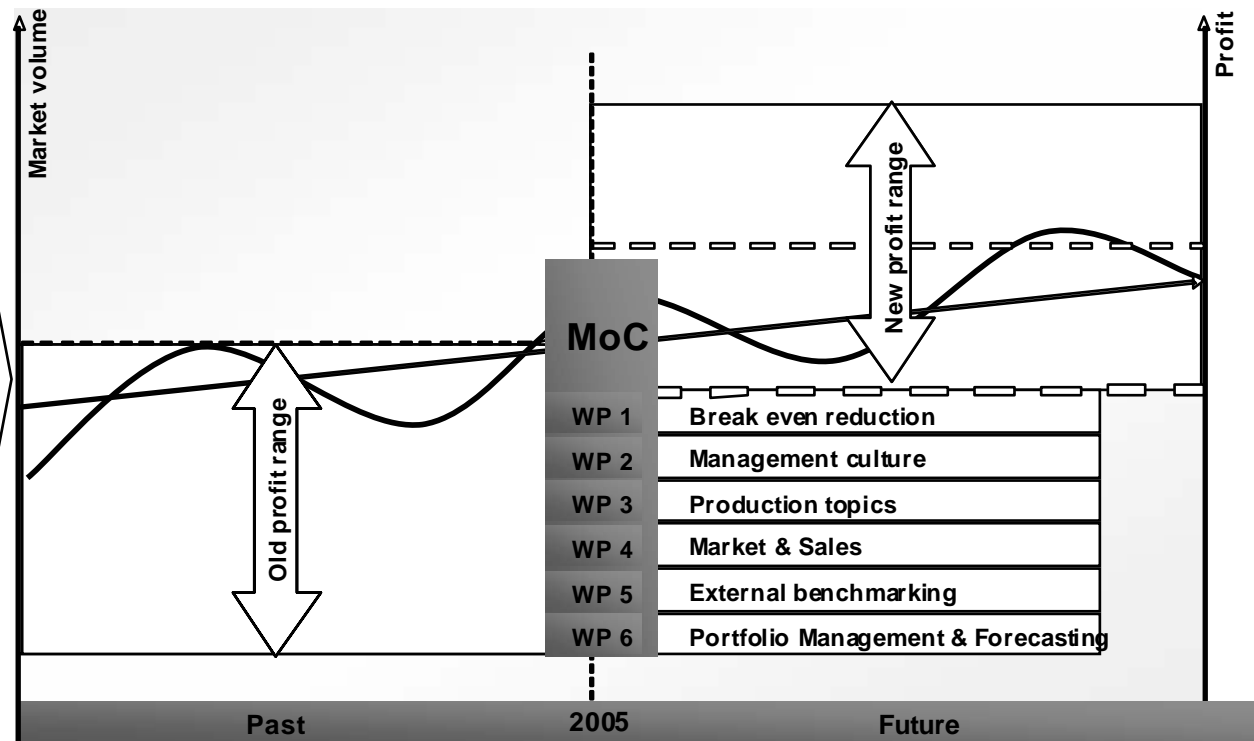
- **Truck Group Strategy**
  - Managing the Cycle
  - Operational Excellence
  - Market Exploitation
  - Future Products



# GLOBAL EXCELLENCE AS AN UMBRELLA ADDRESSES COMPETITION AND CYCLICALITY



# TO BREAK THE HISTORICAL PATH OF DEEP DOWNTURNS MEASURES FOR CYCLE MANAGEMENT DEFINED

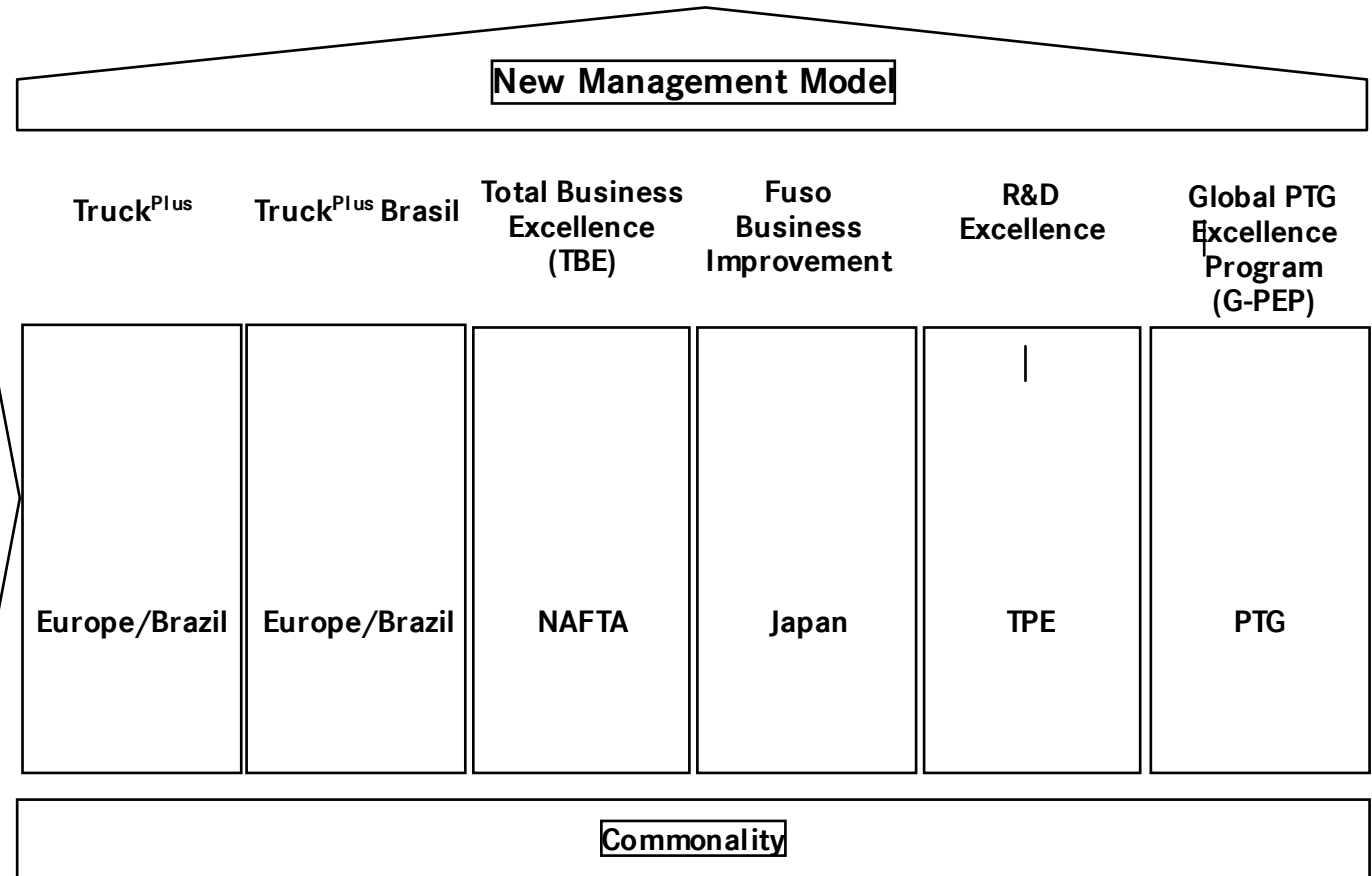




# ONGOING EFFICIENCY PROGRAMS IMPROVE OPERATIONAL PERFORMANCE

**Global Excellence**

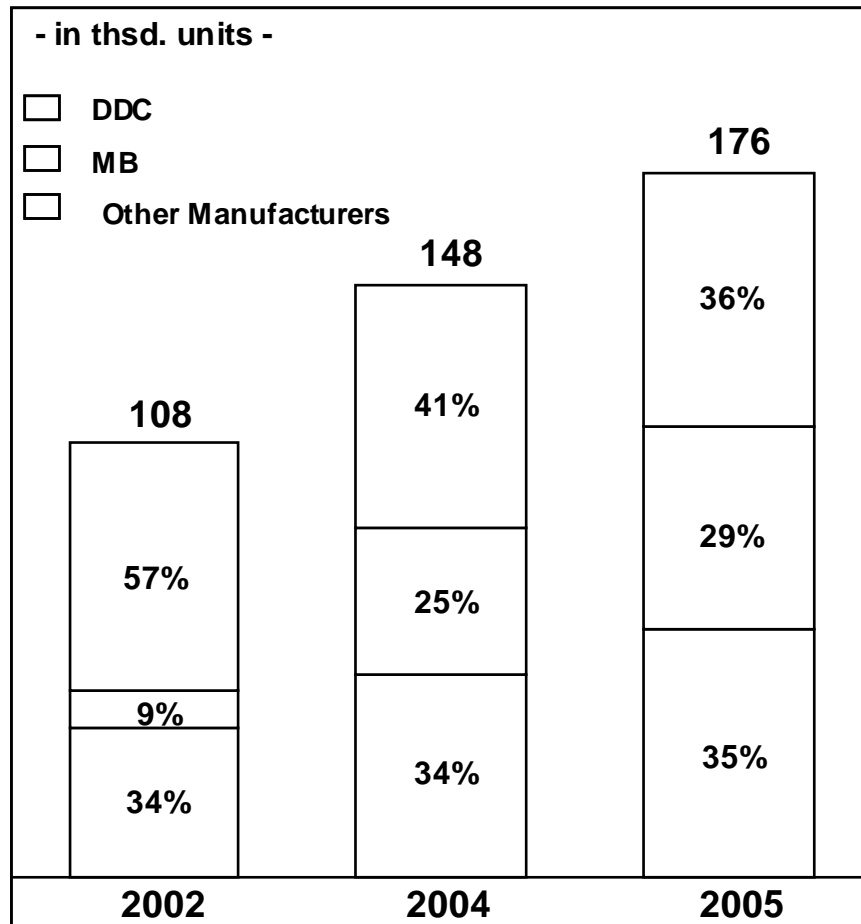
- Management of Cycles
- Operational Excellence
- Growth and market exploitation
- Future product generations



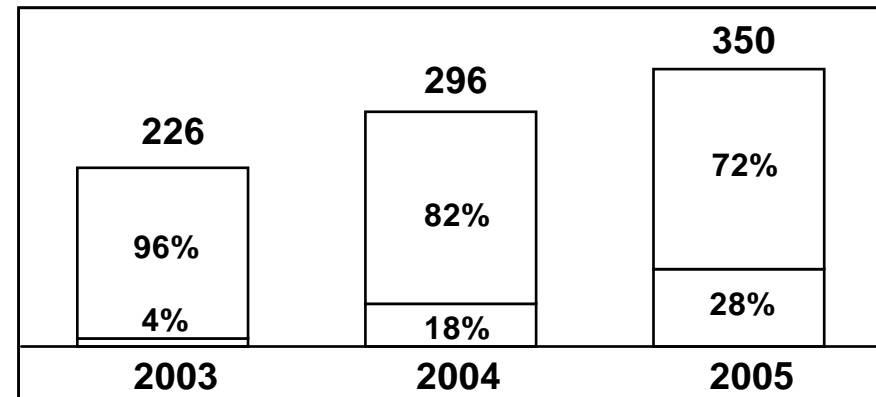


# PENETRATION / EXAMPLE FREIGHTLINER TRACKING OF COMMONALITIES

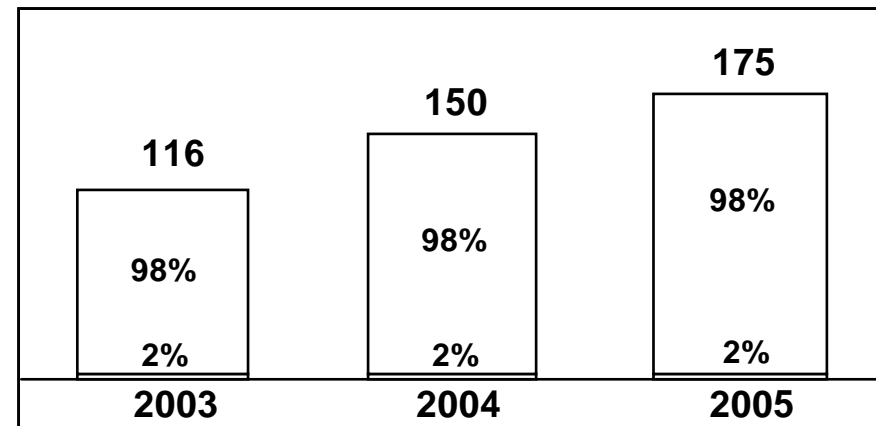
### HD/MD Engines



### Axles



### Transmissions





# CHINA, INDIA, AND RUSSIA REQUIRE A LOCAL APPROACH

## Global Excellence

Management of Cycles

Operational Excellence

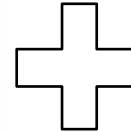
Growth and market exploitation

Future product generations

### Approach 1: Quick wins



### Approach 2: Holistic long-term



#### Selective issues

Dedicated downstream activities

Adjusted product portfolio

#### Overall business model (incl. sales channel)

Sales & After Sales

Product portfolio follows market demand

Deep understanding of sales  
Clear definition of brand value/value proposition  
Dedicated market analysis





## FORTH PILLAR FOCUSES ON OUR FUTURE PRODUCT CREATION

### Global Excellence

Management of Cycles

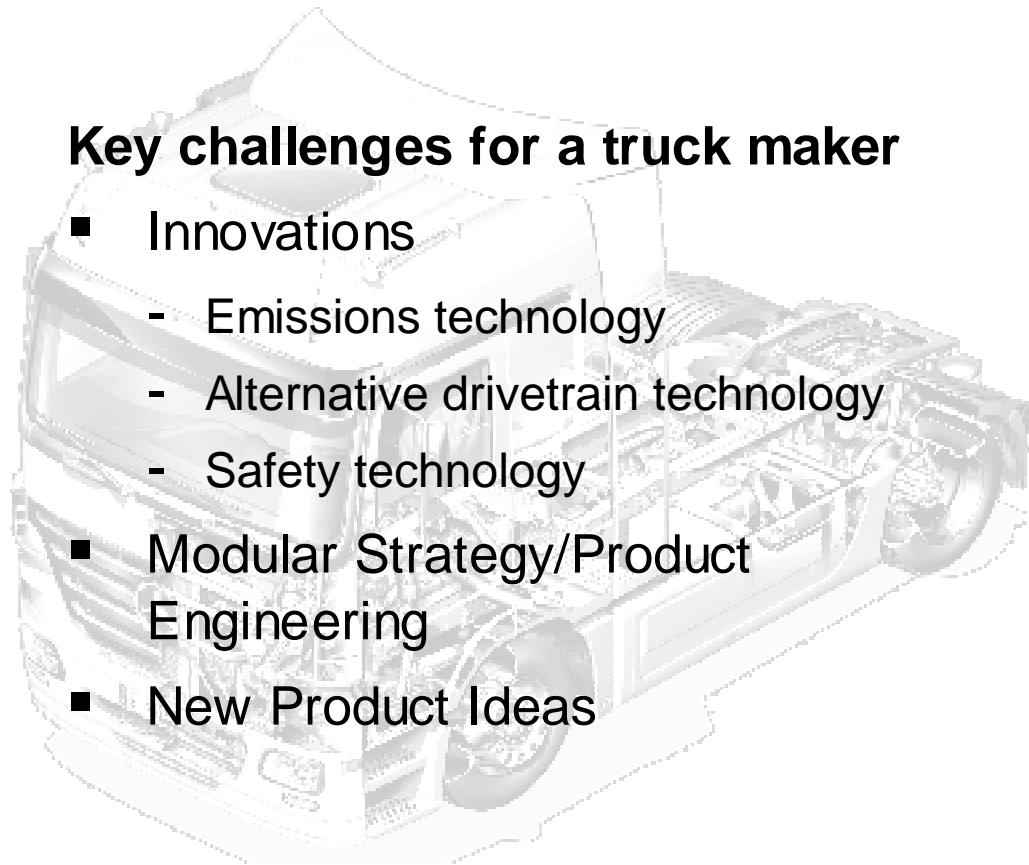
Operational Excellence

Growth and market exploitation

Future product generations

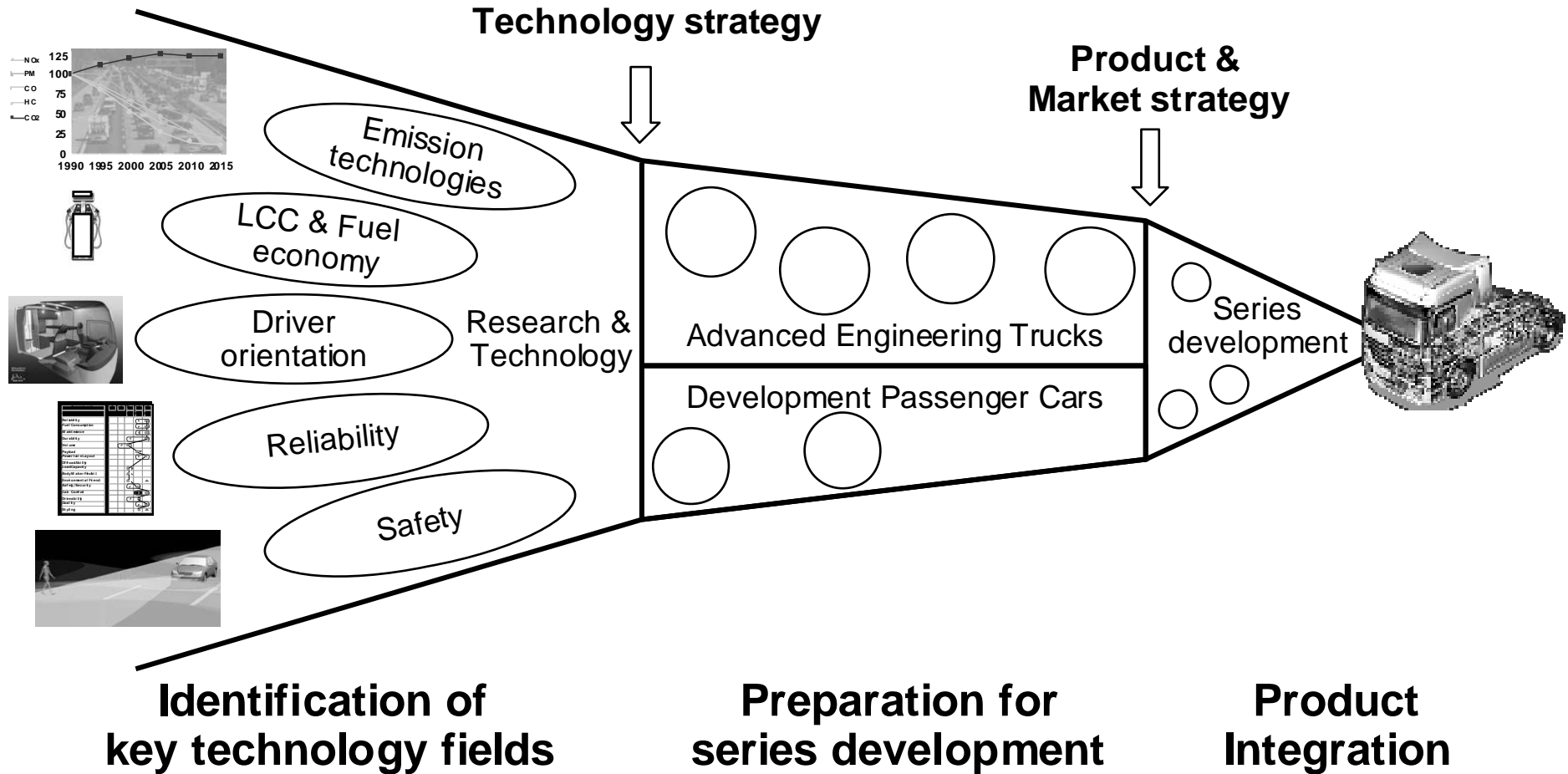
### Key challenges for a truck maker

- Innovations
  - Emissions technology
  - Alternative drivetrain technology
  - Safety technology
- Modular Strategy/Product Engineering
- New Product Ideas





# CUSTOMER ORIENTED INNOVATION MANAGEMENT IN ORDER TO IDENTIFY THE "RIGHT" INNOVATIONS





# SCR TECHNOLOGY SUCCESSFUL INNOVATION IN THE MARKET PLACE

**United Kingdom**

- Tax incentives
- Clean air program

**Netherlands**

- Depreciation incentives

**Denmark**

- Reduction of bans on driving

**Germany**

- Toll
- Public bidding
- Subsidies

**Spain**

- Tax incentives

**Switzerland**

- Toll
- Public bidding

**Austria**

- Toll
- Access to Intal Highway

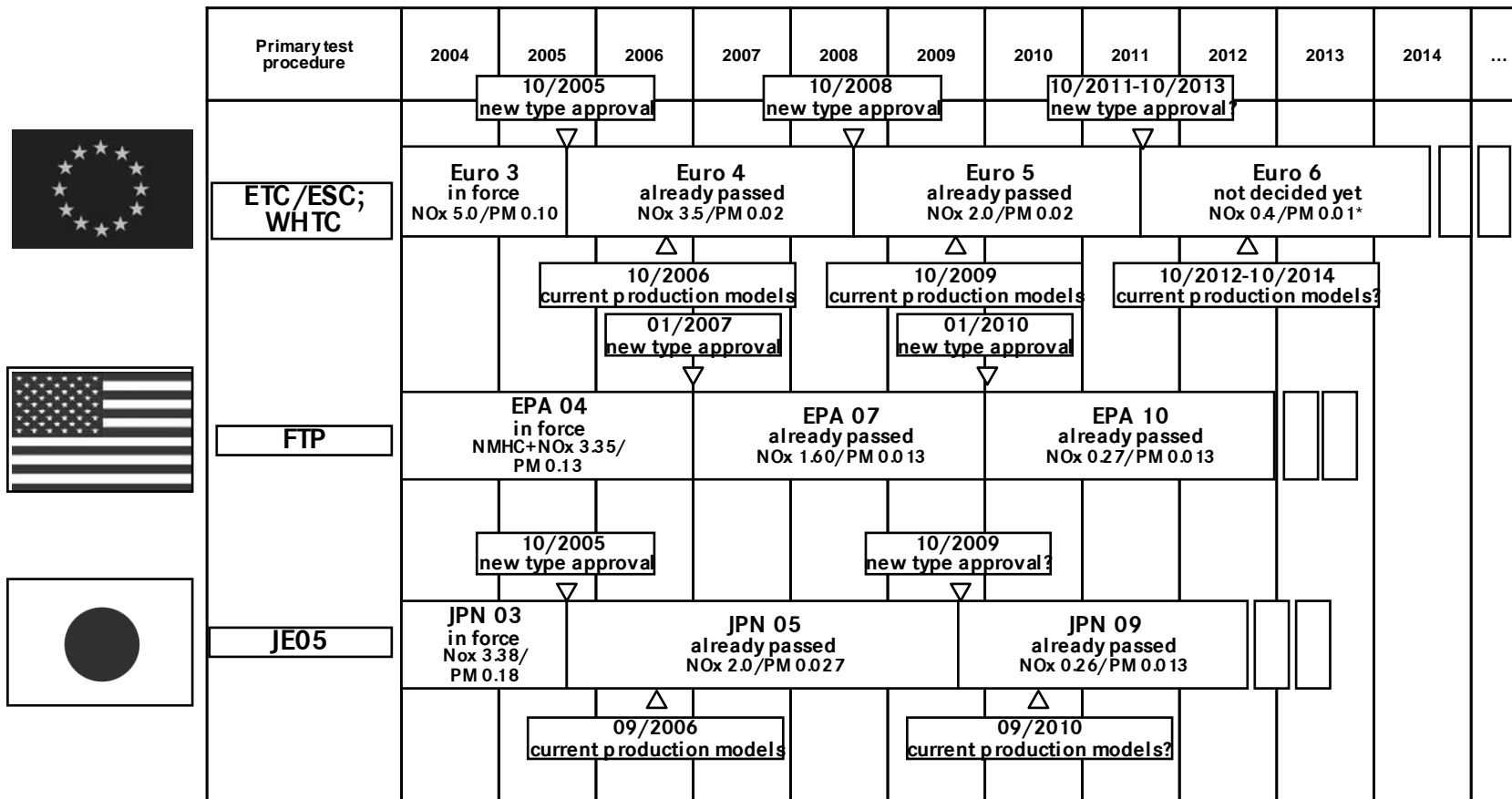
► **Different levels of incentives in Europe**

► **Incentives beyond national borders (Toll)**

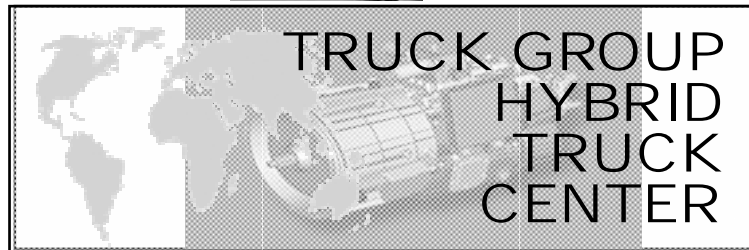
► **Customers need consulting on European incentive programs**

# ENGINE PLATFORMS PROVIDE MAXIMUM LEVER IF GLOBAL AFTER TREATMENT ACTIVITIES ARE ALIGNED

Global emission regulations – similar timeline

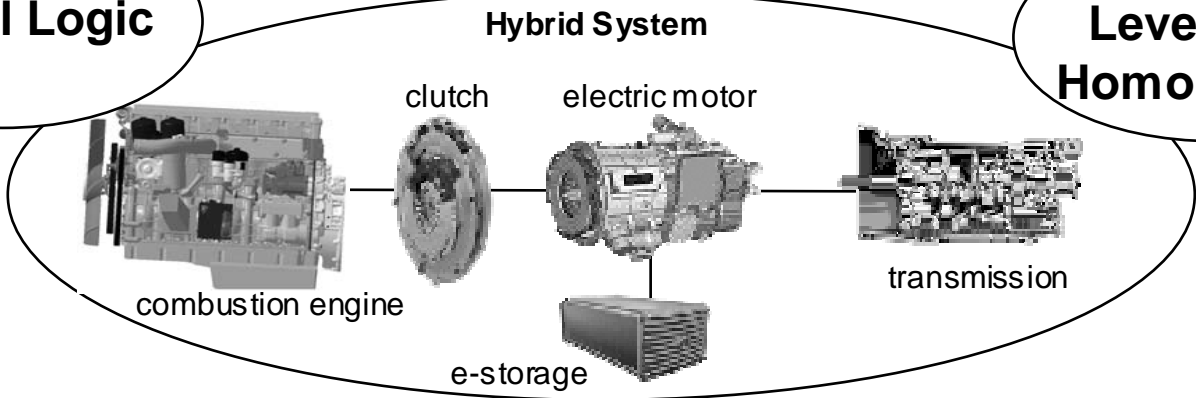


# INNOVATIONS IN HYBRID TECHNOLOGY: CUSTOMER BENEFITS IN A URBAN ENVIRONMENT



**Control Logic**

**Concept Leverage & Homologation**

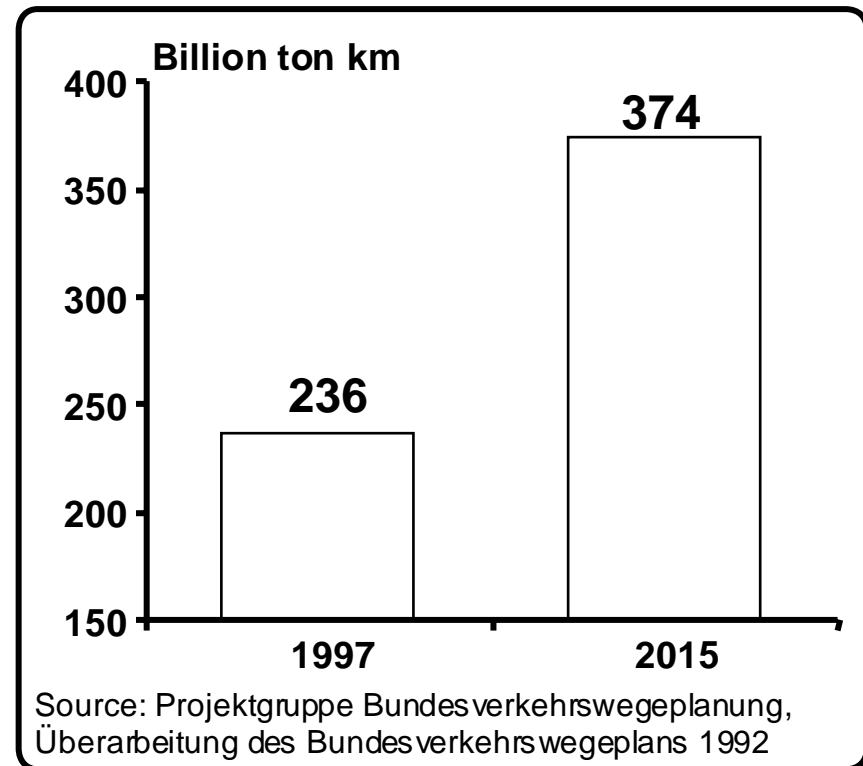


# CANTER ECO HYBRID DELIVERY VAN LAUNCHED IN 2006, MORE THAN 1.000 ORION HYBRID BUSES SOLD



## WHY ASSISTANCE SYSTEMS?

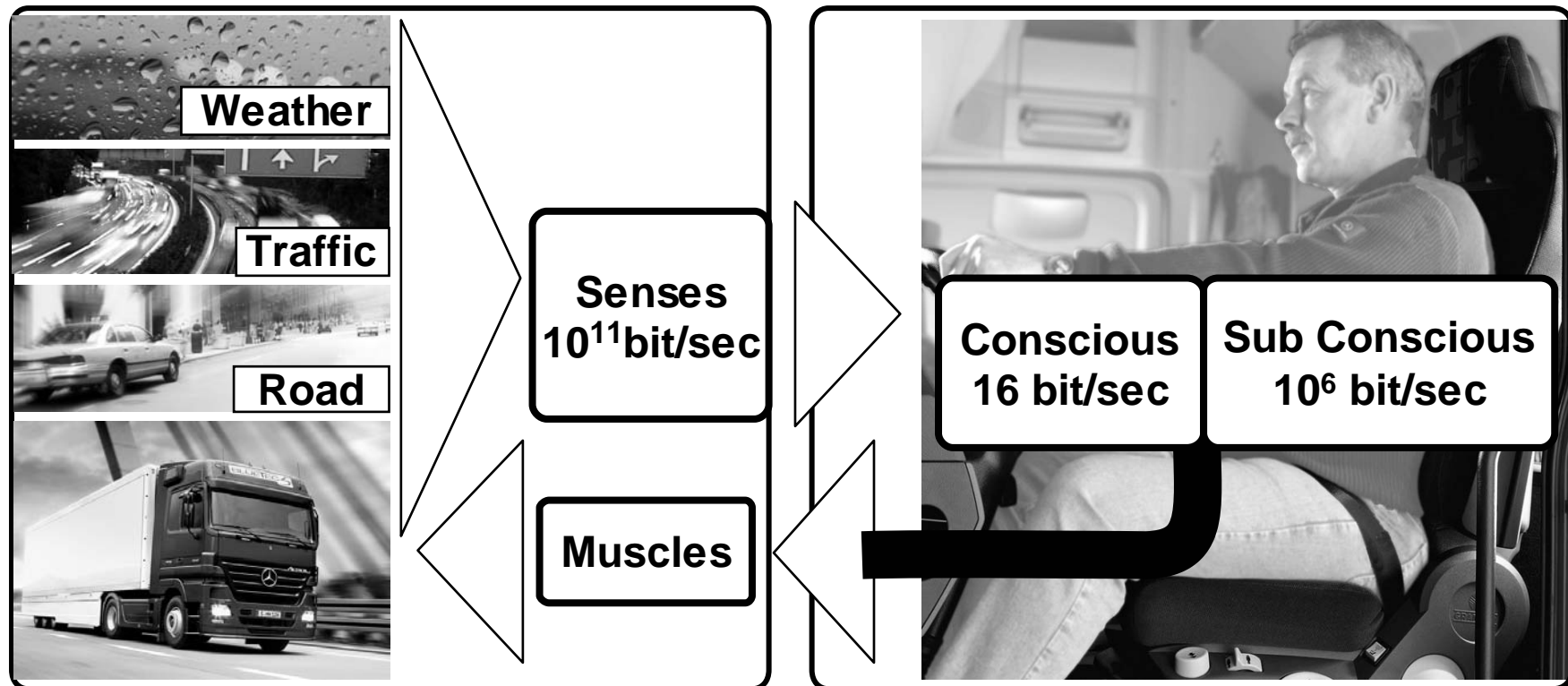
In Germany ... significant increase in freight transport



# HUMAN PROCESSING SPEED NEEDS ASSISTANCE

Information supply for the driver of  $10^{11}$  bit/sec ...

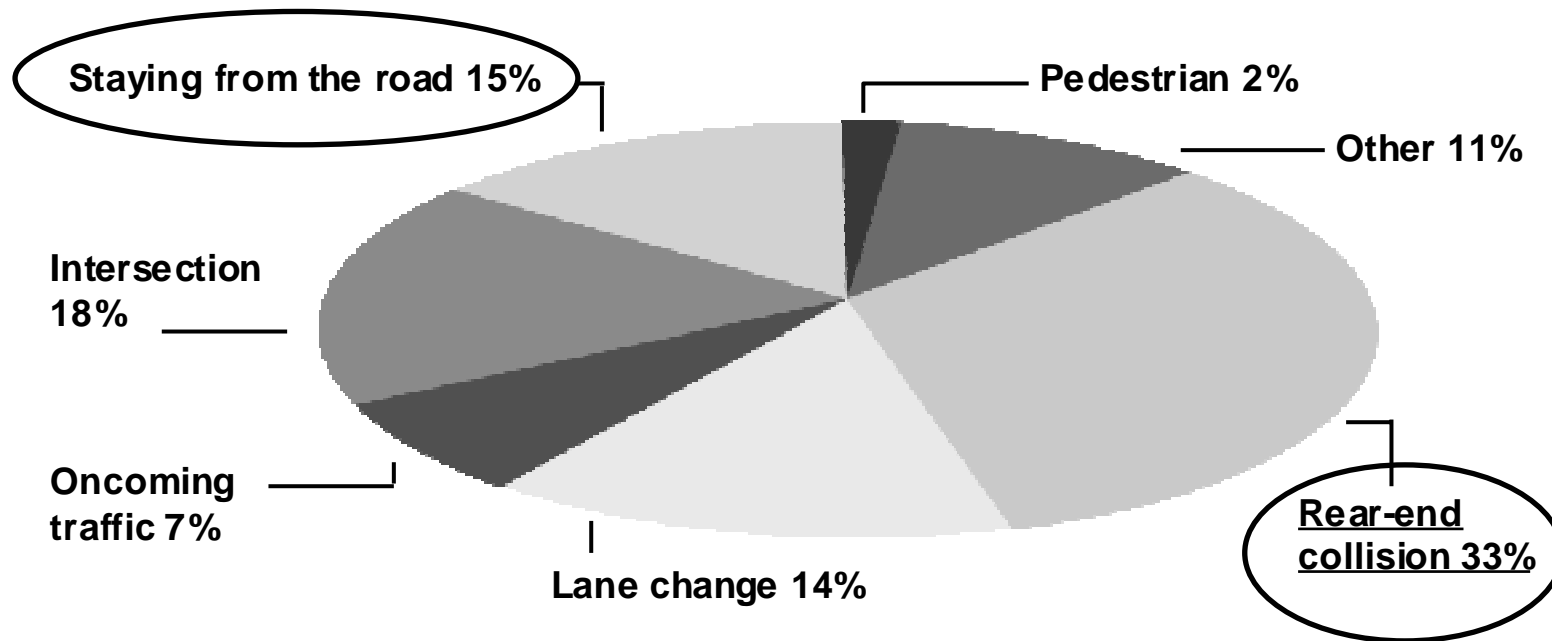
... meets limited information processing speed







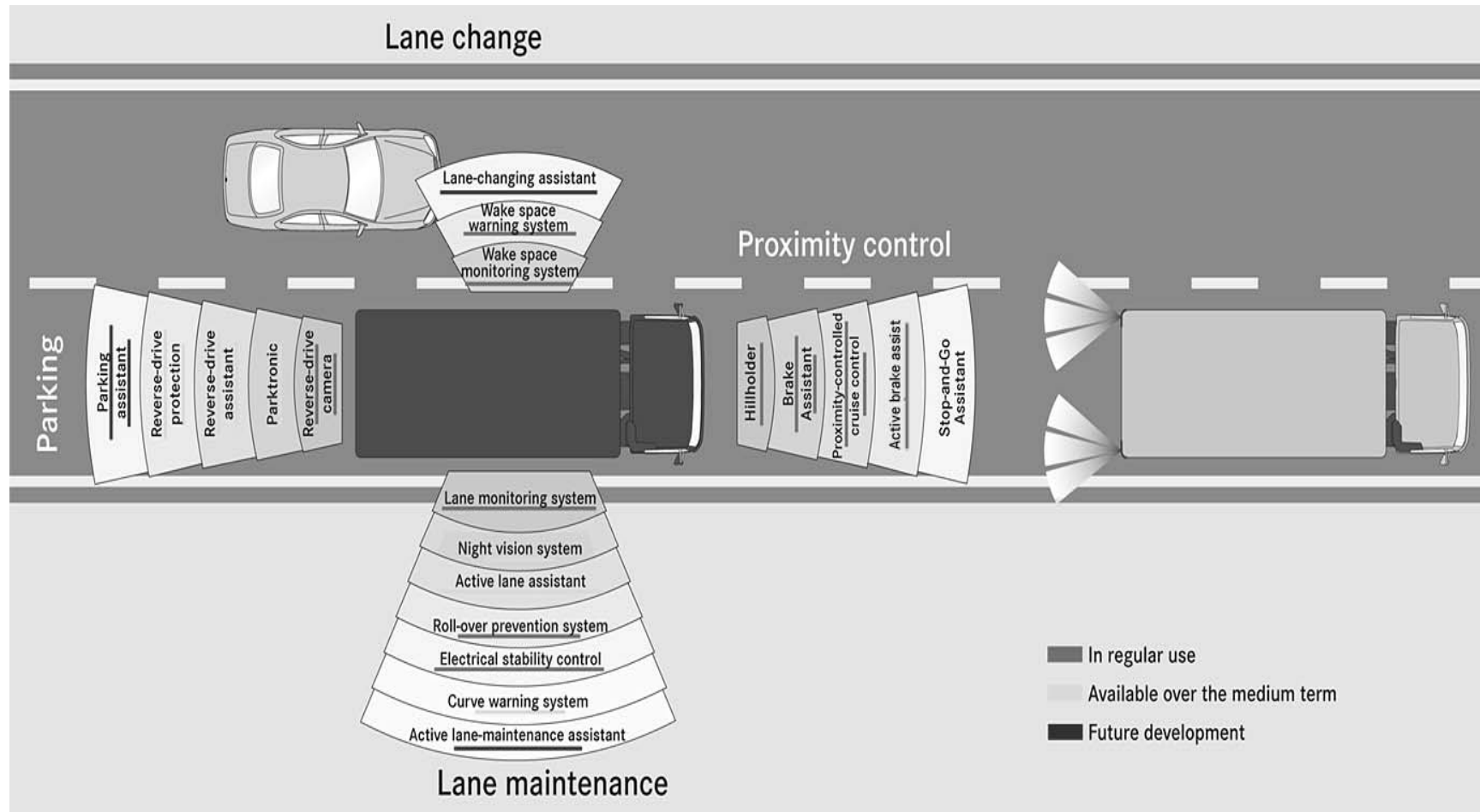
# 33% OF ACCIDENTS INVOLVING HEAVY TRUCKS DUE TO REAR END COLLISION



(Source: DaimlerChrysler)



# BRAKE AND LANE ASSISTANT REDUCE IMPACT OF ACCIDENTS SIGNIFICANTLY





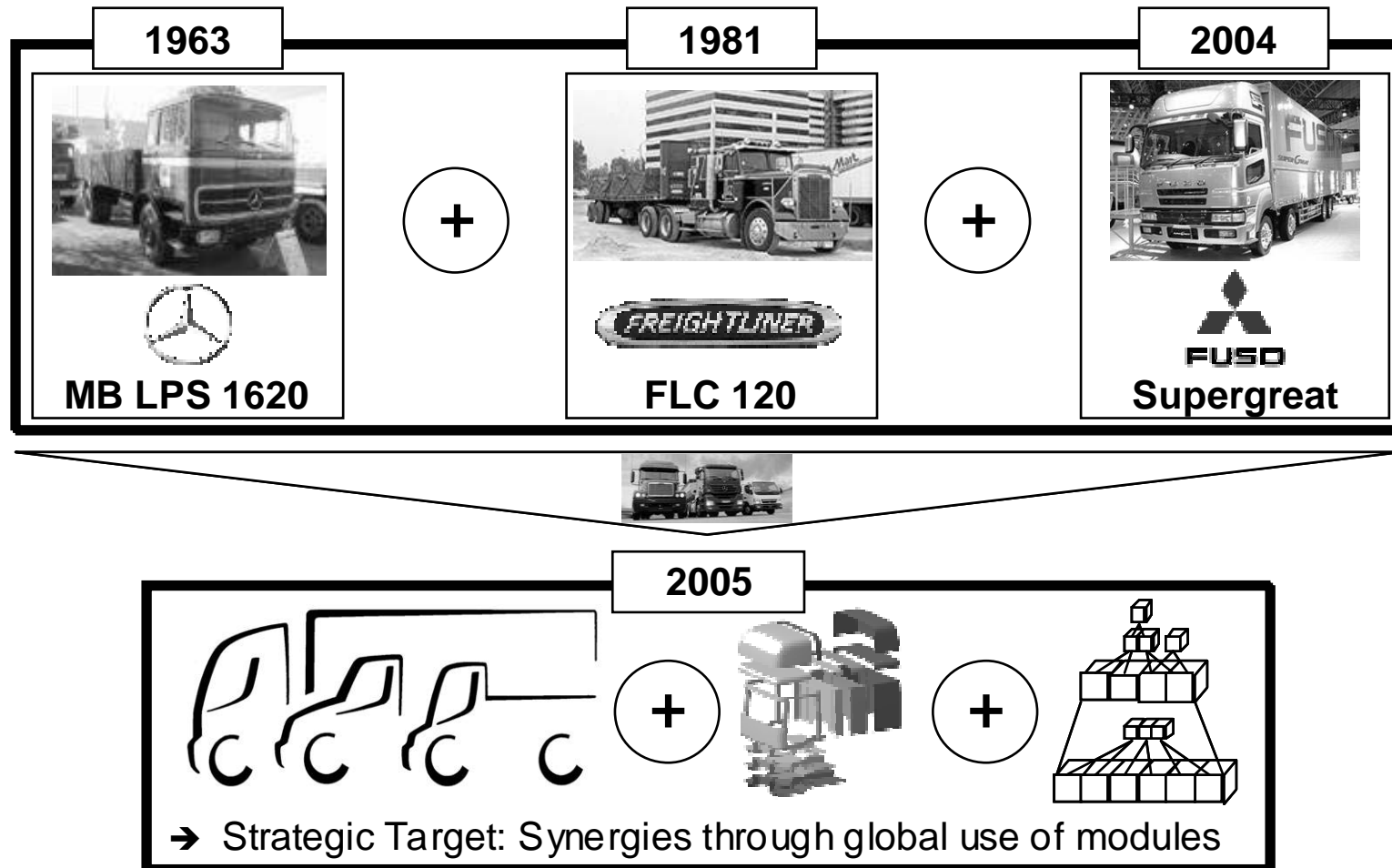
# TRUCK GROUP OFFERS A SAFETY PACKAGE WHICH MAKES THE ACTROS THE WORLD'S SAFEST TRUCK

## Features

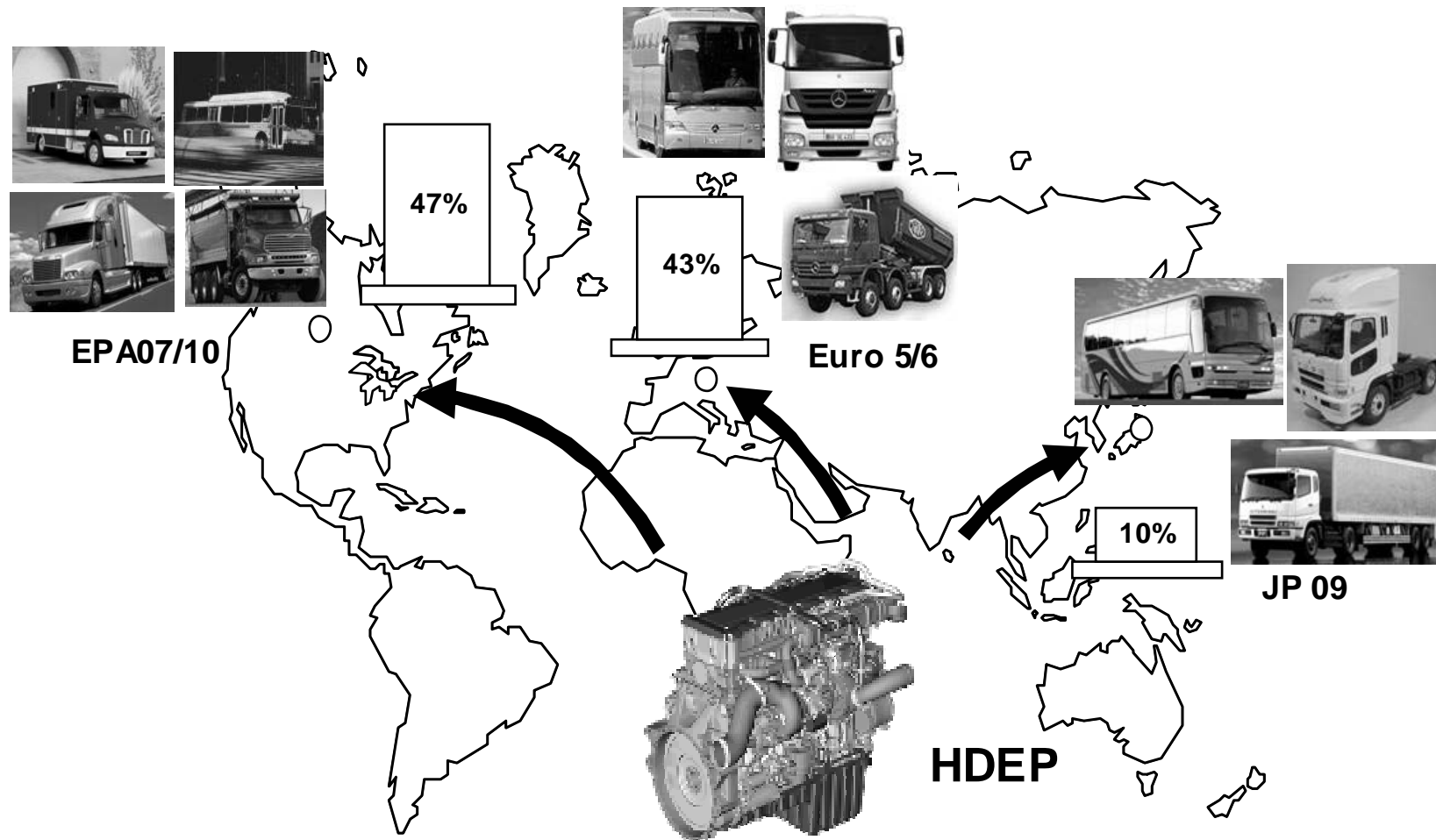
- Telligent brake system with Brake Assist
- Telligent Lane Assistant
- Telligent proximity and stability control
- cab which meets Swedish crashworthiness standards
- Electronic level control
- Front under ride guard
- Airbag
- Seat belt tensioner
- Tire pressure monitoring system and wide-base run-flat tires
- ...



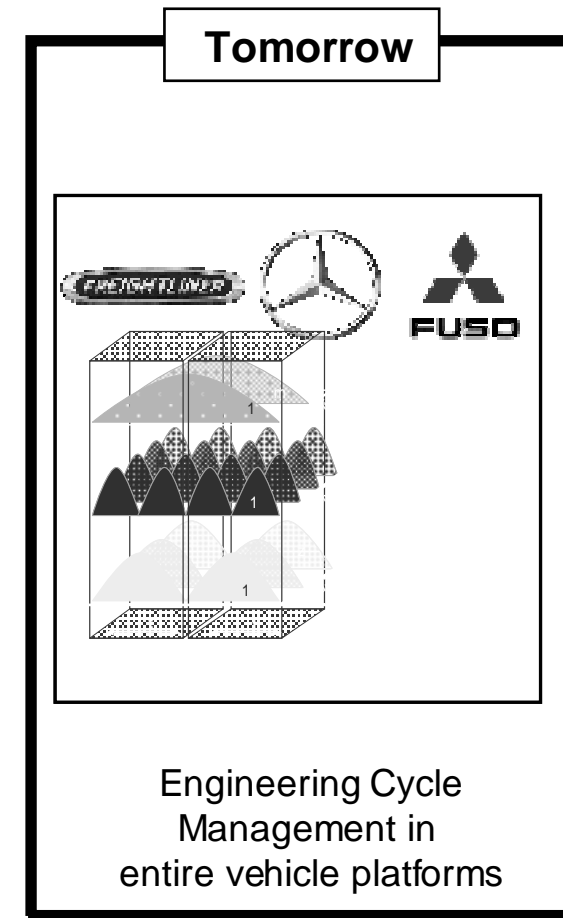
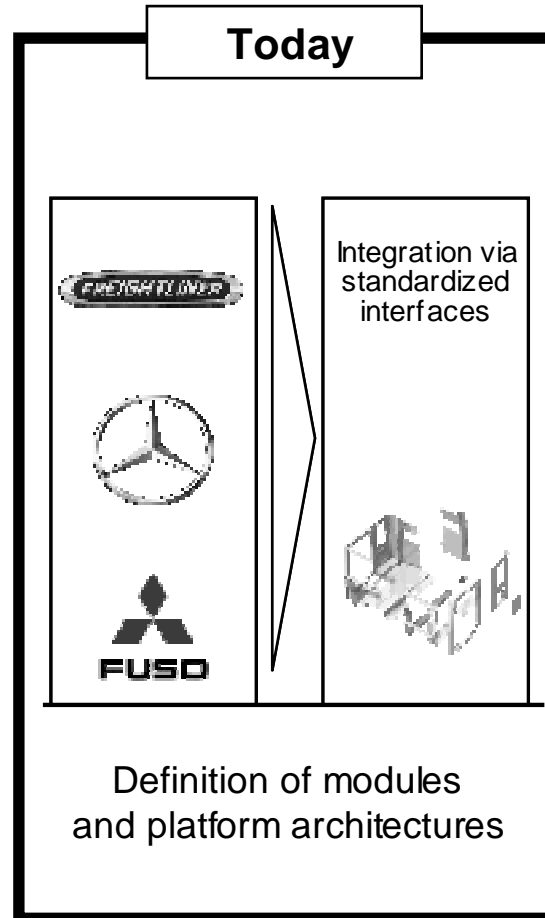
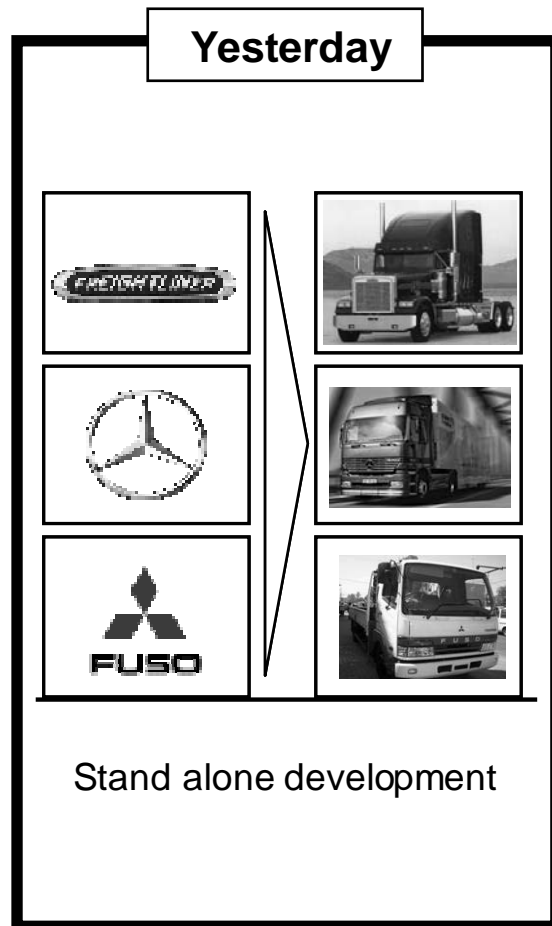
# PRODUCT DEVELOPMENT: GLOBAL GROWTH REQUIRES PRODUCT PORTFOLIO CONSOLIDATION



# ENGINE PLATFORM CAN BE USED ACROSS THE WORLD WITH A VOLUME OF APPROX. 200,000

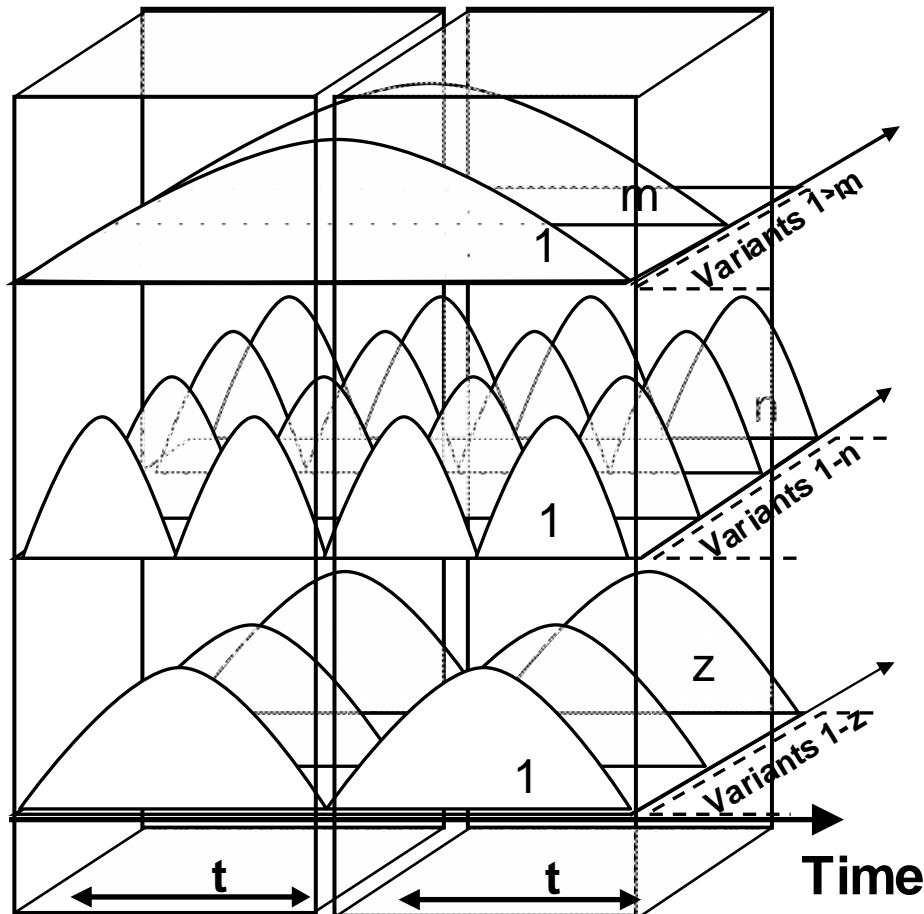


# TODAY WE FOCUS ON MODULAR STRATEGIES, TOMORROW WE MANAGE ENTIRE VEHICLE PLATFORMS

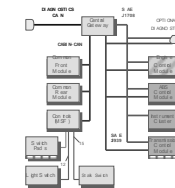




# IN THE FUTURE: ENGINEERING CYCLE MANAGEMENT ENSURES INTEGRATION OF INNOVATIONS



Base Technologies



WLAN Technology

Components / Modules



Navigation System

Entire Vehicles



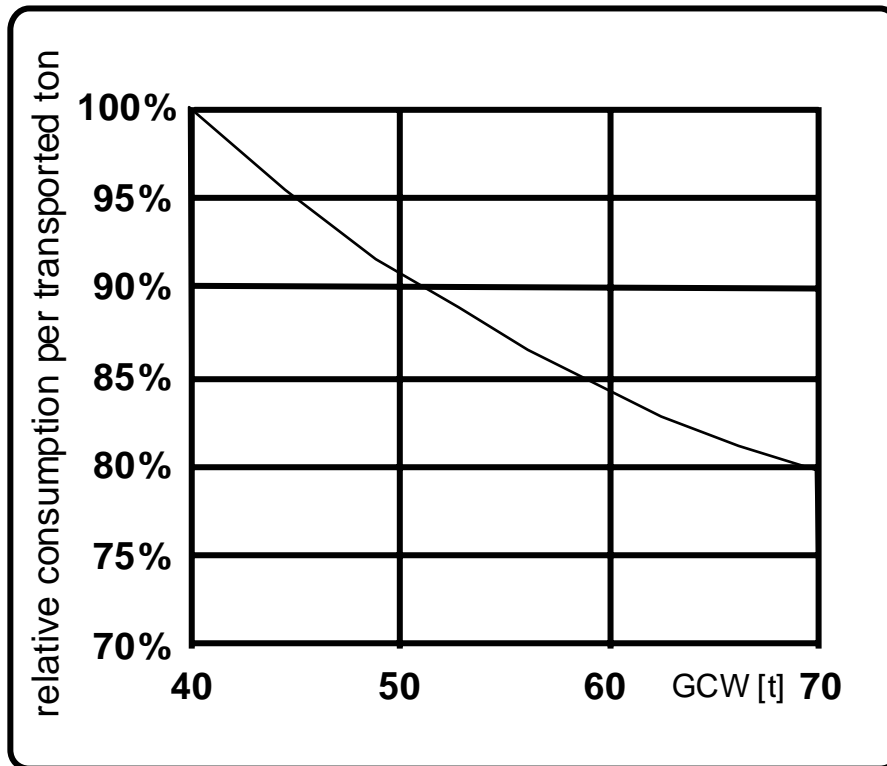
Future HD Truck



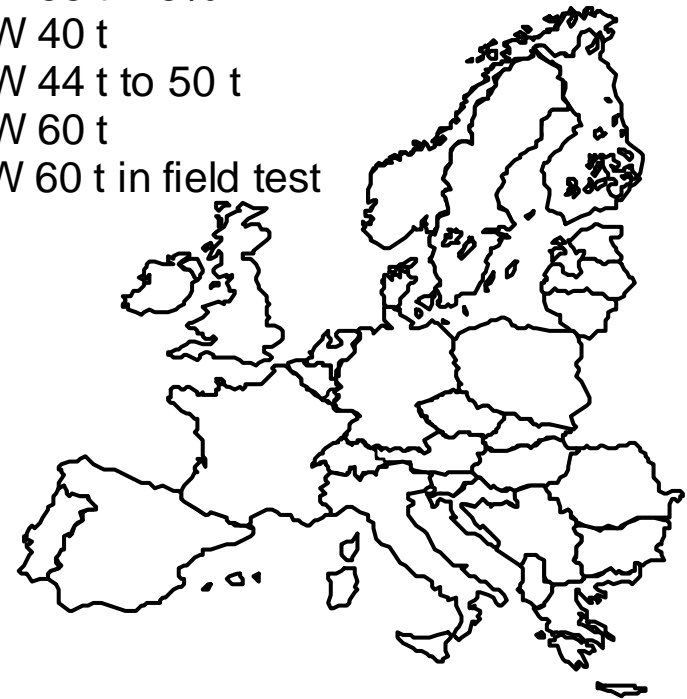
# NEW PRODUCT IDEAS REQUIRED DUE TO LIMITED SPACE ON ROADS

Higher tonnage reduces fuel consumption per transported ton of goods

Higher tonnage is already present and under testing in some EC countries



- GCW 38 t + 5%
- GCW 40 t
- GCW 44 t to 50 t
- GCW 60 t
- GCW 60 t in field test





## Summary

- **Strong Market** still in 2006
- DC addresses these issues with it's **Global Excellence** Program by
  - managing the cycle
  - focusing on operational excellence
  - identifying growth potentials in China, India and Russia
  - pushing future product development
- Due to legislation and globalization enormous pressure on truck industry which leads to a **race for innovations**
  - to reduce emissions and involve new technologies (hybrid)
  - to improve safety
  - to optimize cost of ownership
- **Product strategy and product development** become key differentiator in the long term. Different life cycles (technologies, modules, vehicle) to be integrated.
- New **Product ideas** to be followed in order to optimize payload and reduce road wear

**THANK YOU FOR YOUR ATTENTION!**

