

# DAIMLER

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Full Year Results 2008 Roadshow

March 2009

## Major characteristics in FY 2008

### ● Dramatic market turbulences in H2/2008

- Worldwide financial and economic crisis
- High volatility of raw-material prices and major currencies

### ● Decrease in EBIT

- Mercedes-Benz Cars strongly impacted by deteriorating car markets
- Daimler Trucks EBIT impacted by negative market development and DTNA repositioning
- Mercedes-Benz Vans and Daimler Buses at record result levels
- Financial Services continued with solid performance
- Significantly negative EBIT impact from Chrysler (€3.2 billion)

### ● Solid financial position

- Cash flow impacted by increase of working capital
- Net liquidity of industrial business at comfortable level
- Strong balance sheet

## Important highlights in FY 2008

### ● Sales and products

- Sales records in H1 2008
- Successful launch of new C-Class and GLK
- Production start of new fuel efficient diesel engines OM651
- Presentation of S400 BlueHYBRID to be launched in 2009

### ● Efficiency gains

- Restructuring of DTNA (900m EBIT improvement expected in 2011)
- Finalization of New Management Model (cost reduction of approx. 1.2bn by 2009)

### ● Financial situation

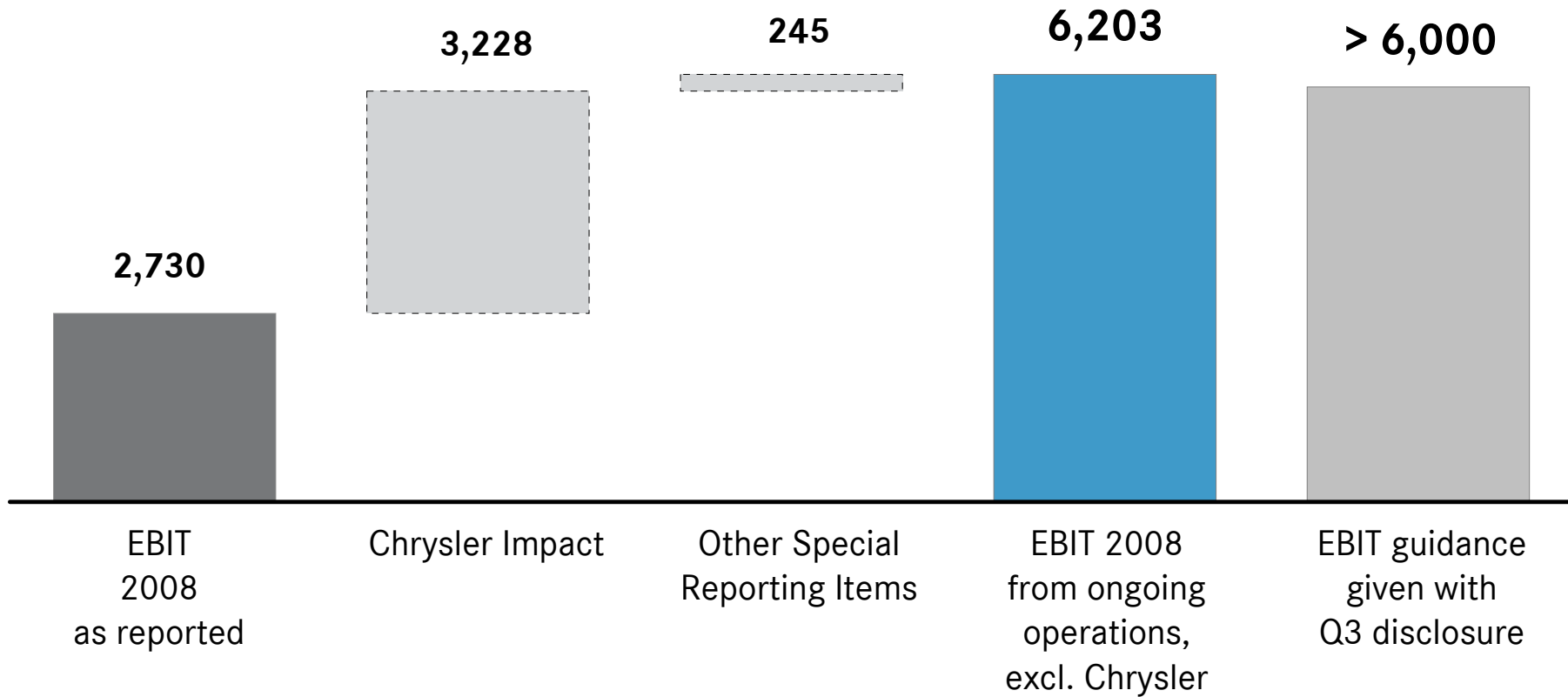
- Comfortable liquidity position and strong balance sheet
- Available unutilized credit lines of 3bn EUR and 5bn USD
- Proven continuous access to capital markets
- Reduction of Chrysler related risks through complete write-off of loans and equity

## Significant earnings impact related to Chrysler

- Negative impact on EBIT of €3.2 billion, of which
  - at equity result of minus €1.4 billion
  - Impairment of Chrysler-related assets of €1.8 billion
- Carrying amount of equity stake, subordinated and second lien loan adjusted to zero
- Cash impact in 2008 of €1 billion from pay-out of the second lien loan in June
- Guaranties provided by Daimler reduced in FY 2008 by €0.4 to €0.3 billion; related collateral provided by Chrysler decreased by €0.1 to €0.2 billion
- At equity result is not indicative for US GAAP results to be reported by Chrysler Holding LLC due to significant valuation differences between US GAAP and IFRS
- Negotiations with Cerberus Capital Management on redemption of remaining stake in Chrysler ongoing

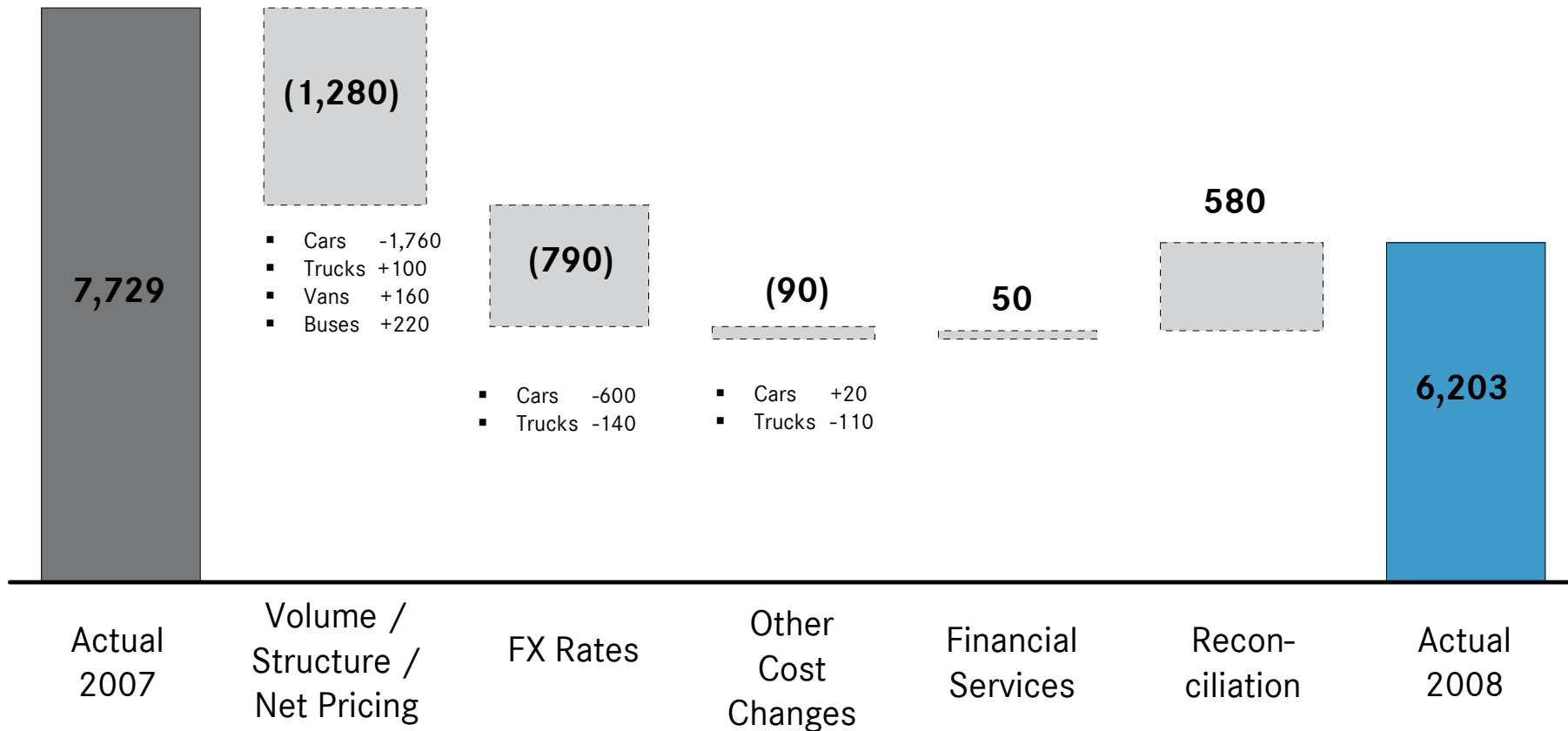
## EBIT from ongoing operations meets Q3 guidance

- in millions of € -



## Daimler EBIT adjusted for SRI development in 2008

- in mill € -



## Key financials FY 2007 vs FY 2008

- in billions of € -	<b>FY 2007</b>	<b>FY 2008</b>
EBIT	8.7	<b>2.7</b>
Net profit	4.0	<b>1.4</b>
Earnings per share (in €)	3.83	<b>1.41</b>
Free cash flow industrial business	7.6	<b>(3.9)</b>
Net liquidity industrial business (at period end)	12.9	<b>3.1</b>

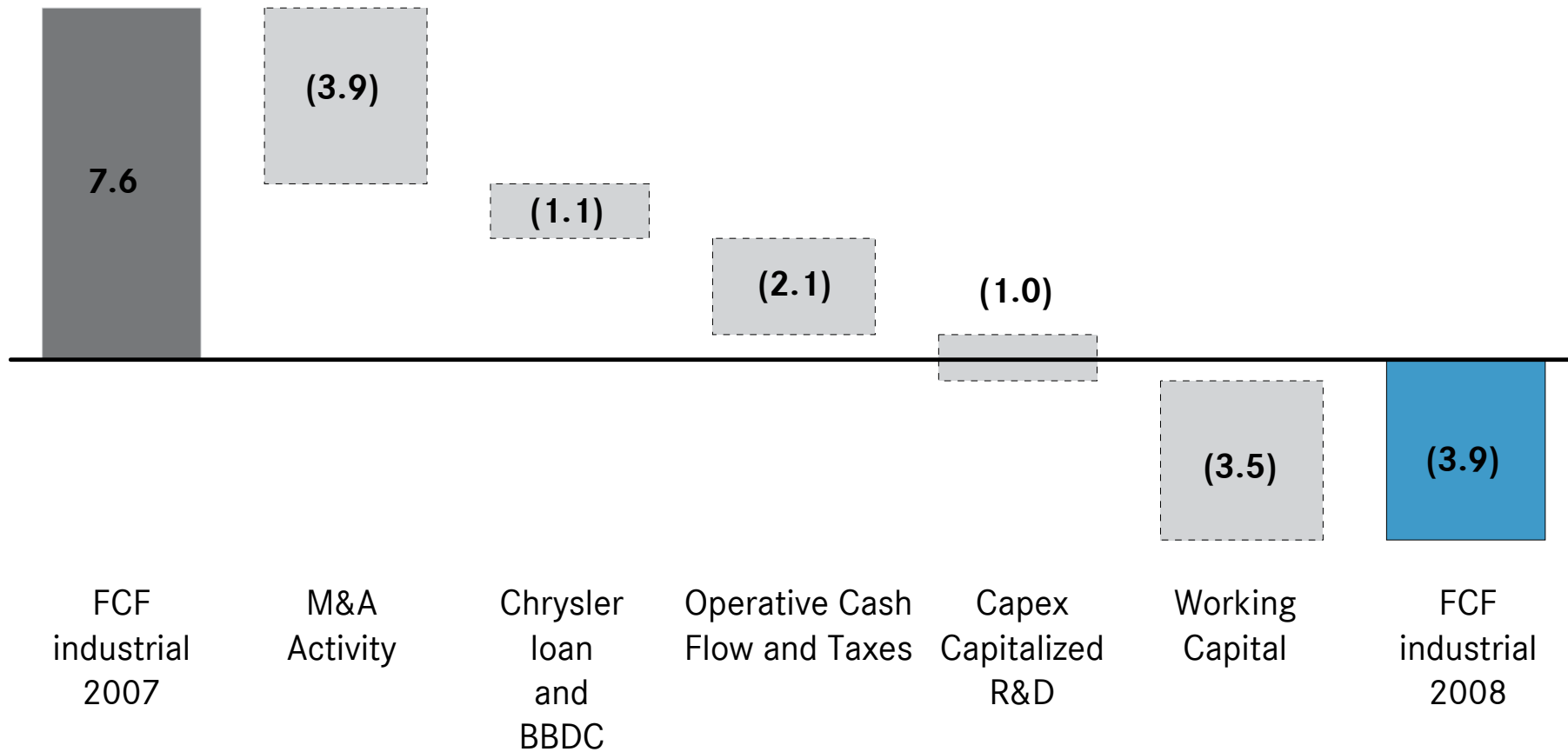
## Key balance-sheet and financial figures FY 2007 vs FY 2008

- in millions of € -	Dec. 31, 2007	Dec. 31, 2008
<b>Daimler Group</b>		
Equity ratio <sup>1)</sup>	26.9%	<b>24.3%</b>
Gross liquidity	17,055	<b>8,003</b>
<b>Industrial Business</b>		
Equity ratio <sup>1)</sup>	43.7%	<b>42.7%</b>
Net liquidity	12,912	<b>3,106</b>
Free cash flow (12-months period)	7,637	<b>(3,915)</b>

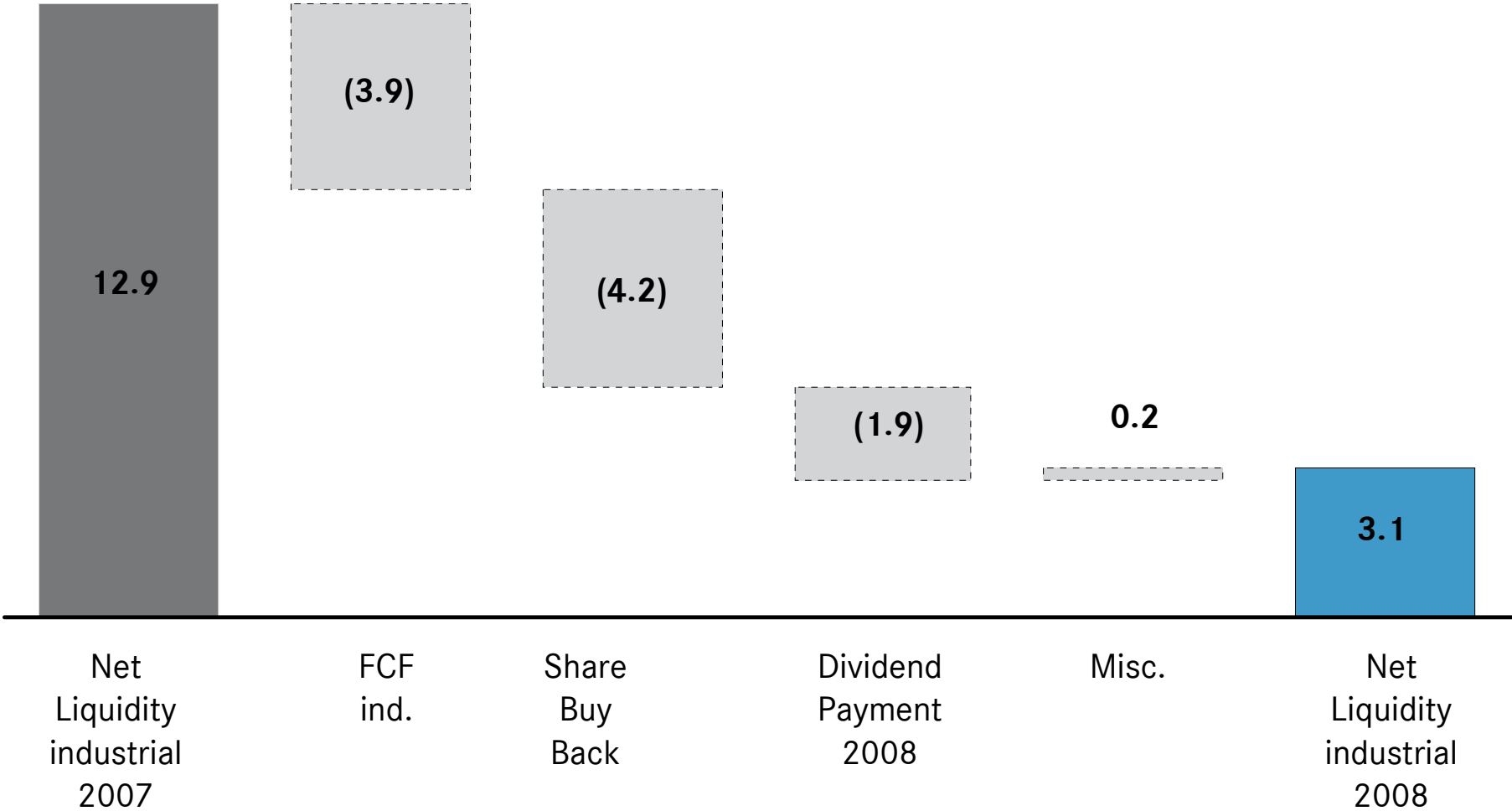


## Free Cash Flow Industrial Business development in 2008

- Sale of Real Estate
- Transfer of EADS shares
- Kamaz and Tognum



# Net Liquidity Industrial Business FY 2007 vs FY 2008



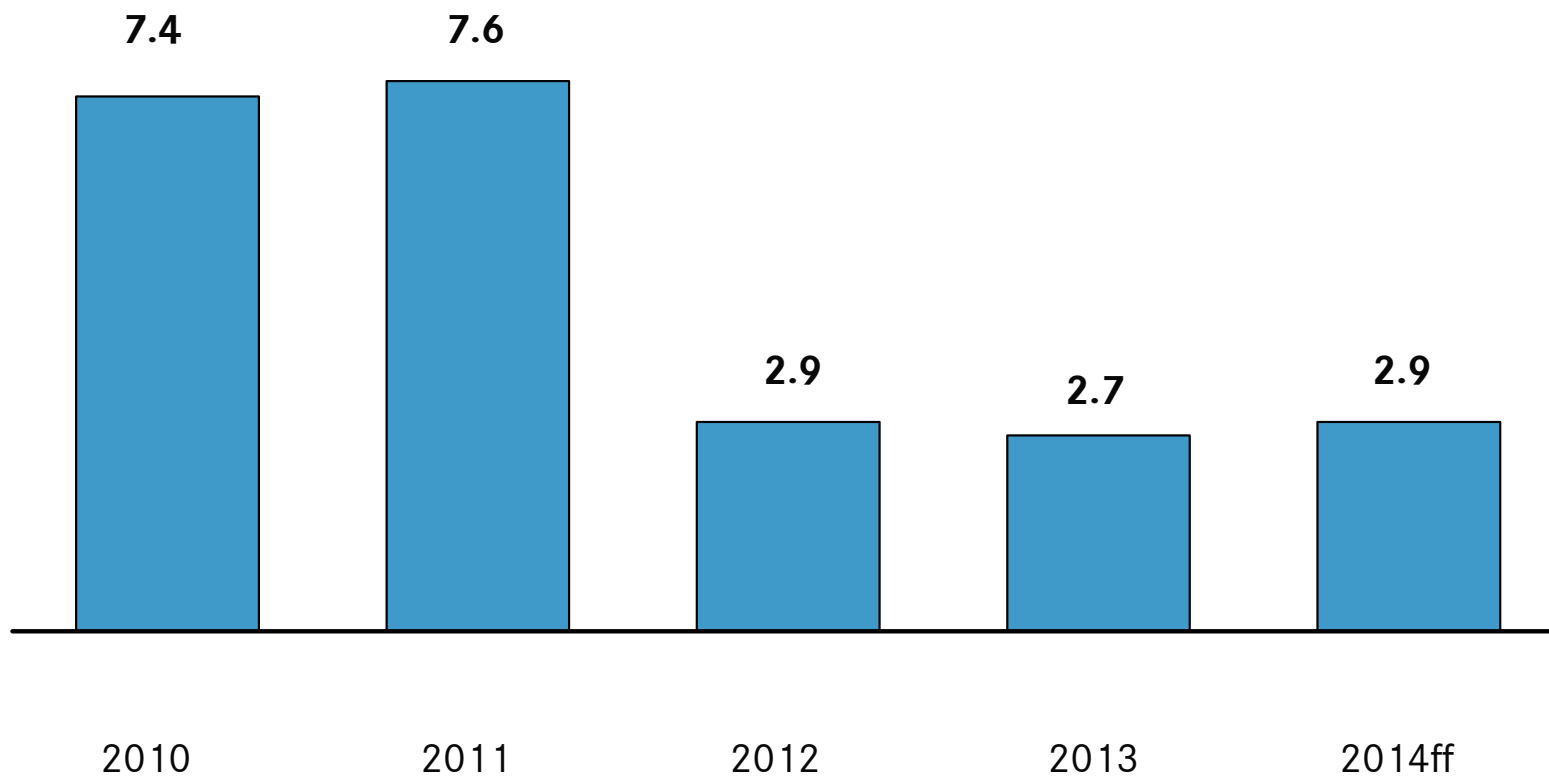
## Financial liabilities (nominal)

- in billions of € -	<b>Sep 30, 2008</b>	<b>Dec 31, 2008</b>
Bonds	31.8	<b>32.2</b>
Bank Loans	15.1	<b>14.6</b>
ABS	0.9	<b>0.7</b>
Commercial Paper	1.8	<b>2.3</b>
Account Deposits	5.4	<b>6.0</b>
Other	0.9	<b>0.9</b>
<b>Total</b>	<b>55.9</b>	<b>56.7</b>

## Financial liabilities (nominal)

- in billions of € -	Dec 31, 2008	Maturities current	Maturities Non- current
Bonds	32.2	10.4	21.7
Bank Loans	14.6	7.2	7.4
ABS	0.7	0.6	0.1
Commercial Paper	2.3	2.3	0.0
Account Deposits	6.0	5.4	0.6
Other	0.9	0.5	0.4
<b>Total</b>	<b>56.7</b>	<b>26.5</b>	<b>30.2</b>

## Bond Maturities 2010ff in bn€



## Safeguard financial flexibility

### Funding

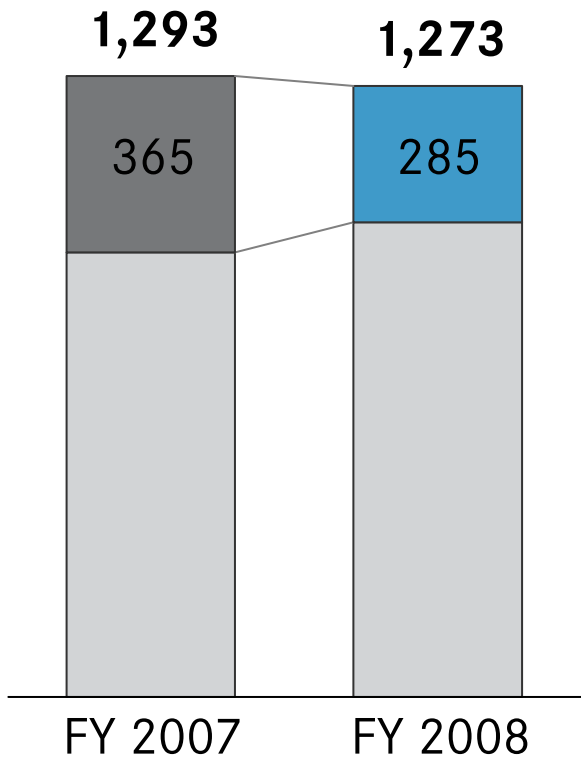
- Comfortable gross liquidity
- Access to debt markets
- Broad range of funding instruments available
- Solid balance sheet

# Mercedes-Benz Cars

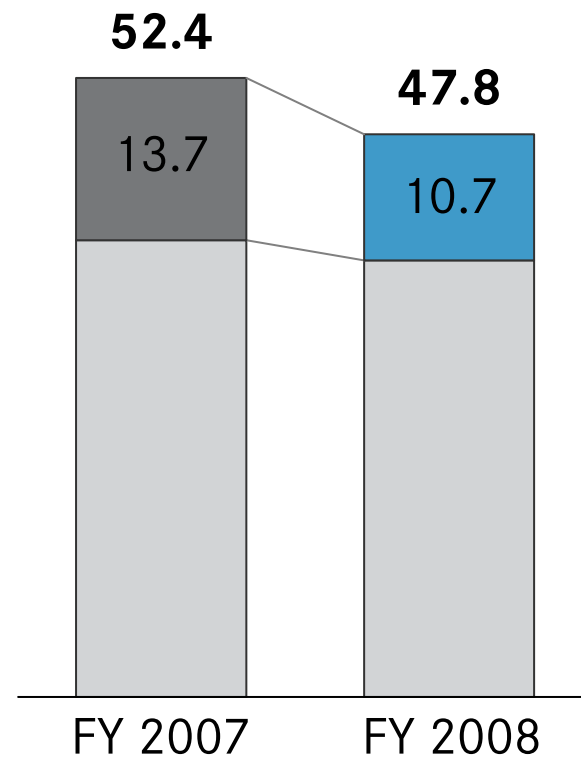


# Lower unit sales and revenue due to the deterioration of the market environment

**Unit sales**  
- in thousands of units -



**Revenue**  
- in billions of € -

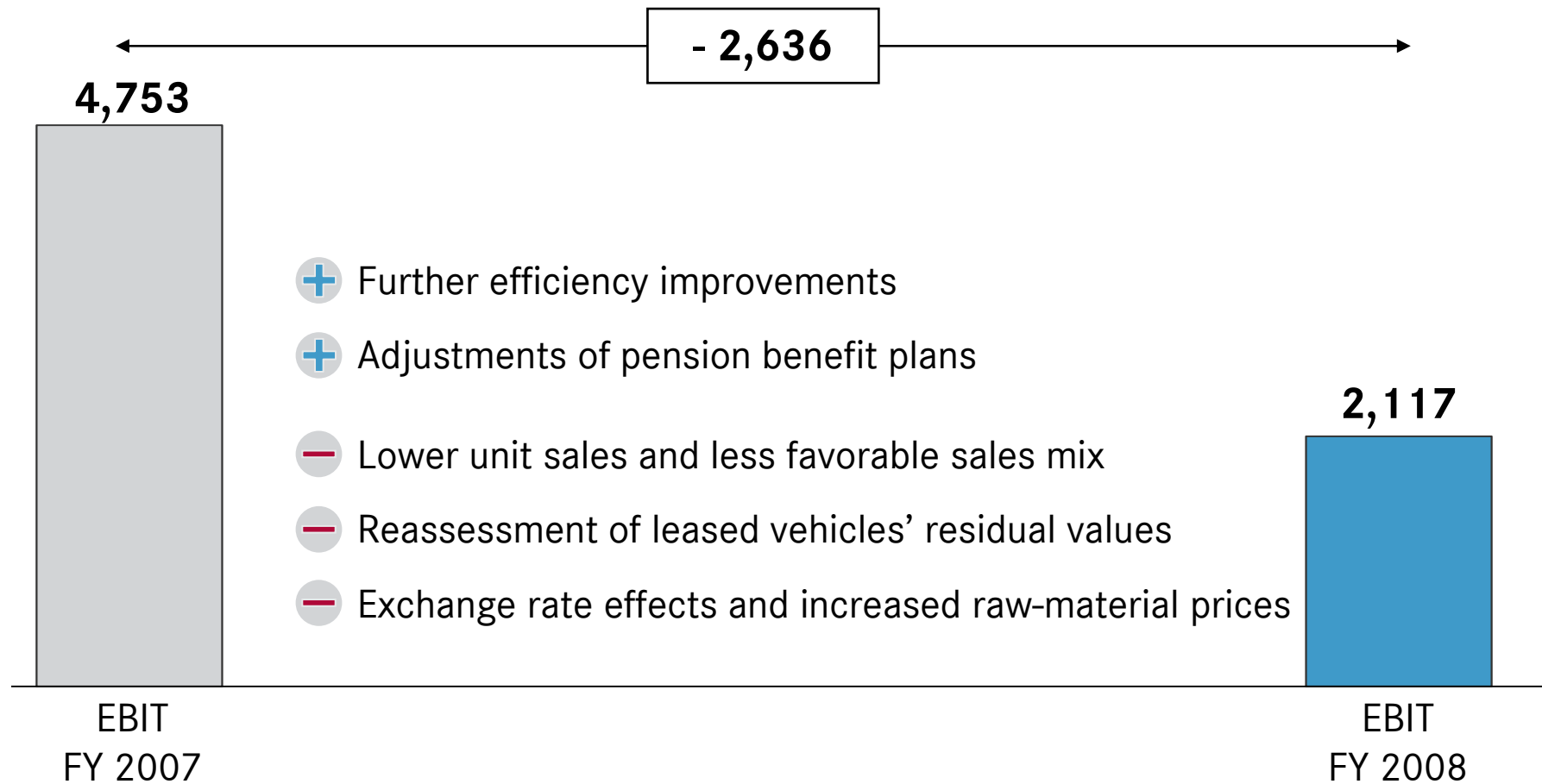


□ Q1-3    ■ / ■ Q4



# EBIT decreased significantly with the decline in market demand starting in Q3 2008

- in millions of € -

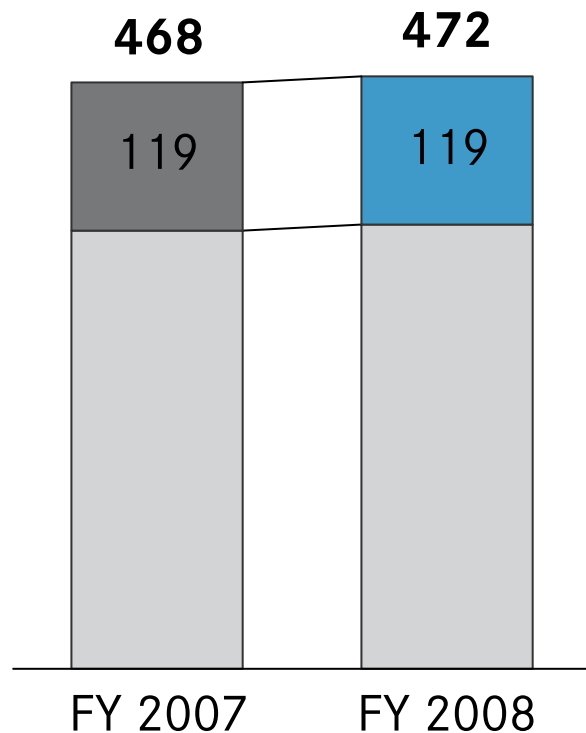


# Daimler Trucks

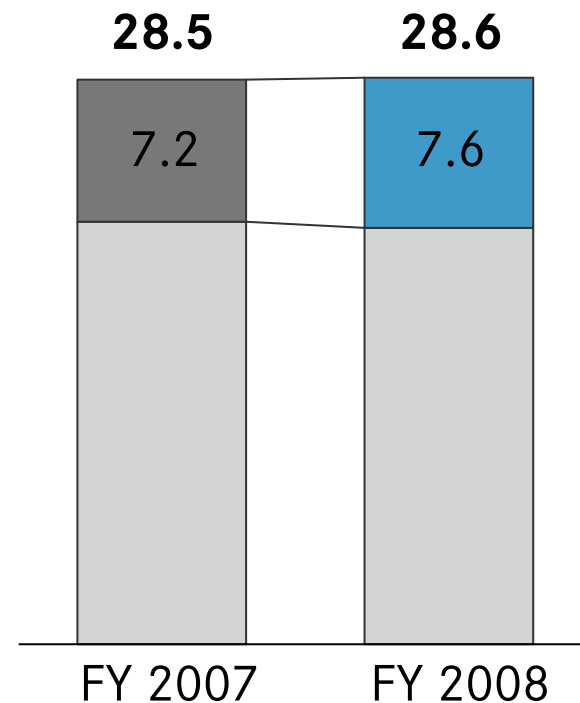


# Growth mainly in Brazil and Asian markets partly offset by the decline in NAFTA and Japan

**Unit sales**  
- in thousands of units -



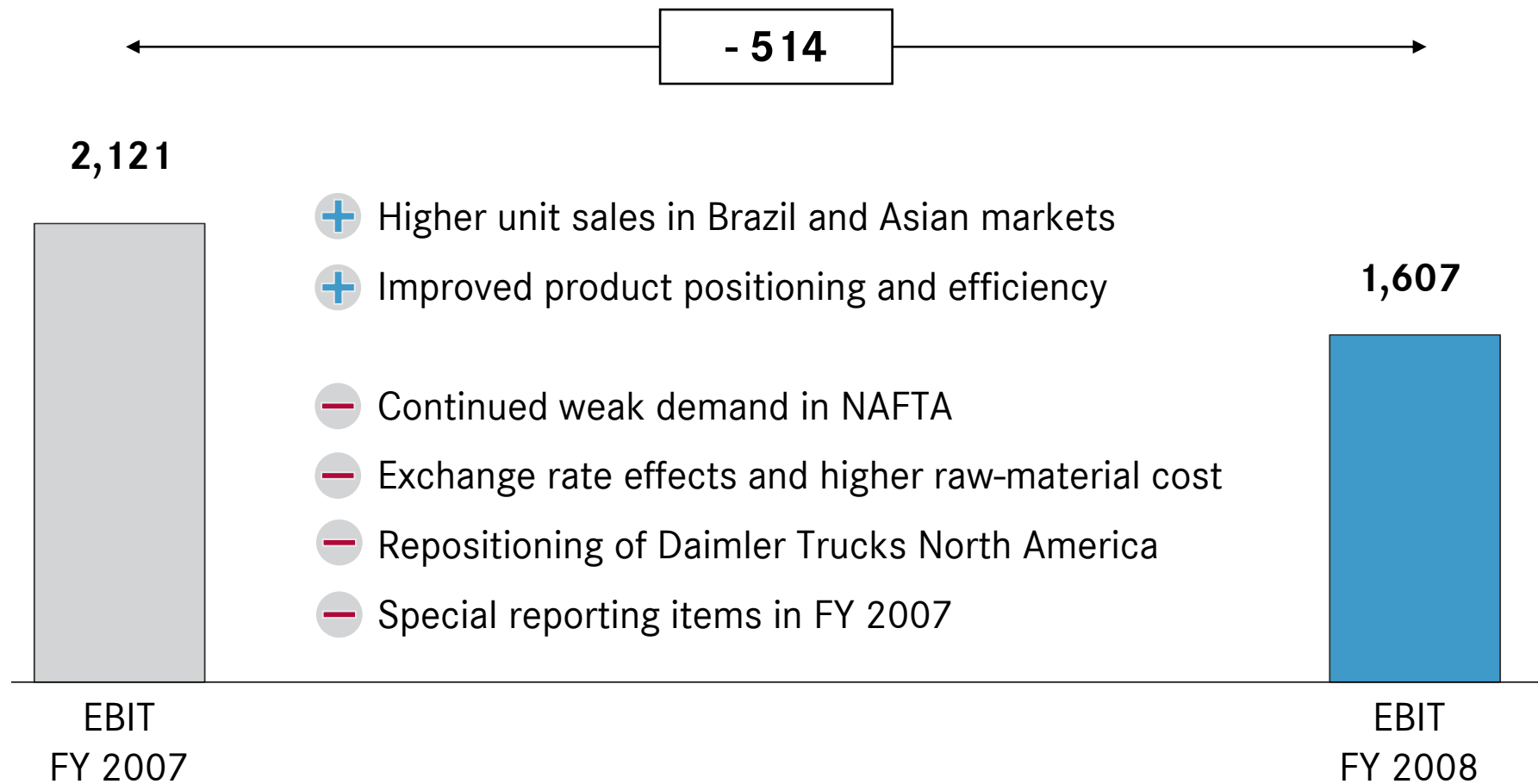
**Revenue**  
- in billions of € -



■ Q1-3    ■ / ■ Q4

# Decrease in EBIT primarily due to the repositioning in the NAFTA region

- in millions of € -



# Mercedes-Benz Vans

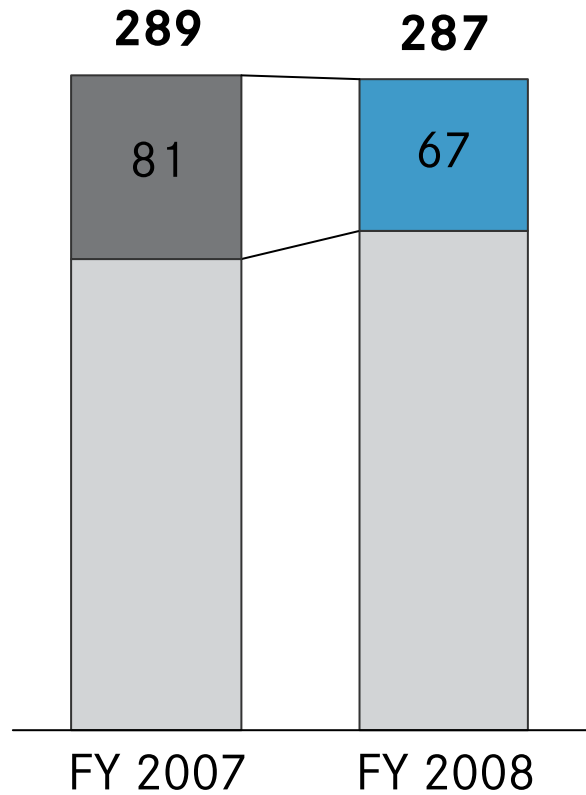


# Daimler Buses

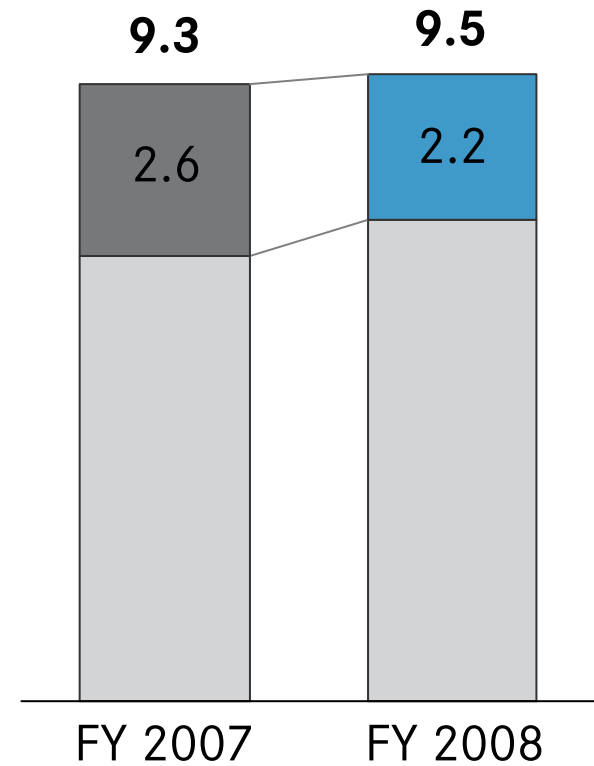


# Unit sales on second-best level ever

**Unit sales**  
- in thousands of units -



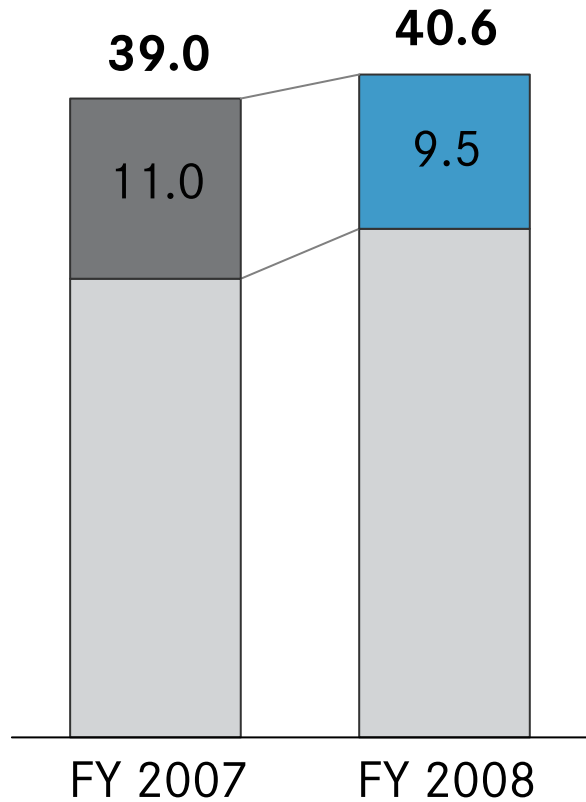
**Revenue**  
- in billions of € -



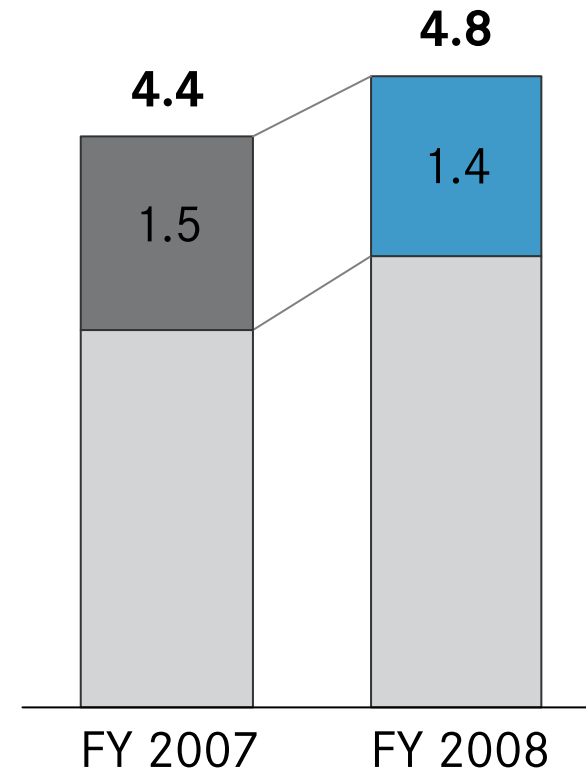
Q1-3
  / 
  Q4

Sales record mainly driven by increases in Europe and NAFTA

**Unit sales**  
- in thousands of units -



**Revenue**  
- in billions of € -

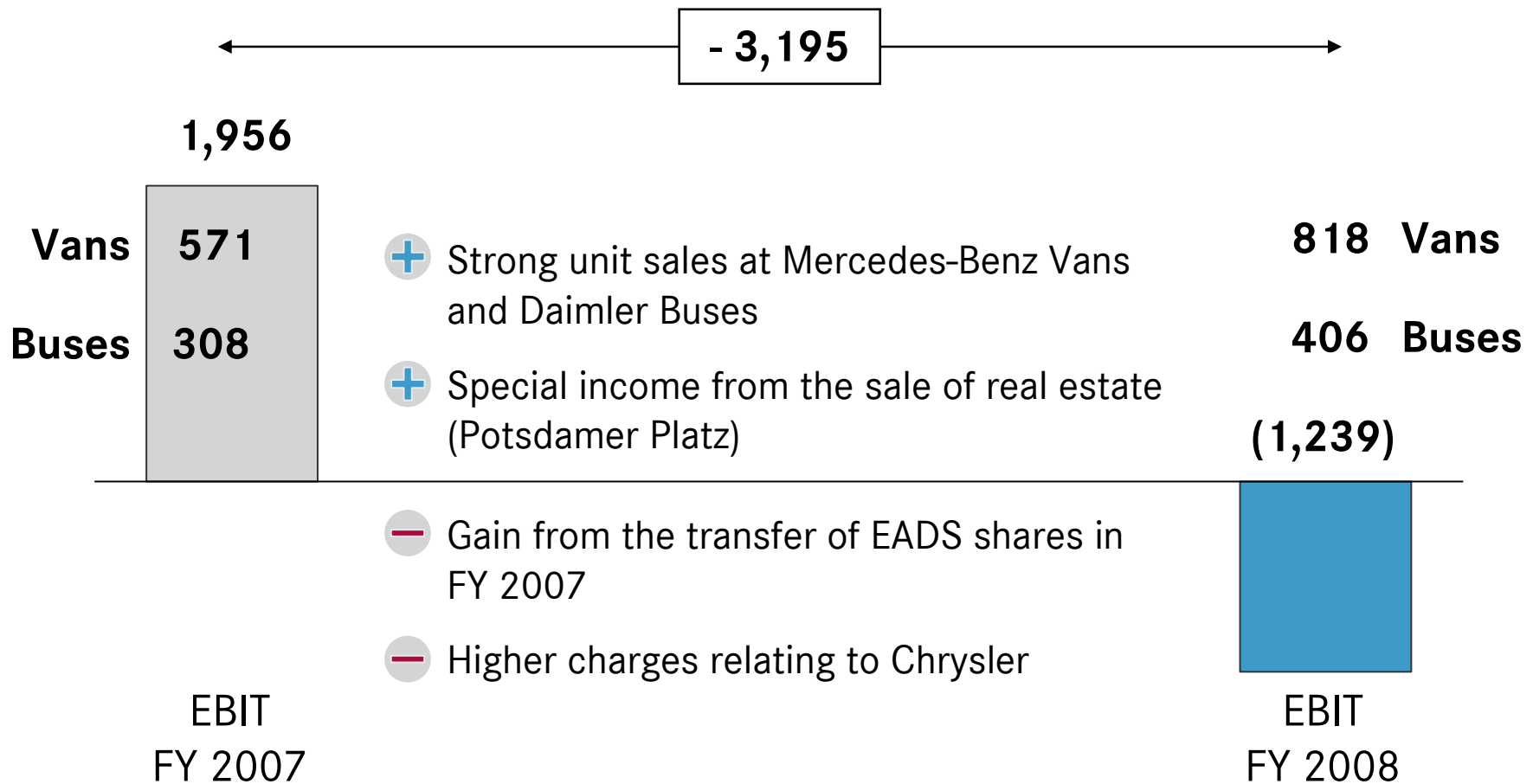


Q1-3    /    Q4



# Higher EBIT of vans and buses offset by negative effects relating to Chrysler

- in millions of € -

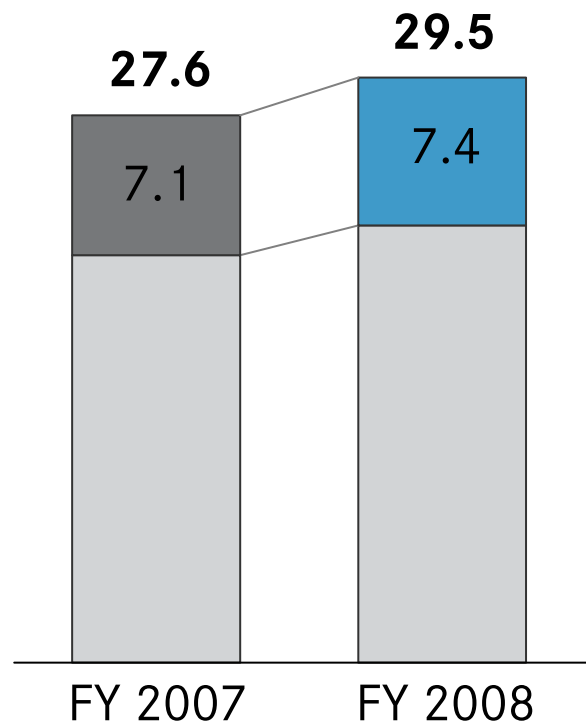


## Daimler Financial Services

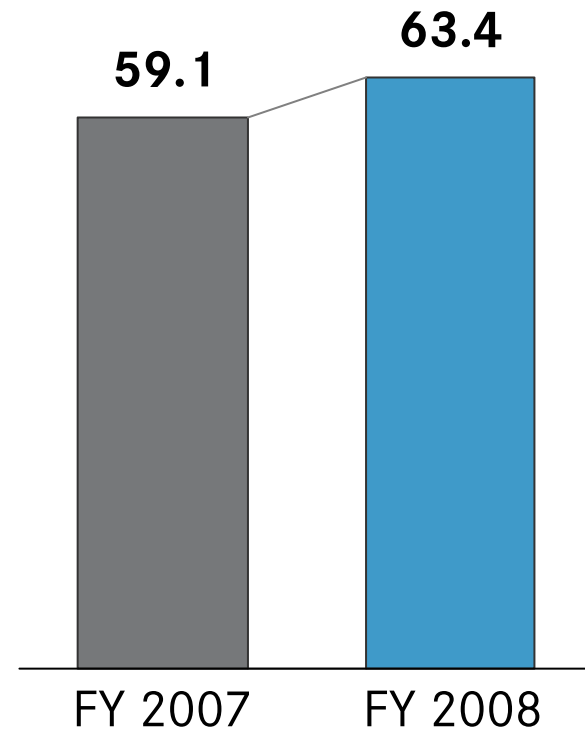


# Solid business development in a difficult environment

**New business**  
- in billions of € -



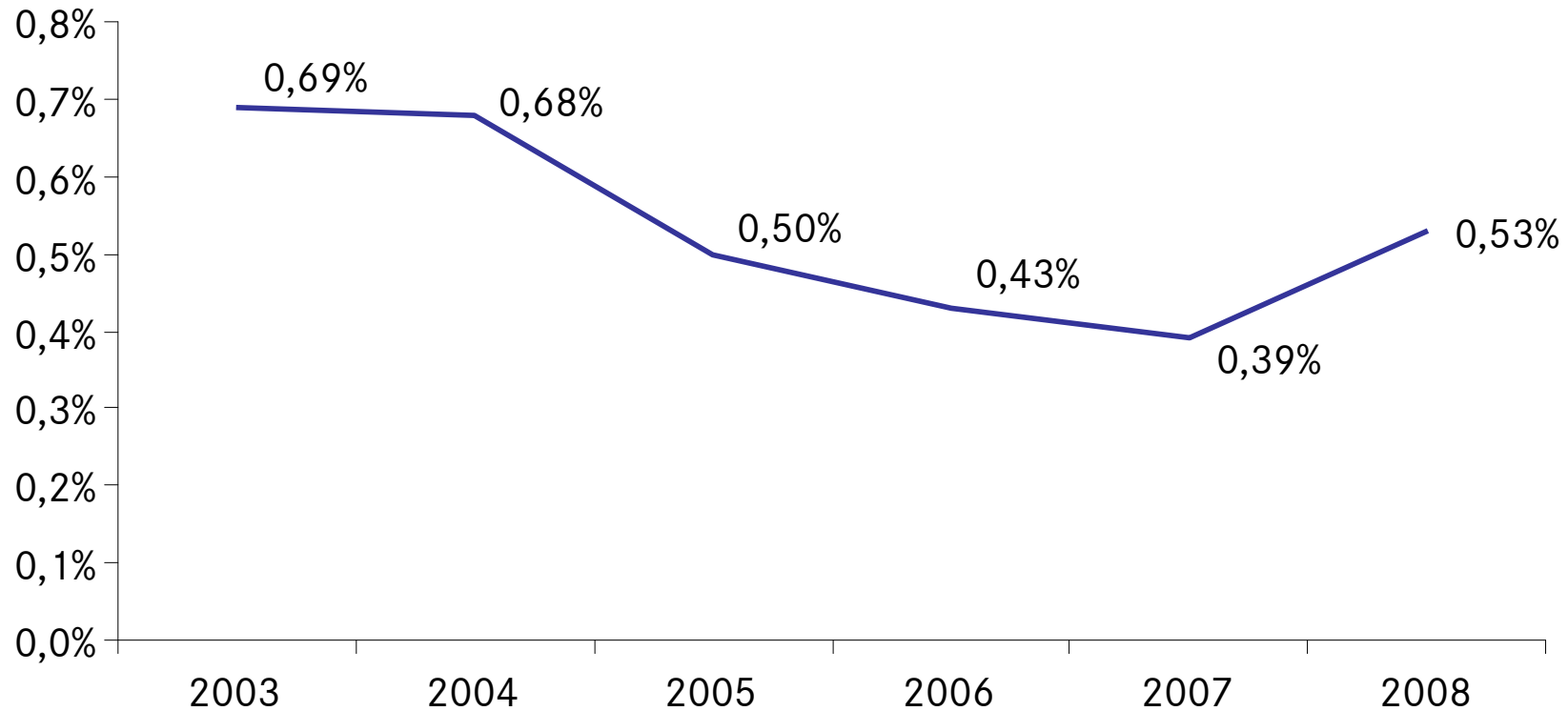
**Contract volume**  
- in billions of € -



Q1-3
  / 
  Q4

# Net Credit Losses are rising, but we have seen higher levels in the past

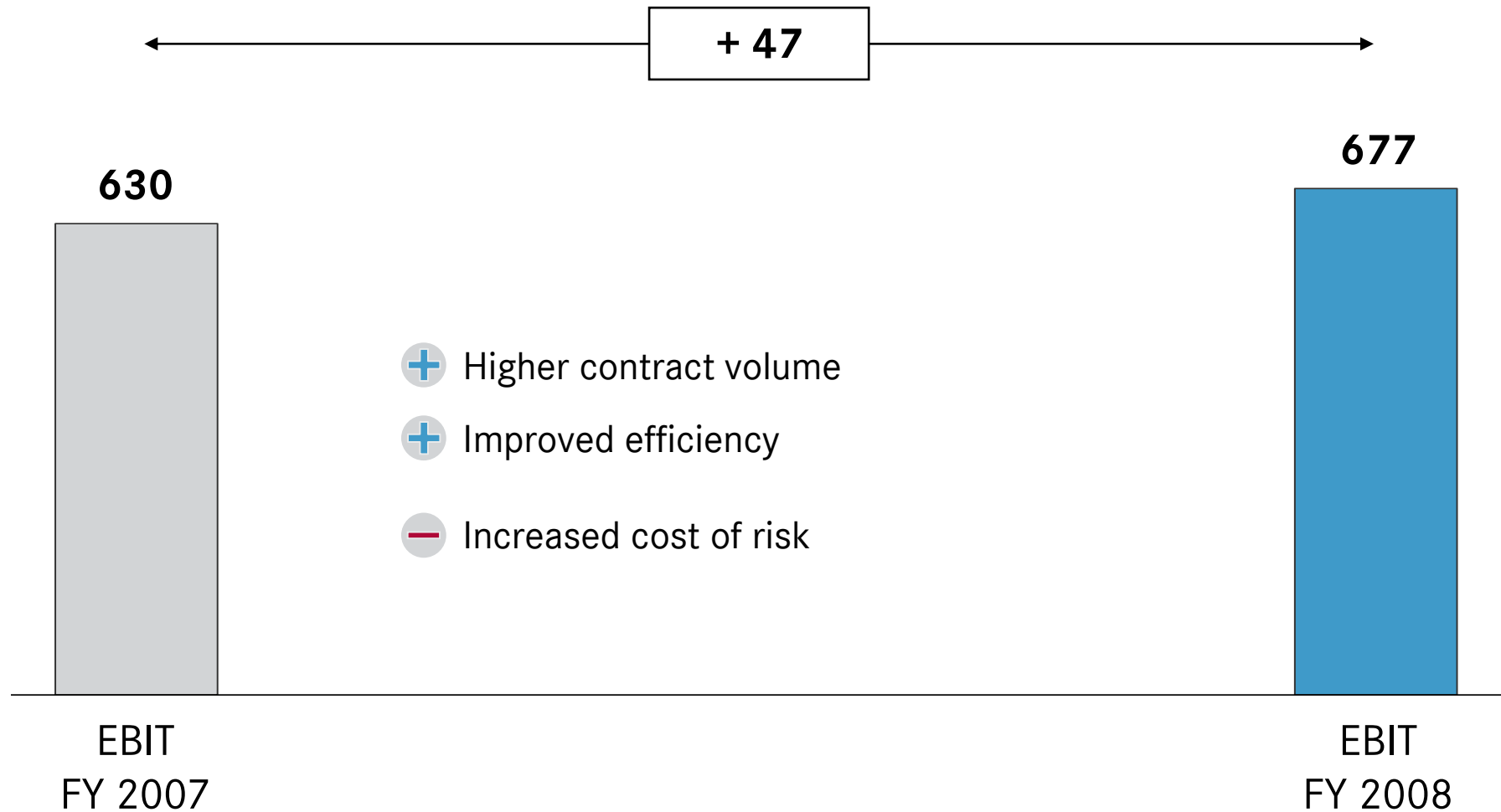
Net Credit Losses\* - Global Automotive



\*) % of Portfolio Subject to Credit Risk

# EBIT slightly above prior-year's level

- in millions of € -



# Strike right balance – master crisis & invest in future

## DAIMLER

Manage through the economic crisis



Accelerate ongoing efficiency programs



Invest in strategic key areas



Mastering the crisis

Strengthen strategic position

## Safeguard financial flexibility (I)

### Cash flow measures

- Reduction of factory output and stock
- Disciplined cash spending
  - Rigid review of capital expenditure/investments
  - Reduction of budgets for 2009 and beyond

## Safeguard financial flexibility (II)

### Labor cost measures

- Introduced short-time work
- Utilized flexible work accounts
- Reduced number of temporary workers
- No salary increases for senior management
- No cash boni
- Significantly reduced 2008 executive bonus payments



# Accelerate company-wide efficiency programs

## Daimler efficiency programs

Mercedes-Benz Cars

Daimler Trucks

Mercedes-Benz Vans

Daimler Buses

Daimler Financial Services



Global Excellence

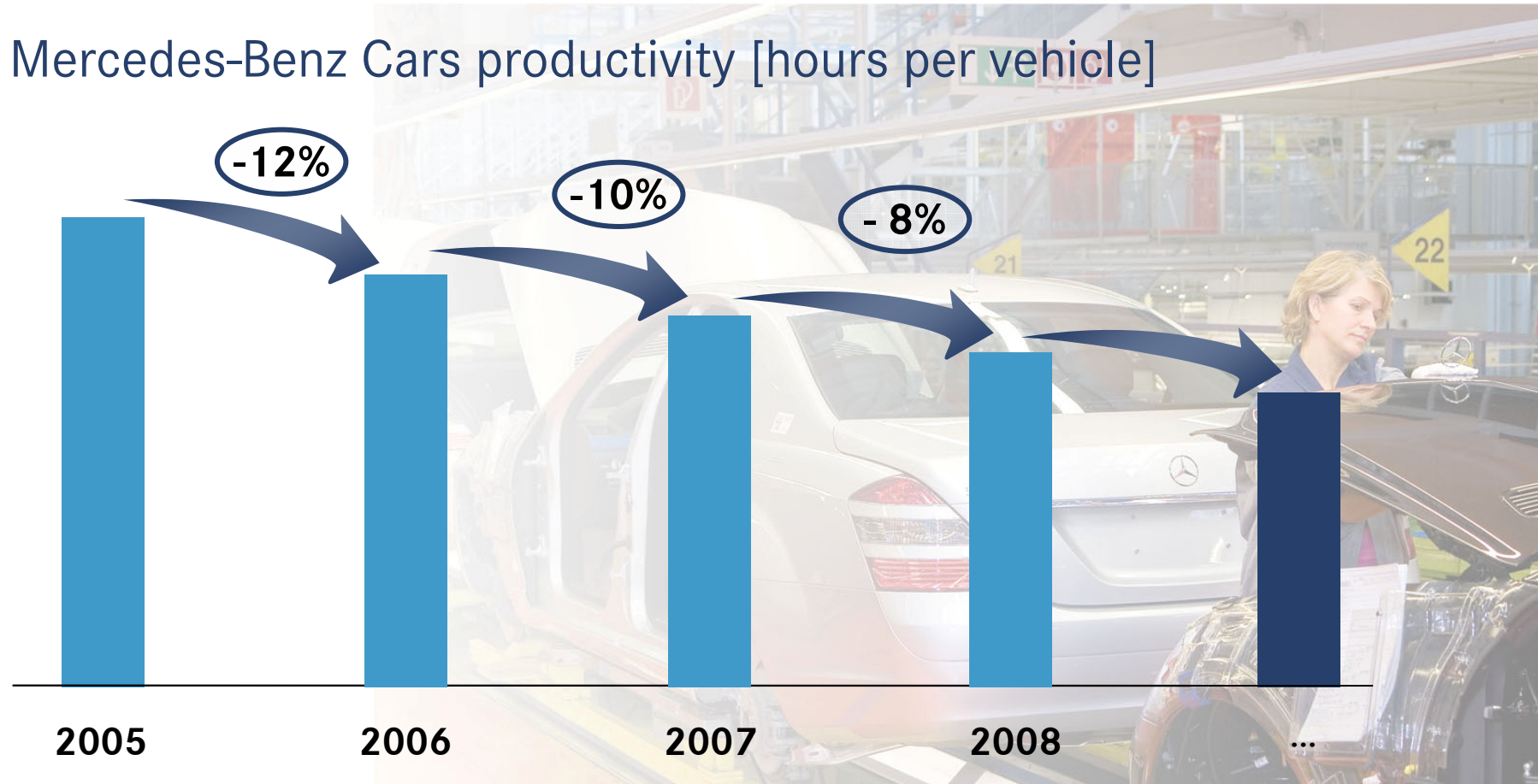
- 1 Business Model Strategy (Management of Cycles)
- 2 Operational Excellence
- 3 Growth and market optimization
- 4 Future product generations



## Cross-divisional functions / New Management Model

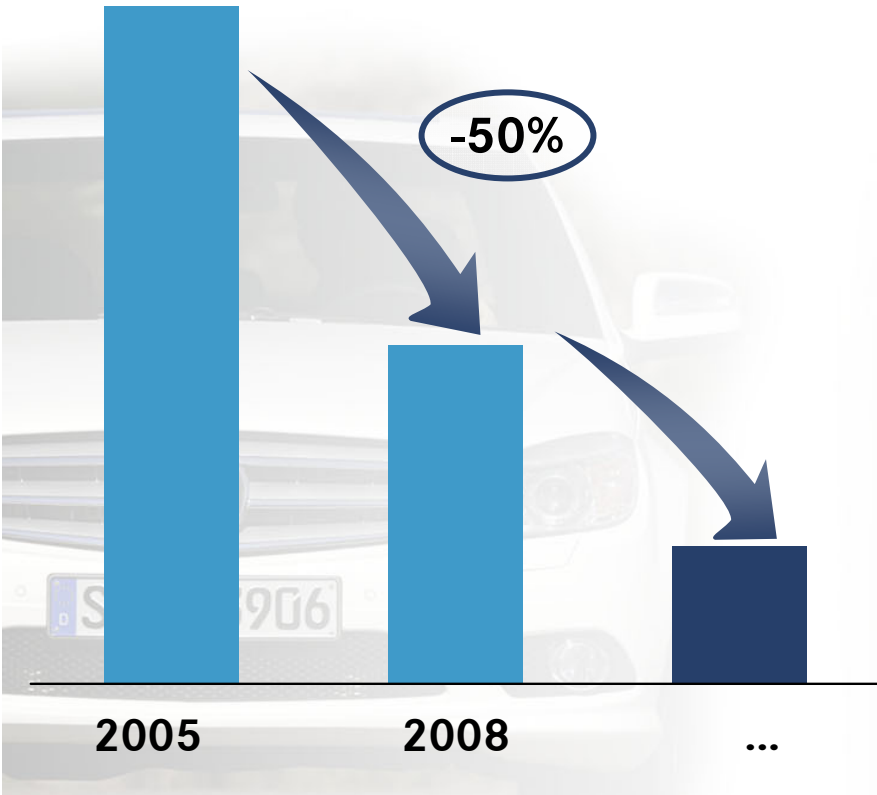
# Continued productivity improvement

Mercedes-Benz Cars productivity [hours per vehicle]

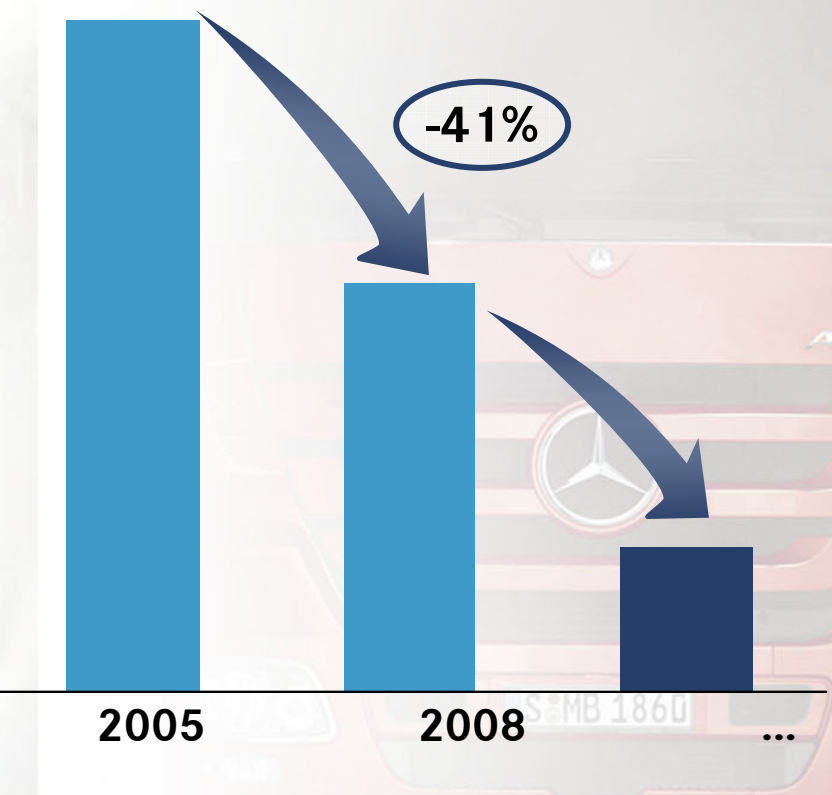


# Improving quality reduces warranty costs

**Mercedes-Benz Cars**  
(warranty & goodwill costs)



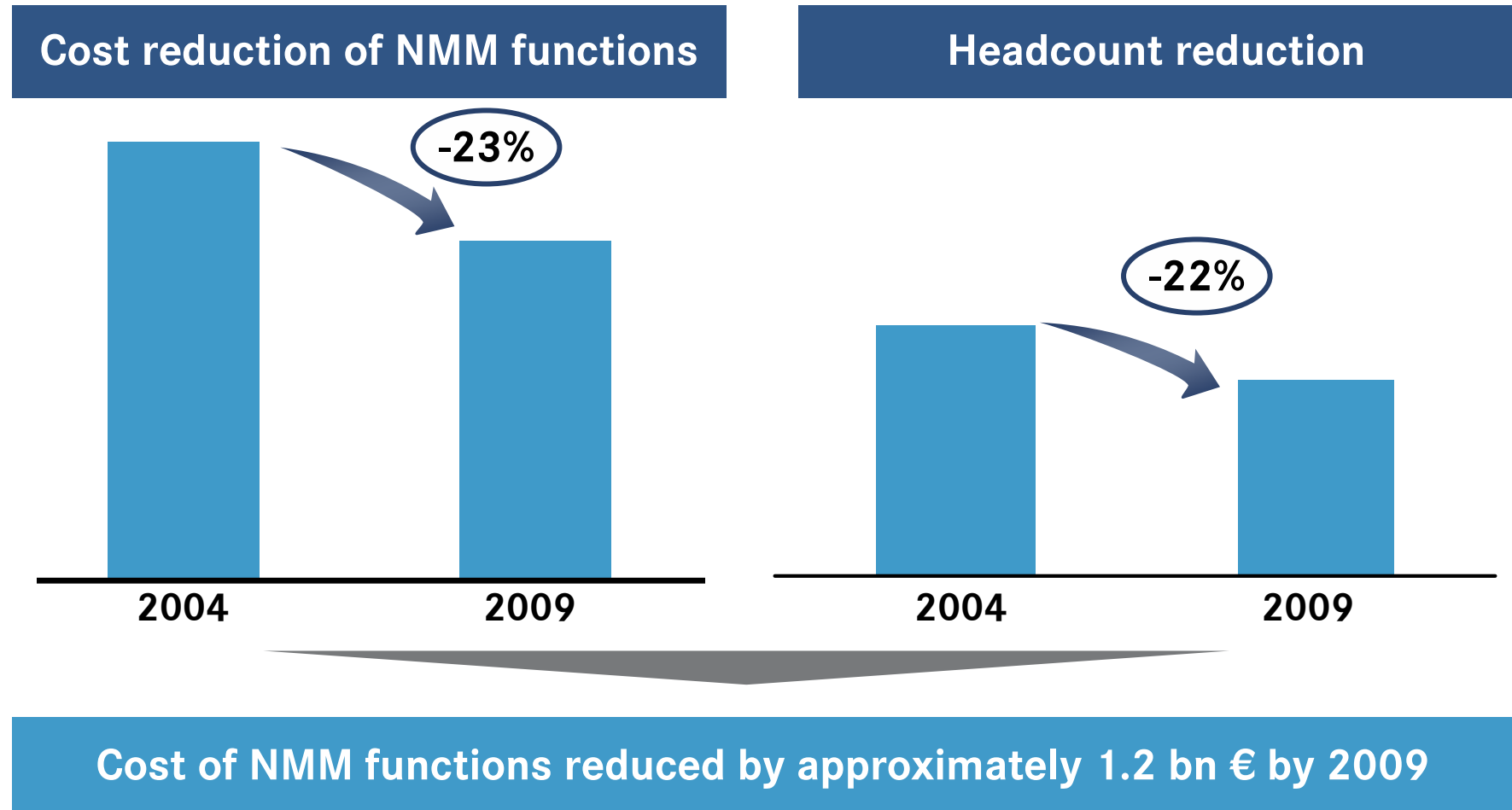
**Daimler Trucks**  
(warranty expense 12 months in service)



- x % change to 2005

## Structural improvements continue

“New Management Model” (NMM)



# “GO FOR 10” program takes efficiency to next level

Example: Mercedes-Benz Cars



Investments and existing assets	Fixed costs and organizational agility	Short- and long-term efficiency	Revenue and profit increase
<ul style="list-style-type: none"><li>● Review product portfolio</li><li>● Reduction net assets/ working capital</li><li>● ...</li></ul>	<ul style="list-style-type: none"><li>● Review indirect sectors</li><li>● Allocation of engineering resources</li><li>● ...</li></ul>	<ul style="list-style-type: none"><li>● Reduction material and production costs</li><li>● ...</li></ul>	<ul style="list-style-type: none"><li>● Optimization product mix</li><li>● Turn around new and young used cars</li><li>● ...</li></ul>

# “Global Excellence” drives efficiency

## Example: Daimler Trucks



### Efficiency measures

#### Daimler Trucks EU/LA

- MB Trucks contingency program
- Active management of downturn
- ...

#### Daimler Trucks North America

- Cost optimization and repositioning
- Portfolio optimization with two-brand strategy
- Adjustment plant capacity
- ...

#### Daimler Trucks Asia

- Further reduction of cost base
- Optimization of business processes
- ...

# “Captive #1” review of all business areas

Example: Daimler Financial Services



## Efficiency areas

### Optimization of Sales & Marketing functions

- Business center consolidation
- Optimization size of field force
- ...

### Optimization of all country operations processes

- Operational country clusters
- Increased automation and leveraging of best practices
- ...

### Optimization of Finance, HR, project and staff functions

- Shared services with brand partner
- Optimization labor costs
- ...

# Invest to strengthen our strategic position

## Daimler-wide initiatives



New products  
and green technologies

New markets

New  
business



# The new E-Class: superior safety, outstanding comfort and up to 23 percent fuel savings



## New models in 2009<sup>1)</sup>

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**Q1:** • E-Class Sedan

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**Q2:** • E-Class Coupe  
• New Generation S-Class

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**Q3:** • New Generation GL-Class

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**Q4:** • E-Class Station Wagon

E 250 CDI: 139 CO<sub>2</sub>/km; 5,3l/100 km

1) Launch WEU

# New trucks and buses set benchmarks



Mercedes-Benz Construction Actros



Mercedes-Benz Travego



Setra CC 419 GT-HD

# Roadmap to sustainable mobility – gaining momentum

Optimization of combustion engines



C 250 CDI

Hybridization



Mitsubishi Fuso Canter Eco Hybrid

Emission-free driving



Mercedes-Benz BlueZERO

Clean fuels for combustion engines

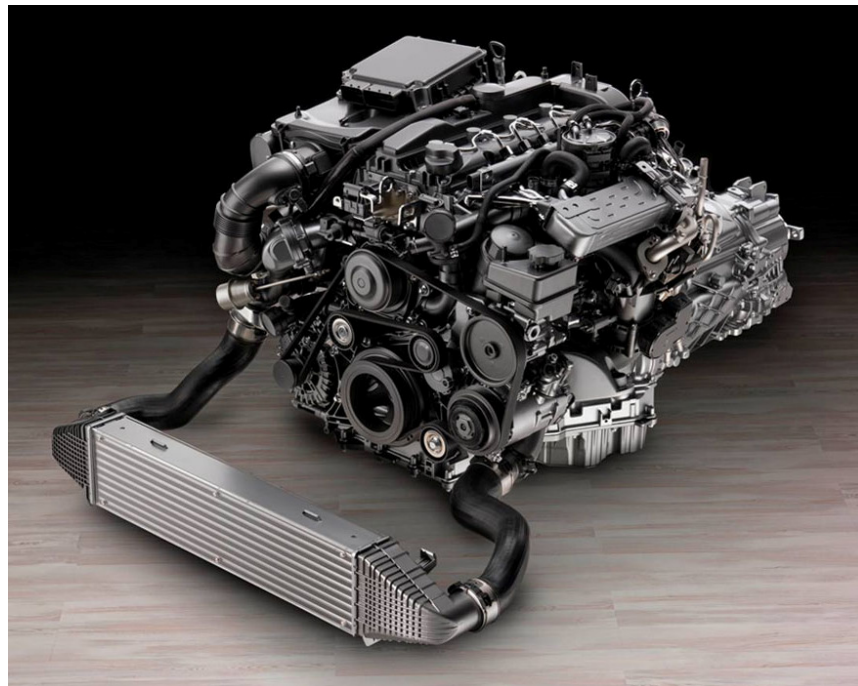


Energy sources for future mobility

Fuel cell



# New engines and technologies improve fuel efficiency and reduce emissions



Example OM 651 diesel engine



Example BlueTec trucks

# Luxury class CO<sub>2</sub> hybrid champion and hybrid world market leader in commercial vehicles



S 400 BlueHYBRID



Examples hybrid model range

# Milestones in emission-free driving



Mercedes-Benz  
B-Class F-CELL



smart fortwo ed



Mercedes-Benz Citaro F-CELL

## Cooperations for sustainable mobility

Examples li-Tec and e-mobility



### Upstream:

Strategic alliances – e.g. to improve battery technology

### *e-mobility*



### Downstream:

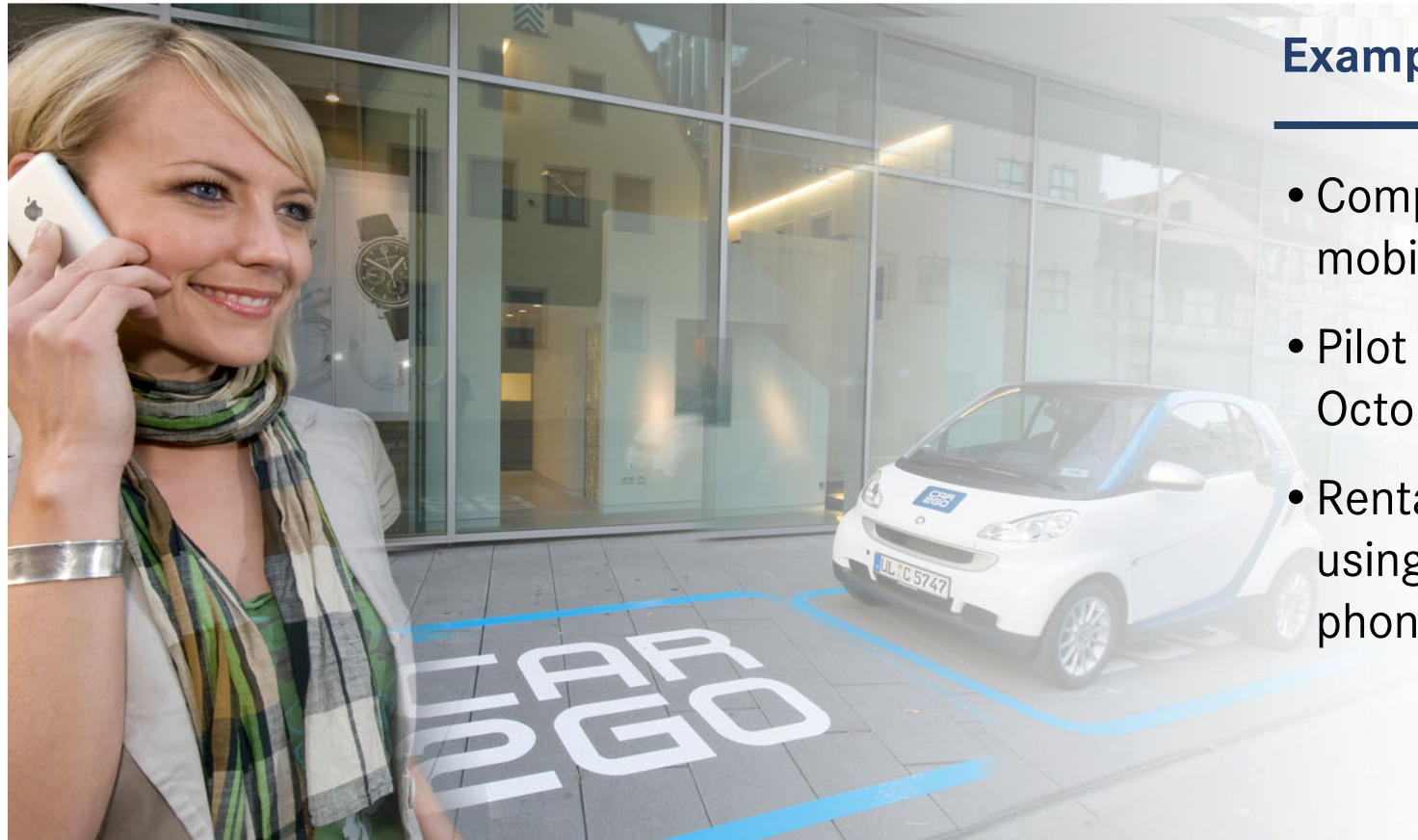
Cooperations with energy providers to improve infrastructure

# Increasing presence in important growth markets





## Exploring new businesses along the automotive value chain



### Example car2go

- Completely new mobility concept
- Pilot start in Ulm, October 2008
- Rental as easy as using a mobile phone

## 2009 planning based on different scenarios

### Planning assumptions for market development

- Pronounced decline expected in all major markets Q1 and Q2 2009
- PV market likely to reach bottom in 2<sup>nd</sup> half of 2009
- Stabilization of CV market in 2010

- **Retail planning aligned to these assumptions**
- **Cost reduction set up to accommodate prolonged crisis**

# We are prepared for the challenges ahead!

Manage through the economic crisis

Accelerate ongoing efficiency programs

Invest in strategic key areas



# DAIMLER

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Full Year Results 2008 Roadshow

[Additional Information](#)

March 2009

## Liquidity

- in millions of € -	Dec. 31, 2007			Dec. 31, 2008		
	Group	IB	FS	Group	IB	FS
Cash and cash equivalents	15,631	14,894	737	6,912	4,664	2,248
Marketable securities and term deposits	1,424	1,276	148	1,091	959	132
<b>Gross liquidity</b>	<b>17,055</b>	<b>16,170</b>	<b>885</b>	<b>8,003</b>	<b>5,623</b>	<b>2,380</b>
Short term financing liabilities	(23,100)	6,886	(29,986)	(27,428)	6,057	(33,485)
Long term financing liabilities	(31,867)	(11,905)	(19,962)	(31,209)	(10,505)	(20,704)
<b>Financing liabilities, net</b>	<b>(54,967)</b>	<b>(5,019)</b>	<b>(49,948)</b>	<b>(58,637)</b>	<b>(4,448)</b>	<b>(54,189)</b>
<b>Market valuation and currency hedges for financing liabilities</b>	<b>1,761</b>	<b>1,761</b>	<b>0</b>	<b>1,931</b>	<b>1,931</b>	<b>0</b>
<b>Financial liabilities (nominal)</b>	<b>(53,206)</b>	<b>(3,258)</b>	<b>(49,948)</b>	<b>(56,706)</b>	<b>(2,517)</b>	<b>(54,189)</b>
<b>Net liquidity</b>	<b>(36,151)</b>	<b>12,912</b>	<b>(49,063)</b>	<b>(48,703)</b>	<b>3,106</b>	<b>(51,809)</b>

## Funding status of pension and healthcare benefits

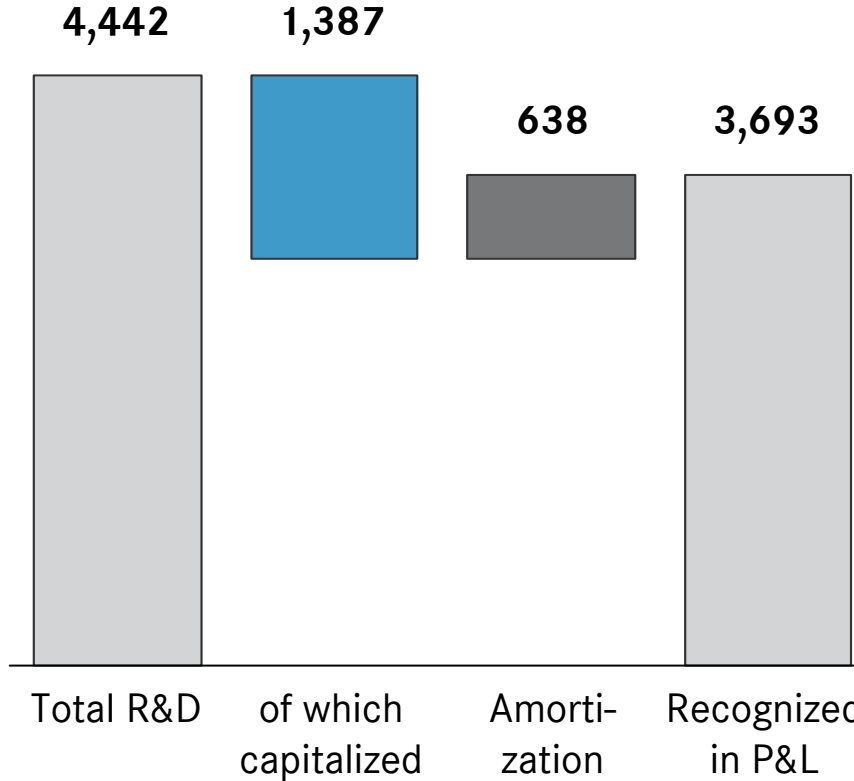
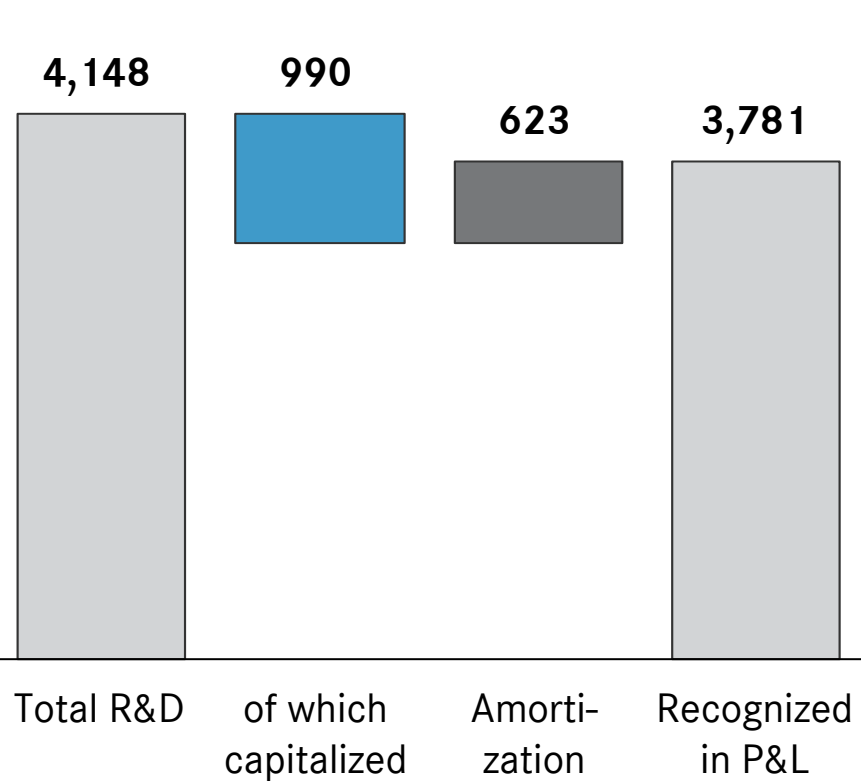
– continuing operations –

– in billions of € –	<b>Dec. 31, 2007</b>	<b>Dec. 31, 2008</b>
<b>Pension benefits</b>		
Benefit obligations	(15.7)	<b>(15.0)</b>
Plan assets	13.8	<b>10.1</b>
Funded status	(1.9)	<b>(4.9)</b>
<b>Healthcare benefits</b>		
Benefit obligations	(0.9)	<b>(1.0)</b>
Plan assets	0.1	<b>0.0</b>
Reimbursement Medicare Act	0.1	<b>0.1</b>
Funded status	(0.7)	<b>(0.9)</b>

# Research & Development costs

**FY 2007**  
- in millions of € -

**FY 2008**  
- in millions of € -



## Special items affecting EBIT

- in millions of € -	4th Quarter		Fiscal Year	
	2007	2008	2007	2008
<b>Mercedes-Benz Cars</b>				
Reassessment of residual values	-	(16)	-	(465)
Financial support for suppliers	-	-	(82)	-
Adjustment of pension benefit plans	-	84	-	84
<b>Daimler Trucks</b>				
Repositioning of Daimler Trucks North America	-	(233)	-	(233)
Adjustments of pension benefit plans/healthcare benefit plans	86	29	86	29
Sale of real estates in Japan	10	-	78	-
<b>Vans, Buses, Other</b>				
Sale of real estate	73	-	73	449
Transfer of shares in EADS	12	-	1,573	130
Restructuring program at EADS	-	-	(114)	-
Equity result Chrysler	(377)	(343)	(377)	(1,390)
Impairments of loans and other assets relating to Chrysler	-	(1,670)	-	(1,838)
<b>Reconciliation</b>				
New management model	(96)	(78)	(256)	(247)



## Disclaimer

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth in important economic regions, especially in Europe or North America; changes in currency exchange rates and interest rates; the introduction of competing products and the possible lack of acceptance of our products or services which may limit our ability to raise prices; price increases in fuel, raw materials, and precious metals; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the business outlook for Daimler Trucks, which may be affected if the U.S. and Japanese commercial vehicle markets experience a sustained weakness in demand for a longer period than originally expected; the effective implementation of cost reduction and efficiency optimization programs; the business outlook of Chrysler, in which we hold an equity interest, including its ability to successfully implement its restructuring plans; the business outlook of EADS, in which we hold an equity interest, including the financial effects of delays in and potentially lower volumes of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome 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 and under the headings “Risk Factors” and “Legal Proceedings” in Daimler’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our 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. Any forward-looking statement speaks only as of the date on which it is made.