

DAIMLER

DAIMLER TRUCKS: BUSINESS AND STRATEGY UPDATE

Dr. Wolfgang Bernhard, Member of the Board
of Management of Daimler AG, Daimler Trucks & Buses

Capital Market Day, Stuttgart – June 08, 2016



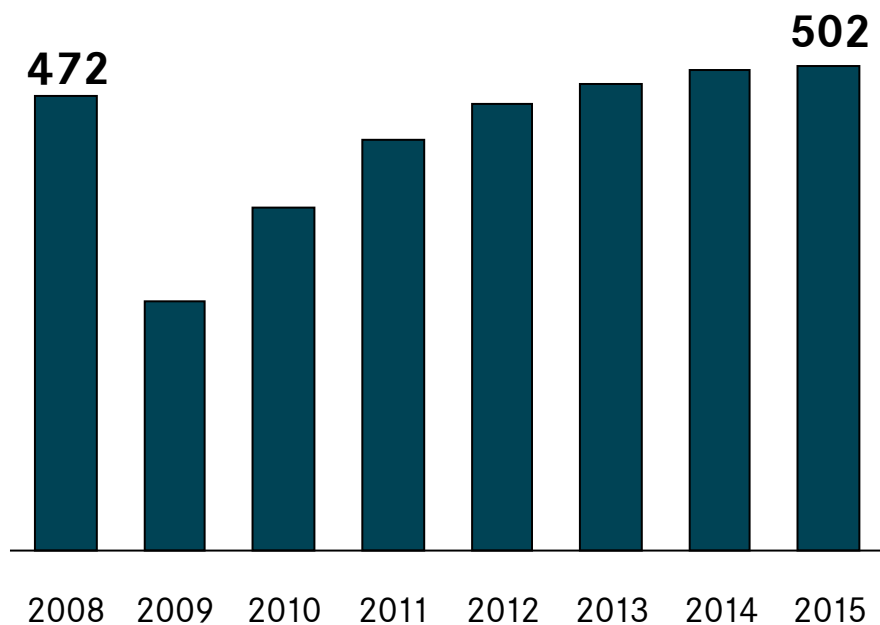
Two topics on my agenda today

- 1 Short business update
- 2 Deep dive: strategy update

Looking back: We increased our key figures continuously; long-term RoS target of 8% in 2015 in sight

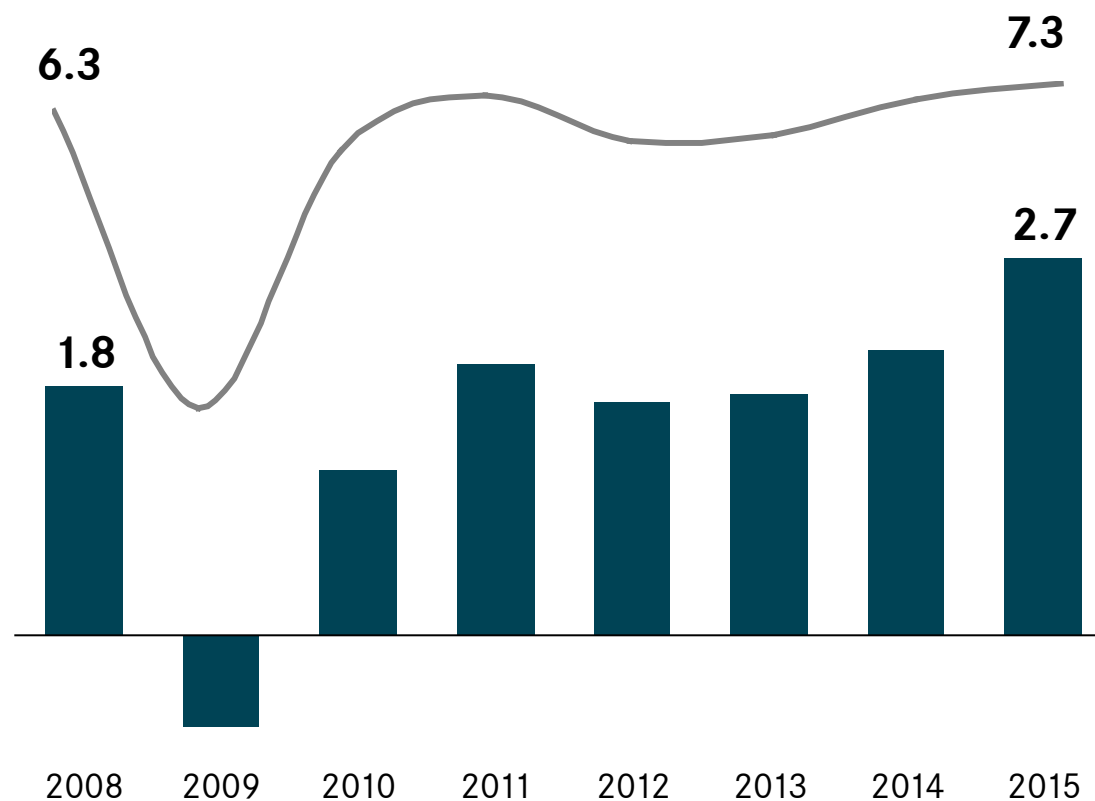
Daimler Trucks unit sales

in thousands of units



Daimler Trucks EBIT and RoS

from ongoing business, in billions of €/in%



For 2016, we expected little tailwinds.
Received much less.

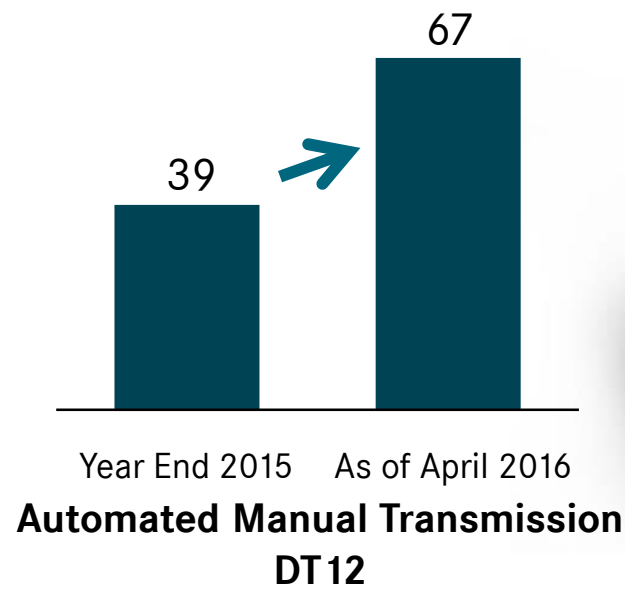
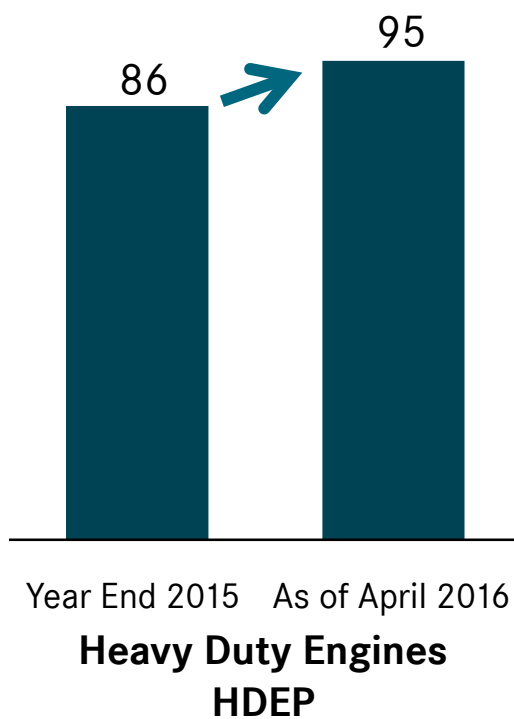
	2016 market forecast as of February		Today's market assumptions	
NAFTA		~-10%		~-15%
Europe		slight market growth		~+10%
Japan*		flat		flat
Brazil		~-10%		~-20%
Indonesia*		flat		~-15%

Markets for medium- and heavy-duty trucks

*Japan und Indonesia include light-duty trucks

Our EBIT drivers: Push captive component strategy to strengthen undisputed market leadership in NAFTA

Penetration rate integrated powertrain in %



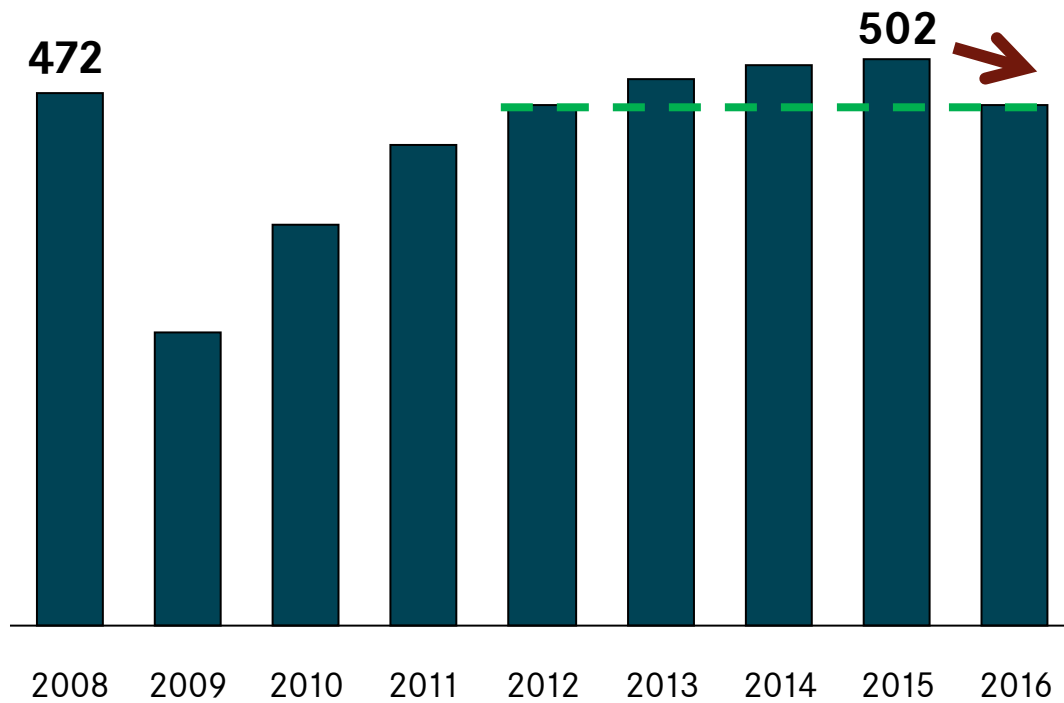
Our EBIT drivers:

Continue to work intensively on our efficiency measures

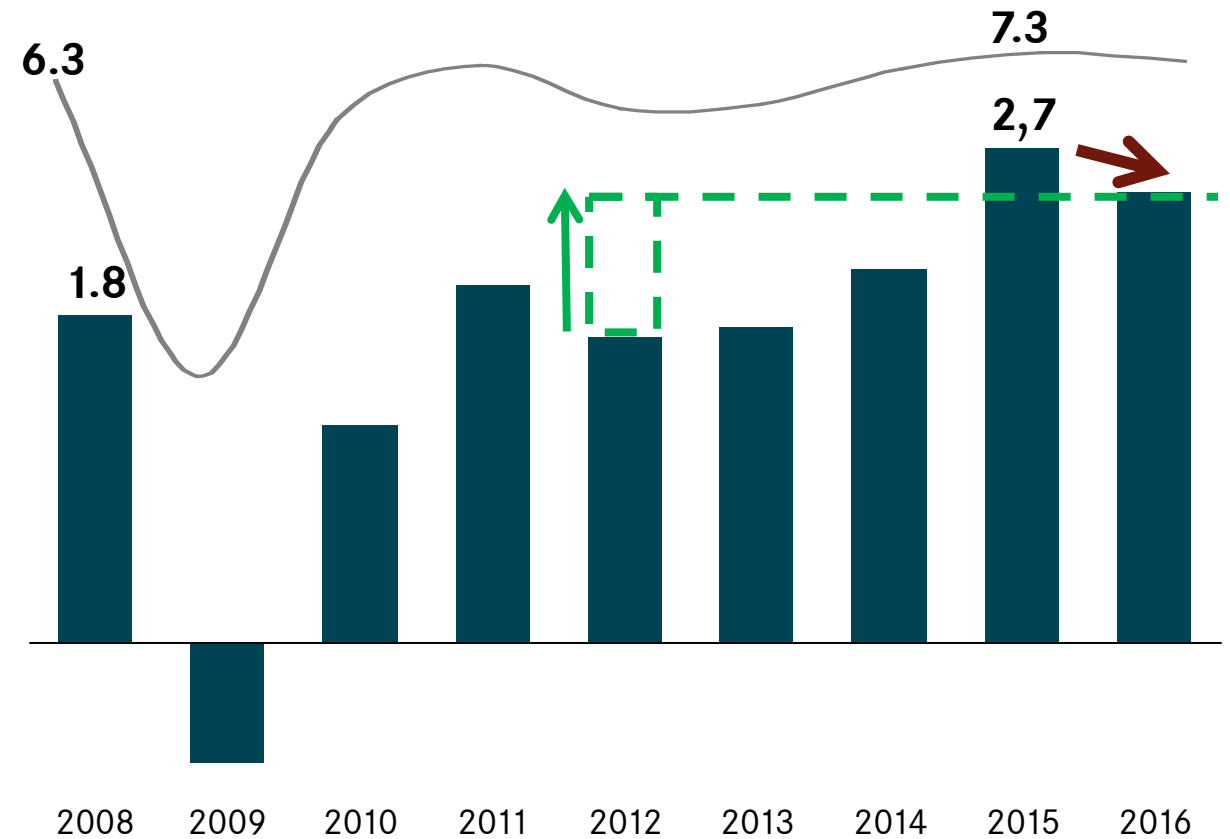
- ➔ Material cost reduction in all business units ongoing, slightly above target
- ➔ Increased productivity
- ➔ Fixed cost reduction
 - Significant workforce adjustments in Brazil since 2013; additional voluntary dismissal program started June/2016
 - Workforce adjustments in NAFTA from Oct '15 to June '16
 - Re-organization of European sales network on track
- ➔ Review fundings on continuous basis, keep all strategic initiatives in place

Today, DT is well prepared to manage business cycles.
 While sales volumes are on 2012 level, EBIT considerably higher.

Daimler Trucks unit sales
 in thousands of units



Daimler Trucks EBIT and RoS
 from ongoing business/in billions of €/in%



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Our strategy works out. We keep on developing it.

Technology leadership

in efficiency, safety and connectivity



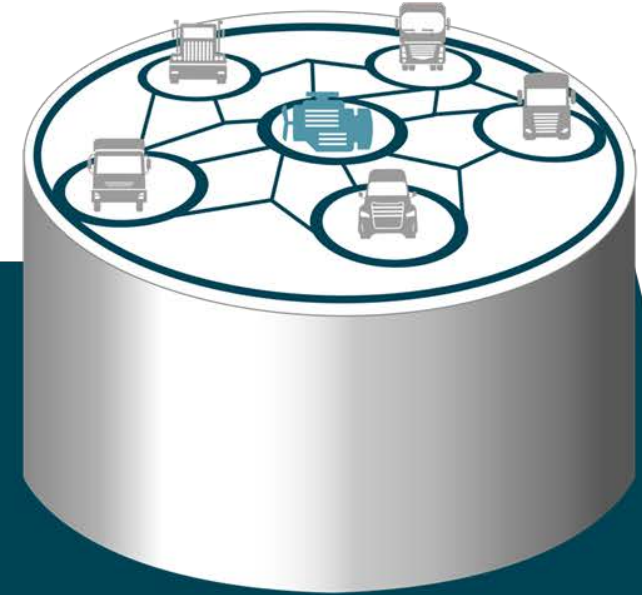
Global Market Presence

in traditional and emerging markets



Intelligent Platforms

for tailored products and decisive economies of scale



Efficiency: the most efficient trucks are Daimler Trucks

~13%

less fuel than previous model



Mercedes-Benz Actros

~7%

less fuel than previous model



Freightliner Cascadia Evolution

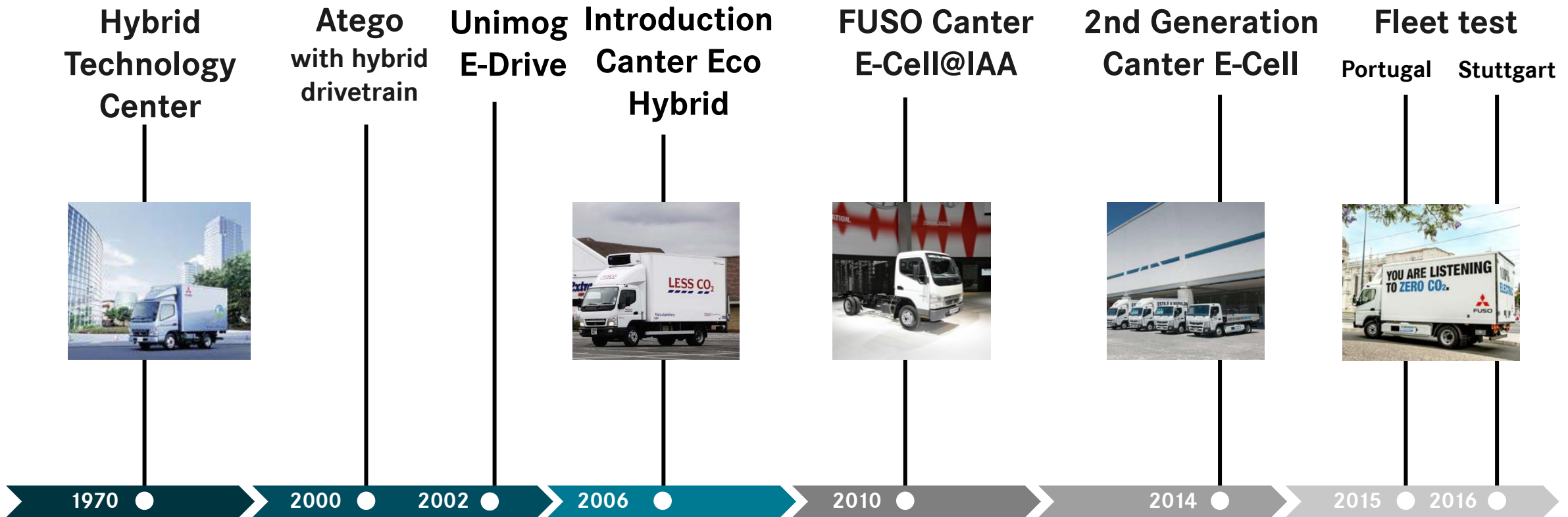
~5%

less fuel than previous model



Fuso Super Great V

Efficiency: We are pioneering alternative drivetrains



Safety: many firsts on our record

1981

Anti-lock braking system
(ABS)

2001

Electronic Stability Program (ESP)

2006 Active Brake Assist



We are pioneering autonomous driving

Future Truck
world premiere



Inspiration Truck
premiere on US highway



Highway Pilot
test licence for German autobahn



Highway Pilot Connect
world premiere of platooning



2014

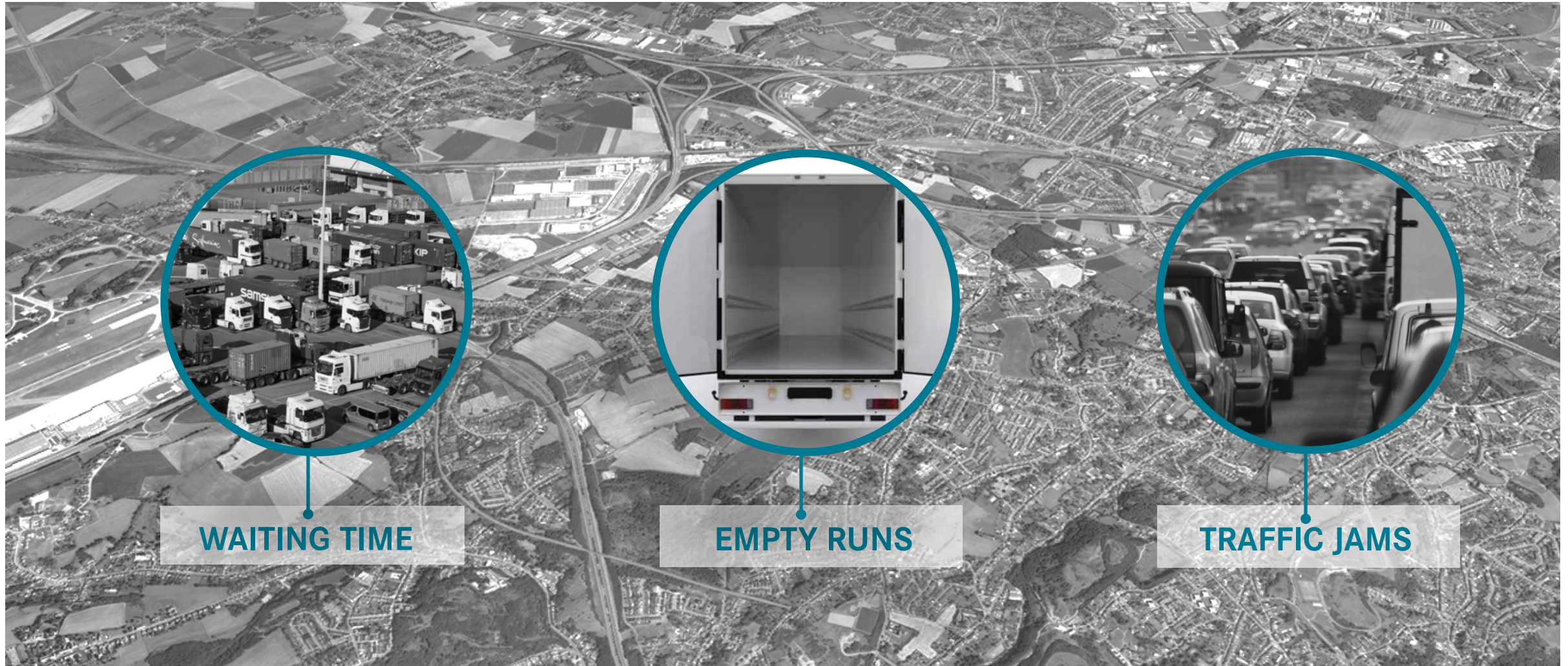
2015

2016

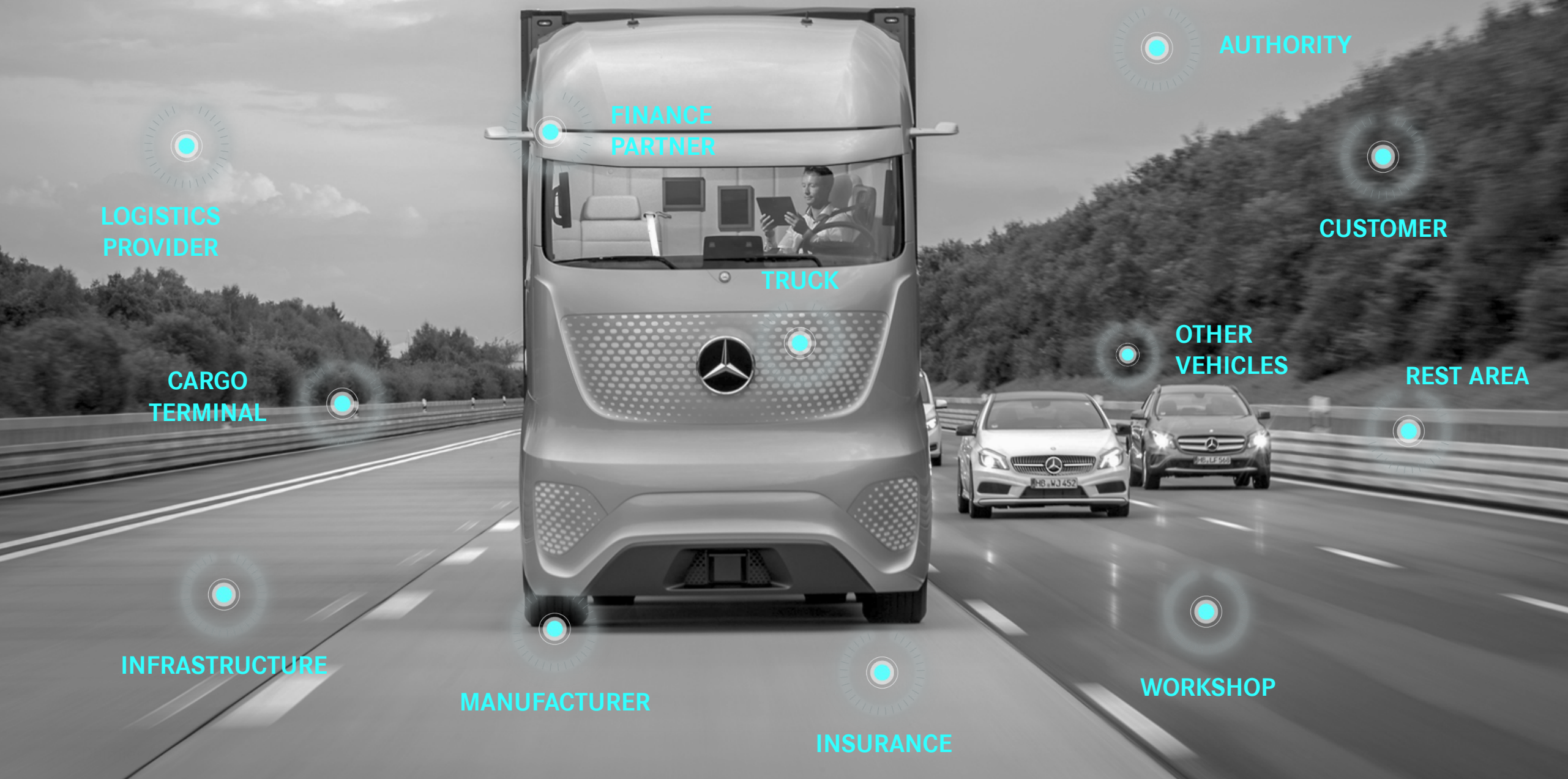
We will lead in connectivity like we do in autonomous driving



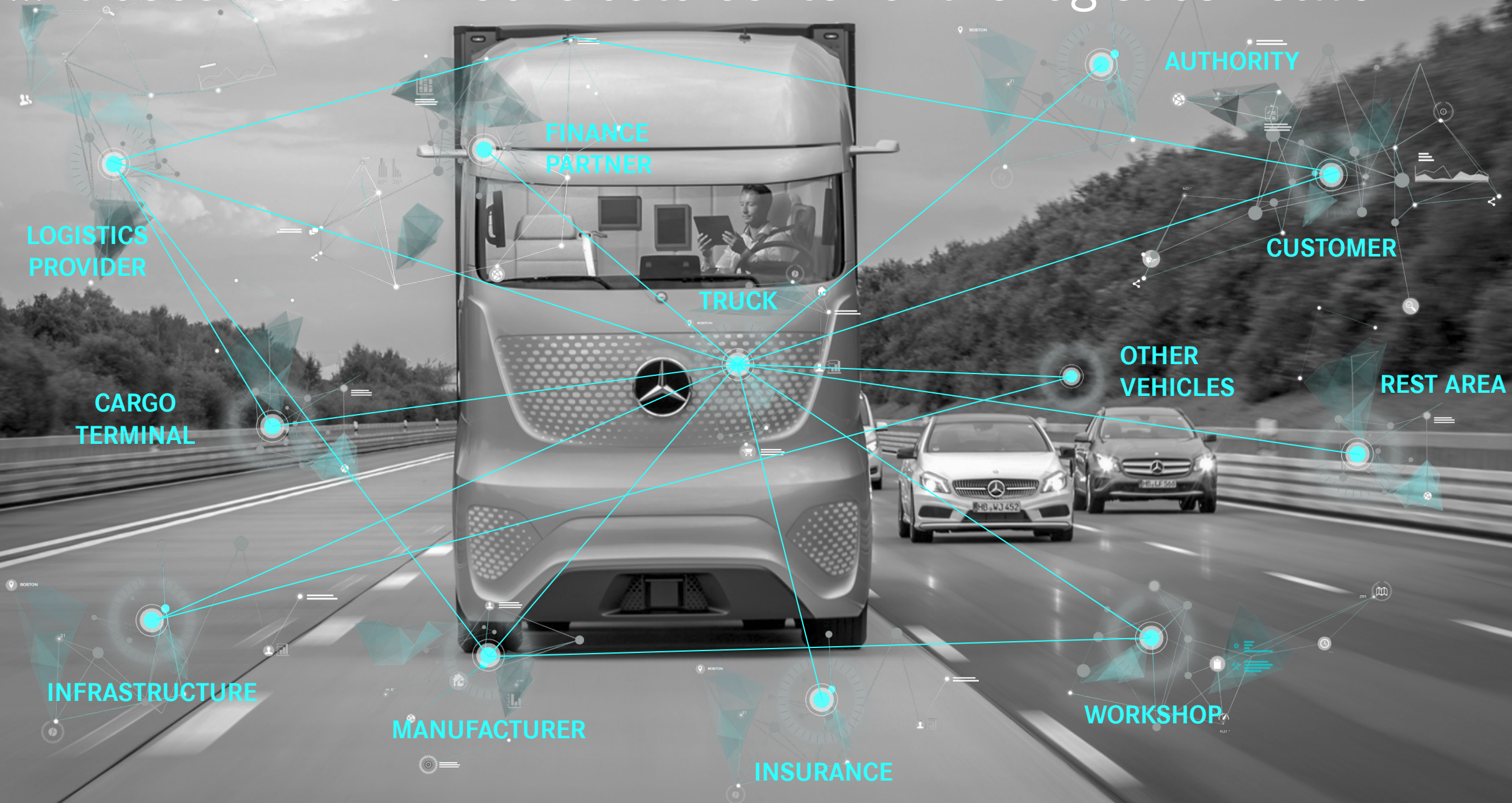
Lack of real-time information leads to waste of resources



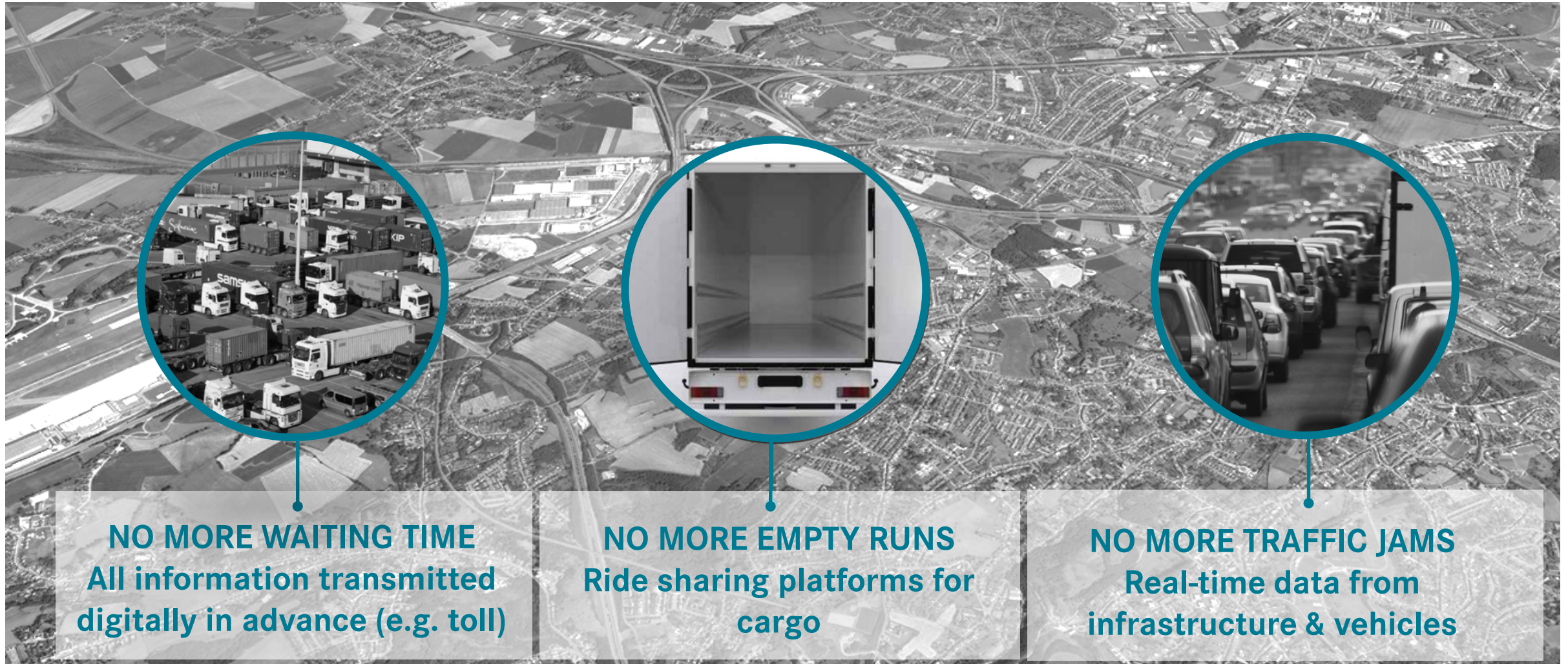
When we connect the truck to the cloud ...



... it becomes the mobile data center of the logistics network



With its real-time information, the connected truck boosts logistics performance



NO MORE WAITING TIME
All information transmitted
digitally in advance (e.g. toll)

NO MORE EMPTY RUNS
Ride sharing platforms for
cargo

NO MORE TRAFFIC JAMS
Real-time data from
infrastructure & vehicles

We're already in the game – in all business units



FLEETBOARD

15 years in business

>220 employees

>180,000 vehicles connected



DETROIT
CONNECT  **ZONAR**

5 years in service

>200,000 vehicles connected
with Virtual Technician

2015: strat. invest in ZONAR



FUSO
CONNECT

BHARATBENZ  CONNECT

6 months in development

2 fleet management
portals set up

Pilots in 5 countries

Our strategy works out. We keep on developing it.

Technology leadership

in efficiency, safety and connectivity



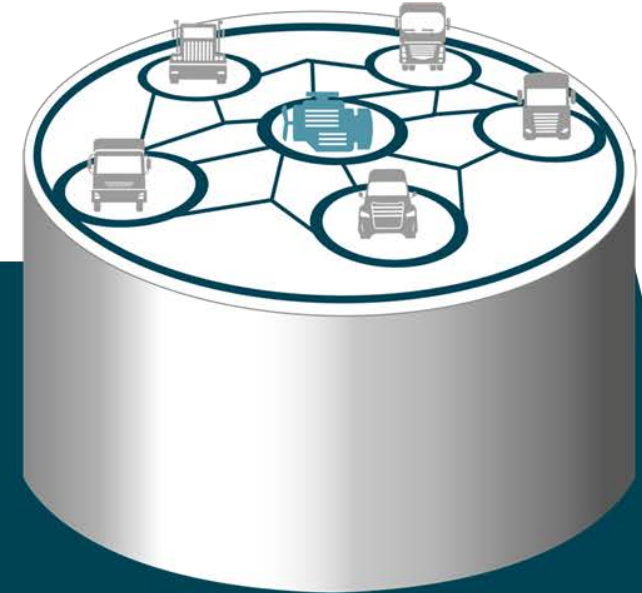
Global Market Presence

in traditional and emerging markets

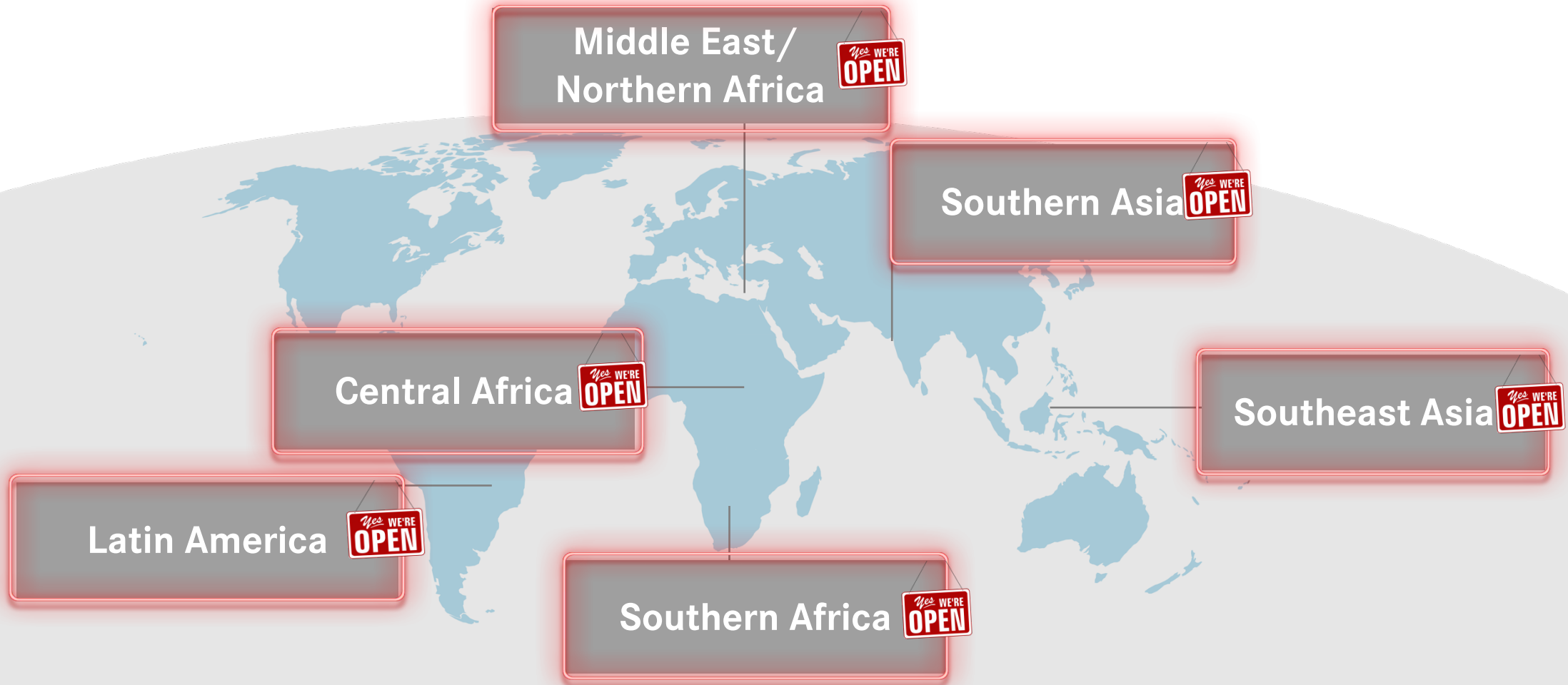


Intelligent Platforms

for tailored products and decisive economies of scale



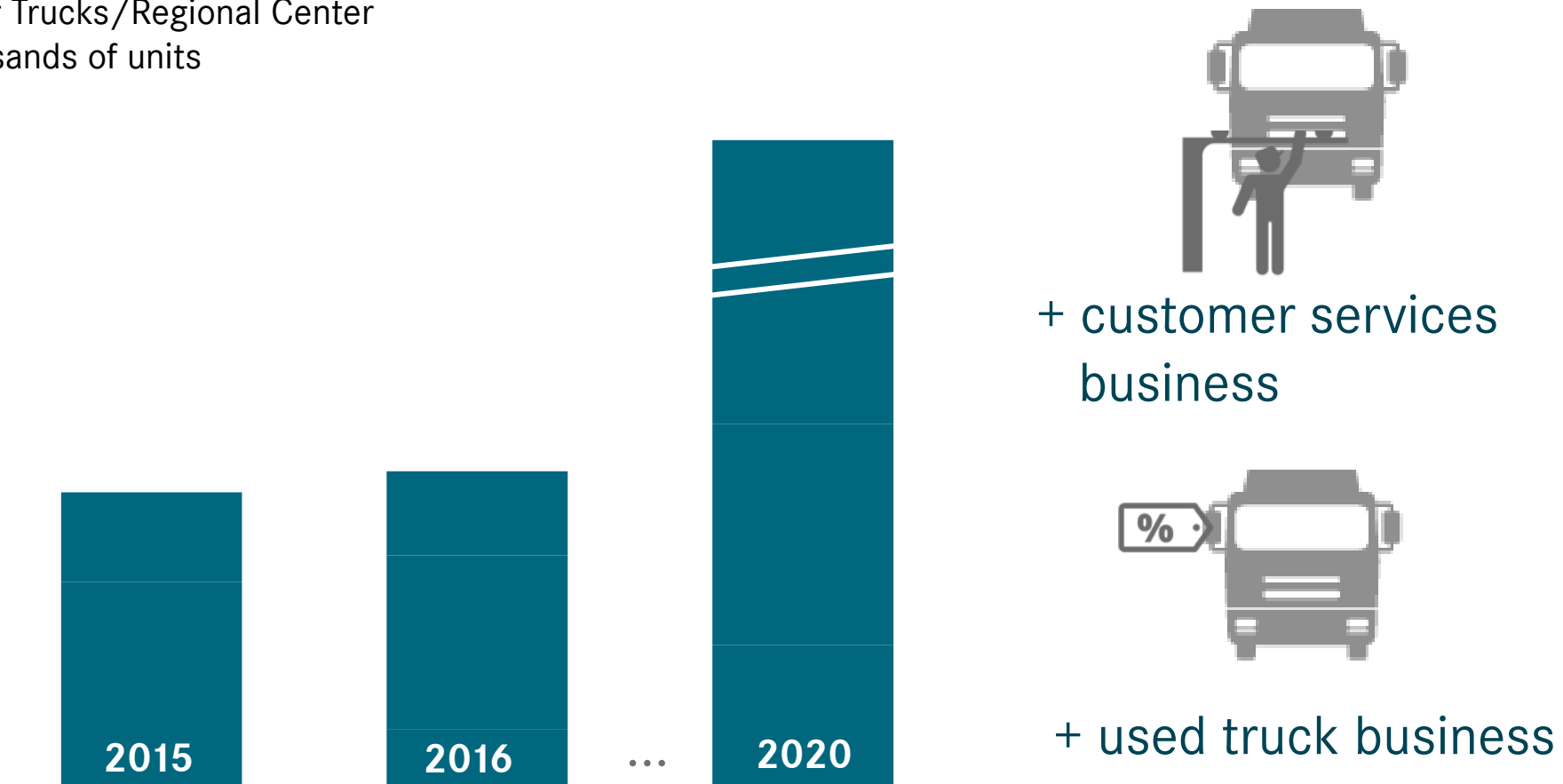
Within 7 months, we opened six Regional Centers around the globe as planned



Expect strong sales growth in these markets and an expanding customer services business

Sales forecast

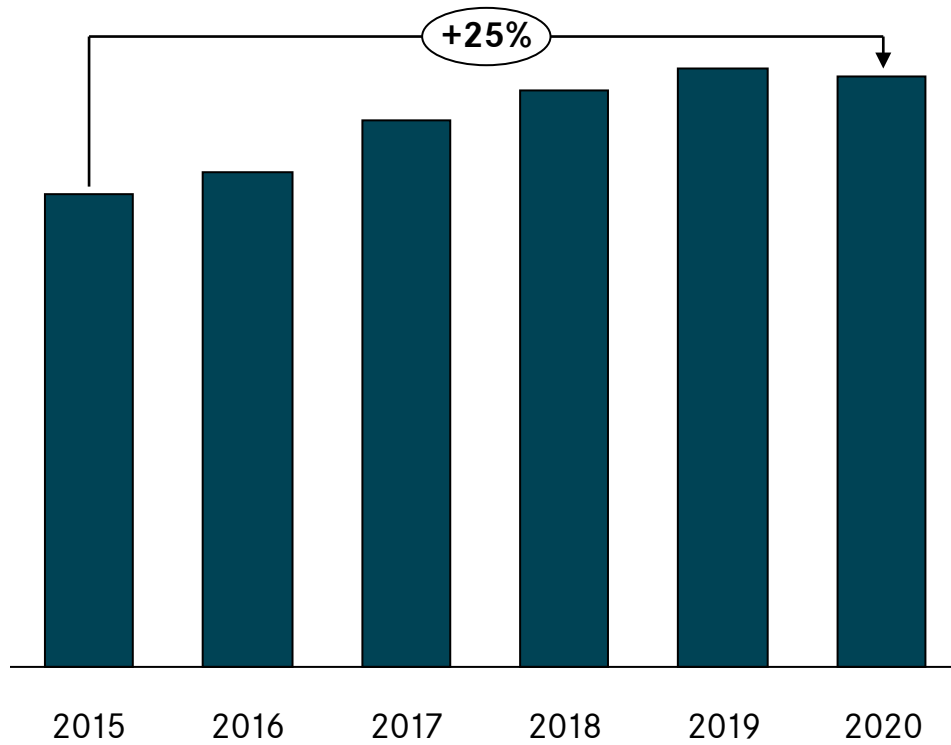
Daimler Trucks/Regional Center
in thousands of units



We also want to grow in the world's single-biggest truck market: China

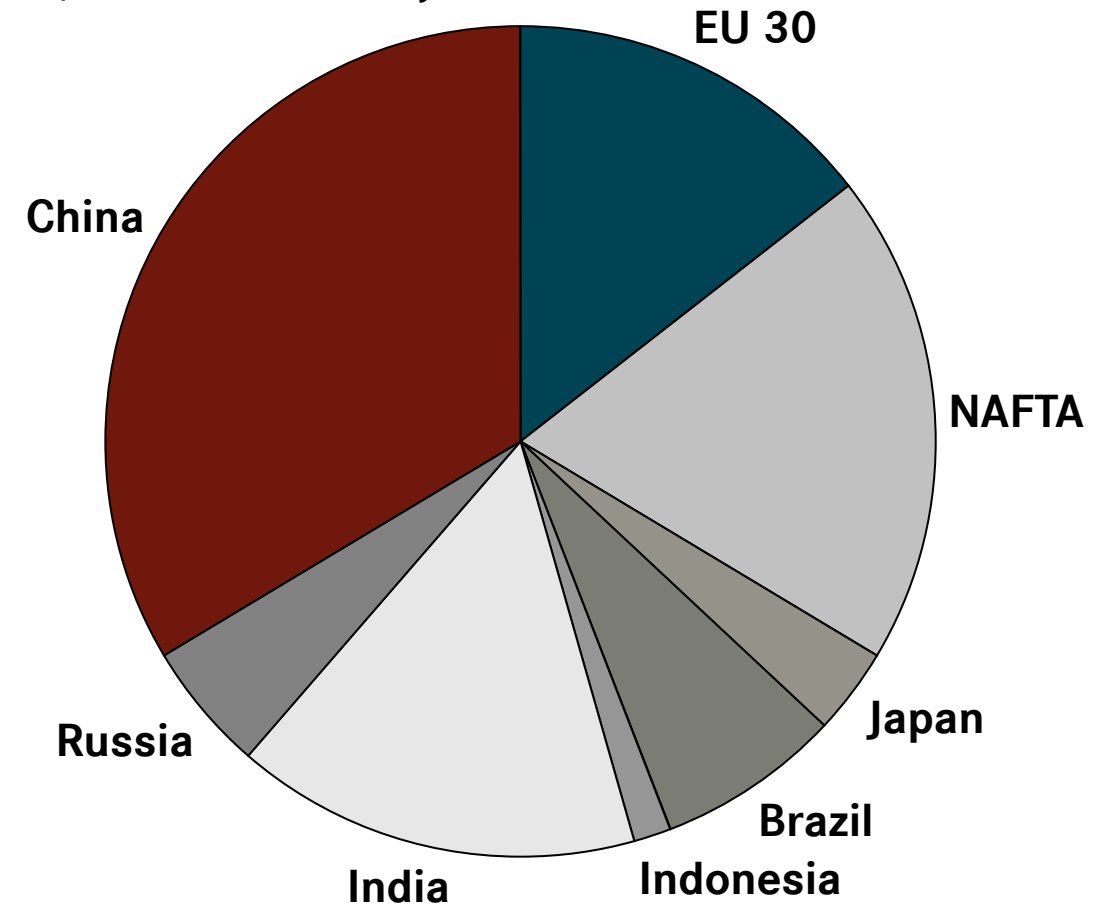
Market growth 2015 - 2020

MD/HD truck market in China



Market forecast

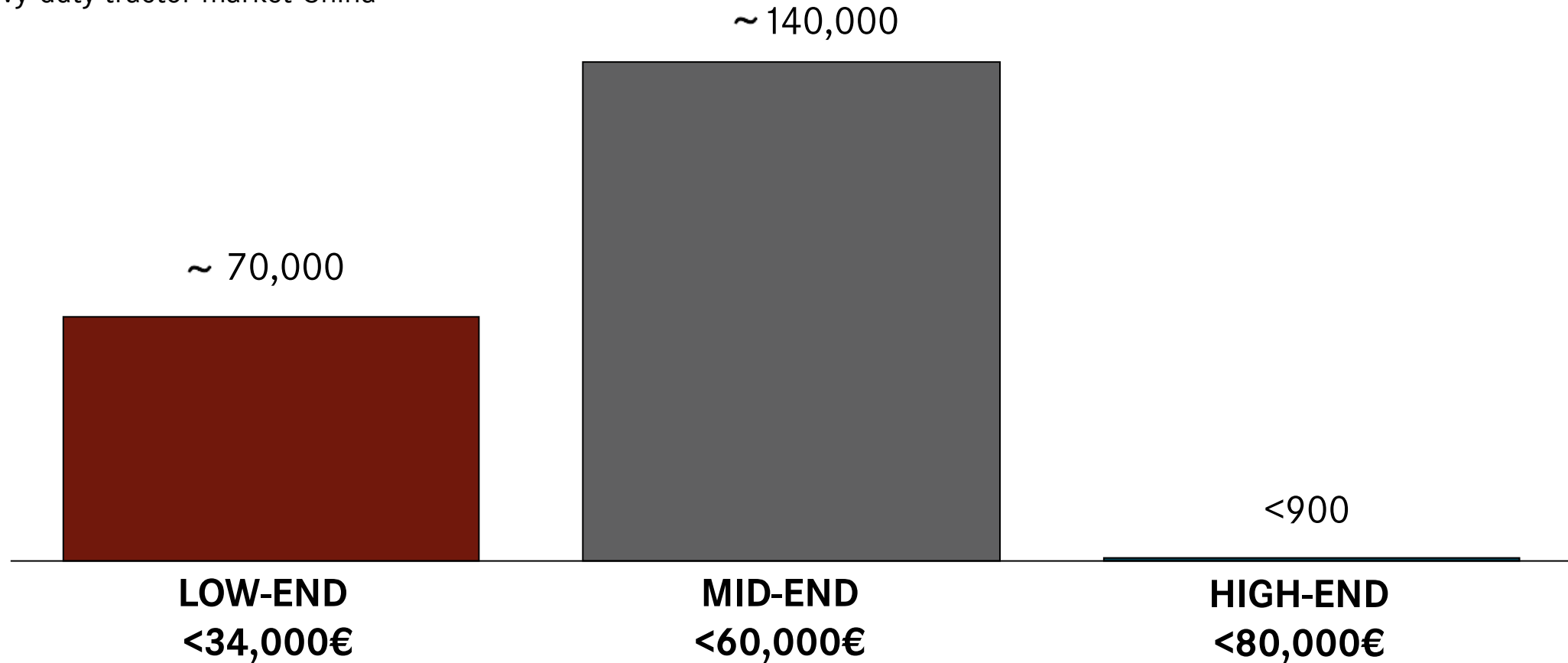
MD/HD truck markets by 2023



Today, there's only little demand for high-end heavy-duty trucks in China

Vehicle segments 2015

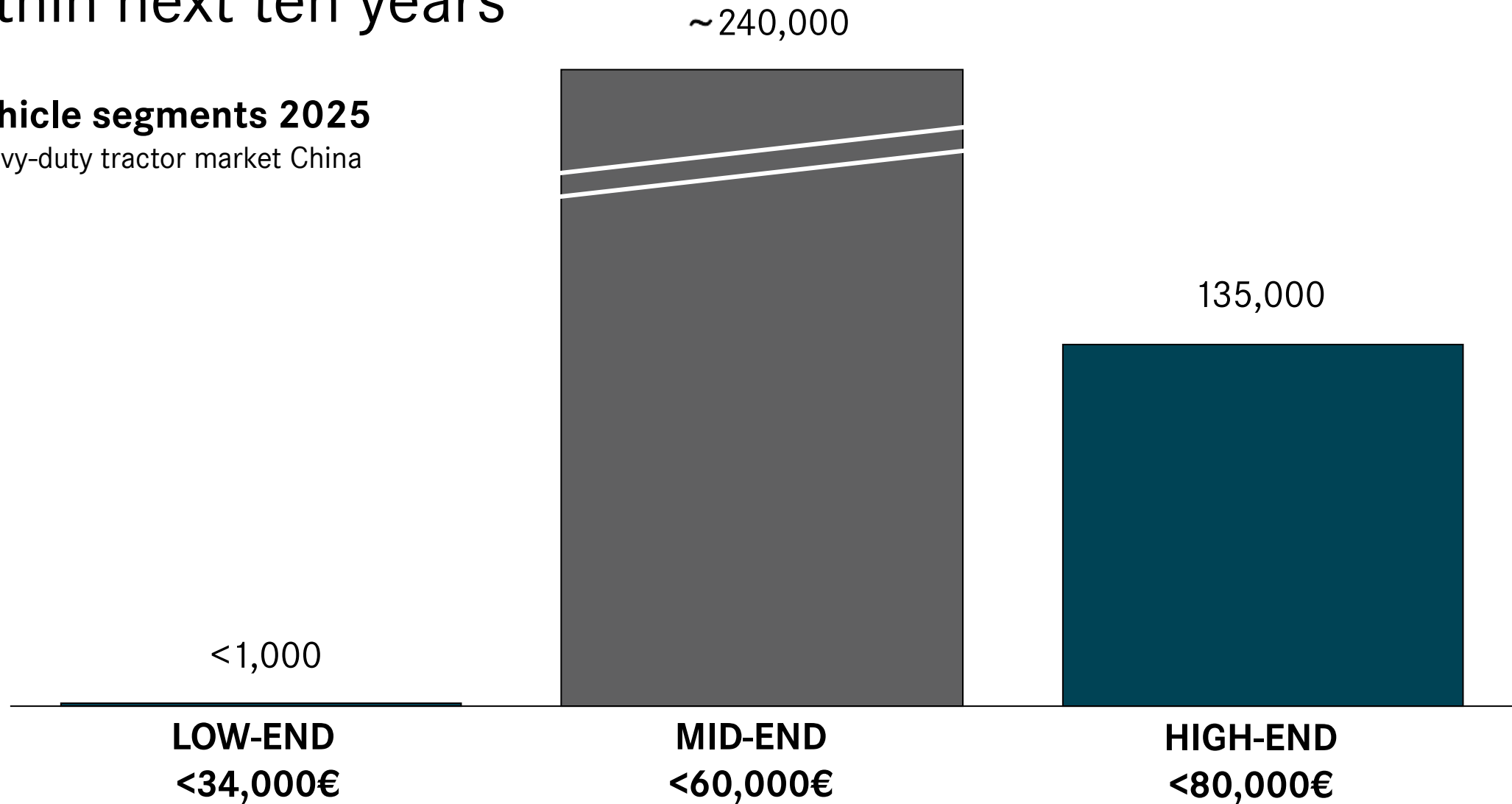
Heavy-duty tractor market China



Expect a segment shift towards more sophisticated trucks within next ten years

Vehicle segments 2025

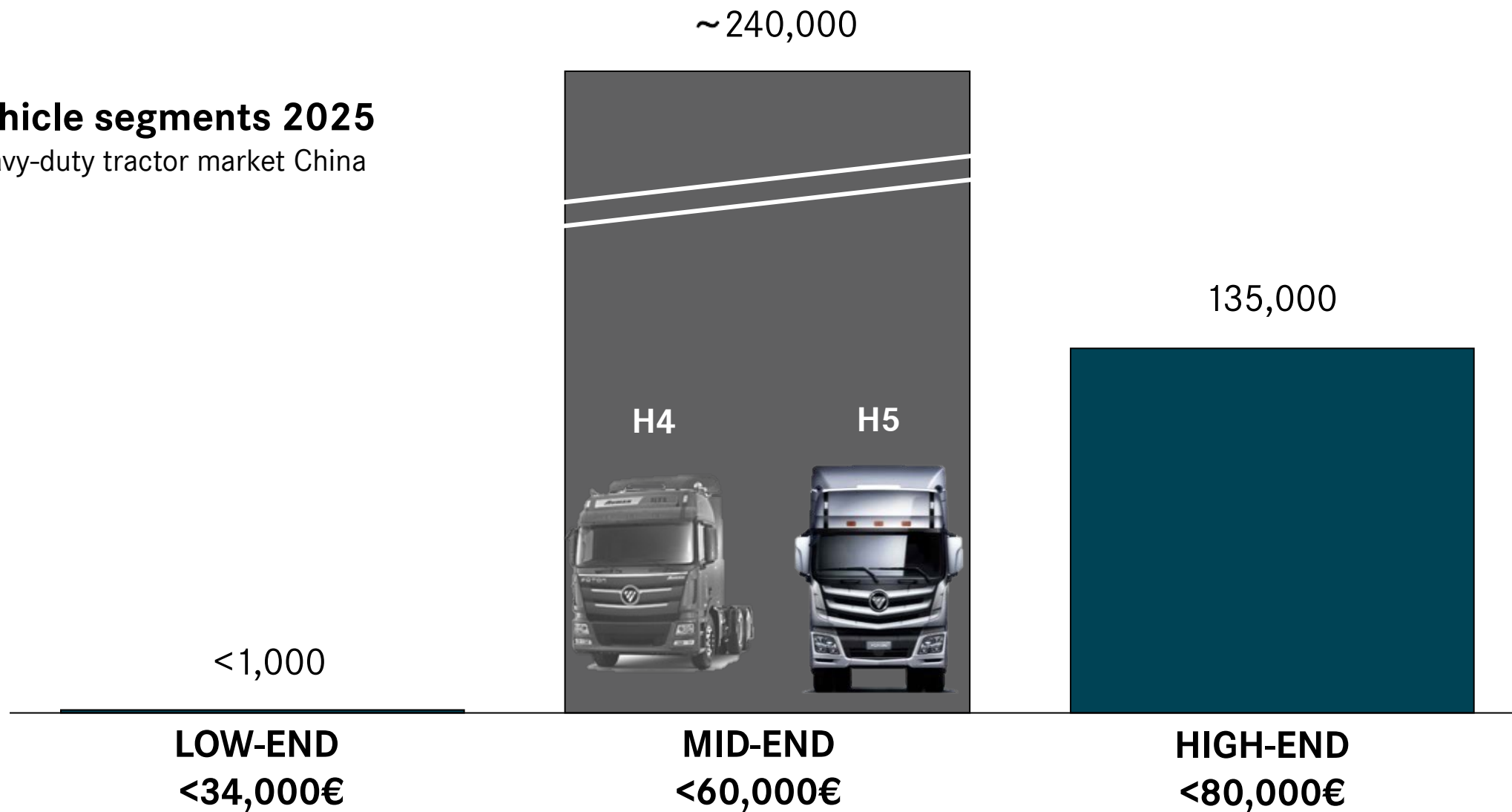
Heavy-duty tractor market China



Will be well positioned with our future joint-venture products

Vehicle segments 2025

Heavy-duty tractor market China



Our strategy works out. We keep on developing it.

Technology leadership

in efficiency, safety and connectivity



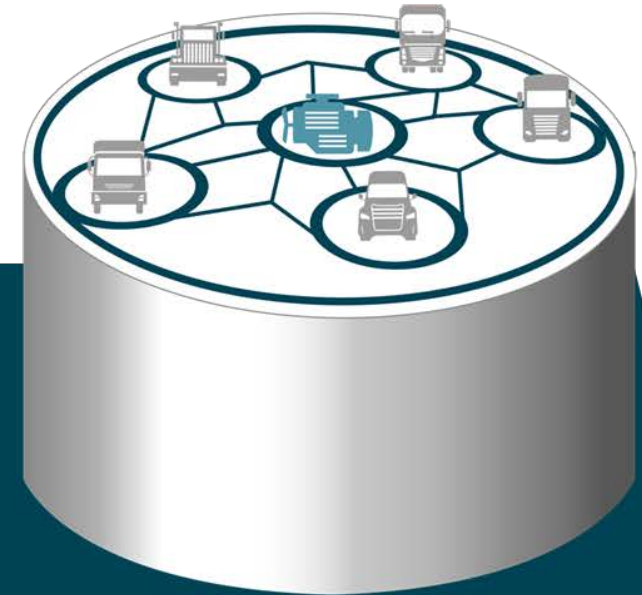
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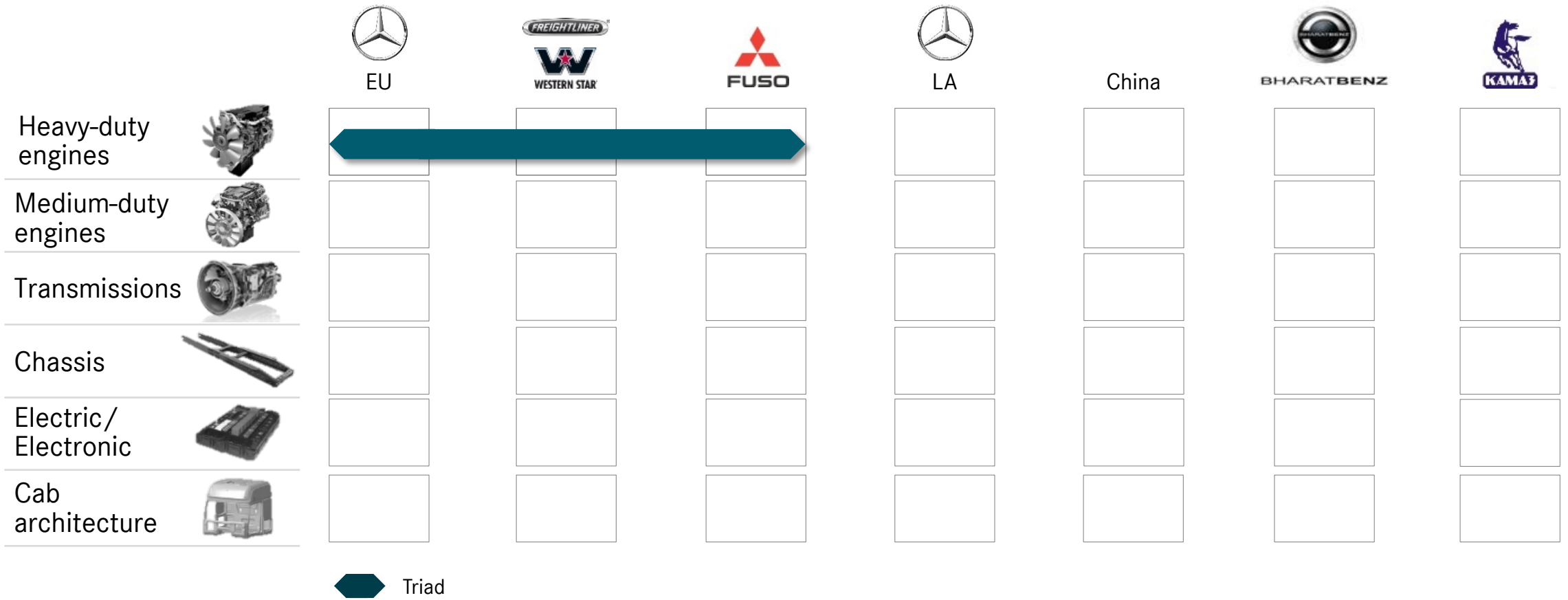


Intelligent Platforms

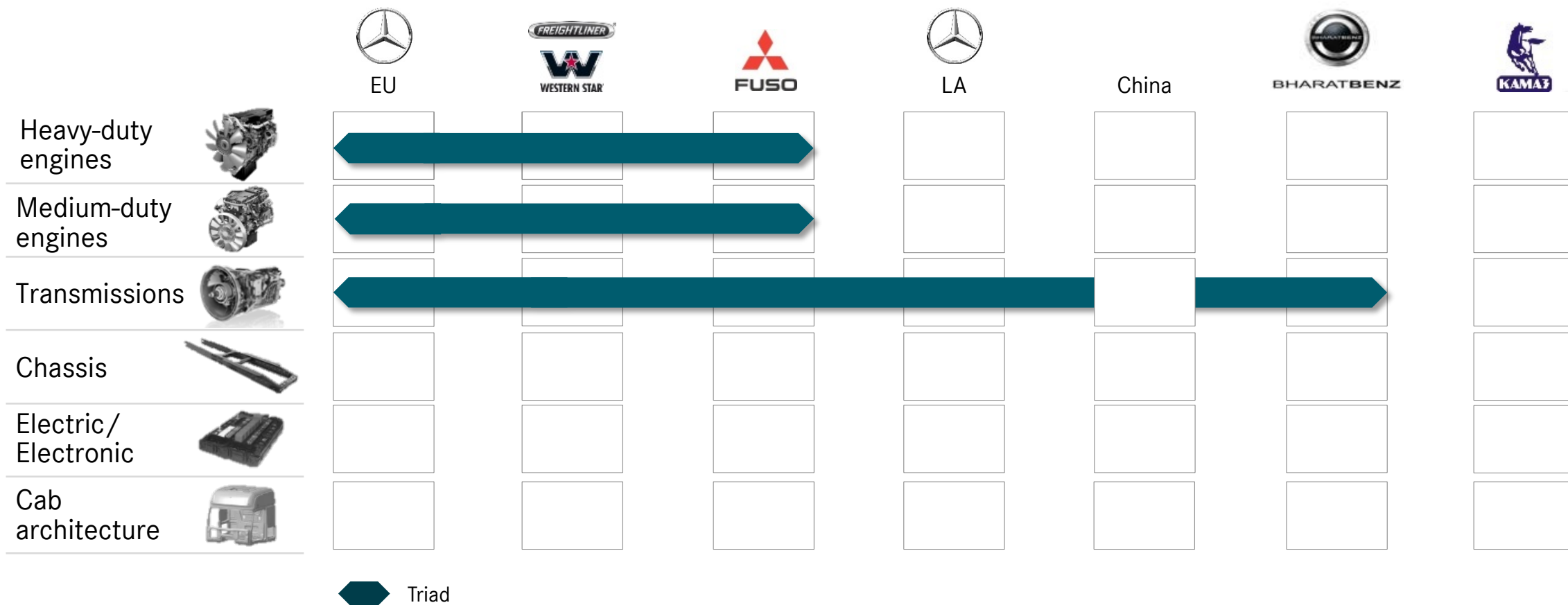
for tailored products and decisive economies of scale



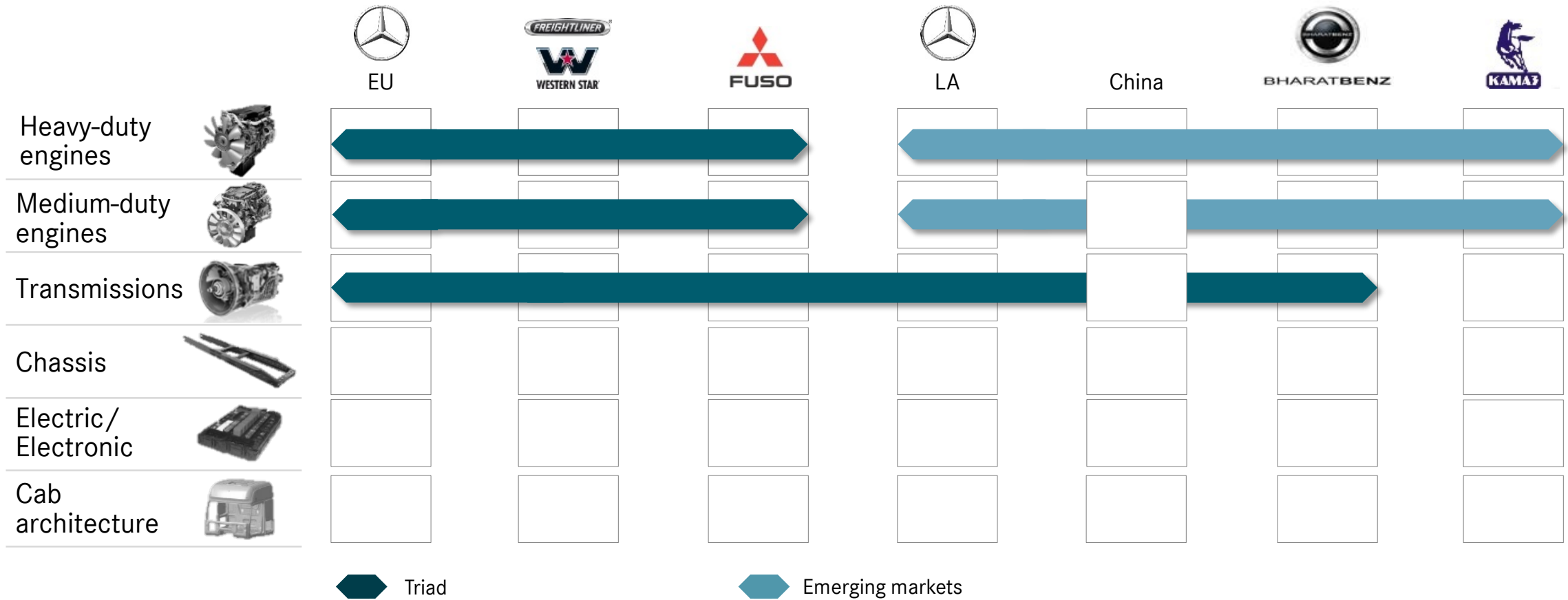
HDEP was the first step of our platform strategy



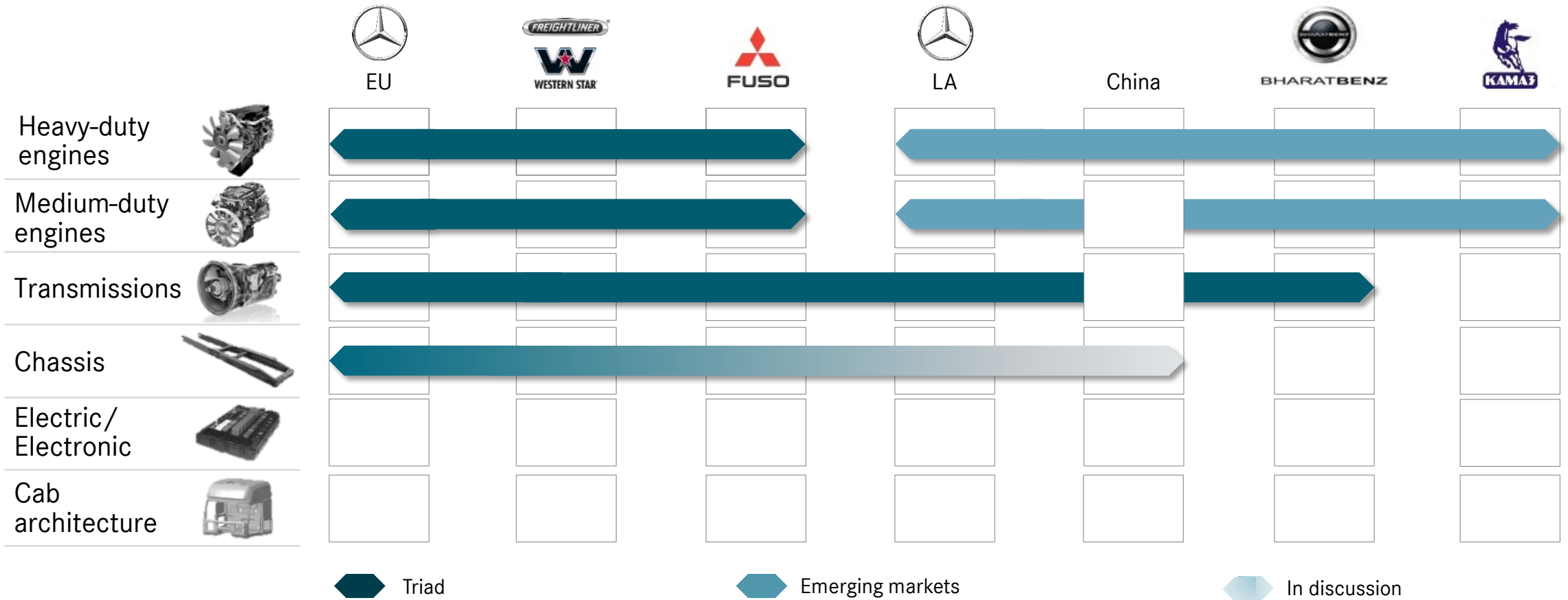
In addition to transmissions, we decided to roll out our medium-duty engines in NAFTA & Japan



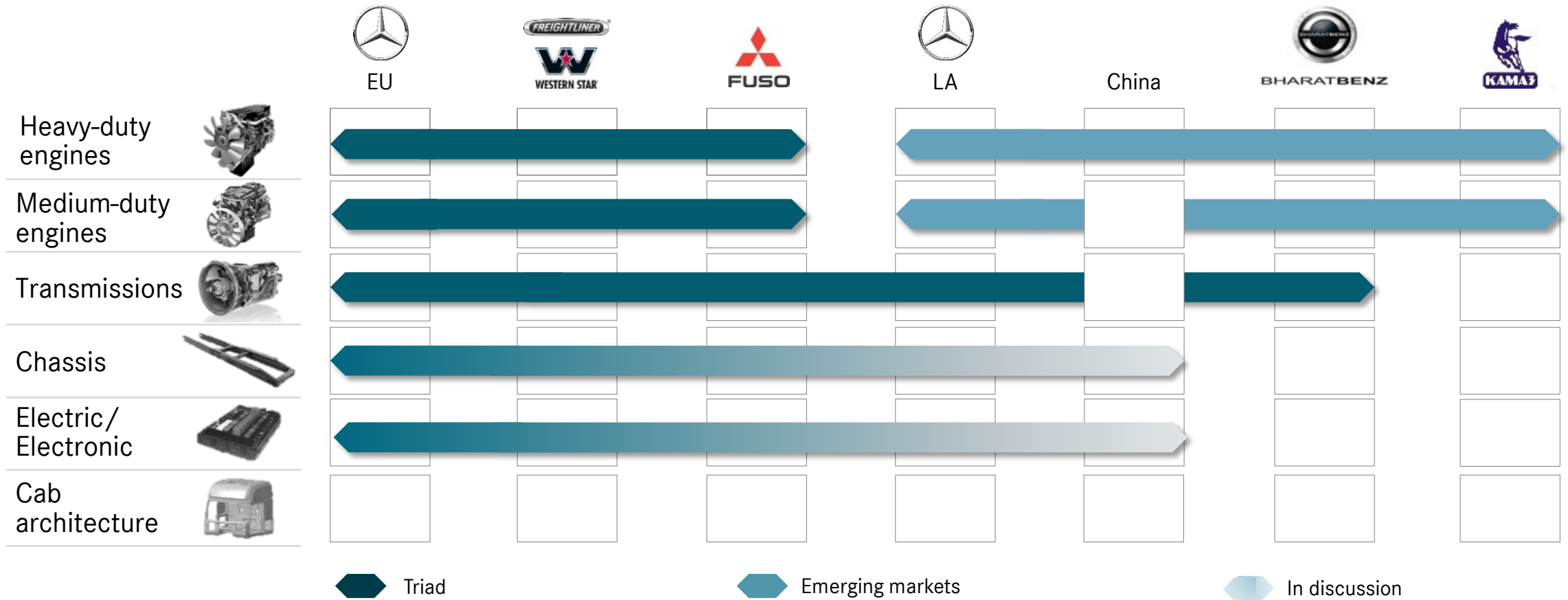
In emerging markets, we use proven platforms for both heavy- and medium duty engines



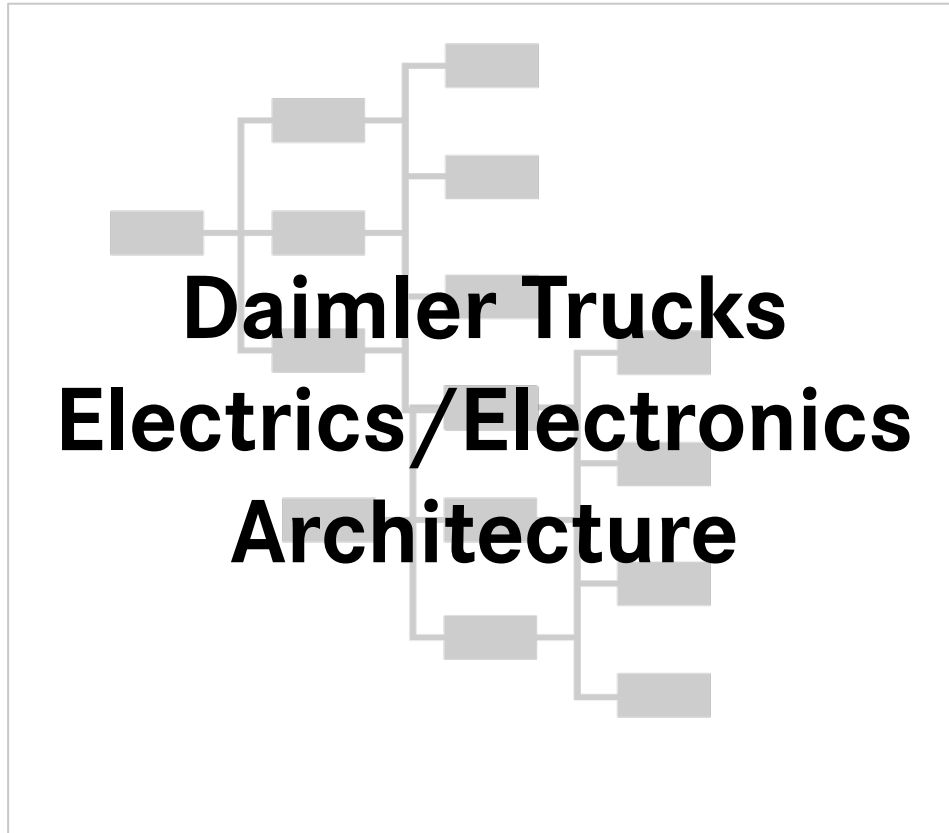
Now we're taking the next step: further roll-out common chassis



Taking the next step: further roll-out common E/E



Global E/E Architecture will be enabler to roll out electric modules fast



Scale effects:

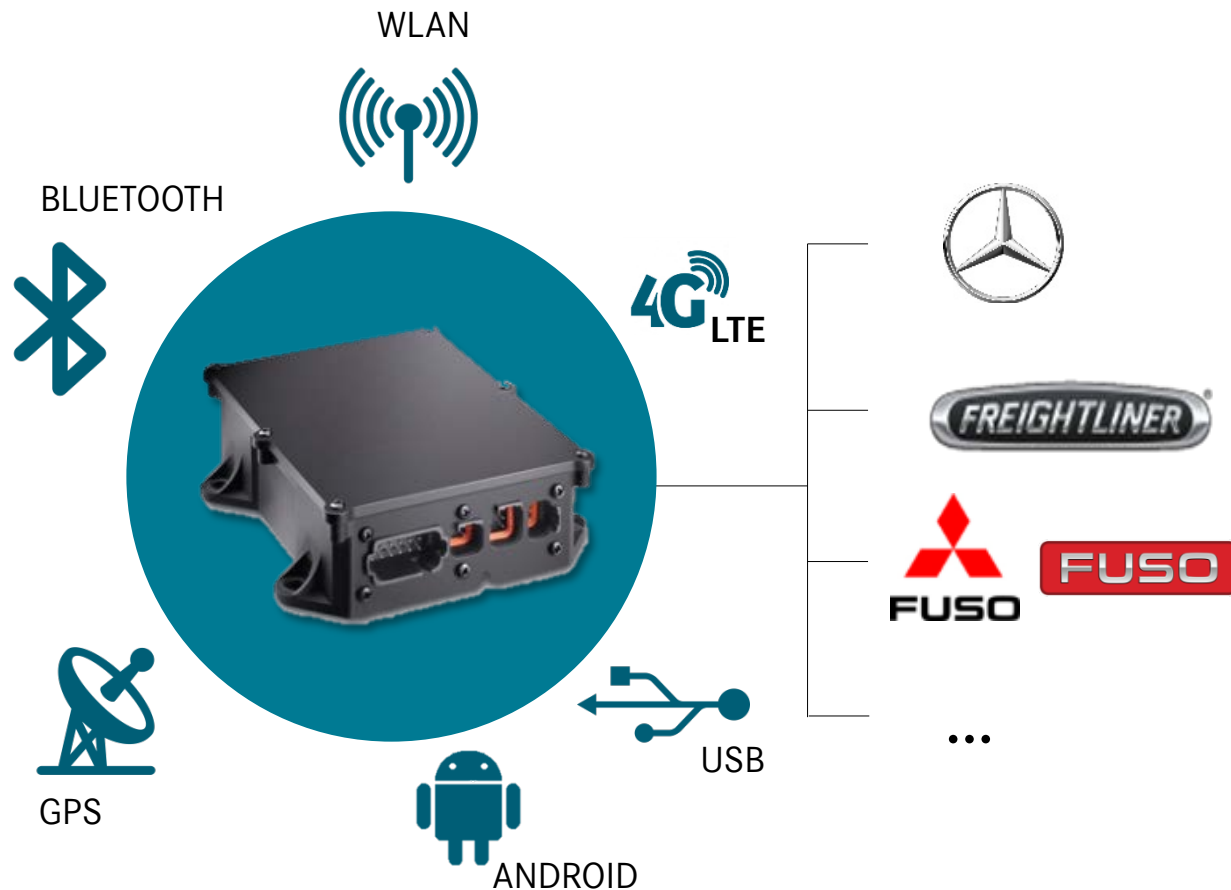
one architecture for all brands
& all commercial vehicles



Speed to market:

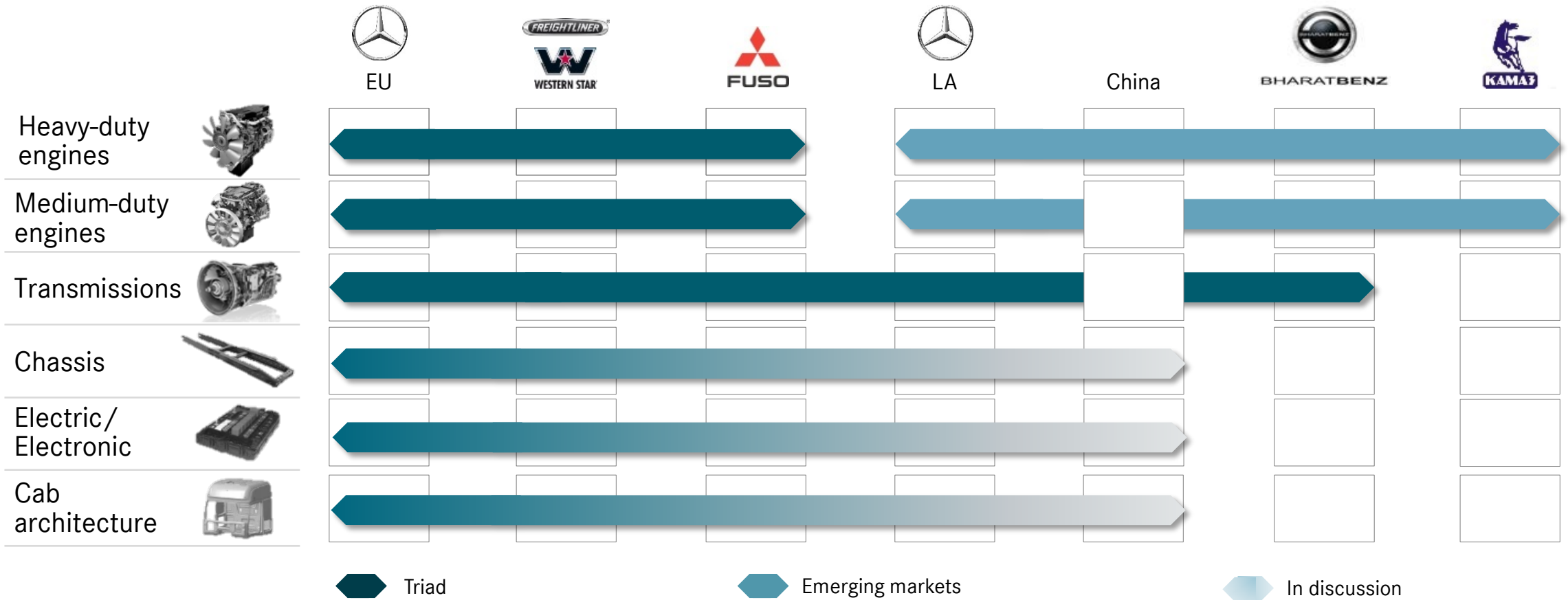
All safety, efficiency, connectivity
applications available in short time
One-time development costs &
little need for product adaptations

Rollout of common E/E modules

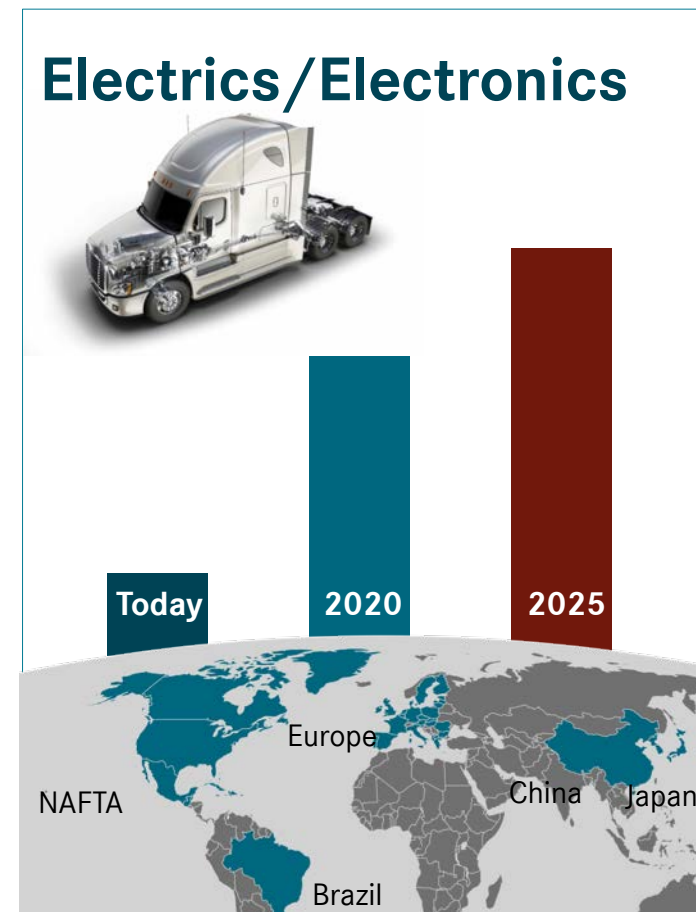
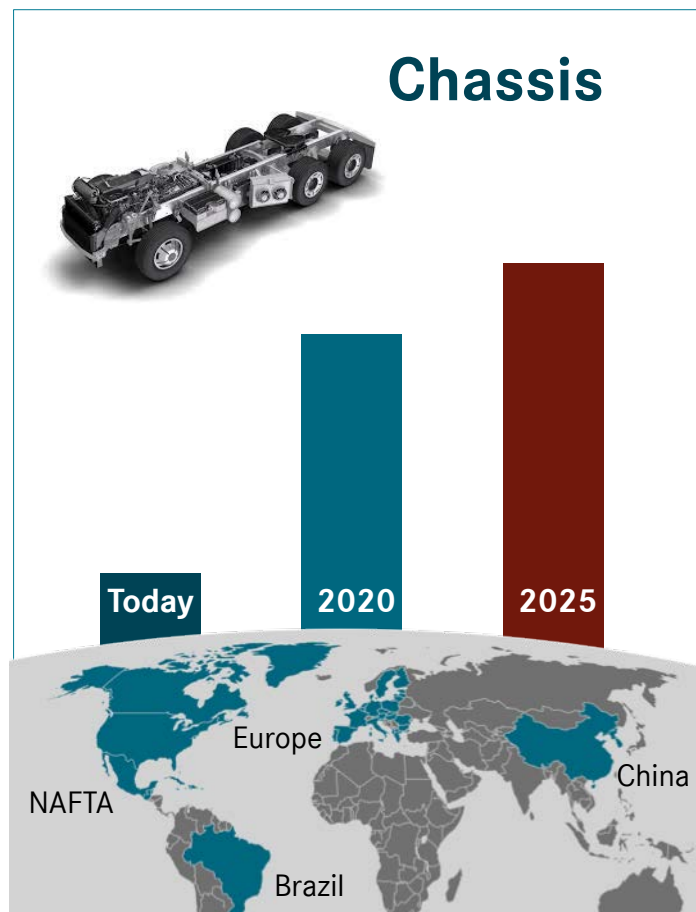
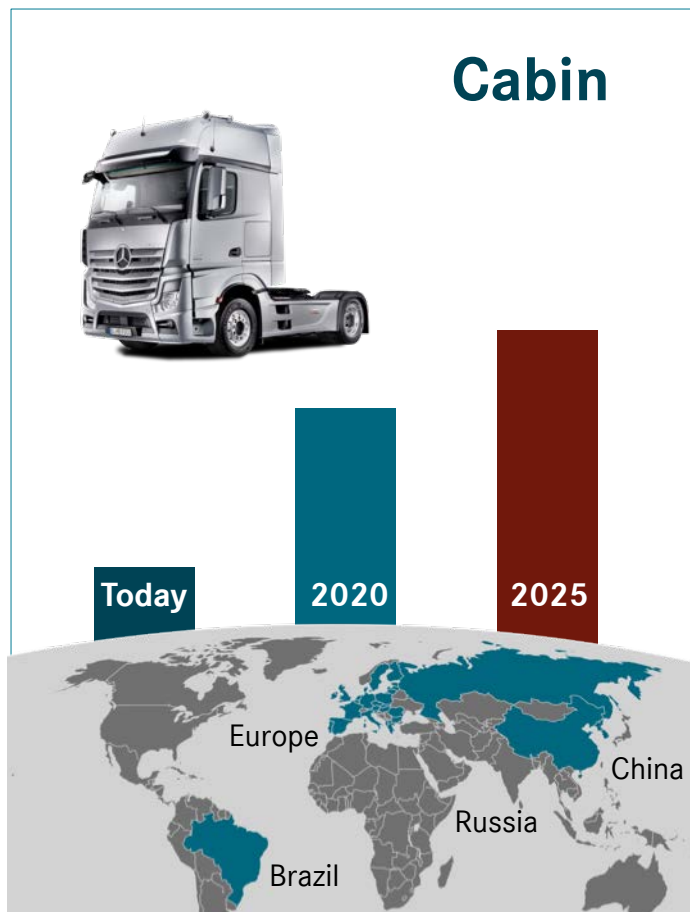


- ✓ **One module for all brands**
- ✓ **Fast roll-out**
- ✓ **Minor need for adaptation**

Taking the next step: further roll-out common cab



Global Platform Roll-out will secure pass-car-like volumes in next decade for Daimler Trucks



To sum it up: sales & efficiency measures in place to handle short-term volatility and reach long-term targets.



Sales measures for top line growth

- ✓ New products and technologies (urban e-mobility, platooning, connected truck)
- ✓ Expansion global reach (i.e. Regional Centers, China)



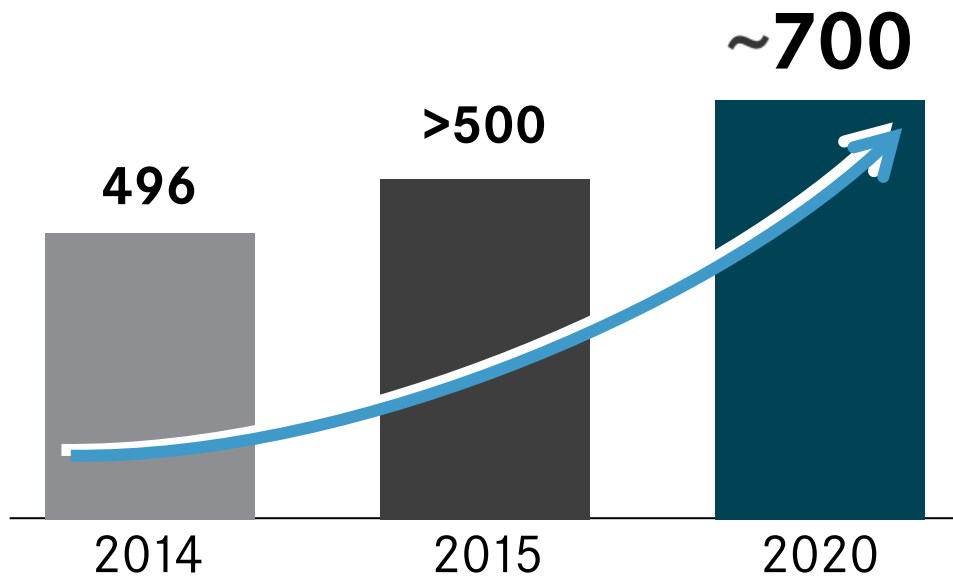
Efficiency measures for bottom line profitability

- ✓ Rollout global platforms (chassis, E/E)
- ✓ Flexibility improvements (platforms, production network)
- ✓ Fixed & material cost reduction (i.e. workforce, sales network)
- ✓ Productivity increase

Sticking to our target: undisputed leader in the truck industry

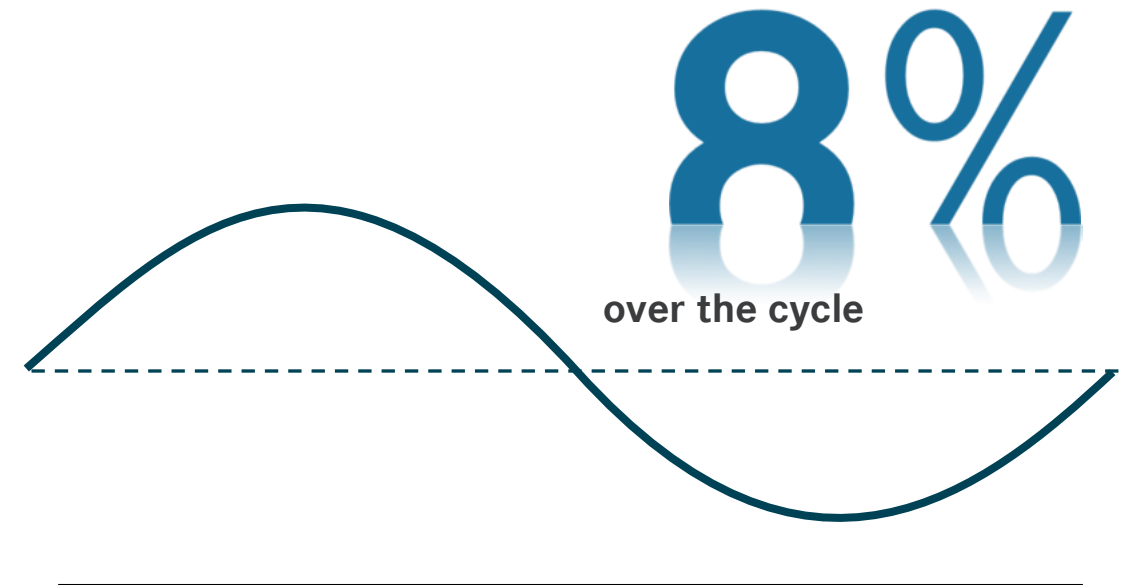
Sales target

In thousands of units



Profitability target

Return on Sales in %



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, armed conflicts, 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.