

DAIMLERCHRYSLER

**Commercial Vehicles
Division Day 2004**

**Woerth
September 6, 2004**

DAIMLERCHRYSLER

Status and Strategy Commercial Vehicles Division

Dr. Eckhard Cordes

**Commercial Vehicles Division Day
September 6, 2004**

AGENDA

- **CVD in a Nutshell**
- **Achievements**

- **Market Development**

- **Strategy “Global Spark”**

GLOBAL APPROACH OF CV-BUSINESS WILL BE PURSUED BY THE INTEGRATION OF MITSUBISHI FUSO



Revenues:
30%



Revenues:
4%

Revenues: €33 bn*
Sales: 680.000 units
Employees: 110.000

Revenues:
48%



Revenues:
14%

(RoW)
Revenues
4%

GLOBAL APPROACH OF CV-BUSINESS WILL BE PURSUED BY THE INTEGRATION OF MITSUBISHI FUSO

Revenues: €33 bn*
Sales: 680.000 units
Employees: 110.000



Sales:
24%



Sales:
46%



Sales:
18%



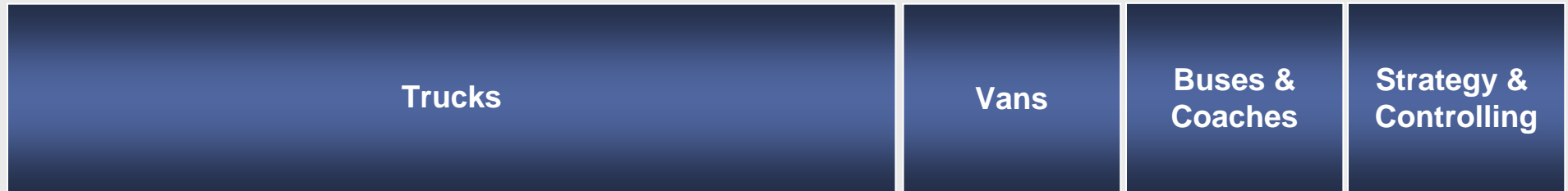
Sales:
8%

(RoW)
Sales:
4%

ORGANIZATION COMMERCIAL VEHICLES DIVISION

CVD
Eckhard Cordes *)

Business Segments



Functional/Business Units



*) starting Oct. 1: Andreas Renschler

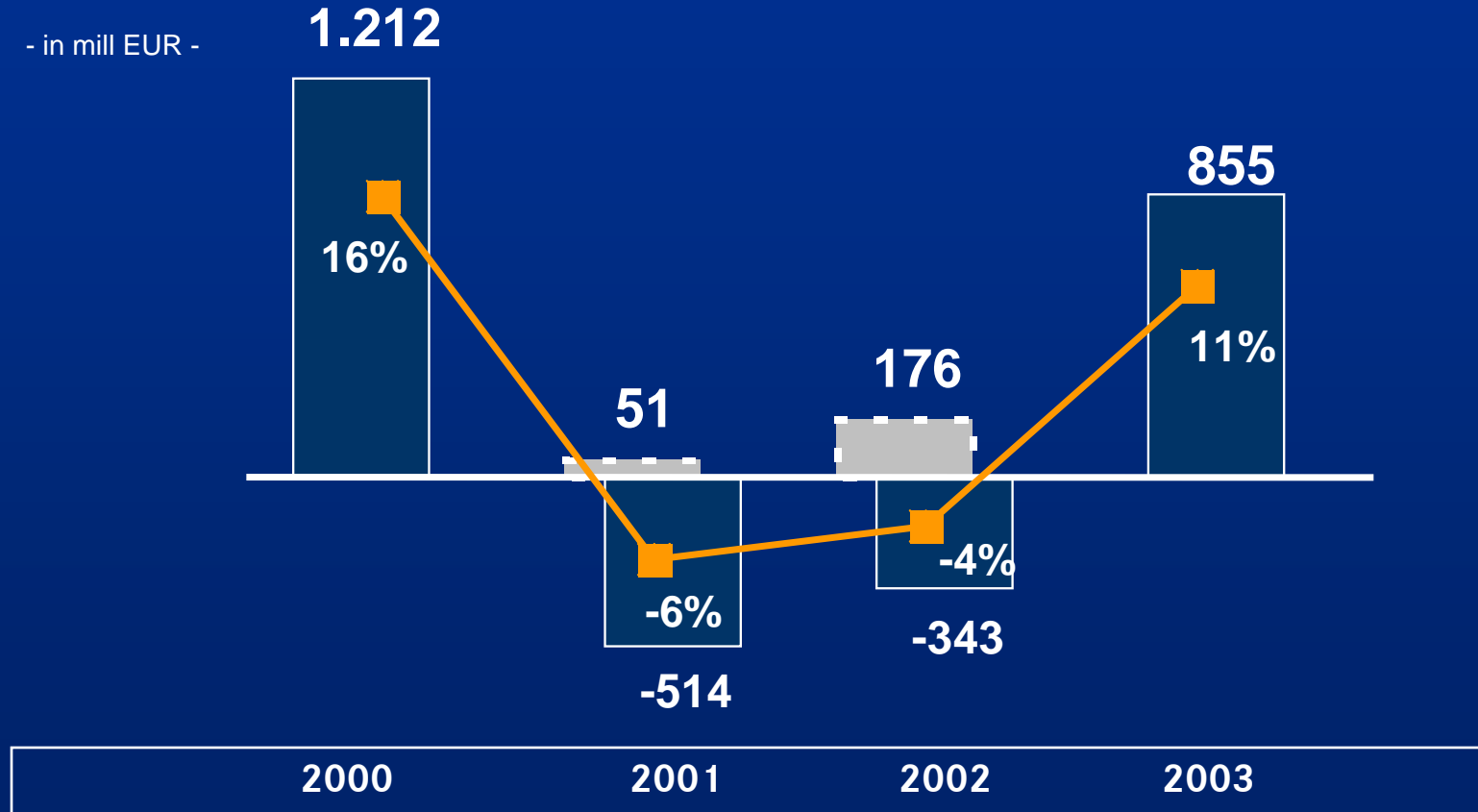
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CVD WAS DEEPLY IMPACTED BY DRAMATIC MARKET DETERIORATION IN 2001 AND 2002

Operating Profit

- in mill EUR -



 OpPr in Mill EUR w/o ote

 RoNA incl. ote

POSITIVE DEVELOPMENT OF CVD GROUP SALES, REVENUES AND OPERATING PROFIT

	1st Half 2003	1st Half 2004	Delta in %
Group Sales	233.000 units	311.000 units	+34%
Revenues	12,4 bn.€	15,6 bn.€ (16,3 bn.€ [*])	+26% (+32% [*])
Operating Profit	269 mill.€	736 mill.€	+174%

^{*}) w/o Fx-rate effects

POSITIVE DEVELOPMENT OF GROUP SALES IN ALL BUSINESS UNITS

	1st Half 2003	1st Half 2004	Delta '03/ '04 in %
Trucks EU/LA (Mercedes-Benz)	48.000	62.000	+29%
Trucks Nafta (Freightliner, Sterling, TBB)	59.000	77.000	+31%
Mitsubishi Fuso*)	88.000	101.000	+15%
MB Vans	112.000	128.000	+13%
DC Buses&Coaches	12.000	16.000	+27%

*) Consolidation of MFTBC group sales in CVD since April 2004 with a delay of one month

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AFTER A PERIOD OF ERODING MARKETS, RECOVERY IN 2004

	1999/ 2000	2003	Delta 99-00/03	2004E	Delta 03/04
Western Europe: Trucks	335	279	-17%	300	+8%
NAFTA: Trucks Cl. 5-7	200	166	-14%	183	+10%
NAFTA: Trucks Cl. 8	309	180	-42%	230	+28%
Japan: Total Trucks (FY)	214	309	+44%	221	-19%
Western Europe: Vans	1.000	941	-6%	995	+6%
Western Europe: Buses/Coaches	26	25	-4%	25	0%

000 units

CVD IS MARKET LEADER IN ALMOST ALL MARKETS

	MS CVD 2003	Next Competitor
Western Europe: Trucks	21%	15% (MAN)
NAFTA: Trucks Cl. 5-7	26%	32% (International)
NAFTA: Trucks Cl. 8	38%	24% (Paccar)
Japan: Total Trucks (FY)	29%	29 % (Isuzu)
Western Europe: Vans	17%	14% (Ford)
Western Europe: Buses/Coaches	28%	18% (Irisbus)

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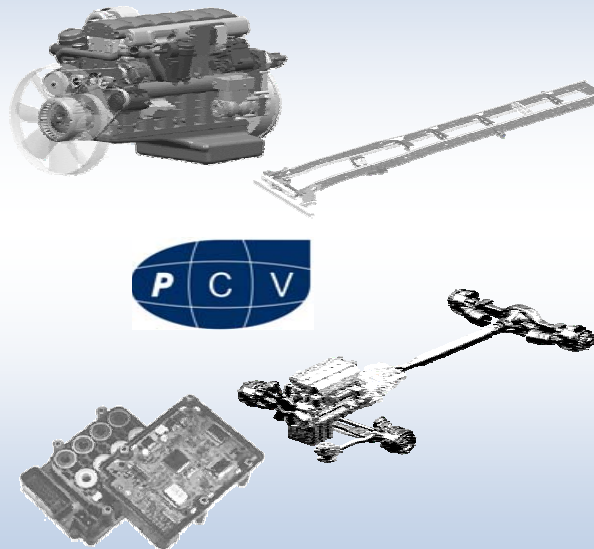
GLOBAL SPARK IS A STRATEGY INITIATIVE GENERATING SUSTAINABLE RESULTS

Global Spark

Operational Excellence



Turning Scale into Profit



Asia



Mercedes-Benz

Vans China



OPERATIONAL EXCELLENCE IS THE BASIS FOR A COMPETITIVE POSITION IN A COST DRIVEN BUSINESS



- Truck^{PLUS}
- Total Business Excellence
- STEP
- MFTBC Efficiency



- EvoBus
"Erfolgsprogramm"
(Success Program)



- Top Van

SIGNIFICANT ADVANTAGE IN SCALE COMPARED TO NEXT GLOBAL COMPETITOR



Registrations Trucks MDT/HDT 2003
- in '000 units -

ALL CURRENT AND FUTURE TRUCKS ARE IN THE SCOPE OF COMMONALITY

Component Strategy



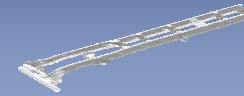
Captive Components



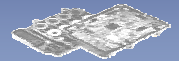
Powertrain Projects



Value Engineering



E/E Architecture



- Volume bundling

- Increase penetration of DC captive components at Freightliner and Fuso

- Complexity reduction
- Standardization of components

- Harmonized specification for all trucks (MB, FL, Fuso)

- Carry over MCG E/E architecture
- Identical for all trucks

Current Trucks

Future Trucks

LAUNCHING A WORLD HEAVY DUTY ENGINE FAMILY LEADS TO SIGNIFICANT SCALE EFFECTS

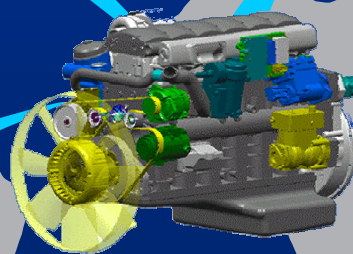


Europe 40%

8%

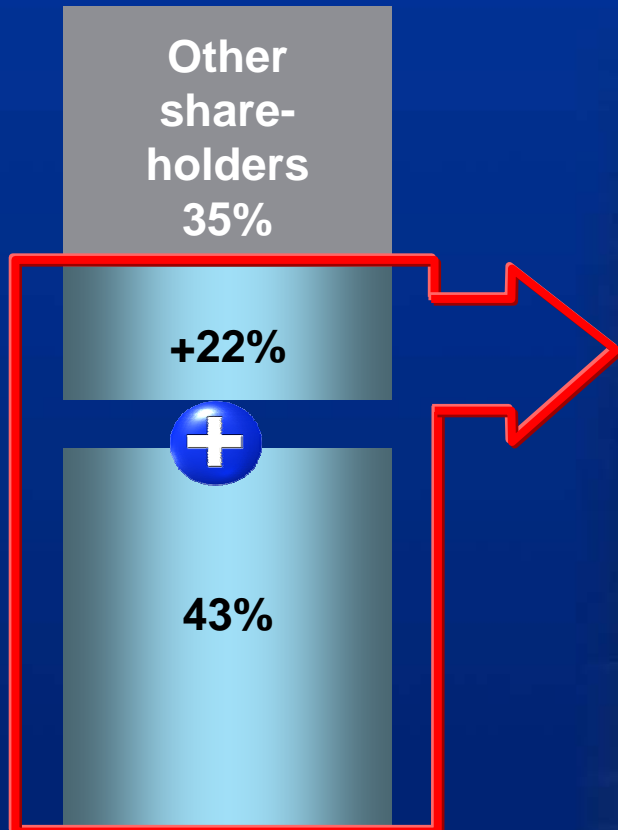
Japan

North-/
South
America 52%



- Global module concept with local applications
- Top selling HD-engine worldwide
- Most advanced emission technologies
- 176.000 units p.a.
- Start of production in 2007
- 30% lower production costs

MAJORITY STAKE IN MITSUBISHI FUSO SIGNIFICANTLY STRENGTHENS GLOBAL CVD BUSINESS



- Fully integrated in CVD Business System
- Leveraging synergies with DCX (Vehicle platform, heavy duty engine, lead engineering)
- Leveraging Fuso expertise for overall CVD (LD vehicle concepts, mechatronic systems)
- Access to Japanese CV-market (Fuso market leader with 30% market share)
- Access to Asian emerging markets (esp. Indonesia, Taiwan)



50:50 JOINT VENTURE FOR MDT/HDT PLANNED WITH BEIQI FOTON

Beiqi Foton Motor Corporation



- MoU and framework agreement signed for complete product range, MDT/HDT 50:50 JV agreed
- Production of 100.000 MDT and HDT p.a. planned mid-term
- For 2004 40.000 trucks MDT/HDT and market share of 7% planned
- Localization of Mercedes-Benz components
- Light Truck cooperation covered by framework agreement and business model to be further discussed

GLOBALIZATION OF MB VANS PROGRESSING WELL WITH APPROVAL OF JOINT VENTURE IN CHINA

DAIMLERCHRYSLER VANS IN CHINA



- 50:50 JV with Fujian Motor Industry Group via Hong Kong Holding

- JV DaimlerChrysler Vans China to be located in Fujian province

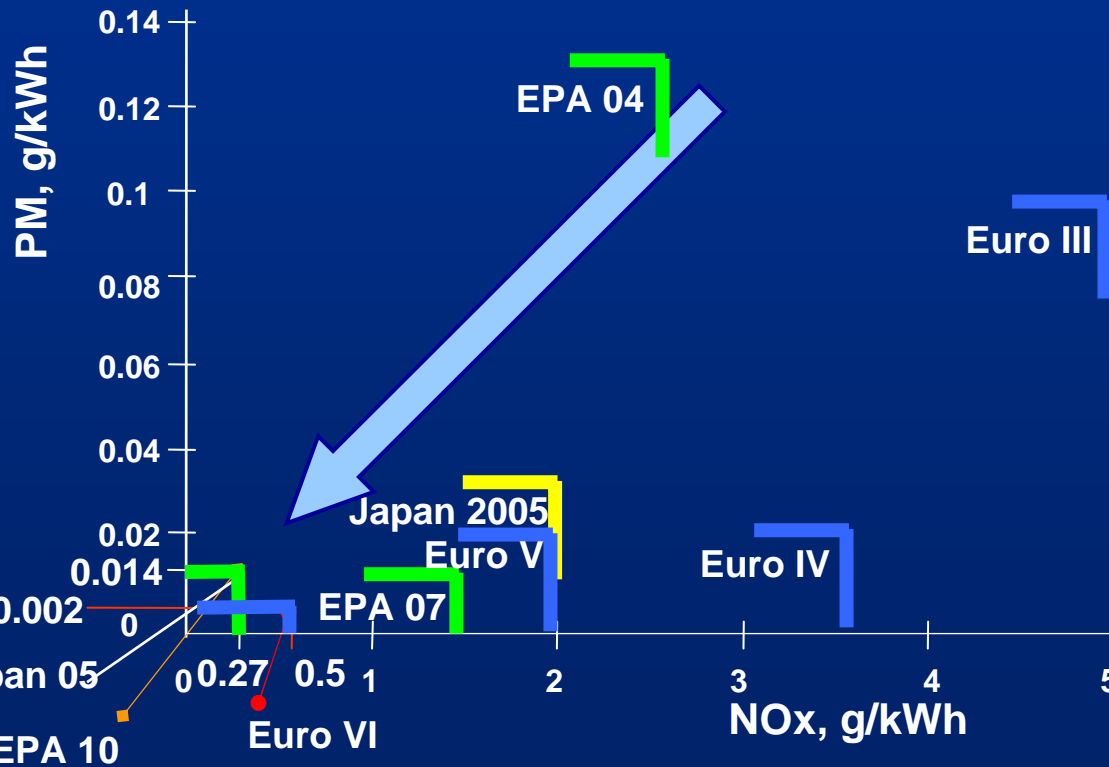


- Production/distribution for Viano/Vito and Sprinter successor

- Start of Production
 - Sprinter: Q1 2006
 - Viano/Vito: Q2 2006

ENGINEERING CHALLENGES DRIVEN BY WORLDWIDE EMISSION REGULATIONS

NAFTA-, Euro-, Japan-Market



Emission limits
g/kWh

	Year	PM	NOx
Euro III	1999	0,10	5
Euro IV	2005	0,02	3,5
Euro V	2008	0,02	2
EPA 07	2007	0,014	1,48
EPA 10	2010	0,014	0,27



EXPERIENCE THE FASCINATING WORLD OF MERCEDES-BENZ, SETRA AND MITSUBISHI FUSO COMMERCIAL VEHICLES



DAIMLERCHRYSLER

Mercedes-Benz Trucks

Dr. Klaus Maier

Business Unit Trucks Europe/Latin America (Mercedes-Benz)

**Commercial Vehicles Division Day
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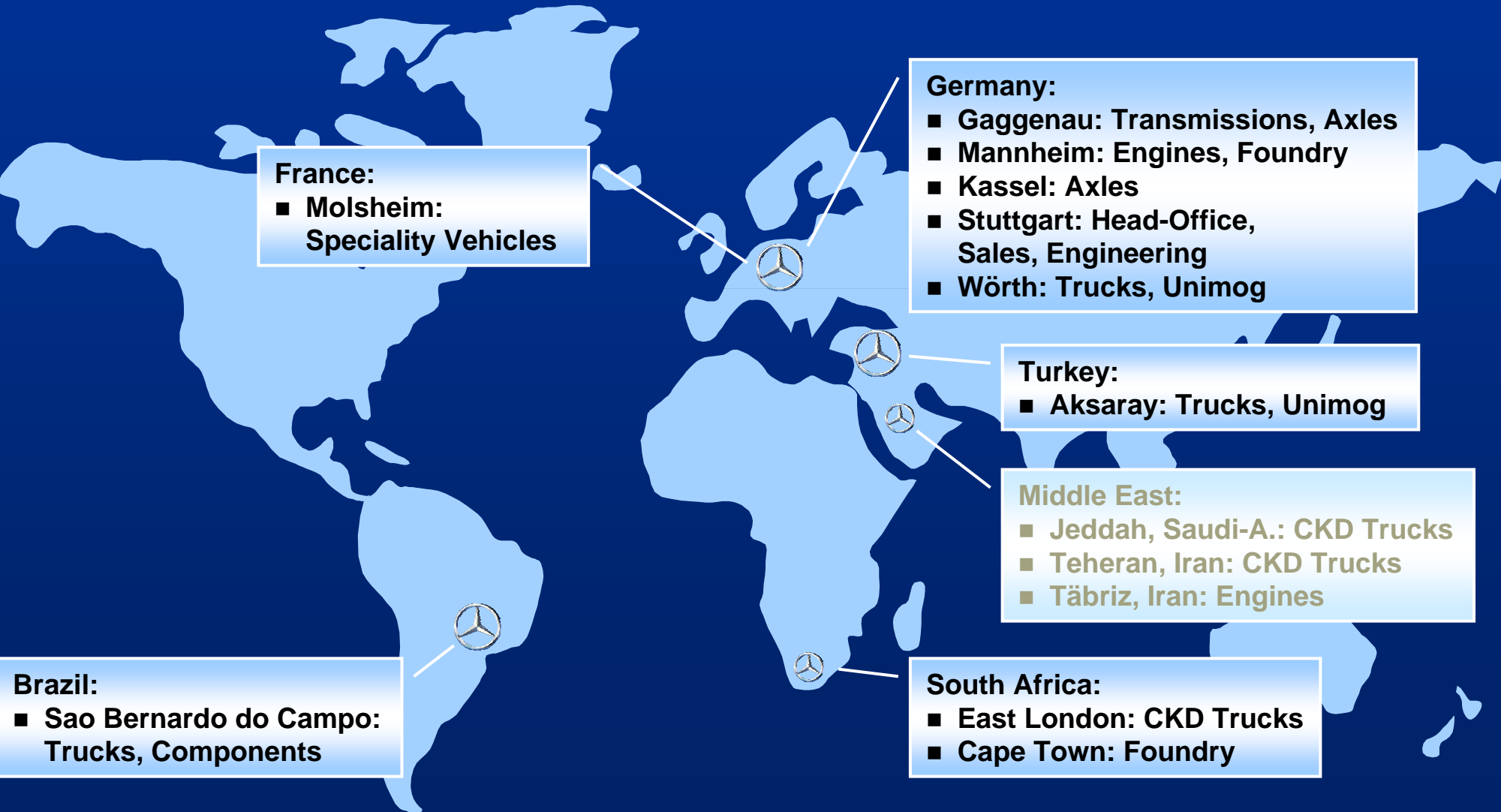
AGENDA

- **Business Development MB Trucks**
- **Operational Excellence**

- **Fascinating Products**

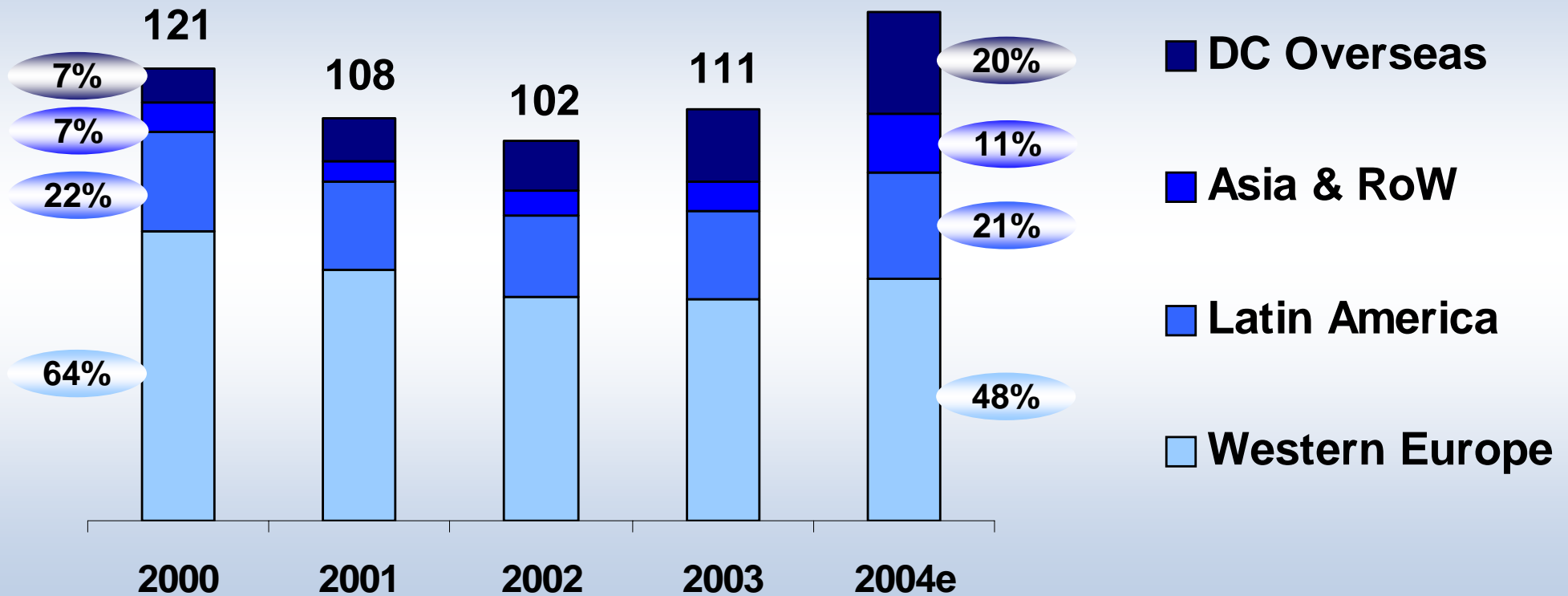
- **Brand Positioning**

LOCATIONS OF MERCEDES-BENZ TRUCKS WORLDWIDE



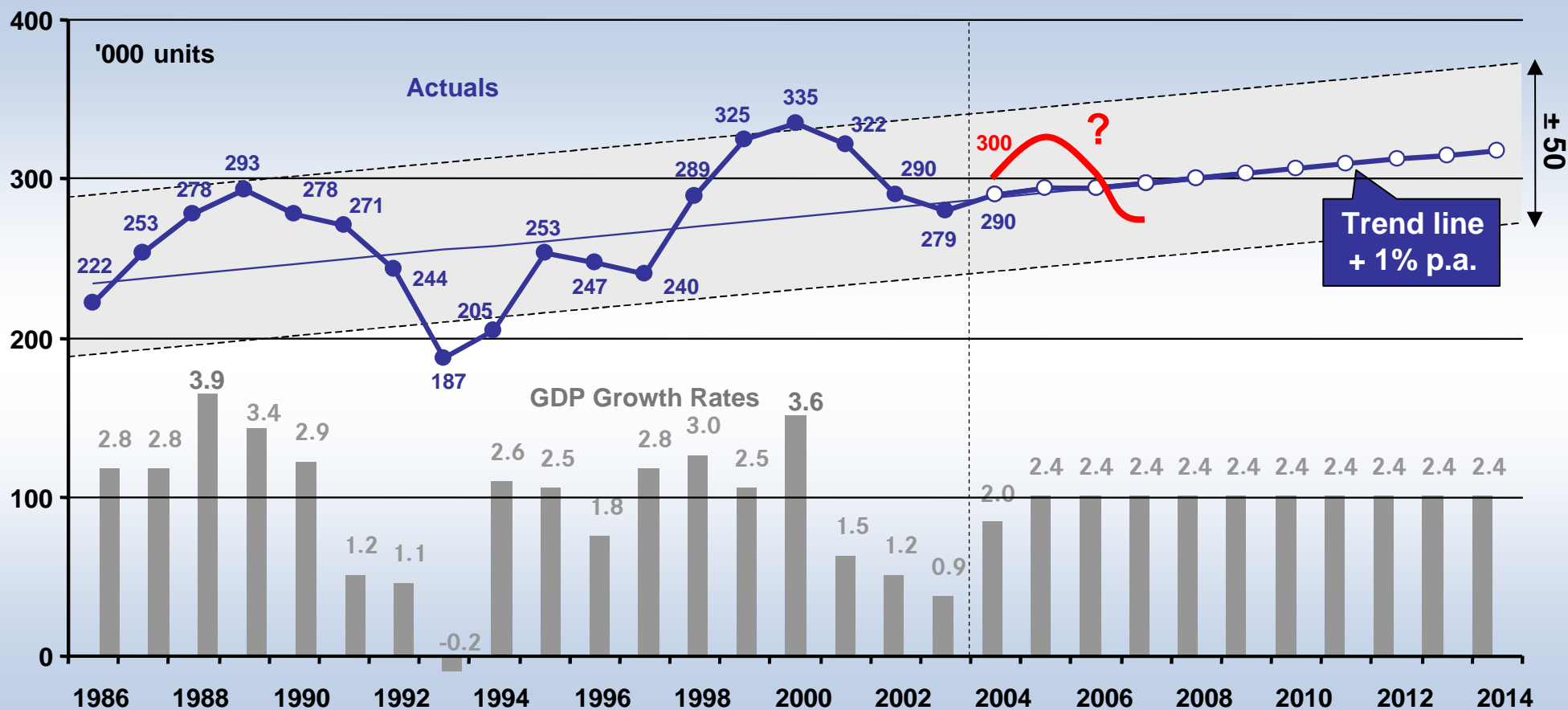
MB TRUCKS IS WELL POSITIONED IN FUTURE GROWTH MARKETS

Sales MB Trucks worldwide ('000 units)



THE EUROPEAN MARKET FOR MEDIUM AND HEAVY DUTY TRUCKS GROWS LONG-TERM BUT CYCLICAL

Registrations MDT/HDT in Western Europe



OUR VISION: WE WANT TO BECOME THE MOST SUCCESSFUL AND RESPECTED TRUCK MANUFACTURER WORLDWIDE

Our objectives

Operational Excellence

Truck *PLUS*

Sustainable Profitability

Fascinating Products



Emotion & Turning Scale into Profit

Brand Positioning

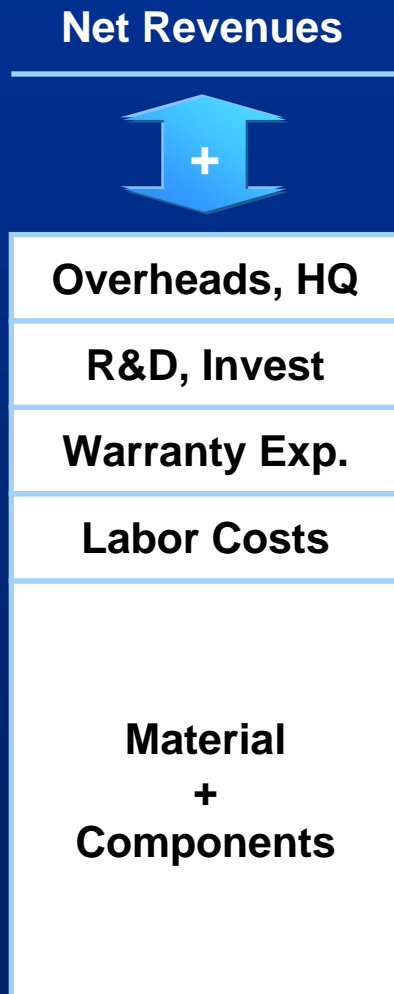


Reliable Partner

AGENDA

- **Business Development MB Trucks**
 - **Operational Excellence**
 - **Fascinating Products**
 - **Brand Positioning**
-

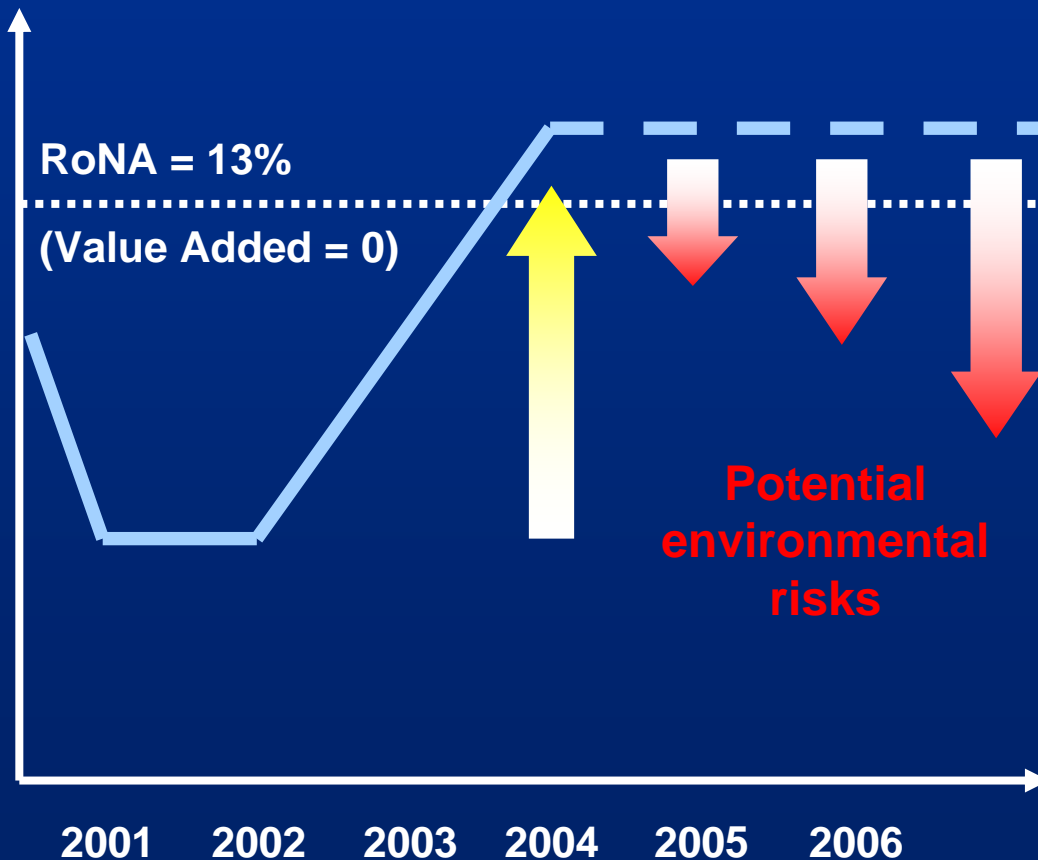
SINCE 2000 VARIETY OF MEASURES SUCCESSFULLY ACCOMPLISHED TO INCREASE EFFICIENCY AND FLEXIBILITY



- Pricing strategy
- Product offensive
- Fixed cost reduction by 10%
- Early retirement program
- Relocation Unimog, Econic
- Utilization of R&D and production network (D, TR, BR)
- Quality offensive
- Factory agreements, e.g. flexible shift models
- OPTIMA (Optimization of material costs), e.g. Wiring Harness
- STEP (Components)

Truck PLUS

HOLISTIC APPROACH TO ENSURE SUSTAINABLE PROFITABILITY FOR MERCEDES-BENZ TRUCKS



Target TruckPlus:
Improve Value Added significantly and sustainable

- More sales
- Better cost position
- Higher revenues
- Lower net assets
- Leaner processes



TRUCKPLUS IST THE KEY TO ADVANCE OUR BUSINESS MODEL

Growth

- Sales growth in Asia and DCOS markets
- Sales growth in Western European segments
- Growth and pricing After Sales and used trucks
- Growth Econic after integration in Würth
- Improvement in Turkey (export and pricing)

Costs of Business Unit

- Process costs:
 - Business Process Optimization of selected units
 - New design of approaches in production, logistics and R&D
 - New homogeneous and integrated architecture in Sales & Marketing
 - Optimized process interfaces in series adaptation
- Material costs:
 - Material cost / small parts optimization
 - Warranty & Policy costs
 - Intra-brand volume bundling

Net Assets

- Stock management
 - Active receivable and liability management
 - Investment policy
- ➔ Improvement of Value Added

Cross-border Topics

- Reduction of factor costs
- Reduction of IT-costs
- Joint approach to reduce sales cost

AGENDA

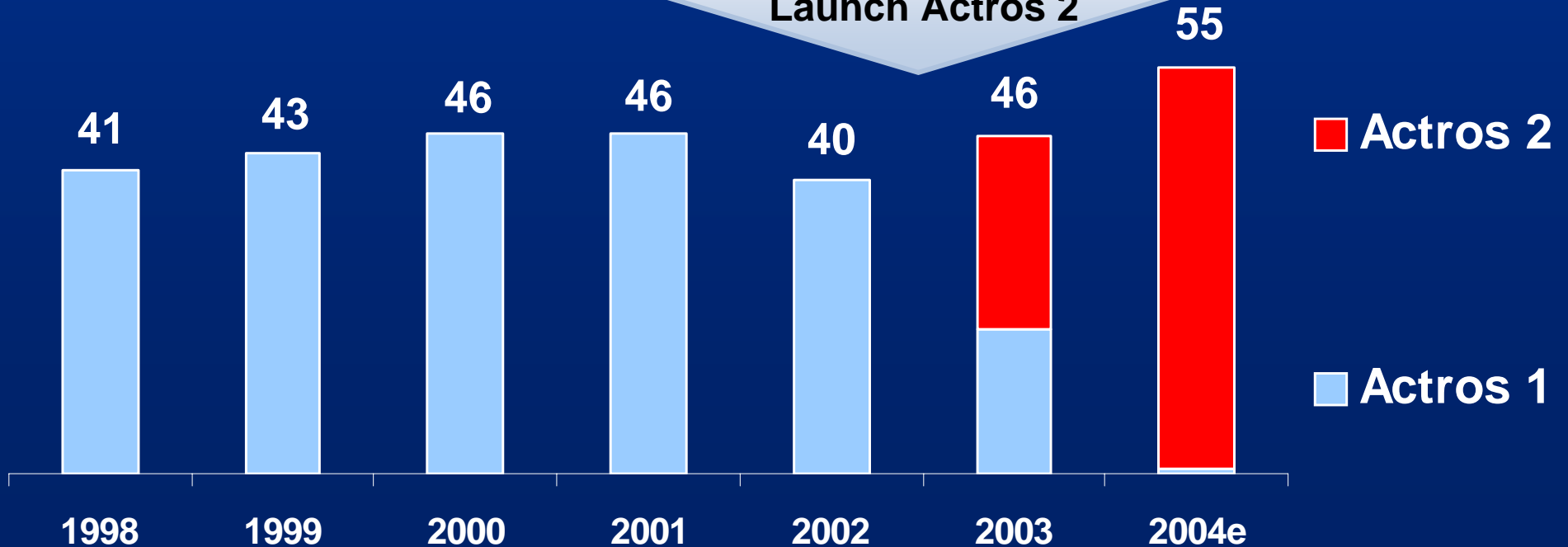
-
- **Business Development MB Trucks**
 - **Operational Excellence**
 - **Fascinating Products**
 - **Brand Positioning**
-

THE 2ND GENERATION SURPASSES THE 1ST AND EXCEEDS ALL EXPECTATIONS

Actros sales worldwide ('000 units)

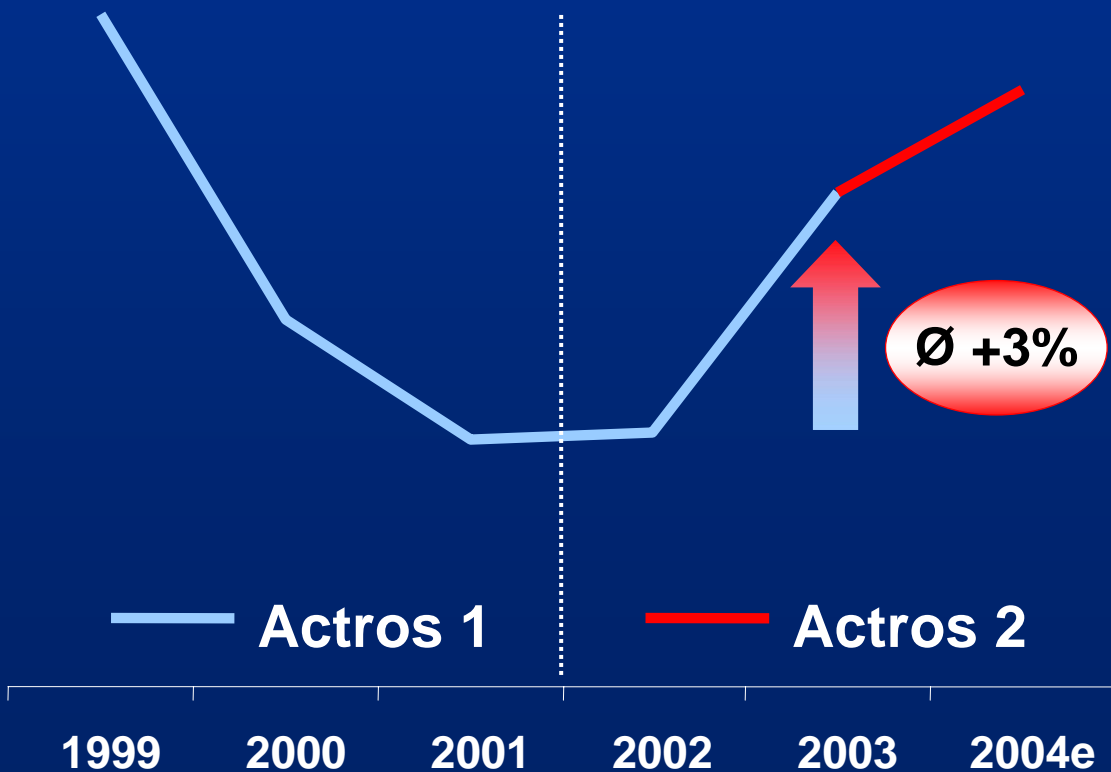


Launch Actros 2

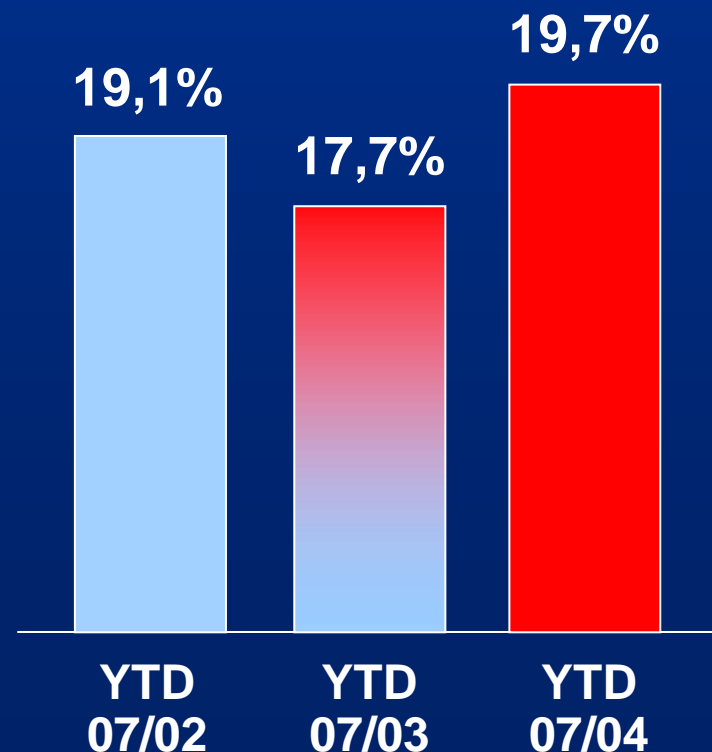


TURNAROUND ACCOMPLISHED - NET REVENUES AND MARKET SHARE ON THE RIGHT TRACK

Net Revenue Actros Artics
(Index Germany)



Market Share HDT > 16t
(Western Europe)



THE PRODUCT OFFENSIVE WILL BE CONTINUED

BlueTec SCR Diesel Technology for Heavy Commercial Vehicles



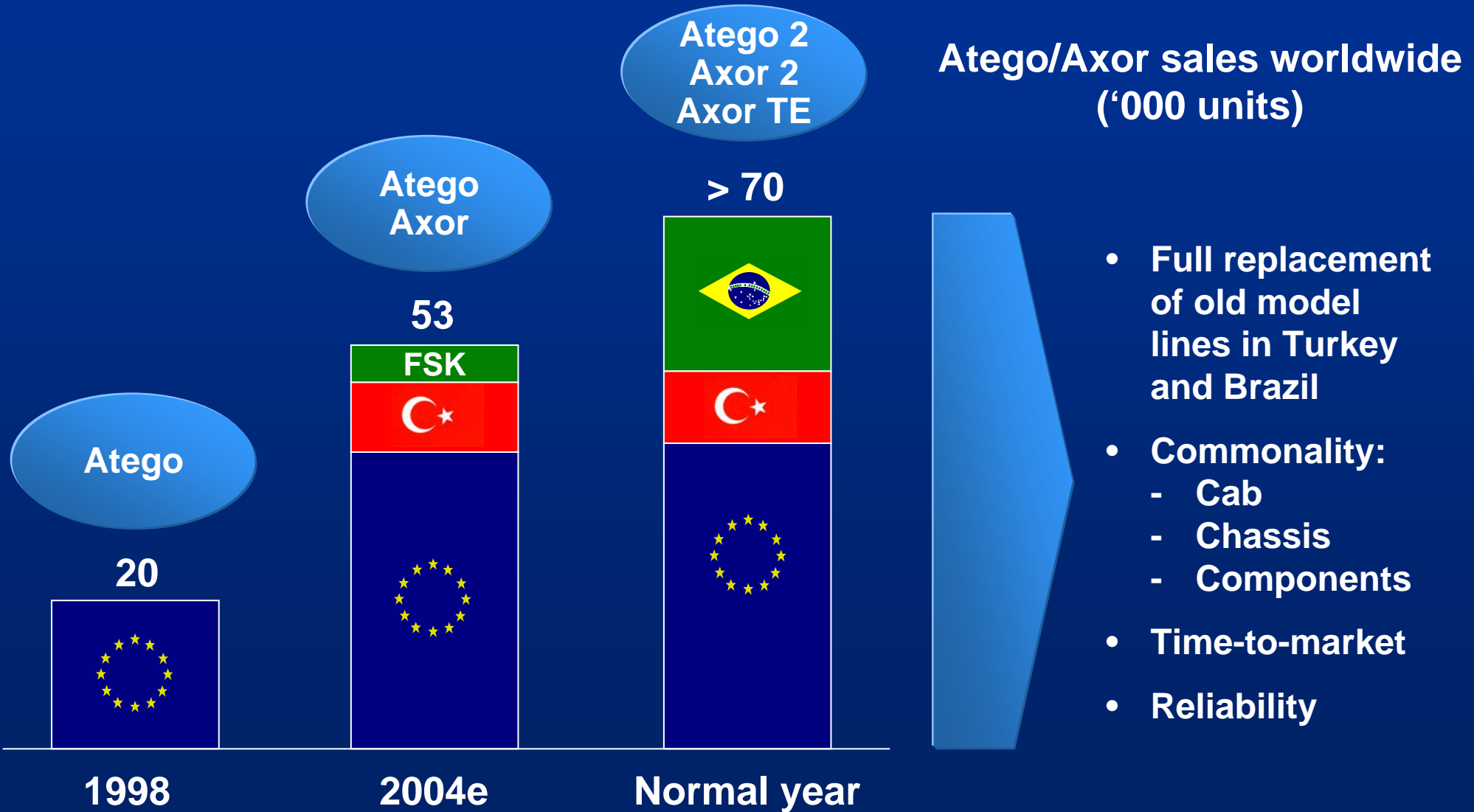
- Maximize customer benefits due to early compliance with EURO 4 and EURO 5
- Reduced fuel consumption

Atego / Axor 2nd Generation



- Sustain MB Trucks market success
- Price-Value-Strategy

ATEGO / AXOR - TURNING SCALE INTO PROFIT



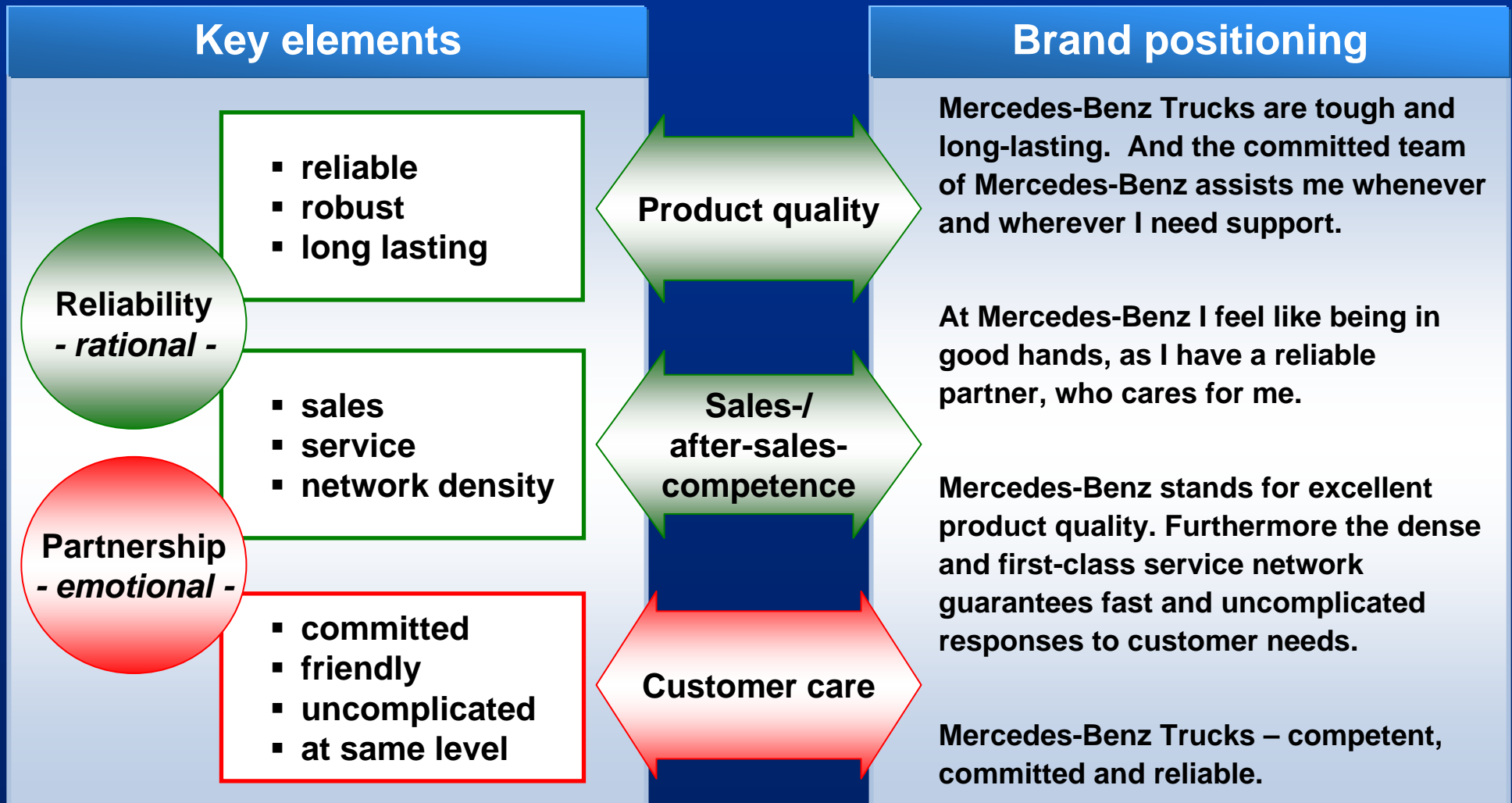
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- **Fascinating Products**
- **Brand Positioning**

OUR HERITAGE - WHAT DO MERCEDES-BENZ TRUCKS STAND FOR?



THE RESULT



OUR VALUE PROPOSITION: BENCHMARK IN RELIABILITY!



MERCEDES-BENZ TRUCKS: YOUR RELIABLE PARTNER



DISCLAIMER

This presentation contains forward-looking statements that reflect management's current views with respect to future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project" and "should" and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties, including, but not limited to: an economic downturn in Europe or North America; changes in currency exchange rates and interest rates; introduction of competing products; increased sales incentives; and decline in resale prices of used vehicles. If any of these or other risks and uncertainties occur (some of which are described under the heading "Risk Report" in DaimlerChrysler's most recent Annual Report and under the heading "Risk Factors" in DaimlerChrysler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission), or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.