

# **PRESENTATION TO AUTOMOTIVE ANALYSTS OF NEW YORK**

**Manfred Gentz, Chief Financial Officer**

**Ritz Carlton, Dearborn  
January 8, 2003**

## AGENDA

**Group financial performance**

**3**

**Divisions financial performance**

**11**

## OVERVIEW AND HIGHLIGHTS 2002

- **DaimlerChrysler Group:**
  - Revenues at almost EUR 150 billion
  - Operating profit will exceed EUR 5 billion

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- **Mercedes Car Group earnings at the high level of last year**

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- **Chrysler Group's turnaround well on track, positive results in each quarter of 2002**

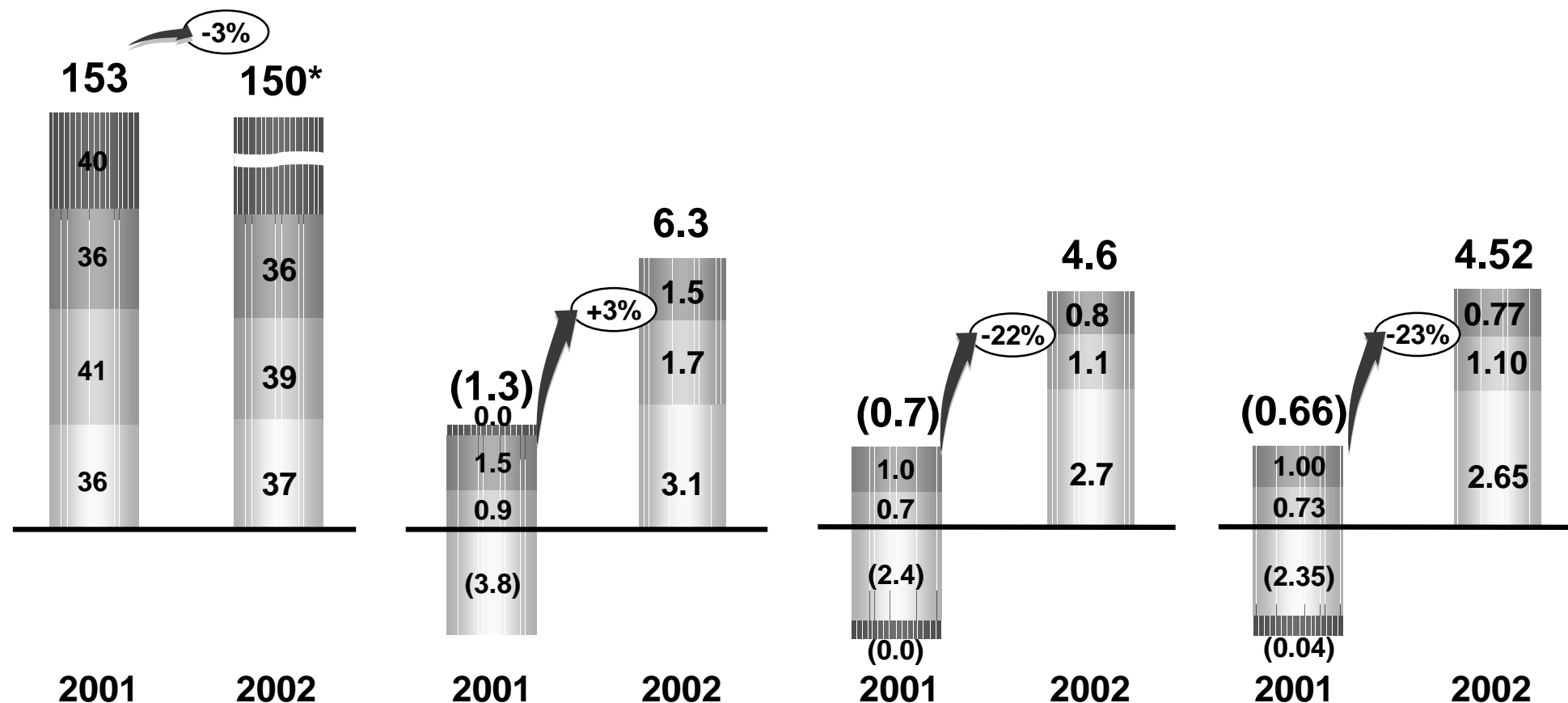
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- **Commercial Vehicles: operating profit improves as a result of the progress at Freightliner**

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- **Services significantly exceeds prior years' operating profit levels**

## KEY FIGURES

– INCLUDING ONE-TIME EFFECTS –

<b>Revenues</b> - in billions of EUR -	<b>Operating Profit</b> - in billions of EUR -	<b>Net Income</b> - in billions of EUR -	<b>Earnings per share**</b> - in EUR -
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■ Q1   ■ Q2   ■ Q3   ■ Q4

\*) Preliminary figure

\*\*\*) Average number of shares 2001: 1,003.2 million, Q3/2002: 1,012.8 million

## ONE-TIME EFFECTS IN THIRD QUARTER AND JANUARY - SEPTEMBER 2002

- in millions of EUR -	Operating Profit Q3 2002	Net Income Q3 2002	Operating Profit Jan - Sept 2002	Net Income Jan - Sept 2002
Sale of T-Systems ITS	-	-	2,484	2,484
Sale of remaining shares in TEMIC	-	-	156	145
Chrysler Group	(20)	(18)	(708)	(461)
Commercial Vehicles	(28)	(23)	(67)	(48)
Impairment charge Capital Services	(113)	(71)	(113)	(71)
Impact financial crisis in Argentina (Services)	-	-	(107)	(107)
<b>Total</b>	<b>(161)</b>	<b>(112)</b>	<b>1,645</b>	<b>1,942</b>

## KEY FIGURES

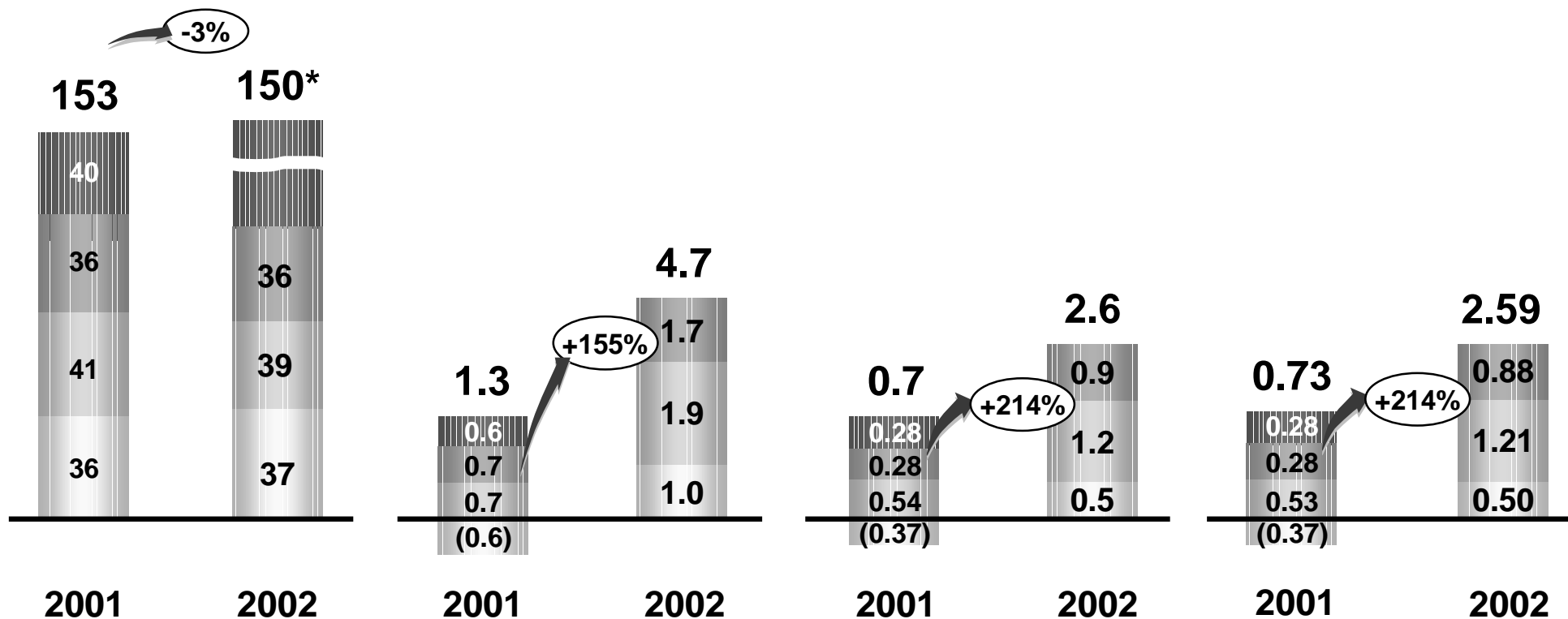
- EXCLUDING ONE-TIME EFFECTS -

**Revenues**  
- in billions of EUR -

**Operating Profit**  
- in billions of EUR -

**Net Income**  
- in billions of EUR -

**Earnings per share\*\***  
- in EUR -



■ Q1   ■ Q2   ■ Q3   ■ Q4

\*) Preliminary figure

\*\*\*) Average number of shares 2001: 1,003.2 million, Q3/2002: 1,012.8 million

## KEY BALANCE SHEET FIGURES

- in billions of EUR -	Dec. 31 2001	June 30 2002	Sept 30 2002
Gross liquidity Group ■ as a percentage of total assets	14.5 7.0%	12.5 6.4%	12.5 6.4%
<b>Gross liquidity industrial business</b>	<b>10.7</b>	<b>10.9</b>	<b>10.9</b>
Equity ratio Group	18.3%	21.0%	21.3%
<b>Equity ratio industrial business</b>	<b>25.7%</b>	<b>29.9%</b>	<b>30.9%</b>
Financial liabilities Group	90.1	78.0	77.9
<b>Financial liabilities industrial business</b>	<b>15.0</b>	<b>9.8</b>	<b>8.6</b>
Net debt Group	(75.6)	(65.5)	(65.4)
<b>Net cash (net debt) industrial business</b>	<b>(4.3)</b>	<b>1.1</b>	<b>2.3</b>

A net cash position for the industrial business is also anticipated for end 2002

## **PENSION STATUS 2002 (Preliminary)**

- **Due to weak performance of equity markets year-end returns on pension assets were a neagative 8.5% for US plan assets and 14.4% for German plan assets**

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- **After a cash contribution of EUR 1.1 billion in 2002 and existing accruals, pension obligations were underfunded at year-end by around EUR 5.6 billion (thereof around EUR 3.7 bn North America).**

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- **However, the underfunded status also results in a credit to pension accruals of around EUR 4.6 billion charged against equity.**

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- **There will be no impact on the profit and loss account for 2002.**

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- **As a result of our current expectations for a lower return on plan assets in 2002, the pension expenses will increase in 2003 by around EUR 700 million.**

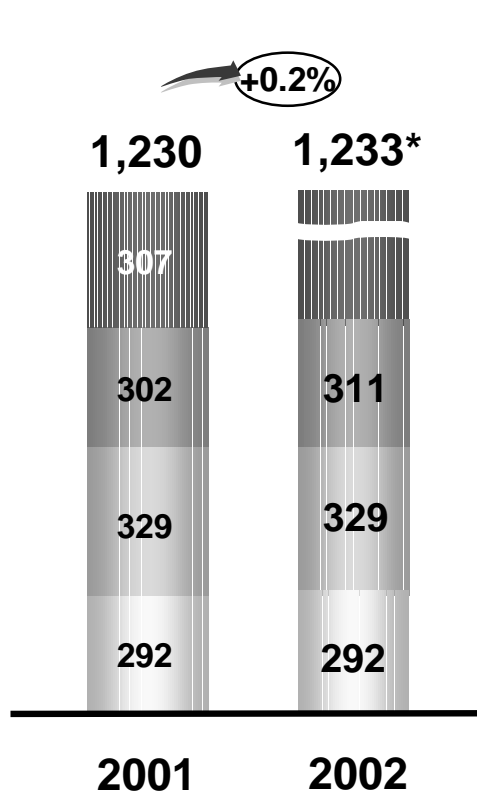


## PENSION STATUS 2002 (Preliminary)

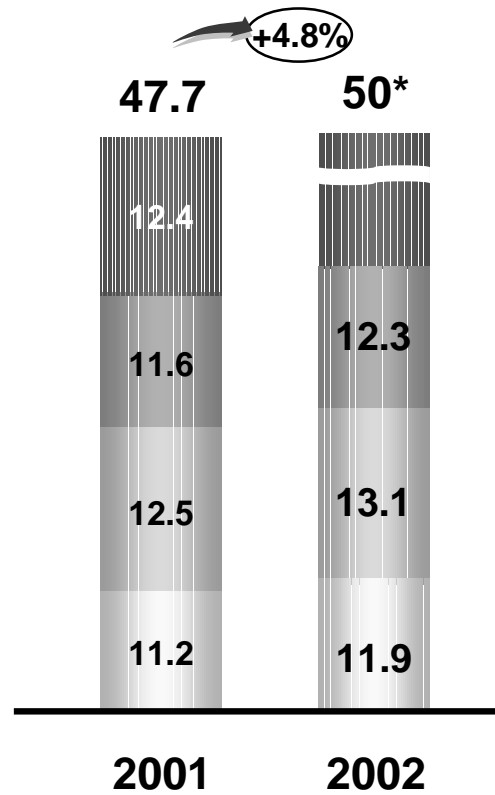
In billions of EUR	German Plans	US Plans	Other	DC Group
Projected benefit obligations (PBO)	(10.9)	(21.8)	(0.3)	(33.0)
Plan assets after EUR 1.1 bn cash contribution	6.8	17.6	0.2	24.6
<b>Over / (under) funded position</b>	<b>(4.1)</b>	<b>(4.2)</b>	<b>(0.1)</b>	<b>(8.4)</b>
Pension accruals before ABO underfunding	2.2	0.5	0.1	2.8
<b>Over / (under) funded position including existing accruals</b>	<b>(1.9)</b>	<b>(3.7)</b>	<b>0</b>	<b>(5.6)</b>
Increase in accruals to cover ABO underfunding	1.2	3.4	-	4.6
<b>Over / (under) funded PBO position net of accruals</b>	<b>(0.7)</b>	<b>(0.3)</b>	<b>0</b>	<b>(1.0)</b>

ABO value fully funded

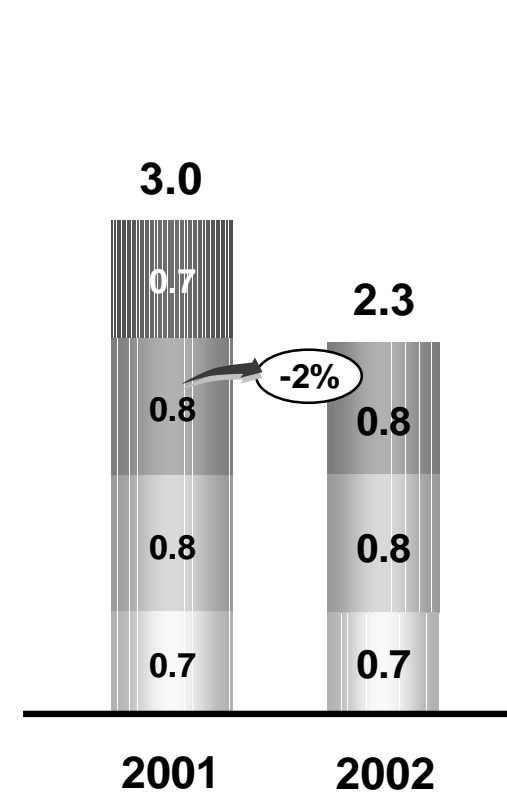
**Sales**  
- in thousand units -



**Revenues**  
- in billions of EUR -



**Operating Profit\*\***  
- in billions of EUR -

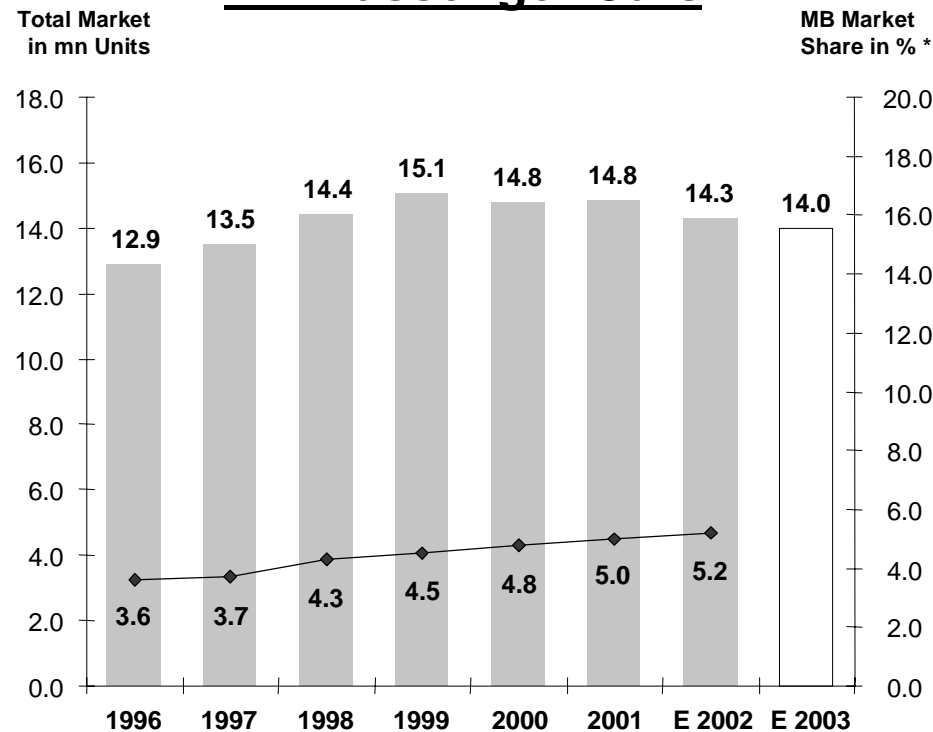


■ Q1   ■ Q2   ■ Q3   ■ Q4

\*) Preliminary figure  
\*\*) Adjusted for one-time effects

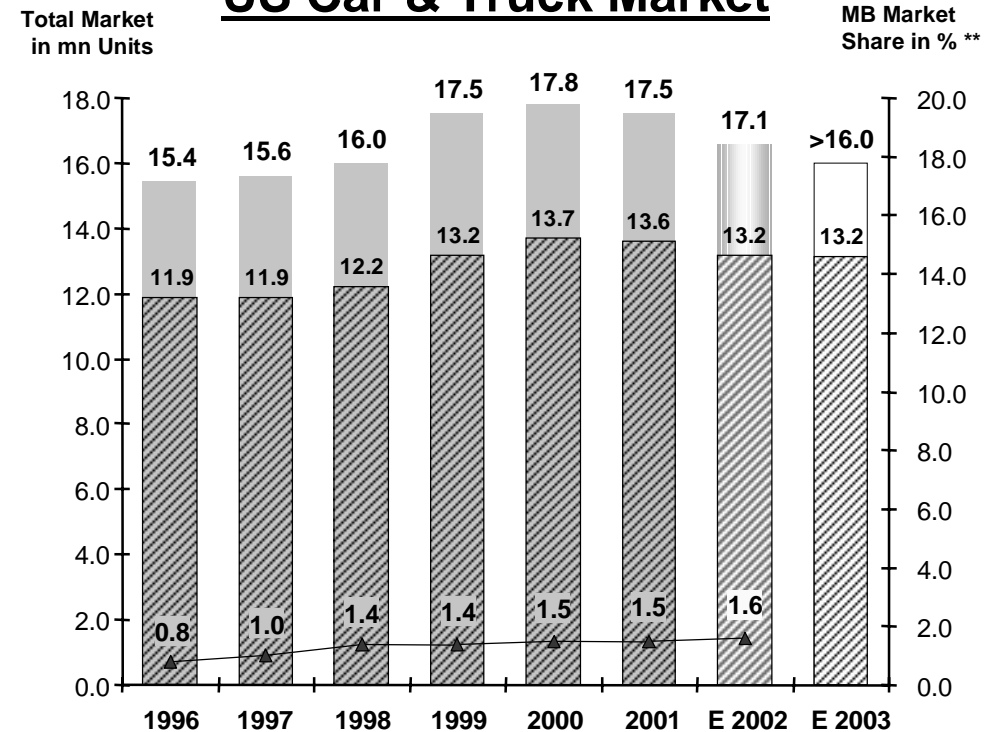
## DEVELOPMENT OF MAJOR MARKETS

### WE Passenger Cars



\* Market share of Mercedes-Benz passenger cars (excl. smart) in % of total Western European passenger car market

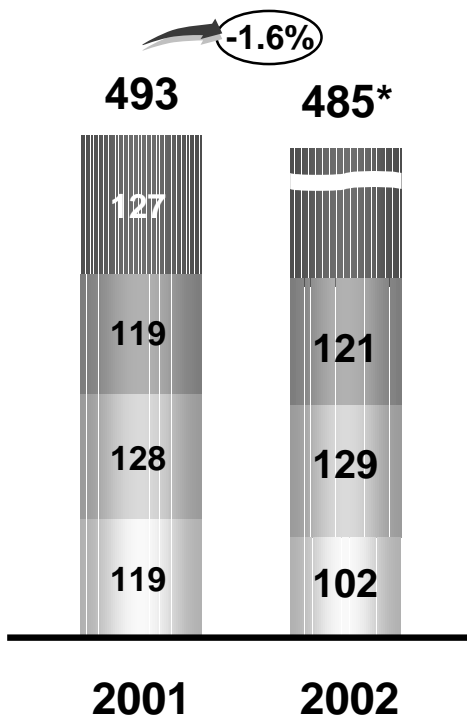
### US Car & Truck Market



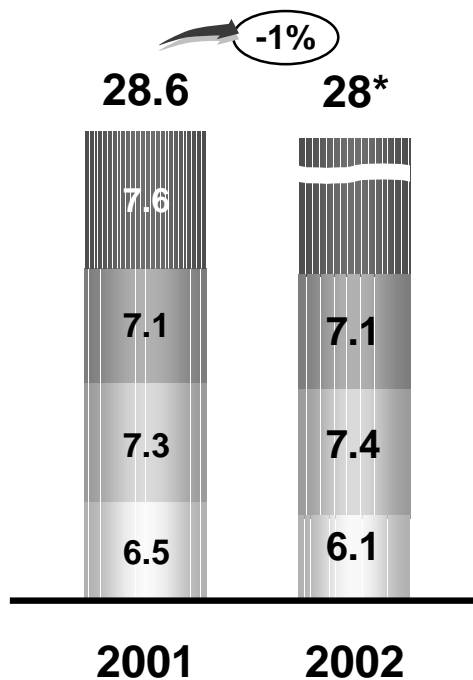
\*\* Market share of Mercedes-Benz passenger cars (excl. smart) in % of US passenger car market (hatched)

- 2002 shows a reduction in Western Europe, driven by France and Italy; German market decreased further from 3.34 mn to 3.25 mn units; market volume only increased in the UK
- In 2003 modest decrease expected for Western European markets, especially in Italy and also in the UK; in Germany a volume of 3.3 mn units is anticipated
- US market volume is expected to be below 2002 levels; 2003 SAAR is assumed to be above 16 million vehicles

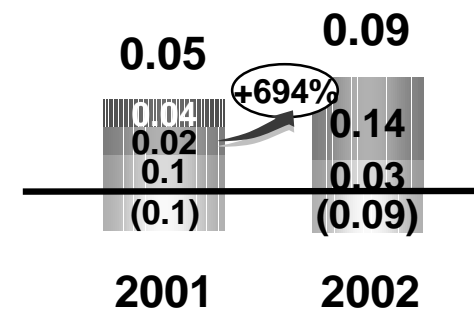
**Sales**  
- in thousand units -



**Revenues**  
- in billions of EUR -



**Operating Profit\*\***  
- in billions of EUR -

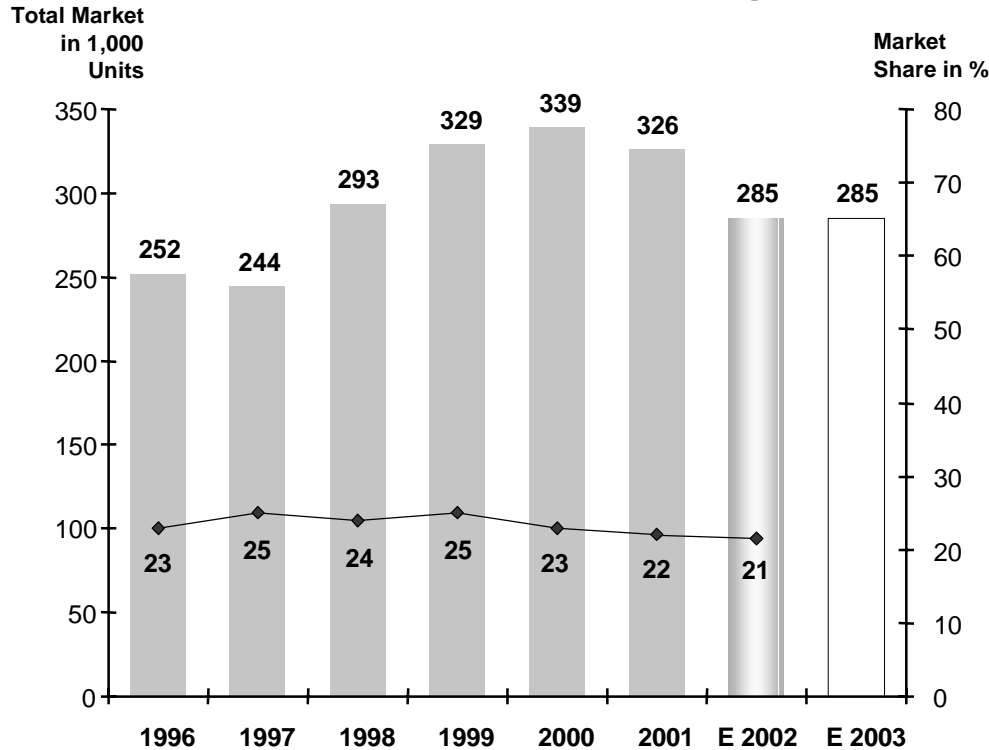


■ Q1   ■ Q2   ■ Q3   ■ Q4

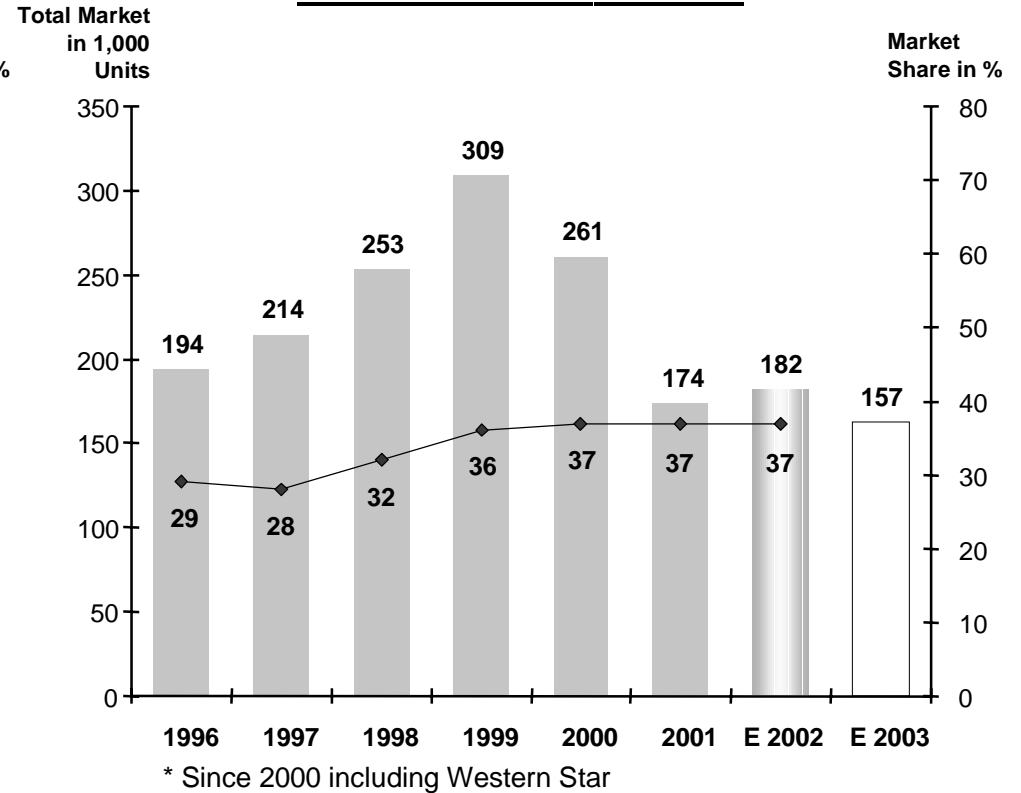
\*) Preliminary figure  
\*\*) Adjusted for one-time effects

# MARKET DEVELOPMENT

## Trucks >6t Western Europe



## NAFTA Class 8\* USA



- Market volume in Western Europe remains at low 2002 levels
- In the US market volume for heavy duty trucks declines in 2003, reflecting the effect of pull forward due to changing emission regulations during 2002

## **ASIAN COMMERCIAL VEHICLE JOINT-VENTURES**

### **Mitsubishi Fuso Truck & Bus Corporation (MFTB)**

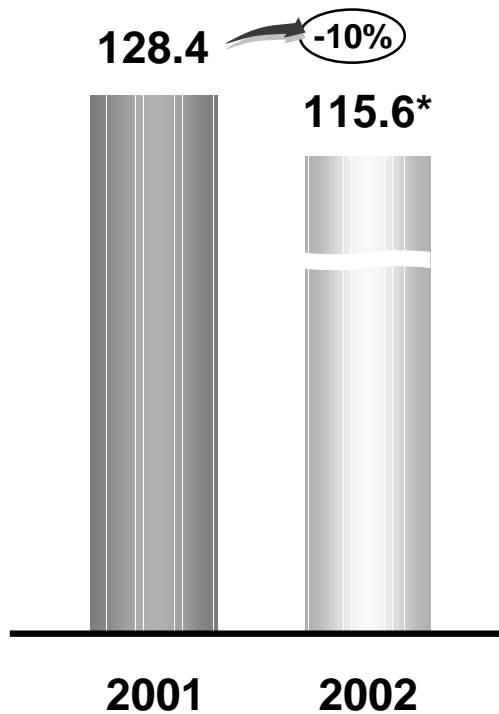
- In March 2003, DaimlerChrysler will purchase a 43% stake in MFTB
- Investment of around EUR 760 million
- Mitsubishi Motors Corporation will hold 42% of the shares
- Mitsubishi Group companies will acquire 15% (EUR 265 million)
- Mitsubishi Fuso represents 30% of the Japanese CV market
- DaimlerChrysler's 37% holding in MMC remains unchanged

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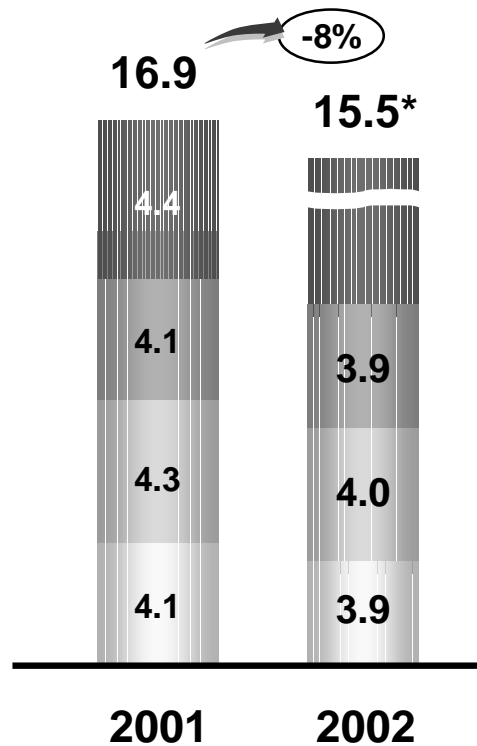
### **Daimler Hyundai Truck Corporation**

- Purchase of a 50% share in Hyundai's spun-off commercial vehicle business
- Transaction to be completed in Q1/2003
- Investment of around EUR 400 million
- Hyundai represents 84% of the South Korean CV market
- 10% holding in HMC remains unchanged

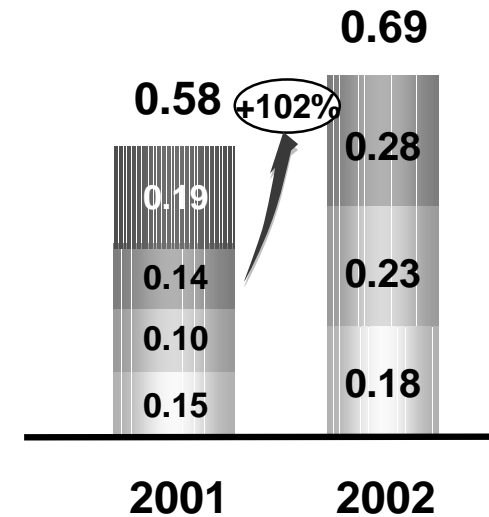
**Contract Volume**  
- in billions of EUR -



**Revenues**  
- in billions of EUR -



**Operating Profit\*\***  
- in billions of EUR -



■ Q1   ■ Q2   ■ Q3   ■ Q4

\*) Preliminary figure

\*\* ) Adjusted for one-time effects

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## **RESTRUCTURING ON TRACK**

### **Back to revenues growth**

- **8% year-on-year increase in 1<sup>st</sup> half of FY 2002**
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### **Turnaround ahead of schedule**

- **JPY 102.4 bn improvement in 1<sup>st</sup> half FY2002**
  - **JPY 265.0 bn improvement expected for full year FY 2002**
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**12 to 15 major product events by FY2007 in each main region**

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**Truck & bus spin-off with opportunities for both MFTBC and MMC**

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### **Successful launch of the Colt**

- **Launched in November 2002**
- **Incoming orders above 15,000 units in less than 1 month**