

# DAIMLER

Q3 2007 Results Conference Call  
October 25, 2007

Bodo Uebber

Member of the Board of Management  
Finance & Controlling and Daimler Financial Services

## Impact of Chrysler transaction YTD 2007

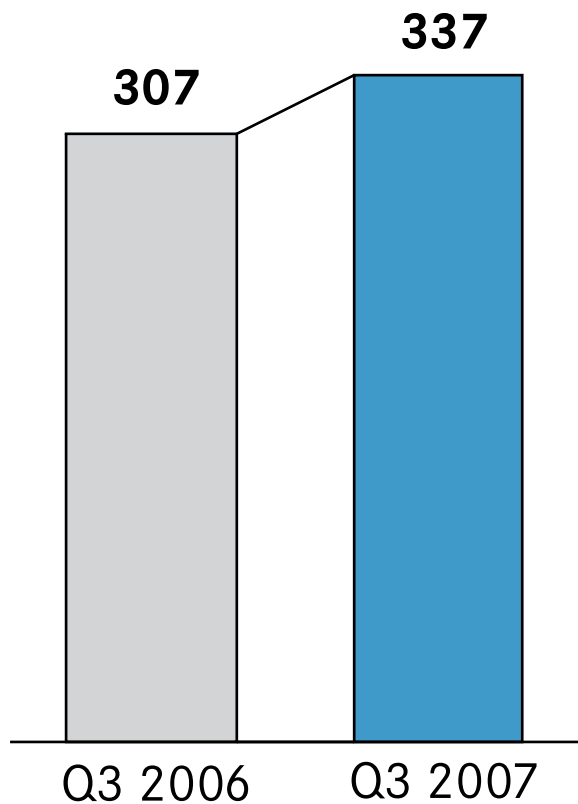
- **Cash impact:**
  - Cash inflow of €25.6 billion from Cerberus, of which €24.7 billion are related to the transfer of inter-company loans
  - Including restructuring expenses until closing, total cash impact from transaction is negative at €0.5 billion
  - Cash outflow of €0.3 billion for transaction costs
  - Cash outflow of €0.5 billion for early redemption of Chrysler debt
- **Net profit impact from Chrysler ongoing operations/transaction of minus €3.1 billion:**
  - Loss from Chrysler's ongoing operations of €0.9 billion (after taxes) (adjusted for discontinued depreciation of €1.7 billion)
  - Transaction impact of minus €2.2 billion (after taxes), reflecting:
    - Expenses for early redemption of Chrysler debt in the amount of (€0.5) billion
    - Transaction costs of (€0.3) billion
    - Loss from deconsolidation of (€0.8) billion
    - Discontinued depreciation of €1.7 billion
    - Valuation allowances on deferred tax assets in the amount of (€2.2) billion (booked in net profit from continuing operations)

## Key financials

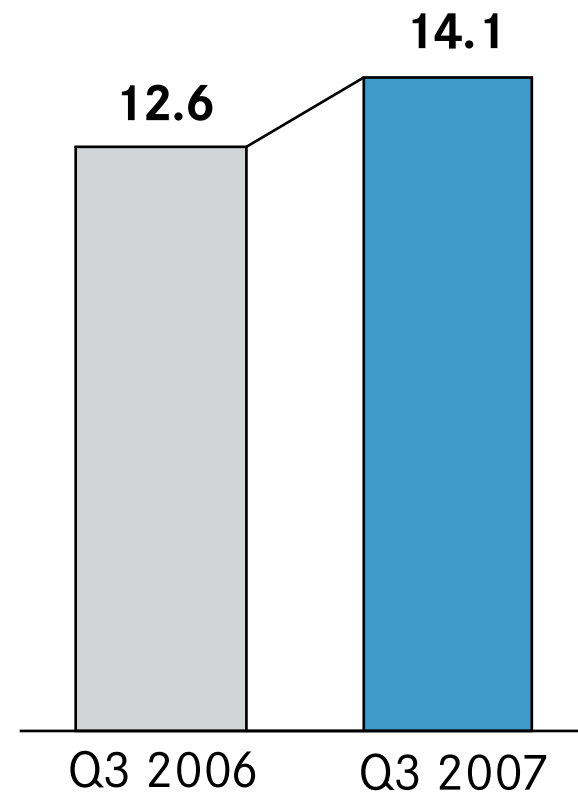
- in billions of € -	Q3 2006	Q3 2007
Unit sales (in thousands of units)	514	537
Revenues	24.2	25.7
EBIT	1.8	1.9
Net profit (loss)	0.9	(1.5)
of which valuation allowances on deferred tax assets	-	(2.2)
Earnings per share (in €)	0.82	(1.47)
Free cash flow industrial business (Jan. - Sept.)	0.03	5.7
Net liquidity industrial business (2006: year-end)	9.9	13.7

Higher unit sales and revenues due to success of new products

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

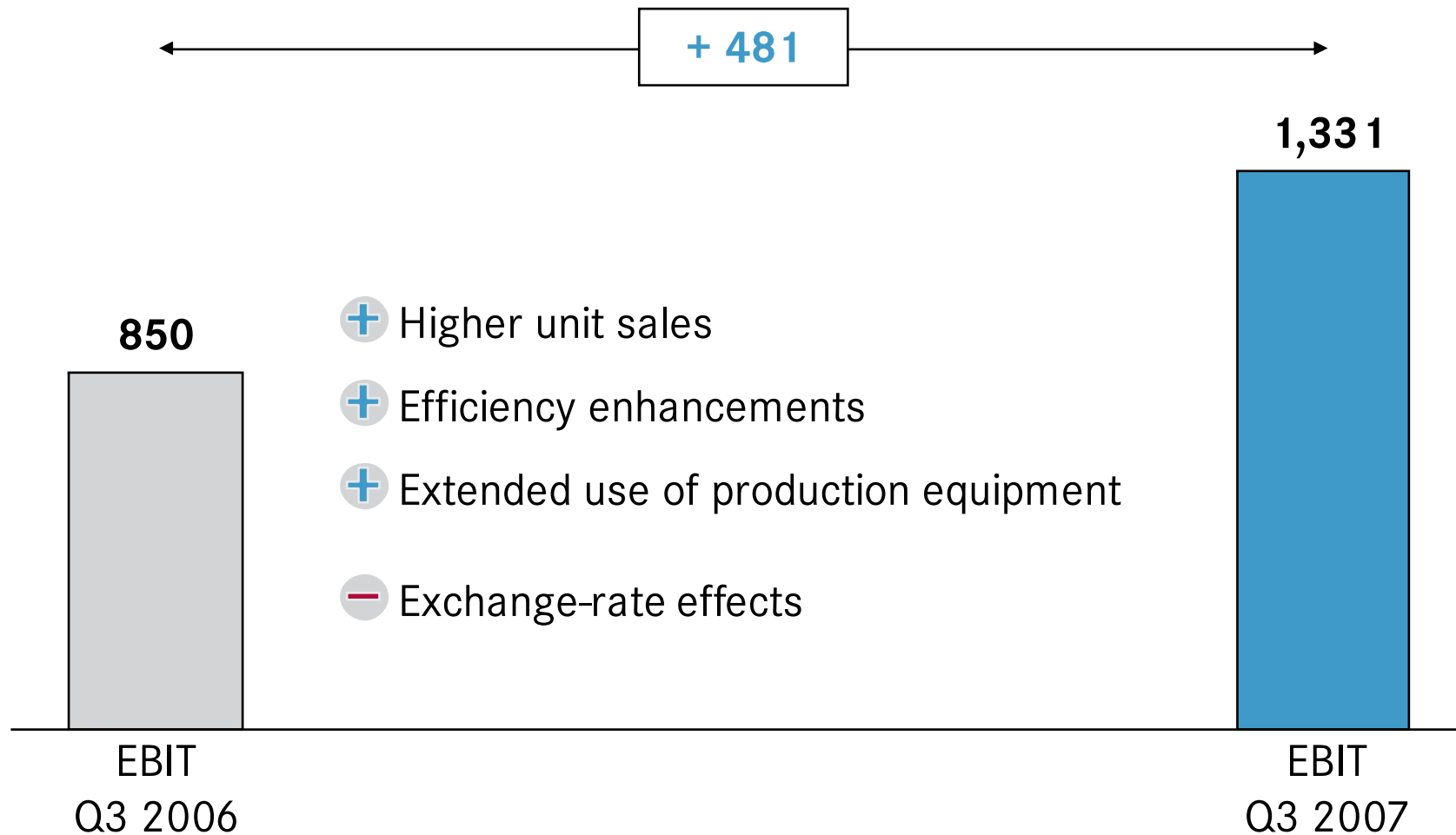


**Revenues**  
- in billions of € -



# Increase in EBIT driven by higher volume and improved efficiency

- in millions of € -



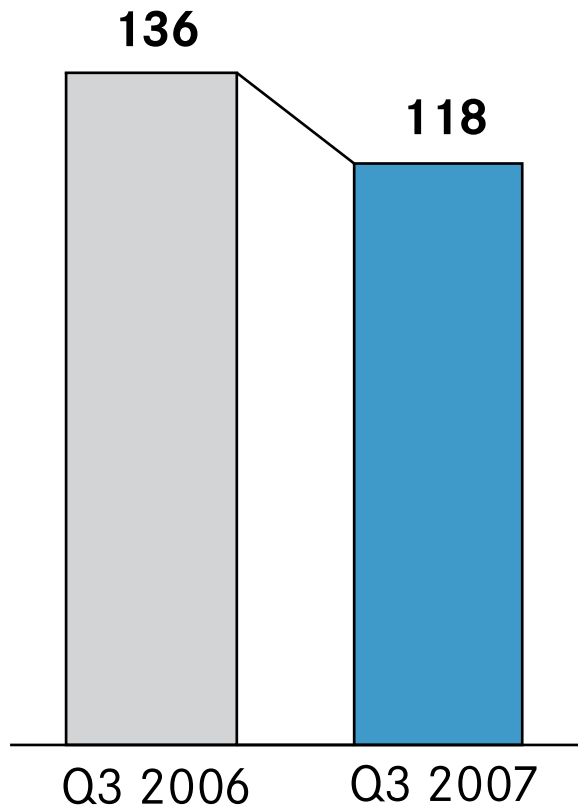
Products

C-Class station wagon, C-Class sedan and smart fortwo

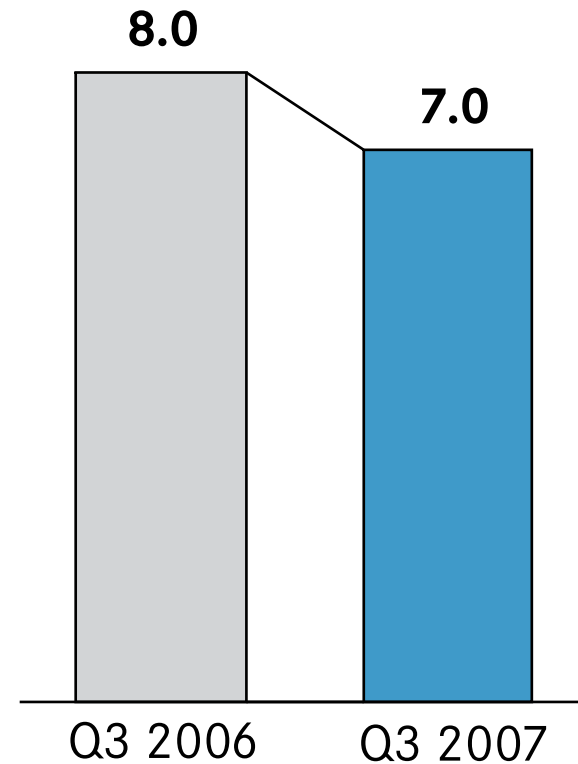


Lower unit sales and revenues due to the drop in demand in the NAFTA region and Japan

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

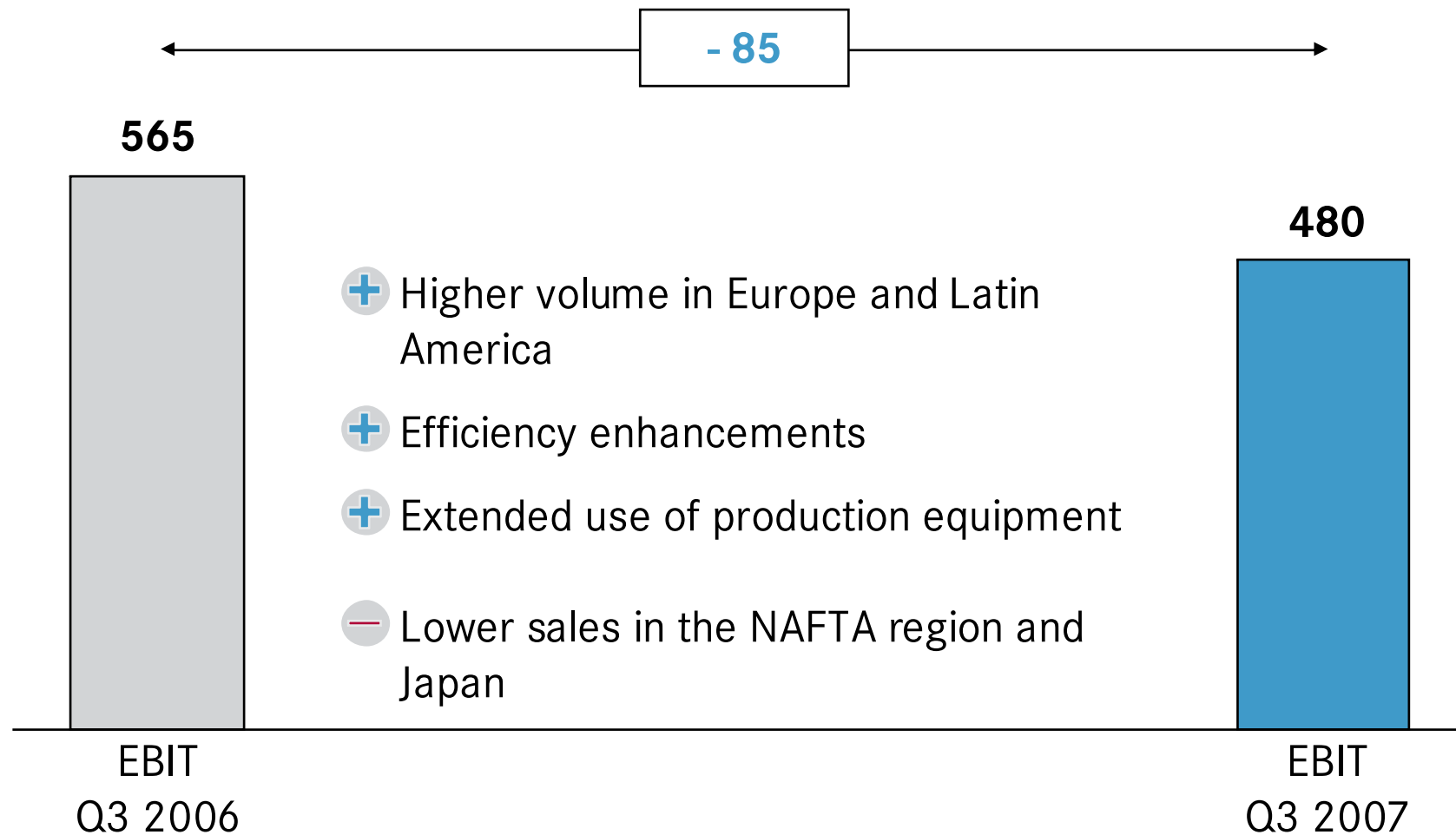


**Revenues**  
- in billions of € -



# EBIT impacted by weak truck demand in the NAFTA region and Japan

- in millions of € -





## Products

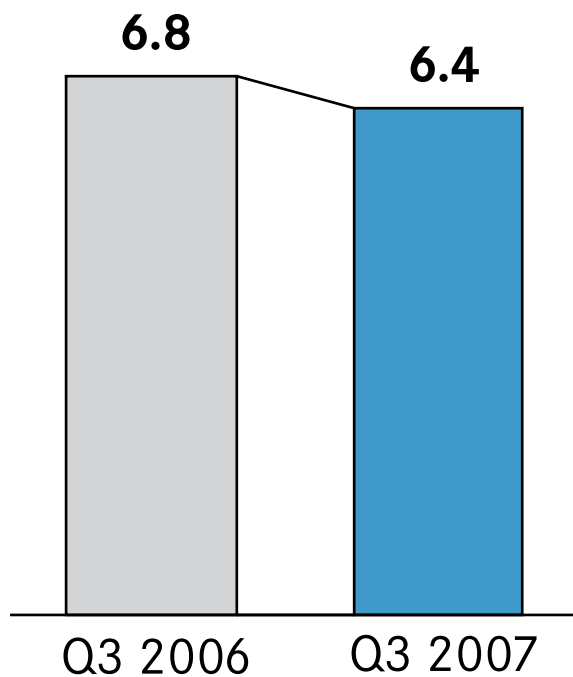
BLUETEC – Actros, Axor and Atego



Contract volume continued to grow in all regions

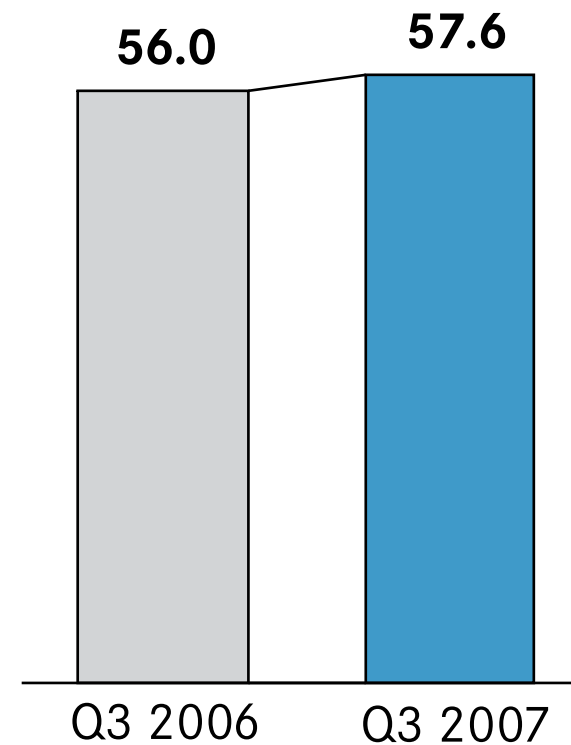
**New business**

- in billions of € -



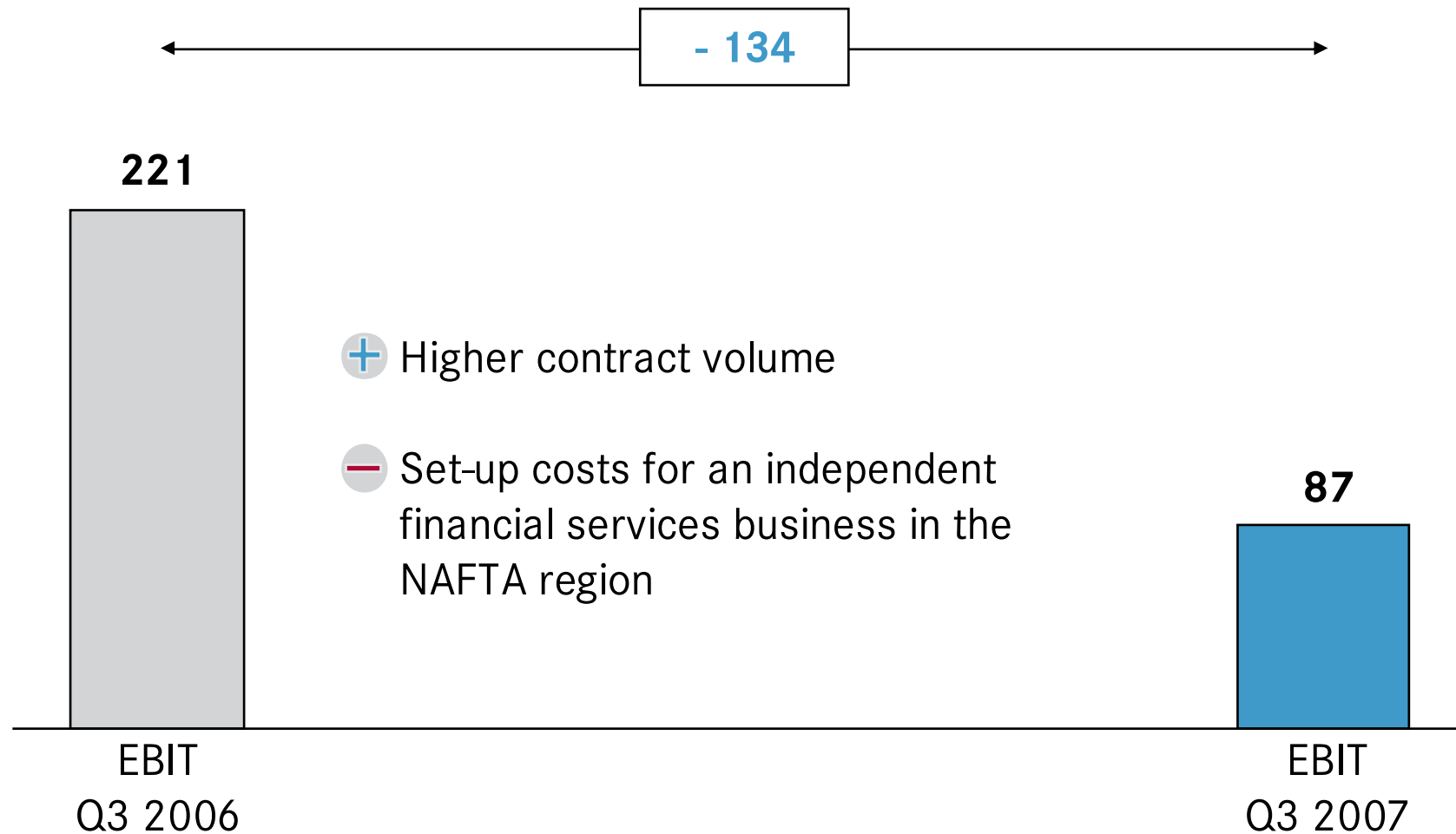
**Contract volume**

- in billions of € -

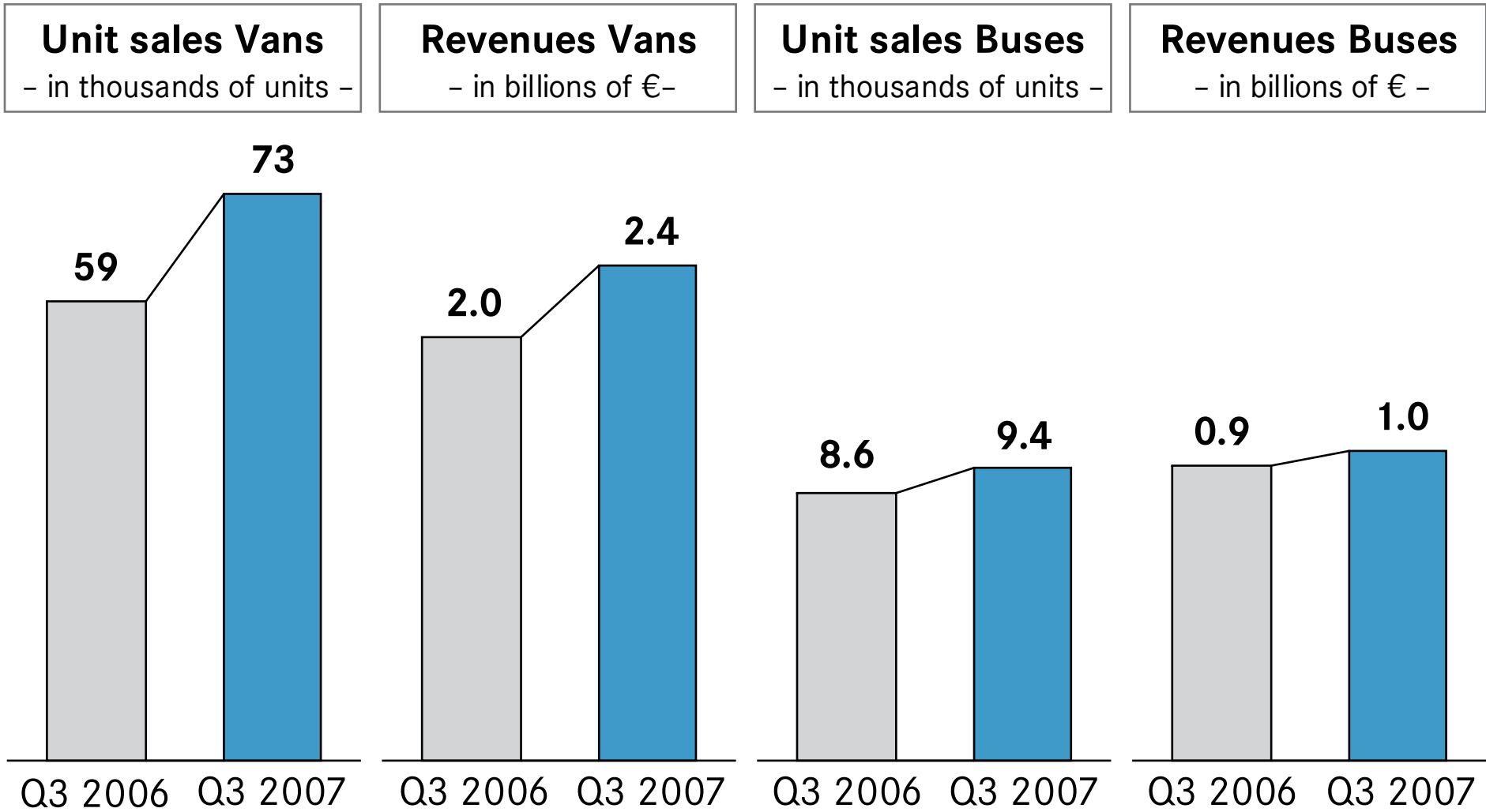


# Lower EBIT reflects burdens from setting up a new organization in the NAFTA region

- in millions of € -

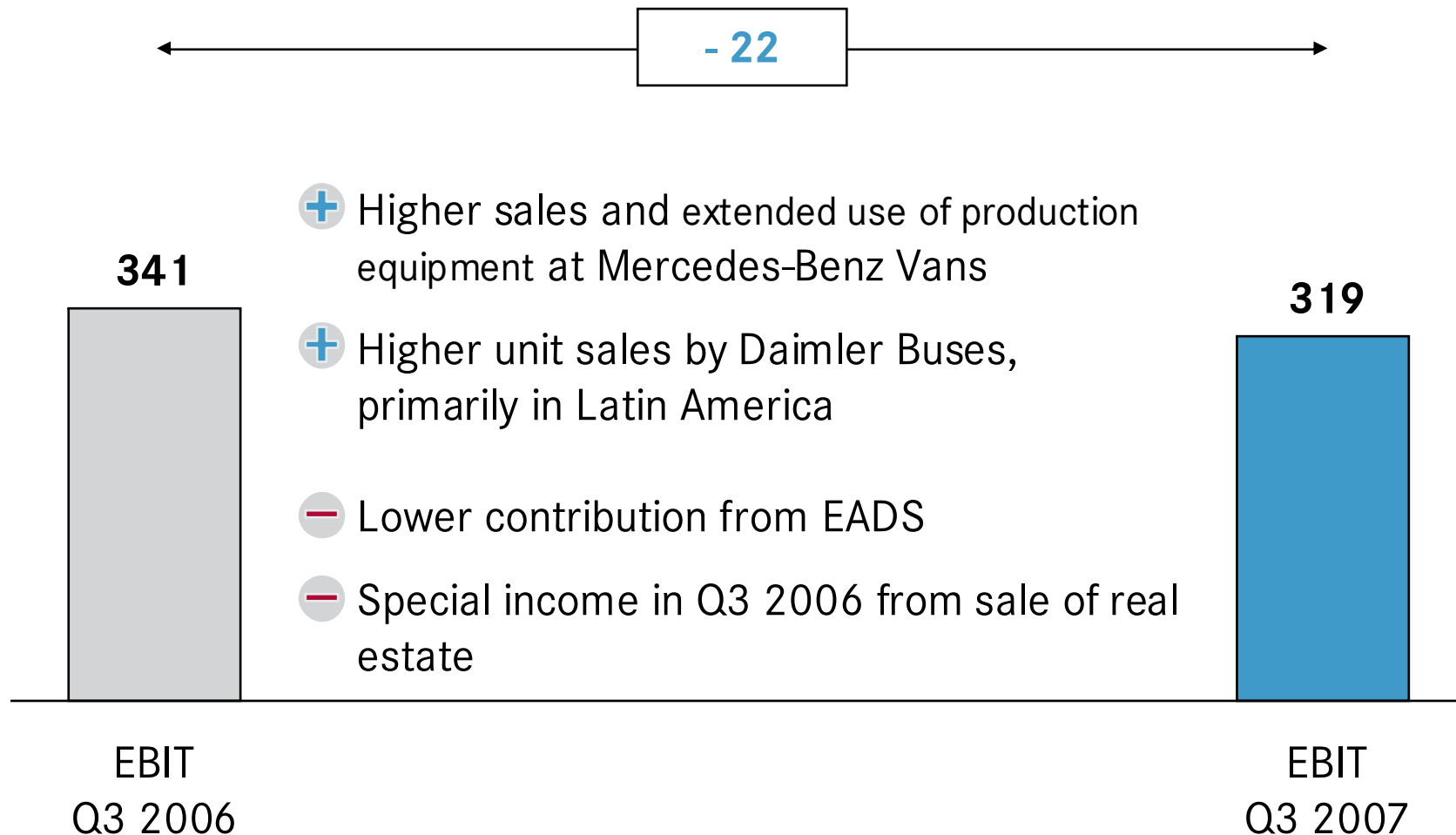


## Further growth in Eastern Europe and Latin America



# Decrease in EBIT as a result of lower contribution from EADS and the sale of real estate in the prior-year quarter

- in millions of € -





### Products

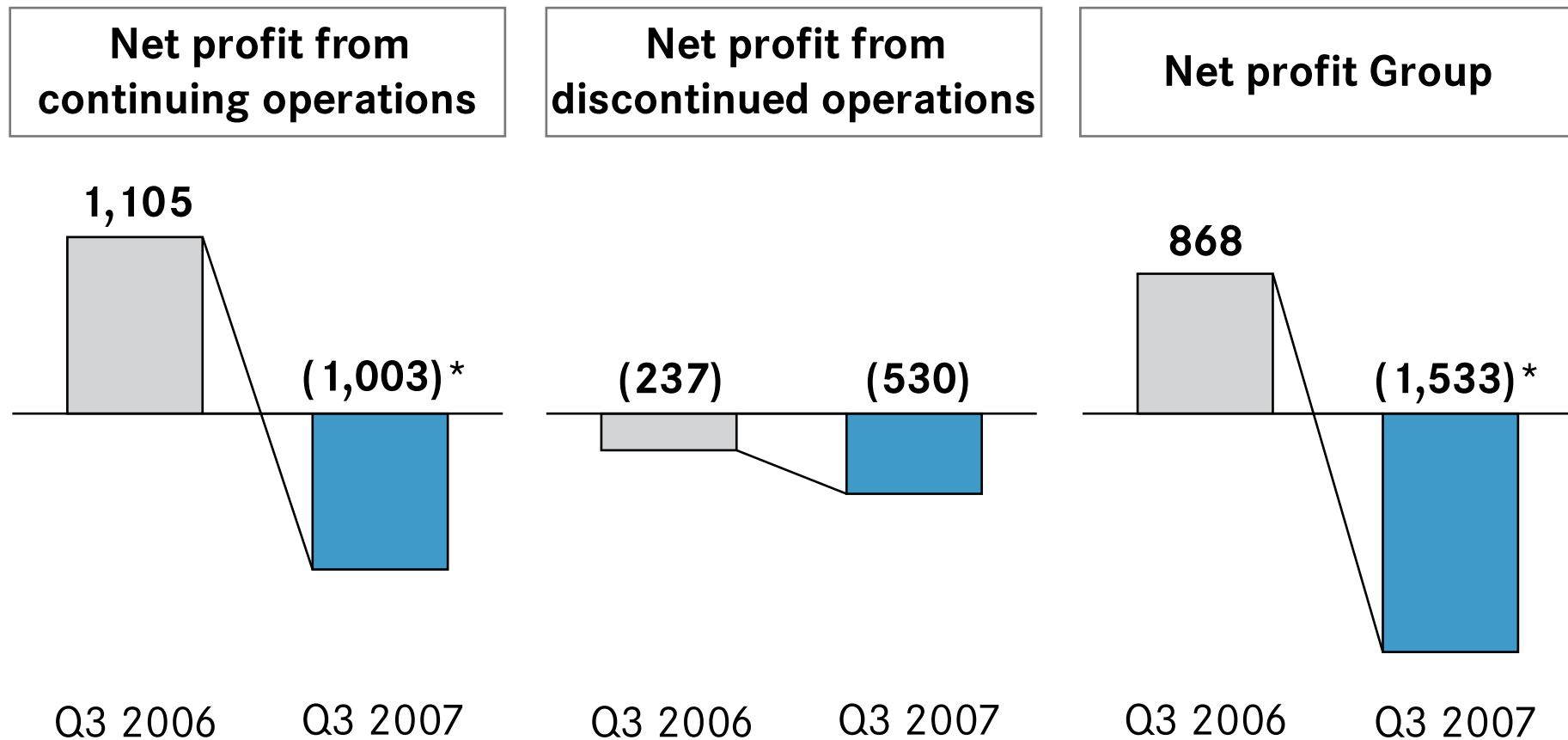
Van models Vito and Sprinter

Bus models Citaro and Conecto



## Net profit affected by valuation allowances on deferred tax assets after the Chrysler transaction

- in millions of € -



\* Of which valuation allowances on deferred tax assets of €2,216 million

## Key balance-sheet and financial figures

- in millions of € -	Dec. 31, 2006	Sept. 30, 2007
<b>Daimler Group</b>		
Equity ratio <sup>1)</sup>	16.5%	27.5%
Gross liquidity	14,447	23,516
Free cash flow (January - September) <sup>2)</sup>	67	5,792
<b>Industrial Business</b>		
Equity ratio <sup>1)</sup>	27.2%	43.3%
Net liquidity	9,861	13,652
Free cash flow (January - September)	28	5,675

1) Excluding dividend payment

2) After net debt financing of Daimler Financial Services



## Current status of the share buyback program

- 15.8 million shares had been bought back by September 30, equivalent to €1.05 billion
- 13.2 million shares were canceled effective at the end of September
- Shares bought back between the end of September and the end of December will be canceled by year-end 2007
- We are in line to buy back shares in the amount of €3.5 billion by the end of December 2007

## Sales outlook 2007

- Mercedes-Benz Cars assumes unit sales in full-year 2007 to surpass the record level of the prior year.
- Daimler Trucks anticipates lower unit sales than in 2006, reflecting sharp decreases in the US, Canada and Japan, related to stricter emission regulations, offsetting positive developments in Europe and Latin America.
- Mercedes-Benz Vans expects an increase in unit sales due to strong demand for the new Sprinter and Vito/Viano.
- Daimler Buses anticipates unit sales to exceed the high level of the prior year.

## Earnings outlook FY 2007

- Mercedes-Benz Cars expects to achieve significantly more than 8% ROS in 2007 and aims to increase its ROS to 10% by the year 2010.
- Daimler Trucks expects earnings in the magnitude of the prior year despite market decline in the United States and Japan.
- Daimler Financial Services incurs expenses due to the separation of its NAFTA business. However, it assumes it will achieve a return on equity of more than 14%.
- Group EBIT of at least €8.5 billion expected, including:
  - a gain of €1.4 billion from the transfer of interest in EADS
  - charges of €0.3 billion related to the new management model

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## Special items affecting EBIT

- in millions of € -	3rd quarter		January - September	
	2006	2007	2006	2007
<b>Mercedes-Benz Cars</b>				
Discontinuation of smart forfour	40	-	(955)	-
Headcount reduction in the context of CORE	(47)	-	(270)	-
Financial support for suppliers	-	-	-	(82)
<b>Daimler Trucks</b>				
Sale of real estate in Japan	-	-	-	68
<b>Vans, Buses, Other</b>				
Transfer of interest in EADS	4	37	760	1,561
Restructuring program at EADS	-	-	-	(114)
Disposal of off-highway business	-	-	238	-
Sale of real estate	86	-	86	-
<b>Reconciliation</b>				
New management model	(47)	(67)	(184)	(160)

## Liquidity

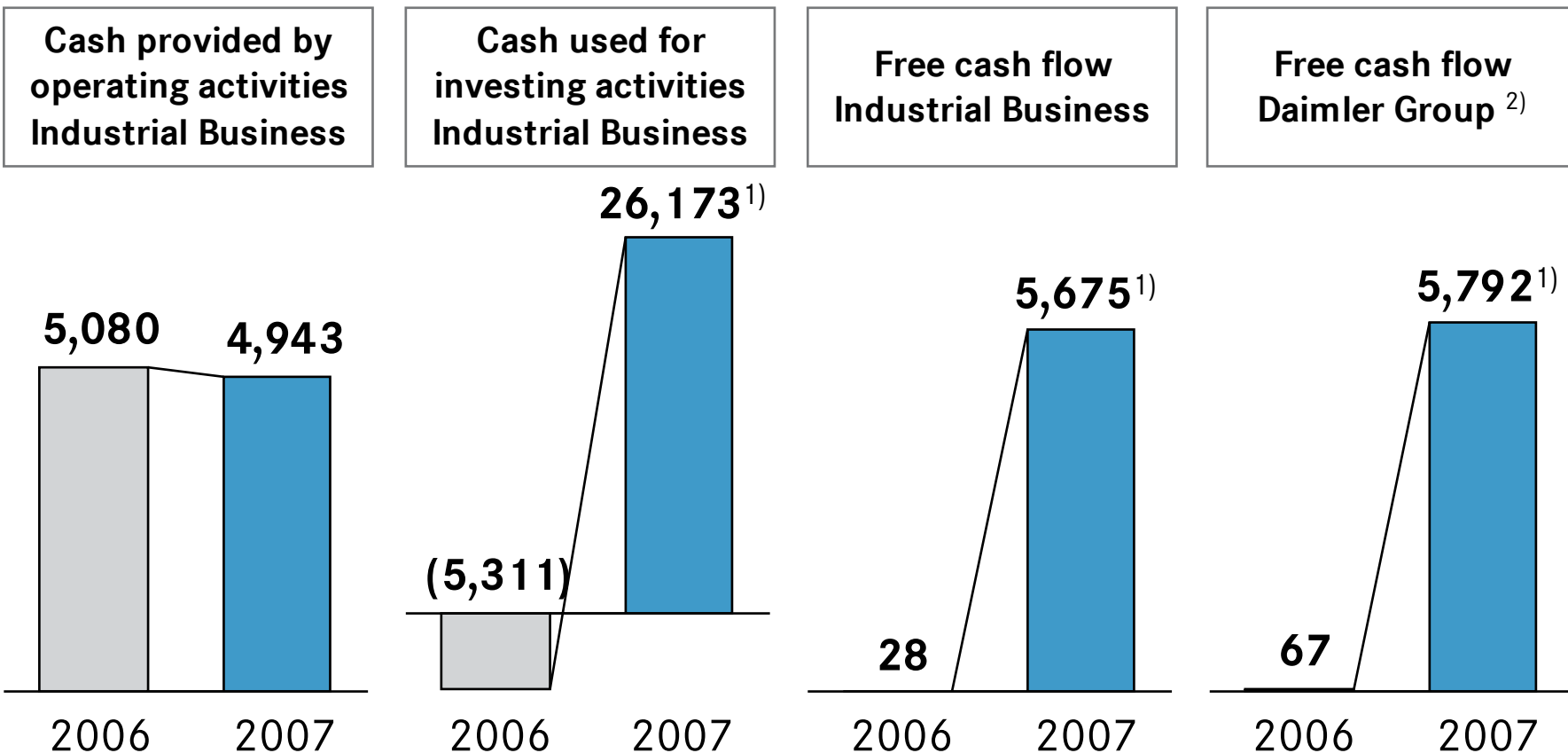
- in millions of € -	<b>September 30, 2007</b>		
	<b>Group</b>	<b>IB</b>	<b>FS</b>
Cash and cash equivalents	20,294	19,531	763
Marketable securities and term deposits	3,222	3,033	189
<b>Gross liquidity</b>	<b>23,516</b>	<b>22,564</b>	<b>952</b>
<b>Financial liabilities, net</b>	<b>(58,924)</b>	<b>(10,191)</b>	<b>(48,733)</b>
<b>Market valuation and currency hedges for financing liabilities</b>	<b>1,279</b>	<b>1,279</b>	<b>-</b>
<b>Net liquidity</b>	<b>(34,129)</b>	<b>13,652</b>	<b>(47,781)</b>

## Funding status of pension and healthcare benefits (continuing operations)

- in billions of € -	Dec. 31, 2006	Sept. 30, 2007
<b>Pension benefits</b>		
Benefit obligations	(17.1)	(17.4)
Plan assets	13.3	13.8
Funded status	(3.8)	(3.6)
<b>Healthcare benefits</b>		
Benefit obligations	(0.9)	(0.9)
Plan assets	-	-
Reimbursement Medicare Act	0.1	0.1
Funded status	(0.8)	(0.8)

## Cash-flow figures for the period of January through September 2007

- in millions of € -



1) Cash used for investing activities of industrial business includes €24.7 billion cash inflow from repayment of inter-company loans and cash outflow of €1.6 billion attributable to Chrysler at the time of the closing. Both items are not included in the free cash flow calculation.

2) After net debt financing of Daimler Financial Services



## 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 as a result of a longer than originally expected sustained weakness in demand of the US and Japanese commercial vehicle markets; 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 Recovery and Transformation Plan; 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 DaimlerChrysler’s most recent Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in DaimlerChrysler’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.