

# Truck Group Division Day 2006

# DAIMLERCHRYSLER

## Andreas Renschler

Member of the Board of Management of DaimlerChrysler AG  
responsible for the Truck Group and Buses

- Mannheim, November 17, 2006 -



## AGENDA

### Introduction & Business Situation

- Business Situation
- Truck Group Target
- Fuso

### Truck Group Strategy

### Organization



- **Market Downturn 2007**
- **Product Launches 2007**
- **Fuso Business Improvement**
- **Profitability and Target Realization**



**Global Excellence Program**

**Implementation of Module/Platform Strategy**



# TRUCK GROUP WITH A GLOBAL SETUP OF BRANDS, VEHICLES AND COMPONENTS

## Trucks



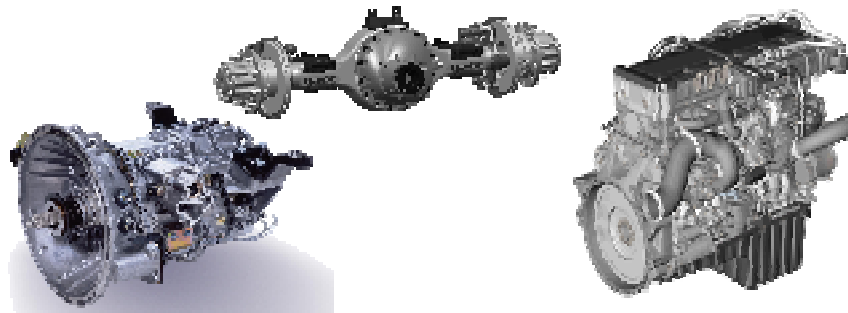
Mercedes-Benz



FUSO



## Components

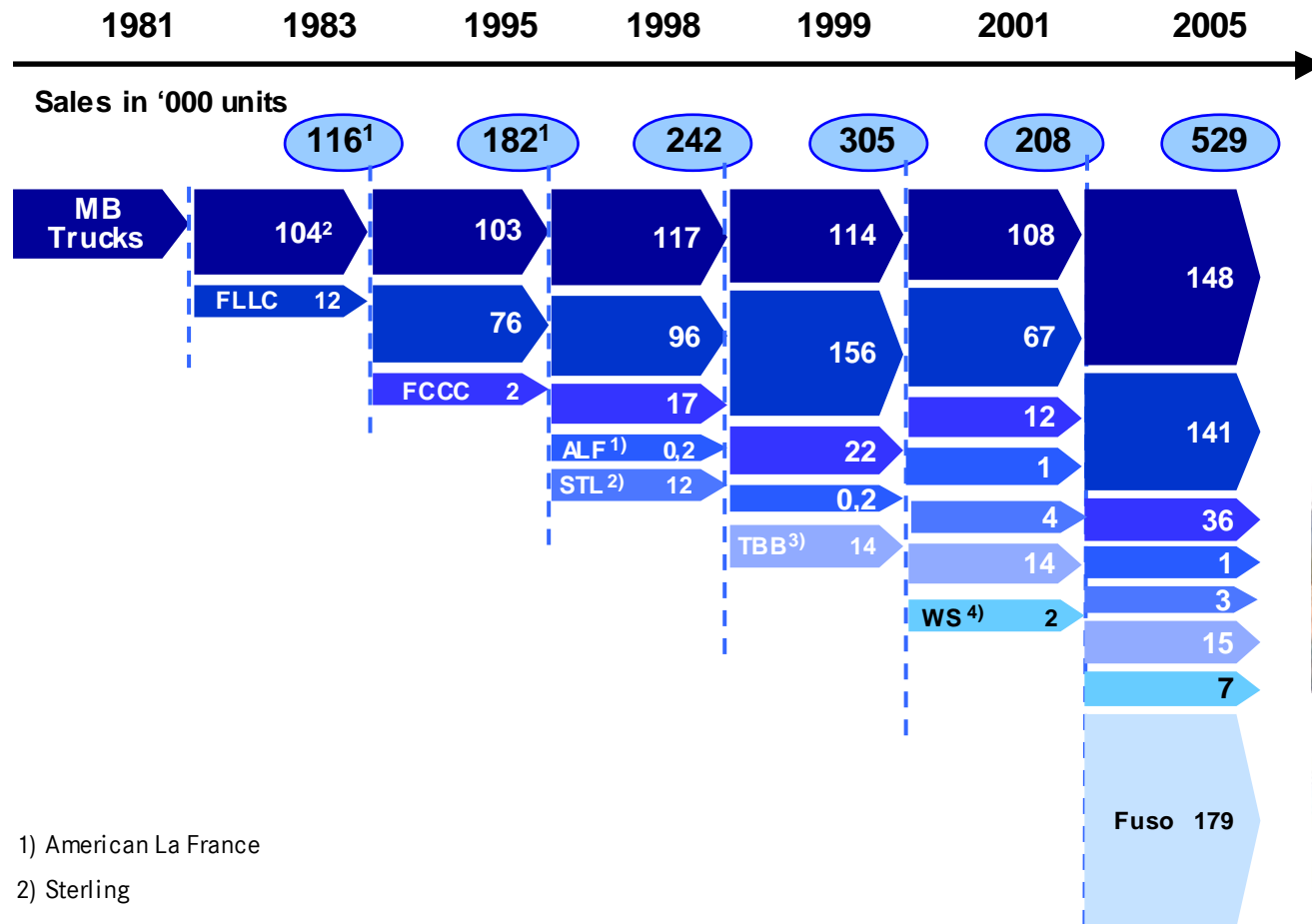


Mercedes-Benz





# HISTORICAL DEVELOPMENT CHARACTERIZED BY A COMBINATION OF INTERNAL AND EXTERNAL GROWTH

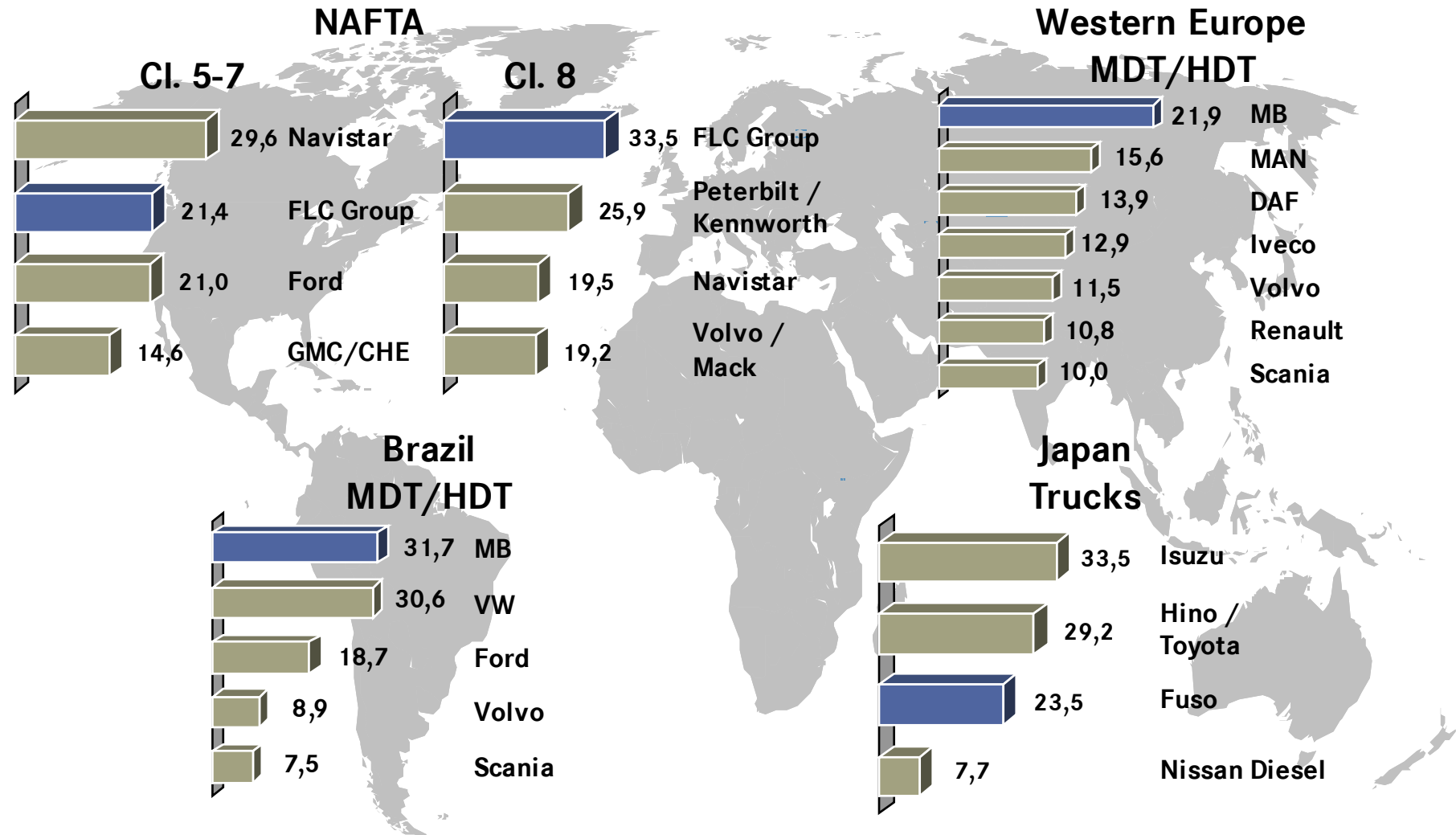


- 1) American La France
- 2) Sterling
- 3) Thomas Built Buses
- 4) Western Star



# TRUCK GROUP - A STRONG MARKET PLAYER

- Market position 09/2006 [%] -





## TRUCK GROUP WITH INCREASED PROFIT IN 2006

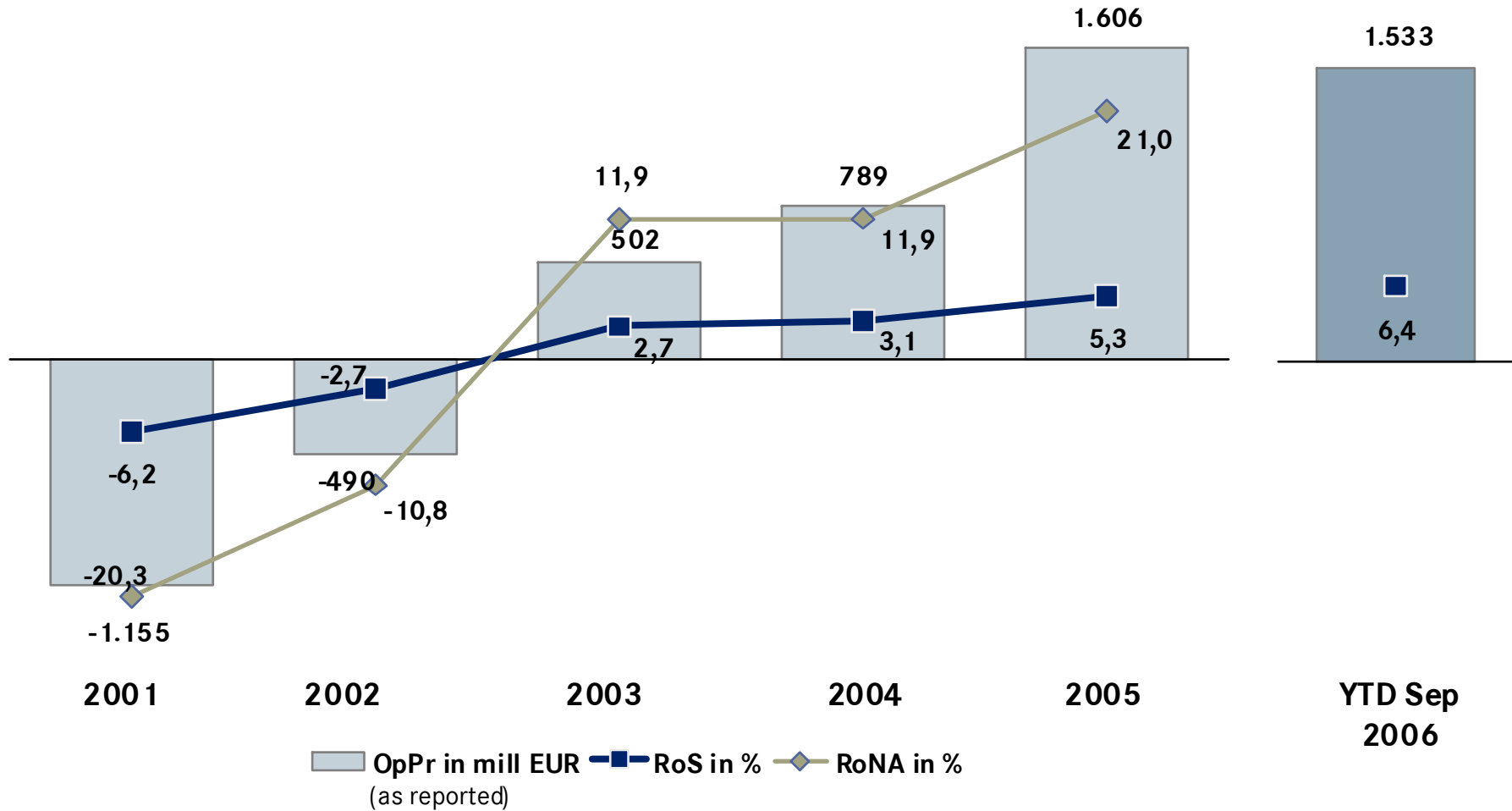
		YTD Sep 2005	YTD Sep 2006	Delta in %
<b>Group Sales</b>	<b>in units</b>	<b>402.528</b>	<b>399.808</b>	<b>-1%</b>
<b>Revenues</b>	<b>in mill. EUR</b>	<b>22.674</b>	<b>23.955</b>	<b>6%</b>
<b>Operating Profit</b>	<b>in mill. EUR</b>	<b>1.462</b>	<b>1.533</b>	<b>5%</b>
	<b>w/o Special Reporting Items</b>	<b>1.273 *</b>	<b>1.478 **</b>	<b>16%</b>
<b>Workforce</b>	<b>empl.</b>	<b>85.948</b>	<b>84.922</b>	<b>-1%</b>

\* w/o MMC-Settlement +276 mill. EUR; Sale American La France -87 mill. EUR

\*\* w/o Method change partial retirement (EU/LA) +55 mill. EUR



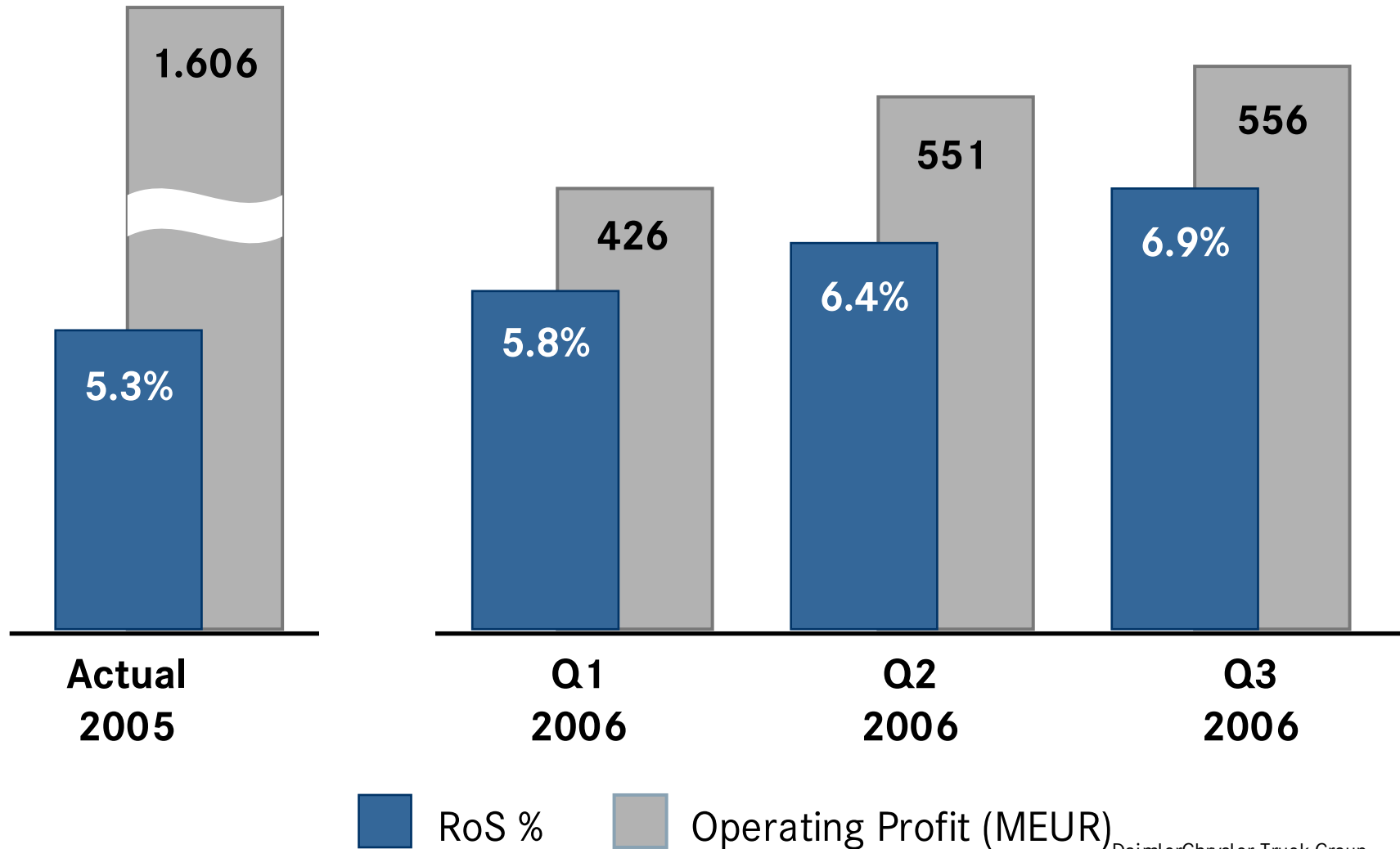
# TRUCK GROUP SHOWS AN IMPRESSIVE TURNAROUND





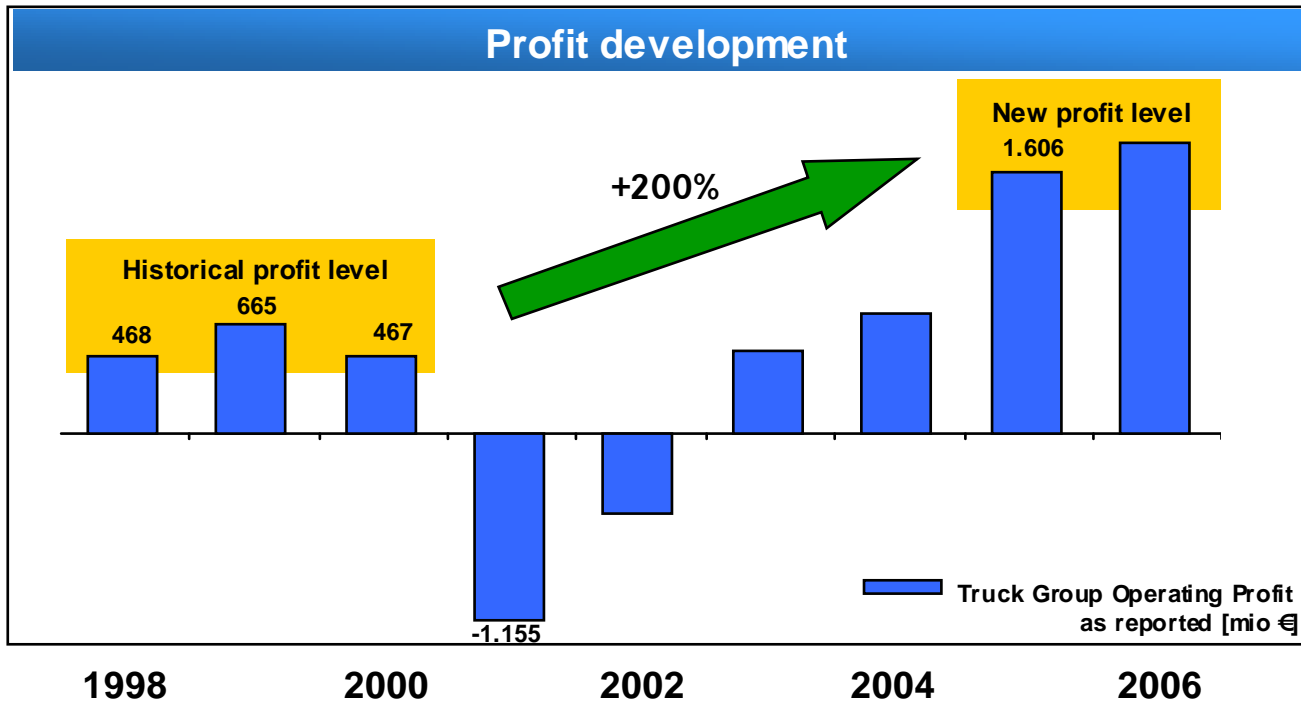
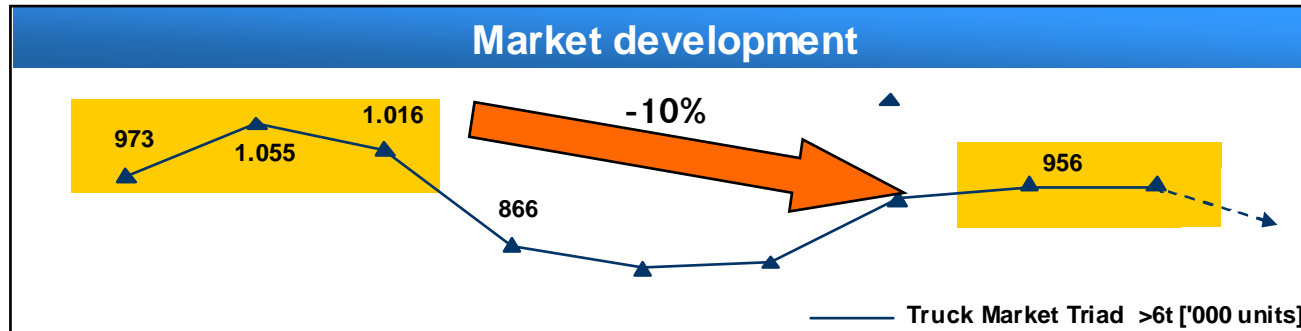


### Q3/2006 STRONGEST QUARTER





# A NEW LEVEL OF PROFITABILITY REACHED DESPITE 10% LOWER VOLUME COMPARED WITH HISTORICAL PROFIT LEVEL



1998

2000

2002

2004

2006



## 2006: STABLE MARKET SITUATION COMPARED TO 2005; BUT IN 2007: IMPORTANT CHALLENGE IN NAFTA AND JAPAN

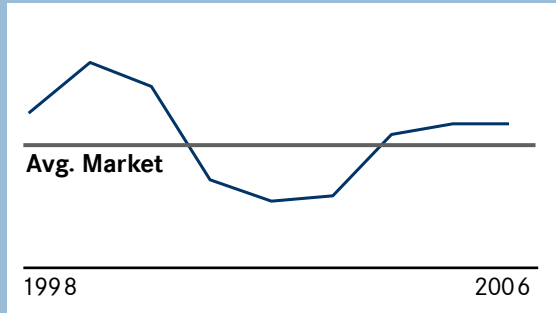
- in thsd. Units -

	Actual YTD Sep 05	Actual YTD Sep 06	Delta in %	Expectation 2006	Trend 2007
<b>EU/LA</b>					
Western Europe (MDT/HDT)	243	257	6%	335	
Turkey (MDT/HDT)	28	30	8%	43	
Brazil (MDT/HDT)	57	50	-12%	66	
<b>NAFTA</b>					
NAFTA Cl. 5-7 Trucks	165	175	6%	233	
NAFTA Cl. 8 Trucks	229	258	13%	343	
<b>Asia</b>					
Japan Total Trucks (Calendar Year)	193	212	10%	269	



# GLOBAL EXCELLENCE TARGET

## Avg. Market Development



## Benchmark / Regional Champions

- Europe / Latin America
- NAFTA
- Japan

## Model Mix



## Scale



## ROS

Ø > 7%



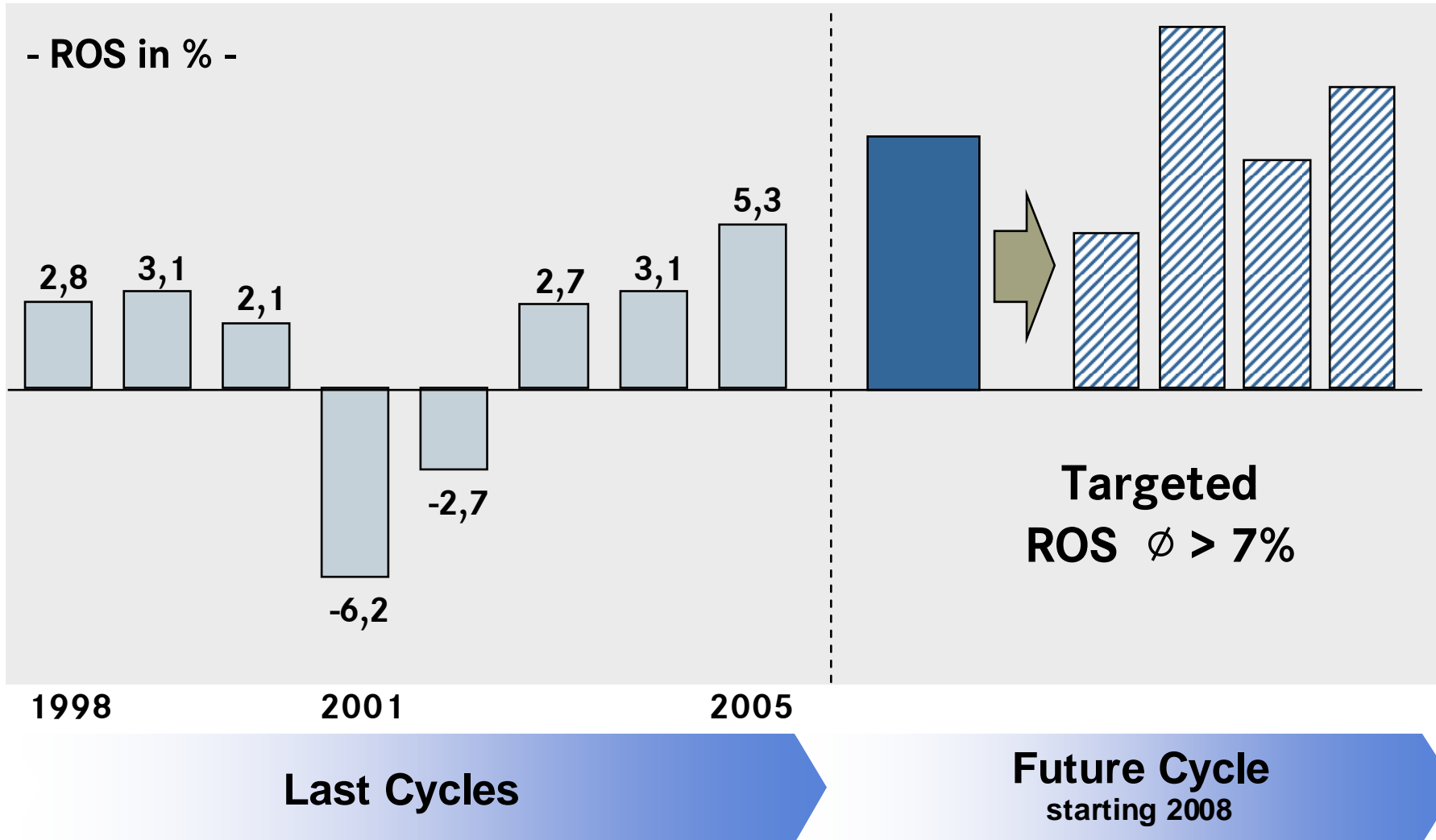
## RONA

Ø ~30%



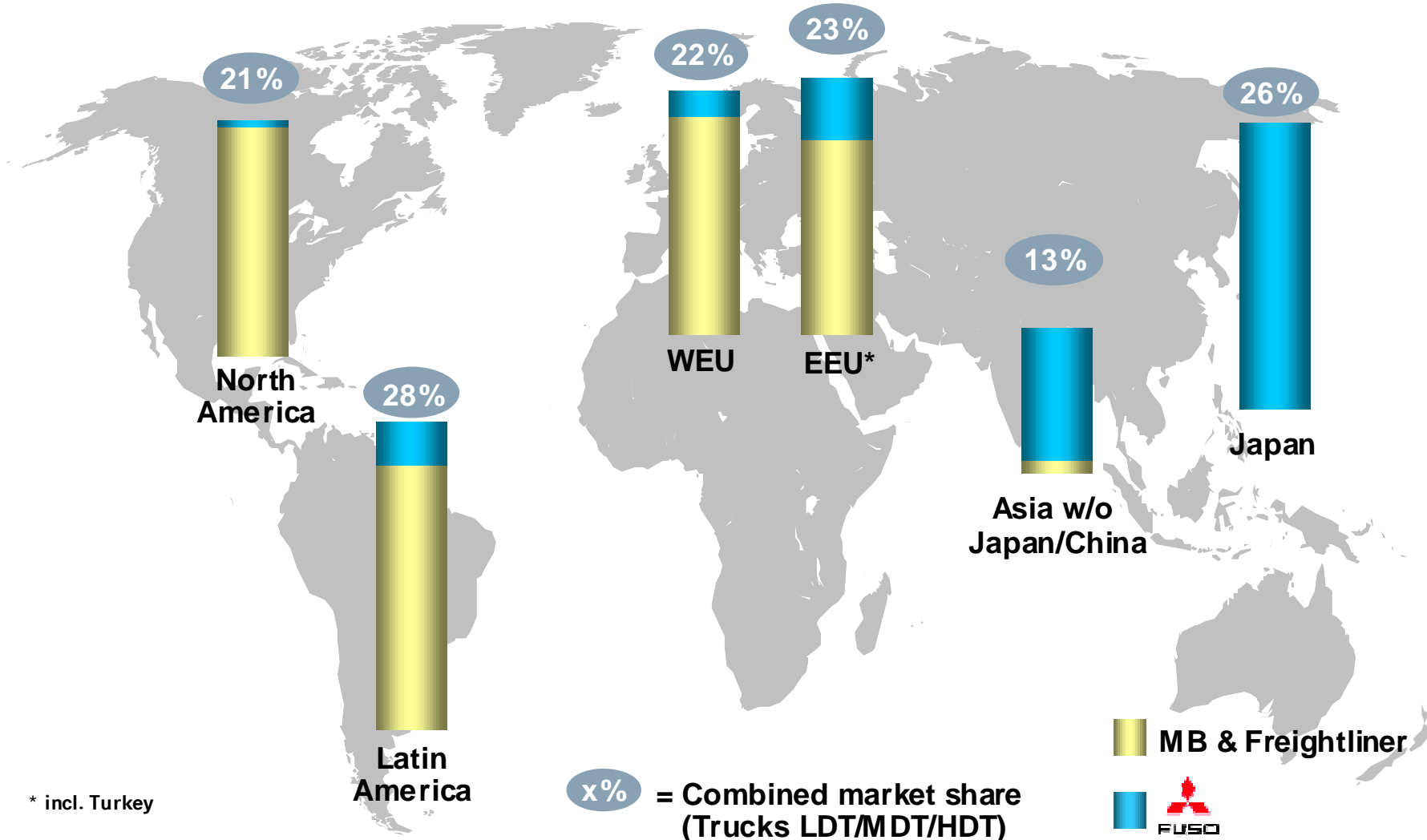


# HOMework DONE... HIGHER AVERAGE ROS-LEVEL REALISTIC IN FUTURE CYCLES





# FUSO IMPORTANT PILLAR FOR ASIA STRATEGY, ADDITIONAL CONTRIBUTION FOR TRUCK GROUP IN OTHER MARKETS



\* incl. Turkey

x% = Combined market share (Trucks LDT/MDT/HDT)

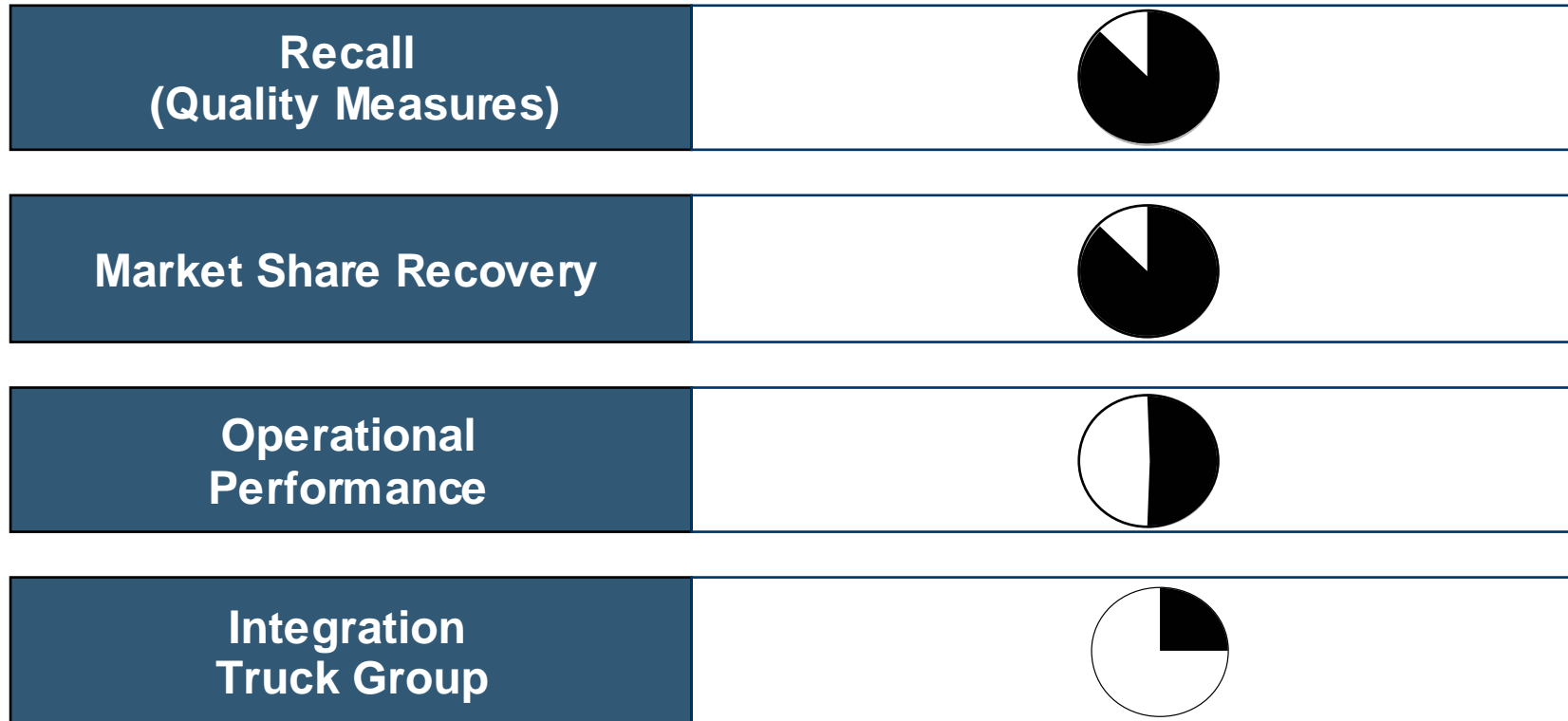
 MB & Freightliner



DaimlerChrysler Truck Group

# RECALL NEARLY FINISHED AND MARKET SHARE RECOVERED, OPERATING PERFORMANCE STILL TO BE IMPROVED

## Implementation Status



● = 100% target achievement

## AGENDA

### Introduction & Business Situation

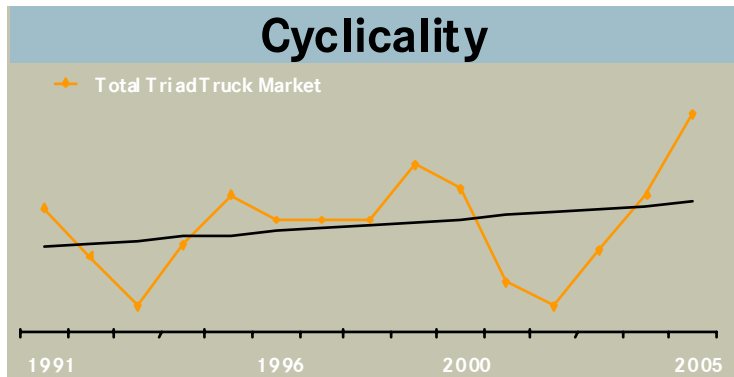
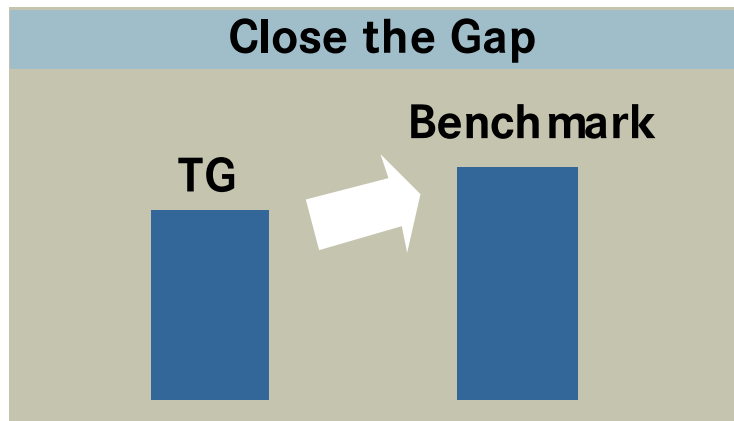
- ### Truck Group Strategy
- Managing the Cycle
  - Operational Excellence
  - Market Exploitation
  - Future Products

### Organization





# GLOBAL EXCELLENCE AS AN UMBRELLA ADDRESSES GAP TO BENCHMARK AND CYCLICALITY



## Global Excellence

Management of Cycle

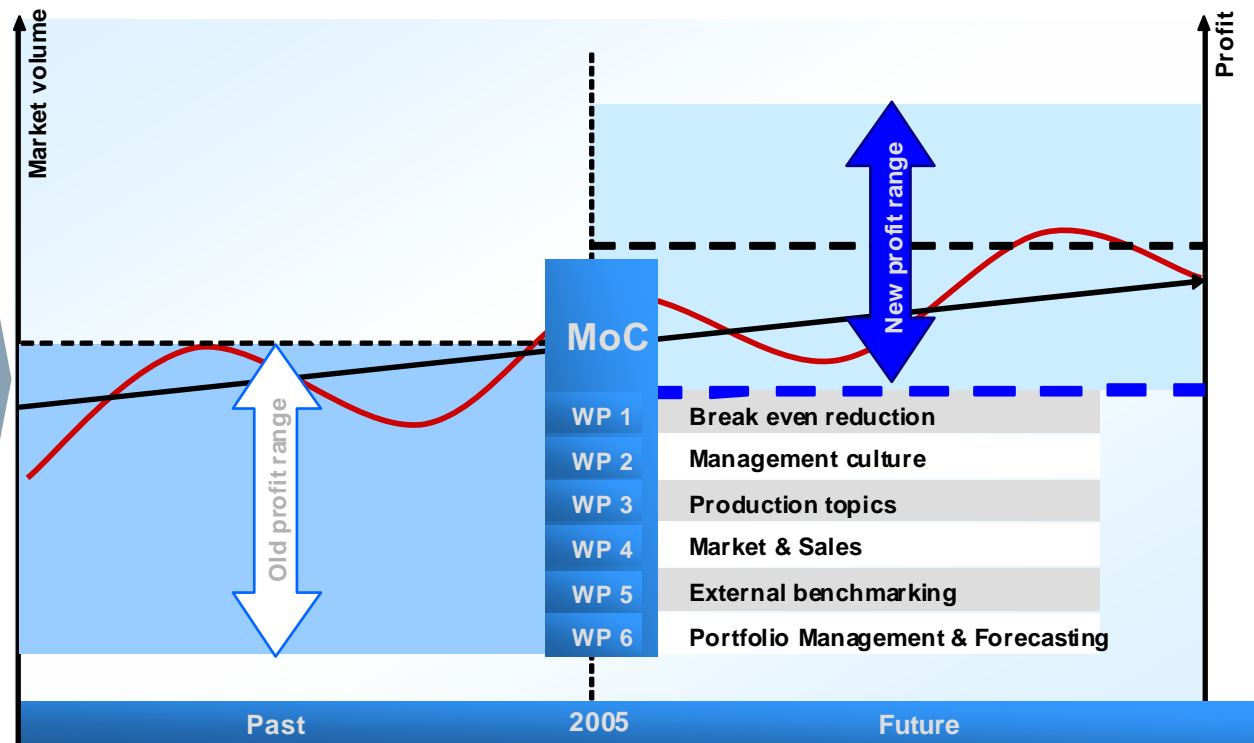
Operational Excellence

Growth and market exploitation

Future product generations

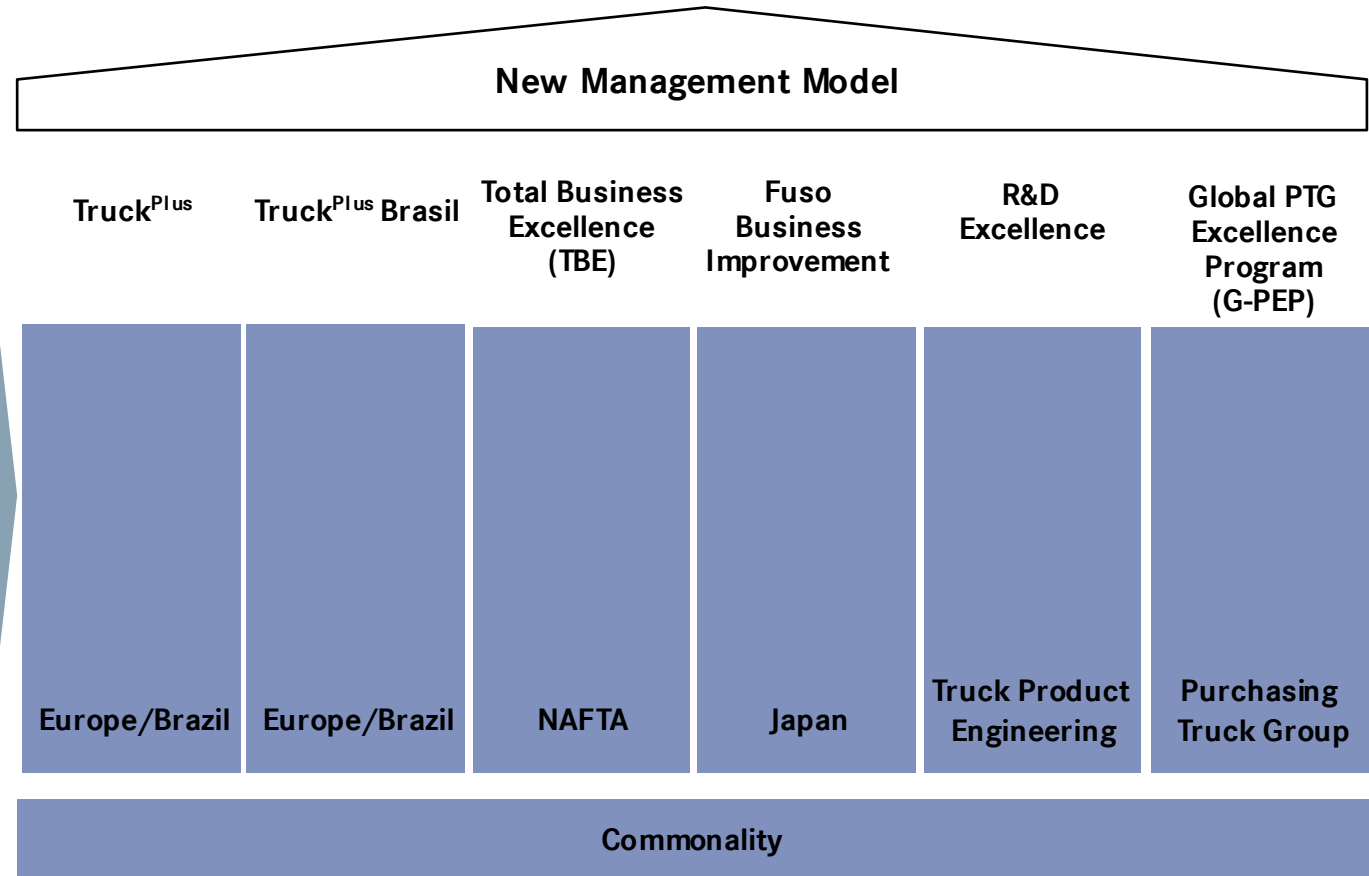


# TO BREAK THE HISTORICAL PATH OF DEEP DOWNTURNS MEASURES FOR CYCLE MANAGEMENT DEFINED



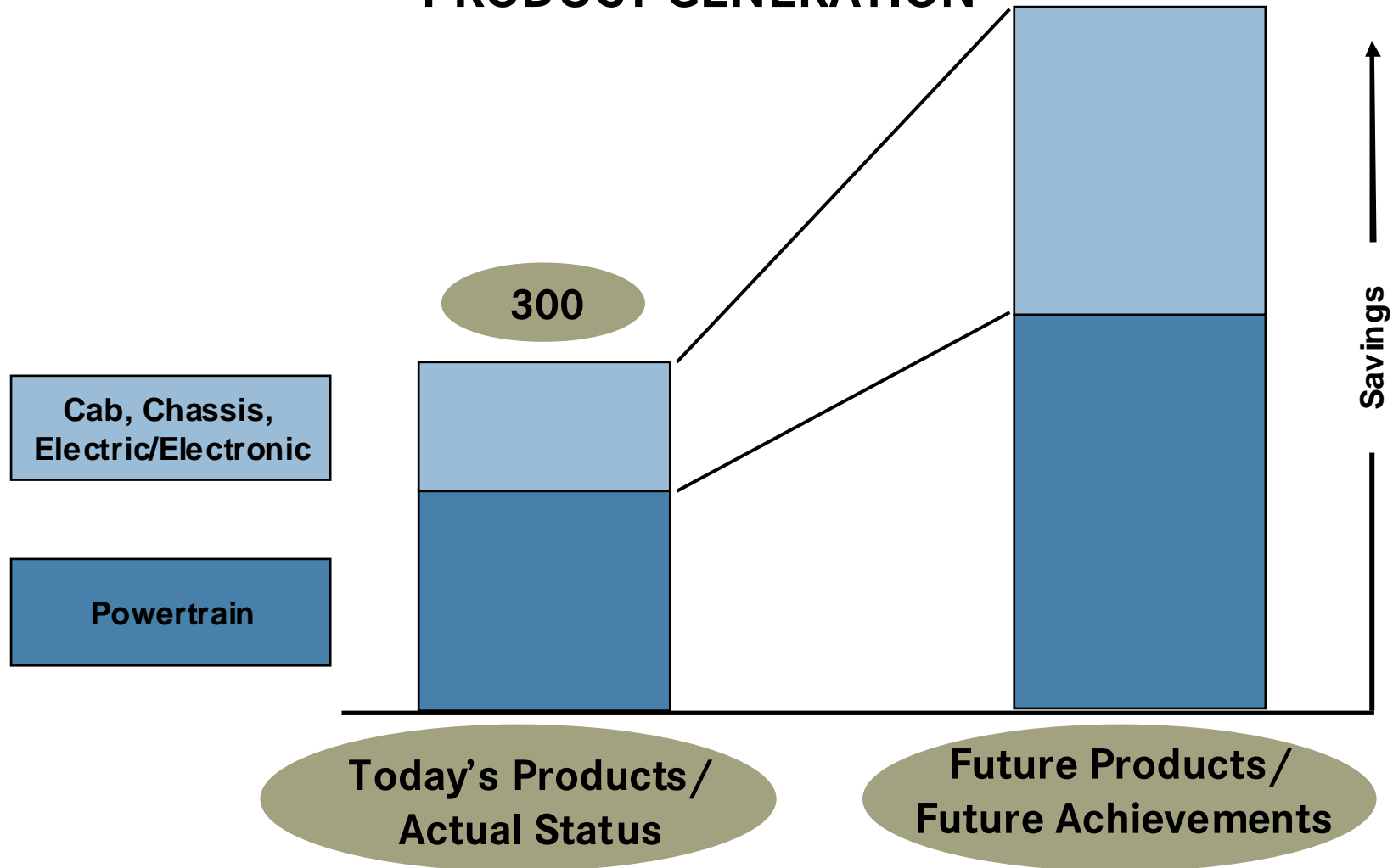


# ONGOING EFFICIENCY PROGRAMS IMPROVE OPERATIONAL PERFORMANCE





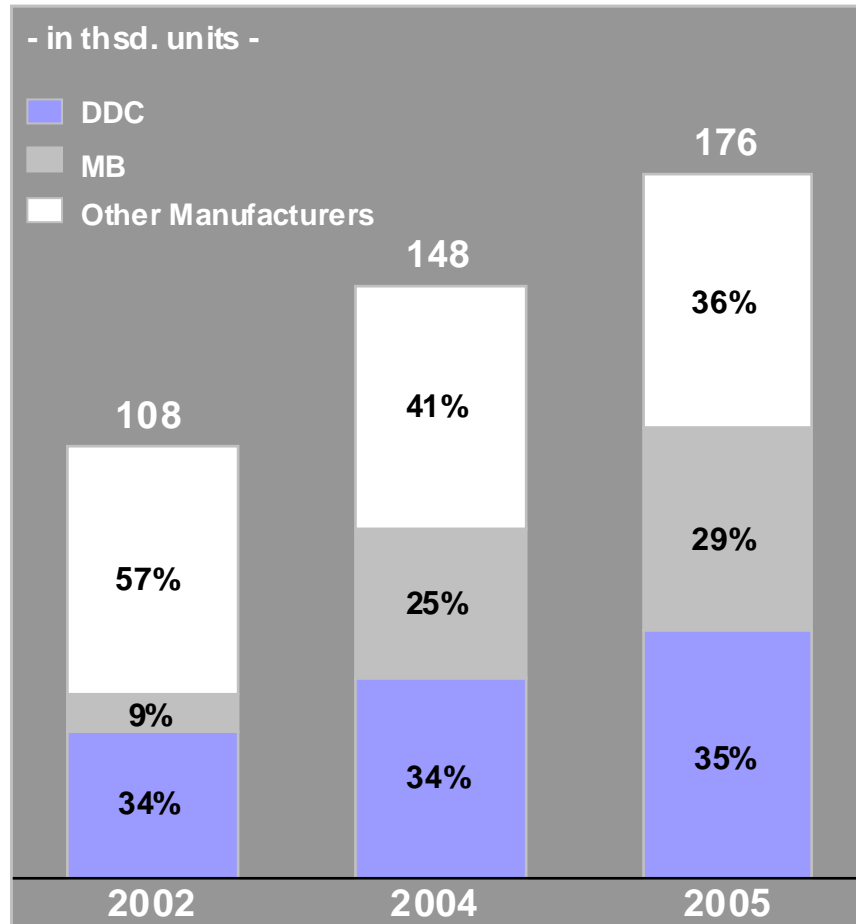
# COMMONALITY PUSHES OPERATIONAL PERFORMANCE: SAVINGS OF € 300M WITH TODAY'S PRODUCTS, DOUBLING WITH NEW PRODUCT GENERATION



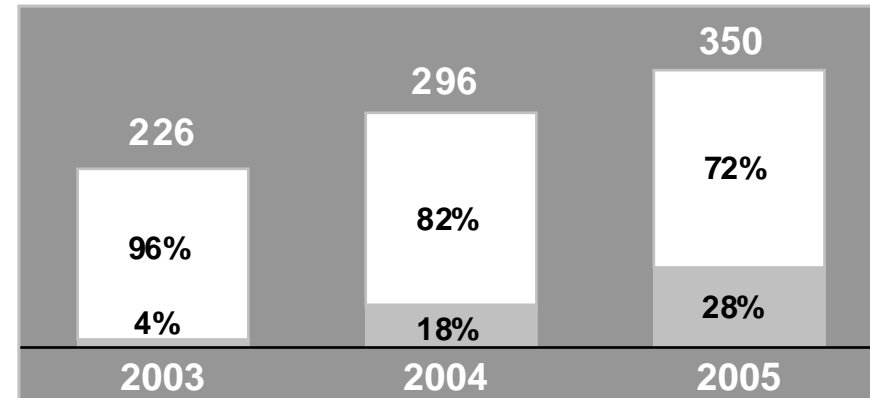


# INCREASED PENETRATION OF CAPTIVE COMPONENTS/ EXAMPLE: FREIGHTLINER TRACKING OF COMMONALITIES

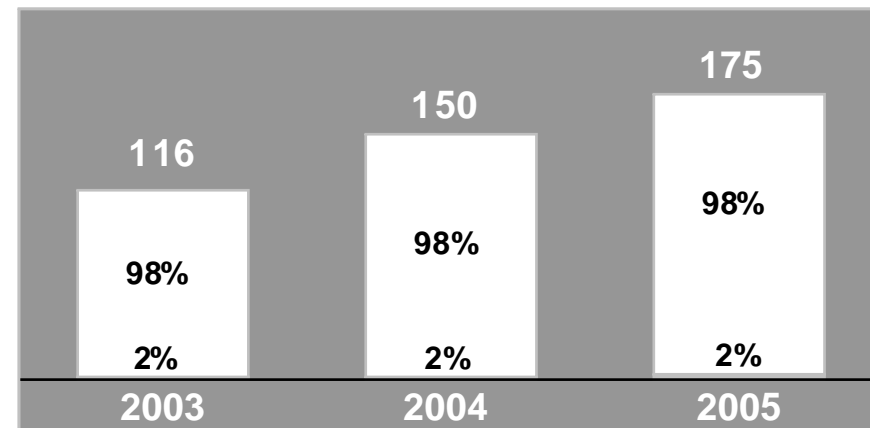
### HD/MD Engines



### Axles



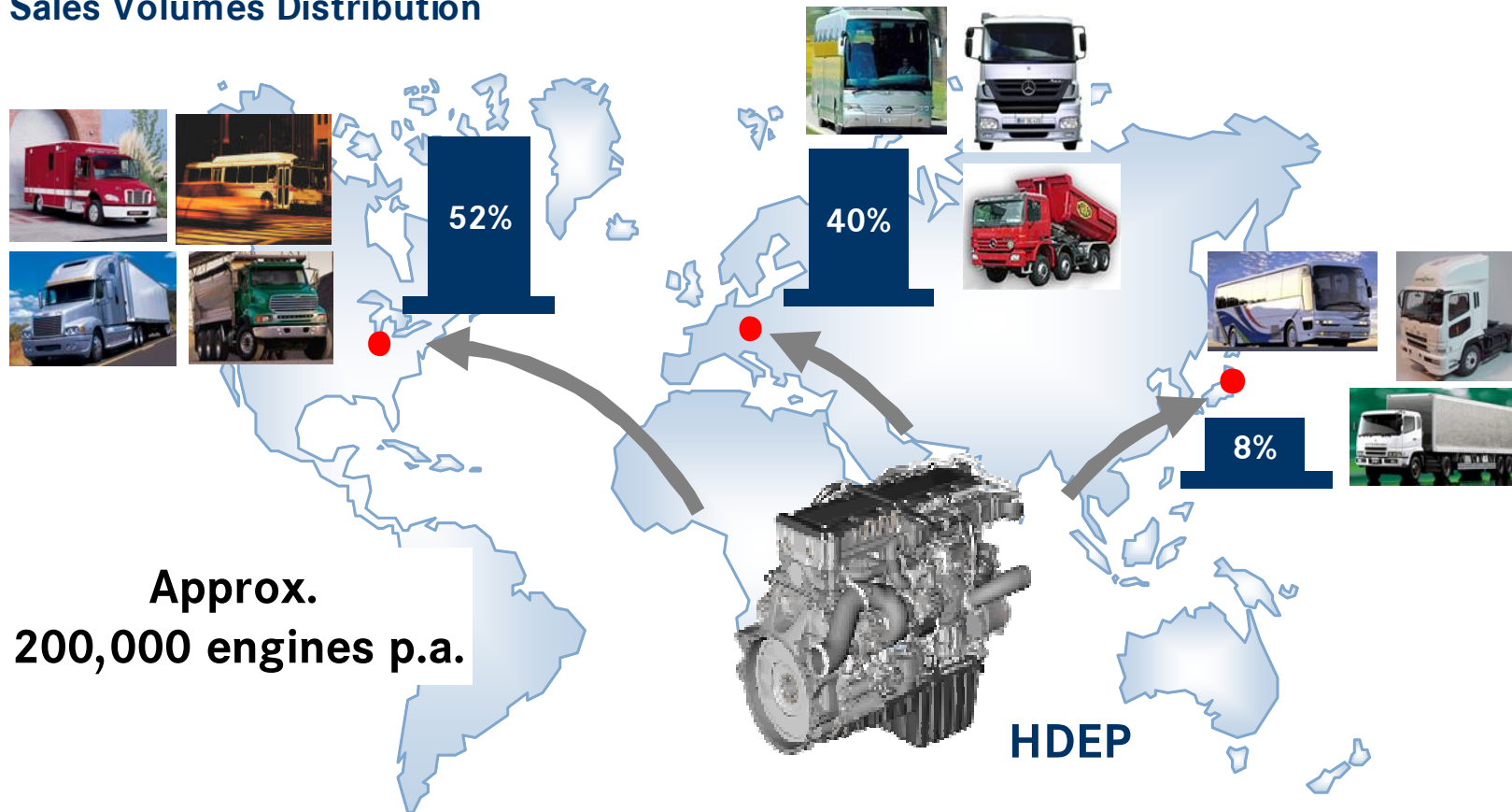
### Transmissions





# EXAMPLE: HEAVY DUTY ENGINE PLATFORM WITH 90% COMMONALITY

## Sales Volumes Distribution





# GLOBAL EXCELLENCE ADDRESSES GROWTH IN EXISTING AND EMERGING MARKETS

## Global Excellence

Management of Cycles

Operational Excellence

Growth and market exploitation

Future product generations

### Existing Markets

- **Europe:** Truck Dedication
- **Nafta:** Market Approach Sterling
- **Fuso:** International Markets

Dedicated downstream activities

Adjusted Product Portfolio

### Emerging Markets

- **India**
- **China**
- Eastern Europe

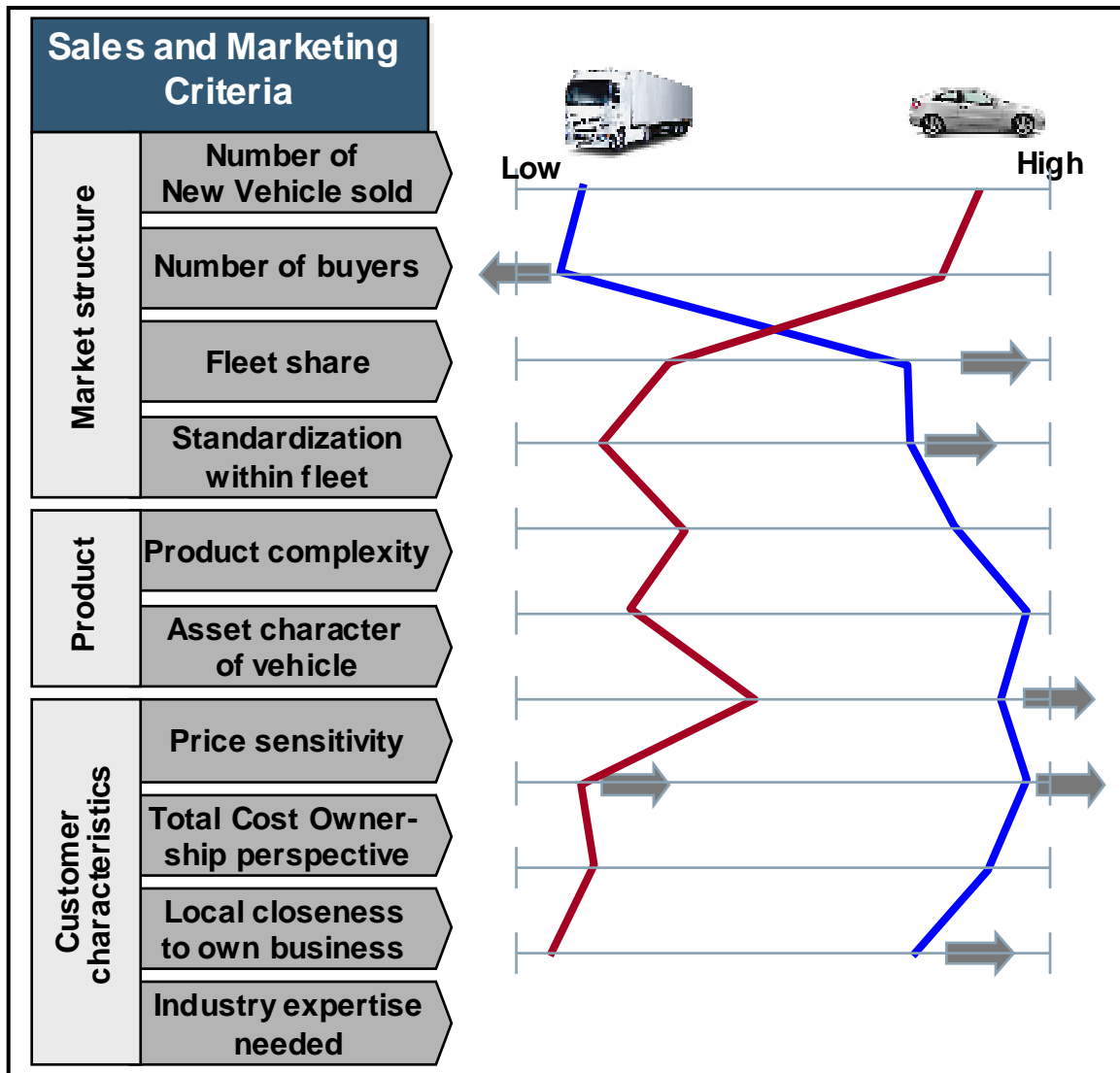
Overall Business Model (incl. sales channel)

Sales & After Sales

Product Portfolio follows market demand



# CUSTOMER REQUIREMENTS BETWEEN PASSENGER CARS AND TRUCK FURTHER DIVERGE



Historically grown integrated structure to be changed into **Dedicated Truck Sales Organization**



# REGIONAL EXPANSION OF GLOBAL PRODUCT PORTFOLIO SECURES FURTHER GROWTH IN EXISTING MARKETS



## CHINA REMAINS KEY MARKET FOR TRUCK GROUP: FOTON AS PREFERRED PARTNER



- **Foton as LDT market leader (Market Share 35%) in biggest LDT market of the world**
- **Immediate possibility of realizing China initiatives for TG with young, dynamic company**
- **Foton as full range OEM present in LDT, MDT, HDT Truck segments**
- **Future MDT/ HDT market entry possible with new brand, new products including dedicated dealer network**



## FOURTH PILLAR FOCUSES ON OUR FUTURE PRODUCT CREATION

### Global Excellence

Management of Cycles

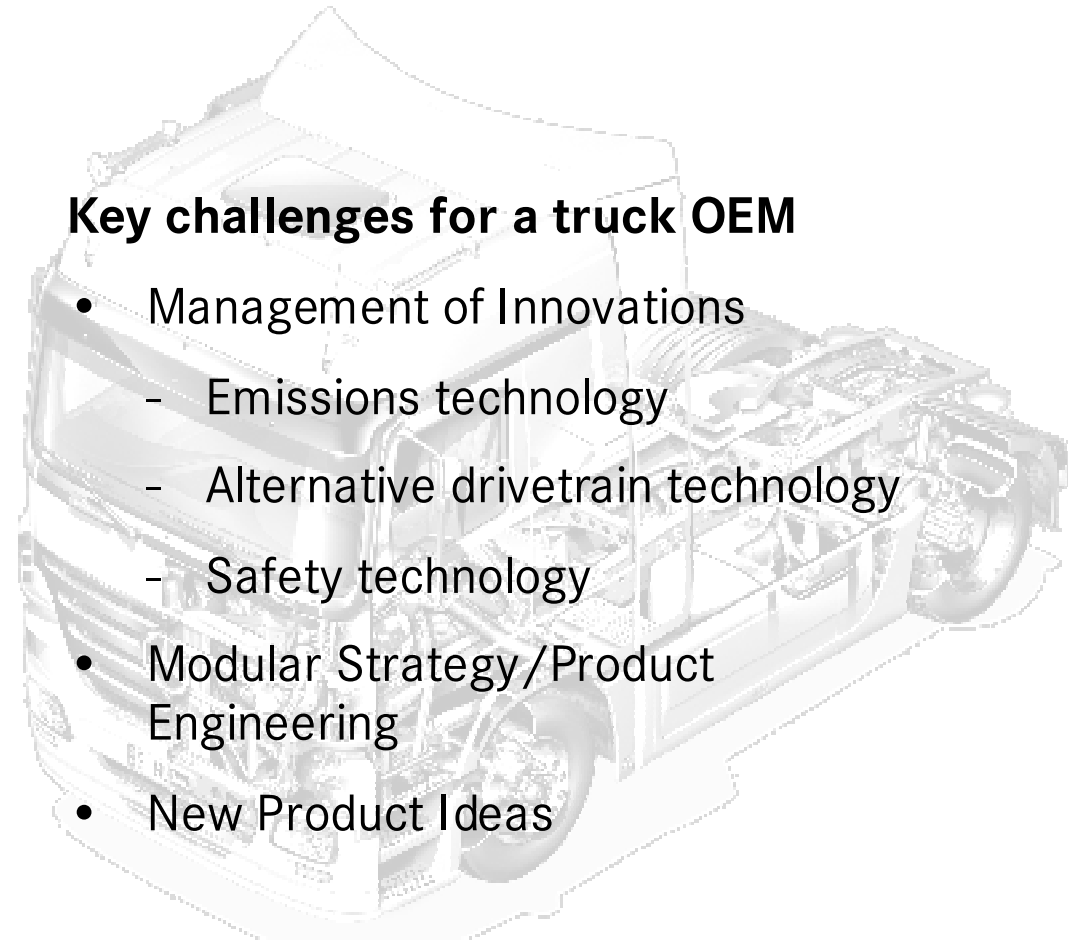
Operational Excellence

Growth and market exploitation

Future product generations

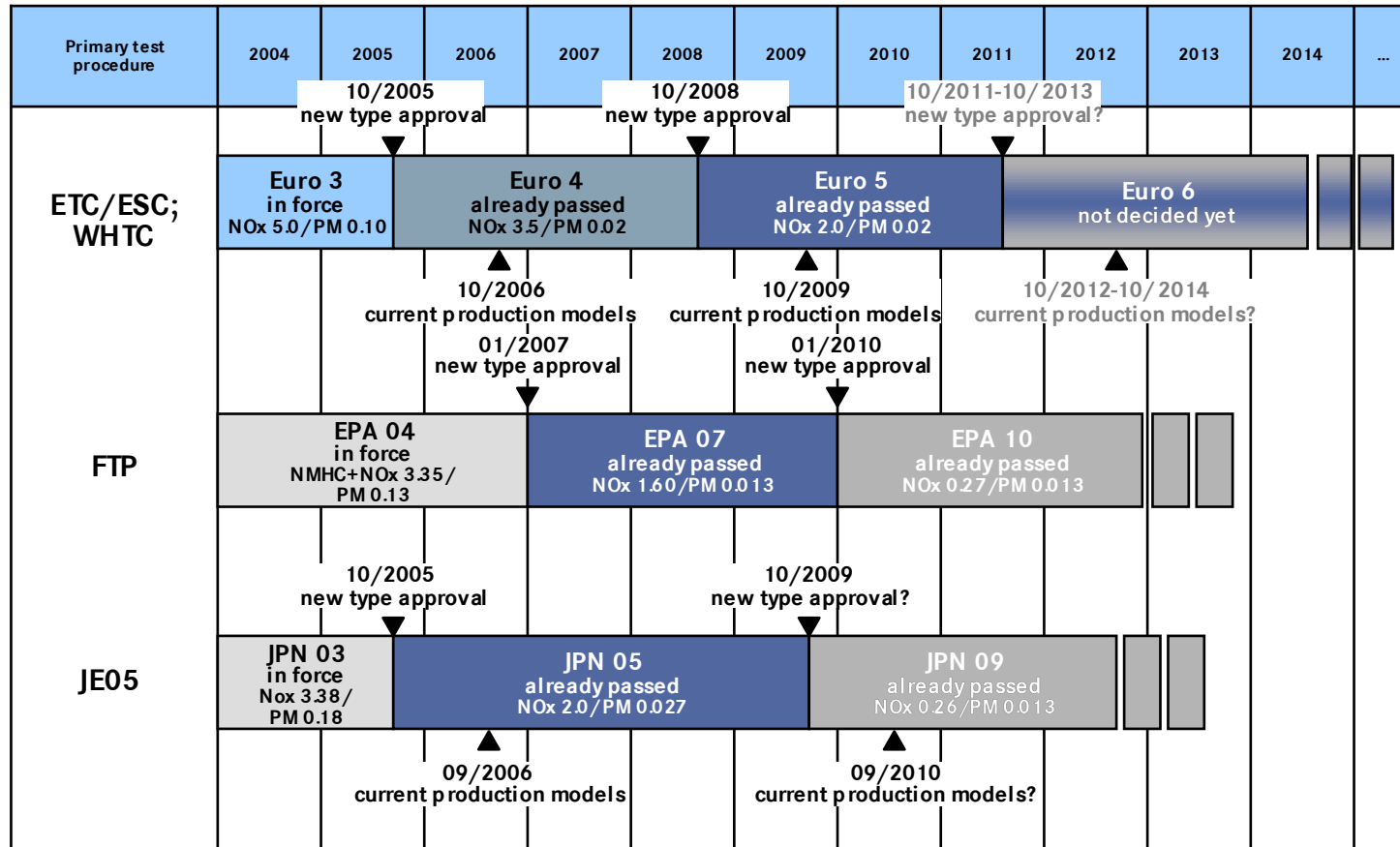
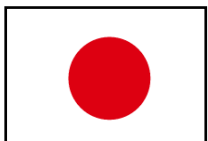
### Key challenges for a truck OEM

- Management of Innovations
  - Emissions technology
  - Alternative drivetrain technology
  - Safety technology
- Modular Strategy/Product Engineering
- New Product Ideas





# ENGINE PLATFORMS PROVIDE MAXIMUM ADVANTAGES IF GLOBAL AFTER TREATMENT ACTIVITIES ARE ALIGNED



## BLUETEC: A POSITIVE BUSINESS CASE FOR OUR CUSTOMERS!

### Situation before technology push

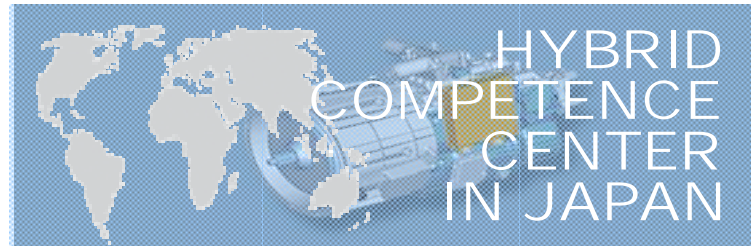
- Little **AdBlue infrastructure**
- **MB only OEM** to launch SCR
- High **system costs** due to
  - complete engine overhaul
  - sophisticated SCR system
  - extensive development work over many years



### Positive Bluetec Business Case

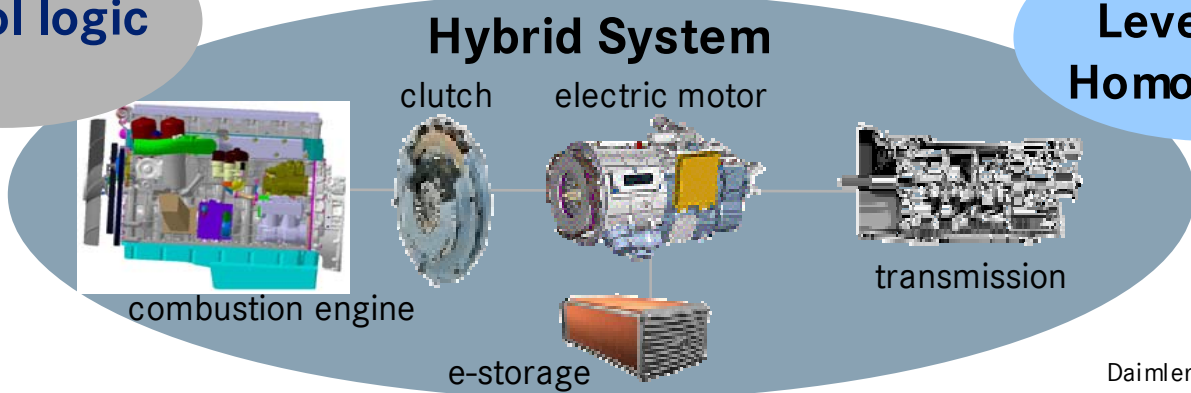
- 2-6% less **fuel consumption** according to press and independent tests
- **AdBlue** prices as low as 35 €-Cent per liter
- Proven **reliability** of BlueTec system
- Unchanged **oil service**
- Tolerance for sulfur, **biodiesel**, F34, F43
- Future-proof technology and governmental **incentives** across EU

# INNOVATIONS IN HYBRID TECHNOLOGY: ADVANTAGES FOR CUSTOMERS IN AN URBAN ENVIRONMENT

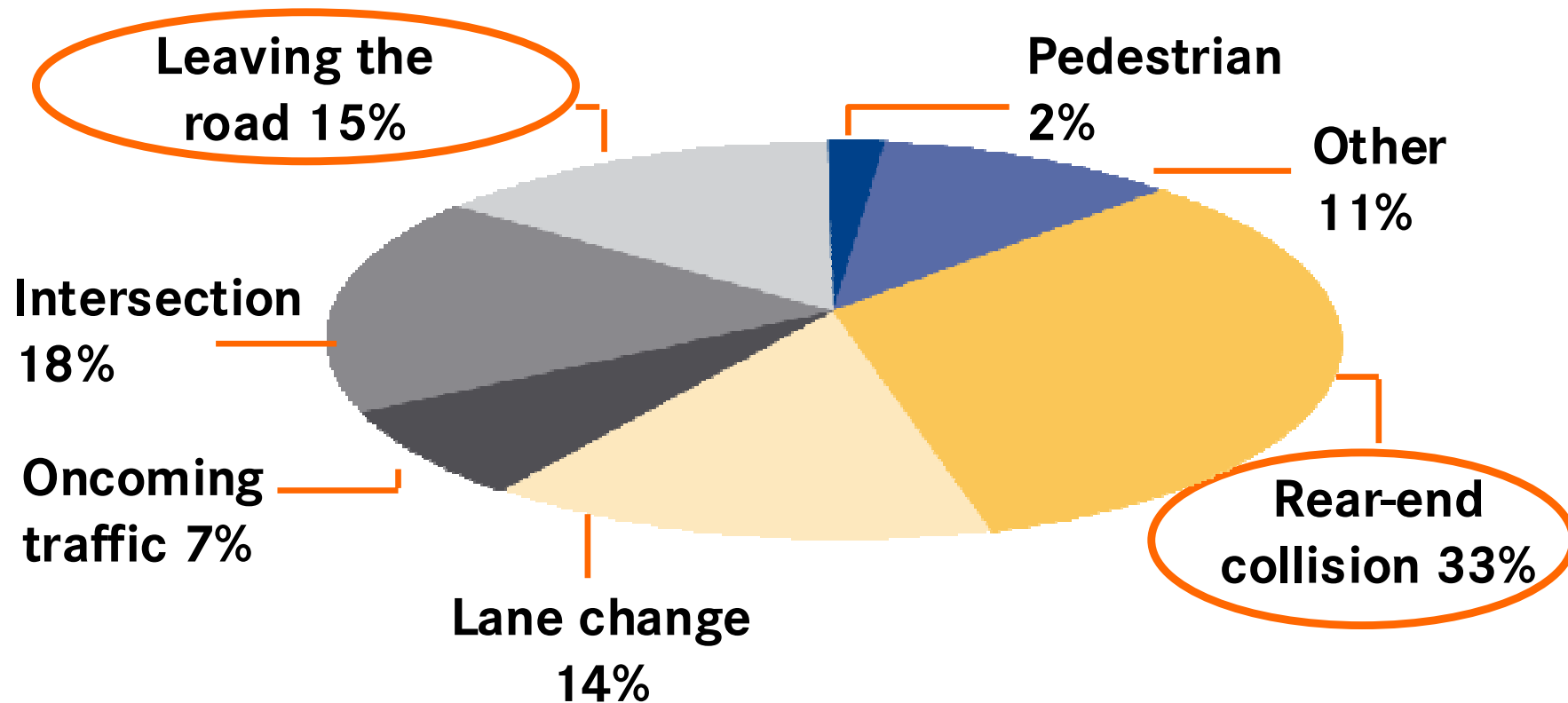


**Control logic**

**Concept Leverage & Homologation**



## 33% OF ACCIDENTS INVOLVING HEAVY TRUCKS DUE TO REAR END COLLISION





## WHY SAFETY TECHNOLOGY? CRASHTEST WITHOUT ACTIVE BRAKE ASSIST

Nächstes Video

Präsentation fortsetzen

Home



Truck Coach Van







# DC NO. 1 IN SAFETY TECHNOLOGY: ACTIVE BRAKE ASSIST WITH MERCEDES-BENZ ACTROS

Präsentation fortsetzen

Home

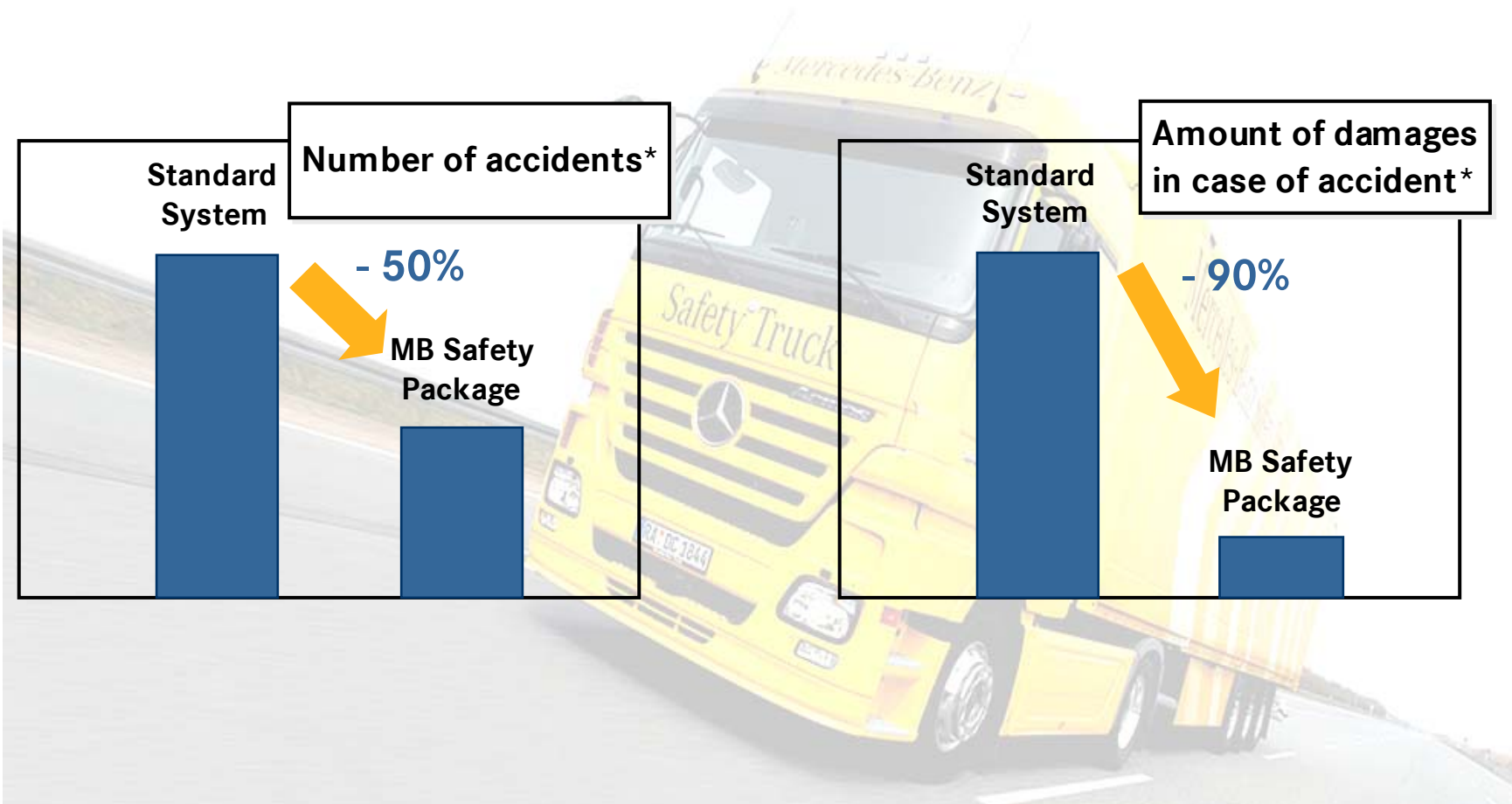


Truck Coach Van





## SAFETY PACKAGE REDUCES NUMBER OF ACCIDENTS AND AMOUNT OF DAMAGES SIGNIFICANTLY



\* According to Truck Group study (CRS)



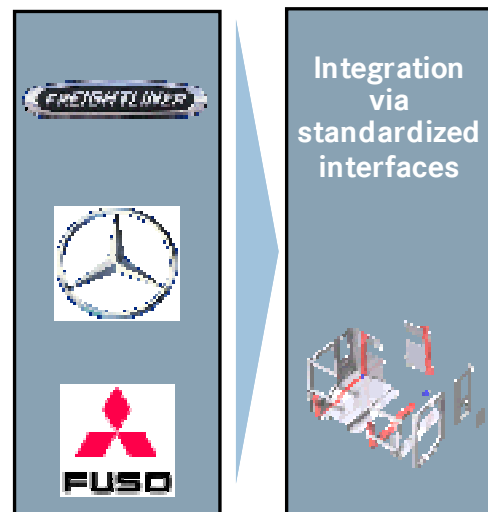
# TODAY WE FOCUS ON MODULAR STRATEGY, TOMORROW WE MANAGE ENTIRE VEHICLE PLATFORMS

Yesterday



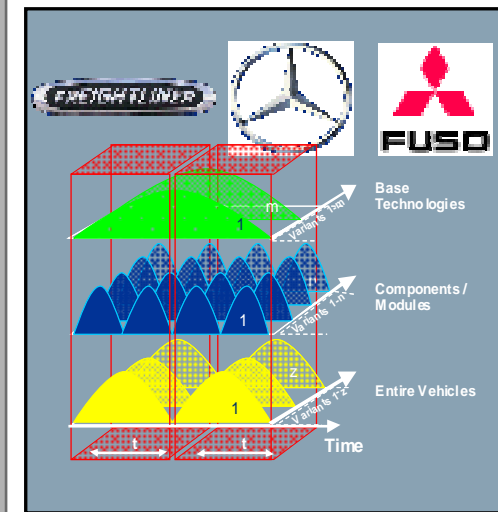
Stand Alone Development

Today



Definition of **Modules** and platform architectures

Tomorrow



Engineering Cycle Management in entire **Vehicle Platforms**

## AGENDA

- **Introduction & Business Situation**

- **Truck Group Strategy**

- **Organization**



# Truck Group Organization

DAIMLERCHRYSLER

 **Truck Group**  
Andreas Renschler

 **NAFTA (TGN)**  
(Freightliner,  
Sterling,  
Western Star)  
Chris Patterson

 **Europe/LA (TGE)**  
(Mercedes-Benz)  
Hubertus Troska

 **Asia (TGA)**  
(Fuso)  
Harald Böstler

 **Truck Product Engineering (TPE)**  
Georg Weiberg

 **Powertrain Operations/Manufacturing Engineering (TGP)**  
Michael Dostal

 **Finance Controlling/Product Planning (BCF/TPP)**  
Albert Kirchmann

 **Procurement Truck Group (PTG)**  
Stefan Buchner

HR, CD, IT, COM, CC, T, Legal, Ext. Affairs, Audit, Compliance

## Corporate Cross Functions

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