DAIMLER


# Interim Report Q2 2015.

# Contents.



**Cover photo: BharatBenz 3143.**

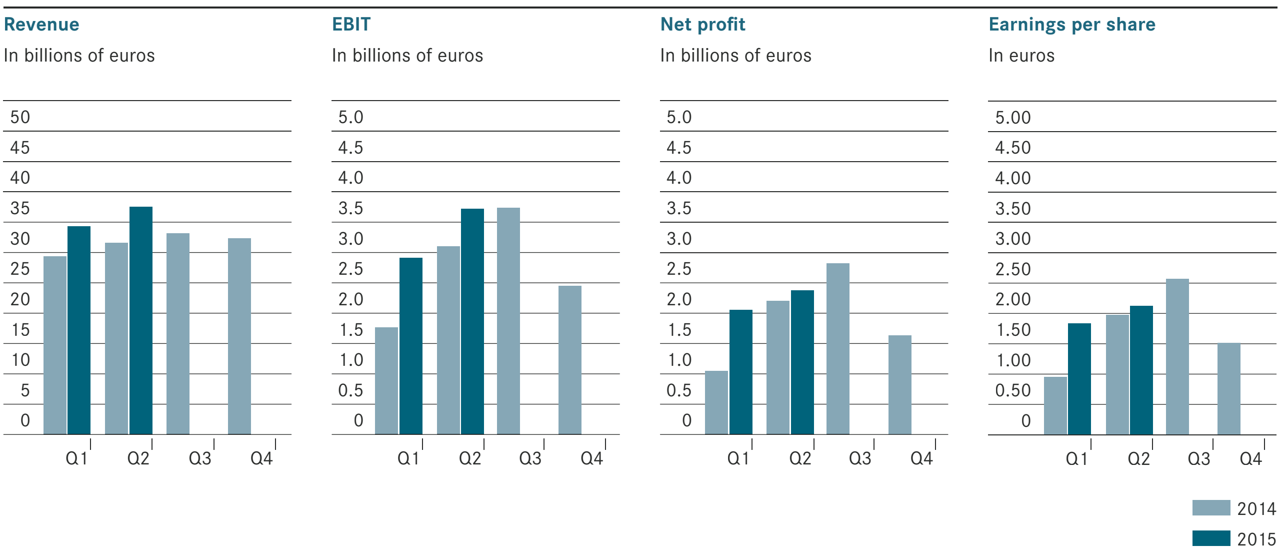
**With 430 horsepower, the BharatBenz 3143 is by far the most powerful locally built truck in the Indian market and expands the product portfolio of BharatBenz. The BharatBenz 3143 is designed for use in deep and steep terrain on mining and construction sites. With a gross vehicle weight of 48 tons and a four-axle configuration, the truck is perfectly suited to customers' requirements in resource-rich India.**

# Q2

**Key Figures Daimler Group**

| Amounts in millions of euros | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| Revenue | **37,527** | 31,544 | +19 [1] |
| Western Europe | **12,031** | 10,852 | +11 |
| thereof Germany | **5,515** | 5,277 | +5 |
| NAFTA | **12,130** | 9,183 | +32 |
| thereof United States | **10,601** | 7,935 | +34 |
| Asia | **8,453** | 6,756 | +25 |
| thereof China | **3,800** | 3,227 | +18 |
| Other markets | **4,913** | 4,753 | +3 |
| Investment in property, plant and equipment | **1,045** | 1,045 | 0 |
| Research and development expenditure | **1,621** | 1,316 | +23 |
| thereof capitalized development costs | **432** | 243 | +78 |
| Free cash flow of the industrial business | **1,073** | 753 | +42 |
| EBIT | **3,718** | 3,095 | +20 |
| Net profit | **2,372** | 2,196 | +8 |
| Earnings per share (in euros) | **2.12** | 1.97 | +8 |
| Employees | **284,441** | 279.972 [2] | +2 |

1 Adjusted for the effects of currency translation, increase in revenue of 11%.
2 As of December 31, 2014.



# Q1-2

## Key Figures Daimler Group

| Amounts in millions of euros | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| Revenue | 71,763 | 61,001 | +18 [1] |
| Western Europe | 23,056 | 20,908 | +10 |
| thereof Germany | 10,569 | 10,090 | +5 |
| NAFTA | 22,860 | 17,513 | +31 |
| thereof United States | 20,103 | 15,282 | +32 |
| Asia | 16,696 | 13,806 | +21 |
| thereof China | 7,358 | 6,504 | +13 |
| Other markets | 9,151 | 8,774 | +4 |
| Investment in property, plant and equipment | 2,072 | 2,088 | -1 |
| Research and development expenditure | 3,147 | 2,667 | +18 |
| thereof capitalized development costs | 832 | 518 | +61 |
| Free cash flow of the industrial business | 3,365 | 1,447 | +133 |
| EBIT | 6,624 | 4,882 | +36 |
| Net profit | 4,422 | 3,282 | +35 |
| Earnings per share (in euros) | 3.96 | 2.93 | +35 |
| Employees | 284,441 | 279,972 [2] | +2 |

1 Adjusted for the effects of currency translation, increase in revenue of 10%.
2 As of December 31, 2014.

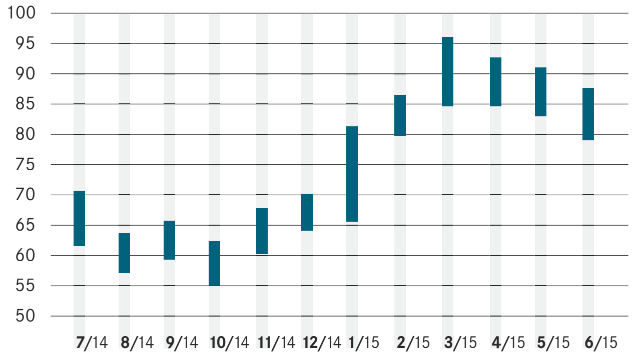
# Daimler and the Capital Market.

## Key figures

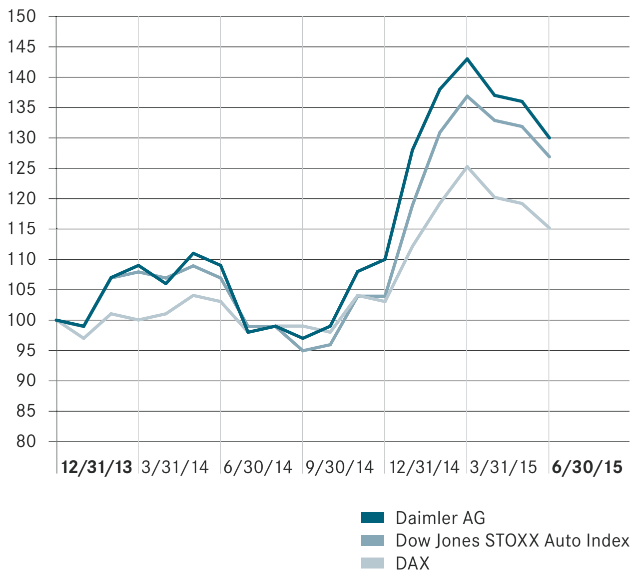
| | June 30, 2015 | June 30, 2014 | % change |
|---|---|---|---|
| Earnings per share in Q2 (in €) | **2.12** | 1.97 | +8 |
| Outstanding shares (in millions) | **1,069.8** | 1,069.8 | 0 |
| Market capitalization (€ billion) | **87.34** | 73.18 | +19 |
| Xetra closing price (€) | **81.64** | 68.40 | +19 |

## Daimler share price (highs and lows) in 2014/2015

in €




## Share-price development (indexed)




## Daimler share price follows downward market trend in second quarter

Our stock was unable to escape the downward market development in the second quarter of 2015 and the share price fell significantly in line with the Dow Jones STOXX Auto Index and the DAX.

Due to the further escalation of the Greek debt crisis, pressure on European stock markets increased perceptibly during the second quarter. Concern with regard to possible follow-up effects triggered by Greece's potential exit from the euro zone led to increased volatility. The market was negatively affected also by anxiety about the economic weakening in China and a potential interest-rate rise in the United States. Companies with high export rates suffered more severe falls in share prices than the overall market, as the euro recovered slightly from its weakening against the dollar.

Our results for the first quarter were published on April 28, 2015 and were given a positive reception. Mercedes-Benz Cars' capital market day on June 11 once again demonstrated to the market that the product offensive continues to bear fruit and that our strategy of sustainable profitable growth is paying off. However, our share price was unable to escape the negative market environment. The Daimler share price therefore fell in the second quarter of 2015 by about 9% to a closing price of €81.64, developing in line with the DAX (-9%) and the Dow Jones STOXX Auto Index (-8%). At the beginning of the second quarter, we paid a dividend of €2.45 per share, representing a total distribution of €2.6 billion. Market capitalization at the end of the quarter was €87.3 billion.

## Favorable interest environment used for refinancing

The Daimler Group took advantage of favorable conditions particularly in the US-dollar market to issue a bond with a total volume of USD 3.0 billion. In addition, asset-backed securities (ABS) transactions were carried out in the United States and Canada in April and June 2015 with volumes of approximately USD 1.0 billion and CAD 0.4 billion respectively.

# Interim Management Report.

**Unit sales significantly above prior-year level at 714,800 vehicles (+14%)**
**Revenue up by 19% to €37.5 billion**
**Group EBIT of €3,718 million (Q2 2014: €3,095 million)**
**Net profit of €2,372 million (Q2 2014: €2,196 million)**
**Free cash flow of the industrial business of €3,365 million in the first six months (Q1-2 2014: €1,447 million)**
**Significant growth in unit sales and revenue anticipated for full-year 2015**
**Group EBIT from ongoing business expected to be significantly higher than in 2014**

## Business development

### World economy grows but still lacks momentum

In the second quarter of 2015, the **world economy** seems to have gained a little dynamism compared with the beginning of the year, but generally remained below its long-term growth potential. The slightly improved global performance is primarily due to the expected recovery of the US economy. Current estimates suggest that after the growth slowdown due to unfavorable special factors in the first quarter, the world economy has started growing faster in the past three months. The continuation of favorable energy prices, low inflation, the weaker euro and the expansive monetary policy of the European Central Bank are likely to have ensured that the moderate economic upswing in the European Monetary Union continued despite the exacerbation of the Greece crisis. From a global perspective, the emerging economies continued to be the source of most concern. Major indicators of market sentiment remained at a disappointing level in the second quarter. In Brazil, the already tense situation actually worsened. With support from measures taken by the government and the central bank, the Chinese economy grew in the second quarter once again by 7%, as at the beginning of the year. The Russian economy is still in a pronounced recession, which probably worsened once again in the second quarter despite a slight recovery of the oil price and of the ruble. In this globally rather difficult and volatile environment, the euro climbed slightly against the dollar compared with its level at the end of the first quarter.

The dynamism of **worldwide demand for cars** continued to weaken in the second quarter, with the result that the market was only around the level of the prior-year period. Overall demand in the first half of the year increased slightly, however. The worldwide slowdown was due to market contraction in some major emerging economies as well as the recent significant drop in economic growth in China. Growth in the Chinese market fell in the second quarter to below 5%, compared with a double-digit rate in the first quarter. There were ongoing positive effects from the US market and the Western European market. Sales of cars and light trucks in the United States surpassed the high prior-year level once again by over 3%. In Western Europe, the recovery of demand continued with an increase of approximately 7%. All of the individual markets of Western Europe recorded growth, so the upward trend occurred on a broad base. The development of demand was less favorable in Japan, where the expected market adjustment continued. However, the contraction has recently become rather more moderate and was at a single-digit rate in the second quarter.

The development of the car markets of the emerging economies other than China was once again varied. The market recovery in India continued, while sales of cars in Russia slumped by more than 35%. The premium segment there was also affected by the market weakness, with a sharp double-digit drop in demand.

Demand for **medium- and heavy-duty trucks** presented a very mixed picture once again in the second quarter, but the North American market in Classes 6 to 8 continued its strong growth with a rate of 14%. The European market also developed positively; its recovery accelerated further with growth of approximately 20%. The economic situation is quite different in Brazil, where the market almost halved compared with the prior-year period due to the general economic recession. The Japanese market for light-, medium- and heavy-duty trucks expanded significantly, but the comparative base of the prior-year period was significantly impacted by the increase in value-added tax as of April 1, 2014. The Indonesian market continued to develop unfavorably; in a still-sluggish economic environment, demand for trucks dropped by more than 30% in the second quarter compared with the prior-year period. The recovery of the Indian market for medium- and heavy-duty trucks has faltered recently. After several positive quarters in succession, sales figures were below the prior-year level. The deep recession in Russia was reflected in demand for trucks. According to recent estimates, the market seems to have contracted by about 50% compared with the second quarter of last year. Sales of trucks in China – the world's biggest market by volume – once again decreased by a significant double-digit rate. The pronounced market weakness was primarily due to lower growth in investment activity and the introduction of the new CN4 exhaust limits (similar to Euro IV).

The market for **vans** in Western Europe expanded once again. Demand for medium-sized and large vans increased by 10% and the market volume for small vans grew by 6%. In the United States, demand for large vans was 3% above the prior-year level. However, the market for large vans in Latin America contracted sharply due to unfavorable economic conditions.

The **bus market** in Western Europe continued to develop positively, while Latin American market was significantly smaller than in the prior-year period due to the economic situation in Brazil and Argentina.

**Significant growth in second-quarter unit sales**
In the second quarter of 2015, the Daimler Group sold 714,800 cars and commercial vehicles worldwide, surpassing the prior-year total by 14%. ↗ C.01

Second-quarter unit sales by **Mercedes-Benz Cars** increased by 20% to 500,700 vehicles, making the past three months the best quarter for unit sales so far. In Western Europe (excluding Germany), the division continued along its successful path with an increase in unit sales of 24% to 122,300 vehicles. Major growth impetus came from the United Kingdom (+28%) and Italy (+37%). In the highly competitive German market, Mercedes-Benz and smart performed well with sales of 78,700 units (+7%). In the second quarter, Mercedes-Benz Cars set a record also in the United States, selling 90,400 units (+10%). In China, unit sales increased by 34% to 91,200 vehicles. Growth rates were even higher in Japan (+54%) and South Korea (+71%).

**Daimler Trucks**' second-quarter unit sales of 125,100 vehicles were close to the level of the prior-year period (Q2 2014: 126,100), whereby decreases in Latin America and Indonesia were offset by growth mainly in the NAFTA region and Western Europe. Unit sales of 49,400 vehicles in the NAFTA region were 20% higher than in the second quarter of last year and sales of 15,200 trucks in Western Europe were 15% above the prior-year number. In Turkey, sales of 6,600 units were close to the prior-year level (Q2 2014: 6,500). However, difficult economic conditions in Latin America continued to have a negative impact on our unit sales in that region, where a slump in demand led to a 28% decrease to 8,500 vehicles sold. And sales of 35,400 units in Asia were 17% below the prior-year quarter; this was almost solely the result of the market-related drop in unit sales of 51% in Indonesia to 9,500 vehicles. In Japan and India, Daimler Trucks increased its sales by 16% to 10,400 units and by 14% to 3,000 units respectively.

**Mercedes-Benz Vans** increased its unit sales in the second quarter of 2015 by 7% to 81,600 vehicles, a new high for a second quarter. In its core region of Western Europe, the van division achieved significant growth of 9% to 54,300 units sold. Demand for our vans was particularly lively in the major markets of Western Europe, with strong growth in France (+9%), Spain (+19%) and Italy (+31%). Primarily due to the high level of demand in Turkey, unit sales in Eastern Europe increased by 22% to 7,800 vehicles. Unit sales in the NAFTA region continued to develop positively (+19%). The market environment in Latin America remained difficult, with the result that unit sales there were 6% lower than the prior-year number. Also in China, sales of 1,900 vans did not match the prior-year number (Q2 2014: 3,900), primarily due to the upcoming model change for the medium-sized vans.

**Daimler Buses**' unit sales of 7,300 buses and bus chassis were below the number of 8,100 units sold in the second quarter of last year. Growth in Western Europe and Turkey based on increased demand for complete buses partially offset the lower sales of chassis in Latin America. In Western Europe, we sold 1,800 units of the Mercedes-Benz and Setra brands (Q2 2014: 1,700). Sales in Turkey increased to 400 units (Q2 2014: 200). In Latin America (excluding Mexico), sales of 3,300 chassis were significantly lower than in the prior-year period (Q2 2014: 4,300). Demand for bus chassis was severely impacted in particular by the difficult economic situation in Brazil, the region's biggest market.

At **Daimler Financial Services,** new business increased compared with the prior-year quarter by 28% to €14.8 billion. Contract volume reached €110.6 billion at the end of June, which is 12% higher than at the end of 2014. Adjusted for exchange-rate effects, contract volume increased by 7%. The insurance business continued to develop very positively. Worldwide, approximately 421,000 new insurance contracts were concluded through Daimler Financial Services in the second quarter.

The Daimler Group's second-quarter **revenue** amounted to €37.5 billion, which is 19% higher than in the second quarter of last year. Adjusted for exchange-rate effects, revenue grew by 11%. ↗ C.02

Mercedes-Benz Cars achieved revenue of €21.1 billion, which is 19% higher than in the second quarter of last year. This is mainly a reflection of the dynamic development of unit sales in the United States and in China. Revenue at Daimler Trucks grew by 19%, primarily due to the continuation of the very positive business development in the NAFTA region, and reached €9.4 billion. Mercedes-Benz Vans increased its revenue by 13% to €2.8 billion and Daimler Buses' revenue of €1.0 billion was of the magnitude of the prior-year period.

## C.01
**Unit sales by division**

| | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| Daimler Group | 714,759 | 628,857 | +14 |
| Mercedes-Benz Cars | 500,694 | 418,685 | +20 |
| Daimler Trucks | 125,113 | 126,066 | -1 |
| Mercedes-Benz Vans | 81,611 | 76,009 | +7 |
| Daimler Buses | 7,341 | 8,097 | -9 |

## C.02
**Revenue by division**

| In millions of euros | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| Daimler Group | 37,527 | 31,544 | +19 |
| Mercedes-Benz Cars | 21,136 | 17,771 | +19 |
| Daimler Trucks | 9,441 | 7,966 | +19 |
| Mercedes-Benz Vans | 2,829 | 2,494 | +13 |
| Daimler Buses | 1,037 | 1,048 | -1 |
| Daimler Financial Services | 4,769 | 3,828 | +25 |

## Profitability

The **Daimler Group** achieved second-quarter EBIT of €3,718 million (Q2 2014: €3,095 million). ↗ C.03

Mercedes-Benz Cars in particular was able to significantly surpass its earnings of the prior-year quarter, as a result of further growth in unit sales. Daimler Trucks also increased its EBIT significantly. Mercedes-Benz Vans achieved second-quarter earnings at the prior-year level, while Daimler Buses was also able to increase its earnings. Daimler Financial Services' EBIT increased primarily due to the higher contract volume. The implemented efficiency programs as well as changes in exchange rates and higher discount rates had an additional positive impact on operating profit.

Earnings in the second quarter of last year were boosted by a total of €650 million due to the remeasurement of Daimler's shares in Tesla Motors, Inc. (Tesla) as well as valuation effects from the hedging of Tesla's share price. Excluding special items, EBIT from the ongoing business of €3,784 million in the second quarter of 2015 was significantly higher than the prior-year figure of €2,463 million.

The special items shown in table ↗ C.04 affected EBIT in the second quarter of 2015 and 2014.

### C.03
**EBIT by segment**

| In millions of euros | Q2 2015 | Q2 2014 | % change | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|---|---|---|
| Mercedes-Benz Cars | 2,227 | 1,409 | +58 | 4,068 | 2,592 | +57 |
| Daimler Trucks | 682 | 455 | +50 | 1,154 | 796 | +45 |
| Mercedes-Benz Vans | 234 | 242 | -3 | 449 | 365 | +23 |
| Daimler Buses | 57 | 50 | +14 | 91 | 103 | -12 |
| Daimler Financial Services | 445 | 336 | +32 | 854 | 733 | +17 |
| Reconciliation | 73 | 603 | -88 | 8 | 293 | -97 |
| Daimler Group | 3,718 | 3,095 | +20 | 6,624 | 4,882 | +36 |

### C.04
**Special items affecting EBIT**

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| **Mercedes-Benz Cars** | | | | |
| Restructuring of sales organization in Germany | -34 | - | -54 | - |
| Relocation of headquarters of MBUSA | 9 | - | -11 | - |
| Sale of real estate in the United States | - | - | 87 | - |
| **Daimler Trucks** | | | | |
| Workforce adjustments | -20 | -71 | -25 | -76 |
| Restructuring of sales organization in Germany | -15 | - | -19 | - |
| Sale of Atlantis Foundries | - | - | -55 | - |
| **Mercedes-Benz Vans** | | | | |
| Restructuring of sales organization in Germany | -6 | - | -10 | - |
| Relocation of headquarters of MBUSA | - | - | -2 | - |
| Reversal of impairment of investment in FBAC | - | 61 | - | 61 |
| **Daimler Buses** | | | | |
| Restructuring of sales organization in Germany | - | - | -1 | - |
| Business repositioning | - | -8 | - | -9 |
| **Reconciliation** | | | | |
| Remeasurement of Tesla shares | - | 718 | - | 718 |
| Hedge of Tesla share price | - | -68 | - | -229 |
| Measurement of put option for RRPSH | - | - | - | -118 |

Second-quarter EBIT of the **Mercedes-Benz Cars** division of €2,227 million was significantly higher than the figure for the prior-year period of €1,409 million. The division's return on sales was 10.5% (Q2 2014: 7.9%). ↗ C.03

The development of earnings primarily reflects the growth in unit sales in all regions. Strong contributions came from the new C-Class and the expanded range of compact cars. Mercedes-Benz Cars achieved earnings growth also as a result of efficiency programs. Changes in exchange-rates and interest rates also had a positive impact on EBIT. There were opposing effects on earnings from the model-mix, expenses for capacity expansion and advance expenditure for new technologies and vehicles.

The **automotive divisions** were also negatively affected by the restructuring of the Group's own sales organization in Germany. In this context, we refer to the information provided in Note 4 of the Notes to the Consolidated Financial Statements.

**Daimler Trucks**' EBIT of €682 million was significantly higher than in the prior-year period (Q2 2014: €455 million). The division's return on sales reached 7.2% (Q2 2014: 5.7%). ↗ C.03

The main drivers of this earnings development were increased unit sales in the NAFTA region and Western Europe, positive exchange-rate and interest rate effects, and the realization of further efficiency improvements. Earnings were negatively affected by lower unit sales in Latin America and Indonesia. EBIT was additionally reduced by expenses for capacity expansions and increased warranty costs. As in the previous year, workforce actions in the context of the ongoing optimization programs in Brazil reduced earnings.

**Mercedes-Benz Vans** posted an operating profit in the second quarter of 2015 of €234 million, which is slightly below the prior-year level (Q2 2014: €242 million). The division's return on sales amounted to 8.3% (Q2 2014: 9.7%). ↗ C.03

Second-quarter revenue and earnings were influenced by the very good development of demand in Europe and the NAFTA region as well as by a positive product mix. The figure for the second quarter of 2014 includes a gain of €61 million from the reversal of an impairment of Daimler's investment in the Chinese joint venture Fujian Benz Automotive Corporation.

The **Daimler Buses** division's EBIT of €57 million was above the prior-year level (Q2 2014: €50 million) and its return on sales increased from 4.8% to 5.5%. ↗ C.03

Ongoing strong demand for our complete buses, a favorable product mix in Western Europe, further efficiency improvements and positive exchange-rate effects more than offset the lower unit sales in Latin America. Earnings were reduced also in the second quarter of 2015 by the difficult economic situation in Latin America and the resulting decrease in demand for bus chassis.

Once again in the second quarter of 2015, the **Daimler Financial Services** division was able to surpass its earnings of the prior-year period significantly, posting EBIT of €445 million (Q2 2014: €336 million). ↗ C.03

The strong earnings were mainly the result of increased contract volume in all regions and the positive development of exchange-rates. Higher expenses for the expansion of business activities reduced earnings.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises gains and/or losses at the corporate level and the effects on earnings of eliminating intra-group transactions between the divisions.

Items at the corporate level resulted in income of €66 million in the second quarter of 2015 (Q2 2014: €594 million). In the second quarter of 2014, there was income at the corporate level in particular from the gain on the remeasurement of the Tesla shares of €718 million, and an expense of €68 million from hedging the price of those shares.

The elimination of intra-group transactions resulted in income of €7 million in the second quarter of 2015 (Q2 2014: €9 million).

**Net interest expense** improved by €68 million to €90 million in the second quarter of 2015 (Q2 2014: €158 million). Expenses in connection with pension and healthcare benefit obligations decreased primarily due to lower applicable interest rates. Other interest result improved, mainly because of the successive expiry of refinancing at high interest rates.

The expense of €1,253 million entered under **income-tax expense** increased by €514 million compared with the second quarter of last year. This primarily reflects the increased profit before income taxes; an additional factor is that the previous year included gains from the reversal of impairments of deferred tax assets.

**Net profit** for the second quarter of 2015 amounts to €2,372 million (Q2 2014: €2,196 million). Net profit of €103 million is attributable to **non-controlling interests** (Q2 2014: €92 million). Net profit **attributable to the shareholders of Daimler AG** amounts to €2,269 million (Q2 2014: €2,104 million), representing **earnings per share** of €2.12 (Q2 2014: €1.97).

The calculation of earnings per share (basic) is based on an unchanged average number of outstanding shares of 1,069.8 million.

In the first six months of the year 2015, the **Daimler Group's** EBIT increased significantly to €6,624 million (Q1-2 2014: €4,882 million). ↗ C.03

The Mercedes-Benz Cars division was primarily responsible for the increase in earnings in the first half of 2015. This reflects in particular the further growth in unit sales. Daimler Trucks and Mercedes-Benz Vans also achieved significant earnings growth. Daimler Buses' earnings were below its high prior-year earnings, mainly due to the economic situation in Latin America. Daimler Financial Services' earnings increased significantly due mainly to the higher contract volume. The implemented efficiency programs and exchange-rate effects had a positive impact on operating profit.

Earnings in the first half of 2015 were also influenced by expenditure of €84 million connected with the restructuring of the Group's own sales organization and by €55 million from the sale of Atlantis Foundries (Pty.) Ltd. On the other hand, there was a gain of €87 million from the sale of a real-estate property in the United States. The first half of last year was affected in particular by a net gain of €489 million connected with the remeasurement and hedging of Daimler's shares in Tesla.

The **Mercedes-Benz Cars** division posted EBIT of €4,068 million for the first half of 2015, substantially higher than the prior-year figure of €2,592 million. Its return on sales was 10.0% (Q1-2 2014: 7.5%). ↗ C.03

The development of earnings primarily reflects the growth in unit sales in all regions. Strong contributions came from the new C-Class and the expanded range of compact cars. Mercedes-Benz Cars achieved earnings growth also as a result of better pricing and efficiency programs. Changes in exchange rates and interest rates had an additional positive impact on EBIT. Opposing effects on earnings resulted from the country and model-series structure, expenses for capacity expansions and advance expenditure for new technologies and vehicles.

The **automotive divisions** were also negatively affected by the restructuring of the Group's own sales organization in Germany. In this context, we refer to the information provided in Note 4 of the Notes to the Consolidated Financial Statements.

**Daimler Trucks** achieved EBIT of €1,154 million for the first half of this year, which is significantly higher than the prior-year figure of €796 million; the division's return on sales was 6.5% (Q1-2 2014: 5.3%). ↗ C.03

The positive development of earnings was mainly driven by increased unit sales in the NAFTA region and exchange-rate effects. The realization of further efficiency improvements and the settlement of a healthcare plan in the United States also had a positive impact on EBIT. There were opposing effects from lower unit sales in Latin America and Indonesia, expenses for capacity expansions and increased warranty costs. The sale of Atlantis Foundries (Pty.) Ltd. in South Africa resulted in an expense. EBIT was additionally reduced by workforce actions in the context of the ongoing optimization programs in Brazil.

With EBIT of €449 million for the first six months of the year, the **Mercedes-Benz Vans** division significantly surpassed its prior-year earnings (Q1-2 2014: €365 million). Its return on sales increased to 8.6% (Q1-2 2014: 7.8%). ↗ C.03

The main reasons for this development were a significant increase in demand in Europe and the NAFTA region as well as a very favorable product mix. Earnings were reduced, however, by exchange-rate effects. In the prior-year period, earnings were boosted by €61 million due to the reversal of an impairment on the carrying value of Daimler's interest in the Chinese joint venture Fujian Benz Automotive Corporation.

**Daimler Buses'** EBIT amounted to €91 million in the first half of 2015 (Q1-2 2014: €103 million) and was below the high level of the prior-year period due to the economic situation in Latin America. The division's return on sales was 4.8% (Q1-2 2014: 5.4%). ↗ C.03

The pleasingly strong business with complete buses in Europe, a more favorable product mix, efficiency improvements and positive exchange-rate effects partially offset the economic effects in Latin America.

**Daimler Financial Services** achieved first-half EBIT of €854 million, which is significantly higher than in the same period of last year (Q1-2 2014: €733 million). ↗ C.03

The main reasons for this development were the increased contract volume in all regions as well as the positive development of exchange rates. On the other hand, there were higher expenses related to the expansion of business operations.

Items included in the **reconciliation** from the EBIT of the divisions to Group EBIT had a net positive impact of €8 million in the first half of this year (Q1-2 2014: €293 million).

Items at the corporate level resulted in an expense of €14 million (Q1-2 2014: income of €280 million). The prior-year period was affected in particular by a gain of €718 million on the remeasurement of the shares in Tesla. However, that period was also affected by expenses of €229 million from hedging the Tesla share price and of €118 million from exercising the put option on the investment in Rolls-Royce Power Systems Holding GmbH.

The elimination of intra-group transactions resulted in income of €22 million in the first half of 2015 (Q1-2 2014: €13 million).

**Net interest expense** improved in the first half of the year by €100 million to €193 million (Q1-2 2014: €293 million). Expenses in connection with pension and healthcare benefit obligations were lower than in the prior-year period due to lower applicable interest rates. Other interest result improved due in particular to the successive expiry of refinancing at high interest rates.

The expense of €2,004 million entered under **income-tax expense** for the first half of 2015 increased by €701 million compared with the prior-year period, primarily due to the higher profit before income taxes. In both years, the income-tax expense was reduced by additional tax benefits. While the year 2014 included tax benefits from the reversal of impairments on deferred tax assets, the first quarter of 2015 includes tax benefits in connection with the tax assessment of previous years.

**Net profit** for the first six months of 2015 increased to €4,422 million (Q1-2 2014: €3,282 million). Profit attributable to **non-controlling interests** amounts to €190 million (Q1-2 2014: €151 million). Net profit of €4,232 million is attributable to the **shareholders of Daimler AG** (Q1-2 2014: €3,131 million). **Earnings per share** increased to €3.96 (Q1-2 2014: €2.93).

The calculation of earnings per share (basic) is based on an unchanged average number of outstanding shares of 1,069.8 million.

## Cash flows

**Cash provided by operating activities** ↗ C.05 amounted to €1.0 billion in the first half of 2015 (Q1-2 2014: €1.6 billion) The cash flow from operating activities was affected in particular by the implementation of our growth strategy. The increase in net profit before income taxes of €1.8 billion to €6.4 billion (Q1-2 2014: €4.6 billion) was more than offset by the renewed growth in new business from leasing and sales financing, which was €3.7 billion above the high level of the prior-year period. Positive effects resulted from the development of other operating assets and liabilities, in connection with business expansion and due in particular to higher dealer bonuses, cash inflows from sales with service and maintenance contracts, and sales with residual-value guarantees. There was also an impact in connection with value-added tax settlement. Furthermore, there were higher tax refunds in the first half of 2015 from the final tax assessment of previous years.

### C.05

**Condensed consolidated statement of cash flows**

| In millions of euros | Q1-2 2015 | Q1-2 2014 | Change |
|---|---|---|---|
| **Cash and cash equivalents at beginning of period** | **9,667** | 11,053 | -1,386 |
| Cash provided by operating activities | **1,002** | 1,641 | -639 |
| Cash used for investing activities | **-2,790** | -1,758 | -1,032 |
| Cash provided by/used for financing activities | **1,686** | -163 | 1,849 |
| Effect of exchange-rate changes on cash and cash equivalents | **278** | 21 | 257 |
| **Cash and cash equivalents at end of period** | **9,843** | 10,794 | -951 |

## C.06

**Free cash flow of the industrial business**

| In millions of euros | Q1-2 2015 | Q1-2 2014 | Change |
|---|---|---|---|
| Cash provided by operating activities | **6,681** | 4,082 | 2,599 |
| Cash used for investing activities | **-3,098** | -1,957 | -1,141 |
| Change in marketable debt securities | **-157** | -722 | 565 |
| Other adjustments | **-61** | 44 | -105 |
| Free cash flow of the industrial business | **3,365** | 1,447 | 1,918 |

## C.07

**Net liquidity of the industrial business**

| In millions of euros | June 30, 2015 | Dec. 31, 2014 | Change |
|---|---|---|---|
| Cash and cash equivalents | **8,822** | 8,341 | 481 |
| Marketable debt securities | **5,015** | 5,156 | -141 |
| **Liquidity** | **13,837** | 13,497 | 340 |
| Financing liabilities | **4,384** | 3,193 | 1,191 |
| Market valuation and currency hedges for financing liabilities | **214** | 263 | -49 |
| **Financing liabilities (nominal)** | **4,598** | 3,456 | 1,142 |
| **Net liquidity** | **18,435** | 16,953 | 1,482 |

## C.08

**Net debt of the Daimler Group**

| In millions of euros | June 30, 2015 | Dec. 31, 2014 | Change |
|---|---|---|---|
| Cash and cash equivalents | **9,843** | 9,667 | 176 |
| Marketable debt securities | **6,269** | 6,634 | -365 |
| **Liquidity** | **16,112** | 16,301 | -189 |
| Financing liabilities | **-94,428** | -86,689 | -7,739 |
| Market valuation and currency hedges for financing liabilities | **205** | 270 | -65 |
| **Financing liabilities (nominal)** | **-94,223** | -86,419 | -7,804 |
| **Net debt** | **-78,111** | -70,118 | -7,993 |

**Cash used for investing activities** ↗ C.05 amounted to €2.8 billion (Q1-2 2014: €1.8 billion). The change compared with the prior-year period resulted primarily from acquisitions and disposals of securities in the context of liquidity management. Those transactions resulted in a lower net cash inflow in the first half of 2015 than in the prior-year period. Cash used for investing activities was also impacted by higher investment in intangible assets and by the capital increases at our Chinese associated companies.

**Cash provided by / used for financing activities** ↗ C.05 resulted in a cash inflow of €1.7 billion (Q1-2 2014: cash outflow of €0.2 billion). The change resulted almost solely from the renewed increase in financing liabilities. There were opposing effects from increased dividend payments to the shareholders of Daimler AG and to minority shareholders of subsidiaries.

Cash and cash equivalents increased compared with December 31, 2014 by €0.2 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, decreased by €0.2 billion to €16.1 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business,** ↗ C.06 which is derived from the reported cash flows from operating and investing activities. The cash flows from the acquisition and sale of marketable debt securities included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

Other adjustments relate to additions to property, plant and equipment that are allocated to the Group as their beneficial owner due to the form of their underlying lease contracts. Furthermore, effects from the financing of dealerships within the Group are adjusted. In addition, the calculation of the free cash flow includes those cash flows to be shown under cash provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without the loss of control.

The free cash flow of the industrial business increased by €1.9 billion to €3.4 billion in the first half of 2015. This increase was primarily due to the higher profit contributions from the automotive divisions. Furthermore, positive effects resulted from the development of other operating assets and liabilities in connection with the expansion of business activities. In addition, there were tax refunds from the tax assessment of previous years. There was an opposing effect from the higher increase in working capital (defined as the net change in inventories, trade receivables and trade payables) in a total amount of €0.6 billion resulting from the implementation of our growth strategy. Increased investment in intangible assets and the capital increases carried out at our Chinese associated companies also reduced the free cash flow.

The **net liquidity of the industrial business** ↗ C.07 is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business. The Group's internal refinancing was of a higher volume than the financing liabilities originally taken on in the industrial business due to the application of the industrial business's own financial resources. This resulted in a positive value for the financing liabilities of the industrial business, thus increasing net liquidity, so the net liquidity of the industrial business exceeds the gross liquidity presented here.

Compared with December 31, 2014, the net liquidity of the industrial business increased from €17.0 billion to €18.4 billion. The increase mainly reflects the free cash flow of €3.4 billion and positive exchange-rate effects. The net liquidity of the industrial business was reduced by the dividend payments to the shareholders of Daimler AG (€2.6 billion) and to the minority shareholders of subsidiaries (€0.3 billion).

Net debt at Group level, which primarily results from refinancing the leasing and sales financing business, increased compared with December 31, 2014 by €8.0 billion to €78.1 billion. ↗ C.08

The Daimler Group once again utilized attractive conditions in the international money and capital markets for **refinancing** in the first half of 2015.

In the first half of 2015, Daimler had a cash inflow of €9.0 billion from the **issuance** of bonds, primarily in the US capital market (Q1-2 2014: €6.8 billion). The redemption of bonds resulted in cash outflows of €5.6 billion (Q1-2 2014: €5.8 billion). ↗ C.09

In the second quarter, we made use of the particularly favorable conditions in the US-dollar market for a bond issuance with a total volume of $3.0 billion.

In addition to the emissions shown in the table ↗ C.09, multiple smaller emissions were undertaken in various countries. In April for example, a bond was placed in the domestic capital market of the People's Republic of China, a so-called panda bond, with a volume of RMB 3.0 billion.

Furthermore, in January respectively April 2015, **asset-backed securities (ABS)** transactions were conducted in the United States and Canada with volumes of USD 1.0 billion and CAD 0.4 billion respectively.

## C.09
**Benchmark emissions**

| Issuer | Volume | Month of emission | Maturity |
|---|---|---|---|
| Daimler Finance North America | $250 million | Mar. 2015 | Mar. 2017 |
| Daimler Finance North America | $1,500 million | Mar. 2015 | Mar. 2018 |
| Daimler Finance North America | $1,250 million | Mar. 2015 | Mar. 2020 |
| Daimler Finance North America | $1,050 million | May 2015 | May 2018 |
| Daimler Finance North America | $1,300 million | May 2015 | May 2020 |
| Daimler Finance North America | $650 million | May 2015 | May 2025 |

## Financial position

The Group's **balance sheet total** increased compared with December 31, 2014 from €189.6 billion to €206.6 billion; the increase includes currency-translation effects of €6.4 billion. Daimler Financial Services accounts for €116.7 billion of the balance sheet total (December 31, 2014: €105.5 billion), equivalent to 56% of the Daimler Group's total assets, as at year-end 2014.

The increase in total assets after adjusting for exchange-rate effects is primarily due to the increased financial services business and the sales driven higher inventories. On the liabilities side of the balance sheet, there were increases primarily in financing liabilities and equity. Current assets account for 41% of total assets, at the prior-year level. Current liabilities are also unchanged at 35% of total equity and liabilities.

### C.10

**Condensed consolidated statement of financial position**

| In millions of euros | June 30, 2015 | Dec. 31, 2014 | % change |
|---|---|---|---|
| **Assets** | | | |
| Intangible assets | 9,640 | 9,367 | +3 |
| Property, plant and equipment | 23,540 | 23,182 | +2 |
| Equipment on operating leases and receivables from financial services | 106,243 | 94,729 | +12 |
| Equity-method investments | 2,933 | 2,294 | +28 |
| Inventories | 23,825 | 20,864 | +14 |
| Trade receivables | 9,230 | 8,634 | +7 |
| Cash and cash equivalents | 9,843 | 9,667 | +2 |
| Marketable debt securities | 6,269 | 6,634 | -6 |
| Other financial assets | 6,799 | 5,987 | +14 |
| Other assets | 8,244 | 8,277 | -0 |
| **Total assets** | 206,566 | 189,635 | +9 |
| **Equity and liabilities** | | | |
| Equity | 49,425 | 44,584 | +11 |
| Provisions | 26,279 | 28,393 | -7 |
| Financing liabilities | 94,428 | 86,689 | +9 |
| Trade payables | 12,147 | 10,178 | +19 |
| Other financial liabilities | 13,147 | 10,706 | +23 |
| Other liabilities | 11,140 | 9,085 | +23 |
| **Total equity and liabilities** | 206,566 | 189,635 | +9 |

**Intangible assets** of €9.6 billion include €7.5 billion of capitalized development costs and €0.7 billion of goodwill. The Mercedes-Benz Cars division accounts for 71% of the development costs and the Daimler Trucks division accounts for 20%.

**Property, plant and equipment** increased to €23.5 billion (December 31, 2014: €23.2 billion). In the first half of 2015, a total of €2.1 billion was invested for new products and technologies, the expansion of production capacities and modernization, primarily at our production and assembly sites. The sites in Germany accounted for investment in property, plant and equipment of €1.5 billion. Most of the increase in property, plant and equipment was caused by the effects of currency translation.

**Equipment on operating leases and receivables from financial services** increased to €106.2 billion (December 31, 2014: €94.7 billion). €4.4 billion of the increase is the result of currency translation. The increase after adjusting for exchange-rate effects reflects the growth in new business at Daimler Financial Services, especially in the United States, China, South Korea and Western Europe. Those assets' share of total assets of 51% is above the level of year-end 2014 (50%).

**Equity-method investments** of €2.9 billion (December 31, 2014: €2.3 billion) mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd. (BBAC) and BAIC Motor Corporation Ltd. in the area of cars, and in Beijing Foton Daimler Automotive Co., Ltd. and Kamaz OAO in the truck business. The increase reflects the capital increase at BBAC and the positive proportionate earnings.

**Inventories** increased from €20.9 billion to €23.8 billion, equivalent to 12% of total assets, slightly higher than at the end of 2014 (11%). Apart from exchange-rate effects of €0.7 billion, the increase reflects the Group's continued growth and the continuation of the model offensive. This led to higher stocks of new vehicles, especially at the Mercedes-Benz Cars division.

**Trade receivables** increased by €0.6 billion to €9.2 billion. The Mercedes-Benz Cars division accounts for 47% of those receivables and the Daimler Trucks division accounts for 32%.

**Cash and cash equivalents** increased compared with the end of the year 2014 by €0.2 billion to €9.8 billion.

**Marketable debt securities** decreased compared with December 31, 2014 from €6.6 billion to €6.3 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are publicly traded. They generally have an external rating of A or better.

**Other financial assets** increased by €0.8 billion to €6.8 billion. They mainly comprise investments – in Renault and Nissan for example – and derivative financial instruments, as well as loans and other receivables due from third parties. The change reflects the positive development of listed equity instruments.

**Other assets** of €8.2 billion (December 31, 2014: €8.3 billion) primarily comprise deferred tax assets and tax refund claims.

The Group's **equity** increased compared with December 31, 2014 from €44.6 billion to €49.4 billion. The increase is mainly a result of the net profit of €4.4 billion. It also reflects the positive effects of currency translation (€1.8 billion) and the measurement of the investments in Renault and Nissan (€0.6 billion). Other factors are the actuarial gains on defined-benefit pension plans (€2.4 billion) and positive effects of €0.4 billion connected with the tax assessment of previous years. There were negative effects from the payment of the dividend to the shareholders of Daimler AG in an amount of €2.6 billion and from the measurement of derivative financial instruments (€1.4 billion). Equity attributable to the shareholders of Daimler AG increased to €48.5 billion (December 31, 2014: €43.7 billion). The Group's **equity ratio** of 23.9% was higher than at the end of 2014 (22.1%); the equity ratio for the industrial business was 45.3% (December 31, 2014: 40.8%).

**Provisions** decreased to €26.3 billion (December 31, 2014: €28.4 billion); as a proportion of the balance sheet total, they amount to 13%, which is below the prior-year level (15%). Adjusted for exchange-rate effects, provisions decreased by €2.6 billion. They primarily comprise provisions for pensions and similar obligations of €10.5 billion (December 31, 2014: €12.8 billion), which mainly consist of the difference between the present value of defined benefit pension obligations of €28.2 billion (December 31, 2014: €30.1 billion) and the fair value of the pension plan assets applied to finance those obligations of €18.9 billion (December 31, 2014: €18.6 billion). The increase in discount rates, especially for the German plans from 1.9% at December 31, 2014 to 2.5% at June 30, 2015, led to a decrease in the present value of the defined benefit pension obligations. Provisions also relate to liabilities from income taxes of €1.6 billion (December 31, 2014: €1.6 billion), from product warranties of €5.2 billion (December 31, 2014: €5.0 billion) and from personnel and social costs of €3.6 billion (December 31, 2014: €3.9 billion), as well as other provisions of €5.5 billion (December 31, 2014: €5.1 billion).

**Financing liabilities** of €94.4 billion were above the level of December 31, 2014 (€86.7 billion). As well as currency effects of €2.7 billion, the increase primarily reflects the refinancing of the growing leasing and sales-financing business. 51% of the financing liabilities are accounted for by notes/bonds, 27% by liabilities to financial institutions, 11% by deposits in the direct banking business, and 7% by liabilities from ABS transactions.

**Trade payables** increased to €12.1 billion (December 31, 2014: €10.2 billion), primarily due to the higher volume of business. The Mercedes-Benz Cars division accounts for 61% of those payables and the Daimler Trucks division accounts for 26%.

**Other financial liabilities** of €13.1 billion were higher than the level of €10.7 billion at December 31, 2014. They mainly consist of liabilities from derivative financial instruments, residual value guarantees, accrued interest expenses on financing liabilities, liabilities from wages and salaries, and deposits received. The increase is due not only to the effects of currency translation of €0.8 billion, but in particular also to increased liabilities from derivative financial instruments.

**Other liabilities** increased from €9.1 billion to €11.1 billion. They consist mainly of deferred income of €7.0 billion (December 31, 2014: €6.0 billion), tax liabilities and deferred taxes.

Further information on the Group's assets, equity and liabilities is provided in the consolidated statement of financial position, the consolidated statement of changes in equity and the relevant notes in the Notes to the Interim Consolidated Financial Statements.

## Capital expenditure and research activities

The Daimler Group invested €2.1 billion in property, plant and equipment in the first six months of this year (Q1-2 2014: €2.1 billion). Most of that investment volume, €1.6 billion, was at the Mercedes-Benz Cars division (Q1-2 2014: €1.6 billion). The main area of capital expenditure was on production preparations for new models, in particular the new E-Class and its derivatives, the additional derivatives of the C-Class and investments for new transmissions and engine versions. Another area of capital expenditure was for the ongoing expansion of our international production and component plants.

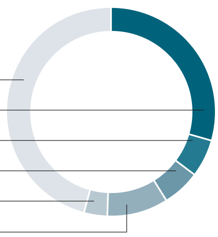
The Daimler Group's research and development spending in the first half of the year amounted to €3.1 billion (Q1-2 2014: €2.7 billion), of which €0.8 billion was capitalized (Q1-2 2014: €0.5 billion). More than two thirds of the research and development spending was at the Mercedes-Benz Cars segment. The main areas were new vehicle models, particularly fuel-efficient and environmentally friendly drive systems and new safety technologies.

## Workforce

At the end of the second quarter of 2015, Daimler employed 284,441 people worldwide (end of 2014: 279,972). Of that total, 171,603 were employed in Germany (end of 2014: 168,909), 24,271 in the United States (end of 2014: 22,833), 11,854 in Brazil (end of 2014: 12,313) and 11,379 in Japan (end of 2014: 11,400). Our consolidated companies in China had 2,941 employees at the end of June 2015 (end of 2014: 2,664). ↗ C.11

**C.11**
**Employees by division**

| | |
|---|---|
| Daimler Group | 284,441 |
| Mercedes-Benz Cars | 130,878 |
| Daimler Trucks | 83,295 |
| Mercedes-Benz Vans | 16,981 |
| Daimler Buses | 16,549 |
| Daimler Financial Services | 9,610 |
| Group Functions & Services | 27,128 |



## Important events

### Changes in the Board of Management and the Supervisory Board

As of the end of the Annual Shareholders' Meeting held on April 1, 2015, the period of office ended of Dr. Paul Achleitner as a member of the Supervisory Board. The Annual Shareholders' Meeting reelected Dr. Paul Achleitner, Chairman of the Supervisory Board of Deutsche Bank AG, as a member of the Supervisory Board of Daimler AG representing the shareholders. His new period of office began at the end of the Annual Shareholders' Meeting in 2015 and ends with the Annual Shareholders' Meeting in 2020.

### Daimler Trucks puts first autonomously driving truck on public roads

On May 5, 2015, Daimler Trucks became the first manufacturer worldwide to have a truck approved for road use in autonomous driving mode. The US state of Nevada certified two Freightliner Inspiration Trucks for regular use on public roads. Already in July last year, Daimler Trucks carried out the world's first test of an autonomously driving truck with the Mercedes-Benz Future Truck 2025 on a closed section of the A14 autobahn near Magdeburg. The Freightliner Inspiration Truck is based on the standard US model Freightliner Cascadia Evolution, with the addition of Highway Pilot technology. This includes a front radar and a stereo camera as well as tried-and-tested assistance systems such as Adaptive Cruise Control+ from the Mercedes-Benz Actros. The technology was further developed for the approval for use on public roads in Nevada. With the Freightliner Inspiration Truck, Daimler is once again underscoring its technology leadership and is showing how society, environment and the economy can benefit from autonomously driving trucks.

## Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group as well as detailed information on our risk and opportunity management system are presented on pages 132 to 145 of our Annual Report 2014. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report.

At the beginning of the third quarter of 2015, the risks for the world economy have tended to become rather more serious. This is primarily a reflection of more serious political risks in connection with the Greece crisis, a potential escalation of the situation between Russia and the Western nations, and tension in the Middle East. Although the probability of Greece's direct exit from the monetary union has decreased somewhat with the results of the recent negotiations, there is still a high degree of uncertainty about ongoing developments. Above all, the dangers for financial markets from the Greece crisis represent a considerable risk for the economic development of the euro zone. On the other hand, the risks for Daimler of Greece's exit from the euro zone are primarily limited to the general economic effects and increased volatility in the financial markets. In particular those economies that depend on the inflow of capital because of foreign-trade imbalances remain sensitive to exchange-rate volatilities and growth slowdowns. In the United States, the expected change in monetary policy could lead to unforeseen effects, especially on investment. Although the threat of deflation in the European Monetary Union seems to be subsiding, if this danger returns, the negative impact on domestic demand could be significant. Due to its growing global importance, a "hard landing" of the Chinese economy would have considerable negative effects on the world economy. The impact of the volatility of stock markets in China also represents a risk for the Chinese economy. Furthermore, in connection with the very expansive monetary policy of the European Central Bank, there is growing concern about the extent to which this has increased the danger of speculative bubbles in stock and bond markets. Greater turbulence in the financial markets would then have a direct impact on the economic outlook. Opportunities consist on the one hand of the rapid economic recovery of the emerging markets, and on the other hand of a strong revival of the euro zone's economy. A sustained reduction in tension in the Middle East would also have a positive impact on the world economy.

Apart from the aforementioned factors, our assessment of risks and opportunities has not changed significantly since the publication of Annual Report 2014.

## Outlook

At the beginning of the third quarter, there are still good prospects that the **world economy** will continue its expansion. But global indicators of business sentiment suggest that the currently rather moderate growth rate will hardly change. Although there is likely to be ongoing support from most central banks and from raw-material prices during the rest of the year, there are currently no major economies that seem likely to expand at a rate significantly above their trend growth rates. This has less to do with the industrialized countries, which should achieve growth in gross domestic product (GDP) of 2% this year. The moderate rate of expansion of the world economy is primarily due to the weak development of the emerging markets, which will probably lose another half a percentage point of their growth this year and thus drop below 4% for the first time since the financial crisis of 2008/2009. Amongst the industrialized countries, above all the US economy should continue to deliver important growth impetus. Most analysts continue to assume that the US Federal Reserve will increase the federal funds rate once again in the second half of the year. But in view of the economically weak start to the year in the United States and the fragile world economy, the timing of the interest-rate rise is likely to be later rather than earlier. The possible impact on domestic demand should therefore remain limited, allowing an increase in GDP of between 2 and 2.5%. From today's perspective, the economic outlook for the euro zone seems to be for a continuous upward trend, mainly driven by private consumption. The uncertainty in connection with the Greece crisis is having a negative impact at the beginning of the third quarter – especially on investment – and are thus preventing any stronger acceleration. But in general, it can be assumed that the euro zone will probably achieve GDP growth in the full year of approximately 1.5%. The Japanese economy should grow faster than last year, but its expansion will continue to be very moderate at a rate of about 1.0%,. The ongoing development in China remains crucial for the world economy. But although we assume that the country's overall growth rate will continue to fall, we also still expect the political decision makers to succeed in restructuring the economy by timely countermeasures and fine tuning, thus avoiding an excessive slowdown. The economic development of the South American economies will remain extremely difficult. In Brazil, Argentina and Venezuela, GDP will probably even contract. The most negative factor in 2015 is likely to be the development of the Russian economy, for which we continue to expect a pronounced recession. Overall, we anticipate moderate growth of the world economy in the magnitude of 2.7%.

Due to the continuation of rather moderate global growth rates and the pronounced market weakness of some major emerging economies, **worldwide demand for cars** is likely to rise by only about 2% according to current estimates. Demand in China, the world's biggest car market, should grow again significantly and make by far the biggest contribution to global growth. The US market should also show solid development. Although total unit sales have meanwhile returned to the pre-crisis level and are thus close to market saturation, slight growth to up to 17 million units is to be expected once again in 2015. This means that as many cars and light trucks will probably be sold as in 2005. In Western Europe, an ongoing demand revival is to be expected, taking place on an increasingly broad base. The market of the United Kingdom should grow again significantly from its already high level. In Germany and France, growth is likely to be moderate in relation to the comparatively weak prior-year level. The Japanese market has been at an artificially high level for several years as a result of various special effects. For the year 2015, a correction is therefore expected with a lower level of demand. The picture for the major emerging markets excluding China remains varied in 2015. A recovery of demand for cars is anticipated in India. In Russia, however, a drastic fall in car sales must be expected due to the country's severe economic crisis. As demand has continued to weaken also for premium automobiles, a substantial decrease in total sales must be expected also in that segment.

In the worldwide market for **medium- and heavy-duty trucks**, another drop in demand is expected in 2015 following last year's significant decrease. Furthermore, the situation will remain varied from one region to another. Market prospects are the most promising in the NAFTA region and Europe. In North America, the main economic indicators suggest that demand for trucks will remain favorable despite a slight cooling off, so the market should expand by between 10 and 15%. Thanks to the increasingly robust economic recovery in Europe, we meanwhile anticipate market growth of between 10 and 15% also in this region. Market conditions in Brazil are extremely unfavorably, however. Starting from a low level, we must now assume that demand will fall again severely by about 40%. The Japanese market for light-, medium- and heavy-duty trucks appears to be relatively robust despite the country's sluggish economy, so we anticipate a market volume in 2015 in the magnitude of the previous year. But following a very weak start to the year in Indonesia, we must assume that demand there will be about 20% lower than in 2014. The deep recession in Russia will continue to affect the market, so demand is likely to fall sharply once again. But a significant market recovery is anticipated in India, thanks to the slightly improved economic prospects there. Demand for trucks in China is currently under pressure due to the introduction of the CN4 emissions standards (similar to Euro IV). We therefore expect the market to contract significantly compared with its prior-year level.

We now assume that the market for medium-sized and large **vans** in Europe will grow significantly in 2015, as will the market for small vans. We anticipate significant growth in the US market for large vans, while in China, we foresee demand at the level of the previous year in the market we address there. In Latin America, we expect significant contraction in the market for large vans.

We anticipate a market volume for **buses** in Europe in 2015 that is slightly above the very low level of the previous year. In Brazil, demand for buses is likely to decrease by at least 25% this year.

On the basis of the divisions' planning, Daimler expects its **total unit sales** to increase significantly in 2015.

After the best-ever first half of a year for **Mercedes-Benz Cars**, we intend to achieve significant growth in unit sales also in full-year 2015. This will be driven in part by the new member of the compact-car family, the new generation of the A-Class. It can be ordered as of July and will be in the showrooms as of September. Another highlight in the third quarter will be the world premiere of the new C-Class Coupe in August. As part of the SUV offensive, the GLE Coupe will be followed in September by another two models: the new generation of the GLE and the GLC. The two smart models will also contribute to a significant increase in unit sales; they will be available in all key markets this year and can also be ordered with the twinamic double-clutch transmission.

**Daimler Trucks** anticipates a significant increase in unit sales in full-year 2015. In Western Europe, we expect further growth in investment activity, accompanied by rising demand for trucks to replace older models. We therefore anticipate a significant positive development of unit sales in this region. Because of the coming introduction of Euro VI emission standards in Turkey in 2016, we anticipate a significant number of purchases being brought forward to the year 2015. However, the general economic situation and unfavorable financing conditions in Brazil are still depressing investment activity, so we expect a significant decrease in unit sales also in the coming months. On the other hand, along with a positive development of the overall market in the NAFTA region, our unit sales there should be significantly higher than in 2014. Our successful products should also continue to ensure our market leadership in the region. In Asia, we anticipate overall unit sales at about the same level as last year. We expect unit sales in Japan to increase slightly. In India, due to the steadily growing BharatBenz model range and the further expansion of our dealer network, we anticipate significant growth in our unit sales. Furthermore, the expanded range of FUSO vehicles from Chennai should stimulate additional sales growth outside India. In Indonesia, weak demand in the market as a whole is also reflected in our unit sales, which we therefore expect to continue decreasing in the full year.

**Mercedes-Benz Vans** plans to achieve significant growth in unit sales in 2015. In Europe, our core market, we anticipate significant increases in sales of medium-sized and large vans. This development is likely to be primarily driven by the new Vito for commercial use and the V-Class multipurpose vehicle for private use. Both those models are now fully available following their launch in 2014. We anticipate a significant increase in unit sales also in the NAFTA region. In the context of our "Mercedes-Benz Vans goes global" strategy for the division, we will launch the Vito in North and South America this year, stimulating additional demand there. We aim to achieve further growth in those markets also with the Sprinter, which we will produce also in North America in the future.

**Daimler Buses** assumes that it will be able to defend its market leadership in its core markets for buses above 8 tons. For the year 2015, we anticipate a significant decrease in total unit sales for market-related reasons. We expect unit sales to fall significantly in Latin America, while we anticipate a stable development in Europe.

**Daimler Financial Services** anticipates significant growth in both new business and contract volume in the year 2015. This will result from the growth offensives of the automotive divisions, the specific targeting of younger customers, the expansion of business especially in Asia, and the further development of our online sales channels. We will also systematically expand our range of mobility services.

We assume that the **Daimler Group's revenue** will increase significantly in 2015. In regional terms, we anticipate the strongest growth in Asia and North America.

On the basis of the anticipated market development and the planning of our divisions, we assume that **EBIT from the ongoing business** will increase significantly in 2015.

For the individual divisions, we expect to achieve the following EBIT from the ongoing business in full-year 2015:
– Mercedes-Benz Cars: significantly above the prior-year level,
– Daimler Trucks: significantly above the prior-year level,
– Mercedes-Benz Vans: significantly above the prior-year level,
– Daimler Buses: significantly below the prior-year level, and
– Daimler Financial Services: significantly above the prior-year level.

The anticipated development of earnings in the automotive divisions will have a positive impact on the **free cash flow of the industrial business** in 2015. Although we will continue our product and growth offensive with high expenditure for property, plant and equipment and technical development, we now assume that the free cash flow of the industrial business will be in the magnitude of 2014 and thus significantly higher than the dividend payment in 2015.

In order to achieve our ambitious growth targets, we will once again slightly increase our already very high **investment in property, plant and equipment** in the year 2015 (2014: €4.8 billion). In addition to capital expenditure, we are developing our position in the emerging markets by means of targeted financial investments in joint ventures and equity interests.

With our **research and development activities,** we anticipate a total volume significantly above the previous year's spending of €5.7 billion. Key projects include the successor models of the E-Class and the GL and GLE SUVs. In addition, we are investing in all automotive divisions in new, low-emission and fuel-efficient engines, alternative drive systems, innovative safety technologies, autonomous driving and digital connectivity.

From today's perspective, we assume that the **number of employees** worldwide will increase slightly compared with year-end 2014.

**Forward-looking statements:**

# Mercedes-Benz Cars.

**Record unit sales of 500,700 vehicles in second quarter (Q2 2014: 418,700)**
**World premiere of the new GLC**
**Successful start of Fit for Leadership Next Stage**
**Substantial increase in EBIT to €2,227 million (Q2 2014: €1,409 million)**

**D.01** Q2

| Amounts in millions of euros | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| EBIT | 2,227 | 1,409 | +58 |
| Revenue | 21,136 | 17,771 | +19 |
| Unit sales | 500,694 | 418,685 | +20 |
| Production | 503,950 | 406,639 | +24 |
| Employees | 130,878 | 129,106[1] | +1 |

1 As of December 31, 2014.

**D.02** Q2

| Unit sales | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| Total | 500,694 | 418,685 | +20 |
| Western Europe | 200,939 | 171,900 | +17 |
| Germany | 78,689 | 73,221 | +8 |
| United States | 90,383 | 81,914 | +10 |
| China | 91,152 | 68,061 | +34 |
| Other markets | 118,220 | 96,810 | +22 |

**Strongest quarterly unit sales so far**
Mercedes-Benz Cars' second-quarter unit sales increased by 20% to 500,700 vehicles. This makes the past three months the best-selling quarter so far. The division's revenue rose by 19% to €21.1 billion and its EBIT amounted to €2,227 million (Q2 2014: €1,409 million).

In Western Europe (excluding Germany), Mercedes-Benz Cars continued along its successful path with sales of 122,300 units, representing an increase of 24%. The region's unit sales were boosted significantly by the United Kingdom (+28%) and Italy (+37%). In the highly competitive German market, Mercedes-Benz and smart performed well with sales of 78,700 vehicles (+7%). In the United States, Mercedes-Benz Cars achieved a new record for the second quarter with sales of 90,400 units (+10%). In China, unit sales increased by 34% to 91,200 vehicles. Growth rates in Japan and South Korea were even higher (+54% and +71% respectively).

**Compact cars and C-Class are the growth drivers**
In the second quarter of this year, Mercedes-Benz sold 110,300 cars of the A-/B-Class, which is 13% more than in the prior-year period. 112,700 units of the C-Class were sold (+66%), while sales of the E-Class totaled 80,400 units in the year before the model change (Q2 2014: 88,600). We achieved a new record with the S-Class, selling 28,200 sedans and coupes (+5%). From April through June, worldwide sales of the GL-Class (including the GLA, GLK/GLC, ML/GLE, GL/GLS and G-Class) rose by 20% to a new high of 127,500 units. The success of the new smart fortwo and smart forfour continued in the second quarter with sales of 33,900 units, which is 46% more than in the prior-year period.

**World premiere in the SUV segment**
The GLC had its world premiere in June. Visually, the car's body follows the design language that was presented in the spring with the Concept GLC Coupe show car, and which sets a pattern for future SUVs.

**Expansion of global production network**
Our assembly and component plants continue to operate at high levels of capacity utilization. With the start of production of the new GLC at the Mercedes-Benz plant in Bremen, the upgraded models of the GLE in Tuscaloosa and the A-Class in Rastatt, we have renewed our manufacturing portfolio.
In addition, we are continuously expanding our global production network in line with our growth strategy. One example is the start of production of the GLA SUV at the assembly plant in Pune (India).

**Successful start of Fit for Leadership Next Stage**
Phase Two of the program has started successfully. Its objectives are to optimize the business system of Mercedes-Benz Cars and to create the right structures for the growth targeted in the context of Mercedes-Benz 2020.

**D.03** Q1-2

| Amounts in millions of euros | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| EBIT | 4,068 | 2,592 | +57 |
| Revenue | 40,645 | 34,775 | +17 |
| Unit sales | 960,402 | 808,161 | +19 |
| Production | 998,920 | 814,097 | +23 |
| Employees | 130,878 | 129,106[1] | +1 |

1 As of December 31, 2014.

**D.04** Q1-2

| Unit sales | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| Total | 960,402 | 808,161 | +19 |
| Western Europe | 377,284 | 324,229 | +16 |
| Germany | 144,083 | 132,327 | +9 |
| United States | 178,097 | 158,765 | +12 |
| China | 178,578 | 138,404 | +29 |
| Other markets | 226,443 | 186,763 | +21 |

# Daimler Trucks.

**Sales of 125,100 units at prior-year level (Q2 2014: 126,100)**
**Daimler Trucks puts first autonomously driving truck onto public roads**
**Expansion of connectivity activities: strategic investment in Zonar Systems**
**EBIT of €682 million (Q2 2014: €455 million) reaches a new high**

**D.05** Q2

| Amounts in millions of euros | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| EBIT | 682 | 455 | +50 |
| Revenue | 9,441 | 7,966 | +19 |
| Unit sales | 125,113 | 126,066 | -1 |
| Production | 126,972 | 127,651 | -1 |
| Employees | 83,295 | 82,743[1] | +1 |

1 As of December 31, 2014.

**D.06** Q2

| Unit sales | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| Total | 125,113 | 126,066 | -1 |
| Western Europe | 15,234 | 13,241 | +15 |
| NAFTA region | 49,388 | 41,142 | +20 |
| Latin America (excluding Mexico) | 8,549 | 11,931 | -28 |
| Asia | 35,416 | 42,838 | -17 |
| Other markets | 16,526 | 16,914 | -2 |
| BFDA (Auman Trucks) | 18,929 | 31,242 | -39 |
| Total (including BFDA) | 144,042 | 157,308 | -8 |

**Best quarterly EBIT for Daimler Trucks**
Daimler Trucks' second-quarter unit sales of 125,100 vehicles were at the level of the prior-year period. Revenue increased to €9.4 billion (+19%). EBIT of €682 million reached a new high (Q2 2014: €455 million).

**NAFTA and Western Europe on growth path**
Lower unit sales in Latin America and Indonesia were mainly offset by increased sales in the NAFTA region and Western Europe. In the NAFTA region, Daimler Trucks reached a sales record of 49,400 vehicles. The increase of 20% compared with the prior-year quarter was driven not only by the generally strong market development. A major factor was that we succeeded in further extending our market leadership in Classes 6 to 8 to a share of 37.3% (Q2 2014: 36.0%).

Sales of 15,200 units in Western Europe were significantly higher than in the second quarter of last year (+15%). Despite lower market shares of 20.0% in Western Europe (Q2 2014: 26.2%) and 31.1% in Germany (Q2 2014: 43.1%), our Mercedes-Benz trucks defended their market leadership in an environment of aggressive pricing. In Turkey, sales of 6,600 units were at prior-year level (Q2 2014: 6,500).

Due to the difficult economic conditions in Latin America, unit sales in that region decreased significantly to 8,500 vehicles (Q2 2014: 11,900). In Brazil, the main market of the region, sales fell by 52% to 4,400 units. Nonetheless, we achieved a market share of 26.2% in the medium- and heavy-duty segment (Q2 2014: 25.7%).

In Asia, our sales of 35,400 units were significantly below the prior-year level (Q2 2014: 42,800). This was almost solely the result of a market-related drop in unit sales in Indonesia of 51% to 9,500 vehicles. In Japan and India, Daimler Trucks increased its unit sales to 10,400 and 3,000 vehicles respectively (+16% and +14%). The market share of Bharat-Benz in the segment of medium- and heavy-duty trucks in India improved to 7.9% (Q2 2014: 6.0%). The product portfolio of BharatBenz is being expanded again with the new heavy-duty truck BharatBenz 3143, which is designed for use on mining and construction sites.

**Autonomously driving truck approved for road use in the USA**
Daimler Trucks is the first manufacturer worldwide to have a truck approved for road use in autonomous driving mode: the Freightliner Inspiration Truck in the state of Nevada. This truck is equipped with the intelligent Highway Pilot System for autonomous driving.

**Investment in US telematics provider**
Daimler Trucks has invested in Zonar Systems Inc., a leading North American provider of logistics, telematics and connectivity solutions, thus consistently implementing its strategy in the field of digital connectivity.

**Mercedes-Benz trucks attain top placings**
In a readers' poll on the best commercial vehicles carried out by the EuroTransportMedia publishing house, the readers voted the Mercedes-Benz products Atego, Antos, Actros and Arocs as the winners of their respective categories. This year's Green Truck Award was won by the Mercedes-Benz Actros, which features lower fuel consumption than its competitors.

**D.07** Q1-2

| Amounts in millions of euros | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| EBIT | 1,154 | 796 | +45 |
| Revenue | 17,855 | 15,087 | +18 |
| Unit sales | 237,537 | 234,595 | +1 |
| Production | 249,208 | 249,745 | -0 |
| Employees | 83,295 | 82,743[1] | +1 |

1 As of December 31, 2014.

**D.08** Q1-2

| Unit sales | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| Total | 237,537 | 234,595 | +1 |
| Western Europe | 26,687 | 24,873 | +7 |
| NAFTA region | 90,232 | 75,700 | +19 |
| Latin America (excluding Mexico) | 15,785 | 22,082 | -29 |
| Asia | 72,693 | 83,478 | -13 |
| Other markets | 32,140 | 28,462 | +13 |
| BFDA (Auman Trucks) | 34,831 | 57,885 | -40 |
| Total (including BFDA) | 272,368 | 292,480 | -7 |

# Mercedes-Benz Vans.

**Best-ever unit sales of 81,600 vehicles (Q2 2014: 76,000) in second quarter**
**Mercedes-Benz Vans continues along on its growth path**
**New Vito is second world vehicle from the van division**
**EBIT of €234 million (Q2 2014: €242 million)**

**D.09** Q2

| Amounts in millions of euros | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| EBIT | 234 | 242 | -3 |
| Revenue | 2,829 | 2,494 | +13 |
| Unit sales | 81,611 | 76,009 | +7 |
| Production | 86,507 | 81,487 | +6 |
| Employees | 16,981 | 15,782[1] | +8 |

1 As of December 31, 2014.

**D.10** Q2

| Unit sales | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| Total | 81,611 | 76,009 | +7 |
| Western Europe | 54,254 | 49,579 | +9 |
| Germany | 22,550 | 21,526 | +5 |
| Eastern Europe | 7,847 | 6,412 | +22 |
| NAFTA | 10,337 | 8,662 | +19 |
| Latin America (excluding Mexico) | 3,778 | 4,030 | -6 |
| China | 1,909 | 3,877 | -51 |
| Other markets | 3,486 | 3,449 | +1 |

**New record levels of unit sales and revenue**
Mercedes-Benz Vans increased its unit sales in the second quarter of 2015 by 7% to a new high for a second quarter of 81,600 vehicles. Revenue rose by 13% to €2.8 billion. EBIT reached €234 million (Q2 2014: €242 million).

**Mercedes-Benz Vans continues along its growth path**
In its core region of Western Europe, Mercedes-Benz Vans achieved further significant growth in unit sales of 9% to 54,300 vehicles. Demand was particularly strong for our attractive products in the major markets of Western Europe, with strong growth in France (+9%), Spain (+19%) and Italy (+31%). Sales increased also in Germany, the domestic market, to the number of 22,600 units (+5%). Primarily due to the high level of demand in Turkey, unit sales in Eastern Europe grew by 22% to 7,800 vehicles. There was a continuation of the positive development of unit sales in the NAFTA region: Mercedes-Benz Vans sold substantially more Sprinter vans than in the prior-year period in Canada (+46%) and sales in the United States increased by 12% to 8,000 units. The market environment remained difficult in Latin America, where unit sales were down by 6% compared with the second quarter of last year. A doubling of unit sales in Argentina did not offset the sharp decrease in Brazil. In China, sales of 1,900 units (Q2 2014: 3,900) were significantly below the prior-year period, primarily due to the upcoming model change for the medium-sized vans.

The market success was driven in particular by our new products in the segment of mid-sized vans, where we achieved overall growth in unit sales of 24% to 27,700 vehicles in the second quarter. The V-Class multipurpose vehicle continued to be very popular with our customers, with sales of 8,200 units in the second quarter (Q2 2014: 6,300). Increased demand for our urban delivery van also had a positive impact: Mercedes-Benz Vans sold 5,400 units of the Mercedes-Benz Citan – an increase of 7% compared with the prior-year period. The Sprinter accounted for sales of 48,600 units (Q2 2014: 48,700).

**The new Vito: the second world vehicle from Mercedes-Benz Vans**
Following the Mercedes-Benz Sprinter, we are making the new Vito into our second world van. In March, Mercedes-Benz Vans presented the medium-sized van under the name Metris for the North American market. In June, after the premiere of the new Vito at the Buenos Aires International Motor Show, it successfully went into production at the Centro Industrial Juan Manuel Fangio Mercedes-Benz plant near Buenos Aires. So with the Vito, an additional model from Mercedes-Benz Vans is utilizing the potential of the North and South American market.

**Special model: “Edition Sprinter”**
The Sprinter celebrated its 20th birthday this year. To mark the occasion, Mercedes-Benz Vans launched the jubilee “Edition Sprinter” version, a special model produced in a limited number. The “Edition Sprinter” is available as a panel van or a crew van and went into production at the Mercedes-Benz plant in Düsseldorf in June. The jubilee Sprinter can be ordered in 19 European countries from Sweden to Spain and all engine versions are available.

**D.11** Q1-2

| Amounts in millions of euros | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| EBIT | 449 | 365 | +23 |
| Revenue | 5,244 | 4,706 | +11 |
| Unit sales | 145,416 | 137,128 | +6 |
| Production | 161,229 | 155,426 | +4 |
| Employees | 16,981 | 15,782[1] | +8 |

1 As of December 31, 2014.

**D.12** Q1-2

| Unit sales | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| Total | 145,416 | 137,128 | +6 |
| Western Europe | 95,974 | 88,636 | +8 |
| Germany | 40,551 | 37,183 | +9 |
| Eastern Europe | 14,829 | 12,406 | +20 |
| NAFTA | 17,877 | 14,982 | +19 |
| Latin America (excluding Mexico) | 7,436 | 7,677 | -3 |
| China | 2,801 | 6,572 | -57 |
| Other markets | 6,499 | 6,855 | -5 |

# Daimler Buses.

**Unit sales below prior-year level at 7,300 buses and bus chassis**
**Continuation of strong demand for complete buses in Europe**
**New bus plant in growth market India**
**EBIT above prior-year level at €57 million (Q2 2014: €50 million)**

**D.13** Q2

| Amounts in millions of euros | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| EBIT | 57 | 50 | +14 |
| Revenue | 1,037 | 1,048 | -1 |
| Unit sales | 7,341 | 8,097 | -9 |
| Production | 7,972 | 8,855 | -10 |
| Employees | 16,549 | 16,631[1] | -0 |

1 As of December 31, 2014.

**D.14** Q2

| Unit sales | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| Total | 7,341 | 8,097 | -9 |
| Western Europe | 1,769 | 1,706 | +4 |
| Germany | 691 | 728 | -5 |
| Mexico | 945 | 998 | -5 |
| Latin America (excluding Mexico) | 3,307 | 4,290 | -23 |
| Asia | 242 | 311 | -22 |
| Other markets | 1,078 | 792 | +36 |

**EBIT above prior-year level**
Daimler Buses' unit sales of 7,300 buses and bus chassis were below the number of 8,100 units sold in the second quarter of last year. Growth in Western Europe and Turkey due to increased demand for complete buses partially offset the fall in unit sales of bus chassis in Latin America. Revenue of €1.0 billion was at the prior-year level. EBIT improved to €57 million (Q2 2014: €50 million).

**Lower unit sales in Latin America**
Daimler Buses' growth in unit sales of complete buses continued in the second quarter of 2015 due to the positive development of demand in Western Europe and Turkey. In Western Europe, 1,800 units of the Mercedes-Benz and Setra brands were sold (Q2 2014: 1,700). The division clearly maintained its market leadership in Germany, the domestic market, although sales of 700 units were below the very high level of the prior-year period. In Turkey, we sold 400 units (Q2 2014: 200).

In Latin America (excluding Mexico), sales of 3,300 bus chassis in the reporting period were significantly lower than in the previous year (Q2 2014: 4,300). The difficult economic situation in Brazil, the region's biggest market, had a very negative impact on demand for chassis. In Mexico, we sold 900 units (Q2 2014: 1,000).

**New bus plant in growth market India**
A new bus plant was opened in the second quarter of 2015 at the production site in Chennai, India. Under the BharatBenz brand, front-engine buses with bodies from Wrightbus, a British manufacturer, will be available to meet the needs of the Indian volume market as of the fall. For the premium segment, rear-engine buses will be produced under the Mercedes-Benz brand. This will enable Daimler Buses to benefit from the enormous growth potential of the Indian market.

**Start of chassis assembly in Colombia**
In Latin America, we have opened a new plant for the assembly of bus chassis in Funza near Bogotá, Colombia. In this way, Daimler Buses is preparing for the growing demand for buses and helping to provide efficient mobility solutions in the region.

**Presentation of new gas engine and roadmap for alternative drive systems**
At the UITP congress in Milan, the exhibits we presented included the M 936 G Euro VI gas engine for the Mercedes-Benz Citaro, which will facilitate significant reductions in fuel consumption and $CO_2$ emissions. In addition, the Daimler Buses roadmap for alternative drive systems was presented, with plans for battery-powered electric drive (Citaro E-CELL) as well as fuel-cell drive (Citaro F-CELL). Both concepts will be based on a modular electric platform.

**D.15** Q1-2

| Amounts in millions of euros | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| EBIT | 91 | 103 | -12 |
| Revenue | 1,914 | 1,907 | +0 |
| Unit sales | 13,018 | 14,772 | -12 |
| Production | 15,730 | 16,591 | -5 |
| Employees | 16,549 | 16,631[1] | -0 |

1 As of December 31, 2014.

**D.16** Q1-2

| Unit sales | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| Total | 13,018 | 14,772 | -12 |
| Western Europe | 3,018 | 2,792 | +8 |
| Germany | 1,012 | 1,261 | -20 |
| Mexico | 1,522 | 1,723 | -12 |
| Latin America (excluding Mexico) | 6,239 | 8,282 | -25 |
| Asia | 380 | 397 | -4 |
| Other markets | 1,859 | 1,578 | +18 |

# Daimler Financial Services.

**New business up by 28%**
**Contract volume rises to €110.6 billion**
**Start of cooperation between car2go and Flinkster**
**EBIT of €445 million (Q2 2014: €336 million)**

**D.17** Q2

| Amounts in millions of euros | Q2 2015 | Q2 2014 | % change |
|---|---|---|---|
| EBIT | 445 | 336 | +32 |
| Revenue | 4,769 | 3,828 | +25 |
| New business | 14,765 | 11,515 | +28 |
| Contract volume | 110,593 | 98,967[1] | +12 |
| Employees | 9,610 | 8,878[1] | +8 |

1 As of December 31, 2014.

**New business up by 28% worldwide**
Daimler Financial Services once again increased its new business: In the second quarter, 382,000 new leasing and financing contracts were concluded with a total volume of €14.8 billion - 28% more than in the prior-year period. Contract volume reached €110.6 billion at the end of June, which is 12% above the level of year-end 2014. Adjusted for exchange-rate effects, contract volume grew by 7%. Second-quarter EBIT amounted to €445 million (Q2 2014: €336 million).

**Further growth in Europe**
In the whole of Europe, approximately 197,000 new leasing and financing contracts were signed in the second quarter, up by 9% from the prior-year period. New business increased by 10% to €6.2 billion. Demand for our financial services was particularly high in Spain (+33%). Mercedes-Benz Bank's deposit volume in the direct banking business amounted to €10.5 billion at the end of the quarter, remaining fairly stable compared with the end of 2014 (-2%). Contract volume in Europe rose compared with year-end 2014 by 7% to €43.3 billion.

**Strong growth in the United States**
In the Americas region, Daimler Financial Services achieved growth in new business of 38%; the value of all newly signed contracts totaled €5.8 billion. New business in the United States increased by 46%. Total contract volume in the Americas region of €48.6 billion was 13% higher than at the end of 2014.

**Sharp increase in new business in Africa & Asia-Pacific**
Growth in new business was especially strong in the Africa & Asia-Pacific region, rising by 63% to €2.8 billion in the second quarter. In India and China, the value of newly signed leasing and financing contracts increased compared with the prior-year period by 119% and 112% respectively. Contract volume in the Africa & Asia-Pacific region amounted to €18.6 billion at the end of June, representing growth of 21% compared with year-end 2014.

**Renewed growth in the insurance business**
In the insurance business, Daimler Financial Services brokered 24% more automotive-related policies than in the prior-year period. Worldwide, approximately 421,000 new insurance contracts were concluded through Daimler Financial Services in this period. The development of the insurance business was particularly successful in China, where approximately 70,000 policies were brokered in the period of April through June, 68% more than in the prior-year period.

**Start of cooperation between Flinkster and car2go**
Activities in the field of innovative mobility services were expanded once again in the second quarter. The car2go car-sharing service was further expanded in the Italian market with the start of operations in Turin. With a total fleet of 13,500 smart fortwo cars - 10% of which are battery powered - and over a million customers, car2go is the world's biggest car-sharing company. The cooperation agreed upon last year between moovel GmbH and the Deutsche Bahn (German Railways) subsidiary DB Rent was started in June: This means that moovel customers have access not only to the cars of car2go, but also to those of Flinkster, the car-sharing service of Deutsche Bahn. In return, Flinkster customers can also rent car2go vehicles. This has created Germany's biggest network of innovative mobility services with more than 7,000 car-sharing vehicles.

**D.18** Q1-2

| Amounts in millions of euros | Q1-2 2015 | Q1-2 2014 | % change |
|---|---|---|---|
| EBIT | 854 | 733 | +17 |
| Revenue | 9,318 | 7,637 | +22 |
| New business | 27,992 | 21,353 | +31 |
| Contract volume | 110,593 | 98,967[1] | +12 |
| Employees | 9,610 | 8,878[1] | +8 |

1 As of December 31, 2014.

# Consolidated Statement of Income (unaudited) Q2.

## E.01

| | Consolidated Group | | Industrial Business (unaudited additional information) | | Daimler Financial Services (unaudited additional information) | |
|---|---|---|---|---|---|---|
| | Q2 2015 | Q2 2014 | Q2 2015 | Q2 2014 | Q2 2015 | Q2 2014 |
| In millions of euros | | | | | | |
| Revenue | 37,527 | 31,544 | 32,758 | 27,716 | 4,769 | 3,828 |
| Cost of sales | -29,176 | -24,704 | -25,147 | -21,473 | -4,029 | -3,231 |
| **Gross profit** | 8,351 | 6,840 | 7,611 | 6,243 | 740 | 597 |
| Selling expenses | -3,145 | -2,812 | -3,005 | -2,701 | -140 | -111 |
| General administrative expenses | -865 | -806 | -693 | -654 | -172 | -152 |
| Research and non-capitalized development costs | -1,189 | -1,073 | -1,189 | -1,073 | - | - |
| Other operating income | 429 | 377 | 404 | 359 | 25 | 18 |
| Other operating expense | -118 | -153 | -111 | -146 | -7 | -7 |
| Profit/loss on equity-method investments, net | 92 | 828 | 93 | 838 | -1 | -10 |
| Other financial income/expense, net | 160 | -108 | 160 | -109 | - | 1 |
| Interest income | 36 | 30 | 36 | 30 | - | - |
| Interest expense | -126 | -188 | -124 | -187 | -2 | -1 |
| **Profit before income taxes**[1] | 3,625 | 2,935 | 3,182 | 2,600 | 443 | 335 |
| Income taxes | -1,253 | -739 | -1,104 | -624 | -149 | -115 |
| **Net profit** | 2,372 | 2,196 | 2,078 | 1,976 | 294 | 220 |
| thereof profit attributable to non-controlling interest | 103 | 92 | | | | |
| thereof profit attributable to shareholders of Daimler AG | 2,269 | 2,104 | | | | |
| **Earnings per share (in euros)** for profit attributable to shareholders of Daimler AG | | | | | | |
| Basic | 2.12 | 1.97 | | | | |
| Diluted | 2.12 | 1.97 | | | | |

1 The reconciliation of Group EBIT to profit before income taxes is presented in Note 19.

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

# Consolidated Statement of Income (unaudited) Q1-2.

## E.02

| | Consolidated Group | | Industrial Business (unaudited additional information) | | Daimler Financial Services (unaudited additional information) | |
|---|---|---|---|---|---|---|
| | Q1-2 2015 | Q1-2 2014 | Q1-2 2015 | Q1-2 2014 | Q1-2 2015 | Q1-2 2014 |
| In millions of euros | | | | | | |
| Revenue | 71,763 | 61,001 | 62,445 | 53,364 | 9,318 | 7,637 |
| Cost of sales | -55,882 | -47,749 | -47,999 | -41,334 | -7,883 | -6,415 |
| **Gross profit** | 15,881 | 13,252 | 14,446 | 12,030 | 1,435 | 1,222 |
| Selling expenses | -6,065 | -5,487 | -5,796 | -5,268 | -269 | -219 |
| General administrative expenses | -1,774 | -1,558 | -1,429 | -1,285 | -345 | -273 |
| Research and non-capitalized development costs | -2,315 | -2,149 | -2,315 | -2,149 | - | - |
| Other operating income | 884 | 682 | 837 | 654 | 47 | 28 |
| Other operating expense | -234 | -239 | -222 | -227 | -12 | -12 |
| Profit/loss on equity-method investments, net | 240 | 850 | 242 | 863 | -2 | -13 |
| Other financial income/expense, net | 2 | -473 | 2 | -473 | - | - |
| Interest income | 87 | 64 | 87 | 64 | - | - |
| Interest expense | -280 | -357 | -277 | -354 | -3 | -3 |
| **Profit before income taxes**[1] | 6,426 | 4,585 | 5,575 | 3,855 | 851 | 730 |
| Income taxes | -2,004 | -1,303 | -1,721 | -1,054 | -283 | -249 |
| **Net profit** | 4,422 | 3,282 | 3,854 | 2,801 | 568 | 481 |
| thereof profit attributable to non-controlling interests | 190 | 151 | | | | |
| thereof profit attributable to shareholders of Daimler AG | 4,232 | 3,131 | | | | |
| | | | | | | |
| **Earnings per share (in euros)** for profit attributable to shareholders of Daimler AG | | | | | | |
| Basic | 3.96 | 2.93 | | | | |
| Diluted | 3.96 | 2.93 | | | | |

1 The reconciliation of Group EBIT to profit before income taxes is presented in Note 19.

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income/Loss (unaudited) Q2.

## E.03

| | Consolidated Group | |
|---|---|---|
| | **Q2 2015** | Q2 2014 |
| In millions of euros | | |
| **Net profit** | **2,372** | 2,196 |
| Unrealized gains/losses on currency translation | **-976** | 326 |
| Unrealized gains/losses on financial assets available for sale | **65** | 107 |
| Unrealized gains/losses on derivative financial instruments | **1,260** | -504 |
| Unrealized gains/losses on equity-method investments | **-4** | -1 |
| **Items that may be reclassified to profit/loss** | **345** | -72 |
| Actuarial gains/losses from pensions and similar obligations | **2,923** | -360 |
| **Items that will not be reclassified to profit/loss** | **2,923** | -360 |
| **Other comprehensive income/loss, net of taxes** | **3,268** | -432 |
| thereof income/loss attributable to non-controlling interests, after taxes | **-28** | 8 |
| thereof income/loss attributable to shareholders of Daimler AG, after taxes | **3,296** | -440 |
| **Total comprehensive income/loss** | **5,640** | 1,764 |
| thereof income/loss attributable to non-controlling interests | **75** | 100 |
| thereof income/loss attributable to shareholders of Daimler AG | **5,565** | 1,664 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

# Consolidated Statement of Comprehensive Income/Loss (unaudited) Q1-2.

## E.04

| | Consolidated Group | |
|---|---|---|
| | Q1-2 2015 | Q1-2 2014 |
| In millions of euros | | |
| **Net profit** | 4,422 | 3,282 |
| Unrealized gains/losses on currency translation | 1,765 | 253 |
| Unrealized gains/losses on financial assets available for sale | 594 | 270 |
| Unrealized gains/losses on derivative financial instruments | -1,416 | -650 |
| Unrealized gains/losses on equity-method investments | -1 | -1 |
| **Items that may be reclassified to profit/loss** | 942 | -128 |
| Actuarial gains/losses from pensions and similar obligations | 2,354 | -1,220 |
| **Items that will not be reclassified to profit/loss** | 2,354 | -1,220 |
| **Other comprehensive income/loss, net of taxes** | 3,296 | -1,348 |
| thereof income/loss attributable to non-controlling interests, after taxes | 80 | 7 |
| thereof income/loss attributable to shareholders of Daimler AG, after taxes | 3,216 | -1,355 |
| **Total comprehensive income/loss** | 7,718 | 1,934 |
| thereof income/loss attributable to non-controlling interests | 270 | 158 |
| thereof income/loss attributable to shareholders of Daimler AG | 7,448 | 1,776 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

# Consolidated Statement of Financial Position (unaudited).

## E.05

| | Consolidated Group | | Industrial Business (unaudited additional information) | | Daimler Financial Services (unaudited additional information) | |
|---|---|---|---|---|---|---|
| | June 30, 2015 | Dec. 31, 2014 | June 30, 2015 | Dec. 31, 2014 | June 30, 2015 | Dec. 31, 2014 |
| In millions of euros | | | | | | |
| **Assets** | | | | | | |
| Intangible assets | 9,640 | 9,367 | 9,478 | 9,202 | 162 | 165 |
| Property, plant and equipment | 23,540 | 23,182 | 23,483 | 23,125 | 57 | 57 |
| Equipment on operating leases | 36,709 | 33,050 | 15,368 | 14,374 | 21,341 | 18,676 |
| Equity-method investments | 2,933 | 2,294 | 2,905 | 2,264 | 28 | 30 |
| Receivables from financial services | 39,689 | 34,910 | -46 | -49 | 39,735 | 34,959 |
| Marketable debt securities | 1,215 | 1,374 | 6 | 6 | 1,209 | 1,368 |
| Other financial assets | 4,637 | 3,634 | -528 | -1,140 | 5,165 | 4,774 |
| Deferred tax assets | 3,811 | 4,124 | 3,253 | 3,610 | 558 | 514 |
| Other assets | 528 | 555 | -2,232 | -2,178 | 2,760 | 2,733 |
| **Total non-current assets** | 122,702 | 112,490 | 51,687 | 49,214 | 71,015 | 63,276 |
| Inventories | 23,825 | 20,864 | 23,154 | 20,004 | 671 | 860 |
| Trade receivables | 9,230 | 8,634 | 8,406 | 7,824 | 824 | 810 |
| Receivables from financial services | 29,845 | 26,769 | -19 | -25 | 29,864 | 26,794 |
| Cash and cash equivalents | 9,843 | 9,667 | 8,822 | 8,341 | 1,021 | 1,326 |
| Marketable debt securities | 5,054 | 5,260 | 5,009 | 5,150 | 45 | 110 |
| Other financial assets | 2,162 | 2,353 | -7,956 | -7,099 | 10,118 | 9,452 |
| Other assets | 3,905 | 3,598 | 803 | 772 | 3,102 | 2,826 |
| **Total current assets** | 83,864 | 77,145 | 38,219 | 34,967 | 45,645 | 42,178 |
| **Total assets** | 206,566 | 189,635 | 89,906 | 84,181 | 116,660 | 105,454 |
| | | | | | | |
| **Equity and liabilities** | | | | | | |
| Share capital | 3,070 | 3,070 | | | | |
| Capital reserves | 11,898 | 11,906 | | | | |
| Retained earnings | 32,452 | 28,487 | | | | |
| Other reserves | 1,064 | 202 | | | | |
| **Equity attributable to shareholders of Daimler AG** | 48,484 | 43,665 | | | | |
| Non-controlling interests | 941 | 919 | | | | |
| **Total equity** | 49,425 | 44,584 | 40,694 | 36,967 | 8,731 | 7,617 |
| Provisions for pensions and similar obligations | 10,487 | 12,806 | 10,337 | 12,630 | 150 | 176 |
| Provisions for income taxes | 836 | 851 | 836 | 850 | - | 1 |
| Provisions for other risks | 7,001 | 6,712 | 6,868 | 6,590 | 133 | 122 |
| Financing liabilities | 57,329 | 50,399 | 14,676 | 10,325 | 42,653 | 40,074 |
| Other financial liabilities | 2,894 | 2,644 | 2,373 | 2,231 | 521 | 413 |
| Deferred tax liabilities | 1,849 | 1,070 | -1,310 | -1,618 | 3,159 | 2,688 |
| Deferred income | 4,448 | 3,581 | 3,808 | 3,101 | 640 | 480 |
| Other liabilities | 12 | 14 | 11 | 14 | 1 | - |
| **Total non-current liabilities** | 84,856 | 78,077 | 37,599 | 34,123 | 47,257 | 43,954 |
| Trade payables | 12,147 | 10,178 | 11,709 | 9,852 | 438 | 326 |
| Provisions for income taxes | 740 | 757 | 670 | 679 | 70 | 78 |
| Provisions for other risks | 7,215 | 7,267 | 6,743 | 6,830 | 472 | 437 |
| Financing liabilities | 37,099 | 36,290 | -19,060 | -13,518 | 56,159 | 49,808 |
| Other financial liabilities | 10,253 | 8,062 | 8,301 | 6,198 | 1,952 | 1,864 |
| Deferred income | 2,506 | 2,413 | 1,749 | 1,674 | 757 | 739 |
| Other liabilities | 2,325 | 2,007 | 1,501 | 1,376 | 824 | 631 |
| **Total current liabilities** | 72,285 | 66,974 | 11,613 | 13,091 | 60,672 | 53,883 |
| **Total equity and liabilities** | 206,566 | 189,635 | 89,906 | 84,181 | 116,660 | 105,454 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

# Consolidated Statement of Cash Flows (unaudited).

## E.06

| | Consolidated Group | | Industrial Business (unaudited additional information) | | Daimler Financial Services (unaudited additional information) | |
|---|---|---|---|---|---|---|
| | Q1-2 2015 | Q1-2 2014 | Q1-2 2015 | Q1-2 2014 | Q1-2 2015 | Q1-2 2014 |
| In millions of euros | | | | | | |
| Profit before income taxes | 6,426 | 4,585 | 5,575 | 3,855 | 851 | 730 |
| Depreciation and amortization | 2,653 | 2,446 | 2,618 | 2,432 | 35 | 14 |
| Other non-cash expense and income | -246 | -808 | -275 | -846 | 29 | 38 |
| Gains/losses on disposals of assets | -92 | 13 | -91 | 13 | -1 | - |
| Change in operating assets and liabilities | | | | | | |
| Inventories | -2,335 | -2,283 | -2,538 | -2,321 | 203 | 38 |
| Trade receivables | -368 | 209 | -395 | 346 | 27 | -137 |
| Trade payables | 1,742 | 1,254 | 1,640 | 1,249 | 102 | 5 |
| Receivables from financial services | -5,096 | -2,260 | 210 | -52 | -5,306 | -2,208 |
| Vehicles on operating leases | -2,011 | -1,117 | -137 | -62 | -1,874 | -1,055 |
| Other operating assets and liabilities | 963 | 586 | 623 | 350 | 340 | 236 |
| Income taxes paid | -634 | -984 | -549 | -882 | -85 | -102 |
| **Cash provided by/used for operating activities** | 1,002 | 1,641 | 6,681 | 4,082 | -5,679 | -2,441 |
| Additions to property, plant and equipment | -2,072 | -2,088 | -2,060 | -2,080 | -12 | -8 |
| Additions to intangible assets | -1,000 | -703 | -988 | -686 | -12 | -17 |
| Proceeds from disposals of property, plant and equipment and intangible assets | 226 | 89 | 218 | 83 | 8 | 6 |
| Investments in share property | -354 | -48 | -327 | -22 | -27 | -26 |
| Proceeds from disposals of share property | 17 | 4 | -110 | 4 | 127 | - |
| Acquisition of marketable debt securities | -1,074 | -973 | -1,071 | -934 | -3 | -39 |
| Proceeds from sales of marketable debt securities | 1,475 | 1,942 | 1,228 | 1,656 | 247 | 286 |
| Other | -8 | 19 | 12 | 22 | -20 | -3 |
| **Cash provided by/used for investing activities** | -2,790 | -1,758 | -3,098 | -1,957 | 308 | 199 |
| Change in financing liabilities | 4,560 | 2,409 | 2,701 | 1,779 | 1,859 | 630 |
| Dividends paid to shareholders of Daimler AG | -2,621 | -2,407 | -2,621 | -2,407 | - | - |
| Dividends paid to non-controlling interests | -265 | -153 | -264 | -152 | -1 | -1 |
| Proceeds from issuance of share capital | 39 | 24 | 27 | 22 | 12 | 2 |
| Acquisition of treasury shares | -27 | -26 | -27 | -26 | - | - |
| Acquisition of non-controlling interests in subsidiaries | - | -10 | - | -10 | - | - |
| Internal equity and financing transactions | - | - | -3,167 | -1,714 | 3,167 | 1,714 |
| **Cash provided by/used for financing activities** | 1,686 | -163 | -3,351 | -2,508 | 5,037 | 2,345 |
| Effect of foreign exchange-rate changes on cash and cash equivalents | 278 | 21 | 249 | 25 | 29 | -4 |
| **Net increase/decrease in cash and cash equivalents** | 176 | -259 | 481 | -358 | -305 | 99 |
| **Cash and cash equivalents at beginning of period** | 9,667 | 11,053 | 8,341 | 9,845 | 1,326 | 1,208 |
| **Cash and cash equivalents at end of period** | 9,843 | 10,794 | 8,822 | 9,487 | 1,021 | 1,307 |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

# Consolidated Statement of Changes in Equity (unaudited).

## E.07

| | Share capital | Capital reserves | Retained earnings | Currency translation | Financial assets available for sale |
|---|---|---|---|---|---|
| In millions of euros | | | | | |
| | | | | | |
| **Balance at January 1, 2014** | 3,069 | 11,850 | 27,628 | -969 | 261 |
| Net profit | - | - | 3,131 | - | - |
| Other comprehensive income/loss before taxes | - | - | -1,789 | 248 | 316 |
| Deferred taxes on other comprehensive income | - | - | 569 | - | -46 |
| Total comprehensive income/loss | - | - | 1,911 | 248 | 270 |
| Dividends | - | - | -2,407 | - | - |
| Capital increase/Issue of new shares | 1 | 2 | - | - | - |
| Acquisition of treasury shares | - | - | - | - | - |
| Issue and disposal of treasury shares | - | - | - | - | - |
| Other | - | -10 | - | - | - |
| **Balance at June 30, 2014** | 3,070 | 11,842 | 27,132 | -721 | 531 |
| | | | | | |
| **Balance at January 1, 2015** | **3,070** | **11,906** | **28,487** | **775** | **460** |
| Net profit | - | - | **4,232** | - | - |
| Other comprehensive income/loss before taxes | - | - | **2,727** | **1,686** | **595** |
| Deferred taxes on other comprehensive income | - | - | **-373** | - | **-1** |
| Total comprehensive income/loss | - | - | **6,586** | **1,686** | **594** |
| Dividends | - | - | **-2,621** | - | - |
| Capital increase/Issue of new shares | - | - | - | - | - |
| Acquisition of treasury shares | - | - | - | - | - |
| Issue and disposal of treasury shares | - | - | - | - | - |
| Other | - | **-8** | - | - | - |
| **Balance at June 30, 2015** | **3,070** | **11,898** | **32,452** | **2,461** | **1,054** |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

| Other reserves: Items that may be reclassified to profit/loss — Derivative financial instruments | Other reserves: Items that may be reclassified to profit/loss — Equity-method investments | Treasury shares | **Equity attributable to shareholders of Daimler AG** | Non-controlling interest | **Total equity** | In millions of euros |
|---|---|---|---|---|---|---|
| | | | | | | |
| 853 | -12 | - | 42,680 | 683 | 43,363 | **Balance at January 1, 2014** |
| - | - | - | 3,131 | 151 | 3,282 | Net profit |
| -925 | -1 | - | -2,151 | 7 | -2,144 | Other comprehensive income/loss before taxes |
| 273 | - | - | 796 | - | 796 | Deferred taxes on other comprehensive income |
| -652 | -1 | - | 1,776 | 158 | 1,934 | Total comprehensive income/loss |
| - | - | - | -2,407 | -153 | -2,560 | Dividends |
| - | - | - | 3 | 2 | 5 | Capital increase/Issue of new shares |
| - | - | -26 | -26 | - | -26 | Acquisition of treasury shares |
| - | - | 26 | 26 | - | 26 | Issue and disposal of treasury shares |
| - | - | - | -10 | -12 | -22 | Other |
| 201 | -13 | - | 42,042 | 678 | 42,720 | **Balance at June 30, 2014** |
| | | | | | | |
| **-1,032** | **-1** | **-** | **43,665** | **919** | **44,584** | **Balance at January 1, 2015** |
| **-** | **-** | **-** | **4,232** | **190** | **4,422** | Net profit |
| **-2,023** | **-1** | **-** | **2,984** | **80** | **3,064** | Other comprehensive income/loss before taxes |
| **606** | **-** | **-** | **232** | **-** | **232** | Deferred taxes on other comprehensive income |
| **-1,417** | **-1** | **-** | **7,448** | **270** | **7,718** | Total comprehensive income/loss |
| **-** | **-** | **-** | **-2,621** | **-265** | **-2,886** | Dividends |
| **-** | **-** | **-** | **-** | **18** | **18** | Capital increase/Issue of new shares |
| **-** | **-** | **-27** | **-27** | **-** | **-27** | Acquisition of treasury shares |
| **-** | **-** | **27** | **27** | **-** | **27** | Issue and disposal of treasury shares |
| **-** | **-** | **-** | **-8** | **-1** | **-9** | Other |
| **-2,449** | **-2** | **-** | **48,484** | **941** | **49,425** | **Balance at June 30, 2015** |

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

# Notes to the Interim Consolidated Financial Statements (unaudited).

### 1. Presentation of the Interim Consolidated Financial Statements

**General.** These unaudited interim consolidated financial statements (interim financial statements) of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 37w Subsection 3 of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim financial statements comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. Daimler AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The interim financial statements of the Daimler Group are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and financial position of the Group. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2014 audited and published IFRS consolidated financial statements and notes thereto. The accounting policies applied by the Group in these interim financial statements basically correspond with those applied for the consolidated financial statements for the year ended December 31, 2014.

In order to support the distribution of certain products manufactured by Daimler, sales financing, including leasing alternatives, is made available to the Group's customers. Accordingly, the Group's consolidated financial statements are also significantly influenced by the activities of its financial services business. To enhance readers' understanding of the Group's profitability, liquidity and capital resources and its financial position, the accompanying interim consolidated financial statements also present information with respect to the Group's industrial business and Daimler Financial Services' business activities. Such information, however, is not required by IFRS and is not intended to, and does not represent the separate IFRS profitability, liquidity and capital resources and the financial position of the Group's industrial business or Daimler Financial Services business activities. Eliminations of the effects of transactions between the industrial business and Daimler Financial Services have generally been allocated to the industrial business.

Preparation of interim financial statements in conformity with IFRS requires management to make estimates, assessments and assumptions which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the end of the reporting period and the amounts of income and expense reported for the period. Actual amounts can differ from those estimates. Changes in the estimates, assessments and assumptions can have a material impact on the interim consolidated financial statements.

### 2. Significant disposals of equity investments

**Atlantis Foundries.** At the end of February 2015, Daimler decided to sell its equity interest in Atlantis Foundries (Pty.) Ltd., which had been allocated to the Daimler Trucks segment, to Neue Halberg-Guss GmbH. Subsequently, the assets and liabilities of the company were classified as assets held for sale. The remeasurement of the assets and liabilities led to an impairment loss of €55 million in the first quarter of 2015. The transaction was closed in the second quarter of 2015. It had no significant effects on the consolidated statement of income and the EBIT of Daimler Trucks in the second quarter of 2015.

**RRPSH.** In the first quarter of 2014, the Board of Management and the Supervisory Board of Daimler AG decided to sell the 50% equity interest in Rolls-Royce Power Systems Holding GmbH (RRPSH) to the partner Rolls-Royce Holdings plc (Rolls-Royce). For that purpose, Daimler exercised a put option on its stake in RRPSH that had been agreed upon with Rolls-Royce in 2011. The measurement of the put option resulted in an expense of €118 million in the first quarter of 2014. The transaction was closed in the third quarter of 2014.

## 3. Revenue

Revenue at Group level is comprised as follows:

### E.08
Revenue

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| Revenue from the sale of goods | 32,825 | 27,686 | 62,570 | 53,404 |
| Revenue from the rental and leasing business | 3,624 | 2,990 | 7,092 | 5,872 |
| Interest from the financial services business at Daimler Financial Services | 962 | 769 | 1,873 | 1,518 |
| Revenue from the provision of other services | 116 | 99 | 228 | 207 |
| | 37,527 | 31,544 | 71,763 | 61,001 |

## 4. Functional costs

**Optimization programs.** Measures and programs with implementation costs that materially impacted the EBIT of the segments are briefly described below.

In the course of the organizational focus on the divisions, Daimler started a restructuring program for its sales organization in Germany in 2014. Selected sales-and-service centers and outlets are being combined into car and commercial-vehicle outlets in order to steadily increase the profitability of Daimler's own dealer activities in the highly competitive German market. In addition, the restructuring program includes the plan to sell selected operations of the Group's current sales network, primarily by the end of 2015. Due to their minor impact on the Group's profitability, liquidity and capital resources, and financial position, the assets and liabilities held for sale are not presented separately in the consolidated statement of financial position. At June 30, 2015, this disposal group's assets amounted to €321 million (December 31, 2014: €300 million) and its liabilities amounted to €13 million (December 31, 2014: €27 million). Daimler already sold parts of the disposal group during the first six months of 2015. At June 30, 2015, the expenses for this program amounted to €84 million; in 2015 and 2016, the Group anticipates negative effects on earnings of up to €0.5 billion. This program affects all automotive segments, but mainly the Mercedes-Benz Cars segment.

In January 2013, Daimler Trucks announced workforce adjustments as part of its goal of increasing its profitability by stronger utilization of efficiencies. In Brazil, a redundancy program was launched in the first quarter of 2013. This program has led to a reduction of approximately 3,000 jobs in the administrative and productive areas as of June 30, 2015, mostly through voluntary severance agreements. These workforce adjustments also affected Daimler Buses to a small extent.

In addition, in non-productive areas of Daimler Trucks in Germany, a program based on socially acceptable voluntary measures ran between May 2013 and December 2014, leading to a reduction of approximately 600 jobs as of December 31, 2014.

The Group anticipates expenses of up to €50 million in 2015 for the optimization program at Daimler Trucks.

Table ↗ E.09 shows the expenses related to the optimization programs which affected the EBIT of the segments. The cash outflows associated with the implementation of the programs are also shown.

## E.09
### Optimization programs

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| Mercedes-Benz Cars | | | | |
| EBIT | -34 | - | -54 | - |
| Cash outflow | -5 | - | -9 | - |
| Daimler Trucks | | | | |
| EBIT | -35 | -71 | -44 | -76 |
| Cash outflow | -15 | -70 | -52 | -134 |
| Mercedes-Benz Vans | | | | |
| EBIT | -6 | - | -10 | - |
| Cash outflow | . | - | -1 | - |
| Daimler Buses | | | | |
| EBIT | . | -8 | -1 | -9 |
| Cash outflow | - | -10 | . | -19 |

The provisions recognized for the optimization programs are shown in Table ↗ E.10.

## E.10
### Provisions for optimization programs

| In millions of euros | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Mercedes-Benz Cars | 39 | - |
| Daimler Trucks | 15 | 6 |
| Mercedes-Benz Vans | 8 | - |
| Daimler Buses | 1 | 13 |

The expenses listed in table ↗ E.09 primarily relate to personnel measures and are included in the line items within the consolidated statement of income as shown in table ↗ E.11.

## E.11
### Income and expenses associated with optimization programs

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| Cost of sales | -16 | -48 | -21 | -51 |
| Selling expenses | -54 | -8 | -86 | -8 |
| General administrative expenses | -2 | -13 | -2 | -16 |
| Research and non-capitalized development costs | -1 | -10 | -1 | -10 |
| Other operating expenses | -8 | - | -8 | - |
| Other operating income | 6 | - | 9 | - |
| | -75 | -79 | -109 | -85 |

Cash effects resulting from the optimization programs are mainly expected until 2017.

## 5. Other operating income

Table ↗ E.12 shows the components of other operating income.

### E.12
**Other operating income**

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| Income from costs recharged to third parties | 256 | 226 | 482 | 399 |
| Gains on sales of property, plant and equipment | 18 | 8 | 113 | 28 |
| Government grants and subsidies | 12 | 11 | 27 | 31 |
| Rental income not relating to sales financing | 19 | 14 | 34 | 28 |
| Reimbursements under insurance policies | 5 | 4 | 12 | 9 |
| Other miscellaneous income | 119 | 114 | 216 | 187 |
| | 429 | 377 | 884 | 682 |

In the first half of 2015 gains on sales of property, plant and equipment include gains from the sale of real-estate properties in the United States of €87 million.

## 6. Other financial income/expense, net

Table ↗ E.13 shows the components of other financial income/expense, net.

### E.13
**Other financial income/expense, net**

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| Income and expense from compounding of provisions and effects of changes in discount rates[1] | 130 | -65 | 18 | -131 |
| Miscellaneous other financial income/expense, net | 30 | -43 | -16 | -342 |
| | 160 | -108 | 2 | -473 |

1 Excluding the income/expense from compounding provisions for pensions and similar obligations.

In the first half of 2014, expenses of €229 million from hedging the share price of Tesla Motors, Inc. (Tesla) and of €118 million from the measurement of the RRPSH put option are included in miscellaneous other financial income/expense, net.

## 7. Interest income and interest expense

Interest income and interest expense are comprised as follows:

**E.14**
**Interest income and interest expense**

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| Interest income | | | | |
| Net interest income on the net assets of defined benefit pension plans | 1 | 1 | 2 | 1 |
| Interest and similar income | 35 | 29 | 85 | 63 |
| | 36 | 30 | 87 | 64 |
| Interest expense | | | | |
| Net interest expense on the net obligation from defined benefit pension plans | -58 | -93 | -139 | -177 |
| Interest and similar expense | -68 | -95 | -141 | -180 |
| | -126 | -188 | -280 | -357 |

## 8. Intangible assets

Intangible assets are comprised as follows:

**E.15**
**Intangible assets**

| In millions of euros | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Goodwill | 741 | 740 |
| Development costs | 7,470 | 7,245 |
| Other intangible assets | 1,429 | 1,382 |
| | 9,640 | 9,367 |

## 9. Property, plant and equipment

Property, plant and equipment are comprised as follows:

**E.16**
**Property, plant and equipment**

| In millions of euros | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Land, leasehold improvements and buildings including buildings on land owned by others | 7,107 | 6,942 |
| Technical equipment and machinery | 8,376 | 8,120 |
| Other equipment, factory and office equipment | 5,823 | 5,609 |
| Advance payments relating to plant and equipment and construction in progress | 2,234 | 2,511 |
| | 23,540 | 23,182 |

## 10. Equipment on operating leases

At June 30, 2015, the carrying amount of equipment on operating leases amounted to €36,709 million (December 31, 2014: €33,050 million). In the six months ended June 30, 2015, additions and disposals amounted to €10,223 million and €5,273 million respectively (2014: €8,501 million and €5,104 million). Depreciation for the first half of 2015 was €2,938 million (2014: €2,235 million). Other changes primarily include the effects of currency translation.

## 11. Equity-method investments

Table ↗ E.17 shows the carrying amounts and profits/losses from equity-method investments.

Table ↗ E.18 presents key figures on interests in associated companies accounted for using the equity method in the Group's consolidated financial statements.

### E.17
**Summarized carrying amounts and profits/losses from equity-method investments**

| In millions of euros | Associated companies | Joint ventures | Joint operations | Subsidiaries | Total |
|---|---|---|---|---|---|
| **At June 30, 2015** | | | | | |
| Equity investment[1] | **2,395** | **497** | **40** | **1** | **2,933** |
| Equity result (Q2 2015)[1] | **88** | **4** | **.** | **-** | **92** |
| Equity result (Q1-2 2015)[1] | **247** | **-8** | **1** | **-** | **240** |
| At December 31, 2014 | | | | | |
| Equity investment[1] | 1,795 | 448 | 44 | 7 | 2,294 |
| Equity result (Q2 2014)[1] | 769 | 57 | 2 | . | 828 |
| Equity result (Q1-2 2014)[1] | 805 | 42 | 3 | . | 850 |

1 Including investor-level adjustments.

### E.18
**Key figures on interests in associated companies accounted for using the equity method**

| In millions of euros | RRPSH | BBAC | BAIC Motor[2] | Kamaz[3] | Others | Total |
|---|---|---|---|---|---|---|
| **At June 30, 2015** | | | | | | |
| Equity interest (in %) | **-** | **49.0** | **10.1** | **15.0** | **-** | **-** |
| Equity investment[1] | **-** | **1,316** | **777** | **82** | **220** | **2,395** |
| Equity result (Q2 2015)[1] | **-** | **68** | **24** | **-2** | **-2** | **88** |
| Equity result (Q1-2 2015)[1] | **-** | **185** | **65** | **.** | **-3** | **247** |
| At December 31, 2014 | | | | | | |
| Equity interest (in %) | - | 49.0 | 10.1 | 15.0 | - | - |
| Equity investment[1] | - | 852 | 686 | 71 | 186 | 1,795 |
| Equity result (Q2 2014)[1] | - | 37 | 11 | 1 | 720 | 769 |
| Equity result (Q1-2 2014)[1] | 13 | 66 | 13 | -2 | 715 | 805 |

1 Including investor-level adjustments.
2 Earnings of BAIC Motor Corporation Ltd. (BAIC Motor) are included in Daimler's consolidated financial statements with a three month time lag. BAIC Motor's figures are unaudited and based on local GAAP. The investment in BAIC Motor was acquired in November 2013. Therefore, Daimler's proportionate share in the earnings of BAIC Motor for the first six months of 2014 relates to the earnings of BAIC Motor for the months of December 2013 through March 2014.
3 Kamaz OAO

**BBAC.** In the first and second quarter of 2015, capital increases of €72 and €133 million took place at Beijing Benz Automotive Co., Ltd. (BBAC). Daimler plans to contribute additional equity of €0.1 billion according to its shareholding ratio to BBAC in 2015 and 2016.

**BAIC Motor.** In the second quarter of 2015, the shareholders of BAIC Motor Corporation Ltd. (BAIC Motor) decided to pay a dividend. The portion of €34 million attributable to Daimler decreased the investment's carrying amount accordingly.

**RRPSH.** In March 2014, Daimler decided to sell its 50% equity interest in the joint venture Rolls-Royce Power Systems Holding GmbH (RRPSH) to its partner Rolls-Royce. To do so, Daimler exercised a put option on its stake in RRPSH that was agreed upon with Rolls-Royce in 2011. The transaction was closed in the third quarter of 2014.

**Others.** Since the Annual Shareholders' Meeting of Tesla Motors, Inc. (Tesla) on June 3, 2014 no representative of Daimler has been a member of the Board of Directors. Therefore, Daimler's significant influence on Tesla ended on the day of the Annual Shareholders' Meeting and the equity interest has been recognized as a "financial asset available for sale" at fair value based on the stock-market price since then. The difference between the first-time fair value measurement on June 3, 2014 using the stock-market price and the carrying amount measured by applying the equity method resulted in a non-cash gain of €718 million affecting Group EBIT in the second quarter of 2014. The carrying amount, which was previously assigned to the Mercedes-Benz Cars segment and the remeasurement gain have been reallocated as corporate items in the reconciliation of total segments' figures to Group figures in the segment reporting.

Furthermore, the Group's equity-method investments include its interest in the joint venture Fujian Benz Automotive Co., Ltd. (FBAC), which is allocated to the Mercedes-Benz Vans segment. In 2012, an impairment loss was recognized on the investment in FBAC; in the second quarter of 2014, the impairment was reversed based on improved profit expectations, leading to a gain of €61 million. FBAC received a capital increase of €18 million in the second quarter of 2015.

## 12. Receivables from financial services

Receivables from financial services are shown in the following table:

### E.19
**Receivables from financial services**

| | | June 30, 2015 | | | December 31, 2014 | |
|---|---|---|---|---|---|---|
| In millions of euros | Current | Non-current | Total | Current | Non-current | Total |
| Sales financing with customers | 10,795 | 26,106 | 36,901 | 10,307 | 22,852 | 33,159 |
| Sales financing with dealers | 14,073 | 2,535 | 16,608 | 11,786 | 2,203 | 13,989 |
| Finance-lease contracts | 5,430 | 11,622 | 17,052 | 5,084 | 10,368 | 15,452 |
| Gross carrying amount | 30,298 | 40,263 | 70,561 | 27,177 | 35,423 | 62,600 |
| Allowances for doubtful accounts | -453 | -574 | -1,027 | -408 | -513 | -921 |
| Net carrying amount | 29,845 | 39,689 | 69,534 | 26,769 | 34,910 | 61,679 |

At June 30, 2015, finance-lease contracts included non-automotive assets from contracts of the financial services business with third parties (leveraged leases) in the amount of €330 million (December 31, 2014: €365 million).

Within the context of the ongoing concentration on the automotive business, Daimler Financial Services sold a non-automotive asset that was subject to a finance-lease contract in the first six months of 2014. This resulted in a total cash inflow of €69 million. The pre-tax income from this transaction amounted to €45 million in the first six months of 2014 and was allocated to the EBIT of the Daimler Financial Services segment.

## 13. Inventories

Inventories are comprised as follows:

### E.20

**Inventories**

| In millions of euros | June 30, 2015 | Dec. 31, 2014 |
|---|---|---|
| Raw materials and manufacturing supplies | 2,804 | 2,409 |
| Work in progress | 3,439 | 2,936 |
| Finished goods, parts and products held for resale | 17,449 | 15,412 |
| Advance payments to suppliers | 133 | 107 |
| | 23,825 | 20,864 |

## 14. Equity

**Approved capital.** The Annual Shareholders' Meeting held on April 9, 2014 authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 8, 2019 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no par value shares in exchange for cash and/or non-cash contributions (Approved Capital 2014). Among other things, the Board of Management was authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights under certain conditions and within defined limits.

**Conditional capital.** By resolution adopted at the Annual Shareholders' Meeting on April 1, 2015, the Board of Management, with the consent of the Supervisory Board, was authorized to issue bearer and/or registered convertible bonds and/or bonds with warrants or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years, until March 31, 2020. The Board of Management is allowed to grant the holders of these bonds conversion rights or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be issued for cash or non-cash payment, including interests in other companies. The conditions can stipulate obligatory conversions and options of the bonds. The bonds can be issued once or several times, wholly or in installments or simultaneously in various tranches and also by affiliated companies of Daimler AG, in accordance with Sections 15 ff of the German Stock Corporation Act (AktG). The Board of Management was also authorized, under certain specified conditions and within defined limitations and with the consent of the Supervisory Board, to exclude shareholders' subscription rights for the bonds.

In order to redeem the bonds issued under the aforementioned resolution, the Annual Shareholders' Meeting held on April 1, 2015 passed a resolution to increase the share capital conditionally by up to €500 million (Conditional Capital 2015). Conditional Capital 2010 was cancelled.

**Treasury shares.** By resolution of the Annual Shareholders' Meeting on April 1, 2015, Daimler AG was authorized until March 31, 2020 to acquire treasury shares up to 10% of the share capital for all legally permissible purposes. Among other things, the treasury shares may be used, under exclusion of the shareholders' rights to subscribe to the Company's treasury shares, to acquire companies and/or interest in companies, or may be sold to third parties for cash, whereby the transaction price must not be materially below the stock price at the date of the transaction. In addition, the Board of Management was authorized, with the consent of the Supervisory Board, to exclude the shareholders' rights to subscribe to the Company's treasury shares in additional defined cases. Treasury shares can also be canceled. Up to 5% of the share capital, Daimler AG was also authorized to acquire treasury shares using derivatives (put or call options, forwards or a combination of these financial instruments), whereby the terms of the derivatives may not exceed 18 months and must be terminated on March 31, 2020 at the latest.

The resolution adopted by the Annual Shareholders' Meeting on April 14, 2010 that authorized Daimler AG to acquire treasury shares, including the resolution of the same Annual Shareholders' Meeting to use derivatives to acquire treasury shares, was terminated when the new authorization took effect.

**Employee share purchase plan.** In the first quarter of 2015, 0.3 million (2014: 0.4 million) Daimler shares were purchased and reissued to employees in connection with employee share purchase plans.

**Dividend.** The Annual Shareholders' Meeting held on April 1, 2015 authorized Daimler to pay a dividend of €2,621 million (€2.45 per share) from the distributable profit of Daimler AG (separate financial statements) for the year 2014 (2014: €2,407 million and €2.25 per share). The dividend was paid out on April 2, 2015.

## 15. Pensions and similar obligations

**Pension cost.** The components of pension cost included in the consolidated statement of income are as shown in tables ↗ E.21 and ↗ E.22.

**Contributions to pension plan assets.** In the second quarter and the first half of 2015, contributions to the Group's pension plans amounted to €68 million and €96 million respectively (2014: €94 million and €131 million).

**Other post-employment benefits.** In May 2014, Daimler Trucks North America LLC and the United Auto Workers union (UAW) entered into an agreement to settle a healthcare plan as part of a collective bargaining agreement. As a result of this agreement, the obligation to the active eligible employees was settled in the fourth quarter of 2014. The transfer of the obligation to the retirees became legally binding with expiration of the deadline for notices of appeal at the end of January 2015. This transaction resulted in a cash outflow of €63 million and income of €49 million in the first quarter of 2015; the income is included in the EBIT of the Daimler Trucks segment.

### E.21

**Components of net periodic pension cost for the three-month periods ended June 30**

| | | | Q2 2015 | | | Q2 2014 |
|---|---|---|---|---|---|---|
| In millions of euros | Total | German plans | Non-German plans | Total | German plans | Non-German plans |
| Current service cost | -176 | -149 | -27 | -128 | -108 | -20 |
| Past service cost | 20 | - | 20 | - | - | - |
| Net interest expense | -44 | -36 | -8 | -74 | -63 | -11 |
| Net interest income | 1 | - | 1 | 1 | - | 1 |
| | -199 | -185 | -14 | -201 | -171 | -30 |

### E.22

**Components of net periodic pension cost for the six-month periods ended June 30**

| | | | Q1-2 2015 | | | Q1-2 2014 |
|---|---|---|---|---|---|---|
| In millions of euros | Total | German plans | Non-German plans | Total | German plans | Non-German plans |
| Current service cost | -352 | -298 | -54 | -257 | -216 | -41 |
| Past service cost | 20 | - | 20 | - | - | - |
| Net interest expense | -114 | -96 | -18 | -144 | -124 | -20 |
| Net interest income | 2 | - | 2 | 1 | - | 1 |
| | -444 | -394 | -50 | -400 | -340 | -60 |

## 16. Provisions for other risks

Provisions for other risks are comprised as shown in table
↗ E.23.

### E.23
Provisions for other risks

| In millions of euros | Current | Non-current | June 30, 2015<br>Total | Current | Non-current | December 31, 2014<br>Total |
|---|---|---|---|---|---|---|
| Product warranties | 2,251 | 2,900 | 5,151 | 2,423 | 2,565 | 4,988 |
| Personnel and social costs | 1,503 | 2,086 | 3,589 | 1,806 | 2,135 | 3,941 |
| Other | 3,461 | 2,015 | 5,476 | 3,038 | 2,012 | 5,050 |
| | 7,215 | 7,001 | 14,216 | 7,267 | 6,712 | 13,979 |

## 17. Financing liabilities

Financing liabilities are comprised as follows:

### E.24
Financing liabilities

| In millions of euros | Current | Non-current | June 30, 2015<br>Total | Current | Non-current | December 31, 2014<br>Total |
|---|---|---|---|---|---|---|
| Notes/bonds | 8,574 | 39,716 | 48,290 | 9,914 | 33,262 | 43,176 |
| Commercial paper | 1,776 | 3 | 1,779 | 2,269 | 8 | 2,277 |
| Liabilities to financial institutions | 13,855 | 11,479 | 25,334 | 11,101 | 11,792 | 22,893 |
| Deposits in the direct banking business | 7,904 | 2,781 | 10,685 | 8,350 | 2,503 | 10,853 |
| Liabilities from ABS transactions | 4,321 | 2,630 | 6,951 | 4,114 | 1,875 | 5,989 |
| Liabilities from finance leases | 27 | 247 | 274 | 40 | 245 | 285 |
| Loans, other financing liabilities | 642 | 473 | 1,115 | 502 | 714 | 1,216 |
| | 37,099 | 57,329 | 94,428 | 36,290 | 50,399 | 86,689 |

## 18. Financial instruments

Table ↗ E.25 shows the carrying amounts and fair values of the Group's financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

### E.25
**Carrying amounts and fair values of financial instruments**

| | June 30, 2015 | | December 31, 2014 | |
|---|---|---|---|---|
| In millions of euros | Carrying amount | Fair value | Carrying amount | Fair value |
| Financial assets | | | | |
| Receivables from financial services | **69,534** | **69,889** | 61,679 | 62,057 |
| Trade receivables | **9,230** | **9,230** | 8,634 | 8,634 |
| Cash and cash equivalents | **9,843** | **9,843** | 9,667 | 9,667 |
| Marketable debt securities | | | | |
| Available-for-sale financial assets | **6,269** | **6,269** | 6,634 | 6,634 |
| Other financial assets | | | | |
| Available-for-sale financial assets | **2,942** | **2,942** | 2,269 | 2,269 |
| thereof equity instruments measured at fair value | **2,244** | **2,244** | 1,647 | 1,647 |
| thereof equity instruments carried at cost | **698** | **698** | 622 | 622 |
| Financial assets recognized at fair value through profit or loss | **79** | **79** | 97 | 97 |
| Derivative financial instruments used in hedge accounting | **1,088** | **1,088** | 1,296 | 1,296 |
| Other receivables and assets | **2,690** | **2,690** | 2,325 | 2,325 |
| | **101,675** | **102,030** | 92,601 | 92,979 |
| Financial liabilities | | | | |
| Financing liabilities | **94,428** | **95,579** | 86,689 | 88,043 |
| Trade payables | **12,147** | **12,147** | 10,178 | 10,178 |
| Other financial liabilities | | | | |
| Financial liabilities recognized at fair value through profit or loss | **231** | **231** | 359 | 359 |
| Derivative financial instruments used in hedge accounting | **4,136** | **4,136** | 2,317 | 2,317 |
| Miscellaneous other financial liabilities | **8,780** | **8,780** | 8,030 | 8,030 |
| | **119,722** | **120,873** | 107,573 | 108,927 |

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and premises were used:

**Marketable debt securities and other financial assets.** *Financial assets available for sale* include:

- debt and equity instruments measured at fair value; these instruments were measured using quoted market prices at June 30. Otherwise, the fair value measurement of these debt and equity instruments is based on inputs that are either directly or indirectly observable in active markets. Equity instruments measured at fair value predominantly comprise the investments in Nissan Motor Co., Ltd. (Nissan) and Renault SA (Renault).

- equity interests measured at cost; fair values could not be determined for these financial instruments because no stock exchange or market prices are available. These equity interests comprise investments in non-listed companies for which no objective evidence existed at the balance sheet date that these assets were impaired and whose fair values cannot be determined with sufficient reliability. It is assumed that the fair values approximate the carrying amounts. Daimler does not intend to sell the equity interests which are presented at June 30, 2015.

*Financial assets recognized at fair value through profit or loss* include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:

- derivative currency hedging contracts; the fair values of cross-currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options were measured using price quotations or option pricing models using market data.

- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.

- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

**Other financial liabilities.** *Financial liabilities recognized at fair value through profit or loss* comprise derivative financial instruments not used in hedge accounting. For information regarding these financial instruments as well as *derivative financial instruments used in hedge accounting,* see the notes above under marketable debt securities and other financial assets.

At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair value hierarchies.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 fair value hierarchy, we apply the exception described in IFRS 13.48 (portfolios managed on the basis of net exposure).

Table ↗ E.26 provides an overview of the classification into measurement hierarchies of financial assets and liabilities measured at fair value (according to IFRS 13).

## E.26

**Fair value hierarchies of financial assets and liabilities measured at fair value**

| In millions of euros | June 30, 2015 Total | Level 1[1] | Level 2[2] | Level 3[3] | December 31, 2014 Total | Level 1[1] | Level 2[2] | Level 3[3] |
|---|---|---|---|---|---|---|---|---|
| Assets measured at fair value | | | | | | | | |
| Financial assets available for sale | **8,513** | **6,446** | **2,067** | **-** | 8,281 | 6,158 | 2,123 | - |
| thereof equity instruments | **2,244** | **2,238** | **6** | **-** | 1,647 | 1,642 | 5 | - |
| thereof marketable debt securities | **6,269** | **4,208** | **2,061** | **-** | 6,634 | 4,516 | 2,118 | - |
| Financial assets recognized at fair value through profit or loss | **79** | **-** | **79** | **-** | 97 | - | 97 | - |
| Derivative financial instruments used in hedge accounting | **1,088** | **-** | **1,088** | **-** | 1,296 | - | 1,296 | - |
| | **9,680** | **6,446** | **3,234** | **-** | 9,674 | 6,158 | 3,516 | - |
| Liabilities measured at fair value | | | | | | | | |
| Financial liabilities recognized at fair value through profit and loss | **231** | **-** | **231** | **-** | 359 | - | 359 | - |
| Derivative financial instruments used in hedge accounting | **4,136** | **-** | **4,136** | **-** | 2,317 | - | 2,317 | - |
| | **4,367** | **-** | **4,367** | **-** | 2,676 | - | 2,676 | - |

1 Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement for the asset or liability based on inputs that are not observable market data.

## 19. Segment reporting

Segment information for the three-month periods ended June 30, 2015 and June 30, 2014 is as follows:

### E.27

**Segment reporting for the three-month periods ended June 30**

| In millions of euros | Mercedes-Benz Cars | Daimler Trucks | Mercedes-Benz Vans | Daimler Buses | Daimler Financial Services | Total segments | Reconciliation | Daimler Group |
|---|---|---|---|---|---|---|---|---|
| **Q2 2015** | | | | | | | | |
| External revenue | 20,401 | 8,936 | 2,723 | 1,020 | 4,447 | 37,527 | - | 37,527 |
| Intersegment revenue | 735 | 505 | 106 | 17 | 322 | 1,685 | -1,685 | - |
| Total revenue | 21,136 | 9,441 | 2,829 | 1,037 | 4,769 | 39,212 | -1,685 | 37,527 |
| Segment profit (EBIT) | 2,227 | 682 | 234 | 57 | 445 | 3,645 | 73 | 3,718 |
| Thereof share of profit/loss from equity-method investments | 64 | 5 | -3 | 2 | -1 | 67 | 25 | 92 |
| Thereof income/expense from compounding of provisions and changes in discount rates | 96 | 24 | 7 | 2 | . | 129 | 1 | 130 |

| In millions of euros | Mercedes-Benz Cars | Daimler Trucks | Mercedes-Benz Vans | Daimler Buses | Daimler Financial Services | Total segments | Reconciliation | Daimler Group |
|---|---|---|---|---|---|---|---|---|
| **Q2 2014** | | | | | | | | |
| External revenue | 17,111 | 7,441 | 2,400 | 1,031 | 3,561 | 31,544 | - | 31,544 |
| Intersegment revenue | 660 | 525 | 94 | 17 | 267 | 1,563 | -1,563 | - |
| Total revenue | 17,771 | 7,966 | 2,494 | 1,048 | 3,828 | 33,107 | -1,563 | 31,544 |
| Segment profit (EBIT) | 1,409 | 455 | 242 | 50 | 336 | 2,492 | 603 | 3,095 |
| Thereof share of profit/loss from equity-method investments | 31 | 15 | 62 | - | -10 | 98 | 730 | 828 |
| Thereof income/expense from compounding of provisions and changes in discount rates | -43 | -15 | -6 | . | . | -64 | -1 | -65 |

Segment information for the six-month periods ended June 30, 2015 and June 30, 2014 is as follows:

## E.28

**Segment reporting for the six-month periods ended June 30**

| In millions of euros | Mercedes-Benz Cars | Daimler Trucks | Mercedes-Benz Vans | Daimler Buses | Daimler Financial Services | Total segments | Recon-ciliation | Daimler Group |
|---|---|---|---|---|---|---|---|---|
| **Q1-2 2015** | | | | | | | | |
| External revenue | **39,219** | **16,891** | **5,046** | **1,882** | **8,725** | **71,763** | **-** | **71,763** |
| Intersegment revenue | **1,426** | **964** | **198** | **32** | **593** | **3,213** | **-3,213** | **-** |
| Total revenue | **40,645** | **17,855** | **5,244** | **1,914** | **9,318** | **74,976** | **-3,213** | **71,763** |
| Segment profit (EBIT) | **4,068** | **1,154** | **449** | **91** | **854** | **6,616** | **8** | **6,624** |
| Thereof share of profit/loss from equity-method investments | **179** | **-** | **-5** | **2** | **-2** | **174** | **66** | **240** |
| Thereof income/expense from compounding of provisions and changes in discount rates | **38** | **-10** | **-4** | **-3** | **.** | **21** | **-3** | **18** |

| In millions of euros | Mercedes-Benz Cars | Daimler Trucks | Mercedes-Benz Vans | Daimler Buses | Daimler Financial Services | Total segments | Recon-ciliation | Daimler Group |
|---|---|---|---|---|---|---|---|---|
| **Q1-2 2014** | | | | | | | | |
| External revenue | 33,438 | 14,062 | 4,523 | 1,877 | 7,101 | 61,001 | - | 61,001 |
| Intersegment revenue | 1,337 | 1,025 | 183 | 30 | 536 | 3,111 | -3,111 | - |
| Total revenue | 34,775 | 15,087 | 4,706 | 1,907 | 7,637 | 64,112 | -3,111 | 61,001 |
| Segment profit (EBIT) | 2,592 | 796 | 365 | 103 | 733 | 4,589 | 293 | 4,882 |
| Thereof share of profit/loss from equity-method investments | 55 | 13 | 63 | - | -13 | 118 | 732 | 850 |
| Thereof income/expense from compounding of provisions and changes in discount rates | -86 | -31 | -11 | -1 | . | -129 | -2 | -131 |

**Reconciliation.** Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as shown in table ↗ E.29.

The reconciliation includes corporate items for which headquarter is responsible. Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the reconciliation.

In the first six months of 2015, the line item share of profit/loss from investments accounted for using the equity method includes the proportionate earnings of BAIC Motor of €65 million. The prior-year profit includes the gain on the remeasurement of the equity investment in Tesla (€718 million) as well as the proportionate earnings of BAIC Motor (€13 million).

In the first six months of 2014, other corporate items included the expenses from hedging the share price of Tesla of €229 million and from the measurement of the RRPSH put option of €118 million, which were presented under other financial expense, net. Furthermore, they included expenses in connection with legal proceedings.

## E.29

**Reconciliation of the total segments' profit (EBIT)**

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 |
|---|---|---|---|---|
| Total segments' profit (EBIT) | 3,645 | 2,492 | 6,616 | 4,589 |
| Share of profit/loss from equity-method investments | 25 | 730 | 66 | 732 |
| Other corporate items | 41 | -136 | -80 | -452 |
| Eliminations | 7 | 9 | 22 | 13 |
| Group EBIT | 3,718 | 3,095 | 6,624 | 4,882 |
| Amortization of capitalized borrowing costs[1] | -3 | -2 | -5 | -4 |
| Interest income | 36 | 30 | 87 | 64 |
| Interest expense | -126 | -188 | -280 | -357 |
| Profit before income taxes | 3,625 | 2,935 | 6,426 | 4,585 |

1 Amortization of capitalized borrowing costs is not considered in the internal performance measure "EBIT," but is included in cost of sales.

## 20. Related party relationships

Related parties are deemed to be associated companies, joint ventures, joint operations and unconsolidated subsidiaries, as well as persons who exercise a significant influence on the financial and business policy of the Daimler Group. The latter category includes all persons in key positions and their close family members. At the Daimler Group, those persons are the members of the Board of Management and of the Supervisory Board.

Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies, joint ventures and joint operations, and are shown in table ↗ E.30.

**Associated companies.** A large proportion of the Group's sales of goods and services with associated companies as well as receivables results from business relations with Beijing Benz Automotive Co., Ltd. (BBAC). See Note 11 for further information on BBAC.

In the first quarter of 2014, significant transactions of goods and services also took place with Rolls-Royce Power Systems AG (RRPS), which is a subsidiary of RRPSH. RRPSH was sold in the third quarter of 2014.

The purchases of goods and services shown in table ↗ E.30 were primarily from MBtech Group GmbH & Co. KGaA (MBtech Group). MBtech Group develops, integrates and tests components, systems, modules and vehicles worldwide.

**Joint ventures.** Significant sales of goods and services took place with Fujian Benz Automotive Co. Ltd. (FBAC), as well as with Mercedes-Benz Trucks Vostok OOO, a joint venture established with Kamaz OAO, another of the Group's associated companies.

In 2014, Daimler provided a joint and separate liability guarantee to external banks which provided a syndicate loan to the joint venture Shenzen BYD Daimler New Technology Co. Ltd. (SBDNT). The guarantee provided by Daimler amounts to RMB 750 million (approximately €108 million as of June 30, 2015) and equates to the Group's share in the loan granted to SBDNT based on its 50% equity interest in SBDNT. €85 million of this loan has been utilized as of June 30, 2015.

In connection with its 45% equity interest in Toll Collect GmbH, Daimler has issued guarantees which are not shown in table ↗ E.30 (€100 million at June 30, 2015 and at December 31, 2014).

**Joint operations.** Joint operations primarily relate to significant business transactions with Beijing Mercedes-Benz Sales Service Co., Ltd. (BMBS), which provides advisory and other services relating to marketing, sales and distribution in the Chinese market.

## E.30
**Related party relationships**

| In millions of euros | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 Sales of goods and services and other income | Q2 2015 | Q2 2014 | Q1-2 2015 | Q1-2 2014 Purchases of goods and services and other expense |
|---|---|---|---|---|---|---|---|---|
| Associated companies | **909** | 600 | **1,565** | 1,103 | **50** | 75 | **131** | 145 |
| thereof BBAC | **851** | 495 | **1,462** | 876 | **10** | 2 | **43** | 10 |
| Joint ventures | **127** | 184 | **255** | 338 | **23** | 27 | **43** | 54 |
| Joint operations | **5** | 2 | **8** | 4 | **72** | 48 | **131** | 93 |

| In millions of euros | June 30, 2015 | Receivables Dec. 31, 2014 | June 30, 2015 | Payables Dec. 31, 2014 |
|---|---|---|---|---|
| Associated companies | **1,039** | 764 | **66** | 65 |
| thereof BBAC | **971** | 726 | **44** | 16 |
| Joint ventures | **129** | 195 | **6** | 6 |
| Joint operations | **37** | 44 | **17** | 22 |

# Responsibility Statement.

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Stuttgart, July 22, 2015

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Ola Källenius

Wilfried Porth

Hubertus Troska

Bodo Uebber

Thomas Weber

# Auditor's Review Report.

To the Supervisory Board of Daimler AG

We have reviewed the condensed interim consolidated financial statements of Daimler AG, Stuttgart, comprising – the consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of Daimler AG, Stuttgart, for the period from January 1 to June 30, 2015, that are part of the semi annual report according to § 37 w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.
We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additional application of the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, July 22, 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Becker | Dr. Thümler |
| Wirtschaftsprüfer | Wirtschaftsprüfer |

# Addresses | Information.

**Investor Relations**
Phone +49 711 17 92261
17 97778
17 95256
17 95277
Fax +49 711 17 94075

This report and additional information on Daimler are available on the Internet at
**www.daimler.com**

**Concept and contents**
Daimler AG
Investor Relations

**Publications for our shareholders**
Annual Reports (German, English)
Interim Reports on first, second and third quarters (German, English)
Sustainability Report (German, English)
www.daimler.com/ir/reports

# Financial Calendar.

**Interim Report Q2 2015**
July 23, 2015

**Interim Report Q3 2015**
October 22, 2015

**Annual Press Conference**
February 4, 2016

**Investor and Analyst Conference**
February 5, 2016

**Annual Meeting 2016**
Berlin
April 6, 2016

**Interim Report Q1 2016**
April 22, 2016

**Interim Report Q2 2016**
July 21, 2016

As changes to the above dates cannot be ruled out, we recommend checking on the Internet shortly before each scheduled date at www.daimler.com/ir/calendar.

Daimler AG
Mercedesstr. 137
70327 Stuttgart
Germany
www.daimler.com
www.daimler.mobi