

DAIMLER

# Interim Report Q3 2020



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Cover photo: [The new Mercedes-Benz eCitaro articulated bus.](#)

For sustainable, CO<sub>2</sub>-neutral public transport: The new, all-electric Mercedes-Benz eCitaro G articulated bus has extra space to carry up to 146 passengers. It is ideally suited for use in busy cities and metropolitan areas with large passenger volumes and makes an important contribution to inner cities being pleasant to live in. As an option, the eCitaro G is available for the first time with solid batteries. They offer extra high energy density with a total energy capacity of 441 kWh. Thanks to its greater range, this bus can therefore operate very well on most typical city routes.

## Q3

## Key Figures Daimler Group

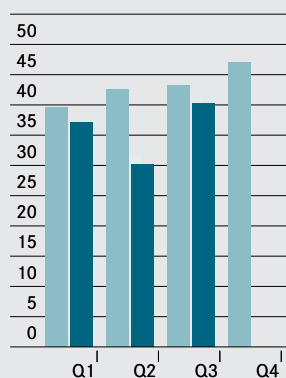
€ amounts in millions	Q3 2020	Q3 2019	% change
Revenue	40,281	43,270	-7 <sup>1</sup>
Europe	17,535	17,308	+1
thereof Germany	7,021	6,606	+6
North America	10,943	13,055	-16
thereof United States	9,602	11,377	-16
Asia	10,002	10,337	-3
thereof China	5,495	4,648	+18
Other markets	1,801	2,570	-30
Investment in property, plant, equipment	1,193	1,772	-33
Research and development expenditure	2,126	2,501	-15
thereof capitalized development costs	572	737	-22
Free cash flow of the industrial business	5,139	2,819	+82
Free cash flow of the industrial business adjusted	5,345	2,931	+82
EBIT	3,070	2,690	+14
EBIT adjusted	3,479	3,142	+11
Net profit	2,158	1,813	+19
Earnings per share (in euros)	1.92	1.61	+19
Employees	291,770	298,655 <sup>2</sup>	-2

1 Adjusted for the effects of currency translation, decrease in revenue of 5%.

2 As of December 31, 2019.

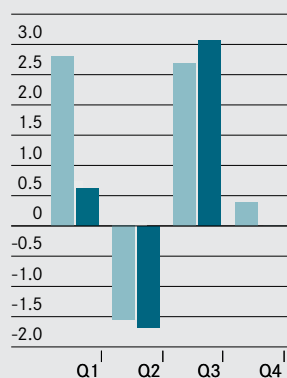
## Revenue

In billions of euros



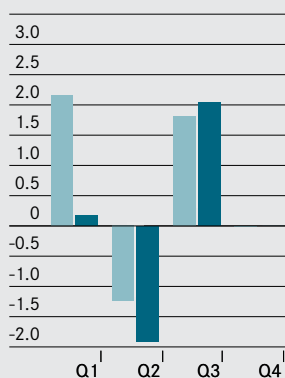
## EBIT

In billions of euros



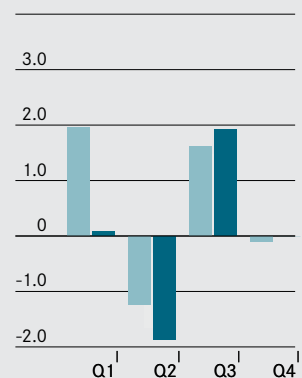
## Net profit/loss

In billions of euros



## Earnings per share

In euros



2019  
2020

## Q1-3

## Key Figures Daimler Group

€ amounts in millions	Q1-3 2020	Q1-3 2019	% change
Revenue	107,688	125,618	-14 <sup>1</sup>
Europe	44,334	51,165	-13
thereof Germany	17,748	19,694	-10
North America	30,304	37,877	-20
thereof United States	26,721	32,879	-19
Asia	27,779	28,998	-4
thereof China	14,672	13,697	+7
Other markets	5,271	7,578	-30
Investment in property, plant, equipment	3,830	5,191	-26
Research and development expenditure	6,735	7,236	-7
thereof capitalized development costs	1,915	2,199	-13
Free cash flow of the industrial business	3,508	-522	.
Free cash flow of the industrial business adjusted	4,261	-237	.
EBIT	2,005	3,930	-49
EBIT adjusted	3,490	7,899	-56
Net profit	420	2,720	-85
Earnings per share (in euros)	0.13	2.32	-94
Employees	291,770	298,655 <sup>2</sup>	-2

1 Adjusted for the effects of currency translation, decrease in revenue of 14%.

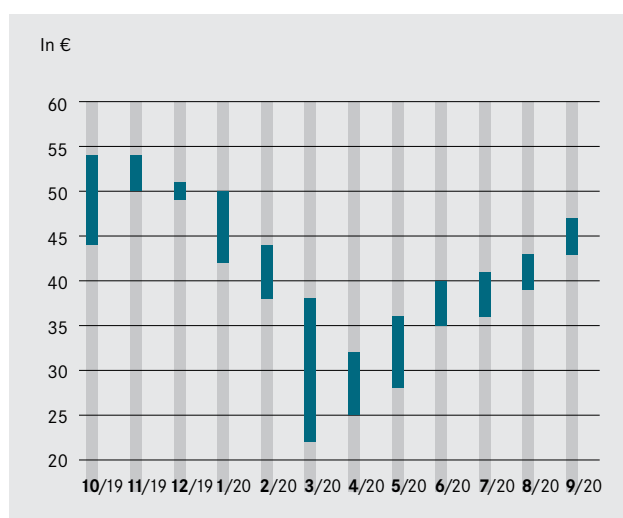
2 As of December 31, 2019.

# Daimler and the Capital Market

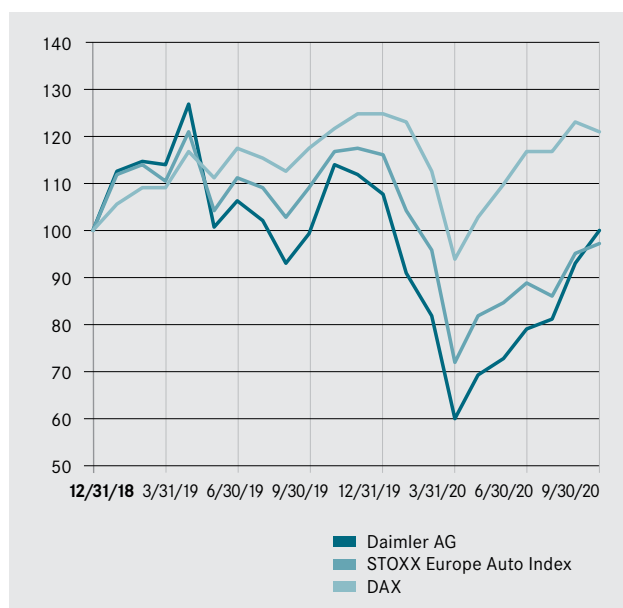
## Key figures

	Sept. 30, 2020	Sept. 30, 2019	% change
Earnings per share in Q3 (in €)	1.92	1.61	+19
Outstanding shares (in millions)	1,069.8	1,069.8	0
Market capitalization (billions €)	49.26	48.81	+1
Xetra closing price (in €)	46.04	45.62	+1

## Daimler share price (high/low), 2019/2020



## Share-price development (indexed)



## Stock exchanges and automotive shares continue their upward trend in the third quarter of 2020

Global stock markets continued to grow in the third quarter, with some indices actually reaching new highs. In Europe, stock markets were initially boosted by the announcement of a €750 billion reconstruction fund by the EU, the upturn in global economic activity and positive news on the development of corona vaccines. The fact that the United States and China were maintaining their trade agreement also boosted share prices. This had an impact on also automobile stocks with their globally complex supply and production networks. However, rising corona infection figures worldwide negatively affected market sentiment at the end of the third quarter.

The Daimler share price showed a further significant recovery in the third quarter of 2020. In addition to the figures for the second quarter, which were better than the majority of analysts had expected, investors were encouraged by the announcement of measures to optimize fixed costs, positive sales figures at Mercedes-Benz Cars and the presentation of the new S-Class. Daimler shares were listed at €46.04 at the end of September, which was approximately 27% higher than at the end of the second quarter of 2020. Taking into consideration the dividend payment of €0.90 per share, our shareholders experienced a performance of +30%. During the same period, the DAX rose by 4% and the STOXX Europe Auto Index by 9%.

## Daimler issues first green bond

The Daimler Group again successfully undertook refinancing on the international money and capital markets in the third quarter. In addition to several local transactions, Daimler AG issued the first green bond in the company's history with a volume of €1.0 billion and a term of ten years. The additional credit line of €12 billion agreed upon at the beginning of April was adjusted to an available amount of €8.8 billion in the third quarter after the capital-market transactions were completed. Furthermore, several asset-backed securities (ABS) transactions were carried out in the third quarter of 2020. A total refinancing volume of USD 4.2 billion was generated in the United States and a volume of CNY 6.0 billion was issued in China. In addition, an ABS bond was issued for the first time in Korea, with a refinancing volume of KRW 394.0 billion.

# Interim Management Report

**Significant decrease in total unit sales to 772,700 vehicles (Q3 2019: 839,300)**

**Revenue of €40.3 billion (Q3 2019: €43.3 billion)**

**Group EBIT of €3.1 billion (Q3 2019: plus €2.7 billion); adjusted Group EBIT of €3.5 billion (Q3 2019: €3.1 billion)**

**Net profit of €2.2 billion (Q3 2019: net profit €1.8 billion)**

**Free cash flow of the industrial business in first nine months of plus €3.5 billion (Q1-3 2019: minus €0.5 billion)**

**Unit sales and revenue expected to be significantly lower in full-year 2020 than in 2019, EBIT to be at prior-year level**

**Free cash flow of the industrial business expected to be significantly higher than last year**

## Business development

### Global economy recovering after deep slump

The global economy continued to be severely affected by the covid-19 pandemic in the third quarter. Following the massive slump in economic output in the second quarter as a result of national shutdowns in nearly all major economies, a fairly dynamic recovery began in May as restrictions were relaxed, and this continued in the third quarter. This improvement was quite uneven, however, both by region and by sector. Retail sales developed very dynamically, especially in Europe and North America, and in many places were already higher in the third quarter than in the prior-year period. The recovery of industry also came as a positive surprise, although production was still significantly below the previous year's level. The situation was significantly more difficult in the service sector, tourism for example. Leading indicators such as the purchasing managers' index for the service sector fell again perceptibly towards the end of the quarter, showing that there is still a long way to go to old normal levels, not least due to the renewed rise in new infections. The global stock market continued to improve in the third quarter and, despite a slight weakness at the end of the quarter, was recently almost 10% higher than a year earlier. The US economy recovered strongly in the third quarter and is likely to have grown significantly compared with the previous quarter. Compared with last year, however, American gross domestic product contracted once again. Consumer spending in particular recovered strongly and actually exceeded the prior-year level. The economy of the euro zone has also been recovering since May and is expected to have grown noticeably in the third quarter, although it still fell well below the prior-year level, with major differences within the region. Recent monthly data also show that the recovery has recently lost momentum after the number of new coronavirus infections reached new record highs in some regions. In China, which had already returned to pre-crisis levels in the second quarter, the situation normalized further in the third quarter and growth is likely to have accelerated again. Among the other major economies, the recovery in Japan was rather sluggish and the Indian economy was still severely affected by high infection rates, while the Brazilian economy developed noticeably better than had been feared. Central banks and governments in China, Europe, the United States and other regions maintained their expansive course in the third quarter, thus supporting the upswing. The price of oil remained within a fairly narrow corridor of USD 40-45 per barrel, providing little stimulus for the commodity exporting economies.

The development of **worldwide demand for cars** continued to be severely affected by the corona crisis. In line with the overall economic situation, most of the sales markets relevant for Daimler had already reached their low point in the second quarter and showed a noticeable revival in the third quarter. However, worldwide demand for cars was slightly lower than in the third quarter of last year.

The Chinese market, which had already reached its low point in February, continued its recovery. Car sales in the third quarter were again significantly above the prior-year level. The US market for cars and light trucks also improved visibly, but still recorded a year-on-year decline of nearly 10%.

The European market has also been on a recovery path since the low point in April and was only slightly below the prior-year level in the past quarter. A similar pattern was observed in Western Europe, where demand for cars was about 5% lower than in the previous year. All major Western European sales markets improved significantly in recent months. While sales numbers in Germany, France and Spain were still down by between 5 and 7%, market volumes in the United Kingdom and Italy were actually close to the prior-year levels. Due primarily to the improved situation in the Russian market and strong growth in Turkey, demand in Eastern Europe was significantly higher than in the same period of last year.

**Demand for vans** in the EU30 region (European Union, United Kingdom, Norway and Switzerland) in the third quarter of 2020 was about at the prior-year level. The market volume for mid-size and large vans was significantly above its prior-year magnitude, while the market volume for small vans was down by about 10%. The US market for large vans was slightly smaller than in the third quarter of last year. Demand for large vans in Latin America decreased significantly.



Major **truck markets** improved visibly in the third quarter after their severe losses in the first half of the year. In most cases, however, sales figures were still significantly lower than in the third quarter of last year. The North American market for heavy-duty trucks (class 8) contracted at a somewhat lower rate in the third quarter, but was still down by about 30% compared with the prior-year period.

Demand for heavy-duty trucks improved also in the EU30 region compared with the spring. According to recent estimates, the market was just slightly below the prior-year level, which had been relatively weak, however, as a result of regulatory special effects. The recovery in Brazil has recently been more dynamic than expected, with sales of heavy-duty truck only about 10% lower than in the third quarter of last year. Demand in Japan was rather weak with a decrease of about 20%.

**Bus markets** also continued to be affected by the corona crisis. According to the latest estimates, demand for buses in the EU30 region was significantly below the prior-year level, primarily due to the ongoing weakness of the touring-coach segment. The market in Brazil also declined significantly in the third quarter.

#### Significant decrease in total unit sales

In the third quarter of 2020, Daimler sold 772,700 cars and commercial vehicles worldwide (Q3 2019: 839,300). **↗ C.01**

**Mercedes-Benz Cars** sold 566,600 cars of the Mercedes-Benz and smart brands in the third quarter of this year (Q3 2019: 604,700). Despite the ongoing covid-19 pandemic, deliveries from July through September benefited from a recovery in end-customer demand in many markets. This increased demand could be met at short notice, in particular by reducing dealer inventories. In Europe, 229,800 vehicles were sold (Q3 2019: 253,200), thus continuing the sales revival. In Germany, the region's core market, Mercedes-Benz Cars sold 84,200 vehicles, almost matching the prior-year level (Q3 2019: 85,100). In China, Mercedes-Benz Cars' largest market, sales increased by 23% to 213,800 units (Q3 2019: 173,300), setting a new record for a third quarter. In the United States, Mercedes-Benz Cars delivered 52,000 vehicles, significantly below the prior-year level (Q3 2019: 75,700).

**Mercedes-Benz Vans** posted third-quarter unit sales of 106,900 vehicles (Q3 2019: 100,300). In the EU30 region, Mercedes-Benz Vans sold 69,300 units (Q3 2019: 65,500). With sales of 18,500 units in North America, we recorded our strongest-selling quarter so far (Q3 2019: 14,100). In the United States, we sold 16,000 vans in the third quarter (Q3 2019: 11,600). Sales in Latin America decreased to 3,200 units (Q3 2019: 4,400). In China, sales of 6,500 units were significantly lower than in the prior-year quarter (Q3 2019: 8,500).

Unit sales by **Daimler Trucks** of 94,100 vehicles in the third quarter of 2020 were 25% lower than in the prior-year period, due in particular to the covid-19 pandemic. Our truck sales in North America decreased by 22% to 41,800 units. We were affected by the global market slump also in the EU30 region, with a significant decrease in sales to 15,400 units (Q3 2019: 19,900). In Brazil, we sold 6,000 units, a decrease of 26% compared with the third quarter of last year. In Asia, our sales of 21,900 trucks were also significantly lower than in the prior-year period (Q3 2019: 33,600).

Primarily because of covid-19, **Daimler Buses**' sales also decreased in the third quarter of 2020, by 43% to 5,100 units. In the EU30 region, Daimler Buses' third-quarter sales of 1,900 complete buses and bus chassis of the Mercedes-Benz and Setra brands were 23% lower than in the same period of last year. Our sales in Mexico also decreased significantly to 200 units (-71%). In Brazil, our main market in Latin America, we had a fall in sales of 55% to 1,600 bus chassis.

At **Daimler Mobility**, new business stabilized and was up by 2% compared with the third quarter of last year to €18.7 billion. Contract volume amounted to €149.8 billion at the end of September, which is 8% lower than at the end of 2019. A recovery was apparent in the insurance business. Worldwide, 644,000 insurance policies were brokered by Daimler Mobility in the third quarter of this year (Q3 2019: 589,000).

#### C.01

##### Group unit sales

	Q3 2020	Q3 2019	% change
Daimler Group	772,703	839,326	-8
Mercedes-Benz Cars	566,581	604,655	-6
Mercedes-Benz Vans	106,866	100,332	+7
Daimler Trucks	94,141	125,382	-25
Daimler Buses	5,115	8,957	-43

## Profitability, cash flows and financial position

In order to provide a better insight into profitability, cash flows and financial position, the condensed statement of income, condensed statement of cash flows and condensed statement of financial position are presented not only for the Daimler Group but also for the “Industrial Business” and for “Daimler Mobility.” The industrial business and Daimler Mobility columns represent a business point of view. The industrial business comprises the vehicle segments Mercedes-Benz Cars & Vans and Daimler Trucks & Buses, as well as the companies of the Group that are not allocated to the divisions. Daimler Mobility corresponds to the Daimler Mobility segment. Eliminations of intra-Group transactions between the industrial business and Daimler Mobility are generally allocated to the industrial business.

### Change in the Group's internal management and reporting structure as of January 1, 2020

Until December 31, 2019, the Group's **reportable segments** were Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Mobility. As of January 1, 2020, the Group's activities are divided into the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. This corresponds to the internal reporting and organizational structure. The segments Mercedes-Benz Cars and Mercedes-Benz Vans are aggregated into the reportable segment Mercedes-Benz Cars & Vans in line with the nature of the products and services offered as well as their brands, sales channels and customer profiles.

In order to provide a more transparent presentation of the ongoing business, adjusted figures for both the Group and the segments are also calculated and reported from financial year 2020 onwards. The **adjustments** include individual items where they lead to material effects in a reporting year. These individual circumstances may relate in particular to legal proceedings and associated measures, restructuring measures and M&A transactions. Further information on the management system can be found in Annual Report 2019 in the Corporate Profile section of the Combined Management Report.

### Adjustment of prior-year figures

In order to ensure that the figures for 2020 are comparable with the prior-year figures, the figures for 2019 have been adjusted to the new segment structure. Internal supply relationships within the new segments have been taken into account. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments.

## Profitability

### Daimler Group statement of income for the three-month periods ended September 30, 2020

Despite the ongoing covid-19 pandemic, the Daimler Group's **revenue** of €40,281 million in the third quarter of 2020 was only slightly below the prior-year level (Q3 2019: €43,270 million). Whereas the revenue of the Mercedes-Benz Cars & Vans and Daimler Mobility segments was only slightly below the prior-year figures, the Daimler Trucks & Buses segment's revenue was significantly lower than in the prior-year quarter, due in particular to the covid-19 pandemic. Adjusted for negative exchange-rate effects, revenue was also slightly lower than in the third quarter of last year.

The measures taken in response to the covid-19 pandemic had a positive impact on gross profit and led to cost reductions also in other functional-cost areas. Due to increases in provisions for risks in the first half of 2020, no further additions to credit-risk provisions were necessary at the Daimler Mobility segment.

As in the prior-year quarter, earnings were additionally affected by individual items. In particular, personnel cost optimization programs had a negative impact on functional costs. In the third quarter of 2019, a reassessment of risks in connection with ongoing governmental and court proceedings and measures taken with regard to Mercedes-Benz diesel vehicles had led to significant earnings reductions, both in cost of sales and in other operating income/expense.

**EBIT** amounted to €3,070 million in the third quarter of 2020, which is slightly higher than in the third quarter of last year (Q3 2019: €2,690 million). The Daimler Group's adjusted EBIT was €3,479 million (Q3 2019: €3,142 million). The reconciliation from EBIT to adjusted EBIT is shown in table [C.04](#).

**Net interest expense** in the third quarter of 2020 amounted to €38 million (Q3 2019: €115 million).

The **income-tax expense** recognized in the third quarter of 2020 amounted to €874 million (Q3 2019: €762 million). The effective tax rate was 28.8% (Q3 2019: 29.6%).

**Net profit** for the third quarter of 2020 amounted to €2,158 million (Q3 2019: €1,813 million). Net profit of €109 million is attributable to **non-controlling interests** (Q3 2019: €94 million). Net profit attributable to the **shareholders of Daimler AG** amounts to €2,049 million (Q3 2019: €1,719 million), representing increased **earnings per share** of €1.92 (Q3 2019: €1.61).

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

Table [C.02](#) shows the condensed statement of income of the Daimler Group as well as of the industrial business and Daimler Mobility. Table [C.03](#) shows the composition of EBIT for the industrial business.



## C.02

Condensed consolidated statement of income/loss  
for the three-month periods ended September 30

	Daimler Group		Industrial Business		Daimler Mobility	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
In millions of euros						
Revenue	40,281	43,270	33,404	36,184	6,877	7,086
Cost of sales	-32,704	-34,596	-26,777	-28,416	-5,927	-6,180
<b>Gross profit</b>	<b>7,577</b>	<b>8,674</b>	<b>6,627</b>	<b>7,768</b>	<b>950</b>	<b>906</b>
Selling expenses	-2,364	-3,136	-2,208	-2,941	-156	-195
General administrative expenses	-888	-1,005	-699	-814	-189	-191
Research and non-capitalized development costs	-1,554	-1,764	-1,554	-1,764	-	-
Other operating income/expense	287	-167	250	-192	37	25
Gains/losses on equity-method investments, net	162	193	215	326	-53	-133
Other financial income/expense, net	-150	-105	-150	-106	-	1
<b>EBIT</b>	<b>3,070</b>	<b>2,690</b>	<b>2,481</b>	<b>2,277</b>	<b>589</b>	<b>413</b>
Interest income/expense	-38	-115	-36	-112	-2	-3
<b>Profit before income taxes</b>	<b>3,032</b>	<b>2,575</b>	<b>2,445</b>	<b>2,165</b>	<b>587</b>	<b>410</b>
Income taxes	-874	-762	-670	-640	-204	-122
<b>Net profit</b>	<b>2,158</b>	<b>1,813</b>	<b>1,775</b>	<b>1,525</b>	<b>383</b>	<b>288</b>
thereof profit attributable to non-controlling interests	109	94				
thereof profit attributable to shareholders of Daimler AG	2,049	1,719				
<b>Earnings per share (in euros)</b> for profit attributable to shareholders of Daimler AG						
<b>Basic</b>	<b>1.92</b>	<b>1.61</b>				
<b>Diluted</b>	<b>1.92</b>	<b>1.61</b>				

## C.03

EBIT of the industrial business for the  
three-month periods ended September 30

	Industrial Business		Mercedes-Benz Cars & Vans		Daimler Trucks & Buses		Reconciliation	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019	Q3 2020	Q3 2019
In millions of euros								
Revenue	33,404	36,184	25,818	26,562	9,230	11,483	-1,644	-1,861
Cost of sales	-26,777	-28,416	-20,846	-21,035	-7,602	-9,253	1,671	1,872
<b>Gross profit</b>	<b>6,627</b>	<b>7,768</b>	<b>4,972</b>	<b>5,527</b>	<b>1,628</b>	<b>2,230</b>	<b>27</b>	<b>11</b>
Selling expenses	-2,208	-2,941	-1,820	-2,387	-566	-751	178	197
General administrative expenses	-699	-814	-379	-414	-344	-383	24	-17
Research and non-capitalized development costs	-1,554	-1,764	-1,237	-1,379	-342	-379	25	-6
Other income/expense	315	28	582	123	165	121	-432	-216
<b>EBIT</b>	<b>2,481</b>	<b>2,277</b>	<b>2,118</b>	<b>1,470</b>	<b>541</b>	<b>838</b>	<b>-178</b>	<b>-31</b>

### Segment revenue and EBIT for the three-month periods ended September 30, 2020

The revenue of the **Mercedes-Benz Cars & Vans** division fell by 3% to €25,818 million in the third quarter of 2020 (Q3 2019: €26,562 million). The division's EBIT amounted to €2,118 million (Q3 2019: €1,470 million); adjusted EBIT amounted to €2,417 million (Q3 2019: €1,868 million). The adjusted return on sales of 9.4% was above the adjusted prior-year figure of 7.0%. [↗ C.03](#) [↗ C.04](#)

In particular, due to the decrease in sales volume, gross profit in relation to revenue decreased from 20.8% to 19.3%. The measures introduced as a consequence of the covid-19 pandemic led to cost reductions in all functional cost areas. In particular, a significant reduction in fixed costs also had a positive effect on earnings. Furthermore, improved price enforcement had a positive impact on gross profit. Adjustments to a retirement plan and a health care plan in the United States also had a positive impact on functional costs.

Furthermore, the segment's earnings were reduced by restructuring expenses of €297 million. This amount includes €229 million for personnel cost optimization programs. In addition, the restructuring expenses include expenses of €68 million for the adjustment and realignment of capacities within the global production network in connection with the intended sale of the car plant in Hambach (France). Earnings in the prior-year period were reduced by individual items relating to ongoing governmental and court proceedings and measures taken with regard to Mercedes-Benz diesel vehicles (€362 million) as well as by restructuring expenses in connection with terminating production of the X-Class (€36 million). The reconciliation from EBIT to adjusted EBIT is shown in table [↗ C.04](#).

The revenue of **Daimler Trucks & Buses** decreased in the third quarter of 2020 by 20% to €9,230 million (Q3 2019: €11,483 million). EBIT amounted to €541 million (adjusted: €603 million; Q3 2019: €838 million). The segment's adjusted return on sales was below the prior-year figure at 6.5% (Q3 2019: 7.3%). [↗ C.03](#) [↗ C.04](#)

The development of earnings in the third quarter of 2020 was substantially adversely affected by declining volumes. Unit sales decreased in all regions, primarily due to contracting markets following the ongoing covid-19 pandemic. Earnings were also reduced by expenses for personnel cost optimization programs of €62 million. As a result, gross profit in relation to revenue decreased from 19.4% to 17.6%. The introduced measures led to cost reductions in all functional cost areas. In particular, a significant reduction in fixed costs had a positive impact on earnings. The reconciliation from EBIT to adjusted EBIT is shown in table [↗ C.04](#).

In the third quarter of 2020, the **Daimler Mobility** segment achieved EBIT of €589 million (Q3 2019: €413 million); adjusted EBIT amounted to €601 million (Q3 2019: €469 million). Adjusted return on equity of 16.5% was above the adjusted prior-year figure of 13.5%. [↗ C.02](#) [↗ C.04](#)

Positive effects were recorded, amongst others, due to the implemented measures to improve the cost position. Furthermore, as a result of the response to the covid-19 pandemic in the first half of 2020, no further additions to credit risk provisions were necessary in the third quarter of 2020. EBIT was affected by the impairment of software in the context of streamlining the IT-architecture. The reconciliation of EBIT to adjusted EBIT is shown in table [↗ C.04](#).

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

Items at the corporate level resulted in expenses of €222 million in the third quarter of 2020 (Q3 2019: income of €8 million). In particular, the impairment of Daimler's equity investment in BAIC Motor had a negative effect on EBIT.

The elimination of intra-Group transactions resulted in income of €44 million (Q3 2019: expenses of €39 million).

## C.04

## Reconciliation EBIT to EBIT adjusted for the three-month periods ended September 30

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
<b>Q3 2020</b>					
<b>EBIT</b>	<b>2,118</b>	<b>541</b>	<b>589</b>	<b>-178</b>	<b>3,070</b>
Legal proceedings (and related measures)	2	-	-	-	2
Restructuring measures	297	62	12	36	407
M&A transactions	-	-	-	-	-
<b>EBIT adjusted</b>	<b>2,417</b>	<b>603</b>	<b>601</b>	<b>-142</b>	<b>3,479</b>
<b>Return on sales/return on equity (in %)</b>	<b>8.2</b>	<b>5.9</b>	<b>16.2</b>		
<b>Return on sales/return on equity adjusted (in %)<sup>1</sup></b>	<b>9.4</b>	<b>6.5</b>	<b>16.5</b>		

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
<b>Q3 2019</b>					
<b>EBIT</b>	<b>1,470</b>	<b>838</b>	<b>413</b>	<b>-31</b>	<b>2,690</b>
Legal proceedings (and related measures)	362	-	11	-2	371
Restructuring measures	36	-	45	-	81
M&A transactions	-	-	-	-	-
<b>EBIT adjusted</b>	<b>1,868</b>	<b>838</b>	<b>469</b>	<b>-33</b>	<b>3,142</b>
<b>Return on sales/return on equity (in %)</b>	<b>5.5</b>	<b>7.3</b>	<b>11.9</b>		
<b>Return on sales/return on equity adjusted (in %)<sup>1</sup></b>	<b>7.0</b>	<b>7.3</b>	<b>13.5</b>		

<sup>1</sup> Return on sales adjusted is calculated as the ratio of EBIT adjusted to revenue. Return on equity adjusted is determined as the ratio of EBIT adjusted to average quarterly equity.

## C.05

## Condensed consolidated statement of income/loss for the nine-month periods ended September 30

	Daimler Group		Industrial Business		Daimler Mobility	
	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019
In millions of euros						
Revenue	107,688	125,618	87,260	104,506	20,428	21,112
Cost of sales	-91,705	-103,827	-73,388	-85,444	-18,317	-18,383
<b>Gross profit</b>	<b>15,983</b>	<b>21,791</b>	<b>13,872</b>	<b>19,062</b>	<b>2,111</b>	<b>2,729</b>
Selling expenses	-7,715	-9,359	-7,223	-8,777	-492	-582
General administrative expenses	-2,616	-2,999	-2,059	-2,366	-557	-633
Research and non-capitalized development costs	-4,820	-5,037	-4,820	-5,037	-	-
Other operating income/expense	1,068	-786	967	-1,609	101	823
Gains/losses on equity-method investments, net	381	665	689	950	-308	-285
Other financial income/expense, net	-276	-345	-273	-346	-3	1
<b>EBIT</b>	<b>2,005</b>	<b>3,930</b>	<b>1,153</b>	<b>1,877</b>	<b>852</b>	<b>2,053</b>
Interest income/expense	-175	-404	-167	-397	-8	-7
<b>Profit before income taxes</b>	<b>1,830</b>	<b>3,526</b>	<b>986</b>	<b>1,480</b>	<b>844</b>	<b>2,046</b>
Income taxes	-1,410	-806	-1,066	-407	-344	-399
<b>Net profit/loss</b>	<b>420</b>	<b>2,720</b>	<b>-80</b>	<b>1,073</b>	<b>500</b>	<b>1,647</b>
thereof profit attributable to non-controlling interests	278	234				
thereof profit attributable to shareholders of Daimler AG	142	2,486				
<b>Earnings per share (in euros)</b>						
for profit attributable to shareholders of Daimler AG						
<b>Basic</b>	<b>0.13</b>	<b>2.32</b>				
<b>Diluted</b>	<b>0.13</b>	<b>2.32</b>				

## C.06

EBIT of the industrial business for the nine-month periods ended September 30	Industrial Business		Mercedes-Benz Cars & Vans		Daimler Trucks & Buses		Reconciliation	
	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019	Q1-3 2020	Q1-3 2019
In millions of euros								
Revenue	87,260	104,506	67,963	76,043	24,174	33,238	-4,877	-4,775
Cost of sales	-73,388	-85,444	-57,463	-63,004	-20,732	-26,902	4,807	4,462
<b>Gross profit</b>	<b>13,872</b>	<b>19,062</b>	<b>10,500</b>	<b>13,039</b>	<b>3,442</b>	<b>6,336</b>	<b>-70</b>	<b>-313</b>
Selling expenses	-7,223	-8,777	-5,928	-7,216	-1,802	-2,137	507	576
General administrative expenses	-2,059	-2,366	-1,136	-1,314	-981	-1,122	58	70
Research and non-capitalized development costs	-4,820	-5,037	-3,828	-3,954	-1,032	-1,119	40	36
Other income/expense	1,383	-1,005	1,895	-726	405	267	-917	-546
<b>EBIT</b>	<b>1,153</b>	<b>1,877</b>	<b>1,503</b>	<b>-171</b>	<b>32</b>	<b>2,225</b>	<b>-382</b>	<b>-177</b>

## C.07

## Reconciliation EBIT to EBIT adjusted for the nine-month periods ended September 30

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Recon- ciliation	Daimler Group
In millions of euros					
<b>Q1-3 2020</b>					
<b>EBIT</b>	<b>1,503</b>	<b>32</b>	<b>852</b>	<b>-382</b>	<b>2,005</b>
Legal proceedings (and related measures)	148	-	-	9	157
Restructuring measures	1,085	71	120	52	1,328
M&A transactions	-	-	-	-	-
<b>EBIT adjusted</b>	<b>2,736</b>	<b>103</b>	<b>972</b>	<b>-321</b>	<b>3,490</b>
<b>Return on sales/return on equity (in %)</b>	<b>2.2</b>	<b>0.1</b>	<b>7.8</b>		
<b>Return on sales/return on equity adjusted (in %)<sup>1</sup></b>	<b>4.0</b>	<b>0.4</b>	<b>8.8</b>		
In millions of euros					
<b>Q1-3 2019</b>					
<b>EBIT</b>	<b>-171</b>	<b>2,225</b>	<b>2,053</b>	<b>-177</b>	<b>3,930</b>
Legal proceedings (and related measures) as well as Takata	3,957	-	34	20	4,011
Restructuring measures	602	-	74	-	676
M&A transactions	-	-	-718	-	-718
<b>EBIT adjusted</b>	<b>4,388</b>	<b>2,225</b>	<b>1,443</b>	<b>-157</b>	<b>7,899</b>
<b>Return on sales/return on equity (in %)</b>	<b>-0.2</b>	<b>6.7</b>	<b>19.9</b>		
<b>Return on sales/return on equity adjusted (in %)<sup>1</sup></b>	<b>5.8</b>	<b>6.7</b>	<b>14.0</b>		

<sup>1</sup> Return on sales adjusted is calculated as the ratio of EBIT adjusted to revenue. Return on equity adjusted is determined as the ratio of EBIT adjusted to average quarterly equity.

## Cash flows

In the first nine months of 2020, **cash provided by/used for operating activities** **↗ C.08** resulted in a cash inflow of €17.3 billion (Q1–3 2019: €6.6 billion) and was particularly affected by the worldwide consequences of the covid-19 pandemic. Whereas in the prior year period, the development of the leasing and sales-financing portfolio at Daimler Mobility negatively affected cash used for/provided by operating activities, the first nine months of 2020 saw a significant positive cash-flow effect due to the decrease in the portfolio caused by the corona crisis. The consequences of the covid-19 pandemic also affected the development of working capital positively. Temporary suspensions of production during the second quarter of 2020 and a renewed increase in customer demand were the main drivers of the development of working capital. In the first nine months of 2020, all the automotive segments experienced a decrease in trade receivables, as well as a lower build-

up of inventories. A stronger increase in inventory levels at Mercedes-Benz Cars & Vans in the first nine months of 2019 was due to the normal cyclical development of inventories, as well as additional effects from model changes and restrictions in the availability of vehicles in certain international markets. Furthermore, cash used for/provided by operating activities was affected by increased cash inflows from dividends received from Beijing Benz Automotive Co., Ltd. The significant deterioration of the business performance associated with the consequences of the covid-19 pandemic was reflected in profit before income taxes, which had been reduced in the prior-year period by the non-cash increases in provisions and increases in liabilities included in other operating assets and liabilities. An additional effect in the first quarter of 2020 resulted from payments made in the context of reviewing and prioritizing the product portfolio for the planned discontinuation of X-Class production.

### C.08

#### Condensed statement of cash flows

	Daimler Group		Industrial Business		Daimler Mobility	
	Q1–3 2020	Q1–3 2019	Q1–3 2020	Q1–3 2019	Q1–3 2020	Q1–3 2019
In millions of euros						
<b>Cash and cash equivalents at beginning of period</b>	<b>18,883</b>	15,853	<b>16,152</b>	12,799	<b>2,731</b>	3,054
Profit before income taxes	<b>1,830</b>	3,526	<b>986</b>	1,480	<b>844</b>	2,046
Depreciation and amortization/impairments	<b>6,668</b>	5,561	<b>6,453</b>	5,449	<b>215</b>	112
Other non-cash expense and income and gains/losses on disposals of assets	<b>-423</b>	-1,200	<b>-781</b>	-808	<b>358</b>	-392
Change in operating assets and liabilities						
Inventories	<b>-933</b>	-5,500	<b>-1,140</b>	-5,493	<b>207</b>	-7
Trade receivables	<b>1,287</b>	186	<b>973</b>	114	<b>314</b>	72
Trade payables	<b>2,106</b>	1,832	<b>1,954</b>	1,840	<b>152</b>	-8
Receivables from financial services	<b>4,277</b>	-1,620	<b>-63</b>	-42	<b>4,340</b>	-1,578
Vehicles on operating leases	<b>2,393</b>	-837	<b>20</b>	218	<b>2,373</b>	-1,055
Other operating assets and liabilities	<b>-163</b>	5,174	<b>-38</b>	5,110	<b>-125</b>	64
Dividends received from equity-method investments	<b>1,234</b>	637	<b>1,234</b>	636	<b>-</b>	1
Income taxes paid	<b>-1,008</b>	-1,199	<b>-184</b>	-287	<b>-824</b>	-912
<b>Cash used for/provided by operating activities</b>	<b>17,268</b>	6,560	<b>9,414</b>	8,217	<b>7,854</b>	-1,657
Additions to property, plant and equipment and intangible assets	<b>-5,967</b>	-7,782	<b>-5,889</b>	-7,649	<b>-78</b>	-133
Investments in and disposals of shareholdings	<b>-96</b>	-1,268	<b>-110</b>	-242	<b>14</b>	-1,026
Acquisitions and sales of marketable debt securities and similar investments	<b>476</b>	741	<b>220</b>	554	<b>256</b>	187
Other	<b>267</b>	164	<b>257</b>	138	<b>10</b>	26
<b>Cash used for/provided by investing activities</b>	<b>-5,320</b>	-8,145	<b>-5,522</b>	-7,199	<b>202</b>	-946
Change in financing liabilities	<b>-4,486</b>	6,048	<b>-7,513</b>	4,589	<b>3,027</b>	1,459
Dividends paid	<b>-1,218</b>	-3,710	<b>-1,209</b>	-3,697	<b>-9</b>	-13
Other transactions with shareholders	<b>1</b>	-43	<b>-12</b>	-11	<b>13</b>	-32
Internal equity and financing transactions	<b>-</b>	-	<b>11,111</b>	46	<b>-11,111</b>	-46
<b>Cash used for/provided by financing activities</b>	<b>-5,703</b>	2,295	<b>2,377</b>	927	<b>-8,080</b>	1,368
Effect of foreign exchange rate changes on cash and cash equivalents	<b>-630</b>	426	<b>-522</b>	400	<b>-108</b>	26
<b>Cash and cash equivalents at end of period</b>	<b>24,498</b>	16,989	<b>21,899</b>	15,144	<b>2,599</b>	1,845

**Cash used for/provided by investing activities** ↗ **C.08** led to a cash outflow of €5.3 billion (Q1–3 2019: €8.1 billion). The decrease resulted in particular from lower investments in property, plant and equipment and intangible assets compared with the prior-year period. Furthermore, cash used for/provided by investing activities during the first quarter of 2019 was affected by the merger of the mobility services of the Daimler Group and the BMW Group, which resulted in cash outflows (net) of €0.7 billion. This was mainly due to capital increases at the joint ventures.

**Cash used for/provided by financing activities** ↗ **C.08** resulted in a cash outflow of €5.7 billion (Q1–3 2019: cash inflow of €2.3 billion). The change is primarily due to lower net cash inflows from financing liabilities, mainly in connection with the refinancing of the leasing and sales-financing business. Positive effects resulted from the comparatively lower dividend payment made to the shareholders of Daimler AG in the current year than in the previous year.

Cash and cash equivalents increased compared with December 31, 2019 by €5.6 billion, after taking into account currency translation. Total liquidity, which also includes marketable debt securities and similar investments, increased by €5.0 billion to €32.6 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.09**, which is derived from the reported cash flows from operating and investing activities. The cash flows from sales and purchases of marketable debt securities and similar investments 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. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from the change in lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business.

Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash used for/provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control. The prior year period included effects from acquisitions and disposals of shareholdings within the Group resulting from Project Future. These were included in the cash used for/provided by investing activities and were reversed in the free cash flow of the industrial business.

In the first nine months of 2020, the **free cash flow of the industrial business** led to a cash inflow of €3.5 billion (Q1–3 2019: cash outflow of €0.5 billion), and was particularly affected by the worldwide consequences of the covid-19 pandemic. The temporary suspension of production during the second quarter of 2020 and the recovery of customer demand

## C.09

### Free cash flow of the industrial business

	Q1–3 2020	Q1–3 2019	Change
In millions of euros			
Cash used for/provided by operating activities	9,414	8,217	+1,197
Cash used for/provided by investing activities	-5,522	-7,199	+1,677
Change in marketable debt securities and similar investments	-220	-554	+334
Right-of-use assets	-239	-636	+397
Other adjustments	75	-350	+425
<b>Free cash flow of the industrial business</b>	<b>3,508</b>	-522	+4,030
Legal proceedings (and related measures)	452	285	+167
Restructuring measures	301	–	+301
M&A transactions	–	–	–
<b>Free cash flow of the industrial business adjusted</b>	<b>4,261</b>	-237	+4,498

in the third quarter were the main drivers of the development of working capital. Trade receivables decreased and inventory levels increased more slowly at all automotive segments during the reporting period. Furthermore, in particular at Mercedes-Benz Cars & Vans, inventories increased more strongly in the first nine months of 2019 due to seasonal effects as well as model changes and restricted vehicle availability in some international markets. Additional cash inflows resulted from an increased dividend received from Beijing Benz Automotive Co., Ltd. Further effects on the free cash flow of the industrial business resulted from decreased investments in property, plant and equipment, intangible assets and right-of-use assets. The significant deterioration of the business performance associated with the consequences of the covid-19 pandemic is reflected in the profit before income taxes, which was reduced in the prior-year period by the non-cash increases in provisions and decreases in liabilities included in the other operating assets and liabilities. Additionally, payments made in connection with the product portfolio review and prioritization in the first quarter of 2020 had a negative impact on the free cash flow of the industrial business.

In the interest of greater transparency in reporting on the ongoing business, starting with the first quarter of 2020, we also report an adjusted free cash flow of the industrial business ↗ **C.09**. The adjustments for legal proceedings include payments by the automotive segments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. The adjustments for restructuring measures include payments made in connection with the product portfolio review and prioritization. The adjusted free cash flow of the industrial business led to a cash inflow of €4.3 billion (Q1–3 2019: cash outflow of €0.2 billion).



In the first nine months of 2020, the **free cash flow of the Daimler Group** resulted in a cash inflow of €11.3 billion (Q1–3 2019: cash outflow of €3.0 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Daimler Group is mainly affected by the leasing and sales-financing business of Daimler Mobility. Additional effects resulted from the cash outflows (net) relating to the merger of the mobility services of the Daimler Group and the BMW Group in the first quarter of 2019.

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, the **free cash flow of the industrial business** can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of the automotive segments. The reconciliation from the CFBIT of Mercedes-Benz Cars & Vans and Daimler Trucks & Buses to the free cash flow of the industrial business also includes pay-

ments of interest and taxes. The other reconciliation items primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible. Table 7 C.10 shows the reconciliation of the CFBIT of the automotive segments to the free cash flow of the industrial business.

The **CFBIT of the automotive segments** is derived from EBIT and the change in net assets, and also includes additions to right-of-use assets. Table 7 C.11 shows the composition of CFBIT for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses for the third quarter of 2020 compared with the prior-year period. Table 7 C.12 shows the reconciliation from CFBIT to **adjusted CFBIT** and the **adjusted cash conversion rate** for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses for the third quarter of the current and prior year.

### C.10

#### Reconciliation from CFBIT to the Free cash flow industrial business

	Q3 2020	Q3 2019	Q1–3 2020	Q1–3 2019
In millions of euros				
<b>CFBIT Mercedes-Benz Cars &amp; Vans</b>	<b>4,617</b>	1,825	<b>3,318</b>	-1,151
<b>CFBIT Daimler Trucks &amp; Buses</b>	<b>1,142</b>	736	<b>936</b>	1,531
Income taxes paid/refunded	-24	186	-184	-287
Interest paid/received	-133	-140	-82	-364
Other reconciling items	-463	212	-480	-251
<b>Free cash flow of the industrial business</b>	<b>5,139</b>	2,819	<b>3,508</b>	-522

### C.11

#### CFBIT

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019
In millions of euros				
<b>EBIT</b>	<b>2,118</b>	1,470	<b>541</b>	838
Change in working capital	435	1	184	-100
Net financial investments	-58	-50	-35	-181
Net investments in property, plant and equipment and intangible assets	-1,603	-2,426	-131	-297
Depreciation and amortization/impairments	1,745	1,552	332	333
Other	1,980	1,278	251	143
<b>CFBIT</b>	<b>4,617</b>	1,825	<b>1,142</b>	736

### C.12

#### Reconciliation to CFBIT adjusted

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q3 2020	Q3 2019	Q3 2020	Q3 2019
In millions of euros				
<b>CFBIT</b>	<b>4,617</b>	1,825	<b>1,142</b>	736
Legal proceedings (and related measures)	204	112	-	-
Restructuring measures	-	-	-	-
M&A transactions	-	-	-	-
<b>CFBIT adjusted</b>	<b>4,821</b>	1,937	<b>1,142</b>	736
<b>EBIT adjusted</b>	<b>2,417</b>	1,868	<b>603</b>	838
<b>Cash conversion rate adjusted<sup>1</sup></b>	<b>2.0</b>	1.0	<b>1.9</b>	0.9

<sup>1</sup> The adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.

The **net liquidity of the industrial business** ↗ **C.13** is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments 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.

Compared with December 31, 2019, the net liquidity of the industrial business increased by €2.1 billion to €13.1 billion. The increase is mainly due to the positive free cash flow of the industrial business, which was partially offset by the dividend payment made to the shareholders of Daimler AG.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, decreased compared with December 31, 2019 by €15.5 billion to €118.2 billion. ↗ **C.14**

The Daimler Group once again utilized attractive conditions in the international money and capital markets for **refinancing** in the third quarter of 2020.

In the third quarter of 2020, Daimler had a cash inflow of €2.4 billion from the **issuance** of bonds (Q3 2019: €9.0 billion). The redemption of bonds resulted in cash outflows of €2.3 billion (Q3 2019: €6.3 billion). An issuance volume of €1.0 billion was carried out in the form of the Daimler Group's first green bond (bond with dedicated use of funds for sustainable projects). ↗ **C.15**.

In addition to the issuances shown in the table, multiple smaller issuances were undertaken in various countries.

Furthermore, several **asset-backed securities (ABS) transactions** were conducted in the third quarter of 2020. In the United States, a refinancing volume of USD 4.2 billion was generated. A volume of CNY 6.0 billion was issued in China. In addition, an ABS bond was issued in South Korea for the first time, with a refinancing volume of KRW 394.0 billion.

The additional **credit line** in the amount of €12.0 billion that was agreed upon at the beginning of April amounts to an available amount of €8.8 billion at September 30, 2020, after capital-market transactions were carried out in the third quarter. At September 30, 2020, the credit line had not been utilized.

### C.13

#### Net liquidity of the industrial business

In millions of euros	Sept. 30, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	21,899	16,152	+5,747
Marketable debt securities and similar investments	7,183	7,522	-339
<b>Liquidity</b>	<b>29,082</b>	<b>23,674</b>	<b>+5,408</b>
Financing liabilities	-17,467	-13,289	-4,178
Market valuation and currency hedges for financing liabilities	1,464	612	+852
<b>Financing liabilities (nominal)</b>	<b>-16,003</b>	<b>-12,677</b>	<b>-3,326</b>
<b>Net liquidity</b>	<b>13,079</b>	<b>10,997</b>	<b>+2,082</b>

### C.14

#### Net debt of the Daimler Group

In millions of euros	Sept. 30, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	24,498	18,883	+5,615
Marketable debt securities and similar investments	8,063	8,655	-592
<b>Liquidity</b>	<b>32,561</b>	<b>27,538</b>	<b>+5,023</b>
Financing liabilities	-152,220	-161,780	+9,560
Market valuation and currency hedges for financing liabilities	1,477	579	+898
<b>Financing liabilities (nominal)</b>	<b>-150,743</b>	<b>-161,201</b>	<b>+10,458</b>
<b>Net debt</b>	<b>-118,182</b>	<b>-133,663</b>	<b>+15,481</b>

### C.15

#### Benchmark issuances

Issuer	Volume	Month of issue	Maturity
Daimler Finance North America LLC	USD 1,250 million	March 2020	March 2023
Daimler Finance North America LLC	USD 450 million	March 2020	March 2025
Daimler Finance North America LLC	USD 450 million	March 2020	March 2030
Daimler AG	€1,500 million	April 2020	April 2025
Daimler AG	€1,000 million	May 2020	August 2023
Daimler AG	€1,250 million	May 2020	August 2026
Daimler AG	€750 million	May 2020	May 2030
Daimler AG	€1,000 million	Sep 2020	Sep 2030

## Financial position

The **balance sheet total** decreased compared with December 31, 2019 from €302.4 billion to €290.7 billion. The reduction includes negative effects from currency translation of €10.0 billion; adjusted for these exchange-rate effects, there was a decrease of €1.8 billion. Daimler Mobility accounts for €160.2 billion of the balance sheet total (December 31, 2019: €174.8 billion), equivalent to 55% of the Daimler Group's total assets (December 31, 2019: 58%).

The global impact of the covid-19 pandemic affected balance sheet items to varying degrees as of September 30, 2020. The decrease in total assets primarily reflects the reduced volume of the financial services business and lower property, plant and equipment due to the adjustment and realignment of capacities. Opposing effects came from significantly higher cash and cash equivalents. On the liabilities side of the balance sheet, there were decreases in financing liabilities and lower equity, while provisions for pensions and similar obligations as well as trade liabilities were above their prior-year levels. Table **7 C.16** shows the condensed statement of financial position for the Group as well as for the industrial business and Daimler Mobility.

Current assets account for 42% of the balance sheet total, the same proportion as at the end of last year. Current liabilities amount to 35% of total equity and liabilities, also the same proportion as at December 31, 2019.

**Intangible assets** of €16.4 billion (December 31, 2019: €16.0 billion) include €13.0 billion of capitalized development costs (December 31, 2019: €12.5 billion), €1.7 billion of franchises, industrial property rights and similar rights (December 31, 2019: €1.7 billion) and €1.2 billion of goodwill (December 31, 2019: €1.2 billion). The Mercedes-Benz Cars & Vans segment accounts for 94% of the development costs (December 31, 2019: 93%) and the Daimler Trucks & Buses segment accounts for 6% (December 31, 2019: 7%).

**Property, plant and equipment** decreased to €35.1 billion, partially due to the adjustment and realignment of capacities within the global production network (December 31, 2019: €37.1 billion). In the first nine months of 2020, €3.8 billion was invested worldwide (Q1–3 2019: €5.2 billion), primarily at our production and assembly sites for innovative products and new technologies, as well as for the modernization of the worldwide production network. The sites in Germany accounted for €2.6 billion of capital expenditure (Q1–3 2019: €3.4 billion).

**Equipment on operating leases and receivables from financial services** decreased to €142.8 billion (December 31, 2019: €155.1 billion); adjusted for exchange-rate effects, there was a decrease of €6.6 billion. While new business stabilized in the third quarter, contract volume was below the prior-year level, mainly due to lower customer demand caused by the corona crisis. In addition, there was an increase in risk provisions recognized in the first six months to take into account

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#### Condensed statement of financial position

	Daimler Group		Industrial Business		Daimler Mobility	
	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2020	Dec. 31, 2019
In millions of euros						
<b>Assets</b>						
Intangible assets	16,430	15,978	15,651	15,077	779	901
Property, plant and equipment	35,092	37,143	34,781	36,782	311	361
Equipment on operating leases	47,704	51,482	17,506	18,799	30,198	32,683
Receivables from financial services	95,060	103,661	-80	-88	95,140	103,749
Equity-method investments	5,059	5,949	4,267	4,842	792	1,107
Inventories	29,534	29,757	28,553	28,420	981	1,337
Trade receivables	10,739	12,332	9,905	11,045	834	1,287
Cash and cash equivalents	24,498	18,883	21,899	16,152	2,599	2,731
Marketable debt securities and similar investments	8,063	8,655	7,183	7,522	880	1,133
thereof current	7,113	7,885	6,905	7,420	208	465
thereof non-current	950	770	278	102	672	668
Other financial assets	7,156	6,083	-10,712	-13,283	17,868	19,366
Other assets	11,318	12,515	1,538	2,349	9,780	10,166
<b>Total assets</b>	<b>290,653</b>	<b>302,438</b>	<b>130,491</b>	<b>127,617</b>	<b>160,162</b>	<b>174,821</b>
<b>Equity and liabilities</b>						
Equity	58,623	62,841	44,092	47,858	14,531	14,983
Provisions	32,720	30,652	31,545	29,473	1,175	1,179
Financing liabilities	152,220	161,780	17,467	13,289	134,753	148,491
thereof current	59,553	62,601	-15,630	-21,218	75,183	83,819
thereof non-current	92,667	99,179	33,097	34,507	59,570	64,672
Trade payables	14,877	12,707	13,937	11,896	940	811
Other financial liabilities	8,376	9,864	5,015	6,224	3,361	3,640
Contract and refund liabilities	12,527	13,631	12,123	13,239	404	392
Other liabilities	11,310	10,963	6,312	5,638	4,998	5,325
<b>Total equity and liabilities</b>	<b>290,653</b>	<b>302,438</b>	<b>130,491</b>	<b>127,617</b>	<b>160,162</b>	<b>174,821</b>

the deteriorating economic forecasts in connection with the covid-19 pandemic. The leasing and sales-financing business as a proportion of 49% of total assets was below the level of the end of last year (51%).

**Equity-method investments** decreased to €5.1 billion (December 31, 2019: €5.9 billion). They mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd. (BBAC), BAIC Motor Corporation Ltd., There Holding B.V. and YOUR NOW Holding GmbH. The decrease is partially due to the approval of the dividend payment by BBAC in the second quarter, which took place in the third quarter.

**Inventories** decreased from €29.8 billion to €29.5 billion, equivalent to 10% of total assets and thus the same level as at the end of 2019. Adjusted for exchange-rate effects, inventories increased by €0.9 billion, amongst others in China, the United States and Germany.

**Trade receivables** decreased significantly to €10.7 billion (December 31, 2019: €12.3 billion). This is due to the global effects of the corona crisis and the resulting lower sales. The Mercedes-Benz Cars & Vans segment accounts for 65% of these receivables (December 31, 2019: 61%) and the Daimler Trucks & Buses segment accounts for 27% (December 31, 2019: 28%).

**Cash and cash equivalents** increased compared with the end of the year 2019 by €5.6 billion to €24.5 billion.

**Marketable debt securities and similar investments** decreased compared with December 31, 2019 from €8.7 billion to €8.1 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

**Other financial assets** of €7.2 billion are significantly above last year's level (December 31, 2019: €6.1 billion). They primarily consist of derivative financial instruments, equity and debt instruments, investments in non-consolidated subsidiaries, and loans and other receivables due from third parties. The increase is mainly attributable to higher positive fair values of derivative financial instruments.

**Other assets** of €11.3 billion primarily comprise deferred tax assets and tax refund claims (December 31, 2019: €12.5 billion). The main effect here was from lower refund claims in connection with value added taxes.

The Group's **equity** decreased compared with December 31, 2019 from €62.8 billion to €58.6 billion. The decrease of €2.3 billion (adjusted for the effects of currency translation) resulted from losses of €2.2 billion in connection with pensions recognized in other comprehensive income and from the dividend of €1.0 billion paid out to Daimler's shareholders. On the other hand, there were gains of €0.7 billion on the remeasurement of derivative financial instruments recognized in other comprehensive income and net profit of €0.4 billion. Equity attributable to the shareholders of Daimler AG decreased accordingly to €57.1 billion (December 31, 2019: €61.3 billion).

Equity adjusted for the dividend decreased at a higher rate than the decrease in the balance sheet total of 4% compared with year-end 2019. The Group's **equity ratio** of 20.2% was therefore slightly below the level of year-end 2019 (December 31, 2019: 20.5%); the equity ratio for the industrial business was 33.8% (December 31, 2019: 36.7%).

**Provisions** of €32.7 billion were above the level of December 31, 2019 (€30.7 billion); they amount to 11% as a proportion of the balance sheet total, which is also above last year's level (10%). They primarily comprise provisions for pensions and similar obligations of €12.5 billion (December 31, 2019: €9.7 billion), which mainly consist of the difference between the present value of defined-benefit pension obligations of €38.3 billion (December 31, 2019: €36.2 billion) and the fair value of the pension-plan assets applied to finance those obligations of €26.9 billion (December 31, 2019: €27.8 billion). The decrease in discount rates led to an increase in the present value of defined-benefit pension obligations. This effect was boosted by a slightly negative development of interest rates on plan assets. Provisions also relate to liabilities from product warranties of €8.3 billion (December 31, 2019: €8.7 billion), from personnel and social costs of €4.3 billion (December 31, 2019: €4.2 billion), from litigation risks and regulatory proceedings of €4.7 billion (December 31, 2019: €4.9 billion) and from other risks of €3.0 billion (December 31, 2019: €3.1 billion).

**Financing liabilities** of €152.2 billion were significantly below the level of December 31, 2019 (€161.8 billion). The decrease of €3.9 billion, adjusted for exchange-rate effects, was mainly due to the development of the leasing and sales-financing business. 52% of the financing liabilities relate to notes and bonds, 24% to liabilities to banks, 11% to liabilities from ABS transactions and 10% to deposits in the direct banking business.

**Trade payables** increased to €14.9 billion (December 31, 2019: €12.7 billion). The increase relates almost solely to Mercedes-Benz Cars & Vans and is connected with the return to a high level of production in the third quarter of 2020. The Mercedes-Benz Cars & Vans segment accounts for 72% of those payables (December 31, 2019: 71%) and the Daimler Trucks & Buses segment accounts for 22% (December 31, 2019: 22%).

**Other financial liabilities** of €8.4 billion (December 31, 2019: €9.9 billion) mainly consist of liabilities from residual-value guarantees, salaries and wages, derivative financial instruments, deposits received and accrued interest on financing liabilities. The reduction is mainly attributable to lower negative fair values of derivative financial instruments.

**Contract and refund liabilities** of €12.5 billion are below the level of December 31, 2019 (€13.6 billion). They mainly comprise deferred revenue from service and maintenance contracts, as well as extended warranties and obligations from sales in the scope of IFRS 15. The reduction (adjusted for exchange-rate effects) of €0.7 billion is related to obligations from sales.

**Other liabilities** of €11.3 billion (December 31, 2019: €11.0 billion) primarily comprise deferred taxes, tax liabilities and deferred income.

Table [7 C.17](#) shows the derivation of net assets for the automotive segments. They relate to the operating assets and liabilities for which the divisions are responsible.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position [7 E.03](#), the Consolidated Statement of Changes in Equity [7 E.05](#) and the related notes in the Notes to the Interim Consolidated Financial Statements.

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#### Net assets of the automotive segments

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2020	Dec. 31, 2019
In millions of euros				
Intangible assets	13,913	13,234	1,723	1,828
Property, plant and equipment	26,506	27,933	7,953	8,569
Inventories	21,072	20,959	7,572	7,615
Trade receivables	6,983	7,556	2,923	3,469
Other segment assets	23,168	24,808	5,698	6,497
<b>Segment assets</b>	<b>91,642</b>	<b>94,490</b>	<b>25,869</b>	<b>27,978</b>
Trade payables	10,773	9,042	3,243	2,847
Other segment liabilities	50,247	52,150	13,794	14,706
<b>Segment liabilities</b>	<b>61,020</b>	<b>61,192</b>	<b>17,037</b>	<b>17,553</b>
<b>Net assets</b>	<b>30,622</b>	<b>33,298</b>	<b>8,832</b>	<b>10,425</b>

## Capital expenditure and research activities

The Daimler Group invested €1.2 billion in property, plant and equipment in the third quarter of this year (Q3 2019: €1.8 billion). Most of that investment, €1.0 billion, was at Mercedes-Benz Cars & Vans (Q3 2019: €1.5 billion). The focus of capital expenditure was on production preparations for the new S-Class and the successor models of the compact cars, as well as preparing for the launch of the new C-Class. High investments also continue to be made in battery production. The main areas at Daimler Trucks & Buses in the third quarter of 2020 were future technologies and tailored products for important growth markets, successor generations of existing products, global engine and transmission projects related to emission standards and fuel efficiency, and the optimization of our worldwide production and sales network.

The Daimler Group's research and development spending in the third quarter of the year amounted to €2.1 billion (Q3 2019: €2.5 billion), of which €0.6 billion was capitalized (Q3 2019: €0.7 billion). More than three quarters, €1.8 billion, of the research and development expenditure was at Mercedes-Benz Cars & Vans (Q3 2019: €2.1 billion). The main areas of development expenditure were for the next generation of electric vehicles and battery production. Furthermore, the topics of digitization and autonomous driving are constantly being pushed forward. The most important projects at Daimler Trucks & Buses were in the areas of emission standards and fuel efficiency, as well as tailored products and technologies for major growth markets. In addition, an important role is played by the future technologies of automated and autonomous driving, electric mobility and connectivity. Against the background of the measures we have initiated to secure liquidity and reduce costs, we also made reductions in the development budget, but the focus on future technologies remained unchanged.

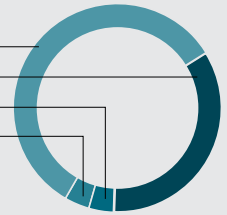
## Workforce

At the end of the third quarter of 2020, the Daimler Group employed 291,770 people worldwide (end of 2019: 298,655). Of that total, 168,560 were employed in Germany (end of 2019: 173,813), 25,112 in the United States (end of 2019: 25,788), 10,939 in Brazil (end of 2019: 11,128) and 11,294 in Japan (end of 2019: 10,056). Our consolidated companies in China employed 4,229 people at the end of September 2020 (end of 2019: 4,439). ➔ **C.18**

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#### Employees by division (as of September 30, 2020)

Daimler-Group	291,770
Mercedes-Benz Cars & Vans	168,823
Daimler Trucks & Buses	100,358
Daimler Mobility	11,923
Group Functions & Services	10,666





## Important events

### **Electric first: Mercedes-Benz continues its strategy in the transformation to CO<sub>2</sub>-neutral mobility**

Mercedes-Benz is taking another important step in the transformation to CO<sub>2</sub>-neutral mobility. At the beginning of July 2020, we launched a far-reaching strategic partnership, including an equity investment, with the Chinese battery-cell manufacturer Farasis Energy (Ganzhou) Co., Ltd. This step is another important milestone on the road to CO<sub>2</sub> neutrality for Mercedes-Benz within the framework of *Ambition2039*. Core elements of the agreement are the development and industrialization of advanced cell technologies as well as ambitious cost targets. The agreement provides Mercedes-Benz with a secure supply of battery cells for its electric offensive, while Farasis gains planning security for capacity expansion. In order to meet the increasing demand from the German Mercedes-Benz plants in the future, Farasis is building a plant for battery cells in Bitterfeld-Wolfen and creating up to 2,000 new jobs there. The location in eastern Germany is designed from the outset as a CO<sub>2</sub>-neutral factory.

### **Daimler's management and General Works Council agree on key points for job security and profitability**

Following intensive discussions, the company's management and the General Works Council have agreed on key points for reducing personnel costs in Germany. The measures agreed upon will help to manage the difficult situation caused by the corona pandemic and to further safeguard employment. The main measures include reducing the weekly working time of Daimler employees in administration and production-related areas in most cases by two hours without compensation from October 1, 2020 to September 30, 2021. For all employees in administration and production, there will be no profit-sharing bonus for the 2020 financial year. Other bonus payments under the collective bargaining agreement for the year 2021 will be converted into paid time off work.

### **US regulatory authorities agree to a settlement in civil litigation related to diesel emissions**

Daimler AG and its subsidiary Mercedes-Benz USA LLC (MBUSA) have taken a further important step towards legal certainty in connection with various diesel lawsuits: The US regulatory authorities have agreed to a settlement of civil and environmental claims. This comprehensively ends the related governmental proceedings in connection with emission control systems for approximately 250,000 diesel vehicles in the United States. On September 14, 2020, the settlement agreements were filed by the US authorities with the US Court for the District of Columbia, which must give final approval to the settlement.

These authorities are the US Environmental Protection Agency (EPA), the California Air Resources Board (CARB), the Environment and Natural Resources Division of the United States Department of Justice (DOJ), the California Attorney General's Office and the United States Customs and Border Protection.

The company has also agreed with plaintiffs' counsel to settle the consumer class action „In re Mercedes-Benz Emissions Litigation,“ which is pending before the U.S. District Court for the District of New Jersey. That settlement was being submitted for court approval on September 14, 2020 as well.

The settlement of the proceedings avoids lengthy disputes in court with corresponding legal and financial risks.


As communicated on August 13, 2020, the company has recognized sufficient provisions in its balance sheet for the expected total costs of the settlements. We anticipate costs of approximately USD 1.5 billion for the settlements with the US authorities, including the civil penalty and the expected costs for mitigation measures and payments and for the implementation of service measures. The estimated cost of settling the class action is approximately USD 700 million, including attorneys' fees and costs, which are yet to be approved by the court. We estimate the further expenses to meet requirements of the settlements at an amount in the mid-triple-digit million euro range.

We expect a corresponding impact on the free cash flow of the industrial business over a period of three years, with the main impact expected in the next 12 months.

### **Presentation of new Mercedes-Benz strategy with the goal of structurally higher profitability**

Mercedes-Benz has set a new strategic course for profitable growth in the luxury segment and aims for a leading position in electric drive and vehicle software. The strategic realignment was presented at the virtual investor and analyst conference Mercedes-Benz Strategy Update on October 6, 2020, and aims for the enhanced luxury positioning of the Mercedes-Benz brand, a higher-value product portfolio and more advantageous product mix, significant growth of the sub-brands AMG, Maybach, G and EQ, and accelerated development of electric drive systems and vehicle software. Expanded cost-reduction plans will reduce investment in property, plant and equipment, research and development expenditure and fixed costs, and will improve the industrial footprint.

## 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 135 to 149](#) of our Annual Report 2019. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. In particular due to the covid-19 pandemic, the assessment of risks and opportunities for the 2020 financial year is subject to a high level of uncertainty. Changes in risks and opportunities are continuously monitored, evaluated and, if appropriate, taken into account in planning during the year. This takes place under the assumption that economic conditions in our most important markets normalize again, and in particular that there are no further setbacks as a result of the covid-19 pandemic.

### *Economic risks*

The entire global economy is affected by the covid-19 pandemic, with declines, in some cases drastic, in economic output. The impact of the pandemic on the individual markets varies greatly. The economic expectations for each region are stated in the Outlook section.

Risks arise from a possibly even more serious development of the corona crisis, especially in the event of a massive second wave of infection, which would lead to repeated far-reaching lockdown measures. On the one hand, this would result in an even deeper slump for the global economy than anticipated in the Outlook section. On the other hand, the risks for Daimler – which affect not only the development of unit sales but could also have a significant impact on production, the procurement market and the supply chain – would in this case be even more serious than currently assumed. Further risks may arise from the development of the global stock market, which has already largely anticipated the hoped-for real economic recovery with its rise since the end of March. If the expectations of the financial markets are disappointed – for example, due to a second wave of the pandemic – a further fall in share prices could occur. This would have a corresponding negative impact on sentiment indicators, asset values and real economic development. However, in the currently unlikely event of a significantly earlier end to the corona crisis and a faster and more vigorous economic revival, there would be opportunities for a better sales development and a faster recovery of production, the procurement market and supply chains.

With regard to oil price developments, risks of supply shortages and significant price increases have been considerably reduced. In view of the sharp drop in demand, there is still more of a risk of a sustained very low oil price, which would put additional pressure on oil-exporting economies. This could have negative effects on unit sales for all Daimler segments in those countries.

### *Risks from legal proceedings in connection with diesel exhaust gas emissions – settlement of regulatory and civil proceedings in the United States*

In the third quarter of 2020, Daimler AG and MBUSA reached an agreement with various US authorities to settle civil and environmental claims regarding emission control systems of certain diesel vehicles in the United States. The involved US authorities are the US environmental agencies Environmental Protection Agency («EPA») and California Air Resources Board («CARB»), the Environmental and Natural Resources Division of the U.S. Department of Justice («DOJ»), the California Attorney General's Office as well as the U.S. Customs and Border Protection («CBP»).

The authorities take the position that Daimler failed to disclose Auxiliary Emission Control Devices (AECDS) in certain of its US diesel vehicles and that several of these AECDS are illegal defeat devices. As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification program for affected vehicles, provide extended warranties, undertake a nationwide mitigation project, take certain corporate compliance measures and make other payments.

The company has cooperated fully with the US authorities and continues to do so.

In the third quarter of 2020, Daimler AG and MBUSA also reached an agreement with plaintiffs' counsel to settle the consumer class action "In re Mercedes-Benz Emissions Litigation" before the U.S. District Court for the District of New Jersey. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs and class members, but have agreed to provide payments to current and former diesel vehicle owners and lessees.

For the settlements with the US authorities, Daimler expects costs of approximately USD 1.5 billion. The estimated cost of the class action settlement is approximately USD 700 million. In addition, Daimler estimates further expenses of a mid three-digit-million euro amount to fulfill requirements of the settlements.

The settlements are still subject to final court approval.

### *Risks from legal proceedings in connection with diesel exhaust gas emissions – governmental proceedings*

Daimler is continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions.

Several federal and state authorities and other institutions worldwide have inquired about and/or are/have been conducting investigations and/or administrative proceedings, and/or have issued administrative orders or, in the case of the Stuttgart district attorney's office, a fine notice. The aforementioned matters particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant federal and state authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal and antitrust laws. The authorities and institutions involved include, amongst others, the DOJ, which has requested that Daimler conduct an internal investigation, the EPA, the CARB and other US state authorities, the South Korean Ministry of Environment, the South Korean competition authority (Korea Fair Trade Commission) and the Seoul Prosecutor's Office (South Korea), the European Commission, the German Federal Cartel Office ("Bundeskartellamt") as well as national antitrust authorities and other authorities of various foreign states as well as the German Federal Ministry of Transport and Digital Infrastructure ("BMVI") and the German Federal Motor Transport Authority ("KBA"). In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago.

The Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising, and, in May 2017, searched the premises of Daimler at several locations in Germany. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In September 2019, the Stuttgart district attorney's office issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

Daimler continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation and in light of the recent developments, it is possible that further regulatory, criminal and administrative investigative and enforcement actions and measures relating to Daimler and/or its employees will be taken or administrative orders will be issued. Such actions, measures and orders may include subpoenas, that is, legal instructions issued under penalty of law in the process of taking evidence, or other requests for documentation, testimony or other information, or orders to recall vehicles, further search warrants, a notice of violation or an increased formalization of the governmental investigations, coordination or proceedings, including the resolution of proceedings by way of a settlement. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

Since 2018, the KBA has issued various administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are to be qualified as impermissible defeat devices and ordered subsequent auxiliary provisions for the respective EC type approvals in this respect, including mandatory recalls and, in certain cases, stops of the first registration. In addition and since 2018, Daimler has (in view of KBA's interpretation of the law as a precaution) implemented a temporary delivery and registration stop with respect to certain models, also covering the used car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA's administrative orders mentioned above in order to have the open legal issues resolved, if necessary by a court of law. In the course of its regular market supervision, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In light of the aforementioned administrative orders issued by, and continued discussions with, the KBA, additional administrative orders can be issued in the course of the ongoing and/or further investigations. Since September 1, 2020, this also applies to other responsible authorities of other Member States and the European Commission which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval.

The new calibrations requested by KBA are being processed, and for a substantial proportion of the vehicles, the relevant software has already been approved by KBA; the related recalls have insofar been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used car, leasing and financing businesses. Daimler continues to fully cooperate with the responsible authorities and institutions.

As described above, in the third quarter of 2020, Daimler AG and MBUSA reached agreements with various US authorities to settle civil and environmental claims regarding emission control systems of certain diesel vehicles in the United States that are still subject to final court approval.

In light of these matters and in light of the ongoing governmental information requests, inquiries, investigations, administrative orders and proceedings, as well as our own internal investigations, it is likely that, besides KBA, EPA and CARB, one or more regulatory and/or investigative authorities worldwide will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the group are equipped with impermissible defeat devices and/or that certain functionalities and/or calibrations are not proper and/or were not properly disclosed. Furthermore, the authorities have increased scrutiny of Daimler's processes regarding running-change, field-fix and defect reporting as well as other compliance issues. As described above, the Stuttgart district attorney's office's administrative offense proceedings and the proceedings underlying the civil settlements with the US authorities have been resolved, whereas the settlements are subject to final court approval. The other inquiries, investigations, legal actions and proceedings as well as the replies to the governmental information requests and the objection proceedings against KBA's administrative orders are still ongoing and open. Hence, Daimler cannot predict the outcome of these inquiries, investigations and proceedings at this time. Due to the outcome of the administrative offense proceedings by the Stuttgart district attorney's office against Daimler and the civil settlements with the US authorities, as well as the above and any potential other information requests, inquiries, investigations, administrative orders and proceedings, it is possible that Daimler will become subject to, as the case may be, significant additional monetary penalties, fines, disgorgements of profits, remediation requirements, further vehicle recalls, further registration and delivery stops, process and compliance improvements, mitigation measures and the early termination of promotional loans, and/or other sanctions, measures and actions (such as the exclusion from public tenders), including further investigations and/or administrative orders by these or other authorities and additional proceedings. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative allegations, determinations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such allegations, determinations or findings, even if such allegations, determinations or findings are not within the scope of such authority's responsibility or jurisdiction. Thus, a negative allegation, determination or finding in one proceeding, such as the fine notice issued by the Stuttgart district attorney's office or the allegations underlying the civil settlements with the US authorities, carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits.

In addition, Daimler's ability to defend itself in proceedings could be impaired by the fine notice issued by the Stuttgart district attorney's office, the civil settlements with the US authorities as well as by the underlying allegations and other unfavorable allegations, findings, results or developments in any of the information requests, inquiries, investigations, administrative orders, legal actions and/or proceedings discussed above.

*Risks from legal proceedings in connection with diesel exhaust gas emissions – court proceedings*

A consumer class-action lawsuit is pending in the United States in which it is alleged that Daimler AG and MBUSA conspired with Robert Bosch LLC and Robert Bosch GmbH (collectively, "Bosch") to deceive US regulators and consumers. As described above, in the third quarter of 2020, Daimler AG and MBUSA reached a settlement with the US consumer class action plaintiffs that is still subject to final court approval.

A separate lawsuit was filed in January 2019 by the State of Arizona alleging that Daimler AG and MBUSA deliberately deceived consumers in connection with the advertising of Mercedes-Benz diesel vehicles. Consumer class-action lawsuits containing similar allegations were filed against Daimler AG and other companies of the Group in Canada in April 2016, and against Daimler AG in Israel in February 2019. A similar class action was filed in the United States in July 2017, but in December 2017, the parties stipulated to dismiss that lawsuit without prejudice. It may be filed again under specific conditions.

Furthermore, class actions have been filed in the United States and Canada alleging anticompetitive behavior relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology.

Daimler AG and the respective other affected companies of the Group regard these lawsuits as being without merit and will – except for the US consumer class action settlement – defend against the claims.

A securities class action lawsuit has been pending in the United States on behalf of investors in Daimler AG American Depositary Receipts which alleges that the defendants made materially false and misleading statements about diesel emissions in Mercedes-Benz vehicles. The parties have agreed to settle the lawsuit, such settlement being subject to final court approval.

In Germany and other European states, particularly in the Netherlands, a multitude of lawsuits by customers alleging contractual and non-contractual claims are pending. In addition, investors have filed lawsuits in Germany alleging the violation of disclosure requirements. In this context, motions to initiate a model proceeding in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG) have been filed by investors as well as by Daimler AG. Currently, no model proceeding is pending. Daimler AG also regards these lawsuits as being without merit and will defend against the claims.

If court proceedings have an unfavorable outcome for Daimler, this could result in significant damages and punitive damages payments, remedial works or other cost-intensive measures. This also applies to the US consumer class action settlement. This settlement and other court proceedings can in part also have an adverse effect on the reputation of the Group.

Furthermore, Daimler's ability to defend itself in the court proceedings could be impaired by the US consumer class action settlement as well as unfavorable allegations, findings, results or developments in any of the governmental or other court proceedings discussed above, in particular the fine notice issued by the Stuttgart district attorney's office and by the civil settlements with the US authorities.


#### *Risks from other legal proceedings*

Following the settlement decision by the European Commission adopted on July 19, 2016 concluding the trucks antitrust proceedings, Daimler AG and Daimler Truck AG are facing customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler takes appropriate legal remedies to defend itself.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that after their final resolution, some of the provisions we have recognized for them could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

It cannot be ruled out that the regulatory risks and risks from legal proceedings discussed above individually or in the aggregate may materially adversely impact our profitability and financial position.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, Daimler believes that any resulting obligations are unlikely to have a sustained effect on the Group's financial position.

Further information on legal proceedings is provided in  [Note 30](#) of the Notes to the Consolidated Financial Statements of the Annual Report 2019.

## Outlook

After the **world economy** had slipped into a deep recession in the first half of this year due to the covid-19 pandemic, a dynamic recovery started in most economies in the third quarter. The decisive factors for the ongoing recovery towards the end of the year will be the development of infection numbers in the coming months and the effectiveness of potential renewed economic interventions. From today's perspective, a significant decline in global economic output is anticipated for the year 2020 as a whole.

The Chinese economy was the first of the major economies to suffer a massive slump, but also the first to approach normality again. Nonetheless, it is to be expected that China will achieve only slight growth of approximately 2% this year, instead of the originally expected 5 to 6%. For the economy of the European Monetary Union (EMU), significant contraction must be expected in the full year due to the economic impact of the covid-19 pandemic and the deep recession in the second quarter. Although it is currently assumed that the recovery will continue in the fourth quarter of the year, the great majority of analysts anticipate a significant decline in gross domestic product (GDP) for 2020 as a whole. Current expectations are that none of the larger individual economies of the EMU will be able to escape this fall in GDP. The decline in economic output is likely to be above average in countries very severely affected by the pandemic, such as France, Italy and Spain. The recovery of the US economy currently seems to be quite robust. However, due to the deep slump in the second quarter, the US economy is also expected to suffer a significant GDP decline.

The economies of major emerging nations are also likely to be very weak due to the impact of the covid-19 pandemic. For major commodity exporters such as Russia and Brazil, the likely continuation of the rather low oil price during the rest of the year will have an additional negative impact. A sharp decline in economic output is therefore expected both in Eastern Europe and in South America, which has been particularly hard hit by the pandemic.

Worldwide **demand for cars** will continue to be severely affected by the corona crisis in most of the sales regions important for Daimler. The low point for many markets was already reached in the first half of the year. The improvement in the market situation observed since then is likely to continue in the coming months, but many markets will remain below their levels of 2019. For this reason and due to the substantial losses that occurred in the first half of the year, we continue to expect significant contraction of the global car market in full-year 2020.

The European market is likely to contract, with a significant decline in demand anticipated in Western Europe. This will probably affect all major individual markets, each with significant decreases. Significant contraction of the car market in Eastern Europe is also to be expected.

A significant decline in demand is expected in the US market for cars and light trucks. Among the major sales markets, China is likely to be the first to reach a moderate recovery path. It will probably not be able to fully offset the substantial losses of the spring, however, so significant market contraction is expected for the year as a whole.

We expect mainly negative developments for **van markets**, as a result of the deep global economic recession. In the EU30 region (European Union, United Kingdom, Norway and Switzerland), a significant drop in demand both in the combined segment of midsize and large vans and in the market for small vans must be anticipated. In the United States, demand for large vans is also likely to be significantly lower than in the previous year. We expect the market volume for large vans in Latin America to decrease significantly as well. The volume of the market for midsize vans in China should be at about the level of the previous year.

According to current assessments, major **truck markets** will develop very unfavorably this year as a result of the corona-related economic crisis. In the North American market, we assume that demand for heavy-duty trucks (class 8) will decrease significantly. We also expect sales of heavy-duty trucks to decline significantly in the EU30 region. The same applies to demand for heavy-duty trucks in Brazil and Japan.

For **buses**, we expect market volumes in both the EU30 region and Brazil to be significantly lower than in 2019.

Assuming that economic conditions in our most important markets continue to normalize and in particular that no further setbacks occur as a result of the covid-19 pandemic, we can make our forecasts for full-year 2020 more specific again in the form of presentation familiar from our Annual Report 2019.

On the basis of the assumptions presented above for the development of the markets important for us and of the divisions' current assessments, Daimler expects its **total unit sales** in 2020 to be significantly below the magnitude of the previous year.

Due to the far-reaching effects of the coronavirus, **Mercedes-Benz Cars** anticipates unit sales in full-year 2020 significantly below the level of the previous year. This assessment also reflects the complete changeover of the smart brand to all-electric models. Mercedes-Benz Cars intends to launch a total of about ten new or updated models in full year 2020, which will further rejuvenate the product portfolio and extend it, in particular with electrified models. We expect positive sales impetus from the ongoing popularity of our SUVs, such as the GLB, GLE and GLS models launched last year.



At **Mercedes-Benz Vans**, unit sales in 2020 are likely to be significantly lower than in 2019, primarily due to the effects of the coronavirus.

In addition to the already expected normalization of our core truck markets, the covid-19 pandemic will lead to further customer restraint, resulting in significantly lower worldwide unit sales for **Daimler Trucks** in full-year 2020.

**Daimler Buses** also anticipates significantly decreasing unit sales in 2020. As before, however, Daimler Buses expects to maintain its market leadership in its most important traditional core markets for buses above eight tons.

Due to the effects of the covid-19 pandemic and the resulting lower unit sales by our automotive divisions, **Daimler Mobility** anticipates a significant decrease in new business and a reduced contract volume in full-year 2020.

We assume that the significant sales losses we recorded in the first nine months due to the covid-19 pandemic will only be partially offset by the end of the year. We therefore expect **Group revenue** in 2020 to be significantly lower than in the previous year. The division Daimler Mobility anticipates a slight decrease in revenue.

On the basis of the expected market development and the current assessments of our divisions, we assume that **Group EBIT** in 2020 will be at the level of the prior year. As the EBIT of the Mercedes-Benz Cars & Vans division was adversely affected by substantial special items in 2019, we anticipate EBIT for this division significantly above the prior-year level despite the effects of the covid-19 pandemic. For the divisions Daimler Trucks & Buses and Daimler Mobility we expect EBIT significantly below prior year.

The individual divisions have the following expectations for adjusted returns in the year 2020: Mercedes-Benz Cars & Vans: adjusted return on sales of 4.5–5.5%. Daimler Trucks & Buses: adjusted return on sales of 1–2%. Daimler Mobility: adjusted return on equity of 9–10%.

We anticipate a significant increase in the **free cash flow of the industrial business** compared with the previous year. The free cash flow of the industrial business does not take into account possible expenses in connection with legal and governmental proceedings.

We expect the **adjusted cash conversion rate** for the Mercedes-Benz Cars & Vans division in 2020 to be at 1. For Daimler Trucks & Buses, the adjusted cash conversion rate for the full year should be at 2.

As part of the measures we are taking to safeguard liquidity and cut costs, we are also reducing our **investment in property, plant and equipment and our research and development expenditure**. However, we will continue to maintain the advance expenditures that serve to secure the future viability of our company. Overall, we assume that investment in property, plant and equipment will be significantly below prior year and research and development expenditure will be slightly lower than in 2019.

The focus of **investment in property, plant and equipment** at the Mercedes-Benz Cars & Vans division is on the successor models of the S-Class and C-Class. In addition, we continue to plan high investments for electric mobility. Daimler Trucks & Buses will invest primarily in future projects and successor generations for existing products, global engine and transmission projects, and the optimization of the worldwide production and sales network.

At Mercedes-Benz Cars & Vans, a large proportion of the expenditure for **research and development activities** will be for the renewal of the product portfolio. The most important individual projects here are the C-Class and the compact cars, as well as the expansion of the model range of the EQ product and technology brand. We are also working hard on new, low-emission combustion engines, electric mobility, vehicle connectivity and innovative safety technologies for automated and autonomous driving. Despite covid-19-related reductions in the development budget, the topics of automated driving, electric mobility and connectivity play an important role at Daimler Trucks & Buses. Other key areas are successor generations of existing products, fuel efficiency and reduced emissions, as well as customized products and technologies for important growth markets.

#### Forward-looking statements:

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in the current Annual Report or this Interim Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

# Mercedes-Benz Cars & Vans

**Sales of 673,400 vehicles in the third quarter (Q3 2019: 705,000)**

**Mercedes-Benz Cars celebrates the world premiere of the new S-Class**

**Mercedes-Benz Vans starts production of the battery-electric EQV**

**Adjusted EBIT of €2,417 million (Q3 2019: €1,868 million)**

<b>D.01</b>	<b>Q3</b>		
€ amounts in millions	<b>Q3 2020</b>	Q3 2019	% change
Revenue	<b>25,818</b>	26,562	-3
EBIT	<b>2,118</b>	1,470	+44
EBIT adjusted	<b>2,417</b>	1,868	+29
Return on sales (in %)	<b>8.2</b>	5.5	.
Return on sales adjusted (in %)	<b>9.4</b>	7.0	.
CFBIT	<b>4,617</b>	1,825	+153
CFBIT adjusted	<b>4,821</b>	1,937	+149
CCR <sup>1</sup> adjusted	<b>2.0</b>	1.0	.
Unit sales	<b>673,447</b>	704,987	-4
Production	<b>687,846</b>	747,080	-8
Employees	<b>168,823</b>	173,394 <sup>2</sup>	-3

1 Cash conversion rate  
2 As of December 31, 2019

## Unit sales, revenue and EBIT

The Mercedes-Benz Cars & Vans division delivered 673,400 vehicles worldwide in the third quarter (Q3 2019: 705,000). Revenue fell by 3% to €25.8 billion. Adjusted EBIT amounted to €2,417 million (Q3 2019: €1,868 million). The adjusted return on sales of 9.4% was higher than the prior-year figure of 7.0%.

## Mercedes-Benz goes DIGITAL

With Meet Mercedes DIGITAL, the new news series launched at the end of May, Mercedes-Benz once again presented many current topics in the third quarter. In a total of nine episodes, the innovative news format gave experts the opportunity to speak and provided background information, as well as presenting talks in the studio and reports from production plants or test tracks. Mercedes-Benz's own production facilities are also being digitized. The new digital ecosystem from Mercedes-Benz Cars Operations (MO360) that was presented in August makes complex vehicle production completely transparent and maximizes efficiency.

<b>D.02</b>	<b>Q1-3</b>		
€ amounts in millions	<b>Q1-3 2020</b>	Q1-3 2019	% change
Revenue	<b>67,963</b>	76,043	-11
EBIT	<b>1,503</b>	-171	.
EBIT adjusted	<b>2,736</b>	4,388	-38
Return on sales (in %)	<b>2.2</b>	-0.2	.
Return on sales adjusted (in %)	<b>4.0</b>	5.8	.
CFBIT	<b>3,318</b>	-1,151	.
CFBIT adjusted	<b>4,062</b>	-866	.
CCR <sup>1</sup> adjusted	<b>1.5</b>	-0.2	.
Unit sales	<b>1,700,989</b>	2,044,094	-17
Production	<b>1,719,481</b>	2,176,811	-21
Employees	<b>168,823</b>	173,394 <sup>2</sup>	-3

1 Cash conversion rate  
2 As of December 31, 2019

## Mercedes-Benz Cars highlights

The new S-Class had its world premiere in September in the newly opened Factory 56, whose innovative concept embodies the future of production at Mercedes-Benz and sets new standards for automobile manufacturing. The new luxury sedan, which will further strengthen its leading position in this segment with pioneering innovations, was already available to order two weeks after the world premiere. At Auto China in Beijing, it was on display for the first time at a trade fair alongside the long-wheelbase version of the new E-Class. In July, Mercedes-AMG presented the top model of the GT family: the new Mercedes-AMG GT Black Series (fuel consumption combined 12.8 l/100 km; CO<sub>2</sub> emissions combined 292 g/km). Orders for this new super sports car have been taken by authorized dealers since the end of July.

## Expansion of the Mercedes-Benz Vans product portfolio

In July, we announced that we would also offer a small van for private customers starting in the first half of 2022. The new T-Class will primarily address the needs of family and leisure-oriented customers. Like the commercial successor to the Citan, it will be developed in cooperation with Renault-Nissan-Mitsubishi. The new V-Class had its market launch at Auto China in Beijing and is now available in the world's largest automobile market – tailored to the wishes of Chinese customers.

## Mercedes-Benz Vans goes electric

Since September, the first premium multipurpose vehicle from Mercedes-Benz with purely battery-electric drive has been driving off the production line in Vitoria. The EQV (combined power consumption: 26.4–26.3 kWh/100 km; combined CO<sub>2</sub> emissions: 0 g/km)<sup>1</sup> combines the variability of the V-Class with the advantages of a locally emission-free drive system. With a range of up to 418 kilometers<sup>2</sup> and a broad spectrum of applications for a wide variety of customer needs, the EQV sets new standards for electric mobility in its class. In August, Mercedes-Benz Vans and Amazon announced that the largest order to date had been placed for Mercedes-Benz electric vehicles. Starting this year, more than 1,800 battery-electric eVitos and eSprinters will be delivered to Amazon and used within Europe.

1 Power consumption is measured on the basis of VO 692/2008/EC and depends on vehicle configuration.

2 Range is measured on the basis of VO 692/2008/EC and depends on vehicle configuration. Actual range also depends on individual driving style, road and traffic conditions, ambient temperature, the use of air conditioning/heating etc., and may deviate from the stated figures.

**D.03****Q3**

Unit sales Mercedes-Benz Cars	Q3 2020	Q3 2019	% change
Total	566,581	604,655	-6
Europe	229,829	253,213	-9
thereof Germany	84,168	85,084	-1
North America	60,723	89,972	-33
thereof United States	51,998	75,666	-31
Asia	261,027	240,335	+9
thereof China	213,846	173,321	+23
Other	15,002	21,135	-29

**Mercedes-Benz Cars** sold 566,600 automobiles of the Mercedes-Benz and smart brands worldwide in the third quarter (Q3 2019: 604,700). Deliveries from July through September benefited in many markets from recovering demand from end-customers, despite the ongoing covid-19 pandemic. This increased demand could be met at short notice, in particular by reducing dealer inventories. In Europe, 229,800 vehicles were sold (Q3 2019: 253,200), thus continuing the sales revival. In Germany, the region's core market, Mercedes-Benz Cars sold 84,200 vehicles, almost matching the prior-year level (Q3 2019: 85,100). In China, Mercedes-Benz Cars' largest market, sales increased by 23% to 213,800 units (Q3 2019: 173,300), setting a new record for a third quarter. In the United States, Mercedes-Benz Cars delivered 52,000 vehicles, significantly below the prior-year number (Q3 2019: 75,700).

Deliveries of the compact cars, including the A-Class, the A-Class Sedan, the B-Class, the CLA Coupe and the CLA Shooting Brake, totaled 131,200 units in the third quarter (Q3 2019: 145,300). Sales of the SUVs in the period of July through September increased by 23% to a total of 242,100 units (Q3 2019: 197,400). This was a new record for a third quarter and reflects the high demand for, among other models, the new GLB, GLS and G-Class. Deliveries of the C-Class Sedan and Wagon totaled 75,400 units (Q3 2019: 95,200), and 72,300 of

**D.04****Q3**

Unit sales Mercedes-Benz Vans	Q3 2020	Q3 2019	% change
Total	106,866	100,332	+7
EU30	69,314	65,523	+6
thereof Germany	32,600	28,863	+13
North America	18,495	14,057	+32
thereof United States	16,025	11,602	+38
Latin America (excluding Mexico)	3,189	4,444	-28
Asia	8,297	10,113	-18
thereof China	6,517	8,516	-23
Other markets	7,571	6,195	+22

the E-Class Sedan and Wagon were sold (Q3 2019: 87,900). Deliveries of 13,000 S-Class Sedans were lower than in the prior-year period for lifecycle reasons (Q3 2019: 16,900). The new S-Class Sedan will be delivered to customers in Germany and other European countries as of December, with China and the United States to follow in the first half of 2021. Sales of the smart were additionally reduced compared with the prior-year period by the discontinuation of the previous models and the changeover to purely battery-electric drive. A total of 10,200 units of the smart models were delivered worldwide (Q3 2019: 22,800).

**Mercedes-Benz Vans** posted third-quarter unit sales of 106,900 vehicles (Q3 2019: 100,300). In the EU30 region, Mercedes-Benz Vans sold 69,300 units (Q3 2019: 65,500). With sales of 18,500 units in North America, we recorded our strongest-selling quarter so far (Q3 2019: 14,100). In the United States, we sold 16,000 vans in the third quarter (Q3 2019: 11,600). Sales in Latin America decreased to 3,200 units (Q3 2019: 4,400). In China, sales of 6,500 vans were significantly lower than in the prior-year quarter (Q3 2019: 8,500).

**D.05****Q1-3**

Unit sales Mercedes-Benz Cars	Q1-3 2020	Q1-3 2019	% change
Total	1,446,086	1,735,606	-17
Europe	532,388	733,299	-27
thereof Germany	184,724	245,689	-25
North America	189,554	254,573	-26
thereof United States	162,975	215,422	-24
Asia	678,373	686,215	-1
thereof China	541,585	514,786	+5
Other	45,771	61,519	-26

**D.06****Q1-3**

Unit sales Mercedes-Benz Vans	Q1-3 2020	Q1-3 2019	% change
Total	254,903	308,488	-17
EU30	165,335	210,702	-22
thereof Germany	72,774	83,917	-13
North America	36,671	38,066	-4
thereof United States	31,953	29,116	+10
Latin America (excluding Mexico)	8,155	13,520	-40
Asia	25,079	28,156	-11
thereof China	20,187	21,781	-7
Other markets	19,663	18,044	+9

# Daimler Trucks & Buses

**Unit sales significantly below prior-year level at 99,300 vehicles (Q3 2019: 134,300)**

**Daimler Trucks presents a fuel-cell concept truck for long-distance haulage, the Mercedes-Benz GenH2 Truck**

**Market launch of the new Mercedes-Benz Intouro intercity bus with Active Brake Assist 5 emergency braking assistant**

**Significant decrease in adjusted EBIT to €603 million (Q3 2019: €838 million)**

<b>D.07</b>	<b>Q3</b>		
€ amounts in millions	Q3 2020	Q3 2019	% change
Revenue	9,230	11,483	-20
EBIT	541	838	-35
EBIT adjusted	603	838	-28
Return on sales (in %)	5.9	7.3	.
Return on sales adjusted (in %)	6.5	7.3	.
CFBIT	1,142	736	+55
CFBIT adjusted	1,142	736	+55
CCR <sup>1</sup> adjusted	1.9	0.9	.
Unit sales	99,256	134,339	-26
Production	100,508	134,801	-25
Employees	100,358	101,397 <sup>2</sup>	-1
1 Cash conversion rate			
2 As of December 31, 2019			

## Unit sales, revenue and adjusted EBIT significantly below prior-year levels

Unit sales by Daimler Trucks & Buses in the third quarter of 2020 decreased to 99,300 vehicles, primarily due to the ongoing worldwide effects of the covid-19 pandemic (Q3 2019: 134,300). Revenue also decreased significantly compared with the prior-year quarter to €9.2 billion. Adjusted EBIT of €603 million was also significantly lower than the prior-year level (Q3 2019: €838 million). The adjusted return on sales was 6.5% (Q3 2019: 7.3%).

## Daimler Trucks presents a fuel-cell concept truck for long-distance haulage, the Mercedes-Benz GenH2 Truck

During the presentation of the technology strategy for the electrification of its vehicles, Daimler Trucks presented the hydrogen-based fuel-cell concept truck for the long-distance haulage segment. With the Mercedes-Benz GenH2 Truck, the manufacturer is showing for the first time which specific

technologies it is driving forward at full speed so that heavy-duty fuel-cell trucks can operate in flexible and demanding long-distance applications with ranges of up to 1,000 kilometers. Series production of the GenH2 Truck is planned to begin in the second half of the decade. Thanks to the use of liquid instead of gaseous hydrogen, the vehicle's performance should be on a par with that of a comparable conventional diesel truck, due to its significantly higher energy density.

## Mercedes-Benz eActros LongHaul for purely battery-electric long-distance applications

Daimler Trucks also provided the first preview of a purely battery-electric long-distance truck, the Mercedes-Benz eActros LongHaul. It is designed to cover regular journeys on plannable routes in an energy-efficient manner. Daimler Trucks plans to have the eActros LongHaul ready for series production in 2024, with a range of approximately 500 kilometers on one battery charge.

## Daimler Trucks presents the new Western Star truck

Daimler Trucks North America (DTNA) presented the new Western Star 49X truck in the United States. The US truck will be used in North America primarily as a special-purpose and construction-site vehicle in the so-called vocational segment. While DTNA is the undisputed market leader in the long-distance segment, the company sees further growth opportunities in the vocational segment. To utilize this potential, DTNA designed the new Western Star 49X from the ground up to meet customers' needs for more robustness and safety and a low weight.

## Market launch of new Mercedes-Benz Intouro intercity bus with Active Brake Assist 5 emergency braking assistant

With optional assistance systems such as Active Brake Assist 5 (ABA 5) and Sideguard Assist, the newly developed Mercedes-Benz Intouro offers a higher level of safety in intercity and touring traffic. As the world's first emergency braking assistant for buses, ABA 5 can perform an automated emergency stop as a reaction to moving persons. The optional Sideguard Assist with person recognition warns the driver when turning both of moving objects such as pedestrians and cyclists and of stationary hindrances. In addition, optimized aerodynamics and a newly developed, lighter body ensure improved fuel efficiency.

## Retrofit solutions to protect against infection

Daimler Buses offers its customers numerous (retrofit) solutions to protect against infection in view of covid-19. They include, for example, sensor-controlled dispensers for disinfectants and driver-protection doors with full-surface separating panes but also so-called active filters for coaches.

<b>D.08</b>	<b>Q1-3</b>		
€ amounts in millions	Q1-3 2020	Q1-3 2019	% change
Revenue	24,174	33,238	-27
EBIT	32	2,225	-99
EBIT adjusted	103	2,225	-95
Return on sales (in %)	0.1	6.7	.
Return on sales adjusted (in %)	0.4	6.7	.
CFBIT	936	1,531	-39
CFBIT adjusted	936	1,531	-39
CCR <sup>1</sup> adjusted	9.1	0.7	.
Unit sales	257,863	390,694	-34
Production	263,554	403,266	-35
Employees	100,358	101,397 <sup>2</sup>	-1
1 Cash conversion rate			
2 As of December 31, 2019			

**D.09****Q3**

Unit sales Daimler Trucks	Q3 2020	Q3 2019	% change
Total	94,141	125,382	-25
EU30	15,351	19,942	-23
thereof Germany	6,912	8,616	-20
North America	41,755	53,240	-22
thereof United States	36,500	47,307	-23
Latin America (excl. Mexico)	7,672	11,569	-34
thereof Brazil	6,020	8,157	-26
Asia	21,912	33,550	-35
Other markets	7,451	7,081	+5
<i>for information:</i>			
BFDA (Auman Trucks)	34,679	18,169	+91

**Daimler Buses wins major orders**

Daimler Buses successfully participated in a major tender in Israel and was awarded the contract for a total of 415 city and intercity buses. The vehicles will be used throughout the country. Orders for the all-electric Mercedes-Benz eCitaro city bus were received in the period under review, 30 buses for the Rhine-Neckar region and 24 for the Darmstadt urban area. In Belgium, Daimler Buses won a tender for 129 Mercedes-Benz Citaro hybrid units for the Walloon region.

**Significant decrease in unit sales at Daimler Trucks**

Sales of 94,100 vehicles by Daimler Trucks in the third quarter of 2020 were 25% lower than in the prior-year period. This development was mainly the result of the ongoing worldwide impact of the covid-19 pandemic. In North America, our truck sales decreased by 22% to 41,800 units. In weight classes 6 to 8, Daimler Trucks continued to be the market leader with a market share of 36.5% (Q3 2019: 34.3%). Sales of 15,400 trucks in the EU30 region (European Union, United Kingdom, Switzerland and Norway) were also significantly below the prior-year level (Q3 2019: 19,900). With a market share of 20.7%, Mercedes-Benz trucks remained the market leader in the medium- and heavy-duty truck segment (Q3 2019: 20.1%). In Germany, sales of 6,900 trucks were 20% lower than in the third quarter of last year. In Brazil, we sold 6,000 units, which is a decrease of 26% compared with the prior-year period. In Asia, our deliveries also decreased significantly to 21,900 trucks (Q3 2019: 33,600). In Indonesia, we sold 2,800 units, also substantially fewer than in the prior-year quarter (Q3 2019: 9,800). Our sales in Japan decreased as well, by 20% to 9,400 trucks. With the FUSO brand, we achieved a market

**D.10****Q3**

Unit sales Daimler Buses	Q3 2020	Q3 2019	% change
Total	5,115	8,957	-43
EU30	1,897	2,474	-23
thereof Germany	724	769	-6
North America	230	797	-71
thereof Mexico	230	790	-71
Latin America (excl. Mexico)	2,106	4,629	-55
thereof Brazil	1,558	3,465	-55
Asia	352	695	-49
Other markets	530	362	+46

share of 19.6% of the total Japanese truck market (Q3 2019: 18.3%). On the other hand, truck sales in India increased slightly to 2,800 units (Q3 2019: 2,700). Deliveries by Auman Trucks, our joint venture in China, increased significantly compared with the prior-year period to 34,700 units (Q3 2019: 18,200) due to the strong increase in demand in the Chinese truck market.

**Unit sales by Daimler Buses significantly below the prior-year level**

Daimler Buses achieved sales of 5,100 vehicles in the third quarter of this year (Q3 2019: 9,000). This significant decrease also continued to be mainly influenced by the global consequences of the covid-19 pandemic. With sales of 1,900 units in the EU30 region, Daimler Buses sold 23% fewer complete buses and bus chassis of the Mercedes-Benz and Setra brands than in the prior-year quarter. The decrease was particularly pronounced for touring coaches. Sales in Germany fell by 6% to 700 units. With our Mercedes-Benz and Setra brands, we continued to be the market leader by a clear margin in the EU30 region with a market share of 26.9% (Q3 2019: 31.0%). Our sales in Mexico also decreased significantly to 200 units (-71%). In Brazil, our main market in Latin America, our unit sales were down by 55% to 1,600 bus chassis. Our sales in India also fell significantly to 100 units (Q3 2019: 400).

**D.11****Q1-3**

Unit sales Daimler Trucks	Q1-3 2020	Q1-3 2019	% change
Total	244,554	367,776	-34
EU30	38,223	58,745	-35
thereof Germany	16,747	23,038	-27
North America	97,328	155,598	-37
thereof United States	85,235	135,276	-37
Latin America (excl. Mexico)	20,876	30,461	-31
thereof Brazil	15,825	21,555	-27
Asia	70,302	101,839	-31
Other markets	17,825	21,133	-16
<i>for information:</i>			
BFDA (Auman Trucks)	99,550	63,746	+56

**D.12****Q1-3**

Unit sales Daimler Buses	Q1-3 2020	Q1-3 2019	% change
Total	13,309	22,918	-42
EU30	4,387	6,230	-30
thereof Germany	1,845	2,035	-9
North America	918	1,844	-50
thereof Mexico	917	1,827	-50
Latin America (excluding Mexico)	5,741	11,504	-50
thereof Brazil	4,393	8,366	-47
Asia	888	2,257	-61
Other markets	1,375	1,083	+27

# Daimler Mobility

**New business stabilizes (+2%)**

**Contract volume decreases to €150 billion**

**Digitization boosts sales figures and customer satisfaction**

**Increase in adjusted EBIT to €601 million (Q3 2019: €469 million)**

## D.13

## Q3

€ amounts in millions	Q3 2020	Q3 2019	% change
Revenue	6,877	7,086	-3
EBIT	589	413	+43
EBIT adjusted	601	469	+28
Return on equity (in %)	16.2	11.9	.
Return on equity adjusted (in %)	16.5	13.5	.
New business	18,676	18,279	+2
Contract volume	149,816	162,843 <sup>1</sup>	-8
Employees	11,923	12,680 <sup>1</sup>	-6

<sup>1</sup> As of December 31, 2019

### New business worldwide in magnitude of prior-year period

Daimler Mobility's business development stabilized in the third quarter and the first signs of a recovery were perceptible. Total new business was at the prior-year level. Worldwide, 516,000 new leasing and financing contracts were concluded in a total amount of €18.7 billion, 2% more than in the prior-year period. Contract volume amounted to €149.8 billion at the end of September, and was thus 8% lower than at the end of 2019. Adjusted for exchange-rate effects, contract volume decreased by 4%. Adjusted EBIT amounted to €601 million (Q3 2019: €469 million) and the adjusted return on equity was 16.5% (Q3 2019: 13.5%).

### Europe region: new business at prior-year level

In the whole of Europe, 225,000 leasing and financing contracts were signed in the third quarter (-6%). New business of €7.8 billion was at the prior-year level (-1%). Contract volume in Europe of €63.3 billion at the end of September was lower than at the end of 2019 (-6%). At the end of the third quarter, Athlon and Daimler Fleet Management had 406,000 contracts on their books, equivalent to contract volume of €6.5 billion.

## D.14

## Q1-3

€ amounts in millions	Q1-3 2020	Q1-3 2019	% change
Revenue	20,428	21,112	-3
EBIT	852	2,053	-58
EBIT adjusted	972	1,443	-33
Return on equity (in %)	7.8	19.9	.
Return on equity adjusted (in %)	8.8	14.0	.
New business	48,821	53,966	-10
Contract volume	149,816	162,843 <sup>1</sup>	-8
Employees	11,923	12,680 <sup>1</sup>	-6

<sup>1</sup> As of December 31, 2019

### Decreased new business in the Americas

In the Americas region, leasing and financing contracts with a total value of €5.8 billion were concluded in the third quarter of 2020 (-8%). New business was slightly lower than in the prior-year period in the United States (-4%), but significantly lower in Mexico (-55%) and Brazil (-40%). Contract volume in the Americas region amounted to €52.6 billion at the end of September, and was thus significantly below the level of year-end 2019 (-12%).

### Asia-Pacific, Africa & China: increased new business

New business in the Asia-Pacific, Africa & China region amounted to €5.1 billion and was thus significantly higher than in the third quarter of 2019 (+25%). Contract volume in the region totaled €33.9 billion at the end of September (-6%). In China, 130,000 new leasing and financing contracts in a total amount of €3.4 billion were concluded in the third quarter (+67%). The ongoing economic recovery in China during the third quarter had a positive impact on new business. Contract volume in China amounted to €17.0 billion at the end of September, and was thus slightly higher than at year-end 2019 (+3%).

### Recovery also noticeable in the insurance business

Daimler Mobility brokered approximately 644,000 insurance policies in the third quarter of 2020 – an increase of 9% compared with the prior-year quarter. The development was particularly strong in China (+32%) and Spain (+19%).

### Digitization boosts sales figures and customer satisfaction despite impact of covid-19

Since the beginning of the year, the number of registered users of the customer portal increased by 85% in Europe. In the United States, online access to contract documents had more than doubled by the end of September. In addition, 99% of credit applications in China were submitted online in August. Convenient digital interaction increases customer enthusiasm and is a key efficiency driver.

### StarRides: premium ride hailing now also in Chengdu

Following its launch in Hangzhou in late 2019, the StarRides limousine service started in Guangzhou in July 2020 and in Chengdu four weeks later, giving it a presence in three Chinese cities. StarRides is a joint venture of Daimler Mobility AG and the Geely Technology Group.

### YOUR NOW joint ventures: continuation of upward trend

At September 30, 2020, approximately 96 million people were using the mobility services of the joint ventures FREE NOW & REACH NOW, SHARE NOW and PARK NOW & CHARGE NOW. Following the decrease in March and April 2020 due to covid-19, the significant increase in user numbers continued in the third quarter. At the same time, the services were expanded.



# Consolidated Statement of Income Q3

## E.01

	Q3 2020	Q3 2019
In millions of euros		
Revenue	40,281	43,270
Cost of sales	-32,704	-34,596
<b>Gross profit</b>	<b>7,577</b>	<b>8,674</b>
Selling expenses	-2,364	-3,136
General administrative expenses	-888	-1,005
Research and non-capitalized development costs	-1,554	-1,764
Other operating income	373	456
Other operating expense	-86	-623
Gains on equity-method investments, net	162	193
Other financial expense, net	-150	-105
<b>Earnings before interest and taxes (EBIT)</b>	<b>3,070</b>	<b>2,690</b>
Interest income	56	86
Interest expense	-94	-201
<b>Profit before income taxes</b>	<b>3,032</b>	<b>2,575</b>
Income taxes	-874	-762
<b>Net profit</b>	<b>2,158</b>	<b>1,813</b>
thereof profit attributable to non-controlling interests	109	94
thereof profit attributable to shareholders of Daimler AG	2,049	1,719
<b>Earnings per share (in euros)</b>		
for profit attributable to shareholders of Daimler AG		
<b>Basic</b>	<b>1.92</b>	<b>1.61</b>
<b>Diluted</b>	<b>1.92</b>	<b>1.61</b>

# Consolidated Statement of Income Q1–3

## E.02

	Q1–3 2020	Q1–3 2019
In millions of euros		
Revenue	107,688	125,618
Cost of sales	-91,705	-103,827
<b>Gross profit</b>	<b>15,983</b>	<b>21,791</b>
Selling expenses	-7,715	-9,359
General administrative expenses	-2,616	-2,999
Research and non-capitalized development costs	-4,820	-5,037
Other operating income	1,461	2,189
Other operating expense	-393	-2,975
Gains on equity-method investments, net	381	665
Other financial expense, net	-276	-345
<b>Earnings before interest and taxes (EBIT)</b>	<b>2,005</b>	<b>3,930</b>
Interest income	184	286
Interest expense	-359	-690
<b>Profit before income taxes</b>	<b>1,830</b>	<b>3,526</b>
Income taxes	-1,410	-806
<b>Net profit</b>	<b>420</b>	<b>2,720</b>
thereof profit attributable to non-controlling interests	278	234
thereof profit attributable to shareholders of Daimler AG	142	2,486
<b>Earnings per share (in euros)</b>		
for profit attributable to shareholders of Daimler AG		
<b>Basic</b>	<b>0.13</b>	<b>2.32</b>
<b>Diluted</b>	<b>0.13</b>	<b>2.32</b>

# Consolidated Statement of Comprehensive Income Q3

## E.03

	Q3 2020	Q3 2019
In millions of euros		
<b>Net profit</b>	<b>2,158</b>	1,813
Gains/losses on currency translation	-931	718
Gains/losses on debt instruments	3	1
Gains/losses on derivative financial instruments	370	-331
Gains/losses on equity-method investments	-2	-8
<b>Items that may be reclassified to profit/loss</b>	<b>-560</b>	380
Actuarial gains/losses from pensions and similar obligations	-855	-1,101
Gains/losses on equity instruments	23	-15
<b>Items that will not be reclassified to profit/loss</b>	<b>-832</b>	-1,116
<b>Other comprehensive income/loss, net of taxes</b>	<b>-1,392</b>	-736
thereof income/loss attributable to non-controlling interests, after taxes	-24	20
thereof income/loss attributable to shareholders of Daimler AG, after taxes	-1,368	-756
<b>Total comprehensive income/loss</b>	<b>766</b>	1,077
thereof income/loss attributable to non-controlling interests	85	114
thereof income/loss attributable to shareholders of Daimler AG	681	963

# Consolidated Statement of Comprehensive Income/Loss Q1–3

## E.04

	Q1–3 2020	Q1–3 2019
In millions of euros		
<b>Net profit</b>	<b>420</b>	2,720
Gains/losses on currency translation	-1,941	1,007
Gains/losses on debt instruments	2	8
Gains/losses on derivative financial instruments	719	-616
Gains/losses on equity-method investments	-3	-13
<b>Items that may be reclassified to profit/loss</b>	<b>-1,223</b>	386
Actuarial gains/losses from pensions and similar obligations	-2,188	-2,584
Gains/losses on equity instruments	32	9
<b>Items that will not be reclassified to profit/loss</b>	<b>-2,156</b>	-2,575
<b>Other comprehensive income/loss, net of taxes</b>	<b>-3,379</b>	-2,189
thereof income/loss attributable to non-controlling interests, after taxes	-43	30
thereof income/loss attributable to shareholders of Daimler AG, after taxes	-3,336	-2,219
<b>Total comprehensive income/loss</b>	<b>-2,959</b>	531
thereof income/loss attributable to non-controlling interests	235	264
thereof income/loss attributable to shareholders of Daimler AG	-3,194	267

# Consolidated Statement of Financial Position

## E.05

Sept. 30, 2020 Dec. 31, 2019

In millions of euros

**Assets**

Intangible assets	16,430	15,978
Property, plant and equipment	35,092	37,143
Equipment on operating leases	47,704	51,482
Equity-method investments	5,059	5,949
Receivables from financial services	53,304	52,880
Marketable debt securities and similar investments	950	770
Other financial assets	3,862	3,347
Deferred tax assets	5,779	5,803
Other assets	1,014	1,286
<b>Total non-current assets</b>	<b>169,194</b>	<b>174,638</b>
Inventories	29,534	29,757
Trade receivables	10,739	12,332
Receivables from financial services	41,756	50,781
Cash and cash equivalents	24,498	18,883
Marketable debt securities and similar investments	7,113	7,885
Other financial assets	3,294	2,736
Other assets	4,525	5,426
<b>Total current assets</b>	<b>121,459</b>	<b>127,800</b>
<b>Total assets</b>	<b>290,653</b>	<b>302,438</b>

**Equity and liabilities**

Share capital	3,070	3,070
Capital reserves	11,551	11,552
Retained earnings	43,273	46,329
Other reserves	-754	393
<b>Equity attributable to shareholders of Daimler AG</b>	<b>57,140</b>	<b>61,344</b>
Non-controlling interests	1,483	1,497
<b>Total equity</b>	<b>58,623</b>	<b>62,841</b>
Provisions for pensions and similar obligations	12,484	9,728
Provisions for other risks	11,036	10,597
Financing liabilities	92,667	99,179
Other financial liabilities	1,873	2,112
Deferred tax liabilities	4,012	3,935
Deferred income	1,461	1,598
Contract and refund liabilities	5,897	6,060
Other liabilities	899	586
<b>Total non-current liabilities</b>	<b>130,329</b>	<b>133,795</b>
Trade payables	14,877	12,707
Provisions for other risks	9,200	10,327
Financing liabilities	59,553	62,601
Other financial liabilities	6,503	7,752
Deferred income	1,550	1,624
Contract and refund liabilities	6,630	7,571
Other liabilities	3,388	3,220
<b>Total current liabilities</b>	<b>101,701</b>	<b>105,802</b>
<b>Total equity and liabilities</b>	<b>290,653</b>	<b>302,438</b>

# Consolidated Statement of Cash Flows

## E.06

	Q1-3 2020	Q1-3 2019
In millions of euros		
Profit before income taxes	1,830	3,526
Depreciation and amortization/impairments	6,668	5,561
Other non-cash expense and income	-458	-478
Gains (-)/losses (+) on disposals of assets	35	-722
Change in operating assets and liabilities		
Inventories	-933	-5,500
Trade receivables	1,287	186
Trade payables	2,106	1,832
Receivables from financial services	4,277	-1,620
Vehicles on operating leases	2,393	-837
Other operating assets and liabilities	-163	5,174
Dividends received from equity-method investments	1,234	637
Income taxes paid	-1,008	-1,199
<b>Cash provided by operating activities</b>	<b>17,268</b>	<b>6,560</b>
Additions to property, plant and equipment	-3,830	-5,191
Additions to intangible assets	-2,137	-2,591
Proceeds from disposals of property, plant and equipment and intangible assets	279	215
Investments in shareholdings	-323	-1,614
Proceeds from disposals of shareholdings	227	346
Acquisition of marketable debt securities and similar investments	-2,985	-4,349
Proceeds from sales of marketable debt securities and similar investments	3,461	5,090
Other	-12	-51
<b>Cash used for investing activities</b>	<b>-5,320</b>	<b>-8,145</b>
Change in financing liabilities	-4,486	6,048
Dividend paid to shareholders of Daimler AG	-963	-3,477
Dividends paid to non-controlling interests	-255	-233
Proceeds from the issue of share capital	31	63
Acquisition of treasury shares	-30	-42
Acquisition of non-controlling interests in subsidiaries	-	-64
<b>Cash used for/provided by financing activities</b>	<b>-5,703</b>	<b>2,295</b>
Effect of foreign exchange rate changes on cash and cash equivalents	-630	426
<b>Net increase in cash and cash equivalents</b>	<b>5,615</b>	<b>1,136</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>18,883</b>	<b>15,853</b>
<b>Cash and cash equivalents at end of period</b>	<b>24,498</b>	<b>16,989</b>

# Consolidated Statement of Changes in Equity

## E.07

	Share capital	Capital reserves	Retained earnings	Currency translation	Equity instruments/ debt instruments
In millions of euros					
<b>Balance at January 1, 2019</b>	3,070	11,710	49,490	472	15
Net profit	-	-	2,486	-	-
Other comprehensive income/loss before taxes	-	-	-3,895	977	14
Deferred taxes on other comprehensive income/loss	-	-	1,311	-	3
Total comprehensive income/loss	-	-	-98	977	17
Dividends	-	-	-3,477	-	-
Changes in consolidated group	-	-	-14	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-139	-	-	-
Other	-	-	60	-	-
<b>Balance at September 30, 2019</b>	3,070	11,571	45,961	1,449	32
<b>Balance at January 1, 2020</b>	3,070	11,552	46,329	930	30
Net profit	-	-	142	-	-
Other comprehensive income/loss before taxes	-	-	-2,582	-1,897	43
Deferred taxes on other comprehensive income/loss	-	-	393	-	-9
Total comprehensive income/loss	-	-	-2,047	-1,897	34
Dividends	-	-	-963	-	-
Changes in consolidated group	-	-	-83	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-1	-	-	-
Other	-	-	37	-	-
<b>Balance at September 30, 2020</b>	3,070	11,551	43,273	-967	64



Other reserves						
Items that may be reclassified to profit/loss						
Derivative financial instruments	Share of investments accounted for using the equity method	Treasury shares	Equity attributable to shareholders of Daimler AG	Non-controlling interests	Total equity	
In millions of euros						
-95	5	-	64,667	1,386	66,053	<b>Balance at January 1, 2019</b>
-	-	-	2,486	234	2,720	Net profit
-872	-13	-	-3,789	30	-3,759	Other comprehensive income/loss before taxes
256	-	-	1,570	-	1,570	Deferred taxes on other comprehensive income/loss
-616	-13	-	267	264	531	Total comprehensive income/loss
-	-	-	-3,477	-251	-3,728	Dividends
-	-	-	-14	-11	-25	Changes in consolidated group
-	-	-	-	32	32	Capital increase/Issue of new shares
-	-	-42	-42	-	-42	Acquisition of treasury shares
-	-	42	42	-	42	Issue and disposal of treasury shares
-	-	-	-139	-16	-155	Changes in ownership interests in subsidiaries
-	-	-	60	4	64	Other
-711	-8	-	61,364	1,408	62,772	<b>Balance at September 30, 2019</b>
-546	-21	-	61,344	1,497	62,841	<b>Balance at January 1, 2020</b>
-	-	-	142	278	420	Net profit
1,031	-3	-	-3,408	-43	-3,451	Other comprehensive income/loss before taxes
-312	-	-	72	-	72	Deferred taxes on other comprehensive income/loss
719	-3	-	-3,194	235	-2,959	Total comprehensive income/loss
-	-	-	-963	-261	-1,224	Dividends
-	-	-	-83	2	-81	Changes in consolidated group
-	-	-	-	13	13	Capital increase/Issue of new shares
-	-	-30	-30	-	-30	Acquisition of treasury shares
-	-	30	30	-	30	Issue and disposal of treasury shares
-	-	-	-1	-	-1	Changes in ownership interests in subsidiaries
-	-	-	37	-3	34	Other
173	-24	-	57,140	1,483	58,623	<b>Balance at September 30, 2020</b>

# Notes to the Interim Consolidated Financial Statements

## 1. Presentation of the Interim Consolidated Financial Statements

### General

These Interim Consolidated Financial Statements (Interim Financial Statements) of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 115 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 120, 70372 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.

The Board of Management authorized the Interim Consolidated Financial Statements for publication on October 22, 2020. These Interim Consolidated Financial Statements have been reviewed by the Daimler Group's auditors.

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. 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 financial year. The Interim Financial Statements should be read in conjunction with the December 31, 2019 audited and published IFRS Consolidated Financial Statements and notes thereto. The accounting policies applied by the Group in these Interim Financial Statements fundamentally correspond with those applied for the Consolidated Financial Statements for the year ended December 31, 2019.

### IFRS issued, EU endorsed and initially adopted in the reporting period

In the second quarter of 2020, the International Accounting Standards Board published an amendment to IFRS 16 ("Covid-19-Related Rent Concessions"), in which they provide an accounting policy choice to lessees to apply practical relief for rent concessions arising as a result of the covid-19 pandemic. Daimler does not apply these practical expedients for lessees.

### Accounting estimates and management judgements due to the covid-19 pandemic

Accounting estimates and management judgements can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the balance sheet date, and the amounts of income and expense reported for the period. Due to the still not fully foreseeable global consequences of the covid-19 pandemic, these accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on the Interim Consolidated Financial Statements.

With the update of the accounting estimates and management judgements, available information on the expected economic developments and country-specific governmental counter-measures has been included.

This information was included in the analysis of the recoverability and collectability of financial assets, especially of receivables from financial services and equity-method investments. With regard to hedge accounting, estimates were updated concerning whether forecast transactions can still be assumed to be highly likely to occur. Furthermore, estimates of future residual values of leased vehicles, the measurement of provisions for residual value guarantees and the measurement of the net realizable value of inventories have been updated to include the expected consequences of the covid-19 pandemic. In addition, impairment tests for the cash-generating units of the automotive business have confirmed the correctness of the corresponding carrying amounts.

### **Adjustment of segment figures in the prior-year period due to the change in the Group's internal management and reporting structure as of January 1, 2020**

Until December 31, 2019, the Group's reportable segments were Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Mobility. As of January 1, 2020, the Group's activities are divided into the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. This corresponds to the internal reporting and organizational structure. The segments Mercedes-Benz Cars and Mercedes-Benz Vans are aggregated into the reportable segment Mercedes-Benz Cars & Vans in line with the nature of the products and services offered, as well as their brands, sales channels and customer profiles.

The figures for 2019 have been adjusted to the new segment structure to ensure that the figures for 2020 are comparable with the prior-year figures. Internal supply of goods and services within the new segments have been taken into account. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments.

In this context, the amortization of capitalized borrowing costs is included in EBIT as of January 1, 2020. From the 2020 financial year onwards, EBIT will therefore be presented in the Consolidated Statement of Income as an arithmetical amount.

## **2. Assets and liabilities held for sale**

### **Intended sale of the car plant in Hambach, France**

In the third quarter of 2020, in the context of adjusting and realigning capacities within the global production network, the Daimler Group decided that it intended to sell the car plant in Hambach, France. The assets and liabilities relating to the Hambach plant are therefore classified as held for sale as of September 30, 2020. The remeasurement of the assets and liabilities had already resulted in expenses of €0.4 billion at the Mercedes-Benz Cars & Vans segment in the second quarter of 2020. The remeasurement of the "assets and liabilities held for sale" resulted in additional expenses of €0.1 billion in the third quarter of 2020.

Due to their minor significance for the financial position of the Daimler Group, there is no separate presentation of the held-for-sale assets (€131 million) and liabilities (€56 million) in the Consolidated Statement of Financial Position.

### **Joint venture between Volvo Group and Daimler Truck AG**

In April 2020, the Volvo Group and Daimler Truck AG signed a letter of intent on the establishment of a joint venture for fuel-cell activities. It is planned that the Volvo Group and Daimler Truck AG will each hold a 50% interest in the joint venture. The Group is placing the assets and liabilities of its Group-wide fuel-cell activities in the company Daimler Truck Fuel Cell GmbH & Co. KG, a 100% subsidiary of Daimler Truck AG. This entity is classified as held for sale as of September 30, 2020. A binding agreement with the Volvo Group on the sale of a 50% interest in the company for an estimated price of €0.6 billion is expected in the fourth quarter of 2020. The transaction, which is expected to be concluded in the first half of 2021, will have a significant positive effect on the Daimler Group's earnings.

Due to their minor significance for the financial position of the Daimler Group, there is no separate presentation of the held-for-sale assets (€31 million) and liabilities (€18 million) in the Consolidated Statement of Financial Position. In the future, the joint venture will probably be included in the Consolidated Financial Statements using the equity method and will be reported in the Daimler Trucks & Buses segment.

### 3. Revenue

Revenue disclosed in the Consolidated Statement of Income includes revenue from contracts with customers and other revenue not in the scope of IFRS 15.

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories – type of products and services and geographical regions – and presented in table [7 E.08](#) and table [7 E.09](#). The category type of products and services corresponds to the reportable segments.

Other revenue primarily comprises revenue from the rental and leasing business, interest from the financial services business at Daimler Mobility and effects from currency hedging.

Despite the ongoing covid-19 pandemic the Daimler Group's revenue in the third quarter of 2020 was only slightly below the prior-year level. As a result of the worldwide fall in unit sales due to the lower customer demand caused by the covid-19 pandemic and the closure of sales-and-service centers and dealerships in important markets, the Daimler Group's revenue had declined significantly in key markets in the second quarter of 2020.

#### E.08

##### Revenue for the three-month periods ended September 30

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q3 2020</b>						
Europe	12,081	2,870	1,163	16,114	-679	15,435
North America	3,924	3,919	1,524	9,367	-71	9,296
Asia	7,990	1,452	46	9,488	-10	9,478
Other markets	894	719	41	1,654	-1	1,653
Revenue according to IFRS 15	24,889	8,960	2,774	36,623	-761	35,862
Other revenue	929	270	4,103	5,302	-883	4,419
Total revenue	25,818	9,230	6,877	41,925	-1,644	40,281

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q3 2019</b>						
Europe	11,557	3,182	1,152	15,891	-712	15,179
North America	5,040	5,111	1,481	11,632	-191	11,441
Asia	8,122	1,764	24	9,910	-5	9,905
Other markets	1,196	1,180	35	2,411	-3	2,408
Revenue according to IFRS 15	25,915	11,237	2,692	39,844	-911	38,933
Other revenue	647	246	4,394	5,287	-950	4,337
Total revenue	26,562	11,483	7,086	45,131	-1,861	43,270

**E.09****Revenue for the nine-months periods ended September 30**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q1–3 2020</b>						
Europe	29,276	7,310	3,221	39,807	-1,693	38,114
North America	11,896	9,664	4,272	25,832	-502	25,330
Asia	21,887	4,353	129	26,369	-15	26,354
Other markets	2,664	2,063	100	4,827	-4	4,823
Revenue according to IFRS 15	65,723	23,390	7,722	96,835	-2,214	94,621
Other revenue	2,240	784	12,706	15,730	-2,663	13,067
Total revenue	67,963	24,174	20,428	112,565	-4,877	107,688

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q1–3 2019</b>						
Europe	33,503	9,375	3,402	46,280	-1,410	44,870
North America	14,436	14,714	4,428	33,578	-654	32,924
Asia	22,426	5,125	107	27,658	-16	27,642
Other markets	3,657	3,298	107	7,062	-10	7,052
Revenue according to IFRS 15	74,022	32,512	8,044	114,578	-2,090	112,488
Other revenue	2,021	726	13,068	15,815	-2,685	13,130
Total revenue	76,043	33,238	21,112	130,393	-4,775	125,618

**4. Functional costs****Cost of sales**

Cost of sales amounted to €32,704 million in the third quarter of 2020 (Q3 2019: €34,596 million) and €91,705 million in the nine-month period ended September 30, 2020 (Q1–3 2019: €103,827 million). It primarily comprises the expenses of goods sold.

The decrease in cost of sales was caused by cost adjustments in response to the covid-19 pandemic. Also in the other functional cost areas, the measures taken due to the current economic situation, including the use of short-time working in Germany particularly in the second quarter, led to an improvement in the cost position.

Cost of sales were affected at the Daimler Mobility segment by the impairment of software in the context of streamlining the IT-architecture in the third quarter of 2020. Due to additions to provisions for risks in the first half of 2020, no further additions to the credit risk provisions were necessary in the third quarter of 2020.

Expenses in connection with the adjustment and realignment of capacities within the global production network in the Mercedes-Benz Cars & Vans segment had a negative impact on cost of sales mainly in the second quarter of 2020.

In the prior-year period, a reassessment of risks in connection with ongoing governmental and court proceedings and measures taken with regard to Mercedes-Benz diesel vehicles in various regions had led to significant earnings reductions in cost of sales. Furthermore, expenses connected with an updated risk assessment for an expanded recall of Takata airbags in Europe and other markets and expenses in connection with terminating production of the X-Class had a negative impact on cost of sales in the prior-year period.

**Selling expenses**

In the third quarter of 2020, selling expenses amounted to €2,364 million (Q3 2019: €3,136 million) and in the nine-month period ended September 30, 2020, they amounted to €7,715 million (Q1–3 2019: €9,359 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

**General administrative expenses**

General administrative expenses amounted to €888 million in the third quarter of 2020 (Q3 2019: €1,005 million) and €2,616 million in the nine-month period ended September 30, 2020 (Q1–3 2019: €2,999 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

**E.10****Other financial income/expense, net**

	Q3 2020	Q3 2019	Q1–3 2020	Q1–3 2019
In millions of euros				
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	-68	-80	-128	-278
Miscellaneous other financial income/expense, net	-82	-25	-148	-67
	-150	-105	-276	-345

**Research and non-capitalized development costs**

Research and non-capitalized development costs were €1,554 million in the third quarter of 2020 (Q3 2019: €1,764 million) and €4,820 million in the nine-month period ended September 30, 2020 (Q1–Q3 2019: €5,037 million). They primarily comprise personnel expenses and material costs.

Overall, functional costs include expenses in connection with personnel cost optimization programs of €339 million in the third quarter of 2020 and of €468 million in the nine-month period ended September 30, 2020.

**5. Other operating income and expense**

**Other operating income** amounted to €373 million in the third quarter of 2020 (Q3 2019: €456 million) and €1,461 million in the nine-month period ended September 30, 2020 (Q1–3 2019: €2,189 million). A positive impact in the first quarter of 2020 was the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. This resulted in an income of €154 million. See [Note 12](#) for further information. In the first quarter of 2019, income of €718 million resulted from the merger of the business units for mobility services of the Daimler Group and the BMW Group.

The use of short-time work in Germany led to social security claims that are included in other operating income.

**Other operating expense** was €86 million in the third quarter of 2020 (Q3 2019: €623 million) and €393 million in the nine-month period ended September 30, 2020 (Q1–3 2019: €2,975 million). The decrease mainly resulted from expenses in connection with ongoing governmental and court proceedings and measures relating to Mercedes-Benz diesel vehicles in various regions in 2019.

**6. Other financial income/expense**

Table [E.10](#) shows the components of other financial income/expense, net.

**E.11****Interest income and interest expense**

	Q3 2020	Q3 2019	Q1–3 2020	Q1–3 2019
In millions of euros				
Interest income				
Net interest income on the net assets of defined-benefit pension plans	1	1	2	3
Interest and similar income	55	85	182	283
	56	86	184	286
Interest expense				
Net interest expense on the net obligation from defined-benefit pension plans	-33	-45	-112	-136
Interest and similar expense	-61	-156	-247	-554
	-94	-201	-359	-690

**E.12****Income taxes**

	Q3 2020	Q3 2019	Q1–3 2020	Q1–3 2019
In millions of euros				
Income before income taxes	3,032	2,575	1,830	3,526
Income taxes	-874	-762	-1,410	-806
Tax rate	28.8%	29.6%	77.0%	22.9%

**7. Interest income and interest expense**

The composition of interest income and interest expense is shown in table [7 E.11](#).

**8. Income taxes**

Table [7 E.12](#) shows income before income taxes, income taxes and the derived effective tax rate.

The income taxes recognized in the first nine months of 2020 were significantly impacted by the non-recognition of deferred tax assets on losses incurred in Germany in the first half of 2020.

For the first nine months of 2019, the mainly tax-free gain on the merger of the mobility services of the Daimler Group and the BMW Group reduced the effective tax rate.

**9. Intangible assets**

The composition of intangible assets is shown in table [7 E.13](#).

**E.13****Intangible assets**

	Sept. 30, 2020	Dec. 31, 2019
In millions of euros		
Goodwill	1,233	1,217
Development costs	13,038	12,525
Other intangible assets <sup>1</sup>	2,159	2,236
	16,430	15,978

<sup>1</sup> At September 30, 2020, after the impairment of software by approximately €0.1 billion at the Daimler Mobility segment.



**E.14****Property, plant and equipment (excluding right-of-use assets)**

	Sept. 30, 2020	Dec. 31, 2019
In millions of euros		
Land, leasehold improvements and buildings including buildings on land owned by others	9,614	9,859
Technical equipment and machinery	9,537	10,113
Other equipment, factory and office equipment	7,213	7,864
Advance payments relating to plant and equipment and construction in progress	4,944	5,073
	<b>31,308</b>	<b>32,909</b>

**E.15****Right-of-use assets**

	Sept. 30, 2020	Dec. 31, 2019
In millions of euros		
Land, leasehold improvements and buildings	3,547	3,956
Technical equipment and machinery	156	187
Other equipment, factory and office equipment	81	91
	<b>3,784</b>	<b>4,234</b>

**10. Property, plant and equipment**

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €35,092 million (December 31, 2019: €37,143 million) also includes right-of-use assets related to lessee accounting.

Table [7 E.14](#) shows property, plant and equipment excluding right-of-use assets. The decrease is partially due to write-downs in the amount of €0.4 billion for the adjustment and realignment of capacities within the global production network.

Table [7 E.15](#) shows the right-of-use assets.

**11. Equipment on operating leases**

At September 30, 2020, the carrying amount of equipment on operating leases was €47,704 million (December 31, 2019: €51,482 million). In the nine-month period ended September 30, 2020, additions and disposals amounted to €15,408 million and €10,709 million respectively (Q1–3 2019: €19,527 million and €11,864 million). Depreciation for the nine-month period ended September 30, 2020 was €7,141 million (Q1–3 2019: €6,735 million) and includes impairments in the amount of €0.3 billion primarily arising in connection with the corona crisis. Other changes primarily comprise the effects of currency translation.

**12. Equity-method investments**

Table [7 E.16](#) shows the carrying amounts and gains/losses on equity-method investments.

Table [7 E.17](#) presents key figures on interests in associated companies accounted for using the equity method in the Group's Consolidated Financial Statements.

Table [7 E.18](#) presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

**E.16****Summarized carrying amounts and gains/losses on equity-method investments**

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
<b>At September 30, 2020</b>				
Equity investment <sup>1</sup>	3,614	1,429	16	5,059
Equity result (Q3 2020) <sup>1</sup>	190	-29	1	162
Equity result (Q1-3 2020) <sup>1</sup>	683	-305	3	381
<b>At December 31, 2019</b>				
Equity investment <sup>1</sup>	4,349	1,582	18	5,949
Equity result (Q3 2019) <sup>1</sup>	394	-202	1	193
Equity result (Q1-3 2019) <sup>1</sup>	981	-331	15	665

<sup>1</sup> Including investor-level adjustments.

**E.17****Key figures on interests in associated companies accounted for using the equity method**

	BBAC	BAIC Motor <sup>2</sup>	THBV (HERE)	Others	Total
In millions of euros					
<b>At September 30, 2020</b>					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment <sup>1</sup>	2,284	325	361	644	3,614
Equity result (Q3 2020) <sup>1</sup>	363	-168	-6	1	190
Equity result (Q1-3 2020) <sup>1</sup>	949	-312	62	-16	683
<b>At December 31, 2019</b>					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment <sup>1</sup>	2,519	665	475	690	4,349
Equity result (Q3 2019) <sup>1</sup>	331	8	-11	66	394
Equity result (Q1-3 2019) <sup>1</sup>	1,000	29	-82	34	981

<sup>1</sup> Including investor-level adjustments.

<sup>2</sup> Earnings of BAIC Motor Corporation Ltd. (BAIC Motor) are included in Daimler's Consolidated Financial Statements with a three-month time lag.

**E.18****Key figures on interests in joint ventures accounted for using the equity method**

	YOUR NOW <sup>2</sup>	Others	Total
In millions of euros			
<b>At September 30, 2020</b>			
Equity interest (in %)	50		
Equity investment <sup>1</sup>	575	854	1,429
Equity result (Q3 2020) <sup>1</sup>	-37	8	-29
Equity result (Q1-3 2020) <sup>1</sup>	-285	-20	-305
<b>At December 31, 2019</b>			
Equity interest (in %)	50		
Equity investment <sup>1</sup>	866	716	1,582
Equity result (Q3 2019) <sup>1</sup>	-222	20	-202
Equity result (Q1-3 2019) <sup>1</sup>	-351	20	-331

<sup>1</sup> Including investor-level adjustments.

<sup>2</sup> Earnings of YOUR NOW are included in Daimler's Consolidated Financial Statements with a one-month time lag. The figures for the equity result of Q3 relate to the period of June 1 to August 31. The figures for Q1-3 2019 relate to the period of February 1 to August 31, 2019. The figures for Q1-3 2020 relate to the period of December 1, 2019 to August 31, 2020.

**BBAC**

In the second quarter of 2020, the shareholders of BBAC approved the payout of a dividend for the 2019 financial year. The amount of €1,174 million attributable to Daimler reduced the carrying amount of the investment accordingly. The dividend was paid in the third quarter of 2020 and led to a cash inflow of €1,151 million. Daimler plans to contribute additional equity of in total €0.5 billion in accordance with its shareholding ratio in the years 2020 to 2022.

**BAIC Motor**

In the first quarter of 2020, due to a reassessment of the business development in light of the covid-19 pandemic, the Group recognized an impairment loss of €150 million with respect to its investment in BAIC Motor Corporation Ltd. (BAIC Motor). In the third quarter of 2020, an additional impairment loss of €180 million was recognized. The losses are included in the line item profit/loss on equity-method investments, net.

**THBV (HERE)**

In December 2019, There Holding B.V. (THBV) and HERE International B.V. (HERE) and other companies signed an agreement on the basis of which 30% of the shares in HERE are to be sold to a joint venture between Mitsubishi Corporation and Nippon Telegraph and Telephone Corporation. The transaction was completed on May 29, 2020 after receiving the approval of the relevant authorities and lead to a gain of €105 million, included in the line item profit/loss on equity-method investments, net.

In the year 2020 to date, THBV has implemented capital measures which have reduced the carrying amount of the investment by €177 million.

**YOUR NOW**

In the second quarter of 2020, the profit/loss on equity-method investments, net of YOUR NOW Holding GmbH (YOUR NOW) includes an impairment loss of €105 million.

In the third quarter of 2019, an impairment loss of €107 million was recognized on joint ventures, mainly resulting from the adjustment of earnings forecasts for individual mobility services.

**Other joint ventures accounted for using the equity-method**

In December 2019, Mercedes-Benz AG and Zhejiang Geely Holding Group founded the joint venture **smart Automobile Co., Ltd.** (smart). In the first quarter of 2020, each company contributed CNY 2.7 billion to the equity of the joint venture. The share of Mercedes-Benz AG essentially consisted of the contribution of the smart brand, leading to a positive effect on earnings in the amount of €154 million in the first quarter of 2020, recognized in other operating income. The joint venture is allocated to the Mercedes-Benz Cars & Vans segment.

**13. Receivables from financial services**

Receivables from financial services are shown in the following table:

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

	Sept. 30, 2020			Dec. 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	17,551	32,152	49,703	18,963	30,627	49,590
Sales financing with dealers	13,567	3,221	16,788	21,016	3,573	24,589
Finance lease contracts	11,394	18,826	30,220	11,461	19,329	30,790
Gross carrying amount	42,512	54,199	96,711	51,440	53,529	104,969
Loss allowances	-756	-895	-1,651	-659	-649	-1,308
Net carrying amount	41,756	53,304	95,060	50,781	52,880	103,661

At September 30, 2020, €0.5 billion of the loss allowances relates to the increase in the allowance for credit losses as a result of the worsened economic outlook in connection with the covid-19 pandemic, which was recognized in the first half of the year at the Daimler Mobility segment, with an impact on earnings.

## 14. Inventories

Inventories are comprised as follows:

<b>E.20</b>		
<b>Inventories</b>		
	<b>Sept. 30, 2020</b>	<b>Dec. 31, 2019</b>
In millions of euros		
Raw materials and manufacturing supplies	<b>3,271</b>	3,321
Work in progress	<b>4,232</b>	4,290
Finished goods, parts and products held for resale	<b>21,870</b>	21,922
Advance payments to suppliers	<b>161</b>	224
	<b>29,534</b>	29,757

## 15. Equity

### Approved capital

The Annual Shareholders' Meeting held on April 5, 2018 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 4, 2023 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 2018). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). 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.

Approved Capital 2018 has not yet been exercised.

### Conditional capital

The authorization granted by Annual Shareholders' Meeting on April 1, 2015, to issue convertible and/or warrant bonds was limited until March 31, 2020. This authorization has not been exercised. The corresponding Conditional Capital 2015 was cancelled by resolution of the Annual Shareholders' Meeting on July 8, 2020.

Also by resolution of the Annual Shareholders' Meeting on July 8, 2020, the Board of Management is authorized, with the consent of the Supervisory Board, until July 7, 2025 to issue convertible and/or warrant bonds 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. The Board of Management is allowed to grant the holders of these bonds conversion 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 offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in installments, or simultaneously in various tranches as well by affiliates of the Company within the

meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management is authorized to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints with the consent of the Supervisory Board.

In order to fulfill the conditions of the above-mentioned authorization, the Annual Shareholders' Meeting on July 8, 2020 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2020). Conditional Capital 2020 will be effective upon being entered in the commercial register.

### Treasury shares

The authorization granted by Annual Shareholders' Meeting on April 1, 2015 to acquire and use treasury shares expired on March 31, 2020. By resolution of the Annual Shareholders' Meeting on July 8, 2020, the Board of Management is again authorized, with the consent of the Supervisory Board, until July 7, 2025 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution or – if this is lower – of the share capital existing at the time of the authorization being exercised, to be used for all permissible purposes. The shares can be used, among other things, with the exclusion of shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfill obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of the Company's affiliates pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be canceled.

In a volume up to 5% of the share capital issued as of the day of the resolution of the Annual Shareholders' Meeting, the Board of Management is authorized, with the consent of the Supervisory Board, to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereby the term of a derivative must not exceed 18 months and must not end later than July 7, 2025.

### Employee share purchase plan

In the first quarter of 2020, 1.1 million (2019: 0.8 million) Daimler shares were purchased pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG) without utilizing the authorization to acquire treasury shares granted by the Annual Shareholders' Meeting on April 1, 2015, to be reissued to employees in connection with employee share purchase plans. The shares were reissued on March 25, 2020.

### Dividend

The Annual Shareholders' Meeting held on July 8, 2020 authorized Daimler to pay a dividend of €963 million (€0.90 per dividend-entitled no-par-value share) from the distributable profit of Daimler AG (separate financial statements) for the year 2019 (2019: €3,477 million and €3.25 per share). The dividend was paid out on July 13, 2020.

## 16. Pensions and similar obligations

### Development of funded status

The funded status of pension obligations is shown in table 7 E.21. The increase in the present value of defined benefit obligations results from a decrease in discount rates. This effect is increased by the slightly negative development of the return on plan assets.

#### E.21

##### Development of funded status

	Sept. 30, 2020	Dec. 31, 2019
In millions of euros		
Present value of the defined benefit obligation	-38,298	-36,195
Fair value of plan assets	26,945	27,760
Funded status	-11,353	-8,435
thereof recognized in other assets	85	83
thereof recognized in provisions for pensions and similar obligations	-11,438	-8,518

### Pension cost

The components of pension cost included in the Consolidated Statement of Income are shown in table 7 E.22 and table 7 E.23. The gain of €105 million shown in the third quarter of 2020 in the line past service cost results from the freeze of the defined benefit pension plan in the United States. It has been replaced with a defined contribution pension plan. The gain is presented under functional costs in the segment Mercedes-Benz Cars & Vans.

### Contributions to pension plan assets

In the third quarter and the first nine months of 2020, contributions by Daimler to the Group's pension plan assets amounted to €16 million and €136 million respectively (2019: €15 million and €104 million).

### Other post-employment benefits

In the third quarter of 2020, future contributions to one plan of the other post-employment benefits in the United States were adjusted. This resulted in a gain of €140 million, which is presented under functional costs in the segment Mercedes-Benz Cars & Vans.

#### E.22

##### Pension cost for the three-month-periods ended September 30

	Q3 2020			Q3 2019		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-194	-170	-24	-176	-150	-26
Past service cost	105	-	105	-	-	-
Net interest expense	-26	-19	-7	-33	-23	-10
Net interest income	1	-	1	1	-	1
	-114	-189	75	-208	-173	-35

#### E.23

##### Pension cost for the nine-month-periods ended September 30

	Q1-3 2020			Q1-3 2019		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-593	-512	-81	-524	-449	-75
Past service cost	105	-	105	-	-	-
Net interest expense	-81	-57	-24	-98	-70	-28
Net interest income	2	-	2	3	-	3
	-567	-569	2	-619	-519	-100

## 17. Provisions for other risks

Provisions for other risks are comprised as shown in table

➤ E.24.

### E.24

#### Provisions for other risks

	Sept. 30, 2020			Dec. 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,396	4,944	8,340	3,744	4,964	8,708
Personnel and social costs	1,345	2,937	4,282	1,522	2,726	4,248
Litigation risks and regulatory proceedings	2,059	2,591	4,650	2,498	2,404	4,902
Other	2,400	564	2,964	2,563	503	3,066
	9,200	11,036	20,236	10,327	10,597	20,924

## 18. Financing liabilities

Financing liabilities are comprised as follows:

### E.25

#### Financing liabilities

	Sept. 30, 2020			Dec. 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	16,632	62,837	79,469	17,806	67,819	85,625
Commercial paper	884	–	884	3,278	–	3,278
Liabilities to financial institutions	22,322	13,529	35,851	23,043	16,768	39,811
Deposits in the direct banking business	10,487	4,035	14,522	9,713	3,406	13,119
Liabilities from ABS transactions	7,860	8,527	16,387	6,911	7,021	13,932
Lease liabilities	659	3,150	3,809	703	3,537	4,240
Loans, other financing liabilities	709	589	1,298	1,147	628	1,775
	59,553	92,667	152,220	62,601	99,179	161,780

## 19. Legal proceedings

As previously reported, Daimler AG and its subsidiaries are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics.

### **Diesel emission behavior: settlement of regulatory and civil proceedings in the United States**

In the third quarter of 2020, Daimler AG and Mercedes-Benz USA, LLC (MBUSA) reached an agreement with various US authorities to settle civil and environmental claims regarding emission control systems of certain diesel vehicles in the United States. The involved US authorities are the US environmental agencies Environmental Protection Agency (»EPA«) and California Air Resources Board (»CARB«), the Environmental and Natural Resources Division of the U.S. Department of Justice (»DOJ«), the California Attorney General's Office as well as the U.S. Customs and Border Protection (»CBP«).

The authorities take the position that Daimler failed to disclose Auxiliary Emission Control Devices (AECDS) in certain of its US diesel vehicles and that several of these AECDS are illegal defeat devices. As part of these settlements, Daimler denies the allegations by the authorities and does not admit liability, but has agreed to, among other things, pay civil penalties, conduct an emission modification program for affected vehicles, provide extended warranties, undertake a nationwide mitigation project, take certain corporate compliance measures and make other payments.

The company has cooperated fully with the US authorities and continues to do so.

In the third quarter of 2020, Daimler AG and MBUSA also reached an agreement with plaintiffs' counsel to settle the consumer class action "In re Mercedes-Benz Emissions Litigation" before the U.S. District Court for the District of New Jersey. As part of the settlement, Daimler AG and MBUSA deny the material factual allegations and legal claims asserted by the class action plaintiffs and class members, but have agreed to provide payments to current and former diesel vehicle owners and lessees.

For the settlements with the US authorities, Daimler expects costs of approximately USD 1.5 billion. The estimated cost of the class action settlement is approximately USD 700 million. In addition, Daimler estimates further expenses of a mid three-digit-million euro amount to fulfill requirements of the settlements.

The settlements are still subject to final court approval.

### **Diesel emission behavior: class-action and other lawsuits in the United States, Canada and Europe**

As already reported, several consumer class-action lawsuits were filed against MBUSA in Federal Courts in the United States in early 2016. The main allegation was the use of devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO<sub>x</sub>) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles. Those consumer class actions were consolidated into one class action pending against both Daimler AG and MBUSA in the US District Court for the District of New Jersey, in which the plaintiffs asserted various grounds for monetary relief on behalf of a nationwide class of persons or entities who owned or leased certain models of Mercedes-Benz diesel vehicles as of February 18, 2016. Daimler AG and MBUSA moved to dismiss the lawsuit in its entirety. By order dated December 6, 2016, the court granted Daimler AG's and MBUSA's motion to dismiss and dismissed the lawsuit without prejudice, based on plaintiffs' failure to allege with sufficient specificity the advertising that they contended had misled them. Plaintiffs subsequently filed an amended class action complaint in the same court making similar allegations. The amended complaint also adds as defendants Robert Bosch LLC and Robert Bosch GmbH (collectively; "Bosch"), and alleges that Daimler AG and MBUSA conspired with Bosch to deceive US regulators and consumers. On February 1, 2019, the court granted in part and denied in part Daimler AG's and MBUSA's subsequent motion to dismiss. As described above, in the third quarter of 2020, Daimler AG and MBUSA reached a settlement with the US consumer class action plaintiffs that is still subject to final court approval. Daimler has made sufficient provisions for the expected costs of the settlement.

On January 8, 2019, the Arizona State Attorney General filed a civil complaint in Arizona state court against Daimler AG and MBUSA making similar allegations that Arizona consumers had been deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles. The state seeks monetary penalties for violation of Arizona's consumer protection laws.



Another consumer class-action lawsuit against Daimler AG and other companies of the Group containing similar allegations was filed in Canada in April 2016. On June 29, 2017, the court granted a procedural motion to certify certain issues for class treatment, and on March 12, 2018, the court ordered the parties to send a notice to the class by May 18, 2018, informing class members that the litigation is ongoing and that they will be bound by the outcome. That notice was sent, and class members had until July 20, 2018 to opt out of the class to avoid being bound by subsequent rulings in the case.

On July 14, 2017, an additional class action was filed in the Superior Court of California, Los Angeles County, against Daimler AG and other companies of the Group, alleging claims similar to the existing US class action. That action was removed to Federal Court and, on October 31, 2017, was transferred to the District of New Jersey. On December 21, 2017, the parties stipulated to dismiss, without prejudice, that lawsuit. It may be filed again under specific conditions. Daimler AG and MBUSA, respectively, regard the foregoing lawsuits in the United States and Canada as being without merit and will defend against the claims, unless a settlement has already been reached as described above.

Furthermore, a class action against Daimler AG and other Group companies was filed in the Netherlands on June 23, 2020. The class action makes allegations comparable to the aforementioned US and Canadian class actions relating to all Euro 5 and 6 diesel vehicles sold in the EU between 2009 and 2019. The plaintiff, a foundation under the law of the Netherlands, is representing Dutch claimants and seeks certification of an opt-out Netherlands class (Dutch claimants are participating in the class action by law). In the course of the proceedings, other claimants who bought such vehicles in the EU market have the option to declare participation in the class action (opt-in). Furthermore, the plaintiff is seeking declarations of law concerning the customers' entitlement to nullify or rescind their vehicle purchase contracts, to demand replacement of their vehicle and/or to demand damages. Daimler AG and the other Group companies affected regard this class action as being without merit and will defend against the claims.

In Germany, a multitude of lawsuits by investors alleging the violation of disclosure requirements is pending against Daimler. In addition, some investors have raised out-of-court claims for damages. The investors contend that Daimler AG did not immediately disclose inside information in connection with the emission behavior of its diesel vehicles and that it had made false and misleading public statements. They further claim that the purchase price of the financial instruments acquired by them (in particular Daimler shares) would have been lower if Daimler had correctly complied with its disclosure duties. In this context, both investors as well as Daimler AG have filed motions to initiate a model proceeding in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG). Currently, no model proceeding is pending. Daimler AG also regards these lawsuits as being without merit and will defend against the claims.

#### **Diesel emission behavior: governmental proceedings**

As reported, several federal and state authorities and other institutions worldwide have inquired about and/or are/have been conducting investigations and/or administrative proceedings and/or have issued administrative orders, or in the case of the Stuttgart district attorney's office, a fine notice. The aforementioned matters particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant federal and state authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, criminal and antitrust laws. The authorities and institutions involved include, amongst others, the DOJ, which in April 2016 requested that Daimler AG review its certification and admissions processes related to exhaust emissions of diesel vehicles in the United States by way of an internal investigation in cooperation with the DOJ, the EPA, the CARB and other US state authorities, the South Korean Ministry of Environment (MoE), the South Korean competition authority (Korea Fair Trade Commission (KFTC)) and the Seoul Public Prosecutor's Office (South Korea), the European Commission, the German Federal Cartel Office ("Bundeskartellamt"), as well as national antitrust authorities and other authorities of various foreign states as well as the German Federal Ministry of Transport and Digital Infrastructure (BMVI) and the German Federal Motor Transport Authority (KBA). In the course of its formal investigation into possible collusion on clean emission technology, the European Commission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. The Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees concerning the suspicion of fraud and criminal advertising, and, in May 2017, searched the premises of Daimler at several locations in Germany. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In September 2019, the Stuttgart district attorney's office issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

Since 2018, KBA has issued various administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are to be qualified as impermissible defeat devices and ordered subsequent auxiliary provisions for the respective EC type approvals in this respect, including mandatory recalls and, in certain cases, stops of the first registration. In addition and since 2018, Daimler has (in view of KBA's interpretation of the law as a precaution) implemented a temporary delivery and registration stop with respect to certain models, also covering the used-car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA's administrative orders mentioned above in order to have the open legal issues resolved, if necessary, also by a court of law. In the course of its regular market supervision, KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In light of the aforementioned administrative orders issued by, and continued discussions with, the KBA, additional administrative orders can be issued in the course of the ongoing and/or further investigations. Since September 1, 2020, this also applies to other responsible authorities of other Member States and the European Commission which conduct market surveillance under the new European Type Approval Regulation and can take measures upon assumed non-compliance, irrespective of the place of the original type approval. The new calibrations requested by KBA are being processed, and for a substantial proportion of the vehicles, the relevant software has already been approved by KBA; the related recalls have insofar been initiated. It cannot be ruled out that software updates may be reworked, further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with a view to the used car, leasing and financing businesses, under the relevant circumstances.

Daimler continues to fully cooperate with the responsible authorities and institutions.

As described above, in the third quarter of 2020, Daimler AG and MBUSA reached agreements with various US authorities to settle civil and environmental claims regarding emission control systems of certain diesel vehicles in the United States that are still subject to final court approval. Daimler has made sufficient provisions for the expected costs of the settlements.

As described above, the Stuttgart district attorney's office's administrative offense proceedings and the proceedings underlying the civil settlements with the US authorities have been resolved, whereas the settlements are subject to final court approval. The other aforementioned inquiries, investigations, administrative proceedings and the replies to these related information requests as well as the objection proceedings against the administrative orders are ongoing.

#### **Accounting assessment of the legal proceedings in connection with diesel emission behavior**

With respect to the legal proceedings described in the two preceding chapters, in accordance with IAS 37.92 no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice Daimler's position. This does not apply to the extent any settlement has been reached or any proceeding has been concluded. A contingent liability from the class action in the Netherlands cannot currently be measured.

**Antitrust law proceedings (including actions for damages)**

Starting on July 25, 2017, a number of class actions have been filed in the United States and Canada against Daimler AG and other manufacturers of automobiles as well as various of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behavior relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. On October 4, 2017, all pending US class actions were centralized in one proceeding by the Judicial Panel on multidistrict litigation and transferred to the U.S. District Court for the Northern District of California. On March 15, 2018, plaintiffs in the US class action amended and consolidated their complaints into two pleadings, one on behalf of consumers and the other on behalf of dealers. On June 17, 2019, the court granted motions to dismiss in the consolidated US class action proceedings, albeit with leave to amend, and on August 15, 2019, the plaintiffs filed amended complaints making similar allegations. On March 31, 2020, the court granted motions to dismiss these first amended US class action complaints, albeit with leave to amend. On June 26, 2020, the plaintiffs filed second amended complaints. Daimler AG and MBUSA regard the US and Canadian lawsuits as being without merit, and will defend against the claims. This contingent liability cannot currently be measured.

In this context, Daimler AG may disclose that it filed a leniency application with the European Commission some time ago. In late October 2017, the European Commission conducted pre-announced inspections with Daimler in Stuttgart (as well as further inspections with other manufacturers) in order to further clarify the facts of the case. In the third quarter of 2018, the European Commission opened a formal investigation into possible collusion on clean emission technology. In the course of such investigation, the European Commission, in April 2019, sent a statement of objections to Daimler and other automobile manufacturers to which Daimler responded in good time. At present, Daimler does not expect this issue to have any material impact on the Group's profitability, cash flow and financial situation.

Following the settlement decision by the European Commission adopted on July 19, 2016, concluding the trucks antitrust proceedings, Daimler AG and Daimler Truck AG are facing customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler is taking appropriate legal remedies to defend itself. In accordance with IAS 37.92, no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice Daimler's position.

**Class-action lawsuits Takata airbag inflators**

As already reported, class actions in connection with Takata airbags are pending in Canada, the United States and Israel. The lawsuits are based on the allegation that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Daimler entities were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to provide an adequate replacement airbag inflator. In detail: In August 2016, Mercedes-Benz Canada (MB Canada) was added as a defendant to a putative nationwide class action that remains pending in Ontario Superior Court. In addition, Daimler AG and MBUSA were named as defendants along with Takata companies in June 2017, in a US nationwide class action, which was filed in New Jersey Federal Court. In the third quarter of 2017, such lawsuit was transferred to federal court in the Southern District of Florida for consolidation with other multidistrict litigation proceedings. Further class action lawsuits in the USA were integrated into the multiple district proceedings. One of the multidistrict litigation complaints also asserts claims by automotive recyclers who allege injury because they are not able to re-sell salvaged airbag inflators that are subject to the Takata recall. The motions to dismiss against that complaint are still pending. In February 2019, Daimler AG and its non-subsidiary Israeli distributor (Colmobil) were named as defendants in an Israel-wide class action alleging inadequacy of Takata recall efforts in Israel and that action remains pending. The previously reported lawsuit filed by the State of New Mexico against MBUSA was dismissed without prejudice on June 22, 2017. It may, however, be filed again under specific conditions. Daimler AG continues to regard all these lawsuits brought with regard to Mercedes-Benz vehicles as being without merit, and the Daimler Group affiliates respectively affected will further defend themselves against the claims. Contingent liabilities were disclosed to a low extent for this topic.

The statements regarding legal proceedings set out above are to be read in conjunction with  [Notes 23, 30 and 31](#) to the Consolidated Financial Statements as at December 31, 2019.

## 20. Financial instruments

Table 7 E.26 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 in the market.

### E.26

#### Carrying amounts and fair values of financial instruments

	Sept. 30, 2020		Dec. 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
<b>Financial assets</b>				
Receivables from financial services	95,060	96,908	103,661	104,930
Trade receivables	10,739	10,739	12,332	12,332
Cash and cash equivalents	24,498	24,498	18,883	18,883
Marketable debt securities and similar investments	8,063	8,063	8,655	8,655
Recognized at fair value through other comprehensive income	4,534	4,534	5,323	5,323
Recognized at fair value through profit or loss	3,053	3,053	2,858	2,858
Measured at cost	476	476	474	474
<b>Other financial assets</b>				
Equity instruments and debt instruments	943	943	860	860
Recognized at fair value through other comprehensive income	578	578	482	482
Recognized at fair value through profit or loss	365	365	378	378
Other financial assets recognized at fair value through profit or loss	112	112	27	27
Derivative financial instruments used in hedge accounting	2,180	2,180	1,191	1,191
Other receivables and financial assets	3,450	3,450	3,328	3,328
	145,045	146,893	148,937	150,206
<b>Financial liabilities</b>				
Financing liabilities	148,411	150,164	157,540	159,288
Trade payables	14,877	14,877	12,707	12,707
<b>Other financial liabilities</b>				
Financial liabilities recognized at fair value through profit or loss	23	23	52	52
Derivative financial instruments used in hedge accounting	347	347	1,186	1,186
Miscellaneous other financial liabilities	7,877	7,877	8,491	8,491
<b>Contract and refund liabilities</b>				
Obligations from sales transactions	4,193	4,193	5,200	5,200
	175,728	177,481	185,176	186,924

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

**Marketable debt securities and similar investments, other financial assets and liabilities**

*Marketable debt securities* are recognized at fair value through other comprehensive income or at fair value through profit or loss. *Similar investments* are measured at amortized cost and are not included in the measurement hierarchy, as their carrying amount is a reasonable approximation of fair value due to the short terms of these financial instruments and the fundamentally lower credit risk.

*Equity instruments* are recognized at fair value through other comprehensive income or at fair value through profit or loss. Daimler does not generally intend to sell its equity instruments which are presented at September 30, 2020.

Marketable debt securities and equity instruments recognized at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices were not available for these debt and equity instruments, fair value measurement is based on inputs that are either directly or indirectly observable in active markets. Fair values are calculated using recognized financial valuation models such as discounted cash-flow models or multiples.

*Other financial assets and liabilities 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 (taking account of credit premiums and default risks) 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 are measured with 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 (taking account of credit premiums and default risks) 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 and default risks.

**Contract and refund liabilities**

Contract and refund liabilities include obligations from sales transactions that qualify as financial instruments. Obligations from sales transactions should, in principle, be regarded as short term. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to their carrying amounts.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, portfolios managed on basis of net exposure are applied.

Table [E.27](#) provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13). At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair value hierarchies.

**E.27****Measurement hierarchy of financial assets and liabilities recognized at fair value**

	Sept. 30, 2020				Dec. 31, 2019			
	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>
In millions of euros								
Financial assets recognized at fair value								
Marketable debt securities	7,587	4,958	2,629	–	8,181	5,254	2,927	–
Recognized at fair value through other comprehensive income	4,534	1,905	2,629	–	5,323	2,396	2,927	–
Recognized at fair value through profit or loss	3,053	3,053	–	–	2,858	2,858	–	–
Equity instruments and debt instruments	943	341	276	326	860	275	270	315
Recognized at fair value through other comprehensive income	578	299	160	119	482	205	158	119
Recognized at fair value through profit or loss	365	42	116	207	378	70	112	196
Other financial assets recognized at fair value through profit or loss	112	–	112	–	27	–	27	–
Derivative financial instruments used in hedge accounting	2,180	–	2,180	–	1,191	–	1,191	–
	10,822	5,299	5,197	326	10,259	5,529	4,415	315
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	23	–	23	–	52	–	52	–
Derivative financial instruments used in hedge accounting	347	–	347	–	1,186	–	1,186	–
	370	–	370	–	1,238	–	1,238	–

1 Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.

2 Fair value measurement based on inputs that are observable in active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).

3 Fair value measurement based on inputs for which no observable market data is available.

## 21. Segment reporting

As described in [Note 1](#), as of January 1, 2020, the internal reporting and organizational structure is based on the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. The segments Mercedes-Benz Cars and Mercedes-Benz Vans are aggregated into the reportable segment Mercedes-Benz Cars & Vans in line with the nature of the products and services offered, as well as their brands, sales channels and customer profiles.

Taking into account the internal supply of goods and services within the new segments, segment information for the year 2019 has been adjusted to the new segment structure. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments. See [Note 1](#) for further information.

Segment information for the three-month periods ended September 30, 2020 and September 30, 2019 is as follows:

### E.28

#### Segment reporting for the three-month periods ended September 30

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q3 2020</b>						
External revenue	24,976	8,845	6,460	40,281	–	40,281
Intersegment revenue	842	385	417	1,644	-1,644	–
Total revenue	25,818	9,230	6,877	41,925	-1,644	40,281
Segment profit/loss (EBIT)	2,118	541	589	3,248	-178	3,070
	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q3 2019</b>						
External revenue	25,623	11,107	6,540	43,270	–	43,270
Intersegment revenue	939	376	546	1,861	-1,861	–
Total revenue	26,562	11,483	7,086	45,131	-1,861	43,270
Segment profit/loss (EBIT)	1,470	838	413	2,721	-31	2,690



Segment information for the nine-month periods ended September 30, 2020 and September 30, 2019 is as follows:

**E.29****Segment reporting for the nine-months periods ended September 30**

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q1-3 2020</b>						
External revenue	65,523	23,139	19,026	107,688	-	107,688
Intersegment revenue	2,440	1,035	1,402	4,877	-4,877	-
Total revenue	67,963	24,174	20,428	112,565	-4,877	107,688
Segment profit/loss (EBIT)	1,503	32	852	2,387	-382	2,005

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Recon- ciliation	Daimler Group
In millions of euros						
<b>Q1-3 2019</b>						
External revenue	74,030	32,155	19,433	125,618	-	125,618
Intersegment revenue	2,013	1,083	1,679	4,775	-4,775	-
Total revenue	76,043	33,238	21,112	130,393	-4,775	125,618
Segment profit/loss (EBIT)	-171	2,225	2,053	4,107	-177	3,930

**Reconciliation**

Reconciliation of the total segments' profit/loss (EBIT) to the EBIT of the Daimler Group is as shown in table [E.30](#).

The reconciliation comprises corporate items for which head-quarters is responsible. Transactions between the segments are eliminated in the context of consolidation.

**E.30****Reconciliation to Group figures**

	Q3 2020	Q3 2019	Q1-3 2020	Q1-3 2019
In millions of euros				
Total segments' profit/loss (EBIT)	3,248	2,721	2,387	4,107
Share of gains/losses on equity-method investments <sup>1</sup>	-169	9	-312	29
Other corporate items	-53	-1	-211	-211
Eliminations	44	-39	141	5
EBIT	3,070	2,690	2,005	3,930

<sup>1</sup> In the first quarter of 2020, the impairment of Daimler's equity investment in BAIC Motor of €150 million is included. In the third quarter of 2020, the impairment of Daimler's equity investment in BAIC Motor of €180 million is included.

## 22. Transactions with related parties

Related parties (companies or persons) are deemed to be associated companies, joint ventures 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.

### Related companies

Business transactions with related companies are generally carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table [E.31](#).


### Associated companies

A large proportion of the Group's sales of goods and services with associated companies relates to business relations with LSH Auto International Limited (LSHA) and with Beijing Benz Automotive Co., Ltd. (BBAC), which are allocated to Mercedes-Benz Cars & Vans.

The purchases of goods and services shown in table [E.31](#) were primarily from LSHA; the receivables and payables shown relate primarily to BBAC.

### Joint ventures

In business relationships with joint ventures, significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd., which is allocated to Mercedes-Benz Cars & Vans, and with DAIMLER KAMAZ RUS OOO, which is allocated to Daimler Trucks & Buses. In addition, other operating income of €154 million resulted from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. in the first quarter of 2020.

 **Note 12** provides further details of the significant associated companies and joint ventures.

### E.31

#### Related party relationships

In millions of euros	Q3 2020	Q3 2019	Sales of goods and services and other income		Q3 2020	Q3 2019	Purchases of goods and services and other expenses	
			Q1–3 2020	Q1–3 2019			Q1–3 2020	Q1–3 2019
Associated companies	<b>3,484</b>	3,472	<b>9,582</b>	9,875	<b>175</b>	174	<b>593</b>	556
thereof LSHA	<b>1,646</b>	1,884	<b>4,783</b>	5,235	<b>106</b>	148	<b>377</b>	475
thereof BBAC	<b>1,726</b>	1,512	<b>4,530</b>	4,343	<b>66</b>	22	<b>205</b>	66
Joint ventures	<b>320</b>	211	<b>923</b>	640	<b>104</b>	33	<b>274</b>	83

In millions of euros	Receivables <sup>1</sup>		Payables <sup>2</sup>	
	Sept. 30, 2020	Dec. 31, 2019	Sept. 30, 2020	Dec. 31, 2019
Associated companies	<b>2,743</b>	3,324	<b>122</b>	116
thereof LSHA	<b>611</b>	1,288	<b>32</b>	24
thereof BBAC	<b>1,998</b>	1,966	<b>81</b>	78
Joint ventures	<b>369</b>	213	<b>94</b>	78

<sup>1</sup> After write-downs totaling €85 million (December 31, 2019: €66 million).

<sup>2</sup> Including liabilities from default risks from guarantees for related parties.

# Auditor's Review Report

To Daimler Aktiengesellschaft, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG – comprising 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 the Daimler AG, for the period from January 1 to September 30, 2020, that are part of the quarterly financial report according to § 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “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 IAS 34, “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 IAS 34, “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, October 22, 2020

KPMG AG  
Wirtschaftsprüfungsgesellschaft

Sailer  
Wirtschaftsprüfer

Dr. Thümler  
Wirtschaftsprüfer

# Addresses | Information

## **Investor Relations**

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This report and additional information  
can be found on the Internet at  
**[www.daimler.com](http://www.daimler.com)**

## **Concept and contents**

Daimler AG  
Investor Relations

## **Publications for our shareholders**

Annual Report (German and English)  
Interim Reports on the first, second and third quarters  
(German and English)  
Sustainability Report (German and English)  
[www.daimler.com/ir/reports](http://www.daimler.com/ir/reports)

# Financial Calendar

## **Interim Report Q3 2020**

October 23, 2020

## **Analyst and Investor Conference (with Annual Report 2020)**

February 18, 2021

## **Annual Press Conference**

February 18, 2021

## **Annual Shareholders' Meeting 2021**

March 31, 2021

## **Interim Report Q1 2021**

April 23, 2021

## **Interim Report Q2 2021**

July 21, 2021

## **Interim Report Q3 2021**

October 21, 2021

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](http://www.daimler.com/ir/calendar).

