Speeches by

Dr. Dieter Zetsche
Chairman of the Board of Management
of Daimler AG
and Head of Mercedes-Benz Cars

and

Bodo Uebber
Member of the Board of Management
of Daimler AG for
Finance & Controlling and Daimler Financial Services

Annual Press Conference
Stuttgart
February 5, 2015

EMBARGO TIME: FEBRUARY 5, 2015, 9:00 a.m. CET

- Check against delivery -
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Introduction

Thank you, Jörg Howe,
Ladies and gentlemen,
Welcome to our Annual Press Conference!

I would like to begin my review of the past financial year with one of the most exciting topics in our industry at the moment — autonomous driving. The past twelve months have clearly shown that no other company is as broadly positioned in this field as Daimler. First, there was our autonomously driving S-Class. It was followed last year by a further demonstration of our expertise: the Mercedes-Benz Future Truck 2025, which is the world’s first autonomously driving truck. We then raised the bar again in January 2015 with the presentation of our new F 015 research vehicle at the CES in Las Vegas. The BILD newspaper referred to this model as the “first-ever spaceship vehicle.” This technology leadership didn’t just fall into our laps. It is the result of many years of persistent development work.

The overall situation at Daimler is very similar. In 2014, we once again set records for unit sales, revenue and earnings, and these accomplishments too were the result of hard work. They were based on strategic decisions that we made some years ago and then systematically implemented. All of this is now paying off. Throughout the entire Group, it’s becoming clear that Daimler is on an upward curve.

Please allow me to briefly point out the highlights that have shaped the past business year.

Highlights of 2014

At Mercedes-Benz Cars, we continued to modernize and expand our model range. One of our most important new products was the C-Class. This model series plays a major role in our total unit sales and our brand image. When we created the new C-Class, we put a vehicle on the road that has many competitors in its segment but is unrivaled, particularly in terms of its perceived quality and value — and that’s also the opinion of many automotive journalists. The sedan was launched in March and the wagon version followed in September. Unit sales of both variants rose by six percent in 2014, and actually increased by 56 percent in December. Our unit sales in 2015 will benefit from the fact that the new C-Class will complete its first full year on the market. The new C-Class is also a milestone for our production network, because this is the first time we are manufacturing a vehicle simultaneously in Germany, the United States, South Africa and China. The worldwide production launch was completed in just six months — with a very sharp ramp-up curve and the highest quality standards. Nothing like this has ever been done before in the automotive industry.
The market segments for compact cars and SUVs are growing rapidly. Even more dynamic is the growth of the segment that combines the two — the segment for compact SUVs. We have therefore expanded our range of compacts to include the GLA, a compact SUV that helped us achieve total sales of about 472,000 compact models in 2014. That represents an increase of 23 percent compared with 2013. Successful compacts are an important element of our overall strategy. They are crucial to our ability to meet our sales targets, they keep our plants running at full capacity, and they lure customers away from the competition. What I mean by the latter statement is that half of all compact car customers on average switch brands when they make a new purchase — and for the CLA that figure can go as high as 80 percent. In contrast, only one out of every four customers in the S-Class segment switches brands when making a new purchase. That’s why it’s so important for us to attract compact car customers early on — and then hold on to them. After all, someone who buys an A-Class today might want to purchase a C-Class tomorrow and then even an E-Class or an S-Class the next time around.

That buyer would certainly be in good company, since today’s customers are already scrambling to get hold of an S-Class. In 2014, we sold more S-Class vehicles than ever before in the history of this model series. In the future, the S-Class sedan and coupe will be joined by the Mercedes-Maybach S-Class, a model that will incorporate all the innovations of the S-Class. The Mercedes-Maybach S-Class will also have additional features, including a wheelbase that has been extended by 20 centimeters, two executive seats in the rear for working or relaxing and an intercom for communicating with the chauffeur. The top model is the S 600, whose V12 biturbo engine has an output of 530 hp. We also offer a completely different S-Class in the form of a plug-in hybrid that delivers the performance of a V8 but the fuel consumption of a small car. And the hybrid S-Class can be driven for more than 30 kilometers completely emission-free.

Last year was a special year for the smart brand, which presented two new models — the fortwo and the forfour. The new models have all the traditional strengths of the smart brand, especially the unique size and maneuverability. In addition, smart has developed a number of new strengths — for example, extensive safety equipment and a new six-speed dual clutch transmission that make city driving even more pleasant and comfortable. The four-seater expands the smart model family — and we’re sure it will expand the smart fan base as well. Almost one million people came to the roadshow that accompanied the market launch and we expect to see significant sales increases for the smart in 2015. By the way, the two new smart models are the first vehicles created from the ground up in cooperation with Renault-Nissan. They show that it’s possible to benefit from the synergies generated by joint development activities and still maintain a unique model character.

The most important event for commercial vehicles in 2014 was the IAA trade fair in Hanover. The highlight of our successful presentation there was the unveiling of the Mercedes-Benz Future Truck 2025, whose appearance had been camouflaged during the demonstration of this autonomously driving truck’s capabilities in Magdeburg in July. The Future Truck offers a realistic preview of long-distance haulage in the future: Autonomous driving will make it even safer, more efficient and more networked. We also presented our entire portfolio of buses at the IAA. With our six brands and 54 models, we are now more broadly and strongly positioned in all the key markets than ever before — in Western Europe, the United States, Japan and Latin America just as in India and in other Asian markets. We also build and market trucks in China and Russia in joint ventures with local partners. This approach enables us to offer customers in every region of the world the products that are exactly right for them.
In the Trucks division, business development varied greatly in the different regions in 2014. The sluggish economic outlook and political uncertainties in Europe and Latin America had a negative impact on the markets in those regions. In North America and Japan, however, we benefited from very high demand for commercial vehicles. Business was outstanding for Daimler Trucks in the NAFTA region in particular. Unit sales in the region rose to the record level of 161,500 vehicles in 2014, an increase of 19 percent from the prior year. With a market share of over 37 percent, Daimler Trucks North America (DTNA) was once again the leader by far in the segment for Class 6–8 trucks. In October 2014, DTNA received orders for around 31,300 Class 6–8 trucks — the highest level of orders received in one month ever recorded by any truck manufacturer in the United States. This outstanding achievement was due in part to the Freightliner Cascadia Evolution, which boasts the lowest fuel consumption in its class and thus a very competitive total cost of ownership.

In India, we’ve established a new brand known as BharatBenz in a very short period of time — with new products, a new production facility and a new sales network. Five new BharatBenz trucks were launched in 2014. As a result, we now cover all the key market segments — from nine to 49 tons gross vehicle weight. The trucks are sold through a sales network of about 80 dealerships. The models are very successful: Our sales rose by 4,100 units to 10,300 vehicles in 2014. BharatBenz has already advanced to third place in the Indian heavy-duty truck market and has a market share of more than five percent. FUSO trucks built in Chennai are now being exported to other countries; more than 1,000 of them have already been sold outside India. Buses from the BharatBenz and Mercedes-Benz brands will also be manufactured in Chennai in the future. To this end, we are investing approximately €50 million in a new bus plant that will be completed by the second quarter of 2015.

Daimler Buses celebrated a milestone last year by delivering its 40,000th Mercedes-Benz Citaro city bus. This makes the Citaro the top-selling bus with the Mercedes star. The model’s success is partly due to the fact that it is continually being further developed. For example, the Citaro was the first city bus to be equipped with ESP. It was also the first city bus to come with engines that comply with the Euro VI emission standards. We have already delivered more than 3,000 Euro VI buses to customers. All in all, we can be very satisfied with the development of our bus business. Our measures for achieving greater growth and improving efficiency are having the desired effect, and we were therefore able to adjust our earnings forecast upward as the year progressed. By the end of the third quarter, we had already significantly exceeded our earnings for full-year 2013 — even though our unit sales were slightly below the previous year’s level. For example, unit sales of bus chassis fell sharply in Latin America due to the difficult economic situation in that region. However, unit sales of complete buses in Western Europe increased by 12 percent, and our market share in the region rose by almost four percentage points to an all-time high of nearly 35 percent.

The main highlight at Mercedes-Benz Vans last year was the introduction of the new generation of mid-size vans. In 2014, we addressed the needs of our private customers by introducing the new V-Class and the camper vans and recreational vehicles of the Marco Polo series. We’re more than satisfied with the product launch. For our commercial customers, we introduced the new Vito — a van that offers a clear competitive advantage. The Vito can transport up to 120 kilograms more cargo than its predecessor, is equipped with numerous assistance systems, and for the first time comes in three different drive system variants for front, rear and all-wheel drive. None of its competitors can match that. In the second half of 2015, we will launch the new Vito in North America under the name “Metris.” The new model will be produced in both North America and Latin America in the future. The launch will make the Vito the second world van from Mercedes-Benz Vans after the Sprinter.
For Daimler Financial Services, 2014 was the most successful year in its history. Growth at the division was generated in both traditional and new markets. For example, Chinese customers are becoming increasingly interested in vehicle leasing and financing options. In 2014, we concluded about twice as many new financing contracts in China as we had in the previous year. We also set a record for new financing agreements worldwide, and our total of more than 3.3 million contracts on the books marks a new all-time high as well. At the same time, our credit default costs have fallen to their lowest level in more than a decade. I'm especially pleased by the fact that DFS has been recognized as an outstanding employer. It’s the first German company to make it onto the list of the top 25 employers in the Great Place to Work study. In terms of corporate culture especially, much of what we seek to achieve for Daimler as a whole is already a reality at Daimler Financial Services. That’s why 90 percent of the company’s employees agree with the statement that “DFS is a great place to work.” I see that as an outstanding achievement for DFS.

The 2014 Formula 1 season also showed that determination and perseverance pay off. Step by step, our motor sports people in Brackley, Brixworth and Stuttgart have advanced to the top of their game over the past few years. Our capture of both the Drivers’ and Constructors’ Championships was a fantastic achievement. It's also a great advertisement for the strengths and capabilities of our brand — especially in the growth markets that are important for Daimler. After all, we sell 80 percent of our cars in countries where Formula 1 races are held. Because of its new hybrid rules, Formula 1 racing is moving in the same direction as the automotive industry. This will lead to synergies in the development of components such as batteries, electric motors and control logic. Above all, our motor sports activities are helping us more and more with the marketing of our production models.

The many highlights I’ve talked about here add up to the following key figures for the 2014 financial year. First of all, more customers than ever before chose to purchase a vehicle from Daimler in 2014 — over 2.5 million, to be exact. This was largely due to the success of the Mercedes-Benz Cars division, which sold 1.72 million vehicles in 2014. This represents an increase of ten percent over the previous year and also sets a new record. Mercedes-Benz posted higher growth in 2014 than any other premium brand. The brand’s unit sales increased by 11 percent; the retail increase amounted to 12.9 percent. Unit sales were up in Western Europe, Japan and the United States, and we significantly improved our position in China as well. Daimler Trucks actually came very close to its 2015 sales target already in 2014. Despite difficult market conditions in some regions, we sold 496,000 trucks, representing a two-percent increase in deliveries. Mercedes-Benz Vans sold 295,000 vehicles in 2014, an increase of nine percent over the previous year, and also a new record. Sales of more than 33,000 buses and bus chassis by Daimler Buses in 2014 were slightly below the prior-year figure. Finally, Daimler Financial Services financed more vehicles in 2014 than ever before.

Thanks to this positive sales development, Daimler posted revenue of almost €130 billion in 2014 — a ten-percent increase over the previous year. This means that, as we had expected, our dynamic growth was further accelerated by the market success of our new vehicle models. At the same time, the efficiency measures we’ve implemented are having an ever greater effect at all of our divisions. Group EBIT totaled €10.8 billion in 2014 and EBIT from our operating business amounted to €10.1 billion. The Group’s net profit reached €7.3 billion last year. At the Annual Shareholders’ Meeting on April 1, the Board of Management and the Supervisory Board will propose an increase in the dividend to €2.45 per share. With this proposal, we are letting our shareholders participate in the company’s success, while also
expressing our confidence that Daimler can do even more. In just a moment, Bodo Uebber will provide you with more details of our Group figures and of developments at each of our divisions.

In addition to our shareholders, eligible employees of Daimler AG in Germany will also be able to share in the company’s success. After all, they have played a major role in achieving this success. Approximately 135,000 Daimler employees will each receive a profit-sharing payout of €4,350. This represents a 43 percent increase over the previous year and is the highest amount in the company’s history. And now please allow me to turn the floor over to Bodo Uebber.
Key figures

Thank you, Dieter!

Ladies and gentlemen, let me first summarize the most important financial metrics of financial year 2014, which, as usual at this time of the year, are preliminary and have not yet been audited.

With more than 2.5 million vehicles sold, we set another record for unit sales. Revenue increased at a faster rate than unit sales: by 10 percent to 129.9 billion euros. Adjusted for exchange-rate effects, revenue grew by 12 percent.

Group EBIT of 10.8 billion euros was at the level of the previous year. Earnings from the ongoing business increased at a much higher rate than unit sales and revenue: by 27 percent to 10.1 billion euros. That means we grew profitably.

Net profit for the year 2014 amounted to 7.3 billion euros, of which 7.0 billion euros is attributable to the shareholders of Daimler AG. This led to earnings per share of 6 euros and 51 cents, which is 11 cents more than in 2013.

As Dieter Zetsche has already mentioned, at the Annual Shareholders’ Meeting on April 1, the Board of Management and the Supervisory Board will propose an increase in the dividend to 2 euros and 45 cents per share. I’ll return to this later.

We further rationalized our investment portfolio last year. On the one hand, we exercised the option to sell our equity interest in Rolls-Royce Power Systems Holding. That resulted in a cash inflow for Daimler of 2.4 billion euros. The effect on EBIT amounted to 0.9 billion euros. This has no impact on our business relations with Rolls-Royce Power Systems in Friedrichshafen. So we will continue to be an important supplier of heavy-duty and medium-duty diesel engines in the future.

In addition, we reorganized our cooperation with Tesla Motors. In this context, we terminated the share-price hedge and sold our equity interest in Tesla of approximately 4 percent. That resulted in a cash inflow of 625 million euros. Due to the favorable price we paid for those Tesla shares, the effect on EBIT is almost of the same magnitude.

We will use the proceeds from the sale of those investments to strengthen our core business.

The positive earnings development of our automotive divisions had a significant impact on the free cash flow of the industrial business in 2014. It increased by another 0.6 billion to 5.5 billion euros – although we made a special contribution of 2.5 billion euros to the German pension fund assets in December.
Last October, we also made special payments of 0.3 billion euros in settlement of a healthcare plan in the United States. The free cash flow also includes the proceeds of about 3 billion euros from the sale of our shares in Rolls-Royce Power Systems Holding and Tesla.

Adjusted for these special items, the free cash flow of the industrial business amounted to 5.2 billion euros, which is 2 billion euros more than the prior-year figure adjusted for M&A transactions.

As the free cash flow of the industrial business exceeded the dividend paid out last year by more than three billion euros, the net liquidity increased to 17.0 billion euros.

Also for the year 2015, we expect the free cash flow of the industrial business to be significantly higher than the dividend payment. Due to the continuation of our investment offensive, however, we assume that the cash flow will be significantly below the prior-year level.

Let me now turn to the development of the individual divisions.

**Mercedes-Benz Cars**

Mercedes-Benz Cars accelerated along its growth path once again in 2014. Unit sales rose by 10 percent to the new record of 1,723,000 vehicles. Revenue grew even faster, namely by 14 percent to 73.6 billion euros.

Mercedes-Benz Cars continuously improved its profitability during the year, and at a faster rate than revenue. Overall, we increased EBIT from the ongoing business by 43 percent to 6.0 billion euros.

Return on sales reached 8.1 percent compared with 6.5 percent in the previous year. In the fourth quarter, we achieved a return on sales of 8.7 percent. So we took an important step towards the target we had set ourselves for return on sales.

Growth in unit sales was primarily driven by the S-Class and our compact cars. In the S-Class segment, we sold 125,000 cars – more than ever before in the long and successful history of this model series. As a result, Mercedes-Benz further strengthened its leading position in the worldwide market for luxury sedans.

472,000 customers decided in favor of a model of the A-, B-, CLA- or the new GLA-Class last year. That represents growth in unit sales of 23 percent. The models of the E-Class also continued to be in high demand, so that unit sales of 329,000 vehicles almost matched the high prior-year level.

The development of business with SUVs was as positive as ever: Sales increased to the new record of 342,000 units. Once again, the M-Class was the best-selling vehicle in its market segment.

With sales of 363,000 units, the C-Class performed extremely well in the year of the model change. With the C-Class, we had our biggest global model change to date. Within six months, production of the new model started on four continents. In addition, we launched new versions and thus laid the foundations for further growth.
smart kept its unit sales fairly stable also in the year of the model change with 92,000 cars sold. The model change and the expansion of the model range with the smart forfour will have a positive impact in the year 2015.

Our regional unit sales structure continued to improve in 2014. In Western Europe outside Germany, we exceeded the previous year’s unit sales by 10 percent and thus developed very well compared with the overall market. This was aided in particular by the great market success of our compact cars.

In the United States, we sold 344,000 automobiles – more than ever before. The increase of 8 percent is especially remarkable as the C-Class accounts for an above-average proportion of our unit sales in this market and the new model was not available until the fall.

In China, we increased our volume of unit sales by 23 percent to 293,000 cars. The success of our repositioning in this market is increasingly apparent. We increased the number of dealerships last year by 106 and further expanded our product range in this key market with the long-wheelbase version of the C-Class.

In Germany, we optimized the structure of our unit sales with regard to profitability.

The very good earnings development at Mercedes-Benz Cars was primarily due to the significant growth in unit sales. Better pricing also had a positive impact on earnings.

Our earnings also reflect the successful implementation of the efficiency actions from the Fit for Leadership program. The first phase of the program was successfully completed at the end of 2014, as planned. Measures were taken for a sustained improvement in cost structures of approximately 2 billion euros. In 2014, 85 percent of that amount was already effective in our earnings. The full impact on earnings will now be felt as of the year 2015.

The actions for the enhancement of our products’ attractiveness that we continued last year as well as advance spending for new technologies and vehicles were reflected in higher expenses. The same applies to the further expansion of our production capacities, with which we are creating the right conditions for future profitable growth.

The development of currency exchange rates had a negative impact on earnings at Mercedes-Benz Cars. This is a reflection of our regional sales structure. While the appreciation of the US dollar had a slightly positive effect on our earnings, there were significant negative effects from other currencies, especially the rouble. Despite the declining market in Russia, we were able to sell more vehicles there than in the previous year.

**Daimler Trucks**

And now to Daimler Trucks.

The trucks division achieved a small increase in unit sales in what was a regionally very disparate market environment in 2014. A total of 496,000 vehicles were delivered, which is the highest level since 2006.
Daimler Trucks continues to be the world’s biggest truck producer by a large margin. The high market acceptance of our products is based not least on their extremely competitive total cost of ownership, the most important reason for customers to buy our trucks. With the increase in unit sales, revenue also grew by 3 percent to 32.4 billion euros. EBIT from the ongoing business increased by 18 percent to 2.1 billion euros. This means that Daimler Trucks’ earnings also grew at a higher rate than revenue.

Sales of 57,000 units in Western Europe were 13 percent below the prior-year number. This was due not only to the fact that purchases had been brought forward because of the impending introduction of Euro VI emission standards, but also to generally weak demand. With our strong product portfolio, we were able to slightly increase our market share in this difficult environment.

Unit sales in Eastern Europe were also below the prior-year level. This primarily reflects the substantial drop in demand in Russia, which was caused by the ongoing difficult political and economic situation.

In Latin America, our unit sales decreased significantly as a result of the lack of economic growth. Brazil was particularly affected with a drop of 17 percent. However, we further strengthened our market position with an increase of one percentage point to 25.8 percent.

The situation in the NAFTA region was very positive: Unit sales increased by 19 percent to the record figure of 161,000 vehicles in 2014. With a market share of 37.2 percent, we were once again the market leader by a large margin for medium- and heavy-duty trucks in Classes 6 to 8. A key contribution to our sales success in the region came from the Freightliner Cascadia Evolution, the most fuel-efficient truck in the market.

Our business developed positively also in Asia, but varied greatly in the individual regions. While unit sales increased in Japan and India, we recorded a decrease in Indonesia. But we defended and improved our market position in all three countries. Overall, our unit sales in Asia increased by 3 percent to 167,000 vehicles.

Our orders received grew even faster than our unit sales. The number of orders we received surpassed by 50,000 the number received in the previous year. This means that we have started the new financial year with a good order backlog.

In regional terms, the development of the division’s order situation is similar to that of unit sales. In Western Europe, Latin America and Asia, orders received in 2014 were lower than in the previous year.

Orders received developed extremely dynamically above all in the NAFTA region, and surpassed the prior-year volume by more than 50 percent. This gives us a solid base for the ongoing growth of our unit sales this year.

As a result of the EBIT growth, the division’s return on sales improved from 5.6 percent to 6.4 percent. The growth in earnings primarily reflects the significantly higher unit sales in the NAFTA region and Japan, as well as lower warranty costs.

We successfully continued with the efficiency and growth program “Daimler Trucks #1” in the year under review. More than 10,000 initiatives were implemented worldwide. 80 percent of the program volume of 1.6 billion euros was already reflected in EBIT for the year 2014. The full effect will be achieved as of this year.
There were negative effects on EBIT from the weak economies in Latin America and Europe and from the introduction of Euro VI. Currency translation also had a negative impact on earnings, especially from the Japanese yen and to a lower extent from the Brazilian real and the South African rand. Unlike Mercedes-Benz Cars, Daimler Trucks was less affected by effects from the export business and more by effects from translating into euros the earnings of subsidiaries outside the euro area.

Unlike in the previous year, there were no more pro-rata earnings from Rolls-Royce Power Systems Holding following the sale of our equity interest in that company.

**Mercedes-Benz Vans**

Mercedes-Benz Vans also achieved record unit sales: The division sold 295,000 vans worldwide, more than ever before. There were double-digit growth rates not only in Western Europe, our most important market, but also in Eastern Europe and the United States.

Sales of 186,000 Sprinter vans worldwide was also a new record. And in the segment of mid-size vans, we significantly surpassed the prior-year unit sales despite the model change for the Vito and the V-Class. With our competitive model range, we gained further market share in Western Europe and the United States.

The revenue generated by the van division of 10.0 billion euros was 6 percent higher than in 2013 and thus also higher than ever before. EBIT from the ongoing business increased to 638 million euros. The division's return on sales was 6.4 percent. Operating profit reflects the very positive development of unit sales. On the other hand, there were effects from research and development expenses for new products as well as expenditure for the market launch of the V-Class and the new Vito. In addition, currency translation also had a negative impact on EBIT.

**Daimler Buses**

The worldwide bus business featured a significant contraction in market volume in 2014. In this environment, Daimler Buses sold a total of 33,200 buses and bus chassis of the brands Mercedes-Benz and Setra, which was just slightly below the prior-year volume.

However, we clearly strengthened our market leadership in our core markets in the segment for buses above eight tons. Important gains in our share of all core markets meant that our unit sales developed significantly better that worldwide demand and that we were able to achieve very good earnings.

The development of our business with complete buses in Western Europe was particularly positive. As a result, the revenue of the Daimler Buses division increased by 3 percent to 4.2 billion euros despite the slightly lower unit sales.

EBIT from the ongoing business improved by 48 million euros to 211 million euros. This is an increase of 29 percent and represents a return on sales of 5.0 percent.

The earnings improvement reflects the higher unit sales in the business with complete buses and a good product mix in Western Europe. The development of exchange rates also had a
positive impact. Furthermore, the measures taken in the GLOBE 2013 growth and efficiency program showed their full effect.

However, there was a negative impact on EBIT from the lower unit sales of bus chassis in Latin America, which was caused by the difficult economic situation in Argentina and Brazil. The weaker market in Turkey also reduced Daimler Buses’ earnings.

**Daimler Financial Services**

Last but not least: Daimler Financial Services.

In 2014, we concluded 1.3 million new financing and leasing contracts in a total amount of 47.9 billion euros. This means that the value of all new contracts increased by 18 percent.

At the end of last year, the division had more than 3.3 million financed or leased vehicles on its books. That represents growth in contract volume of 18 percent to 99.0 billion euros. Adjusted for exchange-rate effects, the growth amounted to 12 percent.

EBIT increased to the new record level of 1.4 billion euros. Accordingly, we once again slightly increased the division’s already high return on equity to 19.4 percent.

The main factors behind the strong earnings were the increased contract volume and particularly low credit losses. This is also the result of our disciplined and consistent risk management. As a result, we compensated for additional expenses in connection with business expansion.

**4th Quarter 2014**

So there you had the details of the divisions. Let’s now have a brief look at developments in the fourth quarter of 2014.

The growth in unit sales and revenue were a key feature also of the last quarter of the year. Our revenue reached almost 36 billion euros and thus 3.7 billion euros more than in 2013 – this is also a new record.

Group EBIT from the ongoing business of 2.8 billion euros was the highest quarterly figure of the year. Compared with the fourth quarter of 2013, operating profit increased by 10 percent. This earnings growth was driven by the Mercedes-Benz Cars division. Its EBIT from the ongoing business improved by 27 percent to 1.8 billion euros.

**Group Financials**

The earnings improvement becomes even more apparent when one compares Group EBIT from the ongoing business for each quarter with the same metric for the respective prior-year period. We continuously improved as the year progressed while surpassing the prior-year quarters. This shows that we are growing profitably, and that our strategy is bearing fruit. Our young and attractive model range at all of our divisions is extremely well received by our customers and the efficiency programs are increasingly having a positive impact on earnings.
As previously mentioned, net profit for 2014 amounts to 7.3 billion euros. Of that total, 7.0 billion euros is attributable to the shareholders of Daimler AG. This leads to earnings per share of 6 euros and 51 cents, compared with 6 euros and 40 cents in 2013. At the Annual Shareholders’ Meeting on April 1, we will propose an increase in the dividend to 2 euros and 45 cents. The dividend payout will thus amount to 2.6 billion euros. With this renewed dividend increase and thus the highest profit distribution by Daimler AG so far, we are letting our shareholders participate in the company’s success and at the same time expressing our confidence about the ongoing course of business.

Based on the current share price, the proposed payout represents a dividend yield of 3.0 percent. Even on the basis of the recent substantial increase in our share price, this is an extremely attractive rate of return with the present levels of interest.

However, we are not losing sight of our company’s future viability. Within the context of our growth strategy, we want to continue consistently utilizing the opportunities offered by the automotive markets. That’s why we’ve invested large amounts in recent years in new products and innovative technologies, in modern production facilities and in research and development.

In the year 2014, our investment in property, plant and equipment amounted to 4.8 billion euros, almost as much as the high level of the previous year. Furthermore, we applied 500 million euros for financial investments and intangible assets.

With an amount of 5.7 billion euros, we once again slightly increased our research and development expenditure from an already high level. As well as new vehicle models, the main focus was on fuel-efficient and environment-friendly drive systems as well as new safety technologies.

We will effectively continue our investment offensive in the coming years. We will therefore invest more than 11 billion euros in property, plant and equipment and more than 13 billion euros in research and development projects in 2015 and 2016. So we will invest a total of approximately 25 billion euros in the next two years to strengthen our future.

As you could see from the last few slides, our strategy is beginning to bear fruit. But this success is the result of hard work in combination with a consistent and comprehensive investment strategy.

In the past five years, we have invested approximately 50 billion euros in property, plant and equipment and in research and development. In addition, we have made financial investments in associated companies and joint ventures, in particular to utilize growth opportunities in China.

The results of our capital employment will be reflected in the coming years in an even more global and flexible positioning, ongoing innovation in safety and mobility concepts, and an even broader and even more competitive product range.

But the investments we have made were also the basis for the significant growth of our unit sales and revenue in recent years. Between 2010 and 2014, Daimler’s unit sales and revenue grew by more than 30 percent. While our unit sales in Western Europe have grown only slightly since 2010, we have made enormous progress in the NAFTA region and Asia. This has led to a better regional balance.
As the development of growth markets outside Europe will go on, we will continue to invest there in order to strengthen our competitiveness in those markets. That also includes increasing our research and development in the new markets. In this way, we will secure employment at our sites in Germany as well.

The profitable growth of recent years has also enabled us to pay our shareholders attractive dividends. Together with the proposed dividend of 2 euros and 45 cents for the year 2014, our dividend distributions for the past five years amount to 11.7 billion euros.

Our dividend policy is based on a distribution of 40 percent of the net profit, excluding M&A effects, attributable to Daimler shareholders. In the coming years, we expect a sustainable and attractive dividend development, in both absolute and relative terms.

We have good news also for our employees. With the extraordinary contribution of 2.5 billion euros to the German pension plan assets that we made in December, we have further invested in the future of our employees and secured the company pensions.

That contribution increases the funded status of our pension obligations. The sharp drop in interest rates and thus in the relevant discount rates led to a sharp rise in retirement benefit obligations in recent years.

Following the special contribution last year and the similar contribution of 1.5 billion euros in 2011, the pension plan assets have been strengthened. And this is taking place in addition to the regular contributions of approximately 0.6 billion euros which we make each year for our employees’ retirement pensions.

As a further visible sign of recognition for the good work and commitment of our workforce, each entitled employee will receive an increased performance participation bonus for the successful year 2014 of 4,350 euros. The company is thus following the principle of sustainability, is living up to its responsibility to a high-performing team, and is an attractive employer.

Our employees profit in the short and the long term from the company’s success – as do our shareholders and other stakeholders.

Ladies and gentlemen, those were our key figures for 2014.

I will now hand you back to Dieter Zetsche.
Strategy

Thank you very much, Bodo. I believe these figures confirm that our strategy is the right one. A few years ago, we defined four strategic growth areas:

- We aim to continue strengthening our core business,
- continue growing in new markets,
- take the lead in the areas of green technologies and safety,
- and play a major role in the further development of connectivity systems and the creation of new mobility concepts.

We will continue to focus on these growth areas — and we still have a lot of work to do here. I’d now like to talk about the key issues we’ll be addressing in the near future.

First, the product offensive will continue at Mercedes-Benz Cars. By the end of this year, we will have launched a total of eight new or updated passenger car models on the market. In other words, we are continuing to fire on all cylinders. The focus in 2015 will be on our high-margin SUVs, including the new GLE coupe, which you can see here in this picture. This model combines the sportiness of a coupe with the versatility and robustness of an SUV. The new 9G-TRONIC nine-speed automatic transmission and the 4MATIC permanent all-wheel drive system are both standard equipment with the GLE coupe. By the end of 2015, we will be offering the 4MATIC system in more than 80 Mercedes vehicles. The GLE coupe also marks the start of a new nomenclature at Mercedes that is based on our core model series and thus clearly classifies our growing range of models. Parallel to the models, our drive systems will also be given new and shorter designations — for example, “d” for diesel, “e” for electric and “h” for hybrid.

The CLA Shooting Brake is the new addition at the compact end of the portfolio. This fifth model completes our family of compact cars. Deliveries of the CLA Shooting Brake will begin in March. The Shooting Brake concept combines the sporty design of the CLA with a high degree of utility. To put it another way, it offers the same amount of fun — but even more space. And the CLA Shooting Brake will of course also be available as an AMG version.

The huge success of the compact AMG models is the main reason why unit sales at AMG have almost doubled in the past two years. We plan to double that brand’s sales figure for 2013 once again in the next three years. Almost all of the new Mercedes models will therefore also be offered as AMG automobiles. With the new AMG sports models, we are establishing a new product line that bridges the gap between the AMG line for Mercedes-Benz vehicles and the classic AMG models. This will make genuine sports car engineering available to an even broader customer base. The GT further enhances Mercedes-AMG’s image as a dynamic sports car brand. The GT is the second sports car after the SLS to be completely developed independently by AMG. Orders for the model have exceeded our expectations.
Our strategy for electric mobility is the plug-in hybrid. Our first plug-in hybrid was an S-Class model. Four weeks ago, we unveiled a new plug-in hybrid in Detroit: a C-Class model with a system performance of 279 horsepower and combined torque of 600 newton meters, but fuel consumption of only 2.1 liters per 100 kilometers. The plug-in hybrid concept offers all the advantages of electric mobility while also using a combustion engine to compensate for the drawbacks that electric drive still has in terms of range and charging infrastructure. Hybrid models are posting the most dynamic growth in the electric-vehicle segment, which we believe will continue to expand significantly. Between now and 2017, we will launch a total of ten new plug-in hybrids — on average, one new model every four months. The new models will propel us into a completely new sales dimension. The first major Mercedes-Benz product offensive in the early 1990s led to our unit sales nearly doubling. Our goal with the current product offensive is to put us at the top of the premium segment by 2020 also in terms of unit sales. This is our strategic objective. We are convinced that we build the best cars, so we want the majority of customers to opt for a vehicle with the three-pointed star.

At the same time, we will implement structural changes in the years ahead that will help us reach the top in terms of profitability as well. The short-term safeguarding of earnings that we achieved during the first phase of “Fit for Leadership” will now be followed by the “Next Stage,” which will be used to bring about a sustained improvement to our business system. Our planned growth will be accompanied by absolute increases in fixed costs and net assets. However, the structural changes we plan to make will significantly limit these increases. We will thus become more profitable and less susceptible to the effects of external crises. This phase of strong growth will give us room to maneuver: We can become more efficient by generating disproportionately lower costs. Our success in addressing this business challenge will determine whether we remain competitive over the long term.

China holds an important key to profitable growth at Daimler. We’re back on track in China, where we increased our unit sales by 25 percent in 2014. This year will be even better — with continued double-digit growth and sales of well over 300,000 vehicles. China remains a market with huge sales potential, and that’s why we will continue to invest in our product portfolio there. We are massively expanding our local production in China. Our plans for the next few years call for two thirds of the vehicles we sell in China to be manufactured there as well. We are also intensifying our local development activities. For example, we will have around 500 highly qualified engineers and designers working for us in China by the end of this year. This show car here happens to come from our design studio in Beijing, for example. China will play a key role in our product development process in the future. We also plan to expand our financing activities in China. To this end, we will increase our equity base by half a billion euros to accommodate the growing number of customers who use our services to finance their vehicle purchases. I think it’s clear to everyone that China isn’t just any market for us. It is the market that will determine who comes out on top in the premium segment. And Mercedes-Benz still has plenty of room to grow in China.

In the truck market as well, China is an absolutely key market. The development of the truck-market structure is playing into our hands, because demand will shift sharply in the coming years from very simple to mid-range and high-quality trucks. Nonetheless, Western Europe, the United States and Japan continue to set the technology standards. These markets have the most demanding customers, whose purchasing decisions are based primarily on fuel efficiency. That’s not surprising, given that diesel costs account for the largest proportion — around 30 percent — of the total cost of ownership. That’s why we’re making our trucks more efficient. And our efforts are paying off, as we provide the efficiency champion in each of those three markets. In Japan, our new FUSO Super Great V heavy-duty truck is the only truck on the market that beats — by as much as five percent — the fuel efficiency requirements that
will go into effect there this year. The Freightliner Cascadia Evolution in North America consumes seven percent less fuel than its predecessor model — and less than any of its competitors. In Europe, we sent the Mercedes-Benz Actros to compete in “Fuel Duels,” in which the Actros went up against the most fuel-efficient truck in a customer’s fleet. We did this nearly 600 times last year, and the Actros came out on top more than 90 percent of the time, with 11 percent fuel savings on average.

We will safeguard our globally leading position through the further rollout of our platform strategy. Daimler Trucks has a lead of several years over its competitors when it comes to modules and platforms. We plan to exploit this advantage and extend it further. Technologies from Daimler that have been tried and tested hundreds of thousands of times are already in use today all over the world after being adapted to local market requirements. Until now, the platform concept used for trucks has focused mainly on the powertrain. We want to extend our platform strategy to other components such as electrics and electronics, cabs and chassis. By 2020, we will be using today’s modules and components in numerous markets around the world. That will save us money on development and the higher volumes will reduce our procurement prices. However, costs are not the only aspect we are addressing. Another goal of the platform strategy is to provide our customers everywhere with the technologies they want, in optimal quality.

Let me give you just one example. In the past, trucks in the United States were rarely equipped with automatic transmission. American truckers traditionally preferred to shift manually. However, our experience with Mercedes-Benz trucks in Europe enabled us to offer a proven technology in the U.S. at a high level of quality and a reasonable cost. That’s how we changed the nature of the market. Demand for our automatic transmission in the U.S. has exceeded all expectations, as around 25 percent of our new Cascadia trucks are now equipped with the DT12 transmission. We will soon begin manufacturing the DT12 at our plant in Redford as well. We’ve also firmly established the concept of the integrated powertrain in the U.S. – and have thus fundamentally changed the market. We offer our customers the engine, transmission and axles from one source. This means that they are optimally adapted to each other. And that means more efficiency.

In 2015, we will increase the already powerful momentum at Daimler Trucks North America with the Western Star 5700XE. This new truck for heavy-duty long-distance distribution combines the quality and reliability of Western Star with outstanding aerodynamics and the most efficient drive system on the market. The model will go into production in Cleveland this year. In India, we will launch a new heavy-duty truck in the second half of the year — the BharatBenz 3143. This completely localized truck is designed for tough applications in the mining industry and on construction sites, with a frame and axles that are especially robust. With its engine output of 430 horsepower, it will also be the most powerful local truck on the market by far. This is due to technology from the Mannheim plant, which manufactures the Mercedes-Benz OM 457 in-line six-cylinder engine that is used in the BharatBenz 3143 and has proved itself over many years in Europe and the Americas. This engine is now the benchmark in India.

Along with fuel efficiency and safety, Daimler also continues to focus its development activities on autonomous driving systems. Partially autonomous driving is already possible today in the C-Class, the E-Class and the S-Class. We will take further steps in this direction in the coming years. In technical terms, a car like our F 015 research vehicle is a realistic possibility for the next decade. Autonomous driving will radically change automobiles, for example in terms of their interior design. That’s because autonomous driving will make cars more than just a means of transport — it will turn them into a personal retreat. We will be
given the freedom to use our time on the road exactly the way we want to. That’s the future of automotive luxury. However, this will involve more than just new vehicle concepts. There are also legal and ethical issues to consider. We will be able to prevent many accidents — but not all of them. How should a vehicle behave if an accident cannot be avoided? This is just one of many questions that our entire industry, and our society as a whole, will have to address. We will need to work together to come up with the right answers.

Technological transformation always leads to the creation of new business models. Our attitude in this regard is clear: There’s no point in trying to defend established practices. On the contrary, when new concepts emerge, we want to shape them. For example, when we introduced car2go, many people predicted that car sharing would cost us customers. As it turns out, the situation is balanced. Some people are deciding they don’t need their smart any more, while others are going out and buying a smart because they liked the one they tried out with car2go. And car2go is now the biggest car-sharing company in the world. Rental transactions with this service tripled last year. In some cities, we are already making a profit with car2go. For us, car sharing is a business model — one that we will also be bringing to China in 2015. This will be our first step into the Asian market and will thus be a pilot program for us. By 2016, we plan to have car2go operating in 50 cities all over the world. We are also offering moovel, a smartphone app that enables users to compare various mobility services in order to find the best way to get from Point A to Point B. A new feature now enables customers to book and pay for transit tickets in a single payment system. It also recently became possible to use moovel for business trips. Taken together, our mobility services now have well over one million customers.

Whether it’s new products, new technologies, or new mobility concepts, our goal is always the same. We create future opportunities — for Daimler and for its employees. Our Sindelfingen plant is celebrating its one-hundredth birthday this year, and of course that’s a good opportunity to look back at what we have accomplished. We have also held in-depth talks with the Works Council in recent months in order to develop a vision of the future for Sindelfingen and other plants. As a result, we will now work together to make our facilities more flexible and efficient. At the same time, we are strengthening our locations through massive investment and new-product projects. For example, we will invest €1.5 billion in the Sindelfingen plant between now and 2020, and the facility will also begin building a new car model series. We will also invest around €1 billion in the expansion of production facilities at our truck plant in Wörth. All of this shows that structural transformation isn’t necessarily a threat. On the contrary, we are paving the way for many more anniversaries.

Outlook

This brings me to a question: What specific developments do we expect to see in 2015?

The global economy is currently expanding at a moderate rate and we expect it to grow by around three percent in 2015. The outlook for the automotive markets has improved slightly, as global demand for cars is likely to increase by about four percent in 2015. We assume that the global demand for trucks will rise as well. As far as our unit sales are concerned, we
expect to see significant increases for cars, trucks and vans, and a slight increase for buses. At Daimler Financial Services, we plan to substantially increase our contract volume and new business.

On the basis of the anticipated market development and the planning of our divisions, we assume that the Group’s EBIT from its ongoing business will once again increase significantly in 2015. We also expect to see a significant increase in EBIT from the ongoing business at Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans. Earnings at Daimler Buses will be slightly lower than in 2014, while Daimler Financial Services should post earnings that are slightly higher.

In the coming years, we aim to further strengthen those aspects of Daimler that have traditionally set it apart from the competition — for example, our outstanding quality and our pioneering role in the area of new technologies. At the same time, we plan to attain a level of earnings that has never been seen before at this company. Achieving both of these goals will be the main challenge for our management.

To conclude, ladies and gentlemen, I’d like to talk a little more about autonomous driving. We have been working on this technology for quite some time at Daimler — since the early 1990s, in fact. Our experience is now paying off. In recent years, all of us at Daimler have also been working hard on our new products and strong brands. This too is now paying off. But our achievements to date with autonomous driving and in our operating business provide only a vague idea of what is possible at Daimler in the future. The results we are presenting to you today are only a preview of what lies ahead. Daimler is on the way to its best-ever performance. But now, let’s turn to your questions. Thank you very much for your attention!

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The figures in this document are preliminary and have neither been approved yet by the Supervisory Board nor audited by the external auditor.

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 worsening of the sovereign-debt crisis in the euro zone; an increase in political tension in Eastern Europe; events of force majeure including natural disasters, epidemics, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preference 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 official investigations 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 Daimler’s most recent Annual 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.