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## **Daimler's earnings once again at a high level: EBIT of €1,921 million in the third quarter**

- **Net profit of €1,205 million (Q3 2011: €1,360 million)**
- **Group revenue up by 8% to €28.6 billion  
(Q3 2011: €26.4 billion)**
- **Increase of 1% in total unit sales to 528,600 vehicles**
- **Forecast for 2012: Group EBIT from ongoing business of  
approximately €8 billion expected**
- **Updated EBIT expectations for all divisions**

Stuttgart - Daimler AG (stock-exchange symbol DAI) achieved Group EBIT of €1,921 million in the third quarter of 2012 (Q3 2011: €1,968 million). Net profit for the period was €1,205 million (Q3 2011: €1,360 million), leading to earnings per share of €1.03 (Q3 2011: €1.21).

“Considering the significantly more difficult market conditions, Daimler achieved good earnings in the third quarter,” stated Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars.

“Due to the economic challenges, Daimler will not match the high prior-year EBIT in full-year 2012, but will still post good earnings once again,” emphasized Zetsche. With regard to the company's ambitious targets, the CEO stated: “But we are not yet at the level that we aim to reach in the

medium to long term. We have therefore initiated appropriate measures for all divisions and are thus prepared for a difficult market environment. At Mercedes-Benz Cars, we are adding an important element to our Mercedes-Benz 2020 growth strategy: 'Fit for Leadership.' With this program, we are combining existing and additional efficiency measures in order to secure our short-term targets and to give our business system an optimal and sustainable positioning.”

The development of earnings at the Daimler Group in the third quarter of 2012 reflects further increases in unit sales at Mercedes-Benz Cars and Daimler Trucks, which were achieved despite more difficult conditions in some markets. Mercedes-Benz Vans and Daimler Buses posted lower unit sales. Group EBIT was reduced by higher expenses in connection with the expansion of Mercedes-Benz Cars' product portfolio and the current product offensive at Daimler Trucks. Daimler Financial Services did not quite reach the level of earnings achieved in the prior-year quarter due to increased cost of risk. Exchange-rate effects made a positive contribution to earnings. EBIT once again included higher charges for the compounding of non-current provisions as well as effects relating to lower discount factors of an aggregate €194 million (Q3 2011: €41 million).

The special items shown in the table on page 10 affected EBIT in the third quarters of the years 2012 and 2011.

### **Group revenue up by 8%**

In the third quarter of 2012, Daimler sold 528,600 cars and commercial vehicles worldwide, surpassing the prior-year total by 1%.

Revenue of €28.6 billion was 8% above the prior-year level. Adjusted for changes in currency exchange rates, the increase amounted to 3%.

The free cash flow of the industrial business amounted to minus €200 million in the third quarter, including an increase in working capital of €800 million. This increase is partially related to growth in inventories in preparation for the market launch of the new A-Class, for which more than 70,000 orders have already been received.

At the end of the third quarter of 2012, Daimler employed 275,451 people worldwide (end of Q3 2011: 269,887). Of that total, 166,888 were employed in Germany (end of Q3 2011: 167,948).

### **Details of the divisions**

**Mercedes-Benz Cars** set a new record for unit sales in the third quarter of 2012: The division's total sales increased by 2% to 345,400 units. Revenue amounted to €15.2 billion (Q3 2011: €13.8 billion). In a significantly more difficult economic environment, Mercedes-Benz Cars achieved EBIT of €975 million in the third quarter (Q3 2011: €1,108 million). The division's return on sales was 6.4% (Q3 2011: 8.0%).

Growth in unit sales, especially in the United States, had a positive impact on earnings. High growth rates were achieved in particular with SUVs. Better pricing also helped the division to achieve increased earnings. In addition, exchange-rate effects had a positive effect on earnings. Earnings were reduced by expenses for the enhancement of the products' attractiveness. Other factors were expenses connected with the expansion of production facilities and higher advance expenditure for new technologies and vehicles. The compounding of non-current provisions and effects from changes in interest rates also led to higher charges.

**Daimler Trucks** increased its unit sales by 3% to 119,100 vehicles in the third quarter. Revenue amounted to €8.1 billion (plus 6%). The division posted EBIT of €507 million and a return on sales of 6.3% (Q3 2011: €555 million and 7.3%).

Daimler Trucks had a good development of unit sales and revenue in the NAFTA region and Asia in the third quarter. In addition, lower warranty costs and exchange-rate effects also contributed positively to earnings. There was an opposing, negative effect on earnings from the continuation of falling demand in Brazil and Western Europe; this was related to the weaker economy and in Brazil additionally to the introduction of new emission standards. The division's EBIT was additionally impacted in the third quarter by expenditure for the current product offensive. Additional expenses resulted from the compounding of non-current provisions and changes in interest rates.

Unit sales by **Mercedes-Benz Vans** decreased to 55,700 vehicles due to the market decline in Western Europe (Q3 2011: 63,500). Revenue of €2.1 billion was also lower than in the prior-year quarter (Q3 2011: €2.2 billion). The division posted EBIT of €75 million for the third quarter (Q3 2011: €200 million). Return on sales amounted to 3.6%, compared with 9.0% in the third quarter of last year.

The main negative effects on earnings were from a market-related drop in unit sales, particularly in Western Europe. Expenses in connection with the market launch of the Citan were an additional factor. There was an opposing, positive impact on earnings from exchange-rate effects.

**Daimler Buses** sold 8,300 buses and bus chassis worldwide (Q3 2011: 9,200). Revenue decreased by €90 million to €951 million. The division's EBIT amounted to minus €45 million and was thus below the prior-year figure of plus €25 million. Return on sales decreased accordingly from plus 2.4% in the third quarter of 2011 to minus 4.7% in the period under review.

As in the previous two quarters, the fall in earnings is primarily due to lower unit sales of bus chassis caused by the difficult business situation in Latin America. Furthermore, expenses of €16 million for the repositioning of the European and North American business and negative exchange-rate effects reduced the division's earnings. The cost situation improved, however.

**Daimler Financial Services'** positive business development continued in the third quarter. Worldwide, approximately 268,000 new leasing and financing contracts were concluded in a total volume of €10.0 billion, or 16% more than in the prior-year quarter. Growth was achieved in all regions. By the end of September, contract volume had reached €77.5 billion, which is 8% higher than at the end of 2011. Adjusted for exchange-rate effects, the increase was 7%.

With EBIT of €322 million for the third quarter, Daimler Financial Services did not quite reach the level of earnings it achieved in the prior-year period (Q3 2011: €337 million). The main reason for this earnings development was normalization of the cost of risk, which had been unusually low in 2011 as well as lower net interest income. However, a higher contract volume and positive exchange-rate effects had a positive effect on EBIT.

The **reconciliation** of the divisions' EBIT to Group EBIT primarily reflects the proportionate share of the results of the equity-method investment in EADS, as well as other gains and losses at the corporate level.

Daimler's proportionate share of the net result of EADS in the third quarter of 2012 amounted to €104 million (Q3 2011: €15 million). At the corporate level, there were expenses of €7 million (Q3 2011: expenses of €250 million). The expenses in the prior-year period primarily reflected the impairment of the carrying value of the investment in Renault.

## Outlook

On the basis of the divisions' planning, Daimler expects its **total unit sales** in the year 2012 to be higher than the figure of 2.1 million vehicles achieved in the year 2011.

**Mercedes-Benz Cars** assumes that it will further increase its unit sales this year. Mercedes-Benz Cars will continue to profit from strong demand for its cars in the C-Class segment. Further growth is anticipated for the SUVs, primarily due to the full availability of the new M-Class as well as the new GL. The new models in the high-volume compact-car segment will also contribute towards growth in unit sales. The new A-Class became available in September 2012, at first mainly in Western Europe. And a completely new automobile concept was launched in the same month: the CLS Shooting Brake. In regional terms, further growth opportunities are seen above all in North America. For the smart brand, an ongoing stable level of unit sales is expected.

In the fourth quarter of this year, Mercedes-Benz Cars expects to post higher unit sales than in the prior-year quarter despite a weaker market development in Europe. The increase will be driven by the new models in the compact-car segment. On the earnings side, charges are anticipated from measures taken to support the dealer network in China.

**Daimler Trucks** anticipates an increase in unit sales in 2012, with the NAFTA region and Asia as the main growth drivers. The division anticipates a relatively stable development of unit sales in the European market, although there will be distinct differences between the various countries. Daimler Trucks assumes that sales will develop better than the European market as a whole, so that its market leadership will be further extended. In Western Europe, about as many trucks will be sold as in the prior year, due in particular to the development of demand in Germany. Unit sales in Latin America are expected to be significantly lower than in record year 2011, due to the sharp drop in demand in the first three quarters of this year.

The development of unit sales in the fourth quarter at Daimler Trucks will be impacted by weaker demand than had previously been expected in major markets. This applies above all to Western Europe and Brazil, but demand in the NAFTA region is also likely to level off in the medium duty segment. Expenses will result from market entry in India and the start of business by the joint venture in China.

**Mercedes-Benz Vans** anticipates unit sales in 2012 at slightly below the prior-year level. The launch of the new Citan in the small-van segment will help to boost unit sales in Europe, although they will probably be slightly lower than last year as a result of weak demand in key markets. In the United States, the division assumes that unit sales will rise by a double-digit rate. In addition, Mercedes-Benz Vans will benefit in the Latin American markets from the introduction of the current model generation of the Sprinter. Unit sales in China are expected to be lower than last year.

The launch of the new Citan will lead to an increase in Mercedes-Benz Vans' unit sales in the fourth quarter. But the weak development of Western European van markets will continue to have a negative effect on the division's business. In Latin America, the division will benefit from the full availability of the current model generation of the Sprinter.

**Daimler Buses** assumes that unit sales in 2012 will be significantly lower than in 2011. Weaker demand is expected above all in Latin America, because the introduction of Euro V emission standards led to purchases being brought forward in 2011.

As worldwide demand for buses is generally likely to remain weak, Daimler Buses' unit sales in the fourth quarter will be lower than in the prior-year period. The repositioning of the European and North American bus business will be continued, leading to related expenses of approximately €40 million in the fourth quarter of 2012.

**Daimler Financial Services** assumes it will achieve renewed growth in contract volume and new business in 2012.

A normalization of credit risks is expected – and thus a moderate increase compared with the unusually low level of the year 2011. The division anticipates further normalization of risk costs compared with the fourth quarter of 2011.

Following substantial growth in the year 2011, Daimler assumes that the Daimler **Group's revenue** will continue to grow in 2012 and will be significantly higher than €110 billion. The biggest increases will come from the Mercedes-Benz Cars and Daimler Trucks divisions. The key driver of this revenue growth is the higher volume of unit sales, especially in the NAFTA region. Revenue at Daimler Buses will be below the prior-year level, whereby the percentage decrease will be significantly lower than for unit sales due to the shift in the sales structure towards higher-value complete buses. In regional terms, above-average growth rates are expected in the emerging markets and in North America.



In view of the significant worsening of the market environment in major markets in recent months and the more intense competition, Daimler has adjusted its earnings forecasts. On the basis of current market expectations and the planning of the divisions, Daimler expects **Group EBIT** from the ongoing business of approximately €8 billion in 2012.

**Daimler has the following expectations for the divisions' EBIT from the ongoing business:**

- Mercedes-Benz Cars: approximately €4.4 billion
- Daimler Trucks: approximately €1.7 billion
- Mercedes-Benz Vans: approximately €650 million
- Daimler Buses: approximately minus €80 million
- Daimler Financial Services: approximately €1.3 billion

Against the backdrop of a significant worsening of the market environment in recent months, Daimler will consistently implement its measures to strengthen the Group's profitability. These include the programs "Fit for Leadership" at Mercedes-Benz Cars and "Daimler Trucks #1." The Group will continue the product offensive and the renewal of its product portfolio in the next two years, so that the product range will have a significantly younger and more global lineup in the coming years.

Daimler has defined return targets as of 2013 for the automotive business and all the divisions over the respective business cycles. The achievement of those targets has become much more challenging due to the significantly more difficult market conditions prevailing at present. The Group assumes that the targets will be not met until a later date, but continues to pursue them vigorously, with the support of measures taken and programs initiated in all divisions.

In order to achieve its ambitious growth targets, Daimler will expand its product range in the coming years and will develop additional production and sales capacities. This will involve a further increase in **investment in property, plant and equipment** (2011: €4.2 billion). The focus of the total volume and of the growth will once again be at the Mercedes-Benz Cars division. As well as the introduction of new products, major investments will be made in component projects and in the expansion of capacities outside Germany. At Daimler Trucks, slightly lower capital expenditure is anticipated due to the successful implementation of the product offensive.

**Research and development expenditure** is planned in the magnitude of the prior year (2011: €5.6 billion). The focus here will also be on the Mercedes-Benz Cars and Daimler Trucks divisions. Most of the expenditure will flow into new models. Another focus is the reduction of engines' fuel consumption and emissions.

Daimler assumes that its worldwide **workforce** will expand compared with the end of 2011. From today's perspective, employment effects from the adjustment of production programs will be managed by using working-time accounts and by reducing the numbers of temporary agency workers.

The special items shown in the following table affected EBIT in the third quarters of 2012 and 2011

<b>Special items affecting EBIT</b>		
In millions of euros	<b>Q3 2012</b>	<b>Q3 2011</b>
<b>Daimler Trucks</b>		
Impairment of investment in Kamaz	-	-23
Natural disaster in Japan	-	-9
<b>Daimler Buses</b>		
Business repositioning	-16	-
<b>Reconciliation</b>		
Impairment of investment in Renault	-	-110

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an 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; a deterioration of our funding possibilities on the credit and financial markets; events of force majeure including natural disasters, 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; or a possible lack of acceptance of our products or services which limits our ability to achieve prices as well as to adequately utilize our production capacities; price increases in 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 of companies in which we hold a significant equity interest, most notably EADS; 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 governmental 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 Report” in Daimler’s most recent Annual Report. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward looking statements. Any forward-looking statement speaks only as of the date on which it is made.

Further Investor Relations information on Daimler is available on the Internet via <http://www.daimler.com/investors> and on handhelds via <http://www.daimler.mobi/ir>.

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## Figures for the 3rd quarter and the first nine months 2012

<b>Daimler Group</b> amounts in €	<b>Q3</b> <b>2012</b>	<b>Q3</b> <b>2011</b>	<b>Change</b> <b>12/11</b>	<b>YTD</b> <b>2012</b>	<b>YTD</b> <b>2011</b>	<b>Change</b> <b>12/11</b>
Revenue, in millions	28,572	26,407	+ 8 %	84,467	77,474	+ 9 %
EBIT, in millions	1,921	1,968	- 2 %	6,294	6,580	- 4 %
Net profit, in millions	1,205	1,360	- 11 %	4,136	4,244	- 3 %
Earnings per share (EPS)	1.03	1.21	- 15 %	3.63	3.71	- 2 %
Employees (September 30)	275,451	269,887	+ 2 %	275,451	269,887	+ 2 %

<b>EBIT by Divisions/Segments</b> in millions of €	<b>Q3</b> <b>2012</b>	<b>Q3</b> <b>2011</b>	<b>Change</b> <b>12/11</b>	<b>YTD</b> <b>2012</b>	<b>YTD</b> <b>2011</b>	<b>Change</b> <b>12/11</b>
Mercedes-Benz Cars	975	1,108	- 12 %	3,541	3,962	- 11 %
Daimler Trucks	507	555	- 9 %	1,414	1,454	- 3 %
Mercedes-Benz Vans	75	200	- 63 %	440	579	- 24 %
Daimler Buses	-45	25	-	-205	53	-
Daimler Financial Services	322	337	- 4 %	1,004	998	+ 1 %
Reconciliation	87	-257	-	100	-466	-

<b>Revenue by Divisions/Segments</b> in millions of €	<b>Q3</b> <b>2012</b>	<b>Q3</b> <b>2011</b>	<b>Change</b> <b>12/11</b>	<b>YTD</b> <b>2012</b>	<b>YTD</b> <b>2011</b>	<b>Change</b> <b>12/11</b>
Mercedes-Benz Cars	15,238	13,826	+ 10 %	45,539	42,333	+ 8 %
Daimler Trucks	8,095	7,619	+ 6 %	23,607	20,509	+ 15 %
Mercedes-Benz Vans	2,084	2,222	- 6 %	6,592	6,442	+ 2 %
Daimler Buses	951	1,041	- 9 %	2,697	3,038	- 11 %
Daimler Financial Services	3,524	3,006	+ 17 %	9,924	8,947	+ 11 %
Reconciliation	-1,320	-1,307	- 1 %	-3,892	-3,795	- 3 %

<b>Unit Sales</b> in units	<b>Q3</b> <b>2012</b>	<b>Q3</b> <b>2011</b>	<b>Change</b> <b>12/11</b>	<b>YTD</b> <b>2012</b>	<b>YTD</b> <b>2011</b>	<b>Change</b> <b>12/11</b>
Daimler Group	528,559	525,517	+ 1 %	1,600,988	1,514,903	+ 6 %
Mercedes-Benz Cars	345,418	337,163	+ 2 %	1,054,105	1,005,516	+ 5 %
Daimler Trucks	119,142	115,634	+ 3 %	349,023	296,352	+ 18 %
Mercedes-Benz Vans	55,742	63,518	- 12 %	176,289	185,525	- 5 %
Daimler Buses	8,257	9,202	- 10 %	21,571	27,510	- 22 %