DAIMLER

Investor Relations Release

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Daimler reports on successful second quarter

- **Group EBIT of €5,242 million (Q2 2012: €2,268 million), thereof €3.2 billion from the sale of remaining EADS shares**
- **Net profit of €4,583 million (Q2 2012: €1,565 million)**
- **Unit sales up by 6% to 605,800 vehicles**
- **Revenue of €29.7 billion (Q2 2012: €28.9 billion)**
- **Growth in unit sales and revenue anticipated for full-year 2013**
- **Significant improvements anticipated for second half of year due to launch of new products, increasing impact of efficiency programs and current market assumptions**
- **Outlook confirmed for full year**

Stuttgart – The earnings posted by Daimler AG (ticker symbol DAI) for the second quarter of 2013 were significantly higher than in the second quarter of last year and than the market expected. Daimler's Group EBIT for the period of April through June amounted to €5,242 million (Q2 2012: €2,268 million). Earnings for the second quarter were boosted by a gain totaling €3.2 billion related to the remeasurement and to the sale of the remaining EADS shares. As a result of that transaction, net profit amounted to €4,583 million (Q2 2012: €1,565 million). Earnings per share amounted to €2.65 (Q2 2012: €1.39); adjusted for the EADS effect, earnings per share were €1.25.

“As we previously announced, our earnings in the second quarter improved significantly compared with the first three months of the year and exceeded market expectations. This represents progress in our earnings development, but no cause for complacency. We will continue to work hard on achieving our goals,” stated Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars.

“We presented the new S-Class in May, which met with an excellent response, and our compact-car offensive is also continuing very successfully. The completely upgraded range of Mercedes-Benz trucks in Europe, the first to be fully available with Euro VI emission technology, has also been very well received by the customers. As a result of our new products, the increasing impact of the efficiency programs running in all business units and the further development of the markets that are especially important for us, we can assume that our earnings in the second half of 2013 will be significantly better than in the first six months of the year,” continued Dr. Zetsche.

“The free cash flow of the industrial business was at the encouragingly high level of €3.5 billion because both the ongoing business operations and the sale of the remaining shares in EADS led to cash inflows in the second quarter. At the same time, we continue to invest in products and projects that underpin our future growth,” explained Bodo Uebber, Member of the Board of Management of Daimler AG for Finance & Controlling and Financial Services.

At the Mercedes-Benz Cars division, growth in unit sales in the second quarter was not fully reflected in earnings, primarily due to the changed product mix. And Daimler Trucks’ earnings were reduced by ongoing weak demand, especially in Asia and Western Europe. Mercedes-Benz Vans and Daimler Buses improved their earnings in the second quarter of 2013, while Daimler Financial Services' EBIT decreased.

The compounding of non-current provisions and effects resulting from higher discount factors led to income of €13 million in the second quarter (Q2 2012: expenses of €77 million). Exchange-rate effects had a slightly positive impact on EBIT.

The special items that affected EBIT in the second quarter are shown in the table on page 11.

Unit sales up by 6% compared with prior-year quarter

In the second quarter of 2013, the Daimler Group sold 605,800 cars and commercial vehicles worldwide, surpassing the prior-year by 6%.

The Daimler Group's second-quarter revenue amounted to €29.7 billion, which is 3% higher than in the second quarter of last year. Adjusted for exchange-rate effects, revenue grew by 5%.

The free cash flow amounted to €2.3 billion in the first half of 2013. The net liquidity of the industrial business of €11.3 billion was slightly below the level of December 31, 2012.

At the end of the second quarter of 2013, Daimler employed 276,044 people worldwide (end of Q2 2012: 273,749). Of that total, 167,926 were employed in Germany (end of Q2 2012: 166,477), 21,555 in the United States (end of Q2 2012: 22,137), 14,348 in Brazil (end of Q2 2012: 14,712) and 11,404 in Japan (end of Q2 2012: 11,417). The consolidated subsidiaries in China employed 1,834 people at the end of the second quarter (end of Q2 2012: 2,374). The decreased headcount in China resulted from the integration of the sales organizations for cars into a non-consolidated joint-venture company. In South Africa, employees in sales functions were previously allocated to the Mercedes-Benz Cars division and are now reported within the sales organization.

Details of the divisions

Mercedes-Benz Cars achieved a new record for unit sales in the second quarter of 2013. Total sales of the car division increased by 9% to 404,700 units (Q2 2012: 370,400), and second-quarter revenue increased by 6% to €16.3 billion. The division achieved EBIT of €1,041 million, which is below the prior-year level (Q2 2012: €1,337 million), and a return on sales of 6.4% (Q2 2012: 8.7%).

The development of earnings primarily reflects the ongoing growth in unit sales, especially in the United States and Western Europe. Mercedes-Benz Cars achieved high growth rates above all in the compact-car segment. Exchange-rate effects also had a positive impact on earnings. Among other things, the changed model mix had a negative effect on earnings. The decrease in earnings was additionally caused in particular by expenses connected with product enhancements and to increase production capacities, as well as advance expenditure for new technologies and vehicles. To a growing extent, efficiency actions from the “Fit for Leadership” program had a positive impact on earnings.

Daimler Trucks’ second-quarter unit sales were slightly above the prior-year level at 123,800 vehicles (+1%). Revenue reached €8.0 billion (-2%). The division’s EBIT was lower than in the prior-year period at €434 million (Q2 2012: €524 million), and its return on sales was 5.4% (Q2 2012: 6.4%).

Unit sales revived slightly, with stimulus in particular from the market recovery in Brazil. Ongoing weak demand in Asia and Western Europe, higher warranty costs and exchange-rate effects had a negative impact on earnings. In addition, charges on earnings of €82 million arose from personnel actions in the context of an optimization program in Germany and Brazil. The efficiency actions of the “Daimler Trucks #1” program had an increasingly positive effect on earnings.

Despite a difficult market environment in Western Europe, **Mercedes-Benz Vans** slightly improved on its unit sales of the prior-year period, selling 69,400 vehicles in the second quarter (Q2 2012: 69,300). Revenue of €2.4 billion was of the magnitude of the prior-year quarter. The division achieved EBIT of €204 million (Q2 2012: €200 million). Return on sales increased to 8.4%, from 8.3% in the second quarter of last year.

In a market environment that was still affected by weak demand and intense competition in Europe, unit sales by Mercedes-Benz Vans were slightly higher than in the second quarter of last year. Earnings were negatively impacted by changes in the product mix, as well as advance expenditure for new products, including the launch of the Sprinter Classic in Russia. There were positive effects from better pricing, lower material costs and reduced warranty expenses.

Daimler Buses sold 7,900 buses and bus chassis worldwide in the second quarter of 2013 (Q2 2012: 8,400). Revenue amounted to €0.9 billion (Q2 2012: €1.0 billion). The division posted second-quarter EBIT of plus €27 million, which is a significant improvement over the prior-year quarter (Q2 2012: minus €59 million). Return on sales improved to plus 2.9% (Q2 2012: minus 5.8%).

The development of earnings was driven by unit-sales growth in the European business as well as significant efficiency advances. Compared with the second quarter of last year, expenses for the repositioning of the European and American business systems decreased to €20 million (Q2 2012: €46 million).

Daimler Financial Services concluded around 298,000 new leasing and financing contracts with a total value of €10.3 billion in the second quarter, achieving growth of 10% compared with the prior-year period. Contract volume reached €81.4 billion at the end of June, which is 2% higher than at the end of 2012. Adjusted for exchange-rate effects, the increase was 4%. The division's EBIT of €319 million in the second quarter was lower than in the prior-year period (Q2 2012: €338 million).

The earnings development primarily reflects lower interest margins. The increased contract volume and lower credit-risk costs had positive effects on EBIT.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises income and expenses at the corporate level as well as effects on earnings from the elimination of intra-group transactions between the divisions.

At the corporate level, there was income of €3,189 million (Q2 2012: expense of €59 million). This includes a special item from the former equity interest in EADS amounting to €3,209 million. In early April, Daimler left the former EADS shareholder pact. Due to the resulting loss of significant influence, the EADS shares were no longer accounted for using the equity method. This resulted in a gain of €3,356 million in the second quarter. On April 17, 2013, the Group sold its remaining EADS shares, comprising a stake in EADS of approximately 7.4%, by way of an accelerated book-building process; the development of the EADS share price between April 2, 2013 and the date of the sale resulted in a charge of €184 million in the second quarter of 2013. In addition, Daimler concluded an agreement with cash settlement allowing it to participate to a limited extent in a possible increase in the EADS share price until the end of 2013. This resulted in a gain of €30 million in the second quarter of 2013. An additional gain from the equity-method measurement of €7 million is also included.

The elimination of intra-group transactions resulted in income of €28 million in the second quarter of 2013 (Q2 2012: expense of €13 million).

Outlook

From today's perspective, **worldwide demand for cars** still seems likely to expand by between 2 and 4% this year. Growth will primarily be driven by the continuation of robust increases in demand in the United States and by the ongoing significant expansion of the Chinese market. Falling demand for cars meanwhile seems to have bottomed out in Western Europe, and a gradual improvement of the market situation is to be anticipated in the second half of the year. As the general economic environment is still weak, a significant decline is expected for the full year, however. The German car market should follow a similar path as the year progresses, but will also be significantly smaller in 2013 than last year. Market contraction is anticipated also in Japan, primarily due to unusually strong demand in the previous year caused by state incentives for car buyers.

From today's perspective, **global demand for medium and heavy-duty trucks** is expected to grow slightly in 2013. However, this depends quite crucially on the development of the world's biggest market, China, where a significant recovery recently started which should continue in the coming months. But the ongoing rather moderate economic dynamism gives cause for uncertainty about upcoming market developments. Daimler anticipates a stabilization of demand in North America, but no significant upward trend can be expected in the second half of this year from today's perspective. Daimler therefore anticipates market contraction of up to 5% for the full year. The European truck market is expected to revive moderately as the year progresses, but a decline of about 5% is likely for the full year due to the difficult economic situation. The extent of purchases possibly brought forward before the introduction of Euro VI emission regulations next year is currently difficult to assess. This special effect could have a positive impact on the market towards the end of the year. Market volume in Japan is likely to be up to 5% below the level of last year, whereby the effects of the new Japanese government's economic stimulus program on the market for medium and heavy-duty trucks are still hard to assess. For the Brazilian market, ongoing market recovery and growth of up to 10% are to be expected, despite the somewhat worsened economic outlook. The Russian market has meanwhile almost returned to the pre-crisis level and at best might maintain this level in full-year 2013. In India, demand for trucks is expected to fall due to ongoing below-average levels of economic growth.

On the basis of the divisions' planning, Daimler expects its **total unit sales** to increase again in the year 2013.

Mercedes-Benz Cars is consistently pursuing the "Mercedes-Benz 2020" offensive. Numerous model changes and new products should ensure that the division reaches a new record for unit sales in 2013. The new models in the high-volume compact-car segment are expected to make a large contribution to the growth in unit sales. And the new E-Class coupes and convertibles have provided additional sales impetus since June. The battery-powered and thus locally emission-free super sports car SLS AMG Coupe Electric Drive has also been on the market since June. For the second half of 2013, Mercedes-Benz anticipates significant growth in the luxury segment, due above all to the launch of the new S-Class. As the most important new model of the year 2013, the new S-Class will set new standards with regard to comfortable and safe driving with pioneering innovations packaged under the name of "Mercedes-Benz Intelligent Drive." Furthermore, the Mercedes-Benz brand will continue to profit this year from the great market success of its models in the SUV segment.

Despite its advancing lifecycle, the smart brand sees good chances that the unique two-seater will perform well in the highly competitive micro-car segment also in 2013, with unit sales in the magnitude of last year.

Daimler Trucks plans to achieve slight growth in unit sales this year. After the continuingly difficult economic situation in numerous key markets led to a slight decrease in unit sales in the first half of the year, as had been expected, a revival of demand for the division’s vehicles is anticipated in the second half. In Europe, on the basis of a general slight market recovery and supported by the excellent response to the completely renewed Mercedes-Benz truck range, it is assumed that unit sales will increase as the year progresses. Furthermore, in some of the region’s markets, some purchases are expected to be brought forward due to the upcoming introduction of the stricter Euro VI emission limits in 2014, although the extent of this effect is still hard to estimate. In Brazil, the main market of Latin America, Daimler Trucks is participating in the current market recovery with its Euro V vehicles. In the NAFTA region, following a drop in market demand in the first half of the year, there should be at least some general market stabilization in the remaining months of 2013. In view of Daimler Trucks’ high market share in the region, the division expects to post slightly higher unit sales than in 2012.

The brands Fuso and BharatBenz will make a significant contribution to the growth in unit sales. Going beyond the current market presence, they offer additional sales possibilities in Asia and Africa. In this context, Daimler Trucks presented special Fuso models in May, which are now being produced in India for those markets. With the expansion as planned of cooperation with local partners Kamaz and Foton in Russia and China, the division is utilizing further growth potential.

Mercedes-Benz Vans assumes that it will increase its unit sales in 2013. On the product side, the new Mercedes-Benz Citan and in the second half of 2013 also the new-generation Sprinter should contribute to that growth. Local production of the Sprinter Classic in Russia should also allow the division to further increase its unit sales in that growth market.

Daimler Buses anticipates a significant increase in unit sales in 2013, whereby the share of bus chassis in total unit sales is likely to increase. A significant revival of demand is expected especially in Latin America in full-year 2013, provided that the current political situation in Brazil, the region's biggest market, does not have a negative impact on public transport. For the business with complete buses in Europe, the division anticipates a stable development with ongoing low volumes.

Daimler Financial Services expects further growth in new business and contract volume in full-year 2013.

Following significant growth in 2012, Daimler assumes that **Group revenue** will increase again in 2013. In regional terms, above-average growth rates are anticipated for the emerging markets as a whole and also for North America.

As a result of the new products launched in the first half of the year, the increasing impact of the efficiency programs that have been initiated, and Daimler's assumptions for the development of important markets, earnings are expected to improve significantly in the second half of 2013 compared with the first half. On the basis of current market assessments and since there will be no further equity-method earnings from EADS, Group **EBIT from the ongoing business** in full year 2013 is expected to be below the previous year's level.

Mercedes-Benz Cars assumes that full-year EBIT will be below the prior-year level. Daimler Trucks and Mercedes-Benz Vans expect to post EBIT from the ongoing business in the magnitude of 2012, while Daimler Buses should improve on last year's earnings. In 2014 and the following years, Daimler anticipates an improvement in operating profit for all the automotive divisions and for the Group. A stable earnings development is expected for Daimler Financial Services.

From today's perspective, Daimler assumes that the **number of employees** worldwide will remain stable compared with the end of 2012.

The items listed in the following table affected EBIT in the second quarters of 2013 and 2012:

Special items affecting EBIT In millions of euros	**Q2 2013**	**Q2 2012**
Daimler Trucks Workforce adjustment	-82	-
Daimler Buses Business repositioning	-20	-46
Reconciliation EADS – remeasurement and sale of the remaining shares	3,209	-

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; 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 www.daimler.com/investors and on handhelds via www.daimler.mobi/ir.

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Figures for the 2nd Quarter 2013/First Half-Year 2013

Daimler Group amounts in €	Q2 2013	Q2 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Revenue, in millions	29,692	28,884	+ 3 %	55,794	55,895	- 0 %
EBIT, in millions*	5,242	2,268	+ 131 %	6,159	4,366	+ 41 %
Net profit, in millions*	4,583	1,565	+ 193 %	5,147	2,990	+ 72 %
Earnings per share (EPS)*	2.65	1.39	+ 91 %	3.16	2.65	+ 19 %
Employees (June 30)	276,044	273,749	+ 1 %	276,044	273,749	+ 1 %

EBIT by Divisions* in millions of €	Q2 2013	Q2 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Mercedes-Benz Cars	1,041	1,337	- 22 %	1,501	2,567	- 42 %
Daimler Trucks	434	524	- 17 %	550	900	- 39 %
Mercedes-Benz Vans	204	200	+ 2 %	285	367	- 22 %
Daimler Buses	27	-59	-	-4	-164	-
Daimler Financial Services	319	338	- 6 %	633	682	- 7 %
Reconciliation	3,217	-72	-	3,194	14	-

Revenue by Divisions in millions of €	Q2 2013	Q2 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Mercedes-Benz Cars	16,324	15,364	+ 6 %	30,434	30,301	+ 0 %
Daimler Trucks	7,965	8,129	- 2 %	14,989	15,512	- 3 %
Mercedes-Benz Vans	2,434	2,420	+ 1 %	4,420	4,508	- 2 %
Daimler Buses	934	1,016	- 8 %	1,685	1,746	- 3 %
Daimler Financial Services	3,548	3,260	+ 9 %	7,125	6,400	+ 11 %
Reconciliation	-1,513	-1,305	-	-2,859	-2,572	-

Unit Sales in units	Q2 2013	Q2 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Daimler Group	605,823	570,343	+ 6 %	1,107,423	1,072,429	+ 3 %
Mercedes-Benz Cars	404,711	370,384	+ 9 %	746,222	708,687	+ 5 %
Daimler Trucks	123,763	122,217	+ 1 %	225,196	229,881	- 2 %
Mercedes-Benz Vans	69,436	69,324	+ 0 %	122,059	120,547	+ 1 %
Daimler Buses	7,913	8,418	- 6 %	13,946	13,314	+ 5 %

*The 2012 figures were adjusted for the effects of the application of the revised IAS 19.