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## **Daimler Trucks strategy: Achieving growth and economies of scale while consistently focusing on regional market requirements**

- **Favorable development of incoming orders since the beginning of the year (+23 percent)**
- **Extra shifts at Wörth truck plant until the end of 2013**
- **Full-year forecast for 2013 reaffirmed**
- **Three platforms and modular systems serve as the key strategic elements of the division's future success**
- **Sales structure Mercedes-Benz Trucks in Europe to be strengthened**

Wörth am Rhein – At an investor and analyst conference in Wörth, where the division has its largest truck plant, Daimler Trucks today described its divisional strategy and commented on the short, medium, and long-term market and business prospects.

### **On track to achieve the targets for 2013**

The division has reaffirmed its **forecast** for 2013, expecting sales to be higher than in 2012 and EBIT from ongoing business to be at the same magnitude as last year. However, the EBIT will be higher in the second half of the year than it was in the first six months. This increase is due to rising sales in all of the core regions, higher profit contributions resulting from the Daimler Trucks #1 (DT#1) growth

and efficiency program and the tendency toward stabilization in key markets. In 2012 Daimler Trucks sold around 462,000 units and generated about €1.7 billion of EBIT from revenues of approximately €31.4 billion. In the first half of 2013, sales amounted to 225,200 units, revenues to €15.0 billion, and EBIT to €550 million.

“Our incoming orders show a positive development. All together the second half of the year will be stronger than the first six months, so the whole year is developing as we were expecting” said Dr. Wolfgang Bernhard, the Daimler Board of Management member with responsibility for Trucks and Buses.

### **Incoming orders almost a fourth higher than last year**

From January through the end of August, **incoming orders** were 23 percent higher than in the same period of last year, with all regions contributing to this increase. At the same time, the **book-to-bill ratio** (the relationship between incoming orders and sales) rose to 112 percent. Due to the favorable development of recent weeks, staff at the division’s largest plant, in Wörth, will work 15 additional shifts in the second half of the year.

Through the end of August, **sales** at Daimler Trucks amounted to about 305,000 units, a figure that was practically as high as last year (Jan.-Aug. 2012: 309,000 units). The challenging situation in Asia, which is in particular characterized by tough price competition, was almost completely offset by a recovery in Brazil.

Thanks to the high level of acceptance of the brands and products, the division was able to increase its market share in the main core regions. Driven by market leading products like the Freightliner Cascadia Evolution in NAFTA, the division’s share in the Class 6 to 8 section increased by 6.6 percentage points through the end of July, reaching an all-time high of 39.8 percent in a market that contracted by five percent as a whole. In **Europe** (EU29), the market for

medium-duty and heavy-duty trucks declined by 9 percent, while the division's market share rose by 0.5 percentage points to 22.7 percent. In the German market, which contracted by 11 percent, the division's share increased by 1.2 percentage points to 39.7 percent. However, market share dropped in the hotly contested markets of **Brazil** and **Japan**. With a market share of 24.2 percent (2012: 26.2 percent), Mercedes-Benz ranked second in Brazil. In Japan, FUSO came in third with a share of 20.2 percent (2012: 21.0 percent) of the total truck market.

This year's expected increase in sales is being supported by the **Daimler Trucks #1** efficiency and growth program, which underscores the division's aim to permanently play a leading role when it comes to sales and profitability. With the help of DT#1, the division aims to achieve a profit contribution of €1.6 billion by the end of 2014. Daimler Trucks wants to reach 30 percent of the total by the end of 2013. Around 30 percent of this volume had been achieved by the middle of the year. Further momentum should build up in the second half of the year.

### **Three market regions, three platforms, three weight categories**

The Daimler Trucks **strategy** continues to focus on maintaining a global footprint and rigorously aligning the division's business system with the market and with customer requirements in the key sales regions. The main element consists of three platforms and corresponding modular systems, which will enable the world's leading global commercial vehicle manufacturer to achieve long-term growth while at the same time maximizing its synergies and economies of scale.

“Three platforms, three market regions, three weight categories – this triple strategy will enable us to offer optimally tailored trucks to every customer in the world. We are doing everything we can to achieve our goals on the basis of our innovative capabilities, global

footprint, strong brands, and platform and module strategy”, Bernhard said.

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The foundation that will enable Daimler Trucks to achieve its self-made targets consists of the division’s technologically leading customized products, strong and regionally relevant brands, global footprint, and growing economies of scale resulting from the **platform and module strategy**. The pivotal focus is on the comprehensive product range, which encompasses all three weight categories for the three global commercial vehicle regions: the **triad** markets (Europe/North America/Japan), the **follower** markets (e.g. Brazil, China Russia), and the **developer** markets (e.g. India – but Africa as well). For each of these regions, Daimler Trucks can use its latest models and components as well as its proven products. This means offering cutting-edge technologies in the triad markets, well-established technologies such as the proven Actros and its engine in the follower markets, and a third line of products for the developer markets. The latter consist of technologically simpler, robust vehicles such as those being currently produced at the plant in Chennai, India. On the whole, customers will benefit from this strategy of ensuring the optimal availability of products and technologies from Daimler Trucks’ global portfolio.

### **Optimized sales structures to help the division achieve its goals**

The recently announced strengthening of the sales structures of the individual Daimler divisions will also help Mercedes-Benz Trucks accommodate itself more effectively to its customers’ needs in Europe. For example, it will result in the integration of commercial vehicle sales with the aftersales business under the lead of Mercedes-Benz Trucks.

“Optimizing our sales structure will enable us to more directly control our commercial vehicle business in the future,” said Bernhard. “We will also be much closer to the customers and thus become more effective and responsive.”

### **Medium-term targets reaffirmed**

Daimler Trucks continues to strive to achieve its medium-term targets of attaining an 8 percent return on sales across the business cycle and of selling more than 500,000 units in 2015 and 700,000 units in 2020.

### **Long-term growth in truck demand**

Although conditions remain difficult and the business environment is very volatile, the truck industry is set to grow over the medium and long term. The OECD estimates that while the global economy will grow from \$72 trillion in 2012 to \$93 trillion in 2020, the transport volume will increase from 4.8 trillion ton-kilometers to around 6 trillion ton-kilometers during the same period. As a result, global sales of medium-duty and heavy-duty trucks will probably rise from around 2.5 million units to about 3.7 million units by the end of the decade.

“We expect relatively moderate growth in the triad until 2020. The biggest increase will be in follower markets such as Brazil, Russia, and China, followed by developer markets such as India. We align our strategy so that we can optimally exploit these market developments”, said Bernhard.

With regard to the individual market regions, Mercedes-Benz Trucks has now concluded its product offensive in **Europe**. With the new Actros long-haul truck, the Antos heavy-duty truck for distribution transportation, the construction site specialist Arocs, and the new Atego for medium-duty distribution transportation, Mercedes-Benz Trucks has completely updated the brand's medium-duty and heavy-duty vehicle lineup. In addition, all of the models already comply with the Euro VI emissions limit, well before the new standard goes into effect at the beginning of 2014. Moreover, the vehicles are more fuel-efficient than their predecessors, despite the fact that design elements would make one expect an increase in fuel consumption.

Around half of new Mercedes-Benz trucks are currently being ordered as Euro VI-compliant models, and three out of four new vehicles ordered in Germany already meet the new emissions standard. Customers recognize the added value that the new models provide with regard to the total cost of ownership (TCO). To meet the strong demand for the new Mercedes-Benz truck products, employees are working extra shifts at Mercedes-Benz' leading truck plant in Wörth this quarter, and this will also be necessary in the fourth quarter.

However, Daimler Trucks doesn't only offer first-rate products in Europe; the all-new Freightliner Cascadia Evolution is also in great demand in **NAFTA**. Like the other Daimler trucks, this model is a top performer when it comes to saving fuel, boasting seven percent greater fuel economy than its predecessor. More than 15,000 fixed orders have been placed for the Cascadia Evolution to date. TCO is playing an increasingly important role for truck purchasers in NAFTA as well.

The rollout of the BharatBenz models is in full swing in **India**. In total, 17 models are scheduled to become available by 2014. Nine models have been launched to date, and the 5,000th BharatBenz truck recently left the plant in Chennai. Despite facing a difficult market environment, BharatBenz was able to go from a standing start to take fourth place in India's ranking of new truck registrations in the second quarter.

## **Daimler Trucks Asia exploits the synergy potential of MFTBC and DICV**

In order to exploit additional growth opportunities in new and established markets, Daimler Trucks has created an integrated business model for **Asia** and consolidated it at Daimler Trucks Asia. The increased integration of Mitsubishi Fuso Truck and Bus Corp. (MFTBC) and Daimler India Commercial Vehicles (DICV) aims to exploit growth and synergy potential in procurement and production as well as in sales. As part of the Asia Business Model, the company has begun to manufacture FUSO trucks at the plant in Chennai, India. These FUSO vehicles are destined for export to markets in Asia and Africa.

You will find the audio recordings of the speeches and the handout versions of the presentation charts online at [www.daimler.com/ir/truckday2013](http://www.daimler.com/ir/truckday2013).

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; 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.

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If you have any questions, please contact our Investor Relations Team:

**Bjoern Scheib**

Tel. +49/711-17-95256

**Lutz Deus**

Tel. +49/711-17-92261

**Alexander Vollmer**

Tel. +49/711-17-97778

**Rolf Bassermann**

Tel. +49/711-17-95277

**Julian Krell**

Tel. +49/711-17-99320

**Dr. Stephan Georg Schön**

Tel. +49/711-17-95361

**E-mail:** [ir.dai@daimler.com](mailto:ir.dai@daimler.com)