

October 24, 2013

## **Daimler reports another significantly improved quarter**

- **Unit sales up by 13% to 595,000 vehicles**
- **Revenue above prior-year level at €30.1 billion**
- **Group EBIT of €2,231 million (Q3 2012: €1,923 million) again on a very high level**
- **Net profit of €1,897 million (Q3 2012: €1,238 million)**
- **Growth in unit sales and revenue anticipated for full-year 2013**
- **Group EBIT from ongoing business expected to be around €7.5 billion**
- **Group EBIT in the fourth quarter expected to be higher than in the prior-year period**

Stuttgart, Germany – In the third quarter of 2013, Daimler AG (ticker symbol DAI) once again achieved significantly higher earnings than in the prior-year period. The Daimler Group's EBIT for the period of July through September amounted to €2,231 million (Q3 2012: 1,923 million). Net profit reached €1,897 million (Q3 2012: €1,238 million). Earnings per share were €1.72 (Q3 2012: €1.06).

“Our earnings continued improving in the third quarter, compared with the year to date and compared with the prior-year period. This shows that the high investments we have made were money well spent. We will continue to invest in products and production sites in order to secure the Group's sustainable medium and long-term

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

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“We are continuing with the effective implementation of our growth offensives and efficiency programs. That is having an increasingly positive impact on our earnings and gives us a good starting position for the year 2014. We are also continuing to work with a clear focus on achieving our targets and we anticipate further earnings improvements in the future,” explained Bodo Uebber, Member of the Board of Management of Daimler AG for Finance & Controlling and Financial Services.

The earnings improvement in the third quarter of 2013 was due in particular to the good development of unit sales by the automotive divisions and the increasing impact of the efficiency programs. Daimler Financial Services equaled its EBIT of the prior-year period.

The special items affecting EBIT in the third quarter are shown in the table on page 11.

### **Unit sales up by 13% compared with Q3 2012**

In the third quarter of 2013, the Daimler Group sold 594,900 passenger cars and commercial vehicles worldwide, surpassing the prior-year total by 13%.

The Daimler Group’s third-quarter revenue amounted to €30.1 billion, which is 5% higher than in the third quarter of last year. Adjusted for exchange-rate effects, revenue grew by 11%.

The free cash flow of the industrial business amounted to €3.9 billion in the first nine months of 2013, including €2.2 billion from the sale of the remaining shares in EADS. In the third quarter, the cash flow of the industrial business amounted to €1.6 billion.

Compared with December 31, 2012, the net liquidity of the industrial business increased by €1.1 billion to €12.6 billion.

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At the end of the third quarter of 2013, Daimler employed 276,320 people worldwide (end of Q3 2012: 275,451). Of that total, 167,727 were employed in Germany (end of Q3 2012: 166,888), 21,330 in the United States (end of Q3 2012: 21,930), 14,340 in Brazil (end of Q3 2012: 14,709) and 11,323 in Japan (end of Q3 2012: 11,337). The Group's consolidated subsidiaries in China employed 1,882 people at the end of the third quarter (end of Q3 2012: 2,648). The decreased headcount in China resulted from the integration of the sales organizations for cars into a non-consolidated joint-venture company.

### **Details of the divisions**

**Mercedes-Benz Cars** once again achieved a record level of unit sales in the third quarter of 2013. Total sales by the car division grew by 14% to 395,400 units. Third-quarter revenue grew by 8% to €16.5 billion, and EBIT of €1,200 million was significantly higher than the prior-year result (Q3 2012: €973 million). The division's return on sales was 7.3% (Q3 2012: 6.4%).

The development of earnings primarily reflects the ongoing growth in unit sales, especially in China, the United States and Western Europe. A major contribution came from the expanded range of compact cars. Earnings growth was achieved also as a result of better pricing. Furthermore, efficiency actions taken as part of the Fit for Leadership program had an increasingly positive impact on earnings. The changed model mix had a negative effect on earnings. There was an additional negative effect from expenses connected with product enhancements.

**Daimler Trucks'** third-quarter unit sales were 4% above the prior-year level at 124,500 vehicles. Revenue reached €8.0 billion (-1%). Exchange-rate movements, in particular the depreciation of the Japanese yen, had a significant negative impact on the division's revenue. Adjusted for exchange-rate effects, revenue increased by 8%. The EBIT posted by Daimler Trucks of €522 million was higher than the €501 million achieved in the prior-year quarter. The division's return on sales was 6.5% (Q3 2012: 6.2%).

The development of earnings reflects a slight revival of unit sales. On the one hand, there was a market recovery in Brazil; on the other hand, there were positive effects from the business in Western Europe, partially resulting from vehicle purchases brought forward due to the upcoming introduction of Euro VI emission regulations in 2014. However, earnings were negatively affected by increased warranty expenses and exchange-rate effects. Furthermore, there were expenses of €8 million for workforce adjustments in the context of an optimization program in Germany and Brazil. The efficiency actions of the Daimler Trucks #1 program had an increasingly positive influence on earnings.

**Mercedes-Benz Vans** increased its unit sales by 17% to 65,300 vehicles in the third quarter of 2013. Revenue of €2.3 billion was also significantly higher than in the prior-year period (Q3 2012: €2.1 billion). Mercedes-Benz Vans achieved third-quarter EBIT of €152 million (Q3 2012: €75 million). The division's return on sales improved to 6.7% from 3.6% in the prior-year period.

In a market environment that was still affected by weak demand and intense competition in Europe, unit sales by Mercedes-Benz Vans were significantly higher than in the third quarter of last year. In addition to the increased unit sales, better pricing also had a positive impact. Continued efficiency improvements were apparent in the form of lower material and development expenses as well as lower warranty costs.

**Daimler Buses** increased its worldwide sales by 17% to 9,600 units in the third quarter of 2013, primarily as a result of increased demand in Western Europe and Latin America. Revenue of €1.1 billion was also significantly higher than in the prior-year period (+19%). Third-quarter EBIT of plus €59 million was significantly better than in the prior-year period (Q3 2012: minus €36 million). The division's return on sales was plus 5.2% (Q3 2012: minus 3.8%).

This positive development was driven by unit-sales growth in Western Europe and Latin America. Other factors leading to the earnings improvement were ongoing efficiency progress in the European business system and lower expenses for the repositioning of the European and American business systems. There were opposing, negative effects on EBIT compared with the third quarter of last year from increased research and development expenses.

**Daimler Financial Services** concluded approximately 296,000 new leasing and sales-financing contracts in a volume of €10.4 billion, thus generating 4% more new business than in the third quarter of last year. Contract volume reached €82.0 billion at the end of September and was thus 2% higher than at the end of 2012. Adjusted for exchange-rate effects, there was an increase of 6%. With third-quarter EBIT of €322 million, Daimler Financial Services equaled its earnings of the prior-year period.

Positive effects on earnings from the increased contract volume were offset by negative exchange-rate effects and lower interest margins.

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 an expense of €30 million (Q3 2012: income of €98 million). The elimination of intra-group transactions resulted in income of €6 million in the third quarter of 2013 (Q3 2012: expense of €10 million).

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## Outlook

From today's perspective, **worldwide demand for cars** seems likely to expand by about 3% this year. This growth will primarily be driven by ongoing strong increases in demand in the United States and China. Demand for cars has meanwhile stabilized at a low level in Western Europe, and a gradual improvement of the market situation is to be anticipated in the rest of the year. As the general economic environment is still difficult, this will be too weak to compensate for the significant market losses of the first half of the year. A decrease is therefore expected for the full year. The German car market should follow a similar path in the fourth quarter, but will also be 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 the current perspective, the best that can be expected for global demand for **medium and heavy-duty trucks** in 2013 is a volume equal to the previous year. If the sharp market downturn in India continues unabated and market growth in China is significantly slower than recently expected, slight contraction of the world market cannot be ruled out. Due to political uncertainty in the United States, no significant upward trend is likely for North America in the remaining months of the year. Daimler therefore continues to anticipate market contraction of up to 5% for the full year compared with 2012. In the European truck market, purchases brought forward in connection with the upcoming introduction of the Euro VI emission regulations should be increasingly apparent in sales of new vehicles in the coming months. As new registrations of Euro V vehicles are possible under certain conditions also in early 2014, the

special effect anticipated for the fourth quarter of 2013 is still hard to quantify. From today's perspective, the market is likely to contract by about 5% in the full year. In Japan, the economic stimulus program that was approved this spring has helped to counteract the weakness of demand that was still apparent at the beginning of the year. It is therefore assumed that the market's volume will be of the magnitude of last year. Growth of up to 10% is to be expected for the Brazilian market, despite a less optimistic economic outlook. Demand for trucks in Russia will be lower this year than last, however. In India, a significant double-digit drop in truck sales is anticipated due to the continuation of below-average 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 will ensure that the division reaches a new record level of unit sales in 2013. The new E-Class and in particular the new compact cars will make major contributions to the expected growth in unit sales. The models of the A-Class and B-Class and the new CLA are very popular in the market. In order to satisfy the high demand for the A-Class, Daimler has arranged for this car to be additionally assembled by the Finnish production specialist Valmet Automotive. The new

E-Class coupes and convertibles have provided added sales impetus since June. In the future, Mercedes-Benz anticipates significant growth in the luxury segment, primarily due to the launch of the new S-Class in major markets such as China and the United States. The new S-Class, which was launched in Europe this July, is the most important new model of 2013. It sets 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 continues to profit from the great market

success of its models in the SUV segment. Despite its advancing lifecycle, the smart brand with its unique two-seater aims to achieve unit sales in the magnitude of last year in the highly competitive micro-car segment.

**Daimler Trucks** anticipates slightly higher unit sales in full-year 2013 than in the previous year. In line with expectations, demand in the first half of the year was significantly lower than in the prior-year period due to the continuingly difficult economic situation. In recent months, the situation has improved slightly in some key markets. At the same time, with its completely renewed model range, the division has gained market share in many important segments and has thus strengthened its market position. Furthermore, some purchases are being brought forward in Europe due to the upcoming introduction of stricter emission limits in 2014. This will help to increase Daimler Trucks' unit sales during the rest of the year. In the NAFTA region, it has been possible to maintain stable sales figures despite the recent decline in demand from the market, which has led to significant growth in market share in Classes 6-8. This sales trend should continue in the coming months. In Brazil, the market recovery is continuing and should contribute towards significant growth in unit sales in the full year. In Asia, Daimler Trucks continues to anticipate disparate developments in the various markets: Due in part to state incentives for truck buyers in Japan, unit sales there are expected to rise. Business volumes in India continue to grow following the launch of the BharatBenz brand, and this presence in the country is also being used to develop new export markets. In other Asian markets, the division's unit sales should remain at about the prior-year levels as a result of weak demand and tough price competition.



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

**Daimler Buses** assumes that its unit sales of both chassis and complete buses will increase significantly in 2013. In Latin America, Daimler Buses foresees a significant revival of demand in the full year. For the business with complete buses in Western Europe, the division expects to see a significantly positive development of sales in a stable market environment, so that its market share should improve significantly.

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

Following significant growth in 2012, Daimler assumes that its **Group revenue** will increase again in 2013. The main source of the revenue growth will be the successful product offensive of Mercedes-Benz Cars. In regional terms, above-average growth rates are expected for the emerging markets as a whole and also for North America.

On the basis of current market assessments, the Group anticipates **EBIT from the ongoing business** of around €7.5 billion for full-year 2013.

For the individual divisions, EBIT from the ongoing business is anticipated in the following magnitudes:

- Mercedes-Benz Cars: approximately €4.0 billion
- Daimler Trucks: approximately €1.7 billion
- Mercedes-Benz Vans: approximately €0.6 billion
- Daimler Buses: approximately €0.1 billion
- Daimler Financial Services: approximately €1.25 billion

In the fourth quarter, Daimler expects that EBIT from the ongoing business will be higher than in the prior-year period. This is based on the expectation of continued strong sales performance of the new models, benefits from the initiated efficiency measures, the assumptions made for the development of key markets and less favorable currency exchange rates.

On the basis of current market assessments, Daimler expects improvements in earnings from the ongoing business for all the automotive divisions and at the Group in the following years. This assessment is supported by the consistent implementation of the efficiency and growth programs, especially Fit for Leadership at Mercedes-Benz Cars and Daimler Trucks # 1. At Daimler Financial Services, an ongoing stable earnings development is anticipated.

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

The special items shown in the following table affected EBIT in the third quarters of 2013 and 2012:

<b>Special items affecting EBIT</b>		
In millions of euros	<b>Q3 2013</b>	<b>Q3 2012</b>
<b>Daimler Trucks</b>		
Workforce adjustment	-8	-
<b>Daimler Buses</b>		
Business repositioning	-2	-16
<b>Reconciliation</b>		
EADS – remeasurement and sale of the remaining shares	13	-

### Figures for the 3rd quarter and the first nine months 2013

Daimler Group amounts in €	Q3 2013	Q3 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Revenue, in millions	30,099	28,572	+ 5 %	85,893	84,467	+ 2 %
EBIT, in millions*	2,231	1,923	+ 16 %	8,390	6,289	+ 33 %
Net profit, in millions*	1,897	1,238	+ 53 %	7,044	4,228	+ 67 %
Earnings per share (EPS)*	1.72	1.06	+ 62 %	4.87	3.71	+ 31 %
Employees (September 30)	276,320	275,451	+ 0 %	276,320	275,451	+ 0 %

EBIT by Divisions/Segments* in millions of €	Q3 2013	Q3 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Mercedes-Benz Cars	1,200	973	+ 23 %	2,701	3,540	- 24 %
Daimler Trucks	522	501	+ 4 %	1,072	1,401	- 23 %
Mercedes-Benz Vans	152	75	+ 103 %	437	442	- 1 %
Daimler Buses	59	-36	-	55	-200	-
Daimler Financial Services	322	322	0%	955	1,004	- 5 %
Reconciliation	-24	88	-	3,170	102	-

Revenue by Divisions/Segments in millions of €	Q3 2013	Q3 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Mercedes-Benz Cars	16,521	15,238	+ 8 %	46,955	45,539	+ 3 %
Daimler Trucks	7,982	8,095	- 1 %	22,971	23,607	- 3 %
Mercedes-Benz Vans	2,253	2,084	+ 8 %	6,673	6,592	+ 1 %
Daimler Buses	1,127	951	+ 19 %	2,812	2,697	+ 4 %
Daimler Financial Services	3,657	3,524	+ 4 %	10,782	9,924	+ 9 %
Reconciliation	-1,441	-1,320	-	-4,300	-3,892	-

Unit Sales in units	Q3 2013	Q3 2012	Change 13/12	YTD 2013	YTD 2012	Change 13/12
Daimler Group	594,874	528,559	+ 13 %	1,702,297	1,600,988	+ 6 %
Mercedes-Benz Cars	395,446	345,418	+ 14 %	1,141,668	1,054,105	+ 8 %
Daimler Trucks	124,465	119,142	+ 4 %	349,661	349,023	+ 0 %
Mercedes-Benz Vans	65,314	55,742	+ 17 %	187,373	176,289	+ 6 %
Daimler Buses	9,649	8,257	+ 17 %	23,595	21,571	+ 9 %

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

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 Eurozone; an exacerbation of the budgetary situation in the United States; a deterioration of our refinancing 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 and 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 government 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 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 publication date.

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