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## **Dr. Dieter Zetsche at the Annual Shareholders' Meeting: "We are going new ways to new strengths."**

- **Daimler consequently pushes forward with renewal of products, sales and production**
- **Growth strategy is obviously bearing fruit**
- **Shareholders vote on highest dividend so far in the history of Daimler AG of €2.45 per share**

Berlin (Germany) – "Our growth strategy is obviously bearing fruit, and all of us at Daimler are very proud of it. Nonetheless, we still are not satisfied with what we have achieved," states Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, at today's Annual Shareholders' Meeting. The consistent pursuit of the Daimler Group's long-term goals forms the basis for the achievements to date and for the renewal of the Group in the coming years.

"The results for 2014 show that it pays to have the courage to change," summarizes Zetsche before an expected audience of approximately 5,500 shareholders at the CityCube Berlin. Daimler again achieved new records for unit sales, revenue and earnings in 2014. With a worldwide workforce of 279,972 **employees** (2013: 274,616), the Group sold more than 2.5 million vehicles (2013: 2.4 million), generated **revenue** of €129.9 billion (2013: €118.0 billion)

and posted EBIT of €10.8 billion (2013: €10.8 billion). **Group EBIT from the ongoing business** increased by 27% to €10.0 billion and **net profit** amounted to €7.3 billion (2013: €8.7 billion).

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Due to the good results and the successful course of business in 2014, the Board of Management and the Supervisory Board have proposed to the Annual Shareholders' Meeting the distribution of the highest **dividend** so far in the history of Daimler AG of €2.45 per share (prior year: €2.25). The total dividend payout amounts to €2.6 billion (prior year: €2.4 billion) and the dividend payout ratio is 37.6% of the net profit attributable to the Daimler shareholders (prior year: 35.2%).

### **New ways to new strengths**

In order to achieve its goals on a sustained basis, Daimler is reorganizing in several areas. "We are forging ahead with the renewal of our company: We are going new ways to new strengths," emphasizes Zetsche. "Our new **products** provide the first and most visible proof." Last year alone, Mercedes-Benz launched eight new or upgraded passenger car models, giving it the youngest product portfolio amongst the German premium manufacturers. In 2015, another eight new or upgraded passenger car models will come to the markets, such as the Mercedes-Benz Maybach, the CLA Shooting Brake and the GLE Coupe. "We will continue to keep the portfolio young with further new models," says Zetsche. Daimler again will expand its product range into another promising market segment with a mid-sized pickup. Already about 20 years ago, Mercedes-Benz completely redefined the segment of sport utility vehicles (SUVs) with the M-Class.

Daimler Trucks also has an excellent market position, which is as well based on the strength of its products. With a completely renewed product portfolio, six brands, 54 models and the joint ventures in China and Russia, Daimler is more broadly and strongly

positioned in all important truck markets than ever before, and better than its competitors.

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**Advanced technology** is an additional component for the Group's renewal. Enormous improvements have been made here, especially with regard to **carbon dioxide emissions**: Since 1995, the average CO<sub>2</sub> emissions of the Group's new passenger car fleet in Europe have been nearly halved to 129 grams of CO<sub>2</sub> per kilometer (equivalent to fuel consumption of 5.2 liters per 100 km). CO<sub>2</sub> targets are the strictest in the most important markets, and cannot be achieved solely with efficient combustion engines, therefore the fleet has to be more electrified. Plug-in hybrids currently offer the best solution for environmentally friendly cars. For this reason, the Group will launch a new plug-in hybrid on average every four months until 2017. "This is Daimler's path towards sustainable mobility: We want to have attractive technology platforms, not austerity mobiles," explains Zetsche.

Another focus of development activities is in the area of **autonomous driving**. In January, Mercedes-Benz presented the F015, a research vehicle that was designed for autonomous driving right from the start. "With autonomous driving, we will gain freedom to use our time on the road as we like. That's the future of automotive luxury," comments Zetsche on the advantages of autonomous driving, which will become reality in the next decade. Partially autonomous driving is already possible in the C-, E- and S-Class of Mercedes-Benz. Daimler Trucks sets standards in autonomous driving as well. In 2014, the truck division presented the »Future Truck 2025«, which demonstrates the advantages of autonomous driving for commercial vehicles: more safety, more efficiency and ideal logistic processes due to connectivity.

"Even when our vehicles are one day able to drive autonomously—they won't sell themselves autonomously," states Zetsche. As before, **China** is still a key area for action. In 2014, 27% more

automobiles from Mercedes-Benz and smart were delivered to customers there than in the previous year. “This year will be even better – with significantly more than 300,000 cars sold,” expects Zetsche. In order to make even better use of the opportunities, Daimler will expand the range of financial services it offers in China and will further enhance its service quality. “Of course China is not a country of unlimited potential, but it does offer us tremendous opportunities. For example, it’s remarkable how many Chinese customers already buy a premium model as their first automobile: In fact, for 35 percent of our customers in China, the C Class is the first car they’ve ever owned,” explains Zetsche.

“In every one of our more than 150 markets, we are determined to react even more effectively, quickly, and flexibly to the changing future needs of our customers,” says Zetsche. For this reason, **customer contacts** will be further optimized. In Hamburg and Warsaw, two pilot projects for online stores are currently running in which potential customers can gain information, book a test drive and buy a vehicle. The car-sharing service of **car2go** and the mobility platform **moovel** address new customer groups. More than one million customers already make use of the services offered. “The customers of moovel want mobility,” says Zetsche. “And that’s our core business. We don’t just manufacture vehicles, we provide mobility.”

In addition, the **traditional sales outlets** such as sales-and-service centers and dealerships for passenger cars are being aligned to changing customers’ requirements. This includes a new brand appearance for Mercedes-Benz at more than 1,000 locations by 2017, as well as the restructuring of the Daimler-owned sales centers in Germany. To secure the long-term competitiveness of the Group’s own distribution activities, the sales-and-service centers have been consolidated. Some of them will be sold, and a total of €500 million will be invested in the remaining centers in the coming years. In the truck business, regional sales centers will be opened

this year so that the division can better react to customers' requirements and increase its presence in new markets.

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The new ways to new strengths include the renewal of **production**. Product diversity will continue to grow in the coming years; the number of basic models alone has already increased nearly tenfold since 1970. "Our portfolio is becoming increasingly complex. That's why our production has to become more and more flexible," states Zetsche. The main preconditions for this are four vehicle architectures on which a number of models are based, as well as producing in or close to the sales markets. One example for this is the Mercedes-Benz C-Class, which is produced in Germany, the United States, South Africa and China. Daimler continues to rely on the German production sites, for which so-called »future pictures« are now being worked out. By 2020 for example, €1.5 billion will be invested in the Sindelfingen facilities, which celebrated its 100-year jubilee last week, and about €1 billion will be invested in the truck plant in Würth for the expansion of production equipment. The plant at the headquarters in Untertürkheim will be developed into a competence center for the production of highly efficient engines and alternative drive systems, entailing further investments of a single digit billion euro amount in the coming years.

At the trucks division, Daimler technologies are already being applied worldwide through the platform strategy. In the future, not only drivetrains but also additional components such as medium-duty engines, electronics, cabs and chassis will be based on joint platforms and applied in many markets.

Another element of the reorganization of production is digitization of factories. The keyword "**Industry 4.0**" stands for an integrated production with a complete digital process chain from construction to after sales, as well as direct cooperation between humans and robots.

Zetsche demands clear impulses from politics and society in order to maintain the long-term competitiveness of German and European industry. He positions himself clearly at the Annual Shareholders' Meeting on the subject of the »Transatlantic Trade and Investment Partnership«, (TTIP): "We have a vital interest in the success of the negotiations." He believes that differences in standards in the United States and Europe damage companies, as they have to comply with various regulations, resulting in additional effort and costs. A comprehensive agreement could end this waste, especially as standards in Europe and the United States are amongst the strictest in the world. "The goal here is not to lower standards but to make them uniform," continues Zetsche. According to a study, a free-trade agreement could lead to up to 400,000 new jobs in Europe alone.

Daimler is just as firmly in favor of **extended trailer trucks** being allowed. The adoption of extended trailer trucks can lead to reductions in CO<sub>2</sub> emissions of up to 25%, as well as less stress on roads and bridges, because two super trucks can transport the same load as three conventional trucks with the same total weight. Zetsche welcomes the field test for extended trailer trucks, which the state of Baden-Württemberg approved in March: "This is a positive step forward."

## **2015 – Status quo and expectations**

**Mercedes-Benz Cars** has made a successful start to this year, selling 14.5% more vehicles in the first two months (retail: 262,900 units) than in the prior-year period. The division is steadily continuing its »Mercedes-Benz 2020« offensive and aims to significantly increase its total unit sales in 2015 and thus to achieve a new record. In the first seven months of this year, four new vehicles without a predecessor model will be launched. Furthermore,

the divisions will renew almost the entire range of SUVs in the context of the product offensive this year, ensuring additional demand impetus. Mercedes-Benz Cars anticipates significantly higher unit sales also for the smart brand, which will launch both its models in the particular key markets in 2015.

**Daimler Trucks** anticipates significant growth in unit sales in the full year. With its fuel-efficient products, strong customer acceptance and a flexible production network, the truck division expects to defend its very good position in the market.

**Mercedes-Benz Vans** plans to achieve a significant increase in unit sales in the year 2015. In the context of the division's »Mercedes-Benz Vans goes global« strategy, the mid-size van will be launched also in North and Latin America in 2015. Furthermore, the large Sprinter van will additionally be produced in North America in the future, which will contribute to the growth in unit sales.

**Daimler Buses** assumes that it will be able to defend its market leadership in its core markets for buses above eight tons with innovative and high-quality new products. The bus division anticipates a slight increase in its total unit sales in the year 2015. After suffering a major market contraction last year, the situation in the core market Brazil will remain challenging. In addition to a weak economy, demand in Brazil is affected by unfavorable government financing terms for buyers. Basically, sales in 2015 strongly depend on the further development in Latin America.

**Daimler Financial Services** aims to achieve further profitable growth in the coming years. In 2015, the division expects significant increases in both new business and contract volume. This is based on the growth offensives of the automotive divisions, the targeted addressing of younger customers, the expansion of business especially in Asia, and the further development of online sales channels.

Based on assumptions concerning the development of key sales markets and the divisions' planning, Daimler anticipates a significant increase in the **Group's total unit sales** in 2015. Daimler also expects **Group revenue** to grow significantly this year.

Daimler assumes that it will once again significantly increase its **Group EBIT from the ongoing business** in 2015. The Group has set the following targets for EBIT from the ongoing business for the individual **divisions**:

- Mercedes-Benz Cars: significantly above the prior-year level,
- Daimler Trucks: significantly above the prior-year level,
- Mercedes-Benz Vans: significantly above the prior-year level,
- Daimler Buses: slightly below the prior-year level, and
- Daimler Financial Services: slightly above the prior-year level.

In the medium term, Daimler aims to achieve an average **return on sales** of 9% in the automotive business across market and product cycles. This is based on the divisions' targets for return on sales: 10% for Mercedes-Benz Cars, 8% for Daimler Trucks, 9% for Mercedes-Benz Vans and 6% for Daimler Buses.

“For Daimler, the past and the future are inseparably linked,” emphasizes Zetsche and looking forward optimistically: “We have achieved a lot at Daimler, but we're aiming for more.”

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; a deterioration of our refinancing possibilities on the credit and financial markets; 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 preferences 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.

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