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## Dr. Dieter Zetsche at the Annual Shareholders' Meeting: "We are and will continue to be the pioneers of mobility."

- 2015 was the most successful year in the company's history so far
- Daimler has renewed large parts of the Group in recent years
- Shareholders vote on the highest dividend to date of Daimler AG of €3.25 per share
- Proposed reelection of Supervisory Board Chairman Dr. Manfred Bischoff and of Ms. Petraea Heynike

Berlin (Germany) – "2015 was the most successful year in the history of Daimler AG," states Dr. Manfred Bischoff, Chairman of the Supervisory Board of Daimler AG, when welcoming the expected approximately 6,000 visitors to today's Annual Shareholders' Meeting at the CityCube in Berlin. "This success is no accident: It is based on the long-term planning and strategic decisions of the Board of Management and the Supervisory Board in the past years," says Bischoff. "Also for the year 2016 the company has ambitious targets and will invest all its energy to maintain at the top position in the premium car segment and to anchor past year's success on a sustainable basis."

Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, states in front of the shareholders: "We have updated large parts of our company in recent years." The **core business** has been **strengthened** by new products and a new design language. The basis for **global growth** has been further expanded, for example through the flexible and efficient production network around the globe and by the realignment of the sales organization. In addition, Daimler's claim to leadership in the field of **technology** has been underscored by its progress especially with autonomous driving. Furthermore, Daimler is utilizing **digitization** in the industry as an opportunity, for example to establish new business models. "These are the

four pillars of the Daimler's strategy, now and in the future. They are the basis of the success we enjoy today – and pave the way for the course we have set for the future. They offer us a lot of great opportunities," continues Zetsche.

Daimler achieved new records in 2015 for unit sales, revenue and earnings. With a total workforce of 284,015 **employees** (2014: 279,972), the Group sold more than 2.9 million vehicles worldwide (2014: 2.5 million), posted **revenue** of €149.5 billion (2014: €129.9 billion) and achieved **EBIT** of €13.2 billion (2014: €10.8 billion). **EBIT from the ongoing business** increased by 36% to €13.8 billion (2014: €10.1 billion), and **net profit** amounted to €8.9 billion (2014: €7.3 billion).

As a result of the strong earnings and the successful course of business in the year 2015, 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 €3.25 per share (prior year: €2.45). The total dividend payout amounts to €3,477 million (prior year: €2,621 million) and is the highest dividend paid by a DAX30 company so far in 2016. The dividend payout ratio is 40.2% of the net profit attributable to the Daimler shareholders (prior year: 37.6%).

### **Reelection of Supervisory Board members**

In its meeting on October 1, 2015, the Supervisory Board of Daimler AG decided to propose to the Annual Shareholders' Meeting of Daimler AG that Manfred Bischoff be reelected to the Supervisory Board for another period of office. In addition, the Supervisory Board announced its intention of once again electing Bischoff as the Chairman of the Supervisory Board after his reelection as a member. Manfred Bischoff has been a member of the Supervisory Board since 2006 and its Chairman since 2007.

Furthermore, the Supervisory Board decided to propose to the Annual Shareholders' Meeting that Ms. Petraea Heynike be reelected to the Supervisory Board for another period of office. Petraea Heynike has been a member of the Supervisory Board since 2011.

The Annual Shareholders' Meeting today votes on the candidates for reelection. Following reelection, the new period of office lasts for five years starting at the end of today's Annual Shareholders' Meeting.

At the Annual Shareholders' Meeting in 2015, Supervisory Board Chairman Manfred Bischoff mentioned that the Supervisory Board favored extending the contract of service of Dieter Zetsche. In February this year, the Supervisory Board of Daimler AG extended the contract of Dieter Zetsche

and his appointment as Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars by three years until December 31, 2019.

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“Daimler is more successful than ever before. This proves that Dieter Zetsche has followed and implemented the right strategy for Daimler. He is also capable of inspiring the Group’s employees to strive for ambitious goals. This contract extension safeguards the continuity that is required at the top of the company for sustained success,” stated Bischoff in connection with the contract extension. “We look forward to continuing the outstanding collaboration with Dieter Zetsche.”

### **Pioneers of mobility**

In 2016, Daimler celebrates the 130th anniversary of the invention of the automobile and the 120th anniversary of the invention of the truck. “We are, and we will remain, pioneers of mobility,” states Zetsche, adding that the status quo is far from being the best of all worlds: “It is a matter of utilizing the opportunities that changes bring along.” In order to utilize those opportunities, Daimler continues to systematically focus on the four strategic growth areas.

Daimler is further expanding its **core business** and making use of opportunities worldwide. **China** continues to be the most important growth driver and is meanwhile the biggest market for Mercedes-Benz Cars. “Two things will play a key role for our further growth in China: the right products and local production,” is how Zetsche explains his confidence that Daimler will continue to grow faster than the market in China. In 2015, 15 new or upgraded models were launched in the Chinese market; about two thirds of the cars sold in China are produced there. **Worldwide**, Mercedes-Benz is the fastest-growing premium brand. “And to make sure this winning streak continues, we are maintaining the fast pace of our model offensive,” states Zetsche. In 2016, approximately a dozen new or upgraded car models will be launched.

Daimler is also persistently pushing forward with **entering new markets** and areas of business. Long-term growth prospects are particularly good in the **commercial-vehicle business**, although it is more cyclical than the car business. For better utilization of markets with major growth potential, Daimler Trucks is therefore opening in total six regional centers for sales and service in Latin America, Africa, Asia and the Middle East, in order to be nearer to its customers.

Daimler also intends to further strengthen its leading role with **efficient drive systems**. “The more cars and commercial vehicles are on the road,

the more efficiently each one of them must be operated. Here too, the spirit of invention is required more than ever also in this field,” emphasizes Zetsche.

Despite the current discussion about **diesel engines**, Daimler continues to develop its diesel technology. Zetsche: “At Mercedes, we believe in the diesel engine - and in our engineering skills.” If traffic-related CO<sub>2</sub> emissions are to continue to fall in the short term, diesel engines are essential. That’s why Daimler is investing a total of €2.6 billion in a new generation of highly efficient diesel engines. At the same time, Zetsche makes it clear: “Our vehicles are certified and approved on the basis of applicable laws and regulations in the various regions.” For many years, Daimler has actively supported the introduction of new measuring methods with the aim, among other things, of converging as far as possible cars’ fuel consumption in test conditions and in real driving, as deviations can occur between measurements in these two driving modes.

In addition, Daimler is systematically working on the further development of **alternative drive systems**. The company is investing approximately €500 million in the construction of a second battery factory in Germany. “This is a commitment to electric mobility, and to Germany as a production location,” states Zetsche. In the new factory, batteries will also be produced for stationary use, for energy storage in private households or for industrial purposes for example. But the batteries will be mainly used in the Group’s electric and hybrid vehicles. All models from smart will be available with electric drive; market launch is planned for the end of this year. Mercedes-Benz also sees a future for the concept of the **plug-in hybrid** as the successful technology of the coming decades. “In 2017, we will have ten plug-in models on the market,” Zetsche looks into the future. Before the end of this decade, Daimler plans to launch an electric car with a range of up to 500 kilometers.

The Group is once again significantly increasing its research and development spending in the years 2016 and 2017 to a total of €14.5 billion and its capital expenditure to €14 billion. With this **investment in the future**, Daimler will further strengthen its innovative power and will thus create the right conditions for future growth.

The topic of **digitization** as the fourth strategic growth area will change the industry fundamentally. Besides new business opportunities, customer contacts through Mercedes me, and the systematic implementation of Industry 4.0 in production, the new E-Class available as of this month is the most intelligent business sedan on the market.

**Autonomous driving** and connectivity are only possible with the use of data. A study shows that the volume of data produced doubles every two years. Scientists predict that the data volume could amount to 40 trillion gigabytes by 2020. “Connectivity is the way to derive significant value added for our customers from this mountain of data,” emphasizes Zetsche. With the new E-Class, partially autonomous driving is already possible. It is the world’s first series-production car with car-to-X communication, that is, with the ability to communicate with other cars and with the infrastructure. Connectivity is also required for the optimal control of goods transport, because worldwide transport volumes continue to increase and could triple by 2050. The connected truck can increase the efficiency of road freight transport enormously: Worn-out parts can be replaced earlier; loading capacity can be utilized more effectively; lost time, fuel consumption and emissions can be reduced, while improving safety. By 2020, Daimler Trucks will therefore invest approximately €500 million in the field of connectivity.

Digitization in manufacturing is summarized under the heading of Industry 4.0. In order to react more flexibly to customers’ individual wishes in the future, the degree of automation in production will be reduced to the ideal level. Against the backdrop of the multitude of models, versions and options available, Daimler places priority on intelligent cooperation between robots and humans, managed by humans, and without the protective fences that have so far been common. In this way, the cognitive superiority of humans can be optimally combined with the strength, endurance and reliability of robots: “The experience, creativity and flexibility of human beings will continue to be irreplaceable in the production of automobiles,” points out Zetsche.

For several years now, Daimler has been developing from an automobile manufacturer into a **mobility provider**: car2go is the world’s leading car-sharing company with approximately 1.2 million customers; mytaxi is meanwhile used in 40 European cities. In Germany and Spain, mytaxi is partnered with Google Maps, so that the duration and price of a taxi journey can be shown. With moovel, users can find the fastest way of traveling between two places with the inclusion of all means of transport. Daimler also generates additional growth in the sector of long-distance bus transport and with its interest in Mein Fernbus Flixbus. In 2015, 20 million passengers used long-distance buses; more than half of which are from Daimler Buses.

### **New management culture**

One precondition for Daimler’s long-term success is the company’s fundamental attitude. According to Zetsche, this is also reflected by the new management culture, which starts with a new approach: “Our hierarchical

structure, our meeting culture, and our methods of evaluating performance assessments – all of them will be closely examined. The only parameter for this process will be that there are no parameters.” The impetus out of the »**Leadership 2020**« project comes from a team of international employees from all departments and hierarchy levels.

## **2016 – status quo and expectations**

**Mercedes-Benz Cars** started this year very successfully and achieved its highest ever quarterly **unit sales** of 518,940 vehicles in the first quarter (retail; +13.2%). This is mainly the result of the very strong demand for the compact cars, the new-generation smart, the new GLC and the locally produced vehicles in China. The new E-Class will be delivered to the first customers in Europe in the next several days, and will be launched in the international markets in the second half of the year.

The division will continue its »Mercedes-Benz 2020« growth strategy in 2016. Overall, it intends to significantly increase its unit sales and thus reach a new record level. The new models will supply major growth impetus: The new GLS, the new E-Class and the new dream cars from the C-Class convertible to the SLC to the S-Class convertible will contribute to the ongoing success of the Mercedes-Benz brand. The smart brand anticipates significant growth in unit sales from the smart fortwo convertible, which has been available since March, and from the BRABUS models of the fortwo and forfour, which will become available this summer.

**Daimler Trucks** posted first-quarter **unit sales** below the prior-year level. While the division sold significantly more trucks in Europe, it was not immune to the weakness of the markets in Brazil, Indonesia and Turkey – in the latter country due to the introduction of Euro VI emission standards.

The division anticipates unit sales in 2016 at the level of the previous year, whereby sales in the various core regions will develop very differently. Despite the continuation of the difficult economic situation in Brazil, Daimler Trucks will invest approximately €500 million by the year 2018 in tailored new products, innovative technologies as well as the optimization of the production network. With a modern product range in combination with the strong components of the Detroit brand, Daimler Trucks North America assumes that it will increase the proportion of its own engines and transmissions installed in the trucks sold, and will thus safeguard its market leadership in the NAFTA region. Daimler Trucks expects the second half of the year to be better than the first six months.

**Mercedes-Benz Vans** plans to achieve significant growth in unit sales in 2016. In the context of the strategy for the division, »Mercedes-Benz Vans

goes global«, the Vito was launched also in North America and Latin America in 2015 and will stimulate additional demand in those markets in 2016. The Sprinter will also be produced in North America in the future, creating additional growth. The V-Class multipurpose vehicle and the Vito commercial van will be launched in China, thus expanding the division's presence in the market segment addressed there.

**Daimler Buses** assumes that it will be able to defend its market leadership in its core markets for buses above 8 tons with innovative and high-quality new products. For the year 2016, total unit sales are anticipated at the prior-year level. The division expects moderate growth in Western Europe, an ongoing positive development of unit sales is expected in Mexico and a further decrease in unit sales in Brazil.

**Daimler Financial Services** aims to achieve further growth in the coming years. For the year 2016, the division anticipates slight growth in new business and further growth in contract volume. This will be driven by the growth offensives of the automotive divisions. In addition, new market potential is being utilized especially in Asia, with the application of new and digital possibilities for customer contacts. Good growth opportunities are also seen in the field of innovative mobility services.

On the basis of the assumptions concerning the development of important automotive markets and the divisions' planning, **Daimler** expects to achieve further significant growth in **total unit sales** once again in 2016. However, the rate of growth is likely to be rather lower than in 2015, which featured exceptional dynamism.

“All of the signs indicate that 2016 will also be a good year for Daimler,” Zetsche assess the prospects. “As in previous years, we expect the second half of the year to be significantly better than the first – with the increasing availability of the new E-Class and more attractive hedging rates.” Daimler assumes that **Group EBIT from the ongoing business** will increase slightly in 2016.

For the individual **divisions**, Daimler has set the following targets for EBIT from the ongoing business for the year 2016:

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

As already announced at the annual press conference in February, the first quarter is impacted by the launch of the new E-Class, by the very strong demand for the compact car models and by locally produced vehicles in China, as well as by the weakness of some key truck markets. An additional factor is that the beginning of the year is usually affected by seasonally weaker hedging rates.

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

“130 years ago, we invented the automobile. Today we are forging ahead with its reinvention. And in order to do that, we are also reinventing ourselves,” is how Zetsche outlines the Group’s innovative strengths, which it will utilize to secure its ongoing and sustainable successful development.

Link to Daimler website for Annual Shareholders’ Meeting 2016:

German: [www.daimler.com/ir/hv2016/video](http://www.daimler.com/ir/hv2016/video)

English: [www.daimler.com/ir/am2016/webcast](http://www.daimler.com/ir/am2016/webcast)

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, acts of terrorism, political unrest, armed conflicts, 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 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 and Opportunity Report” in the current 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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