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### **Daimler stays in the fast lane: Best-ever figures for unit sales, revenue and earnings in 2016 – dividend of €3.25 proposed – ongoing positive outlook**

- **Record unit sales with around 3 million vehicles sold for the first time (+5%)**
- **Group revenue up by 3% to €153.3 billion (2015: 149.5 billion)**
- **Group EBIT of €12.9 billion at prior-year level (2015: €13.2 billion)**
- **Slight increase in Group EBIT adjusted for special items to €14.2 billion (2015: €13.8 billion)**
- **Net profit at highest level with €8.8 billion (2015: €8.7 billion)**
- **Attractive dividend of €3.25 per share proposed (2015: €3.25)**
- **Outlook for 2017: slight growth in unit sales, revenue and EBIT**

Stuttgart, Germany - Daimler AG (ticker symbol DAI) grew profitably once again in 2016 and achieved best-ever figures for unit sales, revenue and net profit. In the year 2017, due to the very attractive and competitive product range in all divisions, Daimler expects to profit from slight growth in global demand for motor vehicles and from its strengthened market position, and to further increase its unit sales in total. Accordingly, further growth in revenue and EBIT is also anticipated.

“In 2016, Daimler has set new records for unit sales, revenue and earnings. But what is just as important is that in the best year in our company’s history so far, we also initiated the biggest-ever transformation at Daimler,” stated **Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars at the Annual Press Conference in Stuttgart**. “We have set our course in the direction of electric mobility and are establishing a new culture of cooperation together with our workforce. Those who wish to shape the future of the automobile at the forefront of the automotive industry need both financial strength and

innovative skill. In 2016, we demonstrated that the combination of these two factors at Daimler is stronger now than ever before.”

The Daimler Group posted **EBIT** of €12.9 billion in 2016 (2015: €13.2 billion). Due to favorable business developments in most of its divisions, Daimler slightly improved on its **EBIT adjusted for special items** – from €13.8 billion in 2015 to €14.2 billion in the year 2016 – thus setting a new record. **Net profit** increased to the best-ever figure of €8.8 billion (2015: €8.7 billion) and **earnings per share** rose to €7.97 (2015: €7.87).

Daimler increased its total **unit sales** in the year 2016 by 5 % to around 3 million vehicles, thus achieving its growth target. The Mercedes-Benz Cars and Mercedes-Benz Vans divisions confirmed the forecasts made at the beginning of the year with significant growth (+10% and +12% respectively). Daimler Trucks posted a significant decrease in unit sales of 17%, due in particular to the weaker market development in the NAFTA region, the Middle East and Turkey. Unit sales at Daimler Buses were significantly lower than in the previous year (-7%) and did not reach the originally expected magnitude. This was primarily the result of the significant market contraction in Brazil. Daimler achieved slight **revenue** growth of 3% to €153.3 billion in 2016 (2015: €149.5 billion); adjusted for exchange-rate effects, revenue also grew by 3%.

“We once again posted record numbers at Daimler in 2016. With our very attractive products and the measures taken to enhance efficiency, we have made considerable progress and stabilized our business despite volatile market developments,” said **Bodo Uebber, Member of the Board of Management of Daimler AG responsible for Finance & Controlling and Daimler Financial Services**. “In the automotive business, we met our targets for return on sales once again last year. And we are confident that we will be able to improve on these record results once again in 2017.”

At the Annual Shareholders’ Meeting on March 29, 2017, the Board of Management and the Supervisory Board will propose the distribution of a **dividend** of €3.25 per share (2015: €3.25). “We continue to invest in our future and offer our shareholders an attractive dividend as usual. This is also an expression of our confidence,” continued Uebber. The dividend payout will amount to €3,477 million, as in the previous year, and the distribution ratio will be 40.8% (previous year: 41.3%) of the net profit attributable to the Daimler shareholders.

Compared with December 31, 2015, the **net liquidity of the industrial business** increased from €18.6 billion to €19.7 billion, and was thus at an appropriate level. The increase was mainly due to the positive **free cash flow** of €3.9 billion. An additional factor was the cash inflow in connection

with equity transactions at Daimler Financial Services (€0.7 billion). There was an opposing effect from the dividend payout of €3.5 billion to the shareholders of Daimler AG.

The Group's financial strength is also reflected by the upgrade of its **credit ratings** by Standard & Poor's. The rating agency raised its long-term rating for Daimler from A- to A and its short-term rating from A-2 to A-1.

### **Slight decrease in workforce – high profit sharing bonus**

At December 31, 2016, the Daimler Group had a total of 282,488 employees (2015: 284,015). The number of employees remained nearly stable despite an overall increase in production. The main reason for the slight decrease was a workforce reduction at Daimler Trucks due to weak demand in major markets. The number of 170,034 people employed in Germany remained at the prior-year level (2015: 170,454). At the end of 2016, the Daimler Group had 7,960 apprentices and trainees worldwide (2015: 8,307); in Germany, 1,883 young people started their vocational training at Daimler in 2016 (2015: 1,871).

Daimler is permanently working on further enhancing its high attractiveness as an employer – within the Group and with external applicants. Employees can take advantage of mobile work, are supported with reconciling professional and family life, and receive competitive remuneration and additional benefits in conformance with the market, such as a company pension for example. The Group also lets its employees participate in its business success. In April 2017, Daimler AG will pay its eligible employees an amount of up to €5,400 for the year 2016 (prior year: €5,650).

### **Details of the divisions**

The **Mercedes-Benz Cars** division comprises the Mercedes-Benz brand with the sub-brands Mercedes-AMG, Mercedes-Maybach and Mercedes me, as well as the smart brand and the new EQ brand for electric mobility. In 2016, the division continued its profitable growth. **Unit sales** increased by 10% to the new record of 2,198,000 vehicles and **revenue** rose by 7% to €89.3 billion. The car division gained market share in almost all regions. **EBIT** of €8,112 million for the year 2016 was slightly higher than the prior-year figure of €7,926 million and was at its highest level to date. **Return on sales** was 9.1% (2015: 9.5%). Adjusted for special items, return on sales met the target of 10%, as in the previous year.

This positive development primarily reflects the increased unit sales of new vehicles. The main driver was the SUV segment. Another positive effect on EBIT resulted from a better pricing. Negative effects resulted from expenses

for advance expenditure for new technologies and vehicles. EBIT also includes expenses of €480 million in connection with Takata airbags. Further expenses of €238 million were recognized from the remeasurement of inventories.

**Daimler Trucks' unit sales** of 415,100 vehicles were substantially lower than the high prior-year figure (2015: 502,500). **Revenue** decreased to €33.2 billion (2015: €37.6 billion). The division's **EBIT** of €1,948 million was significantly below the high level of €2,576 million achieved in the previous year. **Return on sales** was 5.9% (2015: 6.9%).

The negative development of earnings was primarily the result of sharply decreased unit sales in the NAFTA region, Turkey, the Middle East, Latin America and Indonesia. Earnings were also reduced by intense competition in Europe. The realization of efficiency and material-cost improvements and exchange-rate effects had a positive impact on earnings. EBIT also includes expenses of €91 million for workforce adjustments in the context of the ongoing optimization programs in Brazil.

**Mercedes-Benz Vans** achieved another **sales record** in 2016. The number of 359,100 units sold was 12% higher than in 2015. **Revenue** of €12.8 billion was also significantly higher than in the previous year (2015: €11.5 billion). **EBIT** of €1,170 million set a new record level (2015: €880 million). The division's **return on sales** also increased significantly compared with the previous year to 9.1%, and was thus at the targeted level (2015: 7.7%).

EBIT reflects the very positive development of unit sales, especially in Europe, the NAFTA region and China, as well as efficiency improvements. On the other hand, expenses arose from advance expenditure for new technologies and vehicles. Expenses of €83 million resulted in connection with Takata airbags.

**Daimler Buses** sold 26,200 buses and bus chassis worldwide in financial year 2016 (2015: 28,100). This significant decrease in **unit sales** was largely due to the ongoing poor economic situation in Brazil. Nevertheless, the division was able to maintain its clear leading position in its traditional core markets, i.e. the EU30 region (EU, Switzerland, Norway), Brazil, Turkey, Argentina and Mexico. Sales of complete buses in the EU30 region were once again higher than in the previous year. **Revenue** of the Daimler Buses division increased slightly to €4.2 billion (+2%). **EBIT** of €249 million was significantly higher than the already high prior-year level (2015: €214 million). **Return on sales** rose significantly to 6.0% (2015: 5.2%), thus reaching the targeted level.

The strong business with complete buses in the EU30 region, a good product mix and positive exchange-rate effects more than offset the negative effects of weak demand for bus chassis due to the ongoing difficult economic situation in Latin America and lower unit sales in Turkey.

In the **automotive divisions**, the restructuring of Daimler's own dealership network led to expenses of €58 million (2015: €144 million).

During the year under review, **Daimler Financial Services** concluded 1.6 million new **financing and leasing contracts** worth a total of €61.8 billion. The total value of all new contracts rose by 7% compared with the previous year. Sales and leasing activities at Daimler Financial Services supported approximately half of all new-vehicle sales by the automotive divisions once again in 2016. More than 4.3 million financed or leased vehicles were on the books at the end of 2016; this corresponds to a 14% increase in contract volume to €132.6 billion. The acquisition of Athlon Car Lease International accounted for €3.7 billion of the increase in **contract volume**. Adjusted for Athlon and exchange-rate effects, the increase amounted to 10%. The division achieved **EBIT** of €1,739 million (2015: €1,619 million), the best EBIT so far. **Return on equity** was 17.4% (2015: 18.3%).

The main reason for this positive development was the growth in contract volume. Exchange-rate effects had a negative impact on earnings, however.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises gains and/or losses at the corporate level and the effects on earnings of eliminating intra-group transactions between the divisions. Items at the corporate level resulted in an overall expense of €333 million (2015: €79 million). This includes expenses of €400 million related to legal proceedings, the impairment of Daimler's investment in BAIC Motor of €244 million and losses from currency transactions of €241 million. The gain of €605 million recognized on the contribution of the Renault and Nissan shares into the German pension-plan assets did not offset those expenses. The elimination of intra-group transactions resulted in income of €17 million in 2016 (2015: €50 million).

The **special items** affecting earnings in the years 2016 and 2015 are listed in the table on page 14.

### **Further increase in investment in the future**

"Also in the coming years, we want to actively shape mobility with groundbreaking innovations, and in parallel we will push forward with digitization throughout the Group," stated Dieter Zetsche. Daimler intends

to play a leading role above all in the strategic areas for the future of connectivity (Connected), autonomous driving (Autonomous), flexible use and services (Shared & Services) and electric drive (Electric), as well as in the intelligent linking up of these areas.

For the reasons stated above, **research and development expenditure** was increased in 2016 from a very high level by another 15% to €7.6 billion. The focus was on new vehicle models, fuel-efficient and environmentally friendly drive systems, new safety technologies, autonomous driving and the digital connectivity of the products.

In order to implement the growth strategy with new products, innovative technologies and modern production facilities, **investment in property, plant and equipment** was also increased once again in 2016, from an already high level to €5.9 billion (2015: €5.1 billion).

At **Mercedes-Benz Cars**, investment in property, plant and equipment of €4.1 billion in 2016 was significantly above the prior-year level (2015: €3.6 billion). The most important projects included the product ramp-up of the new E-Class models, preparations for the new GLE SUV and the successor models in the compact class, as well as new combustion engines and transmissions. The division also made substantial investments in the reorganization of the German production facilities as competence centers and in the expansion of the international production network.

The main areas of investment at **Daimler Trucks** in 2016 were successor generations for existing products, new products, global component projects and the optimization of the worldwide production network. Total investment in property, plant and equipment at Daimler Trucks increased to €1.2 billion (2015: €1.1 billion).

At the **Mercedes-Benz Vans** division, the focus of investment was on the next-generation Sprinter, in particular for the expansion of production in the United States. The main investments at **Daimler Buses** were in new products and the modernization of production facilities.

**Daimler Financial Services** acquired Athlon Car Lease International B.V. in 2016, thus making a strategic investment in the fleet-management business. Athlon is one of Europe's leading providers of mobility solutions, especially for commercial fleet leasing and management. The entire fleet-management business is to be operated under the Athlon brand in the future. This will create one of the leading providers in the field of European fleet management with a portfolio of more than 360,000 cars and vans.

At the beginning of 2017, the **world economy** is continuing along a path of steady, if rather moderate, growth. Daimler assumes that growth will accelerate slightly as the year progresses. For the full year, the advanced economies are likely to achieve growth rates similar to those of 2016. The emerging markets, however, should experience a slight revival after six years of economic weakness. Overall, there are some indications that the world economy will perform somewhat better in 2017 than the weak growth of the previous year, but will probably not exceed the rather below-average **growth corridor of 2.5 to 3%**.

**Outlook: automotive markets to expand again in 2017**

**Worldwide demand for cars** is likely to increase again from a high level in 2017. According to current estimates, **slight growth** in the magnitude of **1 to 2%** is to be expected. One of the factors decisive for global economic dynamism will be the extent to which market growth weakens in China, after the tax incentives for cars with small engines have been reduced. Despite the dynamic market development in 2016, the Chinese market should expand again slightly in 2017.

The US market for cars and light trucks should this year maintain its exceptionally high level of more than 17 million units sold. Possible fiscal-policy stimulus from the new US government could have an additional positive impact on demand. In Europe, a slightly larger market is expected overall. In Western Europe, it must be assumed that the number of cars sold will be only around the level of 2016, following the rather lively recovery of recent years. In key markets such as Germany and France, slight growth is to be anticipated at best, and a market correction is likely in the United Kingdom. After the drastic contraction of recent years, the Russian car market should recover in 2017. Following two years of falling demand, a stabilization of car sales is expected in Japan this year. In India, the dynamic growth of recent years is likely to continue with another significant increase in demand.

**Demand for medium- and heavy-duty trucks** in the **regions relevant** for Daimler is likely to remain **at the rather weak prior-year level**. In the NAFTA region, the cyclical market correction can be expected to continue. In weight classes 6-8, it must be assumed that demand will decrease by approximately 5% after the significant drop in 2016. In the heavy-duty segment (class 8), the weakening of demand is likely to be rather more pronounced.

The market of the EU30 region temporarily peaked last year, according to current assessments. In a rather more restrained economic environment than last year, truck sales are expected to decrease slightly. After the end of the deep economic recession in Brazil, only a slight recovery of the truck market from a very low level can be expected there. And after last year's dramatic slump in Turkey, a further slight decrease is anticipated. Starting from a very low level, significant recovery of demand is to be expected in Russia.

The most important Asian markets from Daimler's perspective are likely to present a mixed picture in 2017. As the Japanese market for light-, medium- and heavy-duty trucks has remained at a relatively solid level for several years, a market correction of about 5% is now expected. Following the significant drops in demand of recent years in Indonesia, the overall truck market there is expected to be in the magnitude of 2016. Slight market expansion is anticipated for India. The planned reform of value-added tax, which would significantly reduce truck prices, could have a positive impact on demand during the year. The Chinese market should remain fairly stable, following its strong growth of 2016.

Daimler expects a **slight increase** in demand for **small, mid-size and large vans** in the **EU30 region** in 2017, driven in particular by the German van market, but also by other major European markets. In the United States, demand for large vans is likely to remain fairly stable. On the other hand, the market for mid-size and large vans in Latin America should revive significantly in 2017, although from a very low level. In China, a revival of demand is anticipated in the market Daimler addresses there.

Daimler expects **slight growth** in the market for **buses** in the **EU30 region** compared with 2016. The market development in Latin America continues to be negatively impacted by the current economic situation in Argentina and Brazil. After the significant drop in demand of recent years, it is assumed that the market bottomed out in 2016. Daimler anticipates a significant recovery in the year 2017, especially in Brazil, but the market volume will continue to be at a very low level.

### **Outlook: further growth in unit sales in the automotive business**

**Mercedes-Benz Cars** will continue its »Mercedes-Benz 2020« strategy in 2017. Overall, the division intends to **slightly increase its unit sales**, thus reaching a new record level. Further growth is anticipated above all in China and Europe. This is based on the attractive and young model portfolio, which is more diverse than ever before. The new E-Class models in particular should provide growth impetus. Both the sedan and the wagon versions will be available for the first time over a full year. They will be



followed by the new E-Class coupe this spring and by the E-Class convertible in the summer. In addition, a new and particularly versatile variant of the E-Class will be launched with the All-Terrain. Mercedes-Benz Cars is well positioned also with its SUVs and the new sports cars that were launched in 2016. Furthermore, it will enhance the attractiveness of its product portfolio with various model upgrades, such as the compact cars. In particular with the new S-Class, it will strengthen its leading position in the field of automated driving and connectivity. The division will push forward with its »Best Customer Experience« sales and marketing strategy. For example, the range of services offered by »Mercedes me connect« will be gradually expanded and rolled out in 20 additional markets. Furthermore, the attractiveness of the **Mercedes-Benz** brand will be enhanced with increasing digitization in retailing and with additional service functions.

In the coming years, the cars division will focus its product portfolio even more closely on future requirements. The acronym **CASE** stands for **C**onected, **A**utonomous, **S**hared & Services and **E**lectric: These four future-oriented strategic areas will define the mobility of the future. The main challenge consists of intelligently linking up those four areas. The division is actively tackling this challenge by promoting the related activities through an organizationally independent unit. Daimler, and in particular Mercedes-Benz Cars, plays a leading role in all four areas already today. The »Concept EQ« study that had its world premiere in Paris last year provides a clear outlook on a completely new generation of vehicles from Mercedes-Benz. It shows the possibilities that will be offered for customers by closely linking up the CASE areas. The study is also the starting signal for the new **EQ** brand, which will bring together all the key elements for customer-oriented electric mobility. In line with the intelligent linking up of the CASE areas, the new brand covers a broad spectrum: It ranges from electric vehicles to wall boxes, charging services, home energy storage and sustainable recycling solutions. By 2025, Daimler plans to launch more than ten purely electric cars – in all segments – from the smart to the large SUVs.

The new electric **smart** (electricity consumption combined: 13.1 - 12.9 kWh/100 km; CO2 emissions combined: 0 g/km), which can be experienced as of spring 2017 not only as a fortwo, but for the first time also as a forfour, is a key element of the electric offensive. Additional growth opportunities are presented by the »ready to« services, which were launched in 2016 and are successively being expanded this year. They expand the range of use of a vehicle – especially in the city – for example with parcel delivery into the car's trunk (»smart ready to drop«), thus creating significant added value for the customer.

**Daimler Trucks** anticipates total **unit sales** in the year 2017 in the **magnitude of the previous year**. In the three major regions, Europe, North

America and Japan, the division anticipates a stable level of unit sales overall, supported by a strong second half of the year. After last year's significant market correction in the segment for heavy-duty trucks in the NAFTA region, unit sales in 2017 should be at the prior-year level. This development will be driven also by the new Freightliner Cascadia, the flagship in the North American market, which went into production at the beginning of 2017. The division assumes that it will strengthen its already strong market position once again in 2017. In a slightly declining market environment in the EU30 region, unit sales are anticipated in the volume of the previous year. Sales of trucks in Japan should also be at the prior-year level. In Brazil, it is expected that along with a gradual market recovery, unit sales should also be above the very low prior-year level. Also in India, Daimler Trucks anticipates unit sales higher than in 2016.

**Mercedes-Benz Vans** plans to achieve **slight growth in unit sales** in 2017. The division anticipates slight increases in sales of vans also in the EU30 region. In the context of the strategy for the division, »Mercedes-Benz Vans goes global«, the V-Class multipurpose vehicle and the Vito were launched in 2016 also in China, the world's biggest market for motor vehicles. These vehicles will additionally boost demand there in 2017. The van division aims to achieve further growth also with the Sprinter, which will be produced also in North America in the future. And in late-2017, it will enter the midsize-pickup segment with the X-Class, thus further increasing its worldwide unit sales in the long term.

**Daimler Buses** assumes that it will be able to defend its market leadership in its traditional core markets for buses above 8 tons with innovative, future-oriented and high-quality products. Total **unit sales** in 2017 are expected to be **significantly above the prior-year level**. The bus division assumes that unit sales in the EU30 region will increase moderately. In Brazil, significant growth in unit sales on a further on very low level is anticipated after the substantial decrease in 2016. A continuation of the positive development of unit sales is expected in Mexico.

**Daimler Financial Services** aims to achieve ongoing growth in the coming years. In the year 2017, the division expects a **slight increase in new business and further growth in contract volume**. This will be primarily driven by the growth of the automotive divisions, especially Mercedes-Benz Cars. In addition, Daimler Financial Service is utilizing new market potential above all in Asia, and is making use of new and digital possibilities for customer contacts – in particular through the further development of online sales channels. The division sees good growth opportunities also with innovative mobility services, where it is active with the brands car2go, moovel and mytaxi, as well as with equity interests in the companies Blacklane and FlixBus.

“We want to increase our total unit sales in the automotive divisions in total. And our financial and mobility services also target further growth,” summarized Dieter Zetsche the outlook for this year. “We are on a path of stable growth, along which we will systematically continue.”

On the basis of the assumptions concerning the development of major automotive markets and the divisions’ planning, Daimler assumes that **total unit sales** can be **slightly increased** in the year 2017. Daimler also expects **Group revenue** to **increase slightly** this year. This is a reflection of the overall positive development of unit sales in the automotive divisions.

The **divisions** currently have very attractive and particularly competitive product ranges, which have been expanded and systematically renewed in recent years. Daimler therefore assumes that it will profit to an above-average extent from the slight growth in global demand for motor vehicles that is expected also in the year 2017, and will be able to strengthen its position in important markets. At Mercedes-Benz Cars, additional growth this year will be driven above all by the new E-Class models, the successful SUVs and the new convertible models. The other automotive divisions are also well positioned with their products, and Daimler Financial Services’ new business will profit from further growth in unit sales.

Against this backdrop, Daimler expects revenue growth for Mercedes-Benz Cars, Daimler Buses and Daimler Financial Services. Revenue at Daimler Trucks in 2017 should be in the magnitude of the previous year. Unlike the slight growth in unit sales expected at Mercedes-Benz Vans, the division’s revenue is likely to be at the prior-year level, as contract manufacturing of vans was discontinued in the fourth quarter of 2016.

In **regional terms**, the highest growth rates are expected in Asia and Europe, but business volumes should expand also in the other regions. In particular in China, Daimler has created the right conditions for further growth with new sales outlets, additional production capacities and a broader product range. But the growth in unit sales in China will have a disproportionately low impact on revenue growth, as the share of local production will continue to increase. The Chinese associated company Beijing Benz Automotive China (BBAC) is included in the consolidated financial statements using the equity method of accounting.

The anticipated growth in unit sales and revenue will have a positive impact on **earnings** in 2017. The foundations have been laid for a lasting high level of earnings with various programs for improved profitability, which were implemented in the years 2013 to 2015. At present, further measures are

being taken in all divisions for the long-term and structural optimization of the business system. Daimler is standardizing and modularizing its production processes throughout the Group. In this context, Daimler is making intelligent use of vehicle platforms, allowing it to achieve further cost advantages. In parallel, it is pushing forward with digital connectivity: in all divisions and at all stages of the value chain – from development to production to sales and service. In this way, the Group is opening up additional scope to become even faster, more flexible and more efficient – to the benefit of the customers. There will be opposing effects, however, from the ongoing high expenditure for the model offensive, for innovative technologies for the digitization of products and processes, and for the expansion and modernization of the worldwide production facilities. As a result, advance expenditure aimed at securing a successful future will once again be higher in 2017 than in the previous.

On the basis of the expected market developments, the aforementioned factors and the planning of the divisions, Daimler assumes that **Group EBIT will increase again slightly** in 2017.

The individual **divisions** have the following expectations for **EBIT** in the year 2017:

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

The decrease in earnings anticipated at Daimler Trucks primarily reflects expenditure arising from the worldwide optimization of fixed costs. This is expected to result in a total expense of up to €500 million, mainly in the year 2017. This will be partially offset by income of approximately €250 million expected from the sale of real estate at the Kawasaki site in Japan. The Mercedes-Benz Vans division achieved very high EBIT and a high return on sales in 2016. Compared with the long-term average, the van division anticipates a very high level of earnings also in 2017. The main cause of the significant decrease compared with 2016 will be high advance expenditure for the renewal and expansion of the product portfolio.

Daimler intends to achieve a 9% average annual return on sales for the automotive business on a sustained basis. This overall figure is based on the return targets for the individual divisions predominantly achieved in 2016: 10% for Mercedes-Benz Cars, 8% for Daimler Trucks, 9% for Mercedes-Benz Vans and 6% for Daimler Buses.

The anticipated development of earnings in the automotive divisions will have a positive impact on the **free cash flow of the industrial business** in 2017. In view of repeated higher expenditure for new products and technologies, the free cash flow of the industrial business should be in the **same magnitude as in 2016**, and thus higher than the dividend distribution in 2017.

With its research and development activities, Daimler's goal is to further strengthen its competitive position against the backdrop of upcoming technological challenges. The Group wants to create competitive advantages above all by means of innovative solutions for low emissions and safe mobility. In addition, Daimler intends to utilize the growth opportunities offered by worldwide automotive markets with new and attractive products. It is increasingly focusing on the strategic areas for the future of connectivity, autonomous driving, flexible use and services, and electric drive (Connected, Autonomous, Shared & Services, Electric). For that purpose total **expenditure for research and development** will once again be **significantly increased** in 2017. Furthermore, the product range will be systematically and further expanded in the coming years in order to achieve the ambitious growth targets. Growth potential also outside the traditional markets is also to be utilized by means of appropriate local activities. At the same time, Daimler aims to make sure that the Group can play a leading role in shaping the fundamental technological transformation of the automotive business. Against this backdrop, **investment in property, plant and equipment** will **increase significantly** once again in the year 2017. In the years 2017 and 2018, a total of more than €14 billion will be invested in property, plant and equipment and more than €16 billion in research and development projects.

“As the inventor of the automobile, we aim to play a major role in shaping the future of mobility from a position of strength, and to occupy a leading position in the industry. That is the basis for further sustainable and profitable growth,” emphasized Dieter Zetsche. “With our investment in the future, we are increasing the Group's innovative power and agility. At the same time, we continue to keep a close eye on financial discipline,” added Bodo Uebber.

Due to the expected growth in unit sales and revenue, production volumes will continue rising in 2017. At the same time, the efficiency-enhancing measures that have been implemented in recent years at all divisions are now taking effect. The medium- and long-term measures for structural improvements of business processes should facilitate further efficiency progress. Against this backdrop, Daimler assumes that its ambitious growth targets will be achieved with only **slight workforce growth**. Additional employees will be required in particular for the expansion of the

international production network as well as in the area of research and development for projects in the future areas of electric mobility and digitization. More jobs are likely to be created also at companies operated together with Chinese partners and whose employees are not included in the figures for the Daimler Group.

The development of EBIT in the years 2015 and 2016 was affected by **special items**, which are listed in the following table:

<b>Special items affecting EBIT</b>	<b>2016</b>	<b>2015</b>
In millions of euros		
<b>Mercedes-Benz Cars</b>		
Expenses in connection with Takata airbags	-480	-300
Expenses in connection with the remeasurement of inventories	-238	-
Settlement in connection with a patent dispute	-64	-
Restructuring of own dealer network	-33	-64
Public-sector levies related to prior periods	-	-121
Relocation of headquarters of MBUSA	-	-19
Sale of real estate in the United States	-	+87
<b>Daimler Trucks</b>		
Workforce adjustments	-91	-58
Restructuring of own dealer network	-14	-47
Sale of Atlantis Foundries	-	-61
<b>Mercedes-Benz Vans</b>		
Expenses in connection with Takata airbags	-83	-40
Workforce adjustments in Germany	-38	-
Restructuring of own dealer network	-11	-29
Relocation of headquarters of MBUSA	-	-3
<b>Daimler Buses</b>		
Workforce adjustments	-9	-
Restructuring of own dealer network	-	-4
Sale of investment in New MCI Holdings Inc.	-	+16
<b>Reconciliation</b>		
Expenses related to legal proceedings	-400	-
Impairment of investment in BAIC Motor	-244	-
Losses from currency transactions (not allocated to business operations)	-241	-
Contribution of shares in Renault and Nissan to pension-plan assets	+605	-

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 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 or of investigations requested by governments 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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## Figures for the 4th quarter and full-year 2016

Daimler Group	Q4 2016	Q4 2015	Change 16/15	FY 2016	FY 2015	Change 16/15
Revenue, in millions of EUR	41,001	40,428	+ 1 %	153,261	149,467	+ 3 %
EBIT (as reported), in millions of EUR	3,459	2,901	+ 19 %	12,902	13,186	- 2 %
EBIT (adjusted for special items), in millions of EUR	3,580	3,478	+ 3 %	14,243	13,829	+ 3 %
Net profit, in millions of EUR	2,206	1,874	+ 18 %	8,784	8,711	+ 1 %
Earnings per share (EPS), in EUR	2.01	1.69	+ 19 %	7.97	7.87	+ 1 %
Dividend proposed, in EUR	-	-	-	3.25	3.25	0 %
Employees (Dec. 31)	282,488	284,015	- 1 %	282,488	284,015	- 1 %
Net liquidity (Dec. 31), in millions of EUR	19,737	18,580	+ 6 %	19,737	18,580	+ 6 %
Free cash flow (industrial business), in millions of EUR	1,281	-868	-	3,874	3,960	- 2 %

EBIT (as reported) by Divisions in millions of EUR	Q4 2016	Q4 2015	Change 16/15	FY 2016	FY 2015	Change 16/15
Mercedes-Benz Cars	2,561	1,675	+ 53 %	8,112	7,926	+ 2 %
Daimler Trucks	347	631	- 45 %	1,948	2,576	- 24 %
Mercedes-Benz Vans	156	238	- 34 %	1,170	880	+ 33 %
Daimler Buses	77	34	+ 126 %	249	214	+ 16 %
Daimler Financial Services	390	387	+ 1 %	1,739	1,619	+ 7 %

EBIT (adjusted for special items) by Divisions in millions of EUR	Q4 2016	Q4 2015	Change 16/15	FY 2016	FY 2015	Change 16/15
Mercedes-Benz Cars	2,634	2,154	+ 22 %	8,927	8,343	+ 7 %
Daimler Trucks	365	684	- 47 %	2,053	2,742	- 25 %
Mercedes-Benz Vans	185	297	- 38 %	1,302	952	+ 37 %
Daimler Buses	78	20	+ 290 %	258	202	+ 28 %
Daimler Financial Services	390	387	+ 1 %	1,739	1,619	+ 7 %

RoS (as reported) by Divisions in %	Q4 2016	Q4 2015	Change 16/15	FY 2016	FY 2015	Change 16/15
Mercedes-Benz Cars	10.7	7.5	+ 3.2 %pts.	9.1	9.5	- 0.4 %pts.
Daimler Trucks	4.1	6.3	- 2.2 %pts.	5.9	6.9	- 1.0 %pts.
Mercedes-Benz Vans	4.5	6.8	- 2.3 %pts.	9.1	7.7	+ 1.4 %pts.
Daimler Buses	6.0	2.9	+ 3.1 %pts.	6.0	5.2	+ 0.8 %pts.
Daimler Financial Services (RoE)	15.2	16.0	- 0.8 %pts.	17.4	18.3	- 0.9 %pts.

RoS (adjusted for special items) by Divisions in %	Q4 2016	Q4 2015	Change 16/15	FY 2016	FY 2015	Change 16/15
Mercedes-Benz Cars	11.0	9.6	+ 1.4 %pts.	10.0	10.0	0.0 %pts.
Daimler Trucks	4.3	6.8	- 2.5 %pts.	6.2	7.3	- 1.1 %pts.
Mercedes-Benz Vans	5.3	8.5	- 3.2 %pts.	10.1	8.3	+ 1.8 %pts.
Daimler Buses	6.1	1.7	+ 4.4 %pts.	6.2	4.9	+ 1.3 %pts.
Daimler Financial Services (RoE)	15.2	16.0	- 0.8 %pts.	17.4	18.3	- 0.9 %pts.

**The figures in this document are preliminary and have not yet been approved by the Supervisory Board nor audited by the external auditor.**

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<b>Revenue by Divisions</b> in millions of EUR	<b>Q4</b> <b>2016</b>	<b>Q4</b> <b>2015</b>	<b>Change</b> <b>16/15</b>	<b>FY</b> <b>2016</b>	<b>FY</b> <b>2015</b>	<b>Change</b> <b>16/15</b>
Mercedes-Benz Cars	23,931	22,457	+ 7 %	89,284	83,809	+ 7 %
Daimler Trucks	8,466	10,073	- 16 %	33,187	37,578	- 12 %
Mercedes-Benz Vans	3,459	3,477	- 1 %	12,835	11,473	+ 12 %
Daimler Buses	1,287	1,181	+ 9 %	4,176	4,113	+ 2 %
Daimler Financial Services	5,651	4,942	+ 14 %	20,660	18,962	+ 9 %

<b>Sales</b> in units	<b>Q4</b> <b>2016</b>	<b>Q4</b> <b>2015</b>	<b>Change</b> <b>16/15</b>	<b>FY</b> <b>2016</b>	<b>FY</b> <b>2015</b>	<b>Change</b> <b>16/15</b>
Daimler Group	799,031	776,625	+ 3 %	2,998,386	2,853,014	+ 5 %
Mercedes-Benz Cars	589,119	532,686	+ 11 %	2,197,956	2,001,438	+ 10 %
Daimler Trucks	104,019	136,445	- 24 %	415,108	502,478	- 17 %
Mercedes-Benz Vans	97,628	99,869	- 2 %	359,096	321,017	+ 12 %
Daimler Buses	8,265	7,625	+ 8 %	26,226	28,081	- 7 %

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