

Daimler Board of Management decides on first steps to strengthen the divisional structure

October 16, 2017

- Plans for three legally independent entities under the roof and lead of Daimler AG
- Strengthening of the corporate structure will serve future success of Daimler
- Agreement with employee representatives on cornerstones of a balance of interests will secure the future of Daimler employees
- Targeted new structure will help to better focus on changing requirements of markets and customers
- No plans for divestment of individual divisions
- Daimler will invest a three-digit million euro amount for the first steps
- Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars: “Whoever aims for sustainable competitiveness and profitability must continuously evolve and adapt to rapidly changing surroundings – technologically, culturally and also structurally. We are following a straight-forward strategy and have decided to examine a new divisional structure for our company against this backdrop, to make sure we are optimally prepared for the challenges in the new automotive era.”
- Bodo Uebber, Member of the Daimler Board of Management responsible for Finance & Controlling and Daimler Financial Services: “We are creating the conditions for greater customer and market focus and therefore more growth opportunities. Not only our customers and investors, but above all our employees would benefit from that.”
- Contribution of €3.0 billion to German pension fund of Daimler AG to increase the funded status of the pension obligations, subject to the approval of the Supervisory Board
- No final decision yet by Board of Management or Supervisory Board to implement the new divisional structure
- Approval to implement a possible new structure at the earliest by the shareholders’ meeting in 2019

Stuttgart, Germany – Daimler AG aims to further focus and strengthen the Group’s corporate structure through the creation of legally independent entities. In addition to the existing legally independent division Financial Services, the divisions Mercedes-Benz Cars & Vans as well as Daimler Trucks & Buses may be transferred into two legally independent entities to take greater entrepreneurial responsibility. This project intends to strengthen the future viability of the business units and better utilize the potential for growth and earnings in the various markets. Safeguarding Daimler’s future is based on three pillars: protecting and increasing the company’s success, pushing forward with shaping the future for the employees, and ensuring the long-term commitment of investors.

Based on the positive results of a feasibility study, the Board of Management today decided, subject to the approval of the Supervisory Board, to continue with the project and in this context to take preparatory measures. Daimler will invest a three-digit million euro amount for these first steps.

Close consultation is taking place with the employee representatives; an agreement has been reached on the cornerstones of a balance of interests to secure Daimler’s employees’ future. Major elements are the extension of the agreement on safeguarding employment until the end of 2029 (»Zukunftssicherung 2030«), increasing the funded status of pension obligations and an extension of the common profit-sharing bonus of Daimler AG.

“Daimler is today facing an exceptional challenge: On the one hand, we are more successful than ever before; on the other hand, our business is changing like never before,” stated Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars. “Whoever aims for sustainable competitiveness and profitability must continuously evolve and adapt to rapidly changing surroundings – technologically, culturally and also structurally. We are following a straightforward strategy and have decided to examine a new divisional structure for our company against this backdrop, to make sure we are optimally prepared for the challenges in the new automotive era.”

With the possible implementation of a new structure under the roof and lead of Daimler AG, there would be three independent entities: Mercedes-Benz Cars & Vans and Daimler Trucks & Buses as two new entities, and the existing legally independent Daimler Financial Services AG. The three entities would continue to have their registered offices in Germany. Daimler AG does not plan to divest any of its divisions.

“We want to secure Daimler’s future from a position of strength. For that reason, we not only need to be as close as possible to our customers’ pulse, but also to be able to react as quickly and flexible as possible to market developments and a fundamentally changing competitive environment,” explained Bodo Uebber, Member of the Daimler Board of Management responsible for Finance & Controlling and Daimler Financial Services. “With this project, we are creating the conditions for greater customer and market focus and therefore more growth opportunities. Not only our customers and investors, but above all our employees would benefit from that. We are cooperating with the employee representatives at all levels.”

Under the roof and the lead of Daimler AG strong divisions would be created with own entrepreneurial responsibility and high value added potential, and so being prepared with even more market and customer focus for the challenges in the new automotive era. At the same time it would be assured that the synergies would remain unchanged. The Group does not pursue any savings or efficiency programs or the intention to cut jobs.

With a stronger divisional structure, Daimler will have a consistent and best-possible focus on the future to set standards worldwide in products and mobility services as a corporate family. With this project, Daimler is enabling focused cooperation and partnerships, securing necessary investments in technological transformation and digitization, and addressing changed customer behavior and market volatility.

In connection with the balance of interests, Daimler plans a contribution of €3.0 billion from liquid funds to the German pension fund of Daimler AG in the fourth quarter 2017, subject to the approval of the Supervisory Board. This is to increase to funded status of the pension obligations. Furthermore, the company is reinforcing its employees’ pension commitments and intends to contribute to the strengthening Daimler’s A-Rating.

Until now, neither the Board of Management nor the Supervisory Board of Daimler AG has made a final decision on implementing the new structure for the Daimler Group. Both boards will come to a final resolution after the ongoing assessments and negotiations have been completed, such as tax-related issues or a comprehensive due diligence. Should the Board of Management and Supervisory Board decide to finally implement the new Group structure, those measures would require the approval of a shareholders’ meeting of Daimler AG. Such a motion could be voted on at the earliest at a shareholders’ meeting in the year 2019.

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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