DAIMLER

Investor Relations Release

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Daimler: growth in unit sales and revenue – EBIT and dividend at high levels

- **Group unit sales up by 2.4% to 3.4 million (2017: 3.3 million) vehicles**
- **Growth in Group revenue of 2% to €167.4 billion (2017: €164.2 billion)**
- **Group EBIT at high level of €11.1 billion (2017: €14.3 billion)**
- **Net profit of €7.6 billion (2017: €10.6 billion)**
- **Dividend proposed of €3.25 (2017: €3.65) per share**
- **Outlook for 2019: slight growth in unit sales, revenue and EBIT expected**
- **Countermeasures to improve efficiency in automotive divisions**
- **Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars:** "For Daimler, 2018 was a year of strong headwinds. This is also reflected in our financial results and our share price. Nonetheless, we faced those headwinds and made substantial progress on key areas for the future. That was not least the result of our strong core business. But for all the divisions, it applies: a profitable business is a prerequisite for continuing to invest in new technologies and products in the future."
- **Bodo Uebber, Member of the Board of Management of Daimler AG for Finance & Controlling and Daimler Financial Services:** "Daimler continues to have high net liquidity and a robust balance sheet. In order to be able to invest consequently in further growth and new technologies in the future, we have to improve efficiency. Preparations for our »Project Future« are also progressing well and are on schedule."

Stuttgart (Germany) – **Daimler AG** (ticker symbol DAI) achieved further growth in **unit sales** and **revenue** despite difficult conditions in 2018. **Group EBIT** and **net profit** reached solid levels. For the current year, Daimler assumes that unit sales will increase slightly due to the attractive model portfolios in all divisions and the ongoing positive development of worldwide automotive markets. Based on the expected sales development, slight revenue growth is anticipated. Earnings will be adversely affected by ongoing high advance expenditure for the model offensives and innovative technologies. Additional factors will be a significant increase in raw-material costs and exchange-rate effects. In a still volatile environment, the Group anticipates a slight increase in Group EBIT for the full year.

"For Daimler, 2018 was a year of strong headwinds – with the ongoing diesel debate, the changeover to the new WLTP test method and the global trade dispute. All of this is reflected in our financial results and our share price. Nonetheless, we faced those headwinds and made substantial progress on key areas for the future. That was not least the result of our strong core business," said **Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars**.

The Group achieved **EBIT** of €11.1 billion in 2018, which is significantly below the prior-year level (2017: €14.3 billion). **Net profit** decreased to €7.6 billion (2017: €10.6 billion). In the previous year, net profit was boosted by €1 billion due to the one-time effect of the US tax reform. **Earnings per share** decreased to €6.78 (2017: €9.61).

Daimler increased its **unit sales** in 2018 by 2.4% to 3.4 million vehicles, thus achieving its growth target. The Daimler Trucks division (+10%), Mercedes-Benz Vans (+5%) and Daimler Buses (+8%) confirmed the unit-sales forecasts made at the beginning of the year 2018. With a sales increase of 0.4% Mercedes-Benz Cars was setting a new record. Despite difficult conditions, the division sold a total of 2,382,800 vehicles (2017: 2,373,500). . With unit sales of 2,252,800 vehicles, the Mercedes-Benz brand was once again the strongest-selling premium brand in the automotive industry (2017: 2,238,000).

Due to difficult political and economic conditions as well as various extraordinary expenses in the divisions, the development of earnings in the year 2018 did not reflect the ongoing strong demand for vehicles. The significant increase in **EBIT** at the Daimler Trucks division did not offset significant decreases in earnings at the other divisions. Above all, the Mercedes-Benz Cars and Mercedes-Benz Vans divisions did not achieve their earnings of the previous year. In both divisions, earnings were reduced by, among other things, advance expenditure for new technologies and vehicles, increased raw-material prices, expenses in connection with ongoing legal proceedings and measures taken for diesel vehicles. At Daimler Trucks, higher unit sales in the NAFTA region were the main driver of the earnings improvement. On the other hand, an unfavorable product mix had a negative impact on earnings at Daimler Buses. Daimler Financial Services' earnings were significantly lower than in the previous year mainly as a result of expenses from the conclusion of the Toll Collect arbitration proceedings.

"Our unit sales and revenue figures for both the Group and the divisions show that our product range is as attractive as ever and that customer demand remains high. Our core business is very well positioned despite the challenging conditions. We have therefore achieved a high level of earnings overall. But at the same time, we have to work hard to achieve our target margins on a sustainable basis," said **Bodo Uebber, Member of the Board of Management of Daimler AG responsible for Finance & Controlling and Daimler Financial Services**.

At the Annual Shareholders' Meeting on May 22, 2019, the Board of Management and the Supervisory Board will propose a **dividend** of €3.25 per share (2017: €3.65). The total payout will therefore amount to €3.5 billion (2017: €3.9 billion). The proposed dividend is the second highest in the company's history so far. In line of a **sustainable dividend policy**, the company bases its assessment of the dividend on a payout ratio of 40% of its net profit attributable to Daimler shareholders.

The net liquidity of the industrial business was almost unchanged at €16.3 billion at the end of 2018 (2017: €16.6 billion). The dividend distribution led to a decrease in net liquidity that was offset by the positive free cash flow and positive exchange-rate effects. The **free cash flow of the industrial business** of €2.9 billion was significantly higher than in the previous year (2017: €2.0 billion), but lower than the dividend payout in 2018 of €3.9 billion.

In 2018, Daimler was once again able to obtain financing at favorable conditions. This was based on unchanged **credit ratings** of “A” with a “stable” outlook.

Daimler agreed with a consortium of international banks last July on a syndicated credit facility of €11 billion. This provides the Group with financial flexibility into the year 2025. The credit line was agreed at significantly improved conditions. The broad-based consortium comprises more than 40 banks in Europe, Asia and America. The credit line serves to ensure sufficient financial flexibility at all times.

Slight workforce growth as expected

At December 31, 2018, the Daimler Group employed a total of 298,683 **people**, which is 3% more than a year earlier (2017: 289,321). The main reason for the workforce growth was the good business situation throughout the Group. Employee numbers increased at all divisions. The workforce in Germany grew to 174,663 people (2017: 172,089). The number of people employed in the United States grew in 2018 to 26,310 (2017: 23,513), while the Group’s consolidated companies in China employed 4,424 people at the end of the year (2017: 4,099). The Group employed a total of 8,061 apprentices worldwide at the end of 2018 (2017: 8,097). During last year, 1,265 young people started an apprenticeship at Daimler AG (2017: 1,278) and 1,191 young people were taken on in permanent employment upon completing their apprenticeships (2017: 1,197).

“How good a team is can be seen especially in difficult times. Daimler has an excellent team. That’s why I would like to thank all our employees – also on behalf of the entire Board of Management,” said **Zetsche**. It continues to be an important strategic goal for Daimler as a highly attractive employer to attract and retain sufficient specialist and management personnel with the appropriate qualifications in the competition for capable talent. Attractive and fair remuneration as well as a work culture that promotes the performance, motivation and satisfaction of employees and managers should contribute to this. Today’s living and working conditions require the flexible organization of working time according to individual needs. The aim is to further strengthen the performance of employees, especially with regard to the compatibility of work and private life. In addition, the company’s employees participate in the company’s financial success. In April 2019, Daimler AG will pay its eligible employees an amount of up to €4,965 for the 2018 financial year (2017: €5,700).

The divisions in detail

The **Mercedes-Benz Cars** division consists of 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. The division performed respectably in a highly competitive environment in 2018: **Unit sales** increased to 2,382,800 vehicles despite difficult conditions, once again setting a new record (2017: 2,373,500). Revenue of €93.1 billion was close to the high prior-year level (2017: €94.4 billion). Following the record level of the previous year, **EBIT** decreased by 18% to €7,216 million (2017: €8,843 million). The division's **return on sales** was 7.8% (2017: 9.4%).

"Mercedes-Benz achieved its eighth consecutive record year for unit sales, and we continue to be the leading premium brand – despite a highly competitive environment. Strong customer demand shows that we are on the right track with our model portfolio and strategic direction," said **Zetsche**. The vehicles of the Mercedes-Benz brand continued to enjoy high demand in the year under review. The development of unit sales was significantly influenced by lifecycle effects in various model series. They included model changes in the compact class and the model upgrade in the high-volume C-Class. Added to this were increased tariffs on vehicles imported to China from the United States and delivery stoppages for individual diesel models. Vehicle certification also took longer than usual in some cases and had an impact on availability.

The negative earnings development reflects expenses in connection with ongoing governmental proceedings and measures relating to diesel vehicles. In addition, EBIT was also reduced by advance expenditure for new technologies and vehicles, as well as by weaker pricing. Unfavorable exchange-rate effects and higher expenses for raw materials also affected earnings adversely. On the other hand, a positive effect resulted from the remeasurement at fair value (€111 million) of the investment in Aston Martin Lagonda Global Holdings plc. In the prior year, EBIT had been reduced by expenses for voluntary service activities and expenses for a specific vehicle recall (€425 million). On the other hand, EBIT had been boosted in 2017 by income of €183 million in connection with a new investor in HERE.

Daimler Trucks increased its **unit sales** by a significant 10% to the record level of 517,300 vehicles in 2018, thus achieving its most successful year ever (2017: 470,700). **Revenue** of €38.3 billion was also significantly higher than in the previous year (2017: €35.8 billion). The division's **EBIT** increased significantly by 16% to €2,753 million and its **return on sales** was 7.2% (2017: 6.7%).

The positive development of earnings was primarily the result of increased unit sales in the NAFTA region, as well as further efficiency enhancements. Higher expenses from exchange-rate effects and expenses for raw materials affected EBIT negatively in 2018. Additional costs, mainly resulting from supply-chain constraints, also had a negative impact on earnings. In the previous year, EBIT was boosted by €267 million due to a gain on the sale of real estate by Mitsubishi Fuso Truck and Bus Corporation in Japan. In addition, expenses related to fixed-cost optimization were included in the prior year (€172 million).

Mercedes-Benz Vans achieved its fifth consecutive sales record with **unit sales** of 421,400 vehicles, an increase of 5% compared with the previous year. Its **revenue** also increased to

€13.6 billion (2017: €13.2 billion). The division's **EBIT** in 2018 of €312 million was substantially lower than its prior-year earnings (2017: €1,147 million). Its **return on sales** was 2.3% (2017: 8.7%).

The positive development of unit sales, especially in the NAFTA region, China and Western Europe, had a positive impact on EBIT. However, earnings were reduced by advance expenditure for new technologies and future products and by expenses for the Sprinter model change. Furthermore, EBIT was reduced by expenses in connection with ongoing governmental proceedings and measures relating to diesel vehicles, by delivery delays and by the remeasurement of assets in connection with production capacities.

Daimler Buses sold 30,900 complete buses and bus chassis worldwide last year (2017: 28,700). Its **revenue** of €4.5 billion was at the prior-year level. **EBIT** decreased slightly to €265 million (2017: €281 million). The division's **return on sales** was 5.9% (2017: 6.2%).

The significant increase in unit sales was primarily due to the slowly recovering Brazilian economy, pleasingly strong demand in the important EU30 market and growth in India. However, the higher unit sales only partially offset the decrease in earnings from the product mix and the inflation-related cost increase.

In 2018, **Daimler Financial Services** concluded new financing and leasing contracts worth a total of €71.9 billion (2017: €70.7 billion). About half of all new vehicle sales by the automotive divisions were supported by sales financing from Daimler Financial Services. At the end of 2018, the division had more than 5.2 million financed or leased vehicles on its books, representing growth in contract volume of 10% to €154.1 billion. The division posted earnings of €1,384 million in 2018, which is 30% lower than in the previous year. Its **return on equity** was 11.1% (2017: 17.7%).

Earnings were reduced by €418 million due to the agreed settlement concluding the Toll Collect arbitration proceedings. The increasing level of interest rates also had a negative impact on earnings. Rising cost of credit risks in individual markets impacted earnings negatively in the still relatively stable risk environment. Increased contract volume had a positive impact on EBIT.

Also in the year 2018, Daimler Financial Services further expanded its range of innovative mobility services. car2go increased its number of registered users to around 3.6 million (2017: 3.0 million) and thus strengthened its position as a leading company for flexible car sharing. The **moovel** app was also further developed: Customers in Germany can use it to find best way of traveling from A to B using various modes of transportation. They can also directly book and pay for services such as **car2go** or **mytaxi**, as well as journeys on public transport. In the United States, moovel is one of the leading providers of mobile ticketing solutions for transportation companies. In total, moovel North America offers 19 services in 15 US cities. The number of registered moovel users in Germany and the United States had risen to 6.2 million by the end of 2018 (2017: 3.7 million). The ride-hailing group, which operates mytaxi, further expanded its position as one of Europe's leading providers of taxi apps in 2018 with the majority takeover of **Chauffeur Privé**. The service offering was expanded to twelve European countries and two fast-growing markets in South America. The number of registered users nearly doubled to 21.3 million (2017: 11.1 million).

“Our mobility services developed extremely well last year and now have approximately 31 million registered users. We now want to place our power and expertise into a partnership with BMW. We are convinced that together, we can offer our customers even better mobility solutions, because our services complement each other perfectly. Our common goal is to create a market champion for urban mobility,” said **Uebber**.

Daimler AG and the BMW Group are joining forces to offer their customers sustainable urban mobility services from a single source. The competition authorities have now approved the companies’ plan to establish the joint venture. After completion of the complex transaction on January 31, 2019, the new **mobility services company**, Daimler AG and the BMW Group, will present the next steps to be taken in the first quarter of 2019. Headquarters of the new joint mobility-services company will be located in Berlin. The goal is to jointly create a major player for seamless and intelligently connected mobility services. As a hub for creativity and innovation, Berlin is exactly the right location. The 50-50 joint venture will bring together the following five services: an on-demand mobility and multimodal mobility platform, car sharing, ride hailing, parking, and charging.

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 expenses of €757 million (2017: €232 million). In both years, expenses connected with legal proceedings are included. The increase was caused by, among other things, higher expenses in connection with the development of the divisional structure (»Project Future«). In addition, the impairment of Daimler’s equity investment in BAIC Motor Corporation Ltd. by €150 million impacted earnings negatively. On the other hand, the reversal of the impairment of Daimler’s equity investment in BAIC Motor of €240 million had a positive effect on earnings in the year 2017. The elimination of intra-group transactions resulted in expenses of €41 million in 2018 (2017: €44 million).

Higher investment in future projects

In order to strengthen the core business and utilize the opportunities of the transformation of the automotive industry, **investment** was increased once again in 2018. From a leading position, Daimler wants to play a major role in shaping the fundamental technological transformation of the automotive industry and a pioneering role in developing the future areas of CASE (Connectivity, Autonomous, Shared & Services and Electric). This requires extensive investment in innovative products and new technologies, as well as in the expansion of the worldwide production network.

Research and development expenditure increased to €9.1 billion (2017: €8.7 billion). This was primarily related to the development of new models and model upgrades, the further development of efficient and environmentally friendly drive systems, safety technologies, autonomous driving and the digital connectivity of the products. **Investment in property, plant and equipment** once again increased significantly from an already high level to €7.5 billion (2017: €6.7 billion). Substantial amounts were invested at Mercedes-Benz Cars to prepare and modernize the production plants in Germany for the future, in the expansion of the global production network and in preparing production for electric mobility. Investment at Daimler Trucks was for, among other things, new products and the optimization of the worldwide production network. At Mercedes-Benz Vans, the focus of investment was on the production of the new Sprinter generation.

Successful strategy: CORE, CASE, CULTURE, COMPANY, CUSTOMER

By means of five closely linked components, Daimler is pushing forward the biggest transformation in the company's history. In the context of the **5C strategy**, the global core business is to be strengthened (CORE) while a leading position is occupied in the areas of the future (CASE). Furthermore, the corporate culture is to be adapted (CULTURE) and the customer- and market-focused structure is to be strengthened (COMPANY). At the center of all activities is the fifth and most important C: the customer (CUSTOMER). The goal is to even more focus the processes and organization on the customers in order to develop the best products and solutions for their diverse mobility requirements.

"The goal of Daimler's 5C strategy is to position the Group for the challenges and opportunities of the new age of mobility, to continue to be a leading automotive manufacturer while also becoming a leading provider of mobility services," said **Uebber**. "Preparations for our »**Project Future**« with the transformation of the automotive divisions into legally independent entities and Daimler AG as the holding company are also progressing well and are on schedule."

Daimler first announced its »Project Future« in October 2017. The shareholders' approval for the new structure is to be obtained at the Annual Shareholders' Meeting on May 22, 2019. The project is about the transformation of the Mercedes-Benz Cars and the Mercedes-Benz Vans divisions into the new company, **Mercedes-Benz AG**, and the Daimler Trucks and Daimler Buses divisions into the new **Daimler Truck AG**, making them legally independent entities. Daimler Financial Services AG, which is already a legally independent company, is to be renamed as **Daimler Mobility AG**, probably in July 2019.

As the holding company, **Daimler AG** will be responsible for governance, strategy and control functions, as well as providing Group-wide services and securing the existing synergies. Responsibility for Group financing will remain at Daimler AG, which will be the only publicly listed company and the **management holding company**.

With legally independent business entities, Daimler is creating greater proximity to the customers and facilitating more targeted work in the markets. This will enable the individual divisions to react faster and more precisely to new trends, technological leaps and unforeseen market developments. Assigning greater responsibility to the management in the new legal entities below Daimler AG will also increase the scope for entrepreneurial action and the pace of innovation. At the same time, Daimler wants to take account of ever faster technological change. Economies of scale and synergies will continue to be utilized within the Daimler Group.

“Our ambition is clear: We want to shape the technological transformation from the top. In this context, we have already established a new corporate and leadership culture. In addition, we are working on our **purpose**. For our largest division, Mercedes-Benz Cars, the purpose is ‘**First move the world**’. We are in the process of developing a purpose also for the other divisions,” said **Zetsche**. Companies with a deeper purpose are proven to be more successful: Purpose inspires innovation, increases performance and customer satisfaction, and motivates employees.
More at:

https://www.daimler.com/company/corporate-governance/board-of-management/zetsche/linkedin/why.html

Outlook: world economy with solid growth

At the beginning of 2019, the world economy is growing rather more slowly than in the prior year, but is generally continuing its solid development. Daimler assumes that this moderate slowdown will continue as the year progresses. Growth prospects for the **industrialized countries** in particular are rather less positive than in the previous year, while the economies of the **emerging markets** should develop at a similar rate overall. All in all, the global economy should grow in 2019 by almost 3%. Although this is an ongoing solid rate of expansion, it is significantly slower growth than in the previous year. Daimler expects worldwide demand for passenger cars in 2019 to remain roughly at the prior-year level. Demand for medium- and heavy-duty trucks should vary in the regions relevant to Daimler, but the continuation of favorable market conditions is anticipated.

Outlook: further growth in vehicle sales

With an attractive and innovative model portfolio, **Mercedes-Benz Cars** aims to continue along its growth path in 2019. Overall, **unit sales** should increase slightly, reaching yet another record level. In 2019, Mercedes-Benz intends to launch more than a dozen new and upgraded models on the market. The new compact cars in particular should have a positive impact on unit sales. Mercedes-Benz is also well positioned in the growing SUV segment with the new GLE and GLS and the facelift of the popular GLC. Mercedes-AMG should be a guarantor for success in the high-performance segment in 2019.

Under the product and technology brand EQ, which stands for “Electric Intelligence,” Daimler will offer not only vehicles but also services in connection with **electric mobility**. By the year 2022, the goal is to electrify the entire portfolio of Mercedes-Benz Cars. The division aims to offer its customers various electrified alternatives in each segment: from the smart to the compact cars to the large SUVs. In 2019, the first all-electric SUV from Mercedes-Benz is to be launched: the EQC (electricity consumption combined: 22.2 kWh/100 km; CO2 emissions combined: 0 g/km; preliminary figures). By the year 2022, the portfolio is to include more than 130 electrified variants. This will include all-electric vehicles, plug-in hybrids and models with 48-volt technology.

By the year 2025, depending on the development of the public infrastructure and on customer preferences, 15 to 25% of the cars sold are to be purely electric. To achieve that, Mercedes-Benz Cars plans to launch more than ten all-electric cars on the market. As the pioneer of electric mobility, the smart brand aims to be the first automobile brand to systematically change over from combustion engines to electric drive. Following the changeover in the United States and Canada, the smart brand will be based solely on electric drive in Europe by the year 2020. The rest of the world is to follow soon after.

Daimler Trucks anticipates slight growth in unit sales in 2019 compared with the previous year. Positive contributions should come from the NAFTA region, Brazil, the EU30 region and India. In Japan and Indonesia, the division expects to roughly match its unit sales of 2018. Following last year's considerable economic uncertainty in Turkey, the division assumes that its unit sales there will decrease slightly.

Mercedes-Benz Vans plans to achieve a significant increase in unit sales in the year 2019. Strong growth is expected in the United States and slight growth in the EU30 region. Unit sales in 2019 should be boosted above all by the new Sprinter, which was launched in mid-2018.

Daimler Buses assumes that its unit sales will increase significantly in 2019, with slight growth in the EU30 region and a significant increase in India. In Latin America (excluding Mexico), unit sales are expected to be at the prior-year level.

Daimler Financial Services aims to achieve further growth in contract volume and slight growth in new business in 2019. New market potential is to be utilized through more flexible leasing and rental products. Additionally, the online sales channels are to be expanded.

Outlook: slight increases expected in unit sales and revenue

On the basis of the divisions' planning, Daimler assumes that it will be possible to increase its **unit sales** and **revenue** slightly in 2019. Currency exchange rates are expected to affect the development of revenue adversely in 2019. **Mercedes-Benz Cars** anticipates slight revenue growth. The high share of compact models in overall unit sales and the advancing lifecycle of some models could have a dampening impact. Due to positive sales expectations, **Daimler Trucks**, **Mercedes-Benz Vans** and **Daimler Buses** anticipate significant growth in revenue. **Daimler Financial Services** expects slight revenue growth.

Outlook: Group EBIT slightly above prior-year level

On the basis of the anticipated market developments and the planning of the divisions, Daimler assumes that **Group EBIT** in 2019 will be slightly above the level of 2018. It will also include significant positive effects on assets and earnings at the Daimler Financial Services division from the merger of its mobility services with those of the BMW Group. The expected growth in unit sales and revenue at all divisions will have a positive impact on the development of earnings.

Group EBIT will be negatively affected by the continuation of very high expenditure: for the model offensives, for innovative technologies especially for reducing fuel consumption and for electrification, for the digitization of products and processes, and for the expansion and modernization of the worldwide production capacities. Additional factors are a significant increase in material costs due to rising raw-material prices and negative exchange-rate effects at the Mercedes-Benz Cars and Mercedes-Benz Vans divisions. Furthermore, a mid-three-digit million amount is planned at Group level in the year 2019 for the implementation of the new corporate structure (»Project Future«). At Daimler Financial Services, earnings are to be burdened by the normalization of credit-risk costs and by further investments in the expansion of digitization and of mobility services.

From now on, Daimler is using **return on sales** (**RoS**) instead of EBIT to forecast profitability for the automotive divisions and **return on equity (RoE)** for Daimler Financial Services. This creates an even stronger link between the outlook for the current financial year and the strategic target margins. The divisions have the following expectations for their returns in 2019:

Mercedes-Benz Cars: return on sales of 6% to 8%
Daimler Trucks: return on sales of 7% to 9%
Mercedes-Benz Vans: return on sales of 5% to 7%
Daimler Buses: return on sales of 5% to 7%
Daimler Financial Services: return on equity of 17% to 19%

"With our guidance for Mercedes-Benz Cars and Mercedes-Benz Vans we are below our long-term target margins. We cannot and will not be satisfied with this. That's why we have started to develop comprehensive countermeasures. Our goal is to return to our target margin corridor of 8 to 10 percent by 2021. At trucks and buses, we will systematically continue and combine the measures we have already initiated. That will enable us to achieve our margin target of 8 percent in the long term and to utilize further margin potential. For all the divisions, it applies: a profitable business is a prerequisite for continuing to invest in new technologies and products in the future," said **Zetsche**.

Outlook: free cash flow of industrial business to be slightly higher than in prior year

The rather moderate development of earnings in the automotive business will be reflected in the free cash flow of the industrial business in 2019. Ongoing high advance expenditure for new products and technologies will also have a dampening impact. An additional factor will be the costs of »Project Future« for the implementation of the new Group structure. Under these conditions, Daimler however assumes that the free cash flow of the industrial business will be slightly above the prior-year level.

Outlook: investments remain at a high level

"Daimler continues to have high net liquidity and a robust balance sheet. In order to be able to invest consequently in further growth and new technologies in the future, we have to improve efficiency and make Daimler as flexible as possible," said **Uebber**. In 2019 and 2020, Daimler will invest almost €15 billion in **property, plant and equipment** and more than €18 billion in **research and development** projects. Across all industrial divisions, Daimler is developing new, low-emission combustion engines, electric mobility and vehicle connectivity, and is working on innovative safety technologies for automated and autonomous driving. Most of the investments at Mercedes-Benz Cars are in the renewal of the product portfolio. The most important individual projects are the successor models for the C-Class, the S-Class, and the new compact cars, as well as expanding the model range of the EQ product and technology brand. At Daimler Trucks, additionally tailored products and technologies for important growth markets will play a major role.

Outlook: workforce should grow slightly

Due to the expected growth and further efficiency improvements, Daimler anticipates a slightly increasing **workforce**. **Additional jobs** will be created in particular through the expansion of the international production network, in the area of research and development and in future technologies, especially electric mobility and digitization. These figures for the Daimler Group do not include companies which are jointly operated with Chinese partners. Those companies are likely to recruit additional employees.

"The environment will remain extremely challenging in 2019. With our competitive core business, we can operate from a position of strength and shape our own future," said **Zetsche**. "2019 will be a year of great change for Daimler: We are implementing our new corporate structure. We are speeding up into the era of electric mobility. We are entering new dimensions in the fields of connectivity, autonomous driving and mobility services. Each of these topics opens up enormous opportunities for Daimler in the future. We have the will and the skills to use them."

The figures in this document are preliminary and have neither been approved yet by the Supervisory Board nor audited by the external auditor.

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 and tariff regulations; 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 2018

Daimler Group	Q4 2018	Q4 2017	Change 18/17	FY 2018	FY 2017	Change 18/17
Revenue, in millions of EUR*	46,610	43,613	+7%	167,362	164,154	+2%
EBIT, in millions of EUR*	2,669	3,421	-22%	11,132	14,348	-22%
Net profit, in millions of EUR*	1,642	3,216	-49%	7,582	10,617	-29%
Earnings per share (EPS), in EUR*	1.46	2.93	-50%	6.78	9.61	-29%
Dividend proposed, in EUR	-	-	-	3.25	3.65	-11%
Employees (Dec. 31)	298,683	289,321	+3%	298,683	289,321	+3%
Net liquidity (industrial business, Dec. 31), in millions of EUR	16,288	16,597	-2%	16,288	16,597	-2%
Free cash flow (industrial business), in millions of EUR	2,958	-3,766	-	2,898	2,005	+45%

EBIT by Divisions* in millions of EUR	Q4 2018	Q4 2017	Change 18/17	FY 2018	FY 2017	Change 18/17
Mercedes-Benz Cars	1,883	2,375	-21%	7,216	8,843	-18%
Daimler Trucks	710	559	+27%	2,753	2,383	+16%
Mercedes-Benz Vans	81	247	-67%	312	1,147	-73%
Daimler Buses	132	99	+33%	265	281	-6%
Daimler Financial Services	378	416	-9%	1,384	1,970	-30%

RoS by Divisions* in %	Q4 2018	Q4 2017	Change 18/17	FY 2018	FY 2017	Change 18/17
Mercedes-Benz Cars	7.3	9.5	-2,2%pts.	7.8	9.4	-1,6%pts.
Daimler Trucks	6.8	5.8	+1,0%pts.	7.2	6.7	+0,5%pts.
Mercedes-Benz Vans	2.0	6.6	-4,6%pts.	2.3	8.7	-6,4%pts.
Daimler Buses	8.6	7.3	+1,3%pts.	5.9	6.2	-0,3%pts.
Daimler Financial Services (RoE)	12.0	14.3	-2,3%pts.	11.1	17.7	-6,6%pts.

Revenue by Divisions* in millions of EUR	Q4 2018	Q4 2017	Change 18/17	FY 2018	FY 2017	Change 18/17
Mercedes-Benz Cars	25,858	24,905	+4%	93,103	94,351	-1%
Daimler Trucks	10,424	9,564	+9%	38,273	35,755	+7%
Mercedes-Benz Vans	3,978	3,769	+6%	13,626	13,161	+4%
Daimler Buses	1,540	1,348	+14%	4,529	4,524	+0%
Daimler Financial Services	7,059	6,307	+12%	26,269	24,530	+7%

Sales in units	Q4 2018	Q4 2017	Change 18/17	FY 2018	FY 2017	Change 18/17
Daimler Group	917,756	873,040	+5%	3,352,415	3,273,933	+2%
Mercedes-Benz Cars	638,263	613,026	+4%	2,382,791	2,373,527	+0%
Daimler Trucks	143,524	133,711	+7%	517,335	470,705	+10%
Mercedes-Benz Vans	126,088	117,748	+7%	421,401	401,025	+5%
Daimler Buses	9,881	8,555	+15%	30,888	28,676	+8%

* The 2017 figures have been adjusted based on new IFRS 15 standards including cost of hedging (IFRS 9).

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