

Investor Relations Release

January 3, 2020

Unit sales by Daimler Trucks in 2019 slightly down on previous year, as expected

- Slight decrease in unit sales of four percent (January through November 2019) compared with prior-year period
- Normalization of important markets for heavy trucks (NAFTA region, Europe and Japan) leads to decreases in orders
- Extensive measures initiated to adjust production and for structurally improved profitability
- Martin Daum, Chairman of the Board of Management of Daimler Truck AG: “Important markets such as Europe and North America weakened faster than expected in the second half of the year. We started preparing for this already in the summer and immediately adjusted our production. However, we are not at all satisfied with our return on sales in 2019. We have therefore initiated extensive structural measures to increase our margin to at least 7 percent by 2022. In 2020, we will significantly improve our cost position while continuing to invest in the future. We have a first-class team at Daimler Trucks and have shown in the past that we can act with great determination.”

Stuttgart – Daimler Trucks, the world's leading truck manufacturer, sold fewer vehicles in 2019 than in 2018 in a market environment that has been weakening significantly since the summer. In the first eleven months of 2019, sales of 446,800 units by the brands Mercedes-Benz, FUSO, Freightliner, Western Star, Thomas Built Buses and BharatBenz were 4 percent lower than in the previous year (January to November 2018: 466,900). Daimler AG will announce the exact sales figures for full-year 2019 at the annual press conference on February 11, 2020. The annual press conference of Daimler Truck AG is scheduled for February 18, 2020.

In 2020, Daimler Trucks anticipates the further normalization of the particularly high demand of recent years and thus significant decreases in the core markets of the NAFTA region, Europe and Japan. Daimler Trucks will provide a more precise outlook on the development of its core markets when its full-year figures are announced on February 11, 2020. At the same time, the company is preparing to cope with increasing investment and cost pressure in the coming years. Substantial investment is required in new technologies, including in a CO₂-neutral fleet with electric drive systems and in the automation and connectivity of trucks and buses.

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Comprehensive measures to improve profitability

On the premise of the aforementioned market developments and the measures initiated, Daimler Trucks & Buses anticipates a return on sales in its current business of 6 percent in 2019, at least 5 percent in 2020 and at least 7 percent in 2022. In addition to the short-term adjustment of production to decreasing demand, especially in Europe and the United States, the company has also initiated numerous structural measures to improve profitability in the medium term. One focus is on increasing profitability at Mercedes-Benz Trucks in Europe and Latin America, above all by reducing variable costs by €250 million and personnel costs by €300 million by the end of 2022. In Brazil, the number of vehicle platforms will be reduced significantly while at the same time modernizing the remaining portfolio in order to return to profitability. In Japan, the sales and after-sales organization will be structured more efficiently.

Falling unit sales in the NAFTA region and Europe in late 2019

Daimler Trucks' important NAFTA and European truck markets returned to a normal level faster than expected in the second half of 2019 after a strong phase that started in 2018. Daimler Trucks actually increased its sales in the NAFTA region by a further 8 percent to approximately 187,400 units in the first eleven months of the year (January to November 2018: 172,700). In the month of November, however, there was a sharp fall in unit sales of 16 percent compared with the same month last year. In Europe, sales from January through November 2019 decreased by 5 percent compared with the same period last year to 72,400 units.

Brazil: unsatisfactory profitability despite growth in unit sales

In Brazil, Daimler Trucks significantly increased its sales of Mercedes-Benz trucks in a recovering market and sold approximately 27,000 trucks, 40 percent more than in the same period of last year (January to November 2018: 19,300). However, profitability at Mercedes-Benz do Brasil remains unsatisfactory despite the restructuring measures initiated since 2016. The reductions in material and personnel costs initiated by Mercedes-Benz Trucks therefore affects not only the European part of the organization but also the subsidiary Mercedes-Benz do Brasil. In addition, with the launch of the new Actros for the Brazilian market, Mercedes-Benz Trucks will reduce the number of vehicle architectures from eight to three platforms in order to reduce complexity and costs.

Asia: lower unit sales in Indonesia, India and Japan

In Asia, important truck markets for Daimler Trucks such as Indonesia and India contracted significantly last year. With a total of 121,900 units sold from January through November, unit sales fell by 18 percent year-on-year (January to November 2018: 147,900). Sale in Indonesia fell by 40 percent from 57,400 units in January to November 2018 to 34,500 units in the same period of 2019. In India, Daimler Trucks sold 13,200 vehicles of its BharatBenz truck brand in January through November 2019, about 35 percent fewer than in the prior-year period (January to November 2018: 20,500). In the Japanese market, Daimler Trucks was able to sell approximately 38,200 units with its FUSO brand by the end of November 2019, 4 percent below the level of the previous year (January to November 2018: 40,000).

Further information on Daimler Trucks & Buses is available on the Internet:
www.media.daimler.com and www.daimler-truck.com

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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