

Investor Relations Release

April 23, 2021

Daimler raises margin targets based on strong first quarter performance

- Strong demand: the Group sold 728,600 vehicles (Q1 2020: 644,300)
- Favourable product mix and pricing: revenue of €41.0 billion (Q1 2020: €37.2 billion)
- Bottom line multiplied: Group net profit of € 4.4 billion (Q1 2020: €0.168 billion)
- Well on track: strategic transformation with planned Daimler Truck spin-off and accelerated expansion of electric-vehicle line-up
- Divisional outlook raised: Mercedes-Benz Cars & Vans and Daimler Mobility expect higher margins in 2021

Stuttgart (Germany) – Daimler AG (ticker symbol: DAI) today reported its results for the first quarter ended March 31, 2021 and raised its outlook for the full year. The Group's total unit sales increased by 13% to 728,600 cars and commercial vehicles (Q1 2020: 644,300) due to the recovery of the global economy combined with an attractive vehicle portfolio. Revenue rose to €41.0 billion (Q1 2020: €37.2 billion) supported by favourable product mix and pricing. The strong operating performance in the first-quarter translated into an EBIT bounce to €5,748 million (Q1 2020: €617 million). Adjusted EBIT, reflecting the underlying business, also multiplied to €4,970 million (Q1 2020: €719 million).

Harald Wilhelm, Chief Financial Officer of Daimler AG: “Deliveries, revenues and profits increased significantly, particularly thanks to tailwinds in China, a strong product mix and favourable pricing, supported by industrial performance enhancements and cost control. After this promising start, we are very confident that we can keep up the pace to improve our margins on a sustainable basis and at the same time expand our electric vehicle line-up.”

In the first quarter of 2021, net profit was €4,373 million (Q1 2020: €168 million). Net profit attributable to the shareholders of Daimler AG amounted to €4,290 million (Q1 2020: €94 million), leading to an increase in earnings per share to €4.01 (Q1 2020: €0.09).

Investments, free cash flow and liquidity

The Group's investments in property, plant and equipment in the first quarter totaled €1.2 billion (Q1 2020: €1.3 billion). Research and development expenditure amounted to €2.4 billion (Q1 2020: €2.4 billion). The free cash flow of the industrial business was an inflow of €1.8 billion (Q1 2020: outflow of €2.3 billion), including important upfront investments in future products. This

turnaround was triggered by a strong operating performance, focused capital allocation as well as effective working-capital measures. The adjusted free cash flow of the industrial business rebounded to €2.8 billion (Q1 2020: outflow of €1.9 billion). The net liquidity of the industrial business increased to €20.1 billion at the end of the first quarter, compared to €17.9 billion at year-end 2020. This is mainly a result of the strong free cash flow from the industrial business.

Divisional results

Sales by the Mercedes-Benz Cars & Vans division increased by 15% to 627,300 vehicles in the first quarter (Q1 2020: 546,700). Revenue was €26.9 billion (Q1 2020: €23.2 billion). EBIT amounted to €4,078 million (Q1 2020: €510 million) and the return on sales was 15.2% (Q1 2020: 2.2%). Adjusted EBIT reached €3,841 million (Q1 2020: €603 million) with the adjusted return on sales at 14.3% (Q1 2020: 2.6%). Cash flow before interest and taxes (CFBIT) was an inflow of €1,968 million (Q1 2020: outflow of €1,729 million). Adjusted CFBIT amounted to an inflow of €3,129 million (Q1 2020: outflow of €1,281 million). The adjusted cash conversion rate (CCR) was plus 0.8 (Q1 2020: minus 2.1).

Sales by Mercedes-Benz Cars rose by 15% to 538,900 vehicles in the first quarter (Q1 2020: 470,600). Mercedes-Benz Vans' sales were up 16% to 88,400 vehicles (Q1 2020: 76,200).

The Daimler Trucks & Buses division showed an increase in unit sales of 4% to 101,300 vehicles in the first quarter (Q1 2020: 97,600). Revenue was €8.7 billion (Q1 2020: €8.7 billion). EBIT amounted to €1,041 million (Q1 2020: €247 million) and the return on sales was 12.0% (Q1 2020: 2.8%). Adjusted EBIT was €518 million (Q1 2020: €247 million) and adjusted return on sales was 6.0% (Q1 2020: 2.8%). Cash flow before interest and taxes (CFBIT) soared to an inflow of €621 million (Q1 2020: outflow of €85 million). Adjusted CFBIT amounted to an inflow of €435 million (Q1 2020: outflow of €85 million). The adjusted cash conversion rate (CCR) was plus 0.8 (Q1 2020: minus 0.3).

Unit sales by Daimler Trucks increased by 6% to 97,600 vehicles in the first quarter (Q1 2020: 92,500). Daimler Buses sold 3,700 vehicles, a decrease of 27% (Q1 2020: 5,100).

At Daimler Mobility, new business increased by 4% to €16.8 billion in the first quarter (Q1 2020: €16.2 billion), driven by strong sales developments at the industrial business. Contract volume was €152.7 billion at the end of the quarter (end of 2020: €150.6 billion). Revenue was €7.0 billion (Q1 2020: €7.1 billion). The division's EBIT amounted to €744 million (Q1 2020: €58 million). At 20.2%, return on equity was much higher than the 1.6% in the prior-year period. Adjusted EBIT was €691 million (Q1 2020: €58 million) and adjusted return on equity was 18.7% (Q1 2020: 1.6%).

Daimler Truck spin-off well on track

Daimler intends to generate value for its shareholders and to raise its profitability by creating two pure-play companies, one focused on cars and vans with the other on trucks and buses. It is intended that a significant majority stake in Daimler Truck will be distributed to Daimler

shareholders. The transaction and the listing of Daimler Truck on the Frankfurt Stock Exchange are well on track and expected to be completed before year-end 2021. The project is currently in the preparatory and auditing phase. At an extraordinary general meeting in autumn, Daimler shareholders will have to approve this historic strategic step.

Outlook for Daimler and the divisions

Daimler expects a gradual normalization of economic conditions in the important markets. The company assumes that the world economy will be able to recover from the pandemic-related weakness of the year 2020, aided by the increasing availability of effective vaccines, among other things. Based on the expected market development and the current assessments of the divisions, Daimler continues to anticipate Group unit sales, revenues and EBIT in 2021 to be significantly above the prior year's level. The current worldwide supply shortage in certain semiconductor components affected deliveries in the first quarter. Daimler anticipates that this shortage could further impact sales in the second quarter. Although visibility is limited at present, Daimler assumes some recovery in the third and fourth quarter.

Based on the performance in the first quarter, the divisions expect the following adjusted returns in the year 2021:

- Mercedes-Benz Cars & Vans: adjusted return on sales of 10 - 12%
- Daimler Trucks & Buses: adjusted return on sales of 6 - 7%
- Daimler Mobility: adjusted return on equity of 14 - 15%.

Daimler's business plan covers the full year 2021 and is based on the existing Group structure, including Daimler Trucks & Buses. The spin-off of Daimler Truck, including significant parts of the related financial services business, will be examined before the end of 2021. Before the spin-off, Daimler will reclassify Daimler Truck as discontinued operations. The expected considerable positive effects in the second half of the year cannot be reliably determined at present.

The adjusted cash conversion rate (ratio of cash flow to EBIT) for the Mercedes-Benz Cars & Vans division in 2021 is expected to be between 0.7 and 0.9 and for Daimler Trucks & Buses between 0.8 and 1.0. Daimler expects the reported free cash flow of the industrial business for 2021 to be below 2020's figure, due to the payments in the context of the settlement with the US-regulators in civil-law proceedings relating to diesel emissions. The adjusted free cash flow of the industrial business is now expected to be in the vicinity of the prior-year level despite higher cash taxes.

Link to capital market presentation on first quarter 2021:

<http://www.daimler.com/q1-2021/en>

If you have any questions, please contact our Investor Relations Team:

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Further information on Daimler is available at: www.media.daimler.com
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Forward-looking statements:

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, pandemics, 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, customs and foreign trade provisions; 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 are described under the heading “Risk and Opportunity Report” in this 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.

Daimler at a Glance

Daimler AG is one of the world's most successful automotive companies. With its Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium and luxury cars and one of the world's largest manufacturers of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management, investments and insurance brokerage, as well as innovative mobility services. The company founders, Gottlieb Daimler and Carl Benz, made history by inventing the automobile in 1886. As a pioneer of automotive engineering, Daimler sees shaping the future of mobility in a safe and sustainable way as both a motivation and obligation. The company's focus therefore remains on innovative and green technologies as well as on safe and superior vehicles that both captivate and inspire. Daimler continues to invest systematically in the development of efficient powertrains – from high-tech combustion engines and hybrid vehicles to all-electric powertrains with battery or fuel cell – with the goal of making locally emission-free driving possible in the long term. The company's efforts are also focused on the intelligent connectivity of its vehicles, autonomous driving and new mobility concepts as Daimler regards it as its aspiration and obligation to live up to its responsibility to society and the environment. Daimler sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and South America, Asia and Africa. In addition to Mercedes-Benz, the world's most valuable luxury automotive brand (source: Interbrand study, 20 Oct. 2020), and Mercedes-AMG, Mercedes-Maybach, Mercedes-EQ and Mercedes me, its brand portfolio also includes commercial vehicle brands Mercedes-Benz Trucks Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses as well as the brands of Daimler Mobility: Mercedes-Benz Bank, Mercedes-Benz Financial Services, Daimler Truck Financial and Athlon. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol DAI). In 2020, the Group had a workforce of around 288,500 and sold 2.8 million vehicles. Group revenues amounted to €154.3 billion and Group EBIT to €6.6 billion.