

Investor Relations Release

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Daimler in transition: focus on sustainability, efficiency and mobility of the future

- **Annual Meeting in Berlin: shareholders to vote on new Group structure**
- **Sustainability to be anchored even more firmly in corporate strategy**
- **Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars: “We have built up the strength we need in order to take on the leading role for the much greater task: the transformation of the automotive industry. To do so, we have initiated the greatest change in our history. This transformation is in full swing and it encompasses our products and technologies as well as our business model and corporate culture.”**
- **Change at the top: Dieter Zetsche hands over to Ola Källenius**
- **Manfred Bischoff, Chairman of the Supervisory Board of Daimler AG, pays tribute to the outgoing Chairman of the Board of Management: “With Dieter Zetsche an exceptional executive is leaving. He has successfully led Daimler back to the top, also through difficult terrain. Together with the employees, he has pushed forward the company’s fundamental transformation. Under his leadership, Daimler has laid the foundation for a good future. He deserves our unqualified gratitude.”**
- **Shareholders to vote on the second highest dividend of €3.25 per share**
- **Daimler confirms its forecasts for the year 2019**

Berlin - The Annual Shareholders’ Meeting of Daimler AG at the Berlin Expo Center is to make key strategic decisions: The shareholders will vote on a new Group structure with the transformation of the automotive divisions into legally independent entities and Daimler AG as the parent company. The agenda also includes the further transformation of the vehicle manufacturer into a provider of mobility services and the growing importance of sustainability for a successful business model. At the end of the Annual Shareholder’s Meeting, **Dr. Dieter Zetsche**, Chairman of the Board of Management for many years, will hand over to his successor, **Ola Källenius**, who will continue to develop Daimler from its strong core business with a partially renewed management team. At the Annual Shareholder’s Meeting about 6,000 shareholders are expected, like in the previous year.

“Daimler’s success is based on great automotive expertise and strategic foresight. The Daimler Group’s strategy for locally emission-free mobility should allow customers to make their own contributions to climate protection,” said **Manfred Bischoff**, Chairman of the Supervisory Board of Daimler AG in welcoming the attending shareholders at the Annual Meeting. “In general, the question arises as to the future of individual mobility. It is one of the central challenges facing the automotive industry. It is certainly no longer sufficient just to offer fascinating vehicles with future-orientated drivetrains. It is up to the automotive manufacturers to reinvent mobility solutions in urban environments. The performance of the core business has to be right in order to master all these issues.”

Daimler AG continued to increase its unit sales and revenue in 2018 despite generally difficult conditions. Group EBIT and net profit reached solid levels. With its 298,683 employees (2017: 289,321), the Group increased its unit sales by 2.4% to 3.4 million vehicles (2017: 3.3 million) and thus achieved its growth target. Revenue amounted to €167.4 billion (2017: €164.2 billion). EBIT amounted to €11.1 billion, which is significantly below the prior-year level (2017: €14.3 billion). Net profit decreased to €7.6 billion (2017: €10.6 billion) while earnings per share decreased to €6.78 (2017: €9.61).

The Board of Management and the Supervisory Board will propose a **dividend** of €3.25 per share to the shareholders at the Annual Meeting (previous year: €3.65). The total dividend payout will thus amount to €3.5 billion (previous year: €3.9 billion). This proposed dividend is the second highest in the company’s history. The dividend will be distributed on the third business day after the resolution of the Annual Meeting, May 27, 2019, to all shareholders who held Daimler AG shares on May 22, 2019.

“Daimler has made significant progress in recent years, although we are not satisfied with the latest quarterly results and the share price,” said Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, at the Annual Shareholders’ Meeting. Looking back, Daimler has gone through different phases. “For a time, we were active troubleshooters and we refocused the company on what we do best: vehicles that convince rationally and inspire emotionally. Then we went on the offensive. With Mercedes-Benz we wanted to lead the premium segment by 2020. We have been Number One since 2016. In the commercial vehicles segment, we were able to further build on our leading position. This offensive was not an end in itself. With it, we have built up the strength we need in order to take on the leading role for the much greater task: the transformation of the automotive industry. To do so, we have initiated the greatest change in our history. This transformation is in full swing and it encompasses our products and technologies as well as our business model and corporate culture.”

PROJECT FUTURE up for approval

The shareholders of Daimler AG are requested to vote on the planned new corporate structure (PROJECT FUTURE) at the Annual Meeting. The shareholders’ resolution would then clear the way for the Group to combine the car and van businesses as well as the truck and bus businesses into two legally independent entities by way of a spin-off. The project will take

effective when the hive-down is entered in the commercial register at Stuttgart District Court. The new corporate structure could then take effect on November 1, 2019. From that date onwards, **Mercedes-Benz AG** is to be responsible for the Mercedes-Benz Cars and Mercedes-Benz Vans divisions, while the Daimler Trucks and Daimler Buses divisions are to be controlled by **Daimler Truck AG**. Daimler Financial Services AG, which is already legally independent, will be called **Daimler Mobility AG** from July 24, 2019 on. The two new companies, like the current Daimler AG and the future Daimler Mobility AG, would be co-determined German stock corporations subject with registered offices in Stuttgart.

Daimler AG As a publicly listed parent company, will perform the functions of governance, strategy and control, and is to provide group-wide services. With three strong entities under a common umbrella, the Group is to be more flexible and focused. With the new structure, Daimler wants to give its divisions more entrepreneurial freedom, strengthen market and customer orientation, and make cooperation easier and faster. By focusing the new companies on their customers, markets and core competencies, new growth and earnings potential can be utilized. In addition, strengthening Daimler's divisional structure serves the goal of retaining existing investors over the long term and attracting new investors and partners.

PROJECT FUTURE is to be the most comprehensive reorganization in Daimler's more than 130-year corporate history and, in addition to the business operations in Germany, will involve approximately 800 subsidiaries in more than 60 countries. In terms of revenue and total number of employees at Daimler AG, it is also the largest reorganization that has taken place at a German company in recent years. About 130,000 employees of Daimler AG in Germany will undergo a transfer to the two new companies within the context of a legally regulated transfer of operations, and have been informed about this at an early stage and comprehensively.

"Daimler aspires to be a leader in the new era of mobility. This requires a high degree of innovativeness and flexibility in order to react quickly to changes, to take advantage of new growth opportunities and to continue being successful in the future. With PROJECT FUTURE, Daimler is giving itself a corporate structure that reflects and supports its strategic orientation," said Bischoff. Strong customer-oriented divisions will significantly increase Daimler's speed and flexibility in view of the technical and financial challenges facing the industry.

Sustainability in corporate strategy and remuneration model

With a view to future challenges and the required social acceptance, Daimler is anchoring sustainability even more firmly in the corporate strategy. "Our goal is to act sustainably in all areas of our business – from conserving resources and complying with environmental regulations to data protection and respect for human rights. However, the main focus of our attention at present is on the low-emission car. This is because the number of vehicles on the roads will continue to rise as a result of global demand. Emissions must therefore be reduced

all the more urgently. For us, the Paris Climate Agreement is more than a commitment – it is a conviction,” said Zetsche.

Under the title »Ambition 2039«, the Mercedes-Benz Cars division has set itself ambitious yet realistic goals. The car manufacturer takes a holistic view of sustainability along the entire value chain. The aim is to transform the entire portfolio of new cars into a CO₂-neutral range of vehicles by 2039. This includes topics such as raw materials and the supply chain, vehicle production, the use phase and recycling concepts. Comparable transformation plans are being developed for commercial vehicles.

In order to simultaneously provide top management with the right incentives for sustainable corporate development and to place greater emphasis on transformation in the direction of a mobility service provider, the remuneration of the Board of Management will be realigned. “Our central concern in the adjustment process is to align the incentives, especially the annual bonus, with implementation of the new corporate strategy, the transformation to secure the future, and sustainability: Daimler AG wants to continue to be a leading vehicle manufacturer while developing into a leading provider of mobility. In addition, the aim is to make collective non-financial goals and criteria even clearer, to reduce methodological complexity and to achieve a higher degree of transparency,” said Bischoff. With the approval of the shareholders, the articles of incorporation of Daimler AG are also to be consistently adapted to the growing importance of mobility services by “including mobility and transport services and concepts” as a new object of the company.

Changes in the Supervisory Board

The terms of office of **Joe Kaeser** and **Bernd Pischetsrieder** as shareholder representatives on the Supervisory Board expire at the end of the Annual Shareholders’ Meeting. The Supervisory Board proposes the reelection of both members for a period of five years. **Wolfgang Nieke**, an employee representative and Chairman of the Works Council at the Untertürkheim plant, stepped down from the Supervisory Board at the end of last year. He was replaced by the elected substitute member **Michael Häberle**, who is now Chairman of the Works Council of the Untertürkheim plant.

Daimler expects further growth in unit sales, revenue and EBIT in 2019

For the current year, Daimler continues to expect to be able to slightly increase its unit sales (2018: 3.4 million vehicles) due to the attractive model portfolio in all divisions and the ongoing positive development of global automotive markets. On the basis of the expected sales development, a further slight increase in revenue is anticipated. In a still volatile environment, the company expects Group EBIT to continue to rise slightly overall.

The divisions expect to achieve the following return on sales:

- Mercedes-Benz Cars: a return on sales of 6 to 8 percent,
- Daimler Trucks: a return on sales of 7 to 9 percent,
- Mercedes-Benz Vans: a return on sales of 0 to 2 percent,
- Daimler Buses: a return on sales of 5 to 7 percent, and
- Daimler Financial Services: a return on equity of 17 to 19 percent.

“Our start to the year 2019 has been moderate. This was expected, but it doesn’t make it any better. In particular, we cannot and will not be satisfied with the current level of profitability. In general, framework conditions will not become easier. Along with external factors, we are now also feeling the financial effects of the company’s transformation,” said Zetsche. Over the past five years, our annual investments have risen by more than 50 percent. At Mercedes-Benz Cars, research and development expenditure actually almost doubled. It is the Group’s job to limit the costs of new technologies in the car for the customer. To do so, we have to cut costs and increase efficiency throughout the company.

“Everything is under scrutiny: fixed and variable costs, material and personnel costs, investment projects, vertical integration and the product range,” said Zetsche. The goal is to return Mercedes-Benz Cars and Mercedes-Benz Vans into the profitability corridor of eight to ten percent by 2021. At Daimler Trucks and Daimler Buses, the goal is to achieve a sustainable return of eight percent and to unlock further potential.

Changes in the Board of Management

After more than 13 years as Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, Dieter Zetsche will step down from his position at the end of the Annual Shareholders’ Meeting. With effect at the end of a two-year cooling off period, the Supervisory Board intends to propose to the 2021 Annual Meeting that Zetsche be elected to the Supervisory Board.

“With Dieter Zetsche an exceptional executive is leaving. As a longstanding member of the Board of Management and as Chairman of the Board of Management, he has played a key role in shaping Daimler AG, whether through the necessary separation from Chrysler, overcoming the financial crisis in 2008/09, or realigning the product range and design. Dieter Zetsche not only motivated the entire company with his target ‘We want to be the number one premium manufacturer again,’ but also achieved it ahead of schedule in 2016 compared with the target set for 2020,” said Bischoff. A German business magazine rightly called him ‘the only world-class business leader in the automotive industry’. “He has successfully led Daimler back to the top, also through difficult terrain. Together with the employees, he has pushed forward the company’s fundamental transformation. Under his leadership, Daimler has laid the foundation for a good future. He deserves our unqualified gratitude,” said Bischoff.

Zetsche began his career at Daimler in 1976 in the junior manager group and successfully held a number of management positions. With a doctorate in electrical engineering, he held

management positions in the commercial vehicles business unit in Brazil, Argentina and the United States before being appointed in 1995 to the board of management of Mercedes-Benz AG as head of sales and then to the board of management of the commercial vehicles business unit. In 2000, he assumed responsibility for Chrysler as CEO and President until 2005, when he became Head of the Mercedes-Benz Car Group. 2006 he was appointed as CEO of Daimler AG.

Ola Källenius has been appointed Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars for a period of five years following the end of the Annual Shareholders' Meeting. "With Ola Källenius, we are appointing a recognized, internationally experienced and successful executive from within the Group, who can also inspire people for a cause, as Chairman of the Board of Management and Head of Mercedes-Benz Cars. At the same time, we are relying on the proven dual responsibility with the Chairman of the Board of Management also heading Daimler's largest division," said Bischoff.

Källenius joined the Group in 1995 and, after holding several national and international management functions, was appointed as a member of the Board of Management of Daimler AG with responsibility for Mercedes-Benz Cars Marketing and Sales effective as of January 2015. In January 2017, he took over responsibility for Group Research and Mercedes-Benz Cars Development.

Markus Schäfer succeeds Källenius in the Daimler Board of Management. For a period of five years, he will be responsible for Group Research and Mercedes-Benz Cars Development. Schäfer will be also responsible for procurement and supplier quality at Mercedes-Benz Cars. "Markus Schäfer has demonstrated excellent leadership qualities and strategic vision in various technical management positions in the Mercedes-Benz Cars division," said Bischoff.

Since **Bodo Uebber**, the long-standing CFO, stated last October that he would not seek to extend his appointment, which runs until December 2019, he is stepping down from the Board of Management with the approval of the Supervisory Board at the end of the Annual Shareholders' Meeting. "Bodo Uebber joined the Daimler Group in 1989 and has successfully been responsible for finance at Daimler AG since 2004. He has been the reliable economic conscience of the company and has implemented many initiatives in his area of responsibility and throughout the Group. We thank Bodo Uebber for his successful and intensive work and wish him all the best for the future," said Bischoff.

Uebber's successor will be **Harald Wilhelm**, who was appointed to the Board of Management of Daimler AG as of April 1, 2019, initially without an area of responsibility. After the Annual Shareholders' Meeting, Wilhelm will be responsible for Finance & Controlling and Daimler Financial Services. The appointment has been made for three years. Harald Wilhelm was previously Chief Financial Officer of Airbus and a member of the Airbus Executive Committee. "With his many years of international expertise, he will provide Daimler with outstanding support in its transformation into a mobility provider and will drive this strategic orientation forward. We have also taken account of the growing importance of capital markets and

investors with the appointment of Harald Wilhelm. At the same time, we are continuing the generational change in the Board of Management,” said Bischoff.

In February 2019, the Supervisory Board reappointed Britta Seeger as a member of the Board of Management with responsibility for Mercedes-Benz Cars Marketing and Sales for a further five years effective January 1, 2020.

“If Daimler is further ahead today than ever before in so many respects, it is thanks to the tremendous achievements of generations of dedicated employees. They have built and developed the business over 130 years – in good times and times that weren’t so great. I had the privilege of contributing to and helping to direct this course for more than four decades. With the invention of the automobile, the founding fathers of Daimler have moved much more than people and goods. If we want to change the world once again – and for the better – then Daimler must also continue to change. And I’m quite confident about this transformation,” said Zetsche.

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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