

Speeches by

Dr. Dieter Zetsche

**Chairman of the Board of Management
of Daimler AG**

and

Bodo Uebber

**Member of the Board of Management
of Daimler AG for
Finance & Controlling and Daimler Financial Services**

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Content

	Page
<u>Dr. Dieter Zetsche:</u>	
Welcoming remarks	2
Review	2
 <u>Bodo Uebber:</u>	
Mercedes-Benz Cars	5
Daimler Trucks	6
Mercedes-Benz Vans	6
Daimler Buses	7
Daimler Financial Services	7
Reconciliation	7
Mobility Services	8
Group financials	8
Investment in the future	10
Project Future	10
 <u>Dr. Dieter Zetsche:</u>	
Outlook	12
Conclusion	15

Dr. Dieter Zetsche

**Chairman of the Board of Management
of Daimler AG
and Head of Mercedes-Benz Cars**

Welcoming remarks

Good morning, ladies and gentlemen!

I would like to reinforce what Jörg Howe said: Such methods are in contrast to our values at Daimler. We will completely clean up these processes. I regret this all the more as the employees of Daimler truly have reason to be proud of our company. Because they have once again succeeded in breaking the record they set in the previous year. I would therefore like to start by thanking all of our colleagues for their outstanding performance last year – and also for the willingness and enthusiasm with which they are not only accepting but also actively promoting the transformation of our company. This Annual Press Conference will focus on our success and our process of transformation at Daimler.

First, I'd like to discuss the most important highlights at Daimler in 2017.

Review

Mercedes-Benz Cars remains on course for profitable growth. We sold almost 2.4 million cars in 2017 – eight percent more than in the previous year. This growth was primarily driven by the new E-Class and our SUVs. The new S-Class generated additional sales momentum in the second half of the year. Mercedes-Benz sold more vehicles than the direct competitors in 2017, but that's not all. We also grew faster than our rivals, with retail sales up by ten percent. In other words, we are still expanding our leading position in the premium segment. To be specific, we are 10 and more than 20 percent respectively ahead of our two main competitors.

One crucial reason for that is our success in China. Sales of Mercedes-Benz vehicles in China rose by 28 percent to 595,000 units in 2017. This success is the result of our hard work during the past few years. For example, we have aligned our products with the requirements of Chinese customers, substantially expanded our local production and optimized our sales organization. This has enabled us to take a major step forward in the world's biggest automotive market. smart was also very popular in China in 2017: The brand's sales in that country increased by seven percent. smart sold 136,000 vehicles all over the world in 2017.

At 471,000 units, sales of Daimler Trucks were significantly higher than in the previous year – and also much higher than we expected at the beginning of 2017. With little support from the markets that is a remarkable result. The sales increase was driven by positive developments in the NAFTA region, where sales rose by 13 percent. Daimler Trucks also grew in Europe, by three percent. Sales in Latin American were up 11 percent from the prior year, and sales in Asia increased by 18 percent. Sales in Japan were slightly lower than in the previous year, but sales in Indonesia, India and the Middle East were significantly higher.

We were able to consolidate or extend our already strong positions in nearly all markets. We remain the undisputed market leader for medium and heavy-duty trucks in NAFTA and Europe, and we have a 28 percent market share in Brazil. In order to benefit from the increased demand that we expect to see in the medium term, we will invest around €600 million in our products, plants and digital services in Brazil over the next five years. FUSO's market share in Japan was nearly 20 percent last year. In India, BharatBenz succeeded in increasing its market share to more than nine percent. With the efficiency measures we have introduced, particularly at Mercedes-Benz Trucks, there is a good chance to achieve our target level also in terms of profitability.

Mercedes-Benz Vans achieved strong growth once again in 2017, with all model series contributing to the division's fourth consecutive record year. More than 200,000 Sprinter vans were sold in the final year of the model cycle – more than ever before. Sales of the Vito increased by 21 percent, while Citan sales rose by five percent. V-Class sales were up 22 percent. The X-Class – the world's first pickup built by a premium manufacturer – got off to a great start after its launch at the end of the year. In 2017 we also showed how we plan to transform Mercedes-Benz Vans from a van manufacturer into a supplier of system solutions. In the future it will offer everything from ridesharing services to new delivery systems that use vans and drones.

Business development at Daimler Buses received a major boost from the improved economic situation in Latin America. In Turkey, on the other hand, the situation remained problematic. All in all, we sold 28,700 buses and chassis last year – nine percent more than in 2016. Our product offensive also continued in 2017. With our new hybrid city bus, we are offering a solution that will help make local public transport even more efficient. We also plan to introduce two new coaches in order to continue benefiting from the growing long-distance bus market. In addition, our new OMNIplus On brand now brings together all bus-related digital services.

Daimler Financial Services has been setting new records for years now – and 2017 was no exception. New business increased by 14 percent to €70.7 billion, and contract volume rose by six percent to nearly €140 billion. We now lease or finance half of all the vehicles we sell. We are also increasingly offering the right insurance packages to go with them. In fact, our insurance brokerage volume grew by 20 percent last year. We recently introduced a new telematics insurance policy whose rates are determined by individual driving styles. This is a system that rewards safe driving. Meanwhile mobility services are part of the core business of DFS. The pilot project for car2go was launched around nine years ago. Today we offer a whole range of digital services, including everything from flexible carsharing to an app-based taxi service and mobile ticketing solutions for public and private transport companies. Almost 18 million people in more than 100 cities all over the world now use these services from Daimler. That translates into more than twice as many customers as we had in 2016. We are still extending our leadership in this area.

I'd now like to give you an overview of the most important figures for the financial year 2017. Group revenue increased by seven percent to €164.3 billion. This increase was higher than we had anticipated at the beginning of the year. Group EBIT totaled €14.7 billion last year – an increase of 14 percent, which means that our profit grew at twice the rate of revenue. In other words, we are growing very profitably. We have also achieved our return on sales target of nine percent for the automotive business.

The Group's net profit totaled €10.9 billion last year, and earnings per share amounted to €9.84. On the basis of these figures, the Board of Management and the Supervisory Board

will propose a dividend of €3.65 per share at the Annual Shareholders' Meeting. This means we will pay out total dividends of €3.9 billion to our shareholders. Our employees will also benefit from our good business development. Every eligible employee of Daimler AG will receive a profit-sharing payout of €5,700 this year.

I'd now like to hand over to Bodo Uebber, who will give you further details of our business results and present the development of the individual divisions.

And now, please allow me to hand you over to Bodo Uebber.

Bodo Uebber
Member of the Board of Management
of Daimler AG for
Finance & Controlling and Daimler Financial Services

Thank you, Dieter!

Mercedes-Benz Cars

Ladies and gentlemen, let me now give you some more details of our results for financial year 2017. I would like to say in advance that, as usual, the financial metrics at this point are still preliminary and unaudited.

First of all, the development of the individual divisions:

Mercedes-Benz Cars continued along its path of profitable growth in 2017. Unit sales increased by 8% to the new high of 2.4 million vehicles. Revenue grew to 94.7 billion euros.

Despite higher advance expenditure for our product offensive and new technologies, EBIT also increased to 9.2 billion euros; that's 13% more than in the previous year and the highest level to date. Return on sales reached 9.7%.

This success is based on our attractive and innovative model portfolio, which is more diverse than ever before. Sales of the new E-Class, of which all model variants are available now, reached the new record of 400,000 units.

Our SUVs also continued their success story, with an overall 16% increase in sales to 823,000 units. So for the first time, more than a third of all automobiles sold were in the SUV segment.

The Mercedes-Benz brand is now the number one in the premium segment, not only in Germany and many other European core markets, but also in the United States, Canada and Japan.

In Europe, Mercedes-Benz Cars sold more than one million vehicles for the first time. We achieved significant growth in each of the volume markets France, Italy, Spain and the United Kingdom. And also in Germany, we sold 2% more cars than in the previous year.

We were particularly successful in China, our biggest single market. In China alone, we sold 619,000 vehicles last year, 27% more than in 2016. Of that number, 423,000 automobiles were from our local production, which is almost 70% of our total sales there.

Growth in unit sales was the main driver of the increased earnings at Mercedes-Benz Cars. Exchange-rate effects were another factor with a positive impact on EBIT.

On the other hand, our expenses increased due to advance expenditure for new technologies and vehicles and for the expansion of our production capacities. The development of raw-material prices also had a negative impact on earnings at the car division.

Special items affected EBIT both in the year under review and in 2016. In 2017, a vehicle recall and voluntary service actions in connection with the plan for the future of diesel engines reduced earnings by 0.4 billion euros. On the other hand, income of 0.2 billion euros resulted from the remeasurement of our investment in THERE Holding.

To summarize, we can say that we were able to increase our EBIT significantly and at the same time additionally invested more than one billion euros in the future of the Daimler Group.

Daimler Trucks

Daimler Trucks sold 471,000 vehicles in 2017, an increase of 13%. Revenue also grew significantly to 35.7 billion euros. Although there was not much tailwind from our major truck markets, Daimler Trucks significantly increased its EBIT to 2.4 billion euros.

In the truck division, especially at the Mercedes-Benz brand, we took further steps to optimize our fixed costs. In this way, we intend to bring profitability to the targeted level in the coming years. The cost optimization we have planned and partially already realized should improve earnings by 1.4 billion euros by the end of 2018. These measures will then be fully effective as of the year 2019.

With the development of unit sales in 2017, I would like to emphasize the turning point in the NAFTA region. While our unit sales in the first half of the year were 7% below the prior-year period, they were up by 13% in the full year. And we achieved that increase although demand for trucks in the North American market was at the previous year's level. A major contribution to this success came from the Freightliner Cascadia, which has been produced since the beginning of 2017.

In the EU30 region, we were able to slightly increase our truck sales by 3%. We achieved significant growth in Indonesia and Russia.

The good development of unit sales was the main driver of the increased earnings also at Daimler Trucks. Another factor was the sale of real estate in Japan and efficiency improvements. Earnings at the truck division were negatively affected by higher raw-material prices and expenses in connection with the optimization of fixed costs.

Mercedes-Benz Vans

On the basis of its attractive product portfolio, Mercedes-Benz Vans set another record for unit sales in 2017. With growth of 12%, it passed the mark of 400,000 vehicles sold.

The main growth drivers were the Vito van and the V-Class multi-purpose vehicle, with an increase of 22%. But unit sales of the Sprinter also increased: by 4% in the last full year of its current lifecycle. Its successor will be launched in the first half of 2018. We have already sold 3,300 of the new X-Class pickup in Europe.

In regional terms, Mercedes-Benz Vans achieved growth in all of its important markets. We were particularly successful in China, where unit sales grew by 75%, driven by the new models we launched in the mid-size segment in 2016. In Germany, our domestic market, we sold 10% more vans and set a new record, too.

Mercedes-Benz Vans' revenue increased by 3% to 13.2 billion euros. EBIT of 1.2 billion euros was almost exactly at the level of 2016.

Positive effects resulted primarily from the development of unit sales and of exchange rates. However, also at the van division, earnings were reduced by our investments in new technologies and vehicles. We were able to fully offset the effect from the end of contract manufacturing for Volkswagen. The same applies to the modifications at the Düsseldorf plant in connection with the upcoming model change for the Sprinter, which led to a break in production for several weeks.

With a return on sales of 9.0%, the division exactly achieved its target.

Daimler Buses

Daimler Buses sold 28,700 buses and bus chassis worldwide in 2017. The main contribution to the significant increase in unit sales came from the Latin American market. In Brazil alone, we achieved growth of 46% to the number of 7,200 chassis sold, and profited from the gradually improving Brazilian economy.

Our business with complete buses in the EU30 region also developed positively and was at the high level of the previous year. We defended our leading market position in this region.

Revenue at Daimler Buses reached 4.4 billion euros, representing an increase of 4% compared with the previous year. Operating profit of 243 million euros was at the high prior-year level.

Positive effects on earnings resulted from the increased unit sales in Latin America and further efficiency enhancements. On the other hand, earnings were reduced by higher costs due to inflation, especially in Latin America, as well as by negative exchange-rate effects.

Daimler Financial Services

Daimler Financial Services continues along its growth path. Last year, we concluded 1.9 million new financing and leasing contracts in an amount of 70.7 billion euros, which means that new business grew by 14%. Once again in 2017, about half of all new vehicles sold by our automotive divisions were supported by sales financing from Daimler Financial Services.

By the end of 2017, we had a total of more than 4.8 million financed or leased vehicles on our books, so contract volume grew compared with the end of 2016 by 6% to almost 140 billion euros. Adjusted for exchange-rate effects, contract volume actually grew by 12%.

The increased contract volume was the main reason for division's record earnings: Daimler Financial Services' EBIT increased by 13% to 2.0 billion euros in 2017. Its return on equity rose to 17.6% and thus once again surpassed the target.

There was a positive effect also from the development of risk costs, which remained at a very low level as a result of our disciplined risk management. We were able to offset the higher level of interest rates, as well as our investments in new businesses.

Reconciliation

For the derivation of EBIT for the Group, you need to know the items in the reconciliation. They added up to minus 299 million euros in 2017, compared with minus 316 million euros in the previous year.

The reconciliation of 2017 also includes corporate initiatives such as “Project Future” and other items, eliminations and above all expenses in connection with legal proceedings.

In 2016, expenses in connection with a lawsuit of 400 million euros and losses from currency transactions of 241 million euros were included.

Mobility Services

Ladies and gentlemen,

More and more people want to consume a car journey as a service. Especially in big cities, demand is increasing for “mobility by smartphone click.” At Daimler, we are ideally prepared for the resulting opportunities: Daimler Financial Services has continually developed and expanded its business with mobility services, with the result that we are now a pioneer among the automobile manufacturers.

In the area of mobility services, we are focusing on three segments: car sharing, ride hailing and multimodal platforms. We are extremely well positioned all of those areas: car2go is the world’s market leader for flexible car sharing; mytaxi is the leading European taxi app; and with moovel, we offer highly attractive mobility solutions for cities and public-transportation operators.

In all of these businesses, we substantially increased the numbers of users and transactions in 2017, we launched new products and features, and we made further progress with our development expertise. By the end of 2017, Daimler Mobility Services was represented in more than 100 cities in 18 countries.

This strong portfolio is supplemented by a series of strategic holdings, for example in the driver service Blacklane, the long-distance bus company Flixbus, and the leading provider of private car sharing in the United States, Turo.

In the short and medium term, we will develop a fast-growing additional market segment with our mobility services. Even more important is that as soon as the technology is ready, these services will be the entry point into fully automated car services.

Daimler Mobility Services offers the ideal conditions for this. First, we are developing the right customer base and market presence. Second, we are entering into partnerships with cities, the most important location for on-demand mobility. And third, we are creating the required technological and specialist capabilities.

All of that makes us the pioneer with regard to the transformation: We are ideally prepared to enter the highly attractive business with robot taxis.

Group financials

So that was about our divisions’ key figures.

Ladies and gentlemen, Daimler’s success in the past year is apparent in all the Group’s figures. With the significant growth in unit sales, revenue and earnings, as well as our attractive product portfolio, we not only strengthened our core business, we also created an excellent starting position to master the challenges of the fundamental transformation of the automotive industry that lie ahead of us.

In 2017, Daimler increased its revenue by 7% to the new record of 164.3 billion euros. Over the past five years, we have expanded our business volume by approximately 40%.

EBIT increased last year by 14% to 14.7 billion euros. This means that we continued to grow profitably although we further increased our advance expenditure for the future.

We also continued our long-term growth trend with regard to revenue and EBIT. Our automotive business exactly achieved the targeted margin of 9%. This is evidence that the strategy we are pursuing is paying off.

Our free cash flow from the industrial business was affected in 2017 by the strengthening of the pension plan assets. Excluding the exceptional contribution of 3 billion euros to the German plan assets, the free cash flow would be 5 billion euros, despite significantly higher advance expenditure for new products and technologies. This is where the increased operating profit in the automotive divisions had a positive impact.

The contribution to the pension plan assets also affected the net liquidity of our industrial business; it continues to be at a very good level. With our current liquid resources, we have a level appropriate to the general risk situation in the financial markets and the risk profile of our company. And, they create the right conditions for us to systematically continue our investment offensive.

Basically, our very solid balance sheet and liquidity figures greatly contribute to strengthen Daimler's A-rating.

Compared with the previous year, net profit increased substantially to 10.9 billion euros. That was due on the one hand to the significant increase in EBIT. It also reflects extraordinary tax effects.

A major factor is the tax reform that was passed in the United States in late 2017, especially the significant reduction in corporate income tax from 35% to 21% as of 2018. Due to our broad-based industrial and financial-services business in the United States combined with strong value added, Daimler, like many local companies benefits from this tax adjustment.

The reduced tax rate requires the remeasurement of the future tax liabilities of our US subsidiaries. Together with an opposing aperiodic tax effect, this leads to a positive effect on income taxes of 1 billion euros in 2017.

Of the net profit, 10.5 billion euros is attributable to the shareholders of Daimler AG, two billion more than in the previous year. This leads to earnings per share of 9 euros and 84 cents.

We want our shareholders once again to participate commensurately in the company's success of the year 2017. At the Annual Shareholders' Meeting on April 5, the Board of Management and the Supervisory Board will therefore propose the payment of an increased dividend of 3 euros and 65 cents per share. The dividend distribution would then increase to the new record of 3.9 billion euros.

This dividend takes into consideration that the US tax reform will only affect cash flows in future. Our general aim continues to be a payout of 40% of net profit attributable to Daimler shareholders.

On the basis of the current share price, the proposed distribution is equivalent to a dividend yield of approximately 5%. In the current interest environment, that represents a very attractive return on our shareholders' investment.

We anticipate a positive development of the Group's financial metrics also in 2018. We expect the free cash flow from the industrial business to significantly surpass the prior-year level and to be higher than the dividend to be paid out in 2018. And that is our expectation although we will invest even more in new products and technologies.

Investment in the future

Ladies and gentlemen, our ambition as the inventor of the automobile is to shape the fundamental transformation of the automotive industry from the forefront. That requires extensive investments in new products, innovative technologies and modern production facilities.

On the basis of our profitable core business, we increased our expenditure for shaping the future – from an already very high level – to a total of 15.5 billion euros in 2017: more than 6.7 billion euros for property plant and equipment and 8.7 billion euros for research and development.

We will vigorously continue our innovation offensive also in the coming years. In 2018 and 2019, we will further increase our investment and spend more than 32 billion euros on property, plant and equipment and on research and development projects.

Most of the investment in property, plant and equipment will flow into

- production preparations for our new models,
- our production facilities including a worldwide network for electric vehicles for the flexible production of cars with combustion engines and electric drive,
- as well as the production of batteries.

The focus of our research and development expenditure is on preparations for new vehicles, as well as the areas of

- autonomous driving,
- connectivity
- and electric mobility.

Project Future

But we want to shape the future of Daimler from a position of strength. This means not only that we have to keep our finger firmly on the pulse of the market, but also that we have to react as quickly and flexibly as possible to new market developments and a fundamentally changing competitive environment.

With the planned implementation of a new structure, three strong business entities with their own management responsibility will be created under the roof and leadership of Daimler AG: two new companies to be founded for the areas of Cars & Vans and Trucks & Buses, and the existing and already legally independent Daimler Financial Services AG.

This targeted structure will enable us to strengthen entrepreneurial responsibility and to utilize the growth and earnings potential in the respective markets even better.

With “Project Future,” the Group is not pursuing a savings or efficiency program, and does not have the intention to reduce the size of the workforce.

We are consulting closely with our employee representatives within the framework of the project. For example, we have agreed on the key points of a balance of interests for the employees. This means we have reached fundamental agreement on shaping the future of our workforce.

Important points are the extension of job guarantees until the end of 2029, continuous investment in the plants in Germany, and the extensive financing of the pension obligations.

So far, neither the Board of Management nor the Supervisory Board of Daimler AG has made a final decision on implementing the new structure of the Daimler Group. Both boards will make a final assessment after the ongoing preparatory work and negotiations have been concluded.

The preparations that are currently being made include a thorough due diligence to evaluate the economic, tax-related and organizational effects of the planned new structure. In addition, IT systems will have to be adjusted and numerous companies of the Group will have to be reallocated. We are making good progress with the work on the project, but thoroughness and care take priority over speed.

Should the Board of Management and Supervisory Board decide in favor of final implementation of the new Group structure, the consent of a shareholders’ meeting of Daimler AG would be required. A resolution to that effect could be passed at the Annual Shareholders’ Meeting in the spring of 2019.

An important element of the balance of interests for the employees in connection with “Project Future” is the extraordinary contribution of 3 billion euros to the pension plan assets of Daimler AG.

With this renewed contribution, we have invested again in our employees’ company pensions. This will help to safeguard the future of our workforce. As a result, the funded status of our pension obligations improves to 86% at the Group. The funded status at Daimler AG is actually 90%.

Since the year 2013, the pension plan assets of the Daimler Group have grown from 14.6 to 27.2 billion euros. This includes 8.5 billion euros that we have transferred to our pension plans in the context of extraordinary contributions.

In this way, we are also honoring the efforts of our workforce, which play a major part in achieving Daimler’s success.

Ladies and gentlemen, that’s all from me. I will now hand you back over to Dieter Zetsche.

Dr. Dieter Zetsche

**Chairman of the Board of Management
of Daimler AG
and Head of Mercedes-Benz Cars**

Thank you, Bodo.

Outlook

Thank you very much, Bodo. Our balance sheet for 2017 shows that our company is very healthy and highly profitable. We're very proud of that. Customers who rely on Daimler can be sure they will receive an outstanding product. Shareholders understand that Daimler offers them a profitable investment, and employees know that they are working for an attractive employer. Our company stands for stable success in volatile times. However, no matter how stable you are, you still need to keep moving. That's why we are forging ahead with the transformation of Daimler throughout the Group. I'd like to talk about that in a bit more detail.

Our focus on our core business is the foundation of our success today. It forms the economic backbone of Daimler. And we plan to strengthen it even further. Above all, we will invest in new products. In January, for example, we began deliveries of the new versions of the S-Class coupe and convertible. The new CLS will be launched on the market in March. All in all, we will introduce more than a dozen new car models in 2018. A little over two weeks ago in Detroit, we presented the latest version of a Mercedes icon: the new G-Class. It's a real eyecatcher, as you can see here on the stage. The new G-Class is even more practical in daily use on the road, and off-road it's more powerful than ever before. It's equipped with all of our driver assistance systems, and its interior has been completely modernized. Nonetheless, we've managed to preserve the model's unique character. The year 2018 marks the start of a new chapter in the long and successful history of the G-Class. We have sold almost 300,000 units of the G-Class over nearly 40 years – and around 80 percent of these vehicles are still on the road. This success story has benefited the Mercedes-Benz brand as a whole.

The new product highlight for commercial vehicles in 2018 is the Sprinter. The requirements a van needs to meet are changing and they are as varied as our customers and the sectors in which they operate. That's why one of the Sprinter's recipes for success is the fact that we can offer more than 1,000 base variants alone, with different lengths, bodies, cabs and drive systems. Moreover, because future transport vehicles will have to be linked to other parts of the logistics chain, the new Sprinter will have the requisite hardware to be integrated with the Internet of Things. We'll be presenting all the details about the new Sprinter next Tuesday. The market launch is scheduled to begin in the first half of 2018.

We continue to use our technological know-how and the earning power from our core business to effectively address the key issues that are shaping the future of our industry. We have combined these issues under the heading CASE, which stands for connectivity, autonomous driving, sharing and electric mobility. In other words, we're doing nothing less than reinventing personal mobility. Let me give you few examples.

In January, we presented our new MBUX infotainment system at the CES in Las Vegas. This system is not a further development – it's a new beginning that takes connectivity at

Mercedes-Benz to the next level. MBUX supplements navigation features with augmented reality technology. The system can be customized, and thanks to artificial intelligence it is able to learn. We've also included "over the air" updates. MBUX is controlled via touchpads, a touchscreen and a new intelligent voice-controlled assistant that understands natural language and thus doesn't require any predefined commands. MBUX will be launched in the new A-Class, which we will present tomorrow in Amsterdam.

In order to accelerate our progress on the road to autonomous driving, we've conducted a worldwide test drive during the past few months. The test vehicle, which is based on a series-produced S-Class, collected important data under real traffic conditions on five continents. This data will help our engineers deal with the differences between regional traffic conditions as they refine our autonomous driving technology. The Intelligent World Drive, as the test drive is known, also showed us that in the near future we need to have not only a legal framework in Germany but also legal frameworks that function at the international level and are as uniform as possible. After all, our customers don't want to be constrained by national borders when they're in an automated vehicle either.

We are introducing automated driving functions in our production models step by step. That is enabling customers to gradually develop trust in the technology. In parallel, we are working on fleets of Level 5 autonomous vehicles for metropolitan areas. We're not the only ones doing this – the whole industry is talking about robo-taxis these days. But in order to build such an ecosystem, you need in several different areas. The vehicle technology is only the beginning; the software platforms, intelligent fleet management systems and financing must also be considered. We have attained an outstanding starting position in all of these areas in the past few years. Our goal is to put the first self-driving taxis on the road in the early 2020s.

Developments in the area of electric mobility are also racing ahead. We now have the technical requirements to build electric vehicles that are equal to cars with combustion engines – and even superior to them in some areas. In the years ahead, we will invest more than €10 billion in the expansion of our electric fleet. By 2022 we will have electrified the entire Mercedes product range.

We will offer at least one electric alternative in every segment. Moreover, we will convert smart into an all-electric vehicle brand in Europe and the USA by 2020. In addition to our investment in new models, we are spending €1 billion to establish our own battery production operations at five plants on three continents. We are also electrifying our commercial vehicles with the same determination. For example, Mercedes-Benz Vans plans to electrify all of its commercial model series in the years ahead, starting with the eVito in 2018. Other model series will follow, starting in 2019. We are developing electric heavy-duty trucks at Mercedes-Benz Trucks and Freightliner. Our light Fuso eCanter truck is already on the market. All truck and bus models from FUSO will also be offered in electric versions in the years ahead. Mercedes-Benz will launch an all-electric bus in a pilot project this year. As you can see, we began shifting into the electric mobility mode some time ago. And we still have many more plans.

In terms of our practical work on the CASE topics, we are pursuing a variety of strategies. On the one hand, we are strengthening our own expertise – for example, by setting up a network of digital development centers from Seattle to Tel Aviv. At the same time, we are cooperating with strong partners – for example, with Bosch in the field of autonomous driving and with a whole range of companies on establishing a battery-charging infrastructure. We are also investing in highly innovative startups, especially in the field of mobility services. All of this requires a culture of openness at the company. We are working on that as well in our

Leadership 2020 program. We wanted our people to grasp the transformation quickly. That's why we initially focused on changing our processes, rules and tools. This was the right approach. Everyone saw that we weren't just talking about change. We were actually changing things.

Now a new phase is beginning. We are focusing on the principles of Leadership 2020 – the principles by which we manage our operations and work together. For example, if you work together in a swarm, you need more than just a set of rules. Above all, you need to have the right attitude in order to cooperate effectively and act with agility. And the current debate surrounding the EUGT shows how important it is to have a common understanding of integrity that everyone in the company shares. What we have already achieved in terms of cultural transformation is unique in our company's long history. When the idea of transformation is firmly established in all of our teams, it will change Daimler even more than we can imagine today. I'm looking forward to that.

We want the structure of the Group to reflect the entrepreneurial spirit that we are fostering through Leadership 2020. That's because we believe that our internal attitude and our external position should complement each other. After all, it's easier to be fast, flexible and close to the market when the structures around us are supportive. As Bodo already explained, we're planning to transform our divisions into legally independent entities under the umbrella of Daimler. We are convinced that if we grant greater responsibility to smaller units, we will become more agile and more focused on our work with specific customers. That will make us more effective and even more attractive to investors and potential partners. We also want to put the best possible structures in place to ensure a successful future. It's important to achieve the right balance. That's why we are strengthening individual responsibility in our organization while at the same time safeguarding the synergies we have at Daimler.

That's a summary of our strategic outlook. What can we expect to see in 2018 in concrete terms? The global economy could develop as favorably this year as it did in 2017. We expect to see economic growth of well over three percent. We also expect global car demand to increase slightly in 2018. Demand for trucks will probably increase in most of the regions that are relevant to us. We also believe the markets for vans and buses will develop positively. We plan to increase our car sales slightly in 2018 and thus to set yet another record. We also want to achieve a significant increase in business volume for trucks, vans and buses. Financial Services is also striving for further growth.

On this basis, we expect to see the following earnings results at the divisions:

- Cars: around the prior-year level
- Trucks: significantly above the prior-year level
- Vans: slightly below the prior-year level
- Buses: significantly above the prior-year level
- Financial Services: around the prior-year level

All in all, we expect the Group's EBIT in 2018 to be around the prior-year level.

Conclusion

Ladies and gentlemen, we have been cooperating for some time with the startup what3words. We also recently became a shareholder. what3words has divided the world into squares and named each square using a random combination of three words. We are introducing this system in automobiles in the new A-Class. The system enables simple navigation that is precise to within a meter, even in places where there are no addresses to help the driver – on large company sites, for example. The algorithm has assigned the following combination of words to the visitors' address of our headquarters in Untertürkheim: erfüllen.völlig.luchs (fulfill.completely.lynx). It seems to me that the first two words at least are a perfect fit for us! In recent years we have fulfilled our promises. We've delivered.

During this period, there were three phases in the development of our company. The first phase was one of restructuring. We focused on our core area of expertise: building automobiles. In the second phase, our goal was to become number one. We achieved this goal earlier than we had planned. Now we're in the phase of shaping the future. And we are doing that from a position of strength. Our mission remains the same: Daimler belongs on top. Today, 132 years after the invention of the automobile, Daimler is once again leading the way into the future. We hope you will continue to accompany us on this journey.

Thank you very much!

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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; 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.