

# DAIMLER

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## **Conference Call Q3 and January through September 2008 Results**

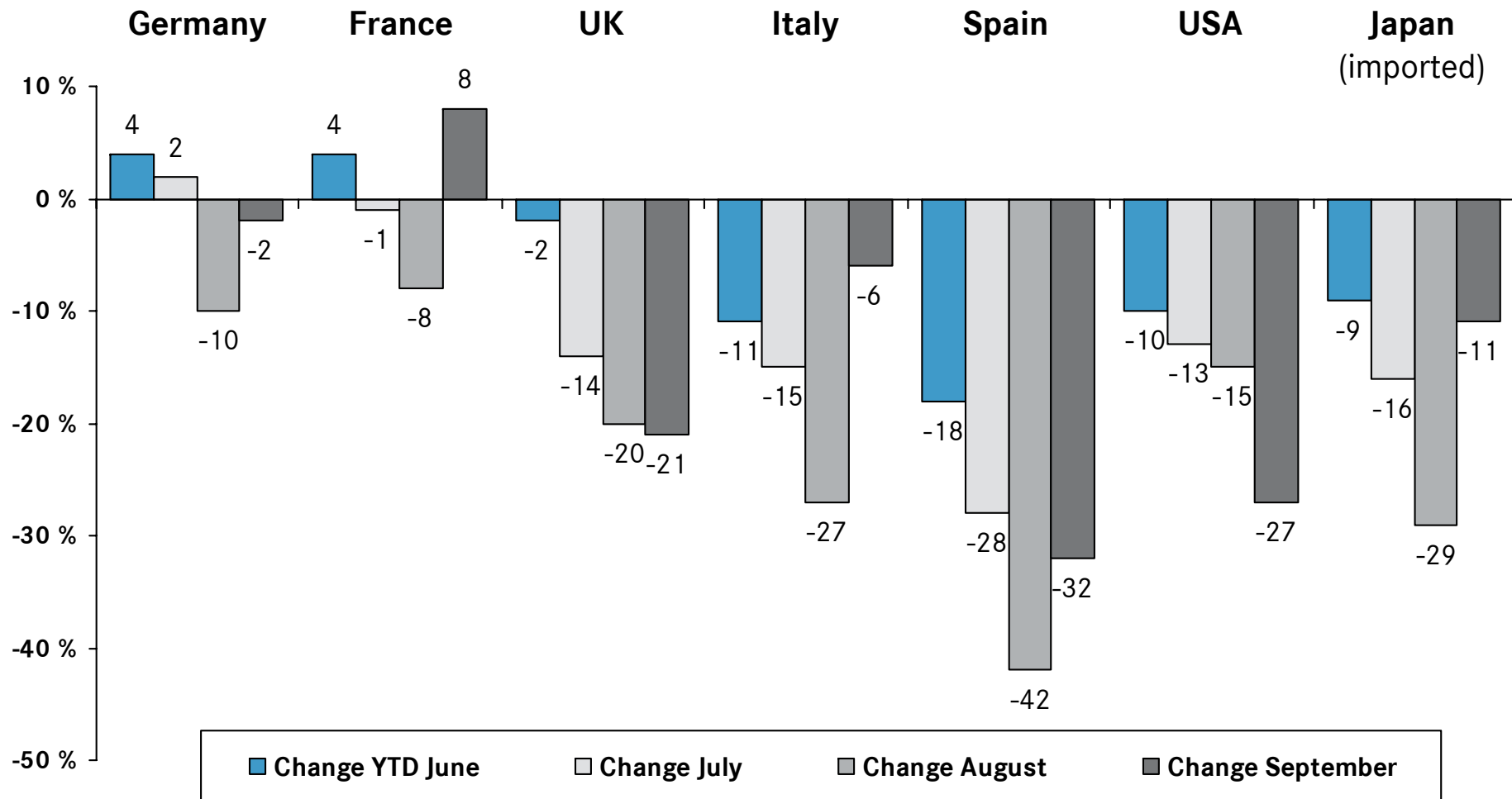
Dr. Dieter Zetsche

Chairman of the Board of Management  
Head of Mercedes-Benz Cars

October 23, 2008

## Total market in 2008

- Passenger vehicles including all makes, 2008 vs. 2007 -



## Development of truck markets

- **Western Europe:** Sales at high levels in 2008, while incoming orders declined substantially

- Daimler Trucks incoming orders:
  - 21% in Q1
  - 43% in Q2
  - 56% in Q3

Overall market volume for 2009 should be lower than in 2008

- **NAFTA:** 2008 will be another weak year for the NAFTA market with sales anticipated to be below 2007 levels
- **Asia:** While truck markets in South-East Asia are expected to be above last year's level in 2008, the Japanese truck market should experience another weak year
- **Latin America:** For Latin America we expect another increase in demand, compared to 2007, after strong market performance during the last years

## Key financials

- in billions of € -	Q3 2007	Q3 2008
Revenue	25.7	23.8
EBIT	1.9	0.6
Net profit	(1.5)	0.2
Earnings per share (in €)	(1.47)	0.21
Free cash flow industrial business (January to September)	5.7	(0.3)
Net liquidity industrial business (2007: at year-end)	12.9	6.7

## Q3 Headlines

### ● Mercedes-Benz Cars

Lower unit sales, revenue, EBIT and RoS due to unparalleled economic downturn outdating premises for Q3 at the time of Q2 disclosure

### ● Daimler Trucks

Higher unit sales, revenue, and EBIT due to strong sales in Brazil and Europe as well as a favorable model mix.

### ● Mercedes-Benz Vans and Daimler Busses

Higher unit sales and earnings in both segments.

### ● Daimler Financial Services

Higher contract volume and improved EBIT.

## Sales outlook FY 2008

- **Mercedes-Benz Cars**

Unit sales expected to be in the magnitude of the prior year

- **Daimler Trucks**

Rising unit sales expected for FY 2008

- **Mercedes-Benz Vans**

Increasing unit sales expected despite difficult economic environment in the second half of 2008

- **Daimler Buses**

Buses unit expects unit sales at new record level

## Earnings outlook 2008

- **Mercedes-Benz Cars** expects EBIT in the magnitude of €2.5 billion, corresponding to a return on sales of around 5%
- **Daimler Trucks** assumes EBIT of around €1.7 billion
- **Daimler Financial Services** assumes a return on equity of about 14% in 2008
- For 2008, the **Daimler Group** expects EBIT from its ongoing business (excluding Chrysler) of more than €6 billion

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

October 23, 2008

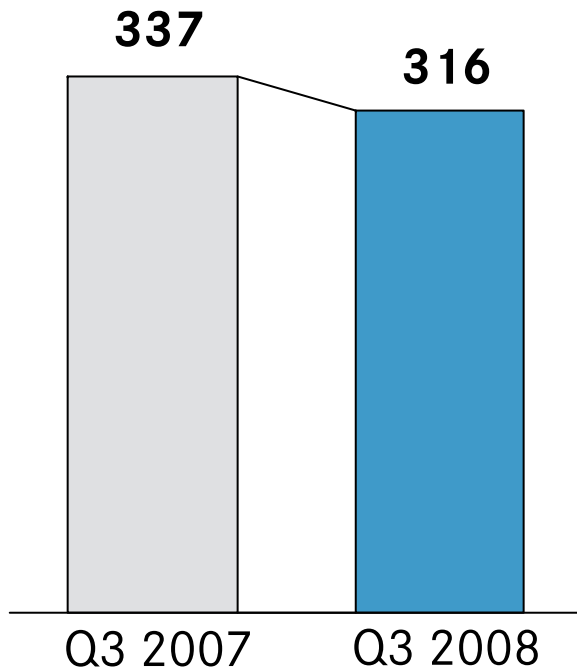


## Significant changes in business environment during third quarter

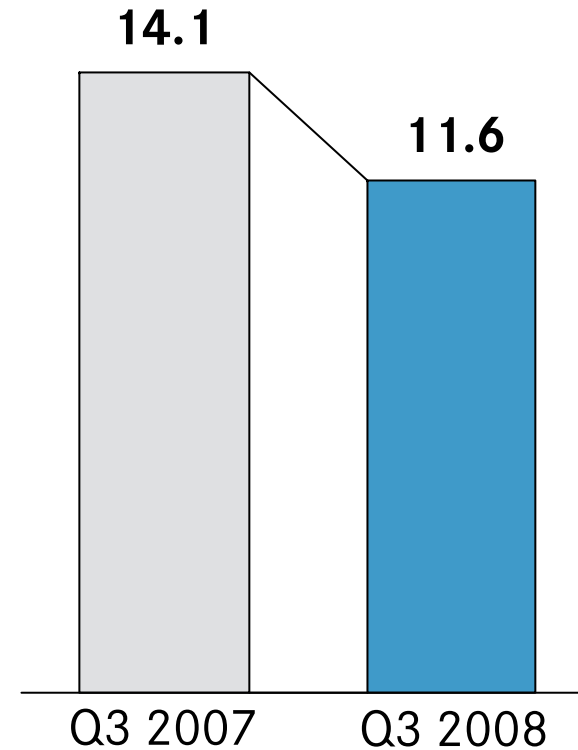
- Premises for Q3 at time of Q2 disclosure overcome by dramatic developments
- Accelerating economic downturn and sharp decline of car markets resulted in Q3 sales of 315,800 units (-6% vs prior year), driven by weaker Triad.
- Industry-wide downward trend in model-mix
- Q3 result negatively impacted by additional burdens resulting from reassessment of residual values in the amount of €449 million

# Lower unit sales and revenue due to weakness in major markets

**Unit sales**  
- in thousands of units -

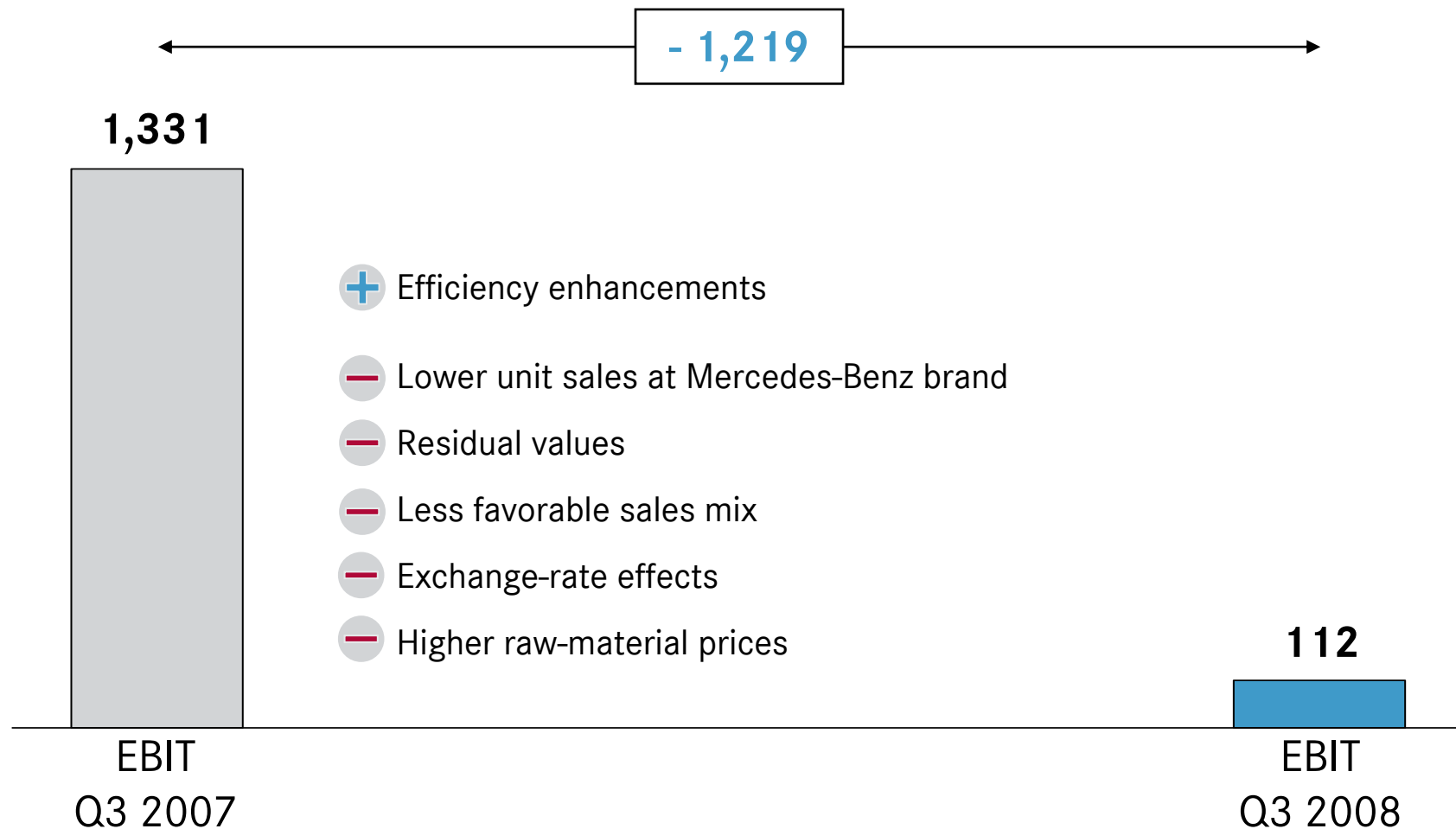


**Revenue**  
- in billions of € -



# Effects of negative developments overcompensate further efficiency improvements

- in millions of € -

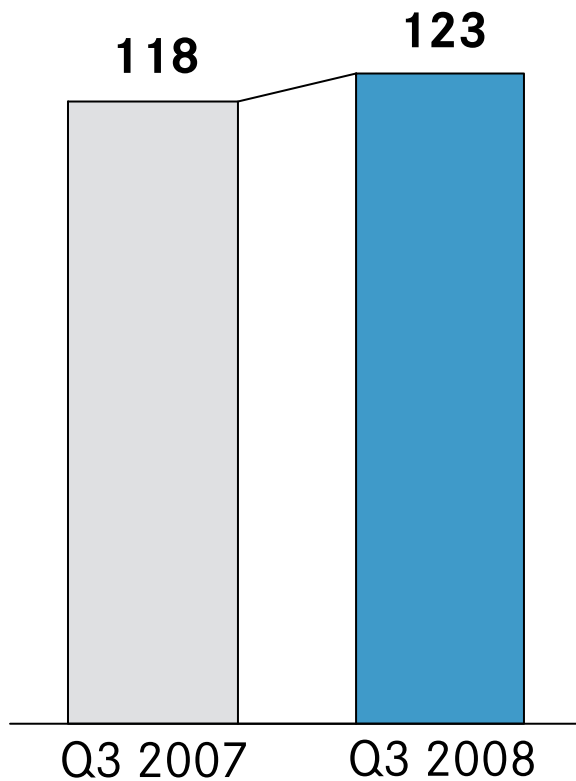


# New Products

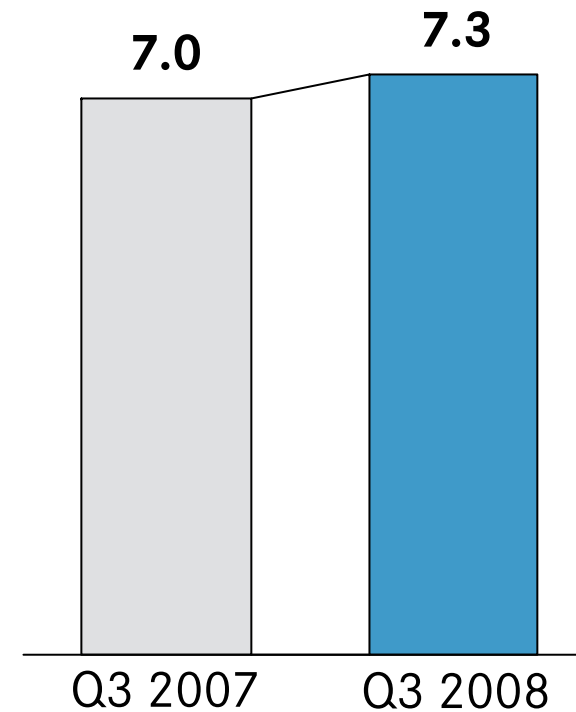


# Higher unit sales despite very difficult macro-economic environment

**Unit sales**  
- in thousands of units -






**Revenue**  
- in billions of € -



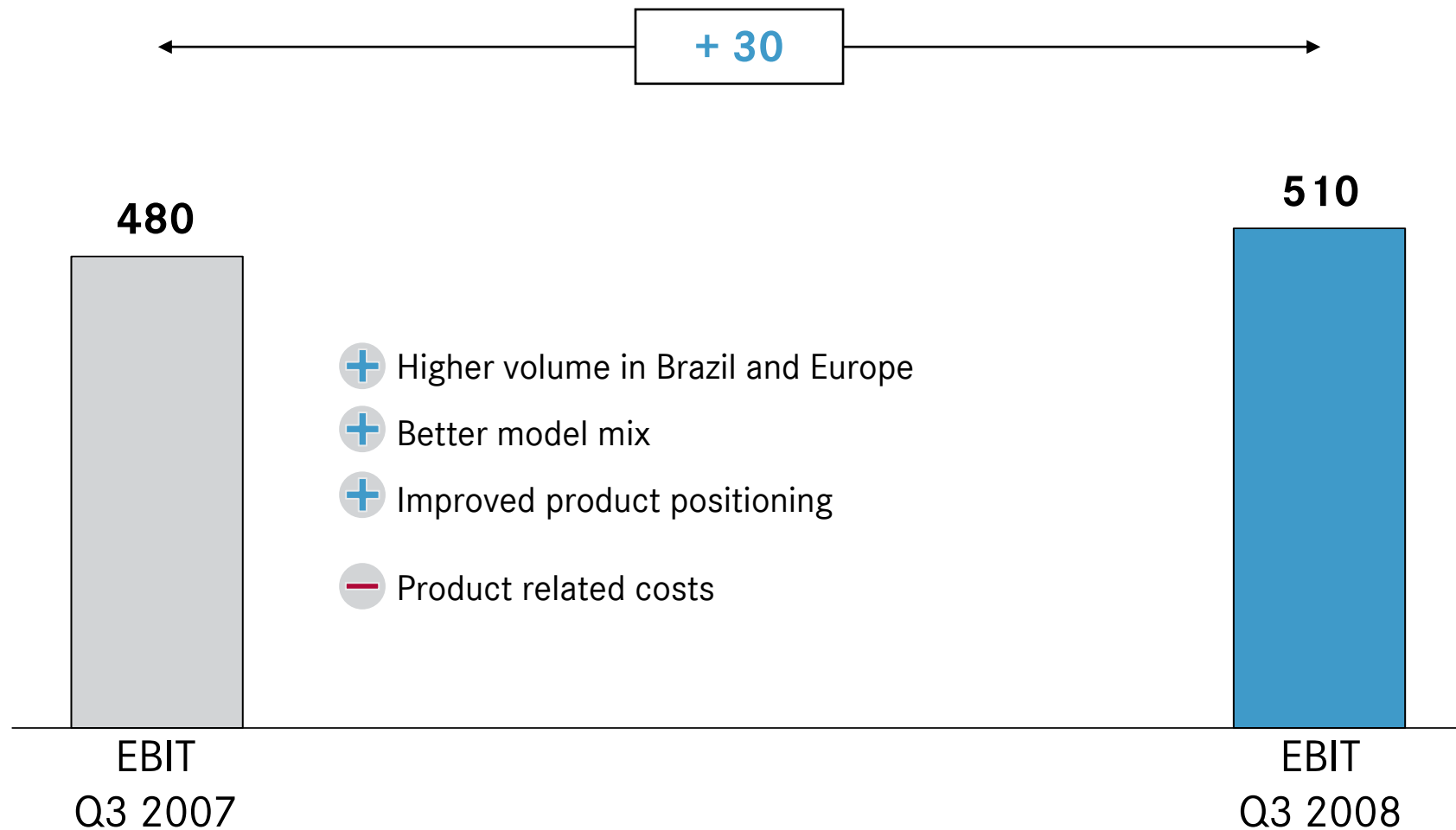
# Incoming orders

- in thousands of units -

	Actual YTD 09/2007	Actual YTD 09/2008	Delta
<b>Daimler Trucks</b>	328,515	335,910	+ 2%
Trucks EU/LA 	140,708	108,183	- 23%
Trucks NAFTA 	50,336	75,578	+ 50%
Trucks Asia 	137,471	152,149	+ 11%

# Higher volume drives increase in EBIT

- in millions of € -





# New Products

Freightliner M2 Hybrid



New Actros



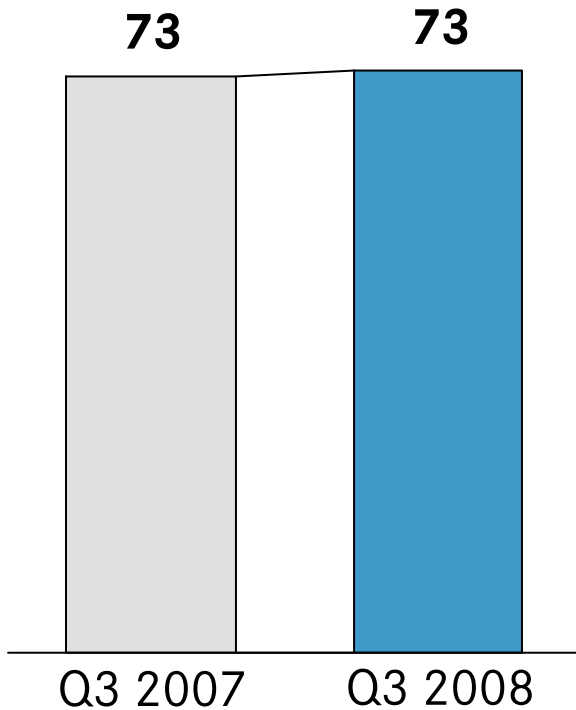
Mitsubishi Fuso Canter Eco Hybrid



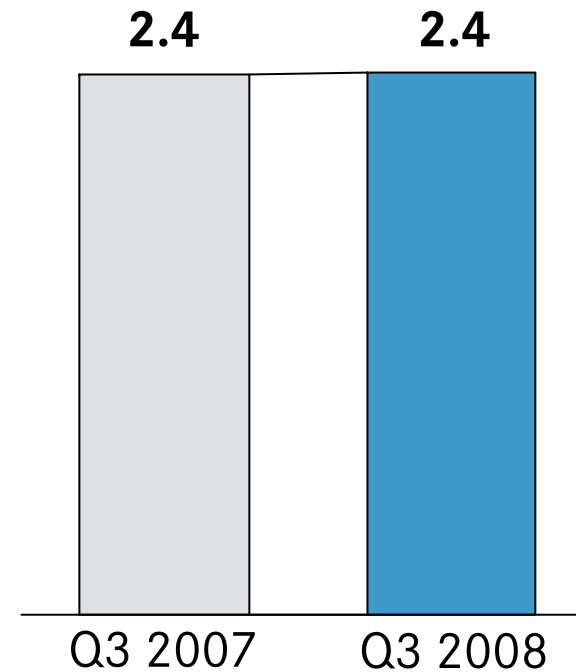


# Strong demand for Sprinter drives further growth at Mercedes-Benz Vans

**Unit sales**  
- in thousands of units -

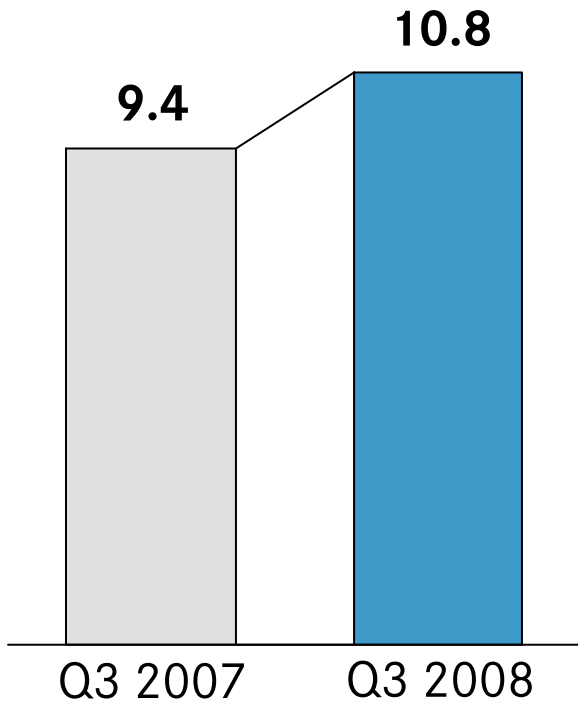


**Revenue**  
- in billions of € -

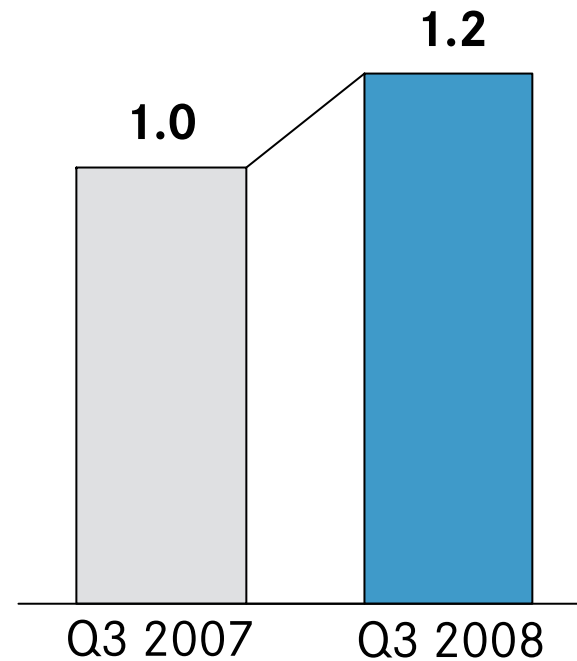


# Unit sales and revenue of Bus unit pushed by positive business trend in all major markets

**Unit sales**  
- in thousands of units -

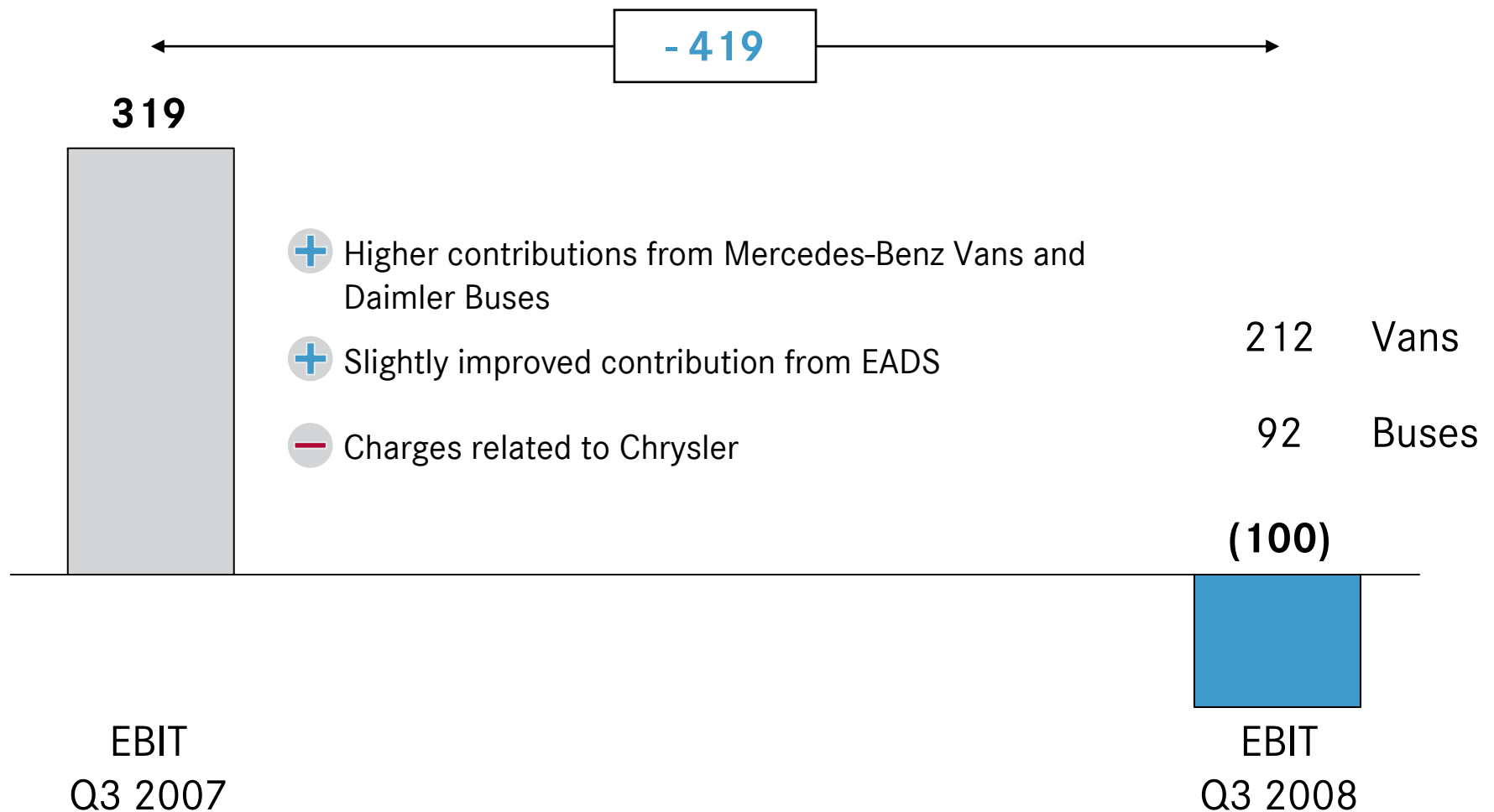


**Revenue**  
- in billions of € -



# Earnings from Vans and Buses are offset by charges related to Chrysler

- in millions of € -

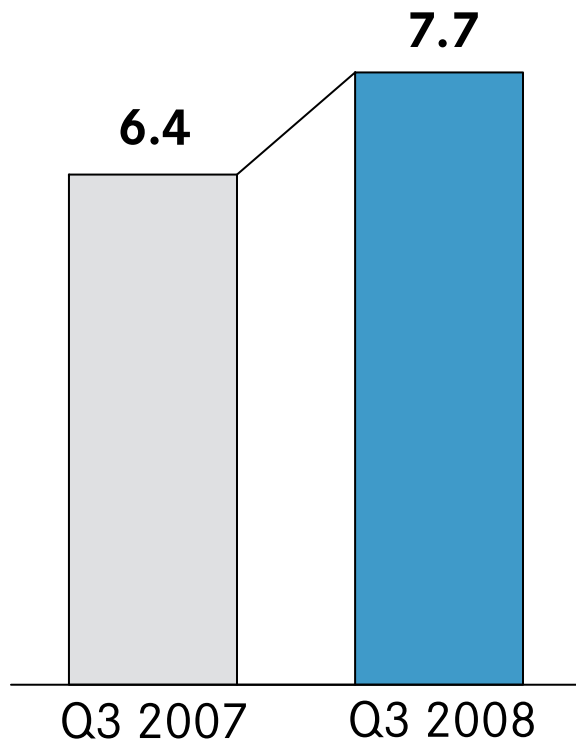


## Financial impact of stake in Chrysler Holding LLC

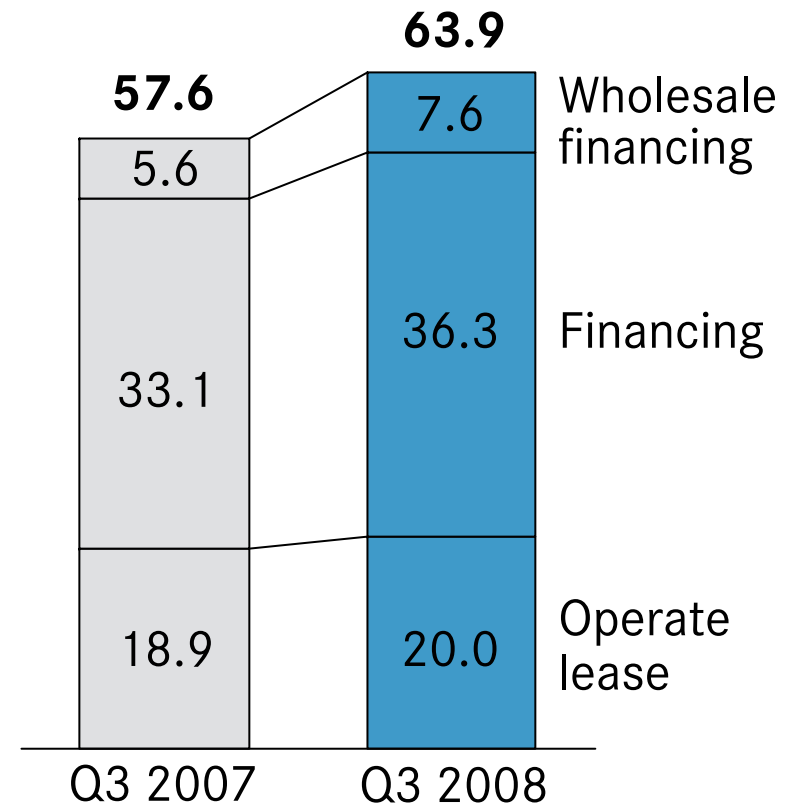
- Negative impact on EBIT in Q3 2008 of €351 million without any cash impact
  - Special reporting items (mainly residual values) of minus €248 million
- Results are not indicative for US GAAP results to be reported by Chrysler Holding LLC due to significant valuation differences between US GAAP and IFRS
- At-equity losses lead to a book value reduction of the equity stake to zero and in addition to a reduction of the subordinated loan
- Book value of outstanding loans:
  - Subordinated loan at €83 million
  - Second lien loan at €1,049 million
- Guaranties provided by Daimler reduced in Q1-3 by \$0.6 to \$0.5 billion; related collateral provided by Chrysler decreased by \$0.2 to \$0.3 billion
- Negotiations with Cerberus Capital Management on redemption of remaining stake in Chrysler ongoing

# Higher contract volume despite negative exchange-rate effects

**New business**  
- in billions of € -

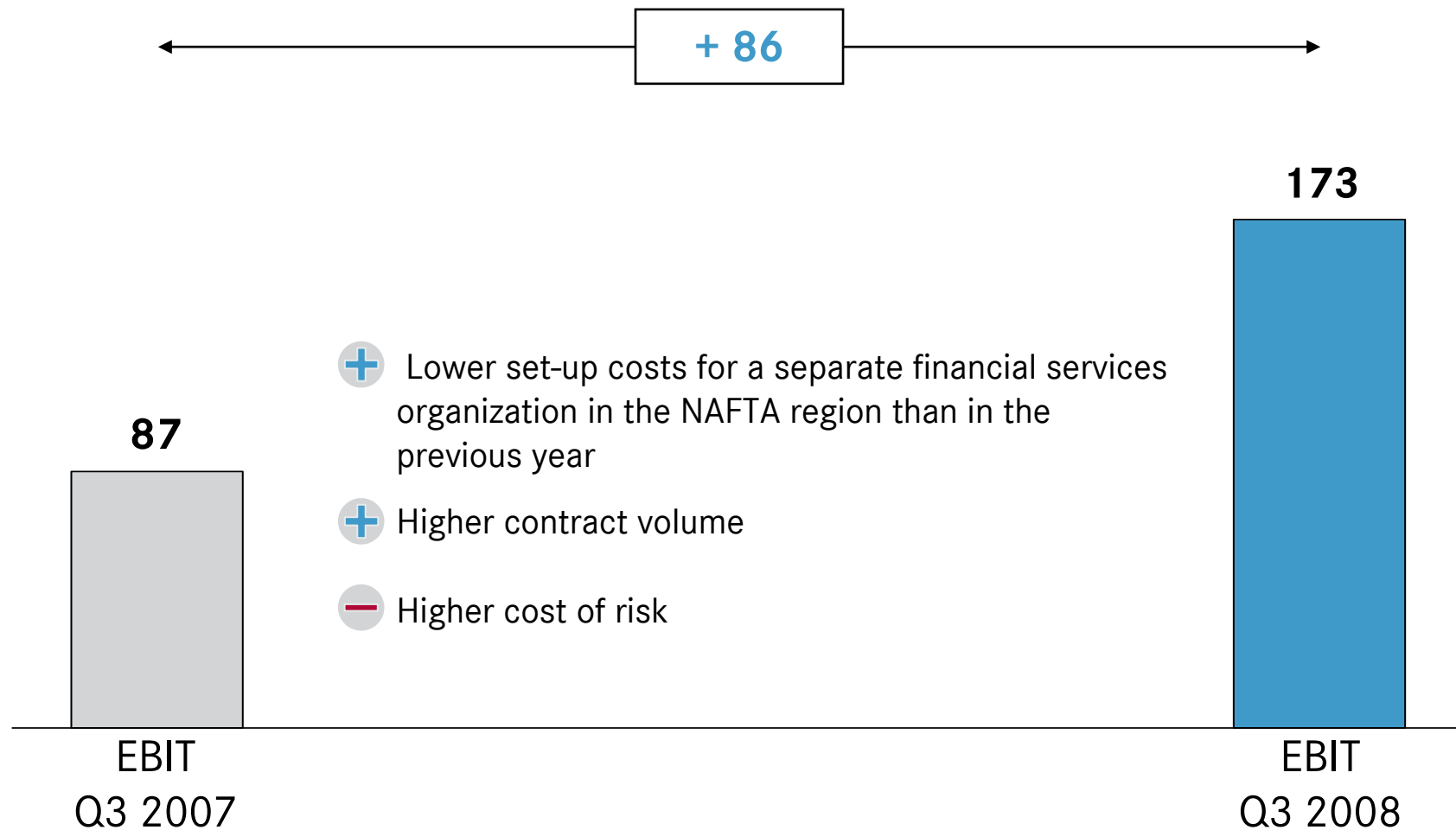


**Contract volume**  
- in billions of € -



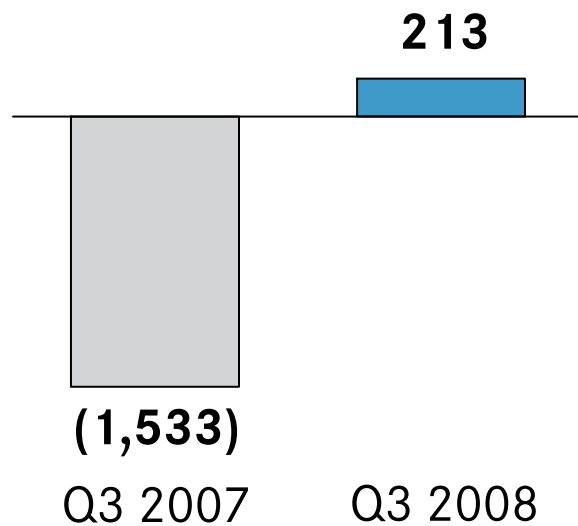
# Improved earnings at Daimler Financial Services

- in millions of € -

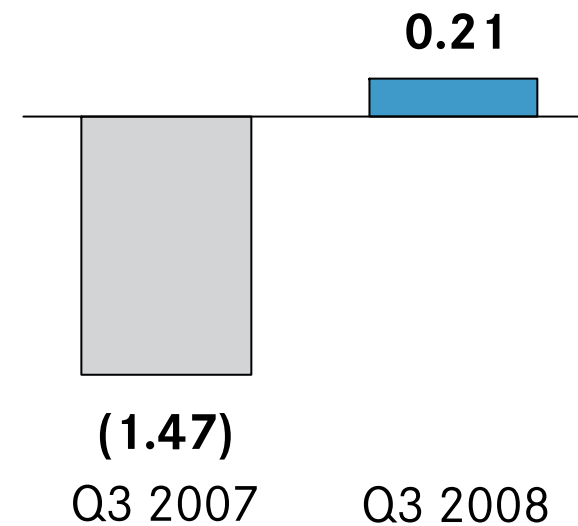


## Net profit and earnings per share

**Net profit**  
- in millions of € -



**Earnings per share**  
- in € -



## Key balance-sheet and financial figures

- in billions of € -	Dec. 31, 2007	Sept. 30, 2008
<b>Daimler Group</b>		
Equity ratio <sup>1)</sup>	26.9%	25.2%
Gross liquidity	17.1	10.2
<b>Industrial Business</b>		
Equity ratio <sup>1)</sup>	43.7%	43.1%
Net liquidity	12.9	6.7
Free cash flow (January to September)	5.7	(0.3)

1) Excluding dividend payment



## Daimler has high degree of financial flexibility

- Comfortable level of cash at September 30: €10.2 billion
- MTN program and commercial paper programs provide sufficient headroom for further funding
- Commercial paper programs backed by:
  - US-\$5 billion syndicated multi-currency revolving credit facility
  - Additional 3 billion EUR back-up facility
- Industrial business has a net liquidity of €6.7 billion
- Financial services portfolio is liquidity matched funded

## Challenges and Opportunities

### Challenges

- International financial crisis
- Weakening macro-economic environment
- Unfavorable exchange rates
- Increase in raw material and energy prices
- Market development / competition / residual values
- Measures to comply with emission regulations / CO<sub>2</sub>

### Opportunities

- Successful introduction of new products
- Growth in traditional and emerging markets
- Excellence Programs (MBC: “Go for 10”, DT: “Global Excellence”) will further increase efficiency and productivity
- Ongoing quality initiatives will further improve customer satisfaction and warranty costs

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Questions & Answers

October 23, 2008

## Liquidity

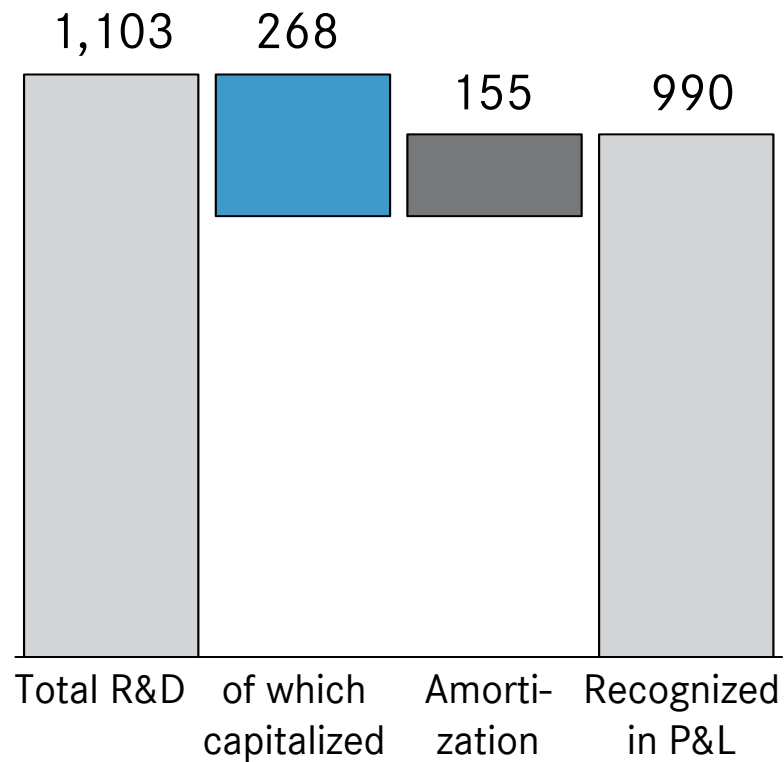
- in millions of € -	Dec. 31, 2007			Sept. 30, 2008		
	Group	IB	FS	Group	IB	FS
Cash and cash equivalents	15,631	14,894	737	8,288	6,687	1,601
Marketable securities and term deposits	1,424	1,276	148	1,913	1,826	87
<b>Gross liquidity</b>	<b>17,055</b>	<b>16,170</b>	<b>885</b>	<b>10,201</b>	<b>8,513</b>	<b>1,688</b>
Short term financing liabilities	(23,100)	6,886	(29,986)	(25,544)	6,117	(31,661)
Long term financing liabilities	(31,867)	(11,905)	(19,962)	(31,921)	(9,434)	(22,487)
<b>Financing liabilities, net</b>	<b>(54,967)</b>	<b>(5,019)</b>	<b>(49,948)</b>	<b>(57,465)</b>	<b>(3,317)</b>	<b>(54,148)</b>
<b>Market valuation and currency hedges for financing liabilities</b>	<b>1,761</b>	<b>1,761</b>	<b>0</b>	<b>1,537</b>	<b>1,537</b>	<b>0</b>
<b>Financial Liabilities (nominal)</b>	<b>(53,206)</b>	<b>(3,258)</b>	<b>(49,948)</b>	<b>(55,928)</b>	<b>(1,780)</b>	<b>(54,148)</b>
<b>Net liquidity</b>	<b>(36,151)</b>	<b>12,912</b>	<b>(49,063)</b>	<b>(45,727)</b>	<b>6,733</b>	<b>(52,460)</b>

## Funding status of pension and healthcare benefits

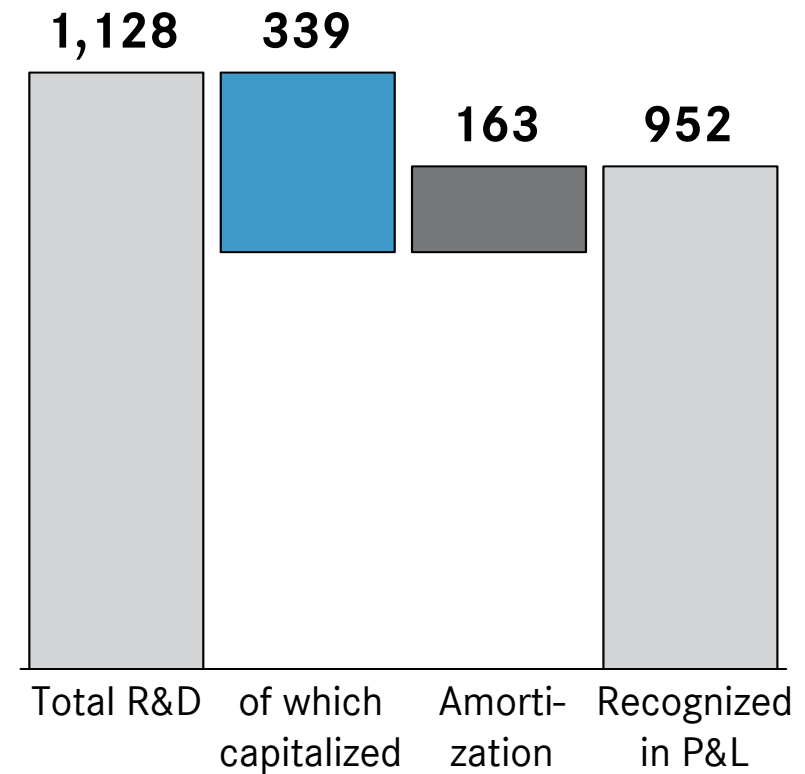
- in billions of € -	Dec. 31, 2007	Sept. 30, 2008
<b>Pension benefits</b>		
Benefit obligations	(15.7)	(16.1)
Plan assets	13.8	12.1
Funded status	(1.9)	(4.0)
<b>Healthcare benefits</b>		
Benefit obligations	(0.9)	(0.9)
Plan assets	0.1	-
Reimbursement Medicare Act	0.1	0.1
Funded status	(0.7)	(0.8)

## Research & Development costs

**Q3 2007**  
- in millions of € -



**Q3 2008**  
- in millions of € -



## Special items affecting EBIT

- in millions of € -	3rd Quarter		January to September	
	2007	2008	2007	2008
<b>Mercedes-Benz Cars</b>				
Re-assessment of residual values	-	(449)	-	(449)
Financial support for suppliers	-	-	(82)	-
<b>Daimler Trucks <sup>1</sup></b>				
Sale of real-estate properties in Japan	-	-	68	-
<b>Vans, Buses, Other</b>				
Sale of real estate (Potsdamer Platz)	-	-	-	449
Gains (loss) related to the transfer of shares in EADS	37	(7)	1,561	130
Restructuring program/re-assessment of residual values at Chrysler	-	(248)	-	(435)
Impairment of rights due to reduced residual values of Chrysler vehicles	-	-	-	(168)
Restructuring program at EADS	-	-	(114)	-
<b>Reconciliation</b>				
New management model	(67)	(61)	(160)	(169)

1) In connection with the repositioning of Daimler Trucks North America, Daimler Trucks expects fourth-quarter 2008 EBIT to be negatively affected by approximately €230 million.

## Disclaimer

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth of the global economy, especially in industrialized countries; the effects of the financial crisis which could result in weaker demand for our products particularly in the U.S. and in the European market but also in the emerging markets; changes in currency exchange rates and interest rates; increasing risks of inflation; the introduction of competing products and the possible lack of acceptance of our products or services; price increases for fuel, raw materials and precious metals; the disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the business outlook for Daimler Trucks, which may be affected if the U.S. and Japanese commercial-vehicle markets experience a sustained weakness in demand for a longer period than expected; the business outlook of Chrysler, in which we hold an equity interest, including its ability to successfully implement its restructuring plans; the business outlook of EADS, in which we hold an equity interest, including the financial effects of delays in and potentially lower volumes of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in Daimler’s most recent Annual Report and under the headings “Risk Factors” and “Legal Proceedings” in Daimler’s most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our 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. Any forward-looking statement speaks only as of the date on which it is made.