Daimler Trucks
Finance Update

Jochen Goetz
Executive Vice President
Finance & Controlling
Daimler Trucks & Buses
Where we are coming from...

<table>
<thead>
<tr>
<th>RoS in %</th>
<th>Daimler Trucks #1</th>
<th>Efficiency program</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.4</td>
<td></td>
<td>5.9</td>
</tr>
<tr>
<td>5.2</td>
<td></td>
<td>6.7</td>
</tr>
<tr>
<td>5.8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.9</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EBIT in bn €</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.7</td>
<td>1.6</td>
<td>1.9</td>
<td>2.6</td>
<td>1.9</td>
<td></td>
<td>2.4</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales in k units</th>
<th>462</th>
<th>484</th>
<th>496</th>
<th>502</th>
<th>415</th>
<th>471</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø Sales</td>
<td>472</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Successful implementation of first steps of efficiency program
Despite major investments in new products and capacity, CCR of 0.9 driven by ongoing working capital improvements

**CFBIT**

2012  |  2013  |  2014* |  2015  |  2016  |  2017  

* w/o sale of Rolls-Royce Power Systems Holding GmbH

**Product projects**

- Freightliner
  - New Cascadia
- FUSO
  - Super Great

- Next generation fuel efficient powertrain

- Capacity and flexibility increase
On top of EbIT improvement continuous work on Net Assets led to 4.7 bn € Value Added

- Disposal of the shares in Rolls-Royce Power Systems Holding GmbH
- Continuous working capital management (supply chain optimization, usage of global scales)
- Balanced funding steering
Good start in 2018, efficiency program bears fruits already in Q1

Q1 Sales
in k units

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>94</td>
</tr>
<tr>
<td>2018</td>
<td>114</td>
</tr>
</tbody>
</table>

+21%

Q1 EBIT
in mill €

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>267</td>
</tr>
<tr>
<td>2018</td>
<td>647</td>
</tr>
</tbody>
</table>

+64%
sale of real estate in Japan

Q1 Order income / Order backlog
in k units

<table>
<thead>
<tr>
<th>Year</th>
<th>Order income</th>
<th>Order backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>124</td>
<td>132</td>
</tr>
<tr>
<td>2018</td>
<td>184</td>
<td>202</td>
</tr>
</tbody>
</table>

+49%
+53%
Daimler Trucks is setting the stage for a total of >1,400 mill € improvement fully effective in 2019

| 1 | Growth & Customer focus |
| 2 | Global optimized network |
| 3 | Cost reduction initiative |
| 4 | Stream |

Net improvements
>1,400 mill €
Fully effective in 2019
1 Growth & Customer focus
Regional Centers successfully established, focus on offering the best global products to fulfill the local needs.
1 Growth & Customer focus
Leverage of global products supports market success in emerging markets

**Brazil**
- **Sales** – in k units
  - 2016: 12.1
  - 2017: 13.4
- **SoM extra heavy segment** – in %
  - 2016: 22.9
  - 2017: 23.5
- • #1 in Trucks & Bus segment in 2016 & 2017

**Russia**
- **Sales** – in k units
  - 2016: 2.3
  - 2017: 8.0
- **SoM H/MDT import segment** – in %
  - 2016: 19.7
  - 2017: 20.4
- • Significant increase of SoM over the last years

**India**
- **Sales** – in k units
  - 2016: 17.5
  - 2017: 23.3
- **SoM HD Cab segment** – in %
  - 2016: 13.0
  - 2017: 18.3
- • BharatBenz in segment w/o Cowl already #3 in SoM
1 Growth & Customer focus
Superior products lead to customer demand

Freightliner
Cascadia

Q1/17 & 18 Order income
in k units

2017  2018
16.0  45.3

FUSO Super Great

Q1/17 & 18 HDT Order income
in k units

2017  2018
5.6   6.5

Fuel Economy advantage
New Safety feature
Implementation Truck Data Center
Global optimized network
Product simplification addressed on component, module and parts level

Component strategy
- Heavy-duty engines
- Medium-duty engines
- Transmissions
- Chassis
- Electrics/Electronics
- Cab architecture

Module Strategy
cost reduction
1.2 bn € AVOB covered
Average savings -10%

Part Strategy
"Smart simplicity"
- 20% are making money
- 60% are break even
- 20% are losing money

Daimler AG
2 Global optimized network
Global Platform rollout in triad completed by 2017; global rollout expected in 2020

- **Heavy Duty Engines Penetration (US/CAN)**
  - CUMMINS
  - DT
  - 2012: 79%, 21%
  - 2013: 85%, 15%
  - 2014: 88%, 12%
  - 2015: 85%, 15%
  - 2016: 93%, 7%
  - 2017: 95%, 5%

- **Heavy Duty Transmission Penetration (US/CAN)**
  - EATON/ALLISON
  - DT12
  - 2012: 100%, 8%
  - 2013: 92%, 23%
  - 2014: 77%, 41%
  - 2015: 59%, 64%
  - 2016: 36%, 64%
  - 2017: 25%, 75%

*Medium Duty US just launched*
Global optimized network

Aftersales push is a major pillar of DT profitability growth

Powertrain penetration
Penetration rate (US/CAN) in %

<table>
<thead>
<tr>
<th></th>
<th>2012</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDEP</td>
<td>79</td>
<td>93</td>
<td>95</td>
</tr>
<tr>
<td>DT12</td>
<td>0</td>
<td>64</td>
<td>75</td>
</tr>
<tr>
<td>MDEG</td>
<td></td>
<td></td>
<td>Ramp up</td>
</tr>
</tbody>
</table>

Global optimization network / 
Customer focus aftersales

Customer Programs
Customer satisfaction #1, customer conquest and retention program

Retail Sales Initiatives
Target Campaigns to increase CM for potential customers

Service Excellence
Make service cost efficient by insourcing, fix it first time & lower throughput time

Parts/Aggregates Portfolio
Market specific portfolio with competitive pricing

Profitable growth
DT Aftersales EBIT

+4% p.a.

+24%
Global optimized network

Significant investment in capacity in emerging markets led to higher flexibility and cost optimization.
## Cost reduction initiative

### Strategic levers

<table>
<thead>
<tr>
<th>Best Cost Country share increase</th>
<th>Module Strategy: Smart simplicity</th>
<th>Dual sourcing Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
<td>Average savings -10%</td>
<td>- Reduce REC (reference calculation) gap for critical components</td>
</tr>
<tr>
<td>25%</td>
<td></td>
<td>- Optimize currency balance (e.g. Europe/USA)</td>
</tr>
</tbody>
</table>

### Cost down initiatives

- Ref. Type TG09E01 incl. Options
- Euro VI HD - 316 K7D
- OM 471 Euro VI

**Yearly improvement rate ~3%**
3 Cost reduction initiative
Production

USA
- Cleveland Logistics Expansion and Optimization (CLEO)
- HDEP, MDEG

Germany
- Wörth 2020+: Optimization of production and logistics processes
- Site Strategies in component plants

Mexico
- Saltillo master site plan including capacity increase and production optimization

Brazil
- Site Strategy Brazil: renovation and optimization of production and logistics

Turkey
- SFTP Industrialization
- Biz2010 (Optimization of production and logistic processes)
- Aksaray next level

Japan
- Site strategy implementation
- LIFT project
- eCanter1.0 & e-Motor

India
- Capacity optimizations at DICV plant
4 STREAM MB Trucks

Fixed costs targets will be achieved with significantly lower one-time costs

STREAM targets achieved...

<table>
<thead>
<tr>
<th>Year</th>
<th>STREAM targets achieved in mill.€</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50</td>
</tr>
<tr>
<td>2018</td>
<td>200</td>
</tr>
<tr>
<td>2019</td>
<td>400</td>
</tr>
</tbody>
</table>

...with significantly lower one-time costs...

<table>
<thead>
<tr>
<th>Plan</th>
<th>Expected actuals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Initial plan</td>
<td>~200</td>
</tr>
</tbody>
</table>

...resulting in lower fixed cost ratio in 2019

<table>
<thead>
<tr>
<th>Year</th>
<th>Fixed cost ratio in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>5%</td>
</tr>
<tr>
<td>2019</td>
<td>~ -5% pts</td>
</tr>
</tbody>
</table>

...due to transfer within Daimler...

Initial plan (500 mill.€ expenses)

Expected actuals (200 mill.€ expenses)

300 mill.€ savings

3/2

- cost intensive
- non cost intensive

Daimler Trucks Capital Market Day 2018 | Portland, OR, USA
Daimler Trucks is setting the stage for a total of >1,400 mill € improvement fully effective in 2019

1. Growth & Customer focus
2. Global optimized network
3. Cost reduction initiative
4. Stream

Ebit Impact

Net improvements

Net improvements

>1,400 mill €
Fully effective in 2019
Summary

- All-time high in Sales & Profitability
- Successful implementation of 1.4 bn € cost savings
- Continuous improvement as part of Daimler Trucks DNA
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