Daimler’s transition to IFRS 16 (Leases)

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Agenda

1. Executive Summary
2. Overview of new lessee accounting requirements
3. Transitional effect on net industrial liquidity
1. Executive Summary

**What is IFRS* 16?**

IFRS 16 is a new Standard regarding primarily Lessee accounting to be applied from January 1, 2019. Lessor accounting is principally not affected.

**Impact for Daimler Group as of Jan. 1st, 2019**

- Increase of property, plant & equipment Industrial Business by 3.2 bn. EUR (Group: 3.4 bn. EUR)
- Increase of financing liabilities approximately in the same amount whereas gross cash position remains unchanged
- In consequence reduction of net liquidity Industrial Business by 3.2 bn. EUR
- Minor increase of EBIT and interest expense
- No effect on Corporate Rating to be expected, as rating agencies have already adjusted industrial debt for lease obligations

**Presentation**

No restatement of Financial Statements 2018 (modified retrospective approach)

*International Financial Reporting Standard
## 2. Overview of new lessee accounting requirements

On-balance sheet accounting for lessees has been implemented.

### (former) IAS 17

<table>
<thead>
<tr>
<th>FINANCE LEASE</th>
<th>OPERATING LEASE</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Recognition of leased asset and liability</td>
<td>- No recognition of leased asset or liability</td>
</tr>
<tr>
<td>- Depreciation of leased asset</td>
<td>- Recognition of operating lease expenses</td>
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<tr>
<td>- Apportionment of lease payments between interest expense and reduction of liability</td>
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### IFRS 16

#### Lease

- Recognition of a **Right of Use** ("RoU")-asset and a **Lease-Liability**
- **Straight-line depreciation** of RoU-asset
- Interest expense on liability (**effective interest method**, “Frontloading of expense”)

### Changes

- No recognition of leased asset or liability
- Recognition of operating lease expenses
3. Transitional effect on net industrial liquidity

- in billions of euros -

- Net industrial liquidity 12/31/2018: $16.3 billion
- Effects from transition to IFRS 16: -$3.2 billion
- Net industrial liquidity 1/1/2019: $13.1 billion
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