

DAIMLER

CAPITAL MARKET DAY

London – November 14, 2019

New York – November 15, 2019



Mercedes-Benz Our purpose

| FIRST MOVE
| THE WORLD



Mercedes-Benz EQC 400 4MATIC: combined power consumption: 20.8-19.7 kWh/100 km; combined CO₂ emissions: 0 g/km*
*Electrical energy consumption and range have been determined on the basis of Regulation (EC) No. 692/2008. Electrical energy consumption and range depend on the vehicle configuration.

Mercedes-Benz Current situation

Brand value & products

No.1 premium
OEM brand
Highly competitive
product portfolio

Pricing power

Leading vs. peers
Disciplined pricing
Product innovation
supports pricing

Sales volume

YoY sales record
Growth recently lower
than expected
No.1 premium sales position

Variable cost

Growing due to
complexity and content –
even before implementing
CO₂ measures

R&D & CapEx

Base spend at high level
Significant transformation
investment on top

Fixed cost

Not at industry
benchmark
Growing due to
expanded capacity

One-time effects

Diesel, Takata, etc.





Mercedes-Benz Headwinds going into 2020/21

CO₂ measures

xEV push to meet CO₂ targets
Cost increase only partly covered by pricing

Investment

High investment for xEVs
Continued investment into various powertrains

Softening growth

Overall economic uncertainty
Sales growth approx. 3% in 2020 (w/o smart)



Tariff risk

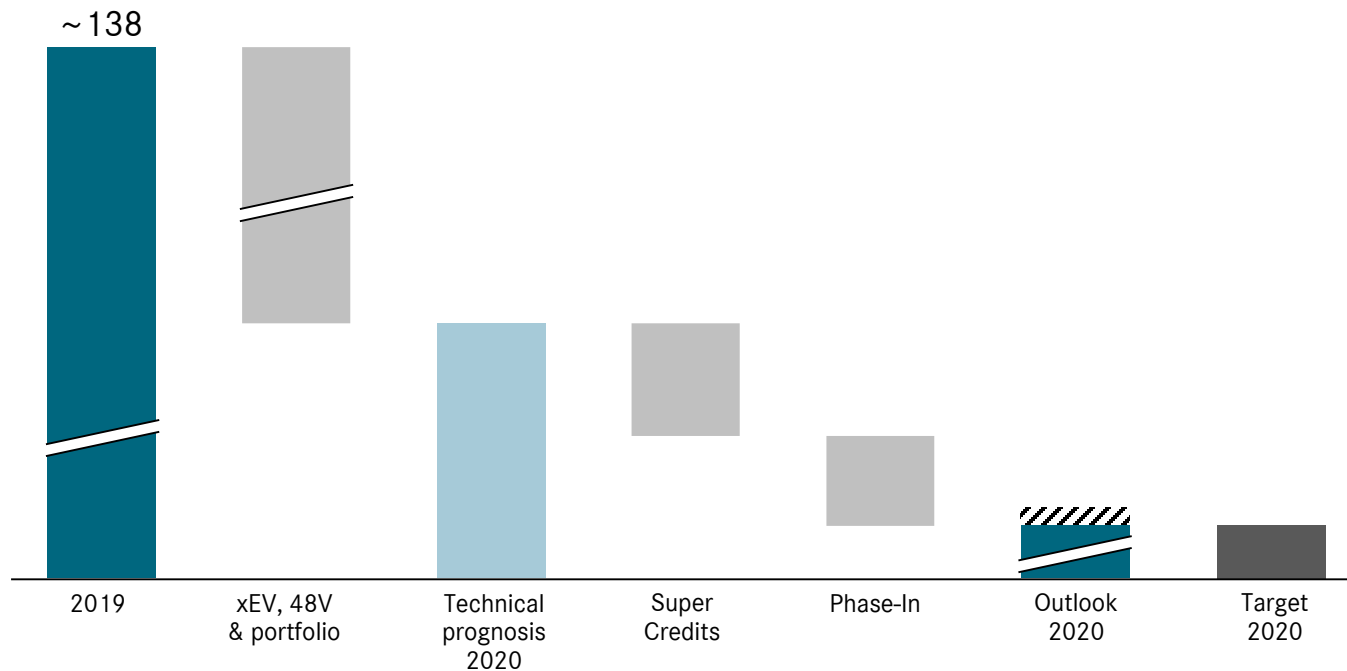
China & Brexit result in downside up to -1% RoS

Operations

Availability of some high-demand vehicles
Model change-overs

Mercedes-Benz Roadmap to EU CO₂ compliance

CO₂ g/km, M1 fleet (Cars & Vans), NEDC



- ▶ Shift from NEDC to WLTP after 2020 (2021 target based on WLTP)
- ▶ Technical target deviation to be compensated

Risk for target achievement: Buying behavior (customer preference and infrastructure), availability of battery components

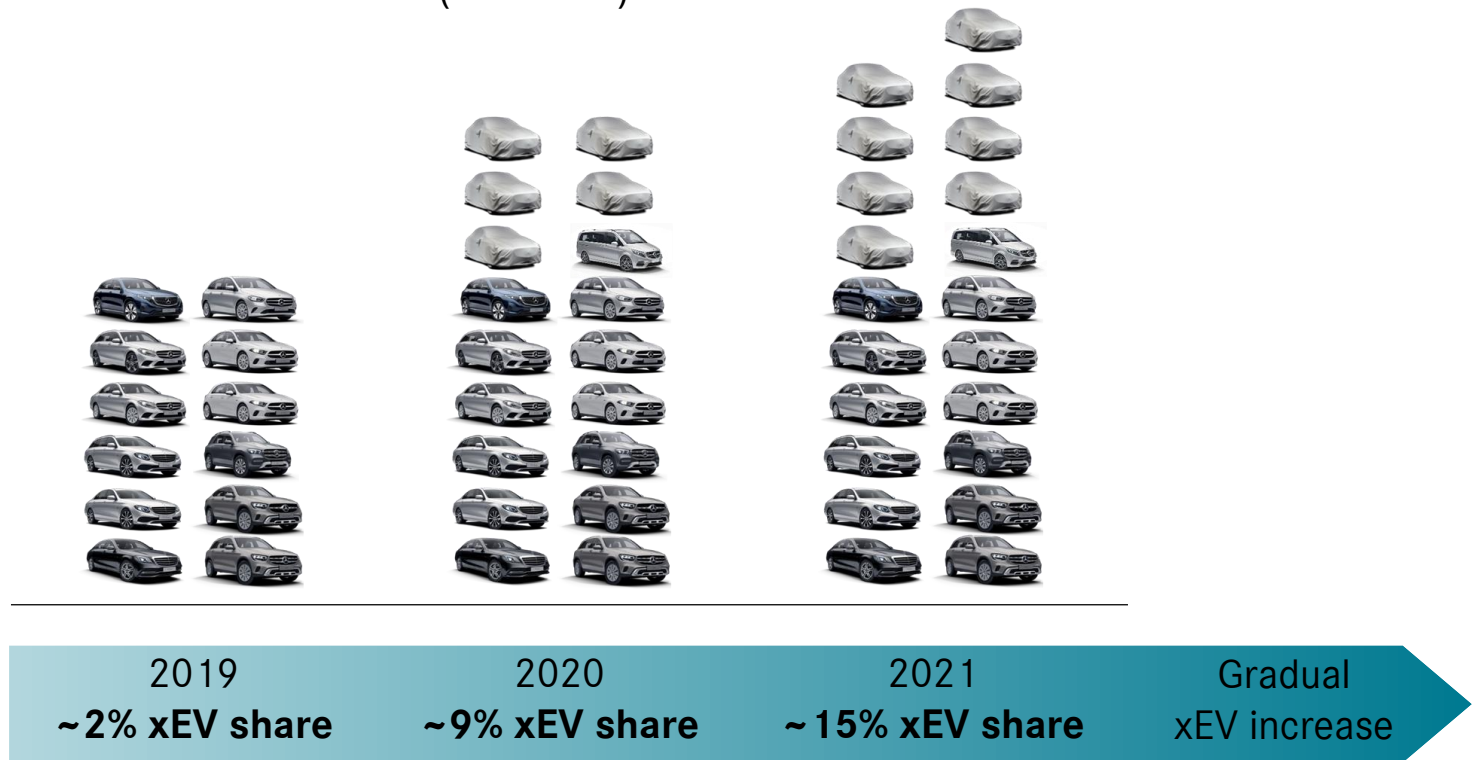


Mercedes-Benz B-Class and GLE plug-in hybrid models (combined and weighted fuel consumption: 1.6-1.1 l/100 km, combined and weighted CO₂ emissions: 36-29 g/km, combined and weighted power consumption: 25.4-14.8 kWh/100 km); Mercedes-Benz EQC 400 4MATIC (combined power consumption: 20.8-19.7 kWh/100 km, combined CO₂ emissions: 0 g/km)



Mercedes-Benz Electrifying our entire portfolio

- ▶ COMPREHENSIVE ROLL-OUT OF 48 VOLT TECHNOLOGY
- ▶ >20 NEW XEV LAUNCHES UNTIL 2022
- ▶ ROS EFFECT: APPROX. -1% P.A. (2019-22)





Mercedes-Benz Investment

INCREASED COMPLEXITY IN PLATFORMS AND POWERTRAINS DURING ICE/BEV TRANSITION PHASE

- ▶ CONTINUED HIGH INVESTMENT LEVEL
IN BOTH ICE AND BEV
OVER THE COMING YEARS
- ▶ HIGHER PRODUCT/VARIABLE COST
- ▶ GROWING FIXED COST BASE



Mercedes-Benz Countermeasures

Significant
savings in
material cost

R&D
& CapEx
cap

Personnel
cost reduction
>1 billion Euro

Reduction
of other
overhead cost

Improvement of
**working
capital**

Architecture & platform
**complexity reduction
in the longer term**



RIGHTSIZING COST STRUCTURE AND INVESTMENT
WHILE SEIZING COMMERCIAL UPSIDE OPPORTUNITIES



Mercedes-Benz

Countermeasures: material cost

- Reviewing existing contracts for adjustment
- Pushing technical continuous improvement process
- Enhancing benchmark-based cost optimization of series vehicles (e.g. switches, light packages, hybrid systems)
- Reducing complexity (models, drivetrains, options)
- Intensifying claim management
- Leveraging partnerships

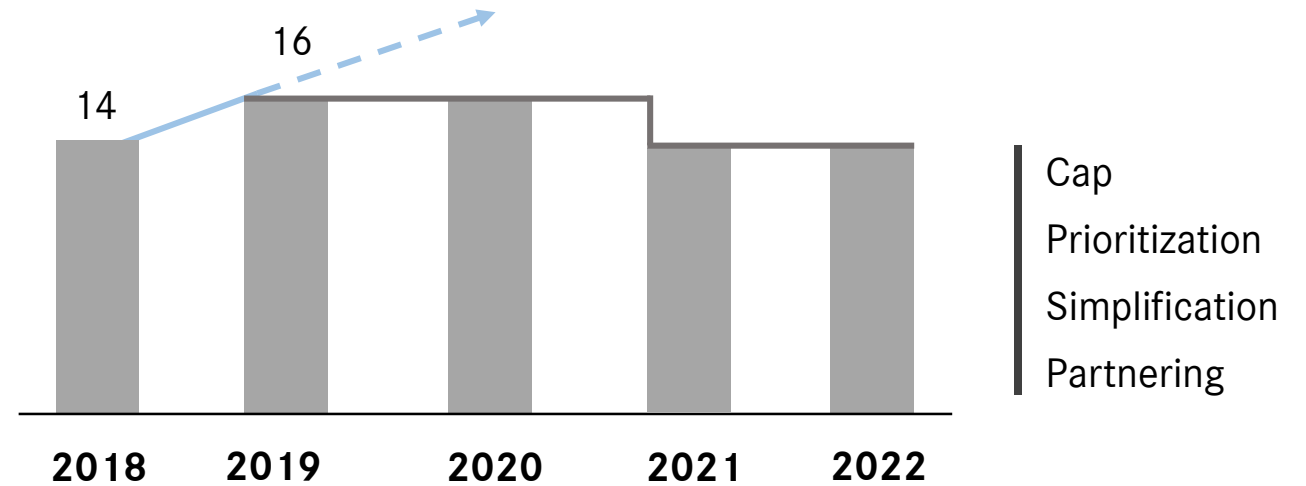
▶ ROS IMPROVEMENT CUMULATIVE: APPROX. 3% UNTIL 2022





Mercedes-Benz Countermeasures: investment* cap

in billion Euro



*CapEx, R&D, and non-recurring expenses

Mercedes-Benz

Countermeasures: personnel cost

- ▶ BY END 2022 >1 BILLION EURO SAVINGS TARGET
- ▶ REDUCTION OF MANAGEMENT POSITIONS BY 10%
- ▶ REDUCTION OF STAFF – MAIN FOCUS ON INDIRECT AREAS
- ▶ INCREASED LABOR PRODUCTIVITY THROUGH HPV REDUCTION
- ▶ PROACTIVE USE OF ATTRITION & ALL OTHER MEASURES
- ▶ NEGOTIATIONS WITH LABOR SIDE INITIATED
- ▶ RESTRUCTURING COST TO BE DETERMINED



Mercedes-Benz

Countermeasures: working capital

Inventory

Optimizing stock range

- Raw material
- Work in progress
- Finished vehicles

Reducing transit times of finished vehicles

Receivables

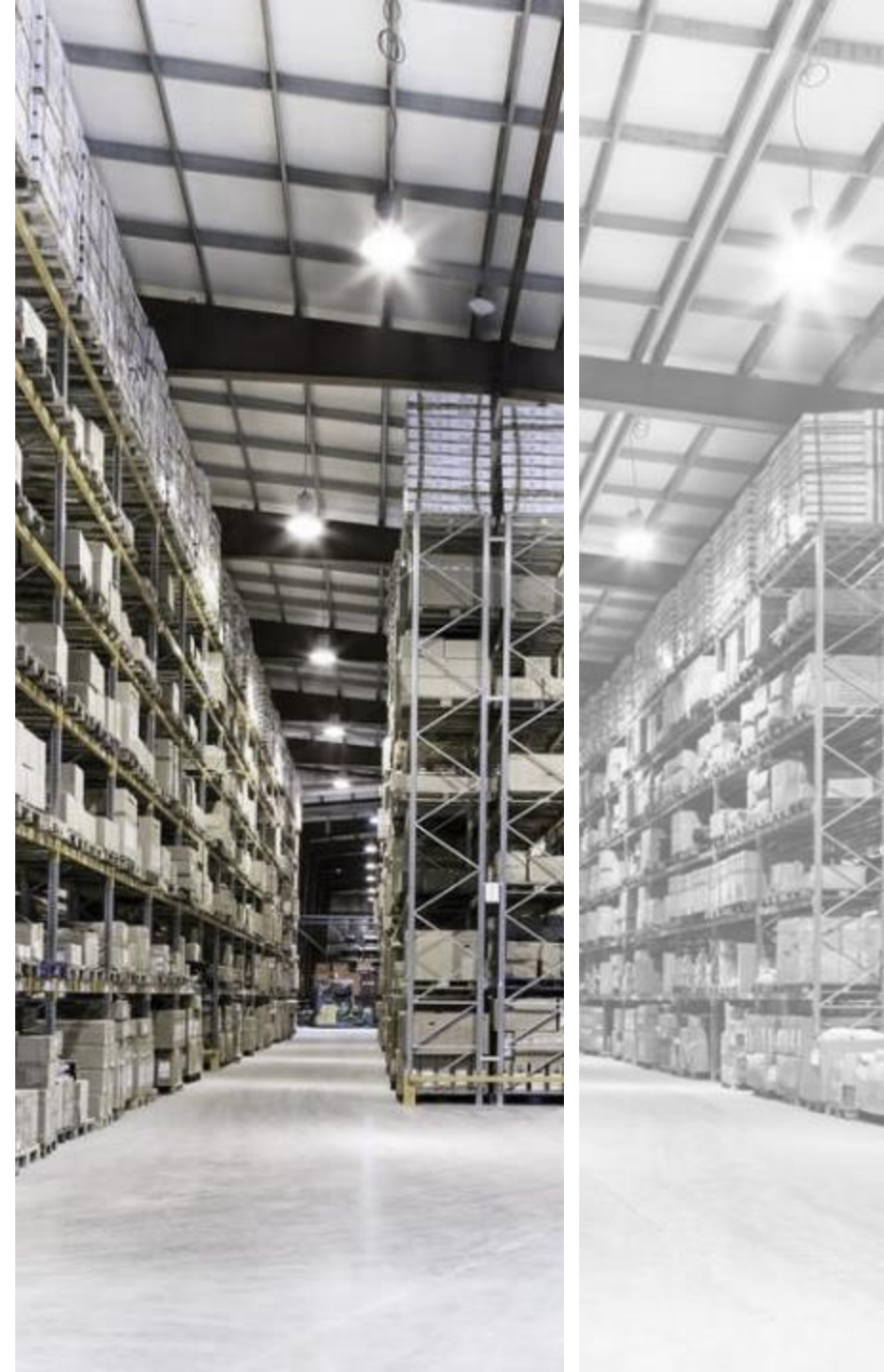
Tighter collections

Analyze further factoring potential to optimize outstanding receivables

Payables

Review payment terms

Capital market facilities



Mercedes-Benz Countermeasures: architectures and platforms

Reducing overall MB architectures & platforms starting with successor to MFA2 (current compact car architecture) leading to:

- ▶ LESS R&D SPENDING AND PP&E* (MID- TO LONG-TERM)
- ▶ LOWER COST BASE (LONG-TERM)
- ▶ SAFEGUARDED PRODUCTION FLEXIBILITY

*Property, plant & equipment



Mercedes-Benz

The way forward: 2019-2022

Key assumptions

- Sales at market growth 2020
- Sales above market growth 2021-22
- FX headwind assumed
- Tariffs US-China, Brexit

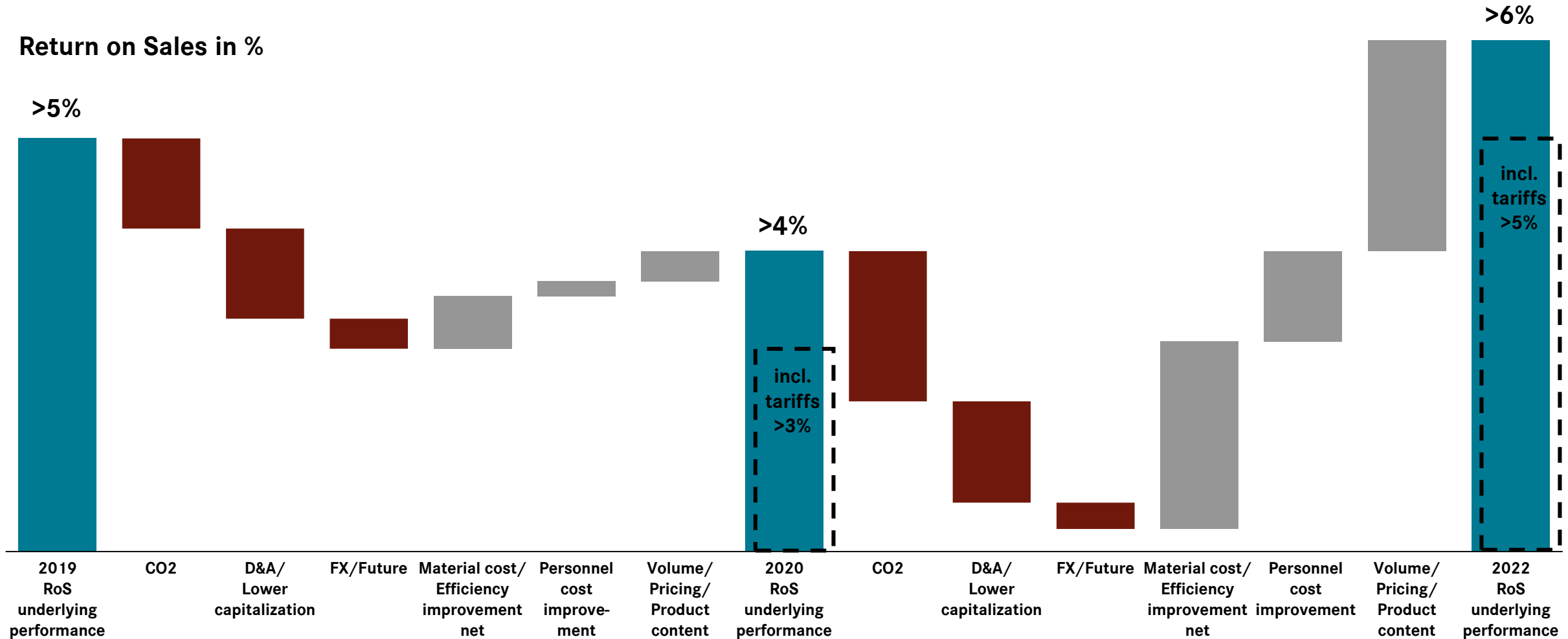
World economy slowdown, no recession

Underlying performance: utilization of provisions for disclosed items and restructuring charges excluded

CCR underlying in 2020: 0.7

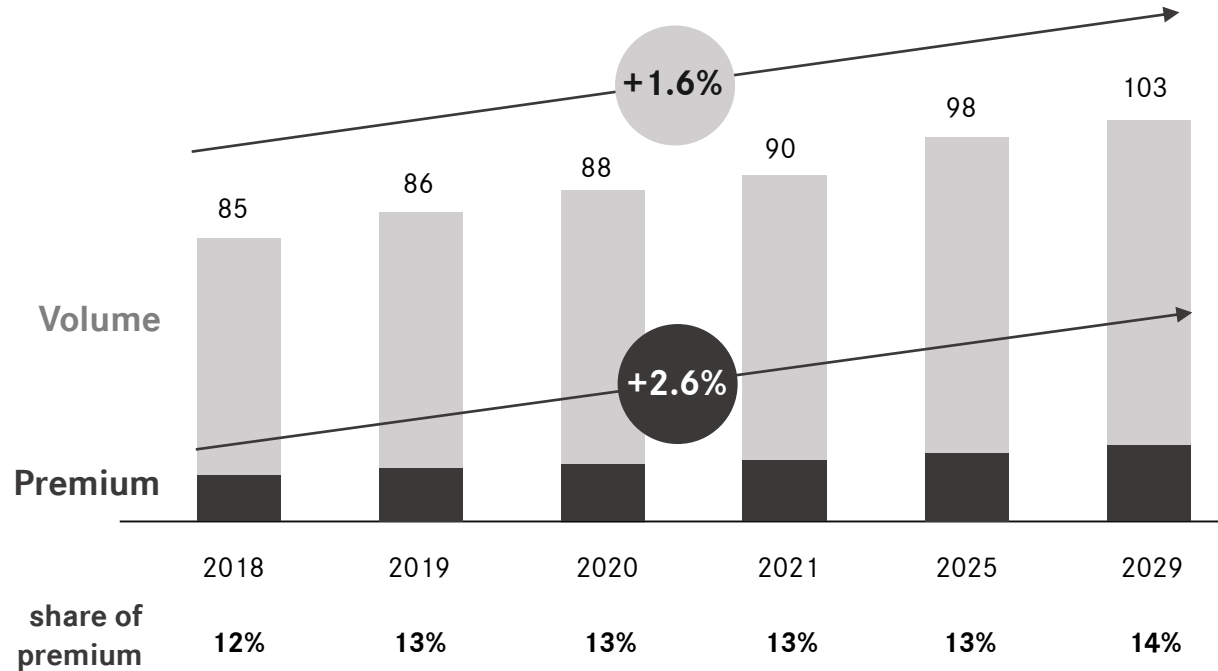
CCR underlying in 2022: 0.8

Return on Sales in %



Mercedes-Benz Premium automotive has growth potential

Total and premium automotive sales in million units (source: IHS)



► PREMIUM OUTGROWS THE MARKET AS GLOBAL WEALTH POCKETS RISE
- ESPECIALLY IN ASIA



Mercedes-Benz

Our strategy – sustainable modern luxury

Brand & positioning

From product to customer experience centric

Further develop our most exclusive offerings (e.g. AMG, Maybach, G-Class)

Market & growth

Ownership+ for individual ownership-based mobility

Leverage China potential

More focus on higher-end volume segments across MB portfolio

Sustainability & xEV

Brand promise:
CO₂ neutral by 2039

'Electric first' with
>50% xEV share by 2030

ICE powertrain

Investment cycle
until ~2023

Beyond 2025 significant
complexity reduction

Autonomous driving

Main Focus on L3/L4
highway autonomous

L4/5 first priority: trucks

Cost sharing through
partnering

Software-driven architecture

Build base MB operating
system with open interface
to other platforms

Consolidate E/E
architectures by 2025+

Partnerships

Scale and CapEx sharing

Access to leading
technologies



Mercedes-Benz Perspective 2022+

- ▶ PREMIUM CAR MARKET KEEPS GROWING AS GLOBAL WEALTH POCKETS RISE – ESPECIALLY IN ASIA
- ▶ LEADING BRAND, COMPETITIVE PRODUCT PORTFOLIO
- ▶ ROADMAP TO MEET CO₂ TARGETS
- ▶ RIGHT-SIZING OF COST STRUCTURE AND CAPEX/R&D
- ▶ MID-TERM SIMPLIFICATION OF PORTFOLIO AND BUSINESS MODEL
- ▶ MORE CASH FLOW FOCUSED BUSINESS MODEL



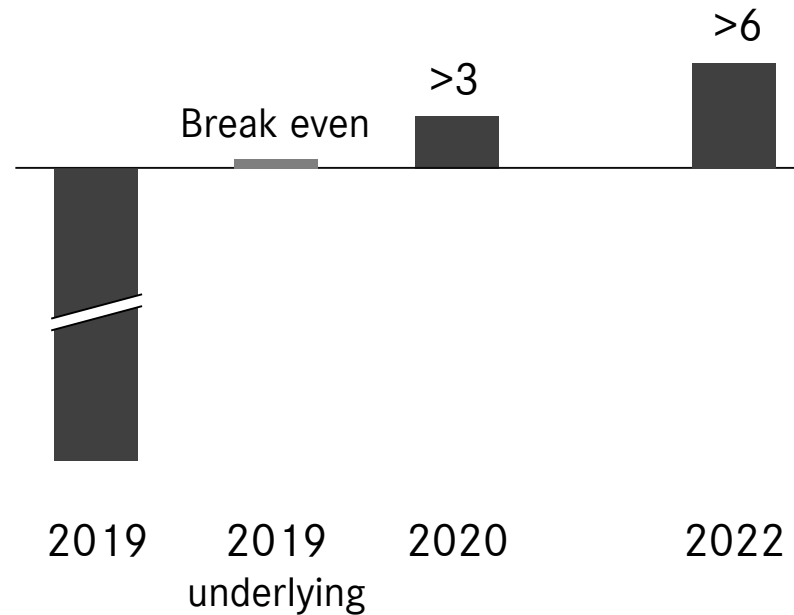
MERCEDES-BENZ
VANS



Mercedes-Benz Vans

The way forward 2019-2022

Return on sales in %



Key assumptions & measures

Stable markets

Product cost increase offset by efficiency measures

Significant savings in material cost

Personnel cost -100 million Euro

- ▶ RIGHTSIZING COST STRUCTURE AND INVESTMENT WHILE SEIZING COMMERCIAL UPSIDE OPPORTUNITIES
- ▶ STRATEGIC OUTLOOK: OPPORTUNITIES EVOLVING FROM DIGITALIZATION AND URBANIZATION

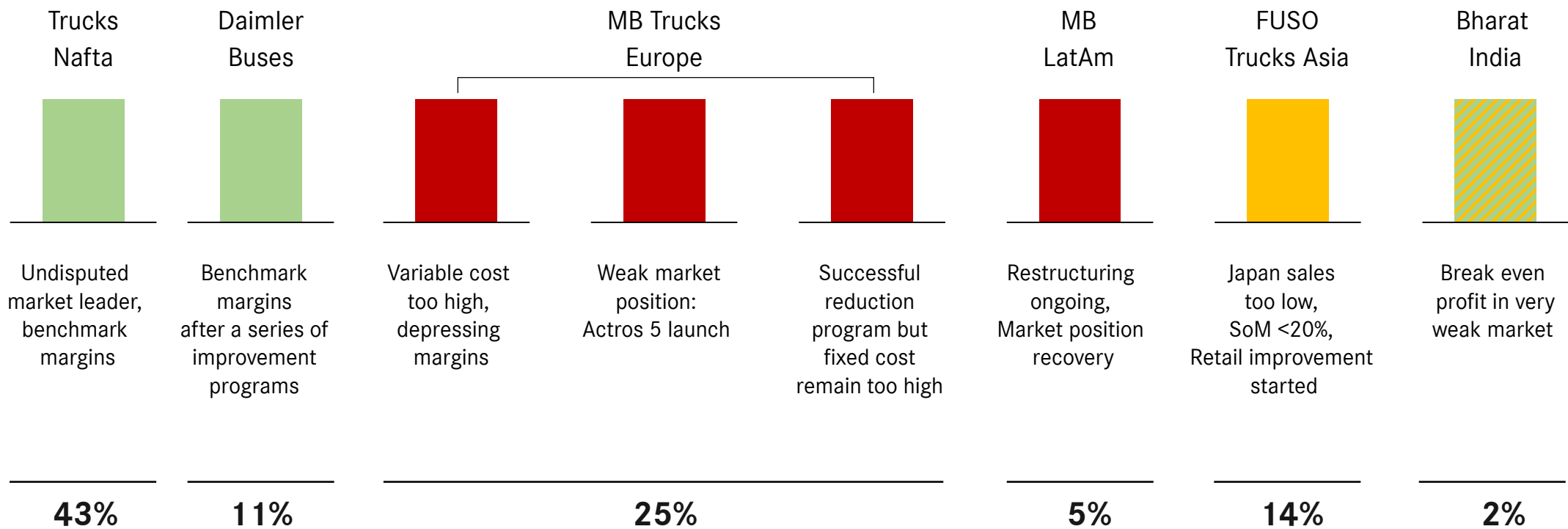
Daimler Truck **Our purpose**

FOR ALL
WHO KEEP THE
WORLD MOVING



Daimler Truck

Current situation



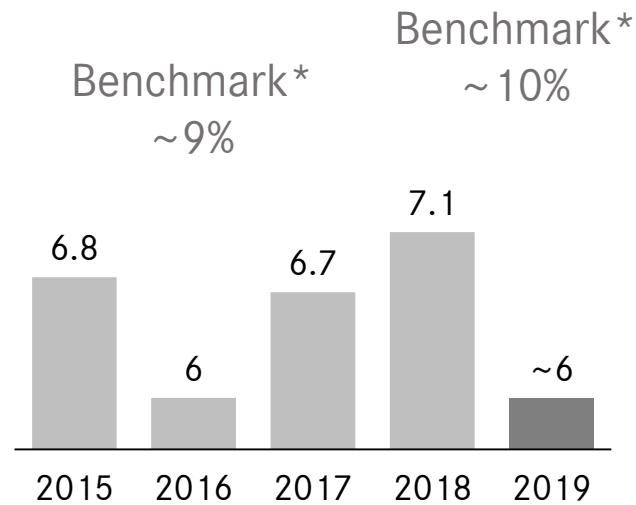
Revenue share*

*All numbers include trucks and buses

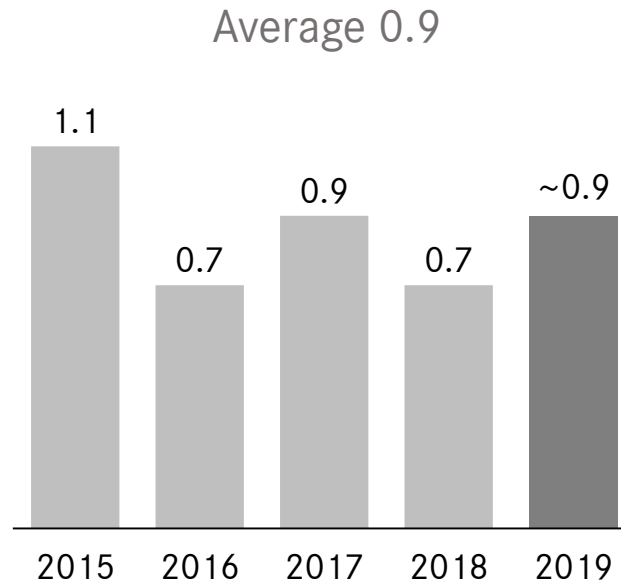
Daimler Truck

RoS below benchmark, cash conversion remains good

Return on Sales (%)



Cash conversion rate



* Best in class among global truck manufacturers – based on publicly available information

All numbers include trucks and buses



Daimler Truck Headwinds in 2020/21

Market slowdown in major truck markets

High investment level

Preparation to meet EU CO₂ targets in 2025

Electrification of overall Truck and Bus portfolio

Bring fuel cell to series production

Autonomous Hub2Hub transport

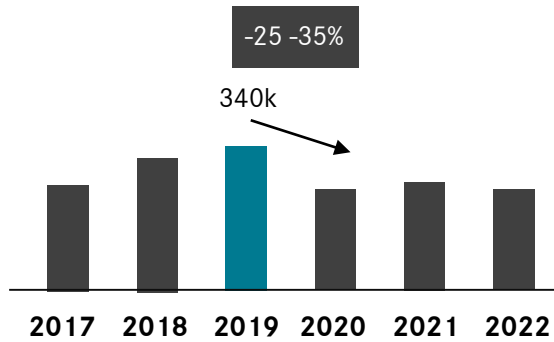
Exchange rate exposure

Weakening of USD assumed

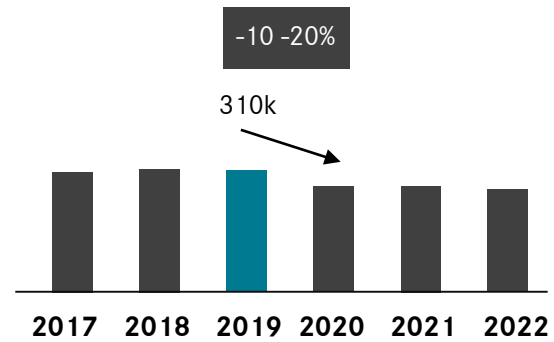
Daimler Truck

Markets normalizing

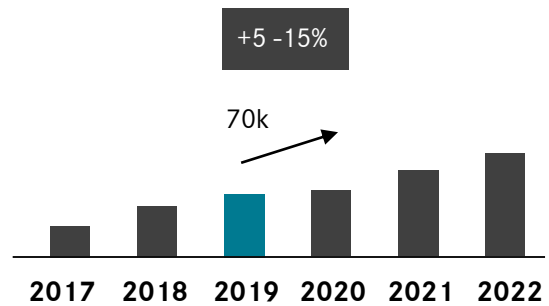
NAFTA CL.8



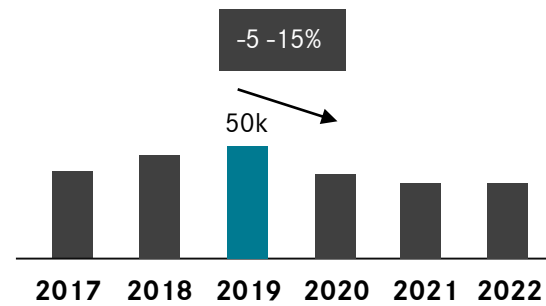
EU 30 HDT



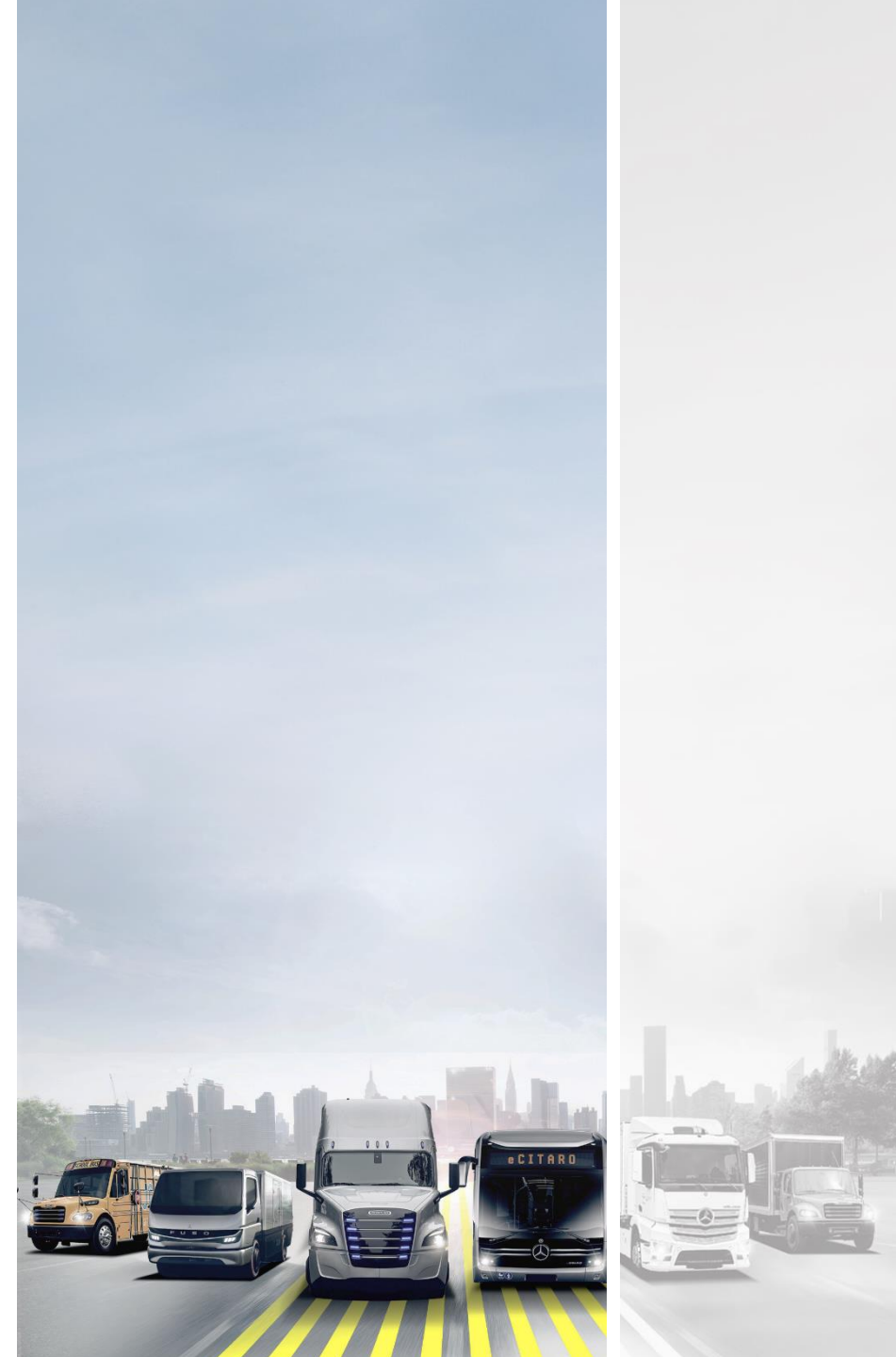
BRAZIL HDT



JAPAN TRUCKS HDT



Numbers beyond 2019 represent expectations



Daimler Truck Countermeasures

Nafta | Adjust capacity and cost structure to new market environment
New purpose-built truck for vocational segment
Strengthen aftermarket business

Bus | Daimler Buses efficiency program to increase leverage from volume growth
New set-up of production footprint for optimized cost structure

India | Variable cost initiative
Growth initiative in export and domestic market (competitive retail financing, product measures, pricing)

Japan | Restructuring aftersales and retail

Torc Robotics | Partnerships to share CASE investment
Acquired critical technology for autonomous driving via Torc

Overall | Fixed cost reduction
CapEx cap



Daimler Truck

Turning around Mercedes-Benz Latin America



MEASURES IN CORE MARKET BRAZIL

Contribution margin increase:
Pro@Trucks (Net Pricing
optimization)

Product cost & complexity
reduction

Reduced dependency on
currency fluctuation through
parts nationalization

Stringent fixed cost reduction:
optimization of R&D structure

Optimized vertical integration

FUTURE PRODUCT STRATEGY

Reduction from 8 to 3 platforms

Extra-heavy high-end segment:
rollout HD SFTP platform to
Brazil to address weakness in
most profitable segment

Classic segment: prepare major
part of portfolio for future
including Euro 6 based on
Atego/Accelo platforms

Daimler Truck

Turning around Mercedes-Benz Europe

Technology leadership

- New Actros
- 5% fuel efficiency
- Active safety features
- Mirror cam
- MB Uptime

Personnel cost reduction
>300 million Euro

- Quick win capacity measures
- Personnel cost reduction program
- 10% Reduction of management positions

Sales push

- Restructuring of sales organization
- Aftersales push
- Own retail optimization

Variable cost reduction
250 million Euro

- Cost & revenue program implemented to ensure improvement on all contribution margin levers
- Variant reduction (models, powertrain)

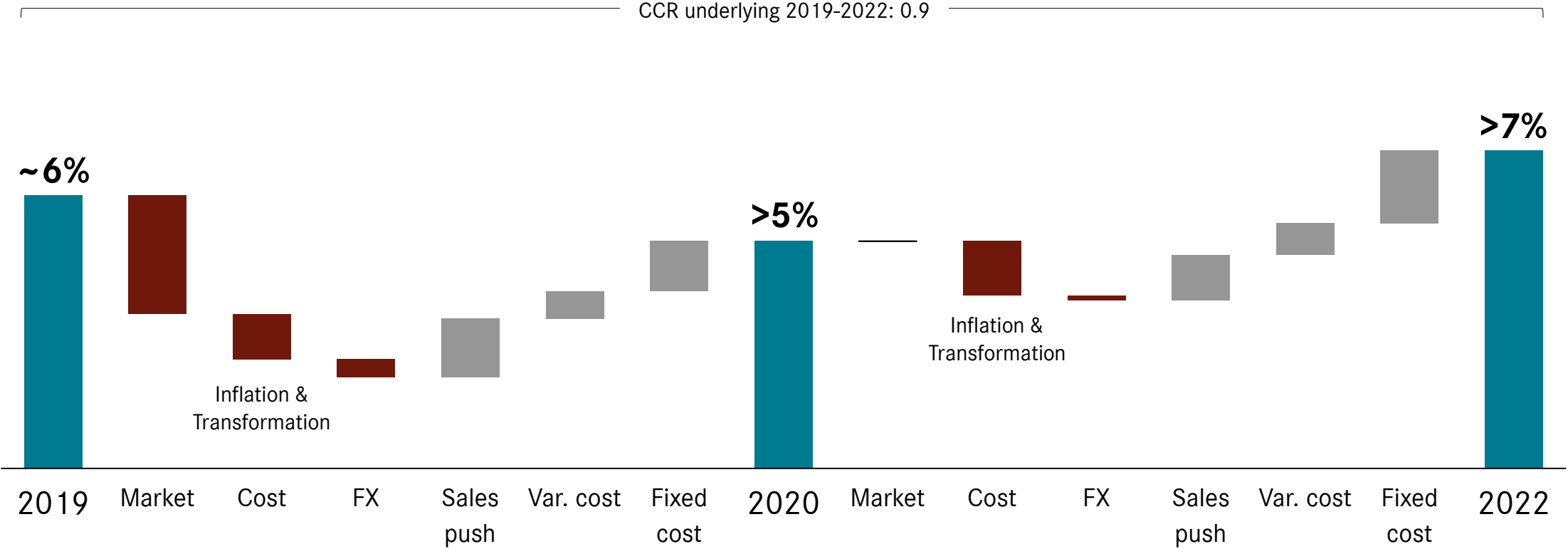


Daimler Truck

The way forward: 2019-2022

Key assumptions
 Market slowdown Nafta
 Market slowdown Europe
 Weakening USD

Return on Sales in %



*All numbers include trucks and buses



Daimler Truck

Our strategy

Product & portfolio

Increased focus on HD segment
and increased commonalization

Growing importance of software
and electronics supporting scale

Sustainability & CO₂

BEV and fuel cell, both important
and complementary

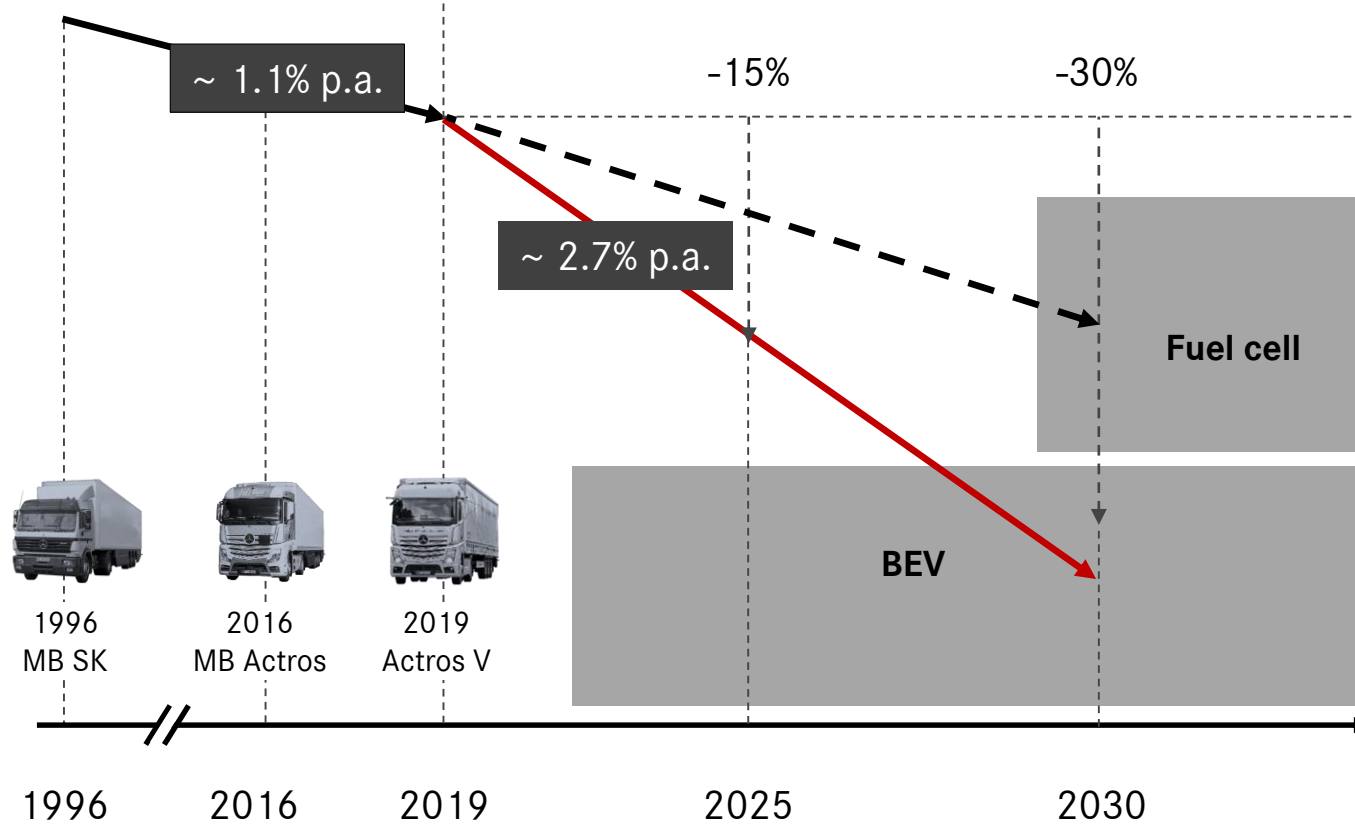
Autonomous

Hub2Hub

Daimler Truck

EU legislation requires alternative powertrain solutions

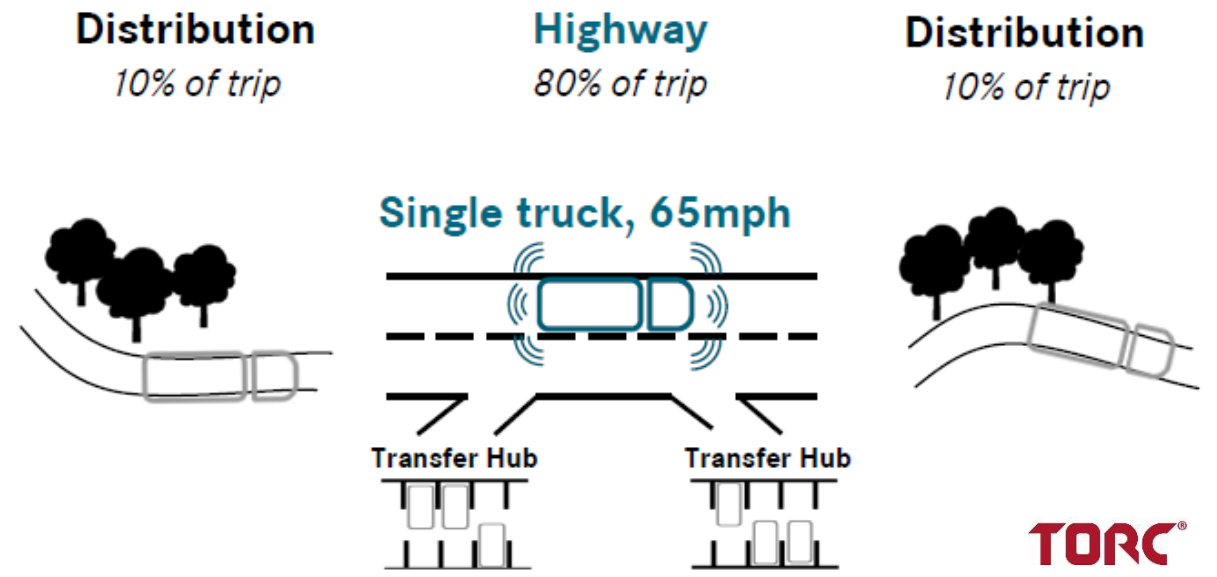
CO₂ baseline setting



Daimler Truck Autonomous Hub2Hub transport as profit opportunity



▶ Development target:
Level 4 driverless truck on the US highway



Daimler Truck Summary

- ▶ **STRONG MARKET POSITIONS & GOOD CASH CONVERSION**
ROS BELOW BENCHMARK IN EUROPE, LATAM AND ASIA
FUNDING DISCIPLINE TO KEEP CCR HIGH
INSTRUMENTS IN PLACE TO RESPOND TO MARKET VOLATILITY
- ▶ **CLEAR PLAN TO RESTORE PERFORMANCE**
PRODUCT LEADERSHIP IN HEAVY-DUTY
SALES PUSH IN EUROPE
COST REDUCTION PROGRAM (BOTH VARIABLE AND FIXED)
- ▶ **CLEAR FUTURE STRATEGIC PRIORITIES**
HEAVY-DUTY SEGMENT
SUSTAINABILITY (CO₂/BEV/FUEL CELL)
HUB2HUB AUTONOMOUS USE CASE



Daimler Mobility

Our purpose

WE MOVE YOU

WE FACILITATE SALES OF
AUTOMOTIVE PRODUCTS AND SERVICES

WE BUILD CUSTOMER LOYALTY
AND ENSURE RETENTION

WE GENERATE DIVIDENDS
AND CREATE VALUE FOR THE GROUP

**WE ENABLE MOBILITY
FROM YEARS TO MINUTES**



Daimler Mobility

Serving a variety of customer demands

DEMAND TYPE A

Customer wants
financing/leasing/
insurance

DEMAND TYPE B

Customer wants fleet/
rental/subscription
solution

DEMAND TYPE C

Customer wants
on-demand mobility

DIGITAL MOBILITY SOLUTIONS

Products

Mobility as a Service
Ownership+ services

FLEET, MANAGEMENT & OPERATIONS

Products

Corporate fleet management
Rental/ subscription
Fleet operations (incl. future vehicle fleets)

FINANCING, LEASING & INSURANCE

Products

Financing
Leasing
Insurance

← LONG-TERM

SHORT-TERM →



Daimler Mobility

Current situation

Daimler Mobility in 2019

Portfolio 160 billion Euro (Q3/2019)
RoE ~ 17% (incl. disclosed one-off item of +718 million Euro)

Financing, Leasing & Insurance

Conservative risk management with low net credit losses
Stable penetration rate
Reliable profit contribution

153 billion Euro portfolio
50% penetration rate
RoE 17%

Fleet Mgmt. & Operations

Integration of Athlon completed
High share of MB realized
Successful used cars/ residual value management

7 billion Euro portfolio
40% MBC acquisition share
RoE > 0%

Digital Mobility Solutions

Strong growth of customer base and transactions
Significant investment in 2019

+718 million Euro one-off from merger of mobility services
GMV run-rate: 3.5 billion Euro



Daimler Mobility Headwinds in 2020/21

Financing, Leasing & Insurance

Slower growth in industrial divisions
Normalization of credit risk
Margin pressure
Regulation/equity demands

Fleet Mgmt. & Operations

Integration of additional fleet activities
Preparation for further growth and markets

Digital Mobility Solutions

Competitive environment
High capital requirements



Daimler Mobility Measures

Financing, Leasing & Insurance

Digitalize customer experience
Innovative products to support
Daimler sales
Strengthen ABS On/Off-Balance

► **Digitalization,
efficiency & funding**
Controlled growth at
target profitability

Fleet Mgmt. & Operations

Leverage digital fleet operator
Grow product scope and covered
geographies
Further increase of Daimler
product share

► **Regional growth &
product expansion**
Accelerated growth
towards target
profitability in 2022

Digital Mobility Solutions

Prioritize and cap venture invests
Continue partnering strategy

► **Growth, focus,
profitability & valuation**

► PERFORMANCE PROGRAMS TO SECURE TARGET PROFITABILITY



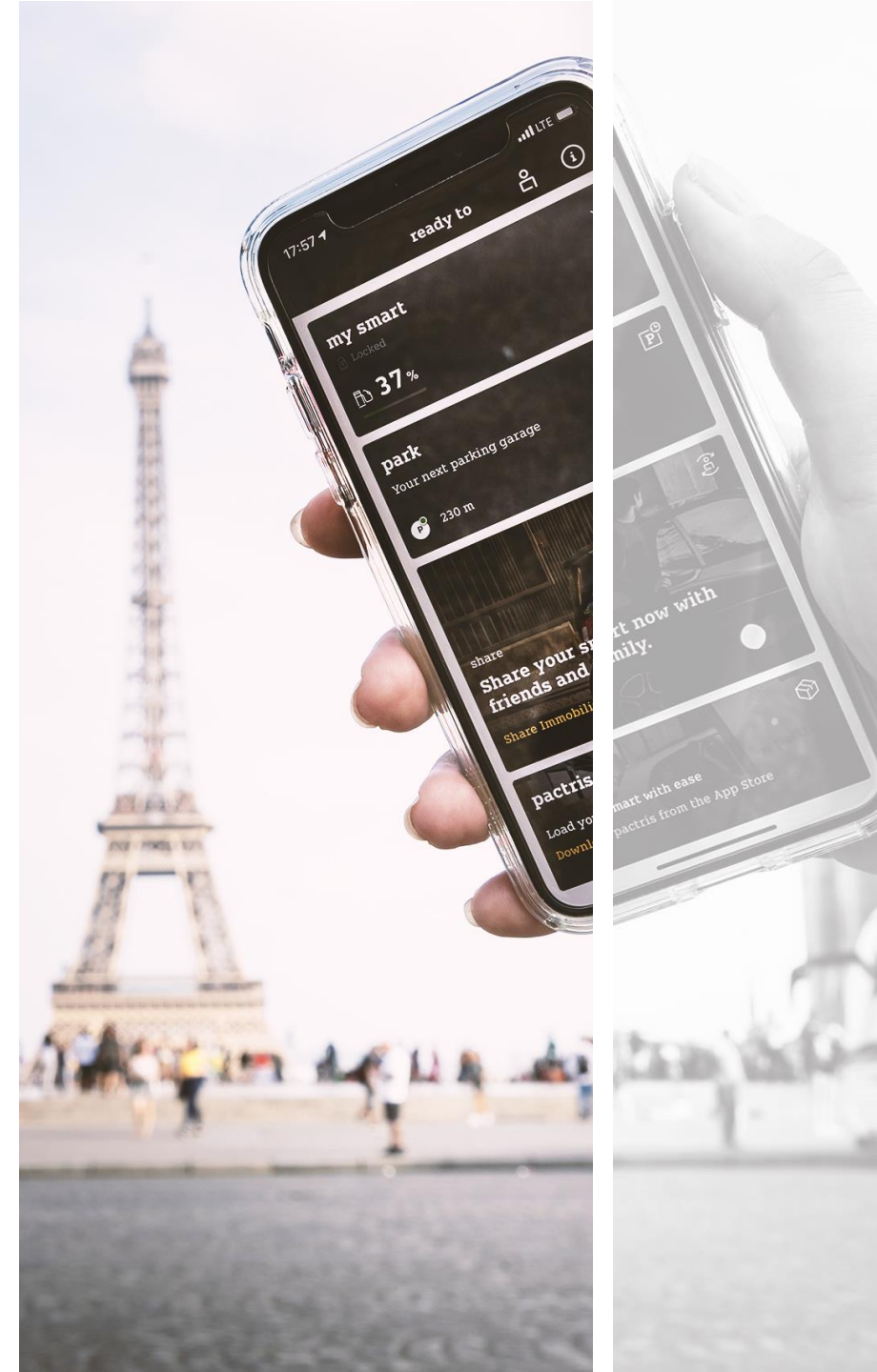
Daimler Mobility

Portfolio of digital mobility solutions

	YourNow JV	Participations	Captive
Ride Hailing	FREENOW	BLACKLANE Bolt VIA JV GEELY	
Car-Sharing	SHARENOW	TURO	
Parking & Charging	PARKNOW CHARGENOW		
Others	REACHNOW	FLIXBUS	Mercedes pay

▶ FOCUS/PRIORITIZATION

▶ OPEN TO PARTNERSHIPS

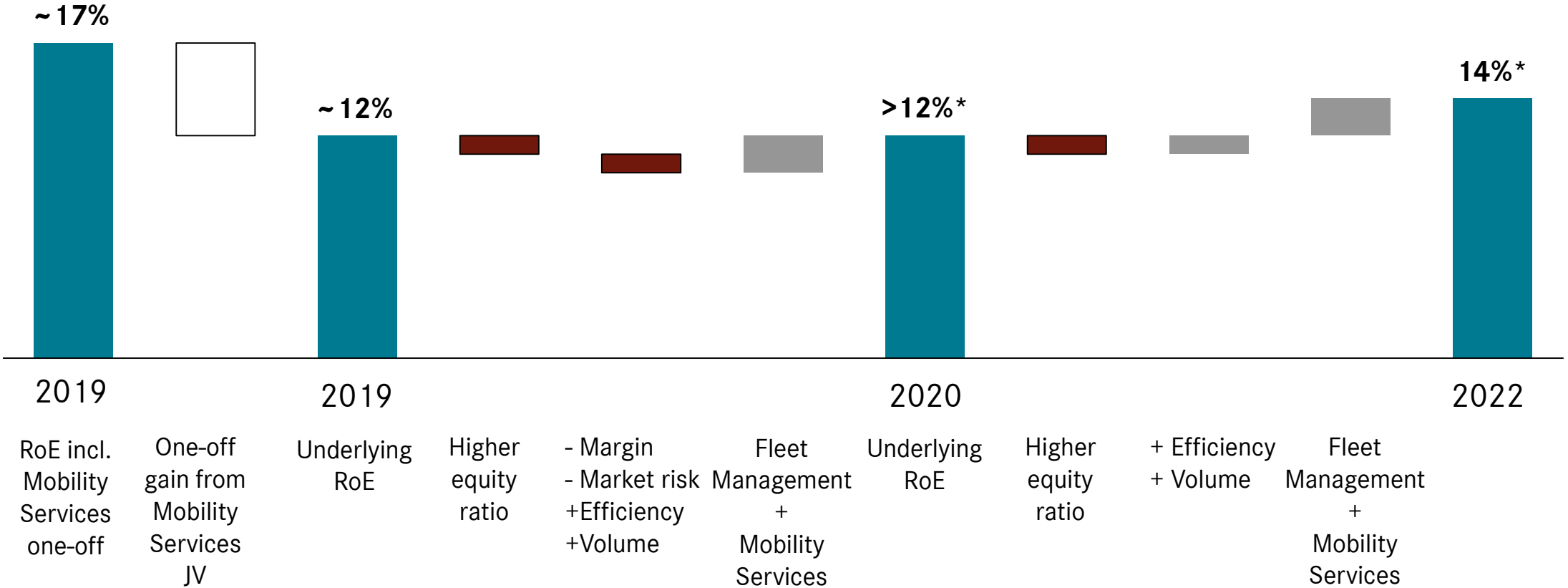


Daimler Mobility

The way forward: 2019-2022

Key assumptions
 Stable penetration rate
 Stable interest rate
 Stable regulatory environment

Return on Equity in %



*Based on higher regulatory-driven equity requirements

Daimler Mobility Summary

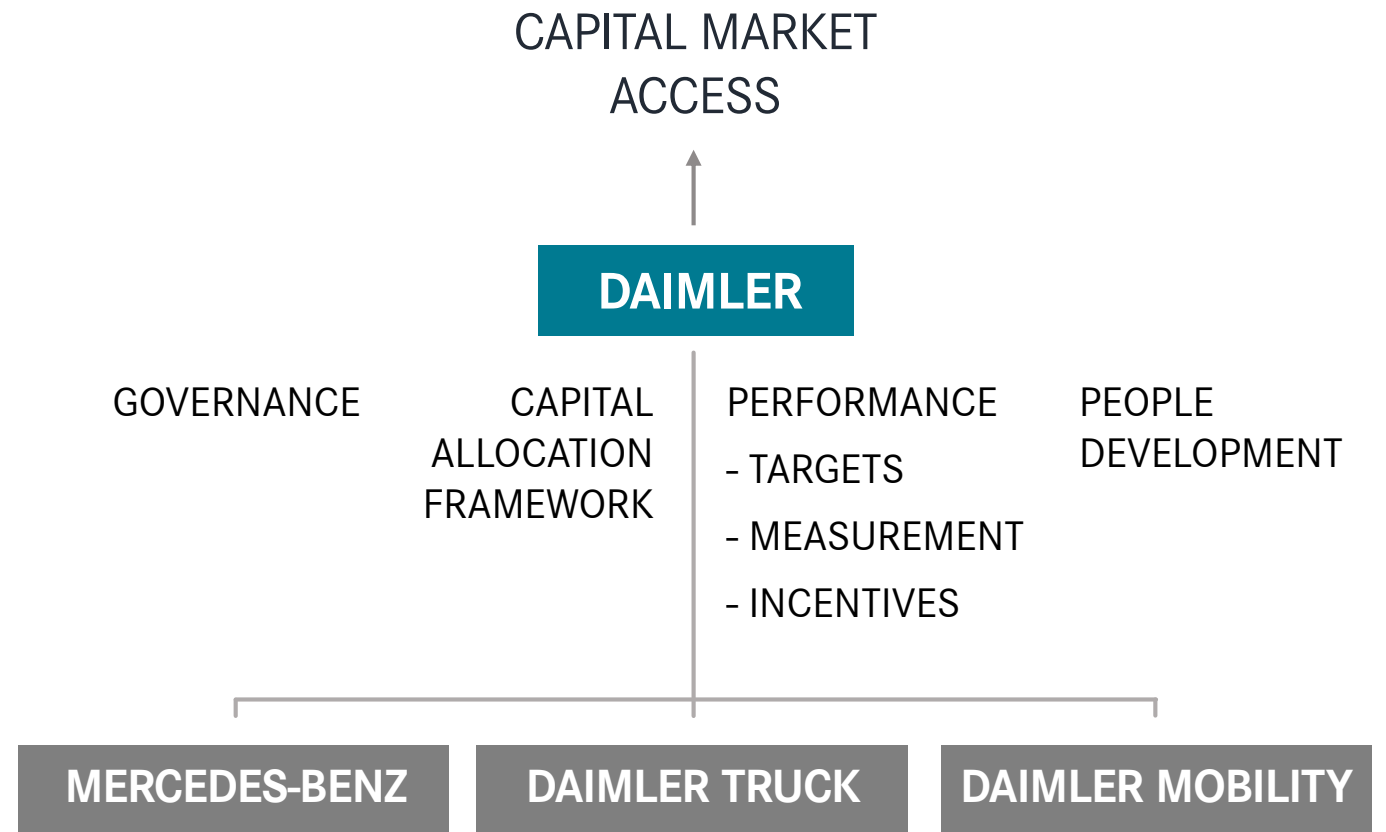
- ▶ SUPPORT SALES OF AUTOMOTIVE PRODUCTS AND SERVICES
- ▶ GROW FLEET MANAGEMENT BUSINESS IN SIZE AND PROFITABILITY
- ▶ ENSURE TARGET PROFITABILITY
- ▶ CREATE VALUE AND PAY DIVIDEND TO THE GROUP





Daimler

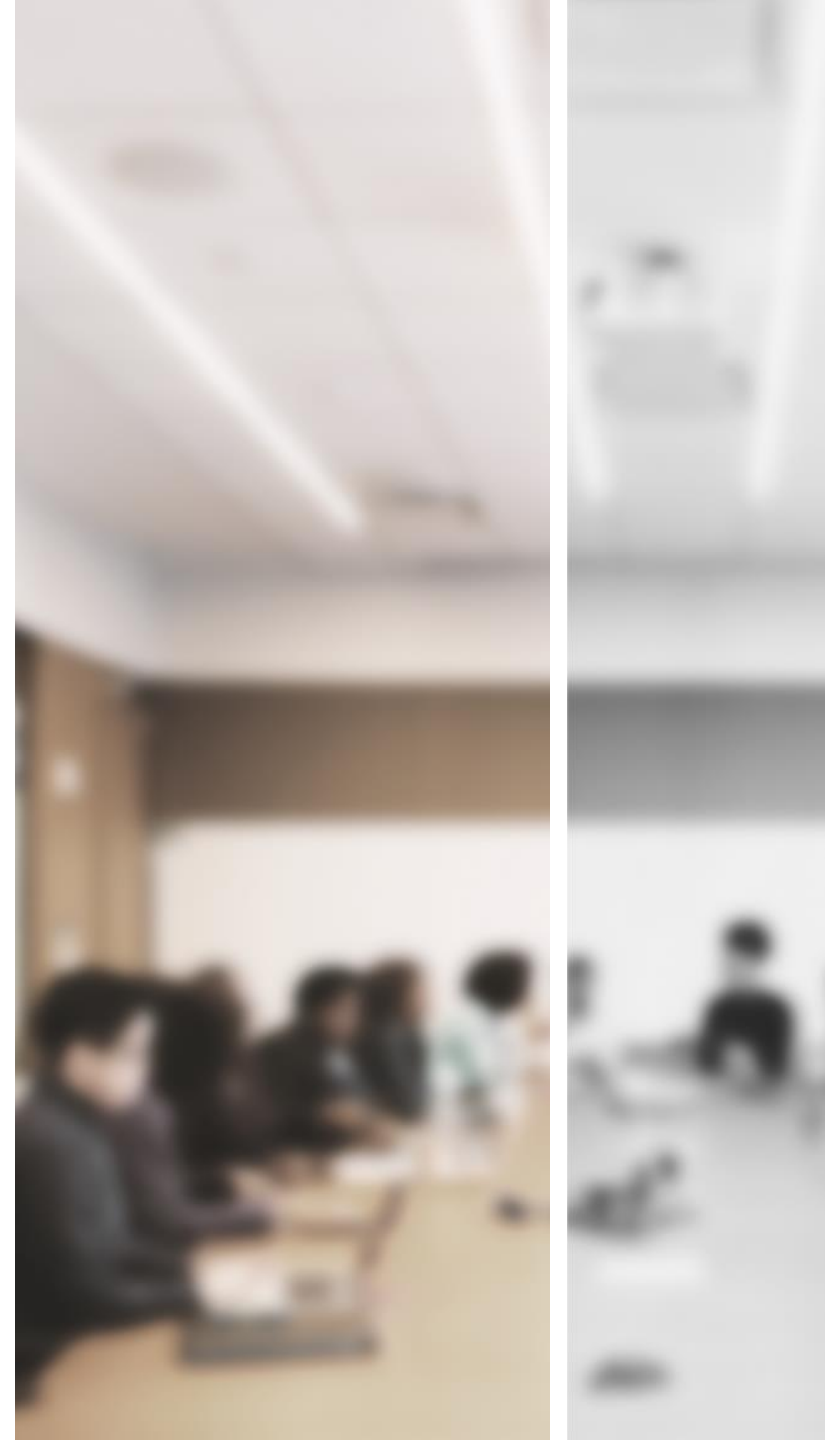
New group structure



Daimler

Rightsizing the group

- ▶ 10% MANAGEMENT POSITIONS REDUCTION ACROSS THE GROUP
- ▶ SIGNIFICANT PERSONNEL COST REDUCTION IN DIVISIONS AND ON GROUP LEVEL
- ▶ NEGOTIATIONS WITH LABOR SIDE INITIATED RESTRUCTURING COST TO BE DETERMINED
- ▶ OVERHEAD COST REDUCTION



Daimler

Role of the parent company

as is

~2,000 FTE
GOVERNANCE

Protect, guide and
enable Daimler

~4,000 FTE
SHARED SERVICES

Deliver benchmark
business services

to be

- ▶ **RIGHTSIZING PARENTCO**
- ▶ **EFFICIENCY OPPORTUNITIES
SHARED SERVICES**

Digitize/automate

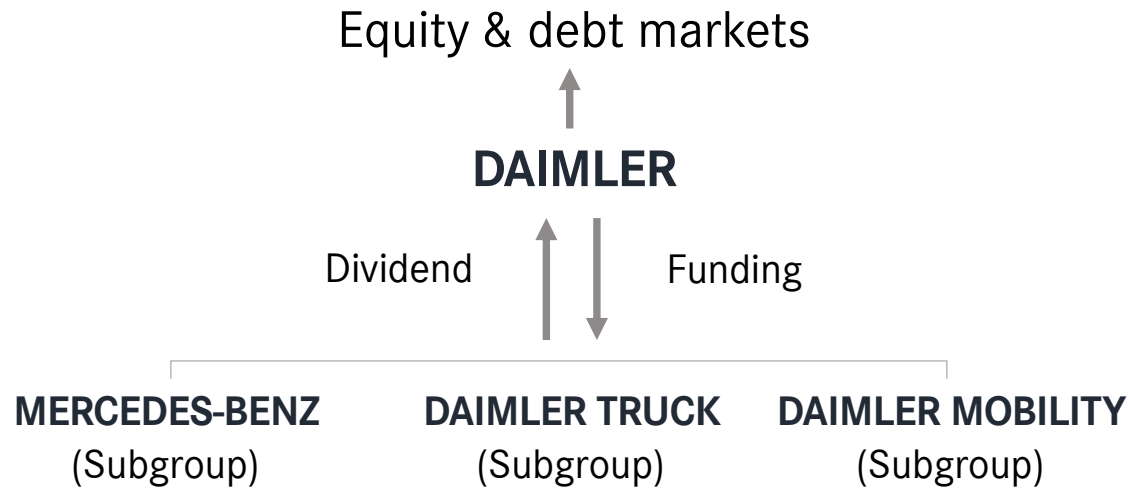
Improve End2End

Externalize



Daimler

Financial framework



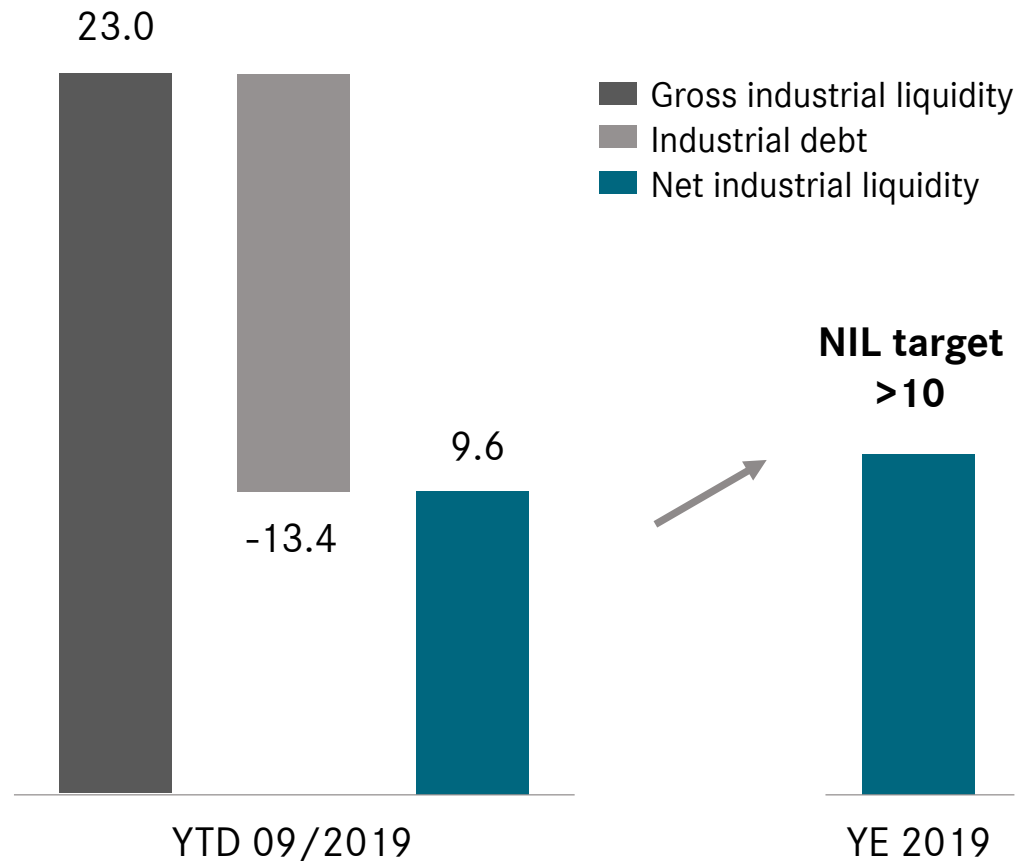
- ▶ CAPITAL MARKET ACCESS
- ▶ GROUP FUNDING AND LIQUIDITY MANAGEMENT
- ▶ CAPITAL STRUCTURE
- ▶ CAPITAL ALLOCATION
- ▶ SET AND MONITOR PERFORMANCE TARGETS
- ▶ DOMINATION AND PROFIT & LOSS TRANSFER AGREEMENTS



Daimler

Strong balance sheet

- in billion Euro -



OBJECTIVES

- ▶ MAINTAIN "A" RATING
- ▶ NET INDUSTRIAL LIQUIDITY > 10 BILLION EURO
- ▶ HEALTHY DEBT COVERAGE RATIO
- ▶ DMO LEVERAGE < 12 (DEBT TO EQUITY)

Daimler

Capital allocation

CapEx

Prioritization
Cap/CCR
KPIs (IRR, FCF profile*)

M&A

Disciplined allocation
Proactive portfolio management
Preference for partnerships

R&D/Projects

Prioritization
Cap/CCR
KPIs (IRR, FCF profile*)
Risk management
Monitoring

Dividend policy

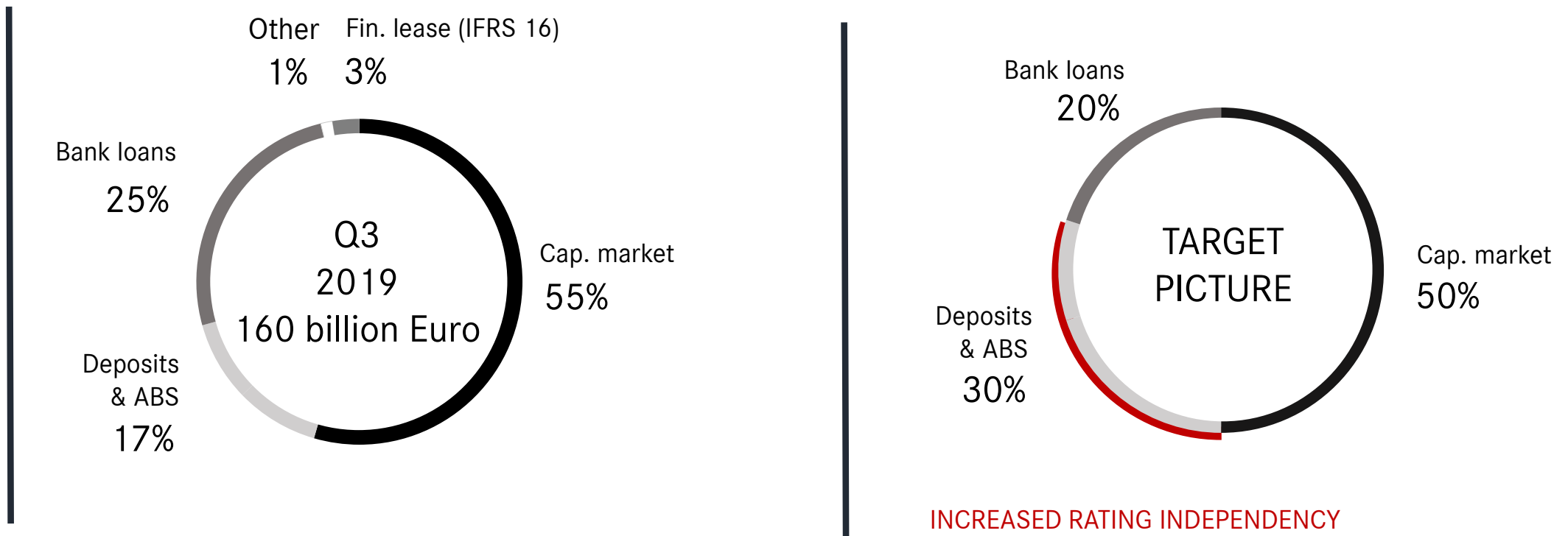
40% of net profit
Dividend should be covered by
industrial free cash flow

* Internal rate of return, free cash flow profile



Daimler

Balanced mix of funding instruments



Daimler

Summary KPIs

Return on Sales (underlying*) in %	Trend 2019	Trend 2020	Trend 2022
Mercedes-Benz (Cars & Vans)	>5	>4 (>3 ^{**})	>6 (>5 ^{**})
Daimler Truck (Trucks & Buses)	~6	>5	>7
Daimler Mobility (RoE)	~17	>12 ^{***}	14 ^{***}
Cash Flow			
Cash Conversion Rate Cars & Vans (underlying)	0.4	0.8	0.8
Cash Conversion Rate Trucks & Buses (underlying)	0.9	0.9	0.9
Net Industrial Liquidity Daimler (in billion Euro)	>10		

* Underlying performance: utilization of provisions for disclosed items and restructuring charges excluded

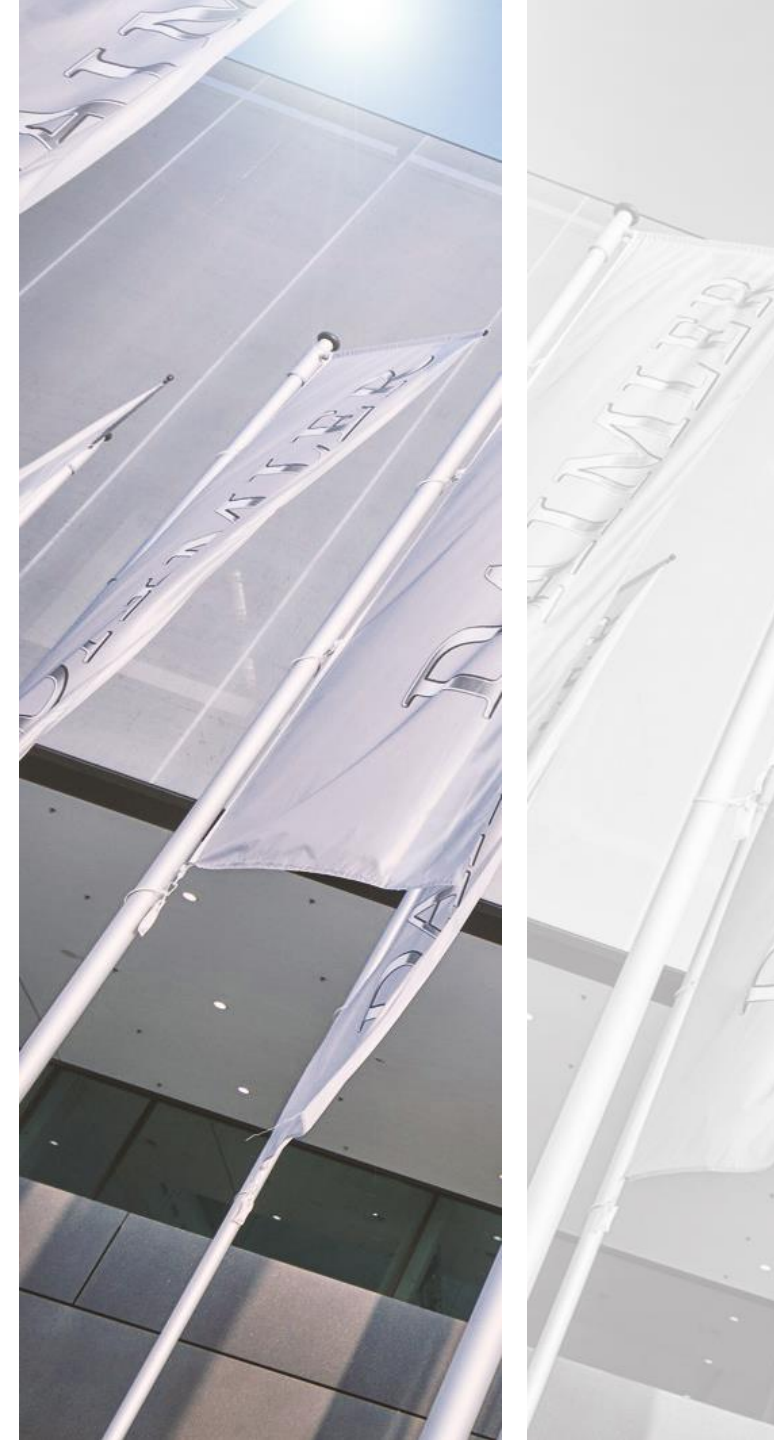
** Including tariffs

*** Because of higher regulatory-driven equity requirements

Daimler

Cash flow component in management compensation

Split of permanent financial target criteria





Summary

- ▶ GROWING PREMIUM MOBILITY MARKET
- ▶ DAIMLER STRATEGY SET TO DEFEND LEADERSHIP ROLE FOR PREMIUM CARS AND COMMERCIAL VEHICLES
- ▶ AWARENESS OF THE CHALLENGES AHEAD
- ▶ ACTIONS LAUNCHED TO RIGHTSIZE DAIMLER
- ▶ STRATEGY SET FOR COMPETITIVE, SUSTAINABLE BUSINESS MODEL
- ▶ PERFORMANCE AND FREE CASH FLOW GENERATION ADDRESSED, DISCIPLINED CAPITAL ALLOCATION IN FOCUS

Forward-looking statements:

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.