

DAIMLER AG
Fixed Income Presentation
FY 2019



I.
Daimler AG 2019



DAIMLER AG

KEY MESSAGES

Mercedes-Benz safeguarded No.1 position in luxury segment, sales recovery in second half of year accomplished

Underlying performance in line with 2019 Capital Market Day outlook; material adjustments booked

Net Industrial Liquidity: target of >10 bn. euros achieved

Strategy set for carbon-neutral mobility & transport

Measures initiated to reduce cost and increase cash; focus on Free Cash Flow and capital allocation

2020 outlook confirmed

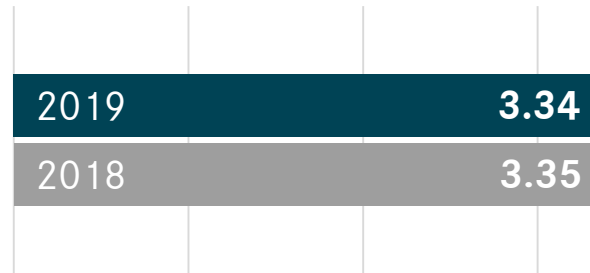
A blurred, metallic-looking Daimler logo is positioned on the right side of the slide, partially overlapping a dark blue diagonal shape.

DAIMLER AG

KEY FIGURES

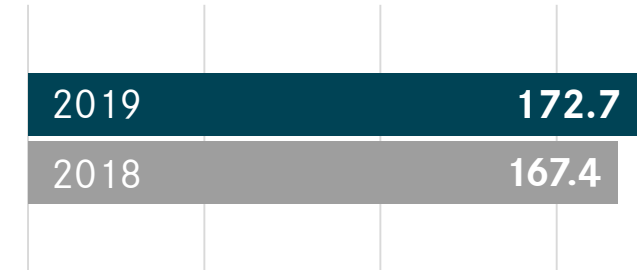
SALES

in million units



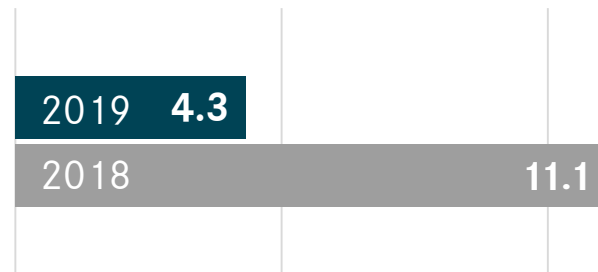
REVENUE

in billion euros



EBIT

in billion euros



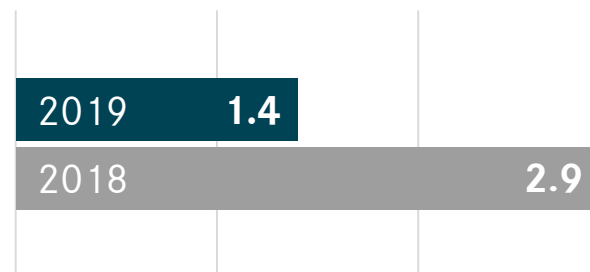
EBIT adjusted

in billion euros



FREE CASH FLOW

in billion euros



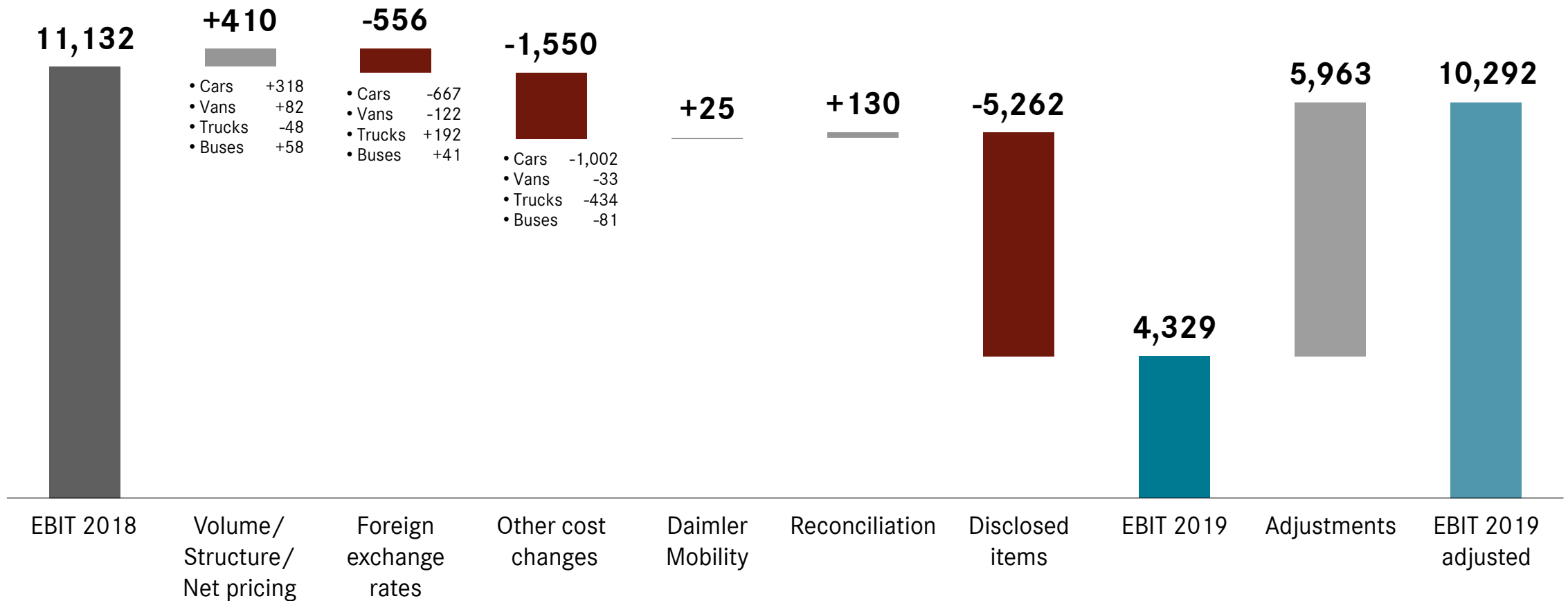
FREE CASH FLOW adjusted

in billion euros



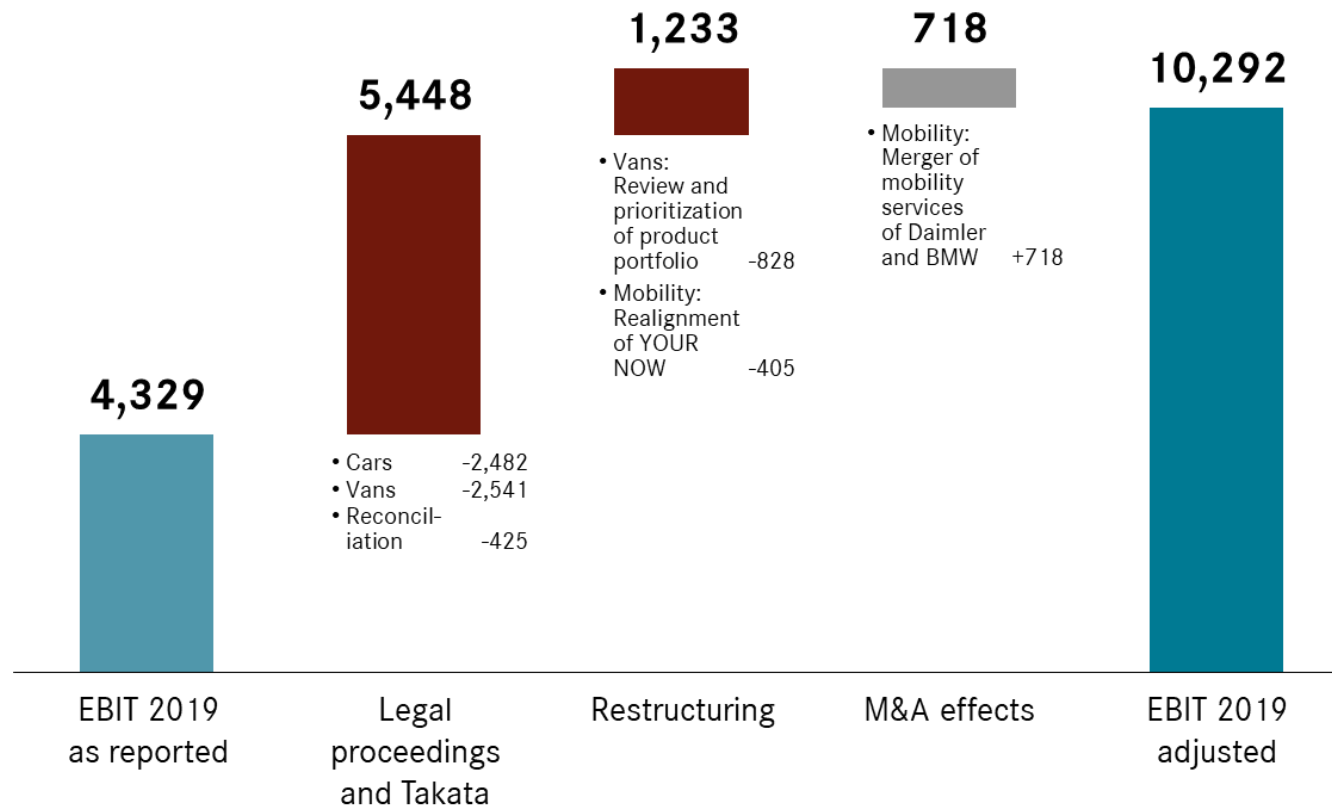
DAIMLER 2019 GROUP EBIT

in million euros



DAIMLER 2019 ADJUSTMENTS IN GROUP EBIT

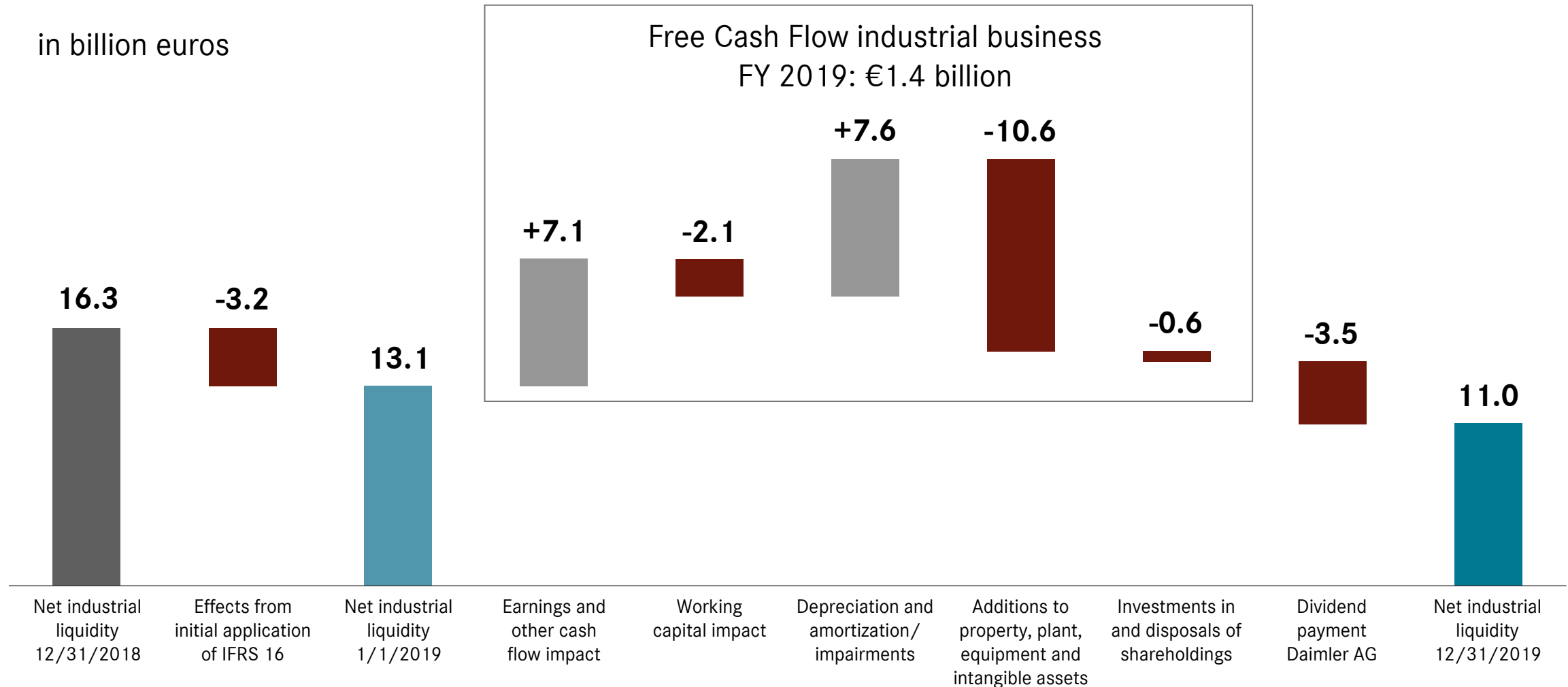
in million euros



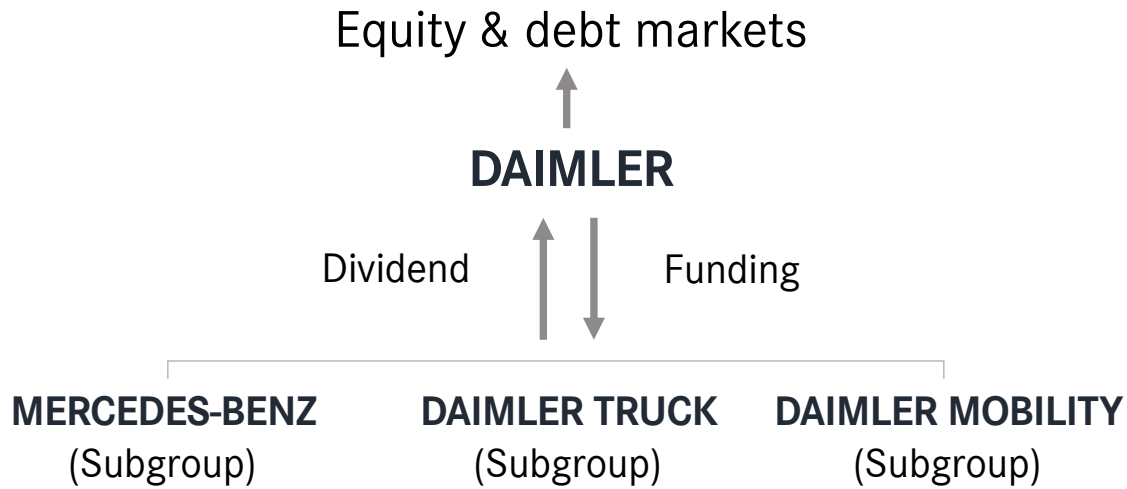
DAIMLER 2019

NET INDUSTRIAL LIQUIDITY

in billion euros



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



STRONG BALANCE SHEET

OBJECTIVES

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



DAIMLER

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 2019 DIVIDEND

NET PROFIT

in billion euros



EARNINGS PER SHARE

in euros



DIVIDEND

proposed in euros





2020 OUTLOOK GROUP

Daimler Group EBIT	Significant increase
Free Cash Flow (industrial business)	Significant increase*
Investment in PP&E and R&D expenditure	At prior-year level

* excluding possible expenses relating to legal and governmental proceedings

II. Strategic Agenda 2020





1. BUSINESS PERFORMANCE

CASH & COST MEASURES

Total investment in 2020 capped at 2019 level

Aggressive material cost savings targets,
e.g. cumulative RoS effect of 3% at Cars by 2022;
2020 target on track

Streamline product portfolio,
e.g. end of production X-Class in May

Variable cost reduction, e.g. 250 million euros at MB
Trucks Europe by 2022; significant progress in 2020



1. BUSINESS PERFORMANCE PERSONNEL COST REDUCTION

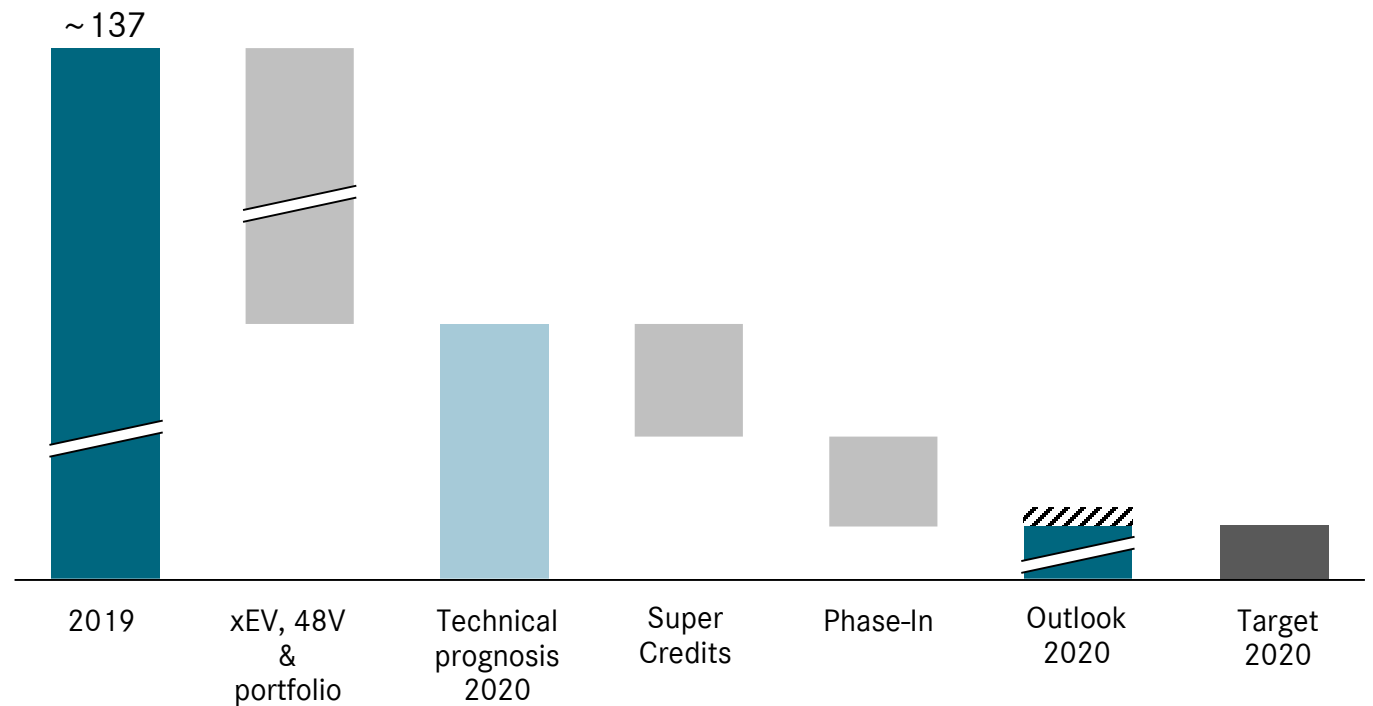
1.4 billion euros savings by 2022; headcount targets have been defined in each division; management positions to be reduced by 10%

Measures agreed upon with social partners: termination offers, early retirement offers, more appealing part-time, reduction of working hours

Additional measures: restrictive re-staffing for fluctuation, reduction of temporary work and 40-hour contracts

2. ELECTRIFICATION ROADMAP EU CO₂ COMPLIANCE

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



2. ELECTRIFICATION EXPANDING xEV PORTFOLIO



Ramp-up of EQC production to meet high demand; smart from now on EV only; market launch EQV this summer; world premiere EQA later this year.

More than 20 Plug-In hybrid variants by 2020; comprehensive roll-out of 48V technology

Ramping-up battery production on track: 9 factories in 7 locations on 3 continents

xEV share more than quadrupling in 2020 (2 to 9%); sales of 48V vehicles more than doubling



3. DIGITALIZATION WE MAKE OUR CLAIM IN THE DIGITAL REALM

Rollout of latest MBUX system across entire fleet. New S-Class will raise the bar also in connectivity

Thinking the car inside out:
Concept defined for software-driven architecture

Development of comprehensive operating system underway

Growing importance of software and electronics supporting scale at Daimler Trucks

4. LEADERSHIP DRIVING TRANSFORMATION



We continue to drive cultural change across Daimler with Leadership 20X

In line with new group structure we push empowerment, transparency & accountability

Stronger focus on performance culture also reflected in cash flow component in management compensation

III.
Divisional Review 2019



MERCEDES-BENZ CARS HIGHLIGHTS 2019

Mercedes-Benz leading luxury car brand;
first time ever No.1 in premium segment in China

Ramping-up supply of high-demand vehicles;
significantly reduced inventories in Q4

Committed to carbon-neutral mobility: “Ambition 2039” defined,
all-new EQC introduced to the market, battery production ramp-up

smart: all-electric; new business model for next-
generation products - cooperation with Geely

Cash generation and performance improvement:
program in place, targets identified, measures
initiated, plan established to cap funding



MERCEDES-BENZ CARS FINANCIALS

SALES

in million units

2019	2.39
2018	2.38

REVENUE

in billion euros

2019	93.9
2018	93.1

EBIT

in billion euros

2019	3.4
2018	7.2

EBIT adjusted

in billion euros

2019	5.8
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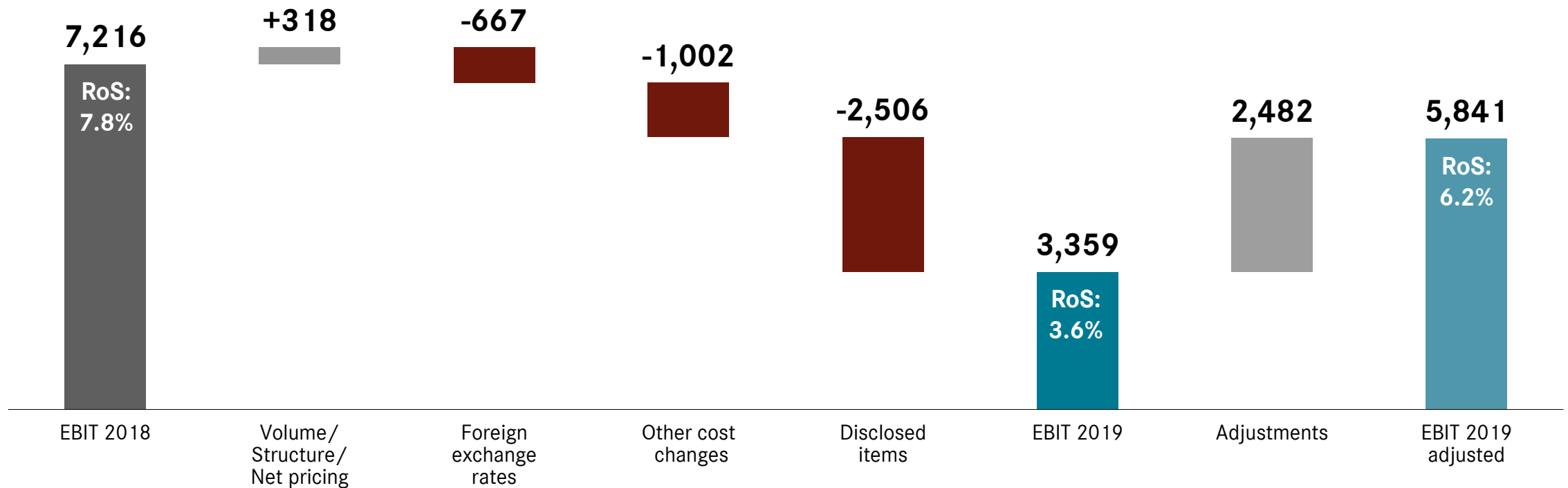


MERCEDES-BENZ CARS

EBIT & RoS

in million euros

- + Net pricing
- Foreign exchange rates
- Higher expenses for new technologies and product costs
- Valuation Aston Martin
- Governmental and legal proceedings and measures relating to diesel vehicles
- Expenses in connection with Takata airbags



MERCEDES-BENZ VANS HIGHLIGHTS 2019

Continued sales growth to new record level

New V-Class introduced and all-new EQV presented;
series production of eSprinter started; development
of new electric product in small-van segment

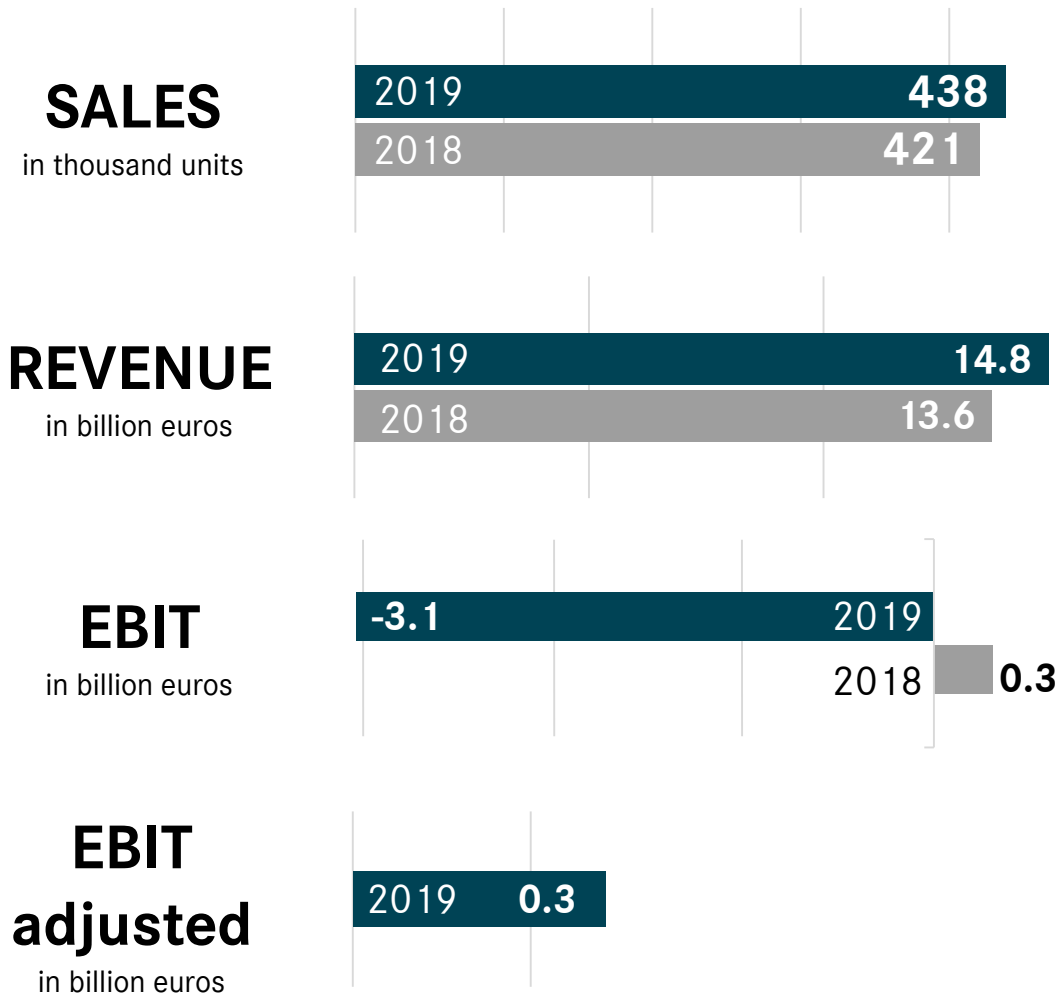
Industrial situation stabilized

Efficiency measures initiated

Streamlining product portfolio: End of production X-Class

Financial performance impacted by material adjustments

MERCEDES-BENZ VANS FINANCIALS

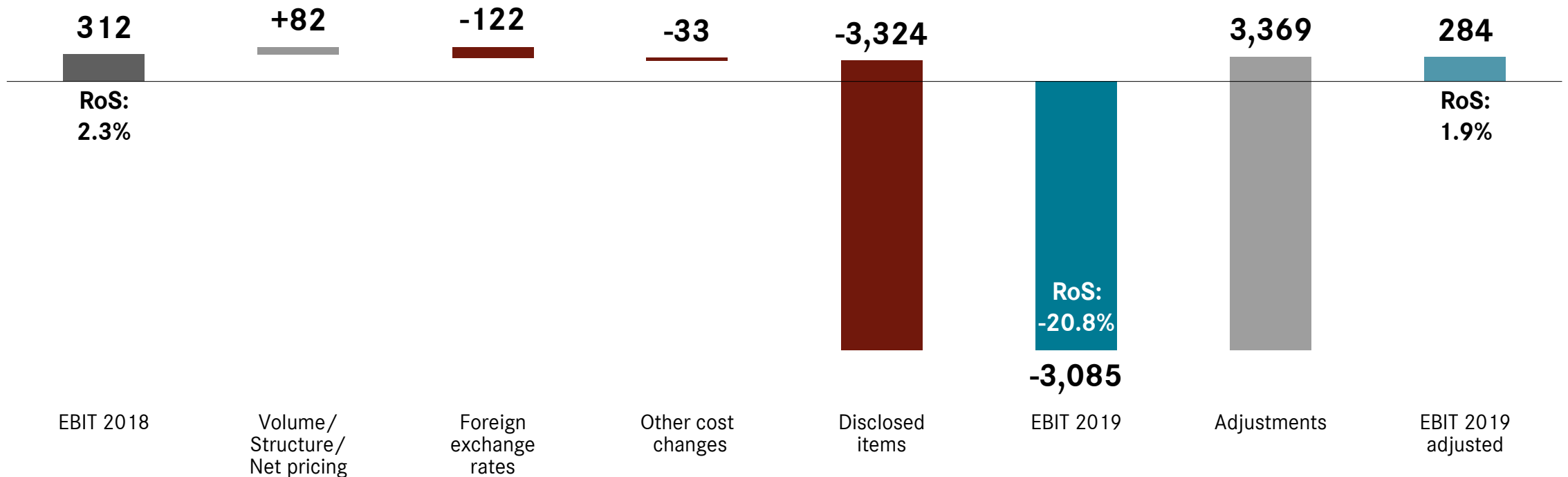


MERCEDES-BENZ VANS

EBIT & RoS

in million euros

- + Higher unit sales
- + Model mix
- Foreign exchange rates
- Higher expenses for new products and product-related cost
- Governmental and legal proceedings and measures relating to diesel vehicles
- Product portfolio review and prioritization
- Expenses in connection with Takata airbags



DAIMLER TRUCKS HIGHLIGHTS 2019

Daimler Trucks world's leading truck manufacturer

Strong performance in NAFTA despite softening market in Q4/2019

Launch of new Actros, "Truck of the year"

EU market weakened faster than expected in Q4/2019; first effects from efficiency programs at MB Trucks EU

Goal of carbon-neutral transport set; electric trucks of all classes are tested in customer use

Start of development and testing of fully autonomous trucks on public roads in the U.S.



DAIMLER TRUCKS FINANCIALS

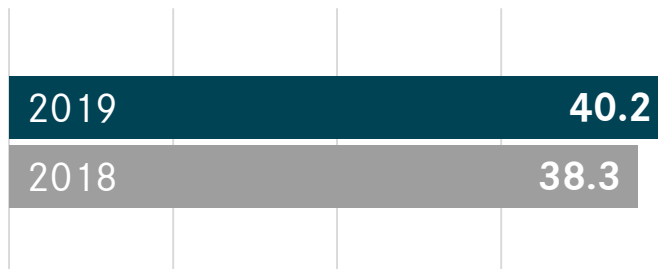
SALES

in thousand units



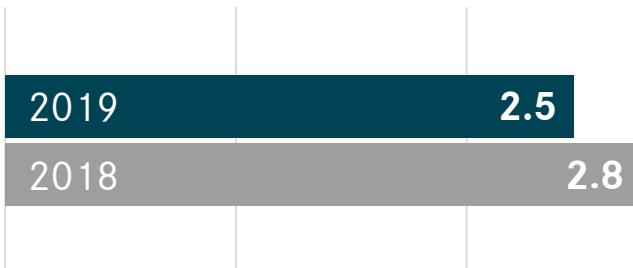
REVENUE

in billion euros



EBIT

in billion euros

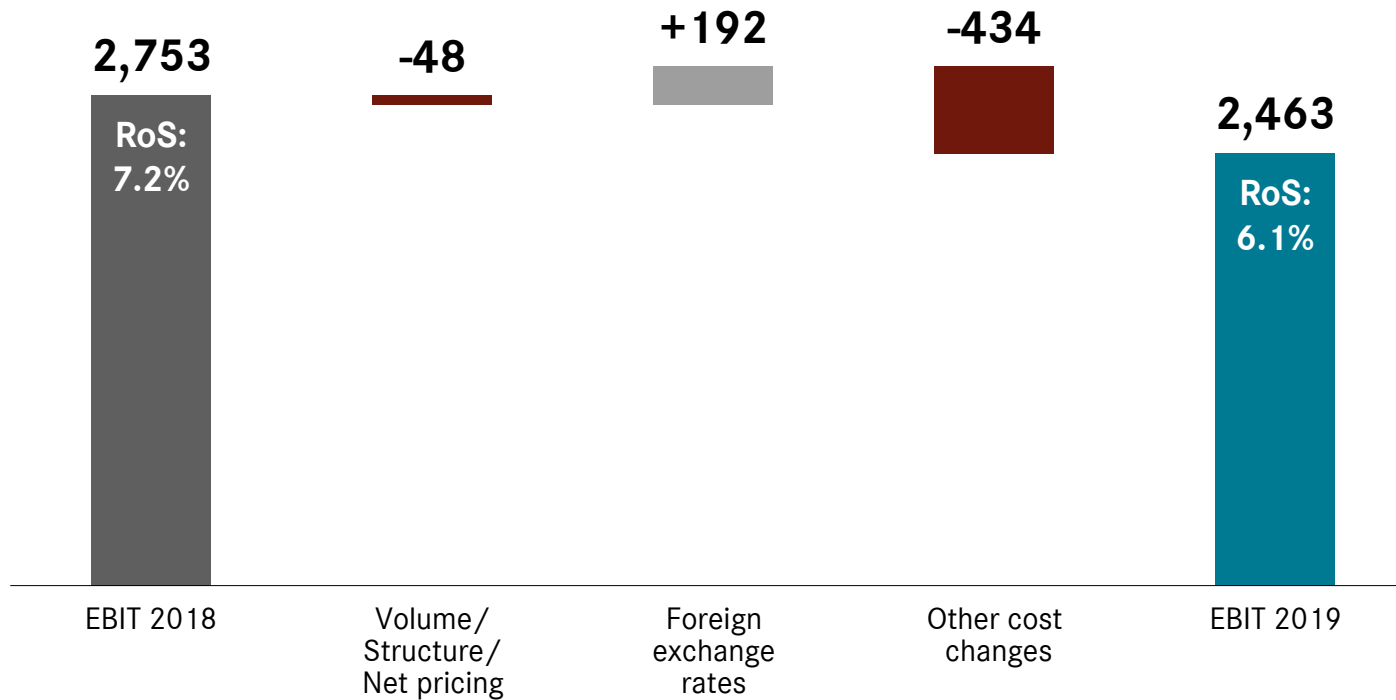


DAIMLER TRUCKS

EBIT & RoS

in million euros

- + Higher unit sales in NAFTA region supported by positive foreign exchange rates
- Lower unit sales especially in the EU30 and Asia region
- Valuation adjustments for used trucks
- Higher expenses for new technologies and capacity adjustments



DAIMLER BUSES HIGHLIGHTS 2019

Daimler Buses continues to be industry benchmark in profitability

Maintained leading position in our core markets

Serving high demand for our electric city bus eCitaro

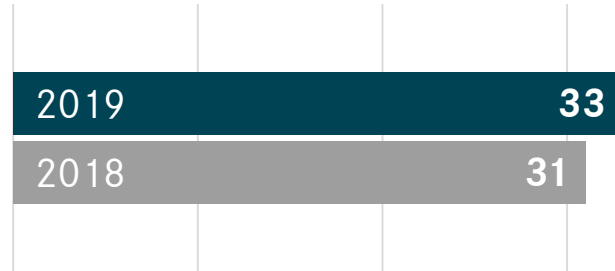
Delivered on target margin; continued efficiency effort



DAIMLER BUSES FINANCIALS

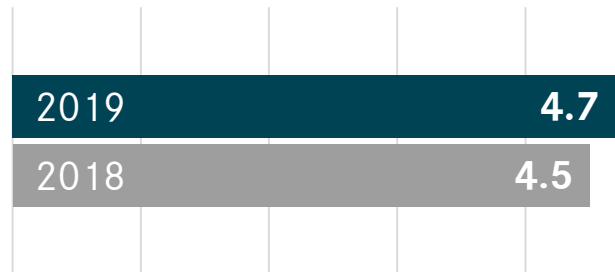
SALES

in thousand units



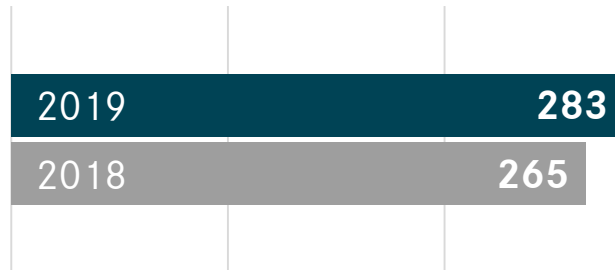
REVENUE

in billion euros



EBIT

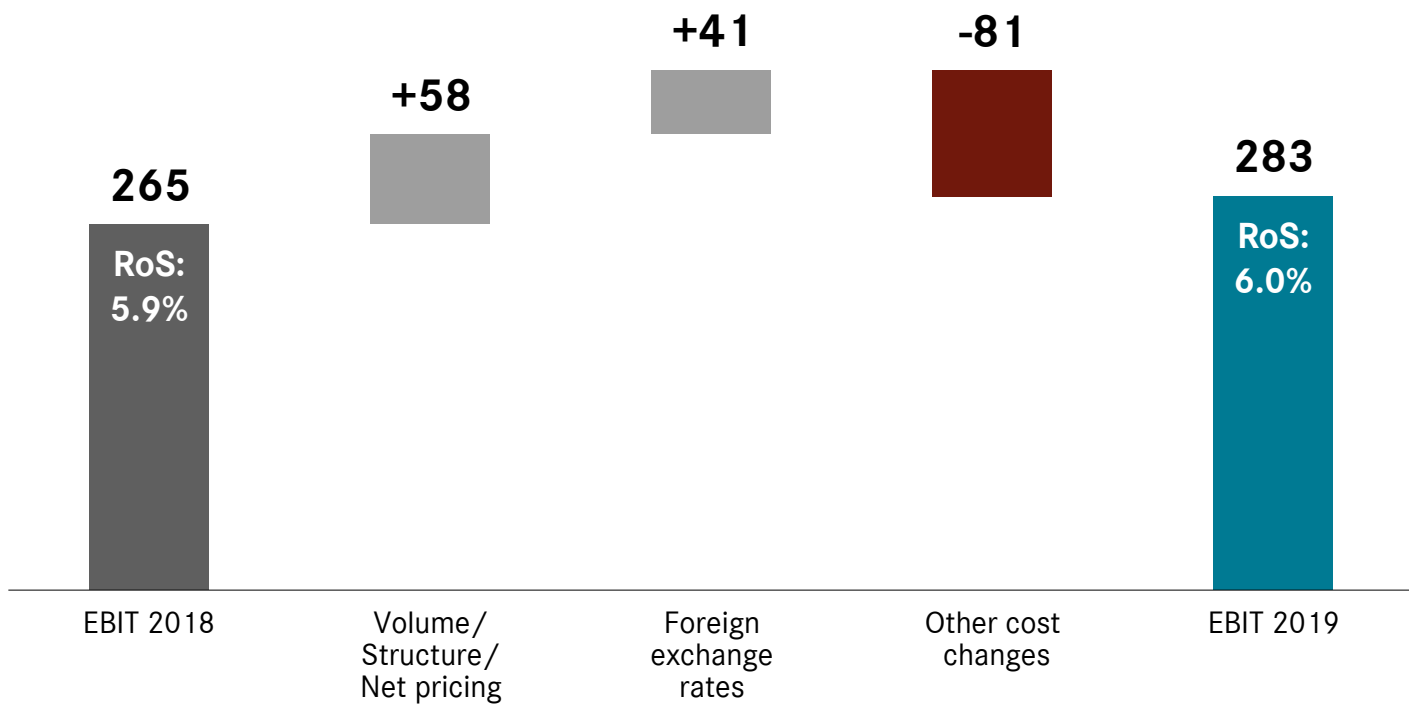
in million euros



DAIMLER BUSES EBIT & RoS

in million euros

- + Higher unit sales
- + Foreign exchange rates
- Lower capitalization of development costs



DAIMLER MOBILITY HIGHLIGHTS 2019

Continued strong support of industrial business:
Financing about half of new vehicle sales

Prudent risk management

Maintained attractive returns despite higher
equity demands due to regulatory requirements

Start of YOUR NOW joint ventures
and prioritization of mobility services

Driving efficiency and digitalization



DAIMLER MOBILITY FINANCIALS

NEW BUSINESS

in billion euros



CONTRACT VOLUME

in billion euros



EBIT

in billion euros



EBIT adjusted

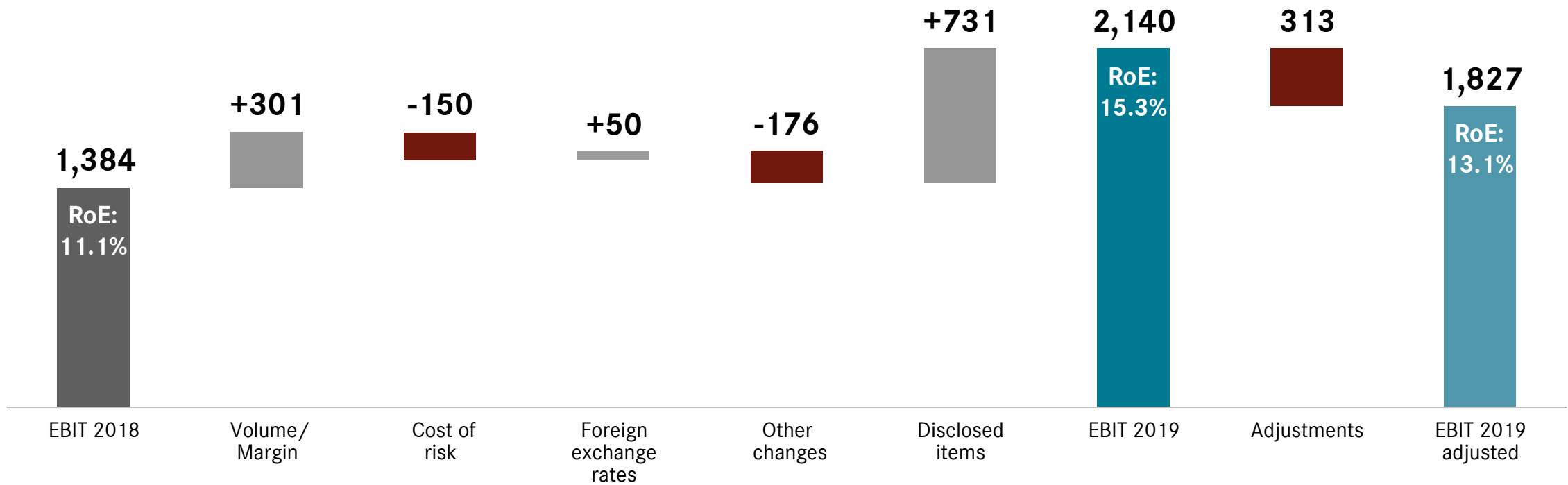
in billion euros



DAIMLER MOBILITY EBIT & RoE

in million euros

- + Higher contract volume
- + Settlement of the Toll Collect arbitration proceedings in 2018
- Normalization of cost of risk
- + Merger of mobility services of Daimler and BMW
- Realignment of the YOUR NOW group





2020 OUTLOOK DIVISIONS

Key assumptions

FX headwinds; no additional tariffs, no impact from Brexit; moderate GDP growth; no major political and economic crisis; No major Corona virus impact, stable penetration rate, interest rate & regulatory environment; sales in line with luxury segment; significant truck market slowdown US/EMEA

Sales

Cars	Slight decrease
Vans	Slight decrease
Trucks	Slight decrease
Buses	Slight increase

Return on Sales (adjusted*)

Mercedes-Benz Cars & Vans	4 to 5%
Daimler Trucks & Buses	5%
Daimler Mobility (RoE)	12%

Cash Conversion Rate** (adjusted)

Cars & Vans	0.7 to 0.9x
Trucks & Buses	0.8 to 1.0x

* The adjustments include material adjustments if they lead to significant effects in a reporting period. These material adjustments relate in particular to legal proceedings and related measures, restructuring measures and M&A matters.

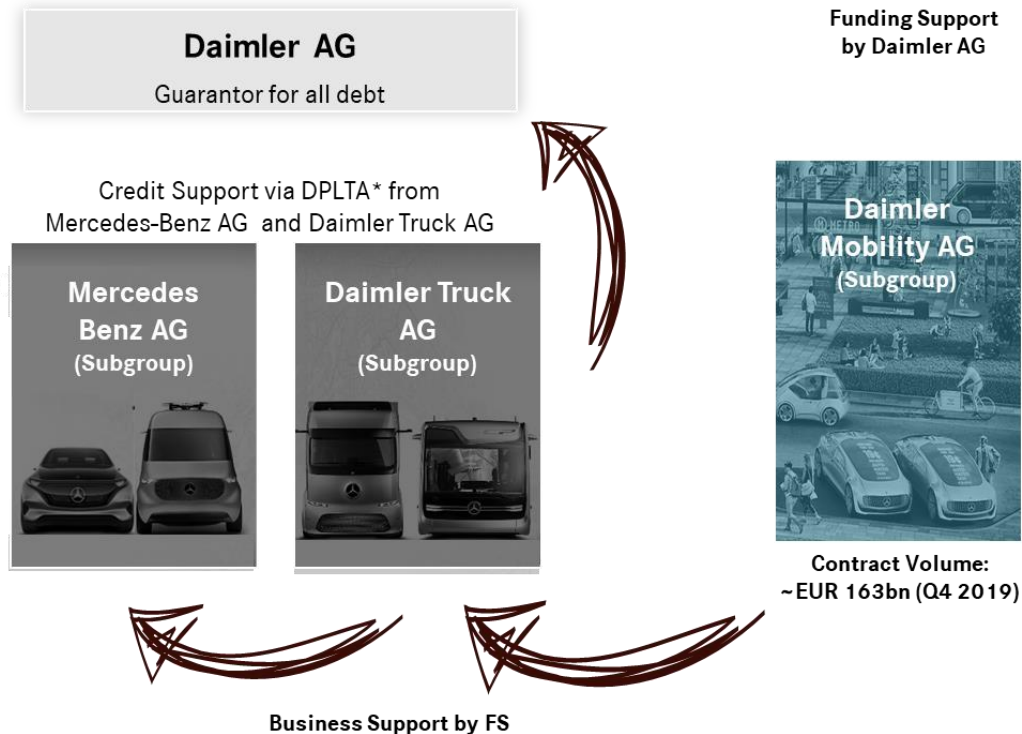
** Adjusted Cash Flow before Interest and Taxes (CFBIT) divided by adjusted EBIT.

IV. Funding



ONE FACE TO THE MARKET

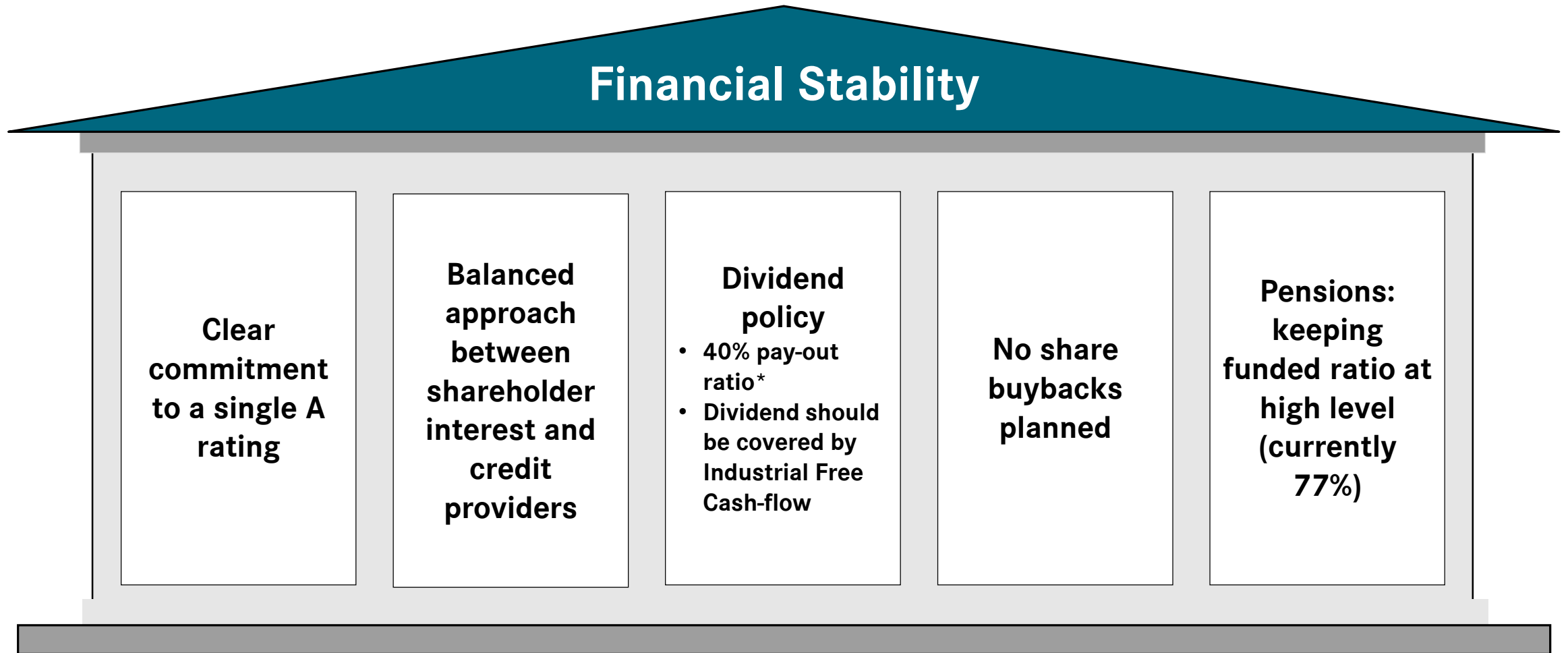
Daimler's business model is based on a central liquidity and risk management



* DPLTA: Domination and Profit & Loss Transfer Agreement



DAIMLER FOLLOWS A PRUDENT FINANCIAL POLICY



* Based on net profit attributable to shareholders of Daimler AG

OUR FUNDING STRATEGY IS BUILT ON STRICT PRINCIPLES

Targeting Financial Independence

No dependence from single markets, instruments, banks or investors

Diversification of funding sources and instruments:
Bank Loans, Bonds, ABS, CP, Deposits

No Covenants, no MAC, no asset pledges, no CSAs

Maximizing Financial Flexibility

Keeping prudent amount of Cash and Committed Credit Facility

New markets funded via global and local banks first

Early capital market funding to save credit capacity in growth regions

Stringent Global Funding Policy

Liquidity matched funding

Interest rate matched funding

Currency matched funding

Country matched funding

NEW CORPORATE STRUCTURE BUT NO CHANGE TO ‘ONE CREDIT’ APPROACH / FINANCIAL RISK STEERING ON GROUP LEVEL

DPLTA*

- **DPLTAs** between **Daimler AG** and **Mercedes-Benz AG, Daimler Truck AG and Daimler Mobility AG** as **centerpiece** of the **new structure** from a financing perspective
- Maintains **access to all operating cash flows** (up-streaming dividend payments to ParentCo’s)

Group Funding

- **Centralized steering of group funding** supported by written guarantees will remain in place
- **Operational and Financial Guarantees to be provided by Daimler AG** (vs. contractual guarantees, i.e. buyback)

Liquidity Management

- Direct and unrestricted **access to group liquidity** by Daimler AG

Management of Market Price Risks

- Continued **centralized management** of the **impact** of **market fluctuations** (FX, interest rates, commodities) of the divisions and the Group

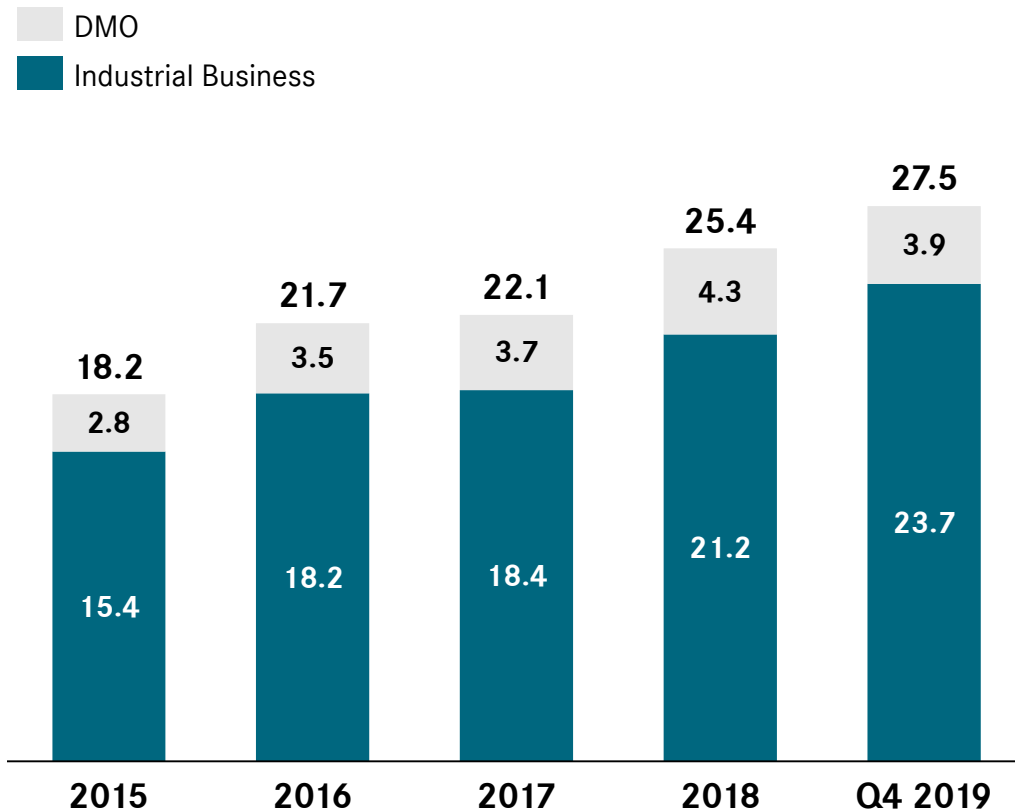
Rating

- **Strong commitment** to **maintain** Daimler’s **strong credit profile**

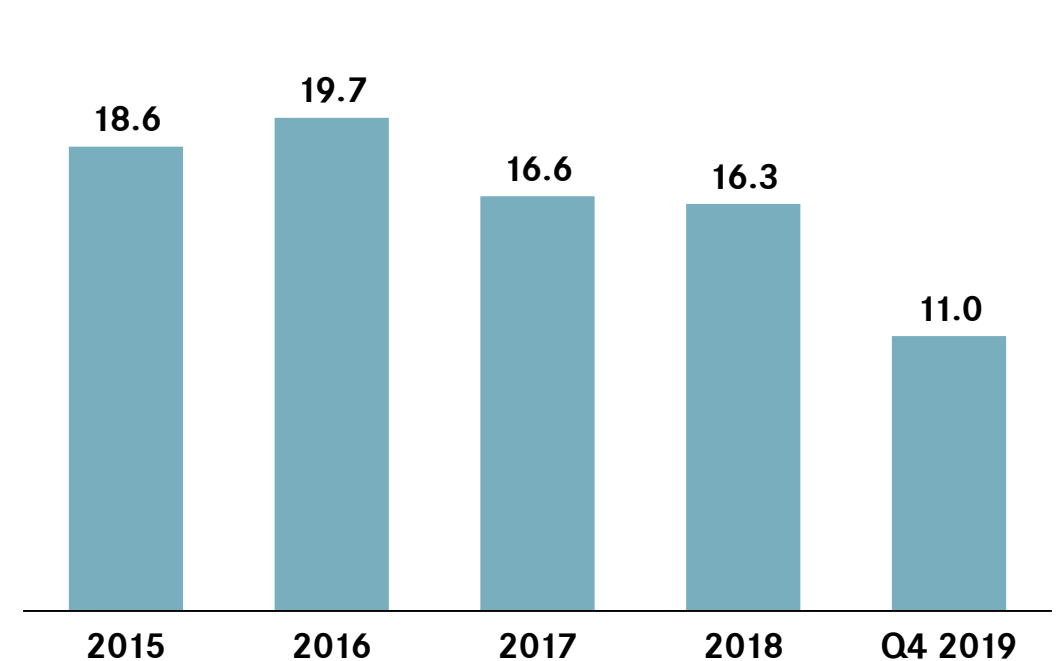
* DPLTA: Domination and Profit & Loss Transfer Agreement

DAIMLER COMMITTED TO KEEP A PRUDENT LEVEL OF GROSS LIQUIDITY

Gross Group Liquidity (in bn EUR)



Net Industrial Liquidity (in bn EUR)

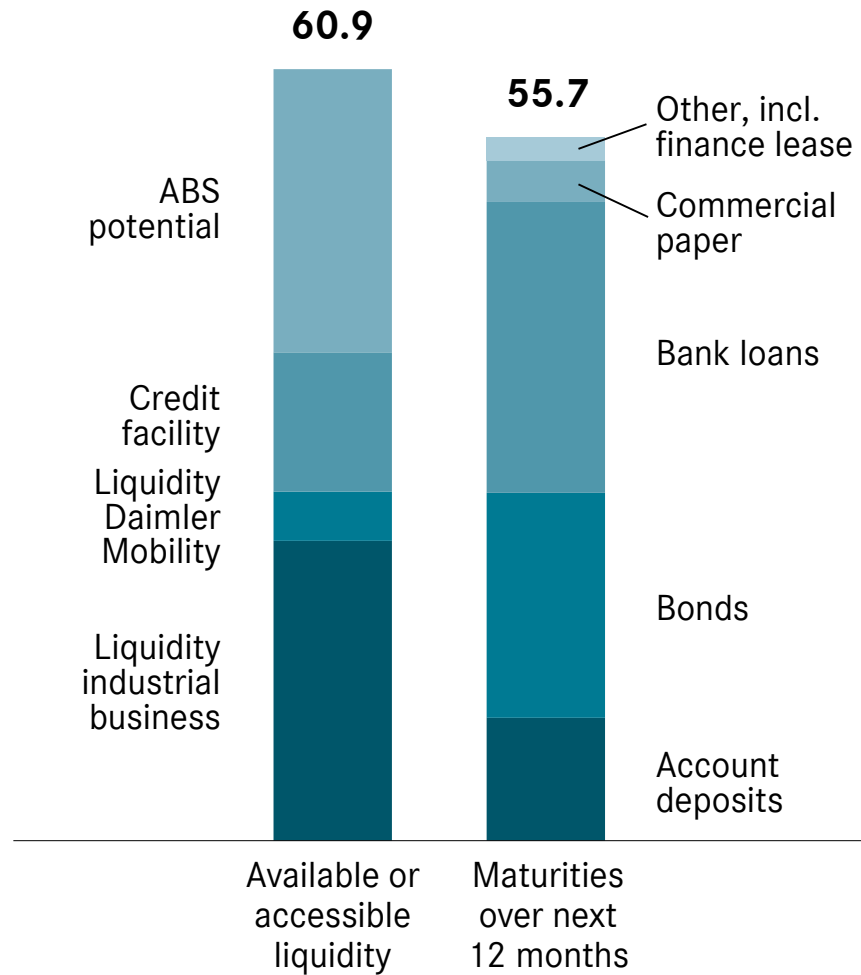


Note: Figures may not be additive due to rounding

DAIMLER 2019

FINANCIAL FLEXIBILITY OVER A 12-MONTH PERIOD

in billion euros



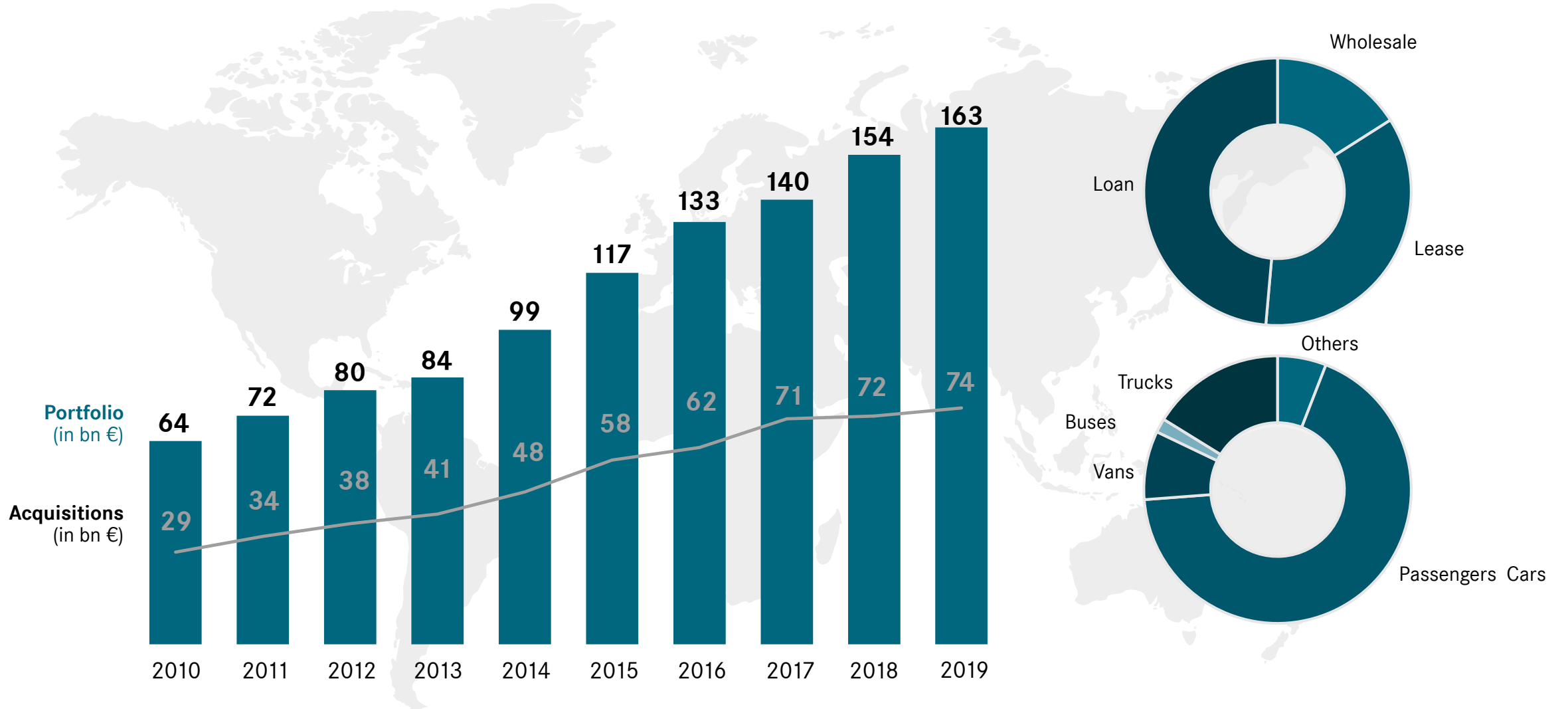
The financial flexibility provides support to mitigate risk and volatility through a balanced mix of funding instruments and clear principles

Daimler follows a financial management to safeguard our A-rating and thus our attractive refinancing conditions

A high financial flexibility is a key support to our A-Rating

The current liquidity position reflects the volatile market environment, the currently required high investments for our future business model and the required financial flexibility for our business

SUSTAINABLE PORTFOLIO AT DAIMLER MOBILITY



DAIMLER MOBILITY BUSINESS MODEL BASED ON STRINGENT CREDIT MANAGEMENT AND SOLID REFINANCING

Portfolio performs on an excellent level, based on an outstanding acquisition quality

The matched-funded approach ensures that liquidity risks are managed properly

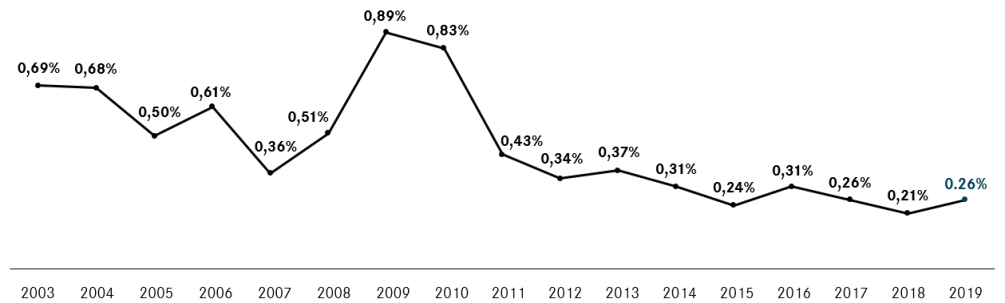
External liabilities of Daimler Group have a 2.5x longer duration due to capital market refinancing than internal allocation to FS via IC-loans



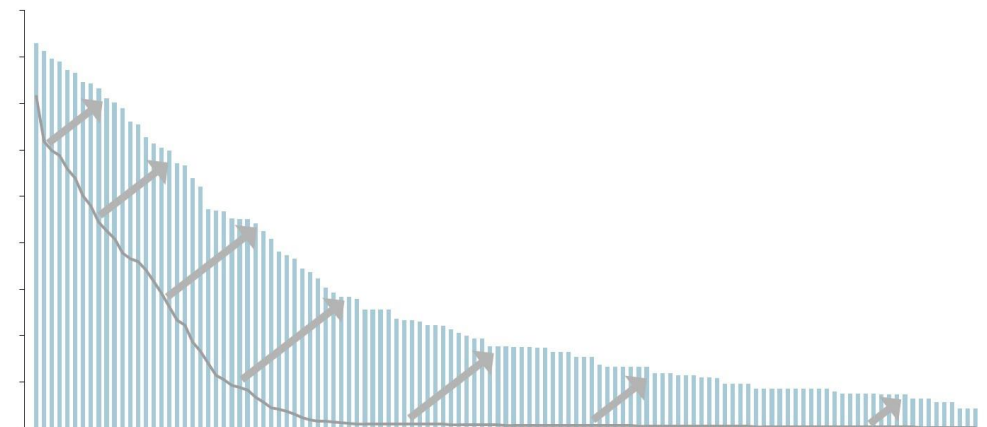
Self-liquidating FS portfolio insures a liquidity match for the group

Internal IC-loans to FS

Net credit losses as a percentage of portfolio, subject to credit risk

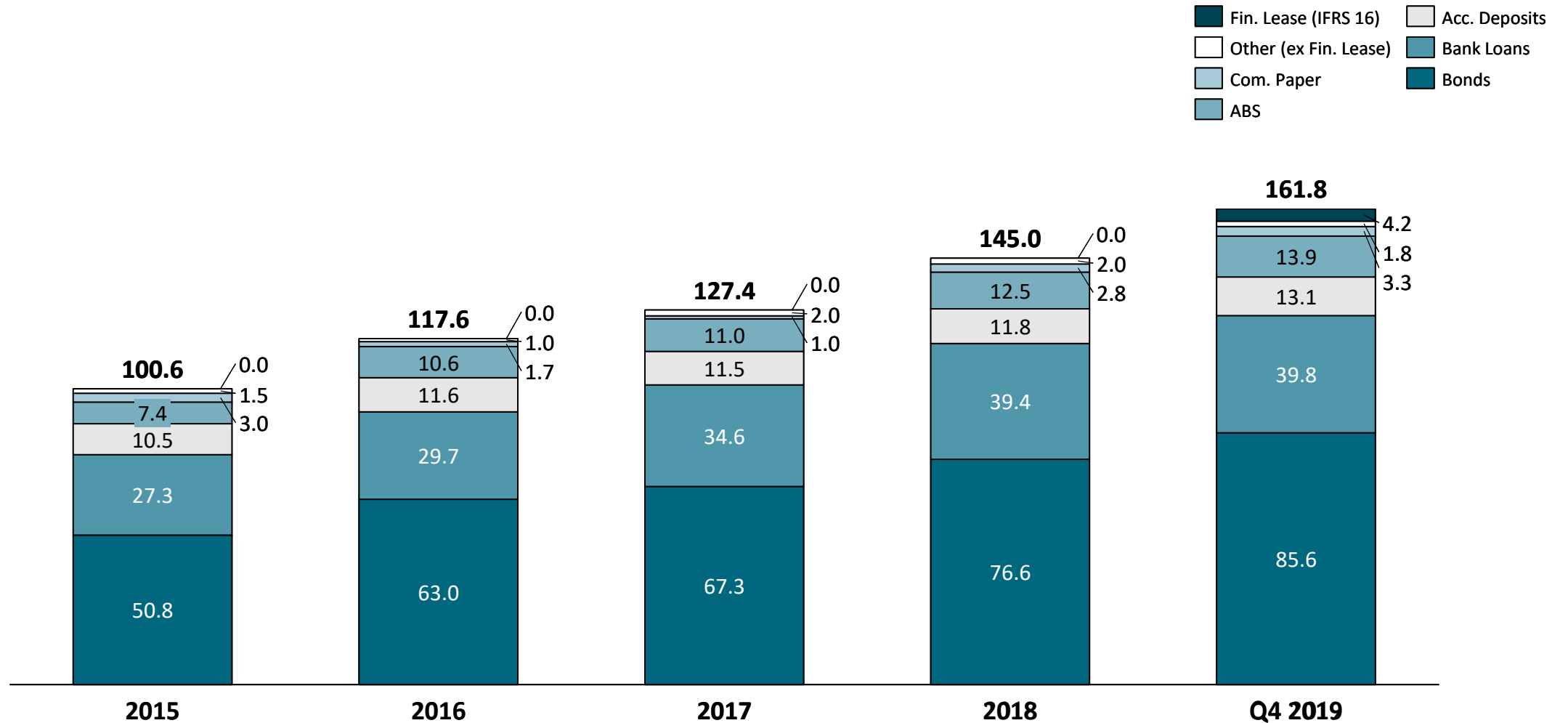


External Liabilities IB (Target duration 5y) Internal IC-loans to FS (Duration ~2y)



FINANCING LIABILITIES SHOW A DIVERSIFIED FUNDING MIX

in billions of EUR

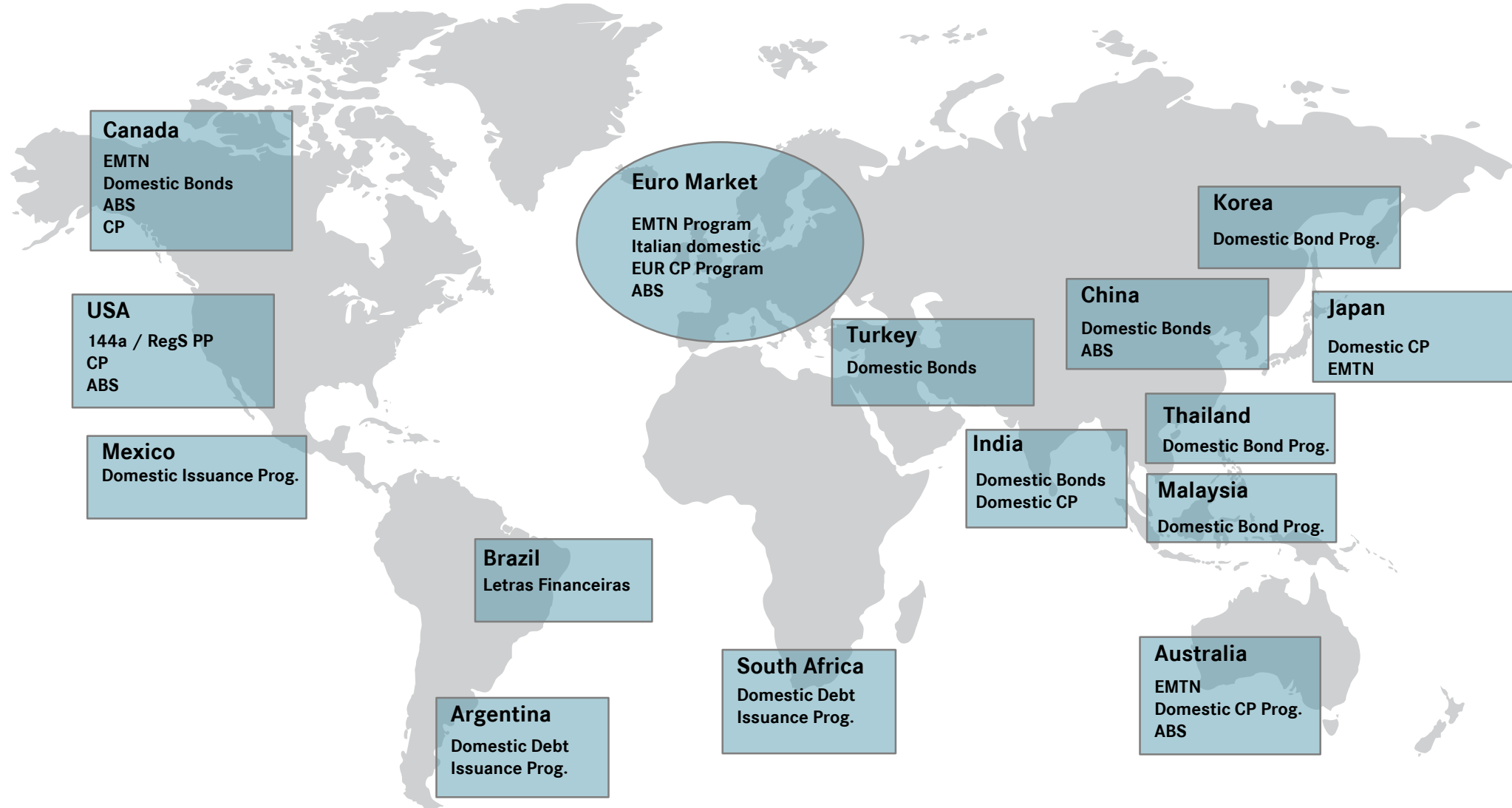


Note: Figures may not be additive due to rounding.

TO ENSURE SUSTAINABLE PORTFOLIO GROWTH, WE MITIGATE RISK AND VOLATILITY THROUGH A BALANCED MIX OF FUNDING INSTRUMENTS

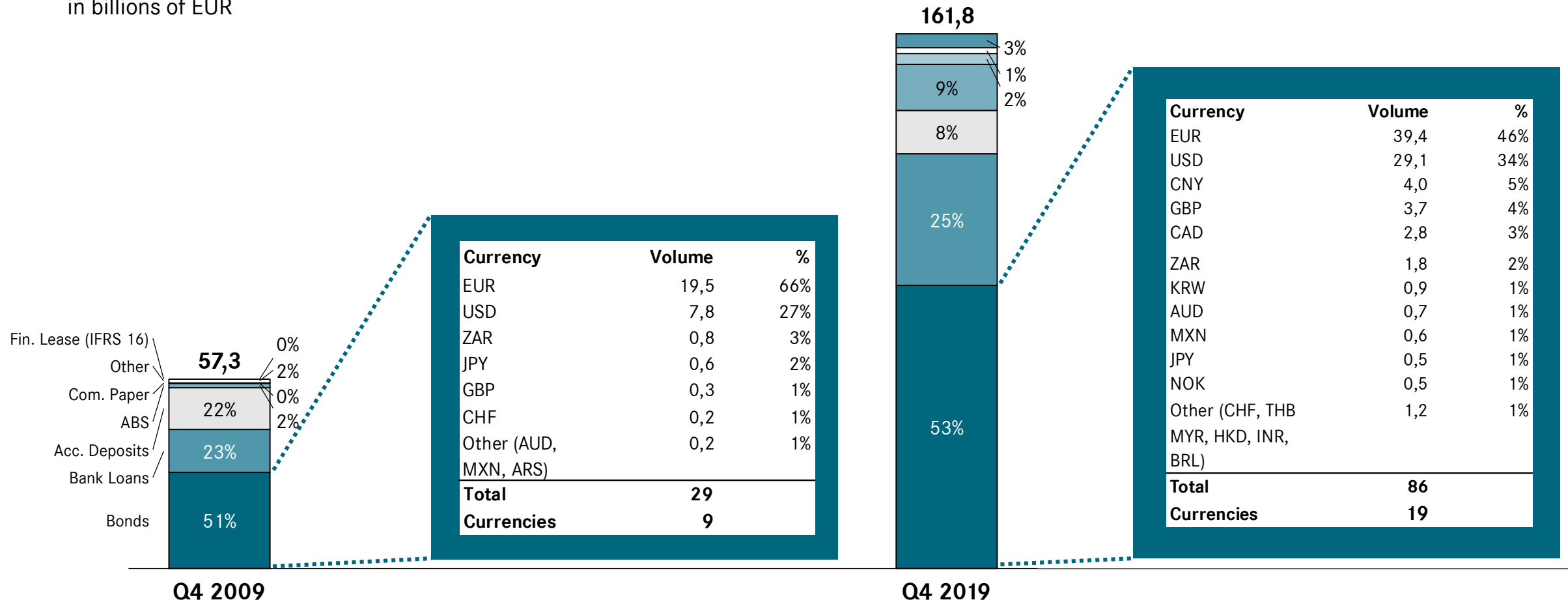


CONSEQUENT DEVELOPMENT TO GLOBAL CAPITAL MARKET FUNDING - DIVERSIFICATION WILL CONTINUE



FUNDING BASE FURTHER DIVERSIFIED TO A TRUE GLOBAL SET-UP

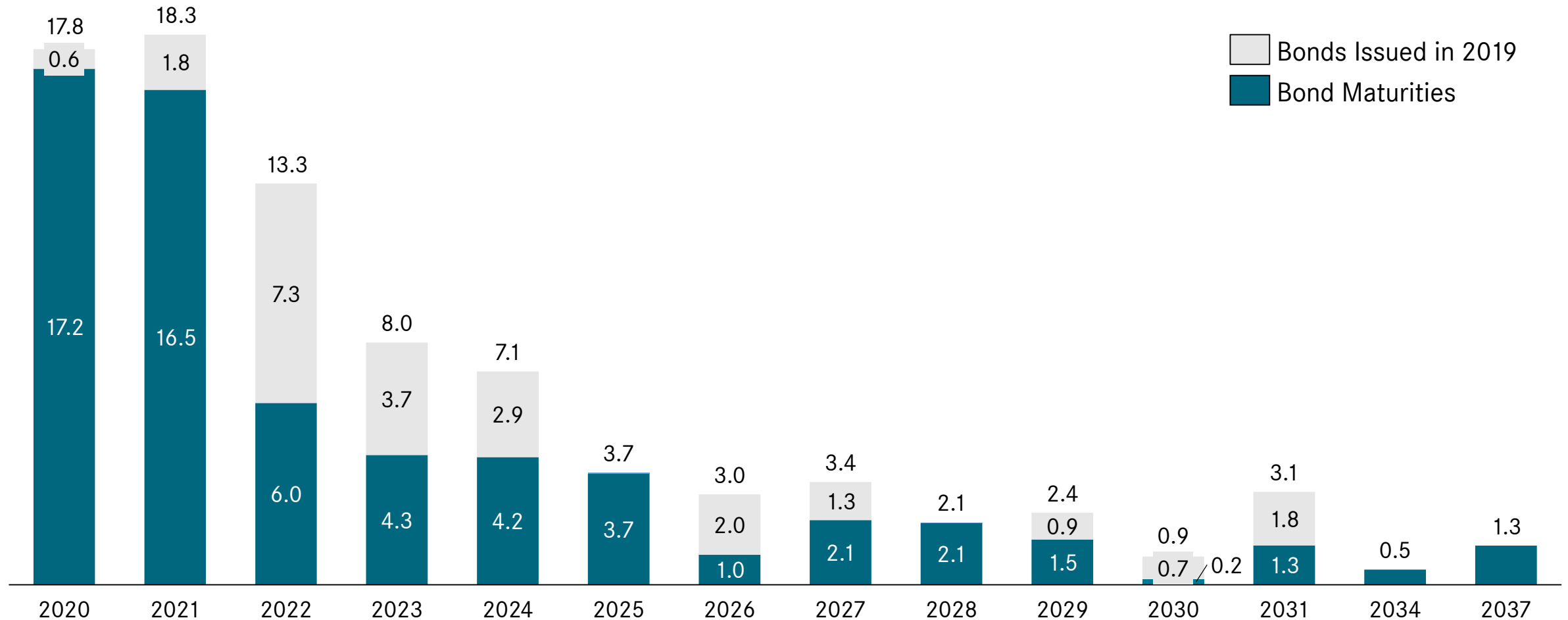
in billions of EUR



Note: Figures may not be additive due to rounding

MATURITY PROFILE FURTHER LENGTHENED

in billions of EUR as of 31 December 2019



SYNDICATED CREDIT FACILITY EXTENDED

In July 2019 Daimler extended its EUR 11bn Syndicated Credit Facility until 2024

Syndicate of 44 international banks

No covenants, rating triggers etc.

Securing significant long-term liquidity at favorable cost

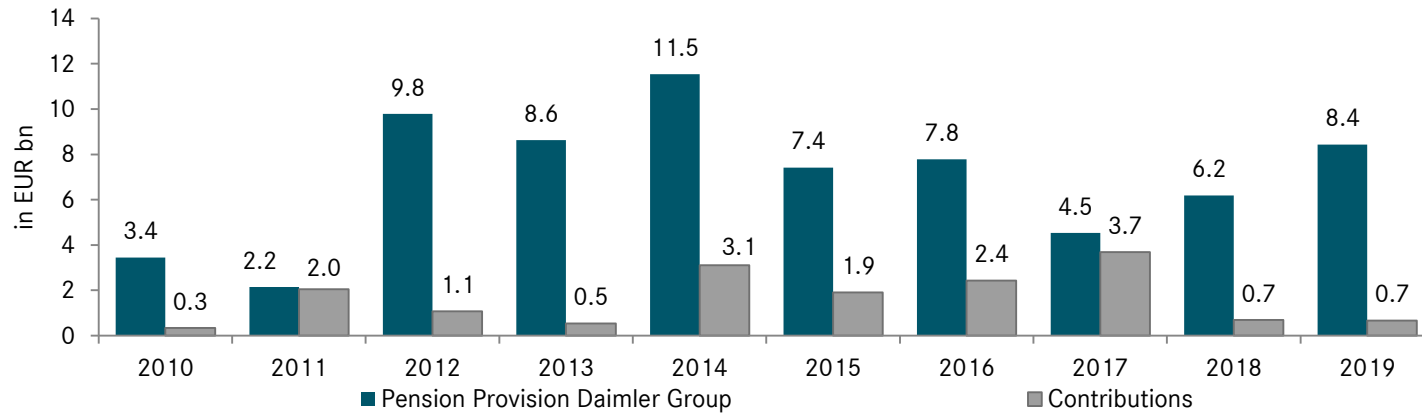


No intention to draw the credit facility

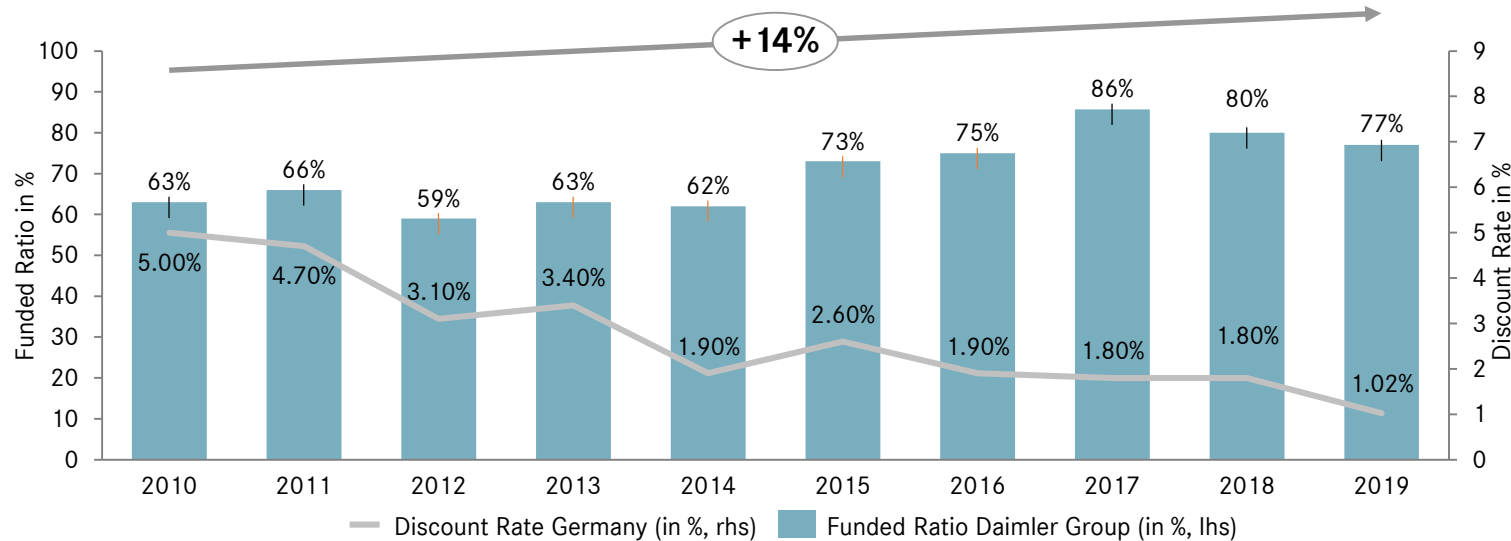
SOLID RATING SUPPORTS DAIMLER'S FUNDING

	Agency	Long-term	Outlook	Short-term
Current ratings:	S&P:	A-	Negative	A-2
	Moody's:	A3	Negative	P-2
	Fitch:	A-	Stable	F1
	DBRS:	A	Negative	R-1 (low)
	Scope:	A	Stable	S-1
Daimler target:	Sustaining the A rating with all rating agencies			

IN LOW INTEREST RATE ENVIRONMENT HIGH CONTRIBUTIONS STABILIZED FUNDED RATIO



■ Significant contributions of EUR 16.5bn since 2010 support the solid capital structure



■ Even though German Discount Rate decreased significantly since 2010, Funded Ratio is at a solid level of 77%

V.
Sustainability



OUR SUSTAINABLE BUSINESS STRATEGY



Climate protection & air quality

“ For our new passenger car fleet, it's our ambition to be **carbon neutral** in 20 years.
In 20 years, our **new vehicle fleet** will have **no impact on air quality** in urban areas. ”



Resource preservation

“ We **decouple** the resource consumption from volume growth. ”



Livable cities

“ We improve the **quality of urban living** with our leading mobility and transport solutions! ”



Traffic safety

“ We strive for **zero accidents** with our vehicles and we **develop automated driving** by integrating **societal and ethical aspects**. ”



Data responsibility

“ We live sustainable **data-driven business**, predict our customers' needs, and treat data with **responsibility**. ”



Human rights

“ We take responsibility to **safeguard human rights** along our automotive value chain. ”



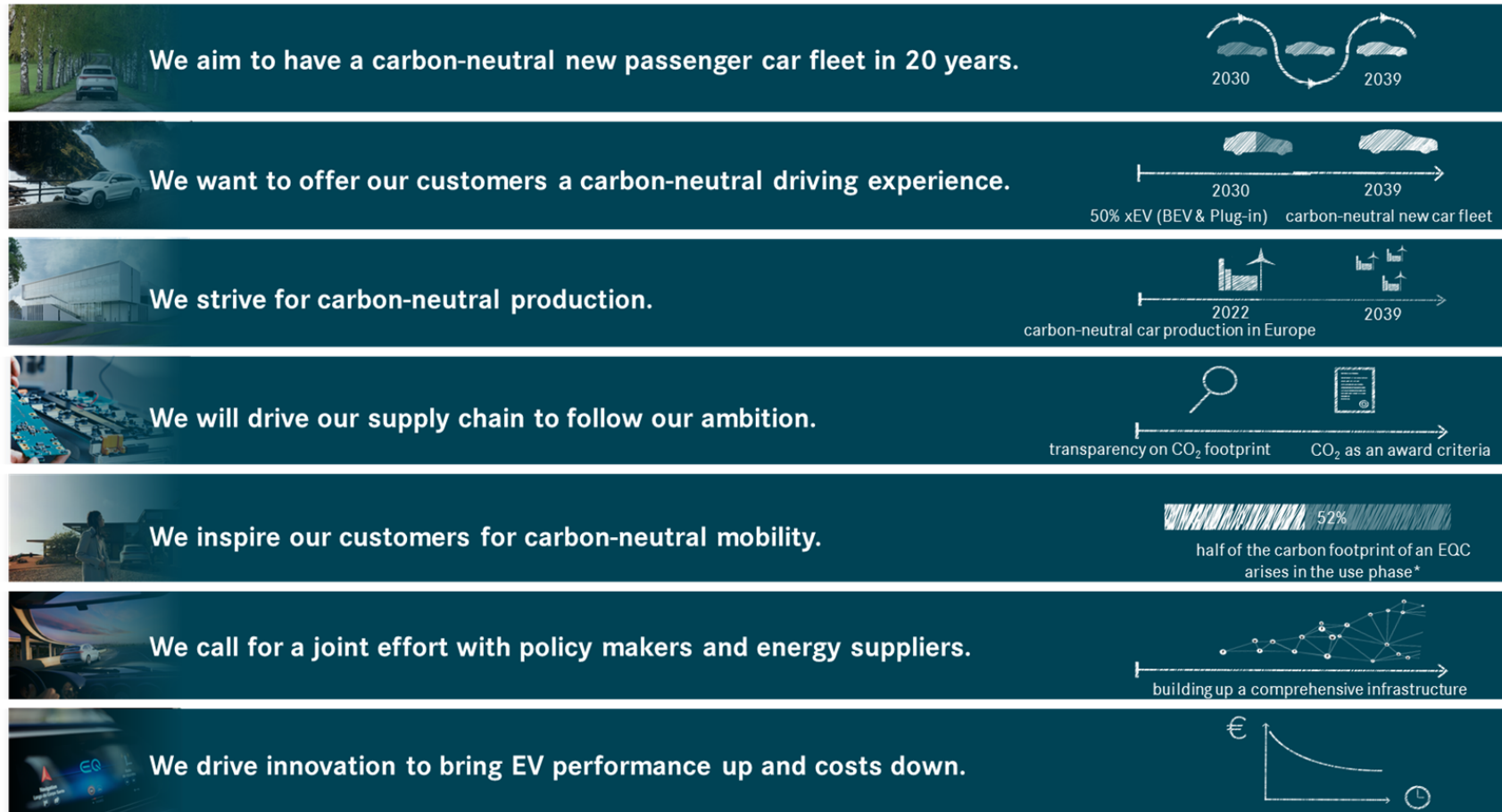
Integrity, people and partnerships

“ **Everybody feels responsible** for our success & impact and is encouraged to speak up. ”

“ Our workforce is skilled in digital competences and **takes advantage of the digital change** successfully. We succeed sustainably with a **diverse workforce and inclusive culture**. ”

“ **Be a trusted partner** at every stage of the political & public opinion-shaping process. ”

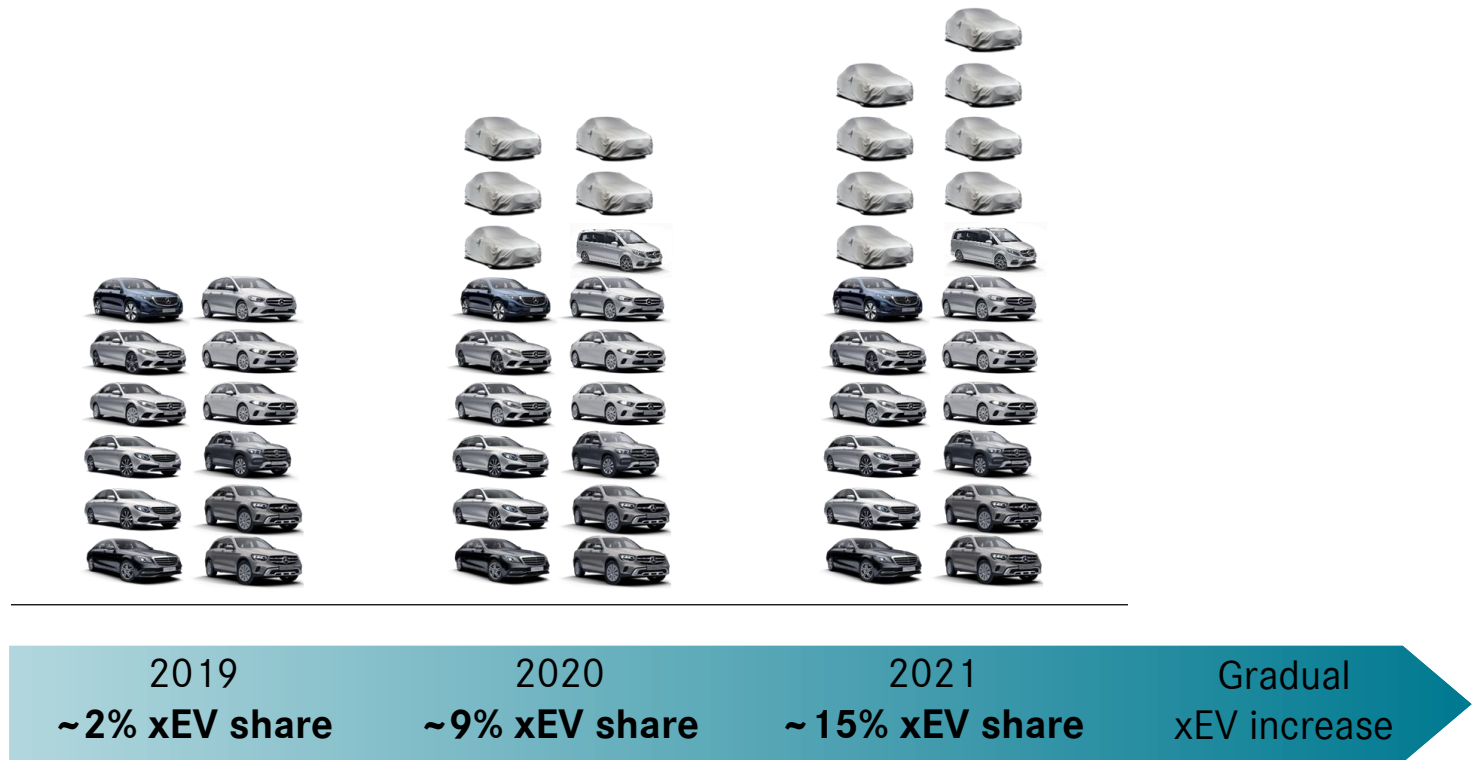
CLIMATE PROTECTION – MERCEDES BENZ AMBITION 2039





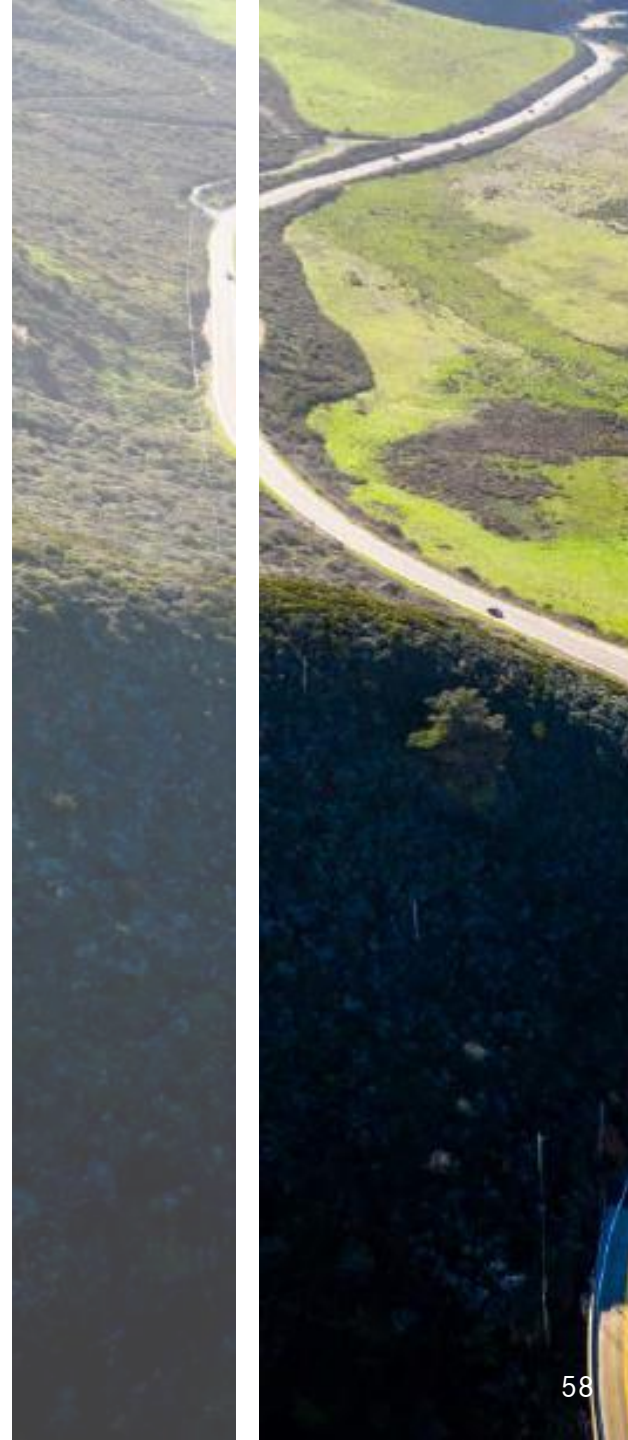
MERCEDES-BENZ ELECTRIFYING OUR ENTIRE PORTFOLIO

- ▶ COMPREHENSIVE ROLL-OUT OF 48 VOLT TECHNOLOGY
- ▶ >20 NEW XEV LAUNCHES UNTIL 2022

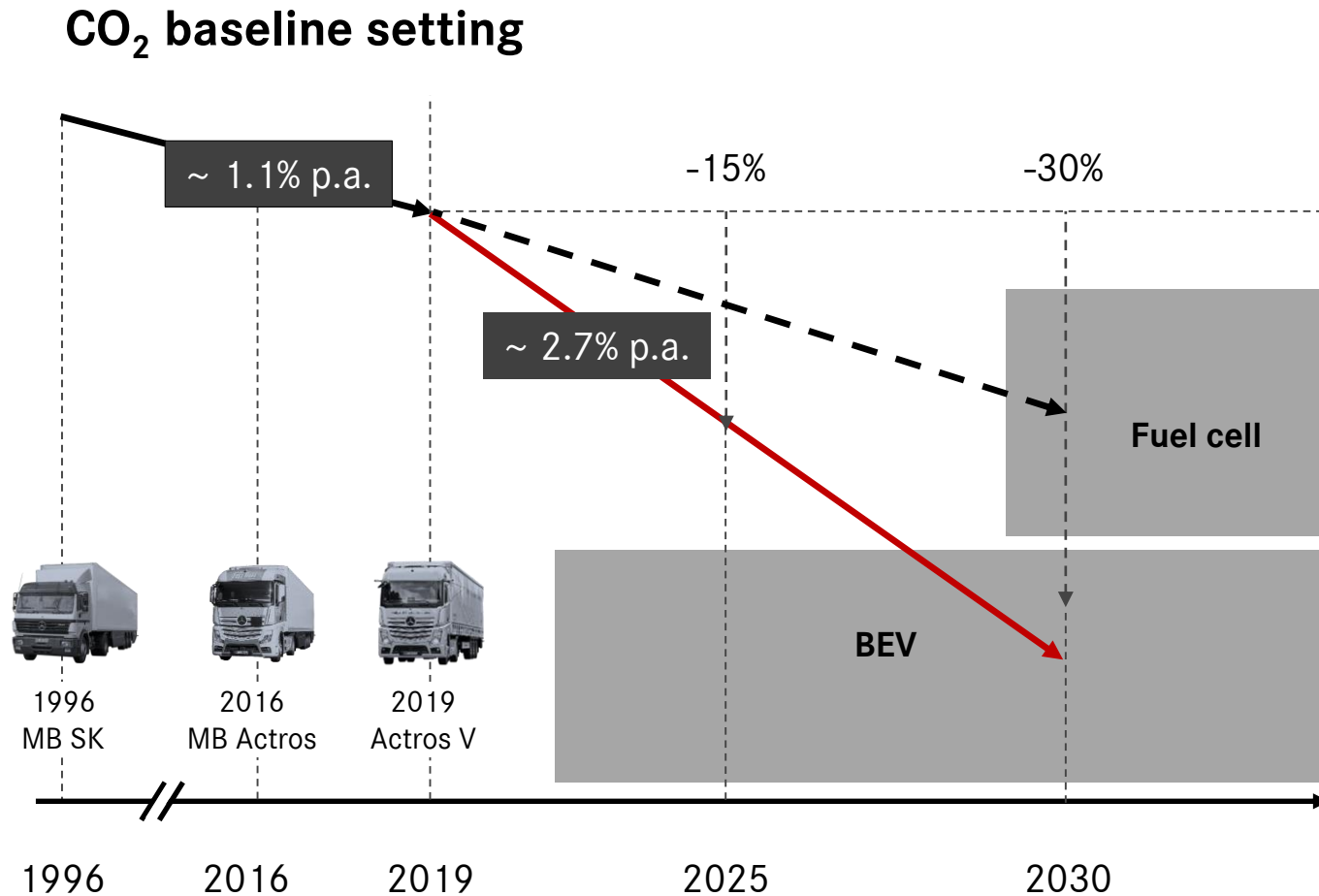


CLIMATE PROTECTION – DAIMLER TRUCKS AMBITION 2039

- ▶ Daimler Trucks & Buses aims to achieve **CO₂ neutrality by 2039** for new vehicles in the **triad markets** of Europe, Japan and NAFTA.
- ▶ **By 2022**, we plan to include **series-produced vehicles with battery-electric drive** in our vehicle portfolio in our main sales regions Europe, USA and Japan.
- ▶ By the **end of the next decade**, we will extend our range of vehicles with **hydrogen-powered series production vehicles**.
- ▶ Our European Daimler **production plants** will be **CO₂-neutral by 2022**. All other plants will follow.
- ▶ We will drive our **supply chain** to **follow our ambition**.



DAIMLER TRUCKS ALTERNATIVE POWERTRAIN SOLUTIONS TO REDUCE EMISSIONS



Appendix



DAIMLER 2019

KEY BALANCE SHEET AND FINANCIAL FIGURES

in billion euros

Daimler Group	Dec. 31, 2018	Dec. 31, 2019
Equity ratio	22.2%	20.5%
Gross liquidity	25.4	27.5
Funded status of pension obligations	-6.2	-8.4
<i>Funding ratio</i>	80%	77%*
Industrial business		
Equity ratio	42.8%	36.7%
Net liquidity	16.3	11.0
Free cash flow (January-December)	2.9	1.4

* mainly driven by a reduction of discount rates

DAIMLER 2019

RECONCILIATION OF EBIT REPORTED TO EBIT ADJUSTED

in million euros

	Mercedes-Benz Cars	Mercedes-Benz Vans	Daimler Trucks	Daimler Buses	Daimler Mobility	Reconciliation	Daimler Group
EBIT as reported 2019	3,359	-3,085	2,463	283	2,140	-831	4,329
Legal proceedings and related measures, as well as Takata	2,482	2,541	-	-	-	425	5,448
Restructuring measures	-	828	-	-	405	-	1,233
M&A transactions	-	-	-	-	-718	-	-718
EBIT adjusted 2019	5,841	284	2,463	283	1,827	-406	10,292

DAIMLER 2019

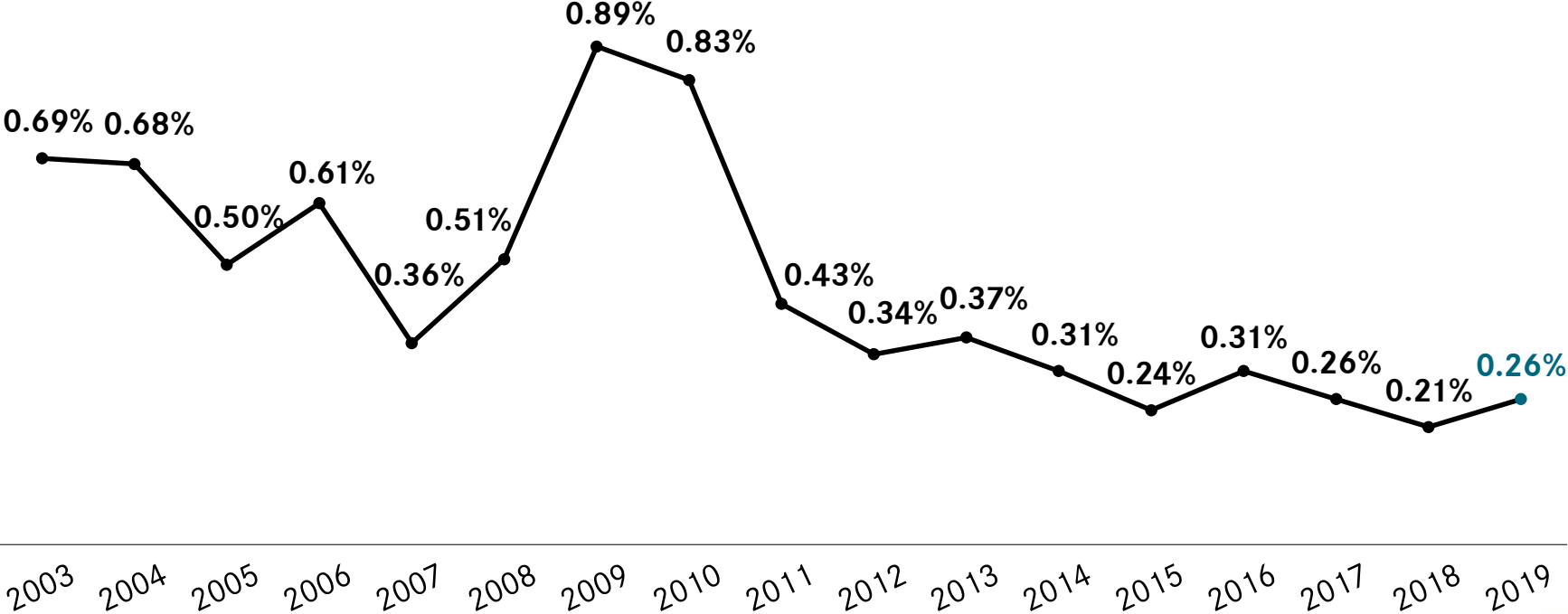
CAPITAL EXPENDITURE / RESEARCH AND DEVELOPMENT

in billion euros

	Investment in property, plant and equipment			Research and development expenditure		
	Actual 2018	Actual 2019	Plan* 2020-2021	Actual 2018	Actual 2019	Plan* 2020-2021
Daimler Group	7.5	7.2	6.9	9.1	9.7	9.4
of which						
Mercedes-Benz Cars & Vans	6.2	5.9	5.7	7.6	8.1	7.7
Daimler Trucks & Buses	1.2	1.1	1.1	1.5	1.7	1.7
Daimler Mobility	0.06	0.09	0.07	–	–	–

* average p.a.

DAIMLER MOBILITY NET CREDIT LOSSES*



* as a percentage of portfolio, subject to credit risk

2020 OUTLOOK

ASSUMPTIONS FOR AUTOMOTIVE MARKETS

CAR MARKETS	Global	around the prior-year level
	Europe	around the prior-year level
	USA	slight decrease
	China	around the prior-year level
VAN MARKETS	EU30	around the prior-year level
	USA	slight growth
HEAVY-DUTY TRUCK MARKETS	NAFTA region	significant decrease
	EU30	significant decrease
	Japan	significant decrease
	Brazil	around the prior-year level
BUS MARKETS	EU30	slight decrease
	Brazil	slight decrease

2020 OUTLOOK

UNIT SALES

Mercedes-Benz Cars



SLIGHTLY LOWER UNIT SALES

More than half a dozen new and upgraded vehicles
Continuation of the electric mobility offensive

Mercedes-Benz Vans



SLIGHTLY LOWER UNIT SALES

Daimler Trucks



SLIGHTLY LOWER UNIT SALES

Normalization of major truck markets

Daimler Buses



SLIGHTLY HIGHER UNIT SALES

Maintain leadership in most important core markets

2020 OUTLOOK

REVENUE

DAIMLER

REVENUE AT THE PRIOR-YEAR LEVEL

**Mercedes-Benz
Cars & Vans**

REVENUE AT THE PRIOR-YEAR LEVEL



**Daimler
Trucks & Buses**

SIGNIFICANT DECREASE IN REVENUE



Daimler Mobility

REVENUE AT THE PRIOR-YEAR LEVEL



2020 OUTLOOK

GROUP EBIT AND DIVISIONAL ROS/ROE

DAIMLER

WE EXPECT GROUP EBIT FOR FY 2020 TO BE SIGNIFICANTLY ABOVE THE PRIOR-YEAR LEVEL

Mercedes-Benz Cars & Vans



RETURN ON SALES ADJUSTED: 4 TO 5%

Daimler Trucks & Buses



RETURN ON SALES ADJUSTED: 5%

Daimler Mobility



RETURN ON EQUITY ADJUSTED: 12%

2020 OUTLOOK

CAPITAL ALLOCATION

INVESTMENT IN PP&E AND R&D EXPENDITURE	Daimler Group	At the prior-year level
FREE CASH FLOW	Industrial business	Significantly above prior-year level*
CASH CONVERSION RATE ADJUSTED	Cars & Vans	0.7x to 0.9x
	Trucks & Buses	0.8x to 1.0x

* excluding possible expenses relating to legal and governmental proceedings

DAIMLER 2019

DISCLAIMER

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, pandemics, 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.