



Fixed Income Presentation FY 2020

Daimler AG

AGENDA

- I. **DAIMLER AG REVIEW FY 2020**
- II. DIVISIONAL REVIEW FY 2020
- III. OUTLOOK 2021
- IV. PROJECT FOCUS
- V. FUNDING
- VI. SUSTAINABILITY

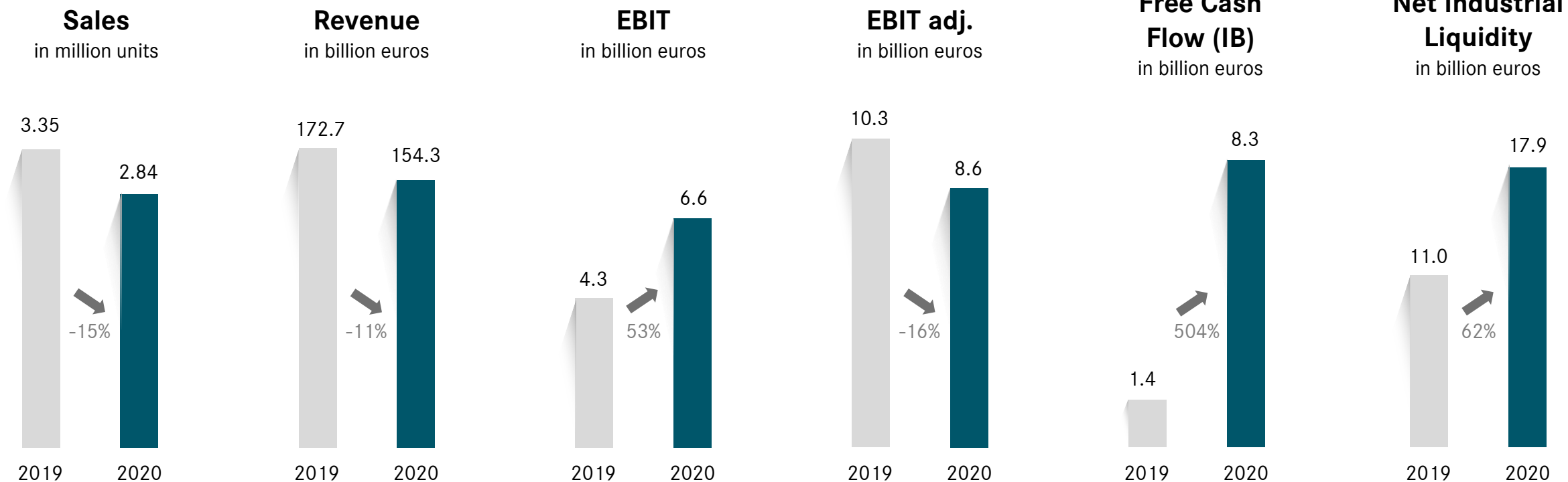


Daimler: Key messages

- Financial targets achieved
- Restructuring measures increased
- Strategy in all divisions refocused
- Future corporate structure planned
- Significant earnings progress expected in 2021



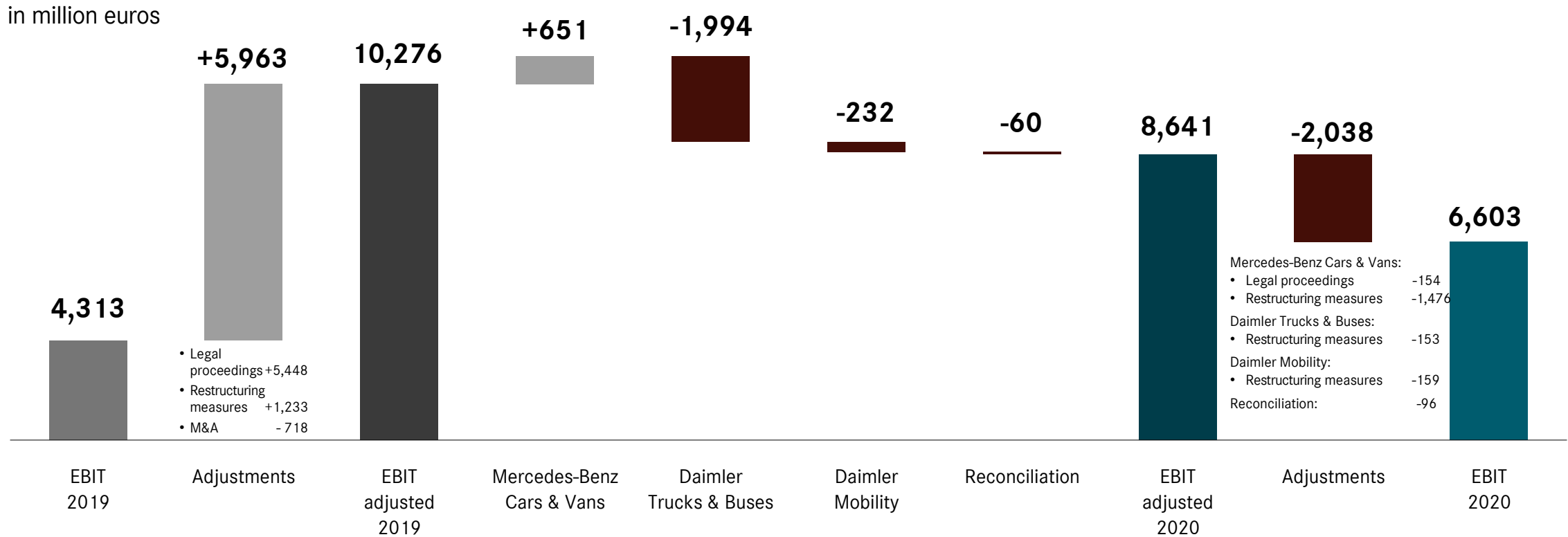
Daimler: Key figures



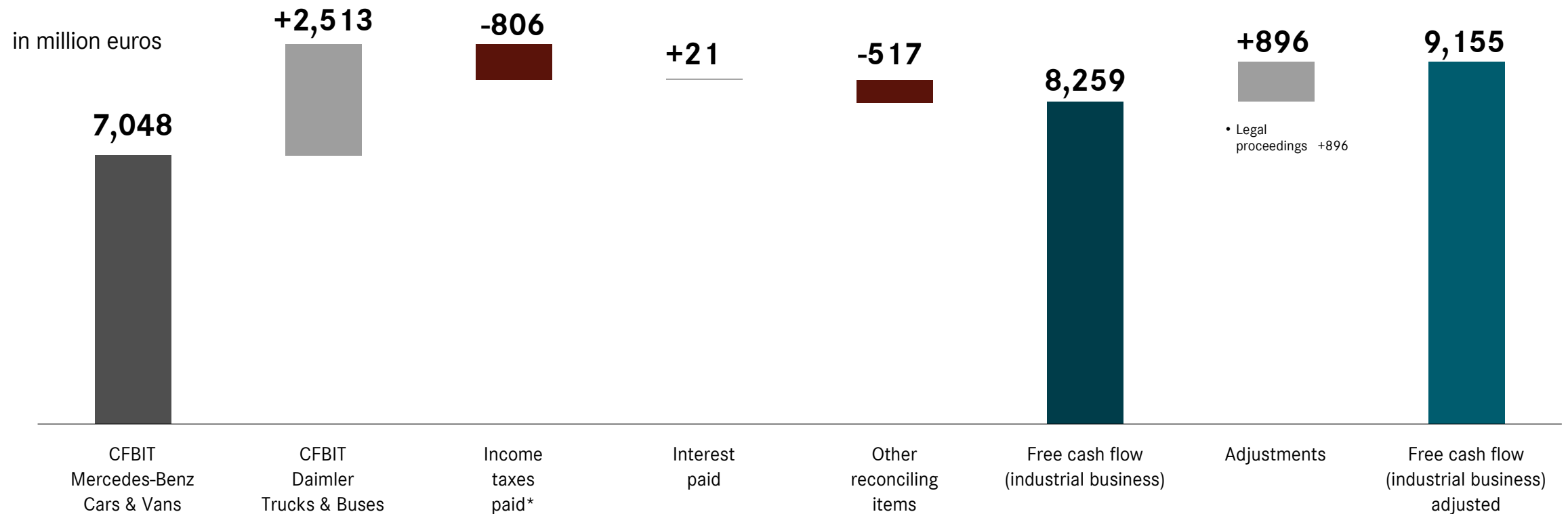
For more details on financials please see [Daimler Capital Market Presentation FY 2020](#)

Daimler 2020 Group EBIT

in million euros

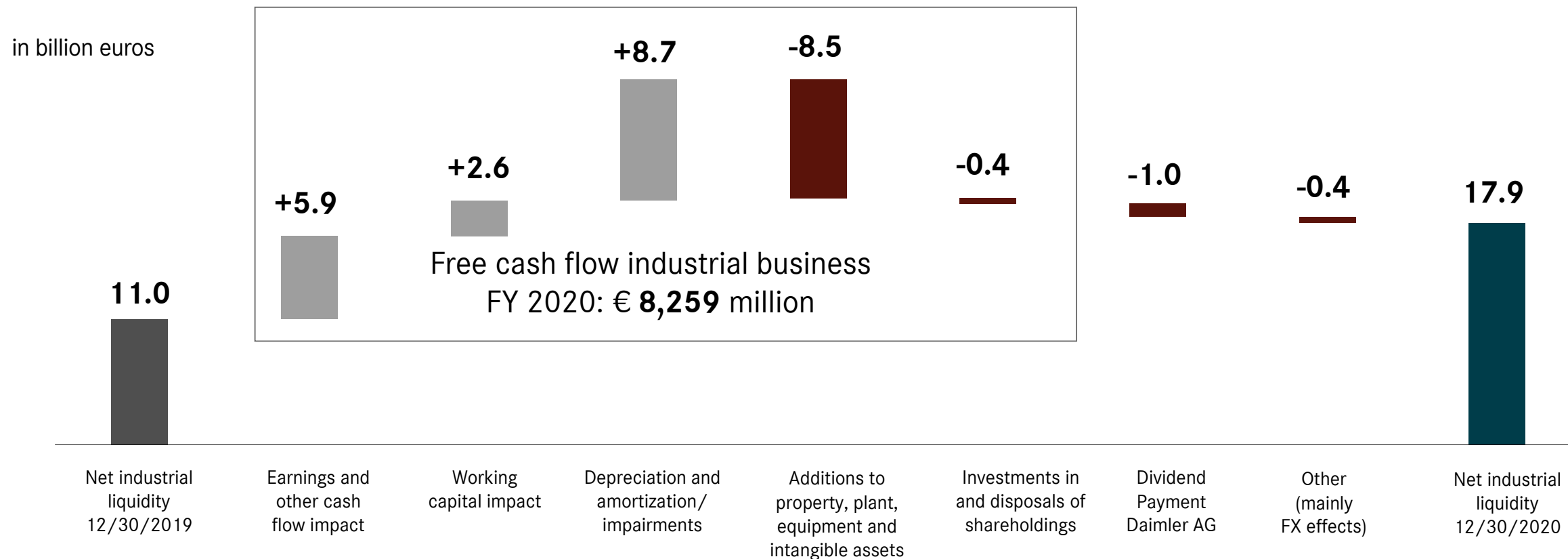


Daimler 2020 Reconciliation from CFBIT to Free Cash Flow: improved cash flow steering

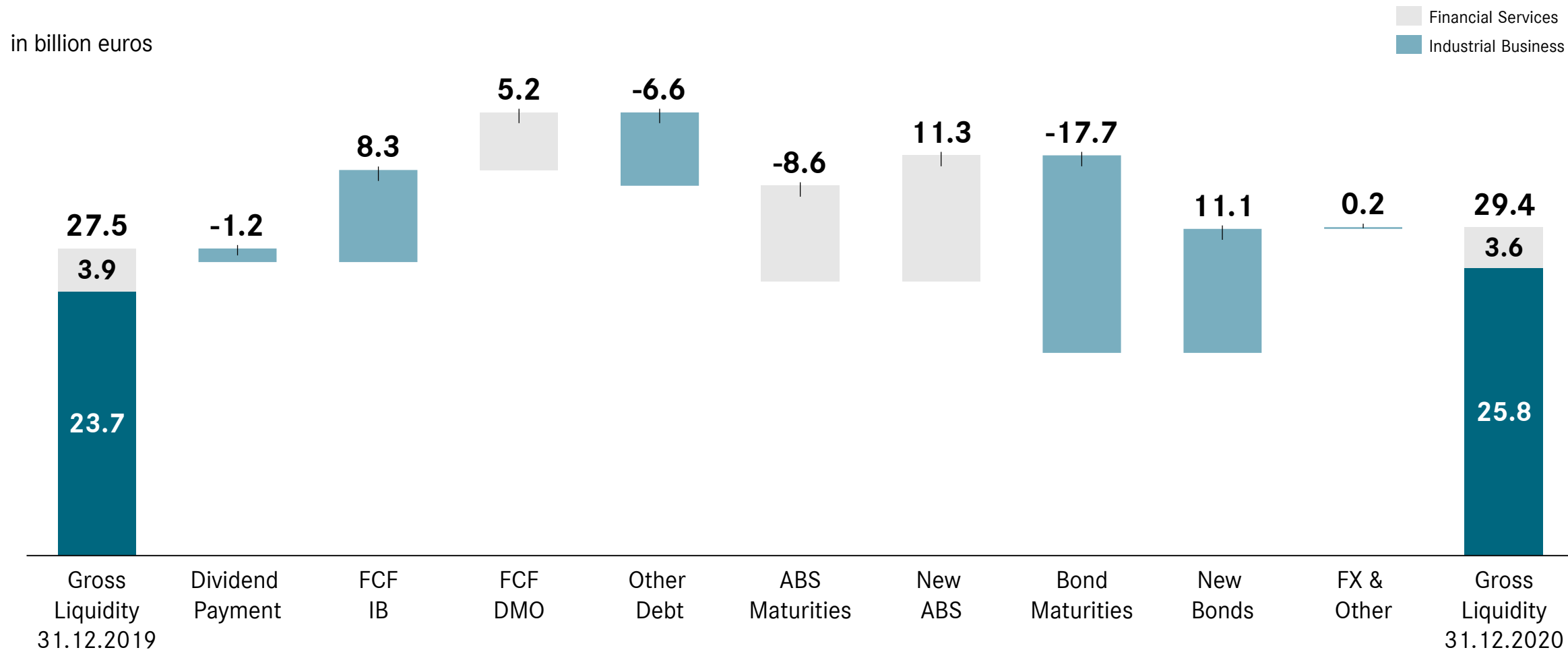


* includes internal tax prepayments from Daimler Mobility to the industrial business

Daimler Net Industrial Liquidity: achieving a comfortable level of net cash



Daimler YTD Q4 2020 development of gross industrial liquidity

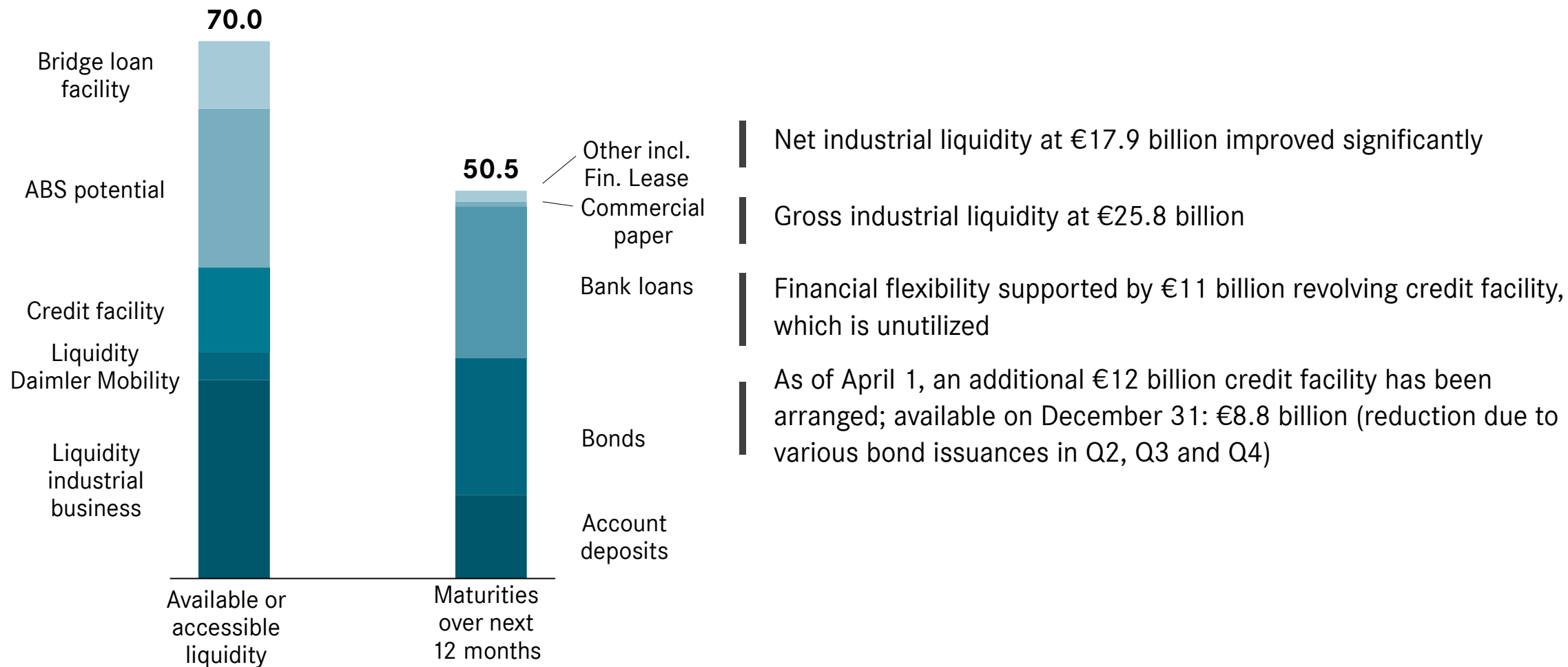


Note: Figures may not be additive due to rounding.

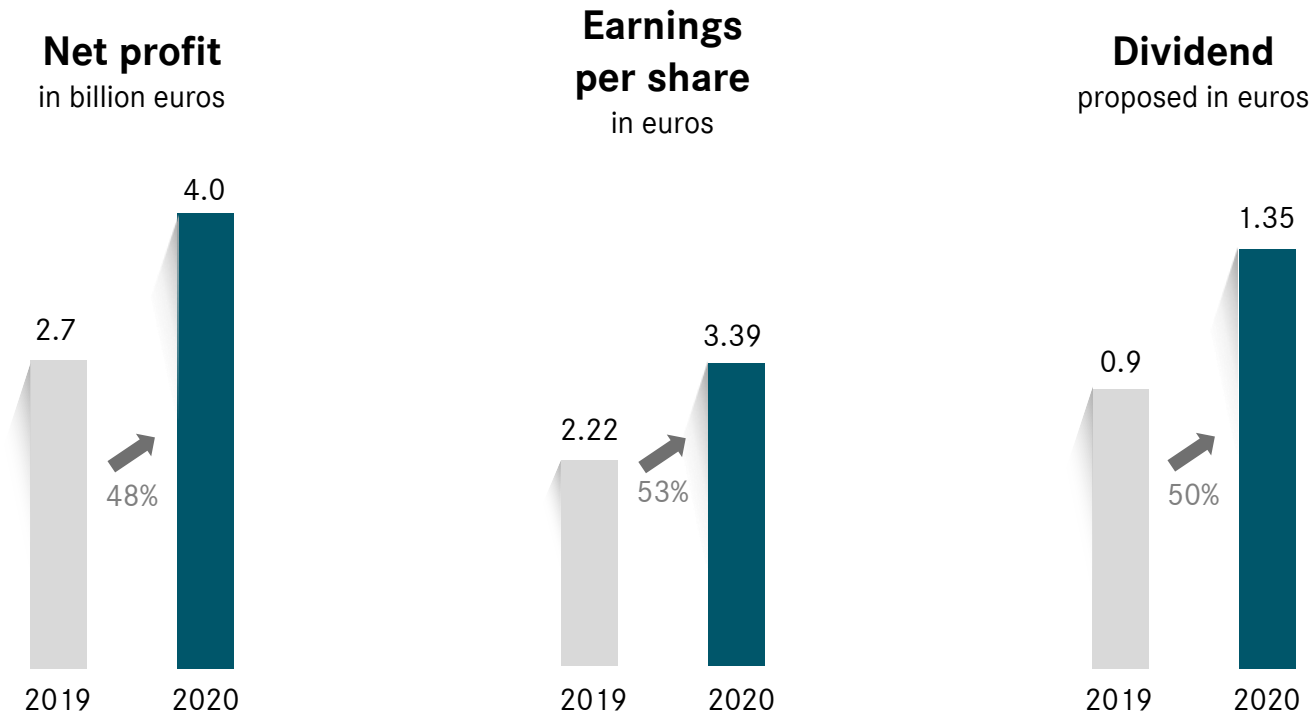
Daimler Q4 2020

Financial flexibility over a 12-month period

in billion euros



Daimler 2020 Dividend: Proposal in line with our dividend policy



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Mercedes-Benz Cars: Highlights

Mercedes-Benz: The world's leading luxury car brand;
new sales record in China

Tripled worldwide xEV sales; met European CO₂ targets for
passenger cars in 2020; next steps towards “Ambition 2039”

New Mercedes-Benz strategy targeting a leading position
in electric drive and car software

New S-Class introduced; Factory 56 accelerating to full capacity

Successful implementation of cost efficiency measures,
rightsizing of industrial footprint

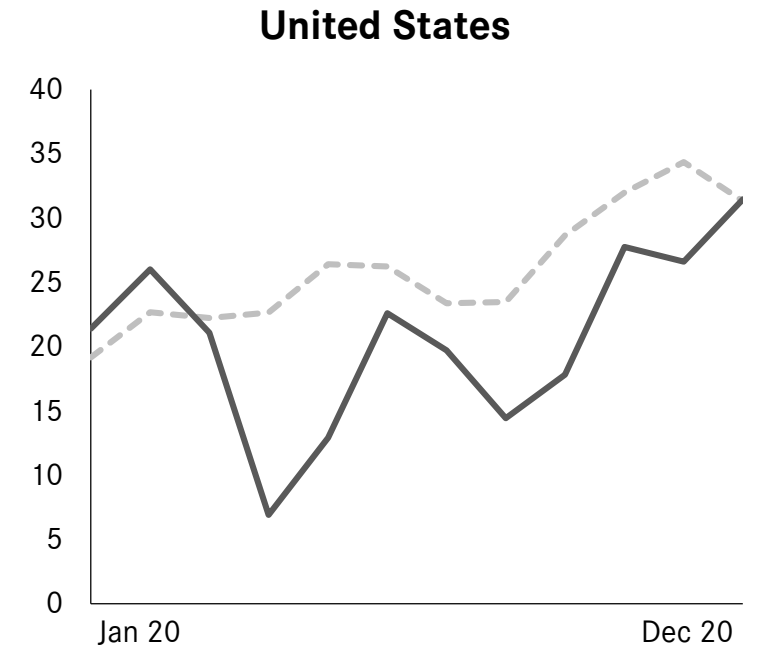
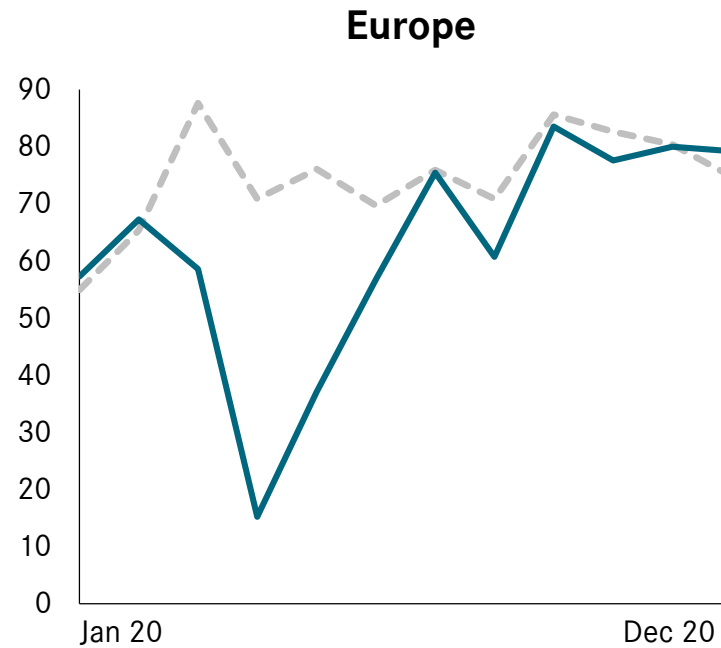
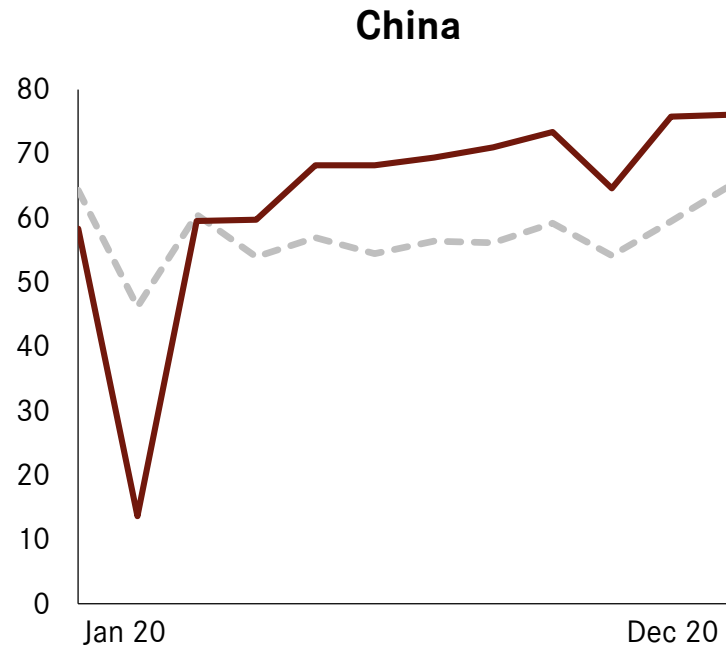


Mercedes-Benz Cars: Business recovery faster than expected in H2-2020

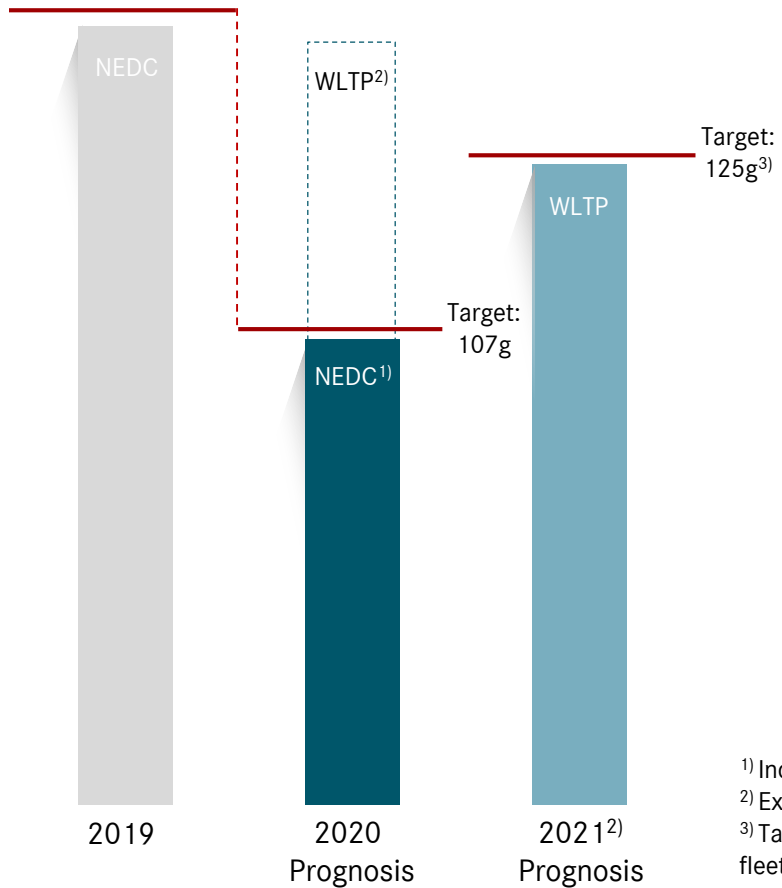
Group sales of Mercedes-Benz passenger cars per month

in thousand units

----- 2019



Mercedes-Benz Cars: CO₂ compliance Europe

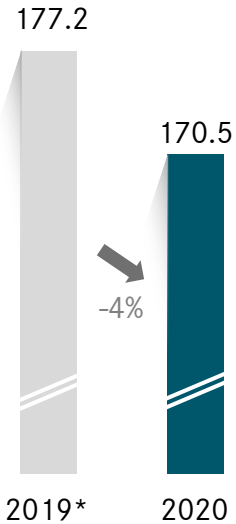


¹⁾ Incl. UK and Phase-In, Super Credits & Eco Innovation Credits
²⁾ Excl. UK and Phase-In, Super Credits & Eco Innovation Credits
³⁾ Target depends on fleet emission value 2020 (NEDC/WLTP) & fleet mix 2021

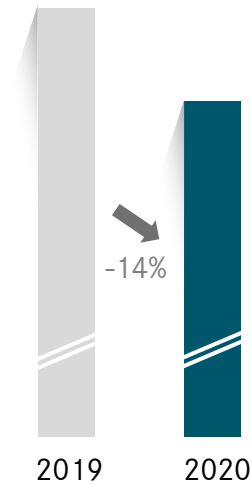


Mercedes-Benz Cars & Vans: Indicators of change

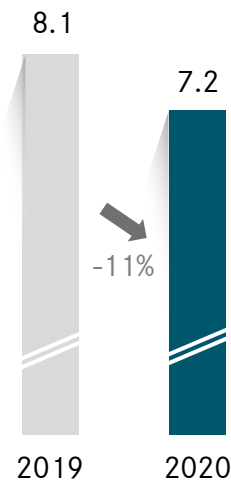
Headcount
in thousand employees



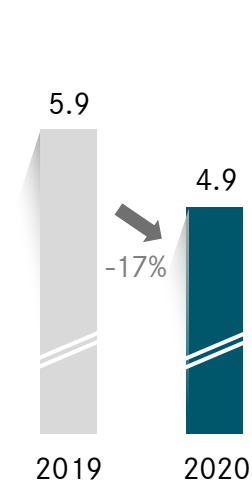
Fixed Costs
in billion euros



R&D
in billion euros



Investment in pp&e
in billion euros



Further improve profitability until **2025****

Fixed Cost reduction > **20%**

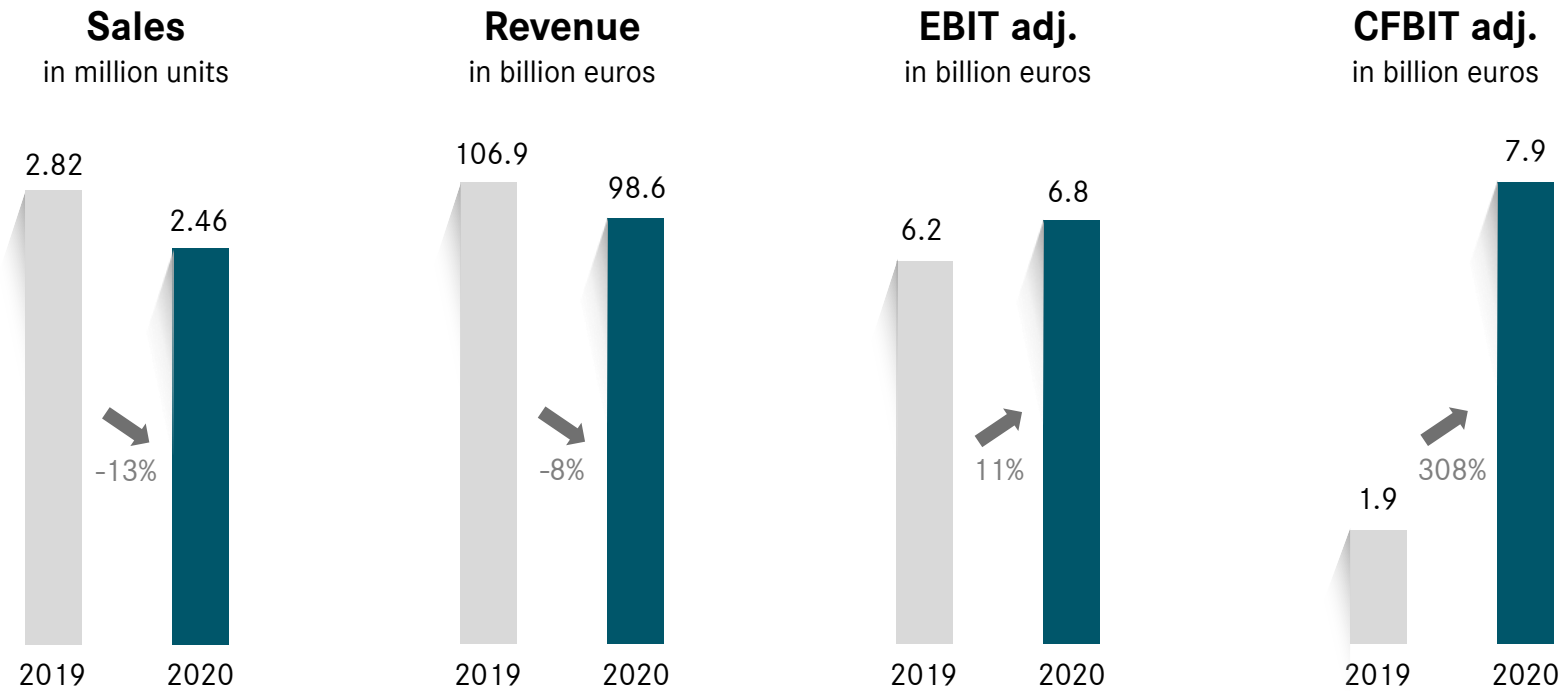
CapEx and R&D reduction > **20%**

Variable costs reduction **1% p.a.**

* adjusted figure: includes 3.8k from internal shifting from headquarter to Mercedes-Benz Cars & Vans

** compared vs. 2019 actuals

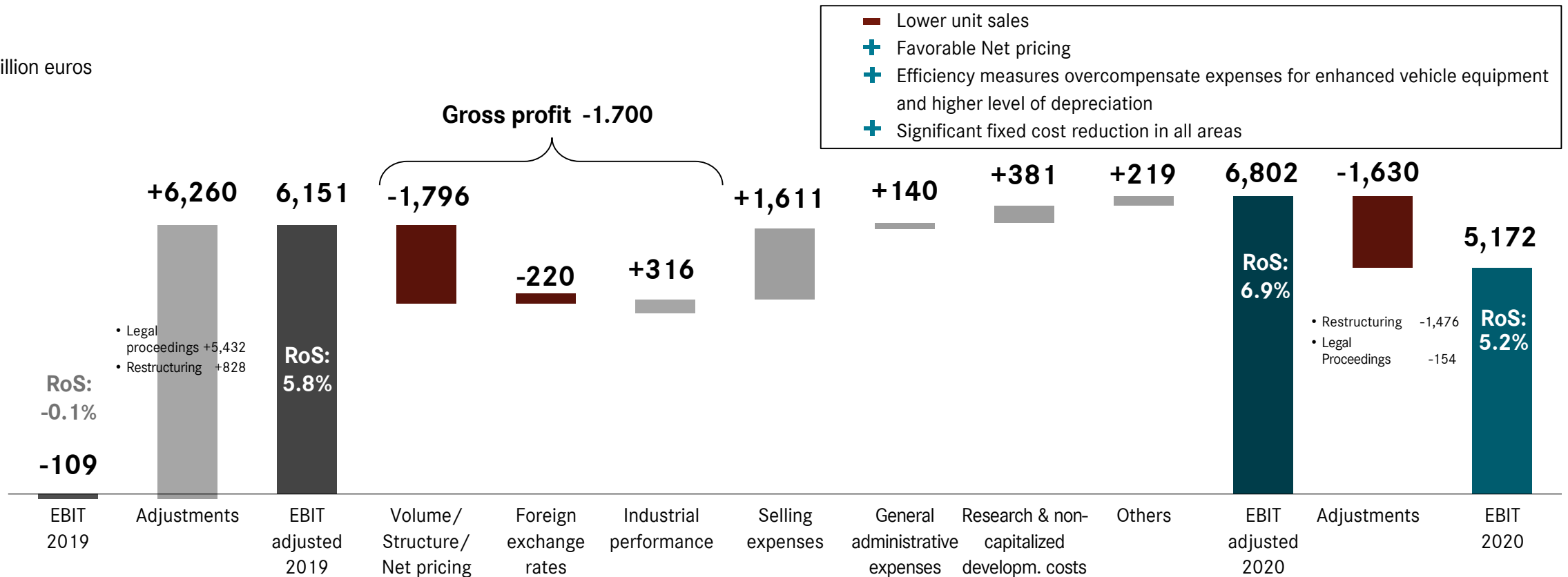
Mercedes-Benz Cars & Vans financials: CFBIT more than tripled, demonstrating focus on cash flow



For more details on financials please see [Daimler Capital Market Presentation FY 2020](#)

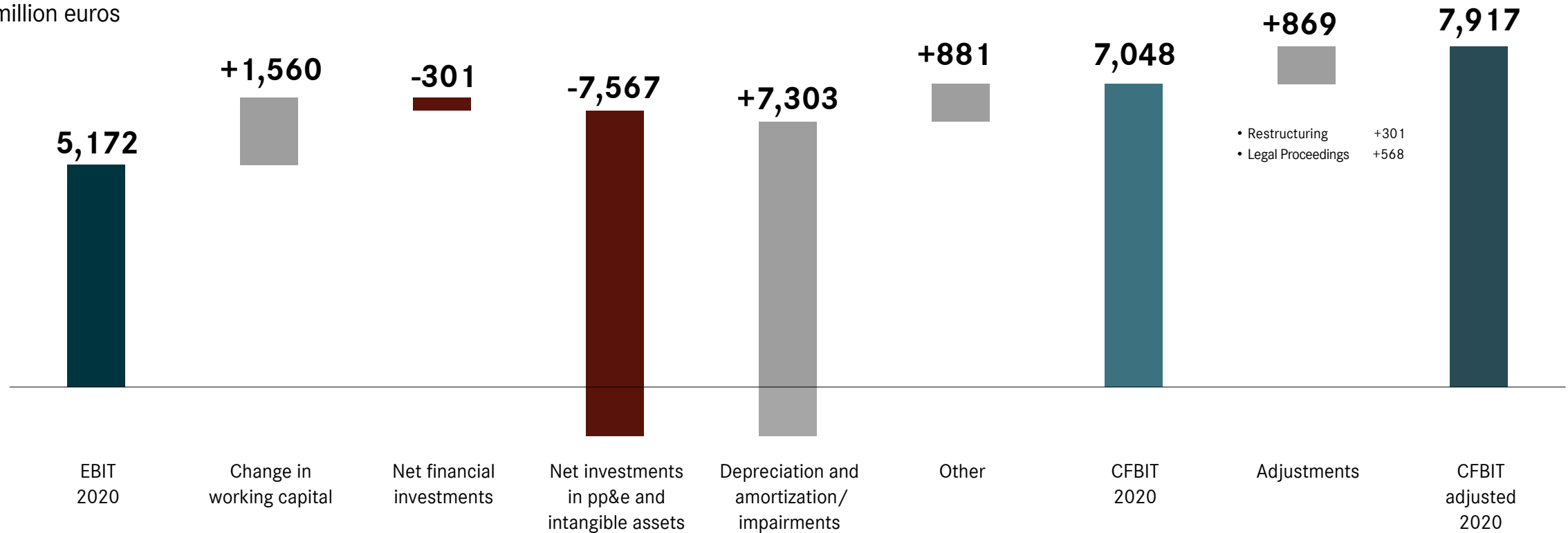
Mercedes-Benz Cars & Vans EBIT FY & RoS: Lower unit sales, model mix and pricing continued to develop favorably

in million euros



Mercedes-Benz Cars & Vans Reconciliation from EBIT to CFBIT: continued cost and cash preservation measures

in million euros



Daimler Trucks & Buses: Highlights

Challenging first half of the year with significant sales decrease due to Covid-19; strong comeback in second half

Incoming orders recovering fast; order backlog significantly above 2019 level

Focus on cash preservation measures incl. strict inventory management

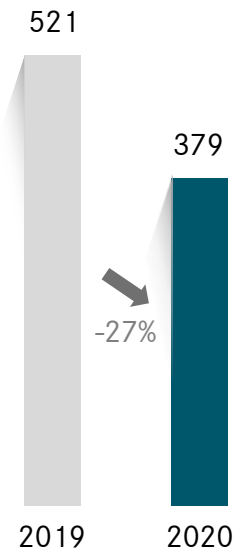
Tight cost control and progressive execution of restructuring activities with resulting fixed cost reduction

Acceleration of electrification and autonomous driving by extending technology partnerships

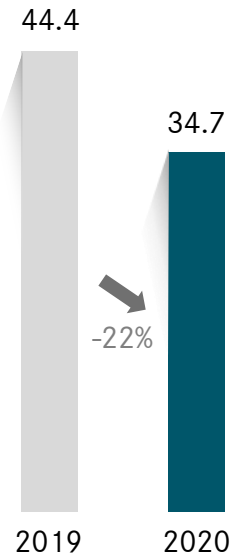


Daimler Trucks & Buses Financials: sales decline from high levels in 2019

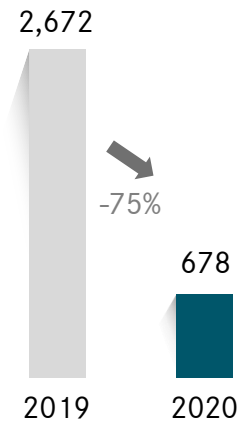
Sales
in thousand units



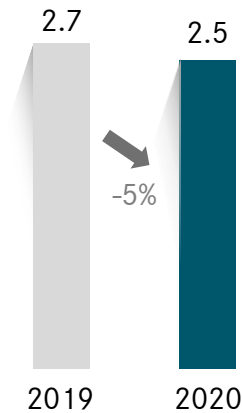
Revenue
in billion euros



EBIT adj.
in million euros

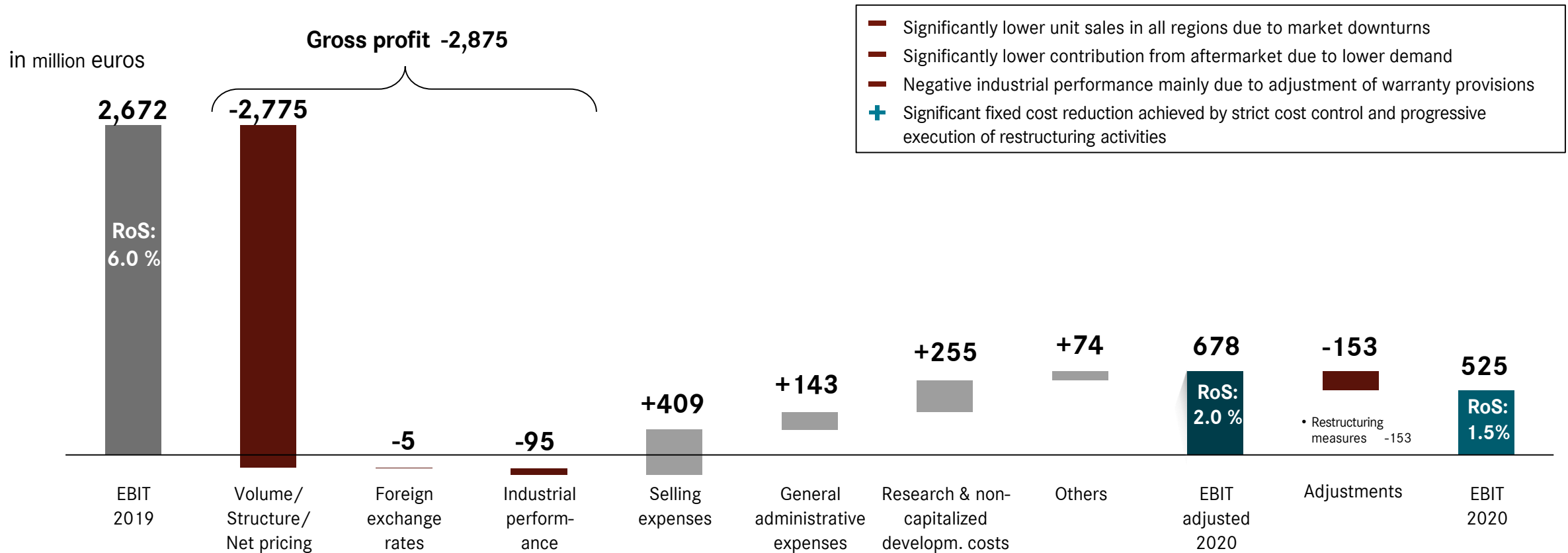


CFBIT adj.
in billion euros



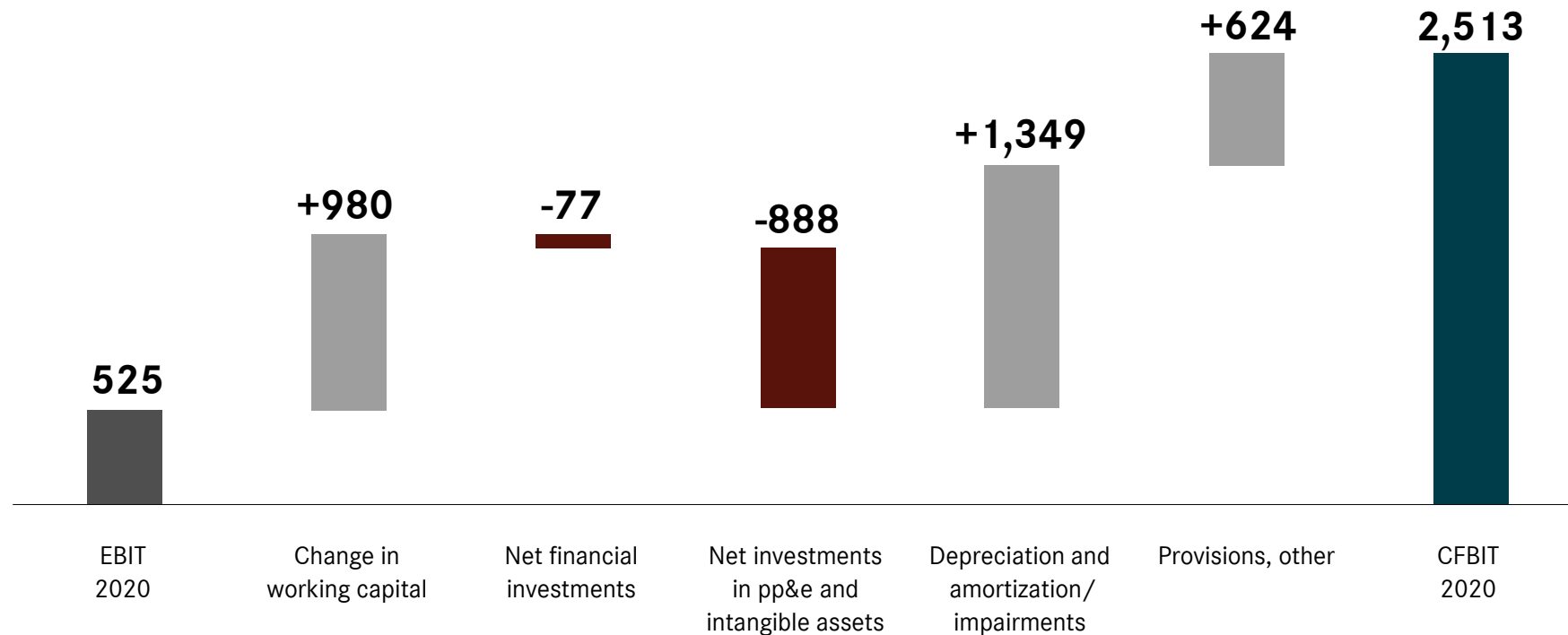
For more details on financials please see [Daimler Capital Market Presentation FY 2020](#)

Daimler Trucks & Buses EBIT & RoS: Market decrease in our core regions, pricing at the level of the previous year



Daimler Trucks & Buses: Reconciliation from EBIT to CFBIT: positive impact from a stricter working capital management

in million euros



Daimler Mobility: Highlights

Continuous high customer support during pandemic driving loyalty & retention

Positive effects from cost saving measures

Ongoing conservative risk management with strong focus on credit quality

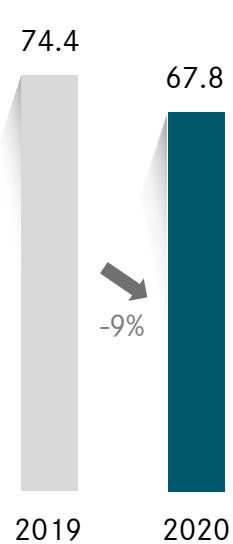
Flattening of credit risk reserves in second half of year

Mobility services continuing progress toward profitability due to quick response to pandemic

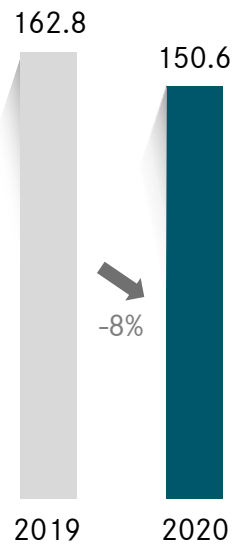


Daimler Mobility Financials: Decrease in new business in a challenging market environment

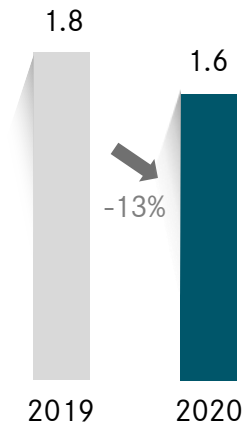
New business
in billion euros



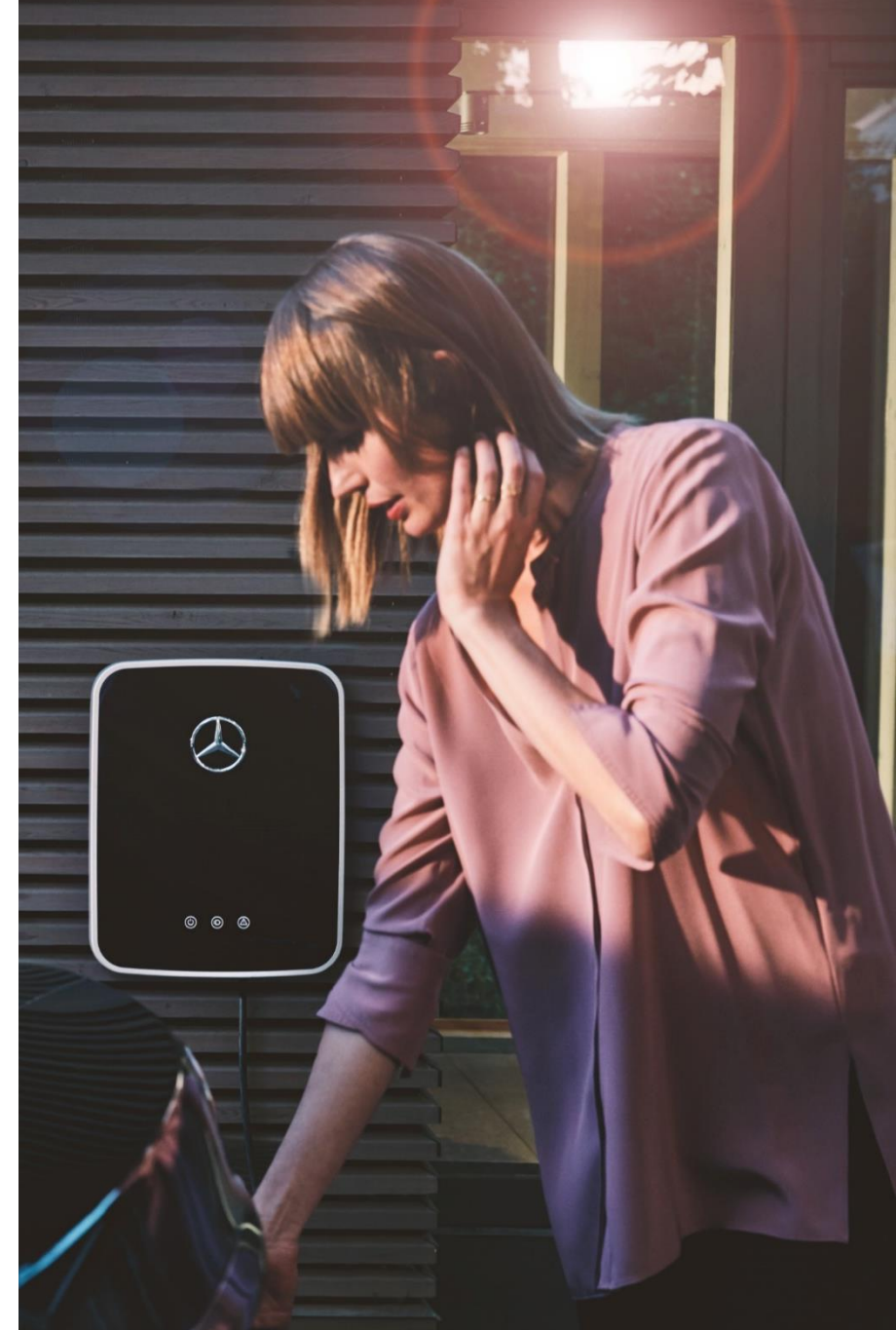
Contract volume
in billion euros



EBIT adj.
in billion euros

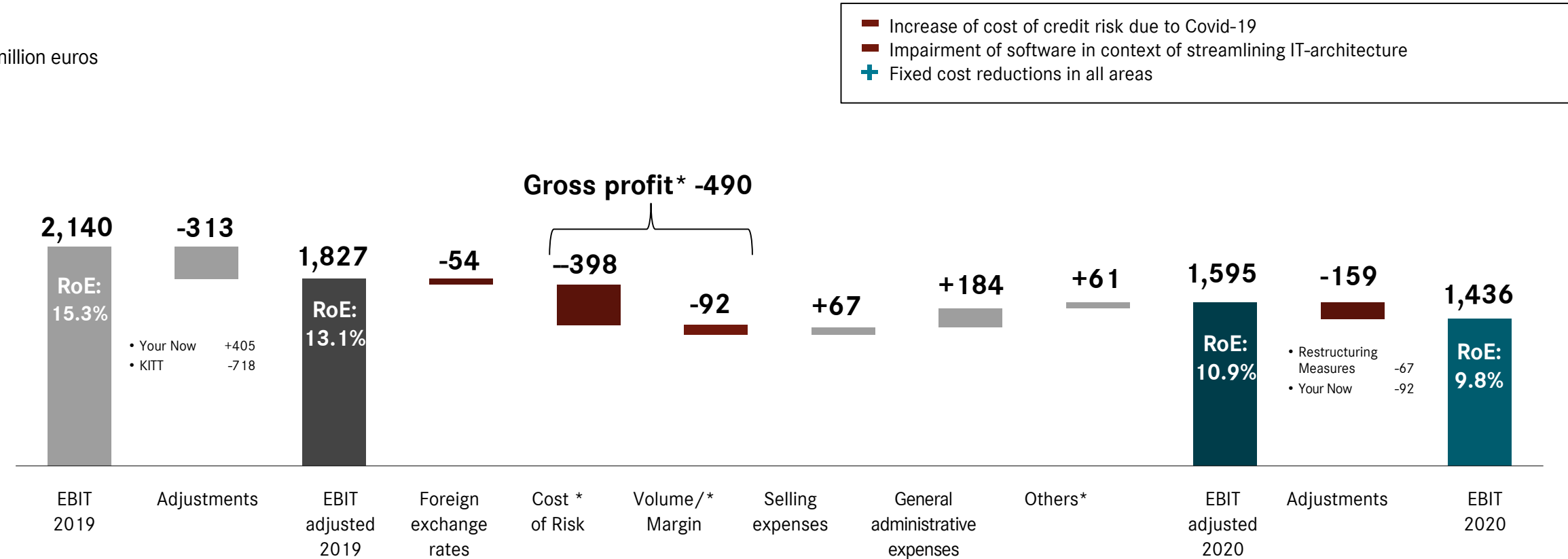


For more details on financials please see [Daimler Capital Market Presentation FY 2020](#)



Daimler Mobility EBIT & RoE: Main impact from higher cost of credit risk

in million euros



* excluding FX effects

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Performance: Market Guidance 2021

ASSUMPTION

Daimler assumes that the economic conditions in our most important markets continue to normalize and in particular that no further setbacks occur as a result of the Covid-19 pandemic. Although bottlenecks in the semiconductor industry will impact sales mainly in the first quarter it is currently anticipated that lost production volume can be compensated for by the end of the year.

Car Markets	Global	significant increase
	Europe	significant increase
	USA	significant increase
	China	slight increase
Van Markets	EU30	significant increase
	USA	significant increase
Heavy-Duty Truck Markets	North America	significant increase
	EU30	significant increase
	Japan	at prior-year level
	Brazil	slight increase



Performance: Daimler Group Guidance 2021

ASSUMPTION

Daimler assumes that the economic conditions in our most important markets continue to normalize and in particular that no further setbacks occur as a result of the Covid-19 pandemic. Although bottlenecks in the semiconductor industry will impact sales mainly in the first quarter it is currently anticipated that lost production volume can be compensated for by the end of the year.

Daimler Group Revenue	significantly above
Daimler Group EBIT	significantly above
Free Cash Flow (industrial business)	significantly below
Investment in PP&E	at prior-year level
R&D expenditure	slightly above
CO₂ emission (g/km)*	significantly below

* vs. the comparable figures for the previous year calculated according to WLTP (probably between 130 to 140 g/km, based on preliminary figures for fuel consumption in 2020 taking into account the statutory regulations of 2021).

The Daimler Business Plan covers the full year 2021 and is based on the existing Group structure, including Daimler Trucks & Buses. The spin-off of Daimler Trucks & Buses, including significant parts of the related financial services business, will be examined before the end of 2021. Before the spin-off, we will reclassify Daimler Truck as discontinued operations. We expect this to have considerable positive effects in the second half of the year, which cannot be reliably determined at present.



Performance: Divisional Guidance 2021

ASSUMPTION

Daimler assumes that the economic conditions in our most important markets continue to normalize and in particular that no further setbacks occur as a result of the Covid-19 pandemic. Although bottlenecks in the semiconductor industry will impact sales mainly in the first quarter it is currently anticipated that lost production volume can be compensated for by the end of the year.

Unit Sales	Cars	significantly above
	Vans	slightly above
	Trucks & Buses	significantly above
Return on Sales (adjusted*)	Mercedes-Benz Cars & Vans	8 to 10%
	Daimler Trucks & Buses	6 to 7%
	Daimler Mobility (RoE)	12 to 13%
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.



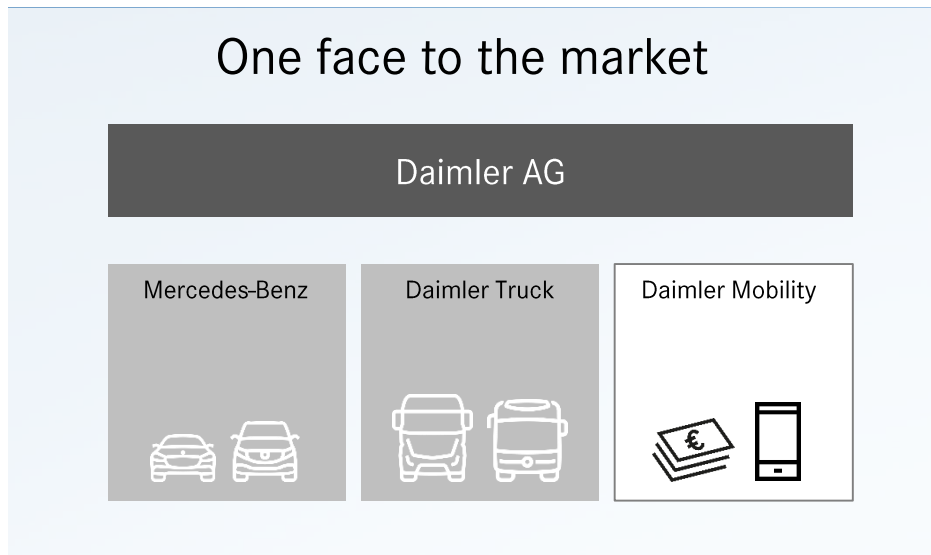
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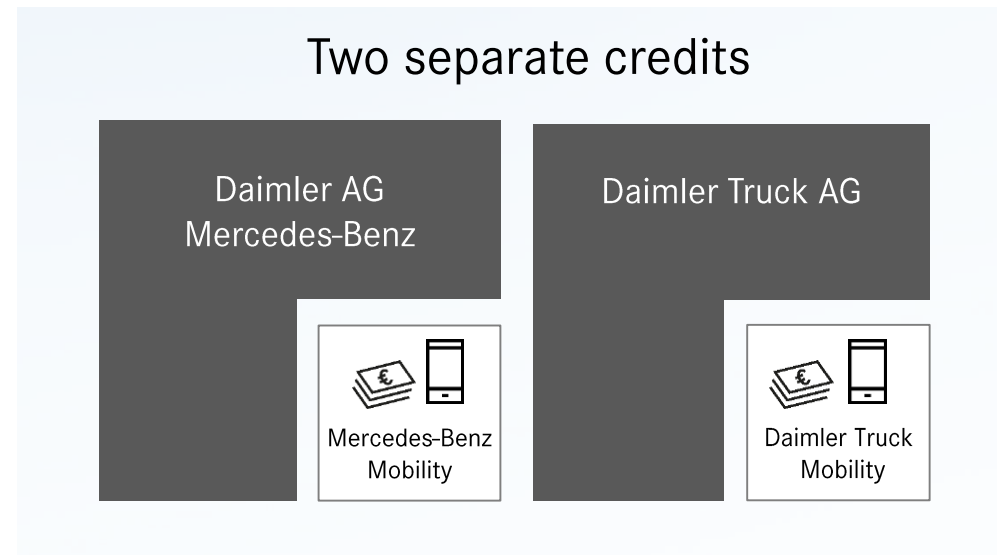


Project Focus: We want to create two independent businesses with maximum focus

Today



Tomorrow



Separate

- ▶ Capital Structure and Rating
 - ▶ Capital Market Access
 - ▶ Group Funding and Liquidity Management
- for both groups after spin-off

Schematic representation

Project Focus: Fixed Income key messages

Strong balance sheet: 18bn Euro Net Industrial liquidity end of 2020

Solid financial position for both entities at Day 1: net industrial liquidity exceeding pensions deficit

Daimler Truck with own credit ratings and own funding in the capital markets after spinoff

We expect that the Daimler Trucks capital structure will support a solid investment grade rating, target BBB+

Target rating category for Mercedes Benz remains single A

Existing bonds issued by Daimler AG or guaranteed by Daimler AG will not be transferred but remain with Daimler AG and its majority controlled subsidiaries *

Our prudent funding strategy and refinancing principles remain in place

Mercedes-Benz and Daimler Truck will be supported by their own dedicated captive financial and mobility services entities

* with the exception of local issuances in Argentina and Brazil

Project Focus: Mercedes-Benz, the pre-eminent luxury car business



Mercedes-Benz

Leading
automotive
luxury brand

Global **“pure play”** OEM with **unique brand** recognition
“Ambition 2039” amplifying **clear commitment to Sustainability** as strategic priority
Attractive **captive financial services** business supporting sales

Win in a
transforming
environment

Leading player in **electric drive, car software** (MBUX, MBOS)
Automated driving: Dedicated **partnership with NVIDIA**
Leaner and faster to pursue **dedicated car strategy**
More agile to embrace change and partners

Focus on
profitable
growth

Focus on **luxury experience** and key regions
Focus on efficiency measures to **improve industrial footprint** and **fixed costs**
Strong balance sheet, **robust liquidity**



Project Focus: Daimler Truck unlocking the full potential



Daimler Truck

Global
#1
CV player

Global market presence with **market-leading brands** in triad markets
Ready to seize opportunities in emerging markets
Leverage **existing global platforms** to turn scale into profit

Lead in
industry
transformation

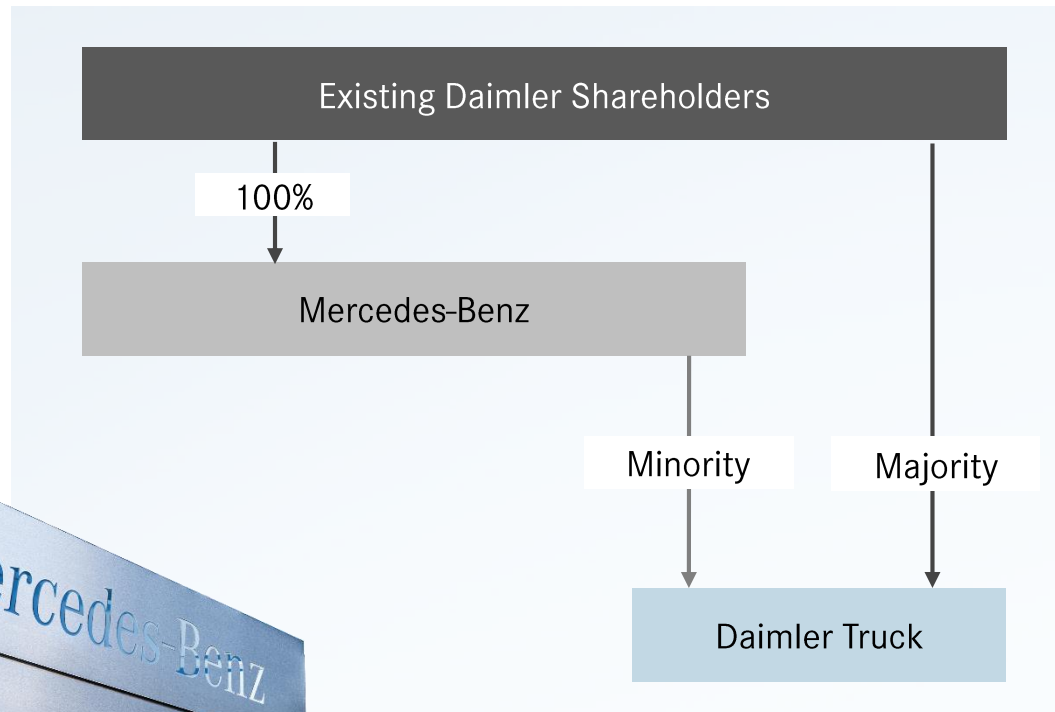
Powertrain: **technological lead** (TCO) and **strong partnerships** (Fuel Cell)
Automated driving: **Dual track strategy** with Torc Robotics & Waymo
Optimize product and **service portfolio**, streamline industrial footprint

Realize
profit
potential

Europe: Execution of the **initiated restructuring**
DTNA: Expansion of the **leading market position and profitability**
Benefit from **scale and strong partners to amortize tech investment**



Structure of the planned transaction



Separate listing of Daimler Truck

Distribution of Daimler Truck shares held by Daimler to existing Daimler shareholders

Majority in free-float, Daimler ceases control over DT but intends to retain a minority shareholding

No additional investment needed from shareholders, no proceeds for Daimler

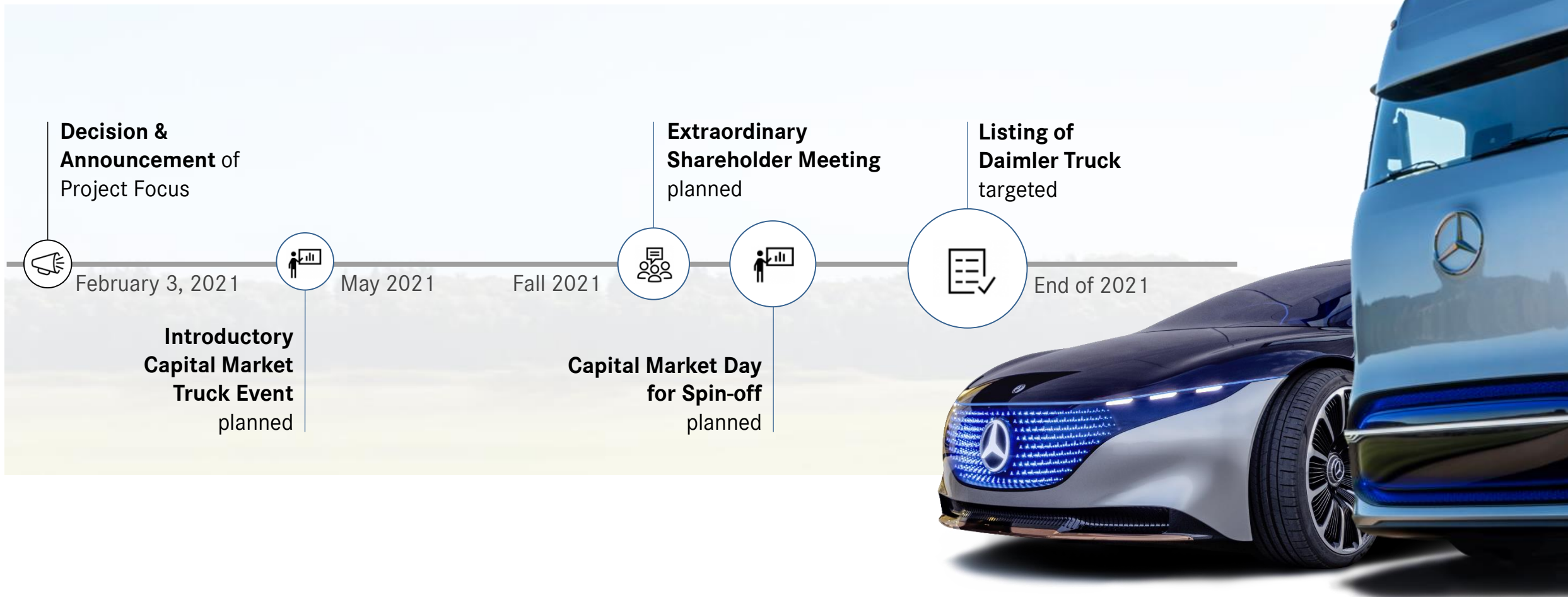
Transaction relatively independent of capital market conditions

Daimler Truck AG majority spin-off: Intended transaction structure and details

Transfer of the **majority of Daimler Truck to Daimler shareholders**

True independent governance of Daimler Truck		Attractive financial profiles for both companies		Prime listing for Daimler Truck
Spin-off of Significant Majority Stake	Daimler with minority/financial stake and de-consolidating Daimler Truck	Strong Capital Structures	Both Daimler Truck and Mercedes-Benz with strong net liquidity position	DAX Company Daimler Truck AG to be listed in Frankfurt Company expected to qualify for the DAX
Independent Governance	Independent chairman Daimler supervisory board representation in line with intended deconsolidation	Ambitious financial targets	Separation will enable realization of full profit potential	Listing Timing Listing targeted before year-end 2021

The listing of Daimler Truck is planned to be complete by year-end 2021



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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

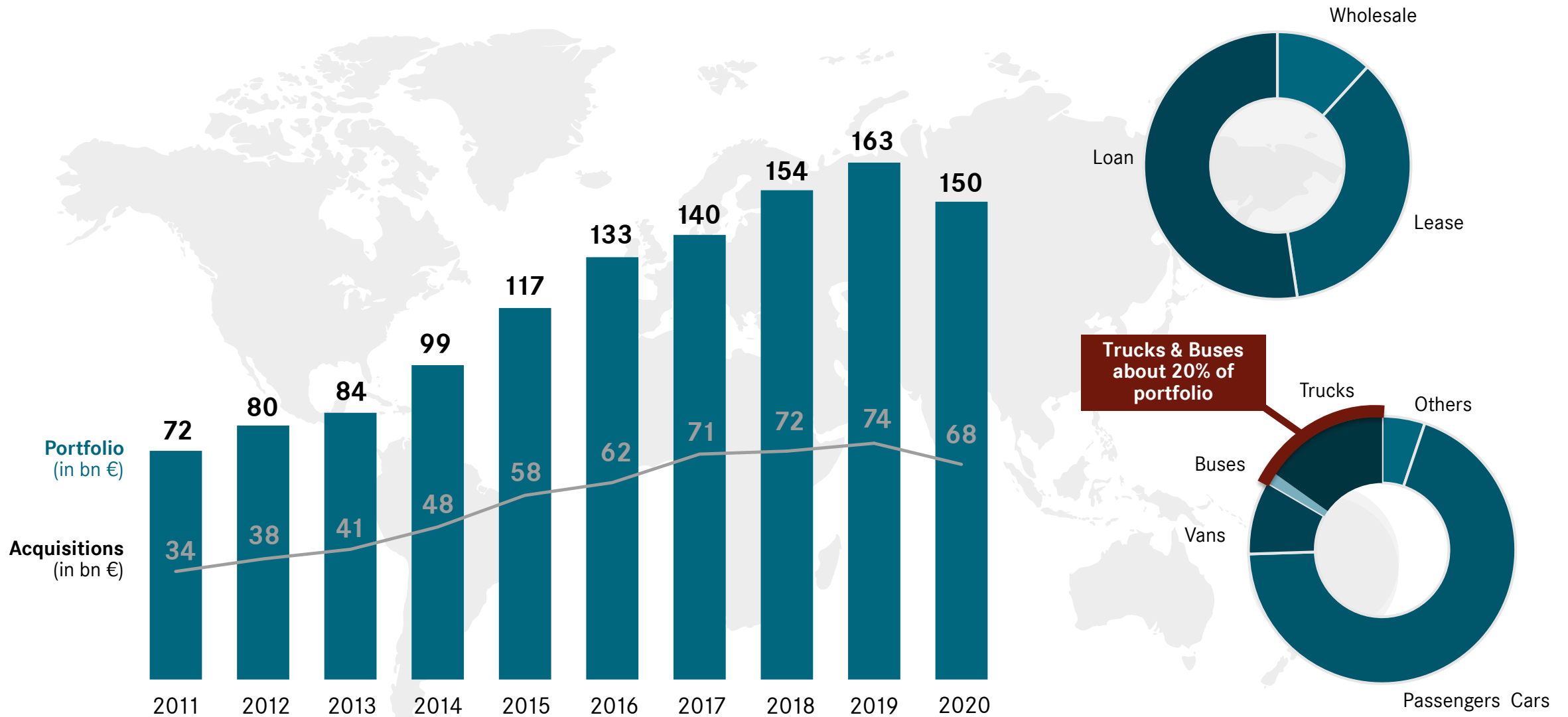
Liquidity matched funding

Interest rate matched funding

Currency matched funding

Country matched funding

Portfolio of Daimler Mobility on a high level



Daimler Mobility business model based on stringent credit management and solid refinancing

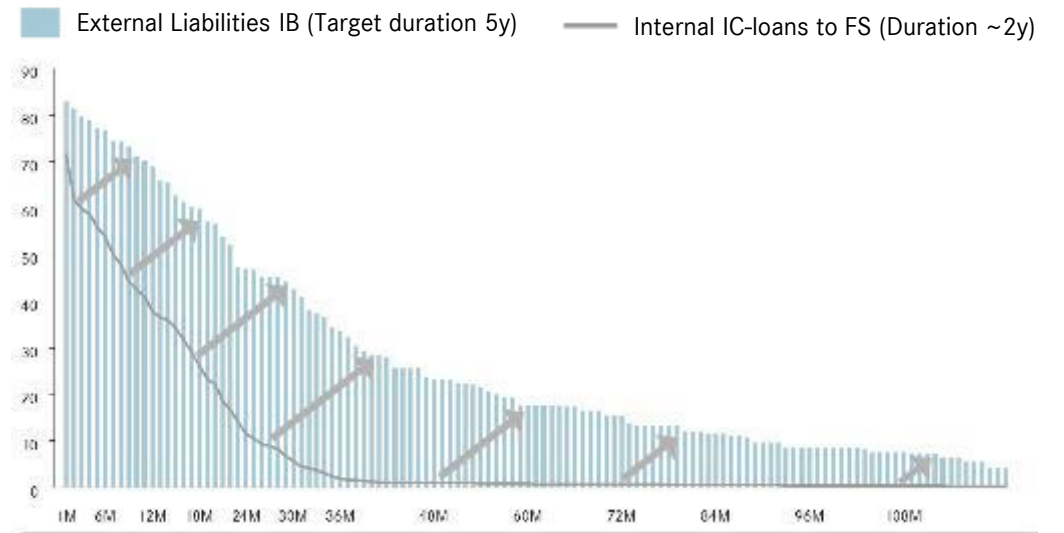
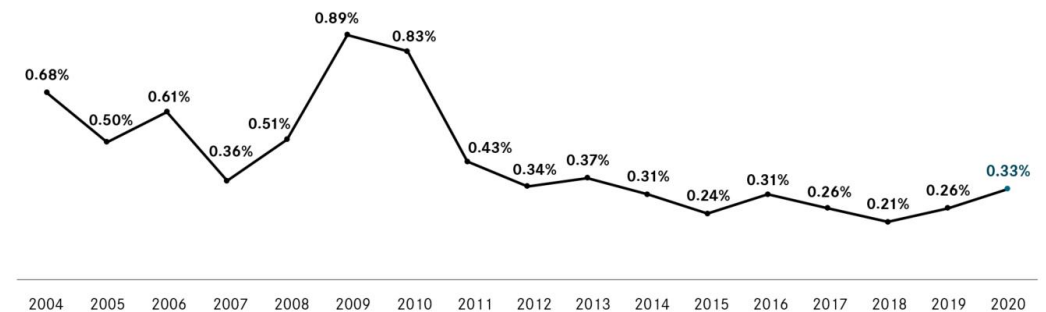
Net credit losses still on a very favorable level, not showing any severe CoViD-19 impact

Based on the potential macroeconomic cool-down, we expect that delinquencies and in the mid-term credit losses might increase

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

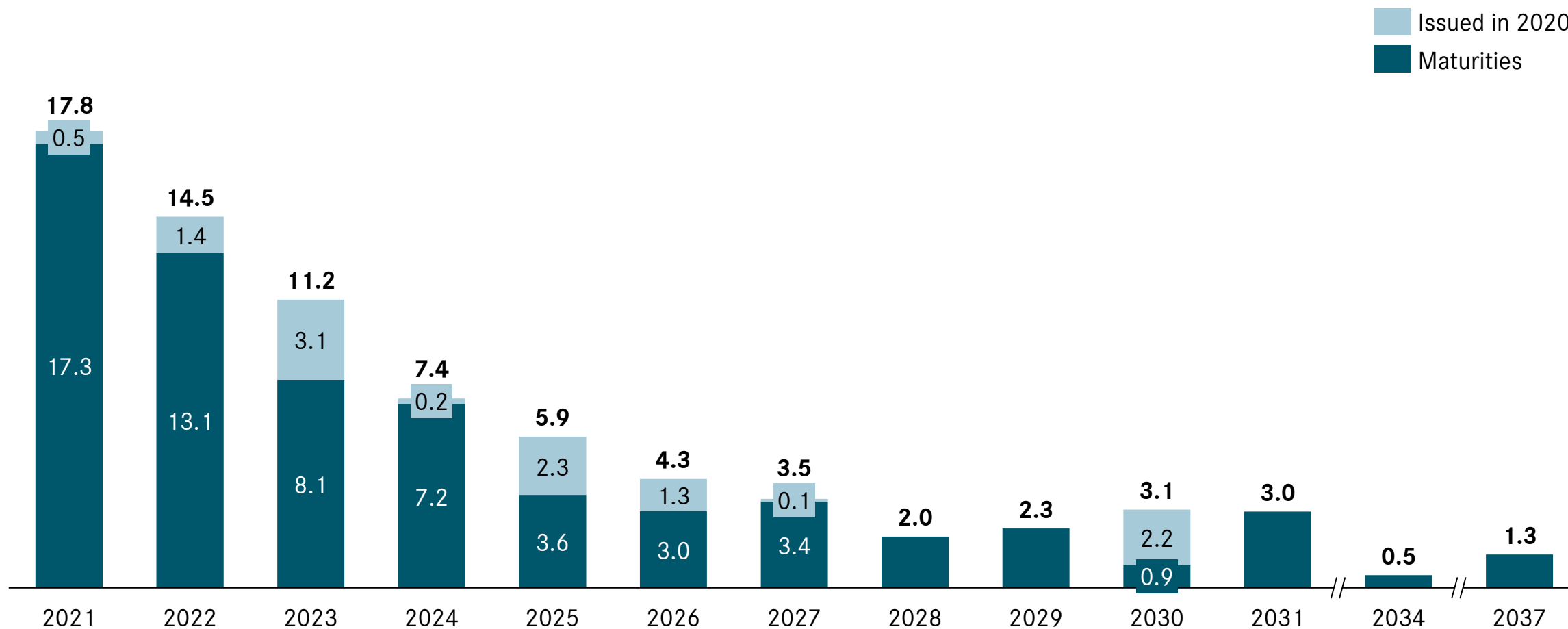
External liabilities of Daimler Group have a longer duration than internal allocation to FS via IC-loans

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



Maturity profile further lengthened

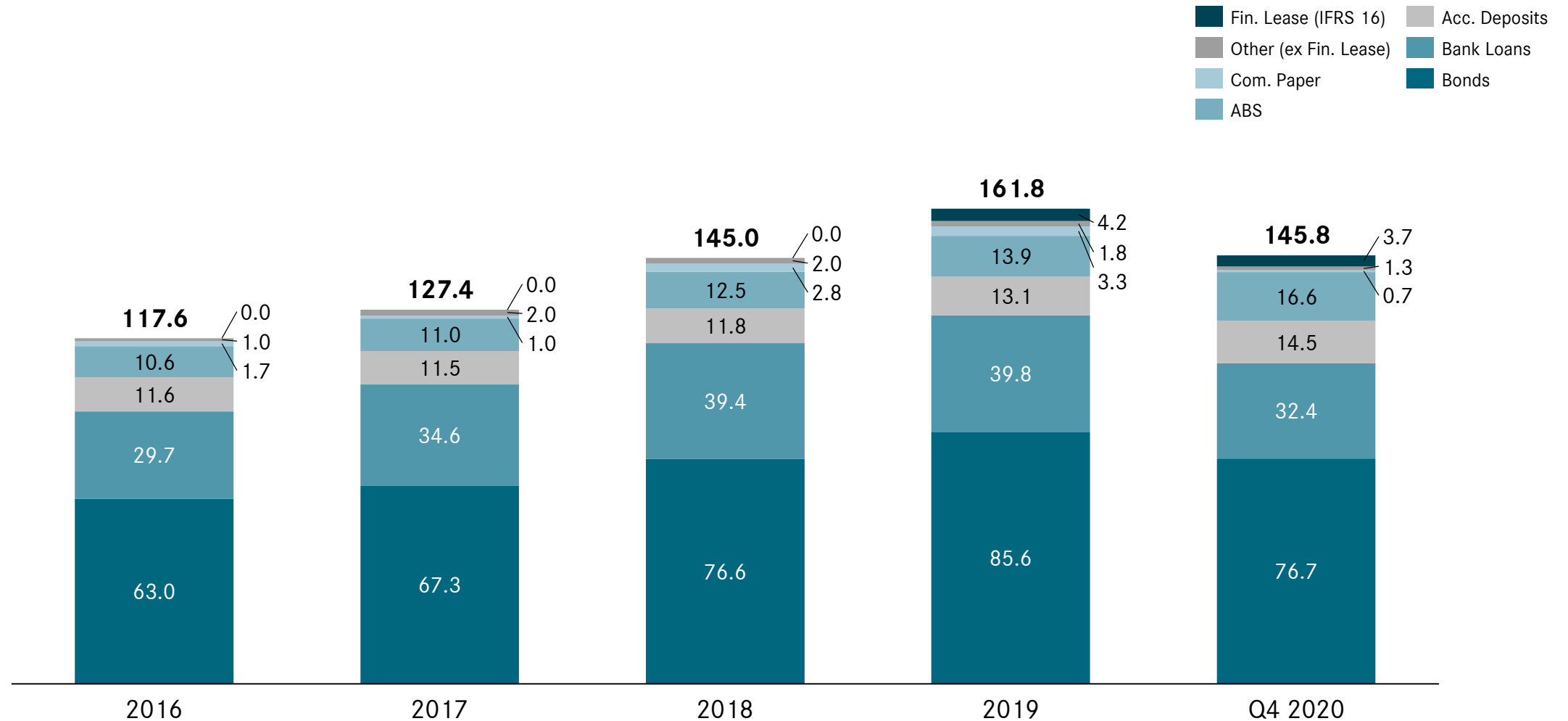
in billions of € as of 31 December 2020



Note: Figures may not be additive due to rounding.

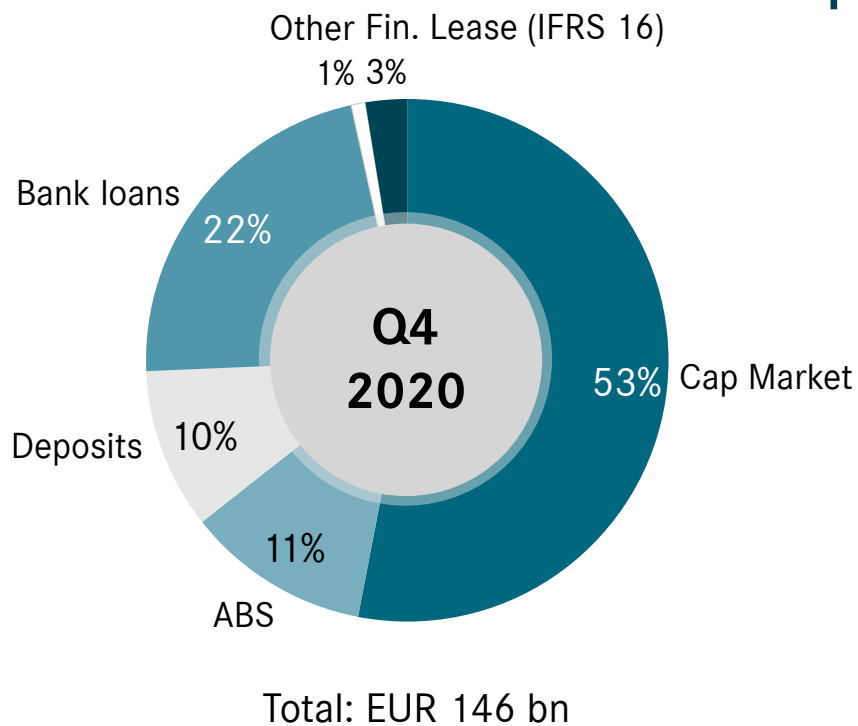
Financing liabilities show a diversified funding mix

in billions of €



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



Capital Markets

Strengthen our global footprint and use market opportunities

Bank Loans

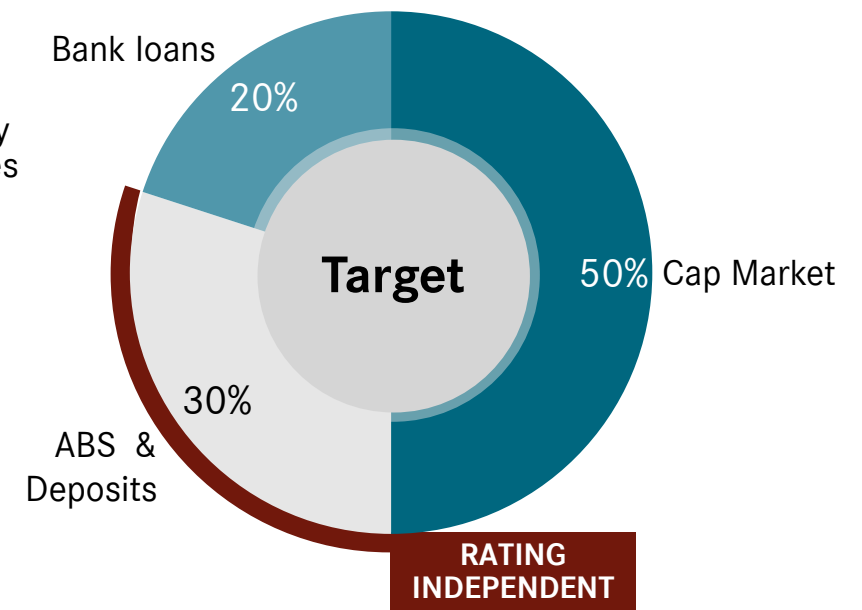
Deepen our excellent bank relationships

ABS

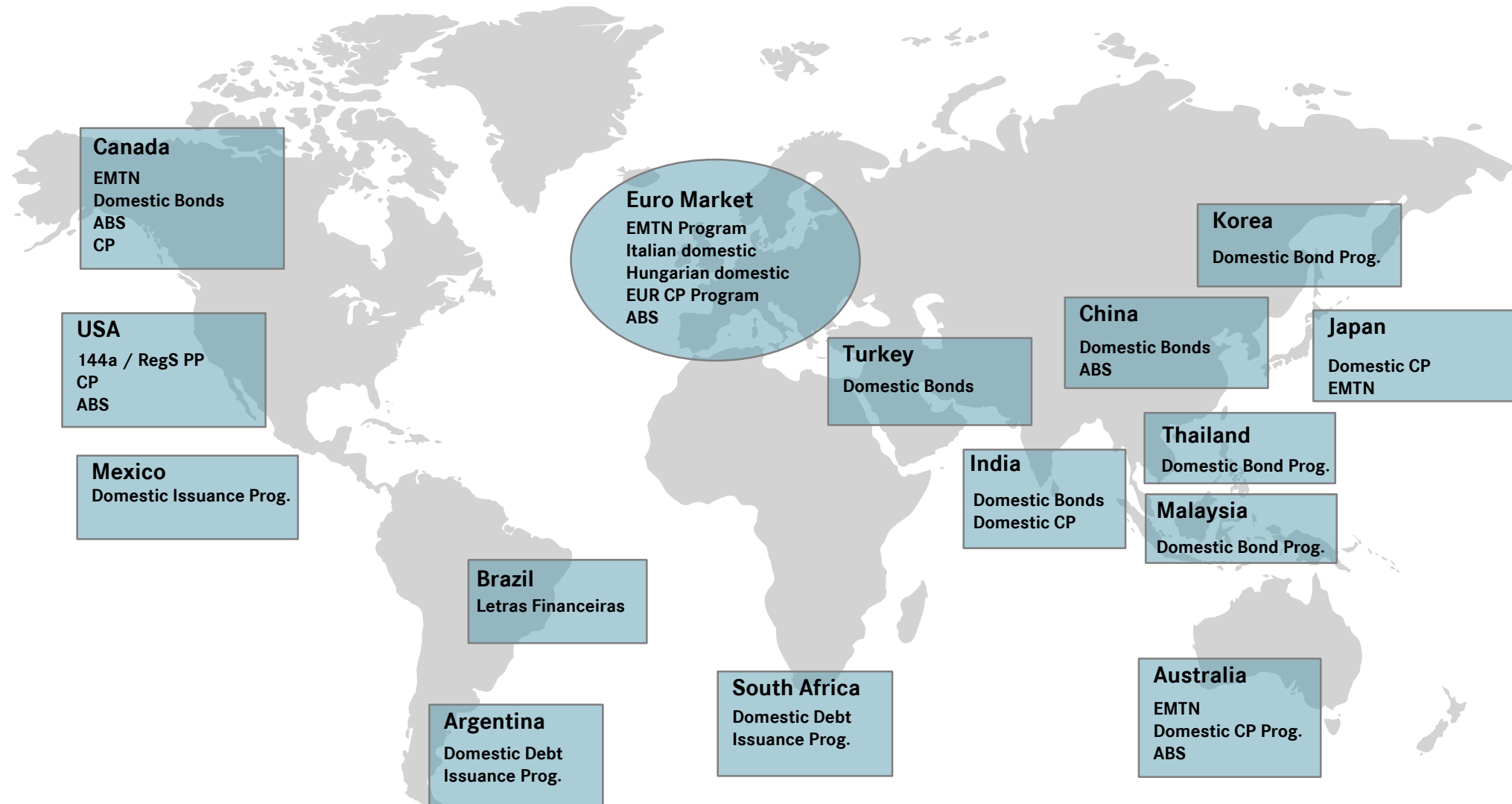
Globally expand our highly competitive ABS issuances

Deposit

Maintain well controllable liquidity reserve

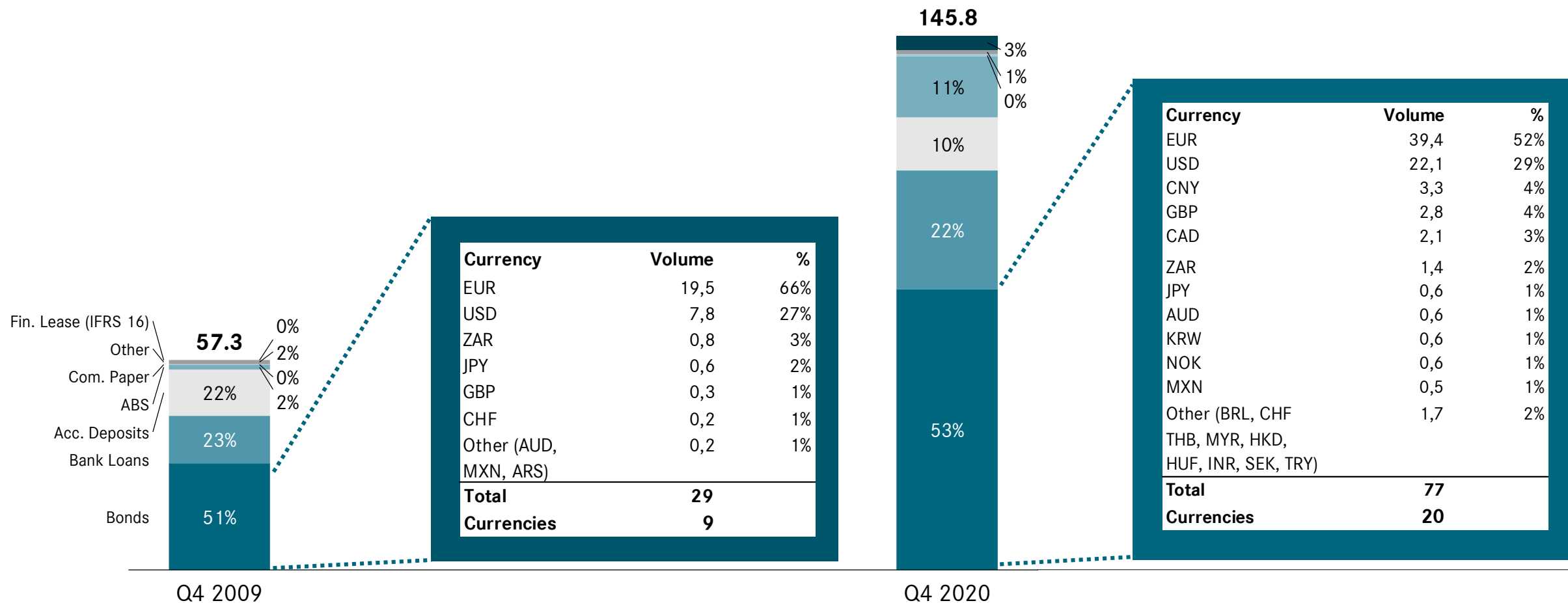


Consequent development to global capital market funding - diversification will continue



Funding base further diversified to a true global set-up

in billions of €

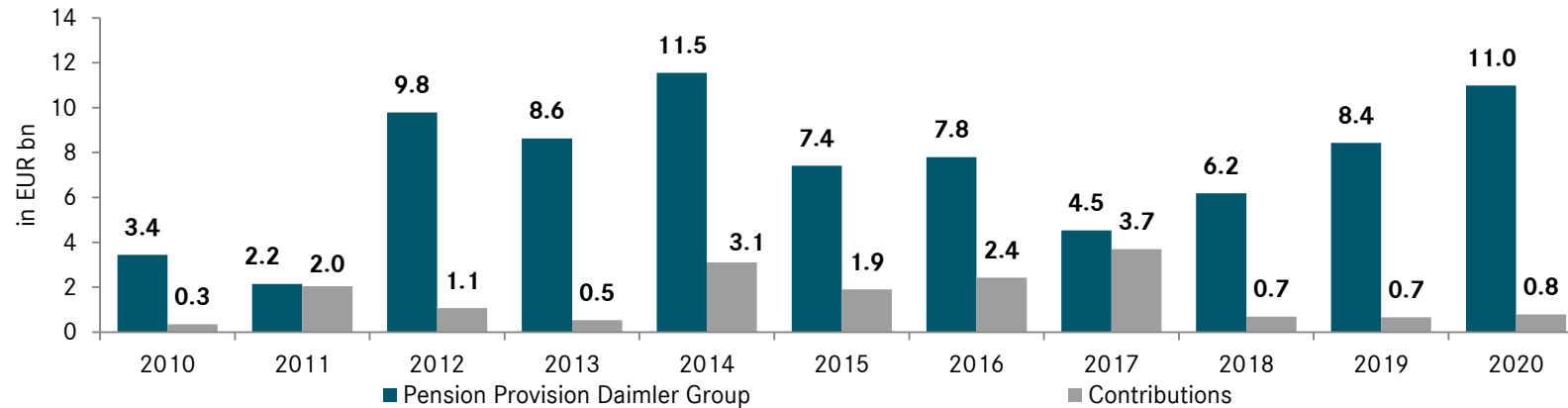


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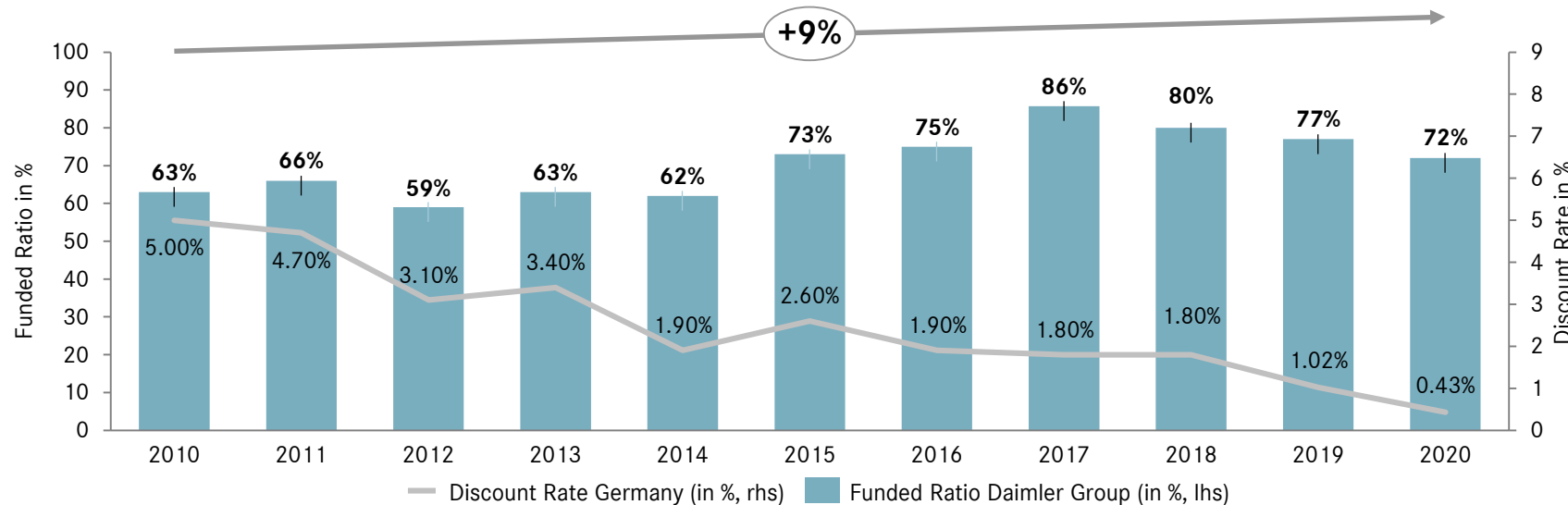
Daimler's financial KPIs set to support a strong rating

	Agency	Long-term	Outlook	Short-term
Current Ratings:	Standard & Poor's:	BBB+	Stable	A-2
	Moody's:	A3	Negative	P-2
	Fitch:	BBB+	Stable	F1
	DBRS:	BBB (high)	Stable	R-2 (high)
	Scope:	A	Stable	S-1

In low interest rate environment high contributions stabilized funded ratio



Significant contributions of EUR 17.3bn since 2010 support the solid capital structure



Even though German Discount Rate decreased significantly since 2010, Funded Ratio is at a solid level of 72%

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Daimler Group

6 + 3 sustainability topics as an integral part



Climate protection
& air quality



Resource
conservation



Livable
cities



Traffic safety



Data responsibility



Human rights



Integrity



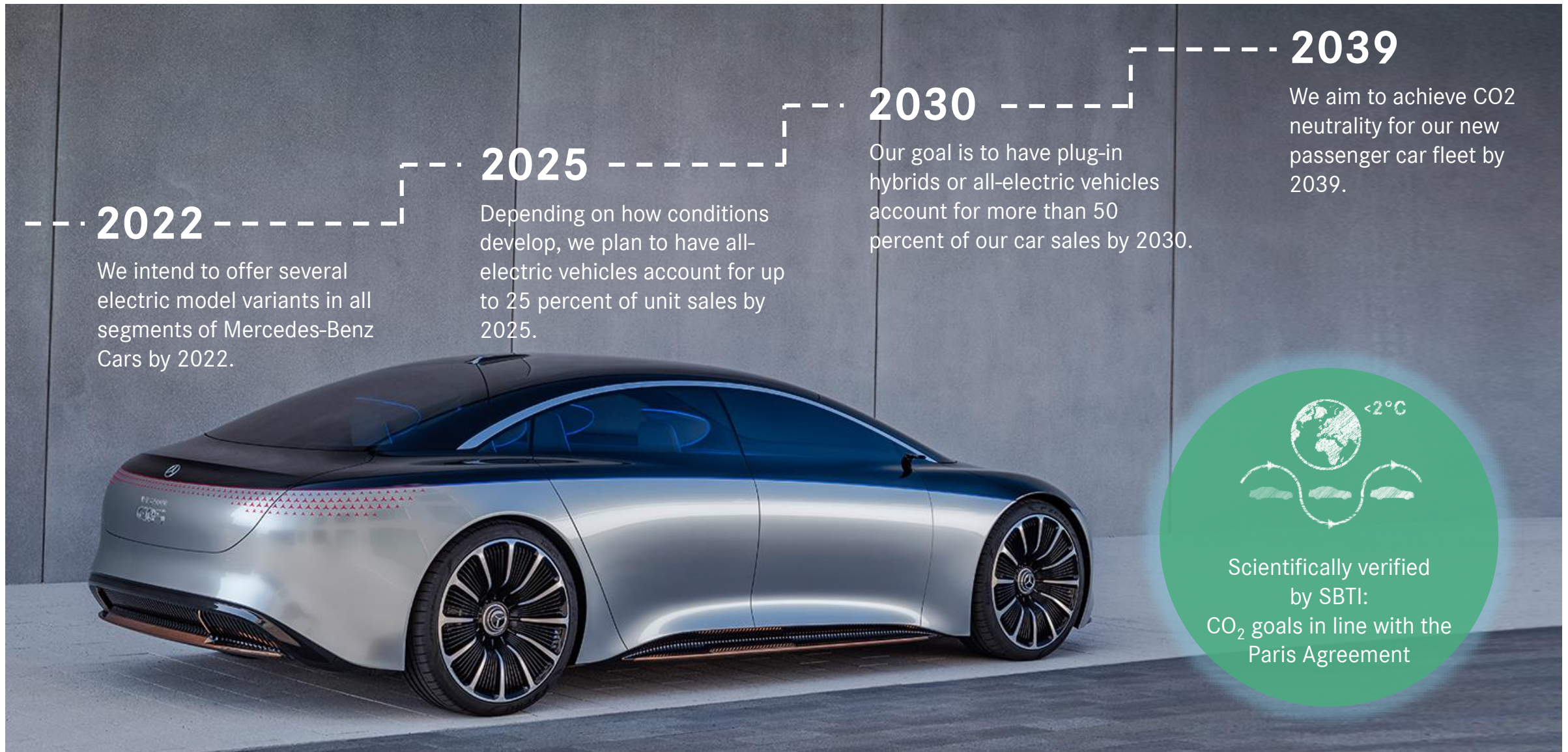
People



Partnerships



CO₂ neutrality at Mercedes-Benz Cars



Daimler Trucks & Buses: Making CO₂-neutral transport a reality

**Second half
of 2020s**

Hydrogen-based series-production vehicles in the second half of the decade.

2022

Battery-electric series-production vehicles in all core regions by 2022.

2039

Ambition: By 2039, new vehicles in Europe, Japan and North America will be CO₂ neutral in operation (tank-to-wheel).



Daimler Mobility und Mercedes-Benz Bank: CO₂-neutral locations and administration



CO₂ neutrality at Mercedes-Benz Cars

2019

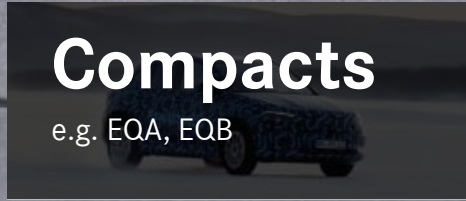


2020



2021

Stay tuned for more



2022

Customers may decide for electric or hydrogen based on their specific needs:



- GenH2 Truck**
- Based on fuel cell and hydrogen
 - Range up to 1000km
 - First customer testing in 2023
 - Series production in second half of 2020s



Battery Electric Truck:
- Lower Weight,
- Shorter Distances

Hydrogen Truck:
- Heavy Weight,
- Long Distance



... and our aim to achieve CO₂-neutral production

By **2022**: CO₂-neutral production at our Mercedes-Benz Car and Van plants worldwide*

By **2022**: CO₂-neutral production at our European plants of Daimler Trucks & Buses*

By **2030**: Fifty percent CO₂ emissions reductions from production operations

By **2039**: CO₂-neutral production at all of our plants and in all of our business units worldwide



“Factory 56” in Sindelfingen

* In Germany, the green power supply is ensured not only for the production sites: starting in 2022, all German locations of Daimler AG, Mercedes-Benz AG, Daimler Trucks AG and Daimler Mobility AG will obtain green power generated entirely from renewable energy sources, making it free of CO₂.

Committed investments as part of our electrification strategy

€10 bn

About €10 billion to expand our fleet of electric vehicles.

€1 bn

More than €1 billion to expand our battery production.

€20 bn

Buying battery cells for more than €20 billion in order to systematically promote our Group's entry into an electrically driven future.





Our strategy is guided by international framework agreements,...

The ten principles of the **UN Global Compact** provide a fundamental guide for our business operations.

Our **internal principles and policies** are founded on this international frame of reference and other international principles.

Our goal in this process is to support the **UN Sustainable Development Goals** with our work processes and to cooperatively develop approaches to solutions.



... our corporate principles and integrity

Doing the right thing by living our values

We adhere to **internal and external rules**, we act according to our **corporate principles** and we listen to our **inner compass**.

We have incorporated integrity-related issues in our **culture** and our **compliance management system**. Our performance is measured by the **integrity indicator** which is part of the non-financial management compensation.

Our five corporate principles:

the foundation of all our actions



We are profitable and are committed to people and the environment



We act responsibly and respect the rules



We address issues openly and stand for transparency



Fairness and respect are the foundation of our collaboration

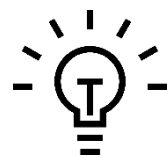


We practice diversity

Our web-based training modules on integrity & compliance are mandatory and have to be performed successfully on a regular basis.



Daimler's green finance framework is part of our sustainable business strategy



Use of proceeds

Project evaluation and selection

Management of proceeds

Reporting

External review

Daimler's green finance framework is developed to be in line with both the ICMA Green Bond Principles, as well as LMA and APLMA Green Loan Principles. It is Daimler's intention to follow best practises as market standards develop and as the EU Taxonomy and the EU Green Bond Standard enter into force.



Second Opinion by leading provider of independent reviews of green bonds



CICERO
Shades of
Green

SHADES OF GREEN

Daimler’s green finance framework was rated by **CICERO** as **Dark Green**. Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.

GOVERNANCE PROCEDURES

CICERO Shades of Green finds the governance procedures in Daimler’s framework to be **Excellent**.

GREEN BOND and GREEN LOAN PRINCIPLES

CICERO confirms that Daimler’s green finance framework is found **in alignment** with the green bond and green loans principles.



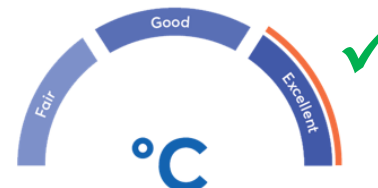
CICERO
Dark Green ✓



CICERO
Medium Green



CICERO
Light Green



Green Loan Principles
Supporting environmentally sustainable economic activity ✓



CICERO Green provides second opinions on institutions’ frameworks and guidance for assessing and selecting eligible projects for green finance investments. CICERO Shades of Green is internationally recognized as a leading provider of independent reviews of green bonds, since the market’s inception in 2008.

DAIMLER FY 2020

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, customs and foreign trade provisions; 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 are described 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.