DAIMLER

Interim Report Q1 2016

Contents

Cover photo: the new E-Class.
Mercedes-Benz has taken a major step into the future with the new E-Class. The visual highlights of the business sedan’s tenth generation are its clear but emotive design and a high-quality, exclusive interior. In addition, numerous technical innovations have their world premiere in the new E-Class. They allow for example comfortable, safe driving at an unprecedented level as well as new dimensions of driver assistance. The sum total of innovations, such as the active lane-change assistant, with which the driver can smoothly move the car into the selected lane, make the E-Class the most intelligent sedan of the business class.

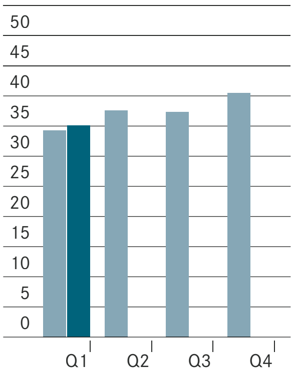
Q1

Key Figures Daimler Group

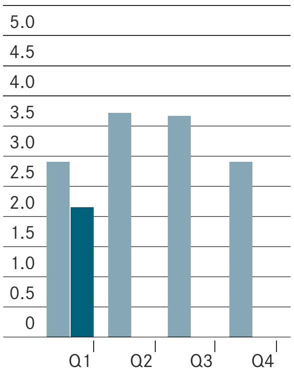
€ amounts in millions	Q1 2016	Q1 2015	% change
Revenue	**35,047**	34,236	+2 [1]
Western Europe	**12,411**	11,025	+13
thereof Germany	**5,261**	5,054	+4
NAFTA	**10,584**	10,730	-1
thereof United States	**9,387**	9,502	-1
Asia	**8,243**	8,243	0
thereof China	**3,652**	3,558	+3
Other markets	**3,809**	4,238	-10
Investment in property, plant and equipment	**1,123**	1,027	+9
Research and development expenditure	**1,724**	1,526	+13
thereof capitalized development costs	**486**	400	+22
Free cash flow of the industrial business	**264**	2,292	-88
EBIT	**2,148**	2,906	-26
Net profit	**1,400**	2,050	-32
Earnings per share (in euros)	**1.26**	1.83	-31
Employees	**285,992**	284,015 [2]	+1

1 Adjusted for the effects of currency translation, increase in revenue of 4%.
2 As of December 31, 2015.

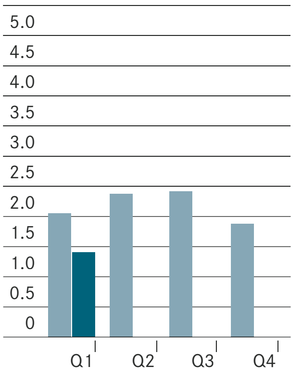
Revenue
In billions of euros



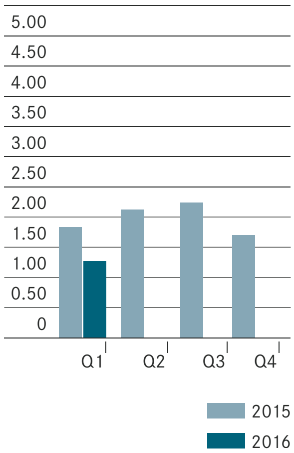
EBIT
In billions of euros



Net profit
In billions of euros



Earnings per share
In euros



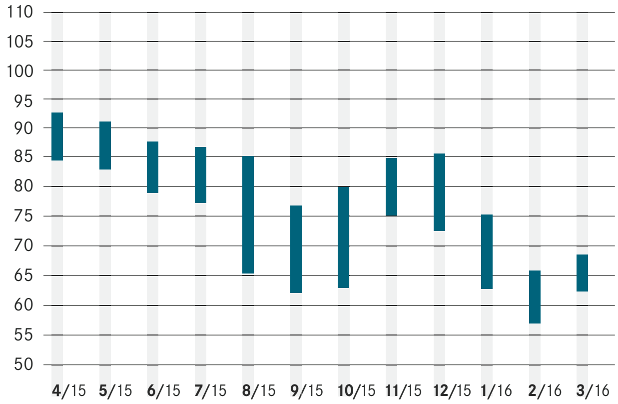
Daimler and the Capital Market

Key figures

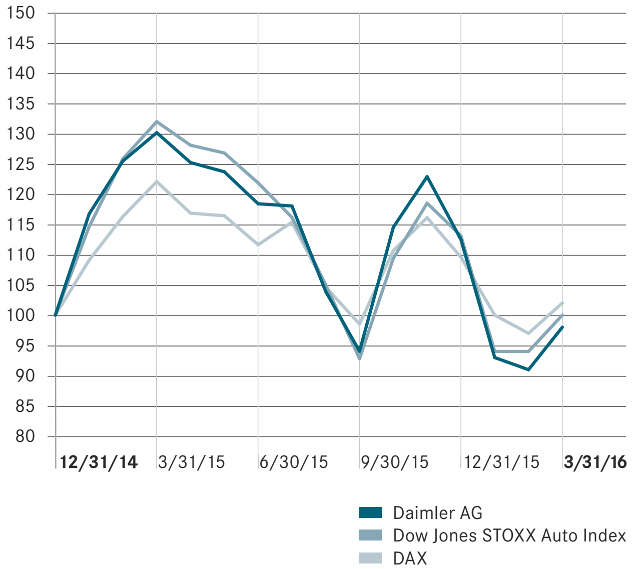
	March 31, 2016	March 31, 2015	% change
Earnings per share in Q1 (in €)	**1.26**	1.83	-31
Outstanding shares (in millions)	**1,069.8**	1,069.8	0
Market capitalization (€ billion)	**72.07**	96.00	-25
Xetra closing price (in €)	**67.37**	89.73	-25

Daimler share price (highs and lows) in 2015/2016

in €



Share-price development (indexed)



Daimler share price: volatile development with recovery in second half of first quarter

Stock exchanges worldwide started the year 2016 with significant price falls due to the high degree of volatility of the Chinese stock market, tension in the Middle East and ongoing falls in raw-material prices. Once again, this put particular pressure on cyclical sectors and thus also on the automotive sector. Frequent headlines on the subject of diesel emissions created additional skepticism with regard to shares in automobile companies. This general development also affected Daimler's share price.

As of mid-February 2016, equity prices recovered again significantly, as previously pessimistic assessments of the world economy were not confirmed.

As a result of our ongoing product offensive and the relatively good development of unit sales compared with the competitors, our share price climbed again, with additional support from the announcement of a significant increase in the dividend to €3.25 per share.

Overall, Daimler's share price decreased in the first quarter of 2016 by 13% to reach €67.37 at closing on March 31, following a rather weaker development than that of the Dow Jones STOXX Auto Index (-11%) and the DAX (-7%). Market capitalization at the end of the quarter was €72.1 billion.

Capital market used for attractive financing

In the first quarter of 2016, the Daimler Group once again undertook refinancing at attractive conditions in the international money and capital markets. Daimler raised funds of €7.3 billion from the issuance of bonds in the first quarter of this year. The redemption of bonds resulted in an outflow of €2.6 billion. A large proportion of the issuance volume was in the form of so-called benchmark bonds. In the United States, we conducted two asset-backed securities (ABS) transactions with a volume of approximately $2.3 billion. And for the first time, we successfully placed an ABS transaction in China in a volume of CNY2.4 billion.

Interim Management Report

Unit sales significantly above prior-year level at 683,900 units
Revenue up by 2% to €35.0 billion
Group EBIT of €2,148 million (Q1 2015: €2,906 million)
Net profit of €1,400 million (Q1 2015: €2,050 million)
Free cash flow of industrial business of €0.3 billion (Q1 2015: €2.3 billion)
Significant growth in unit sales and slight revenue growth anticipated for full-year 2016
Group EBIT from ongoing business expected to be slightly higher than in 2015

Business development

Only moderate growth of world economy

The **world economy** seems to have grown also in the first quarter of 2016, but only at a very weak and below-average rate. The start of the year was marked by concern about the ongoing development of the global economy. In addition to an initial further fall in raw-material prices and unfavorable sentiment indicators, this was primarily due to the significant slump of the stock markets. By the middle of the first quarter, the worst start to the year of global stock markets for several decades was apparent. Another factor at the beginning of the year was concern about the stability of the Chinese economy, primarily caused by considerable stock-market turbulence, the fall of the renminbi against the US dollar and the euro, and capital outflows, some of which were quite substantial. The first quarter was also affected by significant geopolitical uncertainty. Against this backdrop, the fact that the world economy continues to grow is evidence of considerable resilience. For the US economy, at best moderate growth is likely to have occurred in the first three months of the year. As the economy of the euro zone is still very fragile and inflation is very low, the European Central Bank has announced further intensification of its monetary policy actions. Economic developments in the first quarter were the most unfavorable in the raw-material-exporting countries, especially in Brazil and Russia.

Worldwide demand for cars returned to its moderate growth rate in the first quarter, after the dynamic end to last year. The drivers of global growth were once again the comparatively favorable market developments in China, the United States and Western Europe. Demand in China has been boosted since the fall of 2015 by tax incentives for the purchase of small cars, and was significantly higher at the beginning of 2016 than a year earlier. The growth dynamism of the US market was rather lower than in the previous quarters, but was still solid at a rate of 3%. The strong recovery of demand for cars in Western Europe continued with growth of 8%; there was robust expansion of all volume markets, especially in France (+8%) and above all Italy (+21%). However, the Japanese market made a relatively poor start to the year with significant contraction of 8%. Car markets in the emerging economies continued to show a varying picture. In India, demand was moderately higher than in the first quarter of last year, while the Russian market contracted by a double-digit percentage.

The development of demand for **medium- and heavy-duty trucks** continued to differ considerably from one region to another. The North American market has so far seemed to be very resilient, with demand for trucks in Classes 6-8 at close to the prior year level. The situation was positive in the European market, which was once again unaffected by uncertainty concerning the development of the global economy and grew by a significant rate. The picture in Brazil was quite different: Due to the ongoing deep recession, the market contracted by more than 30% from its already low level of the prior-year period. The Japanese market for light-, medium- and heavy-duty trucks lacked dynamism and contracted slightly at the beginning of the year. The development of the overall truck market was disappointing in Indonesia, with repeated contraction by a double-digit rate. The situation in the Indian market for medium- and heavy-duty trucks was much better, with significant growth. Demand in Russia continued to be depressed by the ongoing recession; according to recent estimates, it contracted again significantly. The Chinese market expanded significantly at the beginning of the year, although the prior-year quarter marked the lowest point of the recent market slump and therefore constitutes a low basis for comparison.

Demand for **vans** in Western Europe continued to grow, with a 16% increase in market volume for mid-size and large vans. Demand for small vans increased by 11%. The US market for large vans continued its strong growth with a rate of 26%. Due to unfavorable economic conditions, the market for large vans in Latin America contracted sharply, however.

The **bus market** in Western Europe remained at the prior-year level in the first quarter. Due to the difficult economic situation, demand in Brazil was significantly lower than in the first quarter of last year with a decrease of 47%.

Significant growth in first-quarter unit sales

In the first quarter of 2016, Daimler sold 683,900 cars and commercial vehicles worldwide, surpassing the total for the prior-year period by 7%.

Unit sales by the **Mercedes-Benz Cars** division increased by 8% to 496,800 vehicles in the reporting period, setting a new record for a first quarter. In Western Europe, Mercedes-Benz Cars sold 200,400 vehicles, which is 14% more than in the prior-year period and also a new record. The main growth drivers in this region were the United Kingdom (+10%), Italy (+28%) and Spain (+32%). In Germany, the domestic market, the division sold 69,700 vehicles of the Mercedes-Benz and smart brands (+7%). In the United States, Mercedes-Benz Cars sold 77,300 units in the first quarter (Q1 2015: 87,700). In China, its biggest single market, the division continued along its successful path and increased its sales to the new record of 108,300 units (+24%). The development of unit sales was particularly strong in the first quarter also in South Korea (+44%) and Australia (+29%).

In the first quarter of this year, unit sales by **Daimler Trucks** of 105,700 vehicles were 6% lower than in the same period of last year. We were unable to escape weak market developments, especially in Indonesia, Brazil and Turkey. We achieved a positive sales development in the region of EU 30 (European Union, Switzerland and Norway), with an increase of 13% to 15,500 vehicles. Unit sales in Turkey reflected the purchases brought forward to the year 2015 due to the introduction of the Euro VI emission standard in 2016; for this market-related reason, our sales there fell to 1,800 units (Q1 2015: 6,200). Our sales of 40,400 trucks in the NAFTA region were at the prior-year level (Q1 2015: 40,800). Unit sales in Latin America decreased to 6,000 vehicles (Q1 2015: 7,200), The truck market in this region is still suffering from the ongoing difficult economic situation in our main market there, Brazil. Our unit sales in Indonesia were also affected by generally weak demand, and decreased to 7,400 vehicles (Q1 2015: 10,000). In Japan, our sales of 12,400 units were at the prior year level (Q1 2015: 12,300). In India, we increased our unit sales to 4,000 vehicles (Q1 2015: 3,600).

Mercedes-Benz Vans increased its unit sales by 20% to 76,600 vehicles, posting the best first quarter in its history. In its core region of Western Europe, the van division achieved further substantial growth of 21% to 50,300 units, with strong growth in Germany (+7%), the United Kingdom (+15%), France (+33%), Spain (+26%) and the Netherlands (+80%). In Eastern Europe, growth in unit sales continued in the first quarter with an increase of 4%. The development of unit sales was positive once again in the NAFTA region, where Mercedes-Benz Vans increased its first-quarter sales by 36% to 10,200 units. In the United States, we posted strong growth of 30% to 8,100 units. Due to the continuation of difficult economic conditions, unit sales in Latin America fell significantly from 3,700 to 2,500 vehicles. Growth of 8% in Argentina did not offset the sharp decline of 55% in Brazil. However, van sales in China increased by 67% to 1,500 units.

Unit sales by **Daimler Buses** of 4,800 buses and bus chassis in the first quarter were significantly lower than the number of 5,700 in the prior-year period. The decrease in unit sales is mainly a reflection of the ongoing very weak chassis business in Latin America, which was not offset by the continuation of strong demand for our complete buses in Western Europe. We sold 1,400 units in Western Europe, representing an increase of 9% compared with the first quarter of 2015. In Latin America (excluding Mexico), sales of 2,200 units were significantly lower than in the first quarter of last year (Q1 2015: 2,900).

At **Daimler Financial Services,** new business increased by 4% compared with the prior-year period to €13.7 billion. Contract volume reached €115.7 billion at the end of the first quarter, which is 1% lower than at the end of 2015. Adjusted for exchange-rate effects, contract volume increased by 1%. The business of brokering insurance contracts continued to develop positively.

The Daimler Group's first-quarter **revenue** amounted to €35.0 billion, which is 2% higher than in the first quarter of 2015. Adjusted for exchange-rate effects, revenue grew by 4%.

Mercedes-Benz Cars' revenue of €20.0 billion was 2% higher than in the prior-year period. At Daimler Trucks, revenue decreased by 2% due to the weak development of some markets and amounted to €8.2 billion. Mercedes-Benz Vans achieved revenue growth of 17% to €2.8 billion. Daimler Buses' revenue of €0.8 billion was 5% lower than in the first quarter of last year.

C.01
Unit sales by division

	Q1 2016	Q1 2015	% change
Daimler Group	683,885	641,614	+7
Mercedes-Benz Cars	496,756	459,708	+8
Daimler Trucks	105,664	112,424	-6
Mercedes-Benz Vans	76,647	63,805	+20
Daimler Buses	4,818	5,677	-15

C.02
Revenue by division

In millions of euros	Q1 2016	Q1 2015	% change
Daimler Group	35,047	34,236	+2
Mercedes-Benz Cars	19,980	19,509	+2
Daimler Trucks	8,204	8,414	-2
Mercedes-Benz Vans	2,815	2,415	+17
Daimler Buses	830	877	-5
Daimler Financial Services	4,862	4,549	+7

Profitability

The **Daimler Group** achieved first-quarter EBIT of €2,148 million (Q1 2015: €2,906 million). ↗ C.03

EBIT of the first quarter of 2016 was impacted primarily by a decrease in unit sales of the S- and E-Class at the Mercedes-Benz Cars division. This fall in earnings was not offset by the improvement in earnings at the Daimler Trucks, Mercedes-Benz Vans and Daimler Buses divisions. At Daimler Financial Services, earnings increased primarily due to the higher contract volume. Exchange-rate effects had an overall negative affect on earnings. Declining discount rates also reduced earnings.

In addition, the reconciliation in the first quarter of 2016 was negatively impacted in particular by an impairment of €244 million of the investment in BAIC Motor Corporation Ltd. (BAIC Motor) and by losses of €222 million (Q1 2015: €43 million) from currency transactions which are not allocated to business operations.

The special items shown in table ↗ C.04 affected EBIT in the first quarters of 2016 and 2015.

In the first quarter of 2016, the EBIT of the **Mercedes-Benz Cars** division was €1,395 million, which is lower than the prior-year figure of €1,841 million. The division's return on sales was 7.0% (Q1 2015: 9.4%). ↗ C.03

The development of earnings was marked by lifecycle-related declines in unit sales of the S- and E-Class and by the regional sales structure. Furthermore, earnings were negatively affected by higher expenses for the enhancement of products' attractiveness, advance expenditures for new technologies and vehicles, and exchange rate effects. However, the significant increase in unit sales in the SUV segment and better pricing had a positive effect on earnings.

The **automotive divisions** were also negatively affected by the restructuring of the Group's own dealer network. In this context, we refer to the information provided in Note 4 of the Notes to the Consolidated Financial Statements.

Daimler Trucks' EBIT of €516 million was above the prior-year level (Q1 2015: €472 million). The division's return on sales reached 6.3% (Q1 2015: 5.6%). ↗ C.03

Increased unit sales in Europe (EU 30) and the realization of further efficiency improvements had a positive impact on earnings. Negative effects on earnings occurred from lower unit sales in Latin America, Indonesia and Turkey. Earnings were reduced in the prior-year period by expenses relating to the sale of Atlantis Foundries (Pty.) Ltd.

C.03
EBIT by segment

In millions of euros	Q1 2016	Q1 2015	% change
Mercedes-Benz Cars	1,395	1,841	-24
Daimler Trucks	516	472	+9
Mercedes-Benz Vans	301	215	+40
Daimler Buses	39	34	+15
Daimler Financial Services	432	409	+6
Reconciliation	-535	-65	.
Daimler Group	2,148	2,906	-26

C.04
Special items affecting EBIT

In millions of euros	Q1 2016	Q1 2015
Mercedes-Benz Cars		
Recall in connection with Takata airbags	-20	-
Restructuring of own dealer network	-10	-20
Relocation of headquarters of MBUSA	-	-20
Sale of real estate in the United States	-	+87
Daimler Trucks		
Restructuring of own dealer network	-1	-4
Workforce adjustments	-	-5
Sale of Atlantis Foundries	-	-55
Mercedes-Benz Vans		
Workforce adjustments in Germany	-30	-
Recall in connection with Takata airbags	-4	-
Restructuring of own dealer network	-1	-4
Relocation of headquarters of MBUSA	-	-2
Daimler Buses		
Restructuring of own dealer network	-	-1
Reconciliation		
Impairment of investment in BAIC Motor	-244	-
Losses from currency transactions (not allocated to business operations)	-222	-

Mercedes-Benz Vans achieved a higher EBIT of €301 million in the first quarter of 2016 (Q1 2015: €215 million). The division's return on sales also rose to 10.7% from 8.9% in the prior-year period. ↗ C.03

EBIT reflects the very positive development of unit sales, especially in Europe and in the NAFTA region, as well as efficiency improvements. Exchange-rate effects reduced first-quarter earnings. In addition, expenses of €30 million resulted from workforce adjustments in Germany.

The **Daimler Buses** division's EBIT of €39 million was above the prior-year level (Q1 2015: €34 million). Its return on sales was 4.7% (Q1 2015: 3.9%). ↗ C.03

The persistently difficult economic situation in Brazil and also the associated decline in demand for chassis negatively affected earnings. Strong demand for our complete buses, a positive product-mix in Europe and positive exchange rate effects more than offset the negative impact in Brazil.

In the first quarter of 2016, the **Daimler Financial Services** division achieved earnings of €432 million, and thus surpassed the prior-year figure (Q1 2015: €409 million). ↗ C.03

This was mainly the result of increased contract volume in all regions compared to the first quarter 2015.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises gains and/or losses at the corporate level and the effects on earnings of eliminating intra-group transactions between the divisions.

Items at the corporate level resulted in an expense of €519 million in the first quarter of 2016 (Q1 2015: €80 million). In particular, this result includes expenses arising from an impairment by €244 million of the investment in BAIC Motor and losses of €222 million (Q1 2015: €43 million) on currency transactions which are not allocated to business operations.

The elimination of intra-group transactions resulted in expenses of €16 million in the first quarter of 2016 (Q1 2015: income of €15 million).

Net interest expense in the first quarter of 2016 amounted to €67 million (Q1 2015: €103 million). The improvement is primarily due to the lower net interest expense from pension and healthcare benefit obligations, which mainly reflects the positive development of the funded status of pension obligations. That was partially offset by higher applicable interest rates, however.

The expense of €678 million entered under **income-tax expense** decreased by only €73 million compared with the first quarter of last year, despite a decrease in profit before income taxes. This primarily reflects the tax benefits applicable in the year 2015 in connection with the tax assessment of previous years.

Net profit for the first quarter of 2016 amounts to €1,400 million (Q1 2015: €2,050 million). Net profit of €47 million is attributable to **non-controlling interests** (Q1 2015: €87 million). Net profit **attributable to the shareholders of Daimler AG** amounts to €1,353 million (Q1 2015: €1,963 million), representing **earnings per share** of €1.26 (Q1 2015: €1.83).

The calculation of earnings per share (basic) is based on an unchanged average number of outstanding shares of 1,069.8 million.

Cash flows

Cash provided by operating activities ↗ C.05 amounted to €1.2 billion (Q1 2015: €1.9 billion). The decrease was due to the lower profit before income taxes and the negative effects resulting from the change in other operating assets and liabilities. Furthermore, there were higher income tax payments in the first quarter of 2016 as the prior-year period was influenced by tax refunds. Positive effects resulted from leasing and sales-financing business.

C.05

Condensed consolidated statement of cash flows

In millions of euros	Q1 2016	Q1 2015	Change
Cash and cash equivalents at beginning of period	**9,936**	9,667	+269
Cash provided by operating activities	**1,222**	1,876	-654
Cash used for investing activities	**-3,806**	-1,517	-2,289
Cash provided by financing activities	**5,641**	1,543	+4,098
Effect of exchange-rate changes on cash and cash equivalents	**-270**	650	-920
Cash and cash equivalents at end of period	**12,723**	12,219	+504

C.06

Free cash flow of the industrial business

In millions of euros	Q1 2016	Q1 2015	Change
Cash provided by operating activities	**1,996**	3,795	-1,799
Cash used for investing activities	**-3,809**	-1,685	-2,124
Change in marketable debt securities	**2,109**	129	+1,980
Other adjustments	**-32**	53	-85
Free cash flow of the industrial business	**264**	2,292	-2,028

Cash used for investing activities ↗ C.05 amounted to €3.8 billion (Q1 2015: €1.5 billion). The change compared with the first quarter of last year resulted primarily from acquisitions and disposals of securities in the context of liquidity management. Those transactions resulted in a higher net cash outflow in the reporting period than in the prior-year period. Cash used for investing activities was also impacted by higher investments in intangible assets and property, plant and equipment.

Cash provided by financing activities ↗ C.05 resulted in a cash inflow of €5.6 billion (Q1 2015: €1.5 billion). The change resulted almost solely from the renewed increase in financing liabilities.

Cash and cash equivalents increased compared with December 31, 2015 by €2.8 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, increased by €4.9 billion to €23.1 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business,** ↗ C.06 which is derived from the reported cash flows from operating and investing activities. The cash flows from the acquisition and sale of marketable debt securities included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

Other adjustments relate to additions to property, plant and equipment that are allocated to the Group as their beneficial owner due to the form of their underlying lease contracts. Furthermore, effects from the financing of dealerships within the Group are adjusted. In addition, the calculation of the free cash flow includes those cash flows to be shown under cash provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

The free cash flow of the industrial business resulted in a cash inflow of €0.3 billion (Q1 2015: €2.3 billion). This decrease was due to the lower profit contributions of the industrial business and the negative effects resulting from the change in other operating assets and liabilities. Furthermore, there were higher tax payments as the prior-year period was influenced by tax refunds. The free cash flow of the industrial business was also impacted by higher investments in intangible assets and property, plant and equipment.

The **net liquidity of the industrial business** ↗ C.07 is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business.

Compared with December 31, 2015, the net liquidity of the industrial business decreased by €0.1 billion to €18.5 billion, as the free cash flow of €0.3 billion was offset by negative exchange-rate effects.

Net debt at Group level, which primarily results from refinancing the leasing and sales financing business, decreased compared with December 31, 2015 by €1.4 billion to €81.0 billion. ↗ C.08

The Daimler Group once again utilized attractive conditions in the international money and capital markets for **refinancing** in the first quarter of 2016.

In the first quarter of 2016, Daimler had a cash inflow of €7.3 billion from the **issuance** of bonds (Q1 2015: €4.1 billion). The redemption of bonds resulted in cash outflows of €2.6 billion (Q1 2015: €2.6 billion). A large proportion of the issuance volume was carried out in the form of so-called benchmark bonds (bonds with high nominal values). In January and March, Daimler AG issued two multitranche bonds with volumes of €3.3 billion and €3.5 billion in the European capital market. ↗ C.09

In addition to the issuances shown in the table ↗ C.09, multiple smaller issuances were undertaken in various countries.

In March, two **asset-backed securities (ABS) transactions** with a volume of approximately US$2.3 billion were conducted in the United States. And for the first time, an ABS transaction in the amount of CNY2.4 billion was successfully placed in China.

C.07

Net liquidity of the industrial business

In millions of euros	March 31, 2016	Dec. 31, 2015	Change
Cash and cash equivalents	11,156	8,369	+2,787
Marketable debt securities	9,078	6,999	+2,079
Liquidity	20,234	15,368	+4,866
Financing liabilities	-2,915	2,612	-5,527
Market valuation and currency hedges for financing liabilities	1,146	600	+546
Financing liabilities (nominal)	-1,769	3,212	-4,981
Net liquidity	18,465	18,580	-115

C.08

Net debt of the Daimler Group

In millions of euros	March 31, 2016	Dec. 31, 2015	Change
Cash and cash equivalents	12,723	9,936	+2,787
Marketable debt securities	10,342	8,273	+2,069
Liquidity	23,065	18,209	+4,856
Financing liabilities	-105,175	-101,142	-4,033
Market valuation and currency hedges for financing liabilities	1,115	583	+532
Financing liabilities (nominal)	-104,060	-100,559	-3,501
Net debt	-80,995	-82,350	+1,355

C.09

Benchmark issuances

Issuer	Volume	Month of emission	Maturity
Daimler AG	€1,250 million	Jan. 2016	Jan. 2019
Daimler AG	€1,000 million	Jan. 2016	Jan. 2021
Daimler AG	€1,000 million	Jan. 2016	Jan. 2024
Daimler AG	€1,000 million	Mar. 2016	Mar. 2018
Daimler AG	€1,500 million	Mar. 2016	Sep. 2019
Daimler AG	€1,000 million	Mar. 2016	Mar. 2026

Financial position

The **balance sheet total** increased compared with December 31, 2015 from €217.2 billion to €223.9 billion; adjusted for the effects of currency translation, the increase amounted to €10.5 billion. Daimler Financial Services accounts for €122.7 billion of the balance sheet total (December 31, 2015: €123.9 billion), equivalent to 55% of the Daimler Group's total assets (December 31, 2015: 57%).

The increase in total assets is primarily due to the increased liquidity (cash and cash equivalents and marketable debt securities) and the higher inventories. On the liabilities side of the balance sheet, there were increases primarily in financing liabilities and provisions. Current assets account for 44% of the balance sheet total (December 31, 2015: 42%). Current liabilities amount to 36% of total equity and liabilities (December 31, 2015: 35%).

C.10

Condensed consolidated statement of financial position

In millions of euros	March 31, 2016	Dec. 31, 2015	% change
Assets			
Intangible assets	10,281	10,069	+2
Property, plant and equipment	24,453	24,322	+1
Equipment on operating leases and receivables from financial services	111,329	112,456	-1
Equity-method investments	3,372	3,633	-7
Inventories	25,253	23,760	+6
Trade receivables	9,168	9,054	+1
Cash and cash equivalents	12,723	9,936	+28
Marketable debt securities	10,342	8,273	+25
Other financial assets	8,488	7,454	+14
Other assets	8,492	8,209	+3
Total assets	223,901	217,166	+3
Equity and liabilities			
Equity	54,750	54,624	+0
Provisions	27,886	26,145	+7
Financing liabilities	105,175	101,142	+4
Trade payables	12,202	10,548	+16
Other financial liabilities	10,716	12,360	-13
Other liabilities	13,172	12,347	+7
Total equity and liabilities	223,901	217,166	+3

Intangible assets of €10.3 billion include €8.0 billion of capitalized development costs and €0.7 billion of goodwill. The Mercedes-Benz Cars division accounts for 74% of the development costs and the Daimler Trucks division accounts for 17%.

Property, plant and equipment increased to €24.5 billion (December 31, 2015: €24.3 billion). In the first quarter of 2016, €1.1 billion was invested worldwide, in particular at our production and assembly sites for new products and technologies and for the expansion and modernization of the production facilities. The sites in Germany accounted for €0.9 billion of capital expenditure (Q1 2015: €0.8 billion).

Equipment on operating leases and receivables from financial services decreased to €111.3 billion (December 31, 2015: €112.5 billion). The decrease includes negative exchange-rate effects of €2.6 billion. The increase adjusted for exchange-rate effects was primarily caused by the higher level of new business at Daimler Financial Services. The leasing and sales-financing business as a proportion of total assets of 50% is below the prior year-level (52%).

Equity-method investments of €3.4 billion (December 31, 2015: €3.6 billion) mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd., There Holding B.V. (digital mapping provider, HERE), BAIC Motor Corporation Ltd. (BAIC Motor), Beijing Foton Daimler Automotive Co., Ltd. and Kamaz PAO. The decrease was caused by the impairment of the investment in BAIC Motor.

Inventories increased from €23.8 billion to €25.3 billion, equivalent to 11% of total assets, as in the prior year. The increase adjusted for currency effects of €1.8 billion was partially caused by the ongoing growth and the continuation of the model offensive. This resulted primarily at the Mercedes-Benz Cars and Daimler Trucks divisions in increased stocks of finished goods.

Trade receivables increased by €0.1 billion to €9.2 billion. The Mercedes-Benz Cars division accounts for 48% of these receivables and the Daimler Trucks division accounts for 29%.

Cash and cash equivalents increased compared with the end of the year 2015 by €2.8 billion to €12.7 billion.

Marketable debt securities increased compared with December 31, 2015 from €8.3 billion to €10.3 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

Other financial assets increased by €1.0 billion to €8.5 billion. They primarily consist of the investments in Renault and Nissan and derivative financial instruments, as well as loans and other receivables due from third parties. The change was caused by an increase in derivative financial instruments, amongst other things. There was an opposing effect from lower stock-market prices of Renault and Nissan.

Other assets of €8.5 billion (December 31, 2015: €8.2 billion) primarily comprise deferred tax assets and tax refund claims.

The Group's **equity** increased slightly compared with December 31, 2015 from €54.6 billion to €54.8 billion. Equity attributable to the shareholders of Daimler AG increased to €53.7 billion (December 31, 2015: €53.6 billion). The net profit of €1.4 billion and gain on the remeasurement of derivative financial instruments (€1.6 billion) were offset by actuarial losses of €1.9 billion from the defined benefit pension plans that are recognized in retained earnings. In addition, there were negative effects of €0.7 billion from currency translation and of €0.3 billion from the measurement of financial assets available for sale. Compared with the 3% increase in the balance sheet total, there was only a slight increase in equity. Due the effects described above, the Group's **equity ratio** of 22.9% was below the level at the end of 2015 (23.6%); the equity ratio for the industrial business was 40.8% (December 31, 2015: 44.2%). The equity ratios are adjusted for the dividend payment for the year 2015.

Provisions increased to €27.9 billion (December 31, 2015: €26.1 billion); as a proportion of the balance sheet total, they amount to 12%, as at the end of 2015. They primarily comprise provisions for pensions and similar obligations of €11.4 billion (December 31, 2015: €8.7 billion), which mainly consist of the difference between the present value of defined benefit pension obligations of €30.2 billion (December 31, 2015: €27.6 billion) and the fair value of the pension plan assets applied to finance those obligations of €20.0 billion (December 31, 2015: €20.2 billion). The decrease in discount rates, especially for the German plans from 2.6% at December 31, 2015 to 1.9% at March 31, 2016, led to an increase in the present value of the defined benefit pension obligations. Provisions also relate to liabilities from income taxes of €1.5 billion (December 31, 2015: €1.7 billion), from product warranties of €5.5 billion (December 31, 2015: €5.7 billion) and from personnel and social costs of €4.1 billion (December 31, 2015: €4.4 billion), as well as other provisions of €5.4 billion (December 31, 2015: €5.8 billion).

Financing liabilities of €105.2 billion were above the level of December 31, 2015 (€101.1 billion). The increase of €5.8 billion after adjusting for exchange-rate effects primarily reflects the refinancing of the growing leasing and sales-financing business. 53% of the financing liabilities are accounted for by notes/bonds, 26% by liabilities to financial institutions, 10% by deposits in the direct banking business and 8% by liabilities from ABS transactions.

Trade payables increased to €12.2 billion (December 31, 2015: €10.5 billion), primarily due to the higher volume of business. The Mercedes-Benz Cars division accounts for 63% of those payables and the Daimler Trucks division accounts for 24%.

Other financial liabilities of €10.7 billion (December 31, 2015: €12.4 billion) mainly consist of liabilities from derivative financial instruments, residual value guarantees, accrued interest on financing liabilities, deposits received and liabilities from wages and salaries. The decrease of €0.9 billion after adjusting for exchange-rate effects is due derivative financial instruments, among other things.

Other liabilities of €13.2 billion (December 31, 2015: €12.3 billion) primarily comprise deferred income tax liabilities and deferred taxes and deferred income.

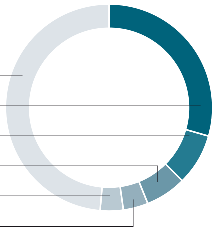
Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the related notes in the Notes to the Interim Consolidated Financial Statements.

Workforce

At the end of the first quarter of 2016, Daimler employed 285,992 people worldwide (end of 2015: 284,015). Of that total, 171,025 were employed in Germany (end of 2015: 170,454), 23,839 in the United States (end of 2015: 24,607), 11,801 in Brazil (end of 2015: 11,669) and 10,782 in Japan (end of 2015: 11,002). Our consolidated companies in China had 3,260 employees at the end of March (end of 2015: 3,155).

C.11
Employees by division

Daimler Group	285,992
Mercedes-Benz Cars	139,170
Daimler Trucks	84,552
Mercedes-Benz Vans	23,307
Daimler Buses	18,203
Daimler Financial Services	10,290
Group Functions & Services	10,470



Important events

Changes in the Board of Management and the Supervisory Board
In the Supervisory Board meeting on February 16, 2016, Dr. Dieter Zetsche was reappointed as the Chairman of the Board of Management and Head of Mercedes-Benz Cars for a further three years as of January 1, 2017. In addition, the Supervisory Board decided in that meeting to assign Board of Management responsibility for Group Research & Mercedes-Benz Cars Development to Ola Källenius as of January 1, 2017. He will thus succeed to Professor Dr. Thomas Weber, who will step down from his position as a member of the Board of Management of Daimler AG after 14 years when his contract expires on December 31, 2016.

As of the end of the Annual Shareholders' Meeting held on April 6, 2016, the periods of office ended of Petraea Heynike and Dr. Manfred Bischoff as members of the Supervisory Board. The Annual Shareholders' Meeting reelected both of them with great majorities as members of the Supervisory Board representing the shareholders. Their new periods of office began at the end of the 2016 Annual Shareholders' Meeting and will end with the end of the Annual Shareholders' Meeting held in 2021. In a meeting of the Supervisory Board straight after the 2016 Annual Shareholders' Meeting, the Supervisory Board once again elected Dr. Manfred Bischoff as its Chairman.

Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group, as well as detailed information on our risk and opportunity management system, are presented on pages 138 to 151 of our Annual Report 2015. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Report.

At the beginning of the second quarter of 2016, economic risks for the world economy are still considerable and some of them have actually increased. In many of these cases, the risks are caused by political events. With regard to the latest terror attacks in Brussels and Turkey, however, it has so far been difficult to ascertain whether and to what extent they will affect investor and consumer confidence. But there is certainly a risk that negative effects could arise also beyond the sector of tourism. The possibility of political escalation between Russia and the Western countries continues to be a source of risks. The continuing tension in the Middle East also represents a considerable threat potential. It is still the case that those economies that depend on the inflow of capital due to external trade deficits are especially susceptible to major currency volatilities and growth slowdowns. In the United States, a larger increase in interest rates than so far assumed could lead to unforeseen impacts, particularly on investment. A considerable risk for the European Union is the referendum to take place in the United Kingdom in June on continued membership of the EU. A possible vote to leave the EU ("Brexit") could have a sustained negative effect on the economic outlook for the European Union, especially for the United Kingdom. The continuation of low energy prices has recently increased the danger of deflation in the euro zone, which could reduce domestic demand. With regard to Greece, there is now increased concern about a renewed discussion of abandoning the euro. In connection with the increasingly expansive monetary policy of the European Central Bank, there is growing concern about the extent to which this will increase the danger of speculative bubbles in the stock and bond markets. Greater turbulence in the financial markets would then have a direct impact on the economic outlook. Opportunities exist on the one hand in a rapid economic recovery of the emerging markets, and on the other hand in a stronger revival of the euro zone's economy. A sustained reduction in tension in the Middle East would also have a positive impact on the world economy.

As already reported in Annual Report 2015, several authorities, especially in Europe and the United States, have inquired about test results and the emission control systems used in our vehicles. Some of those inquiries have already been concluded without any negative outcome. Other discussions are continuing. The discussions currently being held and the ongoing technical evaluations could result in measures being taken for the further improvement of the diesel technologies applied in our engines. To a limited extent, this could affect vehicles already delivered with some versions of diesel engines in the car and van segments. We currently anticipate only minor effects from that on our profitability, cash flows and financial situation.

In this context, we refer to Note 17 of the Notes to the Interim Consolidated Financial Statements.

Beyond that, our assessment of risks and opportunities has not changed significantly since publication of Annual Report 2015.

Outlook

At the beginning of the second quarter, the prospects for the continuing expansion of the world economy are still intact. Leading economic indicators suggest that the situation is tending to stabilize again after the difficult start to the year. However, there are still no firm signs that the recent below-average growth rates will become more positive. At present, world gross domestic product (GDP) is growing at a year-on-year rate of nearly 2.5%, and growth for the full year is likely to be of that magnitude. The industrialized countries will probably roughly follow their long-term trend growth rate of close to 2%. The main reasons for only moderate global economic growth are very likely to be found once again in the developing and emerging countries, which will remain nearly a whole percentage point below their growth potential with a rate of approximately 3.5%. Although the US economy is profiting from solid private consumption, growth in companies' investments will be comparatively low. The countries of the European Monetary Union continue to profit from low raw-material prices, a rather weak euro, favorable real incomes and the very expansive monetary policy of the European Central Bank. So far, expectations for overall economic growth in Western Europe are for between 1.5 and 2%. Among the industrialized countries, the Japanese economy is likely to have rather weak growth of between 0.5 and 1%. A crucial factor for the lasting expansion of the world economy is that the recent considerable concern about the Chinese economy has meanwhile subsided. Most analysts therefore assume that China can achieve GDP growth in the region of 6.5%. Economic developments in South America remain very difficult, however, above all because Brazil is likely to go through another severe recession. But the year 2016 will be rather difficult also for the other countries of South America. The same is true of the Russian economy, which will also remain in recession this year.

According to recent assessments, worldwide **demand for cars** is likely to increase from its high level by about 3% in 2016. As in the previous year, the biggest contribution to this global growth should come from the Chinese market, which is likely to grow again significantly. But the expected increase in demand will be largely due to state stimulus. In October 2015, the Chinese government halved its sales tax on cars with engines of up to 1.6 liters displacement. This measure resulted in a distinct market revival already at the end of 2015, and should continue to have a positive impact during the rest of this year. For the US market for cars and light trucks, we expect a volume in the magnitude of last year. For the Western European car market, we anticipate slight growth. This growth should continue to take place on a relatively broad basis, whereby the greatest need to catch up exists in markets such as Italy, France and Spain. In Japan, stabilization of demand is to be expected following the significant market correction of 2015. Prospects for the large emerging markets remain mixed. In India, market growth is likely to gain momentum. In Russia, however, the ongoing recession is likely to cause another drop in car sales.

Demand for **medium- and heavy-duty trucks** in the regions relevant for Daimler should be slightly below the prior-year volume. In the North American truck market, the gradual weakening of the industrial sector is likely to have an impact. From today's perspective, demand for Class 6-8 trucks is likely to decrease by approximately 10%. But the European market so far seems to be fairly unaffected by the uncertain development of the world economy and should continue its recovery with growth in the region of 5% this year. The Brazilian market shows no signs of improvement. Due to the ongoing economic recession, we have to anticipate further market contraction in the magnitude of 20%. The situation in the Russian market will remain difficult, so demand there is expected to fall again. The growth slowdown in the manufacturing sector in China is likely to continue affecting demand there; from today's perspective, only a moderate market recovery can be anticipated. Demand in Japan for light-, medium- and heavy-duty trucks is likely to be relatively solid. In a rather sluggish economic environment, the market volume should be at about the prior-year level. The Indonesian truck market is likely to contract once again; from today's perspective, we anticipate market contraction of approximately 15%. In India, further significant growth in the segment of medium- and heavy-duty trucks is anticipated.

We expect a slight increase in demand for mid-size, large and small **vans** in Western Europe in 2016. For the United States, we also anticipate slight growth in the market for large vans. In Latin America, however, we expect further significant contraction in the market for large vans, while in China, we anticipate more lively demand in the market we address there.

We expect a slightly larger market volume for **buses** in Western Europe in 2016 than in 2015. Following the substantial drop in demand for buses in Brazil, we anticipate further significant market contraction in full-year 2016.

On the basis of the division's planning, Daimler expects to significantly increase its **total unit sales** once again in the year 2016. However, the rate of growth is likely to be rather lower than in 2015, which featured exceptional dynamism.

Mercedes-Benz Cars should continue its success of record year 2015 in 2016 and once again be able to increase its unit sales significantly. After the very good first quarter, we aim to achieve growth in unit sales also in the second quarter. A major contribution to this growth will be delivered by the new E-Class as of April, but also by the models of this year's "dream-car offensive," such as the C-Class convertible, which will become available in the summer. The S-Class convertible and the upgraded versions of the SLC and SL were launched in Europe in April and will be available in the United States towards the middle of the second quarter. Mercedes-Benz will also serve the still-rising demand for premium SUVs, with additional sales stimulus from the GLC Coupe presented in New York and to be launched in September in Western Europe. With the smart fortwo convertible, which will be available in time for the summer in all markets, smart will also make a significant contribution to the positive development of unit sales.

Daimler Trucks now anticipates unit sales in 2016 at slightly below the level of the previous year. We should be able to increase our unit sales in the region on EU 30 (European Union, Switzerland and Norway). We expect a significant decrease in Turkey, however, mainly due to purchases brought forward to 2015 because of the Euro VI emissions standard that came into effect also in Turkey at the beginning of 2016. In Brazil, we anticipate a further drop in unit sales in full-year 2016. The lack of economic growth is likely to impact our business there once again this year. In the NAFTA region, we expect unit sales below the high level of the previous year in a contracting market. With our modern product range, we can ideally satisfy our customers' requirements and safeguard our market leadership. We assume that we will increase the proportion of our own engines and transmissions installed in the trucks sold. In Japan, we expect to maintain our unit sales at the level of 2015. We should increase our unit sales with our product portfolio in India. And we will generate additional unit sales in Asia and Africa with the expanded range of FUSO vehicles produced in India. In Indonesia, we now anticipate a significant decrease in our unit sales due to the overall weakness of demand in that market.

Mercedes-Benz Vans plans to achieve significant growth in unit sales in 2016. We anticipate significant increases in sales of vans in Western Europe, our core market. In the context of our strategy for the division, "Mercedes-Benz Vans goes global," we launched the Vito also in North America and Latin America in 2015. This will stimulate additional demand in those markets in 2016. And we aim to achieve additional growth with the Sprinter. Due to the market launch of the V-Class multipurpose vehicle and the Vito commercial van in China, we will be able to expand our presence in the market segments we address there.

Daimler Buses assumes that it will be able to defend its market leadership in its core markets for buses above 8 tons with innovative and high-quality new products. For the year 2016, we anticipate total unit sales at the prior-year level. This is based on the current assumption of significant growth in unit sales in Western Europe. Following the significant decrease in Brazil in 2015, we expect another significant fall in unit sales in 2016. In Mexico, unit sales are expected to be at prior-year level.

Daimler Financial Services anticipates slight growth in new business and further growth in contract volume in the year 2016, driven by the growth offensives of the automotive divisions. In addition, we are utilizing new market potential especially in Asia and applying new and digital possibilities for customer contacts – in particular by systematically further developing our online sales channels. We continue to see good growth opportunities also in the field of innovative mobility services.

We assume that the **Daimler Group's revenue** will increase slightly in 2016. In regional terms, we anticipate the strongest revenue growth in Asia and Western Europe, but our business volumes should grow also in the other regions.

On the basis of the anticipated market development and the planning of our divisions, we assume that **EBIT from the ongoing business** will increase slightly in 2016.

For the individual divisions, we have set ourselves the following targets for EBIT from the ongoing business in the year 2016:
- Mercedes-Benz Cars: slightly above the prior-year level,
- Daimler Trucks: at the prior-year level,
- Mercedes-Benz Vans: significantly above the prior-year level,
- Daimler Buses: slightly above the prior-year level, and
- Daimler Financial Services: slightly above the prior-year level.

The anticipated development of earnings in the automotive divisions will have a positive impact on the **free cash flow of the industrial business** also in 2016. The free cash flow in the year 2015 was significantly affected by extraordinary contributions to the German and American pension plan assets of €1.2 billion as well as by the acquisition of a stake in the digital mapping business, HERE, in an amount of €0.7 billion. As we will continue and intensify our investment offensive in products and technologies, the free cash flow of the industrial business adjusted for special items should be significantly lower in 2016 than the comparable amount of €5.9 billion in 2015. We assume, however, that it will be significantly higher than the dividend distribution in the year 2016.

Against the backdrop of further efficiency progress in the context of our medium- and long-term programs for structural improvements in our business processes, we assume that we will be able to achieve our ambitious growth targets with only slight workforce growth.

Mercedes-Benz Cars

Strongest first quarter for unit sales with 496,800 vehicles sold (+8%)
New E-Class presented in Detroit
Start of car production in Brazil
EBIT of €1,395 million (Q1 2015: €1,841 million)

D.01

€ amounts in millions	Q1 2016	Q1 2015	% change
EBIT	1,395	1,841	-24
Revenue	19,980	19,509	+2
Unit sales	496,756	459,708	+8
Production	523,029	494,970	+6
Employees	139,170	136,941[1]	+2

1 As of December 31, 2015

D.02

Unit sales	Q1 2016	Q1 2015	% change
Total	496,756	459,708	+8
Western Europe	200,445	176,345	+14
Germany	69,723	65,394	+7
United States	77,253	87,714	-12
China	108,342	87,426	+24
Other markets	110,716	108,223	+2

Record first-quarter unit sales at Mercedes-Benz Cars
Mercedes-Benz Cars' unit sales increased by 8% to 496,800 vehicles in the interim reporting period, setting a new record for a first quarter. Revenue rose by 2% to €20.0 billion and EBIT amounted to €1,395 million (Q1 2015: €1,841 million).

In Western Europe, Mercedes-Benz Cars sold 200,400 units, which is 14% more than in the first quarter of last year and also a new record. The main growth drivers in this region were the United Kingdom (+10%), Italy (+28%) and Spain (+32%). The division sold 69,700 vehicles of the Mercedes-Benz and smart brands in Germany, the domestic market (+7%). In the United States, Mercedes-Benz Cars sold 77,300 automobiles in the first quarter (Q1 2015: 87,700). In China, the division's biggest single market, Mercedes-Benz Cars continued along its successful path, increasing its unit sales by 24% to a new high of 108,300 vehicles. Of the vehicles sold in China, 69,800 were from local production by our joint venture BBAC (Q1 2015: 48,900). The development of unit sales was particularly positive in the first quarter also in South Korea (+44%) and Australia (+29%).

Ongoing success of compact cars and SUVs
Of the model series from Mercedes-Benz, the compact cars once again proved to be very popular in the first quarter, setting a new record for unit sales. Worldwide, 106,900 customers took delivery of a new A- or B-Class, a CLA or a CLA Shooting Brake (+9%). In the C-Class segment, 108,200 cars were sold (Q1 2015: 108,600). Sales of the E-Class sedan and wagon amounted to 48,300 units just before the model changeover (Q1 2015: 53,100). In the luxury segment, Mercedes-Benz Cars continues to be the leader with the S-Class sedan, the world's bestselling large luxury sedan. From January through March, 21,000 units were sold in the S-Class segment (Q1 2015: 29,300). Worldwide unit sales of SUVs reached a new high: Sales of the GLA, GLC, GLE, GLE coupe, GLS and the G-Class increased by 36% to 157,700 units, with major contributions from the GLA and the GLC. Demand for the new smart models was also high in the first quarter: In total, 34,700 of the two- and four-door versions of the microcars were sold (+16%).

Continued model offensive
At the North American International Auto Show in Detroit in January, the division unveiled the new E-Class, the world's most intelligent business sedan. And the new SLC, the next generation of the compact roadster, also had its world premiere in Detroit. Furthermore, two new automobiles without predecessors were presented in the first quarter at the auto shows in Geneva and New York: the C-Class convertible and the GLC coupe. In March – in time for the start of spring – the new smart fortwo convertible was launched in Europe.

Fit for Leadership Next Stage
Following the successful safeguarding of earnings in the short term through the first phase of Fit for Leadership, we are now tackling long-term structural changes in phase two of the program. This will optimize the Mercedes-Benz Cars business system and create the structures for growth targeted in the context of the Mercedes-Benz 2020 growth strategy.

Start of car production in Brazil
Utilization of capacity at our car and powertrain plants continued at a high level in the first quarter. In Sindelfingen, the new E-Class went into production in February. The Mercedes-Benz plant in Bremen started production of the new SL and SLC roadsters. In addition, we further expanded our worldwide production network in the context of Mercedes-Benz 2020: In Brazil, our new car plant in Iracemápolis went into operation in March. The first model to be produced there is the C-Class sedan, and will be followed by the GLA compact SUV in the summer.

Daimler Trucks

Unit sales affected by weak market developments
Daimler Trucks forges ahead with full connectivity of its vehicles
New regional centers opened in Africa and Southeast Asia
EBIT of €516 million (Q1 2015: €472 million)

D.03

€ amounts in millions	Q1 2016	Q1 2015	% change
EBIT	516	472	+9
Revenue	8,204	8,414	-2
Unit sales	105,664	112,424	-6
Production	111,909	122,236	-8
Employees	84.552	86,391[1]	-2

1 As of December 31, 2015

D.04

Unit sales	Q1 2016	Q1 2015	% change
Total	105,664	112,424	-6
EU 30[1]	15,469	13,656	+13
NAFTA region	40,428	40,844	-1
Latin America (excluding Mexico)	5,966	7,236	-18
Asia	35,419	37,277	-5
Other markets	8,382	13,411	-37
BFDA (Auman Trucks)	17,139	15,902	+8
Total (including BFDA)	122,803	128,326	-4

1 European Union, Switzerland and Norway

Unit sales below prior-year level
Daimler Trucks' unit sales decreased by 6% to 105,700 vehicles in the first quarter. Revenue amounted to €8.2 billion (Q1 2015: €8.4 billion) and EBIT amounted to €516 million (Q1 2015: €472 million).

Unit sales affected by difficult market environment
First-quarter unit sales were affected by the market weakness in Indonesia, Brazil and Turkey.

Daimler Trucks increased its unit sales by 13% to 15,500 vehicles in the region of EU 30 and by 9% to 5,500 vehicles in Germany, the region's core market. With Mercedes-Benz, we continue to be the clear market leader in Germany in the segment of medium- and heavy-duty trucks, taking a market share of 35.8% (Q1 2015: 33.2%). Sales in Turkey fell substantially to 1,800 units (Q1 2015: 6,200). This market-related development is the result of purchases being brought forward to the year 2015 because of the Euro VI emission standard that came into effect also in Turkey in 2016.

With sales of 40,400 vehicles (Q1 2015: 40,800), our unit sales in the NAFTA region were close to the prior-year level. We strengthened our market leadership in Classes 6-8 with growth in market share to 43.5% (Q1 2015: 41.4%). Ongoing difficult economic conditions in Latin America continued to depress demand for trucks there significantly. Our unit sales of 2,900 vehicles in the region's main market, Brazil, were once again lower than in the prior-year quarter (Q1 2015: 4,200). In Brazil, we were able to increase our market share in the medium- and heavy-duty segment to 28.7% (Q1 2015: 22.9%).

In Asia, our unit sales were lower than in the prior-year quarter, primarily due to the ongoing weak market development in Indonesia, where sales decreased significantly to 7,400 units (Q1 2015: 10,000). We maintained our share of the overall truck market at the high level of 47.6% (Q1 2015: 48.0%). Our sales of 12,400 trucks in Japan were at the prior-year level (Q1 2015: 12,300). With FUSO, we increased our share of the country's overall truck market to 19.4% (Q1 2015: 18.5%). In India, our unit sales increased to 4,000 vehicles (Q1 2015: 3,600). With the BharatBenz brand, we increased our market share in the segment of upper medium- and heavy-duty trucks in India to 6.6% (Q1 2015: 6.0%). Our joint venture BFDA in China achieved growth with Auman Trucks of 8% to 17,100 vehicles.

Daimler Trucks creates new forms of truck connectivity
Daimler Trucks is forging ahead with the connectivity of its vehicles involving all elements of the transport process. By means of real-time data exchange, waiting and service times will be reduced and empty trips will be avoided. In the next five years, we will invest approximately €0.5 billion in truck connectivity. About 365,000 Daimler commercial vehicles are already connected today. With Highway Pilot Connect, we have presented a concrete example of the advantages of connected trucks: Three trucks connected by Wi-Fi and driving autonomously in a so-called platoon save about 7% fuel due to the closer distance between them and lower wind resistance; the reduced gaps between the trucks are possible as the drivers' reactions times are no longer relevant, so use of road space is also significantly more efficient.

Daimler opens three new regional centers
Daimler AG is pushing forward with the regionalization of its sales and service organization for commercial vehicles in major growth regions. In February and March 2016, we opened regional centers for commercial vehicles in Kenya for East, Central and West Africa, in Pretoria for Southern Africa, and in Singapore for Southeast Asia. In the future, the sales and service of our commercial vehicles in 50 African and 18 Asian markets will be managed through those centers.

Agreement on return to Iranian market
With the signing of letters of intent with Iran Khodro Diesel and Mammut Group, Daimler Trucks has started the process for reentry into the Iranian market, with due consideration of applicable export laws and regulations.

Mercedes-Benz Vans

Best unit sales in a first quarter with 76,600 vehicles sold (Q1 2015: 63,800)
Ongoing worldwide success of the Mercedes-Benz Vans product range
Market premiere of V-Class multipurpose vehicle in China
EBIT of €301 million (Q1 2015: €215 million)

D.05

€ amounts in millions	Q1 2016	Q1 2015	% change
EBIT	301	215	+40
Revenue	2,815	2,415	+17
Unit sales	76,647	63,805	+20
Production	89,741	74,722	+20
Employees	23,307	22,639 [1]	+3

1 As of December 31, 2015

D.06

Unit sales	Q1 2016	Q1 2015	% change
Total	76,647	63,805	+20
Western Europe	50,283	41,720	+21
Germany	19,213	18,001	+7
Eastern Europe	7,290	6,982	+4
NAFTA	10,249	7,540	+36
Latin America (excluding Mexico)	2,480	3,658	-32
China	1,488	892	+67
Other markets	4,857	3,013	+61

New records for unit sales, revenue and EBIT
Mercedes-Benz Vans increased its unit sales by 20% to 76,600 vehicles in the first quarter, achieving the best first quarter of a year in its history. Revenue also grew significantly compared with the prior-year period: by 17% to €2.8 billion. The van division's EBIT amounted to a new high of €301 million (Q1 2015: €215 million).

Mercedes-Benz Vans on worldwide growth path
In its core region of Western Europe, Mercedes-Benz Vans achieved further significant growth in sales of 21% to 50,300 units in the first quarter. Growth was particularly strong in Germany (+7%), the United Kingdom (+15%), France (+33%), Spain (+26%) and the Netherlands (+80%). Growth in unit sales continued also in Eastern Europe, with an increase of 4% in the first quarter. Key drivers there were the markets of the Czech Republic and Romania.

The development of unit sales was positive once again in the NAFTA region, where Mercedes-Benz Vans increased its unit sales by 36% to 10,200 vehicles in the first three months of this year. In the United States, we posted strong growth of 30% to 8,100 units in the first quarter.

Due to the continuation of difficult economic conditions, unit sales in Latin America decreased significantly from 3,700 to 2,500 vans. Growth of 8% in Argentina did not offset the sharp decline in Brazil (-55%).

Sales in China increased by 67% to 1,500 units.

The entire product range of Mercedes-Benz Vans contributed towards the record unit sales of the first three months. Sales of the Citan city van rose by 32% to 5,000 units. The Vito, our mid-size van, posted an increase of 61% with sales of 21,300 units. The Sprinter also performed well in the first quarter of the year with ongoing high sales of 41,000 units (Q1 2015: 40,900).

Our V-Class multipurpose vehicle continues to be very popular with our customers. Demand rose significantly and resulted in first-quarter sales of 9,300 units (Q1 2015: 5,900).

Market premiere of Mercedes-Benz V-Class in China
In March, the Mercedes-Benz V-Class had its market premiere in China, the world's biggest market for motor vehicles. This multipurpose vehicle is tailored to the preferences and needs of Chinese customers. Especially for this attractive market, it offers a large number of luxurious features that convey status and create a prestigious, comfortable ambience. Production of the V-Class is "made in China for China" at our joint venture Fujian Benz Automotive Co., Ltd. in Fuzhou. Since its market launch in 2014, the V-Class has quickly developed into an international success. Its launch in new markets and local production are part of the "Mercedes-Benz Vans goes global" growth strategy. In the past six months, the model has been premiered in Japan and the Middle East. Meanwhile, it has lots of satisfied customers in approximately 90 countries.

25 years of the Mercedes-Benz plant in Ludwigsfelde
Mercedes-Benz Vans celebrated a quarter of a century of a German-German success story at its production site in Ludwigsfelde in the federal state of Brandenburg. Since it was established in 1991, more than 660,000 vans have rolled off the assembly lines there. It is the only European production site where the open versions (flatbed truck and chassis version) of the Mercedes-Benz Sprinter are produced for various bodies, such as for construction applications, mobile homes or ambulances.

Three-millionth Mercedes-Benz Sprinter handed over
Since the market launch of the Sprinter in 1995, Mercedes-Benz Vans has now delivered three million of its "world van" to customers. This large van is meanwhile on the roads of more than 130 countries. The most successful Sprinter year so far was 2015.

Daimler Buses

Significantly lower unit sales of bus chassis in Latin America
Ongoing strong demand for complete buses in Western Europe
Presentation of new Mercedes-Benz Travego coach
EBIT of €39 million (Q1 2015: €34 million)

D.07

€ amounts in millions	Q1 2016	Q1 2015	% change
EBIT	39	34	+15
Revenue	830	877	-5
Unit sales	4,818	5,677	-15
Production	5,576	7,758	-28
Employees	18,203	18,147 [1]	+0

1 As of December 31, 2015

D.08

Unit sales	Q1 2016	Q1 2015	% change
Total	4,818	5,677	-15
Western Europe	1,358	1,249	+9
Germany	482	321	+50
Mexico	542	577	-6
Latin America (excluding Mexico)	2,156	2,932	-26
Asia	183	138	+33
Other markets	579	781	-26

Unit sales and revenue below prior-year levels
Daimler Buses' first-quarter unit sales of 4,800 buses and bus chassis were significantly lower than the prior-year number of 5,700 units. The decrease was primarily caused by the continuation of the very weak business with bus chassis in Latin America, which was not offset by ongoing strong demand for our complete buses in Western Europe. Revenue of €830 million was lower than in the first quarter of last year (Q1 2015: €877 million). EBIT amounted to €39 million (Q1 2015: €34 million).

Significant decrease in unit sales in Latin America
In Western Europe, 1,400 complete buses and bus chassis of the Mercedes-Benz and Setra brands were sold, representing an increase of 9% compared with the prior-year period. While further growth was achieved in the coach business, unit sales of city buses were lower than in the first quarter of 2015. Supported by the coach business, unit sales in Germany increased significantly. In Turkey, we sold 200 units (Q1 2015: 300).

Sales in Latin America (excluding Mexico) of 2,200 units were significantly lower than in the prior-year quarter (Q1 2015: 2,900). In particular, the ongoing difficult economic situation in Brazil, the region's biggest market, had a very negative impact on demand for chassis.

In Mexico, we sold 500 units, which is lower than the number sold in the prior-year period (Q1 2015: 600).

New coach: Mercedes-Benz Travego
In February, the new coach from the Mercedes-Benz brand, the Travego 15 SHD, was presented for the Turkish market. The Travego has a length of twelve meters and accommodates 46 passengers. It is powered by an OM 470 Euro VI engine with Bluetec technology, which is more efficient than its predecessor and further reduces both exhaust emissions and fuel consumption. The new Travego also offers numerous safety systems as standard equipment, such as AEBS 3 (a predictive emergency braking system), ACC (Adaptive Cruise Control), SPA (a lane-keeping assistant) and FCG (Front Collision Guard).

1,000th Mercedes-Benz Citaro Bus for Singapore
On the occasion of the opening of the Southeast Asia regional center, the 1,000th Mercedes-Benz Citaro city bus was handed over to a longstanding customer in Singapore. The biggest single fleet of Citaro city buses worldwide is in operation in the island state of Singapore.

Daimler Financial Services

New business grows by 4%
Contract volume of €116 billion
Slight growth in the insurance business
EBIT of €432 million (Q1 2015: €409 million)

D.09

€ amounts in millions	Q1 2016	Q1 2015	% change
EBIT	432	409	+6
Revenue	4,862	4,549	+7
New business	13,707	13,227	+4
Contract volume	115,704	116,727[1]	-1
Employees	10,290	9,975[1]	+3

1 As of December 31, 2015.

New business grows by 4%
Daimler Financial Services concluded approximately 367,000 new leasing and financing contracts in the first quarter of this year (+7%), increasing its new business compared with the prior-year period by 4% to €13.7 billion. Contract volume amounted to €115.7 billion at the end of the first quarter. Compared with year-end 2015, contract volume decreased by 1%; adjusted for exchange-rate effects, there was growth of 1%. EBIT reached €432 million (Q1 2015: €409 million).

Europe: significant growth in new business
In the Europe region, new business increased by 10% to €5.8 billion. Growth was particularly strong in Spain (+29%) and the Benelux countries (+29%). Daimler Financial Services' contract volume in Europe of €45.6 billion was at the level of year-end 2015. The new business of Mercedes-Benz Bank increased by 11% to €2.4 billion, while the deposit volume in the direct banking business was almost unchanged at €10.3 billion. In this year's competition of the Great Place to Work institute, Daimler Financial Services together with Mercedes-Benz Bank was selected as the best employer in Germany in the category of 2,001 to 5,000 employees.

The Americas: decrease in new business
In the Americas region, leasing and financing contracts were concluded in a total amount of €4.9 billion, representing a decrease of 7%. While slight growth was achieved in Canada and Mexico, new business decreased in Brazil and Argentina due to the economic situation in those countries. Contract volume in the Americas region of €49.2 billion at the end of March was 3% lower than at the end of 2015.

Africa & Asia-Pacific: further growth in China
In the Africa & Asia-Pacific region, the value of newly concluded leasing and financing contracts increased compared with the first quarter of last year by 11% to €3.1 billion. In China, there was an increase of 15%. Nearly all the other countries in the region also reported growth. Contract volume in Africa & Asia-Pacific increased compared with the end of 2015 by 3% to €20.8 billion. In Bahrain, Daimler Financial Services started a cooperation with the Bank of Bahrain and Kuwait and Al Haddad Motors for the sale of financing products. The division's Japanese company was awarded a prize as best employer by the Great Place to Work institute.

Slightly higher number of insurance policies brokered
In the insurance business, Daimler Financial Services brokered 386,000 new automotive-related policies, representing an increase of 2% compared with the prior-year period. The development was particularly good in China and Italy.

Ongoing expansion of digital mobility
Daimler Financial Services further expanded its activities in the field of innovative mobility services in the first quarter of this year. Worldwide, more than 1.2 million customers were registered with our mobility services at the end of March. The flexible mobility concept car2go was available at 29 locations by the end of the first quarter.

The mytaxi taxi app was integrated into the Google mobile-map application in Germany and Spain and is available as an additional transport option for route planning. With just one click, users can be guided directly to the mytaxi app, where they can order a taxi.

The moovel mobility service supported a campaign by the city of Stuttgart to improve air quality. With the mobility app moovel, it was possible to buy public-transport tickets at 50% of the normal price during periods of alarm due to high levels of particulate matter in the air in the capital of the federal state of Baden-Württemberg.

Consolidated Statement of Income (unaudited)

E.01

	Consolidated Group		Industrial Business		Daimler Financial Services	
	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015
In millions of euros						
Revenue	35,047	34,236	30,185	29,687	4,862	4,549
Cost of sales[1]	-28,102	-26,786	-23,965	-22,932	-4,137	-3,854
Gross profit	6,945	7,450	6,220	6,755	725	695
Selling expenses	-2,919	-2,920	-2,763	-2,791	-156	-129
General administrative expenses[1]	-754	-829	-595	-656	-159	-173
Research and non-capitalized development costs	-1,238	-1,126	-1,238	-1,126	-	-
Other operating income	541	455	517	433	24	22
Other operating expense	-143	-116	-137	-111	-6	-5
Profit/loss on equity-method investments, net	-159	148	-158	149	-1	-1
Other financial expense, net	-128	-158	-133	-158	5	-
Interest income	63	51	63	51	-	-
Interest expense	-130	-154	-128	-153	-2	-1
Profit before income taxes[2]	2,078	2,801	1,648	2,393	430	408
Income taxes	-678	-751	-540	-617	-138	-134
Net profit	1,400	2,050	1,108	1,776	292	274
thereof profit attributable to non-controlling interests	47	87				
thereof profit attributable to shareholders of Daimler AG	1,353	1,963				
Earnings per share (in euros)						
for profit attributable to shareholders of Daimler AG						
Basic	1.26	1.83				
Diluted	1.26	1.83				

1 In the first quarter of 2015 in the industrial business €80 million were reclassified from general administrative expenses into cost of sales (Note 4).
2 The reconciliation of Group EBIT to profit before income taxes is presented in Note 19.

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income/Loss (unaudited)

E.02

	Consolidated Group	
	Q1 2016	Q1 2015
In millions of euros		
Net profit	**1,400**	2,050
Unrealized gains/losses on currency translation	-655	2,741
Unrealized gains/losses on financial assets available for sale	-264	529
Unrealized gains/losses on derivative financial instruments	1,602	-2,676
Unrealized gains/losses on equity-method investments	-1	3
Items that may be reclassified to profit/loss	**682**	597
Actuarial losses from pensions and similar obligations	-1,926	-569
Items that will not be reclassified to profit/loss	**-1,926**	-569
Other comprehensive income/loss, net of taxes	**-1,244**	28
thereof income/loss attributable to non-controlling interests, after taxes	-21	108
thereof income/loss attributable to shareholders of Daimler AG, after taxes	-1,223	-80
Total comprehensive income/loss	**156**	2,078
thereof income/loss attributable to non-controlling interests	26	195
thereof income/loss attributable to shareholders of Daimler AG	130	1,883

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Financial Position (unaudited)

E.03

	Consolidated Group		Industrial Business		Daimler Financial Services	
	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015
In millions of euros						
Assets						
Intangible assets	10,281	10,069	10,066	9,847	215	222
Property, plant and equipment	24,453	24,322	24,395	24,262	58	60
Equipment on operating leases	38,435	38,942	16,020	15,864	22,415	23,078
Equity-method investments	3,372	3,633	3,351	3,610	21	23
Receivables from financial services	38,319	38,359	-52	-58	38,371	38,417
Marketable debt securities	1,098	1,148	1	1	1,097	1,147
Other financial assets	5,306	4,908	-341	-536	5,647	5,444
Deferred tax assets	3,493	3,284	2,902	2,747	591	537
Other assets	625	654	-2,500	-2,371	3,125	3,025
Total non-current assets	125,382	125,319	53,842	53,366	71,540	71,953
Inventories	25,253	23,760	24,494	22,862	759	898
Trade receivables	9,168	9,054	8,095	8,215	1,073	839
Receivables from financial services	34,575	35,155	-23	-24	34,598	35,179
Cash and cash equivalents	12,723	9,936	11,156	8,369	1,567	1,567
Marketable debt securities	9,244	7,125	9,077	6,998	167	127
Other financial assets	3,182	2,546	-6,629	-7,435	9,811	9,981
Other assets	4,374	4,271	1,173	952	3,201	3,319
Total current assets	98,519	91,847	47,343	39,937	51,176	51,910
Total assets	223,901	217,166	101,185	93,303	122,716	123,863
Equity and liabilities						
Share capital	3,070	3,070				
Capital reserves	11,917	11,917				
Retained earnings	36,419	36,991				
Other reserves	2,285	1,583				
Equity attributable to shareholders of Daimler AG	53,691	53,561				
Non-controlling interests	1,059	1,063				
Total equity	54,750	54,624	44,773	44,752	9,977	9,872
Provisions for pensions and similar obligations	11,405	8,663	11,250	8,546	155	117
Provisions for income taxes	777	875	776	874	1	1
Provisions for other risks	6,027	6,120	5,909	5,994	118	126
Financing liabilities	61,734	59,831	19,506	18,805	42,228	41,026
Other financial liabilities	2,309	2,876	1,729	2,301	580	575
Deferred tax liabilities	2,417	2,215	-1,151	-1,363	3,568	3,578
Deferred income	4,882	4,851	4,116	4,144	766	707
Other liabilities	30	30	29	30	1	-
Total non-current liabilities	89,581	85,461	42,164	39,331	47,417	46,130
Trade payables	12,202	10,548	11,742	10,182	460	366
Provisions for income taxes	752	777	678	709	74	68
Provisions for other risks	8,925	9,710	8,385	9,204	540	506
Financing liabilities	43,441	41,311	-16,591	-21,417	60,032	62,728
Other financial liabilities	8,407	9,484	5,940	7,133	2,467	2,351
Deferred income	2,939	2,888	1,969	1,886	970	1,002
Other liabilities	2,904	2,363	2,125	1,523	779	840
Total current liabilities	79,570	77,081	14,248	9,220	65,322	67,861
Total equity and liabilities	223,901	217,166	101,185	93,303	122,716	123,863

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Cash Flows (unaudited)

E.04

	Consolidated		Industrial Business		Daimler Financial Services	
	Q1 2016	Q1 2015	Q1 2016	Q1 2015	Q1 2016	Q1 2015
In millions of euros						
Profit before income taxes	2,078	2,801	1,648	2,393	430	408
Depreciation and amortization/impairments	1,335	1,367	1,317	1,349	18	18
Other non-cash expense and income	155	-145	137	-159	18	14
Gains (-)/losses (+) on disposals of assets	-15	-83	-15	-83	-	-
Change in operating assets and liabilities						
Inventories	-1,793	-1,587	-1,917	-1,723	124	136
Trade receivables	-201	-382	50	-259	-251	-123
Trade payables	1,738	1,717	1,644	1,548	94	169
Receivables from financial services	-920	-2,085	44	75	-964	-2,160
Vehicles on operating leases	-566	-653	17	16	-583	-669
Other operating assets and liabilities	12	939	-409	572	421	367
Income taxes paid/refunded	-601	-13	-520	66	-81	-79
Cash used for/provided by operating activities	1,222	**1,876**	1,996	**3,795**	-774	**-1,919**
Additions to property, plant and equipment	-1,123	-1,027	-1,116	-1,019	-7	-8
Additions to intangible assets	-628	-480	-620	-477	-8	-3
Proceeds from disposals of property, plant and equipment and intangible assets	43	139	38	135	5	4
Investments in shareholdings	-33	-92	-32	-92	-1	-
Proceeds from disposals of shareholdings	-	4	-	-123	-	127
Acquisition of marketable debt securities	-3,827	-691	-3,783	-689	-44	-2
Proceeds from sales of marketable debt securities	1,730	633	1,674	560	56	73
Other	32	-3	30	20	2	-23
Cash used for/provided by investing activities	-3,806	**-1,517**	-3,809	**-1,685**	3	**168**
Change in financing liabilities	5,680	1,615	4,712	669	968	946
Dividends paid to non-controlling interests	-1	-45	-	-44	-1	-1
Acquisition of treasury shares	-38	-27	-38	-27	-	-
Internal equity and financing transactions	-	-	171	-553	-171	553
Cash provided by financing activities	5,641	1,543	4,845	45	796	1,498
Effect of foreign exchange rate changes on cash and cash equivalents	-270	650	-245	599	-25	51
Net increase/decrease in cash and cash equivalents	2,787	2,552	2,787	2,754	-	-202
Cash and cash equivalents at beginning of period	9,936	9,667	8,369	8,341	1,567	1,326
Cash and cash equivalents at end of period	12,723	12,219	11,156	11,095	1,567	1,124

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Changes in Equity (unaudited)

E.05

In millions of euros	Share capital	Capital reserves	Retained earnings	Currency translation	Financial assets available for sale
Balance at January 1, 2015	3,070	11,906	28,487	775	460
Net profit	-	-	1,963	-	-
Other comprehensive income/loss before taxes	-	-	-1,640	2,629	532
Deferred taxes on other comprehensive income/loss	-	-	1,071	-	-3
Total comprehensive income/loss	-	-	1,394	2,629	529
Dividends	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Other	-	-7	-	-	-
Balance at March 31, 2015	3,070	11,899	29,881	3,404	989
Balance at January 1, 2016	**3,070**	**11,917**	**36,991**	**2,145**	**1,121**
Net profit	**-**	**-**	**1,353**	**-**	**-**
Other comprehensive income/loss before taxes	**-**	**-**	**-2,614**	**-642**	**-266**
Deferred taxes on other comprehensive income/loss	**-**	**-**	**689**	**-**	**2**
Total comprehensive income/loss	**-**	**-**	**-572**	**-642**	**-264**
Dividends	**-**	**-**	**-**	**-**	**-**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**
Issue and disposal of treasury shares	**-**	**-**	**-**	**-**	**-**
Other	**-**	**-**	**-**	**-**	**-**
Balance at March 31, 2016	**3,070**	**11,917**	**36,419**	**1,503**	**857**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Other reserves: Items that may be reclassified to profit/loss – Derivative financial instruments	Other reserves: Items that may be reclassified to profit/loss – Equity-method investments	Treasury shares	**Equity attributable to shareholders of Daimler AG**	Non-controlling interests	**Total equity**	In millions of euros
-1,032	-1	-	43,665	919	44,584	**Balance at January 1, 2015**
-	-	-	1,963	87	2,050	Net profit
-3,819	3	-	-2,295	107	-2,188	Other comprehensive income/loss before taxes
1,147	-	-	2,215	1	2,216	Deferred taxes on other comprehensive income/loss
-2,672	3	-	1,883	195	2,078	Total comprehensive income/loss
-	-	-	-	-69	-69	Dividends
-	-	-27	-27	-	-27	Acquisition of treasury shares
-	-	27	27	-	27	Issue and disposal of treasury shares
-	-	-	-7	-6	-13	Other
-3,704	2	-	45,541	1,039	46,580	**Balance at March 31, 2015**
-1,679	**-4**	**-**	**53,561**	**1,063**	**54,624**	**Balance at January 1, 2016**
-	**-**	**-**	**1,353**	**47**	**1,400**	Net profit
2,296	**-1**	**-**	**-1,227**	**-24**	**-1,251**	Other comprehensive income/loss before taxes
-687	**-**	**-**	**4**	**3**	**7**	Deferred taxes on other comprehensive income/loss
1,609	**-1**	**-**	**130**	**26**	**156**	Total comprehensive income/loss
-	**-**	**-**	**-**	**-22**	**-22**	Dividends
-	**-**	**-38**	**-38**	**-**	**-38**	Acquisition of treasury shares
-	**-**	**38**	**38**	**-**	**38**	Issue and disposal of treasury shares
-	**-**	**-**	**-**	**-8**	**-8**	Other
-70	**-5**	**-**	**53,691**	**1,059**	**54,750**	**Balance at March 31, 2016**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements (unaudited)

1. Presentation of the Interim Consolidated Financial Statements

General
These unaudited interim consolidated financial statements (interim financial statements) of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 37w of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim financial statements comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. Daimler AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The interim financial statements of the Daimler Group are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

The Board of Management authorized the interim consolidated financial statements for publication on April 21, 2016.

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and financial position of the Group. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2015 audited and published IFRS consolidated financial statements and notes thereto. The accounting policies applied by the Group in these interim financial statements basically correspond with those applied for the consolidated financial statements for the year ended December 31, 2015.

The Group's consolidated financial statements are significantly influenced by the activities of its financial services business. To enhance readers' understanding of the Group's profitability, liquidity and capital resources and its financial position, the accompanying interim consolidated financial statements also present information with respect to the Group's industrial business and Daimler Financial Services' business activities. Such information, however, is not required by IFRS and is not intended to, and does not, represent the separate IFRS profitability, liquidity and capital resources and financial position of the Group's industrial business or Daimler Financial Services business activities. Eliminations of the effects of transactions between the industrial business and Daimler Financial Services and items at the corporate level have generally been allocated to the industrial business.

Preparation of interim financial statements in conformity with IFRS requires management to make estimates, assessments and assumptions which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the end of the reporting period and the amounts of income and expense reported for the period. Actual amounts can differ from those estimates. Changes in the estimates, assessments and assumptions can have a material impact on the interim consolidated financial statements.

2. Significant disposals of equity investments

Atlantis Foundries
In the first quarter of 2015, Daimler decided to sell its equity interest in Atlantis Foundries (Pty.) Ltd., which had been allocated to the Daimler Trucks segment, to Neue Halberg-Guss GmbH. Subsequently, the assets and liabilities of the company were classified as assets held for sale. The remeasurement of the assets and liabilities led to an impairment loss of €55 million in the first quarter of 2015. Due to the minor significance for the Daimler Group's profitability, liquidity and capital resources and financial position, the disposal of the assets and liabilities is not presented separately in the consolidated statement of financial position. The transaction was closed in the second quarter of 2015.

3. Revenue

Revenue at Group level is comprised as follows:

E.06

Revenue

	Q1 2016	Q1 2015
In millions of euros		
Revenue from sales of goods	**30,199**	29,745
Revenue from the rental and leasing business	**3,737**	3,468
Interest from the financial services business at Daimler Financial Services	**997**	911
Revenue from sales of other services	**114**	112
	35,047	34,236

4. Functional costs

Cost of sales
Cost of sales increased from €26,786 million to €28,102 million in the first quarter of 2016, and primarily comprise expenses of goods sold.

Selling expenses
In the first quarter of 2016, selling expenses amounted to €2,919 million (Q1 2015: €2,920 million). Selling expenses include direct selling costs as well as selling overhead expenses and consist of personnel expenses, material costs and other selling costs.

General administrative expenses
General administrative expenses amounted to €754 million in the first quarter of 2016 (Q1 2015: €829 million). They comprise expenses which are not attributable to production, sales or research and development functions, and include personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs. In the first quarter of 2015, a redefinition of cost allocations led to the reclassification of €80 million from administrative expenses to cost of sales.

Research and non-capitalized development costs
Research and non-capitalized development costs were €1,238 million in the first quarter of 2016 (Q1 2015: €1,126 million) and primarily comprise personnel expenses and material costs.

Optimization programs
Measures and programs with implementation costs that materially impacted the EBIT of the segments are briefly described below.

In the course of the organizational focus on the divisions, Daimler started a restructuring program for its sales organization in Germany in 2014. Selected sales-and-service centers and outlets are being combined into car and commercial-vehicle outlets in order to steadily increase the profitability of Daimler's own dealer activities in the highly competitive German market. In addition, programs for restructuring the Group's dealer network abroad were initiated in 2015. These restructuring programs also include the sale of selected operations of the Group's current sales network in Germany and abroad. The programs affect all automotive segments, but mainly the Mercedes-Benz Cars segment. In the first quarter of 2016, these measures resulted in an expense of €12 million (Q1 2015: €29 million).

At March 31, 2016, the disposal group's assets for the German and international locations amounted to €406 million (December 31, 2015: €248 million) and its liabilities amounted to €13 million (December 31, 2015: €12 million). Due to their minor impact on the Group's profitability, liquidity and capital resources, and financial position, the assets and liabilities held for sale are not presented separately in the consolidated statement of financial position. Daimler already sold parts of the disposal group in 2015. Further expenses of up to €0.1 billion are expected for Germany in 2016.

In January 2013, Daimler Trucks announced workforce adjustments as part of its goal of increasing its profitability by stronger utilization of efficiencies. In Brazil, a redundancy program was launched in 2013. This program led to a reduction of approximately 3,200 jobs in the administrative and productive areas as of December 31, 2015, mostly through voluntary severance agreements.

In addition, in non-productive areas of Daimler Trucks in Germany, a program based on socially acceptable voluntary measures ran between May 2013 and December 2014, which was continued in the third quarter of 2015 and led to a total reduction of approximately 700 jobs as of December 31, 2015.

In the first quarter of 2016, Mercedes-Benz Vans initiated a socially acceptable voluntary severance program for the Düsseldorf plant. Approximately 150 severance agreements were signed in the first quarter of this year, leading to expenses of €30 million. Total expenses of up to €0.1 billion are expected in the years 2016 through 2018.

Table ↗ **E.07** shows the expenses related to the optimization programs which affected the EBIT of the segments. The cash inflows and outflows associated with the implementation of the programs are also shown.

E.07

Optimization programs

	Q1 2016	Q1 2015
In millions of euros		
Mercedes-Benz Cars		
EBIT	-10	-20
Cash flow	13	-4
Daimler Trucks		
EBIT	-1	-9
Cash flow	-11	-37
Mercedes-Benz Vans		
EBIT	-31	-4
Cash flow	-10	-1
Daimler Buses		
EBIT	-	-1
Cash flow	-	-

The provisions recognized for the optimization programs are shown in Table ↗ **E.08**.

E.08

Provisions for optimization programs

	March 31, 2016	Dec. 31, 2015
In millions of euros		
Mercedes-Benz Cars	42	82
Daimler Trucks	11	21
Mercedes-Benz Vans	11	19
Daimler Buses	1	2

Cash effects resulting from the optimization programs are expected until 2018.

5. Other operating income

Other operating income in the first quarter of 2016 amounted to €541 million (Q1 2015: €455 million). The amount for the first quarter of 2015 includes gains from the sale of real-estate properties in the United States of €87 million.

6. Interest income and interest expense

Interest income and interest expense are comprised as follows:

E.09

Interest income and interest expense

	Q1 2016	Q1 2015
In millions of euros		
Interest income		
Net interest income on the net assets of defined benefit pension plans	1	1
Interest and similar income	62	50
	63	51
Interest expense		
Net interest expense on the net obligation from defined benefit pension plans	-59	-81
Interest and similar expense	-71	-73
	-130	-154

7. Intangible assets

Intangible assets are shown in the following table:

E.10

Intangible assets

	March 31, 2016	Dec. 31, 2015
In millions of euros		
Goodwill	718	727
Development costs	7,958	7,789
Other intangible assets	1,605	1,553
	10,281	10,069

8. Property, plant and equipment

Property, plant and equipment are comprised as follows:

E.11

Property, plant and equipment

	March 31, 2016	Dec. 31, 2015
In millions of euros		
Land, leasehold improvements and buildings including buildings on land owned by others	7,212	7,257
Technical equipment and machinery	8,532	8,430
Other equipment, factory and office equipment	5,838	5,790
Advance payments relating to plant and equipment and construction in progress	2,871	2,845
	24,453	24,322

9. Equipment on operating leases

At March 31, 2016 the carrying amount of equipment on operating leases amounted to €38,435 million (December 31, 2015: €38,942 million). In three months ended March 31, 2016 additions and disposals amounted to €4,982 million and €2,986 million respectively (Q1 2015: €4,632 million and €2,499 million). Depreciation for the first quarter of 2016 was €1,451 million (Q1 2015: €1,480 million). Other changes primarily include the effects of currency translation.

10. Equity-method investments

Table ↗ **E.12** shows the carrying amounts and profits/losses from equity-method investments.

Table ↗ **E.13** presents key figures on interests in associated companies accounted for using the equity method in the Group's consolidated financial statements.

E.12

Summarized carrying amounts and profits/losses from equity-method investments

	Associated companies	Joint ventures	Joint operations	Subsidiaries	Total
In millions of euros					
At March 31, 2016					
Equity investment[1]	**2,893**	**432**	**47**	**-**	**3,372**
Equity result (Q1 2016)[1]	**-147**	**-13**	**1**	**-**	**-159**
At December 31, 2015					
Equity investment[1]	3,124	462	47	-	3,633
Equity result (Q1 2015)[1]	159	-12	1	-	148

1 Including investor-level adjustments.

E.13

Key figures on interests in associated companies accounted for using the equity method

	BBAC[2]	BAIC Motor[3]	THBV (HERE)[4]	Kamaz[5]	Others	Total
In millions of euros						
At March 31, 2016						
Equity interest (in %)	**49.0**	**10.1**	**33.3**	**15.0**	**-**	**-**
Equity investment[1]	**1,473**	**517**	**641**	**57**	**205**	**2,893**
Equity result (Q1 2016)[1]	**114**	**-229**	**-28**	**-3**	**-1**	**-147**
At December 31, 2015						
Equity interest (in %)	49.0	10.1	33.3	15.0	-	-
Equity investment[1]	1,418	772	668	58	208	3,124
Equity result (Q1 2015)[1]	117	41	-	2	-1	159

1 Including investor-level adjustments.
2 Beijing Benz Automotive Co., Ltd.
3 Earnings of BAIC Motor Corporation Ltd. (BAIC Motor) are included in Daimler's consolidated financial statements with a three month time lag.
4 The proportionate share of earnings of There Holding B.V. (THBV) is included in Daimler's consolidated financial statements with a one-month time lag. The shareholding was acquired on December 4, 2015.
5 Kamaz PAO

BAIC Motor

In the first quarter of 2016, due to the lower stock-exchange price, the Group recognized an impairment loss of €244 million with respect to its investment in BAIC Motor Corporation Ltd. (BAIC Motor). The loss is included in the line item profit/loss on equity-method investments, net.

THBV (HERE)

There Holding B.V. (THBV), based in Rijswijk, Netherlands, was founded in 2015. Daimler, Audi and BMW each hold an interest in the company of 33.3%. Effective December 4, 2015, HERE International B.V. (formerly There Acquisition B.V.), based in Rijswijk, Netherlands, a 100% subsidiary of There Holding B.V., acquired the roadmap service HERE from Nokia Corporation. Purchase-price allocation was finalized in the first quarter of 2016.

11. Receivables from financial services

Receivables from financial services are shown in the following table:

E.14

Receivables from financial services

	March 31, 2016			December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	13,541	23,742	37,283	13,561	23,900	37,461
Sales financing with dealers	15,375	2,513	17,888	15,944	2,588	18,532
Finance-lease contracts	6,190	12,583	18,773	6,166	12,371	18,537
Gross carrying amount	35,106	38,838	73,944	35,671	38,859	74,530
Allowances for doubtful accounts	-531	-519	-1,050	-516	-500	-1,016
Net carrying amount	34,575	38,319	72,894	35,155	38,359	73,514

At March 31, 2016 finance-lease contracts included non-automotive assets from contracts of the financial services business with third parties (leveraged leases) in the amount of €158 million (December 31, 2015: €238 million).

12. Inventories

Inventories are comprised as follows:

E.15

Inventories

	March 31, 2016	Dec. 31, 2015
In millions of euros		
Raw materials and manufacturing supplies	2,700	2,643
Work in progress	3,604	3,371
Finished goods, parts and products held for resale	18,822	17,609
Advance payments to suppliers	127	137
	25,253	23,760

13. Equity

Conditional capital
The resolution of the Annual Shareholders' Meeting on April 14, 2010 authorizing the Company until April 13, 2015 to issue convertible and/or warrant bonds, which had not been utilized, was replaced by a new authorization of the Annual Shareholders' Meeting on April 1, 2015. This authorizes the Board of Management, with the consent of the Supervisory Board, until March 31, 2020 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in installments, or simultaneously in various tranches, as well by affiliates of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was authorized to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints with the consent of the Supervisory Board.

In order to fulfill the conditions of the above-mentioned authorization, the Annual Shareholders' Meeting on April 1, 2015 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2015). Conditional Capital 2010 has been canceled.

Treasury shares
The authorization resolved by the Annual Meeting on April 14, 2010 to acquire treasury shares including the authorization to use derivative financial instruments in this context until April 13, 2015 was canceled by resolution of the Annual Shareholders' Meeting held on April 1, 2015 and replaced by a new authorization. This authorizes the Company until March 31, 2020 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution to be used for all legal purposes. The shares can be used, amongst other things, excluding shareholders' subscription rights for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfill obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of the Company's affiliates pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be canceled.

The Board of Management is further authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in other defined cases. In a volume up to 5% of the share capital issued as of the day of the resolution of the Annual Shareholders' Meeting, the Company was also authorized to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereas the term of a derivative must not exceed 18 months and must not end later than March 31, 2020.

Employee share purchase plan
In the first quarter of 2016, 0.6 million (2015: 0.3 million) Daimler shares were purchased and reissued to employees in connection with employee share purchase plans.

Dividend
The Annual Shareholders' Meeting held on April 6, 2016 authorized Daimler to pay a dividend of €3,477 million (€3.25 per share) from the distributable profit of Daimler AG (separate financial statements) for the year 2015 (2015: €2,621 million and €2.45 per share). The dividend was paid out on April 7, 2016.

14. Pensions and similar obligations

Pension cost
The components of pension cost included in the consolidated statement of income are shown in table ↗ **E.16.**

Contributions to pension plan assets
In the three months ended March 31, 2016 contributions to the Group's pension plans amounted to €27 million (2015: €28 million).

Other post-employment benefits
The settlement of a healthcare plan by Daimler Trucks North America LLC resulted in a cash outflow of €63 million and income of €49 million in the first quarter of 2015; the income is included in the EBIT of the Daimler Trucks segment.

E.16
Components of net periodic pension cost

	Q1 2016			Q1 2015		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-149	-126	-23	-176	-149	-27
Past service cost	-15	-15	-	-	-	-
Net interest expense	-46	-37	-9	-70	-60	-10
Net interest income	1	-	1	1	-	1
	-209	-178	-31	-245	-209	-36

15. Provisions for other risks

Provisions for other risks are comprised as shown in table ↗ **E.17**.

E.17
Provisions for other risks

	March 31, 2016			December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	2,476	3,047	5,523	2,589	3,072	5,661
Personnel and social costs	1,996	2,083	4,079	2,189	2,175	4,364
Other	4,453	897	5,350	4,932	873	5,805
	8,925	6,027	14,952	9,710	6,120	15,830

16. Financing liabilities

Financing liabilities are comprised as follows:

E.18

Financing liabilities

	March 31, 2016			December 31, 2015		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	12,146	43,122	55,268	10,238	41,173	51,411
Commercial paper	2,875	-	2,875	2,961	-	2,961
Liabilities to financial institutions	15,170	11,722	26,892	15,226	12,085	27,311
Deposits in the direct banking business	8,000	2,500	10,500	8,012	2,520	10,532
Liabilities from ABS transactions	4,657	3,779	8,436	3,990	3,388	7,378
Liabilities from finance leases	40	218	258	43	220	263
Loans, other financing liabilities	553	393	946	841	445	1,286
	43,441	61,734	105,175	41,311	59,831	101,142

17. Legal proceedings

In the first quarter of 2016, five class-action lawsuits against MBUSA were filed in courts of various US federal states. The main allegation is the use of devices that non-permissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NOx) emissions, depending on the ambient temperature, and which cause excessive emissions from vehicles with diesel engines. In addition, MBUSA is accused of deliberately deceiving customers in connection with its advertising of diesel vehicles. Another class-action lawsuit against Daimler AG and other companies of the Group containing similar allegations was filed in Canada in April 2016. Daimler AG regards the lawsuits as unfounded, and will therefore take all necessary legal steps to defend itself.

The U.S. Department of Justice (DOJ) has requested from Daimler AG on April 2016 to review its certification and admissions processes related to exhaust emissions in the United States by way of an internal investigation in cooperation with the DOJ. Daimler has agreed to cooperate fully with the DOJ.

18. Financial instruments

Table ↗ E.19 shows the carrying amounts and fair values of the Group's financial instruments. The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

E.19

Carrying amounts and fair values of financial instruments

	March 31, 2016		December 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	72,894	73,204	73,514	73,837
Trade receivables	9,168	9,168	9,054	9,054
Cash and cash equivalents	12,723	12,723	9,936	9,936
Marketable debt securities				
Available-for-sale financial assets	10,342	10,342	8,273	8,273
Other financial assets				
Available-for-sale financial assets	2,657	2,657	3,049	3,049
thereof equity instruments measured at fair value	2,027	2,027	2,303	2,303
thereof equity instruments measured at cost	630	630	746	746
Financial assets recognized at fair value through profit or loss	360	360	203	203
Derivative financial instruments used in hedge accounting	2,313	2,313	1,363	1,363
Other receivables and financial assets	3,158	3,158	2,839	2,839
	113,615	113,925	108,231	108,554
Financial liabilities				
Financing liabilities	105,175	106,142	101,142	101,759
Trade payables	12,202	12,202	10,548	10,548
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	295	295	263	263
Derivative financial instruments used in hedge accounting	1,447	1,447	3,120	3,120
Miscellaneous other financial liabilities	8,974	8,974	8,977	8,977
	128,093	129,060	124,050	124,667

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date. The following methods and premises were used:

Marketable debt securities, other financial assets and liabilities
Financial assets available for sale include:
- debt and equity instruments measured at fair value; these instruments were measured using quoted market prices at March 31, 2016. Otherwise, the fair value measurement of these debt and equity instruments is based on inputs that are either directly or indirectly observable in active markets. Equity instruments measured at fair value predominantly comprise the investments in Nissan Motor Co., Ltd. (Nissan) and Renault SA (Renault).
- equity interests measured at cost; fair values could not be determined for these financial instruments because no stock exchange or market prices are available. These equity interests comprise investments in non-listed companies for which no objective evidence existed at the balance sheet date that these assets were impaired and whose fair values cannot be determined with sufficient reliability. It is assumed that the fair values approximate the carrying amounts. Daimler does not intend to sell the equity interests which are presented at March 31, 2016.

Financial assets and liabilities recognized at fair value through profit or loss include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:
- derivative currency hedging contracts; the fair values of cross-currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options were measured using price quotations or option pricing models using market data.
- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

Table ↗ E.20 provides an overview of the classification into measurement hierarchies of financial assets and liabilities measured at fair value (according to IFRS 13).

At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair value hierarchies.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 fair value hierarchy, we apply the exception described in IFRS 13.48 (portfolios managed on the basis of net exposure).

E.20

Measurement hierarchy of financial assets and liabilities measured at fair value

	March 31, 2016				December 31, 2015			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Financial assets measured at fair value								
Financial assets available for sale	12,369	7,635	4,734	-	10,576	6,976	3,600	-
thereof equity instruments measured at fair value	2,027	2,020	7	-	2,303	2,297	6	-
thereof marketable debt securities	10,342	5,615	4,727	-	8,273	4,679	3,594	-
Financial assets recognized at fair value through profit or loss	360	-	360	-	203	-	203	-
Derivative financial instruments used in hedge accounting	2,313	-	2,313	-	1,363	-	1,363	-
	15,042	7,635	7,407	-	12,142	6,976	5,166	-
Financial liabilities measured at fair value								
Financial liabilities recognized at fair value through profit and loss	295	-	295	-	263	-	263	-
Derivative financial instruments used in hedge accounting	1,447	-	1,447	-	3,120	-	3,120	-
	1,742	-	1,742	-	3,383	-	3,383	-

1 Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement based on inputs that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement based on inputs for which no observable market data is available.

19. Segment reporting

Segment information for the three-month periods ended March 31, 2016 and March 31, 2015 is as follows:

E.21

Segment reporting

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1 2016								
External revenue	**19,148**	**7,820**	**2,690**	**812**	**4,577**	**35,047**	**-**	**35,047**
Intersegment revenue	**832**	**384**	**125**	**18**	**285**	**1,644**	**-1,644**	**-**
Total revenue	**19,980**	**8,204**	**2,815**	**830**	**4,862**	**36,691**	**-1,644**	**35,047**
Segment profit (EBIT)	**1,395**	**516**	**301**	**39**	**432**	**2,683**	**-535**	**2,148**
thereof share of profit/loss from equity-method investments	**86**	**-12**	**-2**	**-**	**-1**	**71**	**-230**	**-159**
thereof income/expense from compounding of provisions and changes in discount rates	**-75**	**-24**	**-8**	**-3**	**-**	**-110**	**-**	**-110**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1 2015								
External revenue	18,818	7,955	2,323	862	4,278	34,236	-	34,236
Intersegment revenue	691	459	92	15	271	1,528	-1,528	-
Total revenue	19,509	8,414	2,415	877	4,549	35,764	-1,528	34,236
Segment profit (EBIT)	1,841	472	215	34	409	2,971	-65	2,906
thereof share of profit/loss from equity-method investments	115	-5	-2	-	-1	107	41	148
thereof income/expense from compounding of provisions and changes in discount rates	-58	-34	-11	-5	-	-108	-4	-112

Reconciliation

Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as shown in table ↗ **E.22.**

The reconciliation comprises corporate items for which headquarter is responsible. Transactions between the segments are eliminated in the context of consolidation.

Share of profit from equity-method investments comprises in the first quarter of 2016 an impairment of the investment in BAIC Motor of €244 million. Moreover, the proportionate share in the results of BAIC Motor (€15 million; Q1 2015: €41 million) is included. Other corporate items contain losses of €222 million (Q1 2015: €43 million) from currency transactions which are not allocated to business operations.

E.22

Reconciliation to Group figures

In millions of euros	Q1 2016	Q1 2015
Total segments' profit (EBIT)	**2,683**	2,971
Share of profit from equity-method investments	**-230**	41
Other corporate items	**-289**	-121
Eliminations	**-16**	15
Group EBIT	**2,148**	2,906
Amortization of capitalized borrowing costs[1]	**-3**	-2
Interest income	**63**	51
Interest expense	**-130**	-154
Profit before income taxes	**2,078**	2,801

1 Amortization of capitalized borrowing costs is not considered in internal performance measure "EBIT," but is included in cost of sales.

19. Related party relationships

Related parties are deemed to be associated companies, joint ventures, joint operations and unconsolidated subsidiaries, as well as persons who exercise a significant influence on the financial and business policy of the Daimler Group. The latter category includes all persons in key positions and their close family members. At the Daimler Group, those persons are the members of the Board of Management and of the Supervisory Board.

Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies, joint ventures and joint operations, and are shown in table ↗ E.23.

Associated companies
A large proportion of the Group's sales of goods and services with associated companies as well as receivables results from business relations with Beijing Benz Automotive Co., Ltd. (BBAC). See Note 10 for further information on BBAC.

The purchases of goods and services shown in table ↗ E.23 were primarily from MBtech Group GmbH & Co. KGaA (MBtech Group). MBtech Group develops, integrates and tests components, systems, modules and vehicles worldwide.

Joint ventures
Significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd. (FBAC), as well as with Mercedes-Benz Trucks Vostok OOO, a joint venture established with Kamaz PAO, another of the Group's associated companies. The Mercedes-Benz Trucks Vostok (MBTV) and Fuso Kamaz Trucks Rus (FKTR) joint ventures, which had previously operated separately, were merged in 2015 as Mercedes-Benz Trucks Vostok (MBTV). MBTV was renamed into DAIMLER KAMAZ RUS OOO (DK RUS) on January 21, 2016.

In 2014, Daimler provided a joint and separate liability guarantee to external banks which provided a syndicate loan to the joint venture Shenzen BYD Daimler New Technology Co. Ltd. (SBDNT). The guarantee provided by Daimler amounts to RMB 750 million (approximately €102 million as of March 31, 2016) and equates to the Group's share in the loan granted to SBDNT based on its 50% equity interest in SBDNT. €102 million of this loan has been utilized as of March 31, 2016.

In connection with its 45% equity interest in Toll Collect GmbH, Daimler has issued guarantees which are not shown in table ↗ E.23 (€100 million at March 31, 2016 and at December 31, 2015).

Joint operations
Joint operations primarily relate to significant business transactions with Beijing Mercedes-Benz Sales Service Co., Ltd. (BMBS), which provides advisory and other services relating to marketing, sales and distribution in the Chinese market.

E.23
Transactions with related parties

	Sales of goods and services and other income		Purchases of goods and services and other expense		Receivables		Payables	
	Q1 2016	Q1 2015	Q1 2016	Q1 2015	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015
In millions of euros								
Associated companies	890	656	89	81	1,101	936	70	96
thereof BBAC	825	611	21	33	1,059	884	43	51
Joint ventures	105	128	3	20	150	158	5	8
Joint operations	8	3	56	59	34	47	14	35

Auditor's Review Report

To the Supervisory Board of Daimler AG, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG, Stuttgart, comprising – the consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of Daimler AG, for the period from January 1 to March 31, 2016, that are part of the quarterly financial report according to § 37 w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as a dopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, April 21, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

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This report and additional information on Daimler are available on the Internet at
www.daimler.com

Concept and contents
Daimler AG
Investor Relations

Publications for our shareholders
Annual Reports (German, English)
Interim Reports on first, second and third quarters (German, English)
Sustainability Report (German, English)
www.daimler.com/ir/reports

Financial Calendar

Interim Report Q1 2016
April 22, 2016

Interim Report Q2 2016
July 21, 2016

Interim Report Q3 2016
October 21, 2016

Annual Meeting 2017
Berlin
March 29, 2017

As changes to the above dates cannot be ruled out, we recommend checking on the Internet shortly before each scheduled date at www.daimler.com/ir/calendar.

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 worsening of the sovereign-debt crisis in the euro zone; an increase in political tension in Eastern Europe; 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; 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 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.

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