DAIMLER

# Interim Report Q1 2019

# Contents



**Cover photo: the new Mercedes-Benz CLA Coupe.**

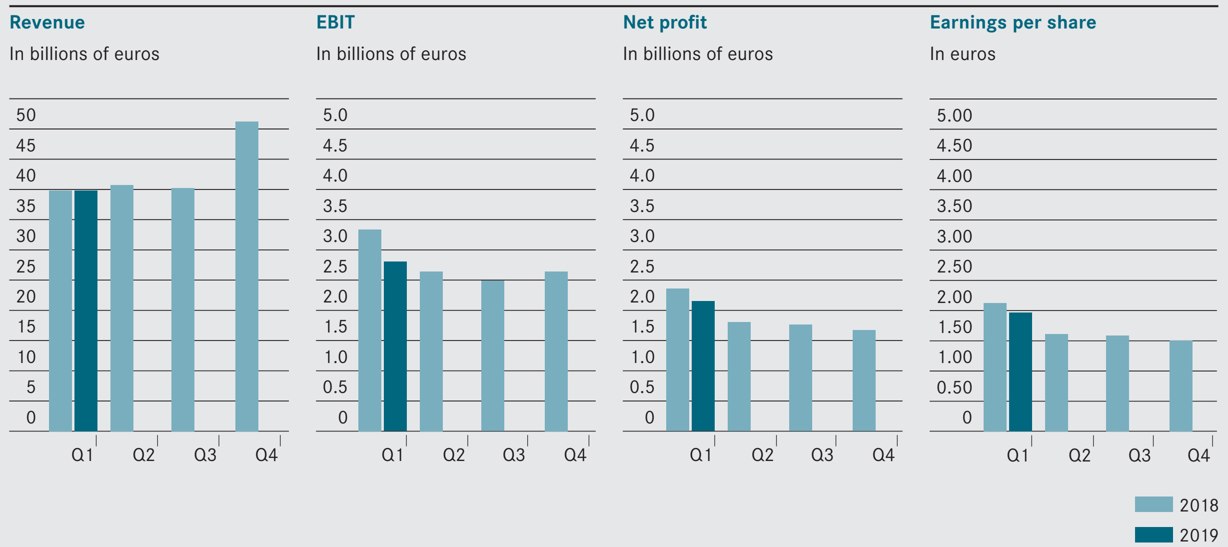
**The new Mercedes-Benz CLA Coupe is not only the most emotive automobile in its category, it is also a highly intelligent vehicle. The new CLA offers a multitude of clever solutions: from the MBUX interior assistant, which detects operating requests from movements and adds intelligence to the interior, to augmented reality for navigation, the understanding of indirect voice commands, and ENERGIZING COACH with individual fitness recommendations. In addition, it features the latest driving assistance packages from Intelligent Drive. The car’s design underscores its coupe character with a sleek form and design elements such as the hood with power domes and the lower rear number plate. The new model certainly lives up to its predecessor’s reputation as a design icon.**

# Q1

**Key Figures Daimler Group**

| € amounts in millions | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Revenue | 39,698 | 39,785 | -0 [1] |
| Europe | 16,620 | 16,434 | +1 |
| thereof Germany | 6,380 | 5,955 | +7 |
| NAFTA | 11,605 | 10,601 | +9 |
| thereof United States | 10,138 | 9,074 | +12 |
| Asia | 8,971 | 10,338 | -13 |
| thereof China | 4,390 | 5,171 | -15 |
| Other markets | 2,502 | 2,412 | +4 |
| Investment in property, plant, equipment | 1,668 | 1,343 | +24 |
| Research and development expenditure | 2,378 | 2,321 | +2 |
| thereof capitalized development costs | 674 | 609 | +11 |
| Free cash flow of the industrial business | -2,039 | 1,822 | . |
| EBIT | 2,802 | 3,335 | -16 |
| Net profit | 2,149 | 2,354 | -9 |
| Earnings per share (in euros) | 1.96 | 2.12 | -8 |
| Employees | 299,956 | 298,683 [2] | +0 |

1 Adjusted for the effects of currency translation, decrease in revenue of 1%.
2 As of December 31, 2018.

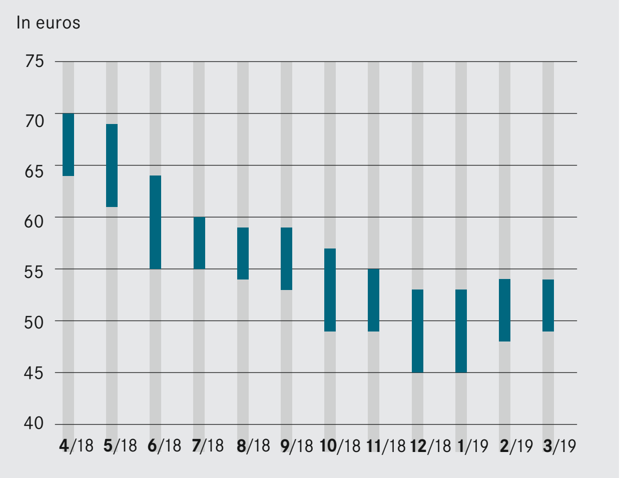


# Daimler and the Capital Market

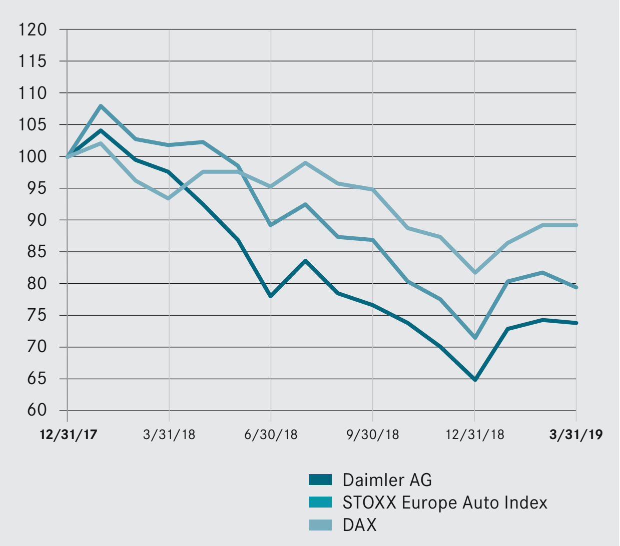
## Key figures

| | March 31, 2019 | March 31, 2018 | % change |
|---|---|---|---|
| Earnings per share in Q1 (in €) | **1.96** | 2.12 | -8 |
| Outstanding shares (in millions) | **1,069.0** | 1,069.8 | -0 |
| Market capitalization (€ billion) | **55.86** | 73.79 | -24 |
| Xetra closing price (in €) | **52.25** | 68.97 | -24 |

## Daimler share price (high/low), 2018/2019




## Share-price development (indexed)




## Automotive stocks show strong recovery in first quarter of 2019

The prospect of a possible settlement of the trade dispute about potential punitive tariffs between the United States and China boosted the development of global stock markets in the first quarter. This had a particular impact on automotive stocks with their global supply and production networks. The results reported by many companies for the past financial year and their forecasts for this year also dampened fears of an incipient recession. The announcement by the US Federal Reserve that there will be no interest rate increases for the time being further improved stock-market sentiment. In Europe, the continuation of faltering Brexit negotiations resulted in negative effects on the financial markets. Due to high investments in future technologies and the expenses required to comply with regulatory stipulations, automotive stocks remain low-valued relative to other sectors.

The Daimler share price also increased significantly in this market environment in the first quarter of 2019. The temporary suspension of Chinese import tariffs on US-produced vehicles at the beginning of the year provided positive impetus. The announcement of the cooperation with BMW in the areas of mobility services and automated driving as well as with Geely for the further development of smart supported this momentum. Daimler shares were priced at €52.25 at the end of the quarter, approximately 14% higher than at the end of the fourth quarter of 2018. During the same period, the DAX rose by 9% and the STOXX Europe Auto Index by 11%.

## Favorable interest environment used for refinancing

In the first quarter of the year 2019, the Daimler Group once again undertook refinancing at attractive conditions in the international money and capital markets. Benchmark issuances included a bond from Daimler International Finance B.V. with a volume of €2.5 billion, a 12-year bond from Daimler AG with a volume of €750 million and in the US capital market a bond from Daimler Finance North America LLC with a volume of $3.0 billion. Daimler had a total liquidity inflow of €7.4 billion from the issuance of bonds in the first quarter of this year (Q1 2018: €4.7 billion).

# Interim Management Report

**Decrease in first-quarter unit sales to 773,800 vehicles (-4%)**
**Revenue of €39.7 billion (Q1 2018: €39.8 billion)**
**Group EBIT of €2.8 billion (Q1 2018: €3.3 billion)**
**Net profit of €2.1 billion (Q1 2018: €2.4 billion)**
**Free cash flow of the industrial business of minus €2.0 billion (Q1 2018: plus €1.8 billion)**
**Slight growth in unit sales and revenue anticipated for full-year 2019**
**Group EBIT expected to be slightly higher than last year**

## Business development

**Further slowdown in growth of world economy**
The growth of the **world economy** should have continued slowing down in the first quarter of 2019, but was still solid at a rate of just under 3%. Key economic indicators have further weakened recently, and do not currently suggest any renewed acceleration of growth. However, stock markets have recovered significantly since the beginning of the year, due not least to the slight easing of the trade conflict between the United States and China. An additional positive factor is that the US Federal Reserve announced that it has no plans for further interest-rate increases for the time being. Growth of the US economy was held back in the first quarter, among other things by the unusually long government shutdown at the beginning of the year, but lost only a little of its dynamism compared with the previous quarters. Sentiment in the European Monetary Union continued to worsen significantly in the first quarter; the pronounced phase of manufacturing weakness in particular slowed growth to just over 1%. The Chinese government responded to the economy's ongoing growth slowdown with the introduction of appropriate support measures; growth stabilized accordingly at 6.4%, in line with expectations. Crude-oil prices increased by more than 25% during the quarter and were at a similar level to a year earlier at the end of March. This was to the benefit of emerging economies that export raw materials.

The weak phase of **worldwide demand for cars** continued in the first quarter and was slightly below the previous year's level, mainly due to the continued significant contraction of the Chinese market. Although the decrease in China was significantly smaller in March than in the previous months, car sales fell by a double-digit percentage once again in the first quarter.

The European market was slightly smaller than in the first quarter of last year, with unit sales in Western Europe also decreasing slightly. Demand for cars in Germany and in France was close to the prior-year level, while the British market contracted slightly. The market in Eastern Europe decreased slightly. While sales of cars in Russia remained at the prior-year level, the Turkish market shrank substantially by more than 40%.

The US market for cars and light trucks remained at a high level, although a slight decrease was recorded compared with the first quarter of last year. Car sales in Japan were close to the level of the prior-year period. In India the market slightly decreased.

Demand for **medium- and heavy-duty trucks** continued to develop disparately in the various regions. The market in the NAFTA region continued its upswing and significantly surpassed the prior-year level. In the EU30 region (European Union, Switzerland and Norway), demand made a solid start to the year and increased again slightly compared with the robust prior-year level. The Brazilian market continued its recovery and expanded by nearly 50%. However, demand in the Turkish market slumped by more than 50% due to the country's severe economic crisis. The Russian market lost much of its dynamism and was only at about the previous year's level, according to the latest estimates.

The most important Asian markets from Daimler's perspective displayed various tendencies at the beginning of the year. In Japan, demand for light-, medium- and heavy-duty trucks remained solid and slightly exceeded the prior-year level. The Indian market also grew slightly compared with its already high prior-year volume. On the other hand, the Chinese market declined slightly towards the end of the quarter, but from a very high level.

**Demand for vans** in the EU30 region continued to grow in the first quarter of 2019. The market volume increased by 10% for midsize and large vans and by 4% for midsize pickups. Demand for small vans was at the level of the prior-year quarter. The US market for large vans was slightly higher than in the first quarter of last year. Starting from a low level, the market for large vans in Latin America grew significantly.

The **market volume for buses** in the EU30 region was slightly larger than in the first quarter of last year. In Brazil, demand for bus chassis increased significantly compared with the prior-year period (+71%).

**Decrease of 4% in first-quarter unit sales**
In the first quarter of 2019, Daimler sold 773,800 cars and commercial vehicles worldwide (Q1 2018: 806,900). ↗ C.01

First-quarter sales of 555,300 units by **Mercedes-Benz Cars** were 7% below the high level of the prior-year quarter. The reasons for the decrease in unit sales include the general market development, model changes, constraints on vehicle availability in some international markets and very intense competition. In Europe, 235,300 automobiles of the Mercedes-Benz and smart brands were sold in the first three months of the year (-4%), of which 78,100 were sold in Germany (-1%). In China, the division's biggest market, 173,200 units were sold (-3%). Unit sales in the United States decreased to 64,300 vehicles (-9%).

**Daimler Trucks** sold 115,900 vehicles in the first quarter (Q1 2018: 113,800). Sales in the NAFTA region increased significantly to 47,800 units (Q1 2018: 40,800). In Brazil our sales of 6,100 trucks were also significantly higher than in the prior-year period (Q1 2018: 4,000). Sales in the EU30 region (European Union, Switzerland and Norway) also increased significantly to 19,000 units (Q1 2018: 17,300). However, sales in Turkey decreased sharply to 500 units (Q1 2018: 1,800). Sales of 11,000 trucks in Japan were lower than in the prior-year period (Q1 2018: 12,000). Our unit sales in Indonesia were significantly lower at 7,800 vehicles (Q1 2018: 12,500). Unit sales decreased also in India, to 5,500 units (Q1 2018: 6,200).

**Mercedes-Benz Vans** increased its unit sales in the first quarter of 2019 by 4% and recorded its best-ever first quarter of a year with sales of 97,000 vehicles. The vans division set a new record in the first quarter also in the EU30 region, where its sales of 66,600 units were significantly higher than in the prior-year period (Q1 2018: 60,400). In the NAFTA region, sales of 11,700 vans were slightly higher than last year (Q1 2018: 11,300). The development in Latin America was also positive, with significant growth in first-quarter sales to 4,200 units (Q1 2018: 3,800). Unit sales in China decreased to 6,100 vehicles (-6%).

First-quarter sales by **Daimler Buses** decreased by 4% to 5,500 units. In the EU30 region, Daimler Buses sold 900 complete buses and bus chassis of the Mercedes-Benz and Setra brands. This is a significant decrease (-33%) compared with the prior-year quarter, and was primarily the result of delivery delays caused by a changed internal certification process for coaches and inter-city buses. We sold 2,200 units in Brazil, which is 20% more than in the prior-year quarter. Due in particular to the ongoing difficult economic situation in Argentina, unit sales by Daimler Buses in Latin America (excluding Mexico) increased by only 2% to 3,200 bus chassis. In Mexico, we posted a significant decrease in the first quarter of 2019 with sales of 400 units (Q1 2018: 500), while sales in India increased by a significant 46% to 500 units.

At **Daimler Financial Services**, against the backdrop of lower unit sales by the automotive divisions, new business decreased compared with the first quarter of last year by 3% to €17.3 billion. Daimler Financial Services' portfolio included more than 5.3 million vehicles at the end of March; this is equivalent to a contract volume of €157.4 billion and thus growth of 2% compared with the end of 2018. The insurance business also developed positively. Worldwide, 539,000 insurance contracts were brokered by Daimler Financial Services in the first quarter (Q1 2018: 523,000).

**C.01**
**Unit sales by division**

| | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Daimler Group | 773,796 | 806,905 | -4 |
| Mercedes-Benz Cars | 555,312 | 594,299 | -7 |
| Daimler Trucks | 115,920 | 113,846 | +2 |
| Mercedes-Benz Vans | 97,038 | 93,016 | +4 |
| Daimler Buses | 5,526 | 5,744 | -4 |

## Profitability

In the first quarter of 2019, the **Daimler Group**'s revenue was €39,698 million (Q1 2018: €39,785 million). Also adjusted for positive exchange-rate effects, revenue was at the level of the prior-year quarter. The Daimler Group achieved first-quarter EBIT of €2,802 million in 2019, which is significantly below the prior-year figure (Q1 2018: €3,335 million). ↗ C.02 ↗ C.03

All of the vehicle divisions posted lower earnings than in the first quarter of last year. The Mercedes-Benz Cars division's earnings decreased primarily due to lower unit sales and a changed sales structure. However, the merger of the mobility services of Daimler Group and BMW Group contributed to an increase in earnings at the Daimler Financial Services division. Earnings were reduced by declining discount rates. Exchange-rate effects had only a minor impact on operating profit.

The reconciliation of segment earnings to Group EBIT in the first quarter of the year 2019 resulted in a higher expense than in the prior-year quarter. ↗ C.03

**C.02**
**Revenue by division**

| In millions of euros | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Mercedes-Benz Cars | 21,200 | 22,998 | -8 |
| Daimler Trucks | 9,546 | 8,619 | +11 |
| Mercedes-Benz Vans | 3,369 | 3,098 | +9 |
| Daimler Buses | 785 | 850 | -8 |
| Daimler Financial Services | 6,881 | 6,255 | +10 |
| Reconciliation | -2,083 | -2,035 | -2 |
| Daimler Group | 39,698 | 39,785 | -0 |

**C.03**
**EBIT by division**

| In millions of euros | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Mercedes-Benz Cars | 1,298 | 2,060 | -37 |
| Daimler Trucks | 582 | 647 | -10 |
| Mercedes-Benz Vans | -98 | 172 | . |
| Daimler Buses | -21 | 37 | . |
| Daimler Financial Services | 1,209 | 548 | +121 |
| Reconciliation | -168 | -129 | -30 |
| Daimler Group[1] | 2,802 | 3,335 | -16 |

1 EBIT, the indicator of operating performance, comprises earnings before interest income/expense and corporate income taxes. The reconciliation of the Daimler Group's EBIT to earnings before income taxes is included in Note 19 of the Notes to the Interim Consolidated Financial Statements.

**C.04**
**Return on Sales/Return on Equity[1]**

| | Q1 2019 | Q1 2018 | change |
|---|---|---|---|
| Mercedes-Benz Cars | 6.1% | 9.0% | -2.9 |
| Daimler Trucks | 6.1% | 7.5% | -1.4 |
| Mercedes-Benz Vans | -2.9% | 5.6% | -8.5 |
| Daimler Buses | -2.7% | 4.4% | -7.1 |
| Daimler Financial Services | 35.7% | 17.9% | +17.8 |

1 The industrial divisions' profitability is calculated as the quotient of EBIT and revenue. The measure of profitability for Daimler Financial Services is return on equity (quotient of EBIT and equity).

In the first quarter of 2019, the revenue of the **Mercedes-Benz Cars** division decreased by 8% to €21,200 million, mainly due to lower unit sales (Q1 2018: €22,998 million). The division's EBIT was €1,298 million (Q1 2018: €2,060 million). Its return on sales of 6.1% was also below the prior-year figure of 9.0%. ↗ C.02 ↗ C.03 ↗ C.04

In the first quarter of 2019, earnings were adversely affected by a decrease in unit sales and a changed sales structure. The reasons for the lower unit sales include the general market situation, model changes and constraints on vehicle availability in some international markets. Additional factors with a negative impact on earnings were weaker pricing, exchange-rate effects and advance expenditure for new technologies and vehicles.

The revenue of the **Daimler Trucks** division increased in the first quarter of 2019 by 11% to €9,546 million (Q1 2018: €8,619 million). Revenue was boosted not only by growth in unit sales in the NAFTA region, but also by positive exchange-rate effects. The division achieved EBIT of €582 million (Q1 2018: €647 million). Its return on sales was below the prior-year figure at 6.1% (Q1 2018: 7.5%). ↗ C.02 ↗ C.03 ↗ C.04

In addition to the increase in unit sales, especially in the NAFTA-region, foreign exchange rates had a positive effect on earnings. EBIT was reduced by higher expenses for new technologies and vehicles and increased costs, mainly related to higher raw-material prices and supply chain constraints. Valuations of provisions also had an adverse impact on earnings.

In the first quarter of 2019, the **Mercedes-Benz Vans** division's revenue increased by 9% to €3,369 million due to higher unit sales (Q1 2018: €3,098 million). EBIT amounted to minus €98 million (Q1 2018: plus €172 million). The division's return on sales decreased to minus 2.9% (Q1 2018: plus 5.6%). ↗ C.02 ↗ C.03 ↗ C.04

EBIT was reduced by expenses connected with the adjustment of production capacities in Russia and Argentina. After examining the profitability, it was decided not to produce the Mercedes-Benz X-Class in Argentina. Furthermore, advance expenditure for new technologies, launch costs for new products, exchange-rate effects and expenses for warranties and customer goodwill affected earnings. There was a negative impact also from ongoing investigations by the authorities and measures taken for diesel vehicles. Increased unit sales had a positive impact on earnings.

Due to delivery delays caused by a changed internal certification process for coaches and intercity buses, the revenue of the **Daimler Buses** division decreased by 8% to €785 million (Q1 2018: €850 million). The division posted EBIT of minus €21 million in the first quarter of 2019 (Q1 2018: plus €37 million). The division's return on sales decreased to minus 2.7% (Q1 2018: plus 4.4%). ↗ C.02 ↗ C.03 ↗ C.04

The decrease in earnings primarily reflects the delivery delays caused by a changed internal certification process for coaches and intercity buses.

In the first quarter of 2019, the **Daimler Financial Services** division achieved EBIT of €1,209 million (Q1 2018: €548 million). Its return on equity increased to 35.7% (Q1 2018: 17.9%). ↗ C.02 ↗ C.03 ↗ C.04

This increase was mainly due to the merger of the mobility services of Daimler Group and BMW Group, which had a positive impact on earnings of €718 million. An additional positive effect resulted from the growth in contract volume. On the other hand, there were negative effects from higher credit-risk costs in some markets and the increased level of interest rates.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises gains and 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 expenses of €215 million in the first quarter of 2019 (Q1 2018: expenses of €119 million).

The elimination of intra-group transactions resulted in income of €47 million in the first quarter of 2019 (Q1 2018: expenses of €10 million).

**Net interest expense** in the first quarter of 2019 amounted to €175 million (Q1 2018: €84 million).

The **income-tax expense** recognized in the first quarter of 2019 amounted to €474 million (Q1 2018: €893 million). The effective tax rate was 18.1% (Q1 2018: 27.5%). The reduction in the income-tax expense reflects both the decrease in and the changed composition of profit before income taxes. In 2019, profit before income taxes includes the mainly tax-free gain on the merger of the mobility services of Daimler Group and BMW Group. Adjusted for this effect, the income-tax expense developed largely in line with the change in profit before income taxes.

**Net profit** for the first quarter of 2019 of €2,149 million was slightly below the prior-year figure (Q1 2018: €2,354 million). Net profit of €54 million is attributable to **non-controlling interests** (Q1 2018: €81 million). Net profit **attributable to the shareholders of Daimler AG** amounts to €2,095 million (Q1 2018: €2,273 million), representing a decrease in **earnings per share** to €1.96 (Q1 2018: €2.12).

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,069.7 million (Q1 2018: 1,069.8 million).

**C.05**

| Consolidated statement of income[1] | Daimler Group | | Industrial Business[2] | | Daimler Financial Services | |
|---|---|---|---|---|---|---|
| | **Q1 2019** | Q1 2018 | **Q1 2019** | Q1 2018 | **Q1 2019** | Q1 2018 |
| In millions of euros | | | | | | |
| Revenue[3] | **39,698** | 39,785 | **32,817** | 33,530 | **6,881** | 6,255 |
| Cost of sales[3] | **-32,127** | -31,160 | **-26,150** | -25,833 | **-5,977** | -5,327 |
| **Gross profit** | **7,571** | 8,625 | **6,667** | 7,697 | **904** | 928 |
| Selling expenses | **-3,151** | -3,097 | **-2,961** | -2,909 | **-190** | -188 |
| General administrative expenses | **-1,019** | -971 | **-792** | -741 | **-227** | -230 |
| Research and non-capitalized development costs | **-1,704** | -1,712 | **-1,704** | -1,712 | **-** | - |
| Other operating income | **1,217** | 331 | **459** | 287 | **758** | 44 |
| Other operating expense | **-225** | -293 | **-216** | -282 | **-9** | -11 |
| Gains/losses on equity-method investments, net | **262** | 343 | **289** | 348 | **-27** | -5 |
| Other financial income/expense, net | **-153** | 105 | **-153** | 95 | **-** | 10 |
| Interest income | **79** | 55 | **79** | 55 | **-** | - |
| Interest expense | **-254** | -139 | **-252** | -138 | **-2** | -1 |
| **Profit before income taxes** | **2,623** | 3,247 | **1,416** | 2,700 | **1,207** | 547 |
| Income taxes | **-474** | -893 | **-344** | -729 | **-130** | -164 |
| **Net profit** | **2,149** | 2,354 | **1,072** | 1,971 | **1,077** | 383 |
| thereof profit attributable to non-controlling interests | **54** | 81 | | | | |
| thereof profit attributable to shareholders of Daimler AG | **2,095** | 2,273 | | | | |
| | | | | | | |
| **Earnings per share (in euros)** for profit attributable to shareholders of Daimler AG | | | | | | |
| **Basic** | **1.96** | 2.12 | | | | |
| **Diluted** | **1.96** | 2.12 | | | | |

1 The columns "Industrial Business" and "Daimler Financial Services" represent a business point of view.
2 The industrial business comprises the vehicle segments Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. Intra-group eliminations between the industrial business and Daimler Financial Services are generally allocated to the industrial business.
3 In 2018 at the Daimler Financial Services segment, the Group's internal revenue and cost of sales have been adjusted by the same amount. These adjustments have been fully eliminated in the reconciliation.

## Cash flows

In the first quarter of 2019, **cash provided by operating activities ↗ C.06** resulted in a cash inflow of €0.6 billion (Q1 2018: cash inflow of €0.8 billion). The decrease was primarily due to the development of working capital, reflecting in particular the stronger increase in inventories at Mercedes-Benz Cars resulting from model changes, as well as decreases in unit sales due to general market conditions and constraints on the availability of vehicles in some international markets. In addition, the development of trade payables especially at Daimler Trucks had a negative impact on the change in working capital. Along with effects from the general business performance, positive cash-flow effects resulted above all from the development of the leasing and sales-financing business.

**C.06**

| Condensed statement of cash flows[1] | Daimler Group | | Industrial Business[2] | | Daimler Financial Services | |
|---|---|---|---|---|---|---|
| | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 |
| In millions of euros | | | | | | |
| **Cash and cash equivalents at beginning of period** | 15,853 | 12,072 | 12,799 | 9,515 | 3,054 | 2,557 |
| Profit before income taxes | 2,623 | 3,247 | 1,416 | 2,700 | 1,207 | 547 |
| Depreciation and amortization/impairments | 1,801 | 1,478 | 1,765 | 1,444 | 36 | 34 |
| Other non-cash expense and income and gains/losses on disposals of assets | -962 | -342 | -280 | -361 | -682 | 19 |
| Change in operating assets and liabilities | | | | | | |
| Inventories | -3,671 | -2,072 | -3,673 | -2,103 | 2 | 31 |
| Trade receivables | -172 | -4 | -27 | 91 | -145 | -95 |
| Trade payables | 1,472 | 2,485 | 1,309 | 2,309 | 163 | 176 |
| Receivables from financial services | -758 | -2,258 | 25 | -27 | -783 | -2,231 |
| Vehicles on operating leases | 56 | -558 | 52 | 455 | 4 | -1,013 |
| Other operating assets and liabilities | 820 | -787 | 709 | -616 | 111 | -171 |
| Dividends received from equity-method investments | - | 421 | - | 346 | - | 75 |
| Income taxes paid | -589 | -797 | -436 | -645 | -153 | -152 |
| **Cash used for/provided by operating activities** | 620 | 813 | 860 | 3,593 | -240 | -2,780 |
| Additions to property, plant and equipment and intangible assets | -2,421 | -2,108 | -2,392 | -2,082 | -29 | -26 |
| Investments in and disposals of shareholdings | -944 | 55 | -220 | 129 | -724 | -74 |
| Acquisitions and sales of marketable debt securities and similar investments | -408 | -383 | -617 | -375 | 209 | -8 |
| Other | 10 | 194 | -20 | 282 | 30 | -88 |
| **Cash used for investing activities** | -3,763 | -2,242 | -3,249 | -2,046 | -514 | -196 |
| Change in financing liabilities | 3,734 | 3,581 | 3,753 | 940 | -19 | 2,641 |
| Dividends paid | -9 | -4 | - | -4 | -9 | - |
| Other transactions with shareholders | -74 | -52 | -42 | -57 | -32 | 5 |
| Internal equity and financing transactions | - | - | -15 | 429 | 15 | -429 |
| **Cash used for/provided by financing activities** | 3,651 | 3,525 | 3,696 | 1,308 | -45 | 2,217 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 237 | -110 | 195 | -107 | 42 | -3 |
| **Cash and cash equivalents at end of period** | 16,598 | 14,058 | 14,301 | 12,263 | 2,297 | 1,795 |

1 The columns “Industrial Business” and “Daimler Financial Services” represent a business point of view.
2 The industrial business comprises the vehicle segments Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. Intra-group eliminations between the industrial business and Daimler Financial Services are generally allocated to the industrial business.

**C.07**
**Free cash flow of the industrial business**

| In millions of euros | Q1 2019 | Q1 2018 | Change |
|---|---|---|---|
| Cash used for/provided by operating activities | 860 | 3,593 | -2,733 |
| Cash used for/provided by investing activities | -3,249 | -2,046 | -1,203 |
| Change in marketable debt securities and similar investments | 617 | 375 | +242 |
| Other adjustments | -267 | -100 | -167 |
| **Free cash flow of the industrial business** | -2,039 | 1,822 | -3,861 |

**C.08**
**Net liquidity of the industrial business**

| In millions of euros | March 31, 2019 | Dec. 31, 2018 | Change |
|---|---|---|---|
| Cash and cash equivalents | 14,301 | 12,799 | +1,502 |
| Marketable debt securities and similar investments | 9,038 | 8,364 | +674 |
| **Liquidity** | 23,339 | 21,163 | +2,176 |
| Financing liabilities | -12,098 | -4,771 | -7,327 |
| Market valuation and currency hedges for financing liabilities | 105 | -104 | +209 |
| **Financing liabilities (nominal)** | -11,993 | -4,875 | -7,118 |
| **Net liquidity** | 11,346 | 16,288 | -4,942 |

**C.09**
**Net debt of the Daimler Group**

| In millions of euros | March 31, 2019 | Dec. 31, 2018 | Change |
|---|---|---|---|
| Cash and cash equivalents | 16,598 | 15,853 | +745 |
| Marketable debt securities and similar investments | 10,114 | 9,577 | +537 |
| **Liquidity** | 26,712 | 25,430 | +1,282 |
| Financing liabilities | -154,911 | -144,902 | -10,009 |
| Market valuation and currency hedges for financing liabilities | 86 | -97 | +183 |
| **Financing liabilities (nominal)** | -154,825 | -144,999 | -9,826 |
| **Net debt** | -128,113 | -119,569 | -8,544 |

**Cash used for investing activities** ↗ C.06 amounted to a cash outflow of €3.8 billion (Q1 2018: €2.2 billion). The change compared with the first quarter of last year primarily reflects cash outflows (net) of €0.7 billion relating to the merger of the mobility services of Daimler Group and BMW Group. The main effect results from capital increases at the joint ventures. Furthermore, increased investments in property, plant and equipment also affected cash used for investing activities.

**Cash provided by financing activities** ↗ C.06 resulted in a cash inflow of €3.7 billion (Q1 2018: €3.5 billion). The continued high net cash inflow from financing liabilities reflects the refinancing of the leasing and sales-financing business, as well as the use made of attractive conditions in the international money and capital markets.

Cash and cash equivalents increased compared with December 31, 2018 by €0.7 billion, after taking into account currency translation. Total liquidity, which also includes marketable debt securities and similar investments, increased by €1.3 billion to €26.7 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.07, 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 and similar investments 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 the recognition and measurement of right-of-use assets, which result from the change in lessee accounting and are largely non-cash items. Furthermore, effects from the financing of dealerships and effects from internal deposits within the Group are adjusted. In addition, the calculation of the free cash flow includes the 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.

In the first quarter of 2019, the **free cash flow of the industrial business** led to a cash outflow of €2.0 billion (Q1 2018: cash inflow of €1.8 billion). The significantly increased outflow was primarily due to the development of working capital, reflecting in particular the stronger increase in inventories at Mercedes-Benz Cars resulting from model changes, as well as decreases in unit sales due to general market conditions and constraints on the availability of vehicles in some international markets. In addition, the development of trade payables especially at Daimler Trucks had a negative impact on the change in working capital. There was also an effect from increased investment in property, plant and equipment.

In the first quarter of 2019, the **free cash flow of the Daimler Group** led to a cash outflow of €3.1 billion (Q1 2018: cash outflow of €1.1 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Daimler Group is mainly affected by the leasing and sales-financing business of Daimler Financial Services. Additional effects resulted from the cash outflows (net) relating to the merger of the mobility services of Daimler Group and BMW Group.

The **net liquidity of the industrial business** ↗ C.08, is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments 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.

Due to the introduction of lessee accounting according to IFRS 16 and the associated recognition of leasing liabilities for outstanding lease payments, the net liquidity of the industrial business decreased by €3.2 billion to €13.1 billion at January 1, 2019. Since the beginning of the year, the net liquidity further decreased by €1.7 billion to €11.3 billion. The main driver of the decrease was the negative free cash flow of the industrial business.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, increased compared with December 31, 2018 by €8.5 billion to €128.1 billion. The effect resulting from the introduction of lessee accounting is €3.4 billion. ↗ C.09

The Daimler Group once again utilized attractive conditions in the international money and capital markets for **refinancing** in the first quarter of 2019.

In the first quarter of 2019, Daimler had a cash inflow of €7.4 billion from the **issuance** of bonds (Q1 2018: €4.7 billion). The redemption of bonds resulted in cash outflows of €2.6 billion (Q1 2018: €4.4 billion). A large proportion of the issuance volume was carried out in the form of so-called benchmark bonds (bonds with high nominal values). ↗ C.10

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

Furthermore, three **asset-backed securities (ABS) transactions** were conducted in the first quarter of 2019. In Australia, a total volume of AUD 0.75 billion was generated. In the United States, bonds with a volume of $1.3 billion were successfully placed on the market. In addition, a transaction of CAD 0.5 billion was carried out in Canada.

**C.10**
**Benchmark issuances**

| Issuer | Volume | Month of issue | Maturity |
|---|---|---|---|
| Daimler International Finance B.V. | €1,500 million | Feb. 2019 | Feb. 2023 |
| Daimler International Finance B.V. | €1,000 million | Feb. 2019 | Jun. 2026 |
| Daimler AG | €750 million | Feb. 2019 | Feb. 2031 |
| Daimler Finance North America LLC | $1,900 million | Feb. 2019 | Feb. 2022 |
| Daimler Finance North America LLC | $600 million | Feb. 2019 | Feb. 2024 |
| Daimler Finance North America LLC | $500 million | Feb. 2019 | Feb. 2029 |

## Financial position

The **balance sheet total** increased compared with December 31, 2018 from €281.6 billion to €297.5 billion; adjusted for the effects of currency translation, the increase amounts to €12.0 billion. Daimler Financial Services accounts for €169.5 billion of the balance sheet total (December 31, 2018: €165.3 billion), equivalent to 57% of the Daimler Group's total assets (December 31, 2018: 59%).

The increase in total assets is primarily due to the increased volume of inventories and the higher volume of the financial services business. In addition, the recognition of right-of-use assets due to changed lessee accounting led to an increase in property, plant and equipment (see Note 1 of the Notes to the Interim Consolidated Financial Statements). On the liabilities side of the balance sheet, there were increases primarily in financing liabilities (including liabilities from lease contracts). Current assets account for 43% of the balance sheet total, as at the end of last year. Current liabilities amount to 35% of total equity and liabilities, which is also equal to the proportion at December 31, 2018.

**C.11**

**Condensed statement of financial position[1]**

| | Daimler Group | | Industrial Business[2] | | Daimler Financial Services | |
|---|---|---|---|---|---|---|
| | **At March 31, 2019** | At Dec. 31, 2018 | **At March 31, 2019** | At Dec. 31, 2018 | **At March 31, 2019** | At Dec. 31, 2018 |
| In millions of euros | | | | | | |
| **Assets** | | | | | | |
| Intangible assets | **15,026** | 14,801 | **14,145** | 13,913 | **881** | 888 |
| Property, plant and equipment | **35,232** | 30,948 | **34,909** | 30,859 | **323** | 89 |
| Equipment on operating leases | **50,119** | 49,476 | **18,479** | 18,509 | **31,640** | 30,967 |
| Receivables from financial services | **99,412** | 96,740 | **-84** | -90 | **99,496** | 96,830 |
| Equity-method investments | **7,071** | 4,860 | **5,157** | 4,651 | **1,914** | 209 |
| Inventories | **33,505** | 29,489 | **32,121** | 28,096 | **1,384** | 1,393 |
| Trade receivables | **12,896** | 12,586 | **10,672** | 10,545 | **2,224** | 2,041 |
| Cash and cash equivalents | **16,598** | 15,853 | **14,301** | 12,799 | **2,297** | 3,054 |
| Marketable debt securities and similar investments | **10,114** | 9,577 | **9,038** | 8,364 | **1,076** | 1,213 |
| thereof current | **9,461** | 8,855 | **9,036** | 8,362 | **425** | 493 |
| thereof non-current | **653** | 722 | **2** | 2 | **651** | 720 |
| Other financial assets | **5,677** | 5,733 | **-12,868** | -12,719 | **18,545** | 18,452 |
| Other assets | **11,847** | 11,025 | **2,100** | 1,376 | **9,747** | 9,649 |
| Assets held for sale | **-** | 531 | **-** | - | **-** | 531 |
| **Total assets** | **297,497** | 281,619 | **127,970** | 116,303 | **169,527** | 165,316 |
| **Equity and liabilities** | | | | | | |
| Total equity | **67,866** | 66,053 | **53,611** | 53,243 | **14,255** | 12,810 |
| Provisions | **25,352** | 24,406 | **24,203** | 23,269 | **1,149** | 1,137 |
| Financing liabilities | **154,911** | 144,902 | **12,098** | 4,771 | **142,813** | 140,131 |
| thereof current | **59,681** | 56,240 | **-20,893** | -20,993 | **80,574** | 77,233 |
| thereof non-current | **95,230** | 88,662 | **32,991** | 25,764 | **62,239** | 62,898 |
| Trade payables | **15,762** | 14,185 | **14,798** | 13,395 | **964** | 790 |
| Other financial liabilities | **11,167** | 10,032 | **7,185** | 5,888 | **3,982** | 4,144 |
| Contract and refund liabilities | **12,512** | 12,519 | **12,135** | 12,146 | **377** | 373 |
| Other liabilities | **9,927** | 9,310 | **3,940** | 3,591 | **5,987** | 5,719 |
| Liabilities held for sale | **-** | 212 | **-** | - | **-** | 212 |
| **Total equity and liabilities** | **297,497** | 281,619 | **127,970** | 116,303 | **169,527** | 165,316 |

1 The columns "Industrial Business" and "Daimler Financial Services" represent a business point of view.
2 The industrial business comprises the vehicle segments Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. Intra-group eliminations between the industrial business and Daimler Financial Services are generally allocated to the industrial business.

**Intangible assets** of €15.0 billion (December 31, 2018: €14.8 billion) include €11.5 billion of capitalized development costs (December 31, 2017: €11.3 billion), €2.0 billion of franchises, industrial property rights and similar rights (December 31, 2018: €2.0 billion) and €1.1 billion of goodwill (December 31, 2018: €1.1 billion). The Mercedes-Benz Cars division accounts for 82% of the development costs (December 31, 2017: 81%) while the Mercedes-Benz Vans division accounts for 9% (December 31, 2018: 10%) and the Daimler Trucks division accounts for 7% (December 31, 2018: 8%).

**Property, plant and equipment** increased to €35.2 billion (December 31, 2018: €30.9 billion). Due to the application of single lessee accounting according to IFRS 16 as of January 1, 2019, right-of-use assets of €3.9 billion are included in property, plant and equipment. In the first quarter of 2019, €1.7 billion was invested worldwide, primarily 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 €1.2 billion of capital expenditure (Q1 2018: €1.1 billion).

**Equipment on operating leases and receivables from financial services** increased to €149.5 billion (December 31, 2018: €146.2 billion). The increase includes effects of €2.6 billion from currency translation. Adjusted for exchange-rate effects, the increase of €0.7 billion was primarily caused by the higher contract volume at Daimler Financial Services; the business with end-customers was further expanded especially in Europe and Asia. The leasing and sales-financing business as a proportion of 50% of total assets was below the prior-year level (52%).

**Equity-method investments** increased to €7.1 billion (December 31, 2018: €4.9 billion). The increase is mainly due to the merger of the mobility services of Daimler Group and BMW Group and the resulting first-time consolidation of five operating joint ventures, which are aggregated under YOUR NOW (see Note 2 of the Notes to the Interim Consolidated Financial Statements). In addition, they mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd., BAIC Motor Corporation Ltd. and There Holding B.V..

**Inventories** increased from €29.5 billion to €33.5 billion, equivalent to 11% of total assets and thus above the level at the end of 2018 (10%). The increases at all automotive divisions relate primarily to finished goods and work in process. In particular at Mercedes-Benz Cars, the increase was partially due to seasonally higher stocks, model changes and constraints on the availability of vehicles in some international markets.

**Trade receivables** of €12.9 billion were slightly above the prior-year level (December 31, 2018: €12.6 billion). The Mercedes-Benz Cars division accounts for 46% (December 31, 2018: 45%) of these receivables and the Daimler Trucks division accounts for 25% (December 31, 2018: 25%).

**Cash and cash equivalents** increased compared with the end of the year 2018 by €0.7 billion to €16.6 billion.

**Marketable debt securities and similar investments** increased compared with December 31, 2018 from €9.6 billion to €10.1 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** of €5.7 billion are at the prior-year level. They primarily consist of derivative financial instruments, equity and debt instruments, investments in non-consolidated subsidiaries, and loans and other receivables due from third parties.

**Other assets** of €11.8 billion (December 31, 2018: €11.0 billion) primarily comprise deferred tax assets and tax refund claims. The increase is mainly caused by deferred tax assets.

The Group's **equity** increased compared with December 31, 2018 from €66.1 billion to €67.9 billion. Adjusted for the effects of currency translation, the increase amounts to €1.0 billion. The net profit of €2.1 billion and the gains on currency translation of €0.8 billion were partially offset by losses of €0.7 billion on the remeasurement of derivative financial instruments recognized in other comprehensive income and actuarial losses of €0.3 billion from defined-benefit pension plans that are recognized in retained earnings. Equity attributable to the shareholders of Daimler AG therefore increased to €66.4 billion (December 31, 2018: €64.7 billion).

Equity increased at a slightly lower rate than the increase in the balance sheet total of 6%. The Group's **equity ratio** of 21.6% was therefore slightly below the level of year-end 2018 (22.2%); the equity ratio for the industrial business was 39.2% (December 31, 2018: 42.8%). The equity ratios are adjusted for the proposed dividend payment for the year 2018.

**Provisions** of €25.4 billion were above the level of December 31, 2018 (€24.4 billion); as a proportion of the balance sheet total, they amount to 9%, which is equivalent to the prior-year level (9%). They primarily comprise provisions for pensions and similar obligations of €8.2 billion (December 31, 2018: €7.4 billion), which mainly consist of the difference between the present value of defined-benefit pension obligations of €33.5 billion (December 31, 2018: €31.7 billion) and the fair value of the pension plan assets applied to finance those obligations of €26.6 billion (December 31, 2018: €25.5 billion). The decrease of approximately 0.3 percentage points in discount rates led to an increase in the present value of the defined-benefit pension obligations. This effect was partially offset by a positive interest rate development of plan assets. Provisions also relate to liabilities from income taxes of €1.5 billion (December 31, 2018: €1.5 billion), from product warranties of €6.9 billion (December 31, 2018: €7.0 billion) and from personnel and social costs of €4.4 billion (December 31, 2018: €4.3 billion), as well as other provisions of €4.4 billion (December 31, 2018: €4.3 billion).

**Financing liabilities** of €154.9 billion were above the level of December 31, 2018 (€144.9 billion). The increase includes effects of €2.1 billion from currency translation. Adjusted for exchange-rate effects, the increase amounts to €7.9 billion, and reflects both the refinancing of the growing leasing and sales-financing business and higher leasing liabilities of €4.0 billion due to the application of single lessee accounting according to IFRS 16. 53% of the financing liabilities relate to notes and bonds, 26% to liabilities to banks, 8% to deposits in the direct banking business and 8% to liabilities from ABS transactions.

**Trade payables** increased to €15.8 billion (December 31, 2018: €14.2 billion). The Mercedes-Benz Cars division accounts for 63% (December 31, 2018: 60%) of those payables and the Daimler Trucks division accounts for 22% (December 31, 2018: 24%).

**Other financial liabilities** of €11.2 billion (December 31, 2018: €10.0 billion) mainly consist of liabilities from residual-value guarantees, from derivative financial instruments, from salaries and wages, deposits received and accrued interest on financing liabilities. The increase results among other things from increased negative fair values of derivative financial instruments.

**Contract and refund liabilities** of €12.5 billion are equal to the level at December 31, 2018. They mainly comprise deferred revenue from service and maintenance contracts as well as extended warranties and obligations from sales in the scope of IFRS 15.

**Other liabilities** of €9.9 billion (December 31, 2018: €9.3 billion) primarily comprise deferred income, tax liabilities and deferred taxes.

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.

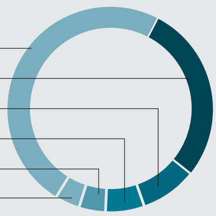
## Workforce

At the end of the first quarter of 2019, the Daimler Group employed 299,956 people worldwide (end of 2018: 298,683). Of that total, 174,368 were employed in Germany (end of 2018: 174,663), 26,444 in the United States (end of 2018: 26,310), 10,766 in Brazil (end of 2018: 10,307) and 9,902 in Japan (end of 2018: 9,918). Our consolidated companies in China employed 4,442 people at the end of March (end of 2018: 4,424).
↗ C.12

**C.12**

**Employees by division (as of March 31, 2019)**

| | |
|---|---|
| Daimler Group | 299,956 |
| Mercedes-Benz Cars | 146,286 |
| Daimler Trucks | 84,324 |
| Mercedes-Benz Vans | 26,564 |
| Daimler Buses | 18,684 |
| Daimler Financial Services | 12,733 |
| Group Functions & Services | 11,365 |



## Important events

**Supervisory Board appoints Harald Wilhelm as a member of the Board of Management of Daimler AG**
On February 13, the Supervisory Board of Daimler AG appointed Harald Wilhelm as a member of the Board of Management without direct responsibilities effective April 1, 2019. Harald Wilhelm will assume responsibility for Finance & Controlling and Daimler Financial Services at the end of the Annual Shareholders' Meeting on May 22, 2019. The appointment has been made for a period of three years. Before becoming a member of the Board of Management of Daimler AG, Harald Wilhelm was Chief Financial Officer of Airbus and a member of the Executive Committee of Airbus. Bodo Uebber has been responsible for Finance & Controlling and Daimler Financial Services since December 2004. Bodo Uebber did not wish to extend his contract with Daimler AG, which runs until the end of 2019. By mutual agreement, he will step down from the Board of Management at the end of the Annual Shareholders' Meeting on May 22, 2019.

**Supervisory Board of Daimler AG extends contract with Britta Seeger**
In the same meeting, the Supervisory Board of Daimler AG extended the contract of Britta Seeger, Member of the Board of Management of Daimler AG with responsibility for Mercedes-Benz Cars Marketing and Sales, until December 31, 2024. Britta Seeger has held this position since January 1, 2017. Her previous contract would have expired in December 2019.

**Mercedes-Benz Cars to build a battery factory in Jawor, Poland**
On January 22, we announced that Mercedes-Benz Cars is to build a battery factory in Jawor, Poland, in the context of our electric offensive, thus expanding the global battery production network to nine factories. The battery factory in Jawor is the second major investment at this new Mercedes-Benz site. An ultra-modern engine factory is already being built there. The production of engines in Jawor will start this year and will supply the Mercedes-Benz Cars plants in Europe and around the world. The addition of a battery factory on the existing plant site will result in approximately 300 more jobs. The series production of batteries for vehicles from the EQ product and technology brand is to start early in the next decade.

**Daimler and BMW Group to invest more than a billion euros in a joint mobility-services provider**
Following the successful closing of the joint-venture agreement, the two companies announced at a joint press conference on February 22 that they intend to invest more than a billion euros in the expansion of their existing offerings in the areas of car sharing, ride hailing, parking, charging and multimodality. We want to systematically utilize the opportunities resulting from digitization, shared services and our customers' increasing mobility needs.

**Daimler and BMW Group to jointly develop next-generation technology for automated driving**
Daimler AG and the BMW Group want to combine their forces in the field of automated driving. As a first step, they will work on developing the next technology generation for driver assistance systems as well as automated driving on highways and for automated parking functions. The two companies signed a memorandum of understanding on February 28. Daimler AG and the BMW Group regard this approach as a long-term and strategic cooperation and aim to make the next stage of technology available on a broad basis before the middle of the next decade.

**Daimler and Geely Holding establish a global joint venture for the further development of smart**
On March 28, Daimler AG and the Zhejiang Geely Holding Group announced the establishment of a globally focused 50:50 joint venture. They aim to further develop smart, the pioneer of urban mobility, as one of the leading brands for electric mobility. According to the joint-venture agreement, the next generation of smart electric models is to be produced in a new, specially constructed factory for electric cars in China. Global sales are to start in 2022.

**Daimler Trucks acquires majority stake in Torc Robotics**
Daimler Trucks, the world's largest producer of medium- and heavy-duty trucks above 6 tons, and Torc Robotics, a pioneer in the field of autonomous driving, are entering into a partnership to market fully automated trucks in the United States. On March 29, the companies agreed that Daimler Trucks and Buses Holding Inc., a subsidiary of Daimler AG, would acquire a majority stake in Torc Robotics. Automated trucks have great potential to meet the growing global demand for transportation through improved efficiency and even better safety. Daimler Trucks and Torc Robotics complement each other ideally in terms of resources, expertise and skills. The agreement is subject to the approval of the US authorities.

**Mercedes-Benz Cars opens a car plant in Russia**
On April 3, the new Mercedes-Benz Cars passenger car plant in Russia was opened in the presence of the President of the Russian Federation, Vladimir Putin. Production starts with the launch of the Mercedes-Benz E-Class sedan for the local market. The E-Class will be followed by SUV models. Mercedes-Benz Cars is investing a total of more than €250 million in the plant in the Moscow region. More than 1,000 employees will work in production and management at the new Mercedes-Benz plant. The Mercedes-Benz Moscovia plant features flexible and environmentally aware production and will use the latest Industry 4.0 technologies. The plant is part of the global production network of Mercedes-Benz Cars, which has more than 30 sites worldwide.

## 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 143 to 157 of our Annual Report 2018. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. The assessment of risks and opportunities for the 2019 financial year has changed since the presentation of Annual Report 2018 as follows.

*Economic risks*

Along with significant progress in the trade talks between the United States and China and the prospect of an imminent deal, the probability of renewed escalation of the trade dispute and the resulting risks have diminished for the time being. On the other hand, the US government's threat to impose tariffs on vehicles and parts imported from other markets, including the European Union, is still on the table, even though official trade talks between the US and the EU have become more likely.

*Risks from legal proceedings in connection with diesel exhaust gas emissions – Governmental proceedings*

As already reported, currently Daimler is subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, securities, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions.

Several federal and state authorities and other institutions worldwide have inquired about and/or are conducting investigations and/or proceedings, and/or have issued administrative orders. These particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant federal and state authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, securities, criminal and antitrust laws. These authorities include, amongst others, the U.S. Department of Justice ("DOJ"), which has requested that Daimler conduct an internal investigation, the U.S. Environmental Protection Agency ("EPA"), the California Air Resources Board ("CARB") and other US state authorities, the U.S. Securities and Exchange Commission ("SEC"), the European Commission, the German Federal Cartel Office ("Bundeskartellamt") as well as national antitrust authorities and other authorities of various foreign states as well as the German Federal Financial Supervisory Authority ("BaFin"), the German Federal Ministry of Transport and Digital Infrastructure ("BMVI") and the German Federal Motor Transport Authority ("KBA"). In the course of its formal investigation into possible collusion on clean emission technology, the European Commission, in April 2019, has sent a statement of objections to Daimler and other automobile manufacturers. In this context, some time ago Daimler has filed a leniency application with the European Commission. The Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising, and, in May 2017, searched the premises of Daimler at several locations in Germany. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense in this regard. Daimler continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation, it is possible that further regulatory, criminal and administrative investigative and enforcement actions and measures relating to Daimler and/or its employees will be taken or administrative orders will be issued, such as subpoenas, i.e. legal instructions issued under penalty of law in the process of taking evidence, or other requests for documentation, testimony or other information, further search warrants, a notice of violation or an increased formalization of the governmental investigations, coordination or proceedings, including the resolution of proceedings by way of a settlement. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

In the second and third quarter of 2018, KBA issued administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz Diesel vehicles are to be qualified as impermissible defeat devices and ordered subsequent auxiliary provisions for the respective EU type approvals in this respect, including a stop of the first registration and mandatory recall. Daimler filed timely objections against such administrative orders in order to have the open legal issues resolved, if necessary by a court of law. In the course of its regular market supervision, KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In April 2019 KBA initiated a hearing with respect to a thermostat function in the emission control system and with reference to a GLK model with Euro 5 standard. It cannot be ruled out that in the course of further investigations KBA will issue additional administrative orders making similar findings. Daimler has (in view of KBA's interpretation of the law as a precaution) implemented a temporary delivery and registration stop with respect to certain models and reviews constantly whether it can lift this delivery and registration stop in whole or in part. The new calibration requested by KBA in its administrative order of the second quarter of 2018 has meanwhile been completed and the relevant software has been approved by KBA; the related recall has in the meantime been initiated. It cannot be ruled out, however, that further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure under the relevant circumstances. Daimler has initiated further investigations and otherwise continues to fully cooperate with the authorities and institutions.

In January 2019, another vehicle manufacturer reached civil settlements with US and state authorities, as well as with vehicle customers. Although the manufacturer did not admit liability, the authorities maintain the position that the manufacturer included undisclosed Auxiliary Emission Control Devices (AECDs) in its diesel vehicles, apparently including functionalities that are common in diesel vehicles, and that certain of these AECDs are to be perceived as illegal defeat devices. As part of these settlements, the manufacturer will, among other things, pay civil penalties, undertake a recall of affected vehicles, provide extended warranties, undertake a nationwide mitigation project and make other payments. The manufacturer will furthermore provide payments to current and former diesel vehicle owners as part of a class action settlement.

In light of these matters and in light of the ongoing governmental information requests, inquiries, investigations, administrative orders and proceedings, as well as our own internal investigations, and the technical Compliance Management System (tCMS), which is and continues to be implemented to address the specific risks associated with the product development process throughout the group and is designed particularly to also provide guidance – taking into account technical and legal aspects – with regard to the complex interpretation of regulations, it cannot be ruled out that authorities will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the group have impermissible functionalities and/or calibrations and/or that certain functionalities and/or calibrations were not properly disclosed. Furthermore, the authorities have increased scrutiny of Daimler's processes regarding running-change, field-fix and defect reporting as well as other compliance issues. The inquiries, investigations, legal actions and proceedings as well as the replies to the governmental information requests, the objection proceedings against KBA's administrative orders and our internal investigations are still ongoing and open; hence, Daimler cannot predict the outcome at this time. If these or other information requests, inquiries, investigations, administrative orders and proceedings result in unfavorable findings, an unfavorable outcome or otherwise develop unfavorably, Daimler could be subject to significant monetary penalties, fines, remediation requirements, further vehicle recalls, further registration and delivery stops, process and compliance improvements, mitigation measures and the early termination of promotional loans, and/or other sanctions, measures and actions, including further investigations and/or administrative orders by these or other authorities and additional proceedings. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative determinations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies – or also plaintiffs – could also adopt such determinations or findings, even if such determinations or findings are not within the scope of such authority's responsibility or jurisdiction. Thus, a negative determination or finding in one proceeding carries the risk of being able to have an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings, including lawsuits.

In addition, Daimler's ability to defend itself in proceedings could be impaired by unfavorable findings, results or developments in any of the information requests, inquiries, investigations, administrative orders, legal actions and/or proceedings discussed above.

*Risks from legal proceedings in connection with diesel exhaust gas emissions – Court proceedings*

A consumer class-action lawsuit is pending in the United States in which it is alleged that Daimler AG and MBUSA conspired with Robert Bosch LLC and Robert Bosch GmbH (collectively, "Bosch") to deceive US regulators and consumers. A separate lawsuit was filed in January 2019 by the State of Arizona alleging that Daimler AG and MBUSA deliberately deceived consumers in connection with the advertising of Mercedes-Benz diesel vehicles. Consumer class-action lawsuits containing similar allegations were filed against Daimler AG and other companies of the Group in Canada in April 2016, and against Daimler AG in Israel in February 2019. A similar class action was filed in the United States in July 2017, but in December 2017, the parties stipulated to dismiss that lawsuit without prejudice. It may be filed again under specific conditions. Furthermore, class actions have been filed in the United States and Canada alleging anti-competitive behavior relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology. A securities class action lawsuit is pending in the United States on behalf of investors in Daimler AG American Depositary Receipts which alleges that the defendants made materially false and misleading statements about diesel emissions in Mercedes-Benz vehicles. Daimler AG and the respective other affected companies of the Group regard these lawsuits as being without merit and will defend against the claims.

In Germany, a multitude of lawsuits by customers alleging violations of warranty and tort laws as well as individual lawsuits by investors alleging the violation of disclosure requirements are pending. At the end of December 2018, the regional court of Stuttgart published in the claims register an investor's motion to initiate a model proceeding in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG) alleging the violation of ad hoc disclosure requirements. Currently, no model proceeding is pending. Daimler AG also regards these lawsuits as being without merit and will defend against the claims.

If court proceedings have an unfavorable outcome for Daimler, this could result in significant damages and punitive damages payments, remedial works or other cost-intensive measures. Court proceedings can in part also have an adverse effect on the reputation of the Group.

Furthermore, Daimler's ability to defend itself in the court proceedings could be impaired by unfavorable findings, results or developments in any of the governmental proceedings discussed above.

*Risks from other legal proceedings*

Following the settlement decision by the European Commission adopted on July 19, 2016 concluding the trucks antitrust proceedings, Daimler AG faces customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler takes appropriate legal remedies to defend itself.

As legal proceedings are fraught with a large degree of uncertainty, it is possible that after their final resolution, some of the provisions we have recognized for them could prove to be insufficient. As a result, substantial additional expenditures may arise. This also applies to legal proceedings for which the Group has seen no requirement to recognize a provision.

It cannot be ruled out that the regulatory risks and risks from legal proceedings discussed above individually or in the aggregate may materially adversely impact our profitability and financial position.

Although the final result of any such litigation may influence the Group's earnings and cash flows in any particular period, Daimler believes that any resulting obligations are unlikely to have a sustained effect on the Group's financial position.

Further information on legal proceedings is provided in Note 30 of the Notes to the Consolidated Financial Statements of the Annual Report 2018.

## Outlook

Key leading indicators have continued to worsen in the first three months of the year, so the slowdown in growth of the **world economy** is likely to continue for the time being. Current growth forecasts for global gross domestic product (GDP) in full-year 2019 continue to be somewhat below the 3% mark. The US economy should continue its expansion at a slightly lower rate in view of the expiring fiscal stimulus and higher interest rates. Thanks to the continuation of stable domestic demand, growth should remain rather below 2.5% but above its growth potential. Most indicators for the economy of the European Monetary Union point to a noticeable slowdown. Despite ongoing solid domestic demand, growth is likely to slow to only about 1% as a result of weaker foreign trade. The German economy is expected to grow at a rate of distinctly less than 1%. In view of the continuing uncertainty in connection with the United Kingdom's intended withdrawal from the EU, growth of the British economy is likely to remain subdued and below the already weak previous year at just over 1%. The further development of the Chinese economy depends to a large extent on whether a solution can be found to the trade conflict with the United States and to what extent the stimulus measures introduced by the government can support growth. However, most analysts continue to anticipate stabilization and expect overall GDP growth to remain solid at rather more than 6%. Overall, the South American economy should develop better than in the previous year but GDP growth is likely to remain low at just over 1.5%. This also applies to Brazil, where the economic recovery is expected to be rather weak compared with earlier upswings, with growth of only about 1.5%. In Eastern Europe, growth is likely to weaken further. In addition to the recession in Turkey, growth in Russia, the region's largest market, is also expected to decline.

Worldwide **demand for cars** in 2019 should remain at the level of the previous year. The European market is also expected to be in the magnitude of 2018. In Western Europe, we expect demand to remain more or less unchanged in view of the above-average market level that has meanwhile returned. The largest single market, Germany, should also develop stably at the previous year's level. The car market in Eastern Europe is also expected to remain stable. Despite weaker momentum, the Russian market should still expand slightly, while a sharp decline is expected in Turkey.

The US market for cars and light trucks is likely to contract slightly from a high level. After a weak start to the year, the Chinese car market should stabilize as the year progresses. For the year as a whole, however, the previous year's volume is unlikely to be reached. Demand in India should develop stably. In Japan, we also expect the market level to remain unchanged.

Demand for **medium- and heavy-duty trucks** is likely to be varied in the regions relevant to us, but overall, we anticipate the continuation of favorable market conditions.

In the NAFTA region, we assume that the truck market in weight classes 6 to 8 will approximately maintain the high level of the previous year.

Despite generally weaker economic growth, we expect demand in the EU30 region to remain at the high level of 2018. In Brazil, the market is expected to continue its recovery with a significant increase in truck sales. The Turkish market, however, is likely to contract again significantly as a result of the country's economic recession. We anticipate a slight increase in demand for trucks in Russia.

In the Japanese market for light-, medium- and heavy-duty trucks, we assume that demand will remain stable at an ongoing solid level. For the Indonesian truck market as a whole, we expect a stable development. In India, sales of medium- and heavy-duty trucks should remain at about the same level after the strong increase of the previous year. In the Chinese market, a significant decrease is expected from an exceptionally high level.

For the EU30 region in the year 2019, we expect slight growth in the combined segment of midsize and large **vans**. We anticipate a market volume at the prior-year level in the market for small vans and in the segment of midsize pickups. In the United States, demand for large vans should also be at the prior-year level. The market for large vans in Latin America should continue to recover in 2019. In China, we expect a market volume at the prior-year level in the segment for midsize vans that we address there.

We expect the market volume for **buses** in the EU30 region to be slightly larger than in 2018. In Latin America (excluding Mexico), we assume that the situation will improve due to the slight market recovery in Brazil; however, growth in Latin America will continue to be negatively affected by the economic crisis in Argentina.

On the basis of the assumptions presented above for the development of the markets important for us and of the divisions' current assessments, Daimler expects to slightly increase its **total unit sales** in the year 2019.

**Mercedes-Benz Cars** plans to increase its unit sales slightly in full-year 2019 compared with 2018. Our sales development will be significantly affected by the lifecycles of certain model series. Overall, Mercedes-Benz Cars intends to launch more than a dozen new and upgraded models in 2019. There should be a positive impact on unit sales above all from our new compact cars, including the new B-Class, the A-Class sedan and the new GLB, which is the eighth model in the compact-car segment. We continue to expect sales stimulus also in the in the high-growth segment of SUVs. Contributions are likely to come from the new GLE and the new GLS, as well as from the upgrade of the popular GLC. Mercedes-AMG should continue to be a guarantee for our success in the high-performance segment in 2019: More and more customers are enthusiastic about the attractive and wide range of vehicles offered by our sports-car and performance brand, which we are continuously developing further. The battery-powered smart models make entry into electric mobility more attractive than ever before. They combine the agility of the smart with local emission-free driving – the ideal combination for urban mobility.

**Daimler Trucks** anticipates further growth in total unit sales in 2019, with a slight increase compared with the previous year. In both the NAFTA region and the EU30 region, we expect to slightly increase our unit sales compared with 2018. In Japan, we assume that our sales will be roughly at the prior-year level. In Brazil, we expect our sales volumes to significantly exceed the low level of the previous year. We expect our sales in India also to exceed the prior-year level. Due to the continuation of considerable economic uncertainty, we anticipate a significant decline in unit sales in Turkey. We expect our unit sales to decrease also in Indonesia.

**Mercedes-Benz Vans** now plans to achieve slight growth in unit sales in 2019. In addition to the United States, we anticipate growth especially also in the EU30 region. In particular the new Sprinter, which was launched in mid-2018, is expected to contribute to increased unit sales in 2019.

**Daimler Buses** expects to maintain its market leadership in its most important traditional core markets for buses above eight tons. For the year 2019, we anticipate significant growth in overall unit sales. We assume that unit sales will increase slightly in the EU30 region and significantly in India. Unit sales in Latin America (excluding Mexico) are expected to be at the prior-year level.

**Daimler Financial Services** anticipates a slight increase in new business and further growth in contract volume in the year 2019. This will be driven primarily by the development of unit sales in the vehicle divisions. In addition, we will utilize new market potential through efficiency enhancements in the traditional sales channels and the development of new digital possibilities for customer contacts and in fleet management.

Based on the overall slight increase in unit sales anticipated for the Daimler Group, we assume that **Group revenue** will also grow slightly in 2019. At Mercedes-Benz Cars, additional revenue growth should be driven in 2019 above all by the new A-Class and B-Class, as well as by the G-Class and the GLE. On the other hand, expected exchange-rate developments and lifecycle effects for some car models as well as a changed sales structure will have a dampening effect on revenue. Against this background, Mercedes-Benz Cars anticipates a slight increase in revenue in 2019. Due to generally favorable market conditions and positive sales expectations, Daimler Trucks also anticipates slight revenue growth. The Mercedes-Benz Vans and Daimler Buses divisions expect significant growth in revenue. Daimler Financial Services anticipates a slight increase.

On the basis of the market development we anticipate and the current assessments of our divisions, we assume that **Group EBIT** in 2019 will be slightly higher than in the previous year.

The individual divisions have the following expectations for returns in the year 2019:
– Mercedes-Benz Cars: return on sales of 6% to 8%,
– Daimler Trucks: return on sales of 7% to 9%,
– Mercedes-Benz Vans: return on sales of 0% to 2%,
– Daimler Buses: return on sales of 5% to 7% and
– Daimler Financial Services: return on equity of 17% to 19%.

Against the background of expenses for the adjustment of production capacities in Russia and Argentina, in connection with the start of production of the Sprinter in Charleston, USA, as well as for ongoing governmental proceedings and measures taken for diesel vehicles, the Mercedes-Benz Vans division has adjusted its expected return on sales for the year 2019. After examining the profitability and in alignment with the cooperating partner, it was decided not to produce the Mercedes-Benz X-Class in Argentina.

The generally moderate development of earnings in the automotive divisions will affect the free cash flow of the industrial business. There will be a negative effect from the continuing high advance expenditure for new products and technologies. In addition, there will be costs for Project Future for the implementation of the new Group structure. Under these conditions, we assume that the **free cash flow of the industrial business** should be slightly higher than in the previous year.

Against the backdrop of further efficiency progress within the framework of the medium- and long-term measures for structural improvements in our business processes, we assume that our growth targets can be achieved with only a slight increase in the size of the **workforce**.

**Forward-looking statements:**
This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperation and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in the current Annual Report. If any of these risks and uncertainties materialize 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.

# Mercedes-Benz Cars

**555,300 vehicles sold in the first quarter (Q1 2018: 594,300)**
**Record first-quarter unit sales of the new A-Class und G-Class**
**New CLA generation presented in Las Vegas and Geneva**
**EBIT significantly below prior-year level at €1,298 million (Q1 2018: €2,060 million)**

**D.01** Q1

| € amounts in millions | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Revenue | 21,200 | 22,998 | -8 |
| EBIT | 1,298 | 2,060 | -37 |
| Return on Sales (in %) | 6.1 | 9.0 | . |
| Unit sales | 555,312 | 594,299 | -7 |
| Production | 614,094 | 608,071 | +1 |
| Employees | 146,286 | 145,436 [1] | +1 |

1 As of December 31, 2018

**D.02** Q1

| Unit sales | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Total | 555,312 | 594,299 | -7 |
| Europe | 235,298 | 244,178 | -4 |
| thereof Germany | 78,084 | 78,547 | -1 |
| United States | 64,259 | 70,490 | -9 |
| China | 173,152 | 178,817 | -3 |
| Other markets | 82,603 | 100,814 | -18 |

**More than 555,300 vehicles delivered in the first quarter**
Unit sales of 555,300 vehicles by Mercedes-Benz Cars in the first quarter of 2019 were below the high level of the prior-year period, primarily due to model changes (-7%). Revenue decreased by 8% to €21.2 billion. EBIT amounted to €1,298 million (Q1 2018: €2,060 million) and the division's return on sales was 6.1% (Q1 2018: 9.0%).

In Europe, 235,300 automobiles of the Mercedes-Benz and smart brands were sold (-4%), of which 78,100 were sold in Germany, the domestic market (-1%). In China, the biggest sales market for Mercedes-Benz Cars, 173,200 units were sold in the first three months of this year (-3%). Sales in the United States decreased to 64,300 units (-9%).

**Record sales of the A-Class and G-Class**
In the first quarter of 2019, 108,800 units were sold of the A-Class and the other compact cars – the B-Class, the CLA and the CLA Shooting Brake (+11%) – a new record for the first quarter of a year. The A-Class continued along its successful path with an increase of 16% and its best-ever first quarter. Sales of 178,600 SUVs were 16% lower than in the same period of last year. Nonetheless, in the first three months of the year, every third Mercedes-Benz vehicle sold was once again an SUV. The G-Class posted a 53% increase in unit sales and thus its highest ever unit sales in a first quarter. Sales of the C-Class sedan and wagon models totaled 93,800 units (-8%). 87,200 units of the E-Class sedan and wagon were delivered (-4%). The long-wheelbase version of the E-Class sedan was especially popular once again in the first quarter, setting a new sales record (+21%). 16,000 S-Class sedans were sold (-24%). With sales of 30,300 units, the smart brand achieved the high level of the prior-year period.

**World premiere for the CLA Coupe and CLA Shooting Brake**
At the start of 2019, a highlight on the road to future mobility attracted great attention. For the first time, Mercedes-Benz Cars presented the world premiere of a series-production vehicle at the CES electronics trade fair in Las Vegas: the CLA Coupe with its enhanced infotainment system MBUX (Mercedes-Benz User Experience). We are thus offering an innovation in the CLA that had its world premiere at the CES in 2018 and which already one year later offers additional functions such as the MBUX interior assistant and augmented reality for navigation.

Mercedes-Benz presented six world premieres at the 89th Geneva Motor Show – from the new CLA Shooting Brake to the electrified van Concept EQV and the upgraded GLC. The Formula E show car and the smart forease+ were also on show for the first time.

# Daimler Trucks

**Unit sales around prior-year level at 115,900 vehicles (Q1 2018: 113,800)**
**Important steps towards partially automated driving**
**Further FUSO eCanter trucks handed over to customers**
**Slight decrease in EBIT to €582 million (Q1 2018: €647 million)**

**D.03** Q1

| € amounts in millions | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Revenue | 9,546 | 8,619 | +11 |
| EBIT | 582 | 647 | -10 |
| Return on Sales (in %) | 6.1 | 7.5 | . |
| Unit sales | 115,920 | 113,846 | +2 |
| Production | 125,599 | 120,770 | +4 |
| Employees | 84,324 | 82,953 [1] | +2 |

1 As of December 31, 2018

**D.04** Q1

| Unit sales | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Total | 115,920 | 113,846 | +2 |
| EU30[1] | 18,967 | 17,250 | +10 |
| NAFTA | 47,825 | 40,822 | +17 |
| Latin America (excl. Mexico) | 8,677 | 9,370 | -7 |
| Asia | 34,307 | 37,675 | -9 |
| Other markets | 6,144 | 8,729 | -30 |
| BFDA (Auman Trucks) | 22,675 | 24,009 | -6 |
| Total (incl. BFDA) | 138,595 | 137,855 | +1 |

1 European Union, Switzerland and Norway

**Stable sales development in the first quarter**
Daimler Trucks recorded first-quarter unit sales of 115,900 vehicles (Q1 2018: 113,800) and its revenue for the period rose to €9.5 billion (Q1 2018: €8.6 billion). EBIT of €582 million was lower than in the first quarter of last year (Q1 2018: €647 million). The division's return on sales was 6.1% (Q1 2018: 7.5%).

**Regionally varied business development**
In the NAFTA region, we were able to increase our sales significantly to 47,800 units (Q1 2018: 40,800). We continue to be the market leader in weight classes 6 to 8 with a market share of 43.0% (Q1 2018: 41.5%). Daimler Trucks achieved significant growth also in Brazil with an increase of 51% to sales of 6,100 units. We achieved market leadership in the medium- and heavy-duty segment also in Brazil, with a share of 30.5% (Q1 2018: 29.4%).

In the EU30 region (European Union, Switzerland and Norway), our unit sales increased to 19,000 trucks and were thus significantly higher than in the prior-year quarter (Q1 2018: 17,300). In this region, we are the market leader in the medium- and heavy-duty segment with Mercedes-Benz, taking a share of 19.6% in the first quarter (Q1 2018: 18.3%). In Germany, we sold 6,600 trucks, also significantly more than in the prior-year period (Q1 2018: 6,100). Unit sales in Turkey continued to be strongly affected by considerable economic uncertainty and decreased to 500 vehicles (Q1 2018: 1,800).

Our sales in Asia decreased to 34,300 units (Q1 2018: 37,700). The development was especially pronounced in Indonesia, with a decrease to 7,800 units (Q1 2018: 12,500). In Japan, we sold 11,000 trucks, which is also fewer than in the prior-year quarter (Q1 2018: 12,000). We achieved a market share in the overall Japanese truck market of 17.0% with the FUSO brand (Q1 2018: 18.7%). Sales in India decreased to 5,500 units (Q1 2018: 6,200). The market share of our BharatBenz brand in the segment of upper medium- and heavy-duty trucks in India amounted to 6.0% (Q1 2018: 8.7%). Sales of Auman trucks by our joint venture in China, BFDA, decreased to 22,700 units (Q1 2018: 24,000).

**Daimler Trucks moves forward with automated driving**
At the Consumer Electronics Show (CES) in Las Vegas, Daimler Trucks presented the first partially automated truck (Level 2) in series production in North America. Level 2 automated driving is to be on the market in the new Freightliner Cascadia, the new Mercedes-Benz Actros and FUSO Super Great before the end of 2019. With the acquisition of a majority interest in Torc Robotics, a pioneer in the field of autonomous driving, we are creating an effective and innovative team to put highly automated trucks (Level 4) on the road. The combination of Torc Robotics' know-how in agile software development and our expertise with reliable and safe trucks creates a strong partnership.

**FUSO eCanter for Penske Truck Leasing and DB Schenker**
Daimler Trucks handed over FUSO eCanter vehicles to Penske Truck Leasing in the United States and to DB Schenker in Germany and France in the first quarter of 2019. With the new FUSO eCanter trucks, Penske has expanded its fleet with the third electric model from Daimler Trucks, following Freightliner eCascadia and eM2 vehicles. For DB Schenker, the FUSO eCanter is now also on the roads in Paris, Frankfurt and the Stuttgart area.

**Strategic further development of Fleetboard**
In the digital era, software services are increasingly becoming a part of the core business of Daimler Trucks, and are inextricably linked with vehicle development and customer support.
In addition to its current service portfolio, Fleetboard is working systematically on new digital solutions for its customers: Daimler Fleetboard took over the habbl logistics application from Eikona AG in the first quarter. This software allows trucks to be easily integrated into the dispatching process, provides order data and eases communication with the drivers.

# Mercedes-Benz Vans

**Record sales for a first quarter of 97,000 units (Q1 2018: 93,000)**
**Strong growth for the Sprinter (+20%)**
**Model upgrade for the V-Class and world premiere of the Concept EQV**
**EBIT significantly below the prior-year level at minus €98 million (Q1 2018: plus €172 million)**

**D.05** Q1

| € amounts in millions | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Revenue | **3,369** | 3,098 | +9 |
| EBIT | **-98** | 172 | . |
| Return on Sales (in %) | **-2.9** | 5.6 | . |
| Unit sales | **97,038** | 93,016 | +4 |
| Production | **111,598** | 109,996 | +1 |
| Employees | **26,564** | 26,210 [1] | +1 |

1 As of December 31, 2018

**D.06** Q1

| Unit sales | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Total | **97,038** | 93,016 | +4 |
| EU30 | **66,557** | 60,418 | +10 |
| thereof Germany | **22,384** | 22,343 | +0 |
| NAFTA | **11,671** | 11,272 | +4 |
| thereof United States | **8,846** | 8,750 | +1 |
| Latin America (excluding Mexico) | **4,174** | 3,821 | +9 |
| Asia | **8,971** | 9,253 | -3 |
| thereof China | **6,131** | 6,540 | -6 |
| Other markets | **5,665** | 8,252 | -31 |

**New record for first-quarter unit sales**
Mercedes-Benz Vans increased its first-quarter sales by 4% to 97,000 vehicles, achieving its best ever unit sales for a first quarter. Revenue increased by 9% compared with the first quarter of last year to €3.4 billion. EBIT amounted to minus €98 million, which is significantly lower than in the prior-year period (Q1 2018: plus €172 million). The division's return on sales was minus 2.9% (Q1 2018: plus 5.6%).

**Mercedes-Benz Vans continues along its growth path**
In the EU30 region, we achieved best-ever unit sales in a first quarter. Sales of 66,600 vehicles were significantly higher than in the same period of last year (Q1 2018: 60,400). Mercedes-Benz Vans achieved significant growth for example in the United Kingdom (+58%) and in France (+14%). In the important German market, the van division also set a new first-quarter record with sales of 22,400 units (Q1 2018: 22,300).

Sales of 11,700 units in the NAFTA region were slightly higher than in the prior-year quarter (Q1 2018: 11,300), with an increase of 1% to 8,800 units in the United States. The development in Latin America was also positive: First-quarter sales there increased significantly to 4,200 units (Q1 2018: 3,800). In China, unit sales decreased by 6% to 6,100 vehicles. Unit sales were significantly lower than in the first quarter of last year also in Russia and in a difficult market environment in Turkey.

Mercedes-Benz Vans achieved pleasing sales growth with the Sprinter. Worldwide sales increased compared with the prior-year quarter by 20% to 49,400 units. In the midsize segment, we had a sales decrease from 42,700 to 38,400 vans. 24,800 units of the Vito were sold (Q1 2018: 27,000) and 13,600 of the V-Class multipurpose vehicle (Q1 2018: 15,700). Sales of the Mercedes-Benz Citan reached 5,500 units (Q1 2018: 5,900). Of the X-Class, which was launched in late 2017, we sold 3,700 units in the first quarter (Q1 2018: 3,200).

**The new Mercedes-Benz V-Class**
In early 2019, the upgraded V-Class had its world premiere, making the multipurpose vehicle from Mercedes-Benz even more stylish and dynamic. The focus was on a revised front design, the introduction of the OM654 four-cylinder diesel engine and the 9G-TRONIC automatic transmission, as well as updated safety and assistance systems, including the active brake assistant. Whether in terms of style and quality, performance and efficiency, or safety – the Marco Polo family based on the V-Class also benefits directly from the first model upgrade of the Mercedes-Benz multipurpose vehicle.

**World premiere of the Concept EQV**
At the Geneva Motor Show, Mercedes-Benz Vans presented the Concept EQV, the world's first purely battery-electric multipurpose vehicle in the premium segment. The vehicle has a range of up to 400 kilometers, although the usable interior space is unchanged from that of a conventional V-Class. With the Concept EQV, Mercedes-Benz Vans is systematically continuing with the electrification of its product portfolio. The series-produced model is to be presented to the public already at this year's Frankfurt Motor Show.

**Handover of the first eVito and eSprinter vans to Hermes Germany**
In Hamburg, the first 20 eVito vans from series production and eight eSprinter pilot vehicles were handed over to Hermes Germany. Hermes is the first major commercial cooperation partner for the nationwide use of electric vans. Electric deliveries in an urban environment have been taking place in the two pilot cities Hamburg and Stuttgart since the year 2018, and are to be systematically extended to other inner cities with the successive delivery of 1,500 battery-electric vans in the coming years.

# Daimler Buses

**Slight decrease in unit sales to 5,500 buses and bus chassis**
**Daimler Buses acquires a stake in IVU Traffic Technologies AG**
**Orders for city buses from Poland**
**EBIT significantly below prior-year level at minus €21 million (Q1 2018: plus €37 million)**

**D.07** Q1

| € amounts in millions | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Revenue | 785 | 850 | -8 |
| EBIT | -21 | 37 | . |
| Return on Sales (in %) | -2.7 | 4.4 | . |
| Unit sales | 5,526 | 5,744 | -4 |
| Production | 6,972 | 6,924 | +1 |
| Employees | 18,684 | 18,770 [1] | -0 |

1 As of December 31, 2018

**D.08** Q1

| Unit sales | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Total | 5,526 | 5,744 | -4 |
| EU30 | 919 | 1,367 | -33 |
| thereof Germany | 342 | 422 | -19 |
| Latin America (excluding Mexico) | 3,163 | 3,109 | +2 |
| thereof Brazil | 2,228 | 1,856 | +20 |
| Mexico | 382 | 453 | -16 |
| Asia | 846 | 580 | +46 |
| Other markets | 216 | 235 | -8 |

**Unit sales slightly below prior-year level**
Unit sales by Daimler Buses decreased by 4% to 5,500 buses and bus chassis in the first quarter of 2019. Revenue of €0.8 billion was significantly lower than in the prior-year period (Q1 2018: €0.9 billion). The division's EBIT amounted to minus €21 million (Q1 2018: plus €37 million) and its return on sales was –2.7% (Q1 2018: +4.4%).

**Positive sales development in Brazil**
The revival of the Brazilian market is continuing. At 2,200 units, our sales there were 20% above the prior-year level. Due in particular to the ongoing difficult economic situation in Argentina, Daimler Buses' unit sales in Latin America (excluding Mexico) increased by only 2% to 3,200 chassis. In Mexico, we recorded a noticeable decline to 400 units in the first quarter (Q1 2018: 500), while sales in India increased significantly by 46% to 500 units.

In the EU30 region, Daimler Buses sold 900 complete buses and bus chassis of the Mercedes-Benz and Setra brands in the first quarter. This was a significant decrease compared with the first quarter of last year (-33%) and was mainly the result of delivery delays due to a changed internal certification process for coaches and inter-city buses. Sales in Germany decreased from 400 to 300 units, but we maintained our market leadership in the domestic market.

**Daimler Buses acquires a 5.25% stake in IVU**
Daimler Buses is investing in digital mobility and has acquired a 5.25% equity interest in Berliner IVU Traffic Technologies AG (IVU), one of the leading companies for the development of operational management software for public transport. In the context of this strategic partnership, Daimler Buses and IVU are cooperating for example on closely linking the all-electric Mercedes-Benz eCitaro with operational management. Through the cooperation with IVU, software solutions are to be developed for public-transport operators that can be practically implemented in existing systems.

**All-electric Mercedes-Benz eCitaro for Berlin and Heidelberg**
The first all-electric Mercedes-Benz eCitaro buses from series production are on the roads in Berlin and Heidelberg. In Berlin, the first battery-electric city bus from a series of 15 was officially handed over to the public-transport operator Berliner Verkehrsbetriebe (BVG). And the public-transport operator Rhein-Neckar-Verkehr GmbH (rnv) received three Mercedes-Benz eCitaros for the first fully electric bus routes in the city of Heidelberg.

**Sustainability prize for Mercedes-Benz city buses and Setra coach**
The all-electric Mercedes-Benz eCitaro, the Mercedes-Benz Citaro hybrid and the Setra TopClass S 531 DT double-decker were voted winners by the jury of the International Bus Planner Sustainability Prize in their respective categories.

**Daimler Buses receives orders from Poland**
In Poland, Daimler Buses received an order in the first quarter of 2019 to supply 48 Mercedes-Benz Citaro city buses in Danzig and an order for 50 Citaro G articulated buses in Breslau.

# Daimler Financial Services

**New business down by 3%**
**Growth in contract volume to €157 billion**
**Closing of agreement for mobility joint venture with BMW**
**EBIT significantly above prior-year level at €1,209 million (Q1 2018: €548 million)**

**D.09** **Q1**

| € amounts in millions | Q1 2019 | Q1 2018 | % change |
|---|---|---|---|
| Revenue | 6,881 | 6,255 | +10 |
| EBIT | 1,209 | 548 | +121 |
| Return on equity (in %) | 35.7 | 17.9 | . |
| New business | 17,324 | 17,861 | -3 |
| Contract volume | 157,367 | 154,072 [1] | +2 |
| Employees | 12,733 | 14,070 [1] | -10 |

1 As of December 31, 2018

**Slight decrease in worldwide new business**
Daimler Financial Services' new business decreased slightly in the first quarter of 2019 as a result of lower unit sales by the vehicle divisions. Worldwide, 472,000 new leasing and financing contracts worth €17.3 billion were concluded, which is 3% lower than in the prior-year period. Contract volume at the end of March amounted to €157.4 billion and was thus 2% above the level of year-end 2018. EBIT including the gain of €718 million recognized on the merger of the mobility services of Daimler and BMW amounted to €1,209 million (Q1 2018: €548 million) and return on equity was 35.7% (Q1 2018: 17.9%).

**New business in the Europe region at the prior-year level**
In the whole of Europe, 229,000 leasing and financing contracts were signed in the first quarter (-2%). New business of €7.4 billion was at the level of the prior-year period (-2%). Contract volume in Europe amounted to €65.1 billion, and was thus at the level of year-end 2018 (+2%). At the end of the first quarter, Athlon and Daimler Fleet Management had 396,000 contracts on their books. Contract volume amounted to €6.6 billion.

**Stable growth in the Americas**
In the Americas region, leasing and financing contracts with a total value of €5.4 billion were concluded in the first quarter of 2019 (+2%). Contract volume in the Americas region of €57.1 billion at the end of March was at the same level as at the end of 2018 (+2%).

**Africa & Asia-Pacific and China: decrease in new business**
New business in the Africa & Asia-Pacific region (excluding China) amounted to €1.9 billion in the first quarter of 2019 (-12%). Contract volume in the region amounted to €18.5 billion at the end of March (+1%).

In China, 87,000 new leasing and financing contracts were concluded in the first quarter (-4%), worth €2.6 billion (-9%). Contract volume amounted to €16.5 billion at the end of March, which is 7% higher than at the end of 2018.

**Ongoing positive development of the insurance business**
In the insurance business, Daimler Financial Services brokered 539,000 contracts in the first quarter of this year (+3%). The development was especially positive in China (+24%) and Spain (+106%).

**Closing of agreement for mobility joint venture with BMW**
Daimler AG and the BMW Group have combined their mobility services and established a network of joint ventures. The transaction was closed on January 31, 2019. The network includes the five joint ventures REACH NOW (a platform for on-demand mobility and multimodality), CHARGE NOW (charging), FREE NOW (ride hailing), PARK NOW (parking) and SHARE NOW (car sharing). The BMW Group and Daimler AG hold equal stakes in the individual joint ventures. The mobility offerings of BMW and Daimler have built up a strong customer base since they were founded and today have approximately 66 million customers.

**Acquisition of a stake in heycar**
Through its Daimler Financial Services division, Daimler has completed the acquisition of an interest in heycar, a used-car platform. The acquisition took place by way of a capital increase. The investment gives Mercedes-Benz dealers and the Mercedes-Benz Bank access to a successfully established marketing platform and thus to a new attractive sales channel for high-quality used vehicles and financial-services products.

**New digital insurance solution for more mobility**
In February, Daimler Insurance Services GmbH launched CoverOn, offering short-term insurance for all vehicle brands. With CoverOn, additional drivers can be insured quickly and flexibly for a period of 30 minutes to 27 days. Conclusion of the insurance agreement as well as payment and settlement in the event of damage are completely digital.

# Consolidated Statement of Income Q1

**E.01**

| In millions of euros | Q1 2019 | Q1 2018 |
|---|---|---|
| Revenue | 39,698 | 39,785 |
| Cost of sales | -32,127 | -31,160 |
| **Gross profit** | 7,571 | 8,625 |
| Selling expenses | -3,151 | -3,097 |
| General administrative expenses | -1,019 | -971 |
| Research and non-capitalized development costs | -1,704 | -1,712 |
| Other operating income | 1,217 | 331 |
| Other operating expense | -225 | -293 |
| Gains on equity-method investments, net | 262 | 343 |
| Other financial income/expense, net | -153 | 105 |
| Interest income | 79 | 55 |
| Interest expense | -254 | -139 |
| **Profit before income taxes**[1] | 2,623 | 3,247 |
| Income taxes | -474 | -893 |
| **Net profit** | 2,149 | 2,354 |
| thereof profit attributable to non-controlling interests | 54 | 81 |
| thereof profit attributable to shareholders of Daimler AG | 2,095 | 2,273 |
| | | |
| **Earnings per share (in euros)** for profit attributable to shareholders of Daimler AG | | |
| **Basic** | 1.96 | 2.12 |
| **Diluted** | 1.96 | 2.12 |

1 The reconciliation of Group EBIT to profit before income taxes is presented in Note 19.

# Consolidated Statement of Comprehensive Income/Loss Q1

E.02

| In millions of euros | Q1 2019 | Q1 2018 |
|---|---|---|
| **Net profit** | **2,149** | 2,354 |
| Gains/losses on currency translation | 763 | -333 |
| Gains/losses on debt instruments | 7 | -5 |
| Gains/losses on derivative financial instruments | -683 | -91 |
| Gains/losses on equity-method investments | -17 | 2 |
| **Items that may be reclassified to profit/loss** | **70** | -427 |
| Actuarial gains/losses from pensions and similar obligations | -312 | -164 |
| Gains/losses on equity instruments | 28 | -7 |
| **Items that will not be reclassified to profit/loss** | **-284** | -171 |
| **Other comprehensive income/loss, net of taxes** | **-214** | -598 |
| thereof income/loss attributable to non-controlling interests, after taxes | 27 | 6 |
| thereof income/loss attributable to shareholders of Daimler AG, after taxes | -241 | -604 |
| **Total comprehensive income/loss** | **1,935** | 1,756 |
| thereof income/loss attributable to non-controlling interests | 81 | 87 |
| thereof income/loss attributable to shareholders of Daimler AG | 1,854 | 1,669 |

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

# Consolidated Statement of Financial Position

**E.03**

| In millions of euros | March 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| **Assets** | | |
| Intangible assets | 15,026 | 14,801 |
| Property, plant and equipment | 35,232 | 30,948 |
| Equipment on operating leases | 50,119 | 49,476 |
| Equity-method investments | 7,071 | 4,860 |
| Receivables from financial services | 52,564 | 51,300 |
| Marketable debt securities and similar investments | 653 | 722 |
| Other financial assets | 2,873 | 2,763 |
| Deferred tax assets | 4,831 | 4,021 |
| Other assets | 1,104 | 1,115 |
| **Total non-current assets** | 169,473 | 160,006 |
| Inventories | 33,505 | 29,489 |
| Trade receivables | 12,896 | 12,586 |
| Receivables from financial services | 46,848 | 45,440 |
| Cash and cash equivalents | 16,598 | 15,853 |
| Marketable debt securities and similar investments | 9,461 | 8,855 |
| Other financial assets | 2,804 | 2,970 |
| Other assets | 5,912 | 5,889 |
| Assets held for sale | - | 531 |
| **Total current assets** | 128,024 | 121,613 |
| **Total assets** | 297,497 | 281,619 |
| | | |
| **Equity and liabilities** | | |
| Share capital | 3,070 | 3,070 |
| Capital reserves | 11,662 | 11,710 |
| Retained earnings | 51,286 | 49,490 |
| Other reserves | 468 | 397 |
| Treasury shares | -42 | - |
| **Equity attributable to shareholders of Daimler AG** | 66,444 | 64,667 |
| Non-controlling interests | 1,422 | 1,386 |
| **Total equity** | 67,866 | 66,053 |
| Provisions for pensions and similar obligations | 8,175 | 7,393 |
| Provisions for income taxes | 644 | 628 |
| Provisions for other risks | 8,045 | 7,734 |
| Financing liabilities | 95,230 | 88,662 |
| Other financial liabilities | 2,331 | 2,375 |
| Deferred tax liabilities | 3,851 | 3,762 |
| Deferred income | 1,571 | 1,612 |
| Contract and refund liabilities | 5,592 | 5,438 |
| Other liabilities | 12 | 10 |
| **Total non-current liabilities** | 125,451 | 117,614 |
| Trade payables | 15,762 | 14,185 |
| Provisions for income taxes | 860 | 823 |
| Provisions for other risks | 7,628 | 7,828 |
| Financing liabilities | 59,681 | 56,240 |
| Other financial liabilities | 8,836 | 7,657 |
| Deferred income | 1,650 | 1,580 |
| Contract and refund liabilities | 6,920 | 7,081 |
| Other liabilities | 2,843 | 2,346 |
| Liabilities held for sale | - | 212 |
| **Total current liabilities** | 104,180 | 97,952 |
| **Total equity and liabilities** | 297,497 | 281,619 |

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

# Consolidated Statement of Cash Flows

**E.04**

| In millions of euros | Q1 2019 | Q1 2018 |
|---|---|---|
| Profit before income taxes | 2,623 | 3,247 |
| Depreciation and amortization/impairments | 1,801 | 1,478 |
| Other non-cash expense and income | -242 | -342 |
| Gains (-)/losses (+) on disposals of assets | -720 | - |
| Change in operating assets and liabilities | | |
| Inventories | -3,671 | -2,072 |
| Trade receivables | -172 | -4 |
| Trade payables | 1,472 | 2,485 |
| Receivables from financial services | -758 | -2,258 |
| Vehicles on operating leases | 56 | -558 |
| Other operating assets and liabilities | 820 | -787 |
| Dividends received from equity-method investments | - | 421 |
| Income taxes paid | -589 | -797 |
| **Cash provided by operating activities** | 620 | 813 |
| Additions to property, plant and equipment | -1,668 | -1,343 |
| Additions to intangible assets | -753 | -765 |
| Proceeds from disposals of property, plant and equipment and intangible assets | 70 | 94 |
| Investments in shareholdings | -1,089 | -198 |
| Proceeds from disposals of shareholdings | 145 | 253 |
| Acquisition of marketable debt securities and similar investments | -2,256 | -1,737 |
| Proceeds from sales of marketable debt securities and similar investments | 1,848 | 1,354 |
| Other | -60 | 100 |
| **Cash used for investing activities** | -3,763 | -2,242 |
| Change in financing liabilities | 3,734 | 3,581 |
| Dividends paid to non-controlling interests | -9 | -4 |
| Proceeds from the issue of share capital | 32 | 6 |
| Acquisition of treasury shares | -42 | -50 |
| Acquisition of non-controlling interests in subsidiaries | -64 | -8 |
| **Cash provided by financing activities** | 3,651 | 3,525 |
| Effect of foreign exchange rate changes on cash and cash equivalents | 237 | -110 |
| **Net increase in cash and cash equivalents** | 745 | 1,986 |
| **Cash and cash equivalents at beginning of period** | 15,853 | 12,072 |
| **Cash and cash equivalents at end of period** | 16,598 | 14,058 |

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

# Consolidated Statement of Changes in Equity

E.05

| In millions of euros | Share capital | Capital reserves | Retained earnings | Currency translation | Equity instruments/ debt instruments |
|---|---|---|---|---|---|
| **Balance at January 1, 2018** | 3,070 | 11,742 | 47,555 | 258 | 38 |
| Net profit | - | - | 2,273 | - | - |
| Other comprehensive income/loss before taxes | - | - | -218 | -339 | -15 |
| Deferred taxes on other comprehensive income/loss | - | - | 54 | - | 3 |
| Total comprehensive income/loss | - | - | 2,109 | -339 | -12 |
| Dividends | - | - | - | - | - |
| Capital increase/Issue of new shares | - | - | - | - | - |
| Acquisition of treasury shares | - | - | - | - | - |
| Issue and disposal of treasury shares | - | - | - | - | - |
| Changes in ownership interests in subsidiaries | - | -1 | - | - | - |
| **Balance at March 31, 2018** | 3,070 | 11,741 | 49,664 | -81 | 26 |
| **Balance at January 1, 2019** | **3,070** | **11,710** | **49,490** | **472** | **15** |
| Net profit | - | - | **2,095** | - | - |
| Other comprehensive income/loss before taxes | - | - | **-610** | **736** | **41** |
| Deferred taxes on other comprehensive income/loss | - | - | **298** | - | **-6** |
| Total comprehensive income/loss | - | - | **1,783** | **736** | **35** |
| Dividends | - | - | - | - | - |
| Changes in consolidated group | - | - | - | - | - |
| Capital increase/Issue of new shares | - | - | - | - | - |
| Acquisition of treasury shares | - | - | - | - | - |
| Changes in ownership interests in subsidiaries | - | **-48** | - | - | - |
| Other | - | - | **13** | - | - |
| **Balance at March 31, 2019** | **3,070** | **11,662** | **51,286** | **1,208** | **50** |

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: Share of investments accounted for using the equity-method | Treasury shares | **Equity attributable to shareholders of Daimler AG** | Non-controlling interests | **Total equity** | In millions of euros |
|---|---|---|---|---|---|---|
| 1,171 | 9 | - | 63,843 | 1,282 | 65,125 | **Balance at January 1, 2018** |
| - | - | - | 2,273 | 81 | 2,354 | Net profit |
| -130 | 3 | - | -699 | 6 | -693 | Other comprehensive income/loss before taxes |
| 39 | -1 | - | 95 | - | 95 | Deferred taxes on other comprehensive income/loss |
| -91 | 2 | - | 1,669 | 87 | 1,756 | Total comprehensive income/loss |
| - | - | - | - | -50 | -50 | Dividends |
| - | - | - | - | 6 | 6 | Capital increase/Issue of new shares |
| - | - | -50 | -50 | - | -50 | Acquisition of treasury shares |
| - | - | 50 | 50 | - | 50 | Issue and disposal of treasury shares |
| - | - | - | -1 | 51 | 50 | Changes in ownership interests in subsidiaries |
| 1,080 | 11 | - | 65,511 | 1,376 | 66,887 | **Balance at March 31, 2018** |
| | | | | | | |
| **-95** | **5** | **-** | **64,667** | **1,386** | **66,053** | **Balance at January 1, 2019** |
| **-** | **-** | **-** | **2,095** | **54** | **2,149** | Net profit |
| **-970** | **-17** | **-** | **-820** | **27** | **-793** | Other comprehensive income/loss before taxes |
| **287** | **-** | **-** | **579** | **-** | **579** | Deferred taxes on other comprehensive income/loss |
| **-683** | **-17** | **-** | **1,854** | **81** | **1,935** | Total comprehensive income/loss |
| **-** | **-** | **-** | **-** | **-40** | **-40** | Dividends |
| **-** | **-** | **-** | **-** | **-28** | **-28** | Changes in consolidated group |
| **-** | **-** | **-** | **-** | **32** | **32** | Capital increase/Issue of new shares |
| **-** | **-** | **-42** | **-42** | **-** | **-42** | Acquisition of treasury shares |
| **-** | **-** | **-** | **-48** | **-12** | **-60** | Changes in ownership interests in subsidiaries |
| **-** | **-** | **-** | **13** | **3** | **16** | Other |
| **-778** | **-12** | **-42** | **66,444** | **1,422** | **67,866** | **Balance at March 31, 2019** |

# Notes to the Interim Consolidated Financial Statements

## 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 115 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 25, 2019. These Interim Financial Statements have been reviewed by the Daimler Group's independent auditor.

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. 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, 2018 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, 2018.

Preparation of Interim Financial Statements in conformity with IFRS requires estimates and management assumptions to be made 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 and management assumptions can have a material impact on the Interim Consolidated Financial Statements.

**IFRSs initially applied in the reporting period**
In January 2016, the IASB published **IFRS 16 Leases**, replacing IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease and other interpretations. IFRS 16 abolishes for lessees the previous classification of leasing agreements as either operating or finance leases. Instead, IFRS 16 introduces a single lessee accounting model, requiring lessees to recognize assets for the right to use as well as leasing liabilities for the outstanding lease payments. This means that leases that were previously not reported in the Statement of Financial Position will have to be reported in the future – very similar to the current accounting of finance leases.

According to IFRS 16, a lessee may elect, for leases with a lease term of 12 months or less (short-term leases) and for leases for which the underlying asset is of low value, not to recognize a right-of-use asset and a lease liability. Daimler applies both recognition exemptions. The lease payments associated with those leases are recognized as an expense on either a straight-line basis over the lease term or another systematic basis.

*Right-of-use assets,* which are included in the position property, plant and equipment, are measured at cost less any accumulated depreciation and if necessary any accumulated impairment. The cost of a right-of-use asset comprises the present value of the outstanding lease payments, any lease payments made at or before the commencement date less any lease incentives received, any initial direct costs and an estimate of costs to be incurred in dismantling or removing the underlying asset. In this context, Daimler also applies the practical expedient that the payments for non-lease components are generally recognized as lease payments. If the lease transfers ownership of the underlying asset to the lessee at the end of the lease term or if the cost of the right-of-use asset reflects that the lessee will exercise a purchase option, the right-of-use asset is depreciated to the end of the useful life of the underlying asset. Otherwise, the right-of-use asset is depreciated to the end of the lease term.

*Lease liabilities* which are assigned to financing liabilities are measured initially at the present value of the lease payments. Subsequent measurement of a lease liability includes the increase of the carrying amount to reflect interest on the lease liability and reducing (while affecting other comprehensive income) the carrying amount to reflect the lease payments made.

According to IFRS 16, the depreciation of the right-of-use assets is recognized within functional costs. The interest due on the lease liability is a component of interest expense. The lease expenses of leases classified according to IAS 17 as operating leases have been fully recognized within functional costs.

Lease accounting for lessors has been taken over almost identically from IAS 17 into IFRS 16.

Daimler applies IFRS 16 for the first time at January 1, 2019. In compliance with the transition regulations, Daimler does not adjust the prior-year figures and presents the not significant accumulated transitional effects in retained earnings.

Daimler as lessee uses the following practical expedients of IFRS 16 at the date of initial application:

- With leases previously classified as operating leases according to IAS 17, the lease liability is measured at the present value of the outstanding lease payments, discounted by the incremental borrowing rate at January 1, 2019. The weighted average incremental borrowing rate was 2.27%. The respective right-of-use asset is generally recognized at an amount equal to the lease liability.

- An impairment review is not performed. Instead, a right-of-use asset is adjusted by the amount of any provision for onerous leases recognized in the Statement of Financial Position at December 31, 2018.

- Regardless of their original lease term, leases for which the lease term ends at the latest on December 31, 2019 are recognized as short-term leases.

- At the date of initial application, the measurement of a right-of-use asset excludes the initial direct costs.

- Current knowledge is given due consideration when determining the lease term if the contract contains options to extend or terminate the lease.

In the context of the transition to IFRS 16, right-of-use assets of €3,777 million (including finance leases of €335 million) and lease liabilities of €3,790 million were recognized at January 1, 2019. The following reconciliation (see ↗ E.06) to the opening balance for lease liabilities as at January 1, 2019 is based on the other financial obligations from rental agreements and operating leases at December 31, 2018.

**E.06**

**Reconciliation to the lease liabilities in accordance with IFRS 16**

| In millions of euros | |
|---|---|
| **Other financial obligations resulting from rental agreements and operating leases in accordance with IAS 17 at December 31, 2018** | **3,800** |
| Exemptions for short-term leases | -226 |
| Exemptions for leases of low-value assets | -36 |
| Payments related to options to extend or terminate a lease | 256 |
| Payments related to non-lease components | 77 |
| Others | 75 |
| **Obligations from operating lease arrangements (undiscounted)** | **3,946** |
| Discounting | -503 |
| **Obligations from operating lease arrangements (discounted)** | **3,443** |
| Carrying amount of liabilities from finance leases in accordance with IAS 17 at December 31, 2018 | 347 |
| **Carrying amount of lease liability in accordance with IFRS 16 at January 1, 2019** | **3,790** |

The right-of-use assets and lease liabilities include assets and liabilities, which were recognized until December 31, 2018 as finance leases in accordance with IAS 17.

## 2. Assets and liabilities held for sale and changes in the consolidated group

In March 2018, the Daimler Group and the BMW Group signed an agreement to merge their business units for mobility services. At December 31, 2018, the assets and liabilities held for sale are presented separately in the Consolidated Statement of Financial Position. The disposal group's assets amounted to €531 million and its liabilities amounted to €212 million.

Following approval by the relevant antitrust authorities, the transactions were completed on January 31, 2019. As a result, 21 consolidated and 24 non-consolidated subsidiaries left the consolidated group in the first quarter of 2019; five operating joint ventures have been established. In the segment Daimler Financial Services, the transactions had a positive impact on other operating income of €718 million. On balance, cash outflows of €713 million resulted, in particular from capital increases in the joint ventures.

The joint ventures resulting from the transaction are aggregated under YOUR NOW and are accounted for using the equity method in the Consolidated Financial Statements. Further information is provided in Note 10.

## 3. Revenue

Revenue disclosed in the Consolidated Statement of Income includes revenue from contracts with customers and other revenue not in the scope of IFRS 15.

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories - type of products and services and geographical region - and presented in table ↗ E.07. The category type of products and services corresponds to the reportable segments.

Other revenue primarily comprises revenue from the rental and leasing business, interest from the financial services business at Daimler Financial Services and effects from currency hedging.

**E.07**

**Revenue**

| In millions of euros | Mercedes-Benz Cars | Daimler Trucks | Mercedes-Benz Vans | Daimler Buses | Daimler Financial Services | Total segments | Reconciliation | Daimler Group |
|---|---|---|---|---|---|---|---|---|
| **Q1 2019** | | | | | | | | |
| Europe | **9,110** | **2,521** | **2,231** | **445** | **1,209** | **15,516** | **-925** | **14,591** |
| NAFTA region | **3,958** | **4,427** | **430** | **39** | **1,299** | **10,153** | **-197** | **9,956** |
| Asia | **6,575** | **1,635** | **211** | **46** | **37** | **8,504** | **-10** | **8,494** |
| Other markets | **1,085** | **814** | **309** | **167** | **42** | **2,417** | **-96** | **2,321** |
| Revenue according to IFRS 15 | **20,728** | **9,397** | **3,181** | **697** | **2,587** | **36,590** | **-1,228** | **35,362** |
| Other revenue | **472** | **149** | **188** | **88** | **4,294** | **5,191** | **-855** | **4,336** |
| Total revenue | **21,200** | **9,546** | **3,369** | **785** | **6,881** | **41,781** | **-2,083** | **39,698** |

| In millions of euros | Mercedes-Benz Cars | Daimler Trucks | Mercedes-Benz Vans | Daimler Buses | Daimler Financial Services[1] | Total segments | Reconciliation[1] | Daimler Group |
|---|---|---|---|---|---|---|---|---|
| **Q1 2018** | | | | | | | | |
| Europe | 9,162 | 2,435 | 2,039 | 516 | 1,044 | 15,196 | -881 | 14,315 |
| NAFTA region | 4,047 | 3,532 | 371 | 38 | 1,293 | 9,281 | -250 | 9,031 |
| Asia | 7,984 | 1,551 | 217 | 29 | 46 | 9,827 | -3 | 9,824 |
| Other markets | 948 | 925 | 245 | 171 | 39 | 2,328 | -107 | 2,221 |
| Revenue according to IFRS 15 | 22,141 | 8,443 | 2,872 | 754 | 2,422 | 36,632 | -1,241 | 35,391 |
| Other revenue | 857 | 176 | 226 | 96 | 3,833 | 5,188 | -794 | 4,394 |
| Total revenue | 22,998 | 8,619 | 3,098 | 850 | 6,255 | 41,820 | -2,035 | 39,785 |

1 In 2018 at the Daimler Financial Services segment, the Group's internal revenue has been adjusted. This adjustment has been fully eliminated in the reconciliation.

## 4. Functional costs

**Cost of sales**

Cost of sales amounted to €32,127 million in the first quarter of 2019 (Q1 2018: €31,160 million). It primarily comprises the expenses of goods sold.

**Selling expenses**

In the first quarter of 2019, selling expenses amounted to €3,151 million (Q1 2018: €3,097 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

**General administrative expenses**

General administrative expenses amounted to €1,019 million in the first quarter of 2019 (Q1 2018: €971 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

**Research and non-capitalized development costs**

Research and non-capitalized development costs were €1,704 million in the first quarter of 2019 (Q1 2018: €1,712 million). They primarily comprise personnel expenses and material costs.

## 5. Other operating income

In the first quarter of 2019, other operating income amounted to €1,217 million (Q1 2018: €331 million). The increase was primarily attributable to income of €718 million resulting from the merger of the business units for mobility services of Daimler Group and BMW Group in the first quarter of 2019. See Note 2 for further information.

## 6. Interest income and interest expense

Interest income and interest expense are comprised as follows:

**E.08**
**Interest income and interest expense**

| In millions of euros | Q1 2019 | Q1 2018 |
|---|---|---|
| Interest income | | |
| Net interest income on the net assets of defined benefit pension plans | 1 | 1 |
| Interest and similar income | 78 | 54 |
| | 79 | 55 |
| Interest expense | | |
| Net interest expense on the net obligation from defined benefit pension plans | -45 | -33 |
| Interest and similar expense | -209 | -106 |
| | -254 | -139 |

## 7. Intangible assets

Intangible assets are shown in the following table:

**E.09**
**Intangible assets**

| In millions of euros | March 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Goodwill | 1,097 | 1,082 |
| Development costs | 11,495 | 11,257 |
| Other intangible assets | 2,434 | 2,462 |
| | 15,026 | 14,801 |

## 8. Property, plant and equipment

Property, plant and equipment with a net book value of €35,232 million also include right-of-use assets related to lessee accounting.

Table ↗ E.10 shows property, plant and equipment excluding right-of-use assets:

**E.10**
**Property, plant and equipment (excl. right-of-use assets)**

| In millions of euros | March 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| Land, leasehold improvements and buildings including buildings on land owned by others | 8,679 | 8,741 |
| Technical equipment and machinery | 9,642 | 9,501 |
| Other equipment, factory and office equipment | 6,938 | 7,039 |
| Advance payments relating to plant and equipment and construction in progress | 6,028 | 5,667 |
| | 31,287 | 30,948 |

Table ↗ E.11 comprises the right-of-use assets which are accounted for at January 1, 2019. The right-of-use assets include finance leases of €335 million, which were shown in property, plant and equipment at December 31, 2018.

**E.11**
**Right-of-use assets**

| In millions of euros | March 31, 2019 |
|---|---|
| Land, leasehold improvements and buildings | 3,752 |
| Technical equipment and machinery | 67 |
| Other equipment, factory and office equipment | 126 |
| | 3,945 |

## 9. Equipment on operating leases

At March 31, 2019, the carrying amount of equipment on operating leases was €50,119 million (December 31, 2018: €49,476 million). In the three-month period ended March 31, 2019, additions and disposals amounted to €6,011 million and €3,797 million respectively (Q1 2018: €6,060 million and €3,412 million). Depreciation for the three-month period ended March 31, 2019 was €2,284 million (Q1 2018: €2,070 million). Other changes primarily comprise the effects of currency translation.

## 10. Equity-method investments

Table ↗ **E.12** shows the carrying amounts and gains/losses on 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.

Table ↗ **E.14** presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

**E.12**

**Summarized carrying amounts and gains/losses on equity-method investments**

| In millions of euros | Associated companies | Joint ventures | Joint operations | Total |
|---|---|---|---|---|
| **At March 31, 2019** | | | | |
| Equity investment[1] | **4,728** | **2,322** | **21** | **7,071** |
| Equity result (Q1 2019)[1] | **264** | **-17** | **15** | **262** |
| At December 31, 2018 | | | | |
| Equity investment[1] | 4,230 | 604 | 26 | 4,860 |
| Equity result (Q1 2018)[1] | 319 | 21 | 3 | 343 |

1 Including investor-level adjustments.

**E.13**

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

| In millions of euros | BBAC | BAIC Motor[2] | THBV (HERE) | Others | Total |
|---|---|---|---|---|---|
| **At March 31, 2019** | | | | | |
| Equity interest (in %) | **49.0** | **9.6** | **29.7** | | |
| Equity investment[1] | **2,769** | **678** | **548** | **733** | **4,728** |
| Equity result (Q1 2019)[1] | **316** | **5** | **-40** | **-17** | **264** |
| At December 31, 2018 | | | | | |
| Equity interest (in %) | 49.0 | 9.6 | 29.6 | | |
| Equity investment[1] | 2,353 | 650 | 522 | 705 | 4,230 |
| Equity result (Q1 2018)[1] | 332 | 3 | -16 | - | 319 |

1 Including investor-level adjustments.
2 Earnings of BAIC Motor Corporation Ltd. (BAIC Motor) are included in Daimler's Consolidated Financial Statements with a three-month time lag.

**E.14**

**Key figures on interests in joint ventures accounted for using the equity method**

| In millions of euros | YOUR NOW[2] | Others | Total |
|---|---|---|---|
| **At March 31, 2019** | | | |
| Equity interest (in %) | **50.0** | | |
| Equity investment[1] | **1,661** | **661** | **2,322** |
| Equity result (Q1 2019)[1] | **-21** | **4** | **-17** |
| At December 31, 2018 | | | |
| Equity interest (in %) | - | | |
| Equity investment[1] | - | 604 | 604 |
| Equity result (Q1 2018)[1] | - | 21 | 21 |

1 Including investor-level adjustments.
2 Earnings of YOUR NOW are included in Daimler's Consolidated Financial Statements with a one-month time lag.

**THBV (HERE)**

THBV carried out a capital increase in the first quarter of 2019. Daimler participated in the capital increase with a total of €69 million, whereby the equity interest attributable to Daimler increased by 0.1% to 29.7%. The capital contribution increased the carrying amount of the investment accordingly.

**YOUR NOW**

In March 2018, Daimler Group and BMW Group signed an agreement for the merger of their business units for mobility services. It is intended to offer to the customers a comprehensive mobility ecosystem that is intelligent, seamlessly connected and available at the touch of a fingertip.

After being approved by the antitrust authorities in December 2018, the transaction was completed on January 31, 2019. The already existent services for on-demand mobility in the fields of car sharing, ride hailing, parking, charging and the multimodal mobility platform were combined and will be strategically expanded further in five joint ventures in the future. Because of the similarity of the business models, the joint venture companies REACH NOW (platform for on-demand mobility and multimodality), CHARGE NOW (charging), FREE NOW (ride hailing), PARK NOW (parking) and SHARE NOW (car sharing) will be managed in combination. The shares are equally held by Daimler Group and BMW Group. The investments are included as joint ventures accounted for using the equity method with a one-month time lag in the Consolidated Financial Statements and are allocated to the Daimler Financial Services segment. Further information is provided in Note 2.

## 11. Receivables from financial services

Receivables from financial services are shown in the following table:

**E.15**

**Receivables from financial services**

| | March 31, 2019 | | | Dec. 31, 2018 | | |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| In millions of euros | | | | | | |
| Sales financing with customers | **19,306** | **30,509** | **49,815** | 18,452 | 30,029 | 48,481 |
| Sales financing with dealers | **18,750** | **3,696** | **22,446** | 18,549 | 3,782 | 22,331 |
| Finance-lease contracts | **9,401** | **18,936** | **28,337** | 8,976 | 18,038 | 27,014 |
| Gross carrying amount | **47,457** | **53,141** | **100,598** | 45,977 | 51,849 | 97,826 |
| Loss allowances | **-609** | **-577** | **-1,186** | -537 | -549 | -1,086 |
| Net carrying amount | **46,848** | **52,564** | **99,412** | 45,440 | 51,300 | 96,740 |

## 12. Inventories

Inventories are comprised as follows:

**E.16**

**Inventories**

| | March 31, 2019 | Dec. 31, 2018 |
|---|---|---|
| In millions of euros | | |
| Raw materials and manufacturing supplies | **3,337** | 3,130 |
| Work in progress | **5,759** | 4,674 |
| Finished goods, parts and products held for resale | **24,195** | 21,351 |
| Advance payments to suppliers | **214** | 334 |
| | **33,505** | 29,489 |

## 13. Equity

**Approved capital**

The Annual Shareholders' Meeting held on April 5, 2018 authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 4, 2023 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2018). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

**Conditional capital**

By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Board of Management is authorized, 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).

**Treasury shares**
By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Company is authorized 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, among other things, with the exclusion of 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), whereby 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 2019, 0.8 million (2018: 0.7 million) Daimler shares were purchased to be reissued to employees in connection with employee share purchase plans. The shares were reissued on April 3, 2019.

**Dividend**
At the Annual Shareholders' Meeting to be held on May 22, 2019 the proposal will be made 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 2018 (2018: €3,905 million and €3.65 per share).

## 14. Pensions and similar obligations

**Pension cost**
The components of pension cost included in the consolidated statement of income are shown in table ↗ **E.17**.

**Contributions to pension plan assets**
In the three months ended March 31, 2019, contributions by Daimler to the Group's pension plan assets amounted to €42 million (Q1 2018: €30 million).

**E.17**
**Pension cost**

| | | | Q1 2019 | | | Q1 2018 |
|---|---|---|---|---|---|---|
| | Total | German plans | Non-German plans | Total | German plans | Non-German plans |
| In millions of euros | | | | | | |
| Current service cost | -174 | -150 | -24 | -171 | -147 | -24 |
| Net interest expense | -32 | -23 | -9 | -22 | -14 | -8 |
| Net interest income | 1 | - | 1 | 1 | - | 1 |
| | -205 | -173 | -32 | -192 | -161 | -31 |

## 15. Provisions for other risks

Provisions for other risks are comprised as shown in table ↗ **E.18**.

**E.18**
**Provisions for other risks**

| | | | March 31, 2019 | | | Dec. 31, 2018 |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| In millions of euros | | | | | | |
| Product warranties | 2,725 | 4,153 | 6,878 | 3,080 | 3,963 | 7,043 |
| Personnel and social costs | 2,006 | 2,393 | 4,399 | 1,971 | 2,290 | 4,261 |
| Other | 2,897 | 1,499 | 4,396 | 2,777 | 1,481 | 4,258 |
| | 7,628 | 8,045 | 15,673 | 7,828 | 7,734 | 15,562 |

## 16. Financing liabilities

Financing liabilities are comprised as follows:

**E.19**
**Financing liabilities**

| | | | March 31, 2019 | | | Dec. 31, 2018 |
|---|---|---|---|---|---|---|
| | Current | Non-current | Total | Current | Non-current | Total |
| In millions of euros | | | | | | |
| Notes/bonds | 18,435 | 64,321 | 82,756 | 15,090 | 61,400 | 76,490 |
| Commercial paper | 2,290 | - | 2,290 | 2,835 | - | 2,835 |
| Liabilities to financial institutions | 21,142 | 18,746 | 39,888 | 21,068 | 18,332 | 39,400 |
| Deposits in the direct banking business | 9,483 | 2,399 | 11,882 | 9,677 | 2,097 | 11,774 |
| Liabilities from ABS transactions | 7,042 | 5,519 | 12,561 | 6,782 | 5,670 | 12,452 |
| Lease liabilities[1] | 583 | 3,386 | 3,969 | 27 | 320 | 347 |
| Loans, other financing liabilities | 706 | 859 | 1,565 | 761 | 843 | 1,604 |
| | 59,681 | 95,230 | 154,911 | 56,240 | 88,662 | 144,902 |

1 At March 31, 2019, lease liabilities include effects from first-time adoption of IFRS 16. Information on the adjustments is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

## 17. Legal proceedings

As already reported, Daimler AG and its subsidiaries are confronted with various legal proceedings, claims as well as governmental investigations and orders (legal proceedings) on a large number of topics.

**Diesel emission behavior: Governmental proceedings**
Furthermore, as reported several state and federal authorities and other institutions worldwide have inquired about and/or are conducting investigations and/or administrative proceedings and/or have issued administrative orders. These particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant state and federal authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, securities, criminal and antitrust laws. These authorities and institutions include, among others, the U.S. Department of Justice (DOJ), which in April 2016 requested that Daimler AG review its certification and admissions processes related to exhaust emissions of diesel vehicles in the United States by way of an internal investigation in cooperation with the DOJ, the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB) and other US state authorities, the U.S. Securities and Exchange Commission (SEC), the European Commission, the German Federal Cartel Office ("Bundeskartellamt"), as well as national antitrust authorities and other authorities of various foreign states as well as the German Federal Financial Supervisory Authority (BaFin), the German Federal Ministry of Transport and Digital Infrastructure (BMVI) and the German Federal Motor Transport Authority (KBA). In the course of its formal investigation into possible collusion on clean emission technology, the European Commission, in April 2019, has sent a statement of objections to Daimler and other automobile manufacturers. In this context, some time ago Daimler has filed a leniency application with the European Commission. The Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees concerning the suspicion of fraud and criminal advertising, and, in May 2017, searched the premises of Daimler at several locations in Germany. In February 2019, the Stuttgart district attorney's office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense in this regard.

In the second and third quarter of 2018, KBA issued administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz Diesel vehicles are to be qualified as impermissible defeat devices and ordered subsequent auxiliary provisions for the respective EC type approvals in this respect, including a stop of the first registration and mandatory recall. Daimler filed timely objections against such administrative orders in order to have the open legal issues resolved, if necessary, also by a court of law. In the course of its regular market supervision, KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In April 2019, KBA initiated a hearing with respect to a thermostat function in the emission control system and with reference to a GLK model with Euro 5 standard. It cannot be ruled out that in the course of further investigations KBA will issue additional administrative orders making similar findings. Daimler has (in view of KBA's interpretation of the law as a precaution) implemented a temporary delivery and registration stop with respect to certain models and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. The new calibration requested by KBA in its administrative order of the second quarter of 2018 has meanwhile been completed and the relevant software has been approved by KBA; the related recall has in the meanwhile been initiated. It cannot be ruled out, however, that further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure under the relevant circumstances. Daimler has initiated further investigations and otherwise continues to fully cooperate with the authorities and institutions. As the aforementioned inquiries, investigations, administrative proceedings and the replies to these related information requests, the objection proceedings against the administrative orders as well as Daimler's internal investigations are ongoing, we rely on IAS 37.92 in not disclosing any further information on whether or not, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed.

**Antitrust law proceedings (including actions for damages)**
Starting on July 25, 2017, a number of class actions have been filed in the United States and Canada against Daimler AG and other manufacturers of automobiles as well as various of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behavior relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. On October 4, 2017, all pending US class actions were centralized in one proceeding by the Judicial Panel on Multidistrict Litigation and transferred to the U.S. District Court for the Northern District of California. On March 15, 2018, plaintiffs in the US class action amended and consolidated their complaints into two pleadings, one on behalf of consumers and the other on behalf of dealers. On June 1, 2018, the court dismissed Mercedes-Benz U.S. International, Inc., Mercedes-Benz Vans, LLC, and Daimler North America Corp., pursuant to the parties' stipulation. Daimler AG and Mercedes-Benz USA, LLC (MBUSA) remain parties in the case, regard the US and Canadian lawsuits as being without merit, and will defend against the claims.

In this context, Daimler AG may disclose that it filed an application for immunity from fines (leniency application) with the European Commission some time ago. In late October 2017, the European Commission conducted preannounced inspections with Daimler in Stuttgart (as well as further inspections with other manufacturers) in order to further clarify the facts of the case. In the third quarter of 2018, the European Commission opened a formal investigation into possible collusion on clean emission technology. In the course of such investigation, the European Commission, in April 2019, has sent a statement of objections to Daimler and other automobile manufacturers. At present, Daimler does not expect this development to have any material impact on the company's profitability, cash flow and financial situation.

Following the settlement decision by the European Commission adopted on July 19, 2016, concluding the trucks antitrust proceedings, Daimler AG faces customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler is taking appropriate legal remedies to defend itself. In accordance with IAS 37.92, no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice Daimler AG's position.

**Class-action lawsuits Takata airbag inflators**
As already reported, in August 2016, Mercedes-Benz Canada (MB Canada) was added as a defendant to a putative nationwide class action pending in Ontario Superior Court. The main allegation in the matter is that MB Canada, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, was allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to provide an allegedly adequate replacement airbag inflator. In addition, on June 28, 2017, Takata entities along with Daimler AG and MBUSA were named as defendants in a US nation-wide class action, which was filed in New Jersey federal court and includes allegations that are similar to the Canadian action. In the third quarter of 2017, the New Jersey lawsuit was transferred to federal court in the Southern District of Florida for consolidation with other multi-district litigation proceedings. Then, on March 14, 2018, Daimler AG and MBUSA were named as defendants in two additional US nation-wide class action complaints, one filed in Georgia federal court, and the other filed into the multi-district litigation proceedings pending in Florida. The allegations in these complaints are similar to those in the Canadian and New Jersey actions. The US cases have been centralized in one proceeding by the Judicial Panel on Multidistrict Litigation and transferred to the U.S. District Court for the Southern District of Florida, which is overseeing litigation against Takata and other manufacturers of automobiles. One of the Multidistrict Litigation complaints was amended to assert claims by automotive recyclers who allege injury because they are not able to re-sell salvaged airbag inflators that are subject to the Takata recall. In February 2019, Daimler AG and its non-subsidiary Israeli distributor (Colmobil) were named as defendants in an Israel-wide class action alleging inadequacy of Takata recall efforts in Israel. The previously reported lawsuit filed by the State of New Mexico, which also made similar claims against MBUSA and many other companies that sold vehicles equipped with Takata airbag inflators, was dismissed without prejudice on June 22, 2017. It may, however, be filed again under specific conditions. Daimler AG continues to regard all these lawsuits brought with regard to Mercedes-Benz vehicles as being without merit, and the Daimler Group affiliates respectively affected will further defend themselves against the claims.

**Toll Collect**
On July 4, 2018, through its subsidiary Daimler Financial Services AG, Daimler AG together with Deutsche Telekom AG notarized a settlement agreement (hereinafter: settlement) with the Federal Republic of Germany which settles all arbitration proceedings in connection with the involvement in the Toll Collect consortium, which have been ongoing since 2004 and on July 6, 2018, the arbitral tribunal issued an award on agreed terms terminating the arbitration proceedings on the basis of the settlement.

As a consequence, gains/losses on equity-method investments of the second quarter of 2018 included expenses of €418 million in connection with Toll Collect. The EBIT of the Daimler Financial Services segment was reduced in particular due to the existing 50% obligation of Daimler Financial Services AG to pay €550 million to Toll Collect GbR, which has been partially offset by provisions recognized in previous years. In the third quarter of 2018, the first tranche in the amount of €200 million has been executed. Further tranches in the amount of €200 million and €150 million will be settled in the third quarter 2019 and 2020 respectively.

The statements contained in this interim report are to be read in conjunction with the Consolidated Financial Statements as at December 31, 2018. In our assessment, there have been no substantial changes with respect to the other legal proceedings reported in Note 30 to the Consolidated Financial Statements as at December 31, 2018.

## 18. Financial instruments

Table ↗ **E.20** 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 in the market.

**E.20**
**Carrying amounts and fair values of financial instruments**

| | March 31, 2019 | | Dec. 31, 2018 | |
|---|---|---|---|---|
| | Carrying amount | Fair value | Carrying amount | Fair value |
| In millions of euros | | | | |
| Financial assets | | | | |
| Receivables from financial services | **99,412** | **99,616** | 96,740 | 97,144 |
| Trade receivables | **12,896** | **12,896** | 12,586 | 12,586 |
| Cash and cash equivalents | **16,598** | **16,598** | 15,853 | 15,853 |
| Marketable debt securities and similar investments | **10,114** | **10,114** | 9,577 | 9,577 |
| Recognized at fair value through other comprehensive income | **7,190** | **7,190** | 5,855 | 5,855 |
| Recognized at fair value through profit or loss | **2,311** | **2,311** | 3,059 | 3,059 |
| Measured at cost | **613** | **613** | 663 | 663 |
| Other financial assets | | | | |
| Equity instruments and debt instruments | **843** | **843** | 748 | 748 |
| Recognized at fair value through other comprehensive income | **450** | **450** | 364 | 364 |
| Recognized at fair value through profit or loss | **393** | **393** | 384 | 384 |
| Other financial assets recognized at fair value through profit or loss | **18** | **18** | 109 | 109 |
| Derivative financial instruments used in hedge accounting | **913** | **913** | 1,033 | 1,033 |
| Other receivables and financial assets | **3,272** | **3,272** | 3,177 | 3,177 |
| | **144,066** | **144,270** | 139,823 | 140,227 |
| Financial liabilities | | | | |
| Financing liabilities | **150,942** | **151,947** | 144,902 | 144,933 |
| Trade payables | **15,762** | **15,762** | 14,185 | 14,185 |
| Other financial liabilities | | | | |
| Financial liabilities recognized at fair value through profit or loss | **122** | **122** | 56 | 56 |
| Derivative financial instruments used in hedge accounting | **1,632** | **1,632** | 1,094 | 1,094 |
| Miscellaneous other financial liabilities | **9,413** | **9,413** | 8,882 | 8,882 |
| Contract and refund liabilities | | | | |
| Obligations from sales transactions | **4,608** | **4,608** | 4,931 | 4,931 |
| | **182,479** | **183,484** | 174,050 | 174,081 |

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

**Marketable debt securities and similar investments, other financial assets and liabilities**
Marketable debt securities are recognized at fair value through other comprehensive income or at fair value through profit or loss. Similar investments are measured at amortized cost and are not included in the measurement hierarchy, as their fair value equals the carrying amount.

Equity Instruments are recognized at fair value through other comprehensive income or at fair value through profit or loss. Daimler does not intend to sell its equity instruments which are presented at March 31, 2019.

Marketable debt securities and equity instruments recognized at fair value were measured using quoted market prices at the end of the reporting period. If quoted market prices were not available for these debt and equity instruments, the fair value measurement is based on inputs that are either directly or indirectly observable in active markets.

Other financial assets and liabilities recognized at fair value through profit or loss comprise 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.

**Contract and refund liabilities**
Contract and refund liabilities include obligations from sales transactions that qualify as financial instruments. Obligations from sales transactions should, in principle, be regarded as short-term. Due to the short maturities of these financial instruments, it is assumed that their fair values are equal to the carrying amounts.

Table ↗ E.21 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized 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 measurement hierarchy, portfolios managed on basis of net exposure are applied.

**E.21**

**Measurement hierarchy of financial assets and liabilities recognized at fair value**

| | March 31, 2019 | | | | Dec. 31, 2018 | | | |
|---|---|---|---|---|---|---|---|---|
| | 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 recognized at fair value | | | | | | | | |
| Marketable debt securities | 9,501 | 5,442 | 4,059 | - | 8,914 | 5,812 | 3,102 | - |
| Recognized at fair value through other comprehensive income | 7,190 | 3,131 | 4,059 | - | 5,855 | 2,753 | 3,102 | - |
| Recognized at fair value through profit or loss | 2,311 | 2,311 | - | - | 3,059 | 3,059 | - | - |
| Equity instruments and debt instruments | 843 | 352 | 309 | 182 | 748 | 338 | 304 | 106 |
| Recognized at fair value through other comprehensive income | 450 | 233 | 130 | 87 | 364 | 208 | 128 | 28 |
| Recognized at fair value through profit or loss | 393 | 119 | 179 | 95 | 384 | 130 | 176 | 78 |
| Other financial assets recognized at fair value through profit or loss | 18 | - | 18 | - | 109 | - | 109 | - |
| Derivative financial instruments used in hedge accounting | 913 | - | 913 | - | 1,033 | - | 1,033 | - |
| | 11,275 | 5,794 | 5,299 | 182 | 10,804 | 6,150 | 4,548 | 106 |
| Financial liabilities recognized at fair value | | | | | | | | |
| Financial liabilities recognized at fair value through profit or loss | 122 | - | 122 | - | 56 | - | 56 | - |
| Derivative financial instruments used in hedge accounting | 1,632 | - | 1,632 | - | 1,094 | - | 1,094 | - |
| | 1,754 | - | 1,754 | - | 1,150 | - | 1,150 | - |

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 in 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, 2019 and March 31, 2018 is as follows:

**E.22**
**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 2019** | | | | | | | | |
| External revenue | 20,378 | 9,065 | 3,157 | 748 | 6,350 | 39,698 | - | 39,698 |
| Intersegment revenue | 822 | 481 | 212 | 37 | 531 | 2,083 | -2,083 | - |
| Total revenue | 21,200 | 9,546 | 3,369 | 785 | 6,881 | 41,781 | -2,083 | 39,698 |
| Segment profit/loss (EBIT) | 1,298 | 582 | -98 | -21 | 1,209 | 2,970 | -168 | 2,802 |
| thereof share of gains/losses on equity-method investments | 277 | 2 | 10 | 1 | -27 | 263 | -1 | 262 |
| thereof gains/losses on compounding and effects from changes in discount rates of provisions for other risks | -71 | -26 | -8 | -3 | -1 | -109 | - | -109 |

| In millions of euros | Mercedes-Benz Cars | Daimler Trucks | Mercedes-Benz Vans | Daimler Buses | Daimler Financial Services[1] | Total segments | Reconciliation[1] | Daimler Group |
|---|---|---|---|---|---|---|---|---|
| **Q1 2018** | | | | | | | | |
| External revenue | 22,083 | 8,203 | 2,917 | 824 | 5,758 | 39,785 | - | 39,785 |
| Intersegment revenue | 915 | 416 | 181 | 26 | 497 | 2,035 | -2,035 | - |
| Total revenue | 22,998 | 8,619 | 3,098 | 850 | 6,255 | 41,820 | -2,035 | 39,785 |
| Segment profit/loss (EBIT) | 2,060 | 647 | 172 | 37 | 548 | 3,464 | -129 | 3,335 |
| thereof share of gains/losses on equity-method investments | 319 | 10 | 16 | - | -5 | 340 | 3 | 343 |
| thereof gains/losses on compounding and effects from changes in discount rates of provisions for other risks | 10 | 5 | - | -1 | -1 | 13 | - | 13 |

1 In 2018 at the Daimler Financial Services segment, the Group's internal revenue and cost of sales have been adjusted by the same amount. These adjustments have been fully eliminated in the reconciliation.

### Reconciliation

Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as shown in table ↗ E.23.

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

**E.23**
**Reconciliation to Group figures**

| In millions of euros | Q1 2019 | Q1 2018 |
|---|---|---|
| Total segments' profit (EBIT) | 2,970 | 3,464 |
| Share of gains/losses on equity-method investments | -1 | 3 |
| Other corporate items | -214 | -122 |
| Eliminations | 47 | -10 |
| Group EBIT | 2,802 | 3,335 |
| Amortization of capitalized borrowing costs[1] | -4 | -4 |
| Interest income | 79 | 55 |
| Interest expense | -254 | -139 |
| Profit before income taxes | 2,623 | 3,247 |

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

## 20. Related party relationships

Related parties are deemed to be associated companies, joint ventures 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 involve transactions with associated companies and joint ventures and are shown in table ↗ E.24.

### Associated companies

A large proportion of the Group's sales of goods and services with associated companies as well as of its receivables relates to business relations with LSH Auto International Limited (LSHAI) and with Beijing Benz Automotive Co., Ltd. (BBAC), both of which are allocated to Mercedes-Benz Cars.

The purchases of goods and services shown in table ↗ E.24 were primarily from LSHAI.

### Joint ventures

In business relationships with joint ventures, significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd., which is allocated to Mercedes-Benz Vans, and with DAIMLER KAMAZ RUS OOO, a company established with the associated company Kamaz PAO, and allocated to Daimler Trucks.

Note 10 provides further details of the significant associated companies and joint ventures.

**E.24**
**Transactions with related parties**

| | Sales of goods and services and other income | | Purchases of goods and services and other expenses | | Receivables[1] | | Payables[2] | |
|---|---|---|---|---|---|---|---|---|
| In millions of euros | Q1 2019 | Q1 2018 | Q1 2019 | Q1 2018 | March 31, 2019 | Dec. 31, 2018 | March 31, 2019 | Dec. 31, 2018 |
| Associated companies | 3,080 | 3,424 | 215 | 243 | 2,432 | 2,679 | 152 | 131 |
| thereof LSHAI | 1,582 | 2,251 | 183 | 157 | 839 | 981 | 70 | 30 |
| thereof BBAC | 1,383 | 1,075 | 25 | 19 | 1,500 | 1,571 | 71 | 85 |
| Joint ventures | 197 | 286 | 21 | 16 | 186 | 208 | 437 | 444 |

1 After write-downs totaling €55 million (December 31, 2018: €53 million).
2 Including liabilities from default risks from guarantees for related parties.

# Auditor’s Review Report

To Daimler AG, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG - 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, 2019, that are part of the quarterly financial report according to § 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “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) and additional application of the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410). 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 IAS 34, “Interim Financial Reporting” as adopted 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 IAS 34, “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 25, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Sailer | Dr. Thümler |
| Wirtschaftsprüfer | Wirtschaftsprüfer |

# Addresses | Information

**Investor Relations**
Telephone +49 711 17 95277
17 92285
17 95256
Fax +49 711 17 94075

This report and additional information
can be found on the Internet at
**www.daimler.com**

**Concept and contents**
Daimler AG
Investor Relations

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

# Financial Calendar

**Interim Report Q1 2019**
April 26, 2019

**Annual Shareholders' Meeting 2019**
Berlin
May 22, 2019

**Interim Report Q2 2019**
July 24, 2019

**Interim Report Q3 2019**
October 24, 2019

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.

Daimler AG
Mercedesstr. 137
70327 Stuttgart
Germany
www.daimler.com