DAIMLER

Interim Report Q1 2020

Contents

Cover photo: the new GLA 250 e

Mercedes-Benz Cars is continuously expanding its range of plug-in hybrids under the EQ Power label. With the GLA 250 e (fuel consumption combined 1.8-1.6 l/100 km, CO_2 emissions combined 42-38 g/km, electricity consumption combined 16.1-15.5 kWh/100 km)[1], Mercedes-Benz is supplementing the EQ Power models of the compact-car family with third-generation hybrid drive. Its functions include an intelligent, route-based operating strategy, which takes into account navigation data, speed limits and the route itself, among other things. In this way, the operating strategy selects the electric driving mode for the route sections where it makes the most sense.

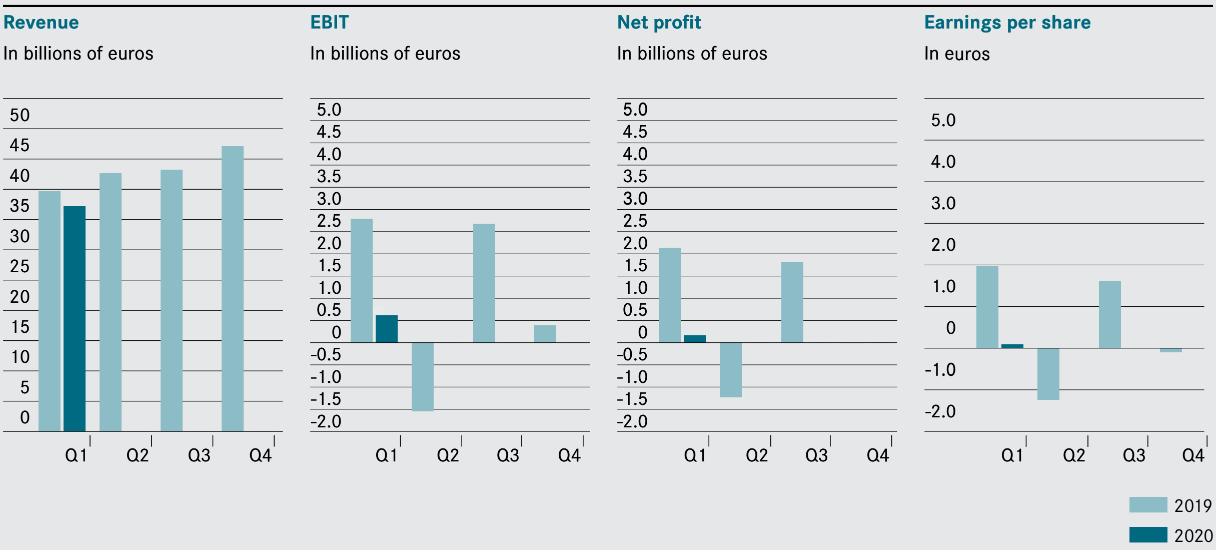
1 Figures for fuel consumption, electricity consumption and CO_2 emissions are provisional and have been determined by the technical service for the certification procedure according to the WLTP test procedure and correlated with NEDC values. EC type approval and a certificate of conformity with official figures are not yet available. The figures stated may deviate from the official figures.

Q1

Key Figures Daimler Group

€ amounts in millions	Q1 2020	Q1 2019	% change
Revenue	37,223	39,698	-6[1]
Europe	15,344	16,620	-8
thereof Germany	5,940	6,380	-7
North America	11,149	11,605	-4
thereof United States	9,851	10,138	-3
Asia	8,604	8,971	-4
thereof China	3,829	4,390	-13
Other markets	2,126	2,502	-15
Investment in property, plant, equipment	1,612	1,668	-3
Research and development expenditure	2,354	2,378	-1
thereof capitalized development costs	632	674	-6
Free cash flow of the industrial business	-2,316	-2,039	.
Free cash flow of the industrial business adjusted	-1,862	-1,960	.
EBIT	617	2,798	-78
EBIT adjusted	719	2,310	-69
Net profit	168	2,149	-92
Earnings per share (in euros)	0.09	1.96	-95
Employees	298,611	298,655[2]	-0

1 Adjusted for the effects of currency translation, decrease in revenue of 7%.
2 As of December 31, 2019.

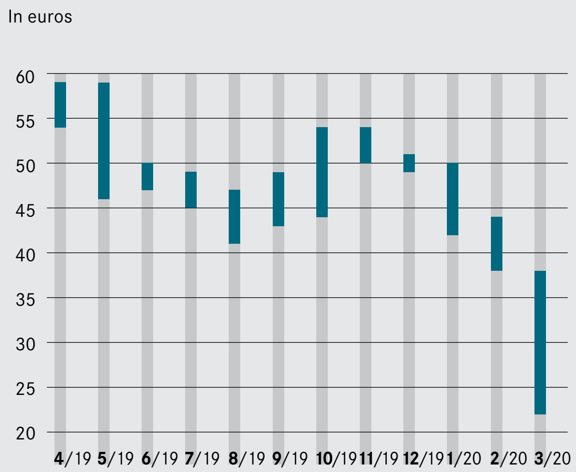


Daimler and the Capital Market

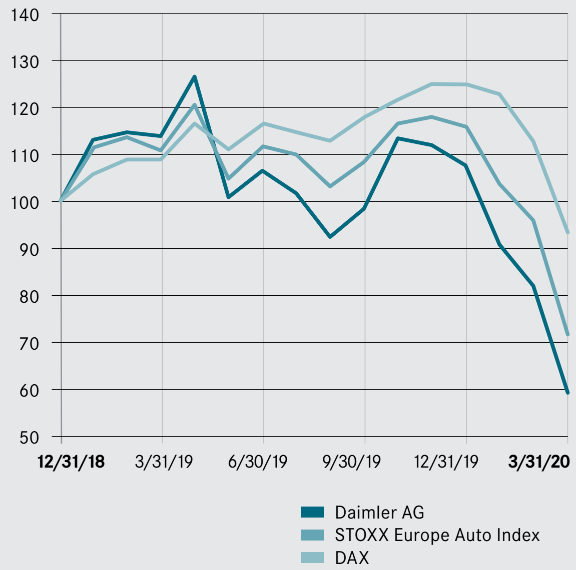
Key figures

	March 31, 2020	March 31, 2019	% change
Earnings per share in Q1 (in €)	**0.09**	1.96	-95
Outstanding shares (in millions)	**1,069.8**	1,069.0	+0
Market capitalization (€ billion)	**29.44**	55.86	-47
Xetra closing price (in €)	**27.52**	52.25	-47

Daimler share price (high/low), 2019/2020



Share-price development (indexed)



Stock exchanges and automotive shares under great pressure worldwide in the first quarter of 2020

Investors started the new year with positive expectations. Driven in particular by the easing of trade tensions, the DAX and other major stock indices reached new highs in January and mid-February. After that, developments on the financial markets were dominated by growing concerns about the coronavirus. This led to a dramatic deterioration in market sentiment and, with growing expectations of an imminent global recession, to a significant drop in share prices. Even the announcements of supportive measures by central banks and governments and lower key interest rates only briefly boosted the stock markets. In this environment, automotive shares were affected at an early stage by the slump in car sales in China, the most important single market for many manufacturers.

The Daimler share price was listed at €27.52 at the end of the quarter and was thus approximately 44% lower than at the end of 2019. During the same period, the DAX fell by 25% and the STOXX Europe Auto Index fell by 37%.

Effects of the COVID-19 pandemic also felt in the interest-rate environment

In the first quarter of 2020, the Daimler Group once again undertook refinancing in the international money and capital markets despite a very volatile market environment. In addition to some local transactions, Daimler Finance North America LLC issued a three-tranche bond with a volume of $2.15 billion in the US capital market. Furthermore, we agreed with a consortium of international banks on an additional credit line of €12 billion at the beginning of April.

Several transactions were also carried out with asset-backed securities (ABS) in the first quarter of 2020. In the United States, the company generated a refinancing volume of $2.2 billion; in Canada, a volume of CAD 1.0 billion was generated. In China a volume of CNY 6.0 billion was placed. Finally, we generated a refinancing volume totaling AUD 750 million in Australia.

Interim Management Report

First-quarter unit sales significantly below prior-year level at 644,300 vehicles (Q1 2019: 773,800)
Revenue of €37.2 billion (Q1 2019: €39.7 billion)
Group-EBIT of €0.6 billion (Q1 2019: €2.8 billion); adjusted Group EBIT of €0.7 billion (Q1 2019: €2.3 billion)
Net profit of €0.2 billion (Q1 2019: €2.1 billion)
Free cash flow of the industrial business in first three months of minus €2.3 billion (Q1 2019: minus €2.0 billion)
Adjusted free cash flow of the industrial business in first quarter of minus €1.9 billion (Q1 2019: minus €2.0 billion)
Decreases in unit sales, revenue, EBIT and free cash flow of the industrial business anticipated for full-year 2020

Business development

Contraction of global economy

After the world economy had made a positive start to the year, the global spread of the coronavirus and the countermeasures taken substantially reduced economic activity, first in China and then, as the first quarter progressed, also in Europe and the United States. The crisis severely affected not only the volatile industrial sector, but above all the service sector as well. Shocks on the supply and demand sides had simultaneous and mutually reinforcing effects. Sharp falls on the stock markets further increased uncertainty. As a result, according to the latest estimates, global economic output declined significantly year-on-year for the first time since the financial crisis. In China, which was the first major economy to be affected by the COVID-19 pandemic, the economy contracted by a historic approximately 7% instead of the anticipated growth of 5 to 6%. But now that the virus seems to be under control in China, there are already signs of economic stabilization there. The economy in the European Monetary Union slid into recession in the second half of the quarter due to the pandemic and the countermeasures taken. However, due to the scarcity of hard economic data, the exact extent of the recession can hardly be quantified at present. Almost at the same time as in Europe and with a similar abruptness, economic activity was reduced also in the United States. In addition to drastic declines in sentiment indicators, the recent historic increase in the number of first-time unemployment claims suggests that a recessionary development can be assumed as early as the first quarter also in the USA. As a reaction to the economic slump, central banks in China, Europe, the United States and other regions have taken massive supporting measures. However, due to the specific nature of this crisis, these programs can, as a first step, only mitigate the immediate consequences. Other large economies such as Japan, India, Brazil and Russia are also affected by the corona crisis to a considerable extent. The drastic drop in the price of oil to significantly below $30 per barrel has exacerbated the situation for the oil exporting economies.

The development of the **global car market** was also strongly affected by the corona crisis in the first quarter. The significant market decline that had already been observed in China since January continued in nearly all of Daimler's key sales regions as the quarter progressed. Worldwide demand for cars was significantly lower in the first quarter than in the prior-year period, with a decrease of more than 20%.

The Chinese market was already massively impacted by the coronavirus in February with a slump in demand of approximately 80%. Although the decrease in March was not quite as drastic, the market still suffered a sharp decline of about 45% for the quarter as a whole.

With a certain time lag, the corona crisis also affected the European market. Major European sales markets were already experiencing significant double-digit market contraction in March. Italy was the hardest hit with a drop of about 85%. As a result, the European market recorded a sharp decline over the quarter as a whole. The Western European market was 27% below the prior-year level. The five largest markets – Germany, the United Kingdom, France, Italy and Spain – all contracted by between 20% and 36%. Demand fell significantly also in Eastern Europe.

Demand for cars and light trucks in the United States also showed a sharp decline in March. This resulted in a significant market contraction of about 13% for the quarter as a whole.

Demand for vans in the EU30 region decreased in the first quarter of 2020. The market volume decreased by 18% for midsize and large vans and by 23% for small vans. The US market for large vans was significantly below its prior-year level. The market for large vans in Latin America contracted slightly due to a decrease in demand in Argentina.

Major **truck markets** showed a very weak development in the first quarter. The North American market for heavy-duty trucks (class 8) was already in a cyclical downturn phase at the beginning of the corona crisis. Exacerbated by the drastic worsening of the overall economic situation, demand fell by about a quarter of its volume compared with the first quarter of last year.

According to recent estimates, the market for heavy-duty trucks in the EU30 region (European Union, United Kingdom, Norway and Switzerland) recorded a sharp contraction of around 25%. In Brazil, demand for heavy-duty trucks was affected by the overall economic downturn and was slightly below its prior-year level. In Japan, sales of heavy-duty trucks remained comparatively stable and were roughly at the level of the first quarter of last year.

Bus markets also developed weakly as a result of the crisis. According to the latest estimates, demand for heavy buses fell significantly in the EU30 region, and the Brazilian market also declined significantly in the first quarter.

Significant decrease in total unit sales

In the first quarter of 2020, Daimler sold 644,300 cars and commercial vehicles worldwide (Q1 2019: 773,800). ↗ C.01

After a good start to the year, **Mercedes-Benz Cars** concluded the first quarter with sales of 470,600 vehicles (Q1 2019: 555,300). The effects of the COVID-19 pandemic and the consequences of the temporary closure of sales outlets had a significant impact on our unit sales. In the first quarter of 2020, 189,200 automobiles of the Mercedes-Benz and smart brands were sold in Europe (Q1 2019: 235,300). In Germany, the region's core market, sales of 61,000 units were achieved (Q1 2019: 78,100). In China, the biggest market, 131,600 vehicles were sold in the period of January through March (Q1 2019: 173,200). Deliveries of 68,500 cars of the Mercedes-Benz and smart brands in the United States were 7% above the prior-year level.

Mercedes-Benz Vans recorded first-quarter unit sales of 76,200 vehicles (Q1 2019: 97,000). The significant decrease is primarily due to the effects of the coronavirus. In the EU30 region, Mercedes-Benz Vans sold 53,100 units (Q1 2019: 66,600). Also in North America, sales of 7,300 vans were significantly lower than in the first quarter of last year (Q1 2019: 11,700). In the United States, we sold 6,300 vehicles in the first quarter (Q1 2019: 8,800). Sales in Latin America decreased to 2,700 units (Q1 2019: 4,200). In China, we sold 4,200 vans (Q1 2019: 6,100). In the other markets, we achieved growth in unit sales, primarily driven by Russia and African markets.

Unit sales by **Daimler Trucks** of 92,500 vehicles in the first quarter of 2020 were 20% lower than in the prior-year period. In addition to the market normalization that had anyway been expected in our core markets, the development of our unit sales was affected in March also by customer restraint due to the COVID-19 pandemic. Our sales in North America declined by 26% to 35,600 units. In Brazil, we sold 5,000 trucks, a decrease of 18% compared with the first quarter of last year. With sales of 13,200 units in the EU30 region (European Union, United Kingdom, Switzerland and Norway), we were hit even harder by the global market slump (Q1 2019: 19,000). In India, sales of 2,400 trucks were also significantly weaker than in the prior-year period (Q1 2019: 5,500). In Japan, however, we slightly increased our first-quarter sales to 11,700 units (Q1 2019: 11,000). Our sales of 7,900 trucks in Indonesia were in the magnitude of the prior-year period (Q1 2019: 7,800).

Daimler Buses' sales were also affected by the pandemic and were down by 8% in the first quarter of 2020 to 5,100 units. This decrease was primarily the result of the weaker chassis business in Latin America and lower demand in India. In the EU30 region, Daimler Buses' first-quarter sales increased significantly to 1,300 complete buses and bus chassis of the Mercedes-Benz and Setra brands (+37%). However, the prior-year period had been significantly influenced by delays in deliveries due to a changed internal certification process for coaches and intercity buses. We achieved double-digit growth also in Mexico, with sales of 400 units (+17%). In Brazil, our main market in Latin America, sales decreased significantly (-14%) to 1,900 units (Q1 2019: 2,200). Our sales in India also decreased, to 200 units (Q1 2019: 500).

At **Daimler Mobility,** due to the effects of the COVID-19 pandemic, new business decreased compared with the prior-year period by 7% to €16.2 billion. Contract volume amounted to €159.6 billion at the end of March and was thus 2% lower than at the end of 2019. The insurance business also contracted. Worldwide, 520,000 insurance policies were brokered by Daimler Mobility in the first quarter of this year (Q1 2019: 539,000).

C.01
Group unit sales

	Q1 2020	Q1 2019	% change
Daimler Group	644,316	773,796	-17
Mercedes-Benz Cars	470,581	555,312	-15
Mercedes-Benz Vans	76,161	97,038	-22
Daimler Trucks	92,468	115,920	-20
Daimler Buses	5,106	5,526	-8

Profitability, cash flows and financial position

In order to provide a better insight into profitability, cash flows and financial position, the condensed statement of income, condensed statement of cash flows and condensed statement of financial position are presented not only for the Daimler Group but also for the “Industrial Business” and for “Daimler Mobility.” The Industrial Business and Daimler Mobility columns represent a business point of view. The Industrial Business comprises the vehicle segments Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. Daimler Mobility corresponds to the Daimler Mobility segment. Eliminations of intra-Group transactions between the Industrial Business and Daimler Mobility are generally allocated to the Industrial Business.

Changeover of corporate management and reporting structure as of January 1, 2020
Until December 31, 2019, the Group’s **reportable segments** were Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Mobility. As of January 1, 2020, the Group’s activities are divided into the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. This corresponds to the internal reporting and organizational structure. The segments Mercedes-Benz Cars and Mercedes-Benz Vans are aggregated into the reportable segment Mercedes-Benz Cars & Vans in line with the nature of the products and services offered as well as their brands, sales channels and customer profiles.

In order to provide a more transparent presentation of the ongoing business, adjusted figures for both the Group and the segments are also calculated and reported from financial year 2020 onwards. The **adjustments** include individual items where they lead to material effects in a reporting year. These individual circumstances may relate in particular to legal proceedings and associated measures, restructuring measures and M&A transactions. Further information on the management system can be found in Annual Report 2019 in the Corporate Profile section of the combined Management Report.

Adjustment of prior-year figures
The figures for 2019 have been adjusted to the new segment structure to ensure that the figures for 2020 are comparable with the prior-year figures. Internal supply relationships within the new segments have been taken into account. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments.

Profitability

Daimler Group statement of income

In the first quarter of 2020, the Daimler Group’s **revenue** of €37,223 million was slightly below the prior-year level (Q1 2019: €39,698). Adjusted for positive exchange-rate effects, revenue was also slightly lower than in the prior-year quarter. ↗ C.02

EBIT amounted to €617 million in the first quarter of 2020, which is significantly lower than in the first quarter of last year (Q1 2019: €2,798 million). The Daimler Group’s EBIT adjusted was €719 million (Q1 2019: €2,310 million). ↗ C.02 ↗ C.04

Due to the worldwide effects of the COVID-19 pandemic and the resulting drop in unit sales, mainly Mercedes-Benz Cars & Vans recorded a significant decline in earnings. At the Daimler Trucks & Buses segment, EBIT was negatively impacted especially by the decrease in unit sales, which resulted from expected market corrections and the initial effects of the COVID-19 pandemic. At the Daimler Mobility segment, the comparison of quarterly results reflects the positive effect from the merger of the mobility services of the Daimler Group and the BMW Group in the first quarter of 2019, as well as additional expenses due to increased provisions for credit risks caused by the COVID-19 pandemic. However, increasing discount rates had a positive impact on the Daimler Group’s earnings. The reconciliation from EBIT to EBIT adjusted is shown in the table ↗ C.04.

The reconciliation of segment earnings to Group EBIT in the first quarter of the year 2020 resulted in a higher expense than in the prior-year quarter. ↗ C.03

Net interest expense in the first quarter of 2020 amounted to €77 million (Q1 2019: €175 million).

The **income-tax expense** recognized in the first quarter of 2020 amounted to €372 million (Q1 2019: €474 million). The effective tax rate was 68.9% (Q1 2019: 18.1%). In 2020, income-tax expenses for previous years as well as non-tax-deductible expenses, mainly in connection with investments in associated companies and joint ventures, led to an increase in the effective tax rate. Due to the low pre-tax income in 2020, those items had a disproportionate impact on the effective tax rate in the first quarter of this year. The effective tax rate in 2019 was reduced by the largely tax-free gain on the merger of the mobility services of the Daimler Group and the BMW Group.

Net profit for the first quarter of 2020 of €168 million is significantly lower than the €2,149 million achieved in the first quarter of 2019. Net profit of €74 million is attributable to **non-controlling interests** (Q1 2019: €54 million). Net profit attributable to the **shareholders of Daimler AG** amounts to €94 million (Q1 2019: €2,095 million), representing a sharp decrease in **earnings per share** to €0.09 (Q1 2019: €1.96).

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,069.8 million (Q1 2019: 1,069.7 million).

Table ↗ **C.02** shows the condensed statement of income of the Daimler Group as well as of the Industrial Business and Daimler Mobility. Table ↗ **C.03** shows the composition of EBIT for the Industrial Business.

C.02

Condensed consolidated statement of income	Daimler Group		Industrial Business		Daimler Mobility	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
In millions of euros						
Revenue	37,223	39,698	30,122	32,817	7,101	6,881
Cost of sales	-31,512	-32,127	-24,869	-26,150	-6,643	-5,977
Gross profit	5,711	7,571	5,253	6,667	458	904
Selling expenses	-2,889	-3,151	-2,711	-2,961	-178	-190
General administrative expenses	-920	-1,019	-733	-792	-187	-227
Research and non-capitalized development costs	-1,722	-1,704	-1,722	-1,704	–	–
Other operating income/expense	415	992	376	243	39	749
Gains/losses on equity-method investments, net	-50	262	23	289	-73	-27
Other financial income/expense, net	72	-153	73	-153	-1	–
EBIT	617	2,798	559	1,589	58	1,209
Interest income/expense	-77	-175	-74	-173	-3	-2
Profit before income taxes	540	2,623	485	1,416	55	1,207
Income taxes	-372	-474	-368	-344	-4	-130
Net profit	168	2,149	117	1,072	51	1,077
thereof profit attributable to non-controlling interests	74	54				
thereof profit attributable to shareholders of Daimler AG	94	2,095				
Earnings per share (in euros)						
for profit attributable to shareholders of Daimler AG						
Basic	0.09	1.96				
Diluted	0.09	1.96				

C.03

EBIT of the Industrial Business	Industrial Business		Mercedes-Benz Cars & Vans		Daimler Trucks & Buses		Reconciliation	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
In millions of euros								
Revenue	30,122	32,817	23,196	24,063	8,744	10,174	-1,818	-1,420
Cost of sales	-24,869	-26,150	-19,276	-19,214	-7,325	-8,268	1,732	1,332
Gross profit	5,253	6,667	3,920	4,849	1,419	1,906	-86	-88
Selling expenses	-2,711	-2,961	-2,269	-2,398	-628	-673	186	110
General administrative expenses	-733	-792	-419	-447	-325	-363	11	18
Research and non-capitalized development costs	-1,722	-1,704	-1,368	-1,350	-360	-370	6	16
Other income/expense	472	379	646	489	141	53	-315	-163
EBIT	559	1,589	510	1,143	247	553	-198	-107

Segment revenue and EBIT

The revenue of the **Mercedes-Benz Cars & Vans** division fell by 4% to €23,196 million in the first quarter of 2020 (Q1 2019: €24,063 million). The division's EBIT amounted to €510 million (Q1 2019: €1,143 million); EBIT adjusted amounted to €603 million (Q1 2019: €1,372 million). The return on sales adjusted of 2.6% was below the adjusted prior-year figure of 5.7%. ↗ C.03 ↗ C.04

In the first quarter of 2020, a significant decrease in unit sales due to the effects of the COVID-19 pandemic led to a significant decline in revenue. In addition, higher depreciation, negative exchange-rate effects and expenses for enhanced vehicle equipment, partially relating to CO_2 emissions, had a negative impact on earnings. A favourable model mix contributed positively to earnings. Gross profit in relation to revenue decreased from 20.2% to 16.9%. However, other income/expense was positively affected by the transfer of the smart brand to smart Automobile Co., Ltd., as well as by increasing discount rates. Decreased earnings from the equity-method investment in Beijing Benz Automotive Co., Ltd. (BBAC) had a negative impact.

In both quarters, earnings were reduced by expenses from the reassessment of risks connected with ongoing governmental and legal proceedings relating to Mercedes-Benz diesel vehicles in various regions and markets (Q1 2020: €93 million; Q1 2019: €122 million). Earnings in the prior-year quarter were also reduced by restructuring expenses of €107 million for reviewing and prioritizing the product portfolio, in connection with the planned discontinuation of production of the X-Class at the end of May 2020. The reconciliation from EBIT to EBIT adjusted is shown in the table ↗ C.04.

Due to a significant decrease in unit sales, the revenue of **Daimler Trucks & Buses** decreased in the first quarter of 2020 by 14% to €8,744 million (Q1 2019: €10,174 million). EBIT amounted to €247 million (Q1 2019: €553 million). The segment's return on sales was below the prior-year figure at 2.8% (Q1 2019: 5.4%). ↗ C.03 ↗ C.04

C.04

Reconciliation EBIT to EBIT adjusted

	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Reconciliation	Daimler Group
In millions of euros					
Q1 2020					
EBIT	**510**	**247**	**58**	**-198**	**617**
Legal proceedings (and related measures)	**93**	**–**	**–**	**9**	**102**
Restructuring measures	**–**	**–**	**–**	**–**	**–**
M&A transactions	**–**	**–**	**–**	**–**	**–**
EBIT adjusted	**603**	**247**	**58**	**-189**	**719**
Return on sales/return on equity (in %)	**2.2**	**2.8**	**1.6**		
Return on sales/return on equity adjusted (in %) [1]	**2.6**	**2.8**	**1.6**		
	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Reconciliation	Daimler Group
In millions of euros					
Q1 2019					
EBIT	1,143	553	1,209	-107	2,798
Legal proceedings (and related measures)	122	–	–	1	123
Restructuring measures	107	–	–	–	107
M&A transactions	–	–	-718	–	-718
EBIT adjusted	1,372	553	491	-106	2,310
Return on sales/return on equity (in %)	4.8	5.4	35.7		
Return on sales/return on equity adjusted (in %)[1]	5.7	5.4	14.5		

1 Return on sales adjusted is calculated as the ratio of EBIT adjusted to revenue. Return on equity adjusted is determined as the ratio of EBIT adjusted to average quarterly equity.

The development of earnings in the first quarter of 2020 was strongly influenced by declining volumes. Lower unit sales, particularly in North America and the EU30 region due to expected market corrections and the initial effects of the COVID-19 pandemic, had a negative impact on EBIT. Earnings were adversely affected also by the valuation of used-vehicle inventories. There were opposing effects from lower material costs, partially as a result of lower commodity prices. Gross profit in relation to revenue therefore decreased from 18.7% to 16.2%. Cost improvements in all functional areas partly related to the COVID-19 pandemic had a positive impact on earnings. Valuation effects, including increasing discount rates, had a positive impact on other income/expense.

In the first quarter of 2020, the **Daimler Mobility** segment achieved EBIT of €58 million (Q1 2019: €1,209 million; adjusted: €491 million). Return on equity of 1.6% was below the adjusted prior-year figure of 14.5%. ↗ C.02 ↗ C.04

Against the backdrop of the worsened economic outlook in connection with the COVID-19 pandemic, increased provisions for credit risks in the first quarter of 2020 had a negative impact on cost of sales. Another reason for the reduced earnings is the positive effect on other financial income/expense of €718 million in the first quarter of 2019 from the merger of the mobility services of the Daimler Group and the BMW Group. Implemented cost saving measures had a positive effect on earnings. The reconciliation of EBIT to EBIT adjusted is shown in table ↗ C.04.

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

Items at the corporate level resulted in expenses of €218 million in the first quarter of 2020 (Q1 2019: €145 million). In the first quarter of 2020, these expenses include an impairment of Daimler's equity investment in BAIC Motor Corporation Ltd.

The elimination of intra-Group transactions resulted in income of €20 million in the first quarter of 2020 (Q1 2019: €38 million).

Cash flows

In the first quarter of 2020, **cash provided by/used for operating activities** ↗ C.05 resulted in a cash inflow of €1.5 billion (Q1 2019: €0.6 billion) and was particularly affected by the worldwide consequences of the COVID-19 pandemic. Among other things, the increase was due to the development of the leasing and sales-financing portfolio at Daimler Mobility. Whilst in the prior year period, cash used for/provided by operating activities was negatively affected by an increase in the portfolio, the first quarter of 2020, saw a positive cash flow effect due to the decrease in the portfolio, as a result of the corona crisis. The consequences of the COVID-19 pandemic also affected the development of working capital. In particular, a significant decrease in trade receivables occurred at Mercedes-Benz Cars & Vans during the first quarter of 2020. Furthermore, the suspension of production at all automotive segments led to a lower seasonal build-up of inventories than in the prior-year period. In contrast, cash used for/provided by operating activities was negatively affected by the significant deterioration of business performance in comparison to the prior year period. An additional effect in the first quarter of 2020 resulted from payments made in the context of reviewing and prioritizing the product portfolio for the planned discontinuation of X-Class production.

C.05

Condensed statement of cash flows	Daimler Group		Industrial Business		Daimler Mobility	
	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
In millions of euros						
Cash and cash equivalents at beginning of period	18,883	15,853	16,152	12,799	2,731	3,054
Profit before income taxes	540	2,623	485	1,416	55	1,207
Depreciation and amortization/impairments	1,981	1,801	1,947	1,765	34	36
Other non-cash expense and income and gains/losses on disposals of assets	-29	-962	-119	-280	90	-682
Change in operating assets and liabilities						
Inventories	-2,930	-3,671	-3,049	-3,673	119	2
Trade receivables	2,144	-172	1,722	-27	422	-145
Trade payables	1,225	1,472	1,235	1,309	-10	163
Receivables from financial services	716	-758	5	25	711	-783
Vehicles on operating leases	629	56	48	52	581	4
Other operating assets and liabilities	-2,167	820	-1,622	709	-545	111
Income taxes paid	-599	-589	-431	-436	-168	-153
Cash used for/provided by operating activities	1,510	620	221	860	1,289	-240
Additions to property, plant and equipment and intangible assets	-2,313	-2,421	-2,293	-2,392	-20	-29
Investments in and disposals of shareholdings	-125	-944	-136	-220	11	-724
Acquisitions and sales of marketable debt securities and similar investments	659	-408	574	-617	85	209
Other	86	10	116	-20	-30	30
Cash used for/provided by investing activities	-1,693	-3,763	-1,739	-3,249	46	-514
Change in financing liabilities	-2,527	3,734	-3,012	3,753	485	-19
Dividends paid	-39	-9	-30	–	-9	-9
Other transactions with shareholders	-30	-74	-30	-42	–	-32
Internal equity and financing transactions	–	–	2,335	-15	-2,335	15
Cash used for/provided by financing activities	-2,596	3,651	-737	3,696	-1,859	-45
Effect of foreign exchange rate changes on cash and cash equivalents	36	237	69	195	-33	42
Cash and cash equivalents at end of period	16,140	16,598	13,966	14,301	2,174	2,297

Cash used for/provided by investing activities ↗ C.05 led to a cash outflow of €1.7 billion (Q1 2019: €3.8 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. This was mainly due to capital increases at the joint ventures. In the context of liquidity management, positive effects resulted from sales and purchases of marketable debt securities and similar investments. In the first quarter of 2020, this resulted in a net cash inflow, while in the prior-year period, purchases of marketable debt securities significantly exceeded sales.

Cash used for/provided by financing activities ↗ C.05 resulted in a cash outflow of €2.6 billion (Q1 2019: cash inflow of €3.7 billion). The change is primarily due to higher net cash outflows from financing liabilities, mainly in connection with the refinancing of the leasing and sales-financing business.

Cash and cash equivalents decreased compared with December 31, 2019 by €2.7 billion, after taking into account currency translation. Total liquidity, which also includes marketable debt securities and similar investments, decreased by €3.5 billion to €24.1 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ C.06, which is derived from the reported cash flows from operating and investing activities. The cash flows from sales and purchases 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. On the other hand, effects in connection with the recognition and measurement of right-of-use assets, which result from the lessee accounting and are largely non-cash items, are included in the free cash flow of the industrial business.

C.06

Free cash flow of the Industrial Business

In millions of euros	Q1 2020	Q1 2019	Change
Cash used for/provided by operating activities	221	860	-639
Cash used for/provided by investing activities	-1,739	-3,249	+1,510
Change in marketable debt securities and similar investments	-574	617	-1,191
Right-of-use assets	-121	-233	+112
Other adjustments	-103	-34	-69
Free cash flow of the industrial business	-2,316	-2,039	-277
Legal proceedings (and related measures)	153	79	+74
Restructuring measures	301	–	+301
M&A transactions	–	–	–
Free cash flow of the industrial business adjusted	-1,862	-1,960	+98

Other adjustments relate to effects from the financing of the Group's own dealerships and effects from internal deposits within the Group. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash used for/provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

In the first quarter of 2020, the **free cash flow of the industrial business** led to a cash outflow of €2.3 billion (Q1 2019: €2.0 billion) and was particularly affected by the worldwide consequences of the COVID-19 pandemic. The accompanying significant deterioration of business performance was mainly evident in the decline of the cash inflows from operating profits, predominantly from the change in sales-related liabilities in conjunction with value-added taxes and customs duties. Additionally, payments made in connection with the product portfolio review and prioritization in the first quarter of 2020 had a negative impact on the free cash flow of the industrial business. However, opposing, positive effects were generated by the development of working capital. In particular, a significant decrease in trade receivables was seen at Mercedes-Benz Cars & Vans. Furthermore, the suspension of production at all automotive segments led to a lower seasonal build-up of inventories when compared to the prior year period.

In the interest of greater transparency in reporting on the ongoing business, from the first quarter of 2020, we will report an free cash flow of the industrial business adjusted ↗ C.06. The adjustments for legal proceedings include payments by the automotive segments in connection with ongoing governmental and legal proceedings and related measures taken with regard to Mercedes-Benz diesel vehicles. The adjustments for restructuring measures include payments made in connection with the product portfolio review and prioritization. The free cash flow of the industrial business adjusted led to a cash outflow of €1.9 billion (Q1 2019: €2.0 billion).

As well as being calculated on the basis of the disclosed cash flows from operating and investing activities, the free cash flow of the industrial business can also be calculated on the basis of the cash flows before interest and taxes (CFBIT) of Mercedes-Benz Cars & Vans and Daimler Trucks & Buses ↗ C.07.

The **CFBIT** of Mercedes-Benz Cars & Vans and Daimler Trucks & Buses ↗ C.08 is derived from EBIT and the change in net assets and also includes additions to right-of-use assets.

The reconciliation from the CFBIT of Mercedes-Benz Cars & Vans and Daimler Trucks & Buses to the free cash flow of the industrial business also includes payments of interest and taxes. The other reconciliation items primarily comprise eliminations between the segments and items that are allocated to the industrial business but for which the automotive segments are not responsible.

Table ↗ C.09 shows the reconciliation from CFBIT to **CFBIT adjusted** and the **cash conversion rate adjusted** for Mercedes-Benz Cars & Vans and Daimler Trucks & Buses.

C.07
Reconciliation from CFBIT to the Free cash flow Industrial Business

	Q1 2020	Q1 2019
In millions of euros		
CFBIT Mercedes-Benz Cars & Vans	**-1,729**	-835
CFBIT Daimler Trucks & Buses	**-85**	-232
Income taxes paid	**-431**	-436
Interest paid	**16**	-194
Other reconciling items	**-87**	-342
Free cash flow industrial business	**-2,316**	-2,039

C.08
CFBIT

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q1 2020	Q1 2019	**Q1 2020**	Q1 2019
In millions of euros				
EBIT	**510**	1,143	**247**	553
Change in working capital	**128**	-1,537	**-129**	-861
Net financial investments	**-118**	-138	**-9**	-16
Net investments in property, plant and equipment and intangible assets	**-2,113**	-2,315	**-186**	-238
Depreciation and amortization/impairments	**1,614**	1,449	**333**	320
Other	**-1,750**	563	**-341**	10
CFBIT	**-1,729**	-835	**-85**	-232

C.09
Reconciliation to CFBIT adjusted

	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	Q1 2020	Q1 2019	**Q1 2020**	Q1 2019
In millions of euros				
CFBIT	**-1,729**	-835	**-85**	-232
Legal proceedings (and related measures)	**147**	79	**–**	–
Restructuring measures	**301**	–	**–**	–
M&A transactions	**–**	–	**–**	–
CFBIT adjusted	**-1,281**	-756	**-85**	-232
EBIT adjusted	**603**	1,372	**247**	553
Cash conversion rate adjusted[1]	**-2.1**	-0.6	**-0.3**	-0.4

1 The adjusted cash conversion rate is the ratio of adjusted CFBIT to adjusted EBIT.

In the first quarter of 2020, the **free cash flow of the Daimler Group** resulted in a cash outflow of €1.0 billion (Q1 2019: €3.1 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 Mobility. Additional effects resulted from the cash outflows (net) relating to the merger of the mobility services of Daimler Group and BMW Group in the first quarter of 2019.

The **net liquidity of the industrial business** ↗ C.10 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.

Since December 31, 2019, net liquidity of the industrial business decreased by €1.7 billion to €9.3 billion. The decrease is mainly due to the negative free cash flow of the industrial business, which was only partly offset by positive exchange-rate effects.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, decreased compared with December 31, 2019 by €1.1 billion to €132.6 billion. ↗ C.11

Despite a very volatile market environment, the Daimler Group once again utilized attractive conditions in the international money and capital markets for **refinancing** in the first quarter of 2020.

In the first quarter of 2020, Daimler had a cash inflow of €3.2 billion from the **issuance** of bonds (Q1 2019: €7.4 billion). The redemption of bonds resulted in cash outflows of €5.7 billion (Q1 2019: €2.6 billion). A large proportion of the issuance volume was carried out in the form of so-called benchmark bonds (bonds with high nominal values). ↗ C.12

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

Furthermore, several **asset-backed securities (ABS) transactions** were conducted in the first quarter of 2020. In the United States, the company generated a refinancing volume of $2.2 billion; in Canada, a volume of CAD 1.0 billion was generated. In China a volume of CNY 6.0 billion was placed. Finally, we generated a refinancing volume totaling AUD 750 million in Australia.

In addition to the existing, so far unused, **credit line** of €11 billion, the Daimler Group concluded a syndicated credit line of €12 billion in April 2020. The new credit line has a term of twelve months and Daimler has two extension options of six months each. This has further increased the Group's financial flexibility.

C.10
Net liquidity of the Industrial Business

In millions of euros	March 31, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	13,966	16,152	-2,186
Marketable debt securities and similar investments	6,875	7,522	-647
Liquidity	**20,841**	**23,674**	**-2,833**
Financing liabilities	-13,194	-13,289	+95
Market valuation and currency hedges for financing liabilities	1,615	612	+1,003
Financing liabilities (nominal)	**-11,579**	**-12,677**	**+1,098**
Net liquidity	**9,262**	**10,997**	**-1,735**

C.11
Net debt of the Daimler Group

In millions of euros	March 31, 2020	Dec. 31, 2019	Change
Cash and cash equivalents	16,140	18,883	-2,743
Marketable debt securities and similar investments	7,910	8,655	-745
Liquidity	**24,050**	**27,538**	**-3,488**
Financing liabilities	-158,319	-161,780	+3,461
Market valuation and currency hedges for financing liabilities	1,670	579	+1,091
Financing liabilities (nominal)	**-156,649**	**-161,201**	**+4,552**
Net debt	**-132,599**	**-133,663**	**+1,064**

C.12
Benchmark issuances

Issuer	Volume	Month of issue	Maturity
Daimler Finance North America LLC	$1,250 million	March 2020	March 2023
Daimler Finance North America LLC	$450 million	March 2020	March 2025
Daimler Finance North America LLC	$450 million	March 2020	March 2030

Financial position

The **balance sheet total** decreased compared with December 31, 2019 from €302.4 billion to €297.7 billion; adjusted for the effects of currency translation, the decrease amounts to €1.8 billion. The global impact of the COVID-19 pandemic affected balance sheet items to varying degrees as of March 31, 2020. Daimler Mobility accounts for €170.5 billion of the balance sheet total (December 31, 2019: €174.8 billion), equivalent to 57% of the Daimler Group's total assets (December 31, 2019: 58%).

The decrease in total assets primarily reflects the reduced volume of the financial services business, lower trade receivables and reduced cash and cash equivalents, with opposing effects mainly from increased inventories. On the liabilities side of the balance sheet, there were decreases in financing liabilities and provisions. Table ↗ C.13 shows the condensed statement of financial position for the Group as well as for the industrial business and Daimler Mobility.

Current assets account for 41% of the balance sheet total, below the proportion at the end of last year (42%). Current liabilities amount to 35% of total equity and liabilities, the same proportion as at December 31, 2019.

Intangible assets of €16.3 billion (December 31, 2019: €16.0 billion) include €12.7 billion of capitalized development costs (December 31, 2019: €12.5 billion), €1.9 billion of franchises, industrial property rights and similar rights (December 31, 2019: €1.7 billion) and €1.2 billion of goodwill (December 31, 2019: €1.2 billion). The Mercedes-Benz Cars & Vans segment accounts for 94% of the development costs (December 31, 2019: 93%) and the Daimler Trucks & Buses segment accounts for 6% (December 31, 2019: 7%).

Property, plant and equipment decreased to €36.9 billion (December 31, 2019: €37.1 billion). In first quarter of 2020, €1.6 billion was invested worldwide (Q1 2019: €1.7 billion), primarily at our production and assembly sites for innovative products and new technologies, as well as for the modernization and expansion of our worldwide production network. The sites in Germany accounted for €1.2 billion of capital expenditure (Q1 2019: €1.2 billion), the same as last year.

C.13

Condensed statement of financial position	Daimler Group		Industrial Business		Daimler Mobility	
	March 31, 2020	Dec. 31, 2019	March 31, 2020	Dec. 31, 2019	March 31, 2020	Dec. 31, 2019
In millions of euros						
Assets						
Intangible assets	16,306	15,978	15,409	15,077	897	901
Property, plant and equipment	36,905	37,143	36,563	36,782	342	361
Equipment on operating leases	50,920	51,482	18,319	18,799	32,601	32,683
Receivables from financial services	101,269	103,661	-86	-88	101,355	103,749
Equity-method investments	6,188	5,949	5,151	4,842	1,037	1,107
Inventories	32,193	29,757	30,963	28,420	1,230	1,337
Trade receivables	10,065	12,332	9,282	11,045	783	1,287
Cash and cash equivalents	16,140	18,883	13,966	16,152	2,174	2,731
Marketable debt securities and similar investments	7,910	8,655	6,875	7,522	1,035	1,133
thereof current	7,027	7,885	6,629	7,420	398	465
thereof non-current	883	770	246	102	637	668
Other financial assets	7,618	6,083	-11,293	-13,283	18,911	19,366
Other assets	12,149	12,515	1,969	2,349	10,180	10,166
Total assets	297,663	302,438	127,118	127,617	170,545	174,821
Equity and liabilities						
Equity	63,163	62,841	48,531	47,858	14,632	14,983
Provisions	28,594	30,652	27,449	29,473	1,145	1,179
Financing liabilities	158,319	161,780	13,194	13,289	145,125	148,491
thereof current	61,622	62,601	-22,673	-21,218	84,295	83,819
thereof non-current	96,697	99,179	35,867	34,507	60,830	64,672
Trade payables	14,177	12,707	13,383	11,896	794	811
Other financial liabilities	9,110	9,864	5,984	6,224	3,126	3,640
Contract and refund liabilities	13,266	13,631	12,875	13,239	391	392
Other liabilities	11,034	10,963	5,702	5,638	5,332	5,325
Total equity and liabilities	297,663	302,438	127,118	127,617	170,545	174,821

Equipment on operating leases and **receivables from financial services** decreased to €152.2 billion (December 31, 2019: €155.1 billion). Adjusted for exchange-rate effects, the decrease of €1.4 billion was primarily caused by effects in the European and Asian markets resulting from the corona pandemic, while in the United States, new business increased again. In addition, there was an increase in risk provisions that was recognized to take into account the deteriorating economic forecasts in connection with the COVID-19 pandemic. The leasing and sales-financing business as a proportion of 51% of total assets was at the same level as at the end of last year.

Equity-method investments increased to €6.2 billion (December 31, 2019: €5.9 billion). They mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd., BAIC Motor Corporation Ltd., There Holding B.V. and YOUR NOW Holding GmbH.

Inventories increased from €29.8 billion to €32.2 billion, equivalent to 11% of total assets and thus above the level at the end of 2019 (10%). Increases at all automotive divisions were due to both seasonal effects and lower unit sales in the markets affected by the COVID-19 pandemic. A further increase was offset by the suspension of production.

Trade receivables decreased significantly to €10.1 billion (December 31, 2019: €12.3 billion). This is due to the global effects of the corona crisis and the resulting lower sales, especially at Mercedes-Benz Cars & Vans. The Mercedes-Benz Cars & Vans segment accounts for 61% of these receivables (December 31, 2019: 61%) and the Daimler Trucks & Buses segment accounts for 31% (December 31, 2019: 28%).

Cash and cash equivalents decreased compared with the end of the year 2019 by €2.7 billion to €16.1 billion.

Marketable debt securities and similar investments decreased compared with December 31, 2019 from €8.7 billion to €7.9 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

Other financial assets increased significantly to €7.6 billion (December 31, 2019: €6.1 billion). 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. The increase is mainly attributable to higher positive fair values of derivative financial instruments.

Other assets of €12.1 billion primarily comprise deferred tax assets and tax refund claims (December 31, 2019: €12.5 billion). The decrease was mainly caused by deferred tax assets and relates to, among other things, effects from pensions and similar obligations not recognized in profit or loss.

The Group's **equity** increased compared with December 31, 2019 from €62.8 billion to €63.2 billion. The increase of €0.9 billion (adjusted for the effects of currency translation) resulted from gains of €0.6 billion in connection with the pensions recognized in retained earnings, the net profit of €0.2 billion and gains of €0.2 billion on the remeasurement of derivative financial instruments recognized in other comprehensive income. Equity attributable to the shareholders of Daimler AG also increased, to €61.6 billion (December 31, 2019: €61.3 billion).

While the balance sheet total decreased, equity increased compared with December 31, 2019. The Group's **equity ratio** of 20.9% was therefore above the level of year-end 2019 (December 31, 2019: 20.5%); the equity ratio for the industrial business was 37.4% (December 31, 2019: 36.7%). The equity ratios are adjusted for the proposed dividend payment for the year 2019.

Provisions of €28.6 billion were below the level of December 31, 2019 (€30.7 billion); as a proportion of the balance sheet total, they amount to 10%, which is the same as at the end of last year. They primarily comprise provisions for pensions and similar obligations of €8.9 billion (December 31, 2019: €9.7 billion), which mainly consist of the difference between the present value of defined-benefit pension obligations of €32.6 billion (December 31, 2019: €36.2 billion) and the fair value of the pension plan assets applied to finance those obligations of €25.1 billion (December 31, 2019: €27.8 billion). The increase in discount rates led to a decrease in the present value of the defined-benefit pension obligations. This effect was partially offset by a negative interest rate development for plan assets. Provisions also relate to liabilities from product warranties of €8.4 billion (December 31, 2019: €8.7 billion), from personnel and social costs of €3.9 billion (December 31, 2019: €4.2 billion), from litigation risks and legal proceedings of €4.8 billion (December 31, 2019: €4.9 billion) as well as other provisions of €2.6 billion (December 31, 2019: €3.1 billion).

C.14

Net assets of the automotive segments	Mercedes-Benz Cars & Vans		Daimler Trucks & Buses	
	March 31, 2020	Dec. 31, 2019	March 31, 2020	Dec. 31, 2019
In millions of euros				
Intangible assets	13,607	13,234	1,788	1,828
Property, plant and equipment	27,837	27,933	8,433	8,569
Inventories	22,958	20,959	8,136	7,615
Trade receivables	6,165	7,556	3,117	3,469
Other segment assets	24,930	24,808	6,180	6,497
Segment assets	95,497	94,490	27,654	27,978
Trade payables	10,140	9,042	3,319	2,847
Other segment liabilities	50,442	52,150	13,915	14,706
Segment liabilities	60,582	61,192	17,234	17,553
Net assets	34,915	33,298	10,420	10,425

Financing liabilities of €158.3 billion were below the level of December 31, 2019 (€161.8 billion). The decrease of €1.5 billion, adjusted for exchange-rate effects, was mainly due to the development of the leasing and sales-financing business. 53% of the financing liabilities relate to notes and bonds, 24% to liabilities to banks, 10% to liabilities from ABS transactions and 8% to deposits in the direct banking business.

Trade payables increased to €14.2 billion (December 31, 2019: €12.7 billion). The Mercedes-Benz Cars & Vans segment accounts for 72% of those payables (December 31, 2019: 71%) and the Daimler Trucks & Buses segment accounts for 23% (December 31, 2019: 22%).

Other financial liabilities of €9.1 billion (December 31, 2019: €9.9 billion) mainly consist of liabilities from residual-value guarantees, salaries and wages, derivative financial instruments, deposits received and accrued interest on financing liabilities.

Contract and refund liabilities of €13.3 billion are slightly below the level at December 31, 2019 (€13.6 billion). 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 €11.0 billion (December 31, 2019: €11.0 billion) primarily comprise deferred taxes, tax liabilities and deferred income.

Table ↗ C.14 shows the derivation of net assets for the automotive segments. They relate to the operating assets and liabilities for which the divisions are responsible.

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 ↗ E.03, the Consolidated Statement of Changes in Equity ↗ E.05 and the related notes in the Notes to the Interim Consolidated Financial Statements.

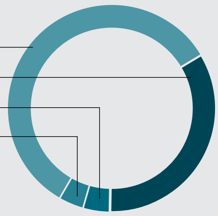
Workforce

At the end of the first quarter of 2020, the Daimler Group employed 298,611 people worldwide (end of 2019: 298,655). Of that total, 172,936 were employed in Germany (end of 2019: 173,813), 25,798 in the United States (end of 2019: 25,788), 11,376 in Brazil (end of 2019: 11,128) and 11,380 in Japan (end of 2019: 10,056). Our consolidated companies in China employed 4,326 people at the end of March 2020 (end of 2019: 4,439). ↗ C.15

C.15

Employees by division (as of March 31, 2020)

Daimler-Group	298,611
Mercedes-Benz Cars & Vans	173,854
Daimler Trucks & Buses	101,366
Daimler Mobility	12,384
Group Functions & Services	11,007



Important events

Daimler AG proposes Timotheus Höttges for election to the Supervisory Board

On the basis of a recommendation by the Nomination Committee, the Supervisory Board of Daimler AG decided on February 19 to propose at the Annual Shareholders' Meeting that Timotheus Höttges be elected to the Supervisory Board as a representative of the shareholders. Paul Achleitner will step down from the Supervisory Board of Daimler AG after ten years.

Supervisory Board of Daimler AG extends contract with Hubertus Troska

In the same meeting, the Supervisory Board extended the contract of service of Hubertus Troska, Member of the Board of Management of Daimler AG responsible for Greater China, until December 31, 2025. Hubertus Troska has been a member of the Board of Management of Daimler AG since December 13, 2012. He is CEO and Chairman of Daimler Greater China Ltd., and thus responsible for all strategic and operating activities of Daimler in China.

Daimler shortens decision-making paths and streamlines organizational structure

As announced on February 20, our company has further developed its organizational structure with the goal of improving the development and production processes for vehicles, technologies and services through closer and more efficient collaboration. Several restructuring measures took effect on April 1, 2020. For the area of Mercedes-Benz Cars, the position of Product Strategy and Steering has been newly created. Furthermore, Ola Källenius has assumed overall responsibility for the Mercedes-Benz Vans division. Markus Schäfer, currently Member of the Boards of Management of Daimler AG and Mercedes-Benz AG responsible for Group Research and Mercedes-Benz Cars Development, Procurement and Supplier Quality, will in the future at Daimler AG level as Chief Operating Officer also manage the technical value-added process of Mercedes-Benz Cars – from development and materials purchasing to production. Harald Wilhelm, Member of the Board of Management of Daimler AG responsible for Finance & Controlling and Daimler Mobility, is also Board of Management Member for Finance at Mercedes-Benz AG.

Daimler postpones Annual Shareholders' Meeting

After consideration of all aspects, especially the health of all participants and the instructions of the responsible public health office, the Board of Management decided on March 13 not to hold the Annual Shareholders' Meeting as planned on April 1, 2020, but to postpone it until later in 2020. This inevitably results in the corresponding postponement of the resolution on the appropriation of profit and the dividend payment. We aim to hold the Annual Meeting on July 8 and to send out new invitations to the 2020 Annual Shareholders' Meeting.

Measures adopted against the COVID-19 pandemic

Due to the worsening COVID-19 pandemic, Daimler AG decided on March 17 to suspend most of its production and work in selected administrative areas in Europe for an initial period of two weeks. The suspension affected the company's European car, van and truck plants. Wherever operations have to be maintained, the company has taken appropriate precautions to protect its employees against infection. With these measures, the company is helping to protect the workforce, to interrupt chains of infection and to contain the spread of this pandemic.

At the same time, this decision helped to prepare Daimler for a phase of temporarily lower demand and to safeguard the company's financial strength. On April 6, 2020, an initially two-week phase of short-time work began for the majority of Daimler's employees in Germany. This was in response to the far-reaching effects of the coronavirus and the resulting increasingly difficult economic and social conditions.

Daimler signs €12 billion credit agreement
On April 1, Daimler AG has increased its financial flexibility with a further credit line of €12 billion. This is in addition to the existing, not yet utilized, €11 billion revolving credit facility with a term until 2025 including extension options. The additional credit line was agreed with a consortium of international banks and can be utilized in a twelve-month period with two six-month extension options.

Volvo Group and Daimler Truck AG sign an agreement on the founding of a joint venture for the series production of fuel cells
In April 2020, the Volvo Group and Daimler Truck AG signed a preliminary, non-binding agreement to establish a new joint venture. The intention is to develop, produce and commercialize fuel-cell systems for use in heavy-duty commercial vehicles and other applications.

Following review and approval by the relevant competition authorities, the transaction is expected to be closed in the second half of 2020. It is planned that the Volvo Group and Daimler Truck AG will each hold a 50% interest in the joint venture. To make the joint venture possible, Daimler will concentrate all of its Group-wide fuel-cell activities in new fuel cell entities. The Volvo Group will acquire 50% of the joint venture for approximately €0.6 billion. The transaction is expected to have a significant positive effect on the Daimler Group's earnings. In the future, the joint venture will be included in the consolidated financial statements using the equity method and will be reported in the Daimler Trucks & Buses segment.

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 135 to 149 of our Annual Report 2019. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. In particular against the background of the COVID-19 pandemic, the assessment of risks and opportunities for the 2020 financial year has changed since the presentation of Management Report 2019 as follows.

The macroeconomic effects of the COVID-19 pandemic are meanwhile being felt in most of the sales markets relevant to Daimler.

Economic risks

The entire global economy is affected by this development, with declines, in some cases drastic, in economic output. This includes domestic demand, foreign trade and private consumption, as well as companies' investment activities. Not only the industrial sector is affected, which is already dependent on economic cycles, but also and above all the services sector. Against this background, this risk report does not provide a more detailed description of developments at country and sector levels.

Risks arise from a possibly even more serious development of the corona crisis, especially if the restrictive measures remain in force significantly longer and are stricter than expected or in the event of a second massive worldwide wave of infections. On the one hand, this would result in an even deeper slump for the global economy than anticipated in the Outlook section. On the other hand, the risks for Daimler – which affect not only the development of unit sales but could also have a significant impact on production, the procurement market and the supply chain – would in this case be even more serious than currently assumed. However, in the currently unlikely event of a significantly earlier end to the corona crisis and a faster and more vigorous economic recovery, there would be opportunities for a better sales development and a faster stabilization of production, the procurement market and supply chains.

With regard to oil price developments, risks of supply shortages and significant price increases have been considerably reduced. In view of the sharp drop in demand, there is now more of a risk of a sustained very low oil price, which would put additional pressure on oil-exporting economies. This could have negative effects on unit sales for all Daimler segments in those countries.

Industry and business risks and financial risks

Under the described conditions, which are currently largely determined by the COVID-19 pandemic, an unusually high level of uncertainty exists concerning the further development of the business of the Daimler Group, so we cannot assess the reporting figures we forecast for the rest of the year in the usual level of detail and to the usual extent, which significantly impairs the assessment of the Daimler Group's and its segments' opportunities and risks. It is not possible to estimate at this time what further course the pandemic will take in our important sales and procurement markets. The resulting volatility of the financial markets also cannot be reliably estimated at present, so we currently anticipate increased risks from financial risks.

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

Daimler is continuously subject to governmental information requests, inquiries, investigations, administrative orders and proceedings relating to environmental, 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/have been conducting investigations and/or administrative proceedings, and/or have issued administrative orders or, in the case of the Stuttgart district attorney's office, a fine notice. 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, criminal and antitrust laws. These authorities and institutions 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 South Korean Ministry of Environment ("MoE") and the South Korean competition authority (Korea Fair Trade Commission "KFTC"), 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 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 Com- mission sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. 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 September 2019, the Stuttgart district attorney's office issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler. Daimler continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation and in light of the recent developments, 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 actions, measures and orders may include subpoenas, that is, legal instructions issued under penalty of law in the process of taking evidence, or other requests for documentation, testimony or other information, or orders to recall vehicles, 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.

Since 2018, the KBA has issued various 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 mandatory recalls and, in certain cases, stops of the first registration. In addition and since 2018 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, also covering the used car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA's 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, the KBA is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In light of the aforementioned administrative orders issued by, and continued discussions with, the KBA, it is likely that in the course of the ongoing and/or further investigations KBA will issue additional administrative orders holding that other Mercedes-Benz diesel vehicles are also equipped with impermissible defeat devices.

The new calibrations requested by KBA are being processed, and for a certain proportion of the vehicles, the relevant software has already been approved by KBA; the related recalls have insofar been initiated. It cannot be ruled out that under certain circumstances, software updates may have to be reworked or further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with regard to the used car, leasing and financing businesses. Daimler is conducting further investigations and otherwise continues to fully cooperate with the authorities and institutions.

In January 2019, another vehicle manufacturer reached civil settlements with US federal 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 illegal defeat devices. As part of these settlements, the manufacturer has agreed to, 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 has furthermore agreed to 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, it is likely that, besides KBA, one or more regulatory and/or investigative authorities worldwide 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 are equipped with impermissible defeat devices 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. Except for, in particular, the Stuttgart district attorney's office's administrative offense proceedings, the other inquiries, investigations, legal actions and proceedings as well as the replies to the governmental information requests and the objection proceedings against KBA's administrative orders are still ongoing and open; hence, Daimler cannot predict the outcome at this time. Due to the outcome of the administrative offense proceedings by the Stuttgart district attorney's office against Daimler and the above as well as any potential other information requests, inquiries, investigations, administrative orders and proceedings, it is possible that Daimler will become subject to significant additional monetary penalties, fines, disgorgements of profits, 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 (such as the exclusion from public tenders), 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, such as the fine notice issued by the Stuttgart district attorney's office, 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 the fine notice issued by the Stuttgart district attorney's office as well as other 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 anticompetitive 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 claims under warranty and/or tort laws as well as lawsuits by investors alleging the violation of disclosure requirements are pending. In this context, motions to initiate a model proceeding in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG) have been filed by investors as well as by Daimler AG. 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 or other court proceedings discussed above, in particular the fine notice issued by the Stuttgart district attorney's office.

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 and Daimler Truck AG are facing 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 2019.

Outlook

After the **world economy** slipped into recession in the first quarter, its development will continue to be dominated by the corona crisis during the rest of the year. The decisive factors will be when the pandemic will be under control worldwide, how long economic activity is reduced until then, and which pattern of recovery will occur afterwards. From today's perspective, a significant decline in global economic output must be anticipated for the year 2020 as a whole.

The Chinese economy was the first of the major economies to suffer a massive slump, but now appears to be the first to improve. Nevertheless, it is to be expected that China will achieve only slight growth this year, instead of the originally expected 5 to 6%. For the economy of the European Monetary Union (EMU), a deep recession must be expected due to the restrictive measures taken to combat the COVID-19 pandemic. Although hardly any exact economic data is yet available that would allow the extent of the economic decline to be quantified more precisely, most analysts currently expect a significant decline in gross domestic product (GDP). Current expectations are that none of the larger individual economies of the EMU will be able to escape this fall in GDP. The decline in economic output is likely to be especially pronounced in countries very severely affected by the pandemic, such as Italy and Spain. For the US economy, the latest labor-market figures in particular provided an important indication of the economic impact of the corona crisis. Private consumption there is likely to be severely affected even after the possible containment of the pandemic. Due to its high dependence on private consumption, the US economy is also expected to suffer a significant GDP decline.

The economies of major emerging nations are also likely to be very weak due to the impact of the COVID-19 pandemic. For major commodity exporters such as Russia and Brazil, the very low oil price, which is likely to remain very low for the rest of the year, will have an additional negative effect. A decline in economic output is therefore expected in both Eastern Europe and South America.

Worldwide **demand for cars** is likely to be severely affected by the corona crisis in most of the sales regions important for Daimler. Although many markets should gradually stabilize as the year progresses, we still anticipate a significant decrease in the global car market.

The European market is likely to contract, with a significant decline in demand anticipated in Western Europe. This will probably affect all major individual markets, each with significant decreases. Significant contraction of the car market in Eastern Europe is also to be expected.

A significant decline in demand is expected in the US market for cars and light trucks. Among the major sales markets, China is likely to be the first to reach a moderate recovery path. However, it will probably not be able to fully offset the massive losses in the first quarter, so significant market contraction is expected for the year as a whole.

In the context of increasing macroeconomic challenges and uncertainties, primarily due to the coronavirus, we anticipate weaker or negative growth rates for **demand for vans** in several markets and regions. In the EU30 region (European Union, United Kingdom, Switzerland and Norway), we anticipate a significant drop in demand in the combined segment of midsize and large vans and in the market for small vans in the full year. In the United States, demand for large vans is also likely to be significantly lower than in the previous year. We expect the market volume for large vans in Latin America to be slightly lower than prior-year levels and for midsize vans in China to remain at the prior-year level.

According to current assessments, major **truck markets** will develop very unfavorably this year as a result of the corona crisis.

In the North American market, we assume that demand for heavy-duty trucks (class 8) will decrease significantly. In the EU30 region (European Union, United Kingdom, Norway and Switzerland), we also expect sales of heavy trucks to decline significantly. The same applies to demand for heavy trucks in Brazil and Japan.

For **buses,** we expect market volumes in both the EU30 region and Brazil to be significantly lower than in 2019.

Under the described conditions, which are currently largely determined by the COVID-19 pandemic, an unusually high level of uncertainty exists concerning the further development of our business, which has a significant impact on our company's forecasting ability. It is not possible to estimate at this time what further course the pandemic will take in our important sales markets. This will also depend on the extent and duration of the measures taken to contain the wave of infection and the resulting economic burdens. However, we assume that we will not be able to fully offset the shortfalls that have already occurred during the further course of the year.

At present, therefore, we cannot assess the reporting figures we forecast for the rest of the year in the usual level of detail and to the usual extent. For the industrial divisions, adjusted returns on sales and adjusted cash conversion rates cannot be reliable forecasted; as a result, the forecasts made in this regard in the 2019 Management Report have lost their validity.

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 its **total unit sales** in 2020 to be below the magnitude of the previous year.

Due to the far-reaching effects of the coronavirus, **Mercedes-Benz Cars** anticipates unit sales in full-year 2020 below the level of the previous year. This assessment also reflects the complete changeover of the smart brand to all-electric models. Mercedes-Benz Cars intends to launch a total of about ten new or updated models in 2020, which will further rejuvenate the product portfolio and extend it in particular with electrified models. We expect positive sales impetus from the ongoing popularity of our SUVs, such as the GLB, GLE and GLS models launched last year.

At **Mercedes-Benz Vans,** unit sales in 2020 are likely to be below the prior-year level, primarily due to the effects of the coronavirus.

In addition to the already expected normalization of our core truck markets, the COVID-19 pandemic will lead to further customer restraint, with a corresponding effect on **Daimler Trucks'** worldwide unit sales in full-year 2020.

Daimler Buses now also anticipates decreasing unit sales in 2020. As before, however, Daimler Buses expects to maintain its market leadership in its most important traditional core markets for buses above eight tons.

Due to the effects of the COVID-19 pandemic and the resulting lower unit sales by our automotive divisions, **Daimler Mobility** anticipates a decrease in new business and a reduced contract volume in full-year 2020.

In view of declining unit sales due to the COVID-19 pandemic, we assume that **Group revenue** in full-year 2020 will also be lower than in the previous year.

On the basis of the market development we anticipate and the current assessments of our divisions, we assume that **Group EBIT** in 2020 will be below the prior-year level. As the EBIT of the Mercedes-Benz Cars & Vans division was adversely affected by substantial special items in 2019, we anticipate EBIT for this division above the prior-year level despite the effects of the COVID-19 pandemic.

We do not expect the **adjusted return on equity of Daimler Mobility** to reach the prior-year level.

We anticipate a decrease in the **free cash flow of the industrial business** compared with the year 2019.

As part of the measures we are taking to safeguard liquidity and cut costs, we will also reduce our investment in **property, plant and equipment** and **our research and development expenditure.** However, we will continue to maintain the advance expenditures that serve to ensure the future viability of our company. Overall, we assume that investment in property, plant and equipment and research and development expenditure will be lower than in the previous year.

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, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forwardlooking 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 & Vans

546,700 vehicles sold in the first quarter (Q1 2019: 652,400)
Worldwide growth in unit sales of compact cars and SUVs
Presentation of updated Vito and eVito Tourer
Adjusted EBIT of €603 million (Q1 2019: €1,372 million)

D.01 **Q1**

€ amounts in millions	Q1 2020	Q1 2019	% change
Revenue	**23,196**	24,063	-4
EBIT	**510**	1,143	-55
EBIT adjusted	**603**	1,372	-56
Return on sales (in %)	**2.2**	4.8	.
Return on sales adjusted (in %)	**2.6**	5.7	.
CFBIT	**-1,729**	-835	.
CFBIT adjusted	**-1,281**	-756	.
CCR[1] adjusted	**-2.1**	-0.6	.
Unit sales	**546,742**	652,350	-16
Production	**609,553**	725,692	-16
Employees	**173,854**	173,394[2]	+0

1 Cash conversion rate
2 As of December 31, 2019

Unit sales, revenue and EBIT

The Mercedes-Benz Cars & Vans division delivered 546,700 vehicles worldwide in the months of January through March (Q1 2019: 652,400). Revenue decreased by 4% to €23.2 billion. Adjusted EBIT amounted to €603 million (Q1 2019: €1,372 million). The adjusted return on sales of 2.6% was lower than the prior-year figure of 5.7%.

Future vision of mobility: the VISION AVTR show car

As the inventor of the automobile, we provided a glimpse of the sustainable mobility of the future at the 2020 Consumer Electronics Show (CES) in Las Vegas, with the Mercedes-Benz VISION AVTR – inspired by AVATAR. The concept car combines man, machine and nature in a way never seen before. In addition, a revolutionary battery technology is used that was developed with the aid of graphene-based organic-cell chemistry and is completely free of rare earths and metals. The battery materials are compostable and therefore fully recyclable. In this way, electric mobility becomes independent of fossil resources. The VISION AVTR impressively demonstrates the vision of a "zero impact car."

The new smart generation: pioneering, digital, urban

smart underscores its pioneering spirit with the updated all-electric fortwo/forfour models. With the consistent changeover of the entire product portfolio to locally emission-free, battery-electric drive, smart is returning to its original brand core and marking the beginning of a new chapter. In combination with progressive design and intelligent connectivity, the new smart generation offers a fully comprehensive concept for sustainable urban mobility.

Digital world premiere of the new E-Class

The digital press conference in March focused on the comprehensively updated E-Class with numerous model variants. The key aspects of the model update are the more dynamic design, the next generation of driver-assistance systems, the latest version of the MBUX infotainment system, an even higher level of comfort and the expansion of the model portfolio with new electrified drive systems. They include, in addition to gasoline and diesel engines with integrated starter generator, the plug-in-hybrid versions of the sedan and wagon models as well as the Mercedes-AMG E 53 4MATIC+ also with intelligent electrification (fuel consumption combined 9.0–8.8 liters per 100 kilometers; CO_2 emissions combined 207–200 grams per kilometer)[1]. With the new drive systems, Mercedes-Benz is pushing ahead with its electrification offensive. The market launch of the comprehensively updated and significantly upgraded E-Class is planned for summer 2020.

New Mercedes-Benz Vito and eVito Tourer

The updated models of the Mercedes-Benz Vito also had their digital world premiere in March. Highlights are the locally emission-free eVito Tourer (electricity consumption combined: 26.2 kWh/100 km; CO_2 emissions combined: 0 g/km)[2] with high-torque electric motors and the new, efficient and powerful four-cylinder diesel generation of the OM 654 engine family. The Mercedes-Benz eVito Tourer sets standards in the segment of all-electric midsize vans in terms of suitability for everyday use. Thanks to its fast-charging function and a range of up to 421 kilometers, it is flexible in use and offers our customers a wide range of applications[3,4]. With the eVito Tourer, we are emphasizing our vision of a locally emission-free van.

1 The figures stated are the "NEDC CO_2 figures" as defined in Article 2 No. 1 of Implementing Regulation (EU) 2017/1153, and the fuel consumption figures were calculated on the basis of these figures. Range and electricity consumption were determined on the basis of Regulation 692/2008/EC. A different figure is used as the basis of assessment under the German Electric Mobility Act (EmoG). A higher figure may be decisive as the basis of assessment for motor-vehicle tax. Further information on the official fuel consumption and the official specific CO_2 emissions of new cars can be found in the "Guide on fuel economy, CO_2 emissions and power consumption" for new passenger cars, which is available free of charge at all sales outlets and from Deutsche Automobil Treuhand GmbH at www.dat.de.
2 Electricity consumption was determined on the basis of Regulation 692/2008/EC. Electricity consumption depends on vehicle configuration.
3 Electricity consumption and range were determined on the basis of Regulation 692/2008/EC. Electricity consumption and range depend on vehicle configuration.
4 The actual range also depends on individual driving style, road and traffic conditions, ambient temperature, use of air conditioning/heating etc., and may vary.

D.02 **Q1**

Unit sales Mercedes-Benz Cars	Q1 2020	Q1 2019	% change
Total	**470,581**	555,312	-15
Europe	**189,190**	235,298	-20
thereof Germany	**61,025**	78,084	-22
North America	**79,757**	75,961	+5
thereof United States	**68,525**	64,259	+7
Asia	**180,898**	221,649	-18
thereof China	**131,566**	173,152	-24
Other markets	**20,736**	22,404	-7

D.03 **Q1**

Unit sales Mercedes-Benz Vans	Q1 2020	Q1 2019	% change
Total	**76,161**	97,038	-22
EU30	**53,078**	66,557	-20
thereof Germany	**21,632**	22,384	-3
North America	**7,288**	11,671	-38
thereof United States	**6,347**	8,846	-28
Latin America (excluding Mexico)	**2,741**	4,174	-34
Asia	**6,206**	8,971	-31
thereof China	**4,165**	6,131	-32
Other markets	**6,848**	5,665	+21

After a good start to the year, **Mercedes-Benz Cars** completed the first quarter with sales of 470,600 automobiles (Q1 2019: 555,300). The effects of the COVID-19 pandemic and the consequences of the temporary closure of dealerships had a significant impact on our sales. In Europe, sales of the Mercedes-Benz and smart car brands fell by 20% to 189,200 vehicles (Q1 2019: 235,300). In Germany, the region's core market, 61,000 vehicles were delivered (Q1 2019: 78,100). In China, Mercedes-Benz Cars' biggest sales market, 131,600 units were sold (Q1 2019: 173,200). In the United States, deliveries by Mercedes-Benz Cars of 68,500 units were higher than in the prior-year period (Q1 2019: 64,300).

Increased unit sales of compact cars and SUVs

Deliveries of the compact cars, including the A-Class, the A-Class sedan, the B-Class, the CLA Coupé and the CLA Shooting Brake, reached a new record for a first quarter thanks to impetus from the new models: Sales grew by 6% to a total of 115,400 units. Deliveries of SUVs also increased, despite the challenging conditions, to 182,400 units (Q1 2019: 178,600). Sales of the C-Class sedan and wagon models totaled 62,500 units (Q1 2019: 93,800). 64,000 units of the E-Class sedan and wagon were sold (Q1 2019: 87,200). Deliveries of the S-Class sedan amounted to 11,300 units (Q1 2019: 16,000). Sales of the smart brand were affected by the phasing out of the previous models and the changeover to purely battery-electric drive: A total of 6,100 units of the electric smart models were delivered worldwide (Q1 2019: 30,300).

Mercedes-Benz Vans recorded sales of 76,200 vehicles in the period of January through March (Q1 2019: 97,000). The significant decrease is mainly due to the effects of the COVID-19 pandemic. Mercedes-Benz Vans sold 53,100 units in the EU30 region (Q1 2019: 66,600). Sales in North America were also significantly below the previous year's level at 7,300 units (Q1 2019: 11,700). In the United States, we sold 6,300 vans in the first quarter (Q1 2019: 8,800), while sales in Latin America fell to 2,700 units (Q1 2019: 4,200). In China, we sold 4,200 units (Q1 2019: 6,100). We were able to increase our unit sales in the other markets, with Russia and African markets contributing in particular.

Daimler Trucks & Buses

Unit sales significantly below prior-year level at 97,600 vehicles (Q1 2019: 121,400)
New electric initiatives: eTruck Charging Initiative, eEconic and CX test fleet in the United States
New company DCNA takes over coach business in the United States and Canada
Significant decrease in adjusted EBIT to €247 million (Q1 2019: €553 million)

D.04 Q1

€ amounts in millions	Q1 2020	Q1 2019	% change
Revenue	8,744	10,174	-14
EBIT	247	553	-55
EBIT adjusted	247	553	-55
Return on sales (in %)	2.8	5.4	.
Return on sales adjusted (in %)	2.8	5.4	.
CFBIT	-85	-232	.
CFBIT adjusted	-85	-232	.
CCR[1] adjusted	-0.3	-0.4	.
Unit sales	97,574	121,446	-20
Production	108,751	132,571	-18
Employees	101,366	101,397[2]	-0

1 Cash conversion rate
2 As of December 31, 2019

Unit sales, revenue and EBIT significantly below prior-year levels

Unit sales by Daimler Trucks & Buses in the first quarter of 2020 decreased to 97,600 vehicles, primarily due to market normalization in North America and Europe (Q1 2019: 121,400). In March, unit sales were also reduced by the worldwide consequences of the COVID-19 pandemic. Revenue was down by €1.4 billion compared with the prior-year quarter to €8.7 billion. Adjusted EBIT of €247 million was also significantly lower than the prior-year level (Q1 2019: €553 million). The adjusted return on sales was 2.8% (Q1 2019: 5.4%).

Further initiatives in the field of electric mobility

The E-Mobility Group of Daimler Trucks & Buses started a worldwide initiative to develop a charging infrastructure for battery-electric trucks under the name eTruck Charging Initiative. The focus is initially on charging stations installed at truck customers' depots. As part of the initiative, the E-Mobility Group is bringing together the main players: electric-truck customers, power-grid operators, energy suppliers, manufacturers of charging hardware and providers of charging software.

Our electric product portfolio is supplemented by the Mercedes-Benz eEconic. This truck, which is based on the eActros, is to undergo initial customer trials starting in 2021. Among other applications, urban use in the waste-management industry is very well suited for battery-powered electric trucks because of the short routes involved.

Daimler Trucks is putting its Customer Experience (CX) test fleet of six heavy-duty Freightliner eCascadia trucks and two medium-duty Freightliner eM2 106 trucks on the road for customer trials in North America. They will be tested by some of the largest fleet customers for medium- and heavy-duty trucks in the United States. The CX test fleet complements the innovation fleet, which has been in service since 2018. The Freightliner eCascadia and eM2 trucks are currently scheduled for market launch in late 2021.

DICV renews its vehicle portfolio and is "BS VI ready"

Daimler India Commercial Vehicles (DICV) presented its all-new vehicle portfolio in late January. The new range of Bharat-Benz trucks will equip Indian customers for the future and will set new standards for medium- and heavy-duty trucks with improvements in fuel economy, safety and connectivity. Just three years after the introduction of the Bharat Stage (BS) IV emission standard, the Indian equivalent of Euro 4, the BS VI standard came into force in India in April 2020 (comparable with Euro 6). This means that BS V has been completely left out. With the new medium- and heavy-duty trucks, BharatBenz now complies with the latest Indian emission standard, BS VI, which is based on Euro 6 technology. Thanks to technical expertise from Daimler Trucks' global competence network, DICV was able to localize proven Euro VI technologies for the Indian market quickly and efficiently.

New responsibility for coaches in the United States and Canada

With the newly founded company Daimler Coaches North America LLC, Daimler Buses has assumed independent responsibility for the coach business in the United States and Canada. The aim is to make the best possible use of the opportunities offered by the coach market in North America through professional market management. Due to the close cooperation with Daimler Trucks North America (DTNA), the bus companies will benefit from one of the most modern and widespread after-sales networks in North America with the existing spare-parts and service structures. Through cooperation with Detroit Diesel Corporation, customers can also take advantage of the extensive network of authorized service centers in the United States and Canada.

Handover of eCitaro buses in Hamburg and major order for Morocco

Daimler Buses handed over 16 all-electric Mercedes-Benz eCitaro buses to the Hamburg-Holstein public transport company (VHH) for use in the Hamburg metropolitan region. The order includes additional eCitaro solo buses as well as eCitaro G articulated buses, which are to be delivered by the end of the year. Furthermore, the bus segment booked a major order for 500 city buses for Morocco. The customer is the Spanish bus company ALSA, which has been operating bus routes in Morocco since 1999.

"Blue Angel" environment award for the Mercedes-Benz eCitaro

The all-electric Mercedes-Benz eCitaro has received the "Blue Angel" environment award. It has been the German government's eco-label for more than 40 years and is given by independent institutions. The award recognizes the environmental friendliness of the eCitaro and emphasizes its contribution towards achieving locally emission-free public transport.

D.05 Unit sales Daimler Trucks	Q1 2020	Q1 2019	% change
Total	92,468	115,920	-20
EU30	13,197	18,967	-30
thereof Germany	5,836	6,576	-11
North America	35,550	47,825	-26
thereof United States	31,414	42,376	-26
Latin America (excluding Mexico)	6,996	8,677	-19
thereof Brazil	4,996	6,097	-18
Asia	30,651	34,307	-11
Other markets	6,074	6,144	-1
for information: BFDA (Auman Trucks)	22,945	22,675	+1

D.06 Unit sales Daimler Buses	Q1 2020	Q1 2019	% change
Total	5,106	5,526	-8
EU30	1,260	919	+37
thereof Germany	531	342	+55
North America	448	382	+17
thereof Mexico	448	382	+17
Latin America (excluding Mexico)	2,386	3,163	-25
thereof Brazil	1,915	2,228	-14
Asia	403	846	-52
Other markets	609	216	+182

Significant decrease in unit sales at Daimler Trucks
First-quarter sales of 92,500 vehicles by Daimler Trucks were 20% lower than in the prior-year period. This development was mainly the result of expected market corrections in North America and Europe, and in March was also due to the worldwide impact of the COVID-19 pandemic. In North America, our truck sales decreased by 26% to 35,600 units. In weight classes 6 to 8, Daimler Trucks continued to be the market leader with a market share of 40.2% (Q1 2019: 43.0%). In Brazil, we sold 5,000 units, which is a decrease of 18% compared with the prior-year quarter. The market launch of the new Actros from Brazilian production is planned for this year. This heavy-duty truck has been specially developed for the Latin American market while using globally available technologies and platforms such as the mirror cam. Sales in the EU30 region (European Union, United Kingdom, Switzerland and Norway) were down by 30% at 13,200 units (Q1 2019: 19,000), also due to purchases being brought forward in the prior-year period because of new regulatory requirements. With a market share of 17.8%, Mercedes-Benz trucks remained the market leader in the medium- and heavy-duty truck segment (Q1 2019: 19.6%). In Germany, sales of 5,800 units were significantly below the prior-year level (Q1 2019: 6,600). In Asia, our deliveries also decreased significantly to 30,700 trucks (Q1 2019: 34,300). Truck sales in India fell sharply by more than half to 2,400 units (Q1 2019: 5,500). In Japan, our sales continued to develop positively with a 7% increase to 11,700 trucks. With the FUSO brand, we achieved a market share of 20.2% of the total Japanese truck market (Q1 2019: 17.0%). In Indonesia, we sold 7,900 units, a volume similar to that of the prior-year quarter (Q1 2019: 7,800). Deliveries by Auman Trucks, our joint venture in China, also remained at the prior-year at 22,900 units (Q1 2019: 22,700).

Unit sales by Daimler Buses below prior-year level
Daimler Buses achieved sales of 5,100 vehicles in the first quarter (Q1 2019: 5,500). With sales of 1,300 units in the EU30 region, Daimler Buses sold 37% more complete buses and bus chassis of the Mercedes-Benz and Setra brands than in the prior-year quarter, which, however, was significantly impacted by delivery delays due to a changed internal certification process for coaches and intercity buses. Sales in Germany increased significantly to 500 units (Q1 2019: 300). With our Mercedes-Benz and Setra brands, we were by far the market leader in the EU30 region with a market share of 31.4% (Q1 2019: 24.3%). In Mexico, we increased our sales by 17% to 400 units. However, in Brazil, our main market in Latin America, our unit sales decreased by 14% to 1,900 bus chassis. Our sales in India also decreased to 200 units (Q1 2019: 500).

Daimler Mobility

New business down by 7%
Slight decrease in contract volume to €160 billion
YOUR NOW mobility joint ventures increase their proportion of electric vehicles in Europe
Adjusted EBIT significantly lower than in prior-year period at €58 million (Q1 2019: €491 million)

D.07 Q1

€ amounts in millions	Q1 2020	Q1 2019	% change
Revenue	7,101	6,881	+3
EBIT	58	1,209	-95
EBIT adjusted	58	491	-88
Return on equity (in %)	1.6	35.7	.
Return on equity adjusted (in %)	1.6	14.5	.
New business	16,174	17,324	-7
Contract volume	159,628	162,843[1]	-2
Employees	12,384	12,680[1]	-2

1 As of December 31, 2019

Slight decrease in worldwide new business
In the first quarter of 2020, Daimler Mobility was unable to escape the far-reaching effects of the global COVID-19 pandemic and the resulting difficult economic and social conditions, especially in the financial services business. The measures taken early in the quarter in Asia, and particularly in China, led to severe restrictions on business operations and had a negative impact on unit sales by the automotive divisions and thus on Daimler Mobility's new business. Worldwide, 412,000 new leasing and financing contracts were concluded in a total amount of €16.2 billion, 7% less than in the prior-year period. Contract volume amounted to €159.6 billion at the end of March and was thus 2% lower than at the end of 2019. Adjusted for exchange-rate effects, contract volume decreased by 1%. Adjusted EBIT amounted to €58 million (Q1 2019: €491 million) and the adjusted return on equity was 1.6% (Q1 2019: 14.5%).

Europe region: new business significantly lower than in the prior-year quarter
In the whole of Europe, 185,000 leasing and financing contracts were signed in the first quarter (-19%). New business decreased by a significant 14% to €6.4 billion. Contract volume in Europe of €65.7 billion at the end of March was slightly lower than the level at year-end 2019. At the end of the first quarter, Athlon und Daimler Fleet Management had 419,000 contracts on their books, equivalent to contract volume of €6.8 billion.

Slight growth in the Americas
In the Americas region, leasing and financing contracts with a total value of €5.8 billion were concluded in the first quarter of 2020 (+7%). In the United States, new business increased by a significant 9%. Contract volume in the Americas region of €59.4 billion at the end of March was at the level of year-end 2019.

Asia-Pacific, Africa & China: significantly less new business
New business in the Asia-Pacific, Africa & China region amounted to €4.0 billion and was thus significantly lower than in the first quarter of 2019 (-12%). Contract volume in the region totaled €34.4 billion at the end of March (-4%). In China, despite the COVID-19 pandemic, 71,000 new leasing and financing contracts in a total amount of €2.2 billion were concluded in the first quarter (-16%). The economic revival in March had a positive impact on new business. Contract volume in China amounted to €16.3 billion at the end of the quarter, and was thus at the level of year-end 2019.

Decrease in the insurance business
Daimler Mobility brokered approximately 520,000 insurance policies in the first quarter of 2020 – a decrease of 3% compared with the prior-year quarter. The markets that were most affected by the corona crisis were Germany (-16%), Spain (-36%) and Italy (-31%).

YOUR NOW mobility joint ventures increase their proportion of electric vehicles in Europe
As of March 31, 2020, more than 98 million people were using the mobility services of the joint ventures, which are organized in the three areas of FREE NOW & REACH NOW, SHARE NOW, and PARK NOW & CHARGE NOW. They provide solutions for ride hailing, multimodal platforms, car sharing, parking and charging the batteries of electric vehicles. Kapten, a ride-hailing service from FREE NOW, increased its fleet of electric cars in London to 1,400 and was launched in Paris with 600 electric cars. SHARE NOW doubled its car-sharing electric fleet in Paris from 400 to 800 vehicles; the proportion of electric vehicles at all SHARE NOW sites in Europe is currently 25%. Until February 2020, all services were able to continue along their unbroken growth path; since March, the declining demand for mobility resulting from the COVID-19 pandemic has had a clear impact.

Consolidated Statement of Income

E.01

	Q1 2020	Q1 2019
In millions of euros		
Revenue	37,223	39,698
Cost of sales	-31,512	-32,127
Gross profit	**5,711**	7,571
Selling expenses	-2,889	-3,151
General administrative expenses	-920	-1,019
Research and non-capitalized development costs	-1,722	-1,704
Other operating income	571	1,217
Other operating expense	-156	-225
Gains/losses on equity-method investments, net	-50	262
Other financial income/expense, net	72	-153
Earnings before interest and taxes (EBIT)	**617**	2,798
Interest income	77	79
Interest expense	-154	-254
Profit before income taxes	**540**	2,623
Income taxes	-372	-474
Net profit	**168**	2,149
thereof profit attributable to non-controlling interests	74	54
thereof profit attributable to shareholders of Daimler AG	94	2,095
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG		
Basic	**0.09**	1.96
Diluted	**0.09**	1.96

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

Consolidated Statement of Comprehensive Income/Loss

E.02

	Q1 2020	Q1 2019
In millions of euros		
Net profit	168	2,149
Gains/losses on currency translation	-535	763
Gains/losses on debt instruments	-31	7
Gains/losses on derivative financial instruments	249	-683
Gains/losses on equity-method investments	4	-17
Items that may be reclassified to profit/loss	-313	70
Actuarial gains/losses from pensions and similar obligations	572	-312
Gains/losses on equity instruments	-1	28
Items that will not be reclassified to profit/loss	571	-284
Other comprehensive income/loss, net of taxes	258	-214
thereof income/loss attributable to non-controlling interests, after taxes	-4	27
thereof income/loss attributable to shareholders of Daimler AG, after taxes	262	-241
Total comprehensive income/loss	426	1,935
thereof income/loss attributable to non-controlling interests	70	81
thereof income/loss attributable to shareholders of Daimler AG	356	1,854

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, 2020	Dec. 31, 2019
Assets		
Intangible assets	16,306	15,978
Property, plant and equipment	36,905	37,143
Equipment on operating leases	50,920	51,482
Equity-method investments	6,188	5,949
Receivables from financial services	52,848	52,880
Marketable debt securities and similar investments	883	770
Other financial assets	3,703	3,347
Deferred tax assets	5,263	5,803
Other assets	1,136	1,286
Total non-current assets	174,152	174,638
Inventories	32,193	29,757
Trade receivables	10,065	12,332
Receivables from financial services	48,421	50,781
Cash and cash equivalents	16,140	18,883
Marketable debt securities and similar investments	7,027	7,885
Other financial assets	3,915	2,736
Other assets	5,750	5,426
Total current assets	123,511	127,800
Total assets	297,663	302,438
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,551	11,552
Retained earnings	46,930	46,329
Other reserves	82	393
Equity attributable to shareholders of Daimler AG	61,633	61,344
Non-controlling interests	1,530	1,497
Total equity	63,163	62,841
Provisions for pensions and similar obligations	8,937	9,728
Provisions for other risks	10,419	10,597
Financing liabilities	96,697	99,179
Other financial liabilities	2,171	2,112
Deferred tax liabilities	4,181	3,935
Deferred income	1,545	1,598
Contract and refund liabilities	6,061	6,060
Other liabilities	707	586
Total non-current liabilities	130,718	133,795
Trade payables	14,177	12,707
Provisions for other risks	9,238	10,327
Financing liabilities	61,622	62,601
Other financial liabilities	6,939	7,752
Deferred income	1,627	1,624
Contract and refund liabilities	7,205	7,571
Other liabilities	2,974	3,220
Total current liabilities	103,782	105,802
Total equity and liabilities	297,663	302,438

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 2020	Q1 2019
Profit before income taxes	540	2,623
Depreciation and amortization/impairments	1,981	1,801
Other non-cash expense and income	-40	-242
Gains (-)/losses (+) on disposals of assets	11	-720
Change in operating assets and liabilities		
Inventories	-2,930	-3,671
Trade receivables	2,144	-172
Trade payables	1,225	1,472
Receivables from financial services	716	-758
Vehicles on operating leases	629	56
Other operating assets and liabilities	-2,167	820
Income taxes paid	-599	-589
Cash provided by operating activities	1,510	620
Additions to property, plant and equipment	-1,612	-1,668
Additions to intangible assets	-701	-753
Proceeds from disposals of property, plant and equipment and intangible assets	110	70
Investments in shareholdings	-143	-1,089
Proceeds from disposals of shareholdings	18	145
Acquisition of marketable debt securities and similar investments	-609	-2,256
Proceeds from sales of marketable debt securities and similar investments	1,268	1,848
Other	-24	-60
Cash used for investing activities	-1,693	-3,763
Change in financing liabilities	-2,527	3,734
Dividends paid to non-controlling interests	-39	-9
Proceeds from the issue of share capital	–	32
Acquisition of treasury shares	-30	-42
Acquisition of non-controlling interests in subsidiaries	–	-64
Cash used for/provided by financing activities	-2,596	3,651
Effect of foreign exchange rate changes on cash and cash equivalents	36	237
Net increase/decrease in cash and cash equivalents	-2,743	745
Cash and cash equivalents at beginning of period	18,883	15,853
Cash and cash equivalents at end of period	16,140	16,598

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, 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
Balance at January 1, 2020	**3,070**	**11,552**	**46,329**	**930**	**30**
Net profit	–	–	**94**	–	–
Other comprehensive income/loss before taxes	–	–	**1,082**	**-533**	**-47**
Deferred taxes on other comprehensive income/loss	–	–	**-509**	–	**16**
Total comprehensive income/loss	–	–	**667**	**-533**	**-31**
Dividends	–	–	–	–	–
Changes in consolidated group	–	–	**-78**	–	–
Acquisition of treasury shares	–	–	–	–	–
Issue and disposal of treasury shares	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	**-1**	–	–	–
Other	–	–	**12**	–	–
Balance at March 31, 2020	**3,070**	**11,551**	**46,930**	**397**	**-1**

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
-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**
-546	**-21**	**–**	**61,344**	**1,497**	**62,841**	**Balance at January 1, 2020**
–	**–**	**–**	**94**	**74**	**168**	Net profit
361	**4**	**–**	**867**	**-5**	**862**	Other comprehensive income/loss before taxes
-112	**–**	**–**	**-605**	**1**	**-604**	Deferred taxes on other comprehensive income/loss
249	**4**	**–**	**356**	**70**	**426**	Total comprehensive income/loss
–	**–**	**–**	**–**	**-39**	**-39**	Dividends
–	**–**	**–**	**-78**	**-4**	**-82**	Changes in consolidated group
–	**–**	**-30**	**-30**	**–**	**-30**	Acquisition of treasury shares
–	**–**	**30**	**30**	**–**	**30**	Issue and disposal of treasury shares
–	**–**	**–**	**-1**	**–**	**-1**	Changes in ownership interests in subsidiaries
–	**–**	**–**	**12**	**6**	**18**	Other
-297	**-17**	**–**	**61,633**	**1,530**	**63,163**	**Balance at March 31, 2020**

Notes to the Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General
These 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 120, 70372 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 28, 2020. These Interim Consolidated Financial Statements have been reviewed by the Daimler Group's independent auditors.

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 financial year. The Interim Financial Statements should be read in conjunction with the December 31, 2019 audited and published IFRS Consolidated Financial Statements and notes thereto. The accounting policies applied by the Group in these Interim Financial Statements fundamentally correspond with those applied for the Consolidated Financial Statements for the year ended December 31, 2019.

Accounting estimates and management judgements due to the COVID-19 pandemic
Accounting estimates and management judgements can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the balance sheet date, and the amounts of income and expense reported for the period. Due to the currently unforeseeable global consequences of the COVID-19 pandemic, these accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on the Interim Consolidated Financial Statements.

With the update of the accounting estimates and management judgements, available information on the expected economic developments and country-specific governmental countermeasures has been included.

This information was included in the analysis of the recoverability and collectability of financial assets, especially of receivables from financial services and equity-method investments. With regard to hedge accounting, estimates were updated concerning whether forecast transactions can still be assumed to be highly likely to occur. Furthermore, estimates of future residual values of leased vehicles, the measurement of provisions for residual value guarantees and the measurement of the net realizable value of inventories have been updated to include the expected consequences of the COVID-19 pandemic. In addition, impairment tests for the cash-generating units of the automotive business have confirmed the correctness of the corresponding carrying amounts.

Adjustment of segment figures in the prior-year period due to the change in the Group's internal management and reporting structure as of January 1, 2020
Until December 31, 2019, the Group's reportable segments were Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Mobility. As of January 1, 2020, the Group's activities are divided into the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. This corresponds to the internal reporting and organizational structure. The segments Mercedes-Benz Cars and Mercedes-Benz Vans are aggregated into the reportable segment Mercedes-Benz Cars & Vans in line with the nature of the products and services offered, as well as their brands, sales channels and customer profiles.

The figures for 2019 have been adjusted to the new segment structure to ensure that the figures for 2020 are comparable with the prior-year figures. Internal supply relationships within the new segments have been taken into account. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments.

In this context, the amortization of capitalized borrowing costs is included in EBIT as of January 1, 2020. From the 2020 financial year onwards, EBIT will therefore be presented in the Consolidated Statement of Income as an arithmetical amount.

2. 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 regions - and presented in table ↗ E.06. 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 Mobility and effects from currency hedging.

E.06
Revenue

In millions of euros	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q1 2020						
Europe	**10,320**	**2,470**	**1,114**	**13,904**	**-640**	**13,264**
North America	**4,632**	**3,581**	**1,515**	**9,728**	**-275**	**9,453**
Asia	**6,474**	**1,626**	**42**	**8,142**	**-3**	**8,139**
Other markets	**1,125**	**805**	**29**	**1,959**	**-3**	**1,956**
Revenue according to IFRS 15	**22,551**	**8,482**	**2,700**	**33,733**	**-921**	**32,812**
Other revenue	**645**	**262**	**4,401**	**5,308**	**-897**	**4,411**
Total revenue	**23,196**	**8,744**	**7,101**	**39,041**	**-1,818**	**37,223**

In millions of euros	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q1 2019						
Europe	10,894	2,861	1,209	14,964	-373	14,591
North America	4,387	4,452	1,299	10,138	-182	9,956
Asia	6,786	1,677	37	8,500	-6	8,494
Other markets	1,337	947	42	2,326	-5	2,321
Revenue according to IFRS 15	23,404	9,937	2,587	35,928	-566	35,362
Other revenue	659	237	4,294	5,190	-854	4,336
Total revenue	24,063	10,174	6,881	41,118	-1,420	39,698

E.07
Other financial income/expense, net

	Q1 2020	Q1 2019
In millions of euros		
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	142	-109
Miscellaneous other financial income/expense, net	-70	-44
	72	-153

E.08
Interest income and interest expense

	Q1 2020	Q1 2019
In millions of euros		
Interest income		
Net interest income on the net assets of defined-benefit pension plans	1	1
Interest and similar income	76	78
	77	79
Interest expense		
Net interest expense on the net obligation from defined-benefit pension plans	-40	-45
Interest and similar expense	-114	-209
	-154	-254

3. Functional costs

Cost of sales
Cost of sales amounted to €31,512 million in the first quarter of 2020 (Q1 2019: €32,127 million). It primarily comprises the expenses of goods sold.

Selling expenses
In the first quarter of 2020, selling expenses amounted to €2,889 million (Q1 2019: €3,151 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 €920 million in the first quarter of 2020 (Q1 2019: €1,019 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 amounted to €1,722 million in the first quarter of 2020 (Q1 2019: €1,704 million). They primarily comprise personnel expenses and material costs.

4. Other operating income and expense

In the first quarter of 2020, **other operating income** amounted to €571 million (Q1 2019: €1,217 million). The decrease 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. A positive impact in the first quarter of 2020 was the contribution of the smart brand to the joint venture smart Automobile Co., Ltd., which was founded in December 2019 by Mercedes-Benz AG and Zhejiang Geely Holding Group. This resulted in an income of €154 million. See Note 10 for further information.

Other operating expense in the first quarter of 2020 was €156 million (Q1 2019: €225 million).

5. Other financial income/expense

Table ↗ **E.07** shows the components of other financial income/expense, net.

6. Interest income and interest expense

The composition of interest income and interest expense is shown in table ↗ **E.08**.

7. Intangible assets

The composition of intangible assets is shown in table ↗ **E.09**.

8. Property, plant and equipment

Property, plant and equipment as presented in the Statement of Financial Position with a carrying amount of €36,905 million (December 31, 2019: €37,143 million) also includes right-of-use assets related to lessee accounting.

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

Table ↗ **E.11** shows the right-of-use assets.

9. Equipment on operating leases

At March 31, 2020, the carrying amount of equipment on operating leases was €50,920 million (December 31, 2019: €51,482 million). In the three-month period ended March 31, 2020, additions and disposals amounted to €5,508 million and €3,801 million respectively (Q1 2019: €6,011 million and €3,797 million). Depreciation for the three-month period ended March 31, 2020 was €2,339 million (Q1 2019: €2,284 million) and includes impairments in a minor volume arising in connection with the corona crisis. Other changes primarily comprise the effects of currency translation.

E.09
Intangible assets

In millions of euros	**March 31, 2020**	Dec. 31, 2019
Goodwill	**1,210**	1,217
Development costs	**12,706**	12,525
Other intangible assets	**2,390**	2,236
	16,306	15,978

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

In millions of euros	**March 31, 2020**	Dec. 31, 2019
Land, leasehold improvements and buildings including buildings on land owned by others	**9,922**	9,859
Technical equipment and machinery	**10,050**	10,113
Other equipment, factory and office equipment	**7,866**	7,864
Advance payments relating to plant and equipment and construction in progress	**4,908**	5,073
	32,746	32,909

E.11
Right-of-use assets

In millions of euros	**March 31, 2020**	Dec. 31, 2019
Land, leasehold improvements and buildings	**3,889**	3,956
Technical equipment and machinery	**178**	187
Other equipment, factory and office equipment	**92**	91
	4,159	4,234

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, 2020				
Equity investment[1]	**4,443**	**1,725**	**20**	**6,188**
Equity result (Q1 2020)[1]	**61**	**-113**	**2**	**-50**
At December 31, 2019				
Equity investment[1]	4,349	1,582	18	5,949
Equity result (Q1 2019)[1]	264	-17	15	262

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, 2020					
Equity interest (in %)	**49.0**	**9.6**	**29.7**		
Equity investment[1]	**2,753**	**530**	**473**	**687**	**4,443**
Equity result (Q1 2020)[1]	**222**	**-139**	**-20**	**-2**	**61**
At December 31, 2019					
Equity interest (in %)	49.0	9.6	29.7		
Equity investment[1]	2,519	665	475	690	4,349
Equity result (Q1 2019)[1]	316	5	-40	-17	264

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, 2020			
Equity interest (in %)	**50.0**		
Equity investment[1]	**789**	**936**	**1,725**
Equity result (Q1 2020)[1]	**-77**	**-36**	**-113**
At December 31, 2019			
Equity interest (in %)	50.0		
Equity investment[1]	866	716	1,582
Equity result (Q1 2019)[1]	-21	4	-17

1 Including investor-level adjustments.
2 Earnings of YOUR NOW are included in Daimler's Consolidated Financial Statements with a one-month time lag. The figures for the equity result of 2019 relate to the period of February 1 to February 28, 2019. The figures for 2020 relate to the period of December 1, 2019 to February 29, 2020.

BAIC Motor
In the first quarter of 2020, due to a reassessment of the business development in light of the COVID-19 pandemic, the Group recognized an impairment loss of €150 million with respect to its investment in BAIC Motor Corporation Ltd. (BAIC Motor). The loss is included in the line item profit/loss on equity-method investments, net.

Other joint ventures accounted for using the equity-method
In December 2019, Mercedes-Benz AG and Zhejiang Geely Holding Group founded the joint venture **smart Automobile Co., Ltd.** (smart). In the first quarter of 2020, each company contributed RMB 2.7 billion to the equity of the joint venture. The share of Mercedes-Benz AG essentially consisted of the contribution of the smart brand, leading to a positive effect on earnings in the amount of €154 million, recognized in other operating income. The joint venture is allocated to the Mercedes-Benz Cars & Vans segment.

11. Receivables from financial services

Receivables from financial services are shown in the following table:

E.15
Receivables from financial services

		March 31, 2020			Dec. 31, 2019	
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,359	30,369	48,728	18,963	30,627	49,590
Sales financing with dealers	20,024	3,924	23,948	21,016	3,573	24,589
Finance lease contracts	10,953	19,391	30,344	11,461	19,329	30,790
Gross carrying amount	49,336	53,684	103,020	51,440	53,529	104,969
Loss allowances	-915	-836	-1,751	-659	-649	-1,308
Net carrying amount	48,421	52,848	101,269	50,781	52,880	103,661

At March 31, 2020, €0.4 billion of the loss allowances relates to the increase in the allowance for credit losses recognized at the Daimler Mobility segment as a result of the worsened economic outlook in connection with the COVID-19 pandemic.

12. Inventories

Inventories are comprised as follows:

E.16
Inventories

	March 31, 2020	Dec. 31, 2019
In millions of euros		
Raw materials and manufacturing supplies	3,646	3,321
Work in progress	4,195	4,290
Finished goods, parts and products held for resale	24,165	21,922
Advance payments to suppliers	187	224
	32,193	29,757

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.

Approved Capital 2018 has not yet been exercised.

Conditional capital
By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Board of Management was 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 was 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 could 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 could include warranty obligations or conversion obligations. The bonds could 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).

This authorization to issue convertible and/or warrant bonds was not exercised.

Treasury shares
By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Company was 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 could be used, amongst other things excluding shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares could 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 could also be canceled.

The Board of Management was also 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 was not to exceed 18 months and had to end not later than March 31, 2020.

This authorization has not been exercised.

Employee share purchase plan
In the first quarter of 2020, 1.1 million (2019: 0.8 million) Daimler shares were purchased pursuant to Section 71 Subsection 1 No. 2, of the German Stock Corporation Act (AktG) without utilizing the authorization to acquire treasury shares granted by the Annual Shareholders' Meeting on April 1, 2015, to be reissued to employees in connection with employee share purchase plans. The shares were reissued on March 25, 2020.

Dividend
At the Annual Shareholders' Meeting to be held on July 8, 2020, the proposal is to be made to pay out a dividend of €963 million (€0.90 per dividend-entitled no-par-value share; 2019: €3,477 million and €3.25 per share) of the distributable profit for the year 2019 of Daimler AG (separate financial statements).

14. Pensions and similar obligations

Development of funded status
The funded status of pension obligations is shown in table ↗ E.17. The decrease in the present value of defined benefit obligations results from the significant increase in the discount rates. This effect is partially offset by the negative development of the return on plan assets.

Pension cost
The components of pension cost included in the Consolidated Statement of Income are shown in table ↗ E.18.

Contributions to pension plan assets
In the first three months of 2020, contributions by Daimler to the Group's pension plan assets amounted to €91 million (2019: €42 million).

E.17
Development of funded status

	March 31, 2020	Dec. 31, 2019
In millions of euros		
Present value of the defined benefit obligation	-32,611	-36,195
Fair value of plan assets	25,083	27,760
Funded status	-7,528	-8,435
thereof recognized in other assets	183	83
thereof recognized in provisions for pensions and similar obligations	-7,711	-8,518

E.18
Pension cost

			Q1 2020			Q1 2019
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-199	-171	-28	-174	-150	-24
Net interest expense	-28	-19	-9	-32	-23	-9
Net interest income	1	–	1	1	–	1
	-226	-190	-36	-205	-173	-32

15. Provisions for other risks

Provisions for other risks are comprised as shown in table ↗ E.19.

E.19
Provisions for other risks

	March 31, 2020			Dec. 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	**3,423**	**4,951**	**8,374**	3,744	4,964	8,708
Personnel and social costs	**1,356**	**2,581**	**3,937**	1,522	2,726	4,248
Litigation risks and regulatory proceedings	**2,445**	**2,327**	**4,772**	2,498	2,404	4,902
Other	**2,014**	**560**	**2,574**	2,563	503	3,066
	9,238	**10,419**	**19,657**	10,327	10,597	20,924

16. Financing liabilities

Financing liabilities are comprised as follows:

E.20
Financing liabilities

	March 31, 2020			Dec. 31, 2019		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	**17,733**	**65,747**	**83,480**	17,806	67,819	85,625
Commercial paper	**2,656**	**–**	**2,656**	3,278	–	3,278
Liabilities to financial institutions	**22,108**	**15,505**	**37,613**	23,043	16,768	39,811
Deposits in the direct banking business	**9,451**	**3,453**	**12,904**	9,713	3,406	13,119
Liabilities from ABS transactions	**8,003**	**7,839**	**15,842**	6,911	7,021	13,932
Lease liabilities	**708**	**3,457**	**4,165**	703	3,537	4,240
Loans, other financing liabilities	**963**	**696**	**1,659**	1,147	628	1,775
	61,622	**96,697**	**158,319**	62,601	99,179	161,780

17. Legal proceedings

As previously 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: class-action and other lawsuits in the United States, Canada and Germany
As already reported, several consumer class-action lawsuits were filed against Mercedes-Benz USA, LLC (MBUSA) in Federal Courts in the United States in early 2016. The main allegation was the use of devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NO_X) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles. Those consumer class actions were consolidated into one class action pending against both Daimler AG and MBUSA in the US District Court for the District of New Jersey, in which the plaintiffs asserted various grounds for monetary relief on behalf of a nationwide class of persons or entities who owned or leased certain models of Mercedes-Benz diesel vehicles as of February 18, 2016. Daimler AG and MBUSA moved to dismiss the lawsuit in its entirety. By order dated December 6, 2016, the court granted Daimler AG's and MBUSA's motion to dismiss and dismissed the lawsuit without prejudice, based on plaintiffs' failure to allege with sufficient specificity the advertising that they contended had misled them. Plaintiffs subsequently filed an amended class action complaint in the same court making similar allegations. The amended complaint also adds as defendants Robert Bosch LLC and Robert Bosch GmbH (collectively; "Bosch"), and alleges that Daimler AG and MBUSA conspired with Bosch to deceive US regulators and consumers. On February 1, 2019, the court granted in part and denied in part Daimler AG's and MBUSA's subsequent motion to dismiss. The case is ongoing as the court's decision merely addressed certain legal aspects of plaintiffs' claims and did not decide whether the plaintiffs can ultimately prove their claims, whether the plaintiffs' allegations are true, or whether their claims have merit.

On January 8, 2019, the Arizona State Attorney General filed a civil complaint in Arizona state court against Daimler AG and MBUSA making similar allegations that Arizona consumers had been deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles. The state seeks monetary penalties for violation of Arizona's consumer protection laws.

Another consumer class-action lawsuit against Daimler AG and other companies of the Group containing similar allegations was filed in Canada in April 2016. On June 29, 2017, the court granted a procedural motion to certify certain issues for class treatment, and on March 12, 2018, the court ordered the parties to send a notice to the class by May 18, 2018, informing class members that the litigation is ongoing and that they will be bound by the outcome. That notice was sent, and class members had until July 20, 2018 to opt out of the class to avoid being bound by subsequent rulings in the case.

On July 14, 2017, an additional class action was filed in the Superior Court of California, Los Angeles County, against Daimler AG and other companies of the Group, alleging claims similar to the existing US class action. That action was removed to Federal Court and, on October 31, 2017, was transferred to the District of New Jersey. On December 21, 2017, the parties stipulated to dismiss, without prejudice, that lawsuit. It may be filed again under specific conditions. Daimler AG and MBUSA, respectively, regard the foregoing lawsuits in the United States and Canada as being without merit and will defend against the claims.

In Germany, a multitude of lawsuits by investors alleging the violation of disclosure requirements is pending against Daimler. In addition, some investors have raised out-of-court claims for damages. The investors contend that Daimler AG did not immediately disclose inside information in connection with the emission behavior of its diesel vehicles and that it had made false and misleading public statements. They further claim that the purchase price of the financial instruments acquired by them (in particular Daimler shares) would have been lower if Daimler had correctly complied with its disclosure duties. In this context, both investors as well as Daimler AG have filed motions to initiate a model proceeding in accordance with the Act on Model Proceedings in Capital Markets Disputes (KapMuG). Currently, no model proceeding is pending. Daimler AG also regards these lawsuits as being without merit and will defend against the claims.

Diesel emission behavior: governmental proceedings
As reported, several federal and state authorities and other institutions worldwide have inquired about and/or are/have been conducting investigations and/or administrative proceedings and/or have issued administrative orders or, in the case of the Stuttgart district attorney's office, a fine notice. 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, criminal and antitrust laws. These authorities and institutions include, amongst 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 South Korean Ministry of Environment (MoE) and the South Korean competition authority (Korea Fair Trade Commission (KFTC)), 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 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 sent a statement of objections to Daimler and other automobile manufacturers in April 2019. In this context, Daimler filed an application for immunity from fines (leniency application) with the European Commission some time ago. 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 September 2019, the Stuttgart district attorney's office issued a fine notice against Daimler based on a negligent violation of supervisory duties in the amount of €870 million which has become legally binding, thereby concluding the administrative offense proceedings against Daimler.

Since 2018, KBA has issued various 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 mandatory recalls and, in certain cases, stops of the first registration. In addition and since 2018, 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, also covering the used-car, leasing and financing businesses, and is constantly reviewing whether it can lift this delivery and registration stop in whole or in part. Daimler has filed timely objections against the KBA's 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 is routinely conducting further reviews of Mercedes-Benz vehicles and is asking questions about technical elements of the vehicles. In light of the aforementioned administrative orders issued by, and continued discussions with, the KBA, it is likely that in the course of the ongoing and/or further investigations, KBA will issue additional administrative orders holding that other Mercedes-Benz diesel vehicles are also equipped with impermissible defeat devices. The new calibrations requested by KBA are being processed, and for a certain proportion of the vehicles, the relevant software has already been approved by KBA; the related recalls have insofar been initiated. It cannot be ruled out that software updates may be reworked, further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with a view to the used car, leasing and financing businesses, under the relevant circumstances.

Daimler is conducting further investigations and otherwise continues to fully cooperate with the authorities and institutions. Except for the Stuttgart district attorney's office's administrative offense proceedings, the aforementioned inquiries, investigations, administrative proceedings and the replies to these related information requests, as well as the objection proceedings against the administrative orders are ongoing.

Accounting assessment of the legal proceedings in connection with diesel emission behavior
With respect to the legal proceedings described in the two preceding chapters, 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's position.

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 17, 2019, the court granted motions to dismiss in the consolidated US class action proceedings, albeit with leave to amend, and on August 15, 2019, the plaintiffs filed amended complaints making similar allegations. On March 31, 2020, the court granted motions to dismiss these first amended US class action complaints, albeit with leave to amend. The plaintiffs have until May 15, 2020 to file second amended complaints. Daimler AG and MBUSA regard the US and Canadian lawsuits as being without merit, and will defend against the claims. This contingent liability cannot currently be measured.

In this context, Daimler AG may disclose that it filed a 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, sent a statement of objections to Daimler and other automobile manufacturers to which Daimler responded in good time. At present, Daimler does not expect this issue to have any material impact on the Group'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 and Daimler Truck AG facing 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's position.

Class-action lawsuits Takata airbag inflators

As already reported, class actions in connection with Takata airbags are pending in Canada, the United States and Israel. The lawsuits are based on the allegation that, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, Daimler entities were allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to provide an adequate replacement airbag inflator. In detail: In August 2016, Mercedes-Benz Canada (MB Canada) was added as a defendant to a putative nationwide class action pending in Ontario Superior Court. In addition, Daimler AG and MBUSA were named as defendants along with Takata companies in June 2017, in a US nationwide class action, which was filed in New Jersey Federal Court. In the third quarter of 2017, such lawsuit was transferred to federal court in the Southern District of Florida for consolidation with other multidistrict litigation proceedings. Further class action lawsuits in the USA were integrated into the multiple district proceedings. In an order entered on June 21, 2019, the court dismissed all consumer claims against Daimler AG and some consumer claims against MBUSA. However, one of the multidistrict litigation complaints has been 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. The motions to dismiss against that complaint are still pending. 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 against MBUSA 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. Contingent liabilities were disclosed to a low extent for this topic.

The statements regarding legal proceedings set out above are to be read in conjunction with Notes 23, 30 and 31 to the Consolidated Financial Statements as at December 31, 2019.

E.21

Carrying amounts and fair values of financial instruments

	March 31, 2020		Dec. 31, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
In millions of euros				
Financial assets				
Receivables from financial services	**101,269**	**102,766**	103,661	104,930
Trade receivables	**10,065**	**10,065**	12,332	12,332
Cash and cash equivalents	**16,140**	**16,140**	18,883	18,883
Marketable debt securities and similar investments	**7,910**	**7,910**	8,655	8,655
Recognized at fair value through other comprehensive income	**5,392**	**5,392**	5,323	5,323
Recognized at fair value through profit or loss	**2,235**	**2,235**	2,858	2,858
Measured at cost	**283**	**283**	474	474
Other financial assets				
Equity instruments and debt instruments	**832**	**832**	860	860
Recognized at fair value through other comprehensive income	**475**	**475**	482	482
Recognized at fair value through profit or loss	**357**	**357**	378	378
Other financial assets recognized at fair value through profit or loss	**186**	**186**	27	27
Derivative financial instruments used in hedge accounting	**2,384**	**2,384**	1,191	1,191
Other receivables and financial assets	**3,729**	**3,729**	3,328	3,328
	142,515	**144,012**	148,937	150,206
Financial liabilities				
Financing liabilities	**154,154**	**150,328**	157,540	159,288
Trade payables	**14,177**	**14,177**	12,707	12,707
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	**119**	**119**	52	52
Derivative financial instruments used in hedge accounting	**1,056**	**1,056**	1,186	1,186
Miscellaneous other financial liabilities	**7,799**	**7,799**	8,491	8,491
Contract and refund liabilities				
Obligations from sales transactions	**4,623**	**4,623**	5,200	5,200
	181,928	**178,102**	185,176	186,924

18. Financial instruments

Table ↗ **E.21** 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.

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 carrying amount is a reasonable approximation of fair value due to the short terms of these financial instruments and the fundamentally lower credit risk.

Equity Instruments are recognized at fair value through other comprehensive income or at fair value through profit or loss. Daimler does not generally intend to sell its equity instruments which are presented at March 31, 2020.

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, fair value measurement is based on inputs that are either directly or indirectly observable in active markets. Fair values are calculated using recognized financial valuation models such as discounted cash-flow models or multiples.

E.22

Measurement hierarchy of financial assets and liabilities recognized at fair value

	March 31, 2020				Dec. 31, 2019			
	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	**7,627**	**4,865**	**2,762**	**–**	8,181	5,254	2,927	–
Recognized at fair value through other comprehensive income	**5,392**	**2,630**	**2,762**	**–**	5,323	2,396	2,927	–
Recognized at fair value through profit or loss	**2,235**	**2,235**	**–**	**–**	2,858	2,858	–	–
Equity instruments and debt instruments	**832**	**222**	**286**	**324**	860	275	270	315
Recognized at fair value through other comprehensive income	**475**	**191**	**163**	**121**	482	205	158	119
Recognized at fair value through profit or loss	**357**	**31**	**123**	**203**	378	70	112	196
Other financial assets recognized at fair value through profit or loss	**186**	**–**	**186**	**–**	27	–	27	–
Derivative financial instruments used in hedge accounting	**2,384**	**–**	**2,384**	**–**	1,191	–	1,191	–
	11,029	**5,087**	**5,618**	**324**	10,259	5,529	4,415	315
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	**119**	**–**	**119**	**–**	52	–	52	–
Derivative financial instruments used in hedge accounting	**1,056**	**–**	**1,056**	**–**	1,186	–	1,186	–
	1,175	**–**	**1,175**	**–**	1,238	–	1,238	–

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.

Other financial assets and liabilities recognized at fair value through profit or loss include derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:

- derivative currency hedging contracts; the fair values of cross currency interest rate swaps are determined on the basis of the discounted estimated future cash flows (taking account of credit premiums and default risks) 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 are measured with 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 (taking account of credit premiums and default risks) 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 and default risks.

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 their carrying amounts.

Table ↗ **E.22** 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.

19. Segment reporting

As described in Note 1, as of January 1, 2020, the internal reporting and organizational structure is based on the segments Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks & Buses and Daimler Mobility. The segments Mercedes-Benz Cars and Mercedes-Benz Vans are aggregated into the reportable segment Mercedes-Benz Cars & Vans in line with the nature of the products and services offered, as well as their brands, sales channels and customer profiles.

Taking into account the internal supply relationships within the new segments, the segment information for the year 2019 has been adjusted to the new segment structure. Furthermore, in the figures for the previous year, the effects of certain legal issues and equity investments not previously allocated to the segments have been reclassified from the reconciliation to the vehicle segments. See Note 1 for further information.

Segment information for the three-month periods ended March 31, 2020 and March 31, 2019 is as follows:

Reconciliation

Reconciliation of the total segments' profit/loss (EBIT) to the EBIT of the Daimler Group is as shown in table ↗ E.24.

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

E.23
Segment reporting

In millions of euros	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q1 2020						
External revenue	**22,312**	**8,399**	**6,512**	**37,223**	**–**	**37,223**
Intersegment revenue	**884**	**345**	**589**	**1,818**	**-1,818**	**–**
Total revenue	**23,196**	**8,744**	**7,101**	**39,041**	**-1,818**	**37,223**
Segment profit/loss (EBIT)	**510**	**247**	**58**	**815**	**-198**	**617**

In millions of euros	Mercedes-Benz Cars & Vans	Daimler Trucks & Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q1 2019						
External revenue	23,535	9,813	6,350	39,698	–	39,698
Intersegment revenue	528	361	531	1,420	-1,420	–
Total revenue	24,063	10,174	6,881	41,118	-1,420	39,698
Segment profit/loss (EBIT)	1,143	553	1,209	2,905	-107	2,798

E.24
Reconciliation to Group figures

In millions of euros	Q1 2020	Q1 2019
Total segments' profit (EBIT)	**815**	2,905
Share of gains on equity-method investments[1]	**-139**	6
Other corporate items	**-79**	-151
Eliminations	**20**	38
EBIT	**617**	2,798

1 In the first quarter of 2020, the impairment of Daimler's equity investment in BAIC Motor of €150 million is included.

20. Transactions with related parties

Related parties (companies or persons) 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.

Related companies

Business transactions with related companies are carried out at market terms. Most of the goods and services supplied between the Group and related companies comprise transactions with associated companies and joint ventures and are shown in table ↗ E.25.

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), which are allocated to Mercedes-Benz Cars & Vans.

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 Cars & Vans, and with DAIMLER KAMAZ RUS OOO, which is allocated to Daimler Trucks & Buses. In addition, other operating income of €154 million resulted from the contribution of the smart brand to the joint venture smart Automobile Co., Ltd. in the first quarter of 2020.

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

E.25

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 2020**	Q1 2019	**Q1 2020**	Q1 2019	**March 31, 2020**	Dec. 31, 2019	**March 31, 2020**	Dec. 31, 2019
Associated companies	**2,786**	3,080	**215**	215	**2,754**	3,324	**93**	116
thereof LSHAI	**1,420**	1,582	**163**	183	**938**	1,288	**26**	24
thereof BBAC	**1,277**	1,383	**48**	25	**1,753**	1,966	**52**	78
Joint ventures	**429**	197	**104**	21	**261**	213	**92**	78

1 After write-downs totaling €60 million (December 31, 2019: €66 million).
2 Including liabilities from default risks from guarantees for related parties.

21. Events after the reporting period

Volvo Group and Daimler Truck AG sign an agreement on the founding of a joint venture for the series production of fuel cells

In April 2020, the Volvo Group and Daimler Truck AG signed a preliminary, non-binding agreement to establish a new joint venture. The intention is to develop, produce and commercialize fuel-cell systems for use in heavy-duty commercial vehicles and other applications.

Following review and approval by the relevant competition authorities, the transaction is expected to be closed in the second half of 2020. It is planned that the Volvo Group and Daimler Truck AG will each hold a 50% interest in the joint venture. To make the joint venture possible, Daimler will concentrate all of its Group-wide fuel-cell activities in new fuel cell entities. The Volvo Group will acquire 50% of the joint venture for approximately €0.6 billion. The transaction is expected to have a significant positive effect on the Daimler Group's earnings. In the future, the joint venture will be included in the Consolidated Financial Statements using the equity method and will be reported in the Daimler Trucks & Buses segment.

Auditor’s Review Report

To Daimler Aktiengesellschaft, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG - comprising 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 the Daimler AG, for the period from January 1 to March 31, 2020, 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 28, 2020

KPMG AG
Wirtschaftsprüfungsgesellschaft

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Wirtschaftsprüfer	Wirtschaftsprüfer

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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 2020
April 29, 2020

Annual Shareholders' Meeting 2020
(online, without any physical presence of the shareholders)
July 8, 2020

Interim Report Q2 2020
July 23, 2020

Interim Report Q3 2020
October 23, 2020

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.

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