DAIMLER

Interim Report Q3 2019

Contents

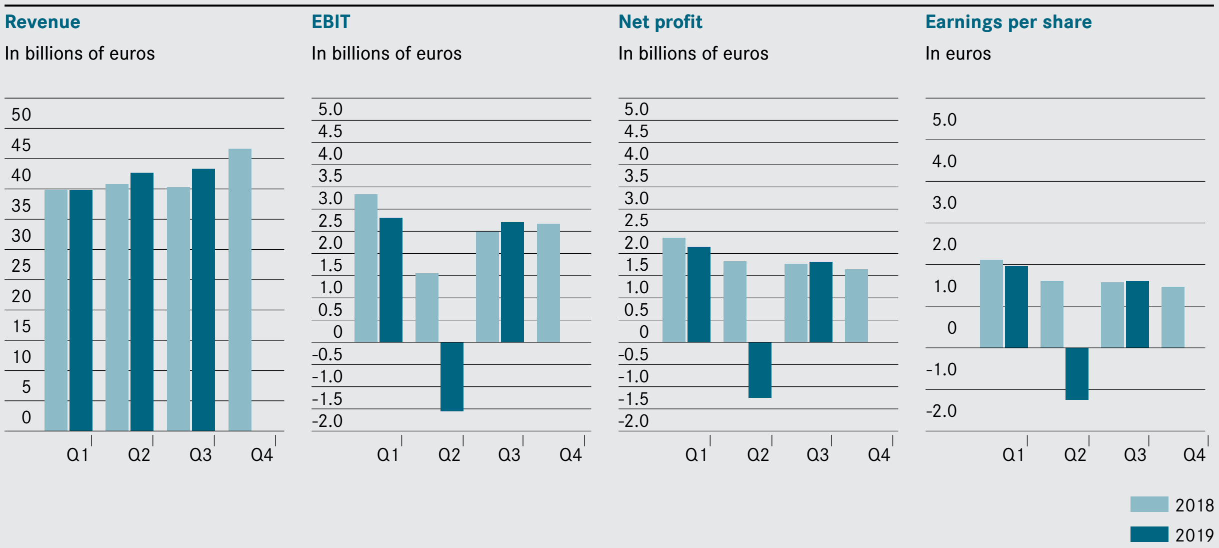
Cover photo: the new Freightliner Cascadia.
The new Cascadia offers semi-automated driving functions for the first time. With Detroit Assurance 5.0 with Active Lane Keeping Assist in the new Freightliner Cascadia and with Active Drive Assist in the Mercedes-Benz Actros and FUSO Super Great, we are bringing semi-automated driving functions to our series-production vehicles. The new system can brake, accelerate and steer independently in all speed ranges, based on the intelligent combination of radar and camera information. Two interactive color touch screens eliminate the need for a large number of switches and buttons in the driver's cab.

Q3

Key Figures Daimler Group

€ amounts in millions	Q3 2019	Q3 2018	% change
Revenue	43,270	40,211	+8[1]
Europe	17,308	16,151	+7
thereof Germany	6,606	5,931	+11
NAFTA	13,055	11,743	+11
thereof United States	11,377	10,068	+13
Asia	10,337	9,668	+7
thereof China	4,648	4,746	-2
Other markets	2,570	2,649	-3
Investment in property, plant, equipment	1,774	2,065	-14
Research and development expenditure	2,501	2,373	+5
thereof capitalized development costs	737	598	+23
Free cash flow of the industrial business	2,819	-1,864	.
EBIT	2,694	2,488	+8
Net profit	1,813	1,761	+3
Earnings per share (in euros)	1.61	1.58	+2
Employees	304,680	298,683[2]	+2

1 Adjusted for the effects of currency translation, increase in revenue of 7%.
2 As of December 31, 2018.



Q1-3

Key Figures Daimler Group

€ amounts in millions	Q1-3 2019	Q1-3 2018	% change
Revenue	125,618	120,752	+4[1]
Europe	51,165	49,878	+3
thereof Germany	19,694	18,080	+9
NAFTA	37,877	33,826	+12
thereof United States	32,879	28,869	+14
Asia	28,998	29,511	-2
thereof China	13,697	14,399	-5
Other markets	7,578	7,537	+1
Investment in property, plant, equipment	5,193	4,958	+5
Research and development expenditure	7,236	6,984	+4
thereof capitalized development costs	2,199	1,877	+17
Free cash flow of the industrial business	-522	-60	.
EBIT	3,941	8,463	-53
Net profit	2,720	5,940	-54
Earnings per share (in euros)	2.32	5.32	-56
Employees	304,680	298,683[2]	+2

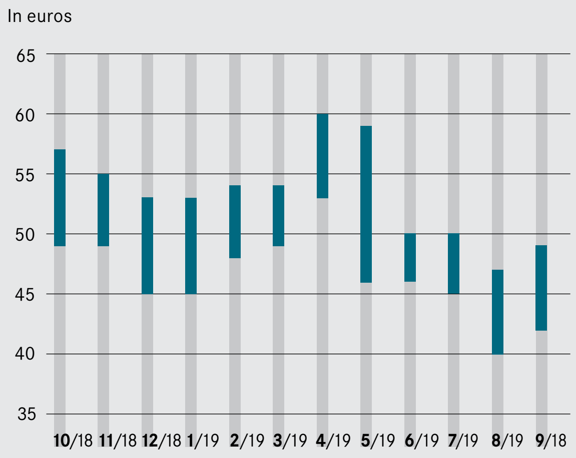
1 Adjusted for the effects of currency translation, increase in revenue of 3%.
2 As of December 31, 2018.

Daimler and the Capital Market

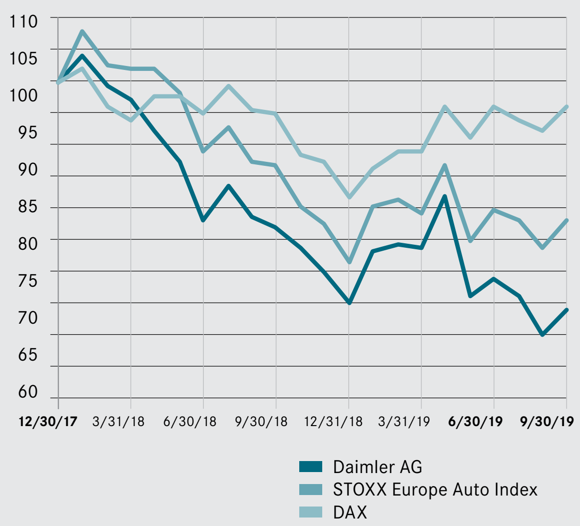
Key figures

	Sept. 30, 2019	Sept. 30, 2018	% change
Earnings per share in Q3 (in €)	1.61	1.58	+2
Outstanding shares (in millions)	1,069.8	1,069.8	0
Market capitalization (€ billion)	48.81	58.15	-16
Xetra closing price (in €)	45.62	54.35	-16

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



Share-price development (indexed)



Volatile development of automotive stocks also in the third quarter of 2019

After a price correction midway through the third quarter, global stock markets experienced a partial recovery in the further course of the quarter. Investor sentiment was dampened by, among other things, weaker purchasing-manager and business-confidence indices. A temporary easing in the discussion about punitive tariffs in the context of the trade conflict between the United States and China led to a phase of more stable stock markets. This also affected automotive stocks with their global supply and production networks. The expected interest-rate cut by the US Federal Reserve also aided a stock-market recovery. Also in Europe, the announcement that ECB would resume its bond-buying program lifted share prices somewhat. Automotive stocks remain low-priced due to high investments in future technologies and uncertainties existing in connection with the transformation of the automotive industry.

By the end of the third quarter, the Daimler share price had not recovered completely from the price falls in the middle of the quarter. The positive sales figures from Mercedes-Benz Cars did not provide sustained stimulus to the share-price development. At the end of the quarter, Daimler shares were priced at €45.62, about 7% lower than at the end of the second quarter of 2019. During the same period, the DAX remained fairly stable and the STOXX Europe Auto Index fell by 2%.

Ongoing favorable interest environment

In the third quarter of 2019, the Daimler Group once again undertook refinancing at attractive conditions in the international money and capital markets. In early August, Daimler AG issued a four-tranche bond with a volume of €3.0 billion. Daimler Finance North America LLC also issued a four-tranche bond with a volume of $4.0 billion in the US capital market.

Several transactions were carried out with asset-backed securities (ABS) in the third quarter of 2019. In the United States, two transactions generated a volume of $4.3 billion. In Germany, an ABS transaction in an amount of €1.3 billion was successfully placed in the market. Furthermore, bonds worth €0.5 billion were issued in Italy.

Interim Management Report

Third-quarter unit sales slightly above prior-year level at 839,300 vehicles (Q3 2018: 794,700)
Revenue of €43.3 billion (Q3 2018: €40.2 billion)
Group EBIT of €2.7 billion (Q3 2018: €2.5 billion)
Net profit of €1.8 billion (Q3 2018: €1.8 billion)
Free cash flow of the industrial business in first nine months of minus €0.5 billion (Q1-3 2018: minus €0.06 billion)
Unit sales at prior-year level and slight revenue growth anticipated for full-year 2019
Group EBIT expected to be significantly lower than in the previous year

Business development

Further slowdown in growth of world economy
The **world economy** is likely to have continued cooling off in the third quarter and to have grown only by about 2.5%. Key economic indicators, especially for the industrial sector, weakened further and do not yet suggest an upturn. In this environment, stock markets have been surprisingly robust and have approached previous peaks. Although further intensification of the trade conflict between the United States and China in particular has caused a high degree of volatility, there has been a positive impact from the return to expansionary monetary policy by the US Federal Reserve, the ECB and other central banks. Thanks to robust consumer spending, the US economy has been able to maintain its growth rate at close to that of the second quarter, but is lagging significantly behind its dynamism of recent years. Sentiment in the European Monetary Union continued to deteriorate in the third quarter; growth continued to slow down, primarily due to the worsening situation in the manufacturing sector. In China, the trade conflict continued to have an impact and the ongoing uncertainty is leading to restrained consumption and investment; the government's support measures have so far been able to counteract this development only to a limited extent. As a result, growth slowed down to 6.0%, which is the lower end of the government's target corridor. The price of crude oil fell significantly in the third quarter due to the global growth slowdown and the feared negative impact on demand for oil, and dropped below the mark of $60 per barrel; drone attacks on Saudi Arabian oil facilities only resulted in a temporary increase to nearly $70 per barrel.

The worldwide car market showed no significant recovery also in the third quarter. Although the decline was smaller than in the two previous quarters, global demand was once again slightly below the prior-year level, according to the latest figures. The weak Chinese market in particular continued to have a negative impact. After a significant decline in the first half of the year, however, sales figures in China fell only slightly in the third quarter.

The European market seems to have been at about the prior-year level, with sales in Western Europe also fairly stable. The German market was slightly larger than in the third quarter of last year, while demand in the United Kingdom and France remained approximately constant. In Eastern Europe, the market reached its prior-year volume. Sales figures in Russia were at about the prior-year level, while the Turkish market continued to shrink significantly.

The US market for cars and light trucks remained at a high level and roughly maintained its volume of the prior-year period. Car sales in Japan were significantly higher than in the third quarter of last year due to purchases being brought forward because of the sales-tax increase that took effect at the beginning of October. The Indian market contracted significantly.

Demand for **heavy- and medium-duty trucks** continued to develop disparately in the various regions. The market in the NAFTA region remained at an unusually high level and was once again significantly larger than in the prior-year period. The development of demand in the EU30 region (the European Union, Switzerland and Norway) was weaker, with a significant decline compared with the robust level of a year earlier. This, however, is partly the result of purchases being brought forward to the second quarter of this year. The Brazilian market continued its recovery and expanded once again at a significantly double-digit rate. However, demand in Turkey fell once again by a significantly double-digit percentage due to the country's economic crisis. The Russian market lacked dynamism with demand at about the prior-year level.

The most important Asian markets from Daimler's perspective displayed various tendencies in the third quarter. In Japan, demand for heavy-, medium- and light-duty trucks was significantly above the prior-year level. However, this reflects purchases being brought forward, primarily due to regulatory changes that took effect at the beginning of September. The Indian market for heavy- and medium-duty trucks was significantly smaller than in the prior-year quarter. On the other hand, the Chinese market for heavy-duty trucks expanded slightly compared with the third quarter of last year.

Demand for vans in the EU30 region continued to grow in the third quarter of 2019. The market volume increased by 8% for small vans, by 6% for midsize and large vans and by 1% for midsize pickups. The US market for large vans was significantly above its level of the prior-year quarter. Starting from a low level, the market for large vans in Latin America grew significantly, driven by demand in Brazil.

The **market volume for buses** in the EU30 region was significantly larger than in the third quarter of last year. In Brazil, demand for bus chassis continued its recovery in the third quarter and was 35% higher than in the prior-year period.

Group unit sales slightly above prior-year level

In the third quarter of 2019, Daimler sold 839,300 cars and commercial vehicles worldwide (Q3 2018: 794,700). ↗ C.01

Mercedes-Benz Cars sold 604,700 vehicles worldwide from July through September, thus setting a new record for a third quarter (+8%). Unit sales in the prior-year quarter had been reduced by, among other things, model changes and restricted vehicle availability in Europe and some international markets. In the third quarter of 2019, 253,200 cars of the Mercedes-Benz and smart brands were sold in Europe (+13%). Sales in Germany, the region's core market, increased by 18% to 85,100 units. In China, the biggest market for Mercedes-Benz Cars, sales of 173,300 units were higher than ever before in a quarter (+2%). Deliveries of 75,700 Mercedes-Benz and smart cars in the United States were at the level of the prior-year period (Q3 2018: 76,000).

Unit sales by **Daimler Trucks** of 125,400 vehicles in the third quarter of 2019 were significantly lower than in the prior-year period (Q3 2018: 136,100). Sales of 53,200 units in the NAFTA region were approximately at the prior-year level (Q3 2018: 52,700). In the EU30 region (European Union, Switzerland and Norway), sales of 19,900 units were significantly below the prior-year number (Q3 2018: 21,900). The weakness of the Turkish truck market was reflected by our decrease in sales to 600 units (Q3 2018: 900). Sales in Indonesia were also significantly weaker than in the prior-year period at 9,800 units (Q3 2018 17,800); the same applies to sales in India of 2,700 units (Q3 2018: 5,300). In Japan, we were able to increase our sales to 11,700 trucks (Q3 2018: 10,700). Our sales of 8,200 trucks in Brazil were also significantly higher than in the same period of last year (Q3 2018: 6,000).

Mercedes-Benz Vans increased its unit sales in the period of July through September 2019 by 10% to 100,300 vehicles. In the EU30 region, Mercedes-Benz Vans achieved significant growth in unit sales with 65,500 vehicles sold in the third quarter (Q3 2018: 57,000). In the NAFTA region, sales of 14,100 vans were also significantly higher than in the prior-year period (Q3 2018: 13,000). Our sales of 11,600 vehicles in the United States were our bestselling quarter there so far (+20%). In Latin America, however, sales decreased by 4% to 4,400 units. We had our bestselling quarter so far also in China, with an increase of 15% to 8,500 units. In Russia and in a difficult market environment in Turkey, unit sales were significantly lower than in the prior-year period.

Sales of 9,000 units by **Daimler Buses** were significantly higher than in the prior-year period (Q3 2018: 7,700). In the EU30 region, Daimler Buses sold 2,500 complete buses and bus chassis of the Mercedes-Benz and Setra brands, which is a significant increase compared with the prior-year quarter (+15%). Thanks to increased demand for bus chassis in Brazil, sales of 4,600 units in Latin America (excluding Mexico) were also significantly higher than in the third quarter of last year (Q3 2018: 3,400). In Mexico and India, our third-quarter sales of 800 and 400 units were down by significant margins of 10% and 13% respectively.

In July 2019, Daimler Financial Services was renamed as **Daimler Mobility**. New business at Daimler Mobility of €18.3 billion was significantly higher than in the third quarter of last year. At the end of September, the portfolio included 5.4 million vehicles; this is equivalent to a contract volume of €160.4 billion and thus growth of 4% compared with the end of 2018. The insurance business also developed positively. Worldwide, 589,000 insurance contracts were brokered by Daimler Mobility in the third quarter of this year (Q3 2018: 566,000).

C.01
Unit sales by division

	Q3 2019	Q3 2018	% change
Daimler Group	839,326	794,749	+6
Mercedes-Benz Cars	604,655	559,539	+8
Daimler Trucks	125,382	136,055	-8
Mercedes-Benz Vans	100,332	91,414	+10
Daimler Buses	8,957	7,741	+16

Profitability

In the third quarter of 2019, the **Daimler Group's** revenue of €43,270 million was significantly above the prior-year level (Q3 2018: €40,211 million). Adjusted for positive exchange-rate effects, revenue was slightly higher than in the prior-year quarter. The Daimler Group achieved third-quarter EBIT of €2,694 million in 2019, which is slightly above the prior-year figure (Q3 2018: €2,488 million). ↗ C.02 ↗ C.03

The Mercedes-Benz Cars division increased its earnings in the third quarter of 2019 as a result of strong growth in unit sales. Earnings at Daimler Trucks decreased, however. The Mercedes-Benz Vans division improved on its negative EBIT of the prior-year quarter, which had primarily been caused by expenses in connection with ongoing governmental proceedings and measures taken for diesel vehicles, as well as by lower unit sales because of delivery delays. Daimler Buses increased its third-quarter earnings as a result of growth in unit sales. Earnings at the Daimler Mobility division were also higher than in the prior-year quarter. The earnings of the Daimler Group were reduced by declining discount rates. Exchange-rate effects in total had a negative impact on operating profit.

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

C.02
Revenue by division

In millions of euros	Q3 2019	Q3 2018	% change	Q1-3 2019	Q1-3 2018	% change
Mercedes-Benz Cars	23,525	21,672	+9	67,018	67,245	-0
Daimler Trucks	10,349	10,045	+3	30,367	27,849	+9
Mercedes-Benz Vans	3,485	3,039	+15	10,508	9,648	+9
Daimler Buses	1,231	1,064	+16	3,284	2,989	+10
Daimler Mobility[1]	7,086	6,385	+11	21,112	19,210	+10
Reconciliation[1]	-2,406	-1,994	.	-6,671	-6,189	.
Daimler Group	43,270	40,211	+8	125,618	120,752	+4

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

C.03
EBIT by division

In millions of euros	Q3 2019	Q3 2018	% change	Q1-3 2019	Q1-3 2018	% change
Mercedes-Benz Cars	1,423	1,372	+4	2,049	5,333	-62
Daimler Trucks	774	850	-9	2,081	2,043	+2
Mercedes-Benz Vans	113	-93	.	-2,035	231	.
Daimler Buses	79	30	+163	164	133	+23
Daimler Mobility	413	392	+5	2,053	1,006	+104
Reconciliation	-108	-63	.	-371	-283	.
Daimler Group[1]	2,694	2,488	+8	3,941	8,463	-53

1 EBIT, the indicator of operating performance, comprises earnings before interest income/expense and corporate income taxes. The reconciliation of the Daimler Group's EBIT to earnings before income taxes is included in Note 20 of the Notes to the Interim Consolidated Financial Statements.

C.04
Return on sales/Return on equity[1]

	Q3 2019	Q3 2018	Change in % points	Q1-3 2019	Q1-3 2018	Change in % points
Mercedes-Benz Cars	6.0%	6.3%	-0.3	3.1%	7.9%	-4.8
Daimler Trucks	7.5%	8.5%	-1.0	6.9%	7.3%	-0.4
Mercedes-Benz Vans	3.2%	-3.1%	+6.3	-19.4%	2.4%	-21.8
Daimler Buses	6.4%	2.8%	+3.6	5.0%	4.4%	+0.6
Daimler Mobility	11.9%	12.5%	-0.6	19.9%	10.8%	+9.1

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

C.05

Consolidated statement of income[1]	Daimler Group		Industrial Business[2]		Daimler Mobility	
	Q3 2019	Q3 2018	Q3 2019	Q3 2018	Q3 2019	Q3 2018
In millions of euros						
Revenue[3]	43,270	40,211	36,184	33,826	7,086	6,385
Cost of sales[3]	-34,596	-32,247	-28,416	-26,686	-6,180	-5,561
Gross profit	8,674	7,964	7,768	7,140	906	824
Selling expenses	-3,136	-3,191	-2,941	-2,963	-195	-228
General administrative expenses	-1,005	-953	-814	-750	-191	-203
Research and non-capitalized development costs	-1,764	-1,775	-1,764	-1,775	-	-
Other operating income	456	335	425	307	31	28
Other operating expense	-623	-419	-617	-407	-6	-12
Gains/losses on equity-method investments, net	193	325	326	335	-133	-10
Other financial income/expense, net	-105	199	-106	206	1	-7
Interest income	86	64	84	64	2	-
Interest expense	-201	-204	-196	-203	-5	-1
Profit before income taxes	2,575	2,345	2,165	1,954	410	391
Income taxes	-762	-584	-640	-470	-122	-114
Net profit	1,813	1,761	1,525	1,484	288	277
thereof profit attributable to non-controlling interests	94	72				
thereof profit attributable to shareholders of Daimler AG	1,719	1,689				
Earnings per share (in euros)						
for profit attributable to shareholders of Daimler AG						
Basic	1.61	1.58				
Diluted	1.61	1.58				

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

Primarily due to significant growth in unit sales, the revenue of the **Mercedes-Benz Cars** division increased by 9% to €23,525 million in the third quarter of 2019 (Q3 2018: €21,672 million). The division’s EBIT was €1,423 million (Q3 2018: €1,372 million). Its return on sales of 6.0% was below the prior-year figure of 6.3%. ↗ C.02 ↗ C.03 ↗ C.04

In the third quarter of 2019, strong growth in unit sales led to significant increase in revenue and higher earnings. Higher sales volumes were recorded especially for compact cars, for the E-Class and the S-Class. In addition, stronger pricing had a positive impact on EBIT. On the other hand, earnings were reduced by advance expenditure for new technologies and vehicles as well as by exchange-rate effects. In the prior-year period, income had been boosted by €185 million from the remeasurement at fair-value of shares in Aston Martin Lagonda Global Holdings plc (Aston Martin).

The revenue of the **Daimler Trucks** division increased in the third quarter of 2019 by 3% to €10,349 million (Q3 2018: €10,045 million). The division achieved EBIT of €774 million (Q3 2018: €850 million). Its return on sales was below the prior-year figure at 7.5% (Q3 2018: 8.5%). ↗ C.02 ↗ C.03 ↗ C.04

Volume decreases, especially in the EU30 region and Asia, adversely affected earnings in the third quarter of 2019. EBIT was also reduced by higher expenses for new technologies and vehicles. Improved pricing and exchange-rate effects had positive effects on EBIT. In addition, income of €39 million in connection with the updated risk assessment of the extended recall of Takata airbags also boosted earnings.

In the third quarter of 2019, the **Mercedes-Benz Vans** division’s revenue increased due to higher unit sales by 15% to €3,485 million (Q3 2018: €3,039 million). EBIT amounted to plus €113 million (Q3 2018: minus €93 million). The division’s return on sales increased to plus 3.2% (Q3 2018: minus 3.1%). ↗ C.02 ↗ C.03 ↗ C.04

EBIT was positively affected by higher unit sales and a more favorable model mix. Advance expenditure for new technologies, startup costs for new products and additional product-related expenses had a negative impact. In the prior-year period, earnings were affected by expenses in connection with ongoing governmental proceedings and measures taken for diesel vehicles, as well as by lower unit sales because of delivery delays.

C.06

Consolidated statement of income[1]	Daimler Group		Industrial Business[2]		Daimler Mobility	
	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
In millions of euros						
Revenue[3]	125,618	120,752	104,506	101,542	21,112	19,210
Cost of sales[3]	-103,827	-95,913	-85,444	-79,372	-18,383	-16,541
Gross profit	21,791	24,839	19,062	22,170	2,729	2,669
Selling expenses	-9,359	-9,541	-8,777	-8,917	-582	-624
General administrative expenses	-2,999	-2,889	-2,366	-2,191	-633	-698
Research and non-capitalized development costs	-5,037	-5,107	-5,037	-5,107	-	-
Other operating income	2,189	1,118	1,344	978	845	140
Other operating expense	-2,975	-900	-2,953	-863	-22	-37
Gains/losses on equity-method investments, net	665	654	950	1,093	-285	-439
Other financial income/expense, net	-345	278	-346	283	1	-5
Interest income	286	189	283	189	3	-
Interest expense	-690	-519	-680	-516	-10	-3
Profit before income taxes	3,526	8,122	1,480	7,119	2,046	1,003
Income taxes	-806	-2,182	-407	-1,922	-399	-260
Net profit	2,720	5,940	1,073	5,197	1,647	743
thereof profit attributable to non-controlling interests	234	252				
thereof profit attributable to shareholders of Daimler AG	2,486	5,688				
Earnings per share (in euros)						
for profit attributable to shareholders of Daimler AG						
Basic	2.32	5.32				
Diluted	2.32	5.32				

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

Due to the positive development of unit sales, the revenue of the **Daimler Buses** division increased by 16% to €1,231 million (Q3 2018: €1,064 million). The division posted EBIT of €79 million in the third quarter of 2019 (Q3 2018: €30 million) and its return on sales increased to 6.4% (Q3 2018: 2.8%). ↗ C.02 ↗ C.03 ↗ C.04

The significant increase in earnings in the third quarter of 2019 resulted primarily from the noticeable growth in unit sales in the EU30 region and Brazil as well as from exchange-rate effects.

In the third quarter of 2019, the **Daimler Mobility** division achieved EBIT of €413 million (Q3 2018: €392 million). Its return on equity decreased to 11.9% (Q3 2018: 12.5%). ↗ C.03 ↗ C.04

The main reasons for this development were higher interest income and the increased contract volume. On the other hand, there were negative effects from higher expenditure for new mobility solutions and the normalization of credit-cost risks.

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

Items at the corporate level resulted in expenses of €61 million in the third quarter of 2019 (Q3 2018: €62 million).

The elimination of intra-group transactions resulted in expenses of €47 million in the third quarter of 2019 (Q3 2018: €1 million).

Net interest expense in the third quarter of 2019 amounted to €115 million (Q3 2018: €140 million).

The **income-tax expense** recognized in the third quarter of 2019 amounted to €762 million (Q3 2018: €584 million). The effective tax rate was 29.6% (Q3 2018: 24.9%). In 2018, the largely tax-free gain on the remeasurement of the investment in Aston Martin had a positive impact on the effective tax rate.

Net profit for the third quarter of 2019 of €1,813 million is at the level of the prior-year figure (Q3 2018: €1,761 million). Net profit of €94 million is **attributable to non-controlling interests** (Q3 2018: €72 million). Net profit **attributable to the shareholders of Daimler AG** amounts to €1,719 million (Q3 2018: €1,689 million), representing increased **earnings per share** of €1.61 (Q3 2018: €1.58).

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

Cash flows

In the first nine months of 2019, **cash used for/provided by operating activities** ↗ **C.07** led to a cash inflow of €6.6 billion (Q1-3 2018: cash outflow of €0.8 billion). The increase was primarily due to effects from the leasing and sales-financing business. Those effects include a cash inflow of €0.9 billion at Daimler Mobility in connection with an off-balance-sheet ABS transaction carried out in July 2019. The lower profit before income taxes is primarily related to the non-cash-effective increases in provisions included in other operating assets and liabilities. The overall business performance was positive in the third quarter of 2019. Compared to the prior year period, the lower operating profit led to lower income taxes paid. This had a positive effect on the cash flow from operating activities. Opposing effects were attributable to working capital, in particular to the development of trade payables at Daimler Trucks and Mercedes-Benz Cars. These negative effects were not fully offset by the lower increases in inventories at Daimler Trucks and Mercedes-Benz Vans

Cash used for investing activities ↗ **C.07** led to a cash outflow of €8.1 billion (Q1-3 2018: €6.9 billion). The change compared with the first nine months of last year primarily reflects cash outflows (net) of €0.7 billion relating to the merger of the mobility services of Daimler Group and BMW Group. The main effect results from capital increases at the joint ventures. Furthermore, increased investments in property, plant and equipment and intangible assets also affected cash used for investing activities. Opposing positive effects resulted from sales and purchases of marketable debt securities and similar investments within the context of liquidity management. Compared to the previous period, there were higher total cash inflows in the first nine months of 2019.

C.07

Condensed statement of cash flows[1]	Daimler Group		Industrial Business[2]		Daimler Mobility	
	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018	Q1-3 2019	Q1-3 2018
In millions of euros						
Cash and cash equivalents at beginning of period	15,853	12,072	12,799	9,515	3,054	2,557
Profit before income taxes	3,526	8,122	1,480	7,119	2,046	1,003
Depreciation and amortization/impairments	5,561	4,576	5,449	4,487	112	89
Other non-cash expense and income and gains/losses on disposals of assets	-1,200	-946	-808	-1,436	-392	490
Change in operating assets and liabilities						
Inventories	-5,500	-6,715	-5,493	-6,825	-7	110
Trade receivables	186	-379	114	-224	72	-155
Trade payables	1,832	3,998	1,840	3,942	-8	56
Receivables from financial services	-1,620	-6,709	-42	-32	-1,578	-6,677
Vehicles on operating leases	-837	-1,364	218	812	-1,055	-2,176
Other operating assets and liabilities	5,174	-105	5,110	-713	64	608
Dividends received from equity-method investments	637	946	636	870	1	76
Income taxes paid	-1,199	-2,254	-287	-1,371	-912	-883
Cash used for/provided by operating activities	6,560	-830	8,217	6,629	-1,657	-7,459
Additions to property, plant and equipment and intangible assets	-7,782	-7,251	-7,649	-7,152	-133	-99
Investments in and disposals of shareholdings	-1,268	-224	-242	24	-1,026	-248
Acquisitions and sales of marketable debt securities and similar investments	741	195	554	204	187	-9
Other	164	372	138	426	26	-54
Cash used for investing activities	-8,145	-6,908	-7,199	-6,498	-946	-410
Change in financing liabilities	6,048	14,802	4,589	9,004	1,459	5,798
Dividends paid	-3,710	-4,170	-3,697	-4,169	-13	-1
Other transactions with shareholders	-43	-10	-11	-20	-32	10
Internal equity and financing transactions	-	-	46	-2,181	-46	2,181
Cash provided by financing activities	2,295	10,622	927	2,634	1,368	7,988
Effect of foreign exchange rate changes on cash and cash equivalents	426	58	400	95	26	-37
Cash and cash equivalents at end of period	16,989	15,014	15,144	12,375	1,845	2,639

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

Cash provided by financing activities ↗ C.07 resulted in a cash inflow of €2.3 billion (Q1-3 2018: €10.6 billion). The change is primarily due to lower net cash inflows from financing liabilities, mainly in connection with the refinancing of the leasing and sales-financing business.

Cash and cash equivalents increased compared with December 31, 2018 by €1.1 billion, after taking into account currency translation. Total liquidity, which also includes marketable debt securities and similar investments, increased by €0.6 billion to €26.0 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.08, which is derived from the reported cash flows from operating and investing activities. The cash flows from the acquisition and sale of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

Other adjustments mainly relate to the recognition and measurement of right-of-use assets, which result from the change in lessee accounting and are largely non-cash items. Acquisitions and disposals of shareholdings within the Group resulting from Project Future are reversed in the free cash flow of the industrial business. Furthermore, effects from the financing of dealerships and effects from internal deposits within the Group are adjusted. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

In the first nine months of 2019, the **free cash flow of the industrial business** led to a cash outflow of €0.5 billion (Q1-3 2018: €0.1 billion). As well as the negative effects relating to the recognition and measurement of right-of-use assets, additional effects on the free cash flow of the industrial business resulted from the negative development of operating leases. Furthermore, increased cash outflows (net) for the acquisition and disposal of shareholdings, as well as the increased investments in property, plant and equipment and intangible assets also contributed. The development of working capital also had a negative impact on the free cash flow of the industrial business. On the other hand, lower income tax payments and the positive business performance in the third quarter of 2019 had a positive impact.

In the first nine months of 2019, the **free cash flow of the Daimler Group** led to a cash outflow of €3.0 billion (Q1-3 2018: €8.0 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.

C.08
Free cash flow of the industrial business

In millions of euros	Q1-3 2019	Q1-3 2018	Change
Cash used for/provided by operating activities	8,217	6,629	+1,588
Cash used for/provided by investing activities	-7,199	-6,498	-701
Change in marketable debt securities and similar investments	-554	-204	-350
Other adjustments	-986	13	-999
Free cash flow of the industrial business	-522	-60	-462

C.09
Net liquidity of the industrial business

In millions of euros	Sept. 30, 2019	Dec. 31, 2018	Change
Cash and cash equivalents	15,144	12,799	+2,345
Marketable debt securities and similar investments	7,876	8,364	-488
Liquidity	23,020	21,163	+1,857
Financing liabilities	-14,453	-4,771	-9,682
Market valuation and currency hedges for financing liabilities	1,081	-104	+1,185
Financing liabilities (nominal)	-13,372	-4,875	-8,497
Net liquidity	9,648	16,288	-6,640

The **net liquidity of the industrial business** ↗ C.09 is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

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

Due to the introduction of lessee accounting according to IFRS 16 and the associated recognition of leasing liabilities for outstanding lease payments, the net liquidity of the industrial business decreased by €3.2 billion to €13.1 billion at January 1, 2019. Since the beginning of the year, net liquidity decreased by a further €3.5 billion to €9.6 billion. In addition to the negative free cash flow of the industrial business, the main driver of the decrease in net liquidity was the dividend payment to Daimler AG shareholders, which was only partly offset by positive exchange-rate effects.

C.10
Net debt of the Daimler Group

In millions of euros	Sept. 30, 2019	Dec. 31, 2018	Change
Cash and cash equivalents	16,989	15,853	+1,136
Marketable debt securities and similar investments	8,999	9,577	-578
Liquidity	25,988	25,430	+558
Financing liabilities	-159,746	-144,902	-14,844
Market valuation and currency hedges for financing liabilities	1,031	-97	+1,128
Financing liabilities (nominal)	-158,715	-144,999	-13,716
Net debt	-132,727	-119,569	-13,158

C.11
Benchmark issuances

Issuer	Volume	Month of issue	Maturity
Daimler International Finance B.V.	€1,500 million	Feb. 2019	Feb. 2023
Daimler International Finance B.V.	€1,000 million	Feb. 2019	Jun. 2026
Daimler AG	€750 million	Feb. 2019	Feb. 2031
Daimler Finance North America LLC	$1,900 million	Feb. 2019	Feb. 2022
Daimler Finance North America LLC	$600 million	Feb. 2019	Feb. 2024
Daimler Finance North America LLC	$500 million	Feb. 2019	Feb. 2029
Daimler AG	€750 million	Aug. 2019	Feb. 2024
Daimler AG	€1,000 million	Aug. 2019	Nov. 2026
Daimler AG	€750 million	Aug. 2019	Feb. 2030
Daimler AG	€500 million	Aug. 2019	Aug. 2034
Daimler Finance North America LLC	$1,500 million	Aug. 2019	Feb. 2022
Daimler Finance North America LLC	$1.250 million	Aug. 2019	Aug. 2022
Daimler Finance North America LLC	$750 million	Aug. 2019	Jun. 2024
Daimler Finance North America LLC	$500 million	Aug. 2019	Aug. 2029

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, increased compared with December 31, 2018 by €13.2 billion to €132.7 billion. The effect resulting from the introduction of lessee accounting is €3.4 billion. ↗ C.10

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

In the third quarter of 2019, Daimler had a cash inflow of €9.0 billion from the **issuance** of bonds (Q3 2018: €5.8 billion). The redemption of bonds resulted in cash outflows of €6.3 billion (Q3 2018: €3.5 billion). A large proportion of the issuance volume was carried out in the form of so-called benchmark bonds (bonds with high nominal values). Table ↗ C.11 shows the benchmark issuances conducted in 2019.

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 third quarter of 2019. In the United States, two ABS transactions with a total refinancing volume of $4.3 billion were successfully placed. In addition, a transaction in the amount of €0.5 billion was carried out in Italy.

Financial position

The **balance sheet total** increased compared with December 31, 2018 from €281.6 billion to €305.4 billion; adjusted for the effects of currency translation, the increase amounts to €18.4 billion. Daimler Mobility accounts for €171.8 billion of the balance sheet total (December 31, 2018: €165.3 billion), equivalent to 56% of the Daimler Group's total assets (December 31, 2018: 59%).

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

C.12

Condensed statement of financial position[1]

	Daimler Group		Industrial Business[2]		Daimler Mobility	
	At Sept. 30, 2019	At Dec. 31, 2018	At Sept. 30, 2019	At Dec. 31, 2018	At Sept. 30, 2019	At Dec. 31, 2018
In millions of euros						
Assets						
Intangible assets	15,874	14,801	14,985	13,913	889	888
Property, plant and equipment	36,665	30,948	36,311	30,859	354	89
Equipment on operating leases	51,614	49,476	18,879	18,509	32,735	30,967
Receivables from financial services	100,775	96,740	-80	-90	100,855	96,830
Equity-method investments	6,150	4,860	4,564	4,651	1,586	209
Inventories	35,552	29,489	34,135	28,096	1,417	1,393
Trade receivables	12,569	12,586	10,567	10,545	2,002	2,041
Cash and cash equivalents	16,989	15,853	15,144	12,799	1,845	3,054
Marketable debt securities and similar investments	8,999	9,577	7,876	8,364	1,123	1,213
thereof current	8,314	8,855	7,874	8,362	440	493
thereof non-current	685	722	2	2	683	720
Other financial assets	6,953	5,733	-12,047	-12,719	19,000	18,452
Other assets	13,239	11,025	3,290	1,376	9,949	9,649
Assets held for sale	-	531	-	-	-	531
Total assets	305,379	281,619	133,624	116,303	171,755	165,316
Equity and liabilities						
Total equity	62,772	66,053	48,472	53,243	14,300	12,810
Provisions	32,598	24,406	31,298	23,269	1,300	1,137
Financing liabilities	159,746	144,902	14,453	4,771	145,293	140,131
thereof current	60,258	56,240	-19,608	-20,993	79,866	77,233
thereof non-current	99,488	88,662	34,061	25,764	65,427	62,898
Trade payables	16,169	14,185	15,400	13,395	769	790
Other financial liabilities	10,417	10,032	6,437	5,888	3,980	4,144
Contract and refund liabilities	13,181	12,519	12,787	12,146	394	373
Other liabilities	10,496	9,310	4,777	3,591	5,719	5,719
Liabilities held for sale	-	212	-	-	-	212
Total equity and liabilities	305,379	281,619	133,624	116,303	171,755	165,316

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

Intangible assets of €15.9 billion (December 31, 2018: €14.8 billion) include €12.1 billion of capitalized development costs (December 31, 2018: €11.3 billion), €2.0 billion of franchises, industrial property rights and similar rights (December 31, 2018: €2.0 billion) and €1.2 billion of goodwill (December 31, 2018: €1.1 billion). The Mercedes-Benz Cars division accounts for 84% of the development costs (December 31, 2018: 81%) while the Mercedes-Benz Vans division accounts for 9% (December 31, 2018: 10%) and the Daimler Trucks division accounts for 6% (December 31, 2018: 8%).

Property, plant and equipment increased to €36.7 billion (December 31, 2018: €30.9 billion). Due to the application of single lessee accounting according to IFRS 16 as of January 1, 2019, right-of-use assets of €4.1 billion are included in property, plant and equipment. In the first nine months of 2019, €5.2 billion was invested worldwide, primarily at our production and assembly sites for new products and technologies and for the expansion and modernization of the production facilities. The sites in Germany accounted for €3.4 billion of capital expenditure (Q1-3 2018: €3.3 billion).

Equipment on operating leases and **receivables from financial services** increased to €152.4 billion (December 31, 2018: €146.2 billion). Adjusted for exchange-rate effects, the increase of €2.5 billion was primarily caused by the higher contract volume at Daimler Mobility; the business with end-customers was further expanded especially in North and South America. The leasing and sales-financing business as a proportion of 50% of total assets was below the prior-year level (December 31, 2018: 52%).

Equity-method investments increased to €6.2 billion (December 31, 2018: €4.9 billion). The increase is mainly due to the merger of the mobility services of Daimler Group and BMW Group and the resulting first-time consolidation of five operating joint ventures, which are aggregated under YOUR NOW (see Note 2 of the Notes to the Interim Consolidated Financial Statements). Furthermore, they mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd., BAIC Motor Corporation Ltd. and There Holding B.V.

Inventories increased from €29.5 billion to €35.6 billion, equivalent to 12% of total assets and thus above the level at the end of 2018 (10%). The increase at all automotive divisions relates primarily to finished goods and work in process for seasonal reasons. In addition, at Mercedes-Benz Cars, the increase was partially due to model changes and the launch of new models.

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

Cash and cash equivalents increased compared with the end of the year 2018 by €1.1 billion to €17.0 billion.

Marketable debt securities and similar investments decreased compared with December 31, 2018 from €9.6 billion to €9.0 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

Other financial assets of €7.0 billion are above the prior-year level (December 31, 2018: €5.7 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 as well as dividends due from Beijing Benz Automotive Co., Ltd.

Other assets of €13.2 billion (December 31, 2018: €11.0 billion) primarily comprise deferred tax assets and tax refund claims. The increase is mainly caused by deferred tax assets and relates to, among other things, effects from pensions and similar obligations not recognized in profit or loss.

The Group's **equity** decreased compared with December 31, 2018 from €66.1 billion to €62.8 billion. The decrease of €4.3 billion (adjusted for the effects of currency translation) resulted from the dividend of €3.5 billion paid out to Daimler's shareholders, actuarial losses of €2.6 billion from defined-benefit pension plans that are recognized in retained earnings, and losses of €0.6 billion on the remeasurement of derivative financial instruments recognized in other comprehensive income. The net profit of €2.7 billion partially offset the decrease. Equity attributable to the shareholders of Daimler AG also decreased to €61.4 billion (December 31, 2018: €64.7 billion).

While the balance sheet total increased, equity adjusted for the dividend decreased compared with December 31, 2018. The Group's **equity ratio** of 20.6% was therefore below the level of year-end 2018 (December 31, 2018: 22.2%); the equity ratio for the industrial business was 36.3% (December 31, 2018: 42.8%).

Provisions of €32.6 billion were significantly above the level of December 31, 2018 (€24.4 billion); as a proportion of the balance sheet total, they amount to 11%, which is above the prior-year level (9%). They primarily comprise provisions for pensions and similar obligations of €11.9 billion (December 31, 2018: €7.4 billion), which mainly consist of the difference between the present value of defined-benefit pension obligations of €37.9 billion (December 31, 2018: €31.7 billion) and the fair value of the pension plan assets applied to finance those obligations of €27.4 billion (December 31, 2018: €25.5 billion). The decrease of approximately 1.1 percentage points in discount rates led to an increase in the present value of the defined-benefit pension obligations. This effect was only partially offset by a positive interest rate development of plan assets. Provisions also relate to liabilities from income taxes of €1.4 billion (December 31, 2018: €1.5 billion), from product warranties of €8.4 billion (December 31, 2018: €7.0 billion) and from personnel and social costs of €4.1 billion (December 31, 2018: €4.3 billion), as well as other provisions of €6.9 billion (December 31, 2018: €4.3 billion). The reassessment of risks especially at the Mercedes-Benz Cars and Mercedes-Benz Vans divisions in the second quarter of 2019 led, amongst other things, to an increase in provisions for product warranties and an increase in other provisions. These increases relate to ongoing governmental and court proceedings and measures taken with regard to Mercedes-Benz diesel vehicles in several regions, as well as an updated risk assessment for an expanded recall of vehicles with Takata airbags in Europe and other parts of the world.

Financing liabilities of €159.7 billion were above the level of December 31, 2018 (€144.9 billion). The increase includes effects of €3.2 billion from currency translation. Adjusted for exchange-rate effects, the increase amounts to €11.6 billion, and reflects both the refinancing of the leasing and sales-financing business and higher leasing liabilities of €3.8 billion due to the application of single lessee accounting according to IFRS 16. 53% of the financing liabilities relate to notes and bonds, 25% to liabilities to banks, 9% to liabilities from ABS transactions and 8% to deposits in the direct banking business.

Trade payables increased to €16.2 billion (December 31, 2018: €14.2 billion), primarily due to the higher volume of business. The Mercedes-Benz Cars division accounts for 67% (December 31, 2018: 60%) of those payables and the Daimler Trucks division accounts for 20% (December 31, 2018: 24%).

Other financial liabilities of €10.4 billion (December 31, 2018: €10.0 billion) mainly consist of liabilities from residual-value guarantees, derivative financial instruments, salaries and wages, deposits received and accrued interest on financing liabilities.

Contract and refund liabilities of €13.2 billion are above the level at December 31, 2018 (€12.5 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 €10.5 billion (December 31, 2018: €9.3 billion) primarily comprise deferred income, tax liabilities, deferred taxes and miscellaneous liabilities. The increase is due, amongst other things, to the fine notice concluding the administrative offense proceedings against Daimler AG, which is reported under other liabilities as of September 30, 2019, and was paid in October.

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

Capital expenditure and research activities

The Daimler Group invested €1.8 billion in property, plant and equipment in the third quarter of this year (Q3 2018: €2.1 billion). Most of that investment, €1.5 billion, was at the Mercedes-Benz Cars division (Q3 2018: €1.6 billion). The main focus of capital expenditure was for preparing the start of production of the successor models of the S-Class, C-Class and compact cars. Another area of capital expenditure was for battery production. At Daimler Trucks, the main investments in the third quarter of 2019 were for successor generations of existing products, new products, global component projects and the optimization of our worldwide production and sales network.

The Daimler Group's research and development spending in the third quarter of the year amounted to €2.5 billion (Q3 2018: €2.4 billion), of which €0.7 billion was capitalized (Q3 2018: €0.6 billion). More than three quarters, €1.9 billion, of the research and development expenditure was at the Mercedes-Benz Cars division (Q3 2018: €1.8 billion). This includes an increasing volume of development costs for the next generation of electric vehicles. Other key areas that are gaining importance are digitization and automated driving. The most important projects at Daimler Trucks were in the areas of emission standards and fuel efficiency, as well as tailored products and technologies for major growth markets. In addition, an important role is played by the future technologies of automated and autonomous driving, electric mobility and connectivity.

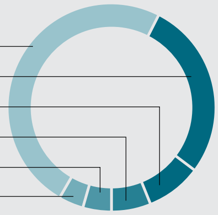
Workforce

At the end of the third quarter of 2019, the Daimler Group employed 304,680 people worldwide (end of 2018: 298,683). Of that total, 178,097 were employed in Germany (end of 2018: 174,663), 27,029 in the United States (end of 2018: 26,310), 11,076 in Brazil (end of 2018: 10,307) and 10,054 in Japan (end of 2018: 9,918). Our consolidated companies in China employed 4,427 people at the end of September (end of 2018: 4,424). ↗ C.13

C.13

Employees by division (as of September 30, 2019)

Daimler Group	304,680
Mercedes-Benz Cars	149,411
Daimler Trucks	86,042
Mercedes-Benz Vans	25,994
Daimler Buses	18,678
Daimler Mobility	12,920
Group Functions & Services	11,635



Important events

Daimler welcomes investment by the BAIC Group
The Beijing Automotive Group Co. Ltd. (BAIC Group) has acquired approximately 5% of the shares in Daimler AG through Investment Global Co. Ltd., a 100% subsidiary. Daimler and BAIC are linked by a longstanding strategic partnership that has existed since 2003. Since then, both companies have been cooperating in the fields of production, research and development, as well as on sales of cars, vans and trucks. In 2013, Daimler acquired shares in BAIC Motor, a listed subsidiary of BAIC, and currently holds 9.55% of its shares. Since 2018, Daimler has also held 3.01% of the shares in BAIC BluePark New Energy Technology Co. Ltd., a manufacturer of electric vehicles for the Chinese market. We very much welcome the fact that our longstanding partner BAIC is now also a long-term investor in Daimler.

Daimler Financial Services AG is renamed as Daimler Mobility AG
Daimler Financial Services AG has been operating under the name Daimler Mobility AG since July 24, 2019, and provides financing, leasing, insurance and fleet-management services for the entire Daimler Group. The Daimler Mobility division is also a strategic investor in mobility services such as FREE NOW, SHARE NOW and Blacklane. Its mobility ecosystem is completed by flexible-usage offerings such as Mercedes-Benz Rent (car rentals) or Mercedes me Flexperience (a car-on-demand service). As part of the agreed implementation of the Daimler Group's Project Future, Daimler Mobility AG will be one of the three legally independent entities under the umbrella of Daimler AG, alongside Mercedes-Benz AG and Daimler Truck AG.

Full conclusion of administrative offense proceedings against Daimler AG
On September 24, the Stuttgart public prosecutor issued a fine notice against Daimler AG pursuant to Sections 30 paragraph 1, 130 paragraph 1 of the Administrative Offenses Act based on a negligent violation of supervisory duties in the area of vehicle certification in connection with deviations from regulatory requirements in certain Mercedes-Benz vehicles. According thereto, the negligent violation of supervisory duties occurred on the department head level. The Company has refrained from taking a legal remedy against the fine notice. The public prosecutor's administrative offense proceeding against Daimler AG is thereby fully concluded.

According to the public prosecutor's findings, the negligent violation of supervisory duties caused at least in part that certain vehicles of Daimler AG had partly deviated from regulatory requirements since 2008. In this context, the public prosecutor essentially refers to the known recall orders by the German Federal Motor Transport Authority (KBA). In order to get clarity also for the future with respect to the interpretation of relevant legal provisions in a complex technical environment, Daimler AG maintains the objections against the KBA orders. After weighing all aspects, Daimler has refrained from taking a legal remedy in the public prosecutor's administrative offense proceeding. It is in the Company's best interest to end the administrative offense proceeding in a timely and comprehensive manner and thereby conclude this matter. The fine notice provides for a fine in the amount of EUR 870 million. The amount of the fine consists of a sanctioning part as well as a disgorgement part. The amount of the sanctioning part is EUR 4 million for the negligent violation of supervisory duties as assumed by the public prosecutor. It is thus below the statutory maximum amount. The amount of the disgorgement part is mainly determined by the profitability of the Company and amounts to EUR 866 million.

Daimler Trucks acquires majority stake in Torc Robotics
Daimler Trucks, the world's biggest manufacturer of heavy-duty and medium-duty trucks, and Torc Robotics, a pioneer in the field of autonomous driving, are entering into a partnership to market fully automated trucks in the United States. The companies had agreed in March 2019 that Daimler Trucks and Buses Holding Inc., a subsidiary of Daimler AG, would acquire a majority interest in Torc Robotics, creating a link that goes far beyond a conventional manufacturer-supplier relationship. The acquisition of the majority interest was completed in the third quarter.

Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group, as well as detailed information on our risk and opportunity management system, are presented on pages 143 to 157 of our Annual Report 2018. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. The assessment of risks and opportunities for the 2019 financial year has changed since the presentation of Annual Report 2018 as follows.

Company-specific and financial risks

In connection with our equity interests, the possible impact of risks has increased from “medium” to “high” compared with the assessment in Annual Report 2018. Our current assessment of the probability of occurrence of risks connected with changes in our credit ratings has also changed, from “low” to “high.”

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 proceedings, and/or have issued administrative orders or 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 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 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, in April 2019, has sent a statement of objections to Daimler and other automobile manufacturers. In this context, some time ago Daimler has filed a leniency application with the European Commission. The Stuttgart district attorney’s office is conducting criminal investigation proceedings against Daimler employees on the suspicion of fraud and criminal advertising, and, in May 2017, searched the premises of Daimler at several locations in Germany. In February 2019, the Stuttgart district attorney’s office also initiated a formal investigation proceeding against Daimler AG with respect to an administrative offense. In 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 as subpoenas, i.e. legal instructions issued under penalty of law in the process of taking evidence, or other requests for documentation, testimony or other information, further search warrants, a notice of violation or an increased formalization of the governmental investigations, coordination or proceedings, including the resolution of proceedings by way of a settlement. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

In the years 2018 and 2019 KBA 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 EU type approvals in this respect, including stops of the first registration and mandatory recalls. Daimler filed and – with respect to the most recent case – will file timely objections against such administrative orders in order to have the open legal issues resolved, if necessary by a court of law. In the course of its regular market supervision, KBA routinely conducts further reviews of Mercedes-Benz vehicles and asks questions about technical elements of the vehicles. In light of the aforementioned administrative orders issued by KBA, it is likely that in the course of the ongoing and/or further investigations KBA will issue additional administrative orders holding that some other Mercedes-Benz Diesel vehicles are also equipped with impermissible defeat devices. Daimler has (in view of KBA’s interpretation of the law as a precaution) implemented a temporary delivery and registration stop, also covering the used cars, leasing and financing businesses, with respect to certain models and reviews constantly whether it can lift this delivery and registration stop in whole or in part. 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 further delivery and registration stops may be ordered or resolved by the Company as a precautionary measure, also with a view to the used cars, leasing and financing businesses, under the relevant circumstances. Daimler has initiated further investigations and otherwise continues to fully cooperate with the authorities and institutions.

In January 2019, another vehicle manufacturer reached civil settlements with US and state authorities, as well as with vehicle customers. Although the manufacturer did not admit liability, the authorities maintain the position that the manufacturer included undisclosed Auxiliary Emission Control Devices (AECDs) in its diesel vehicles, apparently including functionalities that are common in diesel vehicles, and that certain of these AECDs are to be perceived as illegal defeat devices. As part of these settlements, the manufacturer 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 possible 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 runningchange, 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, the objection proceedings against KBA's administrative orders and our internal investigations are still ongoing and open; hence, Daimler cannot predict the outcome at this time. Due to the outcome of the administrative offense proceedings by the Stuttgart district attorney's office against Daimler and in case the above or other information requests, inquiries, investigations, administrative orders and proceedings result in unfavorable findings, an unfavorable outcome or otherwise develop unfavorably, Daimler could be subject to significant additional monetary penalties, fines, disgorgement 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, 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 violations of warranty and 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 faces customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler takes appropriate legal remedies to defend itself.

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

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

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

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

Outlook

Key leading indicators have worsened significantly during the course of the year 2019, so the growth slowdown of the **world economy** is likely to continue in the fourth quarter. Current growth forecasts for global gross domestic product (GDP) in full-year 2019 are now only for just over 2.5%. The US economy should continue its expansion at a slightly lower rate in view of the expiring fiscal stimulus and the normalization of monetary policy in the prior years. But thanks to the continuation of stable domestic demand and two interest-rate cuts by the Federal Reserve in the third quarter, growth of 2 to 2.5% should remain slightly above the economy's growth potential. Most indicators for the European Monetary Union do not suggest any significant recovery or acceleration of economic output towards the end of the year. Despite ongoing solid domestic demand, growth is likely to slow down to only about 1% as a result of weaker foreign trade and the crisis in the industrial sector. The German economy is expected to grow at a rate of only around 0.5%. In view of continuing uncertainty in connection with the United Kingdom's intended withdrawal from the EU, growth of the British economy is likely to remain subdued and below the already weak previous year at just over 1%. The further development of the Chinese economy depends to a large extent upon how the trade conflict with the United States develops and to what extent the government's stimulus measures will boost growth. However, most analysts continue to expect overall growth to remain solid at rather more than 6% this year. The South American economy lagged significantly behind expectations in the first nine months of this year and its development is likely to be weaker than in 2018. The same applies to Brazil, where the economic recovery has increasingly stalled. Growth in Eastern Europe is likely to weaken further. In addition to the expected recession in Turkey, growth in Russia, the region's largest market, is also expected to decline perceptibly.

Worldwide **demand for cars** in 2019 is likely to be slightly lower than in the previous year. The European market is also expected to be slightly smaller than in 2018. In Western Europe, we expect demand to remain more or less unchanged in view of the above-average market level that has meanwhile returned. The largest single market, Germany, should also develop stably at the previous year's level. The car market in Eastern Europe is expected to contract slightly. The Russian market should approximately maintain its prior-year level, while a sharp decline is expected in Turkey.

The US market for cars and light trucks is likely to contract slightly from a high level. Despite a certain stabilization in China, the market for 2019 as a whole is still expected to be slightly below the previous year's volume. Demand in India is likely to decrease significantly. In Japan, we expect the market level to remain unchanged.

Demand for **heavy- and medium-duty trucks** will be very varied in the regions relevant to us.

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

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

In the Japanese market for heavy-, medium- and light-duty trucks, we assume that demand will remain stable at an ongoing solid level. For the Indonesian truck market as a whole, we expect a significantly negative development. Sales of heavy- and medium-duty trucks in India are likely to decrease significantly after the high level of the previous year. In the Chinese heavy-duty truck market, a significant decrease is expected from an exceptionally high level.

For the EU30 region in the year 2019, we expect slight growth in the segment of small vans and in the combined segment of midsize and large **vans**. We anticipate a volume at the prior-year level in the market for midsize pickups. In the United States, demand for large vans is likely to be slightly above the prior-year level. Significant growth is expected in the market for large vans in Latin America, driven by demand in Brazil. In China, we expect a market volume at the prior-year level in the segment for midsize vans that we address there.

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

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

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

Daimler Trucks now anticipates a slight decrease in total unit sales in 2019 compared with the previous year. In the NAFTA region, we continue to expect a slight increase in our unit sales compared with 2018. We expect our truck sales in Japan to be of the prior-year magnitude. In Brazil, we expect our sales volumes to significantly surpass the low level of the previous year. We now assume that our unit sales in the EU30 region, India and Indonesia will be significantly below the prior-year levels. The significant decline in unit sales in Turkey will continue to reflect the considerable economic uncertainty in the country.

Mercedes-Benz Vans now plans to achieve unit sales in 2019 slightly above the prior-year level. Growth in unit sales in the EU30 region and the United States is offsetting decreases in other regions such as Russia and Turkey. Sales are developing positively in particular of the new Sprinter, which was launched in mid-2018.

Daimler Buses expects to maintain its market leadership in its most important traditional core markets for buses above eight tons. For the year 2019, we now anticipate slight growth in total unit sales. We assume that unit sales will increase slightly in the EU30 region and significantly in India. In Latin America (excluding Mexico), unit sales are expected to be slightly higher than in 2018.

Daimler Mobility anticipates further growth in contract volume in the year 2019. New business is now expected to be of the prior-year magnitude as a result of a lower penetration rate. We will utilize new market potential through higher efficiency in the traditional sales channels and through the digitization of customer contacts and fleet management.

We assume that **Group revenue** will grow slightly in 2019. At Mercedes-Benz Cars, revenue should be positively affected in 2019 above all by the new A-Class and B-Class, as well as by the G-Class and the AMG GT. On the other hand, expected exchange-rate developments and lifecycle effects as well as a changed sales structure will have a dampening effect on revenue. Against this background, Mercedes-Benz Cars anticipates revenue at the prior-year level. In accordance with its adjusted sales projections, Daimler Trucks now expects revenue in the magnitude of the prior year. The divisions Mercedes-Benz Vans and Daimler Mobility anticipate slight revenue growth. Daimler Buses expects significant growth in revenue.

As reported in the risk and opportunity report, Daimler is subject to governmental information requests, inquiries, investigations, administrative orders and proceedings as well as court proceedings in connection with diesel exhaust emissions. As legal proceedings are fraught with a large degree of uncertainty, it is possible that in the context of their final resolution, some of the provisions we have recognized for them could prove to be insufficient. As a result, additional expenditures may arise, which may, subject to the further development of the proceedings, negatively affect the profitability expectations listed below, in particular of the divisions Mercedes-Benz Cars and Mercedes-Benz Vans.

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

The individual divisions have the following expectations for their returns in the year 2019:
– Mercedes-Benz Cars: return on sales of 3% to 5%
– Daimler Trucks: return on sales of 6% to 8%
– Mercedes-Benz Vans: return on sales of minus 15% to minus 17%
– Daimler Buses: return on sales of 5% to 7%
– Daimler Mobility: return on equity of 17% to 19%

Due to a faster than expected economic downturn in the commercial-vehicle core markets of Europe and North America in the third quarter, earnings at Daimler Trucks will be adversely affected already in the fourth quarter of this year. Against this backdrop, Daimler Trucks now anticipates a return on sales of 6% to 8%.

The expected decrease in earnings will be partially reflected in the free cash flow of the industrial business. There will also be a negative impact from ongoing high advance expenditure for new products and technologies. In addition, there will be costs for Project Future for the implementation of the new Group structure. Under these conditions, we assume that the **free cash flow of the industrial business** will be significantly below the previous year's level.

In order to achieve our ambitious growth targets, our **investment in property, plant and equipment** should once again be at a very high level, although slightly lower than in the previous year (2018: €7.5 billion). Mercedes-Benz Cars is continuing its product offensive in 2019. Extensive investment is also planned for the realignment of our German production sites, the expansion of our international production network, and the worldwide production network for electric mobility. In addition, the division is investing in the technological fields of the future. Daimler Trucks' capital expenditure in 2019 is primarily for new products and successor generations of existing products, global component projects and the optimization of the worldwide production and sales network.

Our **research and development activities** are expected to be at the prior-year level (2018: €9.1 billion). At Mercedes-Benz Cars, a large proportion of this is being invested in the renewal of the product portfolio. The most important individual projects here are the successor models for the C-Class and S-Class, the new compact cars, and the expansion of the model range of the EQ product and technology brand. We are also working intensively on new, low-emission combustion engines, electric mobility, the connectivity of our vehicles, and innovative safety technologies for automated and autonomous driving. Automated driving, electric mobility and connectivity play an important role also at Daimler Trucks. Further important areas are the successor generations for existing products, fuel efficiency and emission reductions, as well as tailored products and technologies for important growth markets.

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

Forward-looking statements:
This document contains forward-looking statements that reflect our current views about future events. The words "anticipate,""assume,""believe,""estimate,""expect,""intend,""may,""can,""could,""plan,""project,""should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk and Opportunity Report" in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

Mercedes-Benz Cars

Best-ever unit sales in a third quarter of 604,700 automobiles worldwide (Q3 2018: 559,500)
Global increase in sales of compact cars as well as the E- and S-Class
Frankfurt Motor Show 2019: sustainable solutions from Mercedes-Benz for the future of mobility
EBIT of €1,423 million (Q3 2018: €1,372 million)

D.01 Q3

€ amounts in millions	Q3 2019	Q3 2018	% change
Revenue	23,525	21,672	+9
EBIT	1,423	1,372	+4
Return on sales (in %)	6.0	6.3	.
Unit sales	604,655	559,539	+8
Production	655,411	632,441	+4
Employees	149,411	145,436[1]	+3

1 As of December 31, 2018

D.02 Q3

Unit sales	Q3 2019	Q3 2018	% change
Total	604,655	559,539	+8
Europe	253,213	223,561	+13
thereof Germany	85,084	72,114	+18
United States	75,666	75,975	-0
China	173,321	170,438	+2
Other markets	102,455	89,565	+14

Unit sales, revenue and EBIT above prior-year levels
Mercedes-Benz Cars sold 604,700 vehicles worldwide in the period of July through September, its best-ever unit sales in a third quarter (+8%). Revenue increased by 9% to €23.5 billion. EBIT amounted to €1,423 million (Q3 2018: €1,372 million) and return on sales was 6.0% (Q3 2018: 6.3%).

In Europe, 253,200 cars of the Mercedes-Benz and smart brands were sold (+13%). In Germany, the region's core market, sales increased by 18% to 85,100 units. Sales of 173,300 units in China, Mercedes-Benz Cars' biggest sales market, were higher than ever before in a quarter (+2%). In the United States, deliveries of 75,700 Mercedes-Benz and smart cars were on the prior-year period (Q3 2018: 76.000).

Increased sales of compact cars and E-Class
Due to sales stimulus from the new models, deliveries of the compact cars, including the A-Class, A-Class Sedan, B-Class, CLA Coupé and CLA Shooting Brake, achieved strong growth to a record level for a third quarter of 145,300 units (+42%). Deliveries of SUVs grew slightly for the first time this year to a total of 197,400 units (+1%). Sales of the C-Class Sedan and Wagon totaled 95,200 units (+1%). The E-Class Sedan and Wagon achieved sales of 87,900 units (+6%). Sales of the S-Class Sedan also increased, by 6% to 16,900 units. Sales of the two-door and four-door smart models totaled 22,800 units (-27%). smart is currently changing over to all-electric drive and is gradually reducing its range of cars with combustion engines in all European markets until 2020.

Mercedes-Benz presents the next phase of its Best Customer Experience global sales strategy
With Best Customer Experience 4.0, the Mercedes-Benz brand is specifically focusing its sales on changing customer requirements in the digital era. Customers are to be offered a seamless and comfortable luxury experience whenever they would like to contact Mercedes-Benz – irrespective of time and place or of which channel they use. Mercedes-Benz is therefore seamlessly combining physical retailing with digital channels and redesigning it with innovative store and showroom concepts. The foundations for the further development of the sales concept were already laid with Best Customer Experience in 2013.

Mercedes-Benz Cars at the 2019 Frankfurt Motor Show
The focus of Mercedes-Benz at the Frankfurt Motor Show in September 2019 was on sustainable solutions for the future of mobility. At the same time, Mercedes-Benz continued to position itself as a manufacturer of luxury automobiles. The Mercedes-Benz VISION EQS had its world premiere as an example of this sustainable luxury. In addition, the inventor of the automobile presented nineteen other vehicles, including numerous new plug-in-hybrid derivatives.

D.03 Q1-3

€ amounts in millions	Q1-3 2019	Q1-3 2018	% change
Revenue	67,018	67,245	-0
EBIT	2,049	5,333	-62
Return on sales (in %)	3.1	7.9	.
Unit sales	1,735,606	1,744,528	-1
Production	1,857,755	1,841,855	+1
Employees	149,411	145,436[1]	+3

1 As of December 31, 2018

D.04 Q1-3

Unit sales	Q1-3 2019	Q1-3 2018	% change
Total	1,735,606	1,744,528	-1
Europe	733,299	717,919	+2
thereof Germany	245,689	232,592	+6
United States	215,422	224,507	-4
China	514,786	516,170	-0
Other markets	272,099	285,932	-5

Daimler Trucks

Unit sales below prior-year level at 125,400 vehicles (Q3 2018: 136,100)
Trials of highly automated trucks on public roads in the United States
Conclusion of global supply agreement for battery modules
EBIT slightly lower than in prior-year period at €774 million (Q3 2018: €850 million)

D.05 Q3

€ amounts in millions	Q3 2019	Q3 2018	% change
Revenue	10,349	10,045	+3
EBIT	774	850	-9
Return on sales (in %)	7.5	8.5	.
Unit sales	125,382	136,055	-8
Production	126,384	141,909	-11
Employees	86,042	82,953[1]	+4

1 As of December 31, 2018

D.06 Q3

Unit sales	Q3 2019	Q3 2018	% change
Total	125,382	136,055	-8
EU30	19,942	21,865	-9
NAFTA	53,240	52,690	+1
Latin America (excl. Mexico)	11,569	9,795	+18
Asia	33,550	42,298	-21
Other markets	7,081	9,407	-25
BFDA (Auman Trucks)	18,169	22,971	-21
Total (incl. BFDA)	143,551	159,026	-10

Unit sales and EBIT below prior-year levels

Daimler Trucks' unit sales of 125,400 vehicles in the third quarter of 2019 were significantly lower than in the same period of last year (Q3 2018: 136,100). Revenue of €10.3 billion was slightly above the prior-year level (Q3 2018: €10.0 billion). The division's EBIT of €774 million was slightly below its prior-year earnings (Q3 2018: €850 million) and its return on sales was 7.5% (Q3 2018: 8.5%).

Regionally differing sales developments

Our sales in the NAFTA region of 53,200 units were around the prior-year level (Q3 2018: 52,700). Daimler Trucks continued as market leader in weight classes 6 to 8 with a market share of 34.3% (Q3 2018: 38.6%). Our sales of 8,200 units in Brazil were significantly higher than in the prior-year period (Q3 2018: 6,000). Sales in the EU30 region (European Union, Switzerland and Norway) of 19,900 units were significantly lower than in the same period of last year (Q3 2018: 21,900). In this region, Mercedes-Benz maintained its market leadership in the segment of heavy- and medium-duty trucks with a market share of 20.1% (Q3 2018: 21.4%). In Germany, our sales of 8,600 trucks were in the prior-year magnitude (Q3 2018: 8,700). Sales in Turkey decreased to 600 units (Q3 2018: 900). Our deliveries in Asia decreased significantly to 33,600 trucks (Q3 2018: 42,300), primarily due to the fall in sales in Indonesia to 9,800 units (Q3 2018: 17,800). Our sales of 2,700 trucks in India were also significantly lower than in the prior-year period (Q3 2018: 5,300). Sales in Japan developed positively with growth of 9% to 11,700 units and FUSO achieved a market share of 18.3% (Q3 2018: 19.6%). Deliveries by Auman Trucks, our joint venture in China, decreased to 18,200 units (Q3 2018: 23,000).

Trials of highly automated trucks and practical test of all-electric trucks in the United States

Following intensive trials on closed roads, we are now starting with the development and trials of highly automated trucks (SAE level 4) on defined public roads in the United States. The practical test for electric trucks in North America is also being extended: The US customers Penske Truck Leasing and NFI Industries are now taking delivery of the first Freightliner eCascadia heavy-duty trucks (class 8), in addition to the all-electric Freightliner eM2 medium-duty trucks.

Global supply agreement for battery modules for series-produced trucks

Daimler Trucks & Buses and the battery producer Contemporary Amperex Technology Co. Limited (CATL) have entered into a supply agreement for battery modules. The agreement covers battery modules for vehicles including the eActros, eCascadia and eM2. Daimler Trucks & Buses is responsible for developing and assembling the battery systems.

D.07 Q1-3

€ amounts in millions	Q1-3 2019	Q1-3 2018	% change
Revenue	30,367	27,849	+9
EBIT	2,081	2,043	+2
Return on sales (in %)	6.9	7.3	.
Unit sales	367,776	373,811	-2
Production	379,207	390,934	-3
Employees	86,042	82,953[1]	+4

1 As of December 31, 2018

D.08 Q1-3

Unit sales	Q1-3 2019	Q1-3 2018	% change
Total	367,776	373,811	-2
EU30	58,745	60,184	-2
NAFTA	155,598	137,859	+13
Latin America (excl. Mexico)	30,461	27,078	+12
Asia	101,839	120,244	-15
Other markets	21,133	28,446	-26
BFDA (Auman Trucks)	63,746	79,560	-20
Total (incl. BFDA)	431,522	453,371	-5

Mercedes-Benz Vans

Best-ever unit sales in a third quarter of 100,300 vans (Q3 2018: 91,400)
Strong growth for Vito (+22%) and V-Class (+19%)
The V-Class goes electric: world premiere of the EQV
EBIT significantly above prior-year level at €113 million (Q3 2018: minus €93 million)

D.09 Q3

€ amounts in millions	Q3 2019	Q3 2018	% change
Revenue	3,485	3,039	+15
EBIT	113	-93	.
Return on sales (in %)	3.2	-3.1	.
Unit sales	100,332	91,414	+10
Production	91,669	97,347	-6
Employees	25,994	26,210[1]	-1

1 As of December 31, 2018

D.10 Q3

Unit sales	Q3 2019	Q3 2018	% change
Total	100,332	91,414	+10
EU30	65,523	57,019	+15
thereof Germany	28,863	22,397	+29
NAFTA	14,057	13,048	+8
thereof United States	11,602	9,634	+20
Latin America (excluding Mexico)	4,444	4,652	-4
Asia	10,113	9,141	+11
thereof China	8,516	7,381	+15
Other markets	6,195	7,554	-18

Unit sales, revenue and earnings above prior-year levels
Mercedes-Benz Vans increased its unit sales by 10% to 100,300 vehicles in the third quarter. Revenue grew by 15% to €3.5 billion. EBIT amounted to €113 million, which is a significant improvement on the prior-year quarter (Q3 2018: minus €93 million). The division's return on sales was 3.2% (Q3 2018: minus 3.1%).

Mercedes-Benz Vans continues along its growth path
In the EU30 region, we achieved significant growth in unit sales with 65,500 vehicles sold in the third quarter (Q3 2018: 57,000). Within that region, Mercedes-Benz Vans achieved strong growth in the important German market with sales of 28,900 units (+29%).

Sales of 14,100 units in the NAFTA region were also significantly above the prior-year level (Q3 2018: 13,000). The number of 11,600 vans sold in the United States was higher than in any previous quarter (+20%). In Latin America, however, sales decreased by 4% to 4,400 units. We achieved our highest-ever quarterly unit sales in China with an increase of 15% to 8,500 vehicles. In Russia and in a difficult market environment in Turkey, unit sales were significantly lower than the prior-year levels.

Worldwide sales of the Sprinter increased compared with the prior-year period by 6% to 52,400 units. 25,300 units of the Vito were sold (+22%) and 15,800 units of the V-Class multipurpose vehicle (+19%). Sales of the Mercedes-Benz Citan totaled 3,700 units (Q3 2018: 5.700), and we sold 3,200 units of the X-Class in the third quarter (Q3 2018: 2.500).

Decision on successor model of Citan small van
Mercedes-Benz will consistently continue its involvement in the small-van segment together with the Renault-Nissan-Mitsubishi cooperation network, and in this context has decided on the successor to the Citan city delivery van, which has been available since 2012. The Mercedes-Benz Vans product portfolio is also to include a fully electric version of this model.

The V-Class goes electric: world premiere of the EQV
In August, our first battery-powered multipurpose vehicle had its world premiere: the Mercedes-Benz EQV (electricity consumption combined: 27.0 kWh/100 km; CO2 emissions combined: 0 g/km, preliminary figures)[2]. The second member of the EQ family combines locally emission-free mobility with impressive driving performance and a long range (up to 405 kilometers)[2], as well as a fast-charging function, high levels of functionality and an esthetic design.

Electric mobility with the Mercedes-Benz eVito Tourer
Since July 2019, the BerlKönig on-demand public transport service, a service of ViaVan and the Berlin public-transport company (BVG), has been using the eVito Tourer in its fleet. In addition, Mercedes-Benz Vans received a major order for 80 eVito Tourer vans from the Netherlands.

Mercedes-Benz Vans at Caravan Salon
At the Caravan Salon trade show in Düsseldorf, Mercedes-Benz Vans presented the latest models in the Marco Polo family as well as various new variants based on the Sprinter. The third generation of the Mercedes-Benz Sprinter is very popular with both bodybuilders and end customers.

D.11 Q1-3

€ amounts in millions	Q1-3 2019	Q1-3 2018	% change
Revenue	10,508	9,648	+9
EBIT	-2,035	231	.
Return on sales (in %)	-19.4	2.4	.
Unit sales	308,488	295,313	+4
Production	319,056	334,787	-5
Employees	25,994	26,210[1]	-1

1 As of December 31, 2018
2 Figures for electricity consumption and range are preliminary and have been determined by the Technical Service for the Certification Process in accordance with UN/ECE Regulation No. 101. The EC type approval and a certificate of conformity with official figures have not yet been received. Deviations between these figures and the official figures are possible.

D.12 Q1-3

Unit sales	Q1-3 2019	Q1-3 2018	% change
Total	308,488	295,313	+4
EU30	210,702	188,755	+12
thereof Germany	83,917	72,823	+15
NAFTA	38,066	37,500	+2
thereof United States	29,116	28,256	+3
Latin America (excluding Mexico)	13,520	12,463	+8
Asia	28,156	29,210	-4
thereof China	21,781	21,392	+2
Other markets	18,044	27,385	-34

Daimler Buses

Significant increase in unit sales to 9,000 buses and bus chassis
Further orders for Mercedes-Benz buses with alternative drive systems
Mercedes-Benz Tourismo coach reaches milestone of 30,000 units sold in Europe
EBIT significantly above prior-year level at €79 million (Q3 2018: €30 million)

D.13 Q3

€ amounts in millions	Q3 2019	Q3 2018	% change
Revenue	1,231	1,064	+16
EBIT	79	30	+163
Return on sales (in %)	6.4	2.8	.
Unit sales	8,957	7,741	+16
Production	8,417	8,507	-1
Employees	18,678	18,770[1]	-0

1 As of December 31, 2018

D.14 Q3

Unit sales	Q3 2019	Q3 2018	% change
Total	8,957	7,741	+16
EU30	2,474	2,146	+15
thereof Germany	769	590	+30
Latin America (excluding Mexico)	4,629	3,449	+34
thereof Brazil	3,465	2,278	+52
Mexico	790	881	-10
Asia	695	761	-9
Other markets	369	504	-27

Significant growth in unit sales
Unit sales by Daimler Buses increased by 16% to 9,000 vehicles in the third quarter of 2019. Revenue of €1.2 billion was significantly higher than in the prior-year period (Q3 2018: €1.1 billion). The division's EBIT amounted to €79 million (Q3 2018: €30 million) and its return on sales was 6.4% (Q3 2018: 2.8%).

Significant sales growth overall
In the EU30 region, Daimler Buses sold 2,500 complete buses and bus chassis of the Mercedes-Benz and Setra brands in the third quarter of this year, representing significant growth of 15%. Sales in Germany increased by 30% to 800 units.

Thanks to increased demand for bus chassis in Brazil, sales of 4,600 units in Latin America (excluding Mexico) were significantly higher than in the prior-year period (Q3 2018: 3,400). In Mexico and India, our third-quarter sales of 800 and 400 units were down by significant margins of 10% and 13% respectively.

Further major orders for all-electric eCitaro city bus and for hybrid and natural-gas buses
In addition to further major orders from German public-transport companies in Hannover (48 units) and Hamburg (25 units), the first orders were received for the battery-powered eCitaro from abroad: a total of 20 units are to be delivered to customers in Luxembourg, Norway and Sweden. Mercedes-Benz bus models with other types of alternative drive technology are also in demand: The public-transport company EMT Madrid is already successfully using several hundred Mercedes-Benz Citaro NGT buses powered by natural gas in the Spanish capital city. Next year, that number will increase to up to 672 of these environmentally friendly city buses as a result of a further major order. Daimler Buses has also received a major order for 130 Citaro hybrid low-floor city buses from Bucharest, Romania.

25 years of the Mercedes-Benz Tourismo and 30,000 units of the coach sold in Europe
25 years after its world premiere, the 30,000th Mercedes-Benz Tourismo coach was handed over to a customer in the third quarter of 2019. The current third generation, which was launched two years ago, features high levels of safety, economy and comfort. With a wide range of equipment versions and engines, the high-decker covers an unusually broad spectrum of applications.

D.15 Q1-3

€ amounts in millions	Q1-3 2019	Q1-3 2018	% change
Revenue	3,284	2,989	+10
EBIT	164	133	+23
Return on sales (in %)	5.0	4.4	.
Unit sales	22,918	21,007	+9
Production	24,059	24,051	+0
Employees	18,678	18,770[1]	-0

1 As of December 31, 2018

D.16 Q1-3

Unit sales	Q1-3 2019	Q1-3 2018	% change
Total	22,918	21,007	+9
EU30	6,230	5,696	+9
thereof Germany	2,035	1,705	+19
Latin America (excluding Mexico)	11,504	9,935	+16
thereof Brazil	8,366	6,618	+26
Mexico	1,827	2,173	-16
Asia	2,257	2,099	+8
Other markets	1,100	1,104	-0

Daimler Mobility

New business grows by 10%
Contract volume increases to €160 billion
Mercedes pay continues to expand its e-payment activities
EBIT slightly above prior-year level at €413 million (Q3 2018: €392 million)

D.17 — **Q3**

€ amounts in millions	Q3 2019	Q3 2018	% change
Revenue	7,086	6,385	+11
EBIT	413	392	+5
Return on equity (in %)	11.9	12.5	.
New business	18,279	16,613	+10
Contract volume	160,416	154,072[1]	+4
Employees	12,920	14,070[1]	-8

1 As of December 31, 2018

10% more new business worldwide
Daimler Mobility increased its new business once again in the third quarter of 2019. Worldwide, 484,000 new leasing and financing contracts worth €18.3 billion were concluded. Contract volume at the end of September amounted to €160.4 billion and was thus 4% above the level of year-end 2018. Adjusted for exchange-rate effects, contract volume grew by 2%. EBIT amounted to €413 million (Q3 2018: €392 million) and return on equity was 11.9% (Q3 2018: 12.5%).

Europe region: strong growth in new business
In the whole of Europe, 240,000 leasing and financing contracts were signed in the third quarter (+8%). New business increased by 8% to €7.8 billion. Contract volume in Europe grew compared with the level of year-end 2018 by 2% to €65.7 billion. At the end of the third quarter, Athlon and Daimler Fleet Management had 403,000 contracts on their books, equivalent to contract volume of €6.7 billion.

Significant growth in the Americas region
In the Americas region, leasing and financing contracts with a total value of €6.3 billion were concluded in the third quarter of 2019 (+16%). In the United States, new business increased by 19%. Contract volume in the Americas region of €59.7 billion at the end of September was 6% higher than at the end of 2018.

Africa & Asia-Pacific and China: overall growth in new business
New business in the Africa & Asia-Pacific region (excluding China) amounted to €2.0 billion in the third quarter of this year, and was thus significantly higher than in the prior-year period (+16%). Contract volume in the region amounted to €19.1 billion at the end of September (+4%).

D.18 — **Q1-3**

€ amounts in millions	Q1-3 2019	Q1-3 2018	% change
Revenue	21,112	19,210	+10
EBIT	2,053	1,006	+104
Return on equity (in %)	19.9	10.8	.
New business	53,966	52,815	+2
Contract volume	160,416	154,072[1]	+4
Employees	12,920	14,070[1]	-8

1 As of December 31, 2018

In China, 71,000 new leasing and financing contracts were concluded in the third quarter (-8%), worth €2.1 billion (-5%). Contract volume amounted to €15.8 billion at the end of September, which is 2% higher than at the end of 2018.

Ongoing positive development of the insurance business
In the insurance business, Daimler Mobility brokered 589,000 contracts in the third quarter (+4%). The development was especially positive in China (+25%) and Germany (+12%).

Ongoing growth for YOUR NOW mobility joint ventures
As of September 30, 2019, more than 83 million people were users of the mobility services of the joint ventures for ride hailing (FREE NOW), car sharing (SHARE NOW), multimodal and on-demand mobility (REACH NOW), parking (PARK NOW) and charging (CHARGE NOW). In the first nine months of the year, 421 million transactions were concluded through the services of the YOUR NOW joint ventures.

Mercedes pay: expansion of e-payment activities
Daimler Mobility has integrated further services of the Daimler Group into the e-payment platform Mercedes pay. This means that payments can now be made also in the Mercedes-Benz MBUX multimedia system. Users of the Bertha app, which was developed by Daimler, can pay with their smartphones at selected filling stations in Germany, for example.

Telematics for multi-brand fleets
Mercedes-Benz Connectivity Services GmbH is expanding its product portfolio for the brand-independent use of its telematics services. With the retrofittable “connect business GENIUS” hardware, fleet managers can use telematics services for all makes of vehicle.

Consolidated Statement of Income Q3

E.01

	Q3 2019	Q3 2018
In millions of euros		
Revenue	43,270	40,211
Cost of sales	-34,596	-32,247
Gross profit	8,674	7,964
Selling expenses	-3,136	-3,191
General administrative expenses	-1,005	-953
Research and non-capitalized development costs	-1,764	-1,775
Other operating income	456	335
Other operating expense	-623	-419
Gains on equity-method investments, net	193	325
Other financial income/expense, net	-105	199
Interest income	86	64
Interest expense	-201	-204
Profit before income taxes[1]	2,575	2,345
Income taxes	-762	-584
Net profit	1,813	1,761
thereof profit attributable to non-controlling interests	94	72
thereof profit attributable to shareholders of Daimler AG	1,719	1,689
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG		
Basic	1.61	1.58
Diluted	1.61	1.58

1 The reconciliation of Group EBIT to profit before income taxes is presented in Note 20.

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

Consolidated Statement of Income Q1-3

E.02

In millions of euros	Q1-3 2019	Q1-3 2018
Revenue	125,618	120,752
Cost of sales	-103,827	-95,913
Gross profit	21,791	24,839
Selling expenses	-9,359	-9,541
General administrative expenses	-2,999	-2,889
Research and non-capitalized development costs	-5,037	-5,107
Other operating income	2,189	1,118
Other operating expense	-2,975	-900
Gains on equity-method investments, net	665	654
Other financial income/expense, net	-345	278
Interest income	286	189
Interest expense	-690	-519
Profit before income taxes[1]	3,526	8,122
Income taxes	-806	-2,182
Net profit	2,720	5,940
thereof profit attributable to non-controlling interests	234	252
thereof profit attributable to shareholders of Daimler AG	2,486	5,688
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG		
Basic	2.32	5.32
Diluted	2.32	5.32

1 The reconciliation of Group EBIT to profit before income taxes is presented in Note 20.

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

Consolidated Statement of Comprehensive Income/Loss Q3

E.03

	Q3 2019	Q3 2018
In millions of euros		
Net profit	1,813	1,761
Gains/losses on currency translation	718	-327
Gains/losses on debt instruments	1	-5
Gains/losses on derivative financial instruments	-331	-147
Gains/losses on equity-method investments	-8	-8
Items that may be reclassified to profit/loss	380	-487
Actuarial gains/losses from pensions and similar obligations	-1,101	39
Gains/losses on equity instruments	-15	8
Items that will not be reclassified to profit/loss	-1,116	47
Other comprehensive income/loss, net of taxes	-736	-440
thereof income/loss attributable to non-controlling interests, after taxes	20	-23
thereof income/loss attributable to shareholders of Daimler AG, after taxes	-756	-417
Total comprehensive income/loss	1,077	1,321
thereof income/loss attributable to non-controlling interests	114	49
thereof income/loss attributable to shareholders of Daimler AG	963	1,272

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

Consolidated Statement of Comprehensive Income/Loss Q1-3

E.04

	Q1-3 2019	Q1-3 2018
In millions of euros		
Net profit	**2,720**	5,940
Gains/losses on currency translation	**1,007**	-117
Gains/losses on debt instruments	**8**	-13
Gains/losses on derivative financial instruments	**-616**	-990
Gains/losses on equity-method investments	**-13**	-3
Items that may be reclassified to profit/loss	**386**	-1,123
Actuarial gains/losses from pensions and similar obligations	**-2,584**	-255
Gains/losses on equity instruments	**9**	21
Items that will not be reclassified to profit/loss	**-2,575**	-234
Other comprehensive income/loss, net of taxes	**-2,189**	-1,357
thereof income/loss attributable to non-controlling interests, after taxes	**30**	2
thereof income/loss attributable to shareholders of Daimler AG, after taxes	**-2,219**	-1,359
Total comprehensive income/loss	**531**	4,583
thereof income/loss attributable to non-controlling interests	**264**	254
thereof income/loss attributable to shareholders of Daimler AG	**267**	4,329

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

Consolidated Statement of Financial Position

E.05

	Sept. 30, 2019	Dec. 31, 2018
In millions of euros		
Assets		
Intangible assets	15,874	14,801
Property, plant and equipment	36,665	30,948
Equipment on operating leases	51,614	49,476
Equity-method investments	6,150	4,860
Receivables from financial services	53,134	51,300
Marketable debt securities and similar investments	685	722
Other financial assets	3,662	2,763
Deferred tax assets	6,405	4,021
Other assets	1,247	1,115
Total non-current assets	175,436	160,006
Inventories	35,552	29,489
Trade receivables	12,569	12,586
Receivables from financial services	47,641	45,440
Cash and cash equivalents	16,989	15,853
Marketable debt securities and similar investments	8,314	8,855
Other financial assets	3,291	2,970
Other assets	5,587	5,889
Assets held for sale	–	531
Total current assets	129,943	121,613
Total assets	305,379	281,619
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,571	11,710
Retained earnings	45,961	49,490
Other reserves	762	397
Equity attributable to shareholders of Daimler AG	61,364	64,667
Non-controlling interests	1,408	1,386
Total equity	62,772	66,053
Provisions for pensions and similar obligations	11,908	7,393
Provisions for income taxes	543	628
Provisions for other risks	10,147	7,734
Financing liabilities	99,488	88,662
Other financial liabilities	2,221	2,375
Deferred tax liabilities	3,981	3,762
Deferred income	1,563	1,612
Contract and refund liabilities	5,924	5,438
Other liabilities	12	10
Total non-current liabilities	135,787	117,614
Trade payables	16,169	14,185
Provisions for income taxes	812	823
Provisions for other risks	9,188	7,828
Financing liabilities	60,258	56,240
Other financial liabilities	8,196	7,657
Deferred income	1,606	1,580
Contract and refund liabilities	7,257	7,081
Other liabilities	3,334	2,346
Liabilities held for sale	–	212
Total current liabilities	106,820	97,952
Total equity and liabilities	305,379	281,619

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

Consolidated Statement of Cash Flows

E.06

	Q1-3 2019	Q1-3 2018
In millions of euros		
Profit before income taxes	3,526	8,122
Depreciation and amortization/impairments	5,561	4,576
Other non-cash expense and income	-478	-933
Gains (-)/losses (+) on disposals of assets	-722	-13
Change in operating assets and liabilities		
Inventories	-5,500	-6,715
Trade receivables	186	-379
Trade payables	1,832	3,998
Receivables from financial services	-1,620	-6,709
Vehicles on operating leases	-837	-1,364
Other operating assets and liabilities	5,174	-105
Dividends received from equity-method investments	637	946
Income taxes paid	-1,199	-2,254
Cash used for/provided by operating activities	**6,560**	-830
Additions to property, plant and equipment	-5,191	-4,958
Additions to intangible assets	-2,591	-2,293
Proceeds from disposals of property, plant and equipment and intangible assets	215	312
Investments in shareholdings	-1,614	-578
Proceeds from disposals of shareholdings	346	354
Acquisition of marketable debt securities and similar investments	-4,349	-4,265
Proceeds from sales of marketable debt securities and similar investments	5,090	4,460
Other	-51	60
Cash used for investing activities	**-8,145**	-6,908
Change in financing liabilities	6,048	14,802
Dividend paid to shareholders of Daimler AG	-3,477	-3,905
Dividends paid to non-controlling interests	-233	-265
Proceeds from the issue of share capital	63	118
Acquisition of treasury shares	-42	-50
Acquisition of non-controlling interests in subsidiaries	-64	-78
Cash provided by financing activities	**2,295**	10,622
Effect of foreign exchange rate changes on cash and cash equivalents	426	58
Net increase in cash and cash equivalents	**1,136**	2,942
Cash and cash equivalents at beginning of period	**15,853**	12,072
Cash and cash equivalents at end of period	**16,989**	15,014

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

Consolidated Statement of Changes in Equity

E.07

	Share capital	Capital reserves	Retained earnings	Currency translation	Equity instruments/ debt instruments
In millions of euros					
Balance at January 1, 2018	3,070	11,742	47,555	258	38
Net profit	–	–	5,688	–	–
Other comprehensive income/loss before taxes	–	–	-317	-118	3
Deferred taxes on other comprehensive income/loss	–	–	62	–	5
Total comprehensive income/loss	–	–	5,433	-118	8
Dividends	–	–	-3,905	–	–
Capital increase/Issue of new shares	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–
Issue and disposal of treasury shares	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	-41	–	–	–
Balance at September 30, 2018	3,070	11,701	49,083	140	46
Balance at January 1, 2019	**3,070**	**11,710**	**49,490**	**472**	**15**
Net profit	–	–	**2,486**	–	–
Other comprehensive income/loss before taxes	–	–	**-3,895**	**977**	**14**
Deferred taxes on other comprehensive income/loss	–	–	**1,311**	–	**3**
Total comprehensive income/loss	–	–	**-98**	**977**	**17**
Dividends	–	–	**-3,477**	–	–
Changes in consolidated group	–	–	**-14**	–	–
Capital increase/Issue of new shares	–	–	–	–	–
Acquisition of treasury shares	–	–	–	–	–
Issue and disposal of treasury shares	–	–	–	–	–
Changes in ownership interests in subsidiaries	–	**-139**	–	–	–
Other	–	–	**60**	–	–
Balance at September 30, 2019	**3,070**	**11,571**	**45,961**	**1,449**	**32**

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

Other reserves – Items that may be reclassified to profit/loss – Derivative financial instruments	Other reserves – Items that may be reclassified to profit/loss – Share of investments accounted for using the equity method	Treasury shares	**Equity attributable to shareholders of Daimler AG**	Non-controlling interests	**Total equity**	In millions of euros
1,171	9	–	63,843	1,282	65,125	**Balance at January 1, 2018**
–	–	–	5,688	252	5,940	Net profit
-1,414	-3	–	-1,849	2	-1,847	Other comprehensive income/loss before taxes
423	–	–	490	–	490	Deferred taxes on other comprehensive income/loss
-991	-3	–	4,329	254	4,583	Total comprehensive income/loss
–	–	–	-3,905	-291	-4,196	Dividends
–	–	–	–	80	80	Capital increase/Issue of new shares
–	–	-50	-50	–	-50	Acquisition of treasury shares
–	–	50	50	–	50	Issue and disposal of treasury shares
–	–	–	-41	2	-39	Changes in ownership interests in subsidiaries
180	6	–	64,226	1,327	65,553	**Balance at September 30, 2018**
-95	**5**	**–**	**64,667**	**1,386**	**66,053**	**Balance at January 1, 2019**
–	**–**	**–**	**2,486**	**234**	**2,720**	Net profit
-872	**-13**	**–**	**-3,789**	**30**	**-3,759**	Other comprehensive income/loss before taxes
256	**–**	**–**	**1,570**	**–**	**1,570**	Deferred taxes on other comprehensive income/loss
-616	**-13**	**–**	**267**	**264**	**531**	Total comprehensive income/loss
–	**–**	**–**	**-3,477**	**-251**	**-3,728**	Dividends
–	**–**	**–**	**-14**	**-11**	**-25**	Changes in consolidated group
–	**–**	**–**	**–**	**32**	**32**	Capital increase/Issue of new shares
–	**–**	**-42**	**-42**	**–**	**-42**	Acquisition of treasury shares
–	**–**	**42**	**42**	**–**	**42**	Issue and disposal of treasury shares
–	**–**	**–**	**-139**	**-16**	**-155**	Changes in ownership interests in subsidiaries
–	**–**	**–**	**60**	**4**	**64**	Other
-711	**-8**	**–**	**61,364**	**1,408**	**62,772**	**Balance at September 30, 2019**

Notes to the Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General
These unaudited Interim Consolidated Financial Statements (Interim Financial Statements) of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 115 of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting.

The Interim Financial Statements comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. Daimler AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 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 October 23, 2019. These Interim Financial Statements have been reviewed by the Daimler Group's independent auditor.

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the Interim Financial Statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and financial position of the Group. Results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full financial year. The Interim Financial Statements should be read in conjunction with the December 31, 2018 audited and published IFRS Consolidated Financial Statements and notes thereto. The accounting policies applied by the Group in these Interim Financial Statements fundamentally correspond with those applied for the Consolidated Financial Statements for the year ended December 31, 2018.

Preparation of Interim Financial Statements in conformity with IFRS requires estimates and management assumptions to be made which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the end of the reporting period and the amounts of income and expense reported for the period. Actual amounts can differ from those estimates. Changes in those estimates and management assumptions can have a material impact on the Interim Consolidated Financial Statements.

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

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

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

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

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

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

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

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

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

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

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

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

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

In the context of the transition to IFRS 16, right-of-use assets of €3,777 million (including finance leases of €335 million) and lease liabilities of €3,790 million were recognized at January 1, 2019. The following reconciliation (see ↗ **E.08**) to the opening balance for lease liabilities as at January 1, 2019 is based on the other financial obligations from rental agreements and operating leases at December 31, 2018.

E.08

Reconciliation to the lease liabilities in accordance with IFRS 16

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

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

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

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

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

The joint ventures resulting from the transaction are aggregated under YOUR NOW and are accounted for using the equity method in the Consolidated Financial Statements. Further information is provided in Note 11.

3. Revenue

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

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories – type of products and services and geographical region – and presented in table ↗ **E.09** and table ↗ **E.10.** 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.09

Revenue for the three-month periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q3 2019								
Europe	**9,741**	**2,446**	**2,224**	**770**	**1,152**	**16,333**	**-1,154**	**15,179**
NAFTA	**4,525**	**5,058**	**518**	**58**	**1,481**	**11,640**	**-199**	**11,441**
Asia	**7,925**	**1,715**	**197**	**52**	**24**	**9,913**	**-8**	**9,905**
Other markets	**930**	**986**	**303**	**250**	**35**	**2,504**	**-96**	**2,408**
Revenue according to IFRS 15	**23,121**	**10,205**	**3,242**	**1,130**	**2,692**	**40,390**	**-1,457**	**38,933**
Other revenue	**404**	**144**	**243**	**101**	**4,394**	**5,286**	**-949**	**4,337**
Total revenue	**23,525**	**10,349**	**3,485**	**1,231**	**7,086**	**45,676**	**-2,406**	**43,270**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility[1]	Total segments	Reconciliation[1]	Daimler Group
Q3 2018								
Europe	8,702	2,661	1,905	642	1,022	14,932	-874	14,058
NAFTA	3,964	4,653	432	75	1,200	10,324	-148	10,176
Asia	7,222	1,649	187	49	67	9,174	-4	9,170
Other markets	1,096	915	261	199	60	2,531	-65	2,466
Revenue according to IFRS 15	20,984	9,878	2,785	965	2,349	36,961	-1,091	35,870
Other revenue	688	167	254	99	4,036	5,244	-903	4,341
Total revenue	21,672	10,045	3,039	1,064	6,385	42,205	-1,994	40,211

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

E.10

Revenue for the nine-months periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q1-3 2019								
Europe	27,963	7,513	6,887	2,097	3,402	47,862	-2,992	44,870
NAFTA	13,037	14,581	1,405	163	4,428	33,614	-690	32,924
Asia	21,827	4,992	599	143	107	27,668	-26	27,642
Other markets	2,850	2,820	937	616	107	7,330	-278	7,052
Revenue according to IFRS 15	65,677	29,906	9,828	3,019	8,044	116,474	-3,986	112,488
Other revenue	1,341	461	680	265	13,068	15,815	-2,685	13,130
Total revenue	67,018	30,367	10,508	3,284	21,112	132,289	-6,671	125,618

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility[1]	Total segments	Reconciliation[1]	Daimler Group
Q1-3 2018								
Europe	27,213	7,910	6,184	1,835	3,088	46,230	-2,765	43,465
NAFTA	12,424	12,015	1,232	180	3,921	29,772	-691	29,081
Asia	22,288	4,749	665	117	169	27,988	-9	27,979
Other markets	2,989	2,636	814	553	150	7,142	-170	6,972
Revenue according to IFRS 15	64,914	27,310	8,895	2,685	7,328	111,132	-3,635	107,497
Other revenue	2,331	539	753	304	11,882	15,809	-2,554	13,255
Total revenue	67,245	27,849	9,648	2,989	19,210	126,941	-6,189	120,752

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

4. Functional costs

Cost of sales

Cost of sales amounted to €34,596 million in the third quarter of 2019 (Q3 2018: €32,247 million) and €103,827 million in the nine-month period ended September 30, 2019 (Q1-3 2018: €95,913 million). It primarily comprises the expenses of goods sold. Particularly in the second quarter of 2019, expenses in connection with recalls, especially an updated risk assessment for an expanded recall of vehicles with Takata airbags, adversely affected the cost of sales. Cost of sales also includes expenses for a reassessment of risks relating to ongoing governmental and court proceedings and measures relating to Mercedes-Benz diesel vehicles in various regions, as well as expenses in connection with a review and prioritization of the product portfolio at the Mercedes-Benz Vans division.

Selling expenses

In the third quarter of 2019, selling expenses amounted to €3,136 million (Q3 2018: €3,191 million) and in the nine-month period ended September 30, 2019, they amounted to €9,359 million (Q1-3 2018: €9,541 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

General administrative expenses

General administrative expenses amounted to €1,005 million in the third quarter of 2019 (Q3 2018: €953 million) and €2,999 million in the nine-month period ended September 30, 2019 (Q1-3 2018: €2,889 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs

Research and non-capitalized development costs were €1,764 million in the third quarter of 2019 (Q3 2018: €1,775 million) and €5,037 million in the nine-month period ended September 30, 2019 (Q1-3 2018: €5,107 million). They primarily comprise personnel expenses and material costs.

5. Other operating income and expense

In the third quarter of 2019, **other operating income** amounted to €456 million (Q3 2018: €335 million). In the first nine months of 2019, other operating income was €2,189 million (Q1-3 2018: €1,118 million). The increase was primarily attributable to income of €718 million resulting from the merger of the business units for mobility services of Daimler Group and BMW Group in the first quarter of 2019. See Note 2 for further information.

Other operating expense in the third quarter of 2019 was €623 million (Q3 2018: €419 million) and €2,975 million in the nine-month period ended September 30, 2019 (Q1-3 2018: €900 million). The increase mainly resulted from expenses in connection with ongoing governmental and court proceedings and measures relating to Mercedes-Benz diesel vehicles in various regions.

E.11
Other financial income/expense, net

	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018
In millions of euros				
Income and expense from compounding and effects from changes in discount rates of provisions for other risks	-80	-7	-278	-8
Miscellaneous other financial income/expense, net	-25	206	-67	286
	-105	199	-345	278

6. Other financial income/expense

Table ↗ E.11 shows the components of other financial income/ expense, net.

In the third quarter of 2019, the measurement at fair value of the minority interest in Aston Martin Lagonda Global Holdings plc resulted in an expense of €50 million (Q1-3 2019: an expense of €74 million). In the third quarter of 2018, the shares were measured at fair value for the first time due to the initial public offering, which took place at the beginning of October 2018. This resulted in income of €185 million. That income and the subsequent expense are included in miscellaneous other financial income/expense, net and have been assigned to the segment results of Mercedes-Benz Cars.

7. Interest income and interest expense

The composition of interest income and interest expense is shown in table ↗ E.12.

E.12
Interest income and interest expense

	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018
In millions of euros				
Interest income				
Net interest income on the net assets of defined-benefit pension plans	1	1	3	2
Interest and similar income	85	63	283	187
	86	64	286	189
Interest expense				
Net interest expense on the net obligation from defined-benefit pension plans	-45	-32	-136	-98
Interest and similar expense	-156	-172	-554	-421
	-201	-204	-690	-519

8. Intangible assets

The composition of intangible assets is shown in table ↗ E.13.

9. Property, plant and equipment

Property, plant and equipment with a net book value of €36,665 million also include right-of-use assets related to lessee accounting.

Table ↗ E.14 shows property, plant and equipment excluding right-of-use assets.

Table ↗ E.15 comprises the right-of-use assets which are accounted for at January 1, 2019. The right-of-use assets include finance leases of €335 million, which were shown in property, plant and equipment at December 31, 2018.

10. Equipment on operating leases

At September 30, 2019, the carrying amount of equipment on operating leases was €51,614 million (December 31, 2018: €49,476 million). In the nine-month period ended September 30, 2019, additions and disposals amounted to €19,527 million and €11,864 million respectively (Q1-3 2018: €18,119 million and €10,411 million). Depreciation for the nine-month period ended September 30, 2019 was €6,735 million (Q1-3 2018: €6,341 million). Other changes primarily comprise the effects of currency translation.

E.13
Intangible assets

In millions of euros	Sept. 30, 2019	Dec. 31, 2018
Goodwill	1,212	1,082
Development costs	12,103	11,257
Other intangible assets	2,559	2,462
	15,874	14,801

E.14
Property, plant and equipment (excluding right-of-use assets)

In millions of euros	Sept. 30, 2019	Dec. 31, 2018
Land, leasehold improvements and buildings including buildings on land owned by others	9,027	8,741
Technical equipment and machinery	9,811	9,501
Other equipment, factory and office equipment	7,341	7,039
Advance payments relating to plant and equipment and construction in progress	6,346	5,667
	32,525	30,948

E.15
Right-of-use assets

In millions of euros	Sept. 30, 2019
Land, leasehold improvements and buildings	3,922
Technical equipment and machinery	101
Other equipment, factory and office equipment	117
	4,140

11. Equity-method investments

Table ↗ **E.16** shows the carrying amounts and gains/losses on equity-method investments.

Table ↗ **E.17** presents key figures on interests in associated companies accounted for using the equity method in the Group's Consolidated Financial Statements.

Table ↗ **E.18** presents key figures on interests in joint ventures accounted for using the equity method in the Group's Consolidated Financial Statements.

E.16

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

	Associated companies	Joint ventures	Joint operations	Total
In millions of euros				
At September 30, 2019				
Equity investment[1]	**4,128**	**2,005**	**17**	**6,150**
Equity result (Q3 2019)[1]	**394**	**-202**	**1**	**193**
Equity result (Q1-3 2019)[1]	**981**	**-331**	**15**	**665**
At December 31, 2018				
Equity investment[1]	4,230	604	26	4,860
Equity result (Q3 2018)[1]	322	2	1	325
Equity result (Q1-3 2018)[1]	1,020	-371	5	654

1 Including investor-level adjustments.

E.17

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

	BBAC	BAIC Motor[2]	THBV (HERE)	Others	Total
In millions of euros					
At September 30, 2019					
Equity interest (in %)	**49.0**	**9.6**	**29.7**		
Equity investment[1]	**2,235**	**663**	**506**	**724**	**4,128**
Equity result (Q3 2019)[1]	**331**	**8**	**-11**	**66**	**394**
Equity result (Q1-3 2019)[1]	**1,000**	**29**	**-82**	**34**	**981**
At December 31, 2018					
Equity interest (in %)	49.0	9.6	29.6		
Equity investment[1]	2,353	650	522	705	4,230
Equity result (Q3 2018)[1]	314	16	-25	17	322
Equity result (Q1-3 2018)[1]	1,017	33	-61	31	1,020

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.18

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

	YOUR NOW[2]	Others	Total
In millions of euros			
At September 30, 2019			
Equity interest (in %)	**50**		
Equity investment[1]	**1,330**	**675**	**2,005**
Equity result (Q3 2019)[1]	**-222**	**20**	**-202**
Equity result (Q1-3 2019)[1]	**-351**	**20**	**-331**
At December 31, 2018			
Equity interest (in %)	–		
Equity investment[1]	–	604	604
Equity result (Q3 2018)[1]	–	2	2
Equity result (Q1-3 2018)[1]	–	-371	-371

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

BBAC

In the second quarter of 2019, the shareholders of BBAC approved the payout of a dividend for the 2018 financial year. The amount of €1,137 million attributable to Daimler reduced the carrying amount of the investment accordingly. The first part of the dividend was paid in the third quarter of 2019 and led to a cash inflow of €565 million. The remaining amount will be paid in the fourth quarter of 2019. Daimler plans to contribute additional equity of in total €0.5 billion in accordance with its shareholding ratio in the years 2019 to 2022.

THBV (HERE)

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

YOUR NOW

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

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

In the third quarter of 2019, an impairment loss of €107 million on joint ventures is included, mainly resulting from the adjustment of earnings forecasts for individual mobility services.

Toll Collect

In the second quarter of 2018, the result of joint ventures accounted for using the equity method includes an expense of €418 million for Toll Collect, primarily related to the settlement of the arbitration proceedings. Further information is provided in Note 18.

12. Receivables from financial services

Receivables from financial services are shown in the following table:

E.19

Receivables from financial services

	Sept. 30, 2019			Dec. 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	18,839	30,477	49,316	18,452	30,029	48,481
Sales financing with dealers	19,269	3,663	22,932	18,549	3,782	22,331
Finance-lease contracts	10,202	19,650	29,852	8,976	18,038	27,014
Gross carrying amount	48,310	53,790	102,100	45,977	51,849	97,826
Loss allowances	-669	-656	-1,325	-537	-549	-1,086
Net carrying amount	47,641	53,134	100,775	45,440	51,300	96,740

13. Inventories

Inventories are comprised as follows:

E.20

Inventories

	Sept. 30, 2019	Dec. 31, 2018
In millions of euros		
Raw materials and manufacturing supplies	3,514	3,130
Work in progress	5,730	4,674
Finished goods, parts and products held for resale	26,087	21,351
Advance payments to suppliers	221	334
	35,552	29,489

14. Equity

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

Conditional capital
By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Board of Management is authorized, with the consent of the Supervisory Board, until March 31, 2020 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in installments, or simultaneously in various tranches as well by affiliates of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was authorized to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints with the consent of the Supervisory Board.

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

Treasury shares
By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Company is authorized until March 31, 2020 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution to be used for all legal purposes. The shares can be used, among other things, with the exclusion of shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfill obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of the Company's affiliates pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be canceled.

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

Employee share purchase plan
In the first quarter of 2019, 0.8 million (2018: 0.7 million) Daimler shares were purchased to be reissued to employees in connection with employee share purchase plans. The shares were reissued on April 3, 2019.

Dividend
The Annual Shareholders' Meeting held on May 22, 2019 authorized Daimler to pay a dividend of €3,477 million (€3.25 per share) from the distributable profit of Daimler AG (separate financial statements) for the year 2018 (2018: €3,905 million and €3.65 per share). The dividend was paid out on May 27, 2019.

15. Pensions and similar obligations

Pension cost
The components of pension cost included in the consolidated statement of income are shown in table ↗ E.21 and table ↗ E.22.

Contributions to pension plan assets
In the third quarter and the first nine months of 2019, contributions by Daimler to the Group's pension plan assets amounted to €15 million and €104 million (2018: €13 million and €145 million).

E.21
Pension cost for the three-month-periods ended September 30

			Q3 2019			Q3 2018
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-176	-150	-26	-170	-147	-23
Gains on settlement	–	–	–	66	66	–
Net interest expense	-33	-23	-10	-21	-14	-7
Net interest income	1	–	1	1	–	1
	-208	-173	-35	-124	-95	-29

E.22
Pension cost for the nine-month-periods ended September 30

			Q1-3 2019			Q1-3 2018
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-524	-449	-75	-511	-441	-70
Gains on settlement	–	–	–	66	66	–
Net interest expense	-98	-70	-28	-65	-41	-24
Net interest income	3	–	3	2	–	2
	-619	-519	-100	-508	-416	-92

16. Provisions for other risks

Provisions for other risks are comprised as shown in table ↗ E.23.

E.23
Provisions for other risks

	Sept. 30, 2019			Dec. 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	3,148	5,265	8,413	3,080	3,963	7,043
Personnel and social costs	1,462	2,608	4,070	1,971	2,290	4,261
Other	4,578	2,274	6,852	2,777	1,481	4,258
	9,188	10,147	19,335	7,828	7,734	15,562

17. Financing liabilities

Financing liabilities are comprised as follows:

E.24
Financing liabilities

	Sept. 30, 2019			Dec. 31, 2018		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	19,381	65,268	84,649	15,090	61,400	76,490
Commercial paper	3,014	–	3,014	2,835	–	2,835
Liabilities to financial institutions	20,614	18,953	39,567	21,068	18,332	39,400
Deposits in the direct banking business	9,355	3,096	12,451	9,677	2,097	11,774
Liabilities from ABS transactions	6,248	7,999	14,247	6,782	5,670	12,452
Lease liabilities[1]	624	3,557	4,181	27	320	347
Loans, other financing liabilities	1,022	615	1,637	761	843	1,604
	60,258	99,488	159,746	56,240	88,662	144,902

1 At September 30, 2019, lease liabilities include effects from first-time adoption of IFRS 16. Information on the adjustments is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

18. 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 actions and other lawsuits in the United States and Canada
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. Daimler AG and MBUSA view the lawsuit as being without merit and will defend against the claims.

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. Daimler AG and MBUSA view this lawsuit as being without merit.

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. Daimler also regards this lawsuit as being without merit and will defend against the claims.

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, but Daimler also regards this lawsuit as being without merit.

With respect to the foregoing, we rely on IAS 37.92 in not disclosing any further information on whether or not, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed.

Diesel emission behavior: governmental proceedings
As reported, several state and federal 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 state and federal 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, among others, the U.S. Department of Justice (DOJ), which in April 2016 requested that Daimler AG review its certification and admissions processes related to exhaust emissions of diesel vehicles in the United States by way of an internal investigation in cooperation with the DOJ, the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB) and other US state authorities, the 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 a 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. As of September 30, 2019, the fine notice is reported under other current liabilities.

In the years 2018 and 2019, KBA 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 stops of the first registration and mandatory recalls. Daimler has filed and – with respect to the most recent case – will file timely objections against such administrative orders in order to have the open legal issues resolved, if necessary, also by a court of law. In the course of its regular market supervision, KBA 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 KBA, it is likely that in the course of the ongoing and/or further investigations, KBA will issue additional administrative orders holding that some other Mercedes-Benz diesel vehicles are also equipped with impermissible defeat devices. 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. 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 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 has initiated 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, the objection proceedings against the administrative orders as well as Daimler's internal investigations are ongoing. Therefore, we rely on IAS 37.92 in not disclosing any further information on whether or not, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed.

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

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

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

Class-action lawsuits Takata airbag inflators
As already reported, in August 2016, Mercedes-Benz Canada (MB Canada) was added as a defendant to a putative nationwide class action pending in Ontario Superior Court. The main allegation in the matter is that MB Canada, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, was allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to provide an allegedly adequate replacement airbag inflator. In addition, on June 28, 2017, Takata entities along with Daimler AG and MBUSA were named as defendants in a US nationwide class action, which was filed in New Jersey Federal Court and includes allegations that are similar to the Canadian action. In the third quarter of 2017, the New Jersey lawsuit was transferred to Federal Court in the Southern District of Florida for consolidation with other multi-district litigation proceedings. Then, on March 14, 2018, Daimler AG and MBUSA were named as defendants in two additional US nationwide class action complaints, one filed in Georgia Federal Court, and the other filed into the multi-district litigation proceedings pending in Florida. The allegations in these complaints are similar to those in the Canadian and New Jersey actions. The US cases have been centralized in one proceeding by the Judicial Panel on Multidistrict Litigation and transferred to the U.S. District Court for the Southern District of Florida. In an order entered on June 21, 2019, the court granted in part Daimler AG and MBUSA's motions to dismiss, with the effect of dismissing all consumer claims against Daimler AG and some consumer claims against MBUSA. In addition, the Multidistrict Litigation is not over as to Daimler AG and MBUSA because one of the Multidistrict Litigation complaints was amended to assert claims by automotive recyclers who allege injury because they are not able to re-sell salvaged airbag inflators that are subject to the Takata recall. 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, which also made similar claims against MBUSA and many other companies that sold vehicles equipped with Takata airbag inflators, was dismissed without prejudice on June 22, 2017. It may, however, be filed again under specific conditions. Daimler AG continues to regard all these lawsuits brought with regard to Mercedes-Benz vehicles as being without merit, and the Daimler Group affiliates respectively affected will further defend themselves against the claims.

Toll Collect
On July 4, 2018, through its subsidiary Daimler Financial Services AG (since July 24, 2019 Daimler Mobility AG), Daimler AG together with Deutsche Telekom AG notarized a settlement agreement (hereinafter: settlement) with the Federal Republic of Germany which settles all arbitration proceedings in connection with the involvement in the Toll Collect consortium, which have been ongoing since 2004 and on July 6, 2018, the arbitral tribunal issued an award on agreed terms terminating the arbitration proceedings on the basis of the settlement.

As a consequence, gains/losses on equity-method investments at the Daimler Mobility segment in the second quarter of 2018 included expenses of €418 million in connection with Toll Collect. The EBIT of the Daimler Mobility segment was reduced in particular due to the existing 50% obligation of Daimler Mobility AG to pay €550 million to Toll Collect GbR, which was partially offset by provisions recognized in previous years. There were cash outflows each €200 million in the third quarters of 2019 and 2018. The last tranche in the amounts of €150 million will be settled in the third quarter of 2020.

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

19. Financial instruments

Table ↗ **E.25** shows the carrying amounts and fair values of the Group's financial instruments.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved in the market.

E.25
Carrying amounts and fair values of financial instruments

	Sept. 30, 2019 Carrying amount	Sept. 30, 2019 Fair value	Dec. 31, 2018 Carrying amount	Dec. 31, 2018 Fair value
In millions of euros				
Financial assets				
Receivables from financial services	100,775	101,517	96,740	97,144
Trade receivables	12,569	12,569	12,586	12,586
Cash and cash equivalents	16,989	16,989	15,853	15,853
Marketable debt securities and similar investments	8,999	8,999	9,577	9,577
Recognized at fair value through other comprehensive income	5,838	5,838	5,855	5,855
Recognized at fair value through profit or loss	2,711	2,711	3,059	3,059
Measured at cost	450	450	663	663
Other financial assets				
Equity instruments and debt instruments	851	851	748	748
Recognized at fair value through other comprehensive income	476	476	364	364
Recognized at fair value through profit or loss	375	375	384	384
Other financial assets recognized at fair value through profit or loss	22	22	109	109
Derivative financial instruments used in hedge accounting	1,651	1,651	1,033	1,033
Other receivables and financial assets	3,744	3,744	3,177	3,177
	145,600	146,342	139,823	140,227
Financial liabilities				
Financing liabilities	155,565	157,163	144,902	144,933
Trade payables	16,169	16,169	14,185	14,185
Other financial liabilities				
Financial liabilities recognized at fair value through profit or loss	106	106	56	56
Derivative financial instruments used in hedge accounting	1,384	1,384	1,094	1,094
Miscellaneous other financial liabilities	8,791	8,791	8,844	8,844
Contract and refund liabilities				
Obligations from sales transactions	4,768	4,768	4,931	4,931
	186,783	188,381	174,012	174,043

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

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

Equity Instruments are recognized at fair value through other comprehensive income or at fair value through profit or loss. Daimler does not intend to sell its equity instruments which are presented at September 30, 2019.

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

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

- derivative currency hedging contracts; the fair values of cross-currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options were measured using price quotations or option pricing models using market data.

- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.

- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

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

Table ↗ E.26 provides an overview of the classification into measurement hierarchies of financial assets and liabilities recognized at fair value (according to IFRS 13). At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair value hierarchies.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, portfolios managed on basis of net exposure are applied.

E.26

Measurement hierarchy of financial assets and liabilities recognized at fair value

	Sept. 30, 2019				Dec. 31, 2018			
	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros								
Financial assets recognized at fair value								
Marketable debt securities	8,549	5,200	3,349	–	8,914	5,812	3,102	–
Recognized at fair value through other comprehensive income	5,838	2,489	3,349	–	5,855	2,753	3,102	–
Recognized at fair value through profit or loss	2,711	2,711	–	–	3,059	3,059	–	–
Equity instruments and debt instruments	851	271	252	328	748	338	304	106
Recognized at fair value through other comprehensive income	476	204	137	135	364	208	128	28
Recognized at fair value through profit or loss	375	67	115	193	384	130	176	78
Other financial assets recognized at fair value through profit or loss	22	–	22	–	109	–	109	–
Derivative financial instruments used in hedge accounting	1,651	–	1,651	–	1,033	–	1,033	–
	11,073	5,471	5,274	328	10,804	6,150	4,548	106
Financial liabilities recognized at fair value								
Financial liabilities recognized at fair value through profit or loss	106	–	106	–	56	–	56	–
Derivative financial instruments used in hedge accounting	1,384	–	1,384	–	1,094	–	1,094	–
	1,490	–	1,490	–	1,150	–	1,150	–

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

20. Segment reporting

Segment information for the three-month periods ended September 30, 2019 and September 30, 2018 is as follows:

E.27

Segment reporting for the three-month periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q3 2019								
External revenue	**22,399**	**9,911**	**3,224**	**1,196**	**6,540**	**43,270**	**–**	**43,270**
Intersegment revenue	**1,126**	**438**	**261**	**35**	**546**	**2,406**	**-2,406**	**–**
Total revenue	**23,525**	**10,349**	**3,485**	**1,231**	**7,086**	**45,676**	**-2,406**	**43,270**
Segment profit/loss (EBIT)	**1,423**	**774**	**113**	**79**	**413**	**2,802**	**-108**	**2,694**
thereof share of gains/losses on equity-method investments	**306**	**-8**	**15**	**1**	**-133**	**181**	**12**	**193**
thereof gains/losses on compounding and effects from changes in discount rates of provisions for other risks	**-49**	**-20**	**-8**	**-3**	**-1**	**-81**	**1**	**-80**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility[1]	Total segments	Reconciliation[1]	Daimler Group
Q3 2018								
External revenue	20,818	9,562	2,862	1,049	5,920	40,211	–	40,211
Intersegment revenue	854	483	177	15	465	1,994	-1,994	–
Total revenue	21,672	10,045	3,039	1,064	6,385	42,205	-1,994	40,211
Segment profit/loss (EBIT)	1,372	850	-93	30	392	2,551	-63	2,488
thereof share of gains/losses on equity-method investments	286	9	10	–	-10	295	30	325
thereof gains/losses on compounding and effects from changes in discount rates of provisions for other risks	3	-3	-5	-1	-1	-7	–	-7

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

Segment information for the nine-month periods ended September 30, 2019 and September 30, 2018 is as follows:

E.28

Segment reporting for the nine-months periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility	Total segments	Reconciliation	Daimler Group
Q1-3 2019								
External revenue	**64,214**	**28,974**	**9,816**	**3,181**	**19,433**	**125,618**	**–**	**125,618**
Intersegment revenue	**2,804**	**1,393**	**692**	**103**	**1,679**	**6,671**	**-6,671**	**–**
Total revenue	**67,018**	**30,367**	**10,508**	**3,284**	**21,112**	**132,289**	**-6,671**	**125,618**
Segment profit/loss (EBIT)	**2,049**	**2,081**	**-2,035**	**164**	**2,053**	**4,312**	**-371**	**3,941**
thereof share of gains/losses on equity-method investments	**887**	**-12**	**37**	**2**	**-285**	**629**	**36**	**665**
thereof gains/losses on compounding and effects from changes in discount rates of provisions for other risks	**-180**	**-68**	**-21**	**-8**	**-2**	**-279**	**1**	**-278**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Mobility[1]	Total segments	Reconciliation[1]	Daimler Group
Q1-3 2018								
External revenue	64,560	26,499	9,081	2,919	17,693	120,752	–	120,752
Intersegment revenue	2,685	1,350	567	70	1,517	6,189	-6,189	–
Total revenue	67,245	27,849	9,648	2,989	19,210	126,941	-6,189	120,752
Segment profit/loss (EBIT)	5,333	2,043	231	133	1,006	8,746	-283	8,463
thereof share of gains/losses on equity-method investments	959	39	36	–	-439	595	59	654
thereof gains/losses on compounding and effects from changes in discount rates of provisions for other risks	10	-3	-11	-2	-2	-8	–	-8

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

Reconciliation

Reconciliation of the total segments' profit/loss (EBIT) to profit/loss before income taxes is as shown in table ↗ E.29.

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

E.29

Reconciliation to Group figures

In millions of euros	Q3 2019	Q3 2018	Q1-3 2019	Q1-3 2018
Total segments' profit/loss (EBIT)	2,802	2,551	4,312	8,746
Share of gains/losses on equity-method investments	12	30	36	59
Other corporate items	-73	-92	-426	-335
Eliminations	-47	-1	19	-7
Group EBIT	2,694	2,488	3,941	8,463
Amortization of capitalized borrowing costs[1]	-4	-3	-11	-11
Interest income	86	64	286	189
Interest expense	-201	-204	-690	-519
Profit/loss before income taxes	2,575	2,345	3,526	8,122

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

21. Related party relationships

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

Most of the goods and services supplied within the ordinary course of business between the Group and related parties involve transactions with associated companies and joint ventures and are shown in table ↗ **E.30**.

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).

The purchases of goods and services shown in table ↗ **E.30** were primarily from LSHAI.

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

Note 11 provides further details of the significant associated companies and joint ventures.

E.30
Related party relationships

	Sales of goods and services and other income				Purchases of goods and services and other expenses			
In millions of euros	**Q3 2019**	Q3 2018	**Q1-3 2019**	Q1-3 2018	**Q3 2019**	Q3 2018	**Q1-3 2019**	Q1-3 2018
Associated companies	**3,472**	2,984	**9,875**	9,767	**174**	196	**556**	681
thereof LSHAI	**1,884**	1,673	**5,235**	5,921	**148**	164	**475**	457
thereof BBAC	**1,512**	1,152	**4,343**	3,385	**22**	16	**66**	53
Joint ventures	**211**	240	**640**	747	**33**	16	**83**	54

	Receivables[1]		Payables[2]	
In millions of euros	**Sept. 30, 2019**	Dec. 31, 2018	**Sept. 30, 2019**	Dec. 31, 2018
Associated companies	**3,373**	2,679	**118**	131
thereof LSHAI[1]	**937**	981	**36**	30
thereof BBAC	**2,324**	1,571	**69**	85
Joint ventures	**381**	208	**226**	444

1 After write-downs totaling €66 million (December 31, 2018: €53 million).
2 Including liabilities from default risks from guarantees for related parties.

Auditor’s Review Report

To Daimler Aktiengesellschaft, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG – comprising the consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes – together with the interim group management report of Daimler AG, for the period from January 1 to September 30, 2019, that are part of the quarterly financial report according to § 115 WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additional application of the International Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, October 23, 2019

KPMG AG
Wirtschaftsprüfungsgesellschaft

Sailer	Dr. Thümler
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 Q3 2019
October 24, 2019

Annual Press Conference
February 11, 2020

Analyst and Investor Conference
February 12, 2020

Annual Shareholders' Meeting 2020
April 1, 2020

Interim Report Q1 2020
April 29, 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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