Creative Global Investments

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Daimler (EUR 66.13) – BUY

1Q16E preview (Friday, April 22nd)

Our 1Q16E EBIT estimates (ongoing business): EUR 2.70bn/7.4% at group level, EUR 1.59bn/7.5% at M-B Cars and EUR 0.50bn/6.0% at Trucks. For FY16E, we expect increases of 3.3% in EBIT to EUR 14.28bn/9.0% and 8.3% in adj. EPS to EUR 8.53. Our YE16 new target price of EUR 81 implies a 23% upside potential for Daimler shares.

The expected 7.8%/EUR 0.27bn yoy decline in 1Q16E group EBIT is mainly due to the model-policy at M-B Cars and despite 8.6% higher group vehicle sales.

At M-B Cars, 1Q16E EBIT declined -11.5%/EUR 0.23bn yoy to EUR 1.95bn/7.5%, despite a reported **13.2% increase in retail sales to 518.9k units, mainly due to costs related to the change-over of the E-Class.** In China, retail sales continued to grow strongly (34.2% to 113.7k) as M-B continues to establish the full-scale of its business. (See pp.5-7.)

At **Daimler Trucks, 1Q16E EBIT declined -6.8%/EUR 0.04bn** to EUR 0.50bn/6.0% due to an expected -2.0% dip in wholesales to 110.2k units as strong sales in Europe and the US failed to compensate for a sharp drop in South America and other key emerging markets. (See p.8-9.)

2016E-18E outlook: We expect that the margins at M-B Cars will recover throughout this year, apace with the roll-out of the E-Class and supported by a growing forex tailwind, resulting in a FY16E **divisional EBIT of 8.7bn/9.7% and earnings growth of 8.3% to EUR 8.53/share. For 2017E-18E, we expect EPS growth of 5.0% and 7.9% to EUR 8.95 and EUR 9.66 respectively. M-B Cars should remain the key earnings driver, with margins close to 10%,** propelled by a strong model momentum, further efficiency gains and increases in market share in China. Thanks to its global reach, Daimler should also be able to continue to grow and broaden its commercial vehicle businesses (Trucks, Vans and Buses) in a volatile and challenging macro-economic environment.

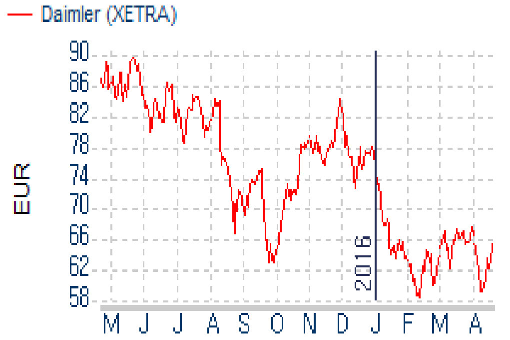
Investment opinion - BUY: Based on historic P/E valuation, we calculate a target price of EUR 81 for YE2016E, implying a 23% upside from the current share price. The new TP is 3.2% above our previous TP (of EUR 79) of February 2nd. The chart-technical outlook for Daimler shares is negative. (See pp.14-15.)

Daimler– share summary (2014-18E)

Current price (EUR)	66.13				
Market cap.(EUR bn)	70.75				
December YE	**2014**	**2015**	**2016E**	**2017E**	**2018E**
EPS (EUR)-adj.	5.69	7.87	8.53	8.95	9.66
CFPS (EUR)	10.4	13.9	11.3	11.9	12.6
BVPS (EUR)	40.8	50.1	55.1	60.4	70.1
DPS (EUR)	2.45	3.25	3.45	3.70	3.80
Free CFPS (EUR)	5.12	3.70	3.83	4.38	5.14
P/E (x)	11.6	8.4	7.8	7.4	6.8
PCF (x)	6.4	4.8	5.9	5.5	5.2
Price/BV (x)	1.6	1.3	1.2	1.1	0.9
P/revenue (x)	0.54	0.47	0.45	0.42	0.39
Dividend yd (%)	3.7	4.9	5.2	5.6	5.7
Free CF yd (%)	7.7	5.6	5.8	6.6	7.8

Share price close 04.21.2016. Source: Company data and CGI ests

Daimler – share price (-1year)



Source: Euroland

Contents

Timetable – 1Q16 results for Daimler

Company	Sub-sector	Country	Currency	Date	Results	Press Conference	Analyst/Investor CF Call
Daimler	OEM	D	EUR	Fri, 22nd Apr	**07:30 CEST**	08:00-08:45 CEST	14:00-15:30 CEST

Group results – 1Q/FY16E

Daimler – Divisional EBIT (1Q14-FY16E)

	1Q14	2Q14	3Q14	4Q1	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
Revenue (EUR m)												
Mercedes-Benz Cars	17,004	17,771	18,677	20,132	73,584	19,509	21,136	20,707	22,457	83,809	21,167	90,095
Daimler Trucks	7,121	7,966	8,463	8,839	32,389	8,414	9,441	9,650	10,073	37,578	8,330	37,954
Daimler Fin. Services	3,809	3,828	3,998	4,356	15,991	4,549	4,769	4,702	4,942	18,962	5,049	20,858
Mercedes-Benz Vans	2,212	2,494	2,515	2,747	9,968	2,415	2,829	2,752	3,477	11,473	2,608	12,391
Daimler Buses	859	1,048	1,034	1,277	4,218	877	1,037	1,018	1,181	4,113	890	4,154
Intra-group/reconciliations	-1,548	-1,563	-1,565	-1,602	-6,278	-1,528	-1,685	-1,553	-1,702	-6,468	-1,550	-6,668
Group	**29,457**	**31,544**	**33,122**	**35,749**	**129,872**	**34,236**	**37,527**	**37,276**	**40,428**	**149,467**	**36,495**	**158,784**
EBIT[1] (EUR m)												
Mercedes-Benz Cars[1]	1,183	1,409	1,614	1,758	5,964	1,794	2,234	2,161	2,154	8,343	1,588	8,739
Daimler Trucks[1]	346	526	618	583	2,073	536	717	805	684	2,742	500	2,771
Daimler Fin. Services[1]	397	336	355	299	1,387	409	445	378	387	1,619	420	1,684
Mercedes-Benz Vans[1]	123	181	176	158	638	221	238	196	277	932	210	979
Daimler Buses[1]	54	58	64	35	211	35	57	90	20	202	35	212
Intra-group/reconciliations	-31	-47	-40	-9	-127	-65	73	27	-64	-29	-50	-100
Group (ongoing bus.)[1]	**2,072**	**2,463**	**2,787**	**2,824**	**10,146**	**2,930**	**3,764**	**3,657**	**3,458**	**13,809**	**2,702**	**14,284**
One-off items[2]	-285	632	945	-686	606	**-24**	**-46**	**4**	-577	-643	-25	-94
Headline group EBIT	**1,787**	**3,095**	**3,732**	**2,138**	**10,752**	**2,906**	**3,718**	**3,661**	**2,881**	**13,166**	**2,677**	**14,190**
Margin (%)												
Mercedes-Benz Cars[1]	7.0	7.9	8.6	8.7	8.1	9.2	10.6	10.4	9.6	10.0	7.5	9.7
Daimler Trucks[1]	4.9	6.6	7.3	6.6	6.4	6.4	7.6	8.3	6.8	7.3	6.0	7.3
Daimler Fin. Services[1]	10.4	8.8	8.9	6.9	8.7	9.0	9.3	8.0	7.8	8.5	8.3	8.1
Mercedes-Benz Vans[1]	5.6	7.3	7.0	5.8	6.4	9.2	8.4	7.1	8.0	8.1	8.1	7.9
Daimler Buses[1]	6.3	5.5	6.2	2.7	5.0	4.0	5.5	8.8	1.7	4.9	3.9	5.1
Group (ongoing bus.)[1]	**7.0**	**7.8**	**8.4**	**7.9**	**7.8**	**8.6**	**10.0**	**9.8**	**8.6**	**9.2**	**7.4**	**9.0**
Headline group	**7.0**	**9.8**	**11.3**	**6.0**	**8.3**	**8.5**	**9.9**	**9.8**	**8.0**	**9.0**	**7.3**	**8.9**

(1) EBIT on-going business, before exceptional/one-off items. (2) In 2014, one-off items included net EUR 1.48bn income from divestments (RRPSH, Tesla) and EUR -0.60bn expenses related to EU antitrust proceedings. Source: Company data and CGI estimates

Daimler – Sales, production and inventory (1Q14-FY16E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
(Units '000)												
Retail sales	560.4	633.0	626.2	711.0	2,530.6	626.4	705.2	704.6	758.8	2,795.0	-	-
Wholesales	565.8	628.9	637.4	713.9	2,546.0	641.6	714.8	720.0	776.6	2,853.0	697.1	3,056.8
Production	611.2	624.6	664.8	681.7	2,582.3	699.7	725.4	754.6	744.0	2,923.7	757.6	3,096.5
Inventory	45.4	-4.2	27.4	-32.2	36.3	58.1	10.6	34.6	-32.6	70.7	60.6	39.7
% change yoy												
Retail sales	9.9	6.1	7.0	8.0	7.7	11.8	11.4	7.0	6.7	10.4	-	-
Wholesales	12.8	3.8	7.2	9.5	8.1	13.4	13.7	7.2	8.8	12.1	8.6	6.5
Production	10.0	0.5	12.2	10.9	8.3	14.5	16.1	12.2	9.2	13.2	8.3	7.8
% change qoq												
Retail sales	-14.9	13.0	-1.1	13.5	-	-12.4	12.6	-0.1	7.7	-	-	-
Wholesales	-13.2	11.1	1.4	12.0	-	-10.1	11.4	0.7	7.9	-	-10.2	-
Production	-0.5	2.2	6.4	2.5	-	2.6	3.7	4.0	-1.4	-	1.8	-

Source: Company data and CGI estimates

Daimler – Group P&L (1Q14 – FY16E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
(EUR m)												
Revenue – industrial ops.	25,648	27,716	29,124	31,393	113,881	29,687	32,758	32,574	35,486	130,505	31,445	137,925
Revenue – financial services	3,809	3,828	3,998	4,356	15,991	4,549	4,769	4,702	4,942	18,962	5,049	20,858
Group revenue	**29,457**	**31,544**	**33,122**	**35,749**	**129,872**	**34,236**	**37,527**	**37,276**	**40,428**	**149,467**	**36,495**	**158,784**
EBIT (headline)	**1,787**	**3,095**	**3,732**	**2,129**	**10,743**	**2,906**	**3,718**	**3,661**	**2,901**	**13,186**	**2,677**	**14,190**
Net interest income./-expenses	-142	-158	-149	-130	-579	-105	-93	-131	-113	-442	-100	-450
Pre-tax profit[1]	**1,645**	**2,937**	**3,583**	**1,999**	**10,164**	**2,801**	**3,625**	**3,530**	**2,788**	**12,744**	**2,577**	**13,740**
Less tax charge/-credit	564	739	760	820	2,883	751	1,253	1,115	914	4,033	773	4,293
Profita adter tax	**1,081**	**2,198**	**2,823**	**1,179**	**7,281**	**2,050**	**2,372**	**2,415**	**1,874**	**8,711**	**1,804**	**9,447**
Less minorities	59	92	86	91	328	87	103	30	67	287	87	320
Net profit - Daimler SHs	**1,022**	**2,106**	**2,737**	**1,088**	**6,953**	**1,963**	**2,269**	**2,385**	**1,807**	**8,424**	**1,717**	**9,127**
Net profit adj. for M&A (E)	**1,301**	**1,456**	**1,732**	**988**	**5,477**	-	-	-	-	-		
Margin (%)												
Group EBIT	6.1	9.8	11.3	6.0	8.3	8.5	9.9	9.8	7.2	8.8	7.3	8.9
Pre-tax profit[1]	5.6	9.3	10.8	5.6	7.8	8.2	9.7	9.5	6.9	8.5	7.1	8.7
Net profit	3.5	6.7	8.3	3.0	5.4	5.7	6.0	6.4	4.5	5.6	4.7	5.7
Net profit adj. for M&A €	4.4	4.6	5.2	2.8	4.2	6.5	4.3	3.7	4.5	0.0	4.7	0.0
Tax rate (%)	34.3	25.2	21.2	41.0	28.4	26.8	34.6	31.6	32.8	31.6	30.0	31.2
Adj. tax rate (%)	29.3	32.3	29.5	43.2	33.2	-	-	-	--		-	-

Source: Company data and CGI estimates

Daimler – Industrial operations – cash flow (1Q14 – FY16E)

(EUR m)	1Q14	2Q14	3Q14	4Q14	FY1A	1Q15	2Q15	3Q15A	4Q15	FY15	1Q16E	FY16E
Net profit	825	1,978	2,611	998	6,407	1,963	2,325	2,167	1,435	7,643	1,963	8,323
Depreciation & amortisation	1,211	1,221	1,218	1,314	4,964	1,349	1,269	1,312	1,386	5,316	1,379	5,517
Non-cash items	263	-921	-671	-65	-1,394	254	118	414	-763	23	-183	-1,500
CF from operations	**2,299**	**2,278**	**3,158**	**2,247**	**9,977**	**3,566**	**3,712**	**3,893**	**2,058**	**12,982**	**3,159**	**12,340**
WCR (core)	-177	-549	-325	-1,268	-2,319	-434	-859	-1,224	-162	-2,679	-300	-800
WCR (incl. oper. leases)	**-237**	**-253**	**363**	**-2,311**	-2,438	229	-826	-453	-197	-1,247	-400	-900
CF from oper. activities	**2,062**	**2,025**	**3,521**	**-64**	**7,539**	**3,795**	**2,886**	**3,440**	**1,861**	**11,735**	**2,759**	**11,440**
Capex (PP&E)	-1,038	-1,042	-1,163	-1,578	-4,821	-1,019	-1,041	-1,131	-1,854	-5,045	-1,109	-5,547
Net investments	-364	-257	2,115	264	1,758	-557	-650	-567	-1,200	-2,974	-380	-1,600
o/w M&A	*14*	*51*	*2,419*	717	3,201	-80	-139	-17	*-552*	*-788*	*-80*	*-200*
Other	34	27	902	35	1,003	73	-122	-279	325	244	1,022	-200
FCF	**694**	**753**	**5,375**	**-1,343**	**5,479**	**2,292**	**1,073**	**1,463**	**-868**	**3,960**	**2,292**	**4,094**
FCF adj, for M&A	**680**	**702**	**2,956**	**-2,060**	**2,278**	**2,372**	**1,212**	**1,480**	**-316**	**4,748**	**2,372**	**4,294**
Dividends	-32	-2,375	0	0	-2,407	-44	-2,577	214	0	-2,621	-44	-3,477
Other (incl. share reps/issue)	-22	-156	-196	421	47	1,321	-583	-585	-79	288	-306	-417
Net cash decrease/-increase	-640	1,778	-5,179	922	-3,119	-3,569	2,087	-1,092	947	-1,627	-1,942	-200
Net cash/-debt	**14,474**	**12,696**	**17,875**	**16,953**	**16,953**	**20,522**	**18,435**	**19,527**	**18,580**	**18,580**	**20,522**	**18,780**

Source: Company data and CGI estimates

Mercedes-Benz Cars – 1Q/FY16E

Mercedes-Benz Cars – Results, sales and production (1Q14 – FY16E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
(EUR m)												
Revenue	**17,004**	**17,771**	**18,677**	**20,132**	**73,584**	**19,509**	**21,136**	**20,707**	**22,457**	**83,809**	**21,167**	**90,095**
% change yoy	20.5	8.9	13.1	16.0	14.4	14.7	18.9	10.9	11.5	13.9	8.5	7.5
EBIT	**1,183**	**1,409**	**1,584**	**1,677**	**5,853**	**1,841**	**2,227**	**2,183**	**1,686**	**7,937**	**1,578**	**8,699**
% change yoy	157.2	35.4	32.0	28.5	46.1	55.6	58.1	37.8	0.5	35.6	-14.3	9.8
EBIT margin (%)	**7.0**	**7.9**	**8.5**	**8.3**	**8.0**	**9.4**	**10.5**	**10.5**	**7.5**	**9.5**	**7.5**	**9.7**
One-offs	0	0	-30	-81	-111	47	-7	22	-468	-406	-10	-40
Adj. EBIT	**1,183**	**1,409**	**1,614**	**1,758**	**5,964**	**1,794**	**2,234**	**2,161**	**2,154**	**8,343**	**1,588**	**8,739**
% change yoy	157.2	30.0	29.0	26.9	42.7	51.6	58.6	33.9	22.5	39.9	-11.5	4.7
Adj. EBIT margin (%)	**7.0**	**7.9**	**8.6**	**8.7**	**8.1**	**9.2**	**10.6**	**10.4**	**9.6**	**10.0**	**7.5**	**9.7**
Impl. unit/rev.(% - yoy)	5.7	5.2	3.7	1.9	3.4	-2.8	-0.5	-6.0	1.2	-2.0	-2.9	-1.2
Units ('000)												
Retail sales	**397.7**	**432.6**	**431.7**	**477.8**	**1,739.9**	**458.3**	**502.2**	**503.9**	**526.5**	**1,990.9**	**518.9**	**-**
% change yoy	13.5	9.3	10.7	12.2	11.4	15.2	16.1	16.7	10.2	14.4	13.2	-
Wholesales	**389.5**	**418.7**	**431.0**	**483.4**	**1,722.6**	**459.7**	**500.7**	**508.4**	**532.7**	**2,001.4**	**513.5**	**2,176.8**
% change yoy	14.0	3.5	9.0	13.9	10.0	18.0	19.6	17.9	10.2	16.2	11.7	8.8
Production	**407.5**	**406.6**	**459.3**	**480.8**	**1,754.1**	**495.0**	**504.0**	**540.2**	**520.7**	**2,059.8**	**551.5**	**2,211.8**
% change yoy	8.9	-1.3	17.2	17.1	10.4	21.5	23.9	17.6	8.3	17.4	11.4	7.4
Over-production	**18.0**	**-12.0**	**28.2**	**-2.6**	**31.6**	**35.3**	**3.3**	**31.9**	**-12.0**	**58.4**	**38.0**	**35.0**

Note: 1Q16 retail sales were announced on April 6th. Source: Company data and CGI estimates

Mercedes-Benz Cars –Wholesales by region (1Q14 – FY16E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
Units ('000)												
- Germany	59.1	73.2	66.2	73.9	272.5	65.4	78.7	73.4	78.2	295.7	69.5	304.6
- R of W Europe	93.2	98.7	94.1	110.2	396.1	111.0	122.3	117.7	126.9	477.8	128.0	507.6
Western Europe	**152.3**	**171.9**	**160.3**	**184.1**	**668.6**	**176.3**	**200.9**	**191.1**	**205.1**	**773.5**	**197.5**	**812.2**
- US	76.9	81.9	84.1	101.5	344.4	87.7	90.4	88.1	92.9	359.1	86.8	366.3
- Canada/Mexico	9.5	12.7	10.8	13.4	46.4	11.6	15.9	12.3	12.9	52.6	12.4	54.7
NAFTA	**86.4**	**94.6**	**94.9**	**114.9**	**390.7**	**99.3**	**106.2**	**100.3**	**105.8**	**411.7**	**99.2**	**421.0**
- China	**70.3**	**68.1**	**76.2**	**78.0**	**292.7**	**87.4**	91.2	105.7	**116.1**	**400.4**	**113.7**	**472.5**
- Other Asia	43.8	36.3	51.5	51.3	183.0	52.8	51.1	57.7	56.4	217.8	58.8	263.2
Asia	**114.2**	**104.3**	**127.7**	**129.4**	**475.6**	**140.2**	**142.2**	**163.3**	**172.5**	**618.2**	**172.4**	**735.7**
Rest of World	**36.6**	**47.9**	**48.2**	**55.0**	**187.6**	**43.9**	**51.3**	**53.6**	**49.3**	**198.0**	**44.4**	**207.9**
M-B Cars	**389.5**	**418.7**	**431.0**	**483.4**	**1,722.6**	**459.7**	**500.7**	**508.4**	**532.7**	**2,001.4**	**513.5**	**2,176.8**
% chge yoy												
- Germany	-3.3	-8.2	-5.3	7.0	-2.7	10.6	7.5	10.9	5.7	8.5	6.3	3.0
- R of W Europe	5.3	0.2	15.4	20.1	10.0	19.0	23.9	25.1	15.2	20.6	15.4	6.2
Western Europe	**1.8**	**-3.6**	**5.8**	**14.5**	**4.4**	**15.8**	**16.9**	**19.3**	**11.4**	**15.7**	**12.0**	**5.0**
- US	13.0	7.1	5.0	8.1	8.1	14.1	10.3	4.7	-8.4	4.3	-1.0	2.0
- Canada/Mexico	-2.8	5.2	-7.4	21.0	4.0	22.3	24.9	13.6	-3.8	13.5	6.4	4.0
NAFTA	**11.0**	**6.8**	**3.4**	**9.4**	**7.6**	**15.0**	**12.3**	**5.8**	**-7.9**	**5.4**	**-0.1**	**2.3**
- China	51.6	13.4	17.6	15.7	22.6	24.3	33.9	38.6	**48.9**	**36.8**	**30.0**	**18.0**
- Other Asia	35.6	9.7	20.8	19.5	21.2	20.3	40.8	11.9	9.8	19.1	11.4	20.8
Asia	**45.0**	**12.1**	**18.9**	**17.1**	**22.0**	**22.8**	**36.3**	**27.9**	**33.3**	**30.0**	**23.0**	**19.0**
Rest of World	**3.7**	**6.8**	**7.5**	**13.8**	**8.3**	**19.8**	**7.2**	**11.2**	**-10.4**	**5.5**	**1.3**	**5.0**
M-B Cars	**14.0**	**3.5**	**9.0**	**13.9**	**10.0**	**18.0**	**19.6**	**17.9**	**10.2**	**16.2**	**11.7**	**8.8**
Share (%)												
- Germany	15.2	17.5	15.4	15.3	15.8	14.2	15.7	14.4	14.7	14.8	13.5	14.0
- R of W Europe	23.9	23.6	21.8	22.8	23.0	24.1	24.4	23.1	23.8	23.9	24.9	23.3
Western Europe	**39.1**	**41.1**	**37.2**	**38.1**	**38.8**	**38.4**	**40.1**	**37.6**	**38.5**	**38.6**	**38.5**	**37.3**
- US	19.7	19.6	19.5	21.0	20.0	19.1	18.1	17.3	17.4	17.9	16.9	16.8
- Canada/Mexico	2.4	3.0	2.5	2.8	2.7	2.5	3.2	2.4	2.4	2.6	2.4	2.5
NAFTA	**22.2**	**22.6**	**22.0**	**23.8**	**22.7**	**21.6**	**21.2**	**19.7**	**19.9**	**20.6**	**19.3**	**19.3**
- China	18.1	16.3	17.7	16.1	17.0	19.0	18.2	20.8	21.8	20.0	22.1	21.7
- Other Asia	11.3	8.7	12.0	10.6	10.6	11.5	10.2	11.3	10.6	10.9	11.4	12.1
Asia	**29.3**	**24.9**	**29.6**	**26.8**	**27.6**	**30.5**	**28.4**	**32.1**	**32.4**	**30.9**	**33.6**	**33.8**
Rest of World	**9.4**	**11.4**	**11.2**	**11.4**	**10.9**	**9.5**	**10.2**	**10.5**	**9.3**	**9.9**	**8.6**	**9.6**
M-B Cars	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	100.0	**100.0**

Source: Company data and CGI estimates

Mercedes-Benz Cars – Retail sales by model (1Q14 – 1Q16A)

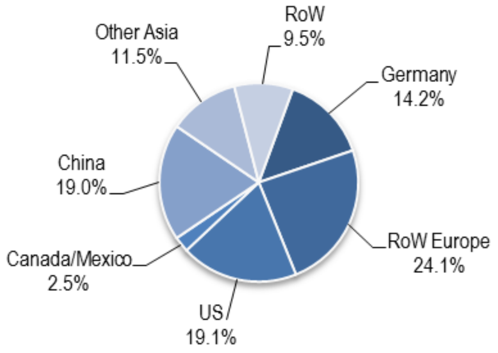
	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16P
Units ('000)											
A/B-Class	98.8	97.1	98.1	95.5	389.6	93.9	108.2	107.8	104.4	414.3	107.9
C-Class	82.8	66.4	79.0	115.1	343.2	114.3	111.8	120.5	113.8	460.5	108.3
E-Class	82.7	91.0	87.3	77.2	338.2	72.0	77.2	76.5	75.8	301.5	66.2
S-Class	27.1	22.6	26.5	31.1	107.3	28.2	28.4	24.9	25.8	107.3	22.6
SUVs. incl. GLA	77.6	126.2	106.0	123.4	415.4	107.3	134.6	133.4	160.2	525.9	162.2
Sports Cars			7.8	5.9	31.4	7.1	9.6	7.5	6.2	30.4	6.9
V-Class[1]	5.3	5.9	6.9	6.8	25.0	6.7	8.6	7.3	8.9	31.5	9.4
Mercedes-Benz	**374.3**	**409.2**	**411.6**	**454.9**	**1,650.1**	**429.5**	**468.8**	**478.0**	**495.2**	**1,871.6**	**483.5**
Smart	**23.4**	**23.4**	**20.1**	**23.0**	**89.8**	**28.7**	**33.4**	**25.9**	**31.4**	**119.4**	**35.5**
M-B Cars	**397.7**	**432.6**	**431.7**	**477.9**	**1,739.9**	**458.3**	**502.2**	**503.9**	**526.6**	**1,991.0**	**518.9**
% change yoy											
A/B-Class	28.2	0.9	4.3	-8.1	4.9	-5.0	11.4	9.9	9.3	6.4	14.9
C-Class	-8.2	-31.8	-12.7	34.2	-5.7	38.1	68.4	52.5	-1.1	34.2	-5.3
E-Class	28.1	14.9	-1.2	-20.8	2.6	-12.9	-15.2	-12.3	-1.8	-10.8	-8.1
S-Class	70.9	26.8	75.1	33.1	48.7	4.1	25.6	-6.0	-16.9	0.1	-20.0
SUVs. incl. GLA	0.5	60.1	32.4	39.3	27.9	38.3	6.7	25.8	29.9	26.6	51.2
Sports Cars						#DIV/0!	#DIV/0!	-3.8	6.0	-3.2	-3.4
V-Class[1]						24.9	45.9	6.0	30.8	26.2	41.4
Mercedes-Benz	**15.2**	**10.7**	**11.8**	**14.0**	**12.9**	**14.8**	**14.6**	**16.1**	**8.9**	**13.4**	**12.6**
Smart	**-8.6**	**-10.9**	**-8.5**	**-14.9**	**-10.9**	**22.7**	**42.9**	**28.9**	**36.6**	**32.9**	**23.3**
M-B Cars	**13.5**	**9.3**	**10.7**	**12.2**	**11.4**	**15.2**	**16.1**	**16.7**	**10.2**	**14.4**	**13.2**
Share (%)											
A/B-Class	24.8	22.5	22.7	20.0	22.4	20.5	21.5	21.4	19.8	20.8	20.8
C-Class	20.8	15.3	18.3	24.1	19.7	24.9	22.3	23.9	21.6	23.1	20.9
E-Class	20.8	21.0	20.2	16.2	19.4	15.7	15.4	15.2	14.4	15.1	12.8
S-Class	6.8	5.2	6.1	6.5	6.2	6.2	5.7	4.9	4.9	5.4	4.3
SUVs. incl. GLA	19.5	29.2	24.6	25.8	23.9	23.4	26.8	26.5	30.4	26.4	31.3
Sports Cars	0.0	0.0	1.8	1.2	1.8		1.9	1.5	1.2	1.5	1.3
V-Class[1]	1.3	1.4	1.6	1.4	1.4	1.5	1.7	1.5	1.7	1.6	1.8
Mercedes-Benz	**94.1**	**94.6**	**95.4**	**95.2**	**94.8**	**93.7**	**93.3**	**94.9**	**94.0**	**94.0**	**93.2**
Smart	**5.9**	**5.4**	**4.6**	**4.8**	**5.2**	**6.3**	**6.7**	**5.1**	**6.0**	**6.0**	**6.8**

Mercedes-Benz Cars – Retail sales by region (1Q14 – 1Q16A)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16P
Units ('000)											
- Germany	61.6	75.2	69.6	76.0	282.3	68.4	82.2	76.8	82.6	310.0	72.8
- Rest of W Europe	96.9	105.0	97.6	99.2	398.7	119.6	122.9	116.9	125.4	488.1	137.8
Western Europe	**158.5**	**180.2**	**167.2**	**175.1**	**681.0**	**188.1**	**205.1**	**193.6**	**208.0**	**798.136**	**210.6**
- US	74.8	81.4	85.1	99.3	340.6	79.8	88.9	86.7	95.1	350.5	77.0
- Canada/Mexico	10.1	11.9	11.7	13.4	47.0	10.9	14.3	13.1	13.0	51.2	12.8
NAFTA	**84.9**	**93.3**	**96.8**	**112.7**	**387.7**	**90.6**	**103.2**	**99.8**	**108.1**	**401.7**	**89.8**
- Japan	18.1	9.8	16.7	17.1	61.8	18.8	13.9	17.0	16.3	66.0	19.0
- China	**71.7**	**73.5**	**72.1**	**82.2**	**299.416**	**82.6**	**91.1**	**102.7**	**110.2**	**386.6**	**110.9**
- Other Asia/Pacific	33.9	35.8	38.2	41.7	149.6	41.7	45.1	44.3	46.5	177.5	48.4
Asia/Pacific	**123.7**	**119.0**	**127.0**	**141.1**	**510.8**	**143.1**	**150.0**	**164.0**	**173.0**	**630.1**	**178.2**
Rest of World	**30.6**	**40.2**	**40.6**	**49.0**	**160.4**	**36.5**	**43.9**	**46.5**	**37.3**	**160.9**	**40.3**
M-B Cars	**397.7**	**432.6**	**431.7**	**477.8**	**1,739.9**	**458.3**	**502.2**	**503.9**	**194.0**	**209.3**	**518.9**
% chge yoy											
- Germany	1.9	-4.4	-2.3	5.9	0.1	11.1	9.4	10.2	8.7	9.8	6.4
- Rest of W Europe	6.0	10.6	12.1	14.8	10.8	23.4	17.0	19.8	26.5	22.4	15.2
Western Europe	**4.4**	**3.8**	**5.6**	**10.7**	**6.1**	**18.7**	**13.8**	**15.8**	**18.8**	**17.2**	**12.0**
- US	4.8	8.3	12.7	-0.5	5.8	6.6	9.2	1.9	-4.2	2.9	-3.4
- Canada/Mexico	4.8	4.4	3.2	13.2	6.5	7.6	20.4	11.6	-3.0	8.8	17.6
NAFTA	**4.8**	**7.8**	**11.4**	**1.0**	**5.9**	**6.7**	**10.7**	**3.0**	**-4.0**	**3.6**	**-0.9**
- Japan	49.5	28.0	12.1	17.3	13.7	3.9	41.7	1.4	-4.7	6.8	0.5
- China	**43.2**	**27.9**	**17.4**	**23.2**	**27.1**	**15.3**	**24.0**	**42.5**	**34.1**	**29.1**	**34.2**
- Other Asia/Pacific	27.5	24.9	22.4	22.7	24.2	23.0	26.1	15.8	11.4	18.7	16.1
Asia/Pacific	**39.3**	**20.5**	**18.1**	**22.3**	**24.4**	**15.7**	**26.1**	**29.1**	**22.7**	**23.4**	**24.5**
Rest of World	**5.9**	**9.0**	**8.9**	**19.4**	**11.3**	**19.2**	**9.2**	**14.4**	**-23.8**	**0.3**	**10.6**
M-B Cars	**13.5**	**9.3**	**10.7**	**12.2**	**11.4**	**15.2**	**16.1**	**16.7**	**10.2**	**14.4**	**13.2**
Share (%)											
- Germany	15.5	17.4	16.1	15.9	16.2	14.9	16.4	15.2	15.7	15.6	14.0
- Rest of W Europe	24.4	24.3	22.6	20.8	22.9	26.1	24.5	23.2	23.8	24.5	26.6
Western Europe	**39.9**	**41.6**	**38.7**	**36.7**	**39.1**	**41.0**	**40.8**	**38.4**	**39.5**	**40.1**	**40.6**
- US	18.8	18.8	19.7	20.8	19.6	17.4	17.7	17.2	18.1	17.6	14.8
- Canada/Mexico	2.5	2.7	2.7	2.8	2.7	2.4	2.8	2.6	2.5	2.6	2.5
NAFTA	**21.3**	**21.6**	**22.4**	**23.6**	**22.3**	**19.8**	**20.6**	**19.8**	**20.5**	**20.2**	**17.3**
- Japan	4.6	2.3	3.9	3.6	3.6	4.1	2.8	3.4	3.1	3.3	3.7
- China	18.0	17.0	16.7	17.2	17.2	18.0	18.1	20.4	20.9	19.4	21.4
- Other Asia/Pacific	8.5	8.3	8.9	8.7	8.6	9.1	9.0	8.8	8.8	8.9	9.3
Asia/Pacific	**31.1**	**27.5**	**29.4**	**29.5**	**29.4**	**31.2**	**29.9**	**32.5**	**32.9**	**31.7**	**34.3**
Rest of World	**7.7**	**9.3**	**9.4**	**10.2**	**9.2**	**8.0**	**8.7**	**9.2**	**7.1**	**8.1**	**7.8**

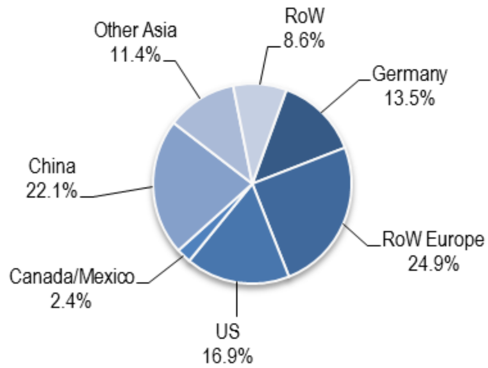
Note: 1Q16 retail sales were announced on April 6th. (1) V-segment wholesales and revenue are included in Vans. Source: Company data and CGI estimates

M-B Cars – Geographic split wholesales (1Q15)



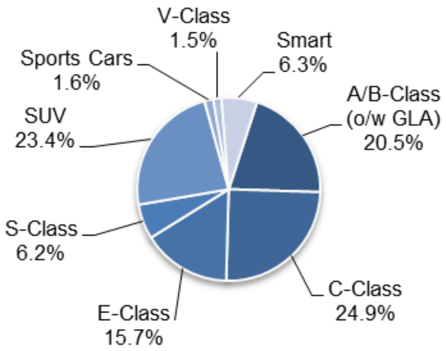
Source: Company data and CGI calculations

M-B Cars – Geographic split wholesales (1Q16E)



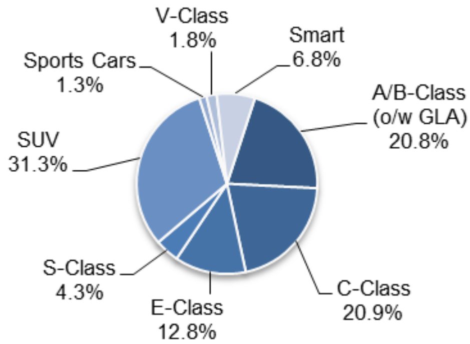
Source: Company data and CGI calculations

M-B Cars – Model mix retail sales (1Q15)



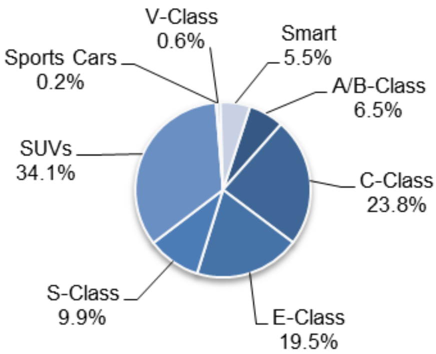
Source: Company data and CGI calculations

M-B Cars – Model mix retail sales (1Q16A)



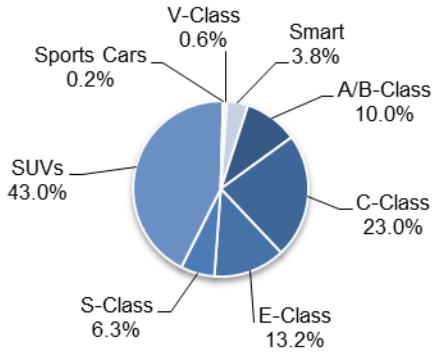
Source: Company data and CGI calculations

M-B Cars – China - model mix retail sales (1Q15)



Source: Company data and CGI calculations

M-B Cars – China - model mix retail sales (1Q16A)



Source: Company data and CGI calculations

Management guidance 2016 (Feb 4)

Market assumptions: passenger vehicles

- Global: +3% to 4%
- Western Europe: slight growth
- USA: slight growth
- China: significant growth

Mercedes-Benz Cars: sales outlook

- Significantly higher unit sales based on young and attractive product portfolio
- Strong momentum from f renewed SUV portfolio and further plug-in hybrid models
- Launch of all-new E-Class, C-Class Coupé, S-Class Cabriolet and smart fortwo cabrio

Mercedes-Benz Cars: EBIT outlook

- Slightly above the prior-year level

Daimler Trucks – 1Q/FY16E

Daimler Trucks – Results, sales and production (1Q14 – FY16E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
(EUR m)												
Revenue	**7,121**	**7,966**	**8,463**	**8,839**	**32,389**	**8,414**	**9,441**	**9,650**	**10,073**	**37,578**	**8,330**	**37,954**
% change yoy	1.4	0.0	6.0	4.0	2.9	18.2	18.5	14.0	14.0	16.0	-1.0	1.0
EBIT[1]	**341**	**455**	**588**	**494**	**1,878**	**472**	**682**	**791**	**631**	**2,576**	**490**	**2,741**
% change yoy	194.0	4.8	12.6	-12.6	14.7	38.4	49.9	34.5	27.7	37.2	3.8	6.4
EBIT margin (%)	**4.8**	**5.7**	**6.9**	**5.6**	**5.8**	**5.6**	**7.2**	**8.2**	**6.3**	**6.9**	**5.9**	**7.2**
One-offs	-5	-71	-30	-89	-195	-64	-35	-14	-53	-166	-10	-30
Adj. EBIT[1]	**346**	**526**	**618**	**583**	**2,073**	**536**	**717**	**805**	**684**	**2,742**	**500**	**2,771**
% change yoy	168.2	1.9	16.6	0.9	18.3	54.9	36.3	30.3	17.3	32.3	-6.8	1.0
Adj. EBIT margin (%)	**4.9**	**6.6**	**7.3**	**6.6**	**6.4**	**6.4**	**7.6**	**8.3**	**6.8**	**7.3**	**6.0**	**7.3**
Impl. unit/revenue (% chge yoy)	-5.2	-1.8	5.1	3.2	0.5	14.1	19.4	11.4	13.2	14.4	1.0	0.6
Units ('000)												
Incoming orders	**134.0**	**124.7**	**125.9**	**172.9**	**550.5**	**129.9**	**123.5**	**106.4-**	**118.3**	**482.3**	**-**	**-**
% change yoy	6.2	-0.9	0.0	43.7	10.5	-3.1	-0.9	-10.6	-31.6	14.4	-	-
Wholesales	**108.5**	**126.1**	**125.6**	**135.5**	**495.7**	**112.4**	**125.1**	**128.5**	**136.4**	**502.5**	**110.2**	**504.7**
% change yoy	7.0	1.9	0.9	0.7	2.4	3.6	-0.8	2.3	0.7	1.4	-2.0	0.4
Production	**122.1**	**127.7**	**124.4**	**123.6**	**497.7**	**122.2**	**127.0**	**129.9**	**127.6**	**506.7**	**122.2**	**506.7**
% change yoy	9.8	0.2	-3.1	0.1	1.5	0.1	-0.5	4.4	3.2	1.8	0.0	0.0
Over-production	**13.6**	**1.6**	**-1.2**	**-11.9**	**2.0**	**9.8**	**1.9**	**1.4**	**-8.9**	**4.2**	12.1	1.9

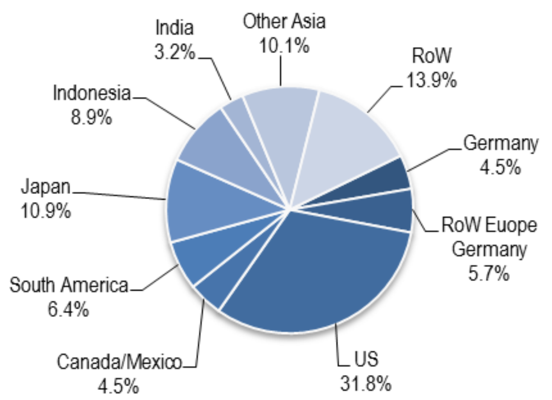
Source: Company data and CGI estimates

Daimler Trucks – Wholesales by market (1Q14 – FY16E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
Units ('000)												
- Germany	6.5	7.1	6.9	8.5	29.0	5.0	7.6	8.0	11.4	32.0	5.7	33.8
- Rest W Europe	5.1	6.1	6.7	9.3	28.4	6.4	7.7	8.6	10.1	32.8	6.9	34.8
Western Europe	**11.6**	**13.2**	**13.7**	**17.7**	**57.4**	**11.5**	**15.2**	**16.6**	**21.5**	**64.8**	**12.6**	**68.6**
- US	30.6	35.8	36.6	36.1	141.6	35.7	43.7	45.6	41.7	166.8	37.9	155.1
- Canada/Mexico	4.0	5.3	4.5	6.0	19.9	5.1	5.7	6.6	7.8	25.1	5.5	23.4
NAFTA	**34.6**	**41.1**	**41.0**	**41.9**	**161.5**	**40.8**	**49.4**	**52.2**	**49.5**	**191.9**	**43.4**	**178.5**
South America	**10.2**	**11.9**	**12.7**	**12.5**	**47.1**	**7.2**	**8.5**	**7.8**	**6.9**	**30.5**	**5.4**	**28.8**
- Japan	13.4	8.9	10.7	10.8	43.9	12.3	10.4	11.7	11.2	45.6	11.7	46.5
- Indonesia	14.2	19.5	10.4	14.2	58.3	10.0	9.5	5.4	7.2	32.1	10.0	32.1
- India	2.2	2.7	3.0	2.4	10.3	3.6	3.0	3.6	3.8	14.0	3.4	14.7
- Other Asia	10.8	11.7	14.5	17.8	54.8	11.4	12.5	15.4	16.7	56.0	10.3	63.3
Asia	**40.6**	**42.8**	**36.9**	**45.2**	**167.2**	**37.3**	**35.4**	**36.1**	**38.9**	**147.7**	**35.4**	**156.6**
Rest of World	**11.5**	**16.9**	**15.1**	**18.3**	**62.5**	**15.6**	**16.5**	**15.8**	**19.6**	**67.6**	**13.3**	**72.3**
Daimler Trucks	**108.5**	**126.1**	**119.4**	**135.5**	**495.7**	**112.4**	**125.1**	**128.5**	**136.4**	**502.5**	**110.2**	**504.7**
% chge yoy												
- Germany	4.7	-6.5	-11.6	-28.3	-13.3	-22.5	6.0	15.3	34.8	10.2	14.0	5.5
- Rest W Europe	-10.9	-8.0	-10.5	-17.1	-12.4	25.0	25.6	9.2	9.0	15.6	6.9	6.1
Western Europe	**-2.8**	**-7.2**	**-11.0**	**-22.9**	**-12.8**	**-1.5**	**15.1**	**12.1**	**21.3**	**12.9**	**10.0**	**5.8**
- US	14.8	19.3	27.6	18.5	20.2	16.8	22.1	16.6	15.6	17.8	6.0	-7.0
- Canada/Mexico	-0.9	8.7	3.1	47.5	14.1	28.7	6.5	38.6	33.4	26.5	8.4	-7.0
NAFTA	**12.8**	**17.8**	**24.9**	**21.5**	**19.4**	**18.2**	**20.0**	**19.0**	**18.1**	**18.8**	**6.3**	**-7.0**
South America	**-21.8**	**-25.7**	**-22.7**	**-11.4**	**-20.6**	**-28.7**	**-28.3**	**-37.5**	**-44.7**	**-35.2**	**-25.0**	**-5.5**
- Japan	51.6	2.1	5.9	1.4	14.4	-8.5	16.3	9.6	3.4	3.9	-5.0	2.0
- Indonesia						-29.4	-51.5	-48.1	-49.1	-44.9	0.5	0.0
- India						63.7	13.5	17.8	60.3	36.3	-5.0	5.0
- Other Asia	3.2	2.1	-10.1	1.9	-0.8	4.9	7.0	6.5	-6.1	2.2	-9.8	12.9
Asia	**15.4**	**2.1**	**-6.2**	**1.8**	**2.8**	**-8.3**	**-17.3**	**-6.5**	**-13.8**	**-11.7**	**-5.0**	**6.0**
Rest of World	**8.8**	**2.1**	**2.6**	**-2.0**	**2.1**	**35.2**	**-2.3**	**0.2**	**7.5**	**8.1**	**-14.7**	**7.0**
Daimler Trucks	**7.0**	**1.9**	**0.9**	**0.7**	**2.4**	**3.6**	**-0.8**	**2.3**	**0.7**	**1.4**	**-2.0**	**0.4**
Share (%)												
- Germany	6.0	5.7	5.5	6.2	5.9	4.5	6.0	6.2	8.4	6.4	5.2	6.7
- Rest W Europe	4.7	4.8	6.3	6.8	5.7	5.7	6.1	6.7	7.4	6.5	6.2	6.9
Western Europe	**10.7**	**10.5**	**11.8**	**13.1**	**11.6**	**10.2**	**12.2**	**12.9**	**15.8**	**12.9**	**11.4**	**13.6**
- US	28.2	28.4	31.2	26.6	28.6	31.8	34.9	35.5	30.6	33.2	34.4	30.7
- Canada/Mexico	3.7	4.2	3.7	4.4	4.0	4.5	4.5	5.1	5.7	5.0	5.0	4.6
NAFTA	**31.8**	**32.6**	**34.9**	**30.9**	**32.6**	**36.3**	**39.5**	**40.6**	**36.3**	**38.2**	**39.4**	**35.4**
South America	**9.4**	**9.5**	**10.0**	**9.2**	**9.5**	**6.4**	**6.8**	**6.1**	**5.1**	**6.1**	**4.9**	**5.7**
- Japan	12.4	7.1	8.5	8.0	8.8	10.9	8.3	9.1	8.2	9.1	10.6	9.2
- Indonesia	13.0	15.5	8.3	10.5	11.8	8.9	7.6	4.2	5.3	6.4	9.1	6.4
- India	2.0	2.1	2.4	1.8	2.1	3.2	2.4	2.8	2.8	2.8	3.1	2.9
- Other Asia	10.0	9.3	11.5	13.2	11.1	10.1	10.0	12.0	12.3	11.1	9.3	12.5
Asia	**37.4**	**34.0**	**30.7**	**33.3**	**33.7**	**33.2**	**28.3**	**28.1**	**28.5**	**29.4**	**32.1**	**31.0**
Rest of World	**10.6**	**13.4**	**12.5**	**13.5**	**12.6**	**13.9**	**13.2**	**12.3**	**14.4**	**13.4**	**12.1**	**14.3**
Daimler Trucks	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**

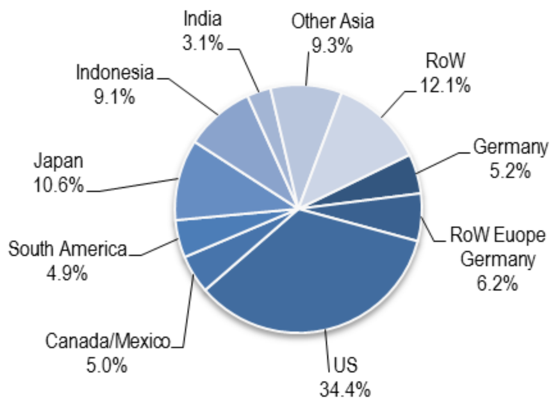
Source: Company data and CGI

Daimler Trucks – Geographic split unit sales[1] (1Q15)



(1) Wholesales. Source :Company data and CGI calculations

Daimler Trucks – Geographic split unit sales[1] (1Q16E)



(1) Wholesales. Source: Company data and CGI estimates

Daimler Trucks – Incoming orders by market (1Q13 – FY15)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15A
Units ('000)										
- Germany	8.2	7.5	7.2	7.6	30.5	6.3	5.9	5.8	6.5	24.5
- Rest W Europe	9.0	9.5	7.9	7.9	34.4	6.3	8.5	7.5	8.1	30.4
Western Europe	**17.3**	**17.0**	**15.1**	**15.5**	**64.9**	**12.6**	**14.4**	**13.3**	**14.6**	**54.9**
- US	47.9	34.8	28.7	35.6	147.1	45.2	35.0	34.1	75.6	189.8
- Canada/Mexico	4.4	5.0	5.7	6.0	21.1	7.0	4.9	5.1	9.8	26.8
NAFTA	**52.3**	**39.8**	**34.4**	**41.6**	**168.2**	**52.2**	**39.9**	**39.2**	**85.3**	**216.6**
South America	**7.3**	**8.1**	**6.9**	**7.0**	**29.2**	**9.8**	**12.2**	**10.6**	**13.4**	**46.0**
- Japan	11.1	12.6	11.8	11.2	46.7	11.0	12.0	11.3	10.1	44.4
- Indonesia	10.3	6.2	6.4	6.6	29.5	18.8	12.0	11.9	11.4	54.2
- India	2.7	3.6	3.9	3.4	13.6	2.8	2.9	2.6	3.4	11.6
- Other Asia	12.9	15.4	13.4	14.4	56.1	11.1	13.3	13.6	16.4	54.4
Asia	**37.0**	**37.8**	**35.5**	**35.6**	**145.9**	**43.7**	**40.2**	**39.4**	**41.3**	**164.6**
Rest of World	**20.3**	**20.8**	**14.5**	**18.5**	**74.2**	**15.7**	**18.1**	**16.6**	**18.2**	**68.6**
Daimler Trucks	**134.1**	**123.5**	**106.4**	**118.3**	**482.3**	**134.0**	**124.7**	**119.0**	**172.9**	**550.5**
% chge yoy										
- Germany	-16.8	-26.7	-53.9	24.9	-26.7	29.5	27.4	24.3	17.8	24.7
- Rest W Europe	-17.7	-7.8	-23.8	72.9	-3.1	43.9	11.5	6.2	-2.3	13.2
Western Europe	**-17.2**	**-16.6**	**-40.7**	**47.8**	**-15.3**	**36.6**	**18.0**	**14.1**	**6.6**	**18.3**
- US	44.9	29.8	12.6	101.4	50.7	6.0	-0.5	-15.6	-52.9	-22.5
- Canada/Mexico	47.1	3.0	85.3	115.2	59.3	-36.7	2.2	11.8	-39.1	-21.2
NAFTA	**45.2**	**25.7**	**18.6**	**102.9**	**51.7**	**0.3**	**-0.2**	**-12.0**	**-51.3**	**-22.3**
South America	**-25.1**	**-20.2**	**-28.2**	**27.3**	**-14.3**	**-26.0**	**-33.7**	**-35.1**	**-47.7**	**-36.5**
- Japan	10.7	1.7	5.8	-13.3	0.7	1.6	4.9	4.7	10.2	5.2
- Indonesia	--	-32.1	26.9	-42.3	-	-45.1	-48.7	-46.4	-42.3	-45.6
- India	--	58.1	56.2	100.6	-	-4.8	27.7	49.7	1.4	17.1
- Other Asia	-	9.1	-15.0	60.8	-56.8	15.4	15.9	-1.5	-12.0	3.0
Asia	**-3.7**	**-7.7**	**4.4**	**-4.8**	**-3.2**	**-15.4**	**-5.9**	**-10.0**	**-13.8**	**-11.4**
Rest of World	**-4.7**	**0.1**	**-8.2**	**26.1**	**2.3**	**29.4**	**15.3**	**-12.6**	**1.7**	**8.1**
Daimler Trucks	**6.2**	**-0.9**	**-5.5**	**43.7**	**10.5**	**0.1**	**-0.9**	**-10.6**	**-31.6**	**-12.4**

Source: Company data and CGI calculation

Management guidance 2016 (Feb 4)

Market assumptions: truck markets

- NAFTA region: around -10%
- Europe: slight growth
- Japan: around the prior-year level
- Brazilaround -10%
  Indonesia (incl. light-duty): around the prior-year level

Daimler Trucks: sales outlook

- Unit sales at the prior-year level
- Sustained market leadership in softening NAFTA market, strong product portfolio across all regions, expansion of global market presence with regional centres

Daimler Trucks : EBIT outlook

- At the prior-year level

Mercedes-Benz Vans & Daimler Buses – 1Q/FY16E

Mercedes-Benz Vans – Results, sales and production (1Q14 – FY15E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15	4Q15	FY15	1Q16E	FY16E
(EUR m)												
Revenue	**2,212**	**2,494**	**2,515**	**2,747**	**9,968**	**2,415**	**2,829**	**2,752**	**3,477**	**11,473**	2,608	12,391
% change yoy	11.4	2.5	11.6	1.9	6.4	9.2	13.4	9.4	26.6	15.1	8.0	8.0
EBIT	**123**	**242**	**176**	**141**	**682**	**215**	**234**	**193**	**207**	**849**	206	959
% change yoy	51.9	18.6	15.8	-27.3	8.1	74.8	-3.3	9.7	46.8	24.5	-4.2	9.0
EBIT margin (%)	**5.6**	**9.7**	**7.0**	**5.1**	**6.8**	**8.9**	**8.3**	**7.0**	**6.0**	**7.4**	7.9	7.7
One-offs	0	61	0	-17	44	-6	-6	-3	-70	-83	-4	-20
Adj. EBIT[1]	**123**	**181**	**176**	**158**	**638**	**221**	**240.0**	**196**	**277**	**932**	210	979
% change yoy	51.9	-11.3	15.8	-18.6	1.1	79.7	32.6	11.4	75.3	46.1	-5.0	2.8
Adj. EBIT margin (%)	**5.6**	**7.3**	**7.0**	**5.8**	**6.4**	**9.2**	**8.5**	**7.1**	**8.0**	**8.1**	8.1	7.9
Impl. unit/rev. (% yoy)	-4.1	-6.4	1.0	-1.1	-2.4	4.6	5.6	4.3	8.1	5.6	1.9	-0.1
Units ('000)												
Retail sales	**53.9**	**68.5**	**66.5**	**77.4**	**266.3**	**57.6**	**73.7**	**69.7**	**86.8**	**287.7**	-	-
% change yoy	2.2	-0.2	-0.7	-3.4	-0.8	6.8	7.5	4.8	12.1	8.0	-	-
Wholesales	**61.1**	**76.0**	**72.2**	**85.3**	**294.6**	**63.8**	**81.6**	**75.7**	**99.9**	**321.0**	67.6	347.1
% change yoy	16.1	9.5	10.6	3.0	9.1	4.4	7.4	4.9	17.1	9.0	6.0	8.1
Production	**73.9**	**81.5**	**73.1**	**70.4**	**299.0**	**74.7**	**86.5**	**77.4**	**89.5**	**328.1**	76.6	352.1
% change yoy	17.0	11.9	16.4	-2.2	10.4	1.1	6.2	5.9	27.0	9.7	2.6	7.3
Over-production	**12.8**	**5.5**	**0.9**	**-14.8**	**4.4**	**10.9**	**4.9**	**1.7**	**-10.4**	**7.1**	9.0	5.0

Source: Company data and CGI estimates

Management guidance 2016 (Feb 4)

Market assumptions: van markets

- Europe: slight growth for mid-size and large vans
- USA: slight growth

Mercedes-Benz Vans: sales outlook

- Significantly higher unit sales
- Significant growth in core market Western Europe
- Continued momentum from "Mercedes-Benz Vans goes global" strategy

Mercedes-Benz Vans: EBIT outlook

- Slightly above the prior-year level

Daimler Buses – Results, sales and production (1Q14 – FY16E)

	1Q14	2Q14	3Q14	4Q14	FY14	1Q15	2Q15	3Q15A	4Q15	FY15	1Q16E	FY16E
(EUR m)												
Revenue	**859**	**1,048**	**1,034**	**1,277**	**4,218**	**877**	**1,037**	**1,018**	**1,181**	**4,113**	890	**4,154**
% change yoy	14.4	12.2	-8.3	-1.2	2.8	2.1	-1.0	-1.5	-7.5	-2.5	1.5	1.0
EBIT	**53**	**50**	**64**	**30**	**197**	**34**	**57**	**89**	**34**	**214**	34	**208**
% change yoy	NM	85.2	8.5	-56.5	58.9	-35.8	14.0	39.1	13.3	8.6	0.0	-2.8
EBIT margin (%)	**6.2**	**4.8**	**6.2**	**2.3**	**4.7**	**3.9**	**5.5**	**8.7**	**2.9**	**5.2**	3.8	**5.0**
One-offs	-1	-8	0	-5	-14	-1	0	-1	14	12	-1	-4
Adj. EBIT[1]	**54**	**58**	**64**	**35**	**211**	**35**	**57**	**90**	**20**	**202**	35	**212**
% change yoy	NM	23.4	4.9	-57.3	29.4	-35.2	-1.7	40.6	-42.9	-4.3	0.0	5.0
Adj. EBIT margin (%)	**6.3**	**5.5**	**6.2**	**2.7**	**5.0**	**4.0**	**5.5**	**8.8**	**1.7**	**4.9**	3.9	**5.1**
Impl.unit/rev.(% yoy)	11.0	9.7	2.7	2.2	2.2	11.0	9.1	14.1	18.5	15.2	11.0	0.8
Units ('000)												
Wholesales	**6.7**	**8.1**	**8.6**	**9.8**	**33.2**	**5.7**	**7.3**	**7.4**	**7.6**	**28.1**	**5.7**	**28.1**
% change yoy	10.6	2.3	-10.7	-3.4	-1.6	-15.0	-9.3	-13.7	-22.0	-15.3	0.5	0.2
Production	**7.7**	**8.9**	**8.0**	**6.9**	**31.5**	**7.8**	**8.0**	**7.1**	**6.3**	**29.1**	**7.2**	**28.9**
% change yoy	5.1	-4.5	-15.3	-17.9	-8.7	0.3	-10.0	-12.0	-8.3	-7.6	-7.1	-0.6
Over-production	**1.1**	**0.8**	**-0.6**	**-2.9**	**-1.7**	**2.1**	**0.6**	**-0.4**	**-1.3**	**1.0**	**1.5**	**0.8**

Source: Company data and CGI estimates

Management guidance 2016 (Feb 4)

Market assumptions: bus markets

- Western Europe: slight growth
- Brazil: significant decrease

Daimler Buses: sales outlook

- Unit sales at the prior-year level
- Maintain market leadership in core markets
- Positive development in Western Europe and Mexico, lower demand in Brazil

Daimler Buses: EBIT outlook

- Slightly above the prior-year level

Daimler management guidance for 2016

Market assumptions 2016 (Feb 04)

Passenger vehicle markets

- Global: +3% to 4%
- Western Europe: slight growth
- USA: slight growth
- China: significant growth

Truck markets

- NAFTA region: around -10%
- Europe: slight growth
- Japan: around the prior-year level
- Brazilaround -10%
- Indonesia (incl. light-duty): around the prior-year level

Van markets

- Europe: slight growth for mid-size and large vans
- USA: slight growth

Bus markets

- Western Europe: slight growth
- Brazil: significant decrease

Sales outlook FY16 (Feb 04)

Mercedes-Benz Cars

- Significantly higher unit sales based on young and attractive product portfolio
- Strong momentum from f renewed SUV portfolio and further plug-in hybrid models
- Launch of all-new E-Class, C-Class Coupé, S-Class Cabriolet and smart fortwo cabrio

Daimler Trucks

- Unit sales at the prior-year level
- Sustained market leadership in softening NAFTA market, strong product portfolio across all regions, expansion of global market presence with regional centres

Mercedes-Benz Vans

- Significantly higher unit sales
- Significant growth in core market Western Europe
- Continued momentum from "Mercedes-Benz Vans goes global" strategy

Daimler Buses

- Unit sales at the prior-year level
- Maintain market leadership in core markets
- Positive development in Western Europe and Mexico, lower demand in Brazil

EBIT outlook FY16 (Feb 04)

Group

- **We expect Group EBIT for FY 2016 to increase slightly based on the following expectations for divisional**

Mercedes-Benz Cars

- Slightly above the prior-year level

Daimler Trucks

- At the prior-year level

Mercedes-Benz Vans

- Slightly above the prior-year level

Daimler Buses

- Slightly above the prior-year level

Daimler Financial Services

- Slightly above the prior- year level

Group estimates 2016E-18E

Daimler – Divisional EBIT (2010-2018E)

	2010	2011	2012	2013	2014	2015A	2016E	2017E	2018E
Revenue (EUR m)									
Mercedes-Benz Cars	53,426	57,410	61,660	64,307	73,310	83,809	90,095	95,500	103,140
Daimler Trucks	24,024	28,751	31,389	31,473	32,417	37,578	37,954	39,472	41,051
Daimler Financial Services	12,788	12,080	13,550	14,522	15,539	18,962	20,858	23,361	26,165
Mercedes-Benz Vans	7,812	9,179	9,070	9,369	10,306	11,473	12,391	13,506	14,830
Daimler Buses	4,558	4,418	3,929	4,105	4,105	4,113	4,154	4,258	4,471
Intra-group/reconciliations	-4,847	-5,298	-5,301	-5,794	-6,244	-6,468	-6,668	-6,868	-7,068
Group	**97,761**	**106,540**	**114,297**	**117,982**	**129,433**	**149,467**	**158,784**	**169,229**	**182,588**
EBIT (EUR m)									
Mercedes-Benz Cars	4,656	5,192	4,442	4,180	5,964	8,343	8,739	9,216	10,159
Daimler Trucks	1,212	1,978	1,695	1,753	2,073	2,742	2,771	2,901	3,099
Daimler Financial Services	922	1,322	1,293	1,268	1,387	1,619	1,684	1,751	1,821
Mercedes-Benz Vans	451	835	607	631	638	932	979	1,013	1,097
Daimler Buses	215	162	-66	163	211	202	212	225	235
Intra-group/reconciliations	-244	-512	410	-74	-127	-29	-100	-200	-300
Group EBIT (on-going bus.)	**7,212**	**8,977**	**8,381**	**7,921**	**10,146**	**13,809**	**14,284**	**14,906**	**16,112**
One-offs	62	-222	439	2,894	606	-643	-94	0	0
Group EBIT (headline)	**7,274**	**8,755**	**8,820**	**10,815**	**10,752**	**13,166**	**14,190**	**14,906**	**16,112**
Margin (%)									
Mercedes-Benz Cars	8.7	9.0	7.2	6.5	7.9	10.0	9.7	9.7	9.9
Daimler Trucks	5.0	6.9	5.4	5.6	6.4	7.3	7.3	7.4	7.6
Daimler Financial Services	7.2	10.9	9.5	8.7	9.1	8.5	8.1	7.5	7.0
Mercedes-Benz Vans	5.8	9.1	6.7	6.7	6.6	8.1	7.9	7.5	7.4
Daimler Buses	4.7	3.7	-1.7	4.0	4.5	4.9	5.1	5.3	5.3
Group EBIT (on-going bus.)	**7.4**	**8.4**	**7.3**	**6.7**	**7.8**	**9.2**	**9.0**	**8.8**	**8.8**
Group EBIT (headline)	**7.4**	**8.2**	**7.7**	**9.2**	**8.3**	**8.8**	**8.9**	**8.8**	**8.8**

Source: Company data and CGI estimates

Daimler –Wholesales by division (2010-2018E)

	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Units ('000)									
Mercedes-Benz Cars	1,276.8	1,381.4	1,451.6	1,566.2	1,722.6	2,001.4	2,176.8	2,337.0	2,511.9
Daimler Trucks	355.3	425.8	461.9	484.2	495.7	502.5	504.7	525.4	548.9
Mercedes-Benz Vans	224.2	264.2	252.4	270.1	294.6	321.0	347.1	379.7	416.0
Daimler Buses	39.1	39.7	32.1	33.7	33.2	28.1	28.1	30.6	33.0
Group	**1,895.4**	**2,111.1**	**2,197.9**	**2,354.3**	**2,546.0**	**2,853.0**	**3,056.8**	**3,272.6**	**3,509.7**
%-change yoy									
Mercedes-Benz Cars	16.7	8.2	5.1	7.9	10.0	16.2	8.8	7.4	7.5
Daimler Trucks	37.0	19.8	8.5	4.8	2.4	1.4	0.4	4.1	4.5
Mercedes-Benz Vans	35.4	17.8	-4.5	7.0	9.1	9.0	8.1	9.4	9.6
Daimler Buses	20.4	1.6	-19.3	5.0	-1.6	-15.3	0.2	8.6	8.0
Group	**22.2**	**11.4**	**4.1**	**7.1**	**8.1**	**12.1**	**7.1**	**7.1**	**7.2**

Source: Company data and CGI estimates

Overview

Daimler– overview (2010-17E)

Current price (EUR)	66.13								
Market capitalisation (EUR bn)	70.75								
Shares (m)	1,069.8								
Values per share (EUR)	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016E**	**2017E**	**2018E**
EPS	4.28	5.32	6.02	6.40	6.51	7.87	8.53	8.95	9.66
EPS - adjusted	4.28	5.32	5.16	5.00	5.69	7.87	8.53	8.95	9.66
CFPS	7.71	8.44	8.41	7.79	9.04	13.91	11.30	11.92	12.64
BVPS	34.14	37.16	35.50	39.90	40.82	50.07	55.15	60.40	70.06
DPS	1.85	2.20	2.20	2.25	2.45	3.25	3.45	3.70	3.80
Free CFPS - industrial	5.17	0.93	1.36	4.53	5.12	3.70	3.83	4.38	5.14
Stock market ratios (x)									
P/E	15.4	12.4	11.0	10.3	10.2	8.4	7.8	7.4	6.8
P/E – adjusted	15.4	12.4	12.8	13.2	11.6	8.4	7.8	7.4	6.8
P/CF	8.6	7.8	7.8	8.5	6.4	4.8	5.9	5.5	5.2
P/BV	1.9	1.8	1.9	1.7	1.6	1.3	1.2	1.1	0.9
P/revenue	0.72	0.66	0.62	0.60	0.54	0.47	0.45	0.42	0.39
Dividend yield (%)	2.8	3.3	3.3	3.4	3.7	4.9	5.2	5.6	5.7
Free CF yield (%)	7.8	1.4	2.1	6.9	7.7	5.6	5.8	6.6	7.8
EV (EUR m)	55,523	55,557	55,546	52,164	49,339	47,640	46,734	44,791	43,774
EV/revenue – industrial (%)	65.3	58.8	55.1	50.4	43.3	36.5	33.9	30.7	28.0
EV/EBITDA - industrial	5.7	5.1	4.8	3.8	3.4	2.8	2.6	2.4	2.3
Group P&L (EUR m)									
Revenue	**97,761**	**106,540**	**114,297**	**117,982**	**129,872**	**149,467**	**158,784**	**169,229**	**182,588**
- Industrial operations	84,973	94,460	100,747	103,460	113,881	130,505	137,925	145,868	156,424
- Financial services	12,788	12,080	13,550	14,522	15,991	18,962	20,858	23,361	26,165
EBIT	**7,274**	**8,755**	**8,820**	**10,815**	**10,752**	**13,186**	**14,190**	**14,906**	**16,112**
- Industrial business	6,443	7,443	7,527	9,547	9,365	11,567	12,507	13,155	14,291
- Financial services	831	1,312	1,293	1,268	1,387	1,619	1,684	1,751	1,821
EBITDA	10,638	12,330	12,887	15,183	15,751	18,570	19,732	20,620	23,447
Net interest	-646	-306	-704	-676	-579	-442	-450	-450	-500
Pre-tax profit	**6,628**	**8,449**	**8,116**	**10,139**	10,173	12,744	13,740	14,456	15,612
Less tax charge/-credit	1,954	2,420	1,286	1,419	2,883	4,033	4,293	4,516	4,876
Net profit - continuing operations,	**4,674**	**6,029**	**6,830**	**8,720**	7,290	8,711	9,447	9,940	10,736
Less minorities	176	362	402	1,875	328	287	320	360	400
Group NI - Daimler SHs (cont.ops)	**4,498**	**5,667**	**6,428**	**6,845**	**6,962**	**8,424**	**9,127**	**9,580**	**10,336**
Combined net income – Daimler SHs	4,498	5,667	6,428	6,845	6,962	8,424	9,127	9,580	10,336
CF - industrial business (EUR m)									
CF from operations	**8,933**	**9,498**	**8,086**	**8,989**	**9,986**	**12,982**	**12,340**	**12,962**	**13,810**
Working capital	1,133	-2,152	-559	1,324	-2,438	-1,247	-900	-900	-900
CF from operating activities	**10,066**	**7,346**	**7,527**	**10,313**	**7,548**	**11,735**	**11,440**	**12,062**	**12,910**
Capital expenditure (excl. R&D)	-3,641	-4,137	-4,804	-4,956	-4,821	-5,045	-5,547	-5,579	-5,611
Other	-993	-2,220	-1,271	-515	2,752	-2,730	-1,800	-1,800	-1,800
Free CF	**5,432**	**989**	**1,452**	**4,842**	**5,479**	**3,960**	**4,094**	**4,683**	**5,500**
BS - industrial business (EUR m)									
Gross Liquidity	**10,793**	**10,079**	**13,728**	**15,148**	**13,497**	**15,368**	**16,068**	**17,168**	**17,668**
ST financing liabilities	4,525	12,525	8,067	12,218	13,518	21,417	21,517	21,717	21,917
LT liabilities	-3,480	-10,250	-10,950	-13,542	-10,325	-18,805	-18,805	-18,505	-18,005
Financing liabilities	**1,045**	**2,275**	**-2,883**	**-1,324**	**3,193**	**2,612**	**2,712**	**3,212**	**3,912**
Market valuation/currency hedging	100	-373	663	10	263	600	0	0	0
Financial liabilities (nominal)	**1,145**	**1,902**	**-2,220**	**-1,314**	**3,456**	**3,212**	**2,712**	**3,212**	**3,912**
Net liquidity	**11,938**	**11,981**	**11,508**	**13,834**	**16,953**	**18,580**	**18,780**	**20,380**	**21,580**
Shareholders' funds	33,088	35,964	33,238	36,767	36,967	44,752	57,355	62,756	72,686
Profitability and financial ratios (%)									
EBIT	7.4	8.2	7.7	9.2	8.3	8.8	8.9	8.8	8.8
- Industrial business	7.6	7.9	7.5	9.2	8.2	8.9	9.1	9.0	9.1
- Financial services	6.5	10.9	9.5	8.7	8.7	8.5	8.1	7.5	7.0
EBITDA	10.9	11.6	11.3	12.9	12.1	12.4	12.4	12.2	12.8
Pre-tax profit	6.8	7.9	7.1	8.6	7.8	8.5	8.7	8.5	8.6
Net profit - continuing operations	4.8	5.7	6.0	7.4	5.6	5.8	5.9	5.9	5.9
Tax rate (%)	29.5	28.6	15.8	14.0	28.3	31.6	31.2	31.2	31.2

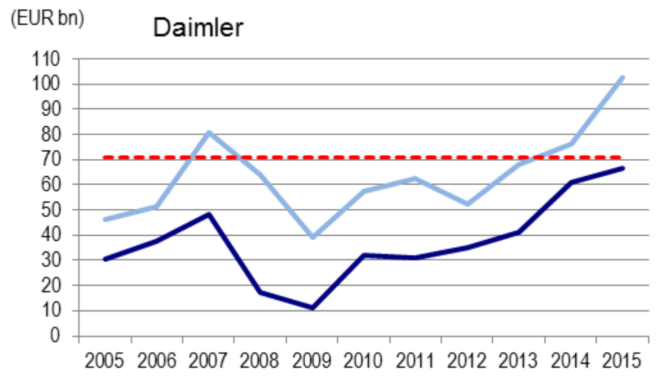
Source: Company data and CGI estimates

Investment opinion – BUY

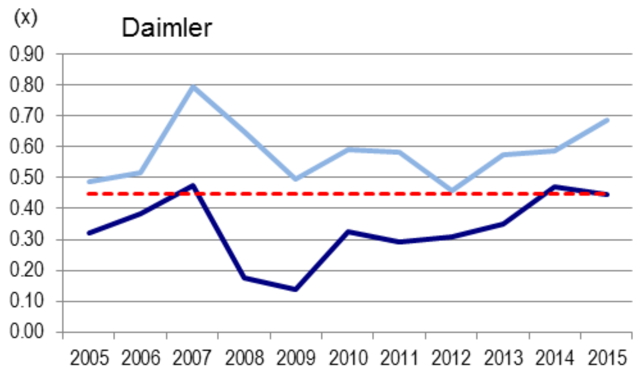
Daimler shares – valuation

At EUR 66.13, Daimler shares are currently valued 6.8x 2018E earnings, at a 17% discount to the 10-year historic low valuation of 8.4x. This is inconsistent with the implication that 2018E EPS (EUR 9.66) are 108% higher than the 10-year avg. (EUR 4.64). A valuation in line with the 10-year historic low valuation (8.4x) implies a share price of EUR 81.27 at YE2018E and time-discounted (10-yr Bund) a target price of EUR 81 at YE2016E. The new TP implies a 23% upside from the current share price and is 3.2% above our previous TP (of EUR 79) of February 2nd.

Daimler – Market capalisation – historic range (2005-15) vs. current valuation



Daimler – Price/revenue – historic range (2005-15) vs. current valuation (2016E)



Daimler – Historic valuation (2005-15)

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	5- yr avg[1]	10-yr avge[1]
EPS (EUR)	**2.16**	**3.66**	**3.83**	**1.71**	**-2.63**	**4.28**	**5.32**	**5.16**	**5.07**	**5.69**	**7.87**	**5.82**	**4.64**
P/E -high	21.6	14.2	38.7	-25.1	15.4	12.4	12.8	13.0	11.6	8.4	21.6	11.4	14.1
P/E-low	16.4	16.7	38.9	-25.1	12.8	11.0	9.5	12.5	12.5	12.2	16.4	7.2	8.4
P/E-avrage	12.1	9.9	10.5	NM	7.1	5.5	6.4	7.6	10.0	7.9	12.1	**9.3**	**11.4**

(1) 10-year average 2002-14, excl.2003,8-9. Source: Company data and CGI estimates

Daimler – Current valuation (2006-17E)

		2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
Daimler EPS (EUR)		**3.66**	**3.83**	**1.71**	**-2.63**	**4.28**	**5.32**	**5.16**	**5.07**	**5.69**	**7.87**	**8.53**	**8.95**	**9.66**
Current Daimler PE (x)		**21.6**	**14.2**	**38.7**	**-25.1**	**15.4**	**12.4**	**12.8**	**13.0**	**11.6**	**8.4**	**7.8**	**7.4**	**6.8**
% vs. 5-yr* high	(11.4x)	88	23	236	-318	34	8	11	13	1	-27	-33	-36	-41
% vs.5-yr* low	(7.2x)	208	102	450	-458	120	77	82	85	65	20	10	5	-3
% vs. 5-yr *average	(9.3x)	132	52	315	-370	66	33	37	40	25	-10	-17	-21	-27
% vs. 10-yr* high	(14.1x)	63	7	192	-290	17	-6	-3	-2	-12	-37	-41	-44	-48
% vs.10-yr* low	**(8.4x)**	**164**	**73**	**373**	**-408**	**89**	**52**	**57**	**59**	**42**	**3**	**-5**	**-10**	**-16**
% vs. 10-yr *average	(11.4x)	101	31	259	-333	43	15	19	21	8	-22	-28	-31	-36

(*) 10-year average 2005-15, excl.2003,8-9. Source: Company data and CGI estimates

Daimler – Valuation summary

Current share price	Current P/E 2018E	Target P/E 2017E	Implied Price Y/E 2018E	Target price Y/E 2016E*	Potential Target price vs. current price
EUR 66.13	6.8x	8.4	EUR 81.27	EUR 81.12	22.7%

%Share price close 04.21.2016. (*) Time-discounted 10-year Bund yield. Source: Company data and CGI estimates

Daimler– share price (- 5 years)

Daimler vs. DAX 30 Index (- 5 years)

Chart technical view by Carlo R. Besenius

Short-term technical outlook negative

Daimler short-term technical indicators (RSI; MACD) are negative, and all three MVAs, 20-day, 50-day and 200-day are sloping downwards.

If Daimler stock does not hold at the long-term support line of EUR 58, there is serious risk of a 25% drop towards EUR 43.

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