Creative Global Investments

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Daimler (EUR 88.00) – BUY

A strong 1Q15 bodes well for FY15E as Mercedes-Benz is set to grow EBIT and margin to EUR 7.99bn/9.6%. In 2015E-17E, we expect EPS to grow at a CAGR of 14.3% and reach EUR 9.70 in FY17E. Our YE15 new target price of EUR 103 implies a 17.5% upside potential for Daimler shares.

1Q15 earnings growth spearheaded by M-B Cars. Group EBIT improved 41.4% or 0.86bn, from a strong 1Q14, to EUR 2.93bn/8.6%, driven by all divisions with the exception of Buses. The group generated an ind. FCF of EUR 2.29bn. **At M-B Cars, 1Q15A EBIT improved 52%/EUR 0.61bn yoy** to EUR 1.79bn/9.2%, driven by **an 18.0% increase in car sales, a better mix and thus pricing thanks to new models** (C-Class, compact class and smart) and **efficiency gains**. **Negatives** included higher costs for new technology, products etc., a negative geographic mix and forex. **Daimler Trucks** reported a **55%/EUR 0.19bn yoy** increase in EBIT to EUR 0.54bn/6.4%, despite a sharp drop in demand in South America. (See pp. 5-11.)

FY15E outlook: M-B was the only German premium brand that managed to greatly increase its profit margin in 1Q15, narrowing the gap versus its peers. We see this trend to continue and expect in FY15E M-B's EBIT to increase 34% to EUR 7.99bn/9.6%, driven by an accelerating model momentum and a EUR 0.6bn forex tailwind. We see group **EBIT grow 27.3% to EUR 2.78bn/8.8% and EPS 20.2% to EUR 7.81.**

For 2016-17E, we expect EPS growth of 10.3% (EUR 8.62) and 12.5% (EUR 9.70) respectively. M-B Cars should continue to be a key earnings driver, as a strong model momentum and further efficiency gains are set to boost profit and margin. An expected recovery in South America and other EMs should benefit Trucks and Buses, as the US economy decelerates. Earnings should continue to be supported by currency tailwinds through enhanced hedging opportunities. Challenges include higher costs related to new technology, products and capacity expansion, in particular in view of ever tighter emission regulations. (See pp. 12-13.)

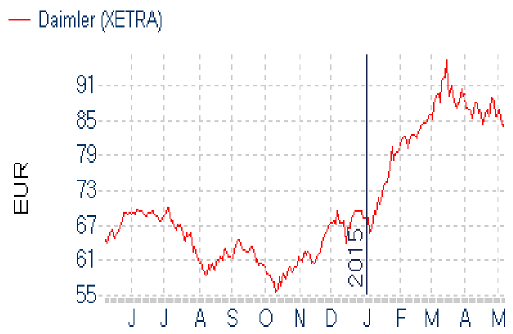
Investment opinion - BUY: Based on historic P/E valuation, we calculate a target price of EUR 103 for YE15. This implies a 17.5% upside from the current share price of EUR 88 and is 10% higher than our previous EUR 94 TP. The chart technical outlook is negative with support levels at EUR 87 and EUR 72. (See pp.14-15.)

Daimler– share summary (2013-17E)

Current price (EUR)	88.00				
Market cap.(EUR bn)	94.14				
December YE	2013	2014	2015E	2016E	2017E
EPS (EUR)-adj.	5.07	5.68	7.81	8.62	9.70
CFPS (EUR)	7.8	9.0	11.7	13.0	15.9
BVPS (EUR)	39.9	40.8	40.8	45.9	51.6
DPS (EUR)	2.25	2.45	3.20	3.50	4.00
Free CFPS (EUR)	4.53	5.12	3.91	5.61	7.36
P/E (x)	17.6	15.5	11.3	10.2	9.1
PCF (x)	11.3	9.7	7.5	6.8	5.5
Price/BV (x)	2.2	2.2	2.2	1.9	1.7
P/revenue (x)	0.80	0.72	0.64	0.59	0.54
Dividend yd (%)	2.6	2.8	3.6	4.0	4.5
Free CF yd (%)	5.1	5.8	4.4	6.4	8.4

Share price 05.08.2015. Source: Company data and CGI estimates

Daimler – share price (-1year)



Source: Euroland

Contents

Group results – 1Q15A & FY15E

Daimler – Divisional EBIT (1Q13-FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q1A	FY14	1Q15A	FY15E
Revenue (EUR m)												
Mercedes-Benz Cars	14,110	16,324	16,521	17,352	64,307	17,004	17,771	18,677	20,132	73,584	19,509	83,150
Daimler Trucks	7,024	7,965	7,982	8,502	31,473	7,121	7,966	8,463	8,839	32,389	8,414	36,600
Daimler Fin. Services	3,577	3,548	3,657	3,740	14,522	3,809	3,828	3,998	4,356	15,991	4,549	18,550
Mercedes-Benz Vans	1,986	2,434	2,253	2,696	9,369	2,212	2,494	2,515	2,747	9,968	2,415	11,164
Daimler Buses	751	934	1,127	1,293	4,105	859	1,048	1,034	1,277	4,218	877	3,374
Intra-group/reconciliations	-1,346	-1,513	-1,441	-1,494	-5,794	-1,548	-1,563	-1,565	-1,602	-6,278	-1,528	-6,778
Group	26,102	29,692	30,099	32,089	117,982	29,457	31,544	33,122	35,749	129,872	34,236	146,060
EBIT[1] (EUR m)												
Mercedes-Benz Cars[1]	460	1,084	1,251	1,385	4,180	1,183	1,409	1,614	1,758	5,964	1,794	7,994
Daimler Trucks[1]	129	516	530	578	1,753	346	526	618	583	2,073	536	2,492
Daimler Fin. Services[1]	314	319	322	313	1,268	397	336	355	299	1,387	409	1,450
Mercedes-Benz Vans[1]	81	204	152	194	631	123	181	176	158	638	221	952
Daimler Buses[1]	-27	47	61	82	163	54	58	64	35	211	35	130
Intra-group/reconciliations	-23	8	-37	-22	-74	-31	-47	-40	-9	-127	-65	-100
Group (ongoing bus.)[1]	934	2,178	2,279	2,530	7,921	2,072	2,463	2,787	2,824	10,146	2,930	12,919
One-off items[2]	-17	3,064	-48	-105	2,894	-285	632	945	-686	606	-24	-335
Headline group EBIT	917	5,242	2,231	2,425	10,815	1,787	3,095	3,732	2,138	10,752	2,906	12,584
Margin (%)												
Mercedes-Benz Cars[1]	3.3	6.6	7.6	8.0	6.5	7.0	7.9	8.6	8.7	8.1	9.2	9.6
Daimler Trucks[1]	1.8	6.5	6.6	6.8	5.6	4.9	6.6	7.3	6.6	6.4	6.4	6.8
Daimler Fin. Services[1]	8.8	9.0	8.8	8.4	8.7	10.4	8.8	8.9	6.9	8.7	9.0	7.8
Mercedes-Benz Vans[1]	4.1	8.4	6.7	7.2	6.7	5.6	7.3	7.0	5.8	6.4	9.2	8.5
Daimler Buses[1]	-3.6	5.0	5.4	6.3	4.0	6.3	5.5	6.2	2.7	5.0	4.0	3.9
Group (ongoing bus.)[1]	3.6	7.3	7.6	7.9	6.7	7.0	7.8	8.4	7.9	7.8	8.6	8.8
Headline group	3.5	17.7	7.4	7.6	9.2	7.0	9.8	11.3	6.0	8.3	8.5	8.6

(1) EBIT on-going business, before exceptional/one-off items. (2) In 2013, the main one-off item was a EUR 3.22bn income from the EADS, EUR 1,67m of which was allocable to Daimler shareholders. 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 estimat

1Q15A EBIT

+EUR 0.86bn

1Q15 group EBIT (ongoing business) improved by 41.4% or EUR 0.86bn yoy to EUR 2.93bn/8.6%; this was driven by all divisions with the exception of Daimler Buses and spear-headed by Mercedes-Benz with a EUR 0.61bn yoy improvement in EBIT. A strong 13.4% yoy increase in wholesales to 641.6k vehicles, supported by a positive model mix and marginally positive pricing was responsible for the lion's share of the improvement (EUR 0.77bn). Forex had only a moderate EUR 0.08m impact.

FY15E EBIT

+27.3% EUR 2.78bn/8.8%

For FY15E, we expect group EBIT to grow 27.3% to EUR 2.78bn/8.8%, spearheaded by Mercedes-Benz's expected EUR 2.03bn improvement. Expected positive factors are a 10.7% increase in vehicle sales to 2.86m, supported by a positive mix and pricing and a EUR 1.0bn tailwind from currency, EUR 0.6bn at M-B and EUR 0.4bn at Trucks.

Daimler – Sales, production and inventory (1Q13-FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY15E
(Units '000)												
Retail sales	510.1	596.4	585.2	610.1	2,301.8	560.4	633.0	626.2	711.0	2,530.6	622.7	-
Wholesales	501.6	605.8	594.9	652.0	2,354.3	565.8	628.9	637.4	713.9	2,546.0	641.6	2,817.9
Production	555.7	621.5	592.6	614.5	2,384.2	611.2	624.6	664.8	681.7	2,582.3	699.7	2,857.5
Inventory	54.1	15.7	-2.3	-37.5	29.9	45.4	-4.2	27.4	-32.2	36.3	58.1	39.6
% change yoy												
Retail sales	1.5	6.3	12.7	13.8	8.7	9.9	6.1	7.0	8.0	7.7	11.1	-
Wholesales	-0.1	6.2	12.5	9.2	7.1	12.8	3.8	7.2	9.5	8.1	13.4	10.7
Production	1.4	12.6	7.6	12.8	8.6	10.0	0.5	12.2	10.9	8.3	14.5	10.7
% change qoq												
Retail sales	-11.8	16.9	-1.9	4.3	-	-14.9	13.0	-1.1	13.5	-	-12.4	-
Wholesales	-16.0	20.8	-1.8	9.6	-	-13.2	11.1	1.4	12.0	-	-10.1	-
Production	2.0	11.8	-4.7	3.7	-	-0.5	2.2	6.4	2.5	-	2.6	-

Source: Company data and CGI estimates

Daimler – Group P&L (1Q13 – FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY15E
(EUR m)												
Revenue – industrial .operations	22,525	26,144	26,442	28,349	103,460	25,648	27,716	29,124	31,393	113,881	29,687	127,510
Revenue – financial services	3,577	3,548	3,657	3,740	14,522	3,809	3,828	3,998	4,356	15,991	4,549	18,550
Group revenue	26,102	29,692	30,099	32,089	117,982	29,457	31,544	33,122	35,749	129,872	34,236	146,060
EBIT (headline)	917	5,242	2,231	2,425	10,815	1,787	3,095	3,732	2,129	10,743	2,906	12,584
Net interest income./-expenses	-157	-184	-159	-176	-676	-142	-158	-149	-130	-579	-105	-480
Pre-tax profit[1]	760	5,058	2,072	2,249	10,139	1,645	2,937	3,583	1,999	10,164	2,801	12,104
Less tax charge/-credit	196	475	175	573	1,419	564	739	760	820	2,883	751	3,447
Profita adter tax	564	4,583	1,897	1,676	8,720	1,081	2,198	2,823	1,179	7,281	2,050	8,657
Less minorities	28	1,749	61	37	1,875	59	92	86	91	328	87	300
Net profit - Daimler SHs	536	2,834	1,836	1,639	6,845	1,022	2,106	2,737	1,088	6,953	1,963	8,357
Net profit adj. for M&A (E)	551	1,358	1,844	1,671	5,424	1,301	1,456	1,732	988	5,477	-	-
Margin (%)												
Group EBIT	3.5	17.7	7.4	7.6	9.2	6.1	9.8	11.3	6.0	8.3	8.5	8.6
Pre-tax profit[1]	2.9	17.0	6.9	7.0	8.6	5.6	9.3	10.8	5.6	7.8	8.2	8.3
Net profit	2.1	9.5	6.1	5.1	5.8	3.5	6.7	8.3	3.0	5.4	5.7	5.7
Net profit adj. for M&A €	2.1	4.6	6.1	5.2	4.6	4.4	4.6	5.2	2.8	4.2	6.5	0.0
Tax rate (%)	25.8	9.4	8.4	25.5	14.0	34.3	25.2	21.2	41.0	28.4	26.8	28.5
Adj. tax rate (%)	33.9	34.2	8.4	25.1	20.3	29.3	32.3	29.5	43.2	33.2	-	-

Source: Company data and CGI estimates

Daimler – Industrial operations – cash flow (1Q13 – FY15E)

(EUR m)	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY1A	1Q15A	FY15E
Net profit	367	4,402	1,753	1,485	8,007	825	1,978	2,611	998	6,407	1,963	7,678
Depreciation & amortisation	1,053	1,088	1,095	1,107	4,343	1,211	1,221	1,218	1,314	4,964	1,349	5,738
Non-cash items	-290	-2,765	-314	8	-3,361	263	-921	-671	-65	-1,394	254	-1,500
CF from operations	1,130	2,725	2,534	2,600	8,989	2,299	2,278	3,158	2,247	9,977	3,566	11,916
WCR (core)	-447	-177	-42	36	-630	-177	-549	-325	-1,268	-2,319	-434	-1,432
WCR (incl. oper. leases)	-676	251	466	1,283	1,324	-237	-253	363	-2,311	-2,438	229	-1,532
CF from oper. activities	454	2,976	3,000	3,883	10,313	2,062	2,025	3,521	-64	7,539	3,795	10,384
Capex (PP&E)	-1,053	-1,034	-1,120	-1,749	-4,956	-1,038	-1,042	-1,163	-1,578	-4,821	-1,019	-5,406
Net investments	-535	1,580	-301	-1,019	-275	-364	-257	2,115	264	1,758	-557	-1,600
o/w M&A	*27*	*2,127*	*59*	*-594*	*1,619*	*14*	*51*	*2,419*	717	3,201	-80	-200
Other	-18	-68	-2	-152	-240	34	27	902	35	1,003	73	-200
FCF	-1,152	3,454	1,577	963	4,842	694	753	5,375	-1,343	5,479	2,292	3,178
FCF adj, for M&A	-1,179	1,327	1,518	1,557	3,223	680	702	2,956	-2,060	2,278	2,372	3,378
Dividends	-29	-2,320	3	-3	-2,349	-32	-2,375	0	0	-2,407	-44	-2,621
Other (incl. share reps/issue)	-308	173	-329	297	-167	-22	-156	-196	421	47	1,321	-310
Net cash decrease/-increase	1,489	-1,307	-1,251	-1,257	-2,326	-640	1,778	-5,179	922	-3,119	-3,569	-247
Net cash/-debt	10,019	11,326	12,577	13,834	13,834	14,474	12,696	17,875	16,953	16,953	20,522	17,200

Source: Company data and CGI estimates

Mercedes-Benz Cars – 1Q15A & FY15E

Mercedes-Benz Cars – Results, sales and production (1Q13 – FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY15E
(EUR m)												
Revenue	14,110	16,324	16,521	17,352	64,307	17,004	17,771	18,677	20,132	73,584	19,509	83,150
% change yoy	-5.5	6.2	8.4	7.6	4.3	20.5	8.9	13.1	16.0	14.4	14.7	13.0
EBIT	460	1,041	1,200	1,305	4,006	1,183	1,409	1,584	1,677	5,853	1,841	7,899
% change yoy	-62.6	-22.1	23.3	53.3	-8.8	157.2	35.4	32.0	28.5	46.1	55.6	35.0
EBIT margin (%)	3.3	6.4	7.3	7.5	6.2	7.0	7.9	8.5	8.3	8.0	9.4	9.5
One-offs	0	-43	-51	-80	-174	0	0	-30	-81	-111	47	-95
Adj. EBIT	460	1,084	1,251	1,385	4,180	1,183	1,409	1,614	1,758	5,964	1,794	7,994
% change yoy	-63.3	-18.9	25.2	62.7	-5.9	157.2	30.0	29.0	26.9	42.7	51.6	34.0
Adj. EBIT margin (%)	3.3	6.6	7.6	8.0	6.5	7.0	7.9	8.6	8.7	8.1	9.2	9.6
Impl. unit/rev.(% - yoy)	-6.4	-2.8	-5.3	0.8	-3.3	5.7	5.2	3.7	1.9	3.4	-2.8	0.7
Units ('000)												
Retail sales	350.5	395.8	390.1	426.1	1,562.5	397.7	432.6	431.7	477.8	1,739.9	458.3	-
% change yoy	2.8	7.7	16.3	12.2	9.7	13.5	9.3	10.7	12.2	11.4	15.2	-
Wholesales	341.5	404.7	395.4	424.6	1,566.2	389.5	418.7	431.0	483.4	1,722.6	459.7	1,932.2
% change yoy	0.9	9.3	14.5	6.8	7.9	14.0	3.5	9.0	13.9	10.0	18.0	12.2
Production	374.0	412.0	391.9	410.7	1,588.7	407.5	406.6	459.3	480.8	1,754.1	495.0	1,967.2
% change yoy	2.8	15.9	6.7	11.3	9.1	8.9	-1.3	17.2	17.1	10.4	21.5	12.1
Over-production	32.5	7.3	-3.5	-13.9	22.4	18.0	-12.0	28.2	-2.6	31.6	35.3	35.0

Source: Company data and CGI estimates

1Q15A EBIT

+EUR 0.61bn yoy

Volume, mix, and prices

Positive factors behind the 52%/EUR 0.61bn yoy improvement in divisional EBIT to EUR 1.79bn/9.2%, included 1) EUR 0.56bn, mainly from an 18.0% yoy increase in car sales to 459.k units, that was accompanied by a better model mix and pricing. 2) Efficiency gains of an estimated EUR 0.2bn. 3) We believe that the over-production by 35k units had a positive impact at least EUR 0.1bn. 1Q15 saw the SOP of the CLA shooting-break in Hungary, the GLA in the Beijing JV and the GLE coupé in the US.

Negatives included 1) higher costs related to new technology, products and capacity expansion; 2) a slightly worse country mix, and 3) forex of EUR -35m.

C-Class

Key models driving 1Q15 sales and profits were the C-Class (+44% yoy to 119.2k retail sales), the compact class (+25.3% to 123.8k) and smart (+22.7% to 28.7k). The full rollout of the C-Class took place during 2014: The saloon version of the C-Class that had its European launch in March 2014, was introduced in the US and China in August. In China M-B introduced the locally produced C-Class LWB its first LWB model in the midsize segment, thus, at long last catching up with its peers. The estate version, mainly for the European market was also introduced in September.

Compact class

The full roll-out of the compact class on Mercedes's FWD platform (MFA), that had started in November 2011 with the launch of the B-Class, was completed with the launch of the fifth version, the CLA shooting brake, an estate version of the CLA four-door coupé in February 2015. The benefit from the success of the new compact class transcends volume growth and cost benefits and includes a considerable improvement of M-B's competitive position in the global premium market. Indeed, the new compact class has attracted considerably younger customers, more than 70% are conquest.

FY15E EBIT

M-B was the only German premium OEM that managed to greatly increase its profit margin in 1Q15, thus narrowing the gap versus its peers. We see this trend to continue in FY15E as the model momentum continues to accelerate. In addition, M-B should benefit from a EUR 0.6bn forex tailwind, according to management. For FY15E, we therefore expect that a 12.2% increase in car sales to 1.93m will generate a 34% increase in EBIT to EUR 7.94bn and a 9.6% margin, after 8.1% in FY14.

+34% to

EUR 7.94bn/9.6%

Following the complete rollout of the compact class, M-B is now renewing and expanding its SUV line-up. Six years after its peer BMW, M-B is now about to launch the GLE coupé a coupé version of the M-Class (renamed GLE) and the GLC, as successor to the rather 'narrow' GLK.

Negatives should include higher costs related to new technology, products and capacity expansion.

Management guidance 2015 (Feb 5)

Market assumptions: passenger vehicles

- Global: around +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 full availability of new C-Class and smart models
- Launch of all-new Mercedes-Maybach, Mercedes-AMG GT, CLA Shooting Brake and GLE Coupé

Mercedes-Benz Cars: EBIT outlook

- Significantly above the prior-year level

Management guidance 2015 (Apr 28)

Market assumptions: passenger vehicles

- Global: around +3%
- 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 full availability of new C-Class and smart models
- Launch of all-new Mercedes-Maybach, Mercedes-AMG GT, CLA Shooting Brake and GLE Coupé

Mercedes-Benz Cars: EBIT outlook

- Significantly above the prior-year level

Mercedes-Benz Cars –Wholesales by region (1Q13 – FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY15E
Units ('000)												
- Germany	61.1	79.8	69.9	69.1	279.9	59.1	73.2	66.2	73.9	272.5	65.4	288.8
- R of W Europe	88.6	98.5	81.5	91.7	360.3	93.2	98.7	94.1	110.2	396.1	111.0	433.3
Western Europe	149.7	178.2	151.4	160.8	640.2	152.3	171.9	160.3	184.1	668.6	176.3	722.1
- US	68.0	76.5	80.1	93.9	318.5	76.9	81.9	84.1	101.5	344.4	87.7	376.4
- Canada/Mexico	9.8	12.1	11.7	11.1	44.6	9.5	12.7	10.8	13.4	46.4	11.6	49.6
NAFTA	77.8	88.5	91.8	105.0	363.1	86.4	94.6	94.9	114.9	390.7	99.3	426.0
- China	46.4	60.0	64.8	67.5	238.7	70.3	68.1	76.2	78.0	292.7	87.4	352.7
- Other Asia	32.3	33.1	42.6	43.0	151.0	43.8	36.3	51.5	51.3	183.0	52.8	215.7
Asia	78.7	93.1	107.4	110.4	389.7	114.2	104.3	127.7	129.4	475.6	140.2	568.4
Rest of World	35.3	44.8	44.8	48.4	173.3	36.6	47.9	48.2	55.0	187.6	43.9	215.8
M-B Cars	341.5	404.7	395.4	424.6	1,566.2	389.5	418.7	431.0	483.4	1,722.6	459.7	1,932.2
% chge yoy												
- Germany	-5.5	-1.4	2.1	-8.9	-3.5	-3.3	-8.2	-5.3	7.0	-2.7	10.6	6.0
- R of W Europe	-3.3	11.3	9.1	5.7	5.5	5.3	0.2	15.4	20.1	10.0	19.0	9.4
Western Europe	-4.2	5.3	5.8	-1.1	1.4	1.8	-3.6	5.8	14.5	4.4	15.8	8.0
- US	-0.9	16.8	7.9	2.7	6.3	13.0	7.1	5.0	8.1	8.1	14.1	9.3
- Canada/Mexico	-0.9	5.9	19.7	-2.9	5.1	-2.8	5.2	-7.4	21.0	4.0	22.3	7.0
NAFTA	-0.9	15.2	9.3	2.1	6.1	11.0	6.8	3.4	9.4	7.6	15.0	9.0
- China	9.2	0.6	37.5	14.0	14.5	51.6	13.4	17.6	15.7	22.6	24.3	20.5
- Other Asia	4.4	13.1	20.5	25.6	16.3	35.6	9.7	20.8	19.5	21.2	20.3	17.9
Asia	7.1	4.7	30.2	18.3	15.2	45.0	12.1	18.9	17.1	22.0	22.8	19.5
Rest of World	17.4	27.0	25.3	25.1	24.0	3.7	6.8	7.5	13.8	8.3	19.8	15.0
M-B Cars	0.9	9.3	14.5	6.8	7.9	14.0	3.5	9.0	13.9	10.0	18.0	12.2
Share (%)												
- Germany	17.9	19.7	17.7	16.3	17.9	15.2	17.5	15.4	15.3	15.8	14.2	14.9
- R of W Europe	25.9	24.3	20.6	21.6	23.0	23.9	23.6	21.8	22.8	23.0	24.1	22.4
Western Europe	43.8	44.0	38.3	37.9	40.9	39.1	41.1	37.2	38.1	38.8	38.4	37.4
- US	19.9	18.9	20.3	22.1	20.3	19.7	19.6	19.5	21.0	20.0	19.1	19.5
- Canada/Mexico	2.9	3.0	2.9	2.6	2.8	2.4	3.0	2.5	2.8	2.7	2.5	2.6
NAFTA	22.8	21.9	23.2	24.7	23.2	22.2	22.6	22.0	23.8	22.7	21.6	22.0
- China	13.6	14.8	16.4	15.9	15.2	18.1	16.3	17.7	16.1	17.0	19.0	18.3
- Other Asia	9.5	8.2	10.8	10.1	9.6	11.3	8.7	12.0	10.6	10.6	11.5	11.2
Asia	23.1	23.0	27.2	26.0	24.9	29.3	24.9	29.6	26.8	27.6	30.5	29.4
Rest of World	10.3	11.1	11.3	11.4	11.1	9.4	11.4	11.2	11.4	10.9	9.5	11.2
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 (1Q13 – 1Q15A)

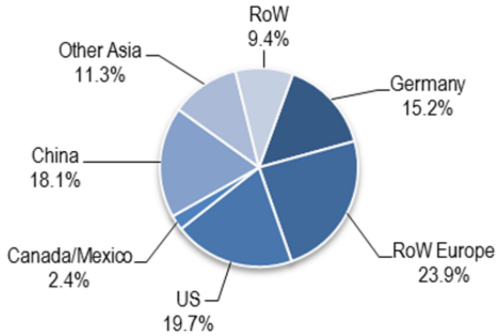
	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14A	1Q15A
Units ('000)											
A-/B-Class	77.0	96.3	94.1	103.9	371.4	98.8	116.4	120.0	128.0	463.2	123.8
C-/CLK-/SLK-Class	90.2	97.3	90.6	85.7	363.8	82.8	78.4	84.3	118.9	364.4	119.2
E-/CLS-Class	64.6	79.2	88.3	97.5	329.6	82.7	91.0	87.3	77.2	338.2	72.0
S-Class[1] /Maybach	15.9	17.8	15.1	23.3	72.2	27.1	28.4	29.0	33.1	117.5	30.5
SUVs[2]	77.2	78.8	80.1	88.6	324.7	77.6	89.1	84.2	97.7	341.8	77.5
V-Class[3]	-	-	-	-	-	5.3	5.9	6.9	6.8	25.0	6.7
Mercedes-Benz	324.9	369.5	368.2	399.0	1,461.7	374.3	409.2	411.6	454.9	1,650.0	429.6
Smart	25.6	26.2	21.9	27.0	100.8	23.4	23.4	20.1	23.0	89.8	28.7
M-B Cars	350.5	395.8	390.1	426.1	1,562.5	397.7	432.6	431.7	477.8	1,739.9	458.3
% change yoy											
A-/B-Class	49.4	65.5	91.5	53.9	64.0	28.2	20.9	27.5	23.1	24.7	25.3
C-/CLK-/SLK-Class	-9.5	-11.7	-11.3	-15.1	-11.9	-8.2	-19.4	-6.9	38.7	0.2	44.0
E-/CLS-Class	-19.2	-1.8	25.2	23.1	6.2	28.1	14.9	-1.2	-20.8	2.6	-12.9
S-Class[1] /Maybach	-33.0	-12.8	-12.8	22.6	-10.4	70.9	59.1	91.4	41.7	62.8	12.6
SUVs[2]	30.6	13.5	10.0	0.2	12.1	0.5	13.1	5.1	10.4	5.3	-0.2
Mercedes-Benz	3.5	9.0	18.0	12.4	10.7	15.2	10.7	11.8	14.0	12.9	14.8
Smart	-5.0	-8.3	-6.3	9.2	-2.8	-8.6	-10.9	-8.5	-14.9	-10.9	22.7
M-B Cars	2.8	7.7	16.3	12.2	9.7	13.5	9.3	10.7	12.2	11.4	15.2
Share (%)											
A-/B-Class	22.0	24.3	24.1	24.4	23.8	24.8	26.9	27.8	26.8	26.6	27.0
C-/CLK-/SLK-Class	25.7	24.6	23.2	20.1	23.3	20.8	18.1	19.5	24.9	20.9	26.0
E-/CLS-Class	18.4	20.0	22.6	22.9	21.1	20.8	21.0	20.2	16.2	19.4	15.7
S-Class[1] /Maybach	4.5	4.5	3.9	5.5	4.6	6.8	6.6	6.7	6.9	6.8	6.7
SUVs[2]	22.0	19.9	20.5	20.8	20.8	19.5	20.6	19.5	20.5	19.6	16.9
V-Class[3]	-	-	-	-	-	1.3	1.4	1.6	1.4	1.4	1.5
Mercedes-Benz	92.7	93.4	94.4	93.7	93.5	94.1	94.6	95.4	95.2	94.8	93.7
Smart	7.3	6.6	5.6	6.3	6.5	5.9	5.4	4.6	4.8	5.2	6.3

Mercedes-Benz Cars – Retail sales by region (1Q13 – FY14A)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A
Units ('000)											
- Germany	60.4	78.7	71.3	71.7	282.1	61.6	74.2	69.6	76.0	282.3	68.4
- Rest of W Europe	91.4	94.9	87.1	86.4	359.9	96.4	106.0	96.6	99.2	398.7	119.6
Western Europe	151.8	173.6	158.4	158.2	642.0	157.9	180.2	167.2	175.1	681.0	188.1
- US	71.4	75.1	75.5	99.7	321.8	74.9	81.4	85.1	99.3	340.6	79.8
- Canada/Mexico	9.6	11.4	11.3	11.8	44.2	10.1	11.9	11.7	13.4	47.0	10.9
NAFTA	81.0	86.5	86.9	111.6	366.0	84.9	93.3	96.8	112.7	387.7	90.6
- Japan	12.1	7.6	14.9	14.6	54.3	18.1	7.8	16.7	17.1	61.8	18.8
- China	50.0	57.5	61.4	66.7	235.6	71.7	73.5	72.1	82.2	299.416	82.6
- Other Asia/Pacific	26.6	28.6	31.2	34.0	120.5	33.9	35.8	38.2	41.7	149.6	41.7
Asia/Pacific	88.8	98.8	107.6	115.3	410.4	123.7	119.0	127.0	141.1	510.8	143.1
Rest of World	28.9	36.8	37.3	41.0	144.1	31.2	40.2	40.6	49.0	160.4	36.5
M-B Cars	350.5	395.8	390.1	426.1	1,562.5	397.7	432.6	431.7	477.8	1,739.9	458.3
% chge yoy											
- Germany	-5.2	-1.8	4.0	-6.3	-2.4	1.9	-5.7	-2.3	5.9	0.1	11.1
- Rest of W Europe	2.2	6.4	13.7	7.7	7.3	5.4	11.6	10.9	14.8	10.8	23.4
Western Europe	-0.8	2.5	9.1	0.8	2.8	4.0	3.8	5.6	10.7	6.1	18.7
- US	11.9	8.0	15.2	17.0	13.3	4.9	8.3	12.7	-0.5	5.8	6.6
- Canada/Mexico	3.2	-3.3	17.1	11.5	6.7	4.4	4.4	3.2	13.2	6.5	7.6
NAFTA	10.8	6.4	15.4	16.4	12.4	4.8	7.8	11.4	1.0	5.9	6.7
- Japan	12.7	2.0	30.6	-37.1	0.0	49.5	2.0	12.1	17.3	13.7	3.9
- China	-10.8	10.5	26.0	20.9	11.1	43.2	27.9	17.4	23.2	27.1	15.3
- Other Asia/Pacific	15.4	11.3	25.6	121.5	35.4	27.5	24.9	22.4	22.7	24.2	23.0
Asia/Pacific	-1.3	13.9	26.5	23.0	15.5	39.3	20.5	18.1	22.3	24.4	15.7
Rest of World	17.1	21.9	24.3	22.6	21.7	7.9	9.0	8.9	19.4	11.3	19.2
M-B Cars	2.8	7.7	16.3	12.2	9.7	13.5	9.3	10.7	12.2	11.4	15.2
Share (%)											
- Germany	17.2	19.9	18.3	16.8	18.1	15.5	17.1	16.1	15.9	16.2	14.9
- Rest of W Europe	26.1	24.0	22.3	20.3	23.0	24.2	24.5	22.4	20.8	22.9	26.1
Western Europe	43.3	43.9	40.6	37.1	41.1	39.7	41.6	38.7	36.7	39.1	41.0
- US	20.4	19.0	19.4	23.4	20.6	18.8	18.8	19.7	20.8	19.6	17.4
- Canada/Mexico	2.7	2.9	2.9	2.8	2.8	2.5	2.7	2.7	2.8	2.7	2.4
NAFTA	23.1	21.9	22.3	26.2	23.4	21.3	21.6	22.4	23.6	22.3	19.8
- Japan	3.5	1.9	3.8	3.4	3.5	4.6	1.8	3.9	3.6	3.6	4.1
- China	14.3	14.5	15.7	15.7	15.1	18.0	17.0	16.7	17.2	17.2	18.0
- Other Asia/Pacific	7.6	7.2	8.0	8.0	7.7	8.5	8.3	8.9	8.7	8.6	9.1
Asia/Pacific	25.3	25.0	27.6	27.1	26.3	31.1	27.5	29.4	29.5	29.4	31.2
Rest of World	8.3	9.3	9.6	9.6	9.2	7.9	9.3	9.4	10.2	9.2	8.0
M-B Cars	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	14.9

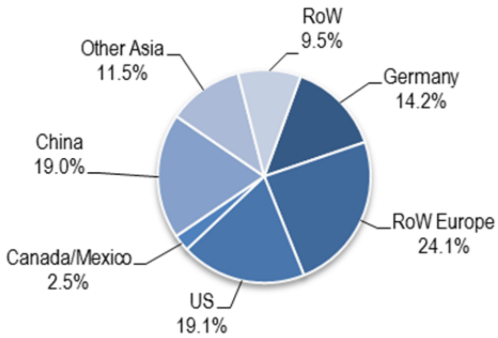
Source: (1) S-Class incl. also CL-/SL-Class and SLR. (2) SUVs include ML-/R-/GLK-/G-Class (3) V-segment wholesales and revenue are included in Vans. Company data and CGI estimates

M-B Cars – Geographic split wholesales (1Q14)



Source: Company data and CGI calculations

M-B Cars – Geographic split wholesales (1Q15A)



Source: Company data and CGI calculations

Daimler Trucks – 1Q15A & FY15E

Daimler Trucks – Results, sales and production (1Q13 – FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY15E
(EUR m)												
Revenue	7,024	7,965	7,982	8,502	31,473	7,121	7,966	8,463	8,839	32,389	8,414	36,600
% change yoy	-4.9	-2.0	-1.4	9.3	0.3	1.4	0.0	6.0	4.0	2.9	18.2	13.0
EBIT[1]	116	434	522	565	1,637	341	455	588	494	1,878	472	2,342
% change yoy	-69.1	-17.2	4.2	92.2	-3.4	194.0	4.8	12.6	-12.6	14.7	38.4	586.9
EBIT margin (%)	1.7	5.4	6.5	6.6	5.2	4.8	5.7	6.9	5.6	5.8	5.6	6.4
One-offs	-13	-82	-8	-13	-116	-5	-71	-30	-89	-195	-64	-150
Adj. EBIT[1]	129	516	530	578	1,753	346	526	618	583	2,073	536	2,492
% change yoy	-65.7	-1.5	5.8	96.6	3.4	168.2	1.9	16.6	0.9	18.3	54.9	620.3
Adj. EBIT margin (%)	1.8	6.5	6.6	6.8	5.6	4.9	6.6	7.3	6.6	6.4	6.4	6.8
Impl. unit/revenue (% chge yoy)	1.0	-3.2	-5.6	-8.4	-4.4	-5.2	-1.8	5.1	3.2	0.5	14.1	5.2
Units ('000)												
Incoming orders	126.2	125.8	125.9	120.3	498.1	134.0	124.7	125.9	172.9	550.5	129.9	-
% change yoy	18.3	18.6	31.9	10.4	19.4	6.2	-0.9	0.0	43.7	10.5	-3.1	-
Wholesales	101.4	123.8	124.5	134.6	484.2	108.5	126.1	125.6	135.5	495.7	112.4	530.3
% change yoy	-5.8	1.3	4.5	19.2	4.8	7.0	1.9	0.9	0.7	2.4	3.6	7.0
Production	111.2	127.4	128.3	123.4	490.3	122.1	127.7	124.4	123.6	497.7	122.2	532.4
% change yoy	-3.0	5.4	7.9	28.2	8.8	9.8	0.2	-3.1	0.1	1.5	0.1	7.0
Over-production	9.7	3.6	3.8	-11.1	6.1	13.6	1.6	-1.2	-11.9	2.0	9.8	2.1

Source: Company data and CGI estimates

1Q15A EBIT

+EUR 0.19bn yoy

Positives included 1) a 15.7% yoy increase in sales in NAFTA to 40.0k units; 2) a forex impact of EUR 0.13bn, almost entirely from translation; and 3) efficiency gains.

Negatives included 1) sharp, 30% yoy sales decline in South America and Indonesia to 7.2k and 10.0k units respectively; and 2) higher warranty costs and costs for additional capacity.

Management guidance 2015 (Feb 5)	Management guidance 2015 (Apr 28)
Market assumptions: truck markets	**Market assumptions: truck markets**
• NAFTA region: around +10% • Europe: around the prior-year level • Japan: slightly below prior-year level • Brazil: around -10% • Indonesia (incl. light-duty): araound +10%	• NAFTA region: +10% to 15% • Europe: +5% to 10% • Japan: around the prior-year level • Brazil: around -30% • Indonesia (incl. light-duty): araound -20%
Daimler Trucks: sales outlook	**Daimler Trucks: sales outlook**
• Significantly higher unit sales due to strong product portfolio • Strong order backlog, especially in NAFTA region • Growth potential due to new Asia Business Model	• Significantly higher unit sales due to strong product portfolio • Strong order backlog, especially in NAFTA region • Growth potential due to new Asia Business Model
Daimler Trucks : EBIT outlook	**Daimler Trucks : EBIT outlook**
• Significantly above the prior-year level .	• Significantly above the prior-year level

Daimler Trucks – Wholesales by market (1Q13 – FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY15E
Units ('000)												
- Germany	6.2	7.6	7.9	19.7	33.5	6.5	7.1	6.9	8.5	29.0	5.0	30.1
- Rest W Europe	5.8	6.6	8.8	20.0	32.4	5.1	6.1	6.7	9.3	28.4	6.4	32.8
Western Europe	12.0	14.3	16.7	39.6	65.9	11.6	13.2	13.7	17.7	57.4	11.5	62.9
- US	26.6	30.0	30.7	61.1	117.8	30.6	35.8	36.6	36.1	141.6	35.7	165.7
- Canada/Mexico	4.0	4.9	4.5	8.5	17.4	4.0	5.3	4.5	6.0	19.9	5.1	21.6
NAFTA	30.6	34.9	35.1	69.6	135.2	34.6	41.1	41.0	41.9	161.5	40.8	187.3
South America	13.0	16.1	16.2	30.3	59.3	10.2	11.9	12.7	12.5	47.1	7.2	30.6
- Japan	8.9	8.8	10.1	20.7	38.3	13.4	8.9	10.6	10.8	43.9	12.3	44.1
- Other Asia	26.4	33.2	31.0	64.8	124.3	27.2	33.9	26.3	34.4	123.4	25.0	124.8
Asia	35.2	42.0	41.1	85.5	162.7	40.6	42.8	36.9	45.2	167.2	37.3	168.9
Rest of World	10.6	16.6	15.4	34.0	61.2	11.5	16.9	15.1	18.3	62.5	15.6	80.6
Daimler Trucks	101.4	123.8	124.5	259.0	484.2	108.5	126.1	119.4	135.5	495.7	112.4	530.3
% chge yoy												
- Germany	-3.0	-6.9	-1.2	19.2	7.7	4.7	-6.5	-11.6	-28.3	-13.3	-22.5	3.5
- Rest W Europe	-13.6	-3.0	41.1	48.8	20.2	-10.9	-8.0	-10.5	-17.1	-12.4	25.0	15.6
Western Europe	-8.4	-5.1	17.4	32.5	13.5	-2.8	-7.2	-11.0	-22.9	-12.8	-1.5	9.5
- US	-2.9	5.6	2.7	6.8	4.2	14.8	19.3	27.6	18.5	20.2	16.8	17.0
- Canada/Mexico	-23.2	-20.2	-16.1	-19.6	-20.6	-0.9	8.7	3.1	47.5	14.1	28.7	8.9
NAFTA	-6.1	1.0	-0.1	2.7	0.1	12.8	17.8	24.9	21.5	19.4	18.2	16.0
South America	30.8	57.2	29.2	16.6	28.6	-21.8	-25.7	-22.7	-11.4	-20.6	-28.7	-35.0
- Japan	-9.4	-0.6	23.4	26.4	9.6	51.6	2.1	5.9	1.4	14.4	-8.5	0.5
- Other Asia	-12.9	-11.2	-10.1	6.0	-3.4	3.2	2.1	-10.1	1.9	-0.8	-8.2	1.2
Asia	-12.1	-9.2	-3.7	10.3	-0.7	15.4	2.1	-6.2	1.8	2.8	-8.3	1.0
Rest of World	-11.4	2.2	5.7	10.4	3.7	8.8	2.1	2.6	-2.0	2.1	35.2	29.0
Daimler Trucks	-5.8	1.3	4.5	11.6	4.8	7.0	1.9	0.9	0.7	2.4	3.6	7.0
Share (%)												
- Germany	6.1	6.2	6.3	7.6	6.9	6.0	5.7	5.5	6.2	5.9	4.5	5.7
- Rest W Europe	5.7	5.4	7.1	7.7	6.7	4.7	4.8	6.3	6.8	5.7	5.7	6.2
Western Europe	11.8	11.5	13.4	15.3	13.6	10.7	10.5	11.8	13.1	11.6	10.2	11.9
- US	26.3	24.2	24.6	23.6	24.3	28.2	28.4	31.2	26.6	28.6	31.8	31.2
- Canada/Mexico	3.9	4.0	3.6	3.3	3.6	3.7	4.2	3.7	4.4	4.0	4.5	4.1
NAFTA	30.2	28.2	28.2	26.9	27.9	31.8	32.6	34.9	30.9	32.6	36.3	35.3
South America	12.8	13.0	13.0	11.7	12.3	9.4	9.5	10.0	9.2	9.5	6.4	5.8
- Japan	8.7	7.1	8.1	8.0	7.9	12.4	7.1	8.5	8.0	8.8	10.9	8.3
- Other Asia	26.0	26.8	24.9	25.0	25.7	25.1	26.9	22.2	25.4	24.9	22.2	23.5
Asia	34.7	33.9	33.0	33.0	33.6	37.4	34.0	30.7	33.3	33.7	33.2	31.9
Rest of World	10.5	13.4	12.3	13.1	12.6	10.6	13.4	12.5	13.5	12.6	13.9	15.2
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 estimates

Daimler Trucks – Incoming orders by market (1Q13 – 1Q15)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15
Units ('000)											
- Germany	7.6	7.4	12.5	5.2	33.4	6.3	5.9	5.8	6.5	24.5	8.2
- Rest W Europe	7.6	7.2	9.8	4.7	31.4	6.3	8.5	7.5	8.1	30.4	9.0
Western Europe	15.3	14.6	22.3	9.9	64.7	12.6	14.4	13.3	14.6	54.9	17.3
- US	31.2	28.0	30.3	37.5	125.9	45.2	35.0	34.1	75.6	189.8	47.9
- Canada/Mexico	4.7	4.8	2.8	4.5	16.8	7.0	4.9	5.1	9.8	26.8	4.4
NAFTA	35.9	32.8	33.0	42.1	142.7	52.2	39.9	39.2	85.3	216.6	52.3
South America	13.1	14.1	14.8	10.5	53.6	9.8	12.2	10.6	13.4	46.0	3.0
- Japan	9.9	7.6	10.7	11.7	44.1	11.0	12.0	11.3	10.1	44.4	11.1
- Other Asia	35.5	31.9	27.0	31.7	125.9	32.8	28.2	28.1	31.2	120.2	25.9
Asia	45.4	39.5	37.7	43.4	170.0	43.7	40.2	39.4	41.3	164.6	37.0
Rest of World	16.5	20.3	18.1	14.5	67.0	15.7	18.1	16.6	18.2	68.6	20.3
Daimler Trucks	126.2	121.3	125.9	120.3	498.1	134.0	124.7	119.0	172.9	550.5	129.9
% chge yoy											
- Germany	-13.5	-5.7	96.2	-20.2	15.8	-16.8	-26.7	-53.9	24.9	-26.7	29.5
- Rest W Europe	25.4	5.4	75.4	-37.2	21.7	-17.7	-7.8	-23.8	72.9	-3.1	43.9
Western Europe	2.4	-0.6	86.5	-29.3	18.6	-17.2	-16.6	-40.7	47.8	-15.3	36.6
- US	31.8	84.3	46.4	17.7	32.1	44.9	29.8	12.6	101.4	50.7	6.0
- Canada/Mexico	10.7	6.4	-8.2	37.2	21.2	47.1	3.0	85.3	115.2	59.3	-36.7
NAFTA	28.6	66.5	39.5	19.5	30.7	45.2	25.7	18.6	102.9	51.7	0.3
South America	32.7	4.1	26.8	-13.2	26.0	-25.1	-20.2	-28.2	27.3	-14.3	-69.7
- Japan	11.0	7.3	27.6	36.8	25.8	10.7	1.7	5.8	-13.3	0.7	1.6
- Other Asia	16.0	12.6	13.3	21.0	8.5	-7.8	-11.1	3.9	-1.6	-4.6	-21.1
Asia	14.9	11.6	17.1	24.8	12.5	-3.7	-7.7	4.4	-4.8	-3.2	-15.4
Rest of World	14.6	43.0	13.5	11.6	12.5	-4.7	0.1	-8.2	26.1	2.3	29.4
Daimler Trucks	18.3	24.4	31.9	10.4	19.4	6.2	-0.9	-5.5	43.7	10.5	-3.1

Source: Company data and CGI calculation

Mercedes-Benz Vans & Daimler Buses – 1Q15A & FY15E

Mercedes-Benz Vans – Results, sales and production (1Q13 – FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY154E
(EUR m)												
Revenue	1,986	2,434	2,253	2,696	9,369	2,212	2,494	2,515	2,747	9,968	2,415	11,164
% change yoy	-4.9	0.6	8.1	8.8	3.3	11.4	2.5	11.6	1.9	6.4	9.2	12.0
EBIT	81	204	152	194	631	123	242	176	141	682	215	882
% change yoy	-51.5	2.0	102.7	92.1	16.2	51.9	18.6	15.8	-27.3	8.1	74.8	29.3
EBIT margin (%)	4.1	8.4	6.7	7.2	6.7	5.6	9.7	7.0	5.1	6.8	8.9	7.9
One-offs	0	0	0	0	0	0	61	0	-17	44	-6	-70
Adj. EBIT[1]	81	204	152	194	631	123	181	176	158	638	221	952
% change yoy	-51.5	2.0	102.7	17.6	4.0	51.9	-11.3	15.8	-18.6	1.1	79.7	49.2
Adj. EBIT margin (%)	4.1	8.4	6.7	7.2	6.7	5.6	7.3	7.0	5.8	6.4	9.2	8.5
Impl. unit/rev. (% yoy)	-7.4	0.4	-7.7	0.1	-3.5	-4.1	-6.4	1.0	-1.1	-2.4	4.6	-6.2
Units ('000)												
Retail sales	52.8	68.6	67.0	61.9	250.3	53.9	68.5	66.5	77.4	266.3	57.6	-
% change yoy	1.2	0.7	13.8	-12.9	0.0	2.2	-0.2	-0.7	-3.4	-0.8	6.8	-
Wholesales	52.6	69.4	65.3	82.8	270.1	61.1	76.0	72.2	85.3	294.6	63.8	328.9
% change yoy	2.7	0.2	17.2	8.7	7.0	16.1	9.5	10.6	3.0	9.1	4.4	11.7
Production	63.2	72.8	62.8	72.0	270.8	73.9	81.5	73.1	70.4	299.0	74.7	330.9
% change yoy	0.3	7.4	13.9	0.6	5.2	17.0	11.9	16.4	-2.2	10.4	1.1	10.7
Over-production	10.5	3.4	-2.5	-10.8	0.7	12.8	5.5	0.9	-14.8	4.4	10.9	2.0

Source: Company data and CGI estimates

Management guidance 2015 (Feb 5)

Market assumptions: van markets

- Europe: around the prior-year level

Mercedes-Benz Vans: sales outlook

- Significantly higher unit sales
- Strong momentum - full availability of new Vito and V-Class
- Product expansion to North and South America

Mercedes-Benz Vans: EBIT outlook

- Significantly above the prior-year level

Management guidance 2015 (Apr 28)

Market assumptions: van markets

- Europe: slight growth

Mercedes-Benz Vans: sales outlook

- Significantly higher unit sales
- Strong momentum - full availability of new Vito and V-Class
- Product expansion to North and South America

Mercedes-Benz Vans: EBIT outlook

- Significantly above the prior-year level

Daimler Buses – Results, sales and production (1Q13 – FY15E)

	1Q13	2Q13	3Q13	4Q13	FY13	1Q14	2Q14	3Q14	4Q14	FY14	1Q15A	FY154E
(EUR m)												
Revenue	751	934	1,127	1,293	4,105	859	1,048	1,034	1,277	4,218	877	3,374
% change yoy	2.9	-8.1	18.5	5.0	4.5	14.4	12.2	-8.3	-1.2	2.8	2.1	-20.0
EBIT	-31	27	59	69	124	53	50	64	30	197	34	110
% change yoy	-70.5	-145.8	-263.9	-428.6	-156.1	NM	85.2	8.5	-56.5	58.9	-35.8	-44.2
EBIT margin (%)	-4.0	2.9	5.2	5.3	3.0	6.2	4.8	6.2	2.3	4.7	3.9	3.3
One-offs	-4	-20	-2	-13	-39	-1	-8	0	-5	-14	-1	-20
Adj. EBIT[1]	-27	47	61	82	163	54	58	64	35	211	35	130
% change yoy	-60.9	-461.5	-405.0	127.8	-347.0	NM	23.4	4.9	-57.3	29.4	-35.2	-38.4
Adj. EBIT margin (%)	-3.6	5.0	5.4	6.3	4.0	6.3	5.5	6.2	2.7	5.0	4.0	3.9
Impl.unit/rev.(% yoy)	-16.5	-2.2	1.4	9.2	-0.5	11.0	9.7	2.7	2.2	2.2	11.0	0.0
Units ('000)												
Wholesales	6.0	7.9	9.6	10.1	33.7	6.7	8.1	8.6	9.8	33.2	5.7	-
% change yoy	23.2	-6.0	16.9	-3.9	5.0	10.6	2.3	-10.7	-3.4	-1.6	-15.0	-
Production	7.4	9.3	9.5	8.4	34.5	7.7	8.9	8.0	6.9	31.5	7.8	27.0
% change yoy	15.5	17.7	3.1	5.3	441.1	5.1	-4.5	-15.3	-17.9	-8.7	0.3	-14.2
Over-production	1.3	1.4	-0.2	-1.8	0.8	1.1	0.8	-0.6	-2.9	-1.7	2.1	0.5

Source: Company data and CGI estimates

Management guidance 2014 (Jul 23)

Market assumptions: bus markets

- Western Europe: slight growth
- Brazil: around the prior-year level

Daimler Buses: sales outlook

- Slightly higher unit sales
- Maintain market leadership in Western Europe and Brazil
- Positive sales development mainly in non-core markets

Daimler Buses: EBIT outlook (Oct 14)

- Slightly below the prior-year level

Management guidance 2014 (Oct 23)

Market assumptions: bus markets

- Europe: slight growth
- Brazil: at least -20%

Daimler Buses: sales outlook

- Significant decrease in unit sales
- Maintain market leadership in Western Europe and Brazil
- Stable sales development in Europe, significant sales decrease in Latin America

Daimler Buses: EBIT outlook

- Significantly below the prior-year level

Daimler management guidance for 2015

Market assumptions 2015 (Feb 5)	Market assumptions 2015 (Apr 28)
Passenger vehicle markets	**Passenger vehicle markets**
• Global: around +4% • Western Europe: slight growth • USA: slight growth • China: significant growth	• Global: around +3% • Western Europe: slight growth • USA: slight growth • China: significant growth
Truck markets	**Truck markets**
• NAFTA region: around +10% • Europe: around the prior-year level • Japan: slightly below prior-year level • Brazil: around -10% • Indonesia (incl. light-duty): araound +10%	• NAFTA region: +10% to 15% • Europe: +5% to 10% • Japan: around the prior-year level • Brazil: around -30% • Indonesia (incl. light-duty): araound -20%
Van markets	**Van markets**
• Europe: around the prior-year level	• Europe: slight growth
Bus markets	**Bus markets**
• Western Europe: slight growth • Brazil: around the prior-year level	• Europe: slight growth • Brazil: at least -20%
Sales outlook FY15 (Feb 5)	**Sales outlook FY15 (Apr 28)**
Mercedes-Benz Cars	**Mercedes-Benz Cars**
• Significantly higher unit sales based on young and attractive product portfolio • Strong momentum from full availability of new C-Class and smart models • Launch of all-new Mercedes-Maybach, Mercedes-AMG GT, CLA Shooting Brake and GLE Coupé	• Significantly higher unit sales based on young and attractive product portfolio • Strong momentum from full availabilityof new C-Class and smart models • Launch of all-new Mercedes-Maybach, Mercedes-AMG GT, CLA Shooting Brake and GLE Coupé
Daimler Trucks	**Daimler Trucks**
• Significantly higher unit sales due to strong product portfolio • Strong order backlog, especially in NAFTA region • Growth potential due to new Asia Business Model	• Significantly higher unit sales due to strong product portfolio • Strong order backlog, especially in NAFTA region • Growth potential due to new Asia Business Model
Mercedes-Benz Vans	**Mercedes-Benz Vans**
• Significantly higher unit sales • Strong momentum - full availability of new Vito and V-Class • Product expansion to North and South America	• Significantly higher unit sales • Strong momentum - full availability of new Vito and V-Class • Product expansion to North and South America
Daimler Buses	**Daimler Buses**
• Slightly higher unit sales • Maintain market leadership in Western Europe and Brazil • Positive sales development mainly in non-core markets	• Significant decrease in unit sales • Maintain market leadership in Western Europe and Brazil • Stable sales development in Europe, significant sales decrease in Latin America
EBIT outlook FY14 (Feb 5)	**EBIT outlook FY14 (Apr 28)**
Group	**Group**
• We expect Group EBIT for FY 2015 to increase significantly	• We expect Group EBIT for FY 2015 to increase significantly
Mercedes-Benz Cars	**Mercedes-Benz Cars**
• Significantly above the prior-year level	• Significantly above the prior-year level
Daimler Trucks	**Daimler Trucks**
• Significantly above the prior-year level	• Significantly above the prior-year level
Mercedes-Benz Vans	**Mercedes-Benz Vans**
• Significantly above the prior-year level	• Significantly above the prior-year level
Daimler Buses	**Daimler Buses**
• Slightly below the prior-year level	• Significantly below the prior-year level
Daimler Financial Services	**Daimler Financial Services**
• Slightly above the prior- year level	• Slightly above the prior- year level

Group estimates 2015E-17E

	2010	2011	2012	2013	2014	2015E	2016E	2017E
Revenue (EUR m)								
Mercedes-Benz Cars	53,426	57,410	61,660	64,307	73,310	83,150	90,633	98,790
Daimler Trucks	24,024	28,751	31,389	31,473	32,417	36,600	40,260	43,480
Daimler Financial Services	12,788	12,080	13,550	14,522	15,539	18,550	20,405	22,853
Mercedes-Benz Vans	7,812	9,179	9,070	9,369	10,306	11,164	11,946	12,782
Daimler Buses	4,558	4,418	3,929	4,105	4,105	3,374	3,560	3,987
Intra-group/reconciliations	-4,847	-5,298	-5,301	-5,794	-6,244	-6,778	-7,278	-7,778
Group	97,761	106,540	114,297	117,982	129,433	146,060	159,525	174,115
EBIT (EUR m)								
Mercedes-Benz Cars	4,656	5,192	4,442	4,180	5,821	7,994	8,851	9,583
Daimler Trucks	1,203	1,978	1,695	1,753	2,075	2,492	2,807	3,131
Daimler Financial Services	922	1,322	1,293	1,268	1,410	1,450	1,510	1,580
Mercedes-Benz Vans	451	835	607	631	681	952	1,070	1,086
Daimler Buses	215	162	-66	163	185	130	155	200
Intra-group/reconciliations	-235	-512	410	-74	-101	-100	-100	-100
Group EBIT (on-going bus.)	7,212	8,977	8,381	7,921	10,071	12,919	14,292	15,480
One-offs	62	-222	439	2,894	1,368	-335	-420	0
Group EBIT (headline)	7,274	8,755	8,820	10,815	11,439	12,584	13,872	15,480
Margin (%)								
Mercedes-Benz Cars	8.7	9.0	7.2	6.5	7.9	9.6	9.8	9.7
Daimler Trucks	5.0	6.9	5.4	5.6	6.4	6.8	7.0	7.2
Daimler Financial Services	7.2	10.9	9.5	8.7	9.1	7.8	7.4	6.9
Mercedes-Benz Vans	5.8	9.1	6.7	6.7	6.6	8.5	9.0	8.5
Daimler Buses	4.7	3.7	-1.7	4.0	4.5	3.9	4.4	5.0
Group EBIT (on-going bus.)	7.4	8.4	7.3	6.7	7.8	8.8	9.0	8.9
Group EBIT (headline)	7.4	8.2	7.7	9.2	8.8	8.6	8.7	8.9

Source: Company data and CGI estimates

	2010	2011	2012	2013	2014A	2015E	2016E	2017E
Units ('000)								
Mercedes-Benz Cars	1,276.8	1,381.4	1,451.6	1,566.2	1,710.2	1,932.2	2,073.1	2,242.1
Daimler Trucks	355.3	425.8	461.9	484.2	493.2	530.3	575.8	617.9
Mercedes-Benz Vans	224.2	264.2	252.4	270.1	303.9	328.9	361.8	397.7
Daimler Buses	39.1	39.7	32.1	33.7	33.4	26.5	27.9	30.6
Group	1,895.4	2,111.1	2,197.9	2,354.3	2,540.7	2,817.9	3,038.6	3,288.3
%-change yoy								
Mercedes-Benz Cars	16.7	8.2	5.1	7.9	9.2	12.2	7.3	8.1
Daimler Trucks	37.0	19.8	8.5	4.8	1.9	7.0	8.6	7.3
Mercedes-Benz Vans	35.4	17.8	-4.5	7.0	12.5	11.7	10.0	9.9
Daimler Buses	20.4	1.6	-19.3	5.0	-1.0	-20.0	5.0	10.0
Group	22.2	11.4	4.1	7.1	7.9	10.7	7.8	8.2

Source: Company data and CGI estimates

Overview

Daimler– overview (2010-17E)

Current price (EUR)	88.00							
Market capitalisation (EUR bn)	94.14							
Shares (m)	1,069.8							
Values per share (EUR)	2010	2011	2012	2013	2014E	2015E	2016E	2017E
EPS	4.28	5.32	6.02	6.40	6.50	7.81	8.62	9.70
EPS - adjusted	4.28	5.32	5.16	5.00	5.68	7.81	8.62	9.70
CFPS	7.71	8.44	8.41	7.79	9.03	10.77	12.06	14.94
BVPS	34.14	37.16	35.50	39.90	40.82	40.82	45.93	51.63
DPS	1.85	2.20	2.20	2.25	2.45	3.20	3.50	4.00
Free CFPS - industrial	5.17	0.93	1.36	4.53	5.12	2.97	4.67	6.43
Stock market ratios (x)								
P/E	20.6	16.5	14.6	13.7	13.5	11.3	10.2	9.1
P/E – adjusted	20.6	16.5	17.1	17.6	15.5	11.3	10.2	9.1
P/CF	11.4	10.4	10.5	11.3	9.7	8.2	7.3	5.9
P/BV	2.6	2.4	2.5	2.2	2.2	2.2	1.9	1.7
P/revenue	0.96	0.88	0.82	0.80	0.72	0.64	0.59	0.54
Dividend yield (%)	2.1	2.5	2.5	2.6	2.8	3.6	4.0	4.5
Free CF yield (%)	5.9	1.1	1.5	5.1	5.8	3.4	5.3	7.3
EV (EUR m)	78,919	78,953	78,942	75,560	72,735	72,272	70,410	68,767
EV/revenue – industrial (%)	92.9	83.6	78.4	73.0	63.9	56.7	50.6	45.5
EV/EBITDA - industrial	8.1	7.2	6.8	5.4	5.1	4.3	3.8	3.3
Group P&L (EUR m)								
Revenue	97,761	106,540	114,297	117,982	129,872	146,060	159,525	174,115
- Industrial operations	84,973	94,460	100,747	103,460	113,881	127,510	139,121	151,262
- Financial services	12,788	12,080	13,550	14,522	15,991	18,550	20,405	22,853
EBIT	7,274	8,755	8,820	10,815	10,743	12,584	13,872	15,480
- Industrial business	6,443	7,443	7,527	9,547	9,356	11,134	12,362	13,900
- Financial services	831	1,312	1,293	1,268	1,387	1,450	1,510	1,580
EBITDA	10,638	12,330	12,887	15,183	15,742	18,347	20,158	22,286
Net interest	-646	-306	-704	-676	-579	-480	-400	-380
Pre-tax profit	6,628	8,449	8,116	10,139	10,164	12,104	13,472	15,100
Less tax charge/-credit	1,954	2,420	1,286	1,419	2,883	3,447	3,952	4,426
Net profit - continuing operations,	4,674	6,029	6,830	8,720	7,281	8,657	9,520	10,674
Less minorities	176	362	402	1,875	328	300	300	300
Group NI - Daimler SHs (cont.ops)	4,498	5,667	6,428	6,845	6,953	8,357	9,220	10,374
Combined net income – Daimler SHs	4,498	5,667	6,428	6,845	6,953	8,357	9,220	10,374
CF - industrial business (EUR m)								
CF from operations	8,933	9,498	8,086	8,989	9,977	11,916	13,261	14,913
Working capital	1,133	-2,152	-559	1,324	-2,438	-1,532	-900	-900
CF from operating activities	10,066	7,346	7,527	10,313	7,539	10,384	12,361	14,013
Capital expenditure (excl. R&D)	-3,641	-4,137	-4,804	-4,956	-4,821	-5,406	-5,565	-5,334
Other	-993	-2,220	-1,271	-515	2,761	-1,800	-1,800	-1,800
Free CF	5,432	989	1,452	4,842	5,479	3,178	4,996	6,879
BS - industrial business (EUR m)								
Gross Liquidity	10,793	10,079	13,728	15,148	13,497	14,200	15,300	16,400
ST financing liabilities	4,525	12,525	8,067	12,218	13,518	15,500	15,700	15,900
LT liabilities	-3,480	-10,250	-10,950	-13,542	-10,325	-12,500	-12,500	-12,500
Financing liabilities	1,045	2,275	-2,883	-1,324	3,193	3,000	3,200	3,400
Market valuation/currency hedging	100	-373	663	10	263	0	0	0
Financial liabilities (nominal)	1,145	1,902	-2,220	-1,314	3,456	3,000	3,200	3,400
Net liquidity	11,938	11,981	11,508	13,834	16,953	17,200	18,500	19,800
Shareholders' funds	33,088	35,964	33,238	36,767	36,967	36,967	39,555	44,392
Profitability and financial ratios (%)								
EBIT	7.4	8.2	7.7	9.2	8.3	8.6	8.7	8.9
- Industrial business	7.6	7.9	7.5	9.2	8.2	8.7	8.9	9.2
- Financial services	6.5	10.9	9.5	8.7	8.7	7.8	7.4	6.9
EBITDA	10.9	11.6	11.3	12.9	12.1	12.6	12.6	12.8
Pre-tax profit	6.8	7.9	7.1	8.6	7.8	8.3	8.4	8.7
Net profit - continuing operations	4.8	5.7	6.0	7.4	5.6	5.9	6.0	6.1
Tax rate (%)	29.5	28.6	15.8	14.0	28.4	28.5	29.3	29.3

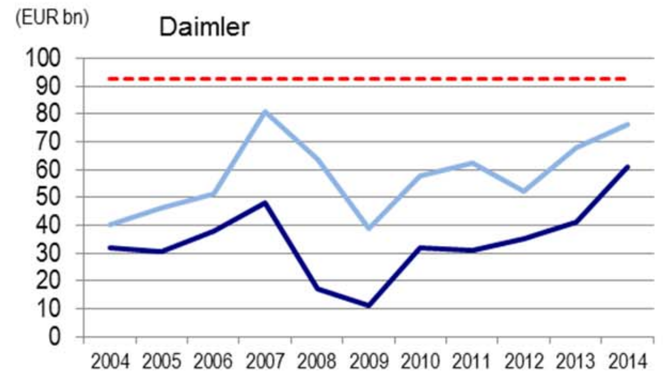
Source: Company data and CGI estimates

Daimler shares – valuation

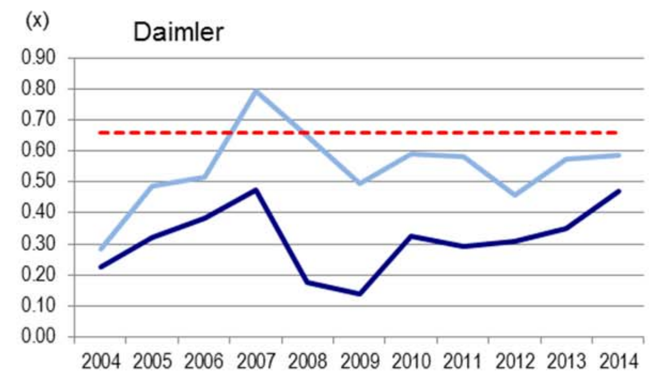
Investment opinion - BUY

At EUR 88.00, Daimler shares are currently valued 9.1x 2017E earnings, at a 16% discount to the 10-year average historic valuation of 10.8x. This is inconsistent with the implication that 2017E EPS (EUR 9.70) are 118% higher than the 10-year avg. (EUR 4.40). A valuation in line with the 10-year average valuation (10.8x) implies a share price of EUR 104 at YE17E and time-discounted (10-yr Bund) a target price of EUR 103 at YE15E. The new TP of EUR 103 implies a 17.5% upside from the current price and is 10% higher than our previous EUR 94 target price of February 4th. (See also chart technical view on p.15.)

Daimler – Market capalisation – historic range (2004-14) vs. current valuation



Daimler – Price/revenue – historic range (2004-14) vs. current valuation (2015E)



Daimler – Historic valuation (2002-14)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	5- yr avg[1]	10-yr av[1]
EPS (EUR)	5.06	0.44	2.43	2.16	3.66	3.83	1.71	-2.63	4.28	5.32	5.16	5.07	5.68	5.10	4.46
P/E -high	11.0	85.4	16.3	21.2	16.4	16.7	38.9	NM	12.8	11.0	9.5	12.5	12.5	11.5	13.2
P/E-low	5.6	53.9	13.0	14.0	12.1	9.9	10.5	NM	7.1	5.5	6.4	7.6	10.0	7.0	8.2
P/E-avrage	8.3	69.6	14.6	17.6	14.2	13.3	24.7	NM	10.0	8.2	7.9	10.1	11.3	9.3	10.8

(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	2014E	2015E	2016E	2017E
Daimler EPS (EUR)		3.66	3.83	1.71	-2.63	4.28	5.32	5.16	5.07	5.68	7.81	8.62	9.70
Current Daimler PE (x)		28.8	18.8	51.5	-33.5	20.6	16.5	17.1	17.6	15.5	11.3	10.2	9.1
% vs. 10-yr* high	(13.2x)	117	42	289	-353	55	25	29	33	17	-15	-23	-31
% vs.10-yr* low	(8.2x)	252	130	529	-509	151	102	109	115	89	38	25	11
% vs. 10-yr *average	(10.8x)	167	75	377	-410	91	53	58	63	44	5	-5	-16

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

Daimler – Valuation summary

Current share price	Current P/E 2017E	Target P/E 2017E	Implied Price Y/E 2017E	Target price Y/E 2015E*	Potential Target price vs. current price
EUR 88.00	9.1x	10.8x	EUR 104.51	EUR 103	17.5%

Share price close 05.08.2015. (*) Time-discounted 10-year Bund yield. Source: Company data and CGI estimates

Daimler– share price (- 5 years)

Daimler vs. DAX 30 Index (- 5 years)

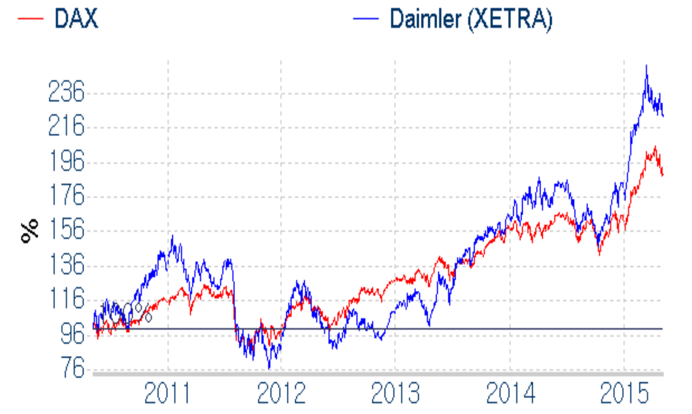


Chart technical view by Carlo R. Besenius

Short-term technical outlook negative

Daimler shares' short-term outlook is negative. The intermediate trend remains up. Daimler recovered back above its 20-day moving average.

Strength relative to the DAX 30 Index changed to Neutral from Positive. Short-term momentum indicators are trending down.

Daimler shares have downside risk towards EUR 72/share, which represents the 200-day moving average. In a normal market correction phase for automotive OEMs between May & late August we are advising for investors to add towards Daimler shares at levels between EUR 87 and EUR 72. Our 9-month price target for Daimler shares is EUR 102.

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