

Press Information

July 21, 2021

Daimler shows strong performance in second quarter despite semiconductor shortage

- Unit sales increased by 36% to 736,400 passenger cars and commercial vehicles
- Revenue of €43.5 billion (Q2 2020: €30.2 billion)
- EBIT of €5,185 million (Q2 2020: minus €1,682 million)
- Industrial free cash flow of €2,586 million (Q2 2020: €685 million)
- Net industrial liquidity of €20.9 billion (end of Q1 2021: €20.1 billion)
- Group net profit of €3,704 million (Q2 2020: net loss of €1,906 million)
- Outlook 2021: Revenue and EBIT significantly above prior year's level
- Industrial free cash flow expected slightly below prior year's level

Stuttgart (Germany) – Daimler AG (ticker symbol: DAI) today reported its results for the second quarter, which ended June 30, 2021. The Group's total unit **sales** increased by 36% to 736,400 passenger cars and commercial vehicles (Q2 2020: 541,800). **Revenue** grew by 44% to €43.5 billion (Q2 2020: €30.2 billion). **EBIT** was €5,185 million (Q2 2020: minus €1,682 million). **Adjusted EBIT**, reflecting the underlying business, was €5,420 million (Q2 2020: minus €708 million). **Net profit** was €3,704 million (Q2 2020: net loss of €1,906 million).

“We achieved a strong performance across all divisions in the second quarter. At Mercedes-Benz Cars and Vans, we posted double-digit margins for the third quarter in a row and thus demonstrated the resilience of our business - despite the persistently low availability of semiconductors. The entire industry is currently struggling with longer delivery times, which unfortunately also affect our customers. We are doing what we can to minimize the impact. Given the high demand for our vehicles, delivery to our customers has top priority,” stated **Ola Källenius, Chairman of the Board of Management of Daimler AG and Mercedes-Benz AG**. “Our transformation towards emission-free and software-driven mobility is supported by a high level of free cash flow in the industrial business. We are implementing our strategy at full speed.”

Investments, free cash flow and liquidity

The Group's investments in property, plant and equipment in the second quarter totaled €1.0 billion (Q2 2020: €1.3 billion). Research and development expenditure amounted to €2.4 billion (Q2 2020: €2.3 billion). The free cash flow of the industrial business was €2,586 million

(Q2 2020: €685 million), including important upfront investments in future products. The increase was triggered by operating performance, disciplined and focused capital allocation and a solid cash conversion. The adjusted free cash flow of the industrial business improved to €2,950 million (Q2 2020: €778 million). The net liquidity of the industrial business increased to €20.9 billion at the end of the second quarter, compared to €20.1 billion at the end of the first quarter 2021 and €17.9 billion at year-end 2020. This is mainly a result of the free cash flow from the industrial business.

Divisional results

Sales by the Mercedes-Benz Cars & Vans division increased by 29% to 619,600 vehicles in the second quarter (Q2 2020: 480,800). Revenue was €28.2 billion (Q2 2020: €18.9 billion). EBIT amounted to €3,438 million (Q2 2020: minus €1,125 million) and the return on sales was 12.2% (Q2 2020: minus 5.9%). Positive effects resulted from the increase in unit sales, a favourable product mix, pricing and ongoing cost measures. Adjusted EBIT reached €3,604 million (Q2 2020: minus €284 million) with the adjusted return on sales at 12.8% (Q2 2020: minus 1.5%). Cash flow before interest and taxes (CFBIT) was €2,502 million (Q2 2020: €430 million). Adjusted CFBIT amounted to €2,805 million (Q2 2020: €522 million). The adjusted cash conversion rate (CCR) was plus 0.8 (Q2 2020: minus 1.8).

Sales by Mercedes-Benz Cars rose by 27% to 521,200 vehicles in the second quarter (Q2 2020: 408,900). Mercedes-Benz Vans' sales were up 37% to 98,400 vehicles (Q2 2020: 71,900).

The Daimler Trucks & Buses division showed an increase in unit sales of 91% to 116,800 vehicles in the first quarter (Q2 2020: 61,000). Revenue was €10.0 billion (Q2 2020: €6.2 billion). EBIT amounted to €819 million (Q2 2020: minus €756 million) and the return on sales was 8.2% (Q2 2020: minus 12.2%). Positive effects resulted from the sales increase in almost all regions, primarily from the market recovery, as well as a higher contribution to earnings from the after sales business, pricing, ongoing cost discipline as well as a contribution from the listing of Proterra, Inc. and the sale of the Campinas plant. Adjusted EBIT was €831 million (Q2 2020: minus €747 million) and adjusted return on sales was 8.3% (Q2 2020: minus 12.0%). Cash flow before interest and taxes (CFBIT) soared to an inflow of €667 million (Q2 2020: outflow of €121 million). Adjusted CFBIT amounted to an inflow of €693 million (Q2 2020: outflow of €121 million). The adjusted cash conversion rate (CCR) was plus 0.8 (Q2 2020: 0.2).

Unit sales by Daimler Trucks increased by 94% to 112,100 vehicles in the second quarter (Q2 2020: 57,900). Daimler Buses sold 4,700 vehicles, an increase of 52% (Q2 2020: 3,100).

At Daimler Mobility, new business increased by 23% to €17.2 billion in the second quarter (Q2 2020: €14.0 billion), driven by strong sales developments at the industrial business. Contract volume was €150.6 billion at the end of the quarter (end of the first quarter 2021: €152.7 billion/end of 2020: €150.6 billion). Revenue was €6.9 billion (Q2 2020: €6.5 billion). The division's EBIT amounted to €924 million (Q2 2020: €205 million). Positive effects

resulted from lower credit-risk provisions, a credit provision release of €120 million, lower refinancing costs and improved development of the business operations, as well as from strict cost discipline. At 23.9%, return on equity was much higher than the 5.6% in the prior-year period. Adjusted EBIT was €930 million (Q2 2020: €313 million) and adjusted return on equity was 24.0% (Q2 2020: 8.6%).

Daimler Truck spin-off on track

Daimler intends to generate value for its shareholders and to raise its profitability by creating two pure-play companies, one focused on cars and vans with the other on trucks and buses. It is intended that a significant majority stake in Daimler Truck will be distributed to Daimler shareholders. The transaction and the listing of Daimler Truck on the Frankfurt Stock Exchange are on track and expected to be completed before year-end 2021. The project is currently in the preparatory and auditing phase. At an extraordinary general meeting in autumn, Daimler shareholders will have to approve this historic strategic step.

Outlook for Daimler and the divisions

Daimler expects a gradual normalization of economic conditions in the important markets. The company assumes that the world economy will be able to recover from the pandemic-related weakness of the year 2020, aided by the increasing availability of effective vaccines, among other things. Furthermore, the company assumes that the worldwide shortage of supply of semiconductor components will affect the business also in the second half of the year. The company also recognizes that the visibility how the supply situation will actually develop further is currently low. Based on the expected market development and the current assessments of the divisions, Daimler anticipates revenue and EBIT in 2021 to be significantly above the prior year's level.

The company assumes that the current worldwide supply shortage of semiconductor components will affect Mercedes-Benz Cars unit sales also in the third quarter. Mercedes-Benz Cars unit sales could be in the magnitude of the second quarter or below. Full year unit sales are expected to be at prior year level (previously: significantly above).

Based on the performance in the first half of the year and the above mentioned assumptions, the divisions expect the following adjusted returns in the year 2021:

- Mercedes-Benz Cars & Vans: adjusted return on sales of 10 - 12% (unchanged)
- Daimler Trucks & Buses: adjusted return on sales of 6 - 8% (previously: 6 – 7%)
- Daimler Mobility: adjusted return on equity of 17 - 19% (previously: 14 - 15%).

Daimler's business plan covers the full year 2021 and is based on the existing Group structure, including Daimler Trucks & Buses. The spin-off of Daimler Truck, including significant parts of the related financial services business, will be examined before

the end of 2021. Before the spin-off, Daimler will reclassify Daimler Truck as discontinued operations. The expected considerable positive effects in the second half of the year cannot be reliably determined at present.

The adjusted cash conversion rate (ratio of cash flow to EBIT) for the Mercedes-Benz Cars & Vans division in 2021 is expected to be between 0.7 and 0.9 and for Daimler Trucks & Buses between 0.8 and 1.0.

Investments in property, plant and equipment in 2021 on a group level are expected to be in the magnitude of the previous year; research and development investments on a group level are now expected to be significantly (previously: slightly) above the prior year's level.

Daimler now expects the free cash flow of the industrial business for 2021 to be slightly (previously: significantly) below 2020's figure. This includes payments in the context of the settlement with the US-regulators and plaintiff representatives of the consumer class actions relating to diesel emissions, cash-outs due to the restructuring program, higher cash taxes than in 2020, as well as costs related to the planned spin-off of Daimler Truck. The adjusted free cash flow of the industrial business is now expected to be in the magnitude of the prior-year level or slightly above (previously: in the magnitude of the prior-year level).

Link to capital market presentation second quarter:

www.daimler.com/q2-2021/en

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Further information on Daimler is available at:

www.media.daimler.com and www.daimler.com

Forward-looking statements:

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

Daimler at a Glance

Daimler AG is one of the world's most successful automotive companies. With its Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium and luxury cars and one of the world's largest manufacturers of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management, investments and insurance brokerage, as well as innovative mobility services. The company founders, Gottlieb Daimler and Carl Benz, made history by inventing the automobile in 1886. As a pioneer of

automotive engineering, Daimler sees shaping the future of mobility in a safe and sustainable way as both a motivation and obligation. The company's focus therefore remains on innovative and green technologies as well as on safe and superior vehicles that both captivate and inspire. Daimler continues to invest systematically in the development of efficient powertrains – from high-tech combustion engines and hybrid vehicles to all-electric powertrains with battery or fuel cell – with the goal of making locally emission-free driving possible in the long term. The company's efforts are also focused on the intelligent connectivity of its vehicles, autonomous driving and new mobility concepts as Daimler regards it as its aspiration and obligation to live up to its responsibility to society and the environment. Daimler sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and South America, Asia and Africa. In addition to Mercedes-Benz, the world's most valuable luxury automotive brand (source: Interbrand study, 20 Oct. 2020), and Mercedes-AMG, Mercedes-Maybach, Mercedes-EQ and Mercedes me, its brand portfolio also includes commercial vehicle brands Mercedes-Benz Trucks Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses as well as the brands of Daimler Mobility: Mercedes-Benz Bank, Mercedes-Benz Financial Services, Daimler Truck Financial and Athlon. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol DAI). In 2020, the Group had a workforce of around 288,500 and sold 2.8 million vehicles. Group revenues amounted to €154.3 billion and Group EBIT to €6.6 billion.