

With regard to the currencies important for our business, we continue to anticipate sharp exchange-rate fluctuations in 2014. Compared with the average exchange rates in the year 2013 (USD/€: 1.33; GBP/€: 0.85), we anticipate a trend of slight depreciation of the US dollar, while the British pound should remain fairly stable against the euro. With regard to the Japanese yen (average for 2013: 130 yen/euro) and exchange rates important to us of various emerging markets, we assume that those currencies will depreciate once again.

In order to counteract the risks arising for our business as a result of the still very volatile exchange rates, we conduct hedging transactions as far as this makes sense for the various currencies. For the year 2014, we have hedged well over half of the exchange-rate risks as of mid-February.

### Automotive markets

The more favorable economic outlook should result in further growth in global **demand for cars** in 2014. From today's perspective, demand is expected to rise by a rate of 4 to 5%.

The Chinese market should once again make the biggest contribution to global market growth. Following the strong increase in the previous year, further expansion of the car market by approximately 10% should be possible. The US market is also likely to grow. Although its growth will probably be more moderate than in 2013, the US market volume should expand to about 16 million passenger cars and light trucks – a volume that was last reached in 2007 before the worldwide financial crisis.

After significant contraction of the overall Western European car market lasting several years, we expect a hesitant market recovery in 2014. Thanks to the continued reduction of risks from the sovereign debt crisis and a slight economic revival, an improvement of the demand situation is anticipated in some major markets. Demand should revive again somewhat also in Germany.

Demand for cars in Japan is expected to fall, however. This has less to do with the economic outlook than with the increase in value-added tax planned for April. Considerable volumes of purchases were therefore brought forward to the second half of 2013, so a market correction is to be expected this year.

In the major emerging markets (except China), another weak demand situation is anticipated following the weak market development of last year. The Russian market should be slightly larger than in the previous year and we expect a moderate recovery of the car market in India.

After the world market for **medium- and heavy-duty trucks** expanded slightly in 2013 despite difficult market conditions, further moderate growth is expected this year. But market developments will continue to differ significantly from one region to another.

In the NAFTA region, we anticipate significant market growth of up to 10% due to the increasingly dynamic economy. Decreasing uncertainty with regard to fiscal policy should be a factor contributing towards the gradual end of the lack of demand in the market over the coming months.

The development of the European market in recent months was primarily affected by the introduction of the Euro VI emission standards. Purchases brought forward had a very positive influence on demand towards the end of 2013. Recently, however, this special effect has started to subside. Developments during the rest of 2014 will depend in particular on the extent to which the economic revival in Europe can offset the negative impact of the purchases brought forward. From today's perspective, we expect the market volume for the full year to be slightly below the level of 2013.

Ongoing economic stimuli and an expansive monetary policy should continue to have a positive effect on the Japanese truck market in 2014; slight growth is anticipated for light-, medium- and heavy-duty trucks overall. The Brazilian market for medium- and heavy-duty trucks is likely to be just below the prior-year level, primarily due to the below-average development of investment activity and somewhat less favorable financing conditions. In Russia, demand for trucks is likely to recover slightly. The Indian market should stabilize after the significant losses of the previous years. China, the world's biggest market for trucks, should post moderate growth.

Overall, we anticipate stable demand for medium-sized and large **vans** in Europe in 2014, whereby market developments will differ greatly in the various countries. Also for small vans, we expect to see a market volume in Europe in the magnitude of the previous year. For the United States, we anticipate a significant increase in demand in the market for large vans in 2014. In Latin America, the market for large vans should also continue to expand, and we anticipate a further revival of demand also in China in 2014.

We expect a slightly larger market volume for **buses** in Western Europe in 2014 than in 2013. In Latin America, we anticipate stable demand for buses. The market for buses in Brazil should remain at a good level in view of the upcoming soccer World Cup in 2014.