

Corporate Profile.

Business model

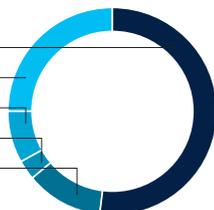
Daimler can look back on a tradition covering more than 125 years, a tradition that extends back to Gottlieb Daimler and Carl Benz, the inventors of the automobile, and features pioneering achievements in automotive engineering. Today, the Daimler Group is a globally leading vehicle manufacturer with an unparalleled range of premium automobiles, trucks, vans and buses. The product portfolio is completed with a range of tailored financial services and mobility services.

Daimler AG is the parent company of the Daimler Group and is domiciled in Stuttgart (Mercedesstraße 137, 70327 Stuttgart, Germany). The main business of Daimler AG is the development, production and distribution of cars, trucks and vans in Germany and the management of the Daimler Group. The management reports for Daimler AG and for the Daimler Group are combined in this management report.

C.01

Consolidated revenue by division

Mercedes-Benz Cars	52%
Daimler Trucks	25%
Mercedes-Benz Vans	8%
Daimler Buses	3%
Daimler Financial Services	12%



With its strong brands, Daimler is active in nearly all the countries of the world. The Group has production facilities in a total of 19 countries and approximately 8,000 sales centers worldwide. The global networking of research and development activities and of production and sales locations gives Daimler considerable advantages in international competition, additional growth opportunities and further potential to enhance efficiency. In addition, we can apply our innovative drive and safety technologies in a broad portfolio of vehicles while utilizing experience and expertise from all parts of the Group. In the year 2013, Daimler increased its revenue by 3% to €118.0 billion. The individual divisions contributed to this total as follows: Mercedes-Benz Cars 52%, Daimler Trucks 25%, Mercedes-Benz Vans 8%, Daimler Buses 3% and Daimler Financial Services 12%. At the end of 2013, Daimler employed a total workforce of approximately 275,000 people worldwide.

The products supplied by the **Mercedes-Benz Cars** division comprise a broad spectrum of premium vehicles of the Mercedes-Benz brand, ranging from the compact models of the A- and B-Class to various sport utility vehicles, roadsters, coupes and convertibles and to the S-Class luxury sedans. Additional products are the high-quality small cars and innovative e-bikes of the smart brand. The main country of manufacture is Germany, but the division also has production facilities in the United States, China, France, Hungary, South Africa, India, Vietnam and Indonesia, and since August 2013, the A-Class has also been produced for us by Valvet Automotive in Finland. Worldwide, Mercedes-Benz Cars has 17 production sites at present. In the medium term, we anticipate significant growth in worldwide demand for automobiles and above-average growth in the premium car segment. To ensure that we can participate in this development, we are creating additional production capacities, especially in China, the United States and India. In 2013, we also decided to expand our global production network with a new plant in Brazil. We plan to produce the next generation of the C-Class as well as the GLA compact SUV there for the local market starting in 2016. The most important markets for Mercedes-Benz Cars in 2013 were Germany with 18% of unit sales, the other markets of Western Europe (23%), the United States (20%) and China (15%).

As the biggest globally active manufacturer of trucks above 6 metric tons gross vehicle weight, **Daimler Trucks** develops and produces vehicles in a global network under the brands Mercedes-Benz, Freightliner, Western Star, FUSO and Bharat-Benz. The division's 27 production facilities are in the NAFTA region (14, thereof 11 in the United States and 3 in Mexico), Europe (7), Asia (3), South America (2) and Africa (1). In our new truck plant in Chennai, India, trucks of the new BharatBenz brand have been rolling off the production lines since June 2012. In 2014, we will launch additional new models. We intend to use the production site also to develop new export markets in Asia and Africa. In China, Beijing Foton Daimler Automotive Co., Ltd. (BFDA), a joint venture with our Chinese partner Beiqi Foton Motor Co., Ltd., has been producing trucks under the Auman brand since July 2012. Daimler Trucks' product range includes light-, medium- and heavy-duty trucks for local and long-distance deliveries and construction sites, as well as special vehicles for municipal applications. Due to close links in terms of production technology, the division's product range also includes the buses of the Thomas Built Buses and FUSO brands. Daimler Trucks' most important sales markets in 2013 were Asia with 34% of unit sales, the NAFTA region (28%), Western Europe (14%) and Latin America excluding Mexico (12%).

Daimler Trucks' area of responsibility also includes our investment in Tognum (since January 9, 2014, Rolls-Royce Power Systems AG), a globally leading supplier of complete systems in the field of industrial engines. This company is controlled by Rolls-Royce Power Systems Holding GmbH, in which Daimler and Rolls-Royce Holdings plc each holds a 50% interest.

The product range of the **Mercedes-Benz Vans** division in the segment of medium-sized and large vans comprises the Sprinter, Vito and Viano series. In 2012, we expanded our portfolio with the addition of a city van, the Mercedes-Benz Citan, making us a full-range supplier in the vans business. The division has production facilities at a total of seven locations: in Germany, Spain, the United States, Argentina, China in the context of the joint venture Fujian Benz Automotive Co., Ltd, and France in the context of the strategic alliance with Renault-Nissan; since the second half of 2013, the Mercedes-Benz Sprinter has been produced under license also by our partner GAZ in Russia. The most important markets for vans are in Western Europe, which accounts for 63% of unit sales. As part of the "Vans goes global" business strategy, we are also increasingly developing the growth markets of South America and Asia as well as the Russian van market through appropriate distribution and production activities in those regions. We intend to continue our growth also in the North American van market, where the Sprinter is sold not only as a Mercedes-Benz vehicle but also under the Freightliner brand.

The **Daimler Buses** division with its brands Mercedes-Benz and Setra continues to be the world's leading manufacturer in its core markets in the segment of buses above 8 tons. The product range supplied by Daimler Buses comprises city and intercity buses, coaches and bus chassis. The most important of the 13 production sites are in Germany, France, Spain, Turkey, Argentina, Brazil and Mexico. In 2013, 49% of Daimler Buses' revenue was generated in Western Europe and 26% in Latin America (excluding Mexico). While we mainly sell complete buses in Europe, our business in Latin America, Mexico, Africa and Asia is focused on the production and distribution of bus chassis.

C.02

Daimler Group structure 2013

	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services
Revenue	€64.3 billion	€31.5 billion	€9.4 billion	€4.1 billion	€14.5 billion
Employees	96,895	79,020	14,838	16,603	8,107
Brands	 Mercedes-Benz  smart	 Mercedes-Benz  FREIGHTLINER  FUSO  WESTERN STAR  THOMAS BUILT BUSES  BHARATBENZ	 Mercedes-Benz  FREIGHTLINER	 Mercedes-Benz  SETRA	 Mercedes-Benz Bank  Mercedes-Benz Financial  Daimler Truck Financial

The **Daimler Financial Services** division supports the sales of the Daimler Group's automotive brands in 40 countries. Its product portfolio primarily comprises tailored financing and leasing packages for customers and dealers, but it also provides services such as insurance, fleet management, investment products and credit cards, as well as various mobility services such as the flexible car2go concept. The main areas of the division's activities are in Western Europe and North America, and increasingly also in Asia. In 2013, more than 40% of the vehicles sold by the Daimler Group were financed or leased by Daimler Financial Services. Its contract volume of €83.5 billion covers nearly 3.1 million vehicles. Daimler Financial Services also holds a 45% interest in the Toll Collect consortium, which operates an electronic road-charging system for trucks above 12 metric tons on highways in Germany.

Daimler still held a 7.4% equity interest in the European Aeronautic Defence and Space Company (EADS), a leading company in the aerospace and defense industries, at the end of 2012. Those shares were sold on April 17, 2013.

Through a broad network of holdings, joint ventures and cooperations, Daimler is active in the global automotive industry and related sectors. The statement of investments of Daimler AG in accordance with Section 313 of the German Commercial Code (HGB) can be found in the Notes to the Consolidated Financial Statements.  [see Note 39](#)

Portfolio changes and strategic cooperations

By means of targeted investments and future-oriented partnerships, we strengthened our core business, pushed forward with new technologies and utilized additional growth potential in 2013. At the same time, we focused on the continuous further development of our existing business portfolio.

Daimler AG acquires 12% stake in BAIC Motor. In November 2013, we acquired a 12% equity interest in our longstanding partner BAIC Motor, thus taking an important step within the framework of our China strategy. This makes Daimler the first non-Chinese automobile manufacturer to acquire a stake in a Chinese carmaker. BAIC Motor is the car subsidiary of the Beijing Automotive Group (BAIC Group), which is one of the leading automotive companies in China. In the past ten years, the partners Daimler and BAIC have built up a long-term strategic partnership, benefiting both companies as well as the Chinese automotive industry. These shared activities include the joint venture BBAC, which has been producing Mercedes-Benz cars since 2006 and, as the first Mercedes-Benz plant for car engines outside Germany, four- and six-cylinder engines since 2013. In addition, jointly produced medium- and heavy-duty trucks of the Auman brand have been rolling off the assembly lines at Beijing Foton Daimler Automotive Co., Ltd. (BFDA) since mid-2012. Another important component of the partnership is Beijing Mercedes-Benz Sales Service Corporation (BMBS), which started operations in March 2013. BMBS is responsible for all sales activities for imported and locally produced Mercedes-Benz cars. The joint venture is a major pillar for the sustained growth of Mercedes-Benz in China.

Progress with the cooperation between Daimler and Renault-Nissan. The cooperation between Daimler and Renault-Nissan developed very positively in 2013. The partnership, which started in April 2010 with three projects, has meanwhile grown to ten major projects and now also includes initiatives in North America and Asia.

A good example of how the partners profit from the cooperation is the joint production of Mercedes-Benz four-cylinder gasoline engines in Decherd (Tennessee, USA). Just one and a half years after ground breaking in 2012, the plant building has now been completed. Start of production is planned for mid-2014. The engines produced in Decherd are to be used in the new Mercedes-Benz C-Class, which will be produced at the Daimler plant in Tuscaloosa (Alabama, USA), and in new products from Infiniti. The development work for a shared family of new three- and four-cylinder engines with turbocharging and direct fuel injection is also making good progress. These engines will include the latest technologies, allowing significantly reduced fuel consumption.

Cooperation in the commercial-vehicle business is also being intensified. It is planned that Mitsubishi Fuso Truck and Bus Corporation (MFTBC), which is part of Daimler Trucks Asia, will be supplied with the Nissan van, NV350 Urvan. That vehicle will be sold by Mitsubishi Fuso in selected export markets. This form of strategic supply has been successfully implemented since early 2013 also for light-duty trucks – the FUSO Canter Guts (payload of 2.0 tons) and the NT450 Atlas (payload of 1.5 tons) – in order to expand the respective product portfolio to new segments.

The smart/Twingo project is also progressing as planned. Production preparations are now in full swing for the new two-seater smart at the smart plant in Hambach (France) and for the four-seater smart and the Renault Twingo successor at the Renault plant in Novo Mesto (Slovenia). Market launch of the car variants is planned for the second half of 2014. The new generation of the smart and the Renault Twingo are being developed on the basis of a shared architecture but will continue to be independent products with unmistakable brand features.

Agreement on the commercialization of fuel cells. “Automotive Fuel Cell Cooperation” (AFCC) was already founded as a joint venture by Daimler (50.1%), Ford (30%) and Ballard (19.9%) in 2008. In January 2013, Daimler AG, Ford Motor Company and our strategic cooperation partner Nissan Motor Co., Ltd. reached an agreement to continue with the commercialization of fuel cells. The aim of this venture is to jointly develop a fuel-cell system and thus to reduce development costs. All three partners will make equal investments in the project.