

Selling expenses increased by €0.1 billion to €6.0 billion, mainly due to higher expenses for personnel, outgoing shipping and marketing. In relation to revenue, selling expenses decreased from 8.1% to 8.0%.

General administrative expenses of €2.6 billion were at the prior-year level (2012: €2.6 billion).

Other operating income, net amounted to €1.5 billion (2012: €1.8 billion). The change compared with the prior year was mainly the result of reclassifying expenses of €0.2 billion for top-up amounts ("Aufstockungsbeträge") for partial retirement obligations; in the previous year, those expenses were presented under functional costs.

Financial income decreased by €1.0 billion to €2.7 billion, mainly due to lower net income from investments in subsidiaries and associated companies and lower net interest income. The decrease primarily reflects the lower special items than in the previous year in connection with the sale of EADS shares. In addition, the financial result was influenced by lower income from the special purpose assets reserved for pensions and similar obligations and by a higher interest portion of retirement benefit obligations.

The **income tax benefit** for 2013 amounts to €0.2 billion (2012: €0.4 billion). This includes tax benefits relating to the tax assessment of previous years. Income taxes were additionally influenced by the amount and composition of profits before income taxes. No tax was payable on a large proportion of financial income in 2013 and 2012.

Net profit decreased, as forecast in the previous year, from €5.5 billion to €3.7 billion. This development is due partially to the lower operating profit, but in particular to the lower financial income.

The **economic situation** of Daimler AG primarily results from the business operations of Daimler AG and its subsidiaries. Daimler AG participates in the operating results of the subsidiaries through distributions. The economic situation of Daimler AG is therefore fundamentally the same as that of the Daimler Group, which is described in the chapter "Overall Assessment of the Economic Situation". [see pages 117 f](#)

Financial position, liquidity and capital resources

Compared with December 31, 2012, the **balance sheet total** increased from €83.4 billion to €85.3 billion.

Non-current assets increased by €2.0 billion to €44.7 billion during 2013, due to the higher level of financial assets, property, plant and equipment as well as increased intangible assets. Investments in property plant and equipment (approximately €2.8 billion excluding leased assets) mainly constituted investments for the production of the new C- and S-Class, the compact class and investments in engine and transmission projects.

Inventories of €6.7 billion were close to the prior-year level (2012: €6.6 billion).

Receivables, securities and other assets increased compared with December 31, 2012 by €2.1 billion to €28.9 billion. The main cause of the development was the increase of €2.1 billion in securities. **Cash and cash equivalents** decreased by €2.4 billion to €4.7 billion.

Gross liquidity – defined as cash and cash equivalents and other marketable securities – of €9.3 billion was slightly lower than a year earlier (2012: €9.6 billion).

Cash provided by operating activities amounted to €6.0 billion in 2013 (2012: €5.4 billion). Lower net profit than in the previous year was more than offset by lower tax payments and higher trade payables. The development of trade payables is connected with the expansion of business and partially reflects invoicing factors.

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Condensed statement of income of Daimler AG

	2013	2012
In millions of euros		
Revenue	75,531	72,727
Cost of sales (including R&D expenses)	-67,579	-64,600
Selling expenses	-6,032	-5,883
General administrative expenses	-2,594	-2,600
Other operating income, net	1,497	1,755
Operating profit	823	1,399
Financial income	2,687	3,710
Profit from ordinary activities	3,510	5,109
Income tax benefit	203	366
Net profit	3,713	5,475
Transfer to retained earnings	-1,306	-2,737
Distributable profit	2,407	2,738

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Balance sheet structure of Daimler AG

	Dec, 31, 2013	Dec, 31, 2012
In millions of euros		
Assets		
Non-current assets	44,748	42,763
Inventories	6,682	6,612
Receivables, securities and other assets	28,869	26,736
Cash and cash equivalents	4,718	7,089
Current assets	40,269	40,437
Prepaid expenses	259	177
	85,276	83,377
Equity and liabilities		
Share capital	3,069	3,063
(conditional capital €590 million)		
Capital reserve	11,477	11,390
Retained earnings	18,748	17,061
Distributable profit	2,407	2,738
Equity	35,701	34,252
Provisions for pensions and similar obligations	3,405	3,097
Other provisions	9,214	9,205
Provisions	12,619	12,302
Trade payables	5,352	5,004
Other liabilities	31,111	31,383
Liabilities	36,463	36,387
Deferred income	493	436
	85,276	83,377

Cash flows from investing activities resulted in a net cash outflow of €7.1 billion in 2013 (2012: €5.5 billion). This was primarily the result of investments in financial assets and property, plant and equipment as well as the acquisition of securities.

Cash flows from financing activities resulted in a net cash outflow of €1.3 billion (2012: net cash inflow of €2.4 billion). The payment of the dividend for the year 2012 accounts for a cash outflow of €2.3 billion. On the other hand, mainly an increase in financing liabilities led to a cash inflow.

Equity increased compared with December 31, 2012 by €1.4 billion to €35.7 billion. This change primarily resulted from the net profit for 2013, of which, pursuant to Section 58 Sub-section 2 of the German Stock Corporation Act (AktG), €1.3 billion was transferred to retained earnings. The equity ratio at December 31, 2013 was 41.9% (December 31, 2012: 41.1%).

Provisions increased compared with December 31, 2012 by €0.3 billion to €12.6 billion. This was mainly caused by the increase in provisions for pensions and similar obligations.

Liabilities increased by €0.1 billion to €36.5 billion. This change was mainly caused by financing liabilities (plus €4.7 billion). There was an opposing effect primarily from the decrease in liabilities to subsidiaries (minus €4.7 billion).

Risks and opportunities

The business development of Daimler AG is fundamentally subject to the same risks and opportunities as the Daimler Group. Daimler AG generally participates in the risks of its subsidiaries and associated companies in line with the percentage of each holding. The risks are described in the "Risk and Opportunity Report". [see pages 129 ff](#) Charges may additionally arise from relations with subsidiaries and associated companies in connection with statutory or contractual obligations (in particular with regard to financing).

Outlook

Due to the interrelations between Daimler AG and its subsidiaries and the relative size of Daimler AG within the Group, we refer to the statements in the "Outlook" chapter, which also largely reflect our expectations for the parent company. [see pages 142 ff](#) Daimler AG expects to post net profit in the year 2014 that will be slightly below the level of 2013. The planned higher income from investments in subsidiaries and associated companies will be more than offset, in particular by the expected income tax expense.