

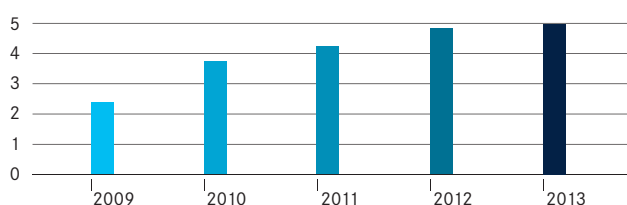
Investment in property, plant and equipment

Renewed increase in investment. In the context of our global growth strategy, we want to make good use of the opportunities presented by international automotive markets. This requires substantial investment in new products and new technologies as well as in the expansion of our worldwide production network. In 2013, we therefore once again increased our investment in property, plant and equipment to €5.0 billion (2012: €4.8 billion) and thus reached the magnitude announced in Annual Report 2012. Of that capital expenditure, €3.2 billion was invested in Germany (2012: €3.3 billion). As of December 31, 2013, no material financial obligations exist in connection with future investment in property, plant and equipment.

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Investment in property, plant and equipment

In billions of euros



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Investment in property, plant and equipment by division

	2013	2012	13/12 % change
In millions of euros			
Daimler Group	4,975	4,827	+3
in % of revenue	4.2	4.2	
Mercedes-Benz Cars	3,710	3,495	+6
in % of revenue	5.8	5.7	
Daimler Trucks	839	989	-15
in % of revenue	2.7	3.2	
Mercedes-Benz Vans	288	223	+29
in % of revenue	3.1	2.5	
Daimler Buses	76	82	-7
in % of revenue	1.9	2.1	
Daimler Financial Services	19	23	-17
in % of revenue	0.1	0.2	

At Mercedes-Benz Cars, investment in property, plant and equipment increased by 6% to €3.7 billion in 2013. The most important projects included the production of the new S-Class and preparations for the new C-Class, which will be produced in Bremen as well as Tuscaloosa (United States), Beijing (China) and East London (South Africa) as of 2014. We also made substantial investments in the modernization and expansion of transmission production in Untertürkheim and in the expansion of our production capacities in the United States. The main areas of investment at Daimler Trucks were for the Arocs (the new heavy-duty construction-site truck) as well as various projects for the global standardization of engines and other main components. We also invested in the expansion of our production capacities in Brazil and in the new Bharat-Benz plant in India. Total investment in property, plant and equipment at Daimler Trucks amounted to €0.8 billion (2012: €1.0 billion). At the Mercedes-Benz Vans division, the focus of investment was on the successor generation of the Vito goods van and the Viano passenger van. We also invested in the new generation of the Sprinter and the production of the Sprinter Classic by our partner GAZ in Russia. The main investments at Daimler Buses in 2013 were in new products and the modernization of production facilities.

In addition to capital expenditure on property, plant and equipment, we also invested substantial amounts in associates and joint ventures in 2013. Those investments include the acquisition of a 12% equity interest in our Chinese partner BAIC Motor and the investments in our Chinese joint ventures.

We also capitalized development costs of €1.3 billion in 2013 (2012: €1.5 billion); this is presented under intangible assets.

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Refinancing

The funds raised by Daimler in the year 2013 primarily served to refinance the leasing and sales-financing business. For that purpose, Daimler made use of a broad spectrum of various financing instruments in various currencies and markets. They include bank credit, commercial paper in the money market, bonds with medium and long maturities, customer deposits at Mercedes-Benz Bank and the securitization of receivables from customers in the financial services business (asset backed securities, ABS).

Various issue programs are available for raising longer-term funds in the capital market. They include the Euro Medium Term Note program (EMTN) with a total volume of €35 billion, under which Daimler AG and several subsidiaries can issue bonds in various currencies. Other local capital-market programs exist, significantly smaller than the EMTN program however, in markets such as South Africa, Mexico, Thailand and Argentina. Capital-market programs allow flexible, repeated access to the capital markets.

In 2013, the Group covered its liquidity requirements mainly through the issuance of bonds. A large proportion of those bonds were placed in the form of so-called benchmark emissions (bonds with high nominal volumes) in the US dollar and euro markets. [↗ C.32](#)

In addition, a large number of smaller bonds were issued in various currencies in the euro market as well as in Canada, South Africa, Thailand, Brazil, Argentina, South Korea and Turkey. More than one third of the bond volume was issued in euros and more than one third was issued in US dollars.

The ongoing high degree of uncertainty in global financial markets in 2012, due in particular to the European sovereign-debt crisis, meant that issuers with good ratings were already able to place corporate bonds at attractive conditions, and conditions for Daimler continued to improve in 2013. Within the framework of our liquidity management, we therefore tended to raise more funds with longer maturities.

Daimler also issued commercial paper in small volumes in 2013.

In 2013, several asset-backed securities (ABS) transactions were carried out in the United States and Germany due to the favorable market environment. For example, in April and November 2013, a refinancing volume of \$3.3 billion was generated in the United States through the issuance of ABS paper backed by leasing receivables. In addition, in July 2013, an ABS transaction with a volume of nearly \$1 billion was placed in the United States based on credit receivables. In November, Mercedes-Benz Bank placed ABS bonds in a volume of €925 million, also backed by credit receivables, with European investors.

Bank credit was another important source of refinancing in 2013. Funds were provided not only by large, globally active banks, but increasingly also by a number of local banks. The lenders included supranational banks such as Kreditanstalt für Wiederaufbau (KfW), the European Investment Bank and the Brazilian Development Bank (BNDES). In this way, we continued our diversification in the field of refinancing through banks.

In order to secure sufficient financial flexibility, in September 2013, Daimler concluded a €9 billion syndicated credit facility with a consortium of international banks with a maturity of five years and two extension options of two years in total. This provides the Group with financial flexibility until the year 2020. More than 40 European, American and Asian banks participated in the consortium. The credit line was over-subscribed and has more favorable conditions than the previous €7 billion facility. Daimler does not intend to utilize the credit line.

At the end of 2013, Daimler had short- and long-term credit lines totaling €35.4 billion (2012: €33.7 billion), of which €15.0 billion was not utilized (2012: €12.2 billion). They include a syndicated credit line arranged in September 2013 with a consortium of international banks with a volume of €9 billion, which has not been utilized.

The carrying values of the main refinancing instruments and the weighted average interest rates are shown in table [↗ C.31](#). At December 31, 2013, they are mainly denominated in the following currencies: 48% in euros, 25% in US dollars, 4% in Brazilian real, 3% in Japanese yen and 4% in Canadian dollars.

At December 31, 2013, the total of financial liabilities shown in the consolidated statement of financial position amounted to €77,738 million (2012: €76,251 million).

Detailed information on the amounts and terms of financing liabilities is provided in [↻ Note 24 and Note 32](#) of the Notes to the Consolidated Financial Statements. [↻ Note 32](#) also provides information on the maturities of the other financial liabilities.

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Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
	in %		in millions of euros	
Notes/bonds and liabilities from ABS transactions	2.14	1.86	44,875	40,845
Commercial paper	2.02	1.52	1,086	1,768
Liabilities to financial institutions	3.32	3.80	19,089	20,210
Deposits in the direct banking business	1.54	2.13	11,257	12,121

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Benchmark emissions

Issuer	Volume	Month of emission	Maturity
Daimler Finance North America	750 million USD	Jan. 2013	Jan. 2015
Daimler Finance North America	1,250 million USD	Jan. 2013	Jan. 2016
Daimler Finance North America	1,000 million USD	Jan. 2013	Jan. 2018
Daimler AG	1,000 million EUR	Mar. 2013	July 2016
Daimler AG	500 million EUR	Mar. 2013	Mar. 2023
Daimler AG	750 million EUR	June 2013	June 2021
Daimler Finance North America	1,500 million USD	Aug. 2013	Aug. 2016
Daimler Finance North America	1,500 million USD	Aug. 2013	Aug. 2018
Daimler AG	500 million EUR	Oct. 2013	Oct. 2016
Daimler AG	750 million EUR	Oct. 2013	Apr. 2020
Daimler AG	1,000 million EUR	Nov. 2013	Nov. 2018