

Statement of income

The Group's **total revenue** increased by 3.2% to €118.0 billion in 2013; adjusted for exchange rate effects, it increased by 7.3%. The revenue growth primarily reflects the higher unit sales by all automotive divisions and the increased contract volume at Daimler Financial Services. Further information on the development of revenue is provided in the [“Business development”](#) section of this Management Report. [↗ C.17](#)

Cost of sales amounted to €92.5 billion in 2013, increasing by approximately 4% compared with the prior year. The increase in cost of sales was caused by higher business volumes and consequentially higher material and personnel expenses. Furthermore, depreciation of equipment on operating leases increased along with the growing leasing business. There were opposing effects from lower expenses for refinancing at Daimler Financial Services. Compared with the Group revenue, which increased by 3.2% and was influenced by the depreciation of major currencies, cost of sales increased by 4.1%, so gross profit in relation to revenue fell to 21.6% (2012: 22.3%). The changed product mix also had an impact on this development. Further information on cost of sales is provided in [Note 5](#) of the Notes to the Consolidated Financial Statements. [↗ C.17](#)

Due to the growth in unit sales, **selling expenses** increased by €0.4 billion to €10.9 billion. The main factors here were higher expenses for marketing, personnel and IT services. As a percentage of revenue, selling expenses increased from 9.1% to 9.2%. [↗ C.17](#)

General administrative expenses of €3.9 billion were slightly below the level of the previous year (2012: €4.0 billion), mainly driven by exchange rate effects. As a percentage of revenue, general administrative expenses decreased slightly to 3.3% (2012: 3.5%). [↗ C.17](#)

Research and non-capitalized development costs were almost unchanged compared with the previous year at €4.1 billion (2012: €4.2 billion). They were mainly related to advance expenditure for the development of new models, the renewal of existing models, and the further development of fuel-efficient and environmentally friendly drive systems and safety technologies. As a proportion of revenue, research and development costs decreased from 3.7% to 3.5%. Further information on the Group's research and development costs is provided in the “Research and development, environmental protection” section of the [“Sustainability”](#) chapter. [↗ C.17](#)

Other operating income of €1.5 billion (2012: €1.5 billion) was at the prior-year level while **other operating expense** increased slightly to €0.4 billion (2012: €0.3 billion). Further information on the composition of other operating income and expense is provided in [Note 6](#) of the Notes to the Consolidated Financial Statements. [↗ C.17](#)

In 2013, our **share of profit from investments accounted for using the equity method** improved to €3.3 billion (2012: €1.2 billion). Both years were affected by large gains relating to the loss of significant influence and the disposal of EADS shares. In 2013, Daimler lost its significant influence on EADS; this resulted in a gain of €3.4 billion. In 2012, 7.5% of the shares of EADS were sold with a resulting gain of €0.9 billion. [↗ C.17](#)

Other financial expense improved from €0.5 billion to €0.3 billion. This is primarily due to lower expenses from the compounding of provisions and effects from changes in discount rates totaling €0.1 billion (2012: €0.5 billion). [↗ C.17](#)

The Group recorded a **net interest expense** of €0.7 billion (2012: €0.7 billion). While expenses related to pension and healthcare obligations were close to the prior-year level, other interest income improved slightly. This development was primarily due to measurement effects of interest hedging instruments, which serve to secure the Group's refinancing. Lower interest rates for cash deposits and higher levels of liquidity offset each other. [↗ C.17](#)

The **income tax expense** increased only slightly to €1.4 billion (2012: €1.3 billion), despite higher profit before income taxes. The effective tax rate for 2013 was 14.0% (2012: 15.8%). The lower effective tax rate was mainly the result of tax-free gains on the remeasurement and sale of EADS shares. Additional factors in both years were tax benefits in connection with the tax assessment of prior years. [↗ C.17](#)

Net profit for the year amounts to €8.7 billion (2012: €6.8 billion). Net profit of €1.9 billion is attributable to non-controlling interests (2012: €0.4 billion), a large portion of which in 2013 is related to the remeasurement of the EADS shares. Net profit **attributable to shareholders of Daimler AG** amounts to €6.8 billion (2012: €6.4 billion), representing **earnings per share of €6.40** (2012: €6.02). [↗ C.17](#)

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,068.8 million (2012: 1,066.8 million).