

Unit sales

Mercedes-Benz Cars will consistently follow its path of growth in the context of the “Mercedes-Benz 2020” offensive in 2014. A rejuvenated model portfolio and important new product launches should help us to significantly increase our unit sales and thus reach a new record. The new S-Class is likely to make a large contribution to the growth in unit sales. The brand’s flagship established itself as the market leader already in 2013. As of the third quarter, the new S-Class coupe will also be available and will set new standards in the luxury segment. The all-new C-Class sedan will be delivered to its first customers in Europe as early as March 2014, and the GLA sports utility vehicle will be launched in the high-volume compact-car segment also in March 2014 as the fourth model of the new compact cars. For the second half of 2014, Mercedes-Benz anticipates further sales impetus above all from the market launch of the new C-Class station wagon and the new generation of the CLS and the CLS Shooting Brake. In addition, the brand is likely to profit also in 2014 from the great market success of its models in the SUV segment.

Within the framework of the “Mercedes-Benz 2020” long-term growth strategy, we will consistently expand our product portfolio in all segments also in the coming years. We will increase to five the number of models offered by Mercedes-Benz in the compact-car segment. In parallel, we will continue the model offensive also at the top end of the portfolio, for example with additional models of the new S-Class and with an additional SUV variant.

From a regional perspective, we expect the markets in North America and Asia to make major contributions to our growth in unit sales. In Asia, the Chinese market is especially important for us. We have significantly enhanced the effectiveness of our sales organization in China. We will expand the range of models offered there in 2014, partially with locally produced vehicles such as the compact SUV - the GLA, and we will further expand the dealer network also outside the major cities.

The smart brand will present the successor to its smart two-seater as well as the new smart four-seater in 2014. Due to the model change and the associated production adjustments, we assume that the brand’s unit sales will be significantly lower in 2014 than in the previous year. The new models should then facilitate strong sales growth in the following years.

Daimler Trucks anticipates a significant increase in total unit sales in 2014.

In Western Europe, the aftereffects of purchases brought forward to the second half of 2013 due to the imminent introduction of Euro VI emission limits could at first lead to lower demand in 2014. However, in view of the anticipated upward development of the general economic situation, this weakness should become less pronounced as the year progresses. We intend to further strengthen our very good position with the full availability of our new model range and the high acceptance of our products in the market.

In Brazil, after the market slump in 2012 and a recovery phase in 2013, we now anticipate a slight decrease in demand. Our extensive measures taken to optimize production, products and sales should further strengthen our market position. These measures include the investment of approximately one billion Brazilian real (approximately €300 million) in the next two years. Those funds will flow primarily into the development of new products and innovative technologies and into process optimization and modernization at the plants in São Bernardo do Campo and Juiz de Fora.

Unit sales in the NAFTA region should develop positively and be significantly higher than in 2013. Following last year’s gain in market share, our products will optimally satisfy customers’ needs also in 2014, and will thus continue to secure our strong market position.

In Asia, the availability of additional BharatBenz models in the Indian market should make a major contribution to growth in unit sales. In addition, we are generating synergy potential and further growth possibilities in the context of our new “Asia Business Model.” In Japan, we will participate in the expected slight market growth.

Mercedes-Benz Vans anticipates a significant increase in unit sales in 2014. With the Citan, we are now a full-range supplier and can thus utilize additional growth potential. With regard to medium-sized and large vans, we expect unit sales in Europe to rise significantly, whereby the new Sprinter and the new Vito and the V-Class will stimulate additional demand. We anticipate a further significant increase in unit sales also for the Citan. In the context of the “Vans goes global” business strategy, we intend to continue our expansion also in North and South America and in China.

Daimler Buses is pursuing the goal in 2014 of significantly increasing its unit sales and maintaining its leading position in its core markets for buses above 8 tons with innovative and high-quality new products. Not least due to the soccer World Cup in 2014 and new products for the high-volume school-bus segment, we expect unit sales to increase in Brazil. In Europe, we anticipate a stable development of unit sales. The “GLOBE 2013” growth and efficiency offensive was launched in 2012 to utilize further growth potential and to strengthen our competitiveness; it is expected to result in further gains in 2014.

With its “DFS 2020” strategy, **Daimler Financial Services** aims to achieve further profitable growth in the coming years. For the year 2014, we anticipate significant growth in new business and contract volume. Important growth drivers are the product offensives of the automotive divisions, the addressing of younger customers as a new target group, the expansion of business especially in Asia, the further development of our online sales channels and the development of innovative mobility offers. In addition to car2go, we will systematically expand our range of mobility services. Two examples of this are the “moovel” mobility platform and the “Park2gether” online service for finding parking spaces.

On the basis of our assumptions concerning the development of automotive markets and the divisions’ planning, we expect the **Daimler Group** to achieve further significant growth in total unit sales in 2014.

Revenue and earnings

We assume that the Daimler Group’s **revenue** will grow significantly in 2014. Although there is still great uncertainty regarding the future development of our markets, we can assume that demand will generally increase. Another positive factor is that we should profit from the numerous new models that we launched in all of our automotive divisions in 2012 and 2013. The new models of the year 2014 will additionally stimulate demand, for example the new C-Class and the new GLA compact SUV at Mercedes-Benz Cars. Furthermore, we are increasingly developing the growth markets of Asia, Eastern Europe and Latin America for our products – partially also through local production. The revenue growth we anticipate is likely to be driven by all divisions, whereby Daimler Trucks and Mercedes-Benz Cars will probably deliver the biggest contributions in absolute terms. In regional terms, we expect to achieve above-average growth rates in the emerging markets and in North America.

The following factors are particularly important for the **earnings situation of the Daimler Group** in 2014:

- Due to our Group-wide product offensive, we are starting the year 2014 in all automotive divisions with a large number of new and attractive products and new technologies. This will enable us to convince our customers also in difficult markets.
- In order to focus our activities even more sharply on our customers and markets, we decided in September 2013 to strengthen the organization of the divisions. Under the heading of “Customer Dedication,” we are placing responsibility for the main sales functions and the important sales markets directly in the respective divisions. In this way, we will become faster and more flexible, and will create the right conditions to better utilize the growth potential in our core business and in new markets.

- With the programs “Fit for Leadership” at Mercedes-Benz Cars, “Daimler Trucks #1” at Daimler Trucks, “Performance Vans 2013” at Mercedes-Benz Vans and “GLOBE 2013” at Daimler Buses, we intend to realize earnings contributions totaling approximately €4 billion by the end of 2014 as a result of measures taken for the sustained improvement of cost structures and through additional business activities. Implementation is proceeding according to plan. These programs will be fully reflected in the earnings of 2015 and the following years.
- However, the advance expenditure for our model offensive, for innovative technologies and for the worldwide production facilities will first affect our earnings in the form of increased costs and depreciation.
- Within the context of our growth strategy, we are increasing our production capacities and expanding our worldwide production network. At the same time, we are enhancing the flexibility of our manufacturing and cost structures.
- We are also further developing our sales structures – in North America, in Eastern Europe and especially in the BRIC countries.
- Although the currently very low level of interest rates and risk premiums is easing our refinancing, it is also creating more competition and thus lower margins in the financial services business.
- Despite our hedging transactions, we must assume that a sustained high value of the euro against the US dollar, the Japanese yen and other currencies important to Daimler, including those of various emerging economies, will adversely affect the development of earnings compared with last year.

On the basis of the anticipated market development, the aforementioned factors and the planning of our divisions, we assume that **Group EBIT from the ongoing business** will increase significantly in 2014.

For the individual divisions, we aim to achieve the following EBIT targets in full-year 2014:

- Mercedes-Benz Cars: significantly above the prior-year level,
- Daimler Trucks: significantly above the prior-year level,
- Mercedes-Benz Vans: at the prior-year level,
- Daimler Buses: slightly above the prior-year level and
- Daimler Financial Services: at the prior-year level.