Mercedes-Benz
Press Information
July 26, 2024

Mercedes-Benz Group Q2 results underscore solid financial performance

- **Performance:** Q2 adjusted Return on Sales (RoS) reached 10.2% at Mercedes-Benz Cars and 17.5% at Mercedes-Benz Vans; Mercedes-Benz Mobility adjusted Return on Equity (RoE) at 8.4%. Q2 Group-EBIT reached €4.0 billion, 5% above Q1 2024.
- **Cash Generation:** Mercedes-Benz Group with solid free cash flow from the industrial business of €1.6 billion.
- **Transformation:** Battery development capacity strengthened with new eCampus competence center for battery technologies. Roll out of Automatic Lane Change capability in Europe.
- **Share buyback update:** Sustainable cash generation continued, share buyback volume reached €2.8 billion in Q2. Since the beginning of the programs in March 2023, the company has bought back shares equivalent to €5.1 billion as of end June 30, 2024.
- **Outlook:** Mercedes-Benz Cars adjusted Return on Sales (RoS) expected in the range of 10% - 11%; Mercedes-Benz Vans adjusted Return on Sales guidance (RoS) seen at 14% - 15%; Mercedes-Benz Mobility's adjusted Return on Equity (RoE) seen in the range of 8.5% - 9.5%. Guidance for Group revenue, Group EBIT and Group free cash flow from the industrial business remains unchanged.

Stuttgart (Germany) – Mercedes-Benz Group AG (ticker symbol: MBG) achieved solid second-quarter results with Group Earnings Before Interest and Taxes (EBIT) of €4.0 billion (Q2 2023: €5.0 billion) supported by operational efficiency and a focus on healthy sales of cars and vans in a challenging environment. The adjusted Return on Sales (RoS) at Mercedes-Benz Cars reached 10.2% (Q2 2023: 13.5%) and 17.5% (Q2 2023: 15.5%) at Mercedes-Benz Vans. Group revenue reached €36.7 billion (Q2 2023: €38.2 billion) in the quarter.

"Thanks to our desirable passenger cars and vans, Mercedes-Benz achieved double-digit margins in a challenging environment. Going forward, we continue to invest in cutting-edge products while fostering our financial resilience. Sales and the model mix are expected to improve in the second half of the year, supported by further market launches of new models particularly in the Top-End segment."
Ola Kaellenius, Chief Executive Officer of Mercedes-Benz Group AG

Mercedes-Benz Group	Q2 2024	Q2 2023	Change 24/23	Q1-Q2 2024	Q1-Q2 2023	Change 24/23
Revenue*	36,743	38,241	-3.9%	72,616	75,757	-4.1%
Earnings before Interest and Taxes (EBIT)*	4,037	4,988	-19.1%	7,900	10,492	-24.7%
Net profit/loss*	3,062	3,641	-15.9%	6,087	7,652	-20.5%
Free Cash Flow (industrial business)*	1,629	3,363	-51.6%	3,862	5,527	-30.1%
Earnings per share (EPS) in EUR	2.95	3.34	-11.7%	5.81	7.03	-17.4%

*in millions of €

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Investments, free cash flow, net liquidity

The free cash flow from the industrial business in the second quarter reached €1.6 billion (Q2 2023: €3.4 billion) due to the solid cash conversion rate at cars and vans. This was influenced by lower Earnings Before Interest and Taxes (EBIT) and headwinds in working capital development due to higher inventory levels ahead of the expected higher H2 sales. The net liquidity from the industrial business reached €28.0 billion (end of 2023: €31.7 billion) due to the dividend payment of €5.5 billion and cash outs for share buybacks of approximately €2.8 billion in the second quarter. Since the beginning of the buyback programmes in March 2023, the company has bought back shares for €5.1 billion as of end June 30, 2024. The Group's investments in property, plant and equipment in the second quarter totalled €0.9 billion (Q2 2023: €0.8 billion). Research and development expenditure fell to €2.3 billion (Q2 2023: €2.4 billion).

Divisional results

Adjusted Earnings Before Interest and Taxes (EBIT) at **Mercedes-Benz Cars** reached €2.8 billion (Q2 2023: €3.8 billion) on lower sales volumes but resulted in an adjusted Return on Sales (RoS) of 10.2%, up from 9.0% in the first quarter, (Q2 2023: 13.5%) due to a focus on sales quality in a challenging environment and due to favourable material costs. Mercedes-Benz Cars unit sales reached 496,712 units in the second quarter, a plus of 7% compared to the first quarter due to improved product availability in China and the United States. Top-End Q2 sales increased by 6% compared to Q1, but remain below year-earlier levels, mainly due to model changeovers and a subdued market environment in Asia. The availability of Top-End models continues to improve with the all-new electric G-Class[1] launched. Sales of the AMG CLE53, AMG E53 and AMG GLC43 models started in the second quarter. Furthermore, the Mercedes-Benz S-Class remains the undisputed market leader in its segment in all major markets. Sales in the Core segment rose by 8% in Q2 compared to previous quarter mainly driven by the E-Class and GLC, the latter of which has retained its status as the top-selling model.

Mercedes-Benz Cars	Q2 2024	Q2 2023	Change 24/23	Q1-Q2 2024	Q1-Q2 2023	Change 24/23
Sales in units	496,712	515,746	-3.7%	959,690	1,019,229	-5.8%
- thereof xEV	89,963	95,910	-6.2%	180,140	187,608	-4.0%
- thereof BEV	45,843	61,211	-25.1%	93,364	112,850	-17.3%
Share of xEV in unit sales in %	18.1	18.6	-	18.8	18.4	-
Revenue*	27,170	28,244	-3.8%	52,883	56,056	-5.7%
Earnings before Interest and Taxes (EBIT)*	2,756	3,852	-28.5%	5,212	8,000	-34.9%
Earnings before Interest and Taxes (EBIT) adjusted*	2,763	3,812	-27.5%	5,086	7,925	-35.8%
Return on Sales (RoS) in %	10.1	13.6	-3.5%pts	9.9	14.3	-4.4%pts
Return on Sales (RoS) adjusted in %	10.2	13.5	-3.3%pts	9.6	14.1	-4.5%pts
Cash Flow Before Interest and Taxes (CFBIT)*	2,156	3,769	-42.8%	4,453	6,750	-34.0%
Cash Flow Before Interest and Taxes (CFBIT) adjusted*	2,192	3,842	-42.9%	4,533	6,862	-33.9%
Cash Conversion Rate adjusted	0.8	1.0	-	0.9	0.9	-

*in millions of €

The adjusted Return on Sales (RoS) for **Mercedes-Benz Vans** rose to 17.5% (Q2 2023: 15.5%). The lower unit sales were outweighed by healthy net pricing, and a favourable structure, as well as favourable material costs and positive foreign exchange effects. Adjusted Earnings Before Interest and Taxes (EBIT) increased by 5% to €834 million (Q2 2023: €792 million). Mercedes-Benz Vans global sales reached 103,435 units in the second quarter maintaining sales at the same level as in the first quarter (-2% compared to Q1). Thus, the division achieved a strong first half-year in 2024, with Q2 influenced by model changes both in the private and commercial segment of midsize and large vans and a phased ramp up of the eSprinter.

Mercedes-Benz Vans	Q2 2024	Q2 2023	Change 24/23	Q1-Q2 2024	Q1-Q2 2023	Change 24/23
Sales in units	103,435	119,505	-13.4%	208,860	218,390	-4.4%
- thereof BEV	5,209	5,054	+3.1%	8,189	8,624	-5.0%
Share of BEV in unit sales in %	5.0	4.2	-	3.9	3.9	-
Revenue*	4,774	5,123	-6.8%	9,667	9,738	-0.7%
Earnings before Interest and Taxes (EBIT)*	830	806	+3.0%	1,763	1,568	+12.4%
Earnings before Interest and Taxes (EBIT) adjusted*	834	792	+5.3%	1,634	1,511	+8.1%
Return on Sales (RoS) in %	17.4	15.7	+1.7%pts	18.2	16.1	+2.1%pts
Return on Sales (RoS) adjusted in %	17.5	15.5	+2.0%pts	16.9	15.5	+1.4%pts
Cash Flow Before Interest and Taxes (CFBIT)*	591	777	-23.9%	1,234	1,187	+4.0%
Cash Flow Before Interest and Taxes (CFBIT) adjusted*	624	819	-23.8%	1,312	1,269	+3.4%
Cash Conversion Rate adjusted	0.7	1.0	-	0.8	0.8	-

*in millions of €

The portfolio of **Mercedes-Benz Mobility** shows an increasing share of xEV vehicles (battery electric vehicles and plug-in hybrid vehicles) in the second quarter of 2024. As a result, more than every second electric vehicle is now leased or financed by Mercedes-Benz Mobility. Overall, the total portfolio amounted to €135.7 billion at the end of June 2024 and is thus at the same level as year-end 2023 (FY 2023: €135.0 billion). At €14.1 billion, the new business of Mercedes-Benz Mobility is below prior-year level (Q2 2023: €15.4 billion). The adjusted Earnings Before Interest and Taxes (EBIT) decreased to €271 million mainly driven by a lower interest margin and higher cost of credit risk (Q2 2023: €448 million). As a result, the adjusted Return on Equity (RoE) decreased to 8.4% (Q2 2023: 12.8%).

Mercedes-Benz Mobility	Q2 2024	Q2 2023	Change 24/23	Q1-Q2 2024	Q1-Q2 2023	Change 24/23
Revenue*	6,347	6,506	-2.4%	13,202	13,145	+0.4%
New business*	14,094	15,415	-8.6%	28,844	30,116	-4.2%
Contract volume (June, 30)*	135,747	131,375	+3.3%	135,747	135,027**	+0.5%
Earnings before Interest and Taxes (EBIT)*	271	172	+57.6%	550	711	-22.6%
Earnings before Interest and Taxes (EBIT) adjusted*	271	448	-39.5%	550	987	-44.3%
Return on Equity (RoE) in %	8.4	4.9	+3.5%pts	8.5	10.2	-1.7%pts
Return on Equity (RoE) adjusted in %	8.4	12.8	-4.4%pts	8.5	14.2	-5.7%pts

*in millions of €
** Year-end figure 2023

Transformation

Battery development capacity was strengthened with a new competence centre for the development of cells and batteries, the so-called eCampus designed to develop innovative chemical compositions and optimised production processes for high-performance cells with "Mercedes-Benz DNA". Furthermore, Mercedes-Benz made progress with rolling out its Automatic Lane Change function[2] in Europe. Mercedes-Benz Auto Finance Ltd. (MBAFC), part of the Mercedes-Benz Mobility division, successfully issued its first Green Auto Loan Asset-Backed-Security (ABS) in July 2024 in the Chinese Interbank Bond Market. It is Mercedes-Benz's first Green ABS worldwide and Mercedes-Benz is the first foreign automotive company to issue a Green Asset-Backed-Security in China.

Outlook

The economic situation and automotive markets continue to be characterised by a degree of uncertainty. In addition to unexpected macroeconomic developments, uncertainties for the global economy and the business development of Mercedes-Benz Group may arise from geopolitical events and trade policy.

The company sees unit sales of **Mercedes-Benz Cars** at the prior-year level, with overall sales expected to rise in the second half of 2024, driven by the full availability of all new E-Class and GLC models and an increase in Top-End Vehicle sales.
In Europe, Mercedes-Benz sees the overall sentiment improving.
In China Mercedes-Benz has a cautious view on the macroeconomic sentiment and fierce competition in the Entry segment and to a certain extent in the Core segment. In China the company seeks to successfully defend its leading position in the Top-End Vehicle segment in a softer market environment.
In the United States, solid momentum is seen for sales and demand. A positive year-over-year development is expected for the second half of 2024 driven by sales of the GLC.
The xEV share is expected to be between 19% - 20%. Sales of plug-in hybrids are expected to increase in the second half, driven by SUVs and the full availability of the E-Class.
The adjusted Return on Sales (RoS) guidance is seen in the narrower range of 10% - 11% (previously 10%-12%). Mercedes-Benz expects an increase in sales volumes and an improved model mix in the second half of the year. Mercedes-Benz also seeks to hold and defend pricing at current levels. The company sees some normalization of the used vehicle business which overall remains on a healthy level. Investments in property plant & equipment, research & development expenditure and the adjusted Cash Conversion Rate (CCR) are seen unchanged at 0.8 to 1.0.

Mercedes-Benz Vans raises its adjusted Return on Sales (RoS) guidance to 14%-15% (previously 12% - 14%) given continued healthy net pricing and favourable structure supported by comprehensive cost reductions. The Vans division is currently in a sweet spot with regards to product lifecycle. The company expects a healthy return on sales in H2 but influenced by increasing costs for the new VAN.EA platform. Considering current macro developments and uncertainties with regard to H2, the company remains prudent and takes a cautious view. Market demand is expected to soften in the private and commercial van segments in H2. As the EV markets ease, the xEV share is now seen at 5% - 7%. The full year guidance on sales, research & development expenditure, investments in property plant & equipment as well as the adjusted CCR remain unchanged.

Due to the demanding market environment and interest rates which are remaining higher for longer, **Mercedes-Benz Mobility** now expects the adjusted Return on Equity (RoE) for the division in the range of 8.5% - 9.5% for the full year (previously 10%-12%). Coming from an adjusted Return on Equity (RoE) of 8.5% in H1 the company expects a flat portfolio margin in H2. Improving cost of credit risk will be partially outweighed by further increasing ramp up costs for charging infrastructure and a challenging market environment especially in China. Mercedes-Benz Mobility will continue to work on efficiencies.

The **Mercedes-Benz Group** confirms its group guidance. Group revenue is expected to remain at the prior-year level with Mercedes-Benz Cars, Mercedes-Benz Vans and Mercedes-Benz Mobility revenue forecasts unchanged. Group EBIT is expected to be slightly below the prior-year level, resulting out of the divisional guidance, with the guidance raise at Vans balancing out Mercedes-Benz Mobility. Group free cash flow from the industrial business is seen slightly below the very strong levels from 2023.

Link to press information “Sales figures Q2 2024”: media.mercedes-benz.com/sales

Link to capital market presentation Q2 2024: group.mercedes-benz.com/q2-2024/en

[1] Mercedes-Benz G 580 with EQ Technology | energy consumption combined: 30.3-27.7 kWh/100 km | CO_2 emissions combined: 0 g/km | CO_2 class: A. The specified values were determined in accordance with the WLTP (Worldwide harmonised Light vehicles Test Procedure) measurement method. The ranges given refer to ECE markets. The energy consumption and CO_2 emissions of a car depend not only on the efficient utilisation of the fuel or energy source by the car, but also on the driving style and other non-technical factors.

[2] MBUX Navigation is a prerequisite. The driving assistance and safety systems from Mercedes-Benz are merely aids, and do not relieve the driver of responsibility. The driver must observe the information in the Owner's Manual and the system limitations described therein.

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Mercedes-Benz Group at a glance
Mercedes-Benz Group AG is one of the world's most successful automotive companies. With Mercedes-Benz AG, the Group is one of the leading global suppliers of high-end passenger cars and premium vans. Mercedes-Benz Mobility AG offers a product range from financing, leasing, vehicle subscription, rental and fleet management to insurance, innovative mobility services, digital payment solutions as well as products and services around charging. The company founders, Gottlieb Daimler and Carl Benz, made history by inventing the automobile in 1886. As a pioneer of automotive engineering, Mercedes-Benz sees shaping the future of mobility in a safe and sustainable way as both a motivation and obligation. The company's focus therefore remains on innovative and green technologies as well as on safe and superior vehicles that both captivate and inspire. Mercedes-Benz continues to invest systematically in the development of efficient powertrains and sets the course for an all-electric future. Mercedes-Benz is consistently implementing its strategy to transform itself toward a fully electric and software-driven future. The company's efforts are also focused on the intelligent connectivity of its vehicles, autonomous driving and new mobility concepts as Mercedes-Benz regards it as its aspiration and obligation to live up to its responsibility to society and the environment. Mercedes-Benz sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and Latin America, Asia and Africa. In addition to Mercedes-Benz, the world's most valuable luxury automotive brand (source: Interbrand study, 22 Nov. 2023), Mercedes-AMG, Mercedes-Maybach and Mercedes me as well as the brands of Mercedes-Benz Mobility: Mercedes-Benz Bank, Mercedes-Benz Financial Services and Athlon. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol MBG). In 2023, the Group had a workforce of around 166,000 and sold around 2.5 million vehicles. Group revenues amounted to €153.2 billion and Group EBIT to €19.7 billion.