

## Press Information

April 29, 2020

### Daimler reports first-quarter 2020 results

- Group unit sales of 644,300 vehicles (Q1 2019: 773,800)
- Revenue of €37.2 billion (Q1 2019: €39.7 billion)
- Group EBIT of €617 million (Q1 2019: €2,798 million)
- Group net profit of €168 million (Q1 2019: €2,149 million)
- Free cash flow of the industrial business of minus €2.3 billion (Q1 2019: minus €2.0 billion)
- Industrial net liquidity of €9.3 billion (end of 2019: €11.0 billion)
- Group unit sales, revenue and EBIT expected to be below prior-year levels in 2020

Stuttgart (Germany) – Daimler AG (ticker symbol: DAI) today reported its results for the first quarter ended March 31, 2020. The Group's total unit sales decreased by 17% to 644,300 passenger cars and commercial vehicles (Q1 2019: 773,800) due to the global spread of the corona virus. Revenue slipped slightly by 6% to €37.2 billion (Q1 2019: €39.7 billion). First-quarter EBIT was €617 million (Q1 2019: €2,798 million). Adjusted EBIT, reflecting the underlying business, was €719 million (Q1 2019: €2,310 million).

**Ola Källenius, Chairman of the Board of Management of Daimler AG and Mercedes-Benz AG:** “The COVID-19 pandemic has substantial effects on the global economy - and our company. We took the proactive decision to stop production in March, and moved very quickly into cash preservation and cost management mode. As a consequence, Daimler ended the first quarter with a positive result and a robust liquidity. Now we have started with a gradual ramp-up of our production. At the same time, we are continuing to invest in key technologies, including electrification and digitalization. They are non-negotiable elements of our future.”

In the first quarter of 2020, net profit was €168 million (Q1 2019: €2,149 million). Net profit attributable to the shareholders of Daimler AG amounted to €94 million (Q1 2019: €2,095 million), leading to a decline in earnings per share to €0.09 (Q1 2019: €1.96).

#### Investments, free cash flow and liquidity

The Group's investments in property, plant and equipment in the first quarter totaled €1.6 billion (Q1 2019: €1.7 billion). Research and development expenditure amounted to €2.4 billion (Q1 2019: €2.4 billion). The free cash flow of the industrial business was minus €2.3 billion (Q1 2019: minus €2.0 billion) and was particularly influenced by the global effects of

the pandemic. The adjusted free cash flow of the industrial business was minus €1.9 billion (Q1 2019: minus €2.0 billion), which is still influenced by high upfront investments in future products.

Daimler responded to the temporary drop in demand caused by the pandemic by proactively taking production stoppages in March and April, thus securing the Group's financial strength. The net liquidity of the industrial business decreased to €9.3 billion at the end of first quarter, compared to €11.0 billion at year-end 2019. The decrease is particularly due to the negative free cash flow of the industrial business.

In early April, Daimler AG increased its financial flexibility with a further loan facility agreement in the amount of €12 billion. This is in addition to the existing €11 billion revolving credit facility, which has not yet been utilized, and has a term until 2025 including extension options. The additional loan facility was agreed with an international banking syndicate and can be utilized within a 12-month period with two extension options of six months.

### **Divisional results**

The effects of the virus pandemic and the resulting decrease in unit sales led to a significant earnings downturn at Mercedes-Benz Cars & Vans as well as Daimler Trucks & Buses. Earnings at Daimler Mobility were also negatively impacted by additional expenses for credit risk provisions in connection with the pandemic.

Sales by the Mercedes-Benz Cars & Vans division decreased by 16% to 546,700 vehicles in the first quarter (Q1 2019: 652,400). Revenue was €23.2 billion (Q1 2019: €24.1 billion). EBIT amounted to €510 million (Q1 2019: €1,143 million) and return on sales was 2.2% (Q1 2019: 4.8%). Adjusted EBIT was €603 million (Q1 2019: €1,372 million) and adjusted return on sales was 2.6% (Q1 2019: 5.7%). Cash flow before interest and taxes (CFBIT) was minus €1,729 million (Q1 2019: minus €835 million). Adjusted CFBIT amounted to minus €1,281 million (Q1 2019: minus €756 million). The adjusted cash conversion rate (CCR) was minus 2.1 (Q1 2019: minus 0.6).

Sales by Mercedes-Benz Cars slipped by 15% to 470,600 vehicles in the first quarter (Q1 2019: 555,300). Mercedes-Benz Vans' sales were down 22% to 76,200 vehicles (Q1 2019: 97,000).

Daimler Trucks & Buses division showed a decrease in unit sales of 20% to 97,600 vehicles in the first quarter (Q1 2019: 121,400). Revenue was €8.7 billion (Q1 2019: €10.2 billion). EBIT amounted to €247 million (Q1 2019: €553 million) and return on sales was 2.8% (Q1 2019: 5.4%). Cash flow before interest and taxes (CFBIT) was minus €85 million (Q1 2019: minus €232 million) leading to a cash conversion rate (CCR) of minus 0.3 (Q1 2019: minus 0.4).

Sales by Daimler Trucks fell by 20% to 92,500 vehicles in the first quarter (Q1 2019: 115,900). Daimler Buses sold 5,100 vehicles (Q1 2019: 5,500) – a decrease of 8%.

At Daimler Mobility, new business decreased by 7% to €16.2 billion in the first quarter (Q1 2019: €17.3 billion). Contract volume was €159.6 billion at the end of the quarter (December 31, 2019: €162.8 billion). Revenue was €7.1 billion (Q1 2019: €6.9 billion). The division's EBIT amounted to €58 million (Q1 2019: €1,209 million). At 1.6%, return on equity was lower than the figure of 35.7% in the prior-year period. Adjusted EBIT was €58 million (Q1 2019: €491 million) and adjusted return on equity was 1.6% (Q1 2019: 14.5%).

### **Outlook for Daimler and divisions**

After the world economy was already burdened in the course of the first quarter, its development would continue to be dominated by the corona pandemic during the rest of the year. The decisive factors will be when the pandemic will be under control worldwide, how long economic activity is limited until then, and which pattern of recovery will occur afterwards. From today's perspective, a significant decline in global economic output must be anticipated for the year 2020 as a whole.

Given the continuing effects of the pandemic, Daimler believes that the original forecast for the financial year 2020, as disclosed in connection with annual report 2019, is no longer valid. Therefore as already disclosed, Daimler expects for the Group and for Mercedes-Benz Cars, Mercedes-Benz Vans, Daimler Trucks and Daimler Buses unit sales in 2020 to be below the levels of the previous year. Daimler Mobility expects for the financial year 2020 a lower new business volume than in 2019.

Given the anticipated market development and the assessment of our divisions, Daimler expects Group revenue and Group EBIT for the financial year 2020 to be below the prior year. As the EBIT of the Mercedes-Benz Cars & Vans division was adversely affected by substantial special items in 2019, EBIT for this division is anticipated above the prior-year level despite the effects of the pandemic. The adjusted return on equity of Daimler Mobility for the financial year 2020 will not reach the prior year level. The expected decline in the results should lead to a decrease in the Group's industrial free cash flow for 2020.

Having implemented a comprehensive set of cash protection measures and having increased the financial flexibility, Daimler is confident of being well positioned to manage its business, both during and after the pandemic. As part of the measures already initiated to secure liquidity and reduce costs, Daimler will also reduce its spending on property, plant and equipment as well as on research and development compared with the previous year. However, Daimler will maintain upfront investments that are necessary to secure the future of company.

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This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk and Opportunity Report” in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

#### **Daimler at a glance**

Daimler AG is one of the world's most successful automotive companies. With its Mercedes-Benz Cars & Vans, Daimler Trucks & Buses and Daimler Mobility divisions, the Group is one of the leading global suppliers of premium cars and one of the world's largest manufacturer of commercial vehicles. Daimler Mobility offers financing, leasing, fleet management, investments, credit card and insurance brokerage as well as innovative mobility services. The company founders, Gottlieb Daimler and Carl Benz, made history by inventing the automobile in 1886. As a pioneer of automotive engineering, Daimler 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. Daimler continues to invest systematically in the development of efficient powertrains – from high-tech combustion engines and hybrid vehicles to all-electric powertrains with battery or fuel cell – with the goal of making locally emission-free driving possible in the long term. The company's efforts are also focused on the intelligent connectivity of its vehicles, autonomous driving and new mobility concepts. Daimler regards it as its aspiration and obligation to live up to its responsibility to society and the environment. Daimler sells its vehicles and services in nearly every country of the world and has production facilities in Europe, North and South America, Asia and Africa. In addition to Mercedes-Benz, the world's most valuable premium automotive brand (source: Interbrand study, 17 Oct. 2019), and Mercedes-AMG, Mercedes-Maybach and Mercedes me, its brand portfolio includes smart, EQ, Freightliner, Western Star, BharatBenz, FUSO, Setra and Thomas Built Buses as well as the brands of Daimler Mobility: Mercedes-Benz Bank, Mercedes-Benz Financial Services and Daimler Truck Financial. The company is listed on the Frankfurt and Stuttgart stock exchanges (ticker symbol DAI). In 2019, the Group had a workforce of around 298,700 and sold 3.3 million vehicles. Group revenues amounted to €172.7 billion and Group EBIT to €4.3 billion.