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Daimler AG: Daimler achieves EBIT of € 1,976 million in first quarter of 2008

Daimler AG / Quarter Results

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Stuttgart – Daimler AG (stock-exchange abbreviation DAI) today presents its interim report on the first quarter of 2008. Daimler achieved EBIT of €1,976 million in the first quarter (Q1 2007: €3,292 million).

The Mercedes-Benz Cars division improved its EBIT and thus compensated for the lower earnings recorded by Daimler Trucks and Daimler Financial Services.

Earnings decreased primarily because EBIT in the first quarter of 2007 included a special gain of €1,563 million related to the transfer of EADS shares. In the first quarter of 2008, special gains were realized in connection with the sale of the real-estate properties at Potsdamer Platz (€449 million) and in connection with the transfer of EADS shares (€102 million). There were opposing effects from expenses of €491 million related to Chrysler.

Net profit amounted to € 1,332 million (Q1 2007: €1,972 million), equivalent to earnings per share of €1.29 (Q1 2007: €1.89).

Unit sales up by 9% in Q1 2008

In the first quarter of 2008, Daimler sold 503,800 cars and commercial vehicles worldwide, thus surpassing the figure for the prior-year period by 9%.

Daimler's revenue increased slightly from €23.4 billion to €23.5 billion in the first quarter of 2008. Adjusted for exchange-rate effects and changes in the consolidated group, revenue growth amounted to 4%.

Mercedes-Benz Cars increased its unit sales by 17% to 318,300 vehicles in the first three months of this year, thus setting a new record for the first quarter. The Mercedes-Benz brand sold 284,000 vehicles, an increase of 10%, also achieving a new record for the first quarter. The smart brand almost tripled its unit sales from 10,800 to 31,200 cars. The division's revenue grew by 4% to €12.5 billion.

Mercedes-Benz Cars' EBIT improved by 45% to €1,152 million.

The significant increase in earnings was mainly a result of the good development of unit sales for both the Mercedes-Benz and smart brands. Unit sales of the C-Class and the smart fortwo were particularly positive. Further efficiency advances also contributed to the EBIT improvement. Exchange-rate effects and increased raw-material prices had a negative impact on EBIT in the first quarter of 2008.

Daimler Trucks sold 107,700 vehicles worldwide in the first quarter of 2008 (Q1 2007: 119,200). The decrease is primarily due to the significantly lower sales volume in the USA and supplier bottlenecks in Germany. Revenue decreased from €7.3 billion to €6.3 billion.

The Daimler Trucks division posted EBIT of €403 million (Q1 2007: €528

million). The decrease in earnings is primarily due to the tense economic situation in the United States and the weaker demand caused by the introduction of the EPA 07 exhaust-emission standards in the US in 2007. Earnings were also reduced in Europe as a result of production losses caused by a supply bottleneck of one supplier. But Daimler Trucks assumes it will be able to compensate for this production loss during the rest of the year. Earnings were positively affected, however, by the ongoing favorable sales trend in Latin America and in some important Asian markets. There were additional positive effects from efficiency improvements and improved product positioning.

Daimler Financial Services increased its contract volume by 2% to €58.3 billion in the first quarter of 2008. In the first quarter of 2008, 15 subsidiaries were fully consolidated for the first time (mainly in Eastern Europe and Asia). Adjusted for these consolidation effects and for exchange-rate effects, the increase was 7%. New business of €6.7 billion was 2% below the prior-year level. After adjusting for the two aforementioned factors, there was also a decrease of 2%.

EBIT of €168 million reported by Daimler Financial Services for the first quarter of 2008 was lower than the result for the prior-year period (Q1 2007: €214 million). The decrease in earnings was mainly due to the expenses incurred to set up a new financial services organization in the NAFTA region following the transfer of a majority interest in Chrysler. Increased risk costs also had a negative impact, but remained below the long-term average. There was a positive impact on earnings, however, from the increased contract volume.

EBIT of the Vans, Buses, Other segment amounted to €371 million (Q1 2007: €1,872 million). The decrease in earnings was primarily caused by the lower special gain of €102 million related to the transfer of EADS shares (Q1 2007: €1,563 million). The sale of the real-estate properties at Potsdamer Platz resulted in a special gain of €449 million in the first quarter of 2008.

The Mercedes-Benz Vans and Daimler Buses units profited from the continued positive development of unit sales and both achieved higher earnings, which are now reported individually for the quarters due to the growing importance of the business. Mercedes-Benz Vans reported EBIT of €186 million and Daimler Buses reported EBIT of €75 million.

Daimler's share of the earnings of EADS amounted to €22 million (Q1 2007: €165 million). The company's 19.9% interest in Chrysler, which is accounted for using the equity method, reduced EBIT by €340 million in the first quarter of 2008; this result includes expenses of €94 million resulting from the restructuring actions at Chrysler. As the Group generally applies the equity method of accounting for its interests in EADS and Chrysler with a three-month time lag, these figures mainly reflect the developments in the fourth quarter of 2007.

These results are by no means indicative for the results to be reported by Chrysler Holding LLC due to substantial valuation differences between US-GAAP used by Chrysler and IFRS accounting used by Daimler.

In connection with the transfer of a majority interest in Chrysler, the Group retained certain rights contingent upon the development of economic circumstances, in particular the development of residual values of Chrysler vehicles. At the time of the Chrysler transaction, these rights were measured and recognized as an asset in an amount of €185 million. In light of falling residual values of Chrysler vehicles, Daimler had to impair these assets by €151 million in the first quarter of 2008. Neither the equity result of Chrysler nor the impairment of the assets is cash effective.

Outlook

Although economic growth has slowed down as a result of the international financial crisis – particularly in the United States – making life harder for the automotive industry including Daimler, the Group continues to assume that the unit-sales targets it has set for its divisions will be met in 2008.

Based on the divisions' planning, Daimler expects its total unit sales to increase in the year 2008 (2007: 2.1 million vehicles).

Mercedes-Benz Cars expects to further increase its worldwide unit sales in 2008, thus surpassing the record level of the prior year. The full availability of the sedan and station-wagon versions of the new C-Class and of the new smart fortwo will make a decisive contribution to this development. Mercedes-Benz Cars expects to achieve a renewed increase in EBIT in 2008.

The Daimler Trucks division anticipates rising unit sales for full-year 2008. This will result on the one hand from the positive development of some Asian markets and on the other hand from higher unit sales in Europe – primarily due to the growth of markets in Eastern Europe. Based on these unit-sales expectations and the ongoing implementation of our Global Excellence program, Daimler Trucks assumes that the division's earnings in full-year 2008 will be higher than in the prior year.

Daimler Financial Services anticipates a moderate increase in its business volume as the year progresses. Despite the expenses connected with developing its own financial services organization in North America, Daimler Financial Services continues to assume that it will achieve a return on equity of at least 14% in full-year 2008.

Due to the strong demand for the new Sprinter and the positive sales trend of the Vito/Viano, Mercedes-Benz Vans expects a significant increase in unit sales and a new unit-sales record in the year 2008.

Daimler Buses also anticipates a continuation of strong demand and is therefore confident that it will match the high level of unit sales achieved in the prior year.

The Daimler Group assumes that total revenue will increase moderately in full-year 2008 (2007: €99.4 billion).

On the basis of the divisions' confirmed projections, in 2008 the Daimler Group continues to expect to post EBIT from ongoing operations of well above the prior-year level. Effects related to Chrysler are not included therein. In the year 2007, earnings included positive contributions in particular from the transfer of shares in EADS and negative contributions from Chrysler and related to the new management model.

Further information on Daimler is available on the Internet at www.media.daimler.com.

About Daimler

Daimler AG, Stuttgart, with its businesses Mercedes-Benz Cars, Daimler Trucks, Daimler Financial Services, Mercedes-Benz Vans and Daimler Buses, is a globally leading producer of premium passenger cars and the largest manufacturer of commercial vehicles in the world. The Daimler Financial Services division has a broad offering of financial services, including vehicle financing, leasing, insurance and fleet management. Daimler sells its products in nearly all the countries of the world and has

production facilities on five continents. The company's founders, Gottlieb Daimler and Carl Benz, continued to make automotive history following their invention of the automobile in 1886. As an automotive pioneer, Daimler and its employees willingly accept an obligation to act responsibly towards society and the environment and to shape the future of safe and sustainable mobility with groundbreaking technologies and high-quality products. The current brand portfolio includes the world's most valuable automobile brand, Mercedes-Benz, as well as smart, AMG, Maybach, Freightliner, Sterling, Western Star, Mitsubishi Fuso, Setra, Orion and Thomas Built Buses. The company is listed on the stock exchanges in Frankfurt, New York and Stuttgart (stock exchange abbreviation DAI). In 2007, the Group sold 2.1 million vehicles and employed a workforce of over 270,000 people; revenue totaled €99.4 billion and EBIT amounted to €8.7 billion. Daimler is an automotive Group with a commitment to excellence, and aims to achieve sustainable growth and industry-leading profitability.

This document contains forward-looking statements that reflect our current views about future events. The words 'anticipate,' 'assume,' 'believe,' 'estimate,' 'expect,' 'intend,' 'may,' 'plan,' 'project,' 'should' and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an economic downturn or slow economic growth in important economic regions, especially in Europe or North America; the effects of the subprime crisis which could result in a weaker demand for our products particularly in the U.S. but as well in the European market; changes in currency exchange rates and interest rates; the introduction of competing products and the possible lack of acceptance of our products or services; price increases in fuel, raw materials, and precious metals; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the business outlook for Daimler Trucks, which may be affected if the U.S. and Japanese commercial vehicle markets experience a sustained weakness in demand for a longer period than expected; the effective implementation of cost reduction and efficiency optimization programs; the business outlook of Chrysler, in which we hold an equity interest, including its ability to successfully implement its restructuring plans; the business outlook of EADS, in which we hold an equity interest, including the financial effects of delays in and potentially lower volumes of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety, the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading 'Risk Report' in Daimler's most recent Annual Report and under the headings 'Risk Factors' and 'Legal Proceedings' in Daimler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our 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. Any forward-looking statement speaks only as of the date on which it is made.

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