

## **Daimler achieves EBIT of €2,053 million in second quarter of 2008**

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- **Net profit of €1,395 million (Q2 2007: €1,849 million)**
- **Earnings per share of €1.40 (Q2 2007: €1.74)**
- **Unit sales up by 10% to 566,500 cars and commercial vehicles**
- **Revenue up by 6% to €25.4 billion, adjusted for exchange-rate effects up by 11%**
- **Full-year EBIT from ongoing operations (excluding Chrysler) expected to exceed €7 billion**

Stuttgart - Daimler AG (stock-exchange abbreviation DAI) continued its successful development of the prior quarter with a very good second quarter of 2008. "Strong unit sales and further efficiency improvements in all of our divisions led to very good results in a difficult environment," stated Dr. Dieter Zetsche, Chairman of the Board of Management of the Daimler Group.

Daimler achieved EBIT of €2,053 million in the second quarter of this year (Q2 2007: €2,134 million).

The Mercedes-Benz Cars and Daimler Trucks divisions were able to slightly increase their earnings. The Mercedes-Benz Vans and Daimler Buses units also achieved higher EBIT.

The decrease in Group earnings was mainly related to Daimler's interest in Chrysler (charges of €373 million). (Special items are shown in the table on page 7).

**Net profit** amounted to €1,395 million (Q2 2007: €1,849 million), equivalent to earnings per share of €1.40 (Q2 2007: €1.74).

## **Unit sales up by 10% in the second quarter**

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In the second quarter of 2008, Daimler sold 566,500 cars and commercial vehicles worldwide, surpassing the figure for the prior-year period by 10%.

Daimler's second-quarter revenue increased from €23.8 billion to €25.4 billion (+6%). Adjusted for exchange-rate effects and changes in the consolidated group, revenue growth amounted to 11%.

At the end of the second quarter of 2008, Daimler employed 274,999 people worldwide (end of Q2 2007: 271,486). Of this total, 168,342 were employed in Germany (end of Q2 2007: 166,581).

## **Details of the divisions in the first quarter of 2008**

**Mercedes-Benz Cars** increased its unit sales by 11% in the second quarter. Unit sales of Mercedes-Benz brand vehicles grew by 9% to a new record of 312,000 vehicles. smart once again achieved a significant increase in unit sales of 24%, selling 39,500 vehicles. Revenue rose by 3% to €12.9 billion.

The division increased its EBIT by 1% to €1,212 million. The slight increase in earnings was partially due to the positive unit-sales trends for both the Mercedes-Benz and the smart brands. The good development of unit sales was primarily driven by the C-Class models and the smart fortwo. Additional contributions to the improved earnings came from ongoing growth in car sales in the emerging markets, especially China and Russia, and from further efficiency improvements. Unfavorable exchange-rate effects, higher raw-material prices and higher costs for the development of technologies to reduce CO<sub>2</sub>-emissions negatively affected EBIT in the second quarter of 2008.

**Daimler Trucks** sold 122,800 vehicles in the second quarter of 2008, Page 3 significantly more than in the prior-year period (+10%), despite the ongoing weakness of the US economy. Revenue increased from €6.9 billion to €7.4 billion.

The Daimler Trucks division posted EBIT of €608 million, thus slightly exceeding its earnings in the second quarter of last year (€601 million). The result for the prior-year quarter was favorably affected by a special gain of €68 million realized on the sale of real-estate properties in Japan.

The division's improved earnings are mainly the result of the good development of unit sales in Europe, Latin America and some other markets, a positive product mix, and efficiency improvements. There were negative effects on earnings, however, from the continued difficult economic environment in the United States and higher raw-material prices.

Trucks Europe/Latin America (Mercedes-Benz) increased its unit sales by a further 17% to 46,500 vehicles, thus setting another record. Trucks NAFTA (Freightliner, Sterling, Western Star, Thomas Built Buses) increased its unit sales by 11%. The figure for the prior-year quarter had been impacted by a drop in demand due to stricter emission regulations in the United States and Canada. The unit sales attained by Trucks Asia (Mitsubishi Fuso) increased from 47,800 to 49,200 vehicles.

**Daimler Financial Services** increased its total contract volume by 4% to €60.4 billion in the second quarter of 2008. Compared with the prior year, 15 additional companies were fully consolidated for the first time, most of them in Asia and Eastern Europe. Adjusted for this effect and for exchange-rate effects, the increase was 8%. New business of €7.8 billion was 6% higher than in the second quarter of 2007.

EBIT of €183 million reported by **Daimler Financial Services** for the second quarter of 2008 was lower than the result for the prior-year period (Q2 2007: €220 million). The decrease in earnings was mainly due to higher cost of risk compared to the low levels of the prior-year quarter. Furthermore, there were higher expenses related to setting up the new financial services organization in the NAFTA region following the separation from Chrysler. There was a positive impact on earnings, however, from the increased contract volume.

The second-quarter EBIT of the **Vans, Buses, Other** segment amounted to €148 million (Q2 2007: €257 million). Mercedes-Benz Vans and Daimler Buses benefited from the continued very positive development of unit sales and both achieved higher earnings. Mercedes-Benz Vans reported EBIT of €262 million and Daimler Buses reported EBIT of €170 million.

The **Mercedes-Benz Vans** unit increased its unit sales by 7% in the second quarter of 2008, setting a new record of 78,600 vans sold in a quarter.

**Daimler Buses** sold 11,100 buses and chassis, thus surpassing the very high prior-year sales level by 7% and setting a new unit-sales record.

Daimler's share of the earnings of EADS amounted to €32 million (Q2 2007: €95 million). Our interest in Chrysler negatively affected EBIT in the second quarter of 2008 by €373 million; this result includes proportional expenses of €93 million resulting from the restructuring measures 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 first quarter of this year. The results in connection with our interest in EADS and Chrysler are not cash effective.

The results for Chrysler 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.

During the second quarter, Daimler acquired 22.3% of the shares in Tognum AG from EQT, a Swedish financial investor, and an additional 2.2% through the stock market for a total of €640 million. Tognum is included in the Vans, Buses, Other segment as of June 30, 2008 using the equity method of accounting. There was no earnings contribution from Tognum in the second quarter of 2008.

## Outlook

Although the headwind for the automotive industry and also for Daimler has become stronger as a result of the slowdown of global growth and the weak economy in the United States, Daimler continues to assume that its divisions will be able to achieve their unit-sales targets for full-year 2008.

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

**Mercedes-Benz Cars** expects to increase unit sales in the year 2008. The full availability of the new C-Class sedan and station wagon as well as the new smart fortwo will make a big contribution to this sales increase. In the second half of the year, we expect new sales stimulus from the recently introduced A- and B-Class models, the CLS, SLK, SL and the new CLC. The launch of the refreshed M-Class and especially the new GLK in late 2008 will also provide additional sales momentum in the following year. However, for lifecycle reasons, the division expects unit sales of the E-Class to fall somewhat, as this car is in its

last full model year. In view of the worsening economic environment, production output will be adjusted compared with the previous planning. The changed market outlook, rising raw-material prices and ongoing negative exchange-rate effects will also lead to burdens on earnings that cannot be fully offset by our significant efficiency improvements and higher unit sales. EBIT is therefore expected to be lower than in the prior year, with a return on sales in the magnitude of 8%.

**Daimler Trucks** looks forward to rising unit sales in full-year 2008. This is largely due to the positive developments in Europe and growth in Asian markets. Higher material costs and the effects of the weaker US economy will offset this positive development. Overall Daimler Trucks anticipates full-year earnings in the magnitude of €2 billion.

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

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

**Daimler Buses** also expect to match the high level of unit sales achieved in the prior year once again.

The **Daimler Group** anticipates a slight increase in the total revenue in full-year 2008 (2007: €99.4 billion).

The **Daimler Group** believes it continues to be very well positioned with regard to the competition. However, it will not be possible to fully compensate for the aforementioned negative macroeconomic factors such as the slowdown of global growth, rising raw-material prices and unfavorable exchange-rate effects by means of higher unit sales and further efficiency improvements. Dr. Dieter Zetsche: “We have prepared the Group well for this situation and fulfill all the requirements to rank among the best in our industry also in more difficult times.”

On the basis of the divisions’ projections, the **Daimler Group** expects to post EBIT from ongoing operations of more than €7 billion in 2008. Effects related to Chrysler are not included therein. Daimler had previously anticipated EBIT from ongoing operations of significantly above the prior year’s level (€7.7 billion).

<b>Special items affecting EBIT</b>		
Amounts in millions of €	<b>Q2 2008</b>	<b>Q2 2007</b>
<b>Daimler Trucks</b>		
Sale of real estate in Japan	-	68
<b>Vans, Buses, Other</b>		
Gain (loss) related to the transfer of shares in EADS	35	(39)
Restructuring program at Chrysler	(93)	-
Impairment of rights due to reduced residual values of Chrysler vehicles	(17)	-
<b>Reconciliation</b>		
New management model	(63)	(42)

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 credit 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.

Further Investor Relations information on Daimler is available on the Internet via [www.daimler.com/investors](http://www.daimler.com/investors) and on handhelds via <http://mobile.daimler.com>.

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## Figures for the 2<sup>nd</sup> Quarter 2008/First Half-Year 2008

<b>Daimler Group</b> amounts in €	<b>Q2</b> <b>2008</b>	<b>Q2</b> <b>2007</b>	<b>Change</b> <b>08/07</b>	<b>YTD</b> <b>2008</b>	<b>YTD</b> <b>2007</b>	<b>Change</b> <b>08/07</b>
Revenue, in millions	25,382	23,844	6% <sup>1)</sup>	48,837	47,214	3% <sup>2)</sup>
EBIT, in millions	2,053	2,134	- 4 %	4,029	5,426	- 26 %
Net profit, in millions	1,395	1,849	- 25 %	2,727	3,821	- 29 %
Net profit from continuing operations, in millions	1,412	1,443	- 2 %	2,747	4,158	- 34 %
Earnings per share (EPS)	1.40	1.74	- 20 %	2.70	3.64	- 26 %
Employees (June 30)	274,999	271,486	+ 1 %	274,999	271,486	+ 1 %

<b>EBIT by Divisions</b> in millions of €	<b>Q2</b> <b>2008</b>	<b>Q2</b> <b>2007</b>	<b>Change</b> <b>08/07</b>	<b>YTD</b> <b>2008</b>	<b>YTD</b> <b>2007</b>	<b>Change</b> <b>08/07</b>
Mercedes-Benz Cars	1,212	1,204	+ 1 %	2,364	1,996	+ 18 %
Daimler Trucks	608	601	+ 1 %	1,011	1,129	- 10 %
Daimler Financial Services	183	220	- 17 %	351	434	- 19 %
Vans, Buses, Other	148	257	- 42 %	519	2,129	- 76 %
Mercedes-Benz Vans <sup>3)</sup>	262	-	-	448	-	-
Daimler Buses <sup>3)</sup>	170	-	-	245	-	-

<b>Revenue by Divisions</b> in millions of €	<b>Q2</b> <b>2008</b>	<b>Q2</b> <b>2007</b>	<b>Change</b> <b>08/07</b>	<b>YTD</b> <b>2008</b>	<b>YTD</b> <b>2007</b>	<b>Change</b> <b>08/07</b>
Mercedes-Benz Cars	12,921	12,558	+ 3 %	25,418	24,628	+ 3 %
Daimler Trucks	7,385	6,930	+ 7 %	13,712	14,220	- 4 %
Daimler Financial Services	2,231	2,095	+ 6 %	4,474	4,247	+ 5 %
Vans, Buses, Other	4,074	3,376	+ 21 %	7,522	6,258	+ 20 %
Mercedes-Benz Vans	2,557	2,284	+ 12 %	4,892	4,344	+ 13 %
Daimler Buses	1,321	1,076	+ 23 %	2,240	1,889	+ 19 %

<b>Unit Sales</b> in units	<b>Q2</b> <b>2008</b>	<b>Q2</b> <b>2007</b>	<b>Change</b> <b>08/07</b>	<b>YTD</b> <b>2008</b>	<b>YTD</b> <b>2007</b>	<b>Change</b> <b>08/07</b>
Daimler Group	566,500	516,400	+ 10 %	1,070,300	976,600	+ 10 %
Mercedes-Benz Cars	354,000	320,200	+ 11 %	672,300	591,200	+ 14 %
Daimler Trucks	122,800	112,100	+ 10 %	230,500	231,300	-0%
Mercedes-Benz Vans	78,600	73,800	+ 7 %	147,300	135,500	+ 9 %
Daimler Buses	11,100	10,300	+ 7 %	20,200	18,600	+ 9 %

1) Adjusted for the effects of currency translation and changes in the consolidated Group, increase in revenue of 11%.

2) Adjusted for the effects of currency translation and changes in the consolidated Group, increase in revenue of 7%.

3) In light of the growing relative share of the van und bus business, Daimler Group starts disclosing the EBIT figures for Mercedes-Benz Vans and Daimler Buses in Q1 2008.