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Daimler AG: Daimler posts Group EBIT of €1.9 billion
Daimler AG / Quarter Results

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- Net loss of €1,533 million (Q3 2006: net profit of €868 million), thereof minus €2.6 billion from the Chrysler transaction
- Revenues up by 6% to €25.7 billion
- EBIT of at least €8.5 billion anticipated for full-year 2007 (FY 2006: €5.0 billion)

Stuttgart - The new Daimler AG (stock exchange abbreviation DAI) today presented its interim report on the third quarter of 2007.

Daimler achieved EBIT of €1,891 million in the third quarter of this year (Q3 2006: €1,823 million). There was a positive impact from the significantly higher EBIT from the Mercedes-Benz Cars division, which profited from a favorable development of unit sales as well as from ongoing efficiency improvements.

Daimler Trucks division's earnings were below the high level of the prior-year quarter as a result of the expected decrease in unit sales in the NAFTA region and in Japan. The EBIT of Daimler Financial Services was significantly lower than in Q3 2006, primarily due to expenses for the set-up of a separated financial services organization in the NAFTA region following the separation of Chrysler Financial.

The Vans, Buses, Other segment posted a lower EBIT in the third quarter as a result of a lower earnings contribution from EADS. The units Mercedes-Benz Vans and Daimler Buses benefited from the favorable unit sales development and both achieved higher earnings. In addition, the result of the prior-year quarter included a gain of €86 million in connection with the sale of real-estate properties not required for operating purposes.

Within the context of the efficiency-improving programs, measures were defined to further improve the utilization of the Group's production facilities. As a result, effective since January 1, 2007, the depreciation of property, plant and equipment was adjusted to the longer useful lives. In the third quarter of 2007, this led to a positive effect on Group EBIT in an amount of €230 million. Of that total, €159 million is attributable to Mercedes-Benz Cars, €34 million to Daimler Trucks and €37 million to Vans, Buses, Other.

The reconciliation to Group EBIT includes corporate expenses of €329 million (Q3 2006: €127 million) and eliminations of Group internal transactions (Q3 2007: income of 3 million; Q3 2006: expense of €27 million). The increase in corporate expenses is particularly the result of expenses in connection with legal proceedings that are not attributable to the divisions.

Third quarter net loss of €1,533 million (Q3 2006: net profit of €868 million); equivalent to earnings per share were minus €1.47 (Q3 2006: €0.82). There was also a net loss from continuing operations of €1,003 million (Q3 2006: net profit of €1,105 million). The decrease in net profit is mainly caused by valuation allowances of €2,216 million recorded on deferred tax assets, recognized because the Chrysler transaction has

changed the conditions to use these deferred tax assets. Earnings per share from continuing operations were minus €0.97 (Q3 2006: €1.05).

All the transaction-related issues in Q3 amounted to €2.6 billion, including the valuation allowances. Excluding this impact, net profit would have been positive at €1.1 billion and thus 21% higher than last year.

Discontinued operations

Net loss from discontinued operations includes the operating results of the Chrysler Group and the related financial services business in North America as well as the net interest result and income taxes related to these activities until August 3, 2007, and amounted to €530 million (Q3 2006: net loss of €237 million). Therein included in the third quarter of 2007 is a loss from the deconsolidation of the Chrysler activities of €750 million.

The entire transaction for the transfer of a majority interest in Chrysler had reduced net profit by €2.2 billion by the end of the third quarter. Following a positive effect of €0.4 billion in the second quarter, the loss of €2.6 billion in the third quarter was actually lower than previously announced (approximately €3 billion). This amount includes the above mentioned €2.2 billion related to the valuation allowance of deferred tax assets. In total, Daimler continues to assume that including the effects in the coming quarters, the overall net loss will amount to €2.5 billion.

Unit sales and revenues

The development of the Daimler Group was generally positive in the third quarter, with unit sales rising by 4% to 537,000 vehicles.

As a result of the higher unit sales, revenues increased by 6% to €25.7 billion. Adjusted for exchange-rate effects, revenues increased by 9%.

The divisions in detail

The division Mercedes-Benz Cars improved its third-quarter EBIT from €850 million to €1,331 million. The significant improvement in the division's earnings was primarily due to the positive development of unit sales, especially of the C-Class, the S-Class and the M-/R-/GL- and G-Class. In addition, continued efficiency improvements within the context of the CORE program had a positive impact on earnings. However, third-quarter EBIT was reduced by currency translation effects.

The Daimler Trucks division posted EBIT of €480 million (Q3 2006: €565 million). The decrease in earnings was mainly caused by the expected lower unit sales in the NAFTA region and in Japan as well as a cyclical lower demand in the United States. On the other hand, there was a positive effect from the ongoing favorable development of unit sales in Europe and Latin America. Furthermore, additional efficiency improvements were realized within the context of the Global Excellence program.

EBIT of €87 million reported by the Daimler Financial Services division was significantly below the prior year level (Q3 2006: €221 million). As a result of the transfer of a majority interest in the Chrysler activities, expenses for the set-up of a separated financial services organization in the NAFTA region are included in the division's EBIT.

The Vans, Buses, Other segment's third-quarter EBIT amounted to €319 million (Q3 2006: €341 million). The units Mercedes-Benz Vans and Daimler Buses benefited from the favorable unit sales development and both achieved higher earnings. The earnings contribution from EADS amounted to €13

million in the period under review (Q3 2006: €160 million). This decline was a result of higher costs at EADS for the program start of the Airbus A350XWB as well as a lower profit contribution due to the reduction in Daimler's interest in EADS. The prior-year result was moreover positively impacted by a gain of €86 million on the sale of real-estate properties not required for operating purposes.

Outlook

For full-year 2007, Daimler anticipates total unit sales in a similar magnitude to the prior year (2006: 2.1 million vehicles). Lower unit sales of trucks should be offset by higher unit sales at Mercedes-Benz Cars and at the Vans and Buses units.

Mercedes-Benz Cars assumes that its unit sales in the year 2007 will exceed the record level of the prior year. Total unit sales will be boosted by the high-volume models launched in the spring of 2007: the new C-Class sedan and the new smart fortwo. The earnings trend will be positively impacted by the structural and process-oriented changes made in the context of the CORE program. For full-year 2007, Mercedes-Benz Cars anticipates a return on sales of significantly more than 8%. Despite increased expenditure for more efficient and alternative drive systems, the division aims to increase its return on sales to 10% by the year 2010 at the latest.

Daimler Trucks anticipates lower unit sales in 2007 than in the prior year. This is primarily due to a sharp drop in demand caused by stricter emission regulations in the United States, Canada and Japan. However, there are positive effects from rising unit sales in Europe and Latin America. Due to the implementation of the Global Excellence program, earnings are expected to be of the same magnitude as in the prior year despite lower demand in some key markets.

For full-year 2007, Daimler Financial Services expects a slight increase in total contract volume. Expenses for the separation from the financial services business in the NAFTA region will have a negative impact on earnings. Daimler Financial Services, however, assumes that it will again achieve a return on equity of more than 14% this year.

As a result of strong demand for the Sprinter and the very positive development of the Vito/Viano models, Daimler continues to expect Mercedes-Benz Vans to increase its unit sales compared to the year 2006. Daimler Buses' unit sales are likely to surpass the high prior-year level due to the very positive development of business in Latin America.

For the Group as a whole, Daimler continues to anticipate total revenues of the same magnitude as in 2006 (€99 billion).

Daimler expects the Group in its new structure to achieve EBIT of at least €8.5 billion in 2007 (2006: €5.0 billion). Significant special items affecting earnings in 2007 are the gain of €1.4 billion realized on the transfer of interest in EADS and charges of €0.3 billion resulting from the implementation of the new management model.

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; changes in currency exchange rates and interest rates; the introduction of competing products and the possible lack of acceptance of our products or services which may limit our ability to raise prices; 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 as a result of a longer than originally expected sustained weakness in demand of the US and Japanese commercial vehicle markets; 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 Recovery and Transformation Plan; 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 DaimlerChrysler's most recent Annual Report and under the headings 'Risk Factors' and 'Legal Proceedings' in DaimlerChrysler'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 information on Daimler is available on the Internet at
www.media.daimler.com

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