

# Daimler AG

Condensed version in accordance with the German Commercial Code (HGB)

In addition to reporting on the Daimler Group, the development of Daimler AG is also described in this section.

Daimler AG is the parent company of the Daimler Group and its headquarters are in Stuttgart.

Daimler AG acts as an operational and strategic management holding company and provides services to the companies of the Group. As the parent company, it also decides on the Group's strategy, decides on matters of major importance for business operations, and ensures regulatory, legal, and compliance functions throughout the Group.

The annual financial statements of Daimler AG are prepared in accordance with the German Commercial Code (HGB). The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU). This results in some differences with regard to recognition and measurement, primarily in connection with provisions, financial instruments, the leasing business and deferred taxes.

For Daimler AG as an operational and strategic management holding company, net profit or loss is the main performance indicator.

## Profitability

The **profitability** of Daimler AG in the 2020 financial year was affected by significantly higher financial income and improved operating profit. ↗ [B.34](#)

Daimler AG generated **revenue** of €1.7 billion primarily from the provision of services to companies of the Group (2019: €2.0 billion). The decrease in revenue was the result of providing a lower volume of services to the companies of the Group, due to short-time working and efficiency measures.

**Cost of sales** decreased to €1.6 billion (2019: €2.0 billion) and primarily comprises expenses incurred for the generation of revenue from services provided to companies of the Group.

**General administrative expenses** amounted to €0.9 billion (2019: €1.0 billion), including expenses of €0.1 billion from ongoing programs for the optimization of personnel costs. The prior-year figure takes into consideration costs in connection with "Project Future" of €0.2 billion.

**Other operating income** amounted to €0.3 billion (2019: expense of €0.3 billion) and primarily comprises income from the sale of patents in connection with combining the Group-wide fuel-cell activities and relating to Group-internal derivatives of the vehicle business.

**Financial income** increased by €3.4 billion to €2.9 billion, primarily due to higher income from investments in subsidiaries and associated companies. This was the result of a positive development with profit transfers from subsidiaries.

The **income tax expense** amounted to €0.1 billion (2019: €0.0 billion).

**Net profit** amounts to €2.1 billion (2019: net loss of €1.7 billion) and is thus in line with the expectation stated in the Outlook chapter of Annual Report 2019.

The **economic situation** of Daimler AG in its function as a management holding company mainly depends on the development of its subsidiaries. Daimler AG participates in the operating results of its subsidiaries through dividend distributions and profit-and-loss transfers. Its economic situation therefore corresponds with that of the Daimler Group, which is described in the chapter [Overall Assessment of the Economic Situation](#).

## B.34

### Condensed income statement of Daimler AG

	2020	2019
In millions of euros		
Revenue	1,685	2,019
Cost of sales	-1,641	-1,959
General administrative expenses	-928	-964
Other operating income/expense	280	-272
<b>Operating profit</b>	<b>-604</b>	<b>-1,176</b>
Financial income/expense	2,878	-546
Income taxes	-141	44
<b>Net profit/loss</b>	<b>2,133</b>	<b>-1,678</b>
Transfer to/from retained earnings	-689	2,641
<b>Distributable profit</b>	<b>1,444</b>	<b>963</b>

## Financial position, liquidity and capital resources

The **balance sheet total** of €92.6 billion is €6.7 billion lower than at the end of 2019.

**Non-current assets** decreased during the year 2020 by €1.0 billion to €56.2 billion, caused by the €1.0 billion decrease in financial assets, which resulted in particular from a decrease in loans granted.

**Receivables, securities and other assets** decreased compared with December 31, 2019 by €10.4 billion to €28.5 billion. This development mainly reflects a decrease in receivables due from subsidiaries of €8.5 billion as a result of lower financial receivables within the Group, as well as a decrease in receivables from profit-and-loss-transfer agreements. Furthermore, lower tax-refund claims in particular led to a decrease in other assets of €0.6 billion.

**Cash and cash equivalents** increased from €2.9 billion to €7.7 billion.

**Gross liquidity** – defined as cash and cash equivalents and other marketable securities recognized as current assets, as well as fixed-term deposits presented under other assets – increased by €3.4 billion to €13.0 billion on the balance sheet date. The increase in gross liquidity is primarily due to the increase in cash and cash equivalents of €4.8 billion. There was an opposing effect from a decrease of €1.3 billion in other securities held as current assets.

**Cash provided by operating activities** amounted to €2.6 billion in 2020 (2019: €6.8 billion). The decrease resulted in particular from lower dividend distributions from subsidiaries. There was an opposing, positive effect on cash provided by operating activities from the improved operating profit.

**Cash flows from investing activities** resulted in a net cash inflow of €2.3 billion in 2020 (2019: outflow of €7.6 billion). Compared with the previous year, there were lower cash outflows in the area of financial assets from the corporate restructuring within the framework of “Project Future.” In addition, there was an effect in 2020 from a capital repayment by the subsidiary Daimler Nederland B.V. to Daimler AG. There was a net cash inflow of €1.3 billion from acquisitions and disposals of securities held as current assets conducted in the context of liquidity management.

**Cash flows from financing activities** resulted in a net cash outflow of €0.1 billion (2019: €2.6 billion). The change is explained on the one hand by a lower dividend payment to the Daimler shareholders. On the other hand, the change is due to the net positive development of receivables from and liabilities to subsidiaries from intra-Group transactions in connection with central financial and liquidity management. The repayment of external financing liabilities resulted in a cash outflow in 2020, whereas proceeds from financing liabilities resulted in a cash inflow in the previous year.

### B.35

#### Balance sheet structure of Daimler AG

	Dec. 31, 2020	Dec. 31, 2019
In millions of euros		
<b>Assets</b>		
<b>Non-current assets</b>	<b>56,161</b>	57,214
Receivables, securities and other assets	28,471	38,925
Cash and cash equivalents	7,658	2,942
<b>Current assets</b>	<b>36,129</b>	41,867
<b>Prepaid expenses</b>	<b>341</b>	285
	<b>92,631</b>	99,366
<b>Equity and liabilities</b>		
Share capital	3,070	3,070
(conditional capital €500 million)		
Capital reserve	11,480	11,480
Retained earnings	23,230	22,541
Distributable profit	1,444	963
<b>Equity</b>	<b>39,224</b>	38,054
Provisions for pensions and similar obligations	193	94
Other provisions	1,550	1,511
<b>Provisions</b>	<b>1,743</b>	1,605
Trade payables	140	227
Other liabilities	51,487	59,474
<b>Liabilities</b>	<b>51,627</b>	59,701
<b>Deferred income</b>	<b>37</b>	6
	<b>92,631</b>	99,366

**Equity** increased in 2020 by €1.2 billion to €39.2 billion, primarily as a result of the net profit for 2020, of which €0.7 billion was transferred to retained earnings pursuant to Section 58 Subsection 2 of the German Stock Corporation Act (AktG). The equity ratio at December 31, 2020 was 42.3% (December 31, 2019: 38.3%). Daimler AG holds no treasury shares at December 31, 2020.

**Provisions** increased compared with December 31, 2019 by €0.1 billion to €1.7 billion.

**Liabilities** decreased by €8.1 billion to €51.6 billion. This was mainly because of the decrease of €3.5 billion in liabilities to subsidiaries, which mainly reflects lower losses transferred from subsidiaries. In addition, bonds and notes of €3.1 billion were redeemed and liabilities to banks of €1.5 billion were repaid.

## Risks and opportunities

The business development of Daimler AG as the operational and strategic management holding company mainly depends on the development of its worldwide subsidiaries and is therefore – through the profit and loss contributions from subsidiaries and associated companies – fundamentally subject to the same risks and opportunities as the Daimler Group. Daimler AG generally participates in the risks of its subsidiaries and associated companies in line with the percentage of its respective equity interest. The risks and opportunities are described in the Risk and Opportunity Report. Risks may additionally arise from relations with subsidiaries and associated companies in connection with statutory or contractual obligations (in particular with regard to financing), as well as from the impairment of investments in subsidiaries and associated companies. Based on the criteria stated in the Risk and Opportunity Report, the possible impact and probability of occurrence of the risks are assessed as medium.

Furthermore, pursuant to Section 133 Subsections 1 and 3 of the German Transformation Act (UmwG), Daimler AG is jointly and severally liable for liabilities of €14.3 billion that were transferred to Mercedes-Benz AG and Daimler Truck AG within the framework of “Project Future.” According to the current appraisal, due to the assessment of the creditworthiness of Mercedes-Benz AG and Daimler Truck AG, an actual cash outflow for Daimler AG is considered to be unlikely.

## Outlook

The financial position, cash flows and profitability of Daimler AG depend on the business development and performance of its operating subsidiaries, in whose development it participates through profit-and-loss-transfer agreements and dividend distributions.

For the year 2021, we expect Daimler AG to post a significantly higher net profit than for the year 2020. In particular, we anticipate improved financial income resulting from higher dividend distributions and profit transfers from major subsidiaries. Possible effects from the Daimler Truck spin-off are not included in the outlook.

In addition, due to the interrelations between Daimler AG and its subsidiaries, we refer to the statements in the chapter  **Outlook**, which largely reflect our expectations also for the parent company.