

Business development

Unit sales

Daimler sold a total of 2.84 million vehicles in 2020 (2019: 3.34 million). The expectation formulated at the beginning of the year that unit sales in 2020 would be only slightly lower than in the prior year thus could not be fulfilled. However, we had already adjusted our sales forecast correspondingly during the year in response to the effects of the covid-19 pandemic. Unit sales were substantially lower than expected at Mercedes-Benz Cars (-13%), Mercedes-Benz Vans (-15%), Daimler Trucks (-27%) and Daimler Buses (-38%).

Against the backdrop of the covid-19 pandemic, **Mercedes-Benz Cars** unit sales nonetheless surpassed the two million mark in 2020, totaling 2,087,200 vehicles (2019: 2,385,400). With unit sales of 2,052,000 (2019: 2,278,300) vehicles, Mercedes-Benz was once again the strongest-selling luxury brand in the automobile industry. We remain number one in the premium segment in Germany and some other key European markets, as well as in South Korea, Canada, South Africa and Japan. In addition, we delivered more exclusive vehicles than any other luxury brand in China, where we once again set a sales record.

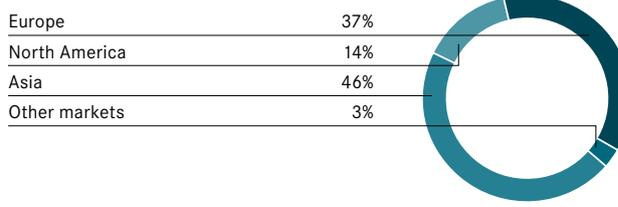
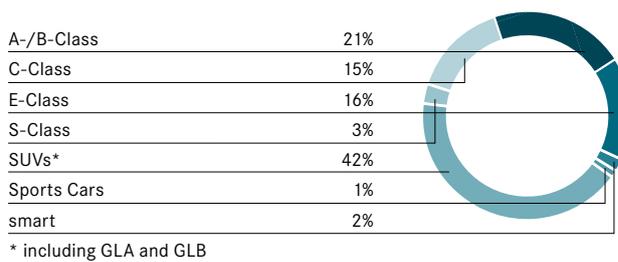
The A-Class and B-Class models, including the CLA and CLA Shooting Brake, attained unit sales of 449,000 vehicles (-15%). Sales of C-Class vehicles decreased by 30% to 309,300 sedans, wagons, coupes and convertibles. A total of 332,400 vehicles of the E-Class were delivered to customers (-21%). Although unit sales decreased to 53,800 vehicles in 2020, the S-Class sedan continues to be the world's best-selling luxury sedan. Our unit sales in this market segment dropped to a total of 56,000 vehicles (2019: 75,400).

The SUV segment developed especially favorably, with unit sales rising by 12% to 887,500 vehicles. Unit sales of our sports cars amounted to 17,800 vehicles and were thus 37% lower than in the previous year.

In Europe, Mercedes-Benz Cars sold 783,800 vehicles, or 21% less than in 2019. As a result, the drop in sales at Mercedes-Benz Cars was at least not as pronounced as that of the European market as a whole. However, we registered major decreases in Germany (-16%), the UK (-35%) and France (-23%). Mercedes-Benz Cars was once again very successful in China, where unit sales built on the growth of the previous years by rising by 9% to 758,100 vehicles. At 286,800 vehicles, unit sales in North America did not reach the high level of the prior year (2019: 368,900). Sales decreased in the United States, our main market there, by 21% to 248,800 units.

B.06

Unit sales structure of Mercedes-Benz Cars



The smart brand sold 35,200 fortwo and forfour vehicles worldwide (2019: 107,100). This decrease was influenced by the complete switchover of the models to all-electric drive systems.

Mercedes-Benz Vans finished the 2020 financial year with unit sales of 374,700 vehicles worldwide (2019: 438,400). This substantial decrease of 15% was largely due to the consequences of the covid-19 pandemic. At 245,200 units (2019: 298,100), sales in the core region of EU30 were lower than in the previous year. We sold 109,500 vehicles in Germany during this period (2019: 121,300). Unit sales also decreased in North America, where they dropped to 54,400 vehicles (2019: 56,500). However, we achieved a new record of 47,500 vehicles in the United States (2019: 45,700). In Latin America, our sales decreased to 12,000 vehicles (2019: 18,600). We achieved a new record in China, with 30,500 units (2019: 29,500).

B.07**Unit sales structure of Daimler Trucks****B.08****Market share¹**

	2020	2019	20/19 Change in % points
Mercedes-Benz Cars			
European Union	6.3	6.4	-0.1
thereof Germany	10.9	10.8	+0.1
USA	1.9	1.9	0.0
China	3.9	3.3	+0.6
South Korea	4.7	5.1	-0.4
Japan	1.5	1.6	-0.1
Mercedes-Benz Vans			
Mid-size and large vans EU30	17.1	16.8	+0.3
thereof Germany	27.0	27.0	0.0
Small vans EU30	2.2	2.4	-0.2
Large vans United States	10.5	8.8	+1.7
Daimler Trucks			
Heavy- and medium-duty trucks EU30	19.5	20.0	-0.5
thereof Germany	36.5	35.2	+1.3
Heavy-duty trucks North America (Class 8)	40.0	38.8	+1.2
Medium-duty trucks North America (Classes 6 and 7)	32.4	32.9	-0.5
Heavy- and medium-duty trucks Brazil	31.8	29.2	+2.6
Trucks Japan	20.4	18.8	+1.6
Trucks Indonesia	49.0	44.2	+4.8
Heavy- and medium-duty trucks India	9.1	5.8	+3.3
Daimler Buses			
Buses over 8 tons EU30	27.6	27.5	+0.1
thereof Germany	49.0	50.8	-1.8
Buses over 8 tons Brazil	46.7	53.8	-7.1

¹ Based on estimates in certain markets.

In 2020, unit sales by **Daimler Trucks** were substantially lower than in the previous year. This development was largely due to the strong contraction of our global core markets as a result of the covid-19 pandemic. The impact was especially severe during the first half of the year; markets began to recover in the second half. In total, we delivered 358,300 heavy-, medium- and light-duty trucks as well as buses of the Thomas Built Buses and FUSO brands in the year under review (2019: 488,500). Our sales in North America amounted to 139,400 units (2019: 201,100). Following the high sales figures of the previous years, this market had been expected to normalize. The covid-19 pandemic caused demand to decrease somewhat more than expected. Our sales in the EU30 region amounted to 60,600 trucks (2019: 79,800).

Unit sales also decreased in Latin America, where they dropped to 33,200 trucks (2019: 42,600). Even though the decrease in our main Latin American market of Brazil was somewhat less pronounced than in Latin America as a whole, it was nevertheless significant, with unit sales dropping to 25,300 trucks (2019: 29,700).

Our sales also decreased in Asia, where they amounted to a total of 98,200 units (2019: 135,200). The decreases were especially strong in Indonesia and India. In Indonesia, our sales sank by 50% to 19,500 units, while they decreased by 34% to 9,600 vehicles in India. The decrease was much less in our third core market in Asia, Japan. However, our sales of 39,100 units were slightly lower than in the previous year here as well (2019: 42,200).

Due to the strong rise in demand on the Chinese truck market, sales of **Auman** trucks, which we produce in China at our joint venture Beijing Foton Daimler Automotive Co., Ltd. (BFDA), were significantly higher than in the prior year, at 126,400 units (2019: 86,200).

Daimler Buses sold 20,200 buses and chassis worldwide in financial year 2020 (2019: 32,600). The marked decrease was mainly influenced by the global effects of the covid-19 pandemic. In the EU30 region, Daimler Buses sold 7,500 fully equipped buses and chassis of the Mercedes-Benz and Setra brands. This was 19% less than in the previous year. Unit sales decreased especially strongly in the touring coach segment. At 3,000 (2019: 3,000) units, sales in Germany were at the prior-year level. Our sales dropped substantially in Mexico, where they decreased to 1,500 units (-43%). We sold 5,600 chassis in Brazil, which is our main market in Latin America. This represents a decrease of 50%. Our bus sales in India also dropped considerably to 500 units (2019: 1,600).

At the end of 2020, the **Daimler Mobility** division had a contract volume of €150.6 billion (-8%). Adjusted for the effects of currency translation, contract volume decreased by 3%. The economic effects of the covid-19 pandemic caused new business to decrease considerably in the first half of the year, although it stabilized in the second half. Daimler Mobility concluded 1.8 million new financing and leasing contracts worth a total of €67.8 billion in 2020. The total value of all new contracts was therefore significantly below the prior-year level (-9%, adjusted for exchange-rate effects -7%). As a result of the pandemic, we were thus unable to meet our original forecast of a slight decrease in new business. New business decreased in almost all countries of Europe. In Germany, Mercedes-Benz Bank's new business decreased to €11.7 billion (-12%). New business in Europe totaled €27.4 billion, which was significantly below the prior year's level. As a result, Daimler Mobility's contract volume in Europe dropped by 4% to €64.8 billion. The fleet business, consisting of the brands Athlon and Daimler Fleet Management, had a total of 402,000 contracts at the end of the year (-6%). This corresponds to a contract volume of €6.6 billion (-5%).

Daimler Mobility concluded new financing and leasing contracts worth €21.7 billion in the Americas in 2020 (-11%). New business decreased substantially in the two biggest countries of the region, the United States (-7%) and Canada (-14%). Contract volume in the Americas region amounted to €51.2 billion at the end of December and was thus 14% lower than at the end of 2019.

At €6.8 billion, new business in the Africa & Asia-Pacific region (excluding China) was also much lower than the prior-year level (-19%). At the end of 2020, contract volume in this region amounted to €16.8 billion, which was 14% lower than in the previous year. By contrast, new business increased significantly in China, where we concluded new leasing and financing contracts worth €11.9 billion (+29%) in 2020. At the end of 2020, contract volume in China amounted to €17.7 billion – an increase of 8% compared with the end of the previous year.

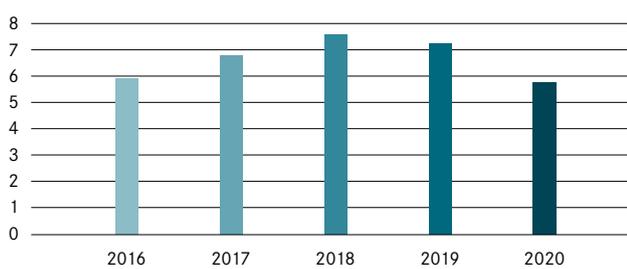
Around 2.3 million policies were brokered in the insurance business. This corresponds to a decrease of 2%. Following the covid-19-related decrease in the first half of the year, the number of transactions at the mobility services of the YOUR NOW joint ventures FREE NOW & REACH NOW, SHARE NOW, and PARK NOW & CHARGE NOW stabilized. Since the beginning of the second covid-19-wave mid of October the transactions slightly declined again. At the same time, the joint ventures consistently expanded their offerings in 2020.

Order situation

The Mercedes-Benz Cars, Mercedes-Benz Vans and Daimler Trucks & Buses divisions produce both preconfigured vehicles and vehicles built to order, in accordance with customers' specifications. While doing so, we flexibly adjust the production capacities for the individual models to changing levels of demand. Largely due to the demand in China and the positive development of the European and North American markets, the number of incoming orders at Mercedes-Benz Cars recovered more quickly than expected during the reporting year, despite the big drop caused by the covid-19 pandemic in March and April. This was driven on the product side primarily by the A-Class and B-Class models and the E-Class, as well as by the continued strong success of our off-road vehicles. Mercedes-Benz Vans also experienced a sharp drop in the number of new orders in March and April as a result of the covid-19 pandemic. The order situation recovered in the following months, especially due to the high demand in the United States and the positive development in China and many European markets. This recovery was mainly due to the sales incentives that we initiated as well as to the availability of a broad range of products and variants, a great demand for the Sprinter and the positive development of the Vito and the V-Class during the year as a whole. At the end of 2020, total orders at Daimler Trucks & Buses were at the same level as in the previous year. In fact, the order backlog was considerably higher than at the end of 2019. The main reason for this was the substantially higher number of orders in North America.

B.09**Investment in property, plant and equipment**

In billions of euros

**B.10****Investments in property, plant and equipment by division**

	2020	2019	20/19 % change
In millions of euros			
Daimler Group	5,741	7,199	-20
in % of revenue	3.7	4.2	
Mercedes-Benz Cars & Vans	4,862	5,869	-17
in % of revenue	4.9	5.5	
Daimler Trucks & Buses	789	1,105	-29
in % of revenue	2.3	2.5	
Daimler Mobility	39	87	-55
in % of revenue	0.1	0.3	

Investment and research activities**Investments in property, plant and equipment**

We intend to use our divisional strategies to shape the transformation of the automotive industry from a position of leadership in a sustainable, customer-focused, innovative and efficient manner. In view of this situation, sustainability and in particular the electrification of our product range are especially important, as is the digital networking of our products and processes along all stages of the value chain. To this end, we will have to continue to invest extensively in our global production network. In doing so, we are prioritizing the projects in all of our divisions in which we will invest in the future.

Mercedes-Benz Cars, for example, plans to reduce investments in property, plant and equipment by more than 20% relative to 2019 by 2025. This focus and the many other measures throughout our company aim to sustainably reduce our cost base and to improve our industrial footprint.

During the year under review our investments in property, plant and equipment deviated from the forecast in the Annual Report 2019. They amounted to €5.7 billion (2019: €7.2 billion) and were thus much lower than in the previous year. This drop and the associated deviation from the forecast were mainly due to our measures for cutting costs and safeguarding liquidity, which we implemented in response to the exceptional financial burdens caused by the unexpected covid-19 pandemic.

In 2020 the investments in property, plant and equipment at **Mercedes-Benz Cars & Vans** focused on production preparations for the new S-Class and the successor models of the compact vehicles as well as the preparations for the launch of the new C-Class. In addition, we continued to invest considerable funds in battery production. At €4.9 billion, investments in property, plant and equipment in 2020 were 17% lower than the high level of the prior year.

Investments in property, plant and equipment at **Daimler Trucks & Buses** amounted to €0.8 billion in 2020 (2019: €1.1 billion). Of this amount, about 55% was dedicated to the optimization of the sales network and to investments in other infrastructure projects. This high share of non-product projects is due to a covid-19-related reduction of the product projects. Despite the efficiency and capacity measures intensified by the covid-19 pandemic, we retained our key strategic goals: investments in future-oriented technologies such as electric mobility and automated driving. Another focus was on global powertrain projects concerning emission standards and fuel efficiency, the successor generations of existing products, and tailored products for key growth markets.