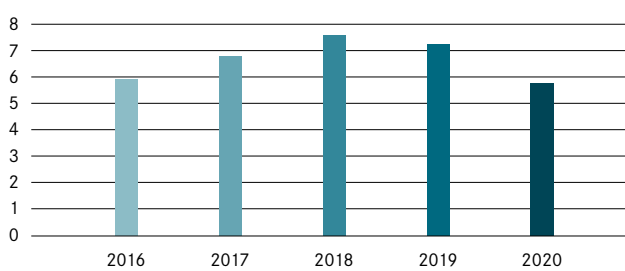


B.09**Investment in property, plant and equipment**

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.

Research and development

Our expenditures for research and development are also guided by our customers' demands. To enable us to significantly play a part in shaping tomorrow's individual mobility and transportation, we will continue to devote our engineering skills to the creation of pioneering products and innovations. As is the case with our investments in property, plant and equipment, we also want to prioritize our research and development costs more strongly in the future in order to boost our profitability on a lasting basis.

We significantly decreased our expenditures for research and development to €8.6 billion in 2020 (2019: €9.7 billion). This sum includes both measures to reduce costs on account of the covid-19 pandemic and the conclusion of individual development projects. At the beginning of 2020 we assumed that development would remain at the same level as in the previous year.

€2.5 billion (2019: €3.1 billion) of the development costs were capitalized, which represents a capitalization rate of 29% (2019: 32%). The amortization of capitalized research and development expenditure totaled €1.9 billion during the year under review (2019: €1.8 billion).

With a rate of 5.6% (2019: 5.6%), research and development expenditure remained at a high level in comparison with revenue. Along with the production launches, research in the year under review focused on the further development of our platforms and electric and conventional drivetrains. Other topic areas were digitalization and automated driving.

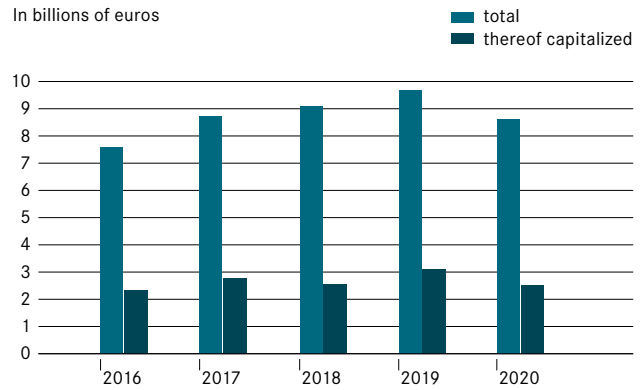
Mercedes-Benz Cars & Vans had research and development expenditures of €7.2 billion (2019: €8.1 billion). The focus was on topics such as the next generation of electric vehicles and battery production. In addition, we intensified our research and development expenditures for digitalization and automated driving.

In 2020 research and development expenditures at **Daimler Trucks & Buses** amounted to €1.5 billion (2019: €1.7 billion). Despite the covid-19-related reductions of the development budget, the topics of automated driving, electric mobility (including the eActros) and connectivity played an important role. The subsequent generations of existing products, fuel efficiency and emissions reduction were further focal points, along with customized products and technologies for key growth markets.

B.11

Research and development expenditure

In billions of euros



B.12

Research and development expenditure by division

	2020	2019	20/19
In millions of euros			% change
Daimler Group	8,614	9,662	-11
thereof capitalized	2,498	3,076	-19
Mercedes-Benz Cars & Vans	7,199	8,061	-11
thereof capitalized	2,391	3,000	-20
Daimler Trucks & Buses	1,488	1,689	-12
thereof capitalized	107	76	+41