At Daimler Trucks & Buses, the adjusted return on sales will reflect positive earnings effects from recovering markets, a more favorable unit-sales structure, further improved pricing, and the after-sales business. Measures to increase efficiency, such as material-cost savings, will have a supporting effect. There will be a negative impact in 2021 from increasing functional costs compared with the previous year, which strict savings measures.

Daimler Mobility anticipates positive effects on adjusted return on equity from lower credit-risk costs and improved operating profit in its business with mobility services. Opposing effects are likely to result from expenses for new project investments.

Free cash flow and liquidity

The free cash flow of the industrial business will continue to be adversely affected by high advance expenditure for new products and technologies. The payments agreed in the third quarter of 2020 in the context of the settlements with US authorities and with plaintiffs' council in the US consumer class actions relating to diesel emissions are also included in the forecasted free cash flow. Further possible expenses in connection with legal and regulatory proceedings are not included. Furthermore, we expect higher tax payments than in the previous year. An opposing, positive effect will result from the planned fuel-cell joint venture with Volvo in the amount of the sale proceeds of probably €0.6 billion, which is to be allocated proportionately to Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. This cash inflow will not affect the adjusted cash conversion rate. In total, we expect the free cash flow of the industrial business in 2021 to be significantly below the prior-year level.

We expect the adjusted cash conversion rate for the Mercedes-Benz Cars & Vans division to be within a corridor of 0.7 to 0.9 in 2021. The adjusted cash conversion rate for Daimler Trucks & Buses is likely to be between 0.8 and 1.0.

For the year 2021, we aim to have liquidity available in a volume appropriate to the general risk situation in the financial markets and to Daimler's risk profile. When measuring the level of liquidity, we give due consideration to possible refinancing risks caused for example by temporary distortions in the financial markets. We continue to assume, however, that we will have very good access to the capital markets and the bank market also in the year 2021. We aim to cover our funding needs in the planning period primarily by means of bonds, commercial paper, bank loans, customer deposits in the direct banking business and the securitization of receivables in the financial services business; the focus will be on bonds and loans from globally and locally active banks. In view of our ongoing strong creditworthiness and in a continuing environment of high liquidity in the international capital markets, we anticipate stable refinancing conditions. Furthermore, our goal is to continue to ensure a high degree of financial flexibility.

Dividend

At the Annual Shareholders' Meeting on March 31, 2021, the Board of Management and the Supervisory Board will propose the payment of a dividend of €1.35 per share for the year 2020 (previous year: €0.90). This represents a total distribution of €1.4 billion (previous year: €1.0 billion).

In line with a sustainable dividend policy, Daimler sets the dividend based on a distribution ratio of 40% of the net profit attributable to Daimler shareholders. We also take into consideration the free cash flow from the industrial business when setting the dividend.