

Capital expenditure and research activities

Investment in property, plant and equipment

We will continue to invest heavily in the attractiveness and future viability of our product range and production processes in 2021. This applies in particular to the increasing electrification of our product portfolio and to the digital connectivity of our products and processes along the entire value chain. At the same time, we will continue the measures we have initiated to reduce costs and make more efficient use of resources. Against this background, we plan to invest in property, plant and equipment in 2021 at the prior-year level.

A main feature of investment in property, plant and equipment at Mercedes-Benz Cars & Vans will be the product ramp-ups of the next-generation C-Class and the battery-electric vehicles on the EVA2 platform. In addition, we will push ahead with the development of alternative drive systems and will also continue to invest in conventional drive systems. Investment in property, plant and equipment at Mercedes-Benz Cars & Vans is therefore also expected to be at the prior-year level.

Daimler Trucks & Buses anticipates a slight increase in investment in property, plant and equipment in 2021. Non-product projects will account for approximately 50% of the total; infrastructure optimizations will be the main drivers here. The increase in the share of product projects is partially the result of strategically relevant activities in the areas of electric mobility and automated driving. Other key areas include emission standards and fuel efficiency for our conventional powertrains, active safety, and the completion of the Freightliner vocational product portfolio.

Research and development

With our research and development activities, our goal is to further strengthen Daimler's competitive position against the backdrop of upcoming technological challenges. We are focusing on the strategic areas for the future of connectivity, automated driving, and especially the development of electric drive systems. Therefore, we expect our research and development expenditure in 2021 to be slightly above the prior-year level.

At Mercedes-Benz Cars & Vans, a large proportion of the research and development expenditure in 2021 will be for the renewal of the product portfolio. Research and development expenditure is expected to increase slightly compared with the previous year, mainly due to the successor series to the E-Class and the compact cars. The topics of digitization, automated driving and electric drive remain at the focus of our activities.

The Daimler Trucks & Buses division anticipates a slightly higher volume of research and development expenditure than in 2020. Its development activities will focus on new technologies, including for truck automation and connectivity as well as for electric drive powered by batteries and fuel cells. Another key area will be the development of successor generations of existing products, especially in the segment of heavy-duty trucks, as well as tailored products and technologies for important growth markets.

CO₂ emissions of the new-car fleet in Europe

In 2020, the average CO₂ emissions of our new car fleet in Europe (European Union, United Kingdom, Norway and Iceland) probably decreased to 104 g/km with application of the applicable legal regulations for the respective year (NEDC, including vans registered as passenger cars). We therefore achieved the CO₂ targets in the European Union in 2020. Transition from the current NEDC to the new WLTP test procedure is foreseen for the year 2021. This will involve the adjustment of fuel-consumption targets and rising certification figures. On the basis of WLTP, we expect our fleet average in Europe (European Union, Norway and Iceland) to decrease again significantly in 2021 compared with the comparable figures for the previous year calculated according to WLTP (probably between 130 to 140 g/km, based on preliminary figures for fuel consumption in 2020 taking into account the statutory regulations of 2021). This development will be driven in particular by the rising proportion of battery-electric vehicle models and plug-in hybrids in our new-car fleet.

Overall statement on future development

Following the unexpected and extraordinary impact of the covid-19 pandemic in 2020, financial challenges remain high for the Daimler Group in 2021. This applies both to the ongoing impact of the pandemic, the duration of which we cannot predict, and to the high advance expenditure still required for the necessary transformation to a CO₂-neutral future. Our ambitious CO₂ targets set out in "Ambition 2039" continue to necessitate high investments in electric mobility and far-reaching structural adjustments. Only in this way will we be able to play a leading role in the transformation to a CO₂-neutral future. In order to successfully master these challenges, we will push forward with our measures to improve cost efficiency and implement our strategic initiatives. Achieving appropriate returns and a sound cash flow have absolute priority along this path.

Against this backdrop and supported by the Group's brand strengths and innovative capabilities, we look forward with confidence to the year 2021. Compared with the particularly difficult previous year, we should be able to significantly increase our unit sales, revenue and earnings. However, this is based on the assumption that the covid-19 pandemic is gradually contained in our most important markets and that further setbacks for global economic development are avoided.

Forward-looking statements

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements.

These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading “Risk and Opportunity Report” in this Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the 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 since they are based solely on the circumstances at the date of publication.

References made in this management report

Insofar as the references made in this Management Report relate to parts of the Annual Report that were not included in the external audit (components outside the company and consolidated financial statements and the combined Management Report), or to the Daimler website or other reports or documents, these were not part of the external audit.