

## Unit sales

On the basis of our general assumptions for the development of the world economy and of the automobile markets important to us, **Mercedes-Benz Cars** assumes that its unit sales in 2021 will be significantly above the level of the previous year.

This expectation is supported by the ongoing renewal of our attractive and innovative model portfolio. We intend to launch more than half a dozen new and revised models in the year 2021. Both the new GLB and the new S-Class should contribute towards the positive sales development.

We continue to systematically expand our global production network for electric mobility. The sub-brand Mercedes-EQ, which stands for electric intelligence, offers vehicles with all-electric drive. We intend to electrify the entire portfolio of Mercedes-Benz Cars by 2022. By 2025, we assume that up to 25% will be purely electric cars. By 2030, plug-in hybrids and all-electric models should account for more than 50%.

**Mercedes-Benz Vans** plans for a slight increase in unit sales in 2021 compared with the previous year. In the EU30 region, rising unit sales of our vans with electric drive should offset the discontinuation of the X-Class. In addition, we anticipate significant sales growth especially in North America. In China, we expect slight growth in unit sales.

Following the decline in demand in 2020, a recovery of important truck markets is expected this year. This should have a corresponding positive impact on unit sales by **Daimler Trucks & Buses**, which therefore anticipates significant sales growth in 2021. This development will be mainly driven by our expectations for the markets in North America, Indonesia, and the EU30 region.

**Daimler Mobility** anticipates a slight increase in new business and a contract volume at the prior-year level in 2021. We aim to utilize new market potential in the used-vehicle market and with more flexible leasing and rental products, especially for electric vehicles. And we intend to make use of additional market opportunities and enhance customer satisfaction with the continuous expansion of our online sales channels.

We see further growth potential in fleet management, the insurance business and mobility services, especially in the luxury segment.

On the basis of our assumptions concerning the development of automotive markets and the divisions' planning, we expect the **Daimler Group** to achieve total unit sales in 2021 significantly above the level of the year 2020.

## Revenue and earnings

We assume that the Daimler Group will generate revenue in 2021 at significantly above the level of the previous year. This applies for both of our automotive divisions: Mercedes-Benz Cars & Vans and Daimler Trucks & Buses. The Daimler Mobility division expects its revenue to be slightly below the prior-year level.

Based on the expected significant growth in unit sales and revenue, we anticipate a significant increase in earnings for the Daimler Group in 2021. This development reflects two opposing effects: EBIT in 2020 was sharply reduced by the effects of the worldwide covid-19 pandemic; furthermore, there were costs from the initiated restructuring measures. On the other hand, we expect positive contributions to EBIT in 2021, in addition to the stimulus from the economic recovery, also from the efficiency and cost-cutting measures we have implemented. They include personnel and material cost savings, portfolio and model adjustments, the continuing implementation of platform strategies, and more stringent capital allocation.

Our ongoing measures to increase efficiency also involve optimizing the utilization of our production facilities. In the context of the regular review of useful lives, the useful lives of property, plant and equipment subject to scheduled depreciation were reassessed and, in some cases, extended at the end of 2020. These amended estimates will be applied as of January 1, 2021. The expected positive impact on earnings before interest and taxes (EBIT) amounts to €0.8 billion for 2021 and mainly relates to Mercedes-Benz Cars & Vans.

On the basis of the market developments we anticipate, the aforementioned factors and the planning of our divisions, we assume that Group EBIT in 2021 will be significantly above the level of 2020, which was affected in particular by the covid-19 pandemic. Group EBIT in 2021 will include a positive contribution from the planned fuel-cell joint venture with Volvo, probably of between €1.2 billion and €1.3 billion, which is planned to be allocated equally to the Mercedes-Benz Cars & Vans and Daimler Trucks & Buses divisions. These transactions will have no effect on the adjusted earnings of the automotive divisions.

The individual divisions have the following expectations for adjusted returns in 2021:

Mercedes-Benz Cars & Vans: adjusted return on sales of 8-10%  
 Daimler Trucks & Buses: adjusted return on sales of 6-7%  
 Daimler Mobility: adjusted return on equity of 12-13%

At Mercedes-Benz Cars & Vans, positive effects on the adjusted return on sales will result from rising volumes of unit sales, a more favorable sales structure, further improved pricing and the extended useful lives of property, plant and equipment. However, earnings in the 2021 financial year will be adversely impacted by rising functional costs compared with the previous year, which also featured strict cost-cutting measures.

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.