

Outlook

The statements made in the Outlook chapter are based on the business plan of Daimler AG as approved by the Board of Management and the Supervisory Board. That plan is based on the premises we set regarding the economic situation and the development of automotive markets. It involves assessments made by Daimler, which are based on analyses by various renowned economic research institutes, international organizations and industry associations, as well as on the internal market analyses of our sales companies. The prospects for our future business development as presented here reflect the targets of our divisions as well as the opportunities and risks presented by the anticipated market conditions and the competitive situation during the planning period. Against this backdrop, we adjust our expectations for business development to reflect updated forecasts for the development of the various automotive markets. The statements made below are based on the facts known to us at the beginning of 2021. The Daimler Business Plan is based on the existing Group structure, including Daimler Trucks & Buses, and for reasons of comparability covers the full 2021 financial year. As previously announced, the Board of Management decided to evaluate a spin-off of Daimler Trucks & Buses, including significant parts of the related financial services business (Daimler Truck), and to begin preparations for a separate listing of Daimler Truck before the end of 2021. Before the spin-off, we will reclassify Daimler Truck as discontinued operations. We expect considerable positive effects in connection with the spin-off in the second half of the year, which cannot be reliably determined at present.

Our assessments for the year 2021 are based on the assumption of a gradual normalization of economic conditions in the markets that are most important for us. Our expectations for business developments in 2021 are based in particular on the assumption that the global economy can recover from the pandemic-related weakness of 2020, helped by, among other things, the increasing availability of effective vaccines. We expect demand for cars and commercial vehicles to exceed the prior-year levels significantly in many markets. The development we have outlined is subject to various opportunities and risks, which are explained in detail in the [👁 Risk and Opportunity Report](#).

The world economy

We assume that the global economy will grow strongly in 2021 following the deep recession of 2020; this applies both to the industrialized countries and to the emerging markets. However, especially in the northern hemisphere, containment of the covid-19 pandemic is likely to affect the first few months of the year. Along with the expected spread of effective vaccines through the population, the situation should improve from the second quarter onwards and the upturn should gain momentum. Over the course of the year, the global economy should be able to return to its pre-crisis level of the fourth quarter of 2019. Global trade should also increase again significantly after the deep slump in 2020.

The economy of the European Monetary Union is expected to remain severely impacted by the coronavirus pandemic in 2021, but after a weak start, it should increasingly gain momentum as the year progresses. This should be supported both by the recovery in global trade and by improved prospects for domestic demand as restrictions on economic activity are gradually eased or lifted. In addition, the European Central Bank's monetary policy is likely to remain very expansionary and support the economic recovery. Investment activity in the euro zone should also benefit from the start of implementation of the EU Recovery Fund. Overall, these developments should lead to an economic growth rate in the European Monetary Union of approximately 4%, while developments within the region will continue to be very heterogeneous. The German economy should follow a similar pattern and grow by about 3.5%, primarily because of an expected strong second half. The UK economy should also continue to recover, but is likely to suffer noticeably in the first few months of the year in particular from the stringent measures taken to combat the covid-19 pandemic and the growth-dampening impact of the country's exit from the EU single market effective January 1, 2021.

We also expect the US economy to grow strongly by about 5% in 2021, driven primarily by dynamic growth in private consumption and possibly by additional fiscal stimulus. As vaccination rates rise, especially those services sectors should recover which were severely affected by pandemic-related restrictions. This should also ensure that unemployment continues to decline noticeably. The US Federal Reserve (Fed) is likely to maintain its expansionary monetary policy as announced and to continue supporting the economic recovery.

The Japanese economy is expected to recover at a rather moderate rate of approximately 3% this year, driven mainly by strong export growth in the context of the recovery in global trade.

We expect strong growth momentum in China as the recovery in private consumption is steadily gaining pace, while industrial production and exports continue to rise. Based on a recovery of the labor market and improved consumer sentiment, consumption is likely to contribute significantly to the expected growth of more than 8% this year. Against the backdrop of this robust development, the Chinese government is likely to gradually scale back its fiscal and monetary support measures.

The emerging markets as a whole will also recover noticeably this year, whereby the positive effects of coronavirus vaccinations are only likely to materialize with a certain delay compared with the industrialized countries. The Asian region is likely to recover most strongly, even though the growth momentum in the various countries is likely to remain disparate. In contrast, the recovery of Latin American and Central and Eastern European economies is expected to be significantly more moderate. The countries of the Middle East are likely to benefit from a slight recovery of the oil price, but in a long-term comparison, the oil price will remain moderate according to current estimates. Taken together, the emerging economies should achieve overall growth in the region of 6% in 2021.

Overall, the world economy is likely to experience a strong recovery in 2021 with growth of about 5%, thus expanding at a pace that is well above average by long-term standards.

Automotive markets

On the basis of the assumed economic recovery, a significant increase in worldwide **demand for cars** is to be expected in 2021.

The European market is likely to grow significantly compared to the very weak level caused by the crisis last year. We expect a significant increase in car sales also for most of the large individual European markets.

Light vehicle demand in the US market is expected to recover significantly following the sharp decline in the previous year. The Chinese car market, which developed better than most of the other major sales markets last year, is expected to expand slightly this year.

We also expect **demand for vans** to improve significantly compared with the previous year. In the EU30 region (the European Union, United Kingdom, Switzerland and Norway), significant growth is expected in 2021, both in the combined market segment of mid-size and large vans and in the market for small vans. In the United States and Brazil, demand for large vans is also expected to be significantly stronger than in 2020. In China, we expect the positive development in the mid-size van segment to continue with further significant market growth.

The economic upturn should also result in a better development of demand in key **truck markets**.

In North America, we assume that the market for heavy-duty trucks (class 8) will expand significantly. Significant growth in demand for heavy-duty trucks is anticipated also in the EU30 region. We expect slight expansion in the Brazilian market, while a market volume at the prior-year level is likely in Japan.