

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.