



We convince our customers with innovative vehicles and services

Daimler's business operations developed positively overall in the year 2016. The return on sales of 9.4% in the automotive business adjusted for special items once again surpassed our target. The divisions Mercedes-Benz Cars and Mercedes-Benz Vans significantly increased their revenue and unit sales, and the Daimler Financial Services division also increased its new business. The unit sales of Daimler Trucks and Daimler Buses decreased significantly for market reasons. With innovative technologies, groundbreaking concept vehicles and completely new service offerings, we presented solutions for the mobility of the future.

C | The Divisions

Mercedes-Benz Cars

182 – 187

- Unit sales and revenue at record levels
- Acceleration of model offensive
- Successful start of new Mercedes-Benz E-Class
- Presentation of EQ brand for electric mobility and of Concept EQ
- Launch of ten new models in China
- “Best Customer Experience” pushed forward with new sales formats
- Presentation of new electric smart models
- Great success in motorsport
- CO₂ emissions average of 123 g/km
- EBIT of €8.1 billion slightly above prior-year level (2015: €7.9 billion)

Daimler Trucks

188 – 192

- Worldwide unit sales of 415,100 trucks
- Global market presence expanded with new regional centers
- Presentation of automated trucks driving in a platoon with license for public roads
- Presentation of Urban eTruck, FUSO eCanter and Freightliner Cascadia
- Presentation of new safety systems Active Brake Assist 4 and Sideguard Assist
- Presentation of connectivity services such as Mercedes-Benz Uptime
- Expansion of platform strategy also with Truck Data Center, the newly developed connectivity hardware
- Significant decrease in EBIT to €1.9 billion (2015: €2.6 billion)

Mercedes-Benz Vans

193 – 195

- Unit sales and revenue at record levels
- V-Class and Vito drive growth
- Three-millionth Sprinter delivered
- Mid-size portfolio now offered also in China
- Ground breaking for new plant in the United States
- “Concept X-CLASS” provides a glimpse of premium pickup
- Presentation of adVANce future initiative
- EBIT significantly above prior-year level at €1.2 billion (2015: €0.9 billion)

Daimler Buses

196 – 198

- Continuation of market leadership in traditional core markets for buses over 8 tons gross vehicle weight
- Target return on sales of 6% achieved
- Positive development of complete-bus business in EU30
- First drive on public roads of Mercedes-Benz Future Bus in partially automated mode
- Further progress with fuel efficiency
- Roadmap presented for alternative drive systems
- EBIT significantly above prior-year level at €249 million (2015: €214 million)

Daimler Financial Services

199 – 201

- Record number of cars and commercial vehicles financed or leased
- Continued high number of automotive insurance policies brokered
- Fleet business strengthened through acquisition of Athlon Car Lease International
- Increased range of innovative mobility services
- car2go expands further and has more than 2.2 million customers
- mytaxi is biggest European taxi network after fusion with Hailo
- First place in Great Place to Work competition
- EBIT slightly above prior-year level at €1.7 billion (2015: €1.6 billion)

Mercedes-Benz Cars

Mercedes-Benz Cars continued to grow profitably and very dynamically in 2016. Unit sales and revenue increased once again, and earnings before interest and taxes reached a record level, despite the considerable advance investment we made in our product offensive. Our most important new model in the year under review was the new E-Class, “the world’s most intelligent business sedan.” Our model offensive focused on convertibles and roadsters as well. We also once again extended and modernized our very successful range of SUVs. In addition, our new EQ brand and the fascinating Concept EQ vehicle study have laid the foundation for a broad-based electric mobility offensive at Mercedes-Benz Cars.

C.01

Mercedes-Benz Cars

	2016	2015	16/15
€ amounts in millions			% change
Revenue	89,284	83,809	+7
EBIT	8,112	7,926	+2
Return on sales (in %)	9.1	9.5	.
Investment in property, plant and equipment	4,147	3,629	+14
Research and development expenditure	5,671	4,711	+20
thereof capitalized	2,008	1,612	+25
Production	2,235,352	2,059,823	+9
Unit sales	2,197,956	2,001,438	+10
Employees (December 31)	139,947	136,941	+2

Growth continues

The Mercedes-Benz Cars division consists of the Mercedes-Benz brand with the Mercedes-AMG, Mercedes-Maybach and Mercedes me sub-brands, as well as the smart brand and the new EQ brand for electric mobility. The division continued on its course of profitable growth in the year under review, with unit sales increasing by 10% to the new record level of 2,198,000 vehicles and revenue rising by 7% to €89.3 billion. ↗ **C.01** We were also able to gain market share in nearly all regions. Our positive overall business development throughout the year was largely due to our new products, in particular our attractive SUVs and the new E-Class. Despite considerable advance investment in our product offensive, we were also able to increase EBIT slightly, to €8.1 billion (2015: €7.9 billion). When adjusted for special items, EBIT corresponds to a return on sales that is higher than our target.

Mercedes-Benz once again posts record unit sales

The Mercedes-Benz brand increased its unit sales by 9% to 2,053,500 vehicles in 2016. Global growth at Mercedes-Benz therefore not only outpaced that of its German competitors, the division also delivered more premium-segment vehicles worldwide than any other automaker. ↗ **C.02** In fact, we are the number one manufacturer in the premium segment in Germany, several core European markets, the United States, Canada and Japan. We also significantly improved our position in China in the year under review.

Mercedes-Benz sold a total of 872,200 vehicles in Europe in 2016, an increase of 12% on the previous year. Double-digit growth was recorded in the volume markets of the United Kingdom (+15%), France (+18%), Italy (+16%) and Spain (+20%). We also increased our unit sales in Germany by 6% to 275,900 vehicles. Sales rose by 20% in China, where we outperformed both the market as a whole and important competitors in the year under review. Sales in the NAFTA region were slightly below the prior year’s level. Although sales rose in Mexico, they declined slightly in the United States and Canada. Sales in Japan decreased by 6% from the previous year as a result of general market developments in that country. However, we were able to record substantial increases in unit sales in South Korea (+33%), Australia (+17%) and Taiwan (+12%).

C.02

Unit sales Mercedes-Benz Cars

	2016	2015	16/15
in thousands			% change
Mercedes-Benz	2,054	1,880	+9
thereof A-/B-Class	435	425	+2
C-Class	490	470	+4
E-Class	304	306	-1
S-Class	84	106	-21
SUVs ¹	712	543	+31
Sports cars	27	29	-7
smart	144	121	+19
Mercedes-Benz Cars	2,198	2,001	+10
thereof Europe	980	874	+12
thereof Germany	314	296	+6
NAFTA region	406	412	-1
thereof United States	347	359	-3
Asia	715	618	+16
thereof China	488	400	+22

¹ Including the GLA



Another dream car: The new Mercedes-Benz E-Class Coupe combines luxury, sportiness and technology at the highest level.

The main contribution to the growth in unit sales came from our SUVs. All in all, sales in the SUV segment increased by 31% to 712,100 units. This positive development was primarily due to the GLC and GLE models, as well as high demand for our SUVs in China. Our A-Class and B-Class models also remained very popular, with sales of these cars increasing by 2% in 2016. Including the CLA and CLA Shooting Brake, a total of 435,400 of these models were delivered to customers. Demand for our C-Class models also remained very strong, with sales increasing by 4% to 490,200 sedans, wagons, coupes and convertibles in the year under review. In the year of the model changeover, sales of the E-Class nearly reached the prior year's level. The new E-Class met with a very positive response from customers, which generated powerful sales momentum in the second half of the year. In total, we sold 304,200 cars in the E-Class segment in 2016, including 188,300 units of the new model. The S-Class performed very well in 2016. With sales of 84,300 units (-21%), the S-Class was once again the world's bestselling luxury sedan.

The new E-Class: a masterpiece of intelligence

In January 2016, Mercedes-Benz presented the new E-Class sedan at the North American International Auto Show in Detroit. The vehicle marks a further milestone on the road to accident-free and autonomous driving. The sedan's attractive design, outstanding comfort and connectivity features all serve to strengthen the loyalty of existing customers and attract new customer groups. Clarity and emotion define the design of the new Mercedes-Benz E-Class, and high-end materials characterize the interior. The new E-Class also features numerous technological innovations that celebrated their world premieres in the model. Mercedes-Benz has taken the next step on the road to autonomous driving with numerous new driver-assistance features. With them, the new E-Class can not only automatically maintain a proper distance to vehicles ahead on highways and country roads, but can also keep the E-Class in its lane at speeds of up to 210 km/h.

The first new E-Class sedan models were delivered to customers in April 2016. A superior driving experience is ensured by a four-cylinder gasoline engine and an all-new four-cylinder diesel engine with an output of 143 kW (195 hp). The latter unit makes a big impression with very low NEDC fuel consumption in the E 220 d (fuel consumption in l/100 km urban: 4.7-4.3 / extra-urban: 4.1-3.6 / combined: 4.3-3.9; CO₂ emissions in g/km combined: 112-102). [pages 126 f](#) The year under review also saw the launch of the E 350 e (fuel consumption in l/100 km combined: 2.1; CO₂ emissions in g/km combined: 49; electricity consumption in kWh/100 km combined: 11.5). With a system output of 210 kW (286 hp), this plug-in hybrid offers the performance of a sports car and the efficiency of a subcompact.

The new E-Class wagon was then presented to the public in June 2016. Like its predecessor, this model is one of the most spacious vehicles in its segment. The model has up to 1,820 liters of cargo space. Moreover, despite a much sportier roof line, space in the rear is once again outstanding for this vehicle class. Developers focused here on practical dimensions and the use of an innovative cargo-space management approach.

In September, Mercedes-Benz presented a new member of the E-Class family in Paris – the new E-Class All-Terrain, which combines a striking appearance in SUV style with the intelligent space concept of the wagon and pioneering E-Class safety innovations. With 4MATIC all-wheel drive as standard and higher ground clearance thanks to the AIR BODY CONTROL multi-chamber air suspension (also standard), the All-Terrain is a true all-rounder with outstanding versatility.

The dream car with the star

Our model offensive during the year under review also focused on convertibles and roadsters. Our range of convertible dream cars extends from the smart fortwo convertible to the S-Class convertible. Mercedes-Benz Cars now offers more young convertibles and roadsters than any other manufacturer. With the world premiere of the first-ever convertible based on the C-Class at the Geneva Motor Show in March 2016, Mercedes-Benz rounded out its range of convertibles in the classic soft-top style. The model is optionally available with the AIRCAP automatic draft stop system and AIRSCARF neck-level heating, which guarantee exceptional comfort during open-top driving 365 days a year. Sporty and agile handling is ensured by efficient and powerful engines and dynamically designed suspension – with AIRMATIC air suspension as an option.

The new S-Class convertible is the sixth variant of the current S-Class family and the first open-top luxury four-seater from Mercedes-Benz since 1971. The sporty and elegant model celebrated its world premiere at the IAA in September 2015 and deliveries began in April 2016. With this new model, Mercedes-Benz has fulfilled its pledge to build the most comfortable convertible in the world.

The new Mercedes-Benz SL has been extensively optimized both technologically and visually and has been available since April 2016. More powerful engines, 9G-TRONIC automatic transmission, DYNAMIC SELECT with five driving modes and Active Body Control with the curve tilting function all take this automotive legend to a new dynamic level. In visual terms, the front end in particular has been made much sportier and includes a new hood, new bumpers and new headlights.

To coincide with its 20th anniversary, the compact SLK roadster was relaunched in April 2016 with significantly optimized engineering features an even more attractive appearance and a new name – the SLC. A particularly striking aspect of the new model is its diamond radiator grille, which is a standard feature.

The new GLS – the S-Class of SUVs

During the year under review, we continued our SUV offensive with the GLS, customer deliveries of which began in the spring of 2016. Like its predecessor, the GL, the new GLS sets standards in the SUV world. The full-fledged seven-seater combines luxury with impressive comfort, agile handling and best-in-class safety. With a total of seven models in all classes, Mercedes-Benz offers a more extensive range of SUVs than any other premium brand.

The sports coupe of SUVs

In September 2016, we extended our range of SUVs to include the all-new GLC coupe, a vehicle that combines the distinctive main body section and the Mercedes design idiom of current SUV models with the characteristic elongated roof line of a sports coupe. This sports car among the mid-size SUVs from Mercedes-Benz also makes a big impression with its typical Mercedes safety features, state-of-the-art assistance systems and outstanding sporty-dynamic character. The model's standard sports suspension, more direct sports steering, DYNAMIC SELECT and 4MATIC permanent all-wheel drive with the 9G-TRONIC nine-speed automatic transmission combine superior ride comfort with exceptionally sporty agility.

EQ: electric mobility redefined

With the Concept EQ, Mercedes Benz demonstrated at the Paris Motor Show that electric cars can soon move into the fast lane. The concept car, which has the appearance of a sporty SUV coupe, offers a preview of a new generation of vehicles with battery-electric drive. With a range of up to 500 kilometers and the typical Mercedes strengths of safety, comfort, functionality and connectivity, the Concept EQ meets every requirement in terms of cutting-edge sustainable mobility. The vehicle also features innovative solutions inside – including a completely new interior concept. The Concept EQ offers a preview of the new EQ product brand for electric mobility. [pages 4 and 20 ff](#)



The sports car among the SUVs: the new Mercedes-Benz GLC Coupe.



Benchmark for open-air driving pleasure: the new Mercedes-AMG Roadsters.

Mercedes-Maybach: perfection blended with exclusivity

Mercedes-Maybach stands for the highest levels of exclusivity and individuality. The luxury brand, which was introduced in November 2014, combines the perfection of the Mercedes-Benz S-Class with the exclusivity of a Maybach. The Mercedes-Maybach S 600 Pullman launched in early 2016 (fuel consumption in l/100 km urban: 19.6 / extra-urban: 10.3 / combined: 13.6; CO₂ emissions in g/km combined: 314) has a face-to-face seating configuration and is a clear top-of-the-line model. Mercedes-Maybach will launch its first convertible in the spring of 2017. The special characteristics of the model, of which a limited edition of only 300 units will be built, include high-end appointments in the interior. The Vision Mercedes-Maybach 6 concept vehicle is a sensational luxury-class coupe offering a preview of the future of the Mercedes-Maybach brand. The 2+2-seater pays tribute to the age of the Aero-Coupes and transports this tradition into the future. The vehicle's electric drive system has an output of 550 kW (750 hp), and the flat underfloor battery has a range of more 500 kilometers according to the NEDC. The battery also boasts a visionary fast-charging feature that allows for an impressive charging power of up to 350 kW. As a result, it takes only five minutes to charge the battery up to a level enabling a further 100 kilometers of driving.

Mercedes-AMG: the sports-car and performance brand

The brand claim of "Driving Performance" reflects the two core competencies of Mercedes-AMG: the ability to provide an unparalleled driving experience and the ability to serve as a driving force in the high-performance segment. The Mercedes-AMG sports-car brand enhances the fascination of Mercedes-Benz. The brand's dynamic vehicles especially attract young and sporty customers to the brand with the three-pointed star. Mercedes-AMG models differ extensively from their production-model cousins in terms of both engineering and appearance, thus strengthening the authenticity and distinctive identity of the Mercedes-AMG brand. Mercedes-AMG positions itself even more aggressively as a dynamic sports car and high-performance brand with the GT. The latest members of this sports car family are the Mercedes-AMG GT Roadster (fuel consumption in l/100 km urban: 15.1-12.2 / extra-urban: 9.0-7.8 / combined: 11.4-9.4; CO₂ emissions in g/km combined: 259-219). True to its philosophy of blending performance with responsibility, Mercedes-AMG is also striving to become even more efficient through new engine technologies and a comprehensive lightweight design approach. Mercedes-AMG models already have some of the lowest emissions in their segments. The sports-car and performance brand from Mercedes-Benz, which is celebrating its 50th anniversary in 2017, extended its product range by more than ten models and delivered 99,200 vehicles to customers in 2016 (+44%). As a result, sales at Mercedes-AMG have more than tripled over the last three years.

smart celebrates a sales milestone and launches new electric vehicles and innovative services

The smart brand achieved a major milestone in September 2016 when it celebrated the sale of more than two million vehicles since 1998. smart cars are now sold in 46 markets worldwide. Total sales of smart-brand vehicles increased by 19% to the new record of 144,400 units in 2016. The smart was particularly popular in China, where sales increased by 70% compared with the previous year. China is now the smart brand's third-biggest sales market after Germany and Italy.

The most important new smart-brand products in the year under review were the new electric drive models (electricity consumption combined: 13.1–12.9 kWh/100 km; CO₂ emissions combined: 0 g/km). These vehicles have made the switch to electric mobility more attractive than ever, as they combine the agility of a smart with locally emission-free driving – the ideal combination for urban mobility. The enjoyment of driving an electric vehicle can now also be experienced for the first time in the four-seat smart forfour, along with the smart fortwo coupe and smart fortwo convertible. The new smart electric drive models had their world premiere at the Paris Motor Show in October 2016; market launch is scheduled to begin in the spring of 2017. [page 24 f](#)

The smart brand has played a pioneering role in the automotive industry since it was launched in 1998, and it continues to redefine urban mobility on a regular basis. In 2016, smart introduced an innovative range of services that expands the utility of smart vehicles in urban settings beyond the basic aspect of driving itself. The first such service is “smart ready to drop,” which makes it possible to deliver parcels straight to a smart vehicle's trunk. This system, which also allows for parcel return

pick-ups, is operated in cooperation with DHL and makes online purchasing even more convenient. It is just one of the many innovative services that will be offered by the smart brand in the future.

Production “in China for China”

If we are to continue growing in China, we need to be able to offer the right products and manufacture them locally. Our product lineup in China was more attractive than ever in 2016. During the year under review, we launched more than ten new or revised models in China, including the new GLS and several smart models. Mercedes-Benz presented the long-wheelbase version of the new E-Class at Auto China in April 2016. This model is tailored to the requirements of the growing Chinese market and is manufactured locally. The long-wheelbase version of the E-Class is 140 millimeters longer than the base model, providing considerably more legroom for passengers in the rear of the vehicle, as well as seats with numerous comfort features. With the launch of the DENZA 400, the second generation of an electric vehicle with a range of up to 400 kilometers, we have also expanded our portfolio of emission-free products in China. The DENZA is built in China for China by the joint venture Shenzen DENZA New Energy Automotive Co., Ltd. In June 2016, Daimler and its joint-venture partner BAIC announced that they will invest more than €500 million in the expansion of their shared engine plant in Beijing.

All in all, we were able to increase sales of Mercedes-Benz brand vehicles in China by 20% to 465,400 units, thus significantly outpacing the growth of the automotive market as a whole. A total of 317,100 of the vehicles we sold in China during the reporting year (2015: 250,200) were manufactured locally at facilities operated by our Beijing Benz Automotive Co Ltd. joint venture (BBAC).



More fuel-efficient, lighter and more compact: the new four-cylinder diesel OM 654 from Mercedes-Benz starts a new engine family.



The new electric smart models combine agility with locally emission-free driving – the ideal combination for urban mobility.

Best Customer Experience

Within the framework of the “Best Customer Experience” marketing and sales strategy, Mercedes-Benz is aligning its sales and marketing organization with changing customer requirements. The goal is to address new target groups while maintaining the brand loyalty of established customers. To this end, Mercedes-Benz is using new sales channels and digital portals as innovative interfaces with the brand. Various sales formats with new, digital channels and digital elements, as well as new roles in retailing, supplement the services offered at traditional Mercedes-Benz dealerships and showrooms. The centerpiece of Best Customer Experience is the range of mobility and other services offered by Mercedes me. [mercedes.me](https://www.mercedes-me.com) This platform is also the name of a new chain of stores Mercedes-Benz has opened in inner-city locations. Various Mercedes me Stores have opened around the world since 2014. New temporary formats such as special events and pop-up stores have also been created. In addition, the “She’s Mercedes” initiative was launched in 2015. This program is designed to help Mercedes-Benz address women in a targeted manner and significantly increase its proportion of female customers over the medium term. Along with the provision of a new community and inspiration platform, the initiative also includes networking events, training programs for sales personnel and measures to increase the proportion of women in the sales workforce.

Successful motorsports year: #TheTriple

MERCEDES-AMG PETRONAS captured both the Drivers’ and the Constructors’ Championship in the Formula 1 racing series for the third consecutive year in 2016, and also finished first in more races than ever before. In addition, the Mercedes-Benz hybrid-drive system, which is also used by the Williams F1, Sahara Force India and Manor-Racing Formula 1 teams, was both the most efficient and most successful drive system

in the competition. Mercedes-Benz was also very successful in the popular German DTM touring car series, recording four victories and 15 podium finishes in 18 races. We also enjoyed numerous successes with the Mercedes-AMG Customer Sports program in 2016 – including a historic 1-2-3-4 finish in the prestigious Nürburgring 24-hour race. Daimler’s motorsports efforts pay off for the company – not just in the form of significant image enhancement and the extensive publicity provided by the races, but also in terms of the valuable experience we gain with the hybrid technologies and lightweight designs that we use in our motorsports activities, which are also incorporated into our series-production vehicles.

CO₂ emissions at the previous year’s level

Mercedes-Benz Cars makes a continual effort to reduce the fuel consumption of its vehicles while enhancing their performance – and thus increasing driving enjoyment and safety. As early as 2015, we were able to reduce the CO₂ emissions of newly registered vehicles from Mercedes-Benz Cars in the European Union to an average of 123 g/km. This means we achieved our 2016 target of 125 g/km ahead of schedule. We were able to maintain the figure of 123 g/km in 2016 as well, despite the fact that our sales structure in the European Union shifted to a higher proportion of mid-sized and large vehicles. This achievement was made possible by technical innovation. We further reduced the CO₂ emissions of the individual models through continual improvements to our combustion engines and the use of extremely efficient hybrid drive systems. Our efforts are supported here by new and very economical models with lightweight designs and significantly improved aerodynamics, allowing us to exploit further fuel-saving potential. [page 130](#)

Daimler Trucks

In financial year 2016, the focus at Daimler Trucks was on megatrends of the future: connectivity and electric drive. With the Mercedes-Benz Urban eTruck and the third-generation FUSO eCanter, we presented new, locally emission-free vehicles for urban transport. Other topics included digital services such as Mercedes-Benz Uptime and the Fleetboard Store for apps. In this way, we once again underscored our ambition as a technology leader. We systematically strengthened our global presence with our new sales and service organization for commercial vehicles in major growth regions. And we continued to push forward with the use of intelligent platforms in 2016 with the newly developed standardized connectivity hardware, the “Truck Data Center.”

C.03

Daimler Trucks

	2016	2015	16/15
€ amounts in millions			Change in %
Revenue	33,187	37,578	-12
EBIT	1,948	2,576	-24
Return on sales (in %)	5.9	6.9	.
Investment in property, plant, and equipment	1,243	1,110	+12
Research and development expenditure thereof capitalized	1,265 57	1,293 26	-2 +119
Production	411,265	506,663	-19
Unit sales	415,108	502,478	-17
Employees (December 31)	78,642	86,391	-9

Business development impacted by contracting markets

Daimler Trucks' unit sales of 415,100 vehicles (2015: 502,500) were significantly below the high level of the previous year. Revenue decreased to €33.2 billion (2015: €37.6 billion) and EBIT fell to €1.9 billion (2015: €2.6 billion). The division's return on sales was 5.9% (2015: 6.9%). Overall, the development of business last year was affected by significant market contraction in many regions. Daimler Trucks is systematically continuing the efficiency-enhancing actions initiated in 2012 with “Daimler Trucks #1.” In order to further strengthen our competitiveness, we will continue optimizing our fixed costs, in particular at the Mercedes-Benz brand. Our goal is to bring Daimler Trucks to the targeted level of profitability.

Unit sales below high prior-year level

Against the backdrop of shrinking truck markets, our unit sales decreased in most of our regions. We sold a total of 415,100 trucks in 2016 (2015: 502,500). There was positive market impetus in the **EU30 region** (European Union, Switzerland and Norway), although with decreasing dynamism in the second half of the year. Our unit sales there increased by 4% to 79,800 vehicles. Our Mercedes-Benz brand maintained its market leadership in the medium- and heavy-duty segment with a share of 21.6% (excluding the United Kingdom) (2015: 22.4%). Our sales in **Turkey** fell by more than 50% to 9,300 units (2015: 24,900). This drastic decline is the result of weaker demand due to the introduction of the Euro VI emission standard at the beginning of 2016 as well as the country's difficult situation.

C.04

Unit sales of Daimler Trucks

	2016	2015	16/15
In thousands			Change in %
Total	415	502	-17
EU30	80	76	+4
thereof Germany	31	32	-2
United Kingdom	8	9	-10
France	8	7	+13
NAFTA region	146	192	-24
thereof United States	122	167	-27
Latin America (excluding Mexico)	27	31	-10
thereof Brazil	12	16	-26
Asia	125	148	-15
thereof Japan	46	46	+2
Indonesia	28	32	-13
<i>For information purposes:</i>			
BFDA (Auman Trucks)	78	69	+13
Total (including BFDA)	493	572	-14



The Mercedes-Benz Urban eTruck: goods transport in the city, emission free and quiet.

Our unit sales in **Latin America** continued to be impacted by the ongoing deep recession in Brazil and were once again significantly lower than in the previous year at 27,500 units (2015: 30,500). In Brazil, our main market in the region, our Mercedes-Benz brand trucks achieved market leadership and increased their share of the medium- and heavy-duty segment to 29.8% (2015: 26.7%). Daimler has been active in Brazil for 60 years and Mercedes-Benz do Brasil is the biggest manufacturer of trucks and buses in Latin America. But in view of the further market contraction, we were obliged to take steps to adjust our production capacities in Brazil, mainly through a program of voluntary severance packages. Irrespective of the currently difficult situation, we believe in the long-term viability of the important Latin American market.

In the **NAFTA region** as well, we were unable to escape the impact of the sharply contracting market for Class 8 trucks. We reacted to the market changes already in the first half of the year and reduced the workforce at our plants in North America. Sales of 145,700 trucks (2015: 191,900) were significantly lower than the unusually high number sold in the previous year. In classes 6–8, we are the market leader by a large margin with a share of 39.3% (2015: 39.4%). In class 8 (heavy-duty trucks), we increased our market share to 40.0% (2015: 39.3%). We are very successful in the North American market, especially with our integrated powertrains. Approximately 95% of the trucks we sold in the heavy-duty segment in the United States and Canada were fitted with our integrated heavy-duty engines. Since last year, the DD5 medium-duty engine produced in Mannheim has also been available for customers in North America. Local production of the DD5 in Detroit for the North American market will

start in 2018. We were able to increase the percentage of Freightliner Cascadia and Western Star 5700 XE trucks fitted with the DT12 automatic transmission in the United States and Canada to approximately 65%. Our Thomas Built Buses brand had its 100th anniversary in the year 2016. Thomas Built Buses is one of the leading manufacturers of school buses in North America.

Our unit sales in **Japan** increased to 46,400 vehicles (2015: 45,600). With the FUSO brand, we increased our share of the overall Japanese truck market to 20.4% (2015: 20.8%). In the **Indonesian** market, which once again contracted sharply, our unit sales fell to 28,000 vehicles (2015: 32,100). But with a 46.7% share of the overall truck market (2015: 48.0%), we continue to be the market leader by a large margin with the FUSO brand. We have further strengthened our strategic position in Indonesia. In the future, our sales partner P.T. Krama Yudha Tiga Berlian Motors (KTB) will focus solely on the sale of FUSO commercial vehicles and will transfer its car business to a separate legal entity. Our Asian subsidiary Mitsubishi Fuso Truck and Bus Corporation (MFTBC) increases its interest in KTB from 18 to 30%. Until now, we have mainly sold light- and medium-duty trucks of the FUSO brand in Indonesia. In addition, our subsidiary P.T. Mercedes-Benz Distribution Indonesia (MBDINA) will also sell new models of heavy-duty Mercedes-Benz trucks in the future; the first deliveries are already planned for the first quarter of 2017. In the medium term, we will produce our trucks from CKD kits at the Mercedes-Benz plant in Wanaherang, Indonesia.



The new FUSO eCanter is already the third generation of the world's first light-duty truck powered solely by electricity.

In **India**, our unit sales of 13,100 trucks were below prior-year level (2015: 14,000); with our BharatBenz trucks, we achieved a market share of 6.8% (2015: 7.3%). Deliveries of the export vehicles produced in Chennai to markets in Asia, Latin America and Africa more than doubled to over 4,000 units in 2016. Meanwhile, more than 30 markets are already supplied with trucks from Chennai. Our sales in the **Middle East** decreased significantly to 17,600 vehicles (2015: 36,300). The main reasons for the sluggish investment there in 2016 were low oil prices and the ongoing conflict in the region.

Daimler Trucks further expands its global presence

In the **NAFTA** and **EU30 regions** (excluding the United Kingdom), Daimler Trucks is already very well positioned as the market leader. We continued to push forward with the regionalization of our sales-and-service organization for the commercial vehicle business in major growth regions. Within seven months, we opened six **regional centers** for the Middle East and North Africa, East, Central and West Africa, Southern Africa, Southeast Asia, Latin America and South Asia. With the new regional centers, we are focusing even more in those regions on the specific local features of the truck business and are therefore even closer to the

customers and markets there. In **China**, the world's biggest truck market, Daimler AG has a 50% interest in Beijing Foton Daimler Automotive Co. Ltd. (BFDA), a joint venture with Beijing Foton Motor Co. Ltd. Medium- and heavy-duty trucks of the Auman brand have been produced there since mid-2012. With the recovery of the Chinese truck market in 2016, the joint venture increased its sales of Auman trucks to 77,800 units (2015: 69,200). More than 380,000 Auman trucks have been sold since the joint venture started operations.

Highly efficient products – today and in the future

With the world premiere of the **Urban eTruck** [page 42](#) in September 2016, Mercedes-Benz Trucks linked the two future topics of digitization and electric mobility and provided an outlook on the connected and fully electric truck of tomorrow. The locally emission-free truck for heavy distribution transport with a gross vehicle weight of up to 26 tons has a battery pack with a total capacity of 212 kilowatt hours, allowing a range of approximately 200 kilometers. Market launch is conceivable early in the next decade. Following the start of a one-year fleet test of five battery-powered **FUSO Canter E-Cell** trucks in Germany in April, we presented the third generation of the world's first purely electric light truck: the new **eCanter** [page 42](#). It benefits from the extensive experience gained during customer tests with the previous generation and will be delivered to customers in Europe, the United States and Japan

in a small series starting this year. We offer improved fuel consumption also with our **Mercedes-Benz series products**. After the further development of the Mercedes-Benz OM 471 engine in 2015, fuel efficiency has now improved again also for the latest generation of the OM 470 engine. The fuel consumption of the Actros with the OM 470 has been reduced by up to 5% as a result of modifications to the engine and drivetrain. And also with the OM 471, the fuel consumption of the Actros can be reduced by up to 6% compared with the previous engine due to engine modifications as well as optimized aerodynamics and drivetrain. In addition, we have pushed forward with our activities relating to the so-called **integrated approach**. Together with trailer manufacturer Krone, Mercedes-Benz presented a highly efficient semi-trailer truck at IAA Commercial Vehicles 2016; its fuel consumption and CO₂ emissions are up to 20% lower than those of a semi-trailer truck of 2014. The optimizations of the **integrated approach** were tested with five customers on the so called Efficiency Run 2016. The integrated approach includes all parties involved with goods transport by road to achieve its CO₂ goals: truck manufacturers, bodybuilders, tire suppliers, logistics companies and political decision makers. The initiative was presented for the first time at IAA Commercial Vehicles 2014.

Mercedes-Benz gets nearer to the vision of accident-free driving

At IAA Commercial Vehicles in September 2016, Mercedes-Benz presented two new safety systems which are unique in the market: **Active Brake Assist 4** is the first system of its kind in the world; it warns the driver of an impending collision with pedestrians and automatically initiates partial braking. Mercedes-Benz is also the first truck manufacturer to launch **Sideguard Assist** with person recognition. It is the first assistance system on the market that protects pedestrians and cyclists from trucks turning left or right. Active Brake Assist 4 and Sideguard Assist have been available for selected models since late 2016.

New products and services relating to connectivity

In September, we presented the new flagship for the heavy-duty class 8: the **Freightliner Cascadia**. The new Cascadia has made significant progress in terms of connectivity, fuel efficiency and safety. With the new connectivity platform, **Detroit Connect Analytics**, customers can access automated analyses of fuel efficiency and safety. Thanks to its aerodynamic design and integrated Detroit powertrain, the new Cascadia achieves fuel efficiency up to 8% better than a 2016 Cascadia Evolution. With the new full-LED system, the new Cascadia offers a significantly larger field of vision in conditions of poor visibility. And the optional safety package Detroit Assurance 4.0 includes Active Brake Assist. Deliveries of the new Freightliner started in January 2017. In order to expand



The new Freightliner Cascadia once again sets standards for connectivity and fuel efficiency.

the range of Detroit Connect connectivity services with new features, Daimler Trucks North America (DTNA) is cooperating with **AT&T and Microsoft**. AT&T will provide its mobile-telephony service for Detroit Connect, and we are cooperating with Microsoft on the development of a new cloud-based back-office environment for Detroit Connect services.

In Europe, we are using intelligent connectivity to increase vehicle availability with the new service product **Mercedes-Benz Uptime**, which has been available in selected markets for the Actros, Arocs and Antos since IAA Commercial Vehicles 2016. Mercedes-Benz Uptime continuously checks vehicle systems and offers customers three key advantages: It can avoid time off the road, makes the management of repairs and maintenance more efficient, and supports the customers' maintenance activities in real time. With the new **FleetBoard Store**, we presented our marketplace for apps at IAA Commercial Vehicles 2016. The platform has been designed to be open so that industry partners such as bodybuilders and app developers can contribute their own apps to make road transport more efficient. The FleetBoard Store is open for customers as of 2017.

Furthermore, Daimler Trucks is pushing forward with the further development of **autonomous driving**. In the first half of 2016, we presented a world premiere of **three autonomously driving Mercedes-Benz trucks licensed for use on public roads**, which connected into a "platoon" via Wi-Fi.  [page 46](#) Autonomous trucks link up with other autonomous trucks on the road to form a platoon. This saves fuel due to the small gaps between the vehicles and the resulting lower wind resistance, as well as reducing the space they need on the highway.

Extension of our platform strategy

In addition to the expansion of global presence and technology leadership, we systematically continued with the roll-out of intelligent platforms and modules in 2016. The platforms for drivetrain components for medium- and heavy-duty engines and automated transmissions have already been launched successfully. In 2016, Daimler Trucks extended its platform strategy to the chassis, which will be used across brands in the Mercedes-Benz Actros and the new Freightliner Cascadia, and to a uniform electric/electronic architecture. With the newly developed connectivity hardware, the **Truck Data Center**, we introduced a standardized component in 2016 that will be applied across our Daimler Trucks brands. The Truck Data Center is the heart of the connected truck where all real-time data is received and transmitted. It is already being applied through Detroit Connect Analytics in the new Freightliner Cascadia and through FleetBoard in Mercedes-Benz trucks. The Truck Data Center will also be installed in FUSO trucks as of spring 2017.

Awards for Daimler Trucks vehicles

Our products received a large number of awards once again last year. In the readers' poll carried out by the ETM publishing house, our trucks **Mercedes-Benz Atego, Antos, Actros and Arocs** took first place in their respective categories. The editors of the trade magazines "Verkehrs-Rundschau" and "Trucker" gave the **Mercedes-Benz Actros 1845** the Green Truck Award 2016. And for the twelfth time in succession, the **Mercedes-Benz Unimog** was voted the best off-road vehicle of the year in the "special vehicles" category by the readers of "Off Road" magazine.

Mercedes-Benz Vans

Mercedes-Benz Vans continued its success story of recent years, setting a new record for unit sales in 2016. The division's earnings also reached an all-time high. Growth was primarily driven by the mid-size segment with the Vito van and the V-Class multipurpose vehicle. The market launches of the V-Class and Vito in China marked new milestones for our "Mercedes-Benz Vans goes global" growth strategy. We are continuing to implement this strategy by expanding our product range to include the new X-Class – the world's first premium pickup. With its future-oriented "adVANce" initiative, Mercedes-Benz Vans is also increasingly transforming itself from a manufacturer of globally successful vans into a provider of holistic system solutions.

New records for unit sales, revenue and EBIT

Mercedes-Benz Vans set a new sales record once again in financial year 2016, with an increase of 12% to 359,100 units. At €12.8 billion, revenue was also significantly higher than in the previous year (2015: €11.5 billion). EBIT rose by 33% to the new record level of €1,170 million.

Continued growth

Mercedes-Benz Vans' products remained very successful in financial year 2016. Our Sprinter, Vito and Citan vans are mainly tailored to commercial customers, while the V-Class is designed primarily for private use.

Unit sales in the EU30 region, our most important market, rose by 13% to 249,900 vans in the year under review. Particularly significant increases were recorded in Italy (+46%), the Netherlands (+27%), Austria (+27%), Sweden (+21%), Spain (+20%) and Poland (+26%), and Mercedes-Benz Vans posted strong growth also in several key European volume markets. In Germany, we set a new sales record with 96,100 units (2015: 88,400). In the United Kingdom, we increased unit sales by 4% to 36,700 vehicles. However, unit sales declined significantly in Russia (-15%) and Turkey (-7%).

At the same time, Mercedes-Benz Vans continued to grow in the NAFTA region, where sales rose sharply to 43,400 units (2015: 40,500). We set a new sales record with 33,700 units (2015: 32,400) in the United States, where the new Metris also contributed to our sales success.

The market environment in Latin America remained difficult during the year under review. Sales in the region fell by 21% to 12,500 units. Sales in China rose by 90% following the successful launch of our new vehicles in the mid-size segment.

C.05

Mercedes-Benz Vans

	2016	2015	16/15
€ amounts in millions			% change
Revenue	12,835	11,473	+12
EBIT	1,170	880	+33
Return on sales (in %)	9.1	7.7	.
Investment in property, plant and equipment	373	202	+85
Research and development expenditure	442	384	+15
thereof capitalized	238	153	+56
Production	368,574	328,129	+12
Unit sales	359,096	321,017	+12
Employees (December 31)	24,029	22,639	+6

C.06

Unit sales by Mercedes-Benz Vans

	2016	2015	16/15
			% change
Total	359,096	321,017	+12
EU30	249,860	221,989	+13
thereof Germany	96,130	88,380	+9
NAFTA region	43,354	40,519	+7
thereof United States	33,749	32,376	+4
Latin America (excluding Mexico)	12,497	15,750	-21
Asia	22,526	11,781	+91
thereof China	13,636	7,178	+90
Other markets	30,859	30,978	-0

We sold a total of 193,400 units of the Sprinter worldwide in 2016 (2015: 194,200). Sales of vehicles in the mid-size segment were significantly higher than in the previous year, totaling 140,800 units in the year under review (2015: 105,100). Sales of Vito models for commercial use rose by 24% to 92,100 vehicles, while sales of the Mercedes-Benz Citan reached 24,900 units (2015: 21,700). The V-Class multipurpose vehicle remains very popular with our customers; sales of the model rose by 58% to 48,700 units in the year under review.

Three million units of the iconic van sold to date: ongoing success of the Sprinter

Mercedes-Benz Vans achieved yet another milestone with its successful Sprinter van in March. Since the model's launch in 1995, we have delivered three million units of the "global van" to customers. The large van is now on the road in more than 130 countries. The large van is now on the road in more than 130 countries. The milestone Sprinter was transformed into a HYMER ML-T premium camper van by Hymer, a Mercedes-Benz Vans bodybuilder partner. The camper van segment is becoming increasingly important for Mercedes-Benz Vans, and the Sprinter is already the number one high-end comfort camper van. It is also increasingly in demand as the base vehicle for partially and fully integrated camper vans.

The three-millionth Sprinter rolled off the line at our Ludwigsfelde plant, which is one of six Sprinter manufacturing facilities worldwide. Ludwigsfelde is also the third-largest van plant in our international production network, and the only European manufacturing facility that builds the open versions of the Sprinter (flatbed trucks and chassis) for use with a wide variety of body types. In February 2016, the plant had its 25th anniversary as a successful manufacturing location for Mercedes-Benz Vans in the former East Germany. A total of more than 700,000 vans were built in Ludwigsfelde between 1991 and the end of 2016.

Our Sprinter remains extremely popular around the world, and especially in North America. So that we can supply customers in North America with the next-generation Sprinter more rapidly and in a more individualized and economical manner in the future, we are currently building a new production plant in North Charleston, South Carolina in the United States. We broke ground for the new facility in July 2016. Mercedes-Benz Vans is investing roughly half a billion dollars in the new van plant and will create up to 1,300 new jobs there.

We are working continually to increase the appeal of the Sprinter for our customers. In April, for example, Mercedes-Benz Vans presented a Sprinter with a higher gross vehicle weight and two new entry-level engine options. The new variant of our bestselling van now has a GVW of up to 5.5 metric tons, which makes it even more attractive to bodybuilders and vehicle conversion specialists. The new entry-level engines have an output of 84 kW/114 hp (fuel consumption in l/100 km: urban 11.0–10.8/extra-urban 7.1–6.9/combined 8.6–8.4; CO₂ emissions in g/km: combined 224–219) and 105 kW/143 hp (fuel consumption in l/100 km: urban 10.0–9.8/extra-urban 7.2–7.1/combined 8.3–8.1; CO₂ emissions in g/km: combined 218–213).

V-Class variety: a sportier and more luxurious multipurpose vehicle

At the beginning of 2016, Mercedes-Benz Vans expanded the wide range of optional equipment for the V-Class once again. With the introduction of the V-Class AMG Line, the multipurpose vehicle now features prominent design elements from the Mercedes-AMG high-performance and sports car brand. The V-Class EXCLUSIVE boasts a broad range of exclusive equipment that raises the style, comfort and functionality of the V-Class to an even higher level.



The Sprinter: Its name defines its category – now with a more powerful basic engine and up to 5.5 tons gross vehicle weight.



Concept X-CLASS: The concept vehicle presented in October 2016 provides an outlook onto the X-Class, which will be launched in late 2017.

Mercedes-Benz Vans goes global: mid-size portfolio now successful also in China

With the launch of the V-Class multipurpose vehicle and the Vito van in China, we have taken another major step forward with our “Mercedes-Benz Vans goes global” growth strategy. Customer deliveries of the V-Class in China began in the spring of 2016, with the Vito following in the fall. As a result, we now offer our complete mid-size vehicle program in the world’s biggest automotive market. Both vehicles are “made in China for China” and manufactured by our local joint venture Fujian Benz Automotive Co., Ltd. (FBAC) in Fuzhou.

Our plant in Vitoria, Spain, is also benefiting from the huge global demand for the V-Class and the Vito. In response to the tremendous sales success enjoyed by the two models, Mercedes-Benz Vans created additional capacity in Vitoria by introducing a third shift at the plant in October. A total of approximately €260 million has been invested in the production of the current generations of the two models in Vitoria.

The Mercedes-Benz X-Class is coming: the world’s first premium pickup for urban lifestyles

With the presentation of two design variants of its Concept X-CLASS in October 2016, Mercedes-Benz Vans provided a clear preview of the world’s first premium pickup – the Mercedes-Benz X-Class. Our pickup will reflect the core Mercedes values in terms of everything from brand-typical design and comfort to handling and safety. We will thus become the first premium manufacturer to take into account changing customer requirements in the global growth segment for mid-size pickups. As a result, the tough one metric-ton model with seating for up to five persons will be the first pickup capable of attracting interest as an urban lifestyle and family vehicle. The X-Class will thus close one of the last gaps in the Mercedes-Benz vehicle lineup. The model will initially be launched in Europe in late 2017. It will then be launched in other core markets such as Argentina, Brazil, South Africa, Australia and New Zealand in 2018.

Mercedes-Benz Vans is a leader in the transformation of the transportation sector

Mercedes-Benz Vans presented its adVANce strategic initiative in September 2016. The division is thus systematically focusing on new, quickly changing customer needs. By 2020, we will have invested some €500 million in digitization, automation and robotics for vans, as well as in innovative mobility solutions. As a result, Mercedes-Benz Vans be transformed from a manufacturer of globally successful vans into a provider of holistic system solutions. These solutions have the potential to make the transportation of goods and passengers even more efficient. They also offer our customers economic benefits and completely new business opportunities. The all-electric and thus locally emission-free “Vision Van” concept vehicle, which was also presented in September, features a fully automatic cargo area and integrated delivery drones, thus embodying the holistic approach we are employing with adVANce. Mercedes-Benz Vans has also announced plans to once again begin series production of a battery-electric van in 2018. Back in 2011, Mercedes-Benz Vans became the first manufacturer to produce an electric van in series production – the Vito E-Cell.

The first concrete measures implemented within the framework of adVANce were the launch of the new Mercedes PRO service brand and the establishment of Mercedes-Benz Vans Mobility GmbH. With Mercedes PRO, Mercedes-Benz Vans is enabling the seamless and efficient integration of numerous service and mobility solutions, and thus setting the standard for services for commercial van customers. The first half of 2017 will see the launch of the Mercedes PRO connect innovative connectivity solution for vehicle fleets. In addition, Mercedes-Benz Vans Mobility GmbH offers holistic mobility services and flexible solutions for the van segment as of 2017.

Daimler Buses

Business development in 2016 was again negatively affected by the difficult economic situation in Latin America, leading to a sharp decrease in unit sales. However, thanks to the positive development of our business with complete buses, we were able to achieve a slight increase in revenue. Earnings significantly surpassed the good level of the prior year, and achieved our target for return on sales of 6%. As the leading bus manufacturer in its traditional core markets, Daimler Buses focuses on innovative and forward-looking city buses and coaches. Our presentation of the Mercedes-Benz Future Bus in 2016 marked a new milestone on our path to the mobility of the future.

C.07

Daimler Buses

	2016	2015	16/15
€ amounts in millions			% change
Revenue	4,176	4,113	+2
EBIT	249	214	+16
Return on sales (in %)	6.0	5.2	.
Investment in property, plant and equipment	97	104	-7
Research and development expenditure	202	184	+10
thereof capitalized	11	13	-15
Production	26,180	29,092	-10
Unit sales	26,226	28,081	-7
Employees (December 31)	17,899	18,147	-1

Earnings significantly above the prior-year level

Daimler Buses sold 26,200 buses and bus chassis worldwide in financial year 2016 (2015: 28,100). This significant decrease in unit sales was largely due to the ongoing poor economic situation in Brazil. Nevertheless, the division was able to maintain its clear leading position in its traditional core markets, i.e. the EU30 region, Brazil, Turkey, Argentina and Mexico. Sales of complete buses in the EU30 region were once again higher than in the prior year. Revenue rose slightly from the prior year (+2%), while EBIT increased substantially to €249 million (2015: €214 million).

Varied business development in core regions

In the EU30 region, the Daimler Buses brands Mercedes-Benz and Setra offer a full range of city buses, intercity buses and coaches, as well as bus chassis. Thanks to a significant improvement in our business with complete buses, sales in the region increased by 3% to 8,800 units. Strong demand for our Mercedes-Benz and Setra buses led to an increase in sales in Germany to 3,100 units (2015: 2,800). Daimler Buses also further expanded its leading position in the EU30 region with a market share of 29.7% (2015: 29.5%). At 600 units, sales in Turkey were significantly lower than in the prior year (2015: 1,000) due to the difficult situation in that country. The ongoing economic difficulties in Latin America (excluding Mexico), especially in Brazil, led to a significant further deterioration in the region, with the Brazilian bus market reaching its lowest point for many years in 2016. Sales of Mercedes-Benz bus chassis in Brazil declined by double digits once again (-32%) to 4,900 units. Nonetheless, we were able to significantly expand our leading position in Brazil to a market share of 58.4% (2015: 52.5%). At 3,800 units (2015: 4,000), sales in Mexico were slightly lower than in the previous year.

C.08

Unit sales by Daimler Buses

	2016	2015	16/15
			% change
Total	26,226	28,081	-7
EU30	8,838	8,573	+3
thereof Germany	3,063	2,787	+10
Latin America (excluding Mexico)	9,837	11,909	-17
thereof Brazil	4,937	7,216	-32
Mexico	3,780	3,964	-5
Asia	1,759	1,030	+71
Other markets	2,012	2,605	-23



The ComfortClass 500 from the Setra brand stands for a versatile bus concept meeting high requirements in terms of economy, safety and flexibility in an exemplary manner.



The Mercedes-Benz Citaro NGT powered by natural gas features significantly reduced CO₂ emissions. When running on organic natural gas, it is virtually CO₂ neutral.

Daimler Buses is a pioneer in autonomous driving

Daimler Buses, a leading provider of mobility solutions, achieved a major milestone on the road to autonomous urban driving in 2016. In July, the Mercedes-Benz Future Bus with CityPilot drove partially autonomously for the first time on a public road that is part of the BRT (Bus Rapid Transit) route in Amsterdam. The key technical component of the Future Bus is the CityPilot, which is based on the Highway Pilot system presented two years ago in the autonomous version of the Mercedes-Benz Actros truck. Highway Pilot technology was extensively enhanced for the specific application in a city bus, and several new features were added. With its numerous cameras and sensors, the city bus can recognize and communicate with traffic lights, can brake and accelerate on its own, react autonomously to obstacles and pedestrians, and drive up to bus stops. Through this intelligent networking of assistance systems, Daimler Buses has been able to improve the efficiency of city buses, notably by lowering their fuel consumption. In addition, the networked technology makes things easier for bus drivers in stressful city traffic and also enhances safety. The Future Bus thus marks another step toward the vision of accident-free driving. With this forward-looking design, integrated infotainment systems and e-ticketing solutions, Daimler Buses is also demonstrating how city buses can be made even more attractive and comfortable for passengers. Daimler Buses will invest approximately €200 million in the further development of its city bus lineup between now and 2020.

Expansion of innovative services

Daimler Buses will continue expanding its range of innovative services that offer real added value to customers. Our goal is to reduce downtime and maintenance requirements and optimize the total cost of ownership even further. With this in mind, Daimler Buses established a new unit known as Mobility Solutions in 2016. The new team is responsible for the further development of existing business models, as well as the development of entirely new mobility solutions for the international bus business. The team also addresses the challenges faced by the passenger transport sector as a result of trends such as increasing urbanization and drive-system electrification.

Innovations at IAA Commercial Vehicles 2016

At the trade exhibition IAA Commercial Vehicles 2016, Daimler Buses presented a comprehensive range of solutions for future bus mobility as provided by its Mercedes-Benz and Setra product brands and its OMNIplus and BusStore service brands. Along with the partially autonomous Mercedes-Benz Future Bus with CityPilot, the highlights included the natural-gas powered Mercedes-Benz Citaro NGT city bus and a new locally manufactured Mercedes-Benz school bus for the Indian market. The IAA presentation also focused on innovative services such as a new tele-diagnosis system for the 24-hour service program, which can significantly reduce downtime in the event of a breakdown.

Further efficiency gains and the roadmap for alternative drive systems

Daimler Buses has been able to further improve the fuel efficiency and environmental compatibility of its products through the use of innovative technologies. We are working continually on the further optimization of the combustion engine. Fuel savings of up to 8% have already been achieved through the launch of Euro VI bus models. And use of the latest generation of the OM 470 and OM 471 diesel engines, as well as vehicle-related measures, have led to a further reduction in fuel consumption and CO₂ emissions of up to 4%. The Mercedes-Benz Citaro NGT natural-gas city bus represents another milestone on the road to emission-free driving. The CO₂ emissions of the Mercedes-Benz natural-gas engine are up to 10% lower than those produced by a diesel engine. When organic natural gas is used as fuel, the bus is virtually CO₂ neutral, with emissions well below the limits stipulated by the Euro VI emissions standard in some cases. Daimler Buses also continues to implement its roadmap for alternative drive systems. Among other things, the roadmap calls for the launch of series production of the Citaro E-Cell electric city bus in 2018. Daimler Buses is also developing a holistic system for providing customers with advice on electric mobility issues. The goal here is to offer customers products that are perfectly tailored to their needs and to local aspects such as existing infrastructure, route arrangements, topography and vehicle-range requirements.

New Mercedes-Benz Travego coach with an efficient combustion engine

In 2016, Daimler Buses presented a new forward-looking coach for the Turkish market – the Mercedes-Benz Travego 15 SHD. This new Travego has a length of 12 meters and can accommodate 46 passengers. The bus is powered by an OM 470 Euro VI engine with Bluetec technology. This engine is more efficient than previous engine models and also further reduces both exhaust gas emissions and fuel consumption. In addition, the new Travego underscores Daimler Buses' technology leadership in the area of accident-free driving, as the coach features numerous safety systems as standard equipment, including AEBS 3 (anticipatory emergency braking system), ACC (Adaptive Cruise Control), SPA (Lane Assistant) and FCG (Front Collision Guard).

Numerous awards for Daimler Buses

At the end of the year under review, the Mercedes-Benz Future Bus received the Sustainability Award 2017 from the *busplaner* trade journal in the category Technology/Urban Regular-Service Bus. The award is presented to manufacturers with outstanding products and ideas that make a verifiable contribution to environmental protection and thus to sustainability around the world. In addition, a reader survey conducted by EuroTransportMedia-Verlag resulted in first-place finishes for the Mercedes-Benz Citaro in the Urban Regular-Service Bus category and for the Mercedes-Benz Tourismo in the Midibus category. The Setra TopClass 500 HDH came out on top in the High-deck Coach Category. Finally, Daimler Buses Latin America was presented with the 2016 Latin American Bus and Coach Chassis Price/Performance Value Leadership award by the Frost & Sullivan corporate consulting firm.

Daimler Financial Services

The number of cars and commercial vehicles financed or leased by Daimler Financial Services reached a new all-time high of more than 4.3 million at the end of financial year 2016. New business and contract volume also rose once again, and the combination of sales financing with brokered automotive insurance policies continued to gain in importance as well. During the year under review, we further expanded our range of innovative mobility services. car2go increased its customer base to more than 2.2 million in 2016, while mytaxi, after merging with Hailo, now has approximately six million customers and more than 100,000 drivers in its taxi network, which is the largest in Europe.

Nearly half of all vehicles delivered to customers are financed or leased by Daimler Financial Services

During the year under review, Daimler Financial Services concluded 1.6 million new financing and leasing contracts worth a total of €61.8 billion. The total value of all new contracts rose by 7% compared with the previous year. The sales and leasing activities at Daimler Financial Services supported approximately half of all new-vehicle sales by our automotive divisions in 2016. More than 4.3 million financed or leased vehicles were on the books at the end of 2016; this corresponds to a 14% increase in contract volume to €132.6 billion. The acquisition of Athlon Car Lease International accounted for €3.7 billion of the increase in contract volume. Adjusted for Athlon and exchange-rate effects, the increase amounted to 10%. EBIT rose to a new high of €1,739 million (2015: €1,619 million). ↗ **C.09**

Significant increase in new business in Europe

During the year under review, Daimler Financial Services concluded approximately 840,900 new financing and leasing contracts worth €26.9 billion (+9%) in the Europe region. Particularly high rates of growth were recorded in Spain (+29%) and Italy (+25%). In Germany, Mercedes-Benz Bank's new business increased by 11% to €11.9 billion; the volume of deposits in the direct banking business totaled €11.5 billion (+11%). During the year under review, Daimler Financial Services' total contract volume in Europe rose by 17% to €53.4 billion; this development was due in part to the acquisition of Athlon Car Lease International.

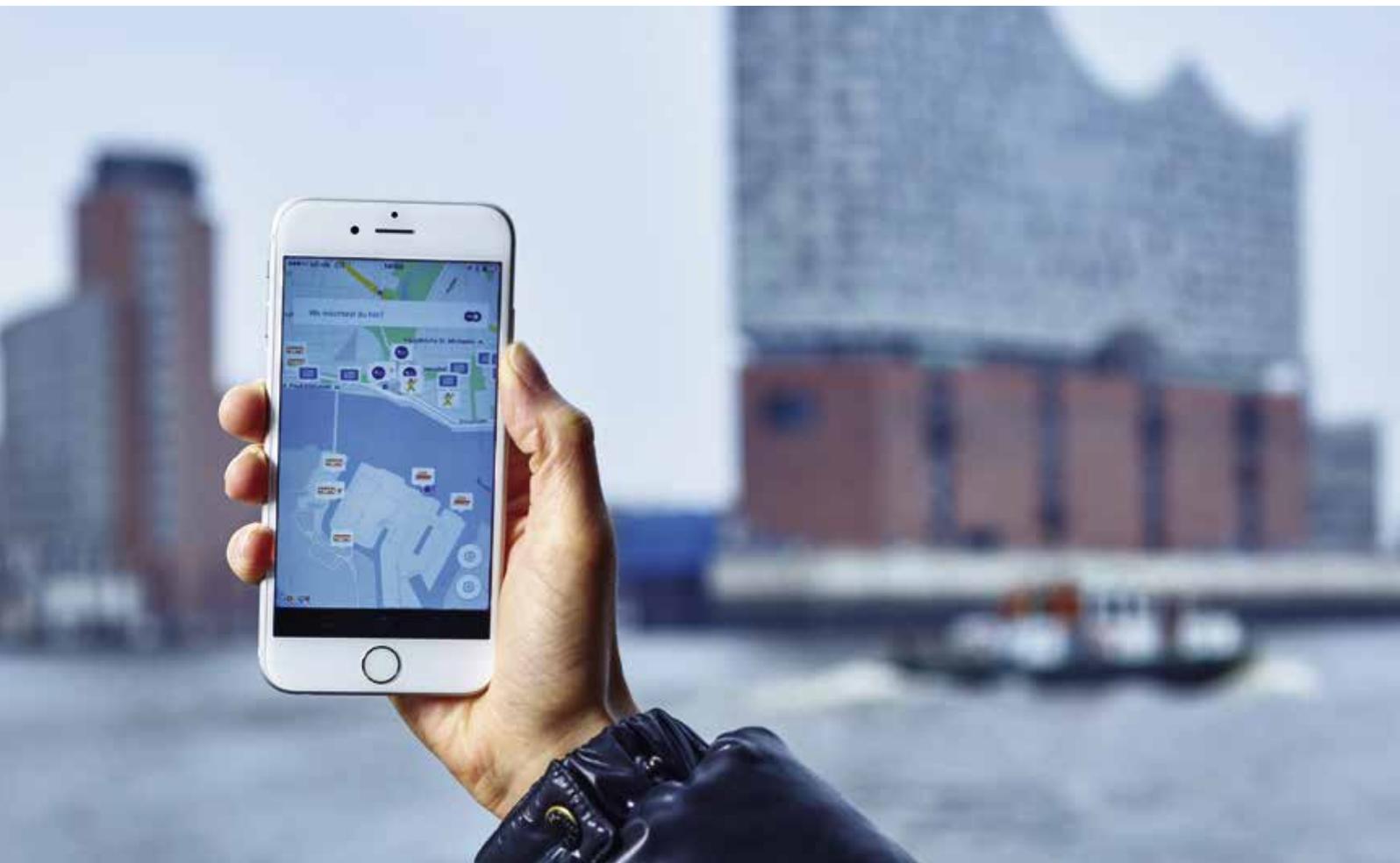
Slight decrease in new business in North and South America

Daimler Financial Services brokered about 447,200 new financing and leasing contracts worth €21.5 billion in North and South America in 2016 (-2%). New business was thus slightly below the figure for the prior year; this decrease was largely due to a decline in business in Brazil and Argentina. However, business developed very positively in Mexico (+9%). All in all, contract volume in the Americas rose by 7% to €54.2 billion in the year under review.

C.09

Daimler Financial Services

	2016	2015	16/15
€ amounts in millions			% change
Revenue	20,660	18,962	+9
EBIT	1,739	1,619	+7
New business	61,810	57,891	+7
Contract volume	132,565	116,727	+14
Investment in property, plant and equipment	37	30	+23
Employees (December 31)	12,062	9,975	+21



True to the motto of "Mobility at your fingertips," Daimler Financial Services is a leader in the provision of digital mobility services.

Strong growth in new business in Africa & Asia-Pacific region

New business in the Africa & Asia-Pacific region increased sharply once again in the reporting year, by 18% to €13.3 billion. Business development was especially strong in China (+25%) and Japan (+23%). At the end of 2016, contract volume in the Africa & Asia-Pacific region totaled €24.9 billion, which corresponds to a 23% increase over the previous year.

Ongoing high level of insurance business

Daimler Financial Services brokered approximately 1.8 million insurance policies in 2016, in line with the high level of the previous year. Our insurance business continued to be successful in China, where an average of 75% of Daimler vehicles were delivered with an insurance policy brokered by us. In 2016, the newly founded Mercedes-Benz Versicherung AG started with great success in Germany. More than 150,000 warranty-extension contracts were concluded in its first year.

Continued success for mobility services

Daimler Financial Services once again expanded its range of innovative mobility services in 2016. The number of customers using the car2go car sharing service increased to more than 2.2 million, thereby enabling car2go to maintain its position as the world's leading flexible car sharing company. car2go began operating also in China in 2016, and 140,000 customers are now using the service in the metropolis of Chongqing. In addition, car2go has expanded its fleet to include Mercedes-Benz brand vehicles in Berlin, the Rhineland, Munich, Hamburg and Frankfurt.

We also further developed our moovel app in 2016. moovel allows customers in Germany to compare various mobility and transport-system options and then choose the best way to get from point A to point B. The app can also be used to book and directly pay for services provided by companies such as car2go, mytaxi and Deutsche Bahn. In April, Hamburg was integrated into the moovel app as the first city with more than one million inhabitants. moovel users in Hamburg can now book and pay for trips taken throughout the city's entire public transport network. The moovel Group also consolidated its activities in North America in the second quarter of 2016 by merging Globe Sherpa and RideScout and renaming the merged company moovel North America. With moovel transit, moovel North America is the leading provider of mobile ticket solutions for the apps of public transport companies in the United States. moovel has a total of more than 2.2 million users.

In July 2016, mytaxi and Hailo – two leading app-based taxi ordering services – joined forces to create a new merged company that has linked 100,000 drivers in more than 50 cities and nine countries to create Europe's largest taxi network, which now serves approximately six million customers. The company has its headquarters in Hamburg and operates under the mytaxi brand name. In the third quarter of 2016, Daimler increased its stake in the exclusive Blacklane chauffeur service portal to 31% in order to further expand its global limousine services business. Blacklane currently operates limousine services in approximately 250 cities in more than 50 countries, as well as at 500 airports.

Fleet business expanded through the acquisition of Athlon

Daimler Fleet Management brokered a total of 53,000 new vehicles to commercial fleet customers in 2016, equivalent to growth of 9% compared with the previous year. In addition, Daimler Financial Services invested strategically in the European multi-brand fleet management sector at the beginning of December by acquiring Athlon Car Lease International from the DLL Group, which is part of Rabobank in the Netherlands. At the end of December, Athlon had a contract volume of €3.7 billion and managed 268,000 vehicles. With the acquisition of Athlon, Daimler Financial Services has repositioned itself as a broad-based international provider of multi-brand fleet management services. In the future, all fleet management operations are to be carried out under the Athlon brand name. With the inclusion of the Athlon portfolio, Daimler Financial Services had a total of 361,000 contracts with fleet customers on its books in Europe at the end of 2016.

Focus on customer and employee satisfaction

Customer and employee satisfaction is a top priority at Daimler Financial Services. In 2016, independent surveys once again showed that we are a leader in numerous countries around the world with regard to customers' and dealers' assessments of our service quality. In the United States, Mercedes-Benz Financial Services once again finished at the top in three categories of a J.D. Power study of dealer satisfaction. The basis for these and many other successes is formed by our highly motivated employees. In many countries, Daimler Financial Services also ranked among the top companies in the independent Great Place to Work Institute survey to determine the world's best employers. Daimler Financial Services made it onto the list of the 25 best multinational employers worldwide for the second time in October 2016, finishing in fifth place.

Toll Collect system successfully expanded

The automatic system for truck-toll collection on German autobahns and selected federal highways continued to operate smoothly and reliably in 2016. The system recorded a total of 32.5 billion kilometers driven in the year under review. Daimler Financial Services holds a 45% equity interest in the Toll Collect consortium. The Federal Republic of Germany has collected a total of more than €48 billion in tolls since Toll Collect went into operation at the beginning of 2005. In June 2016, Toll Collect was contracted to develop and implement the required modifications to the existing toll system so that tolls can be collected on all federal highways as of July 2018.



Whether online or in direct dialog – customers of Daimler Financial Services can conveniently find out about financing and leasing offers on all channels.