

DAIMLER TRUCK

Q1 2022

Interim Results Call
May 17, 2022

Jochen Goetz, CFO



ISIN: DE 000 DTR0CK8
WKN: DTR0CK

Bloomberg Ticker: DTG:GR
Reuters Ticker: DTGGe.DE

Q1 2022 Interim Results Call

01 | **Highlights**

02 | **Financials**

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Q1/22 Key Topics

- Significant increase of group sales despite continuing supply chain constraints
- Strong demand environment – incoming orders on high level and order backlog on record high
- Price increases implemented to partially offset raw mat headwinds; further planned price increases during 2022
- Suspension of Russian business until further notice and impairment of EUR 170 mn. for Russia related assets
- Self-help measures, especially cost reduction on track as planned
- Successful establishment of EMTN program in the amount of € 10 bn.
- Return on Sales Guidance confirmed



Q1 2022

EBIT Group reported I adjusted
€ 461 mn. | € 651 mn.

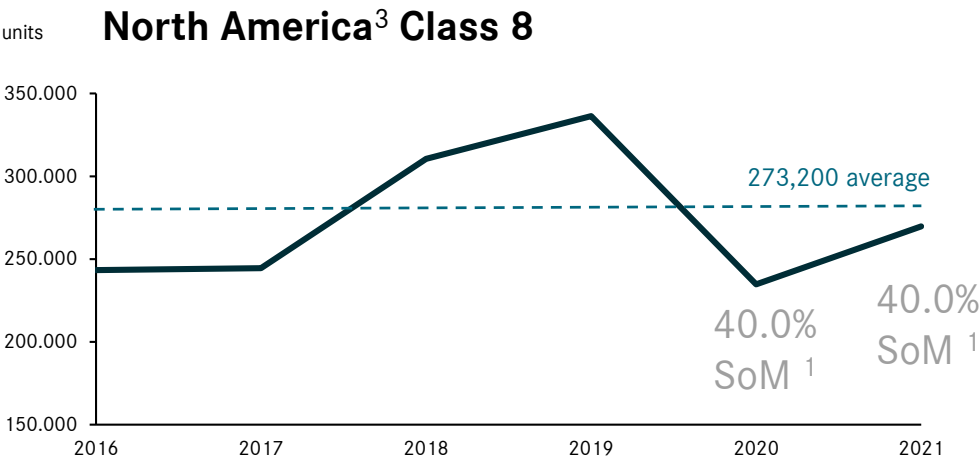
ROS adjusted IB
5.9%

EPS
€ 0.31

FCF IB
€ 73 mn.

Net Industrial Liquidity
€ 6.05 bn.

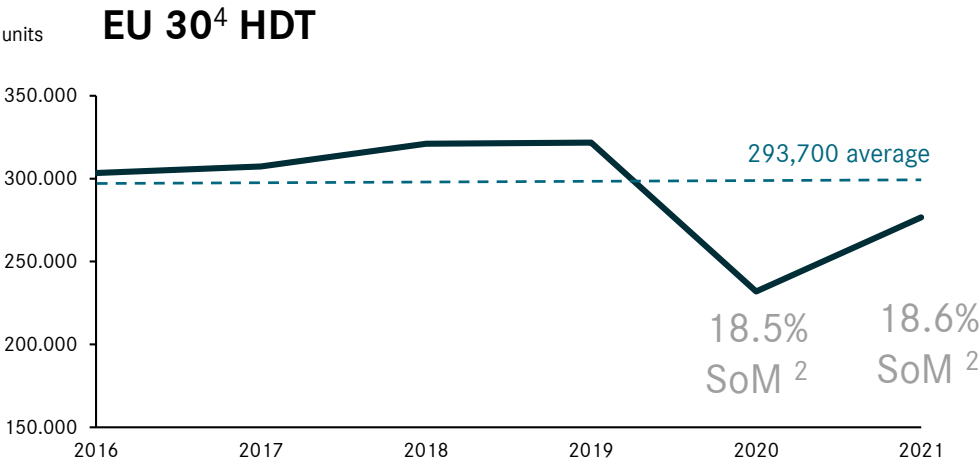
Q1/22 with positive SoM momentum



Q1/22

61,912
total market units

42,6%
SoM¹



Q1/22

74,007
total market units

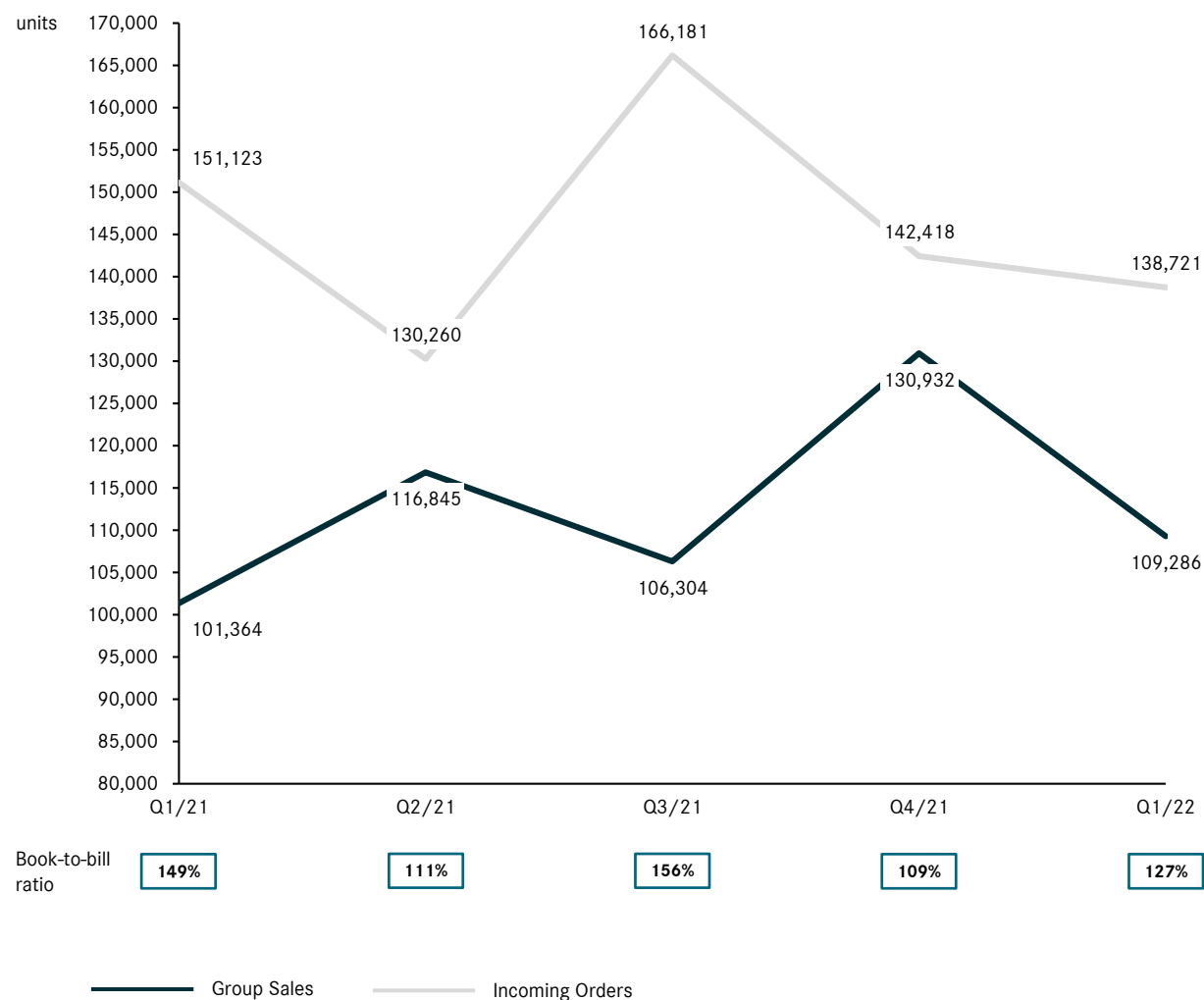
19,3%
SoM²

¹ Share of Market for Freightliner, Western Star (company internal analysis)
² Share of Market for Mercedes Benz (company internal analysis)

³ USA, Canada and Mexico
⁴ European Union, United Kingdom, Switzerland and Norway

Q1/22 Incoming Orders and Group Sales

Daimler Truck Group



Q1 comparison: Group and business segments

- Order backlog on record high
- Minimal cancellations despite price increase
- Restrictive order intake to ensure cost pass-through

units	Q1/2021			Q1/2022		
	Incoming orders	Group sales	Book-to-bill ratio	Incoming orders	Group sales	Book-to-bill ratio
Daimler Truck Group	151,123	101,364	149%	138,721	109,286	127%
Trucks North America	54,344	36,693	148%	39,069	43,477	90%
Mercedes-Benz	50,242	31,375	160%	45,268	33,763	134%
Trucks Asia	45,613	31,770	144%	50,574	29,993	169%
Daimler Buses	4,378	3,574	122%	8,443	3,582	236%
Reconciliation	-3,454	-2,048		-4,633	-1,529	

Strong progress in zero-emission trucks and buses

Zero-emission trucks & buses ordered in Q1/21

169

Zero-emission trucks & buses sold in Q1/21

64



Zero-emission trucks & buses ordered in Q1/22

619

Zero-emission trucks & buses sold in Q1/22

163

Q1 2022 Interim Results Call

01 | Highlights

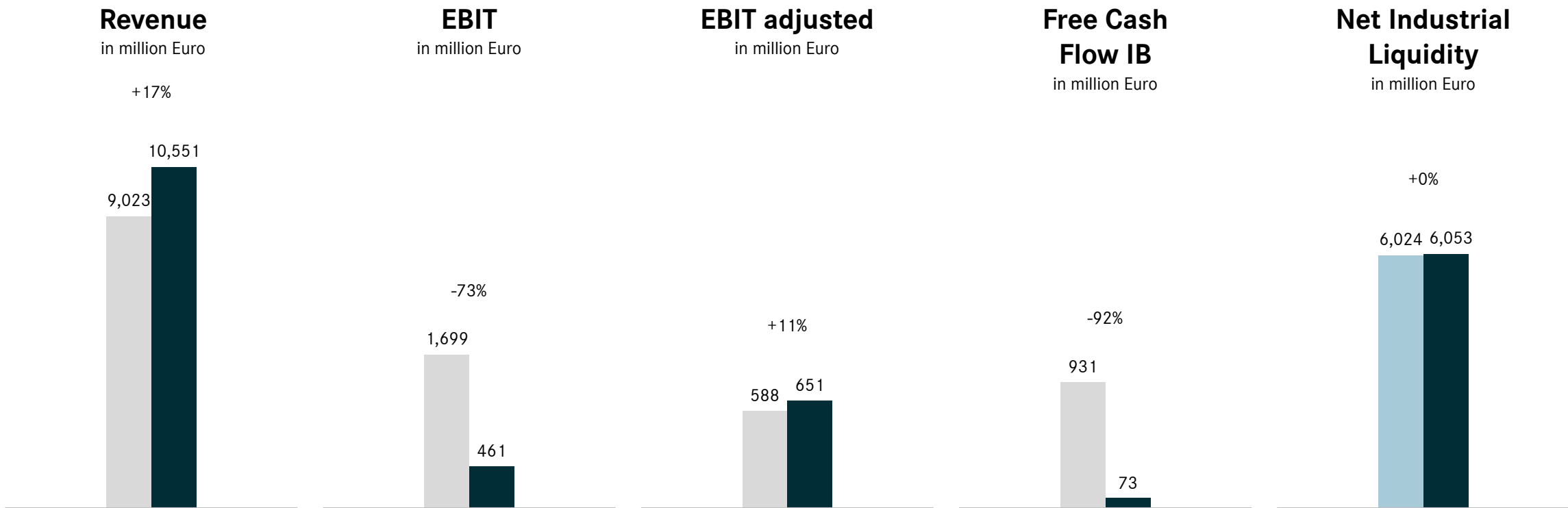
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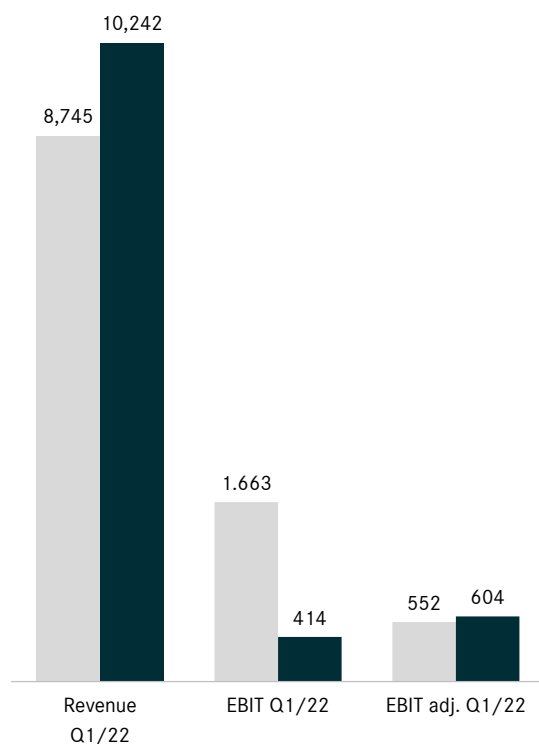
Q1/22 Key Figures Group



Q1/22 Revenue and EBIT Industrial Business

in million Euro

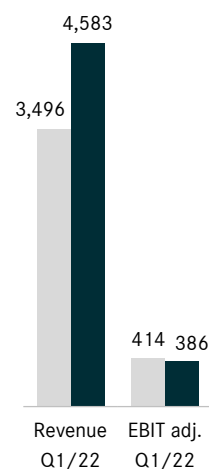
Industrial Business



ROS adj. Q1/22 (Q1/21)

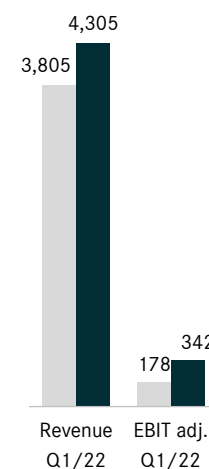
5.9% (6.3%)

Trucks North America



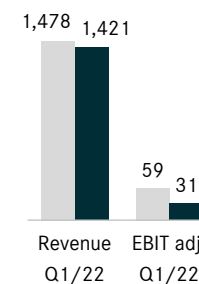
8.4% (11.9%)

Mercedes-Benz



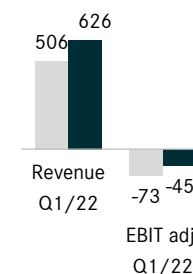
7.9% (4.7%)

Trucks Asia



2.2% (4.0%)

Daimler Buses



-7.1% (-14.5%)

Highlights Q1/21 vs. Q1/22

- Revenue increase mainly driven by significant increase in new vehicle sales and FX tailwinds from USD
- Strong used and aftersales business
- Continued high constraint cost especially in the US due to semiconductor shortages
- Increased raw material partially offset with price increases – price increases in the US to come
- Significant positive one-time effect at Mercedes-Benz from the reversal of personnel provisions due to increased discount rates

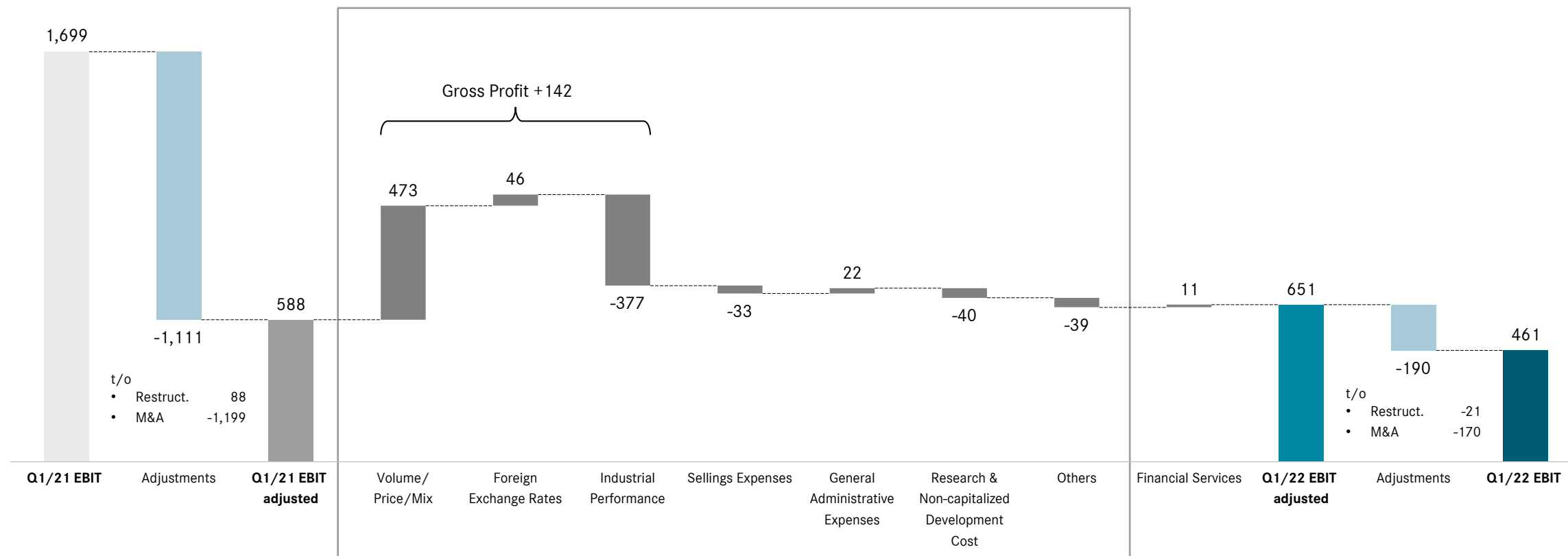
Q1/22 EBIT Group

Highlights

- + Significant increase of group sales
- + Improved net pricing partially offsetting raw material cost increase
- + Positive contributions from aftersales and used vehicle business
- Significant headwinds from increase in raw material costs and supply chain constraints

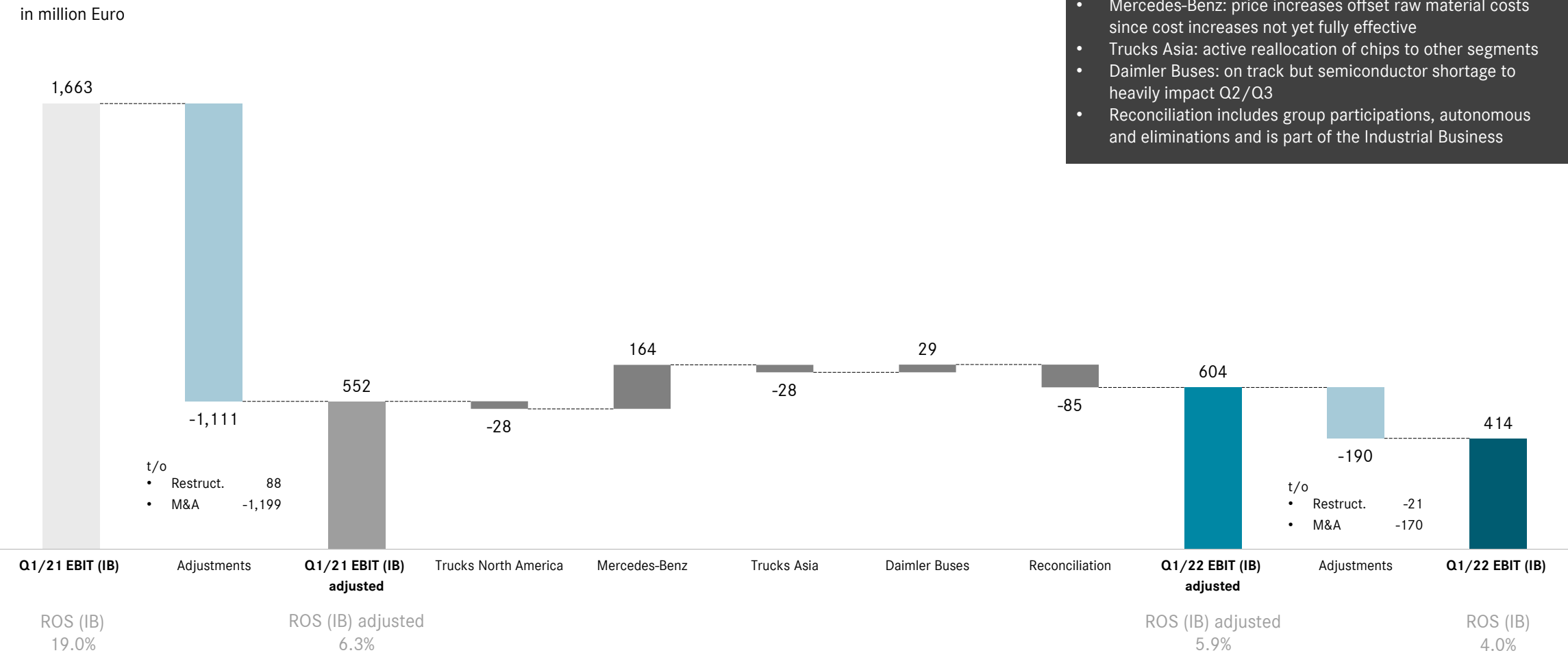
in million Euro

Industrial Business +52



Due to rounding, individual figures may not add up precisely to the totals shown and percentages presented may not accurately reflect the absolute values to which they relate.

Q1/22 EBIT Industrial Business

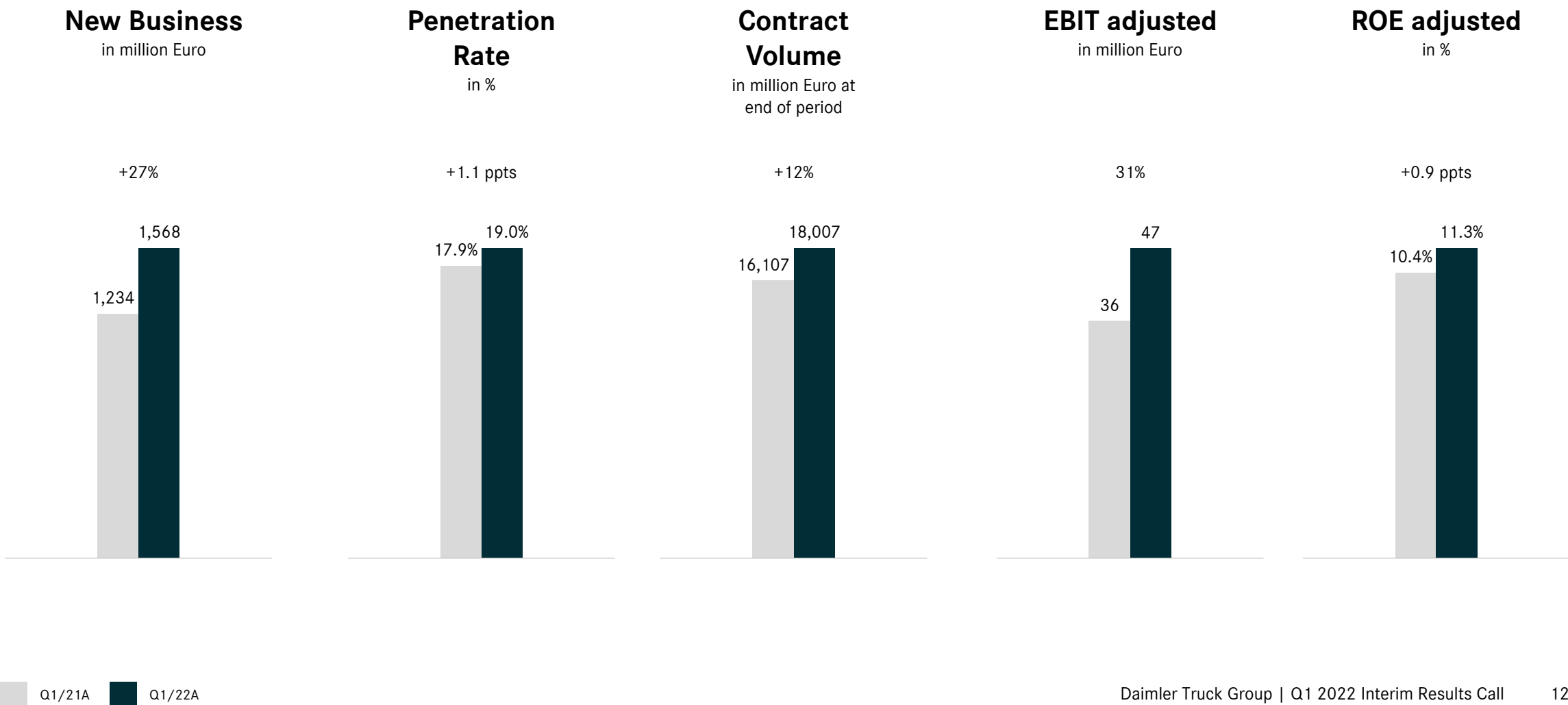


Highlights

- Fix costs on track across all segments to achieve 2023 target
- Implemented price increase at Trucks North America will fully offset raw material costs in Q2/Q3
- Mercedes-Benz: price increases offset raw material costs since cost increases not yet fully effective
- Trucks Asia: active reallocation of chips to other segments
- Daimler Buses: on track but semiconductor shortage to heavily impact Q2/Q3
- Reconciliation includes group participations, autonomous and eliminations and is part of the Industrial Business

Due to rounding, individual figures may not add up precisely to the totals shown and percentages presented may not accurately reflect the absolute values to which they relate.

Q1/22 Key Figures Financial Services



Q1/22 Cash Flow Industrial Business

Net Industrial Liquidity

at end of

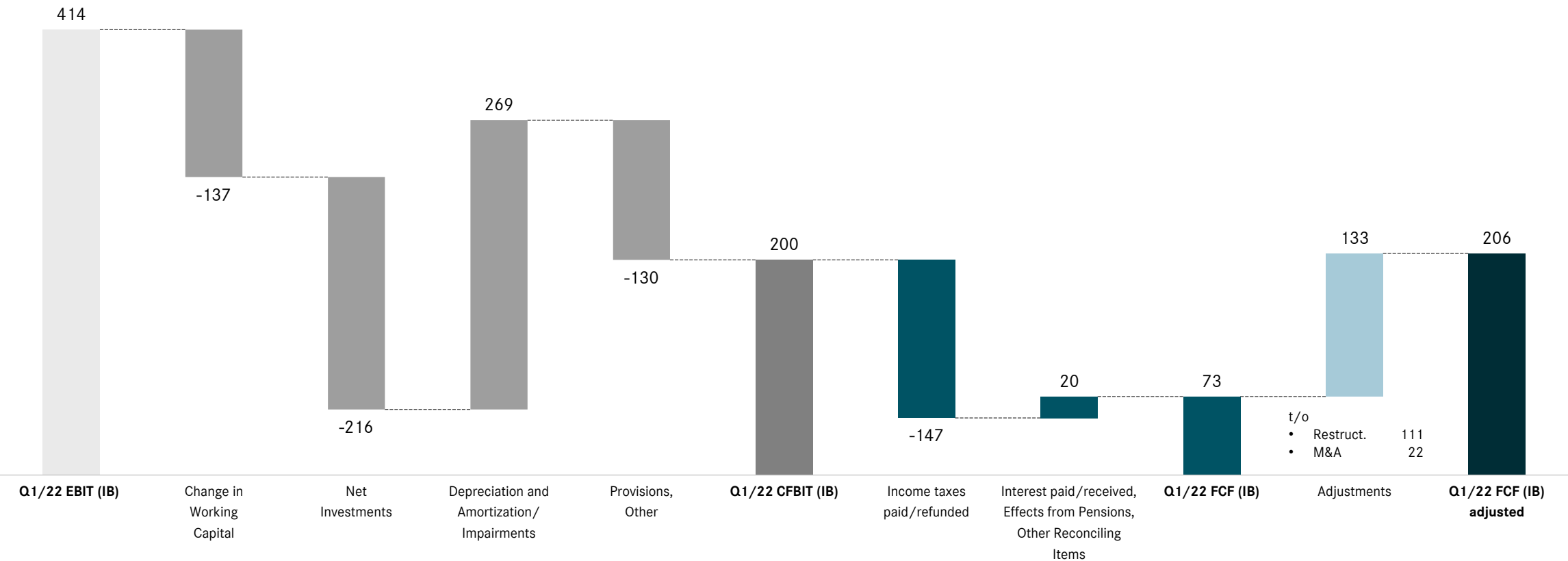
Q4/21

6.0 bn.

Q1/22

6.1 bn.

in million Euro



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Market Assumptions 2022 – unchanged

Heavy Duty Truck Market¹

2022

North America²

255 – 295 k units

EU-30³

240 – 280 k units

Assumption

The macroeconomic conditions will continue to be comparatively favorable for the global demand for our vehicles in 2022. However, this outlook is subject to the further developments in the war in Ukraine and its impact on the global economy. It currently also looks as if the market distortions caused by the semiconductor-related supply bottlenecks will continue to impact the market. Therefore, we assume we will continue to face strained supply chains and bottlenecks for key upstream products for truck production. The further geopolitical as well as the COVID-19 pandemic development also harbor uncertainties.



¹ Source: Company estimate

² USA, Canada and Mexico

³ European Union, United Kingdom, Switzerland and Norway

Daimler Truck Group/Industrial Business Assumptions 2022

Group

	FY 2021	Guidance 2022
Revenue	39.764 bn.	€ 48.0 – 50.0 bn.
EBIT	3.357 bn.	on prior-year level
EBIT adjusted	2.552 bn.	significant increase
Investment	762 mn.	slight increase
R&D cost ¹	1.574 bn.	slight increase

IB

Unit Sales	455,445 units	500 – 520 k units
Revenue	38.641 bn.	€ 46.0 – 48.0 bn.
ROS adjusted	6.1%	7 – 9%
FCF	1.556 bn.	on prior-year level

Assumption

The macroeconomic conditions will continue to be comparatively favorable for the global demand for our vehicles in 2022. However, this outlook is subject to the further developments in the war in Ukraine and its impact on the global economy. It currently also looks as if the market distortions caused by the semiconductor-related supply bottlenecks will continue to impact the market. Therefore, we assume we will continue to face strained supply chains and bottlenecks for key upstream products for truck production. The further geopolitical as well as the COVID-19 pandemic development also harbor uncertainties.



¹ Budget view: R&D incl. capitalized R&D

Daimler Truck Segment Assumptions 2022 – unchanged

	Unit Sales - in thousand units -		ROS/ROE adjusted - in % -	
	FY 2021	Guidance 2022	FY 2021	Guidance 2022
Trucks North America	162	175 – 195	9.2%	10 – 12%
Mercedes-Benz	141	155 – 175	4.8%	6 – 8%
Trucks Asia	143	140 – 160	7.2%	3 – 5%
Daimler Buses	19	20 – 25	-2.4%	> 0%
Financial Services	6 bn.	€ 8 – 9 bn. ¹	12.4%	5 – 7% ²

Assumption

The macroeconomic conditions will continue to be comparatively favorable for the global demand for our vehicles in 2022. However, this outlook is subject to the further developments in the war in Ukraine and its impact on the global economy. It currently also looks as if the market distortions caused by the semiconductor-related supply bottlenecks will continue to impact the market. Therefore, we assume we will continue to face strained supply chains and bottlenecks for key upstream products for truck production. The further geopolitical as well as the COVID-19 pandemic development also harbor uncertainties.



¹ New business

² ROE adjusted

Consistent execution of our strategic priorities in 2022



UNLOCKING PROFIT POTENTIAL

Manage environment

- Monitor potential impact of war in Ukraine
- Take advantage of strong markets
- Intelligent parts allocation
- Adjusted net pricing

Increase resilience

- Continued focus on self-help measures including strict fix cost control
- Further strengthen our service initiative

LEADING SUSTAINABLE TRANSPORTATION

Accelerating zero emissions

- Only CO₂-neutral city buses on offer in Europe by 2030
- Launch of Freightliner eCascadia
- Coming up: Mercedes-Benz eEconic, next generation FUSO eCanter
- GenH2 Truck testing on public roads

Accelerating autonomous trucking

- Delivering autonomous-ready Freightliner Cascadia trucks to our partner Waymo
- Close collaborating of our independent subsidiary Torc Robotics with leading logistics companies

PEOPLE, CULTURE AND ESG

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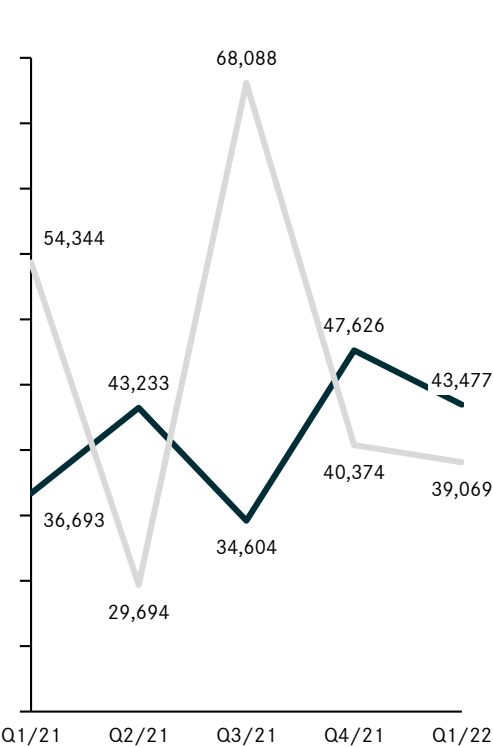
03 | Outlook

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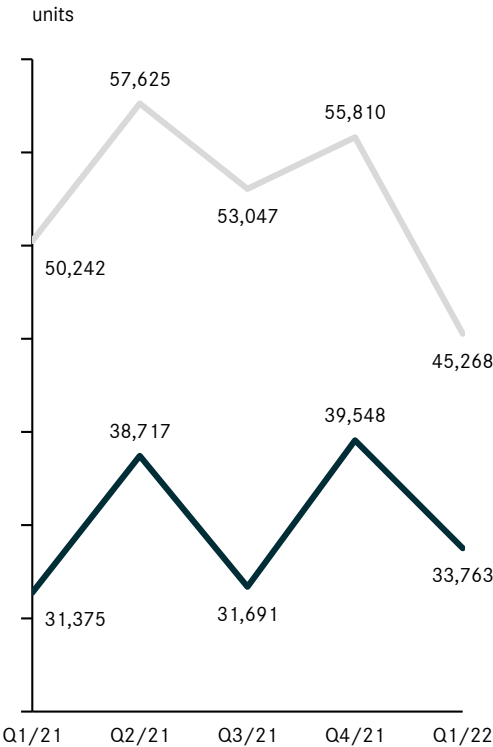
Q1/21 – Q1/22 Incoming Orders and Group Sales by Segment

Trucks North America



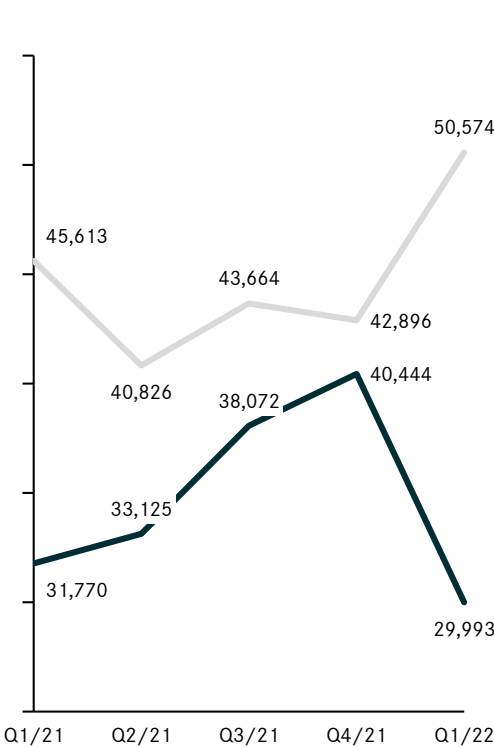
BTB RATIO 148% 69% 197% 85% 83%

Mercedes-Benz



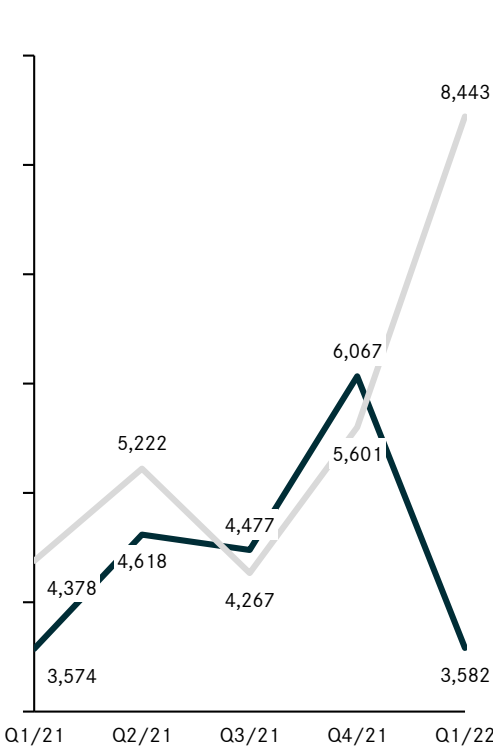
BTB RATIO 160% 149% 167% 141% 134%

Trucks Asia



BTB RATIO 144% 123% 115% 106% 169%

Daimler Buses

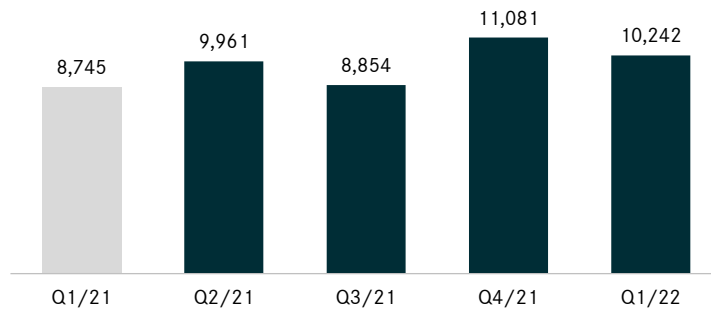


BTB RATIO 122% 113% 95% 92% 236%

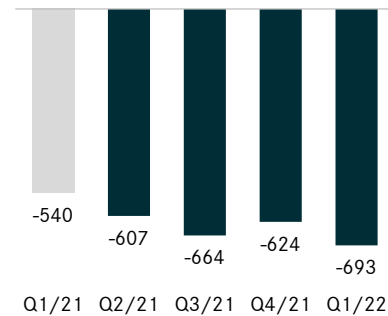
Q1/21 – Q1/22 IB Performance: Revenue by Segment

in million Euro

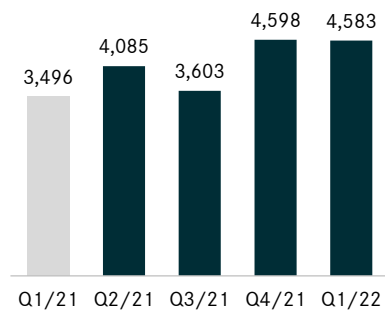
Daimler Truck Industrial Business



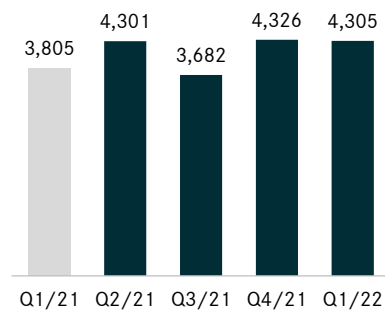
Reconciliation



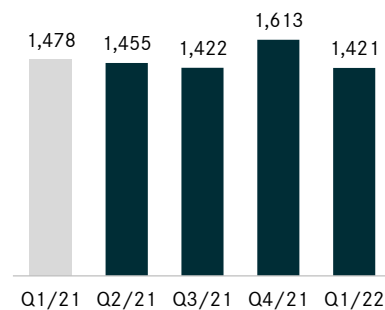
Trucks North America



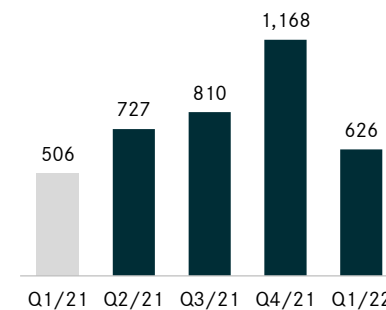
Mercedes-Benz



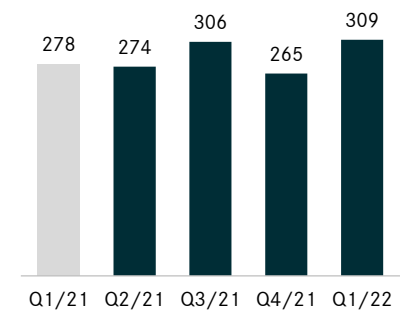
Trucks Asia



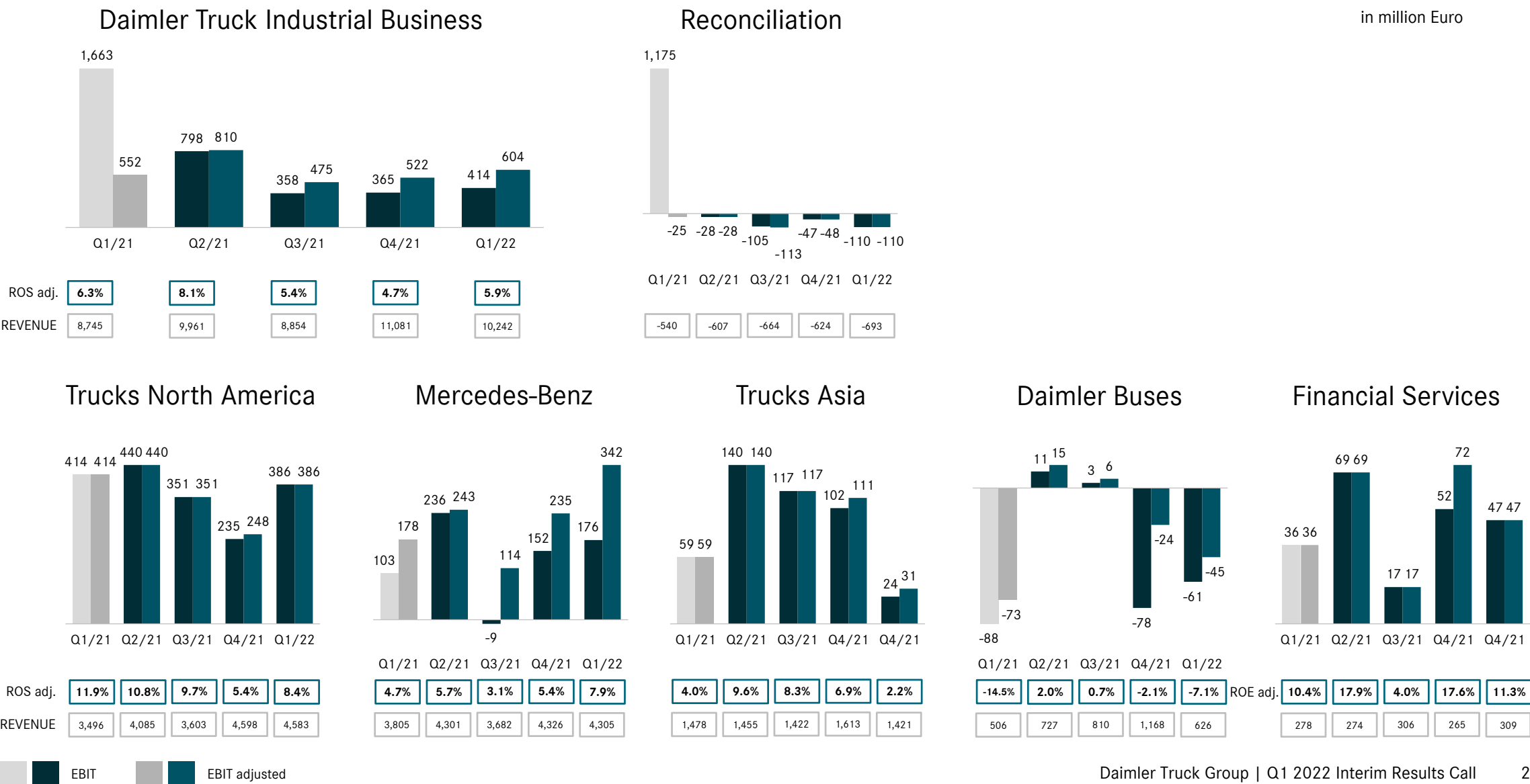
Daimler Buses



Financial Services

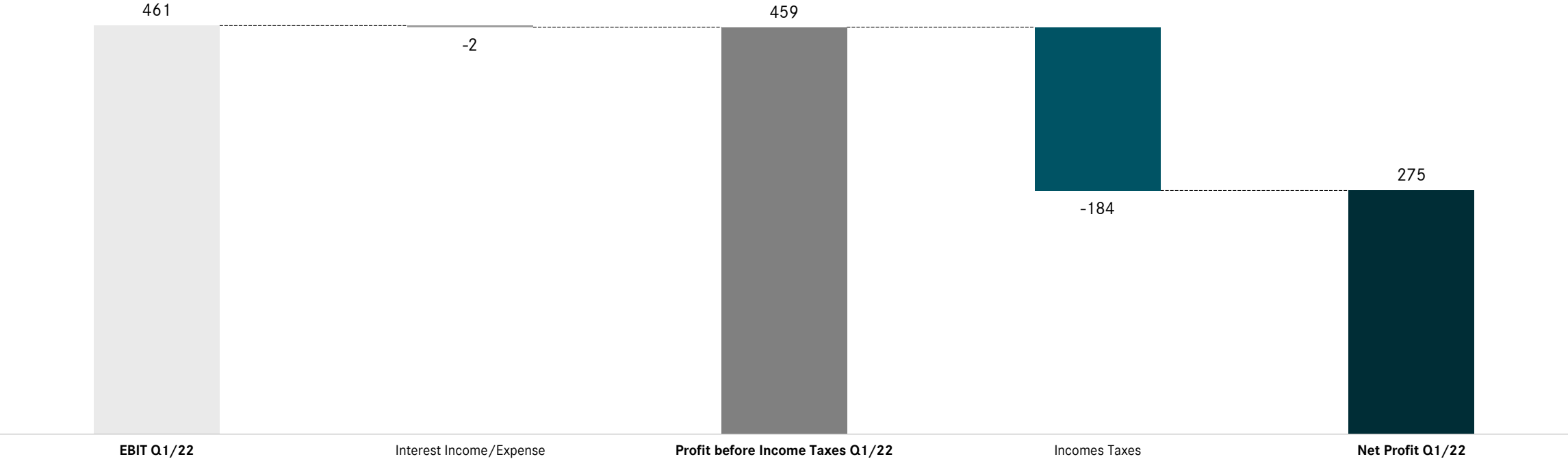


Q1/21 – Q1/22 IB Performance: EBIT by Segment



Q1/22 Net Profit

in million Euro



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Q1/22 EBIT Trucks North America

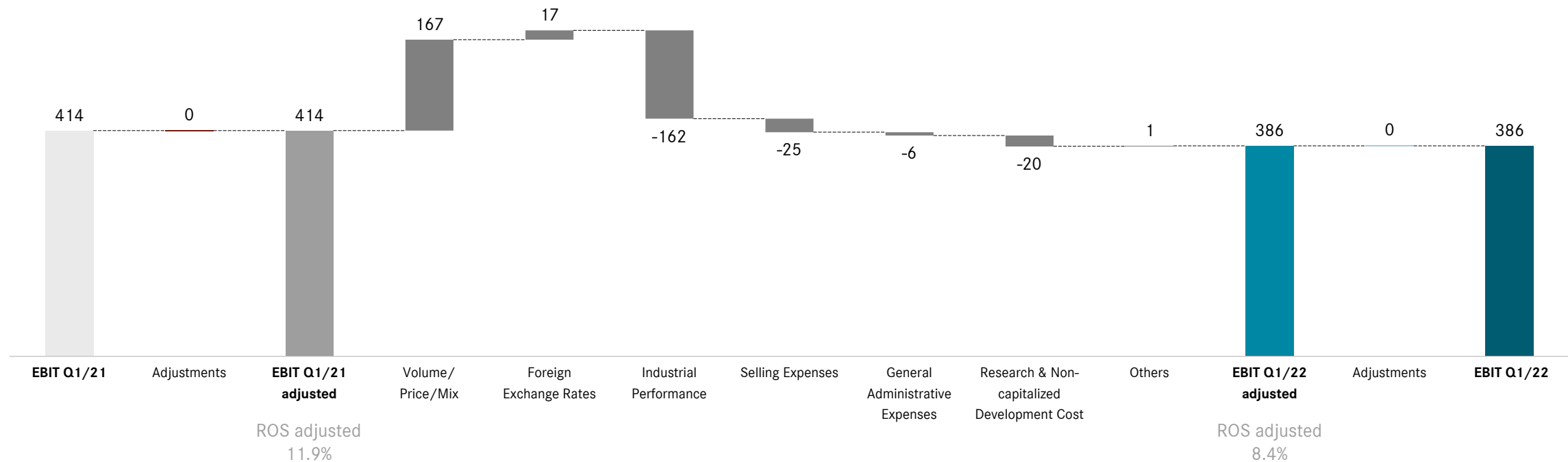
in million Euro

- + Strong YoY group sales and partial realization of surcharge pricing
+ Aftermarket daily parts sales improved year over year

- Significant material costs driven by raw material prices and supply chain constraints
- FOH costs stabilized after 2020 cost cutting measures

Highlights

- Significant group sales increase vs. Q1/21 despite continuing supply constraints
- Aftermarket performance remains strong with record level daily parts sales
- Continued focus on development of zero emission and autonomous vehicles as well as next generation of vocational trucks
- Ongoing focus on cash preservation measures including strict inventory management
- QoQ new Truck margin improvement despite significant costs pressure; further increase expected with full offset of price increases in the next quarters



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Q1/22 EBIT Mercedes-Benz

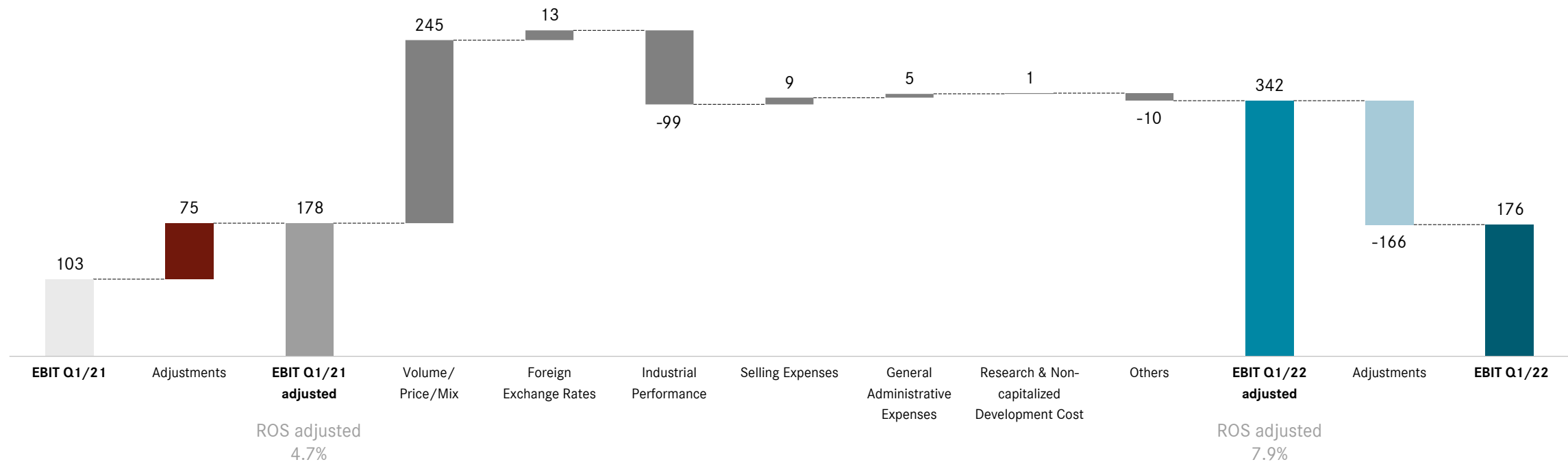
in million Euro

- + Strong Aftersales performance in main European markets and in Brazil
 - + Price increases compensated raw material cost increase
 - + Used Truck market profitability driven by constrained new truck market
 - + Positive effects from valuation measures

- Headwind from inflationary pressure and material cost increase
 - Supply constraints (semiconductor) as bottleneck for further sales increase

Highlights

- Significant group sales increase YoY despite supply constraints.
- Used Truck result benefiting from constraint supply market
- Cost increases could be offset by price increases, however cost increases not yet with full impact in Q1/22
- Continued strict cost control and execution of restructuring on track to secure sustainable profitability
- Ongoing strong focus on cash preservation measures including strict inventory management



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Q1/22 EBIT Trucks Asia

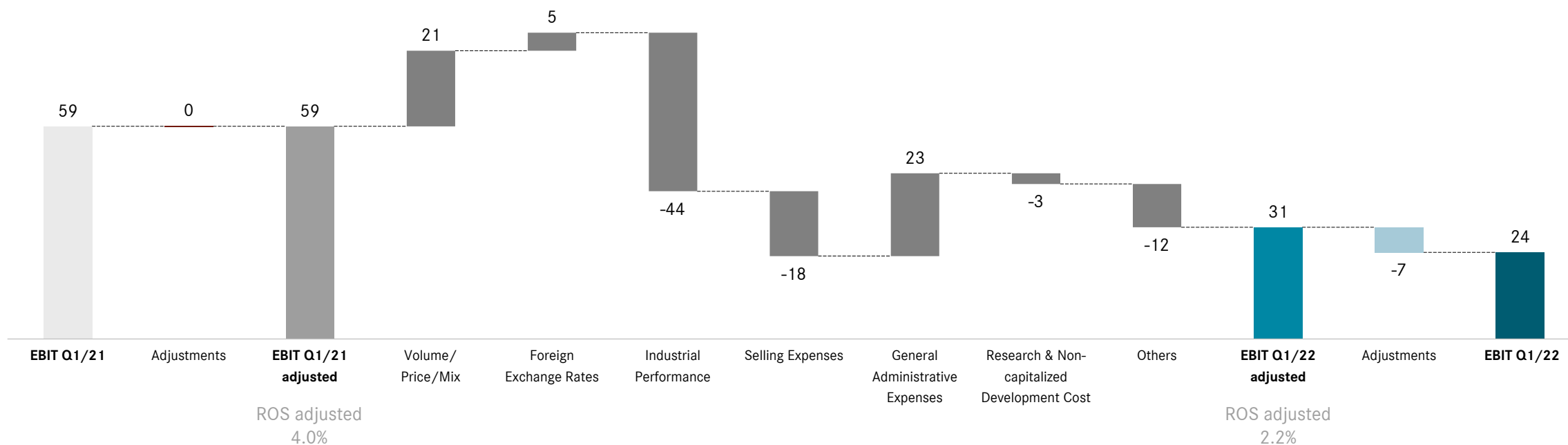
in million Euro

- + Positive pricing development mainly in Indonesia and India
- + Fixed cost below Actuals Q1/21

- Headwinds from increases in RM as well as add. constraint cost (e.g. airfreight) due to semiconductor parts shortage
- Negative BFDA at-equity result due to pre buy effect in 2021

Highlights

- Low level of sales in Q1/22 affected by parts supply and active allocation of semis esp. in Japan
- Order intake continued to be strong leading to higher order backlog due to supply constraints
- NV Stock similar to Q4/21 while unfinished units increasing due to missing parts
- Cost headwinds from raw material continued in Q1/22 burdening the Q1/22 Gross Profit
- Positive pricing development vs. Q1/21 in Indonesia & India
- Fixed Cost spending below Q1/21 continued timely and discipline trend from 2021 to counter-steer risks
- Negative BFDA at-equity result below Q1/21 due to China pre buy effect in 2021



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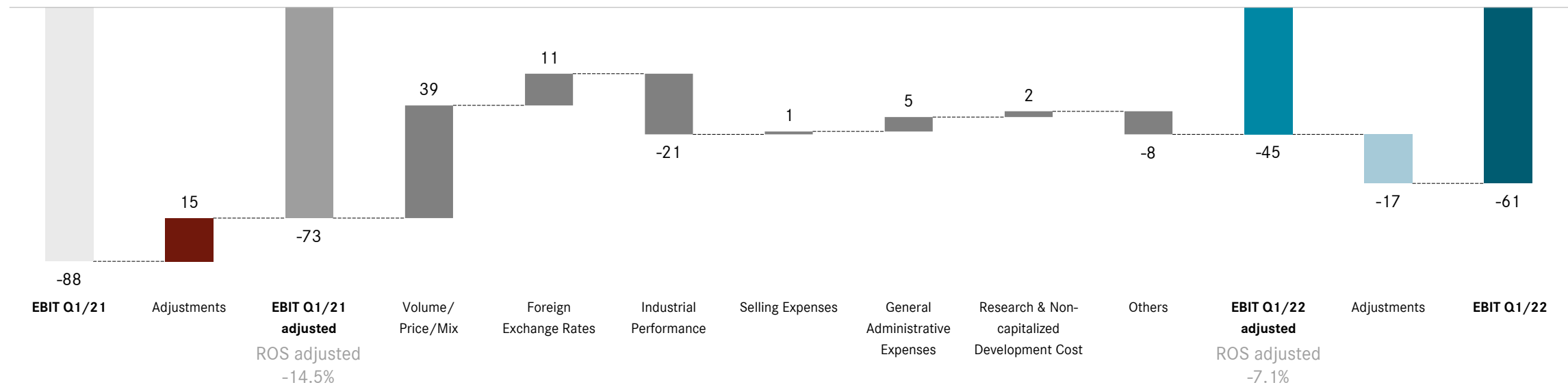
Q1/22 EBIT Daimler Buses

in million Euro

Highlights

- Heterogeneous business development; stable line markets, tourism segment in Europe still weak and market recovery from low level in Latin America
- Supply constraints at specific pre-suppliers hampering vehicle completion, delivery and sales development in Q2/22 and Q3/22 with subsequently negative effect on EBIT & CFBIT in those quarters
- Production program in Q2/22 and Q3/22 to be maintained at high level, as vehicles can be finalized by >99%. As supply confirmations exist for Q3/22 and Q4/22 we will be able to finalize the vehicles with little rework in Q4/22 and invoice to our customers. FY guidance confirmed at this point of time
- Significant raw material increases could not yet be compensated via price increases due to market conditions
- Restructuring activities and ongoing strict cost management despite investments in transformation

+ Volume in Europe	- Volume Latin America
+ Aftersales	- Material cost, mainly driven by raw material
+ Pricing Latin America	



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Q1/22 EBIT Financial Services

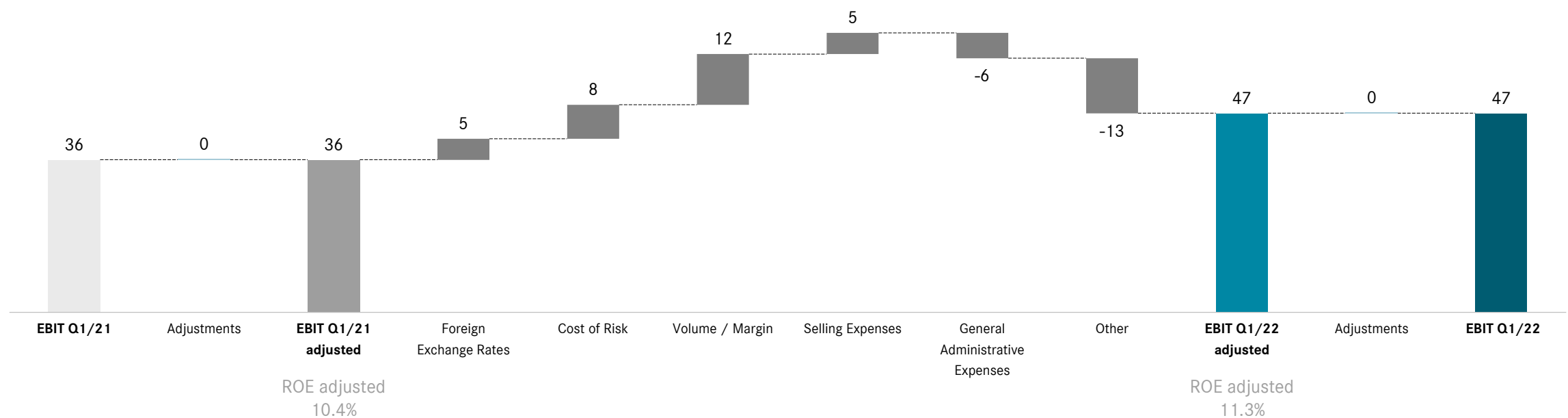
in million Euro

- + FX effect driven by USD & MXN rates
+ Lower Cost of Risk due to improved situation in MEX
+ Higher interest margin mainly in USA & CAN due to temporary funding benefit

- Normalization of cost situation
- Other income declined mainly due to change in legislation in MEX

Highlights

- Improved penetration rates and FX effects in North America lead to increased new business volume of €1.6 bn. compared to Q1/21
- Portfolio increase to €18 bn. in Q1/22 mainly due to positive FX effects in North and South America compared to Q1/21
- EBIT increases to € 47 mill. due to improved interest margin in North America and Cost of Credit Risk decrease leading to an ROE adj. of 11.3%
- For 2022, with 9 new markets new business volume is expected to be in the range of € 8-9 bn.
- Normalization of Cost of Risk resulting in a ROE adj. of 5-7%



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Capital Structure

in million Euro

	Sep 30, 2021	Dec 31, 2021	Mar 31, 2022
Group liquidity			
Cash and cash equivalents	1,475	7,244	6,851
Marketable debt securities and similar investments	4,368	138	173
Group Gross Liquidity	5,842	7,383	7,024
Total Financing Liabilities	-18,788	-16,612	-17,108
Group Net Debt	-12,946	-9,230	-10,084
Liquidity of the Industrial Business			
Cash and cash equivalents	1,430	6,904	6,598
Marketable debt securities and similar investments	4,329	99	124
Gross Liquidity of the Industrial Business	5,758	7,003	6,722
Financing liabilities (nominal)	-4,748	-980	-669
Net Liquidity of the Industrial Business	1,010	6,024	6,053
Pension Benefits			
Benefit Obligations	-8,010	-7,951	-7,139
Plan Assets	5,880	6,109	5,675
Funded Status	-2,130	-1,842	-1,464
Funding Ratio	73.4%	76.8%	79.5%

Definition of Guidance Sensitivities

Guidance KPI	Sensitivities	Definition
EBIT	significant decrease	above -15.0%
	slight decrease	-15.0% to -5.0%
	on prior-year level	-5.0% to 5.0%
	slight increase	+5.0% to +15.0%
	significant increase	above +15.0%
Investments in pp&e	significant decrease	above -15.0%
	slight decrease	-15.0% to -5.0%
	on prior-year level	-5.0% to +5.0%
	slight increase	+5.0% to +15.0%
	significant increase	above +15.0%
R&D	significant decrease	above -15.0%
	slight decrease	-15.0% to -5.0%
	on prior-year level	-5.0% to +5.0%
	slight increase	+5.0% to +15.0%
	significant increase	above +15.0%
FCF IB	significant decrease	above -25.0%
	slight decrease	-25.0% to -10.0%
	on prior-year level	-10.0% to +10.0%
	slight increase	+10.0% to 25.0%
	significant increase	above +25.0%

Disclaimer

Forward-looking statements:

This document contains forward-looking statements that reflect our current views about future events. The words “aim”, “ambition”, “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “can,” “could,” “plan,” “project,” “should” and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates, customs and foreign trade provisions; a shift in consumer preferences; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilise our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labour strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading “Risk and Opportunity Report” in the current Annual Report. If any of these risks and uncertainties materializes, or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.