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Daimler AG: Daimler achieves EBIT of €648 million in third quarter of 2008

Daimler AG / Quarter Results

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- EBIT includes charges from special factors totaling €765 million
- Net profit of €213 million (Q3 2007: net loss of €1,533 million)
- Unit sales down by 3% to 522,500 cars and commercial vehicles
- Revenue down by 7% to €23.8 billion, adjusted for exchange-rate effects and changes in the consolidated group down by 5%
- Share buyback program temporarily suspended
- Full-year EBIT from ongoing operations of more than €6 billion anticipated (excluding special items and Chrysler)

Stuttgart - The worsening banking crisis, its effects on the real economy, and the resulting global consumer uncertainty had a negative impact on the business development of Daimler AG (stock-exchange abbreviation DAL) in the third quarter of this year.

Daimler achieved EBIT of €648 million in the third quarter of 2008 (Q3 2007: €1,891 million).

The decline in EBIT is primarily the result of lower earnings at the Mercedes-Benz Cars division. In addition, special items reduced earnings by a total of €765 million.

There were positive effects, however, from improved earnings at the Daimler Trucks division as well as at the Mercedes-Benz Vans and Daimler Buses units. The profit contribution from Daimler Financial Services was also above the prior-year level.

Net profit amounted to €213 million (Q3 2007: net loss of €1,533 million), equivalent to earnings per share of €0.21 (Q3 2007: loss per share of €1.47). The net loss of the prior-year quarter included special effects from the Chrysler transaction.

Daimler will temporarily suspend the further execution of its share buyback program. Due to the suspension Daimler might not reach its initial target to buy back 10% of the outstanding shares.

Group unit sales down by 3%

In the third quarter of 2008, Daimler sold 522,500 passenger cars and commercial vehicles worldwide (Q3 2007: 537,000).

Daimler's third-quarter revenue decreased from €25.7 billion to €23.8 billion. Adjusted for exchange-rate effects and changes in the consolidated group, the revenue decrease amounted to 5%.

Details of the divisions in the third quarter of 2008

Mercedes-Benz Cars sold 315,800 vehicles in the third quarter (-6%). 282,100 Mercedes-Benz brand vehicles were sold (-8%), while sales of the smart brand rose by 20% to 32,300 units. Revenue amounted to €11.6 billion (Q3 2007: €14.1 billion).

The division's third-quarter EBIT of €112 million was significantly lower than the result for the prior-year period (€1,331 million), despite further efficiency improvements.

The decrease in earnings was primarily due to the abrupt decline in sales in the NAFTA region as well as in the major European markets. In this context, the Group also recorded charges of €449 million resulting from the reassessment of residual values of leased vehicles. Other factors with a negative impact on earnings were an unfavorable model mix, exchange-rate effects and higher raw-material prices.

Daimler Trucks increased its unit sales in the third quarter by 4% to 122,700 vehicles. Revenue increased from €7.0 billion to €7.3 billion.

The division achieved EBIT of €510 million in the third quarter, which was higher than the prior-year result despite difficult market conditions in the United States and Japan.

The division's earnings benefited from strong sales of trucks in Brazil and Europe, especially in Germany. A favorable model mix and good product positioning also contributed to the earnings development. Expenditure in connection with new and enhanced product development had a negative impact on the EBIT of Daimler Trucks.

Daimler Financial Services division expanded its worldwide contract volume by 11% to €63.9 billion in the third quarter. Compared with the prior year, 15 additional companies were consolidated for the first time, most of them in Eastern Europe and Asia. Without this effect and adjusted for exchange-rate effects, the increase was 9%. Compared with the prior-year period, new business increased by 19% to €7.7 billion; adjusted growth amounted to 18%.

Third-quarter EBIT of €173 million reported by Daimler Financial Services was higher than the figure of €87 million posted in 2007.

The Vans, Buses, Other segment posted EBIT of minus €100 million in the third quarter (Q3 2007: €319 million). The Mercedes-Benz Vans and Daimler Buses units profited from the positive development of unit sales and both achieved higher earnings: Mercedes-Benz Vans reported EBIT of €212 million and Daimler Buses reported EBIT of €92 million.

Daimler's share of the earnings of EADS amounted to minus €8 million (Q3 2007: minus €20 million). Daimler's equity interest in Chrysler negatively affected EBIT in the third quarter of 2008 by a total of €351 million; this includes charges of €248 million relating to the restructuring program and the reassessment of residual values. The results in connection with the equity interests in EADS and Chrysler are not cash effective.

Outlook

Mercedes-Benz Cars expects unit sales to be similar to the prior-year level, despite of the negative market development and adjustments to its production program. There will be positive impetus from the full availability of the new C-Class sedan and station wagon and the new smart fortwo, as well as from the A- and B-Class, the CLS, SLK, SL and the CLC, which were all newly launched or refreshed during the year 2008. The launch of the refreshed M-Class and especially the new GLK will provide additional sales momentum also in the following year. However, for lifecycle reasons we anticipate lower unit sales of the E-Class, which is in its last full model year.

Against the backdrop of massive turmoil on financial markets and the

resulting effects on economic developments in the industrialized countries, including falls in unit sales in major markets (in some cases of double-digit percentages) and requiring reassessment of vehicles' residual values, the previous earnings forecasts for 2008 can no longer be achieved. Daimler now assumes that the division will achieve EBIT in the magnitude of €2.5 billion and a return on sales of approximately 5% in 2008; charges of €449 million from the reassessment of leased vehicles' residual values are included therein.

Daimler Trucks anticipates higher unit sales in 2008 than in the prior year. This growth is primarily based on the positive development of unit sales in some important markets such as Brazil, Indonesia and the Middle East. Growth in unit sales is also indicated for Eastern Europe, but is expected to return to a moderate level by the end of 2008. This means that after six above-average years, the European market for commercial vehicles is normalizing once again. For the US and Japanese markets, unit sales are expected to be once again below the volumes of the prior year.

Growth in unit sales will be partially offset by higher raw-material costs and the weak US economy. On this basis, the division expects to post EBIT of approximately €1.7 billion in the full year. This includes charges of approximately €230 million related to the repositioning of Daimler Trucks North America.

Daimler Financial Services assumes that it will achieve a return on equity of approximately 14% in full-year 2008. A moderate increase in contract volume is expected compared with the end of 2007.

Mercedes-Benz Vans assumes, despite the difficult economic environment, that its unit sales will surpass the level of 2007.

Daimler Buses expects to post record unit sales once again this year.

The Daimler Group's anticipates a slight decrease in total revenue in full-year 2008 (2007: €99.4 billion).

On the basis of the divisions' projections, the Daimler Group expects to post EBIT from ongoing operations of more than €6 billion in 2008. This does not include special items from the reassessment of leased vehicles' residual values at Mercedes-Benz Cars (minus €449 million), the sale of real estate at Potsdamer Platz (plus €449 million), the transfer of EADS shares (plus 130 million), the restructuring of Daimler Trucks North America (minus €230 million) and the new management model (minus €169 million), as well as effects relating to Chrysler. Previously, Daimler had assumed that EBIT from ongoing operations would exceed €7 billion.

However, in view of the current turmoil of financial and automotive markets, Daimler's forecasts are connected with a high degree of uncertainty.

Despite the ongoing financial market crisis, the Group has a solid financial position, which should also remain stable throughout the rest of the year.

Further information on Daimler is available on the Internet at www.media.daimler.com.

This document contains forward-looking statements that reflect our current views about future events. The words 'anticipate,' 'assume,' 'believe,' 'estimate,' 'expect,' 'intend,' 'may,' 'plan,' 'project,' 'should' and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an

economic downturn or slow economic growth of the global economy, especially in industrialized countries; the effects of the financial crisis which could result in weaker demand for our products particularly in the U.S. and in the European market but also in the emerging markets; changes in currency exchange rates and interest rates; increasing risks of inflation; the introduction of competing products and the possible lack of acceptance of our products or services; price increases for fuel, raw materials and precious metals; the disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the business outlook for Daimler Trucks, which may be affected if the U.S. and Japanese commercial-vehicle markets experience a sustained weakness in demand for a longer period than expected; the business outlook of Chrysler, in which we hold an equity interest, including its ability to successfully implement its restructuring plans; the business outlook of EADS, in which we hold an equity interest, including the financial effects of delays in and potentially lower volumes of future aircraft deliveries; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading 'Risk Report' in Daimler's most recent Annual Report and under the headings 'Risk Factors' and 'Legal Proceedings' in Daimler's most recent Annual Report on Form 20-F filed with the Securities and Exchange Commission. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our 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. Any forward-looking statement speaks only as of the date on which it is made.

About Daimler

Daimler AG, Stuttgart, with its businesses Mercedes-Benz Cars, Daimler Trucks, Daimler Financial Services, Mercedes-Benz Vans and Daimler Buses, is a globally leading producer of premium passenger cars and the largest manufacturer of commercial vehicles in the world. The Daimler Financial Services division has a broad offering of financial services, including vehicle financing, leasing, insurance and fleet management.

Daimler sells its products in nearly all the countries of the world and has production facilities on five continents. The company's founders, Gottlieb Daimler and Carl Benz, continued to make automotive history following their invention of the automobile in 1886. As an automotive pioneer, Daimler and its employees willingly accept an obligation to act responsibly towards society and the environment and to shape the future of safe and sustainable mobility with groundbreaking technologies and high-quality products. The current brand portfolio includes the world's most valuable automobile brand, Mercedes-Benz, as well as smart, AMG, Maybach, Freightliner, Sterling, Western Star, Mitsubishi Fuso, Setra, Orion and Thomas Built Buses. The company is listed on the stock exchanges in Frankfurt, New York and Stuttgart (stock exchange abbreviation DAI). In 2007, the Group sold 2.1 million vehicles and employed a workforce of over 270,000 people; revenue totaled €99.4 billion and EBIT amounted to €8.7 billion. Daimler is an automotive Group with a commitment to excellence, and aims to achieve sustainable growth and industry-leading profitability.

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