Rating Report

Daimler AG

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DBRS

Insight beyond the rating.

Ratings

Debt	Rating	Rating Action	Trend
Daimler AG – Issuer Rating	A (low)	Confirmed	Stable
Daimler AG – Senior Debt	A (low)	Confirmed	Stable

See full list on page 10.

Rating Update

On November 14, 2016, DBRS Limited (DBRS) confirmed the long-term ratings of Daimler AG (Daimler or the Company) at A (low) and the long- and short-term ratings of Daimler Canada Finance Inc. at A (low) and R-1 (low), respectively. DBRS also assigned new Senior Debt and Commercial Paper ratings of A (low) and R-1 (low), respectively, to Daimler Finance North America LLC. (At the Company's request, the ratings of Daimler North America Corporation were discontinued.) The trends on all ratings remain Stable.

DBRS recognizes the ongoing momentum of the Company's core Mercedes-Benz Cars (MBC) business. This has been slightly offset by the declining (albeit still sound) results of Daimler Trucks (DT; Daimler's second-largest industrial segment), which are primarily a function of the underlying volatility of the heavy-duty truck industry, with market conditions in the NAFTA region weakening. Nonetheless, DBRS observes that, in aggregate, its business risk assessment of the Company has benefited from the performance of MBC, which has strengthened its position in the premium automotive segment. DBRS notes further, however, that Daimler's credit metrics have softened somewhat (notwithstanding ongoing, solid profitability) in 2015 through the first three quarters of 2016. This is essentially attributable to higher gross debt levels of the industrial operations (i.e., excluding industrial cash balances as well as intercompany receivables from the Daimler Financial Services segment). On this basis, while credit metrics remain wholly commensurate with the existing ratings, subsequent positive rating actions are somewhat inhibited by the Company's current financial risk profile.

DBRS acknowledges that the diesel emissions issue (the Diesel Issue) continues to beset the industry, notably in Europe. However, notwithstanding MBC's sizable exposure to diesel engines in Europe and amid a distinct, albeit moderate, drop in industry diesel-engined vehicle sales (although mostly attributable to Volkswagen AG) in the region, MBC's European volumes have remained robust, with sales through the first three quarters of 2016 increasing by 13% over the similar prior-year period. DBRS is aware that Daimler currently faces several consumer class-action lawsuits in the United States and that the U.S. Department of Justice has enquired regarding the Company's emissions certification process in that country. DBRS has not anticipated (nor incorporated into this rating action) any materially negative consequences for Daimler as a result of such investigations, although unexpected substantially adverse outcomes could potentially trigger a review of the ratings.

The Stable trend on the ratings incorporates DBRS's estimation that Daimler's future earnings will likely trend at similar levels, notwithstanding varying market conditions and cost challenges attributable to emissions compliance and product development. Positive rating actions going forward would likely be contingent on a strengthening of the Company's financial profile (amid the ongoing absence of any materially negative consequences stemming from the Diesel Issue).

Financial Information

	12 mos. to Sept. 30	For the year ended December 31				
(€ millions)	2016	2015	2014	2013	2012	2011
Sales 1	132,737	130,505	113,881	103,460	100,747	94,460
Operating income (loss) 1	10,876	10,296	6,856	2,560	5,152	6,543
% gross debt in the capital structure 1, 2	31%	29%	23%	27%	26%	24%
Cash flow/total debt 1, 2	0.51	0.68	0.79	0.71	0.65	0.70
EBITDA interest coverage 1, 2	35.6	33.8	24.3	11.1	13.4	28.7

1 Industrial operations only. 2 Lease adjusted.

Issuer Description

Daimler operates in three main business segments: (1) MBC, (2) DT (trucks over six metric tons) and (3) Financial Services. In April 2010, the Company entered into a strategic cooperation with the Renault–Nissan Alliance.

Rating Considerations

Strengths

1. Global leader in luxury cars and commercial vehicles
Daimler has a well-diversified industrial business portfolio. The Mercedes-Benz brand is among the global leaders in the luxury car segment, which typically is more profitable and less volatile than the mass-market passenger car segment. Daimler is the world leader in commercial vans and buses. The Company is the market leader in Western Europe for trucks, and Freightliner Trucks is the leader in heavy trucks in the North American market (including Mexico).

2. Strong technological capabilities
Daimler has a strong research and development group supporting the operating businesses. This enables the Company to adopt new technologies to improve manufacturing processes as well as incorporate innovations in new products and bring them to market faster.

3. Profitable and stable finance operations
Daimler continues to have a sizable financial services operation. In addition to supporting its parent in generating vehicle sales, it also acts as a stable source of income.

4. Access to worldwide capital markets
The history and recognition of the Daimler name in Europe gives the Company favourable access to capital markets.

Challenges

1. Significant production in Germany, which is high cost
Several of the manufacturing facilities of MBC are in Germany, which tends to be high cost given the highly paid unionized workforce (particularly relative to Asia-Pacific competitors).

2. Relatively low production volume leading to high development costs per unit
The Company focuses on the premium segment of the automotive market. Production capacity is small relative to larger global automotive original equipment manufacturers (OEMs), resulting in high fixed costs per vehicle.

3. Earnings affected by the value of the euro
Daimler's earnings are affected by the value of the euro, particularly against the U.S. dollar, with the Company's earnings, notably MBC, being volatile as a result.

4. Volatile raw materials costs
The Company's vehicle production costs are sensitive to volatile raw material (e.g., steel, aluminum and precious metals) and energy costs, which are difficult to pass on to customers and can negatively affect margins.

5. Forthcoming emissions regulations could pressure margins
Increasing emissions regulations across many markets will likely lead to higher development/production costs. Moreover, Daimler (as with other OEMs) may not be able to fully transfer such cost increases to end purchasers, thereby pressuring margins

Earnings and Outlook

(€ millions)	9 months to 9/30/2016	9 months to 9/30/2015	Rolling 12 to 9/30/2016	For the year ended December 31 2015	2014	2013	2012	2011
Sales	97,251	95,019	132,737	130,505	113,881	103,460	100,747	94,460
Operating profit*	8,371	7,791	10,876	10,296	6,856	2,559	5,152	6,543
Financial services (pre-tax)	676	656	971	951	951	951	951	951
Net income before non-recurring	7,170	6,661	9,352	8,843	6,568	4,960	5,777	5,805
Reported net income	6,377	6,617	8,185	8,425	6,962	6,842	6,095	5,667

* As defined by DBRS.

Summary

Industrial revenues increased materially in 2015 as a function of higher sales across each of Daimler's industrial segments. MBC was by far the largest contributor to the sales growth. With respect to major market regions, higher revenues were generated across each of the Company's segments with the exception of "other markets," which generated nominally lower sales year over year (YOY), although this segment, in any event, represents only a modest proportion of total sales.

In line with the higher sales, profitability of industrial operations was substantially stronger YOY, with the earnings performance of each of Daimler's industrial segments improving YOY. MBC's profitability considerably improved YOY in line with the growth in sales (most notably with respect to the C-Class and sport-utility vehicle (SUV) models), bolstered by pricing gains and achieved efficiencies. DT's earnings were also higher vis-à-vis 2014, as was the case with the Vans and Buses segments, although the contribution of the latter two businesses to aggregate industrial profitability was considerably smaller given the relatively modest scale of both segments.

The performance of the Financial Services segment was solid in 2015 and had improved compared with 2014, given higher volumes and positive foreign exchange developments, which more than offset increased costs associated with the ongoing expansion of the segment.

Through the first three quarters of 2016, industrial earnings were moderately higher relative to the similar prior-year period, with profit gains in MBC as well as in the Vans and Buses segments being partly offset by weaker earnings in DT. Additionally, the contribution from Financial Services was also slightly improved, with the segment remaining solidly profitable.

Outlook

For 2016, revenues are anticipated to be of a similar magnitude vis-à-vis 2015. The expected increase reflects higher projected unit sales primarily in MBC and Vans, partly offset by meaningfully weaker sales in DT and a modest reduction in sales in Buses. In line with the above, consolidated profitability is expected to be slightly above 2015 levels, with commensurate anticipated earnings growth in both the industrial segments (combined) and in the Financial Services segment.

In the automotive sector, moderate earnings growth is forecast amid considerable unit sales increases given additional product offerings (such as the GLC Coupe), model revisions (including the recently launched new E-Class) and the strengthened portfolio of models in the SUV segment. In the heavy-duty truck sector, profitability of DT is expected to be materially below 2015 levels while the combined earnings of the smaller Vans and Buses segments are expected to improve YOY.

Daimler continues to incur increases in research and development expenses. The Company is highly focused on cost reductions across its business segments to bolster earnings; notable examples being ongoing purchasing efficiencies as well as the increased application of modular platforms across MBC's product lines, with DT also applying its roll-out of global product platforms.

Segmented Data

	9 months to		Rolling 12 to	For the year ended December 31				
Revenue	**9/30/2016**	**9/30/2015**	**9/30/2016**	**2015**	**2014**	**2013**	**2012**	**2011**
Mercedes-Benz Cars	62,741	59,238	87,312	83,809	73,584	64,307	61,660	57,410
Daimler Trucks	23,607	26,049	35,136	37,578	32,389	31,473	31,389	28,751
Financial Services	14,104	13,114	19,952	18,962	15,991	14,522	13,550	12,080
Vans, Buses, Other	11,808	10,638	16,756	15,586	14,186	13,474	12,999	13,597
Operating Profit								
Mercedes-Benz Cars	6,293	6,189	8,447	8,343	5,964	4,180	4,442	5,192
Daimler Trucks	1,688	2,058	2,372	2,742	2,073	1,753	1,695	1,978
Financial Services	1,349	1,232	1,736	1,619	1,387	1,268	1,293	1,322
Vans, Buses, Other	1,297	837	1,614	1,154	849	794	539	997
Operating Margin								
Mercedes-Benz Cars	10.0%	10.4%	9.7%	10.0%	8.1%	6.5%	7.2%	9.0%
Daimler Trucks	7.2%	7.9%	6.8%	7.3%	6.4%	5.6%	5.4%	6.9%
Financial Services	9.6%	9.4%	8.7%	8.5%	8.7%	8.7%	9.5%	10.9%
Vans, Buses, Other	11.0%	7.9%	9.6%	7.4%	6.0%	5.9%	4.1%	7.3%

Note: As indicated by Daimler and adjusted for non-recurring items.

MBC

MBC's sales volume rose by 16% to 2.0 million units in 2015, attaining another annual sales record for the sixth consecutive year. MBC achieved impressive sales growth across all major regions, increasing market share in nearly all markets. The sales performance was particularly strong in China and Western Europe, with MBC also achieving record sales in NAFTA region. The division's earnings improved by 40% YOY (after adjusting for non-recurring items), mainly as a function of higher sales volumes, firmer pricing and achieved efficiency gains, partly offset by higher costs associated with future product and technology developments in addition to planned capacity expansions.

Strong demand for the C-Class (up 38% YOY) and new SUV models (up 27% YOY) was the main driver of MBC's sales growth in 2015. Sales of the S-Class were softer compared with 2014; this was also the case with the E-Class models (in advance of the forthcoming model changeover). Finally, Smart unit sales increased by 32% YOY.

Through the first nine months of 2016, MBC's sales momentum continued, with unit sales increasing by 10% (vis-à-vis the same period the previous year). Moreover, MBC's segment profitability (after adjusting for non-recurring items) continued to trend moderately higher relative to the similar prior-year period, with volume gains and firmer pricing being partly offset by higher costs associated with future product and technology developments in addition to planned capacity expansions.

Outlook

The global automotive industry continues to grow at a moderate rate in 2016, with slight, albeit emerging, headwinds in North America being more than offset by favourable developments in China and Western Europe. The new E-Class and SUVs are anticipated to be the main drivers for MBC's sales growth. As such, 2016 annual sales volumes are expected to be significantly higher than 2015's, with segment earnings also projected to increase (albeit in a more moderate manner) YOY.

DT

In contrast to MBC's significant growth in unit sales, DT's sales performance was essentially flat in 2015, increasing by 1% YOY. The market trends were vastly different across the major geographic markets, with DT's sales gains in Western Europe and NAFTA regions offset by volume decreases in Latin America and Asia. DT's earnings increased by 32% in 2015 relative to 2014 levels, mainly as a function of higher sales volume in the NAFTA region and Europe and improved efficiency, further bolstered by favourable exchange rate effects; these positive items were partly offset by lower sales in Latin America and Indonesia as well as by higher costs associated with future product and technology developments in addition to planned capacity expansions.

Through the first three quarters of 2016, DT's unit sales dropped by 15% vis-à-vis the similar prior-year period mainly because of considerably weaker demand in the NAFTA region. In line with the lower sales volume in the NAFTA region, the Middle East and Turkey, DT's revenues decreased materially during the period. DT's profitability through the first nine months of 2016 also declined (relative to the similar prior-year period), with lower volumes and pricing headwinds being only partly offset by achieved efficiency gains and positive foreign exchange developments.

Outlook

For full-year 2016, sale units are projected to decline YOY, as several of DT's major markets have contracted materially, partly offset by growth in Europe. As such, revenues and earnings will trend lower in 2016.

Financial Profile

Industrial Business Only	9 months to		Rolling 12 to	For the year ended December 31				
(€ billions)	**9/30/2016**	**9/30/2015**	**9/30/2016**	**2015**	**2014**	**2013**	**2012**	**2011**
EBITDA	12.42	11.72	16.31	15.61	11.82	6.90	9.19	10.10
Net income before non-recurring*	6.27	5.84	8.20	7.77	5.69	4.24	4.96	4.99
Depreciation/amortization	4.05	3.93	5.43	5.32	4.96	4.34	4.04	3.55
Other non-cash items	(0.66)	2.62	(1.95)	1.32	(0.79)	2.36	(0.70)	0.02
Cash flow from operations	**9.65**	**12.39**	**11.68**	**14.41**	**9.86**	**10.94**	**8.30**	**8.56**
Less: capital expenditures	5.96	4.73	8.46	7.23	6.26	6.85	6.60	5.84
Less: dividends	3.67	2.89	3.67	2.89	2.56	2.62	2.73	2.24
Gross free cash flow	**0.03**	**4.78**	**(0.45)**	**4.30**	**1.03**	**1.48**	**(1.03)**	**0.48**
Changes in non-cash working capital	(1.17)	(2.52)	(1.34)	(2.68)	(2.32)	(0.63)	(0.77)	(1.22)
Net free cash flow	**(1.15)**	**2.26**	**(1.79)**	**1.62**	**(1.29)**	**0.85**	**(1.80)**	**(0.73)**
Net divestitures (acquisitions)	(0.99)	(1.71)	(1.97)	(2.69)	3.40	0.07	(1.50)	(0.42)
Others**	(0.84)	(2.45)	(5.41)	(7.02)	(6.19)	(5.24)	(0.19)	1.33
Free cash flow before financing	**(2.99)**	**(1.90)**	**(9.18)**	**(8.09)**	**(4.08)**	**(4.32)**	**(3.50)**	**0.18**
Net share issued (repurchased)	(0.01)	(0.00)	(0.01)	0.00	0.00	0.07	0.04	0.04
Net change in debt	7.20	4.30	11.02	8.12	2.58	4.21	4.44	(0.84)
Net change in cash	**4.21**	**2.40**	**1.84**	**0.03**	**(1.50)**	**(0.04)**	**0.98**	**(0.63)**
Total debt in capital structure % 1	31%	25%	31%	29%	23%	27%	26%	24%
Cash flow/total debt 1	0.56	0.99	0.57	0.68	0.79	0.71	0.65	0.70
Total debt/EBITDA 1	1.25	0.92	1.27	1.20	0.87	1.96	1.19	1.02
EBIT interest coverage 1	28.8	27.5	24.1	22.6	14.4	4.5	7.8	19.0

* Includes DBRS estimates. ** Largely consists of intercompany equity and financing transactions. 1 Lease adjusted.

Summary

Cash flow from operations in 2015 was substantially higher than 2014 levels as a function of higher earnings and firmer depreciation levels.

Capital expenditures in 2015 were slightly higher YOY, with MBC and DT accounting for the significant majority of investments. In terms of dividend payments, dividends to Daimler shareholders moderately increased (to a level of EUR 2.45 per share from the prior-year level of EUR 2.25 per share), with payments to minority interest subsidiaries also being slightly higher. As a function of the above, gross free cash flow was sharply higher YOY and substantially positive in the amount of EUR 4.3 billion.

Working capital was a use of cash in 2015 in the amount of EUR 2.7 billion, primarily as a result of higher inventory levels. This notwithstanding, net free cash flow for 2015 remained significantly positive in the amount of EUR 1.6 billion, although this was more than absorbed by net acquisitions (including net changes in marketable debt securities) that amounted to EUR 2.7 billion. (Note: "Others" largely consists of intercompany financing transactions.)

Through the first nine months of 2016, cash flow from operations remained solid, albeit weaker compared with the similar prior-year period as slightly higher earnings and nominally firmer depreciation levels were more than offset by a considerable reduction in other non-cash items (including deferred taxes and non-recurring items). Capital expenditures were considerably higher at a level of EUR 6.0 billion. Dividend payments of EUR 3.7 billion mostly reflect the 2015 declared dividend of EUR 3.25 per share (vis-à-vis EUR 2.45 the year prior) to Company shareholders. As a function of the above, gross free cash flow was just above break-even levels. Working capital, however, was a use of cash primarily because of increases in inventories, with net free cash flow for the nine-month period, therefore, being negative in the amount of EUR 0.9 billion.

Outlook

For 2016, cash flow from operations is anticipated to approximate 2015 levels.

Capital expenditure levels are projected to increase YOY with the majority of the increased amount to be allotted to MBC and DT.

DBRS notes that Daimler's financial profile remains fully commensurate with the assigned ratings. Moreover, the Company's financial profile stands to be further bolstered by cash flow generation that is expected remain solid in 2017 and over the medium term (in line with ongoing firm earnings).

Debt and Liquidity

Liquidity remains ample for Daimler in light of its sizable cash balances, low industrial debt and ample availability of credit lines. DBRS also notes that Daimler's liquidity has been further bolstered by recent divestitures of non-core businesses/equity participation.

As at September 30, 2015, the Company's consolidated cash balances totalled EUR 14.2 billion; industrial cash balances as at the same date totalled EUR 12.6 billion.

Additionally, as at December 31, 2015, Daimler had unutilized short-term and long-term credit lines totalling EUR 18.5 billion.

- In September 2013, Daimler entered into a five-year EUR 9.0 billion multi-currency revolving credit agreement, with two extension options of two years in total (thereby providing flexibility until 2020); the Company exercised the first and the second extension options in 2014 and 2015, respectively. This facility serves as a backup for Commercial Paper drawings but can also be used for general corporate purposes. As at year-end 2015, the revolving credit facility was unutilized.

A wide variety of additional funding sources is also maintained by the Company.

Total consolidated indebtedness as at December 31, 2015, consisted of the following:

As at December 31, 2015	(€ millions)
Notes and bonds	41,173
Liabilities to financial institutions	12,085
Liabilities from ABS transactions	3,388
Deposits for direct banking business	2,520
Loans, other financial liabilities	445
Liab. from finance lease	220
Total long-term financial liabilities	**59,831**
Short-term financial liabilities	41,311
Total	**101,142**

Of the above amount, the substantial majority of indebtedness is accounted for by the Financial Services segment.

The maturity schedule of the Company's financial liabilities as at December 31, 2015, is presented below:

(€ millions)

2016	2017	2018	2019	2020	Thereafter
43,638	24,067	15,551	5,759	8,176	10,336

Short-term refinancing requirements are readily covered by Daimler's liquid assets and well-diversified funding sources.

Financial Services Division

	9 months to		Rolling 12 to	For the year ended December 31				
(€ millions)	9/30/2016	9/30/2015	9/30/2016	2015	2014	2013	2012	2011
Revenue	14,104	13,114	19,952	18,962	15,991	14,522	13,550	12,080
Operating profit	1,349	1,232	1,736	1,619	1,387	1,268	1,292	1,312
Contract volume (at period end)	122,118	110,956	122,118	116,727	98,967	83,539	79,986	71,730
Finance receivable	78,088	70,158	78,088	74,530	62,600	51,641	49,998	46,513
Allowance for doubtful accounts	1067	1003	1067	1,016	921	871	938	946
Allowance as % of receivables	1.4%	1.4%	1.4%	1.4%	1.5%	1.7%	1.9%	2.0%
Provision	n/a	n/a	n/a	500	421	405	370	394
Write-offs	n/a	n/a	n/a	212	208	273	235	213
Debt/equity (at period end)	10.8	10.4	10.8	10.5	11.8	11.6	12.0	12.0

n/a. = not available.

The Financial Services segment continued its solid growth in 2015, with both contract volumes and revenues increasing YOY, with the segment being a material contributor to consolidated earnings.

The segment's profit was materially higher YOY. Positive factors affecting profitability primarily consisted of higher contract volumes and foreign exchange tailwinds; these were partly offset by higher operating expenses associated with the portfolio expansion.

Contract volumes continued to grow significantly YOY and attained a level of EUR 116.7 billion as at year-end 2015. While volumes were higher across all major market regions, the Americas represented the strongest source of growth in absolute terms. Through the first nine months of 2016, contract volumes increased further to a level of EUR 122.1 billion, with Africa and Asia-Pacific demonstrating the strongest growth (although all geographic segments attained increases).

Through the first nine months of 2016, profitability continued to trend higher relative to the similar prior-year period, with higher contract volumes partly offset by adverse foreign exchange developments.

Leverage as at September 30, 2016, was at 10.8 times, which is moderately higher vis-à-vis year-end 2015, albeit still commensurate with industry standards.

For 2016, profitability is expected to be slightly higher relative to 2015 levels, with expected volume growth likely to be partly offset by higher anticipated provisions for credit losses in addition to costs associated with increasing the scale of the business.

In line with the ongoing geographical expansion of Financial Services operations, contract volume has been growing strongly. Furthermore, the Company continues to be committed to increasing the scale of this business through the offering of additional products, including maintenance and insurance services. Moreover, this segment is also expanding the scope of its mobility services (the car2go car-sharing service was launched in 2011 with more than 2 million registered customers as at September 2016) to include ride-for-hire/ridesharing as well as intermodal mobility platforms.

Daimler AG

(with Financial Services on equity basis)

Balance Sheet

(€ millions)	As at Sept. 30 2016	As at Dec. 31 2015	As at Dec. 31 2014
Assets			
Cash + marketable sec.	12,577	8,369	8,341
Accounts receivable	8,788	8,215	7,824
Inventories	26,374	22,862	20,004
Other assets	2,426	491	(1,202)
Total current assets	**50,165**	**39,937**	**34,967**
Net fixed assets	25,293	24,262	23,125
Investment	17,008	15,864	14,374
Goodwill	10,791	9,847	9,202
Other assets	2,235	3,393	2,513
Equity in finance subs.	10,041	9,872	7,617
Total	**115,533**	**103,175**	**91,798**

	As at Sept. 30 2016	As at Dec. 31 2015	As at Dec. 31 2014
Liabilities & Equity			
Accounts payable	13,074	10,182	9,852
Short-term debt	(16,896)	(21,417)	(13,518)
Other liabilities	19,375	20,455	16,757
Total current liab.	**15,553**	**9,220**	**13,091**
Long-term debt	20,662	18,805	10,325
Post-retirement liabs.	12,010	8,546	12,630
Other accrued liabilities	12,555	11,980	11,168
Minority	1,062	1,063	919
Shareholders' equity	53,691	53,561	43,665
Total	**115,533**	**103,175**	**91,798**

Balance Sheet/Coverage Ratios 1

	12 mos. to Sept. 30/16	For the year ended December 31 2015	2014	2013	2012	2011
Current ratio	3.23	4.33	2.67	3.10	2.15	2.33
Inventory turnover (days)	88	78	75	74	79	79
Receivable turnover (days)	23	22	24	25	26	28
Cash flow/current liabilities	0.75	1.56	0.75	1.04	0.57	0.68
Accounts payable/inventory	0.50	0.45	0.49	0.53	0.50	0.56
Gross interest coverage (EBITDA) 2	35.6	33.8	24.3	11.1	13.4	28.7
Gross interest coverage (EBIT) 2	24.1	22.6	14.4	4.5	7.8	19.0
Debt/EBITDA 2	1.4	1.4	1.0	2.2	1.4	1.2
% debt in the capital structure	28%	26%	19%	24%	22%	21%
% debt in the capital structure 2	31%	29%	23%	27%	26%	24%
Net debt (cash)	8,085	10,436	1,984	3,697	1,063	1,342
Cash flow/total debt	0.57	0.77	0.95	0.81	0.76	0.84
Cash flow/total debt 2	0.51	0.68	0.79	0.71	0.65	0.70
Asset coverage	3.08	3.32	4.34	3.47	3.66	4.07
Cash flow/capital expenditure	1.38	1.99	1.57	1.60	1.26	1.47

1 Industrial businesses only. 2 Lease adjusted.

Income Statement	9 months to		12 mos. to	For the year ended December 31				
(€ millions)	**Sep. 30/16**	**Sep. 30/15**	**Sep. 30/16**	**2015**	**2014**	**2013**	**2012**	**2011**
Sales 1	97,251	95,019	132,737	130,505	113,881	103,460	100,747	94,460
Operating expenses	84,834	83,298	116,429	114,893	102,061	96,558	91,553	84,364
Depreciation	4,046	3,930	5,432	5,316	4,964	4,343	4,042	3,553
Operating profit	**8,371**	**7,791**	**10,876**	**10,296**	**6,856**	**2,560**	**5,152**	**6,543**
Interest expense	(224)	(229)	(304)	(309)	(365)	(529)	(591)	(232)
Interest income	165	116	216	167	142	210	226	285
Other income (expense)	555	766	936	1,147	643	398	155	476
Income before taxes	**8,867**	**8,444**	**11,724**	**11,301**	**7,276**	**2,639**	**4,942**	**7,072**
Income taxes	2,620	2,730	3,603	3,713	2,175	(139)	592	2,003
Income after taxes	**6,247**	**5,714**	**8,121**	**7,588**	**5,101**	**2,778**	**4,351**	**5,069**
Financial services – net income	902	816	1,154	1,068	883	717	820	812
Non-controlling interests	21	131	77	187	584	1,466	606	(76)
Income before non-recurring	**7,170**	**6,661**	**9,352**	**8,843**	**6,568**	**4,961**	**5,777**	**5,805**
Discontinued operations	0	0	0	0	0	0	0	0
Non-recurring items	(793)	(44)	(1,167)	(418)	394	1,882	319	(138)
Net income	**6,377**	**6,617**	**8,185**	**8,425**	**6,962**	**6,843**	**6,095**	**5,667**
Cash Flow 1 (€ millions)								
Cash flow from operations	9,653	12,391	11,676	14,414	9,858	10,943	8,301	8,561
Less: capital expenditures	5,955	4,729	8,457	7,231	6,264	6,850	6,604	5,839
Less: dividend	3,672	2,885	3,672	2,885	2,563	2,617	2,726	2,241
Free cash flow before work. cap.	**26**	**4,777**	**(453)**	**4,298**	**1,031**	**1,476**	**(1,030)**	**481**
Changes in working capital	(1,173)	(2,517)	(1,335)	(2,679)	(2,319)	(630)	(774)	(1,215)
Free cash flow	**(1,147)**	**2,260**	**(1,788)**	**1,619**	**(1,288)**	**846**	**(1,804)**	**(734)**
Net divestiture (acquisition)	(994)	(1,705)	(1,974)	(2,685)	3,396	71	(1,503)	(418)
Others 2	(844)	(2,452)	(5,413)	(7,021)	(6,190)	(5,236)	(192)	1,329
Net free cash flow before financing	**(2,985)**	**(1,897)**	**(9,175)**	**(8,087)**	**(4,082)**	**(4,319)**	**(3,498)**	**177**
Net change in debt	7,201	4,299	11,017	8,115	2,575	4,205	4,442	(840)
Net shares issued (repurchased)	(8)	(1)	(7)	0	3	72	35	36
Change in cash	**4,208**	**2,401**	**1,835**	**28**	**(1,504)**	**(42)**	**979**	**(627)**
Profitability Ratios								
Gross margin	27.29%	26.90%	27.06%	26.77%	26.47%	23.54%	26.57%	28.66%
Operating margin	8.61%	8.20%	8.19%	7.89%	6.02%	2.47%	5.11%	6.93%
Pre-tax margin	9.12%	8.89%	8.83%	8.66%	6.39%	2.55%	4.91%	7.49%
Net margin	7.37%	7.01%	7.05%	6.78%	5.77%	4.79%	5.73%	6.15%
Return on equity	41.55%	38.60%	19.21%	18.19%	15.21%	12.31%	14.90%	15.28%
Return on capital	23.47%	21.85%	10.82%	10.61%	8.96%	7.77%	9.61%	10.21%

1 Industrial businesses only. 2 Largely consists of intercompany equity and financing transactions.

Application of Multiple Methodologies

The applicable methodologies are *Rating Companies in the Automotive Manufacturing Industry* (October 2016) and *Global Methodology for Rating Finance Companies* (October 2016).

DBRS used *Rating Companies in the Automotive Manufacturing Industry* as the primary rating methodology since Daimler is engaged in automotive production. The application of *Global Methodology for Rating Finance Companies* was to determine the ratings for Daimler Canada Finance Inc. and Daimler Finance North America LLC, which are captive finance subsidiaries of the Company.

Ratings

Debt	Rating	Rating Action	Trend
Daimler AG – Issuer Rating	A (low)	Confirmed	Stable
Daimler AG – Senior Debt	A (low)	Confirmed	Stable
Daimler Canada Finance Inc. – Medium-Term Notes*	A (low)	Confirmed	Stable
Daimler Canada Finance Inc. – Commercial Paper*	R-1 (low)	Confirmed	Stable
Daimler Finance North America LLC – Senior Debt*	A (low)	New Rating	Stable
Daimler Finance North America LLC – Commercial Paper*	R-1 (low)	New Rating	Stable
Daimler North America Corporation – Senior Debt*	Discontinued	Discontinued – Withdrawn	--
Daimler North America Corporation – Commercial Paper*	Discontinued	Discontinued – Withdrawn	--

*Guaranteed by Daimler AG.

Rating History

	Current	2015	2014	2013	2012	2011
Daimler AG – Issuer Rating	A (low)	A (low)	A (low)	A (low)	A (low)	--
Daimler AG – Senior Debt	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)
Daimler Canada Finance Inc. – Medium-Term Notes*	A (low)	A (low)	A (low)	A (low)	A (low)	A (low)
Daimler Canada Finance Inc. – Commercial Paper*	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)
Daimler Finance North America LLC – Senior Debt*	A (low)	NR	NR	NR	NR	NR
Daimler Finance North America LLC. – Commercial Paper*	R-1 (low)	NR	NR	NR	NR	NR
Daimler North America Corporation – Senior Debt*	NR	A (low)	A (low)	A (low)	A (low)	A (low)
Daimler North America Corporation – Commercial Paper*	NR	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)	R-1 (low)

* Guaranteed by Daimler AG.

Commercial Paper Limit

Daimler Canada Finance Inc.
- CAD 2.5 billion.

Daimler Finance North America LLC
- USD 5.0 billion.

Rating Support

The senior debts of Daimler Canada Finance Inc. and Daimler Finance North America LLC are guaranteed by Daimler AG. The Commercial Paper of Daimler Canada Finance Inc. and Daimler Finance North America LLC are guaranteed by Daimler AG. As per *DBRS Criteria: Guarantees and Other Forms of Support* (February 2016), the guarantees, in combination with DBRS's assessment of additional implicit support considerations, including, but not limited to, business, reputational and financial factors that are deemed likely to motivate a parent or affiliated company to support its subsidiary issuer, result in a flow through of Daimler AG's ratings to Daimler Canada Finance Inc. and Daimler Finance North America LLC.

Previous Report

- Daimler AG: Rating Report, November 13, 2015.

Notes:
All figures are in euros unless otherwise noted.

For the definition of Issuer Rating, please refer to Rating Definitions under Rating Policy on **www.dbrs.com**.

Generally, Issuer Ratings apply to all senior unsecured obligations of an applicable issuer, except when an issuer has a significant or unique level of secured debt.

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