

Free cash flow and liquidity

The anticipated development of earnings in the automotive divisions will have a positive impact also on the free cash flow of the industrial business in 2015. When comparing with 2014, it is necessary to consider that the free cash flow from the industrial business was boosted in 2014 by a total amount of €3 billion due to special effects from the sale of our shares in Rolls-Royce Power Systems Holding GmbH and Tesla. On the other hand, there were cash outflows of €2.5 billion for the extraordinary contribution to the German pension plan assets and of €0.3 billion for the settlement of a healthcare plan in North America. In the year 2015, we expect a free cash flow from the industrial business in a significantly higher amount than the dividend payment in 2015 of €2.6 billion. As we will continue and intensify our investment offensive, we assume that the free cash flow will be significantly lower than in 2014 (€5.5 billion).

For the year 2015, we aim to have liquidity available in a volume appropriate to the general risk situation in the financial markets and to Daimler's risk profile. When measuring the level of liquidity, we give due consideration to possible refinancing risks caused for example by temporary distortions in the financial markets. We continue to assume, however, that we will have very good access to the capital markets and bank markets also in the year 2015. We want to cover our funding needs in the planning period primarily by means of bonds, commercial paper, bank loans, customer deposits in the direct banking business and the securitization of receivables in the financial services business; the focus will be on bonds and loans from globally and locally active banks. In view of the very good liquidity situation of the international capital markets and our strong creditworthiness, we expect a continuation of very attractive refinancing conditions in 2015. An additional goal is to continue securing a high degree of financial flexibility.

Dividend

At the Annual Shareholders' Meeting on April 1, 2015, the Board of Management and the Supervisory Board will propose an increase in the dividend to €2.45 per share (prior year: €2.25). With this proposal, we are letting our shareholders participate in the Company's success while expressing our confidence about the ongoing course of business. We aim to achieve a sustainable dividend development also in the coming years. In setting the dividend, our target is to distribute approximately 40% of the net profit attributable to Daimler shareholders.

Investment

In order to achieve our ambitious growth targets, we will expand our product range in the coming years and develop additional production and distribution capacities. We also want to make sure that we can play a leading role in the far-reaching technological transformation of the automotive industry. For this purpose, we will once again slightly increase our already very high investment in property, plant and equipment in the year 2015. Above all, the Mercedes-Benz Cars and Daimler Trucks divisions will account for this increase, whereas we expect a lower volume of capital expenditure at the Mercedes-Benz Vans division than in the previous year. In addition to capital expenditure, we are developing our position in the emerging markets by means of targeted financial investments in our holdings. That includes the expansion of our car production capacities in China, together with our partner BAIC.

At the Mercedes-Benz Cars division, the focus of capital expenditure will be on renewing and expanding our product range. The most important projects include the new E-Class family, additional versions of the C-Class and the new SUVs. Substantial investment is planned also for the modernization and expansion of our German production sites as competence centers, as well as for the expansion of our international production network. After completing its Euro VI product offensive, Daimler Trucks will mainly invest in successor generations of existing products, the expansion and modernization of the plants, and new global component projects in 2015. At Mercedes-Benz Vans, the focus will be on further developing the existing model range, expanding the sales-and-service organization and establishing production of the Sprinter in the United States. Key projects at Daimler Buses are advance expenditures for new models and product enhancements and the new bus plant in India.

Research and development

With our research and development activities, our goal is to further strengthen Daimler's competitive position against the backdrop of upcoming technological challenges. We want to create competitive advantages above all by means of innovative solutions for low emissions and safe mobility – in the fields of autonomous driving or hybrid drive for example. In addition, we intend to utilize the growth opportunities offered by worldwide automotive markets with new and attractive products. In order to achieve these goals, we will once again significantly increase our expenditure for research and development in 2015. Key projects at Mercedes-Benz Cars include the successor generation of the E-Class and the new SUVs. In addition, we will invest considerable amounts in new low-emission and fuel-efficient engines, alternative drive systems and innovative safety technologies. Research and development spending is likely to rise also at Daimler Trucks in 2015. As before, the main areas here are the successor generations for existing products as well as developing and adapting new engine generations with which we will further reduce fuel consumption and fulfill increasingly strict emission regulations. Also at Mercedes-Benz Vans and Daimler Buses, an important area of research and development is to meet future emission standards and to increase fuel efficiency. At Daimler Buses, alternative drive systems also play an important role and at Mercedes-Benz Vans the further development of engines.