

Daimler Buses.

As the leading bus manufacturer in its core markets of Western Europe and Latin America, Daimler Buses focuses on supplying innovative and environmentally responsible products that meet its customers' business requirements. Higher sales of complete buses and progress made with additional efficiency measures led to a significant increase in earnings in 2014. A decline in demand for bus chassis in Latin America due to difficult market conditions in the region had a negative effect on unit sales, especially in the second half of the year. During the year under review, we once again improved our product portfolio with some important innovations.

C.07

Daimler Buses

	2014	2013	14/13 % change
Amounts in millions of euros			
EBIT	197	124	+59
Revenue	4,218	4,105	+3
Return on sales (in %)	4.7	3.0	.
Investment in property, plant and equipment	105	76	+38
Research and development expenditure thereof capitalized	182 11	187 3	-3 +267
Production	31,485	34,467	-9
Unit sales	33,162	33,705	-2
Employees (December 31)	16,631	16,603	+0

C.08

Unit sales by Daimler Buses

	2014	2013	14/13 % change
Total	33,162	33,705	-2
Western Europe	7,557	6,714	+13
thereof Germany	2,865	2,440	+17
Mexico	3,633	2,959	+23
Latin America (excluding Mexico)	17,614	19,118	-8
Asia	1,117	1,704	-34
Other markets	3,241	3,210	+1

Earnings significantly above prior-year level. Sales of 33,200 buses and bus chassis worldwide by Daimler Buses in 2014 did not quite match the prior-year figure (2013: 33,700). Nevertheless, the division was able to significantly expand its leading position in its core markets for buses with a gross vehicle weight of over 8 metric tons. ↗ **C.07** Business with complete buses in Western Europe improved considerably from the previous year. At €4.2 billion, revenue was slightly above the level of 2013 (€4.1 billion). Success with sales of complete buses and further efficiency improvements resulted in a substantial increase in EBIT to €197 million (2013: €124 million). The earnings increase was largely due to the fact that measures associated with the GLOBE 2013 growth and efficiency program had their full effect during the reporting year. The division actually exceeded the GLOBE 2013 earnings improvement target of €200 million.

Varied business development in core regions. In Western Europe, the Daimler Buses brands Mercedes-Benz and Setra offer not only a complete range of city buses, intercity buses and coaches, but also bus chassis. Thanks to a significant improvement in our complete bus business, sales in the region increased by 13% to 7,600 units. Daimler Buses also further expanded its leading position in Western Europe with its market share reaching an all-time high of 34.4% (2013: 30.9%). This reflects the very positive response to the new city-bus generation Citaro and the new Setra TopClass 500 and ComfortClass 500. High demand for our Mercedes-Benz buses had a very positive effect on our sales in Germany, which rose by 17% to 2,900 units. In addition, the coach segment was positively impacted by the growing business of long-distance bus services. Our market share in Germany expanded significantly to 57.1% (2013: 51.2%). In Turkey, we recorded sales of 700 units (2013: 1,200). This market-related sales decline had been previously anticipated. The market in Latin America (excluding Mexico) deteriorated significantly due to the region's difficult economic situation. Sales of Mercedes-Benz bus chassis in the region fell by 8% to 17,600 units. Nonetheless, we were able to significantly expand our leading position in Latin America to a market share of 48.6% (2013: 41.6%). At 3,600 units, sales in Mexico were significantly higher than in the previous year.



Upper picture: The Setra TopClass 500 is fitted with the TopSky Panorama glass roof and offers passengers exceptional space and comfort. Lower picture: Plenty of space – the large-capacity articulated bus Mercedes-Benz CapaCity L offers a solution for urban traffic problems with space for 191 passengers.

Mercedes-Benz and Setra present new products and new brand messages. At the IAA Commercial Vehicles trade fair, Mercedes-Benz and Setra not only unveiled numerous new products and model variants, but also presented new brand messages. The Citaro G articulated bus is now available with the compact, horizontally installed OM 936 h six-cylinder in-line engine. The Mercedes-Benz Travego premium high-decker comes with the new Active Brake Assist 3 (ABA 3) system, which enables it to initiate an automatic emergency braking maneuver also when obstacles are stationary. Mercedes-Benz presented its “The standard for buses” brand claim at the IAA. The perfection, aesthetic appeal and fascination of buses from the Setra brand are reflected in its new brand claim “The Sign of Excellence.” Setra has expanded its ComfortClass 500 coach series to include two new vehicle lengths for high-decker (HD) versions. The brand has also placed the Comfort-Class 500 series in a whole new segment through the addition of two middle-decker (MD) buses. This offers customers a cost-effective and flexible entry into the premium coach program of the Setra brand. Daimler Buses has also completed its Euro VI-compliant chassis program with the addition of the three-axle Mercedes-Benz OC 500 RF chassis for intercity buses and coaches.

Mercedes-Benz Citaro and Setra TopClass 500 receive international awards. During the year under review, the Mercedes-Benz Citaro Euro VI city bus received the Green Bus Award 2014 for the lowest fuel consumption in comparative tests. The Citaro also beat its rivals in the International Bus & Coach Competition (IBC). Meanwhile, the Setra TopClass 500 received the Red Dot Award Product Design 2014 from an international panel of experts, who cited the coach’s high-quality interior as well as its comfort and elegance as the main reasons for their selection. The TopClass 500 was named Coach of the Year 2014 also in Madrid, where the award panel was particularly impressed by the design concept for the exclusive long-distance coach, which combines the most modern luxury features with great efficiency. In addition, the TopClass 500 won the International Bus Planner Sustainability Prize 2015 for its intelligent Predictive Powertrain Control (PPC) system.

Mercedes-Benz Citaro is best-selling city bus of all time. Mercedes-Benz delivered its 40,000th Citaro city bus during the year under review, making the Citaro the best-selling bus of all time. At the same time, sales of Mercedes-Benz mini-buses passed the 20,000 mark. The 3,000th regular-service Mercedes-Benz bus equipped with the economical Euro VI engine generation was delivered in December 2014.

Mercedes-Benz CapaCity L – a new high-capacity articulated bus – offers a solution for urban traffic problems. Daimler Buses has responded to transport problems in large cities with its new Mercedes-Benz CapaCity L, which is 21 meters long and can accommodate up to 191 passengers. It thus provides ideal transport capacities for applications in worldwide bus rapid transit (BRT) systems.

Smooth urban traffic flows with bus rapid transit sustainable mobility concept. Bus rapid transit systems attracted attention from around the globe during the 2014 World Cup in Brazil. Such systems ensured smooth and efficient transport to and from stadiums at nine of the 12 World Cup venues – but people in Brazil also rely on them all year round. More than 170 BRT systems are currently operating on all continents around the world. For transport operators, the main advantages of BRT systems are their low planning and construction costs and their relatively short implementation times and great adaptability. Daimler Buses therefore has a specialized team that helps cities and customers design optimal BRT systems. For example, a forum in Tokyo organized by Daimler Buses and Mitsubishi Fuso Truck and Bus Corporation in October 2014 provided customers, municipal authorities and the media with information on bus rapid transit systems.

Major international contracts. The RATP Group, which provides public transport services in the Paris metropolitan area, opted to purchase 199 Mercedes-Benz Citaro buses following a Europe-wide invitation to tender. The transport authority of the city of Basel in Switzerland ordered 106 new Mercedes-Benz Citaros as rigid and articulated versions. Singapore also likes the best-selling city bus, as evidenced by the fact that the local transport operator, SBS Transit, ordered 250 Mercedes-Benz Citaros in the year under review. Daimler will deliver 105 Mercedes-Benz Conecto articulated buses to the IETT public transport company in Istanbul. A total of 300 23-meter long O500 UAD CapaChassis were delivered to São Paulo in 2014, while Estrella Blanca in Mexico purchased 250 Mercedes-Benz Paradiso 1200 touring coaches.

Cornerstone laid for bus plant in India. Following the successful integration of its bus business into Daimler India Commercial Vehicles (DICV) in 2013, the company laid the cornerstone for a new bus plant in India during the year under review. Daimler is investing approximately €50 million in the new production facility, which is being built at the DICV site in Chennai. The plant is scheduled to be completed in the second quarter of 2015. Its product range will include front-engine buses from the BharatBenz brand that are tailored to the specific needs of the volume bus market in India. Existing rear-engine chassis for the premium bus segment will also be localized under the Mercedes-Benz brand name.