

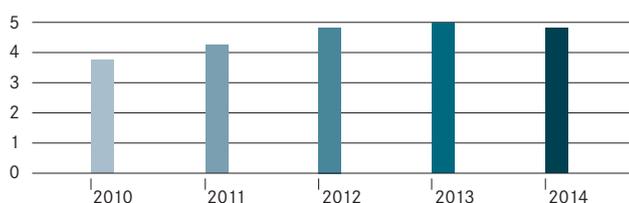
Investment

Investment still on high level. In the context of our growth strategy, we aim to make good use of the opportunities presented by international automotive markets. This requires substantial investment in new products and new technologies as well as in the expansion of our worldwide production network. In 2014, we therefore once again invested a very high amount of €4.8 billion in property, plant and equipment (2013: €5.0 billion). However, we did not quite reach the investment volume that we planned in the previous year and announced in Annual Report 2013. This was partially due to the very efficient application of our financial resources and the postponement of some investment projects. As of December 31, 2014, no material financial obligations exist in connection with future investment in property, plant and equipment.

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Investment in property, plant and equipment

In billions of euros



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Investment in property, plant and equipment by division

	2014	2013	14/13 % change
In millions of euros			
Daimler Group	4,844	4,975	-3
in % of revenue	3.7	4.2	
Mercedes-Benz Cars	3,621	3,710	-2
in % of revenue	4.9	5.8	
Daimler Trucks	788	839	-6
in % of revenue	2.4	2.7	
Mercedes-Benz Vans	304	288	+6
in % of revenue	3.0	3.1	
Daimler Buses	105	76	+38
in % of revenue	2.5	1.9	
Daimler Financial Services	23	19	+21
in % of revenue	0.1	0.1	

At Mercedes-Benz Cars, investment in property, plant and equipment of €3.6 billion was almost at the prior-year level. The most important projects included the models of the new C-Class, which has been in production since 2014 in Bremen as well as in Tuscaloosa, Beijing and East London. Another focus of investment was on new sport-utility vehicles. We also made substantial investments in the modernization and realignment of our German production plants as competence centers, as well as in the expansion of our production capacities in the United States. The main areas of investment at Daimler Trucks were for new products such as the Western Star 5700XE, the new FUSO Super Great V and the new Actros and Arocs heavy-duty tractor units (SLT). In addition, progress was made with various projects for the global standardization of engines and other major components. As in the previous year, total investment in property, plant and equipment at Daimler Trucks amounted to €0.8 billion. At the Mercedes-Benz Vans division, the focus of investment was on the new Viano multipurpose vehicle and the next generation of the Vito. The main investments at Daimler Buses in 2014 were in new products and the modernization of production facilities.

In addition to capital expenditure on property, plant and equipment, we also invested amounts in associated companies and joint ventures in 2014.

Furthermore, we capitalized development costs of €1.1 billion in 2014 (2013: €1.3 billion); this is presented under intangible assets.  see page 103

Refinancing

The funds raised by Daimler in the year 2014 primarily served to refinance the leasing and sales-financing business. For that purpose, Daimler made use of a broad spectrum of various financing instruments in various currencies and markets. They include bank credits, commercial papers in the money market, bonds with medium and long maturities, customer deposits at Mercedes-Benz Bank and the securitization of receivables from customers in the financial services business (asset backed securities, ABS).

Various issue programs are available for raising longer-term funds in the capital market. They include the Euro Medium Term Note program (EMTN) with a total volume of €35 billion, under which Daimler AG and several subsidiaries can issue bonds in various currencies. Other local capital-market programs exist, significantly smaller than the EMTN program. However, in markets such as Mexico, Argentina, South Africa, Thailand and South Korea. Capital-market programs allow flexible, repeated access to the capital markets.

In 2014, the Group covered its refinancing requirements mainly through the issuance of bonds. A large proportion of those bonds were placed in the form of so-called benchmark emissions (bonds with high nominal volumes) in the US dollar and euro market. [↗ B.32](#)

As the first international corporation, Daimler AG placed bonds in the domestic capital market of the People's Republic of China, so-called panda bonds. In addition, a large number of smaller bonds were issued in various currencies in the euro market, as well as in Mexico, Brazil, Argentina, South Africa, Thailand and South Korea.

Refinancing was facilitated by high capital-market liquidity as well as by Daimler's good credit ratings. The continuation of expansive monetary policies by the central banks had a significant impact on the situation of the bond markets also in 2014. The high volumes of available liquidity meant that risk premiums for companies with investment-grade ratings fell once again compared with the previous year; this was to the benefit also of Daimler.

In addition, Daimler issued small volumes of commercial papers in 2014.

Furthermore, several asset-backed securities (ABS) transactions were carried out in the United States, Canada and Germany. In the United States for example, two emissions generated a refinancing volume totaling US\$3.1 billion. Bonds in a volume of CAN\$0.5 billion were issued in Canada, and were for the first time placed directly with investors. In addition, Mercedes-Benz Bank once again sold ABS bonds in a volume of €1.0 billion to European investors through its Silver Arrow Platform.

Bank credit was another important source of refinancing in 2014. Funds were provided not only by large, globally active banks, but increasingly also by a number of local banks. The lenders included supranational banks such as the European Investment Bank and the Brazilian Development Bank (BNDES). In this way, we continued our diversification in refinancing through banks.

In order to secure sufficient financial flexibility, in September 2013, Daimler concluded a €9 billion syndicated credit facility with a consortium of international banks with a maturity of five years and two extension options of two years in total. This provides the Group with financial flexibility until the year 2020. More than 40 European, American and Asian banks participated in the consortium. Daimler does not intend to utilize the credit line. In 2014, Daimler exercised the option to extend the facility by another year until 2019. All the banks in the consortium participated in the extension.

At the end of 2014, Daimler had short- and long-term credit lines totaling €41.7 billion (2013: €35.4 billion), of which €17.2 billion was not utilized (2012: €15.0 billion). They include a syndicated credit facility arranged in September 2013 with a consortium of international banks with a volume of €9 billion.

The carrying values of the main refinancing instruments and the weighted average interest rates are shown in table [↗ B.31](#). At December 31, 2014, they are mainly denominated in the following currencies: 43% in euros, 26% in US dollars, 4% in Brazilian real, 3% in Japanese yen and 4% in Canadian dollars.

At December 31, 2014, the total of financial liabilities shown in the consolidated statement of financial position amounted to €86,689 million (2013: €77,738 million).

Detailed information on the amounts and terms of financing liabilities is provided in [🔗 Notes 24 and 32](#) of the Notes to the Consolidated Financial Statements. [🔗 Note 32](#) also provides information on the maturities of the other financial liabilities.

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Refinancing instruments

	Average interest rates		Carrying values	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
	in %		in millions of euros	
Notes/bonds and liabilities from ABS transactions	1.68	2.14	49,165	44,875
Commercial paper	1.11	2.02	2,277	1,086
Liabilities to financial institutions	3.08	3.32	22,893	19,089
Deposits in the direct banking business	1.06	1.54	10,853	11,257

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Benchmark emissions

Issuer	Volume	Month of emission	Maturity
Daimler AG	€750 million	Jan. 2014	Jan. 2022
Daimler Finance North America LLC	US\$1,500 million	Mar. 2014	Mar. 2017
Daimler Finance North America LLC	US\$650 million	Mar. 2014	Mar. 2021
Daimler AG	€500 million	July 2014	July 2024
Daimler Finance North America LLC	US\$1,500 million	Aug. 2014	Aug. 2017
Daimler Finance North America LLC	US\$500 million	Aug. 2014	Sept. 2019
Daimler Finance North America LLC	US\$500 million	Aug. 2014	Aug. 2024