DAIMLER TRUCK

Speech at the Annual General Meeting 2023 Daimler Truck Holding AG

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Dear shareholders, dear friends of Daimler Truck,

On behalf of the entire Board of Management, I would like to welcome you very warmly to our Annual General Meeting today. I am very much looking forward to the interaction with you.

First of all, I would like to report to you about the great progress we are making at Daimler Truck. As you know, we have set ourselves two major strategic goals as a company: We aim to unlock our full earnings potential. And we aim to lead the transformation of our industry - the historic, technological transformation toward sustainable transportation. In other words, we are determined to take Daimler Truck to a new, next level. For the benefit of you, our shareholders. For the benefit of our customers and our employees. And last but not least, for the good of the general public. To consistently further develop Daimler Truck is a great task - and a great journey. It is a journey, where we have everything we need to succeed along the way; where we have a tremendous will to make this journey a success; and where we are making very good progress and have already achieved a great deal. I would now like to present all of this for you in detail.

We had a successful first year as a listed company

Let me start by looking in the rearview mirror - back at the key events and results of the 2022 financial year. Here is my first message: Our environment in 2022 was much more difficult than initially expected. Whether Russia's tragic war against Ukraine with all its upheavals, high inflation or even the strained supply chains - none of this could have been foreseen at the beginning of last year. We quickly adapted to this new, complex environment. We made last year a very successful year. A series of figures illustrates this very well: 14 - 28 - 55. These figures represent our business performance last year. Our unit sales grew by 14 percent - despite serious supply bottlenecks. Our group revenue increased twice as much, by 28 percent. And our adjusted group EBIT, i.e. our operating profit, increased almost twice as much again, by 55 percent.

14 - 28 - 55: This is not only an almost perfect mathematical series of figures, but above all the result of highly concentrated work - and a prime example of profitable growth. Daimler Truck thus achieved very profitable growth in 2022. And our absolute earnings are also impressive: Our EBIT adjusted for special effects reached just under four billion euros last year, 3.959 billion euros to be exact. This is the best result in our company's history. We can be very proud of this achievement, especially in this challenging environment. I would therefore like to thank our entire global Daimler Truck team for this strong performance!

Of course, we would like you, our shareholders, to participate in our successful business performance. The Board of Management and Supervisory Board will therefore propose to the Annual General Meeting a dividend of 1.30 euros per share for the past financial year. This is our first dividend as a listed company. It is a great premiere - and at the same time a heartfelt thank you for your confidence in Daimler Truck and in our work.

We will continue to improve and remain committed to our 2025 ambitions

When we now look ahead, we do so very confidently. Because the very best thing about the best result in our company's history is this: Despite all our successes in recent years, we still have plenty of potential to make further gains in the years ahead. We can - and we will - continue to improve. We have set ourselves very specific, ambitious goals for the further course of our journey. This already applies to the current financial year. In 2023, we want to increase our group revenue again, and above all our operating profit. And so we want to grow profitably this year as well - and our results for the first quarter of 2023 show that we are very much on track here.

In terms of unit sales, group revenue, adjusted operating profit and many other key figures, we are significantly ahead of last year in the first three months of this year. It is particularly positive that all our segments contributed to this development - Trucks North America as well as Mercedes-Benz, Trucks Asia, Daimler Buses and Financial Services. As a result, we have now further improved our profitability step by step: In 2021, we had achieved an adjusted return on sales of 6.1 percent in our industrial business. In 2022, it was already 7.7 percent. And in the first quarter of 2023, we achieved 8.8 percent. The first quarter of 2023 is therefore the most successful first quarter in the history of Daimler Truck.

In addition, the first quarter of a year is generally the weakest quarter for us over the course of the year. I would therefore like to clear up one misunderstanding. The fact that our order intake fell by eleven percent in the first quarter has been partially interpreted as a loss of momentum. This is not the case. Because the following is important to know: We are virtually sold out for the current year. And in the first few months of this year, our order books for 2024 were not yet open. The fact that our order intake has slipped somewhat temporarily in this situation is no surprise. Rather, this was to be expected and is of little significance. More importantly, our order backlog remains at a very high level. And all signs from the markets indicate that demand for our vehicles and services will remain strong beyond 2023.

This means Daimler Truck continues to have exactly the right momentum. We remain very much on track on our journey - and especially with a view to the profitability ambitions we have set ourselves for 2025. You know these ambitions from our Annual General Meeting last year, and we remain firmly committed to them. Our entire global organization is embracing all this. Our 2025 ambitions state: In a good market environment - our sunny scenario - we aim to achieve an adjusted return on sales of at least ten percent in our industrial business. In a normal market environment - our cloudy scenario - we aim to achieve a return of eight to nine percent. And in a difficult market environment, we still aim to generate a return of six to seven percent. This is our rainy scenario.

Dear shareholders and friends of Daimler Truck, as you can see: We are working with a high level of concentration, full commitment, and great success to unlock the full earnings potential of our company. This is the first major strategic goal we have set ourselves as Daimler Truck on our journey.

We aim to lead the transformation of our industry

We have the same determination with our second overarching goal: We want to lead the transformation to sustainable transportation. As Daimler Truck, we are in the best possible position to achieve this: We have a strong, global presence in all regions of the world - and this applies to our vehicle business as well as to our service offering and financial services.

And we have global innovative strength. This means that we can always take up new technologies and solutions first in the region that is at the forefront in this respect - and then successively deploy them in all other regions. As a result, we as Daimler Truck can benefit and learn from each other significantly across our various segments. Each individual segment therefore makes a decisive contribution to the success of our journey.

When it comes to sustainable transportation, we have set ourselves clear ambitions: By 2030, up to 60 percent of our unit sales in Europe should be zero-emission vehicles. And from 2039, we want to offer exclusively zero-emission vehicles in Europe, the USA and Japan. Of course, I understand very well that many people are currently concerned about other issues that have nothing to do with climate change. About the Ukraine war and other geopolitical risks, for example, or about high inflation. This inevitably pushes climate change somewhat into the background, both in the media and in the public debate. But the fight against climate change has lost none of its urgency. On the contrary: The urgency is continually increasing, as shown by the ever faster rise in average global temperatures. That is why we at Daimler Truck have made a very conscious decision: We want to lead the fight against climate change in our industry. Because it is true that trucks and buses account for a significant proportion of global CO_2 emissions.

But it is also true, and this is sometimes forgotten: Trucks and buses are not on the road for fun. They are on the road to take goods and merchandise to supermarkets, construction sites, or hospitals - and to take people to work, school, or on vacation. They form the backbone of the economy and society. With our trucks and buses, our customers keep the world moving. At Daimler Truck, we are therefore very proud of our products. We are very proud to offer commercial vehicles - vehicles that have such a great benefit for the general public. This leads to two conclusions: First, trucks and buses are absolutely indispensable - and not just today, but tomorrow as well. And second: Tomorrow, trucks and buses must - and will - be sustainable. Our entire team is working on this with the greatest passion. There’s no question about it: Taking a leading role in shaping the transformation to sustainable transportation of the future is a very ambitious goal. But we know exactly where we want to go - we have a clear compass. And we have everything in our luggage that it will take to make the journey a success.

We are pursuing a dual technology strategy with batteries and hydrogen

One core element is our technology strategy. At Daimler Truck, we are not just focusing on one sustainable propulsion concept, but on two. In parallel with batteries, we are also working on hydrogen. We are talking about a dual strategy here, and I say with pride: We adopted our hydrogen strategy several years ago - at a time when doubts about this energy carrier were still quite prevalent. I am very pleased to say that since then the negative voices have become much quieter and the positive voices much louder. It is now widely understood that economies must be able to reliably meet their energy needs in the future. To do so, they must be able to transport and store green energy. And many economies must also be able to import green energy.

In other words, the world needs a suitable, CO_2-free energy carrier. The world needs hydrogen. And I am convinced: Hydrogen will also play an important role in powering trucks and buses. This quickly becomes clear from a few facts: If zero-emission trucks were powered exclusively by batteries in the future, every highway service area would have to have somewhere between 20 and 50 charging stations. And each charging station would have to be equipped for megawatt charging. In other words, each rest stop would have the energy requirements of a small town. Such a charging infrastructure, ladies and gentlemen, exists only in the conditional tense. It is simply not realistic to provide public charging capacity on this scale everywhere. That would hopelessly overburden the expansion of the power grid. For this reason alone, we will also need hydrogen for trucks in the future - in parallel to batteries.

We are building a comprehensive product portfolio for the future

On the basis of these two propulsion concepts, we are gradually building up our product portfolio of the future. And we already made great progress in this respect. We had already launched our first battery truck on the market in 2017. Our first battery bus followed a year later, in 2018. Since then, we have been steadily expanding our product family of the future. By the end of 2022, we already had eight different zero-emission truck and bus models in series production - not only in Europe, but also in the U.S., South America and Japan. And by the end of this year, there will already be ten zero-emission series production vehicles.

In the USA, we are launching two new all-electric trucks this year that complement each other perfectly. With our new RIZON brand, we are serving the six- to nine-ton segment. And our new Freightliner eM2 occupies the nine to 15-ton segment. We have thus covered all relevant weight classes in this important market. Our Freightliner eCascadia has been in operation in the 15-plus ton segment since last year.

Ladies and gentlemen, this portfolio for the future is just a preliminary goal on our journey. We are continuously expanding it. For example, we now also offer our battery-electric Mercedes-Benz eCitaro city bus as an eCitaro fuel cell, i.e. with an additional fuel cell for additional range. Our FUSO eCanter is already available in 70 variants. And in the next few months, our Mercedes-Benz eActros 300 for distribution haulage will also go into series production as a tractor unit. We are thus launching many new variants of our zero-emission series production vehicles. And we will also be launching many completely new models in the near future, especially for long haul. Here right next to me, for example, you can see a prototype of our eActros 600, which manages a range of about 500 kilometers without intermediate charging. Next year, our eActros 600 will be ready for series production - and there is already a lot of interest from customers.

Our battery-powered vehicles will be followed by our hydrogen-powered vehicles over the further course of our journey. In the second half of this decade, we will launch hydrogen trucks, followed by hydrogen buses at the end of the decade. With hydrogen, we are a few years behind the battery on the timeline - and that is exactly the right roadmap. Because a refueling infrastructure for hydrogen will not realistically be in place for several years - that is, when we put our vehicles on the road.

There is one thing I would like to emphasize about our hydrogen strategy: So far, we have focused primarily on fuel cells. But, of course, we are also keeping a very close eye on the discussion about a hydrogen combustion engine. We are also in a very good position with this technology: First, we can make use of the enormous experience we have with classic combustion engines. Second, in recent years we have built up the necessary expertise for potential use with hydrogen.

This means we are well prepared. If the hydrogen combustion engine is supported politically for good reasons – because it is a very good CO_2-free alternative - then we can act very quickly and offer our customers suitable vehicles.

To introduce you to our zero-emission series production vehicles, I have brought you a short video.

We can act very flexibly with our technology strategy

Ladies and gentlemen, I think it has become clear: Daimler Truck has all the technologies on board that matter in this historic transformation. This puts us in a position to respond very flexibly to different scenarios. And that is crucial to success. Because the exact course of the transformation cannot be predicted. It depends on factors that we as Daimler Truck have no control over. For example, how quickly battery and hydrogen will replace the diesel engine also depends on how resolutely regulators support the operation of zero-emission vehicles and make the use of diesel more expensive. A good example of this is the CO_2-based toll that Germany plans to introduce as of December 1, 2023, which we at Daimler Truck clearly support.

It is also difficult to predict how the exact mix of battery and hydrogen will develop. The challenging development of a Europe-wide charging infrastructure plays an important role here, as do future energy prices. Depending on how the prices for electricity and hydrogen turn out in the future, our customers will increasingly opt for battery trucks or even fuel cell trucks. Against this background, one thing really surprises me: Every now and then I am still asked whether it is not risky to rely on hydrogen in addition to batteries. But the real risk lies elsewhere. It would be really risky not to develop hydrogen drives now. If the market for hydrogen vehicles were to boom, this opportunity would be completely missed.

Our flexible technology strategy is just as important for our customers as it is for us. Because it means that our customers around the world can continue to rely 100 percent on Daimler Truck in the future. Whether light or heavy loads, whether routes can be planned well or hardly at all - we will offer our customers a suitable emission-free solution for all transportation tasks. It is conceivable that the following technological segmentation will emerge over time: Urban bus and truck transportation uses batteries. Long-distance transportation uses batteries or hydrogen-based fuel cells - depending on what is most economical for our customers in each case and where the infrastructure emerges most quickly. And trucks with bodies, such as concrete mixers, which require significantly more energy for such bodies than for driving, use the hydrogen combustion engine.

We are steadily expanding our service offering

Making our customers successful – that is what we strive for at Daimler Truck in everything we do. And we know: Especially during the transformation, it is becoming increasingly important for our customers that they not only get the right vehicles from us, but also the right overall solutions.

We are therefore constantly expanding our range of services. The best example is our FUSO eCanter. We not only offer attractive services for maintenance, insurance and leasing for our eCanter. We also finance the installation of the necessary charging infrastructure, for example. We provide comprehensive advice on the best charging strategies in the depot and along the route. And we are preparing numerous other services, such as energy procurement and the reuse or recycling of batteries.

Ladies and gentlemen, as you can see: At Daimler Truck, we have a clear picture of the destination of our journey, the sustainable transportation of the future. We therefore know very well what portfolio of products, technologies, and services it will take to continue to be successful for and with our customers in the future.

Now I would like to tell you how we are organizing ourselves in the transformation to efficiently build this portfolio of the future.

We are making our production plants fit for the future

We have made targeted investments in our assembly plants so that we can manufacture conventional and zero-emission vehicles on the same production lines. This is because, as I already mentioned, it is impossible to predict exactly how the unit numbers of the various products and technologies will develop over the next few years. Flexibility is needed here - and this is something we now have in our plants.

For our German powertrain plants, we have also agreed on clear target pictures together with the Works Council.

But we are also making our plants fit for the future by making them sustainable. We have a clear timetable for this. At our European production sites, we already achieved CO_2-neutrality last year - in part by sourcing electricity from solar, wind and hydropower plants. We are also aiming to make our plants in the USA, Japan and India CO_2-neutral by 2025.

We are engaging in partnerships to mutual benefit

Ladies and gentlemen, when it comes to the question of how we organize ourselves during the transformation, another aspect is still very important: Regarding the core technologies of the future, we ensure that we have the necessary expertise in-house. But we do not want to - and we will not - do everything ourselves, and certainly not alone. Because then the capital investment would be too high and the economies of scale would be too low. That means, to stay in the picture: During the transformation, we are specifically looking for traveling companions. With the right partners, we can travel much more economically and make faster progress using fewer resources.

Here, we are also prepared to make far-reaching, strategic decisions. This is demonstrated by the memorandum of understanding we signed three weeks ago and communicated by ad hoc announcement. We intend to merge our Japanese subsidiary Mitsubishi Fuso with Hino Motors. Hino is a subsidiary of Toyota Motor Corporation. The number three and number two in the Japanese commercial vehicle market are to join forces to achieve significantly higher economies of scale - in both new and conventional drive technologies.

FUSO will therefore continue to use all relevant Daimler Truck technology platforms, especially for heavy commercial vehicles. At the same time, together with Hino, FUSO can achieve the necessary scale in light commercial vehicles that we cannot achieve on our own. In addition, Daimler Truck and Toyota have agreed to cooperate extensively in the transformation of our industry, especially in hydrogen-based powertrains. The review processes envisaged for such transactions are currently underway. We aim for the merger to be completed towards the end of 2024.

There are many other topics where we are working with partners. For example, on the important question of how we will obtain supplies of suitable batteries in the future. In order to ensure the right quality and quantity of batteries in this respect, we as Daimler Truck will establish production facilities - but not on our own, we will do so together with partners.

And we are also working with other companies to set up a charging infrastructure for zero-emission vehicles. Setting up such an infrastructure is not one of Daimler Truck's core business areas and is not intended to become one. But in the initial phase, we want to help initiate the development. Together with industrial and financial partners, we are therefore participating in the Milence and Greenlane joint ventures, which aim to establish pilot charging networks for zero-emission trucks in Europe and the USA. Ladies and gentlemen, as you can see: Daimler Truck - your company - is driving sustainable transportation forward on all crucial issues, with great determination and a clear strategy.

We need green energy for green transportation

But it is also clear that green transportation requires, first and foremost, green energy. Green energy must be available in sufficient quantities, at affordable prices - and, above all, on time. If we are too slow here, we will have to charge electric truck batteries with coal-fired electricity. Or produce hydrogen with fossil fuels. Surely, this is something no one wants. Because then we would have gained nothing as a society. In that case, we could just stick with diesel trucks, which would actually be better for the climate. We must therefore now rapidly expand green energies along the entire value chain, from generation to distribution.

As Daimler Truck, we are engaged in an intensive exchange of ideas with politicians and regulators on the question of how to accelerate the development of infrastructure. We are very willing to provide constructive advice. What we urgently need here in Europe - along the lines of the Inflation Reduction Act in the USA - is a Bureaucracy Reduction Act. In infrastructure projects, we need to significantly simplify and accelerate all processes and procedures, at all levels. At Daimler Truck, we are constantly working on our processes to keep up a high cruising speed - and that’s what authorities and regulators need to do as well.

We look to the future with confidence

Dear shareholders, dear friends of Daimler Truck, I think we can all be very proud of our company: We have a clear picture of the future of transportation - and we are playing a decisive role in shaping this future. We are successfully working on our profitability, as our business figures show. We are making great progress in our transformation. We have a clear compass for the journey ahead - and we have a tremendous drive to succeed.

I am therefore very confident about the future of Daimler Truck. This is true for 2023 - and it’s even more true for 2030. Our entire team is determined to seize the enormous opportunities that this historic transformation of our industry will bring. Or, to put it in the words of the drivers who go on great journeys with our trucks day after day: We deliver!

Thank you.

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