DAIMLER

Interim Report Q3 2018

Contents

Cover photo: the new Mercedes-Benz Actros.

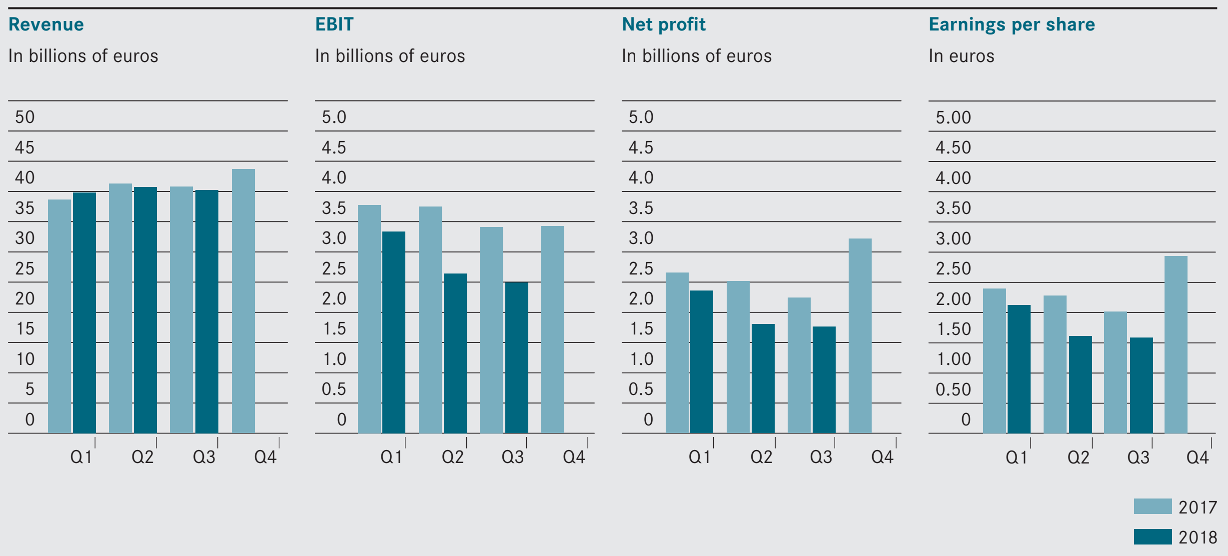
The new Actros presents an array of new features: With Active Drive Assist, this Mercedes-Benz truck puts partially automated driving into series production. The system can brake, accelerate and steer in all speed ranges. With the further developed Active Brake Assist with a combined radar and camera system, the space in front of the truck can now be monitored even better. The driver is supported in the event of an impending collision, if necessary with full emergency braking. Enhanced safety is provided also with the new mirror cams, which replace the exterior mirrors. And two interactive color displays in the cab with touchscreen operation make multiple switches and buttons unnecessary.

Q3

Key Figures Daimler Group

€ amounts in millions	Q3 2018	Q3 2017	% change
Revenue	40,211	40,745 [2]	-1[1]
Europe	16,151	16,682	-3
thereof Germany	5,931	5,803	+2
NAFTA	11,743	11,525	+2
thereof United States	10,068	9,881	+2
Asia	9,668	9,904	-2
thereof China	4,746	4,601	+3
Other markets	2,649	2,634	+1
Investment in property, plant, equipment	2,065	1,466	+41
Research and development expenditure	2,373	2,296	+3
thereof capitalized development costs	598	649	-8
Free cash flow of the industrial business	-1,864	2,733	.
EBIT	2,488	3,409 [2]	-27
Net profit	1,761	2,237 [2]	-21
Earnings per share (in euros)	1.58	2.01 [2]	-21
Employees	300,367	289,321 [3]	+4

1 Adjusted for the effects of currency translation 0%.
2 The amounts have been adjusted due to first-time adoption of IFRS 15 and IFRS 9. Further information is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.
3 As of December 31, 2017.



Q1-3

Key Figures Daimler Group

€ amounts in millions	Q1-3 2018	Q1-3 2017	% change
Revenue	120,752	120,541 [2]	+0[1]
Europe	49,878	49,962	-0
thereof Germany	18,080	17,769	+2
NAFTA	33,826	34,098	-1
thereof United States	28,869	29,405	-2
Asia	29,511	28,842	+2
thereof China	14,399	13,697	+5
Other markets	7,537	7,639	-1
Investment in property, plant, equipment	4,958	4,170	+19
Research and development expenditure	6,984	6,561	+6
thereof capitalized development costs	1,877	2,052	-9
Free cash flow of the industrial business	-60	5,771	.
EBIT	8,463	10,927 [2]	-23
Net profit	5,940	7,401 [2]	-20
Earnings per share (in euros)	5.32	6.68 [2]	-20
Employees	300,367	289,321 [3]	+4

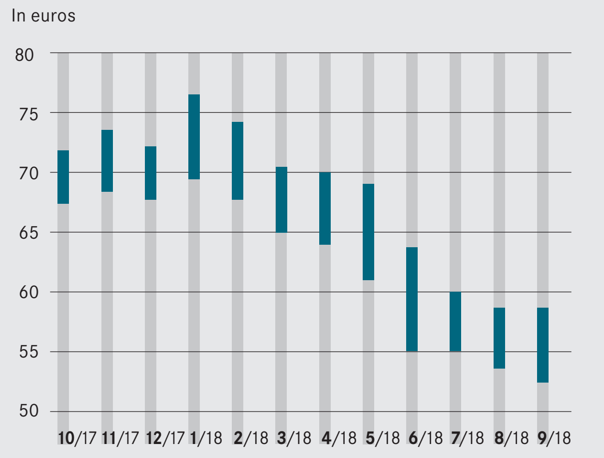
1 Adjusted for the effects of currency translation, increase in revenue of 3%.
2 The amounts have been adjusted due to first-time adoption of IFRS 15 and IFRS 9. Further information is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.
3 As of December 31, 2017.

Daimler and the Capital Market

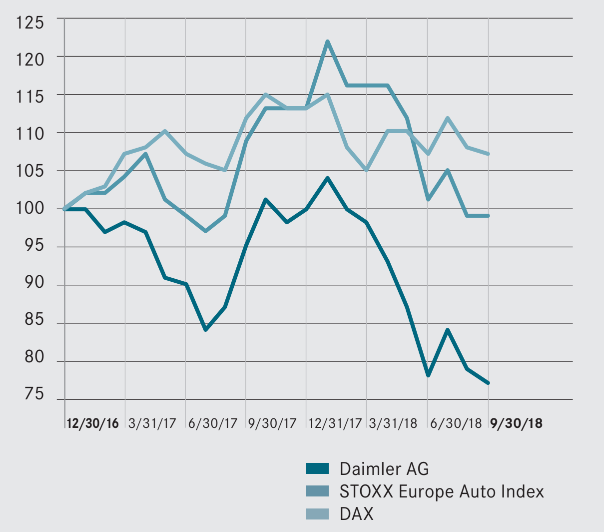
Key figures

	Sept. 30, 2018	Sept. 30, 2017	% change
Earnings per share in Q3 (in €)	**1.58**	2.01	-21
Outstanding shares (in millions)	**1,069.8**	1,069.8	0
Market capitalization (€ billion)	**58.15**	72.18	-19
Xetra closing price (in €)	**54.35**	67.47	-19

Daimler share price (high/low), 2017/2018



Share-price development (indexed)



Slight fall in automotive stocks in third quarter of 2018

The ongoing trade dispute about possible punitive tariffs and corresponding countermeasures continued to hinder the development of global stock markets in the third quarter. An impairment of international trade has a particularly negative impact on the profitability of the automotive industry with its global supply and production networks. In Europe, Italy's structurally high national debt and the faltering Brexit negotiations had additional negative effects on the financial markets. While investors recognize the long-term opportunities arising from high investments in the technologies of the future, automotive stocks nonetheless remain favorably priced compared with other sectors.

The ongoing positive development of new orders for trucks in the United States did not provide any sustained impetus for the Daimler share price in the third quarter. The temporary decrease in unit sales at Mercedes-Benz Cars in connection with the certification process according to the new WLTP standard and increased import tariffs on US vehicles in China adversely affected the share-price development. At the end of the third quarter, Daimler shares were priced at €54.35 and thus about 1% lower than at the end of the second quarter of 2018. During the same period, the DAX fell by 0.5% and the STOXX Europe Auto Index fell by 2%.

Favorable interest environment used for refinancing

In the third quarter of 2018, the Daimler Group once again undertook refinancing at attractive conditions in the international money and capital markets. In early August, Daimler International Finance B.V. issued a triple-tranche bond with a volume of €3.0 billion. And in July 2018, Daimler successfully concluded negotiations with a consortium of international banks for a new credit line with a volume of €11 billion. Daimler had a total liquidity inflow of €5.8 billion from the issuance of bonds in the third quarter of this year (Q3 2017: €6.1 billion).

Interim Management Report

Decrease in unit sales to 794,700 vehicles (-4%)
Revenue of €40.2 billion (Q3 2017: €40.7 billion)
Group EBIT of €2.5 billion (Q3 2017: €3.4 billion)
Net profit of €1.8 billion (Q3 2017: €2.2 billion)
Free cash flow of the industrial business of minus €60 million in first nine months (Q1-3 2017: €5.8 billion)
Slight growth in unit sales and revenue anticipated for full-year 2018
Group EBIT expected to be significantly lower than in 2017

Business development

Moderate slowdown in growth of the world economy
The growth of the **world economy** slowed down somewhat in the third quarter as a result of increasing geopolitical tension, but was still very robust at about 3%, although there were large differences in the economic dynamism of individual countries and regions. Fluctuations in global stock markets and trade tension, driven by the US government's protectionist measures and countermeasures in particular from China, had a negative impact on global sentiment indicators. However, the effects on the US economy itself were at first not noticeable; the tax reform passed at the end of 2017 continued to boost companies' optimism and private consumption also developed very dynamically once again, although less so than in the second quarter. In line with these developments, the US Federal Reserve continued its course of increasing interest rates and raised its benchmark rates by another 25 basis points in September. In the European Monetary Union, economic growth seems to have continued at a similar rate to that of the second quarter, but was once again weaker than in the prior-year period. This development is likely to cause the European Central Bank to moderate its still expansive monetary policy and discontinue its bond-buying program at the end of 2018, as previously announced. The Chinese economy continued its stable development with only slightly less dynamism also in the third quarter, following the surprisingly strong growth at the beginning of the year. Oil prices of between 70 and 80 US dollars per barrel were significantly higher than in the same period of last year, and prices of industrial raw materials also continued rising during the third quarter. Emerging markets with significant levels of raw-material exports continued to benefit from this trend. However, the pressure on the currencies of some large emerging markets increased significantly due to higher US interest rates and the resulting strength of the dollar, and the resulting massive exchange-rate losses reached crisis proportions in Turkey and Argentina.

Worldwide demand for cars no longer developed as positively as in the past quarters and was recently even slightly below prior-year level. The European market was about the prior-year level. The development of cars sales in Western Europe for the months from July until September was very volatile due to special effects connected with the introduction of the new WLTP certification procedure reaching in total approximately the volume of the prior-year period. The individual markets displayed considerable differences in this respect. The German market was slightly larger than in the third quarter of 2017. The market in the United Kingdom contracted significantly, while demand in France was significantly higher than in the same period of last year. Sales in Eastern Europe decreased slightly on the whole, whereas the Russian market showed a significant expansion. After tax incentives for buyers of small cars were discontinued at the beginning of the year in China, demand has grown only moderately so far this year. Compared with the strong prior-year period, sales there actually decreased significantly in the third quarter. The US market for cars and light trucks was slightly smaller than in the third quarter of last year. Car sales in Japan were at about the prior-year level.

Demand for **medium- and heavy-duty trucks** continued its generally positive development with some regional differences. The market in the NAFTA region continued its strong recovery and surpassed the prior-year level by approximately a quarter. Demand in the EU30 region (European Union, Switzerland and Norway) continued at a very solid level and increased significantly compared with the prior-year period. The significant recovery of the Brazilian market continued with growth of more than 50%, although from a very low level. However, the Turkish market contracted by a significant double-digit percentage as a result of massive currency depreciation and the worsening economic outlook. According to recent estimates, the recovery of demand for trucks in Russia weakened significantly in the third quarter.

The most important Asian markets from Daimler's perspective developed disparately. In Japan, demand for light-, medium- and heavy-duty trucks remained solid, but was 4% lower than in the prior-year quarter. In India, the strong recovery continued in the medium- and heavy-duty segment, but the volume of the Chinese market in the third quarter was significantly below the prior-year level.

Demand for vans in the EU30 region in the third quarter of 2018 was at the prior-year level, with a 1% increase in the market volume for mid-size and large vans. Demand for small vans decreased by 2%. In the segment of mid-size pickups, the market grew by 2% compared with the prior-year quarter. The US market for large vans was slightly larger than in the prior-year period. In Latin America, the market for large vans continued to develop positively compared with the third quarter of last year.

The market volume for **buses** in the EU30 region was at the prior-year level. Demand for bus chassis in Brazil increased significantly compared with the third quarter of last year (+25%).

Decrease of 4% in third-quarter unit sales
In the third quarter of 2018, the Daimler Group sold 794,700 cars and commercial vehicles worldwide (Q3 2017: 824,100). ↗ C.01

Sales of 559,500 units by **Mercedes-Benz Cars** in the third quarter of 2018 were below the high level of the prior-year period (-6%). The reasons for the decrease in unit sales include model changes, restricted vehicle availability in Europe and some international markets and very intense competition. In Europe, 223,600 automobiles of the Mercedes-Benz and smart brands were sold in the three months of July through September (-12%), of which 72,100 were sold in Germany (-13%). In China, the division's biggest market, a new record was set of more than 170,400 units sold in the third quarter, surpassing the previous record from last year by 11%. Unit sales in the United States were affected by delays in vehicle certification and decreased to 76,000 vehicles (-8%).

Daimler Trucks increased its unit sales to 136,100 vehicles in the third quarter (Q3 2017: 126,600). Sales in the NAFTA region increased significantly to 52,700 units (Q3 2017: 45,300). Our sales of 9,800 units in Latin America were also significantly higher than in the prior-year period (Q3 2017: 8,000). Third-quarter sales of 6,000 vehicles in Brazil were 63% above the prior-year level. Sales of 21,900 units in the EU30 region (European Union, Switzerland and Norway) were also higher than in the third quarter of last year (Q3 2017: 20,900). The weakening of the Turkish truck market was reflected in our third-quarter sales there, which at 900 units were lower than in the same period of last year (Q3 2017: 3,400). In Asia, we increased our deliveries to 42,300 vehicles (Q3 2017: 40,000). Sales of 17,800 units in Indonesia were about 50% above the prior-year level. Also in India, our sales of 5,300 units represent a significant increase over the prior-year period (Q3 2017: 4,900). Truck sales in Japan decreased due to the general market development to 10,700 units (Q3 2017: 11,900).

Sales by **Mercedes-Benz Vans** of 91,400 units in the third quarter of 2018 were 2% lower than in the same period of last year, due among other things to delays in the delivery of the Vito, V-Class and Sprinter models. In the EU30 region, Mercedes-Benz Vans recorded a 3% decrease in unit sales to 57,000 vehicles. Our sales of 22,400 units in the German market were 5% lower than in the prior-year period. The development was positive in the NAFTA region, where a new record was set in the third quarter with sales of 13,000 units (Q3 2017: 12,600). Sales in the United States increased by 1% to 9,600 units. In Latin America, unit sales increased by a significant 13% to 4,700 vehicles. Mercedes-Benz Vans further improved its position in China and achieved its bestselling third quarter there so far with sales of 7,400 units (+9%).

Third-quarter sales by **Daimler Buses** increased by 7% to 7,700 units. In the EU30 region, Daimler Buses sold 2,100 complete buses and bus chassis of the Mercedes-Benz and Setra brands in the third quarter of 2018, which is significantly more than in the prior-year period (+15%). In Latin America (excluding Mexico), our sales of 3,400 chassis were lower than in the prior-year quarter despite stronger demand in Brazil (Q3 2017: 3,600). We sold 900 units in the third quarter in Mexico, an increase of 4% compared with the same period of last year. In India, Daimler Buses achieved significant sales growth to 420 units (Q3 2017: 280).

At **Daimler Financial Services**, against the backdrop of lower unit sales by the automotive divisions, new business decreased compared with the third quarter of last year by 5% to €16.6 billion. Daimler Financial Services' portfolio included more than 5.1 million vehicles at the end of September; this is equivalent to a contract volume of €148.8 billion and thus growth of 6% compared with the end of 2017. The insurance business also developed positively. Worldwide, 566,000 insurance contracts were brokered by Daimler Financial Services in the third quarter (Q3 2017: 551,000).

The Daimler Group's **revenue** amounted to €40.2 billion in the third quarter (Q3 2017: €40.7 billion). Adjusted for exchange-rate effects, revenue was at the prior-year level. ↗ C.02

Mercedes-Benz Cars' revenue decreased by 7% to €21.7 billion, primarily due to the fall in unit sales. Revenue at Daimler Trucks increased by 9% to €10.0 billion. At Mercedes-Benz Vans, revenue decreased by 2% to €3.0 billion. Daimler Buses increased its revenue by 3% to €1.1 billion. Daimler Financial Services' revenue increased by 7% to €6.3 billion.

C.01
Unit sales by division

	Q3 2018	Q3 2017	% change
Daimler Group	**794,749**	824,130	-4
Mercedes-Benz Cars	**559,539**	597,253	-6
Daimler Trucks	**136,055**	126,558	+8
Mercedes-Benz Vans	**91,414**	93,106	-2
Daimler Buses	**7,741**	7,213	+7

C.02
Revenue by division

In millions of euros	Q3 2018	Q3 2017 [1]	% change
Daimler Group	**40,211**	40,745	-1
Mercedes-Benz Cars	**21,672**	23,355	-7
Daimler Trucks	**10,045**	9,210	+9
Mercedes-Benz Vans	**3,039**	3,090	-2
Daimler Buses	**1,064**	1,036	+3
Daimler Financial Services	**6,250**	5,836	+7

1 The comparative figures have been adjusted due to the effects of first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is provided in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Profitability

The **Daimler Group** achieved third-quarter EBIT of €2,488 million in 2018, which is significantly below its prior-year earnings (Q3 2017: €3,409 million). ↗ C.03

Due in particular to a lower sales volume and expenses in connection with ongoing governmental proceedings and measures taken for diesel vehicles, EBIT at the Mercedes-Benz Cars division decreased significantly compared with the third quarter of last year. Mainly as a result of increased unit sales in the NAFTA region, Daimler Trucks' earnings were significantly above the level of the prior-year quarter. The Mercedes-Benz Vans division was not able to match its EBIT of the prior-year period. Earnings in the third quarter of 2018 at Daimler Buses were slightly lower than in the prior-year quarter. At Daimler Financial Services, earnings decreased mainly due to the increasing interest-rate level. Exchange-rate effects had an overall negative impact on earnings.

The reconciliation of segment earnings to Group EBIT in the third quarter of the year 2018 resulted in expenses at the level of the prior-year quarter.

C.03
EBIT by segment

In millions of euros	Q3 2018	Q3 2017[1]	% change	Q1-3 2018	Q1-3 2017[1]	% change
Mercedes-Benz Cars	1,372	2,105	-35	5,333	6,468	-18
Daimler Trucks	850	614	+38	2,043	1,824	+12
Mercedes-Benz Vans	-93	214	.	231	900	-74
Daimler Buses	30	32	-6	133	182	-27
Daimler Financial Services	392	508	-23	1,006	1,554	-35
Reconciliation	-63	-64	.	-283	-1	.
Daimler Group[2]	2,488	3,409	-27	8,463	10,927	-23

1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.
2 EBIT, the indicator of operating performance, comprises earnings before interest income and corporate income taxes. The reconciliation of the Daimler Group's EBIT to earnings before income taxes is included in Note 20 of the Notes to the Interim Consolidated Financial Statements.

In the third quarter of 2018, the EBIT of the **Mercedes-Benz Cars** division was €1,372 million, which is significantly below the prior-year figure of €2,105 million. The division's return on sales was 6.3% (Q3 2017: 9.0%). ↗ C.03

In the third quarter of the year 2018, the decline in sales volume due to restricted vehicle availability caused by delays in certification and temporarily weaker pricing had a negative impact on EBIT. Furthermore, expenses in connection with ongoing governmental proceedings and measures relating to diesel vehicles affected EBIT negatively. In addition, advance expenditure for new technologies and future products as well as unfavorable exchange-rate effects affected earnings negatively. Also, expenses in connection with the possible need to take action on certain vehicles still operating with the previously used refrigerant R134a also reduced earnings. A gain of €185 million from the remeasurement at fair value of the investment in Aston Martin Lagonda Global Holdings plc (Aston Martin) had a positive effect on EBIT.

In the prior-year period, earnings were negatively affected by expenses for a specific vehicle recall (€230 million) and expenses for voluntary service activities in connection with a comprehensive plan for diesel engines (€223 million).

The **Daimler Trucks** division's EBIT of €850 million was significantly above the prior-year level (Q3 2017: €614 million). Its return on sales was 8.5% (Q3 2017: 6.7%). ↗ C.03

In the third quarter of the year 2018, growth in unit sales especially in the NAFTA region as well as further efficiency enhancements had a positive effect on earnings. In the prior-year period, expenses for the fixed-cost optimization (€70 million) affected EBIT negatively. Earnings were reduced by higher expenses for raw materials and other additional costs, mainly resulting from supply-chain constraints.

In the third quarter of 2018, the **Mercedes-Benz Vans** division's EBIT amounted to minus €93 million and was thus significantly below its prior-year result (Q3 2017: EBIT of €214 million). The division's return on sales decreased to -3.1% (Q3 2017: 6.9%). ↗ C.03

Earnings were impacted by advance expenditure for new technologies and future products and by expenses for the Sprinter model change. EBIT was also reduced by expenses in connection with ongoing governmental proceedings and measures taken for diesel vehicles as well as by lower unit sales caused by delivery delays.

The **Daimler Buses** division posted EBIT of €30 million in the third quarter of 2018, which is slightly below the prior-year level (Q3 2017: €32 million). The division's return on sales was 2.8% (Q3 2017: 3.1%). ↗ C.03

Further efficiency enhancements only partially offset the decrease in earnings caused by a changed product mix and higher inflation-related cost increases.

In the third quarter of 2018, the **Daimler Financial Services** division achieved EBIT of €392 million, which is significantly below its earnings of the prior-year quarter (Q3 2017: €508 million). ↗ C.03

The determining factors were the increasing interest-rate level and the cost-of-risk situation in Turkey. Increasing contract volume only partially offset these effects.

The **reconciliation** of the divisions' EBIT to Group EBIT comprises gains and losses at the corporate level and the effects on earnings of eliminating intra-group transactions between the divisions.

Items at the corporate level resulted in expenses of €62 million in the third quarter of 2018 (Q3 2017: €72 million).

The elimination of intra-group transactions resulted in expenses of €1 million in the third quarter of 2018 (Q3 2017: income of €8 million).

Net interest expense in the third quarter of 2018 amounted to €140 million (Q3 2017: €96 million).

The **income-tax expense** recognized in the third quarter of 2018 amounts to €584 million (Q3 2017: €1,072 million) and developed largely in line with the change in profit before income taxes. The effective tax rate was 24.9% (Q3 2017: 32.4%). In 2018, the lower nationwide federal corporate income tax rate for US companies had a positive impact on the effective tax rate. Furthermore, the gain on the remeasurement of the investment in Aston Martin was largely tax-free.

Net profit for the third quarter of 2018 of €1,761 million was significantly below the prior-year figure (Q3 2017: €2,237 million). Net profit of €72 million is attributable to **non-controlling interests** (Q3 2017: €91 million). Net profit **attributable to the shareholders of Daimler AG** amounts to €1,689 million (Q3 2017: €2,146 million), representing a decrease in **earnings per share** to €1.58 (Q3 2017: €2.01).

The calculation of earnings per share (basic) is based on an unchanged average number of outstanding shares of €1,069.8 million.

C.04

Consolidated statement of income for the three-month periods ended September 30[1]	Consolidated		Industrial Business[2]		Daimler Financial Services	
	Q3 2018	Q3 2017[3]	Q3 2018	Q3 2017[3]	Q3 2018	Q3 2017[3]
In millions of euros						
Revenue	40,211	40,745	33,961	34,909	6,250	5,836
Cost of sales	-32,247	-32,224	-26,821	-27,292	-5,426	-4,932
Gross profit	7,964	8,521	7,140	7,617	824	904
Selling expenses	-3,191	-3,047	-2,963	-2,860	-228	-187
General administrative expenses	-953	-928	-750	-678	-203	-250
Research and non-capitalized development costs	-1,775	-1,647	-1,775	-1,647	-	-
Other operating income	335	494	307	451	28	43
Other operating expense	-419	-92	-407	-89	-12	-3
Profit/loss on equity-method investments, net	325	194	335	196	-10	-2
Other financial income/expense, net	199	-90	206	-93	-7	3
Interest income	64	51	64	51	-	-
Interest expense	-204	-147	-203	-146	-1	-1
Profit before income taxes	2,345	3,309	1,954	2,802	391	507
Income taxes	-584	-1,072	-470	-917	-114	-155
Net profit	1,761	2,237	1,484	1,885	277	352
thereof profit attributable to non-controlling interests	72	91				
thereof profit attributable to shareholders of Daimler AG	1,689	2,146				
Earnings per share (in euros)						
for profit attributable to shareholders of Daimler AG						
Basic	1.58	2.01				
Diluted	1.58	2.01				

1 The columns "Industrial business" and "Daimler Financial Services" represent a business point of view.
2 The industrial business comprises the vehicle segments Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. Intra-group eliminations between the industrial business and Daimler Financial Services are generally allocated to the industrial business.
3 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Cash flows

In the first nine months of 2018, **cash used for/provided by operating activities** ↗ C.05 resulted in a cash outflow of €0.8 billion (Q1-3 2017: cash inflow €3.8 billion). The sharp decrease was primarily due to the general business performance and the development of working capital, reflecting in particular the stronger increase in inventories because of restrictions in the availability of vehicles caused by the delay of certification processes at Mercedes-Benz Cars. In addition, Mercedes-Benz Vans experienced delivery delays caused by certain measures for diesel vehicles. Opposing positive effects resulted from the development of the leasing and sales-financing business.

C.05

Condensed statement of cash flows[1]	Consolidated		Industrial Business[2]		Daimler Financial Services	
	Q1-3 2018	Q1-3 2017[3]	Q1-3 2018	Q1-3 2017[3]	Q1-3 2018	Q1-3 2017[3]
In millions of euros						
Cash and cash equivalents at beginning of period	12,072	10,981	9,515	8,751	2,557	2,230
Profit before income taxes	8,122	10,651	7,119	9,101	1,003	1,550
Depreciation and amortization/impairments	4,576	4,158	4,487	4,085	89	73
Other non-cash expense and income and gains/losses on disposals of assets	-946	-1,598	-1,436	-1,653	490	55
Change in operating assets and liabilities						
Inventories	-6,715	-2,705	-6,825	-2,744	110	39
Trade receivables	-379	-635	-224	-137	-155	-498
Trade payables	3,998	3,971	3,942	3,718	56	253
Receivables from financial services	-6,709	-7,408	-32	-106	-6,677	-7,302
Vehicles on operating leases	-1,364	-2,687	812	591	-2,176	-3,278
Other operating assets and liabilities	-105	1,809	-713	1,162	608	647
Dividends received from equity-method investments	946	841	870	840	76	1
Income taxes paid	-2,254	-2,582	-1,371	-2,412	-883	-170
Cash used for/provided by operating activities	-830	3,815	6,629	12,445	-7,459	-8,630
Additions to property, plant and equipment and intangible assets	-7,251	-6,700	-7,152	-6,610	-99	-90
Investments in and disposals of shareholdings	-224	-640	24	-595	-248	-45
Acquisitions and sales of marketable debt securities and similar investments	195	1,114	204	988	-9	126
Other	372	692	426	678	-54	14
Cash used for/provided by investing activities	-6,908	-5,534	-6,498	-5,539	-410	5
Change in financing liabilities	14,802	12,666	9,004	6,181	5,798	6,485
Dividends paid	-4,170	-3,723	-4,169	-3,720	-1	-3
Other transactions with shareholders	-10	14	-20	-19	10	33
Internal equity and financing transactions	-	-	-2,181	-2,192	2,181	2,192
Cash provided by financing activities	10,622	8,957	2,634	250	7,988	8,707
Effect of foreign exchange rate changes on cash and cash equivalents	58	-818	95	-739	-37	-79
Cash and cash equivalents at end of period	15,014	17,401	12,375	15,168	2,639	2,233

1 The columns "Industrial business" and "Daimler Financial Services" represent a business point of view.
2 The industrial business comprises the vehicle segments Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. Intra-group eliminations between the industrial business and Daimler Financial Services are generally allocated to the industrial business.
3 The prior-year figures have been restated due to the effects of first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

C.06
Free cash flow of the industrial business

In millions of euros	Q1-3 2018	Q1-3 2017	Change
Cash Cash used for/provided by operating activities	6,629	12,445	-5,816
Cash Cash used for/provided by investing activities	-6,498	-5,539	-959
Change in marketable debt securities and similar investments	-204	-988	+784
Other adjustments	13	-147	+160
Free cash flow of the industrial business	-60	5,771	-5,831

C.07
Net liquidity of the industrial business

In millions of euros	Sept. 30, 2018	Dec. 31, 2017	Change
Cash and cash equivalents	12,375	9,515	+2,860
Marketable debt securities and similar investments	8,691	8,894	-203
Liquidity	21,066	18,409	+2,657
Financing liabilities	-7,115	-1,600	-5,515
Market valuation and currency hedges for financing liabilities	-452	-212	-240
Financing liabilities (nominal)	-7,567	-1,812	-5,755
Net liquidity	13,499	16,597	-3,098

C.08
Net debt of the Daimler Group

In millions of euros	Sept. 30, 2018	Dec. 31, 2017	Change
Cash and cash equivalents	15,014	12,072	+2,942
Marketable debt securities and similar investments	9,865	10,063	-198
Liquidity	24,879	22,135	+2,744
Financing liabilities	-141,126	-127,124	-14,002
Market valuation and currency hedges for financing liabilities	-446	-229	-217
Financing liabilities (nominal)	-141,572	-127,353	-14,219
Net debt	-116,693	-105,218	-11,475

Cash used for investing activities ↗ C.05 amounted to a cash outflow of €6.9 billion (Q1-3 2017: €5.5 billion). The change compared with the first nine months of last year primarily reflects acquisitions and disposals of securities and similar investments in the context of liquidity management. Those transactions resulted in a significantly lower cash inflow in the first nine months of 2018 than in the prior year period. Furthermore, increased investments in property, plant and equipment also affected cash used for investing activities.

Cash provided by financing activities ↗ C.05 resulted in a cash inflow of €10.6 billion (Q1-3 2017: €9.0 billion). The increase was primarily caused by a higher net cash inflow from new financing liabilities in the context of refinancing the leasing and sales-financing business, as well as making use of the attractive conditions in the international money and capital markets. Opposing effects resulted from the increased dividend payment to shareholders of Daimler AG.

Cash and cash equivalents increased compared with December 31, 2017 by €2.9 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities and similar investments, increased by €2.7 billion to €24.9 billion.

The parameter used by Daimler to measure the financial capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ C.06, which is derived from the reported cash flows from operating and investing activities. The cash flows from the acquisition and sale of marketable debt securities and similar investments included in cash flows from investing activities are deducted, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

Other adjustments relate to non-cash additions to property, plant and equipment that are allocated to the Group as their beneficial owner due to the form of their underlying lease contracts. Furthermore, effects from the financing of dealerships and effects from internal deposits within the Group are adjusted. In addition, the calculation of the free cash flow includes the cash flows to be shown under cash provided by financing activities in connection with the acquisition or disposal of interests in subsidiaries without loss of control.

In the first nine months of 2018, the **free cash flow of the industrial business** led to a cash outflow of €60.0 million (Q1-3 2017: cash inflow of €5.8 billion). The substantial decrease was primarily due to the general business performance and the development of working capital, reflecting in particular the stronger increase in inventories because of restrictions in the availability of vehicles caused by the delay of certification processes at Mercedes-Benz Cars. In addition, Mercedes-Benz Vans experienced delivery delays caused by certain measures for diesel vehicles. Furthermore, there was an impact from increased investments in property, plant and equipment. However, lower income-tax payments had a positive impact on the free cash flow of the industrial business.

In the first nine months of 2018, the **free cash flow of the Daimler Group** led to a cash outflow of €8.0 billion (Q1-3 2017: €3.0 billion). Besides the effects of the free cash flow of the industrial business, the free cash flow of the Daimler Group is mainly affected by the leasing and sales-financing business of Daimler Financial Services.

The **net liquidity of the industrial business** ↗ C.07, is calculated as the total amount as shown in the statement of financial position of cash, cash equivalents and marketable debt securities and similar investments included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business.

Compared with December 31, 2017, the net liquidity of the industrial business decreased by €3.1 billion to €13.5 billion. The dividend payment to shareholders of Daimler AG led to a decrease in net liquidity that was only partially offset by positive exchange rate effects.

Net debt at Group level, which primarily results from refinancing the leasing and sales-financing business, increased compared with December 31, 2017 by €11.5 billion to €116.7 billion. ↗ C.08

The Daimler Group once again utilized attractive conditions in the international money and capital markets for **refinancing** in the third quarter of 2018.

In the third quarter of 2018, Daimler had a cash inflow of €5.8 billion from the **issuance** of bonds (Q3 2017: €6.1 billion). The redemption of bonds resulted in cash outflows of €3.5 billion (Q3 2017: €3.2 billion). A large proportion of the issuance volume was carried out in the form of so-called benchmark bonds (bonds with high nominal values). ↗ C.09

In addition to the issuances shown in the table, multiple smaller issuances were undertaken in various countries.

Furthermore, five **asset-backed securities (ABS) transactions** were conducted in the third quarter of 2018. In the United States, a total volume of $3.5 billion was generated with two transactions. In China, bonds in a volume of RMB 8.0 billion were successfully placed on the market. Further transactions were carried out in Germany (€0.75 billion) and United Kingdom (GBP 0.4 billion).

In July 2018, Daimler successfully concluded negotiations with a consortium of international banks for a new **credit line** with a volume of €11 billion. With a term of five years, it grants Daimler additional financial flexibility until 2023. If the agreed extension options are exercised and confirmed by the banks, the term would be extended into the year 2025. Daimler does not intend to utilize the credit line.

C.09
Benchmark issuances

Issuer	Volume	Month of issue	Maturity
Daimler International Finance B.V.	€1,500 million	Aug. 2018	Aug. 2021
Daimler International Finance B.V.	€1,000 million	Aug. 2018	Apr. 2024
Daimler International Finance B.V.	€500 million	Aug. 2018	Feb. 2027

Financial position

The **balance sheet total** increased compared with December 31, 2017 from €255.3 billion to €276.6 billion; adjusted for the effects of currency translation, the increase amounts to €21.8 billion. Daimler Financial Services accounts for €159.5 billion of the balance sheet total (December 31, 2017: €150.0 billion), equivalent to 58% of the Daimler Group's total assets (December 31, 2017: 59%).

The increase in total assets is primarily due to the increased volume of the financial services business, as well as higher inventories and cash and cash equivalents. On the liabilities side of the balance sheet, there were increases primarily in financing liabilities and trade liabilities. Current assets account for 44% of the balance sheet total, which is higher than at the end of last year (December 31, 2017: 42%). Current liabilities amount to 35% of total equity and liabilities, slightly higher than at December 31, 2017 (34%).

C.10

Condensed statement of financial position[1]	Consolidated		Industrial Business[2]		Daimler Financial Services	
	At Sept. 30, 2018	At Dec. 31, 2017[3]	**At Sept. 30, 2018**	At Dec. 31, 2017[3]	**At Sept. 30, 2018**	At Dec. 31, 2017[3]
In millions of euros						
Assets						
Intangible assets	**14,530**	13,735	**13,640**	12,789	**890**	946
Property, plant and equipment	**29,577**	27,981	**29,502**	27,914	**75**	67
Equipment on operating leases	**49,060**	47,074	**18,563**	18,071	**30,497**	29,003
Receivables from financial services	**92,573**	86,054	**-101**	-109	**92,674**	86,163
Equity-method investments	**4,759**	4,818	**4,533**	4,670	**226**	148
Inventories	**32,126**	25,686	**31,025**	24,492	**1,101**	1,194
Trade receivables	**12,011**	11,995	**9,923**	9,742	**2,088**	2,253
Cash and cash equivalents	**15,014**	12,072	**12,375**	9,515	**2,639**	2,557
Marketable debt securities and similar investments	**9,865**	10,063	**8,691**	8,894	**1,174**	1,169
thereof current	**9,190**	9,073	**8,689**	8,893	**501**	180
thereof non-current	**675**	990	**2**	1	**673**	989
Other financial assets	**6,511**	6,806	**-11,539**	-10,661	**18,050**	17,467
Other assets	**10,059**	9,061	**497**	39	**9,562**	9,022
Assets held for sale	**493**	-	**-**	-	**493**	-
Total assets	**276,578**	255,345	**117,109**	105,356	**159,469**	149,989
Equity and liabilities						
Total equity	**65,553**	65,159	**53,108**	52,780	**12,445**	12,379
Provisions	**22,076**	22,136	**20,955**	21,110	**1,121**	1,026
Financing liabilities	**141,126**	127,124	**7,115**	1,600	**134,011**	125,524
thereof current	**53,218**	48,746	**-19,347**	-19,435	**72,565**	68,181
thereof non-current	**87,908**	78,378	**26,462**	21,035	**61,446**	57,343
Trade payables	**16,416**	12,451	**15,555**	11,632	**861**	819
Other financial liabilities	**10,685**	9,275	**6,335**	5,375	**4,350**	3,900
Contract liabilities	**11,560**	11,208	**11,185**	10,862	**375**	346
Other liabilities	**8,956**	7,992	**2,856**	1,997	**6,100**	5,995
Liabilities held for sale	**206**	-	**-**	-	**206**	-
Total equity and liabilities	**276,578**	255,345	**117,109**	105,356	**159,469**	149,989

1 The columns "Industrial business" and "Daimler Financial Services" represent a business point of view.
2 The industrial business comprises the vehicle segments Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans and Daimler Buses. Intra-group eliminations between the industrial business and Daimler Financial Services are generally allocated to the industrial business.
3 The prior-year figures have been restated due to the effects of first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Intangible assets of €14.5 billion (December 31, 2017: €13.7 billion) include €11.0 billion of capitalized development costs (December 31, 2017: €10.3 billion), €2.1 billion of franchises, industrial property rights and similar rights (December 31, 2017: €2.0 billion) and €1.1 billion of goodwill (December 31, 2017: €1.1 billion). The Mercedes-Benz Cars division accounts for 81% of the development costs (December 31, 2017: 79%) while the Mercedes-Benz Vans division accounts for 10% (December 31, 2017: 10%) and the Daimler Trucks division accounts for 8% (December 31, 2017: 10%).

Property, plant and equipment increased to €29.6 billion (December 31, 2017: €28.0 billion). In the first nine months of 2018, €5.0 billion was invested worldwide, primarily at our production and assembly sites for new products and technologies and for the expansion and modernization of the production facilities. The sites in Germany accounted for €3.3 billion of capital expenditure (Q1-3 2017: €2.7 billion).

Equipment on operating leases and receivables from financial services increased to €141.6 billion (December 31, 2017: €133.1 billion). The increase of €8.5 billion was primarily caused by the higher level of new business at Daimler Financial Services; the business with end-customers was further expanded in Asia, Western Europe and the United States. The leasing and sales-financing business as a proportion of 51% of total assets was slightly below the prior-year level (52%).

Equity-method investments of €4.8 billion (December 31, 2017: €4.8 billion) mainly comprise the carrying amounts of our equity interests in Beijing Benz Automotive Co., Ltd., BAIC Motor Corporation Ltd. and There Holding B.V.

Inventories increased from €25.7 billion to €32.1 billion, equivalent to 12% of total assets and thus above the level at the end of 2017 (10%). The increases at all automotive divisions relate primarily to finished goods and work in process. In particular at Mercedes-Benz Cars, higher inventories were caused by the restricted availability of vehicles due to certification delays. In addition, inventories increased at Daimler Trucks due among other things to supply-chain constraints and at Mercedes-Benz Vans due among other things to delivery delays caused by certain measures for diesel vehicles.

Trade receivables of €12.0 billion were at the prior-year level. The Mercedes-Benz Cars division accounts for 43% of these receivables and the Daimler Trucks division accounts for 28%.

Cash and cash equivalents increased compared with the end of the year 2017 by €2.9 billion to €15.0 billion.

Marketable debt securities and similar investments decreased compared with December 31, 2017 from €10.1 billion to €9.9 billion. Those assets include the debt instruments that are allocated to liquidity, most of which are traded in active markets. They generally have an external rating of A or better.

Other financial assets decreased by €0.3 billion to €6.5 billion. They primarily consist of derivative financial instruments, equity instruments in non-consolidated subsidiaries and other investments, as well as loans and other receivables due from third parties.

Other assets of €10.1 billion (December 31, 2017: €9.1 billion) primarily comprise deferred tax assets and tax refund claims.

Assets held for sale of €0.5 billion and **liabilities held for sale** of €0.2 billion result from an agreement signed between the Daimler Group and the BMW Group in March 2018 to merge their business units for mobility services. See Note 2 of the Notes to the Interim Consolidated Financial Statements for further information.

The Group's **equity** increased compared with December 31, 2017 from €65.2 billion to €65.6 billion. The net profit of €5.9 billion was partially offset by the dividend payout of €3.9 billion, losses of €1.0 billion on the remeasurement of derivative financial instruments recognized in other comprehensive income, and actuarial losses of €0.3 billion from defined-benefit pension plans that are recognized in retained earnings. Equity attributable to the shareholders of Daimler AG therefore increased to €64.2 billion (December 31, 2017: €63.9 billion).

Equity adjusted for the dividend increased at a slightly lower rate than the increase in the balance sheet total of 8%. The Group's **equity ratio** of 23.7% was therefore slightly below the level of year-end 2017 (24.0%); the equity ratio for the industrial business was 45.3% (December 31, 2017: 46.4%).

Provisions of €22.1 billion were at the level of December 31, 2017; as a proportion of the balance sheet total, they amount to 8%, which is below the prior-year level (9%). They primarily comprise provisions for pensions and similar obligations of €6.1 billion (December 31, 2017: €5.8 billion), which mainly consist of the difference between the present value of defined-benefit pension obligations of €31.4 billion (December 31, 2017: €31.7 billion) and the fair value of the pension plan assets applied to finance those obligations of €26.6 billion (December 31, 2017: €27.2 billion). Provisions also relate to liabilities from income taxes of €1.3 billion (December 31, 2017: €1.6 billion), from product warranties of €6.7 billion (December 31, 2017: €6.7 billion) and from personnel and social costs of €4.2 billion (December 31, 2017: €4.4 billion), as well as other provisions of €3.8 billion (December 31, 2017: €3.6 billion).

Financing liabilities of €141.1 billion were above the level of December 31, 2017 (€127.1 billion). Adjusted for exchange-rate effects, the increase amounts to €14.4 billion, and among other things reflects both the refinancing of the growing leasing and sales financing business and the utilization of favorable interest terms for refinancing. 53% of the financing liabilities are accounted for by notes and bonds, 27% by liabilities to financial institutions, 8% by deposits in the direct banking business and 9% by liabilities from ABS transactions.

Trade payables increased to €16.4 billion (December 31, 2017: €12.5 billion). The Mercedes-Benz Cars division accounts for 64% of those payables and the Daimler Trucks division accounts for 21%.

Other financial liabilities of €10.7 billion (December 31, 2017: €9.3 billion) mainly consist of liabilities from derivative financial instruments, residual-value guarantees, accrued interest on financing liabilities, deposits received and liabilities from salaries and wages.

Contract liabilities of €11.6 billion are higher than at December 31, 2017 (€11.2 billion). They mainly comprise deferred revenue from service and maintenance contracts as well as extended warranties and obligations from sales in the scope of IFRS 15.

Other liabilities of €9.0 billion (December 31, 2017: €8.0 billion) primarily comprise deferred income, tax liabilities and deferred taxes. The increase is primarily the result of higher deferred tax liabilities.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the related notes in the Notes to the Interim Consolidated Financial Statements.

Capital expenditure and research activities

The Daimler Group invested €2.1 billion in property, plant and equipment in the third quarter of this year (Q3 2017: €1.5 billion). Most of that investment, €1.6 billion, was at the Mercedes-Benz Cars division (Q3 2017: €1.0 billion). The main focus of capital expenditure was on production preparations for the new SUV models, further derivatives of the new generation of compact-class cars, and the C-Class upgrade. Another area of capital expenditure was for the ongoing expansion of our global production network. At Daimler Trucks, the main investments were for new products and successor generations of existing products, global component projects and the optimization of our worldwide production network.

The Daimler Group's research and development spending in the third quarter of the year amounted to €2.4 billion (Q3 2017: €2.3 billion), of which €0.6 billion was capitalized (Q3 2017: €0.6 billion). Approximately three quarters, €1.8 billion, of the research and development spending was at the Mercedes-Benz Cars division (Q3 2017: €1.7 billion). This already includes a substantial amount of advance expenditure for the mobility of the future. The other main areas were new vehicle models, fuel-efficient drive systems and the intensification of the modular strategy. Major investments at Daimler Trucks were in the areas of emission standards and fuel efficiency, tailored products and technologies for important growth markets and successor generations of existing products. In addition, an increasingly important role was played by new technologies such as electric mobility, connectivity and automated driving.

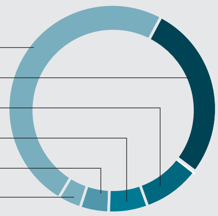
Workforce

At the end of the third quarter of 2018, the Daimler Group employed 300,367 people worldwide (end of 2017: 289,321). Of that total, 176,287 were employed in Germany (end of 2017: 172,089), 26,079 in the United States (end of 2017: 23,513), 10,503 in Brazil (end of 2017: 9,800) and 9,959 in Japan (end of 2017: 10,016). Our consolidated companies in China had 4,410 employees at the end of September 2018 (end of 2017: 4,099). ↗ C.11

C.11

Employees by division (as of September 30, 2018)

Daimler Group	300,367
Mercedes-Benz Cars	147,160
Daimler Trucks	83,547
Mercedes-Benz Vans	26,428
Daimler Buses	18,369
Daimler Financial Services	13,884
Group Functions & Services	10,979



Important events

Board of Management and Supervisory Board of Daimler AG approve divisional structure of the Group
On July 26, the Board of Management and the Supervisory Board approved the new corporate structure for Daimler AG. The associated global assessment of the organizational and tax effects was successfully completed. In the fall of 2017, the first preparatory measures were initiated to transform the Group's current car and van divisions, as well as its truck and bus divisions, into two legally independent entities. With the new structure, Daimler plans to give its divisions more entrepreneurial freedom and an even stronger market and customer focus, and to facilitate cooperative ventures faster and more flexibly. Following the approval of the Board of Management and the Supervisory Board, Daimler can now implement its PROJECT FUTURE, as the changes are called. As the next step, the measures decided upon require the final approval of the shareholders. The new structure is to be submitted for their final approval at the Annual Shareholders' Meeting of Daimler AG in 2019.

Daimler sets course for the future: Dieter Zetsche foreseen to succeed Manfred Bischoff in the Supervisory Board. Ola Källenius to become Chairman of the Board of Management of Daimler AG in 2019
The regular expiry of the term of office of the Chairman of the Supervisory Board, Dr. Manfred Bischoff, is at the end of the Annual Shareholders' Meeting in 2021. In view of the challenges presented by the transformation of the automotive industry, the Supervisory Board intends to prepare a suitable succession at an early stage. The Supervisory Board of Daimler AG intends to propose to the shareholders at that meeting that Dieter Zetsche be elected as a member of the Supervisory Board. Manfred Bischoff will recommend the election of Dieter Zetsche as his successor as the Chairman of the Supervisory Board, taking effect at the end of the Annual Shareholders' Meeting in 2021. In order to comply with the two-year cooling-off period, Dieter Zetsche will therefore step down from his position in the Board of Management of Daimler AG and as Head of Mercedes-Benz Cars at the end of the Annual Shareholders' Meeting in 2019. In its meeting on September 26, 2018, the Supervisory Board of Daimler AG therefore decided to appoint Ola Källenius for a new term of five years as Chairman of the Board of Management of Daimler AG, effective in direct connection after the Annual Shareholders' Meeting 2019, and also to appoint him as the Head of the Mercedes-Benz Cars division.

On October 7, 2018, Bodo Uebber, Member of the Board of Management for Finance and Controlling and Daimler Financial Services, informed the Chairman of the Supervisory Board, Manfred Bischoff, that he does not intend to extend his contract of service, which runs until the end of 2019.

BMW Group and Daimler AG plan joint mobility company headquartered in Berlin
The BMW Group and Daimler AG intend to locate the headquarters of their proposed global mobility company in Berlin. The BMW Group and Daimler AG want to push forward together with the development of the new business model and to facilitate the rapid worldwide expansion of the services offered. For this purpose, the two companies took a further step towards establishing their joint venture and officially filed the transaction with the European Commission in September 2018. The transaction had previously been filed with the responsible authorities in various countries and in some cases has already been approved. The BMW Group and Daimler AG announced their plans to join forces and offer customers a single source for sustainable urban mobility services in March this year.

Daimler welcomes German federal government's concept for cleaner air
In 2018, driving bans for German inner cities have been ordered or presented as a prospect by courts, cities and communities. In order to avoid such driving bans, Daimler has declared its willingness to support the concept that the German federal government approved in early October for the improvement of air quality in German inner cities by way of measures like additional exchange premiums and the financial participation in certified and approved hardware retrofits offered by third party vendors in certain priority regions.

Risk and opportunity report

The risks and opportunities that can have a significant influence on the profitability, cash flows and financial position of the Daimler Group, as well as detailed information on our risk and opportunity management system, are presented on pages 155 to 169 of our Annual Report 2017. In addition, we refer to the notes on forward-looking statements provided at the end of this Interim Management Report. The assessment of risks and opportunities for the fourth quarter of 2018 has changed as described below since publication of Annual Report 2017.

The risks for the world economy arising in the medium term from the geopolitical environment and in particular from the latest trade-policy developments have continued to increase. Above all, fears regarding the increasingly trade-restrictive course of the US administration have furhter exacerbated. The recent protectionist measures taken by the United States and countermeasures by China and to a lower extent the EU give cause for concern that a dangerous spiral of protectionist actions might occur. This could have considerable negative consequences for global sentiment indicators and investment decisions, and ultimately also for the growth of the world economy.

The changed difficult certification requirements increase the probability of occurrence of risks from legal and political conditions from low to medium. Their possible impact, however, decreased from high to medium.

Due in particular to the changed risk situation with regard to cybercrime and hacker attacks, the possible impact of information-technology risks has increased from medium to high compared with the situation described in Annual Report 2017.

As reported in Annual Report 2017, pursuant to EU Directive 2006/40/EC, since January 1, 2011, vehicles only receive type approval if their air-conditioning units are filled with a refrigerant that meets certain criteria with regard to climate friendliness. For vehicles produced on the basis of type approvals granted previously, the directive allowed a period of transition until December 31, 2016. Mercedes-Benz vehicles fully comply with these legal requirements since January 1, 2017 through the application of CO2 air-conditioning and the refrigerant R1234yf in combination with a specially developed safety device that is used depending on each vehicle's configuration. In December 2016, the EU Commission initiated infringement proceedings against the Federal Republic of Germany in the European Court of Justice (ECJ). The Commission saw a contravention by the German authorities of the European type-approval directive and of the directive on emissions from air-conditioning systems in motor vehicles. In March 2017, Germany's Federal Motor Vehicle Transport Authority issued Daimler AG with an injunction requiring the changeover of those vehicles in which the previously used refrigerant R134a was used for reasons of safety in the first half of 2013. Daimler considers the claim to be unfounded and has filed an objection to the injunction. On October 4, 2018, the ECJ ruled in the infringement proceedings that the Federal Republic of Germany had contravened European Union law, inter alia, by not ordering the changeover of the relevant vehicles within the period specified by the Commission. The Federal Motor Vehicle Transport Authority has not yet reached a decision on an appeal. In view of this current situation, the Group can no longer rule out the possibility that certain vehicles may have to be retrofitted. For this reason, a provision was recognized in the third quarter of 2018 for any necessary retrofitting of certain vehicles still operating with the previously used refrigerant R134a. No other significant risks are expected in this respect. Furthermore, insufficient availability of vehicle components, interruptions in the supply chain and possible interruptions in supply by energy providers can lead to bottlenecks. This can affect the Mercedes-Benz Cars and the Daimler Trucks divisions. Compared with the situation described in Annual Report 2017, the probability of occurrence and possible impact of production and technology risks are unchanged.

Furthermore, in April 2018, the U.S. Department of the Treasury's Office of Foreign Assets Control announced sanctions against various persons and companies. Daimler is examining the extent to which its business activities – in particular with sanctioned business partners in Russia – might be affected.

Currently, Daimler is subject to governmental information requests, inquiries, investigations, administrative orders and proceedings as well as litigation relating to environmental, securities, criminal, antitrust and other laws and regulations in connection with diesel exhaust emissions. Several federal and state authorities and institutions worldwide have inquired about, and/or are conducting investigations and/or administrative proceedings, and/or have issued administrative orders. These particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant federal and state authorities as well as related legal issues and implications, including, but not limited to, under applicable environmental, securities, criminal and antitrust laws. These authorities include, among others, the U.S. Department of Justice ("DOJ"), which has requested that Daimler conduct an internal investigation, the U.S. Envi-ronmental Protection Agency ("EPA"), the California Air Re-sources Board ("CARB") and other US state authorities, the U.S. Securities and Exchange Commission ("SEC"), the European Commission, with which Daimler has filed a leniency application and which meanwhile has opened a formal investigation into possible collusion on clean emission technology, as well as national antitrust authorities and other authorities of various foreign states as well as the German Federal Financial Supervi-sory Authority ("BaFin"), the German Federal Ministry of Transport and Digital Infrastructure ("BMVI") and the German Federal Motor Transport Authority ("KBA"). The Stuttgart dis-trict attorney's office is conducting criminal investigation pro-ceedings against Daimler employees on the suspicion of fraud and criminal advertising, and searched the premises of Daimler at several locations in Germany. Further, Daimler comprehen-sively responded to the diesel emissions committee of inquiry of the German Parliament in the previous legislative period. Daimler continues to fully cooperate with the authorities and institutions. Irrespective of such cooperation, it is possible that further civil, criminal and administrative investigative and en-forcement actions and measures relating to Daimler and/or its employees will be taken or administrative orders will be issued, such as subpoenas, i.e. legal instructions issued under penalty of law in the process of taking evidence, or other requests for documentation, testimony or other information, further search warrants, a notice of violation or an increased formalization of the governmental investigations, coordination or proceedings. Additionally, further delays in obtaining regulatory approvals necessary to introduce new or recertify existing vehicle models could occur.

In the second and third quarter of 2018, KBA issued administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz Diesel vehicles are impermissible defeat devices and ordered subsequent auxiliary provisions for the EU type approval in this respect, including a stop of the first registration and mandatory recall. Daimler filed objections against such administrative orders in order to have the open legal issues resolved, if necessary also by a court of law. In the course of its regular market supervision, KBA is routinely conducting further reviews of Mercedes-Benz vehicles. It cannot be ruled out that KBA will issue further administrative orders making similar findings. Daimler has implemented a temporary delivery and registration stop with respect to certain models and reviews constantly whether it can lift this delivery and registration stop in whole or in part. The new calibration requested by KBA in its administrative order of the second quarter of 2018 has meanwhile been completed and the related software has been approved by KBA. It cannot be ruled out, however, that further delivery and registration stops may be ordered under the relevant circumstances. Daimler has initiated further investigations and otherwise continues to fully cooperate with the authorities and institutions.

Further, in 2017, US environmental authorities issued notices of violation to another vehicle manufacturer, and the United States filed a related complaint against such manufacturer. In such notices of violation and court complaint, functionalities were identified, apparently including functionalities that are common in diesel vehicles, as undisclosed Auxiliary Emission Control Devices (AECDs) and, in some unspecified cases, as impermissible.

In light of these matters and in light of the ongoing governmental information requests, inquiries, investigations, administrative orders and proceedings, and our own internal investigations, as well as the technical Compliance Management System (tCMS), which is and continues to be implemented to address the specific risks associated with the product development process throughout the group and is designed particularly to also provide guidance - taking into account technical and legal aspects - with regard to the complex interpretation of regulations, it cannot be ruled out that authorities will reach the conclusion that other passenger cars and/or commercial vehicles with the brand name Mercedes-Benz or other brand names of the group also have impermissible functionalities and/or calibrations. Furthermore, the authorities have increased scrutiny of Daimler's processes and compliance regarding running change, field fix and defect reporting. The inquiries, investigations, legal actions and proceedings as well as the replies to the governmental information requests, the objection proceedings against KBA's administrative orders and our internal investigations are still ongoing and open; hence, Daimler cannot predict the outcome at this time. If these or other inquiries, investigations, legal actions and/or proceedings result in unfavorable findings, an unfavorable outcome or otherwise develop unfavorably, Daimler could be subject to significant monetary penalties, fines, remediation requirements, further vehicle recalls, further registration and delivery stops, process improvements, mitigation measures and the early termination of promotional loans, and/or other sanctions, measures and actions, including further investigations and/or administrative orders by these or other authorities and additional litigations. The occurrence of the aforementioned events in whole or in part could cause significant collateral damage including reputational harm. Further, due to negative determinations or findings with respect to technical or legal issues by one of the various governmental agencies, other agencies could also adopt such determinations or findings, even if such determinations or findings are not within the scope of such authority's responsibility or jurisdiction. Thus, a negative determination or finding in one proceeding carries the risk of having an adverse effect on other proceedings, also potentially leading to new or expanded investigations or proceedings.

In addition, Daimler's ability to defend itself in litigations could be impaired by unfavorable findings, results or developments in any of the information requests, inquiries, investigations, administrative orders, legal actions and/or proceedings discussed above. Therefore, it cannot be ruled out that the risks discussed above may materially adversely impact our profitability, cash flows and financial position.

Following the settlement decision by the European Commission adopted on July 19, 2016 concluding the trucks antitrust proceedings, Daimler AG faces customers' claims for damages to a considerable degree. Respective legal actions, class actions and other and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler takes appropriate legal remedies to defend itself.

With regard to the agreement that Daimler Financial Services AG and Deutsche Telekom AG have reached with the German Federal Government on concluding the court of arbitration proceeding relating to Toll Collect, we refer to Note 18 of the Notes to the Interim Consolidated Financial Statements.

Outlook

At the beginning of the fourth quarter, the outlook for the global economy is somewhat less positive than at the beginning of the year, but remains at a solid level by long-term standards. Growth is therefore likely to continue towards the end of the year with slightly less dynamism. As before, current forecasts for full-year 2018 are above the 3% mark. The US economy should continue its upswing and accelerate its growth to nearly 3% thanks to stable domestic demand and impetus from the tax reform passed in late 2017. Although the peak seems to have been passed and growth should continue to slow down, most indicators for the economy of the European Monetary Union (EMU) signal a generally above-average development also for the year 2018. On the basis of robust domestic demand and a slightly positive contribution from foreign trade, economic growth of approximately 2% should be achieved. In view of ongoing uncertainty in connection with the impending exit from the EU by the United Kingdom, the growth of the British economy is likely to be rather moderate at less than 1.5%. The Chinese economy is continuing its very solid development. Due to a reduction in state stimuli and somewhat more restrictive lending, however, most analysts expect a slight slowdown in growth to about 6.5%. Prospects for the economies of South America have deteriorated noticeably since the beginning of the year; the recent economic problems in Brazil and the currency crisis in Argentina are likely to result in significant lower growth for the region than in 2017. In Eastern Europe, economic expansion is likely to weaken somewhat overall following the extremely dynamic development in 2017, largely due to the growth slowdown in Turkey. But in Russia, the largest market, moderate acceleration is to be expected after the so-far restrained speed of economic recovery. The greatest risk for the positive outlook for the global economy at present is the further escalation of the current trade-policy conflict between the United States and China.

Worldwide **demand for cars** is at a high level and should grow further in full-year 2018. Slight growth of approximately 2% continues to be expected. In Europe, we anticipate a slight increase in overall car sales. As the market volume in Western Europe is now above average again, demand should remain fairly stable. In Eastern Europe, a slight increase in sales is expected, primarily due to the ongoing recovery of the Russian market. The US market for cars and light trucks should maintain its high level of approximately 17 million units. The Chinese car market is in a phase of normalization after the end of special effects caused in previous years by tax breaks on purchases of small cars. Slight growth in market volume is expected there this year. In Japan, we assume that demand for cars will remain fairly constant, while the Indian market should continue to grow significantly.

Demand for **medium- and heavy-duty trucks** should in total develop positively in the regions relevant to us. In the NAFTA region, the strong recovery of the truck market should continue as the year progresses. We anticipate significant sales growth in weight classes 6-8 in the full year.

For the EU30 region, we assume that demand will slightly surpass the robust market volume of last year. Although the economic recovery in Brazil is weaker than previously assumed, significant growth of the truck market is to be expected, but from a very low level. The Turkish market has recently been severely impacted by considerable economic uncertainty and is likely to be significantly smaller than the weak volume of 2017 in the full year. In Russia, we expect a further significant increase in demand for trucks despite the recent slowdown of the market growth.

The most important Asian markets from our perspective are likely to present a varied picture in 2018. In the Japanese market for light-, medium- and heavy-duty trucks, we expect a slight decrease in demand at an ongoing solid level. We assume that the Indonesian truck market will develop positively. In India, we expect a significant recovery of demand for medium- and heavy-duty trucks. The Chinese market remains at a very high level and should undergo only a slight correction compared with the previous year.

For the year 2018, in the EU30 region, we expect slight growth in the market for small **vans** and in the combined segment of mid-size and large vans. In the segment of mid-size pickups, we now anticipate significant growth in the EU30 region. In the United States and Latin America, demand for large vans should be slightly higher than in the previous year. In China, we anticipate significant growth in the market we address there.

We expect the market volume for **buses** in the EU30 region to be slightly larger than in the previous year. The market situation in Latin America should be positively influenced by the economic recovery in Brazil. We anticipate a significant revival of demand in India.

On the basis of the assumptions presented above on the development of the markets important for us and of the divisions' current assessments, Daimler expects to slightly increase its **total unit sales** in the year 2018.

In full-year 2018, **Mercedes-Benz Cars** plans to achieve unit sales in the magnitude of the previous year. The development of our unit sales is influenced to a certain extent by the lifecycle effects of certain model series. They include the ramp-up of the new A-Class, the model upgrade of the C-Class and the upcoming replacement of the B-Class, which has been on the market since 2011, with its next generation. Additional factors are increased import duties for US vehicles in the Chinese market and the previously announced suspension of deliveries of individual diesel models. Vehicle certification is in some cases taking longer than usual and is also impacting availability. We continue to expect sales impetus from our SUVs. In Europe, the new A-Class has been available since May as a precursor of our next generation of compact cars. The four-door sedan model of the A-Class will provide new stimulus towards the end of the year. Further sales drivers include the families of the E- and S-Class. The sales growth of the S-Class family will continue, due among other things to the particularly strong increase in unit sales of our Mercedes-Maybach luxury brand. Furthermore, we are continually launching new models worldwide. For example, our Mercedes-AMG performance brand now offers the new "53" models of the CLS and the E-Class family. And with the launch of the Mercedes-AMG GT 4-door, another model has been added to the AMG sports car family.

Daimler Trucks continues to assume that its total unit sales in the year 2018 will be significantly higher than in the previous year. In the NAFTA region, we expect a significant sales increase compared with 2017 as a result of the market recovery there. In the EU30 region, we now anticipate a slight increase in unit sales. In Brazil, we expect our unit sales in 2018 to be significantly higher than the low level of 2017. We anticipate significant sales growth also in India and Indonesia. In Japan, we continue to expect our unit sales to be at about the prior-year level.

Mercedes-Benz Vans plans to increase its unit sales significantly in the year 2018. Growth is expected to be particularly strong in China and the United States. In the EU30 region, we now anticipate unit sales at the prior-year level. As part of our "Mercedes-Benz Vans goes global" business strategy, we have expanded our product portfolio with the Mercedes-Benz X-Class, a premium pickup for markets in Europe, South Africa, Australia and New Zealand. Market launch is planned also for Brazil and Argentina in the year 2019.

Daimler Buses continues to expect total unit sales in 2018 to be significantly above the prior-year level. We assume that unit sales in the EU30 region will increase perceptibly. After the significant growth in unit sales in Latin America last year, we anticipate a further increase in that region in 2018, although with significantly less dynamism. A positive development of unit sales is expected also in India.

Daimler Financial Services anticipates further growth in contract volume in the year 2018. New business is expected to be in the magnitude of the previous year. We will utilize new market potential through new and digital possibilities for customer contacts – in particular by systematically further developing our online sales channels.

Based on the generally positive development of unit sales, we assume that **Group revenue** will increase slightly in the year 2018. We anticipate significant revenue growth in the Daimler Trucks and Daimler Financial Services divisions, while we now expect only a slight increase at Mercedes-Benz Vans. At Mercedes-Benz Cars, the expected exchange-rate developments and lifecycle effects of some models will dampen the development of revenue, so we expect the division to post full-year revenue at the high level of 2017. We anticipate revenue in the magnitude of the previous year also for the Daimler Buses division.

In late March 2018, Daimler and the BMW Group announced their intention, subject to review and approval by the relevant competition authorities, to combine and strategically expand their existing services for on-demand mobility in the areas of car sharing, ride hailing, parking, charging and multimodality. To those ends, the two companies signed an agreement on the merger of their business units for mobility services. Each company will hold 50% of the shares in the planned joint ventures for the mobility services of both companies. The establishment of the joint ventures will lead to significant positive changes to net assets and earnings at Daimler Financial Services, which are taken into consideration in the following EBIT outlook.

Due to several factors, some temporary restrictions occurred in the availability of Mercedes-Benz Cars vehicles in the third quarter and will also partially affect the fourth quarter. These factors include, among others, the known suspension of delivery for some diesel models. Furthermore, the certification of vehicles in Europe and some international markets currently requires longer than usual. For a longer time period, Daimler has been working intensively on software updates, the changeover to the new European test standard WLTP, as well as the technical and legal clarification of open questions.

Mercedes-Benz Cars' third-quarter EBIT was therefore significantly below the level of Q2 2018 and Q3 2017 and inventories increased temporarily. Based on high demand for Mercedes-Benz vehicles, Daimler continues to expect, however, that the situation will return to normal in the fourth quarter and that inventories can be reduced again by the end of this year.

Correspondingly, the described factors, apply to Mercedes-Benz Vans and thus also affect the business development of the van division.

On October 19, 2018, as a result of recent developments, Daimler reassessed its earnings outlook for the year 2018 for the Mercedes-Benz Cars and Daimler Buses divisions and for the Daimler Group. The main factor is an increase in expected expenses in connection with ongoing governmental proceedings and measures taken in various regions with regard to Mercedes-Benz diesel vehicles. In addition, Mercedes-Benz Vans is recording lower unit sales due to delays in vehicle deliveries. Furthermore, against the backdrop of a recent ruling by the European Court of Justice, provisions have been recognized for the potential need to take action on certain vehicles still operating with the previously used refrigerant R134a. Additionally, Daimler Buses is facing decreasing demand in some markets.

On the basis of these effects as well as expected market developments and the current assessments of our divisions, we now assume that **Group EBIT** in 2018 will be significantly lower than in the previous year.

The individual divisions have the following expectations for EBIT in the year 2018:
– Mercedes-Benz Cars: significantly below the prior-year level,
– Daimler Trucks: significantly above the prior-year level,
– Mercedes-Benz Vans: significantly below the prior-year level,
– Daimler Buses: significantly below the prior-year level and
– Daimler Financial Services: in the prior-year magnitude.

Despite a further increase in advance expenditure for new products and technologies, the **free cash flow of the industrial business** should be significantly higher than in 2017 and also higher than the dividend distribution in 2018. It must be taken into consideration, however, that the free cash flow of the industrial business in 2017 was reduced by an extraordinary contribution of €3 billion to the German pension plan assets of Daimler AG.

In order to achieve our ambitious growth targets, we will slightly increase our already very high **investment in property, plant and equipment** in the year 2018 (2017: €6.7 billion). Capital expenditure in 2018 at both Mercedes-Benz Cars and Daimler Trucks will be primarily for successor generations for existing products, new products, global component projects, the expansion of production capacities and the optimization of the international production network. Another focus at Mercedes-Benz Cars will be on the expansion of the worldwide production network for electric mobility.

With our **research and development activities**, we anticipate a total volume slightly above last year's spending of €8.7 billion. Key projects at Mercedes-Benz Cars include successor models for the current S-Class and C-Class. In addition, we are investing in new, more efficient engines, alternative drive systems and vehicles, autonomous driving and connectivity. At Daimler Trucks, the main areas of investment are for improved fuel efficiency and emission reductions, as well as for tailored products and technologies for important growth markets. In addition, the future technologies of electric mobility, connectivity and automated driving continue to gain importance.

Against the backdrop of further efficiency improvements in the context of the medium- and long-term programs for the structural improvement of our business processes, we assume that our growth targets can be achieved with only a slight increase in the size of our **workforce.**

Forward-looking statements:
This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "can," "could," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, armed conflicts, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates and tariff regulations; a shift in consumer preferences towards smaller, lower-margin vehicles; a possible lack of acceptance of our products or services which limits our ability to achieve prices and adequately utilize our production capacities; price increases for fuel or raw materials; disruption of production due to shortages of materials, labor strikes or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook for companies in which we hold a significant equity interest; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending government investigations or of investigations requested by governments and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk and Opportunity Report" in the current Annual Report. If any of these risks and uncertainties materializes or if the assumptions underlying any of our forward-looking statements prove to be incorrect, the actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward-looking statements since they are based solely on the circumstances at the date of publication.

Mercedes-Benz Cars

Unit sales of 559,500 vehicles in the third quarter (Q3 2017: 597,300)
New records for E-Class sedan and wagon
Ongoing electric offensive in car production
EBIT significantly below prior-year level at €1,372 million (Q3 2017: €2,105 million)

D.01 Q3

€ amounts in millions	Q3 2018	Q3 2017	% change
Revenue	21,672	23,355 [1]	-7
EBIT	1,372	2,105 [1]	-35
Unit sales	559,539	597,253	-6
Production	632,441	639,058	-1
Employees	147,160	142,666 [2]	+3

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.02 Q3

Unit sales	Q3 2018	Q3 2017	% change
Total	559,539	597,253	-6
Europe	223,561	252,839	-12
thereof Germany	72,114	82,805	-13
United States	75,975	82,175	-8
China	170,438	153,269	+11
Other markets	89,565	108,970	-18

More than 559,500 vehicles sold in the third quarter
Unit sales of 559,500 vehicles by Mercedes-Benz Cars in the third quarter of 2018 were significantly below the high level of the prior-year period. Revenue decreased by 7% to €21.7 billion and EBIT amounted to €1,372 million (Q3 2017: €2,105 million).

In Europe, 223,600 vehicles of the Mercedes-Benz and smart brands were sold in the months of July through September (-12%), of which 72,100 were sold in Germany (-13%). In China, the division's biggest market, a new record was set of more than 170,400 units sold, surpassing the previous record in the third quarter of last year by 11%. Sales in the United States decreased to 76,000 units (-8%).

New records for E-Class sedan and wagon
Sales of the E-Class sedan and wagon increased by 2% to 83,200 units, more than ever before in the third quarter of a year. Sales of more than 195,200 SUVs were lower than in the prior-year period (-8%). More than 102,000 units were sold of the A-Class and the other compact cars – the B-Class, CLA and CLA Shooting Brake (-3%). The new A-Class was launched in May as the precursor of the next generation of compact cars with the three-pointed star; the new B-Class and A-Class sedan will follow in the coming months. Approximately 16,000 S-Class sedans were sold, which is 4% fewer than in the third quarter of last year. The number includes unit sales of the Maybach S-Class sedan which increased by a significant 40%. 110,600 units of the C-Class were sold in the third quarter (-13%). The model change is now taking place for the new sedan, wagon, coupe and convertible: The new C-Class has been on the market in Europe since July. In September, the model had its market launch in the United States and the long-wheelbase version was launched in China. A 2% increase in unit sales was achieved by the smart brand in the third quarter with approximately 31,200 vehicles sold.

The future has begun – energy-saving and electrifying
The family of compact cars continues to grow. In addition to the version for China, which had previously been presented, a new version of the A-Class sedan had its world premiere in the United States: In August, the Vision EQ Silver Arrow show car was unveiled at Monterey Car Week in Pebble Beach. And the all-electric Mercedes-Benz EQC[1] (electricity consumption combined: 22.2 kWh/100 km; CO_2-emissions combined: 0 g/km, preliminary figures)[1], the first member of the EQ family, had its world premiere in Stockholm in September. As standard the EQC is equipped with a water-cooled onboard charger (OBC) with a capacity of 7.4 kW, making it suitable for AC charging at home or at public charging stations. The EQC has an electric range of more than 450 km according to NEDC (provisional figure)[1].

[1] Figures for power consumption and CO_2 emissions are provisional and were determined by the German Technical Service corporation. The range figures are also provisional. EC type approval and conformity certification with official figures are not yet available. There may be differences between the stated figures and the official figures.

D.03 Q1-3

€ amounts in millions	Q1-3 2018	Q1-3 2017	% change
Revenue	67,245	69,446 [1]	-3
EBIT	5,333	6,468 [1]	-18
Unit sales	1,744,528	1,760,501	-1
Production	1,841,855	1,824,358	+1
Employees	147,160	142,666 [2]	+3

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.04 Q1-3

Unit sales	Q1-3 2018	Q1-3 2017	% change
Total	1,744,528	1,760,501	-1
Europe	717,919	764,675	-6
thereof Germany	232,592	242,246	-4
United States	224,507	238,205	-6
China	516,170	457,978	+13
Other markets	285,932	299,643	-5

Daimler Trucks

Unit sales significantly above prior-year level at 136,100 vehicles (Q3 2017: 126,600)
Presentation of new Actros with Active Drive Assist
New partnership with Proterra Inc. underscores commitment to electrification of commercial vehicles
Significant increase in EBIT to €850 million (Q3 2017: €614 million)

D.05 Q3

€ amounts in millions	Q3 2018	Q3 2017	% change
Revenue	10,045	9,210 [1]	+9
EBIT	850	614 [1]	+38
Unit sales	136,055	126,558	+8
Production	141,909	129,845	+9
Employees	83,547	79,483 [2]	+5

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.06 Q3

Unit sales	Q3 2018	Q3 2017	% change
Total	136,055	126,558	+8
EU30[1]	21,865	20,874	+5
NAFTA	52,690	45,290	+16
Latin America (excl. Mexico)	9,795	7,978	+23
Asia	42,298	39,977	+6
Other markets	9,407	12,439	-24
BFDA (Auman Trucks)	22,971	30,031	-24
Total (incl. BFDA)	159,026	156,589	+2

1 European Union, Switzerland and Norway

Significant growth in unit sales, revenue and earnings
Daimler Trucks sold 136,100 vehicles in the third quarter of 2018, surpassing the prior-year number by 8%. Revenue of €10.0 billion was significantly higher than in the third quarter of last year (Q3 2017: €9.2 billion). EBIT also increased significantly to €850 million (Q3 2017: €614 million).

Unit sales significantly above prior-year level
In the NAFTA region, we significantly increased our truck sales to 52,700 units (Q3 2017: 45,300). Daimler Trucks continued to be the market leader in weight classes 6 to 8 with a market share of 38.6% (Q3 2017: 37.7%). In Latin America, our sales of 9,800 units surpassed the prior-year level (Q3 2017: 8,000). We sold 6,000 vehicles in the Brazilian market, 63% more than in the third quarter of last year. Sales in the EU30 region (European Union, Switzerland and Norway) increased to 21,900 units (Q3 2017: 20,900). With a market share of 21.4%, Mercedes-Benz trucks were once again the market leader in the segment of heavy-duty and medium-duty trucks (Q3 2017: 22.1%). In Germany, we increased our unit sales to 8,700 trucks (Q3 2017: 8,100). The weakening of the Turkish market was clearly reflected in our sales figures in the third quarter; sales of 900 units were significantly lower than in the prior-year period (Q3 2017: 3,400). In Asia, we increased our deliveries to 42,300 vehicles (Q3 2017: 40,000). Sales of 17,800 units in Indonesia were around 50% higher than in the third quarter of 2017. Our sales of 5,300 trucks in India were also significantly higher than in the prior-year quarter (Q3 2017: 4,900). Sales in Japan decreased to 10,700 units due to the general market development (Q3 2017: 11,900). FUSO increased its market share to 19.6% in Japan (Q3 2017: 19.4%). Sales of Auman Trucks by our joint venture in China decreased to 23,000 units (Q3 2017: 30,000).

Presentation of new Mercedes-Benz Actros in Berlin
Daimler Trucks presented its innovative new Actros for the first time in the third quarter. The new Active Drive Assist system can independently brake, accelerate and steer, allowing partially automated driving in all speed ranges. Other new features include Active Brake Assist 5, which can initiate emergency braking in the case of an impending rear-end collision or other kind of collision, and the mirror cam as standard equipment, replacing the exterior mirrors on the new Actros. The cockpit now consists of two large color displays, with which all truck functions are controlled intuitively.

Investment in electric-bus manufacturer Proterra
At IAA Commercial Vehicles 2018, we announced our cooperation with the Californian company Proterra Inc. Proterra is a leader in the business with electric buses for local transport in the United States. In addition to general involvement in the electrification of commercial vehicles, the first joint projects include the realization of synergies in the electrification of Thomas Built Buses school buses.

D.07 Q1-3

€ amounts in millions	Q1-3 2018	Q1-3 2017	% change
Revenue	27,849	26,191 [1]	+6
EBIT	2,043	1,824 [1]	+12
Unit sales	373,811	336,994	+11
Production	390,934	354,166	+10
Employees	83,547	79,483 [2]	+5

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.08 Q1-3

Unit sales	Q1-3 2018	Q1-3 2017	% change
Total	373,811	336,994	+11
EU30[1]	60,184	58,699	+3
NAFTA	137,859	120,489	+14
Latin America (excl. Mexico)	27,078	21,330	+27
Asia	120,244	105,659	+14
Other markets	28,446	30,817	-8
BFDA (Auman Trucks)	79,560	85,087	-6
Total (incl. BFDA)	453,371	422,081	+7

1 European Union, Switzerland and Norway

Mercedes-Benz Vans

Slight decrease in third-quarter unit sales to 91,400 vehicles (Q3 2017: 93,100)
World premiere of Vision URBANETIC
New Sprinter plant in the United States
EBIT significantly below prior-year level at minus €93 million (Q3 2017: €214 million)

D.09 Q3

€ amounts in millions	Q3 2018	Q3 2017	% change
Revenue	3,039	3,090 [1]	-2
EBIT	-93	214 [1]	.
Unit sales	91,414	93,106	-2
Production	97,347	84,821	+15
Employees	26,428	25,255 [2]	+5

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.10 Q3

Unit sales	Q3 2018	Q3 2017	% change
Total	91,414	93,106	-2
EU30	57,019	58,966	-3
thereof Germany	22,397	23,687	-5
NAFTA region	13,048	12,630	+3
thereof United States	9,634	9,555	+1
Latin America (excl. Mexico)	4,652	4,134	+13
Asia	9,141	9,106	+0
thereof China	7,381	6,758	+9
Other markets	7,554	8,270	-9

Unit sales and EBIT below prior-year levels
Unit sales by Mercedes-Benz Vans of 91,400 vehicles in the third quarter of 2018 were 2% lower than in the same period of last year. This was due, among other things, to delays in the delivery of Vito, V-Class and Sprinter models. Revenue decreased by 2% to €3.0 billion and EBIT amounted to minus €93 million (Q3 2017: €214 million).

Higher unit sales in NAFTA, Latin America and China
In the EU30 region, Mercedes-Benz Vans' unit sales decreased by 3% to 57,000 vehicles. Sales of 22,400 units in Germany were 5% below the prior-year level. The development was positive in the NAFTA region, where sales reached the new record of 13,000 units in the third quarter (Q3 2017: 12,600). Unit sales in the United States rose by 1% to 9,600 vehicles. In Latin America, sales increased by a significant 13% to 4,700 units, primarily driven by the significant market recovery in Brazil. In China, Mercedes-Benz Vans further improved its position and posted its strongest-selling third quarter so far, with sales of 7,400 units (+9%). This was mainly due to the great success of our V-Class and Vito models. Worldwide unit sales in the midsize segment were lower than in the third quarter of last year, mainly as a result of delivery delays. Sales of the Vito decreased by 21% to 20,700 units and sales of the V-Class multipurpose vehicle were down by 9% to 13,300 units. Sales of the Sprinter developed positively with an increase of 7% to 49,300 units, reflecting the launch of the new-generation Sprinter in the second quarter of 2018. Sales of the Citan city van decreased to 5,700 units (-8%). Of the X-Class, which was launched in late 2017, we sold 2,500 units in the third quarter of this year.

Mercedes-Benz Vans presents the Sprinter with electric drive and fuel cells
Mercedes-Benz Vans will supplement its eDrive@VANs strategy with fuel cells in the future. Using the example of a partially integrated motorhome, the F-CELL Concept Sprinter shows the full range of advantages of fuel cells from long range to locally emission-free mobility.

New Sprinter plant in North Charleston, USA
This September, Mercedes-Benz Vans put its new plant in North Charleston in the US state of South Carolina into operation. In the context of the "Mercedes-Benz Vans goes global" strategy, the van division invested approximately $500 million in the plant, with its own body shop, paint shop and final assembly.

World premiere of Vision URBANETIC
With its Vision URBANETIC, Mercedes-Benz Vans presents a revolutionary mobility concept that goes far beyond existing ideas on autonomous vehicles. Vision URBANETIC eliminates the separation between the transportation of people and goods with its intelligent, modular body-switching concept. It allows demand-oriented, sustainable and efficient mobility in urban areas.

D.11 Q1-3

€ amounts in millions	Q1-3 2018	Q1-3 2017	% change
Revenue	9,648	9,392 [1]	+3
EBIT	231	900 [1]	-74
Unit sales	295,313	283,277	+4
Production	334,787	289,821	+16
Employees	26,428	25,255 [2]	+5

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.12 Q1-3

Unit sales	Q1-3 2018	Q1-3 2017	% change
Total	295,313	283,277	+4
EU30	188,755	189,862	-1
thereof Germany	72,823	72,093	+1
NAFTA region	37,500	33,116	+13
thereof United States	28,256	24,800	+14
Latin America (excl. Mexico)	12,463	11,968	+4
Asia	29,210	24,749	+18
thereof China	21,392	17,474	+22
Other markets	27,385	23,582	+16

Daimler Buses

Significant increase in unit sales to 7,700 buses and bus chassis
World premiere of all-electric Mercedes-Benz eCitaro city bus
Daimler Buses presents new assistance systems and services at IAA Commercial Vehicles in Hannover
EBIT slightly below prior-year level at €30 million (Q3 2017: €32 million)

D.13 Q3

€ amounts in millions	Q3 2018	Q3 2017	% change
Revenue	1,064	1,036 [1]	+3
EBIT	30	32 [1]	-6
Unit sales	7,741	7,213	+7
Production	8,507	7,089	+20
Employees	18,369	18,292 [2]	+0

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.14 Q3

Unit sales	Q3 2018	Q3 2017	% change
Total	7,741	7,213	+7
EU30	2,146	1,864	+15
thereof Germany	590	568	+4
Latin America (excl. Mexico)	3,449	3,643	-5
thereof Brazil	2,278	2,084	+9
Mexico	881	846	+4
Asia	761	597	+27
Other markets	504	263	+92

Unit sales significantly above prior-year levels

Unit sales by Daimler Buses in the third quarter of 2018 increased by 7% to 7,700 buses and bus chassis. Revenue of €1.1 billion was slightly higher than in the prior-year period (Q3 2017: €1.0 billion). EBIT amounted to €30 million (Q3 2017: €32 million).

Significant increase in overall unit sales

In the EU30 region, Daimler Buses' sales of complete buses and bus chassis of the Mercedes-Benz and Setra brands increased significantly to 2,100 units (+15%).

In Latin America (excluding Mexico), our sales of 3,400 units were below the prior-year level (Q3 2017: 3,600), despite stronger demand in Brazil. In Mexico, we sold 900 units in the third quarter, which is an increase of 4% compared with the same period of last year. In India, Daimler Buses achieved significant sales growth to 420 units (Q3 2017: 280).

World premiere of all-electric Mercedes-Benz eCitaro

The all-electric Mercedes-Benz eCitaro city bus was presented to the public at IAA Commercial Vehicles in Hannover. In the context of the increasing importance of a well-developed local public transport system with locally emission-free buses, the eCitaro is an important element of future mobility in cities. Equipped with lithium-ion battery packs and an innovative thermal management system, it is designed to cover about one third of relevant transport routes without needing intermediate charging. In order to make the transition to the electric bus as smooth as possible, our eMobility Consulting supports transport operators with the changeover to electric bus fleets.

New assistance systems and new digital service

At IAA Commercial Vehicles, Daimler Buses also presented new safety and assistance systems and new digital services. The emergency braking assistant Active Brake Assist 4, which recognizes pedestrians and brakes a bus to a standstill in emergency situations, is to be available in our coaches as of 2019. The Mercedes-Benz Citaro city bus is to be available with Preventive Brake Assist also starting next year. This active braking assistant recognizes critical situations, warns the driver and initiates partial braking if necessary. Sideguard Assist, which supports the driver in critical right turns, has been available for all Mercedes-Benz and Setra city buses and coaches since September. New digital services such as OMNIplus Uptime can increase vehicle operating times and fleet availability.

Mercedes-Benz Citaro hybrid awards

The Mercedes-Benz Citaro hybrid was voted "Bus of the Year 2019" by an independent jury. This hybrid bus, which is available with a diesel or natural-gas engine, was rated highly in particular in the categories economy, innovation, quality and user friendliness. In addition, the intercity version, the Citaro Ü hybrid, received the Sustainable Bus Award 2019 for intercity buses.

D.15 Q1-3

€ amounts in millions	Q1-3 2018	Q1-3 2017	% change
Revenue	2,989	3,176 [1]	-6
EBIT	133	182 [1]	-27
Unit sales	21,007	20,121	+4
Production	24,051	21,645	+11
Employees	18,369	18,292 [2]	+0

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

D.16 Q1-3

Unit sales	Q1-3 2018	Q1-3 2017	% change
Total	21,007	20,121	+4
EU30	5,696	5,458	+4
thereof Germany	1,705	1,888	-10
Latin America (excl. Mexico)	9,935	9,489	+5
thereof Brazil	6,618	5,591	+18
Mexico	2,173	2,604	-17
Asia	2,099	1,551	+35
Other markets	1,104	1,019	+8

Daimler Financial Services

New business down by 5%
Contract volume grows to €149 billion
Equity interest in used-car platform heycar
EBIT significantly below prior-year level at €392 million (Q3 2017: €508 million)

D.17 Q3

€ amounts in millions	Q3 2018	Q3 2017	% change
Revenue	**6,250**	5,836 [1]	+7
EBIT	**392**	508 [1]	-23
New business	**16,613**	17,437	-5
Contract volume	**148,813**	139,907 [2]	+6
Employees	**13,884**	13,012 [2]	+7

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 As of December 31, 2017

Slight decrease in worldwide new business
Daimler Financial Services' new business decreased slightly in the third quarter of 2018 against the backdrop of lower unit sales by the automotive divisions. Worldwide, 458,000 new leasing and financing contracts worth €16.6 billion were concluded, which is 5% less than in the prior-year period. Contract volume at the end of September amounted to €148.8 billion and was thus significantly above the level at the end of 2017 (+6%). EBIT amounted to €392 million (Q3 2017: €508 million).

Significant decrease in new business in the Europe region
In the whole of Europe, 223,000 leasing and financing contracts were signed (-9%). New business therefore decreased by 8% to €7.2 billion. Key drivers of the decrease compared with the third quarter of last year were not only Germany (-11%), but also the development of new business in Turkey (-65%). Contract volume in Europe grew compared with the end of 2017 by 5% to €62.8 billion.

Strong growth in the Americas
In the Americas region, leasing and financing contracts with a total value of €5.4 billion were concluded in the third quarter of 2018 (+6%). Contract volume in the Americas region of €53.6 billion at the end of September was significantly higher than at year-end 2017 (+6%).

D.18 Q1-3

€ amounts in millions	Q1-3 2018	Q1-3 2017	% change
Revenue	**18,577**	17,677 [1]	+5
EBIT	**1,006** [2]	1,554 [1]	-35
New business	**52,815**	52,174	+1
Contract volume	**148,813**	139,907 [3]	+6
Employees	**13,884**	13,012 [3]	+7

1 Amounts adjusted due to first-time adoption of IFRS 15 and IFRS 9
2 Including a charge on earnings of €418 million in Q2 2018 due to the agreement on the conclusion of the Toll Collect arbitration proceedings
3 As of December 31, 2017

Africa & Asia-Pacific and China: decrease in new business
New business in the Africa & Asia-Pacific region (excluding China) decreased significantly in the third quarter of 2018 to €1.8 billion (-13%). Contract volume in the region amounted to €17.7 billion at the end of September (+3%).

In China, 78,000 new leasing and financing contracts were concluded in the third quarter (-2%) worth €2.2 billion (-10%). Contract volume amounted to €14.7 billion at the end of September, which is 21% higher than at the end of 2017.

Ongoing positive development of the insurance business
In the insurance business, Daimler Financial Services brokered 566,000 contracts in the third quarter of this year (+3%). The development was especially positive in China (+23%), the United Kingdom (+19%) and Canada (+14%).

heycar: equity interest in used-car platform
In September, Daimler Financial Services announced the signing of an agreement on a planned equity interest in the used-car platform, heycar. The cross-brand platform offers a full range of financial services as well as high-quality used cars with warranty cover.

Daimler Mobility Services posts record numbers
At September 30, 2018, Daimler Mobility Services had approximately 26 million customers. This means that the number of users of car2go, moovel and the ride-hailing group including mytaxi, Beat, Clever Taxi and Chauffeur Privé increased by 64% compared with the previous year. More than 46 million transactions were concluded in 130 cities worldwide in the third quarter.

Mobility joint venture: Berlin confirmed as headquarters
The planned joint venture between Daimler AG and the BMW Group will be headquartered in Berlin, subject to the approval of the European Commission. The goal is to develop the new mobility services provider outside the existing corporate structures and to profit from the dynamic environment of Germany's capital city.

Consolidated Statement of Income Q3

E.01

In millions of euros	Q3 2018	Q3 2017 (adjusted)[1]
Revenue	40,211	40,745
Cost of sales	-32,247	-32,224
Gross profit	7,964	8,521
Selling expenses	-3,191	-3,047
General administrative expenses	-953	-928
Research and non-capitalized development costs	-1,775	-1,647
Other operating income	335	494
Other operating expense	-419	-92
Profit on equity-method investments, net	325	194
Other financial income/expense, net	199	-90
Interest income	64	51
Interest expense	-204	-147
Profit before income taxes[2]	2,345	3,309
Income taxes	-584	-1,072
Net profit	1,761	2,237
thereof profit attributable to non-controlling interests	72	91
thereof profit attributable to shareholders of Daimler AG	1,689	2,146
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG		
Basic	1.58	2.01
Diluted	1.58	2.01

1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.
2 The reconciliation of Group EBIT to profit before income taxes is presented in Note 20.

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Income Q1-3

E.02

	Q1-3 2018	Q1-3 2017 (adjusted)[1]
In millions of euros		
Revenue	120,752	120,541
Cost of sales	-95,913	-95,223
Gross profit	24,839	25,318
Selling expenses	-9,541	-9,331
General administrative expenses	-2,889	-2,749
Research and non-capitalized development costs	-5,107	-4,509
Other operating income	1,118	1,597
Other operating expense	-900	-482
Profit on equity-method investments, net	654	1,223
Other financial income/expense, net	278	-150
Interest income	189	155
Interest expense	-519	-421
Profit before income taxes[2]	8,122	10,651
Income taxes	-2,182	-3,250
Net profit	5,940	7,401
thereof profit attributable to non-controlling interests	252	254
thereof profit attributable to shareholders of Daimler AG	5,688	7,147
Earnings per share (in euros) for profit attributable to shareholders of Daimler AG		
Basic	5.32	6.68
Diluted	5.32	6.68

1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.
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Consolidated Statement of Comprehensive Income/Loss Q3

E.03

In millions of euros	Q3 2018	Q3 2017 (adjusted)[1]
Net profit	**1,761**	2,237
Gains/losses on currency translation	**-327**	-736
Gains/losses on equity instruments and debt instruments	**3**	1
Gains/losses on derivative financial instruments	**-147**	379
Gains/losses on equity-method investments	**-8**	-4
Items that may be reclassified to profit/loss	**-479**	-360
Actuarial gains/losses from pensions and similar obligations	**39**	140
Items that will not be reclassified to profit/loss	**39**	140
Other comprehensive income/loss, net of taxes	**-440**	-220
thereof income/loss attributable to non-controlling interests, after taxes	**-23**	-27
thereof income/loss attributable to shareholders of Daimler AG, after taxes	**-417**	-193
Total comprehensive income/loss	**1,321**	2,017
thereof income/loss attributable to non-controlling interests	**49**	64
thereof income/loss attributable to shareholders of Daimler AG	**1,272**	1,953

1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income/Loss Q1-3

E.03

In millions of euros	Q3 2018	Q3 2017 (adjusted)[1]
Net profit	**1,761**	2,237
Gains/losses on currency translation	**-327**	-736
Gains/losses on equity instruments and debt instruments	**3**	1
Gains/losses on derivative financial instruments	**-147**	379
Gains/losses on equity-method investments	**-8**	-4
Items that may be reclassified to profit/loss	**-479**	-360
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Total comprehensive income/loss	**1,321**	2,017
thereof income/loss attributable to non-controlling interests	**49**	64
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1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

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Consolidated Statement of Financial Position

E.05

	Sept. 30, 2018	Dec. 31, 2017 (adjusted)[1]
In millions of euros		
Assets		
Intangible assets	14,530	13,735
Property, plant and equipment	29,577	27,981
Equipment on operating leases	49,060	47,074
Equity-method investments	4,759	4,818
Receivables from financial services	49,359	46,600
Marketable debt securities and similar investments	675	990
Other financial assets	2,873	3,204
Deferred tax assets	3,343	2,844
Other assets	1,039	1,203
Total non-current assets	155,215	148,449
Inventories	32,126	25,686
Trade receivables	12,011	11,995
Receivables from financial services	43,214	39,454
Cash and cash equivalents	15,014	12,072
Marketable debt securities and similar investments	9,190	9,073
Other financial assets	3,638	3,602
Other assets	5,677	5,014
Assets held for sale	493	-
Total current assets	121,363	106,896
Total assets	276,578	255,345
Equity and liabilities		
Share capital	3,070	3,070
Capital reserves	11,701	11,742
Retained earnings	49,083	47,553
Other reserves	372	1,504
Equity attributable to shareholders of Daimler AG	64,226	63,869
Non-controlling interests	1,327	1,290
Total equity	65,553	65,159
Provisions for pensions and similar obligations	6,091	5,767
Provisions for income taxes	899	1,046
Provisions for other risks	6,981	7,143
Financing liabilities	87,908	78,378
Other financial liabilities	2,514	2,370
Deferred tax liabilities	3,127	2,347
Deferred income	1,563	1,668
Contract liabilities	5,154	3,833
Other liabilities	8	10
Total non-current liabilities	114,245	102,562
Trade payables	16,416	12,451
Provisions for income taxes	358	560
Provisions for other risks	7,747	7,620
Financing liabilities	53,218	48,746
Other financial liabilities	8,171	6,905
Deferred income	1,571	1,528
Contract liabilities	6,406	7,375
Other liabilities	2,687	2,439
Liabilities held for sale	206	-
Total current liabilities	96,780	87,624
Total equity and liabilities	276,578	255,345

1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

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Consolidated Statement of Cash Flows

E.06

	Q1-3 2018	Q1-3 2017 (adjusted)[1]
In millions of euros		
Profit before income taxes	8,122	10,651
Depreciation and amortization/impairments	4,576	4,158
Other non-cash expense and income	-933	-1,212
Gains (-)/losses (+) on disposals of assets	-13	-386
Change in operating assets and liabilities		
Inventories	-6,715	-2,705
Trade receivables	-379	-635
Trade payables	3,998	3,971
Receivables from financial services	-6,709	-7,408
Vehicles on operating leases	-1,364	-2,687
Other operating assets and liabilities	-105	1,809
Dividends received from equity-method investments	946	841
Income taxes paid	-2,254	-2,582
Cash used for/provided by operating activities	-830	3,815
Additions to property, plant and equipment	-4,958	-4,170
Additions to intangible assets	-2,293	-2,530
Proceeds from disposals of property, plant and equipment and intangible assets	312	628
Investments in shareholdings	-578	-906
Proceeds from disposals of shareholdings	354	266
Acquisition of marketable debt securities and similar investments	-4,265	-3,871
Proceeds from sales of marketable debt securities and similar investments	4,460	4,985
Other	60	64
Cash used for investing activities	-6,908	-5,534
Change in financing liabilities	14,802	12,666
Dividend paid to shareholders of Daimler AG	-3,905	-3,477
Dividends paid to non-controlling interests	-265	-246
Proceeds from the issue of share capital	118	66
Acquisition of treasury shares	-50	-42
Acquisition of non-controlling interests in subsidiaries	-78	-10
Cash provided by financing activities	10,622	8,957
Effect of foreign exchange rate changes on cash and cash equivalents	58	-818
Net increase in cash and cash equivalents	2,942	6,420
Cash and cash equivalents at beginning of period	12,072	10,981
Cash and cash equivalents at end of period	15,014	17,401

1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

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Consolidated Statement of Changes in Equity

E.07

In millions of euros	Share capital	Capital reserves	Retained earnings	Currency translation	Equity instruments / debt instruments
Balance at January 1, 2017	3,070	11,744	40,794	2,842	53
First-time adoption of IFRS 15	-	-	95	-	-
First-time adoption of IFRS 9	-	-	23	-	-
Balance at January 1, 2017 (adjusted)[1]	3,070	11,744	40,912	2,842	53
Net profit (adjusted)[1]	-	-	7,147	-	-
Other comprehensive income/loss before taxes (adjusted)[1]	-	-	130	-2,267	14
Deferred taxes on other comprehensive income/loss (adjusted)[1]	-	-	15	-	-2
Total comprehensive income/loss (adjusted)[1]	-	-	7,292	-2,267	12
Dividends	-	-	-3,477	-	-
Changes in consolidated group	-	-	-35	-	-
Capital increase/Issue of new shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Issue and disposal of treasury shares	-	-	-	-	-
Changes in ownership interests in subsidiaries	-	-11	-	-	-
Other	-	-7	-	-	-
Balance at September 30, 2017 (adjusted)[1]	3,070	11,726	44,692	575	65
Balance at January 1, 2018 (adjusted)[1]	**3,070**	**11,742**	**47,553**	**258**	**66**
First-time adoption of IFRS 9	**-**	**-**	**2**	**-**	**-28**
Balance at January 1, 2018 (adjusted)[1]	**3,070**	**11,742**	**47,555**	**258**	**38**
Net profit	**-**	**-**	**5,688**	**-**	**-**
Other comprehensive income/loss before taxes	**-**	**-**	**-317**	**-118**	**3**
Deferred taxes on other comprehensive income/loss	**-**	**-**	**62**	**-**	**5**
Total comprehensive income/loss	**-**	**-**	**5,433**	**-118**	**8**
Dividends	**-**	**-**	**-3,905**	**-**	**-**
Capital increase/Issue of new shares	**-**	**-**	**-**	**-**	**-**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**
Issue and disposal of treasury shares	**-**	**-**	**-**	**-**	**-**
Changes in ownership interests in subsidiaries	**-**	**-41**	**-**	**-**	**-**
Balance at September 30, 2018	**3,070**	**11,701**	**49,083**	**140**	**46**

1 The prior-year figures have been adjusted due to the effects of the first-time adoption of IFRS 15 and IFRS 9. Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

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Other reserves: Items that may be reclassified to profit/loss – Derivative financial instruments	Other reserves: Items that may be reclassified to profit/loss – Equity-method investments	Treasury shares	**Equity attributable to shareholders of Daimler AG**	Non-controlling interests	**Total equity**	In millions of euros
-537	-16	-	57,950	1,183	59,133	**Balance at January 1, 2017**
-	-	-	95	-	95	First-time adoption of IFRS 15
-23	-	-	-	-	-	First-time adoption of IFRS 9
-560	-16	-	58,045	1,183	59,228	**Balance at January 1, 2017 (adjusted)[1]**
-	-	-	7,147	254	7,401	Net profit (adjusted)[1]
2,678	33	-	588	-81	507	Other comprehensive income/loss before taxes (adjusted)[1]
-801	-	-	-788	1	-787	Deferred taxes on other comprehensive income/loss (adjusted)[1]
1,877	33	-	6,947	174	7,121	Total comprehensive income/loss (adjusted)[1]
-	-	-	-3,477	-249	-3,726	Dividends
-	-	-	-35	-	-35	Changes in consolidated group
-	-	-	-	33	33	Capital increase/Issue of new shares
-	-	-42	-42	-	-42	Acquisition of treasury shares
-	-	42	42	-	42	Issue and disposal of treasury shares
-	-	-	-11	15	4	Changes in ownership interests in subsidiaries
-	-	-	-7	11	4	Other
1,317	17	-	61,462	1,167	62,629	**Balance at September 30, 2017 (adjusted)[1]**
1,171	**9**	**-**	**63,869**	**1,290**	**65,159**	**Balance at January 1, 2018 (adjusted)[1]**
-	**-**	**-**	**-26**	**-8**	**-34**	First-time adoption of IFRS 9
1,171	**9**	**-**	**63,843**	**1,282**	**65,125**	**Balance at January 1, 2018 (adjusted)[1]**
-	**-**	**-**	**5,688**	**252**	**5,940**	Net profit
-1,414	**-3**	**-**	**-1,849**	**2**	**-1,847**	Other comprehensive income/loss before taxes
423	**-**	**-**	**490**	**-**	**490**	Deferred taxes on other comprehensive income/loss
-991	**-3**	**-**	**4,329**	**254**	**4,583**	Total comprehensive income/loss
-	**-**	**-**	**-3,905**	**-291**	**-4,196**	Dividends
-	**-**	**-**	**-**	**80**	**80**	Capital increase/Issue of new shares
-	**-**	**-50**	**-50**	**-**	**-50**	Acquisition of treasury shares
-	**-**	**50**	**50**	**-**	**50**	Issue and disposal of treasury shares
-	**-**	**-**	**-41**	**2**	**-39**	Changes in ownership interests in subsidiaries
180	**6**	**-**	**64,226**	**1,327**	**65,553**	**Balance at September 30, 2018**

Notes to the Interim Consolidated Financial Statements

1. Presentation of the Interim Consolidated Financial Statements

General
These unaudited interim consolidated financial statements (interim financial statements) of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 115 of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting.

The interim financial statements comply with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. Daimler AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The interim financial statements of the Daimler Group are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

The Board of Management authorized the interim consolidated financial statements for publication on October 24, 2018. These interim financial statements have been reviewed by the Daimler Group's independent auditor.

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the profitability, liquidity and capital resources, and financial position of the Group. Results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2017 audited and published IFRS consolidated financial statements and notes thereto. The accounting policies applied by the Group in these interim financial statements basically correspond with those applied for the consolidated financial statements for the year ended December 31, 2017.

Preparation of interim financial statements in conformity with IFRS requires estimates and management assumptions to be made which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the end of the reporting period and the amounts of income and expense reported for the period. Actual amounts can differ from those estimates. Changes in the estimates and management assumptions can have a material impact on the interim consolidated financial statements.

IFRSs initially applied in the reporting period

Application of IFRS 15 Revenue from Contracts with Customers. In May 2014, the IASB published the standard IFRS 15. It replaces existing guidance for revenue recognition, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. The new standard lays down a comprehensive framework for determining in which amount and at which date revenue is recognized. The new standard specifies a uniform, five-step model for revenue recognition, which is generally to be applied to all contracts with customers.

Daimler applies IFRS 15 for the first time for the financial year beginning on January 1, 2018. The first-time adoption has been conducted retrospectively. The figures reported for the previous year have been adjusted by the effects arising from the adoption of IFRS 15.

Daimler uses the following practical expedients available under IFRS 15 for retrospective first-time adoption:

– Contracts concluded until December 31, 2016 were not reassessed under IFRS 15. Due to the application of this practical expedient profit decreased especially in Q1 2017 in comparison to a full retrospective adoption. The impact on the Group's profitability, liquidity and capital resources or financial position is assessed to be not material.

– Contracts that were modified before January 1, 2017 have not been reassessed regarding the guidance of IFRS 15 for contract modifications. The application of this practical expedient did not have any major impact on the Group's profitability, liquidity and capital resources or financial position.

The first-time adoption of IFRS 15 particularly affects Daimler in the following areas:

Contract liabilities. IFRS 15 includes guidance regarding the presentation of contract fulfillment and contract obligations. These are assets and liabilities from contracts with customers which arise dependent on the relationship between the entity's performance and the customer's payment. The guidance led to reclassifications in the statement of financial position from deferred income, provisions for other risks, other financial liabilities and other liabilities into contract liabilities.

Contract liabilities especially occur at Daimler in the following circumstances:

- deferred revenue for service and maintenance contracts and for extended warranty contracts,
- obligations from sales (especially performance bonuses, discounts and other price concessions) in the scope of IFRS 15, and
- advance payments received on contracts in the scope of IFRS 15.

Sale of vehicles for which the Group enters into a repurchase obligation. IFRS 15 differentiates between three forms of repurchase agreements: a forward (an entity's obligations to repurchase the asset), a call option (an entity's right to repurchase the asset) and a put option (an entity's obligation to repurchase the asset at the customer's request). The latter amends the accounting since under IFRS 15 those vehicle sales might necessitate the reporting of a sale with the right of return. Those transactions have so far been reported as operating leases.

Sale of vehicles with a residual-value guarantee. Under IFRS 15, arrangements such as when an entity provides its customer with a guaranteed minimum resale value that he receives on resale do not constrain the customer in its ability to direct the use of, and obtain substantially all of the benefits from the asset. At contract inception of a sale with a residual-value guarantee an entity therefore has to recognize revenue. However, a potential compensation payment to the customer has to be considered (revenue deferral). Those transactions have so far been reported as operating leases.

Accounting of contract manufacturing. Under a contract manufacturing agreement, Daimler sells assets to a third-party manufacturer from which Daimler buys back the manufactured products after completion of the commissioned work. If the sale of the assets is not accompanied by the transfer of control to the third-party manufacturer, no revenue will be recognized under IFRS 15.

Date of recognition of sales incentives. Under IFRS 15, obligations from sales transactions are presented by Daimler as contract liabilities. Obligations from sales transactions which have previously been accounted for as a provision might necessitate earlier recognition as contract liabilities under IFRS 15 due to different recognition principles.

Due to clarifications of IFRS 15 regarding the scope of application and the accounting of licenses, income from licenses has been reclassified from other operating income to revenue.

Table ↗ E.08 shows the effects of the application of IFRS 15 and IFRS 9 (as far as the effects relate to non-designated components of derivatives) on the Consolidated Statement of Income for the third quarter of 2017 and the nine-month period ended September 30, 2017.

E.08

Effects from the application of IFRS 15 and IFRS 9 on the Consolidated Statement of Income

In millions of euros	Q3 2017	Q1-3 2017
Revenue	-62	-200
Cost of sales	150	285
Selling expenses	2	4
General administrative expenses	4	4
Other operating income	-133	-413
Other operating expense	-1	-3
Other financial income/expense, net[1]	-9	38
Income taxes	18	110
Net profit	-31	-175

1 Exclusively from the first-time adoption of IFRS 9. Resulting from the deferral of profits and losses relating to non-designated components of derivatives in other financial income/expense.

The application of IFRS 15 and IFRS 9 in 2017 led to a decrease in net profit of €247 million.

The effects on the line items of the Consolidated Statement of Financial Position at January 1, 2017 as well as at December 31, 2017 are presented in table ↗ E.09.

E.09

Effects from the application of IFRS 15 on the Consolidated Statement of Financial Position

In millions of euros	Dec. 31, 2017	Jan. 1, 2017
Assets		
Equipment on operating leases	-640	-264
Trade receivables	5	2
Receivables from financial services	267	-
Other financial assets	5	14
Deferred tax assets	-9	-35
Other assets	112	63
Total assets	-260	-220
Equity and liabilities		
Total equity	-155	95
Trade payables	-23	-1
Provisions for other risks	-2,481	-2,663
Other financial liabilities	-2,247	-1,955
Deferred tax liabilities	-55	4
Deferred income	-6,274	-5,820
Contract liabilities	11,208	10,328
Other liabilities	-233	-208
Total equity and liabilities	-260	-220

Basic and diluted earnings per share decrease by €0.02 in the third quarter of 2017 and decrease by €0.16 in the nine-month period ended September 30, 2017.

Application of IFRS 9 Financial Instruments. Daimler applies IFRS 9 initially for reporting periods beginning on and after January 1, 2018. Initial application is made retrospectively. In accordance with the transition requirements, Daimler chose to present prior periods in accordance with IAS 39. As an exception, the transition for recognition of fair-value changes of certain non-designated components of derivatives through other comprehensive income is to be applied retrospectively to the comparative figures.

Initial application of IFRS 9 leads to the following major changes:

Financial Assets. IFRS 9 introduces a comprehensive classification model for financial assets that classifies financial assets into three categories: financial assets at amortized costs, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Financial assets that give rise to cash flows consisting only of payments of principal and interest are classified in accordance with Daimler's business model for holding these instruments. Financial assets that are held in a business model with the objective to hold them until maturity and collect the contractual cash flows are measured *at amortized cost*. These business models are managed principally based on interest-rate structure and credit risk. If the business model comprises the intention to hold the financial assets to collect the contractual cash flows but expects to sell these financial assets if this is necessary, e.g. to fulfill a specific need for liquidity, then these instruments are measured *at fair value through other comprehensive income*. Financial assets that have only cash flows of principal and interest but are not held within one of the business models described above are measured *at fair value through profit or loss*.

Financial assets that contain cash flows other than those of principal and interest, such as interests in money-market funds or derivatives including separated embedded derivatives, are measured at fair value through profit or loss. For equity instruments, IFRS 9 optionally allows measurement at fair value through other comprehensive income. Daimler elects to measure equity instruments at fair value through other comprehensive income on an instrument by instrument basis. When these equity instruments are sold or written off, any unrealized gains and losses on these equity instruments are reclassified to retained earnings and not presented under profit or loss. These equity instruments are shown within other financial assets.

Trade receivables and receivables from financial services were categorized as loans and receivables under IAS 39 and measured at amortized cost respectively. All of these instruments are categorized as measured at amortized cost using the effective interest rate method.

Marketable debt securities and similar investments were categorized as available for sale under IAS 39 and measured at fair value through other comprehensive income. Except for interests in money-market funds, these instruments are categorized as measured at fair value through other comprehensive income under IFRS 9, while similar investments are measured at amortized cost.

Impairment model based on expected credit losses. IFRS 9 introduces the expected loss impairment approach to be applied on all financial assets (debt instruments) at amortized cost or at fair value through other comprehensive income. While under IAS 39, only incurred losses were recognized as an impairment of financial assets, the new approach takes projections of the future into consideration. The expected credit-loss approach uses three stages for allocating impairment losses:

Stage 1: expected credit losses within the next twelve months

Stage 1 includes all contracts with no significant increase in credit risk since initial recognition and usually includes new acquisitions and contracts with fewer than 31 days past due date. The portion of the lifetime expected credit losses resulting from default events possible within the next 12 months is recognized.

Stage 2: expected credit losses over the lifetime – not credit impaired

If a financial asset has a significant increase in credit risk since initial recognition but is not yet credit impaired, it is moved to stage 2 and measured at lifetime expected credit loss, which is defined as the expected credit loss that results from all possible default events over the expected life of a financial instrument.

Stage 3: expected credit losses over the lifetime – credit impaired

If a financial asset is defined as credit-impaired or in default, it is transferred to stage 3 and measured at lifetime expected credit loss. Objective evidence for a credit-impaired financial asset includes 91 days past due date and other information about significant financial difficulties of the borrower.

The determination of whether a financial asset has experienced a significant increase in credit risk is based on an assessment of the probability of default, which is made at least quarterly, incorporating external credit rating information as well as internal information on the credit quality of financial assets. For debt instruments that are not receivables from financial services a significant increase in credit risk is assessed mainly based on past-due information.

A financial asset is migrated to stage 2 if the asset's credit risk has increased significantly compared to its credit risk at initial recognition. The credit risk is assessed based on the probability of default. For trade receivables, the simplified approach is applied whereby all trade receivables are allocated to stage 2 initially. Hence, no determination of significant increases in credit risk is necessary.

Daimler applies the low credit risk exception to the stage allocation to debt instruments quoted on the stock exchange with investment-grade ratings. These debt instruments are always allocated to stage 1.

In stage 1 and 2, the effective interest revenue is calculated based on gross carrying amounts. If a financial asset becomes credit impaired in stage 3, the effective interest revenue is calculated based on its net carrying amount (gross carrying amount adjusted for any loss allowance).

Measurement of expected credit losses. Expected credit losses are measured in a way that reflects:

a) the unbiased and probability-weighted amount;

b) the time value of money; and

c) reasonable and supportable information (if available without undue cost or effort) at the reporting date about past events, current conditions and forecasts of future economic conditions.

Expected credit losses are measured as the probability-weighted present value of all cash shortfalls over the expected life of each financial asset. For receivables from financial services, expected credit losses are mainly calculated with a statistical model using three major risk parameters: probability of default, loss given default and exposure at default.

The estimation of these risk parameters incorporates all available relevant information, not only historical and current loss data, but also reasonable and supportable forward-looking information reflected by the future expectation factors. This information includes macroeconomic factors (e.g., gross domestic product growth, unemployment rate, cost performance index) and forecasts of future economic conditions. For receivables from financial services, these forecasts are performed using a scenario analysis (base case, adverse and optimistic scenarios).

A financial instrument is written off when there is no reasonable expectation of recovery, for example at the end of insolvency proceedings or after a court decision of uncollectibility.

Significant modification (e.g., that leads to a change in the present value of the contractual cash flows of 10%) leads to derecognition of financial assets. This is estimated to be rare and immaterial for receivables from financial services. If the terms of a contract are renegotiated or modified and this does not result in derecognition of the contract, then the gross carrying amount of the contract has to be recalculated and a modification gain or loss has to be recognized in profit or loss.

Derivative financial instruments and hedge accounting. The Group uses derivative financial instruments exclusively for hedging financial risks that arise from its commercial business or refinancing activities. These are mainly interest rate risks, currency risks and commodity price risks. Embedded derivatives are principally separated from the host contract and recognized separately. However, embedded derivatives are not separated from the host contract, if that host contract is a financial asset, if Daimler chooses to measure a hybrid contract at fair value through profit or loss or if an analysis shows that the economic characteristics and risks of embedded derivatives are closely related to those of the host contract.

Derivative financial instruments are measured at fair value upon initial recognition and at each subsequent reporting date. The fair value of listed derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option pricing models. Derivatives are presented as assets if their fair value is positive and as liabilities if the fair value is negative.

If the requirements for hedge accounting set out in IFRS 9 are met, Daimler designates and documents the hedge relationship from the date a derivative contract is entered into as a fair value hedge, a cash flow hedge or a hedge of a net investment in a foreign business operation. In a fair value hedge, the changes in the fair value of a recognized asset or liability or an unrecognized firm commitment are hedged. In a cash flow hedge, the variability of cash flows to be received or paid from expected transactions related to a recognized asset or liability or a highly probable forecast transaction is hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of the risk being hedged, the identification of the eligible hedging instrument and the eligible hedged item, as well as an assessment of the effectiveness requirements comprising the risk mitigating economic relationship, the absence of deteriorating effects from credit risk and the appropriate hedge ratio. Hedging transactions are regularly assessed to determine whether the effectiveness requirements are met throughout the financial reporting periods for which they are designated.

Under IFRS 9, for cash flow hedges of volatile prices in highly probable forecast procurement transactions, designation can be made for separable risk components of these non-financial hedged items. Daimler can apply this possibility to facilitate future hedge accounting and thereby reduce ineffectiveness of hedge relationships for commodities.

Changes in the fair value of derivative financial instruments that are designated in a hedge relationship are recognized periodically in either profit or loss or other comprehensive income, depending on whether the derivative is designated as a hedge of changes in fair value or cash flows. Changes in fair value of non-designated derivatives are recognized through profit or loss. For fair value hedges, changes in the fair value of the hedged item and the derivative are recognized in profit or loss. For cash flow hedges, fair value changes in the effective portion of the hedging instrument are recognized in other comprehensive income. Under IFRS 9 amounts recognized as effective hedging gains or losses of the hedging instrument in other comprehensive income are removed from the equity reserves and directly included in the initial cost or carrying amount of the hedged item at initial recognition if a hedged forecast transaction results in the recognition of a non-financial asset or liability.

For other cash flow hedges the accumulated hedging gains or losses from the hedging instrument are reclassified from the cash flow hedge reserves to the statement of income when the hedged item affects profit or loss. The ineffective portions of fair value changes are recognized directly in profit or loss.

If derivative financial instruments do not or no longer qualify for hedge accounting because the qualifying criteria for hedge accounting are not or are no longer met, the derivative financial instruments are classified as held for trading and are measured at fair value through profit or loss.

For derivative instruments designated in a hedge relationship, certain components can be excluded from designation and the changes in these components' fair value are then deferred in other comprehensive income under IFRS 9. This applies for example to the fair value of options or cross currency basis spreads.

Table ↗ **E.10** shows the effects on the components of equity from first-time adoption of IFRS 9.

The original measurement categories and carrying amounts of financial instruments according to IAS 39 as well as the new measurement categories and carrying amounts of financial instruments according to IFRS 9 are summarized in table ↗ **E.11**.

Table ↗ **E.12** shows the reconciliation of the carrying amounts of financial instruments according to IAS 39 at December 31, 2017 to the carrying amounts according to IFRS 9 at January 1, 2018.

E.10

First-time adoption effects of IFRS 9 on equity

In millions of euros	
Retained earnings	
Balance at December 31, 2017 according to IAS 39	47,553
Change in credit risk for financial instruments	-52
Reclassification of impairments of equity instruments recognized through profit or loss under IAS 39	38
Adjustments from measurement of equity instruments recognized through profit or loss	16
Other effects from first-time adoption of IFRS 9	1
Deferred taxes on first-time adoption effects	-1
Balance at January 1, 2018 according to IFRS 9	47,555
Reserves for available-for-sale financial assets	
Balance at December 31, 2017 according to IAS 39	66
Reclassification in reserves for equity instruments recognized at fair value through other comprehensive income (after deferred taxes)	-44
Reclassification in reserves for debt instruments recognized at fair value through other comprehensive income (after deferred taxes)	-22
Balance at January 1, 2018 according to IFRS 9	-
Reserves for equity instruments recognized at fair value through other comprehensive income	
Balance at December 31, 2017 according to IAS 39	-
Reclassification from reserves for available-for-sale financial assets (after deferred taxes)	44
Reclassification of impairments of equity instruments recognized through profit or loss under IAS 39	-38
Deferred taxes on first-time adoption effects	6
Balance at January 1, 2018 according to IFRS 9	12
Reserves for debt instruments recognized at fair value through other comprehensive income	
Balance at December 31, 2017 according to IAS 39	-
Reclassification from reserves for available-for-sale financial assets (after deferred taxes)	22
Change in credit risk for debt instruments	4
Other effects from first-time adoption of IFRS 9	2
Deferred taxes on first-time adoption effects	-2
Balance at January 1, 2018 according to IFRS 9	26
Non-controlling interests after taxes	
Balance at December 31, 2017 according to IAS 39	1,290
Change in credit risk for financial instruments	-11
Deferred taxes on first-time adoption effects	3
Balance at January 1, 2018 according to IFRS 9	1,282

E.11

Measurement categories of financial instruments

In millions of euros	Measurement categories according to IAS 39	Measurement categories according to IFRS 9	Carrying amount according to IAS 39 at Dec. 31, 2017	Carrying amount according to IFRS 9 at Jan. 1, 2018
Financial assets				
Receivables from financial services	Loans and receivables	Measured at cost	86,054	85,998
Trade receivables	Loans and receivables	Measured at cost	11,995	11,999
Cash and cash equivalents	Loans and receivables	Measured at cost	12,072	12,072
Marketable debt securities and similar investments				
Marketable debt securities recognized at fair value through other comprehensive income	Classified as available-for-sale instruments	Recognized at fair value through other comprehensive income	6,733	6,733
Marketable debt securities recognized at fair value through profit or loss	Classified as available-for-sale instruments	Recognized at fair value through profit or loss	3,130	3,130
Similar investments measured at cost	Classified as available-for-sale instruments	Measured at cost	200	200
Other financial assets				
Equity instruments and debt instruments				
Equity instruments recognized at fair value through other comprehensive income	Classified as available-for-sale instruments	Recognized at fair value through other comprehensive income	173	173
Equity instruments and debt instruments recognized at fair value through profit or loss	Classified as available-for-sale instruments	Recognized at fair value through profit or loss	211	227
Financial assets recognized at fair value through profit or loss	Recognized at fair value through profit or loss	Recognized at fair value through profit or loss	82	82
Other receivables and financial assets	Loans and receivables	Measured at cost	3,172	3,168
			123,822	123,782
Financial liabilities				
Financing liabilities	Measured at cost	Measured at cost	127,124	127,121
Trade payables	Measured at cost	Measured at cost	12,451	12,451
Financial liabilities recognized at fair value through profit or loss	Recognized at fair value through profit or loss	Recognized at fair value through profit or loss	111	111
Other financial liabilities	Measured at cost	Measured at cost	8,468	8,471
			148,154	148,154

E.12

Reconciliation of carrying amount (IAS 39 to IFRS 9)

In millions of euros	Carrying amount according to IAS 39 at Dec. 31, 2017	Reclassi-fication effects	Remeasure-ment effects	Carrying amount according to IFRS 9 at Jan. 1, 2018
Financial instruments measured at cost				
Receivables from financial services	86,054	-	-56	85,998
Trade receivables	11,995	-	4	11,999
Cash and cash equivalents	12,072	-	-	12,072
Marketable debt securities and similar investments	-	200	-	200
Other receivables and financial assets	3,172	-	-4	3,168
	113,293	200	-56	113,437
Available-for-sale financial assets				
Marketable debt securities and similar investments	10,063	-10,063	-	-
Equity instruments recognized at fair value	384	-384	-	-
	10,447	-10,447	-	-
Financial assets recognized at fair value through other comprehensive income				
Marketable debt securities and similar investments	-	6,733	-	6,733
Equity instruments	-	173	-	173
	-	6,906	-	6,906
Financial assets recognized at fair value through profit or loss				
Marketable debt securities and similar investments	-	3,130	-	3,130
Equity instruments and debt instruments	-	211	16	227
	-	3,341	16	3,357

2. Assets and liabilities held for sale

In March 2018, the Daimler Group and the BMW Group signed an agreement to merge their business units for mobility services. The partners intend to offer their customers a holistic eco-system of intelligent, seamlessly connected mobility services, available at the tap of a finger. To this end, the partners will combine and strategically expand their existing on-demand mobility offering in the areas of CarSharing, Ride-Hailing, Parking, Charging and Multimodality in joint ventures. The formation of the joint ventures will produce a significant positive earnings effect and cash outflow in the segment Daimler Financial Services. Completion of the transaction is expected in the fourth quarter of 2018, subject to the approval of all the relevant competition authorities. The assets and liabilities held for sale are presented separately in the consolidated statement of financial position. At September 30, 2018, the disposal group’s assets amounted to €493 million and its liabilities amounted to €206 million.

3. Revenue

Revenue from contracts with customers (revenue according to IFRS 15) is disaggregated by the two categories - type of products and services and geographical region - and presented in table ↗ E.13 and ↗ E.14. The category type of products and services corresponds to the reportable segments.

Other revenue primarily comprises revenue from the rental and leasing business (IAS 17), interest from the financial services business at Daimler Financial Services and effects from currency hedging.

E.13

Revenue for the three-month periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q3 2018								
Europe	**8,702**	**2,661**	**1,905**	**642**	**1,022**	**14,932**	**-874**	**14,058**
NAFTA	**3,964**	**4,653**	**432**	**75**	**1,065**	**10,189**	**-13**	**10,176**
Asia	**7,222**	**1,649**	**187**	**49**	**67**	**9,174**	**-4**	**9,170**
Other markets	**1,096**	**915**	**261**	**199**	**60**	**2,531**	**-65**	**2,466**
Revenue according to IFRS 15	**20,984**	**9,878**	**2,785**	**965**	**2,214**	**36,826**	**-956**	**35,870**
Other revenue	**688**	**167**	**254**	**99**	**4,036**	**5,244**	**-903**	**4,341**
Total revenue	**21,672**	**10,045**	**3,039**	**1,064**	**6,250**	**42,070**	**-1,859**	**40,211**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q3 2017 (adjusted)[1]								
Europe	9,247	2,692	1,889	619	914	15,361	-827	14,534
NAFTA	4,619	3,868	410	78	1,020	9,995	-30	9,965
Asia	7,520	1,564	217	36	56	9,393	26	9,419
Other markets	1,120	855	260	219	41	2,495	-53	2,442
Revenue according to IFRS 15	22,506	8,979	2,776	952	2,031	37,244	-884	36,360
Other revenue	849	231	314	84	3,805	5,283	-898	4,385
Total revenue	23,355	9,210	3,090	1,036	5,836	42,527	-1,782	40,745

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

E.14

Revenue for the nine-months periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1-3 2018								
Europe	**27,213**	**7,910**	**6,184**	**1,835**	**3,088**	**46,230**	**-2,765**	**43,465**
NAFTA	**12,424**	**12,015**	**1,232**	**180**	**3,288**	**29,139**	**-58**	**29,081**
Asia	**22,288**	**4,749**	**665**	**117**	**169**	**27,988**	**-9**	**27,979**
Other markets	**2,989**	**2,636**	**814**	**553**	**150**	**7,142**	**-170**	**6,972**
Revenue according to IFRS 15	**64,914**	**27,310**	**8,895**	**2,685**	**6,695**	**110,499**	**-3,002**	**107,497**
Other revenue	**2,331**	**539**	**753**	**304**	**11,882**	**15,809**	**-2,554**	**13,255**
Total revenue	**67,245**	**27,849**	**9,648**	**2,989**	**18,577**	**126,308**	**-5,556**	**120,752**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1-3 2017 (adjusted)[1]								
Europe	28,061	7,593	6,099	1,952	2,778	46,483	-2,554	43,929
NAFTA	14,225	10,948	1,125	231	3,392	29,921	-89	29,832
Asia	22,273	4,691	629	106	161	27,860	-9	27,851
Other markets	3,368	2,382	773	626	123	7,272	-151	7,121
Revenue according to IFRS 15	67,927	25,614	8,626	2,915	6,454	111,536	-2,803	108,733
Other revenue	1,519	577	766	261	11,223	14,346	-2,538	11,808
Total revenue	69,446	26,191	9,392	3,176	17,677	125,882	-5,341	120,541

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

4. Functional costs

Cost of sales
Cost of sales amounted to €32,247 million in the third quarter of 2018 (Q3 2017: €32,224 million) and €95,913 million in the nine-month period ended September 30, 2018 (Q1-3 2017: €95,223 million). They primarily comprise expenses of goods sold.

Selling expenses
In the third quarter of 2018, selling expenses amounted to €3,191 million (Q3 2017: €3,047 million) and in the nine-month period ended September 30, 2018, they amounted to €9,541 million (Q1-3 2017: €9,331 million). Selling expenses consist of direct selling costs as well as selling overhead expenses and comprise personnel expenses, material costs and other selling costs.

General administrative expenses
General administrative expenses amounted to €953 million in the third quarter of 2018 (Q3 2017: €928 million) and €2,889 million in the nine-month period ended September 30, 2018 (Q1-3 2017: €2,749 million). They consist of expenses which are not attributable to production, sales or research and development functions, and comprise personnel expenses, depreciation and amortization of fixed and intangible assets, and other administrative costs.

Research and non-capitalized development costs
Research and non-capitalized development costs were €1,775 million in the third quarter of 2018 (Q3 2017: €1,647 million) and in the nine-month period ended September 30, 2018 they amounted to €5,107 million (Q1-3 2017: €4,509 million) They primarily comprise personnel expenses and material costs.

Optimization programs
In the Daimler Trucks segment, no significant expenses were incurred in connection with the optimization of fixed costs, especially at the Mercedes-Benz brand, in the third quarter of 2018. In the year 2017, this led to expenses of €172 million, with the cash outflows occurring mainly in 2018.

5. Other operating income and expense

In the third quarter of 2018, other operating income amounted to €335 million (Q3 2017: €494 million). In the first nine months of the year, other operating income was €1,118 million (Q1-3 2017: €1,597 million. The year 2017 primarily reflected income of €267 million from the sale of real estate by Mitsubishi Fuso Truck and Bus Corporation at the Kawasaki site in Japan as well as other income from sales of property, plant and equipment of €118 million.

Other operating expense in the third quarter of 2018 was €419 million (Q3 2017: €92 million) and in the first nine months 2018 €900 million (Q1-3 2017: €482 million). The increase results from expenses in connection with ongoing governmental proceedings and measures taken in various regions with regard to Mercedes-Benz diesel vehicles.

6. Other financial income/expense

In the third quarter of 2018, the measurement at fair value of the minority interest in Aston Martin Lagonda Global Holdings plc in other financial assets resulted in a gain of €185 million, which has been assigned to the segment earnings of Mercedes-Benz Cars. The measurement was carried out in connection with the initial public offering, which took place at the beginning of October 2018.

7. Interest income and interest expense

Interest income and interest expense are comprised as follows:

E.15

Interest income and interest expense

	Q3 2018	Q3 2017	**Q1-3 2018**	Q1-3 2017
In millions of euros				
Interest income				
Net interest income on the net assets of defined benefit pension plans	**1**	-	**2**	1
Interest and similar income	**63**	51	**187**	154
	64	51	**189**	155
Interest expense				
Net interest expense on the net obligation from defined benefit pension plans	**-32**	-50	**-98**	-153
Interest and similar expense	**-172**	-97	**-421**	-268
	-204	-147	**-519**	-421

8. Intangible assets

Intangible assets are shown in the following table:

E.16

Intangible assets

	Sept. 30, 2018	Dec. 31, 2017
In millions of euros		
Goodwill	**1,096**	1,115
Development costs	**11,042**	10,280
Other intangible assets	**2,392**	2,340
	14,530	13,735

9. Property, plant and equipment

Property, plant and equipment are comprised as follows:

E.17

Property, plant and equipment

	Sept. 30, 2018	Dec. 31, 2017
In millions of euros		
Land, leasehold improvements and buildings including buildings on land owned by others	**8,554**	8,244
Technical equipment and machinery	**9,235**	9,334
Other equipment, factory and office equipment	**6,528**	5,933
Advance payments relating to plant and equipment and construction in progress	**5,260**	4,470
	29,577	27,981

10. Equipment on operating leases

At September 30, 2018, the carrying amount of equipment on operating leases was €49,060 million (December 31, 2017: €47,074 million). In the nine-month period ended September 30, 2018, additions and disposals amounted to €18,119 million and €10,411 million respectively (Q1-3 2017: €18,519 million and €10,045 million). Depreciation for the nine-month period ended September 30, 2018 was €6,341 million (Q1-3 2017: €5,803 million). Other changes primarily comprise the effects of currency translation.

11. Equity-method investments

Table ↗ **E.18** shows the carrying amounts and profits/losses from equity-method investments.

Table ↗ **E.19** presents key figures on interests in associated companies accounted for using the equity method in the Group's consolidated financial statements.

E.18

Summarized carrying amounts and profits/losses from equity-method investments

In millions of euros	Associated companies	Joint ventures	Joint operations	Total
At September 30, 2018				
Equity investment[1]	**4,134**	**595**	**30**	**4,759**
Equity result (Q3 2018)[1]	**322**	**2**	**1**	**325**
Equity result (Q1-3 2018)[1]	**1,020**	**-371**	**5**	**654**
At December 31, 2017				
Equity investment[1]	4,282	500	36	4,818
Equity result (Q3 2017)[1]	240	-48	2	194
Equity result (Q1-3 2017)[1]	1,238	-19	4	1,223

1 Including investor-level adjustments.

E.19

Key figures on interests in associated companies accounted for using the equity method

In millions of euros	BBAC	BAIC Motor[2]	THBV (HERE)	Others	Total
At September 30, 2018					
Equity interest (in %)	**49.0**	**9.6**	**29.5**	**-**	**-**
Equity investment[1]	**2,110**	**780**	**529**	**715**	**4,134**
Equity result (Q3 2018)[1]	**314**	**16**	**-25**	**17**	**322**
Equity result (Q1-3 2018)[1]	**1,017**	**33**	**-61**	**31**	**1,020**
At December 31, 2017					
Equity interest (in %)	49.0	10.1	33.3	-	-
Equity investment[1]	2,130	777	732	643	4,282
Equity result (Q3 2017)[1]	307	-6	-21	-40	240
Equity result (Q1-3 2017)[1]	855	278	132	-27	1,238

1 Including investor-level adjustments.
2 Earnings of BAIC Motor Corporation Ltd. (BAIC Motor) are included in Daimler's consolidated financial statements with a three-month time lag.

BBAC
The remainder of the dividend which was approved by the shareholders of Beijing Benz Automotive Co., Ltd. (BBAC) in the second quarter of 2017 was paid out in the first quarter of 2018 and led to a cash inflow of €346 million.

In the second quarter of 2018, the shareholders of BBAC approved the payout of a dividend for the 2017 financial year. The amount of €1,024 million attributable to Daimler reduced the carrying amount of the investment accordingly. The first part of the dividend was paid in the third quarter and led to a cash inflow of €495 million. The remaining amount will be paid in the fourth quarter of 2018. Daimler plans to contribute additional equity of in total €0.4 billion in accordance with its shareholding ratio in the years 2018 to 2020.

BAIC Motor
On May 3, 2018, BAIC Motor issued new shares at the Hong Kong Stock Exchange. As a result, Daimler's interest in BAIC Motor was diluted from 10.08% to 9.55%. The dilution did not lead to any material earnings effects at Daimler. Daimler continues to exercise significant influence on BAIC Motor.

In the first quarter of 2017, the equity result included a gain of €240 million due to a fully reversed impairment of the investment in BAIC Motor.

THBV (HERE)
In the first quarter of 2018, the shareholders of There Holding B.V. (THBV) decided on a distribution from the capital reserve. The amount of €96 million attributable to Daimler was paid out and decreased the carrying amount of the investment accordingly.

In December 2017, Daimler, Audi and BMW signed agreements on the sale of shares in THBV to Robert Bosch Investment Nederland B.V. and to Continental Automotive Holding Netherlands B.V. Those transactions were concluded on February 28, 2018. Each of both buyers acquired a share of 5.9% of THBV. The sale of shares was carried out in equal parts by Daimler, Audi and BMW. The effect on earnings was not material for Daimler.

In the second quarter of 2018, THBV carried out a capital increase. Daimler participated in the capital increase with €31 million, whereby the equity interest attributable to Daimler increased by 0.1% to 29.5%. The capital contribution increased the carrying amount of the investment accordingly.

In the first quarter of 2017, the equity result included a gain of €183 million from the remeasurement at fair value of shares in HERE International B.V. (HERE), a subsidiary of THBV.

Toll Collect
In the second quarter of 2018, the result of joint ventures accounted for using the equity method includes an expense of €418 million for Toll Collect, primarily related to the settlement of the arbitration proceedings. Further information is provided in Note 18.

Other minor equity-method investments
The equity-method result of joint ventures in the third quarter of 2017 includes an impairment of an investment of €50 million.

12. Receivables from financial services

Receivables from financial services are shown in the following table:

E.20
Receivables from financial services

	Sept. 30, 2018			Dec. 31, 2017 (adjusted)[1]		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Sales financing with customers	17,954	29,458	47,412	16,363	28,635	44,998
Sales financing with dealers	16,894	3,653	20,547	16,065	3,061	19,126
Finance-lease contracts	8,887	16,752	25,639	7,430	15,370	22,800
Gross carrying amount	43,735	49,863	93,598	39,858	47,066	86,924
Allowances for doubtful accounts	-521	-504	-1,025	-404	-466	-870
Net carrying amount	43,214	49,359	92,573	39,454	46,600	86,054

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

13. Inventories

Inventories are comprised as follows:

E.21
Inventories

	Sept. 30, 2018	Dec. 31, 2017
In millions of euros		
Raw materials and manufacturing supplies	3,234	2,655
Work in progress	4,558	3,373
Finished goods, parts and products held for resale	23,937	19,361
Advance payments to suppliers	397	297
	32,126	25,686

14. Equity

Approved capital
The Annual Shareholders' Meeting held on April 5, 2018 authorized the Board of Management, with the consent of the Supervisory Board, to increase the share capital of Daimler AG in the period until April 4, 2023 by a total of €1.0 billion in one lump sum or by separate partial amounts at different times by issuing new, registered no-par-value shares in exchange for cash and/or non-cash contributions (Approved Capital 2018). The new shares are generally to be offered to the shareholders for subscription (also by way of indirect subscription pursuant to Section 186 Subsection 5 Sentence 1 of the German Stock Corporation Act (AktG)). Among other things, the Board of Management was authorized with the consent of the Supervisory Board to exclude shareholders' subscription rights under certain conditions and within defined limits.

Approved Capital 2014, which has not been utilized, was cancelled when the resolution for a new Approved Capital 2018 took effect.

Conditional capital
By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Board of Management is authorized, with the consent of the Supervisory Board, until March 31, 2020 to issue convertible and/or warrant bonds or a combination of these instruments ("bonds") with a total face value of up to €10.0 billion and a maturity of no more than ten years. The Board of Management is allowed to grant the holders of these bonds conversion or warrant rights for new registered no-par-value shares in Daimler AG with an allocable portion of the share capital of up to €500 million in accordance with the details defined in the terms and conditions of the bonds. The bonds can be offered in exchange for cash and/or non-cash contributions, in particular for shares in other companies. The terms and conditions of the bonds can include warranty obligations or conversion obligations. The bonds can be issued once or several times, wholly or in installments, or simultaneously in various tranches, as well as by affiliates of the Company within the meaning of Sections 15 et seq. of the German Stock Corporation Act (AktG). Among other things, the Board of Management was authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights for the bonds under certain conditions and within defined constraints.

In order to fulfill the conditions of the above-mentioned authorization, the Annual Shareholders' Meeting on April 1, 2015 also resolved to increase the share capital conditionally by an amount of up to €500 million (Conditional Capital 2015).

Treasury shares

By resolution of the Annual Shareholders' Meeting on April 1, 2015, the Company is authorized until March 31, 2020 to acquire treasury shares in a volume up to 10% of the share capital issued as of the day of the resolution to be used for all legal purposes. The shares can be used, among other things, with the exclusion of shareholders' subscription rights, for business combinations or to acquire companies or to be sold to third parties for cash at a price that is not significantly lower than the stock-exchange price of the Company's shares. The acquired shares can also be used to fulfill obligations from issued convertible bonds and/or bonds with warrants and to be issued to employees of the Company and employees and board members of the Company's affiliates pursuant to Sections 15 et seq. of the German Stock Corporation Act (AktG). The treasury shares can also be canceled.

The Board of Management is further authorized, with the consent of the Supervisory Board, to exclude shareholders' subscription rights in other defined cases. In a volume up to 5% of the share capital issued as of the day of the resolution of the Annual Shareholders' Meeting, the Company was also authorized to acquire treasury shares also by using derivatives (put options, call options, forward purchases or a combination of these instruments), whereas the term of a derivative must not exceed 18 months and must not end later than March 31, 2020.

Employee share purchase plan

In the first quarter of 2018, 0.7 million (2017: 0.6 million) Daimler shares were purchased and reissued to employees in connection with employee share purchase plans.

Dividend

The Annual Shareholders' Meeting held on April 5, 2018 authorized Daimler to pay a dividend of €3,905 million (€3.65 per share) from the distributable profit of Daimler AG (separate financial statements) for the year 2017 (2017: €3,477 million and €3.25 per share). The dividend was paid out on April 10, 2018.

15. Pensions and similar obligations

Pension cost
The components of pension cost included in the consolidated statement of income are shown in table ↗ E.22 and ↗ E.23.

Contributions to pension plan assets
In the third quarter and the first nine months of 2018, contributions by Daimler to the Group's pension plan assets amounted to €13 million and €145 million (2017: €22 million and €123 million).

Measurement assumptions
The new Heubeck 2018 G mortality tables were published on July 20, 2018 and adjusted in September 2018. The tables reflect the latest statistics of the statutory pension insurance system and of the Federal Statistical Office. Daimler intends to initially apply the new Heubeck 2018 G mortality tables for Daimler AG and its German subsidiaries as of December 31, 2018. An increase in German pension provisions is expected upon initial application, which would be presented as an actuarial loss under equity.

E.22

Components of net periodic pension cost for the three-month-periods ended September 30

	Q3 2018			Q3 2017		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-170	-147	-23	-169	-145	-24
Gains on settlement	66	66	-	-	-	-
Net interest expense	-21	-14	-7	-38	-29	-9
Net interest income	1	-	1	-	-	-
	-124	-95	-29	-207	-174	-33

E.23

Components of net periodic pension cost for the nine-month-periods ended September 30

	Q1-3 2018			Q1-3 2017		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
In millions of euros						
Current service cost	-511	-441	-70	-507	-436	-71
Gains on settlement	66	66	-	-	-	-
Net interest expense	-65	-41	-24	-116	-88	-28
Net interest income	2	-	2	1	-	1
	-508	-416	-92	-622	-524	-98

16. Provisions for other risks

Provisions for other risks are comprised as shown in table ↗ **E.24**.

E.24

Provisions for other risks

	Sept. 30, 2018			Dec. 31, 2017 (adjusted)[1]		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Product warranties	**3,190**	**3,531**	**6,721**	3,154	3,562	6,716
Personnel and social costs	**1,912**	**2,263**	**4,175**	2,209	2,216	4,425
Other	**2,645**	**1,187**	**3,832**	2,257	1,365	3,622
	7,747	**6,981**	**14,728**	7,620	7,143	14,763

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

17. Financing liabilities

Financing liabilities are comprised as follows:

E.25

Financing liabilities

	Sept. 30, 2018			Dec. 31, 2017		
	Current	Non-current	Total	Current	Non-current	Total
In millions of euros						
Notes/bonds	**13,860**	**61,337**	**75,197**	13,785	53,288	67,073
Commercial paper	**2,961**	**16**	**2,977**	1,045	-	1,045
Liabilities to financial institutions	**19,769**	**17,752**	**37,521**	17,583	16,972	34,555
Deposits in the direct banking business	**9,780**	**1,827**	**11,607**	9,450	2,010	11,460
Liabilities from ABS transactions	**6,150**	**5,873**	**12,023**	6,214	4,823	11,037
Liabilities from finance leases	**21**	**316**	**337**	27	325	352
Loans, other financing liabilities	**677**	**787**	**1,464**	642	960	1,602
	53,218	**87,908**	**141,126**	48,746	78,378	127,124

18. Legal proceedings

As already reported, several consumer class-action lawsuits were filed against Mercedes-Benz USA, LLC (MBUSA) in federal courts in the United States in early 2016. The main allegation was the use of devices that impermissibly impair the effectiveness of emission control systems in reducing nitrogen-oxide (NOX) emissions and which cause excessive emissions from vehicles with diesel engines. In addition, plaintiffs alleged that consumers were deliberately deceived in connection with the advertising of Mercedes-Benz diesel vehicles. Those consumer class actions were consolidated into one class action pending against both Daimler AG and MBUSA in the US District Court for the District of New Jersey, in which the plaintiffs asserted various grounds for monetary relief on behalf of a nation-wide class of persons or entities who owned or leased certain models of Mercedes-Benz diesel vehicles as of February 18, 2016. Daimler AG and MBUSA moved to dismiss the lawsuit in its entirety. By order dated December 6, 2016, the court granted Daimler AG's and MBUSA's motion to dismiss and dismissed the lawsuit without prejudice, based on plaintiffs' failure to allege with sufficient specificity the advertising that they contended had misled them. Plaintiffs subsequently filed an amended class action complaint in the same court making similar allegations. The amended complaint also adds as defendants Robert Bosch LLC and Robert Bosch GmbH (collectively "Bosch"), and alleges that Daimler AG and MBUSA conspired with Bosch to deceive US regulators and consumers. Daimler AG and MBUSA view the lawsuit as being without merit and will defend against the claims.

Another consumer class-action lawsuit against Daimler AG and other companies of the Group containing similar allegations was filed in Canada in April 2016. On June 29, 2017, the court granted a procedural motion to certify certain issues for class treatment, and on March 12, 2018 the court ordered the parties to send a notice to the class by May 18, 2018, informing class members that the litigation is ongoing and they will be bound by the outcome. That notice has been sent, and class members had until July 20, 2018 to opt out of the class to avoid being bound by subsequent rulings in the case. Daimler also regards this lawsuit as being without merit and will defend against the claims. On July 14, 2017, an additional class action was filed in the Superior Court of California, Los Angeles County, against Daimler AG and other companies of the Group, alleging claims similar to the existing US class action. That action was removed to federal court and, on October 31, 2017, was transferred to the District of New Jersey. On December 21, 2017, the parties stipulated to dismiss, without prejudice, that lawsuit. It may be filed again under specific conditions, but Daimler also regards this lawsuit as being without merit.

Furthermore, several state and federal authorities and institutions world-wide have inquired about and/or are conducting investigations and/or administrative proceedings and/or have issued administrative orders. These particularly relate to test results, the emission control systems used in Mercedes-Benz diesel vehicles and/or Daimler's interaction with the relevant state and federal authorities, as well as related legal issues and implications, including, but not limited to, under applicable environmental, securities, criminal and antitrust laws. These authorities and institutions include, among others, the U.S. Department of Justice (DOJ), which, in April 2016, requested that Daimler AG review its certification and admissions processes related to exhaust emissions of diesel vehicles in the United States by way of an internal investigation in cooperation with the DOJ, the U.S. Environmental Protection Agency (EPA), the California Air Resources Board (CARB) and other US state authorities, the U.S. Securities and Exchange Commission (SEC), the European Commission, with which Daimler AG has filed a leniency application and which meanwhile has opened a formal investigation into possible collusion on clean emission technology, as well as national antitrust authorities and other authorities of various foreign states, as well as the German Federal Financial Supervisory Authority (BaFin), the German Federal Ministry of Transport and Digital Infrastructure (BMVI) and the German Federal Motor Transport Authority (KBA), the diesel emissions committee of inquiry of the German Parliament of the previous legislative period and the Stuttgart district attorney's office. The Stuttgart district attorney's office is conducting criminal investigation proceedings against Daimler employees concerning the suspicion of fraud and criminal advertising, and searched the premises of Daimler at several locations in Germany. In the second and third quarter of 2018, KBA issued administrative orders holding that certain calibrations of specified functionalities in certain Mercedes-Benz diesel vehicles are impermissible defeat devices and ordered subsequent auxiliary provisions for the EU type approval in this respect, including a stop of first registrations and a mandatory recall. Daimler filed objections against such administrative orders in order to have the open legal issues resolved, if necessary also by a court of law. In the course of its regular market supervision, KBA is routinely conducting further reviews of Mercedes-Benz vehicles. It cannot be ruled out that KBA will issue further administrative orders making similar findings. Daimler has implemented a temporary delivery and certification stop with respect to certain models and reviews constantly whether it can lift its delivery and registration stop in whole or in part. The new calibration requested by KBA in its administrative order of the second quarter of 2018 has meanwhile been completed and the related software has been approved by KBA. It cannot be ruled out, however, that further delivery and certification stops may be ordered under the relevant circumstances.

Daimler has initiated further investigations and otherwise continues to fully cooperate with the authorities and institutions. As the aforementioned inquiries, investigations, administrative proceedings and the replies to these related information requests, the objection proceedings against the administrative orders as well as Daimler's internal investigations are ongoing, we rely on IAS 37.92 in not disclosing any further information on whether or not, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed.

Starting on July 25, 2017, a number of class actions have been filed in the United States and Canada against Daimler AG and other manufacturers of automobiles as well as various of their North American subsidiaries. Plaintiffs allege to have suffered damages because defendants engaged in anticompetitive behavior relating to vehicle technology, costs, suppliers, markets, and other competitive attributes, including diesel emissions control technology, since the 1990s. On October 4, 2017, all pending US class actions were centralized in one proceeding by the Judicial Panel on Multidistrict Litigation and transferred to the U.S. District Court for the Northern District of California. On March 15, 2018 plaintiffs in the US class action amended and consolidated their complaints into two pleadings, one on behalf of consumers and the other on behalf of dealers. Daimler AG and the other Daimler group affiliates respectively affected regard the US and Canadian lawsuits as being without merit, and will defend against the claims.

In this context, Daimler AG may disclose that it filed an application for immunity from fines (leniency application) with the European Commission some time ago. In late October 2017, the European Commission conducted preannounced inspections with Daimler in Stuttgart (as well as further inspections with other manufacturers) in order to further clarify the facts of the case. In the third quarter of 2018, the European Commission has opened a formal investigation into possible collusion on clean emission technology. At present, Daimler does not expect this unquantifiable contingent liability to have any material impact on its profitability, cash flow and financial situation.

Following the settlement decision by the European Commission adopted on July 19, 2016 concluding the trucks antitrust proceedings, Daimler AG faces customers' claims for damages to a considerable degree. Respective legal actions, class actions and other forms of legal redress have been initiated in various states in and outside of Europe and should further be expected. Daimler takes appropriate legal remedies to defend itself. In accordance with IAS 37.92, no further information is disclosed with respect to whether, or to what extent, provisions have been recognized and/or contingent liabilities have been disclosed, so as not to prejudice Daimler AG's position.

As already reported, in August 2016, Mercedes-Benz Canada (MB Canada) was added as a defendant to a putative nation-wide class action pending in Ontario Superior Court. The main allegation in the matter is that MB Canada, along with Takata entities and many other companies that sold vehicles equipped with Takata airbag inflators, was allegedly negligent in selling such vehicles, purportedly not recalling them quickly enough, and failing to provide an allegedly adequate replacement airbag inflator. In addition, on June 28, 2017, Takata entities along with Daimler AG and MBUSA were named as defendants in a US nation-wide class action, which was filed in New Jersey federal court and includes allegations that are similar to the Canadian action. In the third quarter of 2017, the New Jersey lawsuit was transferred to federal court in the Southern District of Florida for consolidation with other multi-district litigation proceedings. Then, on March 14, 2018, Daimler AG and MBUSA were named as defendants in two additional US nation-wide class action complaints, one filed in Georgia federal court, and the other filed into the multi-district litigation proceedings pending in Florida. The allegations in these new complaints are similar to those in the Canadian and New Jersey actions. The U.S. cases have been centralized in one proceeding by the Judicial Panel on Multidistrict Litigation and transferred to the U.S. District Court for the Southern District of Florida, which is overseeing litigation against Takata and other manufacturers of automobiles. The previously reported lawsuit filed by the State of New Mexico, which also made similar claims against MBUSA and many other companies that sold vehicles equipped with Takata airbag inflators, was dismissed without prejudice on June 22, 2017. It may, however, be filed again under specific conditions. Daimler AG continues to regard all these lawsuits brought with regard to Mercedes-Benz vehicles as being without merit, and the Daimler Group affiliates respectively affected will further defend themselves against the claims.

In 2002, our subsidiary Daimler Financial Services AG, together with Deutsche Telekom AG and Compagnie Financière et Industrielle des Autoroutes S.A. (Cofiroute) entered into a consortium agreement for the purpose of jointly operating a system for the electronic collection of tolls for commercial vehicles using German highways under a contract with the Federal Republic of Germany (operating agreement) through the project company Toll Collect GmbH. Daimler Financial Services AG and Deutsche Telekom AG each hold a 45% equity interest and Cofiroute holds the remaining 10% equity interest in the consortium (Toll Collect GbR) and in the project company (Toll Collect GmbH) (together referred to as Toll Collect).

The Federal Republic of Germany declared its acceptance of the offer to take over all shares in Toll Collect GmbH on August 31, 2018 and acquired the company as scheduled on September 1, 2018.

According to the operating agreement, the toll collection system had to be operational not later than August 31, 2003. After a delay of the launch date, the system was largely introduced on January 1, 2005. The final operating permit was granted on July 4, 2018, in connection with the settlement of the pending arbitration proceedings. The Federal Republic of Germany had initiated arbitration proceedings against Daimler Financial Services AG, Deutsche Telekom AG and Toll Collect GbR in September 2004. In the first half of 2017, the shareholders Deutsche Telekom AG and Daimler Financial Services AG asserted counterclaims relating to breaches of duty by the Federal Republic of Germany with regard to the delay in the start of the toll system. Toll Collect GmbH had also initiated an arbitration proceeding against the Federal Republic of Germany in order to recover the advance payments withheld by the Federal Republic of Germany of €8 million per month since June 2006, as well as other remuneration in dispute.

On July 4, 2018, through its subsidiary Daimler Financial Services AG, Daimler AG together with Deutsche Telekom AG notarized a settlement agreement (hereinafter: settlement) with the Federal Republic of Germany which settles all arbitration proceedings in connection with the involvement in the Toll Collect consortium, which have been ongoing since 2004.

On July 6, 2018, the arbitral tribunal issued an award on agreed terms terminating the arbitration proceedings on the basis of the settlement.

The settlement agreement is composed of different elements. One material element is a cash payment (hereinafter: settlement payment) by Toll Collect GbR of €1.1 billion that has to be transferred in three tranches until 2020 and equally divided between Daimler Financial Services AG and Deutsche Telekom AG. The first tranche in the amount of €400 million was paid to the Federal Republic of Germany on August 1, 2018, equally divided between Daimler Financial Services AG and Deutsche Telekom. The settlement takes into account claims of Toll Collect GmbH with regard to the remuneration pursuant to the operating agreement withheld monthly by the Federal Republic of Germany since June 2006. It also takes into account penalty payments for delays already settled by the shareholders of Toll Collect GbR and related interest. Further elements of the settlement agreement relate to the determination of the purchase price for the shares in Toll Collect GmbH on August 31, 2018 as well as the obligation to achieve a certain quality regarding the collection of tolls. Should this quality parameter not be achieved, the settlement payment to the Federal Republic of Germany will be increased by €50 million. According the assessment of Toll Collect GmbH in late September 2018, the quality parameter continues to be reached. Overall, the total settlement amount is worth €3.2 billion to the Federal Republic of Germany.

In the second quarter of 2018, the profit/loss on equity-method investments includes expenses of €418 million in connection with Toll Collect. The EBIT of the Daimler Financial Services segment is reduced in particular due to the existing 50% obligation of Daimler Financial Services AG to pay €550 million to Toll Collect GbR, which is partially offset by provisions recognized in previous years.

All known and unknown claims from the toll agreement that arose up until March 31, 2018 are settled under the settlement provided that the related damage occurred before March 31, 2018.

Failure to comply with various obligations under the operating agreement during the period from April 1, 2018 until the end of the operating agreement on August 31, 2018 may result in contract penalties, additional revenue reductions and damage claims. However, contract penalties and revenue reductions are capped at €100 million per operating year (increasing by 3% per financial year). The facts of this matter are unknown at present.

Irrespective of the settlement, the guarantees relating to the completion and operation of the toll collection system as stated in the operating agreement or other additional agreements and the responsibility to fulfill all relevant obligations from April 1, 2018 until the end of the operating agreement on August 31, 2018 remain unchanged. The facts of this matter are unknown at present.

Guarantees, which are subject to specific triggering events are described in detail below:

– *Guarantee of bank loans*. Daimler AG issued a guarantee to third parties up to a maximum amount of €100 million for bank loans which could be obtained by Toll Collect GmbH. In September 2018 Daimler AG was released of this guarantee obligation.

– *Equity capitalization*. The consortium members have agreed within the settlement to ensure that Toll Collect GmbH disposes of a minimum equity of €50 million and a minimum liquidity of €10 million as of August 31, 2018. In the event that damage claims, reductions of compensation or other events that take place after March 31, 2018 and until the takeover of the Toll Collect Shares by the Federal Republic of Germany on August 31, 2018 lead to a decrease of the equity of Toll Collect GmbH below the minimum equity of €50 million, the members of the consortium are obliged to financially ensure that the minimum equity and the minimum liquidity of Toll Collect GmbH are achieved.

– Cofiroute's risks and obligations are limited to €70 million. Daimler Financial Services AG and Deutsche Telekom AG are jointly obliged to indemnify Cofiroute for amounts exceeding this limitation.

The statements contained in this interim report are to be read in conjunction with the consolidated financial statements as at December 31, 2017. In our assessment, there have been no substantial changes with respect to the other legal proceedings reported in Note 29 to the consolidated financial statements as at December 31, 2017.

19. Financial instruments

Table ↗ E.26 and table ↗ E.27 show the carrying amounts and fair values of the Group's financial instruments at September 30, 2018 according to IFRS 9 and at December 31, 2017 according to IAS 39.

The fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved in the market.

E.26

Carrying amounts and fair values of financial instruments (according to IFRS 9)

	Sept. 30, 2018	
	Carrying amount	Fair value
In millions of euros		
Financial assets		
Receivables from financial services	92,573	93,000
Trade receivables	12,011	12,011
Cash and cash equivalents	15,014	15,014
Marketable debt securities and similar investments	9,865	9,865
Recognized at fair value through other comprehensive income	6,300	6,300
Recognized at fair value through profit or loss	3,115	3,115
Measured at cost	450	450
Other financial assets		
Equity instruments and debt instruments	803	803
Recognized at fair value through other comprehensive income	383	383
Recognized at fair value through profit or loss	420	420
Other financial assets recognized at fair value through profit or loss	109	109
Derivative financial instruments used in hedge accounting	1,222	1,222
Other receivables and financial assets	3,799	3,799
	135,396	135,823
Financial liabilities		
Financing liabilities	141,126	141,565
Trade payables	16,416	16,416
Other financial liabilities		
Financial liabilities recognized at fair value through profit or loss	63	63
Derivative financial instruments used in hedge accounting	1,112	1,112
Miscellaneous other financial liabilities	9,510	9,510
	168,227	168,666

E.27

Carrying amounts and fair values of financial instruments (according to IAS 39)[1]

	Dec. 31, 2017	
	Carrying amount	Fair value
in millions of euros		
Financial assets		
Receivables from financial services	86,054	86,543
Trade receivables	11,995	11,995
Cash and cash equivalents	12,072	12,072
Marketable debt securities		
Available-for-sale financial assets	10,063	10,063
Other financial assets		
Available-for-sale financial assets	1,173	1,173
Equity instruments recognized at fair value	171	171
Equity instruments measured at cost	1,002	1,002
Financial assets recognized at fair value through profit or loss	82	82
Derivative financial instruments used in hedge accounting	2,379	2,379
Other receivables and financial assets	3,172	3,172
	126,990	127,479
Financial liabilities		
Financing liabilities	127,124	128,437
Trade payables	12,451	12,451
Other financial liabilities		
Financial liabilities recognized at fair value through profit or loss	111	111
Derivative financial instruments used in hedge accounting	696	696
Miscellaneous other financial liabilities	8,468	8,468
	148,850	150,163

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

The fair values of financial instruments were calculated on the basis of market information available on the reporting date. The following methods and premises were used:

Marketable debt securities and similar investments, other financial assets and liabilities

At September 30, 2018, *Marketable debt securities* are measured at fair value through other comprehensive income or at fair value through profit or loss. Similar investments are measured at amortized cost and are not included in the measurement hierarchy, as their fair value equals the carrying amount.
Equity Instruments are measured at fair value through other comprehensive income or at fair value through profit or loss. Daimler does not intend to sell its equity instruments which are presented at September 30, 2018.
Marketable debt securities and equity instruments measured at fair value were measured using quoted market prices at September 30, 2018. If quoted market prices were not available for these debt and equity instruments, the fair value measurement is based on inputs that are either directly or indirectly observable in active markets.

Other financial assets and liabilities recognized at fair value through profit or loss comprise derivative financial instruments not used in hedge accounting. These financial instruments as well as *derivative financial instruments used in hedge accounting* comprise:

- derivative currency hedging contracts; the fair values of cross-currency interest rate swaps are determined on the basis of the discounted estimated future cash flows using market interest rates appropriate to the remaining terms of the financial instruments. The valuation of currency forwards is based on market quotes of forward curves; currency options were measured using price quotations or option pricing models using market data.
- derivative interest rate hedging contracts; the fair values of interest rate hedging instruments (e.g. interest rate swaps) are calculated on the basis of the discounted estimated future cash flows using the market interest rates appropriate to the remaining terms of the financial instruments.
- derivative commodity hedging contracts; the fair values of commodity hedging contracts (e.g. commodity forwards) are determined on the basis of current reference prices with consideration of forward premiums and discounts.

Table ↗ **E.28** and Table ↗ **E.29** provide an overview of the classification into measurement hierarchies of financial assets and liabilities measured at fair value (according to IFRS 13) at September 30, 2018 according to IFRS 9 and at December 31, 2017 according to IAS 39 respectively.

At the end of each reporting period, Daimler reviews the necessity for reclassification between the fair value hierarchies.

For the determination of the credit risk from derivative financial instruments which are allocated to the Level 2 measurement hierarchy, portfolios managed on basis of net exposure are applied.

The increase in equity and debt instruments recognized at fair value through profit or loss included in Level 3 relates primarily to the fair value measurement of the minority interest in Aston Martin Lagonda Global Holdings plc. Further information is provided in Note 6.

E.28

Measurement hierarchy of financial assets and liabilities recognized at fair value (according to IFRS 9)

	Sept. 30, 2018			
	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros				
Financial assets recognized at fair value				
Marketable debt securities	9,415	6,110	3,305	-
Recognized at fair value through other comprehensive income	6,300	2,995	3,305	-
Recognized at fair value through profit or loss	3,115	3,115	-	-
Equity instruments and debt instruments	803	238	221	344
Recognized at fair value through other comprehensive income	383	238	58	87
Recognized at fair value through profit or loss	420	-	163	257
Other financial assets recognized at fair value through profit or loss	109	-	109	-
Derivative financial instruments used in hedge accounting	1,222	-	1,222	-
	11,549	6,348	4,857	344
Financial liabilities recognized at fair value				
Financial liabilities recognized at fair value through profit or loss	63	-	63	-
Derivative financial instruments used in hedge accounting	1,112	-	1,112	-
	1,175	-	1,175	-

1 Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement based on inputs that are observable in active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement based on inputs for which no observable market data is available.

E.29

Measurement hierarchy of financial assets and liabilities recognized at fair value (according to IAS 39)

				Dec. 31, 2017
	Total	Level 1[1]	Level 2[2]	Level 3[3]
In millions of euros				
Financial assets recognized at fair value				
Financial assets available-for-sale	10,234	6,721	3,513	-
thereof marketable debt securities	10,063	6,615	3,448	-
thereof equity instruments recognized at fair value	171	106	65	-
Financial assets recognized at fair value through profit or loss	82	-	82	-
Derivative financial instruments used in hedge accounting	2,379	-	2,379	-
	12,695	6,721	5,974	-
Financial liabilities recognized at fair value				
Financial liabilities recognized at fair value through profit or loss	111	-	111	-
Derivative financial instruments used in hedge accounting	696	-	696	-
	807	-	807	-

1 Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.
2 Fair value measurement based on inputs that are observable in active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement based on inputs for which no observable market data is available.

20. Segment reporting

Segment information for the three-month periods ended September 30, 2018 and September 30, 2017 is as follows:

E.30

Segment reporting for the three-month periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q3 2018								
External revenue	**20,818**	**9,562**	**2,862**	**1,049**	**5,920**	**40,211**	**-**	**40,211**
Intersegment revenue	**854**	**483**	**177**	**15**	**330**	**1,859**	**-1,859**	**-**
Total revenue	**21,672**	**10,045**	**3,039**	**1,064**	**6,250**	**42,070**	**-1,859**	**40,211**
Segment profit/loss (EBIT)	**1,372**	**850**	**-93**	**30**	**392**	**2,551**	**-63**	**2,488**
thereof share of profit/loss from equity-method investments	**286**	**9**	**10**	**-**	**-10**	**295**	**30**	**325**
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	**3**	**-3**	**-5**	**-1**	**-1**	**-7**	**-**	**-7**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q3 2017 (adjusted)[1]								
External revenue	22,468	8,822	2,955	1,009	5,491	40,745	-	40,745
Intersegment revenue	887	388	135	27	345	1,782	-1,782	-
Total revenue	23,355	9,210	3,090	1,036	5,836	42,527	-1,782	40,745
Segment profit/loss (EBIT)	2,105	614	214	32	508	3,473	-64	3,409
thereof share of profit/loss from equity-method investments	224	13	11	1	-2	247	-53	194
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-4	-3	-1	-1	-1	-10	-1	-11

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Segment information for the nine-month periods ended September 30, 2018 and September 30, 2017 is as follows:

E.31

Segment reporting for the nine-months periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1-3 2018								
External revenue	**64,560**	**26,499**	**9,081**	**2,919**	**17,693**	**120,752**	**-**	**120,752**
Intersegment revenue	**2,685**	**1,350**	**567**	**70**	**884**	**5,556**	**-5,556**	**-**
Total revenue	**67,245**	**27,849**	**9,648**	**2,989**	**18,577**	**126,308**	**-5,556**	**120,752**
Segment profit/loss (EBIT)	**5,333**	**2,043**	**231**	**133**	**1,006**	**8,746**	**-283**	**8,463**
thereof share of profit/loss from equity-method investments	**959**	**39**	**36**	**-**	**-439**	**595**	**59**	**654**
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	**10**	**-3**	**-11**	**-2**	**-2**	**-8**	**-**	**-8**

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1-3 2017 (adjusted)[1]								
External revenue	66,738	25,062	8,983	3,105	16,653	120,541	-	120,541
Intersegment revenue	2,708	1,129	409	71	1,024	5,341	-5,341	-
Total revenue	69,446	26,191	9,392	3,176	17,677	125,882	-5,341	120,541
Segment profit/loss (EBIT)	6,468	1,824	900	182	1,554	10,928	-1	10,927
thereof share of profit/loss from equity-method investments	924	39	31	3	-5	992	231	1,223
thereof profit/loss from compounding and effects from changes in discount rates of provisions for other risks	-12	-10	-3	-1	-3	-29	-1	-30

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.

Reconciliation
Reconciliation of the total segments' profit (EBIT) to profit before income taxes is shown in table ↗ E.32.

The reconciliation comprises corporate items for which headquarter is responsible. Transactions between the segments are eliminated in the context of consolidation.

E.32
Reconciliation to Group figures

In millions of euros	Q3 2018	Q3 2017 (adjusted)[1]	Q1-3 2018	Q1-3 2017 (adjusted)[1]
Total segments' profit (EBIT)	2,551	3,473	8,746	10,928
Share of profit/loss from equity-method investments[2]	30	-53	59	231
Other corporate items	-92	-19	-335	-238
Eliminations	-1	8	-7	6
Group EBIT	2,488	3,409	8,463	10,927
Amortization of capitalized borrowing costs[3]	-3	-4	-11	-10
Interest income	64	51	189	155
Interest expense	-204	-147	-519	-421
Profit before income taxes	2,345	3,309	8,122	10,651

1 Information on adjustments to prior-year figures is disclosed in Note 1 of the Notes to the Interim Consolidated Financial Statements.
2 The first quarter of 2017 mainly comprises the reversal of an impairment of Daimler's equity investments in BAIC Motor of €240 million.
3 Amortization of capitalized borrowing costs is not considered in internal performance measure "EBIT", but is included in cost of sales.

21. Related party relationships

Related parties are deemed to be associated companies, joint ventures and unconsolidated subsidiaries, as well as persons who exercise a significant influence on the financial and business policy of the Daimler Group. The latter category includes all persons in key positions and their close family members. At the Daimler Group, those persons are the members of the Board of Management and of the Supervisory Board.

Most of the goods and services supplied within the ordinary course of business between the Group and related parties involve transactions with associated companies and joint ventures and are shown in table ↗ E.33.

Associated companies
A large proportion of the Group's sales of goods and services with associated companies as well as receivables due from them results from business relations with LSH Auto International Limited (LSHAI) and with Beijing Benz Automotive Co., Ltd. (BBAC). In the second quarter of 2017, Daimler had acquired a 15% stake in LSHAI. See Note 11 for further information on BBAC.

The purchases of goods and services shown in table ↗ E.33 were primarily from LSHAI and MBtech Group GmbH & Co. KGaA (MBtech). MBtech provides engineering and services for research and development, production of components, modules, components, systems as well as consulting and planning along the development process in the automotive sector. In September 2018, Daimler sold the remaining 35% stake in MBtech to the technology company AKKA Technologies SA.

Joint ventures
In business relationships with joint ventures, significant sales of goods and services took place with Fujian Benz Automotive Co., Ltd. and with DAIMLER KAMAZ RUS OOO, a company established with Kamaz PAO, another of the Group's associated companies.

Shenzhen DENZA New Energy Automotive Co. Ltd. (DENZA) is allocated to the Mercedes-Benz Cars segment. Daimler provided guarantees in a total amount of RMB 1,250 million (approximately €157 million) to external banks which provided two loans to DENZA. At September 30, 2018, loans amounting to RMB 675 million (approximately €85 million) were utilized. In addition, Daimler provided a shareholder loan of RMB 250 million (approximately €31 million) to DENZA, which is fully utilized. In the third quarter of 2018, DENZA received capital injection in the amount of RMB 250 million (approximately €32 million). Daimler plans to contribute additional capital in the amount of RMB 150 million (approximately €19 million), in the last quarter of 2018. In 2017, there was already a capital increase of RMB 500 million (approximately €63 million).

E.33

Related party relationships

In millions of euros	Q3 2018	Q3 2017	Q1-3 2018	Sales of goods and services and other income Q1-3 2017	Q3 2018	Q3 2017	Q1-3 2018	Purchases of goods and services and other expense Q1-3 2017
Associated companies	**2,984**	2,700	**9,767**	5,914	**196**	172	**681**	428
thereof LSHAI[1]	**1,673**	1,648	**5,921**	2,788	**164**	79	**457**	138
thereof BBAC	**1,152**	961	**3,385**	2,832	**16**	13	**53**	73
Joint ventures	**240**	268	**747**	680	**16**	18	**54**	54

In millions of euros	Sept. 30, 2018	Receivables[2] Dec. 31, 2017	Sept. 30, 2018	Payables[3] Dec. 31, 2017
Associated companies	**2,843**	2,827	**173**	253
thereof LSHAI[1]	**990**	1,075	**72**	127
thereof BBAC	**1,719**	1,673	**85**	65
Joint ventures	**195**	183	**442**	115

1 As the equity interest in LSHAI was acquired in May 2017, business relations with LSHAI are reported from June 2017 onward.
2 After write-downs totaling €51 million (December 31, 2017: €52 million).
3 Including liabilities from default risks from guarantees for related parties.

Auditor's Review Report

To Daimler AG, Stuttgart

We have reviewed the condensed interim consolidated financial statements of Daimler AG - comprising the consolidated statement of income/loss, consolidated statement of comprehensive income/loss, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows and selected, explanatory notes - together with the interim group management report of Daimler AG, for the period from January 1 to September 30, 2018, that are part of the quarterly financial report according to § 115 WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additional application of the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Stuttgart, October 24, 2018

KPMG AG
Wirtschaftsprüfungsgesellschaft

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Concept and contents
Daimler AG
Investor Relations

Publications for our shareholders
Annual Report (German and English)
Interim Reports on the first, second and third quarters (German and English)
Sustainability Report (German and English)
www.daimler.com/ir/reports

Financial Calendar

Interim Report Q3 2018
October 25, 2018

Annual Press Conference
February 6, 2019

Analyst and Investor Conference
February 7, 2019

Publication of Annual Report 2018
February 15, 2019

Interim Report Q1 2019
April 26, 2019

Annual Shareholders' Meeting 2019
Berlin
May 22, 2019

Interim Report Q2 2019
July 24, 2019

As changes to the above dates cannot be ruled out, we recommend checking on the Internet shortly before each scheduled date at www.daimler.com/ir/calendar.

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