

Statement of income

The Group's **total revenue** improved by 7.3% to €114.3 billion in 2012; adjusted for exchange-rate effects, it increased by 3.6%. The revenue growth primarily reflects higher shipments of vehicles by Mercedes-Benz Cars, increased unit sales by Daimler Trucks in North America and Asia, and the larger contract volume at Daimler Financial Services. Mercedes-Benz Vans posted a slight decrease in revenue. Revenue at Daimler Buses also decreased, as a result of lower unit sales of bus chassis. Further information on the development of revenue is provided in the [“Business development”](#) section of this Management Report. [↗ 3.23](#)

Cost of sales amounted to €88.8 billion in the year under review, increasing by approximately 10% compared with the prior year (2011: €81.0 billion). The increase in cost of sales was caused by higher business volumes and consequentially higher material costs. Personnel expenses and depreciation of property, plant and equipment also increased. At Financial Services, depreciation of equipment on operating leases increased in connection with the growing leasing business. Overall, cost of sales increased at a higher rate than revenue, so gross profit in relation to revenue fell to 22.3% (2011: 24.0%). Further information on cost of sales is provided in [Note 5](#) of the Notes to the Consolidated Financial Statements. [↗ 3.23](#)

Due to the growth in unit sales, **selling expenses** increased by €0.6 billion to €10.5 billion. The main factors here were higher expenses for marketing, personnel and IT services. As a percentage of revenue, selling expenses decreased from 9.2% to 9.1%. [↗ 3.23](#)

General administrative expenses increased to €4.0 billion (2011: €3.9 billion). The increase was partially due to higher costs for IT and consulting services. As a percentage of revenue, general administrative expenses decreased slightly to 3.5% (2011: 3.6%). [↗ 3.23](#)

Research and non-capitalized development costs were unchanged compared with the prior year at €4.2 billion in 2012. They were mainly related to advance expenditure for the development of new models, the renewal of existing models, and the further development of drive systems and safety technologies. As a proportion of revenue, research and development costs decreased from 3.9% to 3.7%. Further information on the Group's research and development costs is provided in the [“Research and development, environmental protection”](#) section of this Management Report. [↗ 3.23](#)

Other operating income increased to €1.5 billion (2011: €1.4 billion). The increase was mainly due to higher income from services charged to third parties. [↗ 3.23](#)

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Net assets of the Daimler Group at year-end

	2012	2011	12/11 % change
In millions of euros			
Net assets of the industrial business			
Intangible assets	8,761	8,174	+7
Property, plant and equipment	20,546	19,129	+7
Leased assets	12,163	10,849	+12
Inventories	17,075	16,575	+3
Trade receivables	6,864	7,580	-9
Less provisions for other risks	-11,316	-11,967	+5
Less trade payables	-8,515	-9,233	+8
Less other assets and liabilities	-14,464	-13,954	-4
Assets and liabilities from income taxes	573	24	.
Total equity of Daimler Financial Services	6,153	5,373	+15
Net assets	37,840	32,550	+16

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Consolidated statement of income

	2012	2011	12/11 % change
In millions of euros			
Revenue	114,297	106,540	+7
Cost of sales	-88,784	-81,023	+10
Gross profit	25,513	25,517	.
Selling expenses	-10,451	-9,824	+6
General administrative expenses	-3,973	-3,855	+3
Research and non-capitalized development costs	-4,179	-4,174	.
Other operating income	1,507	1,381	+9
Other operating expense	-291	-355	-18
Share of profit/loss from investments accounted for using the equity method, net	990	273	.
Other financial income/expense, net	-501	-208	-141
Earnings before interest and taxes (EBIT)¹	8,615	8,755	-2
Interest income	828	955	-13
Interest expense	-1,725	-1,261	+37
Profit before income taxes	7,718	8,449	-9
Income taxes	-1,223	-2,420	-50
Net profit	6,495	6,029	+8
thereof			
Profit attributable to non-controlling interest	400	362	+11
thereof			
Profit attributable to shareholders of Daimler AG	6,095	5,667	+8

¹ EBIT includes expenses from the compounding of provisions and effects from changes in discount rates (2012: minus €543 million; 2011: minus €225 million).

Other operating expense decreased slightly to €0.3 billion (2011: €0.4 billion). [↗ 3.23](#)

Further information on the composition of other operating income and expense is provided in [🔗 Note 6](#) of the Notes to the Consolidated Financial Statements.

In 2012, our **share of profit from investments accounted for using the equity method** improved to €1.0 billion (2011: €0.3 billion). The increase primarily reflects the sale of 7.5% of the shares of EADS. [↗ 3.23](#)

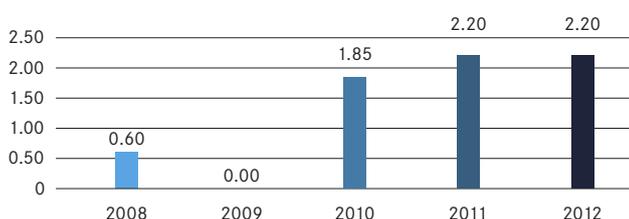
Other financial expense increased from €0.2 billion in 2011 to €0.5 billion in 2012. This is mainly due to higher expenses from the compounding of provisions and effects from changes in discount rates of €0.5 billion (2011: €0.2 billion). [↗ 3.23](#)

The Group recorded a net **interest expense** of €0.9 billion (2011: €0.3 billion). The causes of the higher interest expense were higher expenses in connection with pension and health-care obligations and an increase in other interest expenses. The prior-year figure includes positive effects from interest-rate hedging instruments. [↗ 3.23](#)

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Dividend per share

In euros



The **income tax expense** for 2012 of €1.2 billion (2011: €2.4 billion) decreased partially due to the lower pre-tax profit. Profit before income taxes in 2012 includes the mainly tax-free gain on the sale of EADS shares. Both years were affected by tax benefits from the reversal of impairments recognized on deferred tax assets and 2012 was also affected by tax benefits from the tax assessment of prior years. The effective tax rate in 2012 was 15.8% (2011: 28.6%). [↗ 3.23](#)

Net profit for the year amounts to €6.5 billion (2011: €6.0 billion), of which €400 million is attributable to non-controlling interest of subsidiaries (2011: €362 million). Net profit **attributable to shareholders of Daimler AG** amounts to €6.1 billion (2011: €5.7 billion), representing **earnings per share** of €5.71 (2011: €5.32). [↗ 3.23](#)

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,066.8 million (2011: 1,066.0 million).

Dividend

We want our shareholders to participate appropriately in our financial success. In setting the dividend, we aim to distribute approximately 40% of the net profit attributable to Daimler shareholders. The Board of Management and the Supervisory Board will propose to the shareholders for their approval at the Annual Meeting to be held on April 10, 2013 that a dividend of €2.20 per share be paid out (2011: €2.20). The total dividend payment will then amount to €2,349 million (2011: €2,346 million). [↗ 3.24](#)

Research and development, environmental protection

Research and development is an important success factor.

Research and development have always been given very high priority at Daimler. Our research activities help us to anticipate trends as well as customers' desires and the requirements they place on future mobility, which are then consistently integrated into series products by our development engineers. Our goal is to provide our customers with exciting products and tailored solutions for needs-oriented, safe and sustainable mobility. We organize our technology portfolio and our core competencies to ensure that we achieve this goal.

[🔗 see pages 164 ff](#)

Key factors for the market success of our vehicles are the expertise, creativity and motivation of our employees in research and development. At the end of the year 2012, 21,100 persons were employed in Daimler's research and development departments around the world (end of 2011: 23,200). The decrease was primarily due to the deconsolidation of MBtech Group. [🔗 see page 86](#) Of that total, 13,400 persons were employed at Group Research and Mercedes-Benz Cars Development (2011: 15,600), 5,600 at the Daimler Trucks division (2011: 5,500), 1,000 at the Mercedes-Benz Vans division (2011: 1,000) and 1,100 at Daimler Buses (2011: 1,100). More than 4,300 research and development personnel were employed outside Germany (2011: 4,400).