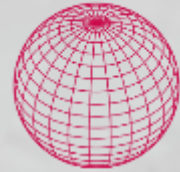


# Is Mercedes-Benz's restructuring enough to close the tech gap with Tesla?



VALUATION MASTER CLASS

by

*A. S. S. S.*

INVESTMENT  
RESEARCH



**Valuation Master Class**





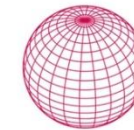
This report is for  
learning purposes only.  
This is not investment  
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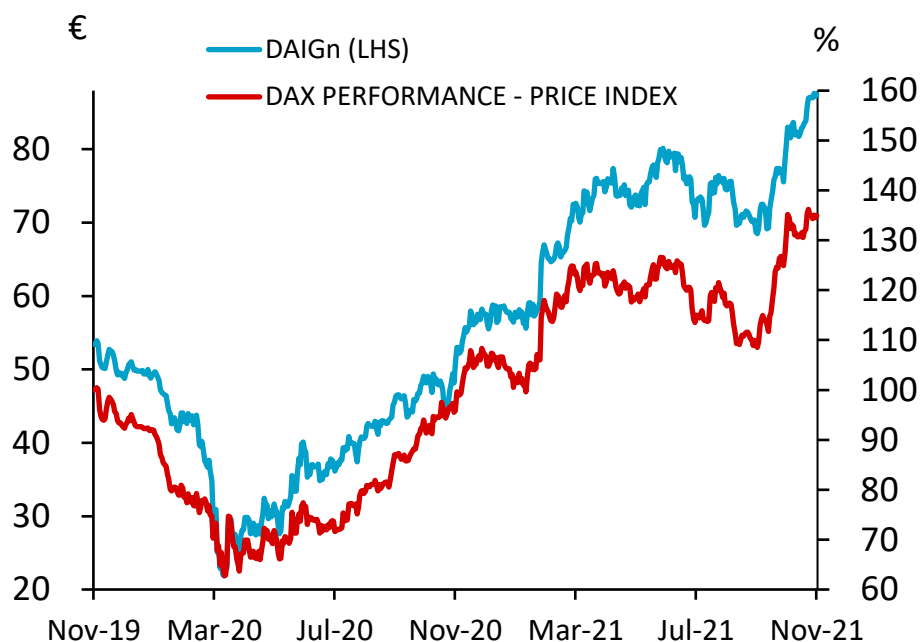
# Pure play spinoff could bring profitability back on track



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# DAIMLER



## 3 things to know about this company

- ★ Planned restructuring to turnaround profitability and value
- ★ Accelerated electrification necessary to stay competitive
- ★ Strategic partnerships to bring autonomous driving forward

## Key statistics

Analyst consensus (28)

**EUR 100**  
(Upside 15.0%)

PE ratio

**5.1x**

Dividend yield













**1.5%**

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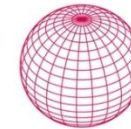
# Revenue breakdown by segment



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|       | Cars & Vans<br>50%  | Trucks & Buses<br>22%   | Financial services<br>17%   |
|-------|---|---|---|
| Sales |   |   |   |
| Story |   |   | Mercedes-Benz Bank  |
| FVMR  | MAYBACH           MERCEDES-EQ   |   | Mercedes-Benz<br>Financial Services   |
| Value | Mercedes <i>me</i>  |   |  |
| WCB   |   |   |  |
| Risks | 2.5m units sold   | 380,000 units sold  |   |

# 1 Planned restructuring to turnaround profitability and value



Sales

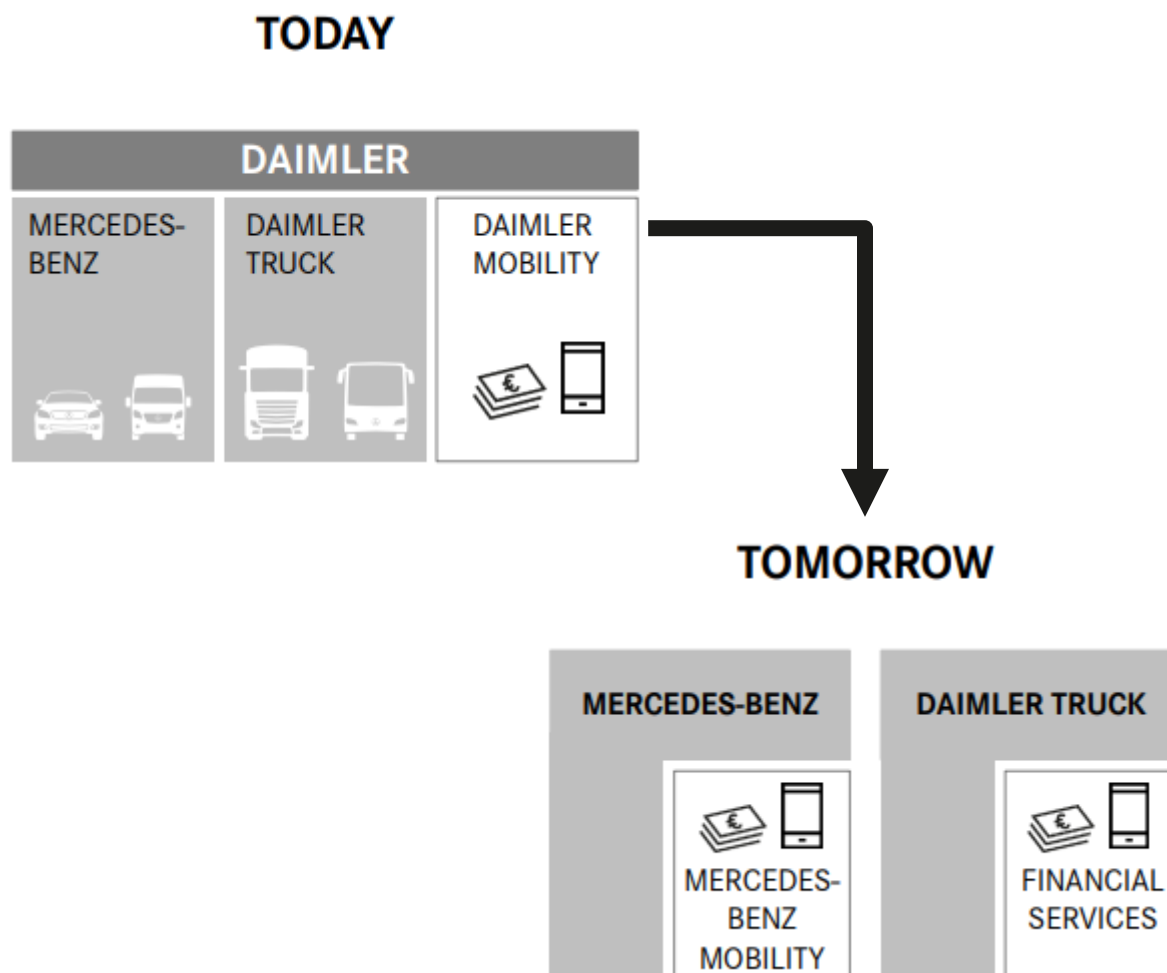
Story

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Value

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Risks



- ★ The shareholder confirmed the restructuring plan, taking effect in 2022:
  - **Renaming Daimler AG to Mercedes Benz AG**
  - **Spin-off of its trucks and buses segment**
- ★ Existing shareholders will hold 65% of the newly listed spin off entity
- ★ The share price responded positively



# What is an equity spinoff?

- In an equity spinoff, a company decides to create a new listed entity out of its existing operating business
- The newly created shares are distributed to the existing shareholders (unlike in a carve out where the company sells its share in an IPO and raises new capital)
- The idea is that two independent companies are worth more than the single entity



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# Objective is to turnaround falling profitability



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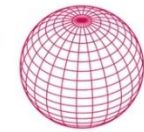
Risks

| (EUR m)                       | 2016           | 2017           | 2018           | 2019           | 2020           |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| Total debt                    | 117,686        | 127,124        | 144,902        | 161,780        | 145,842        |
| Preferred shares              | -              | -              | -              | -              | -              |
| Equity & minorities           | 59,133         | 65,159         | 66,053         | 62,841         | 62,248         |
| Excess cash                   | (24,727)       | (26,017)       | (29,659)       | (32,724)       | (33,640)       |
| <b>Total invested capital</b> | <b>152,092</b> | <b>166,266</b> | <b>181,296</b> | <b>191,897</b> | <b>174,450</b> |
| EBIT                          | 12,350         | 12,497         | 10,191         | 10,051         | 8,488          |
| Tax rate                      | 31.4           | 26.9           | 30.3           | 33.5           | 42.0           |
| <b>NOPAT</b>                  | <b>8,473</b>   | <b>9,139</b>   | <b>7,102</b>   | <b>6,689</b>   | <b>4,919</b>   |
| <b>ROIC (%)</b>               |                | <b>6.0</b>     | <b>4.3</b>     | <b>3.7</b>     | <b>2.6</b>     |

- ★ Under its current business structure, Daimler was not creating any value
- ★ Profitability showed a negative trend, requiring a significant strategy change
- ★ With the spinoff, the separate entities can now focus on enhancing efficiency and profitability



# In recent years, Daimler has not added value to its shareholders



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## B.17

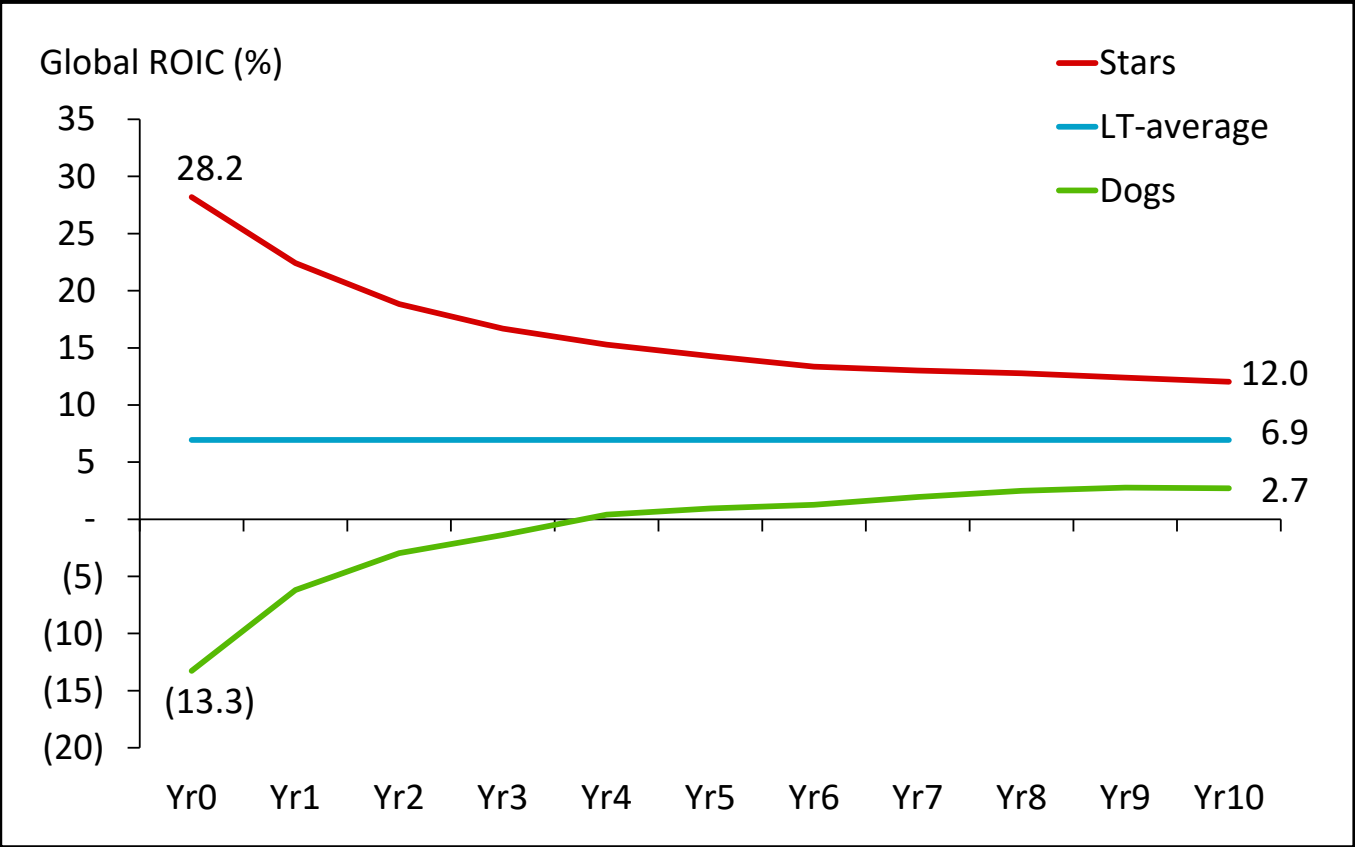
### Value added

|                           | 2020        | 2019   | 20/19  |
|---------------------------|-------------|--------|--------|
| In millions of euros      |             |        | Change |
| <b>Daimler Group</b>      | <b>-591</b> | -2,046 | +1,455 |
| Mercedes-Benz Cars & Vans | 1,239       | -4,317 | +5,556 |
| Daimler Trucks & Buses    | -616        | 1,361  | -1,977 |
| Daimler Mobility          | -316        | 325    | -641   |

- ★ Daimler uses “Value added” as the most important performance measurement
- ★ Page 43 of the annual report
  - “Value added shows the extent to which the Group and its divisions achieve or exceed the return requirements of the investors, thus creating additional value.”

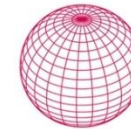


# How likely is a successful turnaround?



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## 2 Accelerated electrification necessary to stay competitive



Sales

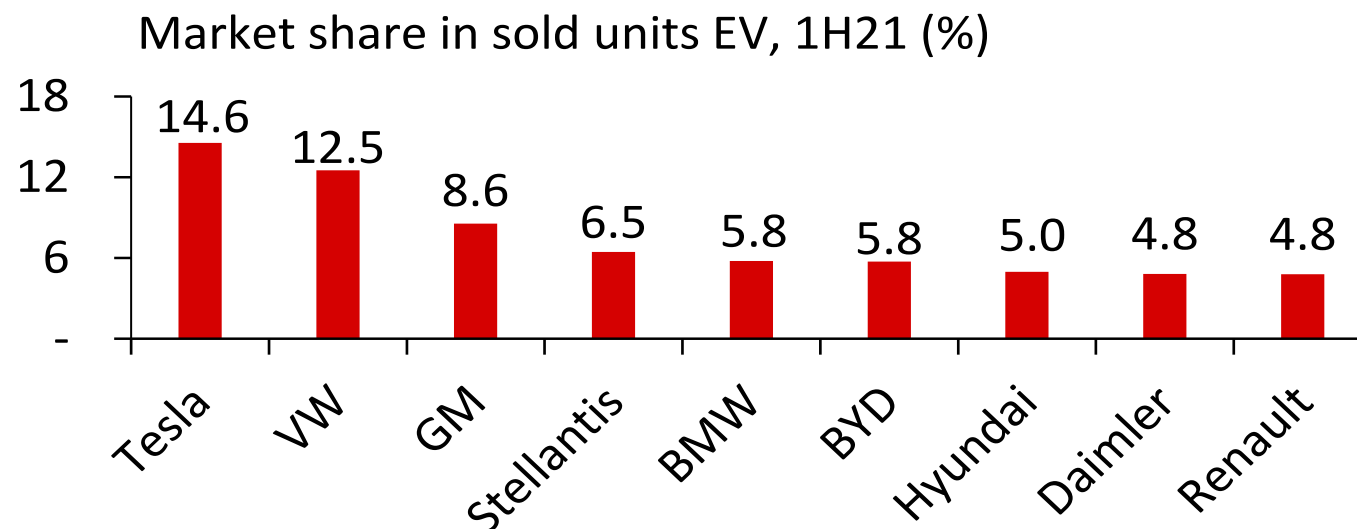
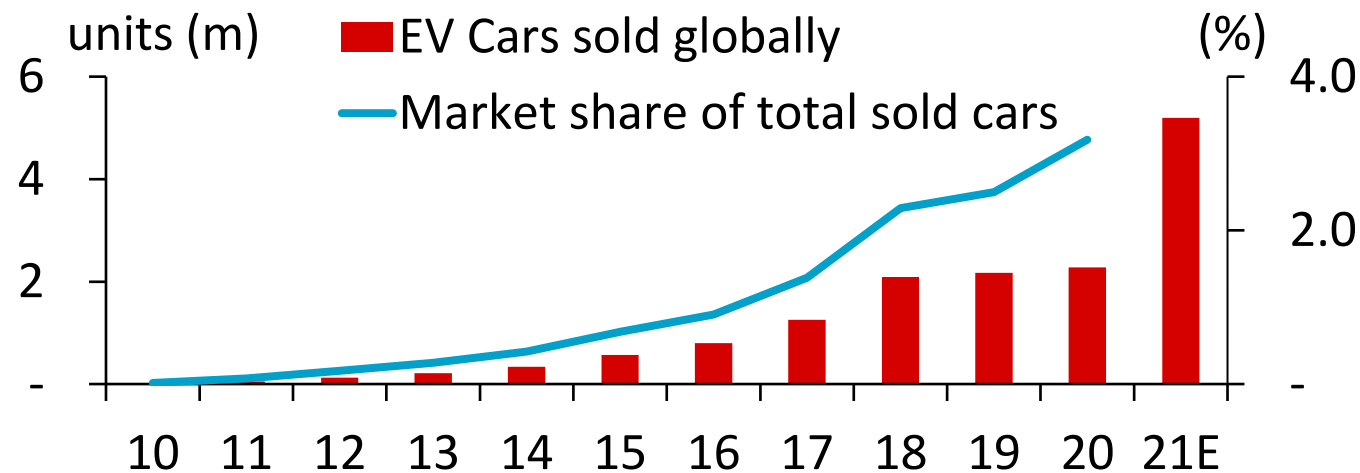
Story

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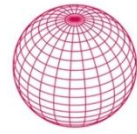
WCB

Risks



- ★ Global demand for electric vehicles (EV) grows exponentially
  - Up 160% in 1H21 YoY
  - 1H21 sales were as high as total year 2020
- ★ In 2021, Daimler introduced 4 battery EV in its attempt to catch up with its competitors Tesla, VW, and BMW
- ★ The objective is to provide all-electric alternatives for every existing car model by 2025





Sales

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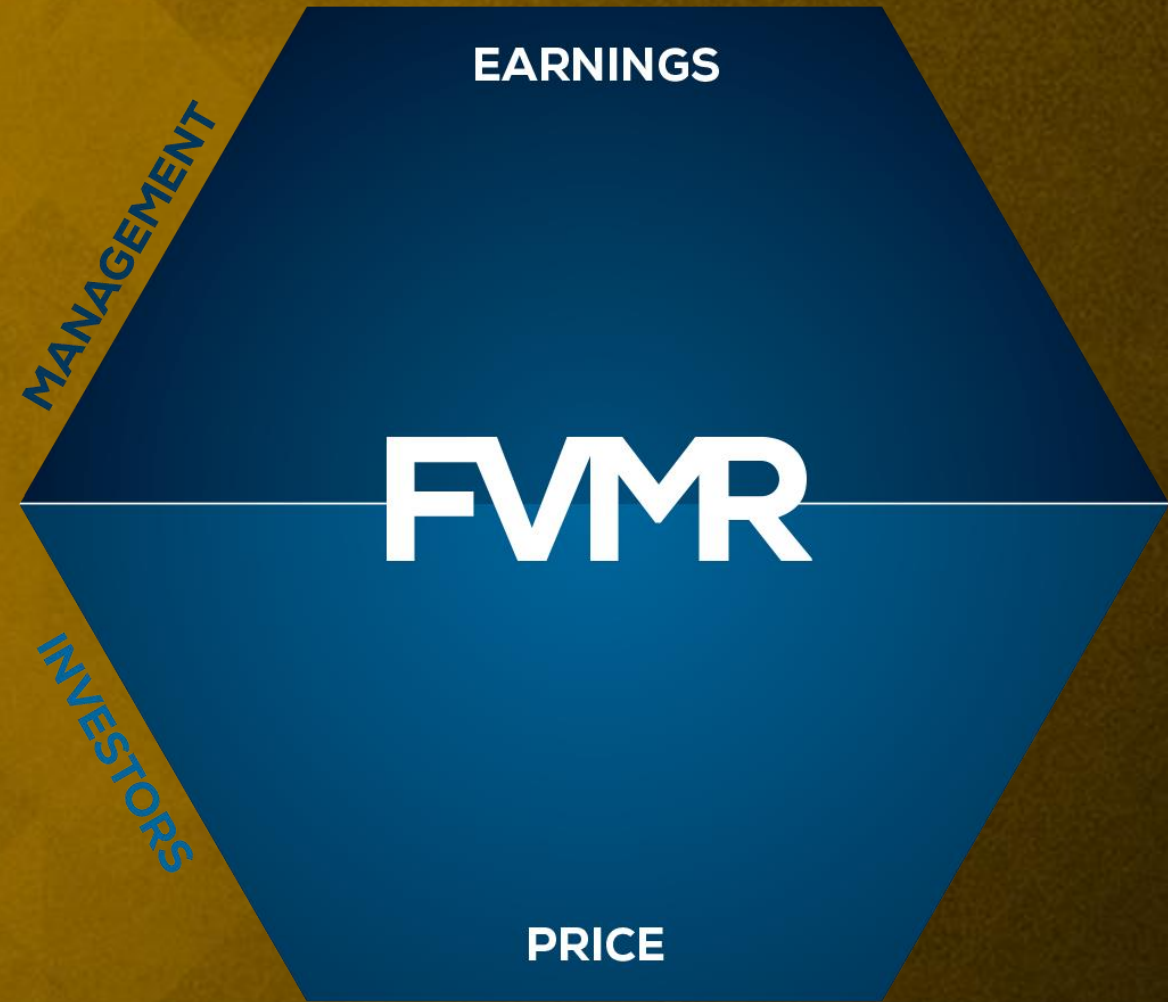
Risks



- ★ In 2020, Daimler entered a strategic partnership with Nvidia, the world's largest maker of AI chips
  - **Nvidia's chips are currently the most advanced in the market**
- ★ From 2024 onward, the company will roll out a fleet with fully automated driving functions

# FVMR Scorecard

- ★ A stock's attractiveness relative to stocks in that country or region
- ★ Attractiveness is based on four elements
  - Fundamentals, Valuation, Momentum, and Risk
- ★ Scale from 1 (Best) to 10 (Worst)





# Cheap valuation comes with risk



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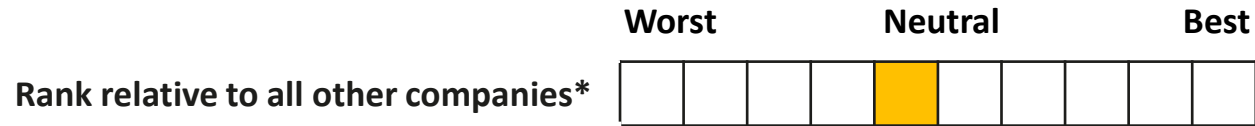
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| (%)                        | Dec-17 | Dec-18 | Dec-19 | Dec-20 | PTM** |
|----------------------------|--------|--------|--------|--------|-------|
| Operating profit margin    | 7.6    | 6.1    | 5.7    | 5.4    | 10.6  |
| Recurring net margin       | 6.1    | 4.4    | 3.7    | 3.3    | 8.4   |
| Asset turnover             | 65.9   | 62.3   | 59.2   | 52.5   | 58.3  |
| Return on assets           | 4.0    | 2.7    | 2.2    | 1.7    | 4.9   |
| Recurring return on equity | 16.4   | 11.4   | 10.2   | 8.4    | 22.6  |

| (x)                    | Dec-17 | Dec-18 | Dec-19 | Dec-20 | PTM** |
|------------------------|--------|--------|--------|--------|-------|
| Price-to-sales         | 0.4    | 0.3    | 0.2    | 0.5    | 0.4   |
| Price-to-earnings      | 7.4    | 7.6    | 6.6    | 15.9   | 5.1   |
| Price-to-book          | 1.2    | 0.9    | 0.5    | 1.3    | 1.0   |
| PE-to-EPS growth (PEG) | 0.5    | nm     | nm     | nm     | 0.0   |
| EV/EBIT                | 13.0   | 16.4   | 11.1   | 21.9   | 9.1   |



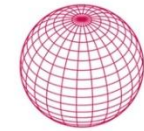
| (%)                                | Dec-17 | Dec-18 | Dec-19 | Dec-20 | PTM** |
|------------------------------------|--------|--------|--------|--------|-------|
| Revenue growth                     | 7.1    | 2.0    | 3.2    | (10.7) | 8.6   |
| Recurring EPS growth               | 13.8   | (26.7) | (11.8) | (20.9) | 373.5 |
| Operating profit margin chg. (bps) | (42)   | (152)  | (36)   | (27)   | 606   |
|                                    | 6mth   | 3mth   | 1mth   | 3wk    | 1wk   |
| Price change                       | 14.1   | 20.1   | 6.2    | 6.1    | 0.4   |



| (x)                    | Dec-17 | Dec-18 | Dec-19 | Dec-20 | PTM** |
|------------------------|--------|--------|--------|--------|-------|
| Current ratio          | 1.2    | 1.2    | 1.2    | 1.2    | 1.1   |
| Net debt-to-equity (%) | 167.9  | 187.9  | 222.5  | 196.0  | 149.8 |
| Times-interest-earned  | 33.5   | 15.4   | 14.4   | 26.0   | 51.9  |
|                        | 5yr    | 3yr    | 1yr    | 6mth   | 3mth  |
| Beta                   | 1.4    | 1.4    | 1.2    | 0.8    | 0.3   |

Note: Benchmarking against 260 non-financial companies in Germany.

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## Valuation

W

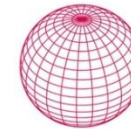
B

| (x)                    | Dec-17 | Dec-18 | Dec-19 | Dec-20 | PTM** |
|------------------------|--------|--------|--------|--------|-------|
| Price-to-sales         | 0.4    | 0.3    | 0.2    | 0.5    | 0.4   |
| Price-to-earnings      | 7.4    | 7.6    | 4.6    | 15.9   | 5.1   |
| Price-to-book          | 1.2    | 0.9    | 0.5    | 1.3    | 1.0   |
| PE-to-EPS growth (PEG) | 0.5    | nm     | nm     | nm     | 0.0   |
| EV/EBIT                | 13.0   | 16.4   | 16.1   | 21.9   | 9.1   |

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# Consensus remains bullish on restructuring decision



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## Analyst consensus valuation

| Recommendation | Aug-21 | Sep-21 | Oct-21 | Current |
|----------------|--------|--------|--------|---------|
| Strong buy     | 9      | 9      | 9      | 10      |
| Buy            | 14     | 13     | 15     | 15      |
| Hold           | 5      | 4      | 3      | 3       |
| Sell           | -      | -      | -      | -       |
| Strong sell    | -      | -      | -      | -       |
| Average score  | 1.9    | 1.8    | 1.8    | 1.8     |

| Price target | Aug-21 | Sep-21 | Oct-21 | Current |
|--------------|--------|--------|--------|---------|
| Median       | 93.5   | 93.5   | 94.5   | 100     |
| Mean         | 94.45  | 94.32  | 94.59  | 100.55  |

#28  
analysts



Upside: 15.0%

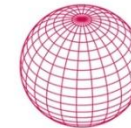
## Analyst consensus 3-year forecast

| (%)            | 18   | 19   | 20     | 21E  | 22E  | 23E   |
|----------------|------|------|--------|------|------|-------|
| Revenue growth | 2    | 3.2  | (10.7) | 9.7  | 12.3 | (0.3) |
| Gross margin   | 19.8 | 20.8 | 18.1   | 22.9 | 21.3 | 22.0  |
| EBIT margin    | 6.1  | 5.8  | 5.5    | 10.8 | 9.5  | 10.1  |
| Net margin     | 4.3  | 1.4  | 2.4    | 7.5  | 6.8  | 6.9   |

★ Analyst consensus still sees an upside of 15% despite the recent rally following the spin off announcement

★ They are bullish on 22E revenue growth and forecast excessive margins

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| (YE Dec, € m)                                   | 2018A         | 2019A         | 2020A         |
|---|---------------|---------------|---------------|
| Revenue   | 167,362       | 172,745       | 154,309       |
| Cost of goods & services                        | (134,163)     | (136,840)     | (126,383)     |
| <b>Gross profit</b>                             | <b>33,199</b> | <b>35,905</b> | <b>27,926</b> |
| SG&A  | (23,684)      | (23,437)      | (20,708)      |
| Other operating (exp)/inc                       | 676           | (2,417)       | 1,270         |
| <b>EBIT</b>                                     | <b>10,191</b> | <b>10,051</b> | <b>8,488</b>  |
| Interest expense (net)                          | (392)         | (290)         | (104)         |
| Other non-operating inc/(exp)                   | 273           | (387)         | (46)          |
| <b>Earnings before taxes (EBT)</b>              | <b>10,072</b> | <b>9,374</b>  | <b>8,338</b>  |
| Income tax                                      | (3,013)       | (1,121)       | (2,330)       |
| <b>Earnings after taxes (EAT)</b>               | <b>7,059</b>  | <b>8,253</b>  | <b>6,008</b>  |
| Equity income/Minority interest                 | 323           | 147           | 415           |
| <b>Earnings from cont. operations</b>           | <b>7,382</b>  | <b>8,400</b>  | <b>6,423</b>  |
| Forex/Exceptionals before tax                   | (133)         | (6,023)       | (2,796)       |
| <b>Net profit</b>                               | <b>7,249</b>  | <b>2,377</b>  | <b>3,627</b>  |
| <b>Earnings per share adjustments</b>           |               |               |               |
| <b>Net profit</b>                               | <b>7,249</b>  | <b>2,377</b>  | <b>3,627</b>  |
| Less: Preferred share dividend & other adj.     | -             | -             | -             |
| <b>Net profit attributable to common shares</b> | <b>7,249</b>  | <b>2,377</b>  | <b>3,627</b>  |
| Add: Exceptional items after tax                | 93            | 4,008         | 1,678         |
| Add: Foreign exchange loss/(gain) after tax     | -             | -             | -             |
| <b>Recurring profit after tax</b>               | <b>7,342</b>  | <b>6,385</b>  | <b>5,305</b>  |
| Recurring FDEPS (€)                             | 6.9           | 6.0           | 5.0           |

- ★ The pandemic in 2020 has disrupted car sales, leading to a severe drop in revenue
- ★ Falling profitability has resulted in low-bottom line





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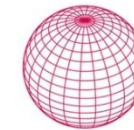
WCB

Risks

| (YE Dec, € m)                 | 2018A          | 2019A          | 2020A          |
|-------------------------------|----------------|----------------|----------------|
| Cash & short-term investments | 24,799         | 26,775         | 28,451         |
| Accounts receivable           | 15,170         | 15,108         | 13,134         |
| Inventories                   | 29,489         | 29,757         | 26,444         |
| Other current assets          | 52,155         | 56,160         | 47,235         |
| <b>Total current assets</b>   | <b>121,613</b> | <b>127,800</b> | <b>115,264</b> |
| Long-term investments         | 4,860          | 5,949          | 5,189          |
| Net fixed assets              | 80,424         | 88,625         | 82,798         |
| Intangible assets             | 13,719         | 14,761         | 15,178         |
| Goodwill                      | 1,082          | 1,217          | 1,221          |
| Other long-term assets        | 59,921         | 64,086         | 66,087         |
| <b>Total assets</b>           | <b>281,619</b> | <b>302,438</b> | <b>285,737</b> |

- ★ The company has a solid cash position, holding around 10% of its assets in cash
- ★ With the spinoff, the balance sheet in 2022 will decline by the amount of assets that belong to the trucks segment
- ★ As the company will hold 35% of the newly listed entity, LT-investments are going to increase

# Balance sheet - liabilities



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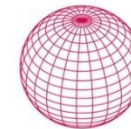
Risks

| (YE Dec, € m)                                | 2018A          | 2019A          | 2020A          |
|--|----------------|----------------|----------------|
| Overdrafts & short-term loans                | 56,240         | 62,601         | 59,303         |
| Accounts payable                             | 19,328         | 17,303         | 17,781         |
| Other current liabilities                    | 22,384         | 25,898         | 22,725         |
| <b>Total current liabilities</b>             | <b>97,952</b>  | <b>105,802</b> | <b>99,809</b>  |
| Long-term debt                               | 88,662         | 99,179         | 86,539         |
| Other long-term liabilities                  | 28,952         | 34,616         | 37,141         |
| <b>Total liabilities</b>                     | <b>215,566</b> | <b>239,597</b> | <b>223,489</b> |
| <b>Minority interest</b>                     | <b>1,386</b>   | <b>1,497</b>   | <b>1,557</b>   |
| Paid-up capital - Common shares              | 14,780         | 14,622         | 14,621         |
| Paid-up capital - Preferred shares           | -              | -              | -              |
| Retained earnings                            | 49,490         | 46,329         | 47,111         |
| Revaluation/Forex/Others                     | 397            | 393            | (1,041)        |
| <b>Total equity</b>                          | <b>64,667</b>  | <b>61,344</b>  | <b>60,691</b>  |
| <b>Total liab &amp; shareholders' equity</b> | <b>281,619</b> | <b>302,438</b> | <b>285,737</b> |
| <b>Book value per share adjustments</b>      |                |                |                |
| Total Equity                                 | 64,667         | 61,344         | 60,691         |
| Less: Preferred shareholders' equity         | -              | -              | -              |
| Less: Hybrid debt & others                   | (2)            | (2)            | (2)            |
| <b>Common shareholders' equity</b>           | <b>64,665</b>  | <b>61,342</b>  | <b>60,689</b>  |
| BVPS (€)                                     | 60.4           | 57.3           | 56.7           |

- ★ The company is relatively highly levered with a debt-to-equity ratio of 78%



# Cash flow statement



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| (YE Dec, € m)                                | 2018A          | 2019A           | 2020A           |
|--|----------------|-----------------|-----------------|
| Net income                                   | 7,249          | 2,377           | 3,627           |
| Depreciation & amortization                  | 209            | 139             | 196             |
| Calculated chg in net working capital        | (8,283)        | (2,722)         | 11,517          |
| Other non-cash & balancing items             | 1,168          | 8,094           | 6,992           |
| <b>Operating cash flow</b>                   | <b>343</b>     | <b>7,888</b>    | <b>22,332</b>   |
| Capital expenditures                         | (10,057)       | (10,406)        | (8,195)         |
| (Inc)/dec in other investments               | 136            | (201)           | 1,774           |
| <b>Investing cash flow</b>                   | <b>(9,921)</b> | <b>(10,607)</b> | <b>(6,421)</b>  |
| Increase/(dec) in debt                       | 17,456         | 9,404           | (9,503)         |
| Dividend paid                                | (3,905)        | (3,477)         | (963)           |
| Change in equity                             | 68             | 43              | 1               |
| Others                                       | (393)          | (342)           | (282)           |
| <b>Financing cash flow</b>                   | <b>13,226</b>  | <b>5,628</b>    | <b>(10,747)</b> |
| <b>Net inc/(dec) in cash &amp; cash equi</b> | <b>3,648</b>   | <b>2,909</b>    | <b>5,164</b>    |
| Beginning cash                               | 21,199         | 24,799          | 26,775          |
| Adjustment for historic data                 | (48)           | (933)           | (3,488)         |
| <b>Ending cash</b>                           | <b>24,799</b>  | <b>26,775</b>   | <b>28,451</b>   |

- ★ Volatile operating cash flows were not able to cover the investing activities in 2018 and 2019
- ★ Operating cash flow was boosted by falling accounts receivables, inventories, and other current assets; not net income
- ★ We expect high CAPEX for the future as the company needs to catch up in electric vehicles to compete with Tesla, BMW, and VW



Sales

Story

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Risks

| (YE Dec)                       | 2018A  | 2019A  | 2020A  |
|--------------------------------|--------|--------|--------|
| <b>General growth (YoY, %)</b> |        |        |        |
| Revenue                        | 2.0    | 3.2    | (10.7) |
| Assets                         | 10.3   | 7.4    | (5.5)  |
| Gross profit                   | (3.8)  | 8.2    | (22.2) |
| Operating profit               | (18.5) | (1.4)  | (15.6) |
| Attributable profit            | (29.5) | (67.2) | 52.6   |
| EPS                            | (29.5) | (67.2) | 52.6   |
| Recurring EPS                  | (27.9) | (13.0) | (16.9) |
| <b>Du Pont analysis (%)</b>    |        |        |        |
| Net profit margin              | 4.3    | 1.4    | 2.4    |
| Revenue per €100 of assets     | 62.3   | 59.2   | 52.5   |
| Assets/equity (x)              | 4.2    | 4.6    | 4.8    |
| Return on equity               | 11.3   | 3.8    | 5.9    |
| <b>Others (%)</b>              |        |        |        |
| Effective tax rate             | 30.3   | 33.5   | 42.0   |
| Dividend payout ratio          | 47.4   | 15.1   | 27.2   |

- ★ Revenue was hit during the pandemic
- ★ The demand in the German car industry rebounded; however, semiconductor shortages constraint growth in the short run
  - **This comprises a drag in margins**
- ★ Low ROE of 5.9% in 2020 is driving corporate actions (such as spinning off unit)





Sales

Story

FVMR

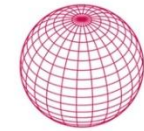
Value

WCB

Risks

| (YE Dec)                        | 2018A | 2019A | 2020A |
|---------------------------------|-------|-------|-------|
| <b>Internal liquidity (x)</b>   |       |       |       |
| Current ratio                   | 1.2   | 1.2   | 1.2   |
| Quick, or acid test ratio       | 0.9   | 0.9   | 0.9   |
| <b>Working cap. mgmt (Days)</b> |       |       |       |
| Inventory conversion period     | 74    | 78    | 80    |
| Receivables collection period   | 32    | 32    | 33    |
| Days from raw mat to coll       | 106   | 109   | 113   |
| Payables deferral period        | 50    | 48    | 50    |
| Cash conversion cycle           | 56    | 61    | 63    |
| <b>Profitability ratios (%)</b> |       |       |       |
| Gross profit margin             | 19.8  | 20.8  | 18.1  |
| EBIT margin                     | 6.1   | 5.8   | 5.5   |
| EBIT return on avg assets       | 3.8   | 3.4   | 2.9   |
| Return on average assets        | 2.7   | 0.8   | 1.2   |
| <b>Financial risk (x)</b>       |       |       |       |
| Liabilities-to-assets (%)       | 76.5  | 79.2  | 78.2  |
| Debt-to-equity                  | 2.2   | 2.6   | 2.4   |
| Net debt-to-equity              | 1.9   | 2.2   | 1.9   |
| Times-interest-earned           | 15.8  | 14.9  | 27.0  |
| Effective interest rate (%)     | 0.5   | 0.4   | 0.2   |

- ★ Daimler generates low return on its assets
- ★ Its profitability is still far below competitors
  - Its closest competitor in the trucks segment, Volvo, has a 2x higher margin
  - Daimler’s spinoff could lead to a convergence in margin



Sales

Story

FVMR

Value

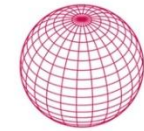
WCB

Risks

| (YE Dec, € m)                   | 2018A            | 2019A            | 2020A           |
|---------------------------------|------------------|------------------|-----------------|
| EBIT                            | 10,191.0         | 10,051.0         | 8,488.0         |
| <i>Est tax rate (%)</i>         | 30.3             | 33.5             | 42.0            |
| <b>NOPAT</b>                    | <b>7,101.6</b>   | <b>6,688.7</b>   | <b>4,919.4</b>  |
| Add: Depre & amort              | 209.0            | 139.0            | 196.0           |
| Less: CAPEX                     | (6,890.0)        | (6,770.0)        | (5,376.0)       |
| Chg in A/R                      | (588.0)          | 62.0             | 1,974.0         |
| Chg in inventory                | (3,803.0)        | (268.0)          | 3,313.0         |
| Chg in oth curr assets          | (6,726.0)        | (4,005.0)        | 8,925.0         |
| Chg in A/P                      | 1,505.0          | (2,025.0)        | 478.0           |
| Chg in oth curr liabs           | 1,329.0          | 3,514.0          | (3,173.0)       |
| <b>Less: Chg in working cap</b> | <b>(8,283.0)</b> | <b>(2,722.0)</b> | <b>11,517.0</b> |
| Less: Chg in invest cap         |                  |                  |                 |
| <b>Free cash flow to firm</b>   | <b>(7,862.4)</b> | <b>(2,664.3)</b> | <b>11,256.4</b> |
| <i>FCF per share (€)</i>        | (7.3)            | (2.5)            | 10.5            |
| <i>NOPAT growth (%)</i>         | (22.3)           | (5.8)            | (26.5)          |
| <i>FCF growth (%)</i>           | (1,052.5)        | 66.1             | 522.5           |

- ★ Tax bill has risen to 42% from 30%
- ★ FCFF turned positive in 2020 after a long time
- ★ High investment expenditures require a consistent generation of strong operating cash flows





Sales

Story

FVMR

Value

WCB

Risks

## Forecast assumptions

| 3-year average        | Consensus | My assumptions |
|-----------------------|-----------|----------------|
| Revenue growth (CAGR) | 7.1       | 5.0            |
| Gross margin          | 22.1      | 21.7           |
| EBIT margin           | 10.2      | 9.2            |
| Net margin            | 7.1       | 6.3            |

## My range of value estimate

|          | Bearish case | Base case | Bullish case |
|----------|--------------|-----------|--------------|
| Estimate | 90.4         | 94.8      | 99.7         |
| Upside   | 3.5          | 8.5       | 14.1         |

**This is not investment advice and it's not a recommendation.**

- ★ German car sales likely to see strong rebound over the next 3 years
- ★ However, it takes time until the profitability converges to the industry average
  - **Spin-off decision is likely to not lead to immediate effects on margin**

# World Class Benchmarking Scorecard

- ★ Identifies a company's competitive position relative to global peers
- ★ Combined, composite rank of profitability and growth, called "Profitable Growth"
- ★ Scale from 1 (Best) to 10 (Worst)







Sales

Story

FVMR

Value

WCB

Risks

Profitability has  
room for  
improvement

### Profitable Growth

| '17 | '18 | '19 | '20 | PTM |
|-----|-----|-----|-----|-----|
| 7   | 8   | 8   | 7   | 4   |

Growth has  
started to  
rebound

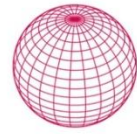
### Profitability

| '17 | '18 | '19 | '20 | PTM |
|-----|-----|-----|-----|-----|
| 6   | 8   | 8   | 7   | 5   |

### Growth

| '17 | '18 | '19 | '20 | PTM |
|-----|-----|-----|-----|-----|
| 5   | 8   | 7   | 6   | 2   |

Benchmarked against 1,000 large Cons. Disc. companies worldwide.



Sales

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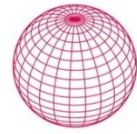
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Risks

- ★ Ongoing supply chain disruptions create shortages (e.g., semiconductor chips) and increase production costs
- ★ Failure to keep up with technological changes could result in loss of market share
- ★ Labor shortage of specialist employees creates competition among car manufacturers



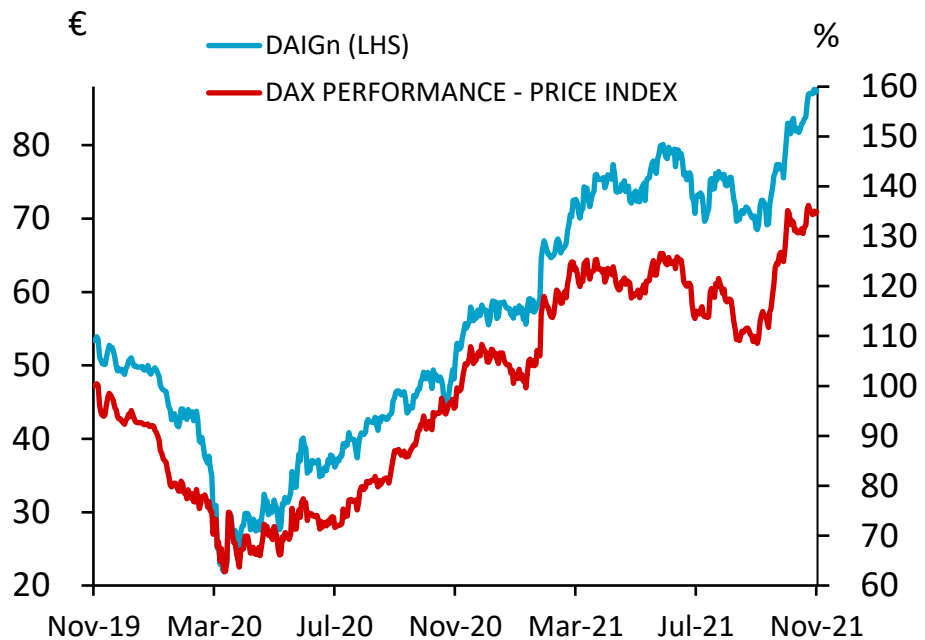
# Pure play spinoff could bring profitability back on track



VALUATION MASTER CLASS



## DAIMLER



### 3 things to know about this company

- ★ Planned restructuring to turnaround profitability and value
- ★ Accelerated electrification necessary to stay competitive
- ★ Strategic partnerships to bring autonomous driving forward

### Key statistics

Analyst consensus (28)

**EUR 100**

(Upside 15.0%)

PE ratio

**5.1x**

Dividend yield

**1.5%**

**BUY**

This is not investment advice and it's not a recommendation.

# CONCLUSION

- Spin-off momentum might be already priced in
- It will take a long time to close the profitability gap to its peers
- Analysts forecast drastic changes in fundamentals too early

