Next big milestone for Daimler in China: New compact car plant goes live at Beijing Benz

- Production kicks-off with the GLA, boosting BBAC’s overall production capacities to about 250,000 passenger cars by the end of 2015.
- Top-notch facility, built at Beijing Benz Automotive Corporation (BBAC) from scratch in a record time of less than 3 years.
- Hubertus Troska: “The investment of 720 million euros demonstrates our confidence into Mercedes-Benz’ prosperous future in China.”
- BBAC becomes most comprehensive Mercedes-Benz passenger car plant worldwide: front- and rear-wheel-drive passenger cars as well as engines under one roof.
- Production follows globally acknowledged Mercedes-Benz quality standards and processes, backed further by intensive staff training.

Beijing/Stuttgart – Mercedes-Benz marked another important milestone in its ‘built in China, for China’ strategy with the opening ceremony of its top-notch compact car plant, housed at the company’s local production joint venture Beijing Benz Automotive Corporation (BBAC). An audience of about 250 guests witnessed the ceremony that at the same time officially kicked-off the production for the German car maker’s first locally build compact car: the GLA.

“To have the right products and local production footprint is certainly essential for our sustainable growth in China. Today we bring both together, pushing our strategic partnership with BAIC and China to the
next level,” said Hubertus Troska, member of the Board of Management of Daimler AG responsible for China. “The investment of 720 million euros demonstrates our confidence into Mercedes-Benz’ prosperous future in China, while boosting our local passenger car production capacities to about 250,000 units by the end 2015 – and we will certainly not stop there.”

Build-up from the scratch in a record time of less than 3 years and stretching at present across about 1.5 million square meters, the Beijing-compact car site complements the current Mercedes-Benz’ compact model plants in Rastatt (Germany) and Kecskemet (Hungary) as well as the Valmet Automotive plant in Finland and so marks the final puzzle piece in Mercedes-Benz’s flexible and highly efficient compact car production network. Likewise important: it strategically complements BBAC, establishing the plant as Mercedes-Benz’s worldwide only production facility that manufactures front- and rear-wheel-drive passenger cars as well as engines under one roof.

Frank Deiss, President and CEO of BBAC, notes: “BBAC is Mercedes-Benz’s worldwide most comprehensive plant, manufacturing sedans, SUVs, engines and from now on also compact cars. Thereby the localization of compact cars marks a key milestone for the company. It will significantly drive BBAC’s local production volume, paving us the way to grow furthermore. In fact BBAC is already today the biggest Mercedes-Benz passenger car plant worldwide.”

The three-pointed star’s globally renowned and unified quality standards are echoed in every step of BBAC’s production, extending along the entire supply chain. In addition, the new compact car site features state of the art technology, such as a top notch paint shop that for instance comes with dry scrubbers for top coat application that do not require any water and a low-emission oven of the latest generation.

Excellence in manufacturing is also provided by in total more than 10,800 staff – 800 thereof are dedicated to the new compact car site just in the ramp up phase. Be it through intensive and continuous on-the-job trainings or knowledge transfer from international training programs. To prepare the ramp-up of the GLA, many employees have been trained abroad, mainly at the Rastatt Plant, but partially also at the plants in Kecskemet and Sindelfingen. Back in Beijing, these multipliers directly passed on their knowledge to hundreds of colleagues. This is certainly one
of many reasons, why every car and every engine from BBAC lives up to the brand value of “The best or nothing” in exactly the same way as products from any other Mercedes-Benz plant worldwide.

The new GLA

The GLA is, after the GLK, the second SUV that is manufactured in China. It adds to Mercedes-Benz’s strong SUV family, to which in China at present additionally the M-Class, GL and G-Class belong.

The first Mercedes-Benz in the rapidly expanding compact SUV segment shows a strong character, exuding, with its typical SUV proportions and striking design, a self-assured presence. It is light feet in the city, lively on secondary roads and mountain passes, and dynamic and powerfully efficient on the motorway.

Powerful are also the engines of the new GLA, which are locally build at BBAC as well, at Mercedes-Benz’ first ever passenger car engine plant outside of Germany.

The first locally produced GLA models will be launched in China during the Auto Shanghai show this April, ready to drive both Mercedes-Benz’ local production and sales volume. It will delight its customers with various China-only features and specifications, ranging for example from engines to design features.

About Beijing Benz Automotive Co., Ltd. (BBAC)

BBAC, a joint venture between Daimler and Chinese partner BAIC Motor, has been producing Mercedes-Benz passenger cars since 2006 and engines since 2013. Last year, around 150,000 vehicles rolled off production lines at BBAC, accounting for more than one-half of Mercedes-Benz’ total sales volume in China. The 500,000th locally produced Mercedes-Benz passenger car, an all-new long-wheelbase C-Class model, has rolled off the production lines just by the end of 2014, marking yet another milestone in Mercedes-Benz’s increasing local footprint in China. About half of these vehicles have been manufactured just within two years, highlighting once again the rapid growth that the production site has recently experienced. To prop up this momentum furthermore, both shareholders are jointly investing €4 billion in BBAC through 2015, of which €1 billion alone was used for the localization of compact cars.
The Mercedes-Benz 4- and 6-cylinder engines produced at BBAC's engine plant are used in locally produced cars from BBAC and vans that are built by Daimler's local joint venture Fujian Benz Automotive Co., Ltd. (FBAC). The production line was designed with flexibility in mind, with an annual capacity of 250,000 units for the first phase.

About €100 million have been invested into BBAC's Research & Development site that became fully operational last year, as the largest of its kind in any of Daimler's joint venture worldwide. More than 160 engineers are responsible for series projects, component and vehicle testing and supporting the production testing—in cross-functional teams, and with focus on locally produced cars. The site features various test laboratories and benches. In addition, experts can prepare offline try outs, for homologation, training, and fitment tests, and also 'Nullseries' on-site, in Mercedes-Benz' first prototype workshop outside Germany.

BBAC is part of the flexible and efficient global Mercedes-Benz production network with more than 70,000 employees operating under the auspices of Mercedes-Benz Cars. The global network for each product architecture is built around a lead plant in Germany that serves as a center of competence for new start-ups, technology and quality assurance. BBAC also receives support for its local production from the respective lead plant. In this way, Mercedes-Benz ensures that top quality is guaranteed at all of its production locations and customers around the world benefit from its high standards.

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 worsening of the sovereign-debt crisis in the euro zone; an increase in political tension in Eastern Europe; events of force majeure including natural disasters, epidemics, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; 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 official investigations 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 Daimler’s most recent 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
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If you have any questions, please contact our Investor Relations Team:

**Bjoern Scheib**
Tel. +49/711-17-95256

**Alexander Vollmer**
Tel. +49/711-17-97778

**Julian Krell**
Tel. +49/711-17-99320

**Lutz Deus**
Tel. +49/711-17-92261

**Rolf Bassermann**
Tel. +49/711-17-95277

**Dr. Stephan Georg Schoen**
Tel. +49/711-17-95361

**E-mail:** ir.dai@daimler.com