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Strategic partnership: Hermes to deploy 1500 Mercedes-Benz Sprinter and Vito with electric drive

- **Strategic partnership to electrify the Hermes vehicle fleet**
- **1500 electric vans for urban deliveries from Mercedes-Benz Vans**
- **Pilot project to start in early 2018 in Hamburg and Stuttgart**
- **Focus on economy, practicality and sustainability**
- **Significant reductions in exhaust and noise emissions**
- **Connectivity and cargo space: Mercedes-Benz Vans also supplies system solutions**
- **Provisional highlight of the successful collaboration starting in 1972**

Stuttgart and Hamburg – Hermes and Mercedes-Benz Vans have agreed on a wide-ranging strategic partnership to electrify the courier service's vehicle fleet. The companies are to start using battery-electric vehicles in the logistics provider's normal operations in a pilot phase in Stuttgart and Hamburg in early 2018. The focus will be on the economy, sustainability and practicality of emission-free delivery vans when used for the last mile. By the end of 2020, Hermes Germany intends to deploy 1500 Mercedes-Benz Vito and Sprinter electric vans in urban areas across Germany.

“Electric drive is a key technology for urban transport – especially in commercial use. Last-mile deliveries must become more efficient and – in specific applications – emission-free. Last year, we announced that we will put a Mercedes-Benz electric van into series production again; our first one was in 2011. We are proud that we can already announce that Hermes will be our first customer – and with a significant number of vehicles at that. This is a specific implementation of our plans for tailored industry solutions in cooperation with our customers. Hermes requires mid-size and large vans with electric drive for its applications. We can meet both needs with high-quality, reliable and safe vehicles that set high standards also in terms of driver ergonomics”, stated Volker Mornhinweg, Head of Mercedes-Benz Vans.

“Electric mobility plays a key role as part of our long-term strategy for climate and environmental protection. With this in mind, we are continuing along the path of sustainably renewing our fleet of vehicles. The strategic partnership with Mercedes-Benz is another milestone in this process. We are especially pleased to have Mercedes-Benz at our side as a prestigious partner since 1972. An important key aspect for the future is the gradual electrification of our fleet in urban areas. At the same time, we are continuing with the full changeover to low-emission Euro 6 vehicles”, said Frank Rausch, CEO of Hermes Germany GmbH.

More economy and sustainability, higher service quality

The partners have set themselves the goal of improving efficiency, productivity and sustainability in parcel deliveries. This has been partially triggered by the rapid growth in online retailing and the resulting challenges for courier-express-parcel (CEP) companies. Another aim is to generate and implement ideas that improve service quality for the customers. With the help of quiet, locally emission-free vehicles, Mercedes-Benz Vans and Hermes Germany want to make a lasting contribution to optimizing urban delivery transport. By the year 2025, Hermes plans to carry out deliveries in the inner-city areas of all major German cities completely free of emissions. Solely electricity from 100 percent regenerative energy sources will be used to charge the electric vehicles’ batteries. The electricity will be generated with a completely neutral effect on the climate and, accordingly, in line with the green-electricity label “Grüner Strom” from the environmental associations.

One special focus is on the technical feasibility and economic efficiency of battery-electric vehicles in the CEP industry. New concepts are to be developed for the integration of battery-electric vans – including the required charging infrastructure – into existing operational processes.

Connectivity, cargo space and more: system solutions for enhanced efficiency

Another crucial driver of efficiency improvements is the development of system solutions in the vehicle and beyond that are optimally adapted for the specific applications. In the context of the strategic partnership with Hermes, Mercedes-Benz Vans will thus also implement connected services – for example, services that facilitate optimal route planning with the use of information on the vans’ batteries and remaining range. The van producer will also contribute intelligent cargo-space solutions and innovative mobility services to the partnership. These will include new kinds of leasing offers and short-term rentals for contractual partners of Hermes.

For over 40 years now, Hermes and Daimler have had a growing partnership mainly based on conventional vehicles but also with a long tradition in the research and development of alternative drive systems. That goes back to the nineteen-nineties and tests of the very first van on the market powered by hydrogen. In 2001, Hermes tested a Mercedes-Benz Sprinter with fuel-cell technology in normal operating conditions. In 2011, the Hamburg-based logistics provider deployed the first series-produced electric vehicle from Mercedes-Benz Vans, the Vito E-CELL. The two companies also cooperate on vehicles above 3.5 tons. Together with Hermes and the city of Stuttgart, Daimler is currently performing a fleet test with five battery-powered Fuso Canter E-CELL vehicles in urban distribution transport. The test started in April 2016.

With this partnership, Mercedes-Benz Vans is taking a further significant step towards the implementation of its strategic future initiative, adVANce, which was presented last year. With adVANce, Mercedes-Benz Vans is being transformed from a pure vehicle manufacturer into a supplier of customer-oriented holistic system solutions. In this context, Mercedes-Benz Vans is concentrating on four areas in which it will invest up to 500 million euros by 2020: the integration of various connectivity solutions in vans (digital@vans), innovative hardware solutions for the van sector (solutions@vans), new mobility concepts for the needs-oriented transport of persons and goods (mobility@vans), and optimized electric drive systems tailored to specific applications (eDrive@vans). In the strategic partnership with Hermes Germany, Mercedes-Benz Vans is proving its expertise in all four areas.

With its further intensified partnership with Mercedes-Benz Vans, Hermes Germany is pushing forward the implementation of an ambitious masterplan for the systematic reduction of CO₂ and particulate matter in the delivery sector. Hermes Germany sees it as part of its business responsibility to expand its pioneering role with regard to socially and environmentally compatible transport. The climate strategy of the parent company, Otto Group, aims to reduce group-wide CO₂ emissions by at least half by 2020. More than 30 individual projects in the Hermes “WE DO!” campaign are contributing to the achievement of this goal.

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; 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.

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