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## **Daimler and BAIC jointly invest in the localization of battery electric vehicles in China**

- **Framework agreement between Daimler and BAIC Motor on further investment of five billion RMB for Battery Electric Vehicles (BEVs) and battery localization at Sino-German joint venture BBAC**
- **By 2020, BBAC to manufacture all-electric vehicles under Mercedes-Benz brand, powered by locally produced batteries**
- **Hubertus Troska: “Daimler is taking a strategic step forward in the field of Battery Electric Vehicles in China. Together with our local partner BAIC, we are all in: We continue to invest in the world’s largest market for e-mobility. With our planned localization of BEVs and batteries with Chinese cells, we are dedicated to strengthening the region as an innovation hub for the automotive industry.”**
- **Xu Heyi: “By confirming our joint commitment to the development of electric drive in China, and undertaking preparations to produce BEVs at BBAC, we are giving full play to the respective strengths of both sides. Together, we are laying the groundwork for our joint venture facility BBAC to become a future BEV production hub in China.”**

Berlin / Beijing – Daimler and BAIC are strongly committed to the development of electric mobility in China. In the presence of German Chancellor Dr. Angela Merkel and Chinese President Xi Jinping, both company partners announced today a framework agreement to further deepen cooperation at their Sino-German production joint venture Beijing Benz Automotive Co., Ltd. (BBAC).

The two companies pledged to jointly invest a total of five billion RMB (about 655 million euros) in the production of Battery Electric Vehicles (BEVs) under the Mercedes-Benz brand at the local production hub of BBAC in Beijing.

As part of this strategic framework agreement, Daimler and BAIC Motor are preparing to locally produce Battery Electric Vehicles by 2020 at BBAC, and to provide the necessary infrastructure for battery localization using Chinese cells, as well as research and development capacities.

Hubertus Troska, Member of the Board of Management of Daimler AG, responsible for Greater China, and Xu Heyi, Chairman of the BAIC Group, attended the signing ceremony held in Berlin.

“Daimler is taking a strategic step forward in the field of Battery Electric Vehicles in China. Together with our local partner BAIC, we are all in: We continue to invest in the world’s largest market for e-mobility,” said Hubertus Troska. “By 2025, the Chinese market will have a substantial share in global sales of Mercedes-Benz electric vehicles. Therefore, local production will be key to the success of our EV portfolio, and crucial to flexibly serving local demand for electric vehicles. With our planned localization of BEVs and batteries with Chinese cells, we are dedicated to strengthening the region as an innovation hub for the automotive industry.”

Chairman Xu Heyi said: “BAIC Group and Daimler are representatives of Chinese and German automotive industries, and through this new strategic framework, we are deepening our collaboration once again. By confirming our joint commitment to the development of electric drive in China, and undertaking preparations to produce BEVs at BBAC, we are giving full play to the respective strengths of both sides. Together, we are laying the groundwork for our joint venture facility BBAC to become a future BEV production hub in China.”

Earlier in June of this year, both partners already signed a framework agreement on further strengthening their strategic collaboration through investments for New Energy Vehicles (NEVs) in China. As part of the investment agreement, Daimler announced its intention to acquire a minority share in Beijing Electric Vehicle Co., Ltd. (BJEV), a subsidiary of the BAIC Group, with the purpose of strengthening strategic collaboration with BAIC in the NEV sector.

### **Electric Offensive at Mercedes-Benz Cars**

Globally, more than ten new Mercedes-Benz electric passenger cars are scheduled to be launched by 2022. Ten billion euros will be invested in the expansion of the electric fleet over the next years, and the new electric vehicles will be produced within the global, highly flexible, and efficient Mercedes-Benz Cars production network, with plants on four continents. Overall, Daimler is investing around one billion euros in the global production of batteries, estimating that by 2025 electric vehicles will account for between 15 and 25 percent of the total unit sales of Mercedes-Benz.

### **About Beijing Benz Automotive Co., Ltd.**

Beijing Benz Automotive Co., Ltd., a joint venture between Daimler and BAIC Motor, was established in 2005. In terms of land size, BBAC is the largest Mercedes-Benz passenger car production hub worldwide for Daimler, producing the C-Class, E-Class, GLA, and GLC vehicles, as well as Mercedes-Benz 4- and 6-cylinder engines. In 2016, BBAC achieved considerable success, with locally produced models accounting for over two-thirds of Mercedes-Benz's total sales in China. In November 2016, BBAC's total local production output passed the 1,000,000-unit mark, and was furthermore recognized by the "Factory of the Year" jury in the "Excellent Large Series Assembly" category. As the primary local production base for Mercedes-Benz vehicles in China, BBAC plays a key role in Daimler's overall global development strategy and production network.

Beijing Electric Vehicle Co., Ltd. (BJEV) was established in 2009 by the BAIC Group and other shareholders as a development platform for New Energy Vehicles. As one of China's leading pure electric vehicle manufacturers, BJEV's primary business scope covers research and development, production, and sales and services for New Energy Vehicles and core NEV components. To date, the company's product portfolio covers five major series of electric vehicles, the EC, EH, EU, EV and EX series, which are comprised of over ten electric vehicle passenger car models.

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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