

Investor Relations Release

February 26, 2018

Daimler to expand local Mercedes-Benz production with its partner in China

- **Daimler and BAIC announce plans to expand local production of Mercedes-Benz vehicles due to expected market demand in China**
- **Local production hub Beijing Benz Automotive Co. Ltd. (BBAC) to operate additional production location**
- **Investment of over 11.9 billion RMB to prepare BBAC for further growth opportunities in the Chinese automotive market**
- **2nd Beijing production location to facilitate complementary capacities for future new Mercedes-Benz models “Made in China, for China”, including battery-electric vehicles**

Stuttgart / Beijing – Seeing further growth potential in the Chinese automotive market, Daimler and BAIC today announced plans to further expand local production for the Mercedes-Benz brand at their joint venture, Beijing Benz Automotive Co. Ltd. (BBAC). Through an investment totaling over 11.9 billion RMB (about 1.5 billion euros) by Daimler and BAIC, BBAC will prepare to operate another production location for high-quality premium vehicles, in addition to its established local production hub in Beijing’s Yizhuang industrial park. As part of the investment, a BAIC production facility located in the capital city’s Shunyi district will be transferred to BBAC, and modified to facilitate complementary production capacities for Mercedes-Benz cars. Furthermore, both partners will invest into new product localization at the future second Beijing-based Mercedes-Benz production facility.

Together with BAIC, Daimler continues developing BBAC into one of the most pioneering manufacturing hubs in Daimler’s global production network. The expansion of localization announced today will allow Daimler to respond to increasing market demand with local models tailored to Chinese customers’ needs, including electric products from Mercedes-Benz’s EQ brand. Daimler is dedicated to furthering New Energy Vehicle (NEV) development in China, already the largest NEV market globally, as part of the company’s “Made in China, for China” commitment.

“Local production is a strong pillar of our sustainable development in China. By deepening our cooperation with our local partner BAIC, BBAC will continue playing a key role for Mercedes-Benz in China,” said Hubertus Troska, Member of the Board of Management of Daimler AG, responsible for Greater China. “This production capacity expansion for BBAC will allow us to meet the expected growing demand for premium passenger cars in China, including for electric vehicles.”

“With over a decade of remarkable achievements, BBAC stands as evidence of the strong collaboration between BAIC and Daimler,” said Xu Heyi, Chairman of the BAIC Group. “As a model of Sino-German cooperation, BBAC has set successive benchmarks in terms of technology and quality standards. Going forward, both partners will continue to support BBAC as it provides additional, attractive products, contributing to the development of the Chinese automotive industry.”

This deepening of the cooperation between Daimler and BAIC further demonstrates the strengths of combining “Industry 4.0” and “Made in China 2025”. By using smart manufacturing and increased digitalization, these efforts will help to further accelerate the manufacturing upgrade in China’s automotive sector. Mercedes-Benz’s unified global standards govern all production from BBAC. Production at the Shunyi facility will also follow the quality standards and processes, extending along the entire supply chain. As a full-fledged production facility, it will include a body shop, paint shop, press shop, as well as assembly lines.

“In 2017, Mercedes-Benz Cars has set the seventh production record in a row, also thanks to our strong growth in China. Globally, our plants run at full capacity, which is why we need further production facilities around the globe,” said Markus Schäfer, Member of the Divisional Board of Mercedes-Benz Cars, Production and Supply Chain. “BBAC is an integral part of our global production network of Mercedes-Benz Cars. With the new production location and our battery production planned in Beijing, we are progressing well with our electric initiative.”

China last year was once again Mercedes-Benz’s largest single market, with local production of around 430,000 units accounting for over 70% of total local sales. This allowed BBAC to become the largest Mercedes-Benz passenger car production plant worldwide in terms of output in 2017, driven by the outstanding market demand for premium cars of the three-pointed star. Employing over 11,000 staff, BBAC’s portfolio includes the C-Class, E-Class, GLA, and GLC vehicles. In 2017, Daimler and BAIC announced a joint investment of five billion RMB (about 655 million euro) for Battery Electric Vehicles and battery localization at BBAC as part of the electric initiative. The first model from Mercedes-Benz’s EQ brand, the EQC SUV, is scheduled to roll-off production lines by 2019.

These localization efforts are backed by strong local Research and Development, ensuring that Mercedes-Benz products meet the needs of Chinese customers. In 2014, the Mercedes-Benz Research and Development Center opened in Beijing, and has ever since grown the number of employees to today over 850 local engineers, designers and other functions. The Mercedes-Benz R&D Center recently also expanded cooperation with renowned Tsinghua University. Showing full commitment to electric mobility in China, both partners will jointly establish a Research Cooperation in the field of Battery Safety and Fast-Charging.

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.

If you have any questions, please contact our Investor Relations Team:

Bjoern Scheib

Tel. +49/711-17-95256

Lutz Deus

Tel. +49/711-17-92261

Christian Crusen

Tel. +49/711-17-97778

Rolf Bassermann

Tel. +49/711-17-95277

Julian Krell

Tel. +49/711-17-99320

Edith Callsen

Tel. +49/711-17-97366

Daniel Eichele

Tel. +49/711-17-92104

Johannes Schmalzriedt

Tel. +49/711-17-70314

E-mail: ir.dai@daimler.com

For an overview of major roadshows and conferences please see:

<https://www.daimler.com/investors/events/roadshows>