

Investor Relations Release

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Investment of around 500 million euros

Mercedes-Benz to produce electric compact car at Hambach plant in France

- Mercedes-Benz pushes electric initiative ahead.
- Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars: “20 years ago, we started an exemplary Franco-German project with the production of the smart in Hambach. Now we take the next step and for the first time in our more than 100-year old history we bring the production of Mercedes-Benz to France. With the compact EQ model from Hambach we continue our electric initiative.”
- Head of smart, Dr. Annette Winkler: “The Hambach site in France features many years of experience in building fully electric cars. We want to take advantage of the enormous expertise and prepare the plant for the production of an electric Mercedes-Benz. We are investing a total of around 500 million euros in the Hambach plant and in the product. It is now paying off for our employees that they already contributed to a significant improvement in the competitiveness of the Hambach site two years ago with the 'Pacte 2020'.”
- Markus Schäfer, Member of the Divisional Board of Management of Mercedes-Benz Cars, Production and Supply Chain: “With the production of a compact electric car in Hambach, we are adding further capacities for our electric initiative at six locations on three continents. The smart plant in Hambach will become a part of our global compact car production network with the lead plant Rastatt, Germany.”

Stuttgart/Hambach - Mercedes-Benz Cars is expanding its capacities for electric cars in Europe. The Hambach plant in France will produce a compact electric car of the new product and technology brand EQ. “20 years ago we started an exemplary German-Franco project with the production of the smart in Hambach. Now we take the next step and for the first time in our more than 100-year old history we bring the production of Mercedes-Benz to France. With the compact EQ model from Hambach we continue our electric initiative,” says Dr. Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars after a meeting with the French President Emmanuel Macron at the Élysée Palace in Paris.

Mercedes-Benz Cars plans to launch more than ten electric cars by 2022: throughout all segments, from smart to large SUVs. The company assumes that unit sales of electric models will represent a share of somewhere between 15 and 25 percent of total Mercedes-Benz sales by 2025. From 2020, the brand smart will only offer electric vehicles. Thereby, smart will be the first automotive brand of the world, which completely changes from combustion engines to electric drives.

“The Hambach site in France features many years of experience in building fully electric cars. We want to take advantage of the enormous expertise and prepare the plant for the production of an electric Mercedes-Benz. We are investing a total of around 500 million euros in the Hambach plant and in the product. It is now paying off for our employees that they already contributed to a significant improvement in the competitiveness of the Hambach site two years ago with the 'Pacte 2020'”, says Dr. Annette Winkler, Head of smart. The 'Pacte 2020', which was adjusted with the workforce in 2016, includes an increase in working hours from 35 to 39 hours and a salary adjustment.

With the smart location in Hambach, Mercedes-Benz Cars has a longstanding competence centre for the production of electric vehicles: Already in 2007 smart launched a battery-powered vehicle as a pioneer in e-mobility and has been producing electric smarts in series since 2012. Two electric vehicles, the smart EQ fortwo coupé and the smart EQ fortwo cabrio, are currently being produced there. In Germany the smart brand is the market leader among all-electric vehicles in the first quarter of 2018. The smart plant in Hambach already obtains all its electrical energy from renewable energy sources and is therefore CO₂-neutral.

“With the production of a compact electric car in Hambach, we are adding further capacities for our electric initiative at six locations on three continents. The smart plant in Hambach will become a part of our global compact car production network with the lead plant Rastatt, Germany”, says Markus Schäfer, Member of the Divisional Board of Management of Mercedes-Benz Cars, Production and Supply Chain. The production network of the new generation of compact cars includes the plant in Kecskemét, Hungary, the BBAC production site in Beijing, the COMPAS plant in Aguascalientes (Mexico) as well as the Finnish manufacturing service provider Valmet Automotive.

The preparations for the new model in Hambach will start shortly. The investment of around 500 million euros will be spend for the construction of new facilities and also flow in the product itself: With state-of-the-art technology a new body shop and surface treatment will be build. The plant will also expand the assembly facilities and reshape the site's infrastructure.

“We at the smart plant in Hambach are looking forward to producing the first Mercedes-Benz model. Our new assignment proves the outstanding expertise at the location and the high motivation of our employees,” says Serge Siebert, Site Manager of the smart plant in Hambach.

About the smart plant in Hambach

The smart plant in Hambach, France, with over 800 employees, currently focuses on the production of the smart fortwo. The assembly line in form of a plus sign optimally meets the requirements of logistics and assembly and ensures an efficient organization of the production processes. The plant was inaugurated on 27 October 1997 by the then French President Jacques Chirac and the then Federal Chancellor Helmut Kohl. Since that day, the plant reflects a success story of an innovative manufacturing concept that continues to set standards in the automotive industry until today. To date, around two million smart fortwo have rolled off the assembly line in Hambach.

Electric Offensive at Mercedes-Benz Cars

In 2017, Mercedes-Benz Cars took crucial strategic decisions for the electric mobility:

- Currently, electric hubs for the production of electric vehicles and batteries are being built around the globe.
- By 2022, Daimler will electrify the entire portfolio of Mercedes-Benz, offering customers at least one electrified alternative in all segments. To that, Mercedes-Benz will continue to further promote the development of plug-in hybrids and the introduction of 48-volt systems. Out of more than 130 electrified vehicles, more than ten will be fully electric passenger cars - throughout all segments, from the smart to the large SUV.
- In the next few years, Mercedes-Benz Cars will invest ten billion euros in the expansion of its electric fleet and around one billion euros in a global battery-production network within the worldwide production network. This will create a global battery-production network that will comprise six battery factories on three continents.
- With the smart EQ fortwo and the smart EQ fortwo cabrio the smart plant Hambach is producing the fourth generation of electric vehicles of the small city car since 2017. The first Mercedes-Benz electric vehicle of the new product and technology brand EQ will roll off the assembly line at the Mercedes-Benz Bremen plant. Production of the EQC, a fully-electric SUV, will start in 2019. Shortly after, the EQC will also be produced at BBAC, the joint venture of Daimler and BAIC. Further locations for future EQ models of Mercedes-Benz are the Mercedes-Benz plants Rastatt (Germany), Sindelfingen (Germany), Tuscaloosa (USA).

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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