

Investor Relations Release

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Daimler Accelerates Localization of Mercedes-Benz Products with Investment in New Tech Center China

- **Daimler to expand footprint in China, its largest single market, with 2nd R&D site in Beijing, following earlier announcement on plans of 2nd production plant for passenger cars in the country's capital city.**
- **Total investment of over 1.1 billion RMB (approximately 145 million EUR) into new R&D Tech Center China, with start of operation in 2020.**
- **Located close to the local production hub, the R&D Tech Center China will allow Daimler to accelerate its localization of Mercedes-Benz models.**

Beijing – Daimler announced plans today to build a Research and Development Tech Center China with a total investment of over 1.1 billion RMB (approximately 145 million EUR). This marks the further expansion of the company's footprint in its single largest market and will be its second major R&D site in Beijing, following the Mercedes-Benz R&D Center established in 2014. Located on the premises of the local production hub Beijing Benz Automotive Co. Ltd. (BBAC), the R&D Tech Center will allow Daimler to accelerate the localization of new Mercedes-Benz products in China. Scheduled to start operations in 2020, the R&D Tech Center's proximity to the production hub will enable the integrated campus concept of local production with R&D, through the existing pilot plant, test track and test benches at BBAC, together and new test labs and workshops at the R&D Tech Center for testing in new energy vehicle technology, powertrain and chassis, emissions and in-vehicle air quality.

Hubertus Troska, Member of the Board of Management, Daimler AG, responsible for Greater China: "We remain positive for further growth opportunities in China, our largest market, and will continue with our investment here. Together with BAIC Group, we announced earlier this year to further expand with a second production plant in Beijing in preparation for future Mercedes-Benz products, including battery-electric vehicles. Now, we will further invest in the establishment of a second R&D facility, which we believe will help us to even better understand the market demands and accelerate the localization of our products to further delight Chinese customers."

Prof. Dr. Hans Georg Engel, Head of Mercedes-Benz Research & Development China: "Daimler has been continuously expanding its R&D activities here for over a decade. Playing increasingly a driving role in areas such as automated driving, connectivity and electric drive, the China team has become a key player in our global R&D network."

The R&D Tech Center marks a milestone in our local R&D efforts and will further ensure successful R&D activities with reliable, efficient and sufficient resources, enabling us to even better adapt to market-specific requirements.”

Arno Van der Merwe, President and CEO of Beijing Benz Automotive Co. Ltd.: “At BBAC we strive to localize ‘Made in China, for China’ Mercedes-Benz models up to Daimler’s global standards for our local customers. The proximity of the R&D Tech Center to BBAC and its integrated facilities will enable us to utilize existing and new resources at BBAC and to apply R&D achievements to the local production process with greater efficiency.”

Covering a gross floor area of 55,000 m², the Daimler R&D Tech Center China will consist of a test building and an office building. The office building with a canteen and social areas will be capable of accommodating up to 600 employees, while the two-story test building will include a warehouse and parking area for 250 test vehicles. It will house a wide-array of cutting-edge test facilities for overall vehicle and component testing, ranging from electric drive and charging, powertrain, chassis, in-vehicle air quality, emission to noise, vibration and harshness (NVH), as well as a consolidated workshop for all functions including overall vehicle and endurance testing. New test labs will have the capacity to carry out a wide-range of basic to complex tests, such as system calibration, durability and thermodynamics. The facilities will incorporate road simulators and climate simulation, making testing as accurate and as optimized as possible.

About Daimler’s Research and Development Activities in China

Customer satisfaction has long been Daimler’s primary goal and the automaker has been employing local R&D to enhance localization in China since 2005 with the first localized Mercedes-Benz E-Class. In 2009, Mercedes-Benz became the first German premium car manufacturer to open an Advanced Design Studio in China. To better learn the tastes of Chinese consumers and develop products that best fit local demand, the Mercedes-Benz Research & Development China Center was opened in Beijing in 2014. Additional R&D facilities were established at Daimler’s local joint ventures, including a test track and test benches at Beijing Benz Automotive (BBAC), and the first R&D facility for Mercedes-Benz Vans outside Germany at Fujian Benz Automotive (FBAC) in Fuzhou.

Advances in local R&D have been showcased in the increased comfort, tailored connectivity and newly designed features of the five long-wheelbase models, including the Mercedes-Benz A-Class L Sedan, C-Class L, E-Class L, GLC L SUV and V-Class L. Featuring a longer, more spacious rear compartment specifically proven popular in the Chinese market, these models are ‘Made in China, designed for China’. The announcement of the R&D Tech Center China represents another highlight for Daimler’s local R&D this year, following its announcement in July of becoming the first international automaker to receive a road test license for level 4 highly automated driving research vehicles in Beijing. Daimler will continue to invest in local R&D in the future, enabling the company to emphasize C.A.S.E. topics and tailor them to the Chinese market.

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 and tariff regulations; 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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