

## Investor Relations Release

March 28, 2019

### **Daimler and Geely Holding form global joint venture to develop smart**

- **50:50 joint venture between Daimler and Geely based in China to develop and operate smart brand globally as all electric carmaker**
- **smart to gain shared expertise in manufacturing, engineering and design from both groups**
- **smart to expand to meet demand for electrification, with production based in China**
- **New smart models planned from 2022 in all-electric product renewal**

Stuttgart, Germany; Hangzhou, China - Daimler AG (Daimler) and Zhejiang Geely Holding Group (Geely Holding), the German and Chinese automotive groups, today announced the formation of a 50-50 globally focused joint venture to own, operate and further develop smart, the pioneer of small urban vehicles, as a leader in premium-electrified vehicles. Under the joint venture agreement, a new generation of smart electric models will be assembled at a new purpose-built electric car factory in China with global sales due to begin in 2022.

Dieter Zetsche, Chairman of the Board of Management of Daimler AG and Head of Mercedes-Benz Cars, said: “For more than 2.2 million customers, smart represents a pioneer in urban mobility. Based on this success story, we look forward to further enhancing the brand with Geely Holding, a strong partner in the electric vehicle segment. We will jointly design and develop the next generation of smart electric cars that combine high-quality production and known safety standards for sale both in China and globally. In the future, we are looking forward to working with all partners to sustain our success in China and worldwide. Separately, Mercedes-Benz will produce a compact electric vehicle at the Hambach plant, sustaining employment with further investment in the facility.”

Li Shufu, Geely Holding Chairman, added: “We fully respect the value of smart. This brand has a unique appeal and strong commercial value. Geely Holding and Daimler look forward to this challenging and exciting new project, through which we will further push the introduction of premium electric products to give a better mobility experience to our customers. As equal partners, we are dedicated to promoting the smart brand globally; we will leverage our experience and global competencies in brand management, R&D, manufacturing, supply chain management and other areas. The synergies from this cooperation will lead to mutual

benefits, at the same time we will further develop technologies for smart including connectivity, to continue to lead in the industry as it undergoes a wider transformation.”

The board of directors of the new smart joint venture will be made up of six executives with equal representation from both parties. Daimler AG board representatives will include Hubertus Troska, Daimler AG Board of Management member responsible for Greater China, Britta Seeger, Daimler AG Board of Management member responsible for Marketing and Sales of Mercedes-Benz Cars, and Markus Schäfer, Member of the Divisional Board of Management of Mercedes-Benz Cars, Production and Supply Chain and designated Board of Management Member responsible for Group Research and Mercedes-Benz Cars Development. Geely board representatives will include Geely Holding Chairman Li Shufu, Geely Holding President, Geely Auto Group President and CEO An Conghui, Geely Holding Executive Vice President and CFO Daniel Donghui Li.

The joint venture partners have agreed that the new generation of smart vehicles will be styled by the worldwide Mercedes-Benz Design network with engineering from Geely global engineering centers. Future production will be located in China.

As part of the vehicle-development program, the smart product portfolio is also planned to be extended into the fast-growing B-segment.

Prior to the launch of new models from 2022 onwards, Daimler will continue to produce the current generation of smart vehicles in its Hambach plant France (smart EQ fortwo) and at Novo Mesto (Slovenia, smart EQ forfour).

In parallel, the Hambach plant will assume an additional new role in the Mercedes-Benz Cars production network and will produce a compact electric vehicle by Mercedes-Benz under the new product and technology brand EQ in the future. Mercedes-Benz is investing €500 million on the Hambach plant and will use the expertise of its experienced and motivated smart workforce.

The joint venture is expected to be finalised by the end of 2019. Financial terms of the smart joint venture have not been disclosed.

*This joint venture follows the separate agreement between Daimler Mobility Services and Geely Technology Group announced last year, in which the companies agreed to cooperate on a new premium ride-hailing service in China.*

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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