MBC Capital Market Day 2017
Beyond Next Stage – Facing F4L 4.0
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September, 11th 2017

Mercedes-Benz
The best or nothing.
Solid profitability track record for Mercedes-Benz Cars.

Profit Performance per year ...

ROS w/o SRI in %
- 9
- 7.2
- 6.5
- 8.1
- 10
- 10*

EBIT w/o SRI in bn EUR
- 5.2
- 4.4
- 4.2
- 6
- 8.3
- 8.9
- 4.6
- YTD 06/2017
- 2017e
- 2018e

* Reported figures incl. Items for Disclosure
Flashback “Capital Market Day 2015”: We promised short-term financial target achievement, but highlighted mid-term challenges ahead...

EBIT-projection MBC
“Plan 2015”

Capital Market Day
June 2015

Continuous increase
to 10% RoS

Structural changes mandatory
to ensure target achievement

- Tightening CO2 regulations
- Growth in small segments
- Attractive products at competitive costs

F4L Next Stage
Initiation of structural change program

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... Our status today: We delivered regarding short term target achievement, but now see even more challenges in the future.
Challenges are getting bigger.

The Reason

- Boost of EV share with significantly lower margins compared to combustion engine vehicles
- Rising hybridization & CO2 measures with significant margin loss in the classic ICE based business
- Capacity expansion & technology development with significantly increasing funding-level

The Impact

The Answer
"Electrification" of product portfolio is mandatory but turns into mid-term margin challenge.

Change in MBC Profit Structure

Ebit-Impact in % Revenues

<table>
<thead>
<tr>
<th>RoS</th>
<th>Contribution Margin</th>
<th>Funding Ratio</th>
<th>Fixed Cost Ratio</th>
<th>RoS</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td></td>
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</table>
Development of R&D and CapEx ratios for MBC due to increasing CASE spending.

CASH view ...

- In % of revenue -

<table>
<thead>
<tr>
<th>Year</th>
<th>CapEx**</th>
<th>R&amp;D*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>6.5</td>
<td>4.7</td>
</tr>
<tr>
<td>2012</td>
<td>6.3</td>
<td>5.7</td>
</tr>
<tr>
<td>2013</td>
<td>5.8</td>
<td>5.5</td>
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<tr>
<td>2014</td>
<td>4.9</td>
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<td>2015</td>
<td>4.3</td>
<td>5.6</td>
</tr>
<tr>
<td>2016</td>
<td>4.6</td>
<td>6.4</td>
</tr>
<tr>
<td>2017e</td>
<td>~7</td>
<td>~7</td>
</tr>
<tr>
<td>2018e</td>
<td>~6</td>
<td>~7</td>
</tr>
</tbody>
</table>

* Capitalized and non-capitalized R&D
** CapEx for pp&e
Fit For Leadership remains our backbone for continuous optimization ... but the program develops!

„Revitalization of Leading Ambition“

„Profit Turnaround during Growth“

„Safeguarding Profit & Initiating structural change“

„Management of fundamental change in auto industry“

„Transfer Leading Position into Future“

„4.0“

„Next Stage“

„Classic“

2011

2025

Sales
Profit

Cost savings

2 bn €

10 % RoS

Comprehensive Transformation

Sales
Profit

2011

2015

2011

2020

2011

2025

Sales
Profit

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The "2-Pillar Strategy" integrates two dimensions.

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Integrated overall strategy

Core

1. Strengthening of competitiveness in classic industrial business system
2. Outstanding cash & profit performance
3. Ensures CO2 compliance and drives cultural change

CASE

1. Customer-centric creation of new business model
2. Game Changing EV's
3. Mobility Service Eco System
4. Resolute focus on growth

Integrated strategy implementation ... with a coordinated set of measures
Bottom-line, our central transformation activities have also two lines of attack.

Transformation of our Business System

“initiate the right business change“

Transformation of our Profit Structure

“balance business system“
The Core of CASE is a customer-centric integration of future Hardware- & Service-offerings ...

Create Game Changing EV’s

Revolutionize Mobility Services

Innovate Infrastructure Beyond Car-Mobility

Classic car owner goes „digital“

Progressive Car User goes „shared“

„Premium Shared Mobility“

„Infrastructure Offering“

Owner-oriented vehicles

Sharing-oriented vehicles

Improve Shared Mobility

„MyTaxi & Car2Go go Robo-Taxi“

Car and Ride Sharing

Add Mobility Convenience Services

“Have fun & comfort during use of mobility“

Develop future urban infrastructure systems

Operate urban infrastructure systems

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F4L 4.0: Cross-functional approach with strong ExCom leadership ...

Overlapping work packages with cross-functional focus

Direct ExCom Lead in these packages

Multi-dimensional trade-off before functional optimization

Comacts | SUV's | Sedan's | Pure EV's

Product cost optimization

Funding optimization

Structured cost optimization

Product concept optimization

Product based optimization

Klaus Zehender

Ola Källenius

Markus Schäfer

Frank Lindenberg
Total program responsibility

Central PMO F4L
Program-coordination

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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.