

DAIMLER

Daimler Day in China Mercedes-Benz Cars

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Manufacturing & Procurement Mercedes-Benz Cars & Mercedes-Benz Vans

Beijing, May 28, 2010

Challenges for the Production Environment

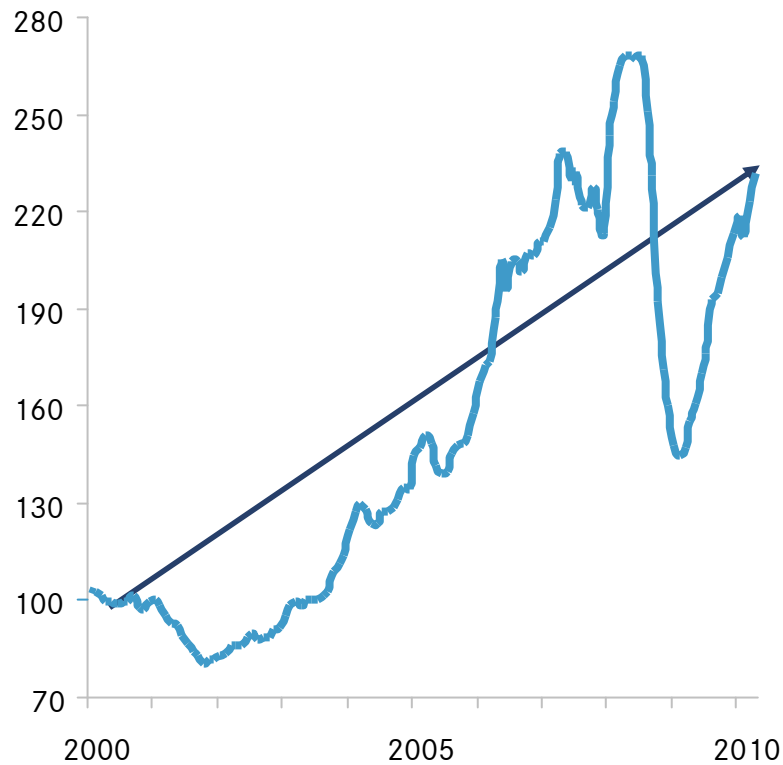


Sustainable Mobility

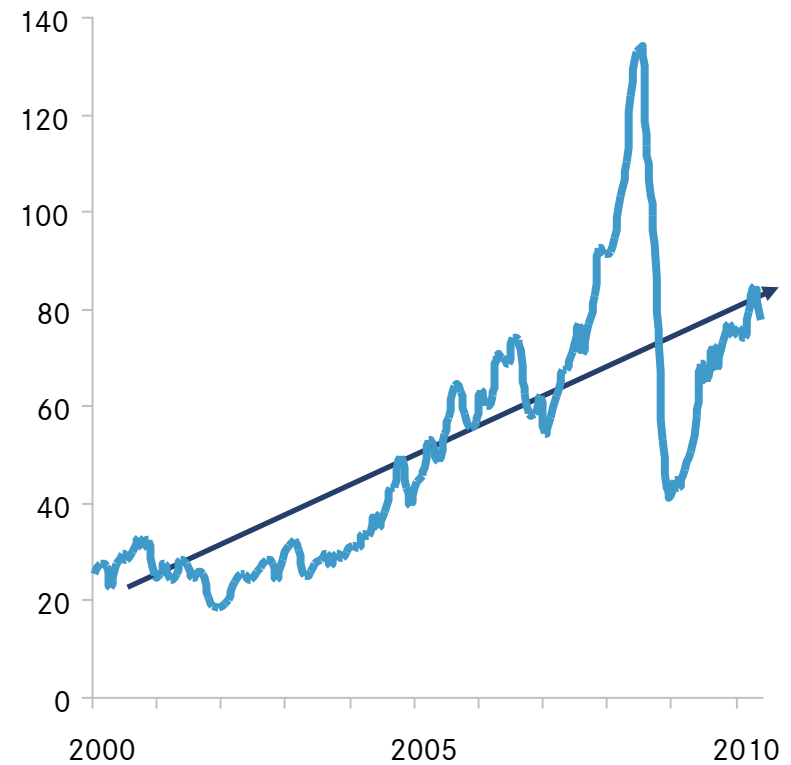


Raw material prices more than doubled and crude oil prices quadrupled in a decade; simultaneously price volatility has increased sharply

Industrial raw material prices [in US\$]

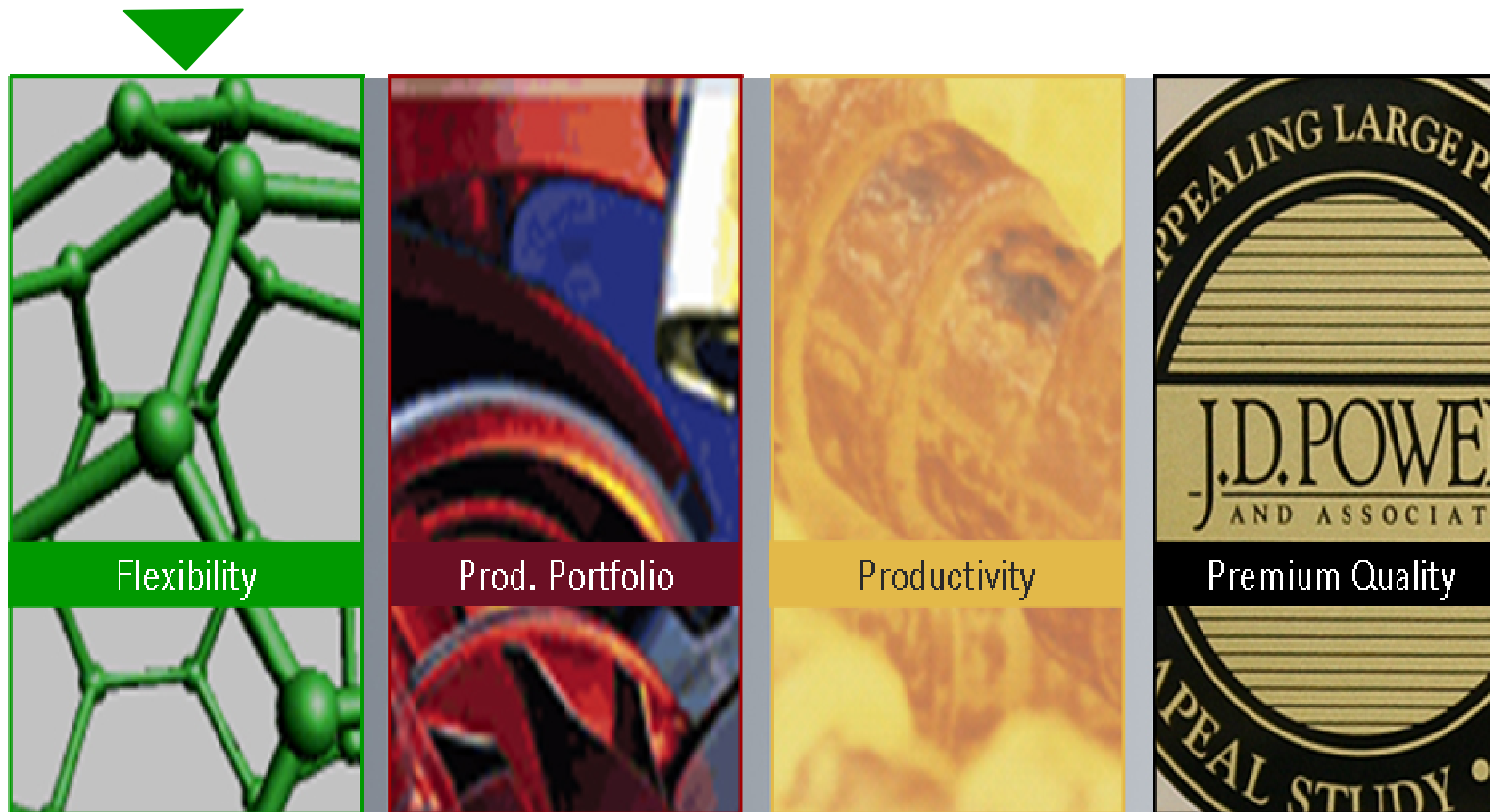


Crude oil prices [Brent Blend in US\$/bbl]

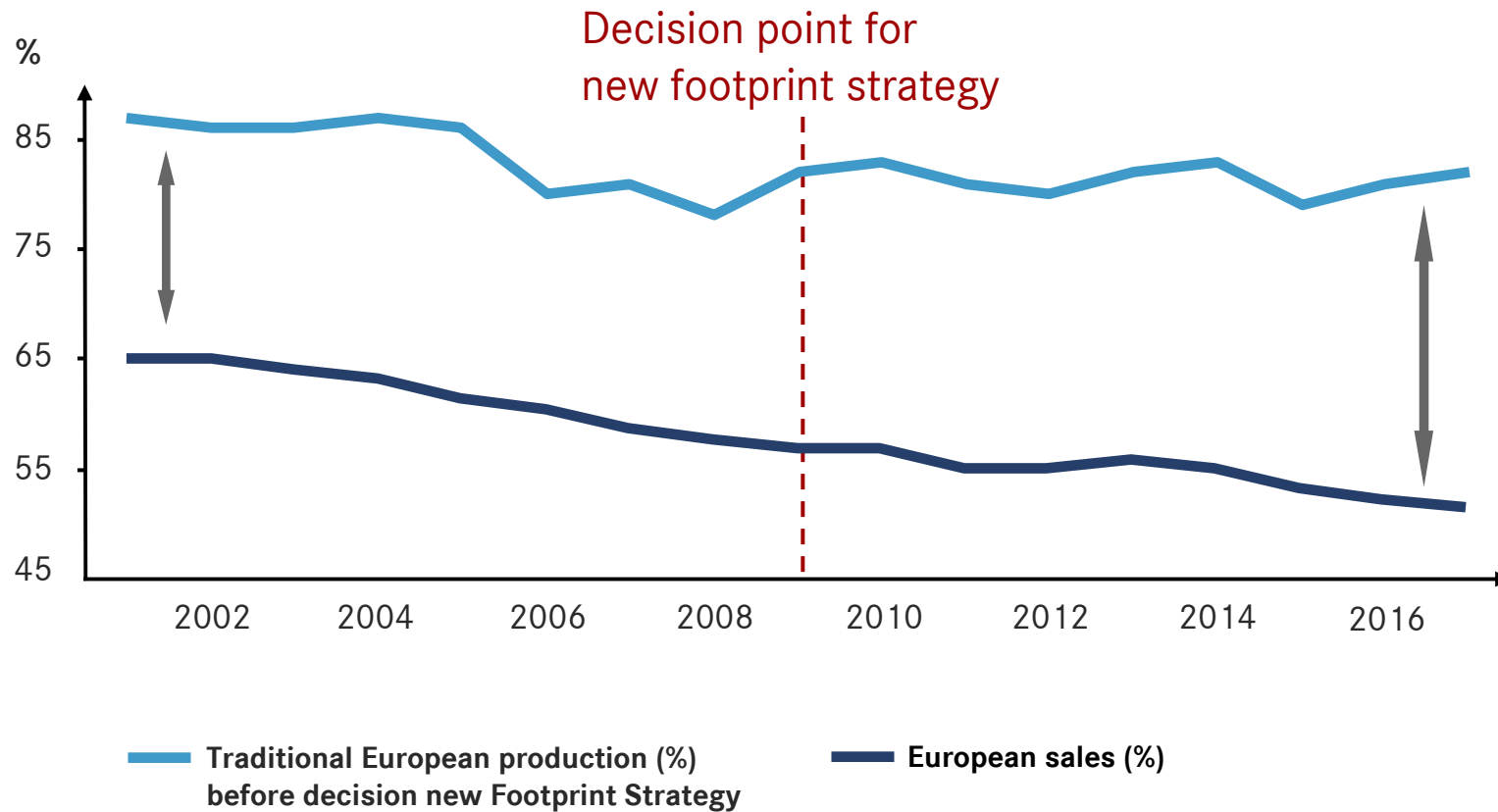


Industrial raw materials (source HWWI): weighted average of agriculture raw materials, non-ferrous metals, iron ore, scrap

Production strategy for Operations Cars

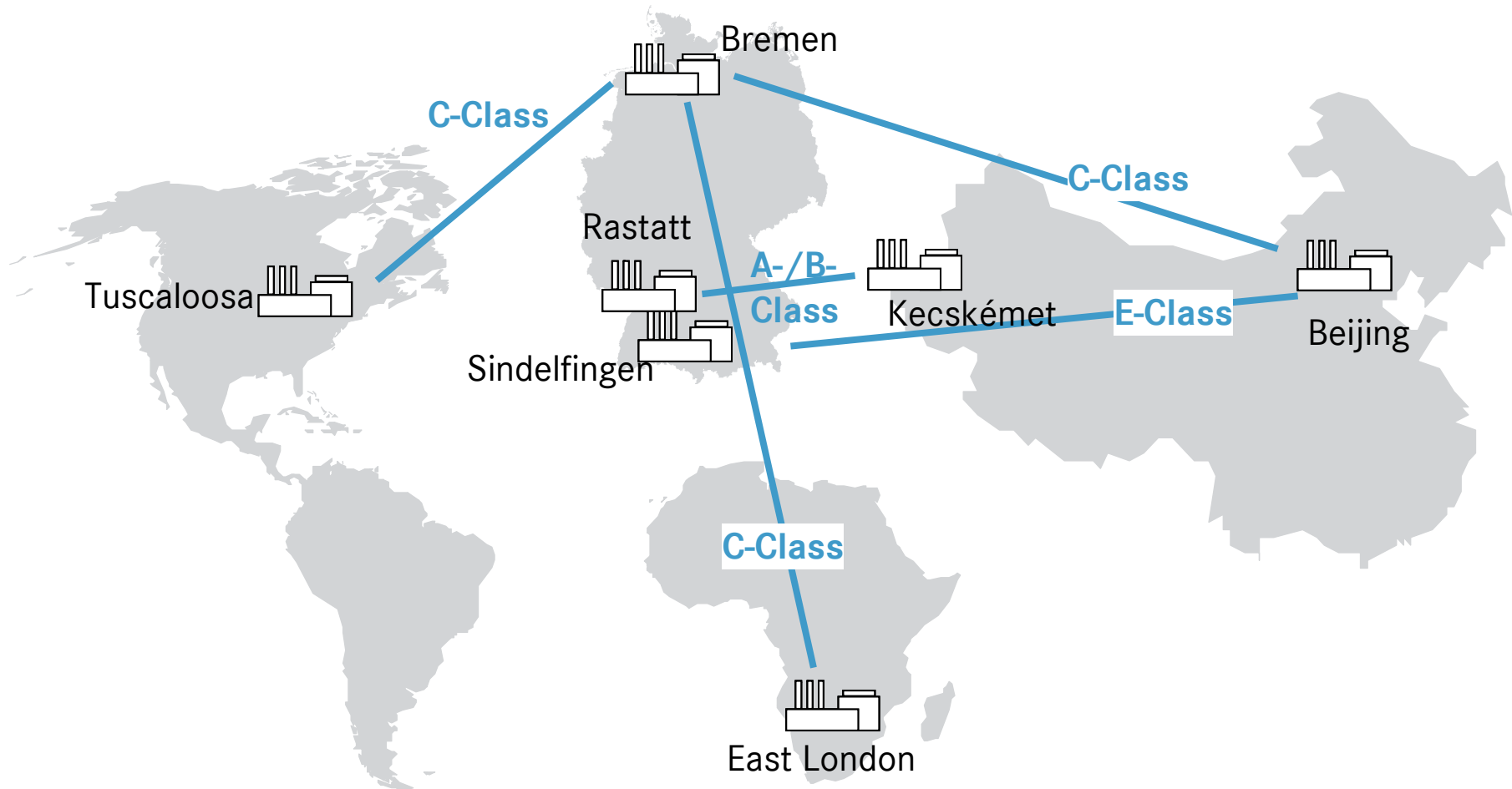


Market demand for MBC is shifting away from Europe

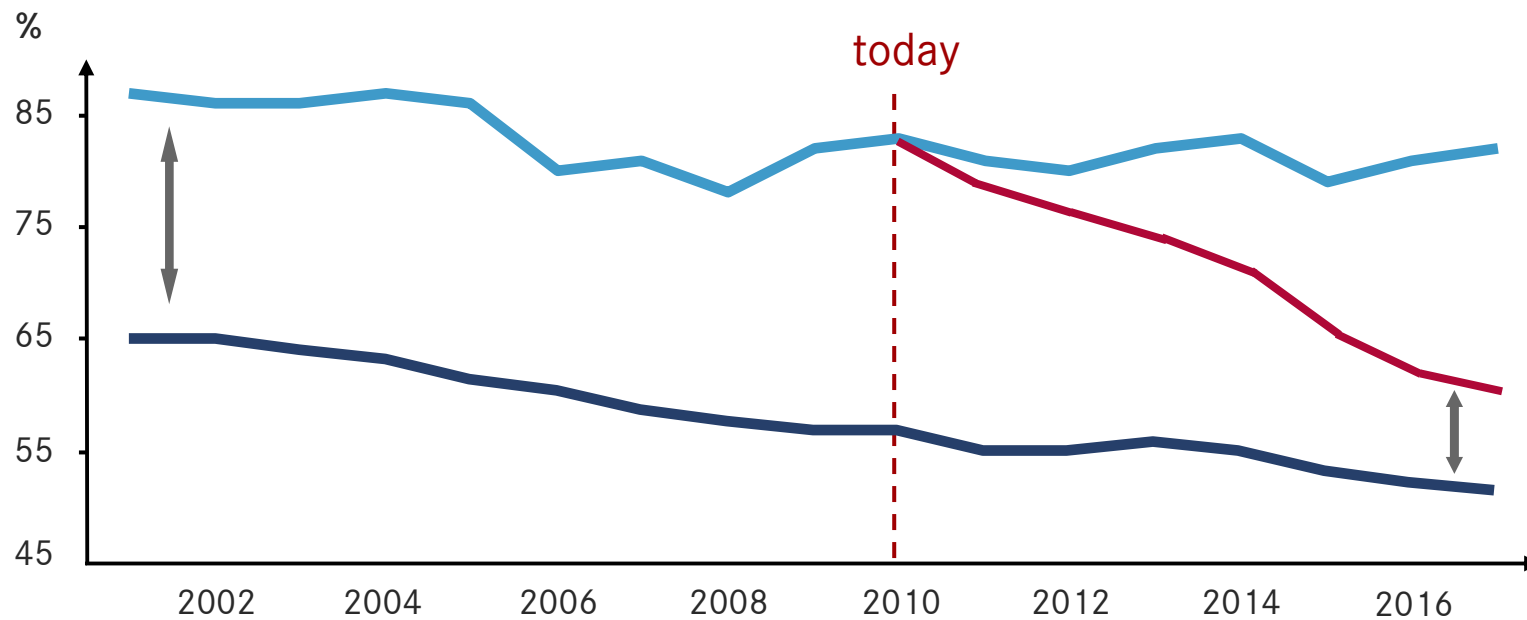


Global production network realigned

Selected Mercedes-Benz Cars production locations and their products as of 2014



Global Production Capacity is adjusted to Market Demand

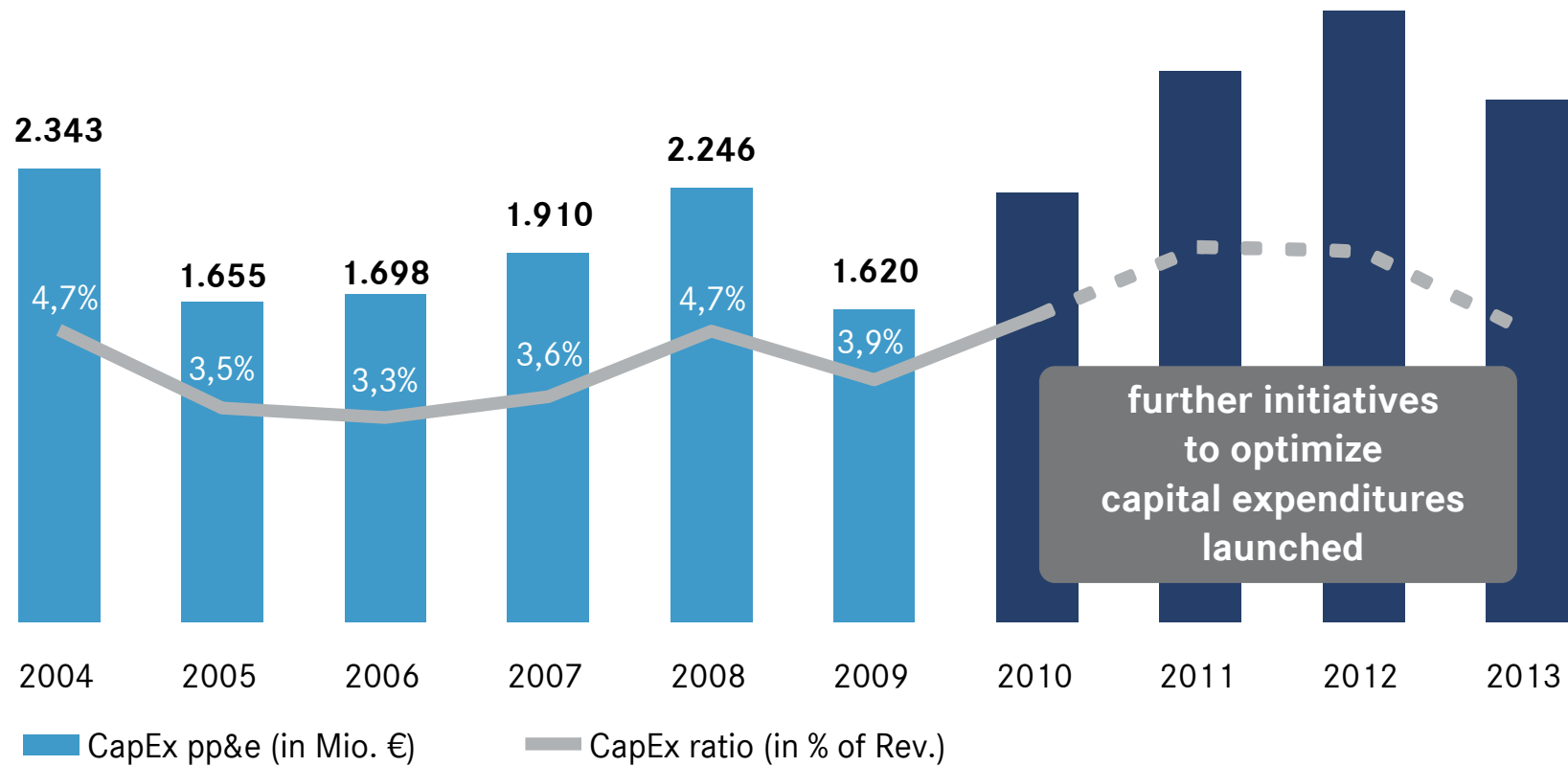


— Traditional European production (%)
before decision new Footprint Strategy

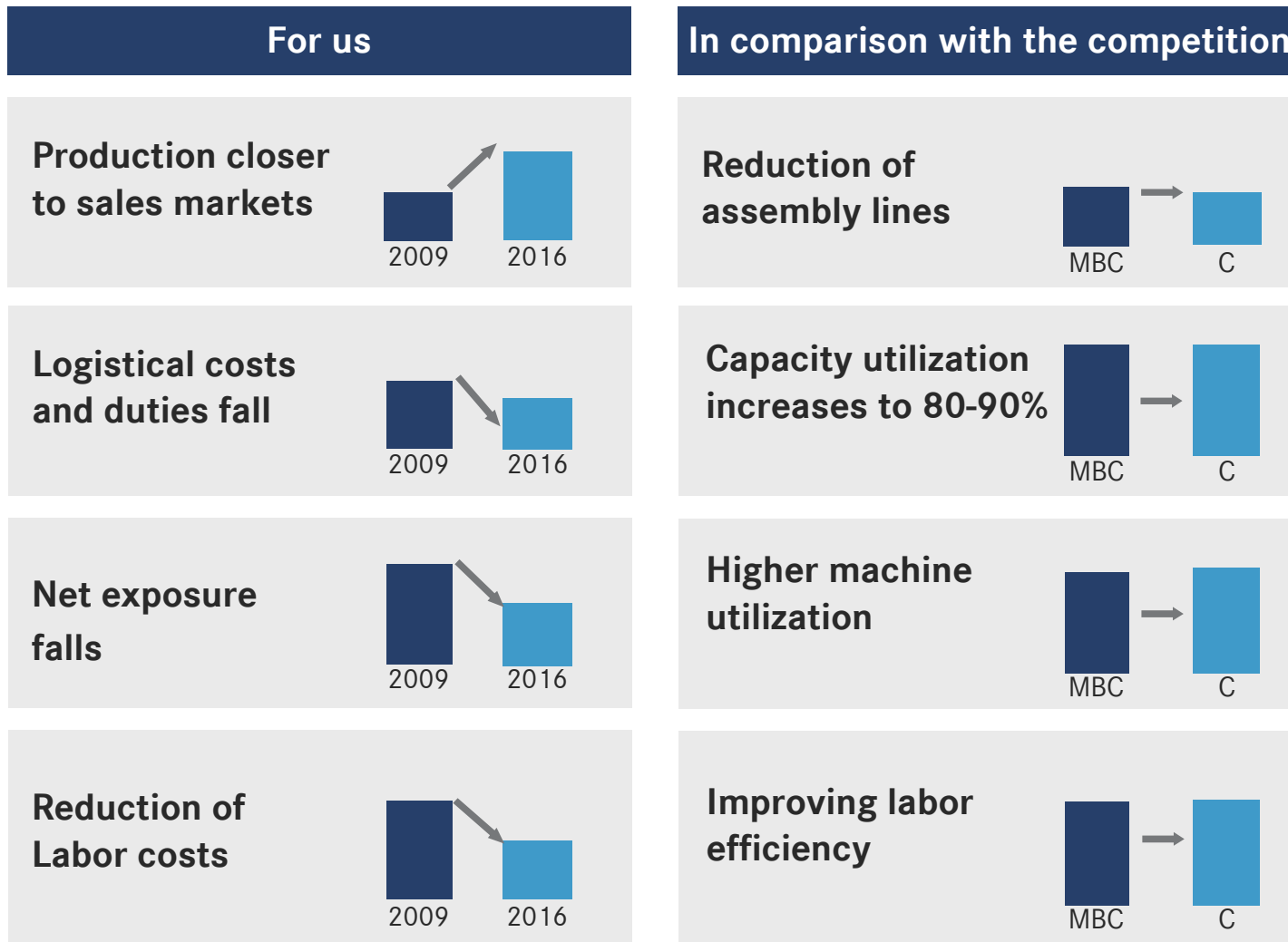
— European sales (%)

— Traditional European production (%)
after decision new Footprint Strategy

Capital expenditures MBC 2004 – 2013 (property, plant & equipment)



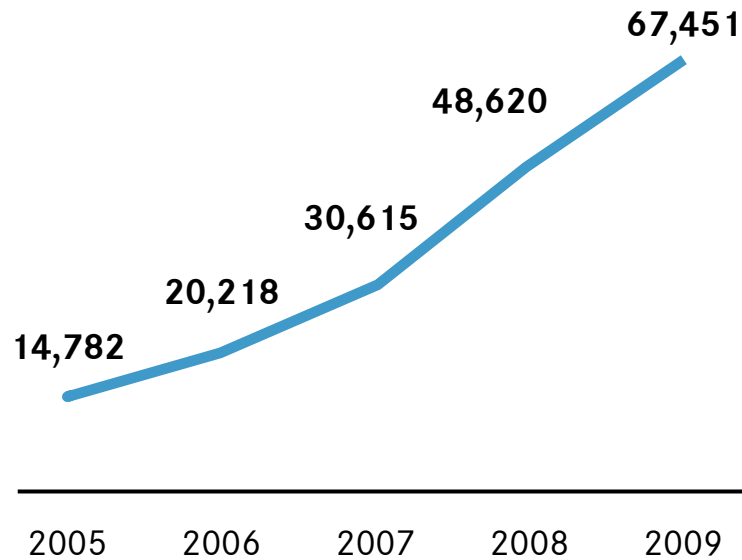
Benefits of the new MBC production structure



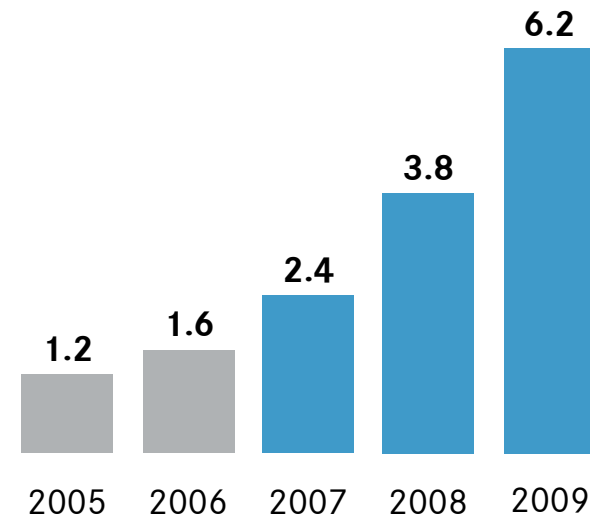
C = Competition

Vehicle sales of Mercedes-Benz Cars nearly quintupled ...

Development of MBC group sales in China*
[units]



China's* share in total MBC sales
[%]



* includes Hong Kong

Benefits of the new MBC production structure (vehicles)

Increase full capacity usage for **assembly** line

Increase in maximum possible **machine usage time**

Reduction in assembly lines

Reduction in manufacturing costs

Reduction in labor costs

Exposure reduction/ Natural hedging

Production strategy for Operations Cars



16 new models in 2010/2011



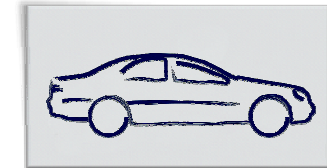
E-Class convertible



SLS



New generation R-Class



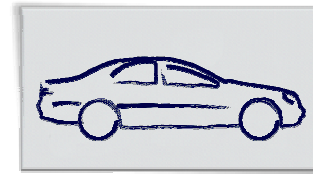
New generation S-Class Coupe



B-Class F-Cell



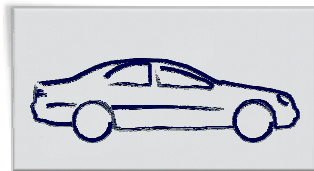
A-Class E-Cell



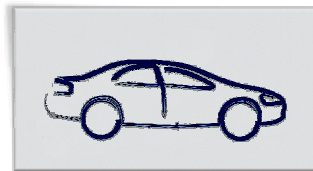
S-Class 4-cyl diesel



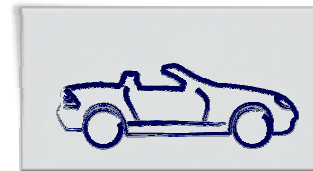
New generation smart



CLS



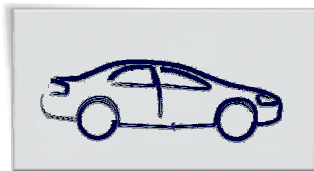
New generation C-Class



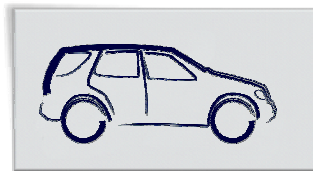
SLK



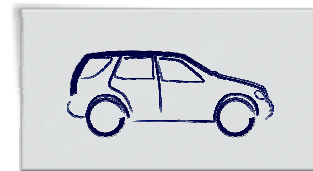
E-Class long version



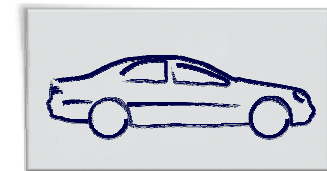
C-Class coupe



M-Class



B-Class

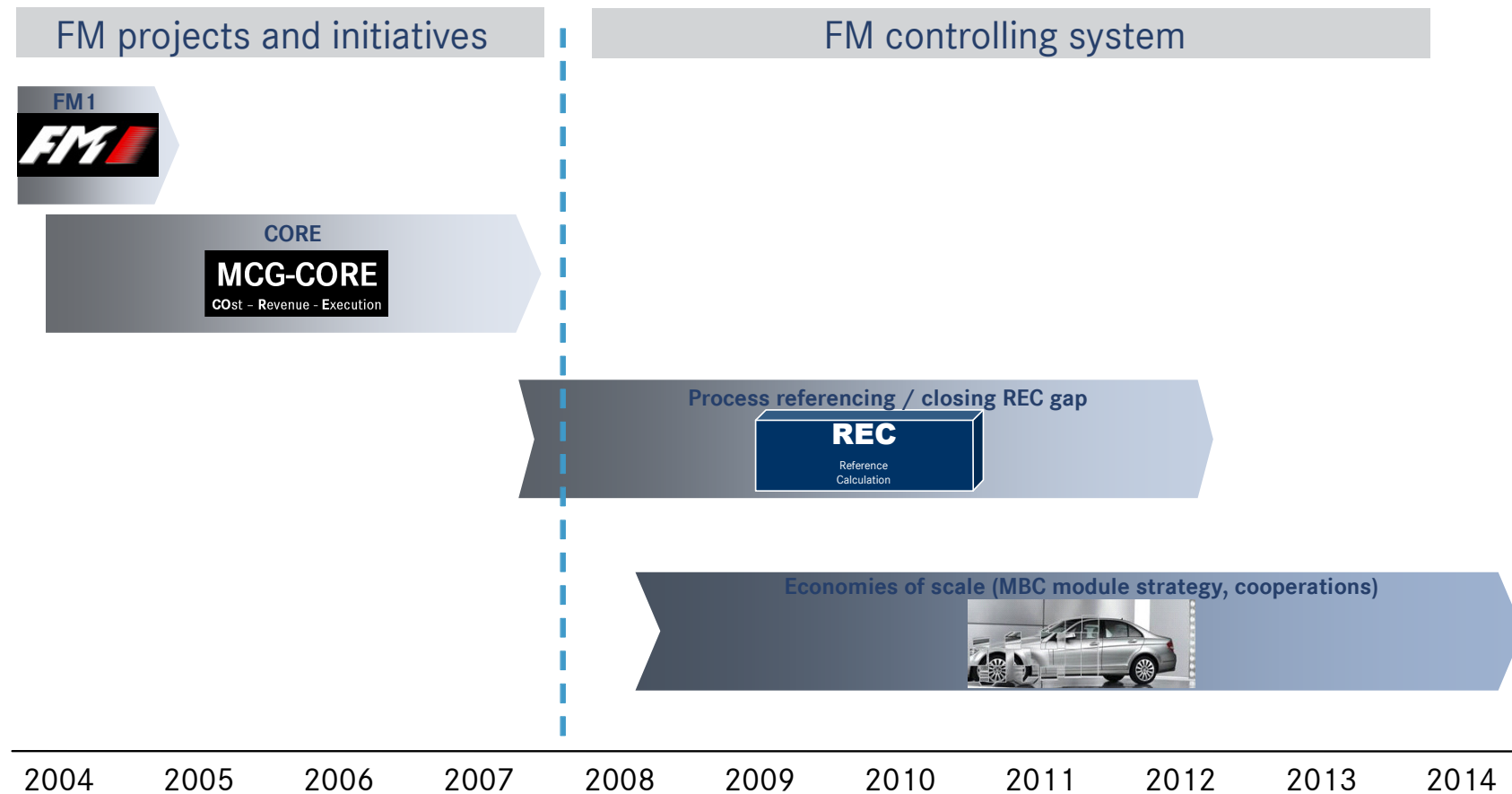


E-Class BlueTEC Hybrid

A corporate and global material price & risk management is established to control Raw material prices

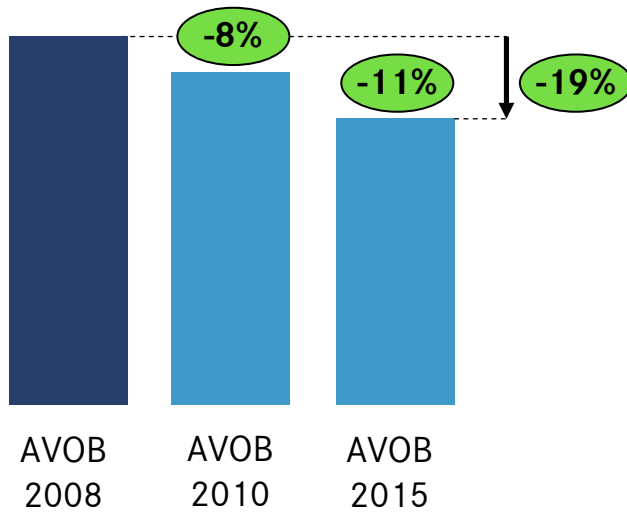


Reduction of material costs: reference calculation and module strategy

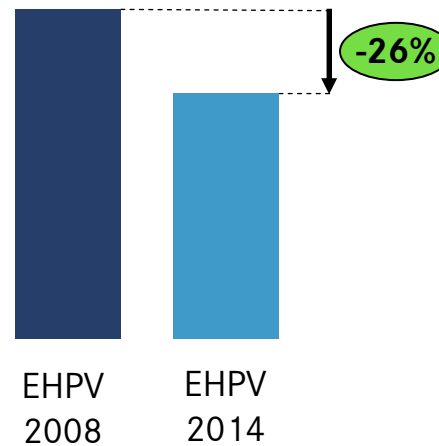


Module strategy leads to significant improvements: Variable production cost, manufacturing time and quality

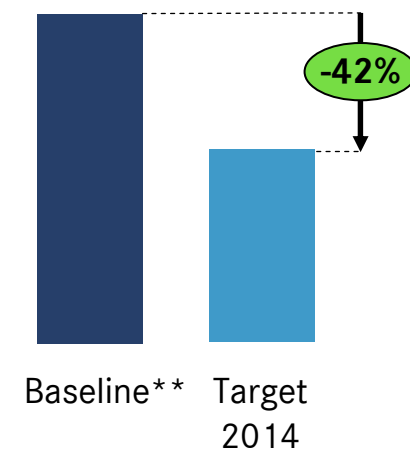
Variable production cost
[million EUR]



eHPV
[minutes]

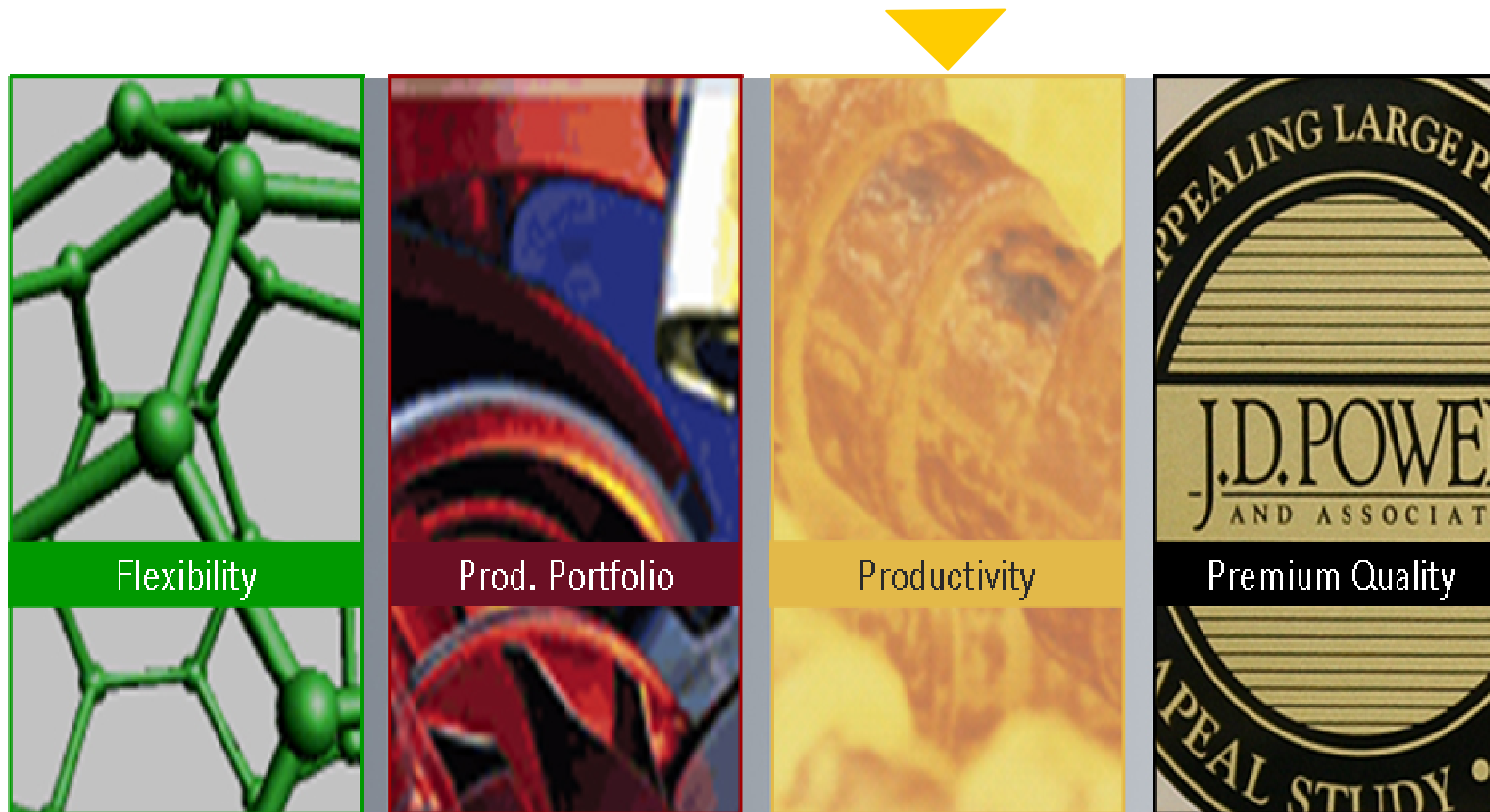


Quality
[FLR/100]



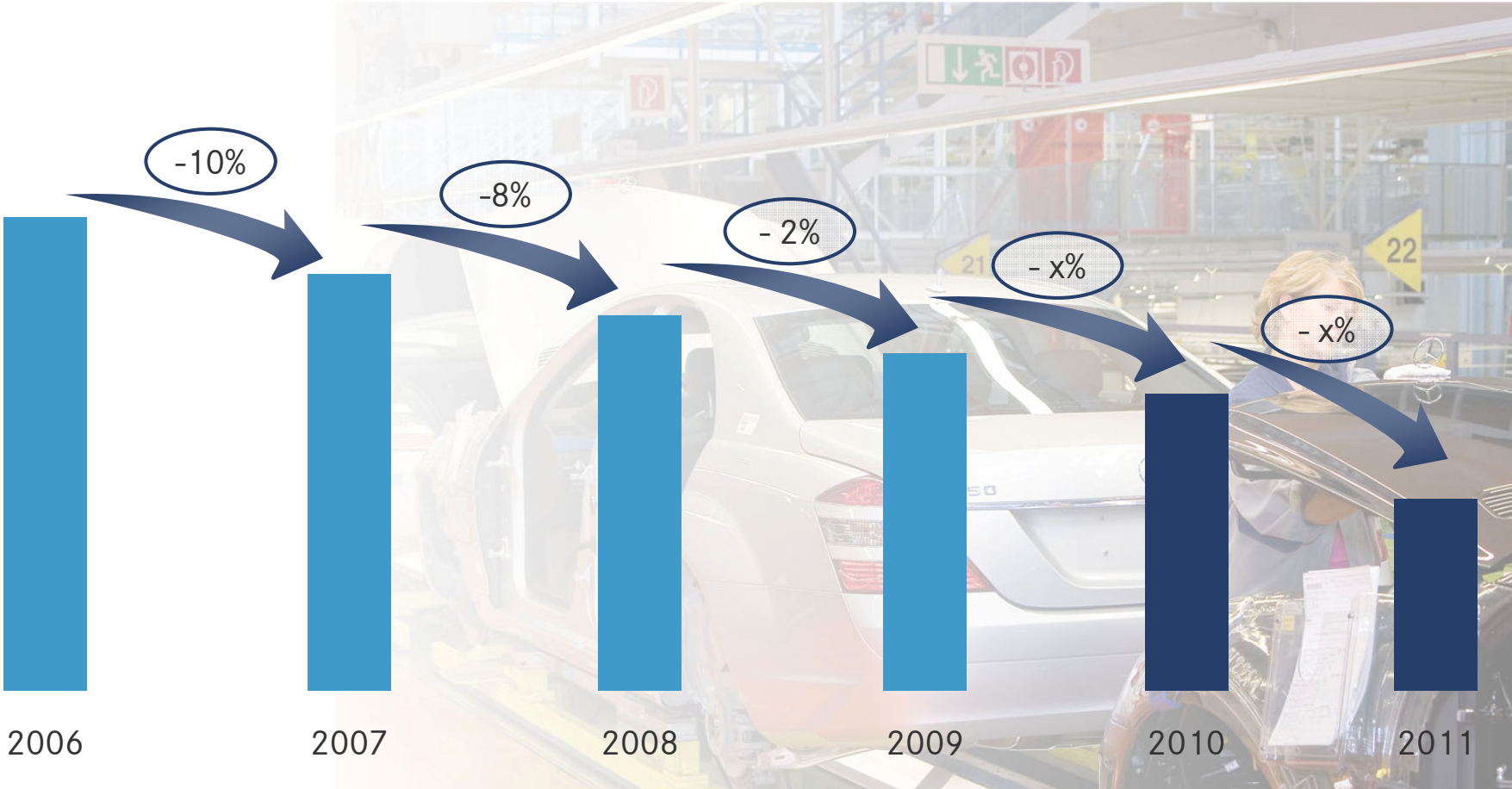
(AVOB = anual volume of business of **components within module strategy**)

Production strategy for Operations Cars

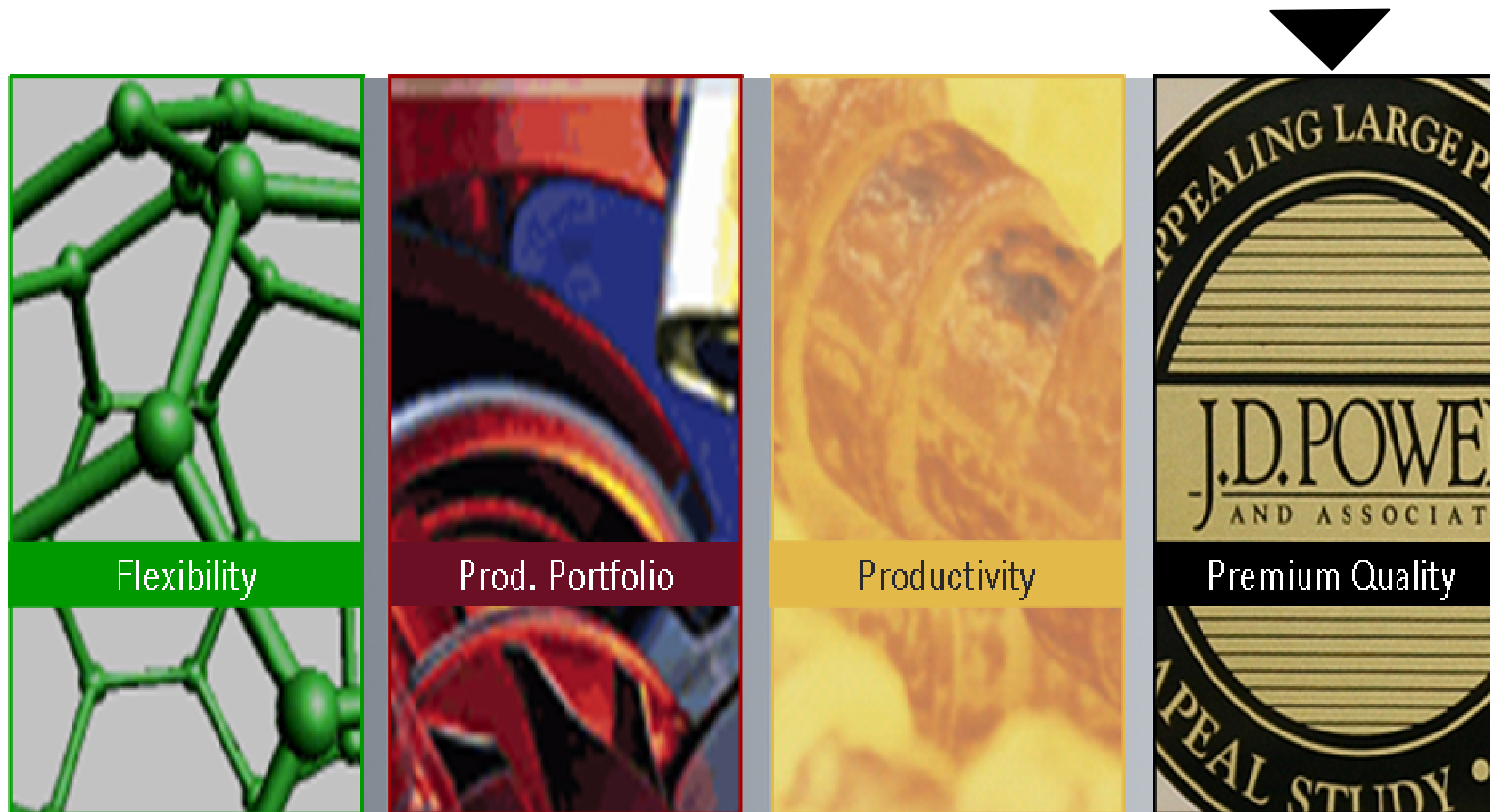


Continuous improvement of productivity

Mercedes-Benz Cars productivity
[hours per vehicle]



Production strategy for Operations Cars



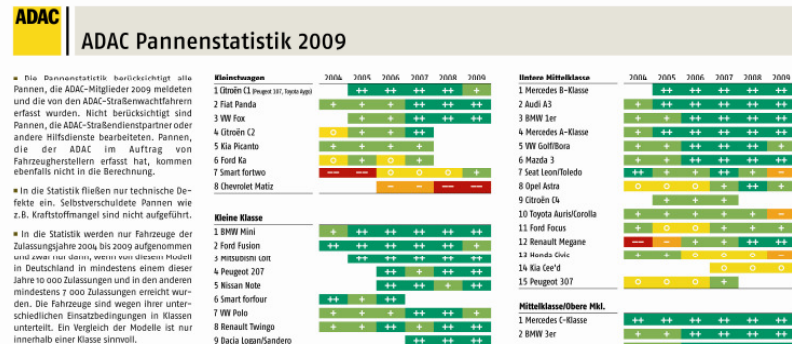
External awards

J.D. Power Product Award



S-Class, SLK, smart:
APEAL 2009
E-Class / CLK:
Customer Satisfaction
Survey Germany 2009
SL: VDS Award

Most Reliable Brand



Plant Quality Award



Sindelfingen Plant:
Platinum Award IQS 2008
– Best Plant in the World –

South Africa plant:
Gold Award IQS 2009
“Best European Plant”

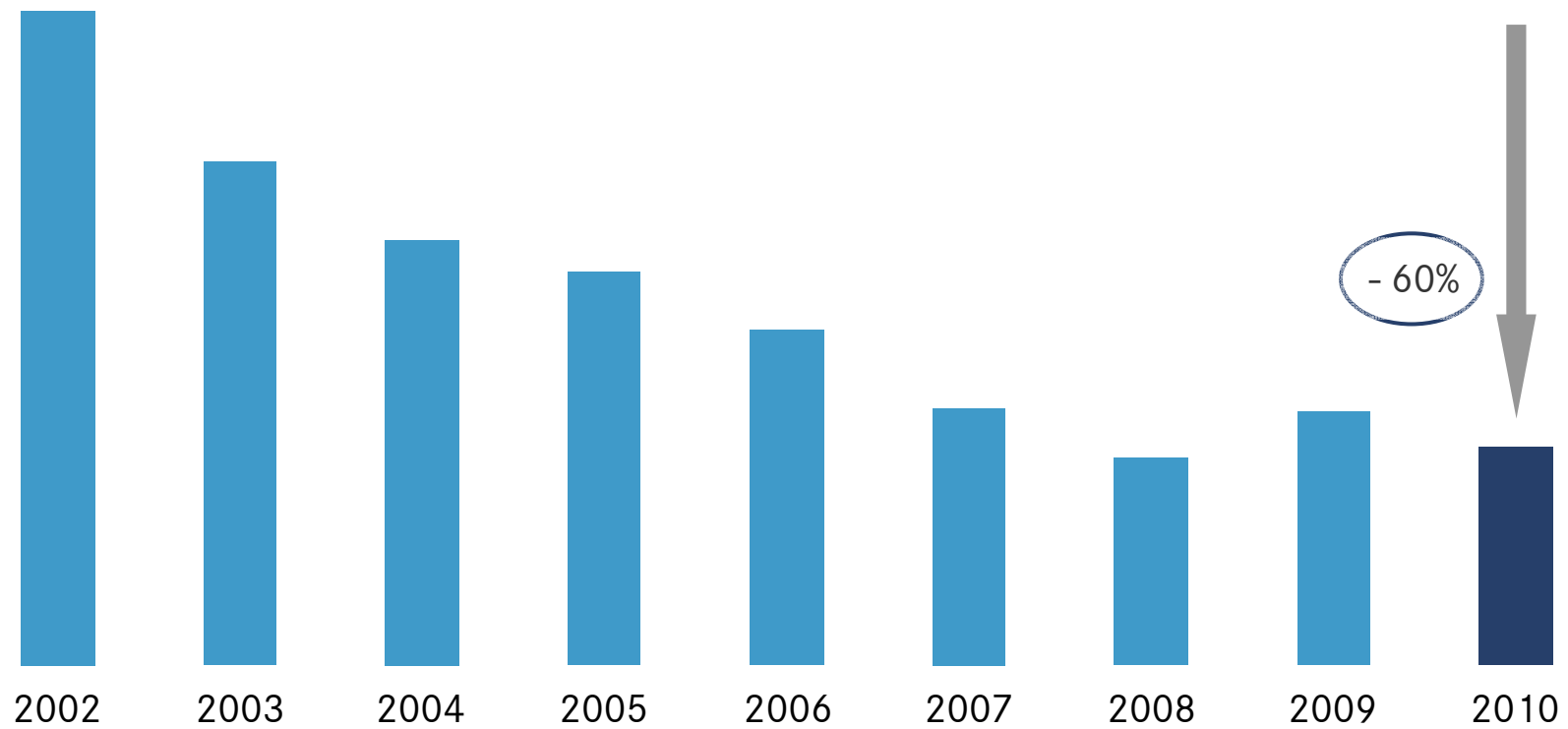
Bremen Plant:
Silver Award IQS 2009

Consumer Report

5 out of 7 reliability
recommendations

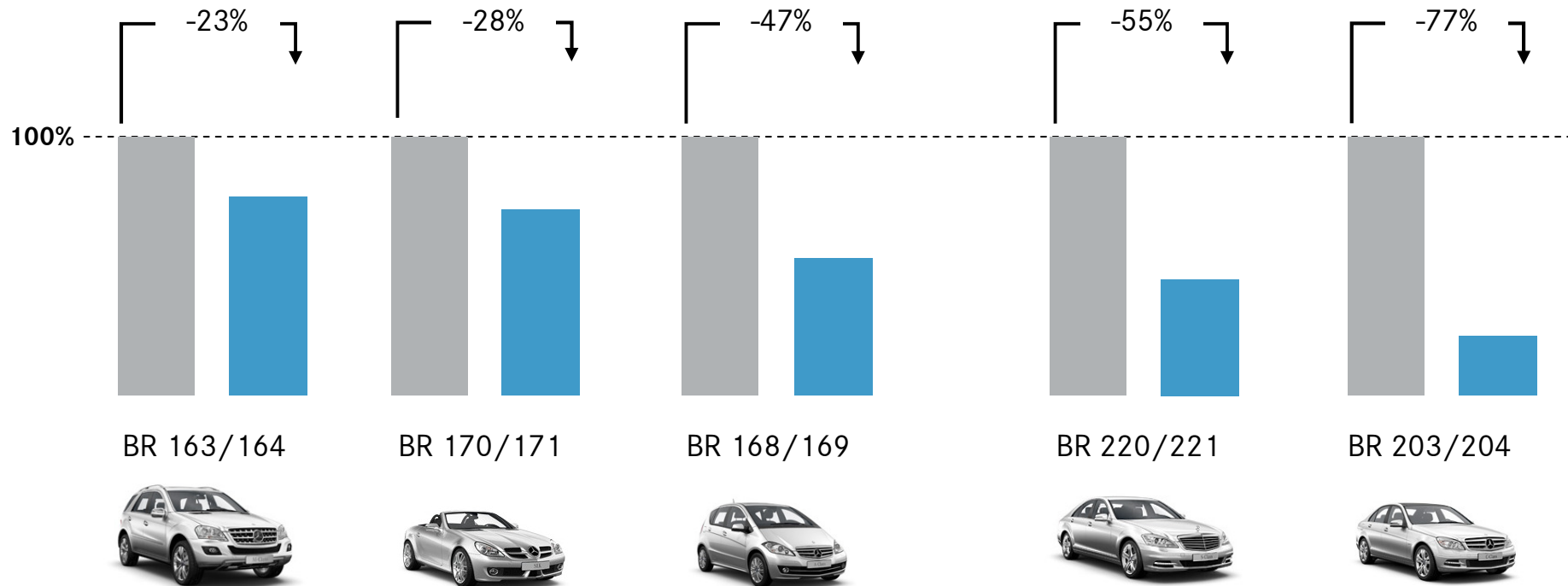
60% reduction of warranty and goodwill costs since 2002

Warranty & goodwill
[in EUR/unit]



Results of consistent ramp up quality management

Warranty & Goodwill Costs 12 Months in Service – First Production Year



Conclusion: We are on track!

Costs trimmed => ongoing



Quality back to benchmark level



Production structure adjusted to the markets



Product portfolio supplemented/optimized



Module strategy: lower costs & improved ramp-ups

