

# DAIMLER

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## Daimler in China

May 17, 2011  
Beijing, China



**Ulrich Walker**  
Chairman & CEO  
Daimler Northeast Asia

## Content

### **1** Daimler Achievement in China

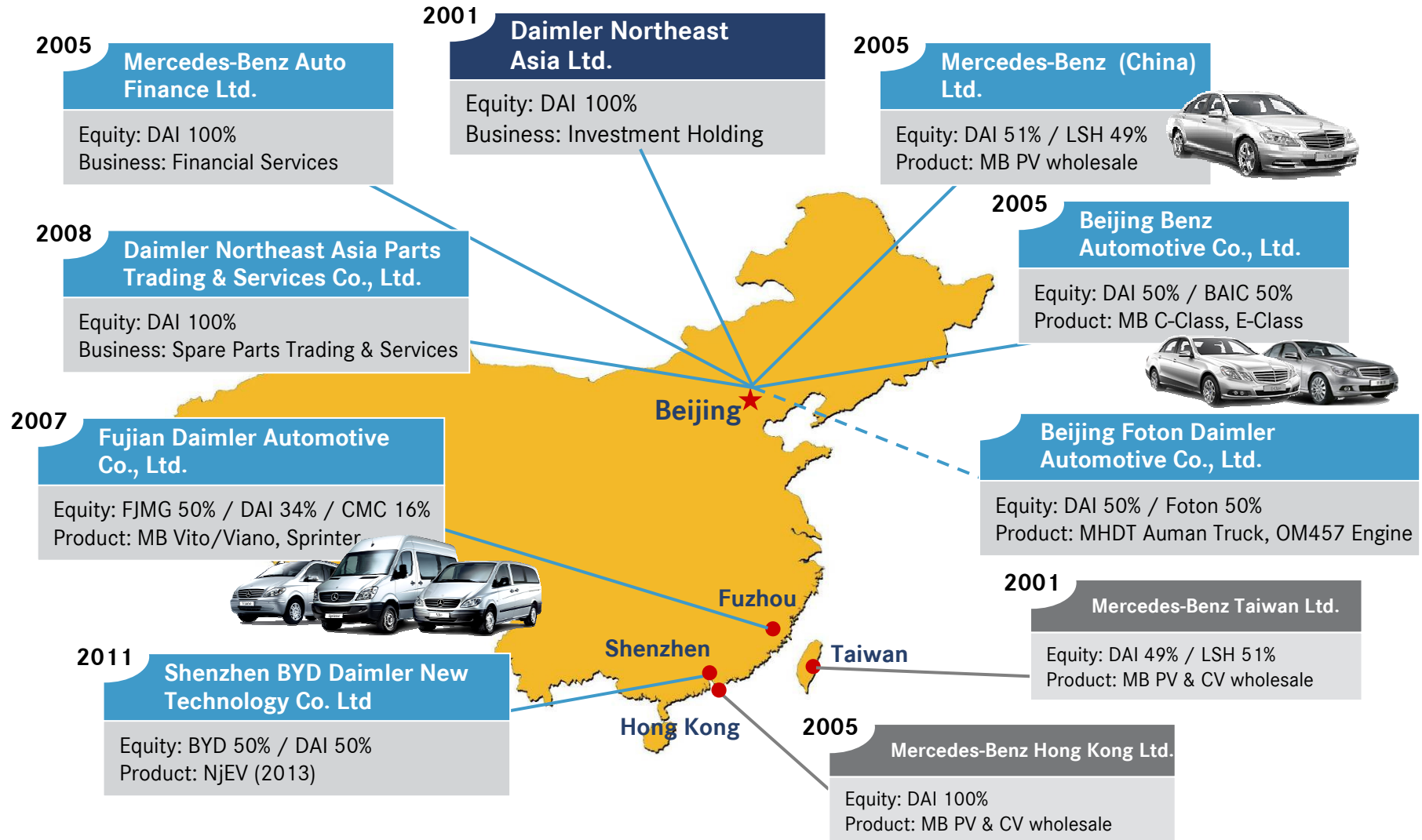
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### 2 China Market Overview – A Huge Market With Great Potential

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### 3 Daimler Future Strategy and Plans in China

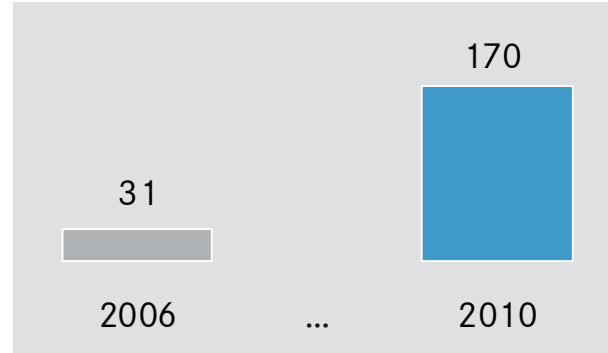
# Daimler is the ONLY company in China that covers all automotive segments



# Significant growth of Daimler business in China

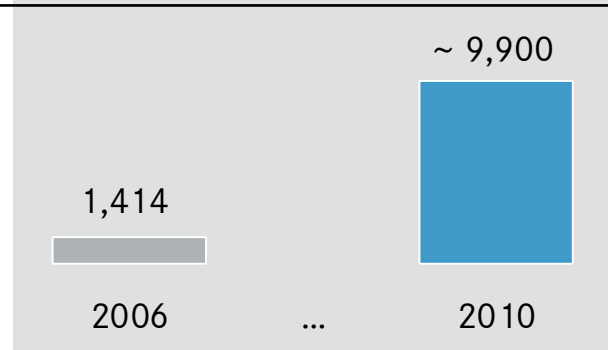


■ Wholesale Volume  
PV / Trucks / Van  
[in thousand units]



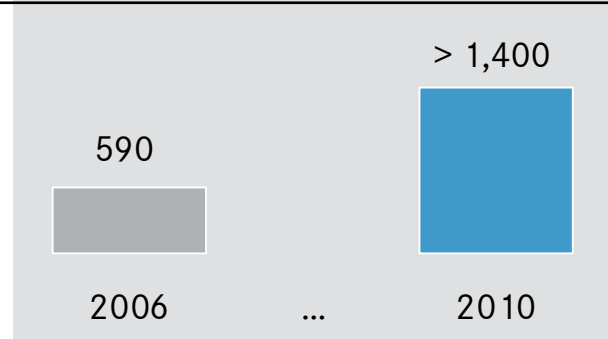
**CAGR  
+53%**

■ Wholesale Net Revenue  
PV / Trucks / Van  
[in million EUR]



**CAGR  
+63%**

■ Headcount China



**CAGR  
+26%**

# Rising group ranking of all China businesses

### Mercedes-Benz Passenger Cars

Ranking	2005	2006	2007	2008	2009	2010
1	Germany	Germany	Germany	Germany	Germany	Germany
2	USA	USA	USA	USA	USA	USA
3	Italy	Italy	Italy	Italy	Italy	China
4	UK	UK	UK	UK	UK	UK
5	France	France	France	France	China	Italy
6	Spain	Spain	Spain	Spain	France	France
7	Japan	Japan	Japan	China	Spain	Japan
8	South Africa	South Africa	South Africa	Japan	Japan	Canada
9	Belgium	Belgium	China	Belgium	Canada	Spain
10	Netherlands	Netherlands	Belgium	Canada	Belgium	South Africa
11	Canada	China				
12	Switzerland					
13	Australia					
14	China					

#3

### Mercedes-Benz Trucks

Ranking	2005	2006	2007	2008	2009	2010
1	Germany	Germany	Germany	Germany	Germany	Germany
2	France	France	France	France	France	France
3	UK	UK	Spain	UK	UK	UK
4	Iran	Spain	UK	Spain	China	China
5	Spain	Italy	Italy	South Africa	Saudi Arabia	South Africa
6	Italy	South Africa	South Africa	Italy	Netherlands	Saudi Arabia
7	Kuwait	Netherlands	Poland	Saudi Arabia	Italy	Poland
8	South Africa	Poland	Czech Republic	Poland	Switzerland	Italy
9	Netherlands	Belgium	Netherlands	United Arab, Emirates	Spain	Spain
10	Saudi Arabia	Czech Republic	Saudi Arabia	Russia	Belgium	Netherlands
11	Belgium	Switzerland	Romania	Netherlands		
12	Czech Republic	Saudi Arabia	United Arab, Emirates	Czech Republic		
13	Poland	China	China	Belgium		
14	United Arab, Emirates	United Arab, Emirates	Belgium	Austria		
15	Austria	Denmark	Russia	China		
16	Switzerland					
17	Denmark					
18	China					

#4

### Mercedes-Benz Vans

Ranking	2005	2006	2007	2008	2009	2010
1	Germany	Germany	Germany	Germany	Germany	Germany
2	UK	USA	UK	UK	UK	UK
3	USA	UK	France	France	France	France
4	France	France	USA	USA	Netherlands	China
5	Spain	Spain	Spain	Spain	Spain	USA
27					China	
31		China				
32				China		
33	China					
38			China			

#4

### Mercedes-Benz Auto Finance (Acquisitions)

Ranking	2005	2006	2007	2008	2009	2010
1	Germany	Germany	Germany	Germany	Germany	Germany
2	USA	USA	USA	USA	USA	USA
3	UK	UK	UK	UK	UK	UK
4	France	France	France	France	France	France
5	Italy	Italy	Italy	Italy	Brazil	Italy
6	South Africa	South Africa	South Africa	Japan	Canada	Canada
7	Japan	Japan	Japan	South Africa	Italy	Brazil
8	Belgium	Belgium	Belgium	Belgium	Belgium	Belgium
9	Brazil	Brazil	Brazil	Brazil	Japan	China
10	Australia	Canada	Canada	Canada	South Africa	Japan
14				China	China	
28						
32			China			
36	China	China				

#9





61,712

Maintain solid sales momentum in the first four months of 2011







77

Fastest growing premium brand in China with 77% YoY growth

1

S-Class & R-Class rank No. 1 in worldwide MBC ranking

# Complete Mercedes-Benz Cars lineup have been brought to China

CBU				Local production
				
<b>A-Class</b>	<b>B-Class</b>	<b>C-Class Estate</b>	<b>CL-Class</b>	<b>C-Class</b>
				
<b>CLS-Class</b>	<b>E-Class</b>	<b>E-Class coupe</b>	<b>E-Class Cabriolet</b>	<b>LWB E-Class</b>
				
<b>G-Class</b>	<b>GL-Class</b>	<b>GLK-Class</b>	<b>ML-Class</b>	
				
<b>R-Class</b>	<b>S-Class</b>	<b>SL-Class</b>	<b>SLK-Class</b>	
				
<b>AMG</b>	<b>smart</b>	<b>Maybach</b>		





4

The 4th largest market for Daimler in 2010

65

Dominated the WEU import segment with 65% SoM

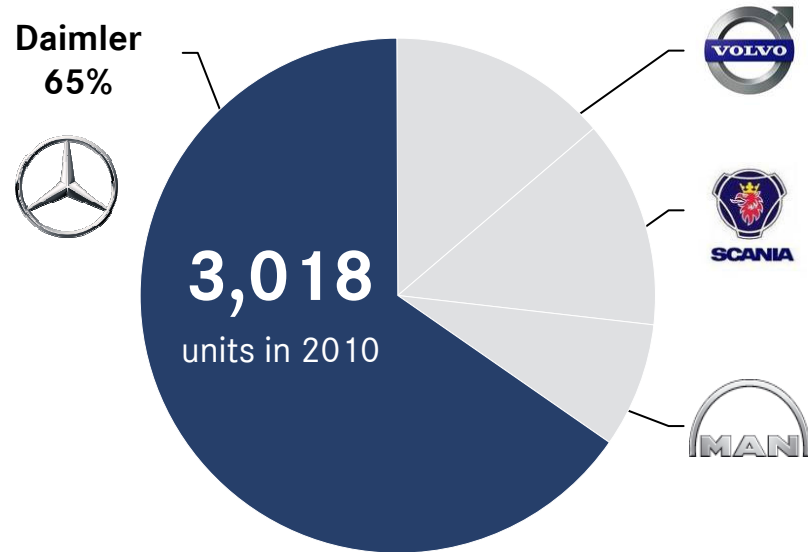
1,954

Sales reach 1,954 units in the first four months of 2011

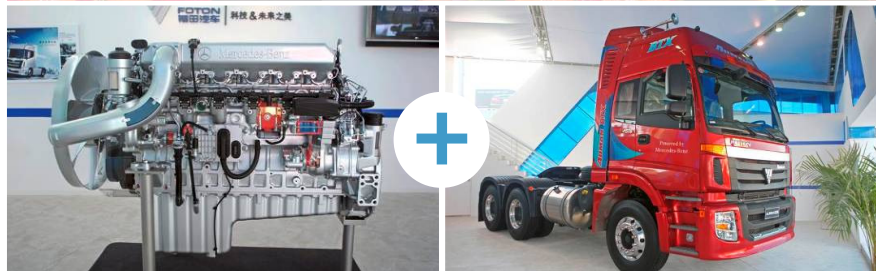
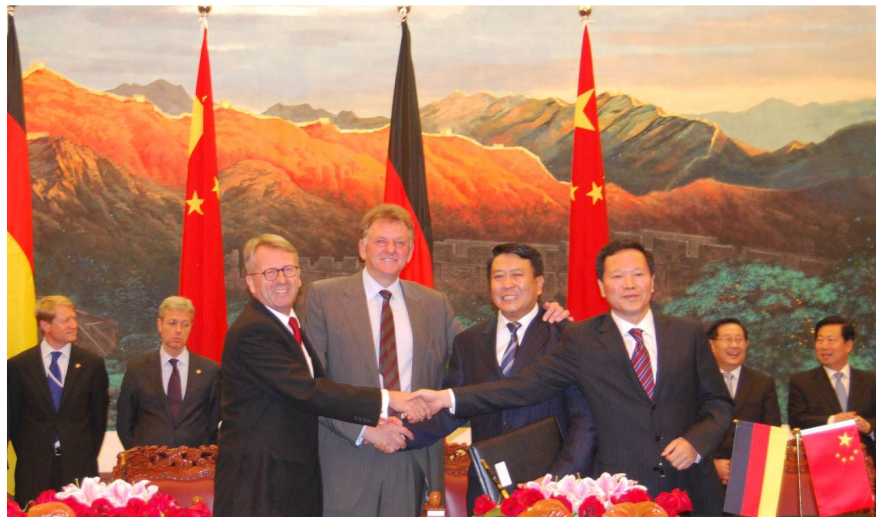


# Strong sales increase of Mercedes-Benz Truck in China – No.1 CBU Importer

Mercedes-Benz Truck leading among European Importers



Foton Project received NDRC approval in 2010; required documents submit to Beijing MofCom



Engine from Mercedes-Benz

Auman truck from Foton

Source: Registration Data



# Successful launch of local produced Vito/Viano

Fujian Daimler  
福建戴姆勒

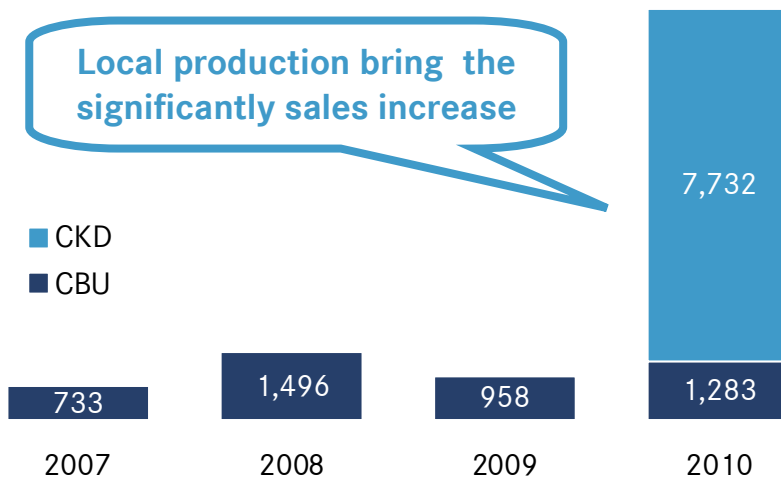


FJDA Plant construction completed within 18 months

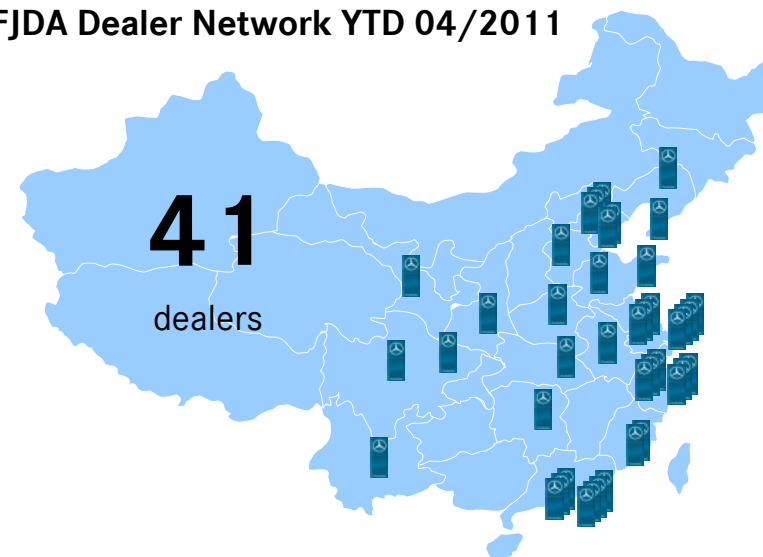


National Market Launch of Vito/Viano Mopf in April 2011

## Retail Performance 2007-2010



## FJDA Dealer Network YTD 04/2011







992  
Total portfolio increased to  
EUR 992 million YTD 04/11

11.4  
MCG Penetration rate: 11.4%  
YTD 04/2011

78  
Market coverage: 78 retail  
cities



92.6

Service Level reach 92.6% in the first four months of 2011

4

The fourth warehouse opened in April in Yangzhou



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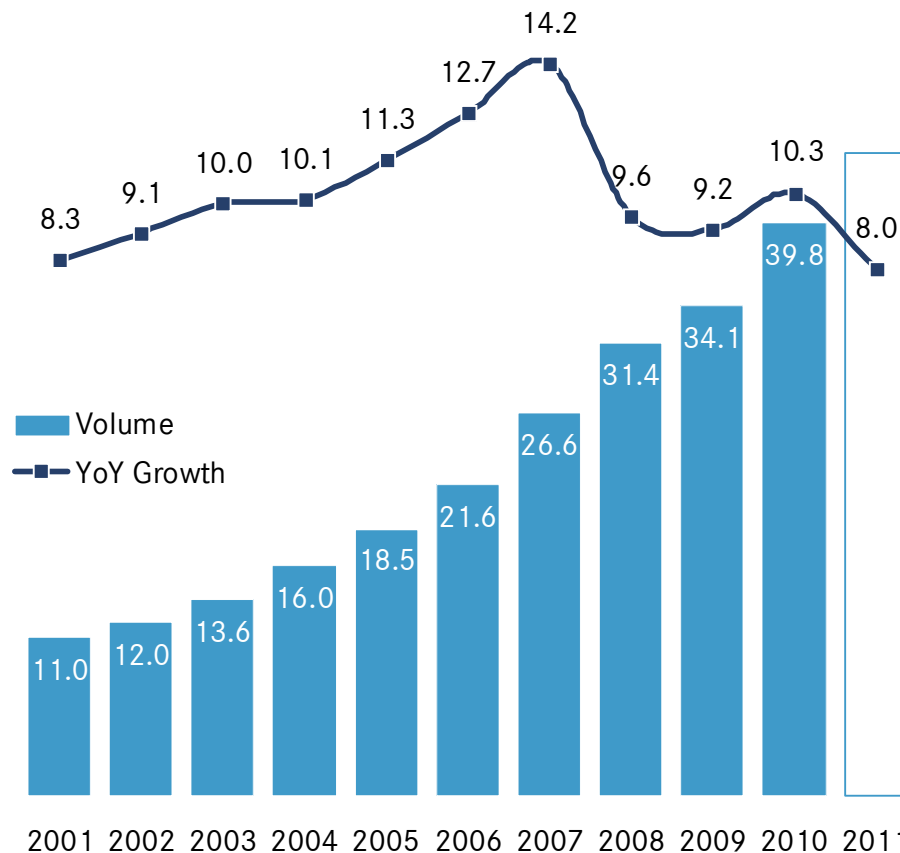
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3 Daimler Future Strategy and Plans in China

# China's economic situation continued to improve and is now on the track of stable growth

## China Economic Growth

Gross domestic product, Trillion RMB, Growth rate (in %)

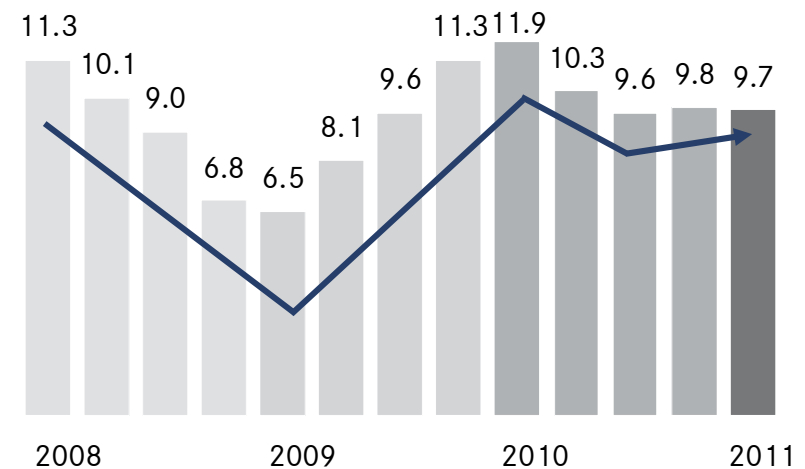


Source: NBSC; 8% GDP growth for 2011 is released by Government Work Report.

Indicators	Q1 2011
Investment (FAI)	25.0%
Consumption (Total Retail)	16.3%
Foreign Trade	29.5%
Industrial Added Value	14.4%
CPI	5.0%
PPI	7.1%
Fiscal Revenue	33.1%

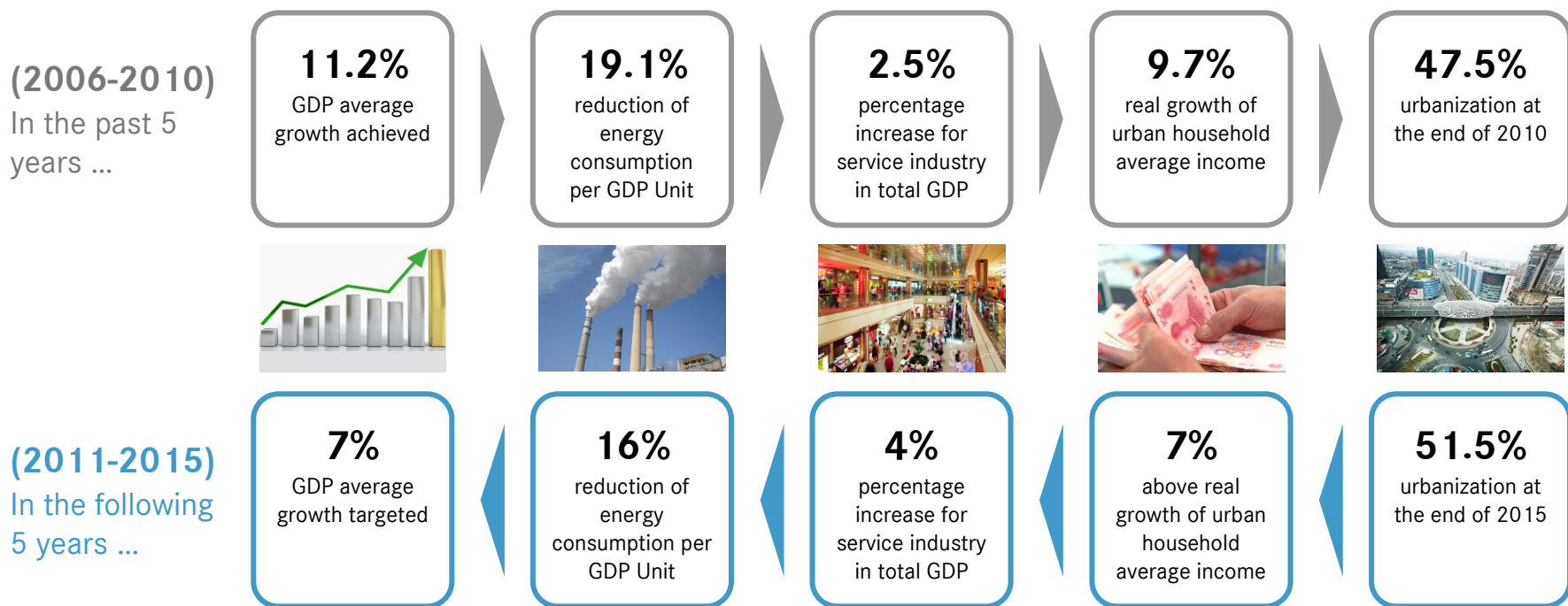
## Quarterly GDP Trend

YoY Growth rate (in %)



# Great success achieved in the 11th 5-year and promising future planned for the 12th 5-year

For the past 5 years, China achieved great success in economic field with an average of double digit GDP growth, successfully tackled impact of financial crisis with 4 trillion stimulus package kicked off at the end of 2008, becoming the 2<sup>nd</sup> largest economy in the world with total GDP of RMB39.8 trillion in 2010



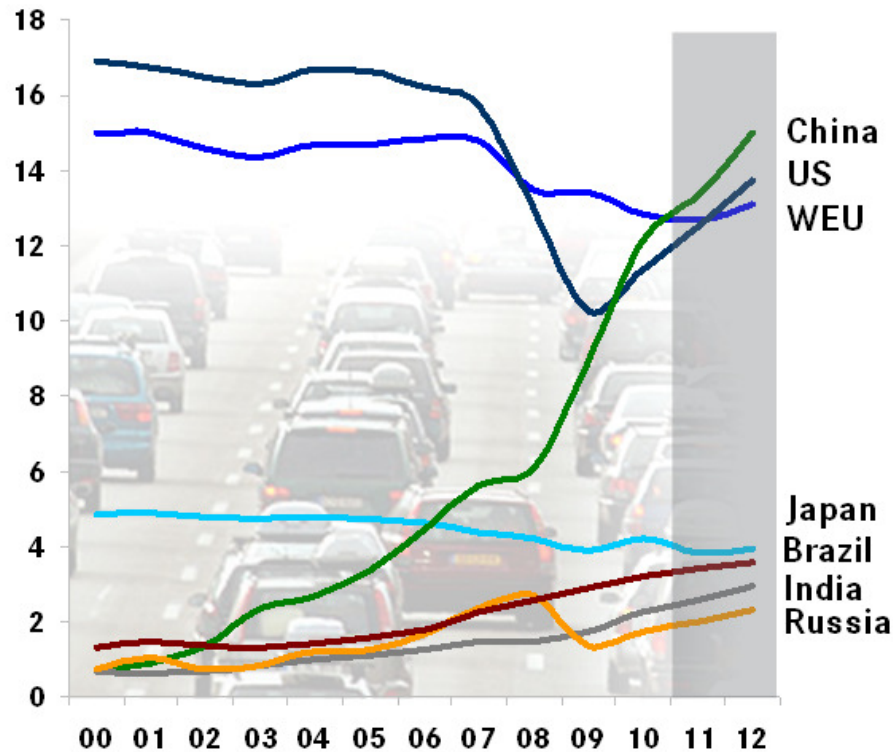
Looking into the next 5 years, China is focusing more on the qualitative and sustainability of the economic growth. GDP is targeted to increase to RMB55 trillion by 2015 with continuous reduction in energy consumption, while at the same time seeking compatible increase in people’s income and improvement of people’s living conditions. Economic restructuring and industry upgrade and transformation is to be continued,

Source: Government Work Report 2011

# China surpassed all PV markets worldwide; By far the largest truck market

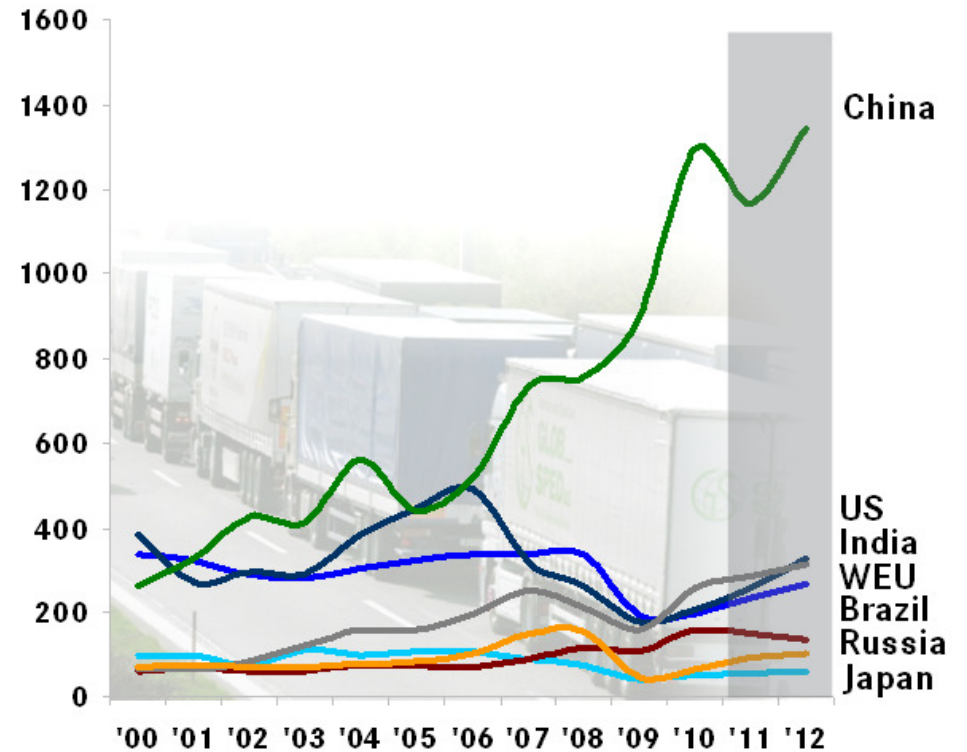
### PV Sales

In million units (US: light vehicles)



### Truck Sales

>6t, in thousand units



# With volume almost 10 times that of 10 years ago, China is now the largest auto market in the world

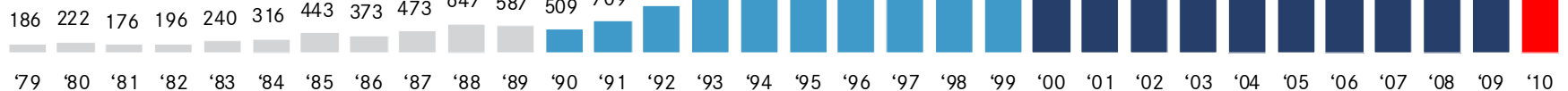


On July 13, 1956, the first truck rolled off the assembly line under the Jiefang brand



On October 20, 2009, Jiangfang J6 truck came off the production line as the **10 millionth vehicle** in 2009

— production volume (in 000 units) —





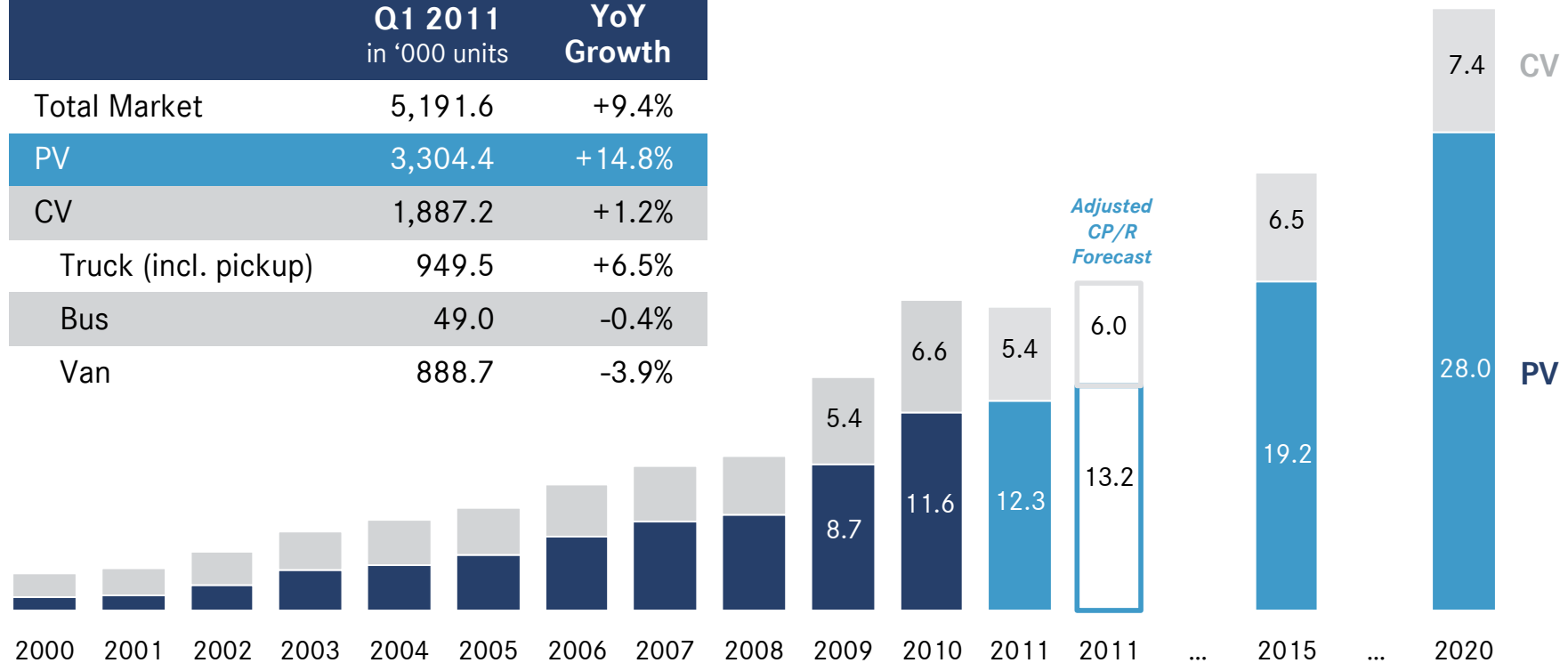
# Chinese automotive market will continue to maintain a high growth in the future

## China Automotive Market Forecast

Unit sales (in million units)

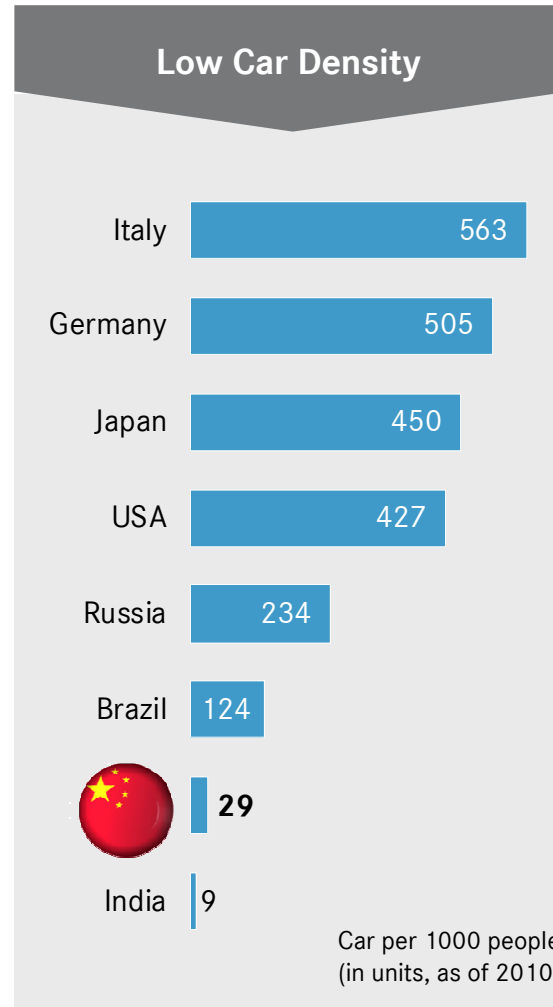
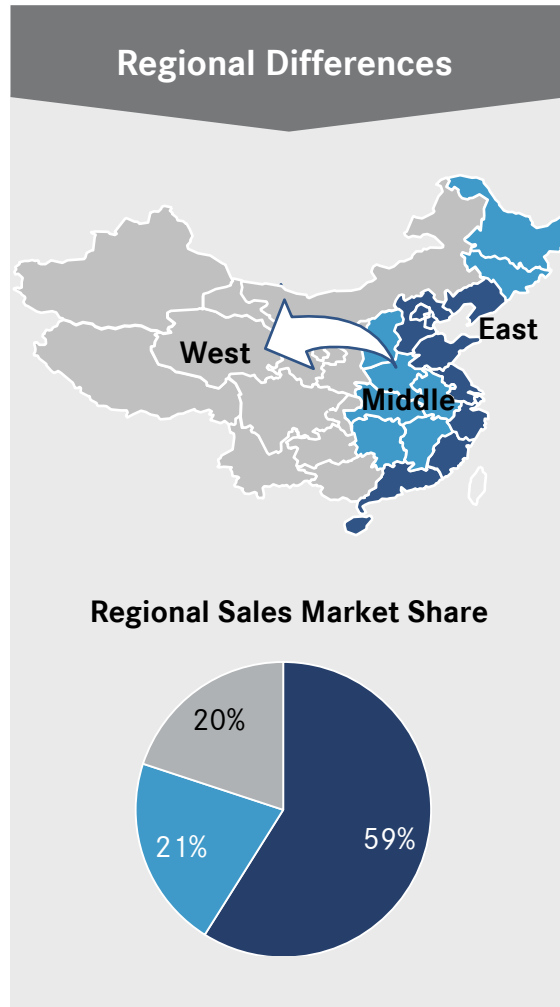


	Q1 2011 in '000 units	YoY Growth
Total Market	5,191.6	+9.4%
PV	3,304.4	+14.8%
CV	1,887.2	+1.2%
Truck (incl. pickup)	949.5	+6.5%
Bus	49.0	-0.4%
Van	888.7	-3.9%



Data Source: China Automotive Industry Newsletter (CAAM). Sales=Domestic Wholesale + Import - Export  
 Forecast: State Information Center, CP/R analysis. 2011-2015 numbers based on Daimler SP11

# Regional difference, low car density and urbanization provide great potential for future growth

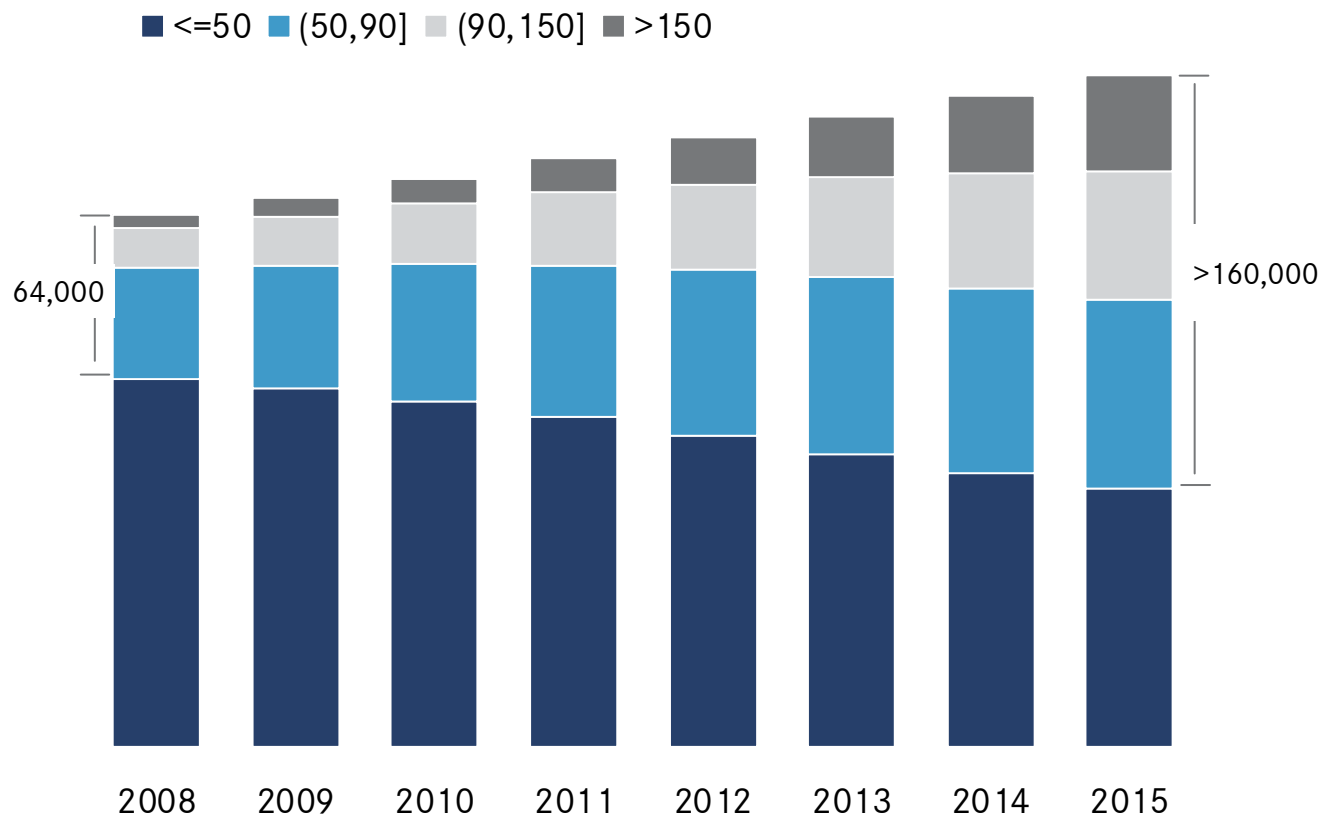


Source: China State Statistics Bureau

# Rising individual income also support future growth

## Urban Households by Annual Income

Annual Income (in thousand RMB), Household (in thousand)



More than **960,000** people with >10 million RMB in Mainland China in 2010

THE RICHEST PEOPLE IN CHINA  
百富榜

Source: SIC Forecast

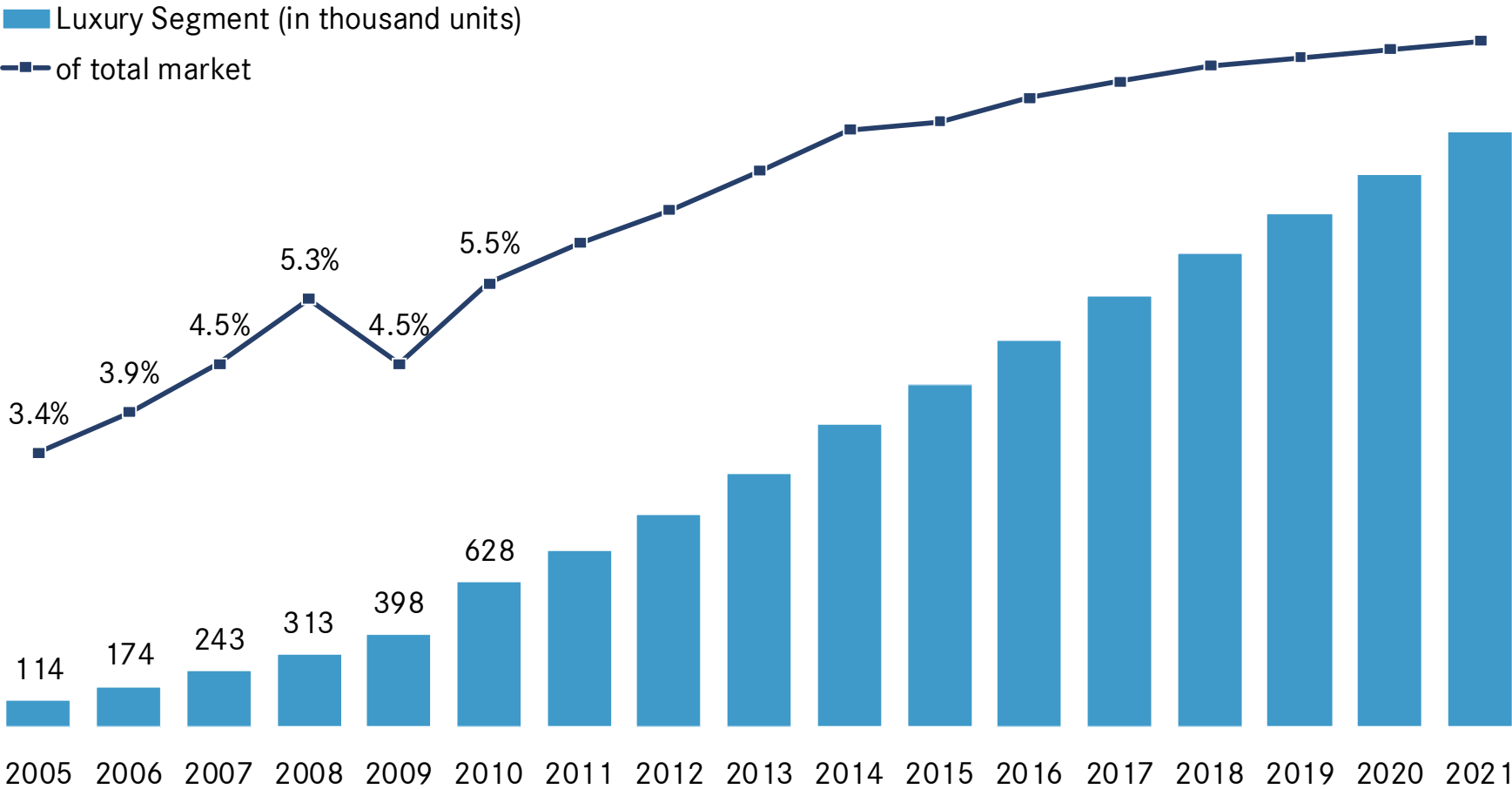
## China dominates luxury market growth

- **115 billionaires** (US\$), 51 increased from 2010
- The **2<sup>nd</sup> largest population** of billionaires in the world
- Top 10 richest have US\$ **60 billion**
- Surpassed the US to become the **second-largest** luxury goods market, behind Japan
- China will become the most important luxury PV market in the future
- By 2015, **29%** of the consumption worldwide of **luxury goods** will take place in China
- Middle-Class household will **increase from 125 mil. to 250mil. in 2020**



*Source: Forbes Billionaires List, 2011*

# Luxury car segment is steadily gaining in importance in China



Source: Daimler SP11



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# Daimler China Future Strategy

## Sustainable and Profitable Growth



**€ 3 Billion Investment**

- Benchmark in products & dealer/customer satisfaction

- Leader in premium segment

- Leader in premium segment
- ~300,000 units in 2015

- Enhancing Daimler Truck position in China
- JV with Foton (BFDA)

- BDNT

**Auto Finance**

**Van**

**PV**

**Truck**

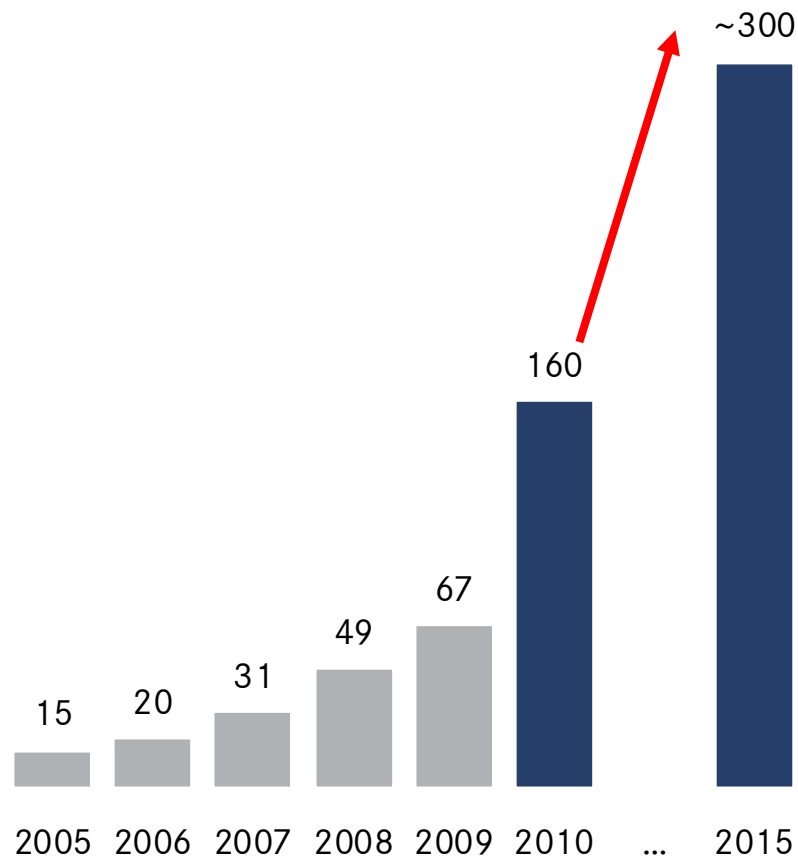
**New Business**

**Profitable and Sustainable Growth**

# Daimler China Future Strategy

## Mercedes-Benz Cars Fast Growth with Local Commitment

Mercedes-Benz Cars group sales in China\*  
 – in thousand units –



\* Includes Hong Kong

### New Products

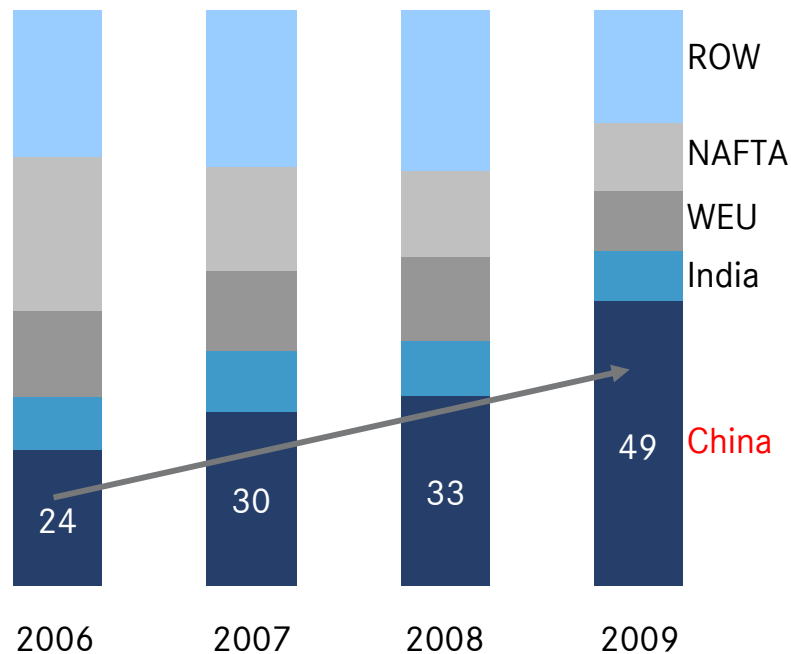
Category	Product	Year
Local	LWB E-Class C180	2010
	GLK	future products
Import	SLS AMG	2011 ff
	A207	2011 ff
	S 204	2011 ff
	W169	2011 ff

**Upcoming**

# Daimler China Future Strategy

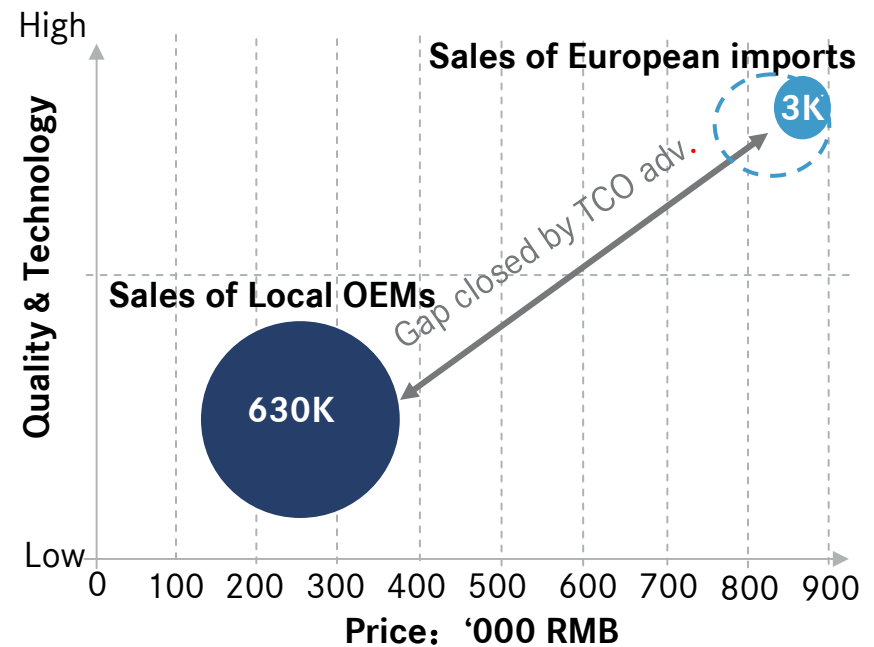
## Truck business Import Leadership and Market Penetration with Chinese Partner

**Market Share Worldwide**  
– in percentage –



**Worldwide in 2009 every second new truck >6t was sold in China**

**TCO Opportunities**

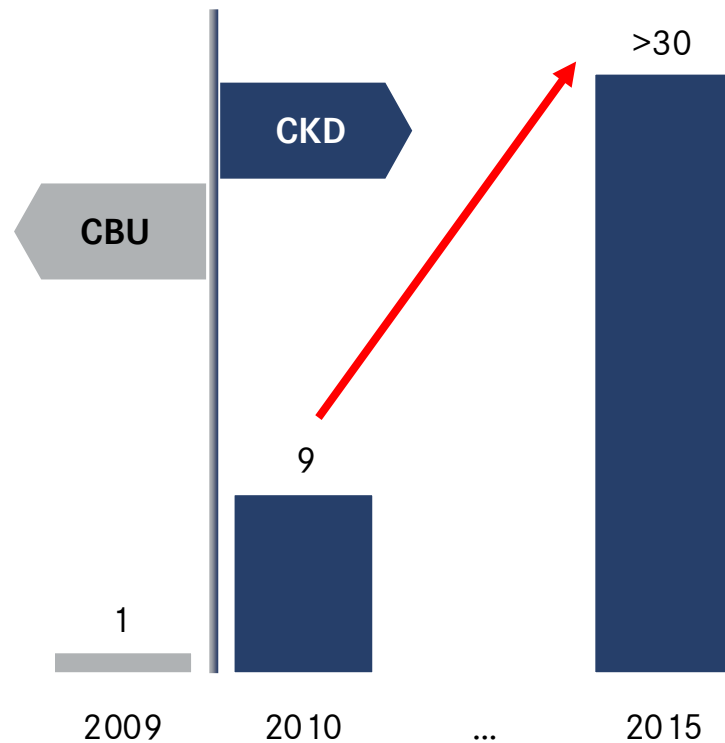


**And TCO Will Help Us Seek Greater Growth Opportunities**

# Daimler China Future Strategy

## Van Business Growth Plan Developed

**Mercedes-Benz Van Retail Volume**  
 – in thousand units –



**Viano**  
 SOP 2010



**Vito**  
 SOP 2010



**Sprinter**  
 SOP 2011



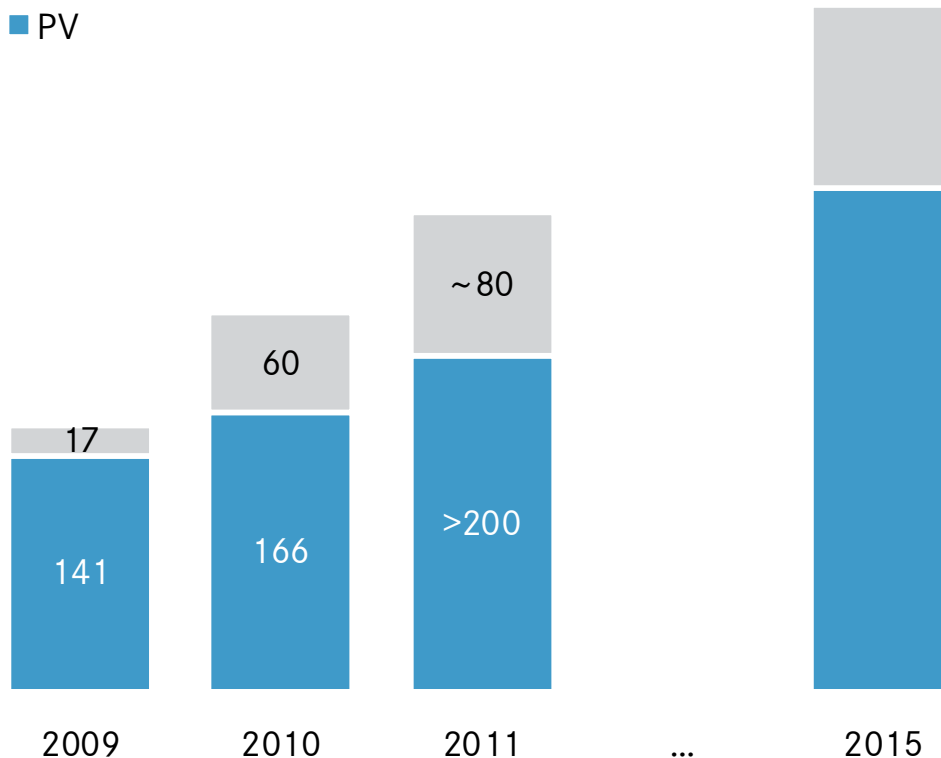


# Daimler China Future Strategy

More than 30 New dealers/year to Support Sales Growth

## Network Development Plan

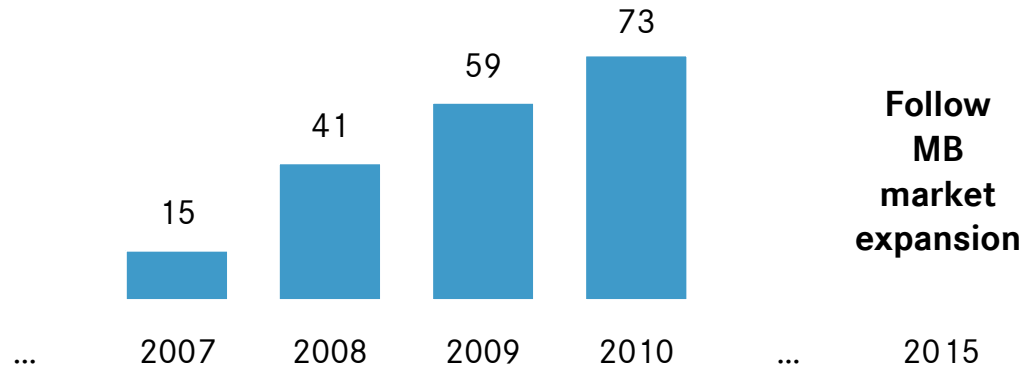
- Van & Truck
- PV



# Daimler China Future Strategy

## MBAFC Business Development to Match Sales

**MBAFC**  
Broad market coverage  
(# of retail cities)



**MBAFC**  
Dealer & Customer  
Satisfaction

- Use of Internet technology to capture deals
- Close contact with dealers to know their needs
- Extensive data analysis to uncover latest trends
- MBAFC staff to service customers

## Daimler China Future Strategy

### Cooperation with BYD



**Develop “New joint electric vehicle” for the Chinese market**

**Create new brand**

**Set up R&D Joint-Venture**

**Launch new product in 2013**



## Commitment to China