

# DAIMLER

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## Operation Cars

MBC Division Day 2012

Dr. Wolfgang Bernhard

Member of the Board of Management Daimler AG

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

Kecskemét, March 29, 2012

# Four levers of Mercedes-Benz 2020



# Agenda

## **1. International Manufacturing Footprint**

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## 2. Cost Optimization

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## 3. Product Quality

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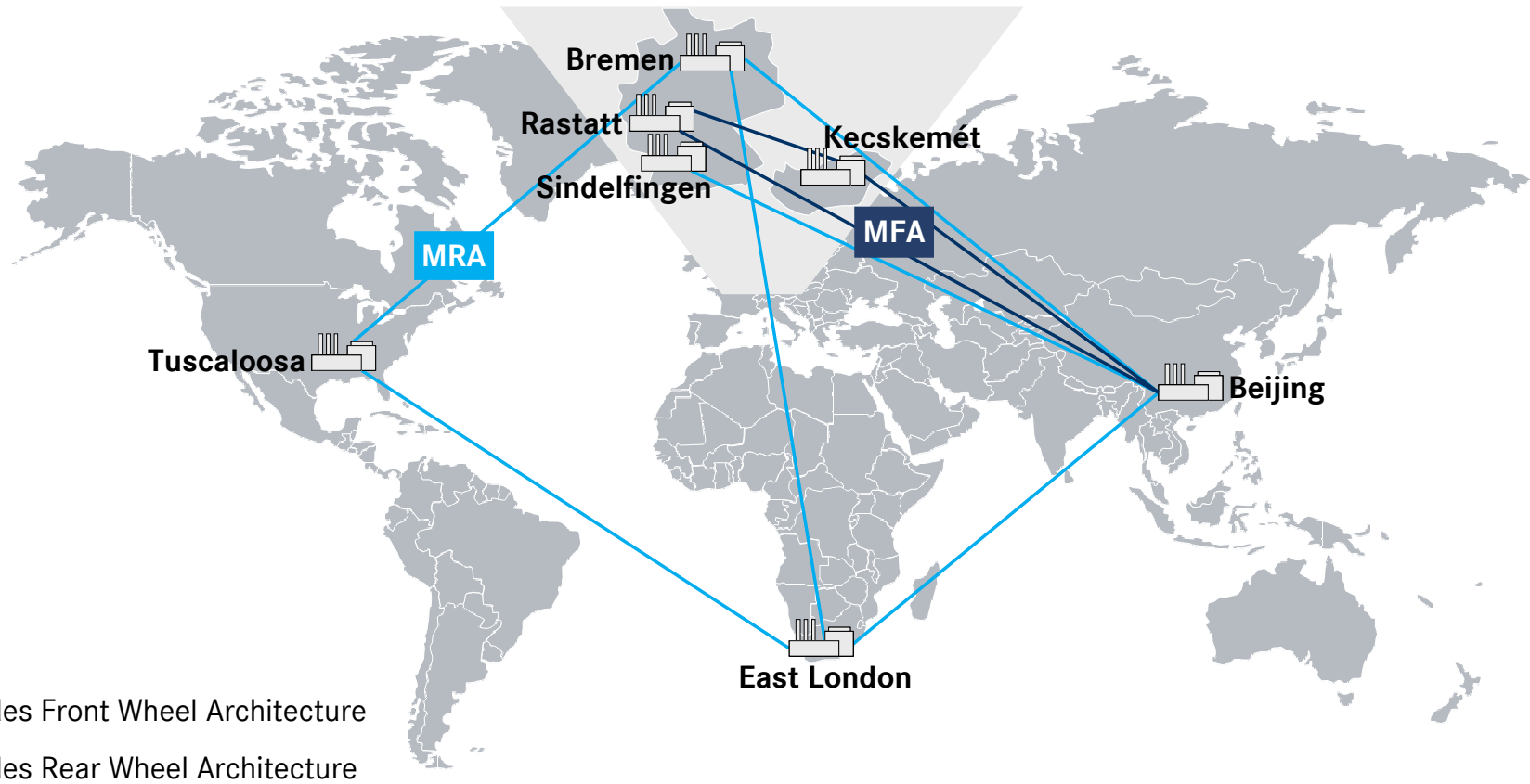
## 4. Mercedes-Benz Vans

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## 5. Conclusion

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# By 2015 two flexible manufacturing networks will be established

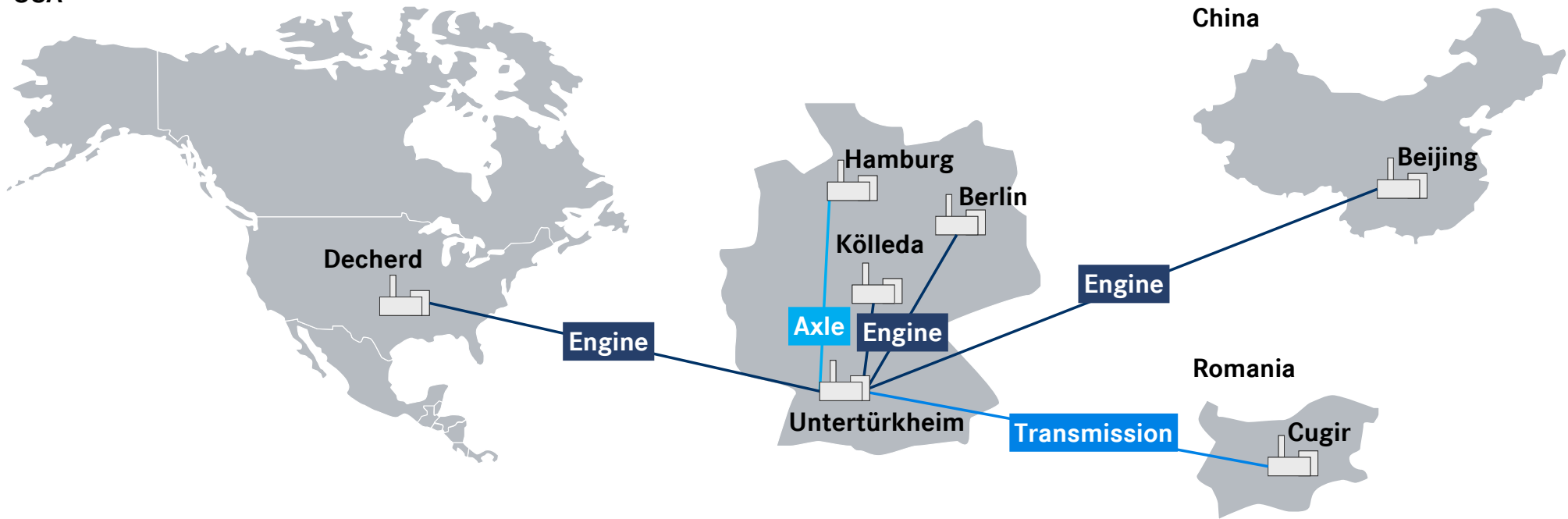




# ... this applies to Powertrain as well

USA

China



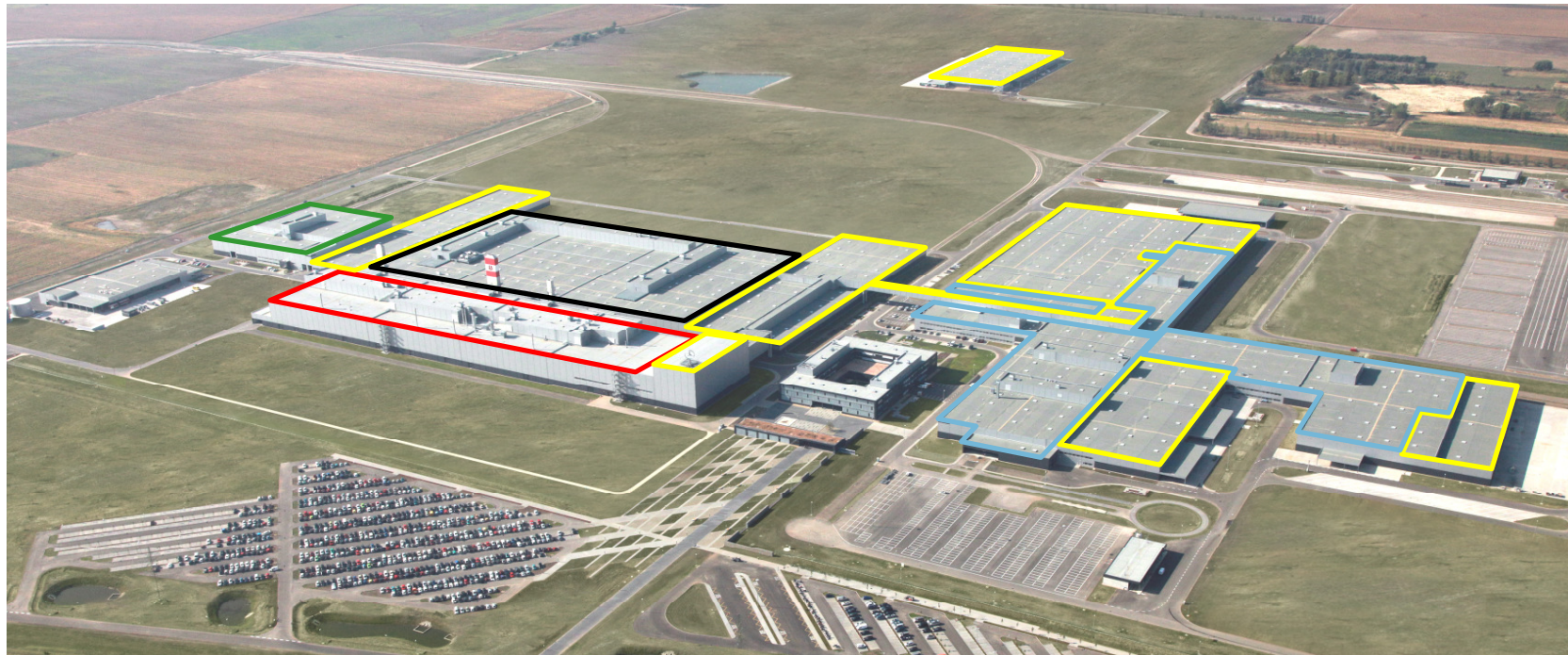
# We will be more flexible!








- **Within products across plants**
- **Within plants across products**
- **Within architecture across plants and products**



# Mercedes Benz Production System “state of the art” factory is realized in Kecskemét



-  Press shop
-  Body shop
-  Paint shop
-  Assembly
-  Logistics

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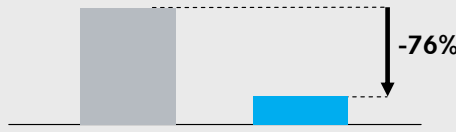
# Examples for benefits of continuous improvement

Initiative

Annual Savings

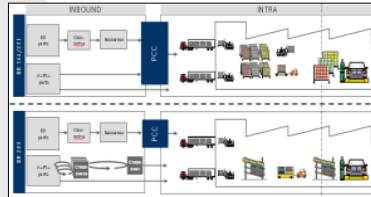
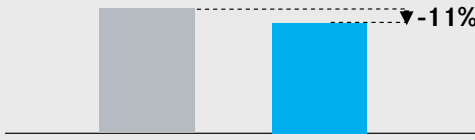
Enablers

**AGV  
(Automatically  
Guided Vehicles)**



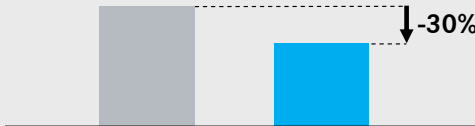
- Simple automatic guided vehicle for in plant transportation
- Simple rack exchange

**New Lean  
Concept  
Supply Chain**



- Pick and place at assembly
- Optimized racks and containers
- Optimized supply chain from supplier to line

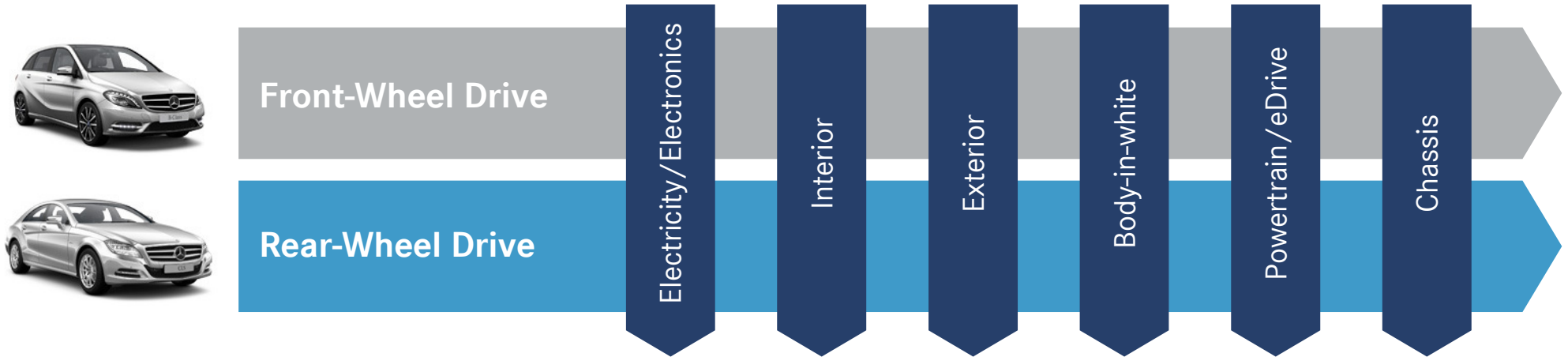
**Automatic Paint  
Defect Control**



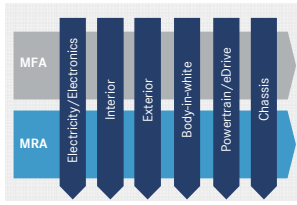
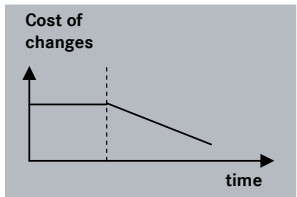


- Optical defect detection



# Common modules across carlines enable efficient use of resources



# Measures to counter headwinds are in place

	<h3>Module Strategy 2.0</h3>	<ul style="list-style-type: none"><li>• Full leverage of benefits from front and rear wheel architectures</li><li>• Expand scope and include CO<sub>2</sub>-Components, Engines, AMG, ...</li><li>• Focus on modules AND complete systems</li></ul>
	<h3>Management of Engineering Changes</h3>	<ul style="list-style-type: none"><li>• Avoid changes after nomination</li><li>• Negotiate contracts to minimize costs of engineering changes</li><li>• Transparent price calculation schemes</li></ul>
	<h3>Optimization of Engineering Specifications</h3>	<ul style="list-style-type: none"><li>• Employ industry specifications where no differentiation necessary</li><li>• No nomination without competition</li><li>• Allow for local material specification</li></ul>
	<h3>Commercial improvement</h3>	<ul style="list-style-type: none"><li>• Benefit from purchasing cooperations</li><li>• Utilize reference cost calculation</li><li>• Expand risk- and raw-material management</li></ul>

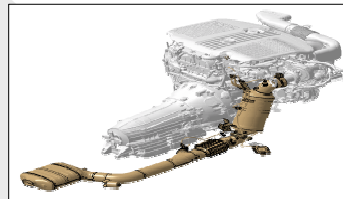
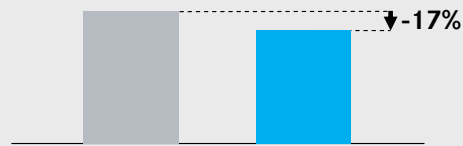
# Examples for benefits of Module Strategy

Module

Material Cost

Enablers

Exhaust system



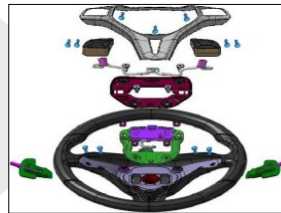
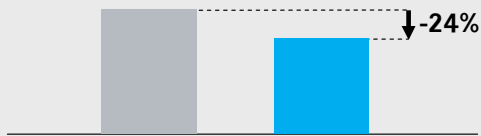
- Standardized components
- Packaging of components close to engine
- Significant reduction of variants

Sliding Sunroof



- Frame variable in length and width
- One mechanical actuator for all sunroofs
- One production line
- Contract handles various scales

Driver Airbag



- Modular design
- Limited numbers of sub components
- Higher number of customer relevant variants

# Building on a strong network of partners, ...



## Technology



## Scale



## Markets



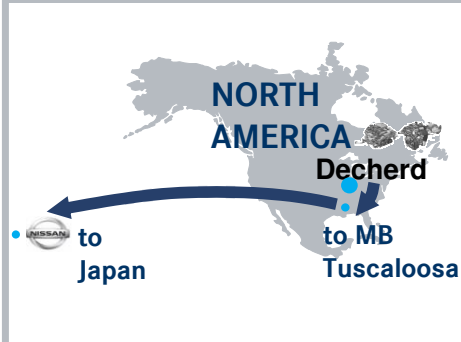
# ... especially with Renault/Nissan



**Joint development and cross supply of gasoline & diesel engines**



**Common engine plant with Nissan**



**MB Van, common project with Renault**



**Development of next generation smart**



- Higher economies of scale
- Revenue potential
- Reduction in foreign exchange exposure
- Shared investments

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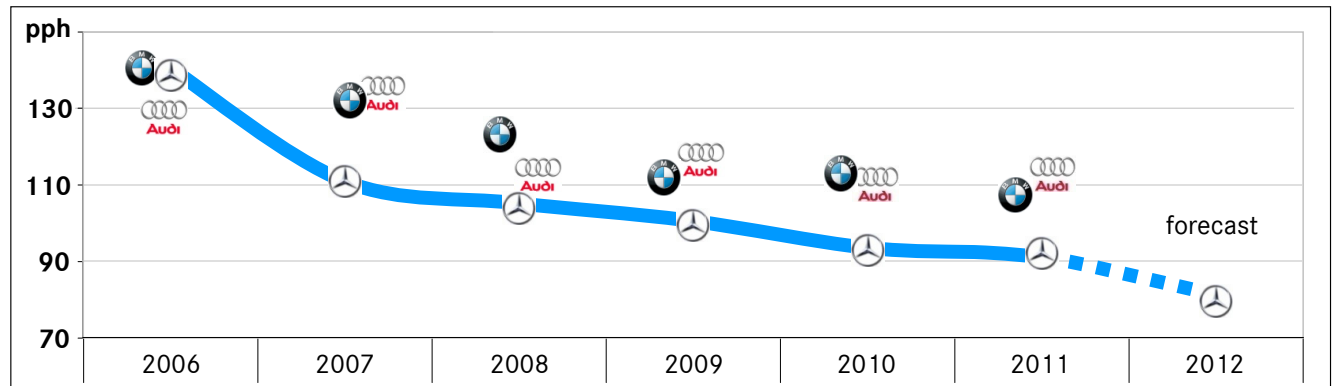
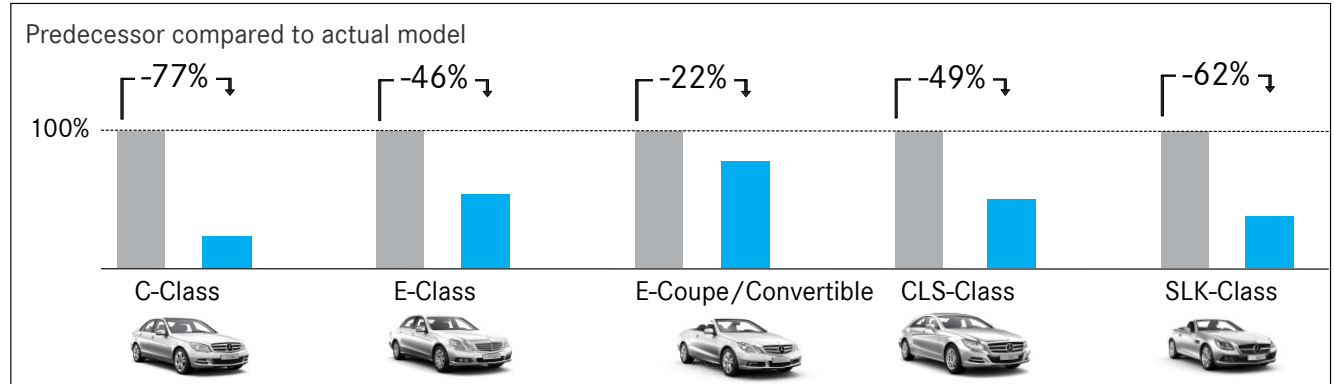
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# Mercedes outperforms competition in initial quality

**Warranty and good will cost – 12 months in sales**

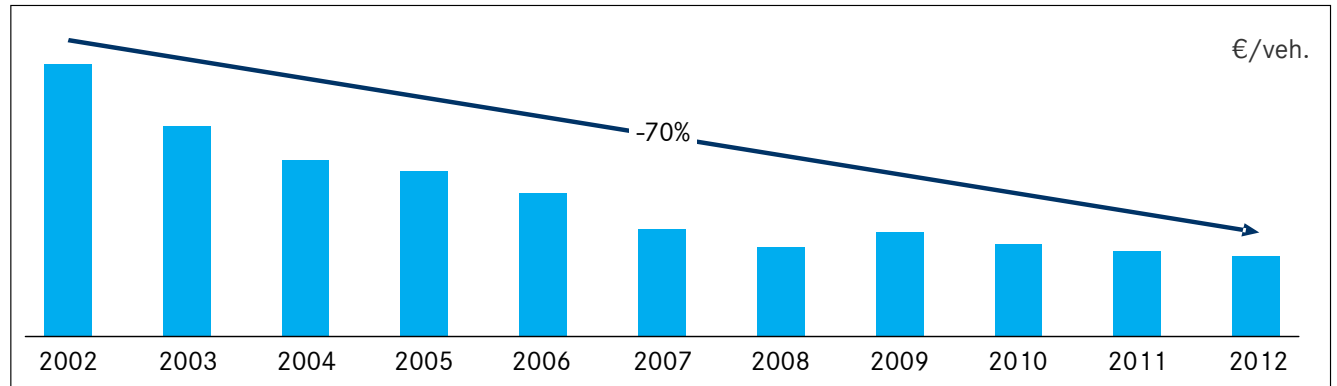
**J.D. Power Initial Quality Study**



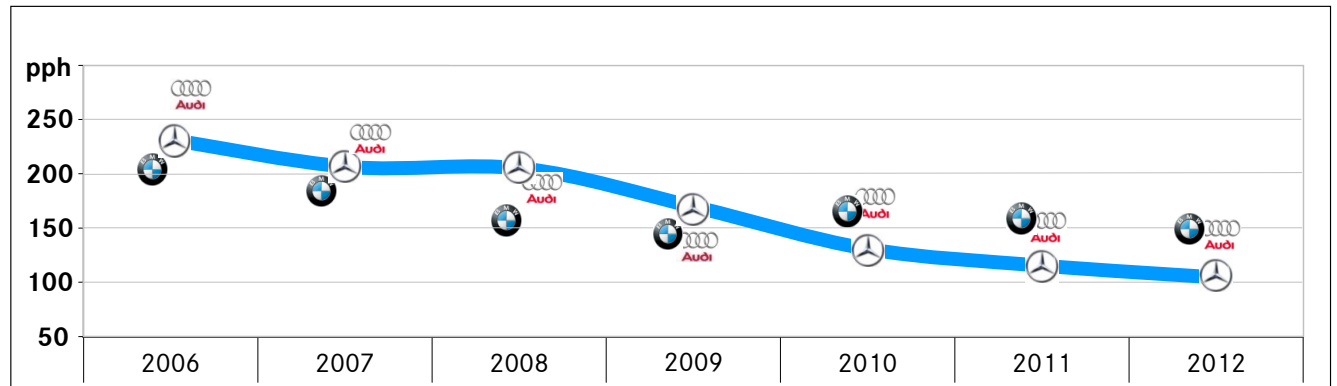


# ...and long term dependability

Warranty and good will cost – 60 months in sales



J.D. Power Vehicle Dependability Study



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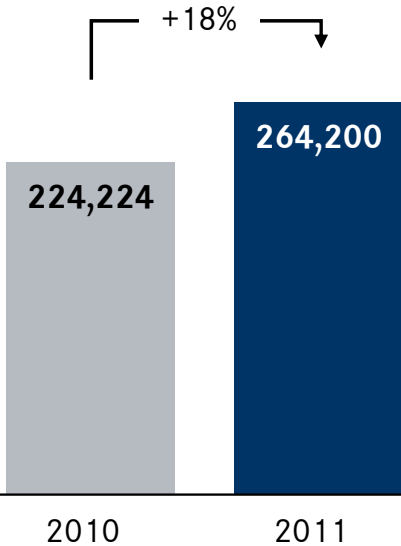


# A review of 2011: Performance Mercedes-Benz Vans

## Sales

[units]

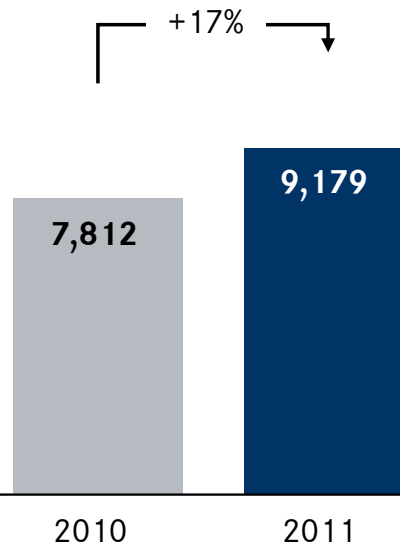
4th place in MB Vans sales history



## Revenue

[in millions of euros]

3rd place in MB Vans revenue history

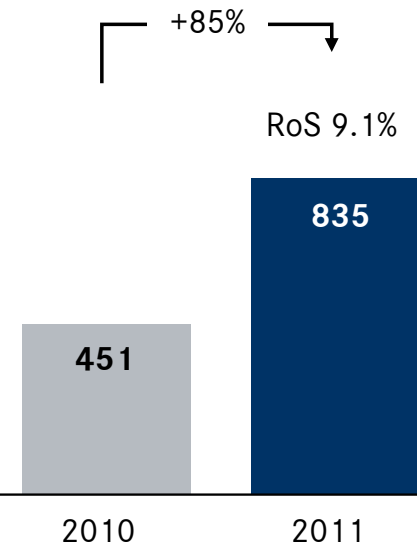


## Ebit

[in millions of euros]

all time Ebit record

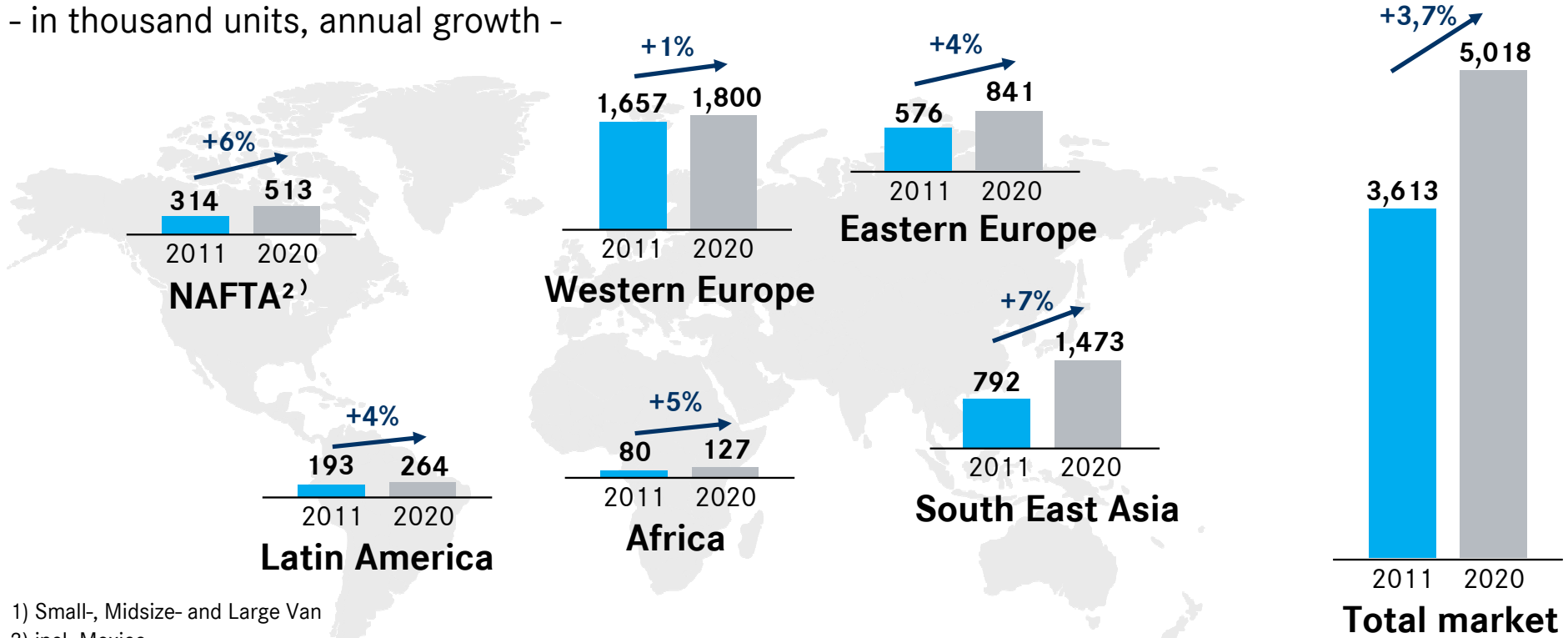
all time RoS record





# Average market growth in VAN-Segments<sup>1)</sup> 2011-2020

- in thousand units, annual growth -



1) Small-, Midsize- and Large Van

2) incl. Mexico

3) Eastern Europe with Russia

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Conclusion

# Conclusion: We are on track !



- **Manufacturing close to market...** ✓
- **Flexibility increased.....** ✓
- **Cost reduction ongoing.....** ✓
- **Cooperations in place.....** ✓
- **Excellent Quality.....** ✓
- **MB Vans highly profitable .....** ✓

# Disclaimer

**The figures in this document are preliminary and have neither been approved yet by the Supervisory Board nor audited by the external auditor.**

This document contains forward-looking statements that reflect our current views about future events. The words “anticipate,” “assume,” “believe,” “estimate,” “expect,” “intend,” “may,” “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 worsening of the public debt crisis in the eurozone; a deterioration of our funding possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preference towards smaller, lower margin vehicles; or a possible lack of acceptance of our products or services which limits our ability to achieve prices as well as to adequately utilize our production capacities; price increases in 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 of companies in which we hold a significant equity interest, most notably EADS; 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 governmental investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading “Risk Report” in Daimler’s most recent Annual Report. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our 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. Any forward-looking statement speaks only as of the date on which it is made.