

*Mercedes-Benz Cars
Procurement &
Supplier Quality*



Mercedes-Benz Cars Procurement & Supplier Quality Strategy

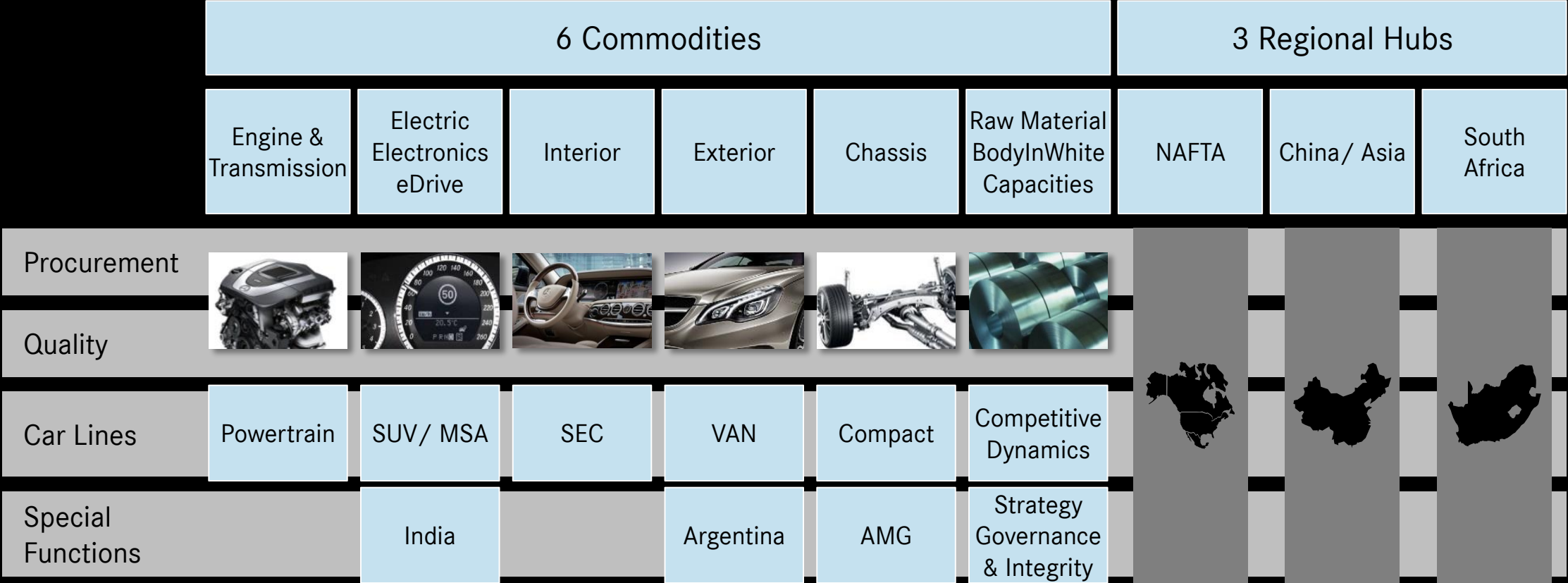
Dr. Klaus Zehender, Member of the Divisional Board Mercedes-Benz Cars
Procurement & Supplier Quality

Mercedes-Benz Cars Capital Market Day 2015
June 11th, 2015

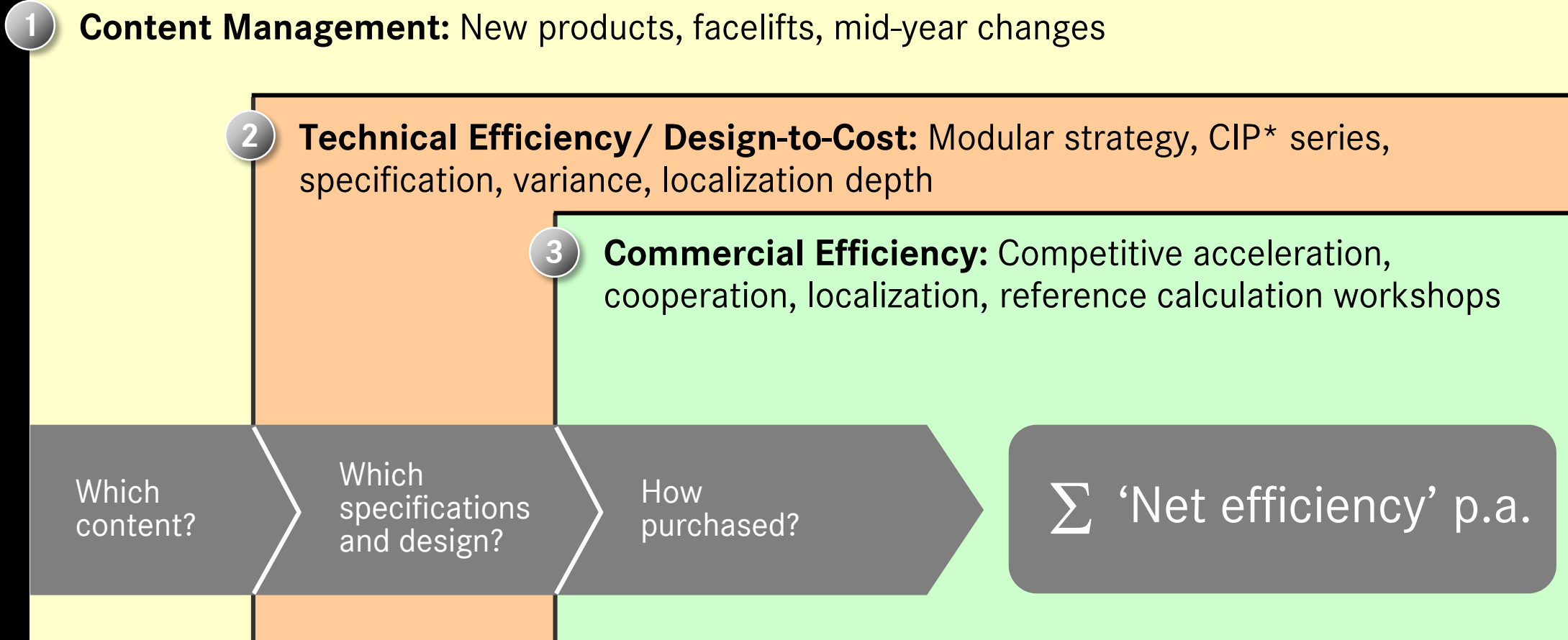


Mercedes-Benz

MP organized by commodities, car lines and regions



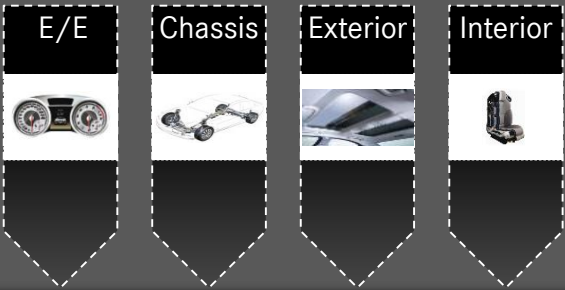
MBC F4L Next Stage – net material cost efficiency driven by Content Management, Technical and Commercial Efficiency



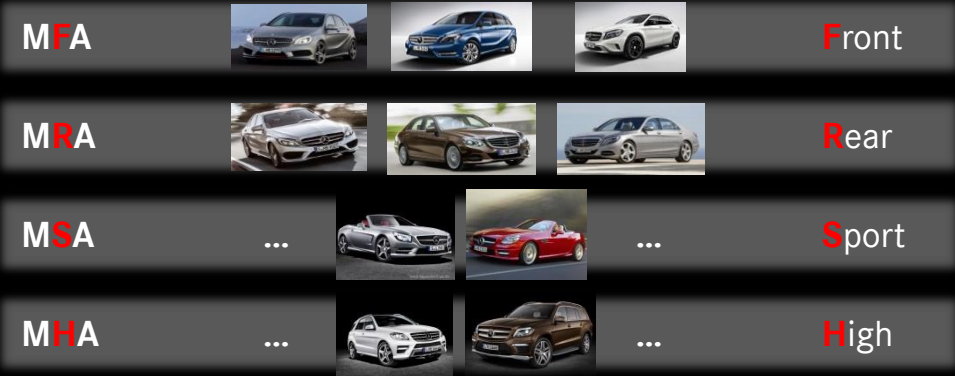
*) Cost Improvement Process

Technical Efficiency and Design-to-Cost systematically driven by modular strategy

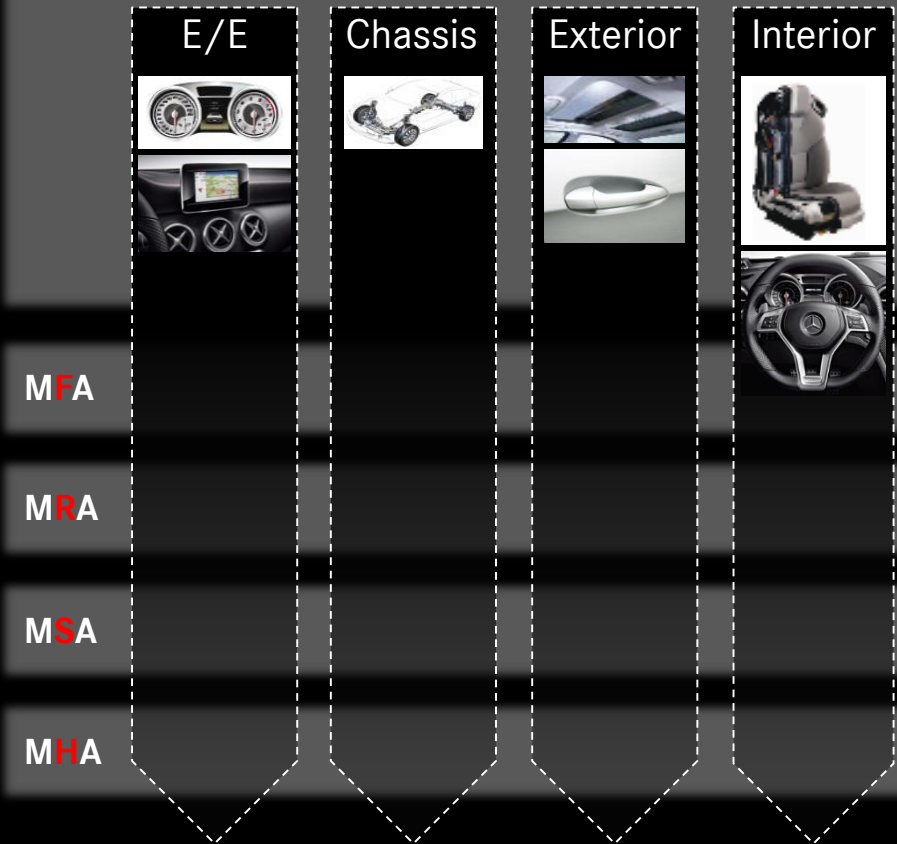
~ 100 Modules



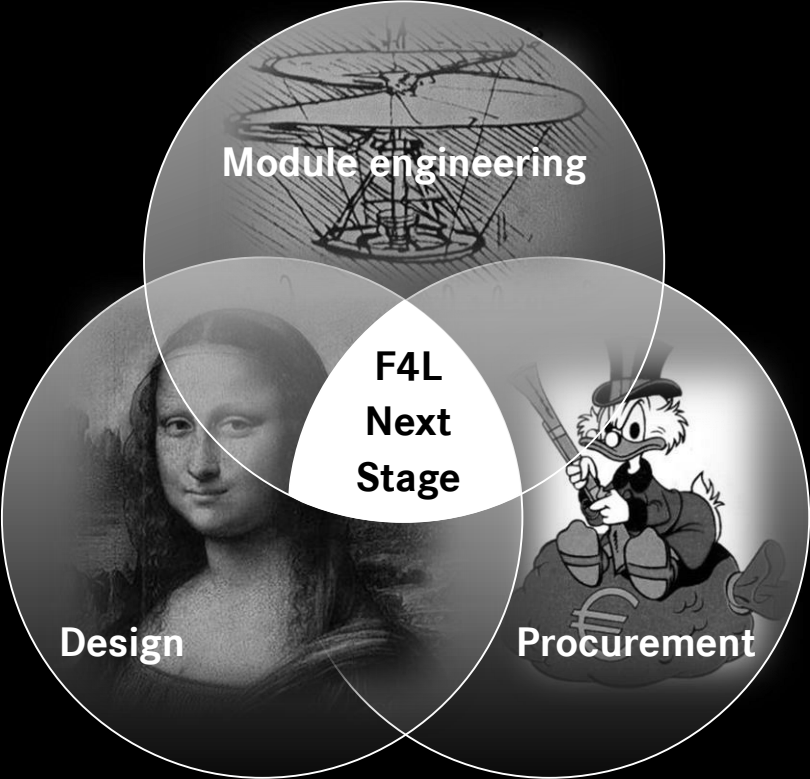
4 Vehicle Architectures



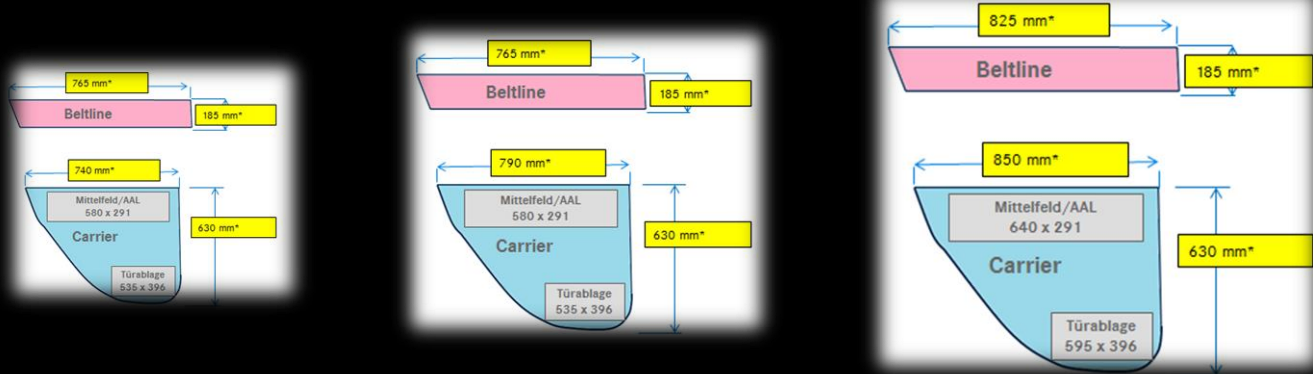
Product Portfolio



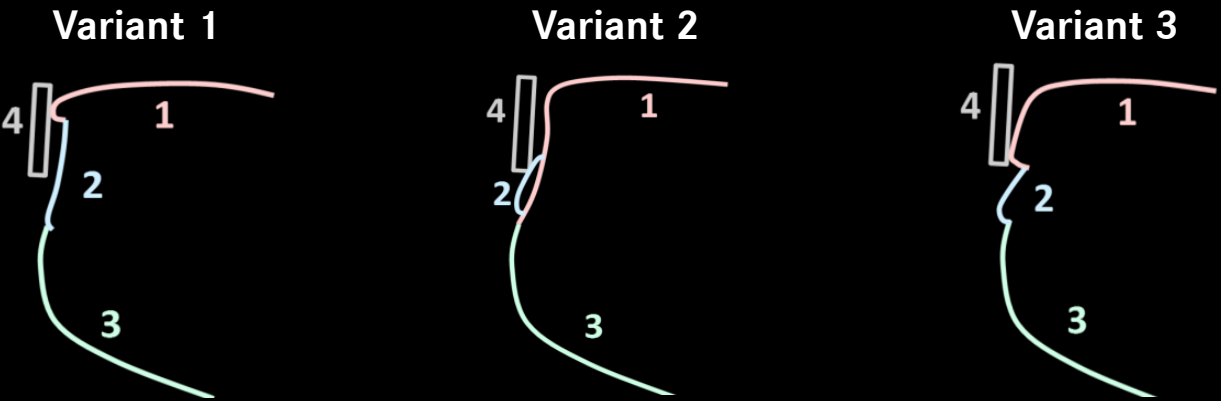
Stringent Change Management



Size parameterization of door trim panel

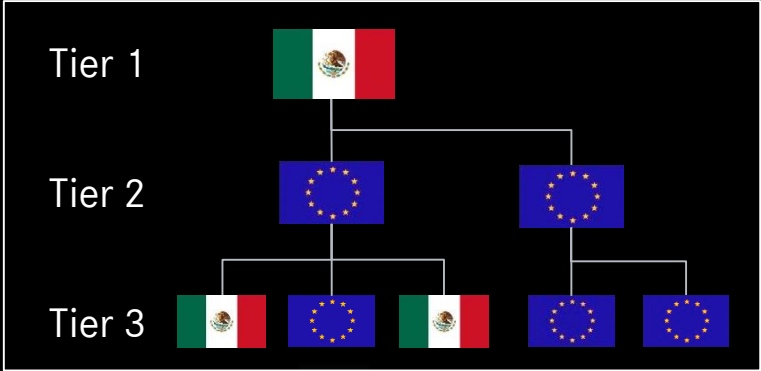
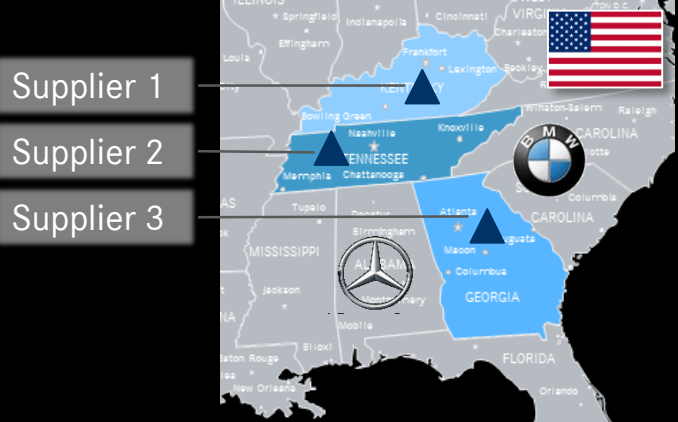
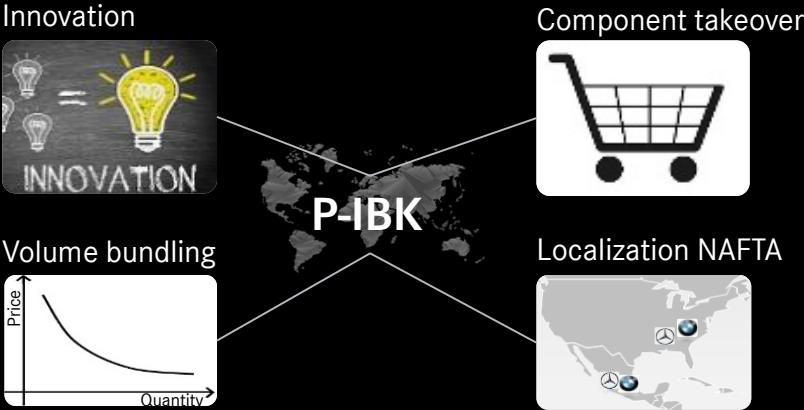


Design variants of instrument panel

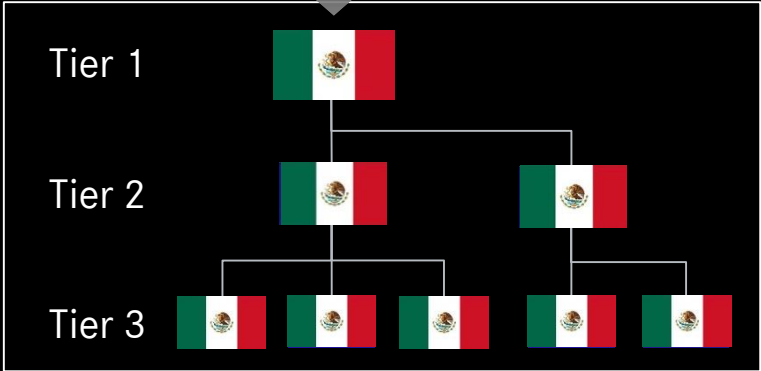


Purchasing cooperation and spec optimization drive sourcing efficiency and localization depth

Deep dive: NAFTA



▶ Spec review
 ▶ Local tier suppliers



Competitive acceleration of awarding process based on Game Theory

Deep dive: Flat steel

GP Monaco

Lap record = 1:15:00 min.



3

Training

1:15:11 (best) 1:17:26 (last)



2

Qualifying

1:13:22 (best) 1:14:26 (last)



1

Race

1st, 2nd, 3rd / prizes at best-time



Planning base

- Market test without competitive acceleration

- Qualified below target
 - Starting order for final bid

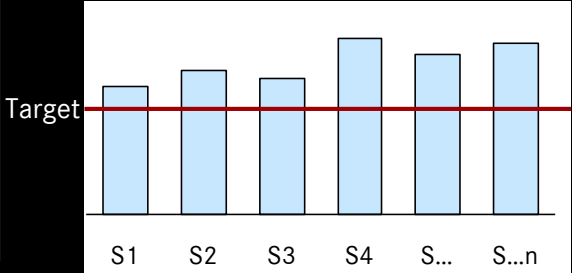
- Qualification-based bid order
 - Inverse auction

Steel price level acc. to economic intelligence



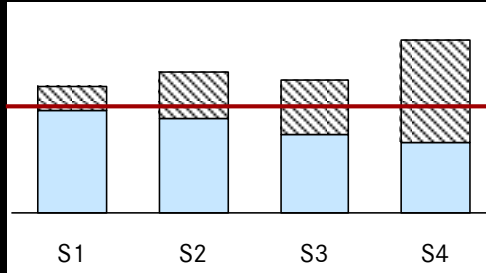
First bid

-3%



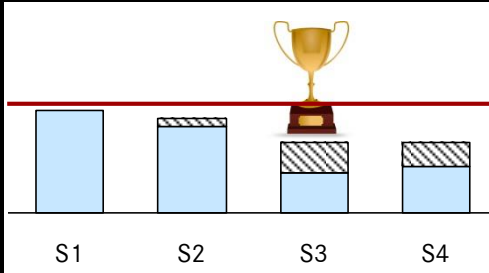
Bid for qualification

-8% & 4 suppliers qualified



Final Dutch tender

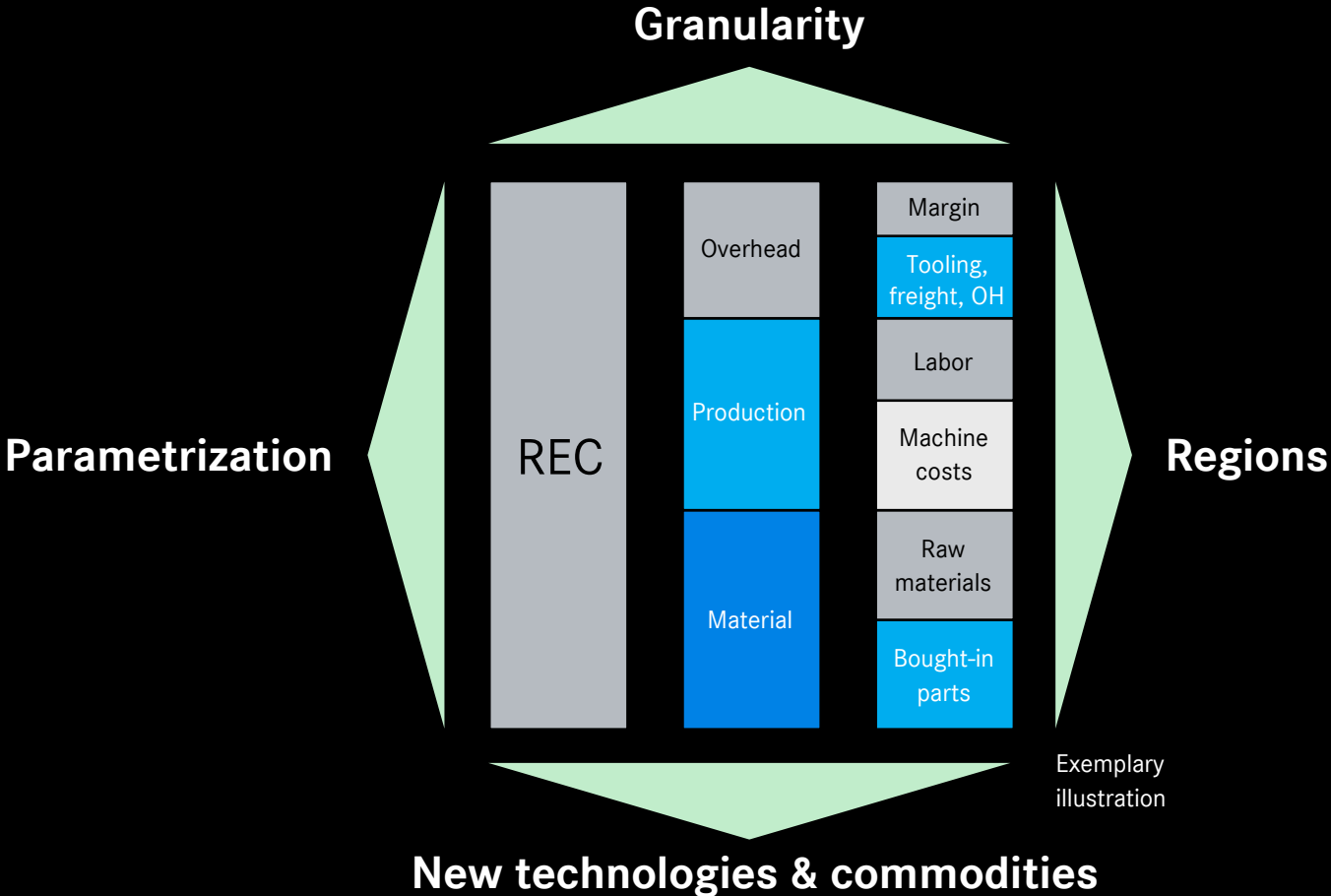
-10%



Reference calculation: Cooperation with suppliers based on partnership and benchmarking

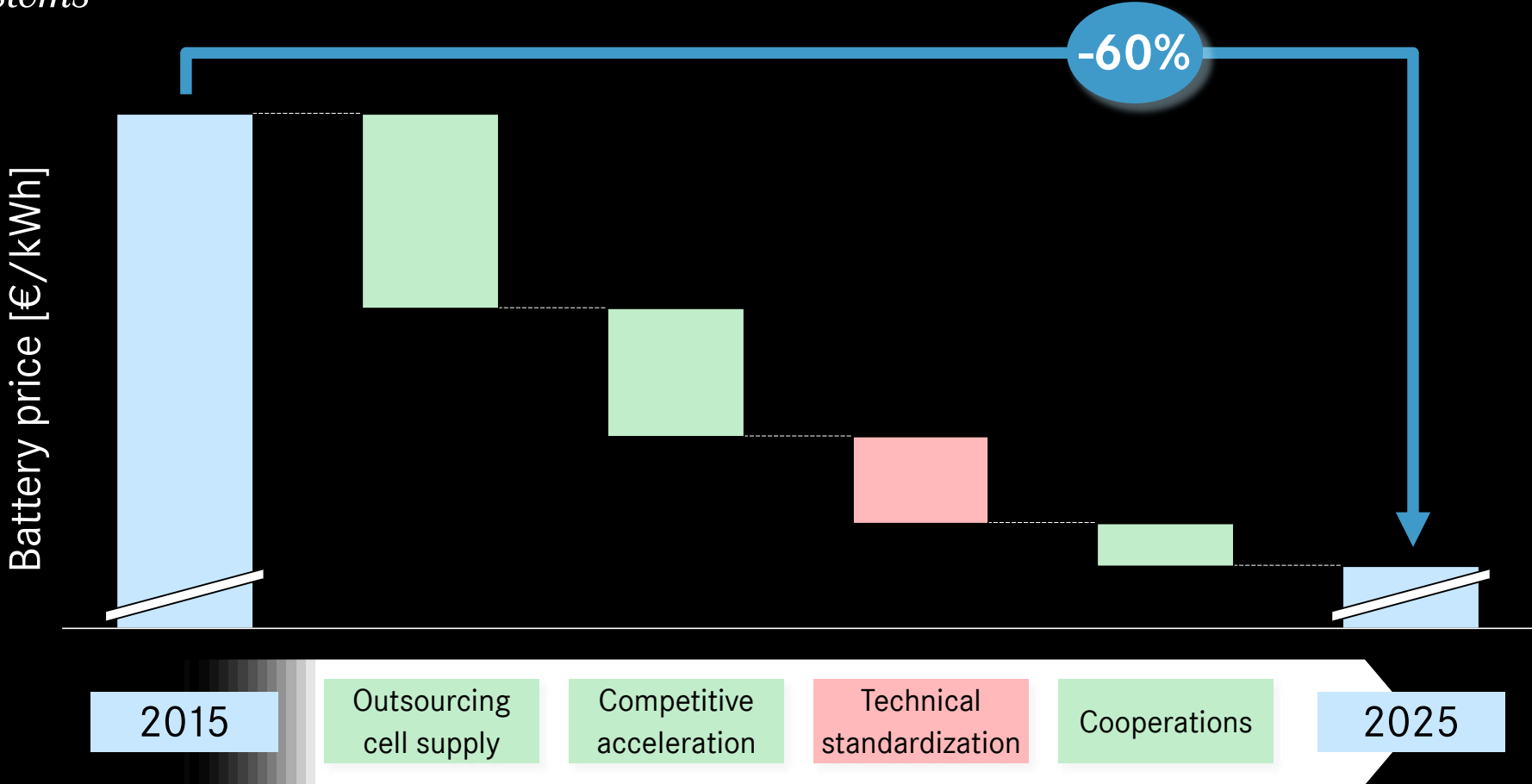
Reference calculation (REC)

- Cost-based assessment of part prices
- Coverage of complete value chain
- Benchmarking
- Transparency by price breakdowns
- Base for Change Management

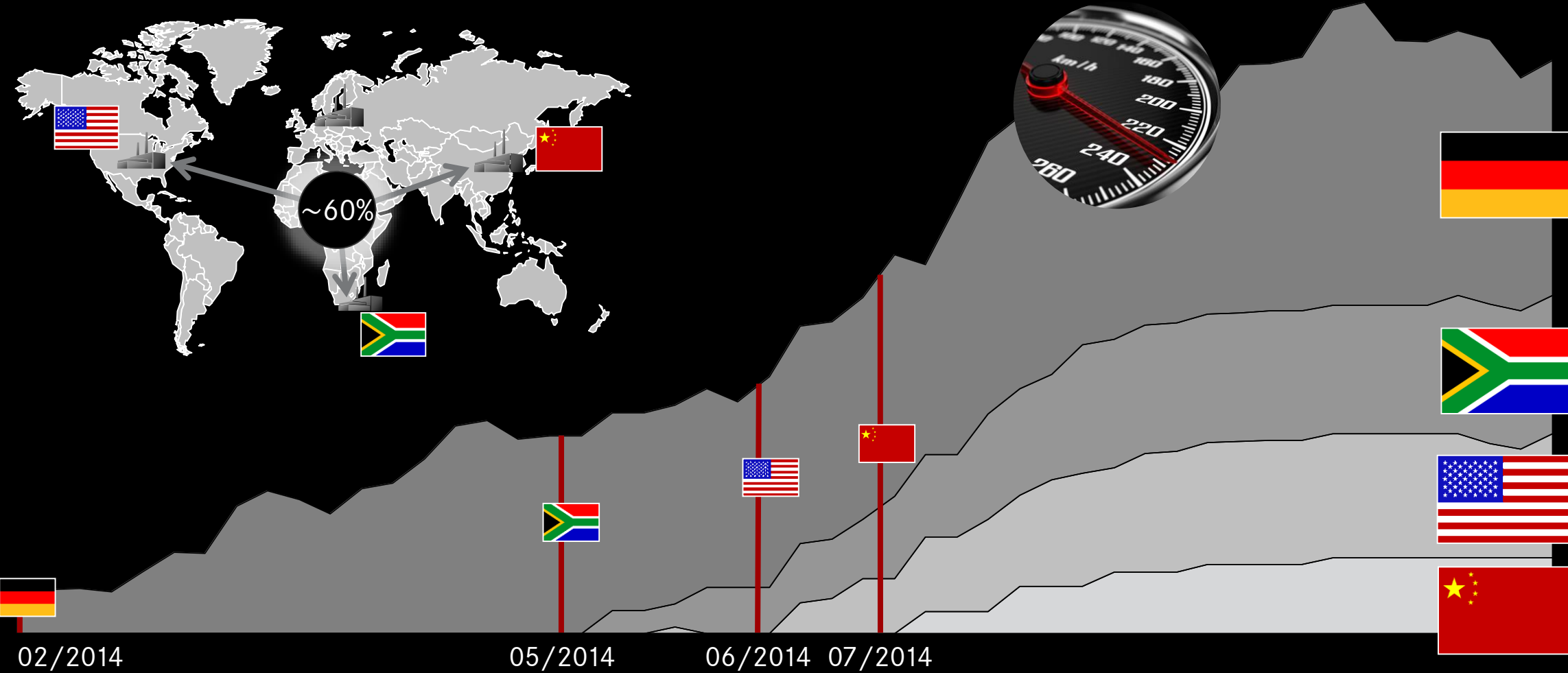


Combined technical and commercial material cost levers drive competitiveness of alternative powertrain solutions

Deep dive: Battery systems



C-Class: Steepest ramp-up by Mercedes-Benz in global supplier network with four localized supply chains



F4L Next Stage – global MBC supplier quality boost

► Organizational leverage

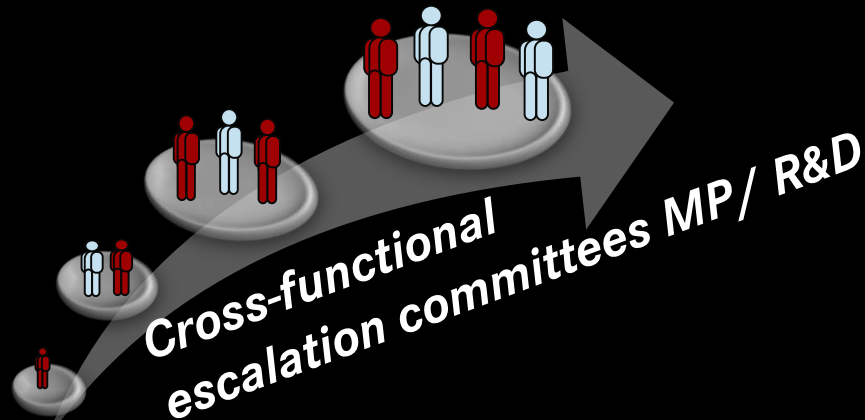


► Onsite supplier shopfloor management

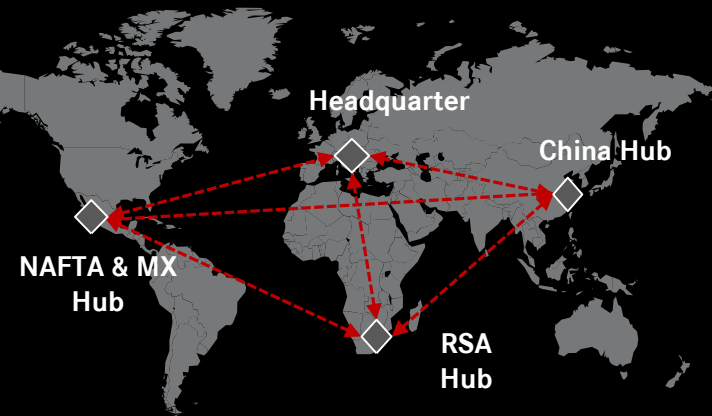


- Auditing VDA standards
- Product & process approval
- Testing of Run@Rate
- Final parts buy-off

► Top management involvement for priority issues



► Local hubs



Our *Disclaimer*



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 worsening of the sovereign-debt crisis in the euro zone; an increase in political tension in Eastern Europe; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, epidemics, 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 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 official 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 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.