

# DAIMLER

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## Daimler China Business Overview

Deutsche Bank Investor Field Trip

November 21, 2011

Beijing, China



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



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## Content

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

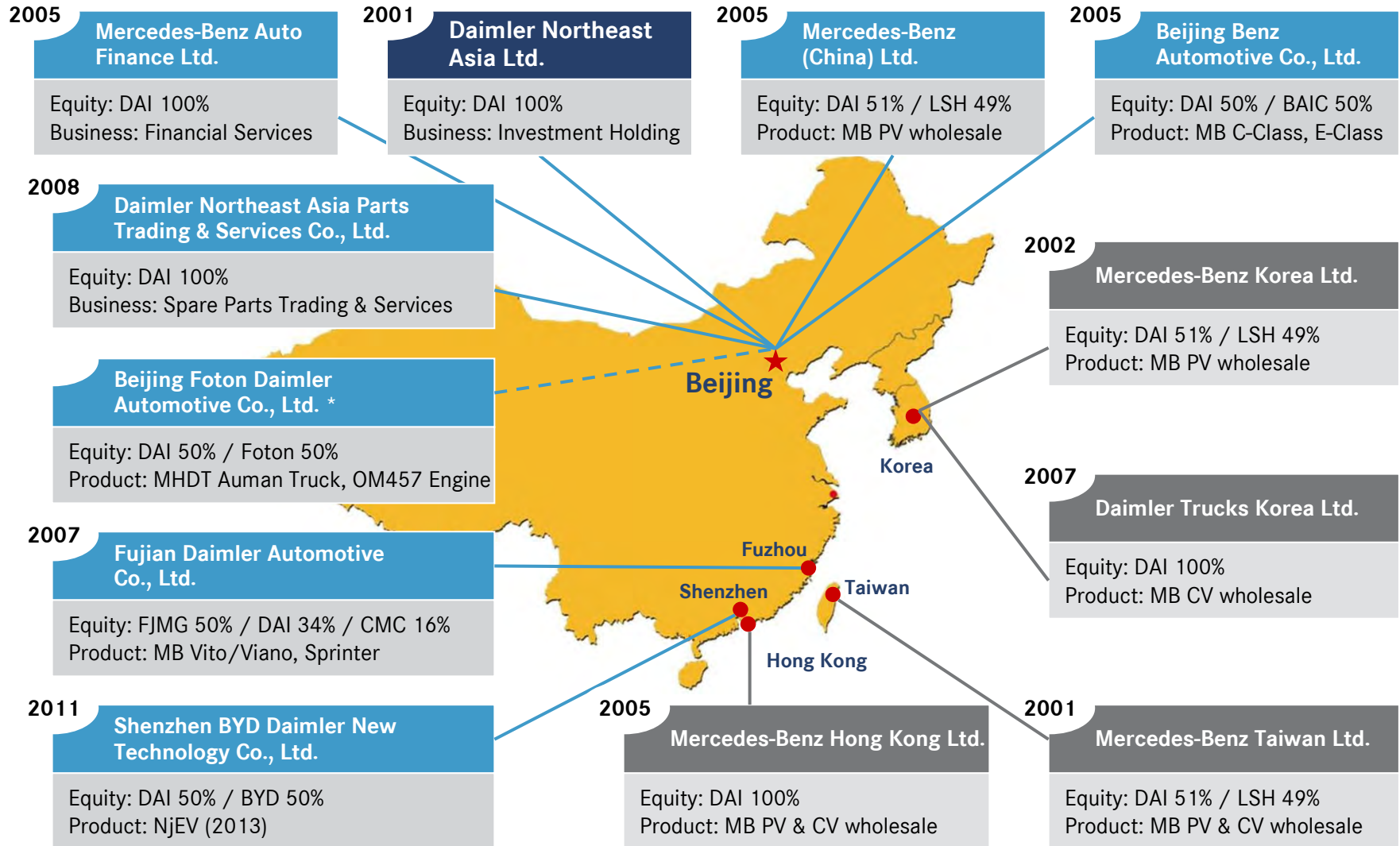
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### 2 China Market Overview – A Huge Market With Great Potential

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### 3 Daimler Future Strategy and Plans in China

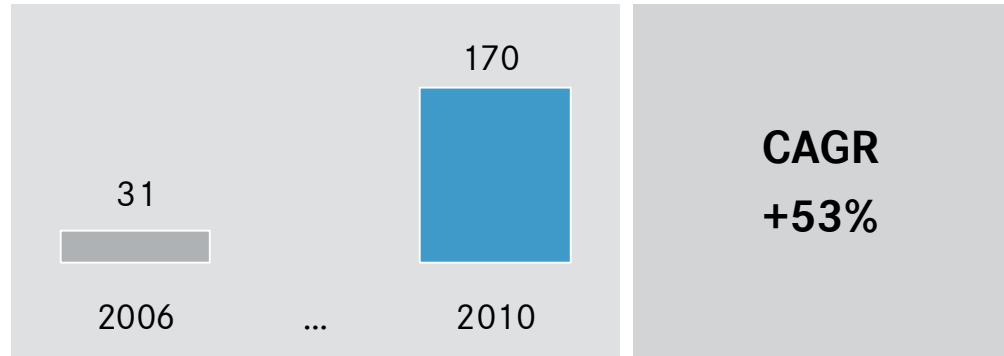
# Daimler is the ONLY company in China that covers all automotive segments



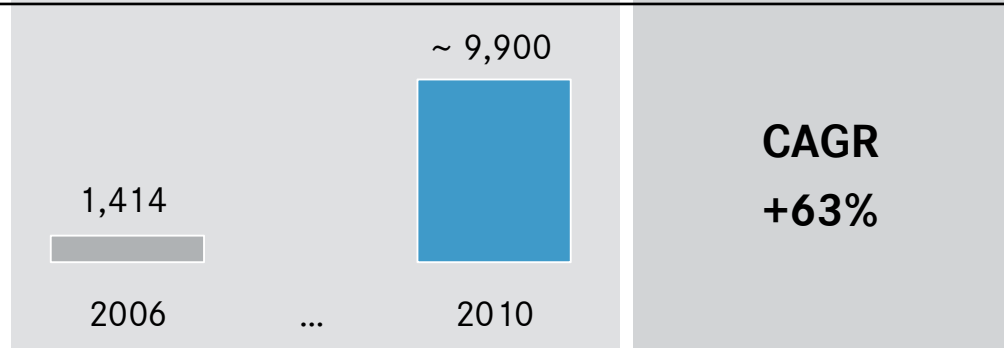
# Significant growth of Daimler business in China



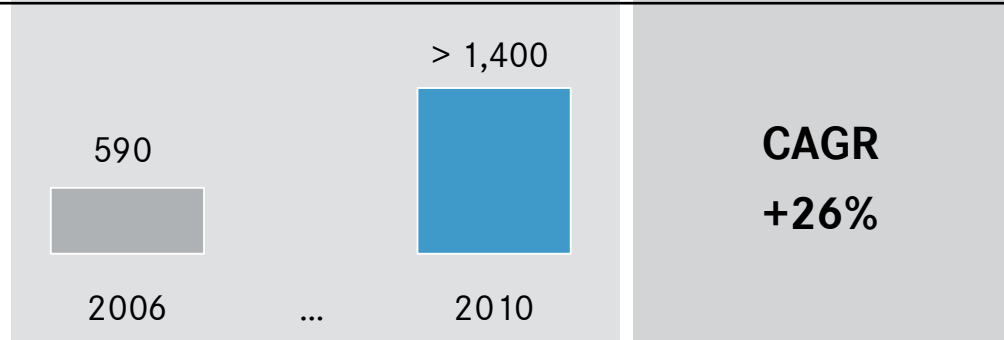
■ Wholesale Volume  
PV / Trucks / Van  
[in thousand units]




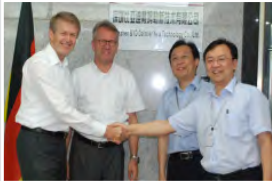







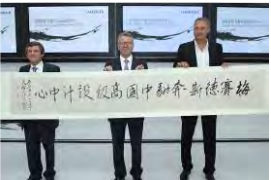







■ Wholesale Net Revenue  
PV / Trucks / Van  
[in million EUR]



■ Headcount China



# Overview of Daimler's recent milestones in China

 <p>January 2011 Open MB Arena</p>	 <p>February 2011 BDNT Business License</p>	 <p>April 2011 Yangzhou Warehouse</p>	 <p>April 2011 Auto Shanghai 2011</p>	 <p>April 2011 Launch Mopf NCV2</p>	 <p>May 2011 FJDA R&amp;D Center</p>
 <p>June 2011 €2 billion investment</p>	 <p>July 2011 BBAC Engine Plant</p>	 <p>July 2011 New C-Class Launch</p>	 <p>July 2011 MB Design Studio</p>	 <p>August 2011 Sprinter SoP at FJDA</p>	 <p>September 2011 China Auto Academy</p>
 <p>September 2011 VDA 6.2 Certificate</p>	 <p>September 2011 Supervisory Board Visit</p>	 <p>September 2011 MofCom Approval</p>	 <p>October 2011 New CLS Launch</p>	 <p>November 2011 Mr. Jia Qinglin HQ Visit</p>	<p>...</p>

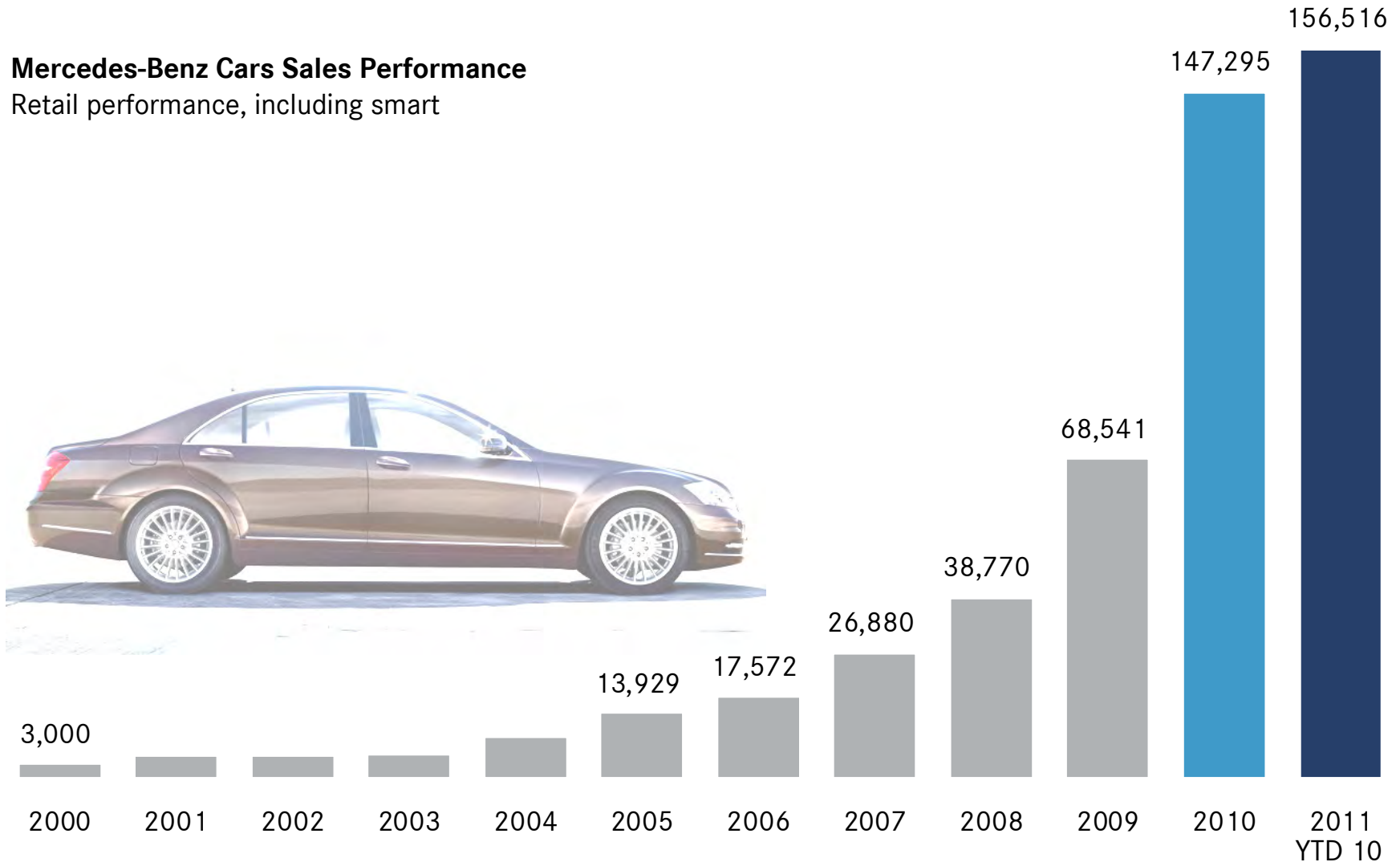


# Mercedes-Benz Cars

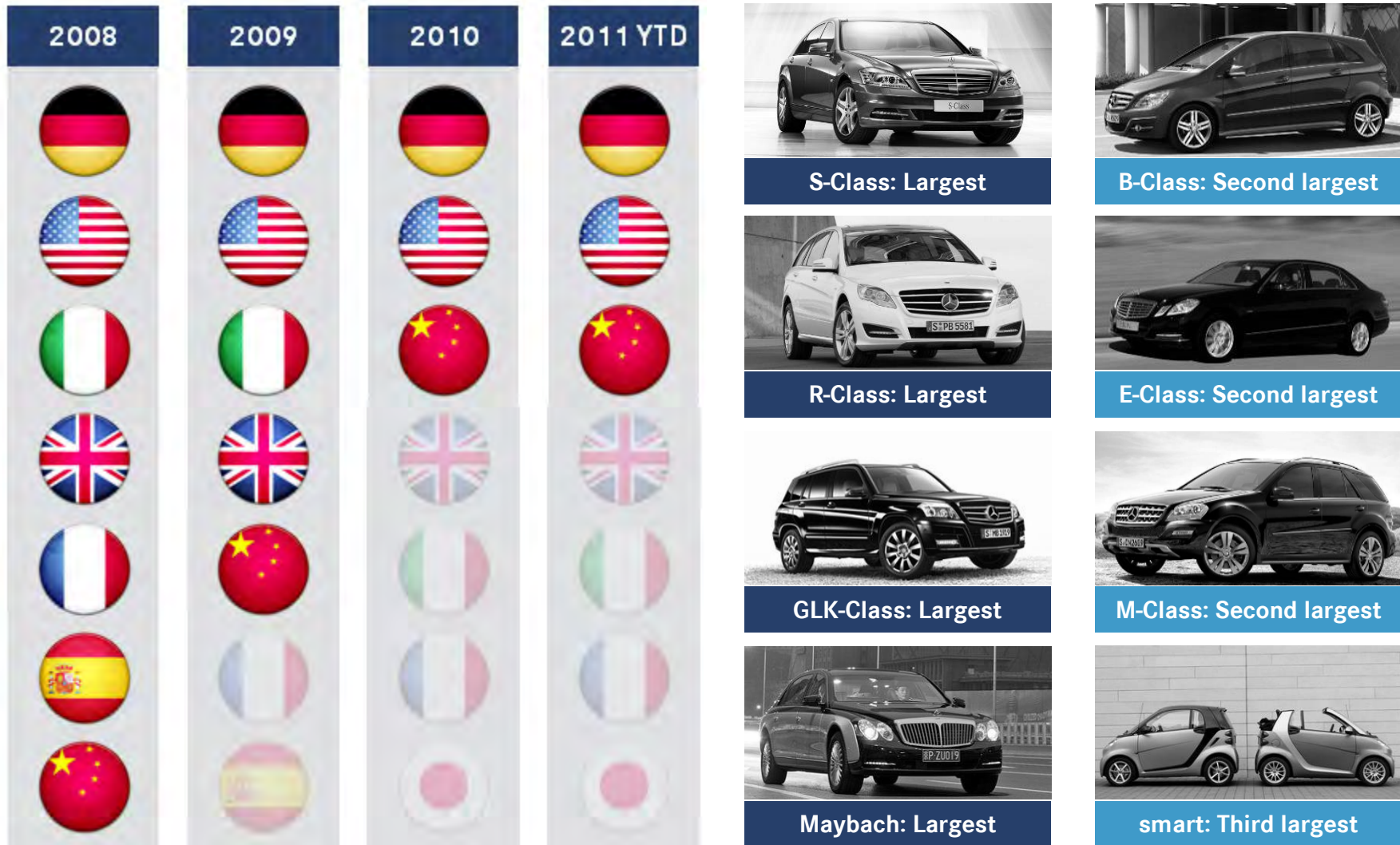


# Development of Mercedes-Benz Cars in China

**Mercedes-Benz Cars Sales Performance**  
Retail performance, including smart



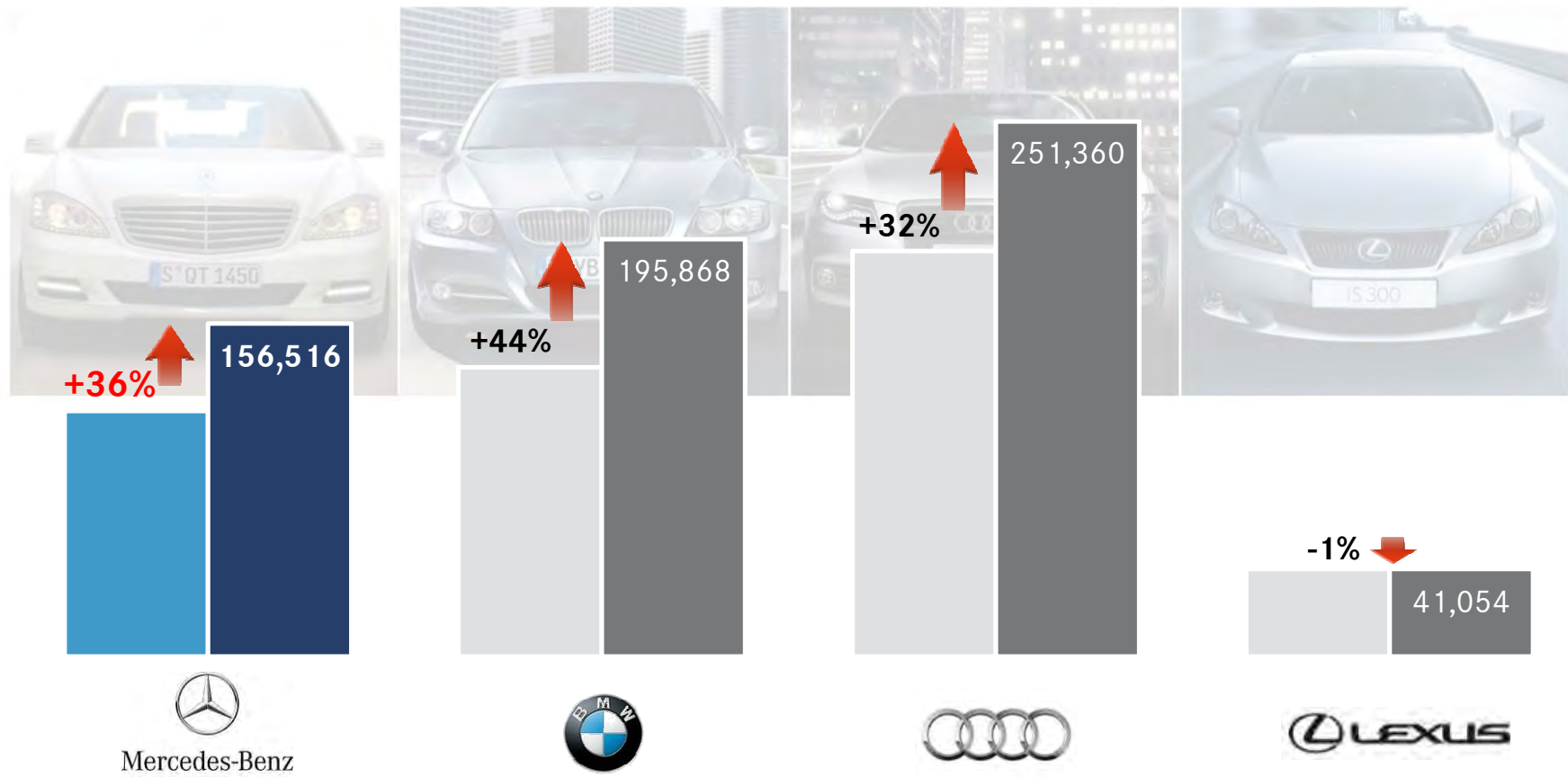
# China ranked No. 3 market for Mercedes-Benz Cars





# Mercedes-Benz maintain solid sales momentum in the first 10 months of 2011

## Competitor Analysis YTD10 2011 Retail performance & Growth rate

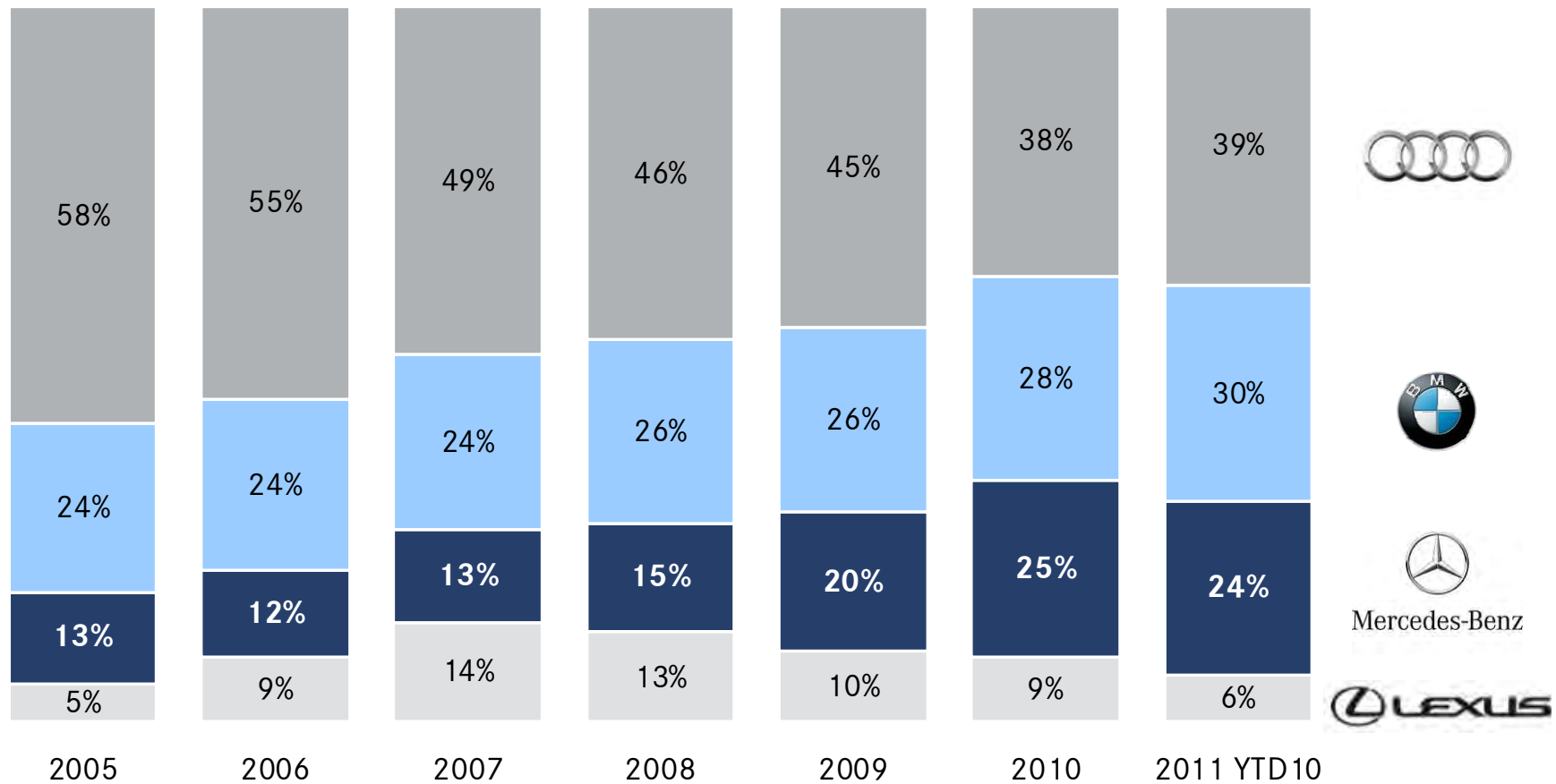


Note: MB with smart, BMW with Mini. BMW/Audi figures from press release due to data availability

# Mercedes-Benz has significantly increased market share during the last years

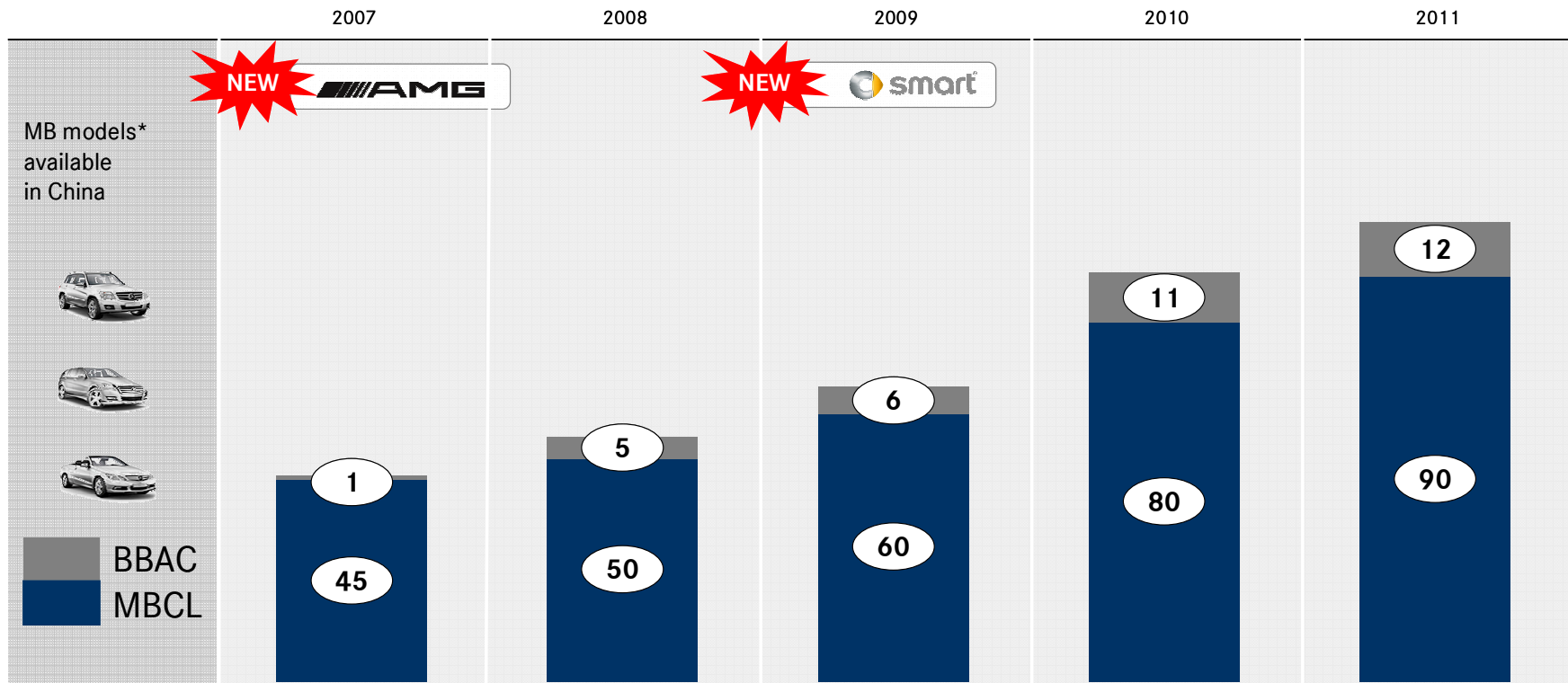
## Competitor Analysis

Relative Market Share (2005 – 2011 YTD10)



Note: MB with smart, BMW with Mini. BMW/Audi figures from press release due to data availability

# Product portfolio has been expanded massively with a rich model mix available for Chinese consumer



\* MBCL+BBAC (MB PC + smart + Maybach), incl. Special Editions, Trim Lines

Source: MBCL Product Management

# Product highlights 2011



Mercedes-Benz C-Class Facelift



Mercedes-Benz E-Class Elegant



Mercedes-Benz CLS-Class



Mercedes-Benz SLK-Class

Globally, Mercedes-Benz has firmly staked out its territory atop the premium automobile category in the latest brand ranking for three consecutive years



Now, 125 years later after the first car was made, Daimler AG is one of the most successful automakers, and Mercedes has reclaimed the status of the **world's most valuable automotive brand** in the Best Global Brands Ranking 2011.

– Interbrand



# Continue to strengthen brand leadership with new product launches and exclusive brand platforms



## E-Class

The confident, competent statement of success  
(Sept 16, Chengdu)



## SLK-Class

The intelligent perfection of beauty and power  
(Sept 16, Chengdu)



## CLS-Class

Sense and Sensuality  
(Oct 11, SH)

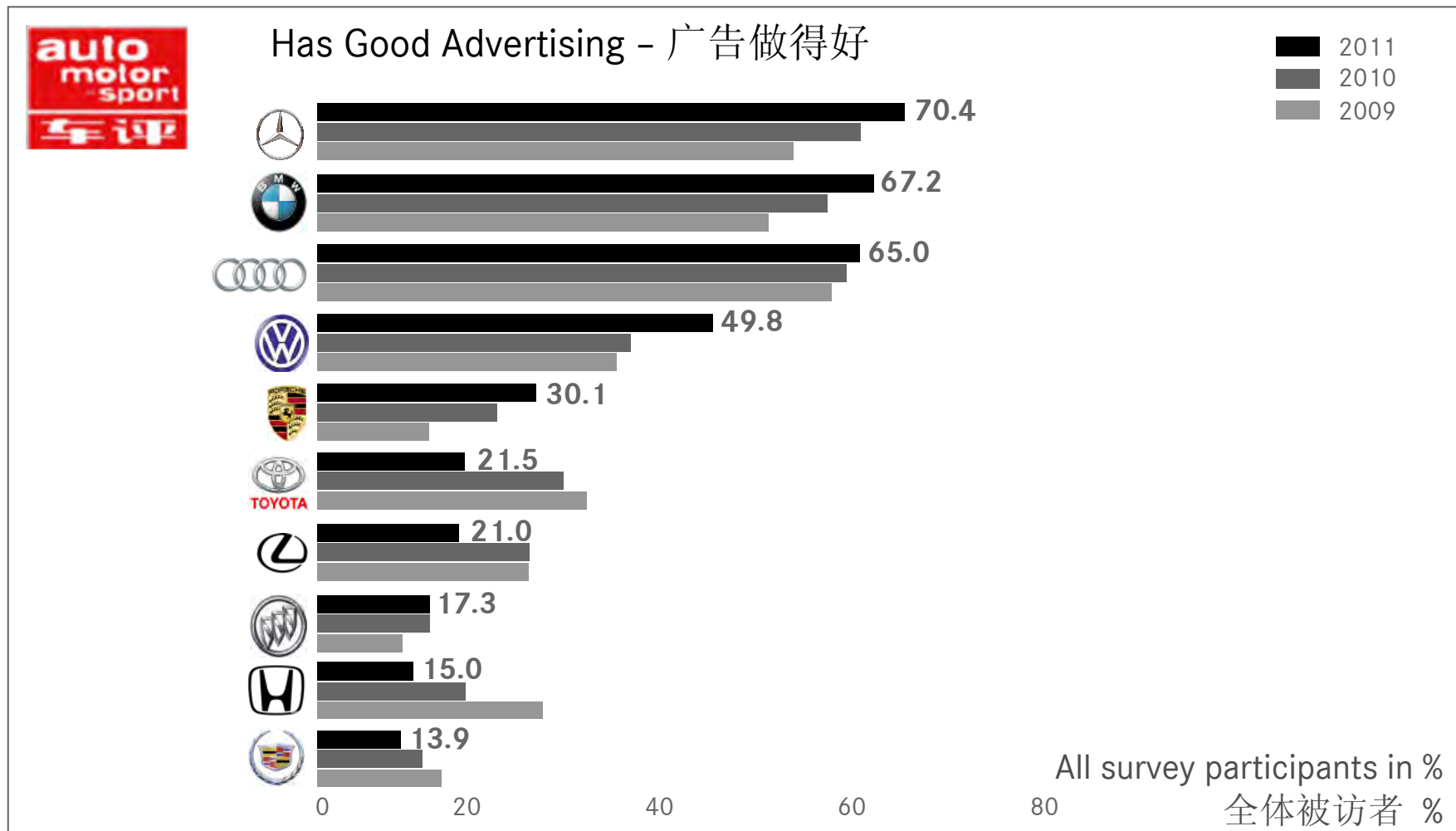


## C-Class

A Class Ahead  
(Oct-Nov. 20)

					
CHENGDU MOTOR SHOW 2011	CHINA OPEN 中国网球公开赛	SHANGHAI ATP MASTERS Presented by ROLEX © Jabs Event	Mercedes-Benz CHINA FASHION WEEK 梅赛德斯-奔驰中国国际时装周	AUTO GUANGZHOU 广州汽车展	
Auto Chengdu (Sept 16-25)	China Open ( Sep25-Oct 9, BJ)	ATP SH Master (Oct 9-16, SH)	MB China Fashion Week (Oct 25-Nov 2, BJ)	Auto Guangzhou (Nov. 21- 28)	Winter Test Drive (Dec 15-26, Hailar)

# In China, Readers of “auto motor sport” ranked Mercedes-Benz No.1 in Advertisement



# Example: E-Class Campaign

**Phase 1**  
**Wake-Up Campaign**  
 (Sep. 16 – Oct. 7)



**Strategy/Objective:**

- Wake-up and rebuild awareness from potential customers
- Celebrity endorsement to strengthen premium brand/product image

**Phase 2**  
**Confidence Campaign**  
 (Oct. 8 – Nov. 30)



**Strategy/Objective:**

- Reinforce customers & dealers' confidence
- In-depth introduction of product benefits
- Build up emotional bond with brand

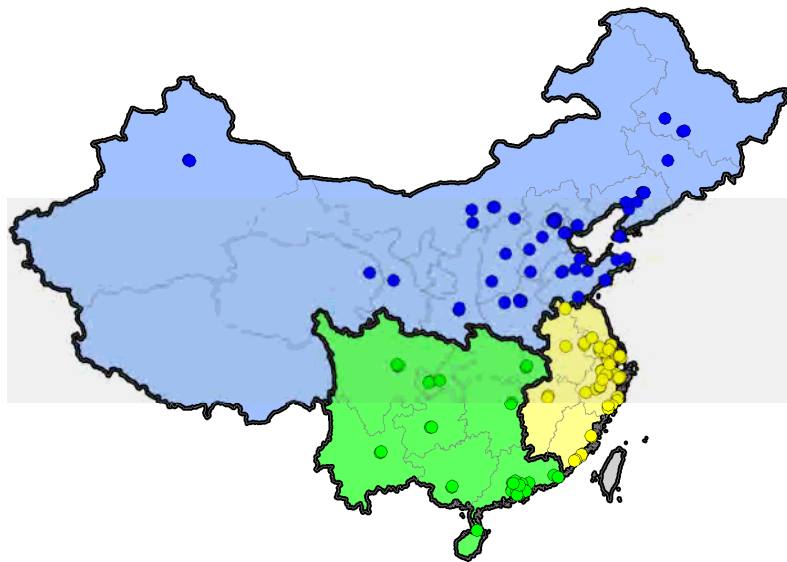
**Phase 3**  
**Worry Free Campaign**  
 (Dec.1 - 31)



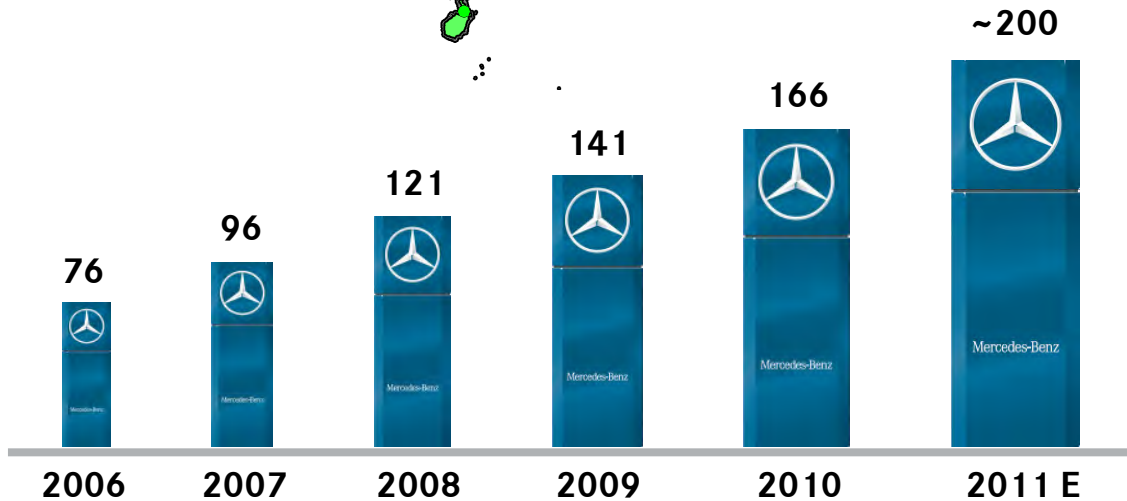
**Strategy/Objective:**

- Worry-free centered campaign
- Further reinforce free financing program as sales support

# The Mercedes-Benz passenger car retail network in China comprises of 185 outlets covering 87 cities

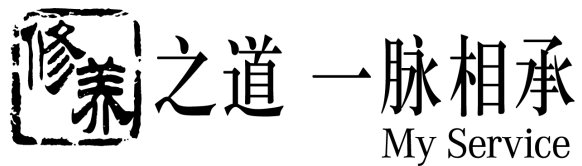


YTD10	Number of outlets
North	66
East	72
South	47
<b>Total</b>	<b>185</b>





# Implementing After-Sales brand promise in China



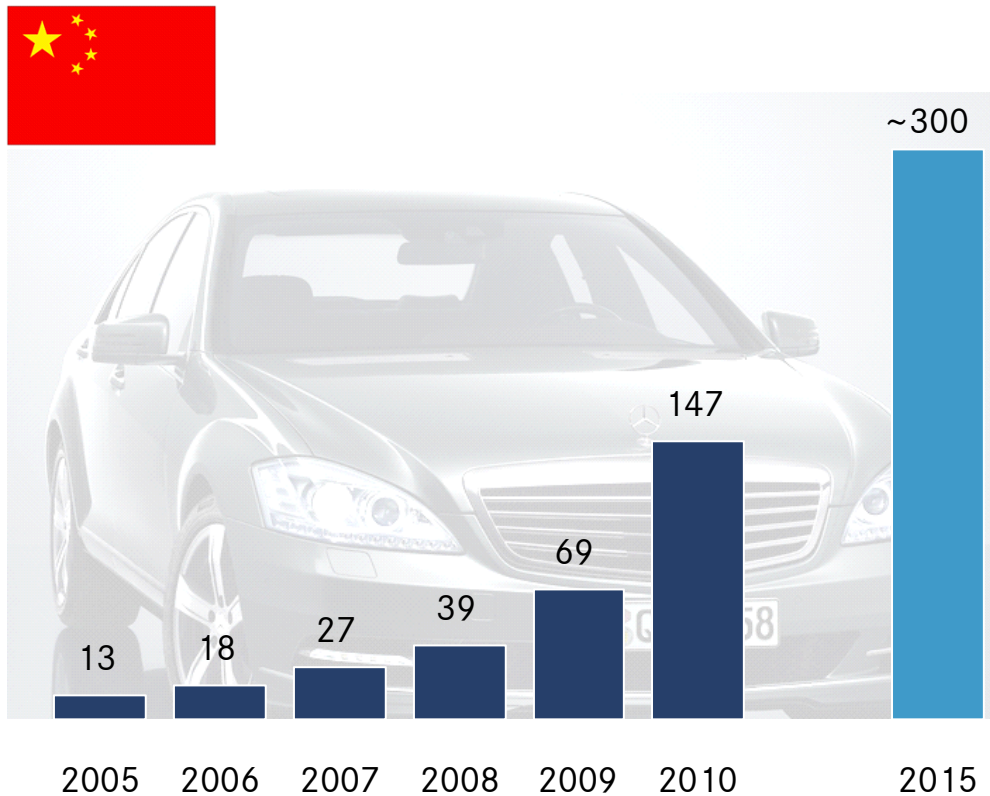
- The Brand Promise is a combination of global branding (“My Service”) and local wisdom (“Tao of maintenance and care has a heritage.”)
- The Brand Promise stresses three core After-Sales values – Heritage, Competence and Appreciation
- The Brand Promise was launched in China in October.





# We are moving forward to reach our ambitious target

**Development of Mercedes-Benz Cars Sales in China**  
Retail in thousand units, including smart



## Key Success Factors

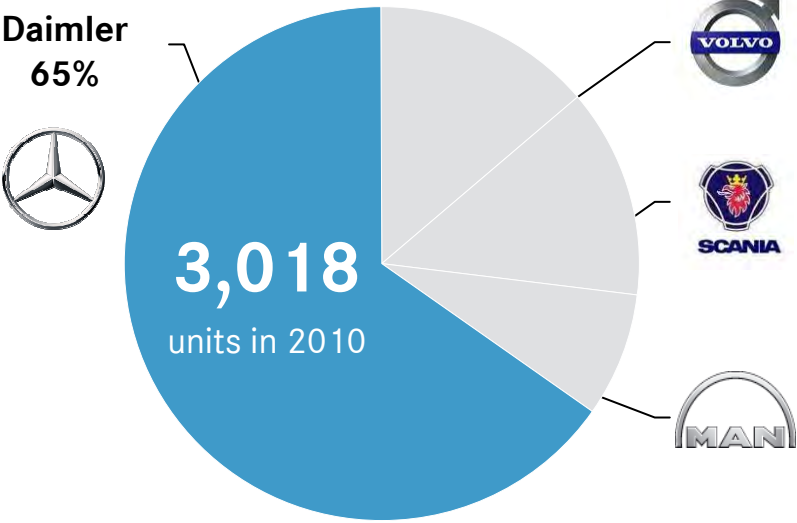
- 1 Leading premium automotive brand positioning
- 2 Localization of products
- 3 Dealer Network Expansion
- 4 Highest customer satisfaction
- 5 Leading Corporate Social Responsibility programs
- 6 Local talent development

# Daimler Trucks

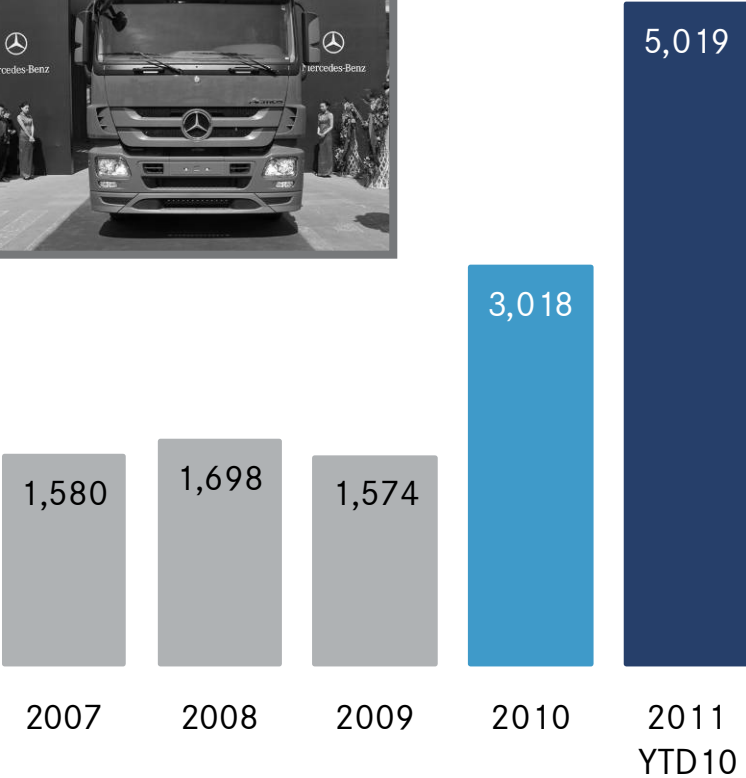


# Strong sales increase of Mercedes-Benz Truck in China – No.1 European Importer

**Mercedes-Benz Truck Market Share**  
Market share in percentage



**Mercedes-Benz Truck Sales**  
Sales volume in unit



Source: Registration Data

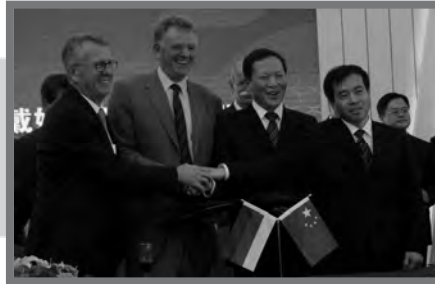
Source: Registration Data



# Further strengthening Daimler position as an important player in the China market



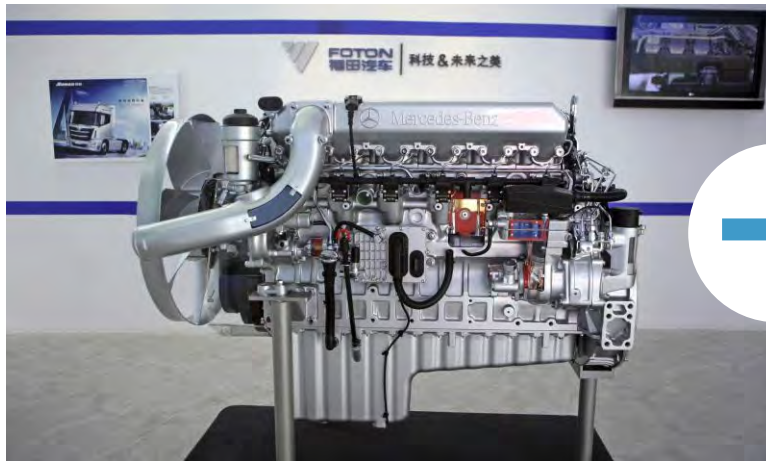
JV Contract Signed



Final Approval from MOFCOM



Obtain JV Business Licence



Engine OM 457 LA from Mercedes-Benz



Auman Truck from Foton



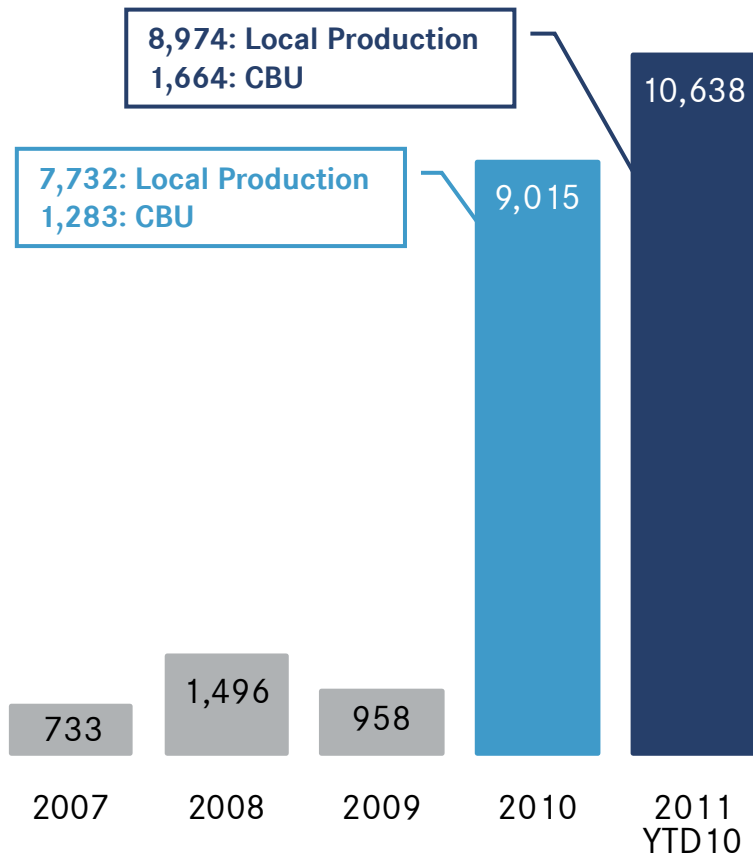
# Mercedes-Benz Vans



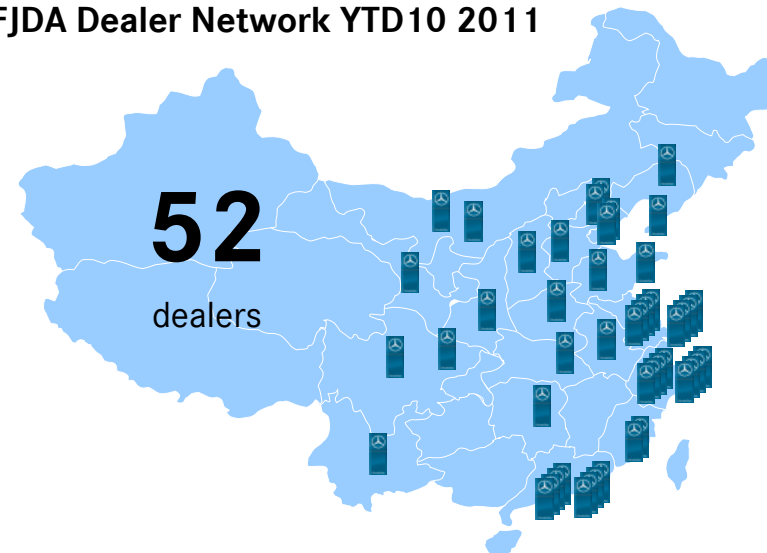


# Successful launch of local produced Vito/Viano and soon will start Sprinter

Local production bring the significantly sales increase



FJDA Dealer Network YTD10 2011



Source: retail volume

# Mercedes-Benz Auto Finance



# Daimler Financial Services supports the expansion of the Daimler Group in China

**MBAFC Portfolio**  
– in million EUR –

**Penetration Rate MB PC**  
– in % –

**MBAFC Market Coverage**  
– number of retail cities –





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1 Daimler Achievement in China

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

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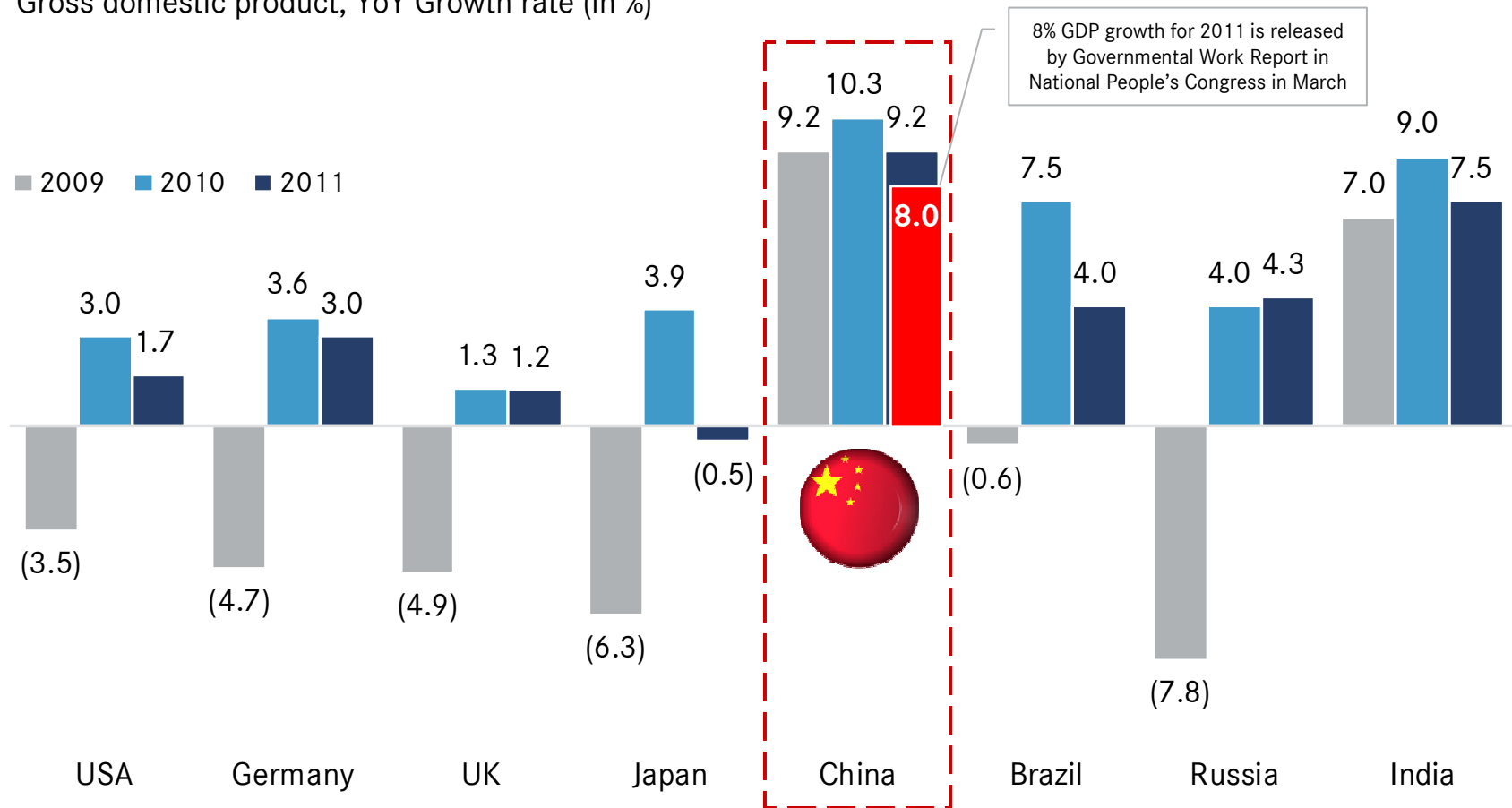
3 Daimler Future Strategy and Plans in China



# China continues to lead the growth among major world economies in 2011

## Worldwide Economic Growth

Gross domestic product, YoY Growth rate (in %)

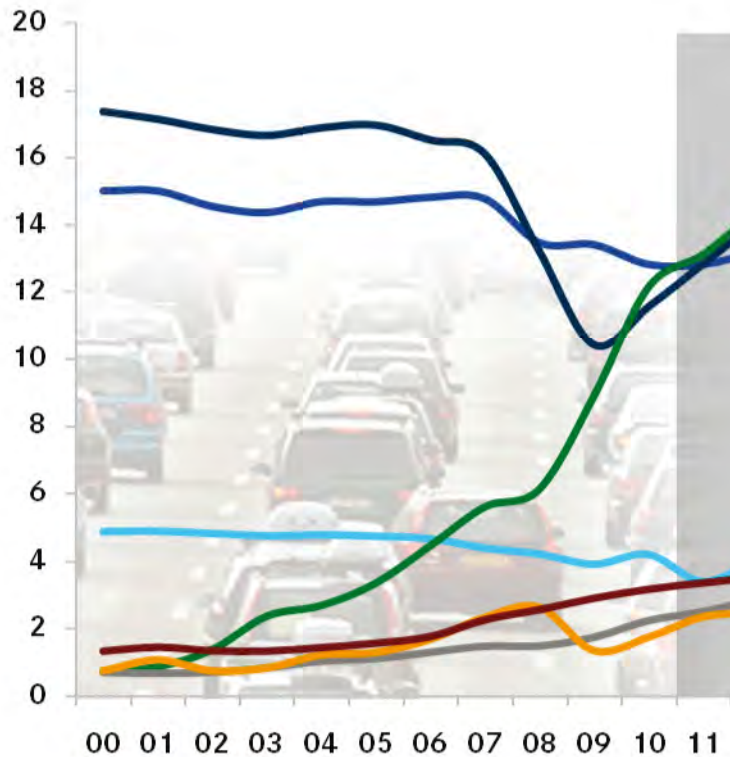


Source: 2011 is based on forecast by S/EM as of September 2011

China is the largest vehicle market worldwide; almost every second truck worldwide sold in China

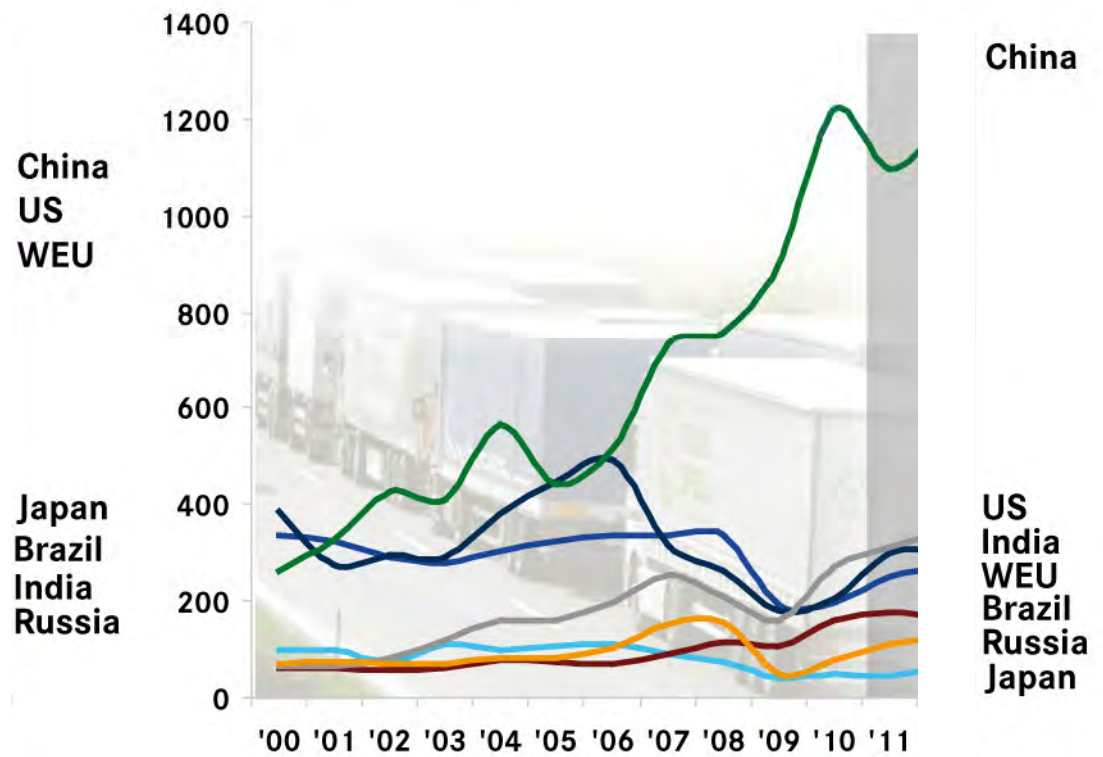
PV sales

In million units



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, Jiefang J6 truck came off the production line as the **10 millionth vehicle** in 2009

— production volume (in 000 units) —



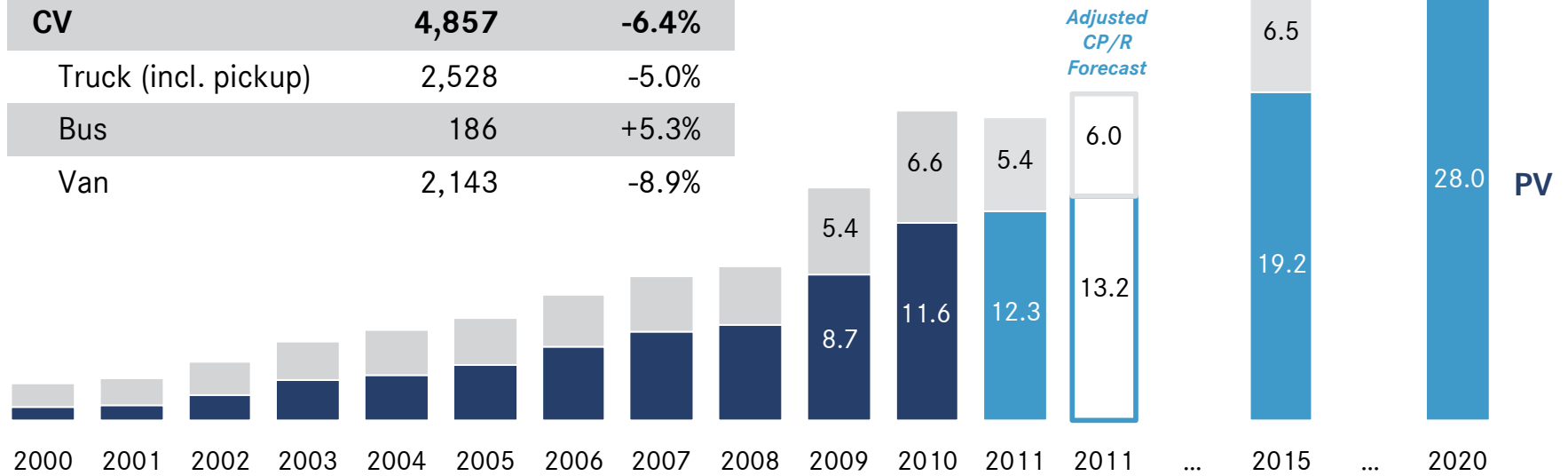
# Chinese automotive market will continue to maintain a high growth in the future

## China Automotive Market Forecast

Unit sales (in million units)



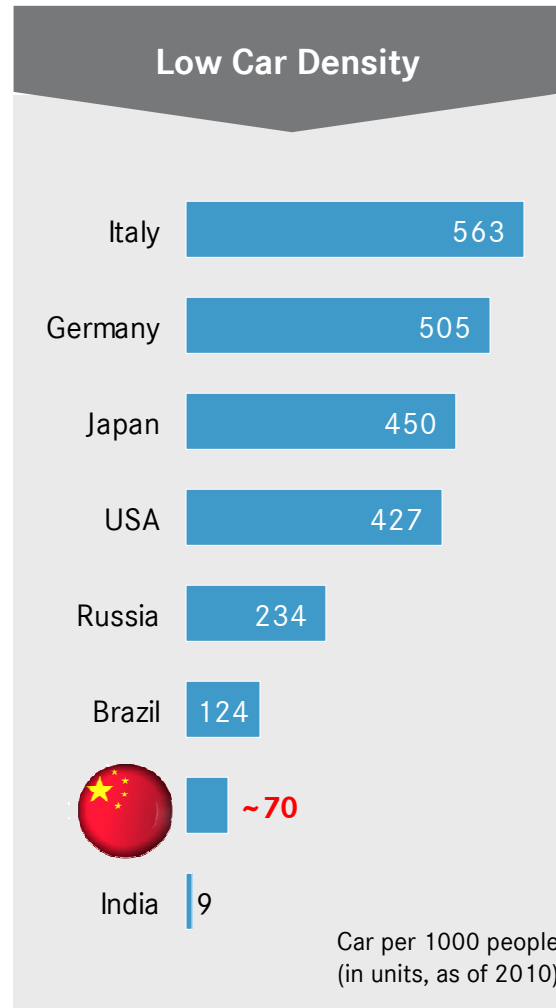
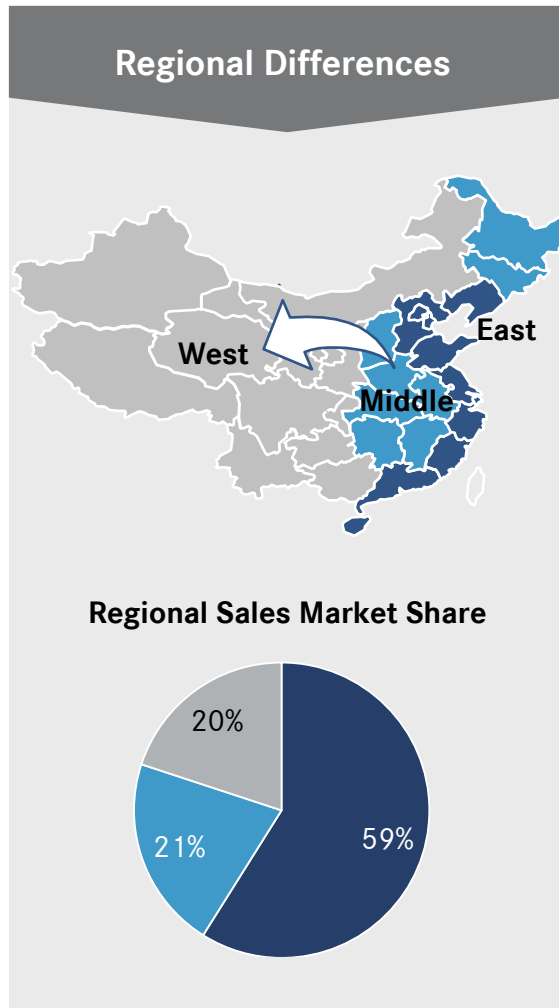
	YTDQ3 2011 in '000 units	YoY Growth
<b>Total Market</b>	<b>14,172</b>	<b>+3.9%</b>
<b>PV</b>	<b>9,315</b>	<b>+10.2%</b>
<b>CV</b>	<b>4,857</b>	<b>-6.4%</b>
Truck (incl. pickup)	2,528	-5.0%
Bus	186	+5.3%
Van	2,143	-8.9%



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

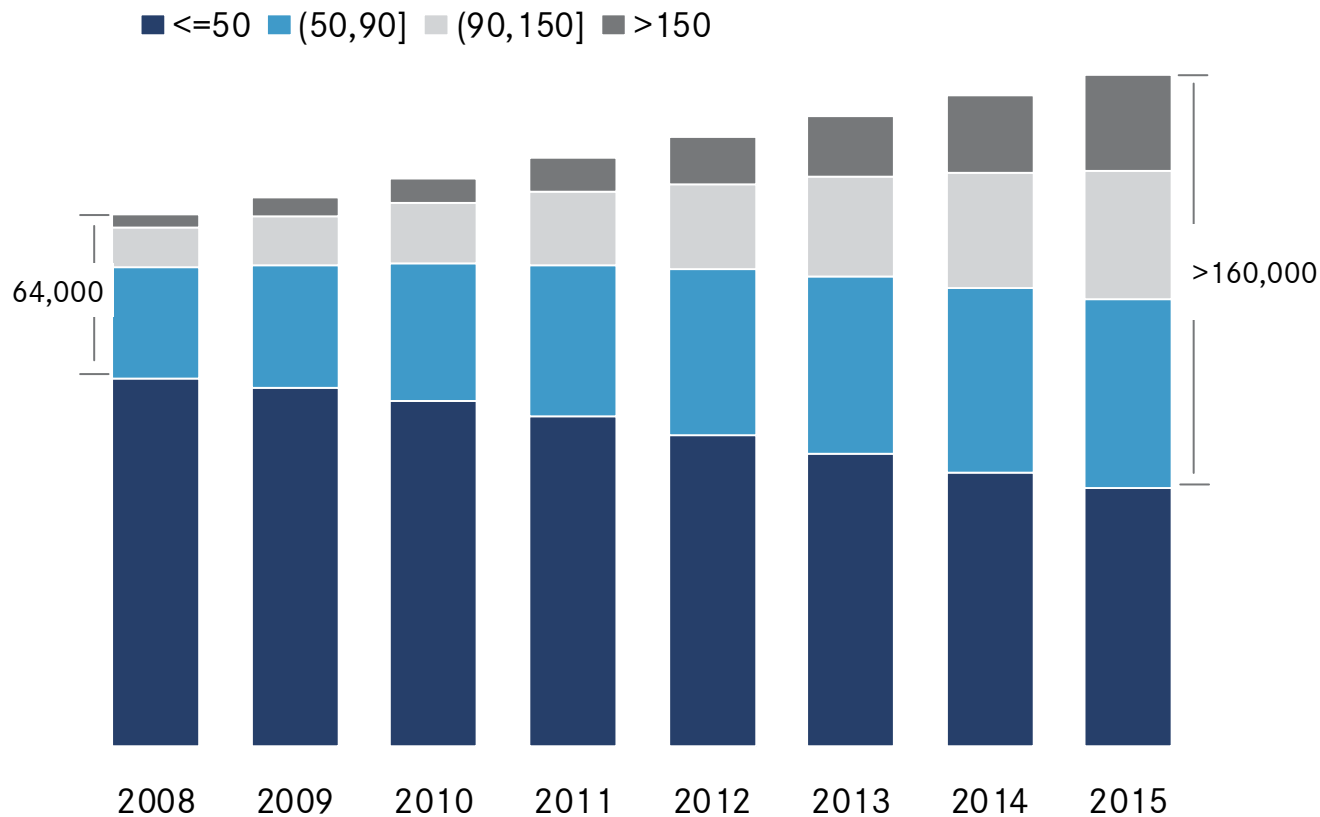


Source: China State Statistics Bureau

# Rising individual income also support future growth

## Urban Households by Annual Income

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



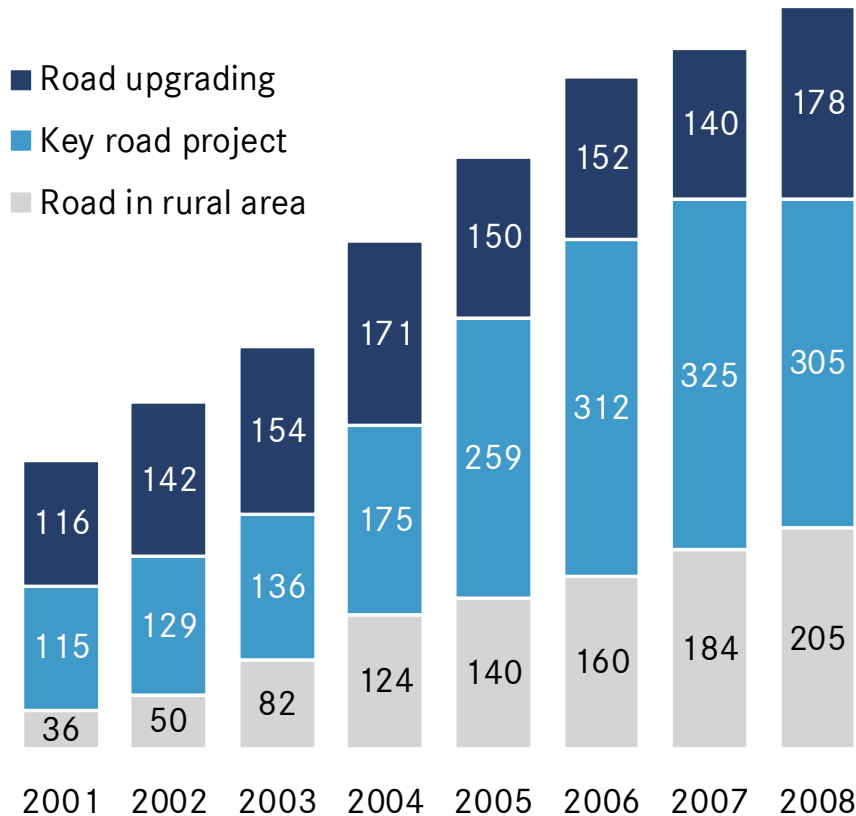
More than **960,000** people with >10 million RMB in Mainland China in 2010



Source: SIC Forecast

# Since the first 5-year-plan, China has stressed great efforts for expanding the public infrastructure

**Expanding of public infrastructure**  
In billion RMB



Source: Ministry of Transportation - The Master Plan for National Expressway Network (2008); China Statistical Yearbook 2001-2008

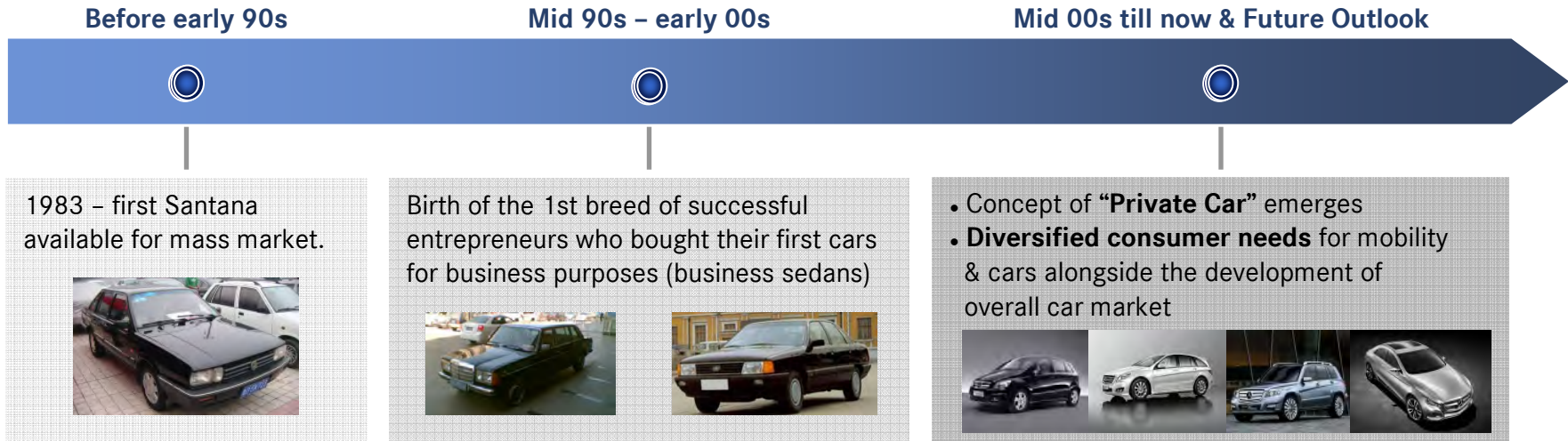
**2.2 trillion**  
RMB investment in 120 infrastructure projects in the 2000-2009 period

**1.5 trillion**  
RMB on public infrastructure (11th Five-Year-Plan)

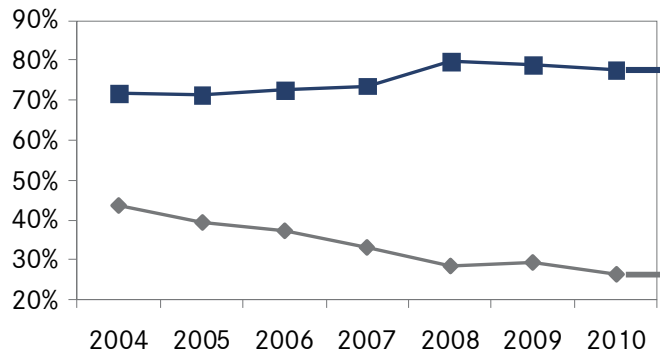
**83,000 km**  
expansion of the highway till 2015

**120,000 km**  
Railway network expansion from 91,000km to by the end of 2015

# Chinese consumers demand is becoming more diversified for cars



## Chinese luxury car consumers' attitude on cars



Source: MBCL Consumer Insight Report

Consumers perception of **treating cars more than just mean of transport**, is rising.

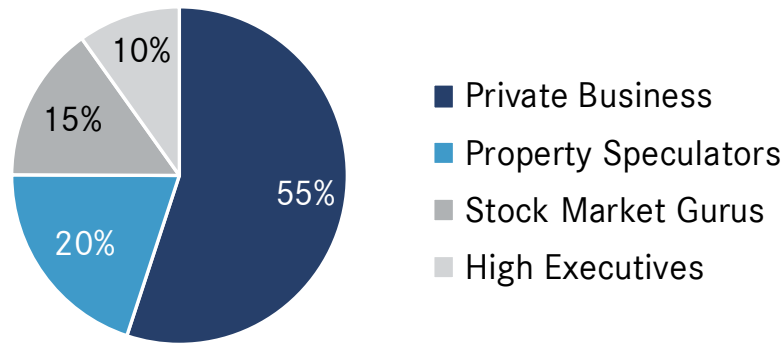
Importance of using car as a **symbol of reflecting social status and wealth** is reducing throughout the years.

*Lead to a more diversified consumer needs on mobility*



# New luxury car customers will continue grow as the number of affluent households increases steadily

## Source of Wealth



## Chinese Millionaire – A General Profile



...is 39 yrs old

...full 15 years younger than their Western counterparts

...30% are female

**No. 1**  
China is expected to become the largest market for luxury goods in the next years

**960,000**  
Individuals with personal wealth of 10 million Yuan, up 9.7% on 2010

**60,000**  
Number of 'super rich' in China with RMB 100 million or more, up 9.0% on last year

**20 – 25**  
years younger are the average luxury shoppers in China compared to Western

Source: The Group M Knowledge - Hurun Wealth Report 2011, Chinadaily.com



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**3 Daimler Future Strategy and Plans in China**

# Daimler China Future Strategy

## Sustainable and Profitable Growth



**€ 3 Billion Investment**

- Benchmark in products & dealer/customer satisfaction
- Leader in premium segment
- >30,000 units in 2015
- Leader in premium segment
- ~300,000 units in 2015
- Enhancing Daimler Truck position
- JV with Foton (BFDA)
- EV JV with BYD (BDNT)

**Auto Finance**

**Van**

**PV**

**Truck**

**New Business**

**Profitable and Sustainable Growth**

# Daimler China Future Strategy

## Key initiatives to support the strategy implementation



Headcount increased of 29% from June 2011 until 2012



Capacity Extension at BBAC



> 30 New dealers/year to Support Sales Growth



Engine Plant at BBAC for locally produced Cars and Vans



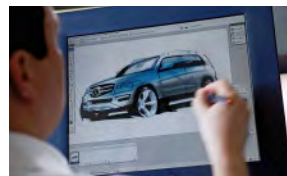
MBAFC increase number of retail cities to match sales



2x R&D Center at BBAC & FJDA  
1 Daimler NEA R&D Department



Spare Parts Sales grow 480% between 2010 and 2017



Advanced Design Center China



Double Warehouse space in the next three years



Launch New Electric Vehicle under own brand in 2013

**20% of revenue from China in five years**



# DAIMLER

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## Daimler China Business Overview

### Questions & Answers



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