

DAIMLER

Daimler China Updates @ Analysts' & Investors' Day China

September 7th, 2016

Beijing



Agenda



China Market Development

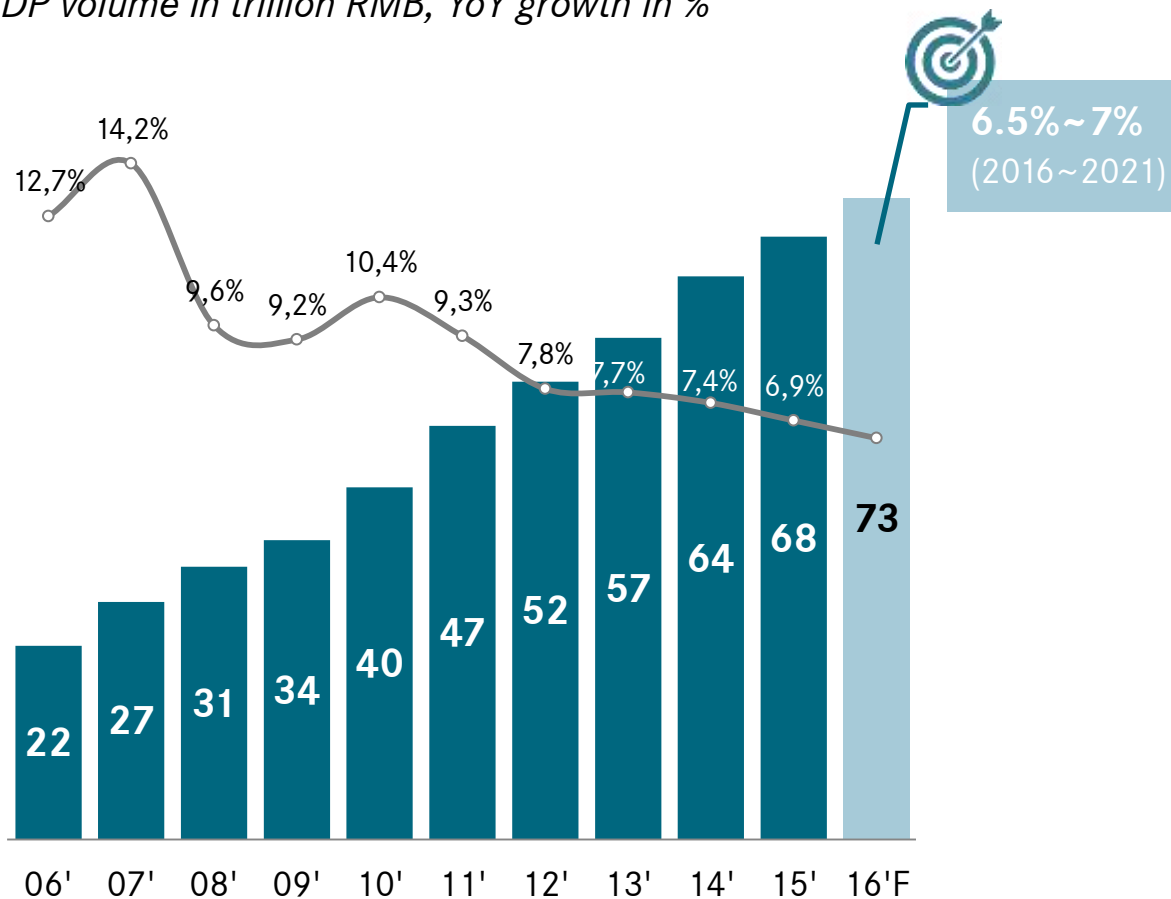
Daimler in China



Slower growth is expected, but China is still the 2nd biggest economy in the world

China Economic Growth – GDP

GDP volume in trillion RMB, YoY growth in %

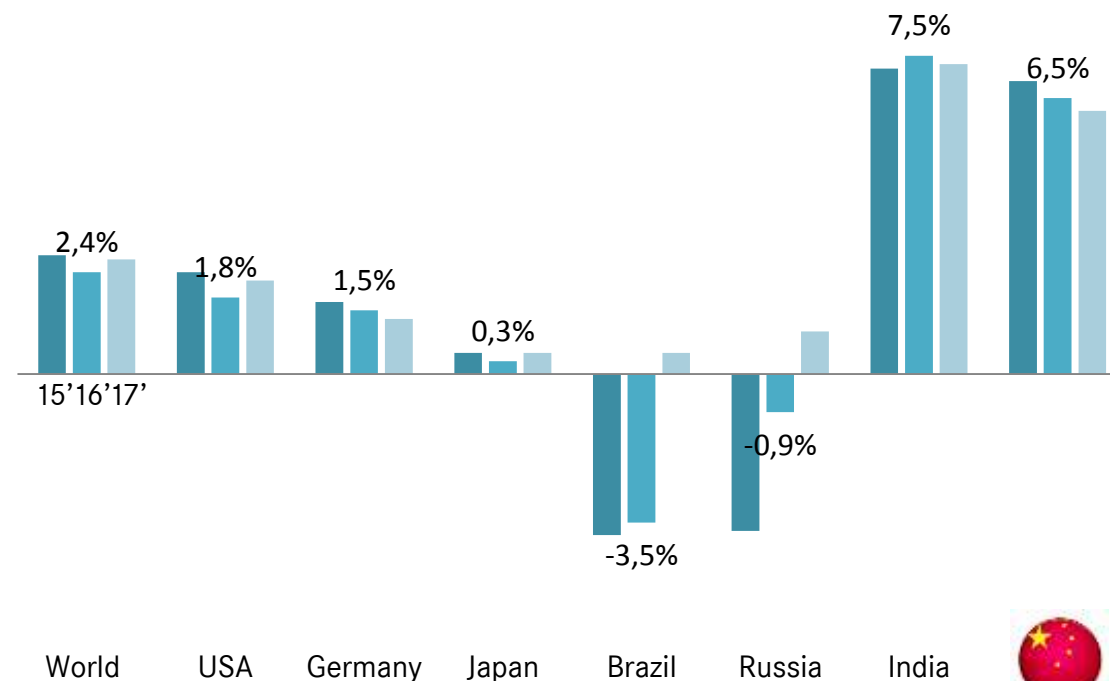


Source: GDP figure from 06'-15' from NBSC, GDP of 16'F is Chinese gov't target

World Economic Growth – GDP





YoY growth in %

■ 2015 ■ 2016F ■ 2017F



Sales of the China auto market reached over 25 million units in 2015. Growth continues in 2016

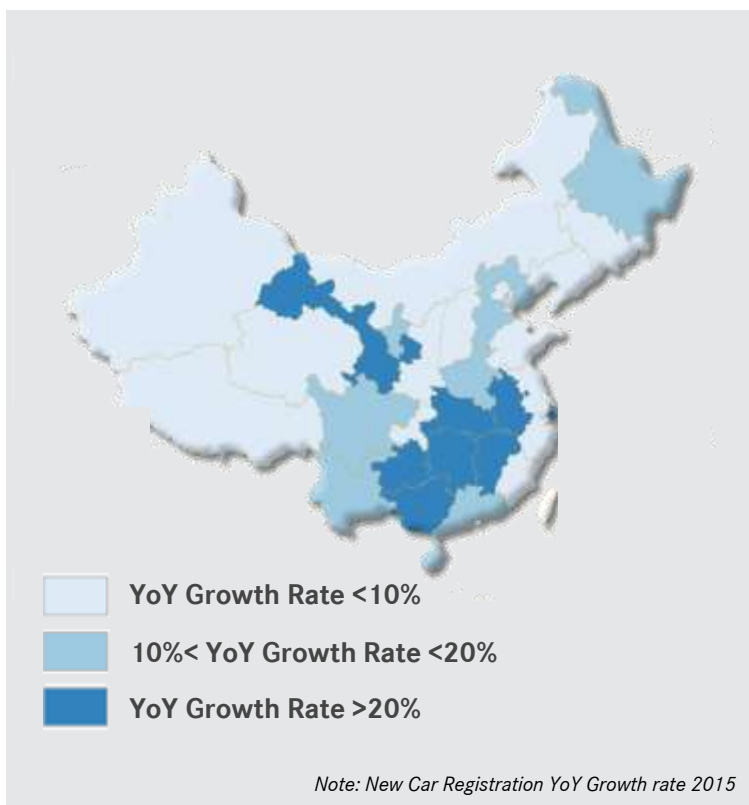
Volume in thousand units

		2014 Sales Volume	2015 Sales Volume	2015 YoY Growth	YTD July 2016 Sales Volume	YTD July 2016 YoY Growth
Total Market		23,819	25,004	5%	14,687	10.1%
PV		18,091	19,702	9%	11,490	14.1%
Truck		2,290	2,016	-12%	1,341	2.6%
<i>thereof</i> HDT		655	460	-30%	390	17.2%
Van		3,168	3,017	-5%	1,705	-6.0%
Bus		270	269	0%	151	0.7%

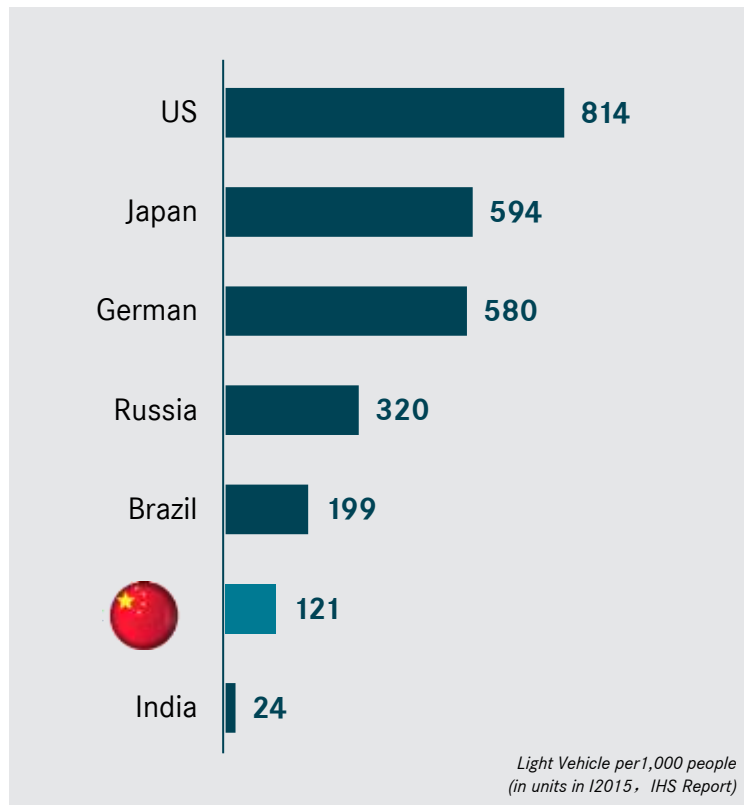
Note: Segment definition according to Daimler internal division. 2014 & 2015 figures are actual domestic wholesales, with import and w/o export. 2016 figure is preliminary, which is domestic wholesale plus export and w/o import. Source: China Automotive Industry Newsletter (CAAM), MoC and Customs of PRC

The fundamentals remain unchanged

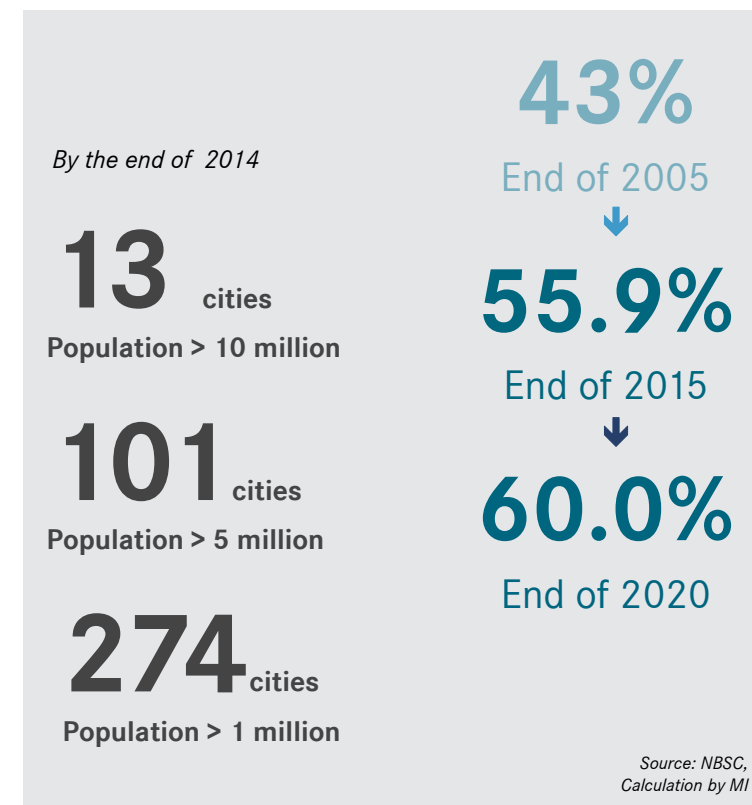
Regional Potentials



Low Car Density



Urbanization



Agenda



Daimler in China



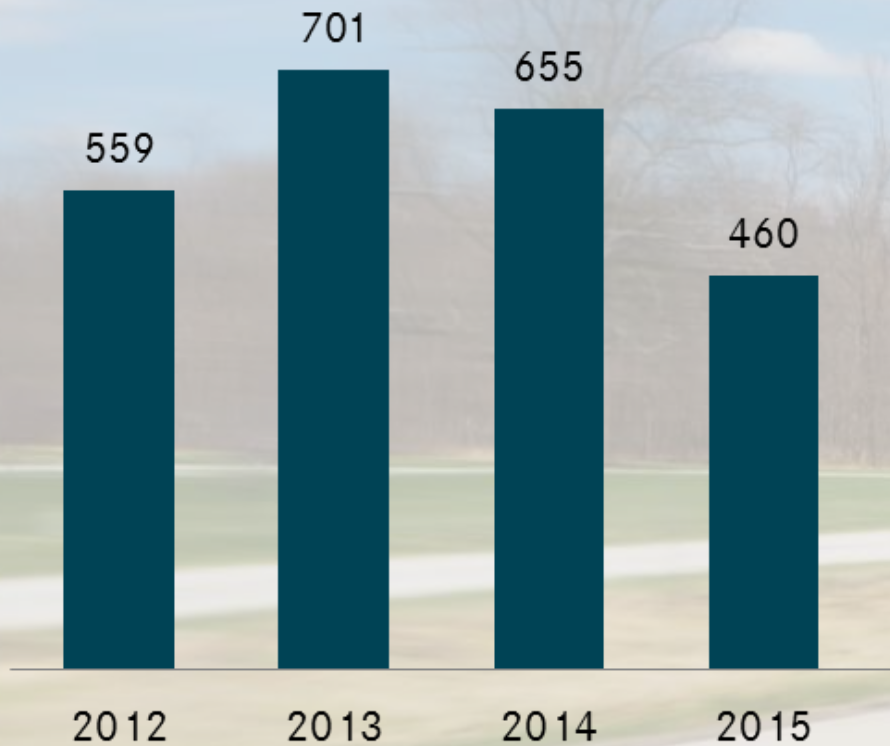
Auman



The China HDT market saw significant decrease in recent years

China HDT Domestic Market Development

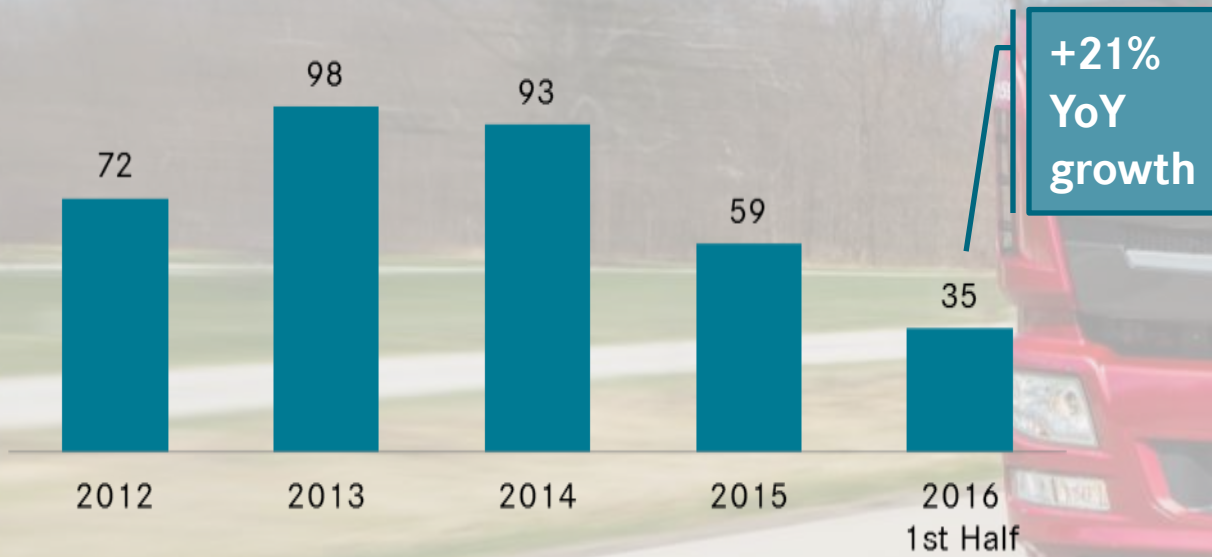
Volume in thousand units



Registration figure, Source: CAAM, MoC and Customs of PRC.

Auman HDT Domestic Wholesale 2012 ~ YTD 1st half 2016

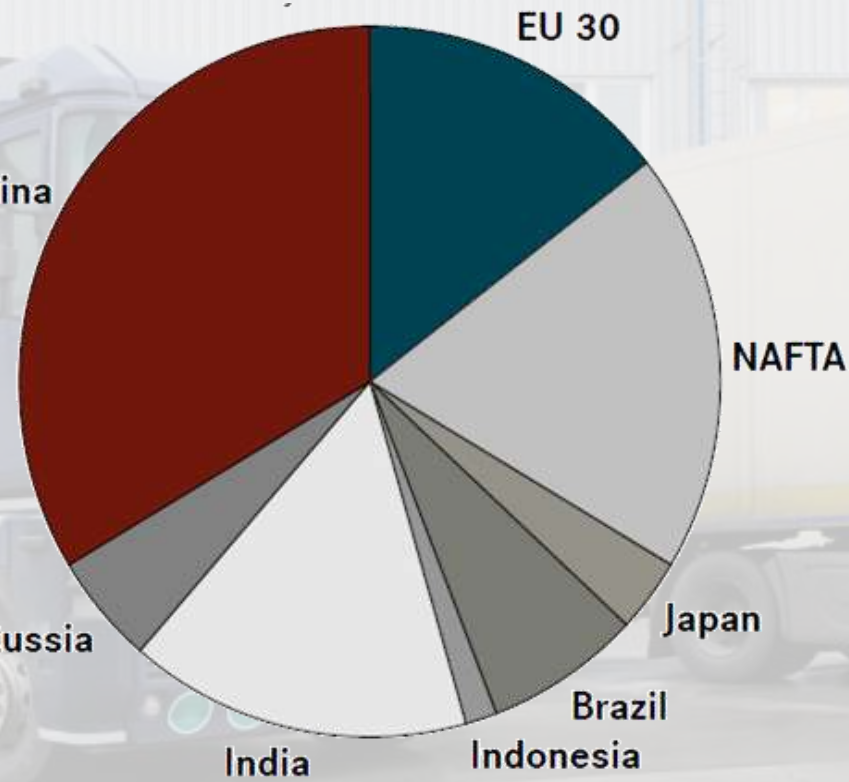
Volume in thousand units



Source: BFDA

Market Forecast by 2023

MD/HD truck market



OM457 engines production preparation in 2016



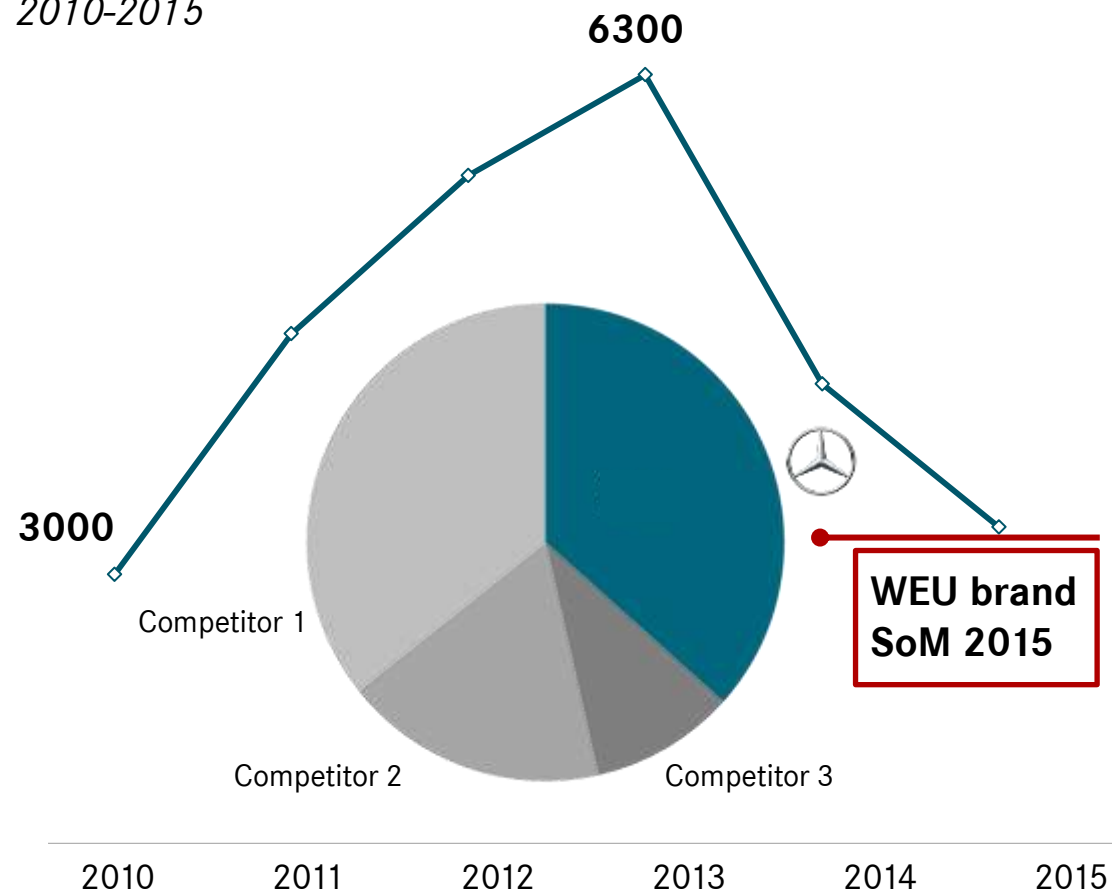
Mercedes-Benz Truck



Despite the import segment shrank even further, MB Truck still remains No.1 European importer.

China HDT WEU Import Segment Development

2010-2015



Note: Registration figure, excl. firefighting

Typical application of MB Truck

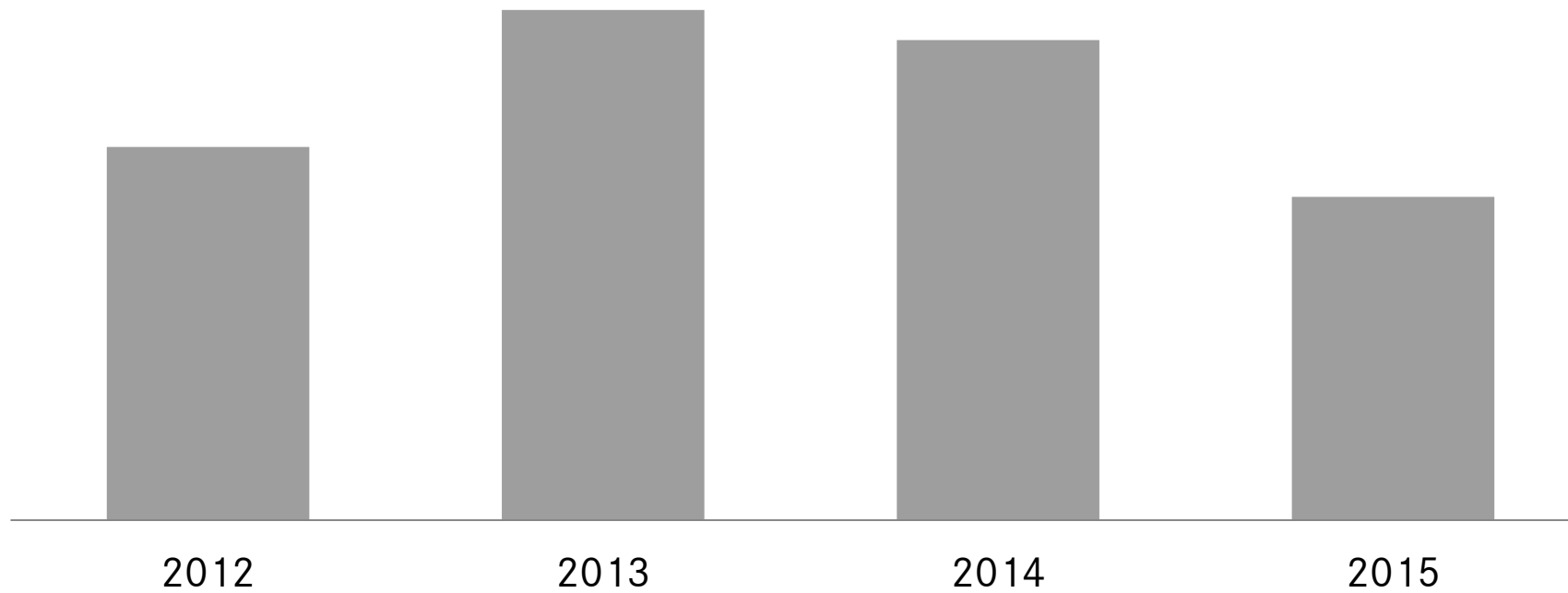


Mercedes-Benz Vans



Vans sales in China

Mercedes-Benz Vans Retail Development in China



Source: FBAC

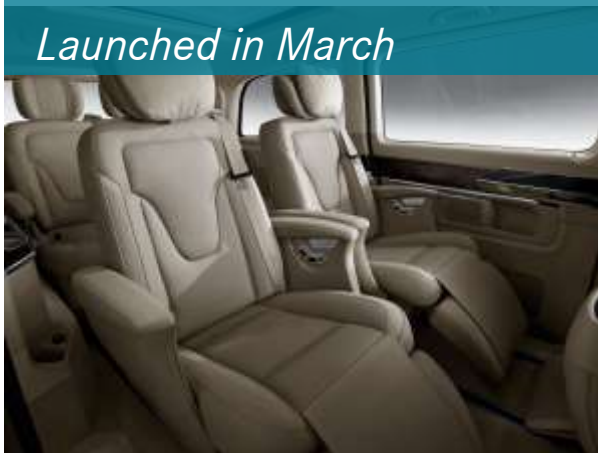
The locally produced V-Class and Vito were introduced to the China market this year



All new V-Class
Launched in March



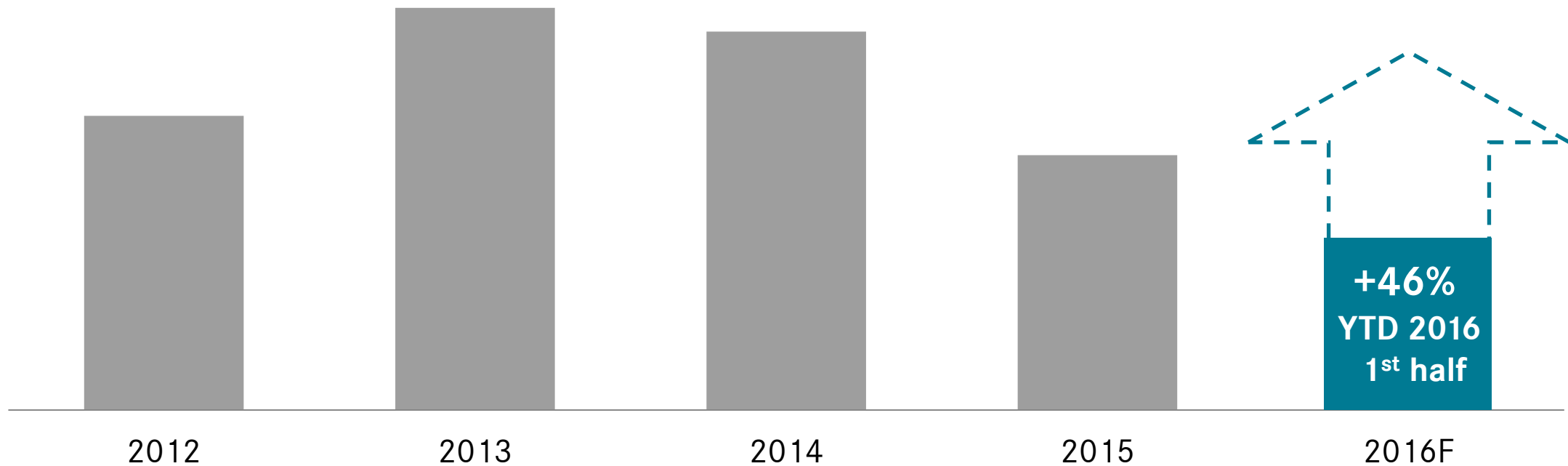
All new Vito
Launched in September



出众 亦从容

Successful V-Class ramp-up

Mercedes-Benz Vans Retail Development in China



Source: FBAC

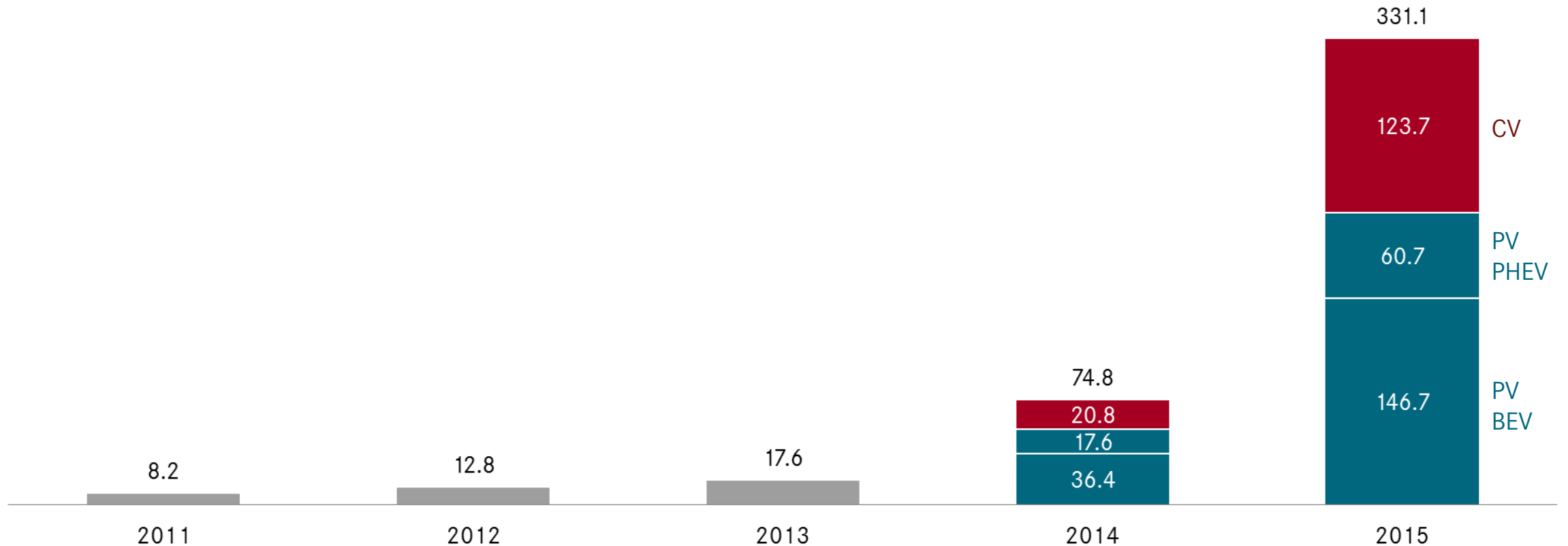
DENZA



With 331K units sold, China became the world's No.1 NEV market in 2015

2011-2015 NEV Sales Development

Wholesale Volume in thousand units



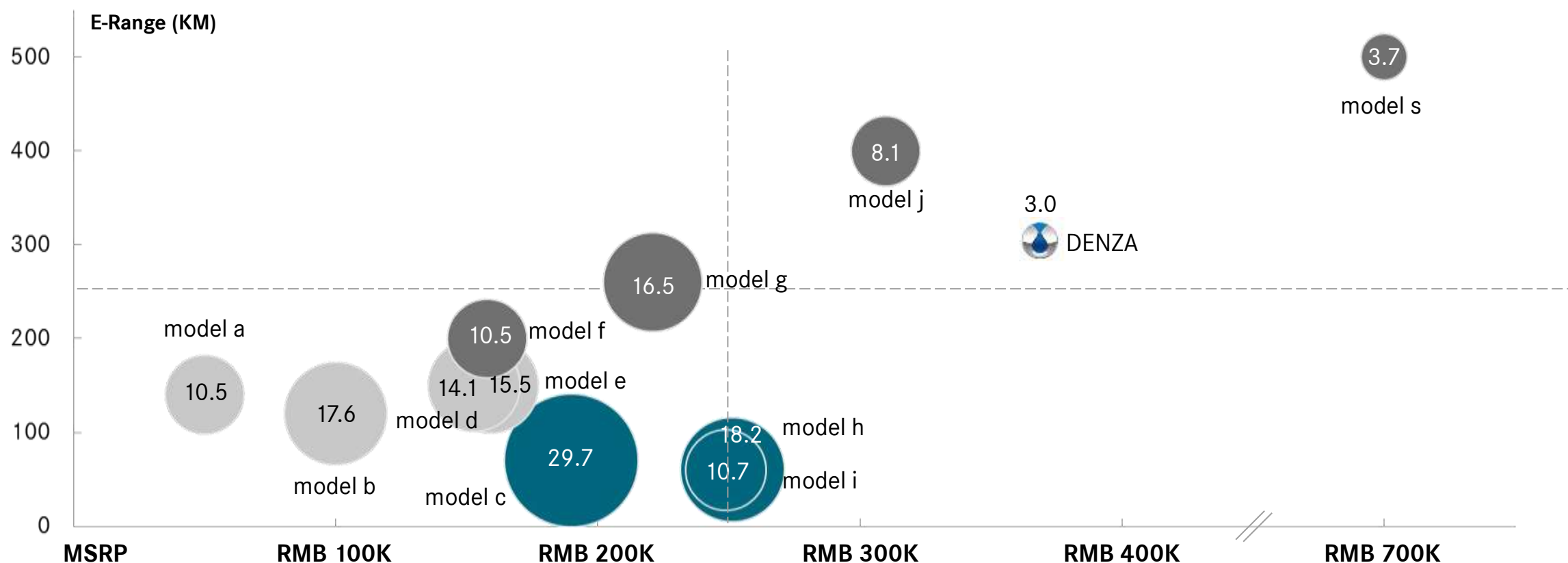
Source: China Automotive Industry Newsletter (CAAM)

Most of the top selling models have an e-range < 250km & MSRP < 250k RMB

2015 NEV Sales by model

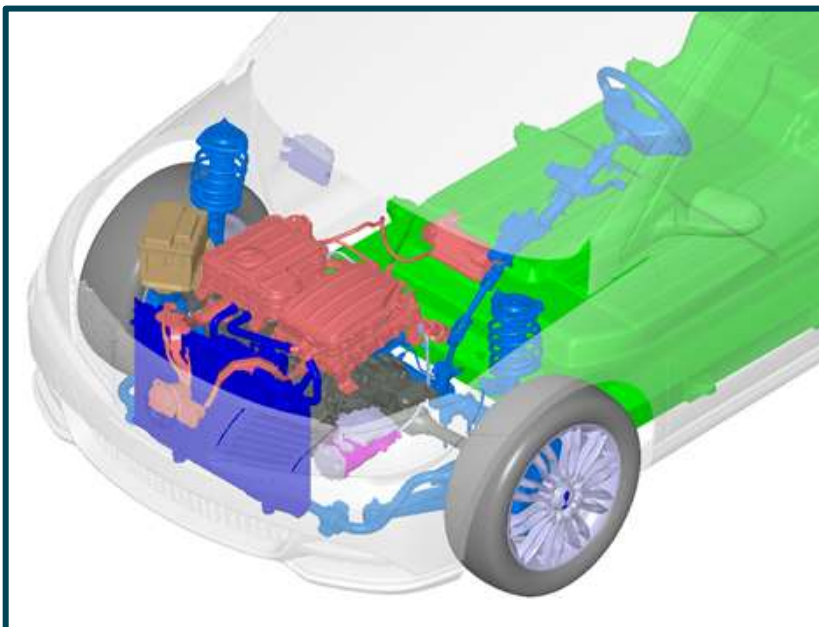
Bubble size refers to sales volume in thousand units

● PHEV ● BEV ● Micro BEV



Source: Volume from China Automotive Industry Newsletter (CAAM); product feature from internet research

DENZA: the safest, most reliable, and most convenient electric vehicle



C-NCAP 5 Stars

Over 1.2 million kilometers testing

Up to 300 kilometers driving range

Upgrading e-range to 400km to enhance competitiveness



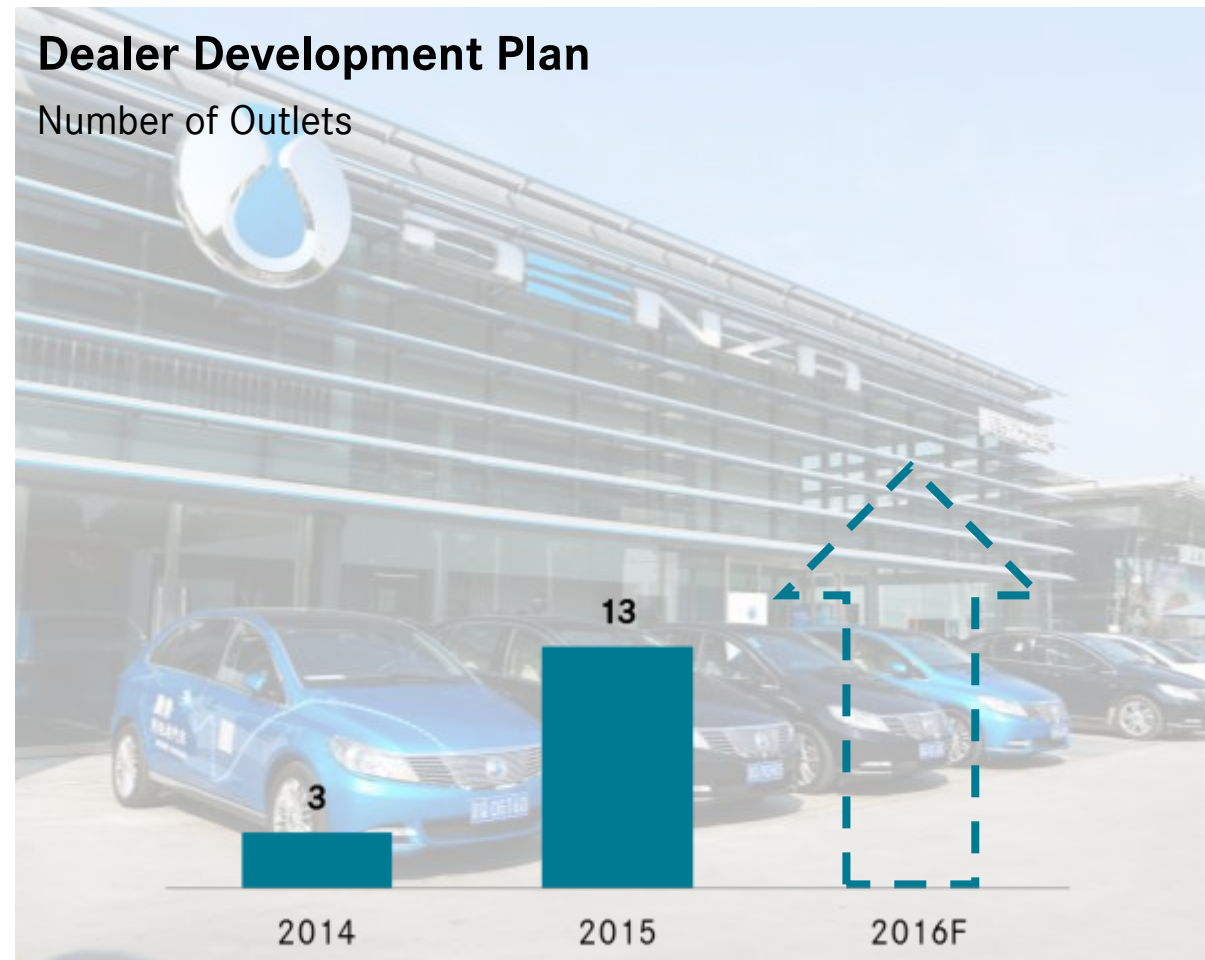
Dedicated dealerships for DENZA: coverage of 13 outlets in 9 cities by the end of 2015

DENZA Dealer City Coverage - 2015



Dealer Development Plan

Number of Outlets



Mercedes-Benz Cars

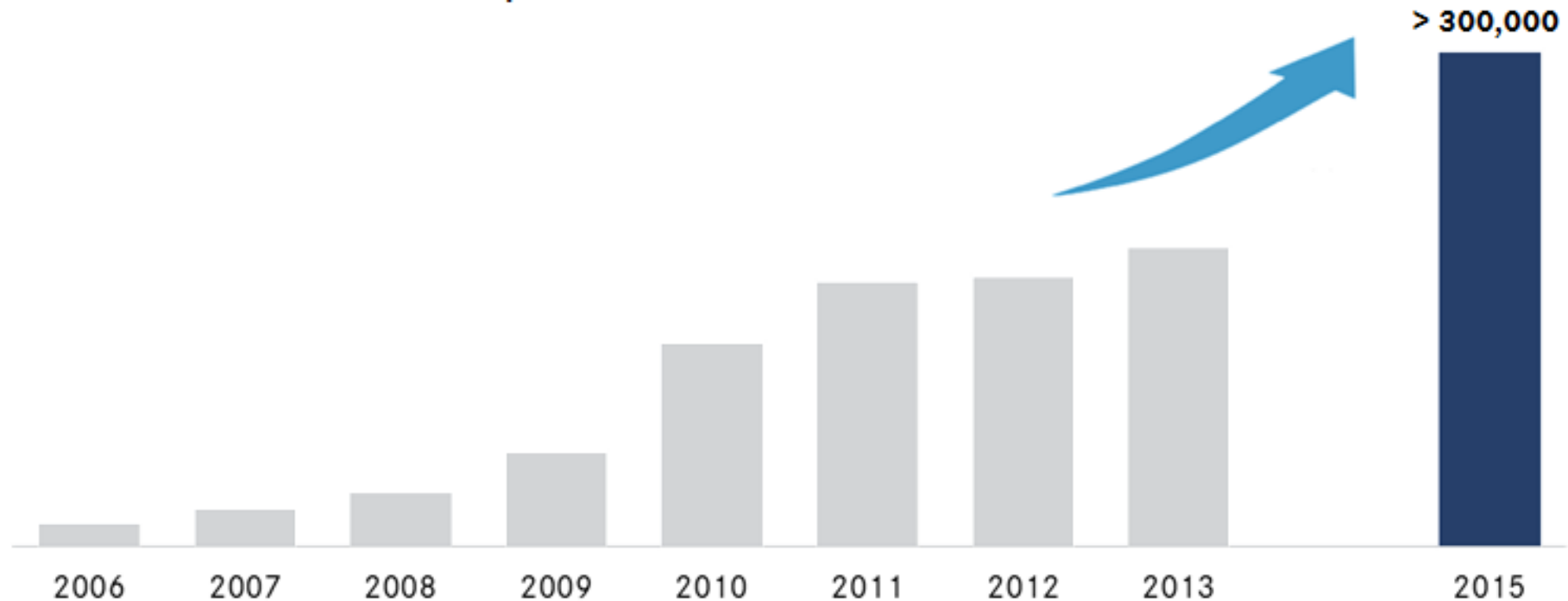


2014 Capital Market Day

DAIMLER

Mercedes-Benz is on the path to growth

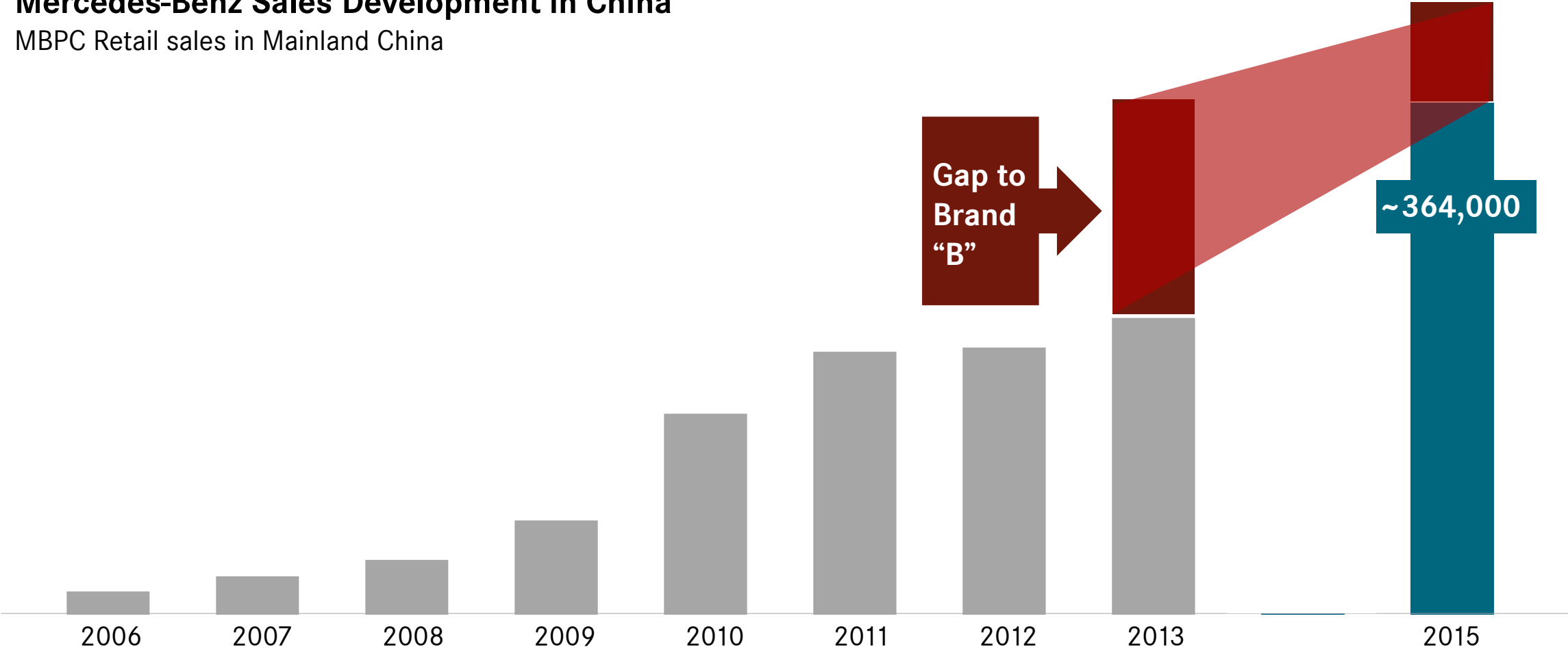
Mercedes-Benz Cars Retail Development



We are well on track to narrow the gap with competitor

Mercedes-Benz Sales Development in China

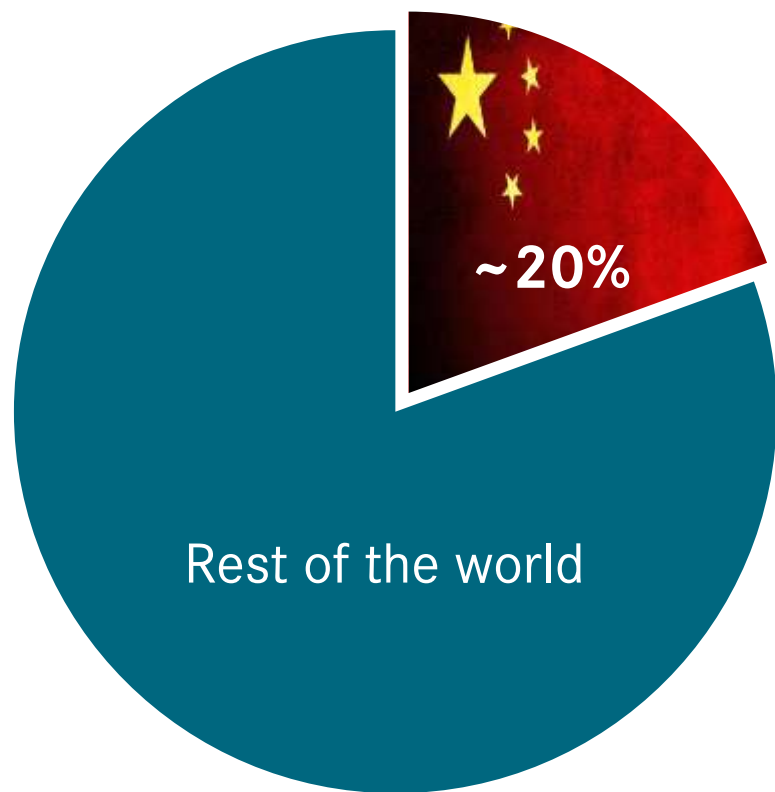
MBPC Retail sales in Mainland China



China became the single biggest market MB Passenger Cars in 2015, and contributed one fifth of the worldwide sales

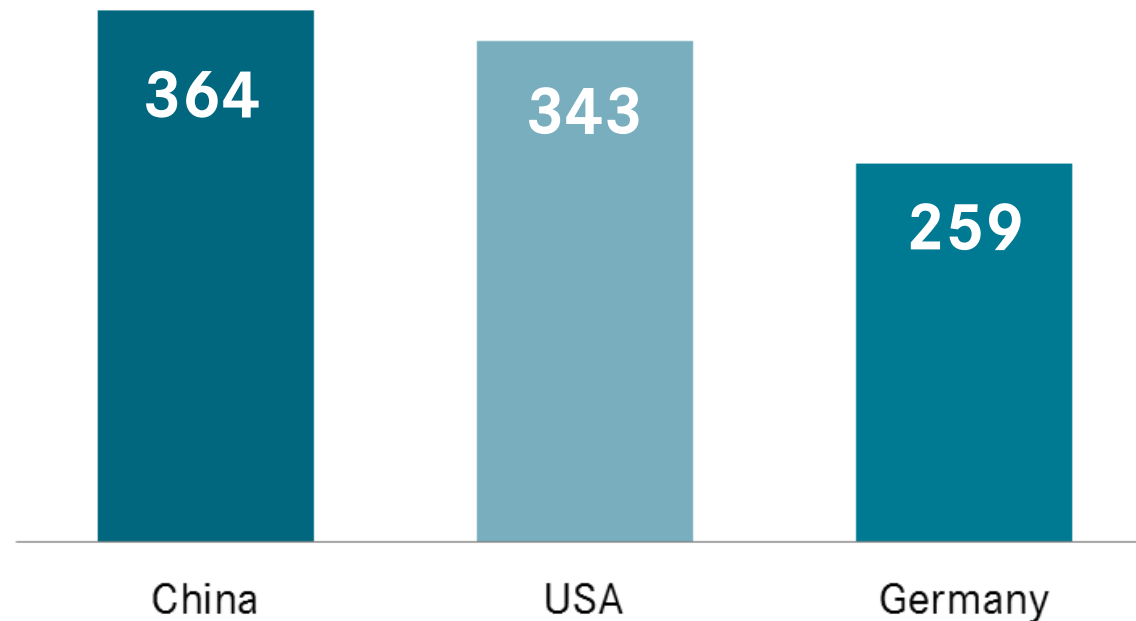
Share of Market of Mercedes-Benz PC

By retail sales, in 2015



Top 3 Market of Mercedes-Benz

Retail sales in 2015, in thousand units



And we grew at a faster speed among competitors in 2015

German Premium Brands China Performance - 2015

Retail Sales, in Mainland China

+35%

+1.8%

-1.2%

~364,000

2014

2015



Brand "B"

Brand "A"

Note: Mercedes-Benz w/o smart & V-Class, Brand "B" w/o MINI

The 6 key initiatives start to pay off



Integrated Sales Organization



Expansion Dealer Network



Extension Product Portfolio



Extension Local Production

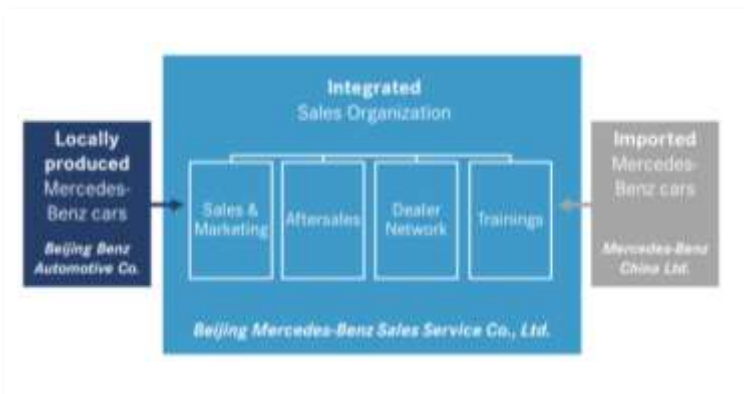


Extension Local R&D



Leverage Financial Services

The 6 key initiatives start to pay off



Integrated Sales Organization

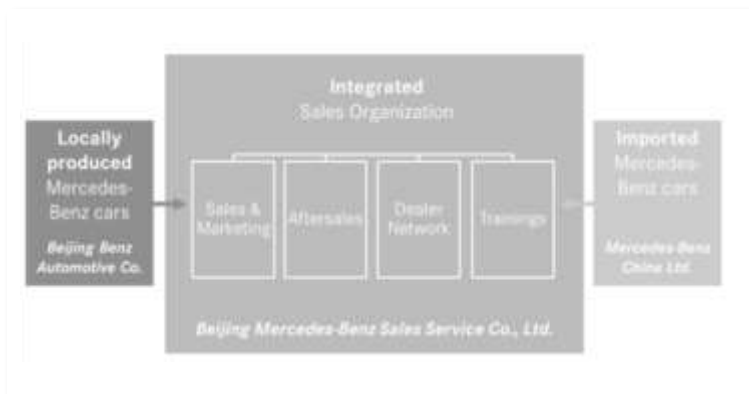


Expansion Dealer Network



Extension Product Portfolio

Our core fields to close down on our competitors



Integrated Sales Organization



Expansion Dealer Network



Extension Product Portfolio

Customer Experience



Dealer Network



Product



Our core fields to close down on our competitors

Customer Experience



Dealer Network



Product



China has younger customer group who 'live' on-line



Average age
36.2

Addicted to
Social Media

Online Shopping



We gear up for our potential customers: **E-Commerce** for dealers online sales

- 1 Select your car
- 2 Select your dealer
- 3 Buy your car



We gear up for our existing customers: **Mercedes me Portal** offers personalized online services



Mercedes **connect** me



Mercedes **assist** me



Mercedes **finance** me



Mercedes **inspire** me



Mercedes **move** me



Mercedes **store** linkage



We gear up for the ladies: **She's Mercedes**



We gear up for everyone: Mercedes me Sanlitun

320k

visitors in 4 months



22
events

60K
participants



10k

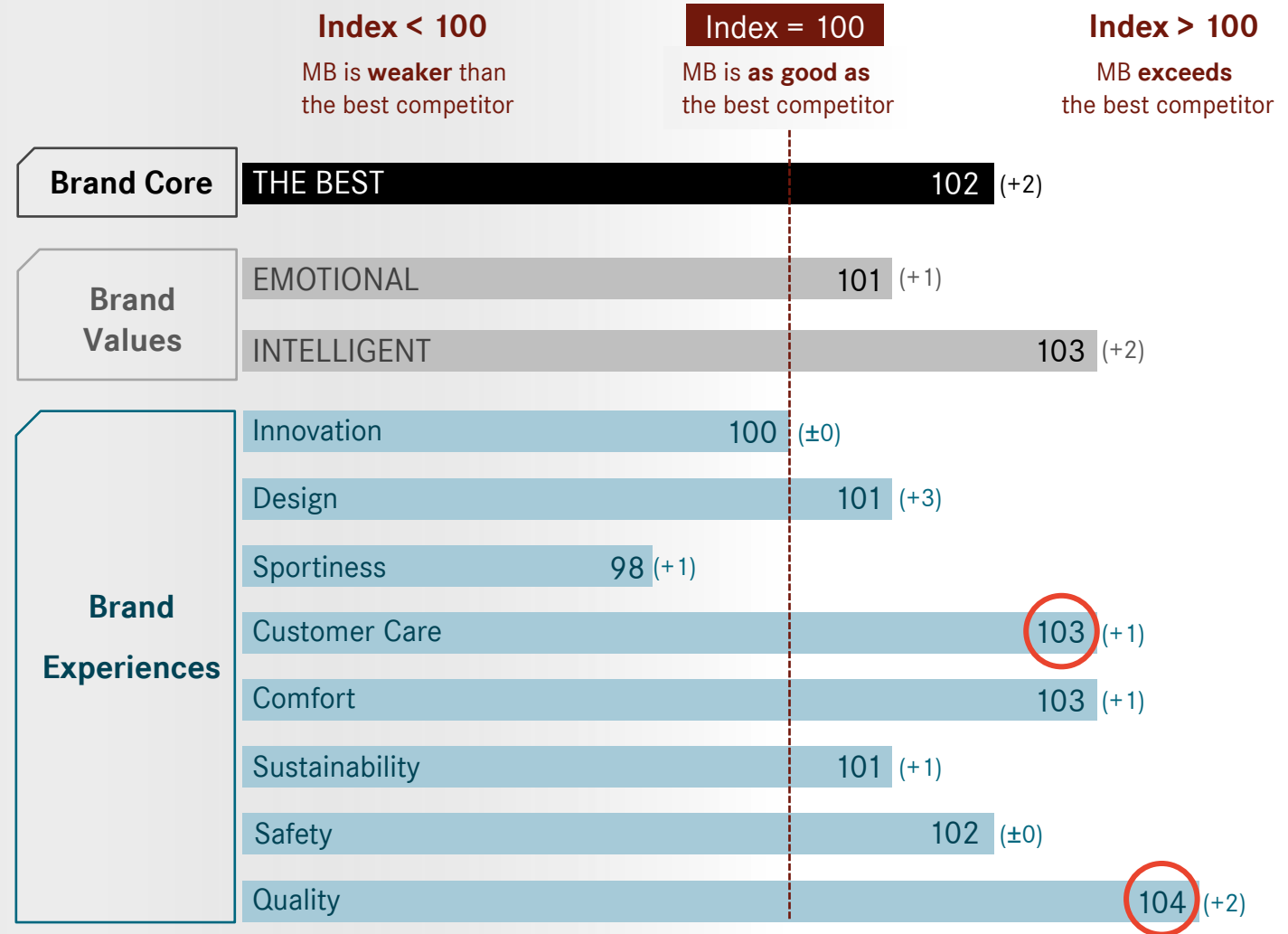
customers have
joined community
in 4 months



>500

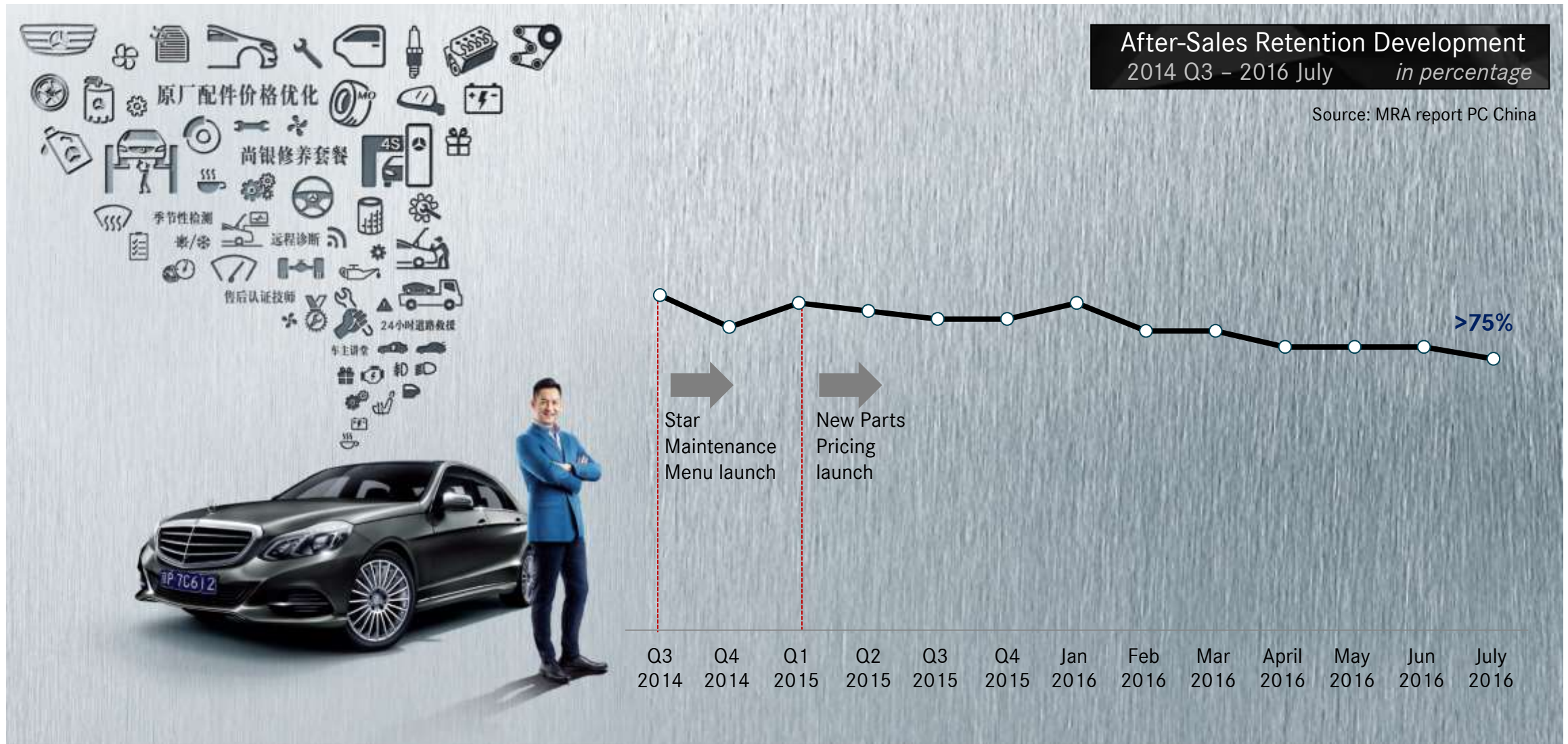
KG of coffee beans

Our brand values are positively recognized...



Source: Brand Monitor Report 2016

..... and in our workshops



Our core fields to close down on our competitors

Customer Experience



Dealer Network



Product



We have caught up on dealer outlet number and coverage



Note: 1. City coverage counting based on MB new city tier definition

2. Data Source: MB Network Planning Project List & Timer Tracking Data (Brand A & Brand B outlet counting excl. Experience Center & Used Car Center)

We are managing our network for the future: hardware



We are managing the network for the future: software



Consistency in sales quality



Profitable growth of franchise business

Our dealers = Our partners = Sustainable growth

Dealer Council Committee



Product Forum

March 2016



National Dealer Conference

March 2016



Strategic Partner Conference

March 2016



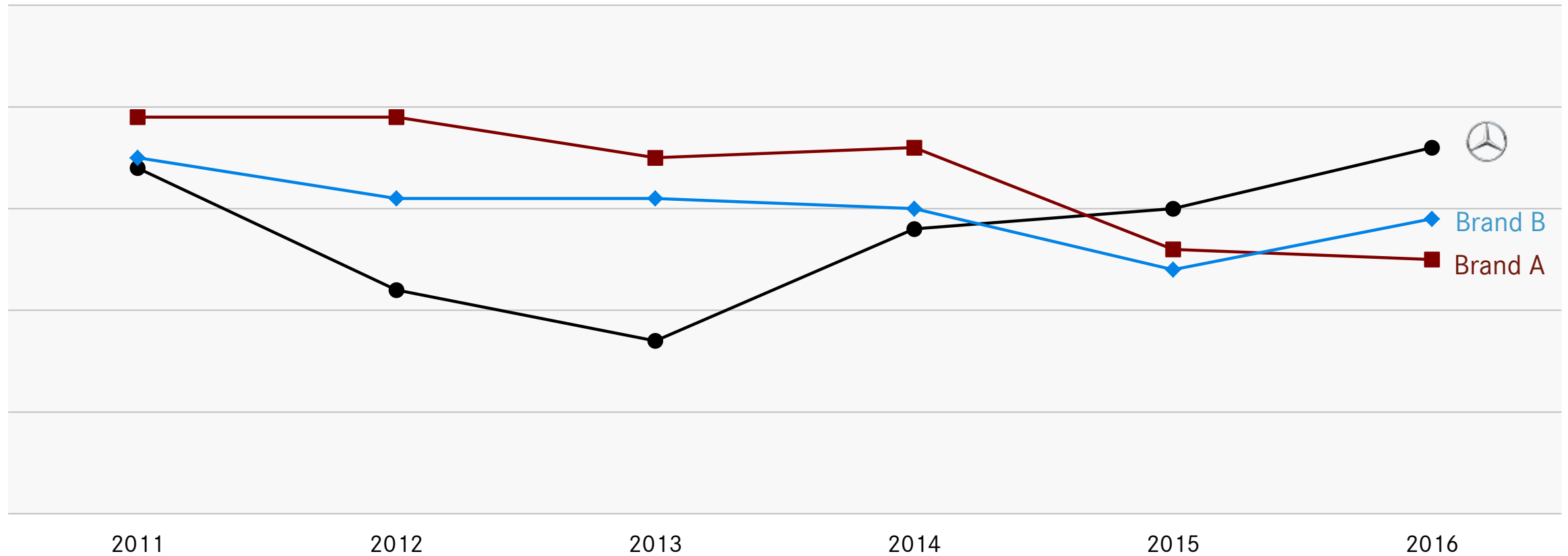
All Investor Conference

July 2016



DISS No.1 - This collaborative relationship bears fruit!

Overall Dealer Satisfaction – Development over time



DISS - Dealer Identification & Satisfaction Survey conducted in 2016

Our core fields to close down on our competitors

Customer Experience



Dealer Network

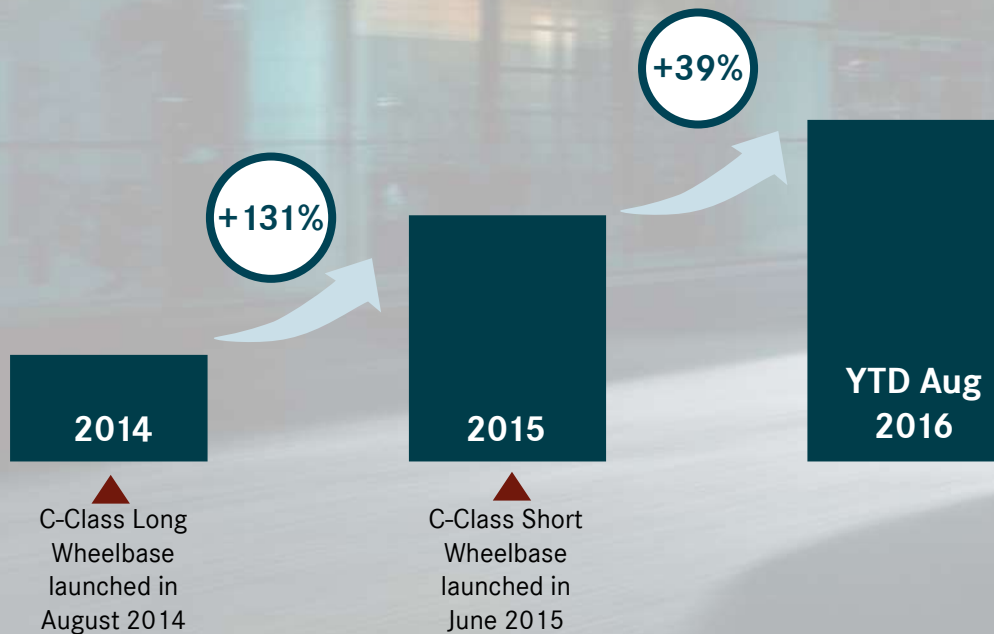


Product



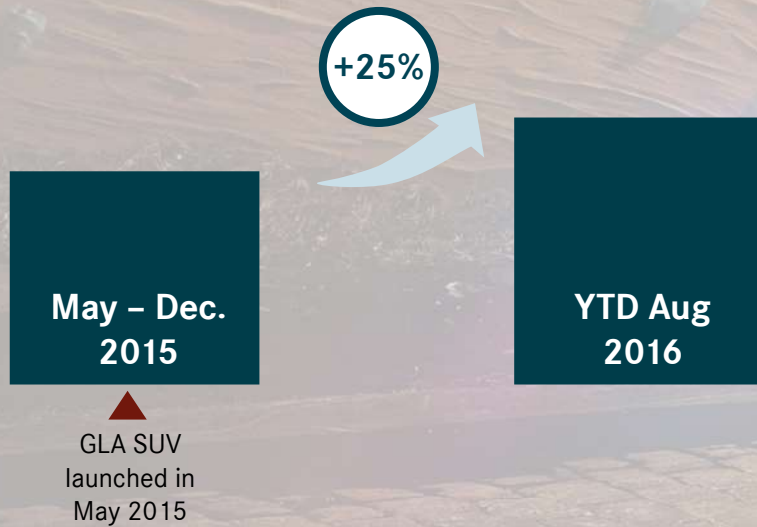
The C-Class – our first Game-Changer in August 2014

Average Monthly Retail Sales



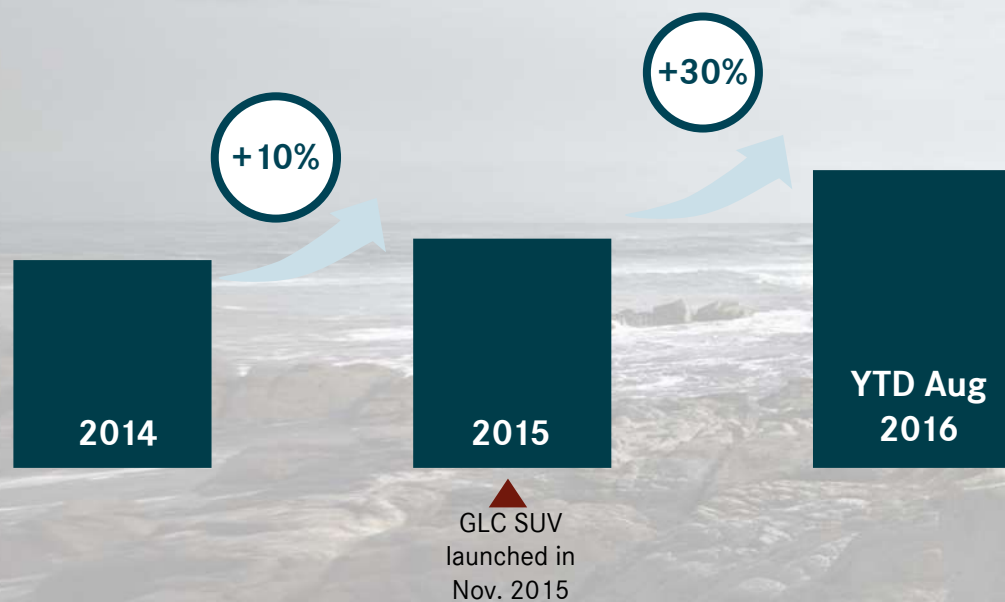
The all new GLA SUV followed from BBAC 9 months later in May 2015

Average Monthly Retail Sales



Followed by the all new GLC SUV in November 2015– setting new standard in all dimensions

Average Monthly Retail Sales

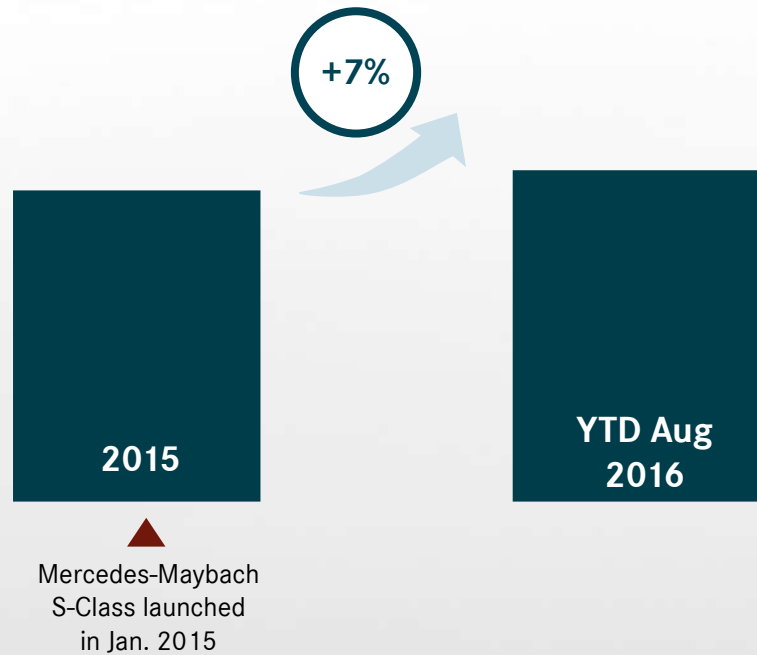


And the superlative new E-Class Long Wheelbase comes to market right now!



But not everything has to be produced in China: Mercedes-Maybach S-Class

■ Average Monthly Retail Sales



Option packages for all model ranges



Mercedes me Connect 2.0 offering unique connectivity for Chinese tastes



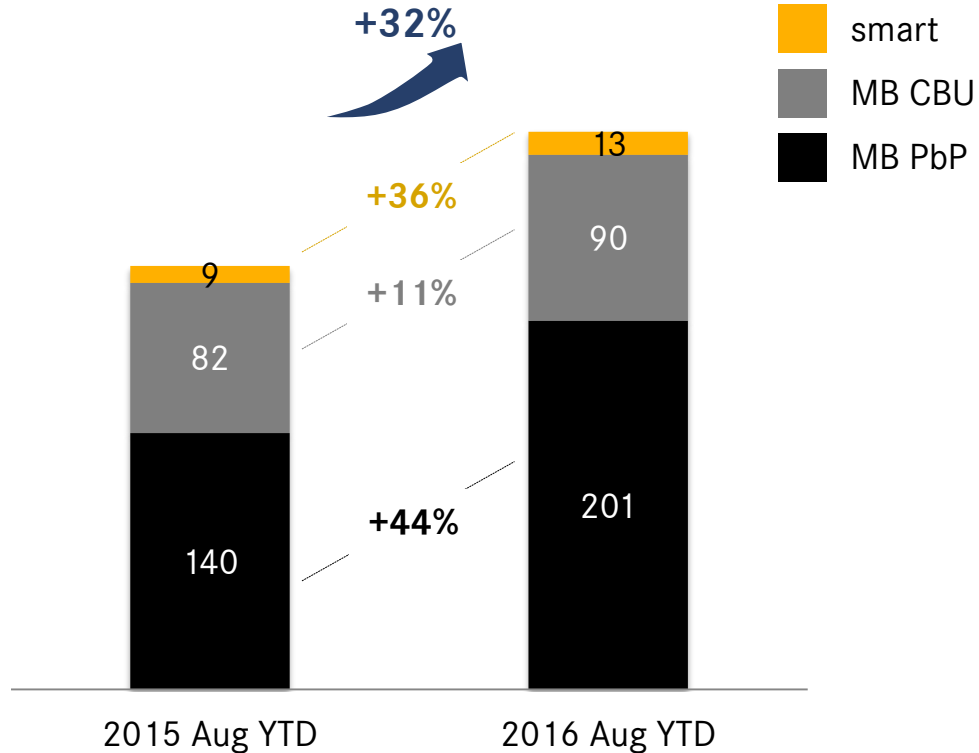
The image displays a smartphone screen showing the Mercedes me Connect 2.0 app interface. The screen is divided into several sections: 'Vehicle' and 'Locations' tabs, 'Vehicle Status' with 'Trip' (74%), 'Journeys', and 'ECO' (0.0m) metrics, 'Service' with a wrench icon, and 'Vehicle Functions' with 'Door Lock' and 'Personalization' options.

- Maintenance Management**: Represented by a calendar and wrench icon.
- Online Map Update**: Represented by a map icon with a blue arrow.
- Mercedes-Benz Apps**: Represented by the Mercedes-Benz logo.
- Remote Retrieval of Vehicle Status**: Represented by a speedometer and tachometer icon.
- Geofencing**: Represented by a blue polygon icon.
- WeChat-Mycar**: Represented by the WeChat logo and a Chinese flag.
- Weather (AQI)**: Represented by a weather icon with 'AQI' and a Chinese flag.
- Wi-Fi Hotspot**: Represented by a 'WLAN' icon.
- Parked Vehicle Locator**: Represented by a map icon with a blue circle.
- Software Updates**: Represented by a laptop icon with a Wi-Fi signal.
- Mercedes me connect Concierge Service**: Represented by a bell icon and a Chinese flag.
- Remote Parking Pilot**: Represented by a 'P' sign on a smartphone icon.
- Vehicle Tracker**: Represented by a location pin icon.

Positive sales momentum with double digit growth expected in 2016

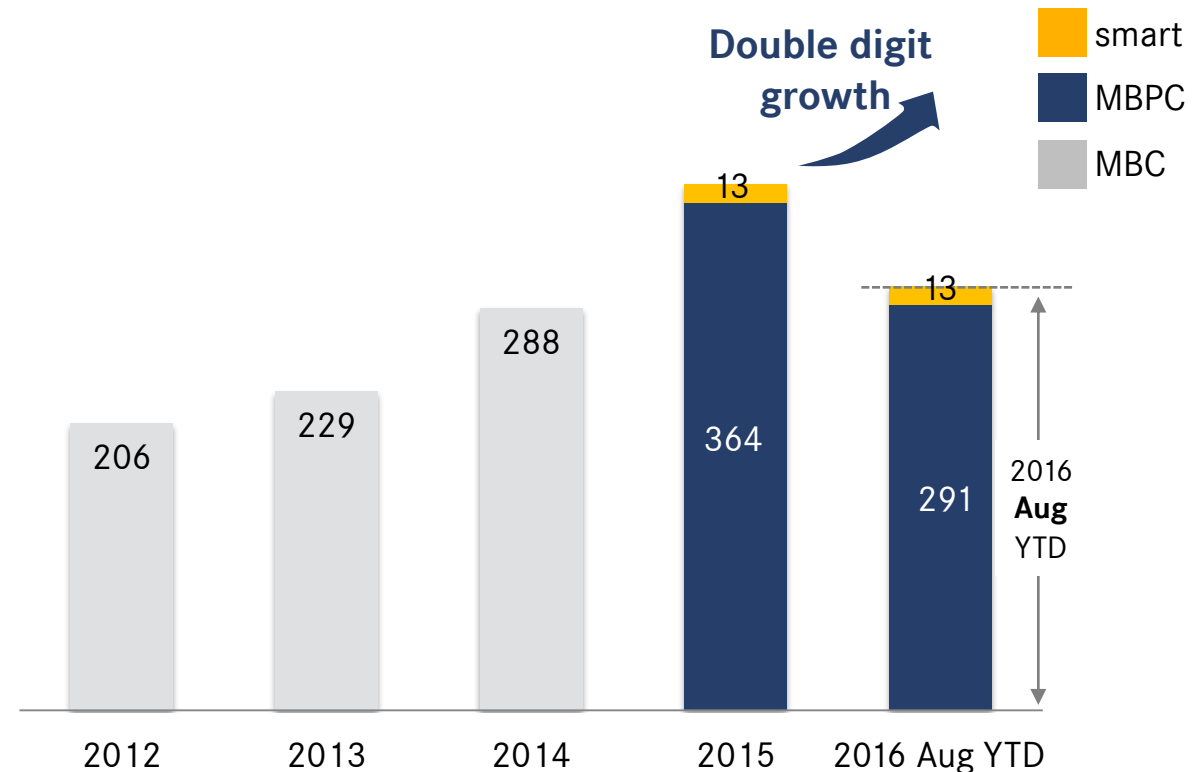
MBC Sales Development (MB + smart)

Unit in thousand



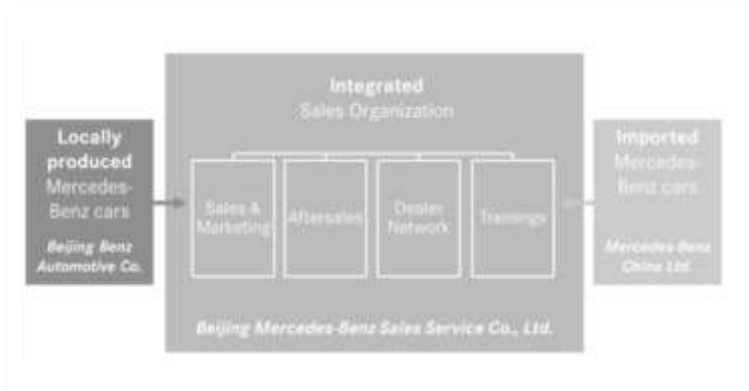
MBC Sales Development (MB + smart)

Unit in thousand



Source: BMBS Internal as of 2016 Aug YTD

6 Key Initiatives



Integrated Sales Organization



Expansion Dealer Network



Extension Product Portfolio



Extension Local Production



Extension Local R&D

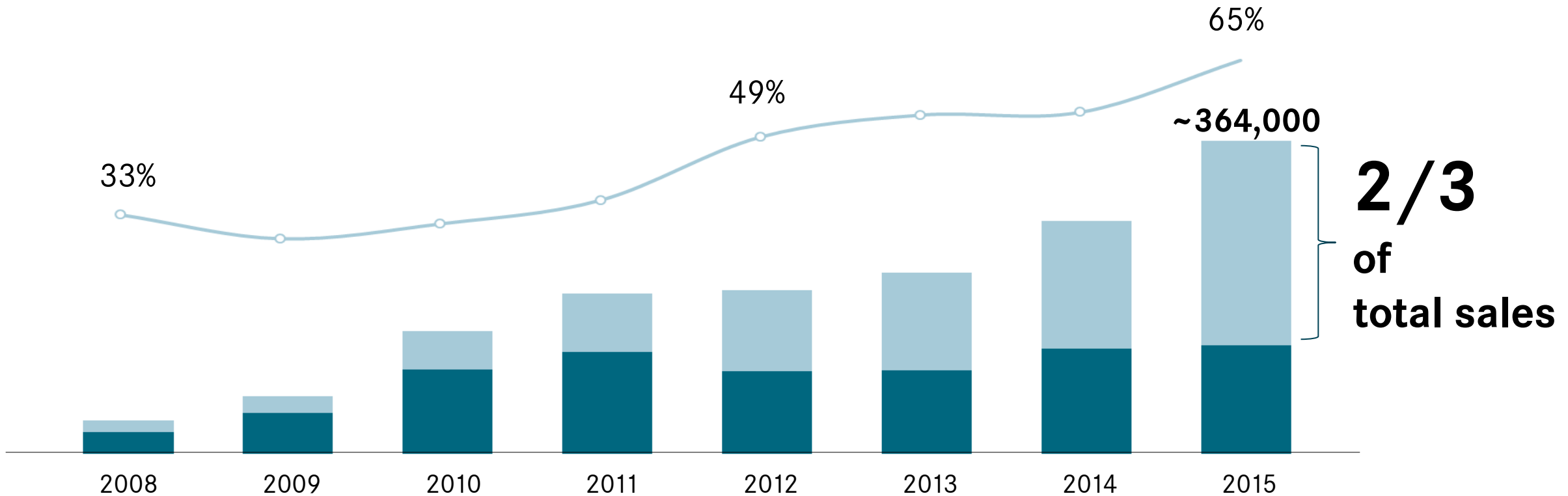


Leverage Financial Services

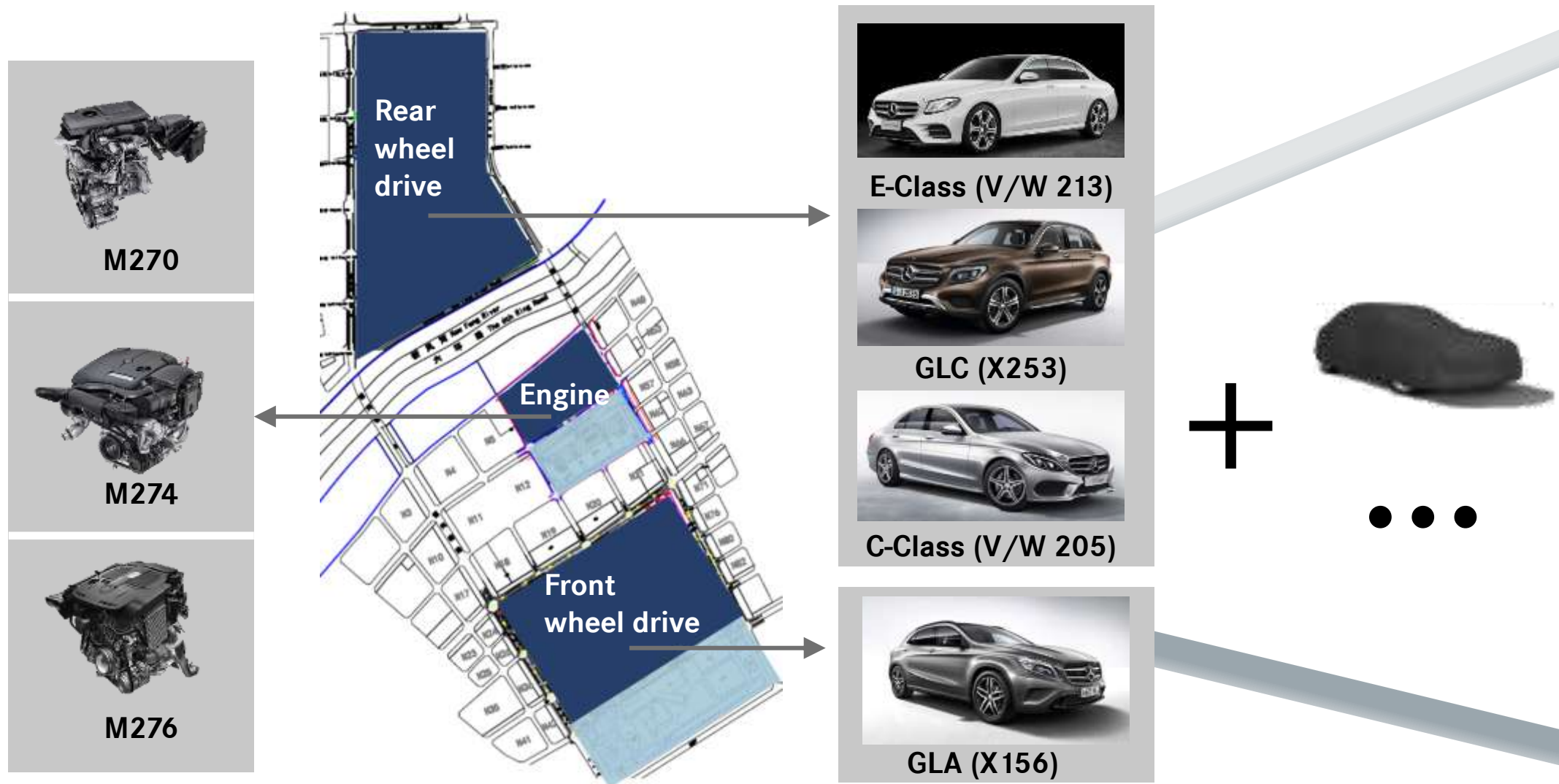
Localized models are the key driving force to Mercedes-Benz success in China

MB PC China Retail Sales Performance

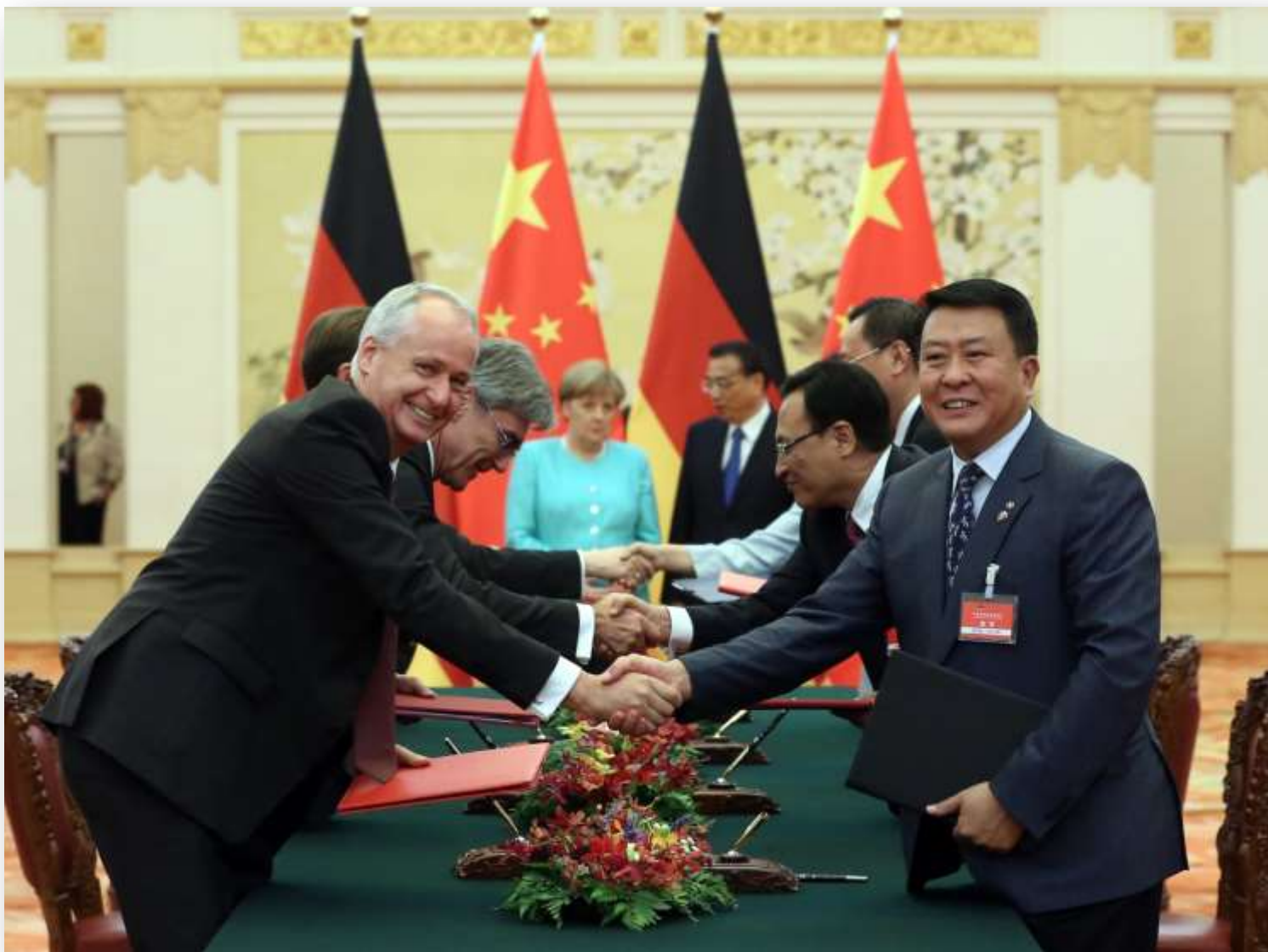
■ Imported ■ Locally produced —○— Sales proportion of PbP over MB PC



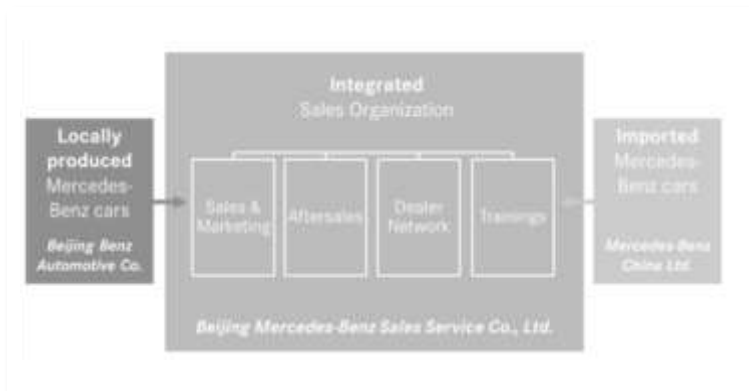
Made in China for China: we're producing four car models and three engine models



Continuously deepening the strategic partnership



6 Key Initiatives



Integrated Sales Organization



Expansion Dealer Network



Extension Product Portfolio



Extension Local Production

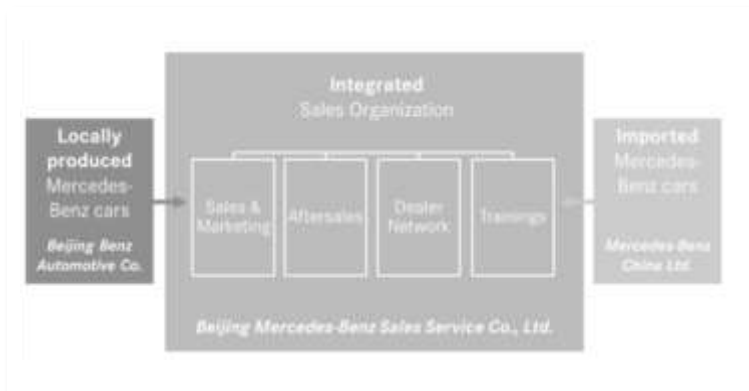


Extension Local R&D



Leverage Financial Services

6 Key Initiatives



Integrated Sales Organization



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Extension Local Production



Extension Local R&D



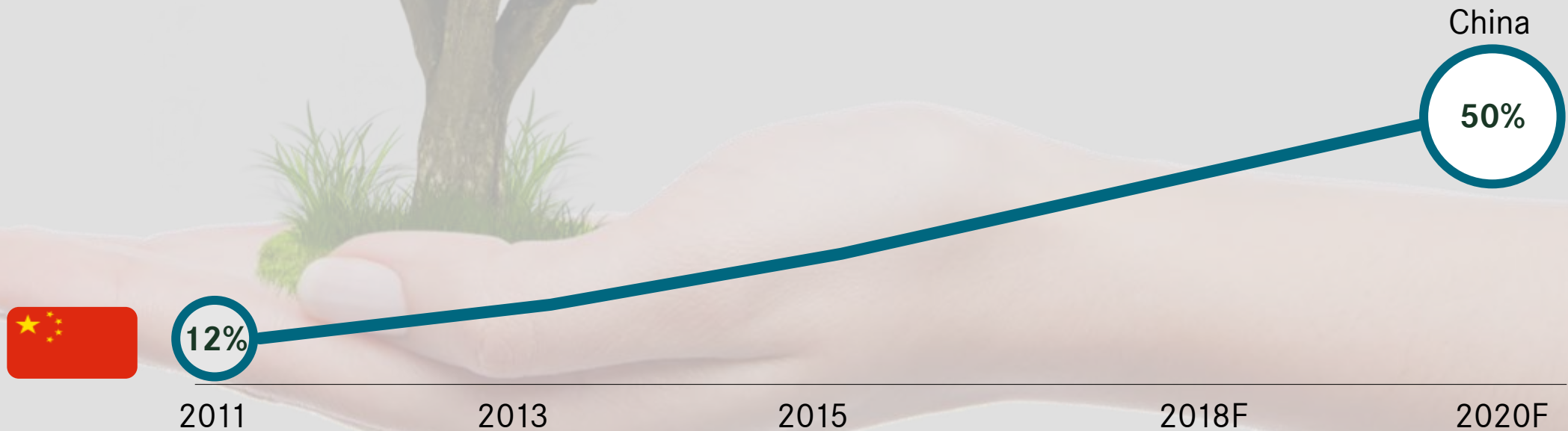
Leverage Financial Services

Increasing Importance of Financial Services in **China**



Demand for Auto Financing is increasing and we will make sure we have our share...

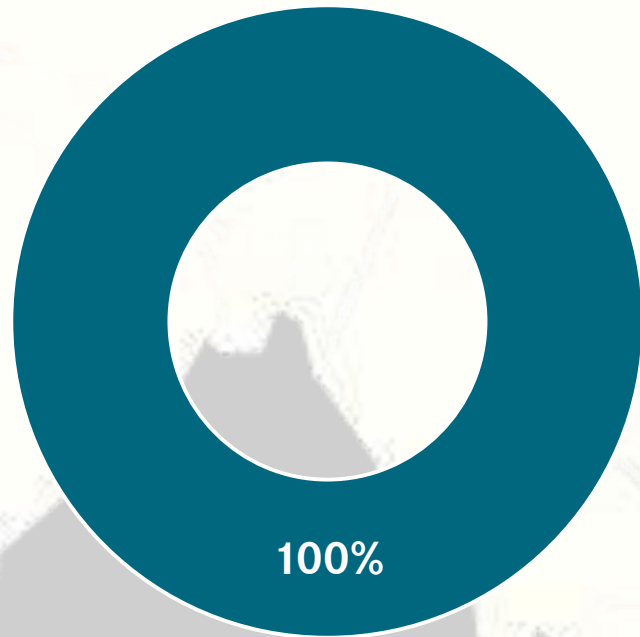
MBFS penetration rate will mature over time to the level of the global DFS penetration rate.



...by covering customers' finance, leasing & insurance needs based on a solid shareholding structure

Portfolio as of 2016 July YTD

51 Billion RMB

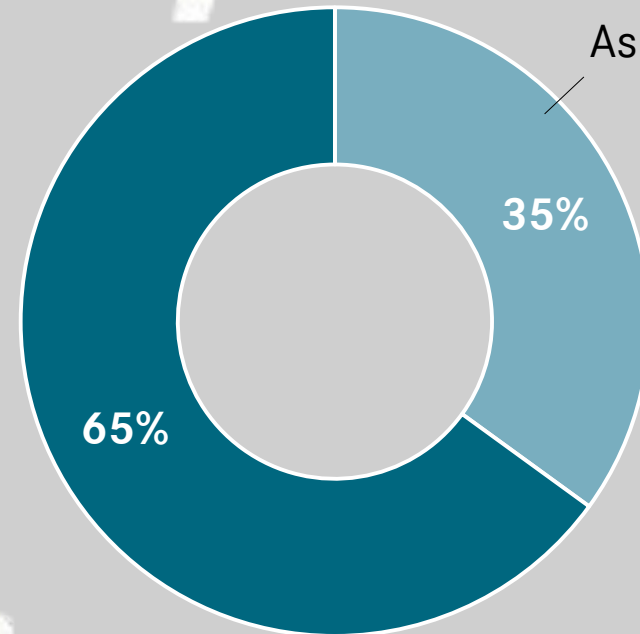


■ Daimler

Mercedes-Benz Auto Finance Ltd.

3 Billion RMB

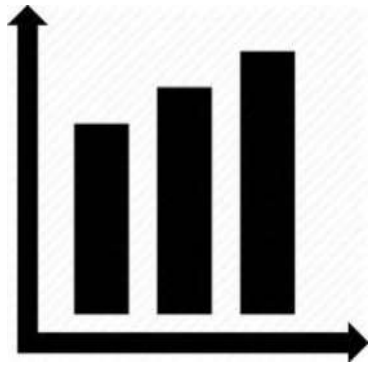
As of March 2015



■ BAIC ■ Daimler

Mercedes-Benz Leasing Co., Ltd.

We pursue a clear strategy in China



**Growing the
Business**



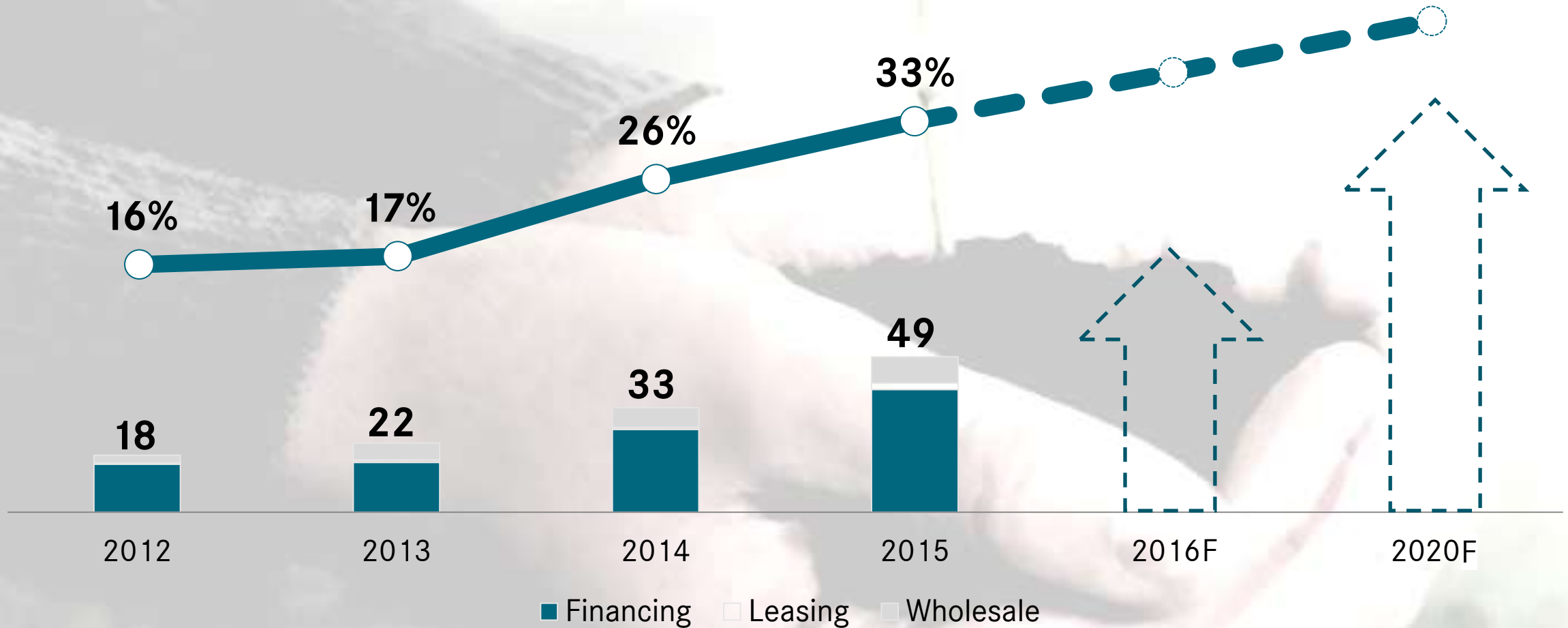
**Managing the
Growth**



**Innovate Digital
Tomorrow**

We are growing fast, and not only with a comprehensive auto finance portfolio...

PC Penetration % & Portfolio in billion RMB



... but also with a rapidly increasing insurance business...

Insurance Penetration Rate (PC)



Insurance policies





**...and Newly Launched
Mobility Services in China**



Simple. Always. Everywhere.

Launched in 2016

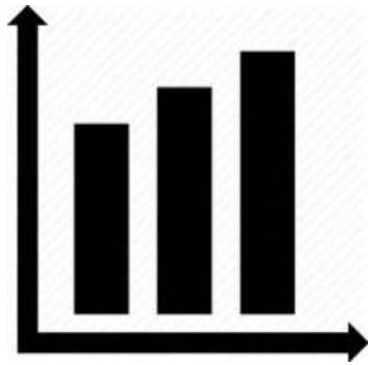
HELLO
CHONGQING!

78,000 members, a new rental every **1.7 min**

As of July 2016



We pursue a clear strategy in China



**Growing the
Business**



**Managing the
Growth**



**Innovate Digital
Tomorrow**

We are facing the challenges of fast growth every day

Average number of contracts signed by MBFS China 2014 vs. YTD 2016 [units]

From > 200 contracts per day in 2014 to

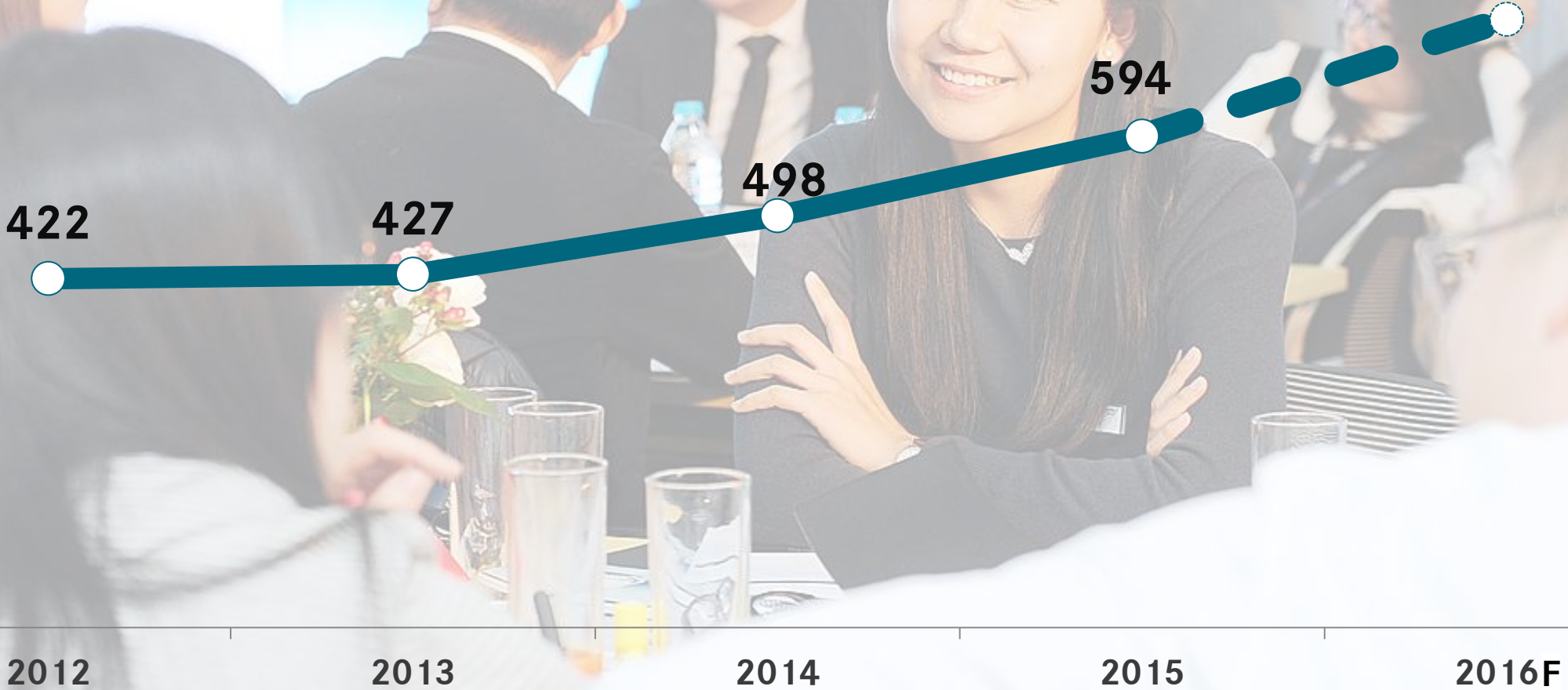
>450

contracts per day



To support the business growth, we actively engage ourselves to find the right people for the right position

Employees Development MBFS China



We hire high performers, develop them into experts and retain them with attractive career path opportunities

Continuous Efforts in Talent Acquisition

- Dedicated Recruitment Resources
- Expanded Sourcing Channels
- Global Search

Talent Development and Retention


Best Companies to Work for
GREATER CHINA 大中华区最佳职场
Mercedes-Benz Financial Services China ★ ★ ★ ★ ★



Strive for
MORE.

People Development
@ MB FS CHINA





With efficient processes and systems we form a sound foundation for future sustainable growth

- **Auto Decision**

2016 (YTD) 26% of applications are already automatically decided, improving our operational costs further. This ratio is expected to be >30% by end of this year.

- **Outsourcing of non-core processes**
- **Service Center & Customer Contact Center**
- **Major IT infrastructure upgrades & core system replacements**

Growth is managed with a reasonable risk control...

47% of our Finance

77% of our Leasing

Consumers make a

Down payment > 50%

33 Months

Average Terms

...which is reflected in our low credit losses

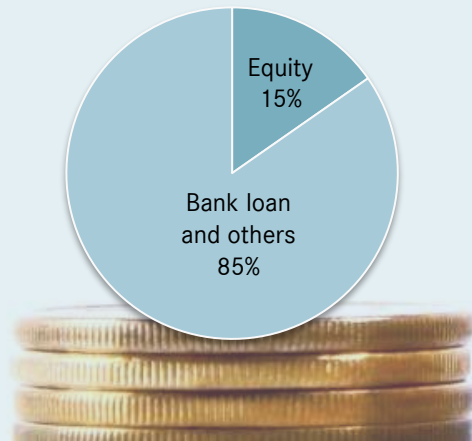
Net Credit Loss ratio in %



Asset Backed Securitization is leveraged to support the increasing capital demand

2015

49 bn RMB



2016 F



2017 F



We pursue a clear strategy in China



**Growing the
Business**



**Managing the
Growth**



**Innovate Digital
Tomorrow**

We reinvent and challenge our business before anybody else does

Digitize Business

Disrupt Industry



Big Data

Ecosystem

6 Key Initiatives



Integrated Sales Organization



Expansion Dealer Network



Extension Product Portfolio



Extension Local Production



Extension Local R&D



Leverage Financial Services

The momentum continues in 2016

German Premium Brands China Performance - YTD July 2016

Retail Sales, in Mainland China

+33%

>251,000

2016
YTD July

+8.7%

+6.6%

2014

2015



Brand "B"

Brand "A"

Note: Mercedes-Benz w/o smart & V-Class, competitor 1 w/o MINI

Thank you!



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, caused for example by the possible exit of the United Kingdom from the European Union; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, armed conflicts, 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 government investigations or of investigations requested by governments 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.