

March 28, 2014

## **Deepening of Strategic Partnership: Daimler and BAIC further expand Mercedes-Benz production capacities in China**

- **Signing ceremony in the context of the Chinese state visit in Berlin**
- **Agreement on capacity expansion for approximately €1 billion**
- **Dieter Zetsche: “Meanwhile we are deeply rooted in China. The agreement we have signed today shows once again that we are making steady progress in China together with our longstanding partner BAIC.”**
- **Hubertus Troska: “The steady expansion of local production and the continuous deepening of the cooperation with our Chinese partners are key elements of our China strategy.”**

Berlin – In the presence of Germany’s Chancellor Dr. Angela Merkel and the Chinese State President Xi Jinping, Daimler AG and its Chinese partner Beijing Automotive Industry Corporation (BAIC Group) today signed an agreement on the further expansion of the production capacities of their joint venture Beijing Benz Automotive Co., Ltd. (BBAC). The official ceremony was attended by Hubertus Troska, Member of the Board of Management of Daimler AG responsible for China; and Xu Heyi, Chairman of the BAIC Group and its car division BAIC Motor.

With this agreement, Daimler is furthering its business activities in China as well as its strategic partnership with BAIC. Of the €4 billion currently being invested in BBAC, the €1 billion specified in the agreement signed today is to be used solely for the expansion of local car and engine production capacity until 2015.

Dr. Dieter Zetsche: “Meanwhile we are deeply rooted in China. The agreement we have signed today shows once again that we are making steady progress in China together with our longstanding partner BAIC. The Chinese automobile market continues to have great potential. We want to participate in this growth, also by expanding our local production.”

The existing production capacities at BBAC for the C-Class, the E-Class and the GLK will be more than doubled to over 200,000 per annum in 2015 – then including the compact GLA, which will go into production at BBAC next year – and will be further increased after that in line with market demand.

In 2013, BBAC put the first plant for Mercedes-Benz car engines outside Germany into operation: The 4- and 6-cylinder engines are used in the locally produced cars and the vans built by the joint venture Fujian Benz Automotive Co., Ltd. (FBAC). The production line was designed flexibly and an annual capacity of 250,000 units per annum is planned for the first phase. Higher numbers will be planned in line with the ongoing growth in unit sales.

“The steady expansion of local production and the continuous deepening of the cooperation with our Chinese partners are key elements of our China strategy,” stated Hubertus Troska. “The rapid development at BBAC, which we are pushing forward systematically together with BAIC, is an excellent example of a successful Sino-German industry partnership. With the agreement we have signed today, we are laying the groundwork for ongoing sustainable profitable growth in China.”

The agreement is a further step in the successful collaboration between the two partners and is based on a strategic framework agreement that was concluded in mid-2011.

Xu Heyi: “The close alliance between Daimler and BAIC stands for a longstanding strategic partnership, which has proven successful for over a decade already. With today’s signatures, Daimler and BAIC will further expand the two partners’ local production in China and continue to bring more energy-efficient, environment-friendly and advanced products to the market. As another important milestone in the collaboration between Daimler and BAIC, the signatures are also a fine example of Sino-German economic cooperation.”

### **Partnership between Daimler and BAIC**

With more than 2 million vehicles delivered in 2013, the BAIC Group is China’s fifth-largest automotive group and is listed in the Fortune 500 ranking of the world’s biggest companies. Daimler is one of the most successful automotive groups worldwide. The two companies have been linked since 2003 in a long-term strategic partnership, involving substantial and continuous investments in the Chinese automotive industry from the beginning. Since November 2013, Daimler has a 12 percent stake in BAIC Motor, the car division of the BAIC Group.

One of the shared activities is the joint venture BBAC, which has been producing Mercedes-Benz cars since 2006 and engines since 2013. A new research and development center will go into operation at BBAC this year.

Another crucial component of the partnership is Beijing Mercedes-Benz Sales Service Co., Ltd. (BMBS). This company went into operation in March 2013 and manages all sales activities for imported and locally produced Mercedes-Benz cars. The joint venture is a cornerstone for the sustained growth of Mercedes-Benz in China, where the company delivered 218,045 Mercedes-Benz cars

in 2013 (incl. Hong Kong), an increase by 11% over the previous year.

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Jointly produced medium- and heavy-duty trucks of the Auman brand have been driving off the production lines of Beijing Foton Daimler Automotive Co. Ltd. (BFDA) since mid-2012. In 2013, the joint venture sold 103,300 trucks.

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 Eurozone; an exacerbation of the budgetary situation in the United States; a deterioration of our refinancing 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 and 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; 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 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 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 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 publication date.

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