

Mercedes-Benz Cars.

2013 was another record year for Mercedes-Benz Cars. Unit sales, revenue and production reached all-time highs. As we anticipated at the beginning of 2013, EBIT displayed a clear upward trend as the year progressed. Our most important new model was the S-Class, a pioneer of automotive development that underscores our leadership in the luxury segment. Additional new models in 2013 were the new E-Class and the CLA compact coupe. We also unveiled the new GLA, a compact SUV. Targeted investment in our global production network and sustained improvements in efficiency have put us on track for further profitable growth.

D.01

Mercedes-Benz Cars

	2013	2012	13/12
Amounts in millions of euros	% change		
EBIT	4,006	4,391	-9
Revenue	64,307	61,660	+4
Return on sales (in %)	6.2	7.1	.
Investment in property, plant and equipment	3,710	3,495	+6
Research and development expenditure thereof capitalized	3,751 1,063	3,863 1,125	-3 -6
Production	1,588,658	1,455,650	+9
Units sales	1,565,563	1,451,569	+8
Employees (December 31)	96,895	98,020	-1

D.02

Unit sales by Mercedes-Benz Cars

	2013	2012	13/12
In thousands	% change		
Mercedes-Benz	1,467	1,346	+9
thereof A-/B-/CLA-Class	384	231	+66
C-/SLK-Class	357	425	-16
E-/CLS-Class	332	314	+6
S-/CL-/SL-Class/ SLS/Maybach	71	81	-12
M-/R-/GLK-/GL-/ G-Class	323	295	+9
smart	98	106	-7
Mercedes-Benz Cars	1,566	1,452	+8
thereof Western Europe	640	631	+1
thereof Germany	280	290	-3
NAFTA region	363	342	+6
thereof United States	319	300	+6
China	239	208	+15
Japan	54	45	+20

New records set for unit sales and revenue. Mercedes-Benz Cars, comprising the brands Mercedes-Benz and smart, accelerated its growth with sales of 1,565,600 vehicles in the year under review (2012: 1,451,600). ↗ D.01 Revenue also increased to a new record level, rising by 4% to €64.3 billion. At €4.0 billion, EBIT was lower than the figure for the previous year. However, following a weaker first half of the year, we were able to significantly improve our earnings in the third and fourth quarters of 2013. The launch of several new and attractive products made a major contribution to the very positive overall business development throughout the year. Efficiency improvements from the “Fit for Leadership” program also had an increasingly positive effect on earnings as the year progressed.

Fit for Leadership. “Fit for Leadership” is a key element of our “Mercedes-Benz 2020” growth strategy. In the short term, the program combines existing and additional efficiency-boosting measures. Over the long term, it will optimize the Mercedes-Benz business system and create the structures necessary to achieve the growth defined by “Mercedes-Benz 2020.” With “Fit for Leadership,” we plan the implementation of measures to achieve a sustained improvement in our cost structures of approximately €2 billion by the end of 2014. For the year 2013, we had the objective of achieving 30% of the total cost reductions we aimed for. This target was significantly surpassed. Numerous measures have already been taken to increase efficiency in areas from product creation to the optimization of our procurement and sales processes, with the result that we were able to realize savings of approximately €800 million by the end of the year. Substantial progress was made for example with the optimization of production and with reducing material costs and fixed costs. We systematically identified technical and constructive potential for optimization and were able to achieve considerable effects by applying new procedures in awarding contracts to suppliers. We plan to systematically improve our processes in all areas in the coming years and to make them even more transparent. Among other things, we will carry out cost and profitability initiatives as standard features in all phases of the product creation process.



Mercedes-Benz starts a new chapter of its success story with the all-new C-Class.

Record unit sales for Mercedes-Benz. We once again set a new record in 2013 with unit sales of 1,467,400 Mercedes-Benz brand cars, marking a 9% increase over the previous year.

↗ **D.02** Growth became significantly more dynamic as the year progressed due to the launch of our attractive new models. Mercedes-Benz was the most successful premium carmaker in Germany, Japan and the United States in 2013. We also further improved our position in many markets around the globe.

Mercedes-Benz performed very well overall in a volatile market environment in Europe. In fact, we gained additional market share in nearly all key markets. Growth was particularly strong in the United Kingdom (+14%), Russia (+19%) and Turkey (+61%). We recorded a 3% increase in unit sales compared to the prior year in Western Europe and increased our share of the weak German market to 10.3% (2012: 10.1%). The development was especially positive in the United States, where we set a new record with sales of 308,900 vehicles. We were able to record substantial increases also in Japan (+22%), India (+27%) and Brazil (+34%). Unit sales in China rose significantly, especially in the second half of 2013, leading to a full-year increase of 15%.

Among the various Mercedes-Benz model series, the new compact cars displayed an exceptionally dynamic development. During the year under review, a total of 383,700 customers opted to buy a vehicle from the A-, B- or CLA-Class model series. This figure corresponds to a 66% increase in compact model sales. The new E-Class models launched in June were also in great demand, with a 6% increase in unit sales in the year of the model changeover to 332,300 sedans, station wagons, coupes and convertibles. Sales of M-/R-/GLK-/GL-/G-Class SUVs rose to the new record level of 323,300 vehicles (+9%). With sales of 121,400 units (+1%), the M-Class was once again the top-selling vehicle in its market segment. The C-Class performed well in the year before its model changeover, recording sales of 356,700 units (-16%). The new S-Class, deliveries of which began in July 2013, was extremely well received by both customers and automotive journalists. The brand's new flagship model has been available in all core markets since October and has already made its way to the top of new-

vehicle registration statistics. Also in the year of the model changeover, the S-Class defended its position as the world's best-selling luxury sedan. We sold a total of 71,400 vehicles in the S-Class segment in 2013 (2012: 80,700).

The new E-Class – efficient, intelligent and emotive.

The world premiere of the new E-Class at the North American International Auto Show marked the start of Mercedes-Benz's broadly based product offensive. The model's front end has been fully redesigned with new headlights featuring a single lens that covers all functional elements. Along with the sedan and the wagon, Mercedes-Benz also completely upgraded the coupes and convertibles in the E-Class family. The changes include powerful and efficient BlueDIRECT four-cylinder engines with sophisticated fuel-injection technology, as well as pioneering assistance systems.

The new CLA coupe – (air) resistance is futile. The CLA has established a new segment with its world-leading aerodynamic properties, an avant-garde coupe design and the optional 4MATIC all-wheel drive system. Breathtakingly sporty proportions and a powerful and dynamic design idiom featuring interplay between concave and convex surfaces lend the four-door coupe its distinctive appearance. With a Cd value of 0.23, and even 0.22 in the CLA 180 BlueEFFICIENCY¹, the CLA sets a new benchmark both for the Mercedes-Benz model lineup and for all other production vehicles. Deliveries to customers of the new CLA started in April 2013. A total of 59,200 units had already been sold by the end of the year.

¹ CLA 180 BlueEFFICIENCY: fuel consumption in l/100 km
urban 6.8 / extra-urban 4.0 / combined 5.0;
CO₂ emissions in g/km combined 117.

The new S-Class – aspiration: the world's best automobile.

In mid-May 2013, we presented the new S-Class to a global audience in Hamburg. The model is a cutting-edge engineering achievement for both Mercedes-Benz and automotive development in general. Its launch marked the high point of our 2013 product offensive, and its extraordinary fuel economy and outstanding aerodynamics ensure environmentally friendly performance. This is especially true of the S 500 PLUG-IN HYBRID¹, which we presented at the Frankfurt Motor Show in September 2013. With its innovative driver assistance and safety systems from the Mercedes-Benz "INTELLIGENT DRIVE" program, the S-Class is also a pioneering vehicle on the way to autonomous driving. No other vehicle embodies the Mercedes-Benz brand promise of "the best or nothing" as clearly as the S-Class. The new luxury sedan has generated a huge amount of interest: 20,000 orders for the S-Class had already been received even before the new model was officially launched.

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The new Mercedes-Benz GLA – an all-round talent. The SUV from our new compact-car family combines superior everyday driving performance with off-road mobility. A flexible interior and high-quality appointments that show loving attention to detail clearly position the GLA as a premium compact SUV. The new GLA completes the extensive range of Mercedes-Benz SUVs. At the same time, it is the fourth of a total of five new compact models from the brand. The GLA celebrated its world premiere at the Frankfurt Motor Show in September 2013. Deliveries to customers will begin in March 2014.

The smart fourjoy: forerunner of a new generation. The smart fourjoy show car, which was unveiled in the fall of 2013, offered a preview of the new smart design idiom. The brand will launch two new models in 2014: the successor to the smart fortwo, which will retain the predecessor model's unique vehicle length of only 2.69 meters, and a new four-seat smart forfour, which offers unprecedented interior spaciousness in this vehicle class.

With sales of 1,900 smart fortwo electric drive² cars and a market share of about 30%, the smart brand was the clear market leader for electric vehicles in Germany in 2013. The electric smart has also proved its worth in the car2go system. The electric lineup consisting of the fortwo coupe and fortwo convertible has been expanded to include the smart ebike. The bike's award-winning design and highly efficient and high-performance drive-system package enables it to occupy an exceptional position in this competitive field. The smart ebike also underscores the smart brand's goal of redefining urban mobility above and beyond the use of conventional automobiles.

The smart brand performed well in 2013, recording total sales of 98,200 smart fortwo cars in the fortwo's last full year of production before the model changeover.

AMG – cutting-edge technology and fascination. Impressive results in motorsports and a unique array of high-performance vehicles continue to underscore AMG's reputation as the successful performance brand from Mercedes-Benz. The AMG brand promise of "Driving Performance" has been a guarantee for the most sophisticated technology and pure driving fascination for more than 45 years now. The SLS AMG³ super sports car developed independently by Mercedes-AMG has been a brand icon since its initial presentation in 2009. The SLS AMG model is coveted all over the world. This is due not least to the car's motorsports success and to the great variety the series offers. AMG has also impressively demonstrated its innovative capabilities with the SLS AMG Electric Drive⁴ super sports coupe, which boasts a unique drive system.

As part of the "AMG Performance 50" growth strategy, we are expanding the AMG product range and positioning the brand in new market segments. For example, AMG has three new models in the compact segment: the sporty A 45 AMG⁵, a four-door coupe and a compact SUV. The new model variants enable Mercedes-AMG to offer its customers more scope for individualizing vehicles than ever before. Various AMG automobiles are also available as exceptionally exclusive and powerful



The four-door CLA Coupe features a sporty design as well as dynamic handling and performance.



No other car embodies the brand promise of Mercedes-Benz – “The Best or Nothing” – like the S-Class.

S-models, and they can also be equipped with the newly developed, performance-focused AMG 4MATIC all-wheel drive system.

Strengthened market presence in China. In China, we further enhanced the efficiency of our sales activities and significantly expanded the dealer network in 2013. The sales company Beijing Mercedes-Benz Sales Service Co., Ltd., a 51:49 joint venture with our partner BAIC, started work in March 2013. All marketing and sales activities for Mercedes-Benz cars from both local production and imports are now under the roof of a single organization, allowing significantly more efficient and effective processes than with the previous two separate companies. The network of more than 330 dealerships at the end of the year will be further expanded. In 2013 alone, 75 new dealerships were added; in 2014, we intend to include another 100 dealers in the network in 40 new cities. This means that the brand is increasingly present also outside the large metropolises. In parallel, we are continuously expanding the infrastructure for our after-sales business and are modernizing our logistics processes. We significantly upgraded the product range available to our Chinese customers in 2013 with seven product premieres, including the new S-Class and A-Class. Since September 2013, the long version of the new E-Class has been available in China; it is produced especially for the local market in the Beijing plant of Beijing Benz Automotive Co., Ltd. Offering 14 centimeters more legroom in the rear, this model meets the high demands of our Chinese customers.

Numerous awards for Mercedes-Benz cars. Mercedes-Benz once again set new standards for automotive manufacturing in 2013 with a courageous and confident approach that led to numerous awards. For example, automotive experts and readers of “Bild am Sonntag” newspaper and “Auto Bild” magazine selected the new S-Class as the best sedan in its class in the Europe-wide competition for the “Golden Steering Wheel” award. Mercedes-Benz models also made a big impression with their intelligent design trends. The S-Class captured top honors in the “German Design Award 2014” competition, while the A-Class and the CLA-Class were presented with the world-renowned “red dot award” for outstanding design quality.

- 1 S 500 PLUG-IN HYBRID: market launch in the second half of 2014.
- 2 smart fortwo electric drive: electricity consumption in kWh/100km 15.1; CO₂ emissions in g/km 0.0.
- 3 SLS AMG: fuel consumption in l/100 km
urban 19.9 – 19.7 / extra-urban 10.2 – 9.3 / combined 13.7 – 13.2;
CO₂ emissions in g/km combined 321 – 308.
- 4 SLS AMG Coupe Electric Drive: electricity consumption in kWh/100km 26.8;
CO₂ emissions in g/km 0.0.
- 5 A 45 AMG: fuel consumption in l/100 km
urban 9.1 – 8.8 / extra-urban 5.9 – 5.8 / combined 7.1 – 6.9;
CO₂ emissions in g/km combined 165 – 161.

The CLA-Class was also the overall winner in the “Auto Bild Design Award” competition, in which it was voted Germany’s most beautiful car. Environmental compatibility was the focus of a study conducted by the renowned “ÖkoTrend” institute. The study resulted in the Mercedes-Benz ML 250 BlueTEC 4MATIC¹ and the Mercedes-Benz B 200 Natural Gas Drive² being named the most environmentally friendly vehicles in their respective categories. Mercedes-Benz also distinguished itself in terms of purely business criteria in 2013. For example, “Firmenauto” magazine chose the E-Class 300 BlueTEC HYBRID³ station wagon, the B-Class and the smart fortwo electric drive⁴ as “Company Cars of the Year 2013.” And in the detailed residual value forecast conducted by “FOCUS online,” the CLA, the CLS Shooting Brake, the ML 250 BlueTEC 4MATIC¹ and the B 180 CDI⁵ posted the highest value-retention percentages and finished at the top of their respective segments. The most recent evidence of Mercedes-Benz’s positive development in China can be found in the J.D. Power Asia Pacific “Initial Quality Study 2013,” which gave the brand with the star the highest initial quality rating among 65 international and domestic automakers in China. In addition, the new S-Class was named “Car of the Year” in China by the editors in chief of the country’s most important automotive journals.

Best Customer Experience. Part of the “Mercedes-Benz 2020” growth strategy involves refocusing our global sales organization in line with changing customer demands. Our goal here is to make Mercedes-Benz even more attractive to new contemporary-minded target groups, while at the same time maintaining the brand loyalty of established customers. To this end, the company presented in 2013 the core measures to be taken in sales and marketing within the framework of the Mercedes-Benz 2020 growth strategy. Titled “Mercedes-Benz 2020 – Best Customer Experience,” these measures combine a broad range of new approaches to sales, marketing, and after-sales activities that will be carried out with one overriding goal in mind – to offer our customers a consistent premium experience whenever they encounter the brand. For example, Mercedes-Benz will increasingly utilize inner-city sales formats in the future in order to directly approach customers and the interested public in their environment and in a relaxed atmosphere. Some 20 inner-city marketing locations in cities such as Berlin, Paris, Milan, New York, Beijing and Tokyo are already attracting visitors and offering them an exciting and comprehensive brand experience. The number of such sites around the world is to more than double by 2020. We also systematically utilize digital media for all customer contact activities. Contact



New efficient engines, new assistance systems and a new design idiom: Mercedes-Benz has thoroughly modernized the E-Class.



The compact premium SUV – the GLA – another milestone in the product and growth offensive of Mercedes-Benz.

with the brand is being further simplified by new communication channels such as the “Mercedes-Benz connect me” online shop, which was launched in Hamburg in late 2013. The existing sales team is also being expanded to include new professional profiles such as mobile sales consultants. This is important because Mercedes-Benz partners – dealerships and authorized sales outlets – will remain the most important points of contact for customers in the future.

Expansion of the production network. In order to meet the strong demand for our new products, we are expanding our production operations in a manner that will make them more responsive to customer and market requirements. At the same time, we are continually enhancing the productivity of existing facilities. These measures will also allow us to create the production conditions needed to achieve the targets of our “Mercedes-Benz 2020” growth strategy.

Substantial investments in Germany underscore our commitment to the country as a key manufacturing location. Germany remains the heart of our global production network, in which our German plants serve as centers of expertise. We invested more than €1 billion in our Sindelfingen facility in 2013; the launch of the new S-Class accounted for a large portion of that outlay. The investment volume at our main plant in Stuttgart-Untertürkheim amounted to more than €800 million during the year under review. In addition, we will invest more than €1 billion in our facility in Bremen by the end of 2014. The focus there is on preparations for the plant’s role as the competence center for the new C-Class. This model is now being built in a production network comprising the plants in Bremen, Tuscaloosa (USA), Beijing (China) and East London (South Africa).

We are also continuing with the expansion of our international production locations. One focus here is on the plant in Tuscaloosa, Alabama, in the United States. Preparations are being made there for the production of the new C-Class as of 2014 and of an all-new Mercedes-Benz model series starting in 2015.

Together with our partner BAIC, we are investing a total of roughly €4 billion over a period of several years in our facility in Beijing. The first long-wheelbase version of the new E-Class rolled off the assembly line there in September 2013. In November, the first Mercedes-Benz engine plant outside Germany went into operation in Beijing, and local production of the GLA compact SUV is scheduled to begin in 2014.

Valmet Automotive, a specialist manufacturing company, began providing additional capacity for A-Class production in August 2013. The Valmet plant in Uusikaupunki, Finland, will manufacture more than 100,000 A-Class cars flexibly and in line with market requirements by the end of 2016.

We are expanding our production capacity also in Brazil, where a new assembly plant in Iracemápolis near São Paulo will begin producing the next generation of the C-Class and the GLA for the local market in 2016.

Further reduction of CO₂ emissions. Our new engines and extremely efficient model variants once again enabled us to substantially reduce the average CO₂ emissions of the cars we sold in the European Union in 2013 – this time from 140 g/km to 134 g/km. Our new compact-class models played a major role in this accomplishment. Our overall objective is to reduce the average CO₂ emissions of our fleet of new cars in the European Union to 125 g/km by 2016.  see pages 110f

1 ML 250 BlueTEC 4MATIC: fuel consumption in l/100 km urban 7.1 – 6.7 / extra-urban 5.7 – 5.3 / combined 6.2 – 5.8; CO₂ emissions in g/km combined 163 – 154.

2 B-Class 200 Natural Gas Drive: natural gas consumption in kg/100 km urban 6.0 – 5.6 / extra-urban 3.4 – 3.3 / combined 4.4 – 4.3; CO₂ emissions in g/km combined 162 – 153.

3 E-Class 300 BlueTEC HYBRID: fuel consumption in l/100 km urban 4.5 / extra-urban 4.6 – 4.4 / combined 4.5 – 4.4; CO₂ emissions in g/km combined 119 – 116.

4 smart fortwo electric drive: electricity consumption in kWh/100km 15.1; CO₂ emissions in g/km 0.0.

5 B 180 CDI: fuel consumption in l/100 km urban 5.2 – 4.9 / extra-urban 4.1 – 3.7 / combined 4.5 – 4.1; CO₂ emissions in g/km combined 117 – 108.