

Address by the Chairman of the Board of Management

Ola Källenius

to the Annual General Meeting of

Mercedes-Benz Group AG

Stuttgart, May 8, 2024

Check against delivery!

Intro

Ladies and Gentlemen!

Welcome to the Annual General Meeting.

We presented it a good two weeks ago:
the electric G-Class¹.

The G is an automotive legend. Everyone knows it. Most people admire it. We had a clear ambition: The electric G was to be just as good off-road as its predecessors.

And I can tell you from personal experience: This car is phenomenal. It is the best G-Class I have ever driven.

We are continuing the history of this model series with the electric G-Class. And making it fit for the future.

Over 45 years, it has gained many fans all over the world. One of them is Bernd Pischetsrieder.

Tribute to Bernd Pischetsrieder

Dear Bernd, I know that, as the CEO of BMW, you didn't necessarily like the G-Class. Competing against it in comparative tests is rather tough.

Since you've been on the Mercedes Supervisory Board, you've at last been able to show your enthusiasm openly.

Dear Bernd, this Annual General Meeting is the last one you will chair. You took over as Chairman of the Supervisory Board in 2021.

And that means, in the middle of the strategic realignment.

In the midst of major external challenges.

¹ Mercedes-Benz G 580 with EQ Technology (energy consumption combined: 30.3-27.7 kWh/100 km | CO₂ emissions combined: 0 g/km | CO₂ class: A)

The Board of Management was always able to count on your advice. On your wealth of experience. And your strategic vision.

You have worked at the top of all the major German automotive companies.

And the star doesn't just crown our cars. But also your impressive career. Careers like yours are rare. People like you are rare. Dear Bernd, many thanks for everything you have done for Mercedes-Benz!

At the same time, we are looking forward to working with Dr. Martin Bruder Müller. He has played a decisive role in shaping the German economy over the past decades. He has also been active on our Supervisory Board for many years.

In the future, he will be even more committed to Mercedes-Benz. Dear Martin Bruder Müller, that is very good news.

For the entire Mercedes team. And also for our valued shareholders.

We are all determined to position Mercedes-Benz for long-term success.

Especially in times of great change, it is important to know your identity. And to shape your actions accordingly.

This certainly applies to the development of new vehicles.

But it also applies to the corporation as a whole.

I would therefore like to explore the question:

What makes Mercedes-Benz, Mercedes-Benz today?

Or, to put it another way: **Why are we optimistic about the future of your company?**

Healthy balance sheet

Let's get started! **A healthy balance sheet makes Mercedes-Benz, Mercedes-Benz.**

We can build on this.

In 2023, we sold almost 2.5 million vehicles.

Unit sales of our electric cars grew by 61 percent.

Group turnover rose by two percent to 153.2 billion euros. Earnings before interest and taxes reached 19.7 billion euros.

The adjusted return on sales for passenger cars was 12.6 percent. The figure for vans was 15.1 percent. The adjusted return on equity of Mobility amounted to 12.3%.

Thanks to our focus on top products and our cost discipline, we achieved a free cash flow of 11.3 billion euros. That is almost 40 percent more than in the previous year.

As you know, supply chains were restricted.

There was great geopolitical uncertainty.

Macroeconomic headwinds still prevail.

Despite these difficulties, we managed it together. The performance of the Mercedes team makes me proud. Thank you to all of my colleagues!

The successful development of your company becomes even clearer when we look at the last few years:

Since 2019, the average return per vehicle at Mercedes-Benz Cars has risen by 46 percent. We are selling better equipped vehicles. And we are focusing on value stability for our customers.

Fixed costs fell by 16 percent in the same period.

Between 2020 and 2023, the company generated 35.6 billion euros in free cash flow. By the end of 2023, the net liquidity of the industrial business rose to 31.7 billion euros.

You have invested money in Mercedes-Benz.

We want this to be worthwhile:

Our attractive dividend policy is designed to ensure that you continue to receive reliable dividends in the future.

And you can benefit from our new share buyback policy. In future, the free cash flow of the industrial business after M&A transactions in excess of the dividend payment quota of around 40 percent of group income will be used to finance share buybacks.

We expect this to have a positive impact on earnings and dividends per share.

Today's proposal for the dividend is 5 euros and 30 cents. This reflects the solid results. And it shows that the current share buybacks are already having a positive impact on the value of each individual share.

Total shareholder return has more than doubled since the 2019 Annual General Meeting.

That is good. But Mercedes can do even more. Two things are crucial for further increases in the value of the company:

- sustainable financial success
- and a clear plan for the future.

That's what I'll talk about next.

Ambitious strategy

Our ambitious strategy also makes Mercedes-Benz, Mercedes-Benz.

We want a CO₂-neutral new car fleet by 2039. Across the entire value chain.

That's why the strategic aim of Mercedes-Benz is zero emissions. That is certain.

However, the transformation might take longer than expected.

We are therefore prepared for all market scenarios.

We are creating the conditions to become fully electric.

But many factors influence the pace of transformation. For example, the expansion of the charging infrastructure.

There will be both in the coming years:

Electric cars and cars with ultra-modern, electrified combustion engines.

If the demand is there, well into the 2030s.

We make sure that all relevant drive systems are fully up to date.

And then the customer decides. We will build the perfect Mercedes for every wish.

We have set our plants up for flexibility.

That way we can produce combustion engine models alongside electric cars.

And react quickly to the market.

The star on the hood is our promise:

A Mercedes is a Mercedes – regardless of the drive system.

The focus remains on the upper end of the segments in which we operate.

Our top models also remained in high demand in 2023.

The market share of the S-Class was around 50 percent in all key regions.

Unit sales of the G-Class rose by eleven percent.

Mercedes-Maybach grew by no less than 19 percent.

AMG also recorded an increase of four percent.

This year, we are strengthening our portfolio with a targeted approach.

Which brings me to my third point.

Fascinating products

Fascinating products make Mercedes-Benz, Mercedes-Benz. That will always be the case.

Our product portfolio is younger and more technologically advanced than ever before.

The best example is the revised EQS.

- Even more technology ensures even more operating range.
- The Hyperscreen will be standard in future.
- We have developed new Executive Seats for the rear.
- On request, it has an upright star on the hood.
- It has been available to order since the end of April.

Also already available: The Mercedes-Maybach EQS SUV². It was first launched in the USA. Followed by sales release in Europe. And the first vehicles are now due to be handed over to customers in China.

² Mercedes-Maybach EQS 680 SUV (combined energy consumption: 24.1-22.0 kWh/100 km; CO₂ emissions combined: 0 g/km; CO₂ class: A)

We have also developed the new E-Class with a long wheelbase for our Chinese customers. In China for China.

As our most important market, China remains a priority for us. We will launch 15 new models there this year alone. They are specially tailored to the needs of our Chinese customers.

We are drawing even greater leverage from the dynamism of automotive development in China. We have significantly expanded our research and development network there as well as our technology partnerships.

With China speed and Mercedes standards we can also be very successful in the future.

Competitive products are the key.

Also at Mercedes-Benz Vans.

We achieved our best unit sales to date in 2023.

Our electric vans showed an increase of more than 50 percent. Thanks to new models, we are also in an excellent position this year.

The new Sprinter and the new eSprinter have been available since the spring – also in the USA for the first time. All are equipped with our well-known MBUX system.

Our mid-size vans have a completely revised model range:
the eVito and Vito as well as the EQV and V-Class.

All these vehicles show that we want to offer something special. Every new product incorporates the creativity, know-how and passion of our engineers.

Thousands of fine details and working hours. They are being well invested.

Cutting-edge technology

You see, **cutting-edge technology is what makes Mercedes-Benz, Mercedes-Benz.**

This is my fourth point.

The VISION EQXX shows what is technically possible in electric drive.

Our team recently completed yet another record drive – covering more than 1,000 kilometres through the Arabian Desert.

On a single battery charge.

With an average electricity consumption of just 7.4 kilowatt-hours per 100 kilometres.

Step-by-step, the underlying technology is entering series production.

We provided an insight into this with the Concept CLA Class. It has a range of more than 750 kilometres, with energy consumption of around 12 kilowatt-hours per 100 kilometres. Those figures translate into something approaching a “one-litre car”.

The series-production version of the CLA celebrates its premiere next year.

We are continually improving battery technology and the efficiency of the electric drivetrain.

The aim is higher energy density, increased charging performance and lower energy consumption.

With our new eCampus in Stuttgart-Untertürkheim, we are strengthening our research and development resources for future batteries. In a few months, we’re opening a factory for low-volume production of battery cells.

At the same time, we’re working on the cost of batteries. Over the next few years, we want to reduce this by more than 30 percent.

The future of Mercedes will not only be electric.

It will also be digital.

Our MB.OS operating system forms the digital backbone of our future vehicles.

We will bring MB.OS to market for the first time in the new CLA. Our teams are working full speed on this, and we are currently in the final phase of system testing.

Our customers have long been able to experience our software expertise every day in our assistance systems.

We've been offering our DRIVE PILOT for the last two years. Under certain conditions, it enables the driver to hand over control to the car. It puts us on Level 3 of 5 en-route to autonomous driving. We want to launch an intelligent development of this system in Germany this year. And increase the possible speed to around 90 kilometres per hour.

Safety is, of course, the top priority for Mercedes-Benz.

It's a mark of all vehicles with the three-pointed star.

Backed up by impressive proof – with the world's first public frontal crash test between two electric vehicles.

The test was successful:

- The passenger cells remained intact.
- As did the battery.
- The doors could still be opened.
- The high-voltage systems automatically shut down.

For every model range, we conduct up to 15,000 digital and 150 real crash tests. Our own Mercedes standards exceed those required by law in many aspects.

We have demonstrated that we are also able to use X-ray technology in a crash test. We were the first auto maker to do so.

Safety is part of our DNA.

You see, we focus our thinking and our actions on the people who buy and drive our cars.

Customer experience

Wherever they encounter our brand, they should be able to sense that they are centre stage.

The customer experience makes Mercedes-Benz, Mercedes-Benz.

Which brings me to my fifth point.

We are redesigning our retail spaces worldwide. At almost one third of them, this has already been completed. Over the next three to four years, this will rise to more than 90 percent.

We also want to live up to our brand promise in one-to-one contact. Right now, we're training our sales and workshop partners in a programme called "The Mercedes Way". We want our customers to be able to experience special Mercedes moments.

Furthermore, we're expanding our global network of exclusive locations. One recent addition is in Dubai.

What we achieved there is extraordinary. But it won't be unique. Quite the opposite, in fact. We want this kind of presence at many locations around the world.

To maximise convenience and transparency when buying a car, we are continuing the rollout of our direct sales.

More than 50 percent of our turnover in Europe already comes from direct sales.

We will continue to pursue this.

The same applies to the expansion of our online stores.

More than 40 markets are already on-board.

And the feedback is extremely positive.

One crucial element of the electric product experience is also charging. Which is why one of our initiatives is the construction of our own high-speed charging network. We want to install around 10,000 charging points in our core markets by the end of the decade.

The first stations are already up and running in the USA, China and Europe. We want to play our part in the mobility transition.

Responsibility

Because we take our responsibility seriously.

That, too, makes Mercedes-Benz, Mercedes-Benz.

We now offer ten all-electric models. This is one of the broadest offerings on the market.

In our production, too, emissions will continue to fall:

We're working to reduce its CO₂ emissions by 80 percent by the end of the decade.

Our plan includes two wind parks. And the expansion of photovoltaic energy generation at our locations worldwide.

We are also making our supply chain more sustainable:

We're increasing our supply of CO₂-reduced steel, which is manufactured using renewable electricity. And it has a high recycled content. The same applies to aluminium.

We want to increase the proportion of recycled raw materials in our fleet. Aiming for 40 percent by 2030.

We want to close the loop in battery materials with our new battery recycling factory.

It has a recycling quota of up to 96 percent. The precious raw materials can be re-used to produce new batteries.

Beyond that, we are working on the transparency of our supply chain. Respect for human rights is our aspiration and goal – from mine to product.

We are, of course, investing heavily in qualifying our workforce. Because the much-valued work of our colleagues is not just part of the transformation. It's a prerequisite.

But our social responsibility doesn't end at the factory gates. Let me give you a couple of examples of our commitments worldwide:

- We are supporting the people of Ukraine.
- Likewise the civilian victims on both sides of the conflict in the Middle East.
- And also at our facilities, we are committed to social and environmental causes. One example here at our HQ is our cooperation with *Bürgerstiftung Stuttgart* (Stuttgart Civic Trust).

Moreover, we would like to support young people who are working with enormous energy to build a better future.

Last year, we began supporting an independent funding programme. The money came from the auction of the world's most valuable car – the 300 SLR Uhlenhaut Coupé.

The programme helps young people realise their ideas, with the focus on sustainability and environmental protection.

The second annual intake is happening round about now. The programme is being expanded step by step – for even more innovative projects. Projects like these.

Close

The ideas are as diverse as the people themselves on beVisioneers. The same applies to our company.

Working together for us here in Germany are around 114,000 people from 121 nations. Without our team members with migrant backgrounds, we wouldn't be developing, building and selling the S-Class.

We need and want these people.

And we are happy and proud to have them among us.

We all value Germany's diversity, openness and cohesion. Freedom and democracy.

But we are aware that this is not something we can take for granted. We must recommit ourselves to this again and again.

Yes, we stand before enormous change and huge tasks – in economic and political terms.

But we can tackle them together.

For instance, the immigration law passed by the German parliament is a step in the right direction to alleviate the already evident skills shortage.

The expansion of childcare and widespread introduction of all-day schooling could also contribute to this.

When it comes to productivity and policies relating to the jobs market, we must be able to compete internationally.

More renewable energies as well as competitive energy prices can likewise strengthen Germany's competitiveness. As can an intelligent European raw materials strategy and new trade agreements.

Germany has the most to lose if we isolate ourselves as an export country. That's why we don't need less Europe, but more! And we can send a clear signal in that regard in the forthcoming European elections. Freedom is a powerful engine.

If we want to have a better future, we must actively change things for the better. And that is possible.

This is exactly what we are doing here.

This mindset is also what makes Mercedes-Benz, Mercedes-Benz.

In recent years, the company has clearly demonstrated its performance, competitiveness and forward thinking.

The basis for this was trust – your trust!

In our strategy. Our structure. And in the whole team.

And for that, dear shareholders, I want to do more than just say thank you.

Rather, we take this as motivation to lead your company into a successful future.

We're well underway. Let's keep going!

Thank you.
