

Fixed Income Presentation

FY 2021

Mercedes-Benz Group AG



# AGENDA

I. **MERCEDES-BENZ GROUP REVIEW FY 2021**

II. DIVISIONAL REVIEW FY 2021

III. OUTLOOK FY 2022

IV. FUNDING

V. SUSTAINABILITY

# Mercedes-Benz Group: Achievements 2021

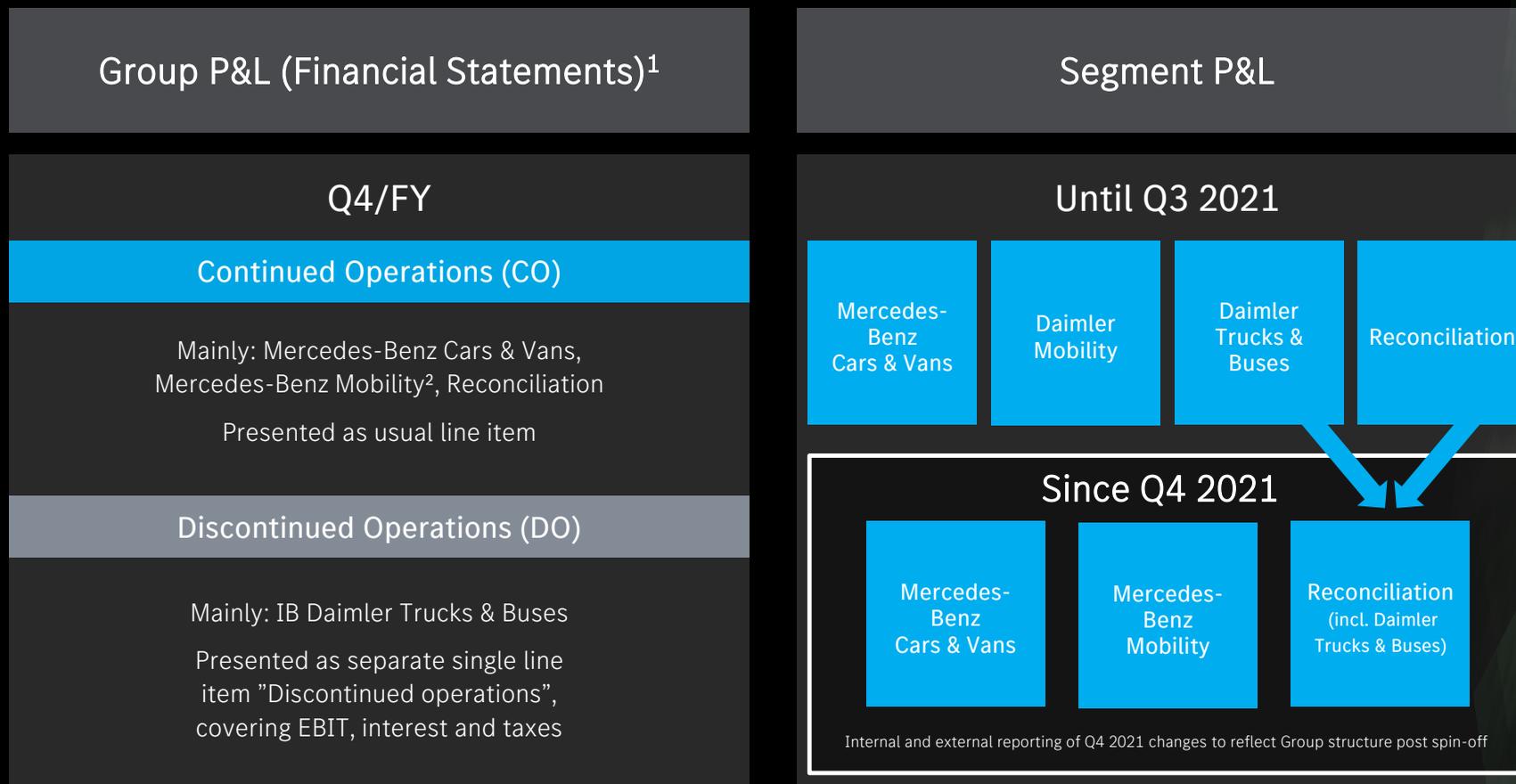


Increased financial robustness managing through the pandemic & semiconductor shortages

Accelerated strategy implementation, especially electric vehicles & automated driving

Established new company structure successfully

# Q4/FY reporting changes due to Spin-off Daimler Trucks & Buses



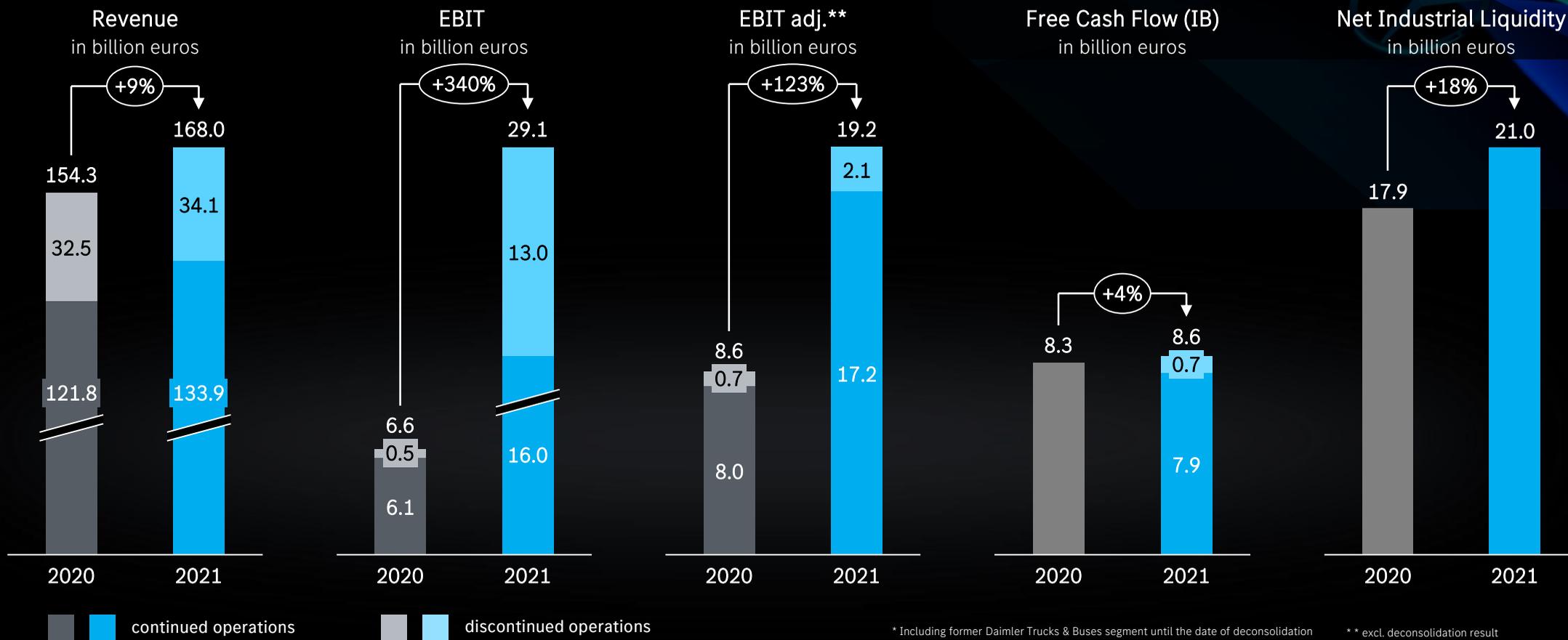
Presented figures of Mercedes-Benz Group AG include information for 11 months and 9 days of Daimler Trucks & Buses. These figures are not 1:1 comparable to the upcoming year-end disclosure 2021 of Daimler Truck Group, mainly due to different reporting period and Trucks financial services. The consolidated statement of income shows continued operations. As our outlook for 2021 was given for the sum of continued and discontinued operations, we show the key figures including the former Daimler Trucks & Buses segment until the date of deconsolidation. All figures are preliminary, unaudited and may not add up due to rounding.

<sup>1</sup> In Consolidated Balance Sheet IB Daimler Trucks and Buses including MBM spin off is deconsolidated as of 9 December 2021. Further assets and liabilities of Daimler's commercial vehicle business that will be transferred in 2022 are presented as assets and liabilities held for sale.

<sup>2</sup> MBM incl. Trucks

Disclaimer: This page is for illustration purposes only. It shows schematically the upcoming structural changes within Mercedes-Benz's financial statements. More detailed information is provided in the annual report.

# Mercedes-Benz Group: Key figures\*

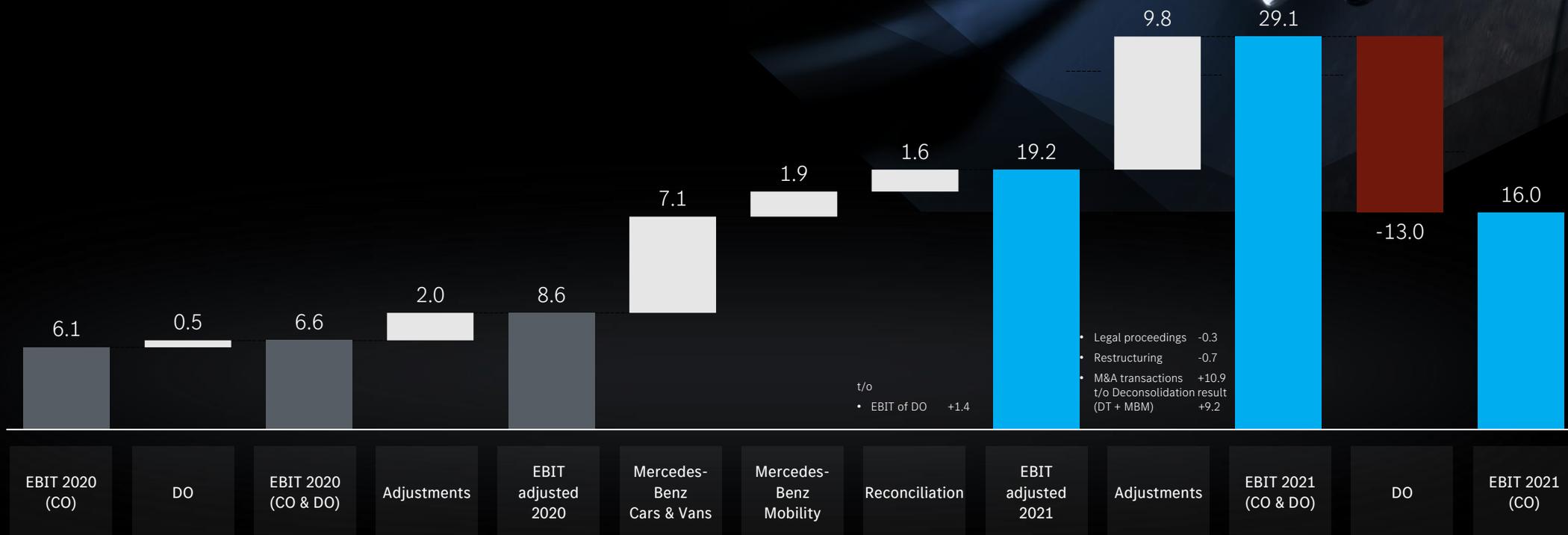


\* Including former Daimler Trucks & Buses segment until the date of deconsolidation

\*\* excl. deconsolidation result

# Mercedes-Benz Group: FY EBIT\*

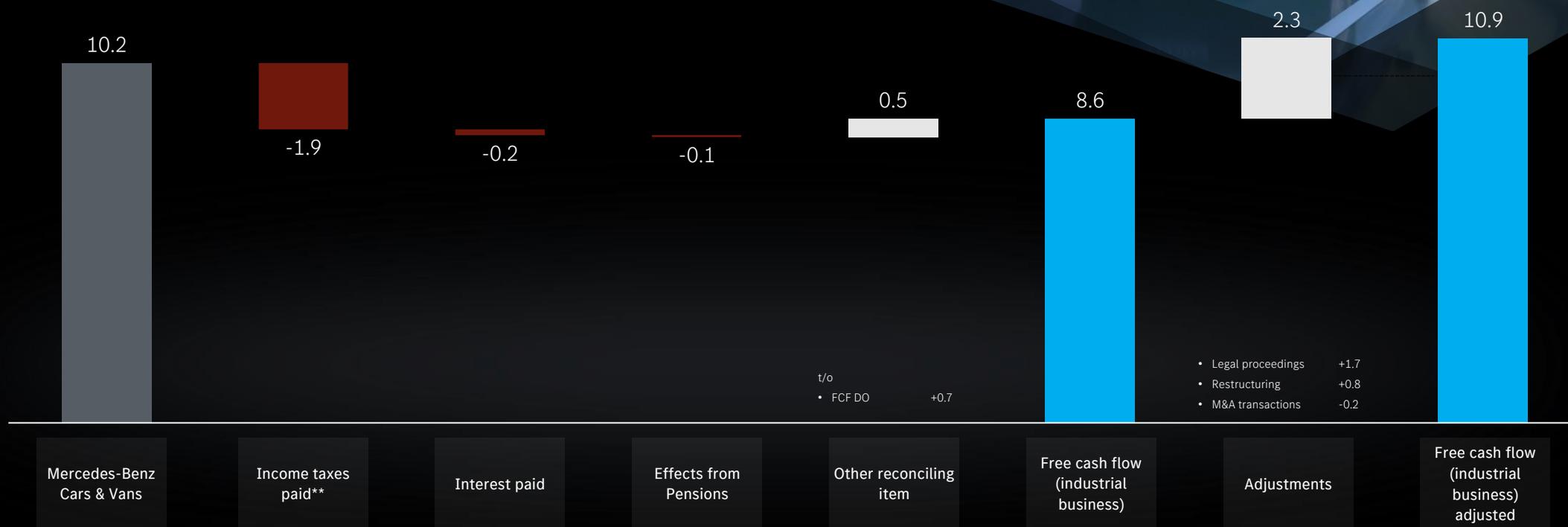
In billion euros



\* Including former Daimler Trucks & Buses segment until the date of deconsolidation

# Mercedes-Benz Group: Reconciliation from CFBIT to Free Cash Flow\*

In billion euros

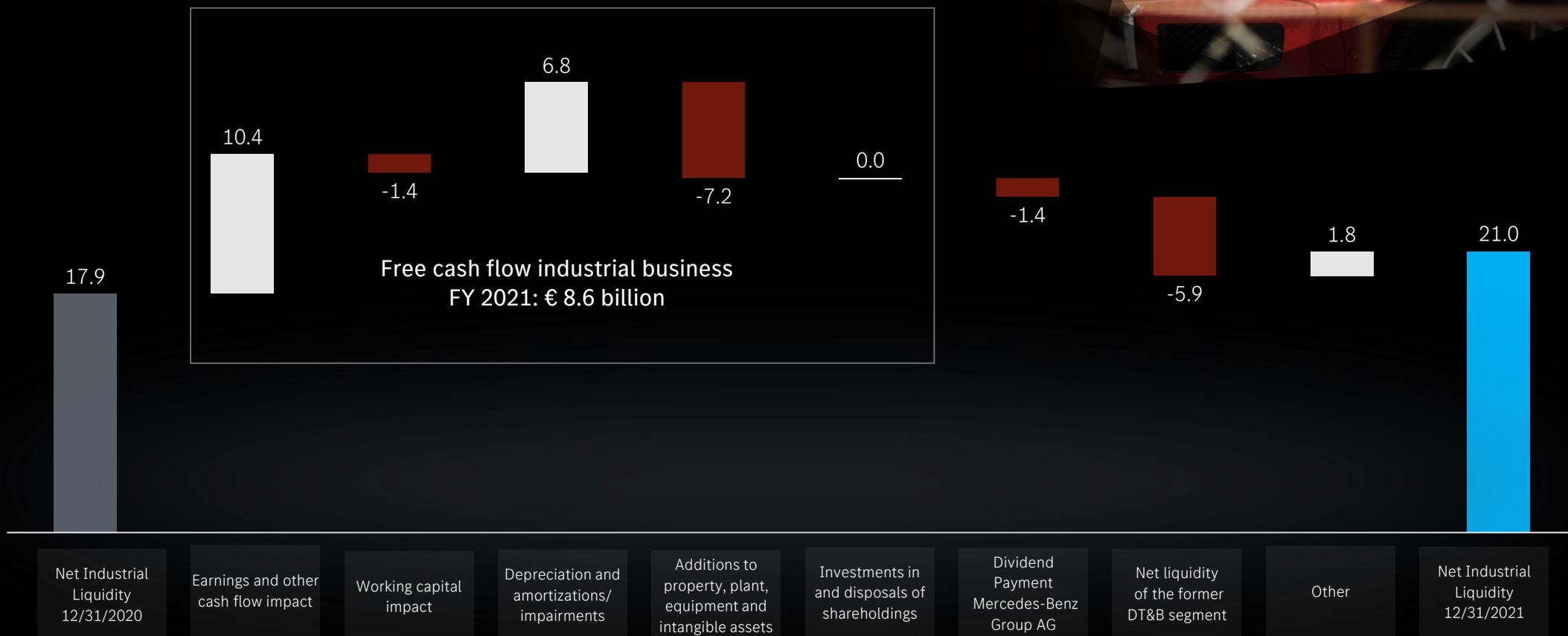


\* Including former Daimler Trucks & Buses segment until the date of deconsolidation

\*\* includes internal tax prepayments from Mercedes-Benz Mobility to the industrial business

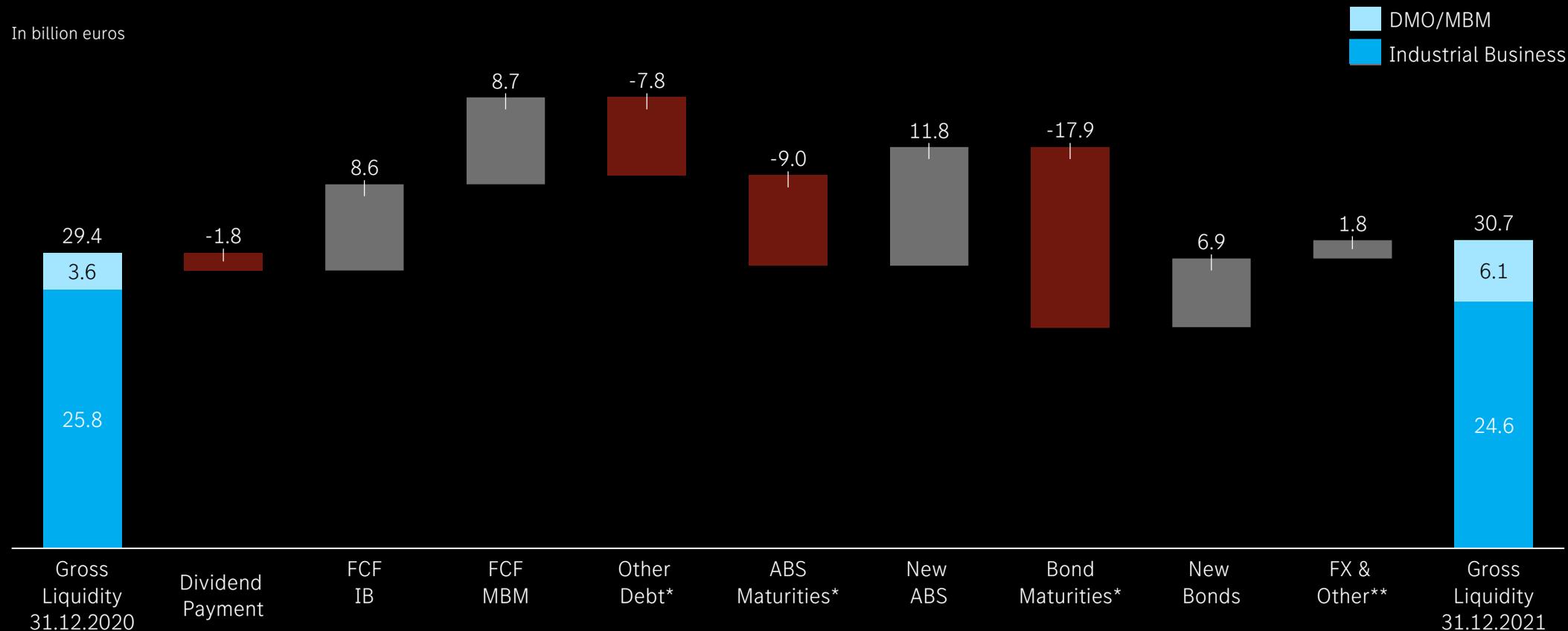
# Mercedes-Benz Group: Net Industrial Liquidity\*

In billion euros



\* Including former Daimler Trucks & Buses segment until the date of deconsolidation, Net Industrial Liquidity as of Dec. 31, 2021 without NIL of former DT&B segment.

# Mercedes-Benz Group: 2021 development of gross industrial liquidity



\* Adjusted by Daimler Truck spin-off related flows

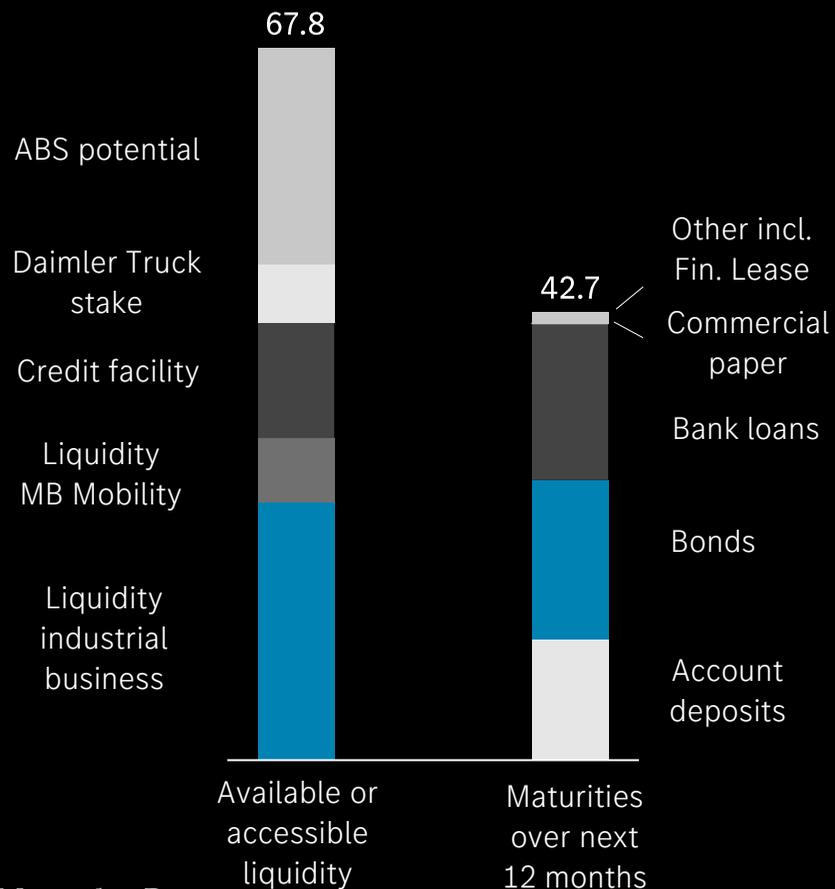
\*\* Daimler Truck spin-off related flows are reflected in FX & Other

Note: Figures may not be additive due to rounding

# MBG Q4 2021

## Financial flexibility over a 12-month period

in billion euros



- Compared to end of Q3 net industrial liquidity decreased to €21.0 billion due to Daimler Truck spin-off
- Gross industrial liquidity at €24.6 billion
- Financial flexibility supported by €11 billion revolving credit facility, which is unutilized
- Financial flexibility supported by 30% Daimler Truck stake after spin-off

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# Mercedes-Benz Cars & Vans: Key messages



Strong market demand for top end vehicles: record sales for Maybach, AMG and G-Class

Acceleration of EVs: 4 new BEVs introduced, strong EQS demand; Van EV deliveries doubled

Automated driving: next milestone with industry-first Level 3 approval in Germany

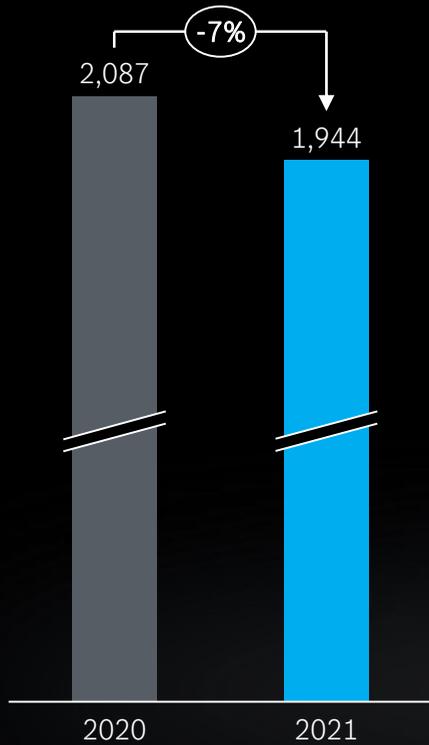
Resilience increased: revenue quality and cost efficiency improved; break even further reduced

Restructuring: significant progress in ICE plant transformation

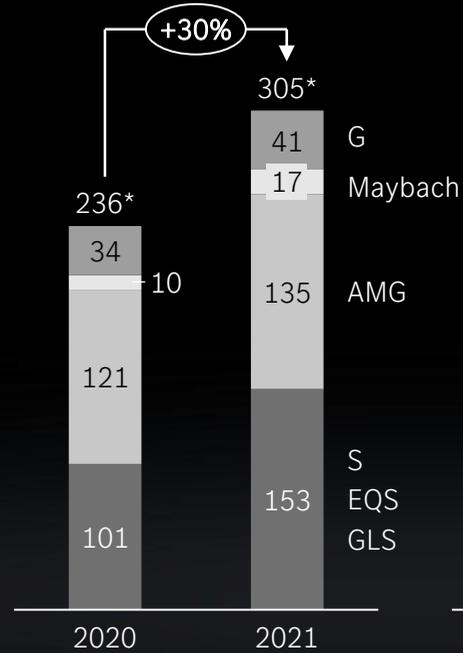
# Mercedes-Benz Cars:

## Top-end and electric vehicle unit sales

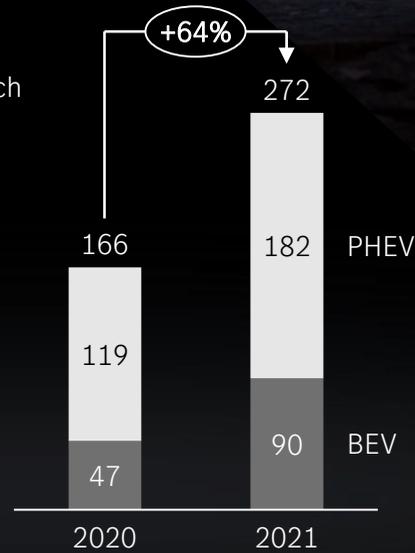
In thousand units



Total MBC



Top-end vehicles



Electric vehicles

thereof

Share in % of volume

10%

16%

8%

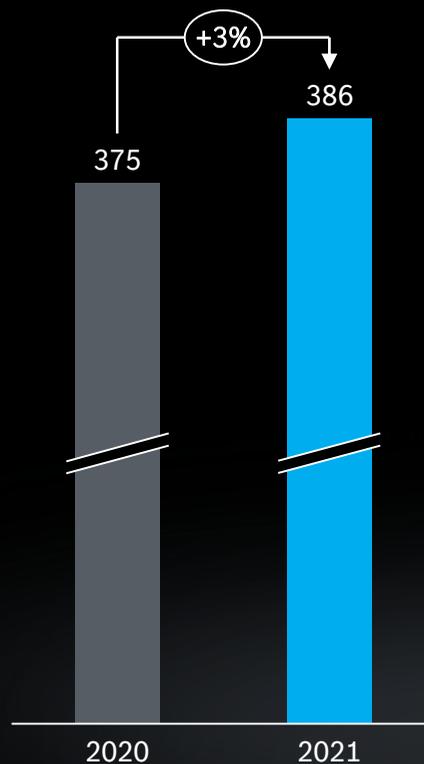
14%

\* w/o double counting (e.g. G63, S-Class Maybach)

# Mercedes-Benz Vans: Electric vehicle unit sales

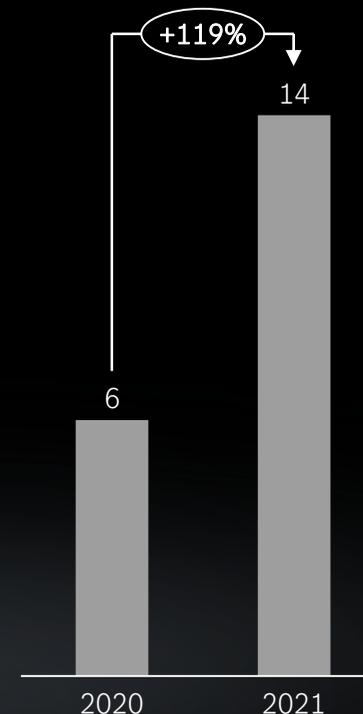


In thousand units



Total MB Vans

thereof



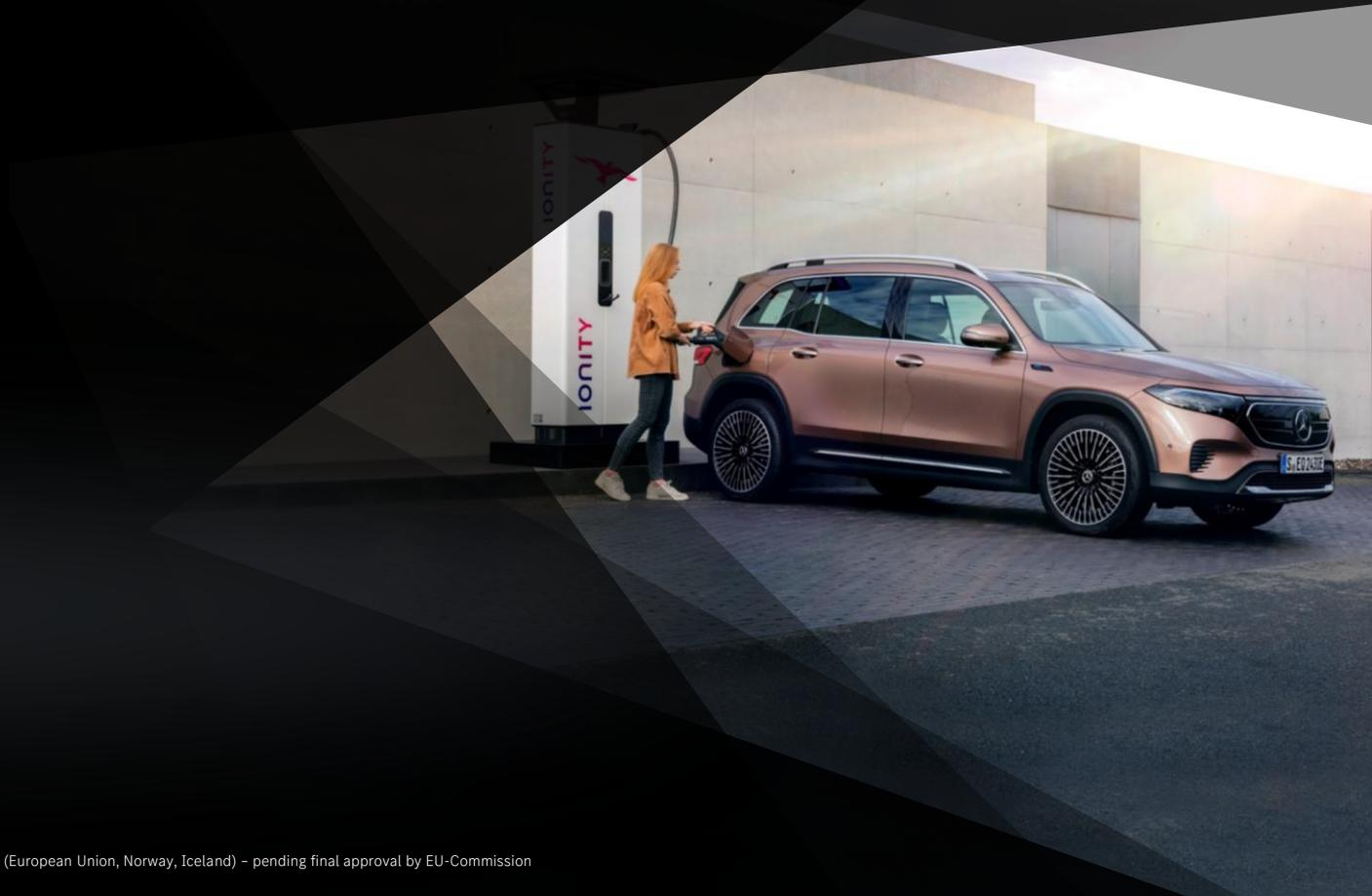
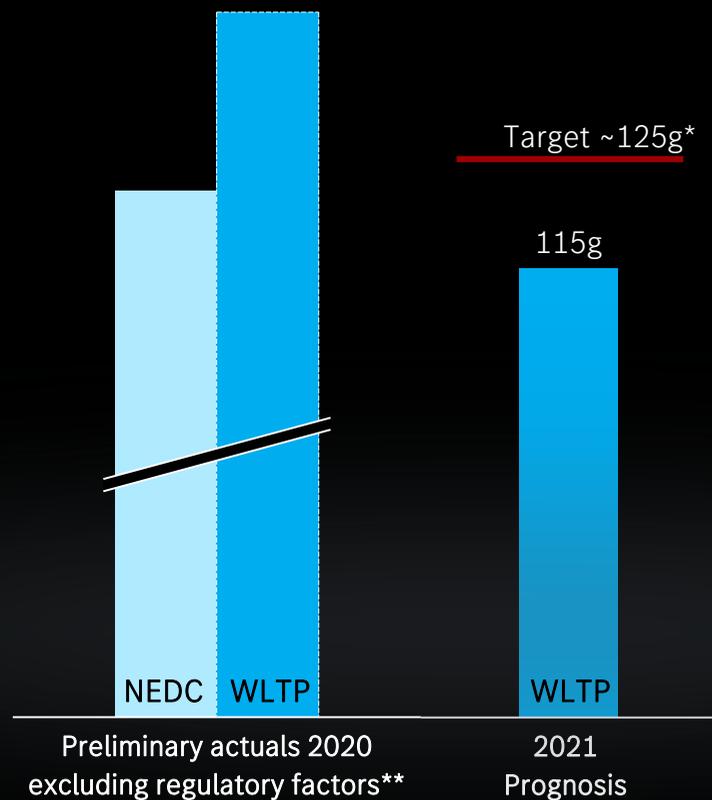
Battery electric vehicles

Share in % of volume

2%

4%

# Mercedes-Benz Cars & Vans: Internal data confirms CO<sub>2</sub> compliance 2021 in Europe

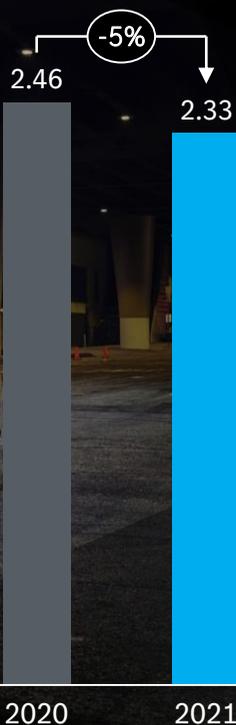


\* Estimated target level Mercedes-Benz Group 2021ff new car fleet's average CO<sub>2</sub> emissions in Europe (European Union, Norway, Iceland) – pending final approval by EU-Commission  
\*\* excl. Super Credits, Phase-In, Eco-Innovations (pending final approval by EU-Commission)

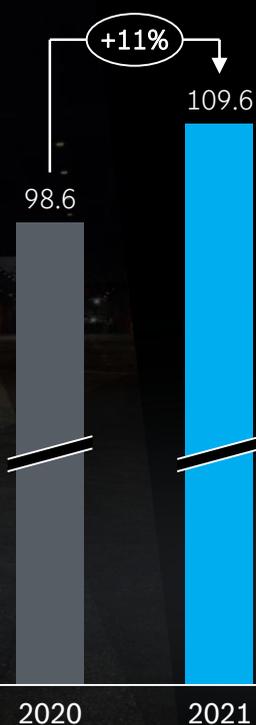
# Mercedes-Benz Cars & Vans: Financials



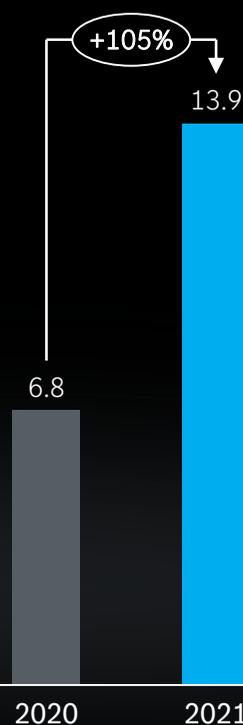
Sales  
in million units



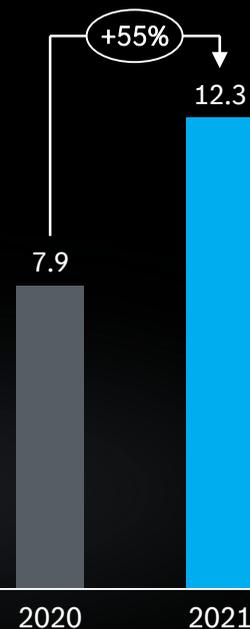
Revenue  
in billion euros



EBIT adj.  
in billion euros



CFBIT adj.  
in billion euros

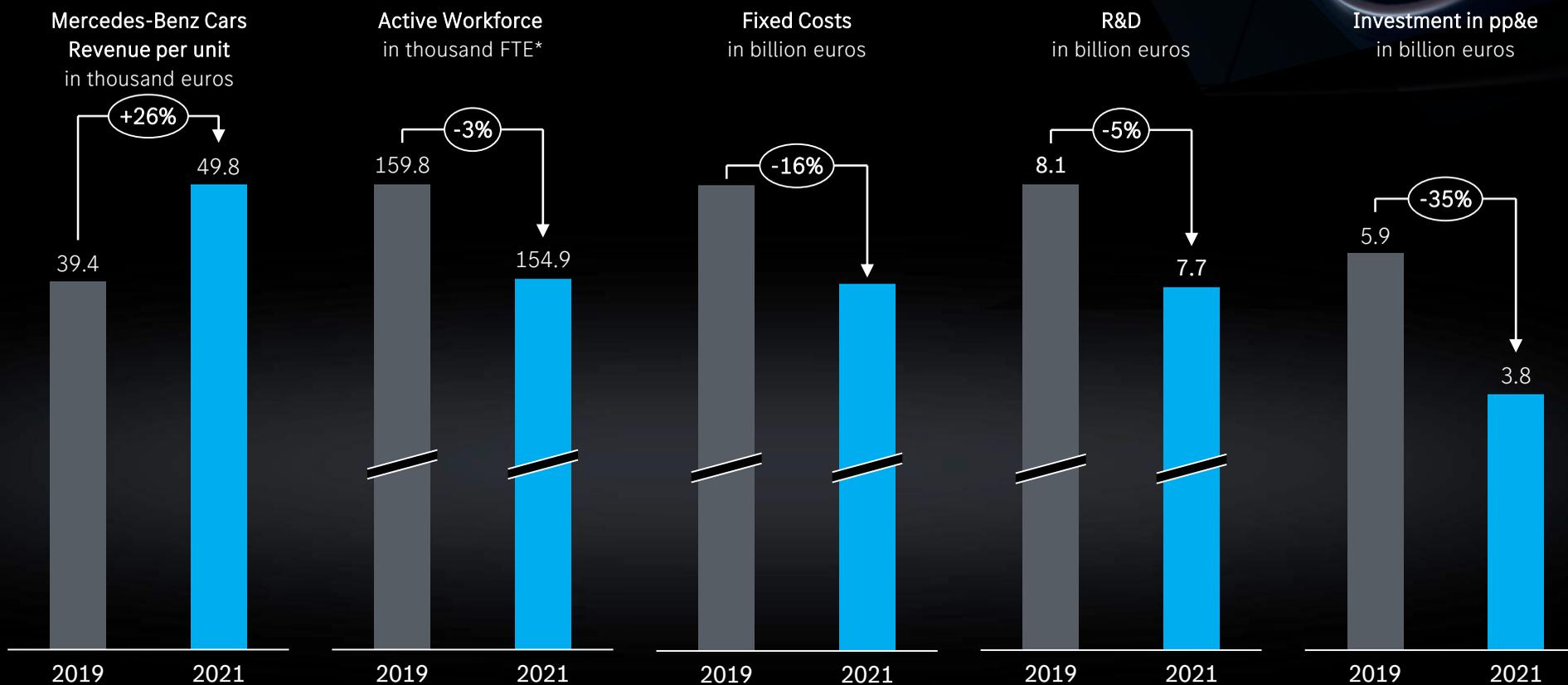


# Mercedes-Benz Cars & Vans: FY EBIT & RoS

In million euros



# Mercedes-Benz Cars & Vans: Indicators of Change



\* FTE = Full time equivalent

# Mercedes-Benz Cars & Vans: EBIT to CFBIT

In million euros



# Mercedes-Benz Mobility: Key messages

Spin-off of truck business successfully completed (Phase 1 2021)

New business impacted by semiconductor shortage and lower penetration rate

Reduced portfolio due to truck spin-off and lower dealer stock

Net credit losses on low level due to high portfolio quality

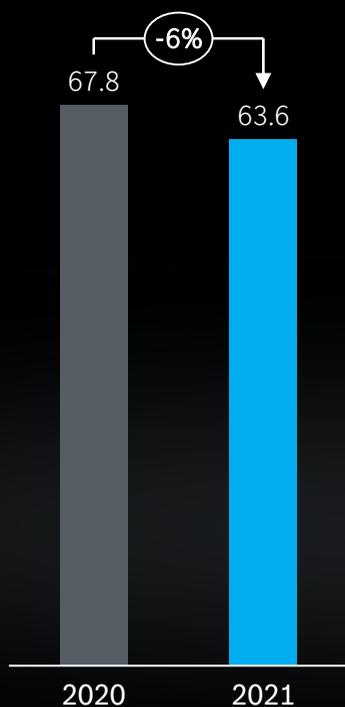
Continuous support for EV sales

Strategy refocused on core business

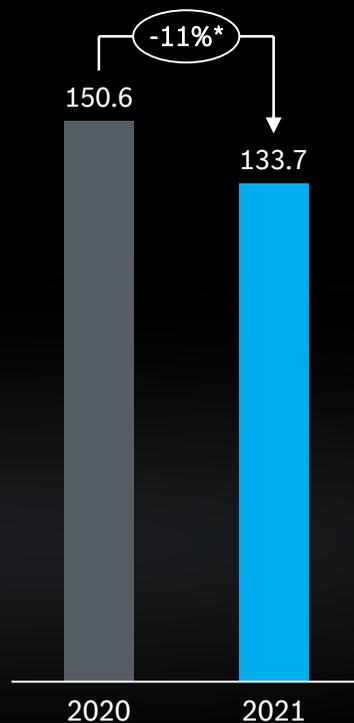


# Mercedes-Benz Mobility: Financials

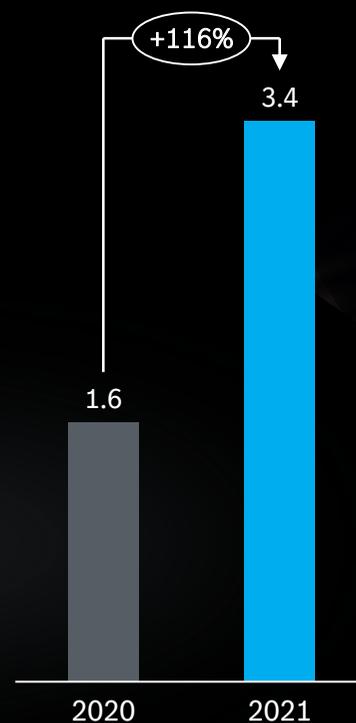
New Business  
in billion euros



Contract Volume  
in billion euros



EBIT adj.  
in billion euros



# Mercedes-Benz Mobility: FY EBIT\* & RoE

In million euros

- + Lower credit risk reserve due to timely response to Covid-19 pandemic in 2020
- + Margin benefiting from lower refinancing costs
- + Improved operative business performance at mobility services and fleet management
- Higher expenses due to increased project costs



\* Including former Daimler Trucks & Buses segment until the date of deconsolidation

\*\* excluding FX effects

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# 2021 Segment and Group KPIs as guidance base for reference

The base for the comparative guidance are the respective continued operations KPIs of 2021.

Unit Sales	Mercedes-Benz Cars	1,944 thousand
	Mercedes-Benz Vans	386 thousand
Return on Sales (adjusted*)	Mercedes-Benz Cars	13.1 %
	Mercedes-Benz Vans	8.3 %
	Mercedes-Benz Mobility (RoE)	22.0 %
Cash Conversion Rate** (adjusted)	Mercedes-Benz Cars	0.8
	Mercedes-Benz Vans	1.3
Investment in pp&e	Mercedes-Benz Cars	€ 3.6 billion
	Mercedes-Benz Vans	€ 0.2 billion
R&D expenditure	Mercedes-Benz Cars	€ 7.2 billion
	Mercedes-Benz Vans	€ 0.5 billion
Revenue	Mercedes-Benz Group	€ 133.9 billion
EBIT	Mercedes-Benz Group	€ 16.0 billion
Free Cash Flow (Industrial Business)	Mercedes-Benz Group	€ 7.9 billion



\* The adjustments include material adjustments if they lead to significant effects in a reporting period. These material adjustments relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions (e.g. Spin-off).  
 \*\* Adjusted Cash Flow before Interest and Taxes (CFBIT) divided by adjusted EBIT.

# Mercedes-Benz Divisional Guidance 2022

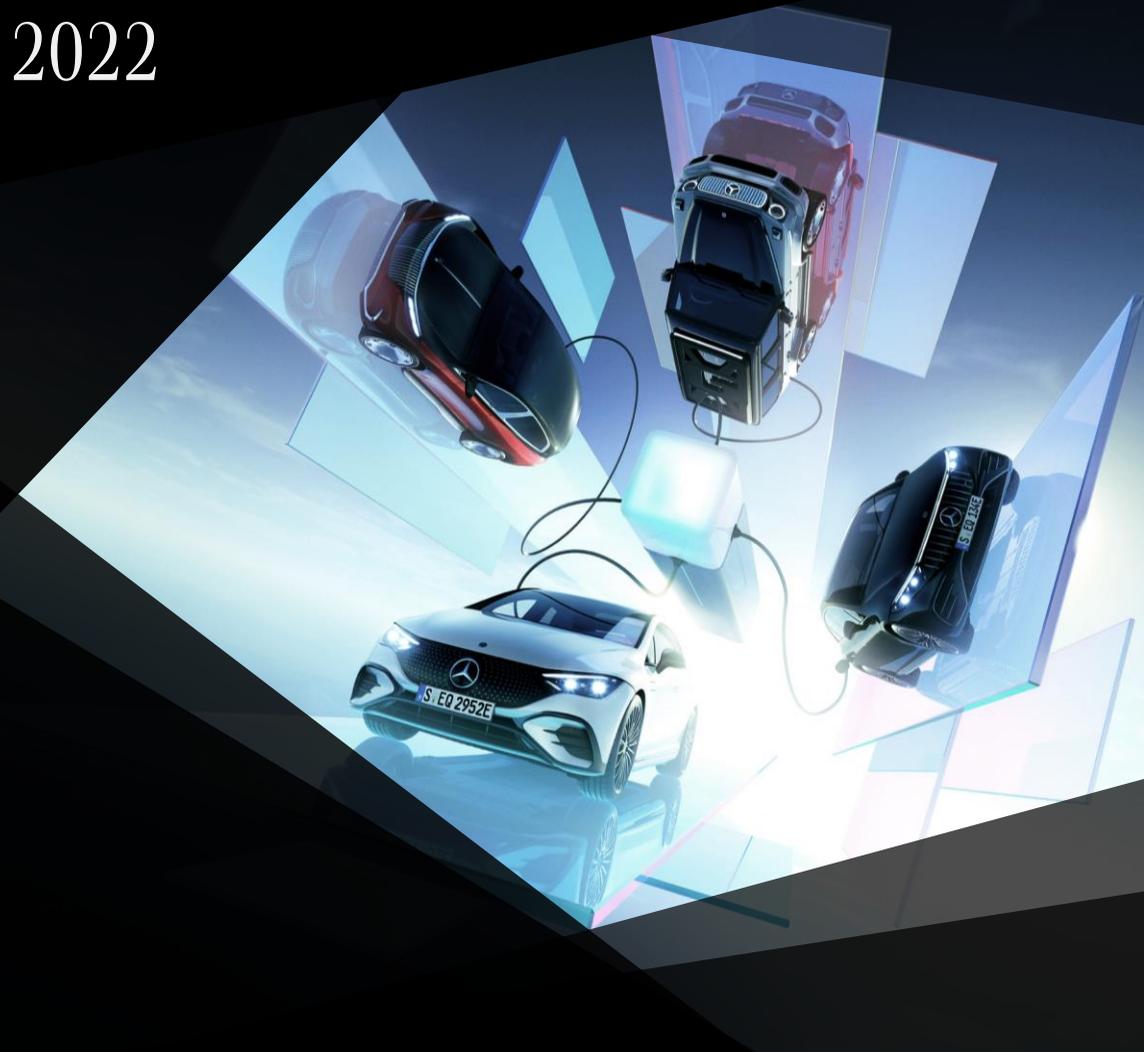
## ASSUMPTION

The macroeconomic conditions will continue to be comparatively favourable for the global demand for cars in 2022. However, it currently looks as if the semiconductor-related supply bottlenecks will continue to impact the market. Therefore we assume, we will initially continue to face strained supply chains and bottlenecks for key upstream products for automobile production. The further geopolitical as well as the covid-19 pandemic development also harbour uncertainties.

Unit Sales	Mercedes-Benz Cars	Slightly above
	Mercedes-Benz Vans	Slightly above
Return on Sales (adjusted*)	Mercedes-Benz Cars	11.5 to 13 %
	Mercedes-Benz Vans	8 to 10 %
	Mercedes-Benz Mobility (RoE)	16 to 18 %
Cash Conversion Rate** (adjusted)	Mercedes-Benz Cars	0.8 to 1.0
	Mercedes-Benz Vans	0.6 to 0.8
Investment in pp&e	Mercedes-Benz Cars	Slightly above
	Mercedes-Benz Vans	Significantly above
R&D expenditure	Mercedes-Benz Cars	Slightly above
	Mercedes-Benz Vans	Significantly above

\* The adjustments include material adjustments if they lead to significant effects in a reporting period. These material adjustments relate in particular to legal proceedings and related measures, restructuring measures and M&A transactions (e.g. Spin-off).

\*\* Adjusted Cash Flow before Interest and Taxes (CFBIT) divided by adjusted EBIT.



# Mercedes-Benz Group Guidance 2022

## ASSUMPTION

The macroeconomic conditions will continue to be comparatively favourable for the global demand for cars in 2022. However, it currently looks as if the semiconductor-related supply bottlenecks will continue to impact the market. Therefore we assume, we will initially continue to face strained supply chains and bottlenecks for key upstream products for automobile production. The further geopolitical as well as the covid-19 pandemic development also harbour uncertainties.

The base for the comparative guidance are the respective continued operations KPIs of 2021.

Revenue	Slightly above
EBIT	At prior-year level
Free Cash Flow (Industrial Business)	Slightly below
CO <sub>2</sub> emission (g/km)*	At prior-year level

\* New car fleet's average CO<sub>2</sub> emissions in Europe (European Union, Norway, Iceland)



# Strategic priorities for this year



Scale  
electric  
vehicles

Accelerate  
car  
software

Grow  
luxury  
business

Alleviate  
supply  
constraints

Focus  
relentlessly  
on costs

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# Our funding strategy is built on strict principles

## Targeting Financial Independence

No dependence from single markets, instruments, banks or investors

Diversification of funding sources and instruments:  
Bank Loans, Bonds, ABS, Commercial Paper, Deposits

No Covenants and asset pledges, no Credit Support Agreements

## Maximizing Financial Flexibility

Keeping prudent amount of Cash and Committed Credit Facility

New markets funded via global and local banks first

Early capital market funding to save credit capacity in growth regions

## Stringent Global Funding Policy

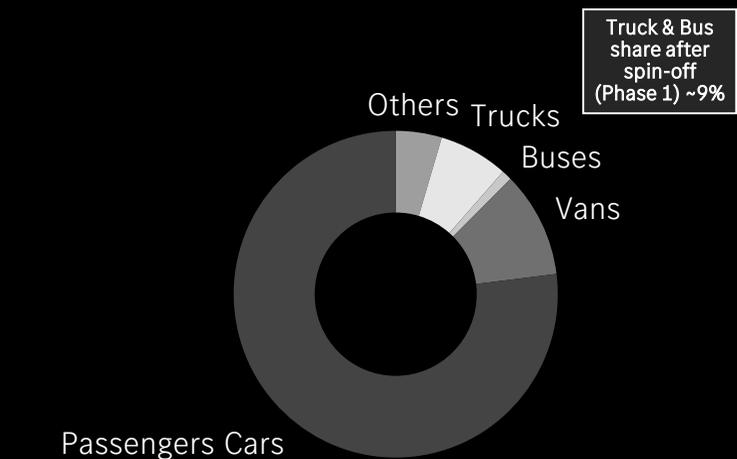
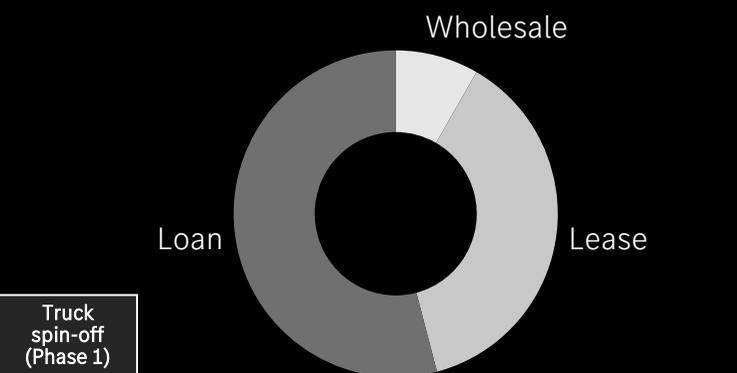
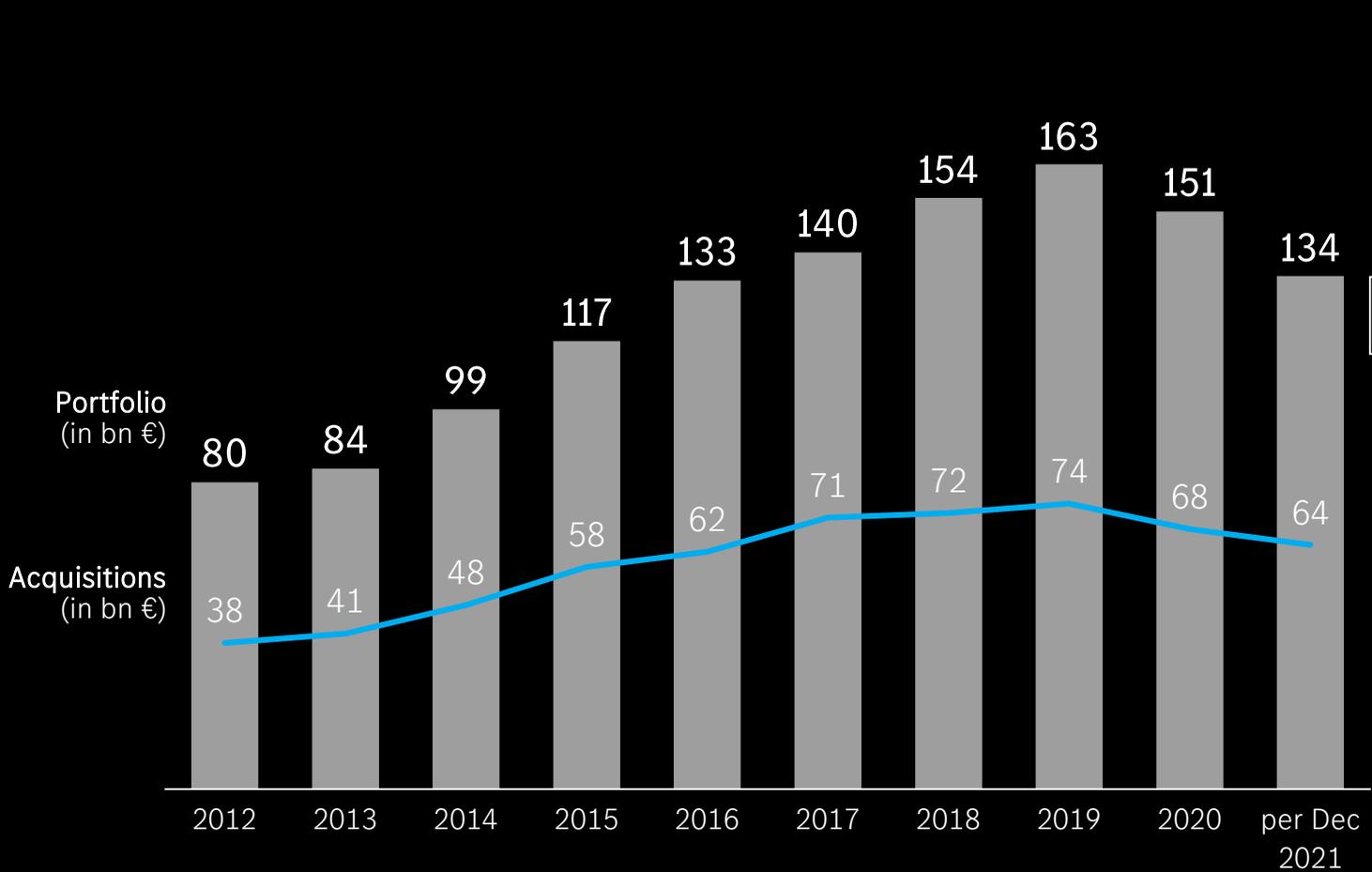
Liquidity matched funding

Interest rate matched funding

Currency matched funding

Country matched funding

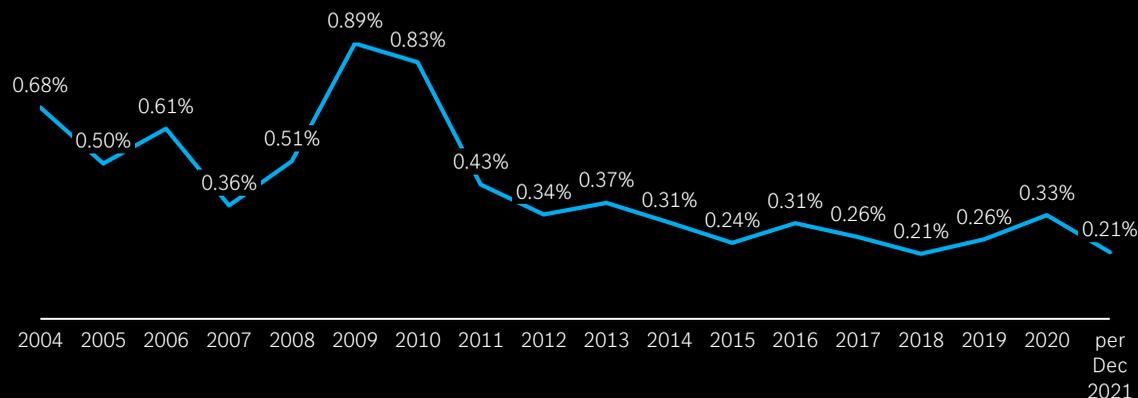
# Lower Portfolio at Mercedes-Benz Mobility due to Truck spin-off and lower dealer stock



# Mercedes-Benz Mobility business benefits from stringent credit management and solid refinancing

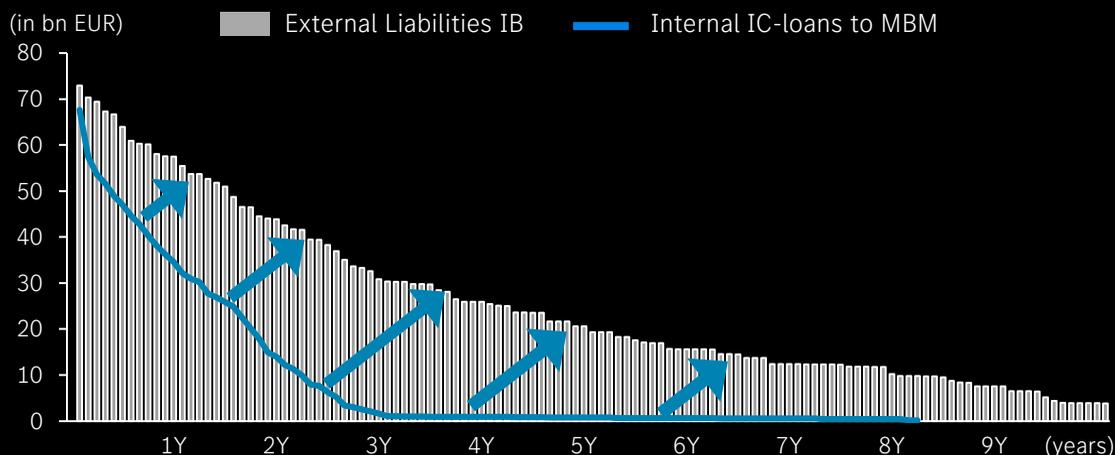
Net credit losses on very low level benefitting from strong used car markets, i.e. collateral values as well as low customer defaults. Yet risks remain to the upside if the before mentioned developments reverse and governmental and central banks support programs expire

Net credit losses as a percentage of portfolio, subject to credit risk



The matched-funded approach ensures that liquidity risks are managed properly

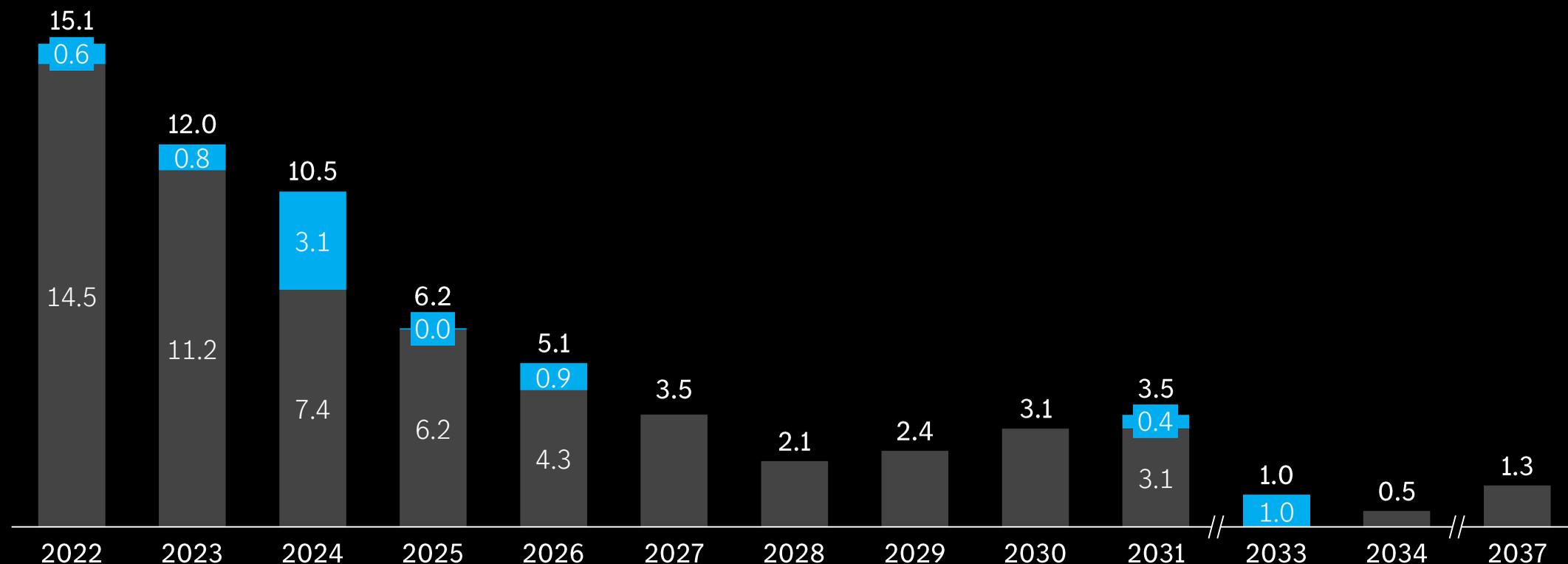
External liabilities of Mercedes-Benz Group have a longer duration than internal allocation to MBM via IC-loans



# Well balanced Bond Maturity Profile

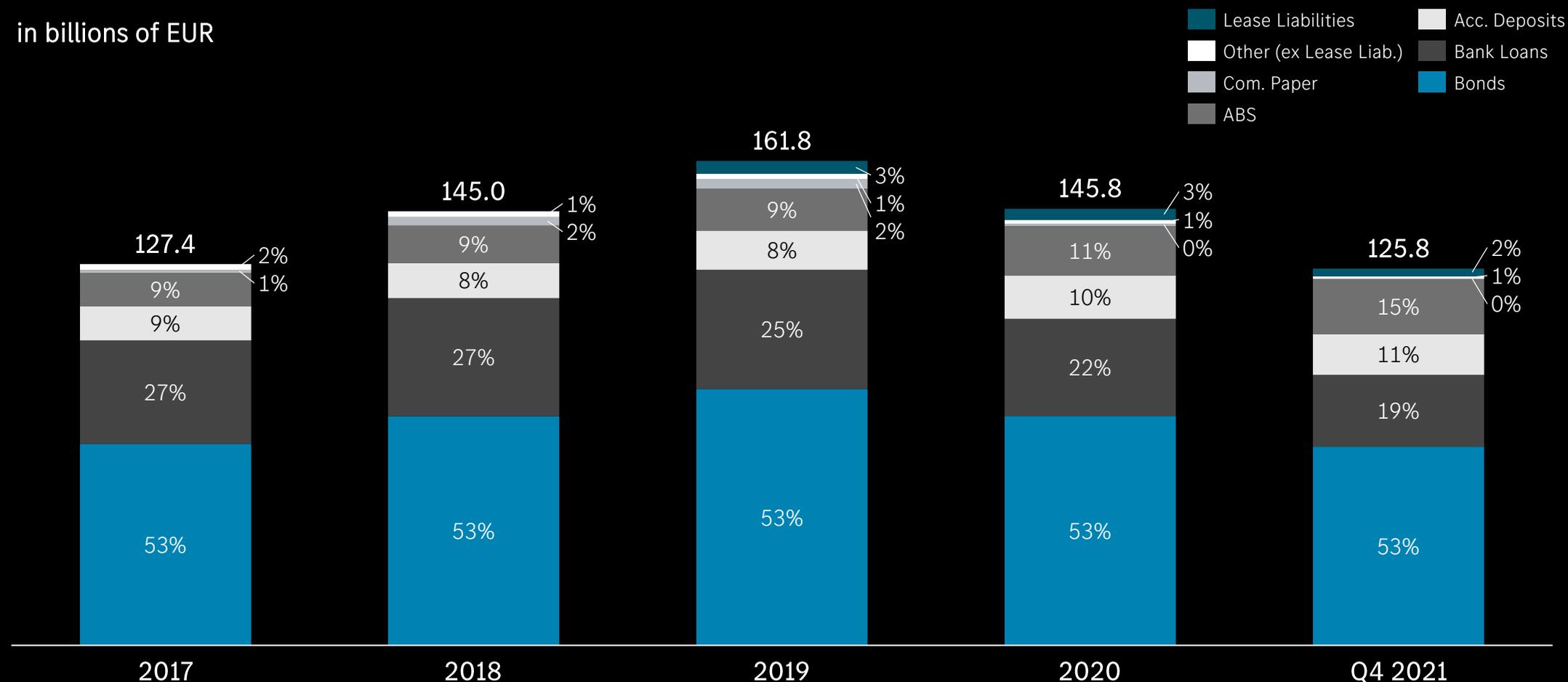
in billions of EUR as of 31<sup>th</sup> December 2021

■ Issued in 2021  
■ Maturities



# Financing liabilities show a diversified funding mix

in billions of EUR



# To ensure sustainable portfolio growth, we mitigate risk and volatility through a balanced mix of funding instruments

## Capital Markets

Strengthen our global footprint and use market opportunities

## Bank Loans

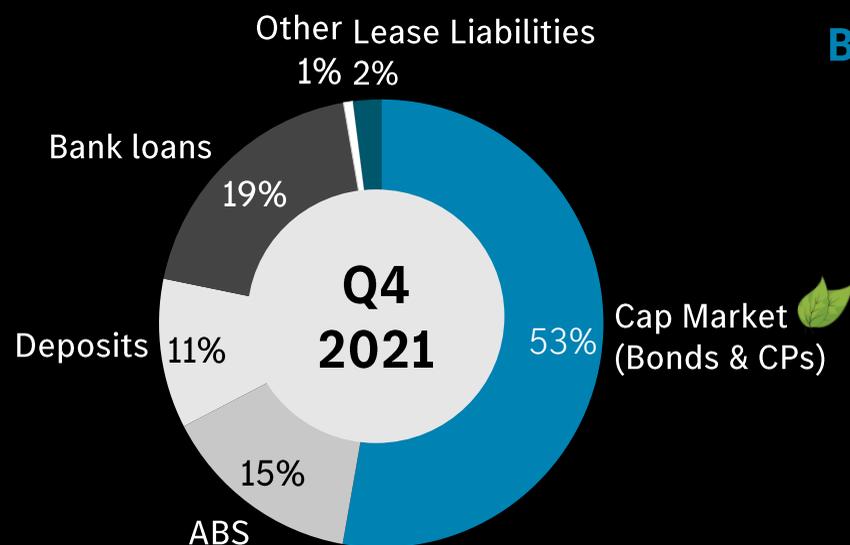
Deepen our excellent bank relationships

## ABS

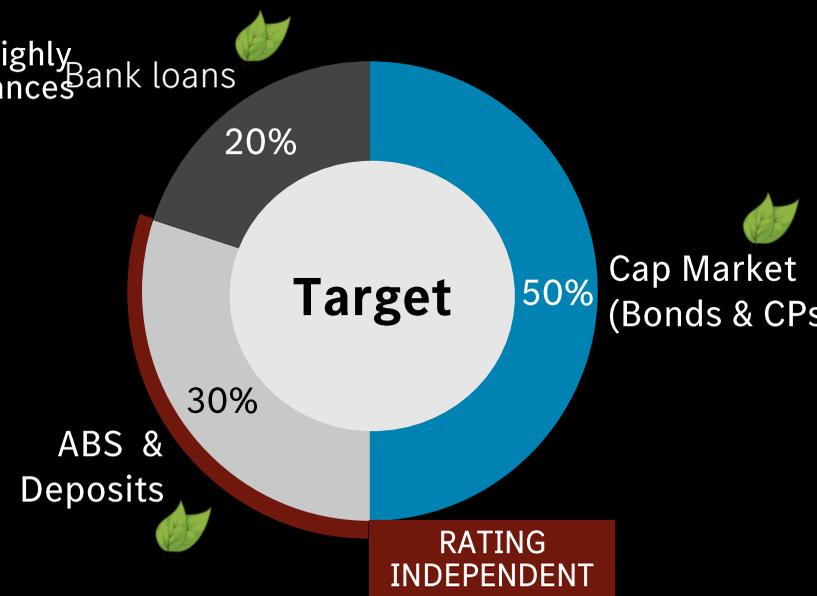
Globally expand our highly competitive ABS issuances

## Deposit

Maintain well controllable liquidity reserve

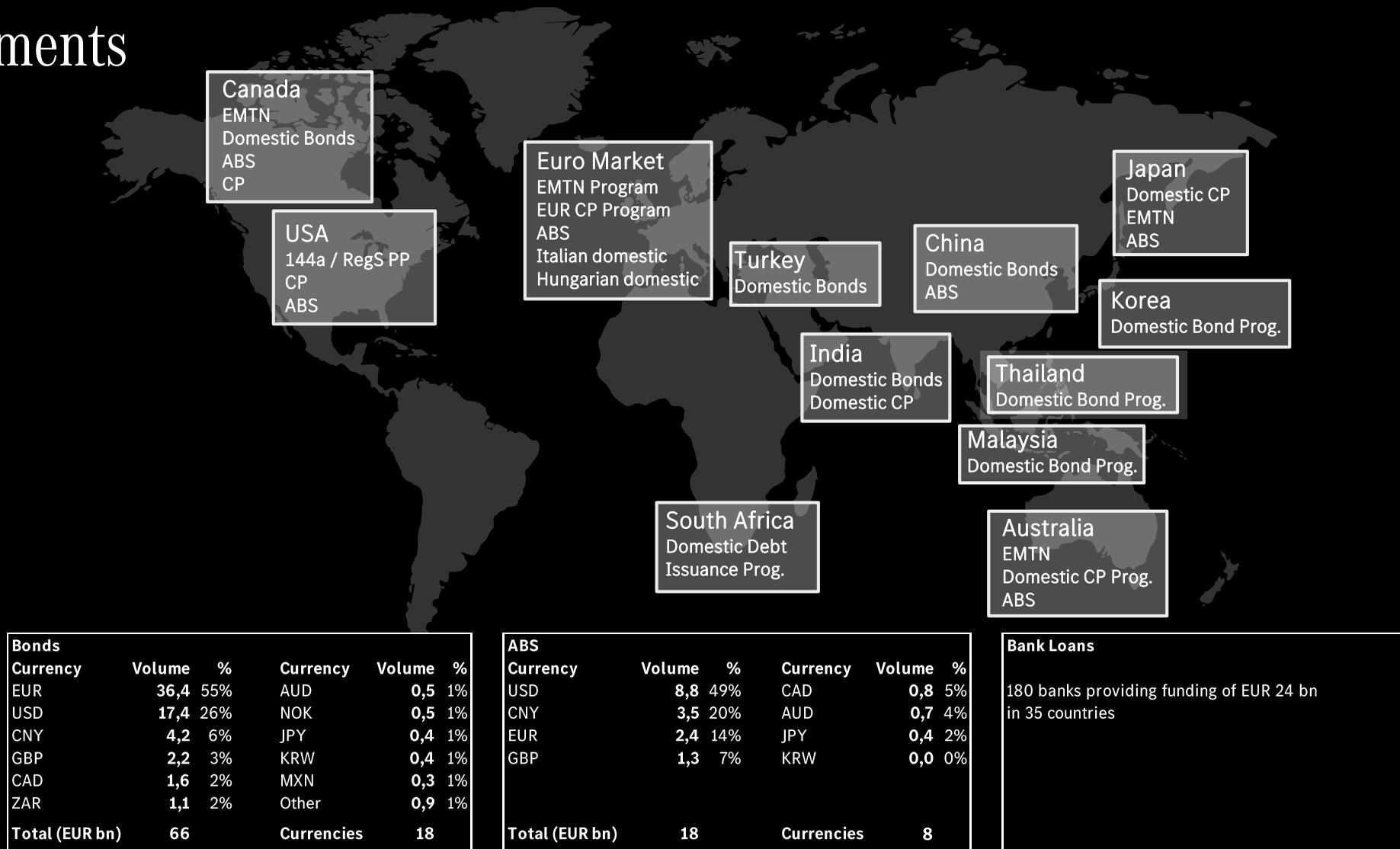


Total: EUR 126 bn



Planned to increase Green Finance Share in the upcoming years

# Diversified global funding base: continuously matched with MMO requirements



# Mercedes-Benz Group's financial KPIs set to support a strong rating

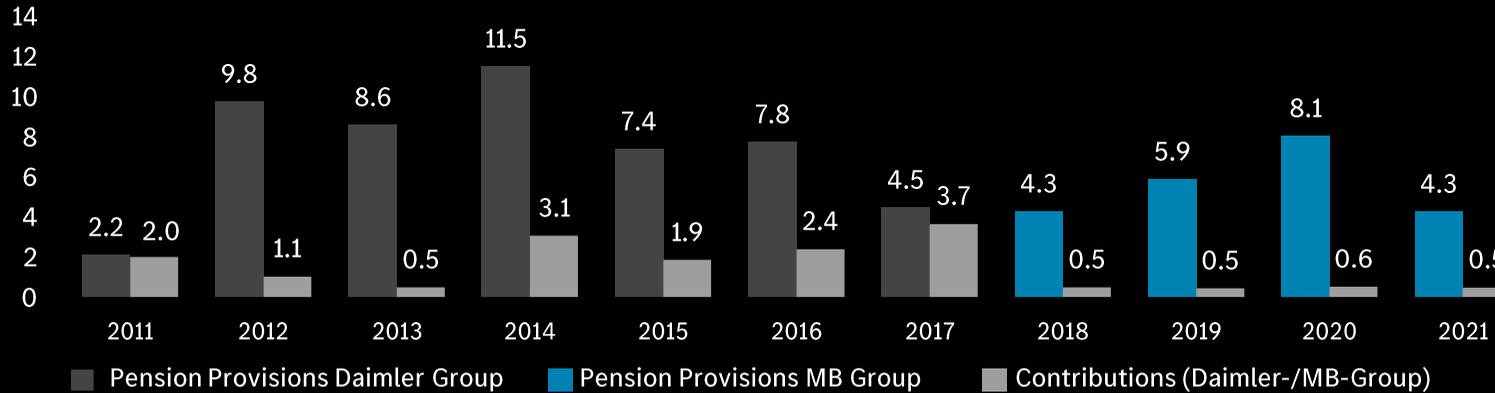
## Current Ratings:

Agency	Long-term	Outlook	Short-term
Standard & Poor's:	A-	stable	A-2
Moody's:	A3	positive	P-2
Fitch:	A-	stable	F1
DBRS:	A (low)	stable	R-1 (low)
Scope:	A	stable	S-1

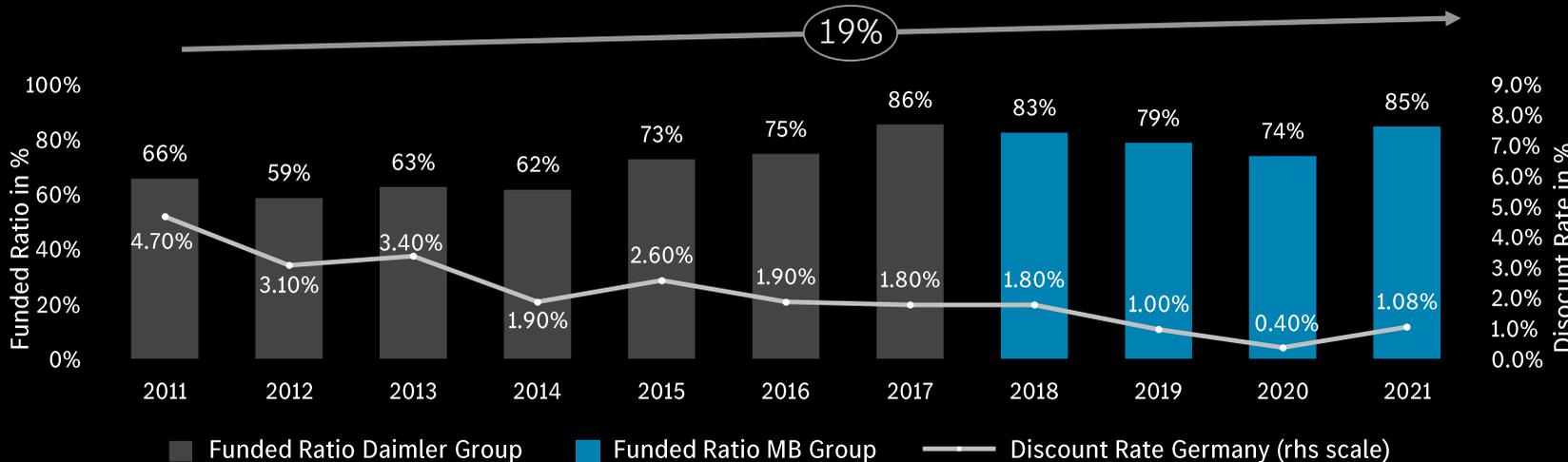
# Contributions stabilized funded ratio in low interest rate environment

Daimler Group

Mercedes-Benz Group



Significant contributions since 2011 support the solid capital structure



Even though German Discount Rate decreased significantly since 2011, Funded Ratio is at a solid level of 85%

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# Sustainable value for all stakeholder groups



Climate protection  
& air quality



Resource  
conservation



Livable  
cities



Traffic safety



Data responsibility



Human rights



Integrity



People



Partnerships



# Mercedes-Benz Cars

With our Ambition 2039 we put a stake into the ground

Our ambition:  
carbon-neutrality by 2039

Now it's time to **accelerate with the full and rapid electrification** of our products



# Mercedes-Benz Cars

## Our electric product rollout is running at full speed

EQS order intake is strong even though sales only started in August

In the first three quarters of the year, sales of hybrid and electric vehicles surged to a record 184,369 units (+143%)

61,652 plug-in hybrids and all-electric cars were sold in Q3 (+34%) of which 19,298 were electric-only vehicles (+38%).

In 2021 alone, we are introducing four new battery electric vehicles

Next year we will present SUV versions of our EQS and EQE

By 2022, we will have battery electric options in all segments we serve

2021



EQA



EQB



EQS



EQE

2022



EQS SUV



EQE SUV



Electrified  
T-Class

# Mercedes-Benz Cars

## At the end of the decade, our focus will be on BEV only

By 2025, our customers will be able to choose an **all-electric alternative for every model** we make

It's our ambition to drive the **plug-in hybrid & BEV share up to 50% in 2025**. By the **end of the decade**, we will be ready to go **all-electric** where market conditions allow

We will use our unique brand position to **grow economic value**

- enhance **product mix** and **pricing**
- focus on **most profitable** models and regions
- drive **loyalty** and grow **recurring revenues**
- increase **revenue per unit**



# Mercedes-Benz Cars: Together with our partners, we will expand our activities in battery cells and systems

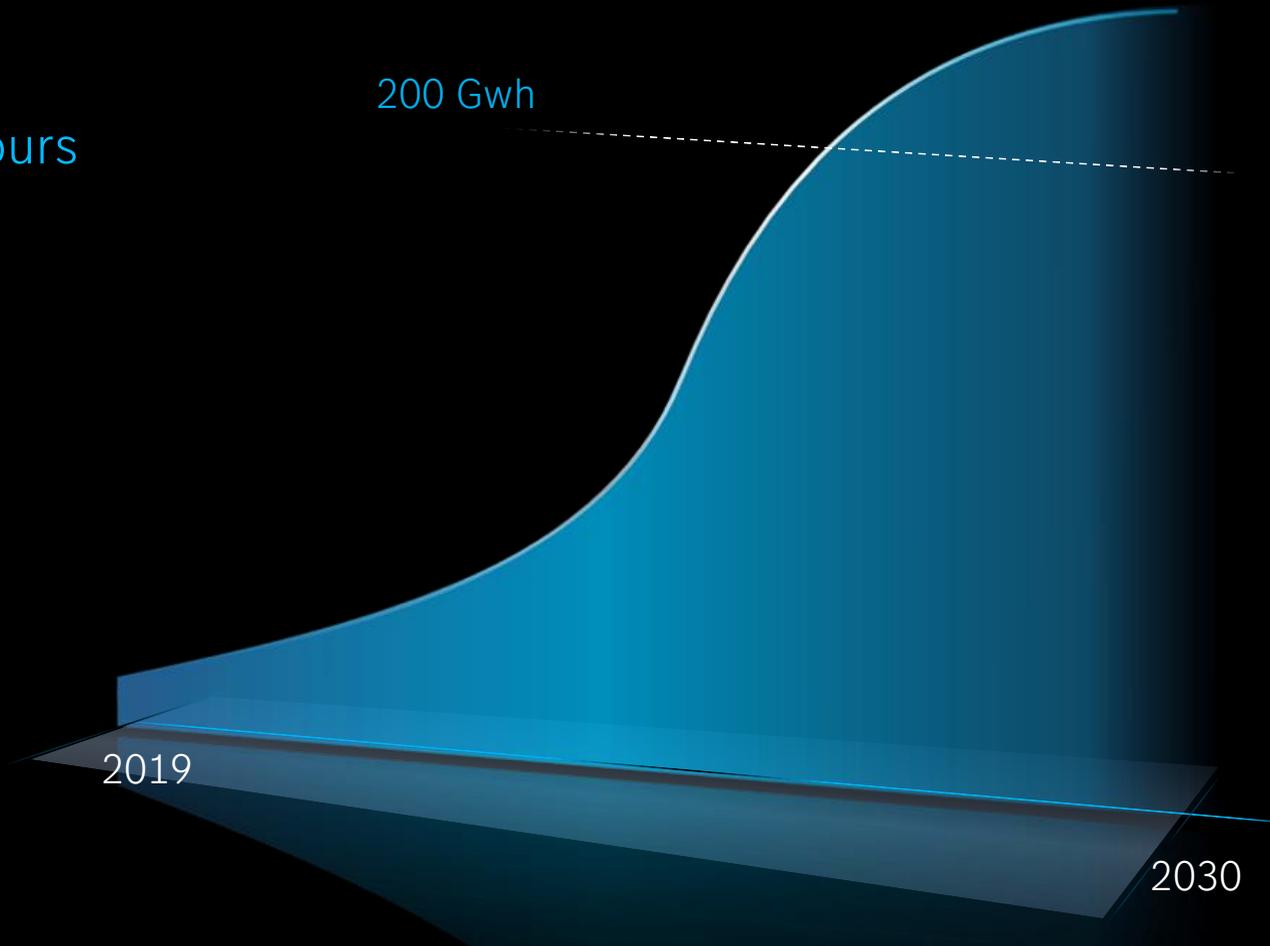
Our targets:

Capacity of more than 200 Gigawatt hours

8 new cell factories around the world:

- one in the U.S., four in Europe
- with our partners

Needed battery volume for all car lines



# Mercedes-Benz Cars

## By joining ACC, we build a European battery champion

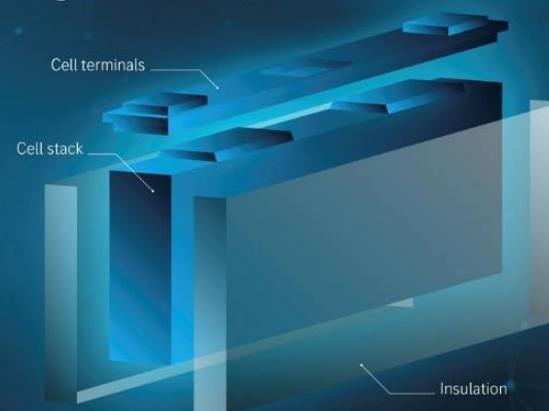
We take a one third stake in [Automotive Cells Company \(ACC\)](#).

Our goal: [Joint development and production of cells and modules in Europe.](#)

[ACC](#) will reach a capacity of [at least 120 Gigawatt hours](#) in Europe by the end of the decade.

[ACC](#) will [supply Mercedes-Benz with high-performance battery technologies](#) from its production locations from mid of the decade.

Mercedes-Benz to join ACC and build a European battery champion with global ambitions



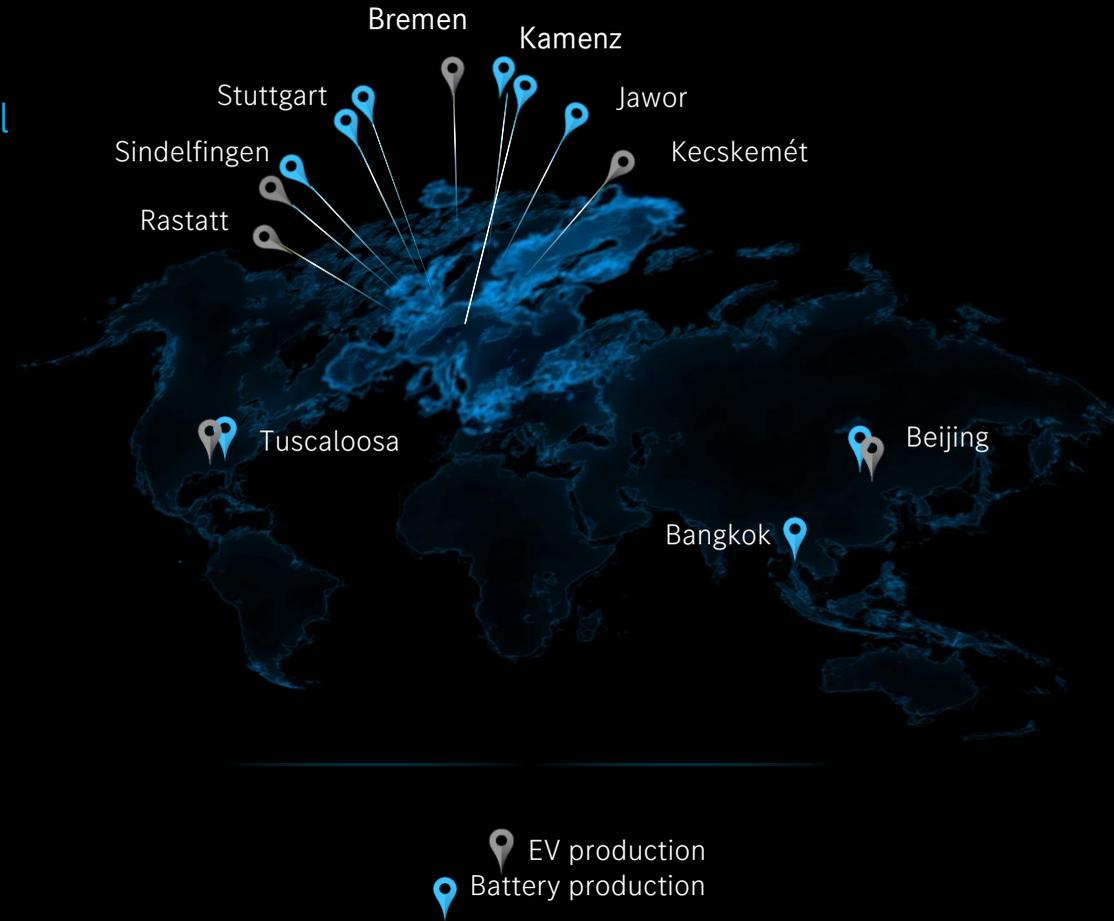
# Mercedes-Benz Cars: We are ready to accelerate EV production

Ready to scale up: our largest plants in Beijing, Bremen, Kecskemét, Rastatt, Sindelfingen, and Tuscaloosa are **all capable of building EVs** and are currently assembling **6 different BEVs**

2022: **8 EVs** will be produced on 3 continents with batteries from our worldwide network

**Factory 56**: blueprint for our worldwide network in terms of flexibility, efficiency, digitalization, and green production

Stuttgart-Untertürkheim & Berlin-Marienfelde: two of our major powertrain plants are already accelerating their **transformation toward a zero-emissions future**



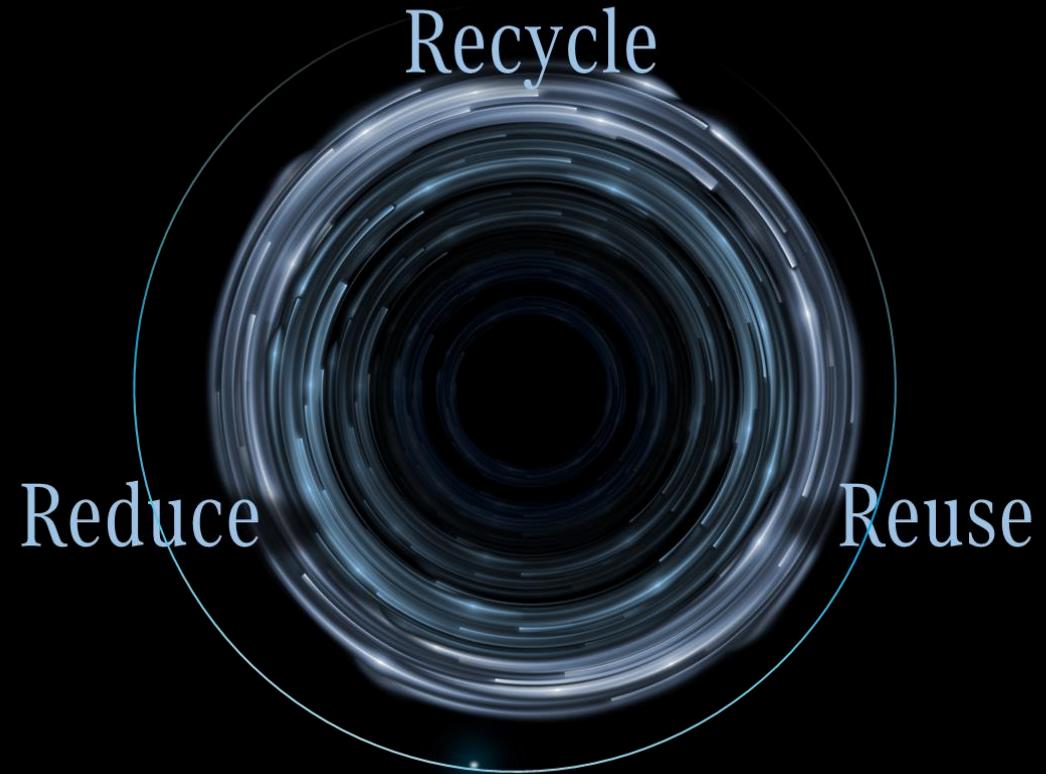
# Mercedes-Benz Cars

## Closing the loop: from value chain to value cycle

2022: **Carbon-neutral production** at all Mercedes-Benz AG passenger car and battery assembly sites

Establishing **remanufacturing processes** and **repurpose of key components**, e.g. batteries can be reused to help balance electricity grid

Planned **battery recycling factory** in Kuppenheim, Germany. Start of operations in 2023, depending on promising discussions



# Mercedes-Benz Cars: The transformation of our workforce

## Re-shape

Streamlining our organization in a responsible way

Continue effective process of cost reduction working together with employee representatives

Focus on staff fluctuation and fair solutions

Mercedes-Benz Drive Systems unit enables and supports the transformation of our plants

## Re-skill

Developing future-oriented qualifications

Ensure that motivated and qualified people remain at the heart of this fundamental shift

Internal tech-academies and other trainings

Employees are gradually being shifted from conventional drives to electric drives

## Re-charge

Meeting the Mercedes-Benz standard as an employer

New technologies require a new area of expertise

Create 3,000 new jobs for software engineers

Attractive contractual framework offering innovative employment conditions

# On the road to CO<sub>2</sub>-neutral production

2022

Starting in 2022: CO<sub>2</sub>-neutral production at our own Mercedes-Benz Cars and Vans production plants worldwide.

2030

By 2030: At Mercedes-Benz Cars & Vans we are striving to reduce the CO<sub>2</sub> emissions at our plants (Scope 1 and 2) by 50 percent relative to the reference year 2018 by 2030.

# Clear objectives, comprehensive disclosure and guided by international frameworks

We embedded the **Sustainable Development Goals** in our strategy concentrating on the areas where we can create the most value added



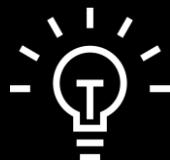
We use comprehensive **reporting frameworks** to provide transparent and comparable information on our strategy and activities



Our strategy is guided by **international frameworks, our corporate values and integrity**



# Mercedes-Benz Group's green finance framework is part of our sustainable business strategy



Use of  
proceeds

Project  
evaluation and  
selection

Management  
of proceeds

Reporting\*

External  
review

*Mercedes-Benz Group's green finance framework is developed to be in line with both the ICMA Green Bond Principles, as well as LMA and APLMA Green Loan Principles. It is Mercedes-Benz Group's intention to follow best practises as market standards develop and as the EU Taxonomy and the EU Green Bond Standard enter into force.*

\*Investor Allocation and Impact Report published in September 2021.

# Second Opinion by leading provider of independent reviews of green bonds

## SHADES OF GREEN

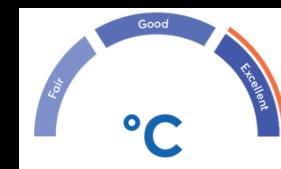
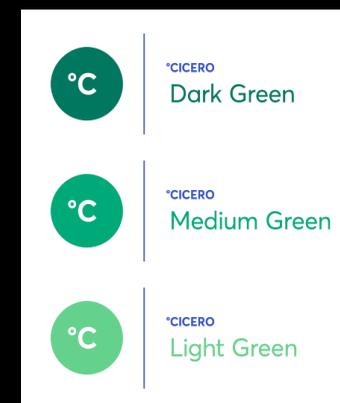
Mercedes-Benz Group's green finance framework was rated by CICERO as **Dark Green**. Dark Green is allocated to projects and solutions that correspond to the long-term vision of a low carbon and climate resilient future.

## GOVERNANCE PROCEDURES

CICERO Shades of Green finds the governance procedures in Mercedes-Benz Group's framework to be **Excellent**.

## GREEN BOND and GREEN LOAN PRINCIPLES

CICERO confirms that Mercedes-Benz Group's green finance framework is found in **alignment** with the green bond and green loans principles.



# Mercedes-Benz Group's ESG Ratings

(as of February 2022)

MSCI



MSCI  
ESG RATINGS



CCC	B	BB	BBB	<b>A</b>	AA	AAA
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Upgraded  
from  
BBB to A

(last update MBG score 09/2021)



SUSTAINALYTICS

ESG Risk Rating

22.1 Medium  
Risk

Negligible	Low	<b>Medium</b>	High	Severe
0-10	10-20	20-30	30-40	40+

Leading position  
in the sub-industry  
peer group  
rank 6 out of 71

(last update MBG score 12/2021)

ISS ESG



Corporate ESG  
Performance

Prime

RATED BY

ISS ESG

Ranked with the  
highest rating  
in the auto sector  
Prime Status (C+)

# 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; a deterioration of our refinancing possibilities on the credit and financial markets; events of force majeure including natural disasters, pandemics, 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, customs and foreign trade provisions; 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, labour 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 governmental investigations or of investigations requested by governments and the outcome of pending or threatened future legal proceedings; and other risks and uncertainties, some of which are described under the heading “Risk and Opportunity Report” in the current Annual Report or in the current Interim 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.