

Mercedes-Benz Group AG

Federal Republic of Germany, Automotive and Commercial Vehicles

Issuer

A

Outlook

Stable

Short-term debt

S-1

Senior unsecured debt

A

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Related methodologies

[General Corporate Rating Methodology](#), Feb 2025

[Automotive and Commercial Vehicle Manufacturers Methodology](#), Dec 2024

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Rating composition

Business risk profile		
Industry risk profile	BB	BBB
Competitive position	BBB+	
Financial risk profile		
Credit metrics	AA+	AA+
Liquidity	+/-0 notches	
Standalone credit assessment		A
Supplementary rating drivers		
Financial policy	+/-0 notches	+/-0 notches
Governance & structure	+/-0 notches	
Parent/government support	+/-0 notches	
Peer context	+/-0 notches	
Issuer rating		A

Key metrics

			Scope estimates	
Scope credit ratios*	2023	2024	2025E	2026E
Scope-adjusted EBITDA interest cover	Positive net interest	Positive net interest	Positive net interest	Positive net interest
Scope-adjusted debt/EBITDA	Net cash	Net cash	Net cash	Net cash
Scope-adjusted free operating cash flow/debt	Net cash	Net cash	Net cash	Net cash
Liquidity	>200%	>200%	>200%	>200%

Rating sensitivities

The upside scenarios for the ratings and Outlook are (collectively):
- Recovery of EBITDA margin to significantly above 10% - Stabilisation of the downward trend in market share e.g. through new product launches
The downside scenarios for the ratings and Outlook are (individually):
- EBITDA margin of around 7% on a sustained basis - Sustained erosion of market position leading to a loss in market share - Deterioration of the company's cash flow conversion

*All credit metrics refer to Scope-adjusted figures.

1. Key rating drivers

Positive rating drivers

- Mercedes-Benz is a leading premium car maker, with one of the strongest premium brands globally
- Very strong financial risk profile as evidenced by the sustained net cash position of the industrial business
- Good prospects of major product launches and ongoing cost reductions
- Broad geographic reach in main divisions and wide range of premium vehicles, including in passenger cars and vans
- Diversification through captive finance operations, which add a source of operating profits on top of the industrial business

Negative rating drivers

- Exposure to the cyclical nature inherent in the automotive industry
- Transition in the automotive market including rising pressure in the premium segment
- Increasingly challenging business conditions in 2025, which are likely to continue into 2026
- Scope's downward revised expectation for EBITDA in 2025-2026
- Pressure from tightening environmental regulations and carbon neutrality goals

2. Rating Outlook

The **Stable Outlook** reflects our view that Mercedes-Benz' major product launch plan has good potential to stem the downward trend in the issuer's market share from 2027. The Outlook also reflects some uncertainty about the ability and pace of a margin recovery to above 10% over the medium term, supported by the optimisation of the product mix and ongoing cost reductions. It also incorporates our view that Mercedes-Benz will continue to have a net cash position.

3. Corporate profile

Headquartered in Stuttgart, Germany, Mercedes-Benz Group AG (Mercedes-Benz) is one of the leading global manufacturers of premium and luxury cars and vans. Mercedes-Benz operates through three segments: MB Cars, MB Vans and Mercedes-Benz Mobility.

Global premium car manufacturer operating through three business segments

MB Cars offers a broad range of premium and luxury passenger cars in three categories: Top-End (Mercedes-AMG, Mercedes-Maybach, G-Class, S-Class, EQS Sedan, GLS, EQS SUV); Core, the heart of the brand (C-Class, E-Class); and Entry Class (A-Class, B-Class).

MB Vans is a global manufacturer of a comprehensive portfolio over three segments by van size: large (Sprinter/eSprinter), mid-size (Vito/eVito, V-Class/EQV) and small (Citan/eCitan, T-Class/EQT1).

Lastly, Mercedes-Benz Mobility and its various brands (Mercedes-Benz Financial Services, Mercedes-Benz Bank, Athlon) offer financing and leasing for end-customers and dealers, as well as car subscriptions, car rentals, fleet management, automotive insurance brokerage, and digital charging and payment services.

The MB Cars and MB Vans segments together represent Mercedes-Benz' industrial business. The issuer rating is based on these activities, as set out in our rating methodology for automotive and commercial vehicle manufacturers.

Our rating focuses on Mercedes-Benz's industrial business

In 2024, Mercedes-Benz sold about 2m passenger vehicles and about 405,000 vans worldwide. The group's revenue amounted to EUR 145.6bn, of which EUR 120.5bn came from the industrial business. As of 30 September 2025, core shareholders included China's BAIC Group (9.98%), Chinese investor Li Shufu (founder and chairman of Geely Auto) via Tenacious3 Prospect Investment Limited (9.69%) and the Kuwait Investment Authority (5.57%).

4. Rating history

Date	Rating action/monitoring review	Issuer rating & Outlook
18 Dec 2025	Downgrade	A/Stable
23 Dec 2024	Outlook change	A+/Negative
22 Dec 2023	Upgrade	A+/Stable

5. Financial overview (financial data in EUR m)

Scope credit ratios	Scope estimates					
	2022	2023	2024	2025E	2026E	2027E
Scope-adjusted EBITDA interest cover	54.7x	Net interest income	Net interest income	Net interest income	Net interest income	Net interest income
Scope-adjusted debt/EBITDA	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash
Scope-adjusted FOCF/debt	Net cash	Net cash	Net cash	Net cash	Net cash	Net cash
Liquidity	>200%	>200%	>200%	>200%	>200%	>200%
Scope-adjusted EBITDA						
EBITDA (industrial business)	22,158	22,510	18,028	11,442	13,682	15,947
add: dividends from associates	1,605	2,056	1,918	1,400	1,400	1,600
less: capitalised development costs	(2,860)	(3,653)	(4,037)	(3,730)	(3,517)	(3,517)
Scope-adjusted EBITDA	20,903	20,913	15,909	9,112	11,565	14,030
Scope-adjusted funds from operations						
Scope-adjusted EBITDA	20,903	20,913	15,909	9,112	11,565	14,030
less: Scope-adjusted interest	(382)	201	513	484	384	334
less: cash tax paid	(4,137)	(4,807)	(3,894)	(1,944)	(2,642)	(3,235)
Other non-operating charges before FFO ¹	(172)	(437)	(353)	254	(1,800)	-
Scope-adjusted funds from operations (FFO)	16,212	15,870	12,175	7,905	7,507	11,129
Scope-adjusted FOCF						
Scope-adjusted FFO	16,212	15,870	12,175	7,905	7,507	11,129
Change in working capital	(3,182)	(1,444)	(507)	1,693	461	(739)
Non-operating cash flow	(1,118)	899	1,668	1,500	500	500
less: capital expenditures (net)	(6,369)	(7,829)	(8,351)	(8,580)	(8,070)	(7,579)
add: capitalised development costs	2,860	3,653	4,037	3,730	3,517	3,517
less: lease amortisation	(625)	(765)	(667)	(667)	(667)	(667)
Scope-adjusted FOCF	7,778	10,384	8,355	5,581	3,248	6,162
Scope-adjusted net cash interest paid						
Net cash interest per cash flow statement	255	(324)	(629)	(600)	(500)	(450)
add: interest component, pension	48	10	16	16	16	16
add: other capitalised interest	79	113	100	100	100	100
Scope-adjusted net cash interest paid	382	(201)	(513)	(484)	(384)	(334)
Scope-adjusted debt (SaD)						
Reported gross financial debt (industrial)	(7,549)	(13,575)	(13,399)	(11,966)	(11,966)	(11,966)
less: cash and cash equivalents	(23,916)	(22,121)	(22,241)	(24,610)	(22,141)	(21,085)
add: non-accessible cash	1,000	1,000	1,000	1,000	1,000	1,000
add: pension adjustment	1,523	1,549	847	847	847	847
add: fair value hedges	(177)	77	29	-	-	-
Scope-adjusted debt (SaD)	(29,120)	(33,071)	(33,765)	(34,729)	(32,260)	(31,205)
Liquidity sources and uses						
Unrestricted cash (t-1)	28,826	22,916	21,121	21,241	23,610	21,141
Open committed credit/factoring lines (t-1)	11,000	11,000	11,000	11,000	11,000	11,000
Free operating cash flow (t)	7,778	10,384	8,355	5,581	3,248	6,162
Short-term debt (t-1)	No ST Debt	No ST Debt	No ST Debt	No ST Debt	No ST Debt	No ST Debt
Coverage	>200%	>200%	>200%	>200%	>200%	>200%

¹ Provisions, disposal losses (gains) on fixed assets, non-recurring expenses (income)

6. Environmental, social and governance (ESG) profile²

Environment	Social	Governance
Resource management (e.g. raw materials consumption, carbon emissions, fuel efficiency)	Labour management	Management and supervision (supervisory boards and key person risk) 
Efficiencies (e.g. in production)	Health and safety (e.g. staff and customers)	Clarity and transparency (clarity, quality and timeliness of financial disclosures, ability to communicate) 
Product innovation (e.g. transition costs, substitution of products and services, green buildings, clean technology, renewables) 	Clients and supply chain (geographical/product diversification)	Corporate structure (complexity) 
Physical risks (e.g. business/asset vulnerability, diversification)	Regulatory and reputational risks 	Stakeholder management (shareholder payouts and respect for creditor interests) 

ESG factors:  credit-positive  credit-negative  credit-neutral

Overall, ESG factors have no immediate impact on the rating. However, Scope highlights some regulatory risks as well as the company's credit-supportive stance on product innovation which mitigates these risks.

Like all car manufacturers, the group faces rising pressure from environmental regulations and carbon neutrality goals. These challenges require substantial investment in new technologies, innovative drivetrains, battery capacities and software capabilities. It also entails a transformation in manufacturing and workforce competencies (notably training, reskilling and upskilling existing personnel and hiring specialists). The group's e-mobility strategy plays a key role in meeting the increasingly stringent environmental regulations. This will be boosted by the issuer's plans to launch over 40 new models by the end of 2027, of which over 15 will be electric, especially in the top-end segment.

Tighter regulations shaping auto industry

In spring 2025, the EU granted carmakers leeway in reaching 2025 CO₂ targets for cars and vans, given them three years to comply, rather than one, by basing compliance for 2025 on average emissions over 2025-2027. Companies that anticipate they will still fail to meet the limits at the end of the three-year period can form so-called pools with better-performing competitors in order to avoid EU fines.

Regulatory compliance risk

Governance is credit-neutral, with no specific issues identified. The shareholder structure has some long-term core shareholders, notably Kuwait's Sovereign Savings Funds since 1974, Chinese investor Li Shufu via Tenaciou3 Prospect Investment Limited since 2018, and BAIC Group since 2019. There are no dominant shareholders and no German government presence (unlike Volkswagen, which has the state of Lower Saxony).

Governance is credit-neutral

² These evaluations are not mutually exclusive or exhaustive as ESG factors may overlap and evolve over time. We only consider ESG factors that are credit-relevant, i.e. those that have a discernible, material impact on the rated entity's cash flow and, by extension, its credit quality.

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