

Analyst Conference Financial Year 2006 MAN Group



Håkan Samuelsson
CEO

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CFO



- **Focus** on Transport Related Engineering
- **Initiative** taken for truck **consolidation**
- Fully **modularized** vehicle and engine programme
- Strong **operational performance** in all divisions
- Strong **market** environment



Best Performance Ever



- **Order intake** 16% increase to €16.6 billion
- **Sales** 15% increase to €13.0 billion
- **Operating profit** €431 million increase to €1,105 million
- **EPS** €2.30 increase to €5.05
- **Dividend proposal** €1.50 + €0.50 bonus



Financials MAN Group

Financials Business Areas

Strategy MAN Group

Strategy Business Areas

Outlook

Order Intake



€ m	2006	2005	Δ
MAN Group	16,567	14,338	16%
Germany	4,151	3,373	23%
Abroad	12,416	10,965	13%

- Order intake current business +24%

Sales



€ m	2006	2005	Δ
MAN Group	13,049	11,379	15%
Germany	3,394	3,103	9%
Abroad	9,655	8,276	17%

- Order Backlog: €11.3 billion (end of 2005: €8.5 billion)

Earnings



€ m	2006	2005	Δ
Operating profit	1,105	674	431
Earnings per share*	5.05	2.75	2.30
Dividend per share**	2.00	1.35	0.65

* Continuing operations

**Proposal: Dividend €1.50 + Bonus €0.50

Return Indicators



	2006	2005	Δ
RoS in %	8.5	5.9	2.6
RoCE in %	28.0	19.1	8.9
Value added € m	717	321	396

Cash Flow / Ø Capital Employed



€ m	2006	2005	Δ
Cash earnings	963	876	87
Net cash provided by operating activities	777	1,267	-490
Net cash used in investing activities	(1,329)	(378)	-951
Free cash flow	(552)	889	-1,441
Industrial free cash flow*	1 047	1,229	-182
Ø Capital Employed	4,222	4,010	212

*excl. Financial Services; excl. acquisition Scania shares €1,174 million

Number Of Employees Incl. Temporary Workers



Number	2006	2005	Δ
MAN Group	53,715	51,412	4%
Permanent staff	50,290	49,161	2%
Temporary workers	3,425	2,251	52%
Germany (58%)	31,368	30,275	4%
Abroad (42%)	22,347	21,137	6%

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Commercial Vehicles



€ m		2006	2005	Δ
Order intake		10,103	9,434	7%
Order intake excl. MoD		9,841	8,076	22%
Sales		8,685	7,377	18%
Unit sales (number)	Trucks	79,822	68,209	17%
	Buses	7,338	6,009	22%
Operating profit*		698	497	201
RoS in %*		8.0	6.7	1.3
RoCE in %		26.8	17.9	8.9

*incl. Financial Services

Diesel Engines



€ m	2006	2005	Δ
Order intake	2,619	2,203	19%
Sales	1,802	1,666	8%
Operating profit	229	117	112
RoS in %	12.7	7.1	5.6
RoCE in %	46.6	22.8	23.8

Turbo Machinery



€ m	2006	2005	Δ
Order intake	1,498	850	76%
Sales	908	694	31%
Operating profit	71	43	28
RoS in %	7.8	6.2	1.6
RoCE in %	30.5	18.5	12.0

Industrial Services



€ m	2006	2005	Δ
Order intake	1,982	1,745	14%
Sales	1,379	1,414	-2%
Operating profit	119	64	55
RoS in %	8.6	4.5	4.1
RoCE in %	29.3	10.9	18.4

- Steel trade business: Discontinued operations (2005: approx. €1.4 billion sales)

Financials MAN Group

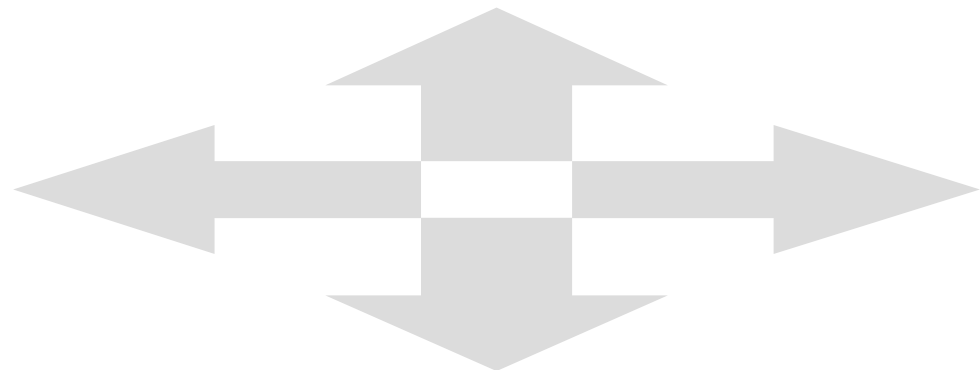
Financials Business Areas

Strategy MAN Group

Strategy Business Areas

Outlook

- Operational **excellence**
- Profitable **growth**
- Sustainable **Group structure**
- Effective **Industrial Governance**



Focus On Operational Excellence



- **Return on capital employed (RoCE)** : 18% over the cycle
- **Operating Return on Sales (RoS)** : 6.0% over the cycle
 - 7.0% for Commercial Vehicles
 - 6.5% for Diesel Engines and Turbo Machinery
 - 4.0% for Industrial Services

	2006	2005
RoCE in %	28.0	19.1
RoS in %	8.5	5.9

➔ New targets 2008-2010 to be defined

Focus On Profitable Growth



	Target 2010
Commercial Vehicles	
Delivered units	110,000
Diesel Engines	
Delivered units	500
Turbo Machinery	
Turnover (in € million)	1,500
Industrial Services	
Turnover (in € million)	2,000

Focus On Transport Related Engineering



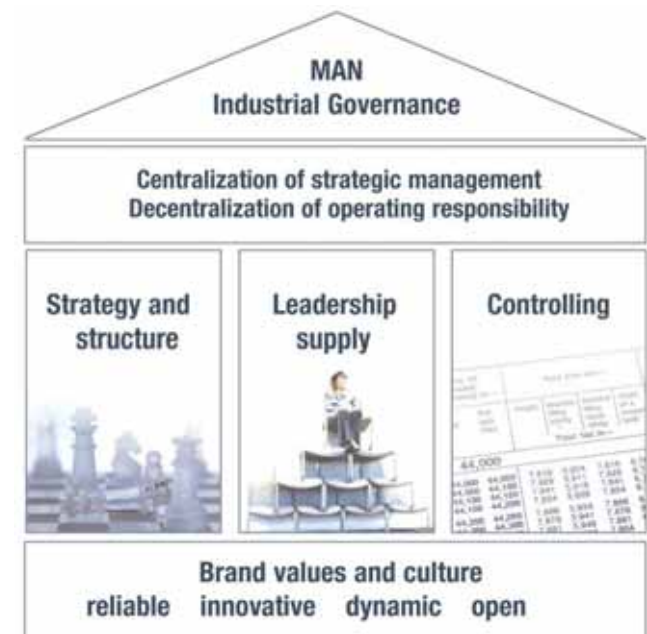
- MAN Roland ✓ concluded in July 2006
- MAN TAKRAF ✓ concluded in September 2006
- Steel trade business ✓ Discontinued operations
- DWE ✓ Integration MAN Turbo

➔ Strong platform to grow core business fields

- MAN open for **amicable solution**
- Develop existing **cooperations**
- Explore other **opportunities**



- Strategy **process** implemented
- **Management audits** completed
- New **pension** scheme
- New **variable compensation**
- New **controlling** process implemented



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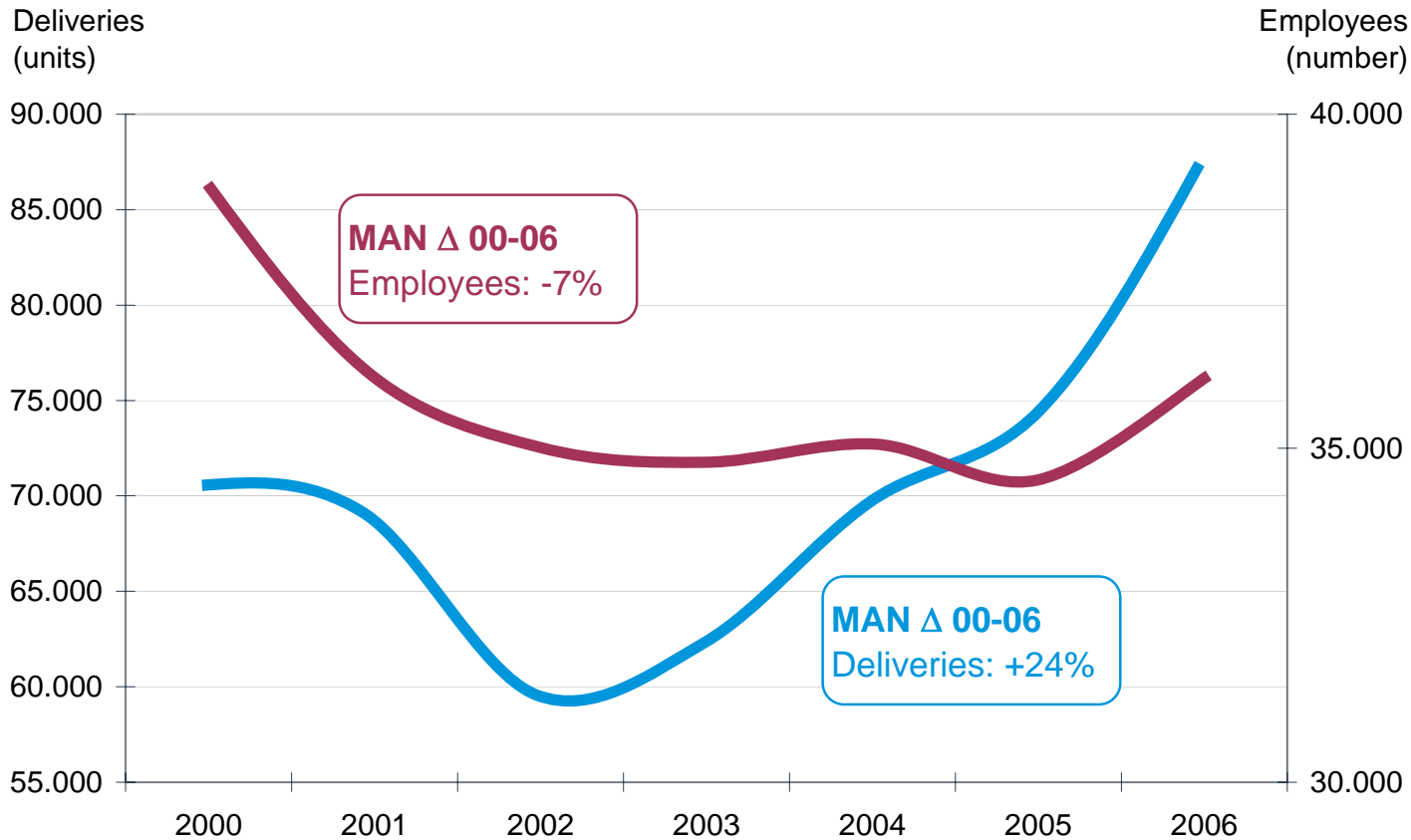
Commercial Vehicles Strategy



- Strengthening profitability
- International expansion
- Premium products
- Cooperations/ Scale
- Increase Service

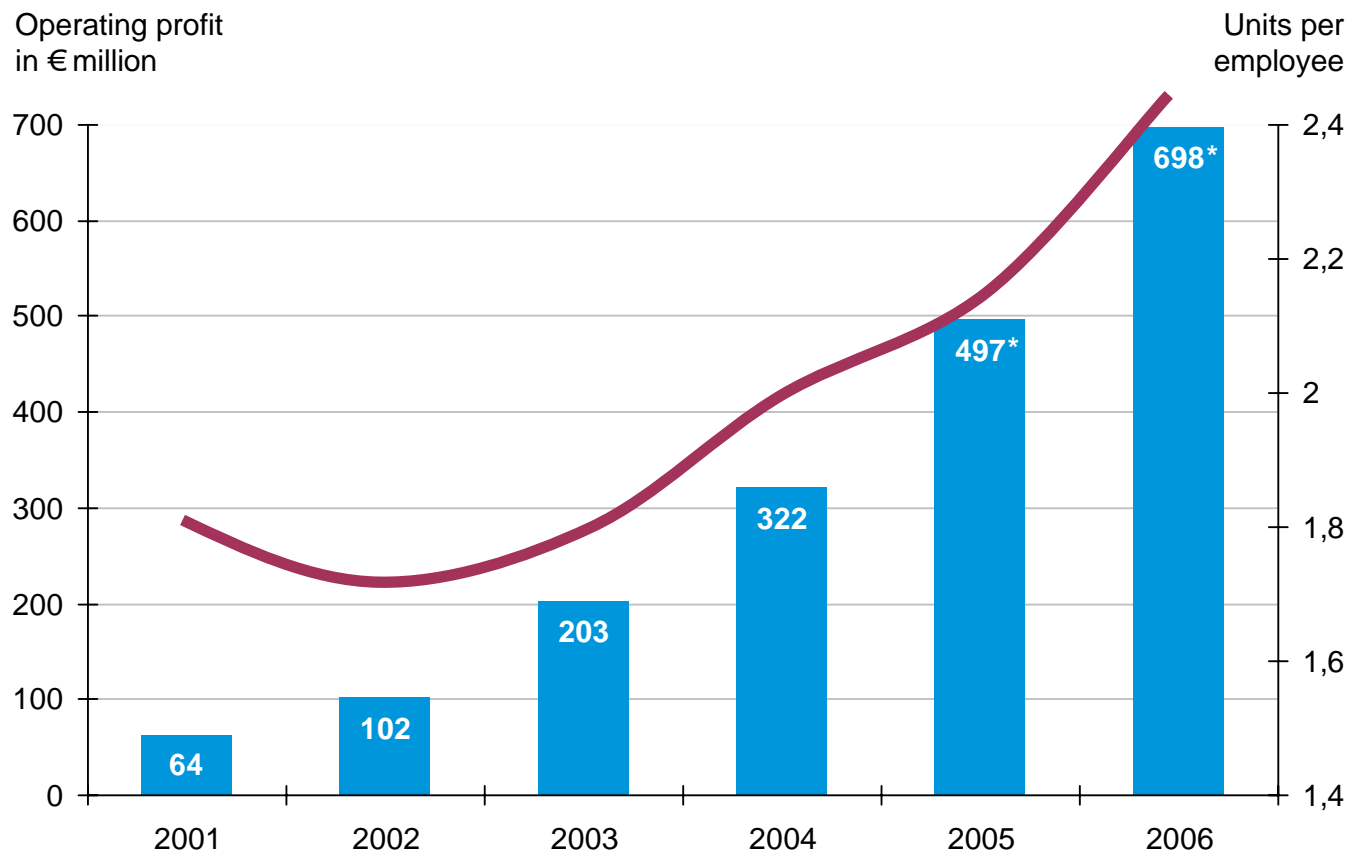


Commercial Vehicles: Productivity Development



■ Development of Units per Employee Δ 00-06: +33%

Productivity Increase



*incl. Financial Services

International Truck Expansion



Deliveries

	2001	2005	2006	Δ
W-EU	53,056	51,724	56,839	7%
E-EU	2,635	5,302	7,262	175%
CIS	140	659	1,829	1,200%
Other Overseas Markets	7,012	10,524	13,892	98%

Order intake

	2005	2006	Δ
W-EU	51,227	61,022	19%
E-EU	4,659	7,487	61%
CIS	842	2,894	244%
Other Overseas Markets	11,948	16,666	39%

International Expansion



POLAND



Capacity **15,000 trucks** p.a.
SOP mid 2007

INDIA



Capacity **24,000 trucks** p.a.
SOP October 2006

MEXICO



Capacity **1,000 buses** p.a.
SOP June 2006

Technological Leadership



- Two **Common rail** engine platforms
- **Euro 4/5** and **EPA 2007** compliant
- **EGR** or **SCR** technology
- Key technologies for **EPA 2010** and **Euro 6** available



Complete Range Of Products



- One **modular** system
- **Complete range** from 7.5 to 60 tons

Economies Of Scale Through Cooperations



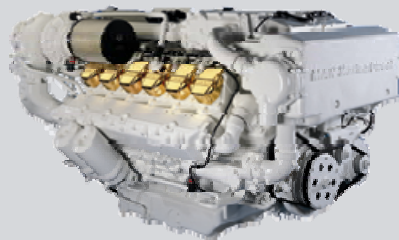
NAVISTAR International

- D20/D26 engine family EPA 2007
- Joint global sourcing and production of key components



LIEBHERR

- New V8 / V12-engine generation



VOLKSWAGEN Nutzfahrzeuge

- Combined distribution and service
- Pilot projects in Cologne, Essen, Berlin, Augsburg



Diesel Engines Strategy



- Turnkey Diesel Power Plants
- Optimization of production network
- Strengthening of service business



Turnkey Diesel Power Plants



- **Cooperation** with Industrial Services
- New **organisation** in place
- €250 million **sales** target



Optimization Production Structure



- Engine **Production** in Augsburg - additional assembly capacities in Fredrikshavn and St-Nazaire
- **Closing** two stroke new building Frederikshavn
- **Focus** on value creating core components



Strengthening Of Service Business



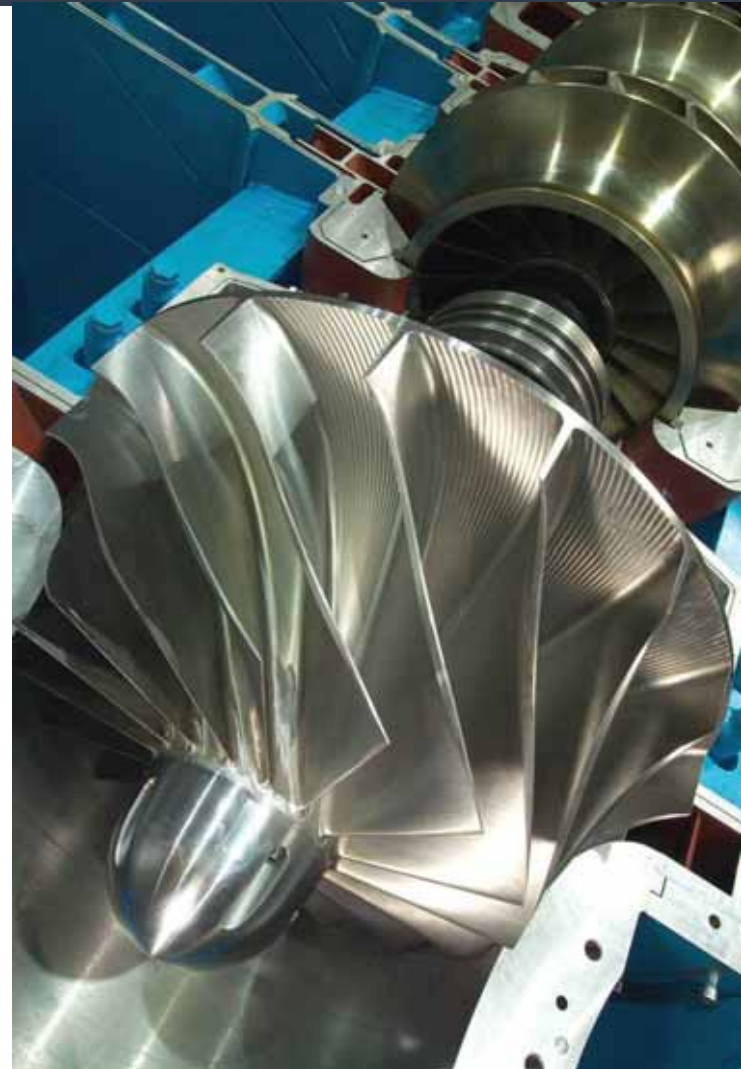
- 8 new **PrimeServ** units in 2006 (total 27)
- 8 new **PrimeServ** units planned



Turbo Machinery



- Growth in delivered units
- Expansion of service business
- Strengthening profitability



Growth In Delivered Units



- **Oil & Gas**
Oil production, refineries,
synthetic fuels
- Gas **Transport** / Gas **Storage**
- **Petrochemicals** / **Basic
Industries**

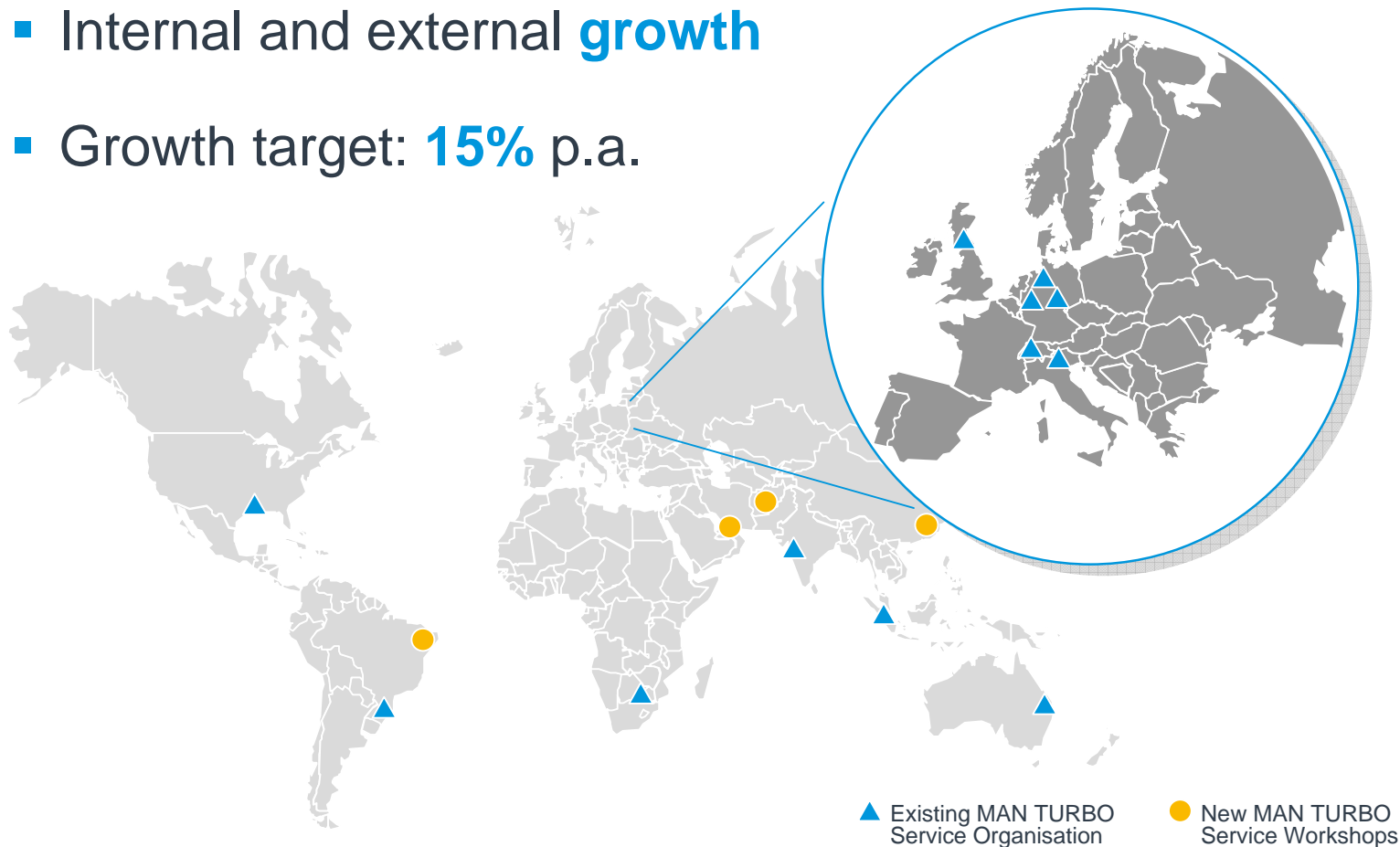
➔ **€1,5 billion sales 2010**



Expand After Sales Business



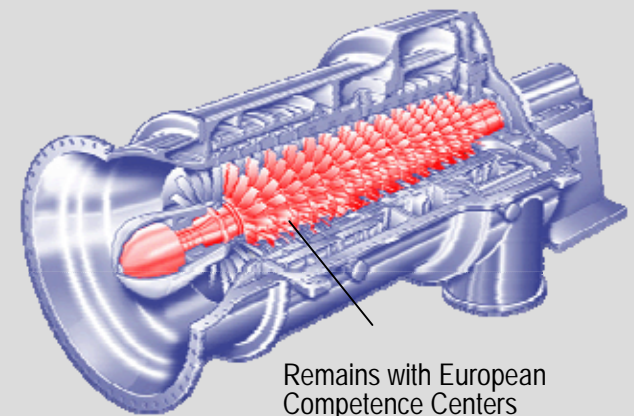
- Internal and external **growth**
- Growth target: **15%** p.a.



New Production China



- Location **Wujin**
- Start of operation **end of 2007**
- Investment ~€15 million, approx. 200 employees
- Manufacturing **basic components**
- Manufacturing **rotating parts** remains in Europe
- Increase **local service** activities



Industrial Services Strategy



■ Projects

- Turnkey industrial plants
- Focus: Power and Fuel

■ Services

- MAN Sales and Service Platform
- Automotive Services



AUM, Trinidad

- **Turn-key:**
Ammonia / Urea / Melamin plant
 - **Project Value:**
US\$1,2 billion (MF: US\$1 bn.)
- ➔ Single **biggest order** in Industrial Services history



Bus assembly Mexico

- **Assembly** of bus chassis and fully built-up coaches
- **Sales** and **service**
- Start of production **June 2006**
- Target 2010 **1,000 units p.a**



Automotive Services



- Concepts for the **automotive** industry
- **Just-in-time** material supply and **pre-assembly** of parts
- **Customers:** Ford, GM and Volvo
- **Pilot project** with MAN Commercial Vehicles in 2007



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Outlook

		2007
Order intake (current business)		→
Sales		>5%
Operating profit		↗
Return	RoS	9%
	RoCE	→

Conclusion



- Strong **market** environment
- We are on the **right track!**
- Further focus on **operational excellence** and **growth**
 - **Productivity**
 - **Structure**
 - **Service**
- Increase **value** to our shareholders
- Positive **development** in all areas