



Report on the 2004 Financial Year

Munich, February 17, 2005

## **MAN Group in 2004 – significant improvements achieved**

- **Strong rise in earnings:**
  - operating profit rose 50% to €573 million
  - EBT up from €261 million to €453
  - Earnings per share rose from €1.25 to €2.09
  - Proposed dividend of €1.05 (€0.75)
- **Return on sales (ROS, operations) rose by 2.8% to 3.8%**
- **Return on capital employed (ROCE, operations) reached 12.6% after 8.4% in 2003**
- **Commercial Vehicles increased operating profit by 68% to €342 million**
- **Printing Systems reached operating breakeven**
- **Order intake MAN Group up 17% to €16.1 billion**
- **Especially strong rise in orders for web-fed printing presses (+56%), diesel engines and industrial services (each +28%)**
- **Sales up 10% to €14.9 billion**
- **Order backlog of €8.2 billion offers good basis for 2005**
- **Strategic cooperation agreed with US commercial-vehicle manufacturer Navistar**
- **MAN share prices (ordinary shares) 2004: up 18% (DAX +7%)**
- **Outlook for 2005: significant rise in earnings and profitability**

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The **MAN Group** is one of Europe's leading manufacturers of machinery and vehicles with annual sales of some €15 billion. As a global supplier of products, systems and services for the capital equipment industry, MAN operates with 62,000 employees in its core segments of commercial vehicles, industrial services, printing machines, diesel engines and turbomachines. MAN Group members hold leading positions in most of their markets. The holding, **MAN Aktiengesellschaft**, Munich, is a member of the Deutscher Aktienindex DAX (German Share Index) which comprises the thirty leading public limited companies in Germany.

MAN Group	2004	2003	Change	2004	2003	Change
	in %			Q4	Q4	in %
€m						
Order intake	16 107	13 744	17	4 246	3 908	9
- Germany	4 091	3 943	4	1 071	1 139	-6
- rest of the world	12 016	9 801	23	3 175	2 769	15
Sales	14 947	13 546	10	4 620	4 283	8
- Germany	3 963	3 792	4	1 181	1 130	5
- rest of the world	10 984	9 754	13	3 439	3 153	9
Order backlog *)	8 249	7 363	12	8 249	7 363	12
Employees (number *)	61 259	64 158	-5	61 259	64 158	-5
- Germany	39 506	41 497	-5	39 506	41 497	-5
- rest of the world	21 753	22 661	-4	21 753	22 661	-4
			in €m			in €m
Earnings before interest and taxes	624	443	181	256	238	18
Operating profit **	573	383	190	240	220	20
Earnings before taxes on income (EBT)	453	261	192	205	182	23
Earnings after taxes on income ***	323	192	131	152	138	14
Earnings per share in € ***	2.09	1.25	0.84	0.99	0.91	0.08
Capital expenditure ****	389	420	-31	139	175	-36
Depreciation of tangible assets ****	402	373	29	139	79	60
R&D expenditures	526	520	6	174	167	7
Cash earnings	943	768	175	376	330	46
Cash provided by operating activities	974	906	68	658	506	152
Cash used in investing activities	(369)	(317)	-52	(194)	(57)	-137
Cash & cash equivalents *	604	380	224	604	380	224
Net liquid assets (net debt) *	8	(439)	447	8	(439)	447
Equity *	3 031	2 784	247	3 031	2 784	247

The 2004 figures are subject to external audit and adoption of the financial statements by the Supervisory Board.

\* At December 31, 2004 compared with December 31, 2003

\*\* Operating profit = EBIT of industrial divisions + EBT of financial services

\*\*\* 2003 excl. retired SMS Group

\*\*\*\* Excl. assets leased out

## **Economic environment**

In 2004, the global economy expanded faster than during the boom year of 2000, growing at a rate of some 5%. Although this growth did lose some momentum in the course of the year, it nevertheless remained strong. Western Europe showed only moderate growth last year. The demand for German capital equipment rose by 7.3% in 2004, whereby domestic orders continued to lag behind, increasing by only 5.3% compared with a 9.1% rise in export orders. The MAN Group benefited mainly from the high demand for trucks, web-fed printing presses and marine diesel engines.

## **Business-volume targets achieved**

In terms of business volume, the MAN Group reached the targets most recently stated in its Q3 report, even exceeding the forecasts published in its last annual report. The order intake rose by 17% compared with 2004 to reach €16.1 billion. This increase was essentially due to export orders which climbed by 23% to €12.0 billion. Incoming domestic orders of €4.1 billion exceeded the 2003 figure by 4%.

The full year's figures showed that, with the exception of Turbomachines (+3%), all MAN Group divisions were able to record double-digit growth rates in terms of order intake, reaching 12% in the case of Commercial Vehicles, while Industrial Services and Diesel Engines each showed a 28% increase and Printing Systems 20%. At business-unit level, web-fed printing presses achieved the highest rate of growth with 56%.

MAN Group sales also rose significantly – by 10% to €14.9 billion. Registering a 13% increase to €11.0 billion, export sales climbed much more steeply than the domestic market, where sales increased by only 5% to €4.0 billion.

All divisions contributed to this rise in sales, including Turbomachines with 16%, Industrial Services with 11% and Commercial Vehicles with 10%. As per the closing date, the order backlog recorded by the MAN Group amounted to €8.2 billion, 12% more than at the end of 2003.

At December 31, 2004 MAN Group employees numbered 61,259, 5% fewer than at the end of 2003. Including temporary staff, the number of employees amounted to 64,687 (2003: 67,907). Approximately half of this decrease, namely 1,564 employees, was attributable to the DSD Stahlbau Group, a majority share in this company being sold to the Belgian steel-construction company Pirson as of July 1, 2004. In the case of German companies, personnel levels declined by 1,991 (5%) to 39,506 (of which 623 were attributable to DSD), due mainly to realignment schemes in the bus sector and at MAN Technologie, in addition to the disposal of DSD. In foreign companies, the number of employees decreased by 908 (4%) to 21,753, a decrease of 941 also resulting from the sale of DSD Stahlbau.

## **High level of capital expenditure and R&D costs**

In 2004, the MAN Group invested a total of €357 million in tangible and intangible assets, €45 million less than the previous year. This decrease was due to lower capital expenditure, especially in the Diesel Engines and Industrial Services Divisions. The major share of total expenditure was as usual attributable to the Commercial Vehicles Division which invested mainly in the production of the new D20 engine generation, in preparing for the manufacture of new light and medium trucks, and in its international sales network. Although domestic expenditure still dominated total investment figures, the share of foreign investment increased to 28% in 2004 (2003: 26%).

Expenditure on research and development amounting to €526 million (2003: €520 million) maintained its high ratio of 4.4% of the sales generated by the manufacturing divisions. Along with on-going development of both our products and production

technology, another key area of activity is currently the comprehensive modularisation of our systems, with the aim of offering customers the most cost-effective individualised solutions on a modular basis.

The main results of our R&D work to be launched as market innovations during 2004 included

- the new D20 engine generation for commercial vehicles; these engines are lighter, have lower consumption and are EURO-4-compatible.
- in the printing systems sector: COLORMAN XXL web-fed newspaper press, which thanks to its wider paper webs, prints faster and more economically; DirectDrive for sheet-fed presses.
- in the case of MAN B&W Diesel: a common-rail injection and control system for heavy-fuel, four-stroke engines, offering higher output, lower emission and lower consumption, as well as a new generation of turbochargers.

### Marked rise in earnings

The MAN Group reported a substantial improvement in earnings for the 2004 financial year, its **operating profit** rising by 50% from €383 million to €573 million. Earnings before taxes (**EBT**) registered an even higher percentage increase of 73%, reaching €453 million (2003: €261 million) and therefore achieving the level announced in November 2004.

This improvement in earnings was largely due to **Commercial Vehicles**. Thanks to a high increase in incoming orders, this largest MAN Group division was also able to achieve a significant rise in production and sales volumes. Both the truck and bus sectors benefited from the impact of lower costs as a result of restructuring measures implemented in previous years. With an overall operating profit of €342 million (2003: €203 million), Commercial Vehicles made the largest contribution to the operating profit reported by the MAN Group, and also to its EBT with €260 million (2003: €121 million).

The second-largest earnings contribution came from **Industrial Services** with an operating profit of €72 million (2003: €73 million) and an EBT of €62 million (2003: €65 million). Generating earnings of €3 million (2003: –€26 million), **Printing Systems** achieved an operating turnaround. However, negative pre-tax earnings of –€8 million (2003: –€37 million) were recorded. The highly-profitable web-fed sector and the sheet-fed presses, which were able to reduce their losses, both contributed equally to this improved performance. **Diesel Engines** registered an operating profit of €55 (2003: €58) million and pre-tax earnings of €40 (€44) million. Earnings were mainly curtailed by the higher prices of raw materials, the weak dollar and expenditure on restructuring in Denmark, as well as guarantee commitments and accruals for reorganisation in England. **Turbomachines** were able to significantly increase their operating profit to €36 million (2003: €29 million) and their EBT to €30 million (2003: €23 million).

The **net income** generated by the MAN Group also showed a strong rise compared with 2003 to reach €323 million after €192 million the previous year.

Based on its distribution policy geared to earnings, the Executive Board is proposing that the **dividend** per share be increased by 40% to €1.05 (2003: €0.75). This is subject to adoption of the 2004 financial statements by the Supervisory Board at its Financial Audit Meeting to be held on March 16, 2005. This would represent a total dividend of €154 million, after €110 million in 2003. **Earnings per share** would improve from €1.25 to €2.09.

### Closer to return targets

As a result, the MAN Group has again moved closer to achieving its previous return targets of an ROS of 5% and an ROCE of 15%. Based on the EBT, the return on sales reached 3.0% in 2004, after 1.9% in 2003. The return on capital employed achieved by the industrial divisions rose from 8.9% to 13.8%. The Executive Board has redefined the return targets as from the beginning of 2005 (see below).

### MAN shares

As far as the stockmarket was concerned, last year was generally pleasing for MAN shareholders, the company's shares performing better than the German share index, DAX 30, throughout. During the first six months of 2004, the price of MAN ordinary shares recorded a significant double-digit increase after already performing considerably better than the DAX (+37%) in 2003, when the price rose by 83%. However, this trend failed to continue throughout the second half of 2004, resistance being met at the €30-mark. Based on a price of €24.05 on December 31, 2003, MAN ordinary shares booked an overall gain of €4.29 between January and December 2004, closing at €28.34 on December 31, 2004. This represented a rise of 18% compared with the DAX, which showed a plus of 7%.

The decision on the part of the Allianz, Münchener Rück and Commerzbank to dispose of their shares in MAN AG, previously held via Regina Verwaltungsgesellschaft, produced a positive reaction in terms of share prices. During the current stockmarket year (up to mid-February 2005) MAN shares have been able to further increase their above-average performance compared with the DAX 30. Raising the free-float level to one hundred percent will have a positive impact on the liquidity of the shares on the stock exchange and should support the long-term prospects for ordinary MAN shares in the leading German share index.

### Future strategy

Headed by Håkan Samuelsson, who has been the new Executive Board Chairman of MAN AG since January 1, 2005, the Group's Executive Board laid down certain parameters at the beginning of this year which define more closely the current strategic policy and management structure of the Group.

1. MAN is an engineering group operating on a worldwide scale with focus on five areas – Commercial Vehicles, Industrial Services, Printing Systems, Diesel Engines, Turbomachines.
2. Each divisions must be able to evolve within the Group and will be measured against the best competitor in its sector.
3. Industrial governance
  - decentralising responsibility for operations in that each company is responsible for implementing its strategy and reaching its goals, as defined in terms of time and quantity.
  - centralising strategic management:
    - clear strategic and performance goals and clear pursuit of goals – new return targets
    - enhanced internally and externally transparency
    - zero tolerance for loss-makers, no cross-subsidising
    - synergies, increased knowledge transfer within the Group
    - management development
    - strengthen image and culture of the brand

**New return targets:** The return figures are, with immediate effect, being brought more closely into line with the parameters applying to operating activities. At the same time, the targets have been raised. Earnings are to be controlled on the basis of the operating profit, which is made of the EBIT generated by the industrial divisions and the EBT in the financial service sector. The return on sales (ROS) targeted by the MAN Group is now based on this operating profit. The new ROS target is 6.0% for the entire MAN Group, whereby 6.5% has been set for the manufacturing divisions and 3.0% for the service sectors. In 2004, the MAN Group generated a ROS (operating profit) of 3.8%, after 2.8% in 2003.

A new figure has also been defined for the return on capital employed (ROCE). This is derived from the asset side of the balance sheet in that the operating profit is set against the average annual operating assets, less any interest-free liabilities. In 2004, this ROCE amounted to 12.6% compared with 8.4% in 2003. The new ROCE target for the MAN Group is 18%.

#### Comparison of old and new returns

MAN Group – in %		2004	2003
ROS new	target 6%	3.8	2.8
ROCE new	target 18%	12.6	8.4
ROS old	target 5%	3.0	2.0
ROCE (industrial operations) old	target 15%	13.8	8.9

**Management competence:** MAN Group Executive Board meetings will be attended by two additional divisional directors who, together with the existing Executive Board members, will form the Management Board. A new Strategic Corporate Development department will also be formed at MAN AG, strengthening the competence of the Group's central administration with the aim of enhancing the value of the Group in the long term. This will also improve planning, monitoring and controlling processes.

**Synergies:** In addition to intensifying knowledge transfer, especially in areas such as management and marketing, the aim is also to realise cost-saving synergies in other sectors, including administration. In this context, further service functions operating both at head office and in our subsidiaries are to be merged.

**Brand values / Corporate culture:** MAN stands for reliable, innovative products and is striving for a dynamic and open corporate culture. To ensure that these values are integrated and put into practice, making MAN an even more attractive employer, they will increasingly become a part of centralised management-development activities. The new logo introduced last summer – three-dimensional in metallic silver – also contributes to MAN's shared Group identity and its unified brand image. This modernised and upgraded corporate monogram is up-to-date, embodies "higher-quality" and creates synergies in the public arena.

#### Positive outlook for 2005

Although the global economy has cooled off somewhat in recent months, a continued high level of growth is expected. High prices for raw materials are indeed a negative factor, yet it still appears unlikely that the economy will falter in the course of 2005. Momentum in terms of growth and investment is still high, especially in Eastern Europe and the new EU countries.

In the case of the MAN Group, the high order backlog and continuing positive order trend should lead to a further rise in sales. Earnings will be positively influenced by rising volumes, enhanced productivity and earlier cost-reduction measures as well as partially by price increases. These factors will significantly over compensate the negative impact of higher raw material prices.

In the **Commercial Vehicles** Division, a further slight rise in demand is expected, accompanied by increasing sales and an improvement in earnings. **Industrial Services** anticipate rising earnings in spite of differing volume trends. The **Printing Systems** Division will benefit from its high backlog of orders for web-fed presses and a series of additional major orders in this segment, as well as from cost-reduction measures and the steps taken to streamline the sheet-fed facilities in Offenbach. The sheet-fed sector is expected to break even in 2005. In the case of **Diesel Engines**, the continuing positive situation in the shipbuilding sector and a high order backlog point towards another rise in business volume, with earnings also increasing. This implies earnings of the high-speed engines sector to achieve break even in the fourth quarter of 2005. On-going rises in volumes and earnings are also expected in the **Turbomachines** Division.

### **Priorities in 2005**

As a result of the strategic parameters mentioned and the targeted returns, which should be sustained throughout all economic cycles, it will be necessary to increase our competitive strength and profitability even further. We have therefore set several priorities for 2005.

- Commercial Vehicles: continuing improvement of the cost structure while strengthening its market position
- Industrial Services: continued concentration on profitable core businesses
- Printing Systems: sustained turnaround in the case of sheet-fed presses
- Diesel Engines: integration of companies, improve cost structures, restructuring UK, strengthen service activities
- Turbomachines: concept for expansion

**Håkan Samuelsson commented as follows on the forthcoming tasks and expectations for 2005:**

**"Our main tasks are to improve the operating performance of our divisions more quickly and ensure that the Group structure is equipped to face the future."**

**"Overall, we are expecting a further increase in order intake and sales during 2005, as well as a significant improvement in earnings."**

## Business performance according to division

### Order intake according to division

€m	2004	2003	Change in %	2004 Q4	2003 Q4	Change in %
Commercial Vehicles	7 589	6 772	12	1 941	1 926	1
Industrial Services	3 508	2 738	28	940	716	31
Printing Systems	1 885	1 575	20	536	488	10
Diesel Engines	1 872	1 460	28	511	463	10
Turbomachines	675	658	3	189	188	1
Other / Consolidated	578	541	7	129	127	2
<b>MAN Group</b>	<b>16 107</b>	<b>13 744</b>	<b>17</b>	<b>4 246</b>	<b>3 908</b>	<b>9</b>

### Sales according to division

€m	2004	2003	Change in %	2004 Q4	2003 Q4	Change in %
Commercial Vehicles	7 409	6 707	10	2 265	2 083	9
Industrial Services	3 185	2 880	11	1 051	871	21
Printing Systems	1 620	1 516	7	530	509	4
Diesel Engines	1 421	1 312	8	395	397	-1
Turbomachines	659	567	16	215	221	-3
Other / Consolidated	653	564	16	164	202	-19
<b>MAN Group</b>	<b>14 947</b>	<b>13 546</b>	<b>10</b>	<b>4 620</b>	<b>4 283</b>	<b>8</b>

### Operating profit according to division

(Group: Earnings before interest and taxes/EBIT in the industrial divisions plus the Financial Services EBT)

€m	2004	2003	Change in €m	2004 Q4	2003 Q4	Change in €m
Commercial Vehicles	342	203	139	162	128	34
Industrial Services	72	73	-1	22	26	-4
Printing Systems	3	(26)	29	23	22	1
Diesel Engines	55	58	-3	19	26	-7
Turbomachines	36	29	7	19	17	2
Other / Consolidated	65	46	19	(5)	1	6
<b>MAN Group</b>	<b>575</b>	<b>383</b>	<b>190</b>	<b>240</b>	<b>220</b>	<b>20</b>

**Earnings before taxes /EBT according to division**

€m	2004	2003	Change in €m	2004 Q4	2003 Q4	Change in €m
Commercial Vehicles	260	121	139	140	104	36
Industrial Services	62	65	-3	17	20	-3
Printing Systems	(8)	(37)	29	20	20	0
Diesel Engines	40	44	-4	15	22	-7
Turbomachines	30	23	7	18	15	3
Other / Consolidated	69	45	24	(4)	1	-5
<b>MAN Group</b>	<b>453</b>	<b>261</b>	<b>192</b>	<b>206</b>	<b>182</b>	<b>24</b>

**Return on capital employed according to division  
(as previously stated)**

in %	2004	2003	Change in % points
Commercial Vehicles	16.6	9.4	7.2
Industrial Services	15.8	15.0	0.8
Printing Systems	1.1	(4.4)	5.5
Diesel Engines	10.7	11.4	-0.7
Turbomachines	19.2	12.4	6.8
<b>MAN Group</b>	<b>11.7</b>	<b>8.3</b>	<b>3.4</b>
of which industrial operations	13.8	8.9	4.9

**ROCE according to division**

In %	2004	2003	Change in % points
Commercial Vehicles	12.1	7.3	3.8
Industrial Services	18.5	22.3	-3.8
Printing Systems	0.6	(4.5)	5.1
Diesel Engines	11.0	11.2	(0.2)
Turbomachines	16.8	12.6	4.2
<b>MAN Group</b>	<b>12.6</b>	<b>8.4</b>	<b>4.2</b>
of which industrial operations	12.3	8.1	4.2

## Return on sales (as previously based on EBT) according to division

in %	2004	2003	Change in % points
Commercial Vehicles	3.5	1.8	1.7
Industrial Services	1.9	2.3	-0.4
Printing Systems	(0.5)	(2.4)	1.9
Diesel Engines	2.8	3.4	-0.6
Turbomachines	4.6	4.1	0.6
<b>MAN Group</b>	<b>3.0</b>	<b>1.9</b>	<b>1.1</b>

## Return on sales (based on operating profit) according to division

in %	2004	2003	Change in % points
Commercial Vehicles	4.6	3.0	1.6
Industrial Services	2.3	2.5	-0.2
Printing Systems	0.2	(1.7)	1.9
Diesel Engines	3.9	4.4	-0.5
Turbomachines	5.5	5.1	0.4
<b>MAN Group</b>	<b>3.8</b>	<b>2.8</b>	<b>1.0</b>

## The operating divisions in detail

### Commercial Vehicles

€m	2004	2003	Change in %	2004 Q4	2003 Q4	Change in %
Order intake	7 589	6 772	12	1 941	1 926	1
Sales	7 409	6 707	10	2 265	2 083	9
Employees *)	33 810	34 094	-1	33 810	34 094	-1
			in €m			in €m
Operating profit	342	203	139	162	128	34
Earnings before taxes	260	121	139	140	104	36
ROS (operating profit)	4.6%	3.0%				
ROCE	12.1%	7.3%				

\*) Number at December 31, 2004 compared with December 31, 2003

### Commercial Vehicles – increased market share

The European commercial-vehicle industry performed extremely positively in 2004. The reasons for this were a revival of the capital-goods business in important markets, the EU east enlargement and a backlog in demand. The intake of orders recorded last year by MAN's largest division, Commercial Vehicles, amounted to €7,589 million, representing an increase of 12% compared with 2003. In the truck sector, incoming orders rose by 14% to €6,368 million (2003: €5,572 million) and by

2% to €1,220 million in the bus sector, after €1,200 million in 2003. In the case of trucks with a gross weight in excess of 6 t, we were able to improve our share of the Western European market from 14.9% in 2003 to 15.2%, while at the same time, the market for trucks over 6 t recorded a volume increase of some 8% to 307,000. Our share of the bus market rose from 14.2% to 14.4%.

Over the period under review, sales increased by 10% from €6,707 million to €7,409 million, whereby truck sales increased by 12% to €6,167 million (2003: €5,492 million) and bus sales by 2% to €1,242 million (2003: €1,215 million).

The operating profit recorded by the Commercial Vehicles Division reached €342 million in 2004, while earnings before tax rose to €260 million. Both figures registered an increase of €139 million. The Commercial Vehicles also took a major step forward in terms of return ratios, with the ROS reaching 4.6% compared with 3.0% in 2003 and the ROCE 12.1% (2003: 7.3%).

The truck unit improved its operating profit by 54% from €198 million in 2003 to €304 million. In spite of the pressure on prices as a result of the declining bus market in Germany, the bus sector was able to increase its operating profit to €37 million (2003: €5 million).

In December, MAN Commercial Vehicles entered into a strategic alliance with the American commercial-vehicle manufacture Navistar. This includes the joint development and production of components, mainly engines. A key aspect will be the ongoing development of MAN's new D20 engine generation, launched in 2004, in order to meet the stricter emission standards applying in the US from 2007 onwards and for use in vehicles produced by Navistar. The formation of a transatlantic manufacturing alliance is envisaged in the mid term with a view to producing considerably higher quantities of engines and components.

Due to a high order backlog in the truck sector and the increasing investment activity forecast for Europe, we are expecting Commercial Vehicles to register a further rise in sales and earnings during the current financial year. An element of uncertainty remains with regard to price trends in the case of fuel and materials.

## Industrial Services

€m	2004	2003	Change in %	2004 Q4	2003 Q4	Change in %
Order intake	3 508	2 738	28	940	716	31
Sales	3 185	2 880	11	1 051	871	21
Employees *)	4 679	6 689	-30	4 679	6 689	-30
	in €m			in €m		
Operating profit	72	73	-1	22	26	-4
Earnings before taxes	62	65	-3	17	20	-3
ROS (operating profit)	2.3%	2.5%				
ROCE	18.5%	22.3%				

\*) Number at December 31, 2004 compared with December 31, 2003

### Industrial Services – significant growth

The order intake in the Industrial Services Division (MAN Ferrostaal Group) amounted to €3,508 million in 2004, 28% higher than the comparable figure for 2003 (€2,738 million). Performance did however differ significantly in the various business units. The Steel Trading and Logistics segment was able to more than double its

order intake compared with 2003, benefiting from the very healthy steel business in the form of rising prices and volumes, as well as from the successful expansion of its piping-supply activities. The Industrial Equipment and Systems unit also contributed to the improved order intake, whereas incoming orders in the Facility Construction and Contracting sector were lower than in 2003, when it was able to book a major order for an M5000 methanol plant in Trinidad and Tobago.

Industrial Services generated sales of €3,185 million in 2004, 11% more than in the previous year (€2 880 million). This increase was also largely due to its Steel Trading and Logistics activities.

During 2004, MAN Ferrostaal continued to increase its focus on profitable areas of operation offering adequate future potential. In line with this strategy, a majority share in the DSD Stahlbau Group, including its holdings in Germany, Luxembourg, France and Egypt, was sold to the Belgian Pirson Group and deconsolidated as of July 1, 2004. This resulted in a sales volume of approximately €100 million and some 1,564 employees being withdrawn from the MAN Group in 2004.

The operating profit generated by the Industrial Services Division remained stable. Reaching €72 million, it more or less equalled the previous year's figure (€73 million), although still negatively influenced by DSD Stahlbau's performance during the first six months. The EBT decreased slightly from €65 million in 2003 to €62 million. The return on sales (operating profit), for which 3.0% was targeted in the Industrial Services sector, reached 2.3% after 2.5% in 2003. An ROCE of 18.5% (2003: 22.3%) was achieved by the Industrial Services Division.

We are confident that in 2005, Industrial Services will be able to show a significant improvement in earnings, due largely to elimination of the negative DSD Stahlbau operations. This division will continue to concentrate on its profitable core businesses.

## Printing Systems

€m	2004	2003	Change in %	2004 Q4	2003 Q4	Change in %
Order intake	1 885	1 575	20	536	488	10
Sales	1 620	1 516	7	530	509	4
Employees *)	9 026	9 465	-5	9 026	9 465	-5
			in €m			in €m
Operating profit	3	(26)	29	23	22	1
Earnings before taxes	(8)	(37)	29	20	20	0
ROS (operating profit)	0.2%	(1.7%)				
ROCE	0.6%	(4.5%)				

\*) Number at December 31, 2004 compared with December 31, 2003

### Printing Systems – contrary trends

The drupa trade fair, which is the largest printing-sector event in the world, took place in May 2004. Although this exhibition coincided with slight indications of a recovery in the trade, the situation in the graphic industry remains extremely strained. In spite of this unsatisfactory market situation, the MAN Group's Printing Systems Division succeeded in increasing its order intake by 20% in 2004 to reach €1,885 million compared with €1,575 million in 2003. This growth was attributable solely to the web-fed business unit which booked a record order intake of €1,035 million (+53%).





Based on a high order backlog at the beginning of 2004, sales revenue rose much more steeply than incoming orders, namely by 16% from €567 million in 2003 to €659 million during last year. This rise was largely the result of new construction projects.

In 2004, Turbomachines generated an operating profit of €36 million after € 29 million in 2003. The EBT also rose by €7 million from €23 million in 2003 to €30 million last year. The ROS improved to 5.5% compared with 5.1% in 2003. It was possible to increase the ROCE from 12.6% to 16.8%.

During the current financial year, the order intake in the Turbomachines Division is expected to more or less equal the level of 2004. Sales and earnings should continue to increase.

MAN Aktiengesellschaft  
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