



News service MAN Group

Press conference of
November 5, 1998

Remarks made by Dr. Rudolf Rupprecht, chairman of the executive board of MAN Aktiengesellschaft, at the press conference held on November 5, 1998, in Munich (excerpts)

(including the development in the first four months of 1998/99
financial year)

Prospects

Ladies and gentlemen, in conclusion, I would like you to join me in casting a glance at what's been occurring in the current financial year, 1998/99.

The situation on the world market

The number of experts considering it possible that the developments in the world's regions of crisis will also lead to a substantial cooling off of demand for capital goods in Europe and North America is growing. In accordance with most of the current forecasts, I still do not see any convincing indications that the crises being experienced in these regions are leading to a sharp readjustment of economic growth in Europe and North America. I expect the European Union's member countries to join those belonging to the North American Free Trade Association in continuing in 1998/99 to serve as the locomotives of the world economy. As Europe and North America are the MAN Group's main markets, I expect our volume of business to stage a further - albeit moderate - rise in 1998/99.

Commercial vehicles

During the first four months of 1998/99, our commercial vehicles sector has recorded a 1% rise in new orders. Its turnover increased 4%. We will proceed with the carrying out of efficiency-raising and cost-cutting measures. The large amount of orders currently on hand is leading us to predict that the sector will realize increases in output and in turnover, yielding a further rise in earnings in 1998/99.

Industrial services

The amount of new orders secured during the first four months of 1998/99 by the industrial services sector was 7% below the previous year's level. This drop was caused by the slump in steel trading. We don't expect the difficulties being experienced by several of our important markets to be without effect on our new orders total. The amount of orders for long-term projects currently on hand is sufficient to assure this business area of a good rate of employment. Viewing the situation as a whole, we expect to realize earnings in 1998/99 at the previous financial year's level.

Printing machines

The printing machines sector once more recorded a substantial, year-on-year increase in new orders, which were up 19% for the first four months of 1998/99.



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We expect demand for printing machines to be sustainably strong in Europe and North America, two markets of especial importance for MAN Roland, and that the volume of business done on the market segments we serve will be at the previous year's level, the negative developments in Southeast Asia notwithstanding. We will set forth the measures already implemented to reduce costs and to further develop our products, and to build up our distribution and service provision activities. Assuming that no unexpected slumps occur on our markets, we expect profits to stage a further substantial rise in 1998/99. This will put our earnings at levels corresponding to those set by the MAN Group.

Diesel engines

The securing of several large-sized orders in the first four months of 1998/99 has impelled the substantial 23% rise in new orders recorded by the Diesel engines division. The economic difficulties being experienced by several countries in Southeast Asia will probably cause a slump on the market for two-stroke Diesel engines. In the four-stroke area, we make efforts to offset the lack of projects in Asia through the securing of orders for marine motors and Diesel power plants from other areas. The downward pressure on prices will not abate. The further extending of our distribution and service provision network and the implementing of in-house efficiency-raising measures will allow us to successfully contend with the pressures emanating from competitors and exerted on prices, and to thus maintain our standing on the world market. In view of these operating conditions, we are striving to attain in 1998/99 profits of the same magnitude as those of 1997/98.

Industrial equipment and facilities

The drops in large-sized orders being recorded by the steel and rolling mills technologies area is the primary cause of the 16% decline in the new orders secured by the industrial equipment and facilities sector during the first four months of 1998/99. As matters now stand, we are still forecasting that the group divisions comprised in the industrial equipment and facilities sector will - viewed as a whole - register a stable level of new orders in 1998/99. The large amount of orders on hand and the promising projects being undertaken should secure the sector a good rate of facility employment in 1998/99. Viewed from today's vantage point, we are forecasting that the sector will attain profits at 1997/98's good level.

Prospects for the MAN Group

When seasonal-caused variations are also considered, the figures detailing the MAN Group's performance during the first four months of 1998/99 and their make-up provide us with reasons to continue to be cautiously optimistic. Viewed as a whole, the new orders total is at the previous year's level. Orders from customers in Germany increased 9%, with those from customers based outside the country showing a 5% fall. Of primary importance is the make-up of these figures: our three large-sized areas of high value-added production - commercial vehicles, printing machines and Diesel engines - were able to record further rises in orders. Joined by the large amount of orders on hand, these rises should assure the Group of continuing to



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achieve good rates of facility utilization and employment. Our turnover was 2% lower than in the same period in 1997/98. This drop was a result of the scheduling of invoices. As of October 31, 1998, the Group had orders on hand worth DM 22.1 billion, as compared to June 30, 1998's DM 20.9 billion.

It currently appears as if the crises will have only a limited affect on demand for our capital goods in Europe and North America - our key markets. We therefore expect the MAN Group to record a further - as I mentioned above - if moderate rise in its volume of business in 1998/99, and a corresponding growth in earnings.

MAN Group	July - October		Change in %
	1997	1998	
	DM mill.		
New orders			
Germany	2 525	2 745	+9
Outside Germany	<u>5 163</u>	<u>4 905</u>	-5
Total	7 688	7 650	0
Percentage outside Germany	67	64	
Turnover			
Germany	2 013	2 065	+3
Outside Germany	<u>4 222</u>	<u>4 046</u>	-4
Total	6 235	6 111	-2
Percentage outside Germany	68	66	
Orders on hand	30.6.1998	31.10.1998	
Germany	5 554	5 645	+2
Outside Germany	<u>15 327</u>	<u>16 410</u>	+7
Total	20 881	22 056	+6
Percentage outside Germany	73	74	
Employees (Number) (without trainees)	30.6.1998	31.10.1998	
Total	64 054	65 052	+2