



## MAN Group in Q1/2007: Off to a flying start

Munich, May 3, 2007

- **Q1/2007 operating profit: €318 million (up 51 percent from €211 million)**
- **Quarterly ROS: 9.6 percent (up from 7.4 percent), EpS: €1.49 (up 52 percent from €0.98)**
- **Q1 sales climbing 15 percent to €3.3 billion**
- **Order intake rising 23 percent to €4.8 billion**
- **Prospects for all of fiscal 2007: sales mounting around 10 percent, operating profit advancing even faster, ROS continuing at the Q1 level**

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### MAN Group reports strong surge in operating profit

In Q1/2007, the MAN Group maintained unabatedly its 2006 growth rate to close the quarter with robust growth in order intake, sales, and operating profit. The latter jumped 51 percent from €211 million to €318 million, with an accompanying surge in ROS from 7.4 percent to 9.6 percent in Q1/2007 (up 2.2 percentage points).

All business areas showed strong improvements in quarterly operating profit. Most momentum was generated by Commercial Vehicles where highly busy production plants and ongoing cost pruning propelled operating profit by 58 percent to €201 million. With factories working to capacity and licensee and after-market business again flourishing, Diesel Engines again lifted its operating profit, from €51 million to €57 million. The operating profit at Turbo Machinery soared from €10 million to €18 million, above all due to higher margins from new plant and equipment business. Industrial Services also recorded an improved operating profit (up €9 million to €32 million), chiefly due to the prorated earnings from the methanol and ammonia operator companies.

### Prospects bright

Håkan Samuelsson, MAN Group CEO: "The MAN Group is continuing on the success track. We've made a very good start into the New Year and all business areas have further improved their performance. For all of 2007 we are expecting added sales in the region of 10 percent and an ROS at the level of the first quarter."

Assuming the capital goods climate continues congenial the Group is budgeting 12-month 2007 order intake at the 2006 level of €16.6 billion, with the manufacturing areas in particular, Commercial Vehicles, Diesel Engines, and Turbo Machinery, maintaining their very high prior-year performance. Order intake at Industrial Services, in contrast, is contingent on the situation regarding several megacontracts.

### Order intake: strong demand for commercial vehicles

Q1/2007 order intake rose 23 percent to €4.8 billion. The steepest gain with the highest growth rates was reported by Commercial Vehicles where order inflow rose €0.9 billion to €3.5 billion (up 33 percent). The other manufacturing areas likewise reported rising order intake despite the high year-earlier comparatives.

Driven by another advance in licensee business and even stronger demand for four-stroke marine engines, Diesel Engines climbed 19 percent to €629 million. Turbo Machinery order intake for the first three months mounted to €354 million, a 12-percent improvement against the year-earlier period. In contrast, new orders booked by Industrial Services slipped 36 percent to €238 million. This business area is expecting sizeable orders to be contracted only in the following quarters.

Domestic order intake surged 31 percent to €1.4 billion, non-German orders soared 20 percent to €3.4 billion. Commercial Vehicles continued its international expansion, its non-German orders climbing 37 percent to €2.4 billion.

### **Rising sales, towering order backlog**

Q1 sales advanced 15 percent to €3.3 billion, mainly driven by international commercial vehicle business, which accelerated 18 percent. Outside of Germany, the MAN Group's sales mounted 18 percent to €2.4 billion; inside Germany, 9 percent to €0.9 billion. At €12.6 billion, the order backlog was at a new all-time high, up 12 percent over the start of the year.

### **High cash flow**

The MAN Group's Q1 cash flow from operating activities soared to €201 million (up from €41 million). In 2007 Industrial Business improved the Q1 net cash provided by its operating activities to €295 million (up from €54 million). Due to the scheduled development of customer financing business, the net cash used in Financial Services' operating activities in Q1/2007 climbed to €94 million (up from €13 million). The free cash flow amounted to a negative €51 million (up from an equally red €34 million). Although additional Scania shares were acquired, Industrial Business's free cash flow zoomed to a black €44 million (up from a red €21 million), thus further upgrading the MAN Group's financial position. The Q1 free cash flow of Financial Services remained in the red and rose from €13 million in 2006 to €95 million.

### **Headcount higher**

At March 31, 2007, the MAN Group employed a workforce of 50,897 (excluding temporary/loaned employees), an additional 607 compared with the 50,290 at December 31, 2006. The chief reasons for the higher headcount were the high production volumes at Commercial Vehicles (up 477) and the growth plans at Turbo Machinery (up 99). Consolidation group changes resulted in an increase of 214 employees; like-for-like, the number rose by 393.

In Germany, the MAN Group employed a workforce of 29,656 as of March 31, 2007 (up from 29,399 at December 31, 2006). The headcount outside of Germany grew from 20,891 to 21,241 as of the same date. As a consequence, the share of employees outside of Germany is 42 percent. At 3,589, the number of temporary/loaned employees as of March 31, 2007, was slightly above the 3,425 at December 31, 2006.

The **MAN Group** is one of Europe's leading motor vehicle, engine and mechanical engineering groups with annual sales of some €13 billion. As a supplier of trucks, buses, diesel engines, turbo machinery and industrial services, MAN employs a workforce of around 50,000 worldwide. The MAN business areas hold leading positions in their markets. The parent, **MAN AG**, Munich, is listed in the DAX (German Stock Index) which comprises the thirty leading stock corporations in Germany.

## At a glance

MAN Group	2007	2006	Change
€ million	Q1	Q1	in %
Order intake	4,813	3,919	+23
Germany	1,424	1,085	+31
Abroad	3,389	2,834	+20
Net sales	3,302	2,867	+15
Germany	856	786	+9
Abroad	2,446	2,080	+18
Order backlog *)	12,607	11,298	+12
Headcount *)	50,897	50,290	+1
Germany	29,656	29,399	+1
Abroad	21,241	20,891	+2
Headcount incl. temporary/loaned employees *)	54,486	53,715	+1
Germany	31,853	31,368	+2
Abroad	22,633	22,347	+1
			<b>€ million</b>
Operating profit	318	211	+107
EBT	305	202	+103
EAT (net income)	228	154	+74
EpS of continuing operations (€)	1.49	0.98	+0.51
ROS in %	9.6	7.4	–
Net result of discontinued operations	5	8	–3
Capital expenditures	282	85	+197
Amortization/depreciation of fixed assets	79	73	+6
R&D expenditures	99	99	0
Cash earnings	262	240	+22
Cash flow from operating activities	201	41	+160
Cash flow from investing activities	(252)	(75)	–177
Free cash flow	(51)	(34)	–17
Net financial debt *)	(1,021)	(946)	–75
Equity *)	4,211	3,779	+432

Any differences in this interim report are due to rounding. The prior-year Q1 data has throughout been restated on a like-for-like basis and excludes the discontinued Printing Systems and Steel Trade operations (IFRS 5).

\*) As of March 31, 2007, versus December 31, 2006

## Key figures by business area

Order intake by business area				
€ million	2007 Q1	2006 Q1 LFL	Change in %	2006 Q1 publ.
Commercial Vehicles	3,510	2,637	+33	2,637
Diesel Engines	629	531	+19	531
Turbo Machinery	354	316	+12	316
Industrial Services	238	375	-36	719
Others/consolidation	82	61	+36	(24)
<b>MAN Group</b>	<b>4,813</b>	<b>3,919</b>	<b>+23</b>	<b>4,179</b>

Sales by business area				
€ million	2007 Q1	2006 Q1 LFL	Change in %	2006 Q1 publ.
Commercial Vehicles	2,239	1,893	+18	1,893
Diesel Engines	457	462	-1	462
Turbo Machinery	218	183	+19	183
Industrial Services	304	293	+4	560
Others/consolidation	84	35	-	92
<b>MAN Group</b>	<b>3,302</b>	<b>2,867</b>	<b>+15</b>	<b>3,190</b>

Operatives Ergebnis nach Bereichen				
€ million	2007 Q1	2006 Q1 LFL	Change in %	2006 Q1 publ.
Commercial Vehicles	201	127	+58	127
Diesel Engines	57	51	+12	51
Turbo Machinery	18	10	+80	10
Industrial Services	32	23	+39	27
Others/consolidation	10	0	-	0
<b>Operating profit</b>	<b>318</b>	<b>211</b>	<b>+51</b>	<b>215</b>
Net interest expense	(13)	(9)	+44	(11)
<b>EBT</b>	<b>305</b>	<b>202</b>	<b>+51</b>	<b>204</b>
Income taxes	(82)	(56)	+46	(56)
Net result of discontinued operations	5	8	-38	6
<b>EAT (net income)</b>	<b>228</b>	<b>154</b>	<b>+48</b>	<b>154</b>