Press release

MAN Aktiengesellschaft

# MAN Group:
# Further positive business developments

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- **Order intake from January to April plus 13% to €5.6 billion**
- **4% sales increase during the first four months of 2006 to €4,164 million**
- **Outlook for 2006: higher sales and improved profits**
- **Håkan Samuelsson: "Exceed both profitability targets"**

*) 2005 without MoD order

Good order intake in the MAN Group's manufacturing areas continued into April 2006, showing growth in the double digits in some fields. From January to April, order intake rose 13% to €5.6 billion (without the previous year's major truck order from the British Ministry of Defense worth €1.4 billion). Sales increased 4% between January and April, reaching €4.2 billion.

Based on good business developments as well as the effects of cost-saving measures, the MAN Group will achieve its targeted 6% ROS (return on sales) in 2006 – one year earlier than expected – and will once again surpass the 18% ROCE (return on capital employed) mark – as it did in 2005. "For the first time, we will exceed both profitability targets this year and thus come much closer to our objective of maintaining these targets throughout an economic cycle," said Håkan Samuelsson at MAN AG's Annual General Meeting in Munich.

From January to April particularly Commercial Vehicles (plus 33%, excluding the 2005 MoD order) and Turbomachines (+92%) contributed to order intake growth. Orders for Diesel Engines approached the high levels of the previous year. Due to a major contract for €300 million in April 2005, order intake in Industrial Services was lower. MAN AG's order backlog climbed to a new record in April: €10.1 billion (+14%).

**Additional cost reduction**
Samuelsson announced continuation of the structural program for reducing costs in all MAN Group areas by €300 million, based on 2004 figures. After eliminating sources of loss in the Sheet-fed Presses and Diesel Engines England units and MAN Technologie, until now a MAN AG subsidiary, cost improvements of another circa €200 million are being implemented. The focus of these, at €150 million, lies by Commercial Vehicles.

**Strategic repositioning**
In his speech at the Annual General Meeting, Håkan Samuelsson outlined the strategy and goals of the MAN Group: with sale of the Printing Systems area on July 1, 2006, the MAN Group will concentrate on transportation, engines and energy – in brief: "Transport related Engineering". The company will pursue further growth in these business areas – including acquisitions as well. The Commercial Vehicles area, primarily present in Europe, is on track for international development, e.g. with new plants in India and Poland. This expansion – as well as the engine cooperation with Navistar (USA) – will also lead to an improved cost mix.

MAN Diesel will further develop its "high-speed engine" business field, in part through close cooperation with Commercial Vehicles' engine plant in Nuremberg. A joint venture with Industrial Services is also planned for the growing gas and diesel power plant market. To create a more efficient corporate structure, the Diesel companies in Germany, Denmark, England and France will be increasingly integrated and the MAN B&W Diesel AG will be converted into a European company called MAN Diesel S.E.

To strengthen the Turbomachines area, the chemical reactor manufacturer MAN DWE was integrated into the MAN TURBO Group. MAN TURBO can thus offer comprehensive technological know-how in the area of the synthetic fuels GTL (Gas to Liquid) and BTL (Biomass to Liquid), which are considered to be markets with good chances for growth.

Industrial Services (MAN Ferrostaal) will be more strongly integrated and use its extensive international base and competence to handle major projects that support other MAN Group areas as well as represent these in some regions.

**Outlook for 2006**

MAN anticipates rising truck and bus orders throughout the entire year. Until now, the entire European truck market has boomed due to upcoming introduction of the stricter EURO 4 exhaust regulations. This trend will slow during the rest of the year.

We also expect clear order growth in Turbomachines, especially from high investments in the raw materials industry. MAN Ferrostaal also sees potential in this market. Diesel Engines can be assumed to remain at the same high level. Altogether, this year's orders should almost reach 2005 levels, that is, nearly €16 billion, although this reference value contains the major contract of €1.4 billion from the British MoD.

## Business volume of the MAN Group – January to April

(without MAN Roland Druckmaschinen AG)

| **MAN Group**<br>€ million | 2006<br>Jan-April | 2005<br>Jan-April | Change<br>in % |
|---|---|---|---|
| Order intake (2005 without MoD order) | 5,596 | 4,942 | +13 |
| Order intake *) | 5,596 | 6,300 | –11 |
| Germany | 1,358 | 1,262 | +8 |
| Abroad | 4,238 | 5,038 | –16 |
| Sales | 4,164 | 4,003 | +4 |
| Germany | 1,025 | 1,115 | –8 |
| Abroad | 3,139 | 2,888 | +9 |
| Order backlog **) | 10,090 | 8,816 | +14 |

*) 2005 with MoD order of ca. €1.4 billion
**) At 4/30/2006 compared with 12/31/2005