



The MAN Group in Q2/2007: Sustained strong growth

Munich, July 31, 2007

- **Q2/2007 operating profit: €403 million (up 54%); 6-month (H1): €721 million (up 52%)**
- **Nonrecurring income of €241 million**
- **H1 ROS at 10.7% for the first time double-digit (H1/2006: 7.8%), 10% excluding Scania dividend**
- **Q2 sales up 9% to €3.5 billion; H1 sales rising 12% to €6.8 billion**
- **Q2 and H1 order intake €4.8 billion (up 17%) and €9.6 billion (up 20%), respectively**
- **Prospects for all of 2007: sales to climb 10%+, with ROS just above 10%**

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Order intake, sales and operating profit all advancing

The MAN Group closed Q2/2007 with vigorous gains in order intake, sales, and operating profit. Order intake up by 17%, sales by 9%, and a 54% higher operating profit document the rapid growth shown by this motor vehicle and mechanical engineering group. Q2 ROS reached 11.6% (up from 8.2% in Q2/2006). Combined, the figures for the first two quarters (H1) of 2007 underscore the sustained and solid progress achieved, with H1 order intake and sales rising double-digit and the operating profit surging 52%.

Says Håkan Samuelsson, CEO of the MAN Group: "All the MAN Group's business areas have delivered improved results, in some cases appreciably. The focus of our attention is a continuous improvement of our business processes, an increase in the production volume and in efficiency as well as our international growth. This path we are pursuing unswervingly. For all of 2007, we expect order intake to rise approximately 5%. We will boost our sales by over 10% and the ROS is likely to be just over 10%."

Order intake: trucks and diesel engines in strong demand

With orders worth €9.6 billion, MAN managed to top its year-earlier H1 figure of €8 billion by 20%. It was especially the diesel engines (up 27%) and trucks (up 23%) that benefited from sustained strong global demand for haulage services in the first half of the year. Whereas truck business gained by as much as 29%, orders booked for buses and coaches shrank by 8%. H1 demand for turbo machinery was just short of the high year-earlier level while at Industrial Services order influx rose 12%. During the period the Group continued in the direction of greater internationalization: H1/2007 orders from Germany mounted 16% to €2.5 billion, from abroad by 21% to €7.1 billion. The predominant factor of this trend was the international orders for trucks whose total value during the period climbed 36% to €4.0 billion.

Sales: Turbo and Commercial Vehicles with double-digit growth rates

The rush of incoming orders and an order backlog which since January 1 has swelled by 20% to a new record of €13.5 billion, are reflected in higher sales. Whereas Q2 sales rose 9% from €3.2 billion to €3.5 billion, the figure for both quarters combined (H1) is now €6.8 billion, up 12% from the year-earlier €6.0 billion. All the manufacturing areas reported incremental sales: Turbo Machinery and Commercial Vehicles even double-digit at 21% and 14%, respectively,

and Commercial Vehicles even double-digit at 21% and 14%, respectively, and Diesel Engines 7%. Sales at Industrial Services did edge down but after allowing for the meantime sold TAKRAF Group, remained unchanged.

Vigorous rise in operating profit, bus business in the red

The Q2 operating profit jumped from €262 million last year to €403 million, including the Scania dividend of €43 million. For 2007 the H1 operating profit surged from €473 million to €721 million. As a consequence, ROS rose from 7.8% to 10.7% in H1/2007. Excluding the Scania dividend, the figure is 10.0% and, for the first time ever in the Group's history, of double-digit magnitude.

Once more all the business areas revved up their returns. With another gain in business volume and ongoing efficiency campaigns, Commercial Vehicles lifted its operating profit by €136 million from €298 million to €434 million and its ROS from 7.4% to 9.4%. Contrasting with the rapid progress reported by Trucks (ROS rising from 8.0% to 11.1%) is the €13 million H1 operating loss of Buses.

Diesel Engines showed an H1/2007 operating profit of €123 million (up from €101 million) and at 13.1% (up from 11.5%) the most outstanding ROS among the business areas. Working closer to capacity and booking more profitable contracts, Turbo Machinery raised its operating profit from €28 million to €41 million, equivalent to an ROS of 8.5% (up from 7.0%). The operating profit at Industrial Services inched up by €2 million to €53 million, ROS from 8.1% to 9.2%.

Settlement reached in ERF litigation, restructuring for Buses

In Q2 the following factors produced a nonrecurring result that impacted on EBT but not on the operating profit: we orchestrated a restructuring program for Buses after this unit failed by far to attain the target return despite massive efforts, this prompting us to write down the €85 million goodwill from the Neoplan acquisition by a full €65 million. Expected restructuring expenses totaled another €65 million, which we accrued. To this end, talks are being held with the Works Council of the Salzgitter bus plant with the aim of achieving structural improvements to the bus operations.

Secondly, we agreed with Freightliner to settle the year-long ERF litigation against payment of £250 million in damages. Together with further exceptional items, non-recurring income came to a net €241 million.

The MAN Group's H1 EBT (including the nonrecurring income) soared from €432 million a year ago to €935 million in 2007, its H1 net income (EAT) surging from €352 million in 2006 to €668 million. Earnings per share (EpS) of continuing operations improved to €4.47 but even excluding the nonrecurring income, hiked up to €3.55 (up from €2.13).

Slight rise in workforce

At June 30, 2007, the MAN Group's worldwide headcount was 51,225 and thus up by 935 from 50,290 at December 31, 2006. The additional manpower was recruited to cope with rising business in the manufacturing areas and the resulting growth plans. Commercial Vehicles employed an extra 539 persons in connection with the setting-up of the Polish plant and the organization of the Russian sales network. In Germany, the MAN Group had 29,833 employees at June 30, 2007 (up from 29,399 at year-end 2006); abroad 21,392 (up from 20,891 at December 31, 2006). As a consequence, 42% were employed outside of Germany. Temporary/loaned labor added up to 3,740 (at June 30, 2007), a 9% rise from the number at December 31, 2006, and necessary to deal with the higher workloads.

At a glance

MAN Group	2007	2006	Change	2007	2006	Change
	H1	H1	in %	Q2	Q2	in %
€ million						
Order intake	9,567	7,973	+20	4,754	4,054	+17
Germany	2,469	2,130	+16	1,045	1,045	0
Abroad	7,098	5,843	+21	3,709	3,009	+23
Net sales	6,769	6,044	+12	3,467	3,177	+9
Germany	1,679	1,567	+7	823	780	+5
Abroad	5,091	4,477	+14	2,644	2,397	+10
Order backlog *)	13,536	11,298	+20	13,536	11,298	+20
Headcount *)	51,225	50,290	+2	51,225	50,290	+2
Germany	29,833	29,399	+1	29,833	29,399	+1
abroad	21,392	20,891	+2	21,392	20,891	+2
Headcount incl. temporary/loaned employees *)	54,965	53,715	+2	54,965	53,715	+2
Germany	32,010	31,368	+2	32,010	31,368	+2
Abroad	22,955	22,347	+3	22,955	22,347	+3
			in €mill.			in €mill.
Operating profit	721	473	+248	403	262	+141
Nonrecurring net result	241	—	+241	241	—	+241
EBT	935	432	+503	630	230	+400
EAT (net income)	668	352	+316	440	198	+242
EpS of continuing operations (€)	4.47	2.13	+2.34	2.98	1.15	+1.83
EpS of continuing operations excl. nonrecurring result (€)	3.55	2.13	+1.42	2.06	1.15	+0.91
ROS in%	10.7	7.8	—	11.6	8.2	—
Net result of discontinued operations	5	35	-30	0	27	-27
Capital expenditures	402	216	+186	120	131	-11
Amortization/depreciation/write-down	220	157	+63	141	84	+57
R&D expenditures	200	198	+2	101	99	+2
Cash earnings	776	526	+250	514	286	+228
Cash flow from operating activities	968	212	+756	767	171	+596
Cash flow from investing activities	(243)	(186)	-57	9	(111)	+120
Free cash flow	725	26	+699	776	60	+716
Net financial debt *)	(724)	(946)	+222	(724)	(946)	+222
Equity *)	4,850	3,779	+1,071	4,850	3,779	+1,071

Any differences in this interim report are due to rounding. The prior-year H1 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 June 30, 2007, versus December 31, 2006

Key figures by business area

Order intake by business area								
€ million	H1/2007	H1/2006 LFL	Change in %	H1/2006 publ.	Q2/2007	Q2/2006 LFL	Change in %	Q2/2006 publ.
Commercial Vehicles	6,504	5,292	+23	5,292	2,994	2,655	+13	2,655
Diesel Engines	1,537	1,214	+27	1,214	908	683	+33	683
Turbo Machinery	723	750	-4	750	370	434	-15	434
Industrial Services	647	580	+12	1,260	409	206	+99	541
Others/consolidation	155	136	+14	313	73	76	-3	337
MAN Group	9,567	7,973	+20	8,829	4,754	4,054	+17	4,650

Sales by business area								
€ million	H1/2007	H1/2006 LFL	Change in %	H1/2006 publ.	Q2/2007	Q2/2006 LFL	Change in %	Q2/2006 publ.
Commercial Vehicles	4,608	4,041	+14	4,041	2,370	2,148	+10	2,148
Diesel Engines	941	877	+7	877	484	415	+17	415
Turbo Machinery	482	399	+21	399	264	216	+22	216
Industrial Services	580	623	-7	1,185	276	329	-16	625
Others/consolidation	157	104	+51	278	73	69	+5	186
MAN Group	6,769	6,044	+12	6,780	3,467	3,177	+9	3,590

Operating profit by business area								
€ million	H1/2007	H1/2006 LFL	Change in %	H1/2006 publ.	Q2/2007	Q2/2006 LFL	Change in %	Q2/2006 publ.
Commercial Vehicles	434	298	+46	298	233	171	+36	171
Diesel Engines	123	101	+22	101	66	50	+32	50
Turbo Machinery	41	28	+46	28	23	18	+28	18
Industrial Services	53	51	+4	65	21	28	-25	38
Others/consolidation	70	(5)	—	(4)	60	(5)	—	(4)
Operating profit	721	473	+52	488	403	262	+54	273
Nonrecurring income	241	—	—	—	241	—	—	—
Net interest expense	(27)	(41)	—	(44)	(14)	(32)	—	(33)
EBT	935	432	+116	444	630	230	+174	240
Income taxes	(272)	(115)	—	(115)	(190)	(59)	—	(59)
Net result of discontinued operations	5	35	-86	23	0	27	—	17
EAT (net income)	668	352	+90	352	440	198	+122	198