



The MAN Group in Q3/2007: Strong growth rate sustained

Munich, Oct. 31, 2007

- **Q3 operating profit: €378 million (up 36% from €278 million); three-quarter (3Q) operating profit of €1,099 million tops for the first time the one billion mark (up 46%)**
- **Order intake rising in an ongoing congenial market 17% to €4.7 billion in Q3; 3Q up 19% to €14.3 billion**
- **Q3 sales up 12% to €3.5 billion; nine-month sales up 12% to €10.3 billion**
- **Continued profitability improvements in all areas raises 3Q ROS from 8.2% to 10.7%**
- **Earnings per share (EpS) up from €3.51 to €5.98; excluding the Q2 nonrecurring result of €241 million, to €5.07**
- **Prospects 2007: for all of 2007 we expect an order intake increase of over 10%, sales of around €15 billion, and an ROS at the 3Q level of 10.7%**

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Best-ever 3Q operating profit: a 46% hike

In an ongoing congenial market, the MAN Group continued unabated its growth of H1 into Q3/2007. Order intake, sales and operating profit all showed double-digit percentage gains: 17% order intake, 12% sales, and 36% operating profit rises in 3Q endorse the rapid growth shown by the Group. For the first time, the 3Q operating profit at €1,099 million (up 46%) topped the one billion mark. Further profitability improvements in all areas raised ROS after nine months from 8.2% to 10.7%.

Comments MAN CEO Håkan Samuelsson: "2007 will be an outstanding period for the MAN Group. It is growing at a double-digit rate; we have once more upgraded our profitability and created new jobs. All the business areas are continuing along the growth and internationalization course in their markets."

For all of 2007, an order intake increase of over 10% and a sales rise of 15% to €15 billion are expected. ROS is predicted to reach the 3Q level of 10.7%.

Order intake: non-German growth more vigorous than domestic

At €4.7 billion, Q3 orders advanced 17% over the year-earlier €4 billion. 3Q orders topped the year-earlier €12 billion by 19% to reach €14.3 billion. Once again, demand for MAN products abroad (up 20%) outpaced domestic demand (up 16%). Above all, Commercial Vehicles (up 25%) and Diesel Engines (up 21%) showed strong gains in the period January through September. Whereas Trucks' business mounted by 28%, Buses, down in the first half (H1), recovered in Q3 to show a 3-quarter growth of 6%. For 3Q/2007, demand for turbo machinery was 11% short of the year-earlier level, which, however, had included a megacontract for the Shell Pearl GTL plant. Industrial Services raised its order intake by 9%.

Sales: all manufacturing areas with double-digit gains

The sharp rise in order intake and the order backlog, since January mounting to a record level of €14.5 billion (up 28%) are also reflected in significantly increased sales. Whereas Q3 sales rose 12% from €3.1 billion to €3.5 billion, 3Q sales climbed from €9.2 billion to €10.3 billion. All the manufacturing areas achieved double-digit hikes: Turbo Machinery (up 27%), Diesel Engines (up 15%), Commercial Vehicles (up 11%). Industrial Services' sales inched up 3%.

Rising operating profit and ROS: Trucks and Diesel outstanding

The clear operating profit improvement in the first half of the year continued into the third quarter. The operating profit jumped 36% to €378 million (up from €278 million). The 3Q operating profit surged by €348 million (up 46%) to €1,099 million. As a consequence, ROS improved from 8.2% to 10.7%. Excluding the Scania dividend (€43 million), to 10.3%.

All business areas shared in the MAN Group's improved profitability. Commercial Vehicles raised its operating profit through high capacity utilization at the plants and service stations and repeated efficiency measures by €172 million, from €474 million to €646 million, equivalent to an ROS advance from 7.7% to 9.5%. Whereas Trucks achieved an ROS of 11.1%, idle capacities and poorer margins at Buses led to an operating loss of €19 million (down from a black €32 million). Q3 saw the introduction of further measures aimed at improving, in particular, the production network.

Diesel Engines' ROS after nine months was the best among the manufacturing areas: a 33-percent higher operating profit, from €157 million to €209 million, produced an ROS of 13.9% (up from 11.9%). With capacity utilization very high and margins improved, Turbo Machinery upgraded its operating profit from €46 million to €67 million, equivalent to an ROS rise from 7.6% to 8.8%. Mainly because of invoice timing reasons, the operating profit at Industrial Services mounted €20 million to €97 million, this area's 3-quarter ROS climbing from 8.3% to 10.0%.

The MAN Group's 3Q EBT shot up from €707 million to €1,305 million, including €241 million as nonrecurring Q2/2007 result*. Earnings after taxes climbed from €677 million to €894 million. Earnings per share (EpS) of continuing operations improved from €3.51 to €5.07, including the nonrecurring items from €3.51 to €5.98.

Growth generates jobs

At September 30, 2007, the MAN Group employed a workforce of 51,913, an extra 1,623 versus the 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 additional 972 persons, chiefly in connection with the setting-up of the Polish plant and the organization of the Russian sales network. Diesel Engines (up 339), Turbo Machinery (up 228) and RENK (up 144) all hired additional labor.

In Germany, the MAN Group employed 30,031 persons at September 30, 2007 (up from 29,399 at December 31, 2006), abroad 21,882 (up from 20,891). As a consequence, an unchanged 42% were employed outside of Germany. Loaned/temporary labor added up to 4,122 (at September 30, 2007) due to the heavy workload (20% up over the 3,425 at December 31, 2006).

*Nonrecurring result in Q2/2007: net balance of provision and write-down for Buses, damages from the ERF litigation with Freightliner, and the Scania stock split and stock repurchase

At a glance

MAN Group	2007	2006	Change	2007	2006	Change
	3Q	3Q	in %	Q3	Q3	in %
€ million						
Order intake	14,302	12,003	+19	4,735	4,030	+17
Germany	3,687	3,174	+16	1,218	1,043	+17
Abroad	10,614	8,829	+20	3,517	2,986	+18
Net sales	10,283	9,173	+12	3,513	3,129	+12
Germany	2,553	2,392	+7	874	825	+6
Abroad	7,730	6,780	+14	2,639	2,304	+15
Order backlog *)	14,518	11,298	+28	14,518	11,298	+28
Headcount *)	51,913	50,290	+3	51,913	50,290	+3
Germany	30,031	29,399	+2	30,031	29,399	+2
abroad	21,882	20,891	+5	21,882	20,891	+5
Headcount incl. temporary/loaned employees *)	56,035	53,715	+4	56,035	53,715	+4
Germany	32,350	31,368	+3	32,350	31,368	+3
Abroad	23,685	22,347	+6	23,685	22,347	+6
			in €mill.			in €mill.
Operating profit	1,099	751	+348	378	278	+100
Nonrecurring net result	241	—	+241	0	—	0
EBT	1,305	707	+598	370	275	+95
EAT (net income)	894	677	+217	226	325	-99
EpS of continuing operations (€)	5.98	3.51	+2,47	1.51	1.38	+0.13
EpS of continuing operations excl. nonrecurring result (€)	5.07	3.51	+1,56	1.52	1.38	+0.14
ROS in %	10.7	8.2	—	10.7	8.9	—
Net result of discontinued operations	5	153	-148	0	118	-118
Capital expenditures	517	536	-19	115	320	-205
Amortization/depreciation/write-down	298	259	+39	78	102	-24
R&D expenditures	304	296	+8	104	98	+6
Cash earnings	1 126	813	+313	350	287	+63
Cash flow from operating activities	1 248	346	+902	280	134	+146
Cash flow from investing activities	(343)	(248)	-95	(100)	(62)	-38
Free cash flow	905	98	+807	180	72	+108
Net financial debt *)	(493)	(946)	+453	(493)	(946)	+453
Equity *)	4,906	3,779	+1,127	4,906	3,779	+1,127

Any differences in this interim report are due to rounding. The prior-year 9-month (3Q) 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 September 30, 2007, versus December 31, 2006

Key figures by business area

Order intake by business area								
€ million	3Q/2007	3Q/2006 LFL	Change in %	3Q/2006 publ.	Q3/2007	Q3/2006 LFL	Change in %	Q3/2006 publ.
Commercial Vehicles	9,658	7,734	+25	7,734	3,154	2,442	+29	2,442
Diesel Engines	2,357	1,951	+21	1,951	820	737	+11	737
Turbo Machinery	1,065	1,200	-11	1,200	342	450	-24	450
Industrial Services	971	887	+9	887	324	307	+5	307
Others/consolidation	251	231	+9	534	95	95	0	218
MAN Group	14,302	12,003	+19	12,306	4,735	4,030	+17	4,154

Sales by business area								
€ million	3Q/2007	3Q/2006 LFL	Change in %	3Q/2006 publ.	Q3/2007	Q3/2006 LFL	Change in %	Q3/2006 publ.
Commercial Vehicles	6,804	6,145	+11	6,145	2,196	2,104	+4	2,104
Diesel Engines	1,508	1,316	+15	1,316	567	439	+29	439
Turbo Machinery	766	606	+27	606	284	207	+37	207
Industrial Services	963	935	+3	935	383	312	+23	312
Others/consolidation	240	171	+41	468	83	67	+24	190
MAN Group	10,283	9,173	+12	9,470	3,513	3,129	+12	3,252

Operating profit by business area								
€ million	3Q/2007	3Q/2006 LFL	Change in %	3Q/2006 publ.	Q3/2007	Q3/2006 LFL	Change in %	Q3/2006 publ.
Commercial Vehicles	646	474	+36	474	212	176	+20	176
Diesel Engines	209	157	+33	157	86	56	+54	56
Turbo Machinery	67	46	+46	46	26	18	+44	18
Industrial Services	97	77	+26	77	44	26	+69	26
Others/consolidation	80	(3)	—	(3)	10	2	—	2
Operating profit	1,099	751	+46	751	378	278	+36	278
Nonrecurring income	241	—	—	—	0	—	—	—
Net interest expense	(35)	(44)	—	(44)	(8)	(3)	—	(3)
EBT	1,305	707	+85	707	370	275	+35	275
Income taxes	(416)	(183)	—	(183)	(144)	(68)	—	(68)
Net result of discontinued operations	5	153	-97	153	0	118	—	118
EAT (net income)	894	677	+32	677	226	325	-30	325