Press Release
MAN SE

MAN in H1 2012: Increasingly difficult market environment weighs business performance down

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Even MAN was unable to escape the industry trend on the markets and saw its operating profit drop in the first half of 2012. This was primarily due to the global economy, which remained extremely muted, and the uncertainty of many customers against the backdrop of the European debt crisis.

The demand for trucks and buses fell significantly in Central and Southern Europe, both of which are key markets for commercial vehicle activities. Despite this, MAN succeeded in keeping its order intake in the Commercial Vehicles business area almost constant in the first six months of the year. Orders in the first half of 2012 at MAN Latin America fell by 22% year-on-year due to the introduction of the Euro V emission standard in Brazil, worsening economic conditions, and tougher financing conditions. However, MAN Truck & Bus recorded an increase of 5% in the same period. MAN was able to compensate for the shrinking market in Europe with high growth in Russia and other regions outside Europe — although this was coupled with lower margins in some cases. Overall, the MAN Group's order intake in the first half of 2012 was €8.3 billion (previous year: €8.8 billion / Q2 2012: €4.0 billion / Q2 2011: €4.4 billion).

The MAN Group's revenue remained almost stable in the first six months of 2012. At €7.7 billion, it was down by around 3% on the previous year's level (Q2 2012: €3.8 billion / Q2 2011: €4.2 billion). This drop in the first half of 2012 was due to the 5% decline in revenue to €5.8 billion in the Commercial Vehicles business area. By contrast, the Power Engineering business area performed well, recording an increase of 3% and generating €2.0 billion.

The MAN Group posted an operating profit of €471 million in H1 2012 compared with €762 million in the previous year (Q2 2012: €218 million / Q2 2011: €437 million). The decrease is primarily attributable to the Commercial Vehicles business area, which saw its operating profit fall in the first half of 2012 to €211 million (previous year: €475 million). Profitability in the Commercial Vehicles business area is being weighed down by changes to the country and product mix, high pressure on margins, and increased costs. The Power Engineering business area once again proved to be a stable pillar, generating an operating profit of €239 million and return on sales of 12%. Despite the difficult market situation, MAN systematically pursued its international growth strategy. The investment made is now also reflected in the figures. The impairment loss recognized on the investment in Sinotruk Ltd., Hong Kong/China, in the amount of €190 million constitutes a nonrecurring item in the earnings before tax. It does not affect liquidity.

MAN expects the European commercial vehicles market to contract by 5% to 10% for the year as a whole. For this reason, the Management continues to expect revenue in the Commercial Vehicles business area to fall slightly by up to 5%. The introduction of the Euro V emission standard, worsening economic conditions, and tougher financing conditions will dampen MAN Latin America’s revenue and earnings. Nevertheless, the region will continue to make a positive contribution to profitability. Overall, MAN is expecting the Commercial Vehicles business area to generate a return on sales of around 4% in the current year.

In the Power Engineering business area, MAN believes that the medium- and long-term growth trends in the energy and industrial markets are robust and remain intact. For the current fiscal year, MAN continues to expect revenue growth of around 5% as against fiscal 2011. The return on sales will remain clearly in double digits, on a level with the previous year.

MAN therefore continues to expect a slight decline in revenue for the Group as a whole. Return on sales is set to decrease to approximately 6%, assuming that the macroeconomic environment does not deteriorate any further.

The information above is subject to the discussion with the Audit Committee of the Supervisory Board. The half-yearly report will be published on July 31, 2012.