



## **MAN increases operating profit**

Munich, March 11, 2015

**Dr. Pachta-Reyhofen: “Europe gives us stability as a strong anchor.”**

### **The MAN Group in 2014 at a glance**

- **€15.3 billion – order intake down 5%**  
[2013: €16.2 billion]
- **€14.3 billion – sales revenue 10% lower year-on-year**  
[2013: €15.9 billion]
- **€384 million – slight improvement in operating profit**  
[2013: €309 million]
- **2.7% – operating return on sales up**  
[2013: 1.9%]
- **€-0.8 billion net cash flow impacted by nonrecurring items**  
[2013: €-390 million]

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Despite the difficult economic situation, the commercial vehicle and engineering player MAN managed to increase its operating profit in 2014. This is attributable to the significantly improved profitability of business with large motors and machines. The strong position in the European commercial vehicle business also helped to respond to the market slump in Brazil or Russia.

“As Europe’s number two commercial vehicle brand, our home continent provides stability as a strong anchor. In addition, the Power Engineering business area contributed decisively to our business performance. In the past few years we have deliberately pursued the strategy of international and profitable growth. Emerging economies play a key role in this context. We believe in long-term growth in those countries. In spite of stepping up global activities, Europe will always remain our backbone. We have profited from this development: In view of the unfavorable framework conditions — especially in

The MAN Group is one of Europe’s leading industrial players in transport-related engineering, with revenue of approximately €14.3 billion in 2014. As a supplier of trucks, buses, diesel engines, turbomachinery, and special gear units, MAN employs approximately 55,900 people worldwide. Its business areas hold leading positions in their respective markets.



important markets such as Russia and Brazil — our result in 2014 was satisfactory,”

says Dr. Georg Pachta-Reyhofen, Chief Executive Officer of MAN SE.

Even though as expected the European commercial vehicles market has not fully recovered from the pull-forward effects from the Euro 6 emission standard, MAN succeeded in defending its position in the key commercial vehicles market. Even in Brazil, the Company maintained its truck market leadership for the twelfth consecutive year. In this field as in the majority of other markets, however, declining unit sales figures led to more intense competition and lower returns. The situation in the Power Engineering business area was mixed. At MAN Diesel & Turbo, a slight upturn in merchant shipbuilding led to a healthy order intake in this business. Orders for new ships — and hence demand for propulsion and auxiliary units — were at a high level, most notably in the first half of 2014. Demand for special-purpose ships also remained high. By contrast, growth in the market for power plant solutions slackened. Demand was also low in the Turbomachinery strategic business unit, primarily due to the weak market situation in China, India, and Brazil. By contrast, our Renk investee again recorded an outstanding fiscal year.

The MAN Group generated sales revenue of €14.3 billion in 2014, down 10% year-on-year. Both the Commercial Vehicles and the Power Engineering business areas posted declines. MAN Truck & Bus generated sales revenue of €8.4 billion, down 9% compared with the previous year, while MAN Latin America saw its sales revenue drop 24% year-on-year to €2.3 billion. The decrease at MAN Diesel & Turbo was not quite as significant, with sales revenue declining 3% to €3.3 billion. At €480 million, Renk again recorded sales revenue on a level with the previous year.

The MAN Group's order intake amounted to €15.3 billion, down 5% on the prior-period figure. Order intake in the Commercial Vehicles business area decreased 9% to €11.4 billion, while the figure for large-bore engines, turbomachinery, and gear units remained roughly level year-on-year, at €3.9 billion.

By contrast, there was a slight improvement in operating profit, which increased from €309 million in 2013 to €384 million. While the prior-year figure of €25 million in the Power Engineering business area had been impacted by very high provisions for a power plant project that had not yet been completed, it improved to €278 million in 2014. MAN Diesel & Turbo contributed €206 million, while Renk generated €72 million. At €221 million,



operating profit in the Commercial Vehicles business area was down sharply year-on-year due to the decline in sales revenue. MAN Truck & Bus recorded an operating profit of €152 million, while MAN Latin America contributed €65 million. The MAN Group's operating return on sales increased from 1.9% in the previous year to 2.7% in 2014.

The Executive Board has stepped up programs to increase efficiency and cut costs in all divisions in response to the situation in our sector. For example, we resolved and have started implementing measures to change the production structure in the bus business.

“Expenditures are a particular focus in financially difficult times and we are now benefiting from those cost savings that we made in the past. In addition, our competitiveness is already being boosted by the procurement synergies stemming from our membership of the Volkswagen Group,”

says Dr. Pachta-Reyhofen.

In the Commercial Vehicles business area, MAN SE's Executive Board expects unit sales for 2015 to be slightly below the previous year. Operating profit and the operating return on sales will be slightly down on the prior-year figures amid continued strong competition. In the Power Engineering business area, the Executive Board expects order intake in 2015 to be slightly below the prior-year level. Sales revenue should be slightly higher year-on-year. Operating profit and the operating return on sales will show moderate improvement. The currently flat markets will continue to be negatively impacted by ongoing high competitive pressure in 2015. As a consequence, the Executive Board assumes a higher single-digit operating return on sales. The MAN Group will thus see sales revenue on a level with the previous year and a stable operating profit. The operating return on sales will remain at roughly the 2014 figure.