



MAN Significantly Improves Profit

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MAN Truck & Bus boosts profit in the first half of 2016 — operating profit before special items more than doubled

Munich-based commercial vehicle and engineering player MAN has seen 2016 off to a successful start, benefiting in particular from its strong position on the European commercial vehicles market as it continues to recover. The MAN Group's order intake was €7.4 billion and sales revenue €6.4 billion in the first six months of 2016. In the first half of 2016, the MAN Group's operating return on sales increased to 3.7%, after 0.2% in the prior-year period.

The MAN Group's operating profit amounted to €236 million in the first six months of 2016 (previous year: €15 million). "This is mainly attributable to a considerably improved operating profit at MAN Truck & Bus," said Joachim Drees, Chief Executive Officer of MAN SE. "Apart from higher volumes and improved margins, the future growth program launched in the previous year also had a significant effect."

Order intake at MAN Truck & Bus rose year-on-year to €5,250 million in the first half of 2016 with sales revenue at €4,443 million. Order intake and unit sales grew in line with sales revenue. At €268 million, operating profit in the first half of 2016 was significantly higher than the prior-year figure before special items (€121 million). This corresponds to an operating return on sales of 6.0 % (previous year: 2.8 %).

The program to strengthen the Company in a competitive market environment comprises far-reaching initiatives to increase profitability and cut costs, as well as to make production more flexible. Key aspects of the program include restructuring the truck production sites and streamlining all administrative areas. This will also include cutting product costs and lifting sales performance.

While the Commercial Vehicles business area saw significant growth in the European commercial vehicles market on the back of the economic upturn, the ongoing recession and political uncertainties in Brazil once again led to a considerable market decline as against the previous year.

The MAN Group is one of Europe's leading industrial players in transport-related engineering, with revenue of approximately €13.7 billion in 2015. As a supplier of trucks, buses, diesel engines, turbomachinery, and special gear units, MAN employs approximately 55,000 people worldwide. Its business areas hold leading positions in their respective markets.



MAN Latin America posted a further decrease in demand in the first half of 2016. The company sold 10,131 vehicles, down 19% as against the prior-year period. Sales revenue declined to €398 million. MAN Latin America is implementing an extensive program to strengthen the company in a competitive market environment with the aim of systematically improving its earnings quality.

In the Power Engineering business area, the situation in the marine and turbomachinery markets deteriorated further while the energy generation market remained at a low but stable level. Overall, this led to a decrease in order intake at MAN Diesel & Turbo despite a year-on-year increase in orders received by the Power Plants strategic business unit.

MAN Diesel & Turbo recorded an operating profit of €69 million in the first six months under review and thus an operating return on sales of 4.7%. The year-on-year deterioration in operating profit was primarily due to the decline in sales volumes, significant pressure on margins in the new construction business, and decreased capacity utilization.

Renk posted higher order intake overall than in the previous year following positive growth in the Special Gear Units and Vehicle Transmissions strategic business units. It generated an operating profit of €33 million in the period under review. As a result, Renk's operating return on sales for the first half of 2016 was 14.6%.

All in all, the MAN Group's profit before tax amounted to €156 million in the first six months. The profit after tax was €16 million. Net cash provided by operating activities amounted to €406 million in the first six months, a significant year-on-year improvement.

The Executive Board of MAN SE expects a slight year-on-year decline in the MAN Group's sales revenue. Operating profit and the operating return on sales will be significantly higher than the 2015 levels.