



MAN creates basis for successful growth

Munich, March 11, 2016

Future growth program at MAN Truck & Bus strengthens competitiveness and profitability in the long term

The MAN Group in 2015 at a glance

- **€14.4 billion — order intake down 6%**
[2014: €15.3 billion]
- **€13.7 billion — sales revenue declined 4%**
[2014: €14.3 billion]
- **€92 million — restructuring expenses and Brazil weigh on operating profit**
[2014: €384 million]
- **0.7% — significant drop in operating return on sales**
[2014: 2.7%]
- **€0.5 billion — positive net cash flow**
[2014: €-0.8 billion]

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The MAN Group looks back at a challenging fiscal year in 2015: While the European commercial vehicles market recovered, the situation in other regions — especially Brazil — and in the Power Engineering business area remains tense. Although the global economy recorded moderate growth, economic momentum in many emerging economies slowed further over the course of the year. Russia and Brazil continue to be of great concern.

MAN Truck & Bus was able to maintain its position in the key commercial vehicles markets in Europe and to increase its sales revenue and sales. MAN Truck & Bus has launched a future growth program designed to increase long-term competitiveness. In the key Brazilian market, MAN Latin America defended its market leadership for the 13th year in succession despite fierce competition. The contracting economy had a major impact on sales revenue and sales. In the Power Engineering business area, the downward market had a dampening effect on the Engines & Marine Systems and Turbomachinery

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.



strategic business units. Power Plants felt the impact of slower economic growth and longer project lead times in key emerging economies. MAN investee Renk again recorded an excellent fiscal year.

At €14.4 billion, the MAN Group's order intake in fiscal 2015 was down 6% year-on-year. In the Commercial Vehicles business area, it amounted to €11.0 billion, 4% lower than the previous year's figure. MAN Truck & Bus received 9% more orders, while order intake at MAN Latin America declined by more than half. In the Power Engineering business area, order intake decreased by approximately 13% year-on-year to €3.4 billion.

At €13.7 billion, the MAN Group's sales revenue in fiscal 2015 was 4% lower year-on-year. The Commercial Vehicles business area recorded sales revenue of €10.0 billion. MAN Truck & Bus generated year-on-year growth of 7%; sales revenue amounted to €9.0 billion. Unit sales increased by 8% to 79,222 vehicles. MAN Latin America's sales revenue declined to €1.0 billion; unit sales almost halved to 24,472 vehicles. Sales revenue amounted to €3.8 billion in the Power Engineering business area. MAN Diesel & Turbo generated sales revenue of €3.3 billion. Renk's sales revenue was also up slightly on the previous year, at €487 million.

Free cash flow from the MAN Group's operating activities and investing activities attributable to operating activities was positive and amounted to €0.5 billion.

The MAN Group's operating profit after restructuring expenses was €92 million in fiscal 2015. Operating profit at the Commercial Vehicles business area dropped to €-101 million. MAN Truck & Bus recorded an operating profit before special items of €205 million — a significant increase compared with the prior-year period. Special items weighing on operating profit related to restructuring expenses of €185 million for the future growth program. This reduced MAN Truck & Bus's operating profit to €20 million. MAN Latin America recorded an operating loss of €120 million because of the lower volumes in Brazil and introduced a large number of measures to counteract this trend. Operating profit in the Power Engineering business area amounted to €283 million and was thus on a level with the previous year. MAN Diesel & Turbo's operating profit was €216 million. Renk posted an operating profit of €68 million and thus a continued high operating return on sales of 14.0%. The MAN Group's operating return on sales declined to 0.7% in 2015 against the backdrop of special items from restructuring expenses and the extremely difficult economic environment in Brazil.



“We have initiated or stepped up measures to increase profitability in all divisions. Our goal is to deliver significant results from optimized products and components, as well as procurement. Additionally, capital expenditures are being reviewed and workflows are being examined and enhanced. The most important new measure is the future growth program to strengthen the long-term competitiveness of MAN Truck & Bus. It includes reorganizing truck production and streamlining administration. The changes introduced in the bus production network in 2014 have now largely been implemented. As MAN SE’s Executive Board, we are convinced that it was and remains the right decision to initiate pivotal measures to safeguard the Company’s future growth even in economically difficult times,”

says Joachim Drees, Chief Executive Officer of MAN SE.

In May 2015, Volkswagen AG’s Supervisory Board approved the creation of Volkswagen Truck & Bus GmbH, a commercial vehicles holding. As part of this, MAN Truck & Bus, MAN Latin America, and Scania are collaborating more closely while retaining their identities and full operational responsibility. The new group aims to generate potential additional long-term operating profit synergies averaging at least €650 million a year. In light of the long product lifecycles in the commercial vehicles business, it will take ten to 15 years before these have been fully realized. For example, leveraged synergies in the areas of procurement and development are expected.

MAN SE’s Executive Board expects unit sales for 2016 to be on a level with the previous year in the Commercial Vehicles business area, while sales revenue will fall slightly short of the prior-year figure. Buoyed by the initiated measures, operating profit and operating return on sales will be up significantly year-on-year. Both key indicators will also significantly exceed the 2015 figures before special items. In the Power Engineering business area, the Executive Board expects order intake in 2016 to be slightly above the prior-year level. Sales revenue will be noticeably lower than in the previous year. Strong competitive pressure will continue to weigh on the strained markets in 2016. Operating profit and operating return on sales will therefore be significantly lower than the prior-year figures.

This will mean a slight year-on-year decline in the MAN Group’s sales revenue. Operating profit and operating return on sales will be up significantly year-on-year.