



MAN Group in Q2 2008: Strong net sales and earnings growth

Munich, July 30, 2008

- **At €1,017 million in H1/2008, operating profit exceeds the one billion mark for the first time; operating profit up 39% to €562 million in Q2 (€403 million)**
- **Strong net sales growth: up 20% to €8.1 billion after six months (€6.8 billion), and up 23% to €4.3 billion in Q2 (€3.5 billion)**
- **Order intake up 8% to €10.3 billion in the first half of 2008, and up 8% to €5.1 billion in Q2; decline in Commercial Vehicles order intake**
- **Return on sales (ROS) 12.6% in the first six months (10.7%), or 11.9% (10.0%) excluding Scania dividend (€57 million)**
- **Earnings per share €4.75 compared with €3.55 (including non-recurring income: €5.18 compared with €4.47)**
- **Outlook for 2008: normalization of order intake; reiteration of existing net sales and ROS targets**

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The MAN Group is continuing to grow in its anniversary year: After a strong start to 2008, the Group also recorded significant second quarter increases in its order intake (+8%), net sales (+23%), and operating profit (+39%) compared with Q1. On a cumulative basis over the first and second quarter, the order intake rose by 8% to €10.3 billion and net sales were up by 20% to €8.1 billion. At €1,017 million (+41%), the Group's operating profit exceeded the one billion mark for the first time after the first six months. The return on sales (ROS) increased to 12.6% in the first half of the year, compared with 10.7% in the previous year.

"The balanced structure of the Group is having a positive effect on the MAN Group," said Håkan Samuelsson, CEO of the MAN Group. "Demand for large-bore diesel engines, turbines, and compressors remains extremely strong. Incoming orders in the Commercial Vehicles business area are now declining after the exceptional increase in previous years. Overall, we expect the MAN Group's order intake to normalize for full-year 2008. We are reiterating our net sales and return on sales forecasts."

The MAN Group is one of Europe's foremost industrial players in the sector of Transport-Related Engineering, with sales in 2007 of some €15.5 billion. As a supplier of trucks, buses, diesel engines, turbo machinery and industrial services, MAN employs a workforce of around 55,000 worldwide. The MAN business areas hold leading positions in their markets. MAN AG, Munich, is listed in the DAX (German Stock Index) which comprises the thirty leading stock corporations in Germany.



Order intake: Diesel and Turbo demand remains strong

The rapid growth in the order intake in recent years has slowed as expected. At €10.3 billion, the MAN Group's orders in the first six months increased by 8% compared with the previous year (€9.6 billion). Orders for commercial vehicles are now beginning to normalize after delivery times reached an extremely high level due to the large number of orders in recent quarters. Purchase decisions are being delayed by the sharp rise in diesel prices, the increase in the German truck toll, and tougher financing conditions. 15% fewer trucks (in terms of units) were ordered in the first half of 2008 than in the previous year; this corresponds to a 3% decline in the order intake at Commercial Vehicles to €6.3 billion (€6.5 billion).

Demand for large-bore diesel engines remains strong, with orders up by 17% to €1.8 billion in the first six months. Demand for turbo machinery in H1 was up slightly on the previous year, with orders totaling €0.7 billion. Industrial Services doubled its order intake year-on-year to €1.3 billion in the first six months, in particular due to a major project.

Net sales: double-digit growth in all business areas

The MAN Group's net sales rose by 20% in the first half of the year to €8.1 billion (previous year: €6.8 billion). All business areas recorded double-digit net sales growth: Diesel Engines increased net sales by 27% to €1.2 billion, Industrial Services by 24% to €0.7 billion, Turbo Machinery by 18% to €0.6 billion, and Commercial Vehicles by 17% to €5.4 billion. The order backlog, which has risen to a new record level of €16.5 billion since the beginning of the year (+12%), will continue to ensure extremely high capacity utilization at the Group's production facilities into 2009.

Strong earnings growth, slight increase in bus business

Operating profit increased by €159 million in the second quarter from €403 million to €562 million (+39%). On a cumulative basis over the first six months, the Group generated an operating profit of €1,017 million (€721 million). As a result, the return on sales improved from 10.7% in the prior-year period to 12.6% in the first half of 2008. Excluding the Scania dividend, the return on sales climbed to 11.9%.

All business areas lifted their operating profit and return on sales year-on-year in both the first six months and the second quarter. Commercial Vehicles increased its operating profit by €169 million from €434 million in the previous year to €603 million in the first half of 2008, primarily due to higher volumes. The return on sales therefore rose from 9.4% to 11.2%.



The Trucks division recorded a return on sales of 12.7% (11.1%), to which heavy trucks alone contributed a return on sales of 13.9% (12.8%). Following the losses in the previous year, the Buses division generated an operating profit of €3 million in the first six months (operating loss of €13 million).

Diesel Engines significantly increased its operating profit by 46% in the first half of the year to €179 million (€123 million) and, at 14.9% (13.1%), recorded the best return on sales of all the business areas. Turbo Machinery lifted its operating profit to €63 million (€41 million) in the first six months on the back of improved net sales, continued high capacity utilization, and higher order quality. For the first time, the business area therefore generated a double-digit return on sales of 11.0% (8.5%). Operating profit in the Industrial Services business area rose substantially by €15 million in the first half of the year to €68 million, taking the return on sales to 9.5% (9.2%).

The MAN Group's earnings before taxes including nonrecurring income improved to €1,080 million in the first half of the year (€935 million). Its net income rose to €768 million (€668 million). Earnings per share from continuing operations reached €5.18 (€4.47). Even excluding nonrecurring income, this item increased sharply to €4.75 compared with €3.55 in the prior-year period.

Higher headcount

The MAN Group employed 57,179 people as of June 30, 2008, an increase of 2,093 compared with December 31, 2007 (55,086). At the reporting date, the MAN Group had a total of 32,383 employees in Germany (December 31, 2007: 31,611) and 24,796 abroad (23,475). The proportion of employees abroad was therefore unchanged at 43%. The number of temporary employees and employees on fixed-term contracts rose to 8,048 as of June 30, 2008, compared with 7,531 as of December 31, 2007.

Key data by business area

Order intake by business area						
€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Commercial Vehicles	6,286	6,504	-3	2,766	2,994	-8
Diesel Engines	1,803	1,537	17	899	908	-1
Turbo Machinery	737	723	2	369	370	0
Industrial Services	1,299	647	101	1,006	409	146
Others / consolidation	177	155	14	77	73	5
MAN Group	10,302	9,567	8	5,117	4,754	8

Net sales by business area						
€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Commercial Vehicles	5,380	4,608	17	2,830	2,370	19
Diesel Engines	1,199	941	27	629	484	30
Turbo Machinery	571	482	18	317	264	20
Industrial Services	720	580	24	367	276	33
Others / consolidation	221	157	41	116	73	58
MAN Group	8,092	6,769	20	4,258	3,467	23

Operating profit by business area						
€ million	H1/2008	H1/2007	Change in %	Q2/2008	Q2/2007	Change in %
Commercial Vehicles	603	434	39	323	233	39
Diesel Engines	179	123	46	95	66	44
Turbo Machinery	63	41	54	35	23	52
Industrial Services	68	53	28	36	21	71
Others / consolidation	104	70	49	73	60	22
Operating profit	1,017	721	41	562	403	39
Nonrecurring income	65	241	-73	65	241	-73
Net interest expense	-2	-27	-	0	-14	-
EBT	1,080	935	16	627	630	0
Income taxes	-312	-272	-	-181	-190	-
Net result of discontinued operations	-	5	-	-	0	-
EAT/net income	768	668	15	446	440	1