



MAN Group



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Capital Market Day

Sales Finance

Dr. Ferdinand Graf von Ballestrem, CFO



Sales Finance Organisation



„Off-Balance“

**Sales Finance
Department**

Structured Finance

**Export Finance
Vendor Finance Programs
Forfaiting / Factoring
Credit Risk Insurance**

Trade Finance

**Bonds and Guarantees
Letters of Credit**

„On-Balance“

**MAN Financial Services
Group**





MAN AG – Sales Finance



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Sales Finance Department



Shared Services

MAN AG's Sales Finance Department extends services to MAN Companies:

- Structured Export Finance
- Structured Vendor Finance
- Letters of Credit
- Bonds / Guarantees
- Consulting Sales Organisation in any related financial aspect

→ **Creation and Concentration of Expertise**

→ **Effective Utilization of Ressources**

→ **Market Power**



Risk Management

Sales Finance Department

- analyses commercial and financial risks in contracts of MAN companies and develops concepts to meet these risks

as part of MAN's standardized reporting system:

- comments financial risks related to major projects to MAN Executive/ Management Board

→ Principle of Dual Control



Structured Finance Example: Honduras – Choloma III



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235 MW - Diesel Power Plant

Project Volume: 176 mio. USD
(MAN B&W-Portion: 106 mio. USD)
Equity: 52 mio. USD
Local and Foreign Debt: 124 mio. USD

⚡ **EPC-Contract had to be signed before debt-financing was closed**





Structured Finance Example: Honduras – Choloma III



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Solution:

Contract Realization in 2 Phases:

Phase I - 85 MW

Project volume: 40 mio. USD
50 % Equity
50 % ECA-covered Suppliers Loan
(= „bridge financing“)

Phase II – 150 MW

Project volume: 136 mio. USD
24 % Equity
76 % Debt Finance
+ reimbursement of „bridge financing“
through additional Debt Finance



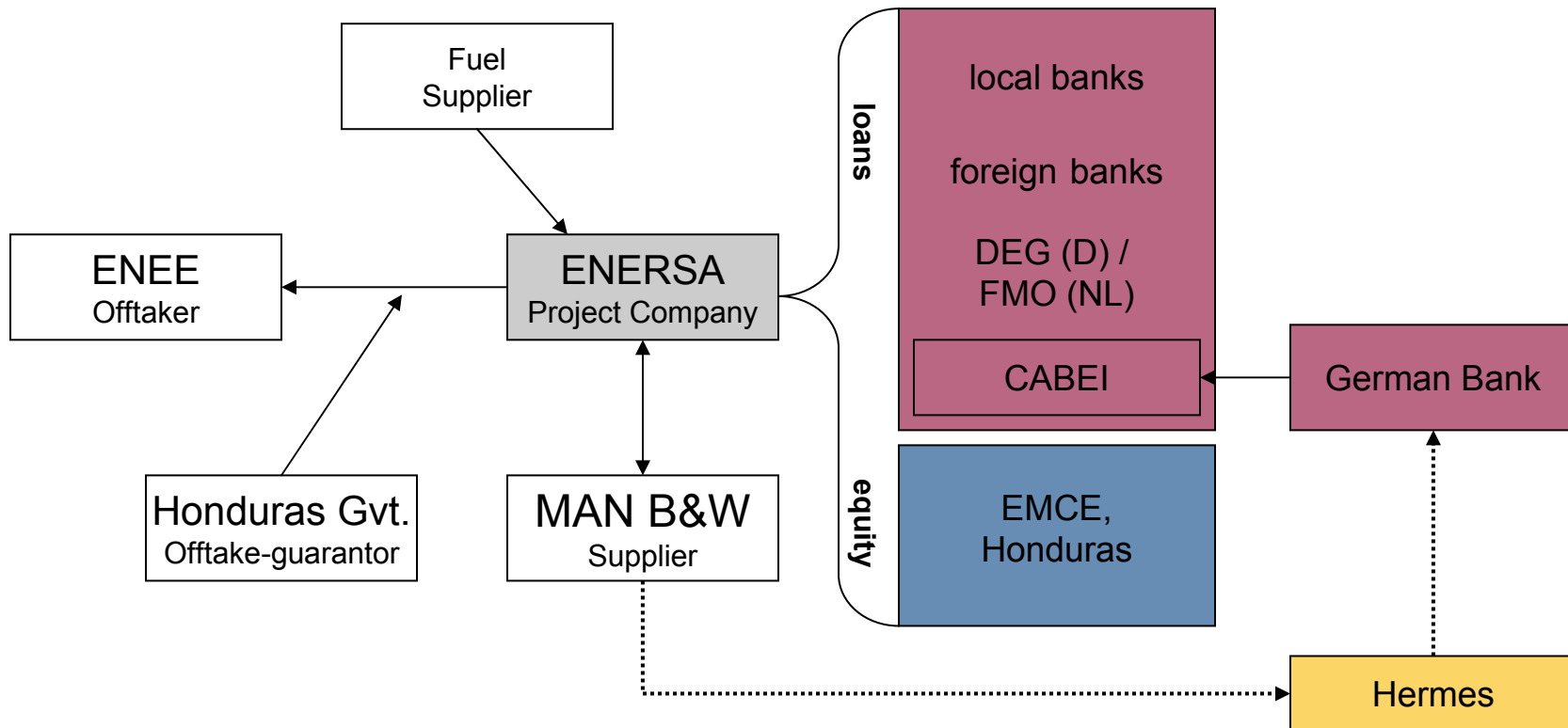


Structured Finance Example: Honduras – Choloma III



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Final Structure of Project Finance





Structured Vendor Finance



In markets, where MAN Financial Services is not active, Sales Finance Department organizes **cooperation agreements** with **local Vendor Finance partners**:

main targets are:

- best practice on local market
- co-branding
- uniform standards for handling of residual value risks
- uniform rules for risk / profit sharing



Structured Vendor Finance



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In 2004, new cooperation agreements with local Vendor Finance partners were signed / finalized in the following countries:

Commercial Vehicles	Printing Presses (sheetfed)
<ul style="list-style-type: none"> - Czech Republik - Denmark - Poland - Slovak Republic - Switzerland 	<ul style="list-style-type: none"> - Belgium - Bulgaria - Croatia - Czech Republik - France - Great Britain - Hungary - Japan - Poland - Romania - Slovak Republic - Slovenia

For 2005 cooperation agreements in another 10 - 15 countries are in preparation.



Credit Risk Insurances



Pre- and postshipment risks in high-risk countries are systematically hedged through export credit insurances (ECAs and private insurers).

The necessary expertise is centralised in MAN AG's Sales Finance Department.

In 2004 sales in an amount of about 1 bn. € were covered against political and commercial risks.



Trade Finance: Letter of Credits



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Processing of L/C-Business is centralized as far as practicable in MAN AG's Sales Finance Department.

The expertise of L/C-specialists in the department secures a low rate of refusals for non-compliant documents and favourable L/C-commission and confirmation fees.

In 2004 MAN handled more than 4,000 Letters of Credit, with a total volume of 1.5 bn €.

By far the predominant portion was hedged by (silent) confirmations.



Trade Finance: Bonds and Guarantees



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Central processing of bonds and guarantees is a cornerstone of MAN's common banking policy.

In 2004 more than 2,500 bonds and guarantees were processed with a total volume of 1.2 bn €.

About 60 % of those were given in form of Parent Company Guarantees, which shows market's acceptance of MAN AG as Guarantor.



Strategic Development of MAN Financial Services Group



Scope of MFI

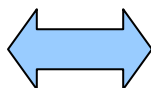



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**MAN
Aktiengesellschaft**

Creating significant value to the financial success of MAN Group.

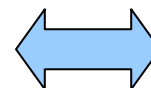
**Contribution to
MAN Group Profit**




MAN Financial Services

Offering Customer Driven Solutions, Rapidness, Flexibility, Reliability, Knowledge.

Competitiveness



**MAN NUTZFAHRZEUGE
MAN ROLAND**
(and other MAN group companies)

Create Value by adding high quality Financial Services for external and internal customers.

Support of Sales



Support of Sales Organization



- MFI is a significant part of the strategy to become a leading provider of commercial transport and printing solutions
- MFI puts the MAN Sales force in the position to offer finance products by giving competence, tools and motivation to the sales force to do so
- MFI is focused on having competitive Financing Products for the transport and printing industry
- Finance Product does not only include financing but also tools, training, incentives etc.



MFI Business Activities



Financing of MAN Products and activities - related to external customers:

- Leasing, Hire Purchase
- Purchase of Trade Receivables
- Insurance

Financing of MAN Group Companies - related to internal customers

- Leasing of mobile assets to MAN Group
- Insurance - Full Complement of Insurance Products
- Real Estate - Leasing for companies in the MAN Group



MFI Key Figures



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	FY 2004	FY 2003
Finance Volume	€ 2,286.5 Mio.	€ 2,063.1 Mio.
Balance Sheet	€ 1,681.1 Mio.	€ 1,658.3 Mio.
Equity :	€ 146.3 Mio.	€ 129.2 Mio.
EBT:	€ 27.2 Mio.	€ 25.7 Mio.
Operative New Business:	€ 680.7 Mio.	€ 495.7 Mio.
Employees:	102	87



MAN Financial Services handels currently a Finance Volume of

€ 2,286.5 mio.

MAN Financial Services holds currently over **27,000** Customer Contracts

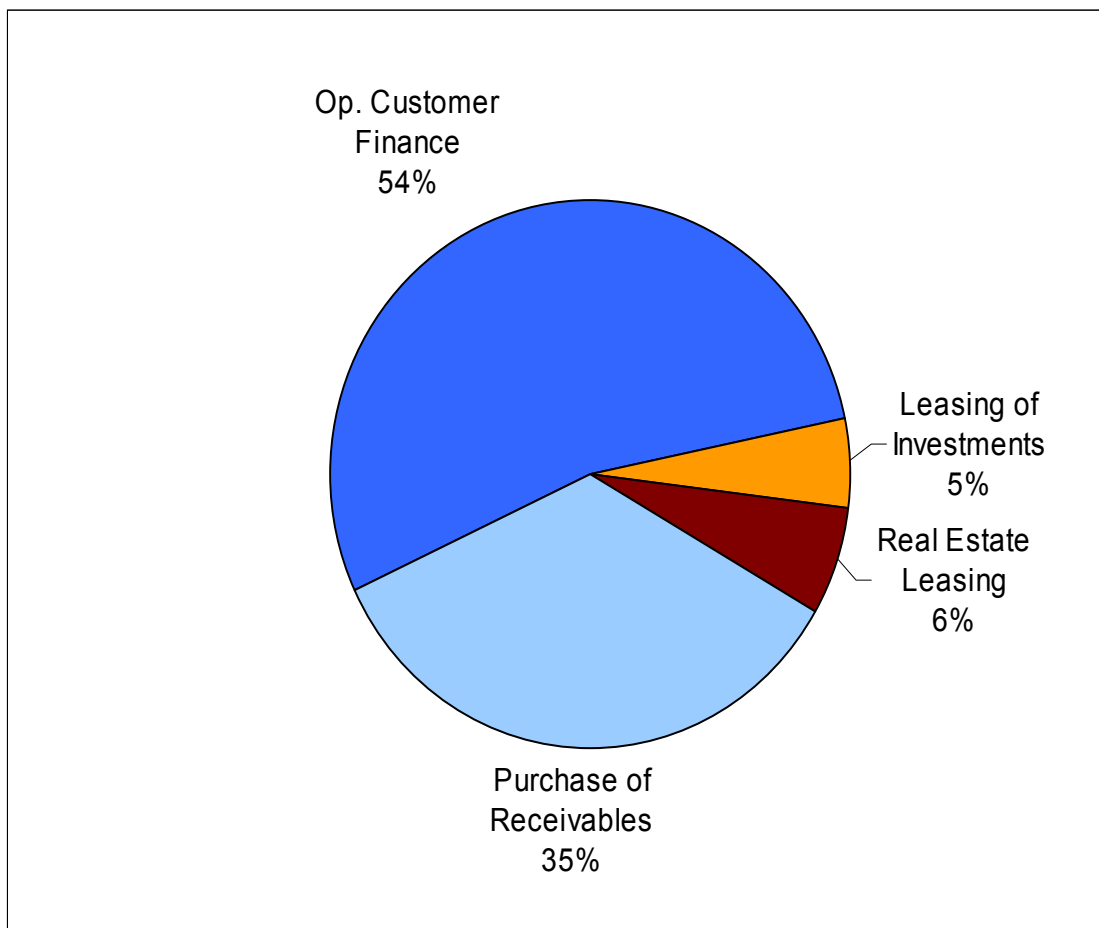
Penetration Rates of **50%** in UK and **25%** in Germany



MFI Financing Volume



Total amount financed as per Dec. 2004: € 2,286.5 Mio.



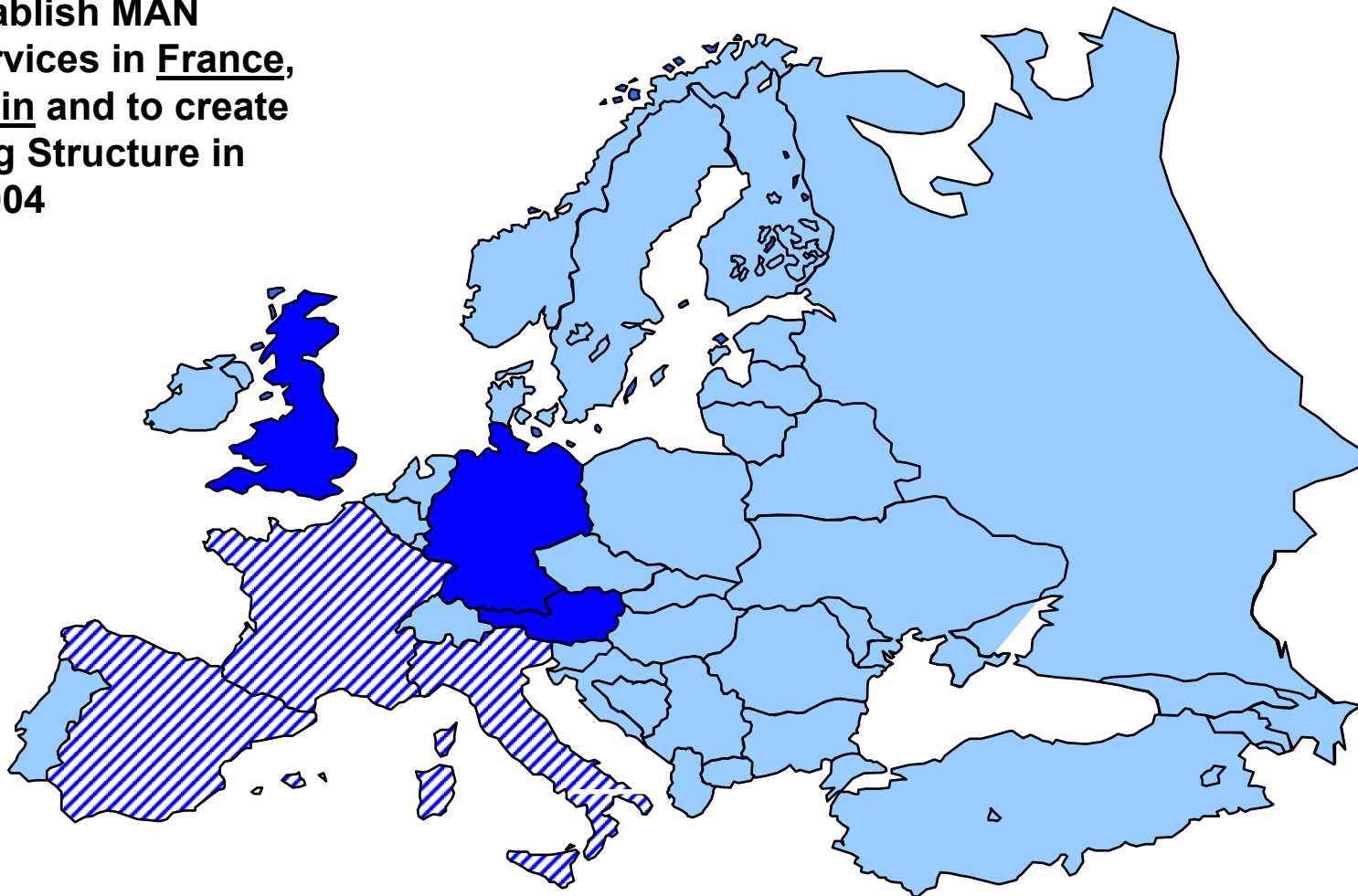


New Countries



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**Formal Decision of MAN AG
Board to establish MAN
Financial Services in France,
Italy and Spain and to create
a MFI Holding Structure in
December 2004**





Achievement goals (1 year)



Implementation of Financial Services Companies in 3 further Countries (I,F,E). The focus will be on:

- Determine the legal and tax frame work
- Find a strong structure for future business
- Establish new Companies
- Hire new staff
- Ensure MAN Group support
- Define Organization
- Develop Finance Products
- Implement Key Core Processes
- Develop a detailed credit controlling system
- Upgrade or develop a state of the art IT system and environment
- Implement a Controlling System



Benefits to Sales Organization



The Benefits from a **Captive Finance Company** are as follows:

- Intensive and exclusive Dealer relationship
- Longstanding Customer relationship
- Excellent trained people with product know how
- Reducing Price Discussions
- Developing a strong brand (Product and Service)
- Customized Finance Products
- Shared Marketing Programs
- Quick decisions and funding
- Strong MAN brand
- Full service enhance workshop utilization



Proof Source



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The success of the **Captive Finance Companies** will be checked through the following criterias:

- Penetration Rate
- Return on Equity
- Cost Income ratio
- Past dues and Credit losses
- Usage of Marketing program
- Dealer satisfaction
- Customer satisfaction
- Employee satisfaction



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Thank you!