



**Dr. Karlheinz Hornung**  
CFO

- Commercial Vehicles
- Diesel Engines
- Turbo Machinery
- Industrial Services

## Transport related Engineering Group

2006 Sales €13.2 bill.; Operating Profit €1,105 mill.; 50,290 Employees



### Commercial Vehicles

Sales: €8.7 bill.      ■ Trucks      ■ Buses  
Op. Profit: €698\* mill.      ■ Engines      ■ Services

\*incl. Financial Services



### Diesel Engines

Sales: €1.8 bill.      ■ 2-stroke      ■ 4-stroke  
Op. Profit: €229 mill.      ■ Services      ■ Turbo chargers



### Turbomachinery

Sales: €0.9 bill.      ■ Compressors  
Op. Profit: €71 mill.      ■ Reactors  
                                 ■ Turbines      ■ Services



### Industrial Services

Sales: €1.4bill.  
Op. Profit: €119 mill.

- Projects
- Services
- Service platform

# Sustainable Development 2006



Commercial Vehicles  
Diesel Engines  
Turbo Machinery  
Industrial Services

- **Focus** on Transport Related Engineering
- **Initiative** taken for truck **consolidation**
- Fully **modularized** vehicle and engine programme
- Strong **operational performance** in all divisions
- Strong **market** environment



# 2006 - Best Performance Ever



Commercial Vehicles
Diesel Engines
Turbo Machinery
Industrial Services

- **Order intake** 16% increase to €16.6 billion
- **Sales** 15% increase to €13 billion
- **Operating profit** €431 million increase to €1.105 billion
- **EPS** €2.30 increase to €5.05
- **Dividend proposal** €1.50 + €0.50 bonus

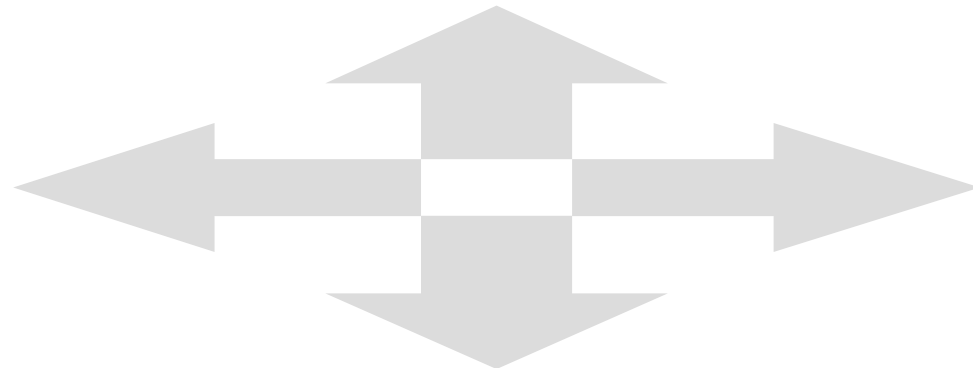


# Group Strategy



Commercial Vehicles
Diesel Engines
Turbo Machinery
Industrial Services

- Operational **excellence**
- Profitable **growth**
- Sustainable **Group structure**
- Effective **Industrial Governance**



# Focus on Operational Excellence



Commercial Vehicles  
Diesel Engines  
Turbo Machinery  
Industrial Services

- **Return on capital employed (RoCE)** : 18% over the cycle
- **Operating Return on Sales (RoS)** : 6.0% over the cycle
  - 7.0% for Commercial Vehicles
  - 6.5% for Diesel Engines and Turbo Machinery
  - 4.0% for Industrial Services

	2006	2005
RoCE in %	28.0	19.1
RoS in %	8.5	5.9

 **New targets 2008-2010 to be defined**

# Focus on Profitable Growth



Commercial Vehicles		
Diesel Engines		<b>Target 2010</b>
Turbo Machinery	<b>Commercial Vehicles</b>	
Industrial Services	Delivered units	110,000
	<b>Diesel Engines</b>	
	Delivered units	500
	<b>Turbo Machinery</b>	
	Turnover (in € million)	1,500
	<b>Industrial Services</b>	
	Turnover (in € million)	2,000

# Focus on Transport-related Engineering



Commercial Vehicles			
Diesel Engines	■ MAN Roland	✓	concluded in July 2006
Turbo Machinery	■ MAN TAKRAF	✓	concluded in September 2006
Industrial Services	■ Steel trade business	✓	Discontinued operations
	■ DWE	✓	Integration MAN TURBO

**➔ Strong platform to grow core business fields**

# Consolidation Truck Industry



Commercial Vehicles
Diesel Engines
Turbo Machinery
Industrial Services

- MAN open for **amicable solution**
- Develop existing **cooperations**
- Explore other **opportunities**

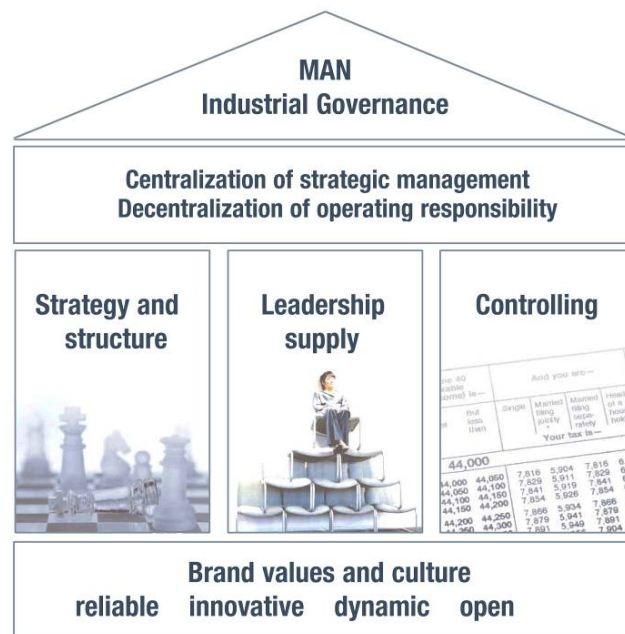


# Industrial Governance



- Commercial Vehicles
- Diesel Engines
- Turbo Machinery
- Industrial Services

- Strategy **process** implemented
- **Management audits** completed
- New **pension** scheme
- New **variable compensation**
- New **controlling** process implemented



# Use of cash flow: priorities



Commercial  
Vehicles

Diesel  
Engines

Turbo  
Machinery

Industrial  
Services

1. Strengthening core business areas through **acquisitions**
2. Complete funding of **pension liabilities**
3. Expansion of **sales financing**
4. Special distribution of funds / **share buybacks**

# Commercial Vehicles



Commercial Vehicles

Diesel Engines

Turbo Machinery

Industrial Services



Key figures	2006	2005
Order intake* € mill.	9,841	8,076
Sales € mill.	8,685	7,377
Operating Profit € mill.**	698	497
RoS %**	8.0	6.7
RoCE %	26.8	17.9

## Strategy

- Strengthening profitability
- International expansion
- Premium products
- Cooperations / Scale

\*excl. British Ministry of Defence (MoD) order  
(2005: €1,358 mill.; 2006: €262 mill.)

\*\* incl. Financial Services

# Diesel Engines



Commercial Vehicles

Diesel Engines

Turbo Machinery

Industrial Services



Key figures	2006	2005
Order intake € mill.	2,619	2,203
Sales € mill.	1,802	1,666
Operating Profit € mill.	229	117
RoS %	12.7	7.1
RoCE %	46.6	22.8

## Strategy

- Turnkey Diesel Power Plants
- Optimization of production network
- Strengthening of service business

# Turbo Machinery



- Commercial Vehicles
- Diesel Engines
- Turbo Machinery
- Industrial Services



Key figures*	2006	2005
Order intake € mill.	1,498	850
Sales € mill.	908	694
Operating Profit € mill.	71	43
RoS %	7.8	6.2
RoCE %	30.5	18.5

\*as from 2006 MAN DWE included

## Strategy

- Growth in delivered units
- Expansion of service business
- Strengthening profitability

# Industrial Services



- Commercial Vehicles
- Diesel Engines
- Turbo Machinery
- Industrial Services



Key figures	2006	2005
Order intake € mill.	1,982	1,745
Sales € mill.	1,379	1,414
Operating Profit € mill.	119	64
RoS %	8.6	4.5
RoCE %	31,2	10.9

## Strategy

- **Projects**

- Turnkey industrial plants
- Focus: Power and Fuel

- **Services**

- MAN Sales and Service Platform
- Automotive Services

# Outlook



Commercial Vehicles		
Diesel Engines		<b>2007</b>
Turbo Machinery	Order intake (current business)	→
Industrial Services	Sales	>5%
	Operating profit	↗
	Return	
	RoS	9%
	RoCE	→



Dr. Karlheinz Hornung  
CFO

[investor.relations@man.eu](mailto:investor.relations@man.eu)