

MAN Group Analysts` Conference 2005



Welcome

Håkan Samuelsson
Chairman of the
Executive Board of
MAN AG



Highlights 2004 – significant improvements achieved



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Operating profit of €573 million (2003: €383 million)
 - ROCE 12.6% (2003: 8.4%)
 - ROS 3.8% (2003: 2.8%)
 - EPS €2.09 (2003: €1.25)
- Dividend proposal €1.05 (2003: €0.75)
- Commercial Vehicles: operating profit up 68% to €342 million
- Printing Systems: breakeven



Highlights 2004



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Order intake: +17% to €16.1 billion
 - Web-fed presses (+53%), Diesel Engines and Industrial Services (each +28%)
- Sales: +10% to €14.9 billion
- Order backlog of €8.2 billion (+12%) – good basis for 2005
- Cashflow from operating activities: €974 million (2003: €906 million)
- Strategic cooperation agreed with Navistar
- MAN share price 2004: +18% (DAX +7%)



Economic environment predominantly favourable



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Global economy grew by approx. 5% in 2004
- Demand for German capital equipment up 7.3%
- Especially high demand for: trucks, web-fed printing presses and marine diesel engines
- Pressure on market prices, rising steel prices and euro exchange rates



Order intake MAN Group

Rising share of export orders



MAN Group

Highlights 2004

Business Performance 2004

Divisions

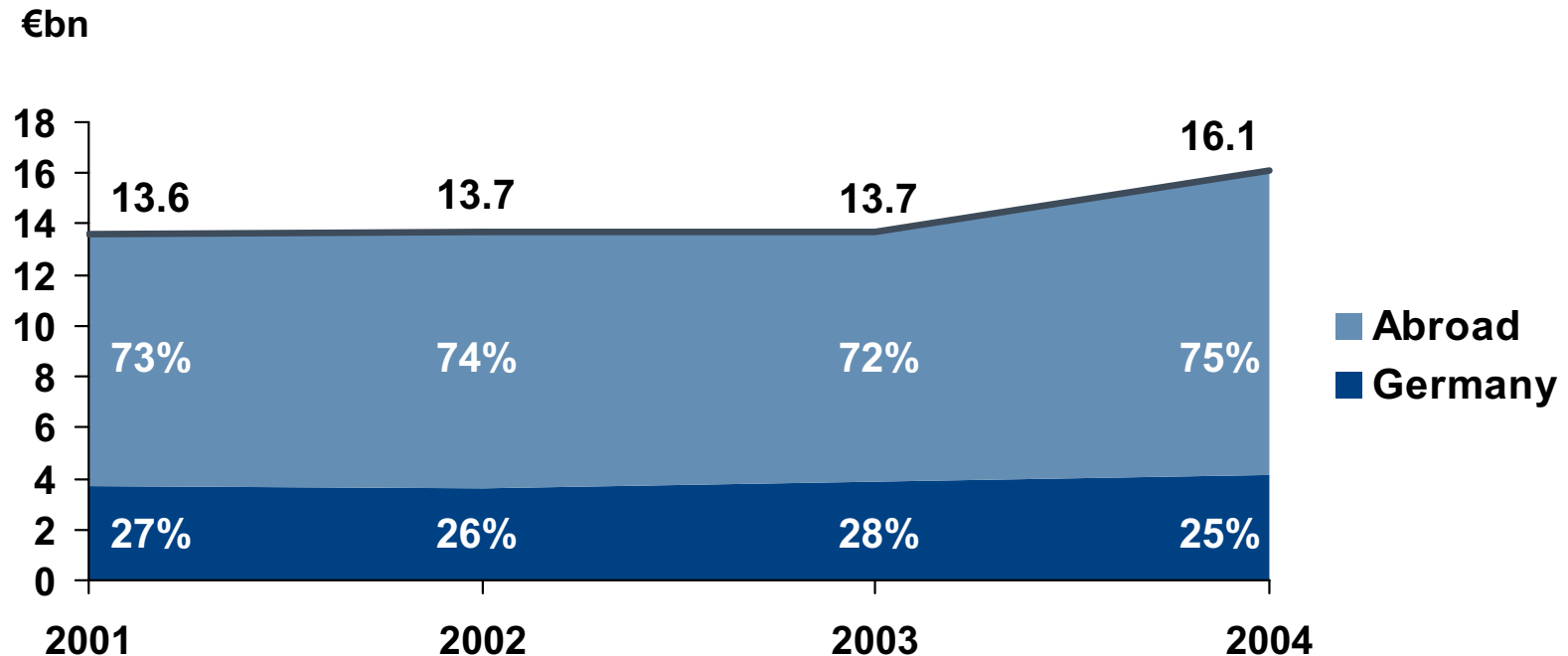
Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
MAN Group	16 107	13 744	17
Germany	4 091	3 943	4
Abroad	12 016	9 801	23





Sales MAN Group



MAN Group

Highlights 2004

Business Performance 2004

Divisions

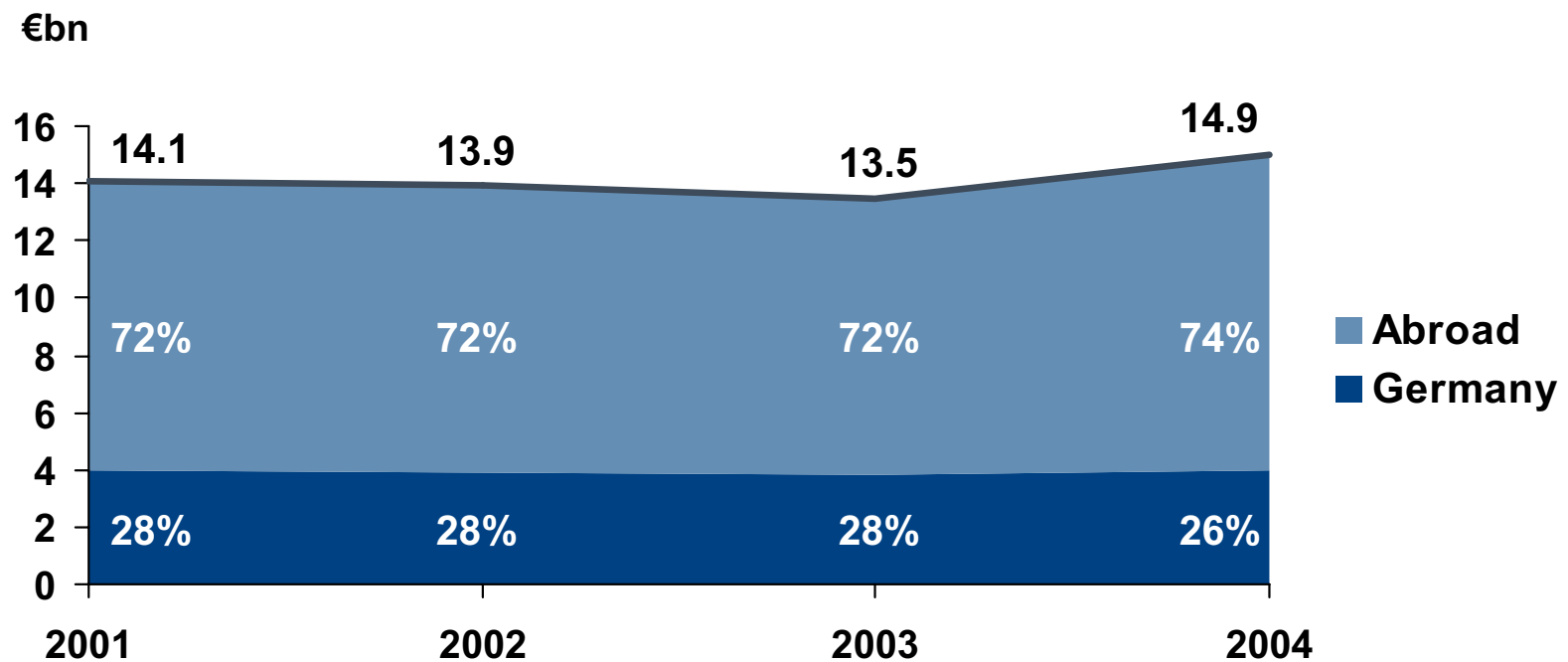
Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
MAN Group	14 947	13 546	10
Germany	3 963	3 792	4
Abroad	10 984	9 754	13





Order backlog MAN Group



MAN Group

Highlights 2004

Business Performance 2004

Divisions

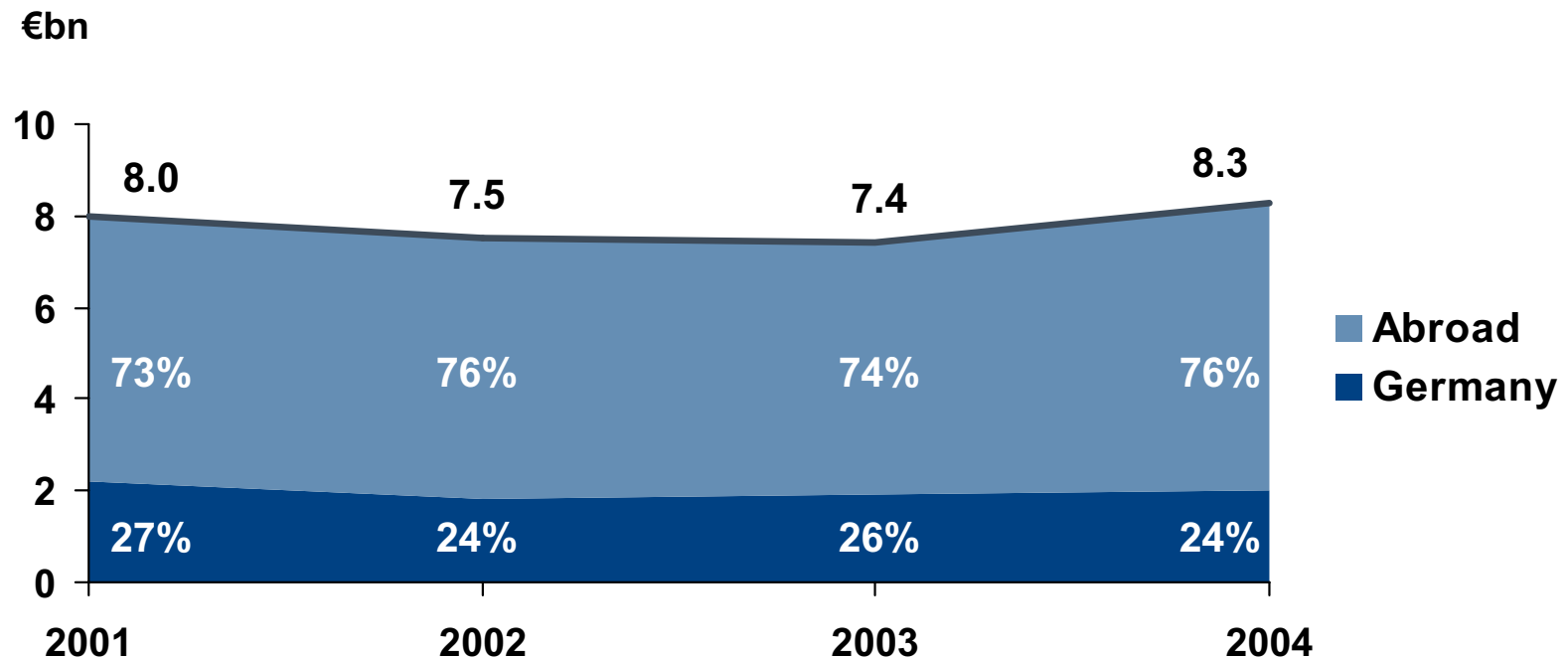
Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
MAN Group	8 249	7 363	12
Germany	1 962	1 892	4
Abroad	6 287	5 471	15





Number of employees (incl. temporary workers)



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

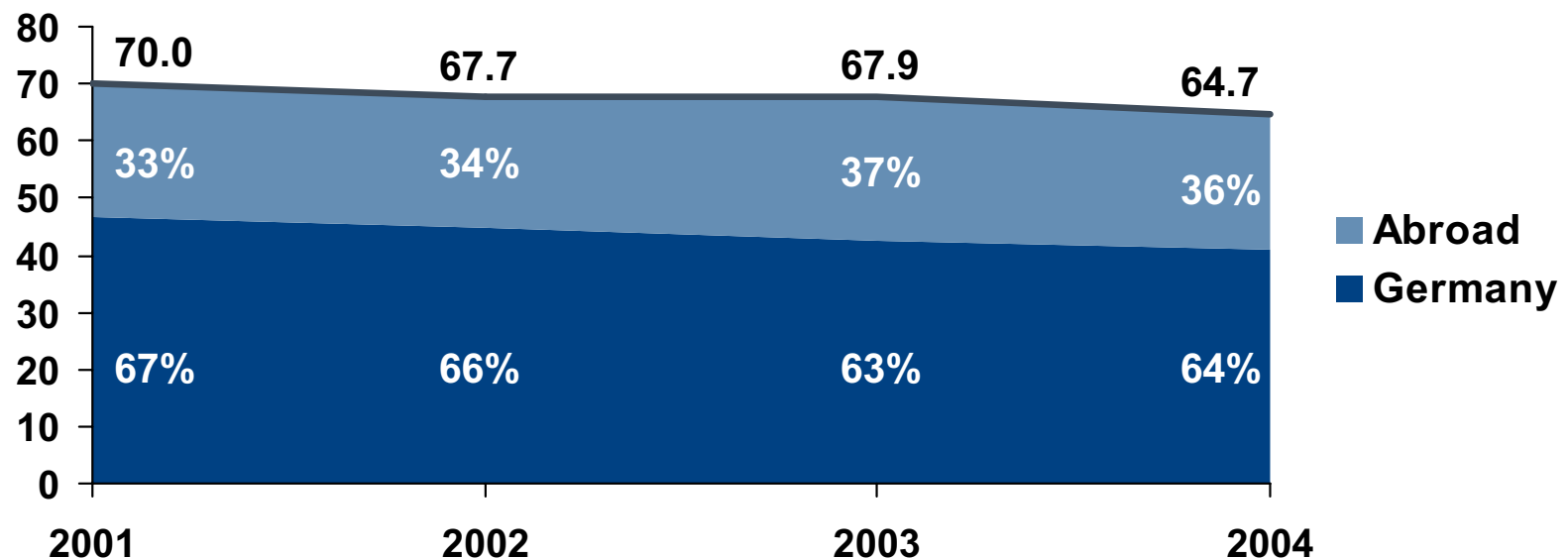
New Targets

Outlook

Number	2004	2003	Δ %
MAN Group	64 687*	67 907	(5)
Germany	41 101	42 531	(3)
Abroad	23 586	25 376	(7)

* DSD Stahlbau: -1 564 (Ger. -623; Abroad -941)

In thousands





Capital expenditures



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003
tangible and intangible assets	357	402
investment in subsidiaries	32	18
Total	389	420

- Growing emphasis on foreign investment, share rose to 28% (26%).



Capital expenditures – Commercial Vehicles dominated



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Major share of capital expenditures: Commercial Vehicles (57%)
 - new generation of engines
 - sales network
 - new lightweight series
- MAN Roland: Rhine Main sites streamlined
- Foreign capital expenditures focused on: Poland, Czech Republic, Turkey





Research and Development



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003
R&D expenditure	526	520
R&D expenditure by manufacturing divisions as % of sales	4.4	4.6
R&D Staff (annual average)	3 883	4 117

Focus on:

- "Modularisation"
- Reduction of engine emission



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

Innovations 2004



- Commercial Vehicles: D20 new engine generation
- lighter, lower consumption, stronger
- Printing Systems: Colorman XXL newspaper press
- larger, faster, more economic
- Diesel Engines: common rail for heavy-fuel
four-stroke engines
- higher output, lower emission





Marked rise in earnings



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

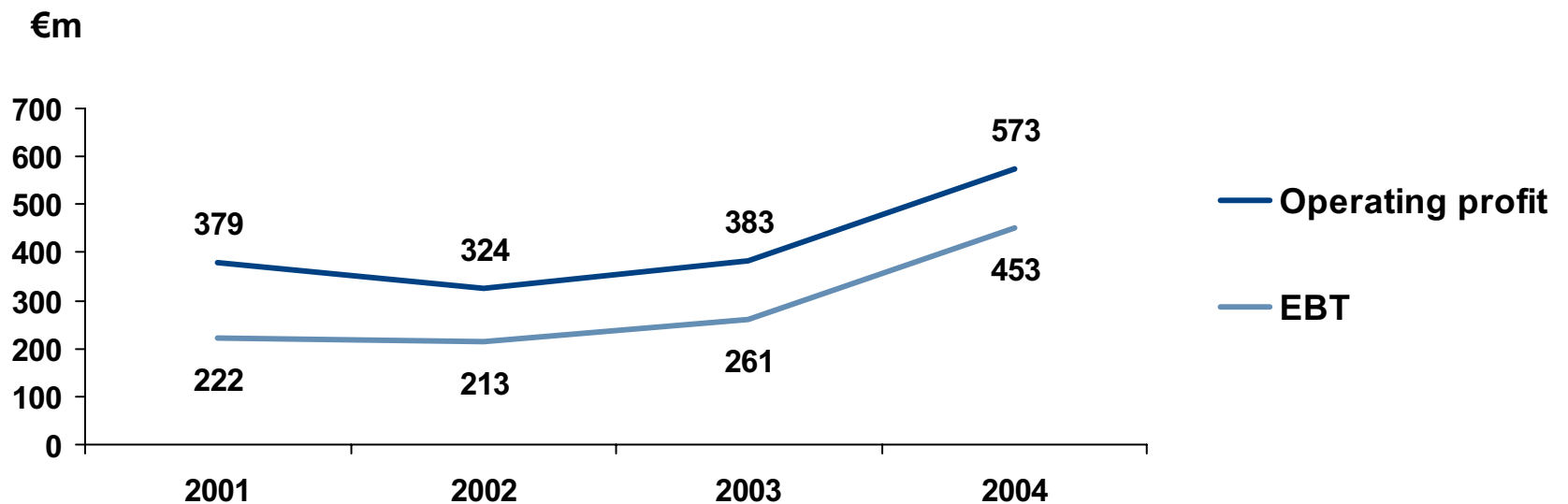
Strategy

New Targets

Outlook

€m	2004	2003	Δ %
Operating profit	573	383	+ 50
Earnings before taxes (EBT)	453	261	+ 74
Net income	323	192	+ 68
Net earnings (distribution*)	154	110	+ 40

* proposed





Dividend up 40 %



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€	2004	2003	Δ%	Target
Earnings per share	2.09	1.25	+ 67	-
Dividend per share (proposed)	1.05	0.75	+ 40	-
ROCE	12.6%	8.4%		18%
ROS	3.8%	2.8%		6%
ROCE (Industrial) <small>old</small>	13.8%	8.9%		15%
ROS (EBT) <small>old</small>	3.0%	1.9%		5%



Commercial Vehicles



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook





Commercial Vehicles – orders reach record high



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
Order intake	7 589	6 772	12
Sales	7 409	6 707	10
Volume sales trucks (number)	63 348	55 849	13
buses (number)	6 062	6 282	(4)
Operating profit	342	203	68
ROS	4.6%	3.0%	-





Commercial Vehicles – increase in market shares



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- EU east enlargement and demand backlog boosted demand in Europe
- Share of European truck market 15.2% (2003: 14.9%)
- Bus earnings continued to improve
- Launch of D20 engine – prepared to comply with Euro IV and V norms = technological lead
- MoD - major project for army trucks
- Transatlantic alliance: engine cooperation with Navistar
- 2005: on-going improvement in sales and earnings



Industrial Services



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook





Industrial Services – significant growth



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
Order intake	3 508	2 738	28
Sales	3 185	2 880	11
Operating profit	72	73	(1)
ROS	2.3%	2.5%	-





Industrial Services – concentration on core business



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Increasing volumes and higher steel prices brought strong growth
- Steel trade and logistics business unit doubled order intake to €2 billion
- Second large-scale ammonia plant handed over in Trinidad
- Further concentration on core business fields: Sale of DSD Stahlbau Group
- 2005: rise in sales volumes and earnings planned



Printing Systems



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook





Printing Systems – break even reached



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
Order intake	1 885	1 575	20
Sales	1 620	1 516	7
Operating profit	3	- 26	-
ROS	0.2%	1.7%	-





Printing Systems – web-fed presses set record



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Record order intake for web-fed presses: up 53% to €1,035 million
- Order intake for sheet-fed presses: down 5% to €850 million
- Operating profit web-fed: €44 (2003: 30) million, sheet-fed: -€41 (2003: -56) million
- Offenbach site: works concentration and special tariff
- 2005: continuing high capacity-utilisation for web-fed presses, earnings expected to improve



Diesel Engines



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook





Diesel Engines benefit from shipbuilding boom



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
Order intake	1 872	1 460	28
Sales	1 421	1 312	8
Operating profit	55	58	(5)
ROS	3.9%	4.4%	-





Diesel Engines – share of two-stroke market increased



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Shipbuilding boom pushed order intake to record level
- Licensee capacities for two-stroke engines booked out until 2007
- Two-stroke market share: 75%
Four-stroke market share: 23%
- Earnings declined – provision UK €25 million
- 2005: Rise in sales and earnings, on-going restructuring measures in UK



Turbomachines



MAN Group

Highlights 2004

Business
Performance 2004

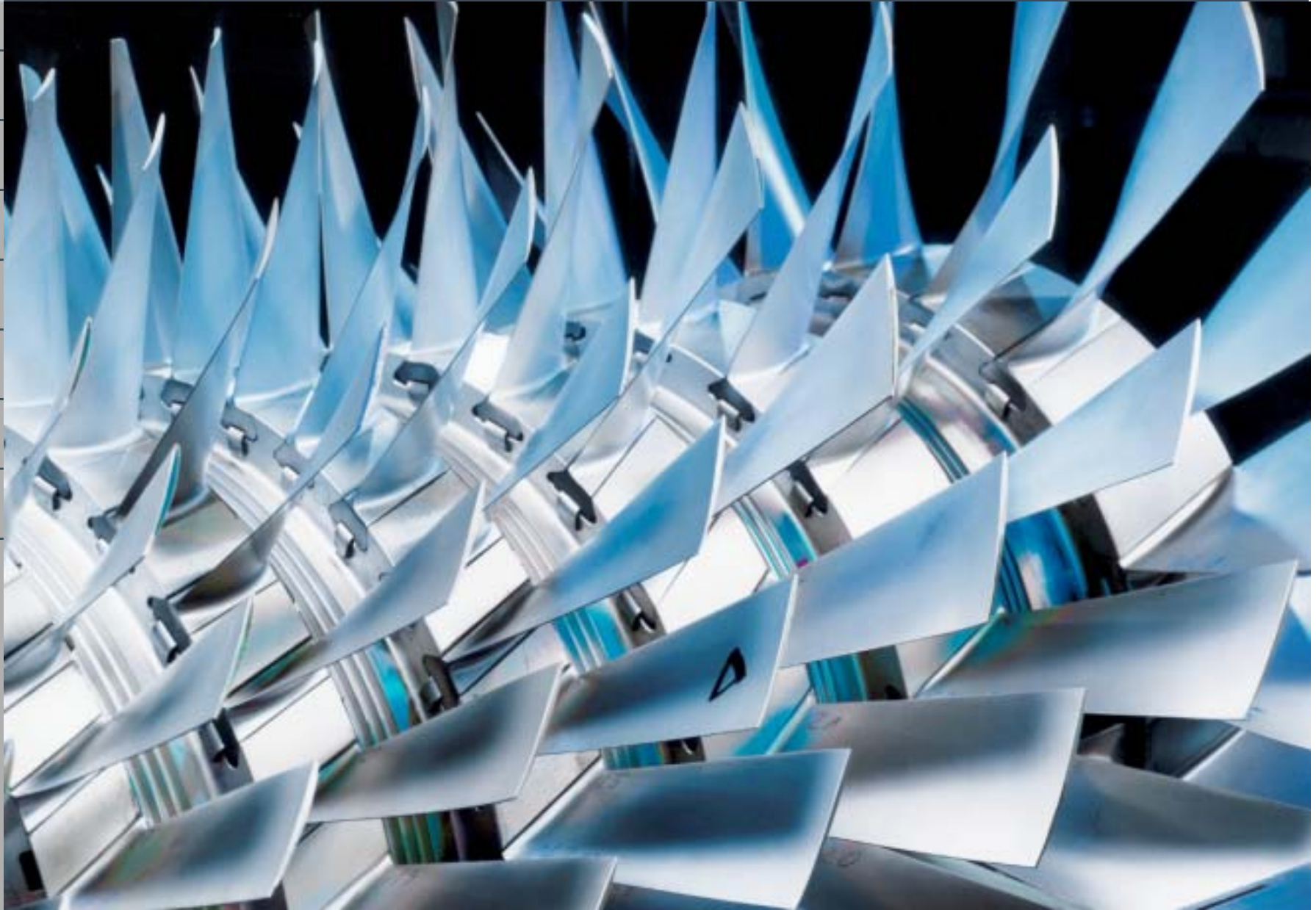
Divisions

Good Start to 2005

Strategy

New Targets

Outlook





Turbomachines – strong rise in sales



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

€m	2004	2003	Δ %
Order intake	675	658	3
Sales	659	567	16
Operating profit	36	29	24
ROS	5.5%	5.1%	-





Turbomachines – high-level performance



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Positive demand, especially from the oil and gas industry
- High order backlog, strong sales increase
- Large share in China (25%)
- Improved quality of earnings
- 2005: continuing high level of performance



Good start to 2005



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Regina shareholding successfully placed – share price reacting positively
- New management structure for diesel operations, clearly-structured business units
- Alliance with Navistar taking concrete shape.
- Closed Executive-Board meeting to review strategy, define new targets



Now 100% free float



MAN Group

Highlights 2004

Business Performance 2004

Divisions

Good Start to 2005

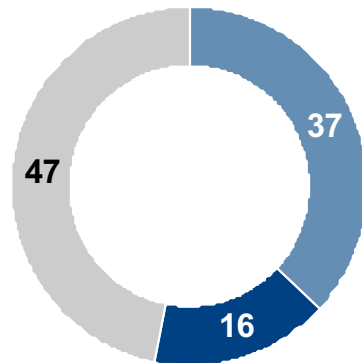
Strategy

New Targets

Outlook

- Now holding 25th place in the DAX 30
- Placement widely distributed on an international scale - mainly United Kingdom, Germany, France and USA

%



- Non-German institutional shareholders
- German institutional shareholders
- Shareholders not required to disclose equity interests



Strategic Navistar alliance



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Strategic cooperation for developing, purchasing and manufacturing components
- Further development of D20 engine for Navistar trucks
- New strict emission standards by 2007 in USA





Engineering group with five divisions



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- MAN is an engineering group with five divisions operating on a worldwide scale
- Focus on Commercial Vehicles, Industrial Services, Printing Systems, Diesel Engines, Turbomachines
- Key assignment: industrial governance
- Each division must be able to evolve within the group and to stand its ground against the best competitors in the marketplace
- Goal: strengthen profitability and market positions, increase value



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

Industrial Governance



- Responsibility for divisional operations to be decentralised
- Strategic management to be centralised:
 - clear goals / pursuit of goals
 - enhanced transparency, both internally and externally
 - zero tolerance for loss-makers, no cross-subsidising
 - knowledge transfer
 - management development / job rotation



Group structure



MAN Group

Highlights 2004

Business Performance 2004

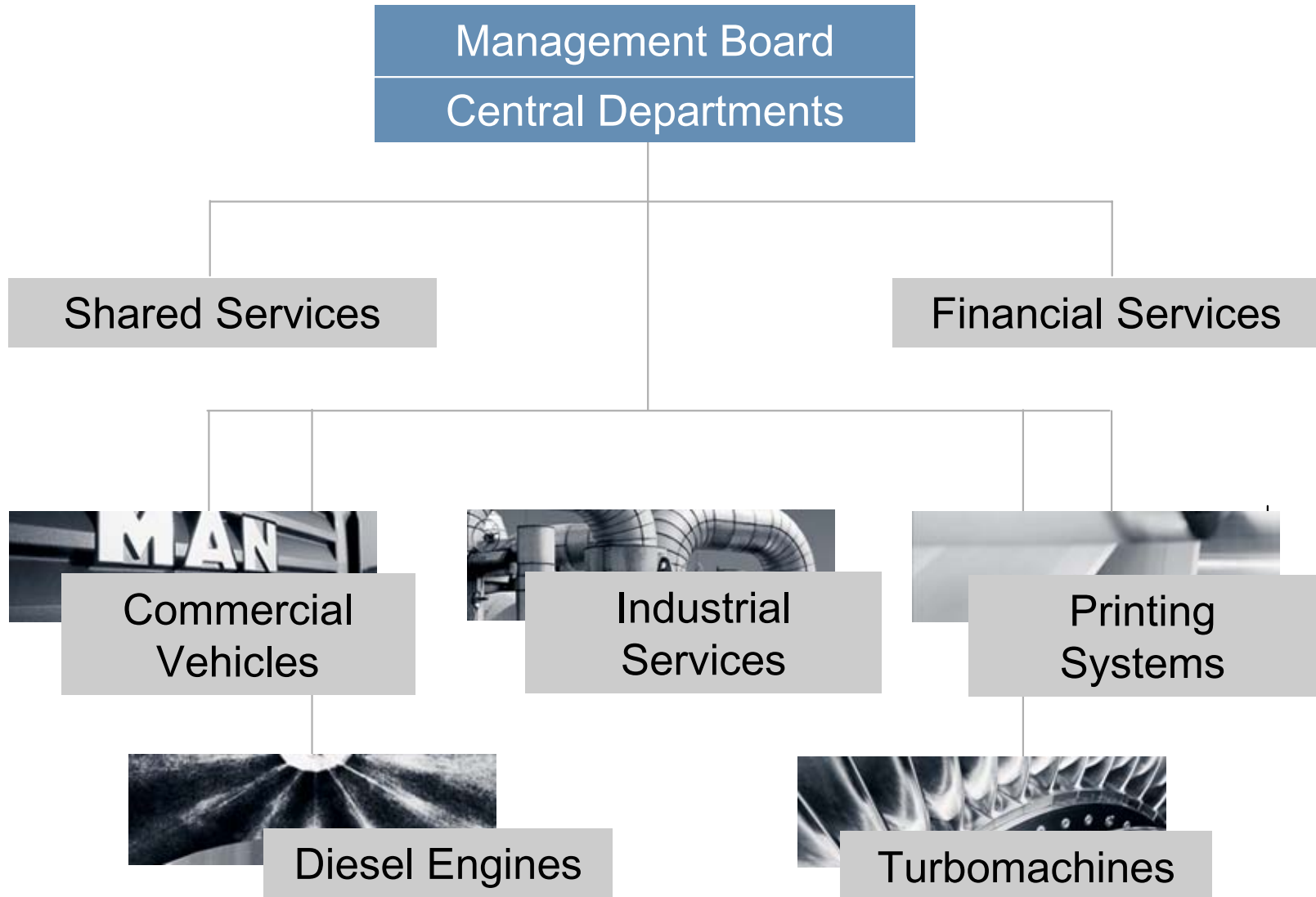
Divisions

Good Start to 2005

Strategy

New Targets

Outlook





MAN brand values



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- We offer reliable and innovative products and services
- We create a dynamic and open corporate culture

reliable
innovative
dynamic
open



New Targets: ROS and ROCE



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Operating Return on Sales (ROS) for the MAN Group: 6 %
- Return on capital employed (ROCE) for the Group: 18% (Group WACC 10.5%)
- Variable remuneration system adjusted to these targets



Operating profit



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

Operating profit

= $EBIT_{(Industry)} + EBT_{(MFI)} +/- \text{extraordinary profit/loss}$

„Industry“: MAN Group excluding Financial Services



ROS

$$= \frac{\text{Operating profit}}{\text{Sales revenue}}$$

Target figures for ROS

- 6.0% for the MAN Group
- 6.5% for the manufacturing divisions
- 3.0% for Industrial Services



ROCE



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

ROCE(Group)

$$= \frac{\text{Operating profit}}{\text{CE(Industry) + Equity(MFI)}}$$

Target figures for ROCE

The target for the Group is 18 %

Special targets based on corporate planning will be set for each division



Outlook 2005



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Continuing positive economic environment – sustained growth momentum in Eastern Europe
- Negative factor: prices of raw materials
- Uncertainty: development of exchange rates
- Demand for trucks will grow modestly
- Continuing divergence in printing presses businesses
- Shipbuilding activity and demand for diesel engines will continue on high level
- All divisions: Sales und earnings increase expected



Priorities



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

- Commercial Vehicles - improve cost structure, strengthen distribution and market position
- Industrial Services – focus on profitable core businesses
- Printing Systems – turnaround sheet-fed presses
- Diesel Engines - integration, restructuring UK, improve cost structures, strengthen service business
- Turbomachines - concept for expansion



Our tasks – expectations 2005



MAN Group

Highlights 2004

Business
Performance 2004

Divisions

Good Start to 2005

Strategy

New Targets

Outlook

"Our major tasks are, to speed up the operating performance of all divisions and create a sustainable group structure."

„For the group, we anticipate a further increase in order intake and sales as well as a significant improvement in earnings."



See you on MAN`s

Capital Market Day

**05 and 06 April 2005 in
Munich and Augsburg**