



# News service MAN Group

Press release of  
November 19, 2002

## Interim report as of 30 September 2002

On the whole, business volumes developed as expected during the third quarter of 2002, although performance varied in the different divisions. New orders increased by 15% compared with the weak third quarter of 2001, reaching €4.0 billion, while sales of €3.8 billion were still 6% down on the previous year. Earnings before interest and taxes (EBIT) amounted to €82 million (2001 -€30 million, including extraordinary expenses at ERF of -€75 million) and earnings before taxes (EBT) to €38 million (-€87 million).

Cumulated figures for new orders during the period January – September 2002 amounted to €11.6 billion, still 1% (after six months 7%) lower than the previous year, while sales of €10.7 billion were 6% (after six months -5%) lower. The EBIT reached €156 million, (€215 million), the EBT €41 million (€68 million) and earnings per share €0.24 (€0.29).

For the full year of 2002, we are expecting new order volumes of around €15.7 billion and sales of around €15.5 billion. The earnings position is currently under pressure due to a negative trend in the sector of printing systems, which has had to revise its profit forecast following an unexpectedly protracted period of weak demand and the necessary measures taken to adjust to this. MAN Roland is meanwhile predicting only marginally positive overall pre-tax earnings for 2002. This earnings shortfall will be partially compensated by improvements in other divisions of the MAN Group. In all, we are expecting that in 2002 the MAN Group will be able to achieve pre-tax earnings on a par with the previous year's figures (€213 million). For 2003, we anticipate a strong improvement in earnings for the MAN Group.

MAN Group € mill.	Jan. – Sept. 2002	Jan. – Sept. 2001	Change in %	July – Sept. 2002	July – Sept. 2001	Change in %
New orders	11 608	11 704	- 1	4 012	3 496	+ 15
Sales	10 704	11 353	- 6	3 763	4 022	- 6
Earnings before interest and taxes	156	215	- 27	82	(30)	-
Earnings before taxes on income	41	68	- 40	38	(87)	-
Net income	28	46	- 39	26	(59)	-
Earnings per share in €	0.24	0.29	- 17	0.17	(0.35)	-

### Economic environment

The current state of the global economy is fragile, with most parts of the world, excepting some East Asian countries, suffering from a sustained period of weak growth. The uncertainty surrounding future economic developments has increased considerably under the onus of the Iraq conflict, the related rise in oil prices and the sharp fall in share prices. In recent months, the euro zone has experienced a scarcely noticeable economic recovery, with minimal on-going



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momentum expected, at least in the next few months. In Germany, the economy has stabilised at a low level following a slight recession during the second half of 2001, but the upswing forecast last spring has failed to take off. At the same time, export growth has been curbed by the rising value of the euro.

Both domestic and foreign demand in the German capital goods sector is stagnating at a low level, contrary to earlier expectations. During the first nine months of 2002, it hovered at almost 1% below last year's figures. This trend was reflected to a varying extent in MAN's trading operations.

### Performance during the third quarter of 2002

In the third quarter of 2002, new orders of €4,012 million were €516 million or 15% higher than the comparatively weak third quarter of 2001 (€3,496 million). This rise resulted from both a high volume of major orders and from on-going business, which showed an increase of 4%. Cumulated incoming orders for the first nine months of the current financial year reached €11,608 million, still 1% below 2001 (€11,704 million), after a shortfall of -7% at the end of the second quarter.

The decline in new orders registered between mid-2001 and the spring of 2002 continued to be reflected in declining sales. In the third quarter of 2002, **sales** of €3,763 million were €259 million or 6% lower than the previous year (€4,022 million). On a cumulated basis, sales reached €10,704 million, representing a drop of €649 million, also 6%, compared with 2001 (€11,353 million).

At 30 September 2002, **orders on hand** amounted to €10,968 million, 6% higher than at 31 December 2001.

At 30 September 2002, MAN Group **employees** numbered 75,326, i.e. 2,280 or 2.9% fewer than at 31 December 2001.

Reaching €735 million in the first nine months, **capital expenditure** was 18% lower than last year's figure. As envisaged, expenditure on tangible assets has been reduced to a normal level after rising steeply in previous years (-28% to €313 million). The temporary increase in **research and development** expenditure due to the introduction of a new generation of commercial vehicles was also scaled down by 9% to €399 million. The volume of newly-financed leased goods rose by 19% to €387 million.



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General overview of the MAN Group € mill.	2002 Jan. – Sept.	2001 Jan. – Sept.	Change in %
<b>New orders</b>			
Germany	2 862	3 067	-7
Foreign	8 746	8 637	+1
	<b>11 608</b>	<b>11 704</b>	<b>-1</b>
<b>Sales</b>			
Germany	2 837	3 090	-8
Foreign	7 867	8 263	-5
	<b>10 704</b>	<b>11 353</b>	<b>-6</b>
<b>Orders on hand*</b>	<b>10 968</b>	<b>10 313</b>	<b>+6</b>
<b>Employees* (number)</b>			
Germany	49 423	51 240	-4
Foreign	25 903	26 366	-2
	<b>75 326</b>	<b>77 606</b>	<b>-3</b>
<b>Capital expenditure</b>	<b>735</b>	<b>898</b>	<b>-18</b>
of which on tangible and intangible fixed assets	313	437	-28
of which on assets leased out	387	326	+19
of which on equity interests and other financial investments	35	135	-74
<b>Depreciation on fixed assets</b>	<b>495</b>	<b>512</b>	<b>-3</b>
<b>Research and development</b>	<b>399</b>	<b>440</b>	<b>-9</b>
<b>Earnings before interest and taxes / EBIT</b>	<b>156</b>	<b>215</b>	<b>-27</b>
<b>Net interest result</b>	<b>(115)</b>	<b>(147)</b>	<b>-22</b>
<b>Earnings before taxes on income / EBT</b>	<b>41</b>	<b>68</b>	<b>-40</b>
<b>Income taxes</b>	<b>(13)</b>	<b>(22)</b>	<b>-41</b>
<b>Net income after taxes</b>	<b>28</b>	<b>46</b>	<b>-39</b>
<b>Earnings per share in €</b>	<b>0.24</b>	<b>0.29</b>	<b>-17</b>

\* Figure at closing date of 30 September 2002 compared with 31 December 2001

## Third-quarter earnings in 2002

In the third quarter, the MAN Group generated **earnings** of €82 million **before interest and taxes** and **earnings** of €38 million **before taxes**. In the same quarter of 2001, the EBIT showed a loss of €30 million and the EBT a loss of €87 million, including in each case the extraordinary expenditure of €75 million incurred by the holding company for the realignment of ERF. Pre-tax earnings developed as follows in the different divisions.

- Although the extremely difficult business environment persisted in the bus sector and third-quarter production and sales volumes were lower due to the holiday period, the Commercial Vehicles Division broke even before taxes (2001 -€62 million), based on a positive EBIT of €21 million (2001 -€33 million).



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- Generating an EBT of €15 million, Industrial Services failed to match last year's figure (€24 million).
- In the Printing Machines Division, the sustained weak order situation, which due to shorter throughput times in sheetfed systems impacted earnings in this sector more quickly than in the webfed sector was reflected in a loss for the quarter of -€10 million (2001 €13 million).
- Diesel Engines were able to maintain a good level of earnings, reaching €19 million (2001 €20 million).
- Overall, the Industrial Equipment and Facilities Division showed a positive figure of €8 million (2001 -€20 million), due to successful performances by MAN Turbomaschinen and RENK.
- MAN Financial Services performed in line with expectations by reaching breakeven (2001 -€7 million), as did the holding company, including other companies, with a result of €6 million (2001 -€55 million, of which €75 million represented extraordinary expenditure on ERF).

The MAN Group recorded a **net income** of €26 million in the third quarter, after -€59 million in the same quarter of last year. **Earnings per share** amounted to €0.17, after -€0.35 in the third quarter of 2001.

**For the first nine months**, earnings before interest and taxes reached €156 million (€215 million), and earnings before taxes €41 million (€68 million). Net income amounted to €28 million (€46 million), and earnings per share to €0.24 (€0.29).

### Successful share exchange

Between 15 July and 23 August 2002, it was possible to exchange non-voting preference shares for ordinary shares. This offer proved to be an unqualified success, 30,694,350 of the originally 36,760,000 preference shares being converted, representing a conversion quota of 83.5%.

The proportion of MAN AG's share capital held in the form of ordinary shares consequently increased from 75% to 96% (approximately 141 million of a total of some 147 million shares), while at the same time the number of free-floating ordinary shares rose by 44% from 70.5 million to 101.2 million. This has considerably improved the positioning of MAN shares in the DAX30 share index and on the international capital markets. The new ordinary shares have been traded on the stock exchange since 2 September 2002, whereas those preference shares not converted retain their previous rights and continue to be quoted on the known stock exchanges.

The inflow of capital from the premium of 3.30 euros payable on each preference share exchanged amounted to 101 million euros and has been allocated to reserves.



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## Outlook

### Economic environment

Expectations for the global economy over the next few months continue to be subdued, while uncertainty regarding the future outlook still prevails among investors and consumers, especially in view of the Iraq conflict. Both the economic research institutes (in their official autumn report) and the Council of Economic Experts have once again substantially reduced their forecast for Germany's GDP growth in 2002 to no more than 0.4% and 0.2% respectively, compared with the 0.9% predicted in the institutes' spring report. The consolidation constraints in the private and public sectors, as well as additional pressure from the taxation and social-policy measures planned by the new government, will counteract the forces stimulating economy recovery, which are anyway weak. Meanwhile, even a slight acceleration in growth is not expected until some time in 2003. The institutes have reduced their growth forecasts for 2003 from 2.4% to no more than 1.4%, the Council of Economic Experts even dropping to 1.0%. In this environment, domestic demand for capital equipment will also remain subdued. A certain amount of momentum is expected from exports in 2003 in spite of the euro appreciation.

### Business volume

Based on business performance to date, a good level of incoming orders in October and the currently negotiated projects, we are currently expecting the MAN Group to book a volume of new orders for the full year of 2002 more or less equal to the previous year's figure of €15.7 billion. In view of the weaker economic trends to date and the sluggish inflow of orders during this year, we are anticipating sales in the order of €15.5 billion (2001 €16.3 billion) at the present time. This would be within the range previously forecast for our business volume of €15.5 to €16.0 billion.

### Earnings

MAN Group earnings for the year 2002 will, as already reported, be substantially marked by the high losses accruing from and expenditure on modifications in the bus sector and at MAN Technologie. MAN Roland's sheetfed sector has to carry the additional burden created by a longer than expected poor market situation and the consequently required bundle of restructuring measures. These influences will be compensated by a continuing positive earnings performance in the truck sector and sound profits in most other areas of operation, in line with expectations.

- In the **Commercial Vehicles Division**, we are still targeting breakeven before tax (a loss of €49 million in 2001), even though this has become more difficult due to additional adverse influences. The truck unit has continued to make good progress with its turnaround programme, this being reflected in increased productivity, falling product and overhead costs and lower interest expense. However, high pressure on the prices of new and used vehicles caused by the current market situation is having a detrimental effect. Profitability in the bus sector continues to be extremely dissatisfactory due to poor-quality returns and still inadequate cost structures. The



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measures already announced involving amalgamation of the vehicle platforms and back-office functions operated by MAN's bus sector and NEOPLAN, and relocating wage-intensive manufacturing activities to the plants in Poznań and Ankara are being steadily implemented.

- Based on business performance to date, we are still anticipating a positive result in the case of **Industrial Services**, which should exceed the level of previous years, but is not expected to match last year's peak figure (€104 million). The positive performance in most areas of activity will be able to compensate for the additional burden created by the earnings situation in the DSD group and the restructuring measures meanwhile initiated in this regard.
- In the **Printing Machines Division**, the recovery of the extremely weak demand expected for the second half of 2002 has failed to materialise. Although the webfed systems will again achieve a very good result thanks to high order levels, production and sales have fallen drastically in the sheetfed sector. Extensive restructuring measures have been implemented at the sheetfed-machinery plant in Offenbach, which include cutting costs by merging several works, reducing the vertical range of manufacture and substantially adjusting personnel capacities. Provision for this process has already been made and will be increased in Q4 after concrete steps have been defined. It will consequently continue to impact results in the fourth quarter. Based on current estimates, the fourth quarter, and ultimately the full financial year, will close with only marginally positive pre-tax earnings, even if the high volumes of budgeted turnover can still be realised. The predicted result of half last year's earnings (€89 million) can no longer be achieved.
- In the **Diesel Engines Division**, the earnings trend in the field of four-stroke medium-speed engines has improved considerably. Earnings in the two-stroke engine sector, which were very strong in recent years, have returned to a normal level. Four-stroke, high-speed models have been adversely affected by the restructuring measures announced at the British plants. Overall, diesel engines will show positive earnings, but as already reported, nevertheless fall short of last year's record result (EBT €75 million).
- As expected, overall earnings in the **Industrial Equipment and Facilities Division** (2001 €63 million) will show a marked decline. Boosted by its successful takeover of Sulzer-Turbo in 2001, **MAN Turbomaschinen** should be able to maintain last year's positive results in spite of delays in incoming orders. Due to current losses in combination with the necessary reorganisation and valuation adjustments in the wake of a fundamental deterioration in the business outlook for the European space sector, and the Fairchild Dornier insolvency, **MAN Technologie** will be reporting a high deficit. **RENK** and **SHW** will close 2002 with good results, although lower than their 2001 figures. In the case of the **SMS Group**, we are still anticipating a move out of the red by the end of 2002 to reach breakeven.



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- Earnings in the **Financial Services** sector will improve slightly compared with last year (€15 million).
- The contribution to consolidated earnings made by the **holding company** and **other companies** in the Group will be noticeably better than 2001 (-€84 million) in the absence of extraordinary costs for ERF.

In view of the situation outlined above, the **MAN Group** as a whole will no longer be able to realise its target of improved earnings. It is expected that in 2002, earnings before taxes will more or less equal the previous year's figure of €213 million. In the course of the 2003 financial year, the cost-reduction measures already introduced will increasingly take effect. In spite of a low level of general economic recovery, we are anticipating a marked improvement in earnings for the MAN Group due to the significant contribution to profits expected from the commercial vehicles sector and the absence of extraordinary costs, particularly in the case of MAN Technologie.

### Overview: Development of the Divisions

<b>New orders</b> €m	Jan. – Sept. 2002	Jan. – Sept. 2001	Change in %	July – Sept. 2002	July – Sept. 2001	Change in %
Commercial Vehicles	4 842	4 741	+ 2	1 537	1 395	+ 10
Industrial Services	2 457	2 116	+ 16	992	693	+ 43
Printing Machines	1 135	1 545	- 27	362	374	- 3
Diesel Engines	1 042	1 097	- 5	451	313	+ 44
Industrial Equipment and Facilities	2 180	2 416	- 10	720	787	- 9
Financial Services	442	377	+ 17	143	146	- 2
Holding, Other, Consolidated	(490)	(588)	-	(193)	(212)	-
<b>New Orders MAN Group</b>	<b>11 608</b>	<b>11 704</b>	<b>- 1</b>	<b>4 012</b>	<b>3 496</b>	<b>+ 15</b>

<b>Sales</b> €m	Jan. – Sept. 2002	Jan. – Sept. 2001	Change in %	July – Sept. 2002	July – Sept. 2001	Change in %
Commercial Vehicles	4 616	4 818	- 4	1 599	1 576	+ 1
Industrial Services	1 730	1 909	- 9	667	760	- 12
Printing Machines	1 259	1 474	- 15	409	507	- 19
Diesel Engines	1 028	985	+ 4	337	352	- 4
Industrial Equipment and Facilities	2 107	2 394	- 12	778	879	- 11
Financial Services	467	333	+ 40	152	131	+ 16
Holding, Other, Consolidated	(503)	(560)	-	(179)	(183)	-
<b>Sales MAN Group</b>	<b>10 704</b>	<b>11 353</b>	<b>- 6</b>	<b>3 763</b>	<b>4 022</b>	<b>- 6</b>



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<b>Earnings before interest and taxes</b> €m	Jan. – Sept. 2002	Jan. – Sept. 2001	Change in €m	July – Sept. 2002	July – Sept. 2001	Change in €m
Commercial Vehicles	(12)	34	- 46	21	(33)	+ 54
Industrial Services	54	71	- 17	18	32	- 14
Printing Machines	7	48	- 41	(7)	13	- 20
Diesel Engines	66	54	+ 12	23	23	0
Industrial Equipment and Facilities	(30)	7	- 37	9	(25)	+ 34
Financial Services	62	65	- 3	17	12	+ 5
Holding, Other, Consolidated	9	(64)	+ 73	1	(52)	+ 53
<b>EBIT MAN Group</b>	<b>156</b>	<b>215</b>	<b>- 59</b>	<b>82</b>	<b>(30)</b>	<b>+ 112</b>

<b>Earnings before taxes on income</b> €m	Jan. – Sept. 2002	Jan. – Sept. 2001	Change in €m	July – Sept. 2002	July – Sept. 2001	Change in €m
Commercial Vehicles	(75)	(56)	- 19	0	(62)	+ 62
Industrial Services	59	68	- 9	15	24	- 9
Printing Machines	1	45	- 44	(10)	13	- 23
Diesel Engines	55	43	+12	19	20	- 1
Industrial Equipment and Facilities	(28)	17	- 45	8	(20)	+ 28
Financial Services	12	12	0	0	(7)	+ 7
Holding, Other, Consolidated	17	(61)	+ 78	6	(55)	+ 61
<b>EBT MAN Group</b>	<b>41</b>	<b>68</b>	<b>- 27</b>	<b>38</b>	<b>(87)</b>	<b>+ 125</b>

### The operating divisions in detail

#### Commercial Vehicles

In the Commercial Vehicles Division, new orders of €1,537 million were 10% higher during the third quarter of 2002 than in the comparatively weak third quarter of 2001. Incoming orders rose by 11% to €1,280 million in the truck sector and by 6% to €257 million for buses. Cumulated new orders for the period January to September 2002 amounted to €4,842 million, 2% more than the figure for the previous year. Of these, trucks registered €3,982 million (-1%) and buses €860 million (+21%, on a comparable basis without Neoplan during the first six months -4%). Third-quarter sales of €1,599 million were 1% higher than in the same quarter of 2001, €1,354 million, i.e. +3%, being attributable to trucks and €245 million, i.e. -6%, to buses. The cumulated sales figure reached €4,616 million (-4%), of which €3,802 million were generated by trucks (-9%) and €814 million by buses (+27%, on a comparable basis -7%).



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The divergent earnings trends in the truck and bus sectors continued throughout the third quarter, MAN trucks showing a clear profit with an EBIT of €49 million (2001 -€9 million) and an EBT of €32 million (2001 -€30 million). In spite of sales being 9% lower than 2001, on a cumulated basis MAN trucks more or less maintained the level of the previous year with an EBIT of €91 million (2001 €101 million) and an EBT of €38 million (2001 €35 million).

On the other hand, the bus sector showed considerably stronger losses at the end of the third quarter than budgeted at the beginning of the year, recording an EBIT of -€20 million (-€13 million) and an EBT of -€24 million (-€20 million). The cumulated EBIT amounted to -€69 million (-€28 million) and the cumulated EBT to -€78 million (-€44 million). The ERF operations resulted in an EBT of -€35 million (2001 -€47 million) of which -€8 million (-€12 million) accrued during the third quarter of 2002. Following closure of the production facilities in Middlewich, ERF began delivering new-generation vehicles manufactured in Germany as from the fourth quarter.

Following its high losses in 2001 (-€62 million), the MAN Nutzfahrzeuge Group as a whole was able to break even in EBT terms in the third quarter and report a positive EBIT of €21 million (-€33 million). The figures for the first nine months continued to show an EBT loss of €75 million (-€56 million) and an EBIT of -€12 million (€34 million).

### **Industrial Services**

After being awarded several major orders which have been in the pipeline for some time, the Industrial Services Divisions registered the expected high volume of new orders of €992 million in the third quarter, exceeding the previous year's figure by 43%. Reaching €2,457 million on a cumulated basis, the comparative figure for 2001 was exceeded by 16%. Both sales of €667 million (-12%) generated by the Ferrostaal Group during the third quarter and its cumulated figure of €1,730 million (-9%) were still significantly lower than the previous year. Pre-tax earnings amounted to €15 million in the third quarter (2001 €24 million), reaching €59 million (2001 €68 million) on a cumulated basis.

### **Printing Machines**

The recovery in customer demand for printing machinery expected in the second half of 2002 failed to materialise in the face of the difficult market situation persisting in the graphical industry. New orders of €360 million in the third quarter were 3% below the already extremely poor comparable quarter of 2001, the cumulated figure of €1,135 million representing a minus of about 27%. The drop amounted to -27% in the sheetfed sector and -34% for webfed machines, while the trading and service activities performed comparatively well (-8%). Sales revenue declined by 19% to €409 million in the third quarter, resulting in a cumulated drop of 15% to €1,259 million.

Due to lack of activity at the sheetfed facilities and lower business volumes in the sales and service companies, a loss of -€10 million (€13 million) accrued in the third quarter. Cumulated earnings before taxes showed a positive figure of €1 million (2001 €45 million).



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## **Diesel Engines**

Thanks to a number of major contracts, a high level of incoming orders of €451 million (+44%) allowed the Diesel Engine Division to largely cancel out its shortfall compared with 2001, with new orders reaching a cumulated total of €1,042 million (-5%). In the case of four-stroke medium-speed engines, new orders were considerably higher than last year. On the other hand, two-stroke engines and the four-stroke high-speed models recorded a drop in orders. Sales of €337 million in the third quarter were 4% below the level of the previous year, while the cumulated figure of €1,028 was 4% higher than the comparable period for 2001. Earnings maintained a constant high level, the EBT amounting to €19 million in the third quarter (2001 €20 million) and €55 million (2001 €43 million) for the nine-month period.

## **Industrial Equipment and Facilities**

The companies in the Industrial Equipment and Facilities Division recorded new orders of €720 million (-9%) in the third quarter and €2,180 million (-10%) on a cumulated basis. On-going operations continued to be noticeably weaker than in 2001, reporting -4% in the third quarter and a cumulated shortfall of -9%. Sales amounted to €778 million (-11%) in the third quarter and €2,107 million (-12%) over the nine-month period. Third-quarter earnings were positive with an EBT of €8 million (2001 -€20 million), although the cumulated figure for the division of -€28 million (2001 €17 million) was still negative due to the first-quarter losses at MAN Technologie and in the SMS Group.

## **Financial Services**

In the Financial Services sector, new orders of €143 million (-2%) in the third quarter almost equalled the level of 2001, and the cumulated figure improved by 17% to €442 million. Third-quarter sales amounted to €152 million (+16%) and €467 million on a cumulated basis. New truck-leasing business developed more slowly than in the previous quarters, in line with budget. The EBT reached breakeven (-€7 million) in the third quarter and 12 million for the first nine months (€12 million).

## **Holding company, other companies**

Third-quarter earnings generated by the holding company and other Group companies were as expected, recording an EBT of €6 million (-€55 million including extraordinary expenditure of €75 million for ERF) and a cumulated EBT of €17 million (-€61 million).



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<b>MAN Group consolidated income statement</b> <b>Nine months January – September 2002</b> €m	2002 Jan. – Sept.	2001 Jan. – Sept.
<b>Net sales</b>	<b>10 704</b>	<b>11 353</b>
Cost of sales	(8 825)	(9 400)
<b>Gross margin</b>	<b>1 879</b>	<b>1 953</b>
Selling expenses	(860)	(834)
General administrative expenses	(526)	(516)
Other operating income	294	288
Other operating expenses	(631)	(680)
Income from investments	0	4
<b>Earnings before interest and taxes / EBIT</b>	<b>156</b>	<b>215</b>
Net interest result	(115)	(147)
<b>Profit from ordinary operations / EBT</b>	<b>41</b>	<b>68</b>
Income taxes	(13)	(22)
<b>Net income for the period</b>	<b>28</b>	<b>46</b>

<b>Three months July – September 2002</b> €m	2002 July – Sept.	2001 July – Sept.
<b>Net sales</b>	<b>3 763</b>	<b>4 022</b>
Cost of sales	(3 113)	(3 392)
<b>Gross margin</b>	<b>650</b>	<b>630</b>
Selling expenses	(299)	(291)
General administrative expenses	(175)	(174)
Other operating income	108	98
Other operating expenses	(207)	(297)
Income from investments	5	4
<b>Earnings before interest and taxes / EBIT</b>	<b>82</b>	<b>(30)</b>
Net interest result	(44)	(57)
<b>Profit from ordinary operations / EBT</b>	<b>38</b>	<b>(67)</b>
Income taxes	(12)	28
<b>Net income for the period</b>	<b>26</b>	<b>(59)</b>

### General Principles

The interim report has been prepared according to IAS 34 and is based on the accounting and valuation methods used for the previous consolidated financial statements as at 31 December 2001. The interim financial statements have not been audited.

The scope of consolidation includes 241 companies, after 250 companies at 31 December 2001. Changes in the scope of consolidation compared with 31 December 2001 result mainly from mergers and the disposal of companies. The effect on the statement of the Group's assets, financial position and earnings is negligible.

In the course of setting up profit centres in the Commercial Vehicles



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Division, the allocation of sales and administrative expenses to manufacturing costs and other expenditure has been altered. The previous year's figures have been restated for purposes of comparison.

<b>MAN Group consolidated balance sheet as of September 30, 2002</b>		
<b>Assets</b>		
€m	Sept. 30, 2002	Dec. 31, 2001
Intangible assets	499	469
Tangible assets	2 283	2 428
Assets leased out	896	760
Financial assets	161	190
<b>Fixed assets</b>	<b>3 839</b>	<b>3 847</b>
Inventories	4 668	4 618
Prepayments received	(2 485)	(2 582)
Trade receivables	3 348	3 600
Other receivables and current assets	613	598
Short-term securities	645	988
Cash and cash equivalents	726	571
<b>Current assets</b>	<b>7 515</b>	<b>7 793</b>
<b>Deferred taxes</b>	<b>411</b>	<b>402</b>
<b>Prepaid expenses and deferred charges</b>	<b>55</b>	<b>48</b>
	<b>11 820</b>	<b>12 090</b>
<b>Equity and liabilities</b>		
€m	Sept. 30, 2002	Dec. 31, 2001
MAN AG stockholders' equity	2 541	2 568
Minority interests	250	294
<b>Equity</b>	<b>2 791</b>	<b>2 862</b>
Pension accruals	2 036	1 997
Tax accruals, deferred tax liabilities	540	583
Other accruals	2 024	2 020
<b>Accruals</b>	<b>4 600</b>	<b>4 600</b>
Financial liabilities	2 036	1 906
Trade payables	1 573	1 846
Other liabilities	748	800
<b>Liabilities</b>	<b>4 357</b>	<b>4 552</b>
<b>Deferred income</b>	<b>72</b>	<b>76</b>
	<b>11 820</b>	<b>12 090</b>



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<b>MAN consolidated cash flow statement</b> <b>Nine months January – September 2002</b> €m	2002 Jan. – Sept.	2001 Jan. – Sept.
<b>Cash and cash equivalents at beginning of year</b>	<b>571</b>	<b>620</b>
Net income for the period	28	46
Depreciation and other non-cash expenses and income	539	559
<b>Cash flow</b>	<b>567</b>	<b>605</b>
Other changes in working capital	(338)	(414)
<b>Net cash inflow from operating activities</b>	<b>229</b>	<b>191</b>
Capital expenditure	(735)	(898)
Cash inflow from disposal of assets	202	466
<b>Cash used in investing activities</b>	<b>(533)</b>	<b>(432)</b>
Dividends paid	(93)	(87)
Redemption of own shares	–	(163)
Contributions to MAN AG capital	101	–
Change in financial liabilities and short-term securities	448	274
<b>Net cash inflow from financing activities</b>	<b>456</b>	<b>24</b>
<b>Net change in cash and cash equivalents</b>	<b>152</b>	<b>(217)</b>
Other changes in cash and cash equivalents	3	39
<b>Cash and cash equivalents at end of the period</b>	<b>726</b>	<b>442</b>

<b>MAN Group consolidated statement of changes in equity</b> <b>Nine months January – September 2002</b> €m	Equity of MAN AG stockholders	Minority interests	Total
<b>Balance at December 31, 2001</b>	<b>2 568</b>	<b>294</b>	<b>2 862</b>
Dividends paid for previous year	(88)	(5)	(93)
Net income after taxes	35	(7)	28
Contributions to MAN AG capital	101	–	101
Changes in other comprehensive income	(38)	(23)	(61)
Currency translation effects	(38)	3	(35)
All other changes	1	(12)	(11)
<b>Balance at September 30, 2002</b>	<b>2 541</b>	<b>250</b>	<b>2 791</b>
<b>Balance at December 31, 2000</b>	<b>2 662</b>	<b>301</b>	<b>2 963</b>
Dividends paid for previous year	(74)	(13)	(87)
Net income after taxes	49	(3)	46
Repurchase of own shares	(163)	–	(163)
Currency translation effects	(9)	2	(7)
All other changes	(1)	4	3
<b>Balance at September 30, 2001</b>	<b>2 464</b>	<b>291</b>	<b>2 755</b>

MAN Aktiengesellschaft  
The Executive Board