



## News service MAN Group

Interim Report 1.7. – 30.9.2000

Interim report of  
November 22, 2000

### MAN Group: Growth continues

During the first quarter (July to September 2000), the MAN Group has been able to continue its growth. New orders increased by 26% to € 3.8 bn and sales by 23% to € 3.2 bn. Earnings before taxes on income improved by 19% to €75 mill. and after taxes by 20% to € 48 mill. Earnings per share after minority interests rose by 17% to € 0.28.

Subject to the approval of the Annual General Meeting on 15 December 2000, the period 1 July to 31 December 2000 will be a short financial year so that in future, the financial year will coincide with the calendar year. For this short financial year in 2000, we are again expecting the positive business trend to continue and anticipate increases in new orders, sales and earnings in the order of 15%, compared with the corresponding period of 1999.

MAN Group € million	2000 July – Sept.	1999 July – Sept.	Change in %
New orders	3 786	2 995	+ 26
Sales	3 199	2 609	+ 23
Earnings before taxes on income	75	63	+ 19
Net income for the period	48	40	+ 20
Earnings per share in €	0.28	0.24	+ 17

### Business development in the MAN Group

The economic environment remained favourable throughout the period under review. Global demand for capital goods in the field of industrial equipment and facilities once again showed strong growth, especially outside Germany. The climate on the European market for commercial vehicles also remained positive, with demand again exceeding the high level already reached in the previous year. On the domestic market, however, this trend weakened in the wake of a steep rise in fuel prices.

From MAN's point of view, the quarter was marked by several highlights:

- The successful launch of the new Trucknology Generation was followed by presentation of additional models in this line at the IAA Commercial Vehicles fair in September, meeting with high international acclaim. Supported by this new series, our incoming orders for commercial vehicles continue to outpace the general market trend.
- MAN Nutzfahrzeuge and NEOPLAN (Gottlob Auwärter GmbH & Co. KG) have agreed to merge their omnibus activities. MAN will control all the shares in a holding company, under which two companies will operate separately in the marketplace. NEOPLAN is particularly strong in the longdistance coach sector, MAN concentrating on scheduled service buses. The new company will



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hold a 35% share of the omnibus market in Germany and 15% of the European market, with the return on sales targeted to reach a figure of 5% in the medium term. Completion of this transaction is still subject to approval by the EU Commission.

- MAN Roland Druckmaschinen is continuing to benefit from the high level of customer interest stimulated by its impressive presentation at the drupa trade fair, particularly in the sector of digital printing. To date, the sale of nine DICOWeb systems, the first digital fourcolour offset printing machine which enjoyed its world premiere at the drupa, has exceeded expectations.
- We succeeded in finalising major contracts for several projects which have been in the pipeline for some time. These included an order for the Industrial Services Division (Ferrostaal) as a member of a consortium to supply three submarines to South Africa and components for the construction of a petrochemical plant to Iran. MAN Roland secured several contracts to equip printing works with webfed printing systems, including its largest single order to date for the LITHOMAN line of illustration presses. The Iranian Railways ordered 100 engines for Diesel locomotives from the Ruston Division of MAN B&W Diesel Great Britain (formerly ALSTOM Engines). SMS obtained a contract from the USA for the construction of a hotrolling mill.

<b>Consolidated overview of the MAN Group</b> € million	2000 July – Sept.	1999 July – Sept.	Change in %
<b>New orders</b>			
Germany	1 096	1 163	- 6
Foreign	2 690	1 832	+ 47
	<b>3 786</b>	<b>2 995</b>	<b>+ 26</b>
<b>Sales</b>			
Germany	1 095	802	+ 37
Foreign	2 104	1 807	+ 16
	<b>3 199</b>	<b>2 609</b>	<b>+ 23</b>
<b>Orders on hand*</b>	<b>11 380</b>	<b>10 643</b>	<b>+ 7</b>
<b>Employees*</b> (number)			
Germany	49 981	49 487	+ 1
Foreign	25 472	24 837	+ 3
	<b>75 453</b>	<b>74 324</b>	<b>+ 2</b>
<b>Capital expenditures</b>	<b>235</b>	<b>208</b>	<b>+ 13</b>
<b>Research and development</b>	<b>109</b>	<b>92</b>	<b>+ 18</b>
<b>Cash flow</b>	<b>197</b>	<b>168</b>	<b>+ 17</b>
<b>Earnings before taxes on income</b>	<b>75</b>	<b>63</b>	<b>+ 19</b>
<b>Income taxes</b>	<b>27</b>	<b>23</b>	<b>+ 17</b>
<b>Net income for the period</b>	<b>48</b>	<b>40</b>	<b>+ 20</b>
<b>Earnings per share in €</b>	<b>0.28</b>	<b>0.24</b>	<b>+ 17</b>

\* Figure on closing date of 30 September 2000 compared with 30 June 2000



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New orders received by the MAN Group increased during the first three months of the short 2000 financial year compared with the corresponding period of the previous year by € 791 mill. (26%) to € 3,786 mill. Seven percentage points of this rise were due to changes in the companies consolidated, comprising mainly ERF and STAR (both Commercial Vehicles), MAN B&W Diesel Great Britain (Diesel Engines) and Cincinnati Extrusion (Industrial Equipment and Facilities), which were not included in last year's equivalent figure. On a comparable basis, incoming orders rose by € 568 mill. (19%). Compared with the corresponding period, the volume of major contracts received more than doubled (plus € 224 mill. to € 409 mill.).

Sales climbed during the first quarter by € 590 mill. (23%) to € 3,199 mill. Of this growth, six percentage points resulted from changes in companies consolidated, whereby on a comparative consolidation basis, sales rose by € 451 mill. or 17%.

There was a marked variance in domestic and foreign business activities. The increase in new orders resulted exclusively from foreign business, where a series of large-scale contracts, coupled with the positive order situation in the Commercial Vehicles, Printing Machines and Diesel Engines Divisions, made a significant impact. Orders from abroad leapt by 47% to € 2.7 bn, while domestic business declined marginally by 6% to €1.1 bn. On the sales side, business within Germany recorded an above-average gain of 37% to €1.1 bn due to final settlements received, with sales outside Germany climbing by 16% to €2.1 bn.

Standing at € 11.4 bn as of 30 September 2000, MAN Group orders on hand were 7% higher than at the end of June 2000, with domestic orders accounting for € 3.0 bn (plus 2% compared with 30 June 2000) and foreign orders for € 8.4 bn (plus 9%).

As of 30 September, the MAN Group numbered 75,453 employees, 1,129 more than at the beginning of the financial year, representing a rise of 1.5%. The commercial vehicle sector in particular registered a notable rise in staff.

Capital expenditures for the first quarter exceeded that of the previous year by 13%, reaching € 235 mill. Main focus was once more on the commercial vehicle sector and on assets added in the form of leased equipment as part of our sales financing services. An amount of € 109 mill. (+18%) was invested in research and development.

The cash flow increased by 17% to € 197 mill.

### Earnings

On the whole, the pleasing earnings trend also continued throughout the quarter under review, with pretax earnings rising by € 12 mill., or 19%, from € 63 mill. to € 75 mill. Diesel Engines and Industrial Equipment and Facilities demonstrated especially positive growth. A marginal drop in earnings was recorded for Commercial Vehicles. This stemmed from supply shortages caused ultimately by the exceptionally high market acceptance and unexpectedly high demand for certain models of the new vehicle generation. This resulted in



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delays in production and deliveries and an associated temporary increase in costs.

Income taxes payable for the quarter under review amounted to € 27 mill., 17% more than for the corresponding quarter last year. Earnings after taxes on income reached € 48 mill. compared with the previous figure of € 40 mill., representing an increase of 20%. After deduction of minority interests, the quarter's earnings per share were 17% higher, amounting to € 0.28 (€ 0.24 for the same quarter last year).

Business figures for the quarter July to September are traditionally significantly lower than one quarter of the results for the entire financial year. It is also usual that figures for the July to December period fail to reach half those for the complete year. This is primarily due to seasonal influences, including lower production levels during the holiday period up until mid-September. Comparison of quarterly figures is therefore only valid based on the corresponding period of the previous year, whereby projection over a twelve-month period is not indicative.

### Outlook

In spite of inevitable dampening effects that high energy prices will have on the general economic environment, we are still expecting sustained lively demand in most of our fields of operation, leading to continued growth. Based on current prospects, the sectors of Printing Machines and Diesel Engines will achieve substantial growth in new orders and sales during the 2000 short financial year.

New orders in the Industrial Services and Industrial Equipment and Facilities Divisions will depend on the conclusion of additional major contracts currently under negotiation. The present rate of increase in orders registered by Commercial Vehicles will decelerate as a result of higher fuel prices. In view of the shortages mentioned, sales in the commercial vehicle sector will be subject to a time lag, with realisation partly postponed until the next financial year. We are confident that a certain proportion of the outstanding deliveries can be dealt with during the remaining weeks of this short financial year. The situation will return to normal at the beginning of the new financial year, so that delivery schedules will be able to match the high demand for the new vehicle generation.

Based on these assumptions, we are predicting overall growth rates for the MAN Group in the order of 15% for both new orders and sales by comparison with the same period of 1999, during which incoming orders reached € 6.7 bn and sales € 6.3 bn. In the case of earnings before taxes on income, we are also assuming that in line with the positive sales trend, it will be possible to achieve an increase of about 15% compared with the corresponding figure for the previous year of € 228 mill. Attended by a minimal increase in the rate of taxation, aftertax net income and earnings per share should show similar proportional growth.

At the present time, our forecasts for the year 2001 continue to be largely founded on a modest downturn in energy prices and an economic growth approximately as strong as in 2000. On this basis, we are confident that the key business figures will maintain their ongoing positive trend.



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<b>New orders</b> € million	2000 July – Sept.	1999 July – Sept.	Change in %
Commercial Vehicles	1 476	1 270	+ 16
Industrial Services	761	481	+ 58
Printing Machines	616	458	+ 34
Diesel Engines	419	237	+ 77
Industrial Equipment & Facilities	542	560	- 3
Financial Services	78	57	+ 37
Other / Consolidated	(106)	(68)	-
<b>New orders MAN Group</b>	<b>3 786</b>	<b>2 995</b>	<b>+ 26</b>

<b>Sales</b> € million	2000 July – Sept.	1999 July – Sept.	Change in %
Commercial Vehicles	1 240	1 046	+ 19
Industrial Services	545	498	+ 9
Printing Machines	395	302	+ 31
Diesel Engines	299	248	+ 21
Industrial Equipment & Facilities	732	532	+ 38
Financial Services	78	57	+ 37
Other / Consolidated	(90)	(74)	-
<b>Sales MAN Group</b>	<b>3 199</b>	<b>2 609</b>	<b>+ 23</b>

<b>Earnings before taxes on income</b> € million	2000 July – Sept.	1999 July – Sept.	Change in € mill.
Commercial Vehicles	19	20	- 1
Industrial Services	17	15	+ 2
Printing Machines	11	9	+ 2
Diesel Engines	5	(2)	+ 7
Industrial Equipment & Facilities	15	7	+ 8
Financial Services	6	5	+ 1
Other / MAN AG	2	9	- 7
<b>Earnings MAN Group</b>	<b>75</b>	<b>63</b>	<b>+ 12</b>

### Individual operating divisions

Commercial Vehicles again experienced sustained, high overall demand throughout the first quarter, in spite of customer uncertainty in the wake of the sharp rise in fuel prices in Germany which led to an initial slowdown in orders. During the first three months, new orders increased by 16% to € 1,476 mill. Sales rose by 19% to € 1,240 mill. Due to the delivery delays and related additional costs previously described, earnings were €1 mill. below those of the first quarter last year, totalling € 19 mill.



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The Industrial Services Division was able to book several major contracts, including the orders from customers in South Africa and Iran mentioned above. This resulted in new orders leaping 58% to € 761 mill. Continuing operations showed a rise of 4%. Sales of € 545 mill. were 9% higher than in the previous year. Earnings climbed by € 2 mill. to € 17 mill.

In the Printing Machines sector, the positive order trend of the last financial year continued into the first quarter. Contracts taken during the drupa 2000 trade fair and booked during this quarter also produced a vigorous 34% rise in new orders to € 616 mill. All three business units, namely sheetfed systems, webfed systems and trading and services, generated significant, double-digit growth rates. Sales increased by 31% to € 395 mill. Earnings moved up € 2 mill. to € 11 mill.

Business volumes increased considerably in the Diesel Engines Division. New orders rose by 77% against the same period last year to € 419 mill. and sales by 21% to € 299 mill. 36 percentage points of the increase in orders and 17 percentage points in the case of sales were attributable to the business volume generated by MAN B&W Diesel Great Britain, which was not consolidated in the previous year. A marked rise was also registered for non-automotive engines and in the licensing business. Earnings reached € 5 mill. after recording a marginally minus figure for the corresponding period of the previous year.

Due to a lower volume of major contracts, new orders of € 542 mill. in the Industrial Equipment and Facilities sector were just short of last year's level (-3%), while continuing operations increased by 4%. Sales reached € 732 mill., representing high growth of 38% due to final settlements occurring during the period under review. Earnings improved by € 8 mill. to reach € 15 mill.

Financial Services activities continued to expand. Compared with the first quarter of the previous year, new orders and sales grew by 37% to € 78 mill. Earnings amounted to € 6 mill. (+€ 1 mill.).

MAN AG and the companies directly assigned to it achieved earnings of € 2 mill. Compared with last year's figure, this lower result is due to the fact that profits from the disposal of property amounting to € 9 mill. were included in the previous year.



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<b>MAN Group: Consolidated income statement</b> <b>1st quarter July – September 2000</b> € million	2000 July – Sept.	1999 July – Sept.
<b>Net sales</b>	<b>3 199</b>	<b>2 609</b>
Cost of sales	(2 647)	(2 136)
<b>Gross margin</b>	<b>552</b>	<b>473</b>
Selling expenses	(242)	(215)
General administrative expenses	(140)	(138)
Other operating income	58	86
Other operating expenses	(119)	(129)
Income from investments	1	1
Net interest result	(35)	(15)
<b>Profit from ordinary operations</b>	<b>75</b>	<b>63</b>
Income taxes	(27)	(23)
<b>Net income for the period</b>	<b>48</b>	<b>40</b>

### General principles:

The interim financial statements have been prepared according to IAS 34 and are based on the accounting and valuation methods used for the previous consolidated financial statements as of 30 June 2000. The consolidated figures include 223 companies compared with 218 companies as of 30 June 2000; changes in the companies consolidated occurring since 30 June 2000 have had no substantial impact on the asset or financial position or on the operating results. The interim financial statements have not been audited.



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<b>MAN Group: Consolidated balance sheet as of 30 September 2000</b>		
<b>Assets</b>		
million	30.9.2000	30.6.2000
Intangible assets	354	337
Tangible assets	2 997	2 918
Financial assets	175	159
<b>Fixed assets</b>	<b>3 526</b>	<b>3 414</b>
Inventories	4 917	4 353
Prepayments received	(2 575)	(2 536)
Trade receivables	3 385	3 611
Other receivables and current assets	470	432
Short-term securities	987	994
Cash and cash equivalents	492	457
<b>Current assets</b>	<b>7 676</b>	<b>7 311</b>
<b>Deferred tax assets</b>	<b>406</b>	<b>416</b>
<b>Prepaid expenses and deferred charges</b>	<b>60</b>	<b>52</b>
	<b>11 668</b>	<b>11 193</b>
<b>Equity &amp; liabilities</b>		
€ million	30.9.2000	30.6.2000
Equity of MAN AG stockholders	2 722	2 653
Minority interests	298	300
<b>Equity</b>	<b>3 020</b>	<b>2 953</b>
Pension accruals	1 902	1 884
Current tax accruals, deferred tax liabilities	697	710
Other accruals	1 931	1 877
<b>Accruals</b>	<b>4 530</b>	<b>4 471</b>
Financial liabilities	1 625	967
Trade payables	1 583	1 821
Remaining liabilities	846	919
<b>Liabilities</b>	<b>4 054</b>	<b>3 707</b>
<b>Deferred income</b>	<b>64</b>	<b>62</b>
	<b>11 668</b>	<b>11 193</b>



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<b>MAN Group: Cash flow statement</b> <b>1st quarter July – September 2000</b> € million	2000 July – Sept.	1999 July – Sept.
<b>Cash and cash equivalents at beginning of year</b>	<b>457</b>	<b>505</b>
Net income for the period	48	40
Other non-cash expenses and income	149	128
<b>Cash flow acc. to DVFA/SG</b>	<b>197</b>	<b>168</b>
Other changes in working capital	(597)	(467)
<b>Cash used in operating activities</b>	<b>(400)</b>	<b>(299)</b>
Capital expenditures	(235)	(208)
Disposal of assets	23	43
<b>Cash used in investing activities</b>	<b>(212)</b>	<b>(165)</b>
Profits transferred / dividends paid	(11)	(10)
Net change in financial liabilities and short-term securities	665	115
<b>Cash provided by financing activities</b>	<b>654</b>	<b>105</b>
<b>Net change in cash and cash equivalents</b>	<b>42</b>	<b>(359)</b>
Other changes in cash and cash equivalents	(7)	622
<b>Cash and cash equivalents at end of the period</b>	<b>492</b>	<b>768</b>

<b>MAN Group: Statement of changes in equity</b> <b>1st quarter July – September 2000</b> € million	Equity of MAN AG stockholders	Minority interests	Total
<b>Balance at 30 June 1999</b>	<b>2 379</b>	<b>244</b>	<b>2 623</b>
Dividends paid for the previous year	-	(10)	(10)
Net income for the period	36	4	40
Currency translation effects	(1)	(1)	(2)
All other changes	(1)	26	25
<b>Balance at 30 September 1999</b>	<b>2 413</b>	<b>263</b>	<b>2 676</b>
<b>Balance at 30 June 2000</b>	<b>2 653</b>	<b>300</b>	<b>2 953</b>
Dividends paid for the previous year	-	(11)	(11)
Net income for the period	43	5	48
Currency translation effects	25	4	29
All other changes	1	-	1
<b>Balance at 30 September 2000</b>	<b>2 722</b>	<b>298</b>	<b>3 020</b>

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The EXECUTIVE BOARD