

Q3/03

Interim Report as of 30 September 2003
MAN Aktiengesellschaft



E N G I N E E R I N G T H E F U T U R E

Overview: Development of the divisions

New orders € million						
	Jan. – Sept. 2003	Jan. – Sept. 2002	Change in %	July – Sept. 2003	July – Sept. 2002	Change in %
Commercial Vehicles	4,846	4,842	0	1,660	1,537	8
Industrial Services	2,022	2,457	-18	541	992	-45
Printing Machines	1,087	1,135	-4	381	362	5
Diesel Engines	997	1,042	-4	367	451	-19
Industrial Equipment and Facilities	2,261	2,180	4	846	720	18
Financial Services	431	442	-2	140	143	-2
Other, Consolidated	(656)	(490)	-	(263)	(193)	-
New orders MAN Group	10,988	11,608	-5	3,672	4,012	-8

Sales € million						
	Jan. – Sept. 2003	Jan. – Sept. 2002	Change in %	July – Sept. 2003	July – Sept. 2002	Change in %
Commercial Vehicles	4,624	4,616	0	1,580	1,599	-1
Industrial Services	2,009	1,730	16	762	667	14
Printing Machines	1,007	1,259	-20	330	409	-19
Diesel Engines	915	1,028	-11	317	337	-6
Industrial Equipment and Facilities	2,360	2,107	12	784	778	1
Financial Services	440	467	-6	142	152	-7
Other, Consolidated	(616)	(503)	-	(190)	(179)	-
Sales MAN Group	10,739	10,704	0	3,725	3,763	-1

Earnings before interest and taxes (EBIT) € million						
	Jan. – Sept. 2003	Jan. – Sept. 2002	Change in € mill.	July – Sept. 2003	July – Sept. 2002	Change in € mill.
Commercial Vehicles	75	(12)	87	34	21	13
Industrial Services	47	54	-7	17	18	-1
Printing Machines	(48)	7	-55	(17)	(7)	-10
Diesel Engines	32	66	-34	7	23	-16
Industrial Equipment and Facilities	19	(30)	49	21	9	12
Financial Services	61	62	-1	23	17	6
Other, Consolidated	3	9	-6	0	1	-1
EBIT MAN Group	189	156	33	85	82	3

Earnings before taxes on income (EBT) by division € million						
	Jan. – Sept. 2003	Jan. – Sept. 2002	Change in € mill.	July – Sept. 2003	July – Sept. 2002	Change in € mill.
Commercial Vehicles	17	(75)	92	15	0	15
Industrial Services	45	59	-14	15	15	0
Printing Machines	(57)	1	-58	(20)	(10)	-10
Diesel Engines	22	55	-33	4	19	-15
Industrial Equipment and Facilities	18	(28)	46	22	8	14
Financial Services	19	12	7	10	0	10
Other, Consolidated	8	17	-9	2	6	-4
EBT MAN Group	72	41	31	48	38	10

MAN Group increases earnings

- Results continued to improve in the third quarter of 2003. Pre-tax earnings were considerably higher than last year, reaching €48 million (€38 million) in the third quarter of 2003 and €72 million (€41 million) in the first nine months. Earnings before interest and taxes rose to €85 million (€82 million) during the third quarter and to €189 million (€156 million) on a cumulative basis.
- Continuing strong recovery in Commercial Vehicles earnings contrasted with high losses in the Printing Machines Division. Industrial Equipment and Facilities again recorded very positive results in the third quarter.
- New orders received in the course of on-going operations increased. Due to low volume of major orders the total figure of new orders dropped 5% to €11.0 billion (€11.6 billion). Sales retained their 2002 level of €10.7 billion. High rise in sales for Industrial Services and Industrial Equipment and Facilities, marked downturn for Printing Machines and Diesel Engines. Since September, on-going operations show an improvement in new orders.
- Prospects for 2003: new orders and sales to more or less reach the same level as last year. Due to successful turnaround in Commercial Vehicles, improvement in overall earnings based on current risks and opportunities in spite of high losses in the Printing Machines Division and at MAN Technologie.
- Outlook for 2004: based on the long-term effects of restructuring measures already implemented, we anticipate an upturn in earnings in 2004 which will accelerate in line with overall economic trends.

MAN Group € million						
	Jan. – Sept. 2003	Jan. – Sept. 2002	Change in %	July – Sept. 2003	July – Sept. 2002	Change in %
New orders	10,988	11,608	-5	3,672	4,012	-8
Sales	10,739	10,704	0	3,725	3,763	-1
Employees *	73,946	75,326	-2	73,946	75,326	-2
Earnings before interest and taxes	189	156	21	85	82	4
Earnings before taxes	72	41	76	48	38	26
Net income	48	28	71	32	26	23
Net income after minority interests	43	35	23	29	25	16
Earnings per share in €	0.29	0.24	21	0.19	0.17	12

* Number at 30 September 2003 compared with 30 September 2002

Economic environment

Global economic prospects are meanwhile viewed as being more favourable than in the spring of 2003. Business and consumer climates have improved worldwide and share prices have risen strongly after a long and sharp downturn.

In industrialised countries, economic trends have however been inconsistent. While production and demand recorded significant growth in the USA, being strongly stimulated by economic policies, and the economy also stabilised noticeably in Japan, economic activity in the euro zone remained stagnant. During the first six months of 2003, Germany even suffered a recession. Economic conditions in other parts of the world were adversely affected by exceptional factors during the spring. Especially in Asia, the lung infection SARS curbed production and demand, but a strong recovery is meanwhile underway in this region. In Latin America there was little momentum and performance varied greatly. In Central and Eastern Europe however, production continued to grow rapidly.

In the first nine months of 2003, both domestic and foreign demand fell yet again in the German capital goods sector. Following a recovery in September, the provisional nine-month figures were still 0.2% below the level of 2002. Overall, there was a slight increase in domestic orders, while export orders continued to decline.

This development was also reflected in the MAN Group's areas of activity.

Growth in on-going operations, low level of major orders

In the third quarter of 2003, new orders reached €3,672 million, 8% less than in the third quarter of 2002 (€4,012 million). The reason for this shortfall was the low volume of major orders, particularly compared with the very high level last year. After a good month in September, on-going operations, excluding major orders, showed an increase of 3%. Domestic business (+11%) continued to recover during the third quarter, whereas due to the lack of major orders, export business fell by 15% (on-going operations -1%) compared with the third quarter of 2002. On a cumulative basis, new orders of €10,988 million during the first nine months were 5% weaker. This downturn was mainly attributable to Industrial Services, while Commercial Vehicles and Printing Machines were both able to record a better third quarter and compensate for or reduce their shortfall against 2002 registered during the first six months.



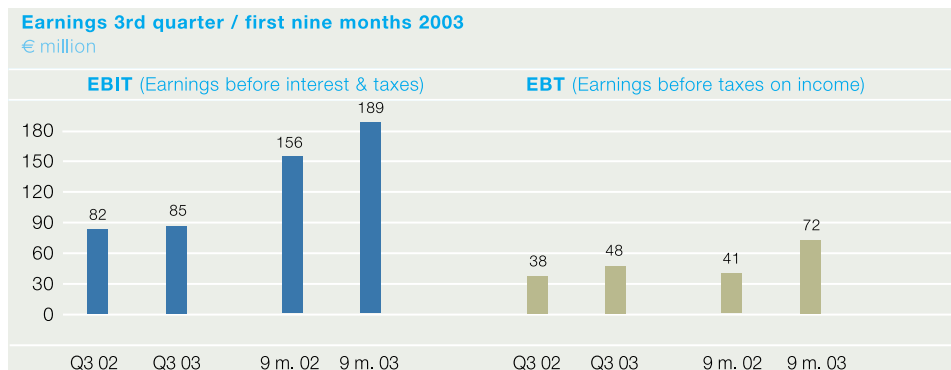
Third-quarter sales of €3,725 million (-1%) were more or less the same as last year. Cumulated sales reached €10,739 million (0%). During the current financial year, sales performance has been very varied in the MAN Group's individual divisions. Industrial Services and Industrial Equipment and Facilities were able to record a significant increase, while Diesel Engines and above all Printing Machines recorded marked downturns. Sales in the Commercial Vehicles Division reached the same level as last year.

Employees

At 30 September 2003, MAN Group employees numbered 73,946, representing 1,380 or 1.8% fewer than at 30 September 2002 in nominal terms and 2,311 or 3.0% fewer on a comparable basis. Compared with the figure at 31 December 2002 (75,427), the number of employees decreased by 1,481 or 2.0%. In those companies currently undergoing restructuring, there has been a total reduction of 2,255 employees since the beginning of 2003. This has been partially offset by a total rise of 774 employees, accruing from an increase at the Commercial Vehicles subsidiaries in Turkey and Poland as relocated bus-production activities gathered momentum, and from new recruits for the Ferrostaal Group's logistics services as a result of business expansion. The structural decline in the number of personnel will continue during the fourth quarter of 2003 and throughout 2004. In the case of domestic bus companies and in the sheetfed sector, the number of employees will decrease by another 1,300 in line with the plans already announced, about half of these cuts to be realised by the beginning of 2004.

Continued improvement in earnings

With earnings before interest and taxes (EBIT) of €85 million (€82 million) and earnings before taxes (EBT) of €48 million (€38 million), the MAN Group continued to improve its earnings position in the third quarter of 2003. Over the nine-month period, the EBIT reached €189 million (€156 million) and the EBT €72 million (€41 million). The strong recovery recorded in the Commercial Vehicles Division, where on-going restructuring and productivity-enhancing measures are meanwhile taking effect, was one of the key factors impacting earnings performance. In spite of losses at MAN Technologie and in the SMS Group, overall results in the Industrial Equipment and Facilities Division were once again distinctly positive at the end of the third quarter. This was offset by the continuing loss situation in the Printing Machines Division which, in addition to significantly lower profits in the webfed business due to declining sales, resulted from a marked deterioration in orders, production activity and market conditions in the sheetfed sector, as well as from noticeably weaker earnings in the Diesel Engines Division due to underutilised capacity in the area of four-stroke engines.



After-tax earnings in the MAN Group amounted to €48 million (€28 million), of which €32 million (€26 million) were generated during the third quarter. After deduction of earnings accruing to minority interests, earnings per share of €0.19 (€0.17) were recorded for the third quarter of 2003 and of €0.29 (€0.24) for the first nine months.

Financial position remains stable

The cash flow of €488 million was lower than the previous year (€567 million), in spite of the rise in earnings. This was due to declining depreciation as a result of considerably reducing capital expenditure on tangible assets since 2002 and lowering levels of assets leased out by refinancing part of the portfolio out of revolving off-balance funds.

During the first nine months, the MAN Group achieved a net cash inflow from operating activities of €414 million (2002: €229 million). This improvement of €185 million over the previous year resulted from the fact that it was possible to reduce the net amount of funds committed in the form of inventories, trade receivables and liabilities by €106 million (2002: increase of €174 million). Overall, there was an increase of only €74 million (€338 million) in committed working capital.

Consolidated overview of the MAN Group			
€ million			
	Jan. – Sept. 2003	Jan. – Sept. 2002	Change in %
New orders			
Germany	2,979	2,862	4
Foreign	8,009	8,746	-8
	10,988	11,608	-5
Sales			
Germany	2,914	2,837	3
Foreign	7,825	7,867	-1
	10,739	10,704	0
Orders on hand *	9,638	10,967	-12
Employees * (number)			
Germany	47,636	49,423	-4
Foreign	26,310	25,903	2
	73,946	75,326	-2
Capital expenditure			
of which on tangible & intangible fixed assets	258	313	-18
of which on assets leased out	161	387	-58
of which on equity interests & other	10	35	-71
	429	735	-42
Depreciation on fixed assets	403	495	-19
Cash flow (according to DVFA/SG)	488	567	-14
Cash and cash equivalents *	427	726	-41
Cash balance *	(173)	(666)	74
Research and development	381	399	-5

* Figure at closing date of 30 September 2003 compared with 30 September 2002

Lower capital expenditure on tangible assets (-18% to €258 million) and on assets leased out (-58 % to €161 million) led to a substantial reduction in the net cash used for investment activities to €278 million (€533 million). In all, €136 million accrued to the MAN Group from operating and investment activities during the first nine months of the current financial year (2002: outflow of €304 million).

During the remainder of 2003 and in 2004, we shall resolutely continue our moderate investment policy and our efforts to reduce the amount of funds committed in the form of working capital and in the leasing portfolio.

Outlook

Economic trends

The general environment is currently favourable for a global economic upswing. In the USA, extremely expansive policies on the part of the Federal Reserve Board and the government are boosting business activity and could result in a return to 4% growth as early as 2004. Thanks to rising exports in Asia and sustained strong growth, especially in China, an approximately 3% increase in the GDP is expected for this region. In Central and Eastern European countries, the rise in production is expected to accelerate, with growth forecast to reach 4.5%.

In the euro zone, the economy will probably stabilise noticeably during next year, partially due to rising exports in the wake of a global upswing. Economic momentum will however remain generally restrained with the GDP increasing by 1.5% to 2%.

Business volume and earnings

We expect that in 2003, overall business volume will reach more or less the same level as last year. On-going order intakes increased again during the third quarter, particularly in the case of trucks, sheetfed printing presses and two-stroke diesel engines. A significant shortfall was however still recorded in the volume of major orders.

Throughout the current year, we have again been working intensively to achieve a lasting improvement in cost structures and earnings. In the case of Commercial Vehicles, the effects can be seen in the form of continuous improvements in the 2003 results for both the truck and bus sectors, although the latter will close this year with a deficit. The positive trend will continue in 2004, when the bus sector aims to generate profits one year earlier than forecast.

The Printing Machines Division is resolutely realising the restructuring measures and capacity modifications already initiated, with focus on the sheetfed sector. In the Diesel Engines sector, measures are still being implemented to modify both structures and production capacity. In the case of MAN Technologie, we are striving to achieve a solution outside the MAN Group within the scope of the current consolidation in the European aerospace industry. In the SMS Group, earnings will be curtailed more than expected by the loss-making plastics-processing technology, whereas earnings from metallurgical and rolling-mill operations will begin to stabilise as a result of previous restructuring measures. At DSD, capacities are being adjusted on a permanent basis.

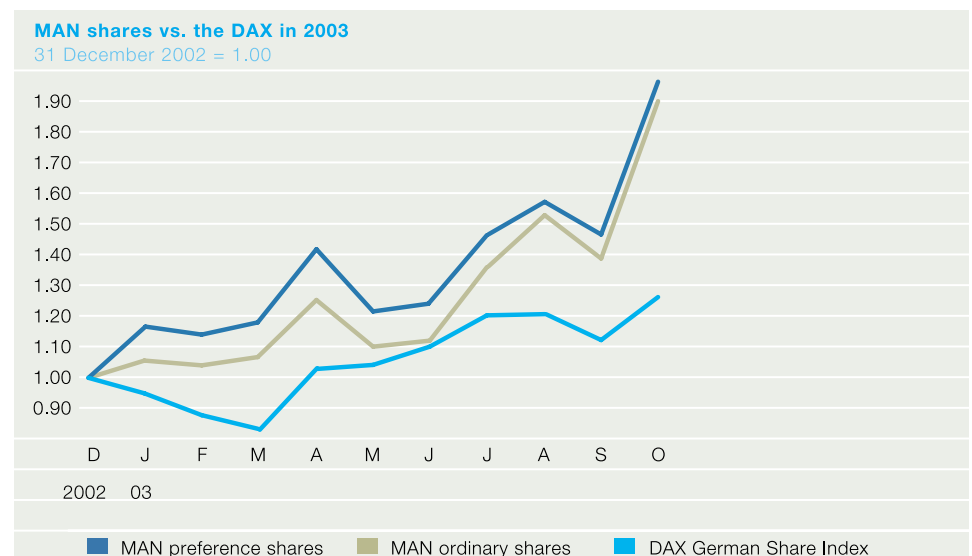
In view of the successful turnaround presently underway in the Commercial Vehicles and an improved earnings performance by Industrial Equipment and Facilities based on current risks and opportunities, we are still assuming that in 2003, the Group as a whole will achieve higher pre-tax earnings than in 2002 (€219 million), in spite of considerable negative influences stemming mainly from Printing Machines and from declining earnings in the Diesel Engines sector

Restructuring and cost-reduction measures are leading to a sustained increase in the profitability of the MAN Group. In view of the economic recovery currently forecast, we anticipate a sharp upturn in earnings in 2004.

MAN shares

Over the period January to October 2003, MAN ordinary shares gained €10.69 or 81% based on their price of €13.15 on 31 December 2002, reaching €23.84 at 31 October 2003. Over the same period, MAN preference shares rose by €9.45 or 95% from their level of €9.90 on 31 December 2002 to reach €19.35. Both classes of shares performed significantly better than the reference index, the DAX 30, which rose by 26% over the same period.

This trend in share prices is also being increasingly influenced by investor expectations of a global economic recovery during next year. The MAN Group should benefit particularly strongly from the predicted economic upswing.



The operating divisions in detail

Commercial Vehicles

In a continuing difficult economic environment, we were able to achieve a marked improvement in new orders for both trucks and buses during the third quarter, recording an overall increase of 8%. This meant that over the nine-month period we recorded the same cumulated volume of orders as 2002. Due to a rise in market shares, new orders of €3,998 million were registered in the truck sector, slightly more than in 2002 (€3,982 million). In the bus unit, the order intake fell by 2% to €847 million. Since the upturn in incoming truck orders continued throughout October, we expect new orders for the full year to marginally exceed the 2002 figure.

Sales of €4,624 million remained at the same level as 2002. Trucks achieved 1% growth to reach €3,828 million. Volume sales of MAN trucks rose by 3% over the first nine months to 38,326, although new registrations in Western Europe fell yet again by approximately 5% in 2003. Our market share in Western Europe improved by 1.7 points to 15.3% compared with 2002. Bus sales declined by 2% down to €796 million due to a slowdown in business with city buses.

Over the past twelve months, the number of employees in the Commercial Vehicles group has increased slightly on balance to 34,542. As a result of initial relocation of some labour-intensive bus manufacturing activities to Turkey and Poland, the workforces in these countries expanded strongly with 1,072 new recruits. This was offset by a total reduction of 987 employees in domestic manufacturing companies and sales subsidiaries. In line with forecasts, we expect the number of personnel engaged in bus construction in Germany to decrease by about another 700 by the beginning of 2004.

Reporting an EBIT of €34 million (€21 million), Commercial Vehicles continued to improve in the third quarter, cumulated earnings reaching €75 million (–€12 million). Trucks generated an EBIT of €29 million in the third quarter. This drop compared with 2002 (€41 million) was caused by an 11% shortfall in production due to the two weeks' works holiday introduced for the first time in August 2003. On a cumulative nine-month basis, truck operations improved their EBIT from €57 million to €82 million. Buses achieved a positive EBIT of €5 million (–€20 million) in the third quarter, reflecting as expected, the initial success of measures taken to improve returns and reduce costs. The cumulated EBIT in the bus sector amounted to –€7 million (–€12 million).

We still envisage an increase in volume sales for the full year of 2003 compared with 2002. As a result of this increase, and coupled with the already effective restructuring and productivity-enhancing measures introduced in the truck and bus sectors, we continue to anticipate a marked improvement in pre-tax earnings for 2003 (2002: €13 million).

Commercial Vehicles						
€ million						
	Jan. – Sept.	Jan. – Sept.	Change	July – Sept.	July – Sept.	Change
	2003	2002	in %	2003	2002	in %
New orders	4,846	4,842	0	1,660	1,537	8
Sales	4,624	4,616	0	1,580	1,599	–1
Employees *	34,542	34,457	0	34,542	34,457	0
Earnings before interest and taxes	75	(12)	–	34	21	62
Earnings before taxes	17	(75)	–	15	0	–

* Number at 30 September 2003 compared with 30 September 2002

Industrial Services

At the end of the nine-month period, new orders received by the Ferrostaal Group amounted to €2,022 million, 18% below the figure for 2002. In spite of the low figure registered for the third quarter of 2003, the total volume of major orders still matched the level of the previous year. The shortfall occurred in on-going operations, notably in the area of steel trading. Supported by higher order intakes in previous quarters, sales increased by 16% to €2,009 million over the nine-month period.

Earnings performance continued to be negatively influenced by losses accruing from contracts and by underemployment in the DSD Group. As a result, earnings before taxes fell from €59 million in 2002 to €45 million, although third-quarter earnings of €15 million again equalled the previous year's figure. For the full year, we still anticipate a positive result, without however achieving the exceptionally high figure recorded in 2002 (€85 million €).

Industrial Services € million						
	Jan. – Sept. 2003	Jan. – Sept. 2002	Change in %	July – Sept. 2003	July – Sept. 2002	Change in %
New orders	2,022	2,457	-18	541	992	-45
Sales	2,009	1,730	16	762	667	14
Employees *	6,537	6,843	-4	6,537	6,843	-4
Earnings before interest and taxes	47	54	-13	17	18	-5
Earnings before taxes	45	59	-24	15	15	0

* Number at 30 September 2003 compared with 30 September 2002

Printing Machines

The economic environment in the graphic industry and consequently the market for printing presses has brightened in recent months, but still remains weak. In the third quarter, the MAN Roland Group recorded a 5% rise in incoming orders to €381 million. Orders for sheetfed presses showed a marked increase in the third quarter compared with previous quarters, reaching a cumulated figure for the first nine months of €517 million (+5%). There are now signs that demand could be bottoming out in the sheetfed sector, although the quality of returns on orders is still unsatisfactory. In the webfed sector, new orders decreased by 14% compared with 2002 to €413 million, with a considerable dip in the volume of new major deals closed compared with last year. In the distribution and services unit, incoming orders fell by 4% to €158 million.

Sales deteriorated during the third quarter, falling on a cumulative basis by 20% to €1,007 million. Sales were significantly lower than 2002 in all areas, sheetfed systems dropping another 9% below the already low level of last year to €431 million; compared with the same quarter of 2001, this represented a drop of 34%. Webfed presses were down by 32% to €425 million, whereby final settlements for several major orders were included in last year's result. Sales in the distribution and services sector amounted to €151 million (-7%).

The number of employees in the MAN Roland Group has declined by 7% to 9,696 over the past twelve months and, as already announced, a further reduction in the order of some 600 employees is currently being implemented and will run until the end of 2004. The sheetfed sites in the Rhine-Main area are mainly affected by these personnel reductions.

Due to inadequate capacity utilisation in the sheetfed sector, deteriorating prices and falling sales, MAN Roland recorded another significant loss in the third quarter of 2003, which could not as yet be offset by the benefits accruing from current personnel reductions and other cost-saving measures. The EBIT for the first nine months amounted to –€48 million (€7 million), including –€60 million (–€39 million) from sheetfed activities. Webfed operations continued to generate positive earnings of €11 million (€47 million), but due to the lower level of sales, its performance was considerably weaker than the previous year. The distribution and services sector closed with an EBIT of €1 million (–€1 million).

The cost-cutting schemes introduced in this division, which include concentrating production in the Rhine-Main region, reducing the value added by the group itself and optimising processes, are still underway and expected to bring first improvements in 2003. These will however by no means suffice to neutralise the substantial cost burden arising mainly from the deficit in the sheetfed sector, so that the Printing Machines Division will still be reporting a high loss for the full year of 2003. A considerable improvement in earnings is still expected for 2004, both as a result of the cost-reduction measures and an expected return to higher sales volumes.

Printing Machines						
€ million						
	Jan. – Sept.	Jan. – Sept.	Change	July – Sept.	July – Sept.	Change
	2003	2002	in %	2003	2002	in %
New orders	1,087	1,135	–4	381	362	5
Sales	1,007	1,259	–20	330	409	–19
Employees *	9,696	10,454	–7	9,696	10,454	–7
Earnings before interest and taxes	(48)	7	–	(17)	(7)	–
Earnings before taxes	(57)	1	–	(20)	(10)	–

* Number at 30 September 2003 compared with 30 September 2002

Diesel Engines

As expected for the third quarter, new orders of €367 million (–19%) in the Diesel Engines Division failed to match the extremely high 2002 figure which was boosted by major orders, but a good level was recorded in October. Up to the end of September, cumulated orders of €997 million were 4% lower than the previous year. In the marine division, the demand for two-stroke engines and medium-speed four-stroke engines remained buoyant, while after a previously slow quarter in the power plant sector, a major order from Honduras was received in September following provision of an export credit guarantee for the financing. Incoming orders for high-speed four-stroke engines were still weak. Sales have fallen by 11% to €915 million in the course of the current financial year.

Diesel Engines						
€ million						
	Jan. – Sept.	Jan. – Sept.	Change	July – Sept.	July – Sept.	Change
	2003	2002	in %	2003	2002	in %
New orders	997	1,042	–4	367	451	–19
Sales	915	1,028	–11	317	337	–6
Employees *	6,681	7,052	–5	6,681	7,052	–5
Earnings before interest and taxes	32	66	–52	7	23	–70
Earnings before taxes	22	55	–60	4	19	–79

* Number at 30 September 2003 compared with 30 September 2002

The EBIT reached €32 million (€66 million) and the EBT €22 million (€55 million). This downturn compared with 2002 resulted mainly from four-stroke-engine activities, which recorded a severe drop in sales, lower levels of returns on orders and insufficient capacity utilisation. For the full year of 2003, we therefore expect considerably lower pre-tax earnings compared with the good result in 2002 (€68 million).

Industrial Equipment and Facilities

The companies in the Industrial Equipment and Facilities Division registered a 4% higher volume of new orders than in 2002, reaching €2,261 million. MAN TURBO (+33%), MAN Technologie (27% up on an extremely weak third quarter in 2002), RENK (+22%) and Schwäbische Hüttenwerke (+12%) each recorded double-digit growth in current business operations, which in some cases also included new major orders. In the SMS Group, incoming orders were significantly lower than 2002 (-18%) due to a low volume of major orders for metallurgical and rolling-mill technology, as well as a further downturn in its plastics-processing business.

Sales in this division increased by 12% and in the SMS Group alone by 11%.

The rise in the number of personnel resulted from changes in the companies consolidated. On a comparable basis of 16,898 employees, the workforce decreased by 844 or 5.0%, a drop of 193 or 20.0% being recorded at MAN Technologie and of 624 or 6.4% in the SMS Group.

Earnings trends varied in the Industrial Equipment and Facilities Division. Both during the third quarter and over the nine-month period, MAN TURBO, RENK, Schwäbische Hüttenwerke and Other Industrial Equipment and Facilities showed an improvement in their joint overall performance compared with 2002. MAN Technologie and the SMS Group's plastics-processing activities both recorded losses due to high levels of under-employment, poor earnings on contracts and additional expenditure on restructuring measures. Based on current risks and opportunities, we are still expecting an improvement in earnings for the full year of 2003 compared with 2002 (€29 million).

Industrial Equipment and Facilities						
€ million						
	Jan. – Sept.	Jan. – Sept.	Change	July – Sept.	July – Sept.	Change
	2003	2002	in %	2003	2002	in %
New orders	2,261	2,180	4	846	720	18
Sales	2,360	2,107	12	784	778	1
Employees *	16,054	15,302	5	16,054	15,302	5
Earnings before interest and taxes	19	(30)	–	21	9	–
Earnings before taxes	18	(28)	–	22	8	–

* Number at 30 September 2003 compared with 30 September 2002

MAN Group: Consolidated income statement Januar – September 2003

€ million

	2003	2002
Net sales	10,739	10,704
Cost of sales	(8,829)	(8,825)
Gross margin	1,910	1,879
Selling expenses	(849)	(860)
General administrative expenses	(509)	(526)
Other operating income	250	294
Other operating expenses	(616)	(631)
Income from investments	3	0
Earnings before interest and taxes / EBIT	189	156
Net interest result	(117)	(115)
Profit from ordinary operations / EBT	72	41
Income taxes	(24)	(13)
Net income	48	28
Income accruing to minority interests	(5)	7
Net income after minority interests	43	35

July – September 2003

€ million

	2003	2002
Net sales	3,725	3,763
Cost of sales	(3,074)	(3,113)
Gross margin	651	650
Selling expenses	(286)	(299)
General administrative expenses	(164)	(175)
Other operating income	113	108
Other operating expenses	(229)	(207)
Income from investments	0	5
Earnings before interest and taxes / EBIT	85	82
Net interest result	(37)	(44)
Profit from ordinary operations / EBT	48	38
Income taxes	(16)	(12)
Net income	32	26
Income accruing to minority interests	(3)	(1)
Net income after minority interests	29	25

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 at 31 December 2002. The interim financial statements have not been audited.

The scope of consolidation includes 251 companies, after 250 companies at 31 December 2002. The effect of this change in the scope of consolidation on the Group's assets, financial position and earnings is negligible.

MAN Group: Consolidated balance sheet as of 30 September 2003

Assets € million		
	30 Sept. 2003	31 Dec. 2002
Intangible assets	496	520
Tangible assets	2,235	2,296
Assets leased out	732	788
Financial assets	152	158
Fixed assets	3,615	3,762
Inventories	4 001	3,773
Prepayments received	(1,657)	(1,679)
Trade receivables	2,946	3,293
Other receivables and current assets	780	779
Short-term securities	844	668
Cash and cash equivalents	427	609
Current assets	7,341	7,443
Deferred taxes	480	444
Prepaid expenses and deferred charges	63	43
	11,499	11,692

Equity & liabilities € million		
	30 Sept. 2003	31 Dec. 2002
MAN AG shareholders' equity	2,544	2,630
Minority interests	256	261
Equity	2,800	2,891
Pension accruals	2,085	2,052
Tax accruals, deferred tax liabilities	564	594
Other accruals	1,876	1,876
Accruals	4,525	4,522
Financial liabilities	1,443	1,538
Trade payables	1,857	1,846
Other liabilities	813	830
Liabilities	4,113	4,214
Deferred income	61	65
	11,499	11,692

MAN Group: Consolidated cash flow statement January - September 2003

€ million		
	2003	2002
Cash and cash equivalents at beginning of year	609	571
Net income	48	28
Other non-cash expenses and income	440	539
Cash flow	488	567
Other changes in working capital	(74)	(338)
Net cash from operating activities	414	229
Capital expenditure	(429)	(735)
Proceeds on disposal of assets	151	202
Net cash used in investing activities	(278)	(533)
Dividends paid	(93)	(93)
Contribution to MAN AG capital	-	101
Changes in financial liabilities and short-term securities	(235)	448
Net cash used in financing activities	(328)	456
Net change in cash and cash equivalents	(192)	152
Other changes in cash and cash equivalents	10	3
Cash and cash equivalents at end of the period	427	726

MAN Group: Consolidated statement of changes in equity January - September 2003

€ million			
	MAN AG shareholders' equity	minority interests	Total
Balance at 31 December 2002	2,630	261	2,891
Dividends paid	(88)	(5)	(93)
Net income	43	5	48
Currency translation effects	(27)	(5)	(32)
Changes in unrealised gains/losses	14	5	19
All other changes	(28)	(5)	(33)
Balance at 30 September 2003	2,544	256	2,800
Balance at 31 December 2001	2,568	294	2,862
Dividends paid	(88)	(5)	(93)
Net income	35	(7)	28
Contribution to MAN AG capital	101	-	101
Currency translation effects	(38)	3	(35)
Changes in unrealised gains/losses	(38)	(23)	(61)
All other changes	1	(12)	(11)
Balance at 30 September 2002	2,541	250	2,791

Munich, 12 November 2003

MAN Aktiengesellschaft
Executive Board

Interim Report as of 30 September 2003

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Financial calendar

Report on third quarter of 2003	12 November 2003
Preliminary figures on orders & sales for 2003	15 January 2004
Letter to MAN shareholders on 2003	4 March 2004
Press conference on 2003 *	30 March 2004
Conference with analysts on 2003 *	30 March 2004
Report on first quarter of 2004	13 May 2004
Annual general meeting on financial year 2003	9 June 2004
Report on first half of 2004	12 August 2004
Report on third quarter of 2004	11 November 2004

* Presentation of annual report