



News service MAN Group

Press release of
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MAN Group 2003: Marked rise in orders at year-end in manufacturing divisions

In spite of a subdued overall demand for capital equipment and negative exchange-rate effects in 2003, the MAN Group was able to generate a similar volume of business as the previous year, in line with forecasts. Calculated with retrospective effect without the SMS Group, which left the MAN Group as of 1 October 2003 following its sale to the Weiss family as co-shareholder, MAN recorded new orders of €13.7 billion (unchanged against 2002) and sales of €13.5 billion (-2%). Orders on hand amounted to €7.3 billion (-2%) at the end of 2003. In December, very good levels of incoming orders were registered by commercial vehicles, printing systems, diesel engines and turbomachinery, with the result that in some cases these labour-intensive sectors were able to close the year with significant increases. SMS was included in the accounts up to 30 September 2003. The relevant 2003 figures for the MAN Group including SMS showed new orders of €14.8 billion and sales of €15.0 billion.

At 31 December 2003, the MAN Group numbered 64,218 employees, which on a comparable basis represented 1,958 or 3% fewer than at 31 December 2002.

Based on current estimates, the MAN Group will achieve its 2003 target of generating improved pre-tax earnings compared with 2002 (€219 million), even without the proceeds from the SMS sale.

In 2003, the economic environment was marked initially by weak global growth, due mainly to the war in Iraq and the SARS lung epidemic in Asia. During the second half of the year, there was a definite movement towards recovery, particularly in the US, although global demand for capital equipment remained subdued.

Based on an overall unchanged level of **new orders** amounting to €13.7 billion (without SMS), there has been a definite qualitative improvement compared with 2002 as a result of the 5% growth recorded in the labour-intensive manufacturing sectors. Commercial Vehicles showed an increase of 4%, reaching €6.8 billion, €5.6 million (+4%) of this being attributable to the truck sector and €1.2 billion (0%) to buses. In the Printing Machines Division, fourth-quarter orders showed a strong rise for both sheetfed and webfed systems, so that in spite of the distinctly negative mid-year performance, orders reached €1.6 billion, exceeding the 2002 level (+2%). Due to strong business with two-stroke engines, the Diesel Engines Division was able to report a 7% increase to €1.5 billion, while Industrial Equipment and Facilities recorded an overall plus of 16% to reach €1.5 billion, mainly as a result of strong growth in the turbomachines sector.

Incoming orders in the Industrial Services Division declined in line with forecasts to €2.7 billion (-15%) due to the impact of lower volumes and falling exchange rates in the US steel-trading business and in the area of industrial equipment and systems. Both the facility construction and contracting sector, which engages in major projects, and the DSD Group were however able to register a slight rise in new orders. MAN Financial Services recorded new orders of €0.6 billion (+1%).



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Sales declined by 2% to €13.5 billion. Commercial Vehicles (+2%) and Industrial Equipment and Facilities (+4%) were able to show a slight increase, while Industrial Services (-2%), Diesel Engines (-7%) and Financial Services (0%) recorded the same or somewhat lower figures than in 2002. In the case of Printing Machines, flagging orders during 2002 and also during the first half of 2003 were reflected in a substantial fall in sales (-16%).

On the **domestic** front, the trend towards a recovery noted by the MAN Group since mid-year has continued. New orders increased by 9% to €3.9 billion, sales remaining almost unchanged at €3.8 billion (-2%).

Foreign orders fell by 4% to €9.8 billion and sales by 3% to €9.7 billion. In addition to exchange-rate effects, this was mainly due to lower volumes of major orders and the downturn in steel trading already mentioned.

Including SMS on a pro forma basis for twelve months in 2003 would result in new orders of €15.6 billion (2002: €15.7 billion) for the MAN Group, and sales of €15.7 billion (€16.0 billion).

The number of **employees** in the MAN Group fell by 10,836, from 75,054 at 31 December 2002 to 64,218 at the end of 2003, the departure of the SMS Group resulting in a decrease of 9,419 and other changes in the companies consolidated in an increase of 541 employees. Like-for-like figures showed a decrease of 1,958 employees or 3.0%, of which 1,851 were attributable to domestic companies, i.e. a decrease of 4.3%, and 107 to foreign subsidiaries, representing an 0.5% drop. At 31 December 2003, 41,524 employees were registered in Germany and 22,694 at foreign locations.

Preparation of the annual accounts is still underway. Following review of the preliminary earnings information available to date, we are still adhering to the forecast published in the last quarterly report. This envisaged the MAN Group achieving higher pre-tax earnings than last year (€219 million) in 2003, even before the proceeds from the SMS sale.



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Performance in 2003

MAN Group	2003 ¹⁾ €m	2002 €m	Change in %
New orders (without SMS Group)			
Germany	3,935	3,596	9
Foreign	9,750	10,123	-4
Total	13,685	13,719	0
New orders incl. SMS Group ³⁾	14,841	15,720	-
Sales (without SMS Group)			
Germany	3,808	3,874	-2
Foreign	9,714	9,976	-3
Total	13,522	13,850	-2
Sales incl. SMS Group ³⁾	14,998	16,040	-
Orders on hand (without SMS Group) ²⁾	7,333	7,455	-2
Orders on hand incl. SMS Group ^{2), 3)}	7,333	9,597	-
Employees (without SMS Group, number) ²⁾			
Germany	41,524	43,405	-4
Foreign	22,694	22,230	+2
Total	64,218	65,635	-2
Employees incl. SMS Group ^{2), 3)}	-	75,054	

New orders according to division	2003 ¹⁾ €m	2002 €m	Change in %
Commercial Vehicles	6,758	6,525	+4
Industrial Services	2,695	3,178	-15
Printing Machines	1,574	1,542	+2
Diesel Engines	1,461	1,363	+7
Industrial Equipment and Facilities ⁴⁾	1,514	1,307	+16
Financial Services	606	602	+1
Other	39	50	-22
Interdivisional	(962)	(848)	-
MAN Group without SMS Group	13,685	13,719	0
SMS Group ³⁾	1,156	2,001	
MAN Group incl. SMS Group	14,841	15,720	



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Sales according to division	2003 ¹⁾ €m	2002 €m	Change in %
Commercial Vehicles	6,694	6,564	2
Industrial Services	2,868	2,916	-2
Printing Machines	1,516	1,808	-16
Diesel Engines	1,313	1,408	-7
Industrial Equipment and Facilities ⁴⁾	1,374	1,324	4
Financial Services	627	628	0
Other	31	49	-37
Interdivisional	(901)	(847)	-
MAN Group without SMS Group	13,522	13,850	-2
SMS Group ³⁾	1,476	2,190	
MAN Group incl. SMS Group	14,998	16,040	

1) Preliminary figures

2) At 31 December 2003 compared with 31 December 2002

3) SMS Group up to 30.09 in 2003, full year in 2002

4) Without SMS Group

MAN Aktiengesellschaft
The Executive Board