



MAN Group in the Second Quarter of 2006: Strong Growth Continues

Munich, August 1, 2006

- **Operating profit in the second quarter of 2006: €273 million (+60%); first six months €488 million (+67%), a new first-half record for the Group**
- **ROS reaches 7.2% (previous year: 4.7%), earnings per share €2.21 (€1.12)**
- **Sales grew by 7% to €3.6 billion in the second quarter, and by 10% to €6.8 billion in the first six months**
- **Second quarter order intake: +13% to €4.7 billion, combined +18% to €8.8 billion*)**
- **Outlook for 2006 as a whole: sales increase of approx. 8%, operating profit significantly higher than 2005, ROS near 7.5%.**

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*) Previous year, excluding €1.4 billion for the major truck order from the British Ministry of Defense (MoD)

Significant increase in operating profit

On the heels of an already strong first quarter, the MAN Group has also posted significant growth in order intake, sales and operating profit in the second quarter of 2006. Operating profit was up 67% to €488 million, primarily driven by 10% sales growth in the first six months, and the extremely high utilization of production capacities. This resulted in an ROS of 7.2%. All areas have boosted their operating profit by over 50% compared to the previous year.

2006 goal revised upward

Håkan Samuelsson, Chairman of the MAN Group Executive Board stated: "We are very satisfied with business performance. We're benefiting from a good economy - primarily in the transport, engines and energy growth markets, where we have the Group concentrated - and internally, we have done a good deal of our cost-cutting homework. In 2006, we will come close to reaching the 7.5% ROS target that we set for good economic years. I remain convinced that the market volume will continue to perform at a very high level in 2007, as well."

Once again, Commercial Vehicles will likely play the leading role in the strong performance expected over the next six months. Based on its strong volume and anticipated rationalization effects, the area should clearly exceed an ROS of 7% (after 6.9% in the first six months of 2006 and 6.4% in 2005). Diesel Engines will also see a strong increase in its results, given its good order and employment situation, and achieve an ROS on the full year similar to that of the first six months (11.5%). Industrial Services and Turbomachinery are also expecting the same positive performance as in the first six months.

Order intake "catches up" to MoD order from 2005

At €8.8 billion, order intake for the MAN Group for the first half of the year reached the same figure as the previous year, which included a truck order by the British Ministry of Defense worth over €1.4 billion. This means that this extraordinary order volume of the previous year was fully compensated by an 18% increase in the "normal" order intake. Most of this growth came from

Commercial Vehicles, where we posted a gain of 34% (excluding MoD). A portion of this strong growth could be based on advance sales in anticipation of the Euro 4 waste gas legislation scheduled to take effect in October 2006. The Diesel Engines area continued its strong performance (+3%), thanks to ongoing buoyant demand in shipbuilding and in stationary power station construction. With 70%, Turbomachinery posted the highest growth rate, having benefited not only from strong demand from the mineral oil industry, but also from the allocation of MAN DWE (chemical reactors) and the acquisition of the turbine manufacturer BVI. Order intake for Industrial Services was 32% below the prior-year value, due in part to a major order for a methanol plant in Oman in 2005, valued at over €300 million.

Sales up 10%

The Group's first-half sales were up by 10% to €6.8 billion. All manufacturing areas posted double-digit growth, with the top performers being Turbomachinery (39%) and Commercial Vehicles (16%). The 14% sales decline in Industrial Services was primarily the result of the restructuring of the steel business. At €10.5 billion, the order backlog was 19% higher than at the beginning of 2006.

Growth opens door to new employees

On June 30, 2006, the MAN Group numbered 50,468 employees. Compared to the figure of 49,371 at December 31, 2005, this represents an added 1,097 employees, or an increase of 2.2%. Changes in the scope of consolidation resulted in 153 new employees. Comparatively, the number of employees grew by 944. Commercial Vehicles hired about 700 new employees, primarily due to the production expansion at the bus sites in Turkey and Poland. As of June 30, 2006, the MAN Group employed a total of 29,730 people (December 31, 2005: 29,050) in Germany, and 20,738 abroad (December 31, 2005: 20,321). At 3,738 persons, the number of temporary staff employed as of June 30, 2006 was 1,487 higher than on December 31, 2005 (2,251).

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The **MAN Group** is one of Europe's leading manufacturers of vehicles, engines and mechanical engineering equipment with annual sales of circa €13 billion. MAN provides trucks, buses, diesel engines, turbomachinery as well as industrial services and numbers some 50,000 employees worldwide. MAN's core areas hold leading positions in their respective markets. As one of the 30 leading German companies, MAN AG (Munich) is a member of the German stock exchange, or DAX.

Key Figures According to Business Area, 2nd Quarter and First Half 2006

Order intake according to business area								
€ million	2006 Q1 – Q2	2005 Q1 – Q2 comp.	Change in %	2005 Q1 – Q2 published	2006 Q2	2005 Q2 comp.	Change in %	2005 Q2 published
Commercial Vehicles excl. MoD ¹⁾	5,292	3,953	34	3,953	2,655	2,055	29	2,055
Commercial Vehicles incl. MoD	5,292	5,311	0	5,311	2,655	2,055	29	2,055
Industrial Services	1,260	1,849	-32	1,849	541	1,164	-54	1,164
Diesel Engines	1,214	1,176	3	1,176	683	610	12	610
Turbomachinery	750	440	70	440	434	241	80	241
Other, consolidated	313	68	-	39	337	29	-	18
Printing Systems	-	-	-	1,160	-	-	-	492
MAN Group excl. MoD	8,829	7,486	18	8,617	4,650	4,099	13	4,580
MAN Group incl. MoD	8,829	8,844	0	9,975	4,650	4,099	13	4,580
For information only:								
Printing Systems	1,070	1,160	-8	1,160	500	492	2	492

¹⁾ Ministry of Defense (MoD) order: €1,358 million in 2005

Sales according to business area								
€ million	2006 Q1 – Q2	2005 Q1 – Q2 comp.	Change in %	2005 Q1 – Q2 published	2006 Q2	2005 Q2 comp.	Change in %	2005 Q2 published
Commercial Vehicles	4,041	3,492	16	3,701	2,148	1,903	13	2,018
Industrial Services	1,185	1,376	-14	1,376	625	708	-12	708
Diesel Engines	877	785	12	785	415	439	-5	439
Turbomachinery	399	287	39	287	216	152	42	152
Other, consolidated	278	235	18	71	186	149	25	37
Printing Systems	-	-	-	755	-	-	-	456
MAN Group	6,780	6,175	10	6,975	3,590	3,351	7	3,810
For information only:								
Printing Systems	908	755	20	755	497	456	9	456

Operating profit according to business area								
€ million	2006 Q1 – Q2	2005 Q1 – Q2 comp.	Change in %	2005 Q1 – Q2 published	2006 Q2	2005 Q2 comp.	Change in %	2005 Q2 published
Commercial Vehicles	280	180	56	180	161	118	36	118
Industrial Services	65	43	51	43	38	18	111	18
Diesel Engines	101	51	98	51	50	24	108	24
Turbomachinery	28	11	155	11	18	8	125	8
Other, consolidated	14	7	-	7	6	3	-	3
Printing Systems	-	-	-	-7	-	-	-	9
	488	292	67	285	273	171	60	180
Profit from special transactions	-	-13	-	-24	-	-13	-	-24
Industrial Business	-44	-45	-	-48	-33	-24	-	-25
Earnings before taxes	444	234	90	213	240	134	79	131
Income taxes	-115	-65	-	-62	-59	-36	-	-38
Net result of discontinued operations	23	-16	-	2	17	-1	-	4
Net income	352	153	130	153	198	97	104	97
For information only:								
Operating result Printing Systems	48	-7	-	-7	34	9	278	9

At a Glance: First Half and 2nd Quarter 2006

MAN Group	2006	2005	Change	2006	2005	Change
	Q1 – Q2	Q1 – Q2	in %	Q2	Q2	in %
€ million						
Order intake excl. MoD *)	8,829	7,486	18	4,650	4,099	13
Order intake	8,829	8,844	0	4,650	4,099	13
Germany	2,298	1,885	22	1,257	1,034	22
Abroad	6,531	6,959	-6	3,393	3,065	11
Sales	6,780	6,175	10	3,590	3,351	7
Germany	1,726	1,724	0	879	913	-4
Abroad	5,054	4,451	14	2,711	2,438	11
Order backlog **)	10,507	8,816	19	10,507	8,816	19
Employees (Number) **)	50,468	49,371	2	50,468	49,371	2
Germany	29,730	29,050	2	29,730	29,050	2
Abroad	20,738	20,321	2	20,738	20,321	2
Employees incl. temporary staff (Number) **)	54,206	51,622	5	54,206	51,622	5
Germany	31,902	30,347	5	31,902	30,347	5
Abroad	22,304	21,275	5	22,304	21,275	5
			in € mill.			in € mill.
Operating profit	488	292	196	273	171	102
Earnings before taxes	444	234	210	240	134	106
Earnings after taxes	352	153	199	198	97	101
Earnings per share in €	2.21	1.12	1.09	1.21	0.65	0.56
ROS in %	7.2	4.7	-	7.6	5.1	-
Capital expenditure	216	166	50	131	98	33
Depreciation of tangible assets	158	177	-19	85	96	-11
R&D expenditures	198	186	12	99	97	2
Cash earnings	475	367	108	237	196	41
Net cash provided by operating activities	197	370	-173	160	270	-110
Cash provided by investing activities	-178	-216	38	-107	-146	39
Free cash flow	19	154	-135	53	124	-71
Net liquid assets **)	-61	173	-234	-61	173	-234
Equity **)	3,360	3,278	82	3,360	3,278	82

*) Figures comparable to last year if MoD order is included: major order in March 2005 from the British Ministry of Defense (MoD) for MAN Nutzfahrzeuge (5,165 trucks), totaling €1.4 billion.

**) At March 31, 2006 compared with December 31, 2005

Note: MAN AG sold its interest in MAN Roland Druckmaschinen in July 2006. According to IFRS 5 requirements, the Printing Systems area is thus treated as a "discontinued operation" as of January 1, 2006—and, with exception of earnings after taxes, is no longer included in the MAN Group consolidated figures (see page 6). The 2005 figures concerning order levels and profit have been adjusted for comparison purposes.