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## **MAN significantly improves operating profit**

**Successful completion of the PACE2017 program for the future at MAN Truck & Bus, sales revenue growth expected in 2018**

### **Fiscal year 2017 at a glance**

- **€16.1 billion – Order intake increased sharply**  
[ 2016: €14.4 billion]
- **€14.3 billion – Sales revenue noticeably above the previous year**  
[ 2016: €13.6 billion]
- **€566 million – Significant improvement in operating profit**  
[ 2016: €204 million]
- **3.9% – Significant improvement in operating return on sales**  
[ 2016: 1.5 %]
- **€–0.5 billion – Negative net cash flow**  
[ 2016: €0 billion]

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MAN's operating profit increased significantly to €566 million in 2017. Sales revenue growth and the PACE2017 program for the future at MAN Truck & Bus were strong earnings drivers. MAN Latin America became Brazil's market leader for trucks weighing 5 t and over. MAN Diesel & Turbo significantly increased its order intake. Renk's operating return on sales was once again in the double-digit range. The MAN Group's operating profit will be roughly on a level with the previous year in 2018.

The global economy picked up speed in 2017, driven by growth in economic activity worldwide. Demand for trucks, vans, and buses in the Commercial Vehicles business area recorded largely positive growth in key regions. Following the strong recovery in the previous year, the European commercial vehicles market was unchanged at a high level. The Latin American economy bottomed out, while the Brazilian commercial vehicles market experienced a strong upward trend in the second half of the year. Russia also recorded growth, and developments in China and India, too, were positive.

The MAN Group is one of Europe's leading industrial players in transport-related engineering, with revenue of approximately €14.3 billion in 2017. As a supplier of trucks, buses, vans, diesel engines, turbomachinery, and special gear units, MAN employs approximately 54,300 people worldwide. Its business areas hold leading positions in their respective markets.



The situation improved somewhat for the Power Engineering business area. The marine market and the market for turbomachinery posted moderate growth. The market remained under pressure in the large merchant ship segment. Healthy demand for cruise ships and in the special market for government vessels was a positive factor. The general trend toward gas-powered ships continued. The energy generation market also recorded a slight increase in demand, both for dual-fuel and natural gas power plants.

Against this backdrop, the MAN Group performed well in 2017: the Company was able to maintain and consolidate its leading position in all its markets. Its high level of innovation and the quality of its products and services, as well as its customer focus proved a distinct advantage. MAN employees worked together in a strong team to initiate many changes and launch new projects, and to systematically implement the programs for the future.

The MAN Group increased its order intake by 12% to €16.1 billion in 2017. Group sales revenue in the year under review came in at €14.3 billion, representing solid growth of 6%.

MAN significantly lifted the Group's operating profit to €566 million in 2017 – an increase of €362 million. As a result, the MAN Group's operating return on sales rose sharply from 1.5% to 3.9%.

Joachim Drees, Chief Executive Officer of MAN SE, says: "We made considerable further progress in terms of profitability in 2017. Developments at MAN Truck & Bus were again positive – earnings were primarily driven by our PACE2017 program for the future, which was completed successfully, and the consistent implementation of our FUTURE LION strategy. In addition, the development of the commercial vehicles market provided significant momentum."

2018 will see the MAN Group focus on the following areas: the Company will continue to concentrate on measures to optimize processes and cost structures. With a focus on continuous improvement and operational excellence, the MAN Group is creating the conditions for generating profitable growth in the future, too. In order to achieve this goal, MAN Diesel & Turbo, for example, is driving its Base Camp 3000+ program for the future forward in line with its roadmap.

At the same time, MAN is facing up to the major challenges coming its way as a result of future issues such as digitization, automation, and electrification. Tomorrow's mobility will be radically different to the mobility of today. Modern powertrain technologies are key triggers for this change – and innovative commercial vehicles are paving the way for autonomous driving.



There is therefore a need for new ideas and sustainable concepts in both business areas. MAN will leverage the opportunities resulting from this change. It is working closely together with its customers as part of this endeavor.

The key to MAN's successful future in this dynamic environment is "tempo." This means being fast and flexible. And: setting the trends in each market environment independently and encouraging new developments through technical innovations and intelligent approaches that meet future customer requirements.

MAN is striving to make transportation and energy generation more efficient, more environmentally friendly, and safer. This is why it is driving innovation forward and investing in its future. MAN Truck & Bus, for example, is investing around €2.4 billion to strengthen its sites over five years up to 2020 with the aim of ensuring a high level of plant efficiency and product quality in the long term.

The RIO digital brand initiated by MAN is another example of its strong innovative capability: an open, cloud-based platform for the entire transportation industry that now operates as an independent brand of Volkswagen Truck & Bus. RIO went live with an initial services offering at the end of 2017 and will help drive the company further forward in 2018.

MAN Truck & Bus, MAN Latin America, and Scania are working closely together within the Volkswagen Truck & Bus Group. In line with the lead engineering concept, cross-brand teams are working on drivetrain development projects. In the process, common platforms for engines, transmissions, axles, and exhaust aftertreatment systems are being created that can be adapted by the individual brands. The development cooperation initiative also includes the technological fields of electrification and autonomous driving. Efficiency, zero emissions, and sustainability play a significant role here.

The MAN Group anticipates slight growth in sales revenue in 2018, to which all divisions are likely to contribute. A moderate increase in unit sales is assumed in the Commercial Vehicles business area, whereas order intake in the Power Engineering business area is expected to remain level year-on-year. The MAN Group's operating profit will be roughly on a level with the previous year, while the operating return on sales is set to decrease slightly.