



**Speech by Joachim Drees,  
Chief Executive Officer of MAN SE,  
at the Annual General Meeting on May 24, 2017**

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**— CHECK AGAINST DELIVERY —**

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Dear Shareholders, Dear Guests, Ladies and Gentlemen,

On behalf of the Executive Board, it is my pleasure to welcome you to the Annual General Meeting of MAN SE here at the Truck Forum. With the Truck Forum as an event venue, we are right next to our Munich site and our products again this year.

We centered our MAN 2016 Annual Report on the theme “Impact.” After all, the question regarding the ideal impact of our products, our solutions, and our innovations is one that we ask ourselves in everything that we do: What impact do we have? This impact question drives every new development at MAN. It is the yardstick by which we measure our success. We have brought along enough copies of the Annual Report for you today. They are available in the foyer so feel free to take one.

We see the impact of our work on a daily basis at all our sites. Here at the Munich plant, which is our largest site, we produce trucks from the TGS and TGX series. We are currently constructing two new buildings: the new paint facilities and the A60 building for research and development. Take a tour of the plant anytime if you like to enable you to better familiarize yourself with MAN and the Munich site.

Back to the question: What impact do we have? What impact does an MAN product have on the market? Above all: What added value do we bring to our customers? Let me give you an example: Take a truck produced in Munich — an MAN TGX. We present this to our customers here at the Truck Forum. Our customer, say a food shipper, is delighted with a powerful truck that even looks quite good thanks to its striking design and the lion on the grill. But from the moment our customer service officer hands over the key, a chain of impact is set into motion. The truck’s impact



unfolds as soon as it drives off the site. Over the next few years, the TGX will reliably travel hundreds of thousands of kilometers on long-distance roads across Germany and Europe. It needs significantly less fuel than its predecessor, which cuts costs. The truck will transport thousands of foodstuff pallets from container ships in urban centers. For the driver, it is a comfortable workplace equipped with innovative safety systems. Performance, reliability, efficiency, cost savings, and the satisfaction of our customers — those are examples of our impact within this ecosystem in the transportation and logistics chain. To which you also belong, ladies and gentlemen. After all, this TGX is ultimately responsible for ensuring that your favorite coffee is on the shelf when you go shopping next week. As you can see, customers and consumers are both part of the impact chain. Even if you did not originally buy a truck from us.

What makes it all the more exciting, is that the chain of impact also works in reverse — from you to us. If your needs change and as a result your buying patterns too, then this impacts our products. Let's assume that you no longer buy your coffee in the supermarket, but instead have it conveniently delivered to you. In this eCommerce era, foodstuffs, clothing, software, and even books are increasingly ordered on the Internet and then delivered to your home — often within 24 hours. This development impacts logistic chains in inner-city delivery operations — and for us as a manufacturer since vans are used to deliver packages. Identifying trends like this as early as possible and developing new business models is a requirement for our success. That is why we launched the MAN TGE this year — a product that serves this new segment. As you can see, the transportation and logistics ecosystem is dynamic and influenced by many trends — especially the digital transformation. This applies to all ecosystems in which we operate with our Commercial Vehicles and Power Engineering fields.

We see the transformation as an opportunity and actively shape the respective ecosystem with our products. For this reason, we always ask ourselves: What will the ecosystem look like next year, and in 5, 10, or 20 years? What needs do products developed today have to cover so that they are successful tomorrow? How can we cover growing demand for efficient, flexible technologies for energy production? Which intelligent transportation solutions enable us to take an integrated approach toward optimizing logistics? How do we advance issues for the future within the company such as electrification, digitalization, and autonomous driving? But also: How do we prepare the ground for future growth today with programs for the future? In the course of my speech, I will answer these questions.



As a manufacturer, we also like to let our products speak for themselves. That is why I am pleased to be able to show you a selection today — like the MAN TGE I just mentioned. You already saw the buses in front of the Truck Forum when you arrived: the MAN Lion's Intercity, the premium NEOPLAN Skyliner coach, and the youngest member of the NEOPLAN family, the Tourliner. There are other exhibition pieces here in the building, like the Constellation Truck offered by MAN Latin America. Our innovations have a signal impact like the MAN eTruck for electromobility that you see standing here in the building. We have also set up an information area for you with details of our digital brand RIO. However, we have only covered a fraction of the MAN Group's portfolio with this. Many of the products offered by MAN Diesel & Turbo and Renk are simply too big to exhibit them here. But I have photos. This image of two ship propellers shows you just how big they are — a single propeller has a diameter of 4 meters alone.

I would like to take this opportunity to welcome Dr. Lauber here on the stage today. In addition to his role as CEO of MAN Diesel & Turbo SE, he is now also a member of the MAN SE Executive Board having joined us in March. Dr. Lauber, welcome aboard.

Ladies and Gentlemen,

Let us now look back on fiscal 2016. Despite difficult market conditions, we were able to maintain leading market positions in all areas, which is very encouraging. Our high level of innovation, our quality aspirations, and the closeness to our customers have proven definitive advantages.

The Commercial Vehicles business area generated significant growth in the European commercial vehicles market. In a number of individual countries such as Italy and Poland, demand for powerful commercial vehicles was particularly pleasing. By contrast, the ongoing recession in Brazil led to a considerable market decline as against the already weak prior year.

In the Power Engineering business area, the situation in the marine and turbomachinery markets deteriorated further. Notable exceptions were again cruise ships and the special segment for government vessels. Overcapacity and low transport rates depressed demand in the merchant ship segment. The marine-offshore segment and new turbomachinery were also affected by the low oil price leading to a reluctance to invest. Demand for energy solutions in developing countries and emerging economies continued to grow over the course of the year.

The MAN Group's order intake amounted to €14.4 billion in fiscal 2016, on a level with the previous year. In the Commercial Vehicles business area,



we recorded orders of €11.1 billion. In the Power Engineering business area, this figure was €3.3 billion.

2016 saw us generate sales revenue in the MAN Group of €13.6 billion. In the Commercial Vehicles business area, we generated €10 billion. At €9.2 billion, the sales revenue of MAN Truck & Bus grew 3%. MAN Latin America generated €861 million; down 18%. Sales revenue in the Power Engineering business area fell 5% to €3.6 billion. MAN Diesel & Turbo posted sales revenue of €3.1 billion, while Renk generated €496 million.

MAN Truck & Bus's unit sales increased in 2016, climbing 5%. The figure for MAN Latin America decreased by 17% due to market-related factors. Overall, unit sales in the Commercial Vehicles business area remained almost unchanged thanks to positive developments at MAN Truck & Bus.

In fiscal 2016, we in the MAN Group — taking restructuring measures at MAN Latin America and MAN Diesel & Turbo into account — generated an operating profit of €204 million. Excluding these special items, we lifted operating profit to €417 million.

Operating profit in the Commercial Vehicles business area rose to €209 million in 2016. The significant improvement in MAN Truck & Bus's operating profit to €416 million had a positive impact. Along with increased volumes and higher margins, the PACE2017 program for the future had a clear effect on results. MAN Latin America recorded a loss of €190 million, impacted by special items comprising restructuring expenses of €58 million.

MAN Diesel & Turbo generated an operating loss of €29 million, negatively impacted above all by restructuring expenses of €155 million. Excluding these special items, an operating profit of €126 million was recorded. Renk posted an operating profit of €67 million.

The MAN Group's operating return on sales increased to 1.5% (2016), taking special items into account. Excluding special items, it amounted to 3.1%.

Dear Shareholders,

I would like to remind you again that MAN SE no longer distributes a dividend. Instead, free float shareholders will again receive the guaranteed dividend of €3.07 per common and preferred share in 2016 laid down in the domination and profit and loss transfer agreement with Volkswagen Truck & Bus GmbH for the previous fiscal year as a whole.



MAN's share price climbed in 2016 by 2% to €94.33, standing at €97.59 yesterday when the stock exchange closed. In connection with the guaranteed dividend, measured by the low risk and the low interest rates, the MAN share price is an attractive investment.

Ladies and Gentlemen,

Let us now look at the Commercial Vehicles business area and the MAN Truck & Bus subgroup.

The IAA 2016 — a key commercial vehicle trade fair for us as a manufacturer — hosted a large number of our world premieres, which included the MAN TGX PerformanceLine Edition, the NEOPLAN Tourliner, the MAN TGE van, and our digital brand RIO. Three of these four trade fair highlights are already being used by customers — RIO will debut soon.

Just recently in April, we delivered the first MAN TGX PerformanceLine Edition truck with a horsepower of 640 to a customer. The IAA also saw us exhibit it and other trucks from the TGL, TGM, TGS, and TGX series at our stand. All trucks are equipped with MAN's new engine generation. The D26 and D38 engines offer better torque and more power while consumption remains the same. As a result, the engines fulfilled the stricter Euro 6c emission standard requirements ahead of time.

Cost-effectiveness by saving fuel — this impact sets our product portfolio apart. And our engineers are constantly working on improving the level of impact. Cost-effectiveness is also quite clearly at the forefront in the third generation of our TGX EfficientLine. In 2016, we sent the TGX EfficientLine 3 on a test drive with its predecessor to compare them. Both trucks covered a total of 4,000 kilometers. In the end, the successor clearly outstripped its predecessor. TÜV Süd attested to the additional fuel saving of 6.35% yielded by the TGX EfficientLine 3 — a top achievement for our engineers.

The field of electromobility also provided a highlight — the unveiling of two concept vehicles at the IAA: the first MAN eTruck — which you can see here — and the eBus. They are the future of mobility since the market is changing and the demand for emission-free drive solutions is climbing — but I am not telling you anything new. That is why it is all the more important for the company's success to develop long-term strategies in the field of electromobility.

The eTruck presented at the IAA is an MAN TGS semitrailer tractor on "quiet tires." The eTruck has three major advantages. It is ideal for heavy



delivery operations in the city — such as delivery to supermarkets. It is also emissions-free locally as well as quiet. Our customers will now profit from a sustainable and eco-friendly product. This is a clear competitive advantage later, particularly in inner-city nighttime delivery operations.

Ladies and Gentlemen, the eTruck is not yet available. But we are working hard to change this soon. We are first testing the truck extensively in practice and have partnered up with the Austrian Council for Sustainable Logistics (CNL) to do this. Starting at the end of this year, nine Austrian companies will be driving an eTruck. This makes us one of the first big manufacturers to test its eTrucks in real customer use. We are very proud of this. A small set of around 250 vehicles will be launched at the end of 2018 and series production is set to start in 2021. We have the eTruck on display for you here today in the Truck Forum. Seize the opportunity to ask them any questions you might have about electromobility.

The counterpart to the eTruck is the eBus, which you can see here in the image. Through it, we show you just how charging and storage technology can be integrated to also enable buses to be on the road emission-free locally and quietly — ideal for public transportation. You will already start to see MAN's 100% electrically-driven city buses on the road in 2018. Following our eMobility roadmap, MAN is set to start series production of a battery-driven city bus before 2020.

Ladies and Gentlemen,

As mentioned at the start, there are two more important issues for the future alongside electrification to which we have to pay close attention: digitalization and self-driving. Our objective is to better link all parties involved in the transportation and logistics ecosystem. In fiscal 2016, we initiated the RIO digital brand and presented it at the IAA for the first time. At the same time, RIO is an independent brand under the umbrella of the Volkswagen Truck & Bus Group.

RIO is a new, completely different product for the logistics industry. RIO is cloud-based, manufacturer-independent, and open to all. It provides a clear competitive edge. Shippers with trucks from different brands in their fleets are one example in its target group. RIO works like a type of translation system in the big data universe. It processes various sources of data, such as transportation, navigation, or traffic data, pools them, and transforms the information into specific recommendations for action. As a result, the system links all players in the logistics chain — from materials requirement planner, and driver to recipient. Linking provides for more transparency and



improved monitoring possibilities. We firstly present information from several systems in a single interface. And the user decides himself/herself what data he/she would like to see. To date, RIO has received more than 300 requests from possible partner companies. We will launch RIO commercially before the year is out.

Ladies and Gentlemen, you will remember that I made a clear reference to impact at the beginning of my speech. For our customers, RIO's impact includes better capacity utilization, higher productivity, and as a result also more profit!

We have also launched Loadfox already, a start-up established by MAN Truck & Bus. Loadfox works like an online carpool for freight. An algorithm takes into account factors like transportation data in real time, shifts, profitability, or cargo volume into account. Empty freight room is allocated per mouse click. This increases capacity and minimizes empty runs.

To respond to the question of what the future of transportation looks like, we provided further answers in the field of platooning in 2016. With platooning, at least two trucks drive in a convoy behind one another — as is evident in the DB Schenker image. In addition to technical driver assistance and steering systems, car-to-car communication is also used; both vehicles “communicate” with one another. For instance, the leading vehicle sets the speed and the direction for the one behind which automatically follows. Platooning is first and foremost a gain for transportation security. It essentially means that trucks cannot drive into one another. Furthermore, driving in the slipstream can generate fuel savings of up to 10%. We see great future potential in driving in truck convoys. According to a recent study by consultancy firm McKinsey, every third commercial vehicle sold will be fully self-drivable in Europe in 2025 in specific driving situations — for example on the highway. The regulatory framework that had been missing for platooning to date is now in the coordination phase. For this reason, we are taking further action in this field. Our latest development here is the signing in May of a cooperation agreement between MAN Truck & Bus and DB Schenker. 2018 will see a truck platoon on the road in the digital test field on the A9 between DB Schenker's Munich and Nuremberg branches. The impact of platooning? First and foremost, it increases safety. It also relieves the driver and the environment also benefits.



Ladies and Gentlemen,

I would like to also present another two highlights in our Bus business.

One of these was the premiere of the new NEOPLAN Tourliner — here on the photo — at the IAA 2016. The Tourliner is the new entry model in the premium coach segment. It combines a sophisticated design with efficiency. The aerodynamics have been improved by more than 20% compared with its predecessor model. It can save up to 10% fuel through its aerodynamic design and optimized powertrain. The NEOPLAN Tourliner is driven by a D26 engine from MAN's new Euro 6c engine generation. Although the Tourliner is the most recent addition to the NEOPLAN product family, it already won the iF Design Award 2017 at the start of the year.

The NEOPLAN Skyliner was also commended. The NEOPLAN flagship won the International Bus Competition last year and took the IBC Award home. It was also awarded the "International busplaner Sustainability Prize 2017." It swung the judges with its sensational per capita fuel consumption — thanks to its high passenger capacity, optimized powertrain, and its excellent aerodynamics.

It is with vigor that we also tackled optimization of our structures in the Bus business. We set up the Bus Task Force three years ago. Its aim was to make our Bus business which had come under financial pressure fit for the future. We succeeded this in record time and have turned it around. The Task Force has just recently moved over to regular operation. It successfully implemented tasks such as optimization of the bus production network. The Bus figures in the fiercely competitive logistics sector were extremely pleasing. In 2016, for example, we again received a number of major orders: examples include 100 NEOPLAN Skyliner double deckers for public service in Rome, 143 MAN Lion's City CNG Buses for transportation companies in Georgia, and 400 bus chassis for a customer in Tunisia. Order intake in the first few months of 2017 was also very promising. We will also be presenting new products this year — that much is already clear.

Ladies and Gentlemen,

At the IAA 2016, the curtain fell to unveil the eagerly awaited MAN TGE van that I mentioned at the start. You can see the first delivered MAN TGE on the picture when it rolled off the line in April 2017 at our Polish site in Wrzesnia. The TGE is primarily aimed at customers in distribution operations and the building trade. Whether it is a parcel service, a construction vehicle, or a workshop on wheels — the TGE features a load volume of up to 18.4 cubic meters as a delivery van, for example. The van



weighing up to 5.5 tons runs on an efficient diesel engine at four power levels. With the TGE, we have broken into the van segment. Why are we sure that the TGE will be a success? Because it is a means of transport on the so-called “last mile.” This describes the last step between the warehouse and the customer. We are seeing more and more that this “last mile” is no longer being made by you as the customer yourself. Instead, you order online and the parcel is simply brought to your front door as a comfortable service. Your needs as customers are changing and with it the transportation and logistics ecosystem that I mentioned at the outset. A growing market. We are planning to sell around 20,000 vehicles a year in the future and to make the TGE a sales hit.

Ladies and Gentlemen,

Let us now turn to our MAN Latin America subgroup. I want to seize this opportunity to show you a real sales hit — the VW Delivery, which you see a photo of here. Just under 100,000 units from the Delivery series have now been sold. In 2016, the 8-ton model of the truck, the VW Delivery 8.160, was the best-selling truck in Brazil.

There is also another figure that is equally impressive: Today, MAN Latin America accounts for the largest share of vehicles in the “Caminho da Escola” program having provided over 16,000 Volksbuses. The Brazilian government set up the education initiative back in 2007. It aims to make the journey to school safer for children and youths. The school buses play a key role in this. Their reinforced suspension and reduced overhang at the front and rear are just two examples — they mean that potholes and other obstacles are no longer safety risks. To get back to the theme of our Annual Report: we are proud of this impact.

Major orders like the “Caminho da Escola” program need nonstandard solutions. Instead, they require customized offerings that specifically meet the needs of customers. This is an approach that we have had much success with on our markets. MAN Latin America can now look back on 35 years over which it has sold more than 800,000 vehicles and 100,000 MAN D08 engines. Three of the five best-selling truck models in Brazil were from MAN Latin America in 2016.

Ladies and Gentlemen,

Let us now look at our Power Engineering business area and the MAN Diesel & Turbo subgroup. We were able to successfully generate a large number of innovative concepts and solutions.



The significance of local energy production systems is increasing. At the Power-Gen Europe trade fair, MAN presented a fitting solution for this with its modular concept for gas engine power plants with cogeneration. In doing so, we are responding to the growing demand for efficient and flexible technologies for energy production. This kind of power plant can yield total efficiency of up to 95%. This is an impact that wins our customers over as demonstrated by the EnBW Energie Baden-Württemberg AG contract that we won to build a cogeneration plant — the photo shows you one of the three MAN gas engines. The plant will be constructed at its Stuttgart-Gaisburg site and is set to go into operation in 2018. The power plant replaces the primarily coal-driven power station. Up to 60,000 tons of CO<sub>2</sub> will be saved per year.

Significant CO<sub>2</sub> savings can also be generated by the technology used in the new Volkswagen power plant in Shanghai. While we are sitting here in the Truck Forum, four MGT 6200 turbines thousands of kilometers away are supplying the VW power plant that you can see here with electrical energy and process steam. The impact: this saves around 59,000 tons of CO<sub>2</sub> per year. The power plant covers 25% of the site's energy required for automotive production.

However, energy needs cannot be covered all over the world because the capacity simply is not available locally. Turkish energy company Karpowership's power plant vessels are one solution. The powerships drop anchor offshore to alleviate electricity shortages. We are delivering a total of 12 engines to Karpowership. A framework agreement has been signed for an additional 48. Some engines will already be supplied as dual-fuel engines that can run on both liquid fuel and gas. Natural gas is increasingly becoming more important as a fuel.

The end of 2015 already saw us raise our profile in the dual-fuel segment with the acquisition of Cryo AB and continue to develop our expertise under the MAN Cryo brand, with the result that our ability to supply entire engine and gas supply systems now make us a one-stop shop for our customers. Furthermore, MAN PrimeServ also offers upgrading to dual-fuel technology among other things by carrying out retrofits. The offering is aimed at customers who wish to retrofit ships that they operate. In a retrofit, older engines are equipped with state-of-the-art technologies. Efficiency-boosting retrofits like propeller upgrades are also possible. Ships with a D emission rating can rise to A and save up to 20% fuel. A top achievement.



In 2016, we continued MAN Diesel & Turbo's sponsoring of Mercy Ships. Mercy Ships is a global aid organization that operates the Africa Mercy hospital vessel. The doctors and the care personal on board provide people in the region with care where medical treatment on site would otherwise not be possible. Our sponsoring provides for supply of spare parts free of charge on an annual basis for the four engines of the Africa Mercy worth up to €250,000.

Ladies and Gentlemen,

Moving on to our Renk subsidiary in our Power Engineering business area and to three selected projects.

In 2016, Renk delivered the last of a total of four test rigs to Knorr-Bremse AG for its new TCK3 development center. Here you can see the ATLAS test rig, which is 15 meters high and weighs 760 tons, at Knorr-Bremse in Munich. It is used for railway applications. It tests bogie wheels or complete bogies for journeys of up to 350 kilometers per hour.

Renk also executed another major order in the wind energy field for customer SKF. The two test systems delivered constitute the heart of what is currently the most powerful large-capacity test center worldwide. In the end, the larger of the two test rigs will have a net weight of some 700 tons. The SKF test center will begin operating in the middle of 2017. The gigantic dimensions require completely new, specially adapted assembly processes.

In the aviation industry, Renk executed an order for customer Rolls Royce. The test system delivered — with a 100 megawatt system capacity for the development of a new generation of more efficient aircraft engines — has already been put into service.

These three examples conclude my insight into the product highlights of the subgroups.

Ladies and Gentlemen,

MAN is a strong pillar in the Volkswagen Truck & Bus Group, under the roof of which the three commercial vehicle brands work together: MAN Truck & Bus, MAN Latin America — the sales of which are primarily under Volkswagen Caminhões e Ônibus — and Scania. Under this brand roof, we pursue a platform strategy and further bundled our strengths in 2016.

The Lead Engineering concept lays down clear principles for MAN and Scania for the joint development activities within the Group. Engineers of



both brands work together to develop core powertrain components. This has given rise to common platforms for engines, transmissions, axles, and exhaust after-treatment systems in which one brand each takes the lead. MAN, for instance, will be producing the non-driven axles for MAN and Scania at our Salzgitter site starting from 2018 onward. We are investing €30 million for this. 200 new jobs will be created.

Within Volkswagen Truck & Bus, we are working together toward the objective of becoming a Global Champion in the commercial vehicle industry. The strategic alliance with Navistar is another milestone on this journey. In 2017, Volkswagen Truck & Bus acquired a stake of 16.6% in the US commercial vehicle manufacturer to this end, which enables Volkswagen Truck & Bus to now participate in the North American profit pool.

Ladies and Gentlemen,

“Growth,” is a good keyword and the transition to strategies and future programs within the MAN Group.

In the MAN Truck & Bus subgroup, our FUTURE LION strategy expresses our aspiration to take MAN back to the top of the commercial vehicle industry. The strategy is made up of three phases.

In Phase 1, we will increase our ability to compete in the long term through PACE2017 — we have already identified over 1,000 initiatives worldwide and are systematically working to implement them. One focus is on realigning the production sites and streamlining in all administration areas. Furthermore, product costs are being cut and sales performance boosted. This will make us more efficient and flexible and enable sustainable growth.

Our newly aligned production network recently won an award as part of the “Factory of 2016” event. It is an award that represents the entire PACE2017 program. The business figures also reflect this positive development. In the year under review, the PACE2017 program for the future already had a clear effect on results. This prepares the ground for future growth and major investments in our FUTURE LION strategy.

In the second “market and product focus” phase, it is about generating growth by concentrating on attractive business, which is why we are specifically investing in developing new technologies like eMobility and platooning. For this purpose, we have defined selected key markets in which we will primarily grow. Our aim is to achieve a return on sales at MAN Truck & Bus of 8% in 2021 and vehicle sales of 125,000.



We are already working in parallel on phase 3 “expanded business model” and systematically focusing on the digitalization megatrend. The business model is based on three pillars: the first pillar is RIO as a cloud-based platform for the transportation and logistics industry. The second pillar is made up of the MAN-branded digital services that we will offer via the RIO platform. With the third pillar, we will be concentrating on digital transformation along the entire value chain. We have established a new function for this, tasked with prioritizing and centrally managing projects.

Let us now look at our MAN Latin America subgroup. In just a few years, the Brazilian commercial vehicle market has contracted 70%. In 2016, we had to adapt to a market environment that deteriorated further. To this end, we continued various restructuring measures. In order to boost efficiency, we took action in Production, Administration, and Sales. In addition to this, 2016 saw MAN Latin America primarily invest in the development of new products. We expect demand on the Brazilian market to pick up again during the current year. This is due to the signs of recovery that the economy is showing which means that slightly positive growth can be expected for the year as a whole. We have created the corresponding structures to leverage potential — and we are investing in the future. It was only last December that MAN Latin America announced the largest investment package ever in the company’s history: €420 million over the next five years.

Leveraging growth potential and boosting efficiency are the key aims of the Base Camp 3000+ program for the future initiated in fall 2016 by MAN Diesel & Turbo. The aim is to boost the ability to compete in the long term. Internal processes are being optimized within the scope of Base Camp 3000+ and the cost structure improved substantially. MAN Diesel & Turbo is also developing its strategy further in order to meet the requirements of markets that are focusing more and more on digitalization and climate neutrality.

Quantitatively speaking, the program for the future aims to improve MAN Diesel & Turbo’s earnings by the end of 2018. In addition to efficiency measures and optimization in development, sales, quality, and product costs, structural adjustments are also on the agenda. This will involve job cuts within and outside Germany which we will implement in a socially compatible manner and without compulsory redundancies. In March 2017, the Executive Board and the Works Council of MAN Diesel & Turbo SE agreed on a package of measures for the German sites in Augsburg, Berlin, Hamburg, and Oberhausen.



In fiscal 2016, Renk invested a total of €25 million in property, plant and equipment and intangible assets. Following the high level of investments in recent years, the volume shrunk in 2016 as expected. In Renk's long-term investment policy, the Augsburg site was at the center of its activities. The complex test facilities for large-scale and/or turbo gears in the Special Gear Units business are produced at the site. For vehicle transmissions, Renk continued to renew its production facilities and modernized its test rigs for transmissions.

Renk invested own funds of €11 million to develop new and existing products. In doing so, Renk is continuing its long-term strategy of tailoring its development activities to the needs of customers.

Ladies and Gentlemen,

As a company, MAN actively assumes its responsibility as a corporation in line with its corporate responsibility strategy. Here you can see the fields of action in MAN's CR Strategy 2020+. The four cornerstones are Integration, People, Production, and Products. Let me cite two examples that represent the many initiatives taken in 2016.

As part of the Munich Industry Climate Pact, MAN is working together with 14 Munich businesses. We signed an agreement in 2016. The joint aim is to reduce carbon dioxide emissions in Munich by the end of 2017 by at least 40,000 tons.

MAN's largest contribution to this is the construction of a CHP plant at the Munich site. It was put into service in 2016, marking a milestone in the MAN Climate Strategy and the "Green Production" initiative. MAN has set itself the target of reducing its own CO<sub>2</sub> emissions at the individual sites until 2020 by 25 percent compared with 2008. The CHP plant covers up to 20% of our electricity needs at the Munich site. Using the heat enables some 40% of the CO<sub>2</sub> emission reduction target to be achieved.

The cooperation that we continued in 2016 with SOS Children's Villages is another project that is dear to our heart. Initiatives to aid refugees also constitute a clear focus. MAN has helped various education projects with donations in the region of €150,000.

I would like to highlight the dedication of our employees here. What started out in 2015 as a joint appeal for donations by the Executive Board and the Group Works Council to our employees was actively continued in various projects. One example of this is the contribution we have made together with the communes and aid organizations to the integration of refugees at



our sites. This includes the sponsorships of MAN trainees with unaccompanied under-age refugees, joint free-time activities, or money and clothing donation drives. We also implemented local integration and qualification projects such as entry qualification measures. In fiscal year 2016, 39 refugees were integrated into the MAN Group through entry qualification programs, vocational training, internships, or employment contracts.

This year, we will be expanding the program. At MAN Truck & Bus and at MAN Diesel & Turbo, we are offering internships for a total of 50 refugees. We are starting this on June 19. Following participation, the refugees have a good chance of being taken on by MAN if there is a need and they are suitably qualified.

Ladies and Gentlemen,

As an employer, MAN is committed to diversity and promotes equal opportunities for men and women. Since the percentage of females on technical degree courses and in technical professions in Germany is still very low, we support female specialists and managers with special HR development and training measures like our mentoring program. We also work hard to support the balance between work and family life. This includes flexible working time models and the childcare for crèche-age and small children in our company kindergarten.

Ladies and Gentlemen,

What does the workplace of the future look like? As an employer, this is something that we think about and we are trying new approaches out. After all, the ongoing digitalization is changing the working world for the long haul. At our Munich site, MAN Truck & Bus recently opened an innovative office environment under the motto “the future of work at MAN.” The MAN Future Lab, as it is known — and as you can see here — is inspired by the start-up scene since we are of the opinion that innovative thinking and networked working require an environment in which they can flourish. The Future Lab is an experimental space with an innovative floor plan and the latest IT equipment. It is receiving scientific support from the Fraunhofer Institute. Teams from all over the company will test this working environment for a month each. My Executive Board colleagues and I led the way, moving into the Lab ourselves for a week. It was an exciting and inspiring experience. The Future Lab will set the trend since the insight gained will be used later throughout the company and will influence the working world of the future at MAN.



Ladies and Gentlemen,

Let us now turn our attention to the outlook for 2017. We are assuming in our planning that world economic growth in 2017 will be up slightly on the previous year.

For 2017, we are expecting to see a visible increase in unit sales and sales revenue in the Commercial Vehicles business area. Both MAN Truck & Bus and MAN Latin America are to play a part in this. In the Power Engineering business area, we expect order intake to remain on a level with the previous year. Following the low order intake in previous years, sales revenue will be down significantly on 2016.

We expect the MAN Group's sales revenue for 2017 to be slightly higher than the previous year. Operating profit and operating return on sales will be significantly above the previous year — and will also noticeably exceed the 2016 figures before special items.

Dear Shareholders, dear guests,

MAN is and remains a strong global brand with excellent products. Even as a brand family within the Volkswagen Group we continue to grow together.

To conclude, I would like to thank our workforce of just under 54,000 employees worldwide in 14 countries for their hard work, their dedication, and their motivation. Thank you — you genuinely do a magnificent job for our company. What makes a difference for us as a team is our drive, our flexibility, and our forward-looking approach.

I am convinced that we, strong team that we are, will continue to successfully flourish in the future too with our excellent products and our open, appreciative culture.

I would like to thank you most sincerely for your confidence and your attention!