Press Release
MAN AG

The MAN Group in Q1/2008
Solid start in anniversary year

Munich, April 25, 2008

- **Q1/2008 operating profit: up 43 percent from €318 million a year ago to €455 million**
- **Q1 sales increase of 16 percent to €3.8 billion**
- **ROS progressing to 11.9 percent (up from 9.6)**
- **Restructuring of Buses division continued**
- **Order intake again growing from a high base by 8 percent to €5.2 billion**
- **Prospects: For all of 2008 we expect order intake to stay strong, sales up by a good 10 percent, and an ROS matching Q1 (11.9 percent)**

MAN AG
Landsberger Str. 110
80339 München
(Munich, Germany)

Corporate Communications
Wieland Schmitz

Public Relations
Andreas Lampersbach

Phone: (+49-89) 36098-111
presse@man.eu
www.man.eu

The MAN Group set out in its anniversary year 2008 with appreciable gains in order intake, sales, and earnings. Q1/2008 order intake again topped the year-earlier record by 8 percent to reach €5.2 billion. Sales rose even more sharply by 16 percent to €3.8 billion while the operating profit leaped 43 percent to €455 million. As a consequence, ROS improved in the first quarter by 2.3 percentage points from 9.6 to 11.9 percent. "The figures show that we have launched into the year very dynamically. Demand for our products is still very high and we have again boosted vigorously our operating profit compared with Q1/2007," commented CEO Håkan Samuelsson in his address at today's AGM of MAN AG in Munich.

Prospects bright

Prompted by the very good Q1 performance, Håkan Samuelsson looked to brighter prospects for 2008 at the AGM, expecting an order intake at a high level. “In conjunction with the record order backlog, which once more swelled in the first quarter, we will again be working at the limits of our capacity and achieve sales growth of a good 10 percent, especially within regions outside of Western Europe. There will be a repeated advance in operating profit and our returns will match the high level of the first quarter," added Samuelsson. According to him, the anniversary year 2008 hence had all it takes to become the best-ever period in MAN's 250-year history.

Samuelsson described 2007 as "the best-ever year in the long history of the MAN Group, a period of strong growth and full utilization of our production capacities. Over the past five years we have achieved a compound annual average growth rate of 11 percent. Our overriding goal is still to achieve a balance between growth and profitability and secure a sustainable value enhancement for the Group."

With the attained high level of profitability and cost flexibility combined with the Group's focused structure, Samuelsson sees the average return benchmarks as erosion-protected lower limits.

Much improved Q1 profitability throughout the business areas

All the manufacturing areas reported much improved earnings during the first three months. Commercial Vehicles lifted its operating profit thanks to high capacity utilization and ongoing cost-cutting programs from €201 million to €280 million, its ROS jumping from 9 to 11 percent. Trucks reported an ROS of 12.3 percent (up from 9.9) including as much as 13.5 percent by the heavy trucks. Buses earned a slight profit of €2 million. The Buses division continued reorganization efforts including its complete integration with Trucks and the restructuring of tourist coach production at Neoplan. Thanks to higher prices and very high production volumes Diesel Engines appreciably raised its operating profit to €84 million (up from €57 million) to achieve the highest ROS among the business areas, up 2.3 percentage points to 14.8 percent. Very high capacity utilization, too, propelled operating profit at Turbo Machinery by 56 percent to €28 million (up from €18 million), this area's ROS surging from 8.2 to 11 percent. The operating profit at Industrial Services matched the year-earlier level and amounted to €32 million, its ROS was unchanged at a high 9.1 percent.

Order intake: buoyant demand for marine diesels

Q1 order intake climbed 8 percent to €5.2 billion, with demand for large marine diesels continuing undiminished. With orders up 44 percent to €904 million, the very high Q1/2007 intake was significantly topped. New business at Commercial Vehicles stayed at the €3.5 billion acme of Q1/2007. Turbo Machinery showed another gain and won new contracts worth €368 million (up 4 percent). Order influx at Industrial Services jumped 23 percent to €293 million.

Whereas orders from abroad mounted 17 percent to €4.0 billion, demand in Germany slipped 15 percent to €1.2 billion. Commercial Vehicles likewise expanded internationally, with orders from abroad rising 8 percent to €2.6 billion.

Sales growth especially abroad

Q1 sales advanced 16 percent to €3.8 billion, chiefly driven by strong international commercial vehicle and diesel engine business. The MAN Group's international sales jumped 20 percent to €2.9 billion; domestically, they mounted 5 percent to €895 million. Order backlog soared to a new record of €15.9 billion, up 8 percent from the 2008 opening volume of €14.8 billion.

Higher headcount

At March 31, 2008, the MAN Group had a workforce of 56,196 (including temporary employees). Versus the 55,086 at December 31, 2007, this is a rise of 1,110. The main reasons: higher workloads at all the manufacturing areas.

Inside Germany, the MAN Group employed 32,219 persons at March 31, 2008 (up from 31,611 at Dec. 31, 2007). Abroad, the workforce totaled 23,977 (up from 23,475 at Dec. 31, 2007). Hence 43 percent of the workforce is employed outside Germany.

CO_2 reduction initiative

At the AGM, CEO Håkan Samuelsson announced an initiative by MAN to reduce CO_2 emissions. He cited the following action areas and their savings potentials:

- Engineering developments on trucks: improvements in particular to driveline and aerodynamics for fuel and CO_2 savings over the coming years of around 10 percent.
- Longer truck combinations with a larger load volume for another 20 percent savings.
- Urban buses with competitive hybrid drive scheduled to go into series production in 2010: fuel and CO_2 savings of up to 25 percent.

- Large-bore diesel engines: through the development of electronic control on large-bore diesels, MAN has significantly raised engine speed flexibility to make it easier for ships to travel more slowly without efficiency losses. A slight reduction in sailing speed could sink consumption and emissions by up to 40 percent. Moreover, all MAN engines even now will run on biofuel.
- MAN Turbo is developing and building compressors for CO_2 separation and underground storage in coal-fired power plants with 90 percent savings potential.
- MAN Turbo supplies core components (compressors and reactors) for making second-generation biofuels with potential CO_2 reductions of 90 percent.
- MAN Industrial Services markets solar-thermal power and refrigeration systems, as well as biofuel plants.
- MAN subsidiary RENK develops and builds efficient gear units for wind turbine plants.
- For all MAN plants energy conservation goals are defined.

"We are confident that with the aid of engineering, innovation and, of course, changes in attitude, CO_2 emissions can be reduced. We are willing to do our part," emphasized Samuelsson.

MAN AG

At a glance

MAN Group	2008	2007	Change
€ million	Q1	Q1	**in %**
Order intake	5,185	4,813	+8
Germany	1,205	1,424	–15
Abroad	3,980	3,389	+17
Net sales	3,834	3,302	+16
Germany	895	856	+5
Abroad	2,939	2,446	+20
Order backlog [1]	15,859	14,750	+8
Headcount [1] [2]	56,196	55,086	+2
thereof temporary employees [1]	4,060	4,031	+1
Germany	32,219	31,611	+2
Abroad	23,977	23,475	+2
			in € million
Operating profit	455	318	+137
Earnings before taxes (EBT)	453	305	+148
Earnings after taxes (EAT) / net income	322	228	+94
Earnings per share from continuing operations (€)	2.17	1.49	+0.68
Return on sales (ROS) in %	11.9	9.6	–
Net result of discontinued operations	–	5	–5
Capital expenditures	266	282	–16
Amortization / depreciation / write-down of fixed assets	78	79	–1
R&D expenditures	109	99	+10
Cash earnings	346	262	+84
Cash flow from operating activities	219	201	+18
Cash flow from investing activities	(146)	(252)	+106
Free cash flow	73	(51)	+124
Net financial debt [1]	(366)	(447)	+81
Equity [1]	5,127	5,177	–50

Any differences in this quarterly report are due to rounding.

[1] As of March 31, 2008, compared with December 31, 2007
[2] Including temporary employees

Key data by business area

Order intake by business area			
€ million	**2008 Q1**	**2007 Q1**	**Change in %**
Commercial Vehicles	3,520	3,510	0
Diesel Engines	904	629	+44
Turbo Machinery	368	354	+4
Industrial Services	293	238	+23
Others / consolidation	100	82	+22
MAN Group	**5,185**	**4,813**	**+8**

Net sales by business area			
€ million	**2008 Q1**	**2007 Q1**	**Change in %**
Commercial Vehicles	2,550	2,239	+14
Diesel Engines	570	457	+25
Turbo Machinery	254	218	+16
Industrial Services	353	304	+16
Others / consolidation	106	84	+26
MAN Group	**3,834**	**3,302**	**+16**

Operating profit by business area			
€ million	**2008 Q1**	**2007 Q1**	**Change in %**
Commercial Vehicles	280	201	+39
Diesel Engines	84	57	+47
Turbo Machinery	28	18	+56
Industrial Services	32	32	0
Others / consolidation	31	10	–
Operating profit	**455**	**318**	**+43**
Net interest expense	(2)	(13)	–
EBT	**453**	**305**	**+49**
Taxes	(131)	(82)	–
Net result of discontinued operations	–	5	–
EAT / net income	**322**	**228**	**+41**