Press Release
MAN SE

Deterioration of the profit expectations at MAN Diesel & Turbo SE

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As already made public by press release of 11 April 2013, contractual risks in connection with a large order of MAN Diesel & Turbo SE for the construction of turn-key diesel power plants lead to an additional need for provisions to be established. Based on the final report of the audit firm which has been mandated to analyse such risks, the Executive Board of MAN SE expects that in this respect an additional need for provisions exists for the second quarter of 2013 in the amount of EUR 146 million.

In the current fiscal year, there has also been a significant downturn in the after-sales business of MAN Diesel & Turbo SE, which was not expected to this degree. The Executive Board of MAN SE expects that due to the continuing difficult economic situation in the shipping industry, the European sovereign debt crisis as well as the poor economic situation in particular in the important sales region of the Middle East, the situation in the after-sales business of MAN Diesel & Turbo SE will continue to be tense in the next years and that the original profit expectations will not be fulfilled in the mid-term.

In addition, substantial tax risks have arisen for the assessment periods 2004 through 2006 in the course of an external tax audit with a company which formerly was part of the consolidated tax group.

Cumulatively, these three sets of facts will presumably result in the total 2013 return on sales of MAN Group being significantly below the 2012 figure, whereas revenue will remain at the previous year's level.

The effects resulting from these three value-lowering sets of facts are not fully compensated by the increase in value which results from the change in the interest rate level and the resulting decrease of the base interest rate, which occurred after the execution of the Domination and Profit and Loss Transfer Agreement between MAN SE and Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen Aktiengesellschaft, as of 26 April 2013.

The MAN Group is one of Europe's leading industrial players in transport-related engineering, with revenue of approximately €15.8 billion in 2012. As a supplier of trucks, buses, diesel engines, turbomachinery, and special gear units, MAN employs approximately 54,300 people worldwide. Its business areas hold leading positions in their respective markets.

According to the contracting parties and the mandated valuation experts KPMG and PwC, all of the aforesaid facts result in a cumulative reduction of the enterprise value determined in accordance with the discounted earnings method by approximately EUR 50 million.

While the reduction of the enterprise value is not fully compensated by the increase in value due to the change of the base interest rate, the contracting parties have come to the understanding not to reduce the cash compensation in the amount of EUR 80.89 or the amount of EUR 3.30 gross or currently EUR 3.07 net per common share and preferred share as guaranteed dividend or recurring compensation payment for each full fiscal year agreed in the Domination and Profit and Loss Transfer Agreement.