



MAN expects significantly higher profit for 2014

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MAN Truck & Bus intends to boost profit to over €800 million in the medium term

2013 at a glance:

- **Revenue of €15.7 billion**
at prior-year level
- **Order intake of €16.0 billion**
stable
- **Operating profit of €475 million**
down significantly year-on-year
- **ROS of 3.0%**
well below target range
- **Proposed dividend: €0.14 per share**
- **Total of 140,333 vehicles sold**
- **Outlook:** Management cautiously optimistic about fiscal 2014 for the MAN Group

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The MAN Group closed fiscal 2013 with an operating profit of €475 million, down on the prior-year figure of €969 million. This development is primarily attributable to the Power Engineering business area which saw its operating profit decline to €40 million due to a high provision. By contrast, operating profit in the Commercial Vehicles business area remained stable at €458 million. At €15.7 billion, the MAN Group's revenue was on a level with 2012. Its return on sales of 3.0% was below the target range (6.5% through 10.5%).

2013 was a difficult fiscal year for MAN. The global economy only saw moderate growth again. The European debt crisis and related recession in the euro zone led to a visible customer reluctance to buy, especially in the first half of the year. Together with the ongoing slump in the merchant shipbuilding market, economic uncertainties and financial difficulties experienced by customers had an adverse impact on business activity. In

The MAN Group is one of Europe's leading industrial players in transport-related engineering with revenue of approximately €15.7 billion in 2013. As a supplier of trucks, buses, diesel engines, turbomachinery, and special gear units, MAN employs approximately 53,500 people worldwide. Its business areas hold leading positions in their respective markets.



addition, very high provisions for a power plant project that has not yet been completed negatively impacted profit for the year. However, the economic environment improved over the course of the year. Pull-forward effects from the introduction of the Euro 6 emission standard resulted in an upturn in the European commercial vehicle business.

“Despite large market fluctuations, MAN’s operating profit of around half a billion euros shows that we are strong enough to stay on course even if the waves are high,” says Dr. Georg Pachta-Reyhofen, Chief Executive Officer of MAN SE. “However, we are not satisfied with the business figures in general and will continue to step up existing efforts to boost profit.”

The MAN Group’s order intake remained stable, reaching €16.0 billion in the past fiscal year.

The MAN Group’s earnings before tax amounted to €172 million but after tax, it recorded a net loss of €513 million. This figure was impacted by the loss from discontinued operations of €308 million and income taxes of €377 million.

The loss from discontinued operations mainly comprises provisions for prior-period taxes for a former subsidiary, including interest. The increase of €253 million in income taxes was primarily attributable to provisions for prior-period taxes and valuation allowances on deferred tax assets in respect of tax loss carryforwards.

Free cash flow from the MAN Group’s operating activities and investing activities attributable to operating activities amounted to €–390 million. The Group recorded a positive free cash flow of €348 million in the second half of 2013, after a clearly negative figure in the first half of the year. The MAN Group’s net financial debt narrowed by €2.6 billion to €1.3 billion as of the year-end.

Commercial Vehicles business area

The European commercial vehicle market clearly outperformed the previous year in 2013 due to pull-forward effects from the Euro 6 emission standard. Against this backdrop, MAN Truck & Bus recorded an order intake of €9.3 billion and MAN Latin America lifted its order intake to €3.0 billion. Both MAN Truck & Bus and MAN Latin America boosted their revenue by 3% to €9.1 billion and €3.0 billion respectively.

The Commercial Vehicles business area recorded an operating profit of €458 million in 2013 and was on a level with the previous year at MAN Truck &



Bus as well as MAN Latin America. Overall, MAN delivered 140,333 vehicles to its customers in 2013.

Anders Nielsen, Chief Executive Officer of MAN Truck & Bus AG, announced a significant improvement in the business figures at the MAN Group's annual press conference:

“We have identified measures to boost the operating profit at MAN Truck & Bus to more than €800 million a year in the medium term and we are already well on track.”

The company generated €228 million in fiscal 2013.

Power Engineering business area

Order intake in the Power Engineering business area was only just below the prior-year level (€4.0 billion) at €3.9 billion. The continued difficult situation in the shipping industry, ongoing economic uncertainties, and tougher financing conditions led to delays in awarding contracts. MAN Diesel & Turbo recorded orders worth €3.4 billion in its books while Renk's order intake amounted to €504 million. MAN Diesel & Turbo's revenue declined by 10% year-on-year to €3.4 billion and Renk's revenue was on a level with the previous year at €0.5 billion.

The business area's operating profit declined to €40 million. While Renk recorded an excellent operating profit of €67 million – corresponding to a return on sales of 13.7% – MAN Diesel & Turbo reported an operating loss of €27 million. This was primarily due to provisions for a major project in the power plant business and lower marine engine license revenue.

Dr. René Umlauf, Chief Executive Officer of MAN Diesel & Turbo SE, says:

“There is no question about it: the power plant project in La Réunion was a highly complex one and we very much felt the effects in our profit. However, the plant has been connected to the grid since October 2013 and it is one of the most efficient and cleanest diesel power plants in the world. When MAN starts something, it sees it through. Our customers can count on it.”

Outlook

Talking about the past fiscal year, Dr. Pachta-Reyhofen said:

“We are now looking ahead. I am cautiously optimistic about 2014. As we saw in the second half of 2013, if the economic environment is right, we are still in the best possible position to expand our excellent



market position further with our innovative and reliable products and services.”

MAN expects commercial vehicle sales in 2014 to remain constant. Revenue in the Commercial Vehicles business area will likely be down slightly on the previous year while return on sales is expected to clearly exceed the prior-year figure despite continued strong competition.

In the Power Engineering business area, both order intake and revenue are expected to be on a level with the previous year. Operating profit and return on sales are set to improve significantly and a higher single-digit return on sales is expected.

For the MAN Group as a whole, the Management expects to see revenue slightly below the previous year but a significantly higher operating profit in 2014.