



2014 Annual General Meeting: MAN back in the profit zone

Munich, May 15, 2014

Shareholders receive guaranteed dividend of €3.07 per share

The Annual General Meeting of commercial vehicle and engineering player MAN in Hanover saw Dr. Georg Pachta-Reyhofen, Chief Executive Officer of MAN SE, express his confidence in view of the slight economic recovery in many of the markets relevant for MAN. "Business developments in the first quarter of 2014 confirm our assumption that the MAN Group's full-year sales revenue is likely to be down slightly on the prior-year figure. However, we expect to see a significant increase in operating profit. In line with this, the operating return on sales will significantly exceed the 2013 figure," he told the shareholders gathered. He said that it remained to be seen just what impact the restrictive monetary policy announced by the US Federal Reserve, the ongoing sovereign debt crisis in Europe, and particularly the political instability in Ukraine would have.

Following a difficult fiscal 2013, the first quarter of 2014 put MAN back in the profit zone. "There is many an indication that the dark clouds in the sky will clear a little at least. We are cautiously optimistic about the fiscal year, even if we are somewhat removed from bright sunshine," said Pachta-Reyhofen in his speech. He added that one challenge was the Brazilian commercial vehicles market – which is key for MAN. At MAN Latin America, there was a clear decrease in orders received and unfavorable exchange rate effects also had a significant impact on the figures. By contrast, the economic environment improved. Pachta-Reyhofen went on to say that the market was still dominated by a pull-forward effect from the introduction of the Euro 6 emission standard on January 1, 2014.

Against the backdrop of a difficult fiscal 2013 with a loss after tax of €513 million, the Executive and Supervisory Boards are proposing a dividend of 14 cents per share to the Annual General Meeting. However, free float shareholders will receive the guaranteed dividend of €3.07 per common and preferred share laid down in the domination and profit and loss transfer agreement with Truck & Bus GmbH, Wolfsburg, in any case.

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MAN is in an excellent position. “2013 was a year of highlights and low-lights. However, one thing was very clear: if the economic conditions are right and we can play all our trump cards, we are successful,” said Pachta-Reyhofen. He explained that in addition to committed employees and excellent market positions, this was primarily due to reliable and innovative products.

One central theme in the Chief Executive Officer’s speech was the topic of natural gas. The fuel has accounted for a large number of the activities in the Commercial Vehicles and Power Engineering business areas for some time now. According to Pachta-Reyhofen, gas is the fuel of the future in shipping and also plays a major role in the commercial vehicles business. MAN is the global market leader for natural gas-powered buses but this type of drive could also become an alternative to the diesel engine for trucks in the medium term.

The energy revolution in Germany and the related trend toward decentralized power generation offers MAN great opportunities: “Electricity will have to be generated when and where it is needed. We offer the perfect products for this with our power plant solutions – and specifically with our engines, gas, and steam turbines. They are ideal for the cogeneration facilities of large enterprises, for example.”

Pachta-Reyhofen extolled the benefits of the so-called power-to-gas method as a possible solution to the urgent problem of storing surplus renewable energy. One advantage is that wind or solar power can be converted into synthetic natural gas absolutely carbon-free. “The synthetic natural gas produced in this way can simply be fed into the existing natural gas grid and stored in it. Germany has large gas storage facilities that are suitable for this. The gas can also be transported in pipelines underground to wherever it is needed, such as from the North Sea to Bavaria. This does not require the large and expensive power lines across the landscape that are currently being debated.” MAN, says Pachta-Reyhofen, is involved in the entire value chain of this method like no other company: from wind power gear units and technology to produce and transport natural gas through uses like natural gas buses and gas power plant stations. This is just one of the issues that fall under the motto of this year’s Annual Report: “Tomorrow starts with MAN.”