



MAN Group in the second quarter of 2005 – continued strong rise in earnings

Munich, 11 August 2005

- **Operating profit in second quarter: €180 million (+36%); first six months: €285 million (+46%)**
- **Earnings per share in second quarter €0.65 (2004: €0.48); first six months €1.02 (2004: €0.64)**
- **Order intake in second quarter: +14%; over six months +30% thanks to major orders, ongoing operations up 8% – sales grew by 6% during the first six months**
- **Concentration on core divisions more or less completed**
- **Outlook for 2005: operating profit should well exceed €700 million.**

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Continuing improvement in operating profit

During the first six months, all five divisions in the MAN Group generated higher earnings than in the first half of 2004. In the Commercial Vehicles Division, the operating profit rose by €71 million to €180 million and Industrial Services recorded €43 million (2004: €38 million), while the loss in the Printing Systems Division was reduced to €7 million after a deficit of €24 million in 2004. This was largely the result of an excellent performance by web-fed presses. Diesel Engines reported a particularly strong €32-million rise in operating profits to €51 million and Turbomachines marginally exceeded the comparable 2004 figure of €10 million to reach €11 million.

The operating profit reported by the MAN Group rose by €48 million to €180 million during the second quarter. On a cumulated basis, the MAN Group generated an operating profit of €285 million for the first six months, an increase of €90 million.

Closer definition of 2005 targets

Håkan Samuelsson, Executive Board Chairman of the MAN Group said, "After a pleasing start in the first quarter, the second quarter has confirmed our expectations for 2005, so that we are now able to issue a higher and more precise earnings forecast. Provided that the economic situation doesn't upset our plans, we now anticipate an operating profit well in excess of €700 million, after €566 million last year."

In view of the sales growth anticipated by Commercial Vehicles and the impact of its other rationalization measures, the main contribution will be made by this division. Diesel Engines will also show a marked improvement in operating profit thanks to high levels of plant utilization and expanding licensing and service activities. In the case of Printing Systems, good progress has been made in reducing costs in the sheet-fed sector and breakeven is still being targeted for 2005, providing however that the expected increases in order intake and sales compared with the first half of 2005 are actually realized. Earnings will rise significantly in the web-fed sector. Industrial Services and Turbomachines will be able to boost their operating profit compared with 2004.

MAN is expecting its order intake for 2005 to climb to about €17.5 billion (2004: €15.6 billion), with sales in the region of €15 billion (2004: €14.5 billion).

Expanding business volume – even excluding major orders

Following a record order intake in the first quarter of 2005, the MAN Group recorded sustained growth during the second quarter. Compared with the second quarter of 2004, the order intake rose by 14% to €4.6 billion. The cumulated figure of €10.0 billion for the first two quarters exceeded the level of incoming orders over the same period of 2004 by 30%. This includes the major order worth €1.4 billion from the British Ministry of Defence (MoD) which was awarded to MAN Commercial Vehicles during the first quarter, as well as a series of other high-value major orders received during the first and second quarters. In the case of ongoing operations, excluding major orders, the MAN Group recorded an 8% increase in orders compared with the first half of 2004.

All five divisions in the MAN Group reported double-digit increases, especially – in addition to Commercial Vehicles – the Diesel Engines and Turbomachines Divisions, as well as the web-fed presses in the Printing Systems Division. Most of this growth was registered outside Germany where orders increased by 40% to €8.0 billion (by 16% excluding the MoD order). Domestic orders amounted to €2.0 billion, 3% up on the first half of 2004.

In the second quarter of 2005, sales reached €3.8 billion, 2% more than the figure for the same quarter of 2004. For the first six months of 2005, the MAN Group recorded a 6% rise in sales to €7.0 billion, with all five divisions reporting increased sales over this period. In Germany, first-half sales were up 4% to €1.8 billion, while export markets improved by 6% to €5.2 billion. The order backlog of €11.1 billion was 36% higher than at June 30, 2004 and 39% higher than at the beginning of 2005. At June 30, 2005, the number of employees in the MAN Group amounted to 59,144, more or at less the same as at the end of 2004.

Sale of peripheral activities almost complete

As part of the strategic focus on its five core divisions, the MAN Group has disposed of its interests in several minor holdings. Following the sale of MAN Logistics in the first quarter, MAN Technologie AG and SHW Casting Technologies were also sold. After the closing date for the quarter under review, the disposal of MAN WOLFFKRAN followed in July 2005 and final negotiations are underway on the sale of the automobile component supplier SHW. None of the holdings named are included either in the figures reported for the MAN Group for 2005 or in the comparable figures shown for 2004, being shown only under earnings after taxes.

Pages 3 and 4: Financial tables

The **MAN Group** is one of Europe's leading engineering groups with annual sales of some €15 billion. As a global supplier of products, systems and services for the capital equipment industry, MAN operates with 59,000 employees in its core segments of Commercial Vehicles, Industrial Services, Printing Systems, Diesel Engines and Turbomachines. MAN Group members hold leading positions in most of their markets. The headquarters (holding), **MAN Aktiengesellschaft**, Munich, is a member of the Deutscher Aktienindex DAX (German Share Index) which comprises the thirty leading public limited companies in Germany.

Key figures according to division - second quarter and first six months 2005

Order intake according to division

| € million | 2005 | 2004 | Change | 2004 | 2005 | 2004 | Change | 2004 |
|---------------------|--------------|-----------------------|-----------|----------------------|--------------|------------------|-----------|-----------------|
| | Q1 – Q2 | Q1 – Q2 comparable | in % | Q1 – Q2 published | Q2 | Q2 comparable | in % | Q2 published |
| Commercial Vehicles | 5 311 | 3 847 | 38 | 3 847 | 2 055 | 1 985 | 4 | 1 985 |
| Industrial Services | 1 849 | 1 646 | 12 | 1 646 | 1 164 | 871 | 34 | 871 |
| Printing Systems | 1 160 | 821 | 41 | 821 | 492 | 442 | 11 | 442 |
| Diesel Engines | 1 176 | 898 | 31 | 898 | 610 | 478 | 28 | 478 |
| Turbomachines | 440 | 346 | 27 | 346 | 241 | 176 | 37 | 176 |
| Other, consolidated | 39 | 103 | -62 | 339 | 18 | 73 | -75 | 206 |
| MAN Group | 9 975 | 7 661 | 30 | 7 897 | 4 580 | 4 025 | 14 | 4 158 |

Sales according to division

| € million | 2005 | 2004 | Change | 2004 | 2005 | 2004 | Change | 2004 |
|---------------------|--------------|-----------------------|----------|----------------------|--------------|------------------|----------|-----------------|
| | Q1 – Q2 | Q1 – Q2 comparable | in % | Q1 – Q2 published | Q2 | Q2 comparable | in % | Q2 published |
| Commercial Vehicles | 3 701 | 3 423 | 8 | 3 423 | 2 018 | 1 889 | 7 | 1 889 |
| Industrial Services | 1 376 | 1 311 | 5 | 1 311 | 708 | 745 | -5 | 745 |
| Printing Systems | 755 | 682 | 11 | 682 | 456 | 379 | 20 | 379 |
| Diesel Engines | 785 | 665 | 18 | 665 | 439 | 366 | 20 | 366 |
| Turbomachines | 287 | 272 | 6 | 272 | 152 | 143 | 6 | 143 |
| Other, consolidated | 71 | 244 | -71 | 455 | 37 | 215 | -83 | 331 |
| MAN Group | 6 975 | 6 597 | 6 | 6 808 | 3 810 | 3 737 | 2 | 3 853 |

Operating profit according to division

| € million | 2005 | 2004 | Change | 2004 | 2005 | 2004 | Change | 2004 |
|--|------------|-----------------------|-----------|----------------------|------------|------------------|-----------|-----------------|
| | Q1 – Q2 | Q1 – Q2 comparable | in €m | Q1 – Q2 published | Q2 | Q2 comparable | in €m | Q2 published |
| Commercial Vehicles | 180 | 109 | 71 | 109 | 118 | 77 | 41 | 77 |
| Industrial Services | 43 | 38 | 5 | 38 | 18 | 20 | -2 | 20 |
| Printing Systems | (7) | (24) | 17 | (24) | 9 | (8) | 17 | (8) |
| Diesel Engines | 51 | 19 | 32 | 19 | 24 | 4 | 20 | 4 |
| Turbomachines | 11 | 10 | 1 | 10 | 8 | 7 | 1 | 8 |
| Other, consolidated | 7 | 43 | -36 | 43 | 3 | 32 | -29 | 29 |
| Operating profit | 285 | 195 | 90 | 195 | 180 | 132 | 48 | 130 |
| Net result of extraordinary transactions | (24) | - | -24 | - | (24) | - | -24 | - |
| Net interest result of Industrial Business | (48) | (50) | 2 | (52) | (25) | (23) | -2 | (24) |
| Earnings before taxes | 213 | 145 | 68 | 143 | 131 | 109 | 22 | 106 |
| Income taxes | (62) | (39) | -23 | (44) | (38) | (31) | -7 | (33) |
| Net result of discontinued operations | 2 | (7) | 9 | - | 4 | (5) | 9 | - |
| Earnings after taxes | 153 | 99 | 54 | 99 | 97 | 73 | 24 | 73 |

At a glance: First six months and second quarter 2005

| MAN Group € million | 2005 | | Change in % | 2005 | | Change in % |
|---------------------------------------|---------|-----------------|----------------|--------|------------|----------------|
| | Q1 – Q2 | 2004 Q1 – Q2 | | Q2 | 2004 Q2 | |
| Order intake | 9 975 | 7 661 | 30 | 4 580 | 4 025 | 14 |
| Germany | 2 023 | 1 963 | 3 | 1 129 | 960 | 18 |
| abroad | 7 952 | 5 698 | 40 | 3 451 | 3 065 | 13 |
| Sales | 6 975 | 6 597 | 6 | 3 810 | 3 737 | 2 |
| Germany | 1 838 | 1 766 | 4 | 958 | 964 | –1 |
| abroad | 5 137 | 4 831 | 6 | 2 852 | 2 773 | 3 |
| Order backlog *) | 11 070 | 7 954 | 39 | 11 070 | 7 954 | 39 |
| Employees (number) *) | 59 144 | 59 008 | 0 | 59 144 | 59 008 | 0 |
| Germany | 37 270 | 37 297 | 0 | 37 270 | 37 297 | 0 |
| abroad | 21 874 | 21 711 | 1 | 21 874 | 21 711 | 1 |
| | | | | | | |
| | | | in € million | | | in € million |
| Operating profit | 285 | 195 | 90 | 180 | 132 | 48 |
| Earnings before taxes | 213 | 145 | 68 | 131 | 109 | 22 |
| Earnings after taxes | 153 | 99 | 54 | 97 | 73 | 24 |
| Earnings per share in € | 1.02 | 0.64 | 0.38 | 0.65 | 0.48 | 0.17 |
| | | | | | | |
| Capital expenditure | 166 | 167 | –1 | 98 | 93 | 5 |
| Depreciation of tangible assets | 177 | 178 | –1 | 96 | 93 | 3 |
| R&D expenditures | 244 | 234 | 10 | 127 | 116 | 11 |
| Cash earnings | 435 | 387 | 48 | 248 | 232 | 16 |
| Cash provided by operating activities | 385 | 235 | 150 | 264 | 161 | 103 |
| Cash used in investing activities | (231) | (57) | –174 | (140) | 43 | –183 |
| Free cash flow | 154 | 178 | –24 | 124 | 204 | –80 |
| Cash & cash equivalents *) | 534 | 604 | –70 | 534 | 604 | –70 |
| Net liquid assets *) | 0 | 8 | –8 | 0 | 8 | –8 |
| Equity *) | 3 036 | 3 031 | 5 | 3 036 | 3 031 | 5 |

*) At June 30, 2005 compared with December 31, 2004

Note: As of January 1, 2005, several peripheral activities which the MAN Group either intends to dispose of or has already disposed of are treated as "discontinued activities" according to IFRS 5 and, with the exception of earnings after taxes and earnings per share, are no longer included in the consolidated MAN Group figures. The 2004 figures have been adjusted for comparison purposes.

MAN Aktiengesellschaft
The Executive Board

The full Interim Report can be downloaded from the internet at www.man-group.com under Press – Quarterly Reports – Latest Issue. Upon request, it can also be forwarded in the form of a PDF file.
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