

# Press Release

## MAN Aktiengesellschaft



### MAN Group in the first quarter of 2006 – a strong beginning to the new fiscal year\*

Munich, May 4; 2006

- **Operating profit of €215 million (+78 %)**
- **6.7% ROS (previous year: 4.3%)**
- **Order intake rises sharply, sales increase by 13%**
- **Sale of MAN Roland initiated**
- **Outlook for 2006: sales growth and significant improvement of operating profit**

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(\* MAN Roland now listed as discontinued operation)

The MAN Group began the 2006 fiscal year with significant increases in business volumes and profits. Its operating profit reached €215 million compared to €121 in the first quarter of 2005, an increase of €94 million (+78%). This is an increased ROS of 6.7% – compared to 4.3% in the comparable quarter of the previous year.

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The Group's order intake climbed 23% to €4.1 billion, not including the major contract from March 2005 with the British Ministry of Defense (MoD) for long-term delivery of 5,165 trucks worth €1.4 billion. Without adjustment for this special effect in the previous year's figures, a 12% drop in order intake resulted.

Sales grew 13% to €3.1 billion; order backlog showed record highs. On March 31, 2006, the company numbered 49,737 employees, slightly more than on December 31, 2005 (+366). Of the Group's four areas, Commercial Vehicles and Diesel Engines nearly doubled their profits; Turbomachines and Industrial Services improved likewise. MAN Group CEO Håkan Samuelsson says, "We started the year off strongly. In regard to operating profit – if economic developments remain positive –, we are well along the way to achieving our ambitious ROS target in 2006, one year earlier than we had first planned."

#### Historic decision

The announced sale of MAN Roland Druckmaschinen AG to Allianz Capital Partners, a wholly owned subsidiary of the Allianz Group, should take place on 6/30/2006 as planned. The corresponding letter of intent has been signed. Allianz Capital Partners and MAN will found a joint venture to purchase MAN Roland. MAN will retain 35% equity in this joint venture. Our goal is to further develop the world's second largest manufacturer of printing systems and go public with it in several years. "The sale of MAN Roland that we have initiated is a historic decision and means that we will be focusing the MAN Group on strong-growth business fields in the area of Transport related Engineering," said Samuelsson.

Due to the upcoming sale of Printing Systems, this area is treated in the quarterly report as a "discontinued operation" based on IFRS 5 provisions. It is only included in the MAN Group's earnings after taxes. The previous year's figures have been adjusted for comparison purposes.

#### Domestic demand climbs

Growth has now affected demand in Germany. Order intake in Germany rose 22% to €1.1 billion, with Commercial Vehicles in particular registering substan-

tial domestic sales. Incoming orders from abroad climbed 24% to €3.1 billion compared to the first quarter of 2005. Orders in all business areas increased, with Commercial Vehicles and Turbomachines in the double digits. Part of the 39% increase in commercial vehicle orders may well be due to the pushed up deadline of stiffer EURO 4 exhaust regulations (October 2006) in some European countries.

The rising order intake and high order backlog at the beginning of the year has driven sales 13% higher to €3.2 billion. In Germany, sales rose 4% to €0.9 billion, while foreign sales climbed 16% to €2.3 billion. At €9.8 billion, order backlog was 11% higher than at the beginning of the year.

### **Outlook for 2006**

Differing developments in order intake are expected in the Group's business areas during the course of the year. Commercial Vehicles and Turbomachines will show clear increases compared to 2005 (without MoD); Diesel Engines are expected to stabilize at a high level. Industrial Services expect growth in Projects & Contracting, contrasted, however, by declines in Services & Logistics orders due to restructuring of the steel business. All together, assuming that economic trends remain positive, the MAN Group should be able to achieve an order intake at the same high level as the previous year. We expect Group sales to increase by approximately 5%.

A substantial improvement in operating profit is anticipated for the MAN Group (full year 2005: €700 million), which will considerably outperform sales growth in percentage terms. Due to its planned sales volumes and further rationalization measures, Commercial Vehicles should contribute most significantly to this rise and surpass its target ROS of 7% for the first time. Diesel Engines will also show greatly increased results due to its good order and employment situation. Industrial Services and Turbomachines will be able to improve their operating profit compared to 2005 as well. The MAN AG Board is confident that we will easily surpass our target of 6% ROS in 2006. This means that for the first time, the MAN Group will exceed both goals – ROS of 6% and ROCE of 18% – one year earlier than planned.

#### Attachment:

- At a glance
- Key figures according to business area

The MAN Group is one of Europe's leading manufacturers of vehicles, engines and mechanical engineering equipment with annual sales of circa €13 billion. MAN provides trucks, buses, diesel engines, turbomachines as well as industrial services and numbers some 50,000 employees worldwide. MAN's core areas hold leading positions in their respective markets. As one of the 30 leading German companies, MAN AG (Munich) is a member of the German stock index, or DAX.

## At a glance

MAN Group € million	2006	2005	Change
	Q1	Q1	in %
Order intake without MoD *)	4,179	3,387	23
Order intake **)	4,179	4,745	-12
Germany	1,041	851	22
abroad **)	3,138	3,894	-19
Sales	3,190	2,824	13
Germany	847	811	4
abroad	2,343	2,013	16
Order backlog **)	9,765	8,816	11
Employees (Number) **)	49,737	49,371	1
Germany	29,226	29,050	1
abroad	20,511	20,321	1
Employees incl. temporary staff (Number) **)	52,791	51,622	2
Germany	31,057	30,347	2
abroad	21,734	21,275	2
			in € million
Operating profit	215	121	94
Earnings before taxes	204	100	104
Earnings after taxes	154	56	98
Earnings per share of the continued areas (€)	1.00	0.47	0.53
Capital expenditure	85	68	17
Depreciation of tangible assets	73	81	-8
R&D expenditures	99	89	10
Cash earnings	238	171	67
Cash provided by operating activities	37	100	-63
Cash provided by investing activities	(71)	(70)	-1
Free cash flow	(34)	30	-64
Net liquid assets **)	81	173	-92
Equity **)	3,400	3,278	122

\*) MoD order: major order in March 2005 from the British Ministry of Defense (MoD) for MAN Nutzfahrzeuge (5,165 trucks) totaling €1.4 billion.

\*\*\*) At 3/31/2006 compared with December 31, 2005

**Note:** MAN AG is currently negotiating the sale of its investments in MAN Roland Druckmaschinen. According to IFRS 5 requirements, the Printing Systems area is thus treated as a "discontinued operation" as of January 1, 2006 – and with exception of earnings after taxes, no longer included in the MAN Group consolidated figures. The 2005 figures concerning order levels and profit have been adjusted for comparison purposes.

## Key figures according to business area

Order intake according to area				
€ million	2006 Q1	2005 Comparable Q1	Change in %	2005 Published Q1
Commercial Vehicles without MoD <sup>1)</sup>	2,637	1,898	39	1,898
Commercial Vehicles incl. MoD	2,637	3,256	-19	3,256
Industrial Services	719	685	5	685
Diesel Engines	531	566	-6	566
Turbomachines	316	199	59	199
Other, consolidated	(24)	39	-	21
Printing Systems	-	-	-	668
<b>MAN Group without MoD</b>	<b>4,179</b>	<b>3,387</b>	<b>23</b>	<b>4,037</b>
<b>MAN Group incl. MoD</b>	<b>4,179</b>	<b>4,745</b>	<b>-12</b>	<b>5,395</b>
For information only:				
Printing Systems	570	668	-15	668

1) Ministry of Defense (MOD) order: €1,358 million in 2005

Sales according to area				
€ million	2006 Q1	2005 Comparable Q1	Change in %	2005 Published Q1
Commercial Vehicles	1,893	1,589	19	1,683
Industrial Services	560	668	-16	668
Diesel Engines	462	346	34	346
Turbomachines	183	135	36	135
Other, consolidated	92	86	-	34
Printing Systems	-	-	-	299
<b>MAN Group</b>	<b>3,190</b>	<b>2,824</b>	<b>13</b>	<b>3,165</b>
For information only:				
Printing Systems	411	299	37	299

Operating profit according to area				
€ million	2006 Q1	2005 Comparable Q1	Change in %	2005 Published Q1
Commercial Vehicles	119	62	92	62
Industrial Services	27	25	8	25
Diesel Engines	51	27	89	27
Turbomachines	10	3	-	3
Other, consolidated	8	4	-	4
Printing Systems	-	-	-	(16)
<b>Operating profit</b>	<b>215</b>	<b>121</b>	<b>78</b>	<b>105</b>
Profit from special transactions	-	-	-	-
Net interest result of Industrial Business	(11)	(21)	-	(23)
<b>Earnings before taxes</b>	<b>204</b>	<b>100</b>	<b>104</b>	<b>82</b>
Income taxes	(56)	(29)	-	(24)
Net result of discontinued operations	6	(15)	-	(2)
<b>Earnings after taxes</b>	<b>154</b>	<b>56</b>	<b>175</b>	<b>56</b>
For information only:				
Operating profit of Printing Systems	14	(16)	30	(16)