Press Release
MAN SE

MAN invests in the company's future

European commercial vehicles market regaining momentum — situation in Brazil remains tense

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MAN, the commercial vehicle and mechanical engineering player, is addressing its current cost structures and significantly enhancing efficiency to better respond to market fluctuations in the future and to maintain its high competitive level. That is why the Company has launched a Group-wide efficiency program. The program includes reorganizing truck production and streamlining administrative functions at MAN Truck & Bus. These measures will initially entail financial expenses, the largest part of which was recorded as provisions in the past quarter. The tense situation in Brazil continued to have a significant negative impact on the Group's figures, while the European commercial vehicles market is now growing again.

These offsetting developments meant that order intake in the Commercial Vehicles business area only recorded a moderate decline, decreasing by 3% year-on-year to €5.6 billion. Whereas MAN Latin America saw its order intake reduce by 50% year-on-year to €593 million, MAN Truck & Bus recorded a 9% rise in order intake to €5.1 billion. Order intake in the Power Engineering business area amounted to €1.9 billion. This also corresponds to a year-on-year decline of approximately 3%. MAN Diesel & Turbo received €1.6 billion in new orders, while Renk's order intake was €293 million in the first six months of the year.

At €6.7 billion, the MAN Group's sales revenue remained level year-on-year in the first half of 2015. MAN Truck & Bus generated sales revenue of €4.4 billion. At MAN Latin America, sales revenue declined to €593 million. Sales revenue at MAN Diesel & Turbo was up 11% to €1.6 billion. Renk posted €240 million.

At €15 million, the MAN Group still recorded an operating profit in the first half of 2015 despite the significant impact of the weak economic situation in Brazil and restructuring expenses of €170 million at MAN Truck & Bus.

Dr. Georg Pachta-Reyhofen, CEO of MAN SE, comments on the figures as follows: "It is of course no easy task to initiate fundamental and costintensive measures to safeguard future growth in economically difficult times. However, we are convinced that we have to act here and now to get MAN in shape for the future."

The Commercial Vehicles business area generated an operating loss of €74 million in the first half of 2015, compared with a €150 million operating profit in the prior-year period. MAN Truck & Bus recorded an operating loss of €49 million. Excluding expenses incurred for the future growth program, operating profit would have increased 53% year-on-year to €121 million. MAN Latin America's operating loss widened to €21 million due to the significantly lower unit sales volumes. By contrast, operating profit in the Power Engineering business area rose to €135 million. MAN Diesel & Turbo contributed €93 million and Renk €43 million.

The Executive Board expects global economic growth to remain on a level with the previous year in 2015. The risk factors include geopolitical conflicts, among others. The volatility of currencies of significance to MAN is also a source of uncertainty. In the Commercial Vehicles business area, the Company expects unit sales for 2015 to be significantly below the previous year due to the market situation in Brazil, with sales revenue falling slightly short of the prior-year figure. An operating loss is expected here, primarily as a result of expenses associated with the restructuring program at MAN Truck & Bus. As a result, the Commercial Vehicles business area will see a negative operating return on sales.

The Executive Board expects the Power Engineering business area's order intake for 2015 to be slightly below the prior-year level, which was dominated by a major order. Sales revenue should remain roughly unchanged as against the previous year. Operating profit and the operating return on sales will improve slightly. Ongoing high competitive pressure in the currently flat markets will continue to have a negative impact in 2015. As a consequence, the Management is assuming a higher single-digit operating return on sales.

This means a slight year-on-year decline in the MAN Group's sales revenue. Operating profit will be significantly impacted primarily by restructuring expenses. The operating return on sales will more than halve year-on-year.