BEING BETTER

2015 ANNUAL REPORT

Engineering the Future – since 1758.

MAN SE

“What separates the best from the rest?” That is the decisive question when it comes to being competitive. What can we improve? How can we get back onto the road of success? Since it was founded, MAN has never been simply satisfied with what it achieved. We work hard for our products to be good quality, efficient, and reliable. And we are never fearful of change. We are always on the quest for better technologies and ideas. This has made MAN a successful enterprise, a trustworthy partner, and a driving force for innovation. It is what we stand, expect, and strive for:

BEING BETTER

Joachim Drees, Chief Executive Officer of MAN SE

BEING BETTER

MORE INNOVATIVE

NEW HORIZONS

The oil and gas company Statoil runs the first gas compressor station for subsea gas extraction on the bed of the Norwegian Sea. MAN Diesel & Turbo developed the compression technology for the revolutionary project.

February 2016, around 200 kilometers off the coast of Norway: the sea is calm and gray, clouds hang low on the horizon. Workers in orange overalls are following the routine of their work on the oil rig named Åsgard B. Here, the company Statoil extracts around 25 million standard cubic meters of gas per day. The highly specialized processing systems on the rig process the extracted commodity. The actual point of high performance, however, is not on the rig but instead about 50 kilometers further away and 300 meters below sea level. The subsea compressor facility is the size of a soccer field.

At the same time, more than 2,000 kilometers away in Zurich: Patrik Meli is standing in his office of the hip and trendy district 5 neighborhood that could not be more minimalistic. No paper on the desk, three abstract paintings on the wall in one straight row. A bright yellow design model of Lego bricks has been placed in the middle of the round meeting table. It does not really suit his style; in this case, however, Mr. Meli is willing to make an exception — the model is a miniature version of Statoil's subsea compressor facility. The core element, the compressor, was co-developed by Mr. Meli as project director. "It is a special project," says Mr. Meli in retrospective; with the subsea compressor, the engineers at MAN Diesel & Turbo broke completely new ground. "We wanted to open up new markets and therefore had to break new ground," says Mr. Meli referring to the seabed. It has been a problem in the offshore industry for many years that the gas bubbles cannot be fully exploited

Above: Breaking new ground and finding unconventional solutions is part of Mr. Meli's every-day life at MAN Diesel & Turbo.
Left: Spanning the size of a soccer field — the basic structure of the subsea compressor system on its way to being installed on the seabed.

Photo credits – above: Matthias Haslauer / below: Statoil

Experts for tasks out of the ordinary:
Patrik Meli (second from left)
and his Zurich team

with conventional extraction techniques, as pressure decreases alongside diminishing gas supply. The low pressure and the related instable flow rate in the subsea pipeline can cause damage to the processing systems and pose hazards to the operating process. For this reason, the extraction of gas is usually discontinued once the pressure falls below a certain threshold.

"This is precisely where our subsea compressor comes into play," says Patrik Meli's colleague Markus Dettwyler, technical manager of the Åsgard project. "The compressor again raises the pressure in the pipeline in close proximity to the bore hole. This procrastinates irregular flow rates, allowing the operator to exploit the field for a longer period of time." The increased pressure leads to higher production rates. In Statoil's case this means that by using this technology it can produce some additional 300 million barrel of oil units. "What is more, building a rig is very expensive," Mr. Meli explains. "Relocating the facility to the seabed saves costs."

The special underwater conditions, however, call for innovative solutions. How can you prevent corrosion? How can you build a machine that only requires little maintenance? How can you guarantee that the compressor casing is absolutely waterproof? Thanks to the technology of the hermetically sealed compressors of the type HOFIM (High-Speed Oil-Free with Integrated Motor) that are used for storing gas, for example, MAN Diesel & Turbo could already provide the perfect base for the subsea project. The compressors with magnetic bearings that run on electricity, work without the complex interaction of lubricant oil and dry gas sealing systems, transmissions and couplings and therefore require less maintenance and are completely sealed thanks to the encapsulation. The hazard of corrosion inside the machine, however, remains. "As soon as residues of humidity, hydrogen sulfide, and carbon dioxide come into play, as is the case when you extract under water, corrosion can occur," Mr. Meli explains. We therefore have to further develop the existing machine with the aim to make it as robust as possible." The motor rotor, for example, that initially had many individual small blades, was replaced for a "solid rotor" forged from one massive piece of steel. Focusing on maximum reliability, the engineers have also devised a rather conservative machine design with low revolutions. "For the customer, the best performance was not necessarily the most important feature but rather maximum machine availability," says Philipp Frankenstein, project manager and direct interface to Statoil.

They had to go through years of testing in order to guarantee maximum availability. As of 2008, for example, the compressor was tried and tested on the premises of the Statoil research laboratory in Karstö, Norway, in a water basin specifically designed by Statoil. "That is where we operated the machine under real conditions, so to speak, which means under water and by adding fluids into the stream of gas," says Karl Böhle, who was on site as Resident Engineer for MAN Diesel & Turbo during the tests. "Operating the machine under water first and foremost creates different thermal framework conditions for the machine," Mr. Böhle explains. "Simulating them is impossible which is why running the tests was so complex."

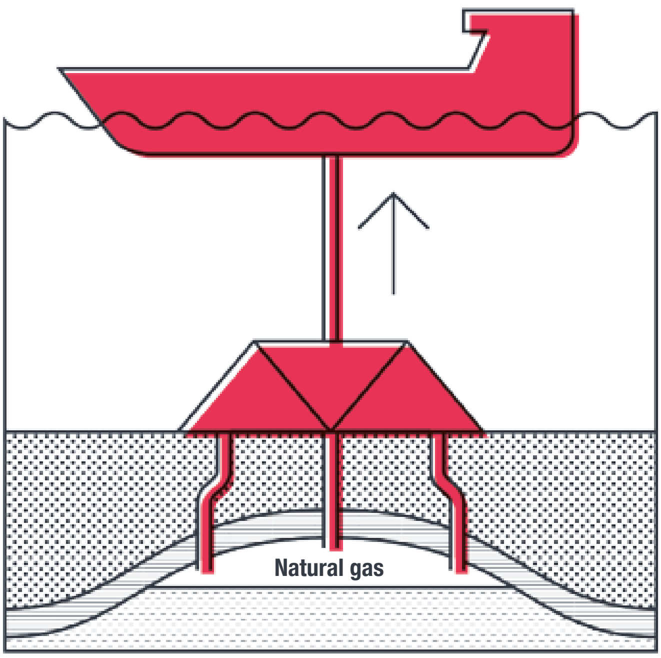
Strictly speaking, the Swiss engineers not only broke new ground by taking their compressor under water. What is quite extraordinary, too, is that MAN Diesel & Turbo not only developed the compressor but also the associated electric motor.

Fully waterproof and reliable: MAN Diesel & Turbo’s HOFIM compressor for underwater use.

Around 300 meters below sealevel: the compressor module on the bed of the Norwegian Sea

Extracting under water

The technology is highly complex yet provides an unbeatable advantage: As a rule, the operations on a gas field have to be discontinued at a certain point when supply decreases alongside sinking pressure in the pipeline. Thanks to compression on the seabed, extracting natural gas can be continued for years.



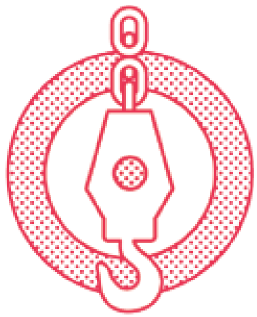
“Having a mechanical engineer go into electric engineering is pretty venturesome,” says Patrik Meli and laughs. Electricity is not tangible, which mechanical engineers usually find uncanny.” However, the electrical engineering company with which the project team had first worked on developing pipeline and gas storage compressors did not want to go along with the seabed project. “They did not see any potential there; we, however, had a vision, believed in the technology and — above all — wanted to open up new markets,” says Mr. Meli. “So we invented an engine ourselves together with a subcontractor from the electrical industry.” That was in 2004. The project has paid off. The company in Zurich won the contract in 2007, leaving all competitors behind. The compressor unit went live in September 2015. And the customer is content. “The machine does exactly what it is supposed to do,” Mr. Meli says almost enthusiastically, “it just keeps running and running and running.”

MAN Diesel & Turbo has now agreed on a long-term partnership with the Norwegian company Aker Solutions that acts as general contractor providing all the other components for the Statoil station such as pumps and separators to foster the development of the next-generation subsea system. This collaboration aims at making the units even smaller, lighter, and more inexpensive. This would make it possible to use the technology in smaller oil and gas fields profitably.

Patrik Meli is sitting in his office again. He is slowly turning the model of Lego bricks in his hands. “The aim is to halve the size of the entire system in future,” he says. Another challenge for the engineers in Zurich. And a prospect for those who operate small gas fields where the pressure in the pipelines is slowly beginning to drop.

Photo credits – above, left: Matthias Haslauer / center, right: MAN / above, right: Aker Solutions

MORE POWERFUL



HIGHLIGHTS 2015 POWER ENGINEERING

MAN DIESEL & TURBO ACQUIRES MAXWATT

The acquisition of the steam turbine expert strengthens MAN's position on the Indian power engineering market.

First production site for MAN turbomachinery in India: Following the acquisition of MaxWatt Turbines Pvt. Ltd., an expert in constructing, producing, and maintaining steam turbines, MAN Diesel & Turbo now also has a site in the Indian industry metropolis of Bangalore. The idea is to further expand the turbomachinery business in the region. "MaxWatt is an established player in power engineering on the Indian and Asian market focusing on the lower performance segment," says Dr. Uwe Lauber, CEO of MAN Diesel & Turbo SE. "This acquisition allows us to expand our portfolio and extend our existing high-end product range with steam turbines for numerous standard applications."

NEW GAS ENGINE RANGE

MAN Diesel & Turbo presents new, powerful gas engines with a two-staged turbocharger. This brings major benefits to power plant operators.

At the trade fair Power-Gen Europe in Amsterdam in spring 2015, MAN Diesel & Turbo presented two new versions of its gas engines with two-staged turbochargers. The two-stage versions grant additional power and efficiency and allow for a higher power density and hence a more compact plant design," says Dr. Tilman Tütken, Vice President at MAN Diesel & Turbo and Head of Power Plant Sales in Europe. With a mechanical efficiency of more than 50%, the new 20.7 MW gas engine 18V51/60G TS is the most powerful gas engine currently available on the market.

MAN's two-staged gas engine 18V51/60G TS

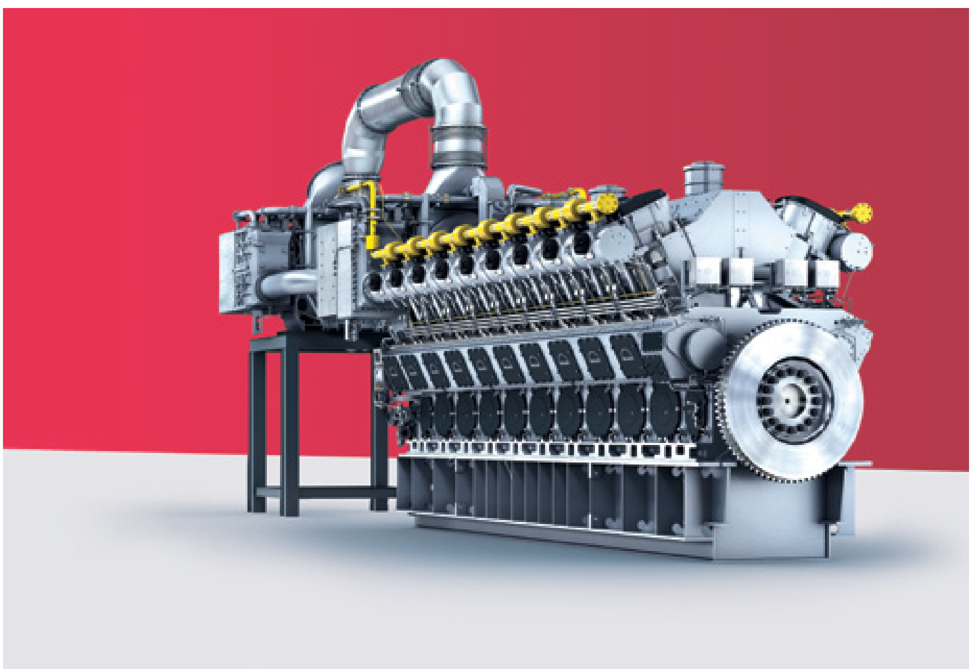
Mechanical efficiency of more than

50%

Output of

20.7

megawatts



Almost five meters high and 13 meters long: the gas engine 18V51/60G TS

EFFICIENCY PACKAGE FOR ODFJELL TANKER

Norwegian chemicals transports company counts on MAN Diesel & Turbo’s fuel-saving propulsion upgrade.

Reducing fuel consumption by over

20%

MAN Diesel & Turbo is going to refit a total of 19 vessels from Odfjell SE to boost efficiency. The aim: saving fuel and reducing emissions. The packages comprise various technical upgrades — for example adjustable propeller blades of the highly efficient Kappel design.

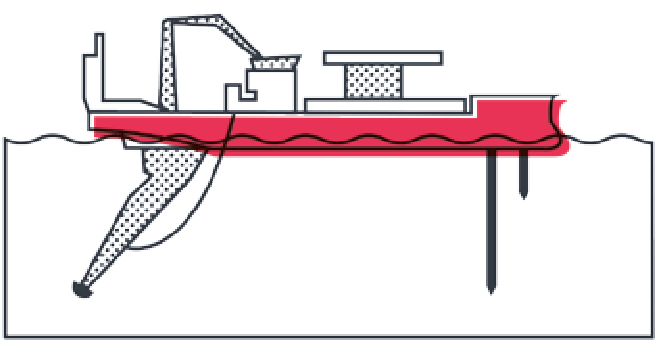
After ordering upgrade packages for eleven vessels of over 37,000 dead weight tons (DWT) in 2015, the upgraded vessels underwent extensive performance testing. The result: a massive fuel consumption saving of +20% has been verified. “This is really an amazing achievement for us and important for our company,” says Knut Erik Fredriksen, VP Technology Manager at Odfjell SE. Following the good results, Odfjell ordered upgrades for another eight vessels of 40,000 DWT.

Thanks to the upgrade, the company based in Bergen, Norway, that specializes in the transportation of bulk liquid chemicals, edible oils, and other special products, will improve its rating by the agency RightShip from grade D+ to grade A+, which is the highest grading possible. This ranks Odfjell’s tanker fleet among the most energy-efficient and environmentally friendly fleets worldwide. All 19 tanks are supposed to be equipped with the upgrade package by 2017.

New propeller in Kappel design

290 TON TRANSMISSION FOR SPECIAL-PURPOSE SHIP

Renk and MAN Diesel & Turbo deliver transmissions and engines for world’s largest cutter suction dredger



Cutter suction dredger for dredging activities on the seabed

The Luxemburg-based Jan De Nul Group is a leading expert in dredging and marine construction activities with the world’s most modern fleet. The special-purpose ships of the family business are used for dredging harbors and estuaries, or even for land reclamation. Renk will deliver directly to the shipper three gear transmissions and other transmissions for the cutter head drive and the pumping systems for the cutter suction dredger “JDN8069” that is currently under construction. The transmission for the cutter head weighs 290 tons, making it the largest and heaviest transmission that has been built for dredgers to this date. MAN Diesel & Turbo is delivering three MAN engines with a total output of 38.4 megawatts. The total output of 41 megawatts on board will be needed especially for pumping and cutting activities in up to 45 meters sea depth.

Photo credit – MAN

MORE RELIABLE

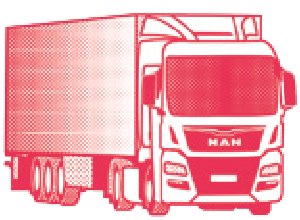
EFFICIENT AB INITIO

MAN started building commercial vehicles 100 years ago. Since then, the Company has been providing efficient transportation technologies with the constant drive to innovate. And there is one thing it never lost sight of: the customers' needs. This is why many of them have had close relations with MAN for generations.

Breweries, fire forces, mills, timber shippers — the first customers of "Lastwagenwerke M.A.N.-Saurer" were from industries that needed power and where reliability was absolutely essential. 100 years later, many of the customers' needs have changed, some have disappeared and new challenges have arisen. Efficiency — which has become a central factor in the commercial vehicles industry — has always been at the heart of MAN's activities. In 1932, eight years after MAN developed the first diesel truck with direct injection, a truck boasting horsepower of 140 embarked from the MAN site in Nuremberg on a test drive of 6,500 kilometers through Germany. The result was presented 60 days later: The strongest diesel truck worldwide needed four to five times less fuel than one that runs on gas. Since then, MAN has been tirelessly driving technical developments forward — passionately and with a pioneering spirit and always adapted to customers' current needs. Ranging from the first truck turbocharger in 1951, which increased performance by 35 percent, to the first bus from a modular construction system in 1961 and the common rail injection technology in 2002, the numerous innovations have not only revolutionized products but also the history of the entire commercial vehicle construction industry. One thing, however, is particularly important when it comes to MAN's success in the long term: being dependable. That is how customers, that can trust in robust products and rely on immediate help and reliable service regardless of the issue, become loyal customers. And MAN has many of them. See the following pages to learn more about what long-term customers appreciate most about MAN and why they feel they have a connection with the Company.

»With MAN, everything is just right. If you are looking for ultimate reliability and best technology, you have come to the right place.«

Mario Mesaroš
RALU Logistika, Croatia
The Croatian deep-freeze company RALU Logistika has been relying on MAN since it was founded in 1990. Mario Mesaroš, member of the Board of Management, continues the tradition.

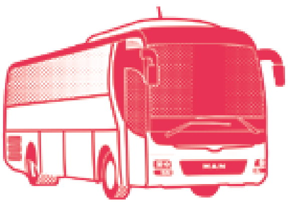


MAN TGX
Expert for long-haul transport: the TGX offers dynamic performance and comfort at the highest level. Innovative safety systems provide ideal protection.

Illustration – Anje Jager

Johannes Hietz
Hietz Reisen, Austria

In 1973, Johannes Hietz's grandmother drove to the bus exhibition in Nice in a fancy white bus with an MAN engine and won the first prize. Today, her grandson runs the business and has remained loyal to MAN. They have already ordered a new Cityliner for 2016. Then the fleet will only consist of MAN and NEOPLAN vehicles.

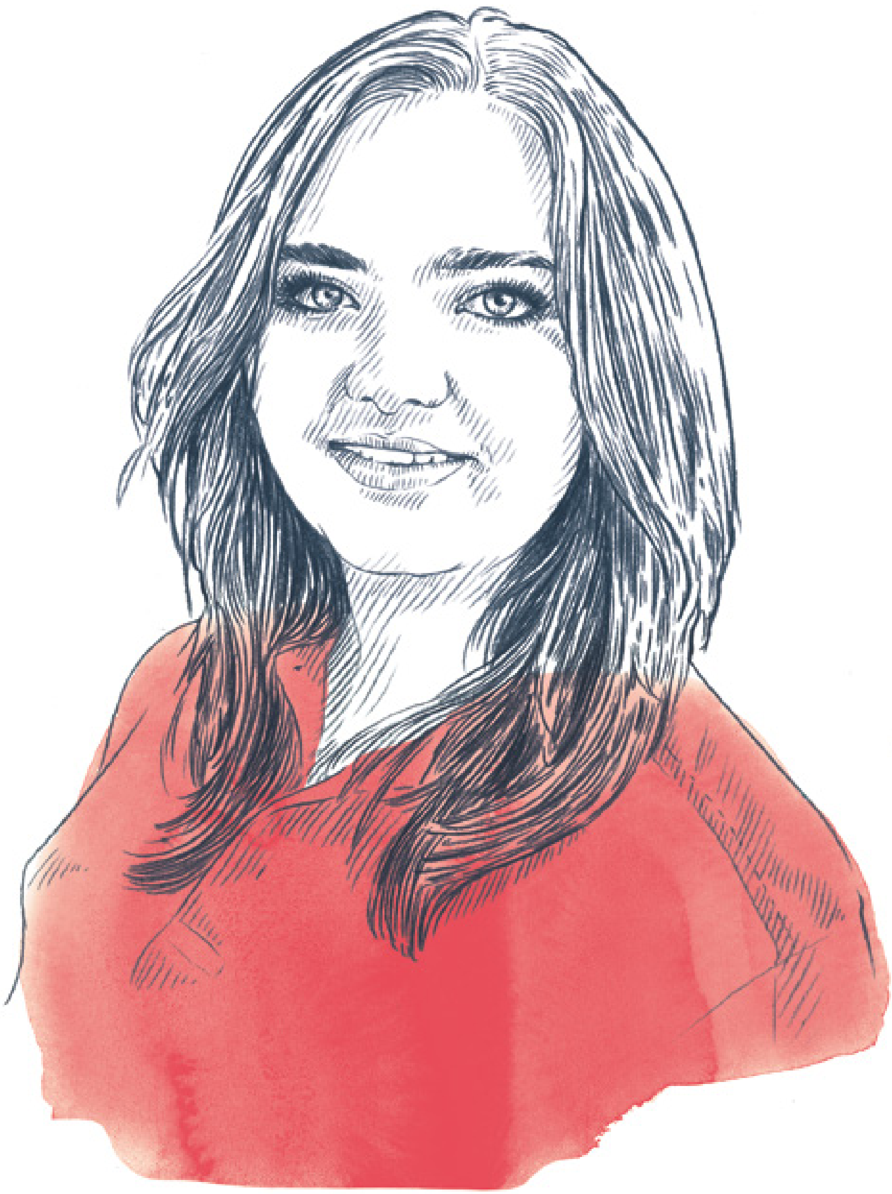


MAN Lion's Coach

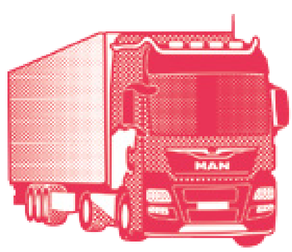
The coach for aficionados: Strong engines, maximum safety, and an exemplary environmental track record distinguish the Lion's Coach. In addition, customers value the high level of comfort and the spacious interior.

»We value the personal support at MAN. With MAN, every customer seems to be important, no matter if big or small.«

»A vehicle is only as good as the workshop behind it — which is why we have been working with MAN for generations.«



Tanja Häßler
Haulage company Hässler, Germany
The haulage family business Spedition Anton Hässler has been relying on MAN trucks for as long as the junior executive can remember. Her grandfather bought the first one at the end of the 1970s. New orders are already planned for 2016.

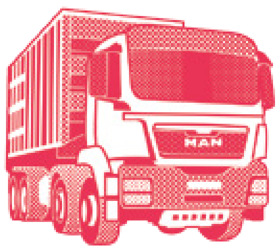


TGX D38 "100 Years Edition"
The truck of the century with exclusive features: The special model for the anniversary "100 years of MAN trucks and buses" with 520 or 560 horsepower brings power to the road and attracts attention — with its highly-polished stainless steel front and side bars, the LED accent lighting and the lions on the vehicle sides.

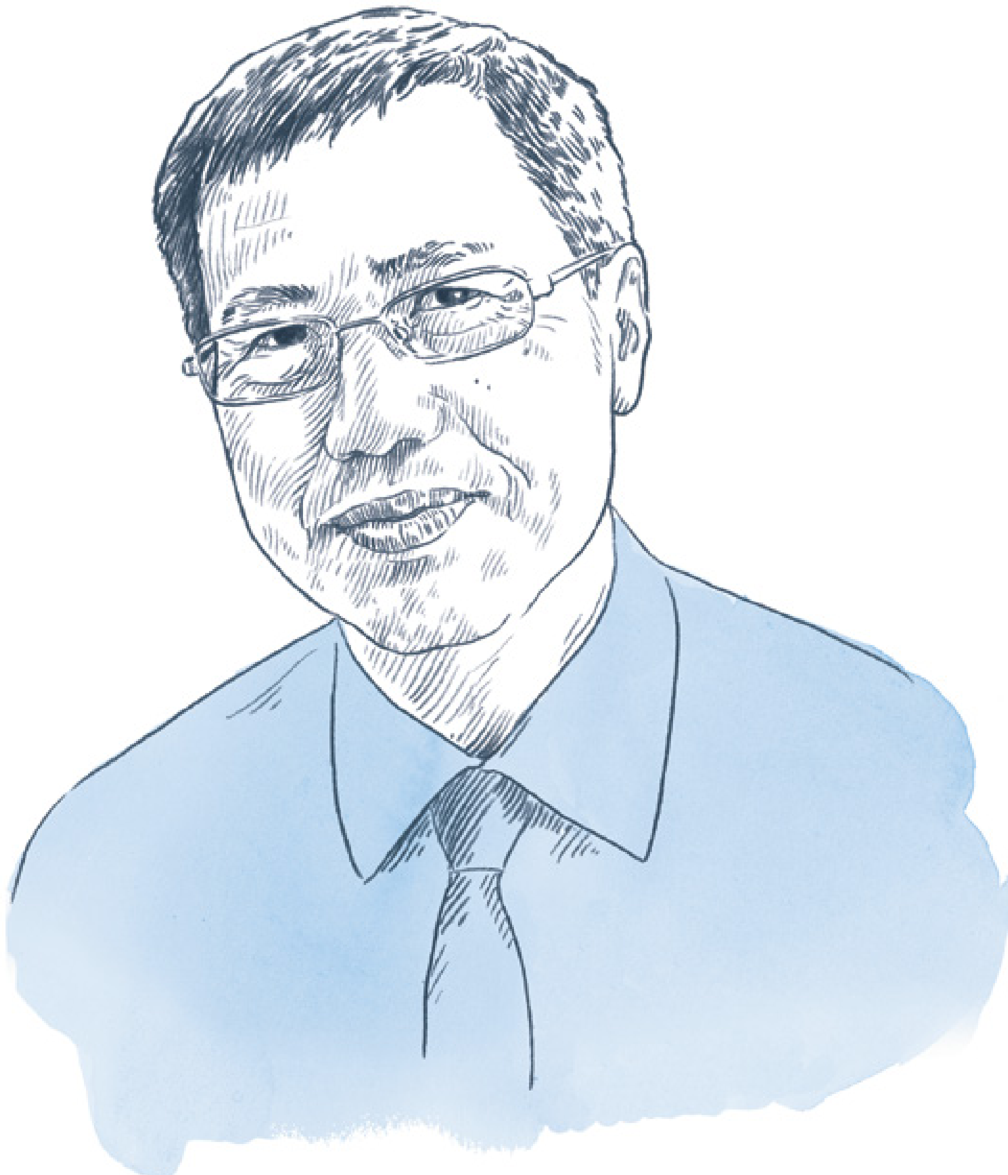
Illustrations – Anje Jager

Madison Tang
Suez Environment, Hong Kong

The company SITA Waste Service Limited, part of the Suez Environment group, makes sure that Hong Kong and Macao stay clean. The vehicles that collect, transport, and dispose of around 400,000 tons of waste per year have to fulfill high environmental standards, says Mr. Tang, Deputy Business Unit Director of the Hong Kong branch. SITA has been working with MAN since 2005.



MAN TGS
Power pack in urban transport: The TGS combines high payload with optimum maneuverability. Its readiness to be loaded promptly, the quick release of brakes, and switch units complete the package.



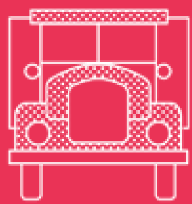
»Low emissions while always adapting to the latest environmental standards — MAN is a reliable partner when it comes to clean urban transport.«

100 YEARS OF MAN TRUCKS AND BUSES

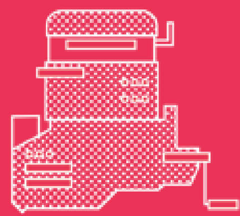
The MAN Group looks back on more than 250 years of history. Following the entry of the “Lastwagenwerke M.A.N.-Saurer” into the commercial register of the city of Nuremberg in 1915, the success story of MAN as a commercial vehicle manufacturer still continues today. An overview of the most memorable milestones.

1915

MAN begins building the first trucks and buses together with the company Saurer in Lindau. One year later, the manufacturer moves to the MAN plant in Nuremberg.



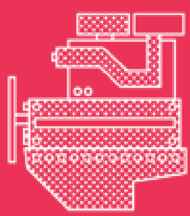
1924



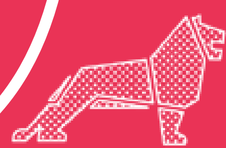
Presentation of the first engine with direct diesel injection — developed by MAN. This has paved the diesel engine’s road to success to this very day.

1951

The first German truck engine by MAN with its exhaust-gas turbo-charging process manages to increase output by 35 percent compared with conventional truck engines.



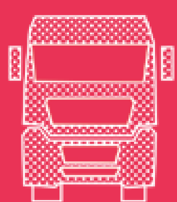
1971



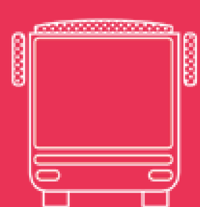
MAN takes over Büssing Automobilwerke. Büssing’s lion is integrated into the logo and has since then been on all of MAN’s commercial vehicle truck grills.

2000

Presentation of the Trucknology Generation A (TGA) marks the starting point of a major product initiative. In 2007, the TGA is further developed into the heavy truck models MAN TGS and TGX.



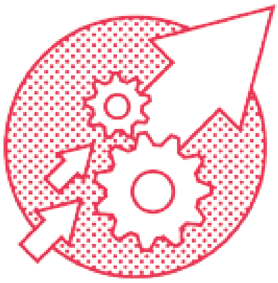
2015



MAN Lion’s City GL CNG is awarded the title “Bus of the Year 2015.” When filled up with biogas or e-gas, the articulated bus is virtually carbon neutral.

Illustration – left: Anje Jager

MORE EFFICIENT

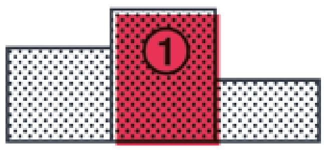


HIGHLIGHTS 2015 COMMERCIAL VEHICLES

MOST RELIABLE TRUCK MANUFACTURER

MAN trucks are above average among defect-free trucks. They stand out again clearly from the vehicles of competitors in the TÜV Report.

Spanning all age categories tested: MAN's trucks win at TÜV Report commercial vehicles with the lowest defect rates for the fourth time in a row. With regard to the percentage of one-year-old trucks with no defects at all, MAN has once again been able to surpass the previous year's record with a current percentage of 85.9. The customers are happy: The fact that an above-average number of MAN trucks pass the main vehicle inspection without any defects saves them money.



Number 1 for the fourth consecutive year

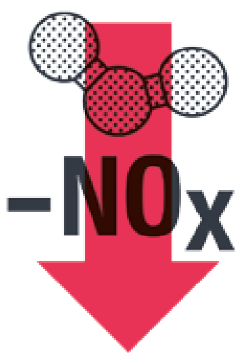
2012
2013
2014 **2015**

EURO 5 VEHICLES FOR ARGENTINA

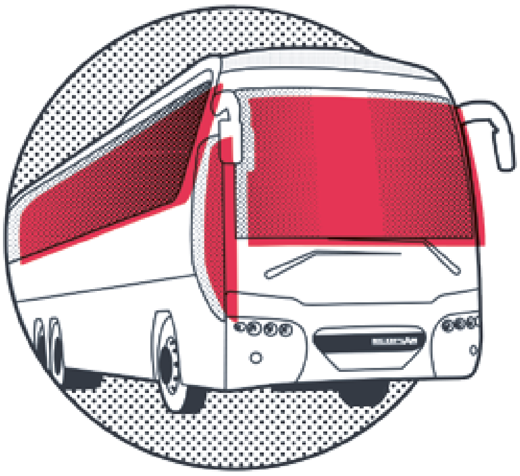
MAN Latin America introduces D08 engines in the Argentinian market.

Since January 2016, customers in Argentina have the opportunity to order the Euro 5 models Trucks Delivery, Worker, and Constellation from the ADVANTECH line and Volksbus. Apart from numerous innovations, the most important advantage of the new vehicles is their D08 engine. The propulsion engine developed in Brazil scores major points with low fuel consumption and excellent performance, even at lower revs. To fulfill local emission standards, customers can choose between selective catalyst reduction (SCR) and exhaust gas recirculation (EGR) systems. MAN Latin America is the first to offer an EGR system in Argentina where no additional urea injection AdBlue is necessary. The elimination of an additional tank saves space and reduces weight for assembly.

Low nitrogen emissions thanks to exhaust gas recirculation rates of > 30 %



Low emissions, low noise levels, longer maintenance intervals: MAN's D08 engines



NEOPLAN Tourliner wins
BC Comfort Award 2015.

TWO AWARDS, ONE HUNDRED ORDERS

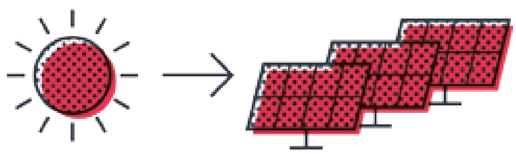
MAN Truck & Bus attracts strong buying interest and gives a positive summary at Busworld trade fair.

MAN's buses are winners on the road — which was underlined by the two awards MAN won at the world's largest bus fair in Kortrijk, Belgium: the IBC Comfort Award 2015 went to the NEOPLAN Tourliner for comfort and the ECW Award to MAN's Lion's Coach C for comfort and ergonomics. One of the highlights at MAN's trade fair stand was the MAN Lion's Intercity that was presented at a fair for the first time. MAN secures several orders — particularly from markets in Belgium, France, Germany, the Middle East, and Asia. All in all, the Company sold more than 100 vehicles.

CO_2-NEUTRAL PLANT IN SOUTH AFRICA

MAN manufactures trucks and bus chassis at the plant in Pinetown.

Plenty of solar energy: with more than 300 days of sunshine in Pinetown annually, the photovoltaic unit on the roof of the MAN plant can produce around 810,000 kilowatt hours of electricity.



Electricity from the roof, water from the recycling facility: In Pinetown, MAN operates the first climate-neutral plant in the production network worldwide.

MAN takes another large step in implementing its Climate Strategy by going green with completely regenerative energy supply at its MAN Truck & Bus commercial vehicle plant in Pinetown, South Aifrca. For this purpose, a photovoltaic unit spanning 6,300 square meters was mounted on the roofs of the production halls. It can produce around 810,000 kilowatt hours of electricity per year. That is more than is needed on site and thus feeds the surplus energy into the local power network. The cost of about €730,000 should already be amortized in six to seven years.

Before mounting the solar panels, the roofs of the halls had to be modernized thoroughly. Skylights were installed to let daylight into the halls. Conventional neon lights were replaced with energy-saving lights.

State-of-the art insulation ensures that the air conditioning needs as little energy as possible. In addition, rainwater collectors were set up to run the wash tunnel of the site in an environmentally friendly manner. Here, rain- and drain water are collected, filtered, and re-used. The new compressor driving the plant machinery also contributes to the positive climate outcome: as it does not continuously run at full tilt but merely produces the air volume required by plant equipment, it saves between 30% and 35% power as compared with its predecessor.

Photo credits – MAN

The MAN Group is one of Europe's leading players in the engine, commercial vehicle, and mechanical engineering industries. As a supplier of trucks, buses, diesel engines, turbomachinery, and special gear units, we hold leading positions in all our markets.

MAN AT A GLANCE

2015		
14.4 € billion	ORDER INTAKE DOWN 6%	[2014: €15.3 billion]
13.7 € billion	SALES REVENUE DECLINED 4%	[2014: €14.3 billion]
92 € million	RESTRUCTURING EXPENSES AND BRAZIL WEIGH ON OPERATING PROFIT	[2014: €384 million]
0.7 percent	SIGNIFICANT DROP IN OPERATING RETURN ON SALES	[2014: 2.7%]
0.5 € billion	POSITIVE NET CASH FLOW	[2014: €– 0.8 billion]

Group key figures (IFRSs)

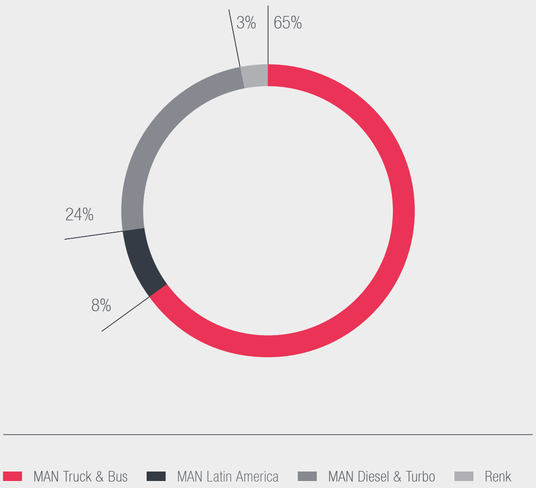
	2015	2014	Change in %
Order intake	**14,381**	**15,332**	**– 6**
Germany	3,486	3,267	7
Other countries	10,895	12,066	– 10
Sales revenue	**13,702**	**14,286**	**– 4**
Germany	3,252	2,906	12
Other countries	10,449	11,380	– 8
Order backlog[1]	**6,037**	**6,244**	**– 3**
Headcount[1]	**55,030**	**55,903**	**– 2**

Income statement			Change € million
Operating profit before special items[2]	277	384	– 107
Special items[2]	– 185	–	– 185
Operating profit/loss	92	384	– 292
Operating return on sales (%)	0.7	2.7	– 2.0
Earnings before tax from continuing operations (EBT)	95	242	– 147
Profit/loss after tax	150	267	– 118
Balance sheet			
Total assets[1]	18,110	17,538	572
Total equity[1]	5,565	5,485	80
Equity ratio (%)	30.7	31.3	– 0.5
Net financial debt[1]	– 1,311	– 1,360	49
Cash and cash equivalents[1]	779	525	253
Cash flow			
Net cash provided by/used in operating activities	1,162	– 695	1,857
Net cash used in investing activities attributable to operating activities	– 667	– 154	– 513
Net cash flow	495	– 849	1,345

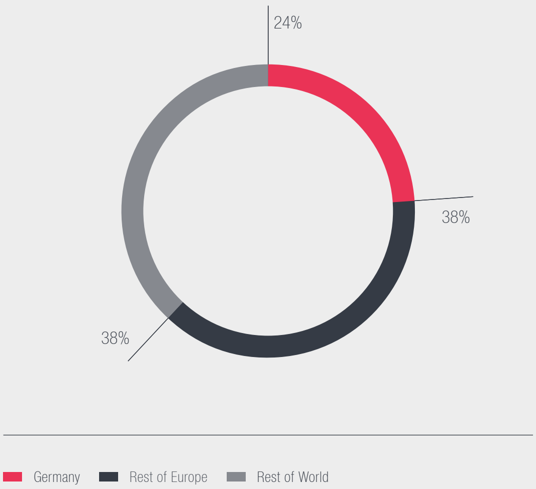
Shares			Change in €
Earnings per share from continuing operations in €	1.02	0.88	0.14
Annual cash compensation payment/guaranteed dividend per share in €[3]	3.07	3.07	–

[1] As of December 31, 2015, vs. December 31, 2014.
[2] Special items include restructuring expenses of €185 million for the future growth program at MAN Truck & Bus.
[3] MAN SE will not distribute any further dividends from fiscal 2014 onwards as a result of the DPLTA. Instead, Truck & Bus GmbH has agreed to make annual cash compensation payments of €3.07 per common or preferred share for the full fiscal year to MAN SE free float shareholders for the duration of the DPLTA, starting in fiscal 2014.

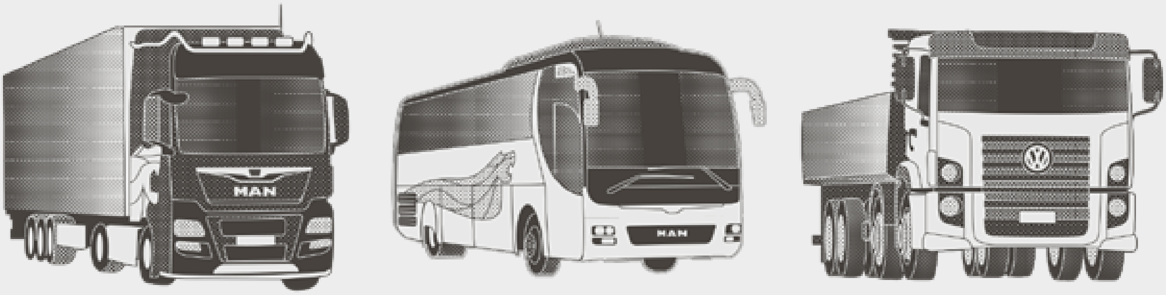
Revenue distribution by segment



Revenue distribution by region



THE MAN GROUP



COMMERCIAL VEHICLES

MAN Truck & Bus
is the largest MAN Group company and is a leading supplier of commercial vehicles and transportation solutions.

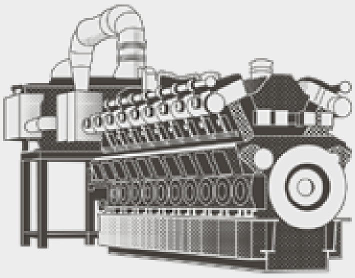
- Trucks with a gross vehicle weight of 7.5 to 44 t
- Heavy special-purpose vehicles with a gross train weight of up to 250 t
- MAN-branded city and intercity buses, coaches, and bus chassis as well as NEOPLAN-branded luxury coaches
- Industrial, marine, and on- and off-road engines
- End-to-end passenger transportation and goods transportation services

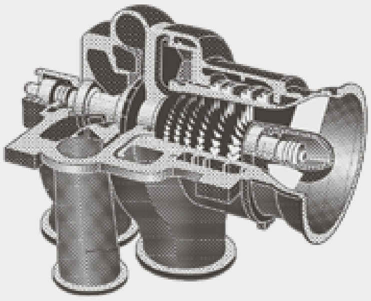
€ million	2015	2014
Order intake	10,059	9,269
Sales revenue	8,997	8,412
Operating profit	20	152
Headcount (on December 31)	35,865	36,450
Operating return on sales (%)	0.2	1.8

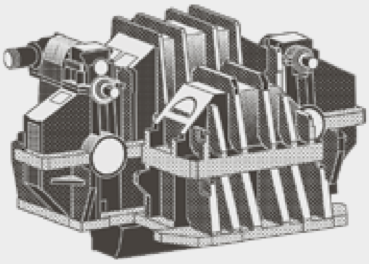
MAN Latin America
is the largest truck manufacturer in Brazil. It has been the local market leader in the over 5 t class for thirteen years and is a leading supplier of commercial vehicles and bus chassis for growth markets, with one of the most advanced production facilities worldwide for trucks and bus chassis that are marketed under both the Volkswagen and MAN brands.

- Trucks with a gross vehicle weight of 5 to 31 t
- Tractor-trucks with a gross train weight of up to 74 t
- Bus chassis from 5 to 26 t for all uses
- Tailor-made special-purpose vehicles

€ million	2015	2014
Order intake	1,047	2,253
Sales revenue	1,047	2,253
Operating profit	– 120	65
Headcount (on December 31)	1,734	1,999
Operating return on sales (%)	– 11.5	2.9







POWER ENGINEERING

MAN Diesel & Turbo
is one of the world's leading providers of large-bore diesel and gas engines for marine and stationary applications and is also one of the leading suppliers of turbomachinery on the global market.

- Two- and four-stroke engines with high fuel flexibility for use in ships and power plants
- On-board gensets, exhaust-gas turbochargers, and propulsion systems
- Diesel and gas power plants and power plant components
- Comprehensive range of compressors, gas turbines, steam turbines, and chemical reactors
- Complete turbomachinery trains for the oil and gas industry, the processing industry, and power generation
- Global end-to-end after-sales services for the company's entire product range under the MAN PrimeServ brand

€ million	2015	2014
Order intake	2,949	3,280
Sales revenue	3,305	3,273
Operating profit/loss	216	206
Headcount (on December 31)	14,935	14,947
Operating return on sales (%)	6.5	6.3

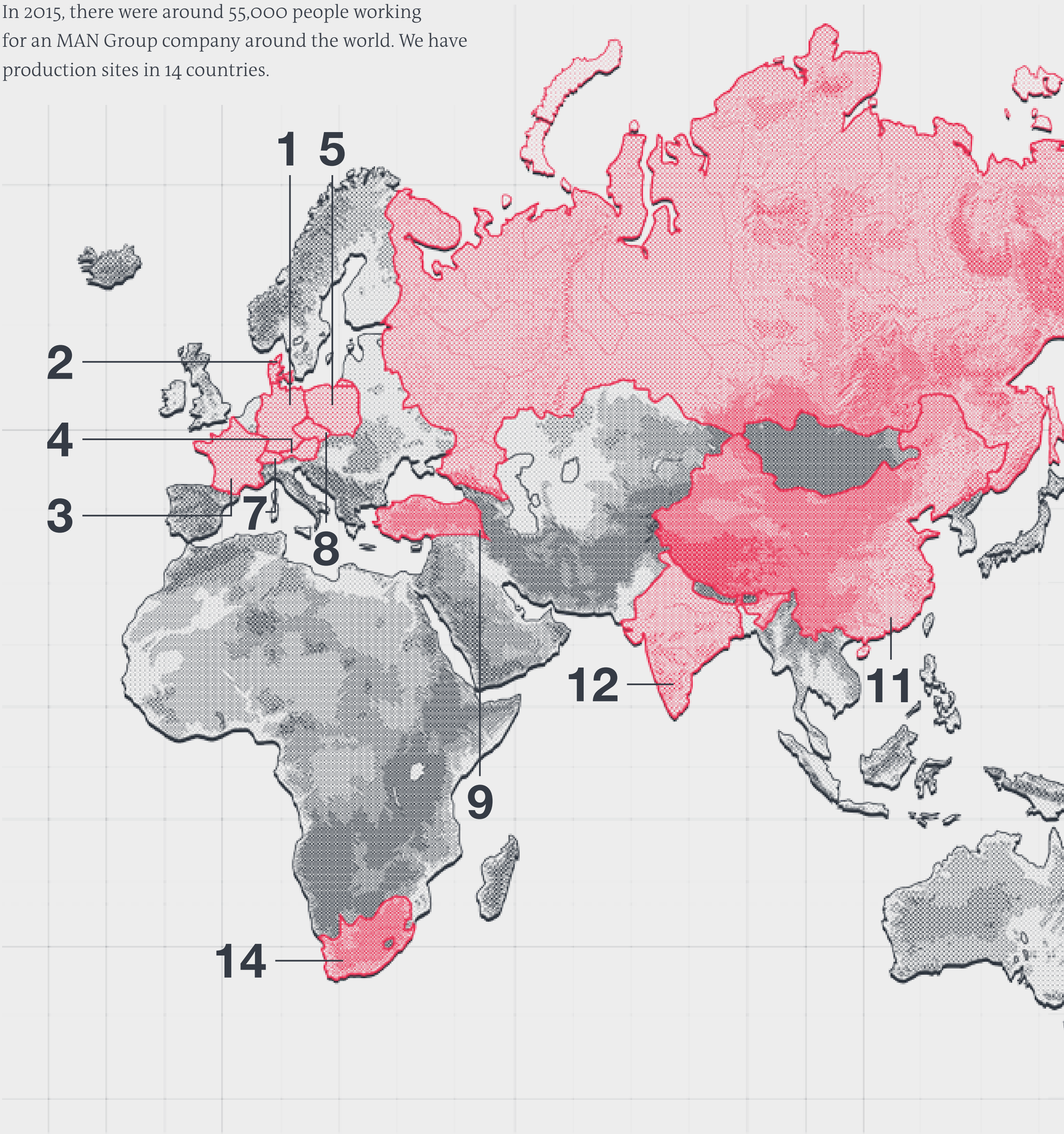
Renk (76%)
is a globally recognized manufacturer of high-quality special gear units, propulsion components, and testing systems.

- Vehicle transmissions for medium and heavy tracked vehicles
- Special gear units for specialist marine and stationary applications
- Standard gear units, primarily for merchant shipping, industrial applications, and wind power
- Slide bearing housings for mechanical and plant engineering as well as solar applications
- Turnkey testing systems for the automotive, rail, and aviation industries as well as for wind power plants

€ million	2015	2014
Order intake	483	666
Sales revenue	487	480
Operating profit	68	72
Headcount (on December 31)	2,198	2,196
Operating return on sales (%)	14.0	15.0

THE WORLD OF MAN

In 2015, there were around 55,000 people working for an MAN Group company around the world. We have production sites in 14 countries.



1 GERMANY
- **Employees[1]:** 31,720
- **Production sites:**
Munich, Nuremberg, Salzgitter (MAN Truck & Bus); Augsburg (MAN Diesel & Turbo, Renk); Berlin, Deggendorf, Hamburg (MAN Diesel & Turbo); Hanover (Renk); Oberhausen (MAN Diesel & Turbo); Rheine (Renk)

2 DENMARK
- **Employees[1]:** 2,253
- **Production sites**:
Frederikshavn, Copenhagen (MAN Diesel & Turbo)

3 FRANCE
- **Employees[1]:** 1,420
- **Production site:**
Saint-Nazaire (MAN Diesel & Turbo)

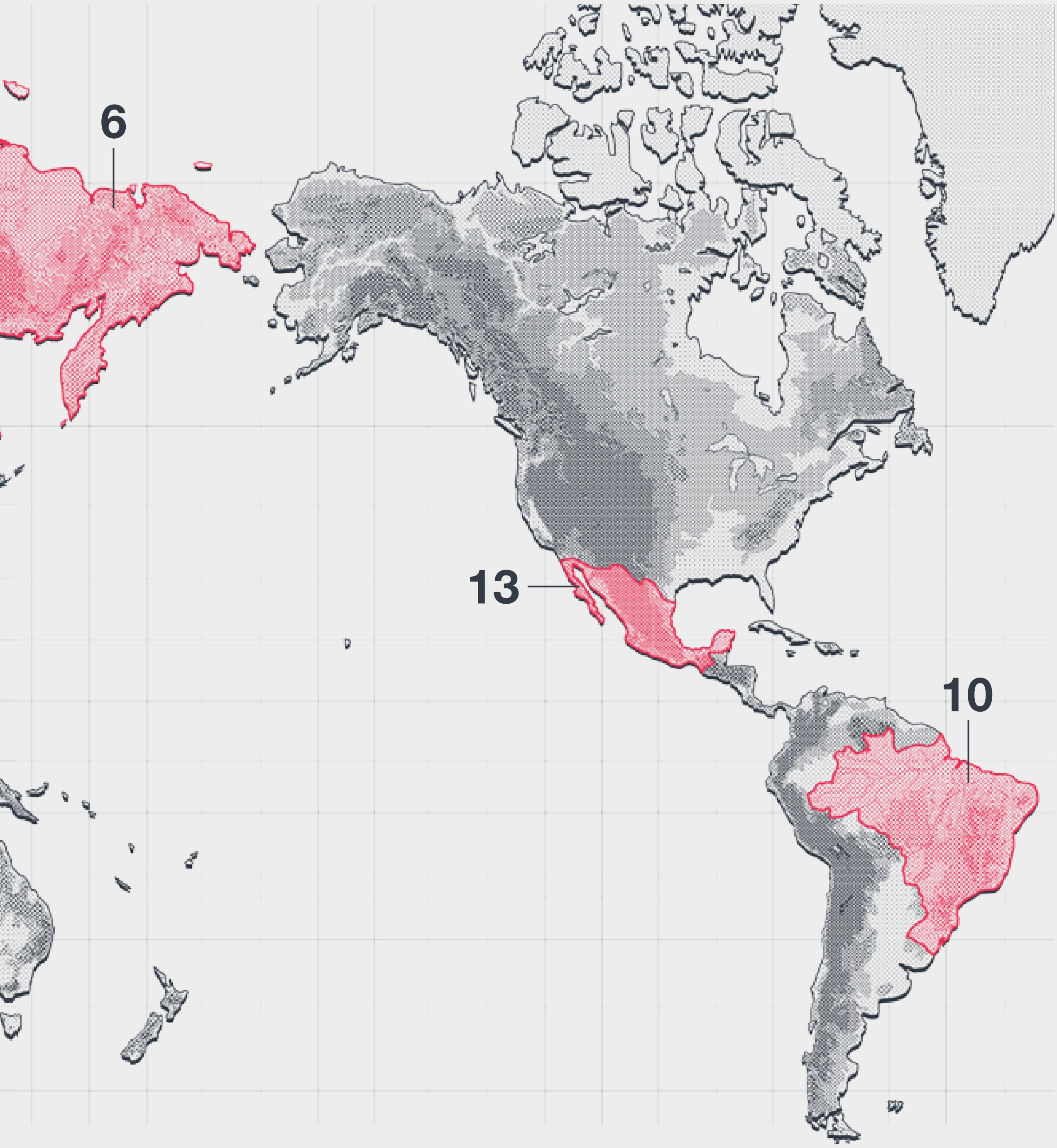
7 SWITZERLAND
- **Employees[1]:** 1,174
- **Production sites:**
Zurich (MAN Diesel & Turbo); Winterthur (Renk)

8 CZECH REPUBLIC
- **Employees[1]:** 362
- **Production site:** Velká Bíteš (MAN Diesel & Turbo)

9 TURKEY
- **Employees[1]:** 2,173
- **Production site:** Ankara (MAN Truck & Bus)

10 BRAZIL
- **Employees[1]:** 1,854
- **Production site:** Resende (MAN Latin America)

[1] As of December 31, 2015; all MAN companies nationwide



4 AUSTRIA
- **Employees¹:** 3,033
- **Production site:** Steyr (MAN Truck & Bus)

5 POLAND
- **Employees¹:** 3,596
- **Production sites:** Cracow, Poznań, Starachowice (MAN Truck & Bus)

6 RUSSIA
- **Employees¹:** 383
- **Production site:** St. Petersburg (MAN Truck & Bus)

11 CHINA
- **Employees¹:** 712
- **Production site:** Changzou (MAN Diesel & Turbo)

12 INDIA
- **Employees¹:** 1,189
- **Production sites:** Pithampur (MAN Truck & Bus); Aurangabad, Bangalore (MAN Diesel & Turbo)

13 MEXICO
- **Employees¹:** 168
- **Production site:** Querétaro (MAN Latin America)

14 SOUTH AFRICA
- **Employees¹:** 1,072
- **Production sites:** Olifantsfontein, Pinetown (MAN Truck & Bus)

FINANCIAL DIARY

(expected dates)*

2016

JULY 29

Half-yearly report 2016

* The latest information can be found an MAN SE's website at www.man.eu/financial-dates

Publication date for the 2015 Annual Report

March 11, 2016

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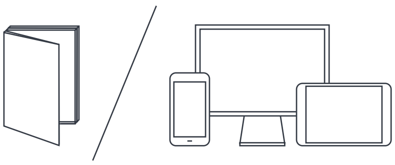
2015 COMPANY REPORT

You will find the 2015 Company Report and the 2015 Annual Report online at www.man.eu/annualreport2015.



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TO OUR SHAREHOLDERS

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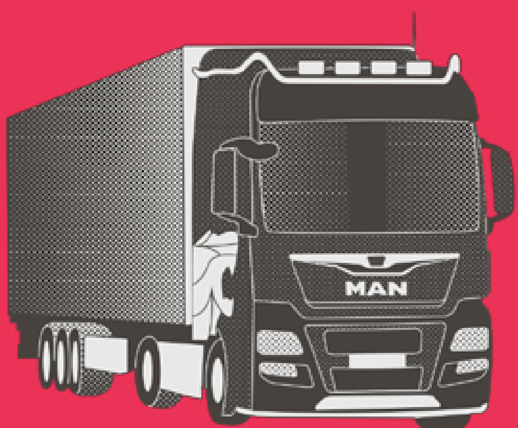

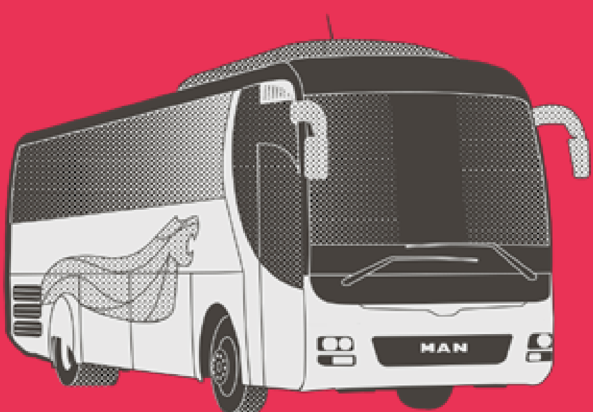

MAN TGX D38 “100 YEARS EDITION”

The special “100 Years MAN Trucks and Busses” model with highly-polished stainless steel front and side bars, LED accent lighting, a light bar with halogen head-lights, and the flaming lions.

MAN LION’S COACH “100 YEARS EDITION”

To mark the product’s anniversary, the high-deck touring coach is available in a limited run of 100 units. Specially designed upholstery featuring the MAN lion and Texas grey metallic paint further enhance the model.

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PAGE 3

TO OUR SHAREHOLDERS

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Dear Shareholders,

The economic environment deteriorated significantly in fiscal 2015. Although the global economy recorded moderate growth and the situation also improved somewhat in the industrialized nations, economic momentum in many emerging economies slowed further over the course of the year. The picture for the MAN Group is ambivalent: While the European commercial vehicles market recovered, the situation in other regions — such as Brazil or Russia — and in the Power Engineering business area remains tense.

Unit sales in the Commercial Vehicles business area in the reporting period therefore fell significantly short of our forecasts: The economy contracted in our key Brazilian market, with negative consequences for the investment climate and exchange rates. The Russian market slumped. The European market returned to growth, following the impact of pull-forward effects from Euro 6 in the previous year. Overall, we were able to maintain our position in the key commercial vehicles markets. Additionally, MAN Truck & Bus launched a future growth program designed to increase long-term competitiveness. In the Power Engineering business area, order intake was noticeably lower than in the previous year. The downward market trend in the Engines & Marine Systems and Turbomachinery strategic business units had a dampening effect here. Power Plants felt the impact of slower economic growth and longer project lead times in key emerging economies.

These economic factors affected our figures:

At €14.4 billion, the MAN Group's order intake in fiscal 2015 was down 6% year-on-year. In the Commercial Vehicles business area, it amounted to €11.0 billion, 4% lower than the previous year's figure. MAN Truck & Bus received 9% more orders, while order intake at MAN Latin America declined by more than half. Order intake for large-bore engines, turbomachinery, and gear units were down approximately 13% compared with the previous year.

At €13.7 billion, the MAN Group's sales revenue in fiscal 2015 was 4% lower year-on-year. The Commercial Vehicles business area recorded sales revenue of €10.0 billion. MAN Truck & Bus generated year-on-year growth of 7%, with unit sales increasing by 8% to 79,222 vehicles. MAN Latin America's sales revenue declined to €1.0 billion due to the deterioration in the market environment and negative currency effects. Unit sales almost halved to 24,472 vehicles. Nevertheless, MAN Latin America defended its market leadership for the 13th year in succession. Sales revenue amounted to €3.8 billion in the Power Engineering business area, and grew 1% year-on-year at MAN Diesel & Turbo. Renk's sales revenue was also up slightly on the previous year, at €487 million.

The MAN Group's operating profit after restructuring expenses was €92 million in fiscal 2015. Operating profit at the Commercial Vehicles business area dropped to €–101 million. MAN Truck & Bus recorded an operating profit before special items of €205 million. Special items weighing on operating profit related to restructuring expenses of €185 million for the future growth program, reducing MAN Truck & Bus's operating profit to €20 million. MAN Latin America recorded an operating loss of €120 million because of the lower volumes in Brazil and introduced a large number of measures to counteract this trend. Operating profit in the Power Engineering business area amounted to €283 million and was thus on a level with the previous year. MAN Diesel & Turbo's operating profit was €216 million, with Engines & Marine Systems making a significant contribution. Renk posted an operating profit of €68 million and thus a continued high operating return on sales of 14.0%. The MAN Group's operating return on sales declined to 0.7% in 2015.

The MAN Group did not meet its targets for 2015. MAN SE's Executive Board considers this business performance to be unsatisfactory. We have initiated or stepped up measures to increase profitability in all divisions. Our goal is to deliver significant results from optimized products and components, as well as procurement. Additionally, capital expenditures are being reviewed and workflows are being examined and enhanced. The most important new measure is the future growth program to strengthen the long-term competitiveness of MAN Truck & Bus. It includes reorganizing truck production and streamlining administration. The changes introduced in the bus production network in 2014 have now largely been implemented. As MAN SE's Executive Board, we are convinced that it was and remains the right decision to initiate pivotal measures to safeguard the Company's future growth even in economically difficult times.

Global demand for innovative solutions in the transportation and energy sectors continues to rise. MAN will therefore continue to pursue its profitable growth strategy with a focus on transportation and energy. Technology leadership remains a critical success factor for us. MAN develops innovative products and solutions that are focused on the needs of customers and markets. Our efforts are concentrated in particular on reducing fuel consumption and emissions as well as on generating energy efficiently, reliably, and in an environmentally friendly manner.

In May 2015, Volkswagen AG's Supervisory Board approved the creation of Volkswagen Truck & Bus GmbH, a commercial vehicles holding. The aim is to make a global champion out of the group consisting of MAN Truck & Bus, MAN Latin America — most of whose sales are made through Volkswagen Caminhões e Ônibus — and Scania. As part of this, the brands are collaborating more closely while retaining their identities and full operational responsibility. The new group aims to generate potential additional long-term operating profit synergies averaging at least €650 million a year.

In light of the long product lifecycles in the commercial vehicles business, it will take 10 to 15 years before these have been fully realized. For example, we are expecting to leverage synergies in the areas of procurement and development, centering around a platform strategy for transmissions and axles, as well as selected cab components and driver assistance systems. These are currently being developed for medium and heavy commercial vehicles, and will form the basis for creating brand-specific solutions. In the long term, the entire drivetrain — the most important cost driver for a truck — is relevant for joint development activities.

The MAN Group's Management anticipates that the global economy will see slightly stronger growth in 2016 compared with the reporting period, despite a number of uncertainties. Structural deficits and geopolitical conflicts are the main risks to the continued growth of the global economy.

In the Commercial Vehicles business area, we expect unit sales for 2016 to be on a level with the previous year, while sales revenue will fall slightly short of the prior-year figure. Buoyed by the measures we have initiated, operating profit and operating return on sales will be up significantly year-on-year. Both key indicators will also significantly exceed the 2015 figures before special items. In the Power Engineering business area, we expect order intake in 2016 to be slightly above the prior-year level. Sales revenue will be noticeably lower than in the previous year. Strong competitive pressure will continue to weigh on the strained markets in 2016. Operating profit and operating return on sales will therefore be significantly lower than the prior-year figures.

This will mean a slight year-on-year decline in the MAN Group's sales revenue. Operating profit and operating return on sales will be up significantly year-on-year.

Sincerely,

Joachim Drees
Chief Executive Officer of MAN SE

MANAGEMENT BOARD

Joachim Drees
Chief Executive Officer

Born in 1964. Studied business administration. Then worked with various management consultancy firms and the privatization agency (Treuhandanstalt) in Berlin. From 1996 held different management positions in the Daimler Truck Group and at Mercedes-Benz. Became Partner for Portfolio Management at UK investment company HgCapital LLP in 2006. Chief Financial Officer at Drees & Sommer AG from 2012. Chief Executive Officer (CEO) of MAN Truck & Bus AG since April 2015 and additionally of MAN SE since October 2015.

Jan-Henrik Lafrentz
Chief Financial Officer

Born in 1966. Studied business administration. From 1994 held various positions in the Volkswagen Group. Named Executive Vice President Finance at SEAT S.A. in 2004; moved to sales department as Executive Vice President Sales and Marketing in 2009. Became Executive Board member for Finance, IT, and Corporate Development at Bentley Motors in 2010 and additionally Finance Director of Bugatti Automobiles S.A.S. in 2011. Executive Board member for Finance, IT, and Legal at MAN Truck & Bus AG since July 2014; Chief Financial Officer (CFO) of MAN SE since October 2015.

Josef Schelchshorn
Chief Human Resources Officer

Born in 1960. Salesman training at AUDI AG. Joined human resources at AUDI AG in 1982; completed part-time studies in business administration in 1986. Then held various management positions in human resources at AUDI AG's sites in Ingolstadt, Germany, and Györ, Hungary. Named Executive Vice President Human Resources at SEAT S.A. in 2010. Chief Human Resources Officer and *Arbeitsdirektor* (Executive Board member responsible for employee relations) at MAN SE and MAN Truck & Bus AG since July 2015.

Antonio Roberto Cortes
President of MAN Latin America

Born in 1955. Studied economics and finance. Joined Volkswagen as corporate controller in South America in 1994. Became head of South American operations of Volkswagen Commercial Vehicles and Trucks and Buses in 2000. Appointed Executive Vice President of Volkswagen Commercial Vehicles and CEO of Volkswagen Trucks and Buses in December 2002; named President of Volkswagen Trucks and Buses in February 2007. President of MAN Latin America since 2009.

Dr. Uwe Lauber
Chief Executive Officer of MAN Diesel & Turbo SE

Born in 1967. Studied mechanical engineering and completed a doctorate. Joined Sulzer Turbo – now MAN Diesel & Turbo – in 2000. Responsible for compressor design, research and development, and testing until 2010. Named Head of the Oil & Gas business unit in December 2010. Executive Board member since October 2014 with responsibility for global Sales and After-Sales activities. Chief Executive Officer of MAN Diesel & Turbo SE since January 2015.

REPORT OF THE SUPERVISORY BOARD[1]

Dear Shareholders,

The Supervisory Board of MAN SE addressed the Company's position and development regularly and in detail in fiscal year 2015. In accordance with the recommendations of the German Corporate Governance Code and the legal requirements, we regularly advised the Executive Board in its management of the Company and monitored its activities.

We were involved in an advisory capacity in all matters and decisions of major importance to the MAN Group.

The Executive Board provided us with regular, comprehensive, and timely information, in both written and verbal form, on the development of the business, relevant business events, corporate planning, and deviations in the course of business from forecasts as well as their causes.

The Executive Board also reported to the Supervisory Board in particular on the MAN Group's strategy and the implementation status of strategic projects, the MAN Group's risk position and risk management, as well as compliance issues.

Documents relevant to our decisions were always made available to us in good time prior to the meetings.

During regular talks with the Chief Executive Officer outside the Supervisory Board meetings, I also discussed matters and issues relevant to the Company, such as the development of the business, planning and strategic projects, the risk position, risk management, and compliance.

The Supervisory Board held four regular meetings in fiscal 2015. In addition, resolutions on urgent matters were adopted in writing.

No members of the Supervisory Board attended only half or fewer of the meetings of the Supervisory Board and of the committees to which they belong.

Committee activities

The Supervisory Board established two committees — the **Presiding Committee** and the **Audit Committee** — on which shareholders and employees are represented equally, with three representatives in each case, as well as the **Nomination Committee**, which consists solely of shareholder representatives.

The main role of the committees is to prepare Supervisory Board resolutions. In some cases, the Supervisory Board's decision-making powers or tasks are transferred to committees.

The Nomination Committee is tasked with identifying candidates for Supervisory Board positions and recommending suitable candidates to the Supervisory Board as the latter's proposals for election at the Annual General Meeting. In this capacity, the shareholder representatives on the Presiding Committee act as the Nomination Committee.

Prof. Rupert Stadler was the Chairman of the Audit Committee until his departure from the Supervisory Board at the end of September 9, 2015.

The committee elected Mr. Matthias Gründler as its new Chairman. The Presiding Committee is always chaired by the Chairman of the Supervisory Board.

At the Supervisory Board meetings, the Chairman of the Audit Committee and I provided regular reports on the work of the committees.

A list of the members of the committees as of the end of 2015 is provided on page 176 of this Annual Report.

The **Presiding Committee** met a total of four times during the year.

It dealt in particular with all the key issues to be discussed at the following full Supervisory Board meetings and prepared resolutions for them.

The **Nomination Committee** met once in 2015. Dr. h.c. Leif Östling's resignation from the Supervisory Board necessitated the election of a new shareholder representative to the Supervisory Board, see below.

[1] In accordance with section 171 (2) of the *Aktiengesetz* (AktG – German Stock Corporation Act)

The **Audit Committee** held a total of four meetings in the year under review.

It dealt in detail with financial reporting issues, the annual financial statements of MAN SE and the MAN Group, and the audit reports submitted by the auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich (PwC).

The Committee regularly discussed the quarterly financial reports with the Executive Board prior to their issue.

PwC reviewed the MAN Group's interim financial statements as of June 30, 2015. This did not lead to any objections. The Committee discussed the findings of the review with the auditors in detail.

The Audit Committee also addressed the engagement of the auditors to audit the annual financial statements for 2015, the areas of emphasis of the audit, and the statement regarding the auditors' independence in accordance with section 7.2.1 of the German Corporate Governance Code.

The Committee regularly addressed the development of business in the MAN Group, the internal control system, risk management and the risk management system, and the MAN Group's risk position, among other issues.

In addition, the Audit Committee discussed corporate planning issues and financial and tax matters.

The Audit Committee also addressed compliance and internal audit issues, such as the MAN Group's internal audit system and the audit plan for MAN's Corporate Audit function, as well as its implementation status.

The head of MAN's Corporate Audit function and MAN's Chief Compliance Officer also reported in person to the Committee.

Issues addressed by the Supervisory Board

Topics discussed regularly by the Supervisory Board included trends with respect to orders, sales revenue, earnings, and employment within the MAN Group. We also regularly addressed key strategic matters and projects as well as the efficiency programs running in the MAN Group.

The following additional information relates to the Supervisory Board meetings held in 2015:

Supervisory Board meeting on February 9, 2015

Our meeting on February 9, 2015, focused on the annual financial statements for 2014. After detailed examination, we approved the consolidated financial statements prepared by the Executive Board and the annual financial statements of MAN SE for 2014, plus the Combined Management Report of MAN SE and the MAN Group.

In addition, we addressed at length strategic matters relating to MAN Diesel & Turbo SE as well as to Renk Aktiengesellschaft and approved the acquisition of the Indian steam turbine manufacturer MaxWatt Turbines Pvt. Ltd. by MAN Diesel & Turbo SE.

On February 9, 2015, we also addressed the agenda of the Annual General Meeting 2015.

Supervisory Board meeting on May 6, 2015

Prof. Dr. Ferdinand Piëch, who had been the Chairman of the Supervisory Board for many years, stepped down from the Supervisory Board on April 25, 2015, with immediate effect. At the beginning of the meeting on May 6, 2015, the Supervisory Board elected Prof. Dr. Ekkehard Schulz as its new Chairman. At the time of accepting his election, Prof. Schulz already announced that he would resign as Chairman effective as of the end of the Annual General Meeting 2015.

For the period from the end of the Annual General Meeting, the Supervisory Board elected me as its new Chairman.

In addition, on May 6, 2015, we also addressed issues around variable Executive Board remuneration and resolved, among other things, to grant a performance-related, long-term remuneration component to the Executive Board for fiscal 2015. Further information is provided in the remuneration report for fiscal 2015, which has been published in the Combined Management Report of MAN SE and the MAN Group, see also pages 60 ff. of this Annual Report, **MAN Group Management Report**.

Furthermore, we resolved to engage PwC to audit MAN SE's annual financial statements for 2015 and its risk early recognition system.

We also approved the sale of MAN Diesel & Turbo SE's equity investment in the operating company of a diesel power plant in Pakistan.

Supervisory Board meeting on September 9, 2015

Our meeting on September 9, 2015, focused on strategic issues such as organizational changes at MAN SE and the contents and goals of the enhanced future growth program of MAN Truck & Bus AG.

In addition, we set a target of naught percent for female members of the Executive Board; this target applies until December 31, 2016.

On September 9, we also resolved various changes in the Executive Board; for more information, see the explanations on changes to the composition of the Supervisory Board and the Executive Board.

Supervisory Board meeting on November 13, 2015

At our meeting on November 13, 2015, we addressed the system for variable Executive Board remuneration and approved in principle that the remuneration system should be replaced with the system used in the Volkswagen Group.

Furthermore, we discussed the MAN Group's corporate planning for the years 2016 to 2020 as well as strategic issues (e.g. the "New Heavy Medium Range" truck development project) and corporate governance issues, see below.

As a general rule, the shareholder and employee representatives met for separate preliminary discussions before each of the Supervisory Board meetings.

Conflicts of interest

No discernible conflicts of interest involving members of the Supervisory Board within the meaning of section 5.5 of the German Corporate Governance Code were notified in the year under review and none have arisen.

Corporate governance and Declaration of Conformity

The implementation of the current version of the German Corporate Governance Code (the Code) at MAN was discussed at the Supervisory Board meeting on November 13, 2015.

In December 2015, the Executive Board and Supervisory Board issued the annual Declaration of Conformity in accordance with section 161 of the AktG. This is permanently available on MAN SE's website at www.man.eu/corporate.

According to this Declaration of Conformity, MAN SE will comply with the recommendations of the German Corporate Governance Code (the Code) as amended on May 5, 2015, with the exception of section 5.3.2 sentence 3 (independence of the Chairperson of the Audit Committee), section 5.4.1 paragraphs 5–7 (disclosure of election recommendations), and section 5.4.6 paragraph 2 sentence 2 (performance-related compensation of the Supervisory Board).

Detailed explanations of and the reasoning behind the above-mentioned departures from the recommendations of the Code can be found in the Declaration of Conformity dated December 2015.

Further information on corporate governance at MAN is available in our Corporate Governance Report, see pages 15 ff. of this Annual Report.

Changes to the composition of the Supervisory Board and the Executive Board

There were various changes to the composition of the Supervisory Board in the year under review:

Mr. Gerhard Kreutzer retired after more than 40 years of service at MAN. Effective March 1, 2015, the alternate member, Mr. Helmut Brodrick, who had already been elected, became his successor on the Supervisory Board.

Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch stepped down from his position as a member of the Supervisory Board on April 25, 2015 with immediate effect.

On the application of the Executive Board, the registration court of Munich appointed Prof. h.c. Dr. rer. pol. Horst Neumann as a member of the Supervisory Board by way of a resolution dated May 19, 2015.

Dr. h.c. Leif Östling stepped down from his position as a member of the Supervisory Board, effective as of the end of the Annual General Meeting on May 6, 2015.

The Annual General Meeting elected me as his successor to the Supervisory Board for the remaining period of office.

Mr. Jürgen Dorn left the Supervisory Board effective June 2, 2015. On the basis of a resolution of the SE Works Council, Mr. Athanasios Stimoniaris became Mr. Dorn's successor on the Supervisory Board on July 14, 2015.

Prof. Dr. Dr. h.c. mult. Martin Winterkorn, Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch, Prof. h.c. Dr. rer. pol. Horst Neumann and Prof. Rupert Stadler stepped down from the Supervisory Board as of the end of September 9, 2015.

On the application of the Executive Board, the registration court of Munich, by way of a resolution dated October 15, 2015, appointed Mag. Julia Kuhn-Piëch, Mr. Matthias Gründler, Dr. Dr. Christian Porsche, and Mag. Mark Philipp Porsche as a members of the Supervisory Board for the remaining period of office of the Supervisory Board, i.e. until the end of the Annual General Meeting 2016.

There were also changes to the composition of the Executive Board.

The scheduled term of office of Mr. Jochen Schumm as a member of the Executive Board and *Arbeitsdirektor* (Executive Board member responsible for employee relations) expired as of the end of June 30, 2015. Mr. Schumm also left the Executive Board of MAN Truck & Bus AG as of June 30, 2015.

The Supervisory Board appointed, in writing, Mr. Josef Schelchshorn as a new member of the Executive Board and *Arbeitsdirektor* of MAN SE effective July 1, 2015. As Mr. Schumm before him, Mr. Schelchshorn also performs the roles of Chief Human Resources Officer and *Arbeitsdirektor* at MAN Truck & Bus AG and has in addition taken on the management of HR (human resources) at Volkswagen Truck & Bus GmbH as General Representative.

Dr. Georg Pachta-Reyhofen stepped down from his position as member of the Executive Board and Chief Executive Officer of the Company effective September 30, 2015.

Moreover, Mr. Ulf Berkenhagen stepped down from the Executive Board effective September 30, 2015.

At its meeting on September 9, 2015, the Supervisory Board appointed — effective October 1, 2015 in each case — Mr. Joachim Drees as member of the Executive Board and Chief Executive Officer and Mr. Jan-Henrik Lafrentz as member of the Executive Board.

Mr. Drees is at the same time a member of the Executive Board and Chief Executive Officer of MAN Truck & Bus AG and a Member of the Management of Volkswagen Truck & Bus GmbH.

Mr. Lafrentz is at the same time a member of the Executive Board of MAN Truck & Bus AG.

We want to thank everyone who left the Supervisory Board and the Executive Board in the year under review for their commitment.

Audit of the annual and consolidated financial statements

In accordance with our proposal, the Annual General Meeting of MAN SE on May 6, 2015, elected PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich, as the auditors for fiscal 2015. The Supervisory Board issued the concrete audit engagement letter to PwC in line with the Audit Committee's recommendations and specified the areas of emphasis of the audit.

The auditors issued unqualified audit opinions on the annual financial statements of MAN SE and the consolidated financial statements for the MAN Group, plus the Combined Management Report.

In addition, the auditors assessed the internal control system and the risk management system and concluded that the Executive Board had taken the measures required by section 91 (2) of the AktG to identify at an early stage risks that could endanger the Company's continuing existence.

The members of the Audit Committee and the members of the Supervisory Board received the documents relating to the annual financial statements and the audit reports prepared by the auditors in good time for the meetings of these committees on March 3, 2016, and March 4, 2016, respectively.

The auditors reported in detail in both meetings on the key findings of their audits and were available to provide additional information.

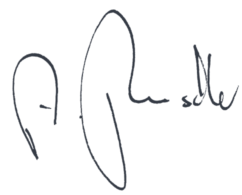
Based on the audit reports by the auditors and its discussion with them as well as its own findings, the Audit Committee prepared the documents for the Supervisory Board's examination of the consolidated financial statements and the annual financial statements of MAN SE, as well as the Combined Management Report, and reported on them in the Supervisory Board meeting on March 4, 2016. After this, it recommended that the Supervisory Board approve the annual financial statements.

We examined these documents in depth in the knowledge of, and taking into account, the report by the Audit Committee and the auditors' report, and in our discussions with these. We came to the conclusion that the assessments by the Executive Board of the position of the Company and the Group presented in the Combined Management Report are due and proper and correspond to those of the Supervisory Board.

We therefore concurred with the results of the audit by the auditors at our meeting on March 4, 2016, and approved the annual financial statements prepared by the Executive Board and the consolidated financial statements. The annual financial statements are thus adopted.

The Supervisory Board would like to thank all the members of the Executive Board and the management teams, as well as the employees of the MAN Group companies, for their achievements and active commitment. We also wish to extend our thanks to the employee representatives for their objective and constructive cooperation in the interests of our Company.

On behalf of the Supervisory Board:
Munich, March 4, 2016



Andreas Renschler
Supervisory Board Chairman

CORPORATE GOVERNANCE

Corporate management and supervision at MAN is focused on ensuring sustained value creation and an appropriate profit in line with the principles of the social market economy.

Corporate governance is shaped by the applicable laws, in particular the provisions of German stock corporation law, by our Articles of Association and internal regulations, and by nationally and internationally recognized standards of good and responsible corporate governance. The German Corporate Governance Code (the Code) represents the statutory provisions for the governance of German stock corporations that apply to MAN and provides recommendations and suggestions for applying corporate governance at MAN in accordance with recognized standards.

On April 26, 2013, MAN SE, as the controlled company, entered into a domination and profit and loss transfer agreement with Truck & Bus GmbH (henceforth known as Volkswagen Truck & Bus GmbH), a wholly owned subsidiary of Volkswagen AG, as the controlling company. Profit transfer occurred for the first time in fiscal year 2014, whereas the part of the intercompany agreement relating to control (domination) became effective on July 16, 2013, when it was entered in MAN SE's commercial register. Since that date, Volkswagen Truck & Bus GmbH is authorized to issue instructions to the Executive Board of MAN SE.

The ethical guidelines that apply to the MAN Group are laid out in our Code of Conduct, which is also available on our website at **www.man.eu/corporate** under the "Company" heading.

Corporate governance at MAN *

Both MAN's Executive Board and its Supervisory Board have addressed in detail the corporate governance system and compliance with the recommendations and suggestions contained in the Code. They are aware that good and transparent corporate governance that complies with both national and international standards is of central importance for ensuring responsible management with a long-term focus.

Declaration of Conformity

In December 2015, the Executive Board and the Supervisory Board issued the Declaration of Conformity reproduced in the following. The reasons for the exceptions disclosed are given in the text of the declaration.

"The Executive and Supervisory Boards of MAN SE hereby declare that the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 5, 2015, published by the German Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*) on June 12, 2015, are complied with except for section 5.3.2, sentence 3 (independence of the Chairman of the Audit Committee), section 5.4.1, paragraphs 5 through 7 (disclosure in the case of election recommendations), and section 5.4.6, paragraph 2, sentence 2 (performance-related Supervisory Board compensation).

1. The recommendation in section 5.3.2, sentence 3 of the Code is not followed only to the extent that the Chairman of the Audit Committee of the Supervisory Board does not have to fulfill the criterion of independence.

   For the Executive Board and the Supervisory Board of MAN SE, the focus is rather that the Chairman of the Audit Committee possess the required expert knowledge of the industry. It is not clear why an appointment at a controlling shareholder should rule out a position as Chairman of the Audit Committee pursuant to the definition in section 5.4.2, sentence 2 of the Code under which the criterion of "independence" is not fulfilled.

* Also the Corporate Governance Report of the Executive and Supervisory Boards in accordance with section 3.10 of the German Corporate Governance Code, as amended on May 5, 2015.

2. The compensation of the Supervisory Board is regulated by the shareholders in Article 12 (2) of the MAN SE Articles of Association and is linked to the net income for the year, among other things. We assume that the variable compensation component will be oriented toward the sustainable growth of the enterprise within the meaning of section 5.4.6, paragraph 2, sentence 2 of the Code. However, as it cannot be ruled out that other views will be taken, a departure from the recommendation in the Code is being declared as a precautionary measure.

3. With regard to the recommendation in section 5.4.1, paragraphs 5 through 7 of the Code that certain circumstances be disclosed by the Supervisory Board when making election recommendations to the General Meeting, the requirements of the Code are vague and the definitions unclear. For this reason, we have declared a departure from the Code in this respect as a precaution. Notwithstanding the above, the Supervisory Board will endeavor to meet the requirements in section 5.4.1, paragraphs 5 through 7 of the Code.

The Executive and Supervisory Boards of MAN SE furthermore declare that the recommendations of the Government Commission on the German Corporate Governance Code in the version dated June 24, 2014, published by the German Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*) on September 30, 2014, were complied with except for section 5.3.2, sentence 3 (independence of the Chairman of the Audit Committee), section 5.4.1, paragraphs 4 through 6 (disclosure in the case of election recommendations; in Codex version of May 5, 2015: section 5.4.1, paragraphs 5 through 7), and section 5.4.6, paragraph 2, sentence 2 (performance-related Supervisory Board compensation). The grounds for these exceptions can be found in the above explanations.

From June 12, 2015, until this Declaration of Conformity was issued, the recommendations of the Government Commission on the German Corporate Governance Code in the version dated May 5, 2015, published by the German Ministry of Justice in the official section of the Federal Gazette (*Bundesanzeiger*) on June 12, 2015, were complied with except for section 5.3.2, sentence 3 (independence of the Chairman of the Audit Committee), section 5.4.1, paragraph 2 (general maximum length of membership on the Supervisory Board), section 5.4.1, paragraphs 5 through 7 (disclosure in the case of election recommendations), and section 5.4.6, paragraph 2, sentence 2 (performance-related Supervisory Board compensation). For section 5.3.2, sentence 3, section 5.4.1, paragraphs 5 through 7, and section 5.4.6, paragraph 2, sentence 2, the grounds for these exceptions can be found in the above explanations. The new recommendation included with effect as of June 12, 2015, in section 5.4.1, paragraph 2, regarding the objectives of the Supervisory Board to also take into consideration a general maximum length of membership on the Supervisory Board has been complied with since the Supervisory Board's meeting and adoption on November 13, 2015."

The Executive and Supervisory Boards of RENK Aktiengesellschaft, a listed subsidiary based in Augsburg, have also issued a declaration of conformity. This is posted on the company's website at www.renk.eu.

Annual General Meeting

The Annual General Meeting is the forum where MAN shareholders can exercise their voting rights, obtain information, and engage in a dialog with the Executive and Supervisory Boards.

In organizing and conducting its Annual General Meeting, MAN SE aims to provide all shareholders with prompt, comprehensive, and effective information both before and during the event. The invitation to the Annual General Meeting is published in the *Bundesanzeiger* (the Federal Gazette) and is accessible to our shareholders and all other interested parties on the MAN website, together with all reports and documents relating to the Annual General Meeting.

To make it easier for shareholders to exercise their voting rights in person or by appointing a proxy, they may authorize a bank, shareholders' association, or another person to represent them, or they can authorize an MAN employee, either in writing or by electronic means, to exercise their voting rights as their proxy. In addition, we enable all shareholders and the interested public to follow the Annual General Meeting live on the Internet.

Executive Board and Supervisory Board

MAN SE has a two-tier structure comprising an Executive Board and a Supervisory Board. Both governing bodies work closely together to the benefit of the Company and seek to achieve a sustained increase in enterprise value for its shareholders.

The Executive Board currently comprises three members. Please refer to the "Governing Bodies" section in the Annual Report for further information on its composition. The Executive Board is responsible for performing managerial and operational tasks. Its responsibilities extend in particular to the MAN Group's strategic focus, which it agrees with the Supervisory Board. The Executive Board is also responsible for central financing of the Group, the development and deployment of managers, and the preparation of the half-yearly reports and annual financial statements. In addition, it ensures compliance with legislation, official regulations, and internal policies.

The various tasks are allocated to the individual Executive Board functions in accordance with the list of responsibilities. The full Executive Board addresses all key decisions and measures; the Executive Board's Rules of Procedure define the decisions and measures that require the approval of the full Executive Board. Meetings of the full Executive Board are held once a month, as a rule, and additionally as needed. The Executive Board reports to the Supervisory Board. It consults the Supervisory Board on decisions of fundamental importance. The Executive Board also ensures open and transparent corporate communications.

The Supervisory Board has an oversight and advisory role. Certain important transactions laid down by the law, the Articles of Association, and the Supervisory Board's Rules of Procedure require the Supervisory Board's approval. Please refer to the report of the Supervisory Board for further information on the duties performed by the Supervisory Board and its cooperation with the Executive Board.

MAN SE's Supervisory Board has equal numbers of shareholder and employee representatives. The eight shareholder representatives are elected by the Annual General Meeting and the eight employee representatives are appointed by the SE Works Council in accordance with the provisions of the Agreement on Arrangements for Employee Involvement in the SE dated February 18, 2009. For elections to replace a member or members of the Supervisory Board held after January 1, 2016, or afterward, the company must comply with a legal requirement calling for the board to be composed of a minimum of 30 percent women and men each.

In a meeting held on November 13, 2015, the Supervisory Board of MAN SE updated the rules governing the Supervisory Board's composition. These changes were made as a result of two amendments in section 5.4.1 of the Code: First, as a result of the legal regulations that require the supervisory board of listed companies to be composed of at least 30 percent women and men each, the specification that women be given sufficient consideration in the determination of goals has gone out of effect. Second, a specified limit for membership on the Supervisory Board must be set.

In light of the purpose and size of the Company and the proportion of its international business activities, the resolution of MAN SE's Supervisory Board of November 13, 2015, aims to take the following factors into account on its composition:

- reserving at least two Supervisory Board positions — one of which is on the shareholder side — for persons who especially embody the criterion of internationality;

- reserving at least two Supervisory Board positions on the shareholder side for persons with no potential conflicts of interest who are independent within the meaning of section 5.4.2 of the Code;

- in addition, proposals for election should not, as a rule, include any persons who have reached the age of 70 at the time of the election or who have been a member of the Company's Supervisory Board for more than 20 years.

All aims have been fulfilled or taken into consideration respectively.

Please refer to the report of the Supervisory Board and the "Governing Bodies" section of the Annual Report for further information on the composition of the Supervisory Board and its committees.

In accordance with the age limit set by the Supervisory Board for members of the Executive Board, their appointments should normally end one year after the member has reached the age of 65. This age limit is being increased in line with the increase in the standard age limit in the statutory pension insurance system, and the Supervisory Board reserves the right to make exceptions in individual cases.

In accordance with the requirements of the *Aktiengesetz* (AktG — German Stock Corporation Act) and section 4.3.4 of the Code, members of the Executive Board may undertake secondary activities only with the permission of the Supervisory Board.

No conflicts of interest were reported by members of either the Executive Board or Supervisory Board during the reporting period.

Remuneration system for the Executive and Supervisory Boards

Please refer to the Remuneration Report in the Annual Report for information on the remuneration system for the Executive and Supervisory Boards.

Compliance/risk management

MAN SE's Executive Board established a Compliance function as part of its responsibility for compliance as defined by the Code. This function, which reports to the Chief Compliance Officer (CCO), is responsible for developing and implementing a uniform Group integrity and compliance program, focusing on fighting corruption, infringements of antitrust law, data protection, and preventing money laundering. The Compliance function consists of MAN SE's central Corporate Compliance Office and the compliance organization at the subgroups. The central compliance measures developed by the Corporate Compliance Office are implemented locally and in a uniform manner by the compliance staff at the subgroups worldwide. All compliance organization staff members are answerable to the CCO, who regularly reports to MAN SE's Executive Board and to the Audit Committee of the Supervisory Board.

The key compliance measures developed and implemented by the Compliance function in the reporting period include the following:

- The Compliance function operates the Compliance Helpdesk, which all employees can contact with compliance-relevant questions. The Compliance Helpdesk answered 469 employee questions in the reporting period.
- The Compliance function held compliance awareness trainings for more than 2,090 employees (total to date: 18,646 employees) around the world in the year under review. These on-site training sessions focus on providing basic knowledge on antitrust law, data protection, combating corruption, and preventing money laundering. The Compliance function also conducted special training sessions on antitrust law and combating corruption for employees who are particularly exposed to risks from these areas. As part of these special training sessions, 2,834 employees received in-depth instruction (total to date: 11,305 employees). Special classroom sessions were also held for 392 procurement employees and business partners in the period under review (total to date: 806 employees). The Compliance function also developed compliance training for managers. This program explores the specific compliance challenges faced by this group of employees and the correct approaches to these risks. During the reporting period, 306 employees underwent this training.

  In addition, 3,091 employees (total to date: 26,700 employees) received training on the Code of Conduct in the period under review as part of the first module of the e-learning compliance program. This "Code of Conduct 1" course covers the fundamentals of antitrust law, data protection, and combating corruption. Since October 2014, employees have also taken part in the training module Code of Conduct 2, which covers conduct during police searches, dealing with conflicts of interest, and preventing money laundering. During the reporting period, 5,334 employees received this training (total to date: 25,818 employees). Finally, since August 2013, employees who are exposed to an increased corruption risk (e.g., in sales and purchasing) are trained on corruption prevention though an in-depth web-based training module. In the year under review, 2,667 employees (total to date: 12,954 employees) took part in this training module. In the second quarter of 2015, the training module Anti-Trust Law: Preventing Violations of Competition Law was introduced. During the year under review, 11,364 employees received this training.

- The fifth regular Group-wide compliance risk assessment was conducted during the period under review. The aim of this review was to analyze compliance risks in the areas of anti-corruption, antitrust law, and preventing money laundering. A two-step approach was applied for the first time here: In the first stage, risk profiles of all 81 companies and Business Units were developed using centrally available information. On the basis of this research, 39 companies and Business Units were selected for additional risk-based analysis. This second step was based on a detailed survey answered by local management. Here, consideration was given to the specific business model, the respective business area, and self-evaluation regarding the awareness of and approaches to compliance risks. On the local level, compliance managers and the management team used the results of the compliance risk assessment to develop specific measures.

- The Business Partner Approval Tool is used to check and approve the integrity of business partners active in the area of sales support.

- The Continuous Controls Monitoring (CCM) electronic monitoring system was further expanded in the period under review. The CCM system ensures that potential compliance risks and policy violations in purchasing and payment processes are detected at an early stage.

- The "Speak up!" whistleblower portal again served to detect and prevent material risks to MAN in the reporting period. Speak up! is used to receive and analyze information relating to serious compliance violations, especially in the area of white collar crime (e.g., corruption offenses), antitrust law, data protection, and suspected money laundering activities.

- MAN does not tolerate compliance violations under any circumstances. Reports of possible violations are investigated in detail. Violations are dealt with and punished according to the penalties permitted under labor law.

MAN is a member of Transparency International, the United Nations Global Compact initiative, the World Economic Forum (WEF) Partnering Against Corruption Initiative, and the Deutsches Institut für Compliance (DICO). MAN also supports the Allianz für Integrität, an initiative of the German Federal Ministry for Economic Cooperation and Development, Deutsche Gesellschaft für Internationale Zusammenarbeit, Bundesverband der Deutschen Industrie, as well as a large number of German companies to promote economic integrity.

A detailed description of MAN's compliance organization and the compliance measures implemented in the reporting period can be found in the current Group management report.

Risks resulting from compliance violations and other business risks were assessed under the risk management system and addressed in detail by the Executive Board and Supervisory Board, and in particular by the Audit Committee. Please refer to the description of MAN's risk management system and the risk report contained in the management report.

Transparency and financial reporting

The MAN Group publishes a financial diary with all the key dates for its shareholders on its website at www.man.eu/corporate under the "Investor Relations" heading. All other important information for the shareholders and the interested public is also available on this website. It includes annual reports, interim reports, as well as the invitations to and agendas for the annual general meetings, including other documents required to be published in connection with the annual general meeting.

We also post without undue delay on our website www.man.eu/corporate under the "Investor Relations" heading information that is required to be published in accordance with capital market disclosure requirements. This refers in particular to the following information:

- Section 15a of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) requires individuals with management tasks and certain related parties to report dealings in MAN shares and related financial instruments to the issuer and the Bundesanstalt für *Finanzdienstleistungsaufsicht* (BaFin — German Federal Financial Supervisory Authority). One transaction was reported in fiscal year 2015. According to the reports received, the Executive Board and Supervisory Board members' direct and indirect holdings of shares or derivatives on shares additionally do not exceed 1% of the shares issued by the Company, either individually or in the aggregate.
- Section 15 of the WpHG requires domestic issuers of financial instruments to release all insider information that directly affects them without undue delay.
- Section 26 of the WpHG requires domestic issuers to release notifications they receive in connection with the shares of voting rights in the company that exceed or fall below the thresholds without undue delay.

The year-end consolidated financial statements of the MAN Group are prepared by the Executive Board on the basis of the International Financial Reporting Standards (IFRSs), while the single-entity financial statements of MAN SE are prepared in accordance with the *Handelsgesetzbuch* (HGB — German Commercial Code). In accordance with the recommendation in section 7.1.2, sentence 2 of the Code, the Audit Committee discusses MAN's half-yearly financial reports with the Executive Board prior to their issue. The Group complies with the deadlines laid down in section 7.1.2, sentence 4 of the Code.

MAN SHARES

MAN shares charted a slightly positive development in 2015 as the international stock markets posted significant gains. However, the market environment remained volatile, and China's weakened economy in particular unnerved capital markets.

Key indicators for MAN common shares

	2015	2014
Earnings per share in €[1]	1.02	0.88
Market capitalization (as of December 31)[2] in € million	13,626	13,546
Closing price in €	92.70	92.16
High in €	99.02	93.80
Low in €	90.20	87.99
Number in thousands[3]	140,974	140,974
Annual cash compensation payment in €	3.07	3.07
Dividend yield[4] in %	3.3	3.3
Total return[5] in %	3.9	6.7
Dax yield in %	9.6	2.7
MDax yield in %	22.7	2.2
Euro Stoxx yield in %	10.3	4.1

[1] For continued operations.
[2] Basis: 140,974,350 common shares and 6,065,650 preferred shares.
[3] Only common shares.
[4] Annual cash compensation payment of €3.07 based on the closing price on December 31.
[5] Assumes reinvestment of the annual cash compensation payment on the last trading day of the month in which the Annual General Meeting was held.

Source: Bloomberg

Continued volatility in the international stock markets

The international stock markets remained volatile in 2015. While prices still reached new record highs during the first half of the year, this was followed by a slump in the markets in the second half. Nevertheless, international equity indices recorded significant gains in 2015.

The European Central Bank's announcement of additional monetary policy easing led to a boom during the first few months of the year, particularly on European stock markets. In addition to the persistently low interest rate environment, the continued weakness of the euro against the dollar, and the low oil price, the economic recovery of the eurozone lifted sentiment on the stock markets.

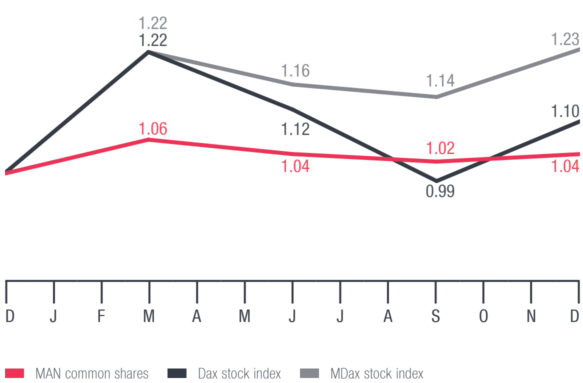
In contrast, several factors were responsible for falling prices during the second half of the year. The weakening of China's economic development created global worries about growth. In addition, negative news from the automotive industry and the prospect of an increase in the U.S. prime rate both unnerved capital market participants. The Greek debt dispute and geopolitical trouble spots also periodically caused price drops during the year under review.

Nonetheless, the Euro Stoxx, the index of Europe's most important stocks, rose by around 10% in full-year 2015. The German benchmark index, the Dax, likewise recorded growth of around 10% during the same period, closing at 10,743 points at the end of the year.

Performance of MAN common shares

MAN common shares gained slightly in strength in 2015 from their closing price of €92.16 on December 31, 2014, and closed up 1% at €92.70 on December 31, 2015. The MDax, in contrast, gained 23% during the same period, and ended the year at 20,775 points on December 31, 2015.

MAN common shares vs. Dax and MDax



Indexed values, December 31, 2014 = 1.00

Source: Bloomberg

MAN's market capitalization followed the slightly positive share price trend in fiscal 2015, climbing from €13.5 billion to €13.6 billion.

At €1.8 billion, the trading volume of MAN common shares in 2015 was slightly higher than in the previous year (€1.7 billion).

Investment by Volkswagen AG in MAN SE

A domination and profit and loss transfer agreement (DPLTA) between "Volkswagen Truck & Bus GmbH (previously Truck & Bus GmbH)" and MAN SE was entered in MAN SE's commercial register on July 16, 2013, and has been effective since that date. Under the DPLTA, Volkswagen Truck & Bus GmbH agrees to pay a cash settlement of €80.89 per common or preferred share, or annual cash compensation payments of €3.07 per common or preferred share to MAN SE free float shareholders for the full fiscal year, starting in fiscal 2014. The period for tendering shares is limited. It began when the entry in the commercial register was officially announced by the Munich Local Court and ends two months after the date on which the decision on the application most recently decided on in the award proceedings is announced in the Federal Gazette.

At the end of July 2015, the Munich Regional Court ruled in the first instance that the cash settlement claim must be increased from €80.89 to €90.29 per common or preferred share. Volkswagen and several other claimants have filed an appeal against this ruling with the Higher Regional Court of Munich.

402,832 common shares and 59,058 preferred shares were tendered to Volkswagen Truck & Bus GmbH in fiscal 2015. On December 31, 2015, Volkswagen Truck & Bus GmbH held 75.56% of MAN SE's voting rights and 74.35% of its share capital.

International investor base

The free float for MAN's common shares amounted to 24.44% as of December 31, 2015. Apart from its largest single shareholder, Volkswagen Truck & Bus GmbH, MAN SE still has an international investor base made up of both private and institutional investors. The latter are predominantly based in Germany, the United Kingdom, and the United States.

Annual cash compensation payment

As a result of the DPLTA, MAN SE has not distributed any dividends since fiscal 2014. Instead, Volkswagen Truck & Bus GmbH agrees to make annual cash compensation payments of €3.07 per common or preferred share for the full fiscal year, starting in fiscal 2014, as reasonable compensation to MAN SE free float shareholders for the duration of the DPLTA. The compensation payment is due on the first bank working day after MAN SE's Annual General Meeting for the past fiscal year, but no later than eight months after the end of MAN SE's fiscal year in each case.

Change in stock exchange segment

On September 2, 2015, the Executive Board of MAN SE resolved to apply to delist the Company's shares from the Prime Standard segment of the regulated market, which has additional post-admission obligations, and to move to the General Standard. This step will enable MAN SE to reduce the additional expense associated with a Prime Standard listing. The Frankfurt Stock Exchange approved MAN SE's application on September 30, 2015. The delisting became effective as of the end of December 30, 2015. This means that the conditions for remaining in the MDax, which included MAN common shares through December 21, 2015, are no longer met, but admission to the regulated market (General Standard) continues. The change to the new stock market segment became effective on January 4, 2016.

In-depth, trust-based dialog with the capital markets

Continuous and transparent communication with all capital market participants remains very important to MAN even after the majority takeover by the Volkswagen Group.

In fiscal year 2015, Management and the Investor Relations team informed analysts, institutional investors, and private investors promptly about business developments, earnings expectations, and the MAN Group's strategic focus as part of telephone calls, discussions at the MAN Corporate Center in Munich, and meetings at conferences.

		Common shares	Preferred shares	Bond MAN SE 2016	Bond MAN SE 2017
ISIN code		DE0005937007	DE0005937031	XS0429612566	XS0756457833
German securities code number (WKN)		593700	593703	A0ZQPH	A1ML0A
Reuters code	Xetra trading	MANG.DE	MANG_p.DE	0#DE042961256=	0#DE075645783=
	Frankfurt Exchange	MANG.F	MAN_p.F		
Bloomberg code	Xetra trading	MAN GY	MAN3 GY	EH8294256 Corp	EJ0543029 Corp
	Frankfurt Exchange	MAN GR	MAN3 GR		

Investor Relations media

Other comprehensive and up-to-date information on current developments can also be found on our website www.man.eu/ir. In addition to providing financial reports, presentations, and publications, we also offered live Internet broadcasts of the annual earnings press conference, our Annual General Meeting, and the conference calls on quarterly reporting in fiscal 2015.

The “MAN Factbook” is also accessible via our website. It offers interested members of the public and the financial market a detailed overview of the MAN Group as well as products, markets, and innovations in the individual business areas. The book also presents facts about MAN SE common and preferred shares and key financial figures.

In addition to the “MAN Factbook,” the “MAN Factsheet” offers an overview of the MAN Group, MAN shares, and the financial indicators.

MAN listed in the Dow Jones Sustainability Indices with significantly improved results

Once again in 2015, MAN was included in the world’s leading sustainability ranking as one of the most sustainable companies. This year’s assessment of the Dow Jones Sustainability Indices (DJSI) by the sustainability ratings agency RobecoSAM resulted in MAN qualifying yet again for both relevant Indices (World and Europe), and increasing last year’s overall score by 5 points to reach 85 out of 100 points. With this achievement, MAN continues to be the only German company in the industrial engineering sector to be represented in the indices. In this year’s assessment, MAN improved its standing in all three main categories — economic, environmental, and social sustainability.

Basic information about MAN shares

MAN SE shares are traded on Xetra, the German electronic stock exchange trading platform, as well as on all seven German stock exchanges.

MAN SE’s share capital consists of 147,040,000 no-par value shares, of which 140,974,350 (96%) are common shares and 6,065,650 (4%) are preferred shares.

MAN shares are listed in the following stock market indices: CDAX, Dow Jones STOXX®, Dow Jones STOXX® Industrial, Dow Jones EURO STOXX®, and Dow Jones EURO STOXX® Industrial.

More detailed information about MAN’s shares and its Investor Relations activities is available at www.man.eu/ir or via e-mail by contacting investor.relations@man.eu. You can, of course, also contact us by phone on +49 89 36098334.

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COMBINED MANAGEMENT REPORT

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VW CONSTELLATION 24.280

By selling the 180,000th vehicle, the VW Constellation series has reached a new milestone in its success story. The model VW Constellation 24.280 is the best-selling truck in Brazil again in 2015.

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COMBINED MANAGEMENT REPORT

The Combined Management Report describes the course of business and the position of the MAN Group and MAN SE in fiscal 2015.

THE MAN GROUP'S BUSINESS ACTIVITIES AND STRATEGY

Sustainable value creation by focusing on transportation and energy, profitable international growth, customer orientation, after-sales activities, and technology leadership

The MAN Group

The MAN Group is one of Europe's leading commercial vehicle and mechanical engineering groups and focuses on activities in the areas of transportation and energy — market segments that offer long-term, global opportunities. MAN's business activities are grouped into two business areas: Commercial Vehicles, comprising MAN Truck & Bus and MAN Latin America, and Power Engineering, featuring MAN Diesel & Turbo and Renk.

MAN's divisions hold leading positions in their markets. With a headcount of 55,030 employees, the Group operates in more than 180 countries. In the 2015 reporting period, the MAN Group generated sales revenue of €13.7 billion and recorded an operating profit of €92 million, which was negatively impacted by restructuring expenses for the future growth program at MAN Truck & Bus. As a result, the operating return on sales decreased from 2.7% in the previous year to 0.7%. Adjusted for these restructuring expenses, the operating profit in the year under review was €277 million and the operating return on sales was 2.0%.

Overview of the business areas

Commercial Vehicles business area

MAN Truck & Bus is one of Europe's leading manufacturers of commercial vehicles and has production facilities in three European countries, Russia, South Africa, India, and Turkey. Its products range from general-purpose trucks with a gross vehicle weight of 7.5 to 44 t, special-purpose vehicles with a gross train weight of up to 250 t, buses and coaches, to diesel and gas engines for external customer applications. To complement this, MAN Truck & Bus offers its customers an extensive range of services from a single source. MAN Truck & Bus sold 73,117 trucks, 6,105 buses, and 6,306 engines in the 2015 reporting period. Sales revenue amounted to €9.0 billion; the operating profit before special items was €205 million. Taking the restructuring expenses for the future growth program into account, the operating profit was €20 million.

MAN Latin America is Brazil's largest truck manufacturer and has been the country's market leader for trucks with a permissible gross vehicle weight of more than 5 t for the last 13 years. The company produces trucks and buses in Resende, Brazil, and Querétaro, Mexico. MAN Latin America staff at the Resende plant, which has a modular production system, work together in close partnership with suppliers. MAN Latin America has a nationwide sales and service network in Brazil and neighboring countries. The sales are primarily made through Volkswagen Caminhões e Ônibus. The most important markets for MAN Latin America are Latin America and Africa. A total of 24,472 trucks and buses were delivered in 2015. Sales revenue amounted to €1.0 billion, while its operating loss was €120 million.

Since 2009, MAN SE's Commercial Vehicles business area has held a strategic interest of 25% plus one share in Sinotruk (Hong Kong) Ltd., Hong Kong/China (Sinotruk), one of the largest truck manufacturers in China. The investment enables MAN to operate in the local market. In addition to its cooperation with Sinotruk in the high-volume segment, MAN serves the small but growing premium truck market by exporting MAN vehicles to China.

Power Engineering business area

MAN Diesel & Turbo is one of the world's leading developers and manufacturers of large-bore diesel engines, turbocompressors, industrial turbines, and chemical reactor systems. The company commands a strong market position in the development of two-stroke diesel engines for propulsion systems in large ships, in the development and manufacture of four-stroke diesel engines built into smaller vessels and used as auxiliary engines, and in four-stroke engines for electricity generation at power plants. In addition, MAN Diesel & Turbo delivers turbochargers for large-bore diesel engines as well as complete and efficient power plants which supply useful heat from cogeneration. The company manufactures four-stroke engines at its sites in Germany, France, and India. Two-stroke engines are built by licensees. Moreover, as one of the leading manufacturers worldwide, MAN Diesel & Turbo also offers a wide range of turbomachinery for various sectors such as the oil and gas, refining, chemical, and processing industries, as well as for producing industrial gases and electricity. A comprehensive after-sales business covers the company's entire product range. MAN Diesel & Turbo generated sales revenue of €3.3 billion in 2015; its operating profit was €216 million.

Renk is a listed subsidiary of MAN SE and a global manufacturer of special gear units, propulsion components, and testing systems. MAN holds 76% of the company's capital. Renk is a leading manufacturer of tracked vehicle transmissions of different sizes as well as of slide bearings for electrical machinery. It also has an excellent position in the market for special gear units used for marine and industrial purposes. Its product portfolio is rounded off by an extremely wide variety of different types and performance categories of couplings. In addition, the company manufactures testing systems that are used in development, production, and quality assurance primarily in the automotive, rail, and aviation industries. Renk recorded sales revenue of €487 million in 2015; its operating profit was €68 million.

The MAN Group's goals and strategy

The Group aims to grow profitably around the world in its two business areas, Commercial Vehicles and Power Engineering, and to achieve a sustained increase in the value of the Company. Customer orientation, technology leadership, and the ongoing expansion of after-sales services are key to achieving these goals.

Focus on transportation and energy

MAN has successfully placed its strategic focus on transportation and energy in recent years. The fact that these are forward-looking and high-growth sectors can be seen in megatrends such as globalization and the associated rise in global trade, population growth, urbanization, and climate change. MAN offers its customers tailored solutions, in particular to reduce emissions and fuel consumption, in its Commercial Vehicles and Power Engineering business areas.

Profitable international growth

MAN's primary objective — sustainable value creation — can only be achieved by generating profitable international growth. This enables the Group to leverage market opportunities and better offset regional market fluctuations. The MAN Group as well as its divisions operate on this basis.

With its products and strong brands, MAN Truck & Bus has positioned itself in the global premium segment. The plan is for non-European markets to contribute significantly more to business performance in addition to the growth opportunities in the core European market. MAN Truck & Bus has focused its strategy on the coming 10 years and is adjusting to the changes in the global commercial vehicle industry in three stages. The first component is an extensive future growth program intended to strengthen the Company within its competitive environment. It covers all essential areas in the Company. Key aspects of the program include restructuring the production sites and streamlining all administrative areas. In the coming years, the restructuring of the MAN Truck & Bus production network will shift core tasks to the individual truck production sites in Munich, Steyr, Cracow, and Salzgitter so that each site will have clearly defined responsibilities and core competencies. With this program, MAN will strengthen the individual production sites in their respective roles and avoid duplication of effort in the future. Secondly, to secure its long-term sales in a difficult market environment, MAN Truck & Bus is pursuing a growth strategy focused on especially interesting markets. Thirdly, we are actively addressing the challenges posed by the digital transformation, which is already changing society and the global markets as well. We are now working on the winning business models and mobility solutions of the future.

The MAN CLA series, which is manufactured at the MAN production site in Pithampur, India, offers rugged and reliable technology for the Asian and African target markets. MAN is represented in China through its 25% plus one share interest in Sinotruk, which it has held since 2009. Sales of vehicles under the SITRAK joint truck brand began in 2013. SITRAK is a combination of advanced MAN technology, Sinotruk's local expertise, and an extensive sales network in China.

In Brazil, MAN Latin America defended its 13-year market leadership with the Volkswagen brand for trucks weighing over 5 t. MAN Latin America also remained one of Brazil's leading exporters of trucks and buses to other Latin American and African countries. With the launch of the MAN TGX in Brazil in 2012, we expanded the broad product portfolio to include a truck in the heavy truck market segment with power output exceeding 400 horsepower, establishing a dual brand concept in Brazil and other Latin American countries.

MAN Diesel & Turbo is continuing to leverage its diverse product portfolio in various ways to accommodate the global megatrends of worldwide population growth and increased global trade. Increasing energy consumption — particularly in the emerging economies — is leading to more demand for decentralized power plant solutions, as well as turbomachinery for oil and gas refining and for the processing industry. Increasing global trade and growth in other relevant sectors such as the cruise industry is underpinning the success of the Engines & Marine Systems strategic business. An efficient worldwide sales and service organization enables the company to keep pace with global growth.

A global presence and the steady expansion of its international activities are also important components of Renk's strategic focus. International demand for sophisticated marine gear units remains undiminished. Renk meets this demand with a broad-based portfolio of high-quality, innovative technical solutions coupled with in-depth advisory services for customers. The shift in global investment focus and the strengthening of electrical machinery manufacturers from developing countries and emerging economies mean that the significance of local ties is increasing further, especially for slide bearings.

Customer orientation

Globally, MAN stands for high-quality products and closeness to its customers. The long-term trend toward higher diesel prices, increased competitive pressure, and tougher environmental standards presents big challenges for fleet operators. Customers have to increase their cost-effectiveness and reduce their total cost of ownership (TCO). MAN focuses on customer needs and is continually developing innovations so as to be able to service the changing requirements in the best possible way. Maximum efficiency in its transportation solutions is ensured by absolute reliability.

To maintain its position as the leading commercial vehicle manufacturer in the market in the long run, MAN systematically prepares for new challenges. MAN Truck & Bus is working to make digitization and telematics services a strategic foundation for its business activities. The interconnecting services from MAN Solutions provide solutions that enable our customers to be especially competitive in the transportation industry. All such solutions help reduce the TCO. Transparent, predictable maintenance costs unlock potential savings in fleet management. Tools include driver training and support in scheduling workshop visits so that time can be saved. An example is the new Connected CoDriver service from MAN ProfiDrive, in which a trainer acts as a virtual co-driver to advise the driver for a certain period. As demonstrated by several hundred fuel consumption test drives, this results in potential savings of 3,500 liters of diesel for 150,000 kilometers of long-haul transport.

In the future, MAN customers will receive sales and service support for everything from vans to heavy trucks from a single source. In 2017, MAN Truck & Bus will expand its product portfolio to include large vans, making it a full-range supplier of commercial vehicles. The new MAN van, which has been given the model name MAN TGE, was developed by Volkswagen Commercial Vehicles and will be produced together with the identical Volkswagen Crafter at the new Volkswagen plant in Wrzesnia, Poland.

MAN Latin America offers a wide range of products in line with its tailored concept under the slogan "Less you don't want, more you don't need." In addition, custom solutions are individually developed and implemented at a special vehicle modification center.

Development activities at MAN Diesel & Turbo are in line with present and future market requirements. As the product initiative continues, it can not only further strengthen its good position for applications that are already established. By expanding the product portfolio for four-stroke diesel engines, it can, for example, also satisfy additional customer requirements and thus tap new markets. The fact that twelve new engine types received sales approval in the 2015 reporting period alone underscores the philosophy of customer orientation as one of the central tenets of product development.

Customer projects for turbomachinery in particular call for developing and building customized machines or machine trains. Even more so than for standard development and production; here customer orientation is fundamental to optimized solutions, which also require detailed knowledge of the customer's upstream and downstream process steps. In this way, MAN Diesel & Turbo can supply turbomachines and associated services for processes as diverse as oil production and refining, production of primary materials, or power generation and energy conversion.

To meet the needs of the market, products are developed and enhanced in close cooperation with customers. An impressive example is the development of the world's first subsea compressor in close cooperation with the end customer and the contracting system integrator. Thanks to such cooperation, in a development and qualification period lasting years, MAN Diesel & Turbo was able to understand and implement the customer specifications in a high-technology solution.

The same applies for service solutions offered by MAN Diesel & Turbo for large-bore diesel engines and power plants as well as turbomachines under the unified MAN PrimServ brand. Here, too, procedures and processes are designed so that customers can be provided with optimum system availability with little intervention and agreed operating expenses.

Renk's activities are also centered on its customers. Most of its products are developed for and in partnership with customers; Renk is often involved in the concept phase and works together with customers to find the best solutions for their specific needs. The projects draw on many years of experience and comprehensive expertise based on an openness towards new approaches. Customers are guided closely through the entire product gestation process until delivery, after which Renk's well-trained technicians are on hand to provide maintenance and service when products are used in the customer's operations.

Technology leadership

In the Commercial Vehicles business area, technology leadership — the key success factor — is reflected in the development of forward-looking drive concepts.

MAN Truck & Bus has many years of experience with natural-gas-powered buses and is a market leader in this area. The company's long-term efforts were rewarded when the MAN Lion's City GL CNG was named "Bus of the Year 2015." This natural-gas-powered city bus impressed a panel of judges with its particularly eco-friendly, powerful yet economical Euro 6 engine. It offers an extremely low-emission, climate-friendly mobility solution for city traffic.

MAN Truck & Bus has also been active for years in the electric vehicle field. With the Lion's City Hybrid, MAN offers an engine that has been proven in years of reliable service. Building on this foundation, MAN engineers are hard at work on a completely emission-free battery-powered bus, well aware of the market's exacting demands for a well-engineered solution that addresses range and capacity as well as economic considerations. Suitable charging, storage and drive technologies are needed; as one means of achieving this objective, MAN is taking advantage of synergies within the Volkswagen Group. In view of plans in many cities to reduce emissions in public transport to a minimum, MAN will supply 100% electrically powered city buses as series-produced models before the end of this decade.

MAN Truck & Bus has successfully established its TGX D38, a top-of-the-line truck model with the efficient D38 engine, in the market. This premium model is ideal for convenient and efficient driving at low engine speeds. Refinement of the TGX D38 drivetrain has continued systematically; since the summer of 2015, it includes a next-generation gearbox with expanded convenience functionality. In combination with the MAN EfficientRoll gearbox function, the new GPS-controlled MAN EfficientCruise cruise control system always switches to coasting mode when it will actually save fuel. To do so, the system makes use of stored 3D maps of the vehicle's route. MAN EfficientCruise also intervenes actively and predictively in gear selection.

Reliability is a key indicator of outstanding quality. Here MAN was able to celebrate another major success: for the fourth year in a row, MAN stood out in the 2015 TÜV report on commercial vehicles with the highest number of trucks passing the TÜV inspection without defects. TGL, TGM, TGS, and TGX series trucks of all ages had the lowest defect rates. MAN surpassed its record of last year for one-year-old trucks, with 85.9% showing no defects at all (previous year: 83%). Even for older trucks (two to five years), an above-average number of MAN vehicles passed the general inspection with no defects: "For five-year-old vehicles, 65.6% stands alone," says the 2015 TÜV report.

Innovation and a passion for high technology have always been the pillars supporting MAN Diesel & Turbo and guaranteeing its success as a business. In the 2015 reporting period, the company continued to introduce new products and refine existing ones to achieve or maintain a solid position or even, for some products, technological leadership. For systems such as four-stroke diesel engines, it was able to further increase the pace of innovation with a modular approach to product development. For example, with the MAN 175D the company offers the most efficient high-speed engine in its class (viewed over the entire lifecycle). And a new large gas engine in the 20 MW class has the highest power density in its power range. Such offerings are rounded out with complementary component developments. For example, we can supply customers with the latest exhaust gas aftertreatment technology for a perfectly designed package in compliance with emissions requirements.

In many sectors, the company's turbomachines and their associated solutions are among the top offerings on the market. Here, too, the subsea compressor is an important technological milestone that aids customers in mastering new challenges. Late in the summer of 2015, the Norwegian energy group Statoil put an underwater production facility in the Åsgard field into commercial operation for the safe and profitable production of natural gas and other liquid hydrocarbons. Here an alliance with Aker Solutions further cements the technological leadership of MAN Diesel & Turbo in this area of compressor technology. Aker Solutions is a leading systems provider and successfully developed and implemented the world's first underwater gas production facility.

MAN is also a technology leader in turbomachinery trains for the air separation industry. With the successful launch of its AR-MAX1 axial compressor, for which it has already received numerous orders, MAN has taken another step in its consistent improvements in energy consumption, plant size, and design solutions aimed at simplifying plant construction. With this new product, the range of system solutions for high-efficiency turbomachines for air separation processes has grown — a necessary step to prepare MAN for the next economic cycle.

The examples provided here illustrate the competence of MAN Diesel & Turbo to position itself successfully in very diverse markets. MAN's ability to provide not only standalone solutions but also carefully matched machines and plants with service packages makes it possible for customers to integrate financial objectives such as considerations aimed at optimizing the TCO into a comprehensive operation plan.

Building on the expertise of its highly specialized engineers and experienced production staff, Renk has been the technology leader for tracked vehicle transmissions, demanding marine applications, and E Standard slide bearings for many years.

See "Research and development" for further information.

Continuous expansion of after-sales business

The continuous expansion of after sales is a high priority for all of the MAN Group's divisions. Firstly, we want to leverage previously unexploited potential, which contributes significantly to earnings. Secondly, we can use this to achieve a significant increase in customer satisfaction.

Focusing on TCO, MAN Truck & Bus offers service packages that are designed to meet customer needs. These consist for example of long-term maintenance and repair agreements combined with MAN ServiceCare, the innovative service package for proactive maintenance management. The integrated onboard MAN Telematics module enables active data exchange between the vehicle, the customer, and the MAN service center. In most of Europe, the company offers its customers a comprehensive portfolio of exchange parts, and a market-driven price structure for spare parts. These are important competitive elements that allow customers to optimize their repair costs.

With these services, MAN Truck & Bus makes a significant contribution to TCO reduction and increased customer satisfaction. A recent addition introduced during the year under review is the Mobile24 app, which simplifies communication between the call center and technicians in the event of a breakdown. A standardized system environment for processing goodwill claims faster and more efficiently at the point of service was launched in 38 countries.

MAN Latin America is continuing to pursue the goal of maintaining its strong position in service and customer satisfaction. The company is focusing primarily on value-added solutions for its customers in this area, both in relation to the products sold and to after-sales services. The extensive dealer network in Latin America and Africa comprises 339 dealers, including 156 exclusive sales and service partners in Brazil, reflecting the considerable effort that goes into achieving a high level of service.

MAN Diesel & Turbo has developed a leading market reputation at the global level with its overarching MAN PrimeServ service brand. The global network currently includes more than 100 PrimeServ locations and guarantees close proximity to customers. Original-quality replacement parts, skilled technical service and long-duration maintenance contracts are only part of the program. The product offering is constantly being improved and expanded. Continuous growth is expected in demand for retrofit solutions and customer training, among other things. A comprehensive range of training services is already available at numerous MAN PrimeServ Academies around the world.

Tailored advice and customized products are one of Renk's core competencies. This also applies to the after-sales business. Maximum reliability and low-frequency maintenance are key development goals from product design onwards. The accessibility of components for which wear cannot be avoided also has to be taken into account. Long-term maintenance concepts are created together with customers to ensure that operations run as smoothly as possible. The service team offers flexible assistance in the event of an unexpected malfunction. Renk's integrated logistic support (ILS) offering for vehicle transmissions and maritime gear units enables customers to guarantee the use of Renk products for decades via a wide range of services ranging from supply of replacement parts, through service and training, down to advice and maintenance concepts.

Sustainable value creation

The strategic focus serves its primary objective of sustainable value creation and is thus the foundation for its business success. Profitability, growth, and sustainable corporate governance enable MAN to increase its long-term enterprise value. The basis for this is comprehensive and strategic management of all demands placed on the Company. The chapter entitled “Corporate responsibility” describes how MAN deals with important global challenges.

Financial control system and value management

Internal management process within the MAN Group

The MAN Group is included in the Volkswagen Group's internal management process. The starting point for the MAN Group's internal management is medium-term planning, conducted once per year. This covers a period of five years and forms the core of the Group's operational planning.

When planning the Group's future, the individual planning components are determined on the basis of the timescale involved. These are the long-term unit sales plan that sets out market and segment growth, from which the MAN Group's delivery volumes are derived; the product program as the strategic, long-term factor determining corporate policy; and the capacity and utilization planning for the individual locations.

The coordinated results of the upstream planning processes are used as the basis for the medium-term financial planning. The MAN Group's financial planning comprises the income statement, cash flow and balance sheet planning, profitability and liquidity, as well as the upfront investments needed for alternative products and the implementation of strategic options.

The first year of the medium-term planning period is then fixed and a budget drawn up for the individual months. This is planned in detail down to the level of the operating cost centers.

During the year, the budget is reviewed each month to establish the degree to which the targets have been met. This process uses target/actual comparisons, prior-year comparisons, variance analyses and, if necessary, action plans to ensure targets are met. For the current fiscal year, detailed revolving monthly forecasts are prepared for the coming three months and for the full year. This takes into account the currently applicable risks and opportunities. The focus of intrayear internal management is therefore on adaptation to the internal and external circumstances. At the same time, the current forecast serves as the basis for the medium-term and budget planning that follows on from it.

Key performance indicators within the MAN Group

Sales revenue, operating profit, and the operating return on sales are the most important financial key performance indicators within the MAN Group. The operating return on sales is the ratio of operating profit to sales revenue. In addition, the return on investment (ROI) is used to determine the return on the MAN Group's invested capital for a particular period. This is calculated as the ratio of operating profit after tax to invested capital. The two most significant nonfinancial key performance indicators are vehicle sales in the Commercial Vehicles business area and order intake in the Power Engineering business area.

As a technology company, MAN voluntarily provides additional information on incurred and expected future research and development expenditures, and capital expenditures in its annual report as well as providing more details on cash flows.

Operating return on sales

The MAN Group aims for an operating return on sales of 8.5% over an operating cycle. The goal is an operating return on sales of 8.5% in the Commercial Vehicles business area and for 9.0% in the Power Engineering business area. A range of +/–2 percentage points has been defined for all specified figures.

%	2015	2014
Commercial Vehicles	–1.0	2.1
Power Engineering	7.5	7.5
MAN Group	**0.7**	**2.7**

The MAN Group's operating return on sales decreased to 0.7% in 2015 (previous year: 2.7%). The operating return on sales in the Commercial Vehicles business area was –1.0% (previous year: 2.1%). MAN Truck & Bus recorded an operating return on sales of 0.2% (previous year: 1.8%), while the figure for MAN Latin America was –11.5% (previous year: 2.9%). The operating return on sales for the Power Engineering business area remained unchanged at 7.5%. MAN Diesel & Turbo's operating return on sales was 6.5% (previous year: 6.3%). Renk's operating return on sales was 14.0% (previous year: 15.0%).

Return on investment (ROI)

€ million	2015	2014
MAN Group annual average invested capital	5,860	7,772
Operating profit	92	384
Operating profit after tax	64	269
ROI in %	1.1	3.5

Invested capital is calculated as total operating assets (intangible assets, property, plant, and equipment, assets leased out, inventories, and receivables) less non-interest-bearing liabilities (trade payables, prepayments received and customer payments received for assets leased out). Assets relating to investments in subsidiaries and associates and the investment of cash funds are not included when calculating invested capital. Interest charged on these assets is reported in the financial result. Prepayments received are only deducted if they have already been used in order processing. An overall average tax rate of 30% is assumed to calculate the operating profit after tax when determining the ROI.

The MAN Group's ROI decreased from 3.5% in the previous year to 1.1%.

COURSE OF BUSINESS AND ECONOMIC POSITION OF THE MAN GROUP IN 2015

European commercial vehicles market up significantly year-on-year, difficult market environment in Brazil and in the Power Engineering business area, future growth program initiated at MAN Truck & Bus

Economic environment

The growth rate of the global economy decreased to 2.5% (previous year: 2.7%) in fiscal year 2015. The economic situation in the industrialized nations improved slightly, while inflation remained at a low overall level despite the expansionary monetary policy of many central banks. Economic momentum slowed in many emerging economies over the course of the year. The economies of some countries dependent on exports of energy and raw materials were adversely affected in particular by the comparatively low prices of these commodities.

The recovery continued in Western Europe. Gross domestic product (GDP) growth increased year-on-year to 1.6% (previous year: 1.3%). For the most part, northern European countries recorded solid growth. The situation stabilized in most southern European countries. Central Europe continued along a path of positive growth, while Eastern Europe showed a recessionary trend. The conflict between Russia and Ukraine and the resulting uncertainties, as well as falling energy prices, had an overall negative effect on the region. Economic output in Russia suffered a sharp decline of 3.9% (previous year: decline of 0.6%) during the reporting period.

Buoyed by positive consumer sentiment and the stable situation in the labor market, the German economy recorded a nearly constant growth rate of 1.5% (previous year: 1.6%).

Following relatively robust activity in the first half of 2015, the U.S. economy slowed down somewhat in the second half. The economy benefited chiefly from consumer spending. The U.S. dollar remained strong, with detrimental effects on exported goods. All told, the U.S. economy grew by 2.4% (previous year: 2.4%).

After experiencing scarcely any growth in the previous year, Brazil went into recession during the year under review. Its economic output decreased by 3.7% (previous year: increase of 0.1%). Argentina's economy stabilized, generating growth of 1.6% (previous year: 0.5%). Structural deficits and sustained very high inflation continued to have a negative impact.

Although the Chinese economy lost momentum slightly, it still grew by 6.9% (previous year: 7.3%), maintaining its high global ranking. India's economy continued its positive trend, maintaining a growth rate of 7.2% (previous year: 7.3%).

Overall assessment by the Executive Board: Market environment in Brazil and in the Power Engineering business area worse than expected; future growth program initiated at MAN Truck & Bus

In the year under review, the MAN Group's sales revenue declined by 4% to €13.7 billion. Operating profit amounted to €92 million, after €384 million in the previous year. As a result, the operating return on sales decreased to 0.7% (previous year: 2.7%). Excluding the restructuring expenses for the future growth program at MAN Truck & Bus, operating profit was €277 million and the operating return on sales was 2.0%.

While the European commercial vehicles market resumed growth in 2015 as expected, the market environment in Brazil and for Power Engineering worsened significantly in the course of 2015 compared with our original expectations. Consequently, the MAN Group fell short of its original targets in 2015. The Executive Board of MAN SE considers these business developments to be unsatisfactory. As a result, the programs to increase efficiency and cut costs were resolutely continued or intensified. The most important new measure was the future growth program to strengthen the long-term competitiveness of MAN Truck & Bus. It includes reorganizing truck production and streamlining administration. The Executive Board of MAN SE is convinced that it was and is right to initiate essential and expensive measures to safeguard future growth even in economically difficult times. MAN notified the capital markets of the revised expectations in good time in the course of the year.

The global economy saw slight growth in 2015, but less than expected. Since MAN is a manufacturer of capital goods, this had a significant impact on both of its business areas. The Commercial Vehicles business area's unit sales in the year under review were significantly below our forecasts. The economy contracted noticeably in the key Brazilian market, with corresponding negative consequences for the investment climate and the exchange rate. In Europe, the market resumed growth as expected following the impact in the previous year of pull-forward effects from the Euro 6 emission standard. The accelerating economic recovery in the second half of the year also had a positive effect. We succeeded in maintaining our position in the key commercial vehicles markets. The sharp decline in the market and the resulting lower volumes in Brazil and the restructuring expenses at MAN Truck & Bus had a significant negative impact on operating profit. Apart from that, at MAN Truck & Bus the operating profit before special items improved significantly as a result of increased volume and better margins. In the Power Engineering business area, order intake was considerably lower than in the previous year, falling significantly short of our original expectations. Here the downward market trend in the Engines & Marine Systems and Turbomachinery strategic business units had an adverse effect. In the Power Plants strategic business unit, slower economic growth and longer project lead times made themselves felt, especially in the emerging markets and developing countries that are important for MAN Diesel & Turbo. Sales revenue exceeded the previous year's figure slightly. The 2015 operating profit for the Power Engineering business area was unchanged as against the previous year.

The following three tables provide an overview of the targets set for the year under review and the figures actually achieved. Detailed information on the changes in key performance indicators can be found in the "Results of Operations" section and the chapter entitled "The Divisions in Detail."

Forecast versus actual figures MAN Group

€ million	Actual 2014	Original forecast for 2015	Most recent forecast for 2015	Actual 2015	Change 2015 to 2014
Sales revenue	14,286	Unchanged as against the previous year	Slightly below prior-year level	13,702	– 4%
Operating profit	384	Stable	Significant impact due to restructuring and Brazil	92	€– 292 million
Operating return on sales (%)	2.7%	More or less at 2014 level	Down more than half	0.7%	– 2.0 percentage points

Forecast versus actual figures Commercial Vehicles

€ million	Actual 2014	Original forecast for 2015	Most recent forecast for 2015	Actual 2015	Change 2015 to 2014
Sales (units)	120,088	Slightly below prior-year level	Significantly below prior-year level	102,474	– 15%
Sales revenue	10,577	Should reach prior-year level	Will fall slightly short of prior-year level	9,954	– 6%
Operating profit	221	Slightly below prior-year level	Negative	– 101	€– 323 million
Operating return on sales (%)	2.1%	Slightly below prior-year level	Negative	– 1.0%	– 3.1 percentage points

Forecast versus actual figures Power Engineering

€ million	Actual 2014	Original forecast for 2015	Most recent forecast for 2015	Actual 2015	Change 2015 to 2014
Order intake	3,929	Slightly below prior-year figure	Significantly below prior-year figure	3,408	– 13%
Sales revenue	3,732	Slightly above prior-year level	Similar to prior-year level	3,775	1%
Operating profit	278	Slightly improved	Unchanged as against the previous year	283	€5 million
Operating return on sales (%)	7.5%	Slight improvement, higher single digits	Unchanged as against the previous year	7.5	–

Results of operations

Order situation
Order intake down 6%

At €14.4 billion, the MAN Group's order intake in fiscal year 2015 was down 6% on the prior-year figure (€15.3 billion).

In the Commercial Vehicles business area, order intake amounted to €11.0 billion, which is 4% below last year's figure. Measured in terms of units, order intake declined by 12% to 107,546 vehicles.

MAN Truck & Bus received orders worth €10.1 billion during fiscal year 2015, an increase of 9% compared with the previous year's figure. However, the prior-year period was impacted by buyer reluctance following the introduction of the Euro 6 emission standard. In addition, demand in Europe was buoyed by positive macroeconomic momentum during fiscal year 2015, while demand in Russia declined significantly. The number of vehicles ordered rose by 12% to 84,362 vehicles.

Order intake at MAN Latin America was €1.0 billion (previous year: €2.3 billion), down more than half year-on-year due to considerable deterioration in the market environment in Brazil. Measured in unit terms, order intake decreased by 49% to 24,472 vehicles. Currency effects had an additional negative impact.

In the Power Engineering business area, order intake decreased by approximately 13% year-on-year to €3.4 billion. MAN Diesel & Turbo's orders declined by 10% to €2.9 billion. This decline is attributable to all three strategic business units. Renk reported order intake of €483 million (previous year: €666 million). However, the prior-year figure for Renk included a major order for the Vehicle Transmissions business.

The MAN Group's order intake in Germany increased by 7% year-on-year to €3.5 billion, while international orders declined by 10%. The share of orders generated outside Germany decreased to 76% (previous year: 79%).

The MAN Group received major orders amounting to €0.6 billion in fiscal 2015 (previous year: €1.1 billion).

Order intake in Europe was up 6% year-on-year at €9.6 billion, driven by Germany (€3.5 billion), the United Kingdom (€0.9 billion), and France (€0.8 billion). Orders rose by 7% year-on-year in Germany, by 26% in the United Kingdom, and by 18% in France. Europe remains the MAN Group's most important region, accounting for 67% of its total order intake (previous year: 59%), followed by the Americas at 11%, and Asia at 10%.

Orders in the Americas were down 41% year-on-year at €1.6 billion (previous year: €2.8 billion). Of this figure, 49% or €0.8 billion was attributable to Brazil (previous year: 72% or €2.0 billion). In Asia, orders decreased by €0.5 billion to €1.5 billion. Sharp declines were recorded in China in particular.

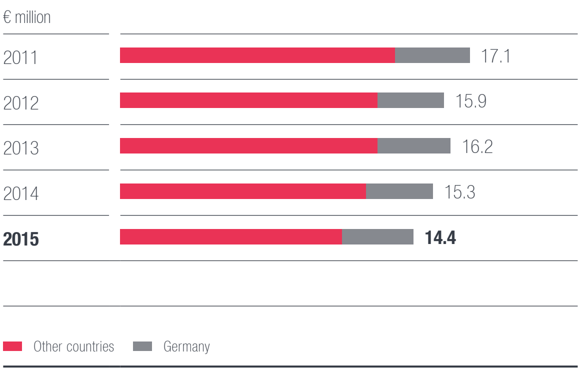
Order intake by business area

€ million	2015	%	2014	%
Commercial Vehicles	11,009	76	11,429	75
Power Engineering	3,408	24	3,929	25
Others	– 35	0	– 26	0
MAN Group	**14,381**	**100**	**15,332**	**100**

Order intake by region

€ million	2015	%	2014	%
Europe	9,576	67	9,066	59
Germany	3,486	24	3,267	21
Western Europe (excluding Germany)	4,549	32	4,107	27
Central and Eastern Europe	1,541	11	1,692	11
Americas	1,643	11	2,797	18
North America	561	4	514	3
South America	1,082	7	2,283	15
Asia-Pacific	1,478	10	1,947	13
Other markets	1,685	12	1,522	10
Africa	671	5	648	4
Middle East	1,013	7	874	6
MAN Group	**14,381**	**100**	**15,332**	**100**

Five-year order intake trend

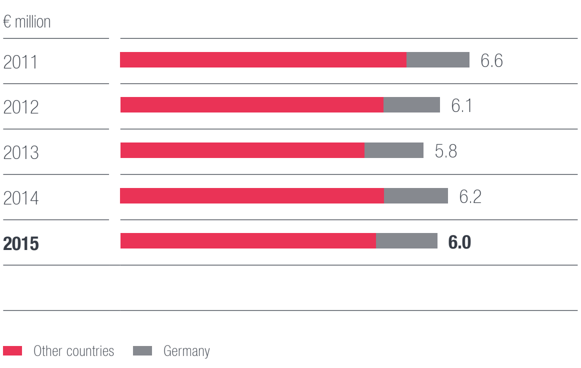


Like-for-like data for all years, excluding discontinued operations.
Figures from 2013 onward adapted to reflect the structure used by Volkswagen.

Slight decline in order backlog

The MAN Group's year-end order backlog in fiscal 2015 was down on the prior-year figure, at €6.0 billion (previous year: €6.2 billion). The order backlog in the Commercial Vehicles business area rose by 11% year-on-year to €2.5 billion at the end of the fiscal year (previous year: €2.2 billion). In the Power Engineering business area, the order backlog declined by 11% to €3.6 billion. The business area's order backlog is slightly less than its annual sales revenue in 2015 and therefore spans approximately one year.

Five-year order backlog trend



Like-for-like data for all years, excluding discontinued operations.
Figures from 2013 onward adapted to reflect the structure used by Volkswagen.

Sales revenue

At €13.7 billion, the MAN Group's sales revenue in fiscal year 2015 was down 4% on the prior-year figure (€14.3 billion).

The Commercial Vehicles business area recorded sales revenue of €10.0 billion (previous year: €10.6 billion). Unit sales decreased by 15% to 102,474 vehicles. MAN Truck & Bus recorded sales revenue of €9.0 billion, generating growth of 7% over the prior-year figure. Unit sales rose 8% to 79,222 vehicles. MAN Latin America's sales revenue declined to €1.0 billion in the reporting period (previous year: €2.3 billion) due to considerable deterioration in the market environment and negative currency effects. Unit sales almost halved to 24,472 vehicles (previous year: 48,161 vehicles).

Sales revenue in the Power Engineering business area was €3.8 billion (previous year: €3.7 billion). At MAN Diesel & Turbo, it reached €3.3 billion, a year-on-year increase of 1%. Renk generated sales revenue of €487 million (previous year: €480 million).

The MAN Group's domestic sales revenue rose 12% year-on-year to €3.3 billion. MAN Truck & Bus generated 31% of its sales revenue in Germany and again accounted for the largest share (approximately 86%) by far of the Group's total domestic sales revenue. The MAN Group's international revenue was down 8% year-on-year in 2015, at €10.5 billion. The proportion of total sales revenue generated outside Germany was 76% (previous year: 80%).

At €8.4 billion, sales revenue in the European markets was up 5% on the previous year (€8.0 billion) in the reporting period. The share of total sales revenue generated in Europe was 62%. The share attributable to the Americas amounted to 12% or €1.7 billion. Of this figure, €1.0 billion or 60% was attributable to MAN Latin America, which generated 70% of its sales revenue in the Brazilian market (previous year: 87%). In Asia, the MAN Group's sales revenue fell to approximately €1.9 billion (previous year: €2.0 billion). China accounted for €0.5 billion and South Korea for €0.5 billion of this figure. Both markets are important for the Power Engineering business area. Asia's share of the MAN Group's total sales revenue remained unchanged at 14%.

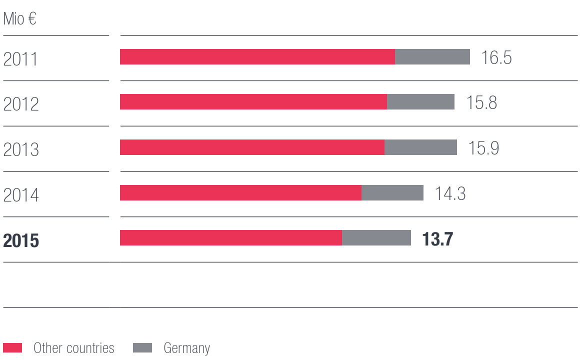
Sales revenue by business area

€ million	2015	%	2014	%
Commercial Vehicles	9,954	73	10,577	74
Power Engineering	3,775	27	3,732	26
Others	– 28	0	– 23	0
MAN Group	**13,702**	**100**	**14,286**	**100**

Sales revenue by region

€ million	2015	%	2014	%
Europe	8,447	62	8,027	56
Germany	3,252	24	2,906	20
Western Europe (excluding Germany)	3,810	28	3,557	25
Central and Eastern Europe	1,385	10	1,564	11
Americas	1,745	12	2,880	20
North America	491	3	377	3
South America	1,254	9	2,502	17
Asia-Pacific	1,889	14	1,960	14
Other markets	1,621	12	1,420	10
Africa	639	5	623	4
Middle East	981	7	797	6
MAN Group	**13,702**	**100**	**14,286**	**100**

Five-year sales revenue trend



Like-for-like data for all years, excluding discontinued operations.
Figures from 2013 onward adapted to reflect the structure used by Volkswagen.

Operating profit

Operating profit impacted by restructuring expenses and fall in sales revenue in Brazil

The MAN Group recorded an operating profit of €92 million in fiscal year 2015 (previous year: €384 million). The deterioration was primarily due to restructuring expenses of €185 million for the future growth program at MAN Truck & Bus and the decrease in operating profit in Brazil due to volume-related factors. Adjusted for the restructuring expenses, which amounted to €185 million, the operating profit was €277 million.

The operating loss in the Commercial Vehicles business area amounted to €101 million (previous year: profit of €221 million). Excluding the restructuring expenses, operating profit in the reporting period was €84 million.

Operating profit at MAN Truck & Bus was €20 million (previous year: €152 million). This decline was mainly attributable to restructuring expenses associated with the future growth program to strengthen its competitiveness for the long term. The operating return on sales was 0.2% (previous year: 1.8%). Excluding the restructuring expenses, operating profit rose on the back of increased volumes and improved margins to €205 million, and the operating return on sales rose to 2.3%.

MAN Latin America posted an operating loss of €120 million (previous year: operating profit of €65 million). The decrease was primarily due to unit sales, which roughly halved as against the prior-year period. The operating return on sales was –11.5% (previous year: 2.9%).

Operating profit in the Power Engineering business area was €283 million (previous year: €278 million).

MAN Diesel & Turbo generated an operating profit of €216 million, after €206 million in the previous year. The Engines & Marine Systems strategic business unit made a significant contribution to this result. MAN Diesel & Turbo's operating return on sales was 6.5% (previous year: 6.3%). Renk recorded an operating profit of €68 million (previous year: €72 million) and an operating return on sales of 14.0% (previous year: 15.0%).

"Others" comprises MAN SE and its Shared Services companies, the net income/losses of equity investments held directly by MAN SE, and the consolidation adjustments between the MAN Group's business areas. The operating loss attributable to Others was €90 million in fiscal 2015 (previous year: operating loss of €116 million). The improvement was primarily due to lower purchase price allocation effects.

Operating profit/loss by business area

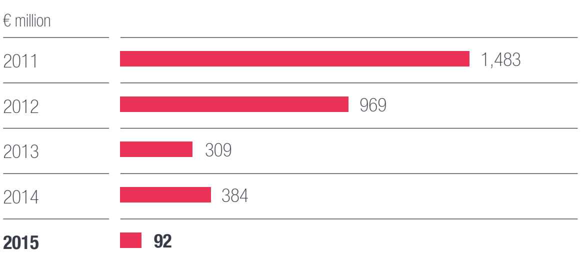
€ million	2015	2014
Commercial Vehicles	– 101	221
Power Engineering	283	278
Others	– 90	– 116
MAN Group	**92**	**384**

Operating return on sales

The MAN Group's operating return on sales in the past fiscal year was 0.7%, after 2.7% in the prior year. Excluding restructuring expenses, the operating return on sales was 2.0%. The MAN Group's profitability was therefore significantly below the target range of the long-term target of 8.5% +/– two percentage points. The operating return on sales in the Commercial Vehicles business area was –1.0% (previous year: 2.1%). The operating return on sales for the Power Engineering business area remained unchanged at 7.5%.

Detailed information on business developments and the earnings generated by the MAN divisions is provided in the section of the management report entitled "The Divisions in Detail."

Five-year operating profit trend



Like-for-like data for all years, excluding discontinued operations.
Figures from 2013 onward adapted to reflect the structure used by Volkswagen.

Income statement

€ million	2015	%	2014	%
Sales revenue	13,702	100	14,286	100
Cost of sales	– 11,107	– 81	– 11,695	– 82
Gross profit	**2,594**	**19**	**2,591**	**18**
Other operating income	513	4	556	4
Distribution expenses	– 1,562	– 11	– 1,568	– 11
General and administrative expenses	– 762	– 6	– 753	– 5
Other operating expenses	– 692	– 5	– 441	– 3
Operating profit	**92**	**1**	**384**	**3**
Share of profits and losses of equity-method investments	11	0	16	0
Finance costs	– 189	– 1	– 200	– 1
Other financial result	182	1	42	0
Financial result	**3**	**0**	**– 142**	**– 1**
Profit before tax	**95**	**1**	**242**	**2**
Income tax expense	64	0	– 100	– 1
Current	63	0	– 73	– 1
Deferred	1	0	– 27	0
Loss from discontinued operations, net of tax	– 10	0	124	1
Profit after tax	**150**	**1**	**267**	**2**
of which attributable to noncontrolling interests	10	0	13	0
of which attributable to shareholders of MAN SE	**140**	**1**	**254**	**2**
Earnings per share from continuing operations in €	**1.02**		**0.88**	
Earnings per share from continuing and discontinued operations in €	**0.95**		**1.73**	

Sales revenue declined by €584 million year-on-year in 2015 to €13,702 million.

Cost of sales decreased by €588 million during the same period. As a result, the gross profit was at the prior-year level; profitability rose from 18.1% in the previous year to 18.9%. At €2,324 million, distribution and general and administrative expenses remained on a level with the previous year (€2,321 million).

At €513 million, other operating income was down on the previous year (€556 million). Other operating expenses amounted to €692 million, €250 million higher than in the previous year (€441 million). This increase is mainly attributable to the restructuring expenses of €185 million for the future growth program at MAN Truck & Bus.

The financial result rose significantly year-on-year to €3 million (previous year: €–142 million).

Net income from equity-method investments fell to €11 million (previous year: €16 million). While Sinotruk's profit was roughly on a level with the previous year, that of Rheinmetall MAN Military Vehicles GmbH, Munich (RMMV), decreased.

Finance costs improved by €11 million to €189 million (previous year: €200 million).

The other financial result was up significantly on the prior-year figure, at €182 million (previous year: €42 million). This increase is mainly due to the dividend of €138 million from Scania AB, Södertälje, Sweden (Scania), which was not paid out in the previous year.

All in all, the MAN Group's profit before tax amounted to €95 million (previous year: €242 million).

The MAN Group recorded tax income of €64 million in the year under review. This is mainly attributable to tax refunds in the reporting period. In the prior year, the tax expense amounted to €100 million. The tax rate was –67.5% (previous year: 41.3%). Further information on the change in the tax rate can be found in the "Notes to the Consolidated Financial Statements."

The loss from discontinued operations in fiscal year 2015 amounted to €10 million (previous year: profit of €124 million). It is attributable to the reassessment of potential liabilities from the sale of a business in 2006. In the previous year, it was significantly impacted by prior-period tax effects including interest for a former tax group subsidiary.

Profit after tax positive

The MAN Group's profit after tax was €150 million, a significant decline from the previous year (profit after tax of €267 million). Earnings per share from continuing operations rose from €0.88 to €1.02.

As a result of the domination and profit and loss transfer agreement, MAN SE has not distributed dividends, starting in fiscal year 2014. Volkswagen Truck & Bus GmbH, Braunschweig (VW Truck & Bus GmbH), formerly Truck & Bus GmbH, Wolfsburg, will make the contractually defined cash compensation payment (€3.07) to each MAN free float shareholder.

Financial position

Principles and objectives of financial management

Financial management in the MAN Group is handled centrally by MAN SE, which makes available financial resources within the Group, safeguards its financial independence and liquidity at all times, and communicates with the capital markets on behalf of the entire MAN Group. MAN SE's Executive Board is responsible for the proper conduct of all financial transactions for the MAN Group and for the deployment of an appropriate financial risk management system.

The tasks and objectives of financial management are to safeguard liquidity at all times, to mitigate financial risks, and to increase MAN's enterprise value.

Suitable financing instruments, guarantee commitments, and other master agreements that enable reliable access to debt and equity markets and financial institutions are used to safeguard liquidity at all times. The prime objective in this context is to ensure that the MAN Group has the necessary financial scope at all times to finance its operating business, investments, and targeted growth plans.

The focus of efforts to mitigate financial risks to enterprise value and earnings power is on the efficient hedging of risks — mainly through the financial markets — and especially those risks relating to exchange rate and commodity price movements, and interest rate changes. Additionally, counterparty and country risks, as well as collateral received, are actively managed.

Overall, central financial management helps increase economic efficiency and MAN SE's enterprise value by proactively matching the Group's liquidity supply and capital structure to changing requirements and ensuring the optimum cost-effective transfer of financial risk.

MAN Group funding

Both bilateral lines with financial institutions and Volkswagen Aktiengesellschaft, Wolfsburg (Volkswagen AG), and capital market instruments are used for debt funding.

The Group currently has access to a €1.5 billion credit facility from Volkswagen AG that expires in December 2016 and has not been utilized, and a perpetual €1.0 billion credit facility from Volkswagen AG, of which €0.4 billion has been utilized. The unutilized portions of the credit facilities are available as a liquidity reserve.

The EMTN program launched by MAN SE in 2009 has a volume of up to €5 billion, of which €1.25 billion has currently been utilized through bond issues. Details of the MAN Group's outstanding publicly offered bonds are provided below.

The MAN Group's publicly offered bonds Principal amount (€ million)	Term from	to	Interest rate
500	May 20, 2009	May 20, 2009	7.250%
750	March 13, 2012	March 13, 2012	2.125%

After Moody's linked the MAN Group's rating to that of Volkswagen AG in June 2013, MAN ended its cooperation with the rating agency as of the end of March 2014 for commercial reasons. Independent of this, Moody's publishes credit opinions for MAN SE on the basis of Volkswagen AG's rating.

With respect to equity-based financing, the Executive Board has been granted several authorizations by MAN SE's Annual General Meeting that could be exercised until March 31, 2015, subject to the consent of the Supervisory Board. These included authorized capital of €188 million, corresponding to 50% of the share capital, which enabled the Executive Board to implement a capital increase against cash and/or noncash contributions. Additionally, the Executive Board was able to issue convertible bonds or bonds with warrants up to an aggregate principal amount of €2.5 billion. The Executive Board did not make use of these authorizations.

Material agreements of the Company that are subject to a change of control following a takeover bid:

Repayment of the bonds (€1.25 billion) can be demanded if one or more persons acting in concert acquire more than 50% of the voting rights in MAN SE and, as a result, the Company's rating is downgraded to noninvestment grade within 120 days.

Cash flow

Net cash flow from the MAN Group's operating activities and investing activities attributable to operating activities amounted to €495 million in fiscal 2015 (previous year: €–849 million).

Net cash flow by business area

€ million	2015	2014
Commercial Vehicles	171	– 262
Power Engineering	173	38
Others	151	– 625
MAN Group	**495**	**– 849**

This included a tax refund for previous years in the amount of €172 million including interest, €59 million of which related to discontinued operations. By contrast, the previous year's figure was negatively impacted by a retrospectively determined prepayment of €132 million on the expected tax liability for fiscal 2013, as well as prior-period tax payments of €729 million including interest, €370 million of which related to discontinued operations.

At €1,169 million, the MAN Group's gross cash flow in fiscal 2015 was significantly higher than in the previous year (€219 million) in spite of the decline in profit. This was primarily due to the aforementioned tax effects. This figure includes profit before tax of €95 million (previous year: €242 million).

The change in the MAN Group's working capital in fiscal year 2015 was roughly neutral, reducing the cash flow from operating activities only slightly, by €7 million. In the previous year, a €915 million increase in working capital was recorded.

The clear year-on-year improvement was due to the €491 million increase in liabilities (previous year: decrease of €104 million), the €225 million decrease in receivables (previous year: increase of €57 million), and the €164 million increase in provisions (previous year: decrease of €137 million). These are primarily influenced by the provisions for restructuring expenses at MAN Truck & Bus. In addition, inventories grew by €62 million, which is a larger increase than in the previous year (€15 million).

Within working capital, the €826 million increase in assets leased out (previous year: €602 million) was largely offset by the depreciation of assets leased out and by offsetting effects in other liabilities within cash flows from operating activities.

As a result, net cash provided by operating activities amounted to €1,162 million in fiscal year 2015, a strong improvement over the previous year (€–695 million).

Net cash used in investing activities attributable to operating activities was €667 million (previous year: €154 million). The prior-year figure includes the net cash inflow from the sale of MAN Finance International GmbH, Munich (MAN Finance) of €415 million. Adjusted for this effect, investments were up on the prior-year level.

In the Commercial Vehicles business area, net cash flow improved in fiscal year 2015 to €171 million (previous year: €–262 million). Whereas working capital employed rose significantly in the previous year, it improved slightly in the year under review.

The Power Engineering business area generated a net cash flow of €173 million (previous year: €38 million). Here, too, a decrease in working capital employed was recorded following an increase in the previous year. The net cash flow attributable to Others amounted to €151 million (previous year: €625 million). The improvement on the previous year is primarily attributable to the aforementioned tax effects.

At €175 million, cash inflows from investments in securities and loans were primarily attributable to the repayment of intragroup loans extended by MAN SE to MAN Finance (previous year: cash inflow of €576 million).

Net cash used in financing activities amounted to €392 million in the reporting period (previous year: €411 million). This includes the profit transfer of €486 million for 2014 to VW Truck & Bus GmbH (previous year: cash inflow of €724 million due to loss absorption). Bonds totaling €620 million were repaid (previous year: €860 million). In contrast, other financial liabilities rose by €717 million after declining by €251 million in the previous year.

The MAN Group's net financial debt was €1,311 million on December 31, 2015, an improvement of €49 million as against December 31, 2014.

MAN consolidated statement of cash flows (key figures)

€ million	2015	2014
Cash and cash equivalents at beginning of period	**525**	**1,208**
Profit before tax	95	242
Income taxes paid/refunded	34	– 800
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property[1]	370	380
Amortization of, and impairment losses on, capitalized development costs[1]	125	101
Depreciation of assets leased out[1]	550	423
Change in pension provisions	– 35	– 84
Loss on disposal of noncurrent assets and equity investments	– 6	– 19
Share of profits or losses of equity-method investments	– 2	– 8
Other noncash income and expense	37	– 16
Gross cash flow	**1,169**	**219**
Change in working capital	**– 7**	**– 915**
Change in inventories	– 62	– 15
Change in receivables	225	– 57
Change in liabilities and prepayments received (excluding financial liabilities)	491	– 104
Change in provisions	164	– 137
Change in assets leased out	– 826	– 602
Net cash provided by/used in operating activities	**1,162**	**– 695**
Payments to acquire property, plant, and equipment, investment property, and intangible assets (excluding capitalized development costs)	– 442	– 394
Additions to capitalized development costs	– 246	– 211
Payments to acquire other investees	– 20	– 5
Proceeds from the disposal of other investees	25	–
Proceeds from the disposal of subsidiaries, net of cash disposed of	–	417
Proceeds from asset disposals (other than assets leased out)	17	38
Net cash provided by/used in investing activities attributable to operating activities	**– 667**	**– 154**
Net cash flow	**495**	**– 849**

[1] Net of impairment reversals.

MAN consolidated statement of cash flows (key figures) (cont'd)

€ million	2015	2014
Net cash flow	**495**	**– 849**
Change in investments in securities and loans	175	576
Net cash provided by/used in investing activities	**– 492**	**422**
Dividend payments	– 3	– 24
Profit transfer/loss absorption	– 486	724
Repayment of bonds	– 620	– 860
Change in other financial liabilities	717	– 251
Net cash provided by/used in financing activities	**– 392**	**– 411**
Effect of exchange rate changes on cash and cash equivalents	– 25	2
Change in cash and cash equivalents	**253**	**– 682**
Cash and cash equivalents at end of period	**779**	**525**
Composition of net liquidity/net financial debt at end of period[1]		
Cash and cash equivalents	779	525
Securities, loans, and time deposits	426	600
Gross liquidity	**1,204**	**1,125**
Total third-party borrowings	– 2,515	– 2,485
Net financial debt	**– 1,311**	**– 1,360**

[1] "Net liquidity/net financial debt" is calculated as cash and cash equivalents, loans to Group companies and marketable securities, less financial liabilities.

Capital expenditures

MAN incurred capital expenditures totaling €708 million in fiscal 2015, after €610 million in the previous year. There was growth in both payments to acquire property, plant, and equipment, and in capital expenditures on intangible assets. In view of the difficult economic situation, we are reviewing planned capital expenditures particularly critically, and are systematically prioritizing them. We are deliberately retaining the necessary capital expenditures that will lead to long-term growth and that are capable of improving our operational efficiency.

The MAN Group's capital expenditures in the Commercial Vehicles business area totaled €491 million in fiscal year 2015, compared with €438 million in the previous year. At MAN Truck & Bus, particular emphasis was placed on enhancing the product portfolio, but also on necessary replacement and maintenance investments. In addition, investments were made to modernize and streamline production sites and expand the sales and service network. MAN Latin America's capital expenditures were mainly related to the expansion of its product range.

At €218 million (previous year: €166 million), capital expenditures in the Power Engineering business area in 2015 were significantly above the prior-year level. MAN Diesel & Turbo made necessary replacement and maintenance investments and modernized its production. Capital expenditures focused on parts manufacturing and test beds. New service centers were established in order to strengthen our global presence. Renk focused on the multi-year investment program at its Augsburg site, which includes comprehensively reorganizing its vehicle transmission production and partial completion of a new multipurpose building for assembling and testing large special gear units. This will give Renk a technologically outstanding test center for such applications.

Capital expenditures

€ million	2015	2014
Property, plant, and equipment, and investment property	429	376
Intangible assets	259	229
Investments	20	5
Total	**708**	**610**
of which: Germany	487	425
of which: other countries	221	185
Depreciation, amortization, and impairment losses[1]	465	431
Investments in property, plant, and equipment as a % of sales revenue	3.2	2.8

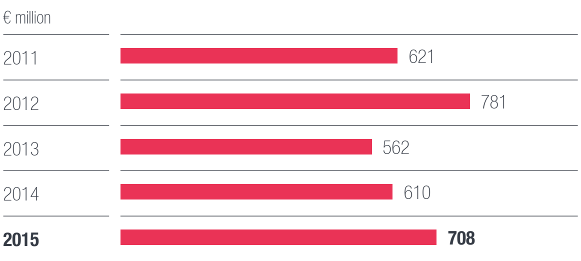
[1] Excluding earnings effects from purchase price allocations (2015: €30 million, 2014: €49 million).

Capital expenditures by business area

€ million	2015	2014
Commercial Vehicles	491	438
Power Engineering	218	166
Others	0	6
MAN Group	**708**	**610**

For further information, see "The Divisions in Detail."

Five-year capital expenditures trend[1]



Like-for-like data for all years, excluding discontinued operations.
Figures from 2013 onward adapted to reflect the structure used by Volkswagen.
[1] 2011 excluding acquisition of the additional interest in EURO-Leasing, 2012 excluding acquisition of the additional interest in MAN FORCE TRUCKS.

Net assets

€ million	2015	2014
Property, plant, and equipment, and intangible assets	4,195	4,237
Investments	3,207	2,584
Assets leased out	2,949	2,677
Income taxes	527	516
Inventories	3,058	3,095
Trade receivables	1,924	2,234
Other noncurrent and current assets	1,472	1,669
Cash and cash equivalents	779	525
Total assets	**18,110**	**17,538**
Equity	5,565	5,485
Pensions and other post-employment benefits	496	603
Financial liabilities	2,515	2,485
Other financial liabilities	2,672	2,373
Provisions	1,811	1,745
Prepayments received	789	819
Income taxes (including provisions for taxes)	333	301
Trade payables	1,683	1,662
Other noncurrent and current liabilities	2,246	2,063
Total equity and liabilities	**18,110**	**17,538**

Property, plant, and equipment, and intangible assets fell to €4,195 million as of December 31, 2015, compared with €4,237 million in the previous year. The decline was attributable to depreciation, amortization, and impairment losses as well as currency effects, especially because of the downward trend of the Brazilian real against the euro, and was partly offset in fiscal 2015 by a year-on-year increase in capital expenditures. In addition to the necessary replacement and maintenance investments, the measures taken in fiscal year 2015 continued to focus on developing new products and modernizing production.

The increase in investments over the course of the year reflects the higher carrying amount of the investment in Scania amounting to €2,708 million as of December 31, 2015 (previous year: €2,071 million). For further information, see the "Notes to the Consolidated Financial Statements."

Assets leased out rose to €2,949 million as of December 31, 2015 (previous year: €2,677 million). This increase mainly reflects the increase in sales with buyback obligations at MAN Truck & Bus.

Inventories remained almost unchanged over the course of the year and amounted to €3,058 million as of December 31, 2015 (previous year: €3,095 million). The decline at MAN Latin America, which was primarily driven by adjustments to the production volume to reflect lower demand and by the negative impact of the currency effects, was largely offset by an increase in inventories at MAN Diesel & Turbo and MAN Truck & Bus.

Trade receivables amounted to €1,924 million as of December 31, 2015 (previous year: €2,234 million). This reduction is mainly attributable to intensified working capital management at MAN Truck & Bus. Other factors contributing to the reduction related to the considerable deterioration in MAN Latin America's market environment and the division of MAN Diesel & Turbo.

Other noncurrent and current assets declined to €1,472 million as of December 31, 2015, compared with €1,669 million in the previous year. A significant factor driving this reduction was the repayment of loans of €184 million which MAN SE had extended to MAN Finance.

Trade payables remained almost unchanged over the course of the year and amounted to €1,683 million as of December 31, 2015 (previous year: €1,662 million). By contrast, prepayments received only decreased slightly to €789 million (previous year: €819 million).

Pension obligations fell to €496 million as of December 31, 2015 (previous year: €603 million). This decrease is primarily due to remeasurement effects in connection with a higher discount rate in Germany and additions of pension assets.

Financial liabilities amounted to €2,515 million as of December 31, 2015 (previous year: €2,485 million). The repayment of loans of €620 million was more than offset by new loans of €400 million (net) from Volkswagen AG as well as new loans raised by MAN Latin America.

Provisions amounted to €1,811 million as of December 31, 2015 (previous year: €1,745 million). Provisions for restructuring measures at MAN Truck & Bus were the main factor contributing to this increase.

Other financial liabilities and other noncurrent and current liabilities include purchase price payments received from sales with buyback obligations at MAN Truck & Bus. These line items increased primarily due to the higher volume of such sales.

Equity rose to €5,565 million as of December 31, 2015 (previous year: €5,485 million). The net increase over the course of the year reflects the profit after tax (€150 million) on the one hand and the net changes recognized in other comprehensive income of €450 million on the other, which were significantly influenced by effects from the measurement of Scania. The preparation of the consolidated financial statements after appropriation of net profit led to a decrease of €513 million in reported equity as of December 31, 2015. As a result of the change in equity, the increase in noncurrent assets (intangible assets, property, plant, and equipment, and investments) led to a drop in the ratio of equity to noncurrent assets by five percentage points (from 80% to 75%). The MAN Group's equity ratio as of December 31, 2015 was almost unchanged at 30.7% (previous year: 31.3%).

Unrecognized assets

In addition to the assets recognized in the consolidated balance sheet, the Group also uses unrecognized assets. These include the MAN brand as a significant intangible asset, as well as internally developed patents, employee expertise, and the Group's customer service and sales network. Expenditures on these assets are investments in the future that safeguard market success in the coming years.

See the "Notes to the Consolidated Financial Statements" for further information in connection with various unrecognized assets under rental and lease agreements.

TAKEOVER-RELATED DISCLOSURES

Disclosures in accordance with sections 289(4) and 315(4) of the *Handelsgesetzbuch* (HGB — German Commercial Code)

Composition of share capital, classes of shares

MAN SE's share capital is unchanged at €376,422,400. It is composed of 147,040,000 no-par value bearer shares with a notional value of €2.56 each. In accordance with Article 4(1) of the Articles of Association, the no-par value shares are divided into 140,974,350 common shares and 6,065,650 nonvoting preferred shares. All shares are fully paid up. Under Article 4(2) sentence 2 of the Articles of Association, shareholders may not claim delivery of physical share certificates.

All shares have the same dividend rights; however, a cumulative preferred dividend of €0.11 per preferred share is payable in advance from net retained profit to holders of preferred shares, as well as a further €0.11 per common share as a subordinate right to holders of common shares. If there is insufficient net retained profit to pay the preferred dividend, the shortfall is payable in arrears, without interest, from the net retained profit of the subsequent fiscal years before the distribution of a dividend to the holders of common shares.

In accordance with the domination and profit and loss transfer agreement entered into between VW Truck & Bus GmbH and MAN SE on April 26, 2013, which came into effect on its entry in the commercial register on July 16, 2013, common and preferred shareholders will be paid a compensatory or guaranteed dividend within the meaning of section 304 of the *Aktiengesetz* (AktG — German Stock Corporation Act).

The common shares are voting shares, while preferred shares do not generally carry voting rights. Under section 140(2) of the AktG, this does not apply if the preferred dividend is not paid in a given year, or is not paid in full, and the shortfall is not made good in the following year in addition to the full preferred dividend for that year. In such cases, holders of preferred shares have voting rights until the shortfalls are made good, and the preferred shares must be included in the calculation of any capital majority required by the law or the Articles of Association. In light of the domination and profit and loss transfer agreement between VW Truck & Bus GmbH and MAN SE, section 140(2) of the AktG also applies in the event that the compensation within the meaning of section 304 of the AktG, i.e., the compensatory or guaranteed dividend, will not actually be paid. Preferred shareholders also have voting rights in accordance with section 60 of the *SE-Verordnung* (SE-VO — German SE Regulation), under which a consenting resolution by the preferred shareholders is required if the Annual General Meeting adopts a resolution that affects the specific rights of preferred shareholders, i.e., a resolution to revoke or limit the preferred dividend or to issue preferred stock that would rank prior to or equal with the existing nonvoting preferred shares in the distribution of profit or the net assets of the Company.

The same rights and obligations attach to all shares in all other respects.

Restrictions affecting voting rights or the transfer of shares

Other than restrictions on voting rights for preferred shares and restrictions by virtue of statutory provisions, for instance under section 136 of the AktG, MAN SE is not aware of any restrictions on voting rights. The same applies to the transfer of shares.

Significant shareholdings in MAN SE

VW Truck & Bus GmbH notified MAN SE on April 18, 2013, in accordance with section 21(1) sentence 1 of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) that the share of voting rights held by VW Truck & Bus GmbH had exceeded the limit of 75% on April 16, 2013, and amounted to 75.03% at that time. Volkswagen AG notified MAN SE on June 6, 2012, in accordance with section 21(1) sentence 1 of the WpHG that the share of voting rights held by Volkswagen AG had exceeded the limit of 75% on June 6, 2012, and amounted to 75.03% at that time. Volkswagen AG contributed the relevant shares to VW Truck & Bus GmbH on April 16, 2013. The relevant shares are now attributable to Volkswagen AG via VW Truck & Bus GmbH. In addition, Porsche Automobil Holding SE and its controlling shareholders notified MAN SE in accordance with section 21(1) of the WpHG that Volkswagen AG's interest — now VW Truck & Bus GmbH's interest — is also attributable to Porsche Automobil Holding SE and its controlling shareholders.

MAN SE has not been notified of, nor is it aware of, further existing direct or indirect interests in the capital of MAN SE that exceed 10% of the voting rights or the relevant thresholds of the WpHG.

Appointment and dismissal of members of the Executive Board, amendments to the Articles of Association

The appointment and dismissal of members of the Company's Executive Board is governed by sections 39(2) and 46 of the SE-VO in conjunction with sections 84 and 85 of the AktG and Article 5 of the Articles of Association. Under these provisions, the Executive Board must consist of at least two members. It falls within the responsibility and the authority of the Supervisory Board to appoint the members of the Executive Board for a period of up to five years and to revoke the appointment for good cause. Members may be reappointed once or several times.

Section 59(1) of the SE-VO in conjunction with sections 179ff. of the AktG applies to amendments to the Articles of Association. Under these provisions, the Annual General Meeting may resolve to amend the Articles of Association by a majority of at least three-quarters of the share capital represented when the vote is taken. Under Article 10(6) of the Articles of Association, the Supervisory Board is authorized to resolve amendments to the Articles of Association that affect only the wording.

Powers of the Executive Board, in particular to issue and repurchase shares

The powers of the Executive Board are governed by section 39 of the SE-VO in conjunction with sections 77ff. of the AktG and Article 6 of the Articles of Association. These provisions require the Executive Board to manage the Company independently and to represent the Company both in and out of court.

Information on the powers of the Executive Board to issue convertible bonds and bonds with warrants, together with the contingent capital created in this context (Contingent Capital 2010), and on the authorization to purchase own shares granted on April 1, 2010, all of which were in effect until March 31, 2015, is provided in the "Equity" section in the "Notes to the Consolidated Financial Statements." The corresponding authorizations were not exercised.

Material agreements of the Company that are subject to a change of control following a takeover bid:

As already described above in the "MAN Group funding" section, MAN SE has entered into various material agreements that are subject to a change of control.

SUSTAINABLE VALUE CREATION

Continuous research and development activities are a key factor in sustainable value creation; this is why MAN invests just under 5% of its sales revenue in R&D. Top scores in key rankings show that MAN is one of the world's most sustainable vehicle and mechanical engineering companies. This success is based on outstanding employee performance.

In this section, we use examples to show how we increase the value of our Company in a sustainable way. As a technology company, our research and development (R&D) activities lay the foundation for long-term competitiveness. Sustainability and selecting suitable suppliers for long-term cooperation are key goals in procurement. We outline how MAN takes responsibility for customers, employees, the community, and the environment under "corporate responsibility." At the heart of our human resources strategy is outstanding performance. MAN systematically grows its first-class team to meet the challenges of our dynamic business.

Research and development

The global megatrends of globalization, rising global trade, population growth, and urbanization, as well as increasingly strict emissions regulations, are driving the changing market conditions and economic environment. MAN's goal of technology leadership is designed to secure its position as a leading international manufacturer of commercial vehicles, diesel engines, turbo-machinery, and special gear units in the future as well. Continuous research and development work is one of the Company's core tasks to meet customers' increasing needs for sustainable and efficient mobility and energy supply solutions today and tomorrow.

Commercial Vehicles

The global megatrends have a direct influence on future developments in freight transport and the commercial vehicle industry — and hence on the Commercial Vehicles business area as well. The consequences include rising energy prices and the related need to reduce fuel consumption, stricter emission laws such as Euro 6, growth in road transportation, targeted relief for traffic-sensitive areas such as city centers, and increasing safety requirements for road users. As well as continually enhancing and developing its range of products, MAN's research and development activities therefore focus on reducing fuel consumption, cutting emissions, alternative drives, and alternative fuels.

MAN works constantly to improve both active and passive safety. The Company is currently introducing the next generation of its emergency brake assist (EBA) system with sensor fusion and the emergency stop signal (ESS). The new generation of the emergency braking system combines information from the radar sensor in the vehicle front and the windshield camera. With this sensor fusion, the system can interpret complex traffic scenarios more reliably. Vehicles ahead and stationary obstructions can be identified more quickly and with greater certainty.

In the bus business, MAN Truck & Bus launched a new intercity bus, the Lion's Intercity, in 2015. Uncompromisingly designed for service in intercity and feeder traffic and as a robust school bus, it combines first-class comfort with high functionality and outstanding safety. MAN supplies the Lion's Intercity with EBA (emergency brake assist) and LGS (lane guard system). This bus is the only one in its segment that already meets the ECE R66.02 standard, which will enter into force in 2017 and sets rules for the rigidity of bus bodies for protection in roll-over accidents. The Lion's Intercity can also be equipped with an alcohol tester that only allows the engine to be started after performing a breath test to verify the driver's fitness to drive.

MAN Truck & Bus continues to focus on benefits provided to customers and is further developing active truck and bus safety based on long-term research into accidents. This research has resulted in vehicles fitted with assistance systems such as adaptive cruise control (ACC), emergency brake assist (EBA), and the lane guard system (LGS) as standard equipment. These systems support drivers in exactly the types of driving situations that have emerged as the most frequent causes of accidents. In the summer of 2015, MAN introduced a new generation of the active safety systems into series production.

In the interests of our customers, MAN engineers continued to focus on reliability, efficiency, and low operating costs in 2015. For the fourth year in a row, MAN stood out in the 2015 TÜV report on commercial vehicles with the highest number of trucks passing the TÜV inspection without defects. MAN Truck & Bus is also combining new, fuel-efficient technologies to make a further contribution to lower total cost of ownership (TCO) and reduced CO_2 emissions.

For medium and heavy commercial vehicles from MAN and Scania, development work is in progress on common platforms for transmissions, axles, selected cabin components, and driver assistance systems of trucks and buses. In the long term, the focus will be on the entire drivetrain as a truck's most important cost driver. In view of the long product lifecycles, it will take ten to 15 years before the full potential resulting from these efforts has been exploited. The common components will be the platform for creating brand-specific solutions, although the brands will remain clearly distinguishable for the customer.

MAN has developed a prototype for partially automated driving in the UR:BAN project. The "green wave assistant" determines the most fuel-efficient driving strategy for several upcoming traffic lights. The driver can hand over control (speed, braking, acceleration) to the vehicle. This predictive driving saves fuel — especially for trucks and buses, as considerable energy is needed to accelerate a 40-ton vehicle from zero to 50 km/h. High fuel savings can be achieved by causing the vehicle to roll in a way that makes stopping and renewed acceleration unnecessary. The green wave assistant can do this in cooperation with suitable traffic infrastructure, which needs to be equipped for such new tasks. The UR:BAN research project has also worked on the relevant aspects in cooperation with the pilot cities of Düsseldorf and Kassel.

MAN Latin America's work in this area is aimed at increasing customer value and developing sustainable products. In fiscal 2015, R&D activities remained focused on further technical developments and the use of alternative fuels.

Power Engineering

Increased energy efficiency and reduced emissions are the main drivers of the development strategy for all products at MAN Diesel & Turbo. Intensified global price competition is also forcing product design adjustments in consideration of unit production costs and delivery times. Consequently, we continued to push forward with the product initiative in 2015 to expand and optimize the product portfolio and maintain our long-term technology leadership.

During the year under review, twelve new four-stroke engine types were approved for sale, which also underscores the success of our modular approach to product development. Two-stage turbocharging makes considerable engine efficiency improvements possible, and the market's reception is an acknowledgment of our development efforts. The performance data for the aforementioned gas engine in the 20-MW class also exceed the competitive benchmark in terms of power density and efficiency.

As a result of the intensive development efforts of recent years, suitable product quality in exhaust gas aftertreatment technology was achieved on a large scale; this product enjoys sizable customer demand, particularly for marine applications. Component development in other areas, including exhaust gas turbochargers and injection or automation technology, also makes a crucial contribution to the market success and secure future of diesel, gas, and dual-fuel engines. Finally, there were also noteworthy successes in the development of two-stroke engines. For example, the ME-GI engine was the first two-stroke, dual-fuel engine to pass an acceptance test.

In accordance with corporate development requirements, product development for stationary applications of four-stroke engines (diesel and, increasingly, gas engines) in the Power Plants strategic business unit is focused in particular on further improvements in the performance of engine-operated power plants. These solutions can be adapted to cogeneration facilities for the energy market, among others. Here, too, clear targets have been set for further standardization and modularization of systems and components to further reduce project costs and durations.

The Company's strategic approach to product development for turbomachines is illustrated by a few more examples: With increasingly modular designs, the product range can be tailored to customer requirements and economies of scale can be achieved with "smart" modularization. The use of carry-over parts enhances process stability so that costs can be reduced for both the customer and the producer. Here the Company meets the challenge of bringing the best products and services to the market at the most attractive price, for example with convincing strategies for spare parts management as part of comprehensive customer solutions.

Besides high-technology products, such approaches also yield updated application toolboxes for precision implementation of specific customer applications. For example, we modified the steam-turbine-driven compressor trains used in refinery applications to satisfy changed customer requirements. And we measurably improved the competitiveness of the compressor trains required for the growth market in FPSO (floating production, storage and offloading) vessels used in the oil and gas sector.

A substantial part of the development of products and services involves seemingly minor matters but results in constant improvements in efficiency or reductions in energy input. For example, an enhanced generation of steam turbine blades makes it possible to break through to new levels of efficiency, with benefits for an entire family of steam turbines.

Finally, MAN Diesel & Turbo has begun to expand its latest line of gas turbines for applications in power generation and mechanical drives. Thanks to the high energy efficiency of this product, we were able to gain a foothold in the important Chinese market during the year under review.

One key focus of R&D work across all of Renk's businesses is to continually enhance, optimize, and round off the existing product portfolio. Renk made significant further improvements to its systems expertise by enhancing new drive concepts, developing comprehensive solution packages, and designing technologically sophisticated test stand configurations.

Key R&D figures

On average, 4,633 employees worked in research and development in 2015, compared with 4,560 in the previous year. This corresponds to 8.4% of the total headcount (previous year: 8.2%). MAN increased its research and development expenditure by 10% in fiscal 2015. Research and development costs recognized in the income statement in accordance with IFRSs increased to €670 million (previous year: €608 million), or 4.9% of sales revenue (previous year: 4.3%). The capitalization ratio rose to 31.1% (previous year: 29.4%). The MAN Group also cooperates with external partners within the scope of order-specific R&D activities and on publicly subsidized projects.

R&D costs reported in the income statement

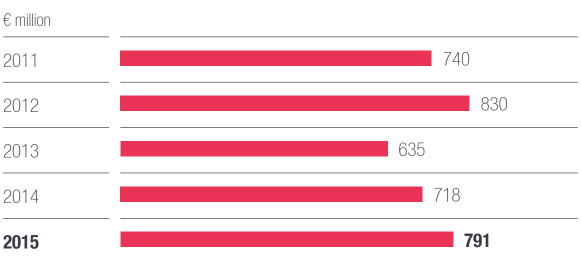
€ million	2015	2014
Total R&D costs	791	718
of which: capitalized development costs	– 246	– 211
Capitalization ratio in %	31.1	29.4
Amortization of and impairment losses on capitalized development costs	125	101
MAN Group	**670**	**608**
R&D employees (annual average)	4,633	4,560

R&D expenditures by business area

€ million	2015	2014
Commercial Vehicles	542	488
Power Engineering	249	230
Consolidation	–	–
MAN Group	**791**	**718**

For further information, see "The Divisions in Detail."

Five-year R&D expenditures trend



Like-for-like data for all years, excluding discontinued operations.
Figures from 2013 onward adapted to reflect the structure used by Volkswagen.

Procurement

MAN's main purchases are production materials and services. Its procurement volume during fiscal year 2015 was approximately €7 billion. This figure reflects the great responsibility borne by procurement for production costs and, ultimately, for the MAN Group's financial performance. Procurement also includes purchasing in the context of capital spending, where it makes an important contribution to cash flow optimization and the reduction of capital costs.

In 2015, procurement activities were primarily focused on keeping production facilities supplied on an ongoing basis.

Moreover, to minimize material costs, MAN makes use of cross-functional pooling effects and synergies among the different business areas and brands. For example, the cooperation with Scania was strengthened further in 2015. Lean structures and effective methods and tools are essential requirements for such efforts.

Across the globe, MAN aims to work with the best qualified suppliers, who have to meet high standards for cost-effectiveness as well as for the essential factors of quality, innovation, and, above all, reliability.

By intensifying the standardization, automation, and centralization of global procurement processes in the MAN Group, we have been able to increase the efficiency of our purchasing activities.

Sustainability is an essential principle in procurement, with regard to the selection of both suppliers and business partners. MAN is committed to responsible conduct; this expectation also applies for our suppliers, who are obligated to comply with the basic principles of MAN's Code of Conduct. These principles include social responsibility, transparent business dealings, fair competition, and the protection of data, business secrets, and business assets.

Corporate Responsibility

MAN is committed to sustainable business practices and assumes social responsibility along the entire value chain. For MAN, being prepared for the future means understanding global challenges and recognizing where opportunities and risks lie for both sustainable development and business success. The Corporate Responsibility (CR) Strategy 2020+ is MAN's response to the most significant megatrends.

Materiality process

The CR Strategy adopted in 2010 underwent a strategic realignment in 2014: the CR issues relevant for MAN were identified as part of a multistage materiality analysis. This included stakeholders' expectations of MAN, as well as the demands that MAN makes of itself to ensure lasting success.

With this in mind, MAN's CR Steering Committee discussed twelve global challenges such as climate change, population growth, resource scarcity, poverty, and health, and assessed them for their business relevance. An open international stakeholder survey was conducted to prioritize the challenges from an external perspective. The six global challenges listed in the table were assessed as material by both the surveyed stakeholders and the CR Steering Committee.

The findings of this materiality process guided the realignment of our CR Strategy and the formulation of MAN's CR Strategy 2020+, by which the Company lives out its responsibility along the entire value chain. The strategy comprises four CR cornerstones: integration, production, products, and people. Four fields of action have been assigned to each cornerstone.

Material global challenges facing MAN

Global challenge	Description	Relevance for MAN
Climate change	The rise in global temperatures leads to natural disasters such as severe storms and forest fires. In some areas this causes secondary disasters, such as famine caused by loss of harvests.	Against this backdrop, the transportation and logistics sector is called on to reduce its CO_2 emissions. Top priority is given to the development and use of alternative drives and fuels as well as advancing the development of decentralized energy supplies.
Resource scarcity	Resources include all raw materials and natural resources such as water, energy, and land which are necessary for life and economic activity. Overuse of these resources leads to water shortages, desertification and erosion, and rising prices for raw materials and building materials.	As a manufacturing company, resource scarcity impacts on MAN and makes its supply of production materials less secure. In addition, the finite nature of fossil fuel resources necessitates the rapid development of alternative drive technologies.
Urbanization	The percentage of the total world population living in urban areas is growing steadily. According to United Nations estimates, in 2030 sixty percent of all people will live in cities.	The quality of life and ecological sustainability of large cities depends on efficient transportation and energy solutions, as well as intelligent mobility. MAN can make a material contribution in these areas.
Health	Severe physical strain, lack of exercise, and psychological issues such as stress, mental overload, and burnout are the key challenges in the field of health and create a burden on social welfare and health insurance systems. In addition, environmental pollution (see below) can lead to health problems.	For MAN as a manufacturer of heavy industrial machinery and commercial vehicles, the issue of occupational health and safety has traditionally played an important role. In addition to initiatives targeting our production workers, the prevention of office-related illnesses is assigned high priority.
Environmental pollution	The increasing amounts of waste produced around the world have far-reaching effects on plant, animal, and human life. Millions of tons of plastic waste end up in the oceans and contaminate the groundwater. In addition, waste incineration plants cause air pollution.	MAN makes every possible effort to limit the negative environmental impacts of its production activities, focusing on the continuous reduction of volumes of waste and assessing the recyclability of materials in product life cycle analyses.
Diversity & equal opportunity	Diversity means treating all people equally, regardless of characteristics such as gender, ethnic origin, age, disability, and sexual orientation.	As a globally positioned, inclusive company, MAN believes it is essential to treat every employee equally and create an environment in which individuals can develop to their full potential.

CR management

CR management at MAN includes systematic analysis of external conditions, ongoing dialog with our stakeholders, and the integration of CR in corporate and business strategies as well as operational processes.

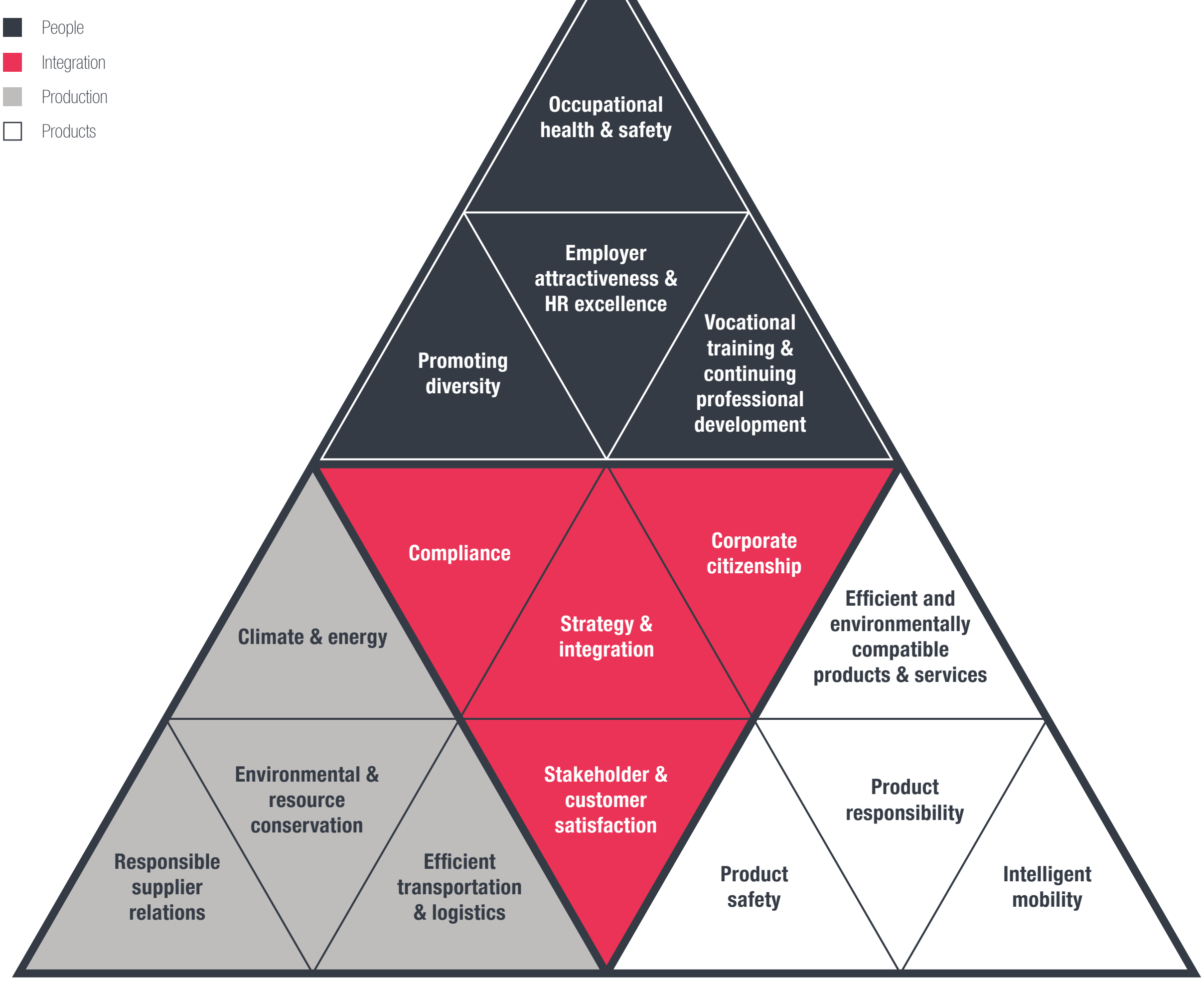
The ultimate management body, the Corporate Responsibility Board, comprises MAN SE and subgroup Executive Board members. The Chief Human Resources Officer and *Arbeitsdirektor* (Executive Board member responsible for employee relations) has overall responsibility for CR. The MAN Group's central Corporate Responsibility function reports to him. It is responsible for managing the CR Strategy 2020+ and its implementation and is the central point of contact for all CR issues in the Company. It also coordinates the CR Steering Committee, which comprises managers from the Production, Product, and Integration functions (e.g., from Purchasing, the Group Works Council, and HR), as well as from all subgroups.

Successes

Integration: In implementing the CR Strategy, the Company is guided by internationally recognized principles. MAN joined the UN Global Compact in 2010. This initiative brings together more than 12,000 participants from over 145 countries, who work together to make the global economy fairer and more sustainable. The UN Global Com-

CR Strategy 2020+

MAN'S Corporate Responsibility Strategy 2020+: the 16 fields of action



pact value framework consists of ten principles on human rights, labor standards, environmental protection, and anti-corruption.

The MAN Group maintained its position as one of the most sustainable companies worldwide in 2015 and again took top positions in prominent rankings. In a review of the Dow Jones Sustainability Indices (DJSI) by RobecoSAM, a sustainability rating agency, the Company once again qualified for the Dow Jones Sustainability World and Europe Indices in 2015. MAN improved in all of the three main categories: economic (+4 points), environmental (+5 points), and social performance (+8 points). MAN's overall result improved by 5 points year-on-year to 85 out of 100 possible points. MAN remains the only German firm in the machinery and electrical equipment sector that is represented in these indices.

MAN also achieved top results from the Carbon Disclosure Project (CDP) for its transparency and measures taken in the fight against climate change. In the Climate Disclosure Leadership Index (CDLI), the Company achieved the best possible score of 100 points. In addition, MAN also received an "A-minus" performance rating for measures initiated, progress already made, and planned strategies for reducing CO_2 emissions. For MAN, this resulted in a "Sector Leader Industrials" status in the Germany-Austria-Switzerland region, making it one of the ten best companies in the sector.

MAN's 2014 CR Report, which was published in June 2015, conforms with the guidelines of the new G4 version of the Global Reporting Initiative (GRI) and was prepared according to the "core" option. The report was preceded by a process to determine the material issues. In addition, it was comprehensively and independently audited by PricewaterhouseCoopers Wirtschaftsprüfungsgesellschaft (PwC) in accordance with the International Standard on Assurance Engagements 3000. At a stakeholder dialog event held at the SOS Children's Village in Dießen am Ammersee in honor of that non-profit organization's 60th anniversary, this report was presented to approximately 80 stakeholders, including employees and regional company representatives but also 30 children and caregivers from the SOS Children's Village.

At MAN, we see ourselves as part of society. As a good corporate citizen, we want to promote sustainable development. Refugee aid was the focus of our corporate citizenship efforts during the year under review. In cooperation with SOS Children's Villages, a partner of long standing, the Company provides support for refugee families and unaccompanied minor refugees in Germany. We sponsored the non-profit organization's refugee aid with approximately €90,000, which went to facilities in Munich, Augsburg, and Salzgitter, and on Lake Ammersee. An important principle of such aid is to establish long-term prospects for refugee children and give them opportunities for education and participation in society. MAN employees also helped by donating the proceeds from a raffle held at the MAN Truck & Bus family day in Munich, which totaled around €13,000. The funds were used to support unaccompanied minor refugees in three facilities; they will receive a language course and intensive schooling for the qualification they want to attain.

At MAN Diesel & Turbo in Augsburg, selected young men from Afghanistan and Egypt who came to Germany as unaccompanied minor refugees are taking part in a sponsored introductory training program intended to qualify them for vocational training.

The Executive Board and the Group Works Council also made a joint appeal for donations to the workforce at MAN's sites in Germany. After a contribution by the Company, €200,000 was available for refugee aid, half of which was for the integration of refugees through education and training. Other beneficiaries of the funds included international aid organizations such as UNO-Flüchtlingshilfe, the German donation partner for the UNHCR (United Nations High Commissioner for Refugees), and regional refugee projects at the MAN production sites.

Production: Efficiency, resource conservation, and environmental protection are the focus of our CR activities in production. We have set ourselves a clear goal: by 2020 we aim to reduce CO_2 emissions at our production sites by 25% compared to 2008 levels.

The Company has taken another major step toward meeting its climate target: MAN Truck & Bus is operating its first carbon-neutral site in Pinetown, South Africa. The plant is now completely powered by renewables; a photovoltaic system covering 6,300 m^2 and generating approximately 810,000 kWh of electricity annually has been installed on the roofs of the production site. As a result, the plant saves about 860 tons of greenhouse gases annually.

A lighthouse project for environmental impact reduction has been implemented at the MAN Diesel & Turbo site in Frederikshavn, Denmark. Previously, the energy generated by engines on test stands was released into the environment unused. The site is now able to recover some of this energy at selected test stands. The recovered energy is fed into the local district heating system and made available to the citizens of Frederikshavn, who can now heat their homes with surplus energy from the plant. The energy recovery plant went on stream during the year under review.

Products: At MAN, we have a comprehensive approach to product responsibility: maximum economic benefits for our customers, high standards for protection of the environment and climate, top-class product safety, and added value for society as a whole. We consider the entire product lifecycle, from raw material extraction to recycling. In order to cover all aspects, MAN's product responsibility is based on four pillars: environment, safety, health, and social issues. The Company focuses in particular on product safety and on the usage phase during which most CO_2 emissions are generated. For this reason, among other things, MAN addresses the issues of continually improving fuel efficiency (and thus reducing emissions) and minimizing material consumption from the product development process onward.

To identify the potential for reducing the lifecycle CO_2 emissions of our products, we calculate product carbon footprints (PCFs) for virtually all product groups. The PCF was verified in accordance with TÜV NORD standard TN-CC 020 and the international standard ISO 14064-3. The calculation is based on the Greenhouse Gas Protocol standards and confirms that more than 90% of CO_2 emissions for all MAN products arise in the usage phase.

MAN Truck & Bus presented its sustainability solutions for urban mobility at the 61st UITP World Congress in Milan using the SMILE (Sustainability, Mobility, Innovation, Lifestyle and Economy) slogan. With its diversified Lion's City range of city buses, the Company provides fuel-saving and climate-friendly mobility solutions exactly tailored to specific customer and market requirements.

In the year under review, MAN Diesel & Turbo was honored with the Green Ship Technology Award (GST) 2015 for fuel-saving and environmentally friendly ship propulsion solutions using "Slow Steaming Optimization with De-rating and Propeller Upgrade." Besides economic benefits for customers, this solution leads to a reduction in CO_2, SO_X, and NO_X emissions for a valuable contribution to environmental protection.

See "Research and development" for further information.

People: The "Employees" section on the following pages describes how MAN meets its responsibilities to its employees.

Employees

Human resources strategy

MAN intends to continue positioning itself as one of Europe's leading commercial vehicle and mechanical engineering players in the future. This is only possible with excellent performance from a first-class team. MAN employs 55,030 people with diverse talents, and we can only secure the Company's long-term success by supporting all of our employees, from vocational trainees to managers. At the heart of MAN's human resources strategy are excellent performance, the resulting achievement, and participation in its success. We fulfill our responsibility for our employees through promoting health, skills, and competence. Responsible management and individualized personal development and training are needed to recruit and retain committed, responsible-minded, and skilled employees.

Headcount at December 31

	2015	2014
Germany	31,720	32,309
Other countries	23,310	23,594
Total	**55,030**	**55,903**
Other countries in %	42	42

Employees by business area at December 31

	2015	2014
Commercial Vehicles	37,599	38,449
Power Engineering	17,133	17,143
Others	298	311
MAN Group	**55,030**	**55,903**

Employee structure

	2015	2014
Permanent staff	51,234	51,995
of which: female	7,102	7,228
of which: male	44,132	44,767
of which: part-time employees	1,183	1,073
of which: fixed-term employees	1,467	1,193
Vocational trainees	3,177	3,312
of which: female	571	552
of which: male	2,606	2,760
Employees in the passive phase of partial retirement	619	596
Headcount	**55,030**	**55,903**
Subcontracted employees	802	879

Age structure 2015[1]

Total	< 30	31 – 40	41 – 50	51 – 60	> 61
51,234	8,902	15,440	14,492	10,841	1,559

[1] Only permanent staff.

Headcount

As of December 31, 2015, the MAN Group employed 55,030 people. This represents a reduction of 873 employees as against the end of 2014. This figure includes the first-time consolidation of three companies with 189 employees at MAN Diesel & Turbo. Overall, the decline is primarily attributable to the reduction in the number of indirect employees at MAN Truck & Bus and MAN Latin America, brought about above all by the restrictive hiring policy.

The proportion of employees in Germany versus those abroad changed only slightly. Our non-German companies employed a total of 23,310 people. This is a decrease of 284 year-on-year. The number of employees working in Germany declined by 589 compared with the previous year, to 31,720.

The number of employees with fixed-term contracts rose from 1,193 to 1,467. The number of subcontracted employees declined by 77 to 802. In 2015, 86 subcontracted employees were taken on as permanent staff.

Vocational training and integrated degree and traineeship scheme

To secure access to outstanding young technical and commercial staff, the Company employs a high-quality dual vocational training program anchored in the MAN Academy. More than 600 young men and women from 15 countries began this training program at MAN Truck & Bus in Germany, Austria, and Turkey in September 2015. In Poland, a further foreign production site launched a dual vocational training program during the year under review. Following consultations with the Auslandshandelskammer (German Chambers of Commerce Abroad, AHK), 16 mechatronics technicians began their dual vocational training at the Starachowice plant. More than 160 young people began their dual vocational training at MAN Diesel & Turbo and Renk, and twelve did so at MAN Latin America.

MAN offers its trainees a total of 28 vocational training courses to launch their professional careers, including 20 technical and eight commercial disciplines. A very positive trend has developed in the number of young women who have been showing increasing interest in technical careers in recent years; their number has been increasing steadily. Commercial and technical vocational trainees currently account for 17.8% of the total.

Young people are increasingly starting combined vocational training and degree programs that are being run in cooperation with a number of universities: currently, over 200 students on combined and integrated vocational training and degree programs are completing the practical part of their studies at MAN locations in Germany. Here, too, the share of female students, at 20.5%, is encouraging.

The educational realignment of vocational training made necessary by the digitization of the workplace presents a special challenge for the future. To meet it, the Group has initiated appropriate projects.

The four best MAN Group vocational trainees were honored with the Volkswagen Group's 2015 Best Apprentice Award. A trainee from MAN Truck & Bus and another from MAN Diesel & Turbo were designated the best milling machine operator trainees in their states by the chambers of commerce in Hanover and Augsburg, respectively. There was also an international award for a MAN Diesel & Turbo trainee. The "Apprentice of the Year 2015" award was presented by the Confederation of Danish Industry Copenhagen in Denmark.

Continuous professional development and training for every employee

MAN's continued success as a leader in transportation and energy relies on having highly qualified specialists and managers. The Company ensures that all employees around the world, from vocational trainees to managers, can expand and strengthen their technical skills on a task-driven basis through the MAN Academy's targeted training offerings.

In 2015, each employee received an average of 25 hours of professional development and training. Learning and teaching takes place in close cooperation with internal experts, who pass their knowledge and experience on to their colleagues within the vocational groups. A vocational group includes all employees who have a common specialist skill that they develop further. Vocational group academies perform training and knowledge transfer for vocational groups.

The MAN Academy expanded the vocational group academies in 2015. In the vocational group academy for production, training centers were also established as integrated facilities for basic skills training at the sites in Germany, Austria, Poland, and South Africa. In addition, vocational group academies for engineering, sales and after sales, procurement, finance, quality, and personnel were established. The focus was on developing skills profiles and training activities. In cooperation with the specialists, new training subjects were developed in the vocational group academies and further web-based training modules were implemented for specific target groups. With these measures, employees worldwide can be trained more quickly and efficiently.

New training programs were conducted to improve the management skills of master craftsmen and to support them in their day-to-day management work. In addition, the programs provide the opportunity for master craftsmen to network within the Group, and offers an associated platform to exchange best practices. Overall, around 100 master craftsmen qualified in production, logistics, service operations, and vocational training.

During the reporting period, Group-wide standards were established at other MAN sites and subsidiaries for the training and selection of managers and young management talent. To prepare qualified employees to take on a management role, we introduced training programs and a selection process for verification of leadership skills. The focus of the development initiatives and selection processes is guided by the Company's current requirements. In the year under review, about 17% of the participants in these programs were women.

To support and promote the personal and professional development of young talent, the mentoring program was continued in 2015. Its focus is on sharing knowledge and experience between mentees and mentors, and on building networks. In this program, 50% of the participants were women.

The strategically important trainee program and the induction program were improved to ensure the best possible integration of new employees in the MAN Group. Both programs focus on direct encounters with MAN products, specialist and interdisciplinary training and development, and network-building.

Diversity and equal opportunities

MAN is engaged globally in ensuring equal opportunities for men and women. There is particular focus on the promotion of women, especially by means of special works arrangements, the availability of training for employees on parental leave, and programs to recruit and develop female talent, such as the "Girls for Technology" camp and the "WOMAN's Career Day." As of December 31, 2015, 8.5% of MAN's managers were female, compared with 8.7% in 2014. MAN offers specific measures to train and develop female specialists and managers. These include a young talent program to support the professional and personal development of female vocational trainees and the mentoring program for our prospective female managers.

In addition to recruiting and promoting female talent, MAN is continuously working to improve ways of reconciling work and family life. These include flexible working models and the opportunity to split a full-time position into two part-time positions, as well as offering 148 crèche and kindergarten spaces in company daycare facilities at MAN's Munich and Augsburg sites. Information sessions for future parents, a seminar on re-entry into the labor market after parental leave, and a vacation program for children round off the resources offered at the Munich site. Moreover, an agency service for finding care staff to care for and look after children and relatives is available to employees in Bavaria. This initiative by the Bavarian metalworking and electrical engineering industry supports those affected by sudden illness or a need for nursing care.

MAN integrates people with disabilities into its operations. The Company employed 1,609 people with severe disabilities in Germany in the fiscal year. Disabled employees are also a specific commitment at international level. Since 2011, MAN Latin America's New Horizon program has offered young people with disabilities the chance to work at the company as an equal, to take part in further training measures, and to receive a grant for university studies. A total of 31 young people took part in New Horizon in 2015.

The inclusion of people with disabilities continues to be a declared aim of management and disabled employees' representatives. The individual sites are responsible for taking appropriate measures. A number of individual activities took place at the Group's German sites in 2015, including accessibility, redesign of workplaces, and joint training projects with facilities for the disabled.

Employee survey ("opinion survey")

MAN carried out another employee survey in June 2015. This "opinion survey" is an annual, uniform, anonymous, and voluntary survey of employees of all the brands and companies in the Volkswagen Group. Employees can actively shape the Company by participating in the opinion survey. It measures the level of employee satisfaction and identification at MAN. This tool is a key indicator for the success of the human resources strategy and is assigned to the "Top Employer" strategy field.

In the MAN Group, 41,001 employees took part in the survey. MAN Group employee participation in the fiscal year was 87%, close to the high prior-year level (90%). The measured sentiment was slightly more positive than in the prior year. Employees gave their opinions on MAN's image, on communication, quality and processes, teamwork with colleagues and supervisors, the quality of the opinion survey as a tool, as well as satisfaction and workload. As a result, both strengths and areas for improvement were highlighted. The results form the basis for the subsequent improvement process and further implementation measures. Specific measures will be implemented in departments and teams in 2016. As well as promoting an entrepreneurial approach among employees, this tool also serves to further strengthen MAN as an attractive employer.

Top employer

The long-term positioning of MAN as a top employer has been one of the MAN Group's core goals since 2013. The Company is committed to the following goals: to integrate new employees into MAN as quickly as possible via the comprehensive induction programs at all sites; to use continuous specialist and interdisciplinary employee training and development, both to meet the specialist functions' quality needs and to facilitate individual career paths within the Company; to ensure the establishment of specialist and international networks; and to guarantee visibility and cooperation across business areas. Furthermore, MAN is committed to equal opportunities worldwide.

MAN has defined four key areas of activity to increase the Company's attractiveness as an employer in the long term. Fundamentally, these include the strategic focus of all communications and events activities within the employer branding campaign towards the school student, college student, college graduate, and experienced employee target groups, as well as the Company's own employees. The perception of MAN as an attractive employer has grown among school students and people with work experience in particular in recent years.

MAN is convinced that, as credible ambassadors for the Company, its employees genuinely attest to its attractiveness as an employer. This is reflected in the communication on the interactive careers website and in social media, which is directed at specific target groups and employees. In a study commissioned by the German magazine FOCUS for Germany's "Top Employer 2016," more than 2,000 companies from various industries were assessed in cooperation with Xing and Kununu. MAN ranked 19th in the sector "machinery and equipment" of major companies.

In the recruiting programs, events for all target groups and lectures for students in technical disciplines ensure focused promotion of talent worldwide. Numerous cooperation programs with universities enable personal and professional discussions with MAN employees and provide an in-depth look into trend-setting tasks and projects. For example, a team of students in the Manage&More study program at Munich Technical University is working with MAN experts on one of the Company's key innovation themes.

Preventive healthcare and occupational safety

Protecting and promoting employee health is a high-priority corporate objective and a common concern of management and employee representatives. It is about more than preventing illnesses and accidents. At MAN, the physical and psychological performance as well as the motivation of the employees are safeguarded and promoted.

In 2015, the assessment of psychological stress in the workplace was enhanced in the framework of the existing risk assessments and the key indicator method was established for all ergonomics issues.

Since 2014, ten MAN Truck & Bus sites have received certification according to the OHSAS 18001 standard for occupational health and safety management systems. There were also campaigns and programs to raise awareness for safe conduct, such as the "Always Safe. Always Good." campaign at MAN Truck & Bus and the behavior-based safety program in Augsburg, the international Safety First initiative at PrimeServe Diesel and the climate safety program at the sites in the United Kingdom.

In the context of internationalization, a concept has been drawn up to make health protection for MAN staff in foreign deployments more systematic in the coming years.

Activities in fiscal year 2016 will focus on the following: continuation of checkup offers, a continuous improvement process for health promotion, and prevention programs.

Occupational pension system

Retirement provision that goes beyond the statutory pension systems often plays a very important role in securing living standards following retirement. For some time now, the MAN Group has contributed to its employees' retirement provision by granting pension commitments and similar benefits that are structured to country-specific and market requirements.

Once their active working life is over, employees in Germany receive benefits provided by a modern, attractive occupational pension system that constitute a key element of MAN's remuneration policy. These benefits offer a reliable additional income on retirement and also protect employees against the risk of permanent disability or death during their active employment. Employees receive employer contributions that are tied to their remuneration and can make additional provision through deferred compensation — which is employer-subsidized for staff subject to collective bargaining agreements.

Plan assets are accumulated during active employment using the employer- and employee-funded contributions, plus returns on capital market investments. Plan assets are paid out as a lump sum or in installments on retirement. The risk of the investments is gradually reduced as employees get older (lifecycle concept). The performance of the plan assets is directly linked to the capital markets and is determined by specific indices and other suitable parameters.

Depending on country-specific practices, the employees at foreign locations receive standard market contributions to pension commitments granted by third parties or investment fund savings plans, or commitments under defined benefit pension plans that are still predominantly tailored to providing lifelong pensions.

REMUNERATION REPORT FOR FISCAL YEAR 2015

Executive Board remuneration

Resolutions determining the total remuneration of individual Executive Board members are prepared by the Presiding Committee of MAN SE's Supervisory Board. The full Supervisory Board then determines the total remuneration in accordance with legal requirements. The full Supervisory Board also regularly discusses the structure of the Executive Board remuneration system based on the Presiding Committee's proposals. This system is regularly modified and adjusted as needed in accordance with the recommendation set out in the German Corporate Governance Code (section 4.2.2).

The Supervisory Board's objective and duty is to set remuneration at an appropriate amount. The criteria for doing so include in particular the tasks of the respective Executive Board member, their personal performance, the economic situation, the performance of and outlook for the Company, and how customary the remuneration is compared with the Company's peer group, as well as the remuneration structure that applies to other areas of MAN.

In fiscal 2015, it was resolved to continue the long-term remuneration component in accordance with the decision made in fiscal 2014. In addition, it was resolved in relation to Performance Component One to measure the average delta to the cost of capital for the current and the preceding fiscal year in each case against the target range set in advance by the Supervisory Board.

In addition, Executive Board members were appointed at MAN SE in fiscal year 2015 who received remuneration from MAN Truck & Bus AG and/or Volkswagen AG on the basis of their employment contracts with those companies and in accordance with the remuneration structure and components in effect there. They received no further remuneration from MAN SE.

Remuneration structure and components

The remuneration of Executive Board members comprises fixed salary payments and noncash benefits, pension and other benefit contributions, and performance-related components. The variable performance-related components comprise components linked to business performance and long-term incentive components.

The remuneration structure and components are based on each individual's employment contract.

A) Fixed remuneration

The fixed remuneration is paid as a monthly salary. In addition, Executive Board members receive noncash benefits consisting primarily of the provision of company cars and the payment of insurance premiums. Drivers for business trips are also available to Executive Board members.

The fixed remuneration is reviewed on a regular basis and modified where necessary, taking into account general salary trends and the area of responsibility of the individual Executive Board member.

B) Variable remuneration

MAN SE

Bonus

The performance-related variable remuneration (bonus) is based on two performance components with equal weightings:

Performance Component One

Performance Component One is defined as the delta to the cost of capital, i.e., the difference between the return on capital employed (ROCE) and the weighted average cost of capital (WACC).

The ROCE is the ratio of operating profit to annual average capital employed. Capital employed comprises the Group's total equity, pensions and other post-employment benefits, and financial liabilities, less marketable securities, cash and cash equivalents, and loans to Group companies. For these purposes, operating profit continues to be calculated on the basis of the definition used by the MAN Group before the changes to financial reporting implemented in 2014. For further information, see the annual report for fiscal year 2014. The ROCE for 2015 was 5.1% (previous year: 5.8%).

The weighted average cost of capital (WACC) represents the minimum return expected by investors on the capital provided and for the investment risk. MAN uses WACC as a basis for setting ROCE requirements. The cost of capital for fiscal year 2015 remained unchanged at 10.0%.

The delta to the cost of capital measure was –4.9% in 2015 (previous year: –4.2%).

The average delta to the cost of capital for the current and the preceding fiscal year in each case is measured against the target range set in advance by the Supervisory Board.

If the lowest value in the target range is not met, this represents a target achievement of 0%. The highest value in the target range corresponds to the maximum target achievement of 200%. Target achievement between the lowest and highest values of the target range is calculated on a straight-line basis.

Three-quarters of the fixed annual salary is awarded for a target achievement of 100%. The maximum possible bonus for this performance component is capped at one-and-a-half times the fixed annual salary for a target achievement of 200%.

The current target range for the delta to the cost of capital is – 5% to + 5%. Target achievement of 0% to 200% is represented as a straight line between these base points. A delta of 5.0% or more therefore yields one-and-a-half times the fixed annual salary and a ROCE equal to the cost of capital yields three-quarters of the fixed annual salary.

Performance Component Two

The second performance component measures the return on equity (before tax) of the fiscal year in question against a predetermined target. It is calculated by dividing the profit before tax by the MAN Group's average equity. The degree to which the target has been achieved is calculated in the same way as for Performance Component One.

The current target range covers a return on equity of between 4% and 20%. Target achievement of 0% to 200% is represented as a straight line between these base points. The maximum possible bonus for this component — one-and-a-half times the fixed annual salary — is awarded for a return on equity of 20% or more. A return on equity of 12% yields three-quarters of the fixed annual salary.

The total bonus from both components is therefore limited to three times the fixed annual salary and is only paid out if the MAN Group generates a return on sales (ROS) of more than 2%. The ROS is the ratio of operating profit to revenue, both of which are calculated according to the logic used in the MAN Group in 2014. For further information, see the annual report for fiscal year 2014. The MAN Group's ROS amounted to 2.9% in 2015 (previous year: 3.0%).

Figures for fiscal year 2015:
Targets and target achievement for bonuses in 2015 were as follows:

Performance component	100% of target	200% of target (cap)	Actual value 2015	Target achievement	Bonus
1* (ROCE – WACC)	0%	5%	– 4.9%	9%	0.07 fixed annual salary
2 Return on Equity	12%	20%	1.5%	0%	0 fixed annual salary

* This component is based on the average of the current and the preceding fiscal year in each case.

Supplementary information on the bonus for fiscal year 2014: Performance Component One is based on an average of the current and following fiscal year in each case. Calculating this component using the actual figures for 2014 and 2015, which are now available, reveals an adjustment to be paid back of 0.05 fixed annual salaries.

Long-term remuneration component

This component is based on the delta to the cost of capital (see Performance Component One).

The average delta to the cost of capital of the current and the two previous fiscal years is compared with the target range set by the Supervisory Board.

If the lowest value in the target range is not met, this represents a target achievement of 0%. The highest value in the target range corresponds to the maximum target achievement of 200%. Target achievement between the lowest and highest values of the target range is calculated on a straight-line basis.

A bonus amounting to one half of the fixed annual salary is awarded for a target achievement of 100%. The maximum possible bonus for this component is capped at one fixed annual salary for a target achievement of 200%.

The current target range for the delta to the cost of capital is 0% to +20%. Target achievement of 0% to 200% is represented as a straight line between these base points. A delta of 20% or more therefore yields one fixed annual salary and a delta of 10% yields one half of the fixed annual salary.

MAN Truck & Bus AG

Bonus

The performance-related variable remuneration (bonus) is based on two performance components with equal weightings:

Performance Component One

Performance Component One is defined as the delta to the cost of capital, i.e., the difference between the return on capital employed (ROCE) and the weighted average cost of capital (WACC).

The ROCE is the ratio of operating profit to annual average capital employed. Capital employed comprises the MAN Group's total equity, pensions and other post-employment benefits, and financial liabilities, less marketable securities, cash and cash equivalents, and loans to Group companies. For these purposes, operating profit continues to be calculated on the basis of the definition used by the MAN Group before the changes to financial reporting implemented in 2014. For further information, see the annual report for fiscal year 2014. The ROCE for 2015 was 5.1% (previous year: 5.8%).

The weighted average cost of capital (WACC) represents the minimum return expected by investors on the capital provided and for the investment risk. MAN Truck & Bus AG uses WACC as a basis for setting ROCE requirements. The cost of capital for fiscal year 2015 remained unchanged at 10.0%.

The delta to the cost of capital measure was –4.9% in 2015 (previous year: –4.2%).

The average delta to the cost of capital for the current and the preceding fiscal year in each case is measured against the target range set in advance by the Supervisory Board.

If the lowest value in the target range is not met, this represents a target achievement of 0%. The highest value in the target range corresponds to the maximum target achievement of 200%. Target achievement between the lowest and highest values of the target range is calculated on a straight-line basis.

One half of the fixed annual salary is awarded for a target achievement of 100%. The maximum possible bonus for this performance component is capped at one fixed annual salary for a target achievement of 200%.

The current target range for the delta to the cost of capital is –5% to +5%. Target achievement of 0% to 200% is represented as a straight line between these base points. A delta of 5.0% or more therefore yields a bonus equal to the fixed annual salary and a ROCE equal to the cost of capital yields one half of the fixed annual salary.

Performance Component Two

The second performance component measures the return on sales of MAN Truck & Bus AG for the fiscal year in question against a predetermined target. The degree to which the target has been achieved is calculated in the same way as for Performance Component One.

The current target range covers a deviation between –2% and +2% from the return on sales target of 8.5%. Target achievement of 0% to 200% is represented as a straight line between these base points. The maximum possible bonus for this component — equivalent to the fixed annual salary — is awarded for a return on sales of 10.5% or more. A return on sales of 8.5% yields one half of the fixed annual salary.

If the figure budgeted for MAN Truck & Bus AG is less than 8.5%, the factor is calculated in equal parts from the ROS target of 8.5% and the budgeted ROS, with the –2/+2% deviations.

The total bonus from both components is therefore limited to twice the fixed annual salary and is only paid out if the MAN Group generates a return on sales (ROS) of more than 2%. The ROS is the ratio of operating profit to revenue, both of which are calculated according to the logic used in the MAN Group in 2014. For further information, see the annual report for fiscal year 2014. The MAN Group's ROS amounted to 2.9% in 2015 (previous year: 3.0%).

Figures for fiscal year 2015:
Targets and target achievement for bonuses in 2015 were as follows:

Performance component	100% of target	200% of target (cap)	Actual value 2015	Target achievement	Bonus
1 * (ROCE – WACC)	0%	5%	– 4.9%	9%	0.05 fixed annual salary
2 Return on Sales	8.5%	10.5%	1.9%	0%	0 fixed annual salary
	1.7%	3.7%	1.9%	110%	0.28 fixed annual salary

* This component is based on the average of the current and the preceding fiscal year in each case.

Long-term remuneration component

This component is based on the delta to the cost of capital (see Performance Component One).

The average delta to the cost of capital of the current and the two previous fiscal years is compared with the target range set by the Supervisory Board.

If the lowest value in the target range is not met, this represents a target achievement of 0%. The highest value in the target range corresponds to the maximum target achievement of 200%. Target achievement between the lowest and highest values of the target range is calculated on a straight-line basis.

A bonus amounting to one-half of the fixed annual salary is awarded for a target achievement of 100%. The maximum possible bonus for this component is capped at one fixed annual salary for a target achievement of 200%.

The current target range for the delta to the cost of capital is 0% to +20%. Target achievement of 0% to 200% is represented as a straight line between these base points. A delta of 20% or more therefore yields one fixed annual salary and a delta of 10% yields one half of the fixed annual salary.

Volkswagen AG

The variable remuneration (bonus) system for management has three components:

- Long-term incentive bonus (LTI)
- Company performance bonus (CPB)
- Personal performance bonus (PPB)

The long-term incentive bonus is directly linked to the targets of the Strategy 2018 of the Volkswagen Group. It is based on the success criteria derived from the strategy and calculated over a four-year period. The amount of the long-term incentive bonus is generally limited to 200% of the target amount.

The amount of the company performance bonus depends on the financial success of the Group company that employs the individual concerned. It is calculated on the basis of operating profit over a two-year assessment period.

The personal performance bonus recognizes the individual employee's performance in the past year on the basis of the performance rating and the extent to which the targets set in the individual target agreement have been met. The bonus is determined according to quantitative and qualitative factors. The personal performance bonus is determined for each individual in a process that involves several parties.

It fluctuates between a lower and upper limit specified for each salary band.

C) Occupational pension system

MAN SE

Executive Board members' benefit entitlements comprise retirement, disability, and survivors' benefits. Entitlements to such benefits are accumulated under a defined contribution system, or "capital account plan" with the value of benefits dependent upon the performance of certain fund indices.

Every year, MAN SE and MAN Truck & Bus AG contribute an amount equal to 20% of eligible remuneration, i.e., of the sum of the contractually agreed fixed remuneration and the variable remuneration. Executive Board members may elect to make contributions themselves out of their gross salary.

Contributions and interest are held in individual capital accounts. The performance of the capital account is directly linked to the capital markets and is determined by a basket of indices and other suitable parameters. The risk of the investments is gradually reduced as the beneficiaries get older (lifecycle concept).

At retirement, the beneficiary may elect to receive the balance of the capital account, or at a minimum the total amount of the contributions, as a lump sum payment, in installments, or as an annuity.

In the event of disability or death, the beneficiary is paid the accumulated account balance, or a minimum of €2 million.

MAN Truck & Bus AG

Executive Board members' benefit entitlements comprise retirement, disability, and survivors' benefits. Entitlements to such benefits are accumulated under a defined contribution system, or "capital account plan" with the value of benefits dependent upon the performance of certain fund indices.

Every year, MAN SE and MAN Truck & Bus AG contribute an amount equal to 20% of eligible remuneration, i.e., of the sum of the contractually agreed fixed remuneration and the variable remuneration. Executive Board members may elect to make contributions themselves out of their gross salary.

Contributions and interest are held in individual capital accounts. The performance of the capital account is directly linked to the capital markets and is determined by a basket of indices and other suitable parameters. The risk of the investments is gradually reduced as the beneficiaries get older (lifecycle concept).

At retirement, the beneficiary may elect to receive the balance of the capital account, or at a minimum the total amount of the contributions, as a lump sum payment, in installments, or as an annuity.

In the event of disability or death, the beneficiary is paid the accumulated account balance, or a minimum of four times the fixed annual salary.

Volkswagen AG

In the event of regular termination of service on the Executive Board, the members of the Executive Board are entitled to a pension including survivors' benefits.

The agreed benefits are paid or made available on reaching the retirement age limit applicable to the statutory pension insurance system within the meaning of the Sozialgesetzbuch (Volume VI of the German Social Insurance Code).

The pension is calculated as a percentage of the basic level of remuneration.

Special contract provisions

Executive Board members receive their fixed remuneration, bonus, insurance contributions, and contributions to the pension system until the end of their normal term of office, but for no more than two years, in the event of the early termination of their contract without good cause and at the instigation of the Company. Income from activities elsewhere is offset.

If an Executive Board member's contract is terminated at his or her instigation (members may terminate their contracts without having to cite reasons, observing a period of notice), payments are only made until the end of the notice period. There are no special change-of-control provisions in place.

The following special arrangements were agreed in connection with the appointment, as members of the Company's Executive Board, of Mr. Berkenhagen and Mr. Schumm in 2012, and Mr. Drees, Mr. Lafrentz, and Mr. Schelchshorn in 2015:

Mr. Berkenhagen, Mr. Schumm, Mr. Lafrentz, and Mr. Schelchshorn will not be granted retirement benefits by MAN. Instead, MAN has undertaken to assume for Mr. Berkenhagen, Mr. Schumm, and Mr. Lafrentz the expenses associated with continuing the existing retirement benefits in the Volkswagen Group.

In addition, a special arrangement relating to total remuneration was agreed with Mr. Berkenhagen, and a special arrangement relating to guaranteed variable remuneration was agreed with Mr. Drees, Mr. Lafrentz, and Mr. Schelchshorn. Further information can be found in note (37) in the "Notes to the Consolidated Financial Statements."

Executive Board members' remuneration in 2015

The remuneration awarded to active members of the Executive Board for their services in fiscal 2015 totaled €4,754 thousand plus €985 thousand for pensions (previous year: €4,377 thousand plus €975 thousand for pensions). Please see note (37) in the "Notes to the Consolidated Financial Statements" and the following tables for details of the Executive Board members' individual remuneration.

Executive Board members' remuneration is reported individually in this remuneration report on the basis of the uniform model tables recommended in the German Corporate Governance Code (version dated September 30, 2014). These model tables present the benefits granted (table 1) and the benefits actually received (table 2) separately. The benefits granted table presents the targets (payment if targets met 100%) and the minimum and maximum amounts achievable.

Table 1: Executive Board members' remuneration in 2015 (benefits granted)

	Dr. Georg Pachta-Reyhofen [1, 2] Chief Executive Officer				Ulf Berkenhagen [1, 2] Chief Procurement Officer			
€ thousand	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)
Fixed remuneration	765	574	574	574	570	428	428	428
Fringe benefits	38	28	28	28	61	38	38	38
Total	**803**	**602**	**602**	**602**	**631**	**466**	**466**	**466**
One-year variable remuneration (Performance Component Two)	574	430	0	861	428	240	0	641
Multi-year variable remuneration								
Performance Component One (2 years)	574	430	0	861	428	240	0	641
Long-term remuneration component (3 years)	383	287	0	574	285	160	0	428
Other (special arrangements)	0	0	0	0	886	878	1,520	0
Total	**1,530**	**1,148**	**0**	**2,295**	**2,026**	**1,520**	**1,520**	**1,710**
Pension expense	382	296	296	296	414	544	544	544
Total remuneration	**2,715**	**2,046**	**898**	**3,193**	**3,071**	**2,529**	**2,529**	**2,719**

	Jochen Schumm [1, 3] Chief Human Resources Officer				Joachim Drees [4, 5] Chief Executive Officer			
€ thousand	2014	2015	2015 (min)	2015 (max)	2014	2015	2015 (min)	2015 (max)
Fixed remuneration	570	285	285	285	0	102	102	102
Fringe benefits	63	22	22	22	0	23	23	23
Total	**633**	**307**	**307**	**307**	**0**	**125**	**125**	**125**
One-year variable remuneration (Performance Component Two)	428	214	0	428	0	51	0	102
Multi-year variable remuneration								
Performance Component One (2 years)	428	214	0	428	0	51	0	102
Long-term remuneration component (3 years)	285	143	0	285	0	51	0	102
Other (special arrangements)	0	0	0	0	0	102	255	30
Total	**1,140**	**570**	**0**	**1,140**	**0**	**255**	**255**	**336**
Pension expense	0	0	0	0	0	20	20	20
Total remuneration	**1,773**	**877**	**307**	**1,447**	**0**	**400**	**400**	**481**

	Jan-Henrik Lafrentz [4, 5] Chief Financial Officer			
€ thousand	2014	2015	2015 (min)	2015 (max)
Fixed remuneration	0	90	90	90
Fringe benefits	0	8	8	8
Total	**0**	**98**	**98**	**98**
One-year variable remuneration (Performance Component Two)	0	45	0	90
Multi-year variable remuneration				
Performance Component One (2 years)	0	45	0	90
Long-term remuneration component (3 years)	0	45	0	90
Other (special arrangements)	0	0	0	0
Total	**0**	**135**	**0**	**270**
Pension expense	0	21	21	21
Total remuneration	**0**	**254**	**119**	**389**

[1] MAN SE employment contract [2] Departure as of September 30, 2015 [3] Departure as of June 30, 2015
[4] MAN Truck & Bus AG employment contract [5] Joined October 1, 2015

Table 1: Executive Board members' remuneration in 2015 (benefits granted)

€ thousand	Josef Schelchshorn [1, 2] Chief Human Resources Officer 2014	2015	2015 (min)	2015 (max)
Fixed remuneration	0	204	204	204
Fringe benefits	0	27	27	27
Total	**0**	**231**	**231**	**231**
One-year variable remuneration	0	140	0	280
Multi-year variable remuneration				
CPB Group (2 years)	0	140	0	280
LTI (4 years)	0	140	0	280
Other (special arrangements)	0	180	600	0
Total	**0**	**600**	**600**	**840**
Pension expense	0	104	104	104
Total remuneration	**0**	**936**	**936**	**1,176**

[1] VW AG employment contract [2] Joined July 1, 2015

Table 2: Executive Board members' remuneration in 2015 (benefits received)

€ thousand	Dr. Georg Pachta-Reyhofen [1, 2] Chief Executive Officer 2014	2015	Ulf Berkenhagen [1, 2] Chief Procurement Officer 2014	2015	Jochen Schumm [1, 3] Chief Human Resources Officer 2014	2015
Fixed remuneration	765	574	570	428	570	285
Fringe benefits	38	28	61	38	63	22
Total	**803**	**602**	**631**	**466**	**633**	**307**
One-year variable remuneration (Performance Component Two)	179	0	134	0	134	0
Multi-year variable remuneration						
Performance Component One (2 years)	86	39	64	29	64	19
Long-term remuneration component (3 years)	0	0	0	0	0	0
Other (adjustment of bonus, special arrangements)	– 272	366	1,828	1,491	– 202	– 26
Total	**– 7**	**404**	**2,026**	**1,520**	**– 4**	**– 6**
Pension expense	382	296	414	544	0	0
Total remuneration	**1,178**	**1,302**	**3,071**	**2,529**	**629**	**300**

€ thousand	Joachim Drees [4, 5] Chief Executive Officer 2014	2015	Jan-Henrik Lafrentz [4, 5] Chief Financial Officer 2014	2015
Fixed remuneration	0	102	0	90
Fringe benefits	0	23	0	8
Total	**0**	**125**	**0**	**98**
One-year variable remuneration (Performance Component Two)	0	28	0	25
Multi-year variable remuneration				
Performance Component One (2 years)	0	5	0	4
Long-term remuneration component (3 years)	0	0	0	0
Other (adjustment of bonus, special arrangements)	0	222	0	124
Total	**0**	**255**	**0**	**153**
Pension expense	0	20	0	21
Total remuneration	**0**	**400**	**0**	**271**

€ thousand	Josef Schelchshorn [6, 7] Chief Human Resources Officer 2014	2015
Fixed remuneration	0	204
Fringe benefits	0	27
Total	**0**	**231**
One-year variable remuneration	0	255
Multi-year variable remuneration		
CPB Group (2 years)	0	66
LTI (4 years)	0	210
Other (special arrangements)	0	69
Total	**0**	**600**
Pension expense	0	104
Total remuneration	**0**	**936**

[1] MAN SE employment contract [2] Departure as of September 30, 2015 [3] Departure as of June 30, 2015
[4] MAN Truck & Bus AG employment contract [5] Joined October 1, 2015 [6] VW AG employment contract
[7] Joined July 1, 2015

Additionally, a total of €614 thousand (previous year: €1,329 thousand) in severance payments was made in fiscal 2015 to former members of the Executive Board. Appropriate provisions were recognized for these payments at the time of departure. These payments are also described in detail in the abovementioned note in the "Notes to the Consolidated Financial Statements."

Supervisory Board remuneration

The structure and amount of Supervisory Board remuneration are stipulated by the Annual General Meeting and governed by Article 12 of the Articles of Association. They are based on the tasks and responsibilities of the Supervisory Board members as well as on the Group's economic performance.

The annual remuneration comprises the following components:

- basic (fixed) remuneration of €35,000;
- variable remuneration (bonus). This is based on actual earnings per share as reported in the Consolidated Financial Statements. The variable remuneration is €175 for every €0.01 by which earnings per share exceed €0.50. It is capped at twice the basic remuneration.

Additional remuneration is paid to the chairperson and deputy chairperson of the Supervisory Board as well as to the chairperson and members of the Supervisory Board committees. The Supervisory Board chairperson receives double and his/her deputy one-and-a-half times the fixed and variable remuneration. Members of the Supervisory Board's Audit Committee and Presiding Committee each receive an additional 50% and the chairpersons of the two committees receive an additional 100% of the basic remuneration.

Since the amendment to the Articles of Association resolved at the Annual General Meeting on April 1, 2010, the members of the Supervisory Board have additionally received an attendance fee of €500 in each case for meetings of the Supervisory Board or of Supervisory Board committees at which they have been present.

In addition, members of the Supervisory Board are reimbursed their expenses.

Remuneration and expenses reimbursed that are subject to value-added tax are paid gross of value-added tax if this is invoiced separately.

The variable component is based on MAN's earnings per share and is therefore not absolutely aligned with sustainable corporate development. To this extent, it could be said that the remuneration of the Supervisory Board is not in line with the recommendation contained in the Corporate Governance Code. The Company has therefore declared as a precautionary measure that it does not follow the recommendation set out in section 5.4.6 of the Code.

Supervisory Board members' remuneration in 2015

The total remuneration payable to the members of the Supervisory Board for 2015 amounts to €790 thousand (previous year: €833 thousand). In addition, members of MAN SE's Supervisory Board received remuneration totaling €117 thousand (previous year: €78 thousand) for serving on supervisory boards at Group companies in fiscal 2015. Please see note (38) in the "Notes to the Consolidated Financial Statements" for a breakdown of the individual remuneration of the Supervisory Board members in 2015.

Additional information

Supervisory Board members did not receive any additional remuneration or awards for personal services, particularly advisory or intermediary services, during the reporting period.

Former Supervisory Board members who left the Board prior to January 1, 2015, do not receive any remuneration.

THE DIVISIONS IN DETAIL

MAN Truck & Bus

- **Order intake increased**
- **Sales revenue up 7%**
- **Significant improvement in operating profit before special items**

MAN Truck & Bus's order intake, sales revenue, and operating profit before special items closed fiscal year 2015 with a year-on-year increase.

Order intake rose to €10.1 billion in fiscal 2015, up 9% from the previous year (€9.3 billion). Sales revenue was €9.0 billion, 7% higher than the prior-year figure of €8.4 billion, primarily due to higher unit sales figures in the Trucks business. The operating profit before special items rose to €205 million (previous year: €152 million) due to volume- and margin-related factors; the operating return on sales before special items rose to 2.3% (previous year: 1.8%).

MAN Truck & Bus

€ million	2015	2014
Order intake	10,059	9,269
of which: Trucks	8,630	7,772
of which: Buses	1,429	1,497
Order intake (units)	84,362	75,402
of which: Trucks	78,713	69,720
of which: Buses	5,649	5,682
Sales revenue	8,997	8,412
of which: Trucks	7,512	7,118
of which: Buses	1,484	1,294
Vehicle sales (units)	79,222	73,622
of which: Trucks	73,117	68,597
of which: Buses	6,105	5,025
Production (units)	78,633	72,708
of which: Trucks	72,470	67,636
of which: Buses	6,163	5,072
Headcount at December 31	35,865	36,450
Operating profit before special items[1]	205	152
of which: Trucks	192	217
of which: Buses	13	– 65
Operating return on sales (%) before special items[1]	2.3	1.8
Operating profit	20	152
Operating return on sales (%)	0.2	1.8

[1] Special items comprise restructuring expenses in the amount of €185 million.

Economic environment

Buoyed by good economic momentum, the European market trended positive, with an additional boost from lower buyer demand in the previous year due to the introduction of the Euro 6 emission standard and the resulting increase in replacement demand in 2015. The European market volume in the segment for trucks over 6 t was up significantly on the prior-year level, at approximately 316,000 units (previous year: 271,000 units). MAN Truck & Bus recorded a 16.0% increase in new registrations to approximately 51,600 units in the European market for trucks over 6 t, giving the company a market share of 16.3% (previous year: 16.4%).

The European bus market grew noticeably to approximately 28,000 units (previous year: 25,100 units). This was in part attributable to a normalization of demand following the introduction of the Euro 6 emission standard in 2014, which had weighed on sales volumes. In addition, the resumption of somewhat more expansionary public spending in most of Europe had a positive effect during the year under review. MAN Truck & Bus recorded a 29.1% increase in new registrations to approximately 3,500 units in the European market for buses over 8 t, increasing the company's market share to 12.5% (previous year: 10.8%).

Business developments

MAN Truck & Bus recorded an order intake of €10.1 billion in the year under review, noticeably above the prior-year level of €9.3 billion.

The Trucks business generated an order intake of €8.6 billion (previous year: €7.8 billion). The unit figure rose by 13% compared with the prior-year period to 78,713 trucks (previous year: 69,720). This was mainly driven by the year-on-year rise in order intake in Europe, particularly in Germany, Poland, and the United Kingdom. By contrast, as expected, Russia and Uzbekistan in particular saw declines in order intake compared with the prior year.

At €1.4 billion, order intake in the Bus business was down 5% on the prior-year value of €1.5 billion; this was mainly due to prices and the product mix. At 5,649 buses, the unit figure remained almost unchanged as against the previous year (5,682). Year-on-year, higher order intake in Mexico, China, and Israel, among other countries, compensated for lower order intake in countries such as Singapore and Sweden.

MAN Truck & Bus generated sales revenue of €9.0 billion in the year under review, significantly above the prior-year level of €8.4 billion.

The Trucks business recorded a sharp increase in sales revenue to €7.5 billion (previous year: €7.1 billion). At 73,117 trucks, unit sales also increased significantly year-on-year from 68,597 trucks in a fiercely competitive market, primarily as a result of increased unit sales in Germany, Poland, and Spain. By contrast, countries such as Russia and Uzbekistan saw declines in unit sales.

The Bus business generated sales revenue of €1.5 billion in 2015 (previous year: €1.3 billion). It sold 6,105 buses (previous year: 5,025). This corresponds to an increase of 21% as against the previous year. The main growth drivers were year-on-year growth in the order backlog at the beginning of 2015 and a rise in unit sales in Germany and France.

Operating profit

At €205 million, operating profit before special items was significantly higher than the prior-year figure of €152 million. This corresponds to an operating return on sales before special items of 2.3% (previous year: 1.8%). Before special items, the Trucks business recorded a drop in operating profit to €192 million from the prior-year figure of €217 million, due in part to higher research and development costs. Operating profit in the Bus business improved to €13 million (previous year: operating loss of €65 million), mainly due to volume- and margin-related factors as well as to the structural changes introduced in the past year. MAN Truck & Bus is continuing its extensive future growth program intended to strengthen the Company within its competitive environment, so as to systematically improve its earnings quality. Focus here is on restructuring its truck production sites and streamlining all administrative areas. In this context, restructuring expenses amounting to €185 million were incurred. Taking these special items into account, MAN Truck & Bus recorded an operating profit of €20 million in 2015.

Production

Production volumes increased in both the Truck and the Bus business due to higher demand. In the year under review, truck production increased by 4,834 units (+7%), and bus production by 1,091 units (+22%) compared with the previous year. From May 2015, MAN Truck & Bus was able to discontinue short-time working at the Salzgitter, Steyr, and Munich sites.

Headcount

The overall headcount as of December 31, 2015, decreased by 585 to 35,865, compared with 36,450 as of December 31, 2014. This reduction is primarily attributable to a restrictive hiring policy for indirect staff. In addition, MAN Truck & Bus employed 613 subcontracted employees (previous year: 598).

Research and development

Research and development costs recognized in the income statement amounted to €441 million in the year under review (previous year: €377 million). This corresponds to 4.9% (previous year: 4.5%) of sales revenue. On average, 2,634 staff (previous year: 2,577) were employed globally by the research and development departments during the year at MAN Truck & Bus.

The main focus of research and development at MAN Truck & Bus in fiscal year 2015 was on further reducing fuel consumption and CO_2 emissions as well as on enhancing driver assistance systems, including the automation of driving functions and vehicle communication. MAN Truck & Bus continues to focus on benefits provided to customers and is further developing active truck and bus safety based on long-term research into accidents. This research has resulted in vehicles fitted with assistance systems such as adaptive cruise control (ACC), emergency brake assist (EBA), and the lane guard system (LGS) as standard equipment. These innovations effectively support drivers in the types of driving situations that have emerged as the most frequent causes of accidents. In the summer of 2015, MAN Truck & Bus introduced a new generation of active safety systems into series production.

Capital expenditures

MAN Truck & Bus invested €405 million (previous year: €369 million) in the development of new products and the modernization of infrastructure in fiscal 2015. At €262 million (previous year: €238 million), payments to acquire property, plant, and equipment and intangible assets were up on the previous year. Capitalized development costs also rose year-on-year and amounted to €143 million (previous year: €131 million).

The focus of investing activities in 2015 was on modernizing and streamlining production systems. In particular, the German and Austrian sites were adapted to meet the requirements of new products and components. The capital expenditures, including the modernization of test systems, have the aim of making high-efficiency, long-term quality improvements.

To secure its current market position and future growth, MAN Truck & Bus renovated existing facilities and continued its ongoing efforts to strengthen and expand its sales and service network. New sales and service branches and TopUsed centers were opened in 2015, and construction commenced on further facilities.

Outlook

Europe continues to be the core market for MAN Truck & Bus. At the same time, its strategic focus is on strengthening sales volumes outside Western Europe, e.g., in the BRIC and ASEAN countries.

For Europe, a moderate improvement in the economic situation and a slight increase in truck demand are expected. For Russia, MAN Truck & Bus expects a moderate recovery in demand following the drastic market slump in 2015. In spite of this catch-up effect, activity on the Russian market will remain at a low level overall. In China, the world's largest truck market, a recovery in demand should follow on the significant market decline in 2015, with registrations noticeably exceeding the prior year's figure in 2016. Nevertheless, they will fall short of the high level of recent years. MAN Truck & Bus expects tangible growth in the Indian market due to the positive economic environment and the implementation of numerous infrastructure initiatives.

After significant growth in 2015, a slight decline in demand is expected in the European bus market in 2016.

The Management of MAN Truck & Bus expects unit sales and sales revenue for 2016 to slightly exceed the prior-year levels. Operating profit and the operating return on sales will be significantly above the prior year's levels and will also significantly exceed the 2015 figures before special items. The future growth program with its comprehensive measures for improving profitability, cutting costs, and making production more flexible will have material effects on results in 2016.

MAN Latin America

- **Sales revenue down 54%**
- **Drop in operating results**
- **Market leader for trucks for the 13th consecutive year despite intensified competition**

In 2015, MAN Latin America generated sales revenue of €1.0 billion (previous year: €2.3 billion) and an operating loss of €120 million (previous year: operating profit of €65 million). Sales revenue was down 54% year-on-year due to a 49% decrease in unit sales and negative currency effects. Intense competition and the associated price pressure also had an adverse effect on profitability. The company generated an operating return on sales of 11.5% in this competitive environment (previous year: 2.9%).

MAN Latin America

€ million	2015	2014
Order intake	1,047	2,253
Order intake (units)	24,472	48,161
Sales revenue	1,047	2,253
Vehicle sales (units)	24,472	48,161
Production (units)	23,166	44,970
Headcount at December 31	1,734	1,999
Operating profit/loss	– 120	65
Operating return on sales (%)	– 11.5	2.9

Economic environment

After 0.1% growth in the previous year, the Brazilian economy decreased by approximately 3.7% in the year under review. The Brazilian commercial vehicles market declined significantly in the reporting period due to the worsening political and business climate.

Austerity measures introduced by the Brazilian government to reduce the country's budget deficit and to curb inflation further inhibited the country's economic activity. State-subsidized financing through the Brazilian Development Bank's program for new vehicle purchases was more restrictive and with less favorable terms. In addition, government orders, including those for school buses, were reduced compared to the previous year.

In this environment, new registrations for trucks in Brazil weighing 5 t and over plummeted by 48% to 70,735 units (previous year: 135,548). MAN Latin America recorded 19,543 registrations (previous year: 36,157), maintaining its market leadership in Brazil for the thirteenth consecutive year. The company's market share improved slightly to 27.6% (previous year: 26.7%) despite intensified competition.

The Brazilian bus market declined by 39% to 16,792 units (previous year: 27,542). With a total of 3,659 new registrations (previous year: 6,480), MAN Latin America achieved a market share of 21.8% (previous year: 23.5%), confirming its number two position. The decrease in market share was mainly attributable to lower registrations of government-sponsored school buses. MAN Latin America was disproportionately represented in this market segment in the previous year.

Brazil's commercial vehicles exports declined year-on-year as a result of the ongoing weak economy in other Latin American markets. MAN Latin America remained one of Brazil's leading exporters, with 16.2% of the country's commercial vehicle exports.

Business developments

MAN Latin America sold a total of 24,472 commercial vehicles in the reporting period (previous year: 48,161). Sales revenue decreased to €1.0 billion (previous year: €2.3 billion). In addition to the decrease in unit sales, the depreciation of the Brazilian real also had a negative effect.

The company sold 16,164 vehicles (previous year: 35,286 vehicles) in the increasingly competitive Brazilian truck market, a decrease of 54% year-on-year. MAN Latin America sold 2,569 bus chassis in Brazil (previous year: 6,664), a decrease of 61%. The deterioration in economic conditions had a substantial impact on these developments.

Operating profit/loss

Operating loss amounted to €120 million in the past fiscal year (previous year: operating profit of €65 million). This decrease was significantly influenced by both the lower demand and by the intensified competition and the resulting pressure on margins. An extensive price realignment to adequately absorb incipient inflationary pressure was not entirely feasible. Consequently, MAN Latin America introduced various cost-cutting measures in order to secure the result. The main focus was on additional material cost savings, mostly through further localization, cutting overheads, reducing investments, and productivity improvements. Despite these measures, MAN Latin America's operating return on sales was -11.5% (previous year: 2.9%).

Production

Production volumes declined by 48% compared with the prior-year period. MAN Latin America produced a total of 23,166 commercial vehicles (previous year: 44,970), of which 18,713 were trucks and 4,453 were bus chassis. Production volumes were systematically adjusted to match the lower level of demand.

Headcount

At the end of 2015, MAN Latin America had a total workforce of 1,734 (previous year: 1,999). In addition, approximately 2,400 employees (previous year: 3,000) continued to be on the payroll of the company's partners or service providers as part of the "Consórcio Modular" production system. The headcount decrease resulted from factors including the workforce adjustments to match lower capacity utilization levels and a restrictive hiring policy. In addition, MAN Latin America temporarily reduced working hours by 10%, cutting salaries accordingly. This temporary adjustment equates to calculated capacity adjustment of an additional 170 employees.

Research and development

Research and development costs recognized in the income statement amounted to €25 million in the year under review (previous year: €31 million). This corresponds to 2.4% of reduced sales revenue (previous year: 1.4%). On average, 447 staff (previous year: 487) were employed by the company's research and development departments during the year.

MAN Latin America's work in this area is aimed at increasing customer value and developing sustainable products. In fiscal 2015, development activities continued to focus on further technical developments and the use of alternative fuels.

Capital expenditures

In fiscal 2015, MAN Latin America invested €86 million (previous year: €70 million), particularly in developing new products. At €41 million (previous year: €27 million), payments to acquire property, plant, and equipment and intangible assets were up 51% year-on-year. Capitalized development costs rose by 5% to €45 million (previous year: €43 million).

MAN Latin America's "Consórcio Modular" business model, in which the partner companies are also suppliers and investors, allows less capital to be employed and requires a lower level of investment.

Outlook

A recessive economy and high inflation will also dominate the economic environment in the regions relevant to MAN Latin America in 2016. The degree of this forecast will largely depend on the further development of political environments. The Brazilian commercial vehicles market will continue to be characterized by lower demand and stiff competition. The austerity measures introduced by the government and their impact on state-subsidized financing for the automotive industry are expected to endure with restrictive availability and unfavorable conditions. MAN Latin America is expecting demand for trucks and buses to remain noticeably below the prior-year level. Demand in the relevant export markets is expected to be down slightly year-on-year. Argentina's economic situation is not expected to improve in 2016 either.

In the medium to long term, the Brazilian economy will rebound, which will have a positive effect on the commercial vehicles market. This trend could be helped by government investments, for instance in the expansion of the electricity grid and transport infrastructure as well as through renewal programs for the generally aging fleet of transportation vehicles.

The Management of MAN Latin America is expecting a noticeable decline in sales volumes for 2016 and a significant decline in sales revenue impacted by considerable currency effects, among others. Operating profit/loss will be impacted by continued intense competition, the associated price pressure and sub-optimal capacity usage. The cost-cutting measures will be continued systematically. The operating loss will remain year-on-year. The operating return on sales will deteriorate significantly due to the sharp decline in sales revenue.

MAN Diesel & Turbo

- **Order intake lower**
- **Sales revenue stable**
- **Operating profit and operating return on sales slightly above previous year's level**

MAN Diesel & Turbo's order intake amounted to €2.9 billion (previous year: €3.3 billion), falling short of last year's figure by approximately 10%. At €3.3 billion, sales revenue was unchanged as against the previous year, with an increase in sales revenue in the Engines & Marine Systems strategic business unit compensating for a decline in the Power Plants strategic business unit. The operating profit was up slightly on the prior-year figure, at €216 million (previous year: €206 million). The operating return on sales also improved slightly to 6.5% (previous year: 6.3%). At €2.8 billion, the order backlog fell significantly short of the previous year's level (€3.2 billion).

MAN Diesel & Turbo

€ million	2015	2014
Order intake[1]	2,949	3,280
of which: Engines & Marine Systems	1,556	1,706
of which: Power Plants	334	441
of which: Turbomachinery	1,059	1,132
Sales revenue[1]	3,305	3,273
of which: Engines & Marine Systems	1,604	1,446
of which: Power Plants	478	637
of which: Turbomachinery	1,223	1,190
Headcount at December 31	14,935	14,947
Operating profit/loss[1]	216	206
of which: Engines & Marine Systems	235	153
of which: Power Plants	– 35	– 6
of which: Turbomachinery	16	60
Operating return on sales (%)	6.5	6.3

[1] Including consolidation adjustments between the Engines & Marine Systems, Power Plants, and Turbomachinery strategic business units.

Economic environment

MAN Diesel & Turbo's markets are subject to various regional and economic influences. This means that the performance of the different businesses is usually independent from one another.

Order activity for merchant shipping was again muted during the year under review. Weakening economic growth in China and existing overcapacity had a negative impact on the entire merchant fleet, with bulk carriers especially affected by low freight rates. In the container shipping sector, more and more capacity was decommissioned. However, there were still a few new orders for ships with very high transport capacity. Due to their size advantage, such vessels have lower operating costs and are primarily intended for service on fixed trade routes. In 2015, the tanker segment featured positive market expectations and increased freight rates relative to the previous year. Low fuel prices compensated for the current low freight rates, helping to improve the financial situation of ship operators during the past year. On the other hand, the low oil price inhibits investment in offshore oil production, which has led to a massive decline in new ship construction in that sector. In contrast, a positive trend could be seen in the demand for cruise ships. In the past year, gas-powered ships were ordered for the first time in order to reduce emissions and comply with environmental regulations. The special market for government vessels also saw sustained positive growth. China, Korea, and Japan continued to be the dominant shipbuilding countries, with a global market share of more than 80% in terms of tonnage ordered. Overall, the marine market declined significantly year-on-year.

Demand for energy solutions in developing countries and emerging economies remained high. However, increasingly difficult financing conditions and regional conflicts led to longer project lead times. Regions such as the Middle East, Africa, and Southeast Asia remain relevant markets. The North American market continued to grow in significance due to the availability of shale gas. Overall, demand for decentralized diesel and gas engine power plants was down compared with the previous year, with an ongoing shift away from heavy oil power plants toward dual-fuel and natural gas power plants.

The market for new turbomachinery is largely driven by investment projects for oil and gas, the processing industry, and power generation. Due to the persistently low oil price, leading oil and gas businesses severely reduced their capital expenditures, causing projects to be delayed or even canceled. The processing industry also suffered from low capital expenditures as a result of slowing growth in the emerging economies and existing overcapacity in some industries. Competition also intensified due to lack of capacity utilization at many manufacturers and the low yen exchange rate. Overall, the market volume for turbomachinery during the year under review was lower than in the preceding year.

The after-sales market showed general improvement.

Business developments

MAN Diesel & Turbo reported an order intake of 19.1 gigawatts (GW) for large two-stroke engines, compared with 28.3 GW in the previous year. More than 50% of the order intake was attributable to the eco-friendly ultra-long-stroke ME-G engines with reduced revolutions, which were particularly well received by the market. As part of an optimized propulsion system, they can help achieve considerable fuel savings and significantly lower CO_2 emissions. They contribute to lowering the total cost of ownership (TCO) for customers and help reduce environmental pollution.

Order intake for four-stroke medium-speed diesels used in the company's own propulsion engines and for powering on-board equipment on vessels such as cruise ships and special-purpose ships was higher than in the previous year. Overall, MAN Diesel & Turbo received orders for 894 original and licensed engines in total with a combined output of 2.1 GW. The figure for 2014 was 1,389 original and licensed engines with an output of 3.2 GW. Orders for twelve original dual-fuel engines with a total output of 96 MW for the world's biggest crane ship and ten original engines with a total output of 154 MW for two cruise liners testify to MAN Diesel & Turbo's strong position in this segment. Overall, at €1,556 million, order intake in the Engines & Marine Systems strategic business unit was 9% lower than in the previous year (€1,706 million).

MAN Diesel & Turbo's power plants business received orders during the year under review for 91 four-stroke engines (previous year: 61), of which 73 engines (previous year: 34) were in the low power range. The supplied products range from an engine-generator unit to comprehensive power plant solutions including ancillary systems and fuel preparation. Orders were mainly received from developing countries and emerging economies such as Bangladesh, the Arabic-speaking countries, and Africa. For example, a private electricity utility in Bangladesh ordered six engines with total output of approximately 111 MW. At €334 million, order intake in the Power Plants strategic business unit fell 24% short of the prior-year figure of €441 million, largely because of lower volume in the new construction business.

Order intake in the Turbomachinery strategic business unit continued to decline due to the persistently difficult market environment. However, important successes were still achieved in some areas. With the order for the compressor with the largest volume flow for air separation worldwide, we strengthened our position as the market leader for large plants in this industry. Positive trends in order intake were seen in screw compressors for the chemical and petrochemical industries and in the refinery business. Although the investment climate in the oil and gas industry continues to be unfavorable, we were able to win a major order from the Middle East as well as other orders for integrated motor compressors. Following an order for four gas turbine generator sets for a cogeneration plant in China came the first sale of a mechanical drive turbine for the next generation of gas turbines. The company was also successful with steam turbine generator sets for renewable energy. At €1,059 million, order intake in the Turbomachinery strategic business unit was down 6% (previous year: €1,132 million).

The orders that MAN Diesel & Turbo receives are often part of larger projects for which delivery times of up to several years and partial deliveries based on construction progress are common practice. Sales revenue in the new construction business therefore tends to mirror the order intake trend after a corresponding delay.

At €1,604 million, the sales revenue generated by the Engines & Marine Systems strategic business unit was 11% higher than in the previous year (€1,446 million). The delivery of two-stroke engines exclusively built by licensees rose slightly year-on-year in 2015. These engines are largely used in merchant ships. MAN Diesel & Turbo maintained its leading market position. The number of engines delivered in the medium-speed engines business also exceeded the prior-year figure in fiscal 2015. A substantial share of these concerned the LNG tanker, cruise liner, and government vessel segments, as well as the offshore segment. The four-stroke engine business continued to experience high competitive and price pressure in 2015.

Sales revenue in the Power Plants strategic business unit was down 25% to €478 million in 2015 (previous year: €637 million). This was a result of the low order intake in new construction during the previous year. Sales revenue was primarily generated by major projects, mostly in Central and South America, Asia, and Africa.

In the Turbomachinery strategic business unit, the previous year's decline in order intake had an impact on sales revenue in 2015. Compressors delivered by the company were for various applications, including air separation, oil and gas production, gas transport, and compressor trains for the hydrocarbon processing industry. In addition, the world's first subsea compressor for an underwater gas production facility was put into operation. Sales revenue in the Turbomachinery strategic business unit amounted to €1,223 million, up 3% on the prior-year level (€1,190 million).

The after-sales business saw positive development in both order intake and sales revenue, especially the after-sales business for diesel engines, which benefited from a sharp increase in demand in southern Europe as well as exchange rate effects.

Operating profit

At €216 million, operating profit in the reporting period was slightly above the prior-year level (€206 million). As a result, the operating return on sales increased to 6.5% from the prior-year figure of 6.3%. Profit in the Engines & Marine Systems strategic business unit increased to €235 million (previous year: €153 million), due in particular to higher billings in the license and after-sales businesses. The Power Plants strategic business unit posted a €35 million operating loss in fiscal year 2015 (previous year: €6 million operating loss). This year-on-year deterioration was due mostly to the decline in sales revenue. Operating profit in the Turbomachinery strategic business unit was €16 million (previous year: €60 million). This decline was due to lower margin quality in the new construction business and decreased capacity utilization.

Headcount

As of December 31, 2015, MAN Diesel & Turbo employed 14,935 people (previous year: 14,947). This figure includes the first-time consolidation of three companies with 189 employees. Moreover, MAN Diesel & Turbo had 150 subcontracted employees as of December 31, 2015 (previous year: 233).

Research and development

Research and development costs recognized in the income statement in fiscal year 2015 amounted to €194 million (previous year: €187 million), which corresponds to 5.9% (previous year: 5.7%) of sales revenue. On average, 1,410 staff (previous year: 1,353) were employed globally by the research and development departments at MAN Diesel & Turbo during the year.

The company's central product development objectives continue to focus on increasing energy efficiency and reducing emissions. In addition, the product initiative launched in earlier years with a focus on four-stroke diesels and turbomachinery is being systematically pursued, resulting in ongoing expansion and optimization of the product portfolio in accordance with market requirements.

Capital expenditures

MAN Diesel & Turbo invested €157 million (previous year: €123 million) in developing new products and modernizing infrastructure in fiscal year 2015. At €99 million, payments to acquire property, plant, and equipment and intangible assets were higher than in the previous year (€86 million). Capitalized development costs also rose year-on-year to €58 million (previous year: €37 million).

Investments in diesel engine production focused on equipment for the production and testing of conventional and common rail injection parts, as well as other turbocharger and engine parts. The modernization of large-bore engine test beds continued. In engine development, capital expenditures were made in test beds used to develop gas aftertreatment processes. The focus at the turbomachinery production and test sites was on procuring machinery for gear unit production, and on 3D printing technology. Other measures were aimed at increasing efficiency, quality, and occupational health and safety.

New service centers were established in Egypt, Nigeria, and other countries to expand MAN Diesel & Turbo's global presence. In addition, existing sites were expanded in the United Arab Emirates, Greece, Italy, and Panama. An Indian supplier of steam turbines focused on the power generation market in India and Asia was acquired.

Outlook

The difficult overall market environment for MAN Diesel & Turbo will persist in 2016. In addition, price pressure should continue unabated.

Order volume for two-stroke engines used in merchant shipping is expected to remain approximately at the prior-year level in 2016. Demands for high energy efficiency and low pollution will significantly influence ship design in the future. We expect demand for special-purpose ships such as cruise liners and government vessels to remain strong. In spite of positive long-term growth factors, our expectations for new orders in the offshore segment in 2016 are very low due to the persistently low oil price. In general, we expect the marine market to be at the previous year's level. Competitive pressure will continue unabated.

Energy demand is closely correlated with economic and demographic trends, particularly in developing countries and emerging economies. The global trend toward decentralized power plants and gas-based applications remains undiminished. This is driven primarily by the continuous improvement in LNG infrastructure. For 2016 we expect a slight increase in demand compared with the previous year, but at a low overall level.

For fiscal year 2016, we expect the market environment to remain difficult in both the processing industry and the oil and gas industry; it will be accompanied by high pricing and competitive pressures caused by expectations of sustained low oil prices and an unfavorable economic and political situation. As a result, we expect the market for turbomachinery to remain at the low level of the previous year in 2016.

Countries outside of Europe will be an important growth driver in the next few years. MAN Diesel & Turbo will therefore continue to systematically pursue its internationalization strategy.

Further intensification of the after-sales business by introducing new products and expanding the service network offers significant growth potential for MAN Diesel & Turbo in the medium term. Going forward, stricter requirements with respect to plant reliability and availability, as well as the increase in environmental compatibility and efficient operation, together with the large number of engines and plants in operation, will provide the basis for profitable, long-term growth. However, intensified competition is to be expected due to existing overcapacity in new construction.

For fiscal year 2016, the Management of MAN Diesel & Turbo expects order intake to be slightly above the previous year's level and sales revenue to be noticeably below the 2015 figure. Due to the ongoing high competitive pressure in all strategic business units, we expect the operating profit and the operating return on sales to be significantly below those of 2015.

Renk

- **Order intake of €483 million**
- **Sales revenue of €487 million slightly above prior-year level**
- **Operating return on sales 14.0% (previous year: 15.0%)**

Renk

€ million	2015	2014
Order intake	483	666
Sales revenue	487	480
Headcount at December 31	2,198	2,196
Operating profit	68	72
Operating return on sales (%)	14.0	15.0

Economic environment

The Verband Deutscher Maschinen- und Anlagenbau (VDMA — German Engineering Federation) estimates that global industrial sales increased by only about 1% in real terms in 2015, mainly due to slowing growth in China, which is now the number-one industrial engineering country. According to the VDMA's preliminary calculations, the German mechanical and plant engineering sector should have increased sales by 2% in real terms in the reporting period.

Business developments

Renk's broad range of specialist solutions for gear unit and bearing applications covers a multitude of different market segments. In line with expectations, the company's order intake of €483 million in 2015 was below the previous year's record value of €666 million.

Encouragingly, order intake in the Special Gear Units business was significantly above the previous year's already high level, primarily due to demand for complex maritime gear solutions, which rose once again. In addition to follow-up orders from various long-term coast guard and naval procurement programs, orders for individual projects were also received in 2015, in some cases for packages of several gear unit sets. In the stationary gear unit segment, orders increased for gear units for the plastics processing industry, while new orders for turbo gear units decreased.

As expected, the order intake of €111 million in the Vehicle Transmission business was unable to match the record value from the previous year (€330 million). In 2014, Renk received its largest individual order ever, for the new British tracked vehicle platform. Renk's test bed activities in 2015 were also unable to fully match the record order intake of the previous year.

In the Standard Gear Units business, order intake was similar to the previous year's figure, with a large order for offshore wind power gear units compensating for declines in maritime gear units, stationary gear units, and couplings. In general, as in previous years, the market for offshore wind farms in Germany continued to suffer as a result of the uncertain conditions relating to project financing, integration into the infrastructure, and future incentive policies; few projects reached the contract award stage. Again, no substantial improvement is expected for 2016.

At €102 million (previous year: €100 million), order intake in the Slide Bearings business increased slightly year-on-year. The most important product group remained E Standard bearings.

The Renk Group's sales revenue in the year under review was €487 million, slightly above the previous year's figure (€480 million). Growth in the Vehicle Transmission business more than compensated for declines in the Special Gear Units and Slide Bearings businesses.

The developments in Renk's order intake and sales revenue in the individual businesses resulted in an order backlog of €812 million at the end of 2015, down from €827 million at the beginning of the year.

Operating profit

Renk recorded an operating profit of €68 million in fiscal year 2015 (previous year: €72 million). At 14.0%, the operating return on sales remained at a high level (previous year: 15.0%).

Headcount

The Renk Group employed 2,198 people at the end of 2015 (previous year: 2,196).

Research and development

Research and development costs recognized in the income statement in fiscal year 2015 were once again on the order of €8 million.

During the year under review, the development activities in the Special Gear Units business carried on with the focus on systems expertise and integration initiated in the preceding years. The first trial orders were taken for the newly developed Advanced Electric Drive (AED) module for maritime applications, while work continued on expanding its range of applications. In the stationary gear unit segment, the first systems with the new COPE (COmpact Planetary Electric Drive) concept for vertical cement mills were delivered. An expansion of the product range is to follow.

In the Vehicle Transmission business, the emphasis was on the successful completion of the development begun in preceding years on an entirely new, future-proof generation of transmission electronics; initial deliveries have already been made. The focus of the test bed activities was on improving the hardware and software for the new RDDS test bed automation.

Important projects in the Standard Gear Units business included the development of complete gear packages for dredger applications and the improvement and expansion of existing gear unit series for maritime and stationary gear unit applications and for couplings.

During the year under review, development work at the Slide Bearings business centered on lamination technologies, focusing on optimizing conventional slide bearing materials and identifying suitable alternative materials.

Capital expenditures

Renk's capital expenditures totaled €41 million in fiscal year 2015 (previous year: €38 million), mainly on property, plant, and equipment. The largest part went to the Augsburg site for the partial completion of the new multipurpose building for assembling and testing large special gear units. Investments were also made to modernize and add to the production equipment for vehicle transmissions.

Outlook

The Verband Deutscher Maschinen- und Anlagenbau (VDMA — German Engineering Federation) estimates that the global industrial engineering market will grow only slightly in 2016. It forecasts real sales growth of only 1%. The VDMA expects real production to stagnate in the German industrial engineering sector, with growth in some regions offset by declines in other regions.

Renk's Management expects 2016 order intake to remain near the level of the previous year, but sales revenue should slightly exceed the 2015 figure. However, in 2016 intensified competition and a changed sales mix will result in an operating profit slightly below the 2015 figure. The operating return on sales will again be in double-digit territory in 2016.

Others

€ million	2015	2014
Headcount at December 31	298	311
of which: MAN SE	239	255
of which: MAN Shared Services	59	56
Operating profit/loss	– 90	– 116
of which: MAN SE and MAN Shared Services	– 55	– 65
of which: earnings effects from purchase price allocations	– 30	– 49
of which: consolidation	– 5	– 2

"Others" comprises MAN SE and its Shared Services companies, investments held directly by MAN SE, and the consolidation adjustments between the MAN Group's business areas. For further information, see the "Notes to the Consolidated Financial Statements."

The operating loss amounted to €90 million in fiscal 2015 (previous year: €116 million). It narrowed year-on-year primarily because of lower purchase price allocation effects.

FINANCIAL STATEMENTS OF MAN SE (HGB)

Structure and tasks of MAN SE

MAN SE, domiciled in Munich, is the holding company and parent of the MAN Group. It conducts its business in close coordination with VW Truck & Bus GmbH and Volkswagen AG. The tasks of MAN SE as Corporate Center are above all to develop the Group's overall strategy and structure, to develop and deploy managers, and to provide central financing solutions for the Group.

Financial management in the MAN Group is handled centrally by MAN SE, which makes available financial resources within the Group, safeguards its financial independence and liquidity at all times, and communicates with the capital markets on behalf of the entire MAN Group.

Business developments

MAN SE's business developments largely correspond to those of the MAN Group and are described in detail in the chapter entitled "Course of business and economic position of the MAN Group in 2015."

MAN SE recorded net income of €513 million for the fiscal year before the transfer of profit, compared with €486 million in the previous year. The improvement of €27 million is primarily due to higher net investment income. Conversely, the decline in other operating income, the rise in other operating expenses, and higher net interest expense had an offsetting effect.

Net investment income improved by €107 million year-on-year, driven mainly by a sharp rise in income from profit and loss transfer agreements and the dividend distributed by Scania. In the previous year, the sale proceeds from the transfer of the shares of MAN Finance to Volkswagen Financial Services AG, Braunschweig (VWFS) had been the dominant factor driving net investment income. Other operating income was down €46 million on the previous year, mainly attributable to the high income from the reversal of provisions reported in the previous year. At €86 million, general and administrative expenses were similar to the previous year. Other operating expenses increased by €23 million to €33 million, mainly due to the expenses incurred in connection with the reorganization of MAN SE.

The result from ordinary activities improved by €29 million, from €379 million to €408 million.

Net income for the fiscal year before the transfer of profit of €513 million (previous year: €486 million) was transferred to VW Truck & Bus GmbH in accordance with the domination and profit and loss transfer agreement entered into in fiscal 2013.

As a result of the domination and profit and loss transfer agreement, MAN SE has not distributed dividends, starting in fiscal year 2014. VW Truck & Bus GmbH will make the contractually defined cash compensation payment (€3.07) to each MAN free float shareholder.

Results of operations

€ million	2015	2014
Net investment income	508	401
Net interest expense	– 26	– 11
Other operating income	45	91
General and administrative expenses	– 86	– 92
Other operating expenses	– 33	– 10
Result from ordinary activities	**408**	**379**
Taxes on income	105	107
Profit transferred on the basis of a domination and profit and loss transfer agreement	**– 513**	**– 486**
Net income for the fiscal year	**–**	**–**

Net assets and financial position

€ million	2015	2014
Fixed assets	5,190	5,193
Receivables*	535	764
Marketable securities and cash and cash equivalents	430	184
Total assets	**6,155**	**6,141**
Equity	2,125	2,125
Financial liabilities	1,292	1,896
Other liabilities and provisions	2,738	2,120
Total equity and liabilities	**6,155**	**6,141**

[1] including deferred items

For information on the change of the account name and the prior-year figures, please refer to the annual financial statements of MAN SE.

Total assets increased by €14 million year-on-year to €6,155 million. MAN SE's fixed assets primarily comprise shares in affiliated companies (€3,594 million; previous year: €3,595 million) and other long-term equity investments (€1,306 million; previous year: €1,306 million), in particular the shares in Scania acquired in fiscal years 2006–2008. The share of total assets attributable to fixed assets declined slightly to 84.3% as of December 31, 2015 (previous year: 84.6%).

Bank balances from the Group's central financing by MAN SE rose by €246 million to €430 million in the fiscal year. Other current assets declined by €229 million to €535 million.

Total equity did not change compared with the previous year. The ratio of equity to total assets was 34.5% as of December 31, 2015 (previous year: 34.6%).

MAN SE's capital reserves of €795 million (previous year: €795 million) consist of premiums paid as part of capital increases and the conversion of preferred shares into common shares. MAN SE's retained earnings amounted to €954 million, as in the previous year.

Financial liabilities to banks and others declined by €604 million year-on-year to €1,292 million (previous year: €1,896 million). These stem from the MAN Group's central financing, among other sources.

Other liabilities and provisions mainly include liabilities to affiliated companies, other provisions, which are primarily recognized for business-related obligations, for risks in connection with the sale of equity investments, for obligations to employees, and other specific risks, as well as provisions for taxes and pensions.

"Net liquidity/net financial debt" is calculated as bank balances, receivables from intragroup finance transactions, loans to Group companies and marketable securities, less financial liabilities to banks/others and financial liabilities from intragroup finance transactions. MAN SE's net liquidity amounted to €–2,697 million as of December 31, 2015 (previous year: €–2,370 million).

Report on MAN SE's risks and opportunities

MAN SE acts as the holding company and parent of the MAN Group. The Company's significant opportunities and risks are therefore directly related to the significant opportunities and risks of its operating subsidiaries. As the parent of the MAN Group, MAN SE is integrated into the Group-wide risk management system. See the "Report on Risks and Opportunities" for further information. This chapter also contains the description of MAN SE's internal control system required by section 289(5) of the HGB.

Additional information

The arrangements governing the appointment and dismissal of members of the Executive Board of MAN SE and amendments to the Articles of Association comply with the statutory provisions.

The principles governing the remuneration system for members of the Executive and Supervisory Boards are explained in the remuneration report, which forms part of the Management Report in accordance with section 315 of the HGB. The remuneration of the members of the Executive and Supervisory Boards is reported individually in the sections entitled "Remuneration of the Executive Board" and "Remuneration of the Supervisory Board" in the "Notes to the Consolidated Financial Statements." MAN SE employed 236 people as of December 31, 2015 (previous year: 253).

The Corporate Governance Statement has been published on MAN SE's website at **www.man.eu/corporate**.

Outlook

MAN SE is the holding company and parent of the MAN Group. All significant wholly owned investees in Germany — in particular MAN Truck & Bus AG and MAN Diesel & Turbo SE, which are material divisions — are linked to MAN SE by way of domination and profit and loss transfer agreements. As a result, their earnings are recognized directly by MAN SE. The expected business developments described in the outlook for the Group will continue to influence MAN SE's earnings. The outlook for the Group therefore also applies to MAN SE. See the "Report on Expected Developments" for further information.

REPORT ON RISKS AND OPPORTUNITIES

(includes report in accordance with section 289(5) of the HGB)

Managing risks and opportunities is an integral part of corporate management and business processes. In 2016, they will focus on market risk.

Company-wide risk management system

Operating a business entails constant exposure to risks. The MAN Group defines risk as the danger that events or decisions and actions will prevent the Company from achieving defined goals and/or successfully implementing strategies. The Company consciously assumes risks with a view to exploiting market opportunities if it expects this to contribute sufficiently to increasing its enterprise value. As a basic principle, risks that could jeopardize the Group's continued existence may not be entered into, or if unavoidable, must be minimized by taking appropriate measures. This requires an effective risk management system that is tailored to its business needs and quickly provides the information necessary for its management.

The MAN Group's risk management system is an integral part of its corporate management and business processes. The core elements of the system are corporate planning (including the intrayear review process), opportunity and risk management, the internal control system, and the compliance system. In addition, Volkswagen AG's standard governance, risk and compliance management process ("standard GRC process") was implemented in selected MAN Group companies in 2015.

One of the objectives of corporate planning is to identify and assess opportunities and risks at an early stage so that appropriate measures can be taken. Opportunity and risk management is configured at all levels of the Group to quickly provide up-to-date and relevant information on the status of significant event-related individual opportunities and risks and the efficacy of the measures taken. The internal control system focuses on monitoring and managing risks in a targeted manner, particularly those with regard to the efficacy of business processes, the propriety and reliability of the financial reporting, and legal compliance. The standard GRC process covers the main recurrent systemic risks inherent in the respective business model. In addition, the risk management and control measures taken are documented and their efficacy is tested at management level. The MAN compliance system supports compliance with all laws, internal policies, and codes of conduct applicable to the Company. The focus here is on combatting corruption, antitrust law, data protection, and the prevention of money laundering and terrorism funding. Detailed information on the compliance system can be found in the section entitled "Compliance."

Risk management organization

Overall responsibility for setting up and maintaining an appropriate and focused risk early recognition system lies with MAN SE's Executive Board, which has defined the scope and focus of the risk management and internal control system based on the Company's specific requirements. The Group policy "Risk and Opportunity Management/Internal Control System" ("Group policy") provides the framework for a common understanding of the risk management system throughout the Group and contains guidelines on organizational structure, processes, and reporting. Divisional management is responsible for ensuring that all Group companies are integrated into the opportunity and risk management and internal control system in accordance with the Group policy. Inclusion in the standard GRC process is subject to Volkswagen AG's materiality criteria, among other conditions. Compliance with the requirements of the risk management system is verified by the Corporate Audit function.

Organizational structure

The organizational structure of the risk management and internal control system is based on the MAN Group's management hierarchy. Therefore, roles and responsibilities and committees have been put in place both at Group level and in the divisions. The MAN Group's divisions and material companies have officers responsible for opportunity and risk management, the internal control system, and the standard GRC process. These ensure that the processes set out in the Group policy are implemented. They also play a part in the continuous development and improvement of the risk management system. At both division and Group level, cross-functional risk boards have been set up to act as central supervisory, management, and oversight bodies for the risk management and internal control system.

Standard processes in the risk management system

The quarterly standard opportunity and risk management process comprises identification, analysis, assessment, management, monitoring, and communication phases. In this context, individual risks and opportunities are classified as either short-term, i.e., up to the end of the fiscal year, or as long-term, i.e., up to five years. They are assessed in terms of their probability of occurrence and impact on a gross and net basis, with the net assessment factoring in any measures that mitigate the risk in question. The projected operating profit of the relevant organizational unit is used to evaluate the materiality of such a net assessment. Risk managers in the divisions define and implement risk mitigation measures and review their efficacy. Uniformly defined risk fields allow the Group to promptly identify and actively manage any concentration of risk.
The annual standard GRC process has five process steps, which follow on from each other in a circular process. The scoping phase is aimed at identifying the companies to be incorporated into the standard GRC process in accordance with specified criteria. Relevant systemic risks are assessed, taking countermeasures into account, i.e., as part of a net assessment on the basis of the expected probability of occurrence and various (financial and non-financial) risk criteria. The documentation of countermeasures and management controls and reviewing their effectiveness are also part of the standard GRC process. Any weaknesses identified in this process are reported and the measures to rectify them are tracked.

The divisional risk boards assess the current risk position by discussing and comparing key risks and opportunities, as well as by monitoring measures and reviewing their effectiveness. The MAN Group's Risk Board then assesses the Group's risk position on the basis of these key risks and opportunities and resolves measures to manage and mitigate risk. Discussion focuses on the risk causes and measures.

In addition, the risk management system is continually enhanced to reflect changed conditions and to further increase its efficacy across all levels of the Company.

Reporting

The risk position, consisting of individual opportunities and risks, systemic risks (reported annually), and the appropriate risk management measures, as well as material control weaknesses and measures to rectify such weaknesses are reported in the risk boards to the divisional executive boards and the Executive Board of MAN SE on a quarterly basis. In addition, at the meetings of its Audit Committee, the Supervisory Board is regularly briefed on the MAN Group's risk position and on the effectiveness of the Group's internal control system.

Accounting-related risk management and internal control system

As a rule, opportunity and risk management, the internal control system, and the standard GRC process, which forms an integral part of it, also comprise the accounting-related processes as well as all risks and controls in respect of financial reporting. This relates to all parts that could have a significant effect on the Consolidated Financial Statements. As part of opportunity and risk management and the standard GRC process, the impact of any risks identified on the Consolidated Financial Statements is assessed and appropriate risk management and control measures are taken.

The internal controls focus on limiting risks of material misstatement in financial reporting and risks arising from noncompliance with regulatory standards or from acts of deception, as well as on minimizing operational/economic risks (e.g., threats to assets as a result of unauthorized operational decisions or obligations entered into without authorization). Accounting-related controls must provide sufficient assurance that the Group accounting process is reliable and complies with IFRSs, the *Handelsgesetzbuch* (HGB — German Commercial Code), and other accounting-related rules and laws.

The MAN Group has structured its existing internal control system and documented it uniformly throughout the Group in accordance with the recommendations of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to allow it to systematically assess the effectiveness of its internal controls. The documentation covers all standard business processes, including the processes relevant for preparing the financial statements together with the necessary controls, as well as controls relating to any identified business-specific risks. The scope of the documentation is determined by those companies that are significant for the Consolidated Financial Statements or exposed to increased risk due to qualitative characteristics. It is reviewed annually on the basis of defined criteria.

The key elements of risk management and control in financial reporting in the MAN Group are the clear allocation of responsibilities and controls in the preparation of financial statements, transparent requirements in the form of guidelines for accounting and preparing financial statements, appropriate rules governing access to the IT systems that are relevant for the financial statements, and the clear assignment of responsibilities when using external specialists. The dual control principle and the separation of functions are also important principles in the accounting process that are implemented within the MAN Group's internal controls.

The effectiveness of accounting-related internal controls is assessed at least once a year, primarily during the preparation of the financial statements. Identified control weaknesses and agreed measures to rectify them are covered in the quarterly report in the Risk Board. In addition, the Corporate Audit function assesses the propriety and security of accounting-related internal controls and the corresponding management and monitoring processes. The external auditors also assess the accounting-related processes as part of their audit activities.

The internal control system is regularly reviewed with regard to the completeness, appropriate design, and effectiveness of the existing controls with the aim of ensuring compliance at all levels of the MAN Group with existing regulations aimed at reducing process-related and organizational risks.

Opportunities and risks

The MAN Group classifies significant opportunities and risks that may have an impact on its net assets, financial position, and results of operations into five risk fields: markets, products, processes, employees, and finances.

Markets

In the medium to long term, the MAN Group sees opportunities for all divisions to achieve profitable growth in the transportation and energy markets. The underlying global economic trends will continue, such as sustained economic growth, a greater international division of labor and a resulting increase in global transportation routes and volumes, growing demand for energy, and a need for innovativeness due to trends in global climate policy. MAN continuously works on leveraging these market opportunities worldwide as part of its strategy.

In our view, structural deficits are the main risks to the continued growth of the global economy. These pose a threat to growth in some industrialized nations and emerging economies. In the southern eurozone, the situation of some financial institutions, whose ability to withstand a crisis remains uncertain, is hindering sustained economic recovery. Private and public sector debt remains high in many places; this also hinders growth prospects and can trigger negative market reactions. Declines in growth in key countries and regions often have an immediate impact on the state of the global economy and therefore pose a central risk.

Economic growth in some emerging economies is overshadowed in particular by dependence on energy and commodity prices and capital imports as well as by socio-political tensions. Corruption, inadequate government structures, and a lack of legal certainty also give rise to risks.

Geopolitical tensions and conflicts are another significant risk factor for the growth of individual economies and regions. Local trends can also impact the global economy as this becomes increasingly interconnected. Increasing escalation of the conflicts in Eastern Europe, the Middle East, or in Africa could distort the energy and commodity markets around the world and intensify migration trends, for example. The same applies to armed conflicts, terrorist activities, or the spread of infectious diseases, which could lead to unexpected market reactions in the short term.

Overall, we consider the probability of a global recession to be low. Due to the risk factors listed, however, the possibility of a decline in global economic growth or a period of below-average growth rates cannot be ruled out.

Forming part of the capital goods industry, MAN is additionally exposed to fluctuations in the investment climate. Even small changes to growth or growth forecasts and government investment incentives can lead to significant changes in demand for capital goods in the markets relevant for the MAN Group, or orders being canceled. Flexible production concepts and cost flexibility through temporary work, flextime accounts, short-time working, and the option of structural adjustments enable MAN to counter significant economic sales risks. Structural adjustments may involve substantial one-time expenses.

The macroeconomic environment may also give rise to opportunities for MAN if actual developments differ in a positive way from expected developments.

In addition, there is a risk that protectionist efforts, minimum local content requirements for the proportion of domestic production in individual countries, and changes in competitive conditions in the MAN Group's sales markets may have an adverse effect on projected growth. In particular, the failure to achieve the required degree of localization may result in additional import duties or penalties. Furthermore, the MAN Group is subject to competitive and price pressure in a number of markets, which may lead to a deterioration in the profit margins that can be achieved.

Changes in legislation, taxes, or customs duties, or in environmental regulations in individual countries may also entail risks to MAN. MAN continuously monitors and assesses the economic, political, legal, and social environment so that the resulting opportunities and risks can be promptly incorporated into corporate decisions. MAN manages risks arising from changes to environmental regulations such as the tightening of emission standards by expanding its product portfolio as appropriate, and modifying existing products or production processes.

MAN Diesel & Turbo's two-stroke engines are manufactured exclusively by licensees, particularly in Korea, China, and Japan. Volatile demand in shipbuilding and high capital expenditure by a number of licensees have led to overcapacity in the marine engine market, which may give rise to risks ranging from a decline in license revenue to bad debt losses. There is also a risk of losing market share as a result of closer cooperation between Chinese government licensees and competitors. We address these risks by constantly monitoring the markets and maintaining close working relationships and business partnerships with all licensees, including receivables management to secure our license revenue.

Further information on current developments in connection with the economic situation and their effects, as well as on environmental regulations can be found in the sections entitled "Economic environment" and "Report on Expected Developments," along with the information provided on the individual segments in "The Divisions in Detail" and in the section entitled "Research and development."

Products

As a leading supplier of advanced technology, it is the MAN Group's mission to develop and launch technologically superior and highly cost-effective products that are of outstanding quality. Abandoning this mission would pose an unjustifiable risk to MAN's market position. During the product development phase, there is a significant risks that budgeted costs will be exceeded. The rollout of new products involves conceptual and market risks, which MAN manages through a careful strategic planning process based on an analysis of trends in the market and business environment. The resulting product plans are used to manage our extensive research and development activities. Annual research and development expenditures amount to 5% of Group sales revenue. The launch of efficient gas engines and turbines at MAN Diesel & Turbo and the TGX EfficientLine vehicles at MAN Truck & Bus, which are systematically designed to maximize fuel savings, clearly show that these risks can be overcome.

Products that have already been launched pose a risk in relation to the product quality expected by customers. Substandard quality may result in manufacturer's guarantee, statutory warranty, and ex gratia repair costs as well as the loss of market share or lower product margins. In extreme cases, product liability and compensation claims may be made. The MAN Group starts to identify and limit these risks right from the product gestation stage. A standardized product gestation process (PGP) ensures that only properly functioning and reliable product concepts move on to the next stage of development. Suppliers and their products are required to undergo a strict approval process in order to safeguard the Company's high quality standards. After production has started, defined quality assurance measures within the production process ensure that manufacturing defects are promptly identified and eliminated. During use, any defects are collected, analyzed, and rectified in collaboration with the service operations.

During the industrial manufacture of our products, accidents or technical faults in production facilities may cause hazardous substances to contaminate water, soil, and air. We have taken a variety of preventive and detective measures to counter this. They include preventive plant maintenance and servicing, regular checks by qualified personnel, on-site inspections, risk-avoidance plans, hazardous substance management, and plant fire departments.

The MAN Group's international presence and large number of products and services create a diversified economic base that offsets the risks of dependence on key customers or individual products and markets. However, this also exposes the Group to risks arising from breaches of patents, or the unauthorized disclosure of Company-specific expertise. MAN therefore monitors the sales markets and takes legal steps if necessary to protect the Company's expertise.

Long-term customer contracts give rise to additional risks. For example, changes in the political or economic conditions in a particular market may result in additional expenditure on major projects. At MAN Truck & Bus, buyback obligations pose a risk if the amount obtainable from the future sale of a used vehicle in the market changes significantly versus expectations at the time the contract was entered into. In cases where guarantees or guarantee obligations form an integral part of the customer contracts, there is a risk that an unjustified claim will be made. This risk is combated by formulating contracts carefully.

Processes

The MAN Group considers the continual optimization of its development, purchasing, production, sales, and administration processes to be an ongoing task in order to increase the efficiency of these processes and to counter the considerable cost risks in these areas. For example, it operates a preventive and continuous supplier monitoring system to identify risks from delivery delays or supplier defaults at an early stage and to mitigate the effects. It also works vigorously and systematically to improve underlying processes with an eye towards optimizing working capital employed.

In the case of major projects, risks may arise that are often only identified in the course of the project. As a general rule, major projects in the MAN Group are subject to a two-step approval process. Following a project-specific risk analysis and assessment, they require the approval of the divisional executive board. Major projects are then submitted to MAN SE's Executive Board for approval. Any approved and ongoing contracts that deviate significantly from plan are entered in a special reporting system for critical contracts and regularly submitted to MAN SE's Executive Board.

In the Power Engineering business area, long-term construction risks may result in particular from contracting deficiencies, miscosting, post-contracting changes in economic and technical parameters, weaknesses in project management, or poor performance by subcontractors. In particular, shortcomings or errors at the beginning of a project are usually very difficult to remedy or rectify and are often associated with significant additional expenditures. We endeavor to identify such risks at an even earlier stage and to take appropriate measures to eliminate or minimize them before they occur, through continual optimization of the project control process across all project phases, a lessons learned process, and regular project reviews. This allows us to further reduce the risks associated with major upcoming projects, especially in the bidding and planning phase.

The MAN Group is involved in various legal disputes and legal proceedings in connection with its Group-wide business activities. In each case, MAN reviews the legal situation, with the support of external legal advisors as appropriate, to defend itself against unjustified claims or assert its own claims. Further information can be found in note (30) Litigation/legal proceedings in the “Notes to the Consolidated Financial Statements.”

The MAN Group’s business processes are intensively supported and in some cases enabled by information technology. Besides improving efficiency, this also gives rise to risks. Parts of the infrastructure may fail as a result of accidents, disasters, technical faults, or cyberattacks, thereby impairing business processes or bringing them to a complete standstill. There is also the risk of unauthorized access, theft, or the destruction or other misuse of business data and information. The resulting financial damage and loss of image may affect individual MAN companies or even the entire MAN Group. In order to ensure the availability, integrity, and confidentiality of information so as to mitigate and prevent risk, MAN uses a risk-based information security management system, as well as a combination of the latest hardware and software technologies, effective IT organizational mechanisms, and a continuously enhanced IT-related internal control system. The centralization and outsourcing of IT tasks and the systematic introduction of IT service management processes in accordance with the ITIL (IT Infrastructure Library) standard for the organization of IT processes help ensure that business processes are efficiently supported. By organizing information security on the basis of the internationally recognized ISO 27001 standard, the MAN Group has significantly improved the transparency and reliability of the IT processes and IT infrastructure.

The internal control system plays a key role in all business processes, including the accounting process. It is focused on ensuring compliance with the relevant regulations and helping to reduce risks and thus protect assets.

Employees

Specialist employee training is an important concern for MAN as a company. Unique selling points that set a company apart from the competition can only be achieved with first-class products and a customer-specific offering of product-related services. The opportunities for the MAN Group lie in the specialist training of all its employees around the world, from vocational trainees to executives. They are fundamental to sustained, trust-based customer relationships with repeated business success in all markets.

Through the MAN Academy, we ensure the same skills and quality standards in vocational training and human resources development as well as in training for vocational groups.

International training and development offerings have a positive impact on customer satisfaction, quality, and sales revenue in all divisions.

MAN is currently examining the changes in the workplace and any new technical know-how requirements resulting from the digitization of working processes. We will develop a large range of new offerings for employees to this end.

A breach of laws or regulations by employees or managers, either intentionally or by gross negligence, would expose the MAN Group to significant risk. MAN manages this risk using a wide range of measures under its compliance system. In particular, these include the Code of Conduct, compliance guidelines and training, the Compliance Helpdesk, the “Speak up!” whistleblower portal, and regular compliance risk assessments and audits. Detailed information on the compliance system can be found in the section entitled “Compliance.”

Finances

Because of its business activities and international nature, the MAN Group is exposed to considerable market, liquidity, and credit risk, as well as the risk of impairment loss on investments. It manages these risks — which also represent opportunities due to market fluctuations — using a Group-wide financial risk management system.

Market risk comprises currency, interest rate, and commodity price risk. The international nature of the MAN Group's business activities entails a significant volume of cash flows in a variety of currencies. If MAN companies carry out transactions in a currency other than their functional currency, they are exposed to currency risk. Changes in exchange rates can affect prices for goods and services. The MAN Group therefore largely hedges currency risk arising from contracts, receivables, and liabilities, and partly hedges currency risk arising from forecast transactions. The inclusion of subsidiaries or associates in countries outside the eurozone in the Consolidated Financial Statements represents a risk as a result of currency translation. As a general rule, MAN does not use derivatives to hedge these translation risks. Financial management activities entail interest rate risk from interest rate-sensitive assets and liabilities. The goal of interest rate risk management is to largely reduce these risks through the use of derivative financial instruments. Furthermore, the manufacture of the MAN Group's products requires substantial amounts of raw materials. Price trends on the commodity markets or price escalation clauses in supplier contracts may entail commodity price risks. These risks are managed through long-term supplier contracts, price escalation clauses in customer contracts, and targeted commodity price hedging in the banking market.

Liquidity risk describes the risk that the MAN Group will have difficulty in meeting obligations associated with financial liabilities. To ensure liquidity, cash inflows and outflows are continuously monitored and managed. In addition, changes in the MAN Group's liquidity are monitored using a detailed financial plan. Where permitted by law, financial management for the operating units is performed centrally to a large extent using a cash pooling process. For external financing purposes, the opportunities available on the financial market are tracked continuously so as to ensure the MAN Group's financial flexibility. The integration into the Volkswagen Group also enables the MAN Group to draw on intragroup financing.

The MAN Group is exposed to credit risk because of its business operations and financing activities. This is the risk that a party to a contract will fail to meet its contractual obligations as a result of its own financial situation or the political environment, thereby causing a financial loss for the MAN Group. This country and counterparty risk is reduced through the careful selection of transactions and business partners, through appropriate contractual and payment terms, and through guarantees and documentary credits. In addition, a central cash management function and limit allocation system are used to distribute investments of cash funds across multiple prime-rated financial institutions.

The MAN Group is exposed to a risk of impairment affecting profit or loss if there are indications that equity-method investments or other equity investments are impaired.

Economic hedges are generally used to hedge currency, interest rate, and commodity risks. Their effectiveness is tested regularly. Cash flow hedges and, in exceptional cases, fair value hedges are used for hedge accounting to manage currency risk. Further information on market, liquidity, and credit risk management can be found in note (35) in the "Notes to the Consolidated Financial Statements."

In order to reduce the financial risks inherent in defined benefit pension plans, and as a result of legal regulations abroad, the MAN Group's defined benefit obligations are largely funded through pension plan assets that are ring-fenced from its business assets. For detailed information on pensions, please refer to note (26) in the "Notes to the Consolidated Financial Statements."

Executive Board's assessment of the Group's risk and opportunity position

As in the previous year, market risk continues to outweigh the other risk fields. There have been no significant changes to the overall risk position. Risks may be able to be only partially offset by the opportunities identified. It must be borne in mind that the leveraging of market opportunities is already taken into account in the ambitious internal planning. With regard to the individual risks reported on in the MAN Group's Risk Board, the Executive Board is convinced that there are no major risks in the areas that are not covered individually or overall by the projected operating profit on the basis of the net assessment performed. This also applies to risks for which a higher gross impact was calculated since risk-mitigating measures were taken for these or the probability of occurrence was assumed to be low. In the risk fields, the Executive Board sees the most significant short-term risks in the market risk field. They are risks in the margin and unit sales development in the Commercial Vehicles business area and uncertainty and fierce competition in many of the markets relevant for Power Engineering. For product- and process-related risks, the focus is primarily on excess costs. Future currency developments are also an area of uncertainty with respect to financial risk. The short-term risks in the employee and process risk fields are of minor significance.

On the basis of the risk management system established by the MAN Group, the Executive Board has again determined that, at the present time, there are no identifiable risks that could have a material and long-term adverse effect on the net assets, financial position, and results of operations of the MAN Group. The risk management system introduced by the Group and the related organizational measures allow the Executive Board to identify risks rapidly and initiate appropriate measures. Given the uncertainty surrounding developments in some areas, activities in 2016 will continue to focus on market risk management.

Litigation/legal proceedings

Please see the "Notes to the Consolidated Financial Statements" for information relating to litigation/legal proceedings.

Compliance in 2015

MAN continuously updated the existing compliance program in the period under review. All four pillars of the program — anti-corruption activities, antitrust law, data protection, and prevention of money laundering and terrorism funding — are firmly established by now.

To verify the appropriateness, implementation, and effectiveness of the compliance program, a respected audit firm was engaged during the reporting period to audit the MAN Group's compliance management system. The audit was based on Auditing Standard 980 of the Institut der Wirtschaftsprüfer in Deutschland e.V. (Institute of Public Auditors in Germany) (IDW AuS 980) and addressed anti-corruption activities. Overall, no findings were made in relation to the MAN Group's compliance management system; MAN will take specific recommendations by the auditors into account as part of the continuous enhancement of the compliance program.

Compliance organization

The Compliance function is managed by the Chief Compliance Officer, who reports directly to the Chief Executive Officer of MAN SE and additionally to the Audit Committee of the Supervisory Board. The Compliance function currently comprises 48 staff. A total of 24 employees work in the Corporate Compliance Office, which is based at MAN SE and is responsible for designing and enhancing MAN's compliance system as well as for Group-wide compliance issues. 20 staff provide compliance advice in the subgroups. Each subgroup therefore has a compliance officer, who is supported by compliance managers in various business units or sales regions. The compliance officers at the subgroups report directly to MAN SE's Chief Compliance Officer, and the compliance managers in turn report directly to the responsible compliance officer. In addition to providing an in-depth advisory function, the compliance staff at the subgroups are responsible for implementing the centrally defined compliance measures in the respective business units or sales regions worldwide.

During the reporting period, the Chief Compliance Officer informed MAN SE's full Executive Board about the status and ongoing activities of the compliance system and agreed on further action on a total of four occasions. At the subgroups, the compliance officers and managers regularly provided comparable reports to the executive boards and management of the relevant entity.

The compliance champions appointed (managers who are not full-time compliance employees but who have assumed special responsibility for compliance issues) continued to support the Compliance organization in the year under review, for example in the implementation of compliance measures at Group companies that do not have their own local compliance managers in place. The compliance champions were regularly informed of current developments relating to MAN's Compliance organization and compliance instruments in the period under review.

The MAN Group stands for effective data protection in compliance with legal requirements that is based on the strict European standards applied worldwide. To meet these stringent requirements, MAN has a global network of data protection officers and data protection coordinators. In Germany, four data protection officers are dedicated to safeguarding the right to privacy of employees, customers, and suppliers as this relates to data protection. Outside of Germany, its network of 76 data protection coordinators supervises data protection at 90 companies in 44 countries. Accordingly, MAN's data protection organization currently has a total of 80 formally appointed employees.

Compliance Helpdesk

The Compliance function continues to operate the Compliance Helpdesk, which all employees can contact with compliance-relevant questions. The Compliance Helpdesk answered 469 compliance-related questions from employees by phone or e-mail during the reporting period.

Code of Conduct and compliance policies

The MAN Group's ethical conduct guidelines and compliance requirements are described in its Code of Conduct. The provisions of the Code of Conduct are set out in greater detail in the following Compliance function policies:

- Policy on handling gifts, hospitality, and invitations to events
- Policy on engaging business partners with an intermediary and/or representative function
- Policy on handling donations and sponsoring measures
- Policy on compliance with antitrust regulations
- Policy on internal investigations
- Policy on handling personal data and data protection organization
- Policy on preventing money laundering and terrorism financing

Alongside the Code of Conduct for employees, MAN has issued a Code of Conduct for Suppliers and Business Partners, which contains minimum ethical standards that MAN's suppliers and business partners undertake to observe. The Compliance function policies and the Code of Conduct are continuously reviewed and updated or modified as required.

Compliance risk assessment

The fifth regular Group-wide compliance risk assessment was conducted during the period under review. The aim of this assessment was to analyze compliance risks in the areas of anti-corruption, antitrust law, and the prevention of money laundering. A two-step approach was applied for the first time here: In the first stage, risk profiles of a total of 81 companies and Business Units were developed using centrally available information. On the basis of this research, 39 companies and businesses were selected in a risk-based manner for additional analysis. This second step was based on a detailed survey completed by local management. Here, consideration was given to the specific business models, the respective business environment, and self-assessment as to how compliance risks are perceived and handled. On the local level, the compliance manager and the management team are using the results of the compliance risk assessment to develop specific measures.

Compliance training

The Compliance function held compliance awareness trainings for more than 2,090 employees (total to date: 18,464 employees) around the world in the year under review. These on-site training sessions focus on providing basic knowledge on combating corruption, antitrust law, the prevention of money laundering, and data protection. The Compliance function also conducted special training sessions on antitrust law and combating corruption for employees who are particularly exposed to risks from these areas. As part of these special training sessions, 2,834 employees received in-depth instruction (total to date: 11,305 employees). Special classroom sessions were also held for 392 procurement employees and business partners in the period under review (total to date: 806 employees). The Compliance function also developed compliance training for managers. This program explores the specific compliance challenges faced by this group of employees and the correct approaches to these risks. During the reporting period, 306 employees underwent this training. Moreover, in the period under review alone, 3,091 employees (total to date: 26,700 employees) received training on the Code of Conduct as part of the first module of the compliance e-learning program. This “Code of Conduct 1” course covers the fundamentals of anti-corruption activities, antitrust law, and data protection. Since October 2014, employees have also taken part in the “Code of Conduct 2” training module, which covers conduct during searches, the handling of conflicts of interest, and prevention of money laundering. During the reporting period, 5,334 employees received this training (total to date: 25,818). Finally, since August 2013, employees who are exposed to an increased corruption risk (e.g., in sales and purchasing) are trained on corruption prevention through an in-depth web-based training module. In the year under review, 2,667 employees (total to date: 12,954 employees) took part in this training module. In the second quarter of 2015, the “Anti-trust law: preventing breaches of competition law” training module was introduced. During the year under review, 11,364 employees received this training.

Business Partner Approval Tool

The Business Partner Approval Tool is used to check and approve the integrity of business partners active in the area of sales support, as required by the policy on engaging business partners. In the reporting period, the BPA tool was enhanced by adding an integrity search function, which allows business partners to be monitored continuously on the basis of publicly accessible sources of information. In total, over 1,825 checks were conducted using this tool in the period under review. As approvals are limited in duration, some of the checks involved renewals of the approvals granted to individual business partners.

Continuous Controls Monitoring (CCM)

The Continuous Controls Monitoring (CCM) electronic monitoring system ensures that potential compliance risks and policy violations are detected at an early stage. It comprises a set of purchasing and payment process controls and general IT controls. Another development in the reporting period was a new control to prevent money laundering, which is now being rolled out in stages. CCM is now in use at 50 MAN Group companies or sites; the parent company of the MAN Latin America subgroup was also connected to CCM in the reporting period.

Compliance in purchasing

Together with experts from the Purchasing department, a project was run to investigate which general compliance risks exist in procurement and which measures and controls have already been established. Following the completion of the project in the MAN Truck & Bus subgroup, the analysis of the procurement processes was also finalized in the MAN Diesel & Turbo and MAN Latin America subgroups in the reporting period. The project results are being discussed with the management responsible and suitable measures will be defined where necessary.

Reporting compliance violations

The “Speak up!” whistleblower portal again served to detect and prevent material risks to MAN in the reporting period. “Speak up!” is used to accept and analyze information relating to serious compliance violations, especially in the area of white collar crime (e.g., corruption offenses and money laundering), antitrust law, and data protection. This offers MAN employees and third parties a facility for providing information about compliance violations confidentially, worldwide, and at any time. MAN does not tolerate compliance violations under any circumstances. Reports of possible violations are investigated in detail, and violations are dealt with and punished according to the penalties permitted under labor law. In addition, findings from the investigation of compliance violations are used to continuously improve the compliance system.

Compliance audits

The Compliance function again conducted three preventive compliance audits at selected Group companies together with the Internal Audit function in the period under review. The specific aim of these audits was to review the local implementation status of the MAN compliance program, as well as employee awareness of compliance issues at the entity concerned.

Policy management

The Compliance function coordinates a central project to improve policy management in the MAN Group. The project aims to simplify and harmonize the Group’s policy landscape. The house of policies is a central database created to manage all Group-wide policies, which employees can use to quickly and easily search and retrieve the policies relevant to them. The house of policies was rolled out in stages throughout the MAN Group and additional functions are being added step by step.

Public commitment to compliance

MAN is also actively committed to compliance outside the Group. MAN is a member of Transparency International, the United Nations Global Compact initiative, the World Economic Forum (WEF) Partnering Against Corruption Initiative, and the Deutsches Institut für Compliance (DICO). MAN also supports the Alliance for Integrity, an initiative of the German Federal Ministry for Economic Cooperation and Development, Deutsche Gesellschaft für Internationale Zusammenarbeit, the Federation of German Industries, as well as a large number of German companies to promote economic integrity. In addition, the Compliance function regularly engages in dialog with industry experts and academic researchers on current compliance issues in order to promote public debate and progress in the field of compliance.

REPORT ON EXPECTED DEVELOPMENTS

Slightly stronger global economic growth, but ongoing difficult environment in many of the markets relevant to the MAN Group; sales revenue slightly down on the previous year in 2016; significant improvement in operating profit

In the following, we describe the expected future development of the MAN Group and the general framework for its business activities. Risks and opportunities that represent a departure from the forecast trends are presented in the Report on Risks and Opportunities.

Slightly stronger global economic growth

We prepare our forecasts on the basis of current estimates by third-party institutions, including economic research institutes and banks.

From today's perspective, we anticipate that the global economy will see slightly stronger growth in 2016 compared with the year under review. In most industrialized nations, the economy is expected to pick up further, with growth rates tending to be moderate on the whole. A large number of emerging economies will in all likelihood experience muted growth, similar to 2015. The highest growth rates are expected in the emerging economies of Asia. For the years 2017 to 2020, we expect further growth in the global economy.

Western Europe's economic recovery is likely to continue in 2016. In this context, the resolution of structural problems remains a major challenge.

For Central Europe, we anticipate high growth rates similar to those recorded in 2015. The situation should stabilize in Eastern Europe, providing the conflict between Russia and Ukraine does not intensify. Although low commodity prices, the weak ruble, and the economic sanctions imposed in response to the Ukraine crisis will continue to weigh on the Russian economy, GDP is expected to decline less sharply than in the year under review.

For North America, we anticipate that the robust economic activity will continue in 2016. It can be assumed that economic growth will accelerate in the United States.

Low commodity prices, the weak real, and political and social challenges will continue to weigh on the Brazilian economy in 2016 and its growth will probably be negative. Under the weight of a persistently high inflation rate and the poor business climate, the Argentinian economy is expected to expand only slightly.

China's economic growth will probably remain at a high level in 2016, although it will continue to lose momentum compared with previous years.

Commercial Vehicles: European market to record slight growth, Brazilian market to decline noticeably from the prior-year level

For Europe, we anticipate that demand in 2016 will slightly exceed 2015 levels, buoyed by the positive economic development. For Germany, we also expect the market volume to be up slightly on the previous year.

Following the drastic market slump in 2015, we predict a moderate increase in the total volume for Russia in 2016. In spite of this catch-up effect, activity on the Russian market will remain at a low level overall.

Market volumes in the Brazilian market should again be down noticeably on the prior-year figure in 2016. The economic environment will continue to be impacted by a poor business climate and negative economic growth.

In China, the world's largest truck market, a recovery in demand should follow on the significant market decline of the past year, with registrations noticeably exceeding the prior year's figure in 2016. Nevertheless, they will fall short of the high levels of recent years.

As for India, we expect appreciable growth in 2016 due to the positive economic environment and the implementation of numerous infrastructure initiatives.

After significant growth in 2015, a slight decline in demand is expected in the European bus market in 2016.

Power Engineering: Market environment remains strained

We expect the difficult overall market environment for the Power Engineering business area to persist in 2016 and price pressure to continue unabated as a result.

Order volumes for two-stroke engines used in merchant shipping are expected to remain approximately at the prior-year level in 2016. Demands for high energy efficiency and low pollution will significantly influence ship design in the future. We expect demand for special-purpose ships such as cruise liners and government vessels to remain strong. In spite of positive long-term growth factors, our expectations for new orders in the offshore segment in 2016 are very low due to the persistently low oil price. In general, we expect the marine market to be at the previous year's level. Competitive pressure will continue unabated.

Energy demand is closely correlated with economic and demographic trends, particularly in developing countries and emerging economies. The global trend toward decentralized power plants and gas-based applications remains undiminished. This is driven primarily by the continuous improvement in LNG infrastructure. For 2016 we expect a slight increase in demand compared with the previous year, but at a low overall level.

For fiscal year 2016, we expect the market environment to remain difficult in both the processing industry and the oil and gas industry; it will be accompanied by high pricing and competitive pressures caused by expectations of sustained low oil prices and an unfavorable economic and political situation. As a result, we expect the market for turbomachinery to remain at the low level of the previous year in 2016.

Again, no substantial improvement in the market for offshore wind farms in Germany is expected for 2016.

Executive Board's sales revenue and earnings expectations

The MAN Group's Management anticipates that the global economy will see slightly stronger growth in 2016 compared with the year under review despite a number of uncertainties. In our view, structural deficits and geopolitical conflicts are the main risks to the continued growth of the global economy. Assuming that the moderate growth trend is not negatively impacted by unforeseen events, MAN SE's Executive Board currently expects the following:

In the Commercial Vehicles business area, we expect unit sales for 2016 to be on a level with the previous year, with sales revenue falling slightly short of the prior-year figure. Supported by the measures initiated, operating profit and the operating return on sales will be significantly above the prior year's levels. Both key indicators will also significantly exceed the 2015 figures before special items.

In the Power Engineering business area, we expect order intake in fiscal year 2016 to be slightly above the prior-year level. Sales revenue will be down noticeably on the previous year. As the tense situation in the markets persists, high competitive pressure will continue to have a negative impact in 2016. Operating profit and the operating return on sales will therefore be down significantly compared with the prior-year period.

This means a slight year-on-year decline in the MAN Group's sales revenue. Operating profit and the operating return on sales will be significantly higher than the 2015 levels.

Long-term growth strategy

Overall, global demand for innovative solutions in the transportation and energy sectors will continue to rise. Going forward, the MAN Group will therefore continue to pursue its profitable growth strategy with a focus on transportation and energy. The after-sales business is being continually expanded in all business areas. Technology leadership remains a critical success factor for MAN. MAN develops innovative products and solutions that meet the needs of customers and markets. Its focus is on reducing fuel consumption and emissions, as well as generating energy efficiently, reliably, and in an environmentally-friendly manner.

Measures to improve earnings in all divisions

MAN has initiated and stepped up measures to secure profitability in all divisions. The focus is on cutting costs and increasing efficiency in production, as well as in administration, sales, and development. Our aim is for updated product and component designs and procurement-related measures to make material contributions to earnings. We are critically reviewing planned capital expenditure. Internal workflows are being critically examined and enhanced. MAN is also focusing on increasing quality and customer satisfaction. Changes to the production structure in the truck production network were resolved and implementation started in 2015 . The changes initiated in the bus production network in 2014 have by now been almost completely implemented. The future growth program of MAN Truck & Bus will have significant effects on results in 2016. MAN Diesel & Turbo has also started examining ways to achieve structural improvements.

Creation of commercial vehicles holding

In May 2015, the Supervisory Board of Volkswagen AG approved the creation of VW Truck & Bus GmbH, a commercial vehicles holding. The aim is to enhance the alliance of MAN Truck & Bus, MAN Latin America, most of whose vehicle sales are made through Volkswagen Caminhões e Ônibus, and Scania and turn it into a global champion. In this way, the brands will cooperate more closely, while retaining their identities and full operational responsibilities. The aim is to generate additional long-term synergy potential through this alliance, increasing operating profit by at least €650 million a year. Given the long product lifecycles in the commercial vehicles business, it will take ten to 15 years before this has been fully exploited. We are aiming to achieve synergies in procurement and development, for example, based on a platform strategy for transmissions and axles as well as selected cabin components and driver assistance systems. They are currently being developed for medium and heavy commercial vehicles and will form the basis for creating brand-specific solutions. In the long term, the entire drivetrain — the most important cost driver for a truck — is relevant for joint development activities.

Capital expenditures, research, and development

Capital expenditures and research and development expenses form the basis for safeguarding the long-term success of the MAN Group. MAN will increase capital expenditures in 2016 compared with the year under review. Alongside the necessary expenditure on replacement items, MAN will continue to make targeted investments in modernizing its production in the future. Operating equipment and test beds will be needed for new products. The service and sales network will be expanded in all divisions. Management will use portfolio measures if the opportunity arises.

Research and development (R&D) is of elementary importance to the MAN Group, because MAN can only meet customer and legal requirements by developing leading technological solutions. Our R&D activities are consistently aimed at providing customers with a competitive advantage. As a result, they continue to focus on enhancing MAN's commercial vehicle and large-bore diesel engines in terms of their performance, consumption, and emission standards, on systematically integrating innovations into truck and bus models, and on developing new products. The expansion of the product range in the Power Engineering business area continues to put a special emphasis on the use of natural gas as a fuel. MAN will spend more on R&D in 2016 compared with the year under review.

Cash flow

MAN is expecting a negative net cash flow in fiscal 2016, driven by higher payments to acquire property, plant, and equipment and to develop new products as well as cash outflows in connection with the restructuring at MAN Truck & Bus. The focus will again be on cash management. Measures to reduce inventories and receivables by improving processes will be defined and monitored on an ongoing basis as part of the optimization of working capital. Cash flow from financing activities will be impacted by the transfer of €513 million in profit for 2015 to VW Truck & Bus GmbH.

As a result of the domination and profit and loss transfer agreement, MAN SE has not distributed dividends, starting in fiscal year 2014. VW Truck & Bus GmbH will make the contractually defined cash compensation payment (€3.07) to each MAN free float shareholder.

Uncertainties in the outlook

The forward-looking statements and information described above are based on current expectations and certain assumptions. They therefore involve a series of risks and uncertainties. A large number of factors, many of them beyond the MAN Group's control, affect its business activities and their outcomes. These factors may cause the MAN Group's actual performance and results to differ significantly from those discussed in the forward-looking statements. See the chapter entitled "Report on Risks and Opportunities" for further information.

REPORT ON POST-BALANCE SHEET DATE EVENTS

No events occurred after the reporting period that are material for the MAN Group and that could lead to a reassessment of the Company.

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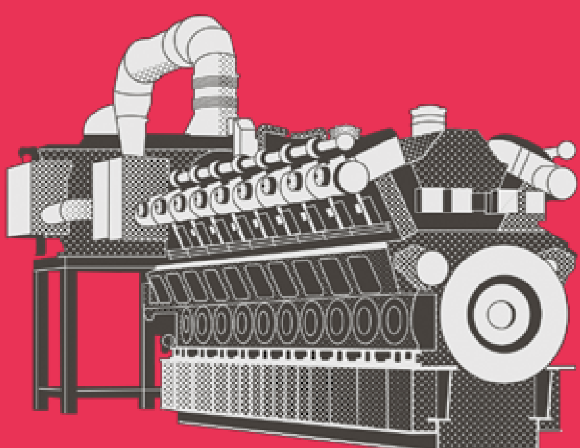

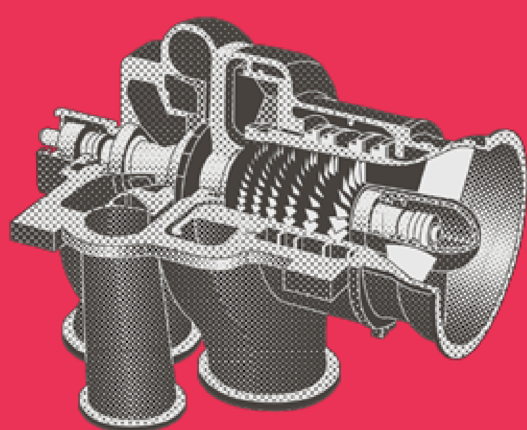

TWO-STAGE TURBOCHARGED GAS ENGINE 18V51/60G TS

With 20.7 megawatts and mechanical efficiency of more than 50%, the new gas engine can currently boast the highest power output in the market.

MAX1 AIR COMPRESSOR

The new axial compressor is the first to combine the benefits of industrial compressors, such as robust design and high efficiency, with the advantage of gas turbine compressors and aircraft engines: their high power density.

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CONSOLIDATED FINANCIAL STATEMENTS

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MAN CONSOLIDATED INCOME STATEMENT

€ million	Note	2015	2014
Sales revenue	[6]	13,702	14,286
Cost of sales		– 11,107	– 11,695
Gross profit		**2,594**	**2,591**
Other operating income	[7]	513	556
Distribution expenses		– 1,562	– 1,568
General and administrative expenses		– 762	– 753
Other operating expenses	[8]	– 692	– 441
Operating profit		**92**	**384**
Share of profits of equity-method investments	[17]	11	16
Finance costs	[9]	– 189	– 200
Other financial result	[10]	182	42
Financial result		**3**	**– 142**
Profit before tax		**95**	**242**
Income tax expense	[11]	64	– 100
Current		63	– 73
Deferred		1	– 27
Loss from discontinued operations, net of tax	[5]	– 10	124
Profit after tax		**150**	**267**
of which attributable to noncontrolling interests		10	13
of which attributable to shareholders of MAN SE		**140**	**254**
Earnings per share from continuing operations in € (diluted/basic)	[12]	**1.02**	**0.88**
Earnings per share from continuing and discontinued operations in € (diluted/basic)	[12]	**0.95**	**1.73**

MAN CONSOLIDATED RECONCILIATION OF COMPREHENSIVE INCOME FOR THE PERIOD

€ million	Note	2015	2014
Profit after tax		**150**	**267**
Items that will not be reclassified to profit or loss			
Pension plan remeasurements	[26]	71	– 238
Other comprehensive income for the period from equity-method investments	[17]	– 3	– 3
Deferred taxes		– 22	72
Items that will be reclassified subsequently to profit or loss			
Currency translation differences		– 231	94
Measurement of marketable securities and financial investments		637	585
Change in fair values of derivatives	[34/35]	3	– 16
Other comprehensive income for the period from equity-method investments		3	2
Deferred taxes		– 9	– 8
Other comprehensive income		**450**	**489**
Total comprehensive income		**599**	**757**
of which attributable to noncontrolling interests		11	11
of which attributable to shareholders of MAN SE		**588**	**745**

See also note (24) for additional information on equity.

MAN CONSOLIDATED BALANCE SHEET

ASSETS

€ million	Note	12/31/2015	12/31/2014
Intangible assets	[15]	1,909	2,020
Property, plant, and equipment	[16]	2,286	2,217
Equity-method investments	[17]	449	471
Other equity investments	[18]	2,758	2,113
Assets leased out	[19]	2,949	2,677
Income tax receivables		3	5
Deferred tax assets	[11]	389	392
Other noncurrent financial assets	[22]	346	482
Other noncurrent receivables	[23]	114	156
Noncurrent assets		**11,203**	**10,534**
Inventories	[20]	3,058	3,095
Trade receivables	[21]	1,924	2,234
Current income tax receivables		135	119
Other current financial assets	[22]	402	296
Other current receivables	[23]	609	735
Cash and cash equivalents		779	525
Current assets		**6,907**	**7,004**
		18,110	**17,538**

EQUITY AND LIABILITIES

€ million	Note	12/31/2015	12/31/2014
Subscribed capital		376	376
Capital reserves		795	795
Retained earnings		3,705	4,081
Accumulated other comprehensive income		600	152
Equity attributable to shareholders of MAN SE		**5,476**	**5,404**
Noncontrolling interests		89	81
Total equity	[24]	**5,565**	**5,485**
Noncurrent financial liabilities	[25]	1,235	1,500
Pensions and other post-employment benefits	[26]	496	603
Deferred tax liabilities	[11]	181	136
Noncurrent income tax provisions		109	101
Other noncurrent provisions	[27]	638	659
Other noncurrent financial liabilities	[28]	1,431	1,204
Other noncurrent liabilities	[29]	991	956
Noncurrent liabilities and provisions		**5,082**	**5,158**
Current financial liabilities	[25]	1,280	985
Trade payables		1,683	1,662
Prepayments received		789	819
Current income tax payables		15	35
Current income tax provisions		27	29
Other current provisions	[27]	1,174	1,086
Other current financial liabilities	[28]	1,241	1,169
Other current liabilities	[29]	1,255	1,107
Current liabilities and provisions		**7,464**	**6,894**
		18,110	**17,538**

MAN CONSOLIDATED STATEMENT OF CASH FLOWS

€ million	2015	2014
Cash and cash equivalents at beginning of period	**525**	**1,208**
Profit before tax	95	242
Income taxes paid/refunded	34	– 800
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property[1]	370	380
Amortization of, and impairment losses on, capitalized development costs[1]	125	101
Depreciation of assets leased out[1]	550	423
Change in provisions for pensions and other post-employment benefits	– 35	– 84
Loss on disposal of noncurrent assets and equity investments	– 6	– 19
Share of profits or losses of equity-method investments	– 2	– 8
Other noncash income and expense	37	– 16
Change in inventories	– 62	– 15
Change in receivables	225	– 57
Change in liabilities and prepayments received (excluding financial liabilities)	491	– 104
Change in other provisions	164	– 137
Change in assets leased out	– 826	– 602
Net cash provided by/used in operating activities	**1,162**	**– 695**
Payments to acquire property, plant, and equipment, investment property, and intangible assets (excluding capitalized development costs)	– 442	– 394
Additions to capitalized development costs	– 246	– 211
Payments to acquire other investees	– 20	– 5
Proceeds from the disposal of other investees	25	–
Proceeds from the disposal of subsidiaries, net of cash disposed of	–	417
Proceeds from asset disposals (other than assets leased out)	17	38
Change in investments in securities and loans	175	576
Net cash provided by/used in investing activities	**– 492**	**422**
Dividend payments	– 3	– 24
Profit transfer/loss absorption	– 486	724
Repayment of bonds	– 620	– 860
Change in other financial liabilities	717	– 251
Net cash provided by/used in financing activities	**– 392**	**– 411**
Effect of exchange rate changes on cash and cash equivalents	– 25	2
Change in cash and cash equivalents	**253**	**– 682**
Cash and cash equivalents at end of period	**779**	**525**
Composition of net liquidity/net financial debt at end of period		
Cash and cash equivalents	779	525
Securities, loans, and time deposits	426	600
Gross liquidity	**1,204**	**1,125**
Total third-party borrowings	– 2,515	– 2,485
Net financial debt	**– 1,311**	**– 1,360**

[1] Net of impairment reversals.

MAN CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Equity attributable to shareholders of MAN SE	Non-controlling interests	Total
Balance at December 31, 2013	**376**	**795**	**4,329**	**– 350**	**5,150**	**77**	**5,227**
Profit after tax	–	–	254	–	254	13	267
Other comprehensive income	–	–	–	492	492	– 2	489
Total comprehensive income	–	–	254	492	745	11	757
Dividend payments	–	–	– 21	–	– 21	– 4	– 24
Profit transfer to VW Truck & Bus GmbH	–	–	– 486	–	– 486	–	– 486
Other changes	–	–	5	11	16	– 5	11
Balance at December 31, 2014	**376**	**795**	**4,081**	**152**	**5,404**	**81**	**5,485**
Profit after tax	–	–	140	–	140	10	150
Other comprehensive income	–	–	–	448	448	2	450
Total comprehensive income	–	–	140	448	588	11	599
Dividend payments	–	–	–	–	–	– 3	– 3
Profit transfer to VW Truck & Bus GmbH	–	–	– 513	–	– 513	–	– 513
Other changes	–	–	– 2	–	– 2	– 1	– 3
Balance at December 31, 2015	**376**	**795**	**3,705**	**600**	**5,476**	**89**	**5,565**

See also note (24) for additional information on equity.

MAN NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of preparation

1 General principles

MAN SE (referred to in the following as MAN or MAN SE) is a listed corporation headquartered in Munich, Germany, and entered in the commercial register at the Munich Local Court under no. HRB 179426. With its four divisions — MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and Renk — the MAN Group is one of Europe's leading engineering players, generating annual sales revenue of €13.7 billion (previous year: €14.3 billion) and employing a global workforce of approximately 55,000 employees (previous year: approximately 55,900 employees), including around 3,200 vocational trainees (previous year: around 3,300 vocational trainees). The MAN Group also had 802 subcontracted employees at the end of the year (previous year: 879).

In compliance with section 315a(1) of the *Handelsgesetzbuch* (HGB — German Commercial Code), the accompanying consolidated financial statements of MAN SE for the fiscal year January 1 to December 31, 2015, have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as adopted by Regulation (EC) No. 1606/2002 of the European Parliament and of the Council on the application of international accounting standards in the European Union. The Executive Board prepared these consolidated financial statements on February 15, 2016, and resolved to authorize them for submission to the Supervisory Board.

MAN SE is a subsidiary of Volkswagen Truck & Bus GmbH, Braunschweig (VW Truck & Bus GmbH), formerly Truck & Bus GmbH, Wolfsburg, a wholly owned direct subsidiary of Volkswagen Aktiengesellschaft, Wolfsburg (Volkswagen AG). VW Truck & Bus GmbH holds a 74.35% interest in MAN SE's capital. MAN SE is included in Volkswagen AG's consolidated financial statements, which are published in the *Bundesanzeiger* (German Federal Gazette).

The consolidated financial statements have been prepared in euros (€), the Group's reporting currency. All amounts are shown in millions of euros (€ million) unless otherwise stated. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 Consolidation and measurement of investees

a) Investees

MAN SE's investees comprise subsidiaries, joint ventures, associates, and financial investments.

All significant German and non-German subsidiaries that are controlled directly or indirectly by MAN SE are included in the consolidated financial statements. Control exists if MAN SE obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the potential subsidiaries, and is able to influence those returns. Subsidiaries whose business activities have been suspended or are minimal and that are insignificant individually or in the aggregate for the presentation of a true and fair view of the MAN Group's net assets, financial position, results of operations, and cash flows are not consolidated. They are reported in the consolidated financial statements at their cost, net of any impairment loss required to be recognized.

Joint ventures are investees over which MAN SE has joint control with one or more partners and has rights to the net assets. Joint control is always established by a contractual arrangement.

Associates are investees over which MAN SE can exercise significant influence by virtue of its power to participate in the associate's financial and operating policies. As a rule, significant influence is assumed when MAN holds between 20% and 50% of the voting rights. Significant associates and joint ventures are measured using the equity method. Insignificant associates and joint ventures are generally recognized at their cost, net of any impairment losses required to be recognized.

All other investees are financial investments.

b) Basis of consolidation

Consolidated subsidiaries

In addition to MAN SE, all significant subsidiaries are consolidated in the consolidated financial statements. Subsidiaries that are acquired during the fiscal year are consolidated from the date when control exists. Companies that are disposed of in the fiscal year are deconsolidated from the date when control no longer exists.

Income, expenses, receivables, and liabilities between consolidated companies, as well as intercompany profits or losses from intragroup deliveries of inventories and noncurrent assets, are eliminated. Deferred taxes are recognized for consolidation adjustments recognized in profit or loss.

Number of companies consolidated

	Germany	Other countries	Total
Consolidated as of December 31, 2014	**21**	**82**	**103**
Initially consolidated in fiscal 2015	–	3	3
Deconsolidated in fiscal 2015	2	2	4
Consolidated as of December 31, 2015	**19**	**83**	**102**

The changes in the MAN Group's basis of consolidation in fiscal year 2015 primarily resulted from the initial consolidation of existing companies that have now started operations. The deconsolidated companies relate in particular to intragroup mergers.

A list of the MAN Group's shareholdings in accordance with section 313(2) of the HGB is provided on pages 168 ff.

The following consolidated German companies made use of the exemption under section 264(3) of the HGB and section 264b of the HGB:

- MAN HR Services GmbH, Munich
- GETAS Verwaltung GmbH & Co. Objekt Offenbach KG, Pullach i. Isartal
- GETAS Verwaltung GmbH & Co. Objekt Verwaltung Nürnberg KG, Pullach i. Isartal
- GETAS Verwaltung GmbH & Co. Objekt Ausbildungszentrum KG, Pullach i. Isartal
- GETAS Verwaltung GmbH & Co Objekt Heinrich-von-Buz-Straße KG, Pullach i. Isartal
- GETAS Verwaltung GmbH & Co. Objekt Augsburg KG, Pullach i. Isartal
- MAN Grundstücksgesellschaft mbH & Co. Epsilon KG, Munich
- MAN Truck & Bus AG, Munich
- MAN Truck & Bus Deutschland GmbH, Munich
- MAN Grundstücksgesellschaft mbH & Co. Beta KG, Munich
- MAN Grundstücksgesellschaft mbH & Co. Alpha KG, Munich
- M A N Verwaltungs-Gesellschaft mbH, Munich
- MAN Service und Support GmbH, Munich
- KOSIGA GmbH & Co. KG, Pullach i. Isartal
- MAN GHH Immobilien GmbH, Oberhausen
- MAN Diesel & Turbo SE, Augsburg

Business combinations

Business combinations are accounted for using the purchase method of accounting. In the course of initial consolidation, the identifiable assets, liabilities, and contingent liabilities of the acquiree are recognized at fair value. Any remaining excess of cost of acquisition over the MAN Group's share of the revalued net assets of the acquiree is allocated to the relevant division of the MAN Group, as the cash-generating unit, and recognized separately as goodwill. The division, including allocated goodwill, is tested for impairment at least once a year and its carrying amount is written down to the recoverable amount if it is found to be impaired. If a subsidiary is disposed of, the attributable goodwill is included in the calculation of the disposal gain or loss. Any difference arising due to the acquisition of additional shares of a subsidiary that has already been consolidated is charged directly to equity. Unless otherwise stated, the share of equity attributable to direct noncontrolling interests is measured at the acquisition-date fair value of the net assets (excluding goodwill) attributable to such noncontrolling interests. Any contingent consideration is measured at its acquisition-date fair value. As a general principle, subsequent changes in the fair value of contingent consideration do not adjust the acquisition-date fair value. Acquisition-related costs that are not equity transaction costs are not added to the purchase price, but instead recognized as expenses in the period in which they are incurred.

c) Equity-method investments

Equity-method investments include associates and joint ventures. Associates and joint ventures are initially measured at cost. In subsequent periods, the MAN Group's share of profits and losses generated after acquisition is recognized in the income statement. Other changes in the equity of associates and joint ventures, such as currency translation differences, are recognized in other comprehensive income. Intercompany profits or losses from transactions by Group companies with associates and joint ventures are eliminated ratably in the profit or loss of the Group companies. If there are indications that the carrying amount may be impaired, equity-method investments are tested for impairment; any impairment loss is recognized in the income statement.

Goodwill arising from the acquisition of an associate or joint venture is included in the carrying amounts of investments in associates or joint ventures.

d) Financial investments

Financial investments for which a quoted market price or a reliably determinable fair value is available are measured at that amount. Financial investments in equity instruments that are classified as available for sale but for which no quoted price is available in an active market and whose fair value cannot be measured reliably are measured at cost. If there are indications that the carrying amount may be impaired, financial investments carried at cost are tested for impairment; any impairment loss is recognized in the income statement.

e) Currency translation

Transactions in foreign currency are translated at the relevant exchange rates at the transaction date. In subsequent periods, monetary assets and liabilities are measured at the middle rate at the reporting date, with any translation differences recognized in profit or loss. Nonmonetary items carried at historical cost in a foreign currency are translated at the rate prevailing at the transaction date.

Financial statements of subsidiaries and associates in countries outside the eurozone are translated using the functional currency method. The functional currency of subsidiaries is the currency of the primary economic environment in which they operate and is almost always their local currency. The functional currency of certain subsidiaries is the euro, rather than their local currency.

Financial statements are translated using the modified closing rate method, under which balance sheet items (with the exception of equity) are translated at the closing rate, while income statement items are translated at weighted average exchange rates for the year. With the exception of income and expenses recognized directly in equity, equity is translated at historical exchange rates. The resulting currency translation differences are recognized as a separate item in other comprehensive income until the disposal of the subsidiary.

The exchange rates of the most important currencies to the euro (€) were:

	Closing rate 12/31		Average rate	
	2015	2014	2015	2014
US dollar	1.08870	1.21410	1.10963	1.32884
UK pound sterling	0.73395	0.77890	0.72600	0.80643
Danish krone	7.46260	7.44530	7.45864	7.45492
Swiss franc	1.08350	1.20240	1.06763	1.21463
Swedish krona	9.18950	9.39300	9.35448	9.09689
Polish złoty	4.26390	4.27320	4.18278	4.18447
Russian ruble	80.67360	72.33700	68.00684	51.01125
Brazilian real	4.31170	3.22070	3.69160	3.12277
Chinese yuan renminbi	7.06080	7.53580	6.97300	8.18825
Indian rupee	72.02150	76.71900	71.17522	81.06888
Japanese yen	131.07000	145.23000	134.28651	140.37722
South African rand	16.95300	14.03530	14.15280	14.40652

3 New and revised accounting pronouncements

a) New accounting pronouncements applied

MAN has applied all accounting pronouncements adopted by the EU and required to be applied as from January 1, 2015.

Various requirements have entered into force since January 1, 2015, as part of the annual improvements to IFRSs 2013. These included amendments to IFRS 1, IFRS 3, IFRS 13, and IAS 40 and did not materially affect the net assets, financial position, and results of operations of the MAN Group.

IFRIC 21 has also been applicable since January 1, 2015. IFRIC 21 governs the accounting for levies imposed by governments that are not covered by IAS 12 “Income Taxes.” In particular, the interpretation clarifies the circumstances in which a liability for a levy is to be recognized in the financial statements. This interpretation did not have any material effects on the net assets, financial position, and results of operations of the MAN Group.

b) New or amended IFRSs not applied

In its 2015 consolidated financial statements, MAN did not apply the following accounting pronouncements that have already been adopted by the IASB, but were not yet required to be applied for the fiscal year.

Standard/ Interpretation		Issued by the IASB	Effective date [1]	Adopted by the EU	Expected effects
IFRS 9	Financial Instruments	July 24, 2014	Jan. 1, 2018	No	Change in the recognition of fair value changes in financial instruments previously classified as available for sale, tendency to increase loss allowances from application of the expected loss model as opposed to the previously applied incurred loss model, additional designation options for hedge accounting, simplified effectiveness tests, increased disclosures
IFRS 10 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Sept. 11, 2014	Postponed [2]	–	None
IFRS 10, IFRS 12 and IAS 28	Consolidated Financial Statements and Investments in Associates and Joint Ventures: Investment Entities: Applying the Consolidation Exception	Dec. 18, 2014	Jan. 1, 2016	No	None
IFRS 11	Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations	May 6, 2014	Jan. 1, 2016	Yes	None
IFRS 14	Regulatory Deferral Accounts	Jan. 30, 2014	None [6]	No [6]	None
IFRS 15	Revenue from Contracts with Customers	May 28, 2014	Jan. 1, 2018 [3]	No	No material effects on revenue recognition, increased disclosures
IFRS 16	Leasing	Jan. 13, 2016	Jan. 1, 2019	No	Lessees will no longer classify leases into finance and operating leases, but will in principle recognize all leases in their balance sheets as a right-of-use asset and a lease liability. No material changes in lessor accounting for leases compared with IAS 17. Increased disclosures
IAS 1	Presentation of Financial Statements	Dec. 18, 2014	Jan. 1, 2016	Yes	No material effects
IAS 7	Statement of Cash Flows: Disclosures	Jan. 29, 2016	Jan. 1, 2017	No	Preparation of a reconciliation for liabilities from financing activities, disclosure of information on restrictions on cash
IAS 12	Income Taxes: Recognition of Deferred Tax Assets for Unrealized Losses	Jan. 19, 2016	Jan. 1, 2017	No	No material effects
IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	May 12, 2014	Jan. 1, 2016	Yes	No material effects
IAS 16 and IAS 41	Agriculture: Bearer Plants	June 30, 2014	Jan. 1, 2016	Yes	None
IAS 19	Employee Benefits: Defined Benefit Plans – Employee Contributions	Nov. 21, 2013	Jan. 1, 2016	Yes	No material effects
IAS 27	Separate Financial Statements: Equity Method	Aug. 12, 2014	Jan. 1, 2016	Yes	None
	Improvements to IFRSs 2012 [4]	Dec. 12, 2013	Jan. 1, 2016	Yes	No material effects
	Improvements to IFRSs 2014 [5]	Sept. 25, 2014	Jan. 1, 2016	Yes	No material effects

[1] Effective date from the MAN Group's perspective.
[2] On December 15, 2015, the IASB decided to postpone the effective date indefinitely.
[3] Postponed until January 1, 2018 (IASB decision of September 11, 2015).
[4] Minor amendments to a number of IFRSs (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16/38, IAS 24).
[5] Minor amendments to a number of IFRSs (IFRS 5, IFRS 7, IAS 19, IAS 34).
[6] The European Commission decided on October 30, 2015, not to endorse IFRS 14. This means that the MAN Group is not required to apply this standard.

4 Accounting policies

With the exception of certain items such as financial instruments that are measured at fair value, as well as provisions for pensions and other post-employment benefits, the consolidated financial statements have been prepared under the historical cost convention. The consolidated financial statements are based on the financial statements of MAN SE and the consolidated subsidiaries prepared in accordance with the MAN Group's uniform accounting policies.

a) Revenue recognition

Revenue is recognized when the products or goods have been delivered and the risk has passed to the customer. It must be possible to measure the amount of revenue reliably, and collectability of the receivable must be probable. Discounts, customer rebates, and other sales allowances are deducted from revenue.

Revenue from services is recognized when the services have been rendered. In the case of long-term contracts for services, revenue is recognized on a straight-line basis over the term of the contract or, if services are not rendered on a straight-line basis, based on the stage of completion. Construction contracts are recognized using the percentage of completion (PoC) method. For more information on determining the stage of completion, please refer to note (4 i). For more information on construction contracts, please refer to note (21).

Income from sale transactions in which a Group company incurs a buyback obligation at a predetermined value is not immediately recognized in full as revenue. Instead, the difference between the selling price and the present value of the buyback price is recognized as revenue on a straight-line basis over the period until the return of the item sold, and the transaction is accounted for as an operating lease.

If the sale of products includes a certain amount for future services (multiple-element arrangements), the revenue attributable to these services is deferred and recognized in the income statement over the term of the agreement as the service is rendered.

b) Operating expenses and income

Operating expenses are recognized when the underlying products or services are utilized. Advertising expenses and other sales-related expenses are recognized when incurred. Cost of sales comprises the production cost of products sold and the purchase cost of merchandise sold. In addition to direct material and labor costs, production cost also includes production-related indirect costs, including depreciation of production facilities. Warranty provisions are recognized when the products are sold. Research expenditures are recognized as expenses when incurred. Interest and other borrowing costs are recognized as expenses in the period in which they arise, with the exception of borrowing costs that are capitalized as part of the cost of qualifying assets. An asset is a qualifying asset if it necessarily takes at least one year to get it ready for its intended use or sale.

Government grants for expenses incurred are recognized in other operating income for the period or in the item in which the expenses to be offset are also recognized.

c) Intangible assets

Separately purchased intangible assets are recognized at cost. Intangible assets acquired in the course of a business combination are measured at their fair value at the acquisition date.

Finite-lived intangible assets are amortized on a straight-line basis over their useful lives. The amortization period for software is mainly three to eight years. Licenses and similar rights are amortized over the contractual terms. Intangible assets whose useful life cannot be determined are not amortized, but are tested for impairment at least once a year. An impairment loss is recognized if the asset is found to be impaired.

Expenditures incurred to develop new products and series are capitalized if completion of the products or series is technically and economically feasible, they are intended for use or sale, the expenditures can be measured reliably, and adequate resources are available to complete the development project. Development expenditures that do not meet these criteria and all research expenditures are recognized immediately as expenses.

Capitalized development costs are amortized from the date of market rollout. They are amortized on a straight-line basis over a period of five to ten years. While a development project is still in progress, the accumulated capitalized amounts are tested for impairment at least once a year.

d) Property, plant, and equipment

Property, plant, and equipment is measured at cost less accumulated depreciation and any impairment losses. Investment grants are generally deducted from cost. The production cost of internally manufactured items of property, plant, and equipment comprises directly attributable production costs, proportionate production overheads, and borrowing costs attributable to the period of production. If items of property, plant, and equipment consist of significant identifiable components with different useful lives, such components are recognized and depreciated separately.

Maintenance and repair expenditures are recognized as expenses unless required to be capitalized.

Items of property, plant, and equipment are depreciated by the straight-line method over their estimated useful lives. The useful lives of items of property, plant, and equipment are reassessed at each reporting date and adjusted if necessary. Depreciation is mainly based on the following useful lives: buildings (10 to 50 years), leasehold improvements (5 to 33 years), production plant and machinery (3 to 33 years), and other equipment, operating and office equipment (3 to 25 years).

e) Investment property

Investment property consists of land and buildings held for rental and/or capital appreciation. Like items of property, plant, and equipment, it is measured at cost less accumulated depreciation and impairment losses and (except for land) depreciated by the straight-line method over its estimated useful life. The remaining useful lives of investment property are mainly between 5 and 25 years. The fair value of this investment property is disclosed in the notes; see note (16). Fair value is estimated using internal calculations or appraisals prepared by external experts (based on recognized valuation techniques). These can be reused in subsequent years by adjusting the changing variables. This procedure involves determining the income value on the basis of the rental income, taking into account additional factors such as land value, remaining useful life, administrative and maintenance costs, and a multiplier specific to commercial property. For reasons of materiality, the disclosures on investment property are combined with the disclosures on property, plant, and equipment.

f) Leases, assets leased out

MAN Group companies are lessees in lease transactions for items of property, plant, and equipment (investment leases). If MAN Group lessees bear substantially all the risks and rewards incidental to ownership of the leased asset, the lease is classified as a finance lease. In such cases, the lessee recognizes the leased item as an asset in the amount of the present value of the minimum lease payments or the lower fair value of the leased asset. The leased asset is depreciated in subsequent periods over the estimated useful life or the shorter lease term. At the same time, the lessee recognizes a corresponding financial liability at the present value of the lease payments, which is reduced in the following periods using the effective interest method and adjusted correspondingly. All other leases in which MAN Group companies are lessees are accounted for as operating leases, and the lease payments are recognized as expenses.

The MAN Group reports the sale of products sold with a buyback obligation as an operating lease if MAN retains the opportunities and risks associated with the products. The asset leased out is measured at cost and written down to its residual value on a straight-line basis over the term of the lease or until it is bought back. It is reported in assets leased out. Impairment losses identified as a result of impairment tests in accordance with IAS 36 are recognized and the depreciation rates are adjusted. The forecast residual values are adjusted to include constantly updated internal and external information on residual values, depending on specific local factors and the experiences gained in the marketing of used vehicles.

g) Impairment losses

An impairment test is performed if there are indications that the carrying amounts of intangible assets, property, plant, and equipment, equity-method investments, other equity investments carried at cost, or assets leased out may be impaired. Indefinite-lived intangible assets, intangible assets that are not yet ready for their intended use, and goodwill are tested for impairment at least once a year. In such cases, the asset's recoverable amount is first estimated to determine the amount of any impairment loss that may need to be recognized. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset. The discount rate used is a current pre-tax market rate of interest.

If no recoverable amount can be measured for an individual asset, the recoverable amount is determined for the smallest identifiable group of assets that generate cash flows (cash-generating unit) to which the asset belongs. For impairment testing purposes, goodwill is allocated to the smallest cash-generating unit to which the goodwill relates. If an asset's recoverable amount is less than its carrying amount, an impairment loss is recognized immediately in profit or loss.

If the recoverable amount of an impaired asset or cash-generating unit increases in a subsequent period, the impairment loss is reversed up to a maximum of the cost that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Reversals of impairment losses are recognized in profit or loss and reported either separately or in other operating income. Reversals of impairment losses on investments are recognized in the financial result. An impairment loss recognized for goodwill may not be reversed in subsequent periods.

h) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost comprises directly attributable production costs and proportionate fixed and variable production overheads. Overheads are mainly allocated on the basis of the normal capacity of the production facilities. Selling expenses, general and administrative expenses, and borrowing costs are not included in the cost of inventories. Raw materials and merchandise are measured at average purchase costs.

i) Construction contracts

Construction contracts are recognized using the percentage of completion (PoC) method, under which sales revenue and cost of sales are recognized by reference to the stage of completion at the end of the reporting period, based on the contract revenue agreed with the customer and the expected contract costs. As a rule, the stage of completion is determined as the proportion that contract costs incurred by the end of the reporting period bear to the estimated total contract costs (cost-to-cost method). In certain cases, in particular those involving innovative, complex contracts, the stage of completion is measured using contractually agreed milestones (milestone method). If the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only in the amount of the contract costs incurred to date (zero profit method). In the balance sheet, contract components whose revenue is recognized using the percentage of completion method are reported as trade receivables, net of prepayments received.

Expected losses from construction contracts are recognized immediately in full as expenses by recognizing impairment losses on recognized contract assets, and additionally by recognizing provisions for amounts in excess of the impairment losses.

j) Nonderivative financial instruments

Financial instruments are contracts that give rise to a financial asset of one company and a financial liability or an equity instrument of another. Nonderivative financial instruments include in particular customer receivables, loans, financial investments, marketable securities, and cash and cash equivalents, as well as financial liabilities, trade payables, and liabilities from buyback obligations. Cash and cash equivalents include bank balances and highly liquid financial investments of a temporary nature that are exposed to no more than minor risks of fluctuation in value. Nonderivative financial instruments are accounted for at the settlement date in the case of regular way purchases or sales — that is, the date on which the asset is delivered.

IAS 39 classifies financial assets into the following categories:

- loans and receivables;
- available-for-sale financial assets;
- financial assets at fair value through profit or loss;
- held-to-maturity financial assets.

Financial liabilities are classified into the following categories:

- financial liabilities measured at amortized cost; and
- financial liabilities at fair value through profit or loss.

As a general principle, the MAN Group does not hold any financial assets in the "held-to-maturity financial assets" category. Equally, the MAN Group does not apply the fair value option.

Subsidiaries or associates and joint ventures that are not consolidated due to insignificance do not fall within the scope of IAS 39. Beginning with fiscal 2015, the corresponding figures have therefore been removed from the IFRS 7 disclosures. In addition, the IFRS 7 tables have been extended to include a separate class for derivative financial instruments included in hedging relationships. The corresponding prior-period tables and amounts have been adjusted.

Nonderivative financial instruments are initially measured at fair value, which generally corresponds to the transaction price, i.e., the consideration given or received. Following initial recognition, nonderivative financial instruments are either measured at fair value or at amortized cost, depending on the category to which they are assigned.

The amortized cost of a financial asset or liability is the amount:

- at which a financial asset or liability is measured at initial recognition;
- minus any principal repayments;
- minus any writedown for impairment or uncollectability;
- plus or minus the cumulative amortization of any difference between the original amount and the amount repayable at maturity (premium, discount), amortized using the effective interest method over the term of the financial asset or liability.

Loans and receivables that are not held for trading and are not included in hedging relationships are generally carried at amortized cost. In the MAN Group, loans and receivables primarily include customer receivables, other financial assets, and cash and cash equivalents. The future cash flows associated with non- or low-interest-bearing receivables with a remaining term of more than twelve months are discounted using a market rate of interest.

Default risk on financial assets classified as loans and receivables is accounted for by recognizing specific valuation allowances and portfolio-based valuation allowances.

More specifically, significant individual receivables are tested for objective evidence of individual impairment. A potential impairment is assumed in the case of a number of situations such as delayed payment over a certain period, the institution of enforcement measures, the threat of insolvency or overindebtedness, application for or the opening of bankruptcy proceedings, or the failure of reorganization measures. If an individual impairment is determined, specific valuation allowances are recognized in accordance with Group-wide standards in the amount of the incurred loss.

Portfolio-based valuation allowances are recognized by grouping together insignificant receivables and significant individual receivables for which there is no indication of impairment into homogeneous portfolios. As long as no definite information is available as to which receivables are in default, average historical default probabilities for the portfolio concerned are used to calculate the amount of the valuation allowances.

Valuation allowances on receivables are generally recognized in separate allowance accounts. They are derecognized at the same time as the corresponding receivable for which the valuation allowance has been recognized.

Financial instruments that fall within the scope of IAS 39, that are not held to maturity or for speculative purposes, and that do not belong to any of the other categories described above are classified as available-for-sale financial assets. Available-for-sale financial assets are measured at fair value. The difference between cost and fair value is recognized in other comprehensive income and reported as accumulated other comprehensive income, net of deferred taxes.

The fair value of marketable securities is generally their quoted market price. Financial investments are also classified as available-for-sale financial assets. If there is no active market for these financial investments and fair values cannot be measured without undue effort, they are recognized at cost.

An impairment loss is recognized on available-for-sale financial assets if there is objective evidence of permanent impairment. For example, an impairment loss is recognized in the income statement if there is a significant (more than 20%) or prolonged (more than 10% of the average market price over a year) decline in the fair value of an equity instrument below its carrying amount.

Financial liabilities other than derivatives are subsequently measured at amortized cost.

Financial assets and financial liabilities are generally reported at their gross amounts. They are only offset if the MAN Group has a currently enforceable right to set off the recognized amounts and intends to perform the settlement.

k) Derivatives

Derivatives are used in the MAN Group to hedge foreign currency, interest rate, and commodity price risks resulting mainly from ongoing business operations. Derivatives are recognized initially and at the end of each subsequent reporting period at fair value. They are generally recognized at the trade date.

In the case of derivatives with quoted market prices, fair value is the positive or negative market price. If no quoted market prices are available, fair value is estimated on the basis of the conditions obtaining at the end of the reporting period, such as interest rates or exchange rates, and using recognized valuation techniques, such as discounted cash flow models or option pricing models.

The recognition of gains and losses from fair value measurement depends on the classification of the derivative.

Derivatives that do not meet the IAS 39 hedge accounting criteria are classified as financial assets or liabilities held for trading and are measured at fair value through profit or loss.

A condition for the application of hedge accounting is that the hedging relationship between the hedged item and the hedging instrument is clearly documented and that the hedge is highly effective. If these criteria are met, MAN designates and documents the hedging relationship as from that date either as a cash flow hedge or as a fair value hedge.

A cash flow hedge is a hedge of the MAN Group's exposure to variability in the cash flows associated with recognized assets and liabilities, unrecognized firm commitments, and highly probable forecast transactions. In a cash flow hedge, the effective portion of the change in the fair value of the derivative is initially recognized in other comprehensive income and reported in accumulated other comprehensive income, net of deferred taxes. As soon as the hedged item affects profit or loss, the gains or losses recognized in other comprehensive income are reclassified as other operating income or expenses, respectively. The ineffective portion of the change in fair value is recognized immediately in profit or loss. If the hedging instrument expires, or is sold, terminated, or exercised or if the hedging relationship no longer exists, but the forecast transaction is still expected to occur, the unrealized gains or losses accumulated from the hedging instrument until that point remain in other comprehensive income and are recognized in profit or loss as described above when the hedged forecast transaction affects the income statement. If the originally hedged forecast transaction is no longer expected to occur, the unrealized cumulative gains or losses recognized in other comprehensive income until that point are also recognized in profit or loss.

A fair value hedge is a hedge of the MAN Group's exposure to changes in the fair value of recognized assets and liabilities, or unrecognized firm commitments. In a fair value hedge, changes in the fair value of the derivative and the related underlying (hedged item) are recognized in profit or loss. In the case of a perfect hedge, the changes in the fair value of the derivative financial instrument and the underlying recognized in profit or loss offset each other almost entirely.

See note (35) for information on the MAN Group's hedging strategy and the related volumes at the end of the reporting period.

l) Income taxes

Tax provisions contain obligations resulting from current taxes. Deferred taxes are presented in separate balance sheet and income statement items. Provisions are recognized for potential tax risks based on the best possible estimate. Recognized income tax items are based on the probable amount of the additional tax payments.

Deferred tax assets and liabilities are recognized for temporary differences between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements, for consolidation adjustments recognized in profit or loss, for tax credits, and for tax loss carryforwards. Deferred taxes are measured using the tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are only recognized to the extent that taxable income will probably be available to use deductible temporary differences. Deferred tax assets that are unlikely to be realized within a clearly predictable period are reduced by valuation allowances. As a rule, deferred tax assets for tax loss carryforwards are measured based on future taxable income over a planning horizon of five fiscal years.

Deferred tax assets and deferred tax liabilities are offset where taxes are levied by the same taxation authority and relate to the same tax period.

Changes in deferred taxes in the balance sheet generally result in deferred tax income or expense. If the change in deferred taxes results from items recognized in other comprehensive income, the change in deferred taxes is also recognized in other comprehensive income.

m) Pensions and other post-employment benefits

Pension obligations from defined benefit plans are determined using the projected unit credit method, under which the future defined benefit obligation is measured on the basis of the proportionate benefit entitlements earned by the end of the reporting period and discounted to its present value. Measurement reflects assumptions about the future development of certain parameters that affect the level of future benefits.

Pension provisions are reduced by the fair value of plan assets used to cover benefit obligations; for details on measurement, see note (26). If plan assets exceed the defined benefit obligation, the excess is only recognized as an asset to the extent that it results in a refund from the plan or the reduction of future contributions.

The current service cost, which represents the entitlements acquired by active employees in the fiscal year in accordance with the benefit plan, is reported in the functional expenses in the income statement. Net interest income or expense results from multiplying the net defined benefit asset or liability by the discount rate and is reported in finance costs.

Remeasurements of the net defined benefit asset or liability comprise actuarial gains and losses resulting from differences between the actuarial assumptions made and what has actually occurred, or changes in actuarial assumptions, as well as the return on plan assets, excluding amounts included in net interest income or expense. Remeasurements are recognized in other comprehensive income, net of deferred taxes.

Payments for defined contribution plans are recognized in the functional expenses in the income statement.

n) Other provisions

Other provisions are recognized for all identifiable risks and uncertain obligations that arise from past events, whose settlement is expected to result in an outflow of resources embodying economic benefits, and where the amount of the obligation can be estimated reliably. They are measured in the amount that represents the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is material, the provision is recognized at its present value. Discounting uses market rates of interest. If some or all of the expenditure required to settle a provision is expected to be reimbursed by a third party, the reimbursement is recognized as a separate asset if it is virtually certain that it will be received.

The carrying amounts of provisions are regularly reviewed and adjusted to reflect new knowledge or changes in circumstances. If a new estimate results in a reduction in the amount of the obligation, the provision is reversed in the corresponding amount and the income recognized in other operating income.

Provisions for warranties are recognized at the time of sale of the products in question or when the corresponding services are rendered. These provisions are measured primarily on the basis of past experience. Individual provisions are also recognized for known claims. Provisions for restructurings are recognized if there is a detailed formal plan for the restructuring that has been notified to those affected by it. Provisions for unbilled costs and for other obligations relating to operating activities are measured on the basis of the goods and services still to be provided, usually in the amount of the expected production cost still to be incurred. Provisions for expected losses from onerous contracts are recognized if the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

o) Noncurrent assets held for sale and discontinued operations

These include both individual noncurrent assets and groups of assets, together with liabilities directly associated with those assets (disposal groups), if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Noncurrent assets classified as held for sale, either individually or as part of a disposal group, are presented separately within current assets in the balance sheet. They are measured at the lower of their carrying amount and fair value less costs to sell, and are no longer depreciated or amortized. If there is any subsequent increase in fair value less costs to sell, a remeasurement gain is recognized. The remeasurement gain may not exceed the cumulative impairment losses already recognized for that asset.

A discontinued operation is a component of an entity that represents a major line of business of the MAN Group and that is classified as held for sale or has been disposed of. The assets and liabilities of a discontinued operation are classified as held for sale in the balance sheet until the disposal is completed, and are measured at the lower of their carrying amount and fair value less costs to sell. Gains or losses recognized on measurement at fair value less costs to sell, gains or losses on the disposal, and the post-tax profit or loss of the discontinued operation are presented separately in the income statement as "Income/loss from discontinued operations, net of tax." Prior-period amounts in the income statement are adjusted accordingly.

p) Financial statement presentation

The presentation of assets and liabilities in the balance sheet distinguishes between current and noncurrent items. Assets and liabilities are classified as current if they will be recovered or settled within twelve months after the reporting period or within a longer operating cycle. Deferred tax assets and liabilities, and assets and provisions related to defined benefit pension plans, are presented as noncurrent items. The consolidated income statement has been prepared using the cost of sales (function of expense) format.

In light of the domination and profit and loss transfer agreement entered into by VW Truck & Bus GmbH and MAN SE, the accompanying consolidated financial statements have been prepared following appropriation of net profit by VW Truck & Bus GmbH. For further information, see notes (28) and (36).

q) Prior-period information

To enhance comparability, certain amounts relating to the previous fiscal year have been adjusted to conform to the current presentation.

r) Estimates and management's judgment

Preparation of the consolidated financial statements requires management to make estimates and exercise a degree of judgment in certain matters. The estimates applied were made on the basis of historical data and other relevant factors, including the assumption of the Group as a going concern. All estimates and assumptions represent the best of management's knowledge and belief in order to convey a true and fair view of the Group's net assets, financial position, and results of operations. Although estimation uncertainties are adequately reflected in the carrying amounts of assets and liabilities, future events may differ from these estimates and may materially affect the Group's net assets, financial position, and results of operations. Estimates and assumptions are continuously reviewed.

The accounting estimates applied to the following matters at the end of the reporting period are of particular significance:

The goodwill impairment tests to be performed at least once a year require an estimation of future cash flows and their discounting, among other factors. Such cash flows are based on forecasts contained in financial plans approved by management. Other material assumptions relate to the weighted average cost of capital and to tax rates. Equally, if intangible assets, items of property, plant, and equipment, equity-method investments, other equity investments carried at cost, or assets leased out are tested for impairment, the measurement of the recoverable amount of the assets entails estimates by management. Any reversals of impairment losses in subsequent periods also require a substantial degree of judgment and estimates by management.

Growth in the global economy slowed to 2.5% in fiscal 2015 (previous year: 2.7%). MAN's planning is based on the assumption that the global economy will see slightly stronger growth in 2016 compared with the reporting period. In general, MAN does not currently anticipate substantial adjustments in the coming fiscal year to the carrying amounts of the assets and liabilities reported in the consolidated balance sheet. The estimates and assessments by management were based primarily on assumptions about general economic developments, trends in the relevant markets, and prevailing legal conditions. These and other assumptions are outlined in detail in the Report on Expected Developments, which is part of the Combined Management Report.

Estimates of the useful life of finite-lived assets are based on past experience. If a review of the useful life results in a change in the estimate, the residual useful life is adjusted and an impairment loss is recognized, if necessary. Measurement of assets leased out additionally depends on the residual value of vehicles leased out after expiration of the lease term. Depending on the extent to which buyback rights are exercised and on the development of resale prices, the actual expenses incurred may differ from the expected risks.

Certain Group companies, especially within the MAN Diesel & Turbo division, account for some of their construction contracts using the percentage of completion method, under which revenue is recognized by reference to the stage of completion. Application of this method depends critically on a careful analysis of the stage of completion. Depending on the methodology applied to measure the stage of completion, the key estimation parameters include contract revenue, total contract costs, costs to complete the contract, contract risks, and other estimates. Management at the operating units continuously reviews the estimates relating to such construction contracts and adjusts them if required.

Estimating the recoverability of financial assets requires estimates about the extent and probability of occurrence of future events. As far as possible, estimates are derived from past experience. In addition, considerable forecasts and estimates are used to determine the carrying amounts of financial investments recognized at fair value for which there are no quoted market prices. For further details, please see notes (18) and (34).

Pensions and other post-employment benefits are measured using actuarial techniques. Such measurements are based primarily on assumptions relating to discount rates, pay and pension trends, and mortality. These actuarial assumptions may differ considerably from actual developments because of variations in the market and economic environment, leading to material changes in pensions and other post-employment benefits.

Because the Group operates in many countries, it is subject to a variety of tax laws in a large number of jurisdictions. The expected current income taxes and the deferred tax assets and liabilities must be determined for each tax entity. Among other things, this requires assumptions about the interpretation of complex tax regulations and the ability to generate sufficient taxable income, depending on the tax type and tax jurisdiction involved. Any variance between these assumptions and the actual outcome of such tax uncertainties may affect tax expense and deferred taxes. Uncertain recognized income tax items are based on a best estimate of the probable tax payment.

Depending on the underlying transaction, the measurement of other provisions and similar obligations may be complex and associated with a considerable degree of estimation uncertainty. Management's assumptions about the timing and amount of settlement are based on historical data, available technical data, estimates of cost trends and potential warranty claims, discount rates, possible recoverable amounts, and other factors. Potential liabilities from projects in the Power Engineering business area must to a large extent be estimated. Such estimates may change in line with new information and increasing project progress. At the same time, litigation and other legal proceedings raise complex legal issues and entail numerous difficulties and uncertainties. A provision is recognized for these if it is probable that an obligation has arisen in connection with these proceedings that is likely to lead to a future outflow of resources and its amount can be estimated reliably. Assessing whether a present obligation exists at the reporting date as a result of a past event, whether a future outflow of resources is probable, and whether the obligation can be estimated reliably requires a substantial degree of judgment and significant estimates by management. Future events and developments as well as changes in estimates and assumptions may lead to a different assessment at a future date. Additional expenses that could have a material effect on MAN's net assets, financial position, and results of operations therefore cannot be entirely ruled out. See note (27) for further information.

5 Acquisitions, divestments, and discontinued operations

Acquisitions and divestments

The shares held by MAN SE in MAN Finance International GmbH, Munich (MAN Finance), which primarily operates the sales financing business for MAN Truck & Bus, were sold effective January 1, 2014, to Volkswagen Financial Services AG, Braunschweig (VWFS). See note (36) for further information. The bundling of the infrastructure, resources, and expertise of VWFS and MAN Finance facilitates the development of integrated transportation solutions for MAN Truck & Bus's customers, including in other markets. MAN Finance will remain MAN Truck & Bus's exclusive sales support organization.

The assets and liabilities of MAN Finance transferred during the transaction were already presented as held for sale as of December 31, 2013. The figures were presented in the MAN Truck & Bus segment. The transaction, after deduction of the costs related to the sale, resulted in a gain in the single-digit millions in fiscal year 2014. The net profit from the transaction was presented in other operating income. Due to the sale proceeds of €486 million, the consolidated statement of cash flows for fiscal 2014 included €415 million related to the sale of MAN Finance. The following table provides information about the carrying amounts of the assets and liabilities as of December 31, 2013, and completion of the transaction:

€ million	2013
Intangible assets, property, plant, and equipment, and investments	49
Assets leased out	273
Deferred tax assets	404
Inventories	155
Trade receivables	78
Financial services receivables	2,841
Cash and cash equivalents	71
Miscellaneous other assets	115
Assets	**3,986**
Financial liabilities	3,210
Deferred tax liabilities	179
Trade payables	55
Miscellaneous other liabilities	81
Liabilities	**3,525**

There were no other acquisitions or divestments that are significant either individually or in the aggregate.

Discontinued operations

MAN SE's annual reports for fiscal years 2009 to 2014 contain detailed information relating to the sale of the shares of Ferrostaal GmbH, Essen (Ferrostaal, formerly Ferrostaal AG). Tax income of €55 million in fiscal 2014 resulted from the original income tax consolidation group with MAN SE and relates primarily to the clarification of differing views regarding taxes for the past. The tax interest income attributable to this amount totaled €29 million and was reported in "Income and expenses." In addition, the provision recognized for the maximum potential contractual warranties and guarantees in relation to the Ferrostaal transaction declined in fiscal year 2014.

The loss from discontinued operations in fiscal year 2015 amounted to €10 million. It is attributable to the reassessment of potential liabilities from the sale of a business in 2006.

The net profit/loss from discontinued operations is as follows:

€ million	2015	2014
Income and expenses	– 10	69
Income tax expense	–	55
	– 10	**124**

The consolidated income statements for the periods January 1, 2015, to December 31, 2015, and January 1, 2014, to December 31, 2014, do not contain any other results from these transactions. For the reporting period January 1, 2015, to December 31, 2015, net cash flows from operating activities contain cash flows from discontinued operations amounting to €59 million (previous year: €–370 million).

Income statement disclosures

6 Sales revenue

The Group's sales revenue by business area is broken down as follows:

Group sales revenue

€ million	2015	2014
Commercial Vehicles	9,954	10,577
Power Engineering	3,775	3,732
Others	– 28	– 23
	13,702	**14,286**

The sales revenue of the Commercial Vehicles business area primarily contains revenue from the sale of trucks, heavy special-purpose vehicles, and city and intercity buses and coaches, and from the provision of services offered by MAN Truck & Bus and MAN Latin America.

The Power Engineering business area generates revenue mainly from the sale of marine diesel and stationary engines, turbomachinery, gear units, and testing systems, and from the provision of product-related services. It includes sales revenue from construction contracts amounting to €1,190 million (previous year: €1,394 million).

See note (41) for a presentation of sales revenue by segment.

7 Other operating income

€ million	2015	2014
Income from foreign exchange gains	188	157
income from reversal of provisions and accruals	153	163
Income from foreign currency hedging derivatives	29	9
Income from cost allocations	26	30
Income from reversal of valuation allowances on receivables and other assets	22	27
Gains on disposal of property, plant, and equipment, and intangible assets	11	19
Rental and lease income	8	9
Miscellaneous other income	76	143
	513	**556**

Foreign exchange gains mainly comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Foreign exchange losses from these items are included in other operating expenses.

Income from foreign currency hedging derivatives is attributable to the realization of effective cash flow hedges, with offsetting effects from the hedged items in sales revenue and cost of sales.

The decline in miscellaneous other income is primarily attributable to the income of €46 million in the previous year from the settlement with D&O insurers and the individual settlements with former members of MAN SE's Executive Board and individual Group companies.

Miscellaneous other income includes government grants of €15 million (previous year: €30 million) for expenses incurred.

8 Other operating expenses

€ million	2015	2014
Foreign exchange losses	184	179
Losses from foreign currency hedging derivatives	90	32
Valuation allowances on receivables and other assets	71	29
Losses on disposal of noncurrent assets	3	4
Miscellaneous other expenses	344	197
	692	**441**

Other operating expenses comprise those expenses that are not allocated to the function expenses, and in particular to cost of sales.

Losses from foreign currency hedging derivatives are attributable to the realization of effective cash flow hedges, with offsetting effects from the hedged items in sales revenue and cost of sales.

The increase in miscellaneous other expenses is primarily due to provisions for restructuring measures at MAN Truck & Bus in the amount of €185 million. For further information on restructuring measures, see "Other provisions."

9 Finance costs

€ million	2015	2014
Interest and similar expenses	157	162
Net interest on the net liability for pensions and other post-employment benefits	15	16
Unwinding of discount and effect of change in discount rate on liabilities and other provisions	17	22
Finance costs	**189**	**200**

The finance costs primarily contain interest expenses for financial liabilities and the interest cost from unwinding discounts on liabilities and provisions.

10 Other financial result

€ million	2015	2014
Cost of loss absorption	– 1	0
Other income from equity investments	142	6
Other interest and similar income	81	60
Losses from remeasurement and impairment of financial instruments	– 99	– 29
Gains from changes in the fair value of derivatives not included in hedge accounting	59	5
	182	**42**

The increase in other income from equity investments stems primarily from dividend income of €138 million from the investment in Scania. No dividend was paid in the previous year. See note (18) for further information.

The change in gains and losses from remeasurement and impairment of financial instruments is primarily attributable to currency effects relating to financial liabilities and cash.

11 Income taxes

The reported tax expense is broken down as follows:

€ million	2015	2014
Current tax income, Germany	– 77	– 25
Current tax expense, other countries	14	101
Current tax income/expense	**– 63**	**76**
of which prior-period expense	– 141	20
Income from reversal of tax provisions	0	– 3
Current income taxes	**– 63**	**73**
Deferred tax income/expense, Germany	– 17	61
Deferred tax income/expense, other countries	16	– 34
Deferred tax income/expense	**– 1**	**27**
Income taxes	**– 64**	**100**

The tax expense expected for fiscal 2015 is based on the application of the German tax rate applicable for the 2015 assessment period of 29.8% (previous year: 29.8%) to earnings before tax. This tax rate includes municipal trade tax (13.97%), corporate income tax (15.0%), and the solidarity surcharge (5.5% of the corporate income tax liability). The Group tax rate results from the profit and loss transfer agreement effective since January 1, 2014, with VW Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG. The measurement of deferred taxes in the German consolidated tax group is based on a tax rate of 29.8% (previous year: 29.8%). The income tax rates applied for foreign companies vary between 0 and 40.0%. As in the previous year, tax rate changes outside Germany did not materially affect the total tax expense in fiscal 2015. The realization of tax loss carryforwards from previous years reduced current income taxes in fiscal 2015 by €11 million (previous year: €14 million).

No deferred tax assets in respect of loss carryforwards for corporate income tax and municipal trade tax are currently recognized for German companies (previous year: €0 million). Companies outside Germany have recognized deferred tax assets of €70 million (previous year: €131 million) for their local taxes. A deferred tax asset of €122 million (previous year: €204 million) was recognized for companies that recorded a tax loss in the previous year or in the reporting period because this tax asset is expected to be recoverable on the basis of the tax planning. No deferred tax assets were recognized or written down as of December 31, 2015, for existing tax loss carryforwards of €560 million (previous year: €441 million) and temporary differences of €27 million (previous year: €39 million) due to the low probability of such deferred tax assets being recoverable. Tax loss carryforwards of €63 million (previous year: €85 million) for which no deferred tax assets have been recognized can only be carried forward for a limited period. The related expiration dates are between 2016 and 2026. The deferred tax expense from the decrease of a deferred tax asset is €22 million (previous year: – €4 million).

There are temporary differences in connection with shares in subsidiaries for which no deferred taxes of €28 million (previous year: €35 million) were recognized.

Reconciliation of expected to effective income tax:

€ million	2015	2014
Profit before tax	95	242
Expected income tax expense	**28**	**72**
Reconciliation:		
Effect of different tax rates outside Germany	– 13	– 23
Proportion of taxation relating to:		
Tax-exempt income	– 55	– 21
Expenses not deductible for tax purposes	13	29
Effects of loss carryforwards and tax credits	100	– 9
Temporary differences for which no deferred taxes were recognized	0	8
Prior-period tax expense	– 141	20
Nondeductible withholding tax	10	6
Other tax changes	– 6	18
Effective income tax expense	**– 64**	**100**
Effective tax rate in %	– 67.5	41.3

Deferred tax assets and liabilities are attributable to the following balance sheet items:

	Deferred tax assets		Deferred tax liabilities	
€ million	12/31/2015	12/31/2014	12/31/2015	12/31/2014
Intangible assets	4	8	416	453
Property, plant, and equipment, and assets leased out	26	37	700	660
Noncurrent financial assets	1	1	22	12
Inventories	41	59	27	30
Receivables and other assets	30	90	82	68
Pensions and other post-employment benefits	206	194	1	1
Liabilities and other provisions	1,031	916	73	50
Tax loss carryforwards	108	145	–	–
Valuation allowances on deferred tax assets	– 48	– 26	–	–
Gross value	**1,398**	**1,424**	**1,320**	**1,274**
of which noncurrent	1,013	1,086	1,154	1,151
Offset	– 1,101	– 1,158	– 1,101	– 1,158
Consolidation	92	126	– 38	20
Amount recognized in balance sheet	**389**	**392**	**181**	**136**

12 Earnings per share

€ million (unless otherwise stated)	2015	2014
Profit after tax attributable to shareholders of MAN SE	140	254
of which: income/loss from discontinued operations, net of tax	– 10	124
Profit from continuing operations attributable to shareholders of MAN SE	**150**	**130**
Number of shares outstanding (weighted average, million)	147.0	147.0
Earnings per share from continuing operations in €	**1.02**	**0.88**

Earnings per share are calculated by dividing consolidated profit/loss from continuing operations by the average number of shares outstanding in the year. The number of shares outstanding includes both common and preferred shares because both share classes carry the same dividend rights in 2015, as in the previous year.

There were no outstanding options on shares as of December 31, 2015, and December 31, 2014, that dilute earnings per share.

Earnings per share from discontinued operations were €– 0.07 (previous year: €0.85).

13 Other income statement disclosures

Cost of materials

€ million	2015	2014
Cost of raw materials, consumables, and supplies, and of purchased merchandise	6,672	7,171
Cost of purchased services	514	736
	7,186	**7,907**

Personnel expenses

€ million	2015	2014
Wages and salaries	3,100	2,821
Social security contributions, retirement and other employee benefit expenses	660	596
	3,760	**3,417**

See note (26) for information on expenses from post-employment benefits. They are included in the relevant functional expenses. The net interest expense component of the additions to pension provisions is reported in finance costs, see note (9).

Average annual headcount

	2015	2014
Performance-related wage-earners	25,516	25,633
Salaried staff	26,819	26,985
	52,335	**52,618**
of which in the passive phase of partial retirement	612	604
Vocational trainees	2,932	2,969
	55,267	**55,587**

Depreciation and amortization expense

€ million	2015	2014
Intangible assets	135	154
Property, plant, and equipment	314	313
	449	**467**

Impairment losses

€ million	2015	2014
Intangible assets	38	12
Property, plant, and equipment	9	1
	47	**13**

In fiscal year 2015, borrowing costs of €7 million (previous year: €8 million) were capitalized as part of the cost of qualifying assets. The capitalization is based on an average interest rate of 1.5% (previous year: 1.9%).

Expenses of €148 million (previous year: €135 million) were recognized in the reporting period for minimum lease payments on assets leased through operating leases. These relate to lease expenses for buildings, among other things. Expenses of €44 million (previous year: €39 million) for contingent lease payments were also incurred. Payments for subleases amounted to €3 million (previous year: €1 million).

14 Total remuneration of the auditors

The following table shows the fees charged for the work performed by the auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Munich (PwC), as well as by companies in the international PwC network:

€ million	2015	2014
Audits	3.5	3.4
Other assurance and valuation services	0.9	1.0
Tax advisory services	0.6	0.5
Other services	0.4	4.2
	5.4	**9.1**

The fees charged for work performed by the auditor, PwC, and its affiliated German companies totaled €2.9 million in fiscal 2015 (previous year: €6.7 million). €1.7 million of this amount relates to audits (previous year: €1.6 million), €0.7 million to other assurance and valuation services (previous year: €0.8 million), €0.1 million to tax advisory services (previous year: €0.2 million), and €0.4 million to other services (previous year: €4.1 million).

Balance sheet disclosures

15 Intangible assets

€ million	Licenses, software, similar rights, customer relationships, brands, and other assets	Capitalized development costs	Goodwill	Intangible assets
Gross carrying amount at January 1, 2014	843	1,344	838	3,025
Accumulated amortization and impairment losses	– 445	– 578	– 78	– 1,101
Balance at January 1, 2014	**398**	**766**	**760**	**1,924**
Change in consolidated Group structure/acquisitions	– 1	–	–	– 1
Additions	18	211	–	229
Transfers	1	–	–	1
Disposals	– 1	–	–	– 1
Amortization	– 65	– 89	–	– 154
Impairment losses	– 1	– 11	–	– 12
Currency translation differences	7	1	26	33
Balance at December 31, 2014	**357**	**877**	**786**	**2,020**
Gross carrying amount at December 31, 2014	870	1,556	863	3,290
Accumulated amortization and impairment losses	– 514	– 679	– 77	– 1,270
Balance at January 1, 2015	**357**	**877**	**786**	**2,020**
Change in consolidated Group structure/acquisitions	0	–	–	0
Additions	13	246	–	259
Transfers	3	–	–	3
Disposals	0	0	–	– 1
Amortization	– 47	– 88	–	– 135
Impairment losses	– 2	– 37	–	– 38
Currency translation differences	– 65	– 51	– 82	– 198
Balance at December 31, 2015	**258**	**948**	**704**	**1,909**
Gross carrying amount at December 31, 2015	731	1,737	782	3,249
Accumulated amortization and impairment losses	– 473	– 789	– 78	– 1,340

Purchased licenses, software, similar rights and assets, and capitalized development costs are finite-lived assets. Amortization and impairment losses amounted to €174 million (previous year: €166 million) and are included in the functional expenses, in particular cost of sales and selling expenses. The impairment losses relate primarily to capitalized development costs and reflect in particular the knowledge gained from project changes and the current assessment of the market environment.

Development costs

€ million	2015	2014
Research and noncapitalized development costs	545	507
Amortization of and impairment losses on capitalized development costs	125	101
Research and development costs reported in the income statement	**670**	**608**

Capitalized development costs for in-process development projects that are not subject to amortization amounted to €573 million as of December 31, 2015 (previous year: €469 million).

Analysis of goodwill

€ million	12/31/2015	12/31/2014
MAN Truck & Bus	242	230
MAN Latin America	370	469
MAN Diesel & Turbo	92	87
	704	**786**

Goodwill is allocated to the divisions as shown above.

Goodwill is tested for impairment at least once a year by comparing the carrying amounts of the units to which goodwill is allocated with their value in use. Value in use is determined using the discounted cash flow method. Impairment testing is based on the current five-year planning for the division concerned.

The principal planning assumptions are expected market trends in relation to MAN's development, changes in significant production and other costs, developments in the after-sales business, and the discount rate. Assumptions are based on general market forecasts, current developments, and past experience. The long-term growth rates reflect business- and country-specific circumstances. The long-term growth rate used in fiscal 2015 is a maximum of 1% (previous year: 1%).

Cash flows are forecasted individually on the basis of sales revenue and cost projections for each division to which goodwill is allocated. The pretax cost of capital (WACC) rates shown in the table below are used when measuring value in use for goodwill impairment testing. For MAN Latin America, the WACC is adjusted for country-specific risks to reflect the risk exposure.

WACC	2015	2014
MAN Truck & Bus	7.7 %	9.8 %
MAN Latin America	10.4 %	13.2 %
MAN Diesel & Turbo	9.2 %	12.6 %

Goodwill is impaired if the division's value in use is less than its carrying amount. No impairment of recognized goodwill was identified for fiscal 2015 and 2014. The value of the recognized goodwill is not impaired even if the growth forecast for the perpetuity or the discount rate varies by –/+ 0.5 percentage points.

16 Property, plant, and equipment

€ million	Land and buildings	Production plant and machinery	Other plant, operating, and office equipment	Prepayments and construction in progress	Investment property	Property, plant, and equipment
Gross carrying amount at January 1, 2014	1,846	1,889	1,523	170	107	5,534
Accumulated depreciation and impairment losses	– 905	– 1,277	– 1,086	– 4	– 88	– 3,360
Balance at January 1, 2014	**941**	**612**	**436**	**166**	**19**	**2,174**
Change in consolidated Group structure/acquisitions	0	0	1	–	–	0
Additions	29	80	97	170	–	376
Transfers	33	53	33	– 123	0	– 4
Disposals	– 12	– 6	– 5	0	– 1	– 23
Reversals of impairment losses	0	–	–	0	–	1
Depreciation	– 53	– 122	– 132	– 5	– 1	– 313
Impairment losses	0	–	–	– 1	–	– 1
Currency translation differences	1	5	2	0	–	9
Balance at December 31, 2014	**939**	**622**	**432**	**208**	**17**	**2,217**
Gross carrying amount at December 31, 2014	1,893	1,991	1,611	213	101	5,809
Accumulated depreciation and impairment losses	– 954	– 1,368	– 1,179	– 6	– 84	– 3,591
Balance at January 1, 2015	**939**	**622**	**432**	**208**	**17**	**2,217**
Change in consolidated Group structure/acquisitions	0	3	0	0	–	3
Additions	51	72	110	196	–	430
Transfers	35	84	12	– 134	0	– 3
Disposals	– 5	– 2	– 4	– 1	1	– 11
Reversals of impairment losses	–	–	–	1	–	1
Depreciation	– 56	– 125	– 132	–	– 1	– 314
Impairment losses	– 5	– 3	0	0	–	– 9
Currency translation differences	– 10	– 2	– 13	– 4	–	– 29
Balance at December 31, 2015	**949**	**649**	**405**	**266**	**17**	**2,286**
Gross carrying amount at December 31, 2015	1,942	2,175	1,595	269	97	6,078
Accumulated depreciation and impairment losses	– 992	– 1,527	– 1,190	– 3	– 80	– 3,792

Depreciation and impairment losses on items of property, plant, and equipment amounted to €323 million (previous year: €315 million) and are included in the functional expenses, in particular cost of sales.

The items of property, plant, and equipment that are classified as finance leases amounted to €2 million (previous year: €3 million). These relate primarily to land and buildings.

The following table shows the future lease payments due together with their present values.

2015 in € million	Up to 1 year	1 – 5 years	> 5 years	Total
Lease payments	1	2	–	**3**
Interest components	0	0	–	**0**
Present values	1	2	–	**3**

2014 in € million	Up to 1 year	1 – 5 years	> 5 years	Total
Lease payments	1	3	–	**4**
Interest components	0	0	–	**0**
Present values	1	3	–	**4**

Future lease payments due are not offset in fiscal years 2015 and 2014 by any minimum lease payments expected to be received from subleases.

The carrying amount of investment property amounted to €17 million as of December 31, 2015 (previous year: €17 million), compared with a fair value of €52 million (previous year: €54 million). As a general rule, fair value is calculated using an income capitalization approach based on internal calculations (Level 3 in the fair value hierarchy). Rental income of €4 million (previous year: €4 million) and directly attributable operating costs of €3 million (previous year: €2 million) were generated from leasing out investment property. Further directly attributable operating costs of €0 million (previous year: €2 million) related to investment property from which no rental income was generated.

17 Equity-method investments

Associates

The most significant equity-method investment as of December 31, 2015, is the Sinotruk (Hong Kong) Ltd., Hong Kong/China, associate (Sinotruk).

Sinotruk

Since 2009, MAN SE's Commercial Vehicles business area has held a strategic interest of 25% plus one share in Sinotruk, one of China's largest truck manufacturers. The investment enables MAN to operate in the local market. In addition to the cooperation with Sinotruk in the high-volume segment, the small but growing premium truck market is being expanded through the export of MAN vehicles to China.

The quoted market value of MAN's equity interest in Sinotruk amounted to €251 million as of December 31, 2015 (previous year: €317 million). No impairment of the investment in Sinotruk was identified on the basis of the impairment tests as of December 31, 2015, and December 31, 2014.

Summarized financial information for Sinotruk (on a 100% basis and thus not adjusted for the equity interest held by MAN) is presented in the following tables:

Balance sheet

€ million	2015 [1]	2014 [2]
Noncurrent assets	2,299	1,922
Current assets	4,472	4,112
Total assets	**6,771**	**6,034**
Noncurrent liabilities and provisions	484	168
Current liabilities and provisions	3,204	3,377
Total liabilities and provisions	**3,688**	**3,545**
Net assets	**3,083**	**2,490**

[1] Fiscal 2015: Amounts shown relate to the reporting period ended June 30, 2015.
[2] Fiscal 2014: Amounts shown relate to the reporting period ended June 30, 2014.

Statement of comprehensive income

€ million	2015 [1]	2014 [2]
Sales revenue	4,079	3,886
Profit after tax from continuing operations	64	70
Other comprehensive income	– 2	– 1
Total comprehensive income	**62**	**69**
Dividends received	5	3

[1] Fiscal 2015: Amounts shown relate to the reporting period from July 1, 2014, to June 30, 2015.
[2] Fiscal 2014: Amounts shown relate to the reporting period from July 1, 2013, to June 30, 2014.

The following table shows the reconciliation of the financial information to the equity-method carrying amount of the investment in Sinotruk:

€ million	2015	2014
Net assets	3,083	2,490
Noncontrolling interests	299	236
Net assets attributable to shareholders	2,784	2,254
Interest held by MAN in % [1]	25	25
Net assets attributable to the MAN Group	**696**	**563**
Impairment losses	– 190	– 190
Goodwill, effect of purchase price allocation, currency translation differences, and other changes	– 82	42
Carrying amount at December 31	**424**	**415**

[1] 25% plus one share.

Other associates

The carrying amounts of other associates amounted to €25 million as of December 31, 2015 (December 31, 2014: €56 million). The following table contains summarized financial information on the other associates; the disclosures relate in all cases to the Group's share of the investees:

€ million	2015 [1]	2014 [2]
Profit/loss after tax from continuing operations	– 11	2
Other comprehensive income	– 1	2
Total comprehensive income	**– 12**	**4**

[1] Fiscal 2015: Amounts shown relate to the reporting period from October 1, 2014, to September 30, 2015.
[2] Fiscal 2014: Amounts shown relate to the reporting period from October 1, 2013, to September 30, 2014.

The 49% interest in the Rheinmetall MAN Military Vehicles GmbH, Munich, (RMMV) associate is also accounted for using the equity method and presented in the MAN Truck & Bus segment. The equity method is applied with a three-month delay. The accumulated unrecognized losses of RMMV are €3 million.

There are no contingent liabilities to associates.

18 Other equity investments

Other equity investments include shares in unconsolidated subsidiaries, associates and joint ventures not accounted for using the equity method due to insignificance, and financial investments.

MAN reports shares of Scania AB, Sodertalje/Sweden (Scania), as a material other equity investment. This is classified as an available-for-sale financial asset. See note (34) for further information.

The other financial result includes dividend income of €138 million from the investment in Scania. No dividend was paid in the previous year.

19 Assets leased out

€ million	2015	2014
Gross carrying amount at January 1	3,987	3,740
Accumulated depreciation	– 1,309	– 1,257
Balance at January 1	**2,677**	**2,483**
Change in consolidated Group structure/acquisitions	–	0
Additions	1,279	1,083
Disposals	– 453	– 478
Depreciation	– 550	– 423
Currency translation differences and other changes	– 5	13
Balance at December 31	**2,949**	**2,677**
Gross carrying amount at December 31	4,346	3,987
Accumulated depreciation	– 1,397	– 1,309

Assets leased out relate to commercial vehicles that are leased to customers on the basis of operating leases or sold to customers with buyback obligations or options. Some of the figures for the previous year in the table above have been adjusted.

Future revenue from noncancelable operating leases

€ million	12/31/2015	12/31/2014
Due within one year	618	558
Due between one and five years	839	789
Due after more than five years	23	23
	1,480	**1,370**

For sales with buyback obligations or options, the customer payments still to be received by the date of expected return are recognized as future revenue.

20 Inventories

€ million	12/31/2015	12/31/2014
Raw materials, consumables, and supplies	439	445
Work in progress	930	908
Finished goods and purchased merchandise	1,593	1,632
Prepayments	96	110
	3,058	**3,095**

Consumption of inventories amounting to €6,672 million (previous year: €7,171 million) is recognized in cost of materials within cost of sales in the reporting period. The impairment loss amounted to €69 million (previous year: €29 million). Writedowns of obsolete materials are determined on the basis of allowance rates. A review resulted in an experience adjustment to the allowance rates in the Power Engineering business area. The reduction in expenses from the reversal of impairment losses recognized on inventories amounted to €90 million (previous year: €7 million).

21 Trade receivables

€ million	12/31/2015	12/31/2014
Customer receivables	1,673	1,983
PoC receivables	203	180
Receivables from investees	47	71
	1,924	**2,234**

€14 million of the trade receivables (previous year: €3 million) is due between one and five years. The remaining €1,910 million (previous year: €2,231 million) is due in less than one year.

Certain volumes of receivables are sold depending on the market situation and liquidity requirements. Provided that the significant opportunities and risks associated with the receivables remain with the MAN Group, the receivables continue to be reported in the balance sheet. The carrying amount in the trade receivables at the end of the reporting period was €0 million (previous year: €4 million). The corresponding liabilities are contained in financial liabilities; see note (25).

PoC receivables recognized using the percentage of completion method are calculated as follows:

€ million	12/31/2015	12/31/2014
Contract costs and proportionate contract profit/loss of construction contracts	1,146	1,128
Exchange rate effects	– 4	6
PoC receivables, gross	**1,142**	**1,134**
Prepayments received	– 939	– 954
	203	**180**

Other prepayments of €350 million (previous year: €380 million) received on construction contracts are recognized as liabilities.

Revenue from construction contracts amounted to €1,190 million (previous year: €1,394 million). Orders and part-orders billed to customers are reported in customer receivables.

22 Other financial assets

€ million	12/31/2015	12/31/2014
Positive fair value of derivatives	96	57
Receivables from loans, bonds, profit participation rights (excluding interest)	431	606
Other financial assets	221	116
	749	**778**

Other financial assets are reported as follows:

€ million	12/31/2015	12/31/2014
Other noncurrent financial assets	346	482
Other current financial assets	402	296

Derivatives are measured at fair value. They are mainly used to hedge currency risks in customer orders and other foreign currency positions.

Other financial assets amounting to €346 million (previous year: €482 million) are due after more than one year, including €3 million (previous year: €2 million) due after more than five years. The remaining €402 million (previous year: €296 million) is due in less than one year.

23 Other receivables

€ million	12/31/2015	12/31/2014
Recoverable income taxes	558	596
Miscellaneous receivables	165	295
	723	**891**

Other receivables are reported in the following balance sheet items:

€ million	12/31/2015	12/31/2014
Other noncurrent receivables	114	156
Other current receivables	609	735

24 Equity

a) Share capital, rights to implement capitalization measures

MAN SE's share capital is unchanged at €376,422,400. It is composed of 147,040,000 no-par value bearer shares with a notional value of €2.56 each. In accordance with Article 4(1) of the Articles of Association, the no-par value shares are divided into 140,974,350 common shares and 6,065,650 nonvoting preferred shares. All shares are fully paid up. Under Article 4(2) sentence 2 of the Articles of Association, shareholders may not claim delivery of physical share certificates.

All shares have the same dividend rights; however, a cumulative preferred dividend of €0.11 per preferred share is payable in advance from net retained profit to holders of preferred shares, as well as a further €0.11 per common share as a subordinate right to holders of common shares. If there is insufficient net retained profit to pay the preferred dividend, the shortfall is payable in arrears, without interest, from the net retained profit of the subsequent fiscal years before the distribution of a dividend to the holders of common shares.

In accordance with the domination and profit and loss transfer agreement entered into between Truck & Bus GmbH and MAN SE on April 26, 2013, which came into effect on its entry in the commercial register on July 16, 2013, common and preferred shareholders will be paid a compensatory or guaranteed dividend within the meaning of section 304 of the *Aktiengesetz* (AktG — German Stock Corporation Act).

The common shares are voting shares, while preferred shares do not generally carry voting rights. Under section 140(2) of the AktG, this does not apply if the preferred dividend is not paid in a given year, or is not paid in full, and the shortfall is not made good in the following year in addition to the full preferred dividend for that year. In such cases, holders of preferred shares have voting rights until the shortfalls are made good, and the preferred shares must be included in the calculation of any capital majority required by the law or the Articles of Association. In light of the domination and profit and loss transfer agreement between VW Truck & Bus GmbH and MAN SE, section 140(2) of the AktG also applies in the event that the compensation within the meaning of section 304 of the AktG, i.e., the compensatory or guaranteed dividend, will not actually be paid. Preferred shareholders also have voting rights in accordance with section 60 of the *SE-Verordnung* (SE-VO — German SE Regulation), under which a consenting resolution by the preferred shareholders is required if the Annual General Meeting adopts a resolution that affects the specific rights of preferred shareholders, i.e., a resolution to revoke or limit the preferred dividend or to issue preferred stock that would rank prior to or equal with the existing nonvoting preferred shares in the distribution of profit or the net assets of the Company.

The same rights and obligations attach to all shares in all other respects.

Authorized Capital 2010

The Annual General Meeting on April 1, 2010, resolved to authorize the Executive Board of the Company to increase the share capital, with the consent of the Supervisory Board, by up to €188,211,200 (= 50%) by issuing common bearer shares on one or more occasions against cash contributions and/or noncash contributions in the period up to March 31, 2015 (Authorized Capital 2010).

Issuance of convertible bonds and/or bonds with warrants, Contingent Capital 2010

By way of a resolution of the Annual General Meeting dated April 1, 2010, the Company's Executive Board was authorized, with the consent of the Supervisory Board, to issue convertible bonds and/or bonds with warrants — hereinafter referred to collectively as "bonds" — of MAN SE in the aggregate principal amount of up to €2.5 billion on one or more occasions until March 31, 2015, and to grant the bondholders options or conversion rights or to establish conversion obligations on new common bearer shares of MAN SE with a notional interest in the share capital of up to €76,800,000 (approximately 20%) as specified in greater detail by the option or conversion terms.

At the same time, the Annual General Meeting on April 1, 2010, resolved to contingently increase the share capital by up to €76,800,000, composed of up to 30,000,000 common bearer shares. The contingent capital increase will only be implemented to the extent that the holders of convertible bonds or bonds with warrants or of conversion obligations issued for cash consideration by MAN SE or its Group companies by virtue of the authorizing resolution of the Annual General Meeting on April 1, 2010, exercise their conversion rights or options or settle their conversion obligations, and provided that other forms of settlement are not used. The new shares carry dividend rights for the first time for the fiscal year in which they are issued (Contingent Capital 2010).

Share repurchase

The resolution of the Annual General Meeting on April 1, 2010, authorized the Executive Board to purchase common and/or nonvoting preferred shares of the Company, with the consent of the Supervisory Board, on one or more occasions until March 31, 2015, up to a maximum total amount of 10% of the share capital.

The authorizations referred to above were not exercised. Details can be found in the 2014 Annual Report.

Material agreements of the Company that are subject to a change of control following a takeover bid

As described in note (25), MAN SE has entered into various material agreements that are affected by a change of control.

b) Significant shareholdings in MAN SE

VW Truck & Bus GmbH notified MAN SE on April 18, 2013, in accordance with section 21(1) sentence 1 of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) that the share of voting rights held by VW Truck & Bus GmbH had exceeded the limit of 75% on April 16, 2013, and amounted to 75.03% at that time. Volkswagen AG notified MAN SE on June 6, 2012, in accordance with section 21(1) sentence 1 of the WpHG that the share of voting rights held by Volkswagen AG had exceeded the limit of 75% on June 6, 2012, and amounted to 75.03% at that time. Volkswagen AG contributed the relevant shares to VW Truck & Bus GmbH on April 16, 2013. The relevant shares are now attributable to Volkswagen AG via VW Truck & Bus GmbH. In addition, Porsche Automobil Holding SE and its controlling shareholders notified MAN SE in accordance with section 21(1) of the WpHG that Volkswagen AG's interest — now VW Truck & Bus GmbH's interest — is also attributable to Porsche Automobil Holding SE and its controlling shareholders.
MAN SE has not been notified of, nor is it aware of, further existing direct or indirect interests in the capital of MAN SE that exceed 10% of the voting rights or the relevant thresholds of the WpHG.

c) Reserves

MAN SE's capital reserves consist of premiums paid for capital increases and the conversion of preferred shares into common shares. The MAN Group's retained earnings contain the retained earnings of MAN SE amounting to €954 million (previous year: €954 million). They also contain the retained profits and accumulated losses of subsidiaries and differences arising between carrying amounts in the consolidated financial statements and carrying amounts in the local GAAP financial statements.

Net income for the fiscal year before profit transfer amounting to €513 million (previous year: €486 million) was transferred to VW Truck & Bus GmbH in accordance with the domination and profit and loss transfer agreement entered into in fiscal 2013.

As a result of the domination and profit and loss transfer agreement, MAN SE has not distributed dividends since fiscal year 2014. VW Truck & Bus GmbH will make the contractually defined cash compensation payment (€3.07) to each MAN free float shareholder.

d) Other comprehensive income

€ million	12/31/2015	12/31/2014
Currency translation differences	– 390	– 158
Fair value measurement of marketable securities and financial investments	1,515	878
Fair value of derivatives	– 34	– 37
Pension plan remeasurements	– 638	– 707
Other comprehensive income for the period from equity-method investments	– 8	– 8
Deferred taxes	155	186
	600	**152**

Of the deferred taxes of €155 million (previous year: €186 million), €164 million (previous year: €185 million) is attributable to remeasurements of pension plans, €12 million (previous year: €12 million) is attributable to the measurement of derivatives, and €–21 million (previous year: €–11 million) to the fair value measurement of marketable securities and financial investments.

Other comprehensive income for the period, including noncontrolling interests, changed as follows:

€ million	2015 before tax	2015 tax effect	2015 after tax	2014 before tax	2014 tax effect	2014 after tax
Items that will not be reclassified to profit or loss						
Pension plan remeasurements	71	– 22	49	– 238	72	– 166
Other comprehensive income for the period from equity-method investments	– 3	–	– 3	– 3	–	– 3
Items that will be reclassified subsequently to profit or loss						
Currency translation differences	– 231	–	– 231	94	–	94
Unrealized gains and losses from the fair value measurement of marketable securities and financial investments	637	– 9	628	585	– 9	576
Reclassification of realized gains and losses to profit or loss	–	–	–	–	–	–
Fair value measurement of marketable securities and financial investments	637	– 9	628	585	– 9	576
Unrealized gains and losses from the fair value measurement of derivatives	– 57	7	– 51	– 39	4	– 35
Reclassification of realized gains and losses to profit or loss	60	– 7	54	23	– 3	20
Fair value of derivatives	3	0	3	– 16	1	– 15
Unrealized other comprehensive income for the period from equity-method investments	3	–	3	2	–	2
Reclassification of realized gains and losses to profit or loss	–	–	–	–	–	–
Other comprehensive income for the period from equity-method investments	3	–	3	2	–	2
Other comprehensive income	**481**	**– 31**	**450**	**425**	**64**	**489**

A net amount of €1 million (previous year: €– 2 million) of pension plan remeasurements, €1 million (previous year: €1 million) of exchange differences on translating foreign operations, and €0 million (previous year: €–1 million) of the fair value measurement of derivatives is attributable to noncontrolling interests.

In connection with the sale of MAN Finance, €–10 million was reclassified from other comprehensive income to profit or loss in the previous year.

e) Noncontrolling interests

The noncontrolling interests are mainly attributable to Renk Aktiengesellschaft, Augsburg, in which MAN holds a 76% interest. The following table presents summarized financial information for Renk.

€ million	2015	2014
Interest attributable to noncontrolling interest shareholders	**24**	**24**
Noncurrent assets	207	185
Current assets	458	404
Total assets at December 31	**665**	**589**
Noncurrent liabilities and provisions	24	34
Current liabilities and provisions	280	228
Total liabilities and provisions at December 31	**304**	**262**
Net assets	**360**	**327**
Carrying amount attributable to noncontrolling interest shareholders	86	79
Sales revenue	487	480
Profit after tax	42	49
Other comprehensive income	6	– 10
Total comprehensive income	**48**	**38**
Net income attributable to noncontrolling interest shareholders	10	12
Other comprehensive income attributable to noncontrolling interest shareholders	1	– 2
Dividends allocated to noncontrolling interest shareholders	3	3
Net cash provided by/used in operating activities	101	35
Net cash provided by/used in investing activities	– 41	– 118
Net cash provided by/used in financing activities	– 15	– 14
Net change in cash and cash equivalents	**47**	**– 96**

f) Capital management

The primary objective of capital management in the MAN Group is to ensure that the Group has the financial flexibility required to achieve its business and growth targets and to continuously and sustainably increase its enterprise value. Due to the inclusion of the MAN Group in the Volkswagen Group's internal management process, the management also focuses on generating the minimum return on invested assets that is required by the capital markets. To this end, the capital structure is managed in a targeted manner, while maintaining a constant overview of economic conditions. In order to maximize the use of resources and measure the success of this, since fiscal 2014 MAN SE has been using return on investment (ROI), which, like the delta to the cost of capital (ROCE – WACC) used until December 31, 2013, is a control variable linked to the capital employed.

€ million	12/31/2015	12/31/2014
Equity	5,565	5,485
Pensions and other post-employment benefits	496	603
Financial liabilities	2,515	2,485
Capital employed	**8,576**	**8,573**

In fiscal year 2015, the capital employed rose by €3 million compared with the previous year. This is primarily attributable to the increase in equity stemming largely from the positive comprehensive income of €599 million less profit transfer of €513 million on VW Truck & Bus GmbH. Another factor is the moderate increase of €30 million in financial liabilities. This is offset by a decline of €107 million in pension obligations primarily attributable to the increase in the discount rate in Germany from 2.3% to 2.7%.

MAN SE's Articles of Association do not stipulate any capital requirements.

25 Financial liabilities

€ million	12/31/2015	12/31/2014
Bonds	1,249	1,866
Liabilities to banks	752	469
Loans and other liabilities	512	146
Liabilities under finance leases	3	4
	2,515	**2,485**

Financial liabilities are reported in the following balance sheet items:

€ million	12/31/2015	12/31/2014
Noncurrent financial liabilities		
due after more than one year	1,235	1,500
of which: due after more than five years	10	9
Current financial liabilities		
due within one year	1,280	985

The €5 billion EMTN program launched in 2009 currently has €1.25 billion utilized through bond issues:

Instrument	€ million	Interest rate	Issue date	Maturity	Carrying amount 12/31/2015	Fair value 12/31/2015
Publicly offered bonds	500	7.250%	5/20/2009	5/20/2016	500	513
Publicly offered bonds	750	2.125%	3/13/2012	3/13/2017	749	766
	1,250				**1,249**	**1,279**

The Group currently has access to a €1.5 billion credit facility from Volkswagen AG that expires in December 2016 and has not been utilized, and a perpetual €1.0 billion credit facility from Volkswagen AG, of which €0.4 billion has been utilized.

After Moody's linked the MAN Group's rating to that of Volkswagen AG in June 2013, MAN ended its cooperation with the rating agency as of the end of March 2014 for commercial reasons. Independent of this, Moody's publishes credit opinions for MAN SE based on Volkswagen AG's rating.

Material agreements of the Company that are subject to a change of control following a takeover bid:

Repayment of the publicly offered bonds (€1.25 billion) can be demanded if one or more persons acting in concert acquire more than 50% of the voting rights in MAN SE and, as a result, the Company's rating is downgraded to noninvestment grade within 120 days.

26 Pensions and other post-employment benefits

Depending on the situation in specific countries, the MAN Group grants its employees pension benefits in the form of defined benefit or defined contribution pension plans.

Under defined contribution plans, contributions are paid to public or private pension providers on the basis of legislative or contractual requirements. There are no benefit obligations over and above the payment of contributions. Current contribution payments are recognized as an expense in the period in which they are incurred; in the MAN Group, they amounted to a total of €186 million in 2015 (previous year: €166 million). Of this total amount, contributions of €158 million (previous year: €156 million) were paid into the statutory pension insurance scheme in Germany.

The following amounts were recognized in the balance sheet for defined benefit obligations:

€ million	2015	2014
Present value of funded obligations	2,748	2,739
Fair value of plan assets	– 2,376	– 2,258
Funded status at December 31	**373**	**481**
Present value of unfunded obligations	119	121
Amount not recognized as an asset because of the ceiling in IAS 19	1	0
Carrying amounts at December 31	**492**	**602**
of which: pension provisions	496	603
of which: other assets	– 4	– 1

a) German pension plans

Once their active working life is over, the MAN Group grants its employees in Germany benefits provided by a modern, attractive occupational pension system that constitute a key element of its remuneration policy. Occupational pensions provide reliable additional retirement benefits as well as risk protection in the event of invalidity or death.

Under the MAN Group's current pension plans, all active employees receive employer contributions that are tied to their remuneration and can also make additional provision through deferred compensation — which is employer-subsidized for staff subject to collective bargaining agreements. The employer- and employee-funded contributions plus returns on capital market investments allow staff to accumulate plan assets during their active employment that are paid out as a lump sum or in installments on retirement, or that can be annuitized in certain cases. The risk of the investments is gradually reduced as employees get older (lifecycle concept). The performance of the plan assets is directly linked to the capital markets and is determined by a basket of indices and other suitable parameters. In line with the legislative requirements, at a minimum the total amount of contributions paid in for the employee are paid out when the employee retires.

Former employees, pensioners, or employees with vested benefits who have left the MAN Group have benefit commitments from discontinued pension plans, most of which are designed to provide lifelong pension payments. These commitments are exposed to the standard longevity and inflation risks, which are regularly monitored and assessed.

The MAN Group's German pension assets are managed by MAN Pension Trust e. V. and MAN Pensionsfonds AG. These assets are irrevocably protected from recourse by the Group companies and may only be used to fund current pension benefit payments or to settle claims by employees in the event of insolvency. Proper management and utilization of the trust assets are supervised by independent trustees. Additionally, MAN Pensionsfonds AG is regulated by the Bundesanstalt für *Finanzdienstleistungsaufsicht* (BaFin — German Federal Financial Supervisory Authority).

The pension assets are invested by professional investment managers in accordance with investment rules laid down by MAN SE's investment committee. Strategic allocation of the pension assets is based on regular asset/liability management studies. The assets attributable to the current pension plans are generally invested with the objective of covering the performance risk resulting from the return parameters of the lifecycle concept.

There is a prohibition on acquiring securities issued by companies in the Volkswagen Group and on investing in real estate used by MAN Group companies.

b) Pension plans outside Germany

Employees in the United Kingdom, Switzerland, and Brazil receive pension benefits under defined benefit funded pension plans.

The pension plans in the United Kingdom have been closed to new entrants and grant lifelong final salary pension benefits. Trustee boards, which have appointed professional administrators and advisers, are responsible for administering the pension plans, including investing the assets. Regular asset/liability management studies form the basis for investment and risk management. The investment risk is being successively reduced as part of a defined derisking strategy as funding ratios improve.

In Switzerland, the pension entitlements and the plan assets are managed in multiple-employer pension institutions. The employees accumulate plan assets in these institutions that are then converted into a lifelong annuity at the terms prevailing when the employee reaches pensionable age. The pension institutions are managed conservatively on the basis of standards imposed by government. If the plan assets are insufficient to meet the pension entitlements because of adverse market developments, the member employers and their employees can be required to make "stabilization contributions."

In France, Austria, and Poland, there are defined benefit pension plans with a low level of obligations that are funded by provisions. Additionally, mandatory post-employment benefits are granted in certain countries, e.g., the compulsory "Abfertigung" severance pay arrangements in Austria.

c) Funded status

Measurement of the present value of the defined benefit obligation was based on the following actuarial assumptions:

	Germany		Other countries [1]	
in %	2015	2014	2015	2014
Discount rate at December 31	2.70	2.30	2.76	3.07
Payroll trend	3.40	3.30	2.34	2.63
Pension trend	1.70	1.80	1.16	1.46
Employee turnover rate	4.44	4.55	4.22	4.32

[1] Weighted average rates.

The biometric parameters are based on current country-specific mortality tables. For Germany, the 2005 G mortality tables issued by Prof. Klaus Heubeck were adjusted in line with MAN-specific empirical values. In the United Kingdom and Switzerland, the "S2PA CMI 2015 1.25%" and "BVG 2010 GT" mortality tables, respectively, were used.

As a general principle, the discount rates are defined to reflect the yields on highly rated corporate bonds with matching maturities and currencies. The pension and payroll trends either correspond to contractually stipulated adjustments or are based on the general criteria that are valid in the countries concerned. The payroll trends cover expected wage and salary trends, which also include increases due to career development.

The change in the present value of the defined benefit obligation is attributable to the following factors:

€ million	2015	2014
Present value of DBO at January 1	2,859	2,458
Current service cost	83	74
Interest cost	73	90
Actuarial gains (–)/losses (+) arising from changes in demographic assumptions	– 20	– 13
Actuarial gains (–)/losses (+) arising from changes in financial assumptions	– 57	328
Actuarial gains (–)/losses (+) arising from experience adjustments	0	– 16
Employee contributions to plan assets	15	14
Pension payments from company assets	– 26	– 28
Pension payments from plan assets	– 107	– 79
Past service cost (including plan curtailments)	– 6	– 7
Gains (–) or losses (+) arising from plan settlements	–	0
Change in consolidated Group structure	–	– 1
Other changes	– 2	10
Currency translation differences from foreign plans	54	30
Present value of DBO at December 31	**2,867**	**2,859**

Changes in the relevant actuarial assumptions would have had the following effects on the present value of the defined benefit obligation:

Present value of DBO if		12/31/2015 € million	12/31/2015 %	12/31/2014 € million	12/31/2014 %
Discount rate	is 0.5 percentage points higher	2,711	– 5.46	2,695	– 5.74
	is 0.5 percentage points lower	3,043	6.14	3,044	6.46
Payroll trend	is 0.5 percentage points higher	2,883	0.53	2,874	0.51
	is 0.5 percentage points lower	2,853	– 0.49	2,846	– 0.47
Pension trend	is 0.5 percentage points higher	2,989	4.23	2,979	4.19
	is 0.5 percentage points lower	2,756	– 3.89	2,751	– 3.79
Longevity	increases by 1 year	2,932	2.27	2,925	2.29

The sensitivity analysis shown above considers the change in one assumption at a time, leaving the other assumptions unchanged versus the original calculation, i.e. any correlation effects between the individual assumptions are ignored.

To examine the sensitivity of the present value of the defined benefit obligation to a change in assumed longevity, the age of the beneficiaries was reduced by one year as part of a comparative calculation.

The average duration of the defined benefit obligation weighted by the present value of the defined benefit obligation (Macaulay duration) is 12 years (previous year: 12 years).

The present value of the defined benefit obligation is attributable as follows to the members of the plan:

€ million	2015	2014
Active members	1,300	1,280
Former members	291	297
Pensioners	1,277	1,282
Total	**2,867**	**2,859**

The maturity profile of payments attributable to the defined benefit obligation is presented in the following table by classifying the present value of the obligation by the maturity of the underlying payments:

€ million	2015	2014
Payments due within one year	132	120
Payments due between one and five years	478	442
Payments due after more than five years	2,257	2,297
Total	**2,867**	**2,859**

Changes in plan assets are shown in the following table:

€ million	2015	2014
Plan assets at January 1	2,258	2,007
Interest income on plan assets calculated using the discount rate	59	75
Return on plan assets not included in interest income	4	67
Employer contributions to plan assets	105	151
Employee contributions to plan assets	9	9
Pension payments from plan assets	– 107	– 79
Change in consolidated Group structure	–	0
Other changes	0	0
Currency translation differences from foreign plans	49	28
Plan assets at December 31	**2,376**	**2,258**

The investment of plan assets resulted in income of €62 million (previous year: €142 million), of which €52 million (previous year: €92 million) was attributable to Germany and €10 million (previous year: €50 million) to other countries.

Employer contributions to plan assets are expected to amount to €85 million in the next annual reporting period (previous year: €60 million).

Plan assets are invested in the following asset classes:

	12/31/2015			12/31/2014		
€ million	Quoted prices in active markets	No quoted prices in active markets	Total	Quoted prices in active markets	No quoted prices in active markets	Total
Cash and cash equivalents	79	–	**79**	70	–	**70**
Equity instruments	83	–	**83**	55	–	**55**
Debt instruments	188	–	**188**	187	–	**187**
Direct investments in real estate	–	81	**81**	–	75	**75**
Equity funds	457	–	**457**	511	–	**511**
Bond funds	844	–	**844**	729	–	**729**
Real estate funds	43	–	**43**	28	–	**28**
Other funds	46	–	**46**	70	2	**72**
Other instruments	17	539	**556**	13	518	**531**
Fair value of plan assets	**1,756**	**620**	**2,376**	**1,664**	**594**	**2,258**

27% (previous year: 29%) of the plan assets are invested in German assets, 53% (previous year: 56%) in other European assets and 20% (previous years: 14%) in assets in other regions.

d) Pension expense

The following amounts were recognized in the income statement:

€ million	**2015**	**2014**
Current service cost	83	74
Net interest expense (+)/income (–)	15	16
Past service cost (including plan curtailments)	– 6	– 7
Gains (–) or losses (+) arising from plan settlements	–	0
Total	**92**	**82**

27 Other provisions

€ million	As of 12/31/2014	Change in consolidated Group structure, currency translation	Utilization	Additions	Reversals	Interest unwinding and change in discount rate	As of 12/31/2015
Warranties	875	– 9	– 216	249	– 80	– 5	**814**
Outstanding costs	233	3	– 115	77	– 7	0	**191**
Obligations to employees	140	1	– 43	70	– 2	1	**167**
Other obligations arising from operating activities	176	– 25	– 61	67	– 20	0	**136**
Miscellaneous provisions	320	– 4	– 131	361	– 44	0	**503**
	1,745	**– 34**	**– 567**	**824**	**– 153**	**– 3**	**1,811**

The following table provides an overview of other provisions by maturity:

€ million	12/31/2015 Noncurrent	12/31/2015 Current	12/31/2014 Noncurrent	12/31/2014 Current
Warranties	389	424	408	467
Outstanding costs	51	140	47	186
Obligations to employees	103	64	100	40
Other obligations arising from operating activities	67	69	80	96
Miscellaneous provisions	27	476	24	296
	638	**1,174**	**659**	**1,086**

Provisions for warranty obligations are recognized for statutory and contractual guarantee obligations and for ex gratia settlements with customers. The timing of settlement of provisions for warranties depends on the occurrence of the warranty claim and may extend to the entire warranty and ex gratia settlement period. Provisions for outstanding costs are recognized for services still to be provided for customer contracts and contract elements already billed, and for obligations under maintenance and service contracts. Obligations to employees relate to anniversary payments, termination benefits, and partial retirement obligations. Other obligations arising from operating activities relate to provisions for sales expenses as well as other obligations. The miscellaneous provisions include provisions for expected losses from onerous contracts. In other respects, the miscellaneous provisions also contain the provisions for restructuring measures at MAN Truck & Bus added in fiscal 2015 in the total amount of €185 million.

Other obligations arising from operating activities in fiscal 2011 contained provisions of €65 million that were recognized in connection with the investigation of potential irregularities in the handover of four-stroke marine diesel engines at MAN Diesel & Turbo. A significant proportion of these provisions had been used as of December 31, 2015. See note (30) for further information.

28 Other financial liabilities

€ million	12/31/2015	12/31/2014
Liabilities from buyback obligations	2,065	1,813
Liabilities from the profit and loss transfer agreement and tax allocation procedure with VW Truck & Bus GmbH	403	378
Negative fair value of derivatives	86	72
Interest payable	42	41
Miscellaneous other financial liabilities	76	70
	2,672	**2,374**

The liabilities from buyback obligations originate from sales of commercial vehicles accounted for as operating leases because of a buyback agreement.

Other financial liabilities continue to include the negative fair value of derivatives. Because these instruments are predominantly used to hedge currency risks in customer orders, they are matched in this respect by offsetting effects from the underlyings.

Other financial liabilities are reported in the following balance sheet items:

€ million	12/31/2015	12/31/2014
Other noncurrent financial liabilities	1,431	1,204
Other current financial liabilities	1,241	1,169

Of the other noncurrent financial liabilities, €30 million (previous year: €38 million) is due in more than five years.

29 Other liabilities

€ million	12/31/2015	12/31/2014
Other noncurrent financial liabilities	1,480	1,370
Other current financial liabilities	347	335
Payroll liabilities	335	280
Liabilities related to social security contributions	22	24
Miscellaneous other liabilities	61	55
	2,246	**2,063**

Other liabilities are reported in the following balance sheet items:

€ million	12/31/2015	12/31/2014
Other noncurrent liabilities	991	956
Other current liabilities	1,255	1,107

Of the other noncurrent liabilities, €137 million (previous year: €136 million) is due in more than five years.

Other disclosures

30 Litigation/legal proceedings

Based on indications of irregularities in the course of the handover of four-stroke marine diesel engines by MAN Diesel & Turbo SE, MAN SE's Executive Board launched an investigation by MAN SE's Compliance function and external advisers in fiscal 2011. The investigation showed that it was possible to externally manipulate the technically calculated fuel consumption figures for four-stroke marine diesel engines on test beds operated by MAN Diesel & Turbo SE (formerly: MAN Diesel SE) such that the figures displayed differed from the actual test results. MAN notified the Munich Public Prosecution Office (I) of its investigation. The matter was passed to the Public Prosecution Office in Augsburg at the end of 2011. The Augsburg Local Court imposed an administrative fine on MAN Diesel & Turbo SE in the single-digit millions in fiscal 2013. The investigations by the Augsburg Public Prosecution Office into MAN Diesel & Turbo SE were terminated on payment of this amount. See note (27) for further information on provisions.

The investigation by the European Commission into suspected possible antitrust violations in the commercial vehicles business launched in 2011 is still ongoing. In November 2014, the European Commission sent MAN and the other commercial vehicle manufacturers concerned the statement of objections, informing the companies concerned of the claims brought against them. MAN is continuing to cooperate in full with the European Commission. As of December 31, 2015, MAN had not recognized any provisions for these proceedings. The antitrust investigation of several commercial vehicle manufacturers that was also launched in 2011 by the South Korean antitrust authorities was terminated at the end of 2013 with the imposition of administrative fines on all the manufacturers involved. An administrative fine of €2 million was imposed on MAN Truck & Bus Korea Ltd. MAN filed an appeal against this fine with the competent court in early 2014. In late 2015, the court upheld this appeal. In early 2016, the antitrust authorities in Korea responded by appealing the judgment of the court.

In addition to the issues described above, MAN is involved in various legal disputes and legal proceedings in connection with its Group-wide business activities. Although any negative decisions in such cases could have a material effect on the Company's results in a particular reporting period, MAN does not believe that they could have a material adverse effect on its net assets, financial position, and results of operations. MAN does not tolerate compliance violations. Neither corruption nor breaches of competition law are tolerated, encouraged, or accepted by MAN.

No disclosures in accordance with IAS 37, Provisions, Contingent Liabilities, and Contingent Assets, are made on certain legal disputes if the Company concludes that these disclosures could seriously prejudice the outcome of the legal proceedings in question.

31 Contingencies and commitments

€ million	12/31/2015	12/31/2014
Contingent liabilities under guarantees	40	80
Other contingent liabilities	158	188

The contingent liabilities under guarantees relate mainly to guarantees issued for trade obligations of investees, former investees, and other companies. It includes financial guarantees amounting to €11 million (previous year: €14 million). The year-on-year decrease is attributable to the planned reduction of guarantees for legacy transactions due to the expiry of the warranty periods. The maximum total potential contingent liability for Ferrostaal under MAN's obligations from guarantees is €25 million (previous year: €54 million). MAN's guarantees for Ferrostaal are largely covered by indemnities, depending on the origination date of the guarantee.

Guarantees of €9 million (previous year: €6 million) are in place for the benefit of subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group. Guarantees for nonconsolidated subsidiaries in the amount of €3 million (previous year: €10 million) also exist.

Other contingent liabilities relate mainly to contingent liabilities for potential charges from tax risks, which exist for MAN Latin America in particular. It is not currently considered likely that a claim will be made against MAN Latin America in connection with these liabilities. These liabilities are also largely covered by indemnities. An additional tax case is expected to have a favorable outcome for MAN Latin America. This relates to differing assessments with regard to the tax issues arising in the year that the Brazilian arm of the company was acquired.

Customer liabilities to MAN Finance companies that finance the purchase of the Group's products are covered by standard industry buyback guarantees, under which MAN Truck & Bus is obliged to buy back vehicles from the financing company in the event of default. The maximum expenses under buyback guarantees amounted to €1,615 million as of December 31, 2015 (previous year: €1,398 million). However, based on experience, the majority of these guarantees expire without being drawn upon.

Any recourse claims are not offset in the measurement of the contingent liabilities disclosed.

32 Other financial obligations

Other financial obligations include rental and lease obligations. The future rental and lease obligations under operating leases are due as follows until expiration of the lease terms:

€ million	12/31/2015	12/31/2014
Due within one year	151	142
Due between one and five years	329	332
Due after more than five years	349	356
	829	**830**

Rental and lease obligations include payments for leased property, among other things, and are partly offset by future income from subleases of €1 million (previous year: €2 million).

Purchase commitments for items of property, plant, and equipment amounted to €390 million at the end of the reporting period (previous year: €241 million). Purchase commitments for intangible assets amounted to €10 million (previous year: €3 million). Purchase commitments for services amounted to €171 million (previous year: €175 million).

33 Statement of cash flows

The statement of cash flows classifies cash flows into cash flows from operating, investing, and financing activities. The effects of changes in the consolidated Group structure and of exchange rate changes are eliminated in the corresponding line items. The change in cash and cash equivalents attributable to changes in exchange rates is presented in a separate line item. Cash flow from operating activities is reported using the indirect method.

Noncash operating expenses and income, as well as gains and losses from asset disposals, are eliminated in cash flow from operating activities. The change in assets leased out and in the customer payments received for them is allocated to cash flow from operating activities.

Cash flow from investing activities includes additions to property, plant, and equipment, intangible assets and equity investments, capitalized development costs, and investments in securities and loans. Payments received from these positions are offset. Payments from the disposal of subsidiaries are reported net of cash disposed.

Cash flow from financing activities is composed of the following cash transactions: dividends allocated to noncontrolling interest shareholders (the previous year's figure included the dividend of €21 million paid to the shareholders of MAN SE), absorption of the loss for fiscal year 2013 by or transfer of the profit for fiscal year 2014 to VW Truck & Bus GmbH, repayment of bonds, and the change in other financial liabilities.

The cash and cash equivalents reported in the statement of cash flows correspond to the cash and cash equivalents recognized in the balance sheet.

In 2015, cash flows from operating activities include interest received amounting to €104 million (previous year: €50 million) and interest paid amounting to €144 million (previous year: €341 million). In addition, the share of profits and losses of equity-method investments includes dividends amounting to €8 million (previous year: €9 million). Dividends received from other equity activities amounted to €4 million (previous year: €5 million).

Based on the current domination and profit and loss transfer agreement between VW Truck & Bus GmbH and MAN SE, the profit of €486 million for fiscal 2014 was transferred on February 9, 2015 (previous year: the loss of €724 million for fiscal 2013 was absorbed). The profit transfer or loss absorption is recognized in net cash provided by or used in financing activities.

For information regarding cash flows from discontinued operations, see note (5).

34 Additional disclosures on financial instruments

The following section contains supplemental disclosures on the significance of financial instruments and on individual balance sheet and income statement line items relating to financial instruments.

Financial instruments are divided into the following classes:

- financial instruments measured at fair value,
- financial instruments measured at (amortized) cost,
- derivative financial instruments included in hedging relationships, and
- financial instruments not falling within the scope of IFRS 7.

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments, as well as the allocation of the balance sheet items to the measurement categories.

	Measured at fair value						
	Recognized in other comprehensive income [1]	Through profit or loss [2]	Measured at (amortized) cost [3]		Derivatives included in hedging relationships	Not within the scope of IFRS 7	Balance sheet item at 12/31/2015
€ million	Carrying amount	Carrying amount	Carrying amount	Fair value	Carrying amount	Carrying amount	
Noncurrent assets							
Equity-method investments	–	–	–	–	–	449	449
Other equity investments	2,708	–	1	–	–	48	2,758
Other financial assets	–	15	330	330	1	–	346
Current assets							
Trade receivables	–	–	1,924	1,924	–	–	1,924
Other financial assets	–	63	322	322	17	–	402
Cash and cash equivalents	–	–	779	779	–	–	779
Noncurrent liabilities							
Financial liabilities	–	–	1,235	1,252	–	–	1,235
Other financial liabilities	–	11	1,403	1,403	17	–	1,431
Current liabilities							
Financial liabilities	–	–	1,280	1,293	–	–	1,280
Trade payables	–	–	1,683	1,683	–	–	1,683
Other financial liabilities	–	27	1,182	1,182	32	–	1,241

[1] Corresponds to the "available-for-sale financial assets" measurement category under IAS 39.
[2] Corresponds to the "financial instruments measured at fair value through profit or loss" measurement category under IAS 39.
[3] Includes financial investments classified as available for sale whose fair value cannot be reliably determined due to the lack of an active market and that are measured at cost, and the "loans and receivables" and "financial liabilities measured at amortized cost" measurement categories.

€ million	Measured at fair value: Recognized in other comprehensive income[1] – Carrying amount	Measured at fair value: Through profit or loss[2] – Carrying amount	Measured at (amortized) cost[3] – Carrying amount	Measured at (amortized) cost[3] – Fair value	Derivatives included in hedging relationships – Carrying amount	Not within the scope of IFRS 7 – Carrying amount	Balance sheet item at 12/31/2014
Noncurrent assets							
Equity-method investments	–	–	–	–	–	471	471
Other equity investments[4]	2,071	–	1	–	–	41	2,113
Other financial assets[5]	–	42	440	440	1	–	482
Current assets							
Trade receivables	–	–	2,234	2,234	–	–	2,234
Other financial assets[5]	–	10	282	282	4	–	296
Cash and cash equivalents	–	–	525	525	–	–	525
Noncurrent liabilities							
Financial liabilities	–	–	1,500	1,587	–	–	1,500
Other financial liabilities[5]	–	19	1,179	1,179	5	–	1,204
Current liabilities							
Financial liabilities	–	–	985	985	–	–	985
Trade payables	–	–	1,662	1,662	–	–	1,662
Other financial liabilities[5]	–	11	1,122	1,122	36	–	1,169

[1] Corresponds to the "available-for-sale financial assets" measurement category under IAS 39.
[2] Corresponds to the "financial instruments measured at fair value through profit or loss" measurement category under IAS 39.
[3] Includes financial investments classified as available for sale whose fair value cannot be reliably determined due to the lack of an active market and that are measured at cost, and the "loans and receivables" and "financial liabilities measured at amortized cost" measurement categories.
[4] The previous year's figures have been adjusted. Subsidiaries or associates and joint ventures that are not consolidated due to insignificance are classified as "not within the scope of IFRS 7" – see also "Accounting policies."
[5] The previous year's figures have been adjusted. Derivative financial instruments included in hedging relationships are reported in a separate class – see also "Accounting policies."

The cumulative carrying amounts of the financial instruments classified by IAS 39 measurement category are as follows:

IAS 39 measurement category € million	12/31/2015 Total assets	12/31/2015 Total equity and liabilities	12/31/2014 Total assets	12/31/2014 Total equity and liabilities
Available-for-sale financial assets[1]	2,709	–	2,072	–
Financial instruments measured at fair value through profit or loss	78	38	51	30
Loans and receivables	3,355	–	3,481	–
Financial liabilities measured at amortized cost	–	6,784	–	6,449

[1] The previous year's figures have been adjusted. Subsidiaries or associates and joint ventures that are not consolidated due to insignificance are not within the scope of IAS 39 – see also "Accounting policies."

Fair values were determined on the basis of the conditions prevailing at the end of the reporting period and the valuation techniques described in the following, and correspond to the prices that would be received for the sale of an asset or paid for the transfer of a liability between market participants in an arm's length transaction. There were no material changes in the valuation techniques applied as against those applied in the previous year.

Cash and cash equivalents, trade receivables, other financial assets, and trade payables mostly have short remaining maturities. For this reason, their carrying amounts at the end of the reporting periods are approximately the same as their fair values. An appropriate impairment loss has also been recognized on trade receivables where there is objective evidence.

The fair values of listed bonds are based on the quoted prices at the end of the reporting period. The fair value of OTC bonds, fixed-rate bank borrowings, and other financial liabilities is measured as the present value of the cash flows expected to be required to settle the liabilities, discounted using standard market rates of interest for matching maturities.

Future cash flows are estimated using forward curves for derivative financial instruments without option components, which include currency forwards, commodity futures, interest rate swaps, and cross-currency swaps. The fair value of these instruments corresponds to the total discounted cash flows. Options on currency pairs or interest rates are measured on the basis of standard option pricing models, i.e., generalized Black Scholes formulas.

The following table shows the financial assets and liabilities measured at fair value by level:

€ million	12/31/2015	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,708	–	–	2,708
Other financial assets	15	–	15	–
Current assets				
Other financial assets	63	–	63	–
Noncurrent liabilities				
Other financial liabilities	11	–	11	–
Current liabilities				
Other financial liabilities	27	–	27	–

€ million	12/31/2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,071	–	–	2,071
Other financial assets[1]	42	–	42	–
Current assets				
Other financial assets[1]	10	–	10	–
Noncurrent liabilities				
Other financial liabilities[1]	19	–	19	–
Current liabilities				
Other financial liabilities[1]	11	–	11	–

[1] The previous year's figures have been adjusted. Derivative financial instruments included in hedging relationships constitute a separate class and their fair values are shown in a separate table by level – see also "Accounting policies."

The following table presents an overview in hedge accounting of the derivative financial instruments included in hedging relationships by level:

€ million	12/31/2015	Level 1	Level 2	Level 3
Noncurrent assets				
Other financial assets	1	–	1	–
Current assets				
Other financial assets	17	–	17	–
Noncurrent liabilities				
Other financial liabilities	17	–	17	–
Current liabilities				
Other financial liabilities	32	–	32	–

€ million	12/31/2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other financial assets	1	–	1	–
Current assets				
Other financial assets	4	–	4	–
Noncurrent liabilities				
Other financial liabilities	5	–	5	–
Current liabilities				
Other financial liabilities	36	–	36	–

The following is an overview of the fair values of the financial assets and liabilities measured at amortized cost by level:

€ million	12/31/2015	Level 1	Level 2	Level 3
Trade receivables	1,924	–	1,862	62
Other financial assets	652	–	652	–
Cash and cash equivalents	779	779	–	–
Fair value of financial assets measured at amortized cost	**3,355**	**779**	**2,514**	**62**
Financial liabilities	2,545	1,279	1,267	–
Trade payables	1,683	–	1,683	–
Other financial liabilities	2,586	–	2,586	–
Fair value of financial liabilities measured at amortized cost	**6,814**	**1,279**	**5,536**	**–**

€ million	12/31/2014	Level 1	Level 2	Level 3
Trade receivables	2,234	–	2,185	49
Other financial assets	722	–	722	–
Cash and cash equivalents	525	525	–	–
Fair value of financial assets measured at amortized cost	**3,481**	**525**	**2,907**	**49**
Financial liabilities	2,573	1,954	619	–
Trade payables	1,662	–	1,662	–
Other financial liabilities	2,302	–	2,302	–
Fair value of financial liabilities measured at amortized cost	**6,537**	**1,954**	**4,583**	**–**

Fair value hierarchy:
Measurement and presentation of the fair values of financial instruments are based on a fair value hierarchy that reflects the significance of the inputs used for measurement and is classified as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of Level 2 financial instruments is determined on the basis of the conditions prevailing at the end of the reporting period, such as interest rates or exchange rates, and using recognized models such as discounted cash flow or option pricing models.

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs). The fair value of Level 3 receivables was measured by reference to individual expectations of losses; these are based to a significant extent on the Company's assumptions about counterparty credit quality.

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. There were no transfers between Level 1 and Level 2 in fiscal years 2015 and 2014.

The investment in Scania, which is classified as an available-for-sale financial asset, was allocated to Level 1 as of December 31, 2013.

The shares of Scania have not been measured at fair value since June 2014 when they were delisted. Due to the progress of the Scania transaction, it was possible to measure the fair value of the investment using a discounted cash flow method as of year-end 2014. Consequently, the investment in Scania was classified in Level 3 of the fair value hierarchy as of December 31, 2014. There were no transfers into or out of Level 3 in fiscal 2015. The effect of the fair value measurement of the investment in Scania in fiscal 2015 and as of December 31, 2014, was recognized in other comprehensive income in the fiscal year and resulted in a carrying amount of €2,708 million (previous year: €2,071 million). The €637 million measurement effect (previous year: €586 million) recognized in other comprehensive income impacted the "Measurement of marketable securities and financial investments" item within "Other comprehensive income." The following table shows the change in the balance sheet items measured at fair value classified in Level 3, which relate solely to the investment in Scania.

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at January 1, 2014	–	–
Additions as of December 31, 2014 (available-for-sale assets)	2,071	–
Balance at December 31, 2014	2,071	–
Fair value changes recognized in other comprehensive income	637	–
Balance at December 31, 2015	**2,708**	**–**

As significant unobservable inputs, the assumptions regarding corporate planning, the growth rates used to estimate cash flows after the end of the planning period, and the discount rate are taken into account in the measurement. A long-term growth rate of 1% (previous year: 1%) and a pre-tax cost of capital of 7.3% (previous year: 9.3%) are applied. Based on the information currently available, a material change in corporate planning is considered unlikely. The cash flow forecasts used are therefore considered to be an appropriate basis for measuring fair value. A variation of +/– 0.5 percentage points in the long-term growth rate would increase equity by €252 million or reduce it by €203 million, respectively. A variation of +/– 0.5 percentage points in the after-tax cost of capital (based on an after-tax calculation) would reduce equity by €268 million or increase it by €332 million, respectively. There are no significant interrelationships between the significant unobservable inputs.

Other financial investments classified as available for sale are measured at cost and have a carrying amount of €1 million (previous year: €1 million). These are mainly investments in and shares of unlisted entities. These investments and shares are recognized at cost if it is not possible to reliably measure their fair value without undue effort. No material shares measured at cost were sold in the reporting period or in the previous year. The Company currently has no intention to sell these shares.

The valuation allowances on financial assets mainly related to trade receivables and other financial assets. They changed as follows:

€ million	2015	2014
Balance at January 1	**120**	**145**
Additions	65	26
Utilization	– 17	– 24
Reversals	– 21	– 27
Exchange rate effects and other changes	– 6	– 1
Balance at December 31	**142**	**120**

The following tables present information about the effects of offsetting on the consolidated balance sheet and the financial effects of offsetting in the case of instruments that are subject to a legally enforceable master netting arrangement or a similar agreement.

				Amounts that are not set off in the balance sheet		
€ million	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Financial instruments	Collateral received	Net amount at 12/31/2015
Derivatives	96	–	96	– 36	–	60
Trade receivables	1,924	–	1,924	–	– 231	1,693

€ million	Gross amount of recognized financial assets	Gross amount of recognized financial liabilities set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts that are not set off in the balance sheet		Net amount at 12/31/2014
				Financial instruments	Collateral received	
Derivatives	57	–	57	– 26	–	31
Trade receivables	2,234	–	2,234	–	– 305	1,929

€ million	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts that are not set off in the balance sheet		Net amount at 12/31/2015
				Financial instruments	Collateral pledged	
Derivatives	86	–	86	– 36	–	50

€ million	Gross amount of recognized financial liabilities	Gross amount of recognized financial assets set off in the balance sheet	Net amount of financial liabilities presented in the balance sheet	Amounts that are not set off in the balance sheet		Net amount at 12/31/2014
				Financial instruments	Collateral pledged	
Derivatives	72	–	72	– 26	–	46

The “Financial instruments” column shows the amounts that are subject to a master netting arrangement but that have not been set off because they do not meet the offsetting criteria. These amounts can only be set off if specific future events occur, such as the insolvency of one of the counterparties. The “Collateral received” and “Collateral pledged” columns contain the amounts of cash collateral and collateral in the form of financial instruments received and pledged for the total amount of assets and liabilities.

Net gains and losses on financial instruments are presented in the following table:

€ million	2015	2014
Loans and receivables	– 77	4
Available-for-sale financial assets[1]	139	– 8
Financial liabilities at cost	– 73	– 60
Financial assets and liabilities at fair value through profit or loss	59	6

[1] The previous year's figures have been adjusted. Subsidiaries or associates and joint ventures that are not consolidated due to insignificance are not within the scope of IAS 39 – see also "Accounting policies."

Net gains and losses on loans and receivables primarily contain changes in valuation allowances, income from payments received on loans and receivables written off, currency translation differences, and reversals of impairment losses.

Net gains and losses on available-for-sale financial assets result primarily from net income from investments.

Net gains and losses on financial liabilities measured at cost are principally composed of gains and losses from currency translation.

Net gains and losses on financial assets and liabilities at fair value through profit or loss contain changes in the fair value of derivative financial instruments for which hedge accounting is not used.

The interest income and expenses relating to financial assets and liabilities are as follows:

€ million	2015	2014
Interest income	47	35
Interest expenses	– 159	– 161

Interest income of €37 million (previous year: €35 million) and interest expenses of €145 million (previous year: €161 million) relate to items that are not measured at fair value through profit or loss. Interest income on impaired financial assets is insignificant because receipt of payment is expected in the short term in most cases.

35 Derivatives and hedging strategies

Because of the MAN Group's business activities and international focus, its assets, liabilities, and forecast transactions are exposed to market, credit, and liquidity risk. The MAN Group has in place a Group-wide risk management system to identify, quantify, and mitigate these risks.

MAN Group companies generally hedge their currency, interest rate, and commodity risks through MAN SE's Group Treasury on an arm's length basis using nonderivative and, primarily, derivative financial instruments. In countries whose exchange controls or regulatory provisions do not permit direct hedging by MAN SE — especially Brazil — currency, interest rate, and money market transactions are entered into by MAN SE on behalf of and for the account of the Group company concerned. Derivatives are accounted for at the trade date.

The Group's risk positions are hedged externally by Group Treasury with banks within defined risk limits. Hedging transactions entered into adequately reflect the risk management requirements applicable to banks and are subject to rigorous oversight, which is ensured in particular by the strict separation of trading, settlement, and supervision functions.

The MAN Group's market risks are reported regularly to the Executive and Supervisory Boards. Compliance with the guidelines is reviewed by the Internal Audit function.

a) Currency risk

A currency risk arises for each MAN company if it enters into transactions resulting in future cash flows that are not denominated in that MAN company's functional currency. To mitigate the effects of exchange rate movements, the MAN companies continuously quantify the currency risk and hedge all material risks using currency forwards, currency options, and cross-currency swaps on an ongoing basis.

In the MAN Group, all firm customer orders (firm commitments), the Group's own purchases, receivables, and liabilities denominated in foreign currencies are hedged as a matter of principle. Currencies that are highly correlated with the euro, such as the Danish krone, as well as equity investments or equity-equivalent loans, are only hedged in individual instances. We also enter into hedges for forecast foreign currency revenue from the series production business within defined hedging limits that are specific to MAN's business, and (on a case-by-case basis) for highly probable customer projects.

The MAN Group's foreign currency exposure at the end of the reporting period consists primarily of transactions denominated in Danish kroner, U.S. dollars, and UK pound sterling. MAN SE was not exposed to any material currency risk due to the hedging transactions entered into for this exposure.

Cash flow hedges are generally used for hedge accounting.

In fiscal 2015, net losses of €56 million (previous year: net losses of €34 million) from cash flow hedges were recognized in other comprehensive income. In the course of the fiscal year, gains of €29 million (previous year: €9 million) were reclassified from other comprehensive income to other operating income, and losses of €89 million (previous year: €32 million) were reclassified to other operating expenses.

If the results of the retrospective effectiveness test applied to cash flow hedge accounting indicate that effectiveness is not 100% but within the effectiveness range of 80% to 125%, the resulting hedge ineffectiveness is recognized in the other financial result.

The maximum remaining term of cash flow hedges of forecast transactions was 35 months at the end of fiscal 2015. 31% (previous year: 31%) of the hedged forecast transactions are expected to occur and thus affect profit for the period in the first quarter of 2016. A further 50% (previous year: 55%) of the forecast transactions are expected to be implemented by the end of 2016.

There were no fair value hedges.

The nonderivative and derivative financial instruments existing at the end of the reporting period were measured in a hypothetical scenario as part of a sensitivity analysis. The effects of a ten percent increase/decrease in a currency per exchange rate were as follows as of December 31, 2015:

	12/31/2015				12/31/2014			
€ million	Equity		Profit for the period		Equity		Profit for the period	
Exchange rate	+ 10%	– 10%	+ 10%	– 10%	+ 10%	– 10%	+ 10%	– 10%
Euro/Brazilian real	0	0	8	– 8	3	– 3	10	– 10
Euro/Danish krone	5	– 5	– 30	30	4	– 4	– 18	18
U.S. dollar/Brazilian real	8	– 8	– 1	1	8	– 8	– 1	1
Euro/UK pound sterling	23	– 23	2	– 2	11	– 11	7	– 7
Euro/Swiss franc	3	– 3	– 10	10	3	– 3	– 8	8
Euro/U.S. dollar	10	– 10	– 8	8	18	– 18	– 7	7
Euro/Russian ruble	0	0	3	– 3	0	0	2	– 2
Euro/Malaysian ringgit	0	0	3	– 3	0	0	2	– 2

b) Interest rate risk

The MAN Group is exposed to interest rate risk from interest rate-sensitive assets and liabilities. Most of the assets that are sensitive to interest rate movements result from the existing nonderivative and derivative financial instruments entered into with MAN Finance before January 1, 2014.

Interest rate-sensitive financial liabilities at the reporting date exist primarily in the form of variable-rate liabilities at banks and other variable-rate financial liabilities.

Financial instruments that are sensitive to movements in interest rates are exposed to interest rate risk in the form of fair value risk or cash flow risk. Fair value risk is a measure of the sensitivity of the carrying amount of a financial instrument to changes in market rates of interest. Cash flow risk describes the exposure to variability in future interest payments in response to interest rate movements.

The goal of interest rate risk management is to largely eliminate the MAN Group's interest rate risk. Interest rate risk is captured, analyzed, and managed centrally in the MAN Group using sensitivity analyses. Group Treasury enters into hedges to mitigate risk resulting from nonderivative financial instruments and, in certain cases, for highly probable forecast customer transactions. Interest rate swaps, cross-currency swaps, and, in specific cases, swaptions, caps, and floors are used for hedging. The volumes and maturities are oriented on the redemption structure of the defined customer portfolios or of the financial liability, and on the target hedging level.

The sensitivity analyses are based on the following assumptions:

In the case of variable-rate nonderivative financial instruments, hypothetical changes in market rates of interest would affect profit before tax as of the reporting date as shown below.

Fixed-rate nonderivative financial instruments measured at amortized cost are not exposed to any interest rate risk. At MAN, these include the fixed-rate bonds issued under the EMTN program and the promissory note loans. The interest rate risk of interest rate derivatives is analyzed and managed based on the measurement of the variable and fixed interest payments.

A 100 basis point (bp) parallel shift in the yield curve is assumed to calculate interest rate sensitivity. This would produce the following opportunities (positive values) and risks (negative values):

	12/31/2015		12/31/2014	
€ million	+ 100 BP	– 100 BP	+ 100 BP	– 100 BP
Variable-rate nonderivative financial instruments	1	– 1	1	– 1
Derivatives	1	– 1	2	– 2

Any earnings effects of the interest rate sensitivity analysis would be recognized exclusively in profit for the period.

c) Commodity price risk

Commodity price fluctuations lead to cost volatility for MAN. This in turn leads to commodity price risks that cannot always be passed on to the customer. MAN SE enters into cash-settled commodity futures to mitigate these risks.

The commodity price risks are regularly captured centrally and hedged externally on the basis of defined risk limits, to the extent that there are liquid markets. There were no material concentrations of risk in the past fiscal year. Commodity futures had been entered into at the end of the reporting period to hedge commodity price risks relating to gas, steel, nonferrous metals, precious metals, and rubber with a fair value of €–3 million (previous year: €+ 0.4 million).

The maximum remaining term of hedges of forecast transactions was 22 months at the end of fiscal 2015. Hedge accounting is not used at present.

A hypothetical 10% increase/decrease in commodity prices is assumed, in line with the sensitivity analysis of currency risks. The potential effect on profit for the period of the change in the fair value of the commodity futures is €+3 million (previous year: €+4 million) for +10% or €–3 million (previous year: €–4 million) for –10%, respectively.

d) Credit risk

The MAN Group is exposed to credit risk because of its business operations and certain financing and leasing activities.
From the MAN Group's perspective, credit risk entails the risk that a party to a financial instrument will fail to meet its contractual obligations and thus cause a financial loss for the MAN Group. Credit risk comprises both the direct default risk and the risk of a deterioration in credit quality. The maximum credit risk is reflected by the carrying amount of the financial assets recognized in the balance sheet; see note (34).

The following measures in particular are used to minimize credit risk and measure risk provisions:

The MAN Group has largely centralized liquidity management at MAN SE. The financial institutions and investment forms are carefully selected when investing cash funds, while a limit system ensures diversification. Significant cash and capital market investments as well as derivatives are made through domestic and international banks with good creditworthiness.

Country and counterparty risk resulting from business operations is continuously assessed locally. Risks are classified and profiled on this basis. Outstanding balances are also continuously monitored locally. Impairment losses are recognized if default risks arise. Credit risk is mitigated by various forms of protection, which may also be country-specific if appropriate. These include documentary credits, credit insurance, sureties, guarantees, and retention of title, as well as customer prepayments. In the project business, the default risk is minimized by requiring prepayments and obtaining collateral.

The MAN Group recognizes adequate risk provisions for the credit risk resulting from the operating business. This is achieved by continuously monitoring all receivables. Bad debt allowances are recognized if there is objective evidence of default or other breach of contract. Material individual receivables, as well as receivables whose collectability is in doubt, are measured on an item-by-item basis. The contractual terms governing trade receivables were not changed in the reporting period or in the previous year. The remaining receivables are combined into groups of similar contracts and then tested for impairment, reflecting country-specific risks and any collateral received. The maximum default risk exposure for trade receivables is reduced by collateral of €232 million (€305 million). As of the 2015 reporting date, the trade receivables include no transferred receivables that were not derecognized in their entirety because all of the credit risk remains with MAN. As of December 31, 2014, the fair value of the transferred receivables that are still recognized amounted to €4 million. The fair value of the associated liabilities amounted to €1 million as of the reporting date. The fair values of the receivables and liabilities are not materially different to their carrying amounts.

There were no material concentrations of credit risk in the MAN Group as of the 2015 reporting date.

Maturity overview of financial assets measured at amortized cost that are not individually impaired:

€ million	12/31/2015 Trade receivables	12/31/2015 Other financial assets	12/31/2014 Trade receivables	12/31/2014 Other financial assets
Up to 30 days past due	210	0	230	1
31–90 days	159	0	137	0
91 days–1 year	132	1	126	0
More than 1 year	48	2	82	0
Total financial assets past due but not individually impaired	549	3	574	1
Financial assets neither individually impaired nor past due	1,327	649	1,622	721
Carrying amounts of financial assets not individually impaired	1,876	652	2,196	722

Collective impairment losses are recognized for groups of financial assets on the basis of past experience to cover the credit risk from these receivables and from receivables not past due.

The gross carrying amount of the individually impaired trade receivables amounted to €189 million (previous year: €154 million) and the associated impairment loss was €–127 million, (previous year: €–105 million), so the net carrying amount was €62 million (previous year: €49 million).

There are no indications at the end of the reporting period that the credit quality of receivables and other financial assets that are neither individually impaired nor past due is impaired.

e) Liquidity risk

Liquidity risk describes the risk that the MAN Group will have difficulty in meeting its obligations associated with financial liabilities or that it can only procure liquidity at a higher price.

To counter this risk, cash inflows and outflows and due dates are continuously monitored and managed. Cash requirements are primarily met by our operating business and by external financing arrangements. As a result, there were no material concentrations of risk in the past fiscal year.

Cash management for the operating units is performed centrally to a large extent using a cash pooling process in which the cash funds of the Group companies and MAN SE are pooled every day. This allows cash surpluses and requirements to be managed in line with the needs of the Group as a whole and the individual Group companies.

The Group's cross-border access to local cash funds is limited by applicable foreign exchange controls in certain countries (including Brazil, China, India, Russia, and South Korea). Other than that, no significant restrictions exist.

Currently, bonds with a principal amount of €1.25 billion are outstanding from two fixed-rate public issues (maturing in 2016 and 2017) under the €5 billion EMTN program. The integration with the Volkswagen Group also enables the MAN Group to draw on intragroup financing. MAN SE has an — undrawn — backup line of €1.5 billion, for example, and a line of €1 billion with Volkswagen AG, of which €0.4 billion has been drawn down. Local MAN companies have also agreed financing with the locally based Volkswagen companies in an amount equivalent to €62 million, all of which has been utilized.

There are also committed bilateral credit lines with financial institutions in the amount of €817 million (previous year: €655 million), of which €603 million (previous year: €357 million) has been utilized.

More detailed information on existing short-and long-term external financing arrangements and further information on material agreements regarding a change of control can be found in note (25).

Management is informed regularly about cash inflows and outflows, as well as sources of finance.

The following table shows how the cash flows relating to liabilities, derivatives, and contingent liabilities affect the MAN Group's liquidity position:

Maturity overview [1]

€ million	12/31/2015 2016	12/31/2015 2017 – 2020	12/31/2015 > 2020	12/31/2014 2015	12/31/2014 2016 – 2019	12/31/2014 > 2019
Cash outflows from nonderivative financial liabilities[2]	4,227	2,655	39	3,861	2,691	43
of which financial liabilities	1,361	1,256	10	1,041	1,527	9
of which trade payables	1,683	0	0	1,662	0	0
of which other financial liabilities[3]	1,183	1,399	29	1,158	1,163	34
Cash outflows from derivatives with a negative fair value that are settled gross[2]	928	58	0	1,032	157	0
related cash flows[2]	901	54	0	1,007	150	0
Cash outflows from derivatives with a negative fair value that are settled net[2]	22	6	0	26	10	1
Potential cash flows from contingencies and commitments[4]	1,655	–	–	1,478	–	–
of which: for contingent liabilities under guarantees	40	–	–	80	–	–
of which: for contingent liabilities under buyback guarantees	1,615	–	–	1,398	–	–

[1] The following methodology was applied in calculating the amounts:
- If no contractual maturity has been agreed, the liability refers to the earliest maturity date.
- Variable-rate interest payments reflect the conditions at the end of the reporting period.
- It is assumed that the cash outflows will not occur earlier than shown.

[2] In accordance with IFRS 7, only undiscounted cash flows from contractual interest rate and principal payments are shown.
[3] The undiscounted maximum cash flows from buyback obligations are recognized as a financial liability.
[4] Contingent liabilities under guarantees relate to guarantees issued for trade obligations, including financial guarantees amounting to €11 million (previous year: €14 million). Contingent liabilities under standard industry buyback guarantees exist in respect of financing companies that finance the purchase of the Group's products by third parties. The maximum possible cash outflows are presented. The amounts are assumed to be due in the first year.

f) Amounts recognized for hedging instruments

The positive fair values of hedging instruments that are included in a cash flow hedge amounted to €18 million as of December 31, 2015 (previous year: €5 million). The negative fair values of hedging instruments that are included in a cash flow hedge amounted to €48 million as of December 31, 2015 (previous year: €41 million). These relate mainly to currency forwards.

36 Related party disclosures

Related parties within the meaning of IAS 24 are persons or entities that can be influenced by MAN SE, that can exercise influence over MAN SE, or that are influenced by another related party of MAN SE.

Related parties from MAN's perspective as of December 31, 2015, are:

- VW Truck & Bus GmbH and its subsidiaries,
- Volkswagen AG and its subsidiaries and material equity investments outside the MAN Group,
- Porsche Automobil Holding SE, Stuttgart, and its affiliated companies and related parties (Porsche Stuttgart),
- Other individuals and entities that can be influenced by MAN SE or that can influence MAN SE, such as:
  - the members of the Executive and Supervisory Boards of MAN SE,
  - the members of the Management and the Supervisory Board of VW Truck & Bus GmbH,
  - the members of the Board of Management and Supervisory Board of Volkswagen AG,
  - associates,
  - unconsolidated subsidiaries.

On December 31, 2015, VW Truck & Bus GmbH held 75.56% of MAN SE's voting rights and 74.35% of its share capital.

VW Truck & Bus GmbH and MAN SE had a domination and profit and loss transfer agreement in fiscal years 2014 and 2015. Profit of €486 million for fiscal 2014 was transferred on February 9, 2015, under the domination and profit and loss transfer agreement.

The volume of transactions with VW Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart and with other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group is shown in the following overview:

€ million	12/31/2015	12/31/2014
Sales and services to		
VW Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1]	4	7
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	1,304	1,129
Purchases and services received from		
VW Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1]	43	32
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	144	74
Receivables from		
VW Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1]	70	67
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	677	725
Liabilities to		
VW Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1]	915	465
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	2,082	1,876

[1] Porsche Automobil Holding SE, Stuttgart, including its affiliated companies and related parties.

The liabilities to VW Truck & Bus GmbH include the claim for the transfer of MAN SE's net income for the fiscal year under German GAAP amounting to €513 million in 2015 (previous year: €486 million). See note (28) for further information. The liabilities also include a new loan from Volkswagen AG in the amount of €400 million. The dividend from the investment in Scania amounts to €138 million and is disclosed in receivables from other subsidiaries of Volkswagen AG that are not part of the MAN Group.

There are liabilities to MAN Finance in the amount of €1,986 million as of December 31, 2015 (previous year: €1,753 million). The sale of receivables to subsidiaries of Volkswagen AG that are not part of the MAN Group amounted to €412 million in fiscal 2015 (previous year: €240 million). Furthermore, customer liabilities to MAN Finance are covered by standard industry buy-back guarantees, see note (31) "Contingencies and commitments." See note (5) for information about the sale of MAN Finance to VWFS on January 1, 2014.

A payment of €28 million was made to Volkswagen International Finance N.V., Amsterdam/Netherlands in fiscal 2014 in conjunction with the acquisition of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., São Paulo/Brazil, (now: MAN Latin America Indústria e Comércio de Veículos Ltda.) in fiscal 2009. This payment relates to the contractually agreed settlement of events occurring before the acquisition date.

The following table shows the volume of relationships with unconsolidated subsidiaries, associates, and joint ventures with which goods and services are exchanged as part of normal business transactions.

€ million	12/31/2015	12/31/2014
Revenue and other income generated with		
unconsolidated subsidiaries	47	44
associates and joint ventures	91	182
Goods and services purchased from		
unconsolidated subsidiaries	4	3
associates and joint ventures	231	219
Receivables from		
unconsolidated subsidiaries	17	20
associates and joint ventures	34	65
Liabilities to		
unconsolidated subsidiaries	29	33
associates and joint ventures	18	36

For information on the transactions with related parties required to be disclosed under IAS 24, please refer to notes (37) and (38) below.

37 Remuneration of the Executive Board

The remuneration of the members of the Executive Board was as follows:

€ thousand	2015	2014
Executive Board members in office as of December 31, 2015[1]		
Fixed remuneration[2]	454	–
Variable remuneration	1,008	–
Pension expense	145	–
For Executive Board members[3]		
Fixed remuneration[2]	1,375	2,433
Variable remuneration	1,902	1,944
Pension expense	840	975
Total	**5,724**	**5,352**

[1] Joachim Drees (Chief Executive Officer) and Jan-Henrik Lafrentz since October 1, 2015, Josef Schelchshorn since July 1, 2015.
[2] Including fringe benefits.
[3] Dr. Georg Pachta-Reyhofen (former Chief Executive Officer) and Ulf Berkenhagen until September 30, 2015, Jochen Schumm until June 30, 2015, Dr.-Ing. René Umlauft until August 31, 2014.

The variable remuneration in fiscal 2015 contains €–76 thousand from the adjustment of the bonus for fiscal 2014, based on the figures for 2014 and 2015 now available. The variable remuneration in fiscal 2014 contains €–665 thousand from the adjustment of the bonus for fiscal 2013, based on the figures for fiscals 2013 and 2014.

A severance payment in the total amount of €4,161 thousand (including €674 thousand for pensions) was attributable to Jörg Schwitalla, who left the Executive Board in fiscal 2012. A severance payment of €892 thousand (including €149 thousand for pensions) was attributable to Dr. Georg Pachta-Reyhofen, who left the Executive Board on September 30, 2015. Payments of €614 thousand were made in fiscal 2015 in relation to these severance payments.

Corresponding provisions were recognized for the termination benefits granted in excess of this amount.

The present value of pension obligations to Joachim Drees was €62 thousand as of December 31, 2015. The present value of pension obligations as of December 31, 2014, to members of the Executive Board in office as of the end of the year amounted to €4,062 thousand. The total pension expense amounted to €985 thousand in 2015 (previous year: €975 thousand), of which €316 thousand (previous year: €561 thousand) related to current service.
The interest component is not reported as part of the pension expense. The pension expense includes the current service cost for Dr. Georg Pachta-Reyhofen in fiscal 2015 and for Dr.-Ing. René Umlauft in fiscal 2014 on a pro rata basis for the periods until the dates they left the Executive Board. The pension expense also includes the agreed amounts recharged for Jochen Schumm, Ulf Berkenhagen, and Jan-Henrik Lafrentz for pension obligations outside MAN and the pension expense outside MAN for Josef Schelchshorn. No amounts were recharged for Jochen Schumm in 2015 and 2014.

There was also a special agreement on the total remuneration for Ulf Berkenhagen. A special arrangement relating to guaranteed variable remuneration was agreed with Mr. Drees, Mr. Lafrentz, and Mr. Schelchshorn.

Pension payments to former Executive Board members, including amounts paid in the first year after the end of their contracts and retirement, and to their surviving dependents amounted to €2,734 thousand as of December 31, 2015 (previous year: €2,862 thousand). A total of €51,738 thousand (previous year: €50,189 thousand) was recognized as of December 31, 2015, for provisions for pension obligations to former Executive Board members and their surviving dependents.

The members of the Executive Board, including their memberships in statutory supervisory boards and comparable supervisory bodies, are listed on page 177, and more detailed information on the remuneration structure and its components is disclosed in the Remuneration Report, which is part of the Combined Management Report.

The individual remuneration of the members of the Executive Board during the term of office at MAN SE is shown in the following table:

Executive Board remuneration 2015/(2014)

€ thousand	Fixed remuneration [1]	Variable remuneration	Pension expense	Total
Executive Board members in office as of December 31, 2015				
Joachim Drees (Chief Executive Officer) (since October 1, 2015)	125 (–)	255 (–)	20 (–)	400 (–)
Jan-Henrik Lafrentz (since October 1, 2015)	98 (–)	153 (–)	21 (–)	271 (–)
Josef Schelchshorn (since July 1, 2015)	231 (–)	600 (–)	104 (–)	936 (–)
Former Executive Board members				
Dr. Georg Pachta-Reyhofen (former Chief Executive Officer) (until September 30, 2015)	602 (803)	404 (–7)	296 (382)	1,302 (1,178)
Ulf Berkenhagen (until September 30, 2015)	466 (631)	1,520 (2,026)	544 (414)	2,529 (3,071)
Jochen Schumm (until June 30, 2015)	307 (633)	–6 (–4)	– (–)	300 (629)
Dr.-Ing. René Umlauft (until August 31, 2014)	– (366)	–16 (–71)	– (179)	–16 (475)
Total	**1,829 (2,433)**	**2,910 (1,944)**	**985 (975)**	**5,724 (5,352)**

[1] Including fringe benefits.

Mr. Drees was Chief Executive Officer of MAN Truck & Bus AG from April 1, 2015. In fiscal 2015, total remuneration for his work at MAN Truck & Bus AG and MAN SE amounted to €1,201 thousand (fixed remuneration including fringe benefits of €375 thousand; variable remuneration of €765 thousand; €61 thousand for pensions).

Mr. Lafrentz was a member of the Executive Board of MAN Truck & Bus AG from July 1, 2014. In fiscal 2015, total remuneration for his work at MAN Truck & Bus AG and MAN SE amounted to €1,163 thousand (fixed remuneration including fringe benefits of €470 thousand; variable remuneration of €610 thousand; €83 thousand for pensions). In fiscal 2014, total remuneration for his work at MAN Truck & Bus AG amounted to €651 thousand (fixed remuneration including fringe benefits of €229 thousand; variable remuneration of €380 thousand; €42 thousand for pensions).

38 Remuneration of the Supervisory Board

The components of the remuneration of the Supervisory Board are as follows:

€ thousand	2015	2014
Fixed remuneration	460	490
Variable remuneration	104	93
Remuneration for committee membership	188	210
Attendance fees	38	40
	790	**833**

The members of the Supervisory Board, including their memberships in other statutory supervisory boards and comparable supervisory bodies, are listed on pages 173 ff., and more detailed information on the remuneration structure and its components is disclosed in the Remuneration Report, which is part of the Combined Management Report.

The individual remuneration of the active members of the Supervisory Board is shown in the following table:

Supervisory Board remuneration in € thousand

Name	Period of membership	Fixed remuneration	Variable remuneration	Remuneration for committee membership	Attendance fees	Total 2015	Total 2014
Andreas Renschler, Chairman since 5/6/2015	since 5/6/2015	–	–	–	–	–	–
Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch, Chairman until 4/25/2015	until 4/25/2015	22	5	11	–	38	118
Jürgen Kerner, Deputy Chairman[1]	Full-year	53	11	35	5	104	102
Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Ekkehard D. Schulz, Deputy Chairman	Full-year	53	11	35	4	103	103
Michael Behrendt	Full-year	35	8	35	5	83	82
Marek Berdychowski[1]	Full-year	35	8	–	2	45	44
Helmut Brodrick[1]	since 3/1/2015	29	7	–	1	37	–
Detlef Dirks[1]	Full-year	35	8	35	5	83	44
Jürgen Dorn[1]	until 6/2/2015	15	3	15	3	36	83
Matthias Gründler	since 10/15/2015	–	–	–	–	–	–
Gerhard Kreutzer[1]	until 2/28/2015	6	1	6	1	14	83
Mag. Julia Kuhn-Piëch	since 10/15/2015	7	2	–	1	10	–
Nicola Lopopolo[1]	Full-year	35	8	–	2	45	44
Prof. Dr. rer. pol. Horst Neumann	5/19/2015 to 9/9/2015	–	–	–	–	–	–
Dr. h.c. Leif Östling	until 5/6/2015	–	–	–	–	–	–
Angelika Pohlenz	Full-year	35	8	–	2	45	44
Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch	until 9/9/2015	–	–	–	–	–	–
Dr. Dr. Christian Porsche	since 10/15/2015	7	2	–	1	10	–
Mag. Mark Philipp Porsche	since 10/15/2015	7	2	–	1	10	–
Karina Schnur[1]	Full-year	35	8	–	1	44	44
Erich Schwarz[1]	Full-year	35	8	–	2	45	44
Prof. Rupert Stadler	until 9/9/2015	–	–	–	–	–	–
Athanasios Stimoniaris[1]	since 7/14/2015	16	4	16	2	38	–
Prof. Dr. Dr. h.c. mult. Martin Winterkorn	until 9/9/2015	–	–	–	–	–	–
Total 2015		**460**	**104**	**188**	**38**	**790**	**–**
Total 2014		**490**	**93**	**210**	**40**	**–**	**833**

[1] **The employee representatives have stated that they will transfer their Supervisory Board remuneration to the Hans Böckler Foundation in accordance with the guidelines issued by the German Confederation of Trade Unions (DGB).**

The employee representatives on the Supervisory Board who are employed by MAN also receive their standard employee remuneration.

For their membership on supervisory boards of other companies in the MAN Group, Mr. Behrendt received €26 thousand (previous year: €5 thousand), Mr. Brodrick received €11 thousand (previous year: €11 thousand), Mr. Dirks received €11 thousand (previous year: €11 thousand), Mr. Dorn received €5 thousand (previous year: €11 thousand), Mr. Kreutzer received €2 thousand (previous year: €11 thousand), Ms. Kuhn-Piëch received €7 thousand (previous year: –), Dr. Dr. Porsche received €8 thousand (previous year: €2 thousand), Mr. Porsche received €7 thousand (previous year: –), Ms. Schnur received €27 thousand (previous year: €24 thousand), and Mr. Stimoniaris received €13 thousand (previous year: €3 thousand).

Expenses reimbursed for attending Supervisory Board and committee meetings amounted to €16 thousand in the fiscal year (previous year: €15 thousand).

39 Corporate Governance Code

The Executive Board and Supervisory Board of MAN SE issued their annual declaration of conformity in accordance with section 161 of the AktG in December 2015. The joint declaration of conformity by the Executive Board and the Supervisory Board has been published on MAN SE's website at www.man.eu/corporate.

The Executive and Supervisory Boards of Renk Aktiengesellschaft, a listed subsidiary based in Augsburg, have also issued a declaration of conformity. This is published on the company's website at www.renk.eu.

40 Events after the reporting period

No events occurred after the reporting period that are material for the MAN Group and that could lead to a reassessment of the Company.

41 Segment reporting

The activities of the MAN Group are classified into the following reportable segments: MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and the Renk industrial subsidiary. In order to make decisions about the allocation of resources and the assessment of performance, the results of these segments are regularly reviewed by MAN SE's Executive Board in its role as chief operating decision-maker. "Others" mainly comprises MAN's Corporate Center. Companies with no operating activities and the Scania and Sinotruk investments are allocated to the Corporate Center. Consolidation adjustments between a business area's segments are presented in the business area itself. Other consolidation adjustments and the earnings effects of purchase price allocations in the event of the acquisition of an individual segment are reported in the "Others" item.

Description of the reportable segments:

MAN Truck & Bus is a leading supplier of commercial vehicles and transportation solutions and is expanding from its core Western European market into the growth markets of Eastern Europe and Asia.

MAN Latin America is the largest truck manufacturer in Latin America. It leads the truck market in Brazil and is a leading supplier of commercial vehicles and bus chassis for growth markets, with one of the most advanced production facilities worldwide for trucks and buses.

MAN Diesel & Turbo is a global leader in large marine diesel engines and stationary engines and is also one of the leading suppliers of turbomachinery on the global market.

Renk is a globally recognized manufacturer of high-quality special gear units, propulsion components, and testing systems.

MAN's business activities focus on two business areas: **Commercial Vehicles**, comprising MAN Truck & Bus and MAN Latin America, and **Power Engineering**, featuring MAN Diesel & Turbo and Renk. MAN is a leading provider in the international commercial vehicles industry and offers customer-focused products and services worldwide. Power Engineering is MAN's second strategic business area and provides a suitable counterbalance to Commercial Vehicles.

The segment information represents continuing operations. The segment disclosures for the current and the previous period therefore do not include the corresponding information for discontinued operations, although it is contained in the consolidated financial statements. For further information on discontinued operations, see note (5).

Operating profit is the earnings measure for assessing a segment's results of operations. Operating profit is calculated as profit before tax and before the financial result. Earnings effects relating to tangible and intangible assets resulting from the acquisition of an individual segment are eliminated from the operating profit of that segment.

Net cash flow comprises cash flows from operating activities and cash flows from investing activities attributable to operating activities.

Segment financial information is presented in accordance with the disclosure and measurement policies applied to preparation of the consolidated financial statements. Sales revenues between the segments are transacted on an arm's length basis. Depreciation, amortization, and impairment losses relate to the intangible assets, property, plant, and equipment, other equity investments, and assets leased out allocated to the individual divisions.

The following table contains segment-related information and a reconciliation from operating profit to profit before tax.

Segment information (1/3)

Reporting period from January 1 to December 31 and as of December 31

	Commercial Vehicles					
	MAN Truck & Bus		MAN Latin America		Commercial Vehicles	
€ million	2015	2014	2015	2014	2015	2014
Segment order intake	**10,059**	**9,269**	**1,047**	**2,253**	**11,009**	**11,429**
of which: Germany	3,040	2,851	0	0	3,040	2,851
of which: other countries	7,020	6,418	1,047	2,253	7,969	8,578
Intersegment order intake	– 119	– 111	– 14	– 8	– 35	– 26
Group order intake	9,941	9,158	1,033	2,245	10,974	11,403
Segment sales revenue	**8,997**	**8,412**	**1,047**	**2,253**	**9,954**	**10,577**
of which: Germany	2,794	2,454	0	0	2,794	2,454
of which: other countries	6,202	5,958	1,047	2,253	7,160	8,123
Intersegment sales revenue	– 102	– 103	– 14	– 8	– 28	– 23
Group sales revenue	8,894	8,309	1,033	2,245	9,926	10,554
Order backlog at December 31	**2,472**	**2,212**	**–**	**–**	**2,456**	**2,204**
Segment assets at December 31	**9,809**	**9,143**	**1,404**	**1,773**	**11,119**	**10,807**
Segment liabilities at December 31	**7,407**	**6,674**	**998**	**948**	**8,307**	**7,509**
Segment profit or loss (operating profit or loss)	**20**	**152**	**– 120**	**65**	**– 101**	**221**
Share of profits and losses of equity-method investments	– 9	– 4	–	–	– 9	– 4
Net interest expense and other financial result	– 62	– 45	– 52	– 61	– 112	– 103
Profit/loss before tax of continuing operations	**– 50**	**103**	**– 172**	**4**	**– 223**	**114**
of which: depreciation and amortization	– 824	– 693	– 35	– 41	– 856	– 729
of which: impairment losses	– 37	– 11	0	– 1	– 37	– 12
Net cash flow	**435**	**– 259**	**– 264**	**– 2**	**171**	**– 262**
of which: net cash provided by/used in operating activities	830	90	– 180	67	651	155
of which: net cash provided by/used in investing activities attributable to operating activities	– 395	– 349	– 84	– 69	– 480	– 417
Capital expenditures	**405**	**369**	**86**	**70**	**491**	**438**
Operating return on sales (%)	**0.2**	**1.8**	**– 11.5**	**2.9**	**– 1.0**	**2.1**

Segment information (2/3)
Reporting period from January 1 to December 31 and as of December 31

	Power Engineering					
	MAN Diesel & Turbo		Renk		Power Engineering	
€ million	2015	2014	2015	2014	2015	2014
Segment order intake	**2,949**	**3,280**	**483**	**666**	**3,408**	**3,929**
of which: Germany	278	287	181	137	447	415
of which: other countries	2,671	2,993	301	529	2,961	3,514
Intersegment order intake	– 6	– 3	– 20	– 15	– 3	– 2
Group order intake	2,943	3,277	462	651	3,405	3,927
Segment sales revenue	**3,305**	**3,273**	**487**	**480**	**3,775**	**3,732**
of which: Germany	320	312	147	153	458	452
of which: other countries	2,985	2,961	339	327	3,317	3,280
Intersegment sales revenue	– 4	– 3	– 14	– 20	– 2	– 2
Group sales revenue	3,301	3,270	472	460	3,773	3,730
Order backlog at December 31	**2,789**	**3,225**	**812**	**827**	**3,588**	**4,047**
Segment assets at December 31	**3,644**	**3,614**	**665**	**589**	**4,301**	**4,196**
Segment liabilities at December 31	**2,266**	**2,228**	**304**	**262**	**2,564**	**2,481**
Segment profit or loss (operating profit or loss)	**216**	**206**	**68**	**72**	**283**	**278**
Share of profits and losses of equity-method investments	6	6	–	–	6	6
Net interest expense and other financial result	– 6	– 8	– 4	0	– 10	– 8
Profit/loss before tax of continuing operations	**216**	**204**	**64**	**72**	**279**	**276**
of which: depreciation and amortization	– 89	– 88	– 16	– 17	– 105	– 104
of which: impairment losses	– 5	–	– 5	– 1	– 10	– 1
Net cash flow	**113**	**37**	**60**	**– 3**	**173**	**38**
of which: net cash provided by/used in operating activities	263	155	101	35	364	190
of which: net cash provided by/used in investing activities attributable to operating activities	– 150	– 117	– 41	– 38	– 191	– 152
Capital expenditures	**177**	**127**	**41**	**38**	**218**	**166**
Operating return on sales (%)	**6.5**	**6.3**	**14.0**	**15.0**	**7.5**	**7.5**

Segment information (3/3)

Reporting period from January 1 to December 31 and as of December 31

	Others						Group	
	Corporate Center[1]		Cons./Reconcil.		Total			
€ million	2015	2014	2015	2014	2015	2014	2015	2014
Segment order intake	**13**	**20**	**– 48**	**– 46**	**– 35**	**– 26**	**14,381**	**15,332**
of which: Germany	13	19	– 14	– 19	– 1	–	3,486	3,267
of which: other countries	0	1	– 34	– 27	– 34	– 26	10,895	12,066
Intersegment order intake	– 11	– 18	48	46	37	28	–	–
Group order intake	2	2	–	–	2	2	14,381	15,332
Segment sales revenue	**13**	**20**	**– 41**	**– 42**	**– 28**	**– 23**	**13,702**	**14,286**
of which: Germany	13	19	– 13	– 19	–	–	3,252	2,906
of which: other countries	0	1	– 28	– 23	– 28	– 22	10,449	11,380
Intersegment sales revenue	– 11	– 18	41	42	30	24	–	–
Group sales revenue	2	2	–	–	2	2	13,702	14,286
Order backlog at December 31	**–**	**–**	**– 8**	**– 7**	**– 8**	**– 7**	**6,037**	**6,244**
Segment assets at December 31	**7,925**	**7,081**	**– 5,235**	**– 4,547**	**2,691**	**2,534**	**18,110**	**17,538**
Segment liabilities at December 31	**4,422**	**4,237**	**– 2,747**	**– 2,175**	**1,675**	**2,063**	**12,545**	**12,053**
Segment profit or loss (operating profit or loss)	**– 55**	**– 65**	**– 35**	**– 51**	**– 90**	**– 116**	**92**	**384**
Share of profits and losses of equity-method investments	12	12	2	2	14	14	11	16
Net interest income/expense and other financial result	482	– 21	– 367	– 26	115	– 47	– 7	– 158
Profit/loss before tax of continuing operations	**439**	**– 73**	**– 400**	**– 75**	**39**	**– 149**	**95**	**242**
of which: depreciation and amortization	– 8	– 8	– 30	– 49	– 38	– 57	– 999	– 891
of which: impairment losses	0	0	–	–	0	0	– 47	– 14
Net cash flow	**183**	**– 495**	**– 32**	**– 130**	**151**	**– 625**	**495**	**– 849**
of which: net cash provided by/used in operating activities	178	– 983	– 31	– 57	147	– 1,040	1,162	– 695
of which: net cash provided by/used in investing activities attributable to operating activities	5	488	– 1	– 73	4	416	– 667	– 154
Capital expenditures	**1**	**8**	**– 1**	**– 2**	**0**	**6**	**708**	**610**
Operating return on sales (%)	**–**	**–**	**–**	**–**	**–**	**–**	**0.7**	**2.7**

[1] Corporate Center: MAN SE, Shared Services companies, and equity investments held directly by MAN SE.

Segment information by region

Reporting period from January 1 to December 31 and as of December 31

€ million	Germany	Rest of Europe	Rest of World[1]	Total
2015				
Noncurrent assets (excl. financial instruments, equity investments, and deferred taxes) at December 31	3,451	2,324	1,483	7,258
Sales revenue[2]	3,252	5,195	5,254	13,702
2014				
Noncurrent assets (excl. financial instruments, equity investments, and deferred taxes) at December 31	3,278	2,052	1,740	7,071
Sales revenue[2]	2,906	5,121	6,259	14,286

[1] Detailed segment information relating to MAN Latin America is contained in the "Segment information" table.
[2] Allocation of sales revenue to the regions follows the destination principle.

List of Shareholdings as of December 31, 2015

Name and domicile of the company	Equity interest
I. PARENT	
MAN SE, Munich, Germany	
II. SUBSIDIARIES	
A. Consolidated companies	
1. Germany	
MAN HR Services GmbH, Munich	100.00%
GETAS Verwaltung GmbH & Co. Objekt Offenbach KG, Pullach i. Isartal	100.00%
GETAS Verwaltung GmbH & Co. Objekt Verwaltung Nürnberg KG, Pullach i. Isartal	100.00%
GETAS Verwaltung GmbH & Co. Objekt Ausbildungszentrum KG, Pullach i. Isartal	100.00%
GETAS Verwaltung GmbH & Co. Objekt Heinrich-von-Buz-Straße KG, Pullach i. Isartal	100.00%
GETAS Verwaltung GmbH & Co. Objekt Augsburg KG, Pullach i. Isartal	100.00%
MAN Grundstücksgesellschaft mbH & Co. Epsilon KG, Munich	100.00%
MAN Truck & Bus AG, Munich	100.00%
MAN Truck & Bus Deutschland GmbH, Munich	100.00%
MAN Grundstücksgesellschaft mbH & Co. Beta KG, Munich	100.00%
MAN Grundstücksgesellschaft mbH & Co. Alpha KG, Munich	100.00%
MAN Service und Support GmbH, Munich	100.00%
KOSIGA GmbH & Co. KG, Pullach i. Isartal	94.00%
NEOPLAN Bus GmbH, Plauen	100.00%
MAN GHH Immobilien GmbH, Oberhausen	100.00%
MAN Diesel & Turbo SE, Augsburg	100.00%
MAN Grundstücksgesellschaft mbH & Co. Werk Deggendorf DWE KG, Munich	100.00%
M A N Verwaltungs-Gesellschaft mbH, Munich	100.00%
Renk Aktiengesellschaft, Augsburg	76.00%
RENK Test System GmbH, Augsburg	100.00%
2. Other countries	
MAN Finance and Holding S.A., Luxembourg, Luxembourg	100.00%
MAN Finance Luxembourg S.A., Luxembourg, Luxembourg	100.00%
MAN Capital Corporation, Pompano Beach, Florida, U.S.A.	100.00%
MAN Trucks Sp. z o.o., Niepolomice, Poland	100.00%
MAN Accounting Center Sp. z o.o., Poznań, Poland	100.00%
MAN Truck & Bus Vertrieb Österreich AG, Vienna, Austria	100.00%
MAN Truck & Bus Mexico S.A. de C.V., El Marques, Mexico	100.00%
MAN Truck & Bus Asia Pacific Co. Ltd., Bangkok, Thailand	99.99%
MAN Bus Sp. z o.o., Tarnowo Podgórne, Poland	100.00%
MAN Truck & Bus (Korea) Ltd., Seoul, South Korea	100.00%
MAN Truck & Bus Polska Sp. z o.o., Nadarzyn, Poland	100.00%
MAN Trucks India Pvt. Ltd., Pune, India	100.00%
MAN ERF Ireland Properties Ltd., Waterford, Ireland	100.00%
ERF Ltd., Swindon, UK	100.00%
MAN Iberia S.A., Coslada, Spain	100.00%
MAN Truck & Bus Trading (China) Co., Ltd., Beijing, China	100.00%
MAN Camions & Bus S.A.S., Evry Cedex, France	100.00%
MAN Truck & Bus Danmark A/S, Glostrup, Denmark	100.00%
MAN Truck & Bus N.V., Kobbegem, Belgium	100.00%
TOV MAN Truck & Bus Ukraine, Kiev, Ukraine	100.00%

Name and domicile of the company	Equity interest
MAN Truck & Bus Kazakhstan LLP, Almaty, Kazakhstan	100.00%
MAN Automotive (South Africa) (Pty) Ltd., Johannesburg, South Africa	100.00%
MAN Truck & Bus (S.A.) (Pty) Ltd., Johannesburg, South Africa	100.00%
Centurion Truck & Bus (Pty) Ltd. t/a, Centurion, South Africa	70.00%
MAN Bus & Coach (Pty) Ltd., Olifantsfontein, South Africa	100.00%
MAN Nutzfahrzeuge Immobilien GmbH, Steyr, Austria	100.00%
MAN Hellas Truck & Bus A.E., Aspropygros, Greece	100.00%
MAN Engines & Components Inc., Pompano Beach, Florida, U.S.A.	100.00%
MAN Truck & Bus Schweiz AG, Otelfingen, Switzerland	100.00%
MAN Truck & Bus Italia S.p.A, Verona, Italy	100.00%
MAN Truck & Bus Iberia S.A., Coslada, Spain	100.00%
MAN Truck & Bus UK Ltd., Swindon, UK	100.00%
MAN Truck & Bus Norge A/S, Lorenskog, Norway	100.00%
MAN Truck & Bus Österreich AG, Steyr, Austria	99.99%
MAN Truck & Bus Czech Republic s.r.o., Cestlice, Czech Republic	100.00%
MAN Truck & Bus Sverige AB, Kungens Kurva, Sweden	100.00%
MAN Truck & Bus Slovenija d.o.o., Ljubljana, Slovenia	100.00%
MAN Kamion és Busz Kereskedelmi Kft., Dunaharaszti, Hungary	100.00%
MAN Türkiye A.S., Ankara, Turkey	99.99%
MAN Kamyon ve Otobüs Ticaret A.S., Ankara, Turkey	100.00%
MAN Truck & Bus Portugal S.U. Lda., Lisbon, Portugal	100.00%
Ipecas-Gestao de Imoveis S.A., Lisbon, Portugal	100.00%
MAN Truck & Bus Middle East and Africa FZE, Dubai, United Arab Emirates	100.00%
MAN Truck & Bus Slovakia s.r.o., Bratislava, Slovakia	100.00%
OOO MAN Truck and Bus RUS, Moscow, Russian Federation	100.00%
OOO MAN Truck & Bus Production RUS, Saint Petersburg, Russian Federation	100.00%
MAN Latin America Indústria e Comércio de Veículos Ltda., São Paulo, Brazil	100.00%
MAN Diesel & Turbo Schweiz AG, Zurich, Switzerland	100.00%
MAN Diesel & Turbo South Africa (Pty) Ltd., Elandsfontein, South Africa	100.00%
MAN Diesel & Turbo China Production Co., Ltd., Changzhou, China	100.00%
MAN Diesel & Turbo Australia Pty. Ltd., North Ryde, Australia	100.00%
MAN Diesel & Turbo UK Ltd., Stockport, UK	100.00%
MAN Diesel & Turbo India Ltd., Aurangabad, India	97.01%
MAN Diesel & Turbo Canada Ltd., Oakville, Ontario, Canada	100.00%
MAN Diesel & Turbo Pakistan Pvt. Ltd., Lahore, Pakistan	100.00%
MAN Diesel & Turbo Operations Pakistan Pvt. Ltd., Lahore, Pakistan	100.00%
MAN Diesel & Turbo España S.A., Madrid, Spain	100.00%
MAN Diesel & Turbo Brasil Ltda., Rio de Janeiro, Brazil	100.00%
MAN Diesel & Turbo France S.A.S., Villepinte, France	100.00%
MAN Diesel & Turbo Singapore Pte. Ltd., Singapore, Singapore	100.00%
MAN Diesel & Turbo Hong Kong Ltd., Hong Kong, China	100.00%
MAN Diesel & Turbo Hellas E.P.E., Piraeus, Greece	100.00%
MAN Diesel & Turbo Benelux B.V., Schiedam, Netherlands	100.00%
MAN Diesel & Turbo Benelux N.V., Antwerp, Belgium	100.00%
MAN Diesel & Turbo North America Inc., Woodbridge, New Jersey, U.S.A.	100.00%
MAN Diesel & Turbo Korea Ltd., Busan, South Korea	100.00%
PBS Turbo s.r.o., Velká Bíteš, Czech Republic	100.00%
MAN Diesel & Turbo Middle East LLC, Dubai, United Arab Emirates	100.00%

Name and domicile of the company	Equity interest
MAN Diesel & Turbo Saudi Arabia LLC, Jeddah, Saudi Arabia	100.00%
Société de Mécanique de Précision de l'Aubois, Jouet, France	100.00%
MECOS AG, Winterthur, Switzerland	100.00%
MAN Diesel & Turbo Shanghai Co., Ltd., Shanghai, China	100.00%
Gulf Turbo Services LLC, Doha, Qatar	55.00%
RENK Corporation, Duncan, South Carolina, U.S.A.	100.00%
RENK-MAAG GmbH, Winterthur, Switzerland	100.00%
Renk Systems Corporation, Camby, Indiana, U.S.A.	100.00%
Renk France S.A.S., Saint-Ouen-l'Aumône, France	100.00%
MAN Truck & Bus Middle East FZE, Dubai, United Arab Emirates	100.00%
MAN Truck & Bus (M) Sdn. Bhd., Rawang, Malaysia	70.00%
MAN Diesel ve Turbo Satis Servis Ltd. Sti., Istanbul, Turkey	100.00%
MAN Diesel & Turbo Italia S.r.l., Genoa, Italy	100.00%
MAN Diesel & Turbo Chile Limitada, Valparaíso, Chile	100.00%
B. Unconsolidated companies	
1. Germany	
MAN Grundstücksgesellschaft mbH, Oberhausen	100.00%
MAN IT Services GmbH, Munich	100.00%
MAN-Unterstutzüngskasse GmbH, Munich	100.00%
MAN Erste Beteiligungs GmbH, Munich	100.00%
MAN Grundstücksgesellschaft mbH & Co. Gamma KG, Munich	100.00%
MAN Personal Services GmbH, Dachau	100.00%
Ortan Verwaltung GmbH & Co. Objekt Karlsfeld KG, Pullach i. Isartal	100.00%
MAN Grundstücksgesellschaft mbH & Co. Objekt Heilbronn KG, Oberhausen	100.00%
tcu Turbo Charger GmbH, Augsburg (inactive)	100.00%
Aumonta GmbH, Augsburg	100.00%
2. Other countries	
MBC Mobile Bridges Corp., Houston, Texas, U.S.A. (inactive)	100.00%
MAN Truck & Bus India Pvt. Ltd., Mumbai, India (inactive)	100.00%
ERF (Holdings) plc, Swindon, UK (inactive)	100.00%
MAN Properties (Pinetown) (Pty) Ltd., Pinetown, South Africa (inactive)	100.00%
MAN Properties (Midrand) (Pty) Ltd., Midrand, South Africa (inactive)	100.00%
MAN Properties (Pty) Ltd., Johannesburg, South Africa (inactive)	100.00%
LKW Komponenten s.r.o., Bánovce nad Bebravou, Slovakia	100.00%
Railway Mine & Plantation Equipment Ltd., London, UK (inactive)	100.00%
MAN Turbo (UK) Ltd., London, UK (inactive)	100.00%
Renk (UK) Ltd., London, UK (inactive)	100.00%

Name and domicile of the company	Equity interest
MAN Latin America Importacao, Industria e Comércio de Veículos Ltda., São Paulo, Brazil (inactive)	100.00%
MAN Diesel Turbochargers Shanghai Co., Ltd., Shanghai, China	100.00%
MAN Diesel & Turbo Shanghai Logistics Co., Ltd., Shanghai, China	100.00%
Mirrlees Blackstone Ltd., Stockport, UK (inactive)	100.00%
Fifty Two Ltd., Stockport, UK (inactive)	100.00%
Ruston & Hornsby Ltd., Stockport, UK (inactive)	100.00%
Paxman Diesels Ltd., Stockport, UK (inactive)	100.00%
MAN Diesel Services Ltd., Stockport, UK (inactive)	100.00%
MAN Diesel Electrical Services Ltd., Essex, UK (inactive)	100.00%
Ruston Diesels Ltd., Stockport, UK (inactive)	100.00%
MAN Diesel & Turbo Kenya Ltd., Nairobi, Kenya	100.00%
Dencop A/S, Copenhagen, Denmark (inactive)	100.00%
MAN Diesel & Turbo Poland Sp. z o.o., Gdansk, Poland	100.00%
MAN Diesel & Turbo Sverige AB, Gothenburg, Sweden	100.00%
MAN Diesel & Turbo Portugal, Unipessoal, Lda., Setúbal, Portugal	100.00%
MAN Diesel & Turbo Bulgaria EOOD, Varna, Bulgaria	100.00%
MAN Diesel & Turbo Costa Rica Limitada, San José, Costa Rica	100.00%
MAN Diesel & Turbo Japan Ltd., Kobe, Japan	100.00%
MAN Diesel & Turbo Norge A/S, Oslo, Norway	100.00%
MAN Iran Power Sherkate Sahami Khass, Tehran, Iran (inactive)	100.00%
MAN Diesel & Turbo Panama Enterprises Inc., Panama City, Panama	100.00%
OOO MAN Diesel & Turbo Rus, Moscow, Russian Federation	100.00%
Centrales Diesel Export S.A.S., Villepinte, France	100.00%
MAN Diesel & Turbo Jordan LLC, Aqaba, Jordan	100.00%
MAN Diesel Shanghai Co., Ltd., Shanghai, China (inactive)	100.00%
MAN Diesel & Turbo Philippines Inc., Manila, Philippines	100.00%
MAN Diesel & Turbo Canarias S.L., Las Palmas, Spain	100.00%
MAN Diesel & Turbo Guatemala Ltda., Guatemala City, Guatemala	100.00%
MAN Diesel & Turbo Qatar Navigation LLC, Doha, Qatar	49.00%
MAN Diesel & Turbo Lanka Pvt. Ltd., Colombo, Sri Lanka	100.00%
MAN Diesel & Turbo Mexico, S. de R.L. de C.V., Mexico City, Mexico	100.00%
MAN Diesel & Turbo Argentina S.A., Buenos Aires, Argentina	100.00%
PT MAN Diesel & Turbo Indonesia, Jakarta, Indonesia	92.62%
MAN Diesel & Turbo Malaysia Sdn. Bhd., Kuala Lumpur, Malaysia	100.00%
Renk Shanghai Service and Commercial Co., Ltd., Shanghai, China	100.00%
Cofical Renk Mancais do Brasil Ltda., Guaramirim, Brazil	98.00%
Renk Transmisyon Sanayi A.S., Istanbul, Turkey	55.00%
MAN Diesel & Turbo Senegal SARL, Dakar, Senegal	100.00%
MAN Diesel & Turbo Perú S.A.C., Lima, Peru	100.00%
ELCA Engineering Company (Pty) Ltd., Vanderbijlpark, South Africa	100.00%
MAN Diesel & Turbo Fujairah FZC, Fujairah Free Zone, United Arab Emirates	100.00%
S.A. Trucks Ltd., Bristol, UK (inactive)	100.00%
MAN Diesel & Turbo Bangladesh Ltd., Dhaka, Bangladesh	100.00%
MAN Power Engineering Ltd., Stockport, UK (inactive)	100.00%
MAN Diesel & Turbo Engine Services Ltd., Stockport, UK, (inactive)	100.00%
MAN Financial Services Administrators S.A. (Pty) Ltd., Isando, South Africa	100.00%

Name and domicile of the company	Equity interest
III. ASSOCIATES	
1. Germany	
Hörmann Automotive Gustavsburg GmbH, Ginsheim-Gustavsburg	40.00%
Rheinmetall MAN Military Vehicles GmbH, Munich	49.00%
2. Other countries	
Sinotruk (Hong Kong) Ltd., Hong Kong, China	25.00%
JV MAN AUTO - Uzbekistan LLC, Samarkand City, Uzbekistan	49.00%
Atlas Power Ltd., Karachi, Pakistan	33.54%[1]
IV. OTHER EQUITY INVESTMENTS	
1. Germany	
Roland Holding GmbH, Munich	22.83%[2]
Verwaltungsgesellschaft Wasseralfingen mbH, Aalen	50.00%
FFK Fahrzeugservice Förtsch GmbH Kronach, Kronach	30.00%
Coburger Nutzfahrzeuge Service GmbH, in liquidation, Coburg (inactive)	30.00%
MTC Marine Training Center Hamburg GmbH, Hamburg	24.83%
2. Other countries	
Scania AB, Sødertalje, Sweden	13.35%[3]
Scania-MAN Administration ApS, Copenhagen, Denmark	50.00%
Renk U.A.E. LLC, Abu Dhabi, United Arab Emirates	49.00%

[1] Different fiscal year.
[2] Share of voting rights: 32.82%.
[3] Share of voting rights: 17.37%.

Governing Bodies

Members of the Supervisory Board and their appointments

Andreas Renschler
Stuttgart,
Member of the Board of Management of Volkswagen AG

Supervisory Board Chairman
(since May 6, 2015)

[1] Deutsche Messe AG
[2] MAN Truck & Bus AG (Chairman)
[3] Sinotruk (Hong Kong) Ltd.
[4] Scania AB, Sweden (Chairman)
MAN Latin America Indústria e Comércio de Veículos Ltda., Brazil

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Hon.-Prof. Dr. techn. h.c. Dipl.-Ing. ETH Ferdinand K. Piëch
Salzburg/Austria,
(Member and Chairman of the Supervisory Board until April 25, 2015)

[1] Volkswagen AG (Chairman)
AUDI AG
Dr. Ing. h.c. F. Porsche AG
Porsche Automobil Holding SE
[3] Ducati Motor Holding S.p.A., Italy
Porsche Holding Gesellschaft m.b.H., Austria
Scania AB, Sweden
Scania CV AB, Sweden

Jürgen Kerner*
Frankfurt,
Executive Board Member of IG Metall

Deputy Chairman of the Supervisory Board

[1] Airbus Operations GmbH
Premium Aerotec GmbH
Siemens AG

Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Ekkehard D. Schulz
Krefeld,
Former Chief Executive Officer of ThyssenKrupp AG

Deputy Chairman of the Supervisory Board

[1] RWE AG
MAN Truck & Bus AG

Michael Behrendt
Hamburg,
Supervisory Board Chairman of Hapag-Lloyd AG

[1] Barmenia Allgemeine Versicherungs-AG (Deputy Chairman)
Barmenia Krankenversicherung a. G. (Deputy Chairman)
Barmenia Lebensversicherung a. G. (Deputy Chairman)
Esso Deutschland GmbH
ExxonMobil C. E. Holding GmbH
Hamburgische Staatsoper GmbH
Hapag-Lloyd AG (Chairman)
MAN Diesel & Turbo SE
MAN Truck & Bus AG
Renk Aktiengesellschaft

Marek Berdychowski*
Tarnowo Podgórne/Poland,
Production technologist, Tarnowo Podgórne plant, Starachowice, Poland

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Helmut Brodrick*
Oberhausen,
Works Council Chairman of MAN Diesel & Turbo SE, Oberhausen plant
(Member of the Supervisory Board since March 1, 2015)

[1] MAN Diesel & Turbo SE

Detlef Dirks*
Diedorf,
Works Council Chairman of MAN Diesel & Turbo SE, Augsburg plant

[1] MAN Diesel & Turbo SE

Jürgen Dorn*
Munich,
Chairman of the Group Works Council of MAN SE, the SE Works Council, and the General Works Council of MAN Truck & Bus AG
(Member of the Supervisory Board until June 2, 2015)

[1] MAN Truck & Bus AG (Deputy Chairman)
Volkswagen AG

Matthias Gründler
Albershausen,
Member of the Management of Volkswagen Truck & Bus GmbH
(Member of the Supervisory Board since October 15, 2015)

[2] MAN Truck & Bus AG
[4] MAN Latin America Indústria e Comércio de Veículos Ltda., Brazil
Scania AB, Sweden

Gerhard Kreutzer*
Oberhausen,
Deputy Chairman of the Group Works Council of MAN SE, as well as the SE Works Council
(Member of the Supervisory Board until February 28, 2015)

[1] MAN Diesel & Turbo SE

Mag. Julia Kuhn-Piëch
Salzburg/Austria,
Real estate manager
(Member of the Supervisory Board since October 15, 2015)

[1] AUDI AG
MAN Truck & Bus AG

Nicola Lopopolo*
Hanover,
Chairman of the Works Council of Renk Aktiengesellschaft, Hanover plant

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Prof. Dr. rer. pol. Horst Neumann
Wolfsburg,
Member of the Board of Management of Volkswagen AG
(Member of the Supervisory Board from May 19, 2015, to September 9, 2015)

[2] AUDI AG
Dr. Ing. h.c. F. Porsche AG
Renk Aktiengesellschaft
Volkswagen Financial Services AG (Deputy Chairman)
[4] Porsche Holding Stuttgart GmbH
Volkswagen (China) Investment Company Ltd., China
Volkswagen Group of America, Inc., U.S.
Volkswagen Immobilien GmbH (Chairman)

Dr. h.c. Leif Östling
Stockholm/Sweden,
Member of the Board of Management of Volkswagen AG
(Member of the Supervisory Board until May 6, 2015)

[2] MAN Truck & Bus AG
[3] Aktiebolaget SKF, Sweden (Chairman)
EQT Holdings AB, Sweden
[4] Scania AB, Sweden
Scania CV AB, Sweden

Angelika Pohlenz
Wiesbaden,
Former Secretary General of the International Chamber of Commerce (ICC), Berlin

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Dipl.-Wirtsch.-Ing. Hans Dieter Pötsch
Wolfsburg,
Member of the Board of Management of Volkswagen AG and
Member of the Executive Board of Porsche Automobil Holding SE
(Member of the Supervisory Board until September 9, 2015)

[1] Bertelsmann Management SE
Bertelsmann SE & Co. KGaA
[2] AUDI AG
Autostadt GmbH (Chairman)
Dr. Ing. h.c. F. Porsche AG
Volkswagen Financial Services AG (Chairman)
Volkswagen Truck & Bus GmbH
[4] Bentley Motors Ltd., United Kindgdom
Porsche Austria Gesellschaft m.b.H., Austria (Deputy Chairman)
Porsche Holding Gesellschaft m.b.H., Austria (Deputy Chairman)
Porsche Holding Stuttgart GmbH
Porsche Retail GmbH, Austria (Deputy Chairman)
VfL Wolfsburg-Fußball GmbH (Deputy Chairman)
Volkswagen Group of America, Inc., U.S.
Volkswagen (China) Investment Company Ltd., China (Deputy Chairman)
Volkswagen Truck & Bus GmbH

Dr. Dr. Christian Porsche
Salzburg/Austria,
Neurologist
(Member of the Supervisory Board since October 15, 2015)

[1] MAN Truck & Bus AG
[3] Scania AB, Sweden

Mag. Mark Philipp Porsche
Salzburg/Austria,
Director of F.A. Porsche Beteiligungen GmbH
(Member of the Supervisory Board since October 15, 2015)

[1] MAN Truck & Bus AG
[2] Familie Porsche AG Beteiligungsgesellschaft, Austria
FAP Beteiligungen AG, Austria
[3] SEAT S.A., Spain

Karina Schnur*
Reichertshofen,
Labor Union Secretary of IG Metall

[1] MAN Diesel & Turbo SE
MAN Truck & Bus AG
MAN Truck & Bus Deutschland GmbH

Erich Schwarz*
Steyr/Austria,
Chairman of the Works Council of MAN Truck & Bus Österreich AG

[3] MAN Truck & Bus Österreich AG, Austria

Prof. Rupert Stadler
Ingolstadt,
Chief Executive Officer of AUDI AG and Member of the Board of Management of Volkswagen AG
(Member of the Supervisory Board until September 9, 2015)

[1] FC Bayern München AG
[2] MAN Truck & Bus AG (Chairman)
[4] Automobili Lamborghini Holding S.p.A., Italy (Chairman)
Ducati Motor Holding S.p.A., Italy (Chairman)
Porsche Holding Gesellschaft m.b.H., Austria

Athanasios Stimoniaris*
Munich,
Chairman of the Group Works Council of MAN SE, the SE Works Council,
and the General Works Council of MAN Truck & Bus AG
(Member of the Supervisory Board since July 14, 2015)

[1] MAN Truck & Bus AG (Deputy Chairman)
Rheinmetall MAN Military Vehicles GmbH
[3] Volkswagen Truck & Bus GmbH (Deputy Chairman)

Prof. Dr. Dr. h.c. mult. Martin Winterkorn
Groß Schwülper,
Chairman of the Board of Management of Volkswagen AG and
Chairman of the Executive Board of Porsche Automobil Holding SE
(Member of the Supervisory Board until September 9, 2015)

[1] FC Bayern München AG
[2] AUDI AG (Chairman)
Dr. Ing. h.c. F. Porsche AG
[4] Bentley Motors Ltd., United Kingdom
Porsche Austria Gesellschaft m.b.H., Austria
Porsche Holding Gesellschaft m.b.H., Austria
Porsche Holding Stuttgart GmbH
Porsche Retail GmbH, Austria
Scania AB, Sweden (Chairman)
Scania CV AB, Sweden (Chairman)
SKODA AUTO a.s., Czech Republic
Volkswagen Group of America, Inc., U.S. (Chairman)
Volkswagen (China) Investment Company Ltd., China (Chairman)
Volkswagen Truck & Bus GmbH

* Elected by the workforce.
As of December 31, 2015, or date of departure
[1] Membership of statutory German supervisory boards
[2] Membership of statutory German supervisory boards, Group appointments
[3] Membership of comparable German or foreign governing bodies
[4] Membership of comparable German or foreign governing bodies, Group appointments

Supervisory Board committees of MAN SE

(as of December 31, 2015)

Presiding Committee
Andreas Renschler (Chairman)
Michael Behrendt
Detlef Dirks
Jürgen Kerner
Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Ekkehard D. Schulz
Athanasios Stimoniaris

Audit Committee
Matthias Gründler (Chairman)
Michael Behrendt
Detlef Dirks
Jürgen Kerner (Deputy Chairman)
Gerhard Kreutzer
Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Ekkehard D. Schulz
Athanasios Stimoniaris

Nomination Committee
Andreas Renschler (Chairman)
Michael Behrendt
Prof. Dr.-Ing. Dr.-Ing. E.h. Dr. h.c. Ekkehard D. Schulz

Members of the Executive Board and their appointments

Joachim Drees
Stuttgart,
Chairman of the Executive Board
(since October 1, 2015)

[3] Sinotruk (Hong Kong) Ltd., China

Dr. Georg Pachta-Reyhofen
Niederpöcking,
Chief Executive Officer
(until September 30, 2015)

[2] MAN Diesel & Turbo SE (Chairman)
Renk Aktiengesellschaft
[3] Sinotruk (Hong Kong) Ltd., China
[4] MAN Latin America Indústria e Comércio de Veículos Ltda., Brazil (Chairman)

Ulf Berkenhagen
Wolfsburg,
Chief Procurement Officer
(until September 30, 2015)

[4] MAN Latin America Indústria e Comércio de Veículos Ltda., Brazil

Jan-Henrik Lafrentz
Munich,
Chief Financial Officer
(since October 1, 2015)

[1] Rheinmetall MAN Military Vehicles GmbH
[2] MAN Diesel & Turbo SE
MAN Truck & Bus Deutschland GmbH
[4] MAN Truck & Bus Österreich AG, Austria

Josef Schelchshorn
Ingolstadt,
Chief Human Resources Officer and *Arbeitsdirektor* (Executive Board member responsible for employee relations)
(since July 1, 2015)

[4] MAN Truck & Bus Österreich AG, Austria

Jochen Schumm
Groß Schwülper,
Chief Human Resources Officer and *Arbeitsdirektor* (Executive Board member responsible for employee relations)
(until June 30, 2015)

[2] MAN Diesel & Turbo SE
MAN Pensionsfonds AG (Chairman)
[4] MAN Latin America Indústria e Comércio de Veículos Ltda., Brazil
MAN Truck & Bus Österreich AG, Austria

As of December 31, 2015, or date of departure
[1] Membership of statutory German supervisory boards
[2] Membership of statutory German supervisory boards, Group appointments
[3] Membership of comparable German or foreign governing bodies
[4] Membership of comparable German or foreign governing bodies, Group appointments

Executive and management boards of Group companies

MAN Truck & Bus AG
Munich

Joachim Drees, Chairman of the Executive Board (since April 1, 2015)
Anders Nielsen, Chief Executive Officer (until March 31, 2015)
Ulf Berkenhagen
Dr. Carsten Intra
Jan-Henrik Lafrentz
Heinz-Jürgen Löw
Dipl.-Ing. Bernd Maierhofer (until December 31, 2015)
Jochen Schumm (until June 30, 2015)
Josef Schelchshorn (since July 1, 2015)

MAN Latin America Indústria e Comércio de Veículos Ltda.
São Paulo

Antonio Roberto Cortes, Chairman
Helmut Dieter Hümmerich

MAN Diesel & Turbo SE
Augsburg

Dr. Uwe Lauber, Chairman of the Executive Board
Frank Burnautzki
Dr.-Ing. Hans-O. Jeske
Arnd Löttgen
Dr. Peter Park
Wilfried von Rath
Wayne Jones (since January 1, 2016)

Renk Aktiengesellschaft
Augsburg

Dipl.-Ing. (FH) Florian Hofbauer, Spokesman of the Executive Board
Christian Hammel (since August 1, 2015)
Ulrich Sauter (until July 31, 2015)

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FURTHER INFORMATION

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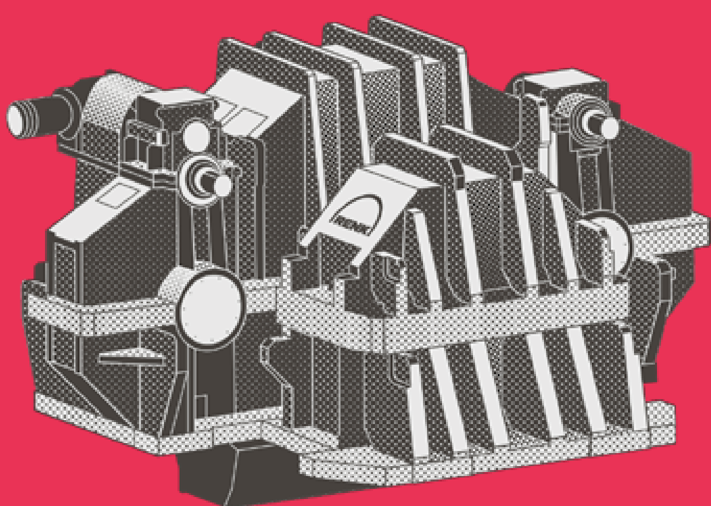

CUTTER HEAD TRANSMISSION

Weighing 290 tons, Renk's transmission is the largest and heaviest built for a dredger to this date. With a total output of 41 megawatts, the special-purpose vessel will be the most powerful of its kind worldwide.

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FURTHER INFORMATION

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UNAUDITED ADDITIONAL INFORMATION: OVERVIEW BY QUARTER (1/3)

	2015					2014				
€ million	Total 2015	Q4	Q3	Q2	Q1	Total 2014	Q4	Q3	Q2	Q1
Order intake by division										
MAN Truck & Bus	10,059	2,702	2,262	2,566	2,529	9,269	2,499	2,114	2,390	2,267
MAN Latin America	1,047	198	257	303	290	2,253	524	534	625	570
Commercial Vehicles	11,009	2,880	2,491	2,850	2,788	11,429	3,010	2,636	2,984	2,800
MAN Diesel & Turbo	2,949	768	604	749	827	3,280	840	753	901	786
Renk	483	109	81	129	164	666	345	95	102	125
Power Engineering	3,408	873	683	866	987	3,929	1,180	843	1,001	905
Others	– 35	– 4	– 11	– 7	– 13	– 26	– 4	– 6	– 9	– 6
Order intake	**14,381**	**3,749**	**3,163**	**3,708**	**3,761**	**15,332**	**4,186**	**3,473**	**3,976**	**3,699**
Commercial Vehicles order intake (units)										
MAN Truck & Bus	84,362	23,109	17,769	21,681	21,803	75,402	20,352	16,196	20,657	18,197
MAN Latin America	24,472	5,403	6,588	6,443	6,038	48,161	11,993	10,971	12,806	12,391
Intersegment order intake	– 1,288	– 231	– 369	– 239	– 449	– 1,815	– 224	– 186	– 589	– 816
Group order intake	107,546	28,281	23,988	27,885	27,392	121,748	32,121	26,981	32,874	29,772
Sales revenue by division										
MAN Truck & Bus	8,997	2,535	2,095	2,347	2,020	8,412	2,482	2,017	2,131	1,782
MAN Latin America	1,047	198	257	303	290	2,253	524	534	625	570
Commercial Vehicles	9,954	2,709	2,328	2,625	2,292	10,577	2,991	2,514	2,735	2,336
MAN Diesel & Turbo	3,305	890	833	885	697	3,273	964	883	726	700
Renk	487	135	112	133	106	480	134	130	108	108
Power Engineering	3,775	1,019	942	1,013	800	3,732	1,090	1,008	830	804
Others	– 28	– 8	– 8	– 7	– 5	– 23	– 9	– 7	– 4	– 2
Sales revenue	**13,702**	**3,721**	**3,262**	**3,631**	**3,088**	**14,286**	**4,072**	**3,515**	**3,561**	**3,138**
Commercial Vehicles unit sales (units)										
MAN Truck & Bus	79,222	22,889	18,309	21,782	16,242	73,622	22,635	17,894	18,827	14,266
MAN Latin America	24,472	5,403	6,588	6,443	6,038	48,161	11,993	10,971	12,806	12,391
Intersegment sales	– 1,220	– 263	– 328	– 399	– 230	– 1,695	– 218	– 822	– 384	– 271
Group sales	102,474	28,029	24,569	27,826	22,050	120,088	34,410	28,043	31,249	26,386
Order backlog[1]	**6,037**	**6,037**	**6,317**	**6,712**	**6,934**	**6,244**	**6,244**	**6,394**	**6,583**	**6,297**
Commercial Vehicles production (units)										
MAN Truck & Bus	78,633	20,672	19,154	21,048	17,759	72,708	19,318	17,980	19,961	15,449
MAN Latin America	23,166	3,906	4,491	7,725	7,044	44,970	9,046	11,387	10,063	14,474
Intersegment production	– 974	– 92	– 240	– 299	– 343	– 1,606	– 122	– 461	– 657	– 366
Group production	100,825	24,486	23,405	28,474	24,460	116,072	28,242	28,906	29,367	29,557

[1] As of the reporting date.

This information is reported on a voluntary basis and does not form part of the audited consolidated financial statements.

UNAUDITED ADDITIONAL INFORMATION: OVERVIEW BY QUARTER (2/3)

	2015					2014				
€ million	Total 2015	Q4	Q3	Q2	Q1	Total 2015	Q4	Q3	Q2	Q1
Operating profit/loss by division										
MAN Truck & Bus	20	38	31	– 76	28	152	63	9	68	11
MAN Latin America	– 120	– 75	– 24	– 9	– 12	65	– 11	9	36	32
Commercial Vehicles	– 101	– 39	12	– 85	11	221	53	18	107	42
MAN Diesel & Turbo	216	41	82	53	39	206	59	59	55	33
Renk	68	15	10	30	13	72	23	24	12	14
Power Engineering	283	57	92	83	52	278	81	83	67	47
Others	– 90	– 26	– 18	– 17	– 29	– 116	– 54	– 20	– 20	– 21
Operating profit/loss	**92**	**– 9**	**86**	**– 19**	**34**	**384**	**80**	**82**	**154**	**68**
Financial result	**3**	**91**	**– 4**	**– 34**	**– 49**	**– 142**	**– 40**	**– 37**	**– 39**	**– 26**
Profit/loss before tax	**95**	**82**	**81**	**– 53**	**– 15**	**242**	**39**	**45**	**116**	**42**
Income tax expense	64	69	– 27	17	5	– 100	– 14	– 19	– 52	– 14
Loss from discontinued operations, net of tax	– 10	– 10	–	–	–	124	124	–	–	–
Profit/loss after tax	**150**	**141**	**55**	**– 35**	**– 10**	**267**	**150**	**26**	**63**	**28**
Operating return on sales (%)	**0.7**	**– 0.2**	**2.6**	**– 0.5**	**1.1**	**2.7**	**2.0**	**2.3**	**4.3**	**2.2**
MAN Truck & Bus	0.2	1.5	1.5	– 3.2	1.4	1.8	2.6	0.4	3.2	0.6
MAN Latin America	– 11.5	– 37.9	– 9.3	– 3.0	– 4.1	2.9	– 2.1	1.6	5.7	5.5
Commercial Vehicles	– 1.0	– 1.5	0.5	– 3.2	0.5	2.1	1.8	0.7	3.9	1.8
MAN Diesel & Turbo	6.5	4.6	9.9	6.0	5.7	6.3	6.1	6.7	7.5	4.8
Renk	14.0	11.4	8.8	22.6	11.9	15.0	16.9	18.4	11.0	12.8
Power Engineering	7.5	5.5	9.8	8.2	6.5	7.5	7.5	8.3	8.0	5.9

This information is reported on a voluntary basis and does not form part of the audited consolidated financial statements.

UNAUDITED ADDITIONAL INFORMATION: OVERVIEW BY QUARTER (3/3)

	2015					2014				
€ million	**Total 2015**	**Q4**	**Q3**	**Q2**	**Q1**	**Total 2014**	**Q4**	**Q3**	**Q2**	**Q1**
Net cash provided by/used in operating activities	1,162	414	426	79	243	– 695	406	– 194	– 220	– 688
Net cash provided by/used in investing activities attributable to operating activities	– 667	– 292	– 146	– 142	– 86	– 154	– 264	– 115	– 113	338
Net cash flow	**495**	**122**	**281**	**– 64**	**156**	**– 849**	**142**	**– 308**	**– 333**	**– 350**
Net financial debt[1]	**– 1,311**	**– 1,311**	**– 1,423**	**– 1,732**	**– 1,663**	**– 1,360**	**– 1,360**	**– 1,517**	**– 1,225**	**– 864**
Headcount[1, 2]	**55,030**	**55,030**	**55,657**	**55,196**	**55,143**	**55,903**	**55,903**	**55,983**	**55,480**	**55,462**
Capital markets information										
Earnings per share from continuing operations (€)	**1.02**	**1.01**	**0.37**	**– 0.27**	**– 0.08**	**0.88**	**0.14**	**0.15**	**0.42**	**0.17**
MAN share price (in €)[3]										
High	99.02	94.84	95.55	99.02	98.00	93.80	92.49	90.80	93.30	93.80
Low	90.20	90.97	90.20	92.39	91.75	87.99	88.91	87.99	89.75	89.25
Quarter-end	92.70	92.70	91.16	92.39	98.00	92.16	92.16	89.10	90.25	92.50
MAN share performance (%)										
Performance of MAN shares	0.6	1.7	– 1.3	– 5.7	6.3	3.3	3.4	– 1.3	– 2.4	3.6
Dax performance	9.6	11.2	– 11.7	– 8.5	22.0	2.7	3.5	– 3.6	2.9	0.0
MDax performance	22.7	7.8	– 1.7	– 5.1	22.1	2.2	5.9	– 4.9	2.1	– 0.7

[1] As of the reporting date.
[2] Including employees in the passive phase of partial retirement and vocational trainees, excluding subcontracted employees.
[3] Xetra closing prices, Frankfurt.

This information is reported on a voluntary basis and does not form part of the audited consolidated financial statements.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the Group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Munich, February 15, 2016

MAN SE

The Executive Board

Joachim Drees

Jan-Henrik Lafrentz

Josef Schelchshorn

AUDITORS' REPORT

We have audited the consolidated financial statements — comprising the income statement, reconciliation of comprehensive income for the period, balance sheet, statement of cash flows, statement of changes in equity, and the notes — and the Group management report prepared by MAN SE, Munich, for the fiscal year from January 1 to December 31, 2015. The preparation of the consolidated financial statements and the Group management report in accordance with IFRSs, as adopted by the EU, and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the *Handelsgesetzbuch* (HGB — German Commercial Code) is the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the consolidated financial statements and the Group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with section 317 of the HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position, and results of operations in the consolidated financial statements in accordance with the applicable financial reporting standards and in the Group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the Group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of the companies included in the consolidated financial statements, the determination of the companies to be included in the consolidated financial statements, the accounting and consolidation principles used, and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the consolidated financial statements and the Group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, and the supplementary provisions of German commercial law required to be applied under section 315a(1) of the HGB and give a true and fair view of the net assets, financial position, and results of operations of the Group in accordance with these requirements. The Group management report is consistent with the consolidated financial statements, as a whole provides a suitable understanding of the Group's position, and suitably presents the opportunities and risks of future development.

Munich, February 15, 2016

PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft

Frank Hübner
Wirtschaftsprüfer

Petra Justenhoven
Wirtschaftsprüferin

GLOSSARY

Committee of Sponsoring Organizations of the Treadway Commission (COSO): Internationally recognized framework for enterprise risk management and internal control.

Compliance: Adherence to statutory provisions, internal corporate policies, and ethical principles.

Contractual trust arrangement (CTA): Trust arrangement for funding pension provisions under which a company assigns assets to an autonomous and legally independent trustee as security that it will meet its pension funding obligations.

Derivatives/derivative financial instruments: Financial instruments whose value is derived primarily from the price and price volatility/expectations of an underlying (e.g., stocks, foreign currency, interest-bearing securities).

Equity method: Method of including investments that are not consolidated in the investor's consolidated financial statements in cases where the investor has significant influence over the investment's financial and operating policy decisions. The carrying amount of the investment is adjusted for any changes in the investor's share of the investment's equity. These changes are usually reported in the owner's income statement.

Equity ratio: Indicates the ratio of total equity to total capital.

Equity-to-assets ratio: Indicates the extent to which non-current assets (intangible assets, property, plant, and equipment, and investments) are covered by equity.

Fair value: Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Function expenses: Function expenses comprise the cost of sales, distribution expenses, and general and administrative expenses.

International Financial Reporting Standards (IFRSs): Internationally applicable accounting standards that are designed to ensure comparability of financial accounting and reporting. They are issued by the International Accounting Standards Board (IASB), an international private body. IFRSs also comprise those International Accounting Standards (IASs) that are still effective.

Invested capital: Invested capital is calculated as total operating assets (intangible assets, property, plant, and equipment, assets leased out, inventories, and receivables) less non-interest-bearing liabilities (trade payables, prepayments received, and payments received from customers for assets leased out). Prepayments received are only deducted if they have already been used in order processing.

Net cash flow: Net cash flow represents the excess funds from operating activities. It is calculated as cash flows from operating activities less cash flow from investing activities attributable to operating activities.

Net liquidity/net financial debt: Net liquidity/net financial debt comprises cash and cash equivalents, loans to Group companies, and marketable securities, less financial liabilities.

Operating profit: Earnings measure for calculating operating return on sales and thus for assessing and measuring the performance of MAN Group divisions. Operating profit reflects the Company's actual business activity and documents economic output in the core business.

Operating profit after tax: Earnings measure for calculating return on investment. Using various international income tax rates, an overall average tax rate of 30% is assumed when calculating the operating profit after tax.

Operating return on sales: Ratio of operating profit to sales revenue.

$$\textit{Operating return on sales} = \frac{\textit{Operating profit}}{\textit{Sales revenue}}$$

Option: Agreement under which the purchaser is entitled, but not obligated, to acquire (call option) or sell (put option) the underlying asset at a future date for a predefined price. By contrast, the seller of the option is obligated to sell or purchase the asset and usually receives a premium for granting the option rights.

Other comprehensive income (OCI): OCI is a separate category within total equity. It comprises gains and losses that are recognized in the balance sheet but not in the income statement, in particular from the fair value measurement of marketable securities, financial investments, and hedging transactions, from the translation of the financial statements of foreign Group companies and from remeasurements of pension plans, after adjustment for deferred taxes.

Percentage of completion (PoC) method: Revenue and profit recognition method that is based on the stage of completion in accordance with IAS 11. This method is applicable to dedicated construction contracts for which the total revenue, total costs, and stage of completion can be reliably determined. Earnings contributions are recognized in accordance with the stage of completion even if the contract has not yet been completed in full and invoiced to the customer.

Projected unit credit method: Method used to measure pension obligations in accordance with IAS 19 that reflects expected future pay and pension increases in addition to the vested pension rights and entitlements existing at the end of the reporting period.

Return on Investment (ROI): Ratio to calculate the return on invested capital for a particular period by calculating the ratio of operating profit after tax to invested capital.

$$\textit{ROI} = \frac{\textit{Operating profit after tax}}{\textit{Invested capital}}$$

Swap: Agreement between two counterparties to swap cash payments over a certain period. Prime examples are currency swaps, under which principal amounts denominated in various currencies are exchanged, and interest rate swaps, which usually entail the exchange of fixed and variable interest payments in the same currency.

Syndicated credit line: Committed credit line granted by a banking syndicate.

Total cost of ownership (TCO): Sum of all incurred costs, for the acquisition, its use, and potential disposal of an asset.

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MAN GROUP: SEVEN-YEAR OVERVIEW

€ million	2015	2014	2013[1]	2012	2011	2010	2009
Order intake	**14,381**	**15,332**	**16,207**	**15,889**	**17,145**	**15,072**	**9,860**
of which: Germany	3,486	3,267	3,570	3,252	3,646	3,489	2,388
of which: other countries	10,895	12,066	12,637	12,637	13,499	11,583	7,472
Order intake by division							
MAN Truck & Bus	10,059	9,269	9,551	9,150	9,514	8,023	5,224
MAN Latin America	1,047	2,253	2,955	2,870	3,579	3,140	1,412
MAN Diesel & Turbo	2,949	3,280	3,407	3,510	3,692	3,475	2,936
Renk	483	666	504	525	456	525	294
Others	– 35	– 26	– 210	– 166	– 96	– 91	– 6
Sales revenue	**13,702**	**14,286**	**15,861**	**15,772**	**16,472**	**14,675**	**12,026**
of which: Germany	3,252	2,906	3,388	3,170	3,515	3,058	2,751
of which: other countries	10,449	11,380	12,472	12,602	12,957	11,617	9,275
Sales revenue by division							
MAN Truck & Bus	8,997	8,412	9,251	8,822	8,984	7,446	6,395
MAN Latin America	1,047	2,253	2,955	2,870	3,579	3,140	1,412
MAN Diesel & Turbo	3,305	3,273	3,390	3,780	3,610	3,766	3,796
Renk	487	480	485	476	389	403	474
Others	– 28	– 23	– 221	– 176	– 90	– 80	– 51
Order backlog at December 31	**6,037**	**6,244**	**5,776**	**6,094**	**6,640**	**7,025**	**7,422**
of which: Germany	1,164	1,216	1,114	1,067	1,172	1,264	1,107
of which: other countries	4,872	5,028	4,662	5,027	5,468	5,761	6,315
Headcount at December 31	**55,030**	**55,903**	**56,102**	**56,513**	**53,792**	**49,155**	**49,571**
of which: German companies	31,720	32,309	32,430	32,272	31,302	28,610	28,534
of which: companies outside Germany	23,310	23,594	23,672	24,241	22,490	20,545	21,037
Permanent employees at December 31	**51,234**	**51,995**	**52,182**	**52,481**	**50,178**	**45,693**	**46,100**
Subcontracted employees at December 31	**802**	**879**	**1,327**	**1,802**	**2,364**	**1,976**	**1,643**
Annual average headcount	**55,267**	**55,587**	**55,999**	**55,963**	**52,283**	**49,019**	**50,567**
MAN share data							
Common shares at December 31 (in €)	92.70	92.16	89.25	80.75	68.70	88.99	54.44
Common shares, high (in €)	99.02	93.80	89.74	102.45	98.72	96.44	61.23
Common shares, low (in €)	90.20	87.99	82.35	70.76	52.51	47.99	30.31
Common shares, price/earnings ratio at December 31[2]	90.9	104.7	–	65.7	14.9	16.8	–
Preferred shares at December 31 (in €)	91.90	91.31	88.56	75.50	48.35	58.21	41.00
Preferred shares, high (in €)	97.70	93.25	88.95	85.51	69.94	62.24	49.95
Preferred shares, low (in €)	89.13	87.70	75.35	50.54	37.02	38.02	35.45
Preferred shares, price/earnings ratio at December 31[2]	90.1	103.8	–	61.4	10.5	11.0	–
Dividend per share (in €)[3]	3.07	3.07	3.07	1.00	2.30	2.00	0.25
Earnings per share (IAS 33) (in €)[2]	1.02	0.88	– 1.47	1.23	4.62	5.30	– 2.69
Equity per share (in €)	37.00	35.90	36.40	37.70	39.00	37.40	35.50

[1] 2013: Adjusted to reflect the retrospective application of the income statement, balance sheet, and statement of cash flows structure used by Volkswagen.
[2] For continuing operations.
[3] MAN SE will not distribute any further dividends from 2014 onwards as a result of the DPLTA. Instead, Volkswagen Truck & Bus GmbH agreed to make annual cash compensation payments of €3.07 per common or preferred share for the full fiscal year to MAN SE free float shareholders for the duration of the DPLTA, starting in fiscal 2014.

€ million	2015	2014	2013[1]	2012	2011	2010	2009
Noncurrent assets	11,203	10,534	9,949	11,746	10,623	10,046	8,661
Inventories	3,058	3,095	3,112	3,373	3,513	2,852	3,037
Other current assets	3,070	3,384	8,338	3,426	3,576	3,462	3,561
Marketable securities and cash and cash equivalents	779	525	1,138	1,367	958	1,071	636
Total equity	5,565	5,485	5,227	5,632	5,590	5,990	5,129
Pension obligations	496	603	452	591	378	226	160
Noncurrent and current financial liabilities	2,515	2,485	3,627	5,299	3,170	2,849	3,270
Prepayments received	789	819	852	908	823	762	913
Other liabilities and provisions	8,745	8,145	12,379	7,482	8,709	7,604	6,423
Total assets/capital employed	**18,110**	**17,538**	**22,537**	**19,912**	**18,670**	**17,431**	**15,895**
Sales revenue	**13,702**	**14,286**	**15,861**	**15,772**	**16,472**	**14,675**	**12,026**
Cost of sales	– 11,107	– 11,695	– 13,101	– 12,499	– 12,791	– 11,400	– 9,455
Gross profit	**2,594**	**2,591**	**2,760**	**3,273**	**3,681**	**3,275**	**2,571**
Other income and expenses	– 2,502	– 2,207	– 2,451	– 2,304	– 2,198	– 2,240	– 2,067
Operating profit	**92**	**384**	**309**	**969**	**1,483**	**1,035**	**504**
Earnings effects from purchase price allocations	–	–	–	– 110	– 109	– 109	– 62
Gains/losses from nonrecurring items	–	–	–	– 231	– 118	357	– 656
Net interest income/expense	–	–	–	– 312	– 134	– 158	– 117
Financial result	3	– 142	– 137	–	–	–	–
Profit/loss before tax	**95**	**242**	**172**	**316**	**1,122**	**1,125**	**– 331**
Income taxes	64	– 100	– 377	– 124	– 434	– 338	– 53
Profit/loss from discontinued operations, net of tax	– 10	124	– 308	–	– 441	– 65	126
Profit/loss after tax	**150**	**267**	**– 513**	**192**	**247**	**722**	**– 258**
Noncontrolling interests	– 10	– 13	– 11	– 12	– 9	– 9	– 12
Withdrawal from/transfer to reserves	–	–	545	– 33	100	– 419	307
Total dividend paid by MAN SE[2]	**–**	**–**	**21**	**147**	**338**	**294**	**37**
Depreciation and amortization of, and impairment losses on noncurrent assets (from 2013 including assets leased out)	– 1,047	– 905	– 980	– 706	– 1,129	– 467	– 804
Capital expenditures and financing							
Property, plant, and equipment, and intangible assets	688	605	558	754	601	391	366
Equity investments	20	5	4	175	70	5	1,937
Research and development costs	791	718	635	–	–	–	–
Research and development expenditures	–	–	–	830	740	626	504
Net cash provided by/used in operating activities	1,162	– 695	136	– 84	518	1,427	1,462
Net cash used in investing activities attributable to operating activities	– 667	– 154	– 526	– 1,233	– 637	– 374	– 2,584
Net cash flow (free cash flow until 2013)	495	– 849	– 390	– 1,317	– 119	1,053	– 1,122
Key performance indicators							
Operating return on sales (%)	0.7	2.7	1.9	–	–	–	–
ROS (%)	2.9	3.0	3.0	6.1	9.0	7.1	4.2
ROCE (%)[3]	5.1	5.8	6.9	13.9	24.4	17.4	8.8

[1] 2013: Adjusted to reflect the retrospective application of the income statement, balance sheet, and statement of cash flows structure used by Volkswagen.
[2] MAN SE will not distribute any further dividends from 2014 onwards as a result of the DPLTA. Instead, Volkswagen Truck & Bus GmbH agreed to make annual cash compensation payments of €3.07 per common or preferred share for the full fiscal year to MAN SE free float shareholders for the duration of the DPLTA, starting in fiscal 2014.
[3] CE definition adjusted in 2010; marketable securities and cash and cash equivalents also deducted (similar adjustment made in 2009).

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