Q1 MAN Group:
Significant improvement in operating profit despite decline in sales revenue

	2014	2013	Change
€ million	Q1	Q1	in %
Order intake	3,699	3,806	–3
Sales revenue	3,138	3,594	–13
Operating profit/loss	68	–98	–

- Slight decline in order intake; sales revenue down significantly year-on-year
- Commercial Vehicles business area: European market still dominated by introduction of Euro 6, deterioration in the market environment in Brazil
- Operating profit in all divisions despite low sales revenue
- Net cash flow impacted by increase in working capital
- MAN Group's outlook for full-year 2014 unchanged: Slight year-on-year decline in sales revenue, significantly higher operating profit

Interim report as of March 31, 2014 – Q1/2014

MAN SE

Letter to our Shareholders

Significant improvement in operating profit despite decline in sales revenue

Dear Shareholders,

The first three months of 2014 were largely in line with our expectations. We are cautiously optimistic about the fiscal year, and our financial figures for the first quarter reinforce this outlook. We have observed a slight recovery in the global economy in the year to date, although this varied from region to region. The nonrecurring items that significantly overshadowed the MAN Group's 2013 annual financial statements are now a thing of the past. Against this backdrop, we can again report a significant increase in the Group's operating profit despite a slight decrease in order intake and lower sales revenue. All of the MAN Group's divisions returned to profitability.

Before turning to the divisions in detail, I would like to draw your attention to changes to our financial reporting: The integration of the MAN Group into the Volkswagen Group led to an adjustment of our financial figures to Volkswagen's system for the first time in Q1/2014. Some of the key performance indicators used in the past such as operating profit or return on sales are now defined differently, or go by a different name. For example, rather than a return on sales, we now refer to an "operating return on sales," which is also calculated differently. The corresponding prior-year figures were adjusted retrospectively so that our Q1 results can still be compared with previous reporting periods. More detailed information is provided in the notes to the consolidated financial statements in this report.

The MAN Group's order intake in the first quarter of the current fiscal year was €3.7 billion, down slightly on the previous year as already mentioned.

The Commercial Vehicles business area recorded an order intake of €2.8 billion, down 7% on the previous year. This is attributable to the clear decrease in orders received by MAN Latin America. At €570 million, orders were well below the figure for the first quarter of 2013 (€822 million). This was due on the one hand to the depreciation of the Brazilian real, and on the other to the deterioration of the market environment in Brazil. The Brazilian Development Bank has significantly restricted access to subsidized financing. The commercial vehicles market contracted and the number of major government orders also declined. This all led to greater competition. In contrast, MAN Truck & Bus's order intake was up 3% on the prior-year quarter, at €2.3 billion. This was boosted by the improved economic environment in Europe and a number of major orders. However, the European market continued to be dominated by pull-forward effects from the introduction of the Euro 6 emission standard.

The Power Engineering business area recorded a higher order intake. At €0.9 billion, this represents an increase of 7% compared with the period from January to March 2013. MAN Diesel & Turbo's orders rose by approximately €60 million to €0.8 billion. The increase was attributable to the marine business unit, which saw a slight market recovery. The Power Plants strategic business unit also recorded a higher order intake. This offset the significant decreases in the Turbomachinery strategic business unit – an advantage of our broad-based focus. Renk recorded orders worth €125 million.

The MAN Group's sales revenue declined by 13% in the first three months of 2014 to €3.1 billion. MAN Truck & Bus recorded sales revenue of €1.8 billion. MAN Latin America's sales revenue declined to €570 million due to the deterioration in the business environment in the same period. MAN Diesel & Turbo generated sales revenue of €0.7 billion, while Renk recorded €108 million.

After reporting an operating loss for the MAN Group of €98 million in the first quarter of fiscal 2013, we are now posting a clear operating profit of €68 million. This is mainly due to the improvement at MAN Diesel & Turbo, where provisions for a power plant project that had not yet been completed significantly impacted consolidated profit in the previous year. MAN Diesel & Turbo's operating profit in the first quarter of 2014 was €33 million and Renk recorded €14 million. As a result, the Power Engineering business area again posted a clearly positive profit of €47 million. The Commercial Vehicles business area also lifted operating profit by €5 million to €42 million. Higher margins and savings in material costs saw MAN Truck & Bus improve from an operating loss of €22 million to an operating profit of €11 million. MAN Latin America's operating profit declined from €59 million to €32 million. The MAN Group's operating return on sales was 2.2%. All in all, the MAN Group recorded profit before tax of €42 million in the first three months and profit after tax of €28 million.

We are expecting slightly stronger global economic growth in 2014 compared with the previous year. However, there are still uncertainties surrounding economic developments owing in particular to the restrictive monetary policy announced by the US Federal Reserve, the ongoing sovereign debt crisis in Europe, and political instability, particularly in connection with the current Ukraine crisis. Aside from this, business developments in the first quarter confirm our assumption that the MAN Group's full-year sales revenue is likely to be down slightly on the prior-year figure. However, we expect to see a significant increase in operating profit. The operating return on sales will significantly exceed the 2013 figure.

Dr.-Ing. Georg Pachta-Reyhofen
Chief Executive Officer of MAN SE

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Introduction

The Group interim financial report of MAN SE meets the requirements for a quarterly financial report in accordance with the applicable provisions of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) and, in accordance with section 37x(3) of the WpHG, comprises the condensed interim consolidated financial statements and the interim management report of the Group. The interim consolidated financial statements have been prepared in compliance with IAS 34 in accordance with the International Financial Reporting Standards (IFRSs) and related Interpretations issued by the International Accounting Standards Board (IASB), that were effective at the end of the reporting period and endorsed by the European Union (EU). The Group interim financial report should be read in conjunction with the annual report for fiscal year 2013 and the additional information on the Company contained in it.

Disclosures on changes to the structure of financial reporting and on changes to the definition of control measures due to the integration into the Volkswagen Group are included in the interim management report and the notes to the condensed interim consolidated financial statements.

All figures are rounded, so minor discrepancies may arise from addition of these amounts.

At a Glance

€ million	2014 Q1	2013 Q1	Change in %
Order intake	3,699	3,806	–3
Germany	751	861	–13
Other countries	2,948	2,945	0
Order backlog[1)]	6,297	5,776	9
Headcount[1)]	55,462	56,102	–1
Germany	32,083	32,430	–1
Other countries	23,379	23,672	–1
Sales revenue[2)]	3,138	3,594	–13
Germany	654	737	–11
Other countries	2,484	2,857	–13
			€ million
Operating profit/loss	68	–98	166
Operating return on sales (%)	2.2	–2.7	4.9
Profit/loss before tax from continuing operations	42	–144	186
as a % of sales revenue	1.3	–4.0	5.3
Profit/loss after tax	28	–337	365
Profit/loss attributable to shareholders of MAN SE	25	–340	365
ROS (%) [2)]	3.0	–2.3	5.3
ROCE (%) [2)]	5.3	–4.7	10.0
Gross cash flow	–40	6	–46
Net cash used in operating activities	–688	–150	–538
Cash flows from investing activities attributable to operating activities	338	–85	423
of which: from acquisitions and divestments	417	–	417
of which: investments in property, plant, and equipment	–44	–62	18
as a percentage of sales revenue	1.4	1.7	–
capitalized development costs	–41	–28	–13
as a percentage of sales revenue	1.3	0.8	–
Net cash flow	–350	–235	–115
Depreciation, amortization, and impairment losses of noncurrent assets	218	212	6
R&D expenditures	128	135	–7
Cash and cash equivalents[1)]	1,532	1,137	395
Net financial debt[1)]	–864	–1,315	451
Total equity[1)]	5,711	5,227	484

Any differences in this Group interim financial report are due to rounding.

1) As of March 31, 2014, vs. December 31, 2013.

2) The actual ROS and ROCE values according to the previous logic will also be reported on a voluntary basis in fiscal 2014.

Interim Management Report as of March 31, 2014

Economic environment

The slight revival of the global economy that has emerged so far this year was mixed in the different regions. The economic situation in the industrialized nations improved despite the continued presence of structural obstacles. At the same time, the robust economic growth in the emerging economies slowed due to currency volatility and structural deficits.

The economic recovery in Western Europe continued in the reporting period. The northern European countries returned to a moderate growth path, while the recession came to an end in most of the crisis-hit southern European countries. The German economy reinforced its upward trend in the first quarter of 2014, benefiting in particular from the continued positive consumer sentiment and the stable situation on the labor market. Central and Eastern Europe recorded moderate economic growth in the first three months of 2014, although sentiment deteriorated due to geopolitical tensions. Russia's economy was particularly impacted by the Ukraine crisis.

Despite the difficult weather-induced conditions at the beginning of the year, the U.S. economy continued its recovery in the first quarter of 2014. Consumer sentiment boosted the economy, while the unemployment rate declined further. Brazil — a key market for MAN — saw growth in line with the low prior-year level in the first three months of 2014.

In spite of some indications of declining momentum, the Chinese economy continued to record robust growth. India's economy was weighed down by structural problems and considerable price increases.

Changes to financial reporting

The integration of the MAN Group into the Volkswagen Group also results in structural adjustments to financial reporting and changes to the definition of control measures.

Changes to the structure of the income statement

The MAN Group prepared its income statement in line with the structure used by Volkswagen AG for the first time in the condensed interim consolidated financial statements as of March 31, 2014. A comparison of the previous format of the income statement to the new format for the period from January 1 to March 31, 2013, and the most important differences are provided in the notes to the condensed interim consolidated financial statements.

Changes to the definition of control measures

MAN calculated its financial control measures on the basis of the definitions and structures used in the Volkswagen Group's financial reporting for the first time in Q1/2014. The main differences are explained in the following.

The operating profit/loss used in the MAN Group in the past essentially corresponded to earnings before interest and taxes (EBIT). When calculating operating profit/loss, adjustments were made for earnings effects from purchase price allocations and, in individual cases, effects from nonrecurring items. According to the Volkswagen Group's definition, operating profit/loss is calculated as profit/loss before tax and before the financial result. As a result, net investment income in particular is no longer part of operating profit. This is now presented in the share of profits and losses of equity-method investments or in the other financial result. However, earnings effects relating to tangible and intangible assets resulting from the acquisition of an individual segment are eliminated from the operating profit/loss of that segment.

The operating return on sales for the MAN Group, the business areas, and the segments is expressed as operating profit/loss as a percentage of sales revenue.

The actual ROS and ROCE values according to the previous logic will continue to be reported on a voluntary basis in 2014.

Restatement of comparative periods

The income statement and the control measures published in this Group interim financial report are no longer comparable with the figures reported in prior periods due to the changes to the structure of financial reporting and the definition of control measures. The prior-period figures presented in this report were therefore adjusted accordingly.

Divestments

Volkswagen Financial Services AG, Braunschweig (VWFS) acquired the shares of MAN Finance International GmbH, Munich (MAN Finance), effective January 1, 2014. 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.

MAN Finance has been presented as "Financial Services" in MAN's reporting to date and is included in all related prior-year information.

For further information, see the "Notes to the Condensed Interim Consolidated Financial Statements."

The MAN Group's order situation

The MAN Group's order intake in the first quarter of the current fiscal year was €3.7 billion, down slightly on the prior-year level.

Order intake by business area

€ million	**2014 Q1**	**2013 Q1**	**Change in %**
Commercial Vehicles[1)]	2,800	3,015	–7
Power Engineering[1)]	905	843	7
Others	–6	–52	–
MAN Group	**3,699**	**3,806**	**–3**

1) 2014: consolidated presentation, 2013: consolidation effects were immaterial.

Order intake in the Commercial Vehicles business area decreased by 7% year-on-year in the first three months to €2.8 billion (previous year: €3.0 billion). Measured in terms of units, order intake declined by 9% to 29,772 vehicles.

In the first three months of fiscal 2014, MAN Truck & Bus received orders worth €2.3 billion, an increase of 3% as against the previous year. This reflects the improved economic environment at the beginning of 2014 and includes several major orders. However, the European market continued to be dominated by effects from the introduction of the Euro 6 emission standard. The number of vehicles ordered rose slightly to 18,197 (previous year: 18,089).

MAN Latin America recorded an order intake of €570 million in the first quarter of 2014, considerably below the prior-year level (€822 million). This decrease was due on the one hand to the depreciation of the Brazilian real. On the other, the number of units in Brazil declined significantly to 12,391 (previous year: 15,085) as a result of a deterioration in the market environment.

In the Power Engineering business area, order intake amounted to €0.9 billion, approximately 7% higher than in the previous year (€0.8 billion). MAN Diesel & Turbo's orders rose by approximately

€60 million (+ 8%) to €0.8 billion. This increase is mainly attributable to the Engines & Marine Systems strategic business unit, which more than offset the decline in the Turbomachinery strategic business unit. Renk recorded an order intake of €125 million in the first three months (previous year: €116 million).

The MAN Group's order intake in Germany decreased by 13% year-on-year, while international orders remained constant at €2.9 billion. The proportion of international orders rose by two percentage points against the comparative period, to 80%.

The order backlog amounted to €6.3 billion as of March 31, 2014, up 9% compared with December 31, 2013. The Commercial Vehicles business area recorded an increase of 22%, while the order backlog in the Power Engineering business area remained largely constant.

Results of operations, financial position, and net assets

The MAN Group's results of operations

The MAN Group's sales revenue for the first three months of fiscal 2014 declined by 13% to €3.1 billion (previous year: €3.6 billion).

Sales revenue by business area

€ million	2014 Q1	2013 Q1	Change in %
Commercial Vehicles[1]	2,336	2,764	–15
Power Engineering[1]	804	865	–7
Others	–2	–36	–
MAN Group	**3,138**	**3,594**	**–13**

[1] 2014: consolidated presentation, 2013: consolidation effects were immaterial.

The Commercial Vehicles business area reported sales revenue of €2.3 billion in the first quarter, 15% less than in the previous year (€2.8 billion). Unit sales by the Group declined by 13% to 26,386 units. MAN Truck & Bus generated sales revenue of €1.8 billion (previous year: €1.9 billion). Unit sales decreased from 15,713 to 14,266 vehicles. As against the previous year, positive price trends were visible in sales revenue. MAN Latin America's sales revenue declined to €570 million in the first quarter of 2014 (previous year: €822 million) due to currency effects and the deterioration in the market environment. Unit sales fell from 15,085 to 12,391 vehicles. The Power Engineering business area generated sales revenue of €0.8 billion in the first three months, a year-on-year decrease of 7%. At €0.7 billion, MAN Diesel & Turbo was down 6% on the previous year in the first quarter, recording decreases in the Power Plants and Turbomachinery strategic business units. Renk reported sales revenue of €108 million (previous year: €123 million).

The MAN Group's domestic sales revenue declined by 11% year-on-year to €0.7 billion. International sales revenue fell by 13%. The proportion of sales revenue generated outside Germany was 79% (previous year: 80%).

The MAN Group recorded an operating profit of €68 million in the first quarter of 2014, compared with a clear operating loss of €98 million in the previous year.

Operating profit/loss by business area			
€ million	**2014 Q1**	**2013 Q1**	**Change in € million**
Commercial Vehicles[1)]	42	37	5
Power Engineering[1)]	47	–101	148
Others	–21	–34	13
MAN Group	**68**	**–98**	**166**

1) 2014: consolidated presentation, 2013: consolidation effects were immaterial.

This improvement is due in particular to the Power Engineering business area, which generated an operating profit of €47 million (previous year: operating loss of €101 million). In the Commercial Vehicles business area, operating profit rose by €5 million to €42 million (previous year: €37 million). The operating loss attributable to Others narrowed by €13 million year-on-year.

The MAN Group's operating return on sales in the first three months was 2.2%, after –2.7% in the prior-year period. The operating return on sales for the Commercial Vehicles business area rose to 1.8% (previous year: 1.3%); in the Power Engineering business area, the operating return on sales improved to 5.9% (previous year: –11.7%).

MAN Truck & Bus recorded an operating profit of €11 million in the first three months (previous year: operating loss of €22 million). The change is largely attributable to improved margins and lower material costs in the Trucks business, despite a decline in the operating profit recorded by the Buses business due to volume-related factors. MAN Truck & Bus's operating return on sales for the first three months rose from –1.1% in the previous year to 0.6%. MAN Latin America generated an operating profit of €32 million in the reporting period (previous year: €59 million). This decrease is mainly due to greater competition, lower sales revenue, and the depreciation of the Brazilian real against the euro. The operating return on sales amounted to 5.5% (7.1%).

In the Power Engineering business area, MAN Diesel & Turbo again posted a clear operating profit of €33 million, after an operating loss of €118 million in the previous year. The negative prior-year figure was primarily attributable to additional provisions for a power plant project that had not yet been completed. MAN Diesel & Turbo's operating return on sales was 4.8% (previous year: –15.9%). Renk recorded an operating profit of €14 million in the first quarter of 2014 (previous year: €17 million). This corresponds to an operating return on sales of 12.8% (previous year: 13.8%).

The financial result improved by approximately €20 million year-on-year to €–26 million.

All in all, the MAN Group's profit before tax amounted to €42 million in the first three months (previous year: €–144 million). The Group recorded profit after tax of €28 million in the reporting period, compared with a loss after tax of €337 million in the previous year. The tax rate was 33.6% (previous year: –133.8%). The comparative prior-year period mainly comprised valuation allowances on deferred tax assets in respect of tax loss carryforwards in connection with the domination and profit and loss transfer agreement between Truck & Bus GmbH, Wolfsburg, and MAN SE.

Earnings per share from continuing operations were €0.17 as against €–2.31 in the prior-year period.

The MAN Group's financial position

Net cash flow from the MAN Group's operating and investing activities attributable to operating activities amounted to €–350 million after the first three months (previous year: €–235 million).

Net cash flow by business area

€ million	2014 Q1	2013 Q1	Change in € million
Commercial Vehicles[1)]	–385	–111	–274
Power Engineering[1)]	–60	–95	35
Others	95	–29	124
MAN Group	**–350**	**–235**	**–115**

1) 2014: consolidated presentation, 2013: consolidation effects were immaterial.

This included two nonrecurring items totaling €159 million. It was affected on the one hand by a net inflow of €415 million from the sale of MAN Finance, and impacted on the other by the payment of prior-period taxes in the amount of €256 million including interest.

The MAN Group's gross cash flow in the first three months was €–40 million (previous year: €6 million), despite a significant improvement in the profit before tax. This was primarily due to the above-mentioned tax payment.

The MAN Group's working capital rose by €648 million (previous year: €156 million), mainly as a result of the €258 million decrease in liabilities and prepayments received (previous year: increase of €161 million). This decline was largely attributable to a lower production volume at MAN Truck & Bus in the first quarter of 2014. The MAN Group's inventories rose by €369 million (previous year: €247 million). Provisions decreased by €68 million (previous year: increase of €138 million), while receivables declined by €114 million (previous year: increase of €89 million).

This saw negative cash flow from operating activities widen significantly to €–688 million, compared with €–150 million in the previous year.

Investing activities attributable to operating activities amounted to €338 million (previous year: €–85 million) and were dominated by the net cash inflow of €415 million from the sale of MAN Finance. Excluding this effect, investments were down slightly on the prior-year level.

In the Commercial Vehicles business area, net cash flow declined to €–385 million in the first quarter of 2014 (previous year: €–111 million) due to the increase in net capital employed. The Power Engineering business area recorded a net cash flow of €–60 million in the reporting period (previous year: €–95 million). Net cash flow from Others was €95 million (previous year: €–29 million) and includes the cash inflow from the sale of MAN Finance and the negative effect from the tax payment.

Cash inflows from financing activities in the reporting period amounted to €347 million (previous year: €46 million). This mainly relates to the €724 million loss absorption by Truck & Bus GmbH for 2013. In addition, bonds in the amount of €200 million were repaid and other financial liabilities reduced by €177 million.

The MAN Group's net financial debt was €864 million on March 31, 2014, an improvement of €451 million as against December 31, 2013.

As announced, the cooperation with rating agency Moody's was terminated at the end of March 2014.

Structure of the MAN Group's balance sheet

The MAN Group's total assets amounted to €18,957 million at the end of the reporting period, 15.9% lower than on December 31, 2013 (€22,537 million).

Current assets declined to €8,125 million in the reporting period (December 31, 2013: €12,588 million). At the same time, current liabilities decreased by 36.1% to €7,388 million (December 31, 2013: €11,561 million). Both effects related mainly to the sale of MAN Finance to VWFS as of January 1, 2014. MAN Finance was presented as held for sale as of December 31, 2013. For further information, see "Divestments" and the "Notes to the Condensed Interim Consolidated Financial Statements."

The higher fair value of the investment in Scania as of March 31, 2014, led to an increase in noncurrent assets of €786 million as against December 31, 2013.

The MAN Group's equity increased to €5,711 million as of March 31, 2014, compared with December 31, 2013 (€5,227 million). This change is primarily attributable to the fair value measurement of the investment in Scania. The preparation of the condensed interim consolidated financial statements after appropriation of net profit led to a decrease in reported equity as of March 31, 2014. The equity ratio was 30.1% (previous year: 23.2%).

	MAN Group	
€ million	**3/31/2014**	**12/31/2013**
Noncurrent assets	10,832	9,949
Current assets	8,125	12,588
Total assets	**18,957**	**22,537**
Total equity	5,711	5,227
Noncurrent liabilities	5,858	5,749
Current liabilities	7,388	11,561

Headcount

The definition of headcount was also adapted in line with Volkswagen AG's reporting. It comprises active employees, employees in the passive phase of partial retirement, and vocational trainees. It does not include subcontracted employees. The comparable prior-year figures (as of December 31, 2013) were adjusted accordingly.

The MAN Group had 51,997 (previous year: 52,182) active employees on March 31, 2014. A further 609 (630) employees were in the passive phase of partial retirement, and 2,856 (3,290) young people were in vocational traineeships. The MAN Group employed a total of 55,462 (previous year: 56,102) people worldwide at the end of the reporting period. The decrease by 1%, or 640 employees, as against December 31, 2013, is primarily attributable to the sale of MAN Finance. The proportion of employees in Germany was on a level with December 31, 2013, at 58% or 32,083 employees (previous year: 32,430 employees).

The MAN Group also had 1,280 subcontracted employees at the end of the quarter, compared with 1,300 as of December 31, 2013.

Outlook

The MAN Group's Management anticipates slightly stronger global economic growth in 2014 compared with the previous year. There are still uncertainties surrounding economic developments owing in particular to the restrictive monetary policy announced by the US Federal Reserve, the ongoing sovereign debt crisis in Europe, and political instability, particularly in connection with the current Ukraine crisis. Assuming that the moderate growth trend is not negatively impacted by unforeseen events and the geopolitical situation does not escalate, MAN SE's Executive Board currently expects the following:

In the Commercial Vehicles business area, MAN expects unit sales for 2014 to be clearly below the prior-year level, mainly as a result of the deterioration in the market environment in Brazil. Sales revenue will be clearly below the prior-year level. Operating profit and the operating return on sales are expected to clearly exceed the prior-year figures despite continued strong competition. These forecasts assume no significant change in exchange rates.

Order intake and sales revenue in the Power Engineering business area are expected to be on a level with the previous year in fiscal 2014. Operating profit and the operating return on sales will improve noticeably but will continue to be impacted by the fierce competition, the slow license business in the marine sector, and customer reticence in the after-sales business. The Power Engineering business area is therefore expected to record a higher single-digit operating return on sales in 2014.

As a result, the MAN Group will see a slight year-on-year decline in sales revenue and significantly higher operating profit in 2014. The operating return on sales will significantly exceed the 2013 figure but will not reach the target bandwidth of 2 percentage points above/below the original long-term target of 8.5%.

Report on Risks and Opportunities

The Report on Risks and Opportunities should be read in conjunction with our disclosures in the 2013 consolidated financial statements. The MAN Group's risk position has not changed significantly as against the assessment contained in that report.

With respect to current developments in connection with the economic situation and their effects on MAN's order situation in particular, as well as on its sales revenue and earnings, please see the sections entitled "Economic environment" and "Outlook for the MAN Group," along with the information provided on the individual segments in "The Divisions in Detail."

Litigation/legal proceedings

For information regarding "Litigation/legal proceedings," please see the "Notes to the Condensed Interim Consolidated Financial Statements."

MAN shares

After reaching historic highs in fiscal 2013, the upward trend in the equity markets flattened out significantly in the first quarter of 2014.

Developments on the stock markets in the reporting period were characterized by ups and downs. Following a wave of euphoria at the beginning of the year, the equity markets were negatively impacted by the fall in the value of the currencies of several emerging economies, liquidity bottlenecks at Chinese banks, and the tapering of the US Federal Reserve's bond-buying program. The political unrest in Ukraine in particular triggered sharp temporary price fluctuations in the first half of March. In addition, the increased deflation risk in the euro zone led to high volatility in the stock markets.

The German benchmark index, the Dax, remained constant over the first three months of 2014, closing at 9,556 points on March 31. By contrast, the MDax lost almost 1% to end the quarter at 16,462 points. MAN common shares improved by nearly 4% in Q1/2014, from a closing price of €89.25 on December 31, 2013, to €92.50 on March 31, 2014.

Key data by division

Order intake by division			
€ million	**2014 Q1**	**2013 Q1**	**Change in %**
MAN Truck & Bus	2,267	2,194	3
MAN Latin America	570	822	–31
MAN Diesel & Turbo	786	727	8
Renk	125	116	7
Others	–6	–52	–
Consolidation within the business areas [1)]	–43	–	–
MAN Group	**3,699**	**3,806**	**–3**

Sales revenue by division			
€ million	**2014 Q1**	**2013 Q1**	**Change in %**
MAN Truck & Bus	1,782	1,942	–8
MAN Latin America	570	822	–31
MAN Diesel & Turbo	700	743	–6
Renk	108	123	–12
Others	–2	–36	–
Consolidation within the business areas [1)]	–20	–	–
MAN Group	**3,138**	**3,594**	**–13**

Operating profit/loss by division			
€ million	**2014 Q1**	**2013 Q1**	**Change € million**
MAN Truck & Bus	11	–22	33
MAN Latin America	32	59	–27
MAN Diesel & Turbo	33	–118	151
Renk	14	17	–3
Others	–21	–34	13
Operating profit/loss	**68**	**–98**	**166**
Financial result	–26	–46	20
Profit/loss before tax	**42**	**–144**	**186**
Income tax expense	–14	–193	179
Profit/loss after tax	**28**	**–337**	**365**

[1)] 2014: consolidated presentation; 2013: consolidation effects were immaterial.
In this Group interim financial report, the breakdown of order intake, sales revenue, and operating profit/loss by division is based on the segment reporting used in the MAN Group.

The Divisions in Detail

MAN Truck & Bus

€ million	2014 Q1	2013 Q1	Change in %
Order intake	2,267	2,194	3
of which: Trucks	1,875	1,806	4
of which: Buses	391	301	30
of which: Financial Services	–	102	–
of which: consolidation	–	–16	–
Order intake (units)[1]	18,197	18,089	1
of which: Trucks	16,601	16,869	–2
of which: Buses	1,596	1,220	31
Sales revenue	1,782	1,942	–8
of which: Trucks	1,553	1,574	–1
of which: Buses	229	280	–18
of which: Financial Services	–	102	–
of which: consolidation	–	–13	–
Vehicle sales (units) [1]	14,266	15,713	–9
of which: Trucks	13,539	14,691	–8
of which: Buses	727	1,022	–29
Production (units)	15,449	16,437	–6
of which: Trucks	14,392	15,112	–5
of which: Buses	1,057	1,325	–20
Headcount [2]	36,203	36,887	–2
			€ million
Operating profit/loss [3]	11	–22	33
of which: Trucks	35	–3	38
of which: Buses	–24	–20	–4
of which: Financial Services	–	1	–1
Operating return on sales (%)	0.6	–1.1	–

1) No elimination of unit sales figures between Financial Services and Trucks/Buses.
2) Headcount as of March 31, 2014, vs. December 31, 2013.
3) 2013: Including consolidation effects between Financial Services and Trucks/Buses.

The Financial Services business is included in all related prior-year information.

In the first three months of the current fiscal year, the European truck market was up on the comparatively low prior-year level. This increase is attributable to a more positive economic environment and additional registrations of Euro 5 vehicles. Some of these registrations relate to vehicles that were already sold in the fourth quarter of 2013 due to the pull-forward effects from the introduction of the Euro 6 emission standard. This boosted the European truck market in the first quarter of 2014. MAN Truck & Bus is expecting a clear market downturn in full-year 2014, as a significant portion of demand was already pulled forward to 2013 in advance of the Euro 6 emission rules in force starting in 2014. The European bus market was roughly at the prior-year level in the first quarter of 2014. A slightly negative trend is expected in full-year 2014.

Order intake at MAN Truck & Bus in the first quarter rose by 3% year-on-year to €2,267 million. Measured in terms of units, order intake was up 1% on the previous year, at 18,197 vehicles (previous year: 18,089).

The Trucks business recorded an order intake of €1,875 million (previous year: €1,806 million) after three months, corresponding to 16,601 trucks (previous year: 16,869). This decline in units was mainly attributable to the year-on-year decrease in order intake in Europe, particularly in Germany and France, as well as in Russia. The downturn in Europe was only partly offset by growth in volumes in other markets. A large order to produce external engines contributed to the higher overall order intake.

At €391 million, order intake in the Buses business in the first quarter of 2014 was up 30% on the previous year. Measured in unit terms, the figure increased by 31% year-on-year. The main drivers for this were a large chassis order from Singapore as well as a major city bus order from Sweden.

MAN Truck & Bus generated sales revenue of €1,782 million, an 8% decrease year-on-year (previous year: €1,942 million).

The Trucks business recorded a decline in sales revenue, to €1,553 million (previous year: €1,574 million). At 13,539 trucks, unit sales were down 8% on the prior-year figure (14,691) in a fiercely competitive market. Unit sales contracted in Uzbekistan, Germany, and Russia in particular. By contrast, countries such as Spain, Croatia, and Portugal saw increases in unit sales. As against the previous year, a positive price trend was visible in sales revenue. Overall, MAN Truck & Bus's share of the European market for trucks over 6 t was 15.7% in the first quarter of 2014 (previous year: 15.8%).

The Buses business generated sales revenue of €229 million, down on the prior-year figure of €280 million. It sold 727 buses (previous year: 1,022), a year-on-year decrease of 29%. The main drivers for this were the chassis business in France, Australia, and South Africa as well as the city bus business in Turkey. In the European bus market, MAN Truck & Bus had a market volume of 10.0% (previous year: 12.0%) three months into the year.

In the first quarter of 2014, production volumes in the Trucks business were scaled back by 720 units (–5%) and in the Buses business by 268 units (–20%) as against the previous year due to weaker unit sales.

The headcount declined by 2% compared with December 31, 2013, to 36,203 employees in Q1/2014. This was mainly attributable to the sale of the Financial Services business to VWFS as of January 1, 2014. On the reporting date of March 31, 2014, there were 33,579 active employees. 479 employees were in the passive phase of their partial retirement. In addition, 2,145 young people were in vocational traineeships.

The operating profit of €11 million was considerably higher than the figure for the prior-year quarter (loss of €22 million). This corresponds to an operating return on sales of 0.6% (previous year: –1.1%). In the Trucks business, the rise in operating profit to €35 million (previous year: loss of €3 million) is mainly attributable to improved margins as a result of positive price trends and the reduced material costs. The operating loss in the Buses business increased to €24 million (previous year: operating loss of €20 million), mainly due to volume-related factors.

The Management of MAN Truck & Bus expects unit sales and sales revenue for 2014 to be at the prior-year level. 2014 operating profit, and thus the operating return on sales, are expected to considerably exceed the prior-year level. The reversal of the pull-forward effects from the introduction of the Euro 6 emission standard will have a clear impact in the first half of 2014. MAN Truck & Bus is working systematically to improve its earnings quality in the long term in a more difficult market environment characterized by even fiercer competition. Comprehensive measures have already been taken to cut costs, increase efficiency, and introduce more flexibility into production.

MAN Latin America

€ million	2014 Q1	2013 Q1	Change in %
Order intake	570	822	–31
Order intake (units)	12,391	15,085	–18
Sales revenue	570	822	–31
Vehicle sales (units)	12,391	15,085	–18
Production (units)	14,474	15,643	–7
Headcount[1)]	2,030	2,020	0
			€ million
Operating profit	32	59	–27
Operating return on sales (%)	5.5	7.1	–

1) Headcount as of March 31, 2014, vs. December 31, 2013.

MAN Latin America received orders of €570 million in the first quarter of 2014 (previous year: €822 million). Order intake was down 31% year-on-year due to the deteriorating market environment and the devaluation of the Brazilian real.

New registrations for trucks weighing 5 t and over in Brazil declined by 12% to 29,903 units. The delayed and more restrictive provision of subsidized financing by the Brazilian Development Bank had a significant impact on this trend. MAN Latin America sold 8,701 trucks in the Brazilian truck market. This corresponds to a decline of 19% as against the prior-year quarter. This trend resulted from the sustained very fierce price competition, in addition to the market decline. With a total of 8,063 new truck registrations (previous year: 9,622), MAN Latin America maintained its eleven-year market leadership, achieving a market share of 27.0% (previous year: 28.5%).

New registrations in the Brazilian bus market decreased by 9% to 6,952 vehicles. MAN Latin America sold 2,126 bus chassis (previous year: 2,850) and achieved a market share of 26.0% (previous year: 31.2%) in the declining market, with 1,809 new bus registrations (previous year: 2,375). The decrease in market share is mainly attributable to lower registrations of government-sponsored school buses. MAN Latin America was disproportionately represented in this market segment. The Company nevertheless again occupied the number two position in the Brazilian bus market.

Brazil’s commercial vehicles exports declined by 4% year-on-year as a result of Argentina’s currently weak economy and uncertainties in the remaining Latin American markets. MAN Latin America sold 1,564 vehicles (previous year: 1,517) despite these difficulties, remaining one of Brazil’s leading exporters with 19.3% of the country’s truck exports.

Production volumes declined by 7% compared with the prior-year quarter. MAN Latin America produced 11,892 trucks (previous year: 12,389) and 2,582 bus chassis (previous year: 3,254) in the first quarter.

Operating profit decreased to €32 million, compared with €59 million in the first quarter of 2013. This was mainly caused by lower sales volumes, the devaluation of the Brazilian real, and more intense competition. Better margins could not be achieved in the market due to price pressure. MAN Latin America’s operating return on sales was 5.5% (previous year: 7.1%).

The Brazilian commercial vehicles market is currently dominated by lower demand as a result of slow economic growth and less favorable financing terms, as well as fierce competition. The macroeconomic situation in the other Latin American countries is also weaker.

The Management of MAN Latin America is expecting considerably lower sales revenue in full-year 2014, largely attributable to significantly lower sales and negative currency effects. Operating profit will be impacted by lower sales, continued intense competition, and the associated price pressure, as well as the depreciation of the Brazilian real. Operating profit and the operating return on sales are expected to be considerably below the 2013 level. These forecasts assume no significant change in exchange rates.

MAN Diesel & Turbo

€ million	2014 Q1	2013 Q1	Change in %
Order intake [1]	786	727	8
of which: Engines & Marine Systems	437	331	32
of which: Power Plants	107	75	42
of which: Turbomachinery	242	321	–25
Sales revenue[1]	700	743	–6
of which: Engines & Marine Systems	314	313	0
of which: Power Plants	101	130	–23
of which: Turbomachinery	285	300	–5
Headcount [2]	14,632	14,560	0
			€ million
Operating profit/loss [1]	33	–118	151
of which: Engines & Marine Systems	29	23	6
of which: Power Plants	–2	–141	139
of which: Turbomachinery	6	0	6
Operating return on sales (%)	4.8	–15.9	–

[1] Including consolidation adjustments between the Engines & Marine Systems, Power Plants, and Turbomachinery strategic business units.
[2] Headcount as of March 31, 2014, vs. December 31, 2013.

As before, the situation in the market for large merchant ships such as container and freight ships remains strained due to overcapacity. Despite this, the mood is improving slightly in the market amid expectations of an upturn. Four-stroke applications for merchant and special-purpose ships saw continued stable demand in the first quarter of 2014, by contrast. Overall, the marine market exhibited marginally positive tendencies as against the comparable prior-year period. Demand for energy generation remains high, particularly in the developing countries and emerging economies, with a strong trend towards higher flexibility and decentralized availability. There is also a global trend towards gas as a fuel. However, there are signs of delays in awarding contracts, particularly for larger projects, due to currency fluctuations and more difficult financing conditions for customers. Compared with the same period in the previous year, the energy generation market proved stable overall.

The market for new turbomachinery is significantly dominated by contracts awarded for global investment projects in oil and chemical plants. Project volumes in the oil and gas industry remain at a high level, but competitive pressure has intensified as a result of the unfavorable development of the US dollar in particular and the depreciation of the yen. Demand for turbomachinery in the processing industry remained at a low overall level in the first quarter of 2014 as well, with the already fierce competition becoming even more intense due to the currency issues mentioned. Overall, the turbomachinery market declined slightly as against the prior-year period.

MAN Diesel & Turbo's order intake was €786 million in the first three months of 2014, down 8% on the prior-year figure (€727 million). Order intake amounted to €437 million in the Engines & Marine Systems strategic business unit, an improvement of 32% compared with the previous year (€331 million). An increase in the license and after-sales businesses had a positive effect in particular, while the prior-year figure was not quite reached in the new construction business despite continued healthy demand for specialist applications such as cruise and offshore ships. In the Power Plants strategic business unit, order intake was €107 million, clearly exceeding the prior-year figure of €75 million (+42%) due to higher orders in both the new construction and after-sales businesses. At €242 million, order volumes in the Turbomachinery strategic business unit were down 25% year-on-year (previous year: €321 million), with the decline in new construction only partly offset by an increase in after-sales business.

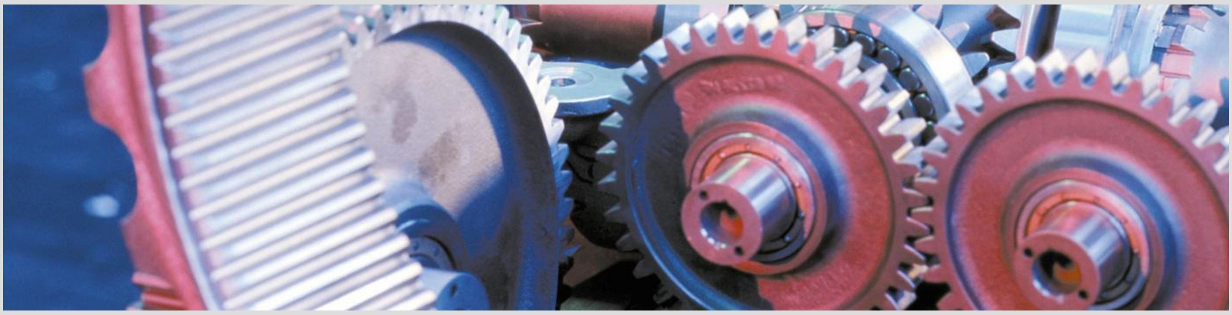
Sales revenue amounted to €700 million in Q1/2014, down 6% on the previous year's figure of €743 million. In the Engines & Marine Systems strategic business unit, sales revenue reached the prior-year level at €314 million (previous year: €313 million). Sales revenue in the Power Plants strategic business unit was €101 million, down 23% year-on-year (previous year: €130 million) for reasons relating to billing. At €285 million, the Turbomachinery strategic business unit fell short of the previous year's sales revenue figure (€300 million) by 5%.

MAN Diesel & Turbo recorded an operating profit of €33 million in the quarter under review (previous year: loss of €118 million) and an operating return on sales of 4.8% (previous year: –15.9%). Profit in the Engines & Marine Systems strategic business unit improved year-on-year to €29 million (previous year: €23 million) as a result of increased after-sales business. The Power Plants strategic business unit almost broke even in the first quarter at €–2 million, after a heavy loss of €141 million in the prior-year period due to the recognition of additional provisions for a power plant project that was not yet completed. Operating profit in the Turbomachinery strategic business unit closed in positive territory at €6 million, after breaking even in the previous year. This slight improvement was due to a higher share attributable to the after-sales business.

The rise in the headcount in the first quarter of 2014 is mainly the result of switching subcontracted employees to permanent contracts. The completion of vocational traineeships saw the number of trainees fall from 714 as of December 31, 2013, to 629 as of March 31, 2014.

For fiscal year 2014, MAN Diesel & Turbo expects order intake and sales revenue to be at the 2013 level. There should once again be a significantly positive operating profit, although it will continue to be impacted by the fierce competition in all business markets, the slow license business in the marine sector, and customer reticence in the after-sales business. However, operating profit and the operating return on sales will not reach the very good results achieved in the years up to and including 2012.

Renk



€ million	2014 Q1	2013 Q1	Change in %
Order intake	125	116	7
Sales revenue	108	123	–12
Headcount [1]	2,286	2,306	–1
			€ million
Operating profit	14	17	–3
Operating return on sales (%)	12.8	13.8	–

1) Headcount as of March 31, 2014, vs. December 31, 2013.

Renk's order intake in the first quarter of 2014 surpassed the prior-year level by 7%. All businesses made a positive contribution to this growth. The Vehicle Transmissions business made the greatest contribution, with new orders for test beds, followed by the Slide Bearings and Standard Gear Units businesses. Despite the high prior-year level, the Special Gear Units business was also up on the 2013 figure, primarily due to the sustained demand for high-quality marine drive concepts.

Sales revenue failed to match prior-year levels. At €108 million, it remained 12% lower than the corresponding figure from 2013. The declines affected all businesses with the exception of the Slide Bearings business, which maintained the prior-year level. The Standard Gear Units business was hit hardest, particularly as a result of significantly lower deliveries of offshore wind power gear units. Sales revenue in the Special Gear Units business also saw year-on-year declines, but this was mainly due to the relatively high sales revenue figure reported in the first quarter of 2013.

Renk recorded an operating profit of €14 million in the first quarter of 2014. This corresponds to an operating return on sales of 12.8% (previous year: 13.8%). All businesses generated positive contributions to earnings.

Renk's Management expects an order intake of well over €500 million in fiscal 2014. However, this is dependent on major projects. Sales revenue should be slightly higher than €500 million in 2014. Despite more difficult conditions, operating profit is expected to be in the order of €60 million. The operating return on sales will again be in double-digit territory.

Others

€ million	2014 Q1	2013 Q1	Change in %
Headcount [1]	311	329	–5
of which: MAN Shared Services	56	66	–15
of which: MAN SE	255	263	–3
			€ million
Operating loss	–21	–34	13
of which: MAN SE and MAN Shared Services	–11	–12	1
of which: earnings effects from purchase price allocations	–12	–22	10
of which: consolidation	2	0	2

1) Headcount as of March 31, 2014, vs. December 31, 2013.

“Others” comprises MAN SE and its Shared Services companies, the investments held directly by MAN SE, and the consolidation adjustments between MAN Group business areas.

The operating loss amounted to €21 million after the first three months (previous year: operating loss of €34 million). The year-on-year improvement in the operating loss is primarily due to lower purchase price allocation effects.

Related party disclosures

Please refer to the “Notes to the Condensed Interim Consolidated Financial Statements” for related party disclosures.

Condensed Interim Consolidated Financial Statements as of March 31, 2014

MAN consolidated income statement

Reporting period January 1 to March 31

	MAN Group	
€ million	**2014**	**2013**
Sales revenue	**3,138**	**3,594**
Cost of sales	–2,560	–3,103
Gross profit	**578**	**491**
Other operating income	139	115
Distribution expenses	–358	–393
General and administrative expenses	–191	–220
Other operating expenses	–100	–91
Operating profit/loss	**68**	**–98**
Share of profits and losses of equity-method investments	9	–3
Finance costs	–52	–47
Other financial result	17	4
Financial result	**–26**	**–46**
Profit/loss before tax	**42**	**–144**
Income tax expense	–14	–193
Profit/loss after tax	**28**	**–337**
of which attributable to noncontrolling interests	3	3
of which attributable to shareholders of MAN SE	**25**	**–340**
Earnings per share from continuing operations in €	**0.17**	**–2.31**
Earnings per share from continuing and discontinued operations in €	**0.17**	**–2.31**

MAN consolidated reconciliation of comprehensive income for the period

Reporting period January 1 to March 31

€ million	2014	2013
Profit/loss after tax	**28**	**–337**
Items that will not be reclassified to profit or loss		
Remeasurements of pension plans	–49	35
Deferred taxes	18	–10
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	60	83
Change in fair values of marketable securities and financial investments	786	42
Change in fair values of derivatives	9	–1
Other comprehensive income for the period from equity-method investments	–4	–
Deferred taxes	–18	1
Other comprehensive income for the period	**802**	**150**
Total comprehensive income for the period	**830**	**–187**
of which attributable to noncontrolling interests	3	3
of which attributable to shareholders of MAN SE	**827**	**–190**

The other comprehensive income of €802 million consists of €786 million from the fair value measurement of the investment in Scania AB, Sodertalje/Sweden (Scania), which is classified as an available-for-sale financial asset, and currency translation gains of €60 million from the translation of the financial statements of foreign consolidated Group companies, in particular due to the change in the exchange rate of the Brazilian real to the euro. These items were offset in part by actuarial losses attributable to pensions and other post-employment benefits of €49 million. These result primarily from the decrease in the discount rate for obligations in Germany from 3.7% as of December 31, 2013, to 3.4%. In connection with the sale of MAN Finance, €–10 million was reclassified from other comprehensive income to profit or loss.

MAN consolidated balance sheet as of March 31, 2014

Assets

	MAN Group	
€ million	**3/31/2014**	**12/31/2013**
Intangible assets	1,973	1,924
Property, plant, and equipment	2,140	2,174
Equity-method investments	468	462
Financial investments	2,308	1,522
Assets leased out	2,397	2,483
Deferred tax assets	577	551
Other noncurrent financial assets	803	692
Other noncurrent receivables	166	141
Noncurrent assets	**10,832**	**9,949**
Inventories	3,472	3,112
Trade receivables	2,135	2,346
Current income tax receivables	92	54
Assets held for sale	–	3,986
Other current financial assets	159	1,357
Other current receivables	734	595
Marketable securities	1	1
Cash and cash equivalents	1,532	1,137
Current assets	**8,125**	**12,588**
	18,957	**22,537**

MAN consolidated balance sheet as of March 31, 2014

Equity and liabilities

	MAN Group	
€ million	**3/31/2014**	**12/31/2013**
Subscribed capital	376	376
Capital reserves	795	795
Retained earnings	3,997	4,329
Accumulated other comprehensive income	463	–350
Equity attributable to shareholders of MAN SE	**5,631**	**5,150**
Noncontrolling interests	80	77
Total equity	**5,711**	**5,227**
Noncurrent financial liabilities	2,407	2,267
Pensions and other post-employment benefits	463	452
Deferred tax liabilities	355	329
Income tax provisions, noncurrent	33	33
Other noncurrent provisions	649	644
Other noncurrent financial liabilities	1,084	1,163
Other noncurrent liabilities	867	861
Noncurrent liabilities and provisions	**5,858**	**5,749**
Current financial liabilities	838	1,360
Trade payables	1,700	1,922
Prepayments received	826	852
Current income tax payables	21	23
Liabilities associated with assets held for sale	–	3,525
Income tax provisions, current	536	713
Other current provisions	1,221	1,308
Other current financial liabilities	1,071	755
Other current liabilities	1,175	1,103
Current liabilities and provisions	**7,388**	**11,561**
	18,957	**22,537**

MAN consolidated statement of cash flows

Reporting period January 1 to March 31

	MAN Group	
€ million	**2014**	**2013**
Cash and cash equivalents at beginning of period	**1,208**	**1,366**
Profit/loss before tax of continuing operations	42	–144
Income taxes paid	–232	–49
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property [1]	89	103
Amortization of capitalized development costs [1]	22	18
Impairment losses on equity investments [1]	0	2
Depreciation of, and impairment losses on, assets leased out [1]	108	91
Change in pension provisions	–37	–34
Gain/loss on disposal of noncurrent assets	–10	–1
Share of profit or loss of equity-accounted investments	–8	4
Other noncash income and expense	–14	16
Gross cash flow	**–40**	**6**
Change in working capital	**–648**	**–156**
Change in inventories	–369	–247
Change in receivables	114	–89
Change in liabilities and prepayments received (excluding financial liabilities)	–258	161
Change in provisions	–68	138
Change in assets leased out	–67	–60
Change in financial services receivables	–	–59
Net cash used in operating activities	**–688**	**–150**
Payments to acquire property, plant, and equipment, investment property, and intangible assets	–44	–62
Additions to capitalized development costs	–41	–28
Proceeds from the disposal of subsidiaries, net of cash disposed of	417	–
Proceeds from asset disposals (other than assets leased out)	6	5
Net cash provided by/used in investing activities attributable to operating activities	**338**	**–85**
Net cash flow	**–350**	**–235**

[1] Net of impairment reversals.

MAN consolidated statement of cash flows (cont'd)

Reporting period January 1 to March 31

	MAN Group	
€ million	**2014**	**2013**
Net cash flow	**–350**	**–235**
Change in investments in securities and loans	326	0
Net cash provided by/used in investing activities	**664**	**–85**
Loss absorption	724	–
Repayment of bonds	–200	–
Change in other financial liabilities	–177	46
Net cash provided by financing activities	**347**	**46**
Effect of exchange rate changes on cash and cash equivalents	1	18
Change in cash and cash equivalents	**324**	**–171**
Cash and cash equivalents at March 31, 2014, and March 31, 2013	**1,532**	**1,195**
Composition of net liquidity/net financial debt at March 31, 2014, and December 31, 2013		
Cash and cash equivalents	1,532	1,208
Cash and cash equivalents presented separately in the balance sheet as assets held for sale	–	–71
Cash and cash equivalents (consolidated balance sheet)	1,532	1,137
Securities, loans, and time deposits	849	1,175
Gross liquidity (consolidated balance sheet)	**2,381**	**2,312**
Total third-party borrowings	–3,245	–6,837
Third-party borrowings presented separately in the balance sheet as liabilities associated with assets held for sale	–	3,210
Total third-party borrowings (consolidated balance sheet)	–3,245	–3,627
Net financial debt (consolidated balance sheet)	**–864**	**–1,315**

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/loss after tax	–	–	25	–	**25**	3	**28**
Other comprehensive income	–	–	–	802	**802**	0	**802**
Total comprehensive income	–	–	25	802	**827**	3	**830**
Other changes [1)]	–	–	–357	11	**–346**	–	**–346**
Balance at March 31, 2014	**376**	**795**	**3,997**	**463**	**5,631**	**80**	**5,711**
Balance at December 31, 2012	**376**	**795**	**4,263**	**116**	**5,550**	**69**	**5,619**
Change in accounting policy due to IAS 19 (2011)	–	–	13	–	**13**	0	**13**
Adjusted balance at January 1, 2013	**376**	**795**	**4,276**	**116**	**5,563**	**69**	**5,632**
Profit/loss after tax	–	–	–340	–	**–340**	3	**–337**
Other comprehensive income	–	–	–	150	**150**	0	**150**
Total comprehensive income	–	–	–340	150	**–190**	3	**–187**
Balance at March 31, 2013	**376**	**795**	**3,936**	**266**	**5,373**	**72**	**5,445**

1) Share of profit/loss to which Truck & Bus GmbH is entitled in the event of profit transfer based on profit/loss under German GAAP, see also "Accounting policies."

See page 28 for information on changes in other comprehensive income for the period.

Notes to the Condensed Interim Consolidated Financial Statements

Basis of presentation

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, MAN SE, Munich, prepared its consolidated financial statements for 2013 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The accompanying condensed interim consolidated financial statements (interim consolidated financial statements) as of March 31, 2014, were prepared in accordance with IAS 34 and do not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements, and should be read in conjunction with the Company's published IFRS consolidated financial statements for fiscal 2013. Unless expressly indicated otherwise, the accounting policies applied to these interim consolidated financial statements are identical to those adopted for the most recent full-year consolidated financial statements; a detailed description of these accounting policies is given in the notes to the consolidated financial statements for the year ended December 31, 2013. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

From the Executive Board's perspective, the accompanying unaudited interim financial report reflects all standard intraperiod adjustments required for the presentation of a true and fair view of the Group's net assets, financial position, and results of operations. The results presented for the first quarter of the fiscal year are not necessarily indicative of future results.

Preparation of the interim consolidated financial statements requires the Executive Board to make certain assumptions and estimates affecting the measurement and presentation of assets and liabilities, and income and expenses, for the period. Actual amounts may differ from these estimates. In addition to the amounts contained in the financial statements, the interim financial report contains explanatory notes on selected financial statement line items. Due to the integration into Volkswagen's reporting and to enhance comparability, certain amounts relating to the previous fiscal year have been adjusted to conform to the current presentation. For further information, see “Accounting policies” and “Harmonization of income statement presentation with Volkswagen Group.”

As of January 1, 2014, MAN sold the shares of MAN Finance International GmbH, Munich (MAN Finance) to Volkswagen Financial Services AG, Braunschweig (VWFS). See “Divestments” for further information. MAN Finance was previously presented under the “Financial Services” heading in MAN's financial reporting. Due to the sale of MAN Finance to VWFS, the classification of figures into the Industrial Business and Financial Services previously presented as additional information is no longer disclosed.

Basis of consolidation

The interim financial statements as of March 31, 2014, include 102 companies (December 31, 2013: 122), including 22 (28) in Germany and 80 (94) outside Germany. See "Divestments" for information on the effects of the changes in the basis of consolidation.

Income tax expense

As a general principle, the current income tax expense presented in the interim financial statements has been determined on the basis of the expected full-year income tax rate.

Accounting policies

MAN has applied all accounting pronouncements adopted by the EU and required to be applied as from January 1, 2014.

The pronouncements contained in the "consolidation package" must be applied effective January 1, 2014. These relate to the new standards IFRS 10 "Consolidated Financial Statements," IFRS 11 "Joint Arrangements," and IFRS 12 "Disclosure of Interests in Other Entities," as well as amendments to IAS 28 "Investments in Associates and Joint Ventures." The basis of consolidation and the subsidiaries to be included in the consolidated financial statements are now defined by IFRS 10. All entities that MAN SE can control directly or indirectly must be included in the basis of consolidation. The switch from IAS 27 to IFRS 10 did not require the MAN Group to make any adjustments because the parent/subsidiary relationships and other control relationships are attributable almost entirely to voting rights majorities. There was therefore no requirement to consolidate additional entities or deconsolidate existing ones.

IFRS 11 governs the definition of and accounting for "joint arrangements" in the consolidated financial statements. Joint arrangements are classified into "joint ventures" and "joint operations." Because all entities that are jointly controlled by MAN SE or one of its subsidiaries are required to be classified as joint ventures, there were no effects from applying IFRS 11.

IFRS 12 governs all disclosures on interests in other entities and thus combines all of the information required to be disclosed in the notes on subsidiaries, joint arrangements, associates, and consolidated and unconsolidated structured entities. The scope of the information to be disclosed was expanded in some cases.

Under IAS 28, only the equity method may be applied to joint ventures and associates effective January 1, 2014. The option to include these entities in the consolidated financial statements using proportionate consolidation was eliminated. Because proportionate consolidation was not used in the past in the MAN Group, the elimination of this option did not result in any adjustments.

The other accounting pronouncements required to be applied in fiscal year 2014 for the first time do not have any material effects on the presentation of the net assets, financial position, and results of operations in MAN's consolidated interim financial statements. A detailed list of these accounting pronouncements is contained in the notes to the consolidated financial statements in the 2013 Annual Report.

In addition, starting in 2014, the following voluntary changes were made to the accounting policies due to the integration into Volkswagen's financial reporting:

To enhance balance sheet comparability, the prior-year figures for deferred tax assets and liabilities as of December 31, 2013, were changed to reflect the offsetting methodology applied in the Volkswagen Group. This resulted in a €481 million reduction in both the assets and liabilities side of the balance sheet.

Liabilities from other taxes, which were previously reported in other current liabilities, have been classified into noncurrent and current liabilities according to their maturity, so as to ensure their appropriate presentation and to improve comparability. This change is limited to a reclassification within the liabilities side of the balance sheet. As a result, €121 million was reclassified from other current liabilities to other noncurrent liabilities as of March 31, 2014. The prior-year figures were adjusted accordingly (€102 million).

As a rule, financial liabilities from intragroup finance transactions were previously included in current financial liabilities at the level of the companies consolidated. Such items are now allocated to noncurrent or current financial liabilities according to their maturity. This did not result in any changes for the MAN Group.

In addition, the financial assets previously reported in “Other assets” are reported separately as current and noncurrent items starting in fiscal 2014. The prior-year figures were adjusted to reflect this change in presentation.

The financial statements of foreign MAN Group companies are translated into euros using the functional currency concept. In the past, income statement items were translated at the average exchange rate for the year, which was generally derived from monthly average exchange rates. Starting in fiscal 2014, income statement items are translated into euros at weighted average rates. Financial instruments are no longer accounted for at the trade date, but at the settlement date — that is, at the date on which the asset is delivered. These two changes did not have a material effect.

See “Harmonization of income statement presentation with Volkswagen Group” for information on the changes to income statement presentation.

In light of the domination and profit and loss transfer agreement entered into by Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, and MAN SE, the accompanying condensed interim financial statements have been prepared after appropriation of net profit.

Divestments

MAN SE entered into an agreement with VWFS to sell the shares of MAN Finance. MAN Finance primarily operates the sales financing business for MAN Truck & Bus and has been presented under the “Financial Services” heading in MAN’s financial reporting to date. The transaction was completed on January 1, 2014. See the “Related party disclosures” 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 presented as held for sale as of December 31, 2013. The figures were presented in the MAN Truck & Bus segment. The following table provides information about the carrying amounts of these 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 held for sale	**3,986**
Financial liabilities	3,210
Deferred tax liabilities	179
Trade payables	55
Other liabilities	81
Liabilities associated with assets held for sale	**3,525**

The transaction resulted in a gain in the single-digit millions, after deduction of the costs related to the sale. The net profit from the transaction is presented in other operating income. Due to the sale proceeds of €486 million, the consolidated statement of cash flows for the reporting period includes €415 million related to the sale of MAN Finance.

Income Statement Disclosures

Harmonization of income statement presentation with Volkswagen Group

As part of the integration into the Volkswagen Group, starting in fiscal 2014 the presentation of MAN's income statement is consistent with the structure used by Volkswagen. The income statement for the comparable prior-year period has been adjusted to conform to the new presentation, as shown in the following table.

Reporting period January 1 to March 31, 2013

Previous structure		Adjustments due to change in presentation							New structure
€ million		**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**		**€ million**
Sales revenue	**3,552**	**52**					**–10**	**3,594**	**Sales revenue**
Cost of sales	–2,904	–30	–135	–130	113		–17	–3,103	Cost of sales
Gross profit	**648**							**491**	**Gross profit**
Other operating income	110	–52					57	115	Other operating income
Distribution expenses	–280				–113		0	–393	Distribution expenses
General and administrative expenses	–220							–220	General and administrative expenses
Other operating expenses	–359	30	135	130			–27	–91	Other operating expenses
Share of profits and losses of equity-method investments	–3					3		–	No longer included in operating profit/loss
Profits and losses of financial investments	–2					2		–	No longer included in operating profit/loss
Earnings before interest and taxes (EBIT)	**–106**							**–98**	**Operating profit/loss**
						–3		–3	Share of profits and losses of equity-method investments
Interest income	9					–2	–3	4	Other financial result
Interest expense	–47							–47	Finance costs
								–46	**Financial result**
Loss before tax	**–144**							**–144**	**Loss before tax**
Income tax expense	–193							–193	Income tax expense
Loss after tax	**–337**							**–337**	**Loss after tax**
of which attributable to noncontrolling interests	3							3	of which attributable to noncontrolling interests
of which attributable to shareholders of MAN SE	**–340**							**–340**	**of which attributable to shareholders of MAN SE**

The main effects of the change from the income statement structure previously used by the MAN Group to presentation in accordance with the structure used by Volkswagen are described in the following:

(1) Income and expenses from financial services, which were previously presented in other operating income and other operating expenses, were reclassified to sales revenue and the cost of sales, respectively. See "Divestments" for further information.

(2) Research costs and development costs not eligible for capitalization, and amortization of capitalized development costs, which is included in the cost of inventories, are now recognized in the cost of sales, rather than in other operating expenses as before.

(3) Additions to provisions for expected losses from executory contracts, which were previously recognized in other operating expenses, are now included in the cost of sales.

(4) Order-related distribution expenses, particularly expenses for commissions, freight, and packaging were previously presented in the cost of sales. Starting in fiscal 2014, these expenses are generally presented in distribution expenses, unless they are closely related to the production process.

(5) The profits and losses of equity-method investments and financial investments are no longer included in operating profit/loss due to the change in the definition of operating profit/loss. Instead, they are presented in the financial result.

(6) The other changes concern the following areas:

- In the case of sale transactions, when the hedged item in a cash flow hedge affects profit or loss, the portion recognized in accumulated other comprehensive income is now reclassified to other operating income and other operating expenses, instead of to sales revenue.
- Valuation allowances, reversals of valuation allowances, and inventory scrapping are now recognized in the cost of sales, rather than as other operating expenses.
- Gains and losses from the measurement and settlement of freestanding derivatives and cash flow hedge ineffectiveness, which were previously presented in other operating income and other operating expenses, are now presented in other financial result.
- Reversals of provisions and deferred liabilities are no longer reported in the costs in which the item was recognized, but in other operating income.
- In the past, warranty costs that were passed on to a supplier were deducted from the cost of sales. Starting in this fiscal year, they are presented in other operating income.
- Income and expenses due to changes in exchange rates were previously presented as a net amount in other operating income or other operating expenses. Starting in fiscal 2014, gross figures are presented.
- Currency effects from the measurement of items included in net liquidity are recognized in the financial result. These effects were previously presented in other operating income or other operating expenses along with currency effects from receivables and liabilities denominated in foreign currencies.

Other operating income

€ million reporting period January 1 to March 31	2014	2013
Income from foreign exchange gains	48	41
Income from reversal of provisions and deferred liabilities	47	31
Income from foreign currency hedging derivatives	7	10
Income from reversal of valuation allowances on receivables and other assets	4	5
Gains on disposal of property, plant, and equipment, and intangible assets	3	1
Miscellaneous other income	30	27
	139	**115**

Foreign exchange gains 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. Likewise, foreign exchange losses from these items are included in other operating expenses.

Other operating expenses

€ million reporting period January 1 to March 31	2014	2013
Foreign exchange losses	45	37
Losses from foreign currency hedging derivatives	10	0
Valuation allowances on receivables and other assets	3	19
Miscellaneous other expenses	42	35
	100	**91**

Other operating expenses comprise those expenses that are not allocated to the function expenses, and in particular to cost of sales.

Research and development costs

€ million reporting period January 1 to March 31	2014	2013
Total research and development costs	147	145
of which: capitalized development costs	–41	–28
Capitalization ratio in %	27.9	19.3
Amortization of capitalized development costs	22	18
Research and development costs reported in the income statement	**128**	**135**

Finance costs

€ million **reporting period January 1 to March 31**	**2014**	**2013**
Interest and similar expenses	45	54
less: interest expenses reclassified as cost of sales	–	–12
Interest expense	**45**	**42**
Interest component of additions to pension provisions less return on CTA plan assets	4	4
Unwinding of discount and effect of change in discount rate on other liabilities	3	1
Interest cost on liabilities	**7**	**5**
Finance costs	**52**	**47**

The finance costs primarily contain interest expenses for financial liabilities and the interest cost from unwinding of discounts on liabilities.

Earnings per share

€ million (unless otherwise stated) **reporting period January 1 to March 31**	**2014**	**2013**
Profit/loss after tax attributable to shareholders of MAN SE	25	–340
Profit/loss from continuing operations attributable to shareholders of MAN SE	**25**	**–340**
Number of shares outstanding (weighted average, million)	147.0	147.0
Earnings per share from continuing operations in €	**0.17**	**–2.31**

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 2014, as in the previous year.

There were no outstanding options on shares as of March 31, 2014, and March 31, 2013, that dilute earnings per share. Any exercise of MAN SE’s contingent capital in future periods will be dilutive.

Balance Sheet Disclosures

Intangible assets

€ million	3/31/2014	12/31/2013
Licenses, software, similar rights, customer relationships, brands, and other assets	399	398
Capitalized development costs	792	766
Goodwill	782	760
	1,973	**1,924**

Property, plant, and equipment

€ million	3/31/2014	12/31/2013
Land and buildings	961	960
Production plant and machinery	605	611
Other plant, operating and office equipment	436	437
Prepayments and construction in progress	138	166
	2,140	**2,174**

Special tools and equipment amounting to €174 million (December 31, 2013: €178 million), which were previously allocated to production plant and machinery, are now allocated to operating and office equipment. The prior-year figures were adjusted accordingly.

Equity-method investments

The most significant equity-method investment as of March 31, 2014, is the 25% equity interest in the Sinotruk Ltd., Hong Kong/China, associate (Sinotruk). The 49% interest in the Rheinmetall MAN Military Vehicles GmbH, Munich, associate is also accounted for using the equity method.

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	**2014 [1)]**	**2013 [2)]**
Current assets	3,502	3,694
Noncurrent assets	1,972	2,065
Current liabilities	2,838	2,580
Noncurrent liabilities	143	605
Total assets	**5,474**	**5,759**

1) Fiscal 2014: Amounts shown relate to the reporting period ended December 31, 2013.
2) Fiscal 2013: Amounts shown relate to the reporting period ended June 30, 2013.

Statement of comprehensive income		
€ million	**2014 [1)]**	**2013 [2)]**
Sales revenue	1,904	1,587
Profit before tax from continuing operations	29	8
Income tax expense	–7	–11
Profit/loss after tax from continuing operations	22	–3
Other comprehensive income	–1	0
Total comprehensive income	**21**	**–3**

1) Fiscal 2014: Amounts shown relate to the reporting period from July 1, 2013, to December 31, 2013.
2) Fiscal 2013: Amounts shown relate to the reporting period from July 1, 2012, to December 31, 2012.

The carrying amounts of other associates amounted to €62 million as of March 31, 2014 (December 31, 2013: €59 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	**2014 [1)]**	**2013 [2)]**
Profit after tax from continuing operations	6	0
Other comprehensive income	–3	0
Total comprehensive income	**3**	**0**

1) Fiscal 2014: Amounts shown relate to the reporting period from October 1, 2013, to December 31, 2013.
2) Fiscal 2013: Amounts shown relate to the reporting period from October 1, 2012, to December 31, 2012.

Inventories

€ million	**3/31/2014**	**12/31/2013**
Raw materials, consumables, and supplies	515	458
Work in progress	1,024	897
Finished goods and purchased merchandise	1,820	1,655
Prepayments	113	102
	3,472	**3,112**

There was no requirement to recognize or reverse significant impairment losses on inventories in the reporting period.

Trade receivables

€ million	**3/31/2014**	**12/31/2013**
Customer receivables	1,825	2,031
PoC receivables	256	241
Receivables from investees	54	74
	2,135	**2,346**

Financial liabilities

€ million	3/31/2014	12/31/2013
Bonds	2,525	2,724
Liabilities to banks	600	598
Liabilities to investees	92	278
Liabilities from loans	23	23
Liabilities under finance leases	5	5
	3,245	**3,627**

Financial liabilities are reported in the following balance sheet items:

€ million	3/31/2014	12/31/2013
Noncurrent financial liabilities	2,407	2,267
Current financial liabilities	838	1,360

As announced, the cooperation with rating agency Moody's was ended at the end of March 2014.

Other provisions

€ million	3/31/2014	12/31/2013
Warranties	864	853
Outstanding costs	257	265
Obligations to employees	132	128
Other liabilities arising from operating activities	165	213
Miscellaneous provisions	452	493
	1,870	**1,952**

Among other things, the miscellaneous provisions relate to very high project-related provisions in MAN Diesel & Turbo's Power Plants strategic business unit and to obligations in the Commercial Vehicles business area.

Other provisions are reported in the following balance sheet items:

€ million	3/31/2014	12/31/2013
Other noncurrent provisions	649	644
Other current provisions	1,221	1,308

Contingent liabilities

The maximum total potential contingent liability for Ferrostaal under MAN's obligations from guarantees is €68 million. MAN's guarantees for Ferrostaal are largely covered by indemnities, depending on the origination date of the guarantee.

Litigation/legal proceedings

MAN SE's Annual Report for fiscal 2013 contains detailed information on litigation and legal proceedings.

The antitrust investigation of several commercial vehicle manufacturers that was 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 has filed an appeal against this fine with the competent court.

There have been no other significant developments for MAN since the publication of the Annual Report.

Statement of cash flows

The statement of cash flows was modified at the beginning of 2014. The presentation has been adapted to the structure used by Volkswagen. The changes affected the following areas:

Starting in 2014, depreciation of, and impairment losses on, assets leased out, gains and losses from asset disposals, and changes in tax assets and liabilities are reported in gross cash flow. These items were previously presented outside of gross cash flow in the MAN Group's financial statements, in net cash provided by/used in operating activities. The prior-year figures were adjusted accordingly. This reclassification increased gross cash flow in the first quarter of 2014 by €68 million. Net cash provided by/used in operating activities was not affected by the reclassification.

The following table shows an overview of the adjustments made to the prior-year figures in the MAN Group's statement of cash flows.

€ million **reporting period January 1 to March 31**		**2013**	
	Unadjusted	Adjustment	Adjusted
Income taxes paid (previously Current income taxes)	–27	–22	–49
Depreciation of, and impairment losses on, assets leased out	–	91	91
Gain/loss on disposal of noncurrent assets	–	–1	–1
Gross cash flow (previously Cash earnings)	**–62**	**68**	**6**
Change in assets leased out	31	–91	–60
Change in tax assets and liabilities	–22	22	–
Gain/loss on disposal of noncurrent assets	–1	1	–
Net cash used in operating activities	**–150**	**–**	**–150**

Based on the domination and profit and loss transfer agreement between Truck & Bus GmbH and MAN SE, the loss of €724 million for fiscal 2013 was absorbed on March 14, 2014. The loss absorption was recognized in net cash provided by financing activities.

Fair value disclosures

The following table contains an overview of the balance sheet items measured at fair value:

€ million	3/31/2014	Level 1	Level 2	Level 3
Derivatives with positive fair values	49	–	49	–
Available-for-sale financial assets				
Other equity investments	2,271	2,271	–	–
Marketable securities	1	–	1	–
Financial assets measured at fair value	**2,321**	**2,271**	**50**	**–**
Derivatives with negative fair values	49	–	49	–
Financial liabilities measured at fair value	**49**	**–**	**49**	**–**

€ million	12/31/2013	Level 1	Level 2	Level 3
Derivatives with positive fair values	54	–	54	–
Available-for-sale financial assets				
Other equity investments	1,485	1,485	–	–
Marketable securities	1	–	1	
Financial assets measured at fair value	**1,540**	**1,485**	**55**	**–**
Derivatives with negative fair values	65	–	65	–
Financial liabilities measured at fair value	**65**	**–**	**65**	**–**

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 or liabilities that the entity can access at the measurement date. This level includes marketable securities and other equity investments measured at fair value.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes currency forwards and options, commodity futures, interest rate swaps, and cross-currency swaps. The fair value of these 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: Unobservable inputs for the asset or liability.

During the first three months, there were no reclassifications between Level 1 and Level 2 in fair value measurement, and there were no reclassifications into or out of Level 3 in relation to fair value measurement. If circumstances arise that require a different classification, fair values are reclassified on a quarterly basis.

Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting.

Available-for-sale financial assets include the investment in Scania. The carrying amount of this investment was €2,271 million as of March 31, 2014 (December 31, 2013: €1,485 million).

There are also investments and shares that are measured at cost with a carrying amount of €37 million (December 31, 2013: €37 million).

These are investments in and shares of unlisted entities that were not measured using a discounted cash flow method because the related cash flows could not be reliably measured. No quoted market prices are available for the shares of unlisted entities as no active market exists for these shares. The Company currently has no intention to sell these shares.

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. The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is deemed to be the same as their carrying amount.

€ million	Measured at fair value Carrying amount	Measured at amortized cost Carrying amount	 Fair value	Not within the scope of IFRS 7 Carrying amount	Balance sheet item at 3/31/2014
Noncurrent assets					
Equity-accounted investments	–	–	–	468	468
Other equity investments	2,271	37	37	–	2,308
Other financial assets	32	771	771	–	803
Current assets					
Trade receivables	–	2,135	2,135	–	2,135
Other financial assets	17	142	142	–	159
Marketable securities	1	–	–	–	1
Cash	–	1,532	1,532	–	1,532
Noncurrent liabilities					
Noncurrent financial liabilities	–	2,407	2,505	–	2,407
Other noncurrent financial liabilities	26	1,058	1,091	–	1,084
Current liabilities					
Current financial liabilities	–	838	838	–	838
Trade payables	–	1,700	1,700	–	1,700
Other current financial liabilities	23	1,048	1,048	–	1,071

€ million	Measured at fair value Carrying amount	Measured at amortized cost Carrying amount	 Fair value	Not within the scope of IFRS 7 Carrying amount	Balance sheet item at 12/31/2013
Noncurrent assets					
Equity-accounted investments	–	–	–	462	462
Other equity investments	1,485	37	37	–	1,522
Other financial assets	26	666	666	–	692
Current assets					
Trade receivables	–	2,346	2,346	–	2,346
Other financial assets	32	1,325	1,325	–	1,357
Marketable securities	1	–	–	–	1
Cash	–	1,137	1,137	–	1,137
Noncurrent liabilities					
Noncurrent financial liabilities	–	2,267	2,375	–	2,267
Other noncurrent financial liabilities	33	1,130	1,145	–	1,163
Current liabilities					
Current financial liabilities	–	1,360	1,360	–	1,360
Trade payables	–	1,922	1,922	–	1,922
Other current financial liabilities	32	723	723	–	755

Related party disclosures

Following completion of the sale of MAN Finance to VWFS on January 1, 2014, MAN SE no longer exercises any influence over MAN Finance. The relationships with MAN Finance are presented with the relationships with other Volkswagen AG subsidiaries and equity investments that are not part of the MAN Group. See “Divestments” for further information.

There have been no other material changes in relationships with related parties compared with the disclosures in the consolidated financial statements for the period ended December 31, 2013.

The following table shows the volume of relationships with related parties.

€ million **reporting period January 1 to March 31**	**Sales and services to**		**Purchases from and services rendered by**	
	2014	**2013**	**2014**	**2013**
Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart [1)]	1	1	3	3
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	184	18	8	5
Unconsolidated subsidiaries of the MAN Group	12	9	1	0
MAN Group joint ventures and associates	33	61	36	59

1) Porsche Automobil Holding SE, Stuttgart, including its affiliated companies and related parties.

Receivables from related parties amounted to €1,075 million as of March 31, 2014 (December 31, 2013: €866 million). Liabilities to related parties increased in the same period from €1,510 million to €1,628 million. This includes liabilities to MAN Finance in the amount of €1,465 million. See “Statement of cash flows” for information on the absorption of the loss for fiscal 2013 by Truck & Bus GmbH.

On March 31, 2014, Truck & Bus GmbH, Wolfsburg (Truck & Bus GmbH), a wholly owned direct subsidiary of Volkswagen Aktiengesellschaft, Wolfsburg, held 75.26% of MAN SE’s voting rights and 74.02% of its share capital.

MAN will not take up the offer made to Scania shareholders by Volkswagen Aktiengesellschaft, Wolfsburg, to acquire all Scania shares, which expires on April 25, 2014.

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.

Segment assets and liabilities correspond to the total assets and liabilities of the individual business areas.

Since January 1, 2014, MAN has used operating profit as defined by the Volkswagen Group as the earnings measure for calculating a segment’s results of operations. Operating profit previously corresponded to earnings before interest and taxes (EBIT). An adjustment was made for earnings effects from purchase price allocation and, in individual cases, for nonrecurring items. According to the Volkswagen Group’s definition, operating profit/loss is calculated as profit/loss before tax and before the financial result. As a result, net investment income in particular is no longer part of operating profit. However, earnings effects relating to tangible and intangible assets resulting from the acquisition of an individual segment are eliminated from the operating profit/loss of that segment. Details on the definition of the new earnings measure can be found in the notes to the interim consolidated financial statements under “Income statement disclosures.” The figures for the prior-year period have been adjusted accordingly.

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 interim 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, financial investments, and assets leased out allocated to the individual divisions.

The following table contains segment-related information and a reconciliation from operating profit to earnings before tax.

Segment information (1/3)

Reporting period January 1 to March 31 and as of March 31

€ million	MAN Truck & Bus incl. MAN Finance [3]		MAN Latin America		Commercial Vehicles [1]	
	Commercial Vehicles					
	2014	2013 [2]	2014	2013 [2]	2014	2013 [2]
Segment order intake	**2,267**	**2,194**	**570**	**822**	**2,800**	**3,015**
of which: Germany	672	711	2	–	673	712
of which: other countries	1,595	1,483	568	822	2,127	2,303
Intersegment order intake	–41	–40	–3	–3	–7	–43
Group order intake	2,226	2,154	567	819	2,793	2,972
Segment sales revenue	**1,782**	**1,942**	**570**	**822**	**2,336**	**2,764**
of which: Germany	550	637	2	–	551	637
of which: other countries	1,232	1,305	568	822	1,785	2,127
Intersegment sales revenue	–15	–26	–3	–3	–2	–29
Group sales revenue	1,767	1,916	567	819	2,334	2,735
Order backlog at March 31, 2014, and December 31, 2013	**2,361**	**1,902**	**–**	**–**	**2,336**	**1,902**
Segment assets at March 31, 2014, and December 31, 2013	**8,620**	**13,039**	**2,047**	**1,935**	**10,547**	**14,974**
Segment liabilities at March 31, 2014, and December 31, 2013	**6,220**	**10,175**	**1,194**	**1,137**	**7,294**	**11,312**
Segment profit or loss (operating profit or loss)	**11**	**–22**	**32**	**59**	**42**	**37**
Share of profits and losses of equity-method investments	5	–3	–	–	5	–3
Net interest income and other financial result	–11	–7	–12	–14	–21	–21
Profit/loss before tax of continuing operations	**5**	**–32**	**20**	**45**	**26**	**13**
of which: depreciation and amortization	–171	–149	–10	–36	–180	–185
of which: impairment losses	–	–2	0	–	0	–2
Net cash flow	**–292**	**2**	**–94**	**–113**	**–385**	**–111**
of which: net cash provided by/used in operating activities	–250	46	–82	–99	–331	–53
of which: net cash used in investing activities attributable to operating activities	–42	–44	–13	–14	–54	–58
Capital expenditures	**45**	**45**	**12**	**18**	**57**	**63**
Operating return on sales (%)	**0.6**	**–1.1**	**5.5**	**7.1**	**1.8**	**1.3**

1) 2014: consolidated presentation, 2013: immaterial consolidation effects.
2) Sales revenue and operating profit were adjusted due to the retrospective application of the income statement structure used by Volkswagen, see also "Income statement disclosures."
3) MAN Finance was sold as of January 1, 2014. See "Divestments" for further information.

Segment information (2/3)

Reporting period January 1 to March 31 and as of March 31

	Power Engineering					
€ million	**MAN Diesel & Turbo**		**Renk**		**Power Engineering** [1]	
	2014	**2013** [2]	**2014**	**2013** [2]	**2014**	**2013** [2]
Segment order intake	**786**	**727**	**125**	**116**	**905**	**843**
of which: Germany	52	122	27	34	77	156
of which: other countries	734	605	98	82	828	687
Intersegment order intake	–1	–1	–5	–8	–	–9
Group order intake	785	726	120	108	905	834
Segment sales revenue	**700**	**743**	**108**	**123**	**804**	**865**
of which: Germany	72	66	33	39	103	105
of which: other countries	628	677	75	84	701	761
Intersegment sales revenue	–1	–1	–4	–7	–	–8
Group sales revenue	699	742	104	116	804	858
Order backlog at March 31, 2014, and December 31, 2013	**3,322**	**3,245**	**658**	**648**	**3,969**	**3,893**
Segment assets at March 31, 2014, and December 31, 2013	**3,479**	**3,691**	**601**	**581**	**4,077**	**4,268**
Segment liabilities at March 31, 2014, and December 31, 2013	**2,084**	**2,284**	**290**	**278**	**2,370**	**2,559**
Segment profit or loss (operating profit or loss)	**33**	**–118**	**14**	**17**	**47**	**–101**
Share of profits and losses of equity-method investments	1	1	–	–	1	1
Net interest income and other financial result	0	–6	0	–1	0	–7
Profit/loss before tax of continuing operations	**34**	**–123**	**14**	**16**	**48**	**–107**
of which: depreciation and amortization	–21	–20	–4	–4	–25	–24
of which: impairment losses	–	–	–	–	–	–
Net cash flow	**–88**	**–106**	**29**	**11**	**–60**	**–95**
of which: net cash provided by/used in operating activities	–64	–81	32	14	–36	–67
of which: net cash used in investing activities attributable to operating activities	–24	–25	–3	–3	–24	–28
Capital expenditures	**25**	**25**	**3**	**3**	**28**	**28**
Operating return on sales (%)	**4.8**	**–15.9**	**12.8**	**13.8**	**5.9**	**–11.7**

[1] 2014: consolidated presentation, 2013: immaterial consolidation effects.

[2] Sales revenue and operating profit were adjusted due to the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.”

Segment information (3/3)

reporting period January 1 to March 31 and as of March 31

€ million	Other						Group	
	Corporate Center [2]		Cons./Reconcil.		Total			
	2014	2013 [1]	2014	2013 [1]	2014	2013 [1]	2014	2013 [1]
Segment order intake	**4**	**4**	**–11**	**–55**	**–6**	**–52**	**3,699**	**3,806**
of which: Germany	4	4	–4	–10	–	–7	751	861
of which: other countries	–	–	–7	–45	–6	–45	2,948	2,945
Intersegment order intake	–4	–3	11	55	6	52	–	–
Group order intake	0	1	–	–	–	1	3,699	3,806
Segment sales revenue	**4**	**4**	**–5**	**–40**	**–2**	**–36**	**3,138**	**3,594**
of which: Germany	4	4	–4	–9	–	–5	654	737
of which: other countries	–	–	–1	–31	–2	–31	2,484	2,857
Intersegment sales revenue	–4	–3	5	40	2	37	–	–
Group sales revenue	–	1	–	–	–	1	3,138	3,594
Order backlog at March 31, 2014, and December 31, 2013	**–**	**–**	**–8**	**–19**	**–8**	**–19**	**6,297**	**5,776**
Segment assets at March 31, 2014, and December 31, 2013	**8,335**	**5,321**	**–4,002**	**–2,026**	**4,333**	**3,295**	**18,957**	**22,537**
Segment liabilities at March 31, 2014, and December 31, 2013	**5,257**	**6,074**	**–1,675**	**–2,635**	**3,582**	**3,439**	**13,246**	**17,310**
Segment profit or loss (operating profit or loss)	**–11**	**–12**	**–10**	**–22**	**–21**	**–34**	**68**	**–98**
Share of profits and losses of equity-method investments	2	–2	1	1	3	–1	9	–3
Net interest income and other financial result	–9	–20	–5	5	–14	–15	–35	–43
Profit/loss before tax of continuing operations	**–18**	**–34**	**–14**	**–16**	**–32**	**–50**	**42**	**–144**
of which: depreciation and amortization	–2	–2	–12	1	–14	–1	–218	–210
of which: impairment losses	0	0	–	–	0	0	0	–2
Net cash flow	**99**	**–22**	**–4**	**–7**	**95**	**–29**	**–350**	**–235**
of which: net cash provided by/used in operating activities	–390	–19	69	–11	–321	–30	–688	–150
of which: net cash provided by/used in investing activities attributable to operating activities	489	–3	–73	4	416	1	338	–85
Capital expenditures	**1**	**3**	**–1**	**–4**	**0**	**–1**	**85**	**90**
Operating return on sales (%)	**–**	**–**	**–**	**–**	**–**	**–**	**2.2**	**–2.7**

1) Sales revenue and operating profit were adjusted due to the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.”
2) Corporate Center: MAN SE, Shared Services, and holding companies.

Munich, April 23, 2014

MAN SE
The Executive Board

Overview by Quarter

€ million	2014			2013		
	Q1	Total 2013	Q4	Q3	Q2	Q1
Order intake by division [2]						
MAN Truck & Bus	2,267	9,551	2,169	2,797	2,392	2,194
MAN Latin America	570	2,955	660	719	754	822
Commercial Vehicles [1]	2,800	12,506	2,829	3,516	3,146	3,015
MAN Diesel & Turbo	786	3,407	1,126	679	874	727
Renk	125	504	83	184	121	116
Power Engineering [1]	905	3,911	1,209	863	995	843
Other	–6	–211	–27	–31	–102	–52
Order intake	**3,699**	**16,207**	**4,012**	**4,349**	**4,039**	**3,806**
Commercial Vehicles order intake (units)[1]	**29,772**	**139,271**	**30,971**	**41,072**	**34,054**	**33,174**
MAN Truck & Bus	18,197	78,914	16,403	25,584	18,838	18,089
MAN Latin America	12,391	60,357	14,568	15,488	15,216	15,085
Intersegment order intake	–816	–1,528	–206	–310	–467	–545
Group order intake	29,772	137,743	30,765	40,762	33,587	32,629
Sales revenue by division [2]						
MAN Truck & Bus	1,782	9,251	2,791	2,114	2,404	1,942
MAN Latin America	570	2,955	660	719	754	822
Commercial Vehicles[1]	2,336	12,207	3,452	2,833	3,158	2,764
MAN Diesel & Turbo	700	3,390	980	795	872	743
Renk	108	485	135	125	103	123
Power Engineering[1]	804	3,875	1,115	919	975	865
Other	–2	–221	–47	–41	–98	–36
Sales revenue	**3,138**	**15,861**	**4,520**	**3,712**	**4,036**	**3,594**
Commercial Vehicles unit sales (units) [1]	**26,386**	**141,919**	**42,898**	**33,471**	**34,752**	**30,798**
MAN Truck & Bus	14,266	81,562	28,330	17,983	19,536	15,713
MAN Latin America	12,391	60,357	14,568	15,488	15,216	15,085
Intersegment sales	–271	–1,586	–447	–442	–371	–326
Group sales	26,386	140,333	42,451	33,029	34,381	30,472
Order backlog [3]	**6,297**	**5,776**	**5,776**	**6,710**	**6,184**	**6,169**
Commercial Vehicles production (units) [1]	**29,557**	**142,517**	**37,834**	**36,662**	**35,941**	**32,080**
MAN Truck & Bus	15,449	81,193	26,000	19,671	19,085	16,437
MAN Latin America	14,474	61,324	11,834	16,991	16,856	15,643
Intersegment production	–366	–1,306	–308	–393	–307	–298
Group production	29,557	141,211	37,526	36,269	35,634	31,782

1) 2014: consolidated presentation, 2013: immaterial consolidation effects.
2) 2013: Adjusted to reflect the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.”
3) As of the reporting date.
This information is reported on a voluntary basis.

Overview by Quarter (2/3)

€ million	2014	2013				
	Q1	Total 2013	Q4	Q3	Q2	Q1
Operating profit/loss by division [2)]						
MAN Truck & Bus	11	244	152	48	66	–22
MAN Latin America	32	220	67	50	45	59
Commercial Vehicles [1)]	42	464	219	98	111	37
MAN Diesel & Turbo	33	–41	97	84	–104	–118
Renk	14	66	19	19	11	17
Power Engineering [1)]	47	25	116	104	–93	–101
Other	–21	–180	–62	–42	–44	–34
Operating profit/loss	**68**	**309**	**273**	**159**	**–26**	**–98**
Financial result	**–26**	**–137**	**–48**	**–82**	**39**	**–46**
Profit/loss before tax	**42**	**172**	**225**	**77**	**14**	**–144**
Income tax expense	–14	–377	–138	9	–55	–193
Loss from discontinued operations, net of tax	–	–308	–4	–304	–	–
Profit/loss after tax	**28**	**–513**	**83**	**–218**	**–41**	**–337**
Operating return on sales (%)	**2.2**	**1.9**	**6.0**	**4.3**	**–0.6**	**–2.7**
MAN Truck & Bus	0.6	2.6	5.4	2.3	2.7	–1.1
MAN Latin America	5.5	7.4	10.1	6.9	6.0	7.1
Commercial Vehicles [1)]	1.8	3.8	6.3	3.5	3.5	1.3
MAN Diesel & Turbo	4.8	–1.2	9.9	10.6	–11.9	–15.9
Renk	12.8	13.5	14.0	15.6	10.2	13.8
Power Engineering [1)]	5.9	0.6	10.4	11.3	–9.6	–11.7

1) 2014: consolidated presentation, 2013: immaterial consolidation effects.
2) 2013: Adjusted to reflect the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.”

This information is reported on a voluntary basis.

Overview by Quarter (3/3)

€ million	2014	2013				
	Q1	Total 2013	Q4	Q3	Q2	Q1
Gross cash flow [1]	–40	986	429	358	193	6
Net cash provided by/used in operating activities	–688	136	417	254	–385	–150
Net cash provided by/used in investing activities attributable to operating activities	338	–526	–223	–100	–118	–85
Net cash flow	**–350**	**–390**	**194**	**154**	**–503**	**–235**
Net financial debt [2]	**–864**	**–1,315**	**–1,315**	**–4,641**	**–4,797**	**–4,152**
ROCE (%) [3]	**5.3**	**6.9**	**17.4**	**11.0**	**4.1**	**–4.7**
ROS (%) [3]	**3.0**	**3.0**	**6.7**	**5.2**	**1.8**	**–2.3**
Headcount [2] [4]	**55,462**	**56,102**	**56,102**	**56,178**	**55,455**	**55,896**
Capital markets information						
Earnings per share from continuing operations (€)	**0.17**	**–1.47**	**0.57**	**0.56**	**–0.29**	**–2.31**
MAN share price [5]						
High	93.80	89.74	89.72	88.14	86.51	89.74
Low	89.25	82.35	88.02	84.00	83.76	82.35
Quarter-end	92.50	89.25	89.25	88.14	83.90	83.87
MAN share performance (%)						
Performance of MAN shares	3.6	10.5	1.3	1.5	0.0	3.9
Dax performance	0.0	25.5	11.1	8.0	2.1	2.4
MDax performance	–0.7	39.1	10.2	9.7	2.9	11.8

[1] Gross cash flow is presented in accordance with the new statement of cash flows presentation. See “Statement of cash flows” in the notes to the condensed interim consolidated financial statements for further information.
[2] As of the reporting date.
[3] For the actual ROCE and ROS values, operating profit is compared with the average capital employed — in accordance with the methodology applied to date — with the previous income statement structure used to determine operating profit.
[4] Including employees in the passive phase of partial retirement and trainees, excluding subcontracted employees. The prior-year figures were adjusted accordingly.
[5] Xetra closing prices, Frankfurt.

This information is reported on a voluntary basis.

MAN SE Financial Diary*

Annual General Meeting for fiscal 2013	May 15, 2014
Half-yearly report 2014	July 30, 2014
Report on Q3/2014	October 28, 2014
Annual press conference	March 11, 2015
Internet publication of 2014 annual report	March 11, 2015
Report on Q1/2015	April 28, 2015
Half-yearly report 2015	July 28, 2015

* The latest information can be found on MAN's website at
→ www.man.eu/corporate under "Investor Relations"

MAN SE
Ungererstr. 69
80805 Munich, Germany
www.man.eu

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MAN SE
Ungererstr. 69
80805 Munich
Phone: +49 89 36098-0
Fax: +49 89 36098-250
www.man.eu