Q3 MAN Group:
MAN sees positive development in European commercial vehicles market

Interim report as of September 30, 2015 – Q3 / 2015

€ million	2015 Q1-Q3	2014 Q1-Q3	Change in %	2015 Q3	2014 Q3	Change in %
Order intake	10,632	11,147	–5	3,163	3,473	–9
Sales revenue	9,981	10,214	–2	3,262	3,515	–7
Operating profit	101	304	–67	86	82	5

- Decline in order intake; sales revenue down slightly year-on-year
- Commercial Vehicles: European market up significantly year-on-year, considerable deterioration in the market environment in Brazil
- Power Engineering: order intake impacted by difficult market environment
- Restructuring expenses for the program to safeguard future growth at MAN Truck & Bus weigh heavily on operating profit; operating loss in Brazil due to volume-related factors
- Net cash flow remains positive
- Outlook for full-year 2015: sales revenue down slightly year-on-year; operating profit significantly impacted primarily by restructuring expenses and considerable deterioration in the market environment in Brazil; operating return on sales more than halved

MAN SE

Letter to our Shareholders

MAN sees positive development in European commercial vehicles market

Dear Shareholders,

This is my first letter to you as part of an MAN SE quarterly report. When I took over as Chief Executive Officer from Dr. Pachta-Reyhofen at the beginning of October, the overall economic situation was extremely bleak, as it had been for some time. The good news is that we are seeing a noticeable recovery in the European commercial vehicles market. However, the situation in other regions — such as Brazil or Russia — and in the Power Engineering business area remains tense.

Against this backdrop, the MAN Group's order intake in the first three quarters was €10.6 billion, down 5% on the prior-year period. Our Commercial Vehicles business area received orders of €8.1 billion, a year-on-year decrease of 3%. Significant growth was seen at MAN Truck & Bus, which received €7.4 billion in new orders, 9% above the prior-year period. Demand in Europe saw a significant rebound following the buyer reluctance observed last year following the introduction of the Euro 6 emission standard. By contrast, South America reveals a different picture: MAN Latin America's order intake halved to €0.9 billion in the first nine months on the back of the considerable deterioration in the market environment in Brazil. The order situation in the Power Engineering business area also remained unsatisfactory, with order intake declining by approximately 8% year-on-year to €2.5 billion. MAN Diesel & Turbo's orders decreased by 11% to €2.2 billion, a trend that was attributable to the Engines & Marine Systems and Power Plants strategic business units. Order intake at Renk amounted to €374 million in the first nine months, up on the prior-year figure of €321 million. This rise was mainly due to the Vehicle Transmissions business.

The MAN Group recorded sales revenue of approximately €10 billion in the first nine months of the fiscal year, down slightly on the prior-year figure of €10.2 billion. The Commercial Vehicles business area recorded sales revenue of €7.2 billion. Sales revenue at MAN Truck & Bus amounted to €6.5 billion, up 9% year-on-year. MAN Latin America's sales revenue declined in line with its order intake, decreasing from €1.7 billion in the first three quarters of the prior year to €0.9 billion in the first nine months of 2015. Sales revenue in the Power Engineering business area increased to €2.8 billion in the reporting period. At €2.4 billion, MAN Diesel & Turbo's sales revenue in the first nine months was up 5% on the prior-year figure. Renk recorded sales revenue of €352 million, on a level with the previous year.

As already reported, we have launched a future growth program at MAN Truck & Bus to strengthen the company's competitiveness for the long term. The associated expenses are reflected in our operating results. MAN Truck & Bus generated an operating loss of €18 million in the first nine months, following an operating profit of €88 million in the prior-year period. Excluding the restructuring expenses, however, operating profit improved significantly, rising by €64 million to €152 million due to volume and margin effects. Despite its position as market leader, MAN Latin America generated an operating loss of €45 million in the reporting period, compared with an operating profit of €76 million in the period from January to September 2014. This decline is primarily due to sales revenue, which halved as against the prior-year period. This means that, including restructuring expenses, the Commercial Vehicles business area reported an operating loss of €62 million. By contrast, operating profit in the Power Engineering business area rose from €197 million to €227 million. MAN Diesel & Turbo generated an operating profit of €175 million, after €147 million in the previous year. This increase was due to the Engines & Marine Systems strategic business unit. Operating profit at Renk amounted to €53 million in the reporting period. Overall, the MAN Group generated an operating profit of €101 million in the first three quarters of fiscal year 2015.

We expect a slight year-on-year decline in sales revenue for the current fiscal year as a whole. Operating profit will be significantly impacted, primarily by restructuring expenses and the considerable deterioration in the market environment in Brazil. The operating return on sales will more than halve year-on-year.

Joachim Drees
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 2014 and the additional information on the Company contained in it.

At a Glance

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Order intake	10,632	11,147	–5	3,163	3,473	–9
Germany	2,621	2,411	9	772	801	–4
Other countries	8,011	8,736	–8	2,391	2,672	–11
Order backlog[1]	6,317	6,244	1	6,317	6,244	1
Headcount[1]	55,657	55,903	0	55,657	55,903	0
Germany	31,968	32,309	–1	31,968	32,309	–1
Other countries	23,689	23,594	0	23,689	23,594	0
Sales revenue	9,981	10,214	–2	3,262	3,515	–7
Germany	2,385	2,079	15	772	712	8
Other countries	7,596	8,135	–7	2,490	2,803	–11
			€ million			€ million
Operating profit before special items[2]	271	304	–33	86	82	4
Special items[2]	–170	–	–170	–	–	–
Operating profit	101	304	–203	86	82	4
Operating return on sales (%)	1.0	3.0	–2.0	2.6	2.3	0.3
Profit before tax from continuing operations	13	203	–190	81	45	36
as a % of sales revenue	0.1	2.0	–1.9	2.5	1.3	1.2
Profit after tax	9	118	–109	55	26	28
Profit attributable to shareholders of MAN SE	2	108	–106	54	22	32
Gross cash flow	910	101	809	428	–74	502
Net cash provided by/used in operating activities	748	–1,102	1,850	426	–194	620
Net cash provided by/used in investing activities attributable to operating activities	–374	110	–485	–146	–115	–31
of which: from acquisitions and divestments	–20	412	–432	3	–	3
of which: investments in property, plant, and equipment	–200	–182	–18	–92	–69	–23
as a % of sales revenue	2.0	1.8	0.2	2.8	2.0	0.8
capitalized development costs	–168	–135	–33	–61	–50	–11
as a % of sales revenue	1.7	1.3	0.4	1.9	1.4	0.5
Net cash flow	373	–992	1,365	281	–308	589
Depreciation and amortization of, and impairment losses on, noncurrent assets	791	654	137	310	215	95
R&D expenditures	470	429	42	166	151	15
Cash and cash equivalents[1]	817	525	292	817	525	292
Net financial debt [1]	–1,423	–1,360	–63	–1,423	–1,360	–63
Total equity[1]	5,716	5,485	231	5,716	5,485	231

Any differences in this Group interim financial report are due to rounding.
1) As of September 30, 2015, vs. December 31, 2014.
2) Special items comprise restructuring expenses of €170 million at MAN Truck & Bus.

Interim Management Report as of September 30, 2015

Economic environment

The robust growth in the global economy has weakened slightly in the year to date. Whereas momentum increased overall in the industrialized nations, economic growth was below average in most emerging economies. Although the comparatively low energy and raw materials prices had a negative impact on individual countries' economies, their effect on the global economy as a whole was supportive.

Western Europe's economic recovery continued in the reporting period. The northern European countries saw solid growth while the pace of growth picked up in many southern European countries. Economic growth in Central Europe was also positive in the first nine months of 2015. By contrast, the conflict between Russia and Ukraine contributed substantially to the downturn in both of these economies and had a negative impact on the situation in Eastern Europe overall. In addition, falling energy prices hit the oil producing countries in this region in particular.

The German economy continued to benefit from positive consumer sentiment and the strong labor market; the pace of growth rose over the course of the year.

The US economy recorded solid growth on average in the period from January to September 2015. The further decline in unemployment, positive consumer sentiment, and the continuing highly expansionary monetary policy supported the economy.

The situation in Brazil remained tense in the reporting period. Weak domestic demand and low global commodity prices in particular contributed to negative growth. In neighboring Argentina, economic output rose year-on-year despite continued extremely high inflation.

China's comparatively strong economic growth weakened slightly over the first nine months of 2015. India mainly recorded stable economic growth.

Results of operations, financial position, and net assets

The MAN Group's results of operations

The MAN Group's order intake in the first three quarters was €10.6 billion, down 5% on the prior-year level (€11.1 billion).

Order intake by business area

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Commercial Vehicles	8,128	8,420	–3	2,491	2,636	–5
Power Engineering	2,535	2,749	–8	683	843	–19
Others	–31	–22	–	–11	–6	–
MAN Group	**10,632**	**11,147**	**–5**	**3,163**	**3,473**	**–9**

Order intake in the Commercial Vehicles business area declined by 3% year-on-year to €8.1 billion in the first nine months. Measured in terms of units, order intake declined significantly, decreasing by 10,362 vehicles to a total of 79,265.

MAN Truck & Bus received orders worth €7.4 billion in the first nine months of the fiscal year, an increase of 9% as against the previous year. However, the prior-year period was impacted by buyer reluctance following the introduction of the Euro 6 emission standard in Europe. Demand was also buoyed by positive macroeconomic momentum. The number of vehicles ordered rose by 11% to 61,253 vehicles.

MAN Latin America's order intake halved to €0.9 billion in the first nine months (previous year: €1.7 billion) due to the considerable deterioration in the market environment in Brazil. Unit sales also decreased by 47% to 19,069 vehicles (previous year: 36,168 vehicles).

In the Power Engineering business area, order intake decreased by approximately 8% year-on-year to €2.5 billion. MAN Diesel & Turbo's orders declined by 11% to €2.2 billion. The decrease is attributable to the Engines & Marine Systems and Power Plants strategic business units. Renk recorded an order intake of €374 million in the first nine months (previous year: €321 million). The increase is mainly due to the Vehicle Transmissions business.

The MAN Group's order intake in Germany increased by 9% year-on-year to €2.6 billion, while international orders declined by 8%. The proportion of orders generated outside Germany was 75% (previous year: 78%).

The order backlog for the MAN Group as of September 30, 2015, was €6.3 billion, up €0.1 billion compared with December 31, 2014. The Commercial Vehicles business area recorded an increase of 15%. By contrast, the order backlog in the Power Engineering business area declined by 6%.

The MAN Group’s sales revenue for the first nine months of fiscal 2015 was down slightly on the prior-year level, at approximately €10 billion (previous year: €10.2 billion).

Sales revenue by business area

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Commercial Vehicles	7,245	7,586	–4	2,328	2,514	–7
Power Engineering	2,756	2,642	4	942	1,008	–6
Others	–20	–13	–	–8	–7	–
MAN Group	**9,981**	**10,214**	**–2**	**3,262**	**3,515**	**–7**

The Commercial Vehicles business area reported sales revenue of €7.2 billion in the first three quarters (previous year: €7.6 billion). Unit sales decreased by 13% to 74,445 vehicles. MAN Truck & Bus generated sales revenue of €6.5 billion, up 9% on the prior-year figure. Unit sales rose by 10% to 56,333 vehicles.

MAN Latin America’s sales revenue declined to €0.9 billion in the reporting period (previous year: €1.7 billion) due to the considerable deterioration in the market environment. Unit sales almost halved to 19,069 vehicles.

Sales revenue in the Power Engineering business area rose to €2.8 billion in the first nine months (previous year: €2.6 billion). At €2.4 billion, MAN Diesel & Turbo’s sales revenue was up 5% on the prior-year figure in the first nine months. Renk reported sales revenue of €352 million (previous year: €347 million).

The MAN Group’s domestic sales revenue rose by 15% year-on-year to €2.4 billion, while international sales revenue declined by 7%. The proportion of sales revenue generated outside Germany was 76% (previous year: 80%).

The MAN Group recorded an operating profit of €101 million in the first three quarters of 2015 (previous year: €304 million). The deterioration was primarily due to restructuring expenses of €170 million at MAN Truck & Bus and the decrease in operating profit in Brazil due to volume-related factors. Excluding restructuring expenses, operating profit was down slightly year-on-year.

Operating profit/loss by business area

€ million	2015 Q1–Q3	2014 Q1–Q3	Change € million	2015 Q3	2014 Q3	Change € million
Commercial Vehicles	–62	168	–230	12	18	–6
Power Engineering	227	197	30	92	83	9
Others	–64	–61	–3	–18	–20	2
MAN Group	**101**	**304**	**–203**	**86**	**82**	**4**

The year-on-year decline is primarily attributable to the Commercial Vehicles business area, which reported an operating loss of €62 million as against the operating profit of €168 million recorded in the prior-year period.

By contrast, operating profit in the Power Engineering business area rose to €227 million (previous year: €197 million). The operating loss attributable to Others was €64 million.

The MAN Group's operating return on sales in the first nine months was 1.0% (previous year: 3.0%). The operating return on sales for the Commercial Vehicles business area declined to –0.9% (previous year: 2.2%). In the Power Engineering business area, the operating return on sales rose to 8.2% (previous year: 7.5%).

MAN Truck & Bus recorded an operating loss of €18 million in the first nine months (previous year: operating profit of €88 million). This was mainly attributable to restructuring expenses associated with the future growth program to strengthen its competitiveness for the long term. MAN Truck & Bus's operating return on sales for the first three quarters declined from 1.5% in the previous year to –0.3%. Excluding the restructuring expenses, operating profit improved on the back of increased volumes and higher margins.

MAN Latin America generated an operating loss of €45 million in the reporting period (previous year: operating profit of €76 million). The decrease was primarily due to sales revenue, which halved as against the prior-year period. The operating return on sales amounted to –5.3% (previous year: 4.4%).

MAN Diesel & Turbo generated an operating profit of €175 million, after €147 million in the previous year. This increase was due to the Engines & Marine Systems strategic business unit. MAN Diesel & Turbo's operating return on sales was 7.2% (previous year: 6.4%). Renk recorded an operating profit of €53 million in the reporting period (previous year: €50 million). Its operating return on sales was 15.0% (previous year: 14.3%).

The financial result improved by €14 million year-on-year to €–88 million (previous year: €–101 million). This was primarily due to lower finance costs.

Overall, the MAN Group's profit before tax amounted to €13 million in the first nine months (previous year: €203 million). The profit after tax in the reporting period was €9 million, compared with €118 million in the previous year. The tax rate was 33.0% (previous year: 42.0%).

Earnings per share from continuing operations were €0.01, as against €0.74 in the prior-year period.

The MAN Group's financial position

Net cash flow from the MAN Group's operating activities and investing activities attributable to operating activities amounted to €373 million after three quarters (previous year: €–992 million).

Net cash flow by business area

€ million	2015 Q1–Q3	2014 Q1–Q3	Change € million	2015 Q3	2014 Q3	Change € million
Commercial Vehicles	112	–368	480	98	101	–3
Power Engineering	119	–90	209	40	27	13
Others	143	–534	676	143	–435	579
MAN Group	**373**	**–992**	**1,365**	**281**	**–308**	**589**

The figure for the third quarter included a tax refund for previous years in the amount of €166 million including interest, €59 million of which related to discontinued operations. By contrast, the first nine months of the previous year were negatively impacted by a prepayment of €130 million on the expected tax liability for fiscal 2013 that was subsequently assessed, as well as prior-period tax payments of €691 million including interest, €370 million of which related to discontinued operations.

Consequently, the MAN Group's gross cash flow amounted to €910 million in the first three quarters of 2015, significantly higher than in the previous year (€101 million) despite the decline in sales revenue. This figure includes profit before tax of €13 million (previous year: €203 million).

At €162 million, the increase in the MAN Group's working capital was significantly more moderate in the first nine months of the fiscal year than in the prior-year period (€1,203 million). The clear year-on-year improvement was due to the €424 million increase in liabilities (previous year: decrease of €121 million), the €307 million decrease in receivables (previous year: increase of €12 million), and the €73 million increase in provisions (previous year: decrease of €218 million). In addition, inventories grew by €356 million, which is a smaller increase than in the previous year (€454 million).

Within working capital, the €611 million increase in assets leased out (previous year: €398 million) was largely offset by the depreciation of assets leased out and by offsetting effects within other liabilities in cash flows from operating activities.

As a result, net cash provided by operating activities amounted to €748 million in the first nine months, a significant year-on-year improvement (previous year: net cash used in operating activities of €1,102 million).

Cash flow from investing activities attributable to operating activities was €–374 million (previous year: €110 million). The prior-year figure includes the net cash inflow from the sale of MAN Finance International GmbH, Munich (MAN Finance), of €415 million. Excluding this effect, investments were up on the prior-year level.

In the Commercial Vehicles business area, net cash flow in the first three quarters amounted to €112 million (previous year: €–368 million), due primarily to the lower level of funds tied up in working capital.

The Power Engineering business area generated a net cash flow of €119 million (previous year: €–90 million). The net cash flow attributable to Others amounted to €143 million (previous year: €–534 million), mainly due to the tax refund for previous years.

Net cash used in financing activities amounted to €201 million in the reporting period (previous year: €114 million). This includes the transfer of €486 million in profit for 2014 to Volkswagen Truck & Bus GmbH, Braunschweig (VW Truck & Bus GmbH), formerly Truck & Bus GmbH, Wolfsburg (Truck & Bus GmbH) (previous year: cash inflow of €724 million due to loss absorption) and the repayment of bonds in the amount of €620 million (previous year: €520 million). By contrast, financial liabilities rose by €908 million after declining by €294 million in the previous year.

The MAN Group's net financial debt was €1,423 million on September 30, 2015, a deterioration of €63 million as against December 31, 2014.

MAN consolidated statement of cash flows (key figures) Reporting period January 1 to September 30 **€ million**	**2015**	**2014**
Cash and cash equivalents at beginning of period	**525**	**1,208**
Profit before tax from continuing operations	13	203
Income taxes paid/refunded	95	–726
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1)]	271	275
Amortization of, and impairment losses on, capitalized development costs[1)]	68	68
Depreciation of assets leased out[1)]	451	310
Change in provisions for pensions and other post-employment benefits	11	–1
Loss on disposal of noncurrent assets	–5	–9
Share of profits or losses of equity-method investments	–3	–9
Other noncash income and expense	9	–10
Gross cash flow	**910**	**101**
Change in working capital	**–162**	**–1,203**
Change in inventories	–356	–454
Change in receivables	307	–12
Change in liabilities and prepayments received (excluding financial liabilities)	424	–121
Change in other provisions	73	–218
Change in assets leased out	–611	–398
Net cash provided by/used in operating activities	**748**	**–1,102**
Payments to acquire property, plant, and equipment, investment property, and intangible assets (excluding capitalized development costs)	–200	–182
Additions to capitalized development costs	–168	–135
Payments to acquire other investees	–20	–5
Proceeds from the disposal of subsidiaries, net of cash disposed of	0	417
Proceeds from asset disposals (other than assets leased out)	14	15
Net cash provided by/used in investing activities attributable to operating activities	**–374**	**110**
Net cash flow	**373**	**–992**
Change in investments in securities and loans	152	512
Net cash provided by/used in investing activities	**–223**	**623**
Dividend payments	–3	–24
Profit transferred/loss absorbed	–486	724
Repayment of bonds	–620	–520
Change in other financial liabilities	908	–294
Net cash used in financing activities	**–201**	**–114**
Effect of exchange rate changes on cash and cash equivalents	–32	9
Change in cash and cash equivalents	**292**	**–584**
Cash and cash equivalents at September 30	**817**	**624**
Composition of net liquidity/net financial debt at September 30, 2015 and December 31, 2014		
Cash and cash equivalents	817	525
Securities, loans, and time deposits	448	600
Gross liquidity	**1,265**	**1,125**
Total third-party borrowings	–2,689	–2,485
Net financial debt	**–1,423**	**–1,360**

1) Net of impairment reversals.

Structure of the MAN Group's balance sheet

The MAN Group's total assets amounted to €18,161 million at the end of the reporting period, 3.6% higher than on December 31, 2014 (€17,538 million).

Noncurrent assets rose as against December 31, 2014, due primarily to the €548 million increase in the carrying amount of the investment in Scania AB, Södertälje/Sweden (Scania), as of September 30, 2015. Overall, noncurrent assets rose by 4.1% in the period under review. Current assets were up 2.7% on the figure as of the end of 2014. Inventories increased by €252 million in the first nine months of the fiscal year. Cash and cash equivalents amounted to €817 million as of the reporting date (previous year: €525 million). Current liabilities and provisions rose by a total of 5.1% as against December 31, 2014. Within this figure, the increase in financial liabilities was attributable in particular to growth in liabilities to affiliated companies and the reclassification of noncurrent liabilities to current liabilities due to their shorter maturities. Other noncurrent and current provisions were impacted in particular by the recognition of provisions totaling €170 million in the first half of the year for restructuring measures at MAN Truck & Bus.

The MAN Group's equity increased to €5,716 million as of September 30, 2015, compared with €5,485 million as of December 31, 2014. This rise as against the end of 2014 is primarily attributable to the measurement of the investment in Scania. The equity ratio was 31.5% (previous year 31.3%). Noncontrolling interests are primarily attributable to Renk AG.

			MAN Group	
€ million	**9/30/2015**	**6/30/2015**	**3/31/2015**	**12/31/2014**
Noncurrent assets	10,970	10,865	11,177	10,534
Current assets	7,192	7,635	7,361	7,004
Total assets	**18,161**	**18,500**	**18,537**	**17,538**
Total equity	5,716	5,718	6,008	5,485
Noncurrent liabilities and provisions	5,203	4,900	5,318	5,158
Current liabilities and provisions	7,242	7,883	7,211	6,894

Headcount

The MAN Group had 51,853 active employees on September 30, 2015, compared with 51,995 on December 31, 2014. A further 619 (previous year: 596) employees were in the passive phase of partial retirement, while 3,185 young people (previous year: 3,312) were in vocational traineeships. The MAN Group employed a total of 55,657 people (previous year: 55,903) worldwide at the end of the reporting period. The decrease of 246 employees as against December 31, 2014, was primarily the result of our restrictive hiring policy and the workforce adjustment to match capacity utilization levels. Newly consolidated entities at MAN Diesel & Turbo added 189 employees.

The proportion of employees in Germany was on a level with December 31, 2014, at 57% or 31,968 people (previous year: 32,309).

The MAN Group also had 1,334 subcontracted employees at the end of the third quarter, compared with 879 as of December 31, 2014.

Report on expected developments

For 2015, the MAN Group's Management anticipates that the global economy will match the previous year's growth rate despite a number of uncertainties. In our view, structural deficits and geopolitical conflicts are the main risks to the continued growth of the global economy. The current volatility of currencies of significance to MAN is also a source of uncertainty. Assuming that the moderate growth trend is not negatively impacted by unforeseen events, MAN SE's Executive Board currently expects the following:

In the Commercial Vehicles business area, we expect unit sales for 2015 to be significantly below the previous year due to the market situation in Brazil, with sales revenue falling slightly short of the prior-year figure. An operating loss is expected here, primarily as a result of expenses associated with the restructuring program at MAN Truck & Bus. As a result, the Commercial Vehicles business area will see a negative operating return on sales.

We expect the Power Engineering business area's order intake for 2015 to be significantly below the prior-year level, which was dominated by a major order. Sales revenue should remain roughly unchanged as against the previous year. Operating profit and the operating return on sales will also remain on a level with the prior-year period. Ongoing high competitive pressure in the currently flat markets will continue to have a negative impact in 2015.

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

Report on risks and opportunities

The Report on Risks and Opportunities should be read in conjunction with our disclosures in the 2014 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 "Report on expected developments," 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 equity indices around the world reached several new highs in the first half of 2015, a number of factors triggered a slump in the international equity markets in the third quarter of 2015. Alongside the crisis in Greece, which continued to impact developments at European exchanges in particular at the beginning of the quarter, slowing economic growth in China, weakness in the emerging markets, and speculation as to an imminent reversal in interest rates in the USA led to unrest in the financial markets. The negative news from the automotive industry also dampened market sentiment at the end of the quarter. Even the positive conditions created by the European Central Bank's continuing expansionary monetary policies were unable to counteract the negative trend.

In line with this, the German benchmark index, the DAX, closed the third quarter down 12% at 9,660 points. The MDax fell 2% in the same period to 19,280 points. The DAX lost 1.5% overall in the first nine months, while the MDax gained 13.8%. MAN's common shares declined slightly by 1% in the period from January to September 2015 after closing at €92.16 on December 31, 2014. They closed at €91.16 on September 30, 2015.

On September 2, 2015, the Executive Board of MAN SE resolved to apply to delist the Company's shares from the Prime Standard segment of the regulated market, which has additional post-admission obligations, and to move to the General Standard. Changing stock market segment enables MAN SE to reduce the additional expense associated with a Prime Standard listing. The Frankfurt Stock Exchange approved MAN SE's application on September 30, 2015. The delisting becomes effective as of the end of December 30, 2015. As a result, the requirements for remaining in the MDAX will no longer be met. MAN's shares will remain listed in the regulated market and will be transferred to the General Standard segment on January 4, 2016.

Key data by division

Order intake by division

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
MAN Truck & Bus	7,358	6,770	9	2,262	2,114	7
MAN Latin America	850	1,729	–51	257	534	–52
MAN Diesel & Turbo	2,181	2,440	–11	604	753	–20
Renk	374	321	17	81	95	–14
Others	–31	–22	–	–11	–6	–
Consolidation within the business areas	–99	–91	–	–31	–17	–
MAN Group	**10,632**	**11,147**	**–5**	**3,163**	**3,473**	**–9**

Sales revenue by division

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
MAN Truck & Bus	6,462	5,931	9	2,095	2,017	4
MAN Latin America	850	1,729	–51	257	534	–52
MAN Diesel & Turbo	2,415	2,309	5	833	883	–6
Renk	352	347	2	112	130	–14
Others	–20	–13	–	–8	–7	–
Consolidation within the business areas	–78	–88	–	–27	–43	–
MAN Group	**9,981**	**10,214**	**–2**	**3,262**	**3,515**	**–7**

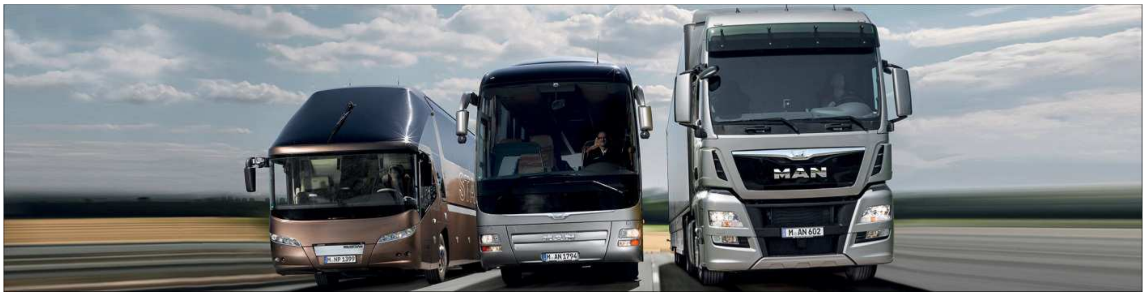
Operating profit/loss by division

€ million	2015 Q1–Q3	2014 Q1–Q3	Change € million	2015 Q3	2014 Q3	Change € million
MAN Truck & Bus	–18	88	–106	31	9	22
MAN Latin America	–45	76	–121	–24	9	–33
MAN Diesel & Turbo	175	147	27	82	59	23
Renk	53	50	3	10	24	–14
Others	–64	–61	–3	–18	–20	2
Consolidation within the business areas	0	4	–4	5	1	4
Operating profit	**101**	**304**	**–203**	**86**	**82**	**4**
Financial result	–88	–101	14	–4	–37	33
Profit before tax	**13**	**203**	**–190**	**81**	**45**	**36**
Income tax expense	–4	–85	81	–27	–19	–8
Profit after tax	**9**	**118**	**–109**	**55**	**26**	**28**

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	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Order intake	7,358	6,770	9	2,262	2,114	7
of which: Trucks	6,295	5,679	11	1,905	1,741	9
of which: Buses	1,063	1,091	–3	358	373	–4
Order intake (units)	61,253	55,050	11	17,769	16,196	10
of which: Trucks	56,961	50,947	12	16,220	14,788	10
of which: Buses	4,292	4,103	5	1,549	1,408	10
Sales revenue	6,462	5,931	9	2,095	2,017	4
of which: Trucks	5,431	5,016	8	1,782	1,715	4
of which: Buses	1,030	914	13	313	302	4
Vehicle sales (units)	56,333	50,987	10	18,309	17,894	2
of which: Trucks	52,208	47,600	10	17,067	16,766	2
of which: Buses	4,125	3,387	22	1,242	1,128	10
Production (units)	57,961	53,390	9	19,154	17,980	7
of which: Trucks	53,477	49,753	7	17,724	16,713	6
of which: Buses	4,484	3,637	23	1,430	1,267	13
Headcount[1)]	36,208	36,450	–1	36,208	36,450	–1
			€ million			€ million
Operating profit/loss before special items[2)]	152	88	64	31	9	22
of which: Trucks	147	131	17	33	18	15
of which: Buses	5	–42	47	–2	–9	7
Operating return on sales (%) before special items[2)]	2.4	1.5	–	1.5	0.4	–
Operating profit/loss	–18	88	–106	31	9	22
Operating return on sales (%)	–0.3	1.5	–	1.5	0.4	–

1) Headcount as of September 30, 2015, vs. December 31, 2014.
2) Special items comprise restructuring expenses in the amount of €170 million.

The European truck market was up sharply on the prior-year level in the first three quarters of the current fiscal year. However, the prior-year period was impacted by buyer reluctance following the introduction of the Euro 6 emission standard. Demand was also buoyed by positive macroeconomic momentum. MAN Truck & Bus is expecting a sharp year-on-year upturn in the European market for full-year 2015 due to the improved economic outlook. The European bus market was also up significantly on the prior-year level in the first three quarters. Growth for full-year 2015 is expected to be slightly higher than in the previous year.

Order intake at MAN Truck & Bus rose by 9% year-on-year in the first three quarters to €7,358 million. Measured in terms of units, order intake was up 11% on the previous year, at 61,253 vehicles (previous year: 55,050).

The Trucks business recorded an order intake of €6,295 million in the first nine months (previous year: €5,679 million). The unit figure rose by 12% compared with the prior-year period to 56,961 trucks (previous year: 50,947). This was mainly driven by the year-on-year rise in order intake in Europe, particularly in Germany, the United Kingdom, and France. By contrast, Russia and Uzbekistan in particular saw declines in order intake compared with the prior year.

At €1,063 million, order intake in the Buses business was down 3% on the previous year in the first three quarters; this was mainly due to prices and the product mix. Measured in unit terms, the order intake figure of 4,292 was above the 4,103 recorded in the previous year. Key drivers included the year-on-year rise in order intake in Mexico, Hungary, and Hong Kong. Three major orders from Singapore, Sweden, and Germany were received in the prior-year period.

MAN Truck & Bus generated sales revenue of €6,462 million, a 9% increase year-on-year from €5,931 million. At 56,333 vehicles, unit sales were also up by 10% on the prior-year figure of 50,987.

The Trucks business recorded an increase in sales revenue to €5,431 million in the first nine months (previous year: €5,016 million). At 52,208 trucks, unit sales were up 10% on the prior-year figure of 47,600. An increase was recorded in Germany, France, and Poland in particular. By contrast, Russia and Uzbekistan saw declines in unit sales. Overall, MAN Truck & Bus's share of the European market for trucks over 6 t was 16.4% in the first three quarters (previous year: 16.2%).

The Buses business generated sales revenue of €1,030 million, up on the prior-year figure of €914 million. It sold 4,125 buses (previous year: 3,387), an increase of 22% as against the previous year. The main growth drivers were the year-on-year growth in the order backlog at the beginning of 2015 and a rise in unit sales in Germany, Bahrain, and Spain. In the European market for buses over 8 t, MAN Truck & Bus achieved a market share of 11.9% (previous year: 10.6%) in the first three quarters.

Production volumes in the first three quarters increased as against the previous year by 3,724 units (+7%) in the Trucks business and by 847 units (+23%) in the Buses business due to the increase in demand. In addition, short-time working ended at all plants at the beginning of the second quarter of 2015.

The headcount declined by 1% compared with December 31, 2014, to 36,208 employees as of September 30, 2015. There were 33,291 active employees on the September 30, 2015 reporting date.

A total of 461 employees were in the passive phase of partial retirement, and 2,456 young people were in vocational traineeships.

At €152 million, operating profit before special items in the first nine months was significantly higher than the prior-year figure of €88 million. This corresponds to an operating return on sales of 2.4% (previous year: 1.5%). The Trucks business recorded an operating profit of €147 million, up on the prior-year figure of €131 million due to volume and margin effects. Operating profit in the Buses business improved to €5 million (previous year: operating loss of €42 million), mainly due to volume- and margin-related factors as well as to the structural changes introduced in the past year. MAN Truck & Bus is continuing its comprehensive future growth program, which aims to strengthen the company in a competitive market environment, so as to systematically improve its earnings quality. One focus here is on restructuring its truck production sites and streamlining all administrative areas. In this context, provisions in the amount of €170 million were established for the restructuring measures introduced. Taking into account these special items, MAN Truck & Bus recorded an operating loss of €18 million in the first three quarters (previous year: operating profit of €88 million).

The Management of MAN Truck & Bus expects unit sales and sales revenue for 2015 to slightly exceed the prior-year level. 2015 operating profit before special items is also expected to be up significantly on the previous year. A small operating profit and a slightly positive operating return on sales will be generated, despite the restructuring expenses.

MAN Latin America

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Order intake	850	1,729	–51	257	534	–52
Order intake (units)	19,069	36,168	–47	6,588	10,971	–40
Sales revenue	850	1,729	–51	257	534	–52
Vehicle sales (units)	19,069	36,168	–47	6,588	10,971	–40
Production (units)	19,260	35,924	–46	4,491	11,387	–61
Headcount[1)]	1,933	1,999	–3	1,933	1,999	–3
			€ million			€ million
Operating profit/loss	–45	76	–121	–24	9	–33
Operating return on sales (%)	–5.3	4.4	–	–9.3	1.6	–

1) Headcount as of September 30, 2015, vs. December 31, 2014.

The economic environment in which MAN Latin America operates continued to deteriorate in the third quarter, leading to a continuation of the sharp drop in demand experienced in the first half of the year. The business climate in Brazil experienced further worsening due to the ever more pessimistic growth forecasts for 2015. This was exacerbated by the austerity measures introduced by the Brazilian government to reduce the country's budget deficit and curb inflation. The conflicting interests of the country's political parties delayed key decisions that could have bolstered confidence in an economic recovery. State-subsidized financing for trucks and buses was offered on significantly less favorable terms, which had an additional negative impact on the commercial vehicles market. Uncertainties also continued to be noticeable in the other Latin American markets in the third quarter.

MAN Latin America received orders of €850 million in the first three quarters of 2015, down 51% on the prior-year figure of €1,729 million. This was primarily due to the drop in demand in the Brazilian commercial vehicles market. Measured in terms of units, order intake declined by 47%. The weaker Brazilian real also had a negative impact in the third quarter.

New registrations for trucks weighing 5 t and over in Brazil decreased by 44% to 54,881 units. MAN Latin America sold 12,467 trucks in the Brazilian truck market. This corresponds to a decline of 53% as against the prior-year period. At a total of 15,178 new truck registrations (previous year: 26,322), MAN Latin America maintained its twelve-year market leadership, achieving a market share of 27.7% (previous year: 26.9%).

New registrations in the Brazilian bus market decreased by 31% to 13,719 vehicles. MAN Latin America sold 1,762 bus chassis (previous year: 5,122) and achieved a market share of 21.8% (previous year: 25.9%) in the declining market, with 2,997 new bus registrations (previous year: 5,171). The decrease in market share is mainly attributable to lower registrations of government-sponsored school buses. MAN Latin America was disproportionately represented in this segment. Nevertheless, the company again occupied the number two position in the Brazilian bus market.

Brazil's commercial vehicles exports increased by 7% year-on-year in spite of the currently weak economy in the other Latin American markets. Despite this challenge, MAN Latin America sold 4,840 vehicles outside Brazil (previous year: 4,400), remaining one of Brazil's leading exporters with an 18.3% (previous year: 17.8%) share of the country's commercial vehicle exports.

Production volumes declined by 46% compared with the prior-year period. MAN Latin America produced 15,364 trucks (previous year: 29,886) and 3,896 bus chassis (previous year: 6,038) in the first three quarters. Production was adjusted to match the lower level of demand.

The headcount declined by 3% compared with December 31, 2014, to 1,933 employees in the third quarter of 2015. The decrease of 66 employees resulted from factors including the restrictive hiring policy and the workforce adjustment to match capacity utilization levels. In addition, MAN Latin America temporarily reduced working hours by 10%, cutting salaries in line with this. This temporary adjustment equates to a capacity adjustment of around 190 additional employees.

The operating loss amounted to €45 million, compared with a €76 million operating profit in the prior-year period, primarily due to the significantly lower unit sales volumes. MAN Latin America's operating return on sales was –5.3% (previous year: 4.4%).

The Management of MAN Latin America is expecting a considerable drop in full-year unit sales volumes for 2015 and a strong decline in sales revenue. In addition to the decline in unit sales, operating profit will be impacted by continued intense competition and the associated price pressure. Operating profit and the operating return on sales will be clearly negative despite the cost-cutting measures introduced. These forecasts assume that there will be no significant change in exchange rates.

MAN Diesel & Turbo

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Order intake[1]	2,181	2,440	–11	604	753	–20
of which: Engines & Marine Systems	1,152	1,301	–11	331	436	–24
of which: Power Plants	194	305	–37	58	59	–2
of which: Turbomachinery	835	834	0	216	258	–16
Sales revenue[1]	2,415	2,309	5	833	883	–6
of which: Engines & Marine Systems	1,168	1,012	15	399	354	13
of which: Power Plants	365	454	–19	89	237	–62
of which: Turbomachinery	881	843	4	344	291	18
Headcount[2]	15,011	14,947	0	15,011	14,947	0
			€ million			€ million
Operating profit/loss[1]	175	147	27	82	59	23
of which: Engines & Marine Systems	198	108	90	88	42	46
of which: Power Plants	–23	21	–44	–20	17	–37
of which: Turbomachinery	0	18	–18	15	0	14
Operating return on sales (%)	7.2	6.4	–	9.9	6.7	–

[1] Including consolidation adjustments between the Engines & Marine Systems, Power Plants, and Turbomachinery strategic business units.
[2] Headcount as of September 30, 2015, vs. December 31, 2014.

In the first nine months of 2015, the marine market saw a continuation of the muted order activity that was already noticeable during the course of 2014. The situation in the various market segments was mixed, in some cases significantly. While there was healthy demand for container ships, tankers, and cruise ships, a drop in demand was observed for bulk carriers. Demand in the offshore market also worsened as a result of the low oil prices. Overall, the marine market declined significantly year-on-year.

The energy generation market proved stable overall compared with the same period of the previous year. Demand for energy solutions remains high, with a strong trend toward greater flexibility and decentralized availability. The shift away from heavy oil power plants toward dual-fuel and natural gas power plants continued. Delays in awarding contracts — some of them significant — are being seen due to continuing muted economic growth in the emerging markets and developing countries that are important for MAN Diesel & Turbo, and due to the persistently difficult financing conditions for customers. These delays affect larger projects in particular.

The turbomachinery market declined again significantly from a low level compared with the prior-year period. New turbomachinery activities are largely impacted by global investment projects in oil and chemical plants. Project volumes in the oil and gas industry declined again due to the further significant drop in oil prices. As a result, competitive pressure again increased considerably. Demand for turbomachinery in the processing industry was at a low level overall in the first nine months of 2015, and here, too, there was an increase in competitive pressure.

MAN Diesel & Turbo's order intake was €2,181 million in the first three quarters of 2015, down 11% on the prior-year figure of €2,440 million. At €1,152 million, order intake in the Engines & Marine Systems strategic business unit was down 11% on the prior-year figure of €1,301 million. The declines in the license and new construction businesses in particular had a negative effect, whereas year-on-year growth was seen in the after-sales business. Order intake in the Power Plants strategic business unit amounted to €194 million, down 37% as against the prior-year figure of €305 million due to extremely low volumes in the new construction business. At €835 million, order volumes in the Turbomachinery strategic business unit were unchanged as against the previous year (€834 million).

The figure for sales revenue was €2,415 million in the first three quarters of 2015, up 5% on the prior-year figure of €2,309 million. Sales revenue in the Engines & Marine Systems strategic business unit increased by 15% year-on-year to €1,168 million (previous year: €1,012 million). At €365 million, sales revenue in the Power Plants strategic business unit was down 19% on the prior-year figure of €454 million for billing reasons and due to the low order intake in the previous quarters. The Turbomachinery strategic business unit saw sales revenue increase by 4% year-on-year, from €843 million to €881 million.

MAN Diesel & Turbo recorded an operating profit of €175 million in the first nine months of 2015 (previous year: €147 million) and an operating return on sales of 7.2% (previous year: 6.4%). Operating profit in the Engines & Marine Systems strategic business unit improved year-on-year to €198 million (previous year: €108 million), due in particular to higher billings in the license and after-sales businesses. The Power Plants strategic business unit posted a €23 million operating loss in the first three quarters of 2015 (previous year: €21 million operating profit). This year-on-year deterioration was due in particular to the decline in sales revenue. The Turbomachinery strategic business unit broke even in the year-to-date, after posting an operating profit of €18 million in the prior-year period. Here, the decline was due to lower margin quality in the new construction business and decreased capacity utilization.

The headcount increased slightly in the first nine months of 2015, rising from 14,947 employees as of December 31, 2014, to 15,011 as of September 30, 2015. Excluding the newly consolidated companies (189 employees), the headcount decreased by 125 employees.

The Management of MAN Diesel & Turbo expects a noticeable year-on-year decline in order intake for fiscal 2015, while sales revenue should remain roughly on a level with the previous year. Operating profit and the operating return on sales will remain on a level with the previous year, although the ongoing fierce competition in all business areas will continue to have a negative impact in the future.

Renk

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Order intake	374	321	17	81	95	–14
Sales revenue	352	347	2	112	130	–14
Headcount[1)]	2,189	2,196	0	2,189	2,196	0
			€ million			€ million
Operating profit	53	50	3	10	24	–14
Operating return on sales (%)	15.0	14.3	–	8.8	18.4	–

1) Headcount as of September 30, 2015, vs. December 31, 2014.

At €374 million, Renk's order intake in the first nine months of 2015 was up €53 million on the prior-year period. The Vehicle Transmissions business made a substantial contribution to this increase. There was a tangible year-on-year rise in order intake in the Standard Gear Units and Slide Bearings businesses. By contrast, order intake in the Special Gear Units business saw only slight growth as against the comparable figure for 2014.

Renk's sales revenue amounted to €352 million in the first three quarters, an increase of €5 million on the prior-year figure. At €33 million, the significant growth in the Vehicle Transmissions business offset the declines in the other businesses.

Renk generated an operating profit of €53 million in the period from January to September 2015 (previous year: €50 million). This corresponds to an operating return on sales of 15.0% (previous year: 14.3%). All businesses generated an operating profit.

Renk's Management continues to expect an order intake of around €500 million for 2015, including a number of major projects. The Renk Group's sales revenue should improve slightly in 2015. Despite the intensifying competition and changes to the sales revenue mix, operating profit is expected to be significantly over €60 million. The operating return on sales will again be in double-digit territory, but will fall somewhat short of the prior-year figure.

Others

€ million	2015 Q1–Q3	2014 Q1–Q3	Change in %	2015 Q3	2014 Q3	Change in %
Headcount[1]	316	311	2	316	311	2
of which: MAN Shared Services	60	56	7	60	56	7
of which: MAN SE	256	255	0	256	255	0
			€ million			€ million
Operating loss	–64	–61	–3	–18	–20	2
of which: MAN SE and MAN Shared Services	–30	–24	–6	–7	–7	0
of which: earnings effects from purchase price allocations	–24	–37	13	–6	–13	7
of which: consolidation	–10	0	–10	–6	0	–6

[1] Headcount as of September 30, 2015, vs. December 31, 2014.

“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 €64 million after the first nine months, roughly on a level with the previous year (operating loss of €61 million).

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 September 30, 2015

MAN consolidated income statement

Reporting period January 1 to September 30

€ million	2015	2014
Sales revenue	**9,981**	**10,214**
Cost of sales	–7,968	–8,269
Gross profit	**2,013**	**1,946**
Other operating income	343	380
Distribution expenses	–1,166	–1,165
General and administrative expenses	–580	–580
Other operating expenses	–509	–276
Operating profit	**101**	**304**
Share of profits and losses of equity-method investments	12	16
Finance costs	–136	–144
Other financial result	37	27
Financial result	**–88**	**–101**
Profit before tax	**13**	**203**
Income tax expense	–4	–85
Profit after tax	**9**	**118**
of which attributable to noncontrolling interests	7	9
of which attributable to shareholders of MAN SE	**2**	**108**
Earnings per share from continuing operations in € (diluted/basic)	**0.01**	**0.74**
Earnings per share from continuing and discontinued operations in € (diluted/basic)	**0.01**	**0.74**

MAN consolidated income statement

Reporting period July 1 to September 30

€ million	2015	2014
Sales revenue	**3,262**	**3,515**
Cost of sales	–2,589	–2,848
Gross profit	**673**	**667**
Other operating income	84	93
Distribution expenses	–384	–405
General and administrative expenses	–188	–178
Other operating expenses	–100	–95
Operating profit	**86**	**82**
Share of profits and losses of equity-method investments	7	10
Finance costs	–49	–47
Other financial result	38	0
Financial result	**–4**	**–37**
Profit before tax	**81**	**45**
Income tax expense	–27	–19
Profit after tax	**55**	**26**
of which attributable to noncontrolling interests	0	4
of which attributable to shareholders of MAN SE	**54**	**22**
Earnings per share from continuing operations in € (diluted/basic)	**0.37**	**0.15**
Earnings per share from continuing and discontinued operations in € (diluted/basic)	**0.37**	**0.15**

MAN consolidated reconciliation of comprehensive income for the period

Reporting period January 1 to September 30

€ million	2015	2014
Profit after tax	**9**	**118**
Items that will not be reclassified to profit or loss		
Pension plan remeasurements	–21	–188
Other comprehensive income for the period from equity-method investments	–3	–3
Deferred taxes	–6	60
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	–279	143
Measurement of marketable securities and financial investments	548	880
Change in fair values of derivatives	–11	–15
Other comprehensive income for the period from equity-method investments	2	–1
Deferred taxes	–3	–9
Other comprehensive income	**228**	**867**
Total comprehensive income	**237**	**985**
of which attributable to noncontrolling interests	7	7
of which attributable to shareholders of MAN SE	**229**	**977**

The other comprehensive income of €228 million includes €548 million from the measurement of the investment in Scania AB, Sodertalje/Sweden (Scania), which is classified as an available-for-sale financial asset. Currency losses of €279 million from the translation of the financial statements of foreign Group companies, particularly due to the change in the exchange rate of the Brazilian real to the euro, had an offsetting effect. In addition, pension plan remeasurements resulted in actuarial losses of €21 million. Alongside the increase in the discount rate for obligations in Germany from 2.3% as of December 31, 2014, to 2.7%, this also includes losses from the remeasurement of plan assets, which primarily resulted from negative capital market developments. In connection with the sale of MAN Finance International GmbH, Munich (MAN Finance), €–10 million was reclassified from other comprehensive income to profit or loss in the previous year.

MAN consolidated reconciliation of comprehensive income for the period

Reporting period July 1 to September 30

€ million	2015	2014
Profit after tax	**55**	**26**
Items that will not be reclassified to profit or loss		
Pension plan remeasurements	–32	–81
Other comprehensive income for the period from equity-method investments	0	–
Deferred taxes	–3	28
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	–317	1
Measurement of marketable securities and financial investments	340	–
Change in fair values of derivatives	–12	–26
Other comprehensive income for the period from equity-method investments	0	2
Deferred taxes	–1	8
Other comprehensive income	**–25**	**–68**
Total comprehensive income	**30**	**–42**
of which attributable to noncontrolling interests	0	3
of which attributable to shareholders of MAN SE	**30**	**–45**

MAN consolidated balance sheet as of September 30, 2015

Assets

€ million	9/30/2015	12/31/2014
Intangible assets	1,864	2,020
Property, plant, and equipment	2,136	2,217
Equity-method investments	474	471
Financial investments	2,672	2,113
Assets leased out	2,842	2,677
Income tax receivables	67	5
Deferred tax assets	446	392
Other noncurrent financial assets	359	482
Other noncurrent receivables	109	156
Noncurrent assets	**10,970**	**10,534**
Inventories	3,347	3,095
Trade receivables	1,973	2,234
Current income tax receivables	176	119
Other current financial assets	282	296
Other current receivables	597	735
Cash and cash equivalents	817	525
Current assets	**7,192**	**7,004**
	18,161	**17,538**

MAN consolidated balance sheet as of September 30, 2015

Equity and liabilities

€ million	9/30/2015	12/31/2014
Subscribed capital	376	376
Capital reserves	795	795
Retained earnings	4,080	4,081
Accumulated other comprehensive income	380	152
Equity attributable to shareholders of MAN SE	**5,631**	**5,404**
Noncontrolling interests	86	81
Total equity	**5,716**	**5,485**
Noncurrent financial liabilities	1,175	1,500
Pensions and other post-employment benefits	632	603
Deferred tax liabilities	303	136
Noncurrent income tax provisions	119	101
Other noncurrent provisions	672	659
Other noncurrent financial liabilities	1,361	1,204
Other noncurrent liabilities	940	956
Noncurrent liabilities and provisions	**5,203**	**5,158**
Current financial liabilities	1,514	985
Trade payables	1,624	1,662
Prepayments received	852	819
Current income tax payables	29	35
Current income tax provisions	43	29
Other current provisions	1,027	1,086
Other current financial liabilities	890	1,169
Other current liabilities	1,264	1,107
Current liabilities and provisions	**7,242**	**6,894**
	18,161	**17,538**

MAN consolidated statement of cash flows

Reporting period January 1 to September 30

€ million	2015	2014
Cash and cash equivalents at beginning of period	**525**	**1,208**
Profit before tax from continuing operations	13	203
Income taxes paid/refunded	95	–726
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1]	271	275
Amortization of, and impairment losses on, capitalized development costs[1]	68	68
Depreciation of assets leased out[1]	451	310
Change in provisions for pensions and other post-employment benefits	11	–1
Loss on disposal of noncurrent assets	–5	–9
Share of profits or losses of equity-method investments	–3	–9
Other noncash income and expense	9	–10
Change in inventories	–356	–454
Change in receivables	307	–12
Change in liabilities and prepayments received (excluding financial liabilities)	424	–121
Change in other provisions	73	–218
Change in assets leased out	–611	–398
Net cash provided by/used in operating activities	**748**	**–1,102**
Payments to acquire property, plant, and equipment, investment property, and intangible assets (excluding capitalized development costs)	–200	–182
Additions to capitalized development costs	–168	–135
Payments to acquire other investees	–20	–5
Proceeds from the disposal of subsidiaries, net of cash disposed of	0	417
Proceeds from asset disposals (other than assets leased out)	14	15
Change in investments in securities and loans	152	512
Net cash provided by/used in investing activities	**–223**	**623**
Dividend payments	–3	–24
Profit transferred/loss absorbed	–486	724
Repayment of bonds	–620	–520
Change in other financial liabilities	908	–294
Net cash used in financing activities	**–201**	**–114**
Effect of exchange rate changes on cash and cash equivalents	–32	9
Change in cash and cash equivalents	**292**	**–584**
Cash and cash equivalents at September 30	**817**	**624**
Composition of net liquidity/net financial debt at September 30, 2015 and December 31, 2014		
Cash and cash equivalents	817	525
Securities, loans, and time deposits	448	600
Gross liquidity	**1,265**	**1,125**
Total third-party borrowings	–2,689	–2,485
Net financial debt	**–1,423**	**–1,360**

[1] Net of impairment reversals.

For the reporting period January 1, 2015, to September 30, 2015, net cash flows from operating activities contain cash flows from discontinued operations amounting to €59 million (previous year: €–370 million).

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, 2014	**376**	**795**	**4,081**	**152**	**5,404**	**81**	**5,485**
Profit after tax	–	–	2	–	**2**	7	**9**
Other comprehensive income	–	–	–	228	**228**	0	**228**
Total comprehensive income	–	–	2	228	**229**	7	**237**
Dividend payments	–	–	–	–	**–**	–3	**–3**
Other changes[1)]	–	–	–2	–	**–2**	–	**–2**
Balance at September 30, 2015	**376**	**795**	**4,080**	**380**	**5,631**	**86**	**5,716**
Balance at December 31, 2013	**376**	**795**	**4,329**	**–350**	**5,150**	**77**	**5,227**
Profit after tax	–	–	108	–	**108**	9	**118**
Other comprehensive income	–	–	–	869	**869**	–2	**867**
Total comprehensive income	–	–	108	869	**977**	7	**985**
Dividend payments	–	–	–21	–	**–21**	–3	**–24**
Other changes[1)]	–	–	–393	11	**–382**	–4	**–387**
Balance at September 30, 2014	**376**	**795**	**4,022**	**530**	**5,723**	**78**	**5,801**

1) Retained earnings include the share of profit/loss to which VW Truck & Bus GmbH is entitled in the event of profit transfer based on profit/loss under German GAAP.

Starting in fiscal year 2014, MAN SE no longer distributes any dividends as a result of the domination and profit and loss transfer agreement.

See page 27 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 2014 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 September 30, 2015, 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 2014. 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, 2014. 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 nine months of fiscal 2015 and for the third 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. To enhance comparability, certain amounts relating to the previous fiscal year have been adjusted to conform to the current presentation.

Basis of consolidation

The interim financial statements as of September 30, 2015, include 103 companies (December 31, 2014: 103), including 19 (21) in Germany and 84 (82) outside Germany. The effects of the changes in the basis of consolidation were immaterial.

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, 2015.
Various requirements have entered into force since January 1, 2015, as part of the annual improvements to IFRSs 2013. These included amendments to IFRS 1, IFRS 3, IFRS 13, and IAS 40 and did not materially affect the net assets, financial position, and results of operations of the MAN Group.

IFRIC 21 has also been applicable since January 1, 2015. IFRIC 21 governs the accounting for levies imposed by governments that are not covered by “IAS 12 Income Taxes.” In particular, the interpretation clarifies the circumstances in which a liability for a levy is to be recognized in the financial statements. This interpretation did not have any material effects on the net assets, financial position, and results of operations of the MAN Group.

In all other respects, the same accounting policies and consolidation principles were generally applied to the preparation of consolidated interim financial statements and the presentation of the prior-year comparative figures as to the consolidated financial statements for 2014. A detailed description of these accounting policies is given in the notes to the 2014 consolidated financial statements.

Income Statement Disclosures

Other operating income

€ million Reporting period January 1 to September 30	2015	2014
Income from foreign exchange gains	136	110
Income from reversal of provisions and accruals	88	98
Income from cost allocations	22	22
Income from foreign currency hedging derivatives	18	7
Income from reversal of valuation allowances on receivables and other assets	17	18
Gains on disposal of property, plant, and equipment, and intangible assets	7	8
Rental and lease income	6	6
Miscellaneous other income	48	110
	343	**380**

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.

The decline in miscellaneous other income is primarily attributable to the income of €46 million in the previous year from the settlement with D&O insurers and the individual settlements with former members of MAN SE's Executive Board and individual Group companies.

Miscellaneous other income includes government grants of €10 million (previous year: €19 million) for expenses incurred.

Other operating expenses

€ million Reporting period January 1 to September 30	2015	2014
Foreign exchange losses	159	94
Losses from foreign currency hedging derivatives	68	18
Valuation allowances on receivables and other assets	16	16
Losses on disposal of noncurrent assets	2	3
Miscellaneous other expenses	264	145
	509	**276**

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

The increase in miscellaneous other expenses is primarily due to provisions for restructuring measures at MAN Truck & Bus in the amount of €170 million. For further information on restructuring measures, see “Other provisions.”

Research and development costs

€ million **Reporting period January 1 to September 30**	**2015**	**2014**
Total research and development costs	571	495
of which: capitalized development costs	–168	–135
Capitalization ratio in %	29.4	27.2
Amortization of and impairment losses on capitalized development costs	68	68
Research and development costs reported in the income statement	**470**	**429**

Finance costs

€ million **Reporting period January 1 to September 30**	**2015**	**2014**
Interest expense	**112**	**126**
Net interest on the net liability for pensions and other post-employment benefits	12	12
Unwinding of discount and effect of change in discount rate on liabilities and other provisions	13	6
Interest cost on liabilities and provisions	**25**	**18**
Finance costs	**136**	**144**

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 September 30**	**2015**	**2014**
Profit/loss after tax attributable to shareholders of MAN SE	2	108
Profit/loss from continuing operations attributable to shareholders of MAN SE	**2**	**108**
Number of shares outstanding (weighted average, million)	147.0	147.0
Earnings per share from continuing operations in €	**0.01**	**0.74**

Earnings per share are calculated by dividing consolidated profit/loss from continuing operations by the average number of shares outstanding in the year. The number of shares outstanding includes both common and preferred shares because both share classes carry the same dividend rights in 2015, as in the previous year.

There were no outstanding options on shares as of September 30, 2015, and September 30, 2014, that dilute earnings per share.

Balance Sheet Disclosures

Intangible assets

€ million	9/30/2015	12/31/2014
Licenses, software, similar rights, customer relationships, brands, and other assets	255	357
Capitalized development costs	921	877
Goodwill	688	786
	1,864	**2,020**

Property, plant, and equipment

€ million	9/30/2015	12/31/2014
Land and buildings	905	939
Production plant and machinery	608	622
Other plant, operating and office equipment	396	432
Prepayments and construction in progress	211	208
Investment property	17	17
	2,136	**2,217**

Equity-method investments

The most significant equity-method investment is Sinotruk Ltd., Hong Kong/China (Sinotruk). As of September 30, 2015, the equity interest in this associate amounted to 25% plus one share. 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	**2015[1)]**	**2014[2)]**
Noncurrent assets	2,299	1,922
Current assets	4,472	4,112
Total assets	**6,771**	**6,034**
Noncurrent liabilities and provisions	484	168
Current liabilities and provisions	3,204	3,377
Total liabilities and provisions	**3,688**	**3,545**
Net assets	**3,083**	**2,490**

1) Fiscal 2015: Amounts shown relate to the reporting period ended June 30, 2015.
2) Fiscal 2014: Amounts shown relate to the reporting period ended June 30, 2014.

Statement of comprehensive income		
€ million	**2015[1)]**	**2014[2)]**
Sales revenue	4,079	3,886
Profit after tax from continuing operations	64	70
Other comprehensive income	–2	–1
Total comprehensive income	**62**	**69**

1) Fiscal 2015: Amounts shown relate to the reporting period from July 1, 2014, to June 30, 2015.
2) Fiscal 2014: Amounts shown relate to the reporting period from July 1, 2013, to June 30, 2014.

The carrying amounts of other associates amounted to €50 million as of September 30, 2015 (December 31, 2014: €56 million). The following table contains summarized financial information on the other associates; the disclosures relate in all cases to the Group's share of the investees:

€ million	2015[1)]	2014[2)]
Profit/loss after tax from continuing operations	–2	2
Other comprehensive income	–2	–2
Total comprehensive income	**–4**	**0**

1) Fiscal 2015: Amounts shown relate to the reporting period from October 1, 2014, to June 30, 2015.
2) Fiscal 2014: Amounts shown relate to the reporting period from October 1, 2013, to June 30, 2014.

Inventories

€ million	9/30/2015	12/31/2014
Raw materials, consumables, and supplies	468	445
Work in progress	1,008	908
Finished goods and purchased merchandise	1,758	1,632
Prepayments	112	110
	3,347	**3,095**

Trade receivables

€ million	9/30/2015	12/31/2014
Customer receivables	1,705	1,983
PoC receivables	202	180
Receivables from investees	65	71
	1,973	**2,234**

Financial liabilities

€ million	9/30/2015	12/31/2014
Bonds	1,248	1,866
Liabilities to banks	667	469
Loans and other liabilities	770	146
Liabilities under finance leases	3	4
	2,689	**2,485**

Financial liabilities are reported in the following balance sheet items:

€ million	9/30/2015	12/31/2014
Noncurrent financial liabilities	1,175	1,500
Current financial liabilities	1,514	985

Other provisions

€ million	9/30/2015	12/31/2014
Warranties	779	875
Outstanding costs	193	233
Obligations to employees	141	140
Other obligations arising from operating activities	127	176
Miscellaneous provisions	460	320
	1,699	**1,745**

The miscellaneous provisions primarily relate to the provisions for restructuring measures at MAN Truck & Bus recognized in the first half of the year in the total amount of €170 million.

Other provisions are reported in the following balance sheet items:

€ million	9/30/2015	12/31/2014
Other noncurrent provisions	672	659
Other current provisions	1,027	1,086

Contingent liabilities

The maximum total potential contingent liability for Ferrostaal under MAN’s obligations from guarantees as of September 30, 2015, is €27 million (December 31, 2014: €54 million). MAN’s guarantees for Ferrostaal are largely covered by indemnities, depending on the origination date of the guarantee.

Most of the contingent liabilities under buyback guarantees relate to MAN Finance, which operates the sales financing business for MAN Truck & Bus. The maximum expenses under buyback guarantees amounted to €1,590 million as of September 30, 2015 (December 31, 2014: €1,398 million). However, based on experience, the majority of these guarantees expire without being drawn upon.

Litigation/legal proceedings

MAN SE’s Annual Report for fiscal 2014 contains detailed information on litigation and legal proceedings. There have been no other significant developments for MAN since the publication of the Annual Report.

Fair value disclosures

Financial instruments are divided into the following classes:

- financial instruments measured at fair value,
- financial instruments measured at amortized cost, and
- financial instruments not falling within the scope of IFRS 7.

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments. 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 9/30/2015
Noncurrent assets					
Equity-method investments	–	–	–	474	474
Financial investments	2,619	53	–	–	2,672
Other financial assets	19	340	340	–	359
Current assets					
Trade receivables	–	1,973	1,973	–	1,973
Other financial assets	88	194	194	–	282
Cash and cash equivalents	–	817	817	–	817
Noncurrent liabilities					
Financial liabilities	–	1,175	1,220	–	1,175
Other financial liabilities	33	1,328	1,328	–	1,361
Current liabilities					
Financial liabilities	–	1,514	1,514	–	1,514
Trade payables	–	1,624	1,624	–	1,624
Other financial liabilities	68	822	822	–	890

€ 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 12/31/2014
Noncurrent assets					
Equity-method investments	–	–	–	471	471
Financial investments	2,071	42	–	–	2,113
Other financial assets	42	440	440	–	482
Current assets					
Trade receivables	–	2,234	2,234	–	2,234
Other financial assets	14	282	282	–	296
Cash and cash equivalents	–	525	525	–	525
Noncurrent liabilities					
Financial liabilities	–	1,500	1,587	–	1,500
Other financial liabilities	24	1,179	1,179	–	1,204
Current liabilities					
Financial liabilities	–	985	985	–	985
Trade payables	–	1,662	1,662	–	1,662
Other financial liabilities	47	1,122	1,122	–	1,169

The following table contains an overview of the financial assets and liabilities measured at fair value:

€ million	9/30/2015	Level 1	Level 2	Level 3
Noncurrent assets				
Financial investments	2,619	–	–	2,619
Other financial assets	19	–	19	–
Current assets				
Other financial assets	88	–	88	–
Noncurrent liabilities				
Other financial liabilities	33	–	33	–
Current liabilities				
Other financial liabilities	68	–	68	–

€ million	12/31/2014	Level 1	Level 2	Level 3
Noncurrent assets				
Financial investments	2,071	–	–	2,071
Other financial assets	42	–	42	–
Current assets				
Other financial assets	14	–	14	–
Noncurrent liabilities				
Other financial liabilities	24	–	24	–
Current liabilities				
Other financial liabilities	47	–	47	–

Fair value hierarchy:
Measurement and presentation of the fair values of financial instruments are based on a fair value hierarchy that reflects the availability 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.

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.

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. During the nine months to September 30, 2015, 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. See the 2014 Annual Report for the recognition of the investment in Scania in fiscal 2014.

The following table shows the development of the balance sheet items measured at fair value classified in Level 3, which relate solely to the investment in Scania. The €548 million change in fair value (previous year: €880 million) recognized in other comprehensive income impacted the "Measurement of marketable securities and financial investments" item within "Other comprehensive income."

€ million	**Financial liabilities measured at fair value**	**Financial assets measured at fair value**
Balance at January 1, 2015	2,071	–
Fair value changes recognized in other comprehensive income	548	–
Balance at September 30, 2015	2,619	–

The inputs used to measure fair value are largely unchanged compared with those used as of December 31, 2014, with the exception of the cost of capital. The pretax cost of capital declined from 9.3% as of December 31, 2014, to 7.8% as of September 30, 2015. As of September 30, 2015, there were no material changes to the assessment of the impact on equity or profit after tax of changes in the significant unobservable inputs, either in isolation or in combination with each other, compared with the assessment presented in the 2014 Annual Report.

Other investments and shares classified as available for sale are measured at cost and have a carrying amount of €53 million (December 31, 2014: €42 million). These are mainly investments in and shares of unlisted entities. These investments and shares are recognized at cost if it is not possible to reliably measure their fair value without undue effort. The Company currently has no intention to sell these shares.

Related party disclosures

There have been no material changes in relationships with related parties compared with the disclosures in the consolidated financial statements for the period ended December 31, 2014.

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

€ million Reporting period January 1 to September 30	Sales and services to		Purchases from and services rendered by	
	2015	2014	2015	2014
VW Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1)]	2	5	25	12
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	988	846	99	38
Unconsolidated subsidiaries of the MAN Group	35	33	3	2
MAN Group associates and joint ventures	69	126	175	141

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

Receivables from related parties amounted to €822 million as of September 30, 2015 (December 31, 2014: €876 million). This includes the share of profit/loss attributable to Volkswagen Truck & Bus GmbH, Braunschweig (VW Truck & Bus GmbH), formerly Truck & Bus GmbH, Wolfsburg (Truck & Bus GmbH). Liabilities to related parties increased in the same period from €2,411 million to €2,701 million. The liabilities include a new loan from Volkswagen AG in the amount of €650 million. In addition, there are liabilities to MAN Finance in the amount of €1,812 million. Furthermore, customer liabilities to MAN Finance are covered by standard industry buyback guarantees. See “Contingent liabilities” for further information on buyback guarantees.

Based on the domination and profit and loss transfer agreement between Truck & Bus GmbH and MAN SE, the profit of €486 million for fiscal 2014 was transferred on February 9, 2015 (previous year: loss absorption of €724 million).

On September 30, 2015, VW Truck & Bus GmbH, a wholly owned direct subsidiary of Volkswagen Aktiengesellschaft, Wolfsburg, held 75.28% of MAN SE’s voting rights and 74.05% of its share capital.

Segment reporting

The activities of the MAN Group are classified into the following reportable segments: MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and the Renk industrial subsidiary. In order to make decisions about the allocation of resources and the assessment of performance, the results of these segments are regularly reviewed by MAN SE's Executive Board in its role as chief operating decision-maker. "Others" mainly comprises MAN's Corporate Center. Companies with no operating activities and the Scania and Sinotruk investments are allocated to the Corporate Center. Consolidation adjustments between a business area's segments are presented in the business area itself. Other consolidation adjustments and the earnings effects of purchase price allocations in the event of the acquisition of an individual segment are reported in the "Others" item.

Description of the reportable segments:
MAN Truck & Bus is a leading supplier of commercial vehicles and transportation solutions and is expanding from its core Western European market into the growth markets of Eastern Europe and Asia.
MAN Latin America is the largest truck manufacturer in Latin America. It leads the truck market in Brazil and is a leading supplier of commercial vehicles and bus chassis for growth markets, with one of the most advanced production facilities worldwide for trucks and buses.
MAN Diesel & Turbo is a global leader in large marine diesel engines and stationary engines and is also one of the leading suppliers of turbomachinery on the global market.
Renk is a globally recognized manufacturer of high-quality special gear units, propulsion components, and testing systems.

MAN's business activities focus on two business areas: **Commercial Vehicles**, comprising MAN Truck & Bus and MAN Latin America, and **Power Engineering**, featuring MAN Diesel & Turbo and Renk. MAN is a leading provider in the international commercial vehicles industry and offers customer-focused products and services worldwide. Power Engineering is MAN's second strategic business area and provides a suitable counterbalance to Commercial Vehicles.

The segment information represents continuing operations. The segment disclosures for the current and the previous period therefore do not include the corresponding information for discontinued operations, although it is contained in the consolidated financial statements.

Operating profit is used as the earnings measure for calculating a segment's results of operations. Operating profit is calculated as profit before tax and before the financial result. Earnings effects relating to tangible and intangible assets resulting from the acquisition of an individual segment are eliminated from the operating profit of that segment.
Net cash flow comprises cash flows from operating activities and cash flows from investing activities attributable to operating activities.

Segment financial information is presented in accordance with the disclosure and measurement policies applied to preparation of the consolidated financial statements. Sales revenues between the segments are generally 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 profit before tax.

Segment information (1/3)

Reporting period January 1 to September 30 and as of September 30

	Commercial Vehicles					
	MAN Truck & Bus		**MAN Latin America**		**Commercial Vehicles**	
€ million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Segment order intake	**7,358**	**6,770**	**850**	**1,729**	**8,128**	**8,420**
of which: Germany	2,287	2,122	0	0	2,287	2,122
of which: other countries	5,071	4,648	850	1,729	5,841	6,297
Intersegment order intake	–98	–93	–13	–8	–31	–21
Group order intake	7,260	6,677	837	1,721	8,097	8,398
Segment sales revenue	**6,462**	**5,931**	**850**	**1,729**	**7,245**	**7,586**
of which: Germany	2,071	1,737	0	0	2,071	1,737
of which: other countries	4,391	4,193	850	1,729	5,174	5,848
Intersegment sales revenue	–74	–79	–13	–8	–20	–12
Group sales revenue	6,388	5,851	837	1,721	7,225	7,573
Order backlog at September 30, 2015, and December 31, 2014	**2,557**	**2,212**	**–**	**–**	**2,537**	**2,204**
Segment assets at September 30, 2015, and December 31, 2014	**9,761**	**9,143**	**1,487**	**1,773**	**11,148**	**10,807**
Segment liabilities at September 30, 2015, and December 31, 2014	**7,066**	**6,674**	**958**	**948**	**7,918**	**7,509**
Segment profit or loss (operating profit or loss)	**–18**	**88**	**–45**	**76**	**–62**	**168**
Share of profits and losses of equity-method investments	–7	–2	–	–	–7	–2
Net interest expense and other financial result	–29	–20	–36	–48	–64	–65
Profit/loss before tax of continuing operations	**–53**	**67**	**–81**	**28**	**–133**	**102**
of which: depreciation and amortization	–652	–507	–28	–31	–677	–534
of which: impairment losses	–3	–	0	–1	–3	–1
Net cash flow	**335**	**–286**	**–223**	**–80**	**112**	**–368**
of which: net cash provided by/used in operating activities	511	–119	–163	–34	349	–157
of which: net cash used in investing activities attributable to operating activities	–176	–167	–60	–45	–237	–211
Capital expenditures	**184**	**174**	**62**	**45**	**246**	**218**
Operating return on sales (%)	**–0.3**	**1.5**	**–5.3**	**4.4**	**–0.9**	**2.2**

Segment information (2/3)

Reporting period January 1 to September 30 and as of September 30

	Power Engineering					
	MAN Diesel & Turbo		Renk		Power Engineering	
€ million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Segment order intake	**2,181**	**2,440**	**374**	**321**	**2,535**	**2,749**
of which: Germany	191	216	153	79	335	289
of which: other countries	1,990	2,224	221	243	2,200	2,460
Intersegment order intake	–4	–2	–17	–12	–2	–1
Group order intake	2,177	2,438	357	310	2,533	2,748
Segment sales revenue	**2,415**	**2,309**	**352**	**347**	**2,756**	**2,642**
of which: Germany	217	229	101	120	314	342
of which: other countries	2,198	2,080	251	226	2,442	2,300
Intersegment sales revenue	–3	–3	–10	–12	–2	–2
Group sales revenue	2,412	2,306	342	334	2,754	2,640
Order backlog at September 30, 2015, and December 31, 2014	**2,968**	**3,225**	**838**	**827**	**3,792**	**4,047**
Segment assets at September 30, 2015, and December 31, 2014	**3,677**	**3,614**	**671**	**589**	**4,336**	**4,196**
Segment liabilities at September 30, 2015, and December 31, 2014	**2,284**	**2,228**	**324**	**262**	**2,596**	**2,481**
Segment profit (operating profit)	**175**	**147**	**53**	**50**	**227**	**197**
Share of profits and losses of equity-method investments	5	4	–	–	5	4
Net interest expense and other financial result	–2	–4	–1	0	–4	–4
Profit before tax of continuing operations	**178**	**148**	**51**	**50**	**228**	**197**
of which: depreciation and amortization	–65	–65	–12	–12	–77	–76
of which: impairment losses	–	–	–3	–	–3	–
Net cash flow	**46**	**–99**	**73**	**5**	**119**	**–90**
of which: net cash provided by/used in operating activities	165	–14	94	17	259	3
of which: net cash used in investing activities attributable to operating activities	–119	–84	–21	–12	–140	–93
Capital expenditures	**121**	**85**	**21**	**12**	**142**	**98**
Operating return on sales (%)	**7.2**	**6.4**	**15.0**	**14.3**	**8.2**	**7.5**

Segment information (3/3)

Reporting period January 1 to September 30 and as of September 30

	Others						Group	
	Corporate Center[1]		Cons./Reconcil.		Total			
€ million	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Segment order intake	**10**	**13**	**–41**	**–35**	**–31**	**–22**	**10,632**	**11,147**
of which: Germany	10	12	–10	–13	0	–1	2,621	2,411
of which: other countries	0	1	–31	–22	–31	–21	8,011	8,736
Intersegment order intake	–9	–12	41	35	32	23	–	–
Group order intake	1	1	–	–	1	1	10,632	11,147
Segment sales revenue	**10**	**13**	**–29**	**–26**	**–20**	**–13**	**9,981**	**10,214**
of which: Germany	10	12	–10	–13	0	–1	2,385	2,079
of which: other countries	0	1	–19	–13	–19	–12	7,596	8,135
Intersegment sales revenue	–9	–12	29	26	20	14	–	–
Group sales revenue	1	1	–	–	1	1	9,981	10,214
Order backlog at September 30, 2015, and December 31, 2014	**–**	**–**	**–12**	**–7**	**–12**	**–7**	**6,317**	**6,244**
Segment assets at September 30, 2015, and December 31, 2014	**7,635**	**7,081**	**–4,957**	**–4,547**	**2,677**	**2,534**	**18,161**	**17,538**
Segment liabilities at September 30, 2015, and December 31, 2014	**4,294**	**4,237**	**–2,363**	**–2,175**	**1,931**	**2,063**	**12,445**	**12,053**
Segment profit or loss (operating profit or loss)	**–30**	**–24**	**–34**	**–37**	**–64**	**–61**	**101**	**304**
Share of profits and losses of equity-method investments	12	12	2	2	13	14	12	16
Net interest income/expense and other financial result	–83	55	52	–103	–31	–48	–99	–117
Profit/loss before tax of continuing operations	**–101**	**43**	**19**	**–139**	**–82**	**–96**	**13**	**203**
of which: depreciation and amortization	–6	–6	–24	–37	–30	–42	–785	–653
of which: impairment losses	0	0	–	–	0	0	–7	–1
Net cash flow	**183**	**–513**	**–41**	**–20**	**143**	**–534**	**373**	**–992**
of which: net cash provided by/used in operating activities	179	–1,000	–40	52	140	–948	748	–1,102
of which: net cash provided by/used in investing activities attributable to operating activities	4	487	–1	–73	3	414	–374	110
Capital expenditures	**0**	**7**	**–1**	**–1**	**–1**	**7**	**388**	**323**
Operating return on sales (%)	–	**–**	–	**–**	–	**–**	**1.0**	**3.0**

[1] Corporate Center: MAN SE, Shared Services companies, and equity investments held directly by MAN SE.

Supervisory Board

Mr. Gerhard Kreutzer left the Supervisory Board effective March 1, 2015. He was replaced by Mr. Helmut Brodrick with effect from March 1, 2015.

Dr. Leif Östling stepped down from his position as a member of the Company's Supervisory Board, effective as of the end of this year's Annual General Meeting of MAN SE on May 6, 2015. The Annual General Meeting elected Mr. Andreas Renschler to replace Dr. Östling on the Supervisory Board for the remainder of his term of office, i.e., until the end of the Annual General Meeting 2016. Prof. Ferdinand Piëch stepped down from his position as member and Chairman of the Supervisory Board of MAN SE on April 25, 2015, with immediate effect. The Supervisory Board elected Mr. Renschler as Chairman of the Supervisory Board at its meeting on May 6, 2015. By way of a court decision dated May 19, 2015, Prof. Horst Neumann was appointed to the Supervisory Board position vacated by the resignation of Prof. Piëch.

Mr. Jürgen Dorn left the Supervisory Board of MAN SE effective June 2, 2015.
By way of a resolution by the SE Works Council dated July 14, 2015, Athanasios Stimoniaris was appointed to the Supervisory Board of MAN SE to replace Mr. Dorn.

Prof. Dr. Horst Neumann, Hans-Dieter Pötsch, Prof. Rupert Stadler, and Prof. Dr. Martin Winterkorn stepped down from their positions on the Company's Supervisory Board, effective as of the end of September 9, 2015. Upon the Executive Board's request, Mag. Julia Kuhn-Piëch as well as Matthias Gründler, Dr. Christian Porsche, and Mag. Mark Philipp Porsche were appointed as successors for the vacated positions by way of resolution by the registry court dated October 15, 2015.

Executive Board

Mr. Jochen Schumm left the Executive Board of MAN SE effective June 30, 2015, when his term of office expired. Mr. Josef Schelchshorn was appointed to replace him as a member of the Executive Board and the *Arbeitsdirektor* (member responsible for employee relations) effective July 1, 2015.

Dr. Georg Pachta-Reyhofen and Mr. Ulf Berkenhagen left the Executive Board of MAN SE effective as of the end of September 30, 2015. Mr. Joachim Drees and Mr. Jan-Henrik Lafrentz were appointed to replace them as members of the Executive Board, effective October 1, 2015. Mr. Drees was also appointed as Chief Executive Officer with effect from October 1, 2015.

Munich, October 22, 2015

MAN SE
The Executive Board

Overview by Quarter (1/3)

	2015				2014				
€ million	**Q1–Q3**	**Q3**	**Q2**	**Q1**	**Total 2014**	**Q4**	**Q3**	**Q2**	**Q1**
Order intake by division									
MAN Truck & Bus	7,358	2,262	2,566	2,529	9,269	2,499	2,114	2,390	2,267
MAN Latin America	850	257	303	290	2,253	524	534	625	570
Commercial Vehicles	8,128	2,491	2,850	2,788	11,429	3,010	2,636	2,984	2,800
MAN Diesel & Turbo	2,181	604	749	827	3,280	840	753	901	786
Renk	374	81	129	164	666	345	95	102	125
Power Engineering	2,535	683	866	987	3,929	1,180	843	1,001	905
Others	–31	–11	–7	–13	–26	–4	–6	–9	–6
Order intake	**10,632**	**3,163**	**3,708**	**3,761**	**15,332**	**4,186**	**3,473**	**3,976**	**3,699**
Commercial Vehicles order intake (units)									
MAN Truck & Bus	61,253	17,769	21,681	21,803	75,402	20,352	16,196	20,657	18,197
MAN Latin America	19,069	6,588	6,443	6,038	48,161	11,993	10,971	12,806	12,391
Intersegment order intake	–1,057	–369	–239	–449	–1,815	–224	–186	–589	–816
Group order intake	79,265	23,988	27,885	27,392	121,748	32,121	26,981	32,874	29,772
Sales revenue by division									
MAN Truck & Bus	6,462	2,095	2,347	2,020	8,412	2,482	2,017	2,131	1,782
MAN Latin America	850	257	303	290	2,253	524	534	625	570
Commercial Vehicles	7,245	2,328	2,625	2,292	10,577	2,991	2,514	2,735	2,336
MAN Diesel & Turbo	2,415	833	885	697	3,273	964	883	726	700
Renk	352	112	133	106	480	134	130	108	108
Power Engineering	2,756	942	1,013	800	3,732	1,090	1,008	830	804
Others	–20	–8	–7	–5	–23	–9	–7	–4	–2
Sales revenue	**9,981**	**3,262**	**3,631**	**3,088**	**14,286**	**4,072**	**3,515**	**3,561**	**3,138**
Commercial Vehicles unit sales (units)									
MAN Truck & Bus	56,333	18,309	21,782	16,242	73,622	22,635	17,894	18,827	14,266
MAN Latin America	19,069	6,588	6,443	6,038	48,161	11,993	10,971	12,806	12,391
Intersegment sales	–957	–328	–399	–230	–1,695	–218	–822	–384	–271
Group sales	74,445	24,569	27,826	22,050	120,088	34,410	28,043	31,249	26,386
Order backlog[1)]	**6,317**	**6,317**	**6,712**	**6,934**	**6,244**	**6,244**	**6,394**	**6,583**	**6,297**
Commercial Vehicles production (units)									
MAN Truck & Bus	57,961	19,154	21,048	17,759	72,708	19,318	17,980	19,961	15,449
MAN Latin America	19,260	4,491	7,725	7,044	44,970	9,046	11,387	10,063	14,474
Intersegment production	–882	–240	–299	–343	–1,606	–122	–461	–657	–366
Group production	76,339	23,405	28,474	24,460	116,072	28,242	28,906	29,367	29,557

1) As of the reporting date.
This information is reported on a voluntary basis.

Overview by Quarter (2/3)

	2015							2014
€ million	Q1–Q3	Q3	Q2	Q1	Total 2014	Q4	Q3	Q2	Q1
Operating profit/loss by division									
MAN Truck & Bus	–18	31	–76	28	152	63	9	68	11
MAN Latin America	–45	–24	–9	–12	65	–11	9	36	32
Commercial Vehicles	–62	12	–85	11	221	53	18	107	42
MAN Diesel & Turbo	175	82	53	39	206	59	59	55	33
Renk	53	10	30	13	72	23	24	12	14
Power Engineering	227	92	83	52	278	81	83	67	47
Others	–64	–18	–17	–29	–116	–54	–20	–20	–21
Operating profit/loss	**101**	**86**	**–19**	**34**	**384**	**80**	**82**	**154**	**68**
Financial result	**–88**	**–4**	**–34**	**–49**	**–142**	**–40**	**–37**	**–39**	**–26**
Profit/loss before tax	**13**	**81**	**–53**	**–15**	**242**	**39**	**45**	**116**	**42**
Income tax expense/income	–4	–27	17	5	–100	–14	–19	–52	–14
Income from discontinued operations, net of tax	–	–	–	–	124	124	–	–	–
Profit/loss after tax	**9**	**55**	**–35**	**–10**	**267**	**150**	**26**	**63**	**28**
Operating return on sales (%)	**1.0**	**2.6**	**–0.5**	**1.1**	**2.7**	**2.0**	**2.3**	**4.3**	**2.2**
MAN Truck & Bus	–0.3	1.5	–3.2	1.4	1.8	2.6	0.4	3.2	0.6
MAN Latin America	–5.3	–9.3	–3.0	–4.1	2.9	–2.1	1.6	5.7	5.5
Commercial Vehicles	–0.9	0.5	–3.2	0.5	2.1	1.8	0.7	3.9	1.8
MAN Diesel & Turbo	7.2	9.9	6.0	5.7	6.3	6.1	6.7	7.5	4.8
Renk	15.0	8.8	22.6	11.9	15.0	16.9	18.4	11.0	12.8
Power Engineering	8.2	9.8	8.2	6.5	7.5	7.5	8.3	8.0	5.9

This information is reported on a voluntary basis.

Overview by Quarter (3/3)

	2015				2014				
€ million	Q1–Q3	Q3	Q2	Q1	Total 2014	Q4	Q3	Q2	Q1
Net cash provided by/used in operating activities	748	426	79	243	–695	406	–194	–220	–688
Net cash provided by/used in investing activities attributable to operating activities	–374	–146	–142	–86	–154	–264	–115	–113	338
Net cash flow	**373**	**281**	**–64**	**156**	**–849**	**142**	**–308**	**–333**	**–350**
Net financial debt[1)]	**–1,423**	**–1,423**	**–1,732**	**–1,663**	**–1,360**	**–1,360**	**–1,517**	**–1,225**	**–864**
Headcount[1) 2)]	**55,657**	**55,657**	**55,196**	**55,143**	**55,903**	**55,903**	**55,983**	**55,480**	**55,462**
Capital markets information									
Earnings per share from continuing operations (€)	**0.01**	**0.37**	**–0.27**	**–0.08**	**0.88**	**0.14**	**0.15**	**0.42**	**0.17**
MAN share price (in €)[3]									
High	99.02	95.55	99.02	98.00	93.80	92.49	90.80	93.30	93.80
Low	90.20	90.20	92.39	91.75	87.99	88.91	87.99	89.75	89.25
Quarter-end	91.16	91.16	92.39	98.00	92.16	92.16	89.10	90.25	92.50
MAN share performance (%)									
Performance of MAN shares	–1.1	–1.3	–5.7	6.3	3.3	3.4	–1.3	–2.4	3.6
Dax performance	–1.5	–11.7	–8.5	22.0	2.7	3.5	–3.6	2.9	0.0
MDax performance	13.8	–1.7	–5.1	22.1	2.2	5.9	–4.9	2.1	–0.7

1) As of the reporting date.
2) Including employees in the passive phase of partial retirement and vocational trainees, excluding subcontracted employees.
3) Xetra closing prices, Frankfurt.

This information is reported on a voluntary basis.

MAN SE Financial Dates

Internet publication of annual report	March 11, 2016
Half-yearly financial report 2016	July 29, 2016

*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

This is a translation of the German original. In the event of discrepancies between the German language version and any translation thereof, the German language version will prevail.

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