HALF-YEARLY FINANCIAL REPORT

JAN-JUN 2017

Engineering the Future – since 1758.

MAN SE

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Introduction

The half-yearly financial report of MAN SE meets the requirements set out in the applicable provisions of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) and, in accordance with section 37w of the WpHG, comprises the condensed half-yearly consolidated financial statements, the interim management report of the Group, and a responsibility statement. The half-yearly consolidated financial statements have been prepared in accordance with IAS 34 and comply 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 half-yearly financial report should be read in conjunction with the Annual Report for fiscal year 2016 and the additional information on the Company contained in it.

At a Glance

Reporting period January 1 to June 30

€ million	2017	2016	Change in %
Order intake	8,095	7,408	9
Germany	1,859	1,714	8
Other countries	6,236	5,694	10
Headcount[1]	53,659	53,824	0
Sales revenue	6,864	6,457	6
Germany	1,621	1,618	0
Other countries	5,244	4,839	8
			€ million
Operating profit before special items[2]	273	286	–14
Special items[2]	–	–50	50
Operating profit	273	236	36
Operating return on sales (%)	4.0	3.7	0.3
Operating return on sales (%) before special items[2]	4.0	4.4	–0.5
Net cash provided by/used in operating activities	–12	406	–418
Net cash used in investing activities attributable to operating activities	–303	–262	–41
of which: investments in property, plant, and equipment	–145	–163	19
Net cash flow	–315	144	–459
R&D expenditures	319	315	4
Net financial debt[1]	–2,076	–1,875	–202

Any differences in this half-yearly financial report are due to rounding.
1) As of June 30, 2017, vs. December 31, 2016.
2) 2016: Special items comprise restructuring expenses of €50 million at MAN Latin America.

Interim Management Report as of June 30, 2017

Results of operations, financial position, and net assets

The MAN Group's results of operations

The MAN Group's order intake in the first half of 2017 was up year-on-year in both business areas.

Reporting period January 1 to June 30

Order intake by business area

€ million	2017	2016	Change in %
Commercial Vehicles	6,240	5,594	12
Power Engineering	1,869	1,826	2
Others	–14	–12	–
MAN Group	**8,095**	**7,408**	**9**

Measured in terms of units, order intake in the Commercial Vehicles business area rose by 7% to 57,875 (previous year: 54,044). The European truck market expanded slightly in an economic environment of stable growth. Order intake at MAN Truck & Bus rose by 2,404 units or 5% year-on-year. By contrast, the Brazilian economy remained mired in recession, although the decline in economic output was less significant than in previous quarters. Weak domestic demand and political uncertainty had a negative impact. In this environment, registration volumes for commercial vehicles were again noticeably below the prior-year figure. Nonetheless, MAN Latin America lifted its order intake by 1,619 units or 16%. In addition to slight growth in Brazil, this is primarily attributable to a sharp increase in export volumes to other South American markets.

In the Power Engineering business area, the marine and turbomachinery markets remained at a low but stable level, while the energy generation market recovered slightly as against the previous year. Overall, MAN Diesel & Turbo significantly increased its order intake. Orders in the Power Plants strategic business unit in particular rose considerably, while Engines & Marine Systems recorded sharp declines. Renk's order intake was down significantly on the high prior-year level. The Special Gear Units and Vehicle Transmissions strategic business units were unable to match the high prior-year figures.

The order backlog amounted to €6.4 billion as of June 30, 2017, up 13% compared with December 31, 2016 (€5.6 billion). The Commercial Vehicles business area recorded an increase of 19% and the Power Engineering business area an increase of 8%.

The MAN Group generated sales revenue of €6.9 billion in the first six months of fiscal 2017, 6% higher than in the previous year.

Reporting period January 1 to June 30

Sales revenue by business area			
€ million	**2017**	**2016**	**Change in %**
Commercial Vehicles	5,296	4,797	10
Power Engineering	1,579	1,673	–6
Others	–11	–13	–
MAN Group	**6,864**	**6,457**	**6**

Unit sales in the Commercial Vehicles business area rose by 7% to 52,723 vehicles (previous year: 49,331). MAN Latin America sold 11,750 vehicles, 16% more than in the previous year (10,131). Currency effects from the appreciation of the Brazilian real as against the prior-year period also had a positive impact on sales revenue. MAN Truck & Bus's sales revenue rose by 8%. It sold 41,702 vehicles (previous year: 39,701).

Sales revenue in the Power Engineering business area declined noticeably in the first six months. MAN Diesel & Turbo's sales revenue declined following the low order intake in the Engines & Marine Systems and Turbomachinery strategic business units in previous years, while Power Plants posted higher sales revenue.

The MAN Group's operating profit rose to €273 million in the first half of 2017 (previous year: €236 million). The increase is primarily attributable to a considerable improvement in operating profit at MAN Latin America. However, the comparable prior-year figure was negatively impacted by expenses of €50 million for restructuring measures at MAN Latin America. Adjusted for this special item, the MAN Group's operating profit declined slightly year-on-year.

MAN Latin America recorded a further loss of €48 million (previous year: €112 million), but reduced this through higher unit sales as well as the absence of restructuring expenses. MAN Truck & Bus's operating profit was on a level with the previous year. Operating profit in the Power Engineering business area deteriorated, mainly due to volume- and margin-related factors at MAN Diesel & Turbo. The operating loss attributable to Others widened compared with the prior-year figure, which was impacted by the reversal of provisions, among other factors.

Reporting period January 1 to June 30

Operating profit/loss by business area			
€ million	**2017**	**2016**	**Change € million**
Commercial Vehicles	226	152	74
Power Engineering	73	103	–29
Others	–27	–18	–9
MAN Group	**273**	**236**	**36**

Reporting period January 1 to June 30

Operating profit/loss before special items[1] by business area			
€ million	**2017**	**2016**	**Change € million**
Commercial Vehicles	226	202	24
Power Engineering	73	103	–29
Others	–27	–18	–9
MAN Group	**273**	**286**	–14

1) 2016: Special items comprise restructuring expenses of €50 million at MAN Latin America.

The MAN Group's operating return on sales in the first six months was 4.0%, after 3.7% in the prior-year period. The operating return on sales for the Commercial Vehicles business area rose to 4.3% (previous year: 3.2%). In the Power Engineering business area, the operating return on sales declined to 4.6% (previous year: 6.1%).
Excluding the special items, the operating return on sales only improved slightly to 4.3% (previous year: 4.2%) for the Commercial Vehicles business area and declined to 4.0% (previous year: 4.4%) for the MAN Group.

At €–28 million, the financial result was significantly better than in the previous year (€–81 million). The improvement in the financial result was due to lower expenses for the fair value measurement of derivatives, as well as higher profits from the equity-method investment in Sinotruk (Hong Kong) Ltd., Hong Kong/China (Sinotruk).

Overall, the MAN Group's profit before tax amounted to €245 million in the first six months (previous year: €156 million). The tax rate was 50% (previous year: 90%) and was mainly impacted by the non-recognition of deferred tax assets on current losses in Brazil, as in the previous year. Profit after tax in the reporting period was €140 million, compared with €16 million in the previous year. It includes income from discontinued operations of €17 million arising from prior-period taxes of a former subsidiary, including interest.

Please see "The Divisions in Detail" for further information on the results of operations.

The MAN Group’s financial position

Net cash flow from the MAN Group’s operating and investing activities attributable to operating activities amounted to €–315 million after the first six months (previous year: €144 million).

Reporting period January 1 to June 30

Net cash flow by business area

€ million	2017	2016	Change € million
Commercial Vehicles	–278	–25	–253
Power Engineering	–56	–7	–49
Others	19	177	–158
MAN Group	**–315**	**144**	**–459**

The MAN Group’s gross cash flow deteriorated year-on-year despite the significant improvement in profit before tax to €665 million (previous year: €801 million). This was due in particular to high tax refunds in the prior-year period. Income tax of €71 million was paid in the first half of the current fiscal year, compared with a net inflow of €137 million in the prior-year period.

Operating cash flow in the first half of the year was also negatively impacted by the higher level of funds tied up in working capital, which amounted to €677 million (previous year: €395 million). As in the previous year, the increase in working capital was attributable to the rise in inventories in the amount of €305 million (previous year: €359 million) and the decline in provisions in the amount of €81 million (previous year: €11 million). However, the offsetting effect from the rise in liabilities in the previous year (€316 million) was not repeated in the first six months of 2017. Within working capital, the €378 million increase in assets leased out (previous year: €433 million) was largely offset by the depreciation of assets leased out and by offsetting effects within other liabilities in cash flows from operating activities.

This led to net cash used in operating activities of €12 million in the first half of 2017, after net cash provided by operating activities of €406 million in the previous year.

Net cash used in investing activities attributable to operating activities was €303 million (previous year: €262 million). The increase in capital expenditures was mainly attributable to MAN Truck & Bus.

In the Commercial Vehicles business area, net cash flow amounted to €–278 million (previous year: €–25 million), due primarily to the higher level of funds tied up in working capital. Net cash flow in the Power Engineering business area was €–56 million (previous year: €–7 million). The net cash flow attributable to Others amounted to €19 million. The prior-year figure (€177 million) included the €135 million dividend payment from Scania AB, Södertälje/Sweden (Scania), and tax refunds. Scania did not distribute a dividend in the current fiscal year.

Net cash provided by financing activities amounted to €158 million in the reporting period (previous year: net cash used in financing activities of €397 million). This includes the loss of €99 million absorbed by Volkswagen Truck & Bus GmbH, Braunschweig (Volkswagen Truck & Bus), for 2016 (previous year: profit transfer of €513 million). Cash outflows of €750 million for the repayment of the outstanding bonds (previous year: €500 million) were offset by new loans of €800 million from Volkswagen Aktiengesellschaft, Wolfsburg (Volkswagen AG). No dividend was distributed. Instead, Volkswagen Truck & Bus made the contractually defined cash compensation payment (€3.07) to each MAN SE free float shareholder.

The MAN Group's net financial debt was €2,076 million on June 30, 2017, a deterioration of €202 million as against December 31, 2016.

Reporting period January 1 to June 30

MAN consolidated statement of cash flows (key figures)

€ million	**2017**	**2016**
Cash and cash equivalents at beginning of period	**796**	**779**
Gross cash flow	665	801
Change in working capital	–677	–395
Net cash provided by/used in operating activities	**–12**	**406**
Net cash used in investing activities attributable to operating activities	–303	–262
Net cash flow	**–315**	**144**
Change in investments in securities and loans	28	77
Net cash used in investing activities	**–275**	**–185**
Net cash provided by/used in financing activities	**158**	**–397**
Effect of exchange rate changes on cash and cash equivalents	–16	20
Change in cash and cash equivalents	**–145**	**–156**
Cash and cash equivalents at June 30	**651**	**623**
Composition of net liquidity/net financial debt at June 30, 2017, and December 31, 2016		
Cash and cash equivalents	651	796
Securities, loans, and time deposits	295	325
Gross liquidity	**946**	**1,120**
Total borrowings	–3,022	–2,995
Net financial debt	**–2,076**	**–1,875**

The MAN Group's net assets

The MAN Group's total assets amounted to €19,236 million at the end of the reporting period, 1% lower than on December 31, 2016 (€19,438 million).

Overall, noncurrent assets fell by 3% in the period under review. This was primarily attributable to the €287 million decrease in other financial assets, mainly as a result of the reclassification of loans to current assets due to their shorter maturities. In addition, the carrying amount of the investment in Scania declined by €124 million. By contrast, assets leased out rose to €3,322 million (previous year: €3,239 million). This change mainly reflects the increase in sales with buyback obligations at MAN Truck & Bus.

Current assets were up 3% on the figure as of the end of 2016. Inventories increased by €259 million in the first half of the fiscal year. Cash and cash equivalents amounted to €651 million as of the reporting date (previous year: €796 million).

Noncurrent liabilities and provisions rose by 19% as against December 31, 2016, mainly due to the increase in noncurrent financial liabilities, which primarily comprise loans from Volkswagen AG. By contrast, current liabilities and provisions declined by 11% overall. Within this figure, financial liabilities declined, primarily as a result of the repayment of bonds in the amount of €750 million in March.

The MAN Group's total equity decreased from €5,850 million as of December 31, 2016, to €5,633 million as of June 30, 2017. This is attributable to the lower carrying amount of the investment in Scania, as well as to negative effects from the translation of financial statements of foreign operations, particularly as a result of the performance of the Brazilian real. Actuarial gains had an offsetting effect and corresponded to the decrease of pension obligations within noncurrent liabilities and provisions. The equity ratio was 29.3% (previous year: 30.1%). Noncontrolling interests are primarily attributable to Renk AG.

€ million	**6/30/2017**	**12/31/2016**
Noncurrent assets	12,404	12,795
Current assets	6,832	6,643
Total assets	**19,236**	**19,438**
Total equity	5,633	5,850
Noncurrent liabilities and provisions	5,792	4,851
Current liabilities and provisions	7,810	8,736

Report on expected developments

For 2017, the MAN Group's Management anticipates that global economic growth will be slightly above the prior-year level. We see risks in protectionist tendencies, volatility on the financial markets, and structural deficits in individual countries. In addition, geopolitical tensions and conflicts will continue to weigh on growth prospects. In the majority of the industrialized nations, we expect the economic upturn to continue with growth rates stable overall. Most of the emerging economies are likely to record stronger growth than in the previous year, with the highest rates expected in the emerging economies of Asia.

Assuming that the moderate growth is not negatively impacted by these risks, MAN SE's Executive Board currently forecasts the following:

We anticipate slight year-on-year growth in the MAN Group's sales revenue in 2017. Unit sales and sales revenue in the Commercial Vehicles business area are expected to increase noticeably, with contributions from both MAN Truck & Bus and MAN Latin America. In contrast, we expect order intake on a level with the previous year in the Power Engineering business area. Sales revenue will be down significantly on the 2016 figure following the low order intake in previous years.

The MAN Group's operating profit and operating return on sales will be significantly higher than in 2016, and will also noticeably exceed the 2016 figures before special items.

Report on risks and opportunities

The Report on Risks and Opportunities should be read in conjunction with our disclosures in the 2016 consolidated financial statements. The MAN Group's risk position has not changed significantly as against the assessment contained in that report. For information regarding "Litigation/legal proceedings," please see the "Notes to the Condensed Half-Yearly Consolidated Financial Statements." 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 "The MAN Group's results of operations" and "Report on expected developments," along with the information provided on the individual segments in "The Divisions in Detail."

The Divisions in Detail

MAN Truck & Bus

Reporting period January 1 to June 30

€ million	2017	2016	Change in %
Order intake	5,733	5,250	9
Sales revenue	4,784	4,443	8
Vehicle sales (units)	41,702	39,701	5
			€ million
Operating profit	269	268	1
Operating return on sales (%)	5.6	6.0	–

The European truck market was up slightly on the prior-year level in the first six months of the current fiscal year. For full-year 2017, MAN Truck & Bus expects the truck market to be on a level with the previous year, buoyed by the economic upturn in Europe. The European bus market was up slightly on the prior-year level in the first half of 2017. It is assumed that the European market will remain unchanged for full-year 2017.

Order intake at MAN Truck & Bus rose sharply year-on-year to €5,733 million in the first half of 2017 (previous year: €5,250 million). Measured in terms of units, order intake was up 5% on the previous year, at 46,957 vehicles (previous year: 44,553).

The Trucks business recorded an order intake of €4,767 million (previous year: €4,471 million). The unit figure rose by 5% compared with the first half of 2016 to 43,349 trucks (previous year: 41,319). This was mainly driven by positive year-on-year growth in Russia, France, Spain, and Austria. By contrast, order intake declined in the United Kingdom in particular. The figures for the Trucks business also include the new MAN TGE van series for the first time.

At €966 million, order intake in the Bus business in the first half of 2017 was up 24% on the prior-year figure (€779 million). The unit figure rose significantly year-on-year to 3,608 buses (previous year: 3,234). This was due to positive developments in Saudi Arabia, Israel, and the Netherlands, among other factors.

MAN Truck & Bus generated sales revenue of €4,784 million, a year-on-year increase of 8% from €4,443 million. At 41,702 vehicles (previous year: 39,701), unit sales grew in line with sales revenue.

Sales revenue in the Trucks business rose to €4,048 million (previous year: €3,788 million). At 39,080 trucks, unit sales were up 6% on the prior-year figure (37,009) with particularly healthy growth in Russia, Spain, and Austria. By contrast, unit sales declined in the United Kingdom and Poland. Overall, MAN Truck & Bus’s share of the European market for trucks over 6 t was 15.6% in the first half of 2017 (previous year: 15.2%).

Sales revenue in the Bus business increased to €737 million (previous year: €655 million). It sold 2,622 buses (previous year: 2,692), a year-on-year decline of 3%. Among other things, this was attributable to lower unit sales in Mexico, which were partially offset by high sales volumes in Spain and Georgia. In the European bus market, MAN Truck & Bus had a market share of 13.1% (previous year: 12.4%).

At €269 million, operating profit in the first half of 2017 was on a level with the previous year (€268 million). This corresponds to an operating return on sales of 5.6% (previous year: 6.0%). Higher sales revenue and the PACE2017 program for the future, which covers all areas in the company, had a significant positive impact on profitability. Offsetting factors included the year-on-year increase in expenses for new products and expenses relating to the digital transformation.

MAN Latin America

Reporting period January 1 to June 30

€ million	2017	2016	Change in %
Order intake	552	398	39
Sales revenue	552	398	39
Vehicle sales (units)	11,750	10,131	16
			€ million
Operating loss before special items[1]	–48	–62	14
Operating return on sales (%) before special items[1]	–8.7	–15.6	–
Operating loss	–48	–112	64
Operating return on sales (%)	–8.7	–28.1	–

1) 2016: Special items comprise restructuring expenses in the amount of €50 million.

The economic environment in which MAN Latin America operates began to stabilize slightly in the first half of 2017. Although the Brazilian economy remained mired in recession, the decline in economic output was less significant than in previous quarters. Weak domestic demand and political uncertainty had a negative impact, while exports provided positive momentum.

MAN Latin America sold 11,750 commercial vehicles in the first half of 2017 (previous year: 10,131). This 16% increase is primarily attributable to the export business. Sales revenue improved to €552 million (previous year: €398 million). In addition to the increase in unit sales, the considerable appreciation of the Brazilian real compared with the prior-year period also had a positive effect on sales revenue.

New registrations for trucks weighing 5 t and over in Brazil declined by 17% to 20,794 units.
MAN Latin America sold 6,467 trucks in the Brazilian truck market (previous year: 6,395). With a total of 5,421 new truck registrations (previous year: 6,954), MAN Latin America achieved a market share of 26.1% (previous year: 27.8%) and defended its prominent position in the Brazilian truck market in a very competitive market environment.

New registrations in the Brazilian bus market decreased by 14% to 4,896 vehicles. MAN Latin America sold 1,129 bus chassis (previous year: 822) and increased its market share to 18.3% (previous year: 16.2%) in a declining market with 896 new bus registrations (previous year: 922). The company maintained its number two position in the Brazilian bus market.

Brazil’s commercial vehicle exports increased significantly, lifted by the recently more stable environment throughout Latin American markets. Registration volumes rose clearly in the first half of the year, particularly in Argentina. MAN Latin America sold 4,154 vehicles outside Brazil (previous year: 2,914), securing its position as one of Brazil’s leading exporters with 17.2% (previous year: 16.8%) of the country’s vehicle exports.

The operating loss amounted to €48 million compared with an operating loss of €62 million before special items in the prior-year period. The continued loss is primarily attributable to weak demand and the resulting price pressure. Nonetheless, MAN Latin America’s operating loss improved as against the first half of 2016 following higher unit sales. MAN Latin America continued to implement an extensive program to strengthen the company in a competitive market environment with the aim of systematically improving its earnings quality. Restructuring expenses of €50 million were incurred in connection with this program in the prior-year period. MAN Latin America’s operating return on sales was –8.7% (previous year: –28.1%).

MAN Diesel & Turbo

Reporting period January 1 to June 30

€ million	2017	2016	Change in %
Order intake	1,660	1,516	10
Sales revenue	1,363	1,454	–6
			€ million
Operating profit	43	69	–26
Operating return on sales (%)	3.2	4.7	–

In the marine market, the cautious order activity continued in the first half of 2017 and was thus at a low but stable level compared with the prior-year period. Despite higher freight rates in the transportation industry, there were no signs of recovery in the container ship, tanker, and bulk carrier segments given the existing and emerging overcapacity in the market. Demand for cruise ships, passenger ferries, dredgers, and government vessels remained stable. In the offshore sector, the persistently low oil price combined with the existing overcapacity inhibited investment in offshore oil production. Low market volumes across all segments again resulted in significantly higher competitive pressure, triggering a noticeable drop in prices.

The energy generation market recovered slightly as against the prior-year period. Slightly higher demand was recorded in all fields of application. Demand for energy solutions remained 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 are being seen due to continuing sluggish economic growth in the emerging markets and developing countries that are important for MAN Diesel & Turbo, and because of the persistently difficult financing conditions for customers. These delays affect larger projects in particular. In addition, ongoing high competitive and price pressure is noticeable across all projects and is impacting the earnings quality of orders.

The turbomachinery market was at a low but stable level compared with the prior-year period. New turbomachinery construction activities are significantly impacted by global investment projects in the oil, gas, and processing industry as well as in power generation. Project volumes in the oil and gas industry remained at a low level despite the slight recovery in oil prices. Demand for products in the processing industry and power generation was also weak overall in fiscal 2017 to date. Competitive and price pressure increased further.

The after-sales market for diesel engines in the marine and power plant sector showed general improvement and benefited from growing interest in long-term maintenance contracts. The after-sales market for turbomachinery was largely stable.

MAN Diesel & Turbo’s order intake was €1,660 million in the first half of 2017, up 10% on the prior-year figure of €1,516 million. Order intake in the Engines & Marine Systems strategic business unit declined by 11% year-on-year to €718 million (previous year: €810 million). Declines in the distribution and licensing business as well as in new construction had a particularly negative impact. Order intake in the Power Plants strategic business unit amounted to €466 million, representing significant growth of 69% compared with the prior-year figure (€276 million), due in particular to higher volumes in new construction. At €476 million, order volumes in the Turbomachinery strategic business unit were up 11% year-on-year (previous year: €430 million) as a result of higher volumes in both new construction and after sales.

Sales revenue amounted to €1,363 million in the first half of 2017, 6% lower than in the previous year (€1,454 million). At €659 million, sales revenue in the Engines & Marine Systems strategic business unit was down 11% on the prior-year figure (€740 million). In the Power Plants strategic business unit, sales revenue rose by 17% for billing reasons, from €215 million in the previous year to €251 million. Sales revenue in the Turbomachinery strategic business unit decreased by 9% year-on-year to €453 million (previous year: €499 million).

MAN Diesel & Turbo recorded an operating profit of €43 million in the first six months of fiscal 2017 (previous year: €69 million) and an operating return on sales of 3.2% (previous year: 4.7%). The year-on-year deterioration in operating profit was primarily due to the decline in sales volumes, significant pressure on margins in the new construction business, and decreased capacity utilization.

Renk

Reporting period January 1 to June 30

€ million	2017	2016	Change in %
Order intake	221	316	–30
Sales revenue	224	227	–1
			€ million
Operating profit	30	33	–3
Operating return on sales (%)	13.3	14.6	–

Renk recorded an order intake of €221 million in the first six months of fiscal year 2017 (previous year: €316 million). As expected, maritime gear units and the Vehicle Transmissions business were unable to repeat last year's strong performance in the current fiscal year. By contrast, growth was recorded in the Standard Gear Units business. The Slide Bearings business almost matched the prior-year figures.

The Renk Group posted sales revenue of €224 million in the first half of 2017, slightly lower than the comparable prior-year figure (€227 million). Increases in the Special Gear Units business could not completely compensate for declines in the Vehicle Transmissions and Standard Gear Units businesses. Revenue generated by the Slide Bearings business was on a level with the previous year.

Renk's operating profit declined from €33 million in the previous year to €30 million in the period under review. Declines in the Special Gear Units, Vehicle Transmissions, and Standard Gear Units businesses were partially offset by slight growth in the Slide Bearings business.

Events after the reporting period

See the "Notes to the Condensed Half-Yearly Consolidated Financial Statements" for events after the reporting period.

Condensed Half-Yearly Consolidated Financial Statements as of June 30, 2017

MAN consolidated income statement

Reporting period January 1 to June 30

€ million	**2017**	**2016**
Sales revenue	6,864	6,457
Cost of sales	–5,469	–5,149
Gross profit	**1,395**	**1,308**
Other operating income	230	261
Distribution expenses	–797	–737
General and administrative expenses	–388	–380
Other operating expenses	–167	–215
Operating profit	**273**	**236**
Share of profits and losses of equity-method investments	16	7
Finance costs	–75	–83
Other financial result	31	–5
Financial result	**–28**	**–81**
Profit before tax	**245**	**156**
Income taxes	–122	–140
Profit from discontinued operations, net of tax	17	–
Profit after tax	**140**	**16**
of which attributable to noncontrolling interests	5	6
of which attributable to shareholders of MAN SE	**135**	**10**
Earnings per share from continuing operations in € (diluted/basic)	**0.80**	**0.07**
Earnings per share from continuing and discontinued operations in € (diluted/basic)	**0.92**	**0.07**

MAN consolidated reconciliation of comprehensive income for the period

Reporting period January 1 to June 30

€ million	2017	2016
Profit after tax	**140**	**16**
Items that will not be reclassified to profit or loss		
Pension plan remeasurements	62	–308
Other comprehensive income for the period from equity-method investments	–2	–1
Deferred taxes	–12	82
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	–106	86
Measurement of marketable securities and financial investments	–124	304
Change in fair values of derivatives	6	73
Other comprehensive income for the period from equity-method investments	–6	–2
Deferred taxes	0	–29
Other comprehensive income	**–181**	**206**
Total comprehensive income	**–41**	**222**
of which attributable to noncontrolling interests	5	3
of which attributable to shareholders of MAN SE	**–46**	**218**

MAN consolidated balance sheet as of June 30, 2017

Assets

€ million	6/30/2017	12/31/2016
Intangible assets	2,255	2,229
Property, plant, and equipment	2,490	2,545
Equity-method investments	482	463
Other equity investments	2,750	2,897
Assets leased out	3,322	3,239
Income tax receivables	22	22
Deferred tax assets	529	541
Other noncurrent financial assets	40	327
Other noncurrent receivables	513	533
Noncurrent assets	**12,404**	**12,795**
Inventories	3,505	3,246
Trade receivables	1,930	2,038
Current income tax receivables	66	75
Other current financial assets	404	200
Other current receivables	276	289
Cash and cash equivalents	651	796
Current assets	**6,832**	**6,643**
	19,236	**19,438**

MAN consolidated balance sheet as of June 30, 2017

Equity and liabilities

€ million	6/30/2017	12/31/2016
Subscribed capital	376	376
Capital reserves	795	795
Retained earnings	3,749	3,786
Accumulated other comprehensive income	614	795
Equity attributable to shareholders of MAN SE	**5,534**	**5,752**
Noncontrolling interests	99	98
Total equity	**5,633**	**5,850**
Noncurrent financial liabilities	1,299	421
Pensions and other post-employment benefits	551	624
Deferred tax liabilities	215	143
Noncurrent income tax provisions	200	190
Other noncurrent provisions	783	772
Other noncurrent financial liabilities	1,667	1,602
Other noncurrent liabilities	1,077	1,100
Noncurrent liabilities and provisions	**5,792**	**4,851**
Current financial liabilities	1,723	2,574
Trade payables	1,761	1,914
Prepayments received	717	705
Current income tax payables	15	20
Current income tax provisions	31	27
Other current provisions	1,084	1,206
Other current financial liabilities	1,110	935
Other current liabilities	1,370	1,355
Current liabilities and provisions	**7,810**	**8,736**
	19,236	**19,438**

MAN consolidated statement of cash flows

Reporting period January 1 to June 30

€ million	2017	2016
Cash and cash equivalents at beginning of period	**796**	**779**
Profit before tax	245	156
Income taxes paid/refunded	–71	137
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1)]	179	172
Amortization of, and impairment losses on, capitalized development costs[1)]	48	47
Impairment losses on equity investments[1)]	0	2
Depreciation of assets leased out[1)]	301	285
Change in pension provisions	–12	–3
Loss on disposal of noncurrent assets and equity investments	–4	–5
Share of profits or losses of equity-method investments	–10	–4
Other noncash income and expense	–10	14
Change in inventories	–305	–359
Change in receivables	87	92
Change in liabilities and prepayments received (excluding financial liabilities)	0	316
Change in provisions	–81	–11
Change in assets leased out	–378	–433
Net cash provided by/used in operating activities	**–12**	**406**
Payments to acquire property, plant, and equipment, and intangible assets (excluding capitalized development costs)	–145	–163
Additions to capitalized development costs	–150	–104
Payments to acquire other investees	–15	–9
Proceeds from asset disposals (other than assets leased out)	7	14
Change in investments in securities and loans	28	77
Net cash used in investing activities	**–275**	**–185**
Dividends allocated to noncontrolling interests	–4	–4
Profit transfer/loss absorption	99	–513
Capital transactions with noncontrolling interests	–	–3
Repayment of bonds	–750	–500
Change in other financial liabilities	813	623
Net cash provided by/used in financing activities	**158**	**–397**
Effect of exchange rate changes on cash and cash equivalents	–16	20
Change in cash and cash equivalents	**–145**	**–156**
Cash and cash equivalents at June 30	**651**	**623**

1) Net of impairment reversals.

MAN consolidated statement of changes in equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Equity attributable to shareholders of MAN SE	Noncontrolling interests	Total
Balance at December 31, 2016	**376**	**795**	**3,786**	**795**	**5,752**	**98**	**5,850**
Profit after tax	–	–	135	–	**135**	5	**140**
Other comprehensive income	–	–	–	–181	**–181**	0	**–181**
Total comprehensive income	–	–	135	–181	**–46**	5	**–41**
Dividends allocated to noncontrolling interests	–	–	–	–	**–**	–4	**–4**
Other changes[1]	–	–	–171	0	**–171**	–	**–171**
Balance at June 30, 2017	**376**	**795**	**3,749**	**614**	**5,534**	**99**	**5,633**
Balance at December 31, 2015	**376**	**795**	**3,705**	**600**	**5,476**	**89**	**5,565**
Profit after tax	–	–	10	–	**10**	6	**16**
Other comprehensive income	–	–	–	208	**208**	–2	**206**
Total comprehensive income	–	–	10	208	**218**	3	**222**
Dividends allocated to noncontrolling interests	–	–	–	–	**–**	–4	**–4**
Other changes[1]	–	–	15	–	**15**	–	**15**
Balance at June 30, 2016	**376**	**795**	**3,730**	**808**	**5,709**	**88**	**5,797**

[1] Retained earnings include the share of profit/loss attributable to Volkswagen Truck & Bus in the event of profit/loss transfer based on profit/loss under German GAAP.

Notes to the Condensed Half-Yearly 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 2016 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The accompanying condensed half-yearly consolidated financial statements (half-yearly consolidated financial statements) as of June 30, 2017, 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 year 2016. Unless expressly indicated otherwise, the accounting policies applied to these half-yearly 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, 2016. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

From the Executive Board's perspective, the accompanying unaudited half-yearly consolidated financial statements reflect 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 six months of fiscal 2017 are not necessarily indicative of future results.

Preparation of the half-yearly 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 primary financial statements, the half-yearly financial report contains explanatory notes on selected financial statement line items.

Basis of consolidation

The half-yearly financial statements as of June 30, 2017, include 101 companies (December 31, 2016: 104), including 20 (20) in Germany and 81 (84) outside Germany. The effects of the changes in the basis of consolidation on the half-yearly consolidated financial statements were immaterial.

Accounting policies

MAN has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2017.

From January 1, 2017, IAS 7 (Statement of Cash Flows) requires entities to make additional disclosures on changes arising from cash flows and noncash changes in financial liabilities arising from financing activities as reported in the statement of cash flows. These disclosures must be made for the first time in the notes to the 2017 annual financial statements.

Since January 1, 2017, the amendments to IAS 12 (Income Taxes) have clarified the recognition of deferred tax assets for unrealized losses in the case of assets carried at fair value.

The IASB amended IFRS 12 (Disclosure of Interests in Other Entities) as part of its 2016 annual improvements project, with effect from January 1, 2017. This clarifies that disclosures in accordance with IFRS 12 must generally also be made for the entity's interests in subsidiaries, joint arrangements, associates, and unconsolidated structured entities even if these are classified as held for sale or held for distribution to owners or as discontinued operation.

The amendments do not materially affect the MAN Group's net assets, financial position, and results of operations. These amendments have not yet been adopted by the EU; this is expected in fiscal 2017.

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

A discount rate of 1.8% (December 31, 2016: 1.6%) was applied to pension provisions in Germany in the accompanying half-yearly consolidated financial statements. The increase in the discount rate resulted in a reduction in provisions for pensions and other post-employment benefits and in a reduction in actuarial losses from pension plan remeasurements recognized in other comprehensive income.

The effects of changes in exchange rates are presented in the following income statement disclosures and in the “MAN Group's net assets” chapter of the interim management report as of June 30, 2017.

In all other respects, the same accounting policies and consolidation principles were generally applied to the preparation of the half-yearly consolidated financial statements and the presentation of the prior-year comparative figures as to the 2016 consolidated financial statements. A detailed description of these accounting policies is given in the notes to the 2016 consolidated financial statements. In addition, the effects of the new standards are described in further detail under the disclosures on "New or amended IFRSs not applied."

Discontinued operations

MAN SE's annual reports for fiscal years 2009 to 2016 contain detailed information in connection with the disposal of the shares in Ferrostaal GmbH, Essen (Ferrostaal), formerly Ferrostaal AG.

The net profit generated by Ferrostaal, which was reported under "Profit from discontinued operations, net of tax" in the first six months of fiscal 2017, is presented in the following:

Reporting period January 1 to June 30

€ million	2017	2016
Disposal gain	25	–
Income tax income	–7	–
	17	**–**

This is the result of subsequent purchase price adjustments for prior-period taxes of a former subsidiary, including interest. The amounts presented are included in "Net cash provided by/used in operating activities" in the statement of cash flows for January 1 to June 30, 2017. There were no other cash flows from discontinued operations in the reporting period or in the prior-year period.

Income Statement Disclosures

Other operating income

Reporting period January 1 to June 30

€ million	2017	2016
Income from foreign exchange gains	70	92
Income from reversal of provisions and accruals	70	89
Income from cost allocations	24	14
Income from foreign currency hedging derivatives	23	23
Income from reversal of valuation allowances on receivables and other assets	13	8
Rental and lease income	6	4
Gains on disposal of noncurrent assets	5	6
Miscellaneous other income	20	25
	230	**261**

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. Foreign exchange losses from these items are included in other operating expenses.

Other operating expenses

Reporting period January 1 to June 30

€ million	2017	2016
Foreign exchange losses	91	86
Losses from foreign currency hedging derivatives	9	12
Valuation allowances on receivables and other assets	7	8
Losses on disposal of noncurrent assets	3	1
Miscellaneous other expenses	57	108
	167	**215**

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

The decrease in miscellaneous other expenses is primarily attributable to restructuring expenses at MAN Latin America recognized in the previous year in the amount of €50 million.

Other financial result

Reporting period January 1 to June 30

€ million	2017	2016
Other income from equity investments	2	2
Other expenses from equity investments	0	–2
Other interest and similar income	19	21
Net gains from remeasurement and impairment of financial instruments	14	62
Net losses from changes in the fair value of derivatives not included in hedge accounting	–5	–88
	31	**–5**

Both the change in net gains from remeasurement and impairment of financial instruments and the net losses from changes in the fair value of derivatives not included in hedge accounting are attributable primarily to exchange rate movements. The amounts for the 2016 reporting period were primarily affected by the performance of the Brazilian real, which stabilized again in the fiscal year.

Research and development costs

Reporting period January 1 to June 30

€ million	2017	2016
Total research and development costs	422	371
of which: capitalized development costs	–150	–104
Capitalization ratio in %	35.6	28.1
Amortization of and impairment losses on capitalized development costs	48	47
Research and development costs reported in the income statement	**319**	**315**

The higher capitalization ratio reflects the increase in investments in new products in the segments MAN Truck & Bus and MAN Latin America in particular.

Balance sheet disclosures

Financial liabilities

€ million	6/30/2017	12/31/2016
Bonds	–	750
Liabilities to banks	855	883
Loans and other liabilities	2,168	1,362
	3,022	**2,995**

Financial liabilities are reported in the following balance sheet items:

€ million	6/30/2017	12/31/2016
Noncurrent financial liabilities	1,299	421
Current financial liabilities	1,723	2,574

The maturing publicly offered €750 million bond was repaid in March 2017.
The credit facility extended by Volkswagen Aktiengesellschaft, Wolfsburg (Volkswagen AG), was unchanged compared with the year-end and was drawn down in the amount of €2,050 million as of the June 30, 2017, reporting date (December 31, 2016: €1,250 million).

Other provisions

€ million	6/30/2017	12/31/2016
Warranties	799	826
Outstanding costs	174	171
Obligations to employees	174	162
Other obligations arising from operating activities	163	187
Miscellaneous provisions	557	631
	1,866	**1,978**

In addition to provisions for expected losses from onerous contracts, miscellaneous provisions mainly include provisions for restructuring measures.

Other provisions are reported in the following balance sheet items:

€ million	6/30/2017	12/31/2016
Other noncurrent provisions	783	772
Other current provisions	1,084	1,206

Contingent liabilities and commitments

Most of the contingent liabilities under buyback guarantees relate to MAN Financial Services GmbH, Munich, and its assigned national companies (MAN Financial Services), which operates the sales financing business for MAN Truck & Bus. The maximum expenses under buyback guarantees amounted to €1,791 million as of June 30, 2017 (December 31, 2016: €1,720 million). However, based on experience, the majority of these guarantees expire without being drawn upon.

There were no material changes in the other contingencies and commitments compared with the situation described in the consolidated financial statements as of December 31, 2016.

Litigation/legal proceedings

MAN SE's Annual Report for fiscal year 2016 contains detailed information on litigation and legal proceedings.

In 2011, the European Commission launched an antitrust investigation into suspected antitrust violations in the commercial vehicles business between 1997 and 2011 and sent MAN and all other major European commercial vehicle manufacturers the statement of objections in 2014, informing them of the claims brought against them. The European Commission imposed penalties on five commercial vehicle manufacturers in its decision dated July 19, 2016. MAN will not have to pay any fine because it notified the European Commission about the cartel as a whistleblower. MAN has received antitrust damages claims from customers. As in any antitrust proceedings, further claims for damages may follow.

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

Fair value disclosures

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments.

	Measured at fair value	Measured at (amortized) cost	Derivatives included in hedging relationships	Not within the scope of IFRS 7	Balance sheet item at 6/30/2017
€ million	Carrying amount	Carrying amount	Carrying amount	Carrying amount	
Noncurrent assets					
Equity-method investments	–	–	–	482	482
Other equity investments	2,713	5	–	32	2,750
Other financial assets	1	28	11	–	40
Current assets					
Trade receivables	–	1,930	–	–	1,930
Other financial assets	26	348	31	–	404
Cash and cash equivalents	–	651	–	–	651
Noncurrent liabilities					
Financial liabilities	–	1,299	–	–	1,299
Other financial liabilities	2	1,664	1	–	1,667
Current liabilities					
Financial liabilities	–	1,723	–	–	1,723
Trade payables	–	1,761	–	–	1,761
Other financial liabilities	46	1,059	5	–	1,110

	Measured at fair value	Measured at (amortized) cost	Derivatives included in hedging relationships	Not within the scope of IFRS 7	Balance sheet item at 12/31/2016
€ million	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	
Noncurrent assets					
Equity-method investments	–	–	–	463	463
Other equity investments	2,837	5	–	55	2,897
Other financial assets	2	306	19	–	327
Current assets					
Trade receivables	–	2,038	–	–	2,038
Other financial assets	16	158	26	–	200
Cash and cash equivalents	–	796	–	–	796
Noncurrent liabilities					
Financial liabilities	–	421	–	–	421
Other financial liabilities	2	1,597	3	–	1,602
Current liabilities					
Financial liabilities	–	2,574	–	–	2,574
Trade payables	–	1,914	–	–	1,914
Other financial liabilities	55	869	12	–	935

Other equity investments measured at fair value contain the investment in Scania AB, Södertälje/Sweden (Scania). This was classified in Level 3 at both June 30, 2017, and December 31, 2016.

The other assets and liabilities in the class “measured at fair value” were classified in Level 2 as of June 30, 2017, and December 31, 2016.

Derivatives included in hedging relationships were classified in Level 2.

Fair value hierarchy:
Measurement and presentation of the fair values of financial instruments are based on a fair value hierarchy that reflects the significance of the inputs used for measurement and is classified as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of Level 2 financial instruments is determined on the basis of the conditions prevailing at the end of the reporting period, such as interest rates or exchange rates, and using recognized models such as discounted cash flow or option pricing models.

Level 3: 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 six months to June 30, 2017, there were no reclassifications between Level 1 and Level 2 of the fair value hierarchy, and there were no reclassifications into or out of Level 3 of the fair value hierarchy. As in fiscal year 2016, there were no reclassifications within the hierarchy in the six months ended June 30, 2017.

The following table shows the development of the balance sheet items measured at fair value and classified in Level 3, which relate solely to the investment in Scania. The €–124 million change in fair value (previous year: €304 million) recognized in other comprehensive income impacted the “Measurement of marketable securities and financial investments” item within “Other comprehensive income.”

€ million	Financial assets measured at fair value
Balance at January 1, 2016	2,708
Fair value changes recognized in other comprehensive income	304
Balance at June 30, 2016	3,012
Balance at January 1, 2017	2,837
Fair value changes recognized in other comprehensive income	–124
Balance at June 30, 2017	2,713

The inputs used to measure fair value are largely unchanged compared with those used as of December 31, 2016, with the exception of the cost of capital. The pretax cost of capital increased from 5.4% as of December 31, 2016, to 5.6% as of June 30, 2017. As of June 30, 2017, there were no material changes to the assessment of the impact on equity or profit after tax resulting from changes in the significant unobservable inputs, either in isolation or in combination with each other, compared with the assessment presented in the 2016 Annual Report.

Other investments and shares classified as available for sale are measured at cost and have a carrying amount of €5 million (December 31, 2016: €5 million). These are mainly investments in and shares of unlisted entities. These investments and shares are recognized at cost if their fair value cannot be reliably measured without undue effort. The Company currently has no intention to sell these shares.

The carrying amount of financial instruments measured at (amortized) cost as of June 30, 2017, corresponds to their fair value. The main items where fair values differed from the carrying amounts as of December 31, 2016, are as follows:

12/31/2016 **€ million**	**Carrying amount**	**Fair value**
Noncurrent financial liabilities	421	421
Current financial liabilities	2,574	2,578

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, 2016.

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

Reporting period January 1 to June 30

€ million	Sales and services to		Purchases from and services rendered by	
	2017	2016	2017	2016
Volkswagen Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1]	3	2	38	24
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	721	664	160	64
Unconsolidated subsidiaries of the MAN Group	26	30	5	2
MAN Group associates and joint ventures	81	83	109	113

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

Receivables from related parties amounted to €536 million as of June 30, 2017 (December 31, 2016: €649 million). In the same period, liabilities to related parties rose from €3,715 million to €4,677 million. The increase is due to the share of profit attributable to Volkswagen Truck & Bus included in liabilities compared with the previous year, as well as the loans from Volkswagen AG, which rose to €2,050 million (December 31, 2016: €1,250 million). There are also liabilities to MAN Financial Services amounting to €1,783 million (December 31, 2016: €1,774 million). The sale of receivables to subsidiaries of Volkswagen AG that are not part of the MAN Group amounted to €448 million in the first six months of fiscal 2017 (previous year: €323 million). Furthermore, customer liabilities to MAN Financial Services are covered by standard industry buyback guarantees. See “Contingent liabilities and commitments” for further information on buyback guarantees.

Based on the domination and profit and loss transfer agreement between Volkswagen Truck & Bus GmbH and MAN SE, the loss of €99 million for fiscal 2016 was transferred on February 22, 2017 (previous year: profit transfer of €513 million). No dividend was therefore distributed.

On June 30, 2017, Volkswagen Truck & Bus GmbH, a wholly owned direct subsidiary of Volkswagen Aktiengesellschaft, Wolfsburg, held 75.73% of MAN SE’s voting rights and 74.53% of its share capital.

Segment reporting

Please refer to the MAN Group's consolidated financial statements as of December 31, 2016, for information on the basis used for identifying and assessing the performance of reportable segments. There were no changes in measurement policies and the definition of segments compared with December 31, 2016.

The following tables contain segment-related information for the first six months of 2017.

Reporting period January 1 to June 30

Commercial Vehicles

	MAN Truck & Bus		MAN Latin America		Commercial Vehicles	
€ million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Segment sales revenue	**4,784**	**4,443**	**552**	**398**	**5,296**	**4,797**
Intersegment sales revenue	–45	–54	–5	–2	–11	–12
Group sales revenue	4,739	4,389	547	396	5,285	4,785
Segment profit/loss (operating profit/loss)	**269**	**268**	**–48**	**–112**	**226**	**152**
Capital expenditures	**181**	**140**	**42**	**44**	**223**	**183**

Power Engineering

	MAN Diesel & Turbo		Renk		Power Engineering	
€ million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Segment sales revenue	**1,363**	**1,454**	**224**	**227**	**1,579**	**1,673**
Intersegment sales revenue	–3	–3	–6	–6	–1	–1
Group sales revenue	1,360	1,451	218	221	1,578	1,672
Segment profit (operating profit)	**43**	**69**	**30**	**33**	**73**	**103**
Capital expenditures	**81**	**82**	**5**	**8**	**86**	**91**

	Others						Group	
	Corporate Center[1]		Cons./Reconcil.		Total			
€ million	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
Segment sales revenue	**5**	**5**	**–16**	**–18**	**–11**	**–13**	**6,864**	**6,457**
Intersegment sales revenue	–5	–5	16	18	11	13	–	–
Group sales revenue	0	0	0	0	0	0	6,864	6,457
Segment profit/loss (operating profit/loss)	**–24**	**–5**	**–3**	**–13**	**–27**	**–18**	**273**	**236**
Capital expenditures	**1**	**2**	**–**	**–**	**1**	**2**	**310**	**276**

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

The reconciliation of total profit/loss of the segments to the MAN Group's profit/loss before tax is presented in the following:

Reporting period January 1 to June 30

€ million	2017	2016
Total profit/loss of the segments (operating profit/loss of the segments)	**294**	**258**
Corporate Center operating loss	–24	–5
Earnings effects from purchase price allocations not attributed to the segments	–9	–9
Consolidation within business areas and within the MAN Group	12	–7
Operating profit (MAN Group)	**273**	**236**
Financial result	–28	–81
Profit before tax (MAN Group)	**245**	**156**

Review by the Group auditors

The half-yearly consolidated financial statements as of June 30, 2017, and 2016, were not reviewed by auditors.

Executive Board

Dr. Uwe Lauber was appointed to the Executive Board of MAN SE effective March 1, 2017. Dr. Lauber is responsible at Executive Board level for the activities of MAN Diesel & Turbo.

Josef Schelchshorn, former member of the Executive Board of MAN SE responsible for Human Resources and *Arbeitsdirektor* (Executive Board member responsible for employee relations), stepped down from MAN SE's Executive Board effective June 30, 2017. His successor Dr. Carsten Intra was appointed as the member of the Executive Board of MAN SE responsible for Human Resources and *Arbeitsdirektor* (Executive Board member responsible for employee relations) effective July 1, 2017.

Events after the reporting period

No other events occurred after the reporting period that are material for the MAN Group and that could lead to a reassessment of the Company.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly financial reporting, the condensed half-yearly consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Munich, July 25, 2017

MAN SE
The Executive Board

MAN SE Financial Dates

The latest information is available on MAN's website

at www.corporate.man.eu under "Investor Relations."

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