MAN SE

2016 Half-Yearly Financial Report

Engineering the Future – since 1758.

Contents

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 2015 and the additional information on the Company contained in it.

At a Glance

Reporting period January 1 to June 30

€ million	2016	2015	Change in %
Order intake	7,408	7,469	–1
Germany	1,714	1,849	–7
Other countries	5,694	5,621	1
Headcount[1)]	53,844	55,030	–2
Sales revenue	6,457	6,719	–4
Germany	1,618	1,613	0
Other countries	4,839	5,106	–5
			€ million
Operating profit before special items[2)]	286	185	101
Special items[2)]	–50	–170	120
Operating profit	236	15	221
Operating return on sales (%)	3.7	0.2	3.5
Operating return on sales (%) before special items[2)]	4.4	2.8	1.6
Net cash provided by operating activities	406	322	85
Net cash used in investing activities attributable to operating activities	–262	–229	–33
of which: investments in property, plant, and equipment	–163	–108	–55
Net cash flow	144	93	51
R&D expenditures	315	305	10
Net financial debt[1)]	–1,703	–1,311	–392

Any differences in this half-yearly financial report are due to rounding.
1) As of June 30, 2016, vs. December 31, 2015.
2) 2016: Special items comprise restructuring expenses of €50 million at MAN Latin America.
2015: Special items comprise restructuring expenses of €170 million at MAN Truck & Bus.

Interim Management Report as of June 30, 2016

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 2016 was down slightly year-on-year in both business areas.

Reporting period January 1 to June 30

Order intake by business area			
€ million	**2016**	**2015**	**Change in %**
Commercial Vehicles	5,594	5,637	–1
Power Engineering	1,826	1,852	–1
Others	–12	–20	–
MAN Group	**7,408**	**7,469**	**–1**

The Commercial Vehicles business area saw significant growth in the European commercial vehicles market on the back of the economic upturn. By contrast, the ongoing recession and political uncertainties in Brazil once again led to a considerable market decline as against the previous year. Measured in terms of units, order intake in the Commercial Vehicles business area therefore declined overall in the first six months to 54,044 vehicles (previous year: 55,277). MAN Latin America recorded a decrease of 2,350 vehicles or 19%, while MAN Truck & Bus was up 1,069 vehicles or 2% on the prior-year figure.

In the Power Engineering business area, the situation in the marine and turbomachinery markets deteriorated further. The energy generation market remained at a low but stable level. Overall, this led to a decrease in order intake at MAN Diesel & Turbo despite a year-on-year increase in orders received by the Power Plants strategic business unit. Renk posted higher order intake overall than in the previous year following positive growth in the Special Gear Units and Vehicle Transmissions strategic business units.

The order backlog amounted to €6.3 billion as of June 30, 2016, up 5% compared with December 31, 2015 (€6.0 billion). The Commercial Vehicles business area recorded an increase of 13% and the Power Engineering business area a decline of 1%.

The MAN Group's sales revenue for the first six months of fiscal 2016 was down slightly on the prior-year level, at €6.5 billion.

Reporting period January 1 to June 30

Sales revenue by business area			
€ million	**2016**	**2015**	**Change in %**
Commercial Vehicles	4,797	4,917	–2
Power Engineering	1,673	1,813	–8
Others	–13	–12	–
MAN Group	**6,457**	**6,719**	**–4**

Unit sales in the Commercial Vehicles business area declined by 1% to 49,331 vehicles (previous year: 49,876). The figure for MAN Latin America decreased by 19% to 10,131 vehicles (previous year: 12,481). Currency effects from the depreciation of the Brazilian real as against the prior-year period also had a negative impact on sales revenue. By contrast, MAN Truck & Bus's sales revenue rose by 2%.

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 previous year, particularly in the Power Plants and Turbomachinery strategic business units.

The MAN Group's operating profit rose to €236 million in the first half of 2016 (previous year: €15 million). The increase is primarily attributable to a considerable improvement in operating profit at MAN Truck & Bus. As well as the higher volumes and improved margins, the future growth program launched in the previous year also had a significant effect. By contrast, operating profit in the Power Engineering business area declined as a result of volume- and margin-related factors. The operating loss attributable to Others improved year-on-year due to the reversal of provisions as well as smaller effects from purchase price allocations and cost-cutting measures.

Reporting period January 1 to June 30

Operating profit/loss by business area			
€ million	**2016**	**2015**	**Change € million**
Commercial Vehicles	152	–74	225
Power Engineering	103	135	–32
Others	–18	–46	28
MAN Group	**236**	**15**	**221**

MAN Latin America's operating loss widened on the back of lower sales revenue as well as the restructuring measures introduced, which negatively impacted the operating loss by €50 million. MAN Truck & Bus incurred restructuring expenses of €170 million in the first half of 2015. Excluding these special items, the MAN Group's operating profit improved to €286 million (previous year: €185 million).

Reporting period January 1 to June 30

Operating profit/loss before special items[1)] by business area

€ million	2016	2015	Change € million
Commercial Vehicles	202	96	105
Power Engineering	103	135	–32
Others	–18	–46	28
MAN Group	**286**	**185**	**101**

1) 2016: Special items comprise restructuring expenses of €50 million at MAN Latin America.
2015: Special items comprise restructuring expenses of €170 million at MAN Truck & Bus.

The MAN Group's operating return on sales in the first six months was 3.7%, after 0.2% in the prior-year period. The operating return on sales for the Commercial Vehicles business area rose to 3.2% (previous year: –1.5%). In the Power Engineering business area, the operating return on sales declined to 6.1% (previous year: 7.4%). Excluding the special items, the operating return on sales improved to 4.2% (previous year: 2.0%) for the Commercial Vehicles business area and 4.4% (previous year: 2.8%) for the MAN Group.

At €–81 million, the financial result remained on a level with the previous year (€–83 million). It mainly comprises interest expenses in the amount of €–66 million (previous year: €–66 million).

Overall, the MAN Group's profit before tax amounted to €156 million in the first six months (previous year: loss before tax of €68 million). The profit after tax in the reporting period was €16 million, compared with a loss of €46 million in the previous year. The tax rate was 90% (previous year: 33%). The increase in the tax rate in the period under review is largely attributable to the non-recognition of deferred tax assets on current losses in Brazil.

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 €144 million after the first six months (previous year: €93 million).

Reporting period January 1 to June 30

Net cash flow by business area

€ million	2016	2015	Change € million
Commercial Vehicles	–25	14	–40
Power Engineering	–7	79	–86
Others	177	0	178
MAN Group	**144**	**93**	**51**

The MAN Group's gross cash flow improved year-on-year to €801 million (previous year: €482 million), mainly as a result of the higher profit before tax and tax refunds in the first six months.

By contrast, funds tied up in working capital were higher in the first half of the year, at €395 million (previous year: €160 million). As in the previous year, the increase in working capital was attributable to the rise in inventories in the amount of €359 million (previous year: €289 million). However, the offsetting effect of the rise in liabilities (€316 million; previous year: €359 million) was lower than in the previous year. Provisions declined by €11 million in the period under review (previous year: increase of €78 million). Within working capital, the €433 million increase in assets leased out (previous year: €345 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 €406 million in the first six months, a significant year-on-year improvement (previous year: €322 million).

Net cash used in investing activities attributable to operating activities was €262 million (previous year: €229 million). The increase in capital expenditures was mainly attributable to MAN Truck & Bus.

In the Commercial Vehicles business area, net cash flow amounted to €–25 million (previous year: €14 million), due primarily to the higher level of funds tied up in working capital in the first half of the year. Net cash flow in the Power Engineering business area was €–7 million (previous year: €79 million). The net cash flow attributable to Others (€177 million; previous year: €0 million) includes the €135 million dividend payment from Scania AB, Södertälje/Sweden (Scania), and tax refunds. Scania did not distribute a dividend in 2015.

Net cash used in financing activities amounted to €397 million in the reporting period (previous year: net cash provided by financing activities of €85 million). This includes the profit transfer of €513 million (previous year: €486 million) for 2015 to Volkswagen Truck & Bus GmbH, Braunschweig (VW Truck & Bus GmbH), as well as the repayment of bonds in the amount of €500 million (previous year: €120 million). By contrast, financial liabilities rose by €623 million (previous year: €695 million). No dividend was distributed. Instead, VW Truck & Bus GmbH made the contractually defined cash compensation payment (€3.07) to each MAN SE free float shareholder.

The MAN Group's net financial debt was €1,703 million on June 30, 2016, a deterioration of €393 million as against December 31, 2015.

Reporting period January 1 to June 30

MAN consolidated statement of cash flows (key figures)

€ million	2016	2015
Cash and cash equivalents at beginning of period	**779**	**525**
Gross cash flow	801	482
Change in working capital	–395	–160
Net cash provided by operating activities	**406**	**322**
Net cash used in investing activities attributable to operating activities	–262	–229
Net cash flow	**144**	**93**
Change in investments and loans	77	112
Net cash used in investing activities	**–185**	**–117**
Net cash provided by/used in financing activities	**–397**	**85**
Effect of exchange rate changes on cash and cash equivalents	20	13
Change in cash and cash equivalents	**–156**	**303**
Cash and cash equivalents at June 30	**623**	**828**
Composition of net liquidity/net financial debt at June 30, 2016, and December 31, 2015		
Cash and cash equivalents	623	779
Securities, loans, and time deposits	349	426
Gross liquidity	**972**	**1,204**
Total third-party borrowings	–2,675	–2,515
Net financial debt	**–1,703**	**–1,311**

The MAN Group's net assets

The MAN Group's total assets amounted to €18,860 million at the end of the reporting period, 4.1% higher than on December 31, 2015 (€18,110 million).

Overall, noncurrent assets rose by 5.7% in the period under review. Noncurrent assets increased, primarily as a result of the €304 million increase in the carrying amount of the investment in Scania. Assets leased out rose to €3,063 million (€2,949 million). This change mainly reflects the increase in sales with buyback obligations at MAN Truck & Bus.

Current assets were up 1.6% on the figure as of the end of 2015. Inventories increased by €383 million in the first half of the fiscal year. Cash and cash equivalents amounted to €623 million as of the reporting date (previous year: €779 million). Current liabilities and provisions rose by a total of 8.8% as against December 31, 2015. 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.

The MAN Group's total equity increased to €5,797 million as of June 30, 2016, compared with €5,565 million as of December 31, 2015. This rise is due to the measurement of the investment in Scania, as well as to positive effects from the translation of financial statements of foreign operations, particularly as a result of the performance of the Brazilian real. Actuarial losses resulting from the increase of pension obligations within noncurrent liabilities and provisions had an offsetting effect. The equity ratio was unchanged at 30.7%. Noncontrolling interests are primarily attributable to Renk AG.

€ million	**6/30/2016**	**12/31/2015**
Noncurrent assets	11,840	11,203
Current assets	7,021	6,907
Total assets	**18,860**	**18,110**
Total equity	5,797	5,565
Noncurrent liabilities and provisions	4,945	5,082
Current liabilities and provisions	8,118	7,464

Report on expected developments

For 2016, the MAN Group's Management anticipates that global economic growth will be on a level with the previous year. Risks include potential turbulence on the financial markets caused in particular by the British majority vote to leave the EU ("Brexit"), structural deficits in individual countries, and geopolitical tensions and conflicts. It is too early to draw any reliable conclusions as to how the Brexit vote will affect growth in Europe, and in particular what consequences this will have on demand for capital goods. In addition, some countries dependent on exports of energy and raw materials are being adversely impacted by the comparatively low prices of these commodities. Assuming that the moderate growth is not negatively impacted by these risks, MAN SE's Executive Board currently expects the following:

In the Commercial Vehicles business area, we expect unit sales and sales revenue for 2016 to be on a level with the previous year. Operating profit and the operating return on sales will be significantly above the prior-year figures, buoyed by the measures initiated. Both key indicators will also significantly exceed the 2015 figures before special items.

In the Power Engineering business area, we expect order intake in 2016 to be on a level with the previous year. Sales revenue will be down noticeably on the previous year. As the tense situation in the markets persists, high competitive pressure will continue to have a negative impact in 2016. Operating profit and operating return on sales will therefore be significantly lower than the prior-year figures.

This means a slight year-on-year decline in the MAN Group's sales revenue. Operating profit and the operating return on sales will be significantly higher than the 2015 levels.

Report on risks and opportunities

The Report on Risks and Opportunities should be read in conjunction with our disclosures in the 2015 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	2016	2015	Change in %
Order intake	5,250	5,095	3
Sales revenue	4,443	4,367	2
Vehicle sales (units)	39,701	38,024	4
			€ million
Operating profit before special items[1]	268	121	147
Operating return on sales (%) before special items[1]	6.0	2.8	–
Operating profit/loss	268	–49	317
Operating return on sales (%)	6.0	–1.1	–

1) 2015: Special items comprise restructuring expenses in the amount of €170 million.

The European truck market was up sharply on the comparatively high prior-year level in the first six months of the current fiscal year. MAN Truck & Bus is also expecting a significantly higher market level for full-year 2016, buoyed by the economic upturn in Europe. The European bus market was up slightly on the prior-year level in the first half of 2016. Growth for full-year 2016 is expected to be slightly lower than in the previous year.

Order intake at MAN Truck & Bus rose year-on-year to €5,250 million in the first half of 2016 (previous year: €5,095 million). Measured in terms of units, order intake was up 2% on the previous year, at 44,553 vehicles (previous year: 43,484).

The Trucks business recorded an order intake of €4,471 million (previous year: €4,390 million). The unit figure rose by 1% compared with the first half of 2015 to 41,319 trucks (previous year: 40,741). This was mainly driven by positive year-on-year growth in Europe, for example in the Netherlands, Italy, and Portugal. By contrast, order intake declined as against the strong prior year in Turkey as well as Saudi Arabia due to the price of oil in particular.

At €779 million, order intake in the bus business in the first half of 2016 was up 10% on the prior-year figure (€705 million). The unit figure rose year-on-year to 3,234 buses (previous year: 2,743). This was due to the positive developments in Germany and Singapore, among other factors.

MAN Truck & Bus generated sales revenue of €4,443 million, a 2% increase year-on-year from €4,367 million. At 39,701 vehicles (previous year: 38,024), unit sales grew in line with sales revenue.

Sales revenue in the Trucks business rose to €3,788 million (previous year: €3,649 million). At 37,009 trucks, unit sales were up 5% on the prior-year figure (35,141) with particularly healthy growth in Europe, led by Germany, Poland, Italy, and the UK. By contrast, unit sales declined in Saudi Arabia and Turkey. Overall, MAN Truck & Bus's share of the European market for trucks over 6 t was 15.3% in the first half of 2016 (previous year: 16.2%).

Sales revenue in the bus business decreased to €655 million (previous year: €717 million). It sold 2,692 buses (previous year: 2,883), a year-on-year decline of 7%. Among other things, this was attributable to lower unit sales in Germany, which were partially offset by high sales volumes in Mexico and France. In the European bus market, MAN Truck & Bus had a market volume of 12.3% (previous year: 12.1%).

At €268 million, operating profit in the first half of 2016 (previous year: operating loss of €49 million) even significantly exceeded the prior-year figure before special items (€121 million). This corresponds to an operating return on sales of 6.0% (previous year: –1.1%). Both volume- and margin-related factors contributed to the improved operating profit. The "PACE2017" future growth program also had a significant positive impact. This program is designed to strengthen the Company in a competitive market environment and comprises far-reaching initiatives to increase profitability and cut costs, as well as to make production more flexible. Key aspects of the program include restructuring the truck production sites and streamlining all administrative areas. It will also cut product costs and lift sales performance.

The Management of MAN Truck & Bus expects unit sales and sales revenue for 2016 to noticeably exceed the prior-year levels. Operating profit and the operating return on sales will be up significantly on the prior-year period. They will also significantly exceed the 2015 figures before special items.

MAN Latin America

Reporting period January 1 to June 30

€ million	2016	2015	Change in %
Order intake	398	593	–33
Sales revenue	398	593	–33
Vehicle sales (units)	10,131	12,481	–19
			€ million
Operating loss before special items[1)]	–62	–21	–41
Operating return on sales (%) before special items[1)]	–15.6	–3.5	–
Operating loss	–112	–21	–91
Operating return on sales (%)	–28.1	–3.5	–

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

The economic environment in which MAN Latin America operates continued to deteriorate in the first half of the year, leading to another significant drop in demand. The business climate in Brazil worsened further, mainly as a result of the ongoing recession. This was exacerbated by political uncertainties and the country's considerable budget deficit. The uncertainties in the remaining Latin American markets also continued to be felt in the first half of the year.

MAN Latin America sold 10,131 commercial vehicles in the first half of 2016 (previous year: 12,481), a decrease of 19%. Sales revenue declined to €398 million (previous year: €593 million). In addition to the decrease in unit sales, the depreciation of the Brazilian real as against the prior-year period also had a negative effect.

New registrations for trucks weighing 5 t and over in Brazil declined by 32% to 25,000 units.
MAN Latin America sold 6,395 trucks in the Brazilian truck market. With a total of 6,954 new truck registrations (previous year: 10,225), MAN Latin America achieved a market share of 27.8% (previous year: 27.7%). MAN Latin America held the number two position in the Brazilian truck market in an aggressive market environment.

New registrations in the Brazilian bus market decreased by 41% to 5,683 vehicles. MAN Latin America sold 822 bus chassis (previous year: 1,198) and achieved a market share of 16.2% (previous year: 22.0%) in a declining market, with 922 new bus registrations (previous year: 2,126). The company again occupied the number two position in the Brazilian bus market.

Brazil's export of commercial vehicles remained stable despite economic uncertainties in other Latin American markets. MAN Latin America remained one of Brazil's leading exporters, with 16.8% (previous year: 18.9%) of the country's vehicle exports.

The operating loss amounted to €62 million before special items, compared with an operating loss of €21 million in the first half of 2015. This is primarily due to weaker demand. MAN Latin America is implementing an extensive program to strengthen the company in a competitive market environment with the aim of systematically improving its earnings quality. One focus here is on streamlining the organization to align it with the lower market level. In this context, expenses in the amount of €50 million were incurred for the initiated restructuring measures. MAN Latin America also cut labor costs by 10% by temporarily reducing working hours under a state-subsidized employment-protection program. After factoring in the special items for restructuring measures, the operating loss amounted to €112 million (previous year: €21 million). MAN Latin America's operating return on sales was –28.1% (previous year: –3.5%).

The Management of MAN Latin America is expecting a noticeable decline in sales volumes for full-year 2016 and significantly lower sales revenue, impacted by currency effects, among other factors. Operating loss will be down on the prior-year figure due to continued intense competition, the associated price pressure, and restructuring expenses. Operating loss before special items will remain on a level with the previous year thanks to the measures we have initiated. The operating return on sales will deteriorate significantly.

MAN Diesel & Turbo

Reporting period January 1 to June 30

€ million	2016	2015	Change in %
Order intake	1,516	1,576	–4
Sales revenue	1,454	1,582	–8
			€ million
Operating profit	69	93	–24
Operating return on sales (%)	4.7	5.9	–

In the marine market, the cautious order activity that was already noticeable over the course of 2015 continued to worsen in the first half of 2016. The marine market declined significantly year-on-year. There were no signs of recovery in the container ship, tanker, and bulk carrier segments given the existing overcapacity in the market and the associated low freight rates in the transportation industry. By contrast, there was again healthy demand for cruise ships, passenger ferries, and government vessels. The market for offshore ships has not yet felt the positive effects of the recent slight increase in the price of crude oil.

Compared with the same period in the previous year, the energy generation market was at a low but stable level. 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 — some of them significant — 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.

The turbomachinery market was at a low level, declining again slightly as against the prior-year period. New turbomachinery 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 remain at a low level due to the significant drop in oil prices. The moderate increase in the oil price over the past few months has not yet led to a recovery in the turbomachinery business. Demand for products in the processing industry and power generation was weak overall in the first half of 2016. As a result, competitive and price pressure increased further.

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

MAN Diesel & Turbo's order intake was €1,516 million in the first six months, down 4% on the prior-year figure of €1,576 million. At €810 million, order intake in the Engines & Marine Systems strategic business unit was roughly on a level with the previous year (€821 million). The increase in the after-sales business could not completely offset the decline in the new construction business. Order intake in the Power Plants strategic business unit amounted to €276 million, up significantly year-on-year (previous year: €136 million) thanks to higher volumes in both new construction and after sales. At €430 million, order volumes in the Turbomachinery strategic business unit were down 31% on the prior-year figure of €619 million, which included two major new construction orders.

Sales revenue amounted to €1,454 million in the first half of 2016, 8% lower than in the previous year (€1,582 million). At €740 million, sales revenue in the Engines & Marine Systems strategic business unit was down 4% on the prior-year figure of €769 million. Sales revenue in the Power Plants strategic business unit was €215 million, a decrease of 22% as against the previous year (€276 million) due to the low order intake in prior periods. In addition, a major project was billed in the prior-year period. The Turbomachinery strategic business unit recorded a 7% year-on-year decline to €499 million as a result of low order levels in the previous years (previous year: €537 million).

MAN Diesel & Turbo recorded an operating profit of €69 million in the first half of 2016 (previous year: €93 million) and an operating return on sales of 4.7% (previous year: 5.9%). 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.

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

Renk

Reporting period January 1 to June 30

€ million	2016	2015	Change in %
Order intake	316	293	8
Sales revenue	227	240	–5
			€ million
Operating profit	33	43	–10
Operating return on sales (%)	14.6	17.8	–

Renk recorded an order intake of €316 million in the first six months of 2016 (previous year: €293 million). The significant growth in the Special Gear Units business, particularly in maritime gear units, more than offset the declines in the Standard Gear Units and Slide Bearings businesses. New orders in the Vehicle Transmissions business were also up slightly on the corresponding prior-year figure.

The Renk Group recorded sales revenue of €227 million in the first half of 2016, down almost €13 million on the comparable figure for 2015. Standard Gear Units was the only business to exceed the prior-year figure for sales revenue, while the other businesses have not yet matched the sales volumes achieved in the previous year.

Renk generated an operating profit of €33 million in the period under review (previous year: €43 million). The prior-year figure was positively affected by a one-time effect.

Renk's operating return on sales for the first half of 2016 was 14.6% (previous year: 17.8%). All businesses generated an operating profit.

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

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, 2016

MAN consolidated income statement

Reporting period January 1 to June 30

€ million	2016	2015
Sales revenue	**6,457**	**6,719**
Cost of sales	–5,149	–5,379
Gross profit	**1,308**	**1,340**
Other operating income	261	259
Distribution expenses	–737	–782
General and administrative expenses	–380	–393
Other operating expenses	–215	–409
Operating profit	**236**	**15**
Share of profits and losses of equity-method investments	7	4
Finance costs	–83	–87
Other financial result	–5	–1
Financial result	**–81**	**–83**
Profit/loss before tax	**156**	**–68**
Income tax expense/income	–140	22
Profit/loss after tax	**16**	**–46**
of which attributable to noncontrolling interests	6	7
of which attributable to shareholders of MAN SE	**10**	**–52**
Earnings per share from continuing operations in € (diluted/basic)	**0.07**	**–0.36**
Earnings per share from continuing and discontinued operations in € (diluted/basic)	**0.07**	**–0.36**

MAN consolidated reconciliation of comprehensive income for the period

Reporting period January 1 to June 30

€ million	2016	2015
Profit/loss after tax	**16**	**–46**
Items that will not be reclassified to profit or loss		
Pension plan remeasurements	–308	11
Other comprehensive income for the period from equity-method investments	–1	–2
Deferred taxes	82	–3
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	86	38
Measurement of marketable securities and financial investments	304	208
Change in fair values of derivatives	73	1
Other comprehensive income for the period from equity-method investments	–2	2
Deferred taxes	–29	–2
Other comprehensive income	**206**	**253**
Total comprehensive income	**222**	**207**
of which attributable to noncontrolling interests	3	7
of which attributable to shareholders of MAN SE	**218**	**200**

MAN consolidated balance sheet as of June 30, 2016

Assets

€ million	6/30/2016	12/31/2015
Intangible assets	2,066	1,909
Property, plant, and equipment	2,299	2,286
Equity-method investments	451	449
Other equity investments	3,068	2,758
Assets leased out	3,063	2,949
Income tax receivables	3	3
Deferred tax assets	410	389
Other noncurrent financial assets	351	346
Other noncurrent receivables	129	114
Noncurrent assets	**11,840**	**11,203**
Inventories	3,441	3,058
Trade receivables	1,944	1,924
Current income tax receivables	158	135
Other current financial assets	160	402
Other current receivables	696	609
Cash and cash equivalents	623	779
Current assets	**7,021**	**6,907**
	18,860	**18,110**

MAN consolidated balance sheet as of June 30, 2016

Equity and liabilities

€ million	6/30/2016	12/31/2015
Subscribed capital	376	376
Capital reserves	795	795
Retained earnings	3,730	3,705
Accumulated other comprehensive income	808	600
Equity attributable to shareholders of MAN SE	**5,709**	**5,476**
Noncontrolling interests	88	89
Total equity	**5,797**	**5,565**
Noncurrent financial liabilities	518	1,235
Pensions and other post-employment benefits	807	496
Deferred tax liabilities	253	181
Noncurrent income tax provisions	178	109
Other noncurrent provisions	681	638
Other noncurrent financial liabilities	1,483	1,431
Other noncurrent liabilities	1,026	991
Noncurrent liabilities and provisions	**4,945**	**5,082**
Current financial liabilities	2,157	1,280
Trade payables	1,688	1,683
Prepayments received	812	789
Current income tax payables	20	15
Current income tax provisions	34	27
Other current provisions	1,136	1,174
Other current financial liabilities	921	1,241
Other current liabilities	1,350	1,255
Current liabilities and provisions	**8,118**	**7,464**
	18,860	**18,110**

MAN consolidated statement of cash flows

Reporting period January 1 to June 30

€ million	2016	2015
Cash and cash equivalents at beginning of period	**779**	**525**
Profit/loss before tax	156	–68
Income taxes paid/refunded	137	82
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1)]	172	185
Amortization of, and impairment losses on, capitalized development costs[1)]	47	46
Impairment losses on other equity investments[1)]	2	0
Depreciation of assets leased out[1)]	285	251
Change in provisions for pensions and other post-employment benefits	–3	–8
Profit/loss on disposal of noncurrent assets and equity investments	–5	–5
Share of profits or losses of equity-method investments	–4	–1
Other noncash income and expense	14	1
Change in inventories	–359	–289
Change in receivables	92	36
Change in liabilities and prepayments received (excluding financial liabilities)	316	359
Change in other provisions	–11	78
Change in assets leased out	–433	–345
Net cash provided by operating activities	**406**	**322**
Payments to acquire property, plant, and equipment, investment property, and intangible assets (excluding capitalized development costs)	–163	–108
Additions to capitalized development costs	–104	–107
Payments to acquire other investees	–9	–23
Proceeds from asset disposals (other than assets leased out)	14	9
Change in investments and loans	77	112
Net cash used in investing activities	**–185**	**–117**
Dividends allocated to noncontrolling interest shareholders	–4	–3
Profit transfer	–513	–486
Capital transactions with noncontrolling interest shareholders	–3	–
Repayment of bonds	–500	–120
Change in other financial liabilities	623	695
Net cash provided by/used in financing activities	**–397**	**85**
Effect of exchange rate changes on cash and cash equivalents	20	13
Change in cash and cash equivalents	**–156**	**303**
Cash and cash equivalents at June 30	**623**	**828**

1) Net of impairment reversals.

MAN consolidated statement of changes in equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Equity attributable to shareholders of MAN SE	Non-controlling interests	Total
Balance at December 31, 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 paid	–	–	–	–	**–**	–4	**–4**
Other changes[1)]	–	–	15	–	**15**	–	**15**
Balance at June 30, 2016	**376**	**795**	**3,730**	**808**	**5,709**	**88**	**5,797**
Balance at December 31, 2014	**376**	**795**	**4,081**	**152**	**5,404**	**81**	**5,485**
Profit/loss after tax	–	–	–52	–	**–52**	7	**–46**
Other comprehensive income	–	–	–	252	**252**	1	**253**
Total comprehensive income	–	–	–52	252	**200**	7	**207**
Dividends paid	–	–	–	–	**–**	–3	**–3**
Other changes[1)]	–	–	29	–	**29**	–	**29**
Balance at June 30, 2015	**376**	**795**	**4,057**	**404**	**5,633**	**86**	**5,718**

1) Retained earnings include the share of profit/loss attributable to VW Truck & Bus GmbH 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 2015 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, 2016, 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 2015. 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, 2015. 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 2016 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 financial statements, the half-yearly 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 half-yearly financial statements as of June 30, 2016, include 103 companies (December 31, 2015: 102), including 20 (19) in Germany and 83 (83) 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 required to be applied as from January 1, 2016.

A number of amendments to International Financial Reporting Standards resulting from the Annual Improvements Project 2012 and the Annual Improvements Project 2014 became effective on January 1, 2016. These amendments include changes to IFRS 2, IFRS 3, IFRS 5, IFRS 7, IFRS 8, IFRS 13, IASs 16/18, IAS 19, IAS 24, and IAS 34 and did not materially affect the MAN Group's net assets, financial position, and results of operations.

The amendment to IAS 16 and IAS 38 clarifies that, effective January 1, 2016, revenue-based depreciation and amortization methods are not generally permitted.

Amendments to IAS 19 have also been applicable since January 1, 2016. The amendments relate to the accounting for employee contributions to pensions. In the MAN Group, employee contributions in which the amount is independent of the number of years of service (fixed percentage of salary) are deducted from the service cost in the year the contributions are made.

Amendments to IAS 1 introduced with effect from January 1, 2016, have clarified a large number of the concepts used in IFRS reporting. The existing presentation is not affected by these conceptual modifications and can be retained. The amendments also specify that disclosures are only required in an interim report if the content is material.

The amendments described above do not materially affect the MAN Group's net assets, financial position and results of operations. The other accounting pronouncements required to be applied in fiscal year 2016 for the first time also do not have any material effects on the presentation of the net assets, financial position, and results of operations in the MAN half-yearly financial report.

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 1.5% (December 31, 2015: 2.7%) was applied to pension provisions in Germany in the accompanying half-yearly consolidated financial statements. The reduction in the discount rate resulted in an increase in provisions for pensions and other post-employment benefits and 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, 2016.

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 consolidated financial statements for 2015. A detailed description of these accounting policies is given in the notes to the 2015 consolidated financial statements.

Income Statement Disclosures

Other operating income

Reporting period January 1 to June 30

€ million	2016	2015
Income from foreign exchange gains	92	125
Income from reversal of provisions and accruals	89	57
Income from foreign currency hedging derivatives	23	8
Income from cost allocations	14	15
Income from reversal of valuation allowances on receivables and other assets	8	11
Gains on disposal of property, plant, and equipment, and intangible assets	6	6
Rental and lease income	4	4
Miscellaneous other income	25	33
	261	**259**

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	2016	2015
Foreign exchange losses	86	132
Losses from foreign currency hedging derivatives	12	42
Valuation allowances on receivables and other assets	8	13
Losses on disposal of noncurrent assets	1	1
Miscellaneous other expenses	108	222
	215	**409**

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 due to provisions for restructuring measures at MAN Truck & Bus recognized in the previous year in the amount of €170 million. Restructuring expenses at MAN Latin America amounting to €50 million were recognized in the reporting period.

Other financial result

Reporting period January 1 to June 30

€ million	2016	2015
Other income from equity investments	2	1
Other expenses from equity investments	–2	–
Other interest and similar income	21	24
Gains and losses from remeasurement and impairment of financial instruments	62	–37
Gains and losses from changes in the fair value of derivatives not included in hedge accounting	–88	12
	–5	**–1**

Both the change in gains and losses from remeasurement and impairment of financial instruments and the gains and 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 are affected by the change in the external value of the Brazilian real.

Research and development costs

Reporting period January 1 to June 30

€ million	2016	2015
Total research and development costs	371	366
of which: capitalized development costs	–104	–107
Capitalization ratio in %	28.1	29.2
Amortization of and impairment losses on capitalized development costs	47	46
Research and development costs reported in the income statement	**315**	**305**

Balance Sheet Disclosures

Financial liabilities

€ million	6/30/2016	12/31/2015
Bonds	749	1,249
Liabilities to banks	1,063	752
Loans and other liabilities	861	512
Liabilities under finance leases	2	3
	2,675	**2,515**

Financial liabilities are reported in the following balance sheet items:

€ million	6/30/2016	12/31/2015
Noncurrent financial liabilities	518	1,235
Current financial liabilities	2,157	1,280

The maturing publicly offered €500 million bond was repaid in May 2016.
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 €750 million as of the June 30, 2016, reporting date (December 31, 2015: €400 million).

Other provisions

€ million	6/30/2016	12/31/2015
Warranties	794	814
Outstanding costs	180	191
Obligations to employees	162	167
Other obligations arising from operating activities	168	136
Miscellaneous provisions	513	503
	1,817	**1,811**

Provisions for restructuring measures initiated at MAN Latin America were recognized in the amount of €50 million in the first six months of 2016. The miscellaneous provisions also relate to the provisions for restructuring measures at MAN Truck & Bus recognized in fiscal year 2015 in the total amount of €185 million.

Other provisions are reported in the following balance sheet items:

€ million	6/30/2016	12/31/2015
Other noncurrent provisions	681	638
Other current provisions	1,136	1,174

Contingent liabilities and commitments

Most of the contingent liabilities under buyback guarantees relate to MAN Finance International GmbH, Munich, and its assigned national companies (MAN Finance), which operates the sales financing business for MAN Truck & Bus. The maximum expenses under buyback guarantees amounted to €1,632 million as of June 30, 2016 (December 31, 2015: €1,615 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, 2015.

Litigation/legal proceedings

MAN SE's Annual Report for fiscal year 2015 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.

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,
- derivatives included in hedging relationships, and
- financial instruments not falling within the scope of IFRS 7.

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

	Measured at fair value	Measured at (amortized) cost	Derivatives included in hedging relationships	Not within the scope of IFRS 7	Balance sheet item at 6/30/2016
€ million	**Carrying amount**	**Carrying amount**	**Carrying amount**	**Carrying amount**	
Noncurrent assets					
Equity-method investments	–	–	–	451	451
Other equity investments	3,012	5	–	51	3,068
Other financial assets	10	323	18	–	351
Current assets					
Trade receivables	–	1,944	–	–	1,944
Other financial assets	16	112	32	–	160
Cash and cash equivalents	–	623	–	–	623
Noncurrent liabilities					
Financial liabilities	–	518	–	–	518
Other financial liabilities	8	1,474	1	–	1,483
Current liabilities					
Financial liabilities	–	2,157	–	–	2,157
Trade payables	–	1,688	–	–	1,688
Other financial liabilities	56	856	8	–	921

€ million	Measured at fair value Carrying amount	Measured at (amortized) cost Carrying amount	Derivatives included in hedging relationships Carrying amount	Not within the scope of IFRS 7 Carrying amount	Balance sheet item at 12/31/2015
Noncurrent assets					
Equity-method investments	–	–	–	449	449
Other equity investments	2,708	1	–	48	2,758
Other financial assets	15	330	1	–	346
Current assets					
Trade receivables	–	1,924	–	–	1,924
Other financial assets	63	322	17	–	402
Cash and cash equivalents	–	779	–	–	779
Noncurrent liabilities					
Financial liabilities	–	1,235	–	–	1,235
Other financial liabilities	11	1,403	17	–	1,431
Current liabilities					
Financial liabilities	–	1,280	–	–	1,280
Trade payables	–	1,683	–	–	1,683
Other financial liabilities	27	1,182	32	–	1,241

Other equity investments measured at fair value contain the investment in Scania. This was classified in Level 3 at both June 30, 2016, and December 31, 2015.
The other assets and liabilities in the class “measured at fair value” were classified in Level 2 as of June 30, 2016, and December 31, 2015.

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, 2016, 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. As in fiscal year 2015, there were no reclassifications within the hierarchy in the six months ended June 30, 2016.

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 €304 million change in fair value (previous year: €208 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, 2015	2,071
Fair value changes recognized in other comprehensive income	208
Balance at June 30, 2015	2,279
Balance at January 1, 2016	2,708
Fair value changes recognized in other comprehensive income	304
Balance at June 30, 2016	3,012

The inputs used to measure fair value are largely unchanged compared with those used as of December 31, 2015, with the exception of the cost of capital. The pretax cost of capital declined from 7.3% as of December 31, 2015, to 6.8% as of June 30, 2016. As of June 30, 2016, 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 2015 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, 2015: €1 million). These are mainly investments in and shares of unlisted entities. These investments and shares are recognized at cost if it is not possible to reliably measure their fair value without undue effort. The Company currently has no intention to sell these shares.

The carrying amount of financial instruments measured at (amortized) cost as of June 30, 2016, essentially corresponds to their fair value. The following items are the main exceptions to this principle:

6/30/2016 **€ million**	**Carrying amount**	**Fair value**
Noncurrent financial liabilities	518	518
Current financial liabilities	2,157	2,169

12/31/2015 **€ million**	**Carrying amount**	**Fair value**
Noncurrent financial liabilities	1,235	1,252
Current financial liabilities	1,280	1,293

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, 2015.

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	
	2016	2015	2016	2015
VW Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1)]	2	2	24	17
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	664	653	64	71
Unconsolidated subsidiaries of the MAN Group	30	28	2	2
MAN Group associates and joint ventures	83	46	113	123

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

Receivables from related parties amounted to €704 million as of June 30, 2016 (December 31, 2015: €798 million). This includes the share of profit/loss attributable to Volkswagen Truck & Bus GmbH. Liabilities to related parties were on a level with year-end 2015 and amounted to €3,042 million as of June 30, 2016 (December 31, 2015: €3,043 million). The liabilities include a loan from Volkswagen AG in the amount of €750 million (December 31, 2015: €400 million). There are also liabilities to MAN Finance amounting to €1,950 million (December 31, 2015: €1,986 million). The sale of receivables to subsidiaries of Volkswagen AG that are not part of the MAN Group amounted to €323 million (€174 million) in the first six months of fiscal 2016. Furthermore, customer liabilities to MAN Finance 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 VW Truck & Bus GmbH and MAN SE, the profit of €513 million for fiscal 2015 was transferred on March 4, 2016 (previous year: profit transfer of €486 million). No dividend was therefore distributed.

On June 30, 2016, VW Truck & Bus GmbH, a wholly owned direct subsidiary of Volkswagen Aktiengesellschaft, Wolfsburg, held 75.70% of MAN SE’s voting rights and 74.49% of its share capital.

Segment reporting

Please refer to the MAN Group's consolidated financial statements as of December 31, 2015, 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, 2015.

The following tables contain segment-related information for the first six months of 2016.

Reporting period January 1 to June 30

	Commercial Vehicles					
	MAN Truck & Bus		MAN Latin America		Commercial Vehicles	
€ million	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Segment sales revenue	**4,443**	**4,367**	**398**	**593**	**4,797**	**4,917**
Intersegment sales revenue	–54	–46	–2	–7	–12	–11
Group sales revenue	4,389	4,320	396	586	4,785	4,906
Segment profit/loss (operating profit/loss)	**268**	**–49**	**–112**	**–21**	**152**	**–74**
Capital expenditures	**140**	**102**	**44**	**38**	**183**	**140**

	Power Engineering					
	MAN Diesel & Turbo		Renk		Power Engineering	
€ million	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Segment sales revenue	**1,454**	**1,582**	**227**	**240**	**1,673**	**1,813**
Intersegment sales revenue	–3	–2	–6	–7	–1	–1
Group sales revenue	1,451	1,580	221	232	1,672	1,812
Segment profit (operating profit)	**69**	**93**	**33**	**43**	**103**	**135**
Capital expenditures	**82**	**85**	**8**	**12**	**91**	**98**

	Other						Group	
	Corporate Center[1)]		Cons./Reconcil.		Total			
€ million	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**	**2016**	**2015**
Segment sales revenue	**5**	**7**	**–18**	**–18**	**–13**	**–12**	**6,457**	**6,719**
Intersegment sales revenue	–5	–6	18	18	13	12	–	–
Group sales revenue	0	1	0	0	0	1	6,457	6,719
Segment profit/loss (operating profit/loss)	**–5**	**–23**	**–13**	**–23**	**–18**	**–46**	**236**	**15**
Capital expenditures	**2**	**0**	**–**	**–**	**2**	**0**	**276**	**238**

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	2016	2015
Total profit/loss of the segments (operating profit/loss of the segments)	**258**	**66**
Corporate Center operating loss	–5	–23
Earnings effects from purchase price allocations not attributed to the segments	–9	–19
Consolidation within business areas and within the MAN Group	–7	–9
Operating profit (MAN Group)	**236**	**15**
Financial result	–81	–83
Profit/loss before tax (MAN Group)	**156**	**–68**

Review by the Group auditors

The half-yearly consolidated financial statements as of June 30, 2016, and 2015, were not reviewed by auditors.

Supervisory Board

Mr. Detlef Dirks resigned his office as a member of the Supervisory Board of MAN SE effective March 4, 2016. As his elected substitute candidate, Mr. Oskar Ritsch joined the Supervisory Board effective March 5, 2016.

The term of office of the entire Supervisory Board appointed in 2011 expired at the end of the Annual General Meeting on June 15, 2016.

Ms. Irmgard Maucher and Messrs. Helmut Brodrick, Oskar Ritsch, Erich Schwarz, Athanasios Stimoniaris, and Steffen Zieger were appointed to the Supervisory Board as internal employee representatives by the SE Works Council, and Ms. Karina Schnur and Mr. Jürgen Kerner were appointed to the Supervisory Board as trade union employee representatives.

Mag. Julia Kuhn-Piëch and Ms. Angelika Pohlenz, as well as Messrs. Michael Behrendt, Matthias Gründler, Dr. Dr. Christian Porsche, Mag. Mark Philipp Porsche, Andreas Renschler, and Prof. Dr. Ekkehard Schulz were elected as shareholder representatives on the Supervisory Board at MAN SE's Annual General Meeting on June 15, 2016.

The term of office of the members of MAN SE's Supervisory Board now in office runs until the end of the 2021 Annual General Meeting.

The Supervisory Board elected Mr. Andreas Renschler as Chairman of the Supervisory Board at its constitutive meeting on June 15, 2016.

Events after the reporting period

Other than the matters described under “Litigation/legal proceedings,” no 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, 2016

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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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.

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