Investor Relations News

MTU lifts EBIT forecast to € 325 million

- **Behle: "Best half-year result in the company's history"**
- **Increase in EBIT margin from 10.7 % to 12.2 %**

Munich, August 1, 2011 – In the first half of 2011, MTU Aero Engines Holding AG boosted its operating profit[1] by 14 % to € 164.0 million (1-6/2010: € 144.1 million). "That's the best half-year result in the history of MTU," said Egon Behle, CEO of MTU Aero Engines Holding AG, "and it is reason for us to revise our full-year forecast upward. We are now expecting to achieve an EBIT adjusted figure of € 325 million in 2011." MTU had previously assumed an EBIT adjusted comparable to the previous year's (2010: € 311.3 million). MTU's EBIT margin rose to 12.2 % in the first six months of 2011, compared with 10.7 % in the same period in 2010. Revenues reached € 1,346.5 million (1-6/2010: € 1,348.8 million), while the company succeeded in boosting its earnings after tax[2] by 22 % to € 89.1 million (1-6/2010: € 73.3 million).

MTU reaffirms its full-year forecast for revenues, which are set to rise by 7–8 %. The company is expecting revenues to rise in the second half-year in both the OEM and MRO segments. Net income adjusted is anticipated to be slightly higher than last year (2010: € 182.3 million). The revised outlook is based on an exchange rate of U.S. $ 1.40 to the euro, whereas MTU had previously assumed an exchange rate of U.S. $ 1.35.

Compared with the same period in 2010, the stable trend in revenues in the first half of 2011 reflects the U.S. dollar-euro exchange rate, which impacted revenues in both the commercial engine and commercial MRO businesses. Adjusted for the exchange rate effect, revenues rose by 5 %.

The company posted its highest growth rate in the commercial engine business, which includes spare parts sales, with revenues rising by 11 % to reach € 633.5 million (1-6/2010: € 569.7 million). In U.S. dollar terms, the growth was even higher at 17 %. The key revenue earners were the V2500 for the Airbus A320 family, the PW2000, which is deployed in the Boeing 757 and C-17, the CF6-80C, which powers the Boeing 747 and Airbus A310 and A330, and the GP7000 for the A380 mega-Airbus. The GEnx engine for the Boeing 787 Dreamliner and 747-8 is also gaining in importance.

As expected, the effects of defense budget cuts make themselves felt in the military engine sector. Revenues amounted to € 210.5 million compared with € 249.3 million in the same period of 2010, which was exceptionally strong due to the timing of the settlement of invoices. The main source of revenues was the EJ200 engine for the Eurofighter.

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[1] **EBIT adjusted = earnings before interest and tax, calculated on a comparable basis**
[2] **Net income adjusted = earnings after tax, calculated on a comparable basis**

MTU Aero Engines Holding AG
Investor Relations
Dachauer Straße 665
80995 Munich Germany
Tel +49 (0)89 14 89-83 13
Fax +49 (0)89 14 89-95 139
www.mtu.de

Behle explained: “We continue to respond to the changes in our sales mix by adjusting our staff planning. Accordingly, employees who previously worked on military programs are being integrated in our commercial engine activities.”

Commercial MRO revenues weighed in at € 518.7 million compared with € 544.0 million in the first half of 2010, with revenue per shop visit remaining slightly below expectations. Adjusted for the effect of the U.S. dollar exchange rate, MRO revenues were stable. The biggest contribution to revenues was made by the V2500 engine for the Airbus A320. “We saw an improvement in commercial MRO revenues between the first and second quarters of 2011,” as CFO Reiner Winkler pointed out, “and we expect this trend to continue over the next two quarters.”

At € 4,259.6 million, the order backlog is equivalent to 1.6 times the annual revenues of 2010 (order backlog Dec. 31, 2010: € 4,506.7 million). This figure does not include the orders for the geared turbofan for the A320neo announced in the previous quarter, including those placed with MTU at the Paris Air Show.

MTU succeeded in improving its earnings in both the OEM and MRO segments.

In the OEM segment, operating profit rose by 19 % to € 122.2 million (1-6/2010: € 103.0 million), while the EBIT margin increased by 1.9 percentage points to 14.5 %.

EBIT in the commercial maintenance business rose by 7 % to € 42.1 million (1-6/2010: € 39.2 million). The EBIT margin for the six-month period grew year-on-year from 7.2 % to 8.1 %. “The enhanced margin in the MRO business is attributable to improved operating efficiency and a renewed increase in the volume of repairs per shop visit,” Winkler added.

MTU boosted its commitment to research and development, increasing its expenditure by 10 % to € 118.0 million (1-6/2010: € 107.8 million), with the company-funded share in R&D growing by 5 % to € 73.8 million and customer-funded expenditure by 17 % to € 44.2 million. The lion's share of R&D expenditure went toward the engines of the PW1000G family for the Airbus A320neo, the Mitsubishi Regional Jet, the Bombardier CSeries and the Irkut MS-21, as well as toward the TP400-D6 engine for the A400M.

At the end of June 2011, MTU posted free cash flow of € 83.6 million compared with a figure of € 125.1 million at the end of June 2010.

MTU's capital expenditure on property, plant and equipment rose by 5 % to € 36.7 million (1-6/2010: € 34.9 million).

MTU's workforce grew by 2 % to 8,038 (Dec. 31, 2010: 7,907), with staffing levels being increased mainly at the company's sites in Canada and Poland, and at MTU Maintenance Hannover.

MTU Aero Engines – key financial data for January through June 2011

(Figures quoted in million €, calculated on a comparable basis. Statements prepared in accordance with IFRS. Figures calculated on a comparable basis apply adjustments to the IFRS consolidated results to exclude restructuring and transaction costs, capitalized development costs and the effects of IFRS purchase accounting).

MTU Aero Engines	**H1 2010**	**H1 2011**	**Change**
Revenues	1,348.8	1,346.5	- 0.2 %
of which OEM business	819.0	844.0	+ 3.1 %
of which commercial engine business	569.7	633.5	+ 11.2 %
of which military engine business	249.3	210.5	- 15.6 %
of which commercial MRO business	544.0	518.7	- 4.7 %
EBIT (calculated on a comparable basis)	144.1	164.0	+ 13.8 %
of which OEM business	103.0	122.2	+ 18.6 %
of which commercial MRO business	39.2	42.1	+ 7.4 %
EBIT margin (calculated on a comparable basis)	*10.7 %*	*12.2 %*	
for OEM business	*12.6 %*	*14.5 %*	
for commercial MRO business	*7.2 %*	*8.1 %*	
Net income (calculated on a comparable basis)	73.3	89.1	+ 21.6 %
Earnings per share (undiluted)	€ 1.24	€ 1.58	+ 27.4 %
Free cash flow	125.1	83.6	- 33.2 %
Research and development expenditure	107.8	118.0	+ 9.5 %
of which company-funded R&D	70.1	73.8	+ 5.3 %
of which outside-funded R&D	37.7	44.2	+ 17.2 %
Capital expenditure on property, plant and equipment	34.9	36.7	+ 5.2 %
	Dec. 31, 2010	**June 30, 2011**	**Change**
Order backlog	4,506.7	4,259.6	- 5.5 %
of which OEM business	4,331.5	4,064.8	- 6.2 %
of which commercial MRO business	177.7	195.3	+ 9.9 %
Employees	7,907	8,038	+ 1.7 %

MTU Aero Engines is not only Germany's leading – and only independent – engine manufacturer, but a major player in the industry. Together with its affiliates, MTU maintains a presence in all key markets and regions. In the commercial engine sector, the company has close working ties with the world's major aero engine manufacturers – General Electric, Pratt & Whitney and Rolls-Royce. In the military sector, MTU is the lead industrial partner for almost every type of engine operated by the German armed forces, and an important partner in all major military aero engine programs in Europe. MTU

Maintenance is the world's biggest independent provider of maintenance services for commercial aircraft engines. The company is a technological leader in low-pressure turbines, high-pressure compressors, manufacturing processes, and repair techniques.

Contacts:
Inka Koljonen
Director Investor Relations
Tel.: + 49 (0)89 14 89-83 13
Mobile: + 49 (0)176-1001 6268

Claudia Heinle
Investor Relations
Tel.: + 49 (0)89 14 89-39 11
Mobile: + 49 (0)176-1001 8069

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