

MTU Aero Engines enhances its position within the IAE consortium

- **MTU's overall share to be increased from 11 to 16 percent**
- **Joint venture to be set up for next-generation engines**

Munich, June 29, 2012 – Germany's leading engine manufacturer is strengthening its role in the International Aero Engines (IAE) consortium, laying the foundation for future revenue and earnings growth. MTU Aero Engines, for its part, has increased its overall stake in the IAE V2500 engine program by five percentage points, effective June 29, 2012, via a separate risk revenue sharing agreement with Pratt & Whitney. At the same time, the four IAE shareholders (Pratt & Whitney, Rolls-Royce, Japanese Aero Engine Corporation, and MTU Aero Engines) are planning to develop, build and maintain next-generation engines for new narrow-body aircraft, setting up a future joint venture for the purpose.

MTU's overall program stake in the V2500 program share rises by almost one half, to 16 percent. This was made possible after Rolls-Royce sold its previous stake in IAE to Pratt & Whitney Aero Engines International, who in turn passed on part of this share to MTU Aero Engines. With the increase in MTU's stake in the V2500, a worldwide best-selling engine that powers A320-family airliners, the company assumes responsibility for an additional 500 or so components. As things stand, MTU's production volume will presumably not change as a result, the share increase resulting in added accountability for controlling the supply chain and parts procured from suppliers. A major part of the added activities will be accomplished handled by MTU Aero Engines Polska, whose range of business will broaden accordingly.

For Germany's number one engine manufacturer, the V2500 continues to be the most important commercial engine program. As a result of the transaction, MTU expects to generate additional sales worth three to four billion euros over the next 25 years. MTU stands to profit from the decision in 2012 already, with initial sales estimated at around 100 million euros. This will have only a slight effect on MTU's 2012 EBIT adjusted due to non-recurring costs incurred. For the following years, then, the added business is expected to make growing contributions towards operating income.

"For us, the increase in our share in the V2500 program is an important step forward to at least achieving our annual revenue target of six billion euros by 2020," said MTU CEO Egon Behle. "The V2500 will no doubt keep playing a vital role in the global engine market over the next decades. Setting up this joint venture for propulsion systems to power next-generation aircraft is another milestone in the



success story of MTU's technology. It gives us a technological edge today, and enhances our competitiveness tomorrow."

The previous IAE partners are planning to hold on to their successful cooperation beyond the V2500 program: The collaboration that proved its worth for the V2500 is to be continued in a joint venture for next-generation engines for the narrow-body market segment. The new joint-venture company will specialize primarily in high-bypass geared turbofan (GTF) engine technology and in conducting studies into the next generation of propulsion systems, which may also cover related technologies and other innovative configurations. The worldwide demand in this rapidly growing market is pegged at some 20,000 new aircraft and almost 45,000 engines over the next 20 years.

MTU Aero Engines, Germany's leading and the country's only independent engine manufacturer, is a global player in the industry. A technology leader, the company excels in high-pressure compressors and low-pressure turbines, as well as in manufacturing and repair procedures. MTU Maintenance is the world's largest independent provider of commercial engine maintenance, repair and overhaul services. In the military arena, MTU is Germany's industrial lead company for practically all engines flown by the country's armed forces. MTU has a workforce of some 8,200 employees and, in fiscal year 2011, posted consolidated sales of more than 2.9 billion euros.

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