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### Record year for MTU: Revenues and earnings at highest-ever level in 2012

- **CEO Behle: “2012 milestone on path toward target of € 6 billion in revenues by 2020.”**
- **2013 continued growth in revenues and earnings**

*- Provisional figures – subject to Supervisory Board approval -*

Munich, February 19, 2013 – 2012 was the most successful financial year in the history of MTU Aero Engines Holding AG, as the company announced during the presentation of its provisional financial statements at the annual results press conference on Tuesday, February 19, 2013. MTU’s revenues reached the record level of € 3,378.6 million (2011: € 2,932.1 million), thus exceeding the company’s forecast of € 3.3 billion. The group also clearly met its target of around € 370 million in operating profit<sup>1</sup>, posting an increase of 14 % to € 374.3 million (2011: € 329.6 million) – another record high. Return on sales amounted to 11.1 %, compared with 11.2 % in 2011. MTU’s earnings after tax<sup>2</sup> improved by 18 % from € 197.7 million to a new peak of € 233.4 million, better than the company’s forecast of around € 225 million.

Summing up the year’s performance, Egon Behle, CEO of MTU Aero Engines Holding AG, said: “In 2012, we successfully leveraged MTU’s strong market position to generate significant organic growth, and this is clearly reflected in our business results. We revised all of our forecasts upward in the course of the year, and met all of these ambitious targets. And to crown these achievements we set a string of new records in 2012.” He adds: “This gratifying result has taken us one big step closer to realizing our goal of € 6 billion in revenues by 2020.”

### Outlook for 2013

Air passenger traffic will continue to rise in 2013, especially in the Asia-Pacific region and Latin America, where growth rates are expected to exceed the global average according to industry experts. The prospects for sustained growth in the Middle East are also very good. In each of these regions, MTU is well positioned in both the OEM and commercial maintenance sectors, and in many cases also has its own local presence. “This will enable us to profit maximally from all market opportunities that present themselves in 2013,” says CFO Reiner Winkler. “In the commercial sector of our OEM business, we expect growing revenues from the new GEnx and GP7000 programs. We also anticipate further growth in deliveries of V2500 engines, with the full effect of our increased program stake in 2013.” The area of strongest growth in 2013 will probably be the commercial engine business, with an increase in revenues of 20 to 25% based on U.S. dollars. Spare parts sales, expressed in U.S. dollars, are likely to increase by around 15 %, while MTU’s revenues in the military engine business are expected to remain stable. MTU expects revenue growth in the commercial maintenance segment,

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<sup>1</sup> Adjusted EBIT = Earnings before interest and tax, calculated on a comparable basis

<sup>2</sup> Adjusted net income = Earnings after tax, calculated on a comparable basis



expressed in U.S. dollars, to lie within the high single-digit percentage range. As Winkler explains “This estimate is based on the steadily growing demand for maintenance services for the V2500, GE90 and CF34 programs.” MTU aims to increase group revenues by 10 to 12 % in the financial year 2013. Operating profit (adjusted EBIT) and earnings after tax (adjusted net income) are also expected to rise by 10 to 12 %. Research and development expenditure on the new programs will be reduced slightly in 2013.

### **Higher revenues in all operating segments**

MTU’s revenues increased in 2012 in all areas of its business.

Revenues in the commercial engine business amounted to € 1,603.1 million, a year-on-year increase of 14 % (2011: € 1,401.1 million). The key revenue drivers in the commercial engine business, including spare parts sales, were the V2500 for the Airbus A320 family, the PW2000 for the Boeing 757 and C-17, and the GP7000 that powers the A380. The GEnx engine for the Boeing 787 Dreamliner and 747-8 is also gaining in importance.

Revenues in the military engine business increased by 13 % from € 445.5 million to € 503.3 million. The main source of these revenues was the EJ200 Eurofighter engine.

The highest percentage increase was recorded in the MRO segment, where revenues grew by 17 % from € 1,116.6 million in 2011 to € 1,305.7 million in 2012. The main revenue contributor was the V2500 engine, which powers the Airbus A320 family.

“The high capacity utilization of our maintenance shops, an unexpectedly high demand for maintenance services in the military sector, the continuing upward trend in revenues from our commercial engine programs, and not least our expanded share in the V2500 program, all contributed to the solid 15 % increase in MTU’s revenues in 2012,” said Behle.

### **Order backlog as basis for future profits**

MTU’s order backlog of € 11,479.6 million (2011: € 10,537.1 million) represents a workload of more than three years’ production capacity. “Our order backlog reached a very high level in 2012 – despite the fact that it does not yet include a certain number of orders,” says Behle. “The geared turbofans of the PW1000G family and the V2500 are the two most important engine programs in terms of order volume, and will remain the pillars of MTU’s success in the future.” The V2500 powers the Airbus A320 family of aircraft, while the geared turbofans of the PW1000G family will be deployed in the Airbus A320neo, the Bombardier CSeries, the Mitsubishi Regional Jet, the Embraer E-170 and E-190, and the Irkut MS-21.



### **Consistently high profitability**

In 2012, MTU once again demonstrated its high profitability with a return on sales in the two-digit percentage range. In the OEM segment, operating profit rose by 11 % to € 264.7 million (2011: € 238.9 million), with a corresponding EBIT margin of 12.6 % (2011: 12.9 %).

Earnings improved substantially in the MRO operating segment, where EBIT increased by 20 % from € 93.7 million to € 112.1 million, and the EBIT margin grew by 0.2 percentage points to 8.6 %.

CFO Reiner Winkler: “MTU’s shareholders shall benefit from these record results in the form of an appropriate dividend. We intend to repay the confidence they have placed in us during the past financial year by offering a dividend in line with our established dividend policy.” The actual amount of the proposed dividend will be announced after the Supervisory Board meeting on March 13, 2013, and submitted to the Annual General Meeting for approval on May 3, 2013. In 2011, a dividend of € 1.20 was paid out per share.

### **11 % of OEM revenues spent on R&D**

Total research and development expenditure in 2012 amounted to € 241.4 million (2011: € 261.9 million). This is equivalent to approximately 11 % of revenues in the OEM business, where this expenditure is incurred. Company funded R&D amounting to € 113.0 million (2011: € 131.6 million) were recognized as an expense in the income statement. “Geared turbofan technology was once again the main focus of our R&D activities in 2012,” explains Behle. “But the associated costs were lower than in previous years, as expected, because these programs have meanwhile advanced to the final stages of development and in certain cases are about to enter the certification phase.”

### **Free cash flow of € 85.7 million**

Free cash flow in 2012 amounted to € 85.7 million (2011: € 129.0 million), which concurs with the planned target of a figure in the high double-digit million range.

### **Investing in the future**

Capital expenditure on property, plant and equipment in 2012 amounted to € 99.4 million, compared with € 113.7 million in 2011. The greater part of this expenditure related to the construction of the new blisk manufacturing facility in Munich, the installation of technical equipment, plant and machinery in this new center, and the further expansion of MTU Maintenance Zhuhai.

### **Workforce increased by 4 %**

At December 31, 2012, MTU’s workforce comprised 8,541 employees, or 4 % more than at the end of 2011 (December 31, 2011: 8,202 employees). This increase is attributable to the recruitment of additional staff to support the growth in international maintenance activities, the company’s enhanced role in the V2500 engine program, and to build up skilled capacity for the geared turbofan programs.

MTU Aero Engines will publish its annual report on March 13, 2013.

### MTU Aero Engines – Key financial data for 2012

(Figures quoted in € million, calculated on a comparable basis. Statements prepared in accordance with IFRSs.)

MTU Aero Engines	2011	2012	Change
Revenues	2,932.1	3,378.6	+ 15.2 %
of which OEM business	1,846.6	2,106.4	+ 14.1 %
of which commercial engine business	1,401.1	1,603.1	+ 14.4 %
of which military engine business	445.5	503.3	+ 13.0 %
of which commercial MRO business	1,116.6	1,305.7	+ 16.9 %
EBIT (calculated on a comparable basis)	329.6	374.3	+ 13.6 %
of which OEM business	238.9	264.7	+ 10.8 %
of which commercial MRO business	93.7	112.1	+ 19.6 %
<i>EBIT margin (calculated on a comparable basis)</i>	<i>11.2 %</i>	<i>11.1 %</i>	
<i>for OEM business</i>	<i>12.9 %</i>	<i>12.6 %</i>	
<i>for commercial MRO business</i>	<i>8.4 %</i>	<i>8.6 %</i>	
Net income (calculated on a comparable basis)	197.7	233.4	+ 18.1 %
Net income (reported)	159.2	173.9	+ 9.2 %
Earnings per share (undiluted, reported)	€ 3.26	€ 3.43	+ 5.2 %
Free cash flow*	129.0	85.7	- 33.6 %
Research and development expenditure	261.9	241.4	- 7.8 %
of which company-funded R&D	165.8	160.7	- 3.1 %
of which outside-funded R&D	96.1	80.7	- 16.0 %
<i>R&amp;D costs recognized as expense</i>	<i>131.6</i>	<i>113.0</i>	<i>- 14.1 %</i>
Capital expenditure on property, plant and equipment	113.7	99.4	- 12.6 %
	<b>Dec. 31, 2011</b>	<b>Dec. 31, 2012</b>	<b>Change</b>
Order backlog	10,537.1	11,479.6	+ 8.9 %
of which OEM business	4,776.6	5,640.4	+ 18.1 %
of which commercial MRO business	5,760.5	5,839.2	+ 1.4 %
Employees	8,202	8,541	+ 4.1 %

\* excluding IAE share increase



## Outlook for 2013

in € million	2012	Outlook for 2013
Revenues	3,378.6	+ 10 % to + 12 %
Adjusted EBIT	374.3	+ 10 % to + 12 %
Adjusted net income	233.4	+ 10 % to + 12 %

## MTU Aero Engines – Key financial data for Q4/2012

*(Figures quoted in € million, calculated on a comparable basis. Statements prepared in accordance with IFRSs.)*

MTU Aero Engines	Q4 2011	Q4 2012	Change
Revenues	864.8	910.6	+ 5.3 %
of which OEM business	555.3	616.1	+ 10.9 %
of which commercial engine business	431.1	461.2	+ 7.0 %
of which military engine business	124.2	154.9	+ 24.7 %
of which commercial MRO business	317.9	303.9	- 4.4 %
EBIT (calculated on a comparable basis)	84.3	96.3	+ 14.2 %
of which OEM business	56.8	70.6	+ 24.3 %
of which commercial MRO business	27.8	26.5	- 4.7 %
Net income (calculated on a comparable basis)	50.0	60.3	+ 20.6 %
Net income (reported)	42.5	13.5	- 68.2 %
Free cash flow	19.1	19.4	+ 1.6 %
Research and development expenditure	78.5	67.9	- 13.5 %
of which company-funded	49.8	47.4	- 4.8 %
of which outside-funded	28.7	20.5	- 28.6 %

### **About MTU Aero Engines**

MTU Aero Engines is Germany's leading and sole independent engine manufacturer, and an established global player in the industry, specializing in the development, manufacture, marketing and support of commercial and military aircraft engines and industrial gas turbines. The company is a technological leader in low-pressure turbines, high-pressure compressors, manufacturing processes and repair techniques. MTU Maintenance is the world's largest independent provider of maintenance services for commercial aircraft engines. In the military sector, MTU is the lead industrial partner for almost every type of engine flown by the German armed forces. MTU operates a worldwide network of manufacturing plants and maintenance shops, coordinated by its corporate headquarters in Munich.

*Geared turbofan is a trademark of Pratt & Whitney.*



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*The Annual Report is available as from March 13, 2013, as a downloadable PDF file on the Internet at [www.mtu.de](http://www.mtu.de) under Investor Relations -> Financial Reports, and from early April onward in printed form.*

**Cautionary note regarding forward-looking statements**

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, competition from other companies in MTU Aero Engines' industry and MTU Aero Engines' ability to retain or increase its market share, the cyclical nature of the airline industry, risks related to MTU Aero Engines' participation in consortia and risk and revenue sharing agreements for new aero engine programs, risks associated with the capital markets, currency exchange rate fluctuations, regulations affecting MTU Aero Engines' business and MTU Aero Engines' ability to respond to changes in the regulatory environment, and other factors. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. MTU Aero Engines assumes no obligation to update any forward-looking statement.