
MTU Aero Engines AG with significantly higher revenues and earnings after nine months

- **End-of-year targets reaffirmed**

Munich, October 26, 2015 – In the first nine months of 2015, MTU Aero Engines AG boosted its revenues by 16% to €3,257.0 million (1-9/2014: €2,811.6 million). The group's operating profit¹ grew by 23% to €333.1 million (1-9/2014: €270.9 million), while the EBIT margin rose from 9.6% to 10.2%. Net income² increased by 30% to €231.4 million (1-9/2014: €178.3 million).

“The favorable U.S. dollar exchange rate has again acted as a tailwind for both our revenues and our earnings. Based on the nine month results, and given the persistently positive market environment and currency situation, we are in a position to reaffirm the targets we set for the full financial year,” said Reiner Winkler, CEO of MTU Aero Engines AG. “In other words, 2015 is likely to be yet another record-breaking year for MTU.”

MTU's commercial maintenance business recorded the highest increase in revenues for the nine-month period, which rose by 25% to €1,148.4 million (1-9/2014: €920.8 million). The main source of these revenues was the V2500 engine for the Airbus A320.

In the commercial engine business, revenues increased by 15%, from €1,563.9 million to €1,792.8 million. Together, the V2500, the GP7000 engine for the A380 and the GEnx for the Boeing 787 and 747-8 accounted for the major part of these revenues.

Revenues in the military engine business amounted to €345.9 million, compared with €351.7 million in the same period of 2014. The EJ200 Eurofighter engine was the main source of these revenues.

MTU's order backlog amounted to €11,126.8 million (31.12.2014: €11,176.5 million), which corresponds to a production span of around two-and-a-half years. The majority of these orders relate to the V2500 engine for the Airbus A320 and the PW1000G family of geared turbofan™ engines, most notably the PW1100G-JM for the A320neo. “In recent months, Airbus has won a significant number of major contracts for its A320 and A320neo airliners,” added Michael Schreyögg, Chief Program Officer of MTU Aero Engines AG. “This presents good opportunities for the engine programs on these aircraft in which MTU is a partner.”

MTU's operating profit grew substantially in the first nine months of 2015, especially in the commercial maintenance business, where MTU registered an increase of 41% to €112.4 million (1-9/2014: €79.9 million). The EBIT margin in the MRO segment rose by 1.1 percentage points to

¹ Adjusted EBIT = Earnings before interest and tax, calculated on a comparable basis

² Adjusted net income = Earnings after tax, calculated on a comparable basis



9.8%. In the OEM segment, adjusted EBIT increased by 16% to €220.4 million (1-9/2014: €189.4 million). This raised the EBIT margin in this segment to 10.3%, compared with 9.9% in the equivalent period of 2014.

MTU's R&D expenditure increased by 25% to €155.8 million (1-9/2014: €124.8 million) in the first nine months of 2015. Stepped-up development work on new engine programs, for which the costs are capitalized, accounted for a large part of this expenditure. Consequently, the expense for company-funded R&D recognized in the income statement decreased from €58.0 million to €46.2 million. The geared turbofan™ programs and the GE9X for the Boeing 777X were the main focus of the group's R&D activities.

MTU's free cash flow at the end of September amounted to €119.4 million, which is 42% higher than in the previous year (1-9/2014: €84.3 million). "Our free cash flow is continuing to develop positively," reported Winkler. "Taking into account the anticipated 4th-quarter cash outflows, we expect to achieve a year-end result in the upper two-digit million range. This is almost double last year's result."

At €68.7 million, MTU's capital expenditure on property, plant and equipment was 7% higher than in the first nine months of 2014 (€64.3 million). As COO Dr. Rainer Martens explains, "We are intensively ramping up our production capacity to prepare for the imminent series-production phase of the geared turbofan™ programs, which has necessitated the purchase of new plant and machinery."

At the end of September 2015, MTU had 8,388 employees on its payroll, which is roughly the same number as at the end of 2014 (December 31, 2014: 8,333).

MTU maintains its outlook for the financial year 2015. The group expects to generate revenues in the region of €4,600 million (2014: €3,913.9 million). It expects adjusted EBIT to increase to around €430 million (2014: €382.7 million) and earnings after tax to approximately €295 million (adjusted net income 2014: €253.3 million).



MTU Aero Engines – Key financial data for January through September 2015

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

MTU Aero Engines	At September 30, 2014	At September 30, 2015	Change
Revenues	2,811.6	3,257.0	+ 15.8 %
of which OEM business	1,915.6	2,138.7	+ 11.6 %
of which commercial engine business	1,563.9	1,792.8	+ 14.6 %
of which military engine business	351.7	345.9	- 1.6 %
of which commercial maintenance	920.8	1,148.4	+ 24.7 %
EBIT (calculated on a comparable basis)	270.9	333.1	+ 23.0 %
of which OEM business	189.4	220.4	+ 16.4 %
of which commercial maintenance	79.9	112.4	+ 40.7 %
<i>EBIT margin (calculated on a comparable basis)</i>	<i>9.6 %</i>	<i>10.2 %</i>	
<i> for OEM business</i>	<i>9.9 %</i>	<i>10.3 %</i>	
<i> for commercial maintenance</i>	<i>8.7 %</i>	<i>9.8 %</i>	
Net income (calculated on a comparable basis)	178.3	231.4	+ 29.8 %
Net income (reported)	138.2	151.8	+ 9.8 %
Earnings per share (undiluted, reported)	€2.72	€2.97	+ 9.2 %
Free cash flow	84.3	119.4	+ 41.6 %
Research and development expenditure	124.8	155.8	+ 24.8 %
of which company-funded	98.2	124.9	+ 27.2 %
of which outside-funded	26.6	30.9	+ 16.2 %
<i> Company-funded R&D recognized as expense</i>	<i>58.0</i>	<i>46.2</i>	<i>- 20.3 %</i>
Capital expenditure on property, plant and equipment	64.3	68.7	+ 6.8 %
	Dec. 31, 2014	Sep. 30, 2015	Change
Order backlog	11,176.5	11,126.8	- 0.4 %
of which OEM business	6,763.6	6,744.1	- 0.3 %
of which commercial maintenance	4,412.9	4,382.7	- 0.7 %
Number of employees	8,333	8,388	+ 0.7 %



MTU Aero Engines – Key financial data for Q3 / 2015

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

MTU Aero Engines	Q3 2014	Q3 2015	Change
Revenues	995.8	1,055.0	+ 5.9 %
of which OEM business	657.2	671.6	+ 2.2 %
of which commercial engine business	531.0	541.0	+ 1.9 %
of which military engine business	126.2	130.6	+ 3.5 %
of which commercial MRO business	347.9	394.2	+ 13.3 %
EBIT (calculated on a comparable basis)	100.2	120.3	+ 20.1 %
of which OEM business	66.9	81.2	+ 21.4 %
of which commercial MRO business	31.9	38.9	+ 21.9 %
Net income (calculated on a comparable basis)	67.3	84.2	+ 25.1 %
Net income (reported)	54.3	47.8	- 12.0 %
Free cash flow	66.4	32.7	- 50.8 %
Research and development expenditure	45.6	53.8	+ 18.0 %
of which company-funded	38.2	45.8	+ 19.9 %
of which outside-funded	7.4	8.0	+ 8.1 %

About MTU Aero Engines

MTU Aero Engines AG is Germany's leading engine manufacturer, with core competencies in low-pressure turbines, high-pressure compressors, turbine center frames, manufacturing processes and repair techniques. MTU plays a key role in the new engine market through its partnership in many international development, manufacturing and sales programs, to which it contributes its high-tech components. One third of the global fleet of passenger airliners relies on components supplied by MTU. MTU is one of the world's top 5 providers of maintenance services for commercial aircraft engines and industrial gas turbines. These activities are combined under the roof of MTU Maintenance. In the military sector, MTU Aero Engines is the lead industrial partner for almost every type of engine flown by the German armed forces. MTU operates affiliates around the globe; its corporate headquarters are based in Munich, Germany.

Geared Turbofan is a trademark application of Pratt & Whitney

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