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MTU Aero Engines AG launches new convertible bond offering and solicits offers from investors to sell the outstanding convertible bonds due 2023 (ISIN DE000A2AAQB8)

Munich, 10 September 2019: The executive board of MTU Aero Engines AG (the "**Company**"), with the approval of the Company's supervisory board, resolved today on the concurrent launch of the following transactions:

- The offering of senior, unsecured convertible bonds in an aggregate principal amount of EUR 500 million, maturing in March 2027 (the "**New Convertible Bonds**")
- The invitation to holders of the outstanding senior, unsecured convertible bonds due 2023 with an outstanding aggregate nominal amount of EUR 500 million, ISIN DE000A2AAQB8 (the "**Outstanding Convertible Bonds**") to submit offers to sell for cash up to EUR 275 million in aggregate principal amount of Outstanding Convertible Bonds via a modified Dutch auction procedure (the "**Invitation to Sell**")

The contemplated transactions aim to optimise the company's capital structure through the partial early refinancing of the Outstanding Convertible Bonds. The issue of the New Convertible Bonds will enable MTU Aero Engines AG to extend its debt maturity profile. The proceeds of the New Convertible Bonds will be used to finance the partial repurchase of the Outstanding Convertible Bonds in connection with the Invitation to Sell and for general corporate purposes.

New Convertible Bonds

The New Convertible Bonds will have an aggregate principal amount of EUR 500 million and will be convertible into new and/or existing no-par value ordinary registered shares of the Company (the "**Ordinary Shares**"). The Company is using an authorisation from its annual general meeting in 2019 for the issuance of the New Convertible Bonds. The shareholders' subscription rights will be excluded.

The New Convertible Bonds will have a maturity of 7.5 years and will be issued in a denomination of EUR 100,000 each. The New Convertible Bonds will bear a fixed coupon of 0.05% per annum, payable annually in arrear. The New Convertible Bonds are expected to be issued at a price between 101.50% and 104.50%, implying a yield to maturity between -0.54% and -0.15%, and a conversion premium between 50% and 60% above the reference share price



(being the average of the daily volume-weighted average prices of the no-par value ordinary registered shares of the Company on XETRA on 11, 12 and 13 September 2019).

The final terms of the New Convertible Bonds are expected to be announced later today through a separate press release, and settlement is expected to take place on or around 18 September 2019. The inclusion of the New Convertible Bonds in the open market segment (*Freiverkehr*) of the Frankfurt Stock Exchange is expected shortly thereafter.

The Company will have the option to redeem the New Convertible Bonds at their principal amount (plus accrued but unpaid interest) in accordance with the terms and conditions of the New Convertible Bonds at any time (i) on or after 8 April 2025 if the price of the Ordinary Shares is equal to or exceeds 130% of the then prevailing conversion price over a specified period or (ii) if 20% or less of the aggregate principal amount of the New Convertible Bonds originally issued remains outstanding.

The New Convertible Bonds will be offered by way of an accelerated bookbuilding to institutional investors outside the United States of America (the "United States") in reliance on Regulation S (Category 1) under the United States Securities Act of 1933 as amended, as well as outside of Australia, Japan and any other jurisdiction in which offers or sales of the New Convertible Bonds would be prohibited by applicable law.

Invitation to Sell

The Company invites eligible holders of the Outstanding Convertible Bonds to make offers to sell for cash via a modified Dutch auction procedure. The Company intends to accept offers to sell up to an amount of EUR 275 million in aggregate principal amount of the Outstanding Convertible Bonds. EUR 500 million in aggregate principal amount of the Outstanding Convertible Bonds remained outstanding as at 5:30 p.m. CEST on 9 September 2019.

The purchase price per EUR 100,000 nominal amount of the Outstanding Convertible Bonds will be between EUR 203,500 and EUR 204,250, adjusted based on the average of the daily volume-weighted average prices of the no-par value ordinary registered shares of the Company on XETRA on 11, 12 and 13 September 2019. In addition, the Company will pay interest accrued on the Outstanding Convertible Bonds from and including the immediately preceding interest payment date to but excluding the settlement date of the Invitation to Sell, which amounts to EUR 42.69 per Bond.

The Company will decide in its sole discretion whether, to what extent and at what price it will repurchase Outstanding Convertible Bonds.

The Invitation to Sell is not being made, directly or indirectly, in or into the United States by use of the mails or by any means or instrumentality (including, without limitation, e-mail, facsimile transmission, telephone and the internet) of interstate or foreign commerce, or of any facility of



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