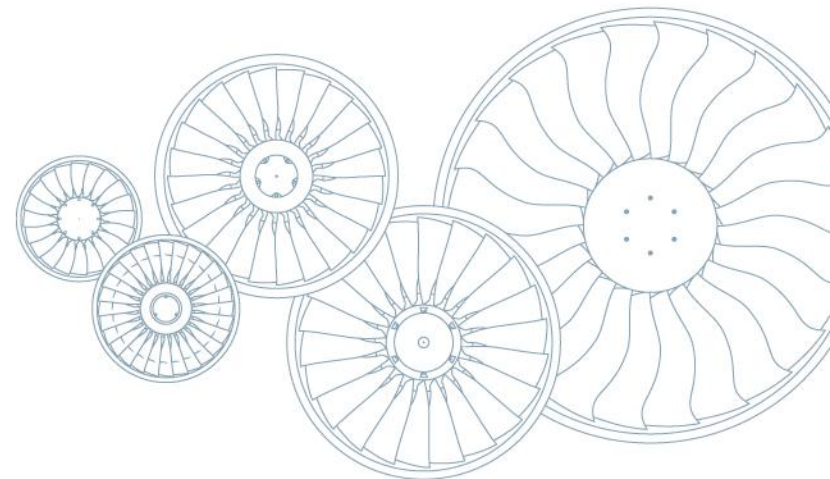




# Q2 2014 Results - MTU Aero Engines

Conference Call with Investors and Analysts  
24 July 2014



## Agenda

- **Business Highlights**
- Group key figures
- Commercial and Military OEM
- Commercial MRO
- Guidance
- Appendix

## Business Highlights

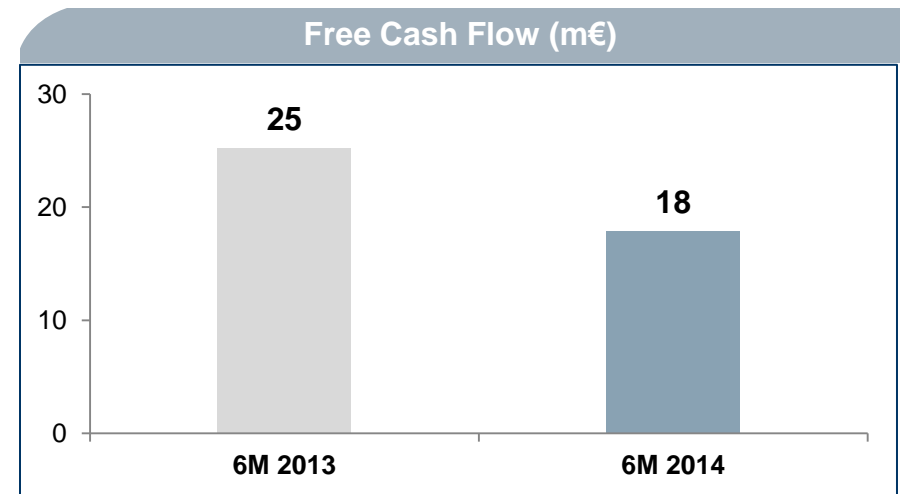
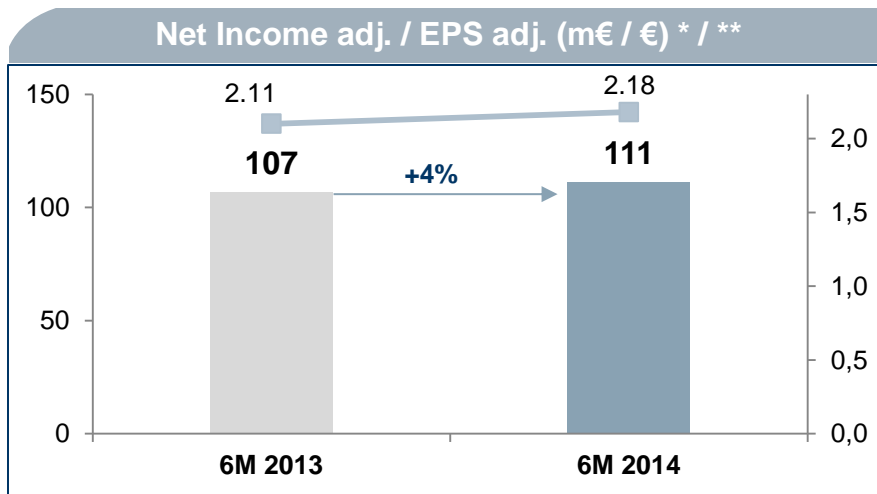
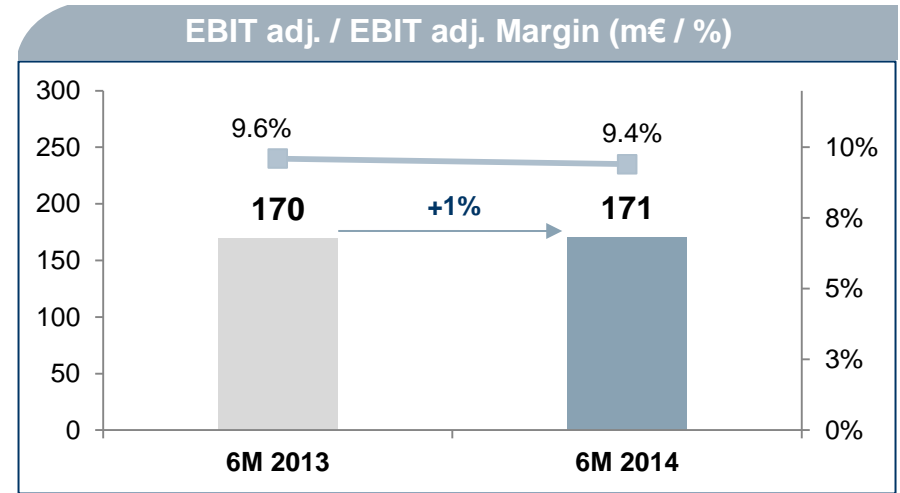
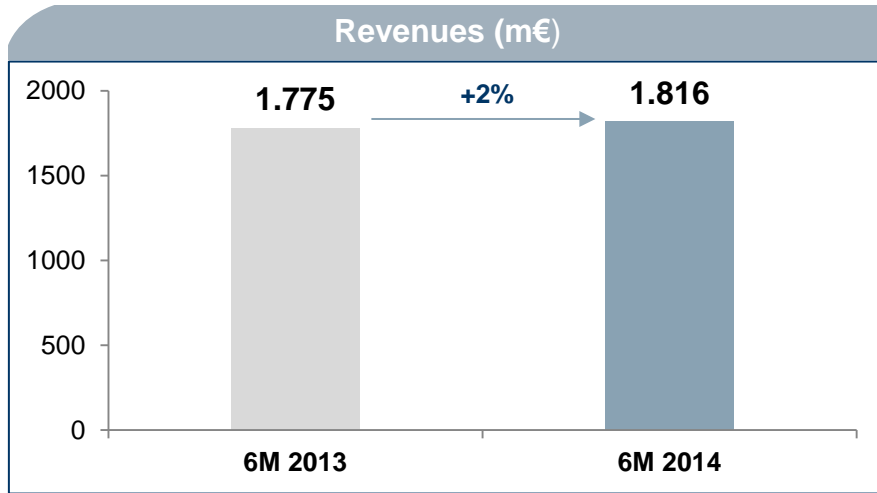
- IATA passenger traffic up 6.2% ytd. in May 2014
- Program stake of 4% secured on GE9x
- Order wins of € 1.3 bn at Farnborough Air Show



## Agenda

- Business Highlights
- **Group key figures**
- Commercial and Military OEM
- Commercial MRO
- Guidance
- Appendix

# Financial Highlights

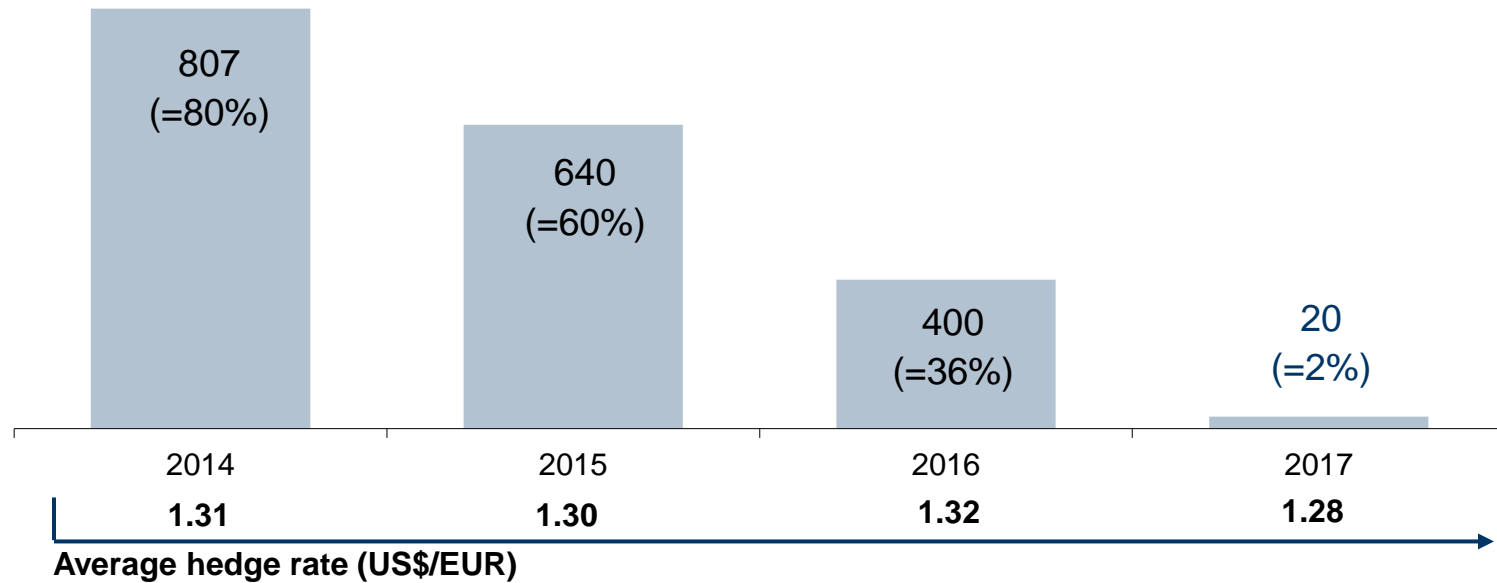


\* w/o market-to-market valuations of US\$, Nickel and Options and others \*\* New underlying tax rate of 30% for 2014

# US\$ Exchange Rate / Hedge Portfolio

Hedge book as of July 24, 2014 (*% of net exposure*)

(mUS\$)



## Agenda

- Business Highlights
- Key Financial Highlights / Group figures
- **Commercial and Military OEM**
- Commercial MRO
- Guidance
- Appendix

## Commercial OEM Business

- 4% program stake in GE9x widebody engine
- Over 6,000 GTF engines (incl. options) on order
- GTF engine testing progressing further
- First GTF engines delivered to Mitsubishi and Airbus
- High thrust version on A321neo launched
- GTF on A320neo with additional 2% fuel burn reduction



## Military Business

- Excellent mission performance of A400M engine
- Engines delivered for first UK and German A400M aircraft
- Growing interest from export customers





## OEM Segment

Order book	31/12/2013	30/06/2014	Change
<b>Order book in m€</b>	<b>5,403.6</b>	<b>6,240.3</b>	<b>15%</b>
Commercial business in m US\$	6,185.8	7,373.4	19%
Military business in m€	918.2	841.7	-8%

(in m€)	6M 2013	6M 2014	Change
<b>Revenues</b>	<b>1,176.8</b>	<b>1,258.4</b>	<b>7%</b>
Commercial business	953.6	1,032.9	8%
Military business	223.2	225.5	1%

- Order book Commercial business increased by 19 % to US\$ 7.4 bn
- Underlying US\$ Commercial business sales increased by 13 %
- Military revenues stable



## OEM Segment

(in m€)	6M 2013	6M 2014	Change
<b>Revenues</b>	<b>1,176.8</b>	<b>1,258.4</b>	<b>7%</b>
<b>Gross profit</b>	<b>174.4</b>	<b>180.1</b>	<b>3%</b>
<i>Gross profit margin</i>	<i>14.8%</i>	<i>14.3%</i>	
<b>R&amp;D according to IFRS</b>	<b>44.7</b>	<b>36.3</b>	<b>-19%</b>
<b>EBIT adj.</b>	<b>115.3</b>	<b>122.5</b>	<b>6%</b>
<i>EBIT adj. margin</i>	<i>9.8%</i>	<i>9.7%</i>	

- Gross Profit margin slightly down to 14.3%
- R&D decreased by € 8.4 m
- EBIT margin flat



## Agenda

- Business Highlights
- Key Financial Highlights / Group figures
- Commercial and Military OEM
- **Commercial MRO**
- Guidance
- Appendix

## Commercial MRO Business

(in mUS\$)	31/12/2013	30/06/2014	Change
<b>Contract volume</b>	<b>5,476.4</b>	<b>5,345.3</b>	<b>-2%</b>
(in m€)	6M 2013	6M 2014	Change
<b>Revenues</b>	613.4	572.9	-7%
<b>Gross profit</b>	75.7	67.2	-11%
<i>Gross profit margin</i>	12.3%	11.7%	
<b>EBIT adj.</b>	54.3	48.0	-12%
<i>EBIT adj. margin</i>	8.9%	8.4%	

- Contract volume roughly flat at US\$ 5.3 bn
- US\$ revenues declined by 3%
- EBIT margin slightly down to 8.4%



## Update on Guidance 2014

in m€	FY 2013 adjusted for MTU Zhuhai	Guidance 2014 old	Guidance 2014 new
<b>Revenues</b>	3,574.1	~3,750	~ 3,650
<b>EBIT adj.</b>	373.1 10.4%	~ stable	~ 375
<b>Net income adj.</b>	235.7	~ stable	~ 245

- Series revenues expected to increase by ~ 10%
- Spare parts revenues expected to grow high single digit
- Military revenues down ~ 5%
- Commercial MRO revenues expected to be flat
- Slight headwind from FX

## Agenda

- Business Highlights
- Key Financial Highlights / Group figures
- Commercial and Military OEM
- Commercial MRO
- Guidance
- **Appendix**

## Profit & Loss Highlights – New Underlying tax rate of 30%

	Q2 2013	Q2 2014	Change		6M 2013	6M 2014	Change
<b>Revenues</b>	<b>868.9</b>	<b>902.8</b>	<b>4%</b>		<b>1,774.9</b>	<b>1,815.8</b>	<b>2%</b>
<b>EBIT adj.</b>	<b>81.4</b>	<b>81.7</b>	<b>0%</b>		<b>169.7</b>	<b>170.7</b>	<b>1%</b>
<i>Thereof „at equity“ results</i>	3.2	3.7			8.2	7.6	
Interest result	-2.0	-2.2			-5.3	-4.7	
Interest for pension provisions	-5.0	-5.4			-10.0	-10.7	
<b>Financial result</b>	<b>-7.0</b>	<b>-7.6</b>			<b>-15.3</b>	<b>-15.4</b>	<b>-1%</b>
<b>EBT adj. *</b>	<b>74.4</b>	<b>74.1</b>	<b>0%</b>		<b>154.4</b>	<b>155.3</b>	<b>1%</b>
Taxes **	-23.2	-21.1			-47.7	-44.3	
<b>Net Income adj.**</b>	<b>51.2</b>	<b>53.0</b>	<b>4%</b>		<b>106.7</b>	<b>111.0</b>	<b>4%</b>
<b>EPS adj. **</b>	<b>1.01</b>	<b>1.04</b>	<b>3%</b>		<b>2.11</b>	<b>2.18</b>	<b>3%</b>

\*) w/o market-to market valuations of US\$, Nickel , options and others

\*\*\*) at equity results excluded from taxation / underlying tax rate in 2014: 30% - in 2013: 32.6%

## Profit & Loss

(in m€)	Q2 2013	Q2 2014	Change	6M 2013	6M 2014	Change
<b>Revenues</b>	<b>868.9</b>	<b>902.8</b>	<b>4%</b>	<b>1,774.9</b>	<b>1,815.8</b>	<b>2%</b>
Total Cost of Sales	-749.9	-782.8		-1,521.7	-1,565.7	
<b>Gross Profit</b>	<b>119.0</b>	<b>120.0</b>	<b>1%</b>	<b>253.2</b>	<b>250.1</b>	<b>-1%</b>
<i>Gross Profit Margin</i>	13.7%	13.3%		14.3%	13.8%	
R&D company funded	-17.8	-16.7		-46.5	-38.4	
SG&A	-38.9	-38.2		-77.0	-76.0	
Other operating income (expense)	1.6	1.0		3.0	3.8	
Operating income from investments	3.2	3.8		8.2	7.7	
<b>EBIT reported</b>	<b>67.1</b>	<b>69.9</b>	<b>4%</b>	<b>140.9</b>	<b>147.2</b>	<b>4%</b>
<i>Adjustment (PPA Depreciation &amp; Amortization)</i>	8.9	6.3		17.9	12.5	
<i>Adjustment (IAE Upshare)</i>	5.4	5.5		10.9	11.0	
<b>EBIT adj.</b>	<b>81.4</b>	<b>81.7</b>	<b>0%</b>	<b>169.7</b>	<b>170.7</b>	<b>1%</b>
<i>Financial Result</i>	-8.3	-15.0		-26.8	-23.0	
<b>Profit before tax (EBT)</b>	<b>58.8</b>	<b>54.9</b>	<b>-7%</b>	<b>114.1</b>	<b>124.2</b>	<b>9%</b>
Taxes	-22.6	-14.9		-41.1	-37.4	
<b>Net Income reported</b>	<b>36.2</b>	<b>40.0</b>	<b>10%</b>	<b>73.0</b>	<b>86.8</b>	<b>19%</b>
Net Income adj.	51.2	53.0	4%	106.7	111.0	4%
<b>EPS reported</b>	<b>0.71</b>	<b>0.79</b>		<b>1.44</b>	<b>1.71</b>	
EPS adj.	1.01	1.04		2.11	2.18	



## Segment Revenues and EBIT adj.

(in m€)	Q2 2013	Q2 2014	Change	6M 2013	6M 2014	Change
<b>Revenues Group</b>	<b>868.9</b>	<b>902.8</b>	<b>4%</b>	<b>1,774.9</b>	<b>1,815.8</b>	<b>2%</b>
OEM Commercial	465.2	532.4	14%	953.6	1,032.9	8%
OEM Military	111.0	108.9	-2%	223.2	225.5	1%
MRO	300.3	269.3	-10%	613.4	572.9	-7%
Consolidation	-7.6	-7.8		-15.3	-15.5	
<b>EBIT adj. Group</b>	<b>81.4</b>	<b>81.7</b>	<b>0%</b>	<b>169.7</b>	<b>170.7</b>	<b>1%</b>
OEM (Commercial / Military)	56.3	61.7	10%	115.3	122.5	6%
MRO	25.9	21.0	-19%	54.3	48.0	-12%
Consolidation	-0.8	-1.0		0.1	0.2	
<b>EBIT margin adj. Group</b>	<b>9.4%</b>	<b>9.0%</b>		<b>9.6%</b>	<b>9.4%</b>	
OEM (Commercial / Military)	9.8%	9.6%		9.8%	9.7%	
MRO	8.6%	7.8%		8.9%	8.4%	

## Research & Development

(in m€)	Q2 2013	Q2 2014	Change		6M 2013	6M 2014	Change
<b>Company expensed R&amp;D</b>	<b>28.7</b>	<b>26.4</b>	<b>-8%</b>		<b>68.8</b>	<b>60.0</b>	<b>-13%</b>
OEM	27.4	25.2			66.6	57.9	
MRO	1.3	1.2			2.2	2.1	
<b>Capitalization of R&amp;D</b>	<b>-10.9</b>	<b>-9.7</b>			<b>-22.3</b>	<b>-21.6</b>	
OEM	-10.7	-9.7			-21.9	-21.6	
MRO	-0.2				-0.4		
<b>R&amp;D according to IFRS</b>	<b>17.8</b>	<b>16.7</b>	<b>-6%</b>		<b>46.5</b>	<b>38.4</b>	<b>-17%</b>
Customer funded R&D	13.1	9.5			26.9	19.2	
<b>Total R&amp;D</b>	<b>41.8</b>	<b>35.9</b>	<b>-14%</b>		<b>95.7</b>	<b>79.2</b>	<b>-17%</b>

## Cash Flow

(in m€)	6M 2013	6M 2014	Change
<b>Net Income IFRS</b>	<b>73.0</b>	<b>86.8</b>	<b>19%</b>
Depreciation and amortization	79.0	76.3	
Change in provisions *	-78.4	-6.9	
Change in Working Capital	-1.9	2.7	
Taxes	1.2	-79.1	
Interest, derivatives, others	-1.6	1.2	
<b>Cash Flow from operating activities</b>	<b>71.3</b>	<b>81.0</b>	<b>14%</b>
<b>Cash Flow from investing activities adjusted</b>	<b>-46.1</b>	<b>-63.1</b>	<b>-37%</b>
<b>Free Cash Flow</b>	<b>25.2</b>	<b>17.9</b>	<b>-29%</b>
<i>Adjustments</i>	-10.6	-32.7	
<b>Cash Flow from financing activities</b>	<b>31.8</b>	<b>-58.4</b>	<b>-284%</b>
Effect of exchange rate on cash and cash equivalents	-0.6	0.7	
Change in cash and cash equivalents	45.8	-72.5	

\* includes pension provisions and other provisions

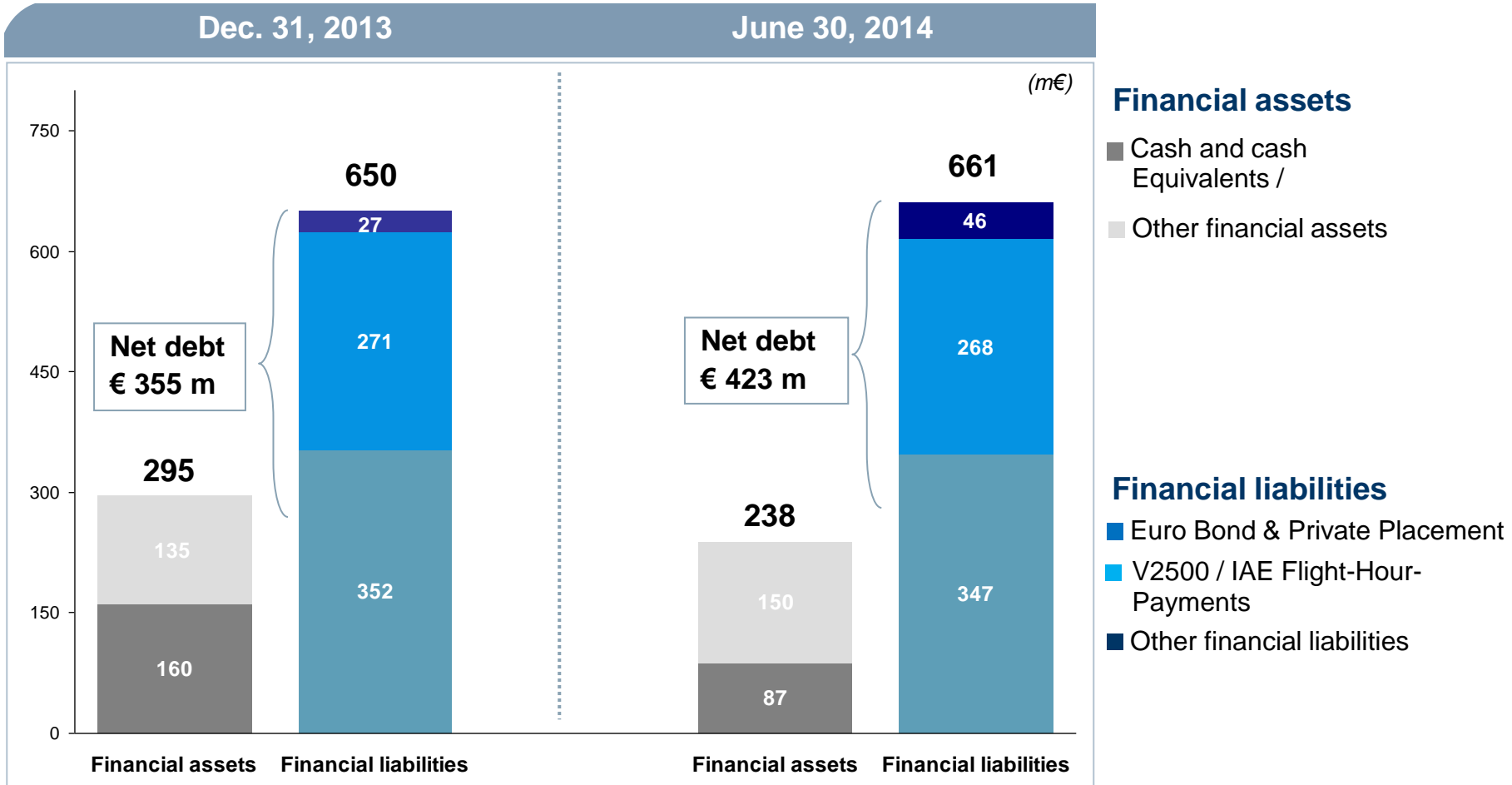
## Working Capital

(in m€)	31/12/2013	30/06/2014	Change	Change in %
Gross Inventories	745.2	686.9	-58.3	
Prepayments	-547.8	-517.5	30.3	
Receivables	784.9	826.8	41.9	
Payables	-826.5	-843.1	-16.6	
<b>Working Capital</b>	<b>155.8</b>	<b>153.1</b>	<b>-2.7</b>	<b>-2%</b>

## PPA Depreciation / Amortization (in m€)

(in m€)	Q2 2013	Q2 2014	6M 2013	6M 2014
<b>Total depreciation / amortization</b>				
<b>MTU total</b>	<b>39.2</b>	<b>38.4</b>	<b>79.0</b>	<b>76.3</b>
OEM	31.6	30.7	63.3	61.5
MRO	7.6	7.7	15.7	14.8
<b>PPA depreciation /amortization</b>				
<b>MTU total</b>	<b>8.9</b>	<b>6.3</b>	<b>17.9</b>	<b>12.5</b>
OEM	8.1	5.6	16.2	11.2
MRO	0.8	0.7	1.7	1.3
<b>Depreciation / amortization w/o PPA</b>				
<b>MTU total</b>	<b>30.3</b>	<b>32.1</b>	<b>61.1</b>	<b>63.8</b>
OEM	23.5	25.1	47.1	50.3
MRO	6.8	7.0	14.0	13.5

## Net debt of € 423 m



## 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. In addition to statements that are forward-looking by reason of context, the words "may," "will," "should," "expect," "plan," "intend," "anticipate," "forecast," "believe," "estimate," "predict," "potential," or "continue" and similar expressions identify forward-looking statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) competition from other companies in MTU's industry and MTU's ability to retain or increase its market share, (ii) MTU's reliance on certain customers for its sales, (iii) risks related to MTU's participation in consortia and risk and revenue sharing agreements for new aero engine programs, (iv) the impact of non-compete provisions included in certain of MTU's contracts, (v) the impact of a decline in German or other European defense budgets or changes in funding priorities for military aircraft, (vi) risks associated with government funding, (vii) the impact of significant disruptions in MTU's supply from key vendors, (viii) the continued success of MTU's research and development initiatives, (ix) currency exchange rate fluctuations, (x) changes in tax legislation, (xi) the impact of any product liability claims, (xii) MTU's ability to comply with regulations affecting its business and its ability to respond to changes in the regulatory environment, (xiii) the cyclicity of the airline industry and the current financial difficulties of commercial airlines, (xiv) our substantial leverage and (xv) general local and global economic conditions. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The company assumes no obligation to update any forward-looking statement.

Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold without registration thereunder or pursuant to an available exemption therefrom. Any public offering of securities of MTU Aero Engines to be made in the United States would have to be made by means of a prospectus that would be obtainable from MTU Aero Engines and would contain detailed information about the issuer of the securities and its management, as well as financial statements.

Neither this document nor the information contained herein constitutes an offer to sell or the solicitation of an offer to buy any securities.

These materials do not constitute an offer of securities for sale in the United States; the securities may not be offered or sold in the United States absent registration or an exemption from registration.

No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.