
MTU Aero Engines AG achieves record performance in 2014

- **Outlook for 2015: Revenue growth to €4.4 billion**
- **Operating profit 2015 to reach €420 million, earnings €285 million**

– Provisional figures, subject to approval by the Supervisory Board

Munich, February 12, 2015 – MTU Aero Engines AG has once again beaten its previous records. In the financial year 2014, revenues grew by 10% to a new all-time high of €3,913.9 million (2013: €3,574.1 million). MTU's operating profit¹ rose from €377.4 million in 2013 to €382.7 million. Earnings after tax² amounted to €253.3 million (2013: €238.6 million), the highest-ever in the company's 80-year history.

“Over the past financial year, we have made substantial investments in the company's future and continued to improve our market position in all operating segments. At the same time, we have fully met our business targets, which we had revised upward in October,” said Reiner Winkler, CEO of MTU Aero Engines AG, speaking at the annual press conference on Thursday, February 12, 2015, when the provisional annual financial statements were presented. In its forecast, MTU had expected revenues of around €3,750 million, an adjusted EBIT of approximately €380 million, and an adjusted net income in the region of €250 million. “We aim to keep up this outstanding performance in the current financial year,” Winkler added.

Outlook for 2015

Aviation industry experts expect to see an above-average increase in the volume of air passenger traffic in 2015. As Winkler points out, “MTU also benefits from this positive business environment. We are expecting further strong demand for the geared turbofan™ engine family and for the GE9X to power future long-haul aircraft. In 2015, the growth of our series production business will be driven mainly by the GP7000 and the new geared turbofan programs that will enter series production. As a result, our new engine business is likely to grow faster than the considerably more profitable spare parts business.” MTU expects its revenues in the new engine business to increase by a high single-digit percentage figure in U.S. dollar terms. Spare parts sales are anticipated to rise by a mid-single-digit percentage figure expressed in U.S. dollars. MTU expects revenues in the military engine business to decrease by a percentage in the mid-single-digit range. The commercial maintenance business expects to see revenue growth within the mid- to high-single-digit percentage range in 2015, expressed in U.S. dollars. Taking exchange rate effects into account, MTU expects group revenues in 2015 to rise to around €4.4 billion (2014: €3,913.9 million). Operating profit (adjusted EBIT) is expected at around €420 million (2014: €382.7 million) and earnings after tax (adjusted net income) at around €285 million

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



(2014: €253.3 million). Research and development expenditure in 2015 will probably remain unchanged compared with 2014.

Significantly higher revenues in the OEM segment

The commercial engine business recorded the highest revenue growth in 2014, from €1,891.3 million in 2013 to €2,116.8 million, an increase of 12%. The main sources of these revenues were the V2500 engine for the A320, the GP7000 for the Airbus A380, and the GEnx for the Boeing 787 Dreamliner and 747-8.

Revenues in the military engine business increased by 6% to €531.5 million (2013: €500.7 million), with the key revenue driver being the EJ200 Eurofighter engine.

Revenues in the commercial maintenance business rose by 7% to €1,298.9 million (2013: €1,213.7 million). The key revenue driver in this case was the V2500.

High order backlog guarantees future growth

MTU's total order backlog amounted to €11,176.5 million at the end of 2014 (2013: €9,374.6 million), which corresponds to a production workload of around three years. "The order backlog in the OEM operating segment rose to a new record high of nearly €6.8 billion," commented Winkler. "The PW1000G family and the V2500 engines are the main contributors to orders and to future growth." The PW1000G family will be deployed in the Airbus A320neo, the Bombardier CSeries, the new generation of Embraer E-Jets, the Mitsubishi Regional Jet and the Irkut MS-21.

Good operating results

Both operating segments contributed to MTU's positive operating results in 2014:

In the OEM segment, MTU generated an adjusted EBIT of €266.2 million (2013: €268.2 million) and an EBIT margin of 10.1% (2013: 11.2%). "The lower EBIT margin is a result of the strong growth in the commercial engine business," explained Winkler.

The commercial maintenance business recorded an increase of 7% in adjusted EBIT, which amounted to €116.3 million (2013: €108.6 million). The segment's EBIT margin rose from 8.9% in 2013 to 9.0%.

Dividend proposal on March 3

MTU strives for continuity in its dividend policy and intends to offer investors an appropriate share of the good operating results achieved in 2014. The Supervisory Board will decide the amount of the dividend on March 3, and the company will present a corresponding proposal to the Annual General Meeting on April 15, 2015. A dividend of €1.35 per share was distributed for 2013.



Research and development

At €195.3 million, MTU's research and development expenditure in 2014 was close to that of the previous year (2013: €193.2 million). Company-funded R&D expenditure recognized as an expense in the income statement declined from €93.2 million in 2013 to €75.7 million in 2014. "These figures reflect the advanced stage of development work on geared turbofan technology, which is the focus of our R&D activities," said Winkler.

Free cash flow of €42.5 million

MTU's free cash flow in 2014 amounted to €42.5 million (2013: €80.3 million), and thus met the forecast of a figure in the mid-double-digit range.

Capital expenditure on property, plant and equipment up 11%

In 2014, capital expenditure on property, plant and equipment rose by 11% to €101.5 million (2013: €91.4 million). These investments served mainly to finance machinery to equip the manufacturing facility for geared turbofan™ components and the construction of the new logistics center in Munich, and the expansion of the MTU Aero Engines Polska site.

8,333 employees

At 8,333, the number of employees was virtually unchanged compared with the previous year (December 31, 2013: 8,343 employees).

MTU Aero Engines will publish its Annual Report on March 3, 2015.



MTU Aero Engines – Key financial data for 2014

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

MTU Aero Engines	2013	2014	Change
Revenues	3,574.1	3,913.9	+ 9.5%
of which OEM business	2,392.0	2,648.3	+ 10.7%
of which commercial engine business	1,891.3	2,116.8	+ 11.9%
of which military engine business	500.7	531.5	+ 6.2%
of which commercial MRO business	1,213.7	1,298.9	+ 7.0%
EBIT (calculated on a comparable basis)	377.4	382.7	+ 1.4%
of which OEM business	268.2	266.2	- 0.7%
of which commercial MRO business	108.6	116.3	+ 7.1%
<i>EBIT margin (calculated on a comparable basis)</i>	<i>10.6%</i>	<i>9.8%</i>	
<i>for OEM business</i>	<i>11.2%</i>	<i>10.1%</i>	
<i>for commercial MRO business</i>	<i>8.9%</i>	<i>9.0%</i>	
Net income (calculated on a comparable basis)	238.6	253.3	+ 6.2%
Net income (reported)	166.3	195.4	+ 17.5%
Earnings per share (undiluted, reported)	€3.27	€3.84	+ 17.4%
Free cash flow	80.3	42.5	- 47.1%
Research and development expenditure	193.2	195.3	+ 1.1%
of which company-funded R&D	142.8	160.0	+ 12.0%
of which outside-funded R&D	50.4	35.3	- 30.0%
<i>Development costs recognized as expense</i>	<i>93.2</i>	<i>75.7</i>	<i>- 18.8%</i>
Capital expenditure on property, plant and equipment	91.4	101.5	+ 11.1%
	Dec. 31, 2013	Dec. 31, 2014	Change
Order backlog	9,374.6	11,176.5	+ 19.2%
of which OEM business	5,403.6	6,763.6	+ 25.2%
of which commercial MRO business	3,971.0	4,412.9	+ 11.1%
Employees	8,343	8,333	- 0.1%



MTU Aero Engines – Key financial data for Q4 2014

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

MTU Aero Engines	Q4 2013	Q4 2014	Change
Revenues	914.5	1,102.3	+ 20.5 %
of which OEM business	621.1	732.7	+ 18.0 %
of which commercial engine business	488.4	552.9	+ 13.2 %
of which military engine business	132.7	179.8	+ 35.5 %
of which commercial MRO business	301.9	378.1	+ 25.2 %
EBIT (calculated on a comparable basis)	109.6	111.8	+ 2.0 %
of which OEM business	82.4	76.8	- 6.8 %
of which commercial MRO business	28.1	36.4	+ 29.5 %
Net income (calculated on a comparable basis)	69.5	75.0	+ 7.9 %
Net income (reported)	41.1	62.5	+ 52.1 %
Free cash flow	13.2	-41.8	
Research and development expenditure	45.1	70.5	+ 56.3 %
of which company-funded	35.7	61.8	+ 73.1 %
of which outside-funded	9.4	8.7	- 7.4 %

Outlook for 2015

in € million	2014	Outlook for 2015
Revenues	3,913.9	~4,400
Adjusted EBIT	382.7	~420
Adjusted net income	253.3	~285

About MTU Aero Engines

MTU Aero Engines is Germany's leading engine manufacturer and an established international player with 80 years of experience. The company develops, manufactures, sells and maintains components for commercial and military aircraft engines and industrial gas turbines. MTU is a technological leader in low-pressure turbines, high-pressure compressors, turbine center frames, manufacturing processes and repair techniques. One of its main areas of competence is the maintenance of commercial aircraft engines and industrial gas turbines. These activities are combined under the roof of MTU Maintenance, which is one of the world's largest providers of MRO services for commercial aircraft engines. 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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The Annual Report is available on the Internet as of March 3, 2015, as a downloadable PDF file at www.mtu.de under Investor Relations -> Financial Reports, and from mid-April onward in print 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.