
MTU Aero Engines presents half-year results and updates forecast

- **Expected 2014 revenues revised downward to around €3,650 million**
- **Stable outlook for adjusted EBIT, net income forecast raised**

Munich, July 24, 2014 – In the first six months of 2014, MTU Aero Engines AG achieved a revenue growth of 2% to €1,815.8 million (1-6/2013: €1,774.9 million). Operating profit¹ remained stable at €170.7 million (1-6/2013: €169.7 million), with an EBIT margin of 9.4% compared with 9.6% in the first half of 2013. Net income² increased by 4% to €111.0 million (1-6/2013: €106.7 million).

“In the course of the year to date, we successfully ramped up our new engine programs. At the same time, we have enhanced our portfolio by acquiring a stake in the GE9X engine program for the Boeing 777X,” said Reiner Winkler, CEO of MTU Aero Engines AG.

“Our revenues up to the end of June 2014 were impacted by exchange rate effects and by the deferral of orders in the MRO segment. We have therefore revised our full-year revenue forecast. Our net income forecast, on the other hand, has been raised,” Winkler added. MTU now expects to generate full-year revenues in the order of €3,650 million, rather than the estimated €3,750 million of the previous forecast (2013: €3,574.1 million). The outlook for 2014 operating profit remains unchanged at around €375 million (adjusted EBIT; 2013: €373.1 million). The continuing expansion of the MTU group’s international manufacturing activities in 2014 results in a lower effective tax rate. This change is expected to increase adjusted net income to around €245 million (2013: €235.7 million). At the beginning of 2014 MTU had been reckoning with an adjusted net income in line with the previous year’s level.

The increase in group revenues in the first half of 2014 is attributable to growth in the commercial engine business, where revenues have risen by 8% from €953.6 million to €1,032.9 million. The main source of these revenues in the OEM business, which comprises series and spare parts sales, were the V2500 engine for the A320, the GP7000 used to power the A380, and the GEnx for the Boeing 787 and 747-8, a program in which production rates have been ramped up significantly.

Revenues in the commercial maintenance business have fallen by 7% to €572.9 million (1-6/2013: €613.4 million). The V2500 engine accounted for the largest part of these revenues.

Revenues in the military engine business have barely changed, at €225.5 million (1-6/2013: €223.2 million). The EJ200 Eurofighter engine was the main source of these revenues.

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



MTU's order backlog increased by 8% to €10,153.9 million between January and June 2014, compared with the level reported at the end of 2013 (Dec 31, 2013: €9,374.6 million). This corresponds to a production workload of almost three years. The majority of these orders concern the V2500 and the PW1000G family of geared turbofan™ engines. These engines will power the Airbus A320neo, the Bombardier CSeries, the latest generation of Embraer E-Jets, the Mitsubishi Regional Jet and the Irkut MS-21. "At last week's Farnborough Airshow, we scored yet another notable success with these engine types and the GE9X, gathering orders representing a total value of €1.3 billion," reported Winkler.

MTU's earnings in the OEM segment are on a growth trajectory, with an adjusted EBIT of €122.5 million, which is 6% higher than in the same period one year earlier (1-6/2013: €115.3 million), and an EBIT margin of 9.7% (1-6/2013: 9.8%). Adjusted EBIT in the commercial maintenance business is 12% lower than in the comparative period, at €48.0 million (1-6/2013: €54.3 million). The EBIT margin in the MRO segment has fallen from 8.9% to 8.4%. "Factors affecting earnings in the commercial maintenance business, alongside exchange rate effects and the deferral of orders, also included the ramp-up of the GE90 maintenance," explained Winkler.

MTU's research and development activities, on which expenditure amounted to €79.2 million in the first half of 2014 (1-6/2013: €95.7 million), centered on the geared turbofan™ programs. Company-funded R&D expenditure recognized as an expense in the income statement amounted to €38.4 million (1-6/2013: €46.5 million). The decrease in R&D expenditure reflects the transition of geared turbofan™ technology from the development to the production phase.

MTU's free cash flow at June 30, 2014 amounted to €17.9 million, compared with €25.2 million one year earlier. Winkler added, "Free cash flow in the second half of the year will be affected by our investments into the company's future. Our acquisition of a share in the GE9X engine program will result in a cash outflow of around €50 million."

Capital expenditure on property, plant and equipment in the six-month reporting period amounted to €39.3 million, which is 24% higher than in the first half of 2013 (1-6/2013: €31.6 million). These investments mainly served to finance machinery to equip the manufacturing facility for geared turbofan™ components and the construction of a new logistics center in Munich, and the expansion of production capacity in Poland.

As of June 30, 2014, MTU employed a total of 8,292 people, which is approximately the same number as at the end of 2013 (December 31, 2013: 8,343 employees).



MTU Aero Engines – Key financial data for January through June 2014

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

MTU Aero Engines	H1 2013	H1 2014	Change
Revenues	1,774.9	1,815.8	+ 2.3 %
of which OEM business	1,176.8	1,258.4	+ 6.9 %
of which commercial engine business	953.6	1,032.9	+ 8.3 %
of which military engine business	223.2	225.5	+ 1.0 %
of which commercial MRO business	613.4	572.9	- 6.6 %
EBIT (calculated on a comparable basis)	169.7	170.7	+ 0.6 %
of which OEM business	115.3	122.5	+ 6.2 %
of which commercial MRO business	54.3	48.0	- 11.6 %
<i>EBIT margin (calculated on a comparable basis)</i>	<i>9.6 %</i>	<i>9.4 %</i>	
<i>for OEM business</i>	<i>9.8 %</i>	<i>9.7 %</i>	
<i>for commercial MRO business</i>	<i>8.9 %</i>	<i>8.4 %</i>	
Net income (calculated on a comparable basis)	106.7	111.0	+ 4.0 %
Net income (reported)	73.0	86.8	+ 18.9 %
Earnings per share (undiluted, reported)	€1.44	€1.71	+ 18.8 %
Free cash flow	25.2	17.9	- 29.0 %
Research and development expenditure	95.7	79.2	- 17.2 %
of which company-funded	68.8	60.0	- 12.8 %
of which outside-funded	26.9	19.2	- 28.6 %
<i>Company-funded R&D recognized as expense</i>	<i>46.5</i>	<i>38.4</i>	<i>- 17.4 %</i>
Capital expenditure on property, plant and equipment	31.6	39.3	+ 24.4 %
	Dec. 31, 2013	June 30, 2014	Change
Order backlog	9,374.6	10,153.9	+ 8.3 %
of which OEM business	5,403.6	6,240.3	+ 15.5 %
of which commercial MRO business	3,971.0	3,913.6	- 1.4 %
Number of employees	8,343	8,292	- 0.6 %



MTU Aero Engines – Key financial data for April through June 2014

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

MTU Aero Engines	Q2 2013	Q2 2014	Change
Revenues	868.9	902.8	+ 3.9 %
of which OEM business	576.2	641.3	+ 11.3 %
of which commercial engine business	465.2	532.4	+ 14.4 %
of which military engine business	111.0	108.9	- 1.9 %
of which commercial MRO business	300.3	269.3	- 10.3 %
EBIT (calculated on a comparable basis)	81.4	81.7	+ 0.4 %
of which OEM business	56.3	61.7	+ 9.6 %
of which commercial MRO business	25.9	21.0	- 18.9 %
Net income (calculated on a comparable basis)	51.2	53.0	+ 3.5 %
Net income (reported)	36.2	40.0	+ 10.5 %
Free cash flow	23.1	16.8	- 27.3 %
Research and development expenditure	41.8	35.9	- 14.1 %
of which company-funded	28.7	26.4	- 8.0 %
of which outside-funded	13.1	9.5	- 27.5 %

About MTU Aero Engines

MTU Aero Engines is Germany's leading engine manufacturer and has been a key player in the global engine industry for 80 years. It engages in the development, manufacture, marketing and support of commercial and military aircraft engine modules and industrial gas turbines. The company is a technological leader in low-pressure turbines, high-pressure compressors, manufacturing processes and repair techniques. Figuring significantly among MTU's core competencies are the maintenance, repair and overhaul (MRO) of commercial engines and the service support it provides for industrial gas turbines. These activities are combined under the roof of MTU Maintenance, which is one of the world's largest providers of commercial engine MRO services. MTU operates affiliates around the globe; Munich is home to its corporate headquarters.

Geared Turbofan is a trademark application of Pratt & Whitney

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