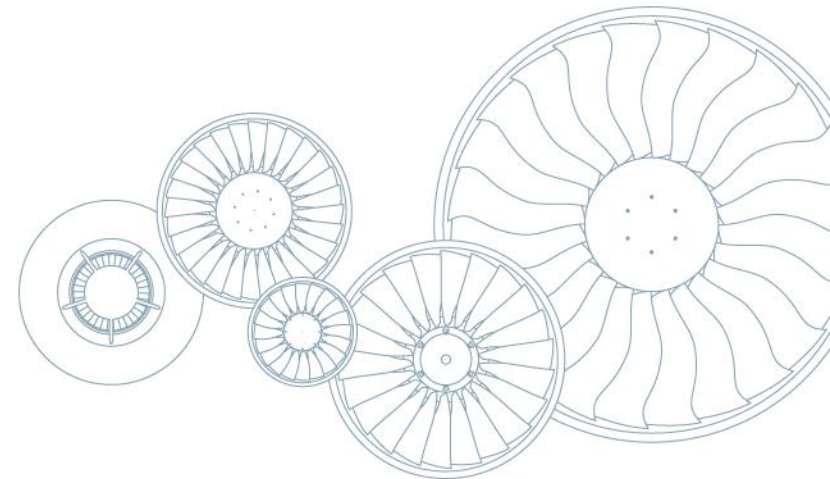




Investor & Analyst Day 2013

MTU Aero Engines

London, November 26, 2013



Agenda – MTU Investor and Analyst Day 2013

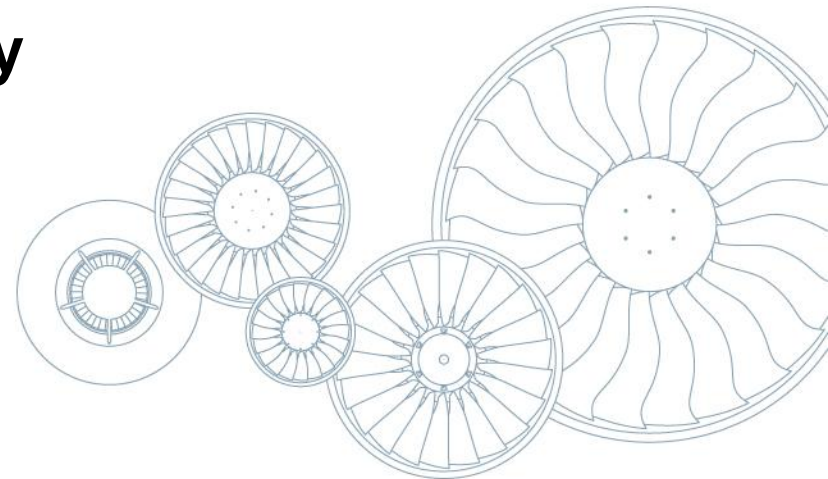
Time	Agenda	Speaker
11:00 – 11:10	Welcome	Peter Kameritsch VP Investor Relations
11:10 – 11:30	Executing our growth strategy	Reiner Winkler, CFO
11:30 – 12:20	The OEM Portfolio	Michael Schreyögg Member of BoM, Programs
12:20 – 13:10	Managing Growth and Transition: Engineering & Supply Chain	Dr. Rainer Martens, COO
13:10 – 14:10	Lunch Break	
14:10 – 15:00	Opportunities in a Challenging Market	Dr. Stefan Weingartner Member of BoM, President Commercial Maintenance
15:00 – 15:50	MTU Efficiency Projects Head- and Tailwinds 2014	Reiner Winkler, CFO



Executing our growth strategy

Reiner Winkler, CFO

London, November 26, 2013

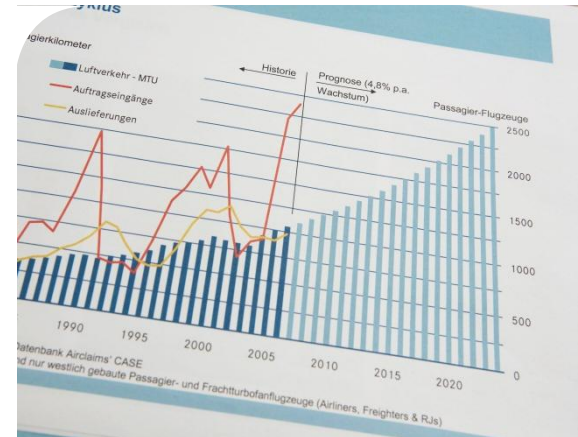


Very positive outlook for the aerospace market

- Record airliner orderbook of almost 10,000 aircraft
- Record deliveries from Airbus and Boeing of over 1,200 aircraft expected for 2013
- Current airliner engine fleet of almost 38,000 (+3.3 % y-o-y)
- Positive development of growth indicators forecasted by IATA:

2013	traffic growth:	5.0 %
	airline profits:	11.7 bUS\$
2014	traffic growth:	5.8 %
	airline profits:	16.4 bUS\$

➔ **MTU is very well positioned to take benefit from the growth opportunities in the market**



Commercial OEM Business

- Over 4,700 GTF engines on firm order or optioned
- Almost 100% of NextGen Regional Jet deliveries with GTF
- Current market share GTF for A320neo of 54% regarding firm orders ¹⁾
- Successful First Flight C Series completed
- Preparation of GTF production ramp-up on track
- Flight test program GTF for A320neo on schedule



➔ Ongoing strong growth in commercial OEM business

¹⁾ including unannounced orders

Military Business

- 1st A400M series aircraft has been delivered to France
- Running Eurofighter export campaigns to be supported by MTU
- Sales of 450 – 500 M€ p.a. expected for next years



➔ **Military OEM business remains stable**

Commercial MRO Business

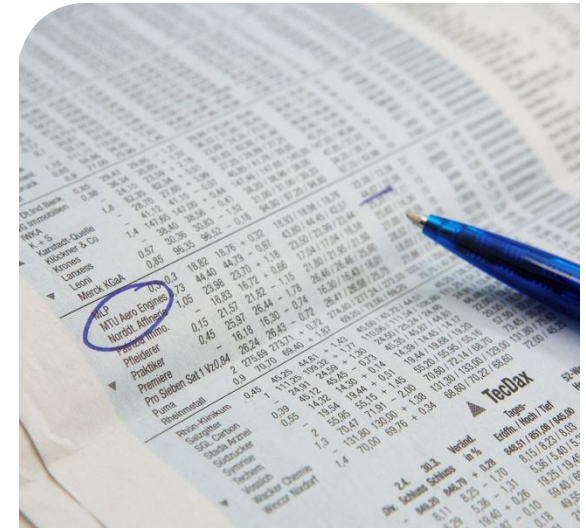
- GE90 ramp-up on track. First Full Shop Visits successfully executed
- Market leader on V2500
- MTU Zhuhai through capacity expansion well prepared for future growing Asian MRO-market
- Expansion of engine lease business through partnership with Sumitomo



➔ **MRO engine portfolio well positioned to outpace market growth**

Upcoming Challenges for MTU

- Transition from V2500 to GTF and strong market share gain in Regional Jet market results in
 - strong revenue growth
 - margin headwinds
 - capex needs
 - additional inventory requirements
- Further pressure on cash flow due to declining military prepayments
- Cash flow situation to be improved for future investment needs



➔ MTU initiated „Cash for Future“ program



Thank you for your attention!

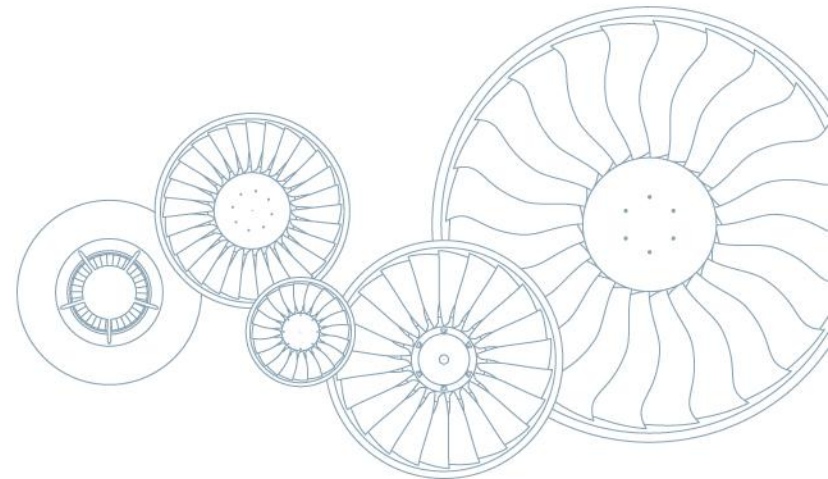


The OEM Portfolio

Michael Schreyögg

Member of the Board of Management,
Programs

London, November 26, 2013



Military Business

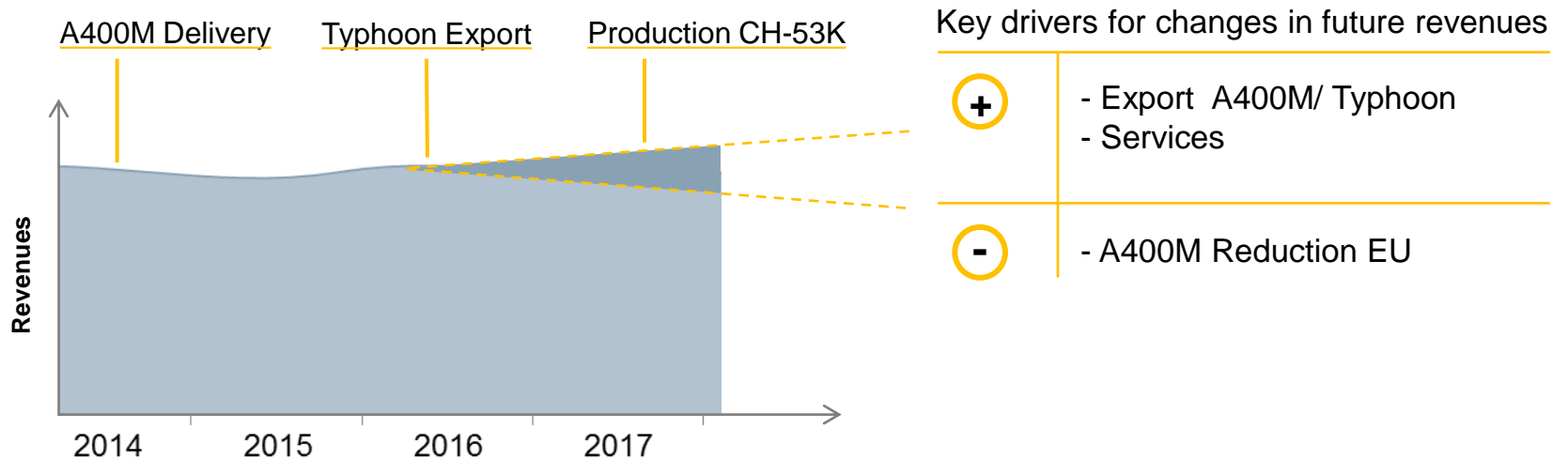
Major Achievements

- Oman Contract 12 EF Typhoon a/c
- A400M Entry Into Service
- Long term support contract RSAF

Current Export Campaigns Typhoon

- United Arabian Emirates
- Saudi Arabian Royal Air Force
- Qatar
- South Korea
- Malaysia

Revenue Outlook Military Programs



Commercial OEM Business

Major Achievements On MTU's Growth Path

- PW1100G-JM for A320neo on track for certification July 2014
- Embraer E-Jet E2 won
- Bombardier CSeries – First Flight
- GEnx – steep ramp up well managed
- V2500 – upshare completed
- Increased aftermarket coverage via FHA



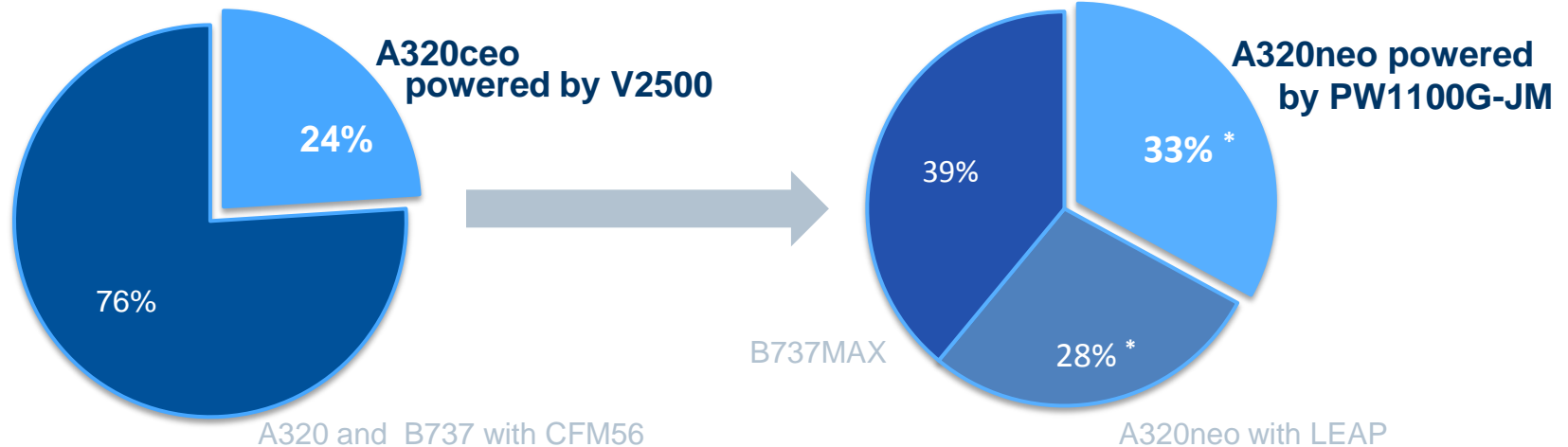
Commercial Business – Narrowbody Market

Major Achievements

- GTF success will increase MTU's share in the future narrowbody market
- Increased exposure to strongly growing V2500 aftermarket

Installed Base 2013

Firm Orders Of A320neo With PW1100G-JM: 54%

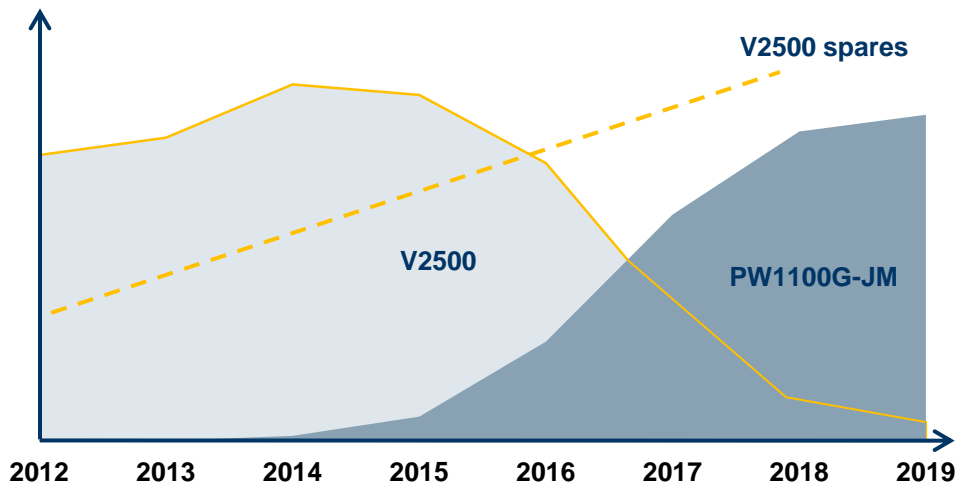


* Unannounced engine decisions are shared equally

Commercial Business – Narrowbody Market

Transition V2500 To PW1100G-JM GTF (A320neo)

Engines

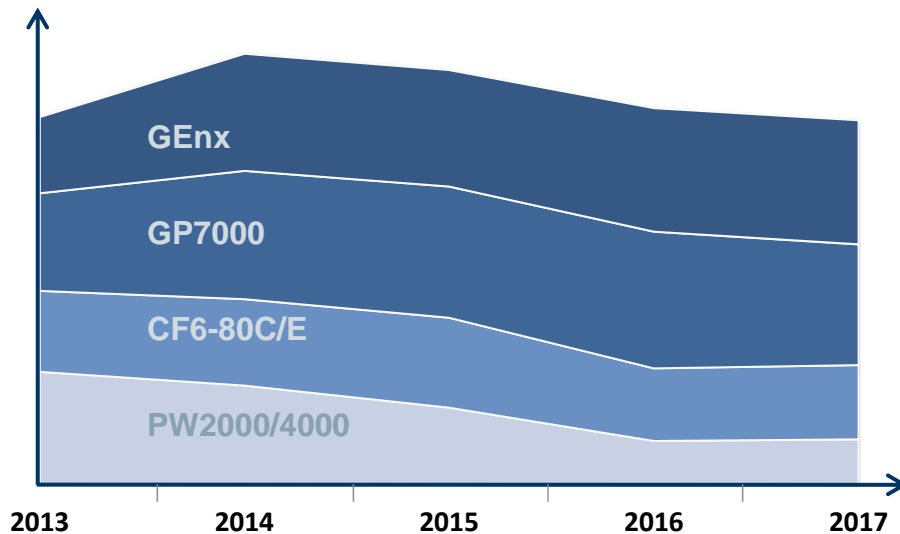


Characteristics

- Extremely fast transition
- Investment in new technology
- Highly competitive environment
- Sole supplier for Airbus in the early program phase

Commercial Business – Widebody Market

Revenues on widebody programs



Characteristics

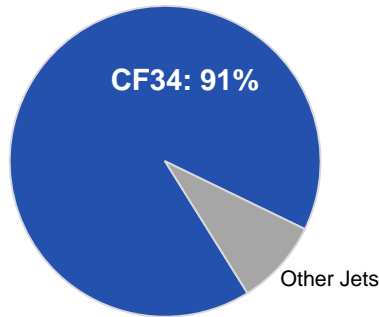
- Production increase GEnx well managed
- GP7000 order book covers deliveries until 2017
- Unexpected positive development of Airbus A330 sales (+ CF6-80E)
- Completion of F117 (PW2000) new engine deliveries expected in 2015



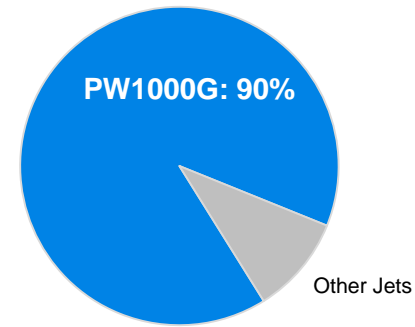
Commercial Business – Regional Jet Market^(*)

Market change towards PW1000G engines

Deliveries:



Today: CF34 dominated



Future: PW1000G dominated

^(*) < 140 Seats

BOMBARDIER



CRJ700/ 900



EMB170/ 190/ 195

BOMBARDIER



CSeries



MRJ70/ 90



EMB175/ 190/ 195-E2

EIS: 2001/2004

2004/2006

today

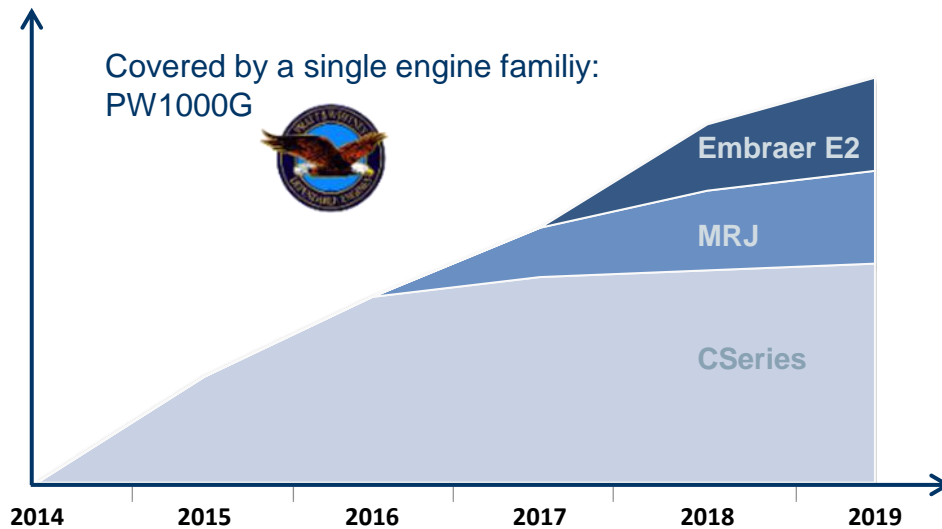
2014

2016/2017

2018/2019

Commercial Business – Regional Jet Market

Deliveries of regional a/c rise

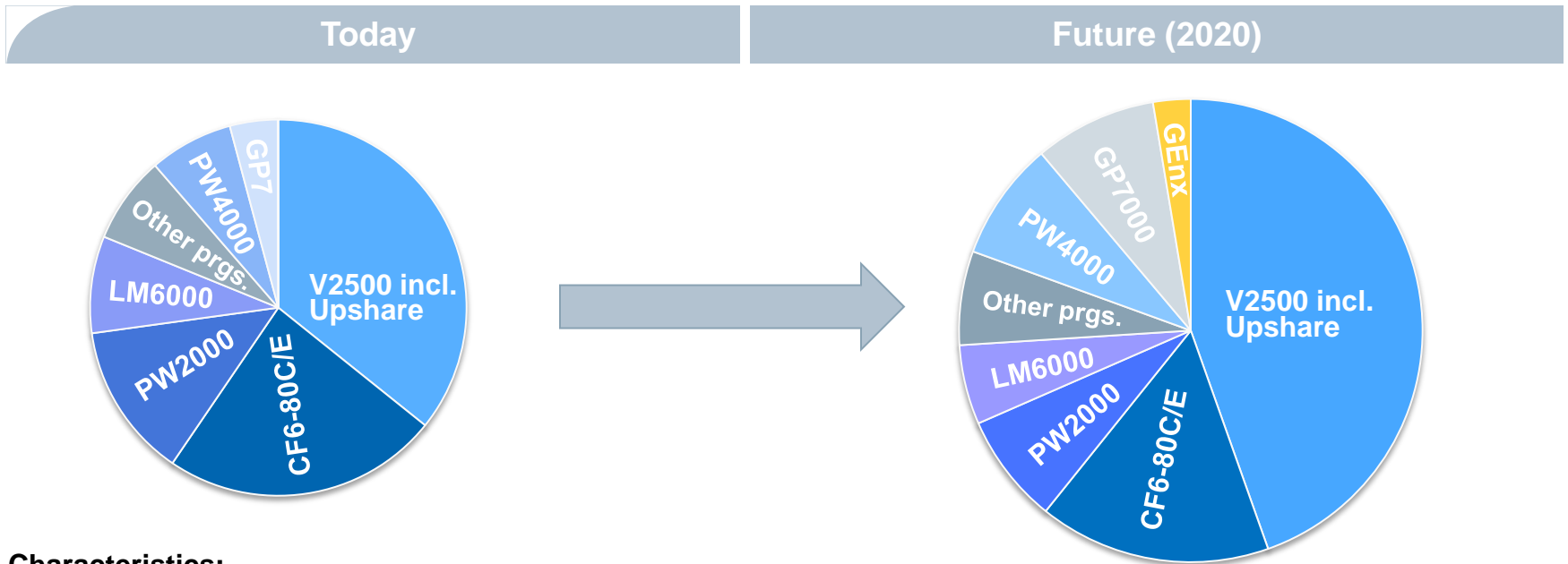


Characteristics

- 100% win in new regional aircrafts
- Development CAGR of Regional Jet market growth 7% yoy



MTU Spare Parts Portfolio



Characteristics:

V2500

- Continuous growth in V2500 aftermarket
- Long term service agreements and T&M spare sales
- Boosted by increased program share
- Peak installed base: 2017 => Peak aftermarket in 2024

PW2000

- Commercial fleet continuous to decline until 2020
- PW2000 military: stable on lower level

CF6-80C/E programs

- Continuous to provide stable revenues, slight reduction towards end of decade

Outlook OEM Business

- Continuous increase in OE deliveries in the mid teens ✓
- Market share gains in the narrowbody segment ✓
- Full coverage of Regional Jet market by GTF achieved ✓
- High investment in installed base continues ✓
- Aftermarket portfolio ensures long term spares growth ✓





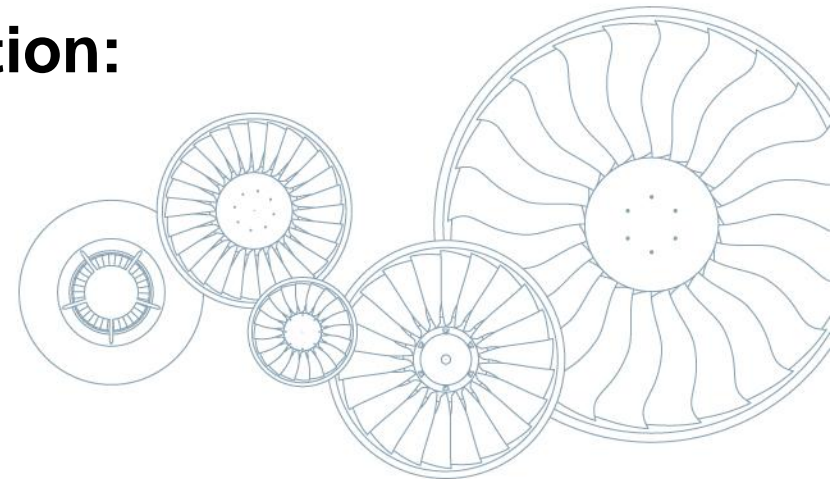
Thank you for your attention!



Managing Growth and Transition: Engineering & Supply Chain

Dr. Rainer Martens, COO

London, November 26, 2013






Technical Milestones GTF Programs

Engine/ Aircraft	PW1500G/ C Series	PW1100G/ A320neo	PW1200G/ MRJ	PW1400G/ MS-21	PW1700G PW1900G E-Jet 2 nd Gen.
					
First Engine to Test	✓	✓	✓	Apr. 2014	Sep. 2016 Jan. 2015
Tested in Flying Testbed	✓	✓			
Engine Certification	✓	Jul. 2014	Dec. 2014	Aug. 2015	Jul. 2017 Oct. 2015
EIS / Aircraft Certification	Jun. 2014	Oct. 2015	Sep. 2016	Jul. 2017	from Jun. 2017

R&D program for all GTF platforms well on track

Ramp Up Series Production

	2009	2013	2018	2020
 Turbines	800	1300	1900	2200
 Compressors	200	300	1300	1500
 TCF	30	300	350	300
 Engine Assembly	30	60	300	300
Total	1060	1960	3850	4300



The challenge: proactively securing the ramp up

Measures to Ensure Ramp Up Capability

Internal Supply Chain

- Provide infrastructure and manufacturing capacity
- Develop and certify the required manufacturing processes
- Stabilize manufacturing processes

- WOC – new products:
Carefully smoothen ramp up – utilization of inventory buffer
- WOC – existing products:
Optimization/reduction of leadtimes, minimize stock coverage

External Supply Chain

- Select capable and competent supplier
- Provide infrastructure and manufacturing capacity
- Develop and certify the required manufacturing processes
- Stabilize manufacturing processes
- Dual sourcing for critical parts

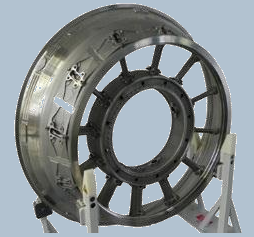
Very challenging task – well under control

Key Projects

New Blisk Shop



Optimize Rotor- and Stator Production Lines



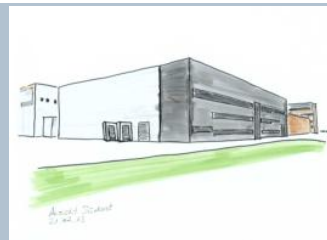
Extension of MTU-Polska



Engine Assemblies



Logistics-Building



Projects are well on their way and will support the production ramp up!

Extension of MTU-Polska

Key Facts

New surface area created:

- 7600 m² Production
- 1400 m² Office

Product portfolio:

- Assembly
- Pre-turning
- LPT Blades & Vanes
- Engineering

Increase in Head Count:

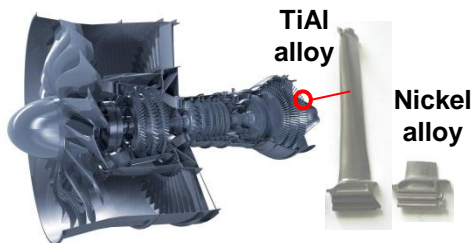
- 100 White collar
- 200 Blue collar

Plant view including extension



New Materials: TIAL – a Significant Step in Technology

Key Facts



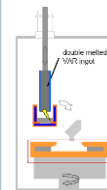
Advantage:

- 50% less dense than superalloys and steels
- High specific strength
- Extremely beneficial for the use in high speed low pressure turbines
- Enables higher efficiency, lower fuel burn and reduced emissions

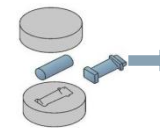
Challenges:

- 'HighTec' manufacturing processes
- Industrialization of an all new Supply Chain
- Manufacturing target costs

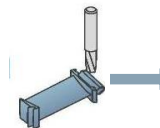
Production Processes



Casting of billet



Isothermal forging of raw material



Milling of finished part

+ Special Processes
(i.e. coating, inspection)

Activities to Increase Efficiency and Optimize Costs

- Extension of MTU-Polska
- Optimization of production lines like disc- and casing-line
- Increase standard machine utilization time per year by automation
- Increase number of shifts and working days
- Introduction of new technologies for inhouse production such as 3-D printing
- Keeping white collar HC constant – means lower hourly rates
- Improve overall efficiency on the shop floor (i.e. shop floor management, CIP)
- Further reduction of stock coverage ranges and lead times to minimize impact of ramp up on WOC

Although we face a challenging ramp up we are working on all options for improvement

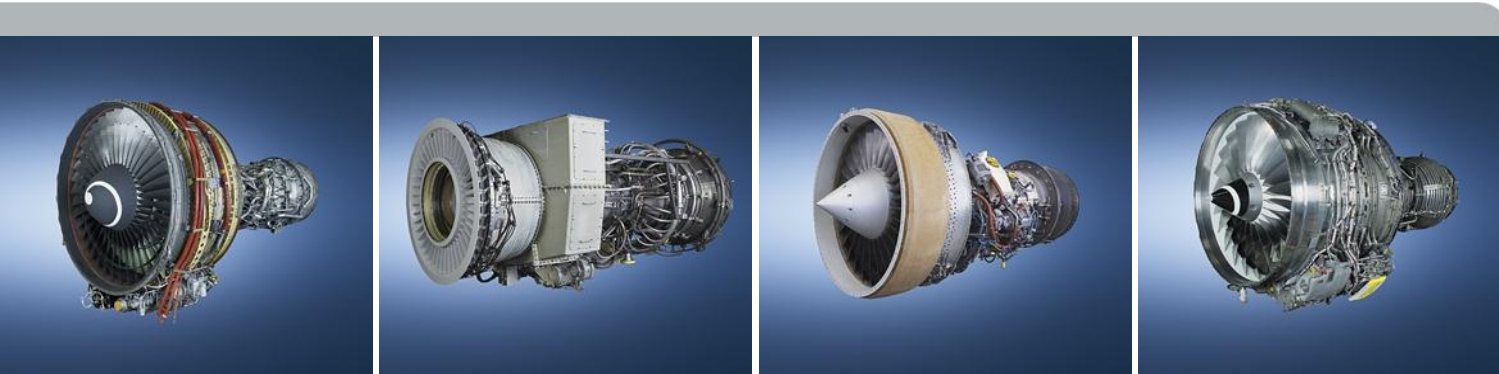
Summary

- Engine development programs are on track
- Ramp up is well prepared
 - Key projects are well on their way
 - Suppliers are and will be prepared according to plans
- Capex-budgets slightly higher in the next two years
- Inventory increase is limited to 10% - 20% till 2017 because of production ramp up
- Cost saving activities are in progress to partly compensate for extension and ramp up budgets

Engineering and supply chain are well on track to meet customer and company targets



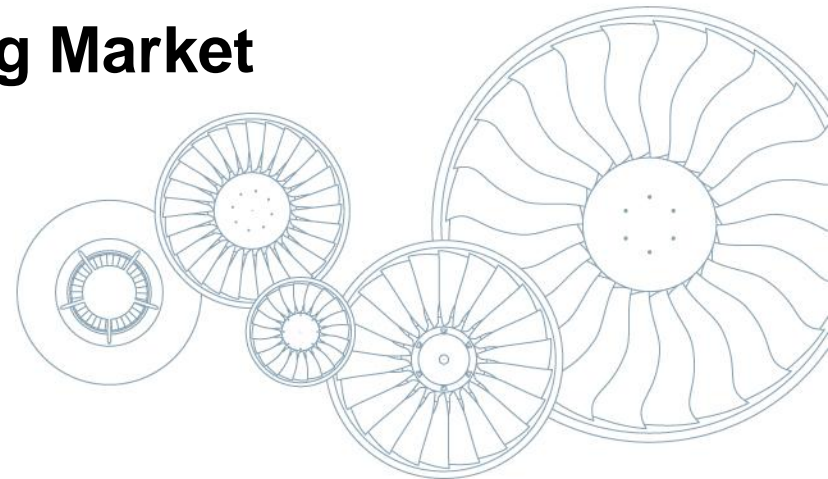
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Opportunities in a Challenging Market

Dr. Stefan Weingartner
President Commercial Maintenance

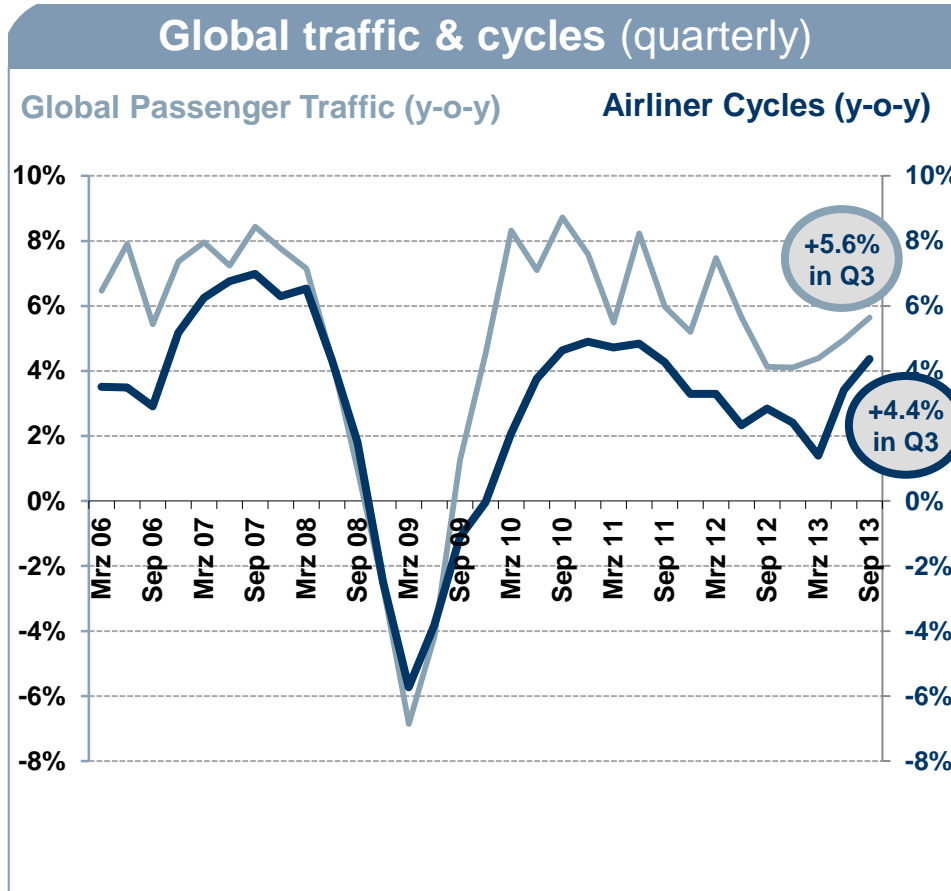
London, November 26, 2013



Current Market Trends – per November 2013

	GDP	+2.0% → +2.7% 2013E 2014E	<ul style="list-style-type: none"> • All major advanced economies to grow in 2014 • Slowdown in emerging markets
	Freight traffic	+0.9% → +3.7% 2013E 2014E	<ul style="list-style-type: none"> • Cargo traffic recovers since Q2 (+0.5% in Sept)
	Passenger traffic	+5.0% → +5.8% 2013E 2014E	<ul style="list-style-type: none"> • Improving global business and consumer confidence expected to stimulate growth
	Aircraft utilisation	+3.2% → +4.4% 2012A 2013E	<ul style="list-style-type: none"> • Strong rebound in flight hours • Cycles also bouncing back (+2.7% to +3.7%)
	Airliner engine fleet	37,000 → 38,400 Sep 12 Sep 13	<ul style="list-style-type: none"> • Active fleet growing strongly with +3.9% YOY • Older fleets in decline (CF6-50, CFM56-3)
	Airline profits	+\$7.4b → +\$11.7b 2012A 2013E	<ul style="list-style-type: none"> • 4th year of profitability • Airlines manage to overcome weak economics
	Fuel price (crude oil)	\$108 → \$102 2013E 2014E	<ul style="list-style-type: none"> • Balance of offer and demand point to a decline • Geopolitics may delay slight downward trend

Passenger Traffic and Aircraft Utilization



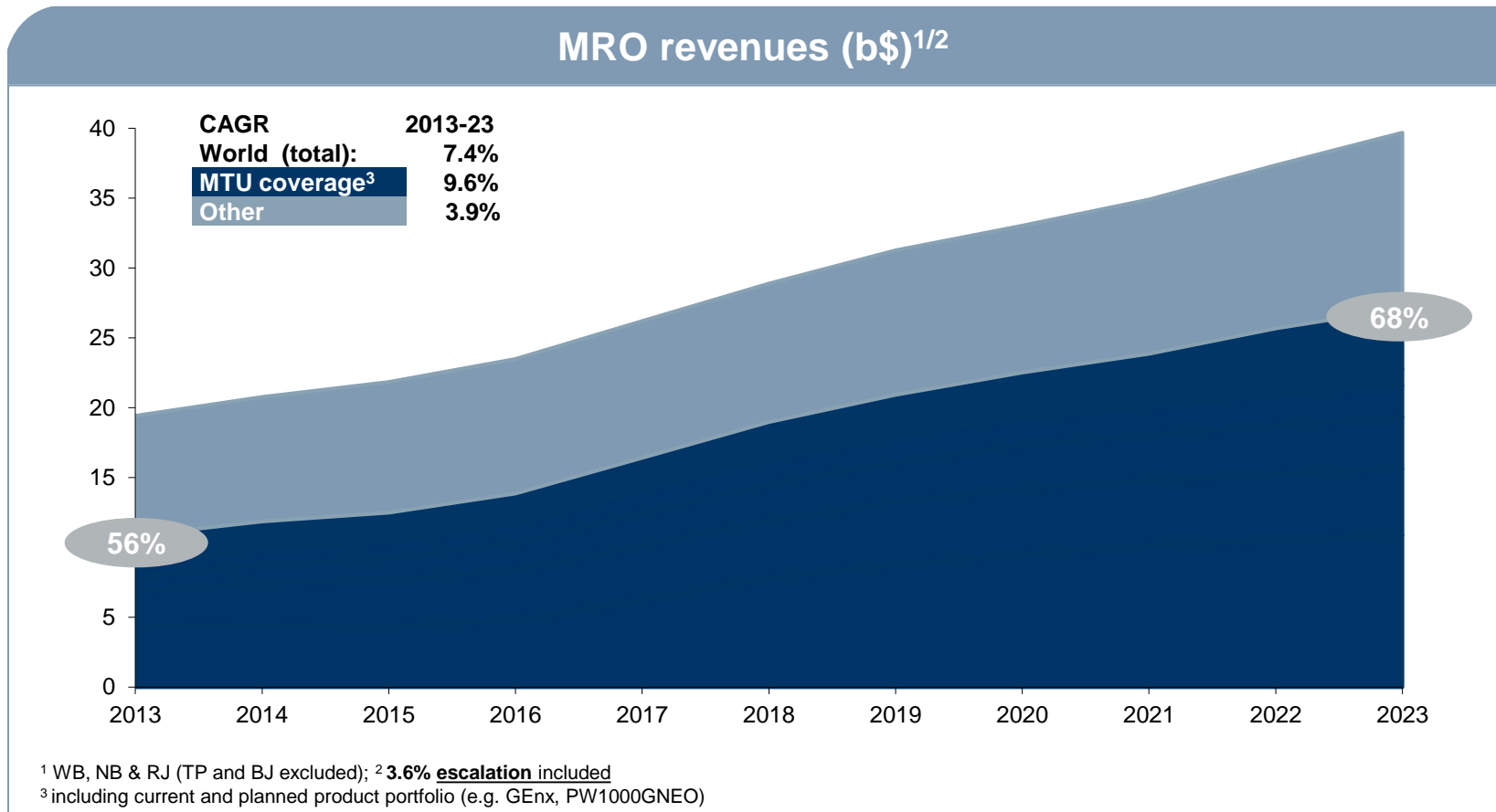
Highlights

- Global passenger traffic up 5.6% in Q3
- Cycle rebound follows traffic rebound however at a lower growth rate
- Growth in cycles for Airbus and Boeing airliners is strengthening since Q2
- Acceleration in growth driven by more utilization with in-production aircraft (A320, A330, 777-300ER)
- Some out-of-production aircraft seeing double-digit declines

Source: IATA, Innovata
* Western Commercial Jets above 100 seats (Airbus, Boeing)












Airliner flight cycle growth is accelerating

Commercial Engine MRO Market 2013-23






























Over-proportional growth of MTU-served market; switch to newer technology leads to more costly shop visits with longer on-wing times

Market Indicators per Engine Type

Engine	Active fleet	Park rate	Flight Hours ¹	<u>Y-O-Y as of 30 Sept. 2013</u>
 Airliner engines	38,420 +3.9%	10.4%	5.1%	Growth in fleet and hours is strengthening
 V2500-A5	4,438 +12%	2%	+11%	Steady double-digit growth
 GE90G	1,134 +19%	0%	13%	Success story goes on, 100 aircraft produced p.a.
 CFM56-5B/-7	14,440 +10%	1%	11%	Strong uninterrupted growth
 CF34-8/-10E	3,144 +7%	4%	+7%	Fleet keeps growing but E-Jet deliveries slow down
 V2500-A1/-D5	276 +5%	25%	+11%	Delta's MD-90s have re-entered service (hours +28%), A1 hours stabilizing (-3%)
 PW2000 civ.	706 -5%	14%	-9%	Storage continuing to rise, hours declining faster
 CF6-80C2	2,785 -3%	8%	-11%	Hours in double-digit decline since Q1 2013 767 and 747 increasingly replaced by A330, 787 and 777
 CF34-3	1,448 -2%	17%	-10%	Fleet and flight hours in steep decline 50-seater operating costs are too high
 CFM56-3	2,206 -13%	24%	-12%	Fleet/hours decline fast, driven by retirements and storage, high fuel price sensitivity
 CF6-50	378 -13%	39%	-40%	Very strong fleet/utilization decrease

Source: Ascend, Innovata 1) 3rd Quarter 2013

MTU Maintenance Workload Development

Engine	2013 trend	2014 trend	
 All products			Lower volume in 2014 for CF34 and mature engines compensated by CFM56, V2500 and GE90 growth
 V2500			<ul style="list-style-type: none"> • Continuous -A5 growth from a high volume base • Ongoing -A1/-D5 workload from base customers
 GE90			<ul style="list-style-type: none"> • First heavy visits of customers under contract • Ongoing campaigns, strong OEM competition
 CFM56			<ul style="list-style-type: none"> • Stable CFM56-3 workload against market trend • Strong CFM56-5B/7 growth (first heavy -5B visits, new customers)
 IGT			<ul style="list-style-type: none"> • Lower demand worldwide in 2013 due to decline in running hours • Trend expected to continue in 2014
 PW2000 civ.			<ul style="list-style-type: none"> • Impact of phase-out/surplus limited, stable customer base • Future migrations may create additional opportunities
 CF6-80C2			<ul style="list-style-type: none"> • Phase-out starts generating surplus opportunities • Stable customer base under contract, additional potential from migrations
 CF6-50			<ul style="list-style-type: none"> • Last commercial visits performed in 2013 • Stable military workload with very high workload content
 CF34			<ul style="list-style-type: none"> • High impact of surplus usage vs. MRO at major CF34-3 customer • Strong OEM competition on CF34-8/-10

Our Commercial MRO Growth is Based on the Successful Market Penetration via Various Channels

Market access channels & Sales distribution

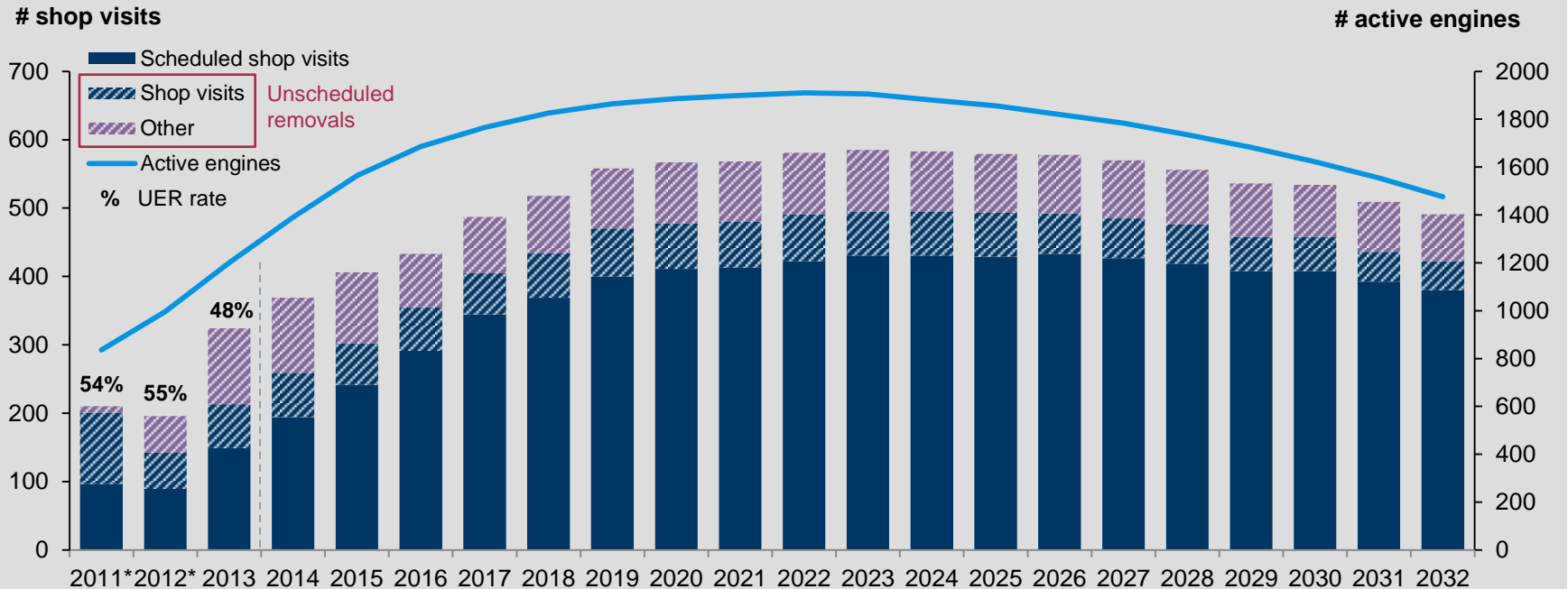


Independent	Airline Cooperation JV	OEM Cooperation		Additional Services
		RSP	Network	
CF6, CFM56 GE90, PW2000 V2500, IGT	CFM56 V2500	V2500 GP7 LPT GENx TCF GTF	CF34 PWC	On-site Services Parts Repair Spare Engine Support LRU Management
2013 Sales: 60 %	12 %	23 %		5 %
2023 Sales: 40 %	15 %	40 %		5 %

Gradual shift from independent to OEM cooperation initiated via risk and revenue participations

GE90G Fleet and Shop Visit Development

Fleet and shop visit forecast 2013-2023



Source: MTU per 11.10.2013 (including 20% severity factor for Emirates fleet); *actuals per GE Fleet Highlites until 08/2013

UER: unscheduled engine removal

Infancy issues currently lead to a high share of unscheduled visits – to decrease over time; shop visit volume to peak in 2023 with strong demand existing for another 10+ years

MTU Maintenance GE90G Services

Capabilities and program highlights

- **Full level III capabilities**
 - piece part cleaning and inspection
 - balancing and grinding
 - over 180 repairs developed/introduced
 - full in-house testing
- **Large portfolio of worksopes** – from quick turn program visits to full performance restoration
- **On-site maintenance support**
- **Lease engine solutions**
- **Proprietary MTU^{Plus} Engine Trend Monitoring**
- **Continuous repair introduction**



MTU is offering attractive alternative solutions

Summary



- Challenging market dynamics offer opportunities in terms of market access, competitiveness and profitability
- Organic growth thanks to ramp-up of existing programs and new program introductions
- Secure access to new/future engine types in cooperation with OEMs
- Offer independent solutions on mature engine platforms



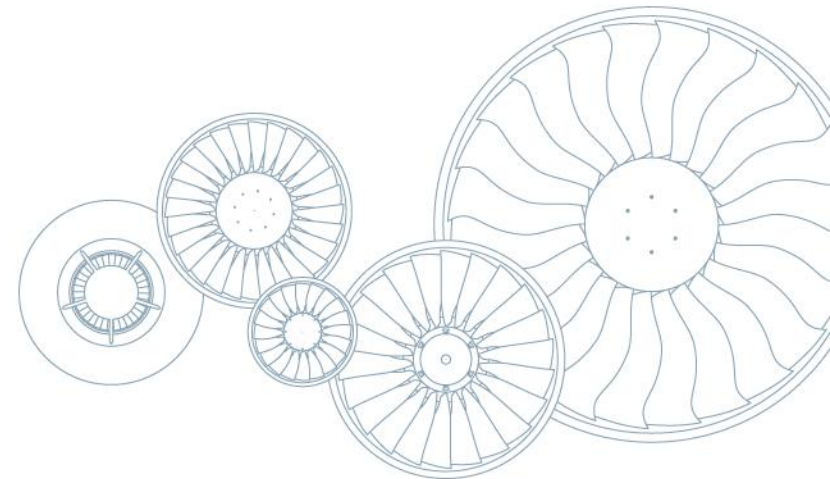
Thank you for your attention!



MTU Efficiency Projects Head- and Tailwinds 2014

Reiner Winkler, CFO

London, November 26, 2013



Challenging Business Environment 2014 - 2017 Causing Headwinds on EBIT and FCF

- Stronger growth in new engine business compared to spare parts
- Fast ramp up of 5 different GTF engine platforms
- Replacement of a learned-out product (V2500) with a new technology product (PW1100G)
- Investment in (low cost) production capacity
- Higher inventory needs for increased production volumes
- Falling level of military prepayments until 2016 (w/o additional export)
- Potential new widebody participation

→ „Cash for Future“ launched to soften headwinds on margin & FCF

„Cash for Future“ Project Launched to Limit Impact on EBIT and FCF

No Headcount reduction in manufacturing due to strong upcoming ramp-up

Measures to reduce cost:

- Headcount in administration cut by ~100 until 2016 (no replacement)
- Cut of general expenses (travel, external consultants, marketing)

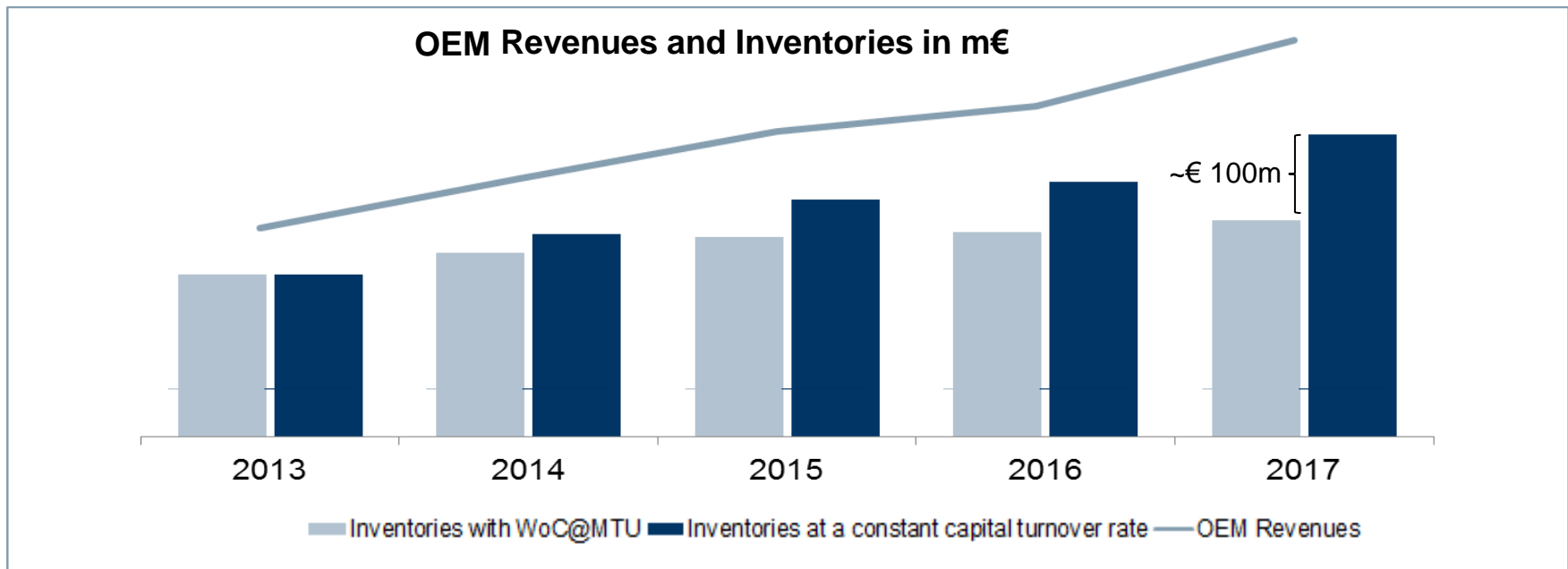
Measures to limit cost increases:

- Productivity increase targets to reduce demand for additional blue collars
- Keep white collar headcount constant in manufacturing organization
- Extension of Polish low cost facility

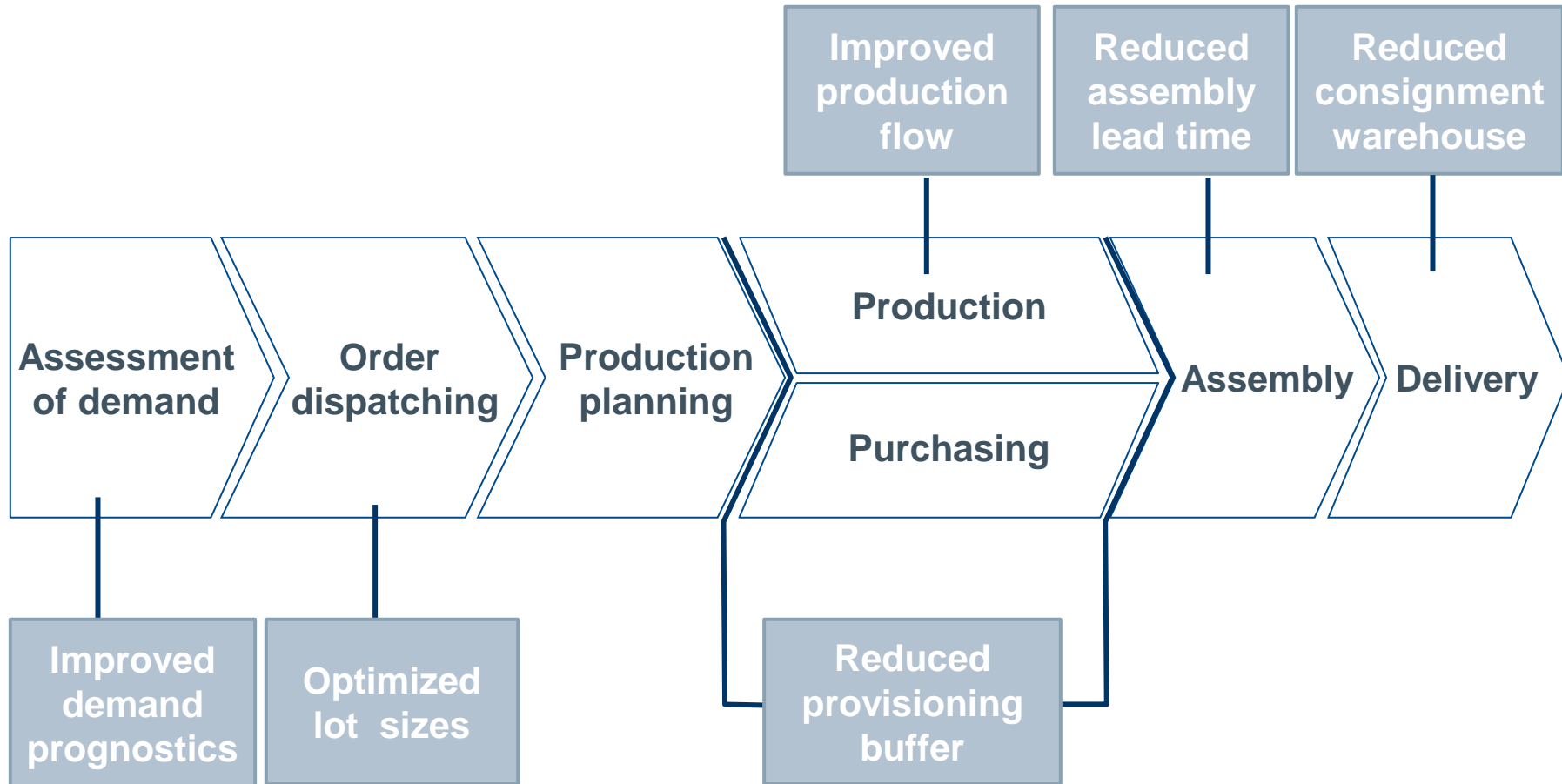
→ „Cash for Future“ will generate several tens of millions of cost savings

„Cash for Future“ Project Launched to Limit Impact on EBIT and FCF Inventory Growth Reduced by € 100 m

- OEM revenues will increase by ~ 40% until 2017
- At a constant capital turnover rate inventories would grow in line with volumes
- Capital turnover rate improvement from ~ 3,5 to ~ 4,5 targeted
- Inventory growth will be limited to 10-20%



„Cash for Future“ Project: Examples of Working Capital Optimization



Priority List of Cash Flow Use

**1) Invest in
Organic Growth**

2) Dividend increase

3) M&A transactions

4) Share Buy-back

- Key focus on new engine programs
- MTU sticks to dividend policy
- M&A off the table
- Share buy-back more long term focus

EBIT adj. Head- and Tailwinds 2014

- New engines sales up in the mid teens
- Spare parts up mid single digit
- Commercial MRO up high single digit
- Military revenues at lower end of € 450m - € 500m range
- R&D stable
- FX: Slight headwind

Key Take Aways

- MTU continues to invest into the future
 - Today strong deliveries of V2500, GEnX and GP7000
 - From 2014 onwards steep ramp up of GTF family
 - GTF will significantly increase MTUs future market share
 - V2500 drives aftermarket growth in this decade, but also significant contribution from GEnX and GP7000 by 2020
 - MRO portfolio continues to grow stronger than market
- Key supply chain projects underway to support production ramp up
- Efficiency program „Cash for Future“ in place





Thank you for your attention!

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.

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