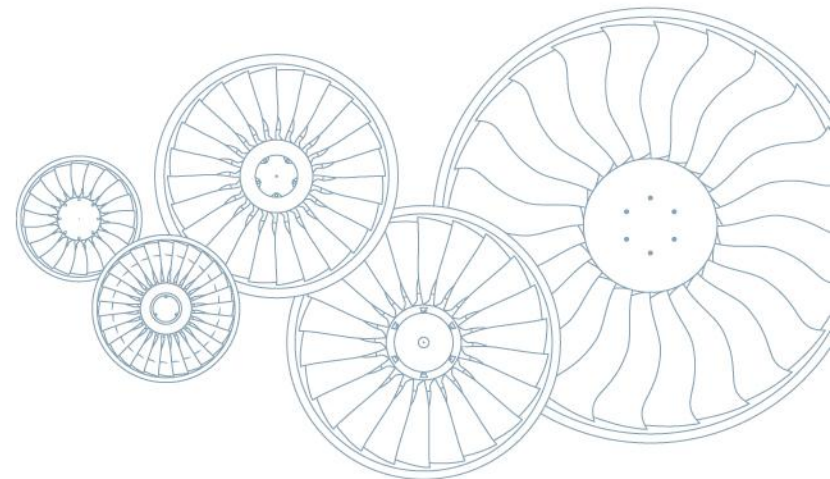




# Q3 2013 Results - MTU Aero Engines

Conference Call with Investors and Analysts,  
23 October 2013



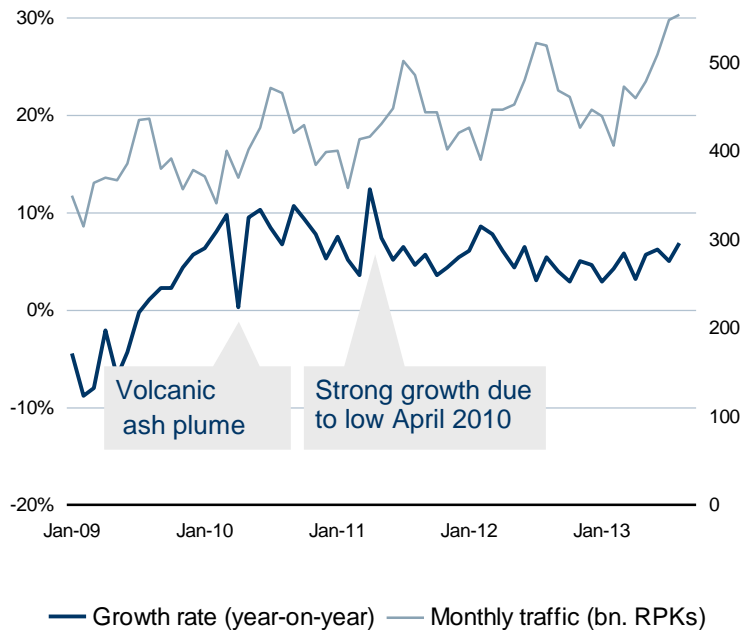
## Agenda

- **Business Highlights**
- Financial Highlights
- Segment Reporting
- Group Key Figures
- Guidance
- Appendix

## Business Highlights

- First flight C-Series
- Good trading in Q3 /13
- Guidance 2013 confirmed

### Global Passenger Traffic



### Market Environment

- Global passenger traffic up 6.8% y-o-y in August (5.1% ytd)
- Growth was led by Middle-East (14.1% y-o-y), and by Asia/Pacific 10.4%
- IATA forecasts revised its passenger traffic growth to 5% in Sept. (prev. 5.3% in June)
- IATA cuts its airline profits forecast to \$11.7 bn (prev. \$12.7 bn) in 2013
- IATA 2014 forecast: passenger traffic up 5.8%; airline profits at \$16.4 bn

## Commercial OEM Business

- Over 4,700 GTF engines on order incl. options\*
- PW1500G engines successfully powered Bombardier's CSeries aircraft on its maiden flight in September
- New engine sales up high single digit y-o-y
- Spare parts sales up low single digit y-o-y



\*) number includes announced and unannounced orders

## Commercial MRO Business

- Contract wins of ~ US\$ 1 bn in 9M 2013
- Expanding lease engine business with Sumitomo Corporation
- First GE90 shop visit successfully completed
- MRO US\$-revenues flat y-o-y



## Military Business

- First A400M aircraft delivered to France
- Ramp up of TP400-D6 series production
- Military revenues up 23% y-o-y

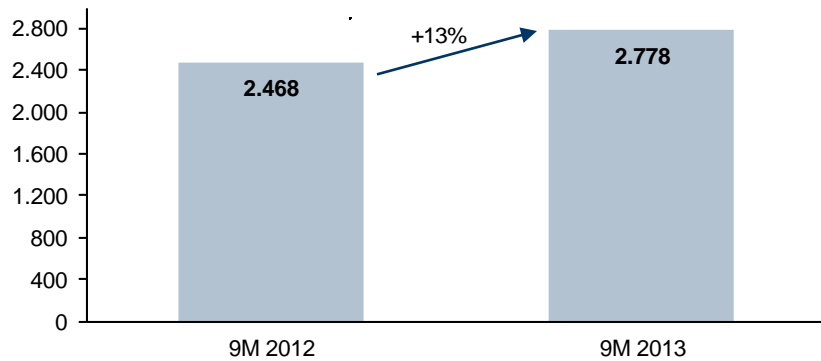


## Agenda

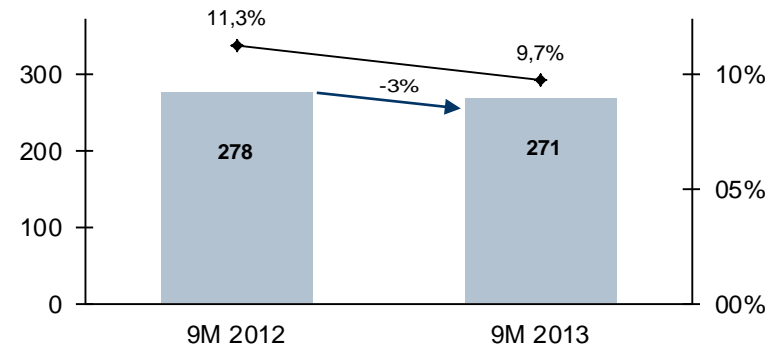
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# Financial Highlights

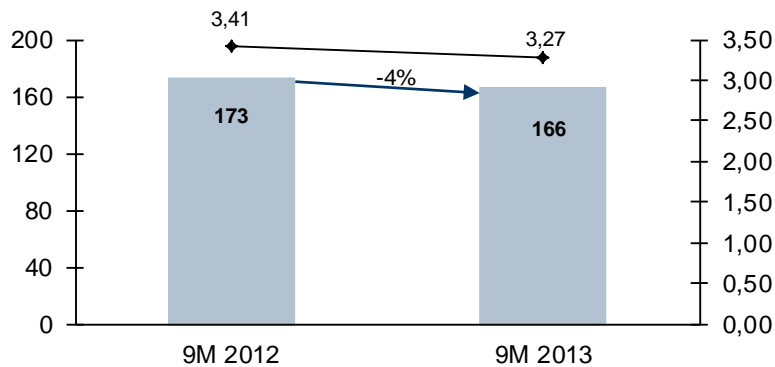
### Revenues (m€)



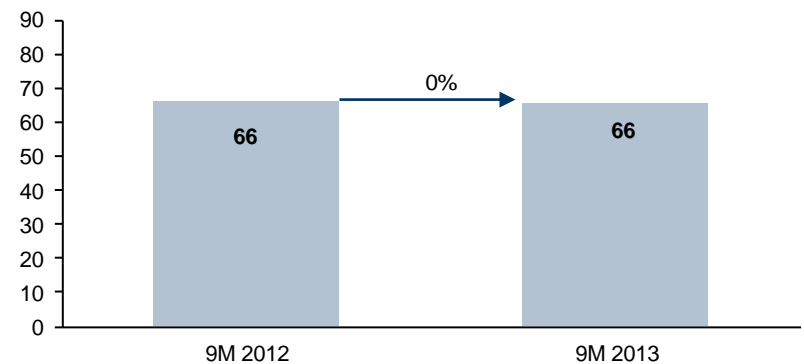
### EBIT adj. / EBIT adj. Margin (m€ / %)



### Net Income adj. / EPS adj. (m€ / €)\*



### Free Cash Flow (m€)



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

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## OEM Segment

Order book	31/12/2012	30/09/2013	Change
<b>Order book (m€)</b>	<b>5,640.4</b>	<b>5,376.1</b>	<b>-5%</b>
Commercial Business (mUS\$)	6,218.3	5,986.9	-4%
Military Business (m€)	927.4	943.0	2%

(m€)	9M 2012	9M 2013	Change
<b>Revenues</b>	<b>1,490.3</b>	<b>1,770.9</b>	<b>19%</b>
Commercial Business	1,141.9	1,402.9	23%
Military Business	348.4	368.0	6%

- Order book does not yet include order intake from Paris Air Show of US\$ 1.3 bn
- Commercial series up 35% in 9M 2013
- Commercial spare parts up mid to high single digit in 9M 2013
- Military revenues increased by 6%



# OEM Segment

(m€)	9M 2012	9M 2013	Change
Revenues	1,490.3	1,770.9	19%
<b>Gross Profit</b>	<b>293.7</b>	<b>269.7</b>	<b>-8%</b>
<i>Gross Profit Margin %</i>	19.7%	15.2%	
<b>R&amp;D according to IFRS (P&amp;L)</b>	<b>76.8</b>	<b>66.3</b>	<b>-14%</b>
<b>EBIT adj.</b>	<b>194.1</b>	<b>186.8</b>	<b>-4%</b>
<i>EBIT adj. Margin %</i>	13.0%	10.5%	

- Gross profit impacted by business mix effects
- R&D down by € 10.5 m
- EBIT adj. margin at 10.5%



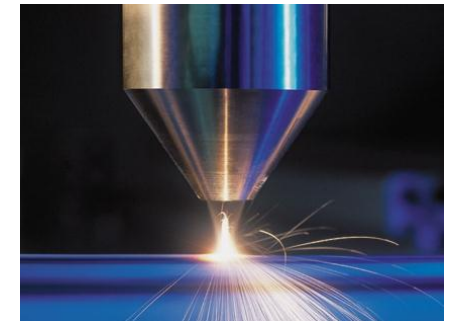
## Commercial MRO Business

(mUS\$)	31/12/2012	30/09/2013	Change
Order Book	7.704,2	7.525,6	-2%

(m€)	9M 2012	9M 2013	
<b>Revenues</b>	<b>1.001,8</b>	<b>1.030,8</b>	<b>3%</b>
<b>Gross Profit</b>	<b>134,8</b>	<b>134,7</b>	<b>0%</b>
<i>Gross Profit Margin %</i>	<i>13,5%</i>	<i>13,1%</i>	
<b>EBIT adj.</b>	<b>85,6</b>	<b>82,4</b>	<b>-4%</b>
<i>EBIT adj. Margin %</i>	<i>8,5%</i>	<i>8,0%</i>	

- Order book down by -2%
- US\$ revenues up 6%
- EBIT adj. margin at 8.0%



## Agenda

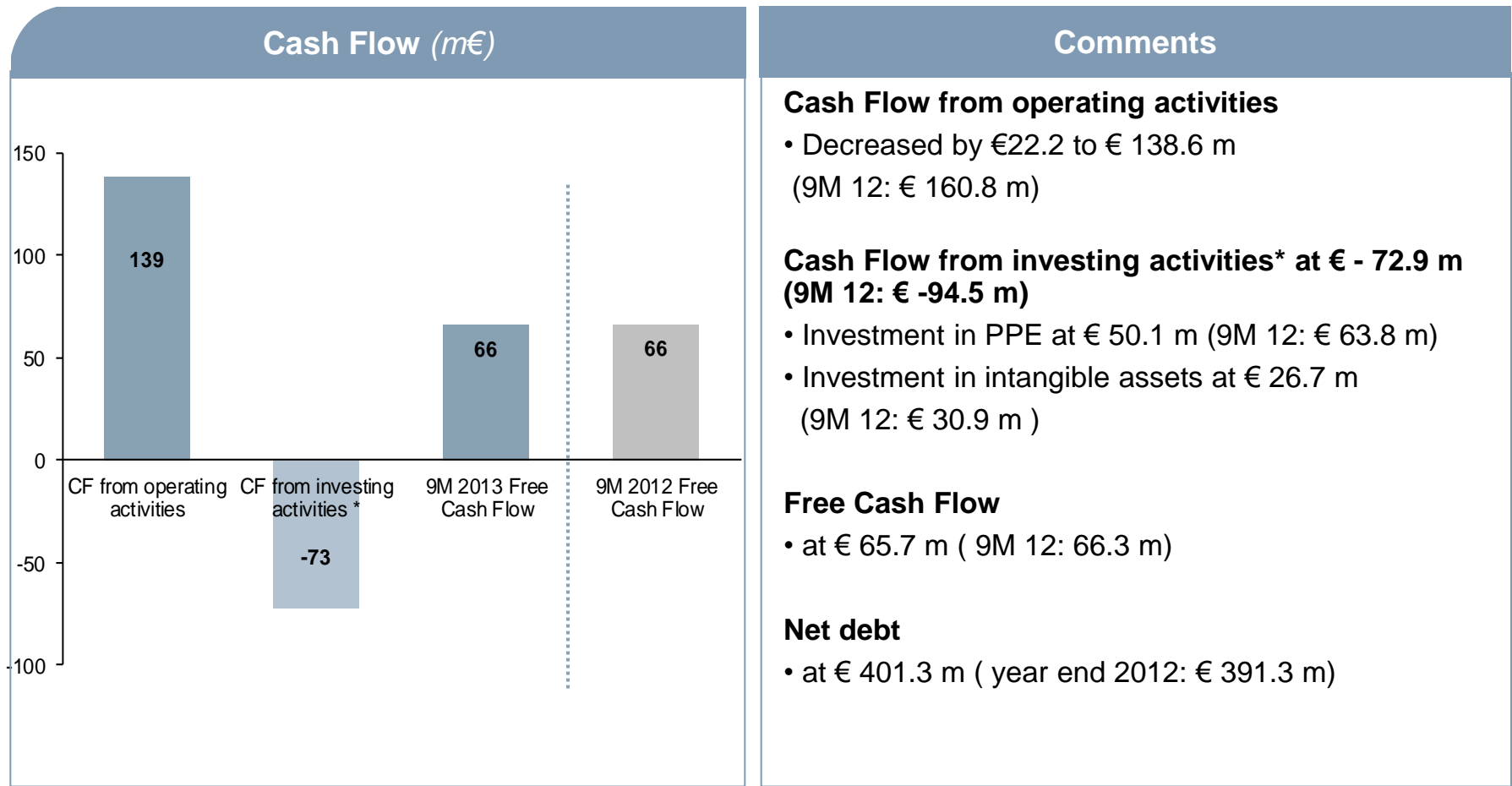
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## P&L Highlights

(m€)	9M 2012	9M 2013	Change
Revenues	2,468.0	2,778.1	13%
<b>EBIT adj.</b>	<b>278.0</b>	<b>270.5</b>	<b>-3%</b>
<i>Interest Result</i>	-2.6	-8.7	
<i>Interests for pension provisions</i>	-18.6	-15.0	
<b>Financial Result *</b>	<b>-21.2</b>	<b>-23.7</b>	<b>-12%</b>
<b>EBT adj. *</b>	<b>256.8</b>	<b>246.8</b>	<b>-4%</b>
<b>Tax (tax rate 32,6%)</b>	<b>-83.7</b>	<b>-80.5</b>	
<b>Net Income adj. *</b>	<b>173.1</b>	<b>166.3</b>	<b>-4%</b>
<b>EPS adj. *</b>	<b>3.41</b>	<b>3.27</b>	<b>-4%</b>

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

# Free Cash Flow

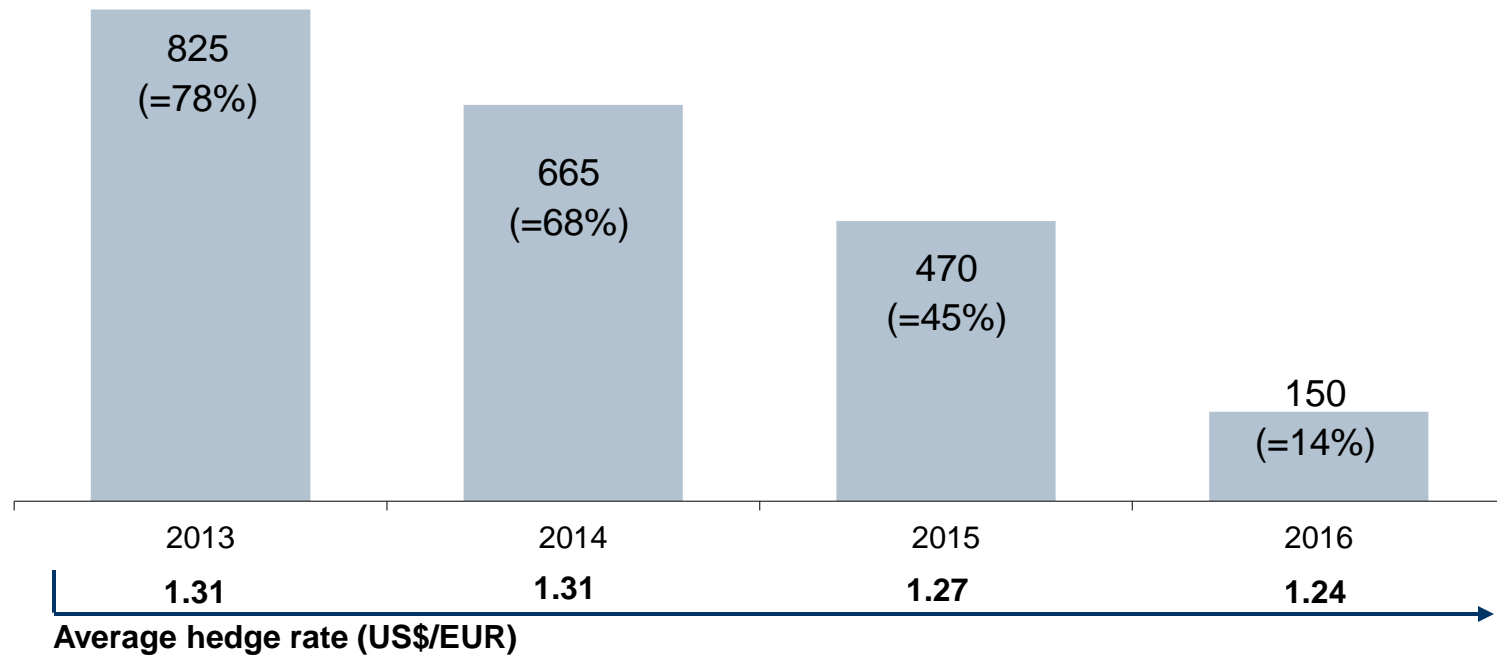


\* w/o IAE stake increase and non direct operating activities

# US\$ Exchange Rate / Hedge Portfolio

Hedge book as of October 23, 2013 (*% of net exposure*)

(mUS\$)



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## Guidance 2013 confirmed:

(m€)	FY 2012	Guidance 2013 new
<b>Revenues</b>	<b>3,378.6</b>	<b>~3,700 (+10%)</b>
<b>EBIT adj.</b>	<b>374.3</b>	<b>~375</b>
<b>EBIT adj. Margin</b>	<b>11.1%</b>	<b>~ 10%</b>
<b>Net Income adj.</b>	<b>233.4</b>	<b>~235</b>

- Series revenues expected to increase by 25%
- Spare parts revenues up +5%
- Military business roughly stable
- MRO expected to be up high single digit

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## Profit & Loss

(m€)	Q3 2012	Q3 2013	Change	9M 2012	9M 2013	Change
Revenues	909.0	925.9	2%	2,468.0	2,778.1	13%
Total Cost of Sales	-754.2	-784.9		-2,032.6	-2,369.7	
<b>Gross Profit</b>	<b>154.8</b>	<b>141.0</b>	<b>-9%</b>	<b>435.4</b>	<b>408.4</b>	<b>-6%</b>
<i>Gross Profit Margin</i>	<i>17.0%</i>	<i>15.2%</i>		<i>17.6%</i>	<i>14.7%</i>	
R&D company funded	-25.9	-22.6		-79.4	-69.1	
SG&A	-41.5	-37.2		-115.7	-118.5	
Other operating income (expense)	-0.7	2.6		3.1	5.7	
Operating income from investments	0.5	0.7		10.2	0.9	
<b>EBIT reported</b>	<b>87.2</b>	<b>84.5</b>	<b>-3%</b>	<b>253.6</b>	<b>227.4</b>	<b>-10%</b>
<i>Adjustment (PPA Depreciation &amp; Amortization)</i>	<i>9.4</i>	<i>8.9</i>		<i>28.5</i>	<i>26.8</i>	
<i>Adjustment (IAE Upshare)</i>	<i>5.6</i>	<i>5.4</i>		<i>-4.1</i>	<i>16.3</i>	
<b>EBIT adj.</b>	<b>102.2</b>	<b>98.8</b>	<b>-3%</b>	<b>278.0</b>	<b>270.5</b>	<b>-3%</b>
Financial Result	-14.6	-5.1		-25.3	-31.7	
<b>Profit before tax (EBT)</b>	<b>72.6</b>	<b>79.4</b>	<b>9%</b>	<b>228.3</b>	<b>195.7</b>	<b>-14%</b>
Taxes	-26.6	-27.6		-67.9	-71.2	
<b>Net Income reported</b>	<b>46.0</b>	<b>51.8</b>	<b>13%</b>	<b>160.4</b>	<b>124.5</b>	<b>-22%</b>
Net Income adj.	63.4	61.2		173.1	166.3	
<b>EPS</b>	<b>0.91</b>	<b>1.01</b>		<b>3.16</b>	<b>2.45</b>	
EPS adj.	1.25	1.20		3.41	3.27	

## Segment Revenues and EBIT adj.

in m€	Q3 2012	Q3 2013	Change	9M 2012	9M 2013	Change
<b>Revenues Group</b>	<b>909.0</b>	<b>925.9</b>	<b>2%</b>	<b>2,468.0</b>	<b>2,778.1</b>	<b>13%</b>
OEM Commercial	438.9	449.3	2%	1,141.9	1,402.9	23%
OEM Military	117.8	144.8	23%	348.4	368.0	6%
MRO	360.6	339.7	-6%	1,001.8	1,030.8	3%
Consolidation	-8.3	-7.9		-24.1	-23.6	
<b>EBIT adj. Group</b>	<b>102.2</b>	<b>98.8</b>	<b>-3%</b>	<b>278.0</b>	<b>270.5</b>	<b>-3%</b>
OEM (Commercial / Military)	71.6	70.4	-2%	194.1	186.8	-4%
MRO	31.8	26.9	-15%	85.6	82.4	-4%
Consolidation	-1.2	1.5		-1.7	1.3	
<b>EBIT margin adj. Group</b>	<b>11.2%</b>	<b>10.7%</b>		<b>11.3%</b>	<b>9.7%</b>	
OEM (Commercial / Military)	12.9%	11.8%		13.0%	10.5%	
MRO	8.8%	7.9%		8.5%	8.0%	

## Research & Development

(m€)	Q3 2012	Q3 2013	Change	9M 2012	9M 2013	Change
Company expensed R&D	37.4	38.3	2%	113.3	107.1	-5%
OEM	36.4	37.0		110.1	103.6	
MRO	1.0	1.3		3.2	3.5	
<b>Capitalization of R&amp;D</b>	<b>-11.5</b>	<b>-15.7</b>		<b>-33.9</b>	<b>-38.0</b>	
OEM	-11.3	-15.4		-33.3	-37.3	
MRO	-0.2	-0.3		-0.6	-0.7	
<b>R&amp;D according to IFRS</b>	<b>25.9</b>	<b>22.6</b>	<b>-13%</b>	<b>79.4</b>	<b>69.1</b>	<b>-13%</b>
Customer funded R&D	18.1	14.1		60.2	41.0	
<b>Total R&amp;D</b>	<b>55.5</b>	<b>52.4</b>	<b>-6%</b>	<b>173.5</b>	<b>148.1</b>	<b>-15%</b>

## Cash Flow

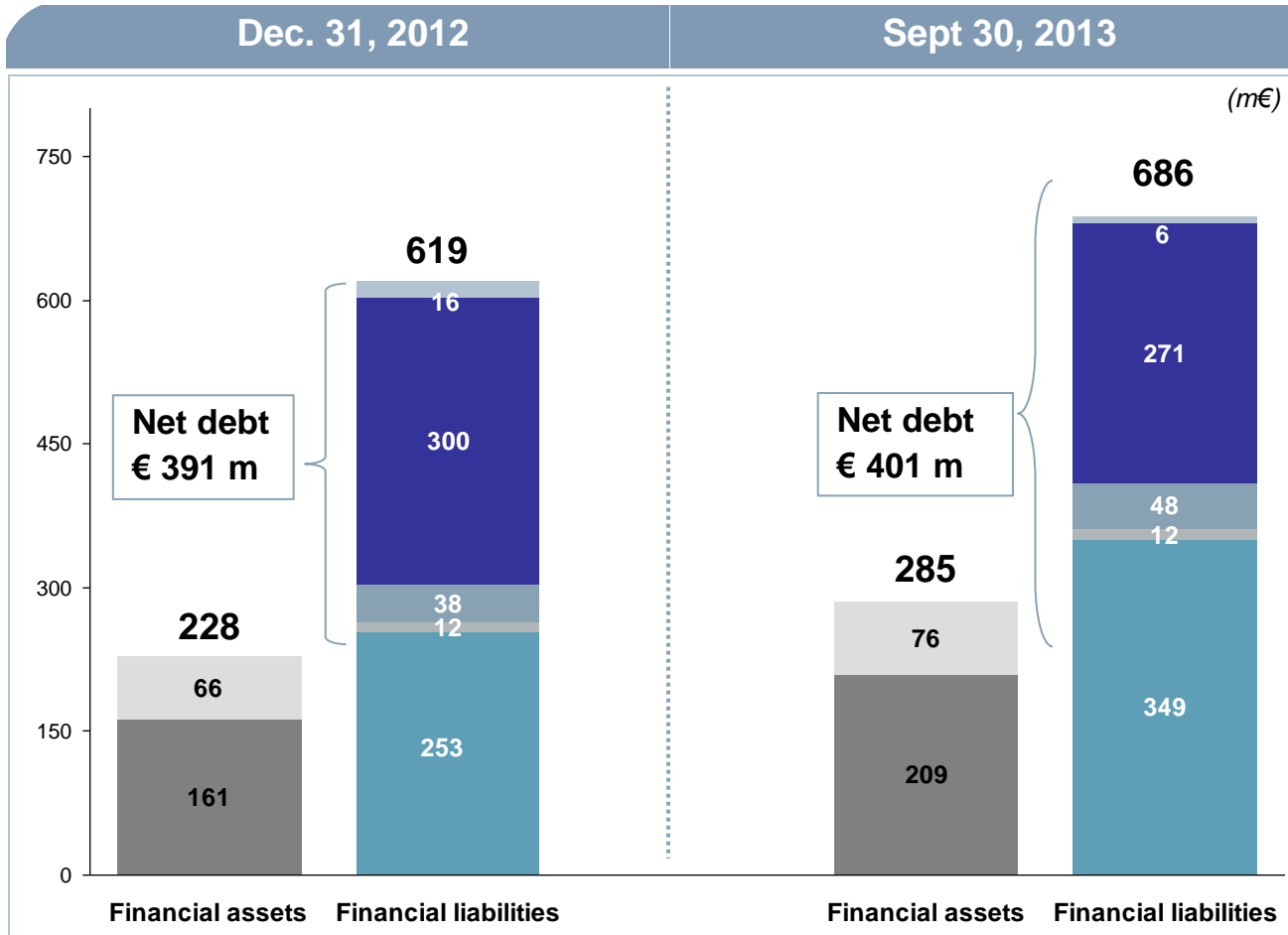
(m€)	9M 2012	9M 2013	Change
<b>Net Income IFRS</b>	<b>160.4</b>	<b>124.5</b>	<b>-22%</b>
Depreciation and amortization	106.3	121.8	
Change in provisions *	-14.2	-73.2	
Change in Working Capital	-74.0	-46.7	
Taxes	1.5	14.1	
Interest, derivatives, others	-19.2	-1.9	
<b>Cash Flow from operating activities</b>	<b>160.8</b>	<b>138.6</b>	<b>-14%</b>
Cash Flow from investing activities adjusted	-94.5	-72.9	<b>-23%</b>
<b>Free Cash Flow</b>	<b>66.3</b>	<b>65.7</b>	<b>-1%</b>
<i>Adjustments</i>	-212.5	-30.2	
<b>Cash Flow from financing activities</b>	<b>113.9</b>	<b>15.8</b>	<b>-86%</b>
Effect of exchange rate on cash and cash equivalents	1.0	-3.9	
Change in cash and cash equivalents	-31.3	47.4	

\* includes pension provisions and other provisions

## Working Capital

(m€)	31/12/2012	30/09/2013	Change	Change in %
Gross inventories	808.8	845.2	<b>36.4</b>	
Prepayments	-604.0	-504.5	<b>99.5</b>	
Receivables	789.9	755.5	<b>-34.4</b>	
Payables	-797.7	-884.4	<b>-86.7</b>	
<b>Working Capital</b>	<b>197.0</b>	<b>211.8</b>	<b>14.8</b>	<b>8%</b>

## Net debt of € 401.3 m



### Financial assets

- Derivative financial assets
- Cash and cash Equivalents / Short-term financial securities

### Financial liabilities

- Derivative financial liabilities
- V2500 / IAE Flight-Hour-Payments
- Other financial liabilities
- Promissory notes
- Euro bond & Private placement



## PPA Depreciation / Amortization (in m€)

Total depreciation / amortization	Q3 2012	Q3 2013	9M 2012	9M 2013
<b>MTU total</b>	<b>39.3</b>	<b>41.6</b>	<b>106.3</b>	<b>121.8</b>
OEM	31.7	33.3	83.5	96.6
MRO	7.6	8.3	22.8	25.2
PPA depreciation / amortization	Q3 2012	Q3 2013	9M 2012	9M 2013
<b>MTU total</b>	<b>9.4</b>	<b>8.9</b>	<b>28.5</b>	<b>26.8</b>
OEM	8.5	8.0	25.8	24.2
MRO	0.9	0.9	2.7	2.6
Depreciation / amortization w/o PPA	Q3 2012	Q3 2013	9M 2012	9M 2013
<b>MTU total</b>	<b>29.9</b>	<b>32.7</b>	<b>77.8</b>	<b>95.0</b>
OEM	23.2	25.3	57.7	72.4
MRO	6.7	7.4	20.1	22.6

## 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 cyclical nature 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.

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