**MTU Aero Engines details outlook to 2025**

* **2017: Investment phase ends with sustained profitable growth**
* **Strong increase in earnings in consolidation phase from 2018 onward**

Munich / Rzeszów, December 14, 2016 – At its Investor and Analyst Day 2016, MTU Aero Engines AG detailed its outlook for the period to 2025. The company’s largest-ever investment phase will come to an end in 2017 with sustained profitable growth. In the consolidation phase from 2018 onward, adjusted EBIT is expected to grow faster than revenues, with net income increasing in line with adjusted EBIT. “We expect our highly profitable spare parts and maintenance business to generate the highest increase in revenues as of 2018,” said Reiner Winkler, CEO of MTU Aero Engines AG. “We also expect increased revenues from commercial series production, while our military business is expected to remain stable. This mix will result in higher profit margins and have a positive effect on earnings.” After exploiting every opportunity to generate sustainable, organic growth during the investment phase, increasing cash flows as of 2018 will enable MTU to offer its shareholders a sustained greater participation in the company’s success.

In 2017, MTU expects revenues from commercial maintenance to increase in the low teens, placing this segment in the lead in terms of growth rate. Revenues from commercial series production are expected to increase by a high single digit number, while spare parts sales will probably grow by a mid single digit percentage. Revenues in the military engine business, by contrast, are likely to decrease by a mid single digit percentage. “All in all, at the end of the investment phase, all signs point to a continuing, profitable growth trajectory,” Winkler concluded. “We expect to end the investment phase just as we forecast several years ago.” MTU intends to present a more detailed outlook for the coming year when publishing the financial results for 2016 on February 23, 2017.

MTU’s role as an independent provider of commercial maintenance services will remain important in 2018 and the following years, with an increasing emphasis on partnerships with OEMs and airlines. “We have built up strong relationships that we aim to expand in the future as a means of driving forward the industrialization of our commercial maintenance business,” said Chief Program Officer Michael Schreyögg. “The next logical step is our planned joint venture with Lufthansa Technik for the maintenance of geared turbofan engines.” In this context, MTU can rely on its experience in setting up successful joint ventures and best-cost locations such as MTU Maintenance Zhuhai and MTU Aero Engines Polska. Revenues from spare parts sales can be expected to rise from 2018 onward, not only for the V2500 engine that powers the Airbus A320, but also and increasingly for newer programs such as the GP7000 for the A380, the GEnx for the Boeing 787 and 747-8, and the geared turbofan engines of the PW1000G family, especially those for the A320neo and Bombardier’s C Series.

In commercial series production, high order backlogs and MTU’s good market position contribute to the increase in revenues. The company’s diversified portfolio, which comprises engines for regional jets as well as for short-haul, medium-haul and long-haul aircraft, ensures access to growth markets while at the same time helping to spread risk. “Another important growth driver is our best-cost production strategy in which we operate manufacturing sites in the world’s most competitive regions,” added Chief Operating Officer Dr. Rainer Martens. “This strategy is supported by increasing digitalization, which enables us to extend our technological lead, improve our efficiency, and strengthen our market position.” Whereas previous forecasts assumed a moderate decline in the military engine business, MTU now expects it to remain stable through to 2025. Decreasing revenues from the EJ200 Eurofighter engine will probably be compensated by higher demand for aftermarket services and by the T408 engine for the CH-53K heavy-lift transport helicopter. Export campaigns are another potential source of additional revenue.

Changes in reporting practice resulting from the first-time application of IFRS 15 as of the financial year 2018 are not expected to have any significant impact on MTU’s earnings or cash flow.

**About MTU Aero Engines**

MTU Aero Engines AG is Germany’s leading engine manufacturer, with core competencies in low-pressure turbines, high-pressure compressors, turbine center frames, manufacturing processes and repair techniques. MTU plays a key role in the new engine market through its partnership in many international development, manufacturing and sales programs, to which it contributes its high-tech components. One third of the global fleet of passenger airliners relies on components supplied by MTU. MTU is one of the world’s top 5 providers of maintenance services for commercial aircraft engines and industrial gas turbines. These activities are combined under the roof of MTU Maintenance. In the military sector, MTU Aero Engines is the lead industrial partner for almost every type of engine flown by the German armed forces. MTU operates affiliates around the globe; its corporate headquarters are based in Munich, Germany.

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Contacts:

Eckhard Zanger Eva Simon

Senior Vice President Corporate Communications Press Officer Finance

and Public Affairs

Phone: + 49 (0)89 14 89-91 13 Phone: +49 (0)89 14 89-43 32

Mobile: + 49 (0) 176-1000 6158 Mobile: +49 (0) 176-1008 4162

Email: Eckhard.Zanger@mtu.de Email: Eva.Simon@mtu.de

*Press archive and photos* [*http://www.mtu.de*](http://www.mtu.de)

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