
MTU raises profit forecast: 2006 full-year EBITDA projected at € 290 million

- **First half-year sales grew 12% to € 1,148.5 million**
- **EBITDA improved 39% to € 142.1 million**
- **Net income more than tripled to € 55.4 million**

Munich – MTU Aero Engines Holding AG in the first half year of 2006 enjoyed continued growth: sales rose 12% to € 1,148.5 million (1-6/05: € 1,025.7 million), the growth again being driven mostly by commercial maintenance, repair and overhaul (MRO). The company posted appreciable gains in earnings: EBITDA¹ improved 39% to € 142.1 million (1-6/05: € 102.3 million). The profit surge was especially apparent in adjusted net income², which MTU in the first six months of the year more than tripled, from € 17.5 million in the first half-year 2005 to € 55.4 million.

"We successfully continued on our profitable growth track. Both our OEM business and commercial MRO recorded EBITDA margins of appreciably above 10% of sales. These figures permit us to raise our forecast for the current year," explained MTU CEO Udo Stark. "For the full year of 2006, we expect EBITDA to improve appreciably, to € 290 million." So far, the EBITDA forecast had been € 270 million.

2006 first-half-year developments:

The 12% sales growth is attributed primarily to commercial MRO, where sales surged 33% to € 468.0 million (1-6/05: € 351.2 million). Main contributors were two programs: the V2500 powering the Airbus A320 family and the CF6-50 powering earlier wide-body aircraft like the A300 and Boeing 747. Commercial MRO accordingly accounted for 40% of overall sales. The commercial OEM business, which had generated € 480.0 million in sales in the first half-year of 2005, stood at € 485.4 million. Adjusted for dollar exchange rate variations and the spinoff of Atena (effective June 30, 2005), the commercial engine business recorded a sales gain of around 9%. Sales in the military engine business, at € 204.4 million, remained just about flat at last year's level (1-6/05: € 202.8 million).

The order backlog in the first six months again remained stable. At € 3,591.2 million, it matched the high year-end level of 2005 (€ 3,649.1 million). The backlog corresponds to 1.7 times the 2005 annual sales, accentuating MTU's growth trend.

Executive vice president finance, human resources and IT (CFO) Reiner Winkler explained MTU's 39% improvement in EBITDA over the same period the previous year: "The earnings situation in commercial MRO has shown a sustained positive trend, EBITDA in this segment having grown 77% compared with

¹ EBITDA = earnings before interests, taxes, depreciation and amortization, calculated on a comparable basis

² Adjusted net income: adjusts the reported net income for the effects of IFRS Purchase Accounting to make it more comparable with the profit for the year according to HGB, which serves as the basis for calculating the dividend.



the previous year. Encouraging also are developments in the OEM business, where we saw gains of 22%."

MTU significantly improved its adjusted net income. In the first half-year of 2006, at € 55.4 million, it more than tripled (1-6/05: € 17.5 million). This growth is attributed to improvements in operational activities and the clearly improved financial result.

At the end of the first half-year, cash flow from operations amounts to € 120.4 million, which is 48% less than in the same period a year ago. The decline is attributed essentially to unusually high down payments made by customers in fiscal 2005.

Expenditures for research and development in the first half-year of 2006 ran 11% above the prior year's level: € 81.1 million after € 72.8 million in the same period of 2005. This increase is attributed especially to development activities for the TP400-D6 to power the A400M military transport and to technology programs for advanced aircraft engines. Typical among these is the geared-turbofan demonstrator MTU is developing in cooperation with Pratt & Whitney. It is targeted at medium-range aircraft.

MTU's workforce, including the contracted labor force, as of June 30, 2006, at 6,756 (calculated on a basis comparable to year-end 2005: 6,427 employees), rose by 5%. This increase already reflects the hiring being done at the Hannover location, where the heavily growing MRO business requires the addition of about 200 people to the labor force.



MTU Aero Engines – Key financial data for the 1st half-year of 2006

(Amounts in million €, calculated on a comparable basis, rendering of accounts according to IFRS. Values calculated on a comparable basis adjust the IFRS results of the company by restructuring and transaction costs, capitalized R&D costs as well as the effects deriving from IFRS Purchase Accounting.)

MTU Aero Engines	H1 2006	H1 2005	Change
Sales	1,148.5	1,025.7	+ 12.0%
of which OEM business	689.8	682.8	+ 1.0%
of which commercial engine business	485.4	480.0	+ 1.1%
of which military engine business	204.4	202.8	+ 0.8%
of which commercial MRO	468.0	351.2	+ 33.3%
EBITDA (calculated on comparable basis)	142.1	102.3	+ 38.9%
of which OEM business	91.0	74.5	+ 22.1%
of which commercial MRO	52.4	29.6	+ 77.0%
Net income (IFRS)	45.0	6.7	+ 571.6%
Net income (adjusted)	55.4	17.5	+ 216.6%
Cash flow from operational activities	120.4	232.8	- 48.3%
Research and development expenses	81.1	72.8	+ 11.4%
of which company funded R&D	38.3	31.0	+ 23.5%
of which outside-funded R&D	42.8	41.8	+ 2.4%
Capital expenditures	30.1	28.5	+ 5.6%
	June 30, 2006	Dec. 31, 2005	Change
Order backlog	3,591.2	3,649.1	- 1.6%
of which OEM business	3,406.9	3,433.8	- 0.8%
of which commercial MRO	184.3	215.3	- 14.4%
Employees*	6,756	6,427	+ 5.1%

* including the contracted labor force, but without non-permanent employees, such as interns, graduands, student workers, trainees, etc.

Headquartered in Munich, MTU Aero Engines is Germany's leading engine manufacturer. The company cooperates closely with the world's major engine manufacturers - General Electric, Pratt & Whitney and Rolls-Royce. With its various affiliates, it has a presence in all essential markets and regions. In the military arena, MTU is the industrial lead company for practically all aircraft engines flown by the German military and an important partner in all major military engine programs in Europe. MTU's network of maintenance shops is the world's largest independent provider of engine services in terms of sales.

Munich, July 26, 2006



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The Half-Yearly Report is posted on the Internet at www.mtu.de, under Investor Relations @ Financial Figures & Reports -> Financial Reports. Interested parties may also obtain it in .pdf format.

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MTU Aero Engines assumes no obligation to update any forward-looking statement.