
MTU Aero Engines starts the year 2007 with increased revenues and earnings

- Revenues increased by 12% in first quarter to €641 million
- Adjusted EBITDA grew by 32% to €91 million

Munich –MTU Aero Engines Holding AG generated significantly increased revenues and earnings in the first quarter of 2007, sustaining the momentum of the strong performance in 2006. Revenues improved by 12% in the first three months of 2007, rising to €640.6 million (1-3/06: €574.5 million). MTU's earnings rose significantly, with adjusted EBITDA¹ reaching €90.6 million – an increase of 32% compared with the €68.8 million earned in the first three months of 2006. Adjusted net income² for the first quarter 2007, at €26.1 million, remained more or less unchanged compared with the same period in 2006, when it amounted to €25.8 million. This year, however, it includes a nonrecurring charge for the early redemption premium in connection with the high-yield bond. Excluding this exceptional charge, adjusted net income increased by 45% to €37.5 million in the first quarter 2007.

“With these results we have established a very sound basis from which to meet the targets for 2007,” commented MTU CEO Udo Stark. “Besides achieving successful results on an operational level, we have also again improved our strategic position in the early months of this year. At end-March we increased our share in the F414 engine program by roughly one additional percentage point. This is the engine that powers the F/A-18 Super Hornet.” After having previously increased its share in the F414/F404 U.S. military engine program to 5%, MTU now holds 5.9%.

Developments during the first quarter of 2007:

All MTU business units contributed towards the 12% increase in revenues. Revenues in the commercial MRO business improved by 14% compared with the first quarter 2006, to €262.3 million, while revenues in the commercial engine business increased by 11% to €273.1 million, and those in the military engine business improved by 8% to €110.7 million. The programs that generated the greatest contribution to revenues in the commercial MRO segment were the V2500 engine – the powerplant for the Airbus A320 family – and the CF6 engine used to power wide-body passenger aircraft such as the Airbus A330 and the Boeing 747. In the commercial engine business, the V2500 and the PW2000 for the C17 transporter made significant contributions to revenues. The increase in revenues in the military engine business was mainly attributable to the EJ200 engine for the Eurofighter Typhoon and the MTR 390 engine for the Tiger combat helicopter.

¹ EBITDA = Earnings before interest, taxes, depreciation and amortization, calculated on a comparable basis

² Adjusted net income: reported earnings adjusted to eliminate the effect of purchase accounting, to enable comparison of value with full-year net profit calculated according to HGB, on which dividend is based



MTU's order backlog has remained stable. At March 31, 2007, it amounted to €3,304.4 million, virtually unchanged from the high level reported at year-end 2006 (€3,342.3 million). The present order backlog corresponds to 1.4 times total annual revenues for 2006.

MTU achieved above-average improvements in its adjusted EBITDA, which rose by 32% compared with the same period in 2006. An even higher rate of increase was achieved in the OEM business segment, where adjusted EBITDA grew by 37% to €59.0 million. In the commercial MRO segment, adjusted EBITDA increased by 18% to €30.5 million. Chief Financial Officer Reiner Winkler explained: "This corresponds to an EBITDA margin of 14.1%, which already situates it inside the target range of 14-15 percent that we had set as our medium-term objective. This positive result reflects the impact of our program of measures to boost efficiency and profitability. Our medium-term aim is to improve profitability even further and bring the EBITDA margin up to 15%."

Free cash flow at the end of first three months amounted to €46.3 million. Although this figure is 34% lower than that at the end of the same period in 2006, it already represents over half of the sum of €70 million on which the full-year forecasts for 2007 were based. The reduction in free cash flow is mainly attributable to the early redemption premium in connection with the high-yield bond.

Research and development expenditure amounted to €39.5 million in the first three months of 2007, or 2% more than in the same period of 2006 (1-3/06: €38.8 million). The additional expense is largely accounted for by new technology programs for future aero engines, including the geared turbofan demonstrator being developed by MTU in collaboration with Pratt & Whitney, which is intended for use in medium-haul aircraft.

The number of employees working for MTU Aero Engines stood at 7,061 on March 31, 2007, close to the level of 7,077 recorded on December 31, 2006.

Outlook

MTU has not modified its forecasts for fiscal year 2007. The company aims to improve consolidated revenues by 8% to €2,600 million by the end of 2007 (2006: €2,416.2 million). Adjusted EBITDA for 2007 (EBITDA) is expected to rise to €365 million. If this target is met, it will represent a 15% increase over 2006, in which an adjusted EBITDA of €318.2 million was achieved. MTU expects to increase its adjusted net profits for the year to €140 million, or an increase of 15% compared with the €121.8 million generated in 2006. This would bring adjusted earnings per share to €2.63 (2006: €2.25). Free cash flow can be expected to fall to €70 million (2006: €115.7 million) as a result of the strategic investments planned for 2007 – including gaining a larger share of engine programs and setting up a new production site in eastern Europe.



MTU Aero Engines – Key financial data for January through March 2007

(Figures quoted in million €, calculated on a comparable basis, statements prepared in accordance with IFRS. Figures calculated on a comparable basis apply adjustments to the IFRS consolidated results to exclude restructuring and transaction costs, capitalized R&D costs, and the effects of IFRS purchase accounting.)

MTU Aero Engines	Q1 2007	Q1 2006*	Change
Revenues	640.6	574.5	+ 11.5%
of which OEM business	383.8	348.3	+ 10.2%
of which commercial engine business	273.1	246.0	+ 11.0%
of which military engine business	110.7	102.3	+ 8.2%
of which commercial MRO	262.3	231.0	+ 13.5%
EBITDA (adjusted)	90.6	68.8	+ 31.7%
of which OEM business	59.0	43.1	+ 36.9%
of which commercial MRO	30.5	25.9	+ 17.8%
Net income (IFRS)	18.0	17.8	+ 1.1%
Net income (adjusted)	26.1	25.8	+ 1.2%
Earnings per share (adjusted)	€0.49	€0.47	+ 4.3%
Free cash flow	46.3	69.6	- 33.5%
Research and development expenditure	39.5	38.8	+ 1.8%
of which company-funded R&D	17.0	14.3	+ 18.9%
of which outside-funded R&D	22.5	24.5	- 8.2%
Capital expenditure	17.9	11.6	+ 54.3%
	March 31, 07	Dec. 31, 06	Change
Order backlog	3,304.4	3,342.3	- 1.1%
of which OEM business	3,179.9	3,218.4	- 1.2%
of which commercial MRO business	124.9	124.1	+ 0.6%
Employees	7,061	7,077	- 0.2%

*adjusted for 50% proportionate consolidation of MTU Maintenance Zhuhai

MTU Aero Engines is the leading German manufacturer of aircraft engines. Together with its affiliates, the company maintains a presence in all essential markets and regions. MTU ranks among the largest companies in its sector and has close working ties with the world's largest manufacturers of commercial aero engines – General Electric, Pratt & Whitney and Rolls-Royce. MTU is the world's largest independent provider of MRO services for commercial aero engines. In the military sector, MTU is the lead industrial partner for almost every type of aero engine in service with the German armed forces, and an important partner in major military engine programs in Europe.



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