
MTU Aero Engines improves operating results and raises profit forecast for 2007

- **Anticipated year-end adjusted EBITDA of €385 million**
- **Net income expected to reach €150 million by December 31, 2007**
- **Half-year revenues up by 8% to €1,261 million**
- **Adjusted EBITDA improved by 24% to €181 million at June 30, 2007**

Munich, July 25, 2007 – MTU Aero Engines Holding AG achieved 8% growth to the end of June 2007, as expected. Revenues increased from €1,170.0 million (1-6/06) to €1,260.6 million (1-6/07) during this period. The group expects to sustain this same growth rate through to the end of the year. MTU's earnings improved at an above-average rate: Adjusted EBITDA¹ amounted to €181.0 million at June 30, 2007, thus exceeding the equivalent figure for the first 6 months of 2006 (1-6/06: €146.3 million) by 24%. Similarly positive results were reported for adjusted net income², which increased by 10% from €55.5 million to €61.0 million. And this despite the fact that adjusted net income for the first six months of 2007 includes a non-recurring charge for the early redemption premium in connection with the high-yield bond. Excluding this exceptional charge, the increase would have amounted to 31%.

"We expect our year-end results for 2007 to reflect this continued growth trend, with significant contributions from the series production of commercial engines and spare part sales, which are progressing well," commented Udo Stark, CEO of MTU Aero Engines Holding AG. "This upward trend is underpinned by the sustained impact of our efficiency improvement program. This has enabled us to raise our earnings forecast for the current financial year: By the end of the financial year, we expect to have achieved an adjusted EBITDA of €385 million and an adjusted net income of €150 million." This anticipated adjusted EBITDA result is €20 million higher than that originally forecast, and represents an improvement of 21% compared with the previous year. In the case of adjusted net income, MTU expects to improve its forecast year-end result by €10 million, representing a year-on-year increase of 23%. Free cash flow will improve to €120 million, 4% higher than in 2006. No change has been made to the forecast revenues, which MTU aims to improve by 8% to €2,600 million by the end of 2007.

Developments during the first six months of 2007:

The increase in revenues is mainly attributable to the positive growth trend in OEM business, where a higher than expected increase in revenues of 11% was reported.

Within the OEM segment, commercial engine business generated improved revenues of €544.9 million, compared with €485.4 million in the first six months of 2006; this represents an increase of 12%,

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



or 15% after adjustments to account for fluctuations in the U.S. dollar exchange rate. The greatest sources of revenue were the V2500, which powers the Airbus A320 family, the PW2000 for the C-17 military transporter, and the CF6 employed as the powerplant in wide-body aircraft such as the Airbus A330 and Boeing 747.

MTU's revenues in the military engine segment increased by 9% to €223.3 million (1-6/06: €204.4 million). In this instance, it was the EJ200 Eurofighter engine and the RB199 Tornado engine that generated the highest revenues.

Revenues in the commercial MRO segment increased by 3%, rising from €489.8 million (1-6/06) to €505.3 million. This relatively weaker growth is principally a consequence of a one-time event, namely the introduction of new SAP software that led to a temporary suspension of operations in May this year and a subsequent period of adaptation to the new processes at MTU Maintenance Hannover. The greatest contributions to revenues came from the V2500 and CF6 programs. As Chief Financial Officer Reiner Winker explained: "Foreign exchange rates also had an impact on these results. Including adjustments to compensate for fluctuations in the value of the U.S. dollar, our revenues in the commercial MRO sector increased by 11.5%."

The order backlog corresponds to 1.3 times total annual revenues in 2006, maintaining a sustained high level at €3,254.5 million (December 31, 2006: €3,342.3 million).

The improvement in adjusted EBITDA was principally due to the positive development of the OEM business. In the first six months of 2007, MTU expanded its EBITDA margin to 14.4%, compared with 12.5% for the same period in 2006. In the OEM business, adjusted EBITDA increased by 38% to €125.8 million (1-6/06: €91.0 million), resulting in an improved EBITDA margin of 16.4% as compared with 13.2% in the first six months of 2006. Adjusted EBITDA in the commercial MRO business for the first six months of 2007 amounted to €55.0 million, compared with €56.6 million in the same period of 2006. At June 30, 2007, the EBITDA margin in the commercial MRO business thus stood at 10.9% (1-6/06: 11.6%).

This healthy development in business results is equally reflected in MTU's cash flow situation: free cash flow stood at €81.6 million at June 30, 2007, thus already surpassing the figure of €70 million forecasted for the end of the full financial year. On this new basis, MTU now expects to achieve a year-end free cash flow in the order of €120 million. In addition to improvements in cash flow from operating activities, this revised estimate also includes a one-time prepayment agreed with Airbus to compensate for the impact of delays in the A380 delivery schedule.



MTU increased its capital expenditure by 28% in the first six months of 2007, as compared with the same period in 2006: this expenditure rose from €30.6 million to €39.3 million.

Research and development expenditure amounted to €79.5 million at the end of the second quarter 2007, corresponding to about 10% of revenues in the OEM sector (1-6/06: €81.1 million). This particularly reflects the lower expenses for development work on the GP7000 engine for the Airbus A380, which is now being prepared for the full production phase and hence requires a lower level of research and development activity.

The number of employees showed little change with respect to the end of the previous year, standing at 7,052 on June 30, 2007 (7,077 on December 31, 2006).

MTU Aero Engines – Key financial data for January through June 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	H1 2007	H1 2006*	Change
Revenues	1,260.6	1,170.0	+ 7.7%
of which OEM business	768.2	689.8	+ 11.4%
of which commercial engine business	544.9	485.4	+ 12.3%
of which military engine business	223.3	204.4	+ 9.2%
of which commercial MRO	505.3	489.8	+ 3.2%
EBITDA (adjusted)	181.0	146.3	+ 23.7%
of which OEM business	125.8	91.0	+ 38.2%
of which commercial MRO	55.0	56.6	- 2.8%
Net income (IFRS)	45.0	41.8	+ 7.7%
Net income (adjusted)	61.0	55.5	+ 9.9%
Earnings per share (adjusted)	1.15	1.01	+ 13.9%
Free cash flow	81.6	98.6	- 17.2%
Research and development expenses	79.5	81.1	- 2.0%
of which company-funded R&D	35.5	38.3	- 7.3%
of which outside-funded R&D	44.0	42.8	+ 2.8%
Capital expenditure	39.3	30.6	+ 28.4%
	June 30, 07	Dec 31, 06	Change
Order backlog	3,254.5	3,342.3	- 2.7%
of which OEM business	3,109.1	3,218.4	- 3.4%
of which commercial MRO	164.1	124.1	+ 32.3%
Employees	7,052	7,077	- 0.4%

*adjusted to account for the 50% proportionate consolidation of MTU Maintenance Zhuhai



Outlook 2007

in million €	Outlook at end March 2007	Revised out- look for year- end 2007	2006	Change
Revenues	2,600	2,600	2,416.2	+ 8%
Adjusted EBITDA	365	385	318.2	+ 21%
Free cash flow	70	120	115.7	+ 4%
Adjusted net income	140	150	121.8	+ 23%

MTU Aero Engines is the leading German manufacturer of aircraft engines and ranks among the largest companies in its sector. Together with its affiliates, the company maintains a presence in all essential markets and regions. 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. The company is a technological leader, with outstanding expertise in high-pressure compressors, low-pressure turbines, engine control units, and manufacturing and repair processes.

Contact for media representatives:

Eckhard Zanger

Senior Vice President Corporate Communications and Investor Relations

Phone: + 49 89 14 89-91 13

Fax: + 49 89 14 89-21 72

Eva Simon

Press Officer Finance

Phone: +49 89 14 89-43 32

Fax: +49 89 14 89-87 57

Contact for investors and analysts:

Inka Koljonen

Director Investor Relations

Phone: + 49 89 14 89-83 13

Fax: + 49 89 14 89-9 50 62



Claudia Heinle
Investor Relations
Tel.: + 49 89 14 89-39 11
Fax: + 49 89 14 89-9 93 54

Press archive and photos: <http://www.mtu.de>

The Interim Report is available as a downloadable PDF file on the Internet at www.mtu.de, under Investor Relations -> Financial Figures and Reports -> Financial Reports.

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