

---

**MTU Aero Engines reaffirms forecast for 2007 and improves earnings again**

- **Adjusted EBITDA at end September up by 22% to €280.8 million**
- **Net income increased by 17% to €102.5 million**
- **Buyback of 2 million additional shares**

Munich, October 25, 2007 – In the first nine months of 2007, MTU Aero Engines Holding AG further improved its earnings, thus sustaining the positive trend. Adjusted EBITDA<sup>1</sup> increased by 22% to €280.8 million (1-9/06: €230.4 million). The company's EBITDA margin increased to 14.9%, up two percentage points compared with 2006. Underlying net income<sup>2</sup> made similarly positive progress, increasing by 17% to €102.5 million (1-9/06: €87.9 million). This figure includes a non-recurring charge for the early redemption premium in connection with the high-yield bond, which was paid in the first half of this year. Excluding this exceptional charge, the improvement would have amounted to 30%.

“Since the beginning of the year, our OEM business has been progressing better than expected. Commercial MRO has remained slightly below the expected level in recent months,” summed up Udo Stark, CEO of MTU Aero Engines Holding AG. “Overall, MTU is well positioned and reaffirms the improved forecast for the full year as published in July 2007. Furthermore, the gratifying developments in our cash-flow situation will enable MTU to buy back additional shares.” In the first nine months of 2007, MTU Aero Engines increased its free cash flow by 25% to €119.7 million (1-9/06: €95.5 million). The company intends to make use of this strong liquidity to buy back shares. Over the next six months, approximately 2 million treasury shares are to be purchased. Added to the approximately 3.5 million shares that MTU has already acquired, this represents around 10% of the company's capital stock. Through this operation, the company intends to buy back the full complement of shares authorized by the last Annual General Meeting.

Developments during the first nine months of 2007:

The 6% increase in revenues to €1,886.8 million (1-9/06: €1,782.4 million) is principally due to the sustained growth of the OEM business, where MTU's revenues have improved year-on-year at end September by 9% from €1,061.9 million to €1,153.8 million.

Revenues in the commercial engine business, which is part of the OEM segment, have similarly increased by 9% – from €746.5 million at end September 2006 to €811.5 million

---

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

<sup>2</sup> Underlying 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



at end September 2007. After adjustments to eliminate the effect of fluctuations in the U.S. dollar exchange rate, the increase in revenues is even higher, at around 13%. The most important sources of revenue were the V2500 engine for the Airbus A320 family, the PW2000 for the C-17 military transporter, and the CF6 designed to power wide-body passenger airliners such as the A330 and the Boeing 747.

Revenues in the military engine business improved by 9% to €342.3 million (1-9/06: €315.4 million). The most significant contributions to revenues were made by the EJ200 Eurofighter engine and the RB199 Tornado engine.

The commercial MRO business generated revenues of €753.2 million in the first nine months of 2007. This corresponds to a growth rate of 2% compared with the same period in 2006. Influential factors in this case were the temporary interruption to operations in May 2007 occasioned by the introduction of new software and logistics systems and the subsequent period of adaptation to the new processes at MTU Maintenance Hannover, and the impact of changes in foreign exchange rates. Adjusted to compensate for the effect of the U.S. dollar exchange rate, the increase in revenues from commercial MRO stands at 11%. Major contributors to these revenues were the V2500 and CF6 programs.

The order backlog at end September 2007 amounted to €3,032.9 million, which corresponds to 1.3 times total annual revenues in 2006. This figure is lower than that at the end of the last financial year (December 31, 2006: €3,342.3 million), primarily as a result of the U.S. dollar exchange rate. Excluding this factor, the order backlog is stable.

The improvement in the EBITDA margin is primarily attributable to the positive evolution of the OEM business, where adjusted EBITDA progressed from €152.3 million in the first nine months of 2006 to €210.5 million in the same period of 2007 – an improvement of 38%. Consequently, the EBITDA margin for OEM business stood at 18.2% on September 30, 2007, whereas one year previously it had stood at 14.3%. Adjusted EBITDA for the commercial MRO business amounted to €70.3 million at end September 2007, 12% lower than the equivalent figure in 2006 (1-9/06: €79.4 million). As a result, the EBITDA margin for the commercial MRO business decreased from 10.8% at end September 2006 to 9.3%. Chief Financial Officer Reiner Winkler explains: "This is a consequence of the introduction of new software and logistics systems at MTU Maintenance Hannover. We have also made a valuation adjustment to our CF34 license, amounting to €14.7 million. We did this to account for the limited remaining life-span of the CF34 license and start-up expenses in the highly competitive CF34-3 market. This valuation adjustment does not affect EBITDA, however."



The German government's recently adopted new corporate taxation rules will reduce the tax rate to just below 33% as from the beginning of 2008. Until now it was above 40%. From this, MTU can expect to see a sustainable improvement in earnings of about €10-15 million per year. In 2007, an adjustment of €50 million to the carrying amount of tax liabilities will have an additional one-time effect on net income. This was accounted in the 3rd quarter 2007. However, it is not included in the underlying net income at end September, which shows a year-on-year improvement of €15 million.

MTU's capital expenditure amounted to €55.6 million in the first nine months of 2007, compared with €65.9 million in the equivalent period of 2006.

Research and development expenditure up to the end of September 2007 amounted to €121.1 million (1-9/06: €117.5 million). This corresponds to 10% of revenues in the OEM business. The slight increase compared with the equivalent period of the previous year is mainly due to development work on the geared turbofan.

The number of MTU employees stood at 7,119 on September 30, 2007, the same level as in 2006 (December 31, 2006: 7,077 employees).

MTU has made no change to its full-year forecast for 2007. Group revenues are expected to reach close to €2,600 million; they amounted to €2,416.2 million in 2006. Adjusted EBITDA is expected to improve by 21% year-on-year to €385 million, and an underlying net income of €150 million is anticipated at end December, 23% higher than in 2006 (€121.8 million). MTU expects free cash flow to improve to €120 million by the end of 2007; it amounted to €115,7 million at the end of the last financial year.



## MTU Aero Engines – Key financial data for January through September 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	End Sept. 2007	End Sept. 2006*	Change
Revenues	1,886.8	1,782.4	+ 5.9%
of which OEM business	1,153.8	1,061.9	+ 8.7%
of which commercial engine business	811.5	746.5	+ 8.7%
of which military engine business	342.3	315.4	+ 8.5%
of which commercial MRO	753.2	735.5	+ 2.4%
EBITDA (calculated on a comparable basis)	280.8	230.4	+ 21.9%
of which OEM business	210.5	152.3	+ 38.2%
of which commercial MRO	70.3	79.4	- 11.5%
EBITDA margin (calculated on a comparable basis)	14.9%	12.9%	
in OEM business	18.2%	14.3%	
in commercial MRO	9.3%	10.8%	
Net income (IFRS)	117.0	75.2	+ 55.6%
Net income (underlying)	102.5	87.9	+ 16.6%
Earnings per share (adjusted)	1.94	1.61	+ 20.5%
Free cash flow	119.7	95.5	+ 25.3%
Research and development expenditure	121.1	117.5	+ 3.1%
of which company-funded R&D	55.1	42.9	+ 28.4%
of which outside-funded R&D	63.4	62.5	+ 1.4%
Capital expenditure	55.6	65.9	- 15.6%
	<b>Sept 30, 2007</b>	<b>Dec. 31, 2006</b>	<b>Change</b>
Order backlog	3,032.9	3,342.3	- 9.3%
of which OEM business	2,933.5	3,218.4	- 8.9%
of which commercial MRO	99.8	124.1	- 19.6%
Employees	7,119	7,077	+ 0.6%

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

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

Phone: + 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](http://www.mtu.de), under Investor Relations -> Financial Figures and Reports -> Financial Reports.*

**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. Actual results, performance or events may differ materially from those in such statements due to, without limitation, competition from other companies in MTU Aero Engines' industry and MTU Aero Engines' ability to retain or increase its market share, the cyclical-ity of the airline industry, risks related to MTU Aero Engines' participation in consortia and risk and revenue sharing agreements for new aero engine programs, risks associated with the capital markets, currency exchange rate fluctuations, regulations affect-ing MTU Aero Engines' business and MTU Aero Engines' ability to respond to changes in the regulatory environment, and other factors. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their conse-quences.

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