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**MTU Aero Engines boosts earnings in first quarter 2008**

- **EBITDA up by 9% to €98.3 million**
- **Net income more than doubled to €44.2 million**
- **Forecast reaffirmed**

Munich, April 24, 2008 – MTU Aero Engines Holding AG improved its EBITDA<sup>1</sup> by 9% in the first three months of 2008, from €90.6 million in the equivalent period of 2007 to €98.3 million. The EBITDA margin increased by 1.5 percentage points to 15.6%. Revenues of €630.0 million were generated in the first three months of 2008, remaining close to the previous year's level (1-3/07: €640.6 million). After adjustments for the U.S. dollar exchange rate, revenues increased by 10%.

MTU's first-quarter net income more than doubled to €44.2 million (1-3/07: €18.0 million). The 2007 figure includes a nonrecurring charge for the early redemption premium in connection with the high yield bond. Excluding this exceptional charge, net income increased by 40%.

"These results show that MTU is still a highly profitable company, despite the continuing unfavorable U.S. dollar exchange rate situation," commented CEO Egon Behle. "The first quarter's results substantiate our expectations for the financial year 2008 as a whole. We are confident that we will reach the targets we have set, and we intend to optimize costs still further in order to do so."

Developments during the first three months of 2008:

Like revenues at group level, revenues in the OEM and MRO segments roughly matched those of the previous year.

The effects of the U.S. dollar exchange rate were evident in both the commercial engine business and commercial MRO. Whereas commercial engine revenues increased by 11% after adjustments for the U.S. dollar exchange rate, the actual amount in euros was €265.3 million, which represents a year-on-year decrease of 2.9% (March 31, 2007: €273.1 million). Similarly, commercial MRO revenues increased by 13% excluding adjustments for the U.S. dollar exchange rate. Expressed in euros, revenues in the commercial MRO business amounted to €258.3 million, or 1.5% lower than at the end of the equivalent period in 2007. The main contributors to revenues in the commercial MRO segment were the V2500 engine for the Airbus A320 family and the CF6 engine used to power wide-body passenger airliners such as the A330 and the Boeing 747. The programs that generated the greatest revenues for the commercial engine business were the V2500 and the PW2000 for the C17 transporter.

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<sup>1</sup> EBITDA = Earnings before interest, tax, depreciation and amortization; in Q1/2008: EBITDA reported = EBITDA adjusted



Revenues in the military engine business increased by 3% to €114.1 million. The highest contributions to these revenues came from the EJ200 Eurofighter engine and the RB199 employed in the Tornado.

At March 31, 2008, MTU's order backlog amounted to €3,113.3 million or 1.2 times annual revenues in 2007. This figure is lower than that at the end of the last financial year (December 31, 2007: €3,311.1 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 above all attributable to the positive evolution of the OEM business, where the successful implementation of various programs to improve efficiency, a high demand for spare parts, and the start of volume production in certain programs compensated for the unfavorable U.S. dollar exchange rate. EBITDA in the OEM business grew by 45% to €85.6 million, bringing the EBITDA margin to 22.6%. The EBITDA margin for the commercial MRO business amounted to 5.5%, while this segment's EBITDA dropped by 53% to €14.2 million. This result, which reflects the additional costs occasioned by the introduction of new software and logistics systems at MTU Maintenance Hannover, was not unexpected. "We have taken steps to bring the commercial MRO business back on course, and these measures are already having the desired effect at an operational level," explains Chief Financial Officer Reiner Winkler.

Free cash flow at the end of March 2008 amounted to €43.4 million, or roughly the same as at the end of the equivalent period one year earlier (1-3/07: €44.3 million).

MTU's investing activities in the first three months of 2008 amounted to €18.9 million, exceeding those of the equivalent period in the previous year by 6% (1-3/07: €17.9 million). A large part of these investments relate to the construction of a new engine test rig at MTU Maintenance Hannover.

Research and development expenses in the first three months of 2008 amounted to €37.7 million (1-3/07: €39.5 million). "Research and development is the keystone in our efforts to strengthen our innovative lead, and we intend to make considerable investments in this area in the future," Behle points out. "In the coming years, we expect to invest an average of 7 to 8% of our revenues in R&D."

The number of MTU employees at March 31, 2008 was 7,156, which is about the same as at the end of the previous year (December 31, 2007: 7,130 employees).



## Outlook

There has been no change in MTU's end-of-year forecast for 2008. The company expects to generate revenues of €2.6 billion, roughly equivalent to those generated in 2007 (€2,575.9 million). Adjusted EBITDA at year-end 2008 is expected to amount to around €390 million, thereby remaining close to the previous year's level of €392.9 million despite a significant increase in investing activity and despite the effects of the U.S. dollar exchange rate. MTU expects its reported EBITDA (i.e. the EBITDA figure including the capitalized research and development expenses) to reach €420 million at the end of 2008. Net income for 2008 is expected to increase year-on-year by an estimated 20% to around €180 million (2007: €154.1 million). In view of the planned strategic investments to assure MTU's future – notably the acquisition of additional shares in engine programs and the construction of the new plant in Poland – free cash flow is expected to decrease to around €100 million (2007: €131.7 million).

### MTU Aero Engines – Key financial data for January through March 2008

*(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 March 2008	End March 2007	Change
Revenues	630.0	640.6	- 1.7 %
of which OEM business	379.4	383.8	- 1.1 %
of which commercial engine business	265.3	273.1	- 2.9 %
of which military engine business	114.1	110.7	+ 3.1 %
of which commercial MRO business	258.3	262.3	- 1.5 %
EBITDA	98.3	90.6	+ 8.5 %
of which OEM business	85.6	59.0	+ 45.1 %
of which commercial MRO business	14.2	30.5	- 53.4 %
Net income (IFRS)	44.2	18.0	+ 145.6 %
<i>EBITDA margin</i>	<i>15.6 %</i>	<i>14.1 %</i>	
<i>in the OEM business</i>	<i>22.6 %</i>	<i>15.4 %</i>	
<i>in the commercial MRO business</i>	<i>5.5 %</i>	<i>11.6 %</i>	
Earnings per share	0.88 €	0.34 €	+ 158.8 %
Free cash flow	43.4	44.3	- 2.0 %
Research and development expenses	37.7	39.5	- 4.6 %
of which company-funded R&D	14.5	17.0	- 14.7 %
of which outside-funded R&D	23.2	22.5	+ 3.1 %
Capital expenditure	18.9	17.9	+ 5.6 %



	March 31, 08	Dec. 31, 07	Change
Order backlog	3,113.3	3,311.1	- 6.0 %
of which OEM business	3,022.3	3,216.8	- 6.0 %
of which commercial MRO business	91.4	94.7	- 3.5 %
Employees	7,156	7,130	+ 0.4 %

MTU Aero Engines is the leading German manufacturer of aircraft engines and a major player in the industry. Together with its affiliates, the company maintains a presence in all essential markets and regions. In the commercial engine sector, MTU has close working ties with the world's major aero engine manufacturers – General Electric, Pratt & Whitney and Rolls-Royce. In the military sector, MTU is the lead industrial partner for almost every type of engine operated by the German armed forces, and an important partner in all major military aero engine programs in Europe. MTU is the world's largest independent provider of MRO services for commercial aero engines. The company is a technological leader in low-pressure compressors, low-pressure turbines, engine control and monitoring systems, manufacturing processes, and repair techniques.

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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 nature 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 affecting 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 consequences.

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