

MTU Aero Engines to cut costs: 50 million euros annually

- **2008 outlook reaffirmed**
- **MRO restructuring on track**

Munich, September 26, 2008 – MTU Aero Engines has launched a new cost-reduction initiative intended to save 50 million euros annually, the bulk of it already in 2010. This follows from an announcement MTU CEO Egon Behle made at today's Analyst and Investor Day the company held in Munich. Behle reaffirmed the company's 2008 forecast and expects MTU to remain on its profitable growth track even in a troubled market environment.

The new cost reduction program, dubbed Challenge 2010, is designed to enhance MTU's competitive position and prepare the company for a difficult market. By 2010, the initiative is expected to initially yield 25 to 30 million euros in savings; and as from 2011, 50 million euros a year. Behle explained: "This initiative will enduringly secure our competitiveness and cushion the impact of a slump, if it comes, and of volatile exchange rates. It will also offset additional research and development expenditures as well as the cost of ramping up production of some new programs."

The MTU CEO emphasized that the cost savings primarily related to the entire production chain. The focus of the effort was to optimize product costs across MTU's major engine programs. Behle said: "Our focus is on simplifying product design, optimizing processes, improving technologies and materials, and trimming purchasing costs." He explained that currently these areas were being analyzed thoroughly. By year-end, a concrete roadmap would be in place. Implementation of the various measures would begin next year. Additionally, all MTU areas would contribute to cost optimization under the company's intensified continuous improvement program (CIP).

Behle further noted that the ongoing organizational and process-related adjustments in the company's MRO segment proceeded on schedule. "Its performance has stabilized and further improvements are being pursued."



MTU Aero Engines is Germany's leading engine manufacturer and ranks among the global players in the business. It operates affiliates in all significant markets and regions worldwide. In commercial engine manufacturing, MTU closely cooperates with the world's major engine manufacturers, General Electric, Pratt & Whitney, and Rolls-Royce. In the military arena, it is Germany's industrial lead company for practically all engines flown by the country's armed forces and an important partner in all major military programs in Europe. MTU is the largest independent provider of commercial aircraft engine maintenance services worldwide. Having carved out leading positions in engine technologies, MTU excels in high-pressure compressors, low-pressure turbines and engine control units, as well as manufacturing and repair techniques. In fiscal 2007, it had about 2.6 billion euros in sales. The company has a workforce of some 7,100 employees.

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