
MTU Aero Engines increases forecast for 2008 revenues and earnings

- Revenues expected to reach €2,650 million by year-end
- Anticipated EBITDA of at least €400 million
- Revenues up by 5% in the first nine months to €1,982.9 million
- EBITDA grew by 5% over the same period to €295.0 million

Munich, October 23, 2008 – MTU Aero Engines Holding AG has reported successful results for the first nine months of 2008. At September 30, 2008, revenues amounted to €1,982.9 million, 5% higher than at the end of the equivalent period a year earlier (1-9/07: €1,886.8 million). After adjustments for the U.S. dollar exchange rate, revenues increased by 17%. MTU's earnings continued to improve as well, with adjusted EBITDA¹ reaching €295.0 million, which is 5% up on the same period in 2007 (1-9/07: €280.8 million). The EBITDA margin at the end of September came to 14.9%, as in the previous year. Net income has remained stable at €118.6 million (1-9/07: €117.0 million).

"MTU has had a particularly successful third quarter and is making good headway towards its targets. On the basis of these results, we are today able to revise our forecast for 2008," stated MTU CEO Egon Behle. "We now expect to close the year with revenues of €2,650 million and anticipate an EBITDA of at least €400 million." This is at least €10 million higher than the previously estimated EBITDA, despite an increasing level of capital expenditure. The original forecast for revenues has been increased by €50 million.

MTU's revenues in the third quarter 2008 continued to be affected by fluctuations in the U.S. dollar exchange rate. Revenues in the OEM segment increased year-on-year by 4% to €1,196.3 million (1-9/07: €1,153.8 million). Without the effect of the U.S. dollar exchange rate, this increase amounted to 13%. Revenues in the commercial MRO segment, disregarding the U.S. dollar effect, increased by as much as 21%. Expressed in euros, commercial MRO revenues at September 30, 2008 amounted to €807.9 million, or 7% higher than at the end of the same period in 2007 (1-9/07: €753.2 million).

The greatest contributors to revenues in the commercial engine business were the V2500 engine that powers the Airbus A320 family and the PW2000 engine for the Boeing C-17 transporter. The programs generating the highest revenues in the military engine sector were the EJ200 for the Eurofighter and the RB199 for the Tornado. The primary sources of revenue in the commercial MRO business were the V2500, and the CF6 engine employed in widebody jets such as the Airbus A330 and Boeing 747.

At September 30, 2008, MTU's order backlog amounted to €3,227.9 million (Dec. 31, 2007: €3,311.1 million), which corresponds to 1.3 times annual revenues in 2007. Order intake over the first nine months of 2008 was 21% higher than for the same period in 2007.

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



The improved earnings situation was primarily a result of positive developments in the OEM business, where the successful implementation of programs to boost efficiency, coupled with a favorable business mix of spare parts sales and series production, compensated for the effect of the U.S. dollar exchange rate. EBITDA in the OEM segment increased by 17% to €246.9 million and the EBITDA margin rose to 20.6%. "The EBITDA margin in the commercial MRO segment amounted to 6.2%. This margin has improved successively over the course of the year, as we had planned. From an operational point of view, our performance indicators reflect the fact that the measures we have implemented to adapt processes and organizational structures are starting to produce tangible results," remarked CFO Reiner Winkler. "We reckon that the EBITDA margin in the commercial MRO segment will reach around 7% by the end of the year." At end September, EBITDA for the commercial MRO business amounted to €50.2 million (1-9/07: €70.3 million).

Free cash flow at the end of the 3rd quarter amounted to €124.5 million, i.e. the same level as in the previous year (1-9/07: €121.7 million).

MTU's capital expenditure in the first nine months of 2008 amounted to €97.6 million. This represents an increase of 76% over the equivalent period in 2007 (1-9/07: €55.6 million). A major portion of this sum concerns investments in the development program for the GE38 engine, destined to power the CH53K heavy-lift helicopter, and the construction of the new test cell at MTU Maintenance Hannover.

Research and development expenses in the first nine months of 2008 amounted to €120.1 million (1-9/07: €121.1 million). "This shows that MTU attributes a central importance to research and development activities – especially with a view to further expanding our innovative lead. It is an area in which we intend to make growing investments," declared Behle.

The number of MTU employees at September 30, 2008 was 7,327 (Dec. 31, 2007: 7,130). This shows that the company has been able to generate a significantly higher volume of business (17% increase in revenues excluding U.S. dollar effect) with only 3% more employees.



MTU Aero Engines – Key financial data for January through September 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 Sept. 2008	End Sept. 2007	Change
Revenues	1,982.9	1,886.8	+ 5.1 %
of which OEM business	1,196.3	1,153.8	+ 3.7 %
of which commercial engine business	841.4	811.5	+ 3.7 %
of which military engine business	354.9	342.3	+ 3.7 %
of which commercial MRO business	807.9	753.2	+ 7.3 %
EBITDA (calculated on a comparable basis)	295.0	280.8	+ 5.1 %
of which OEM business	246.9	210.5	+ 17.3 %
of which commercial MRO business	50.2	70.3	- 28.6 %
<i>EBITDA margin</i>	14.9 %	14.9 %	
<i>in the OEM business</i>	20.6 %	18.2 %	
<i>in the commercial MRO business</i>	6.2 %	9.3 %	
Net income (IFRS)	118.6	117.0	+ 1.4 %
Earnings per share	2.39	2.22	+ 7.7 %
Free cash flow	124.5	121.7	+ 2.3 %
Research and development expenses	120.1	121.1	- 0.8 %
of which company-funded R&D	59.9	57.7	+ 3.8 %
of which outside-funded R&D	60.2	63.4	- 5.0 %
Capital expenditure	97.6	55.6	+ 75.5 %
	Sept. 30, 08	Dec. 31, 07	Change
Order backlog	3,227.9	3,311.1	- 2.5 %
of which OEM business	3,132.3	3,216.8	- 2.6 %
of which commercial MRO business	96.4	94.7	+ 1.8 %
Employees	7,327	7,130	+ 2.8 %

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 high-pressure compressors, low-pressure turbines, engine control and monitoring systems, manufacturing processes, and repair techniques.



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