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### MTU Aero Engines provides more precise guidance at half-year

- **2016 revenues expected to reach around €4.7 billion**
- **MTU expects earnings of around €480 million and net income of circa €330 million**

Munich, July 26, 2016 – MTU Aero Engines AG generated revenues of €2,299.2 million in the first six months of 2016, an increase of 4% (1-6/15: €2,202.0 million). The group's operating profit<sup>1</sup> improved by 19% to €254.1 million (1-6/15: €212.8 million), raising the EBIT margin for the six-month period from 9.7% to 11.1%. Earnings after tax<sup>2</sup> increased by 20% to €176.1 million (1-6/15: €147.2 million), in line with operating profit.

“The successful results for the first half year have enabled us to provide a more precise outlook to the end of 2016,” said Reiner Winkler, CEO of MTU Aero Engines AG. With around €4.7 billion in 2016, revenues for the MTU group are now expected to reach the upper end of the originally forecast range of between €4.6 and 4.7 billion. The company expects to achieve an operating profit of around €480 million (adjusted EBIT, 2015: €440.3 million). The original outlook was for a stable EBIT margin of around 10%. Earnings after tax are expected to reach around €330 million (adjusted net income, 2015: €306.9 million) – a growth rate in line with operating profit. These forecasts are based on an assumed exchange rate of U.S. \$1.10 to the euro.

In the first half-year, MTU's revenues increased in both the commercial maintenance business and the military engine business, while revenues in the commercial engine business contracted slightly.

The highest growth was registered by the commercial maintenance business (MRO segment), where half-year revenues, at €893.3 million were up 18% (1-6/15: €754.2 million). The principal source of MRO revenues was the V2500 engine for the Airbus A320 family. “Second-quarter revenues in the MRO segment amounted to €464.5 million, making this the third successive quarter with record figures,” emphasized Chief Program Officer Michael Schreyögg.

Revenues in the military engine business increased by 12% to €240.2 million (1-6/15: €215.3 million). The EJ200 Eurofighter engine was the main source of these revenues.

Revenues in the commercial engine business decreased by a modest 4% from €1,251.8 million to €1,200.9 million. “Above all, these figures reflect the delays of the PW1100G-JM for the A320neo,” Schreyögg explained. “We expect revenues to pick up in the second half of the year, when the ramp up of this program is scheduled.” The V2500, the GP7000 engine for the A380 and the GEnx for the Boeing 787 and 747-8 accounted for the greater part of the revenues in this business unit.

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<sup>1</sup> Adjusted EBIT = Earnings before interest and tax, calculated on a comparable basis

<sup>2</sup> Adjusted net income = Earnings after tax, calculated on a comparable basis



At the end of June 2016, MTU's order backlog stood at €11,544.6 million (Dec. 31, 2015: €12,493.7 million). The majority of these orders are for the V2500 and the geared turbofan engines of the PW1000G family, especially the PW1100G-JM for the Airbus A320neo. "At the Farnborough International Airshow two weeks ago, we were particularly successful with the geared-turbofan programs, the V2500 and the GEnx engine for widebody airliners," said Winkler. The orders acquired during the airshow, with a total value of around €1 billion, are not yet included in the order backlog.

In the first six months of 2016, MTU's earnings improved in both operating segments. In the OEM segment, adjusted EBIT grew by 22% to €169.5 million (1-6/15: €139.2 million), pushing up the EBIT margin by 2.3 percentage points to 11.8%. In the MRO segment (commercial maintenance business), operating profit increased by 15% to €84.5 million (1-6/15: €73.5 million), resulting in an EBIT margin of 9.5% (1-6/15: 9.7%).

Research and development expenditure in the first half of 2016 amounted to €113.6 million, or 11% more (1-6/15: €102.0 million). The focal areas of MTU's R&D activities during this period were existing and future geared-turbofan programs, the GE9X engine for the Boeing 777X long-haul airliner, and various technology studies and R&D projects relating to next-generation engines.

MTU's free cash flow at the end of June 2016 amounted to €69.8 million (1-6/15: €86.7 million). "For the full year, we expect a similar level of free cash flow, with a year-end result of around €70 million," said Winkler.

At €62.3 million, MTU's capital expenditure on property, plant and equipment in the first six months of 2016 was 61% higher (1-6/15: €38.7 million). This money was spent on new plant and machinery needed to ramp up production capacity for the geared-turbofan programs and to prepare facilities for the maintenance of these engines, as well as on replacements of existing plant and machinery.

MTU had 8,362 employees on its payroll at June 30, 2016 (December 31, 2015: 8,334 employees).



## MTU Aero Engines – Key financial data for January through June 2016

(Figures quoted in € million, calculated on a comparable basis. Statements prepared in accordance with IFRSs)

MTU Aero Engines	H1 2015	H1 2016	Change
Revenues	2,202.0	2,299.2	+ 4.4%
of which OEM business	1,467.1	1,441.1	- 1.8%
of which commercial engine business	1,251.8	1,200.9	- 4.1%
of which military engine business	215.3	240.2	+ 11.6%
of which commercial MRO business	754.2	893.3	+ 18.4%
EBIT (calculated on a comparable basis)	212.8	254.1	+ 19.4%
of which OEM business	139.2	169.5	+ 21.8%
of which commercial MRO business	73.5	84.5	+ 15.0%
<i>EBIT margin (calculated on a comparable basis)</i>	<i>9.7%</i>	<i>11.1%</i>	
<i>for OEM business</i>	<i>9.5%</i>	<i>11.8%</i>	
<i>for commercial MRO business</i>	<i>9.7%</i>	<i>9.5%</i>	
Net income (calculated on a comparable basis)	147.2	176.1	+ 19.6%
Net income (reported)	104.0	158.6	+ 52.5%
Earnings per share (undiluted, reported)	€2.04	€3.10	+ 52.0%
Free cash flow	86.7	69.8	- 19.5%
Research and development expenditure	102.0	113.6	+ 11.4%
of which company-funded R&D	79.1	91.2	+ 15.3%
of which customer-funded R&D	22.9	22.4	- 2.2%
<i>Company-funded R&amp;D recognized as expense</i>	<i>24.3</i>	<i>38.5</i>	<i>+ 58.4%</i>
Capital expenditure on property, plant and equipment	38.7	62.3	+ 61.0%
	<b>Dec. 31, 2015</b>	<b>June 30, 2016</b>	<b>Change</b>
Order backlog	12,493.7	11,544.6	- 7.6%
of which OEM business	6,830.6	6,140.8	- 10.1%
of which commercial MRO business	5,663.1	5,403.8	- 4.6%
Employees	8,334	8,362	+ 0.3%



## MTU Aero Engines – Key financial data for Q2 / 2016

(Figures quoted in € million, calculated on a comparable basis. Statements prepared in accordance with IFRSs)

MTU Aero Engines	Q2 2015	Q2 2016	Change
Revenues	1,102.5	1,201.3	+ 9.0 %
of which OEM business	740.4	760.6	+ 2.7 %
of which commercial engine business	616.3	644.9	+ 4.6 %
of which military engine business	124.1	115.7	- 6.8 %
of which commercial MRO business	370.3	464.5	+ 25.4 %
EBIT (calculated on a comparable basis)	115.1	122.8	+ 6.7 %
of which OEM business	81.1	80.7	- 0.5 %
of which commercial MRO business	35.4	42.2	+ 19.2 %
Net income (calculated on a comparable basis)	79.0	84.6	+ 7.1 %
Net income (reported)	83.0	68.2	- 17.8 %
Free cash flow	25.5	-23.8	
Research and development expenditure	50.0	55.0	+ 10.0 %
of which company-funded	35.8	40.7	+ 13.7 %
of which outside-funded	14.2	14.3	+ 0.7 %

### **About MTU Aero Engines**

MTU Aero Engines AG is Germany's leading engine manufacturer, with core competencies in low-pressure turbines, high-pressure compressors, turbine center frames, manufacturing processes and repair techniques. MTU plays a key role in the new engine market through its partnership in many international development, manufacturing and sales programs, to which it contributes its high-tech components. One third of the global fleet of passenger airliners relies on components supplied by MTU. MTU is one of the world's top 5 providers of maintenance services for commercial aircraft engines and industrial gas turbines. These activities are combined under the roof of MTU Maintenance. In the military sector, MTU Aero Engines is the lead industrial partner for almost every type of engine flown by the German armed forces. MTU operates affiliates around the globe; its corporate headquarters are based in Munich, Germany.

Geared Turbofan is a trademark application of Pratt & Whitney

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