



2006 Half year results– MTU Aero Engines Holding AG



Conference Call with Investors and Analysts
July 26th, 2006

- Prepared on the basis of IFRS (unaudited)

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H1 2006 Key Business Highlights

Commercial Business

- Strong industry fundamentals: passenger traffic + 7% and cargo traffic +5 %
- Very limited impact of A380 delays - No negative impact on result

Military Business

- MTU becomes risk & revenue sharing partner in US fighter engine F414
- T 64 upgrade contract for German Bundeswehr

Commercial MRO

- Total contract volume increased by 11% (underlying)
- Highlight: Air Wisconsin 240 m € contract for CF34 fleet

Technology

- Design and construction of a demonstrator for Geared Turbofan Technology with PW
- Development of flight control computer for EADS Barracuda UAV
- Launch of „Newac“ Technology Program for reduction of CO2 and NOx emissions

Others

- 2% share buy back program
- Launch of „Impact 06“ cost efficiency initiative

Improved 2006 Full Year Outlook

| € m | Old | New |
|--------------------------------|-------|--------------|
| Revenues | 2.350 | 2.350 |
| EBIT reported | 160 | 180 |
| EBITDA adj. | 270 | 290 |
| CF operating activities | 170 | 180 |
| Underlying Net income | 90 | 105 |

H1 2006 Financial Highlights

Order Backlog • Group order backlog nearly stable at € 3.591,2 m (unfavourable US\$/€)

Revenues

- Group revenues +12% to €1.148,5 m
- MRO +33,3%
- Commercial OEM +9% (underlying)
- Military OEM +0,8%.

EBITDA adj.

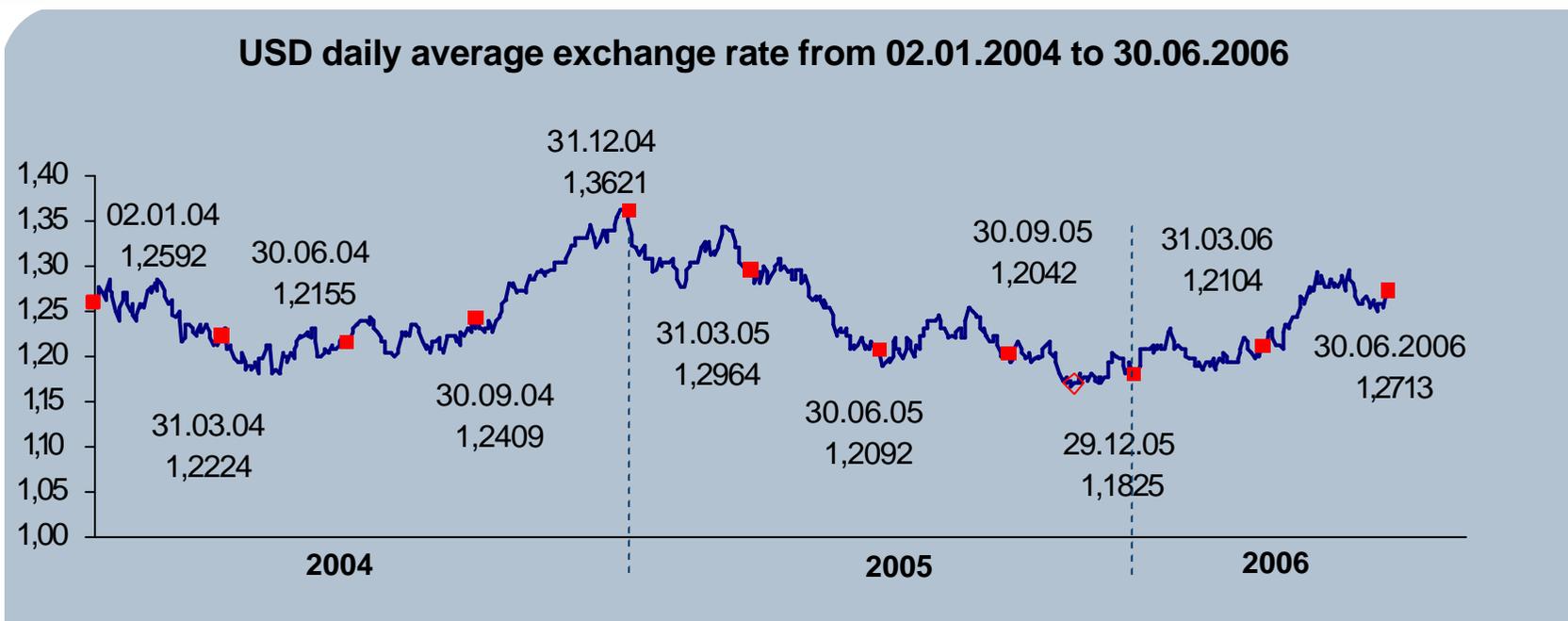
- Group EBITDA + 39% to € 142, 1 m (12,4% margin)
- MRO EBITDA + 77% to 11.2% margin
- OEM EBITDA + 22% to 13.2% margin

Cash Flow • Cash Flow from operating activities - 48% to €120 m

Underlying Net Income/ EPS

- Underlying Net Income + 215% to €55,4m
- Underlying EPS increased to €1,01 per share

US\$ Exchange rate / Hedge portfolio



| Hedging in place as of 25 July 2006 | % of exposure hedged | Average exchange rate |
|-------------------------------------|----------------------|-----------------------|
| 2006 | (USD 205m) 80% | 1,25 |
| 2007 | (USD 360m) 50% | 1,26 |
| 2008 | (USD 140m) 20% | 1,27 |

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OEM Segment

| € m | 30.06.2006 | 31.12.2005 | Change |
|----------------------|----------------|----------------|--------------|
| Order backlog | 3.406,9 | 3.433,8 | -0,8% |
| Commercial Business | 1.835,5 | 1.843,8 | -0,5% |
| Military Business | 1.571,4 | 1.590,0 | -1,2% |

| € m | H1 2006 | H1 2005 | Change |
|------------------------------|--------------|--------------|--------------|
| Revenues | 689,8 | 682,8 | 1,0% |
| Commercial Business | 485,4 | 480,0 | 1,1% |
| Military Business | 204,4 | 202,8 | 0,8% |
| Gross profit | 108,5 | 84,9 | 27,8% |
| <i>Gross profit margin</i> | <i>15,7%</i> | <i>12,4%</i> | |
| R&D self-financed | 34,1 | 29,6 | 15,2% |
| EBITDA adj. | 91,0 | 74,5 | 22,1% |
| <i>EBITDA adj. margin</i> | <i>13,2%</i> | <i>10,9%</i> | |

Order backlog

- Commercial Order backlog +7% underlying (excluding fx effects).

Revenues

- Commercial sales up 5,1% (without ATENA in 2005). Underlying growth +9% - adjusted for additional negative fx effects.

Gross Profit

- Increase by 27,8% due to favourable business mix effects.

EBITDA adj

- Increased by 22% reaching 13,2% margin.

MRO Segment

| €m | 30.06.2006 | 31.12.2005 | Change |
|----------------------------|----------------|----------------|---------------|
| Order backlog | 184,3 | 215,3 | -14,4% |
| <i>Contract Volume MRO</i> | 2.980,0 | 2.896,0 | 2,9% |

| €m | H1 2006 | H1 2005 | Change |
|------------------------------|--------------|--------------|---------------|
| Revenues | 468,0 | 351,2 | 33,3% |
| Gross profit | 64,5 | 31,6 | 104,1% |
| <i>Gross profit margin</i> | 13,8% | 9,0% | |
| R&D self-financed | 4,2 | 1,4 | 200,0% |
| EBITDA adj. | 52,4 | 29,6 | 77,0% |
| <i>EBITDA adj. margin</i> | 11,2% | 8,4% | |

Order backlog

- Contract volume MRO + 11% underlying (excluding fx effects).

Revenues

- Increase by 33% mainly due to V2500, and CF6-50 programs

Gross Profit

- Increase by 104% mainly due to volume effect

EBITDA adj

- EBITDA adj increased by 77% reaching 11,2% margin.

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Financial Result

| € m | H1 2006 | H1 2005 | Change |
|---|--------------|--------------|--------------|
| Equity Result | 0,1 | 0,2 | |
| Share of loss of Joint Ventures accounted for using the equity method | 0,4 | 0,5 | |
| Interest Result | -9,2 | -20,0 | 54,0% |
| Interest income/payments | -1,0 | -7,3 | |
| Interest payment High Yield Bond | -6,8 | -11,3 | |
| Interest Capital Lease / Others | -1,4 | -1,4 | |
| Other Financial Result | -3,2 | -19,8 | 83,8% |
| Gains/losses US\$ cash/financing/ Capital lease valuation | 0,1 | -1,5 | |
| Interest expenses for pension provisions | -9,2 | -9,1 | |
| Non cash valuations (swaps) | 6,1 | -8,4 | |
| Interest R&D provisions and others | -0,2 | -0,8 | |
| Total Financial Result | -11,9 | -39,1 | 69,6% |

Underlying Net Income and EPS underlying

| € m | H1 2006 | H1 2005 | Change |
|-----------------------------------|--------------|--------------|---------------|
| EBITDA adj. | 142,1 | 102,3 | 38,9% |
| Depreciation/amortisation w/o PPA | -37,3 | -33,9 | |
| EBIT underlying | 104,8 | 68,4 | 53,2% |
| Financial result | -11,9 | -39,1 | |
| EBT underlying | 92,9 | 29,3 | 217,1% |
| underlying Tax (40,4%) | -37,5 | -11,8 | |
| Underlying Net Income | 55,4 | 17,5 | 216,6% |
| EPS underlying (€/share) | 1,01 | 0,32 | |

Cash Flow

| € m | H1 2006 | H1 2005 | Change |
|--|--------------|--------------|---------------|
| Net income IFRS | 45,0 | 6,7 | |
| Depreciation and amortisation | 61,5 | 66,8 | |
| Change in Provisions | 5,6 | -0,2 | |
| Change in Working Capital | 4,5 | 157,5 | |
| Deferred taxes | 1,5 | -5,7 | |
| Gains/losses associated comp. /others | 2,3 | 7,7 | |
| Cash Flow from operating activities | 120,4 | 232,8 | -48,3% |
| Cash Flow from investing activities | -22,2 | -28,3 | 21,6% |
| Free Cash Flow | 98,2 | 204,5 | -52,0% |
| Cash Flow from financing activities | -25,9 | -126,3 | 79,5% |
| Effect of exchange rate on cash and cash equivalents | 0,7 | -1,0 | |
| Change in consolidation | | 8,0 | |
| Change in cash and cash equivalents | 73,0 | 85,2 | |

Working Capital

| in € million | 30.06.2006 | 31.12.2005 | Change | Change in % |
|------------------------|--------------|--------------|------------|-------------|
| Gross inventories | 546,6 | 518,2 | -28,4 | |
| Prepayments | -465,7 | -431,0 | 34,7 | |
| Receivables | 576,2 | 483,9 | -92,3 | |
| Payables | -539,1 | -448,6 | 90,5 | |
| Working Capital | 118,0 | 122,5 | 4,5 | 3,7% |

Group Outlook 2006

| € m | Actual 2005 | H1 2006 | Forecast 2006 |
|--------------------------------|-------------|---------|---------------|
| Revenues | 2.148,6 | 1.148,5 | 2.350 |
| EBIT reported | 130,0 | 88,7 | 180 |
| EBITDA adj. | 233,0 | 142,1 | 290 |
| CF operating activities | 290,1 | 120,4 | 180 |
| Underlying Net income | 51,4 | 55,4 | 105 |

240 m €MRO Contract - Air Wisconsin CF34 Fleet

Air Wisconsin • Largest independent Regional Airline in the United States

Contract Volume • € 240m revenues over the contract period of 10 years

CF34 Engine Fleet • Exclusive contract for entire CF34 fleet, including 70 Bombardier CRJ200 A/C

Service • Covers all off- and on-wing maintenance activities for CF34-3 engines to be performed by MTU at its facility in Ludwigsfelde (Berlin-Brandenburg)

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Profit & Loss

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|--|--------------|--------------|-----------------|----------------|----------------|---------------|
| Revenues | 583,7 | 516,0 | 13,1% | 1.148,5 | 1.025,7 | 12,0% |
| Total cost of sales | -489,2 | -462,9 | | -975,5 | -908,3 | |
| Gross profit | 94,5 | 53,1 | 78,0% | 173,0 | 117,4 | 47,4% |
| Gross profit margin | 16,2% | 10,3% | | 15,1% | 11,4% | |
| R & D company funded | -19,9 | -9,7 | | -30,2 | -14,5 | |
| SG&A | -26,5 | -26,7 | | -56,0 | -57,6 | |
| Other operating income (expense) | 1,1 | 4,3 | | 1,9 | 5,6 | |
| EBIT reported | 49,2 | 21,0 | 134,3% | 88,7 | 50,9 | 74,3% |
| EBITDA reported | 79,6 | 54,5 | 46,1% | 150,2 | 117,7 | 27,6% |
| EBITDA adjusted | 75,5 | 47,3 | 59,6% | 142,1 | 102,3 | 38,9% |
| Financial result | -5,5 | -17,9 | | -12,3 | -39,6 | |
| Share of income/loss of Joint Ventures accounted for using the equity method | -0,4 | 0,5 | | 0,4 | 0,5 | |
| Profit before Tax (EBT) | 43,3 | 3,6 | 1.102,8% | 76,8 | 11,8 | 550,8% |
| Taxes | -17,7 | -1,9 | | -31,8 | -5,1 | |
| IFRS net income | 25,6 | 1,7 | 1.405,9% | 45,0 | 6,7 | 571,6% |

Revenues / Cost of sales

| €m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|------------------------------------|---------------|---------------|--------------|----------------|----------------|--------------|
| Revenues | 583,7 | 516,0 | 13,1% | 1.148,5 | 1.025,7 | 12,0% |
| OEM Commercial | 239,4 | 238,6 | 0,3% | 485,4 | 480,0 | 1,1% |
| OEM Military | 102,1 | 102,2 | -0,1% | 204,4 | 202,8 | 0,8% |
| MRO | 246,9 | 178,6 | 38,2% | 468,0 | 351,2 | 33,3% |
| Consolidation | -4,7 | -3,4 | | -9,3 | -8,3 | |
| Cost of Sales | -489,2 | -462,9 | 5,7% | -975,5 | -908,3 | 7,4% |
| OEM (commercial / military) | -279,9 | -305,1 | | -581,3 | -597,9 | |
| MRO | -214,0 | -161,5 | | -403,5 | -319,6 | |
| Consolidation | 4,7 | 3,7 | | 9,3 | 9,2 | |

Gross Profit / EBIT reported

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|------------------------------------|-------------|-------------|---------------|--------------|--------------|---------------|
| Gross Profit | 94,5 | 53,1 | 78,0% | 173,0 | 117,4 | 47,4% |
| OEM (commercial / military) | 61,6 | 35,7 | 72,5% | 108,5 | 84,9 | 27,8% |
| MRO | 32,9 | 17,1 | 92,4% | 64,5 | 31,6 | 104,1% |
| Consolidation | 0,0 | 0,3 | | 0,0 | 0,9 | |
| EBIT reported | 49,2 | 21,0 | 134,3% | 88,7 | 50,9 | 74,3% |
| OEM (commercial / military) | 29,8 | 16,0 | 86,3% | 53,5 | 39,2 | 36,5% |
| MRO | 20,5 | 7,4 | 177,0% | 36,5 | 13,5 | 170,4% |
| Consolidation | -1,1 | -2,4 | | -1,3 | -1,8 | |

Research & Development

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|---|-------------|-------------|---------------|-------------|--------------|---------------|
| Company expensed R&D | 24,0 | 17,9 | 34,1% | 38,3 | 31,0 | 23,5% |
| OEM | 20,9 | 16,9 | | 34,1 | 29,6 | |
| MRO | 3,1 | 1,0 | | 4,2 | 1,4 | |
| Consumption of R&D provision | -4,1 | -8,2 | | -8,1 | -16,5 | |
| R&D according to IFRS | 19,9 | 9,7 | 105,2% | 30,2 | 14,5 | 108,3% |
| Customer funded R&D | 18,3 | 22,9 | -20,1% | 42,8 | 41,8 | 2,4% |
| Total R&D | 42,3 | 40,8 | 3,7% | 81,1 | 72,8 | 11,4% |

EBITDA reported / adjusted

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| EBITDA reported | 79,6 | 54,5 | 46,1% | 150,2 | 117,7 | 27,6% |
| OEM (commercial / military) | 52,0 | 41,4 | 25,6% | 99,1 | 89,9 | 10,2% |
| MRO | 28,7 | 15,5 | 85,2% | 52,4 | 29,6 | 77,0% |
| Consolidation | -1,1 | -2,4 | | -1,3 | -1,8 | |
| EBITDA adjusted | 75,5 | 47,3 | 59,6% | 142,1 | 102,3 | 38,9% |
| OEM (commercial / military) | 47,9 | 34,2 | 40,1% | 91,0 | 74,5 | 22,1% |
| MRO | 28,7 | 15,5 | 85,2% | 52,4 | 29,6 | 77,0% |
| Consolidation | -1,1 | -2,4 | | -1,3 | -1,8 | |
| EBITDA adjusted margin | 12,9% | 9,1% | | 12,4% | 10,0% | |
| OEM (commercial / military) margin | 14,0% | 10,0% | | 13,2% | 10,9% | |
| MRO margin | 11,6% | 8,7% | | 11,2% | 8,4% | |

EBITDA Adjustments- Group Level

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|-------------------------------|-------------|-------------|---------------|--------------|--------------|--------------|
| EBIT reported | 49,2 | 21,0 | 134,3% | 88,7 | 50,9 | 74,3% |
| Depreciation and amortization | 30,4 | 33,5 | | 61,5 | 66,8 | |
| EBITDA reported | 79,6 | 54,5 | 46,1% | 150,2 | 117,7 | 27,6% |
| Restructuring costs | | 1,0 | | | 1,1 | |
| R&D provision consumption | -4,1 | -8,2 | | -8,1 | -16,5 | |
| Total adjustments | -4,1 | -7,2 | | -8,1 | -15,4 | |
| EBITDA adjusted | 75,5 | 47,3 | 59,6% | 142,1 | 102,3 | 38,9% |

EBITDA Adjustments – Segmental Level

€m

| OEM Segment | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|-----------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| EBITDA reported OEM | 52,0 | 41,4 | 25,6% | 99,1 | 89,9 | 10,2% |
| R&D cost, not expensed under IFRS | -4,1 | -8,2 | | -8,1 | -16,5 | |
| Restructuring | 0,0 | 1,0 | | 0,0 | 1,1 | |
| EBITDA adjusted OEM | 47,9 | 34,2 | 40,1% | 91,0 | 74,5 | 22,1% |

| MRO Segment | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|-----------------------------------|----------------|----------------|---------------|----------------|----------------|---------------|
| EBITDA reported MRO | 28,7 | 15,5 | 85,2% | 52,4 | 29,6 | 77,0% |
| R&D cost, not expensed under IFRS | | | | | | |
| Restructuring | | | | | | |
| EBITDA adjusted MRO | 28,7 | 15,5 | 85,2% | 52,4 | 29,6 | 77,0% |

Financial Result

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|---|-------------|--------------|--------------|--------------|--------------|--------------|
| Equity Result | 0,1 | 0,2 | | 0,1 | 0,2 | |
| Share of loss of Joint Ventures accounted for using the equity method | -0,4 | 0,5 | | 0,4 | 0,5 | |
| Interest Result | -5,1 | -11,2 | 54,5% | -9,2 | -20,0 | 54,0% |
| Interest income | 2,4 | 0,8 | | -1,0 | -7,3 | |
| Interest payment High Yield Bond | -6,8 | -11,3 | | -6,8 | -11,3 | |
| Interest Captial Lease / Others | -0,7 | -0,7 | | -1,4 | -1,4 | |
| Other Financial Result | -0,5 | -6,9 | 92,8% | -3,2 | -19,8 | 83,8% |
| Gains/losses US\$ cash/financing/ Capital lease valuation | 0,2 | 3,0 | | 0,1 | -1,5 | |
| Interest expenses for pension provisions | -4,6 | -4,5 | | -9,2 | -9,1 | |
| Non cash valuations (swaps) | 4,6 | -4,9 | | 6,1 | -8,4 | |
| Interest R&D provisions and others | -0,7 | -0,5 | | -0,2 | -0,8 | |
| Total Financial Result | -5,9 | -17,4 | 66,1% | -11,9 | -39,1 | 69,6% |

Cash Flow

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|--|-------------|-------------|---------------|--------------|--------------|---------------|
| Net income IFRS | 25,6 | 1,7 | | 45,0 | 6,7 | |
| Depreciation and amortisation | 30,4 | 33,5 | | 61,5 | 66,8 | |
| Change in Provisions | 22,0 | 12,4 | | 5,6 | -0,2 | |
| Change in Working Capital | -36,5 | 47,4 | | 4,5 | 157,5 | |
| Deferred taxes | -2,5 | -3,1 | | 1,5 | -5,7 | |
| Gains/losses associated comp. /others | 0,3 | 7,8 | | 2,3 | 7,7 | |
| Cash Flow from operating activities | 39,3 | 99,7 | -60,6% | 120,4 | 232,8 | -48,3% |
| Cash Flow from investing activities | -10,9 | -17,7 | 38,4% | -22,2 | -28,3 | 21,6% |
| Free Cash Flow | 28,4 | 82,0 | -65,4% | 98,2 | 204,5 | -52,0% |
| Cash Flow from financing activities | -14,5 | -19,9 | 27,1% | -25,9 | -126,3 | 79,5% |
| Effect of exchange rate on cash and cash equivalents | 0,2 | -0,5 | | 0,7 | -1,0 | |
| Change in consolidation | | 8,0 | | | 8,0 | |
| Change in cash and cash equivalents | 14,1 | 69,6 | | 73,0 | 85,2 | |

PPA depreciation/amortisation

€m

| Total depreciation / amortisation | Q2 2006 | Q2 2005 | H1 2006 | H1 2005 |
|--|----------------|----------------|----------------|----------------|
| MTU total | 30,4 | 33,5 | 61,5 | 66,8 |
| OEM | 22,2 | 25,4 | 45,6 | 50,7 |
| MRO | 8,2 | 8,1 | 15,9 | 16,1 |
| PPA depreciation / amortisation | Q2 2006 | Q2 2005 | H1 2006 | H1 2005 |
| MTU total | 10,5 | 16,5 | 24,2 | 32,9 |
| OEM | 9,0 | 13,6 | 19,9 | 26,8 |
| MRO | 1,5 | 2,9 | 4,3 | 6,1 |
| Depreciation / amortisation w/o PPA | Q2 2006 | Q2 2005 | H1 2006 | H1 2005 |
| MTU total | 19,9 | 17,0 | 37,3 | 33,9 |
| OEM | 13,2 | 11,8 | 25,7 | 23,9 |
| MRO | 6,7 | 5,2 | 11,6 | 10,0 |

Underlying Net Income and EPS underlying

| € m | Q2 2006 | Q2 2005 | Change | H1 2006 | H1 2005 | Change |
|--------------------------------------|-------------|-------------|---------------|--------------|--------------|---------------|
| EBITDA adj. | 75,5 | 47,3 | 59,6% | 142,1 | 102,3 | 38,9% |
| Depreciation/amortisation w/o PPA | -19,9 | -17,0 | | -37,3 | -33,9 | |
| EBIT underlying | 55,6 | 30,3 | 83,5% | 104,8 | 68,4 | 53,2% |
| Financial result | -5,9 | -17,4 | | -11,9 | -39,1 | |
| EBT underlying | 49,7 | 12,9 | 285,3% | 92,9 | 29,3 | 217,1% |
| underlying Tax (40,4%) | -20,0 | -5,2 | | -37,5 | -11,8 | |
| Underlying Net Income | 29,7 | 7,7 | 285,7% | 55,4 | 17,5 | 216,6% |
| EPS underlying (€/share) | 0,54 | 0,14 | | 1,01 | 0,32 | |



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. In addition to statements that are forward-looking by reason of context, the words "may," "will," "should," "expect," "plan," "intend," "anticipate," "forecast," "believe," "estimate," "predict," "potential," or "continue" and similar expressions identify forward-looking statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) competition from other companies in MTU's industry and MTU's ability to retain or increase its market share, (ii) MTU's reliance on certain customers for its sales, (iii) risks related to MTU's participation in consortia and risk and revenue sharing agreements for new aero engine programs, (iv) the impact of non-compete provisions included in certain of MTU's contracts, (v) the impact of a decline in German or other European defense budgets or changes in funding priorities for military aircraft, (vi) risks associated with government funding, (vii) the impact of significant disruptions in MTU's supply from key vendors, (viii) the continued success of MTU's research and development initiatives, (ix) currency exchange rate fluctuations, (x) changes in tax legislation, (xi) the impact of any product liability claims, (xii) MTU's ability to comply with regulations affecting its business and its ability to respond to changes in the regulatory environment, (xiii) the cyclical nature of the airline industry and the current financial difficulties of commercial airlines, (xiv) risks associated with the significant ownership of our equity by affiliates of Kohlberg Kravis Roberts & Co., (xv) our substantial leverage and (xvi) general local and global economic conditions. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The company assumes no obligation to update any forward-looking statement.

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