



MTU Aero Engines AG

Q3 2017 Results

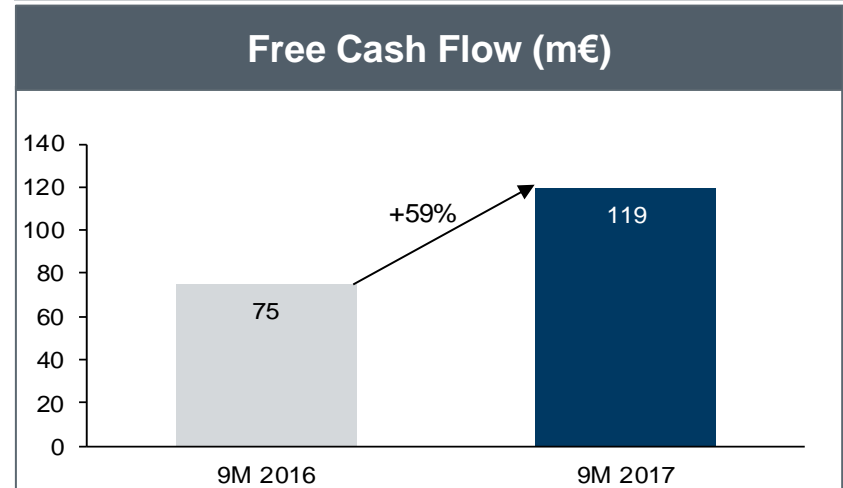
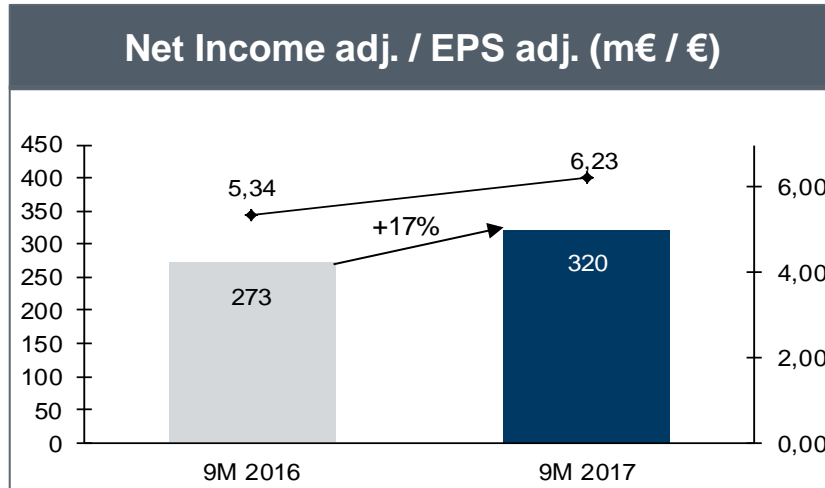
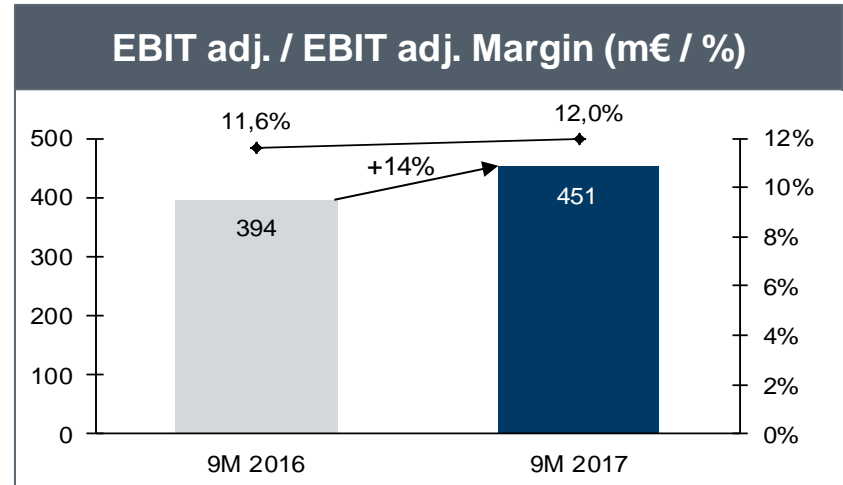
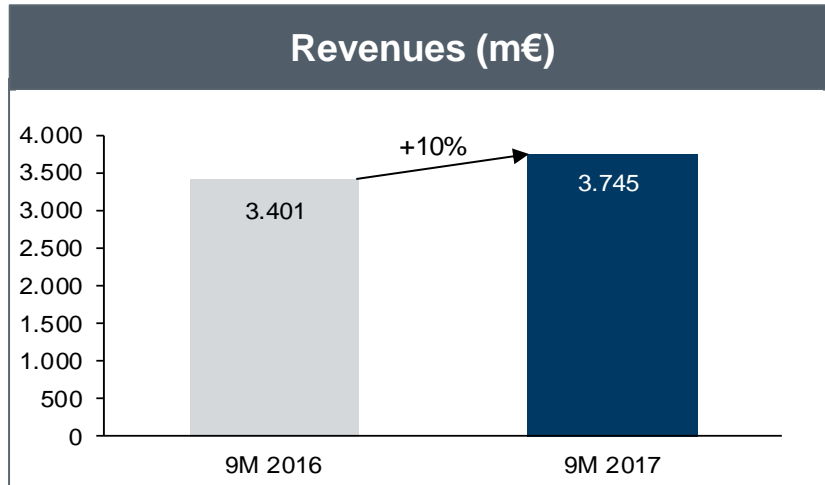
10/26/2017 – Conference Call with Investors and Analysts

Business Highlights



- Strong passenger and freight traffic growth continued in August 2017
- GTF engine deliveries increased in Q3
- Preparation for PW800's entry into service in full swing
- Qatar signed letter of intent to purchase 24 Eurofighter Typhoon jets
- Maintenance framework agreement for TP400-D6 signed with German Armed Forces
- Ongoing strong growth in MRO business
- Guidance 2017 updated

Financial Highlights Q3 2017



Update on GTF engines



- 250 GTF engines delivered in the first 9 months
- 1,200 accumulated GTF engine modules delivered by MTU
- 94 GTF powered aircraft are in operation
- GTF engines performed over 350,000 flight hours
- GTF engine is meeting its specifications on fuel, noise and emissions
- Days out of service decreased in Q3 17
- Strong order book of more than 8,000 GTF engines
- Fixes for the durability issues are underway
- 350-400 GTF deliveries in 2017 confirmed

OEM Segment

Order book	31/12/2016	30/09/2017	Change
Order book (m€)	7,246.0	5,834.1	-19%
Commercial Business (mUS\$)	7,113.6	6,447.0	-9%
Military Business (m€)	497.5	373.3	-25%
(m€)	9M 2016	9M 2017	Change
Revenues	2,095.1	2,092.9	0%
Commercial Business	1,738.3	1,821.4	5%
Military Business	356.8	271.5	-24%
EBIT adj.	264.5	303.3	15%
<i>EBIT adj. Margin %</i>	<i>12.6%</i>	<i>14.5%</i>	

- Organic Commercial OEM US\$ revenues up low single digit
- Military revenues down 24%
- EBIT adj. margin at 14.5%



Commercial MRO Business

(mUS\$)	31/12/2016	30/09/2017	Change
Order book	7,300.9	7,442.4	2%

(m€)	9M 2016	9M 2017	Change
Revenues	1,368.3	1,727.5	26%





EBIT adj.	129.0	146.8	14%
<i>EBIT adj. Margin %</i>	<i>9.4%</i>	<i>8.5%</i>	



- Organic revenues up 26%
- EBIT margin at 8.5%



Guidance 2017

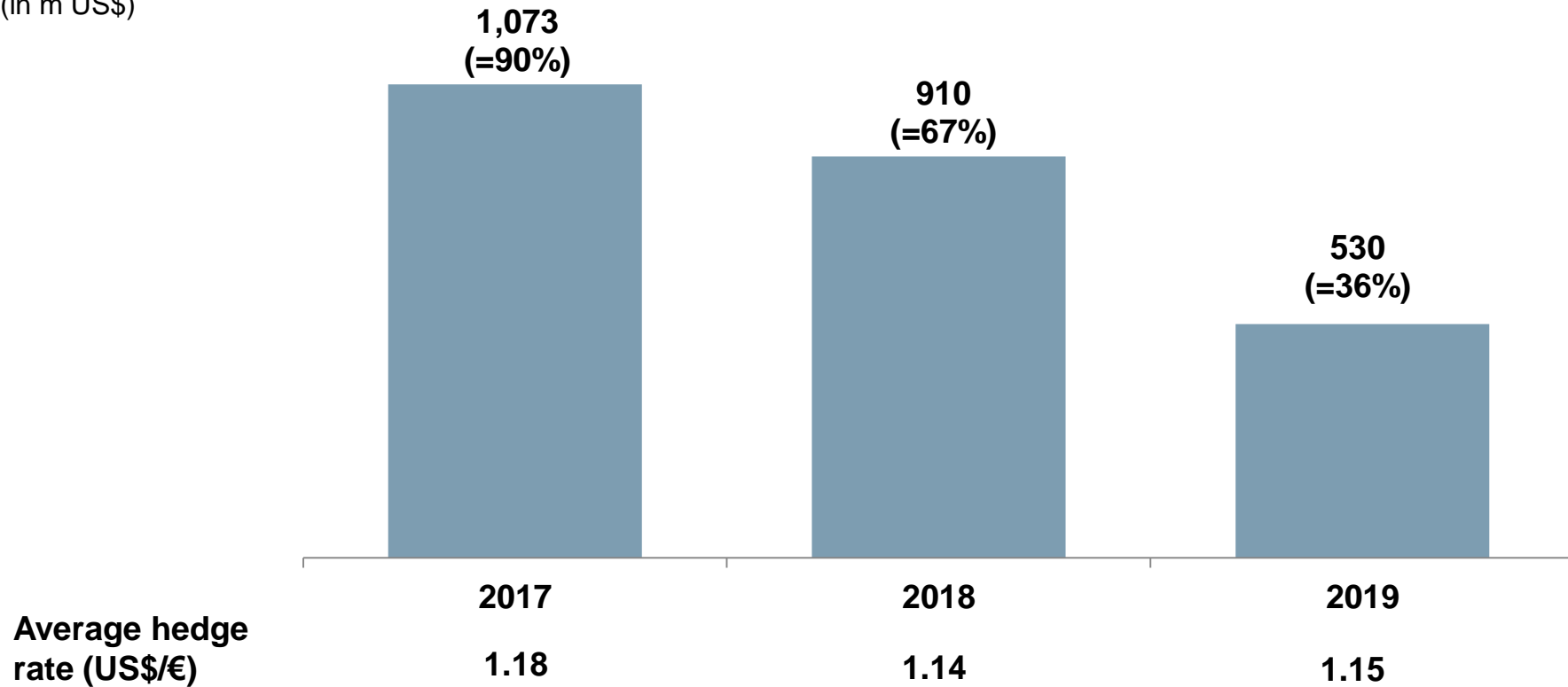
Military:	Down mid teens	
New engine Sales (Com. OE):	Up mid to high single digit (ex: high single digit)	
Spare parts Sales (Com. Spares):	Up 10% (ex: high single digit)	
Commercial MRO:	Up mid to high teens	
Revenues	~ 5.1 bn € (ex:~ 5.3 bn€)	
Tailwind from US\$ fx-rate		
Slight tailwind from business mix		
EBIT adj.	~ 600 m € (ex: ~ 560 m€)	
Lower interest expenses & Tax rate of 29%		
Net Income adj.	~ 420 m € (ex: ~ 390 m€)	
FCF	~140 m € (ex: ~ 120 m€)	

Appendix

US\$ Exchange Rate / Hedge Portfolio

Hedge book as of October 26, 2017 (% of net US\$ exposure)

(in m US\$)



Profit & Loss

(m€)	Q3 2016	Q3 2017	Change	9M 2016	9M 2017	Change
Revenues	1,102.1	1,197.4	9%	3,401.3	3,745.4	10%
Total Cost of Sales	-930.7	-1,030.5		-2,896.0	-3,190.5	
Gross Profit	171.4	166.9	-3%	505.3	554.9	10%
<i>Gross Profit Margin</i>	<i>15.6%</i>	<i>13.9%</i>		<i>14.9%</i>	<i>14.8%</i>	
R&D according to IFRS	-14.6	-18.5		-53.1	-49.5	
SG&A	-40.1	-41.0		-124.3	-126.9	
Other operating income (expense)	0.7	0.2		3.6	2.3	
P&L of companies accounted "at equity and at cost"	9.8	9.5		24.7	31.4	
EBIT reported	127.2	117.1	-8%	356.2	412.2	16%
EBIT adj.	139.7	129.8	-7%	393.8	450.6	14%
<i>EBIT adj. margin</i>	<i>12.7%</i>	<i>10.8%</i>		<i>11.6%</i>	<i>12.0%</i>	
Financial Result	-7.0	-9.4		-19.4	-23.9	
Profit before tax (EBT)	120.2	107.7	-10%	336.8	388.3	15%
Taxes	-36.4	-27.1		-94.4	-91.0	
Net Income reported	83.8	80.6	-4%	242.4	297.3	23%
Net Income adj.	97.3	92.9		273.4	320.4	
EPS reported	1.62	1.55		4.72	5.74	
EPS adj.	1.90	1.80		5.34	6.23	

Reconciliation to adjusted Key Performance Indicators

(m€)	Q3 2016	Q3 2017	Change	9M 2016	9M 2017	Change
EBIT reported	127.2	117.1	-8%	356.2	412.2	16%
Adjustment (PPA Depreciation & Amortization)	5.2	5.2		15.8	15.8	
Adjustment (IAE Upshare)	7.3	7.5		21.8	22.6	
EBIT adj.	139.7	129.8	-7%	393.8	450.6	14%
<i>Thereof P&L of companies accounted "at equity"</i>	9.8	9.3	-5%	23.9	30.9	29%
Interest Result	-2.5	0.4	116%	-6.2	-2.7	56%
Interests for pension provisions	-4.1	-3.1	24%	-12.3	-9.2	25%
EBT adj. w/o P&L "at equity"	123.3	117.8	-4%	351.4	407.8	16%
Tax rate normalized	-29.0%	-29.0%		-29.0%	-29.0%	
Taxes	-35.8	-34.2		-101.9	-118.3	
Net Income adj.	97.3	92.9	-5%	273.4	320.4	17%
EPS adj.	1.90	1.80	-5%	5.34	6.23	17%

Segment Revenues and EBIT adj.

(m€)	Q3 2016	Q3 2017	Change	9M 2016	9M 2017	Change
Revenues Group	1,102.1	1,197.4	9%	3,401.3	3,745.4	10%
OEM Commercial	537.4	578.7	8%	1,738.3	1,821.4	5%
OEM Military	116.6	98.9	-15%	356.8	271.5	-24%
MRO	475.0	546.5	15%	1,368.3	1,727.5	26%
Consolidation	-26.9	-26.7		-62.1	-75.0	
EBIT adj. Group	139.7	129.8	-7%	393.8	450.6	14%
OEM (Commercial / Military)	95.0	86.5	-9%	264.5	303.3	15%
MRO	44.5	43.1	-3%	129.0	146.8	14%
Consolidation	0.2	0.2		0.3	0.5	
EBIT margin adj. Group	12.7%	10.8%		11.6%	12.0%	
<i>OEM (Commercial / Military)</i>	<i>14.5%</i>	<i>12.8%</i>		<i>12.6%</i>	<i>14.5%</i>	
<i>MRO</i>	<i>9.4%</i>	<i>7.9%</i>		<i>9.4%</i>	<i>8.5%</i>	

Research & Development

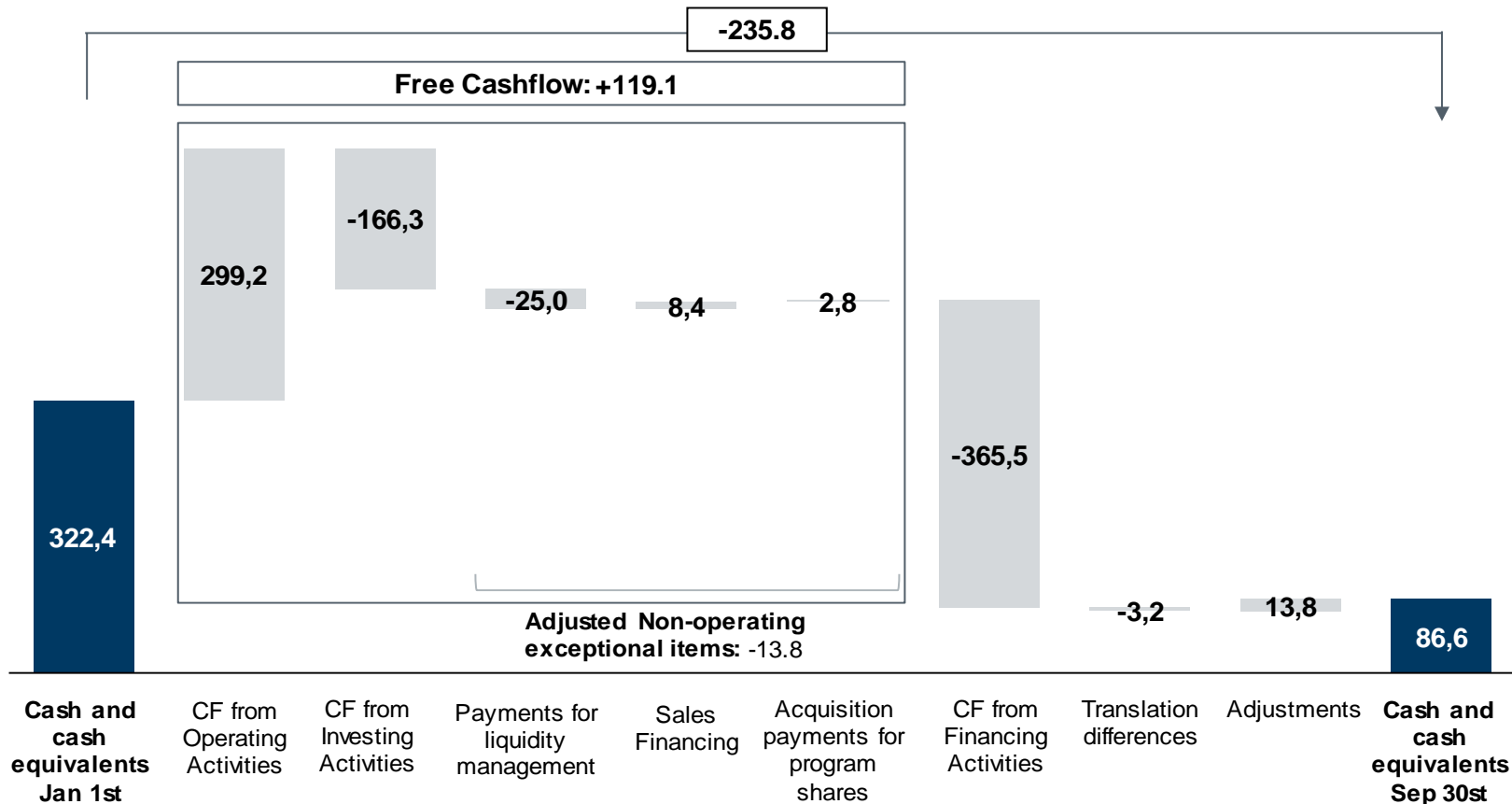
(m€)	Q3 2016	Q3 2017	Change	9M 2016	9M 2017	Change
Total R&D	44.3	51.7	17%	157.9	162.4	3%
Customer funded R&D	-8.4	-6.4	24%	-30.8	-26.3	15%
Company expensed R&D	35.9	45.3	26%	127.1	136.1	7%
thereof OEM	35.1	44.5		123.4	133.5	
thereof MRO	0.8	0.8		3.7	2.6	
Capitalization of R&D	-21.3	-26.8		-74.0	-86.6	
thereof OEM	-21.3	-26.7		-74.0	-86.1	
thereof MRO	0.0	-0.1		0.0	-0.5	
R&D according to IFRS (P&L)	14.6	18.5	27%	53.1	49.5	-7%
Amortisation (COGS)	2.8	3.2		7.2	8.9	
Total R&D impact P&L	17.4	21.7	25%	60.3	58.4	-3%

Financial Result

(m€)	Q3 2016	Q3 2017	Change	9M 2016	9M 2017	Change
Interest Income	0.2	1.3	>300%	0.6	4.3	>300%
Interest Expense	-2.7	-0.9	67%	-6.8	-7.0	-3%
Interest Result*	-2.5	0.4	116%	-6.2	-2.7	56%
Financial Result on other items	-4.5	-9.8		-13.2	-21.2	
<i>thereof interests for pension obligations*</i>	-4.1	-3.1		-12.3	-9.2	
<i>thereof fair value gains/losses on derivatives</i>	2.5	1.0		10.4	8.0	
Financial Result	-7.0	-9.4	-34%	-19.4	-23.9	-23%

*) Net Income adj. Includes interest Result and Interests for pensions obligations

MTU's Cash development January – September 2017



Cash Flow

(m€)	9M 2016	9M 2017	Change
Net Income IFRS	242.4	297.3	23%
Depreciation and amortization	129.6	140.2	
Change in provisions	123.9	132.6	
Change in Working Capital	-196.7	-202.0	
Taxes	-10.6	-1.9	
Interest, derivatives, others	-28.5	-67.0	
Cash Flow from operating activities	260.1	299.2	15%
Net Investment in intangible assets	-87.9	-73.7	
Net Investment in property, plant, equipment	-91.5	-91.5	
Net Investments in financial assets	17.2	-1.1	
Cash Flow from investing activities	-162.2	-166.3	-3%
<i>Adjustments</i>	-22.9	-13.8	
Free Cash Flow	75.0	119.1	59%
Cash Flow from financing activities	247.9	-365.5	-247%
Cash and cash equivalents at 30.09.	398.5	86.6	

Net financial debt at 848 m€

(m€)	31/12/2016	30/09/2017	Change
Bonds and notes	353.6	99.0	
Convertible bond	474.6	477.4	
Financial liabilities to bank	30.1	54.1	
<i>thereof Revolving Credit Facility</i>	0.0	24.1	
<i>thereof Note Purchase Agreement</i>	30.1	30.0	
Loans from related companies	0.0	0.8	
Finance lease liabilities	11.6	29.3	
Financial liabilities arising from program participation	492.0	391.8	
<i>thereof arising from IAE V2500 Upshare</i>	400.3	331.4	
Gross financial debt	1,361.9	1,052.4	-23%
Cash and cash equivalents	322.4	86.6	
Loans to third parties	98.6	94.8	
Loans to related companies	23.9	22.9	
Securities	25.0	0.0	
Financial assets	469.9	204.3	-57%
Net financial debt	892.0	848.1	-5%

Working Capital

(m€)	31/12/2016	30/09/2017	Change	Change in %
Gross inventories	1,022.7	1,020.3	-2.4	
Prepayments	-344.2	-341.3	2.9	
Receivables	1,148.2	1,208.2	60.0	
Payables	-811.0	-651.3	159.7	
Working Capital	1,015.7	1,235.9	220.2	22%

Balance Sheet

(m€)	31/12/2016	30/09/2017	Change
Intangible Assets	2,234.2	2,289.5	
Property, Plant, Equipment	681.5	693.1	
other Non-current assets	390.7	465.9	
Total Non-Current assets	3,306.4	3,448.5	4%
Current assets	2,538.2	2,375.0	-6%
Total assets	5,844.6	5,823.5	0%
Equity	1,500.5	1,879.0	25%
Non-Current Liabilities	1,963.9	1,943.5	-1%
Current Liabilities	2,380.2	2,001.0	-16%
Total Equity and Liabilities	5,844.6	5,823.5	
<i>thereof Pension Provisions</i>	<i>883.3</i>	<i>869.3</i>	

PPA Depreciation / Amortization (in m€)

(in m€)	Q3 2016	Q3 2017	9M 2016	9M 2017
Total depreciation / amortization				
OEM	35.8	38.9	103.7	111.8
MRO	9.0	9.3	25.9	28.4
MTU total	44.8	48.2	129.6	140.2
PPA depreciation / amortization & IAE Upshare amortization (EBIT adjustments)				
PPA OEM	4.6	4.6	14.0	14.0
PPA MRO	0.6	0.6	1.8	1.8
IAE Upshare OEM	7.3	7.5	21.8	22.6
MTU total	12.5	12.7	37.6	38.4
Depreciation / amortization w/o PPA and w/o IAE Upshare				
OEM	23.9	26.8	67.9	75.2
MRO	8.4	8.7	24.1	26.6
MTU total	32.3	35.5	92.0	101.8

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 cyclicity of the airline industry and the current financial difficulties of commercial airlines, (xiv) our substantial leverage and (xv) 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.

Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold without registration thereunder or pursuant to an available exemption therefrom. Any public offering of securities of MTU Aero Engines to be made in the United States would have to be made by means of a prospectus that would be obtainable from MTU Aero Engines and would contain detailed information about the issuer of the securities and its management, as well as financial statements.

Neither this document nor the information contained herein constitutes an offer to sell or the solicitation of an offer to buy any securities.

These materials do not constitute an offer of securities for sale in the United States; the securities may not be offered or sold in the United States absent registration or an exemption from registration.

No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

Proprietary Notice

This document contains proprietary information of the MTU Aero Engines AG group companies. The document and its contents shall not be copied or disclosed to any third party or used for any purpose other than that for which it is provided, without the prior written agreement of MTU Aero Engines AG.