
MTU continues on growth path and revises forecasts moderately upward

- **Revenues up by 16% in the first half of 2012; expected to rise to €3.3 billion by year-end**
- **Operating profit increased by 7%, net income up by 11%**
- **Adjusted EBIT of €370 million, adjusted net income of €225 million anticipated for 2012**

Munich, July 25, 2012 – MTU Aero Engines Holding AG is making good progress toward its growth targets: by the end of June 2012, the Group had increased its revenues by 16% to €1,559.0 million (1-6/2011: €1,346.5 million). Operating profit¹ rose by 7% from €164.4 million to €175.8 million, resulting in an operating profit margin of 11.3% (1-6/2011: 12.2%). Net income² also registered a significant increase of 11%, rising to €109.7 million (1-6/2011: €98.4 million).

“These figures show that MTU is well positioned to achieve sustainable, profitable growth,” says Egon Behle, CEO of MTU Aero Engines Holding AG. “This growth trend is supported by our increased stake in the V2500 engine program for the Airbus A320 and the currently favorable U.S. dollar exchange rate. As a result we are able to be more precise in our forecasts for 2012 as a whole, and revise them moderately upward. We expect revenues to total around €3.3 billion. This figure includes approximately €100 million attributable to our increased share in the V2500 program in the second half of 2012. We anticipate an operating profit of around €370 million, and a net income in the order of €225 million.” In its earlier forecasts, MTU had assumed that revenues would grow at a rate in the mid-single-digit percentage range. A rise of 8-10% had been predicted for the Group’s operating profit and of 10-12% for net income (Comparative figures for 2011: revenues €2,932.1 million; EBIT adjusted €328.0 million; net income adjusted €196.6 million).

In the first half of 2012, MTU’s revenues increased in both the OEM and MRO segments.

This growth was particularly marked in the commercial maintenance business, where revenues climbed by 24% to €641.2 million (1-6/2011: €518.7 million). The principal source of these revenues was the V2500 engine deployed in the Airbus A320 family.

Revenues in the commercial engine business, including spare part sales, rose by 11% to €703.0 million (1-6/2011: €633.5 million). “New engines were the major revenue driver, while spare part sales remained stable,” adds Behle. The engines that generated the highest share of revenues in the commercial engine and spare parts business were the V2500 for the Airbus A320 family, the PW2000 for the Boeing 757 and C-17, and the GP7000 for the Airbus A380.

¹ EBIT adjusted = earnings before interest and tax, calculated on a comparable basis

² Net income adjusted = earnings after tax, calculated on a comparable basis



Revenues in the military engine business increased by 10% from €210.5 million to €230.6 million. “The effect of maintenance contracts was a major positive factor here,” says Behle. On the production side of the military engine business, the main source of revenues was the EJ200 Eurofighter engine.

“The revenues reported for the first half of 2012 reflect underlying changes in our business mix, which we are likely to see repeated in our year-end results,” notes CFO Reiner Winkler. “In 2012, revenues from production engines and commercial maintenance can be expected to increase as predicted. In the military business, revenues are supposed to slightly rise, rather than remain stable as we had originally expected. Spare part sales for commercial engines will probably remain at last year’s level.”

MTU’s order backlog rose by 16% from €10,537.1 million at December 31, 2011 to €12,193.3 million at June 30, 2012. This corresponds to a production workload of more than 3 years, and once again illustrates the huge popularity of the PW1000G family of geared turbofan engines, which are deployed in the Airbus A320neo, the Bombardier CSeries, the Mitsubishi Regional Jet and the Irkut MS-21. This enabled MTU to book an unprecedented volume of orders at the Farnborough International Airshow. The V2500 engine that powers the A320 family also continues to play an important role, especially now that MTU has augmented its share in this bestselling engine program from 11% to 16%.

The area in which MTU’s earnings have improved the most is the commercial maintenance business, where EBIT adjusted increased by 28% to €53.8 million, compared with €42.1 million in the same six-month period of 2011. As a result, the EBIT margin improved from 8.1% to 8.4%. “The capacity utilization of our maintenance shops is high, and the value-added content of each shop visit is steadily increasing. Through the combination of these factors and the effect of the favorable U.S. dollar exchange rate against the euro, earnings in the commercial maintenance business have increased at a higher rate than revenues,” comments Winkler.

The operating profit generated by the OEM segment has remained stable and amounted to €122.5 million (1-6/2011: €122.6 million). The EBIT margin came to 13.1%, compared with 14.5% in the first six months of 2011.

MTU’s research and development expenditure, before deduction of capitalized development costs, amounted to €118.0 million in the first six months of 2012, which is precisely the same as in the same period of 2011. Of this amount, company-funded R&D expenditure recognized as an expense in the income statement decreased as expected from €59.6 million to €53.5 million. The company’s R&D activities focused on geared turbofan technology.

Free cash flow amounted to €48.8 million at the end of June 2012. This is in line with the company’s expected result of a figure in the high double-digit million euro range for the year as a whole. The comparable amount at the end of June 2011 was €83.6 million.



MTU's capital expenditure on property, plant and equipment amounted to €39.6 million in the first half of 2012, which is 8% higher than in the equivalent period of the previous year (1-6/2011: €36.7 million). The major part of this capital expenditure was utilized for the construction of the new blisk production facility in Munich and for the purchase of technical equipment, plant and machinery.

The MTU workforce grew by nearly 2% from 8,202 employees at December 31, 2011, to 8,351 employees at June 30, 2012. Recruitment focused mainly on the company's locations in Canada, Berlin-Brandenburg, Poland, and Hannover.

MTU Aero Engines – key financial data for January through June 2012

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

MTU Aero Engines	H1 2011	H1 2012	Change
Revenues	1,346.5	1,559.0	+ 15.8 %
of which OEM business	844.0	933.6	+ 10.6 %
of which commercial engine business	633.5	703.0	+ 11.0 %
of which military engine business	210.5	230.6	+ 9.5 %
of which commercial MRO business	518.7	641.2	+ 23.6 %
EBIT (calculated on a comparable basis)	164.4	175.8	+ 6.9 %
of which OEM business	122.6	122.5	+ 0.0 %
of which commercial MRO business	42.1	53.8	+ 27.8 %
<i>EBIT margin (calculated on a comparable basis)</i>	<i>12.2 %</i>	<i>11.3 %</i>	
<i>for OEM business</i>	<i>14.5 %</i>	<i>13.1 %</i>	
<i>for commercial MRO business</i>	<i>8.1 %</i>	<i>8.4 %</i>	
Net income (calculated on a comparable basis)	98.4	109.7	+ 11.5 %
Net income (reported)	77.3	114.4	+ 48.0 %
Earnings per share (undiluted, reported)	€ 1.58	€ 2.26	+ 43.0 %
Free cash flow	83.6	48.8*	- 41.6 %
Research and development expenditure	118.0	118.0	+ 0.0 %
of which company-funded R&D	73.8	75.9	+ 2.8 %
of which outside-funded R&D	44.2	42.1	- 4.8 %
<i>company-funded R&D recognized as expense</i>	<i>59.6</i>	<i>53.5</i>	<i>- 10.2 %</i>
Capital expenditure on property, plant and equipment	36.7	39.6	+ 7.9 %
	Dec. 31, 2011	June 30, 2012	Change
Order backlog	10,537.1	12,193.3	+ 15.7 %
of which OEM business	4,776.6	6,088.1	+ 27.5 %
of which commercial MRO business	5,760.5	6,105.2	+ 6.0 %
Employees	8,202	8,351	+ 1.8 %

* excluding IAE share increase



MTU Aero Engines is Germany's leading and only independent engine manufacturer and a major player in the industry. Together with its affiliates, MTU maintains a presence in all key markets and regions. In the commercial engine sector the company 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 Maintenance is the world's biggest independent provider of maintenance services for commercial aircraft engines. The MTU Group is a technological leader in low-pressure turbines, high-pressure compressors, manufacturing processes, and repair techniques.

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