
MTU Aero Engines achieves forecast for 2011 and remains on track for profitable growth

- **Dividend to increase by 9 % to € 1.20**
- **Behle: “Sound basis for sustainable growth established in 2011”**
- **Outlook for 2012: enhanced revenues and earnings**

- Provisional figures – subject to Supervisory Board approval -

Munich, February 23, 2012 – MTU Aero Engines Holding AG fully achieved its forecast for the financial year 2011, as the company announced during the presentation of its provisional financial statements at the annual results press conference on Thursday, February 23, 2012. Revenues were at the upper end of the expected bandwidth of + 7 to 8 %, increasing by 8 % to reach € 2,932.1 million (2010: € 2,707.4 million). Adjusted for the effect of the U.S. dollar exchange rate, revenues rose by 13 %. MTU improved its operating profit¹ by 6 %, from € 310.7 million in 2010 to € 328.0 million. In doing so, the company exceeded its own revenue forecast of € 325 million, which it had already revised upward in the course of the year. MTU posted an EBIT margin of 11.2 % (2010: 11.5 %), while net income adjusted² in 2011 grew by 7 %, from € 183.8 million to € 196.6 million.

“In 2011, we achieved all our quantitative targets – even those that we had revised upward in the course of the year – thus establishing a sound basis for sustainable growth. By 2020, we intend to double our annual revenues to € 6 billion and achieve an EBIT margin of at least 12 %,” said Egon Behle, CEO of MTU Aero Engines Holding AG.

Outlook for 2012

Passenger traffic is expected to continue rising in 2012, though at a slightly lower rate. Prospects for the Asia-Pacific region, the Middle East and Latin America are particularly good. In these regions, MTU is well positioned in both the OEM and commercial maintenance business, in some cases through its own local companies. MTU looks set to profit from the positive market trend in 2012, and is expecting growth in revenues in the mid single-digit percentage range. The commercial engine business is likely to be the biggest driver in this, delivering growth of around 10 % in U.S. dollar terms. Revenues from spare parts sales are expected to increase by 5 to 10 % in U.S. dollar terms. “In 2012, we are anticipating further shifts in the revenue mix of our commercial OEM business. The shares contributed by the new GP7000 and GENx programs are on the increase,” added CFO Reiner Winkler. Revenues from the military engine business are likely to remain stable, while commercial MRO revenues are expected to rise by 5 to 10 % in U.S. dollar terms. As in the past, MTU's growth in 2012 will continue to be profitable: the company's operating profit (EBIT adjusted) is expected to grow by 8 to 10 %, while a 10 to

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



12 % improvement is forecast in net income adjusted. Research and development expenditure on new programs will decrease marginally in 2012.

Surge in revenue from commercial OEM business

The increase in group revenues in 2011 was mainly attributable to strong growth in the commercial engine business, including spare parts sales, where revenues increased by 19 % to € 1,401.1 million compared with € 1,177.6 million in 2010. Adjusted for the effect of the U.S. dollar exchange rate, these revenues grew by around 25 %. The key revenue drivers in 2011 were the V2500 engine for the Airbus A320 family, the PW2000 for the Boeing 757 and C-17, the CF6-80 engine for the Boeing 747 and Airbus A310 and A330 models, and the GP7000 for the Airbus A380. The GEnx engine for the Boeing 787 Dreamliner and 747-8 is also gaining in importance.

Revenues in the military engine business amounted to € 445.5 million (2010: € 485.9 million). As expected, defense budget cuts had a negative impact on growth, especially on military MRO revenues. The biggest revenue earner was the EJ200 engine for the Eurofighter.

Commercial MRO revenues weighed in 4 % higher at € 1,116.6 million (2010: € 1,074.0 million). Adjusted for the effect of the U.S. dollar exchange rate, MRO revenues rose by 9 %, with the V2500 engine that powers the Airbus A320 family making the largest contribution.

Substantial growth in orders

MTU's order volume, which comprises the order backlog plus the value of commercial MRO contracts, grew by 9 % in 2011 to € 10,537.1 million (2010: € 9,699.1). This figure represents around three years' production capacity. "And that doesn't include the majority of the engines of the PW1000G family ordered in 2011," explained Egon Behle. "Those orders will contribute to continuing growth."

Continuing high profitability

The double-digit EBIT margin that MTU delivered in 2011 is proof of the company's sustained high level of profitability. Earnings in the commercial MRO business were much enhanced in 2011, with EBIT climbing by 19 %, from € 78.2 million to € 93.1 million. The EBIT margin improved too, by one percentage point to 8.3 %.

The operating profit for the OEM business increased by 3 % to € 237.9 million (2010: € 231.1 million), while the EBIT margin was 12.9 % (2010: 13.9 %).

Dividend to rise to € 1.20 per share

MTU wants its shareholders to participate in the company's good results. A dividend of € 1.20 per share – which is higher than the € 1.10 per share distributed last year – will be proposed to the Annual General Meeting to be held on May 3, 2012. "Once again, we want to offer our shareholders an



attractive return, and a dividend increase of 9 % is our way of thanking them for the trust they have placed in us,” said Winkler.

14 % of OEM revenues spent on R&D

MTU's R&D spending rose by 10 % in 2011 to € 261.9 million (2010: € 238.7 million). That is equivalent to 14 % of revenues in the OEM business, where it mainly incurred. Company-funded R&D expenditure grew by 12 % to € 165.8 million (2010: € 148.1 million), while customer-funded R&D expenditure, at € 96.1 million, was 6 % higher than the € 90.6 million spent in 2010. The main focus of R&D activities was on the engines of the PW1000G family, which propel the Airbus A320neo, the Mitsubishi Regional Jet, the Bombardier CSeries and the Irkut MS-21, as well as on the TP400-D6 engine for the Airbus A400M. Behle: “We will continue to invest in the future in 2012, and focus specifically on driving forward geared turbofan technology. After all, the geared turbofan is set to be the biggest contributing factor in enabling us to achieve our growth targets between now and 2020.”

Free cash flow of € 129.0 million

MTU generated free cash flow of € 129.0 million in 2011 (2010: € 144.8 million).

Capital expenditure

In 2011, MTU invested € 113.7 million in property, plant and equipment, 34 % more than in 2010 (€ 84.8 million). The focus of the company's capital expenditure fell on the construction of a new blisk production facility at the Munich site, on expanding the company's fleet of lease engines, and on technical equipment and machines.

A workforce of 8,202

Within the space of one year, MTU's workforce rose by 4 % to 8,202 employees (Dec. 31, 2010: 7,907 employees), with the majority of recruitment taking place at the company's sites in Hannover (Germany) and in Poland.

MTU Aero Engines will publish its annual report on March 12, 2012.



MTU Aero Engines – key financial data for 2011

(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 the effects of IFRS purchase accounting)

| MTU Aero Engines | 2010 | 2011 | Change |
|---|----------------------|----------------------|---------------|
| Revenues | 2,707.4 | 2,932.1 | + 8.3 % |
| of which OEM business | 1,663.5 | 1,846.6 | + 11.0 % |
| of which commercial engine business | 1,177.6 | 1,401.1 | + 19.0 % |
| of which military engine business | 485.9 | 445.5 | - 8.3 % |
| of which commercial MRO business | 1,074.0 | 1,116.6 | + 4.0 % |
| EBIT (calculated on a comparable basis)* | 310.7 | 328.0 | + 5.6 % |
| of which OEM business* | 231.1 | 237.9 | + 2.9 % |
| of which commercial MRO business* | 78.2 | 93.1 | + 19.1 % |
| EBIT margin (calculated on a comparable basis) | 11.5 % | 11.2 % | |
| for OEM business* | 13.9 % | 12.9 % | |
| for commercial MRO business* | 7.3 % | 8.3 % | |
| Net income (calculated on a comparable basis), old definition | 182.3 | 184.1 | + 1.0 % |
| Net income (calculated on a comparable basis), new definition** | 183.8 | 196.6 | + 7.0 % |
| Earnings per share (undiluted), reported | 2.91 | 3.24 | + 11.3 % |
| Free cash flow | 144.8 | 129.0 | - 10.9 % |
| Research and development expenditure | 238.7 | 261.9 | + 9.7 % |
| of which company-funded | 148.1 | 165.8 | + 12.0 % |
| of which outside-funded | 90.6 | 96.1 | + 6.1 % |
| Capital expenditure on property, plant and equipment | 84.8 | 113.7 | + 34.1 % |
| | Dec. 31, 2010 | Dec. 31, 2011 | Change |
| Order volume (order backlog plus value of MRO contracts) | 9,699.1 | 10,537.1 | + 8.6 % |
| of which OEM business | 4,331.5 | 4,776.6 | + 10.3 % |
| of which commercial MRO business | 5,367.6 | 5,760.5 | + 7.3 % |
| Employees | 7,907 | 8,202 | + 3.7 % |

* In the consolidated financial statements, the profit/loss of companies accounted for using the equity method and the profit/loss of companies accounted for at cost are no longer included in the financial result. Instead, for the sake of clarity, these two items are now recognized in EBIT.

** As in the past, net income adjusted reflects adjustments made to eliminate the effects of the purchase price allocation and the effects of the financial result that have no impact on the company's operating performance. These effects include measurements at the balance sheet date, such as the value of U.S. dollar cash holdings and fair value measurements of derivatives and nickel holdings. The standardized tax rate applied is unchanged at 32.6 %.



Outlook for 2012

| in € million | 2011 | Outlook for 2012 |
|------------------------|---------|---|
| Revenues | 2,932.1 | Increase in the mid single-digit percentage range |
| EBIT adjusted | 328.0 | + 8 % to + 10 % |
| Net income (adjusted)* | 196.6* | + 10 % to + 12 % |

*New definition – see above

MTU Aero Engines is not only Germany's leading – and only independent – engine manufacturer, but 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 company is a technological leader in low-pressure turbines, high-pressure compressors, manufacturing processes, and repair techniques.

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The Annual Report is available as from March 12 as a downloadable PDF file on the Internet at www.mtu.de, under Investor Relations -> Financial Reports, and from mid-April onward in printed form.

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. Actual results, performance or events may differ materially from those in such statements due to, without limitation, competition from other companies in MTU Aero Engines' industry and MTU Aero Engines' ability to retain or increase its market share, the cyclicity of the airline industry, risks related to MTU Aero Engines' participation in consortia and risk and revenue sharing agreements for new aero engine programs, risks associated with the capital markets, currency exchange rate fluctuations, regulations affecting MTU Aero Engines' business and MTU Aero Engines' ability to respond to changes in the regulatory environment, and other factors. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. MTU Aero Engines assumes no obligation to update any forward-looking statement.