
MTU Aero Engines revises guidance at half-year

- **Full-year 2013 revenue guidance now specified at € 3.7 billion (+ 10 %)**
- **Adjusted EBIT and net income expected to remain stable**

Munich, July 24, 2013 – MTU Aero Engines AG increased its revenues by 19 % to € 1,852.2 million in the first six months of 2013 (1-6/2012: € 1,559.0 million). Operating profit¹ for the period came to € 171.7 million (1-6/2012: € 175.8 million), which corresponds to an EBIT margin of 9.3 % (1-6/2012: 11.3 %). The group's net income² amounted to € 105.1 million, compared with € 109.7 million in the first six months of 2012.

“Our commercial series business registered strong growth in the first half year as planned. It is of vital importance to MTU's future growth, but it initially cushions the earnings development. At present, the spare parts business is unable to fully counterbalance, because sales have been lower than expected in certain programs. Moreover, business in the industrial gas turbine sector is stagnant,” explained Egon Behle, CEO of MTU Aero Engines AG. “We expect to see only a moderate improvement of this trend in the second half of the year and have therefore decided to specify our full-year revenue estimate and to revise our earnings guidance.” MTU now expects to generate revenues of around € 3.7 billion in 2013, in line with its earlier forecast of an increase of between 10 and 12 % (group revenues 2012: € 3,378.6 million). MTU's earnings guidance now foresees an operating profit (adjusted EBIT) of around € 375 million, i.e. on the level of last year (2012: € 374.3 million), and an adjusted net income of around € 235 million (2012: € 233.4 million). Until now, each of these two figures had been expected to increase by 10 to 12 %.

The rise in first-half revenues is mainly attributable to strong growth in the commercial engine business, where revenues increased by 36 % from € 703.0 million to € 953.6 million. The key revenue drivers were the V2500 engine for the Airbus A320, the GP7000 deployed in the Airbus A380, and the GEnx that powers the Boeing 787 Dreamliner and the Boeing 747-8.

MTU's commercial maintenance business saw its revenues grow by 8 % to € 691.1 million (1-6/2012: € 641.2 million). The main source of these revenues was the V2500 engine. Stagnating revenues in the industrial gas turbine business reflect the present low level of energy prices.

As expected, MTU's revenues in the military engine business remained at the previous year's level and amounted to € 223.2 million compared with € 230.6 million in the first six months of 2012. The EJ200 Eurofighter engine accounted for the largest share of these revenues.

¹ Adjusted EBIT = Earnings before interest and tax, calculated on a comparable basis

² Adjusted net income = Earnings after tax, calculated on a comparable basis



MTU's order backlog at June 30, 2013 amounted to € 11,565.5 million (Dec. 31, 2012: € 11,479.6 million), which equates to a production workload of more than 3 years. Alongside the V2500 engine for the A320, the PW1000G geared turbofan™ engines account for a significant proportion of orders. This family of engines has been selected to power the Airbus A320neo, the Bombardier CSeries, the new generation of Embraer E-Jets, the Mitsubishi Regional Jet, and the Irkut MS-21. Orders placed for GTF engines at this year's Paris Air Show have provided MTU with new contracts worth one billion euros.

MTU's half-year results reflect the combined effect of a 3 % increase in commercial maintenance earnings, from € 53.8 million in the first half of 2012 to € 55.5 million in the same period of 2013, and a 5 % decrease in adjusted EBIT for the OEM segment, from € 122.5 million in the first half of 2012 to € 116.4 million for the same period in 2013. CFO Reiner Winkler explained: "The volume of the V2500 engine for the A320, which is the main pillar of our spare parts and maintenance business, has increased as expected. On the other hand, the development of programs such as the PW2000 engine for the Boeing 757 and C-17 is declining." The EBIT margin for MTU's commercial maintenance business amounted to 8.0 % (1-6/2012: 8.4 %) and the EBIT margin for the OEM segment amounted to 9.9 % (1-6/2012: 13.1 %).

Research and development expenditure for the six-month period, at € 95.7 million prior to recognition of capitalized development costs, was lower than in 2012 (1-6/2012: € 118.0 million). Company-funded R&D expenditure recognized as expense also decreased by 13 % from € 53.5 million to € 46.5 million. "The geared turbofan™ technology, which is the focus of our R&D activities, is approaching maturity. As expected, our R&D expenditure has therefore diminished," explained Behle.

MTU's free cash flow amounted to € 24.2 million at June 30, 2013, compared with € 48.8 million one year earlier. Winkler said: "One of our priorities is to optimize our cash flow through programs designed to improve our cash and earnings situation. Our target is to improve our earnings and cost structures as well as the other cash positions. In this way we expect to generate savings of several tens of million euros per year. As far as the present year is concerned, we aim to increase the group's free cash flow to a figure in the mid-double digit million euro range."

Capital expenditure on property, plant and equipment in the first two quarters of 2013 amounted to € 32.1 million, compared with € 39.6 million in the same period of 2012. The company mainly invested in a new facility in Munich for the production of components for geared turbofan™ engines. Behle added: "The expansion of the production capacity of our manufacturing plant in Poland also forms part of our investment strategy for the geared turbofan™ program. We have earmarked € 40 million for this purpose, so as to meet the demand for increased production rates and future ramp-ups."

The size of the workforce has barely changed since the end of 2012. At June 30, 2013, the number of MTU employees came to 8,577, compared with 8,541 six months earlier.



MTU Aero Engines – key financial data for January through June 2013

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

MTU Aero Engines	H1 2012	H1 2013	Change
Revenues	1,559.0	1,852.2	+ 18.8 %
of which OEM business	933.6	1,176.8	+ 26.0 %
of which commercial engine business	703.0	953.6	+ 35.6 %
of which military engine business	230.6	223.2	- 3.2 %
of which commercial MRO business	641.2	691.1	+ 7.8 %
EBIT (calculated on a comparable basis)	175.8	171.7	- 2.3 %
of which OEM business	122.5	116.4	- 5.0 %
of which commercial MRO business	53.8	55.5	+ 3.2 %
<i>EBIT margin (calculated on a comparable basis)</i>	<i>11.3 %</i>	<i>9.3 %</i>	
<i>for OEM business</i>	<i>13.1 %</i>	<i>9.9 %</i>	
<i>for commercial MRO business</i>	<i>8.4 %</i>	<i>8.0 %</i>	
Net income (calculated on a comparable basis)	109.7	105.1	- 4.2 %
Net income (reported)	114.4	72.7	- 36.5 %
Earnings per share (undiluted, reported)	€ 2.26	€ 1.43	- 36.7 %
Free cash flow	48.8	24.2	- 50.4 %
Research and development expenditure	118.0	95.7	- 18.9 %
of which company-funded	75.9	68.8	- 9.4 %
of which outside-funded	42.1	26.9	- 36.1 %
<i>Company-funded R&D recognized as expense</i>	<i>53.5</i>	<i>46.5</i>	<i>- 13.1 %</i>
Capital expenditure on property, plant and equipment	39.6	32.1	- 18.9 %
	Dec. 31, 2012	June 30, 2013	Change
Order backlog	11,479.6	11,565.5	+ 0.7 %
of which OEM business	5,640.4	5,501.2	- 2.5 %
of which commercial MRO business	5,839.2	6,064.3	+ 3.9 %
Employees	8,541	8,577	+ 0.4 %



MTU Aero Engines – Key financial data for Q2 / 2013

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

MTU Aero Engines	Q2 2012	Q2 2103	Change
Revenues	861.0	907.5	+ 5.4 %
of which OEM business	521.5	576.2	+ 10.5 %
of which commercial engine business	406.2	465.2	+ 14.5 %
of which military engine business	115.3	111.0	- 3.7 %
of which commercial MRO business	348.0	339.1	- 2.6 %
EBIT (calculated on a comparable basis)	84.4	82.4	- 2.4 %
of which OEM business	53.7	57.3	+ 6.7 %
of which commercial MRO business	29.5	26.3	- 10.8 %
Net income (calculated on a comparable basis)	52.8	50.6	- 4.2 %
Net income (reported)	60.4	36.4	- 39.7 %
Free cash flow	14.6	25.1	+ 71.9 %
Research and development expenditure	50.4	41.8	- 17.1 %
of which company-funded	36.1	28.7	- 20.5 %
of which outside-funded	14.3	13.1	- 8.4 %

About MTU Aero Engines

MTU Aero Engines is Germany's leading and only independent engine manufacturer, and an established global player in the industry. Its activities encompass the development, manufacture, marketing and support of commercial and military aircraft engines and industrial gas turbines. The company is a technological leader in low-pressure turbines, high-pressure compressors, manufacturing processes and repair techniques. MTU Maintenance is the world's largest independent provider of maintenance services for commercial aircraft engines. In the military sector, MTU is the lead industrial partner for almost every type of engine flown by the German armed forces. MTU operates a worldwide network of manufacturing plants and maintenance shops, coordinated by its corporate headquarters in Munich. In the financial year 2012, with a workforce of around 8,500 employees, the group generated revenues of approximately € 3.4 billion. Since the beginning of 2013, MTU has won two major German innovation awards for its high-speed, low-pressure turbine for geared turbofan™ engines: the Innovationspreis der deutschen Wirtschaft 2012/2013 in early March and the Deutscher Innovationspreis 2013 in April.

Geared Turbofan is a trademark application of Pratt & Whitney.

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