
MTU Aero Engines again at record level in 2013

- **Revenues reach all-time high, earnings remain stable**
- **Outlook for 2014: revenue growth due to strong new engine business, earnings at last year's level**

- Provisional figures – subject to Supervisory Board approval -

Munich, February 18, 2014 – MTU Aero Engines AG has built on the record year of 2012 with its business figures for 2013: MTU improved its all-time high in revenues to €3,741.7 million (2012: €3,378.6 million), and is thus fully in line with its revenue forecast of around €3.7 billion. Earnings matched the record level of 2012: At €377.3 million, operating profit¹ clearly met its target of around €375 million (2012: €375.2 million). The return on sales amounted to 10.1% compared with 11.1% in 2012. At €232.1 million, MTU generated earnings after tax² of around €235.0 million as planned (2012: €234.0 million).

“Revenues have fully met our expectations. We achieved the targets updated at mid-year for our results, which shows that MTU remains a strongly profitable enterprise”, concluded Reiner Winkler, CEO of MTU Aero Engines AG, speaking at the annual press conference on Tuesday, February 18, 2014, when the provisional annual financial statements were presented.

Outlook for 2014

In the opinion of experts, growth in air passenger traffic will settle at a high level in 2014. Particularly the Asia-Pacific region, the Middle East, and Latin America have persistently good growth prospects. “Due to the upcoming full-scale production of the GEnx and the increase in deliveries of the V2500 program, the trend toward strong new engine business in 2014 will continue”, said Winkler. “Our new engine business will probably grow at a faster rate than the much more profitable spare parts business in 2014. We are thus paying particular attention to our revenue and cost structures and took measures in 2013 to further improve them.” MTU expects its revenues in the new engine business to increase by around 10% in U.S. dollar terms. Commercial spare parts sales are expected to rise by a mid single-digit percentage figure expressed in U.S. dollars, while MTU anticipates a decline of around 10% in revenues in the military engine business. MTU’s commercial maintenance business expects to see a growing demand for maintenance services for the GE90 and V2500 programs. Revenue growth in this segment will be within the mid to high single-digit percentage range, expressed in U.S. dollars. In 2014, group revenues are expected to rise to around €3,750 million (2013 calculated on a comparable basis: €3,574.1 million). Operating profit (adjusted EBIT, 2013 calculated on a comparable basis: €373.1 million) and earnings after tax (adjusted net income, 2013 calculated on a comparable basis: €229.8 million) are

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



expected to remain stable. These forecasts take into account that from 2014 onward, MTU Maintenance Zhuhai will no longer be proportionately consolidated but accounted for according to the equity method, in accordance with IFRS requirements. The comparative data for 2013 will be adjusted to eliminate this effect. In 2014, research and development expenditure will probably remain at the same level as in 2013.

Significantly higher revenues in the OEM segment

The growth in group revenues in 2013 is primarily due to strong growth in the commercial engine business, where revenues increased by 18% from €1,603.1 million in 2012 to €1,891.3 million. The growth drivers were the V2500 for the Airbus A320 family, the GP7000 engine that powers the Airbus A380 and the GENx engine for the Boeing 787 Dreamliner and the Boeing 747-8.

At €500.7 million, revenues in the military engine business matched last year's level (2012: €503.3 million), with the key revenue driver being the EJ200 Eurofighter engine.

Revenues in the commercial maintenance business rose by 6% to €1,381.8 million (2012: €1,305.7 million). The key revenue driver in this case was the V2500.

High order backlog guarantees future growth

MTU's order backlog of €10,745.5 million (2012: €11,479.6 million) equates to a production workload of around 3 years. "This figure includes only a small proportion of the new contracts we have received – for example during the Paris Air Show – and yet our order backlog in 2013 remains at a very high level," reported Winkler. "As in previous years, the programs that have generated the highest volume of orders are the geared turbofan™ engines of the PW1000G family and the V2500. They will be our growth drivers in the future, too." The PW1000G family has been selected to power the Airbus A320neo, the Bombardier CSeries, the new Embraer E-Jet generation, the Mitsubishi Regional Jet and the Irkut MS-21.

Stable operating results

In 2013, MTU maintained the earnings level achieved in the record year 2012 in both operating segments.

In the OEM segment, the company generated an adjusted EBIT of €263.9 million (2012: €264.1 million) and an EBIT margin of 11.0% (2012: 12.5%). "This lower profit margin is a result of the higher proportion of earnings generated by the new engine business in 2013, which grew at a stronger rate than the spare parts business", explained Winkler.

The commercial maintenance business achieved an adjusted EBIT of €113.0 million (2012: €113.6 million), resulting in an EBIT margin of 8.2% compared with 8.7% in 2012. "The margin in commercial maintenance is therefore in line with our expectations," said Winkler.



Dividend proposal on March 11

MTU continues to adhere to its earnings-oriented dividend policy which enables investors to benefit from an appropriate share of the company's good operating results. The dividend proposal for the Annual General Meeting, which will be held on May 8, 2014, will be announced after the decision by the Supervisory Board on March 11. An amount of €1.35 per share was distributed for 2012.

10% of OEM revenues reinvested in R&D

Research and development expenditure before capitalization came to €193.2 million in 2013 (2012: €241.4 million). This is equivalent to around 10% of revenues in the OEM business, where the research and development expenditure is incurred. Company-funded R&D expenditure recognized in the income statement declined from €113.0 million to €93.2 million. "As expected, the more mature the geared turbofan™ technology, which is the focus of our R&D activities, the lower the R&D expenditure," stated Winkler. "We will continue to maintain our generally high R&D commitment as it creates a basis for strong organic growth in the coming years."

Free cash flow of €83.0 million

MTU's free cash flow amounted to €83.0 million compared with €85.7 million in 2012. This means that also in respect of its free cash flow, MTU maintained last year's level and exceeded its free cash flow target with a figure in the high double-digit million range. The company had expected a mid-double-digit million figure.

Capital expenditure on property, plant and equipment

In 2013, MTU invested €92.4 million in property, plant and equipment (2012: €99.4 million). Investment activities concentrated on the equipment of the production hall for geared turbofan™ components at the Munich location.

8,695 employees

At year-end 2013, MTU had 8,695 employees, 2% more than at year-end 2012 (8,541 employees). To prepare for the ramp-up of the geared turbofan™ programs, the implementation of the V2500 stake increase, and the expansion of the global maintenance business, capacities were increased particularly at the Hannover, Vancouver and Munich locations.

MTU Aero Engines publishes its Annual Report on March 11, 2014.



MTU Aero Engines – Key financial data for 2013

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

MTU Aero Engines	2012	2013	Change
Revenues	3,378.6	3,741.7	+ 10.7%
of which OEM business	2,106.4	2,392.0	+ 13.6%
of which commercial engine business	1,603.1	1,891.3	+ 18.0%
of which military engine business	503.3	500.7	- 0.5%
of which commercial MRO business	1,305.7	1,381.8	+ 5.8%
EBIT (calculated on a comparable basis)	375.2	377.3	+ 0.6%
of which OEM business	264.1	263.9	- 0.1%
of which commercial MRO business	113.6	113.0	- 0.5%
<i>EBIT margin (calculated on a comparable basis)</i>	<i>11.1%</i>	<i>10.1%</i>	
<i>for OEM business</i>	<i>12.5%</i>	<i>11.0%</i>	
<i>for commercial MRO business</i>	<i>8.7%</i>	<i>8.2%</i>	
Net income (calculated on a comparable basis)	234.0	232.1	- 0.8%
Net income (reported)	174.8	172.4	- 1.4%
Earnings per share (undiluted, reported)	€3.45	€3.39	- 1.7%
Free cash flow	85.7	83.0	- 3.2%
Research and development expenditure	241.4	193.2	- 20.0%
of which company-funded R&D	160.7	142.8	- 11.1%
of which outside-funded R&D	80.7	50.4	- 37.5%
<i>Development costs recognized as expense</i>	<i>113.0</i>	<i>93.2</i>	<i>- 17.5%</i>
Capital expenditure on property, plant and equipment	99.4	92.4	- 7.0%
	Dec. 31, 2012	Dec. 31, 2013	Change
Order backlog	11,479.6	10,745.5	- 6.4%
of which OEM business	5,640.4	5,403.6	- 4.2%
of which commercial MRO business	5,839.2	5,341.9	- 8.5%
Employees	8,541	8,695	+ 1.8%

Outlook for 2014

in € million	2013 calculated on a comparable basis*	Outlook for 2014
Revenues	3,574.1	~ 3,750
Adjusted EBIT	373.1	stable
Adjusted net income	229.8	stable

* From 2014 MTU Maintenance Zhuhai will no longer be proportionately consolidated but according to the equity method in accordance with IFRS11. The figures for 2013 have been adjusted for the purpose of comparison.



MTU Aero Engines – Key financial data for Q4 / 2013

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

MTU Aero Engines	Q4 2012	Q4 2013	Change
Revenues	910.6	963.6	+ 5.8 %
of which OEM business	616.1	621.1	+ 0.8 %
of which commercial engine business	461.2	488.4	+ 5.9 %
of which military engine business	154.9	132.7	- 14.3 %
of which commercial MRO business	303.9	351.0	+ 15.5 %
EBIT (calculated on a comparable basis)	97.2	106.8	+ 9.9 %
of which OEM business	70.0	77.1	+ 10.1 %
of which commercial MRO business	28.0	30.6	+ 9.3 %
Net income (calculated on a comparable basis)	60.9	65.8	+ 8.0 %
Net income (reported)	14.4	47.9	+ 232.6 %
Free cash flow	19.4	17.3	- 10.8 %
Research and development expenditure	67.9	45.1	- 33.6 %
of which company-funded	47.4	35.7	- 24.7 %
of which outside-funded	20.5	9.4	- 54.1 %

About MTU Aero Engines

MTU Aero Engines is Germany's leading and the country's only independent engine manufacturer and is an established global player in the industry. It engages in 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 one of the world's leading providers of maintenance services for aircraft engines. In the military arena, MTU Aero Engines is Germany's industrial lead company for practically all engines flown by the country's military. MTU operates affiliates around the globe; Munich is home to its corporate headquarters. In fiscal 2013, the company had a workforce of some 8,700 employees and posted consolidated sales of some 3.7 billion euros. In early March 2013, the company won the German Industry's 32nd Innovation Award, and in April, it was honored with the German Innovation Award. In both instances, MTU received the recognition for the geared turbopan™ engine's high-speed low-pressure turbine.

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The Annual Report is available as from March 11, 2014, as a downloadable PDF file on the Internet at www.mtu.de under Investor Relations -> Financial Reports, and from early 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 cyclical nature 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.