
MTU Aero Engines' 2014 first-quarter revenues and earnings on previous year's level

- **Full-year forecast for 2014 confirmed**

Munich, April 29, 2014 – The results reported by MTU Aero Engines AG for the first quarter 2014 are in line with the previous year. Group revenues remained stable at €913.0 million (1-3/13: €906.0 million). MTU's operating profit¹ in the first three months of 2014 amounted to €89.0 million (1-3/13: €88.3 million), resulting in an unchanged EBIT margin of 9.7%. Earnings after tax² also reached the previous year's level, and amounted to €56.0 million (1-3/13: €55.5 million).

“The stable earnings in the first three months of 2014 allow us to confirm our full-year forecast,” said Reiner Winkler, CEO of MTU Aero Engines AG. “Our first-quarter revenues were impacted by currency translation effects. An additional factor was the relatively high comparative 2013 figure for the commercial maintenance business, which was due to revenue deferrals. In the further course of the year, we expect revenues to grow to our forecast value of approximately €3.750 million.”

In the OEM segment, revenues from both commercial and military engines were slightly up on the previous year. An increase of 2% to €500.5 million (1-3/13: €488.4 million) was reported for the commercial engine business, which includes engine manufacturing and spare parts. The engines that generated the highest share of revenues were the V2500 engine for the Airbus A320 family, the GP7000 engine for the Airbus A380, and the GEnx engine for the Boeing 787 and 747-8.

Revenues in the military engine business increased by 4% to €116.6 million (1-3/13: €112.2 million) and mainly derived from the EJ200 Eurofighter engine.

Commercial maintenance revenues decreased by 3% to €303.6 million (1-3/13: €313.1 million). The main source of these revenues was the V2500 engine deployed in the Airbus A320 family.

The order backlog at March 31, 2014 amounted to €9,832.4 million, which corresponds to a production workload of almost three years. The majority of these orders concern the V2500 engine, and the PW1000G family of geared turbofan engines. The latter are deployed in the Airbus A320neo, the Bombardier CSeries, the new generation of Embraer E-Jets, the Mitsubishi Regional Jet, and the Irkut MS-21.

MTU's adjusted EBIT reflects an earnings increase of 3% to €60.8 million in the OEM segment (1-3/13: €59.0 million) and an earnings decrease of 5% to €27.0 million in the MRO segment (1-3/13:

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



€28.4 million). MTU's EBIT margin in the OEM segment improved from 9.8% to 9.9%, while in the MRO segment it decreased from 9.1% to 8.9%, based on the respective first-quarter results.

In the first 3 months of 2014, MTU's research and development expenditure amounted to €43.3 million (1-3/13: €53.9 million). Company-funded R&D expenditure recognized as an expense in the income statement amounted to €21.7 million (1-3/13: €28.7 million). The geared turbofan programs represented the main focus of these R&D activities.

MTU's free cash flow in the first quarter 2014 amounted to €1.1 million, compared with €2.1 million in the first quarter 2013. As CEO Winkler explained, "Our future growth depends on the group's ability to sustain a high level of capital investment in new projects. This has an effect on free cash flow because we are financing all such expenditure through our operating activities. Nonetheless, our objective for 2014 – which we achieved in the first quarter – is to generate a balanced or even slightly positive free cash flow."

In the first quarter 2014, MTU boosted capital expenditure on property, plant and equipment by 37% to a total of €22.8 million (1-3/13: €16.6 million). "Here too, we have concentrated specifically on investments that will assure the company's future," said Winkler. "This money has been spent on projects related to the ramp-up of the geared turbofan programs, such as purchasing machinery for the blisk manufacturing facility and constructing a new logistics center in Munich, as well as expanding the capacity of MTU Aero Engines Polska."

As of March 31, 2014, MTU employed a total of 8,290 people (December 31, 2013: 8,343 employees).

The full-year forecasts for the financial year 2014 are unchanged. The MTU group expects to generate revenues of approximately €3,750 million (2013: €3,574.1 million), accompanied by stable operating profits (2013 adjusted EBIT: €373.1 million) and stable earnings after tax (2013 adjusted net income: €235.7 million).



MTU Aero Engines – Key financial data for January through March 2014

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

MTU Aero Engines	Q1 2013	Q1 2014	Change
Revenues	906.0	913.0	+ 0.8 %
of which OEM business	600.6	617.1	+ 2.7 %
of which commercial engine business	488.4	500.5	+ 2.5 %
of which military engine business	112.2	116.6	+ 3.9 %
of which commercial MRO business	313.1	303.6	- 3.0 %
EBIT (calculated on a comparable basis)	88.3	89.0	+ 0.8 %
of which OEM business	59.0	60.8	+ 3.1 %
of which commercial MRO business	28.4	27.0	- 4.9 %
<i>EBIT margin (calculated on a comparable basis)</i>	<i>9.7 %</i>	<i>9.7 %</i>	
<i>for OEM business</i>	<i>9.8 %</i>	<i>9.9 %</i>	
<i>for commercial MRO business</i>	<i>9.1 %</i>	<i>8.9 %</i>	
Net income (calculated on a comparable basis)	55.5	56.0	+ 0.9 %
Net income (reported)	36.8	46.8	+ 27.2 %
Earnings per share (undiluted, reported)	0.73	0.92	+ 26.0 %
Free cash flow	2.1	1.1	- 47.6 %
Research and development expenditure	53.9	43.3	- 19.7 %
of which company-funded	40.1	33.6	- 16.2 %
of which outside-funded	13.8	9.7	- 29.7 %
<i>Company-funded R&D recognized as expense</i>	<i>28.7</i>	<i>21.7</i>	<i>- 24.4 %</i>
Capital expenditure on property, plant and equipment	16.6	22.8	+ 37.3 %
	Dec. 31, 2013	Mar. 31, 2014	Change
Order backlog	9,374.6	9,832.4	+ 4.9 %
of which OEM business	5,403.6	5,834.3	+ 8.0 %
of which commercial MRO business	3,971.0	3,998.1	+ 0.7 %
Number of employees	8,343	8,290	- 0.6 %

About MTU Aero Engines

MTU Aero Engines is Germany's leading engine manufacturer and has been a key player in the global engine industry for 80 years. It engages in the development, manufacture, marketing and support of commercial and military aircraft engine modules and industrial gas turbines. The company is a technological leader in low-pressure turbines, high-pressure compressors, manufacturing processes and repair techniques. Figuring significantly among MTU's core competencies are the maintenance, repair and overhaul (MRO) of commercial engines and the service support it provides for industrial gas turbines. These activities are combined under the roof of MTU Maintenance, which is one of the world's largest providers of commercial engine MRO services. MTU operates affiliates around the globe; Munich is home to its corporate headquarters.



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