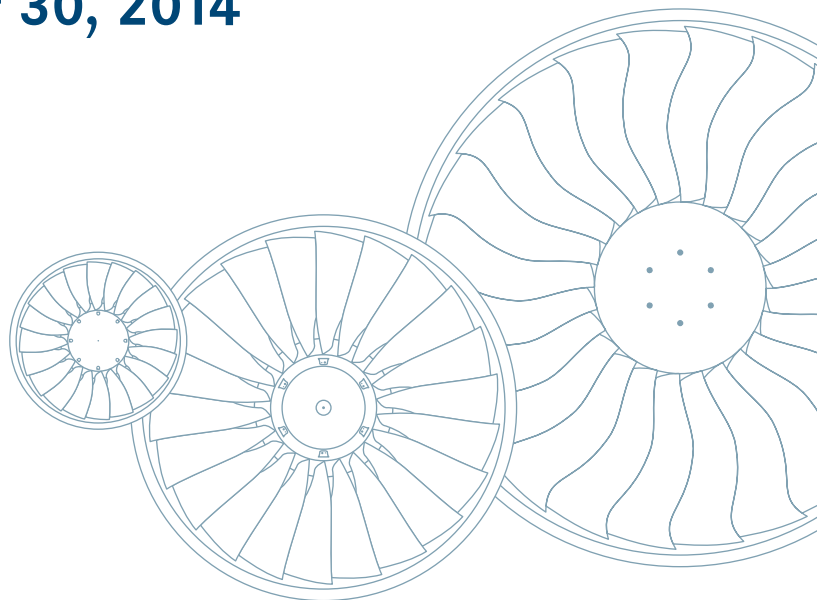




## **Quarterly Financial Report January 1 to September 30, 2014**

MTU Aero Engines AG, Munich



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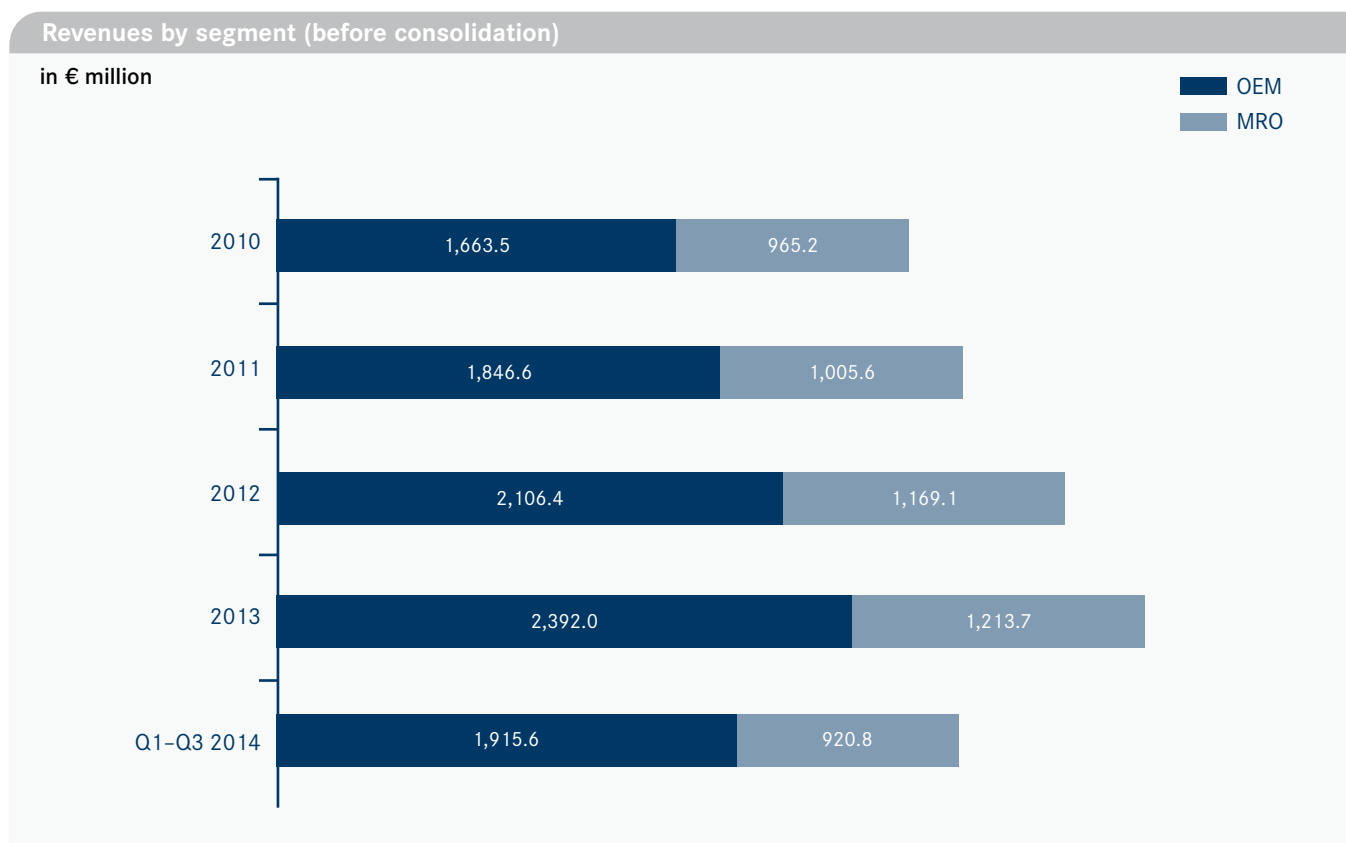
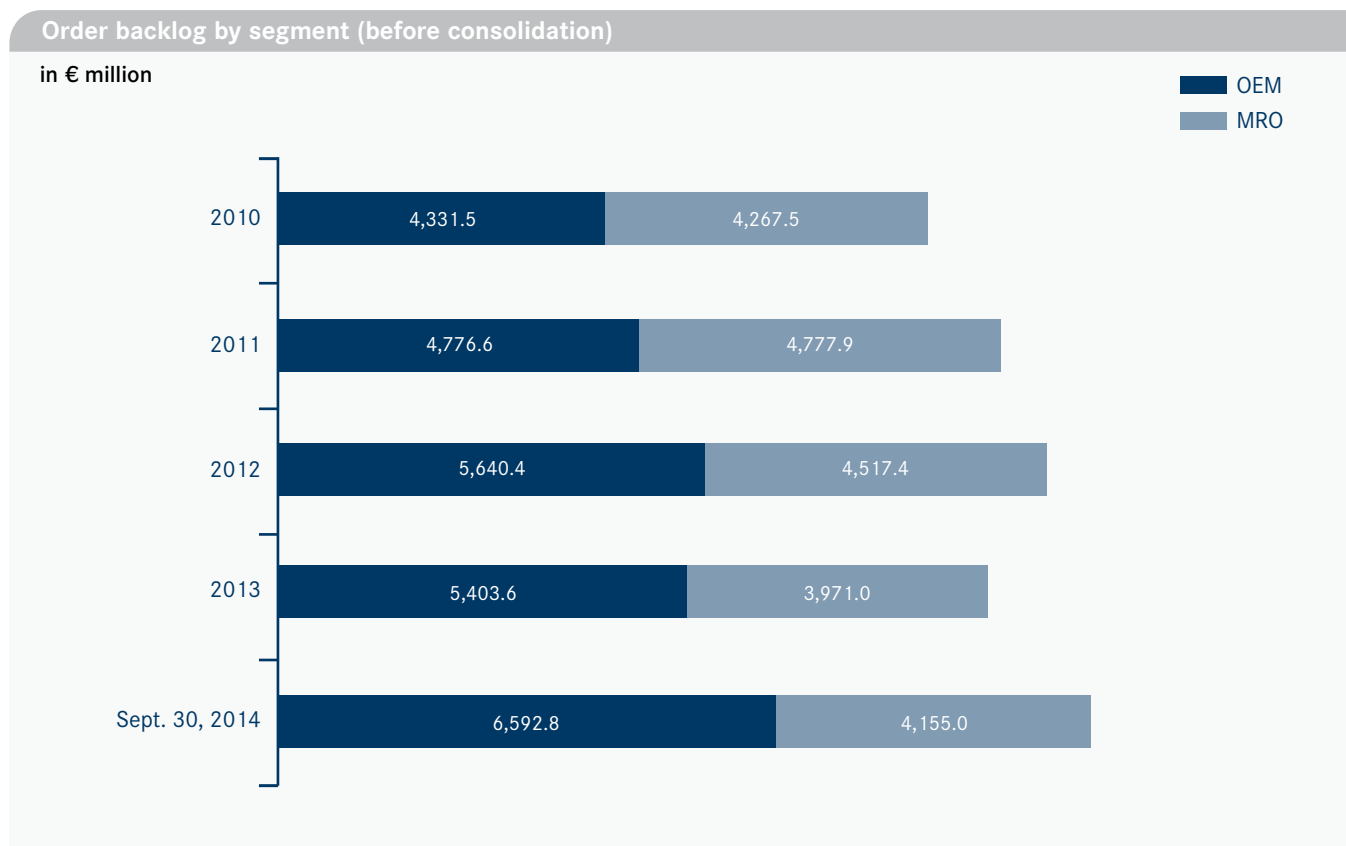
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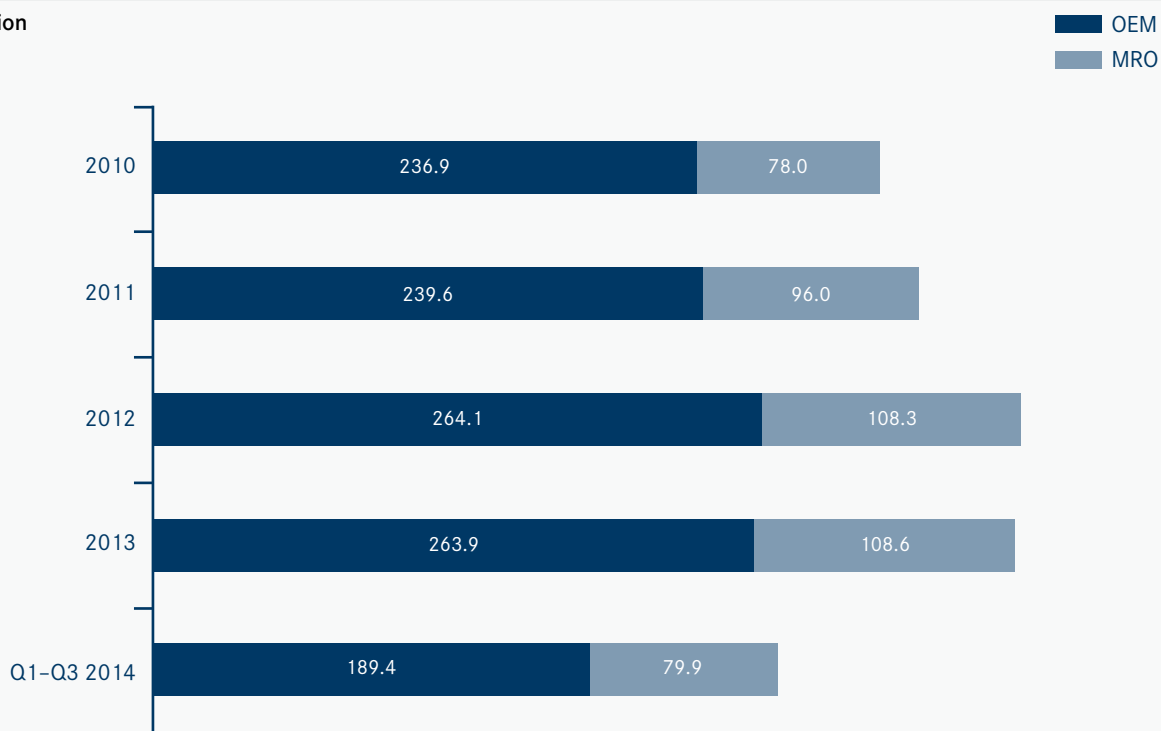
| Key Facts and Figures for the Group                                |                |                |                              |       |
|--|----------------|----------------|------------------------------|-------|
| in € million (unless stated otherwise)                             | Jan. 1 -       | Jan. 1 -       | Change against previous year |       |
|  | Sept. 30, 2014 | Sept. 30, 2013 | in € million                 | in %  |
| <b>Income Statement</b>  |                |                |                              |       |
| Revenues   | 2,811.6        | 2,659.6        | 152.0                        | 5.7   |
| Gross profit   | 387.0          | 387.7          | -0.7                         | -0.2  |
| Earnings before interest and tax (EBIT)                            | 235.7          | 224.7          | 11.0                         | 4.9   |
| Adjusted earnings before interest and tax (EBIT adjusted)          | 270.9          | 267.8          | 3.1                          | 1.2   |
| Earnings before tax (EBT)  | 191.5          | 192.6          | -1.1                         | -0.6  |
| Earnings after tax (EAT)   | 132.9          | 125.2          | 7.7                          | 6.2   |
| Adjusted earnings after tax (EAT adjusted)                         | 178.3          | 169.1          | 9.2                          | 5.4   |
| Undiluted earnings per share (in €)                                | 2.61           | 2.46           | 0.15                         | 6.1   |
| Diluted earnings per share (in €)                                  | 2.61           | 2.46           | 0.15                         | 6.1   |
| <b>Revenue margins in %</b>  |                |                |                              |       |
| Earnings before interest and tax (EBIT)                            | 8.4            | 8.4            |                              |       |
| Adjusted earnings before interest and tax (EBIT adjusted)          | 9.6            | 10.1           |                              |       |
| Earnings before tax (EBT)  | 6.8            | 7.2            |                              |       |
| Earnings after tax (EAT)   | 4.7            | 4.7            |                              |       |
| Adjusted earnings after tax (EAT adjusted)                         | 6.3            | 6.4            |                              |       |
| <b>Cash flow</b>   |                |                |                              |       |
| Cash flow from operating activities                                | 183.4          | 139.2          | 44.2                         | 31.8  |
| Cash flow from investing activities                                | -130.9         | -101.5         | -29.4                        | -29.0 |
| Free cash flow   | 84.3           | 67.1           | 17.2                         | 25.6  |
| Cash flow from financing activities                                | -69.2          | 17.4           | -86.6                        | <-100 |
| Change in cash and cash equivalents                                | -11.3          | 51.2           | -62.5                        | <-100 |
| in € million (unless stated otherwise)                             | Sept. 30, 2014 | Dec. 31, 2013  | Change against previous year |       |
|  |                |                | in € million                 | in %  |
| <b>Balance Sheet</b>   |                |                |                              |       |
| Intangible assets  | 1,845.0        | 1,820.5        | 24.5                         | 1.3   |
| Cash and cash equivalents  | 148.3          | 159.6          | -11.3                        | -7.1  |
| Pension provisions   | 696.0          | 623.1          | 72.9                         | 11.7  |
| Equity   | 1,191.4        | 1,219.4        | -28.0                        | -2.3  |
| Net debt   | 476.6          | 354.8          | 121.8                        | 34.3  |
| <b>Order backlog before consolidation</b>                          |                |                |                              |       |
| Commercial and military engine business (OEM) before consolidation | 10,747.8       | 9,374.6        | 1,373.2                      | 14.6  |
| Commercial maintenance business (MRO) before consolidation         | 6,592.8        | 5,403.6        | 1,189.2                      | 22.0  |
| Commercial maintenance business (MRO) before consolidation         | 4,155.0        | 3,971.0        | 184.0                        | 4.6   |
| <b>Number of employees at quarter end</b>                          |                |                |                              |       |
| Commercial and military engine business (OEM)                      | 8,349          | 8,343          | 6                            | 0.1   |
| Commercial maintenance business (MRO)                              | 5,287          | 5,225          | 62                           | 1.2   |
| Commercial maintenance business (MRO)                              | 3,062          | 3,118          | -56                          | -1.8  |

The following five-year comparisons are based on adjusted, unaudited figures for the years 2010 to 2013. The nature of the adjustments is explained in the explanatory notes to the Condensed Interim Consolidated Financial Statements (IFRS 11, Joint Arrangements).



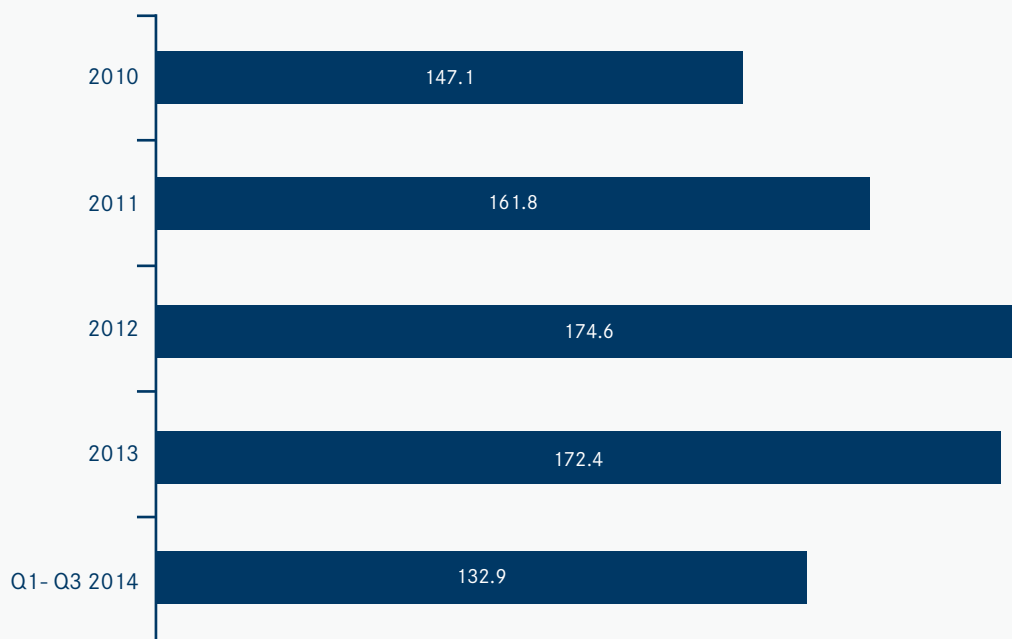
EBIT adjusted by segment (before consolidation)

in € million



Earnings after tax

in € million



## 1 The enterprise MTU

MTU Aero Engines AG, Munich, together with its consolidated group of companies (hereafter referred to as “MTU”, “group”, “enterprise” or “company”) is Germany’s leading engine manufacturer and one of the biggest international players in the industry.

### Research and development

Technological changes within the aviation sector take place at an extremely rapid pace and require a continuous source of innovation. Development activities are currently dominated by work on engines intended for geared turbofan programs.

| Commercial geared turbofan programs |                   |                       |                 |                 |                          |
|-------------------------------------|-------------------|-----------------------|-----------------|-----------------|--------------------------|
| Engine                              | MTU program share | Aircraft manufacturer | Aircraft type   | Number of Seats | Entry into Service (EIS) |
| PW1100G                             | 18%               | Airbus                | A320neo         | 150 - 200       | 2015                     |
| PW1200G                             | 15%               | Mitsubishi            | MRJ             | 70 - 90         | 2017                     |
| PW1400G                             | 18%               | Irkut                 | MS21            | 150 - 200       | 2017                     |
| PW1500G                             | 17%               | Bombardier            | CSeries         | 110 - 150       | 2015                     |
| PW1700G                             | 15%               | Embraer               | E-Jet E175      | 80 - 90         | 2020                     |
| PW1900G                             | 17%               | Embraer               | E-Jet E190/E195 | 100 - 140       | 2018/2019                |

Research and development expenditure will remain at a high level during the financial years 2014 and 2015. Expenditure on research and development during the first nine months of 2014 totaled € 124.8 million (January - September 2013: € 148.1 million).

| Research and development expenditure                                |  |  |                              |              |
|---|--|--|------------------------------|--------------|
|   | Jan. 1 -<br>Sept. 30, 2014<br>in € million | Jan. 1 -<br>Sept. 30, 2013<br>in € million | Change against previous year |              |
|   |  |  | in € million                 | in %         |
| Commercial engine business  | 101.6                                      | 107.0                                      | -5.4                         | -5.0         |
| Military engine business  | 19.9                                       | 37.6                                       | -17.7                        | -47.1        |
| <b>Commercial and military engine business</b>                      | <b>121.5</b>                               | <b>144.6</b>                               | <b>-23.1</b>                 | <b>-16.0</b> |
| Commercial maintenance business                                     | 3.3  | 3.5  | -0.2                         | -5.7         |
| <b>Research and development expenditure prior to capitalization</b> | <b>124.8</b>                               | <b>148.1</b>                               | <b>-23.3</b>                 | <b>-15.7</b> |

R&D expenditure is sub-divided into company-funded and externally funded work. Company-funded R&D work is financed by the group, whereas externally funded R&D work is paid for by customers. Total company-funded R&D work is reported in the table below and in note 3 (Research and development expenses) of the selected explanatory notes as „R&D expenditure“.

Total R&D expenditure of € 124.8 million (January - September 2013: € 148.1 million) included € 98.2 million (January - September 2013: € 107.1 million) relating to company-funded R&D work. Of this amount, € 94.9 million (January - September 2013: € 103.6 million) related to Commercial and Military Engines business (OEM). Company-funded R&D expenditure for Commercial Maintenance during the nine-month period amounted to € 3.3 million (January - September 2013: € 3.5 million) and related primarily to new repair techniques.

| Company-funded research and development expenditure income statement |  |  |                              |              |
|--|--|--|------------------------------|--------------|
|  | Jan. 1 -<br>Sept. 30, 2014<br>in € million | Jan. 1 -<br>Sept. 30, 2013<br>in € million | Change against previous year |              |
|  |  |  | in € million                 | in %         |
| Commercial engine business   | 89.4                                       | 92.2                                       | -2.8                         | -3.0         |
| Military engine business   | 5.5  | 11.4                                       | -5.9                         | -51.8        |
| Commercial maintenance business                                      | 3.3  | 3.5  | -0.2                         | -5.7         |
| <b>Company-funded R&amp;D expenditure</b>                            | <b>98.2</b>                                | <b>107.1</b>                               | <b>-8.9</b>                  | <b>-8.3</b>  |
| <b>Capitalized development costs</b>                                 |  |  |                              |              |
| Commercial and military engine business                              | -40.2                                      | -37.3                                      | -2.9                         | -7.8         |
| Commercial maintenance business                                      |  | -0.7                                       | 0.7                          | 100.0        |
| <b>Research and development costs recognized as expense</b>          | <b>58.0</b>                                | <b>69.1</b>                                | <b>-11.1</b>                 | <b>-16.1</b> |
| <b>Capitalized development costs in %</b>                            | <b>40.9</b>                                | <b>35.5</b>                                |                              |              |

Capitalized development costs in the period totaled € 40.2 million (January - September 2013: € 38.0 million), resulting in a capitalization ratio of 40.9 %. Development costs capitalized for the military and commercial engine lines of business relate to the GE38, GE9X and PW800 programs and to geared turbofan programs.

## 2 Report on economic position

### 2.1 Macroeconomic factors

After a promising start to the year, geopolitical risks have increased over the course of the nine-month period under report and are having an increasingly negative impact on the global economy (source: EIU, October 2014).

Economic performance in the eurozone fell short of expectations: seasonally adjusted, second-quarter gross domestic product (GDP) stagnated compared to the preceding three-month period. Compared to the previous year, the eurozone's second-quarter GDP (also seasonally adjusted), showed an improvement of 0.7 % (source: Eurostat, September 5, 2014).

The US economy performed better, largely thanks to consumer spending and unchanged favorable credit conditions. The USA recorded annualized GDP growth of 4.6 % in the second quarter of 2014, compared to a drop of 2.1 % one quarter earlier (source: US Bureau of Economic Analysis, September 26, 2014).

China's economy expanded by an annualized 7.5 % in the period from April to June, marginally up from the 7.4 % recorded in the first quarter. Efforts are being made by the Chinese government to boost the economy further with a combination of market reforms and measures aimed at reducing red tape (source: EIU, October 2014).

The price of Brent Crude oil fell to US-\$ 97 in September, its lowest level for two years. Prices are being pushed down by the excess of supply over demand: the global glut in crude oil supplies increased despite geopolitical crises, while demand in Asia and Europe continued to fall in the wake of weaker economic performance.

Changes in the value of the US dollar are particularly important for MTU's international business. The US dollar has appreciated significantly in value since the beginning of the year, finishing at US \$ 1.26 to the euro on September 30, 2014 (December 31, 2013: US \$ 1.38 to the euro). The average rate of the US dollar to the euro during the nine-month period to September 30, 2014 was US \$ 1.35 compared to US \$1.32 in the corresponding period last year. Reference is made to section 2.3 (Financial situation) for comments on the impact of changes in exchange rates.

### 2.2 Microeconomic factors in the aviation industry

Air traffic demand continues to show an upward trajectory: global passenger numbers rose by 5.8 % and air freight volumes by 4.5 % in the eight-month period to August. Above-average growth was recorded by airlines in the Middle East (12.2 %), Asia (6.8 %) and Europe (6.1 %). Higher ticket prices in North America caused growth in this region to be held down to only 2.7 %, still leaving the airlines here the most profitable in the world (source: IATA Airlines Financial Monitor July - August 2014).

In July 2014 MTU received orders at the Farnborough International Airshow with a volume of € 1.3 billion. The world's airlines are seeking quieter and more fuel-efficient engines and MTU has a range of program stakes in such engines across all segments, including regional jets, narrow-body and wide-body aircraft.

Airbus and Boeing delivered 967 aircraft to customers during the first nine months, compared with 921 aircraft in the same period last year (+ 5 %). Aircraft production rates are therefore within the forecast range announced by Airbus and Boeing.

The order backlog for aircraft in the plus 100-seat category went up from 11,500 aircraft at the end of the second quarter 2014 to 12,200 aircraft at September 30, 2014 (source: IATA, Ascend Online, September 2014).

A total of 164 business jets was delivered during the second quarter 2014, continuing the upwards trend in this business segment (source: GAMA, August 2014).



## 2.3 Financial situation

### 2.3.1 Operating results

#### Reconciliation to adjusted key performance figures

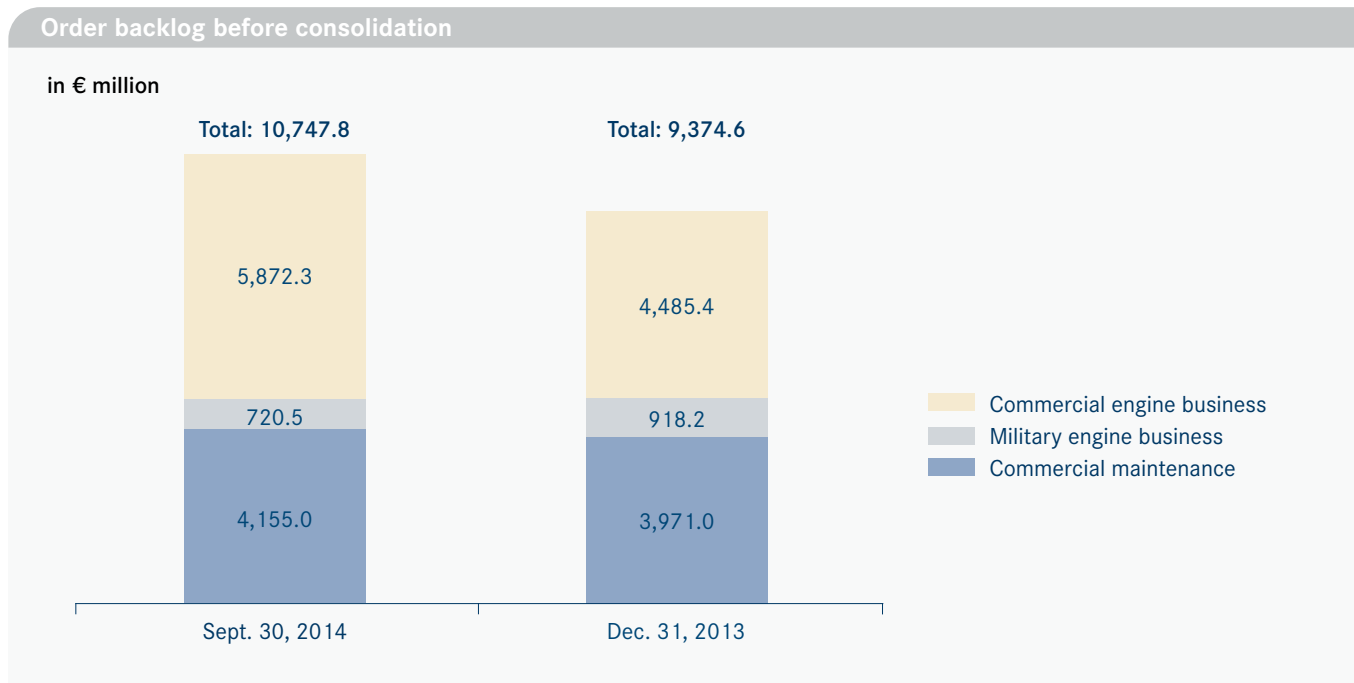
Earnings before interest and tax can be reconciled to adjusted earnings before interest and tax and to adjusted earnings after interest and tax as follows:

| Reconciliation to adjusted key performance figures                                      |                |                |                              |            |
|---|----------------|----------------|------------------------------|------------|
|   | Jan. 1 -       | Jan. 1 -       | Change against previous year |            |
|   | Sept. 30, 2014 | Sept. 30, 2013 | in € million                 | in %       |
|   | in € million   | in € million   |                              |            |
| <b>Earnings before interest and tax (EBIT)</b>  | <b>235.7</b>   | <b>224.7</b>   | <b>11.0</b>                  | <b>4.9</b> |
| Amortization and depreciation effects of purchase price allocation/V2500 stake increase | 35.2           | 43.1           | -7.9                         | -18.3      |
| <b>Adjusted earnings before interest and tax (EBIT adjusted)</b>                        | <b>270.9</b>   | <b>267.8</b>   | <b>3.1</b>                   | <b>1.2</b> |
| Interest result   | -5.9           | -8.0           | 2.1                          | 26.3       |
| Accrued interest for pension provision  | -16.0          | -15.0          | -1.0                         | -6.7       |
| <b>Adjusted earnings before tax (EBT adjusted)</b>                                      | <b>249.0</b>   | <b>244.8</b>   | <b>4.2</b>                   | <b>1.7</b> |
| Income taxes 30.0 % (from 2014)   | -70.7          | -75.7          | 5.0                          | 6.6        |
| <b>Adjusted earnings after tax (EAT adjusted)</b>                                       | <b>178.3</b>   | <b>169.1</b>   | <b>9.2</b>                   | <b>5.4</b> |

Since the after-tax results of investments accounted for using the equity method are taken into account in earnings before interest and tax, the calculation of income taxes (30.0 %) does not include these amounts. An average tax rate has been calculated for 2014, based on expected pre-tax earnings of the MTU Group's German and foreign entities. The tax rates relevant for MTU's non-German entities – particularly in Poland – are significantly lower than the equivalent tax rate in Germany. The group tax rate has decreased accordingly from 32.6 % in the previous year to 30.0 % in 2014.

### Order backlog

MTU's order backlog consists of firm customer orders that commit the group to delivering products or providing services, plus the contractual value of service agreements.



The order backlog for the commercial engine business totaling € 5.9 billion is based on firm orders from customers and recorded at list price. The total order backlog at September 30, 2014 amounting to approximately € 11 billion corresponds, arithmetically, to a production workload of approximately three years.

### Revenues

Revenues for the nine-month period increased by € 152.0 million (5.7 %) to € 2,811.6 million. Within those figures, revenues from commercial and military engine business increased by € 144.7 million (8.2 %) to € 1,915.6 million. Revenues generated with commercial engine maintenance business edged up by € 9.0 million (1.0 %) to € 920.8 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the nine-month period would have increased by € 224.1 million (8.4 %).

### Cost of sales and gross profit

Cost of sales for the first nine months of 2014 increased by € 152.7 million (6.7 %) to € 2,424.6 million compared to the previous year and therefore at a more pronounced rate than the increase in revenues. The nine-month gross profit was € 0.7 million (0.2 %) lower at € 387.0 million, with the gross profit margin falling to 13.8 % (January - September 2013: 14.6 %).

### Earnings before interest and tax (EBIT)

Earnings before interest and tax for the first nine months of 2014 increased by € 11.0 million (4.9 %) to € 235.7 million (January - September 2013: € 224.7 million). Nine-month adjusted earnings before interest and tax improved slightly to € 270.9 million (January - September 2013: € 267.8 million), resulting in an adjusted EBIT margin of 9.6 %.

### Financial result

The financial result for the nine-month reporting period was a net expense of € 44.2 million (January - September 2013: net expense of € 32.1 million). The € 12.1 million increase was primarily attributable to fair value losses on derivatives amounting to € 9.3 million (January - September 2013: fair value gains of € 7.8 million) and the net interest expense arising in conjunction with the measurement of assets and liabilities amounting to € 34.3 million (January to September 2013: net expense of € 28.5 million). This contrasted with a reduced net interest expense of € 5.9 million (January - September 2013: € 8.0 million).

### Earnings before tax (EBT)

Earnings before tax for the first nine months of 2014 fell marginally by € 1.1 million (0.6 %) to € 191.5 million (January - September 2013: € 192.6 million).

### Earnings after tax (EAT)

Earnings after tax increased to € 132.9 million (January - September 2013: € 125.2 million). Of this amount, a positive amount of € 133.1 million is attributable to owners of MTU Aero Engines AG and a negative amount of € 0.2 million to non-controlling interests (the latter relating to the shares held by Sumitomo Corporation, Tokyo, in MTU Maintenance Lease Services B.V., Amsterdam). Adjusted earnings after tax amounted to € 178.3 million (January - September 2013: € 169.1 million), an increase of € 9.2 million (5.4 %) compared to the corresponding period last year.

### Consolidated Statement of Comprehensive Income

In the Consolidated Statement of Comprehensive Income, earnings after tax of € 132.9 million (January - September 2013: € 125.2 million) are reconciled to the comprehensive income for the period of € 29.7 million (January - September 2013: € 126.4 million).

Income and expenses recognized directly in comprehensive income during the first nine months of 2014 (net of deferred taxes) comprise net losses of € 79.6 million (January - September 2013: net gains of € 5.5 million) arising on the fair value measurement of cash flow hedging instruments. In addition, the currency translation of the financial statements of foreign operations had a net positive impact of € 15.1 million (January - September 2013: net negative impact of € 12.7 million) on comprehensive income for the period. Actuarial gains and losses on pension obligations and plan assets reduced comprehensive income by € 38.7 million (January - September 2013: increased by € 8.4 million).

Of the total comprehensive income for the period of € 29.7 million, a positive amount of € 29.9 million is attributable to owners of MTU Aero Engines AG and a negative amount of € 0.2 million to non-controlling interests.

### 2.3.2 Financial position

The principles and objectives of financial management are described in the Annual Report 2013 (page 65 onwards) and remain unchanged.

The group's external financing comprises mainly the utilization of loans and credits from banks and the issue of promissory notes.

At September 30, 2014, the MTU Group has access to credit facilities of € 400.0 million with five banks. Of these credit facilities, € 12.6 million (December 31, 2013: € 15.2 million) were being utilized at September 30, 2014 for guarantees.

### Free cash flow

MTU determines free cash flow by combining cash flows from operating activities and cash flows from investing activities and deducting the components that are not part of the operations management of the group's core business. As in previous years, as part of the calculation of free cash flow for the first nine months of 2014, adjustments were recorded for payments in conjunction with liquidity management amounting to € 8.0 million (January - September 2013: proceeds of € 20.8 million), for acquisition payments relating to engine program stakes amounting to € 6.0 million (January - September 2013: € 34.1 million) and for payments relating to sales financing amounting to € 17.8 million (January - September 2013: € 16.1 million).

Free cash flow in the first nine months of 2014 totaled € 84.3 million (January - September 2013: € 67.1 million).

| Financial position                         |  |  |                              |                 |
|--|--|--|------------------------------|-----------------|
|  | Jan. 1 -<br>Sept. 30, 2014<br>in € million | Jan. 1 -<br>Sept. 30, 2013<br>in € million | Change against previous year |                 |
|  |  |  | in € million                 | in %            |
| Cash flow from operating activities        | 183.4                                      | 139.2                                      | 44.2                         | 31.8            |
| Cash flow from investing activities        | -130.9                                     | -101.5                                     | -29.4                        | -29.0           |
| + (-) non-operating exceptional items      | 31.8                                       | 29.4                                       | 2.4                          | 8.2             |
| <b>Free cash flow</b>                      | <b>84.3</b>                                | <b>67.1</b>                                | <b>17.2</b>                  | <b>25.6</b>     |
| + (-) non-operating exceptional items      | -31.8                                      | -29.4                                      | -2.4                         | -8.2            |
| Cash flow from financing activities        | -69.2                                      | 17.4                                       | -86.6                        | <-100           |
| Translation differences                    | 5.4  | -3.9                                       | 9.3                          | >100            |
| <b>Change in cash and cash equivalents</b> | <b>-11.3</b>                               | <b>51.2</b>                                | <b>-62.5</b>                 | <b>&lt;-100</b> |
| Cash and cash equivalents at               |  |  |                              |                 |
| the beginning of the reporting period      | 159.6                                      | 155.2                                      | 4.4                          | 2.8             |
| the end of the reporting period            | 148.3                                      | 206.4                                      | -58.1                        | -28.1           |

**Cash flows from operating activities**

Cash flows from operating activities for the first nine months of the financial year 2014 totaled € 183.4 million (January - September 2013: € 139.2 million).

**Cash flow from investing activities**

The cash outflow for investing activities for the nine-month period was € 130.9 million compared with € 101.5 million in the previous year. Cash spend on investments in intangible assets totaled € 35.1 million (January - September 2013: € 60.6 million) and related primarily to development expenditure for the geared turbofan programs of the PW1000G family and for the PW800 program. Investments in property, plant and equipment during the first nine months of 2014 increased by € 14.8 million to € 64.3 million compared to the same period last year (January - September 2013: € 49.5 million). Cash outflows for investments in financial assets amounted to € 78.1 million (January - September 2013: € 59.5 million).

Proceeds from the sale of intangible assets and property, plant and equipment during the first nine months of 2014 totaled € 1.2 million (January - September 2013: € 5.6 million), while proceeds from the sale of financial assets amounted to € 44.5 million (January - September 2013: € 62.5 million). Repayments of loans receivable gave rise to a cash inflow of € 0.9 million (January - September 2013: € 0.0 million).

**Cash flow from financing activities**

The cash outflow from financing activities during the period from January to September 2014 was € 69.2 million (January - September 2013: cash inflow of € 17.4 million).

**Cash and cash equivalents**

Including the impact of exchange rate fluctuations, the various cash flows resulted in a decrease in cash and cash equivalents of € 11.3 million (January - September 2013: increase of € 51.2 million).

Cash and cash equivalents comprise the following at September 30, 2014:

| Cash and cash equivalents   |                                |                               |                              |             |
|---|--------------------------------|-------------------------------|------------------------------|-------------|
|   | Sept. 30, 2014<br>in € million | Dec. 31, 2013<br>in € million | Change against previous year |             |
|   |                                |                               | in € million                 | in %        |
| Demand deposits and cash  | 107.9                          | 48.7                          | 59.2                         | >100        |
| Fixed-term and overnight deposits with an original maturity of three months or less | 40.4                           | 110.9                         | -70.5                        | -63.6       |
| <b>Cash and cash equivalents</b>  | <b>148.3</b>                   | <b>159.6</b>                  | <b>-11.3</b>                 | <b>-7.1</b> |

**Net financial debt**

MTU defines net financial debt as the difference between gross financial debt and financial assets which, together, represent a key figure for the group's liquidity position. Net financial debt at September 30, 2014 amounted to € 476.6 million (December 31, 2013: € 354.8 million).

| Net financial debt  |                                |                               |                              |              |
|---|--------------------------------|-------------------------------|------------------------------|--------------|
|   | Sept. 30, 2014<br>in € million | Dec. 31, 2013<br>in € million | Change against previous year |              |
|   |                                |                               | in € million                 | in %         |
| Bonds and notes   | 349.8                          | 352.3                         | -2.5                         | -0.7         |
| Financial debt in connection with IAE V2500 stake increase                      | 283.8                          | 270.7                         | 13.1                         | 4.8          |
| Financial debt to banks   |                                |                               |                              |              |
| Promissory notes  |                                | 12.0                          | -12.0                        | -100.0       |
| Note Purchase Agreement   | 30.0                           |                               | 30.0                         |              |
| Financial debt to related parties   | 6.2                            | 4.8                           | 1.4                          | 29.2         |
| Finance leases  | 14.4                           | 6.4                           | 8.0                          | >100         |
| Derivates without hedging relationship  | 6.9                            | 3.5                           | 3.4                          | 97.1         |
| Derivates with hedging relationship   | 41.7                           | 0.2                           | 41.5                         | >100         |
| <b>Gross financial debt</b>   | <b>732.8</b>                   | <b>649.9</b>                  | <b>82.9</b>                  | <b>12.8</b>  |
| less:   |                                |                               |                              |              |
| Cash and cash equivalents   |                                |                               |                              |              |
| Demand deposits and cash  | 107.9                          | 48.7                          | 59.2                         | >100         |
| Fixed-term and overnight deposits with an original maturity of 3 months or less | 40.4                           | 110.9                         | -70.5                        | -63.6        |
| Financial assets  | 107.9                          | 135.5                         | -27.6                        | -20.4        |
| <b>Gross financial assets</b>   | <b>256.2</b>                   | <b>295.1</b>                  | <b>-38.9</b>                 | <b>-13.2</b> |
| <b>Net financial debt</b>   | <b>476.6</b>                   | <b>354.8</b>                  | <b>121.8</b>                 | <b>34.3</b>  |

MTU Aero Engines AG issued a registered note („Note Purchase Agreement“) on March 28, 2014 with a total nominal amount of € 30.0 million, due March 27, 2021. The interest rate on the note is variable and corresponds to 6-month Euribor plus a percentage margin. The initial interest rate is 1.72 %. Interest is calculated and paid half-yearly (in March and September).

A detailed description of the bonds and financial debt in connection with the IAE-V2500 stake increase is provided on page 171 of the MTU Aero Engines AG's Annual Report 2013.

Financial assets include marketable securities amounting to € 61.8 million (December 31, 2013: € 51.0 million), positive fair values of derivatives amounting to € 10.0 million (December 31, 2013: € 69.3 million) and non-current loans receivable from third parties amounting to € 36.1 million (December 31, 2013: € 15.2 million). The composition of financial assets is shown in the explanatory notes to the Condensed Interim Consolidated Financial Statements (Note 16 „Financial assets“).

### 2.3.3 Net assets position

#### Changes in balance sheet amounts

The consolidated balance sheet total increased by € 82.6 million from € 4,410.5 million as at December 31, 2013 to € 4,493.1 million as at September 30, 2014.

Non-current assets went up by € 45.0 million to € 2,685.1 million (December 31, 2013: € 2,640.1 million), while current assets went up by € 37.6 million to € 1,808.0 million (December 31, 2013: € 1,770.4 million).

A total of € 72.4 million (January - September 2013: € 137.8 million) of intangible assets was capitalized in the first nine months of 2014. In addition to the program stakes in the PW800 and PW1200G amounting to € 27.5 million, intangible asset additions also included capitalized development costs amounting to € 42.5 million (January - September 2013: € 39.4 million). These capitalized development costs, which also include the corresponding borrowing costs, related to the geared turbofan PW1000G family programs as well as to the GE38, GE9X und PW800 engine programs.

During the first nine months of 2014, inventories decreased by € 0.3 million to € 744.9 million, current other assets by € 11.0 million to € 1.9 million, current financial assets by € 23.5 million to € 78.5 million and cash and cash equivalents by € 11.3 million to € 148.3 million. By contrast, trade and contract production receivables increased by € 80.9 million to € 826.4 million and current prepayments by € 2.8 million to € 7.1 million.

Group equity fell during the nine-month period by € 28.0 million to stand at € 1,191.4 million at September 30, 2014.

Equity was increased by nine-month earnings after tax amounting to € 132.9 million (January - September 2013: € 125.2 million). Equity also rose by € 1.6 million (January - September 2013: € 0.8 million) in connection with the Share Matching Plan and by € 9.4 million (January - September 2013: € 8.3 million) following the sale of treasury shares in conjunction with the Employee Stock Program (MAP). In addition, the currency translation of the financial statements of foreign operations had a net positive impact of € 15.1 million (January - September 2013: net negative impact of € 12.7 million) on group equity. Equity decreased during the period under report as a result of the dividend paid for the financial year 2013 amounting to € 68.7 million (January - September 2013: € 68.5 million), actuarial losses resulting from interest rate adjustments for pension obligations and plan assets amounting to € 38.7 million (January - September 2013: actuarial gains of € 8.4 million) and fair value measurement losses on cash flow hedges amounting to € 79.6 million (January - September 2013: equity increased by fair value measurement gains amounting to € 5.5 million).

Overall, the equity ratio of 26.5 % was marginally lower than the 27.6 % reported as of December 31, 2013.

Pension provisions increased during the nine-month period by € 72.9 million, mainly reflecting the change in the interest rate used.

Other provisions went down by € 9.3 million compared to December 31, 2013 to stand at € 176.2 million.

Income tax liabilities take account of obligations in excess of stipulated advance payments and increased compared to December 31, 2013 by € 5.1 million to stand at € 43.2 million at September 30, 2014.

Financial liabilities increased in the nine-month period since December 31, 2013 by € 122.8 million to € 1,020.7 million, mainly as a result of the issue of a registered note with effect from March 28, 2014 with a nominal amount of € 30.0 million, an increase of a € 13.1 million in financial liabilities relating to the IAE-V2500 stake increase, a negative impact of € 41.5 million arising on the fair value measurement of cash flow hedging instruments and accrued liabilities amounting to € 42.3 million recorded in connection with program stakes in the PW1000G family and the PW800. Repayments - in particular the final installment of the final promissory note (on June 5, 2014) - worked in the opposite direction.

Trade payables stood at € 680.5 million at September 30, 2014 and were therefore € 31.4 million higher than at the end of the previous financial year.

Construction contract payables decreased compared to December 31, 2013 by € 53.9 million to € 493.9 million. Within that figure, advance payments from customers are reported as construction contract payables to the extent that they exceed the related construction contract receivables.

Other liabilities increased by € 9.1 million to € 54.8 million during the nine-month period, mainly in connection with personnel-related liabilities for untaken vacation and flexi-time entitlements.

### Employees

At September 30, 2014 the group had a total of 8,349 employees (December 31, 2013: 8,343 employees).

### 3 Subsequent events

#### Events after the end of the reporting period (September 30, 2014)

There have been no significant events after the end of the interim reporting period and prior to the date of authorization for issue of the Quarterly Financial Report on October 17, 2014.

### 4 Report on forecasts, risks and opportunities

In order to take best advantage of market opportunities and to recognize and manage related risks, the Executive Board has set up an integrated opportunity and risk management system, which is integrated in the group's value-oriented performance indicators and embedded in its organizational structure. The system is based on the internationally recognized COSO II Enterprise Risk Management (ERM) Framework. It also incorporates the group's internal control system with respect to financial reporting processes pursuant to § 289 (5) and § 315 (2) no. 5 HGB. A detailed description of the main features of the system and the methods used is provided in the Annual Report 2013 (pages 88 to 99).

#### 4.1 Forecasts

##### Macroeconomic factors

The global economic upswing anticipated for 2014 has so far been on the disappointing side. The Economist Intelligence Unit (EIU) is currently forecasting a growth rate of only 2.4 %, 0.2 percentage points lower than in June.

The United States economy – the world's largest – is forecast by the EIU to expand by around 2.2 % in 2014, suggesting that economic performance there is stabilizing.

In its October forecast, the EIU reduced its outlook for growth in the eurozone from 1.1 % to 0.8 %, with the upturn flattening off in the three most important industrial countries (Germany, France and Italy).

The EIU has raised its growth forecast for China from 7.3 % (predicted in June) to 7.5 %. Government incentive programs aimed at revitalizing the economy are bearing fruit: China is now on a moderate, but stable growth course (source: EIU, October 2014).

##### Microeconomic factors in the aviation industry

IATA forecasts that air traffic volumes will continue to develop positively in 2014. Demand is picking up in China and should offset negative developments in Europe.

The industry association, IATA, forecasts that airlines will generate profits of approximately US \$ 18 billion on revenues of US \$ 750 billion in 2014, well up on the US \$ 10.6 billion of profits recorded by the sector in the previous year (source: IATA, June 2014).

##### Outlook for MTU

MTU forecasts that revenues from commercial engine and spare parts business will grow organically by approximately 10 %. Military business is expected to remain stable compared to the preceding year, while commercial maintenance business should grow slightly. Overall, revenues for the full year are expected to be in the region of € 3,750 million (2013: € 3,574.1 million). MTU forecasts an adjusted EBIT of approximately € 380 million (2013: € 373.1 million). Adjusted earnings after tax, at € 250 million, are expected to be significantly higher than in the previous year (2013: € 235.1 million), reflecting the increasing scale of international production activities. Free cash flow in 2014 will be shaped to a large extent by substantial levels of investment, including the stake in the new GE9X engine program. MTU plans to compensate for these cash outflows through its operating activities and thereby to achieve a positive free cash flow in 2014.

## 4.2 Risks

MTU's business operations and relationships with business partner and consortium entities give rise to risks which could have a material impact on the group's earnings performance. Thanks to its integrated risk management system, MTU is able to identify areas of risk at an early stage and pro-actively manage such risks through appropriate action.

The areas of risk to which MTU is exposed have not changed significantly compared to the description provided in the Annual Report 2013. Reference is made to pages 90 to 97 of the Annual Report 2013 for a detailed description of risks.

### Overall conclusion regarding MTU's risk situation

Overall, the risk profile of the MTU Group has not changed significantly compared to the assessment made as at December 31, 2013. The level of risks is limited and manageable and from today's perspective, the MTU Group's continuing existence as a going concern is not endangered.

## 4.3 Opportunities

Thanks to its business model, with activities spread over the whole life-cycle of commercial and military engine programs, MTU considers that it is well positioned. Purposeful and forward-looking investments, greater stakes in risk and revenue sharing partnerships and maintenance business all open up new opportunities for MTU.

The success of the geared turbofan (GTF) engines in which MTU participates is a good example of the potential opportunities generated by MTU's technological expertise. The GTF has been selected as the exclusive engine of all major regional jets developed in recent years (the Embraer E2 E-Jets and the Mitsubishi Regional Jet) and for the Bombardier CSeries business jet, and is also an option for the Airbus A320neo and Irkut MS-21. Through its stakes in the GTF programs, MTU will therefore benefit from the growth of the short- and medium-haul air traffic market.

Within its military business, MTU sees opportunities for building on its longstanding relationship as a MRO partner serving the German air force. Moreover, potential exports of the EJ200 Eurofighter engine present opportunities to acquire new customers.

Further opportunities are seen in the successor model to the Boeing 777X, which was presented in November 2013 and which will be exclusively powered by GE9X engines. MTU will acquire a four percent participation in this engine. As a consequence, MTU will remain a player in the important market segment for long-haul aircraft. This participation will also contribute to a well-balanced product portfolio, with MTU continuing to be represented in all thrust classes for commercial engines.

Apart from these new developments, MTU considers that the opportunities profile described in the Annual Report 2013 is unchanged. For a comprehensive description of the group's opportunities, reference is made to the Annual Report 2013, page 98 et seq. (Opportunities report) and page 96 (SWOT analysis).

## 5 Significant transactions with related parties (entities and individuals)

Information regarding significant transactions with related parties is provided in note 38 of the Condensed Interim Consolidated Financial Statements (Transactions with related parties (entities and individuals)).



Prior year figures in the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and segment reporting for the group have been adjusted. A detailed description of the adjustments is provided in the explanatory notes to the Condensed Interim Consolidated Financial Statements (Adjustments to the Condensed Interim Consolidated Financial Statements).

### Consolidated Income Statement

| Consolidated Income Statement                                  |        |                               |                               |              |              |
|--|--------|-------------------------------|-------------------------------|--------------|--------------|
| in € million   | (Note) | Jan. 1 –<br>Sept. 30,<br>2014 | Jan. 1 –<br>Sept. 30,<br>2013 | Q3<br>2014   | Q3<br>2013   |
| Revenues   | (1)    | 2,811.6                       | 2,659.6                       | 995.8        | 884.7        |
| Cost of sales  | (2)    | -2,424.6                      | -2,271.9                      | -858.9       | -750.2       |
| <b>Gross profit</b>  |        | <b>387.0</b>                  | <b>387.7</b>                  | <b>136.9</b> | <b>134.5</b> |
| Research and development expenses                              | (3)    | -58.0                         | -69.1                         | -19.6        | -22.6        |
| Selling expenses   | (4)    | -65.9                         | -64.3                         | -21.7        | -20.0        |
| General administrative expenses                                | (5)    | -45.8                         | -48.3                         | -14.0        | -15.6        |
| Other operating income and expenses                            |        | 4.6                           | 5.6                           | 0.8          | 2.6          |
| Profit/loss of companies accounted for using the equity method | (7)    | 13.2                          | 12.6                          | 5.6          | 4.4          |
| Profit/loss of companies accounted for at cost                 | (7)    | 0.6                           | 0.5                           | 0.5          | 0.5          |
| <b>Earnings before interest and tax (EBIT)</b>                 |        | <b>235.7</b>                  | <b>224.7</b>                  | <b>88.5</b>  | <b>83.8</b>  |
| Interest income  |        | 0.9                           | 2.7                           | 0.3          | 1.4          |
| Interest expenses  |        | -6.8                          | -10.7                         | -1.5         | -4.1         |
| Interest result  | (8)    | -5.9                          | -8.0                          | -1.2         | -2.7         |
| Financial result on other items                                | (9)    | -38.3                         | -24.1                         | -20.0        | -2.6         |
| <b>Financial result</b>  |        | <b>-44.2</b>                  | <b>-32.1</b>                  | <b>-21.2</b> | <b>-5.3</b>  |
| <b>Earnings before tax (EBT)</b>                               |        | <b>191.5</b>                  | <b>192.6</b>                  | <b>67.3</b>  | <b>78.5</b>  |
| Income taxes   | (10)   | -58.6                         | -67.4                         | -21.2        | -26.3        |
| <b>Earnings after tax (EAT)</b>                                |        | <b>132.9</b>                  | <b>125.2</b>                  | <b>46.1</b>  | <b>52.2</b>  |
| Thereof attributable to:                                       |        |                               |                               |              |              |
| Owners of MTU Aero Engines AG                                  |        | 133.1                         | 125.2                         | 46.2         | 52.2         |
| Non-controlling interests                                      |        | -0.2                          |                               | -0.1         |              |
| <b>Earnings per share in €</b>                                 |        |                               |                               |              |              |
| Undiluted (EPS)  | (11)   | 2.61                          | 2.46                          | 0.90         | 1.02         |
| Diluted (DEPS)   | (11)   | 2.61                          | 2.46                          | 0.90         | 1.02         |

### Consolidated Statement of Comprehensive Income

| Consolidated Statement of Comprehensive Income  |        |                               |                               |              |             |
|---|--------|-------------------------------|-------------------------------|--------------|-------------|
| in € million  | (Note) | Jan. 1 –<br>Sept. 30,<br>2014 | Jan. 1 –<br>Sept. 30,<br>2013 | Q3<br>2014   | Q3<br>2013  |
| <b>Earnings after tax (EAT)</b>   |        | <b>132.9</b>                  | <b>125.2</b>                  | <b>46.1</b>  | <b>52.2</b> |
| Translation differences arising from the financial statements of international entities |        | 15.1                          | -12.7                         | 14.7         | 1.7         |
| Financial instruments designated as cash flow hedges                                    |        | -79.6                         | 5.5                           | -63.6        | 34.2        |
| <b>Items that may subsequently be recycled to profit or loss</b>                        |        | <b>-64.5</b>                  | <b>-7.2</b>                   | <b>-48.9</b> | <b>35.9</b> |
| Actuarial gains and losses on pension obligations and plan assets                       |        | -38.7                         | 8.4                           | -13.0        | 0.2         |
| <b>Items that will not be recycled to profit or loss</b>                                |        | <b>-38.7</b>                  | <b>8.4</b>                    | <b>-13.0</b> | <b>0.2</b>  |
| <b>Other comprehensive income</b>   | (24.7) | <b>-103.2</b>                 | <b>1.2</b>                    | <b>-61.9</b> | <b>36.1</b> |
| <b>Total comprehensive income</b>   |        | <b>29.7</b>                   | <b>126.4</b>                  | <b>-15.8</b> | <b>88.3</b> |
| Thereof attributable to:  |        |                               |                               |              |             |
| Owners of MTU Aero Engines AG   |        | 29.9                          | 126.4                         | -15.7        | 88.3        |
| Non-controlling interests   |        | -0.2                          |                               | -0.1         |             |

## Consolidated Balance Sheet

| <b>Assets</b>  |        |                |                |                |
|--|--------|----------------|----------------|----------------|
| in € million   | (Note) | Sept. 30, 2014 | Dec. 31, 2013  | Jan. 1, 2013   |
| <b>Non-current assets</b>                              |        |                |                |                |
| Intangible assets                                      | (14)   | 1,845.0        | 1,820.5        | 1,750.8        |
| Property, plant and equipment                          | (15)   | 601.3          | 606.3          | 582.9          |
| Financial assets accounted for using the equity method | (16)   | 130.7          | 114.0          | 107.1          |
| Other financial assets                                 | (16)   | 60.2           | 67.1           | 34.7           |
| Prepayments  |        | 4.2            | 0.2            | 0.1            |
| Deferred tax assets                                    |        | 43.7           | 32.0           | 13.1           |
| <b>Total non-current assets</b>                        |        | <b>2,685.1</b> | <b>2,640.1</b> | <b>2,488.7</b> |
| <b>Current assets</b>                                  |        |                |                |                |
| Inventories  | (17)   | 744.9          | 745.2          | 789.3          |
| Trade receivables                                      | (18)   | 607.1          | 552.1          | 519.0          |
| Construction contract receivables                      | (19)   | 219.3          | 193.4          | 159.5          |
| Income tax claims                                      |        | 0.9            | 0.9            | 13.8           |
| Other financial assets                                 | (16)   | 78.5           | 102.0          | 79.7           |
| Other assets   | (20)   | 1.9            | 12.9           | 15.7           |
| Cash and cash equivalents                              | (21)   | 148.3          | 159.6          | 155.2          |
| Prepayments  |        | 7.1            | 4.3            | 4.8            |
| <b>Total current assets</b>                            |        | <b>1,808.0</b> | <b>1,770.4</b> | <b>1,737.0</b> |
| <b>Total assets</b>                                    |        | <b>4,493.1</b> | <b>4,410.5</b> | <b>4,225.7</b> |

| <b>Equity and Liabilities</b>        |        |                |                |                |
|--------------------------------------|--------|----------------|----------------|----------------|
| in € million                         | (Note) | Sept. 30, 2014 | Dec. 31, 2013  | Jan. 1, 2013   |
| <b>Equity</b>                        |        |                |                |                |
| Subscribed capital                   | (24)   | 52.0           | 52.0           | 52.0           |
| Capital reserves                     |        | 398.1          | 390.2          | 383.2          |
| Revenue reserves                     |        | 912.7          | 848.3          | 744.4          |
| Treasury shares                      |        | -32.2          | -35.3          | -37.9          |
| Other comprehensive income           |        | -139.0         | -35.8          | -48.5          |
| Thereof attributable to:             |        |                |                |                |
| Owners of MTU Aero Engines AG        |        | 1,191.6        | 1,219.4        | 1,093.2        |
| Non-controlling interests            |        | -0.2           |                |                |
| <b>Total equity</b>                  |        | <b>1,191.4</b> | <b>1,219.4</b> | <b>1,093.2</b> |
| <b>Non-current liabilities</b>       |        |                |                |                |
| Pension provisions                   |        | 658.5          | 585.5          | 585.3          |
| Other provisions                     | (27)   | 9.6            | 10.3           | 72.0           |
| Financial liabilities                | (28)   | 799.2          | 722.0          | 653.1          |
| Other liabilities                    | (31)   | 9.2            | 10.3           | 14.0           |
| Deferred tax liabilities             |        | 136.4          | 203.9          | 207.0          |
| <b>Total non-current liabilities</b> |        | <b>1,612.9</b> | <b>1,532.0</b> | <b>1,531.4</b> |
| <b>Current liabilities</b>           |        |                |                |                |
| Pension provisions                   |        | 37.5           | 37.6           | 31.4           |
| Income tax liabilities               |        | 43.2           | 38.1           | 17.2           |
| Other provisions                     | (27)   | 166.6          | 175.2          | 176.7          |
| Financial liabilities                | (28)   | 221.5          | 175.9          | 143.9          |
| Trade payables                       |        | 680.5          | 649.1          | 567.9          |
| Construction contract payables       | (30)   | 493.9          | 547.8          | 630.3          |
| Other liabilities                    | (31)   | 45.6           | 35.4           | 33.7           |
| <b>Total current liabilities</b>     |        | <b>1,688.8</b> | <b>1,659.1</b> | <b>1,601.1</b> |
| <b>Total equity and liabilities</b>  |        | <b>4,493.1</b> | <b>4,410.5</b> | <b>4,225.7</b> |

## Consolidated Statement of Changes in Equity

Reference is made to the disclosures on equity components provided in note 24 (Equity).

| in € million   | Subscribed capital | Capital reserves | Revenue reserves | Treasury shares | Other comprehensive income                             |  |                                      | Thereof attributable to:      |                           | Total equity |
|--|--------------------|------------------|------------------|-----------------|--|--|--------------------------------------|-------------------------------|---------------------------|--------------|
|  |                    |                  |                  |                 | Exchange differences on translating foreign operations | Actuarial gains and losses on pension obligations and pension assets | Instruments used to hedge cash flows | Owners of MTU Aero Engines AG | Non-controlling interests |              |
| Carrying amount at January 1, 2013   | 52.0               | 383.2            | 740.5            | -37.9           | 18.1   | -100.9   | 34.3                                 | 1,089.3                       |                           | 1,089.3      |
| Impact of accounting for joint ventures for the first time using the equity method |                    |                  | 3.9              |                 |  |  |                                      | 3.9                           |                           | 3.9          |
| Carrying amount at January 1, 2013   | 52.0               | 383.2            | 744.4            | -37.9           | 18.1   | -100.9   | 34.3                                 | 1,093.2                       |                           | 1,093.2      |
| Earnings after tax   |                    |                  | 125.2            |                 |  |  |                                      | 125.2                         |                           | 125.2        |
| Other comprehensive income   |                    |                  |                  |                 | -12.7  | 8.4  | 5.5                                  | 1.2                           |                           | 1.2          |
| <b>Total comprehensive income</b>  |                    |                  | <b>125.2</b>     |                 | <b>-12.7</b>   | <b>8.4</b>   | <b>5.5</b>                           | <b>126.4</b>                  |                           | <b>126.4</b> |
| Dividend payment   |                    |                  | -68.5            |                 |  |  |                                      | -68.5                         |                           | -68.5        |
| MAP employee stock option program  |                    | 5.7              |                  | 2.6             |  |  |                                      | 8.3                           |                           | 8.3          |
| Share Matching Plan  |                    | 0.8              |                  |                 |  |  |                                      | 0.8                           |                           | 0.8          |
| Carrying amount at Sept. 30, 2013  | 52.0               | 389.7            | 801.1            | -35.3           | 5.4  | -92.5  | 39.8                                 | 1,160.2                       |                           | 1,160.2      |
| Carrying amount at January 1, 2014   | 52.0               | 390.2            | 848.3            | -35.3           | 4.4  | -95.0  | 54.8                                 | 1,219.4                       |                           | 1,219.4      |
| Earnings after tax   |                    |                  | 133.1            |                 |  |  |                                      | 133.1                         | -0.2                      | 132.9        |
| Other comprehensive income   |                    |                  |                  |                 | 15.1   | -38.7  | -79.6                                | -103.2                        |                           | -103.2       |
| <b>Total comprehensive income</b>  |                    |                  | <b>133.1</b>     |                 | <b>15.1</b>  | <b>-38.7</b>   | <b>-79.6</b>                         | <b>29.9</b>                   | <b>-0.2</b>               | <b>29.7</b>  |
| Dividend payment   |                    |                  | -68.7            |                 |  |  |                                      | -68.7                         |                           | -68.7        |
| MAP employee stock option program  |                    | 6.6              |                  | 2.8             |  |  |                                      | 9.4                           |                           | 9.4          |
| Share Matching Plan  |                    | 1.3              |                  | 0.3             |  |  |                                      | 1.6                           |                           | 1.6          |
| Carrying amount at Sept. 30, 2014  | 52.0               | 398.1            | 912.7            | -32.2           | 19.5   | -133.7   | -24.8                                | 1,191.6                       | -0.2                      | 1,191.4      |

## Consolidated Cash Flow Statement

| <b>Consolidated Cash Flow Statement</b>   |           |                               |                               |              |              |
|---|-----------|-------------------------------|-------------------------------|--------------|--------------|
| in € million  | (Note)    | Jan. 1 -<br>Sept. 30,<br>2014 | Jan. 1 -<br>Sept. 30,<br>2013 | Q3<br>2014   | Q3<br>2013   |
| <b>Operating activities</b>   |           |                               |                               |              |              |
| Earnings after tax (EAT)  |           | 132.9                         | 125.2                         | 46.1         | 52.2         |
| Depreciation, amortization, write-downs and reversals<br>of write-downs on non-current assets |           | 110.8                         | 120.1                         | 34.5         | 41.1         |
| Profit/loss of companies accounted for using the equity method                                |           | -13.2                         | -12.6                         | -5.6         | -4.4         |
| Profit/loss of companies accounted for at cost  |           | -0.6                          | -0.5                          | -0.5         | -0.5         |
| Gains/losses on disposal of assets  |           | 0.2                           | -0.6                          | 0.1          | -0.3         |
| Increase in pension provisions  |           | 15.4                          | 10.8                          | 4.5          | 4.8          |
| Decrease in other provisions  | (27)      | -9.3                          | -83.9                         | 8.5          | 0.5          |
| Other non-cash items  |           | 49.4                          | 2.0                           | 37.8         | -7.2         |
| Change in working capital   |           | -81.8                         | -39.1                         | -84.5        | -37.2        |
| Interest result   | (8)       | 5.9                           | 8.0                           | 1.2          | 2.7          |
| Interest paid   |           | -13.7                         | -12.9                         | -0.7         | -1.5         |
| Interest received   |           | 0.9                           | 2.7                           | 0.3          | 1.4          |
| Dividends received  |           | 8.8                           | 5.3                           | 3.9          | 2.8          |
| Income taxes  | (10)      | 58.6                          | 67.4                          | 21.2         | 26.3         |
| Income taxes paid   |           | -80.9                         | -52.7                         | 35.6         | -12.8        |
| <b>Cash flow from operating activities</b>  |           | <b>183.4</b>                  | <b>139.2</b>                  | <b>102.4</b> | <b>67.9</b>  |
| <b>Investing activities</b>   |           |                               |                               |              |              |
| Capital expenditure on:   |           |                               |                               |              |              |
| Intangible assets   | (14)      | -35.1                         | -60.6                         | -13.4        | -24.6        |
| Property, plant and equipment   | (15)      | -64.3                         | -49.5                         | -25.0        | -17.9        |
| Financial assets  | (16)      | -78.1                         | -59.5                         | -20.6        | -20.0        |
| Proceeds from disposal of:  |           |                               |                               |              |              |
| Intangible assets/property, plant and equipment   | (14)/(15) | 1.2                           | 5.6                           | 0.5          | 2.7          |
| Financial assets  | (16)      | 44.5                          | 62.5                          | 23.3         | 15.0         |
| Repayment of non-current loans  |           | 0.9                           |                               | 0.1          |              |
| <b>Cash flow from investing activities</b>  |           | <b>-130.9</b>                 | <b>-101.5</b>                 | <b>-35.1</b> | <b>-44.8</b> |
| <b>Financing activities</b>   |           |                               |                               |              |              |
| Note purchase agreement   | (28)      | 30.0                          | 97.3                          |              |              |
| Repayment of promissory notes   | (28)      | -11.5                         |                               |              |              |
| Increase in/repayment of other items of financial debt  |           | 8.7                           | 1.3                           | 7.1          | -2.6         |
| Dividend payment  |           | -68.7                         | -68.5                         |              |              |
| Sale of shares under the MAP employee stock option program/<br>Share Matching Plan            |           | 10.3                          | 8.3                           |              |              |
| Settlement of purchase price liability for PW1100G program share/<br>IAE-V2500 stake increase |           | -38.0                         | -21.0                         | -17.9        | -11.8        |
| <b>Cash flow from financing activities</b>  |           | <b>-69.2</b>                  | <b>17.4</b>                   | <b>-10.8</b> | <b>-14.4</b> |
| <b>Net change in cash and cash equivalents during period</b>                                  |           | <b>-16.7</b>                  | <b>55.1</b>                   | <b>56.5</b>  | <b>8.7</b>   |
| Effect of translation differences on cash and cash equivalents                                |           | 5.4                           | -3.9                          | 4.7          | -3.3         |
| Cash and cash equivalents at beginning of period (January 1)                                  |           | 159.6                         | 155.2                         |              |              |
| <b>Cash and cash equivalents at end of period (Sept. 30)</b>                                  |           | <b>148.3</b>                  | <b>206.4</b>                  |              |              |

## Notes to the Interim Consolidated Financial Statements

## Group segment information

## Segment information

A description of the activities of the MTU Group's operating segments is provided on page 195 of MTU Aero Engines AG's Annual Report 2013. There have been no changes to the composition of the group's segments in the third quarter of 2014.

Segment information for the period from January 1 to September 30, 2014 was as follows:

| Reporting by operating segment 2014   |   |              |                                 |              |                           |                |                               |             |                        |              |
|---|---|--------------|---------------------------------|--------------|---------------------------|----------------|-------------------------------|-------------|------------------------|--------------|
| in € million  | Commercial and military engine business |              | Commercial maintenance business |              | Reportable segments total |                | Consolidation/ reconciliation |             | Group                  |              |
|   | Jan. 1- Sept. 30, 2014                  | Q3 2014      | Jan. 1- Sept. 30, 2014          | Q3 2014      | Jan. 1- Sept. 30, 2014    | Q3 2014        | Jan. 1- Sept. 30, 2014        | Q3 2014     | Jan. 1- Sept. 30, 2014 | Q3 2014      |
| External revenues   | 1,894.3                                 | 649.7        | 917.3                           | 346.1        | 2,811.6                   | 995.8          |                               |             | 2,811.6                | 995.8        |
| Intersegment revenues   | 21.3                                    | 7.5          | 3.5                             | 1.8          | 24.8                      | 9.3            | -24.8                         | -9.3        |                        |              |
| <b>Total revenues</b>   | <b>1,915.6</b>                          | <b>657.2</b> | <b>920.8</b>                    | <b>347.9</b> | <b>2,836.4</b>            | <b>1,005.1</b> | <b>-24.8</b>                  | <b>-9.3</b> | <b>2,811.6</b>         | <b>995.8</b> |
| <b>Gross profit</b>   | <b>272.9</b>                            | <b>92.8</b>  | <b>110.2</b>                    | <b>43.0</b>  | <b>383.1</b>              | <b>135.8</b>   | <b>3.9</b>                    | <b>1.1</b>  | <b>387.0</b>           | <b>136.9</b> |
| Amortization  | 39.3                                    | 13.1         | 7.2                             | 2.4          | 46.5                      | 15.5           |                               |             | 46.5                   | 15.5         |
| Depreciation  | 52.4                                    | 17.1         | 15.4                            | 5.4          | 67.8                      | 22.5           |                               |             | 67.8                   | 22.5         |
| <b>Total depreciation/ amortization</b>   | <b>91.7</b>                             | <b>30.2</b>  | <b>22.6</b>                     | <b>7.8</b>   | <b>114.3</b>              | <b>38.0</b>    |                               |             | <b>114.3</b>           | <b>38.0</b>  |
| <b>Earnings before interest and tax (EBIT)</b>  | <b>156.1</b>                            | <b>55.8</b>  | <b>78.0</b>                     | <b>31.3</b>  | <b>234.1</b>              | <b>87.1</b>    | <b>1.6</b>                    | <b>1.4</b>  | <b>235.7</b>           | <b>88.5</b>  |
| Depreciation/amortization effects of purchase price allocation                          | 16.8                                    | 5.6          | 1.9                             | 0.6          | 18.7                      | 6.2            |                               |             | 18.7                   | 6.2          |
| IAE-V2500 stake increase  | 16.5                                    | 5.5          |                                 |              | 16.5                      | 5.5            |                               |             | 16.5                   | 5.5          |
| <b>Adjusted earnings before interest and tax (EBIT adjusted)</b>                        | <b>189.4</b>                            | <b>66.9</b>  | <b>79.9</b>                     | <b>31.9</b>  | <b>269.3</b>              | <b>98.8</b>    | <b>1.6</b>                    | <b>1.4</b>  | <b>270.9</b>           | <b>100.2</b> |
| <b>Profit/loss from companies accounted for using the equity method</b>                 | <b>6.3</b>                              | <b>3.3</b>   | <b>6.9</b>                      | <b>2.3</b>   | <b>13.2</b>               | <b>5.6</b>     |                               |             | <b>13.2</b>            | <b>5.6</b>   |
| <b>Assets (Sept. 30, 2014)</b>  | <b>3,933.2</b>                          |              | <b>1,038.4</b>                  |              | <b>4,971.6</b>            |                | <b>-478.5</b>                 |             | <b>4,493.1</b>         |              |
| <b>Liabilities (Sept. 30, 2014)</b>   | <b>2,908.2</b>                          |              | <b>534.5</b>                    |              | <b>3,442.7</b>            |                | <b>-141.0</b>                 |             | <b>3,301.7</b>         |              |
| Significant non-cash items  | 5.3                                     | 2.6          |                                 |              |                           |                |                               |             |                        |              |
| <b>Total capital expenditure on intangible assets and property, plant and equipment</b> | <b>126.8</b>                            | <b>48.9</b>  | <b>10.6</b>                     | <b>3.8</b>   | <b>137.4</b>              | <b>52.7</b>    |                               |             | <b>137.4</b>           | <b>52.7</b>  |
| <b>Key segment data:</b>  |   |              |                                 |              |                           |                |                               |             |                        |              |
| EBIT in % of revenues   | 8.1                                     | 8.5          | 8.5                             | 9.0          | 8.3                       | 8.7            |                               |             | 8.4                    | 8.9          |
| Adjusted EBIT in % of revenues  | 9.9                                     | 10.2         | 8.7                             | 9.2          | 9.5                       | 9.8            |                               |             | 9.6                    | 10.1         |

Segment information for the period from January 1 to September 30, 2013 was as follows:

| <b>Reporting by operating segment 2013</b>  |   |              |                                 |              |                           |              |                              |             |                        |              |
|---|---|--------------|---------------------------------|--------------|---------------------------|--------------|------------------------------|-------------|------------------------|--------------|
| in € million  | Commercial and military engine business |              | Commercial maintenance business |              | Reportable segments total |              | Consolidation/reconciliation |             | Group                  |              |
|   | Jan. 1- Sept. 30, 2013                  | Q3 2013      | Jan. 1- Sept. 30, 2013          | Q3 2013      | Jan. 1- Sept. 30, 2013    | Q3 2013      | Jan. 1- Sept. 30, 2013       | Q3 2013     | Jan. 1- Sept. 30, 2013 | Q3 2013      |
| External revenues   | 1,750.1                                 | 587.0        | 909.5                           | 297.7        | 2,659.6                   | 884.7        |                              |             | 2,659.6                | 884.7        |
| Intersegment revenues   | 20.8                                    | 7.1          | 2.3                             | 0.7          | 23.1                      | 7.8          | -23.1                        | -7.8        |                        |              |
| <b>Total revenues</b>   | <b>1,770.9</b>                          | <b>594.1</b> | <b>911.8</b>                    | <b>298.4</b> | <b>2,682.7</b>            | <b>892.5</b> | <b>-23.1</b>                 | <b>-7.8</b> | <b>2,659.6</b>         | <b>884.7</b> |
| <b>Gross profit</b>   | <b>269.7</b>                            | <b>95.3</b>  | <b>113.8</b>                    | <b>38.1</b>  | <b>383.5</b>              | <b>133.4</b> | <b>4.2</b>                   | <b>1.1</b>  | <b>387.7</b>           | <b>134.5</b> |
| Amortization  | 46.5                                    | 15.5         | 7.2                             | 2.4          | 53.7                      | 17.9         |                              |             | 53.7                   | 17.9         |
| Depreciation  | 50.1                                    | 17.8         | 16.3                            | 5.4          | 66.4                      | 23.2         |                              |             | 66.4                   | 23.2         |
| <b>Total depreciation/ amortization</b>   | <b>96.6</b>                             | <b>33.3</b>  | <b>23.5</b>                     | <b>7.8</b>   | <b>120.1</b>              | <b>41.1</b>  |                              |             | <b>120.1</b>           | <b>41.1</b>  |
| <b>Earnings before interest and tax (EBIT)</b>  | <b>145.3</b>                            | <b>57.1</b>  | <b>77.9</b>                     | <b>25.3</b>  | <b>223.2</b>              | <b>82.4</b>  | <b>1.5</b>                   | <b>1.4</b>  | <b>224.7</b>           | <b>83.8</b>  |
| Depreciation/amortization effects of purchase price allocation                          | 24.2                                    | 8.0          | 2.6                             | 0.9          | 26.8                      | 8.9          |                              |             | 26.8                   | 8.9          |
| IAE-V2500 stake increase  | 16.3                                    | 5.4          |                                 |              | 16.3                      | 5.4          |                              |             | 16.3                   | 5.4          |
| <b>Adjusted earnings before interest and tax (EBIT adjusted)</b>                        | <b>185.8</b>                            | <b>70.5</b>  | <b>80.5</b>                     | <b>26.2</b>  | <b>266.3</b>              | <b>96.7</b>  | <b>1.5</b>                   | <b>1.4</b>  | <b>267.8</b>           | <b>98.1</b>  |
| <b>Profit/loss from companies accounted for using the equity method</b>                 | <b>4.0</b>                              | <b>2.6</b>   | <b>8.6</b>                      | <b>1.8</b>   | <b>12.6</b>               | <b>4.4</b>   |                              |             | <b>12.6</b>            | <b>4.4</b>   |
| Assets (Dec. 31, 2013)  | 3,944.7                                 |              | 987.0                           |              | 4,931.7                   |              | -521.2                       |             | 4,410.5                |              |
| Liabilities (Dec. 31, 2013)   | 2,819.6                                 |              | 554.0                           |              | 3,373.6                   |              | -182.5                       |             | 3,191.1                |              |
| Significant non-cash items  | 87.5                                    | -0.2         |                                 |              |                           |              |                              |             |                        |              |
| <b>Total capital expenditure on intangible assets and property, plant and equipment</b> | <b>169.2</b>                            | <b>100.6</b> | <b>23.2</b>                     | <b>5.7</b>   | <b>192.4</b>              | <b>106.3</b> |                              |             | <b>192.4</b>           | <b>106.3</b> |
| <b>Key segment data:</b>  |   |              |                                 |              |                           |              |                              |             |                        |              |
| EBIT in % of revenues   | 8.2                                     | 9.6          | 8.5                             | 8.5          | 8.3                       | 9.2          |                              |             | 8.4                    | 9.5          |
| Adjusted EBIT in % of revenues  | 10.5                                    | 11.9         | 8.8                             | 8.8          | 9.9                       | 10.8         |                              |             | 10.1                   | 11.1         |

The main non-cash items relate to the roll-forward of other provisions and liabilities.

| <b>Reconciliation with MTU consolidated financial statements - earnings</b> |                         |                         |
|---|-------------------------|-------------------------|
| in € million  | Jan. 1 – Sept. 30, 2014 | Jan. 1 – Sept. 30, 2013 |
| <b>Consolidated earnings before interest and tax (EBIT)</b>                 | <b>235.7</b>            | <b>224.7</b>            |
| Interest income   | 0.9                     | 2.7                     |
| Interest expense  | -6.8                    | -10.7                   |
| Financial result on other items   | -38.3                   | -24.1                   |
| <b>Earnings before tax (EBT)</b>  | <b>191.5</b>            | <b>192.6</b>            |

### General information

MTU Aero Engines AG and its subsidiary companies comprise one of the world's leading manufacturers of engine modules and components and is the world's leading independent provider of commercial engine MRO services.

The business activities of the group encompass the entire life-cycle of an engine program i.e. from development, construction, testing and production of new commercial and military engines and spare parts, through to maintenance, repair and overhaul of commercial and military engines. MTU's activities focus on two segments: "Commercial and military engine business (OEM)" and "Commercial maintenance business (MRO)".

MTU's commercial and military engine business covers the development and production of modules, components and spare parts for engine programs, including final assembly. MTU also provides maintenance services for military engines. Commercial maintenance business covers activities in the area of maintenance and logistical support for commercial engines.

MTU Aero Engines AG has its headquarters at Dachauer Str. 665, 80995 Munich, Germany, and is registered under HRB 157206 in the Commercial Registry at the District Court of Munich.

The Condensed Interim Consolidated Financial Statements were authorized for publication by the Executive Board of MTU Aero Engines AG on October 17, 2014.

### Financial reporting

In compliance with the provisions of § 37w of the German Securities Trading Act (WpHG), MTU's Quarterly Financial Report comprises Condensed Interim Consolidated Financial Statements and an Interim Group Management Report. The unaudited Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) relevant for interim financial reporting, as endorsed by the European Union (EU). The Interim Group Management Report has been drawn up in compliance with the applicable provisions of the WpHG.

### Statement of compliance

The Condensed Interim Consolidated Financial Statements as of September 30, 2014 have been drawn up in compliance with IAS 34.

The accounting policies applied in the Condensed Interim Consolidated Financial Statements correspond to those used in the Consolidated Financial Statements as of December 31, 2013 with the exception of recently adopted financial reporting pronouncements. The Condensed Interim Consolidated Financial Statements do not contain all the information and disclosures required for year-end consolidated financial statements and should therefore be read in conjunction with the MTU Consolidated Financial Statements for the year ended December 31, 2013.

All of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), which were applicable at the date on which the Condensed Interim Consolidated Financial Statements were approved for issue and which have been endorsed by the European Commission for use in the EU, have been applied by MTU.

From the perspective of management, the Quarterly Financial Report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the group. The basis of preparation and the accounting policies used are described in the notes to the Consolidated Financial Statements as at December 31, 2013.

**Adjustments to the Condensed Interim Consolidated Financial Statements**

There were no other changes in estimates or forecasts in the first nine months of the financial year 2014 which have a significant impact on the interim reporting period.

The following Standards, Amendments and Interpretations are required to be applied with effect from January 1, 2014:

**New and revised standards and interpretations (endorsed by the EU, effective for annual periods beginning on or after January 1, 2014)**

| Standard                           | Title   |
|------------------------------------|---|
| IAS 27 (revised 2011)              | Separate Financial Statements   |
| IAS 28 (revised 2011)              | Investments in Associates and Joint Ventures  |
| IAS 32                             | Financial instruments: Presentation - Offsetting Financial Assets and Financial Liabilities |
| IAS 36                             | Recoverable Amounts Disclosures for Non-Financial Assets                                    |
| IAS 39                             | Novation of Derivatives and Continuation of Hedge Accounting                                |
| IFRS 10, 12, IAS 27 (revised 2011) | Amendment: Investment Entities  |
| IFRS 10                            | Consolidated Financial Statements   |
| IFRS 11                            | Joint Arrangements  |
| IFRS 12                            | Disclosure of Interests in Other Entities   |
| IFRS 10                            | Transitional guidance   |
| IFRS 11                            | Transitional guidance   |
| IFRS 12                            | Transitional guidance   |

**IFRS 10, Consolidated Financial Statements**

IFRS 10 supersedes the previous requirements concerning consolidated financial statements in IAS 27 and concerning special-purpose entities in SIC 12. In IFRS 10, the IASB specifies „control“ as a uniform principle. IFRS 10 states that an entity has a controlling interest in another entity when all of the following three conditions are met:

- the investor has power over the investee,
- the investor is exposed to, or has rights to, variable returns from its equity interest in the investee, and
- the investor has the ability to use its power to affect the amount of those returns.

The Standard also provides comprehensive application guidance. Application of this Standard does not have any significant impact on MTU's Consolidated Financial Statements.

**IFRS 12, Disclosure of Interests in Other Entities**

IFRS 12 concerns disclosures required with respect to group financial reporting. It is to be applied by companies that hold interests in subsidiaries, joint arrangements (joint operations or joint ventures), associates and/or non-consolidated structured entities. The disclosures required under IFRS 12 are significantly more extensive than the previously relevant standards and will be reported in the notes to the Consolidated Financial Statements for the year ended December 31, 2014. Apart from these disclosures, application of this Standard does not have any significant impact on MTU's Consolidated Financial Statements.

**IAS 27 (2011), Separate Financial Statements**

IAS 27 describes the accounting and disclosure requirements for separate financial statements, which relates to statements drawn up by a parent company or an investor with a joint controlling interest in or significant influence over an investee and in which the stake in the investee is accounted for at cost or in accordance with IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments. Application of this Standard does not have any significant impact on MTU's Consolidated Financial Statements.

**IAS 28 (2011), Investments in Associates and Joint Ventures**

IAS 28 describes how, with certain limited exceptions, the equity method is to be applied to investments in associates and joint ventures. The Standard defines an associate by reference to the concept of “significant influence,” which requires power to participate in financial and operating policy decisions of an investee (but not joint control or control of those policies). Application of this Standard does not have any significant impact on MTU's Consolidated Financial Statements.



### IFRS 11, Joint Arrangements

IFRS 11, which supersedes the previous provisions in IAS 31 and SIC 13, deals with the classification of joint arrangements. A joint arrangement is defined as a contractual arrangement via which two or more parties exercise joint control over another entity. A joint arrangement is either a joint operation or a joint venture. In contrast with IAS 31, the recognition of assets under joint control is no longer addressed separately in IFRS 11. Instead, the rules for joint operations apply. Whether a joint arrangement is classified as a joint operation or as a joint venture depends on the rights and obligations accruing to the parties under the agreement.

In addition, IFRS 11 stipulates that joint ventures must be accounted for using the equity method, whereas IAS 31 had previously allowed either the equity method or the proportionate consolidation method to be used to account for jointly controlled entities. Following the adoption of IFRS 11 in the financial year 2014, MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China is therefore no longer accounted for proportionately. The new accounting treatment was applied retrospectively with effect from January 1, 2013 / December 31, 2013.

All joint ventures, in which MTU holds a direct interest and which were previously accounted for at cost, have been included in the Consolidated Financial Statements since the 2013 financial year using the equity method so as to provide a fairer presentation of MTU's net assets, financial and operating results. Given the increase in their revenues and earnings, the joint ventures Ceramic Coating Center S.A.S., Paris, France, (CCC), Airfoil Services Sdn. Bhd., Kota Damansara, Malaysia, (ASSB) and AES Aerospace Embedded Solutions GmbH, Munich, (AES) – which were previously not consolidated on the grounds of immateriality – were accounted for in the Consolidated Financial Statements for the financial year 2013 for the first time using the equity method. The criterion used by MTU to assess a joint venture's materiality is the relative percentage of earnings after tax compared with group earnings after tax, taking into account both the individual absolute amounts and the sum of the absolute amounts. The accounting treatment of these investments was adjusted retrospectively with effect from January 1, 2013.

In addition to the adjustments to the elements of the financial statements recorded in conjunction with the adoption of IFRS 11 (as discussed above), a previously designated „valuation unit“ (involving a reinsurance policy) was unwound and the underlying cash equivalents (€ 18.6 million), current financial assets (€ 15.9 million) and construction contract payables (€ 34.5 million) reported separately. The prior year figures for cash equivalents (€ 9.5 million), current financial assets (€ 21.0 million) and construction contract payables (€ 30.5 million) were adjusted accordingly. Access to the above-mentioned assets is contractually restricted in that liquidity and/or current financial assets are required to be maintained at the level of the liability amount.

The adjustments made to the corresponding items in the Consolidated Balance Sheet at January 1, 2013 and December 31, 2013 and in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income for the period from January 1, 2013 to September 30, 2013 are presented in the following table. Appropriate adjustments were also made to the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity and segment reporting, whereby these adjustments were not material.

## Consolidated income statement

| <b>Consolidated income statement</b>                           |                         |                          |              |                         |
|--|-------------------------|--------------------------|--------------|-------------------------|
| in € million   | Adjusted amount         | Adjustment equity method |              | Stated amount           |
|  | Jan. 1 – Sept. 30, 2013 | ASSB, CCC, AES           | Zhuhai       | Jan. 1 – Sept. 30, 2013 |
| Revenues   | 2,659.6                 |                          | -118.5       | 2,778.1                 |
| Cost of sales  | -2,271.9                |                          | 97.8         | -2,369.7                |
| <b>Gross profit</b>  | <b>387.7</b>            |                          | <b>-20.7</b> | <b>408.4</b>            |
| Research and development expenses                              | -69.1                   |                          |              | -69.1                   |
| Selling expenses   | -64.3                   |                          | 3.2          | -67.5                   |
| General administrative expenses                                | -48.3                   |                          | 2.7          | -51.0                   |
| Other operating income and expenses                            | 5.6                     |                          | -0.1         | 5.7                     |
| Profit/loss of companies accounted for using the equity method | 12.6                    | 0.7                      | 11.7         | 0.2                     |
| Profit/loss of companies accounted for at cost                 | 0.5                     | -0.2                     |              | 0.7                     |
| <b>Earnings before interest and tax (EBIT)</b>                 | <b>224.7</b>            | <b>0.5</b>               | <b>-3.2</b>  | <b>227.4</b>            |
| Interest income  | 2.7                     |                          | -0.1         | 2.8                     |
| Interest expenses  | -10.7                   |                          | 0.8          | -11.5                   |
| Interest result  | -8.0                    |                          | 0.7          | -8.7                    |
| Financial result on other items                                | -24.1                   |                          | -1.1         | -23.0                   |
| <b>Financial result</b>  | <b>-32.1</b>            |                          | <b>-0.4</b>  | <b>-31.7</b>            |
| <b>Earnings before tax (EBT)</b>                               | <b>192.6</b>            | <b>0.5</b>               | <b>-3.6</b>  | <b>195.7</b>            |
| Income taxes   | -67.4                   |                          | 3.8          | -71.2                   |
| <b>Earnings after tax (EAT)</b>                                | <b>125.2</b>            | <b>0.5</b>               | <b>0.2</b>   | <b>124.5</b>            |
| <b>Earnings per share in €</b>                                 |                         |                          |              |                         |
| Undiluted (EPS)  | 2.46                    |                          |              | 2.45                    |
| Diluted (DEPS)   | 2.46                    |                          |              | 2.45                    |

## Consolidated statement of comprehensive income

| <b>Consolidated statement of comprehensive income</b>                |                         |                          |            |                         |
|--|-------------------------|--------------------------|------------|-------------------------|
| in € million   | Adjusted amount         | Adjustment equity method |            | Stated amount           |
|  | Jan. 1 – Sept. 30, 2013 | ASSB, CCC, AES           | Zhuhai     | Jan. 1 – Sept. 30, 2013 |
| <b>Earnings after tax (EAT)</b>                                      | <b>125.2</b>            | <b>0.5</b>               | <b>0.2</b> | <b>124.5</b>            |
| Exchange differences on translating foreign operations               | -12.7                   | -0.5                     |            | -12.2                   |
| Instruments used hedge cash flows                                    | 5.5                     |                          |            | 5.5                     |
| <b>Items that may subsequently be recycled to profit or loss</b>     | <b>-7.2</b>             | <b>-0.5</b>              |            | <b>-6.7</b>             |
| Actuarial gains and losses on pension obligations and pension assets | 8.4                     |                          |            | 8.4                     |
| <b>Items that will not be recycled to profit or loss</b>             | <b>8.4</b>              |                          |            | <b>8.4</b>              |
| <b>Other comprehensive income</b>                                    | <b>1.2</b>              | <b>-0.5</b>              |            | <b>1.7</b>              |
| <b>Total comprehensive income</b>                                    | <b>126.4</b>            |                          | <b>0.2</b> | <b>126.2</b>            |

## Adjustments as of January 1, 2013

| <b>Assets</b>   |                                 |              |                               |
|---|---------------------------------|--------------|-------------------------------|
| in € million  | Adjusted amount<br>Jan. 1, 2013 | Adjustments  | Stated amount<br>Jan. 1, 2013 |
| <b>Non-current assets</b>                                 |                                 |              |                               |
| Intangible assets   | 1,750.8                         | -23.6        | 1,774.4                       |
| Property, plant and equipment                             | 582.9                           | -17.0        | 599.9                         |
| Financial assets accounted for using<br>the equity method | 107.1                           | 75.9         | 31.2                          |
| Other financial assets                                    | 34.7                            |              | 34.7                          |
| Prepayments   | 0.1                             |              | 0.1                           |
| Deferred tax assets                                       | 13.1                            | -2.5         | 15.6                          |
| <b>Total non-current assets</b>                           | <b>2,488.7</b>                  | <b>32.8</b>  | <b>2,455.9</b>                |
| <b>Current assets</b>                                     |                                 |              |                               |
| Inventories   | 789.3                           | -19.5        | 808.8                         |
| Trade receivables   | 519.0                           | -49.5        | 568.5                         |
| Construction contract receivables                         | 159.5                           | -23.5        | 183.0                         |
| Income tax claims   | 13.8                            |              | 13.8                          |
| Other financial assets                                    | 79.7                            | 25.6         | 54.1                          |
| Other assets  | 15.7                            | -0.5         | 16.2                          |
| Cash and cash equivalents                                 | 155.2                           | -6.0         | 161.2                         |
| Prepayments   | 4.8                             | -0.4         | 5.2                           |
| <b>Total current assets</b>                               | <b>1,737.0</b>                  | <b>-73.8</b> | <b>1,810.8</b>                |
| <b>Total asstes</b>                                       | <b>4,225.7</b>                  | <b>-41.0</b> | <b>4,266.7</b>                |

## Adjustments as of January 1, 2013

| <b>Equity and liabilities</b>        |                                 |              |                               |
|--------------------------------------|---------------------------------|--------------|-------------------------------|
| in € million                         | Adjusted amount<br>Jan. 1, 2013 | Adjustments  | Stated amount<br>Jan. 1, 2013 |
| <b>Equity</b>                        |                                 |              |                               |
| Subscribed capital                   | 52.0                            |              | 52.0                          |
| Capital reserves                     | 383.2                           |              | 383.2                         |
| Revenue reserves                     | 744.4                           | -0.9         | 745.3                         |
| Treasury shares                      | -37.9                           |              | -37.9                         |
| Other comprehensive income           | -48.5                           |              | -48.5                         |
| <b>Total equity</b>                  | <b>1,093.2</b>                  | <b>-0.9</b>  | <b>1,094.1</b>                |
| <b>Non-current liabilities</b>       |                                 |              |                               |
| Pension provisions                   | 585.3                           |              | 585.3                         |
| Other provisions                     | 72.0                            | -0.5         | 72.5                          |
| Financial liabilities                | 653.1                           | -2.3         | 655.4                         |
| Other liabilities                    | 14.0                            |              | 14.0                          |
| Deferred tax liabilities             | 207.0                           | -0.4         | 207.4                         |
| <b>Total non-current liabilities</b> | <b>1,531.4</b>                  | <b>-3.2</b>  | <b>1,534.6</b>                |
| <b>Current liabilities</b>           |                                 |              |                               |
| Pension provisions                   | 31.4                            |              | 31.4                          |
| Income tax liabilities               | 17.2                            | -2.6         | 19.8                          |
| Other provisions                     | 176.7                           | -6.2         | 182.9                         |
| Financial liabilities                | 143.9                           | -38.6        | 182.5                         |
| Trade payables                       | 567.9                           | -15.3        | 583.2                         |
| Construction contract payables       | 630.3                           | 26.3         | 604.0                         |
| Other liabilities                    | 33.7                            | -0.5         | 34.2                          |
| <b>Total current liabilities</b>     | <b>1,601.1</b>                  | <b>-36.9</b> | <b>1,638.0</b>                |
| <b>Total equity and liabilities</b>  | <b>4,225.7</b>                  | <b>-41.0</b> | <b>4,266.7</b>                |

## Adjustments as of December 31, 2013

| <b>Assets</b>   |                                  |              |                                |
|---|----------------------------------|--------------|--------------------------------|
| in € million  | Adjusted amount<br>Dec. 31, 2013 | Adjustments  | Stated amount<br>Dec. 31, 2013 |
| <b>Non-current assets</b>                                 |                                  |              |                                |
| Intangible assets   | 1,820.5                          | -22.8        | 1,843.3                        |
| Property, plant and equipment                             | 606.3                            | -16.1        | 622.4                          |
| Financial assets accounted for using<br>the equity method | 114.0                            | 83.9         | 30.1                           |
| Other financial assets                                    | 67.1                             |              | 67.1                           |
| Prepayments   | 0.2                              |              | 0.2                            |
| Deferred tax assets                                       | 32.0                             | -1.0         | 33.0                           |
| <b>Total non-current assets</b>                           | <b>2,640.1</b>                   | <b>44.0</b>  | <b>2,596.1</b>                 |
| <b>Current assets</b>                                     |                                  |              |                                |
| Inventories   | 745.2                            | -26.6        | 771.8                          |
| Trade receivables   | 552.1                            | -48.0        | 600.1                          |
| Construction contract receivables                         | 193.4                            | -30.0        | 223.4                          |
| Income tax claims   | 0.9                              |              | 0.9                            |
| Other financial assets                                    | 102.0                            | 17.4         | 84.6                           |
| Other assets  | 12.9                             | -0.3         | 13.2                           |
| Cash and cash equivalents                                 | 159.6                            | -4.3         | 163.9                          |
| Prepayments   | 4.3                              | -0.5         | 4.8                            |
| <b>Total current assets</b>                               | <b>1,770.4</b>                   | <b>-92.3</b> | <b>1,862.7</b>                 |
| <b>Total assets</b>                                       | <b>4,410.5</b>                   | <b>-48.3</b> | <b>4,458.8</b>                 |

## Adjustments as of December 31, 2013

| <b>Equity and liabilities</b>        |                                  |              |                                |
|--------------------------------------|----------------------------------|--------------|--------------------------------|
| in € million                         | Adjusted amount<br>Dec. 31, 2013 | Adjustments  | Stated amount<br>Dec. 31, 2013 |
| <b>Equity</b>                        |                                  |              |                                |
| Subscribed capital                   | 52.0                             |              | 52.0                           |
| Capital reserves                     | 390.2                            |              | 390.2                          |
| Revenue reserves                     | 848.3                            | -0.9         | 849.2                          |
| Treasury shares                      | -35.3                            |              | -35.3                          |
| Other comprehensive income           | -35.8                            |              | -35.8                          |
| <b>Total equity</b>                  | <b>1,219.4</b>                   | <b>-0.9</b>  | <b>1,220.3</b>                 |
| <b>Non-current liabilities</b>       |                                  |              |                                |
| Pension provisions                   | 585.5                            |              | 585.5                          |
| Other provisions                     | 10.3                             | -0.3         | 10.6                           |
| Financial liabilities                | 722.0                            | -15.7        | 737.7                          |
| Other liabilities                    | 10.3                             |              | 10.3                           |
| Deferred tax liabilities             | 203.9                            | -0.4         | 204.3                          |
| <b>Total non-current liabilities</b> | <b>1,532.0</b>                   | <b>-16.4</b> | <b>1,548.4</b>                 |
| <b>Current liabilities</b>           |                                  |              |                                |
| Pension provisions                   | 37.6                             |              | 37.6                           |
| Income tax liabilities               | 38.1                             | -1.4         | 39.5                           |
| Other provisions                     | 175.2                            | -6.9         | 182.1                          |
| Financial liabilities                | 175.9                            | -25.7        | 201.6                          |
| Trade payables                       | 649.1                            | -24.3        | 673.4                          |
| Construction contract payables       | 547.8                            | 27.7         | 520.1                          |
| Other liabilities                    | 35.4                             | -0.4         | 35.8                           |
| <b>Total current liabilities</b>     | <b>1,659.1</b>                   | <b>-31.0</b> | <b>1,690.1</b>                 |
| <b>Total equity and liabilities</b>  | <b>4,410.5</b>                   | <b>-48.3</b> | <b>4,458.8</b>                 |

### Group reporting entity

On September 13, 2013, MTU and the Japanese company, Sumitomo Corporation – one of the world's largest trading houses – founded two new joint venture entities to pursue the joint task of expanding leasing business with commercial aircraft engines. MTU Maintenance Lease Services B.V., an 80:20 joint venture between MTU Aero Engines AG and Sumitomo Corporation, is based in Amsterdam, Netherlands and offers short- and medium-term leasing options to airlines, MRO entities and lessors. Sumisho Aero Engine Lease B.V., a 90:10 joint venture between Sumitomo Corporation and MTU Aero Engines AG, also based in Amsterdam, Netherlands, focuses on long-term leasing arrangements for its customers. Initially, MTU held all of the shares of MTU Maintenance Lease Services B.V. and Sumitomo Corporation held all of the shares of Sumisho Aero Engine Lease B.V. Approval for the two joint ventures was given during the first quarter of 2014 by the relevant antitrust authorities. The transfer of shares was executed with effect from May 8, 2014. MTU Maintenance Lease Services B.V. is fully consolidated in the Consolidated Financial Statements. The shares held by Sumitomo Corporation in MTU Maintenance Lease Services B.V. will – in future – give rise to interests in earnings and equity of MTU Aero Engines AG which will be reported as „non-controlling interests“. The investment in Sumisho Aero Engine Lease B.V. will be accounted for at cost.

RSZ Beteiligungs- und Verwaltungs GmbH, Munich, and MTU Aero Engines AG, Munich, were merged in the second quarter 2014. The merger was entered into the Commercial Register on April 16, 2014.

The MTU Group comprised (including MTU Aero Engines AG, Munich) 30 entities at September 30, 2014. For information relating to MTU Aero Engines Holding AG's major shareholdings (prior to the changes in the group reporting entity arising in the first nine months of 2014 described above), reference is made to note 38.1.2 to the Consolidated Financial Statements in the Annual Report 2013 (Major shareholdings).

## Notes to the Consolidated Income Statement

## 1 Revenues

| <b>Revenues</b>                                      |                            |                            |              |              |
|--|----------------------------|----------------------------|--------------|--------------|
| in € million   | Jan. 1 -<br>Sept. 30, 2014 | Jan. 1 -<br>Sept. 30, 2013 | Q3<br>2014   | Q3<br>2013   |
| Commercial engine business                           | 1,563.9                    | 1,402.9                    | 531.0        | 449.3        |
| Military engine business                             | 351.7                      | 368.0                      | 126.2        | 144.8        |
| <b>Commercial and military engine business (OEM)</b> | <b>1,915.6</b>             | <b>1,770.9</b>             | <b>657.2</b> | <b>594.1</b> |
| <b>Commercial maintenance business (MRO)</b>         | <b>920.8</b>               | <b>911.8</b>               | <b>347.9</b> | <b>298.4</b> |
| Consolidation  | -24.8                      | -23.1                      | -9.3         | -7.8         |
| <b>Total revenues</b>                                | <b>2,811.6</b>             | <b>2,659.6</b>             | <b>995.8</b> | <b>884.7</b> |

## 2 Cost of sales

| <b>Cost of sales</b>          |                            |                            |               |               |
|-------------------------------|----------------------------|----------------------------|---------------|---------------|
| in € million                  | Jan. 1 -<br>Sept. 30, 2014 | Jan. 1 -<br>Sept. 30, 2013 | Q3<br>2014    | Q3<br>2013    |
| Cost of materials             | -1,925.3                   | -1,849.5                   | -737.6        | -612.5        |
| Personnel expenses            | -347.5                     | -323.7                     | -107.0        | -102.2        |
| Depreciation and amortization | -104.7                     | -108.4                     | -35.8         | -37.3         |
| Other cost of sales           | -47.1                      | 9.7                        | 21.5          | 1.8           |
| <b>Total cost of sales</b>    | <b>-2,424.6</b>            | <b>-2,271.9</b>            | <b>-858.9</b> | <b>-750.2</b> |

Other cost of sales comprises mainly the effect of changes in inventories of finished goods and work in progress, currency factors and changes in other provisions.

## 3 Research and development expenses

| <b>Research and development expenses</b>                    |                            |                            |              |              |
|---|----------------------------|----------------------------|--------------|--------------|
| in € million  | Jan. 1 -<br>Sept. 30, 2014 | Jan. 1 -<br>Sept. 30, 2013 | Q3<br>2014   | Q3<br>2013   |
| Cost of materials   | -48.1                      | -48.3                      | -24.6        | -20.6        |
| Personnel expenses  | -47.3                      | -53.8                      | -12.9        | -16.1        |
| Depreciation and amortization                               | -2.8                       | -5.0                       | -0.7         | -1.6         |
| <b>Research and development expenditure</b>                 | <b>-98.2</b>               | <b>-107.1</b>              | <b>-38.2</b> | <b>-38.3</b> |
| of which the following amounts were capitalized:            |                            |                            |              |              |
| Development costs (OEM)                                     | 40.2                       | 37.3                       | 18.6         | 15.4         |
| Development costs (MRO)                                     |                            | 0.7                        |              | 0.3          |
| <b>Capitalized development costs</b>                        | <b>40.2</b>                | <b>38.0</b>                | <b>18.6</b>  | <b>15.7</b>  |
| <b>Research and development costs recognized as expense</b> | <b>-58.0</b>               | <b>-69.1</b>               | <b>-19.6</b> | <b>-22.6</b> |

#### 4 Selling expenses

| Selling expenses              |                            |                            |              |              |
|-------------------------------|----------------------------|----------------------------|--------------|--------------|
| in € million                  | Jan. 1 -<br>Sept. 30, 2014 | Jan. 1 -<br>Sept. 30, 2013 | Q3<br>2014   | Q3<br>2013   |
| Cost of materials             | -11.6                      | -10.7                      | -3.8         | -3.4         |
| Personnel expenses            | -44.6                      | -42.7                      | -13.6        | -12.9        |
| Depreciation and amortization | -1.2                       | -1.8                       | -0.3         | -0.6         |
| Other selling expenses        | -8.5                       | -9.1                       | -4.0         | -3.1         |
| <b>Total selling expenses</b> | <b>-65.9</b>               | <b>-64.3</b>               | <b>-21.7</b> | <b>-20.0</b> |

Selling expenses comprise mainly marketing, advertising and sales personnel costs as well as the expense for valuation allowances and write-offs on trade receivables.

#### 5 General and administrative expenses

| General and administrative expenses          |                            |                            |              |              |
|--|----------------------------|----------------------------|--------------|--------------|
| in € million                                 | Jan. 1 -<br>Sept. 30, 2014 | Jan. 1 -<br>Sept. 30, 2013 | Q3<br>2014   | Q3<br>2013   |
| Cost of materials                            | -4.3                       | -4.8                       | -1.7         | -1.6         |
| Personnel expenses                           | -33.0                      | -32.8                      | -10.1        | -10.5        |
| Depreciation and amortization                | -5.6                       | -4.9                       | -1.2         | -1.6         |
| Other administrative expenses                | -2.9                       | -5.8                       | -1.0         | -1.9         |
| <b>Total general administrative expenses</b> | <b>-45.8</b>               | <b>-48.3</b>               | <b>-14.0</b> | <b>-15.6</b> |

General administrative expenses comprise expenses incurred in connection with administrative activities unrelated to development, production or sales activities.

#### 7 Profit/loss of companies accounted for using the equity method and at cost

As a consequence of the first-time application of IFRS11, the joint venture MTU Maintenance Co. Ltd., Zhuhai, China, – which was accounted for proportionately up to December 31, 2013 – is accounted for at equity with effect from 2014. Comparative figures have been adjusted accordingly. Please see page 144 of the 2013 Annual Report for a description of entities accounted for using the equity method up to that stage.

| Profit/loss of companies accounted for using the equity method/at cost        |                            |                            |            |            |
|---|----------------------------|----------------------------|------------|------------|
| in € million  | Jan. 1 -<br>Sept. 30, 2014 | Jan. 1 -<br>Sept. 30, 2013 | Q3<br>2014 | Q3<br>2013 |
| Profit/loss from companies accounted for using the equity method              | 13.2                       | 12.6                       | 5.6        | 4.4        |
| Profit/loss from companies accounted for at cost                              | 0.6                        | 0.5                        | 0.5        | 0.5        |
| <b>Profit/loss of companies accounted for using the equity method/at cost</b> | <b>13.8</b>                | <b>13.1</b>                | <b>6.1</b> | <b>4.9</b> |

## 8 Interest result

| <b>Interest result</b>                            |                            |                            |             |             |
|---|----------------------------|----------------------------|-------------|-------------|
| in € million                                      | Jan. 1 –<br>Sept. 30, 2014 | Jan. 1 –<br>Sept. 30, 2013 | Q3<br>2014  | Q3<br>2013  |
| <b>Interest income</b>                            | <b>0.9</b>                 | <b>2.7</b>                 | <b>0.3</b>  | <b>1.4</b>  |
| <b>Interest expenses</b>                          |                            |                            |             |             |
| Bonds and notes                                   | -8.6                       | -7.0                       | -2.9        | -2.9        |
| Liabilities to banks                              | -0.8                       | -1.0                       | -0.2        | -0.3        |
| Finance lease arrangements                        | -0.2                       | -0.3                       | -0.1        | -0.1        |
| Other interest expenses                           | -1.1                       | -3.9                       | -0.3        | -1.3        |
| Capitalized borrowing costs for qualifying assets | 3.9                        | 1.5                        | 2.0         | 0.5         |
| <b>Interest expenses</b>                          | <b>-6.8</b>                | <b>-10.7</b>               | <b>-1.5</b> | <b>-4.1</b> |
| <b>Interest result</b>                            | <b>-5.9</b>                | <b>-8.0</b>                | <b>-1.2</b> | <b>-2.7</b> |

The improvement in the net interest result was attributable primarily to the capitalization of borrowing costs in conjunction with the acquisition and construction of qualifying assets in conjunction with the GTF engine programs.

## 9 Financial result on other items

| <b>Financial result on other items</b>  |                            |                            |              |             |
|---|----------------------------|----------------------------|--------------|-------------|
| in € million  | Jan. 1 –<br>Sept. 30, 2014 | Jan. 1 –<br>Sept. 30, 2013 | Q3<br>2014   | Q3<br>2013  |
| <b>Effects of currency translation: exchange rate gains/losses on</b>                       |                            |                            |              |             |
| Currency holdings   | 0.7                        | -2.8                       | 2.6          | -3.0        |
| Financing transactions  | 3.1                        | -0.7                       | 2.8          | -0.7        |
| Finance leases  |                            | 0.1                        |              | 0.1         |
| <b>Fair value gains/losses on derivatives</b>   |                            |                            |              |             |
| Currency and interest rate derivatives  | -9.4                       | 8.5                        | -14.6        | 9.5         |
| Forward commodity contracts   | 0.1                        | -0.7                       |              |             |
| <b>Interest portion included in measurement of assets and liabilities</b>                   |                            |                            |              |             |
| Pension provision   | -16.0                      | -15.0                      | -5.3         | -5.0        |
| Contingent liabilities  |                            | -2.2                       |              |             |
| Receivables, other provisions, plan assets, liabilities and advance payments from customers | -18.3                      | -11.3                      | -6.8         | -6.1        |
| <b>Financial result on sundry other items</b>   | <b>1.5</b>                 |                            | <b>1.3</b>   | <b>2.6</b>  |
| <b>Financial result on other items</b>  | <b>-38.3</b>               | <b>-24.1</b>               | <b>-20.0</b> | <b>-2.6</b> |

The nine-month financial result on other items was down on the previous year, primarily due to fair value losses on derivatives amounting to € 9.3 million (January to September 2013: fair value gains of € 7.8 million) and the net interest expense arising in conjunction with the measurement of assets and liabilities amounting to € 34.3 million (January to September 2013: net expense of € 28.5 million).



## 10 Income taxes

Income tax expense comprises the following:

| <b>Income taxes</b>       |                                   |                                    |                    |                    |
|---------------------------|-----------------------------------|------------------------------------|--------------------|--------------------|
| <b>in € million</b>       | <b>Jan. 1 -<br/>Sept. 30 2014</b> | <b>Jan. 1 -<br/>Sept. 30, 2013</b> | <b>Q3<br/>2014</b> | <b>Q3<br/>2013</b> |
| Current tax expense       | -86.0                             | -86.3                              | -20.6              | -33.3              |
| Deferred tax expense      | 27.4                              | 18.9                               | -0.6               | 7.0                |
| <b>Income tax expense</b> | <b>-58.6</b>                      | <b>-67.4</b>                       | <b>-21.2</b>       | <b>-26.3</b>       |

## 11 Earnings per share

For the purposes of determining diluted earnings per share, the number of shares that could be issued in conjunction with the grant of equity capital instruments is added to the weighted average number of ordinary shares in circulation.

Earnings after tax attributable to the owners of MTU Aero Engines AG amounted to € 133.1 million for the nine-month period (January - September 2013: € 125.2 million). The potential dilutive effect of the Share Matching Plan is not material.

The weighted average number of shares in circulation during the nine-month period was 50,923,358 (January - September 2013: 50,791,295 shares). A further 20,286 shares (January - September 2013: 25,643 shares) result from the Share Matching Plan (deferred sharebased remuneration of members of the Executive Board).

Undiluted earnings per share amounted to € 2.61 (January - September 2013: € 2.46). Diluted earnings per share also amounted to € 2.61 (January - September 2013: € 2.46).

## Notes to the Consolidated Balance Sheet

### 14 Intangible assets

Intangible assets comprise capitalized program values and non-specific program technologies, development program stakes, technical software and purchased goodwill.

A total of € 72.4 million (January - September 2013: € 137.8 million) of intangible assets was capitalized in the first nine months of 2014. The principal additions related to program values amounting to € 29.1 million and development costs amounting to € 42.5 million (January - September 2013: € 39.4 million) relating to the geared turbofan PW1000G family programs as well as to the GE38, GE9X und PW800 engine program.

Capitalized intangible assets totaling € 72.4 million in the first nine months of 2014 (January - September 2013: € 137.8 million) comprise € 44.7 million (January - September 2013: € 112.0 million) of purchased and € 27.7 million (January - September 2013: € 25.8 million) of internally generated intangible assets. The amortization expense for the nine-month period amounted to € 46.5 million (January - September 2013: € 53.7 million).

## 15 Property, plant and equipment

Additions to property, plant and equipment during the nine-month period totaled € 65.0 million (January - September 2013: € 86.5 million) and related mainly to plant and machinery, operational and office equipment and corresponding advance payments. The depreciation expense for the nine-month period amounted to € 67.8 million (January - September 2013: € 66.4 million).

## 16 Financial assets

Other financial assets comprise the following items:

| <b>Other financial assets</b>                           |                |               |                |               |                |               |
|---|----------------|---------------|----------------|---------------|----------------|---------------|
| in € million  | Total          |               | Non-Current    |               | Current        |               |
|   | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 |
| <b>Loans, receivables, other financial assets (LaR)</b> | <b>56.2</b>    | <b>38.9</b>   | <b>43.1</b>    | <b>16.9</b>   | <b>13.1</b>    | <b>22.0</b>   |
| Non-current loans receivable from third parties         | 36.1           | 15.2          | 36.1           | 15.2          |                |               |
| Non-current loans receivable from related entities      | 6.7            | 1.7           | 6.7            | 1.7           |                |               |
| Receivables from employees                              | 1.5            | 0.8           |                |               | 1.5            | 0.8           |
| Receivables from suppliers                              | 3.2            | 9.1           |                |               | 3.2            | 9.1           |
| Sundry other financial assets                           | 8.7            | 12.1          | 0.3            |               | 8.4            | 12.1          |
| <b>Available-for-sale financial assets (AfS)</b>        | <b>72.5</b>    | <b>60.9</b>   | <b>10.7</b>    | <b>9.9</b>    | <b>61.8</b>    | <b>51.0</b>   |
| Other investment in related entities                    | 10.7           | 9.9           | 10.7           | 9.9           |                |               |
| Marketable securities                                   | 61.8           | 51.0          |                |               | 61.8           | 51.0          |
| <b>Derivates without hedging relationship (FAHFt)</b>   | <b>9.2</b>     | <b>26.1</b>   | <b>6.4</b>     | <b>20.3</b>   | <b>2.8</b>     | <b>5.8</b>    |
| <b>Derivates with hedging relationship (n.a.)</b>       | <b>0.8</b>     | <b>43.2</b>   |                | <b>20.0</b>   | <b>0.8</b>     | <b>23.2</b>   |
| <b>Total other financial assets</b>                     | <b>138.7</b>   | <b>169.1</b>  | <b>60.2</b>    | <b>67.1</b>   | <b>78.5</b>    | <b>102.0</b>  |

Other financial assets decreased by € 30.6 million during the first nine months of 2014 to € 138.7 million (December 31, 2013: € 169.1 million). The principal factor for the change was the lower fair value measurement of derivatives, which decreased over the nine-month period from € 69.3 million to € 10.0 million. The acquisition of marketable securities – increased the carrying amount of this category of assets at September 30, 2014 to € 61.8 million (December 31, 2013: € 51.0 million) – and the € 20.9 million increase in non-current loans receivable from third parties to € 36.1 million had the effect of increasing other financial assets.

### Financial assets accounted for using the equity method

Financial assets accounted for using the equity method amounted to € 130.7 million (December 31, 2013: € 114.0 million). Further information regarding the components of these assets is provided on page 192 of the Annual Report 2013. As a result of the first-time application of IFRS 11, MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China, is now also included in this line item.

**17 Inventories**

Inventories comprise the following:

| <b>Inventories</b>                  |                |               |
|-------------------------------------|----------------|---------------|
| in € million                        | Sept. 30, 2014 | Dec. 31, 2013 |
| Raw materials and supplies          | 339.7          | 317.9         |
| Finished goods and work in progress | 390.3          | 384.8         |
| Advance payments                    | 14.9           | 42.5          |
| <b>Total inventories</b>            | <b>744.9</b>   | <b>745.2</b>  |

**18 Trade receivables**

Trade receivables comprise the following:

| <b>Trade receivables</b>  |                |               |
|---|----------------|---------------|
| in € million  | Sept. 30, 2014 | Dec. 31, 2013 |
| Third parties   | 562.6          | 515.1         |
| Associated companies, joint ventures and other equity companies | 44.5           | 37.0          |
| <b>Total trade receivables</b>                                  | <b>607.1</b>   | <b>552.1</b>  |

**19 Construction contract receivables**

Construction contract receivables comprise the following:

| <b>Construction contract receivables</b>       |                |               |
|--|----------------|---------------|
| in € million                                   | Sept. 30, 2014 | Dec. 31, 2013 |
| Construction contract receivables              | 504.4          | 505.4         |
| thereof: Advance payments received             | -285.1         | -312.0        |
| <b>Total construction contract receivables</b> | <b>219.3</b>   | <b>193.4</b>  |

**20 Other assets**

Other assets comprise:

| <b>Other assets</b>              |                |               |                |               |                |               |
|----------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| in € million                     | Total          |               | Non-Current    |               | Current        |               |
|                                  | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 |
| Other taxes                      | 1.9            | 12.9          |                |               | 1.9            | 12.9          |
| <b>Total sundry other assets</b> | <b>1.9</b>     | <b>12.9</b>   |                |               | <b>1.9</b>     | <b>12.9</b>   |

## 21 Cash and cash equivalents

Cash and cash equivalents comprise the following:

| <b>Cash and cash equivalents</b>  |                |               |
|---|----------------|---------------|
| in € million  | Sept. 30, 2014 | Dec. 31, 2013 |
| Demand deposits and cash  | 107.9          | 48.7          |
| Fixed-term and overnight deposits with an original maturity of three months or less | 40.4           | 110.9         |
| <b>Total cash and cash equivalents</b>  | <b>148.3</b>   | <b>159.6</b>  |

Cash and cash equivalents include foreign currency holdings with a value of € 62.9 million (December 31, 2013: € 97.6 million).

## 24 Equity

Changes in equity are presented in the Consolidated Statement of Changes in Equity.

### 24.1 Subscribed capital

The Company's subscribed capital amounts to € 52.0 million (December 31, 2013: € 52.0 million) and is divided into 52.0 million non-par registered shares (December 31, 2013: 52.0 million).

### 24.2 Capital reserves

Capital reserves include premiums from the issue of shares and the equity component (net of proportional transaction costs) of the bond issued in 2007 and repaid/converted in the first quarter of 2012. Also included are the fair values of shares granted under the Matching Stock Program and Share Matching Plan as well as gains and losses on sales of treasury shares (own shares) in conjunction with the MAP Employee Stock Option Program. Further information on the Share Matching Plan for members of the Board of Management and senior managers is provided on pages 158 et seq. of the Annual Report 2013.

### 24.3 Revenue reserves

Revenue reserves comprise the post-tax retained earnings of consolidated group companies, and earnings after tax for the first nine months of 2014 attributable to the owners of MTU Aero Engines AG amounting to € 133.1 million (January - September 2013: € 125.2 million) less the dividend payment for the financial year 2013 amounting to € 68.7 million (January - September 2013: dividend payment of € 68.5 million). As a result of the positive earnings after tax for the first nine months of 2014, revenue reserves increased to € 912.7 million at September 30, 2014 (December 31, 2013: € 848.3 million).

### 24.4 Treasury shares

During the first nine months of 2014 the average weighted number of shares in circulation was 50,923,358 shares (January - September 2013: 50,791,295 shares). A total of 51,008,023 MTU Aero Engines AG shares was in issue at the end of the reporting period (September 30, 2013: 50,855,626 shares). The Company held 991,977 treasury shares at the end of the reporting period (September 30, 2013: 1,144,374 treasury shares).

### 24.7 Other comprehensive income

Negative accumulated other comprehensive income (OCI) increased by € 103.2 million during the nine-month period from € 35.8 million at December 31, 2013 to € 139.0 million at September 30, 2014. The deterioration was attributable primarily to net actuarial losses on pension obligations and plan assets (negative impact of € 38.7 million), fair value losses on hedging instruments (negative impact of € 79.6 million) and net gains differences arising on the translation of the financial statements of foreign subsidiaries (positive impact of € 15.1 million).

## 27 Other provisions

Other provisions decreased since December 31, 2013 by € 9.3 million to stand at € 176.2 million at the end of the reporting period. Other provisions include in particular provisions for sales deductions, warranty risks, retrospective costs as well as for personnel-related obligations. The decrease in other provisions during the interim reporting period primarily reflected the roll-forward of warranty and retrospective obligations as well as payment of variable remuneration components for the financial year 2013.

## 28 Financial liabilities

Financial liabilities consist of the following:

| <b>Financial liabilities</b>   |                |               |                |               |                |               |
|--|----------------|---------------|----------------|---------------|----------------|---------------|
| in € million   | Total          |               | Non-Current    |               | Current        |               |
|  | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 |
| <b>Bonds and notes</b>   | <b>349.8</b>   | <b>352.3</b>  | <b>346.6</b>   | <b>346.3</b>  | <b>3.2</b>     | <b>6.0</b>    |
| <b>Financial debt in connection with the IAE-2500 stake increase</b> | <b>283.8</b>   | <b>270.7</b>  | <b>238.1</b>   | <b>229.6</b>  | <b>45.7</b>    | <b>41.1</b>   |
| <b>Financial debt to banks</b>                                       |                |               |                |               |                |               |
| Promissory notes   |                | 12.0          |                |               |                | 12.0          |
| Note purchase agreement  | 30.0           |               | 30.0           |               |                |               |
| <b>Financial debt to related companies</b>                           | <b>6.2</b>     | <b>4.8</b>    |                |               | <b>6.2</b>     | <b>4.8</b>    |
| <b>Finance leases</b>  | <b>14.4</b>    | <b>6.4</b>    | <b>13.1</b>    | <b>6.2</b>    | <b>1.3</b>     | <b>0.2</b>    |
| <b>Derivates without hedging relationship</b>                        | <b>6.9</b>     | <b>3.5</b>    | <b>5.5</b>     | <b>2.1</b>    | <b>1.4</b>     | <b>1.4</b>    |
| <b>Derivates with hedging relationship</b>                           | <b>41.7</b>    | <b>0.2</b>    | <b>24.3</b>    |               | <b>17.4</b>    | <b>0.2</b>    |
| <b>Total gross financial liabilities</b>                             | <b>732.8</b>   | <b>649.9</b>  | <b>657.6</b>   | <b>584.2</b>  | <b>75.2</b>    | <b>65.7</b>   |
| <b>Other financial liabilities (FLAC/n.a.)</b>                       |                |               |                |               |                |               |
| Repayment of grants towards development costs                        | 50.3           | 57.3          | 40.9           | 49.9          | 9.4            | 7.4           |
| Sundry other financial liabilities                                   | 191.2          | 154.1         | 83.2           | 69.4          | 108.0          | 84.7          |
| <b>Personnel-related financial liabilities</b>                       |                |               |                |               |                |               |
| Pre-retirement part-time working arrangements                        | 14.0           | 15.5          | 10.6           | 12.1          | 3.4            | 3.4           |
| Other personnel-related liabilities                                  | 29.7           | 19.2          | 4.2            | 4.5           | 25.5           | 14.7          |
| <b>Outstanding maintenance work on engine</b>                        | <b>2.7</b>     | <b>1.9</b>    | <b>2.7</b>     | <b>1.9</b>    |                |               |
| <b>Total other financial liabilities</b>                             | <b>287.9</b>   | <b>248.0</b>  | <b>141.6</b>   | <b>137.8</b>  | <b>146.3</b>   | <b>110.2</b>  |
| <b>Total financial liabilities</b>                                   | <b>1,020.7</b> | <b>897.9</b>  | <b>799.2</b>   | <b>722.0</b>  | <b>221.5</b>   | <b>175.9</b>  |

### Gross financial debt

#### Bonds

A full description of the corporate bond (Schuldverschreibung) for a nominal amount of € 250.0 million and the registered bond (Namensschuldverschreibung) for a nominal amount of € 100.0 million is provided on page 171 of the Annual Report 2013.

#### Financial debt in connection with the IAE-V2500 stake increase

A condition precedent included in the purchase price agreement signed by MTU in the financial year 2012 in order to increase the stake in the V2500 engine program by five percentage points to 16% made it necessary to recognize a financial liability contingent upon the number of flight hours over the next 15 years. After unwinding discounted interest and repayments, this liability amounted to € 283.8 million at September 30, 2014 (December 31, 2013: € 270.7 million).

#### Promissory notes

MTU placed four promissory notes (Schuldscheindarlehen) with a nominal amount of € 65.0 million (less transaction costs of € 0.4 million) on June 3, 2009. Of this amount, promissory notes with a nominal amount of € 40.0 million were repurchased in 2010 and a further € 13.5 million repaid on maturity on June 5, 2012. The remaining promissory note with a nominal amount of € 11.5 million fell due on June 5, 2014 and was repaid.

#### Note purchase agreement (Namensdarlehen)

MTU Aero Engines AG issued a registered note („Note Purchase Agreement“) on March 28, 2014 with a total nominal amount of € 30.0 million, due March 27, 2021. The interest rate of the note is variable and corresponds to 6-month Euribor plus a percentage margin. The initial interest rate is 1.72 %. Interest is calculated and paid half-yearly (in March and September).

#### Revolving credit facility

At September 30, 2014, the MTU Group has access to credit facilities of € 400.0 million with five banks, the term of which has been extended by a further year to October 30, 2019. Of these credit facilities, € 12.6 million (December 31, 2013: € 15.2 million) were being utilized at September 30, 2014 for guarantees. Interest on credit lines actually drawn down is charged on the basis of customary interest reference rates plus a margin. A commitment fee is paid on credit facilities which are not being utilized.

#### Finance leases

Given the excellent financing terms that are currently available and can be secured on a long-term basis, MTU is employing finance leasing as a useful model to expand production capacities in land and buildings, plant and machinery and operational and office equipment.

#### Negative fair values of derivatives

Derivatives held at the end of the reporting period with a negative fair value of € 48.6 million (December 31, 2013: € 3.7 million) are intended to compensate for currency and commodity price risks.

#### Other financial liabilities

##### Repayment of grants towards development costs

In the financial years 1976 to 1991, MTU received grants towards the internally generated cost of developing the PW2000 engine from the German Federal Ministry of Economics and Technology. Once the sales volumes of PW2000 production engines stipulated in the grant assessment confirmation have been reached for the Boeing 757 and C-17, the grants are required to be repaid within a time frame of ten years. Repayments totaling € 8.1 million were made in the financial years 2011 to 2013, and a further € 7.4 million was repaid in the first nine months of 2014.

##### Sundry other financial liabilities

Sundry other financial liabilities amounting to € 191.2 million (December 31, 2013: € 154.1 million) relate to obligations in connection with program stakes and development work for the PW1000G engine family program and the PW800 program amounting to € 175.3 million (December 31, 2013: € 133.0 million). The remainder of sundry other financial liabilities covers a multitude of minor individual obligations.

##### Personnel-related financial liabilities

Contracts for pre-retirement part-time working arrangements with employees at the group's German companies include commitments for top-up and severance payments. At September 30, 2014, the liabilities associated with these obligations amounted to € 14.0 million (December 31, 2013: € 15.5 million).

Other personnel-related liabilities comprise mainly accruals for Christmas pay and pension payments. This item also includes liabilities to group employees under the MAP employee stock option program (MAP) amounting to € 4.2 million (December 31, 2013: € 4.6 million). The total cost incurred in conjunction with the MAP in the first nine months of 2014 was € 2.8 million (January - September 2013: € 2.7 million).

##### Outstanding maintenance work on engines

This line item relates mainly to obligations for the maintenance of leased engines made available to customers in conjunction with commercial engine maintenance business (MRO) while their own engines are being maintained or repaired.

### 30 Construction contract payables

Construction contract payables comprise the following:

| <b>Construction contract payables</b>                                |                |               |
|--|----------------|---------------|
| in € million   | Sept. 30, 2014 | Dec. 31, 2013 |
| Advance payments received for construction contracts offset against: |                |               |
| Construction contract receivables                                    | 779.0          | 859.8         |
|  | -285.1         | -312.0        |
| <b>Total construction contract payables</b>                          | <b>493.9</b>   | <b>547.8</b>  |

Advance payments received relate mainly to military engine programs.

### 31 Other liabilities

Other liabilities comprise the following items:

| <b>Other liabilities</b>              |                |               |                |               |                |               |
|---------------------------------------|----------------|---------------|----------------|---------------|----------------|---------------|
| in € million                          | Total          |               | Non-Current    |               | Current        |               |
|                                       | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 | Sept. 30, 2014 | Dec. 31, 2013 |
| <b>Personnel-related liabilities</b>  |                |               |                |               |                |               |
| Social security                       | 3.6            | 2.4           |                |               | 3.6            | 2.4           |
| Other personnel-related liabilities   | 32.5           | 25.7          |                |               | 32.5           | 25.7          |
| <b>Accrued interest expense</b>       | <b>9.2</b>     | <b>10.3</b>   | <b>9.2</b>     | <b>10.3</b>   |                |               |
| <b>Other taxes</b>                    | <b>9.5</b>     | <b>7.3</b>    |                |               | <b>9.5</b>     | <b>7.3</b>    |
| <b>Total sundry other liabilities</b> | <b>54.8</b>    | <b>45.7</b>   | <b>9.2</b>     | <b>10.3</b>   | <b>45.6</b>    | <b>35.4</b>   |

#### Other personnel-related liabilities

Social security liabilities relate mainly to contributions to employees' accident insurance associations amounting to € 1.8 million (December 31, 2013: € 0.7 million) and liabilities to health insurance agencies amounting to € 1.8 million (December 31, 2013: € 1.7 million). Other personnel-related liabilities relate to vacation entitlements and flexi-time credits.

#### Accrued interest expense

Non-current payments received on account from customers for contract production are discounted over the term of the advance payments using appropriate market interest rates and the deferred interest recognized as a liability within other liabilities until the engine is delivered. Accrued interest expense of € 9.2 million (December 31, 2013: € 10.3 million) relates to advance payments received for long-term military construction contracts.

#### Other taxes

Other taxes amounting to € 9.5 million (December 31, 2013: € 7.3 million) relate to payroll (including employees' solidarity surcharge and church taxes) and to German and foreign sales taxes.

### 32 Additional disclosures relating to financial instruments

#### Carrying amounts, measurement/recognition methods and fair values aggregated by category

In the following tables, the carrying amounts of financial instruments are aggregated by category and compared with fair values.

Cash and cash equivalents, trade and other receivables mostly have short remaining terms. The carrying amounts of these assets therefore correspond to their fair value at the end of the reporting period. As a rule, trade payables and other liabilities are due within a relatively short space of time. The carrying amounts of these liabilities therefore correspond to their fair value at the end of the reporting period.

### Disclosures relating to financial instruments – carrying amounts and fair values aggregated by category at September 30, 2014

| in € million  | Category as defined in IAS 39/ Other category | Carrying amount Sept. 30, 2014 | Amount carried in balance sheet in accordance with IAS 39 |                  |                                 |   | Amount carried in balance sheet IAS 17 | Financial instruments not within the scope of IAS 39 or IFRS 7 | Total   | Fair value Sept. 30, 2014 |
|---|---|--------------------------------|---|------------------|---------------------------------|---|--|--|---------|---------------------------|
|   |   |                                | Measured at amortized cost                                | Measured at cost | Fair value recognized in equity | Fair value recognized in income statement |  |  |         |                           |
| <b>ASSETS</b>   |   |                                |   |                  |                                 |   |  |  |         |                           |
| <b>Other financial assets</b>                                       |   |                                |   |                  |                                 |   |  |  |         |                           |
| Loans, receivables, other financial assets                          | LaR   | 56.2                           | 55.9  |                  |                                 |   | 0.3                                    | 56.2   | 56.2    |                           |
| Held-to-maturity investments  | HtM   |                                |   |                  |                                 |   |  |  |         |                           |
| Available-for-sale financial assets                                 | AfS   | 72.5                           |   | 10.7             | 61.8                            |   |  | 72.5   | 72.5    |                           |
| Financial assets held for trading                                   | FAHfT   |                                |   |                  |                                 |   |  |  |         |                           |
| Derivates without hedging relationship                              | FAHfT   | 9.2                            |   |                  |                                 | 9.2                                       |  | 9.2  | 9.2     |                           |
| Derivates with hedging relationship                                 | n.a.  | 0.8                            |   |                  | 0.8                             |   |  | 0.8  | 0.8     |                           |
| <b>Trade receivables</b>  | LaR   | 607.1                          | 607.1   |                  |                                 |   |  | 607.1  | 607.1   |                           |
| <b>Construction contract receivables</b>                            | LaR   | 219.3                          | 219.3   |                  |                                 |   |  | 219.3  | 219.3   |                           |
| <b>Cash and cash equivalents</b>                                    | LaR   | 148.3                          | 148.3   |                  |                                 |   |  | 148.3  | 148.3   |                           |
| <b>EQUITY AND LIABILITIES</b>                                       |   |                                |   |                  |                                 |   |  |  |         |                           |
| <b>Trade payables</b>   | FLAC  | 680.5                          | 680.5   |                  |                                 |   |  | 680.5  | 680.5   |                           |
| <b>Financial liabilities</b>  |   |                                |   |                  |                                 |   |  |  |         |                           |
| Bonds and notes   | FLAC  | 349.8                          | 349.8   |                  |                                 |   |  | 349.8  | 363.5   |                           |
| Financial debt in connection with IAE-V2500 stake increase          | FLtPL   | 283.8                          |   |                  |                                 | 283.8                                     |  | 283.8  | 283.8   |                           |
| Other gross financial liabilities                                   | FLAC  | 36.2                           | 36.2  |                  |                                 |   |  | 36.2   | 36.2    |                           |
| <b>Derivative financial liabilities</b>                             |   |                                |   |                  |                                 |   |  |  |         |                           |
| Derivates without hedging relationship                              | FLHfT   | 6.9                            |   |                  |                                 | 6.9                                       |  | 6.9  | 6.9     |                           |
| Derivates with hedging relationship                                 | n.a.  | 41.7                           |   |                  | 41.7                            |   |  | 41.7   | 41.7    |                           |
| Finance leases  | n.a.  | 14.4                           |   |                  |                                 |   | 14.4                                   | 14.4   | 14.4    |                           |
| Other financial liabilities   | FLAC/n.a.                                     | 287.9                          | 241.5   |                  |                                 |   | 2.7                                    | 43.7   | 287.9   |                           |
| <b>Thereof aggregated by category as defined in IAS 39</b>          |   |                                |   |                  |                                 |   |  |  |         |                           |
| Loans and receivables   | LaR   | 1,030.9                        | 1,030.6   |                  |                                 |   | 0.3                                    | 1,030.9  | 1,030.9 |                           |
| Held-to-maturity investments  | HtM   |                                |   |                  |                                 |   |  |  |         |                           |
| Available-for-sale financial assets                                 | AfS   | 72.5                           |   | 10.7             | 61.8                            |   |  | 72.5   | 72.5    |                           |
| Financial assets held for trading                                   | FAHfT   | 9.2                            |   |                  |                                 | 9.2                                       |  | 9.2  | 9.2     |                           |
| Financial liabilities measured at fair value through profit or loss | FLtPL   | 283.8                          |   |                  |                                 | 283.8                                     |  | 283.8  | 283.8   |                           |
| Financial liabilities measured at amortized cost                    | FLAC/n.a.                                     | 1,354.4                        | 1,308.0   |                  |                                 |   | 2.7                                    | 43.7   | 1,368.1 |                           |
| Financial liabilities held for trading                              | FLHfT   | 6.9                            |   |                  |                                 | 6.9                                       |  | 6.9  | 6.9     |                           |
| <b>Finance leases</b>   | n.a.  | 14.4                           |   |                  |                                 |   | 14.4                                   | 14.4   | 14.4    |                           |



### Disclosures relating to financial instruments – carrying amounts and fair values aggregated by category at December 31, 2013

| in € million  | Category as defined in IAS 39/ Other category | Carrying amount Dec. 31, 2013 | Amount carried in balance sheet in accordance with IAS 39 |                  |                                 |   | Amount carried in balance sheet IAS 17 | Financial instruments not within the scope of IAS 39 or IFRS 7 | Total   | Fair value Dec. 31, 2013 |
|---|---|-------------------------------|---|------------------|---------------------------------|---|--|--|---------|--------------------------|
|   |   |                               | Measured at amortized cost                                | Measured at cost | Fair value recognized in equity | Fair value recognized in income statement |  |  |         |                          |
| <b>ASSETS</b>   |   |                               |   |                  |                                 |   |  |  |         |                          |
| <b>Other financial assets</b>                                       |   |                               |   |                  |                                 |   |  |  |         |                          |
| Loans, receivables, other financial assets                          | LaR   | 38.9                          | 38.9  |                  |                                 |   |  | 38.9   | 38.9    |                          |
| Held-to-maturity investments  | HtM   |                               |   |                  |                                 |   |  |  |         |                          |
| Available-for-sale financial assets                                 | AfS   | 60.9                          |   | 9.9              | 51.0                            |   |  | 60.9   | 60.9    |                          |
| Financial assets held for trading                                   | FAHFT   |                               |   |                  |                                 |   |  |  |         |                          |
| Derivates without hedging relationship                              | FAHFT   | 26.1                          |   |                  |                                 | 26.1                                      |  | 26.1   | 26.1    |                          |
| Derivates with hedging relationship                                 | n.a.  | 43.2                          |   |                  | 43.2                            |   |  | 43.2   | 43.2    |                          |
| <b>Trade receivables</b>  | LaR   | 552.1                         | 552.1   |                  |                                 |   |  | 552.1  | 552.1   |                          |
| <b>Construction contract receivables</b>                            | LaR   | 193.4                         | 193.4   |                  |                                 |   |  | 193.4  | 193.4   |                          |
| <b>Cash and cash equivalents</b>                                    | LaR   | 159.6                         | 159.6   |                  |                                 |   |  | 159.6  | 159.6   |                          |
| <b>EQUITY AND LIABILITIES</b>                                       |   |                               |   |                  |                                 |   |  |  |         |                          |
| <b>Trade payables</b>   | FLAC  | 649.1                         | 649.1   |                  |                                 |   |  | 649.1  | 649.1   |                          |
| <b>Financial liabilities</b>  |   |                               |   |                  |                                 |   |  |  |         |                          |
| Bonds and notes   | FLAC  | 352.3                         | 352.3   |                  |                                 |   |  | 352.3  | 362.9   |                          |
| Financial debt in connection with IAE-V2500 stake increase          | FLtPL   | 270.7                         |   |                  |                                 | 270.7                                     |  | 270.7  | 270.7   |                          |
| Other gross financial liabilities                                   | FLAC  | 16.8                          | 16.8  |                  |                                 |   |  | 16.8   | 16.8    |                          |
| <b>Derivative financial liabilities</b>                             |   |                               |   |                  |                                 |   |  |  |         |                          |
| Derivates without hedging relationship                              | FLHFT   | 3.5                           |   |                  |                                 | 3.5                                       |  | 3.5  | 3.5     |                          |
| Derivates with hedging relationship                                 | n.a.  | 0.2                           |   |                  | 0.2                             |   |  | 0.2  | 0.2     |                          |
| Finance leases  | n.a.  | 6.4                           |   |                  |                                 |   | 6.4                                    | 6.4  | 6.4     |                          |
| Other financial liabilities   | FLAC/n.a.                                     | 248.0                         | 211.4   |                  |                                 |   | 1.9                                    | 34.7   | 248.0   |                          |
| <b>Thereof aggregated by category as defined in IAS 39</b>          |   |                               |   |                  |                                 |   |  |  |         |                          |
| Loans and receivables   | LaR   | 944.0                         | 944.0   |                  |                                 |   |  | 944.0  | 944.0   |                          |
| Held-to-maturity investments  | HtM   |                               |   |                  |                                 |   |  |  |         |                          |
| Available-for-sale financial assets                                 | AfS   | 60.9                          |   | 9.9              | 51.0                            |   |  | 60.9   | 60.9    |                          |
| Financial assets held for trading                                   | FAHFT   | 26.1                          |   |                  |                                 | 26.1                                      |  | 26.1   | 26.1    |                          |
| Financial liabilities measured at fair value through profit or loss | FLtPL   | 270.7                         |   |                  |                                 | 270.7                                     |  | 270.7  | 270.7   |                          |
| Financial liabilities measured at amortized cost                    | FLAC/n.a.                                     | 1,266.2                       | 1,229.6   |                  |                                 |   | 1.9                                    | 34.7   | 1,266.2 |                          |
| Financial liabilities held for trading                              | FLHFT   | 3.5                           |   |                  |                                 | 3.5                                       |  | 3.5  | 3.5     |                          |
| <b>Finance leases</b>   | n.a.  | 6.4                           |   |                  |                                 |   | 6.4                                    | 6.4  | 6.4     |                          |

Within the scope of its partnerships in engine programs, MTU is a party to aircraft financing agreements for the purpose of promoting sales. These agreements are offered in two basic forms: pre-delivery payments and backstop commitments. In both cases, any disbursements made in favor of the purchaser would always be made directly to the aircraft manufacturer.

As of September 30, 2014, offers of financing made by MTU corresponded to a nominal amount of € 506.9 million (December 31, 2013: € 593.2 million). However, based on experience and given the structure of the contracts, it is considered very unlikely that these commitments will be called on in full. With respect to the impact on MTU's liquidity of the notional loan amounts relating to the proposed financing agreements, the company's existing lines of credit (see Note 28, Financial liabilities) do, however, provide adequate liquidity reserves, even in the unlikely case that all offers of financing agreements were to be taken up at the same time. Further information, in particular with respect to the nature and structure of the proposed financing agreements is provided on pages 180 et seq. of the Annual Report 2013.

#### Classification of fair value measurements of financial assets and liabilities according to the fair value hierarchy

In order to evaluate the significance of the factors used as input when measuring financial assets and liabilities at their fair value, MTU assigns these assets and liabilities to three levels of a fair value hierarchy.

The three levels of the fair value hierarchy are described below, together with their utilization when measuring financial assets and liabilities:

- Level 1 Quoted prices in active markets for identical assets or liabilities (unadjusted input);
- Level 2 Prices of assets and liabilities that can be observed directly or indirectly (derived);
- Level 3 Unobservable inputs used to measure prices of assets or liabilities.

#### Allocation of financial assets and liabilities to the fair value hierarchy at September 30, 2014

| in € million  | Level 1 | Level 2     | Level 3      | Total        |
|---|---------|-------------|--------------|--------------|
| <b>Financial assets measured at fair value</b>                      |         |             |              |              |
| Derivative financial instruments                                    |         | 10.0        |              | 10.0         |
| Available-for-sale financial assets                                 |         | 61.8        |              | 61.8         |
| <b>Total financial assets</b>                                       |         | <b>71.8</b> |              | <b>71.8</b>  |
| <b>Financial liabilities measured at fair value</b>                 |         |             |              |              |
| Derivative financial instruments                                    |         | 48.6        |              | 48.6         |
| Financial liabilities measured at fair value through profit or loss |         |             | 283.8        | 283.8        |
| <b>Total financial liabilities</b>                                  |         | <b>48.6</b> | <b>283.8</b> | <b>332.4</b> |

#### Allocation of financial assets and liabilities to the fair value hierarchy at December 31, 2013

| in € million  | Level 1     | Level 2     | Level 3      | Total        |
|---|-------------|-------------|--------------|--------------|
| <b>Financial assets measured at fair value</b>                      |             |             |              |              |
| Derivative financial instruments                                    |             | 69.3        |              | 69.3         |
| Available-for-sale financial assets                                 | 30.0        | 21.0        |              | 51.0         |
| <b>Total financial assets</b>                                       | <b>30.0</b> | <b>90.3</b> |              | <b>120.3</b> |
| <b>Financial liabilities measured at fair value</b>                 |             |             |              |              |
| Derivative financial instruments                                    |             | 3.7         |              | 3.7          |
| Financial liabilities measured at fair value through profit or loss |             |             | 270.7        | 270.7        |
| <b>Total financial liabilities</b>                                  |             | <b>3.7</b>  | <b>270.7</b> | <b>274.4</b> |

The fair values of derivative financial instruments and marketable securities assigned to level 2 are measured using the discounted cash flow method.

Liabilities measured at fair value assigned to level 3 relate exclusively to the financial debt arising from the IAE-V2500 stake increase. A valuation technique was employed in which the necessary, publicly-known market data (interest rates, US dollar exchange rates) were collected and in which the unobservable inputs (expected future number of flight hours) were developed using the company's own best available information and updated where necessary. A factor with a significant impact on the carrying amount of the financial debt, which is measured using the discounted cash flow method, is the number of flight hours on which deferred payments are based. A sensitivity analysis shows that if the expected number of flight hours were to change by 10 %, the corresponding change in fair value would be around € 28 million (December 31, 2013: around € 27 million).

### **37 Contingent liabilities and other financial commitments**

Contingent liabilities and other financial obligations at September 30, 2014 amounted to € 75.8 million (December 31, 2013: € 52.2 million). Contingent liabilities and other financial obligations are not material to the financial position of the MTU Group. As in previous periods, with the exception of lease payments, no amounts fell due for payment during the period under report. Similarly, no amounts are expected to be paid during the rest of the financial year 2014. Information regarding the composition and nature of contingent liabilities and other financial obligations is provided in note 37 (Contingent liabilities and other financial commitments) of the Annual Report 2013.

Purchase commitments for intangible assets and property, plant and equipment amounted to € 26.3 million at September 30, 2014 (December 31, 2013: € 19.6 million).

### **38 Related party transactions**

#### **Transactions with related entities**

Transactions with related entities are undertaken as part of the group's ordinary operating activities, buying and selling various products and services on an arm's length basis.

Entities accounted for at equity and at cost are disclosed in note 38.1.2 (List of major shareholdings) of the Annual Report 2013. Trade receivables from these entities at September 30, 2014 amounted to € 44.5 million (December 31, 2013: € 37.0 million). Trade payables with these entities totaled € 32.1 million (December 31, 2013: € 51.7 million). Revenues recognized during the first nine months of 2014 totaled € 895.0 million (January - September 2013: € 869.6 million), with expenses totaling € 594.4 million (January - September 2013: € 448.2 million).

#### **Transactions with related individuals**

MTU Group companies did not enter into any material contracts with members of the Board of Management, the Supervisory Board or with other key management personnel or with companies in whose management or supervisory boards those persons are represented. The same applies to close members of the families of those persons.

#### **Events after the reporting date (September 30, 2014)**

There have been no significant events after the end of the interim reporting period and prior to the date of authorization for issue of the Quarterly Financial Report on October 17, 2014.

#### **Publication of the Quarterly Financial Report**

The Quarterly Financial Report of MTU Aero Engines AG, Munich, for the period from January 1 to September 30, 2014 was published on the Internet on October 23, 2014.

## Financial Calendar

Teleconference on third quarter 2014 earnings  
MTU analysts and investors conference 2014

October 23, 2014  
November 25, 2014

## Contacts

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## Translation

The German version takes precedence.

## MTU Aero Engines AG on the Internet

- Further information about MTU Aero Engines AG can be obtained via the Internet at: [www.mtu.de](http://www.mtu.de).
- Investor Relations information is available directly at [www.mtu.de/investor-relations](http://www.mtu.de/investor-relations).
- Information about the products of MTU Aero Engines AG can be obtained at: [www.mtu.de/engines](http://www.mtu.de/engines).



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