Investor & Analyst Day 2013
MTU Aero Engines

London, November 26, 2013
## Agenda – MTU Investor and Analyst Day 2013

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<thead>
<tr>
<th>Time</th>
<th>Agenda</th>
<th>Speaker</th>
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</thead>
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<tr>
<td>11:00 – 11:10</td>
<td>Welcome</td>
<td>Peter Kameritsch</td>
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<td>VP Investor Relations</td>
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<tr>
<td>11:10 – 11:30</td>
<td>Executing our growth strategy</td>
<td>Reiner Winkler, CFO</td>
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<tr>
<td>11:30 – 12:20</td>
<td>The OEM Portfolio</td>
<td>Michael Schreyögg</td>
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<td>Member of BoM, Programs</td>
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<td>12:20 – 13:10</td>
<td>Managing Growth and Transition:</td>
<td>Dr. Rainer Martens, COO</td>
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<td>Engineering &amp; Supply Chain</td>
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<td>13:10 – 14:10</td>
<td>Lunch Break</td>
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<td>14:10 – 15:00</td>
<td>Opportunities in a Challenging Market</td>
<td>Dr. Stefan Weingartner</td>
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<td>Member of BoM, President</td>
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<td>Commercial Maintenance</td>
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<td>15:00 – 15:50</td>
<td>MTU Efficiency Projects</td>
<td>Reiner Winkler, CFO</td>
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<td>Head- and Tailwinds 2014</td>
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Executing our growth strategy
Reiner Winkler, CFO

London, November 26, 2013
Very positive outlook for the aerospace market

- Record airliner orderbook of almost 10,000 aircraft
- Record deliveries from Airbus and Boeing of over 1,200 aircraft expected for 2013
- Current airliner engine fleet of almost 38,000 (+3.3 % y-o-y)
- Positive development of growth indicators forecasted by IATA:
  2013  traffic growth: 5.0 %
        airline profits: 11.7 bUS$
  2014  traffic growth: 5.8 %
        airline profits: 16.4 bUS$

MTU is very well positioned to take benefit from the growth opportunities in the market
Commercial OEM Business

- Over 4,700 GTF engines on firm order or optioned
- Almost 100% of NextGen Regional Jet deliveries with GTF
- Current market share GTF for A320neo of 54% regarding firm orders ¹)
- Successful First Flight CSeries completed
- Preparation of GTF production ramp-up on track
- Flight test program GTF for A320neo on schedule

⇒ Ongoing strong growth in commercial OEM business

¹) including unannounced orders
Military Business

- 1st A400M series aircraft has been delivered to France
- Running Eurofighter export campaigns to be supported by MTU
- Sales of 450 – 500 M€ p.a. expected for next years

Military OEM business remains stable
Commercial MRO Business

- GE90 ramp-up on track. First Full Shop Visits successfully executed
- Market leader on V2500
- MTU Zhuhai through capacity expansion well prepared for future growing Asian MRO-market
- Expansion of engine lease business through partnership with Sumitomo

➢ MRO engine portfolio well positioned to outpace market growth
Upcoming Challenges for MTU

• Transition from V2500 to GTF and strong market share gain in Regional Jet market results in
  - strong revenue growth
  - margin headwinds
  - capex needs
  - additional inventory requirements
• Further pressure on cash flow due to declining military prepayments
• Cash flow situation to be improved for future investment needs

⇒ MTU initiated „Cash for Future“ program
Thank you for your attention!
The OEM Portfolio
Michael Schreyögg
Member of the Board of Management, Programs

London, November 26, 2013
Military Business

Major Achievements

- Oman Contract 12 EF Typhoon a/c
- A400M Entry Into Service
- Long term support contract RSAF

Current Export Campaigns Typhoon

- United Arabian Emirates
- Saudi Arabian Royal Air Force
- Qatar
- South Korea
- Malaysia

Revenue Outlook Military Programs

Key drivers for changes in future revenues

- Export A400M/ Typhoon
- Services
- A400M Reduction EU
Commercial OEM Business

Major Achievements On MTU’s Growth Path

- PW1100G-JM for A320neo on track for certification July 2014
- Embraer E-Jet E2 won
- Bombardier CSeries – First Flight
- GEnx – steep ramp up well managed
- V2500 – upshare completed
- Increased aftermarket coverage via FHA
Commercial Business – Narrowbody Market

Major Achievements

- GTF success will increase MTU’s share in the future narrowbody market
- Increased exposure to strongly growing V2500 aftermarket

Installed Base 2013

- A320ceo powered by V2500: 24%
- A320 and B737 with CFM56: 76%

Firm Orders Of A320neo With PW1100G-JM: 54%

- A320neo powered by PW1100G-JM: 33%
- B737MAX: 28%
- A320neo with LEAP: 39%

*Unannounced engine decisions are shared equally
Commercial Business – Narrowbody Market

Transition V2500 To PW1100G-JM GTF (A320neo)

- Extremely fast transition
- Investment in new technology
- Highly competitive environment
- Sole supplier for Airbus in the early program phase
Commercial Business – Widebody Market

Revenues on widebody programs

- Production increase GEnx well managed
- GP7000 order book covers deliveries until 2017
- Unexpected positive development of Airbus A330 sales (+ CF6-80E)
- Completion of F117 (PW2000) new engine deliveries expected in 2015
Commercial Business – Regional Jet Market\(^{(*)}\)

**Market change towards PW1000G engines**

Deliveries:

- **Today:** CF34 dominated
  - CF34: 91%
  - PW1000G: 90%
  - Other Jets
- **Future:** PW1000G dominated
  - < 140 Seats

<table>
<thead>
<tr>
<th>Aircraft</th>
<th>EIS</th>
<th>Delivery Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>CRJ700/900</td>
<td>2001/2004</td>
<td></td>
</tr>
<tr>
<td>EMB170/190/195</td>
<td>2004/2006</td>
<td></td>
</tr>
<tr>
<td>CSeries</td>
<td>today</td>
<td>2014</td>
</tr>
<tr>
<td>MRJ70/90</td>
<td>2016/2017</td>
<td></td>
</tr>
<tr>
<td>EMB175/190/195-E2</td>
<td>2018/2019</td>
<td></td>
</tr>
</tbody>
</table>
Commercial Business – Regional Jet Market

Deliveries of regional a/c rise

- Covered by a single engine family: PW1000G
- Embraer E2
- MRJ
- CSeries

Characteristics

- 100% win in new regional aircrafts
- Development CAGR of Regional Jet market growth 7% yoy
MTU Spare Parts Portfolio

Today

- Continuous growth in V2500 aftermarket
- Long term service agreements and T&M spare sales
- Boosted by increased program share
- Peak installed base: 2017 => Peak aftermarket in 2024

Future (2020)

- Commercial fleet continuous to decline until 2020
- PW2000 military: stable on lower level
- CF6-80C/E programs
- Continuous to provide stable revenues, slight reduction towards end of decade

Characteristics:

V2500
- Continuous growth in V2500 aftermarket
- Long term service agreements and T&M spare sales
- Boosted by increased program share
- Peak installed base: 2017 => Peak aftermarket in 2024

PW2000
- Commercial fleet continuous to decline until 2020
- PW2000 military: stable on lower level

CF6-80C/E programs
- Continuous to provide stable revenues, slight reduction towards end of decade
Outlook OEM Business

- Continuous increase in OE deliveries in the mid teens
- Market share gains in the narrowbody segment
- Full coverage of Regional Jet market by GTF achieved
- High investment in installed base continues
- Aftermarket portfolio ensures long term spares growth

☑️ ☑️ ☑️

MTU Aero Engines
Thank you for your attention!
Managing Growth and Transition: Engineering & Supply Chain
Dr. Rainer Martens, COO

London, November 26, 2013
## Technical Milestones GTF Programs

<table>
<thead>
<tr>
<th>Engine/Aircraft</th>
<th>PW1500G/CSeries</th>
<th>PW1100G/A320neo</th>
<th>PW1200G/MRJ</th>
<th>PW1400G/MS-21</th>
<th>PW1700G/PW1900G E-Jet 2nd Gen.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tested in Flying Testbed</td>
<td>✔️</td>
<td>✔️</td>
<td>✔️</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

R&D program for all GTF platforms well on track
## Ramp Up Series Production

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2013</th>
<th>2018</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Turbines</strong></td>
<td>800</td>
<td>1300</td>
<td>1900</td>
<td>2200</td>
</tr>
<tr>
<td><strong>Compressors</strong></td>
<td>200</td>
<td>300</td>
<td>1300</td>
<td>1500</td>
</tr>
<tr>
<td><strong>TCF</strong></td>
<td>30</td>
<td>300</td>
<td>350</td>
<td>300</td>
</tr>
<tr>
<td><strong>Engine Assembly</strong></td>
<td>30</td>
<td>60</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1060</td>
<td>1960</td>
<td>3850</td>
<td>4300</td>
</tr>
</tbody>
</table>

The challenge: proactively securing the ramp up
# Measures to Ensure Ramp Up Capability

## Internal Supply Chain
- Provide infrastructure and manufacturing capacity
- Develop and certify the required manufacturing processes
- Stabilize manufacturing processes
- WOC – new products:
  - Carefully smoothen ramp up – utilization of inventory buffer
- WOC – existing products:
  - Optimization/reduction of leadtimes, minimize stock coverage

## External Supply Chain
- Select capable and competent supplier
- Provide infrastructure and manufacturing capacity
- Develop and certify the required manufacturing processes
- Stabilize manufacturing processes
- Dual sourcing for critical parts

---

Very challenging task – well under control
Key Projects

New Blisk Shop

Optimize Rotor- and Stator Production Lines

Extension of MTU-Polska

Engine Assemblies

Logistics-Building

Projects are well on their way and will support the production ramp up!
Extension of MTU-Polska

**Key Facts**

**New surface area created:**
- 7600 m² Production
- 1400 m² Office

**Product portfolio:**
- Assembly
- Pre-turning
- LPT Blades & Vanes
- Engineering

**Increase in Head Count:**
- 100 White collar
- 200 Blue collar
New Materials: TIAL – a Significant Step in Technology

**Key Facts**

**Advantage:**
- 50% less dense than superalloys and steels
- High specific strength
- Extremely beneficial for the use in high-speed low-pressure turbines
- Enables higher efficiency, lower fuel burn and reduced emissions

**Challenges:**
- ‘HighTec’ manufacturing processes
- Industrialization of an all new Supply Chain
- Manufacturing target costs

**Production Processes**

- Casting of billet
- Isothermal forging of raw material
- Milling of finished part
- + Special Processes (i.e. coating, inspection)
Activities to Increase Efficiency and Optimize Costs

- Extension of MTU-Polska
- Optimization of production lines like disc- and casing-line
- Increase standard machine utilization time per year by automation
- Increase number of shifts and working days
- Introduction of new technologies for inhouse production such as 3-D printing
- Keeping white collar HC constant – means lower hourly rates
- Improve overall efficiency on the shop floor (i.e. shop floor management, CIP)
- Further reduction of stock coverage ranges and lead times to minimize impact of ramp up on WOC

Although we face a challenging ramp up we are working on all options for improvement
Summary

- Engine development programs are on track
- Ramp up is well prepared
  - Key projects are well on their way
  - Suppliers are and will be prepared according to plans
- Capex-budgets slightly higher in the next two years
- Inventory increase is limited to 10% - 20% till 2017 because of production ramp up
- Cost saving activities are in progress to partly compensate for extension and ramp up budgets

Engineering and supply chain are well on track to meet customer and company targets
Thank you for your attention!
Opportunities in a Challenging Market
Dr. Stefan Weingartner
President Commercial Maintenance

London, November 26, 2013
## Current Market Trends – per November 2013

<table>
<thead>
<tr>
<th>Category</th>
<th>2013E</th>
<th>2014E</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>GDP</strong></td>
<td>+2.0%</td>
<td>+2.7%</td>
<td>• All major advanced economies to grow in 2014</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Slowdown in emerging markets</td>
</tr>
<tr>
<td><strong>Freight traffic</strong></td>
<td>+0.9%</td>
<td>+3.7%</td>
<td>• Cargo traffic recovers since Q2 (+0.5% in Sept)</td>
</tr>
<tr>
<td><strong>Passenger traffic</strong></td>
<td>+5.0%</td>
<td>+5.8%</td>
<td>• Improving global business and consumer confidence expected to stimulate growth</td>
</tr>
<tr>
<td><strong>Aircraft utilisation</strong></td>
<td>+3.2%</td>
<td>+4.4%</td>
<td>• Strong rebound in flight hours</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Cycles also bouncing back (+2.7% to +3.7%)</td>
</tr>
<tr>
<td><strong>Airliner engine fleet</strong></td>
<td>37,000</td>
<td>38,400</td>
<td>• Active fleet growing strongly with +3.9% YOY</td>
</tr>
<tr>
<td></td>
<td>Sep 12</td>
<td>Sep 13</td>
<td>• Older fleets in decline (CF6-50, CFM56-3)</td>
</tr>
<tr>
<td><strong>Airline profits</strong></td>
<td>+$7.4b</td>
<td>+$11.7b</td>
<td>• 4th year of profitability</td>
</tr>
<tr>
<td></td>
<td>2012A</td>
<td>2013E</td>
<td>• Airlines manage to overcome weak economics</td>
</tr>
<tr>
<td><strong>Fuel price</strong></td>
<td>$108</td>
<td>$102</td>
<td>• Balance of offer and demand point to a decline</td>
</tr>
<tr>
<td>(crude oil)</td>
<td>2013E</td>
<td>2014E</td>
<td>• Geopolitics may delay slight downward trend</td>
</tr>
</tbody>
</table>
Passenger Traffic and Aircraft Utilization

Global traffic & cycles (quarterly)

Global Passenger Traffic (y-o-y) Airliner Cycles (y-o-y)

-8% -6% -4% -2% 0% 2% 4% 6% 8% 10%

Mrz 06 Sep 06 Mrz 07 Sep 07 Mrz 08 Sep 08 Sep 08 Mrz 09 Sep 09 Mrz 10 Sep 10 Mrz 11 Sep 11 Mrz 12 Sep 12 Mrz 13 Sep 13

+5.6% in Q3 +4.4% in Q3

Highlights

- Global passenger traffic up 5.6% in Q3
- Cycle rebound follows traffic rebound however at a lower growth rate
- Growth in cycles for Airbus and Boeing airliners is strengthening since Q2
- Acceleration in growth driven by more utilization with in-production aircraft (A320, A330, 777-300ER)
- Some out-of-production aircraft seeing double-digit declines

Source: IATA, Innovata

* Western Commercial Jets above 100 seats (Airbus, Boeing)

Airliner flight cycle growth is accelerating
Commercial Engine MRO Market 2013-23

MRO revenues (b$)$^{1/2}$

<table>
<thead>
<tr>
<th>CAGR</th>
<th>2013-23</th>
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</thead>
<tbody>
<tr>
<td>World (total):</td>
<td>7.4%</td>
</tr>
<tr>
<td>MTU coverage</td>
<td>9.6%</td>
</tr>
<tr>
<td>Other</td>
<td>3.9%</td>
</tr>
</tbody>
</table>

Over-proportional growth of MTU-served market; switch to newer technology leads to more costly shop visits with longer on-wing times

1 WB, NB & RJ (TP and BJ excluded); 2 3.6% escalation included
3 including current and planned product portfolio (e.g. GEnx, PW1000GNEO)
## Market Indicators per Engine Type

<table>
<thead>
<tr>
<th>Engine</th>
<th>Active fleet</th>
<th>Park rate</th>
<th>Flight Hours¹</th>
<th>Y-O-Y as of 30 Sept. 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø Airliner engines</td>
<td>38,420 +3.9%</td>
<td>10.4%</td>
<td>5.1%</td>
<td>Growth in fleet and hours is strengthening</td>
</tr>
<tr>
<td>V2500-A5</td>
<td>4,438 +12%</td>
<td>2%</td>
<td>+11%</td>
<td>Steady double-digit growth</td>
</tr>
<tr>
<td>GE90G</td>
<td>1,134 +19%</td>
<td>0%</td>
<td>13%</td>
<td>Success story goes on, 100 aircraft produced p.a.</td>
</tr>
<tr>
<td>CFM56-5B/-7</td>
<td>14,440 +10%</td>
<td>1%</td>
<td>11%</td>
<td>Strong uninterrupted growth</td>
</tr>
<tr>
<td>CF34-8/-10E</td>
<td>3,144 +7%</td>
<td>4%</td>
<td>+7%</td>
<td>Fleet keeps growing but E-Jet deliveries slow down</td>
</tr>
<tr>
<td>V2500-A1/-D5</td>
<td>276 +5%</td>
<td>25%</td>
<td>+11%</td>
<td>Delta’s MD-90s have re-entered service (hours +28%), A1 hours stabilizing (-3%)</td>
</tr>
<tr>
<td>PW2000 civ.</td>
<td>706 -5%</td>
<td>14%</td>
<td>-9%</td>
<td>Storage continuing to rise, hours declining faster</td>
</tr>
<tr>
<td>CF6-80C2</td>
<td>2,785 -3%</td>
<td>8%</td>
<td>-11%</td>
<td>Hours in double-digit decline since Q1 2013 767 and 747 increasingly replaced by A330, 787 and 777</td>
</tr>
<tr>
<td>CF34-3</td>
<td>1,448 -2%</td>
<td>17%</td>
<td>-10%</td>
<td>Fleet and flight hours in steep decline 50-seater operating costs are too high</td>
</tr>
<tr>
<td>CFM56-3</td>
<td>2,206 -13%</td>
<td>24%</td>
<td>-12%</td>
<td>Fleet/hours decline fast, driven by retirements and storage, high fuel price sensitivity</td>
</tr>
<tr>
<td>CF6-50</td>
<td>378 -13%</td>
<td>39%</td>
<td>-40%</td>
<td>Very strong fleet/utilization decrease</td>
</tr>
</tbody>
</table>

¹ Flight Hours: Y-O-Y as of 30 Sept. 2013

Source: Ascend, Innovata  1) 3rd Quarter 2013
# MTU Maintenance Workload Development

<table>
<thead>
<tr>
<th>Engine</th>
<th>2013 trend</th>
<th>2014 trend</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ø All products</td>
<td>🎉</td>
<td>🎉</td>
<td>Lower volume in 2014 for CF34 and mature engines compensated by CFM56, V2500 and GE90 growth</td>
</tr>
<tr>
<td>V2500</td>
<td>🎉</td>
<td>🎉</td>
<td>• Continuous -A5 growth from a high volume base</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Ongoing -A1/-D5 workload from base customers</td>
</tr>
<tr>
<td>GE90</td>
<td>🎉</td>
<td>🎉</td>
<td>• First heavy visits of customers under contract</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Ongoing campaigns, strong OEM competition</td>
</tr>
<tr>
<td>CFM56</td>
<td>🎉</td>
<td>🎉</td>
<td>• Stable CFM56-3 workload against market trend</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Strong CFM56-5B/7 growth (first heavy -5B visits, new customers)</td>
</tr>
<tr>
<td>IGT</td>
<td>🎉</td>
<td>🎉</td>
<td>• Lower demand worldwide in 2013 due to decline in running hours</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Trend expected to continue in 2014</td>
</tr>
<tr>
<td>PW2000 civ.</td>
<td>↓</td>
<td>🎶</td>
<td>• Impact of phase-out/surplus limited, stable customer base</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Future migrations may create additional opportunities</td>
</tr>
<tr>
<td>CF6-80C2</td>
<td>🎉</td>
<td>🎪</td>
<td>• Phase-out starts generating surplus opportunities</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Stable customer base under contract, additional potential from migrations</td>
</tr>
<tr>
<td>CF6-50</td>
<td>🎨</td>
<td>🎉</td>
<td>• Last commercial visits performed in 2013</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Stable military workload with very high workload content</td>
</tr>
<tr>
<td>CF34</td>
<td>🎉</td>
<td>🎉</td>
<td>• High impact of surplus usage vs. MRO at major CF34-3 customer</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Strong OEM competition on CF34-8/-10</td>
</tr>
</tbody>
</table>
Our Commercial MRO Growth is Based on the Successful Market Penetration via Various Channels

<table>
<thead>
<tr>
<th></th>
<th>Independent</th>
<th>Airline Cooperation JV</th>
<th>OEM Cooperation</th>
<th>Additional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CF6, CFM56 GE90, PW2000 V2500, IGT</td>
<td>CFM56 V2500</td>
<td>RSP V2500 GP7 LPT GEnx TCF GTF CF34 PWC</td>
<td>On-site Services Parts Repair Spare Engine Support LRU Management</td>
</tr>
<tr>
<td>2013 Sales:</td>
<td>60 %</td>
<td>12 %</td>
<td>23 %</td>
<td>5 %</td>
</tr>
<tr>
<td>2023 Sales:</td>
<td>40 %</td>
<td>15 %</td>
<td>40 %</td>
<td>5 %</td>
</tr>
</tbody>
</table>

Gradual shift from independent to OEM cooperation initiated via risk and revenue participations
Infancy issues currently lead to a high share of unscheduled visits – to decrease over time; shop visit volume to peak in 2023 with strong demand existing for another 10+ years.
MTU Maintenance GE90G Services

Capabilities and program highlights

- Full level III capabilities
  - piece part cleaning and inspection
  - balancing and grinding
  - over 180 repairs developed/introduced
  - full in-house testing

- Large portfolio of workscopes – from quick turn program visits to full performance restoration

- On-site maintenance support

- Lease engine solutions

- Proprietary MTU^Plus Engine Trend Monitoring

- Continuous repair introduction

MTU is offering attractive alternative solutions
Summary

- Challenging market dynamics offer opportunities in terms of market access, competitiveness and profitability
- Organic growth thanks to ramp-up of existing programs and new program introductions
- Secure access to new/future engine types in cooperation with OEMs
- Offer independent solutions on mature engine platforms
Thank you for your attention!
Challenging Business Environment 2014 - 2017 Causing Headwinds on EBIT and FCF

- Stronger growth in new engine business compared to spare parts
- Fast ramp up of 5 different GTF engine platforms
- Replacement of a learned-out product (V2500) with a new technology product (PW1100G)
- Investment in (low cost) production capacity
- Higher inventory needs for increased production volumes
- Falling level of military prepayments until 2016 (w/o additional export)
- Potential new widebody participation

→ „Cash for Future“ launched to soften headwinds on margin & FCF
„Cash for Future“ Project Launched to Limit Impact on EBIT and FCF

No Headcount reduction in manufacturing due to strong upcoming ramp-up

Measures to reduce cost:

• Headcount in administration cut by ~100 until 2016 (no replacement)
• Cut of general expenses (travel, external consultants, marketing)

Measures to limit cost increases:

• Productivity increase targets to reduce demand for additional blue collars
• Keep white collar headcount constant in manufacturing organization
• Extension of Polish low cost facility

→ „Cash for Future“ will generate several tens of millions of cost savings
„Cash for Future“ Project Launched to Limit Impact on EBIT and FCF Inventory Growth Reduced by € 100 m

- OEM revenues will increase by ~ 40% until 2017
- At a constant capital turnover rate inventories would grow in line with volumes
- Capital turnover rate improvement from ~ 3.5 to ~ 4.5 targeted
- Inventory growth will be limited to 10-20%
“Cash for Future“ Project: Examples of Working Capital Optimization

Assessment of demand
- Improved demand prognostics

Order dispatching
- Optimized lot sizes

Production planning

Production
- Improved production flow
- Reduced assembly lead time
- Reduced consignment warehouse

Purchasing
- Reduced provisioning buffer

Assembly

Delivery
Priority List of Cash Flow Use

1) Invest in Organic Growth

2) Dividend increase

3) M&A transactions

4) Share Buy-back

- Key focus on new engine programs
- MTU sticks to dividend policy
- M&A off the table
- Share buy-back more long term focus
EBIT adj. Head- and Tailwinds 2014

• New engines sales up in the mid teens

• Spare parts up mid single digit

• Commercial MRO up high single digit

• Military revenues at lower end of € 450m - € 500m range

• R&D stable

• FX: Slight headwind
Key Take Aways

• MTU continues to invest into the future
  - Today strong deliveries of V2500, GEnX and GP7000
  - From 2014 onwards steep ramp up of GTF family
  - GTF will significantly increase MTUs future market share
  - V2500 drives aftermarket growth in this decade, but also significant contribution from GEnX and GP7000 by 2020
  - MRO portfolio continues to grow stronger than market
• Key supply chain projects underway to support production ramp up
• Efficiency program „Cash for Future“ in place
Thank you for your attention!
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