2006 First Quarter Results– MTU Aero Engines Holding AG



Conference Call with Investors and Analysts
May 2nd, 2006

- Prepared on the basis of IFRS (unaudited)

MTU Aero Engines

Market Environment Remains Favourable

2005	Change
International passenger traffic (IATA) *)	+5,9% ytd
Cargo traffic	+5,2% ytd
Park-rate total fleet	- 1% yoy
Park-rate MTU fleet	- 3% yoy

*) IATA January - March 2006

- Robust and stable passenger traffic growth - especially Europe and Asia/Pacific Area
- Cargo traffic strongly picking up compared to 2005
- MTU parked fleet fell by 3% compared to the 1% fall industry-wide
- Concern remains over fuel prices (Q1 avg. $77 / Barrel)

Operational Highlights of Q1 2006

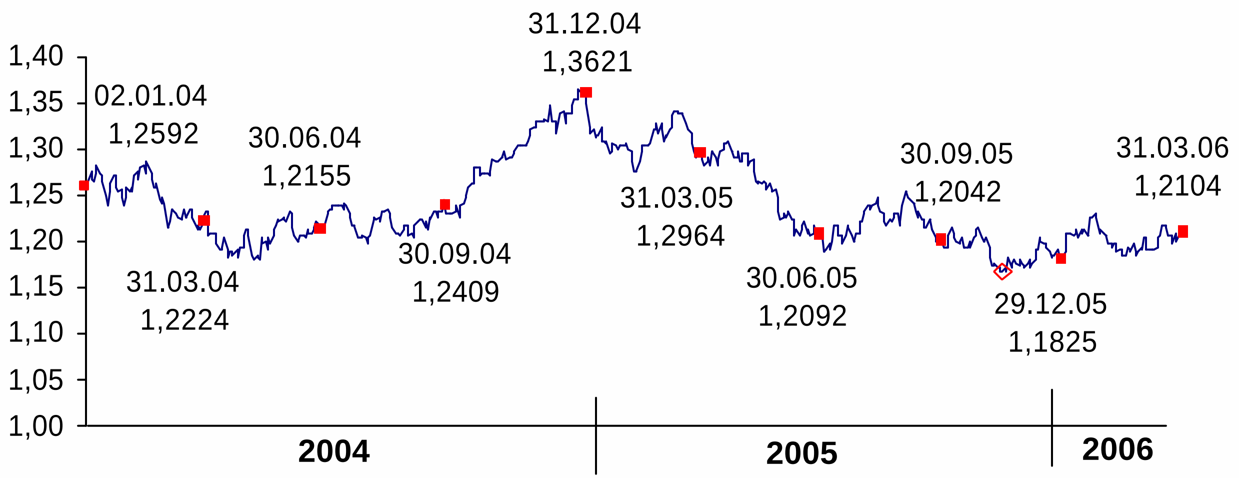
Share	• KKR sold its remaining 29,2% on Feb 2nd 2006 to institutional investors • Increasing MTU Free Float to 100%
Commercial Business	• GP 7000 program receives FAA certification • MTU is largest European program partner with 22,5% share • On-wing testing to begin shortly • Engine to be delivered to launch customer Emirates in 2007
Military Business	• TP400: on February 28 first engine test with propeller succesfully accomplished • Approved by customer Airbus Military
Commercial MRO	• MTU Maintenance Berlin-Brandenburg receives EASA and FAA certification for CF34-8 engine Maintenance on January 30. • CF34-8 is the engine application for Bombardier and Embraer 70-90 seat regional jets and large business jets – highest growth within the CF34 family
Technology	• MTU and Pratt&Whitney develop jointly a new high pressure compressor, which will be manufactured completely with Blisk-Technology • Potential application: Next Generation Single Aisle Aircraft

Financial Highlights of Q1 2006

Order Backlog	Order backlog remains stable at €3.634,5 m (2005: € 3.649,1m) representing 1.7x of 2005-sales. Commercial MRO orderbook increased by 10% in Q1 2006 (especially CF6-50 in Hannover and US marine order for Vericor). Military orderbook remained stable. Commercial orderbook decreased by 2,1%.
Revenues	Increase in group revenues by 10,8 % to € 564,8 m especially driven by overproportional growth (28%) in commercial MRO business (especially CFM56, V2500 and PW2000 engines in Hannover). Commercial business grew by 5,8% (adjusted for ATENA sale) and military business by 1,7%.
EBITDA adj.	Group EBITDA increased by 21 % to € 67 m especially due to strong performace in MRO. MRO EBITDA grew by 68% reaching nearly 11% margin. OEM EBITDA grew by 7% reaching over 12% margin.
Cash Flow	CF from operating activities decreased by 39% to € 81m in Q1 2006 mainly due to extraordinarily high prepayments from military customer in Q1 2005 (EJ200 Tranche 2).
Underlying Net Income / EPS	Underlying Net income increased by 129% to €26m in Q1 2006. The underlying EPS increased to €0,47 per share.

$ Exchange rate / Hedge portfolio

USD daily average exchange rate from 01/02/2004 to 03/31/2006



Average exchange rate

Y 2005	**Y 2004**
1,2441	**1,2438**
Q1 2005	**Q1 2006**
1,3113	**1,2023**

			% of exposure hedged	Average exchange rate
Closed Hedges	**2005**	USD 305 m	70 %	1,2796
	2006	USD 120 m	71%	1,2584
Hedging in place as of 18 April 2006	**2006**	USD 370 m	73 %	1,2605
	2007	USD 250 m	35 %	1,2518
	2008	USD 50 m	7 %	1,2434

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Order Backlog

Total Volume includes MRO long-term contracts

(in € million)	March 31, 2006	Dec 31, 2005	Change	Change
Commercial business	1.804,4	1.843,8	-39,4	-2,1%
Military business	1.593,6	1.590,0	3,6	0,2%
MRO	236,7	215,3	21,4	9,9%
Total	**3.634,5**	**3.649,1**	-14,6	-0,4%
Contract Volume MRO	2.835,0	2.896,0	-61,0	-2,1%
Total Volume	**6.469,5**	**6.545,1**	-75,6	-1,2%

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Profit & Loss

(in € million)	Q1 2006	Q1 2005	change	2005	2004	change
Revenues	**564,8**	**509,7**	**10,8%**	**2.148,6**	**1.918,0**	**12,0%**
Total cost of sales	-486,3	-445,4		-1.864,8	-1.627,6	
Gross profit	**78,5**	**64,3**	**22,1%**	**283,8**	**290,4**	**-2,3%**
Gross profit margin	13,9%	12,6%		13,2 %	15,1 %	
R & D company funded	-10,3	-4,8		-45,7	-57,7	
SG&A	-29,5	-30,9		-112,8	-155,7	
Other operating income (expense)	0,8	1,3		4,7	4,1	
EBIT reported	**39,5**	**29,9**	**32,1%**	**130,0**	**81,1**	**60,3 %**
EBITDA reported	**70,6**	**63,2**	**11,7%**	**268,3**	**214,1**	**25,3 %**
EBITDA adjusted	**66,6**	**55,0**	**21,1%**	**233,0**	**172,2**	**35,3 %**
Financial result	-6,8	-21,7		-73,5	-72,8	
Share of income/loss of Joint Ventures accounted for using the equity method	0,8	0,0		2,2	-1,8	
Profit before Tax (EBT)	**33,5**	**8,2**	**308,5%**	**58,7**	**6,5**	**803,1 %**
Taxes	-14,1	-3,2		-25,8	-6,3	
IFRS net income	**19,4**	**5,0**		**32,9**	**0,2**	

Revenues

(in € million)	Q1 2006	Q1 2005	Change	2005	2004	Change
Commercial business	246,0	241,4	1,9%	943,4	879,9	7,2%
Military business	102,3	100,6	1,7%	491,4	495,7	-0,9%
MRO	221,1	172,6	28,1%	732,1	575,9	27,1%
Consolidation	-4,6	-4,9		-18,3	-33,5	
Total	**564,8**	**509,7**	**10,8%**	**2.148,6**	**1.918,0**	**12,0%**
ATENA*	0,0	8,8		18,3	44,2	
Total w/o ATENA*	**564,8**	**500,9**	**12,8%**	**2.130,3**	**1.873,8**	**13,7%**
*Commercial business w/o Atena**	*246,0*	*232,6*	*5,8%*	*925,1*	*835,7*	*10,7%*

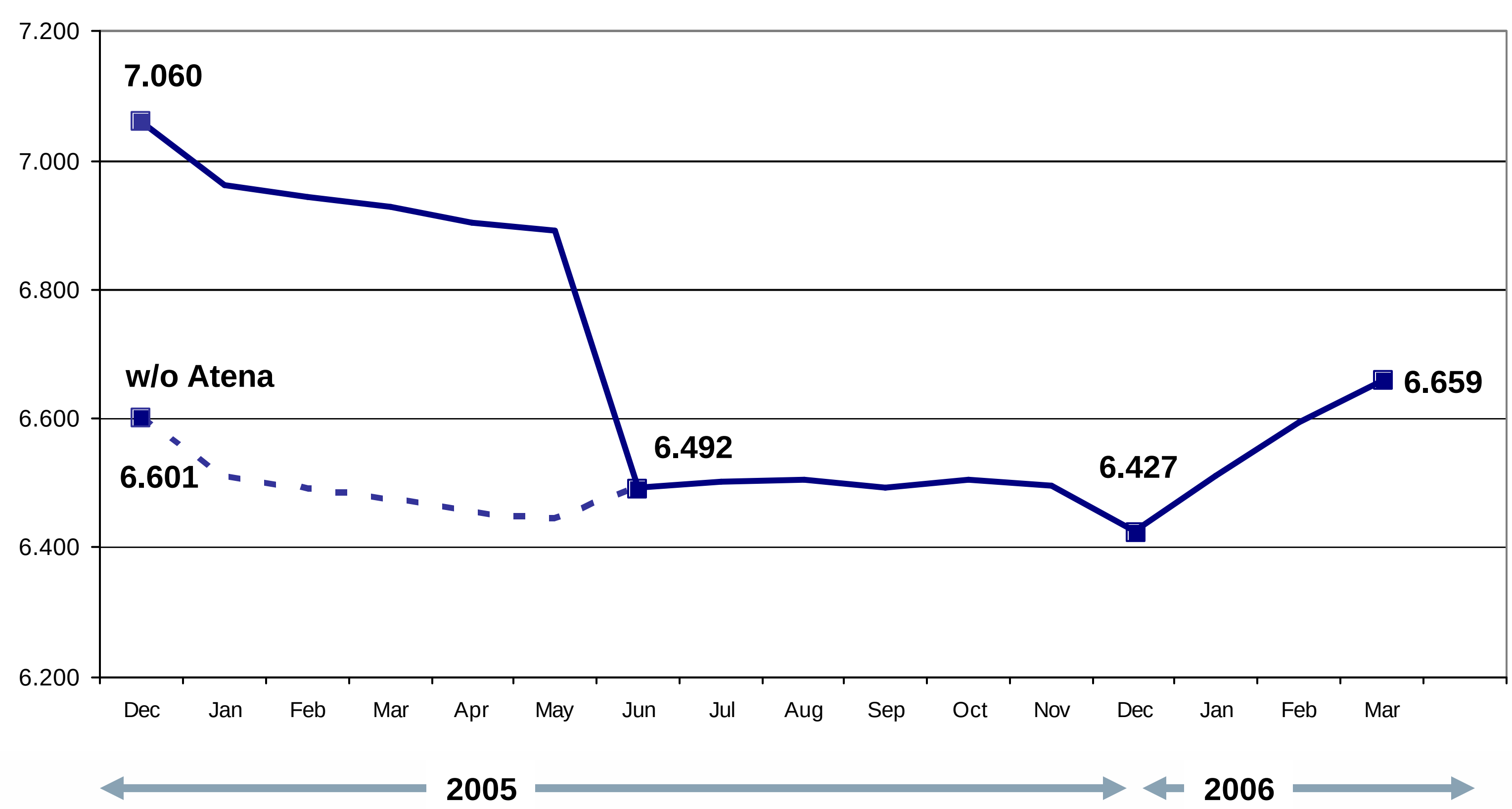
* affiliate sold in June 2005 (part of commercial business)

Gross Profit / Gross Profit Margin

(in € million)	Q1 2006	Q1 2005	Change	2005	2004	Change
Gross profit MTU Group	**78,5**	**64,3**	**22,1%**	**283,8**	**290,4**	**-2,3%**
OEM (comm./mil.)	46,9	49,2	-4,7%	202,6	258,0	-21,5%
MRO	31,6	14,5	117,9%	79,8	32,4	146,3%
Consolidation	0,0	0,6		1,4	0,0	
Gross profit margin MTU Group	**13,9%**	**12,6%**		**13,2%**	**15,1%**	
OEM (comm./mil.)	13,5%	14,4%		14,1%	18,8%	
MRO	14,3%	8,4%		10,9%	5,6%	

Workforce

= permanent staff and temporary staff



Decrease 2004 to end of March 2006: - 401 = - 5,7%
without ATENA (451 employees June 05): + 58 = + 0,9%

Research & Development

(in € million)	Q1 2006	Q1 2005	change	2005	2004	change
Company expensed R&D	**14,3**	**13,1**	**9,2 %**	**83,8**	**155,9**	**-46,2%**
Consumption of R&D provision	-4,0	-8,3		-38,1	-98,2	
R&D according to IFRS	**10,3**	**4,8**	**114,6 %**	**45,7**	**57,7**	**-20,8 %**
Customer funded R&D	24,5	18,9		88,1	76,9	
Total R&D	**38,8**	**32,0**	**21,3%**	**171,9**	**232,8**	**-26,2 %**

EBITDA

EBITDA adj. (in € million)	Q1 2006	Q1 2005	change	2005	2004	change
MTU Group Margin	**66,6** 11,8%	**55,0** 10,8%	**21,1%** -	**233,0** 10,8%	**172,2** 9,0%	**35,3 %** **-**
OEM (commercial/military) Margin	**43,1** 12,4%	**40,3** 11,8%	**6,9%** -	**162,4** 11,3%	**131,1** 9,5%	**23,7%** -
MRO Margin	**23,7** 10,7%	**14,1** 8,2%	**68,1%** -	**72,1** 9,9%	**42,7** 7,4%	**68,9%** -

Financial Result

in € million	Q1 2006	Q1 2005	Change in %	2005	2004	Change in %
Financial result	**-6,8**	**-21,7**	**68,7%**	**-73,5**	**-72,8**	**-1,0%**
Income from non-consolidated subsidiaries				0,2	0,2	
Income from associated compnaies				0,2	0,1	
Income	**9,7**	**21,4**	**-54,7%**	**78,0**	**54,5**	**43,1%**
Exchange rate gains due to valuation of currency holdings	6,9	11,6		41,8	9,3	
Interest rate swaps	1,5	2,8		4,4	5,2	
Interest and similar income	0,7	4,3		28,9	23,3	
Exchange rate gains from financing transactions		2,6		2,6	14,2	
Other financial income	0,6	0,1		0,3	2,5	
Expenses	**-16,5**	**-43,1**	**61,7%**	**-151,9**	**-127,6**	**-19,0%**
Exchange rate losses due to valuation of currency holdings	-7,0	-6,9		-29,8	-16,1	
Interest expenses attributable to pension provisions	-4,6	-4,6		-18,3	-17,7	
Interest and similar expenses	-4,1	-12,4		-86,1	-85,0	
Interest expense due to finance leasing contracts	-0,7	-0,7		-2,9	-2,6	
Interest expenses for developing provisions	-0,1	-0,4		-1,8	-4,8	
Exchange rate losses due to valuation of capital Lease		-1,1				
Exchange rate losses due to valuation of interest rate swaps		-6,3				
Exchange rate losses due to financing transactions		-10,7		-13,0	-1,4	

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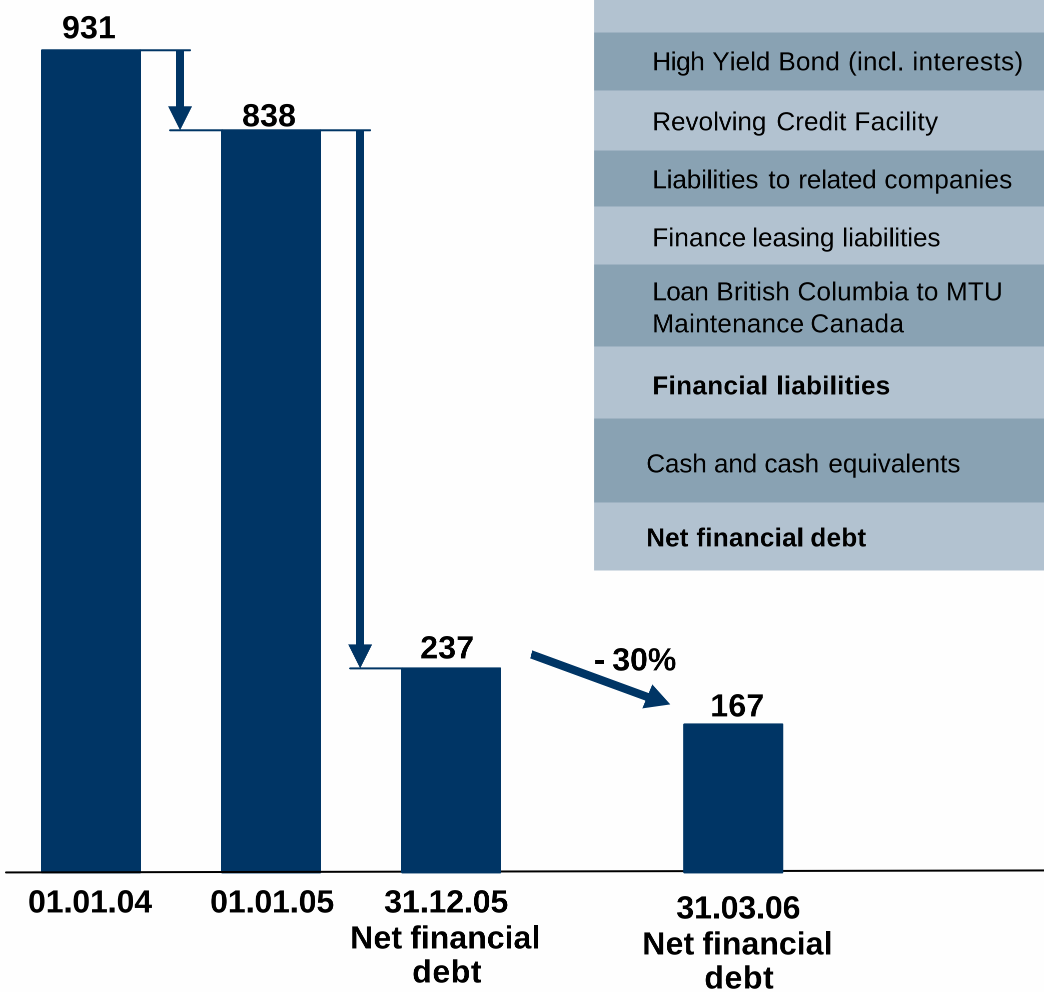
Cash Flow - summary

	Q1 2006	Q1 2005	change	2005	2004	change
Net income IFRS	**19,4**	**5,0**		**32,9**	**0,2**	
Depreciation and amortisation	31,1	33,3		138,3	133,0	
Change in Provisions	-16,4	-12,6		48,6	-35,6	
Change in Working Capital	41,0	110,1		157,9	-22,4	
Deferred taxes	4,0	-2,6		-87,7	-2,4	
Gains/losses associated comp. /others	2,0	-0,1		0,1	0,1	
Cash Flow from operating activities	**81,1**	**133,1**	**-39,1 %**	**290,1**	**72,9**	**+297,9 %**
Cash Flow from investing activities	-11,3	-10,6	-6,6%	-81,8	-59,8	-36,8 %
Free Cash Flow	**69,8**	**122,5**	**-43,0 %**	**208,3**	**13,1**	**+1.490,1 %**
Cash Flow from financing activities	-11,4	-106,4		-227,2	-190,7	
Effect of exchange rate on cash and cash equivalents	0,5	-0,5		6,3	0,4	
Change in cash and cash equivalents	58,9	15,6		-12,6	-177,2	

Working Capital

in € million	Q1 2006	Q1 2005	Change in %	Dec 31, 2005	Dec 31, 2004	Change in %
Gross inventories	539,9	458,0	17,9%	518,2	448,1	15,6%
Prepayments	-451,7	-364,8	23,8%	-431,0	-310,8	38,7%
Receivables	543,6	545,3	-0,3%	483,9	536,5	-9,8%
Payables	-550,3	-460,0	19,6%	-448,6	-385,2	16,5%
Working Capital	**81,5**	**178,5**	**-54,3%**	**122,5**	**288,6**	**-57,6%**

Net Financial Debt (in € million)



	31.03.2006	31.12.2005	change
High Yield Bond (incl. interests)	171,8	168,4	
Revolving Credit Facility	0,0	17,0	
Liabilities to related companies	4,1	0,3	
Finance leasing liabilities	52,0	53,2	
Loan British Columbia to MTU Maintenance Canada	13,8	14,2	
Financial liabilities	**241,7**	**253,1**	**-4,5%**
Cash and cash equivalents	74,8	15,9	
Net financial debt	**166,9**	**237,2**	**-29,6%**

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Net Income and EPS underlying

(in € million)	Q1 2006	Q1 2005	change	2005	2004	change
EBIT rep	39,5	29,9	32,1%	130,0	81,1	60,3%
MTU Adjustments	**-4,0**	**-8,2**		**-35,3**	**-41,9**	**-15,8%**
Restructuring costs		0,1		2,8	6,7	
R&D provision consumption	-4,0	-8,3		-38,1	-98,2	
Inventory write up (PPA)					27,0	
Direct Transaction costs					22,6	
PPA Amortization	13,7	16,9	-18,9%	63,3	62,5	1,3%
EBIT underlying	**49,2**	**38,6**	**27,5%**	**158,0**	**101,7**	**55,4%**
Financial result	-6,8	-21,7		-73,5	-72,8	
Reverse translation effects	0,0	1,9		-0,5	-5,3	
Gain/Loss JV equity method	0,8	0,0		2,2	-1,8	
underlying EBT	**43,2**	**18,8**	**129,8%**	**86,2**	**21,8**	**295,4%**
underlying Tax (40,4%)	-17,5	-7,6		-34,8	-8,8	
underlying Net Income	**25,7**	**11,2**	**129,8%**	**51,4**	**13,0**	**295,4%**
underlying EPS	**0,47**	**0,20**		**0,93**	**0,24**	

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MTU Aero Engines

Group Outlook 2006*

in Mio. €	Actual 2005	Q1 2006	Guidance 2006
Revenues	2.148,6	564,8	2.350
EBIT reported	130,0	39,5	160
EBITDA adjusted	233,0	66,6	270
CF operating activities	290,1	81,1	170
IFRS Net income	32,9	19,4	70

* as announced on March 31

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EBITDA Adjustments- Group Level

(in € million)	Q1 2006	Q1 2005	change	2005	2004	change
EBIT reported	**39,5**	**29,9**	**32,1%**	**130,0**	**81,1**	**60,3 %**
Depreciation and amortization	31,1	33,3		138,3	133,0	
EBITDA reported	**70,6**	**63,2**	**11,7%**	**268,3**	**214,1**	**25,3%**
Restructuring costs	0,0	0,1		2,8	6,7	
R&D provision consumption	-4,0	-8,3		-38,1	-98,2	
Inventory write up (PPA)					27,0	
Direct Transaction costs					22,6	
Total adjustments	**-4,0**	**-8,2**		**-35,3**	**-41,9**	
EBITDA adjusted	**66,6**	**55,0**	**21,1%**	**233,0**	**172,2**	**35,3 %**

EBITDA Adjustments – Segmental Level

OEM Segment	Q1 2006	Q1 2005	change	2005	2004	change
EBITDA reported OEM	**47,1**	**48,5**	**-2,9%**	**197,7**	**184,0**	**7,5%**
Inventory write up					19,9	
R&D cost, not expensed under IFRS	-4,0	-8,3		-38,1	-98,2	
Restructuring		0,1		2,8	3,0	
Direct Transaction Cost					22,6	
EBITDA adjusted OEM	**43,1**	**40,3**	**6,9%**	**162,4**	**131,3**	**23,7%**

MRO Segment

EBITDA reported MRO	**23,7**	**14,1**	**68,1%**	**72,1**	**31,9**	**126,0%**
Inventory write up					7,1	
Restructuring					3,7	
EBITDA adjusted MRO	**23,7**	**14,1**	**68,1%**	**72,1**	**42,7**	**68,9%**

Segmental information: Sales / Cost of sales

	Q1 2006	Q1 2005	change	2005	2004	change
Sales	**564,8**	**509,7**	**10,8 %**	**2.148,6**	**1.918,0**	**12,0 %**
OEM Commercial	246,0	241,4	1,9 %	943,4	879,9	7,2 %
OEM Military	102,3	100,6	1,7 %	491,4	495,7	-0,9 %
MRO	221,1	172,6	28,1%	732,1	575,9	27,1 %
Consolidation	-4,6	-4,9		-18,3	-33,5	
Cost of Sales	**-486,3**	**-445,4**	**9,2 %**	**-1.864,8**	**-1.627,6**	**14,6 %**
OEM (commercial / military)	-301,4	-292,8		-1.232,2	-1.117,6	
MRO	-189,5	-158,1		-652,3	-543,5	
Consolidation	4,6	5,5		19,7	33,5	

Segmental information: Gross Profit / EBIT reported

	Q1 2006	Q1 2005	change	2005	2004	change
Gross Profit	**78,5**	**64,3**	**22,1 %**	**283,8**	**290,4**	**-2,3 %**
OEM (commercial / military)	46,9	49,2	-4,7%	202,6	258,0	-21,5 %
MRO	31,6	14,5	117,9%	79,8	32,4	146,3 %
Consolidation	0,0	0,6		1,4	0,0	
EBIT reported	**39,5**	**29,9**	**32,1 %**	**130,0**	**81,1**	**60,3 %**
OEM (commercial / military)	23,7	23,2		94,4	84,9	
MRO	16,0	6,1		37,1	-2,0	
Consolidation	-0,2	0,6		-1,5	-1,8	

Segmental information: EBITDA reported / adjusted

	Q1 2006	Q1 2005	Change	2005	2004	Change
EBITDA reported	**70,6**	**63,2**	**11,7 %**	**268,3**	**214,1**	**25,3 %**
OEM (commercial / military)	47,1	48,5	-2,9 %	197,7	184,0	7,5 %
MRO	23,7	14,1	68,1 %	72,1	31,9	126,0 %
Consolidation	-0,2	0,6		-1,5	-1,8	
EBITDA adjusted	**66,6**	**55,0**	**21,1 %**	**233,0**	**172,2**	**35,3 %**
OEM (commercial / military)	43,1	40,3	6,9 %	162,4	131,3	23,7 %
MRO	23,7	14,1	68,1 %	72,1	42,7	68,9 %
Consolidation	-0,2	0,6		-1,5	-1,8	
EBITDA adjusted margin	**11,8%**	**10,8%**		**10,8%**	**9,0%**	
OEM (commercial / military) margin	12,4%	11,8%		11,3%	9,5%	
MRO margin	10,7%	8,2%		9,9%	7,4%	

Segmental information

Total depreciation / amortisation	Q1 2006	Q1 2005	2005	2004
MTU total	**31,1**	**33,3**	**138,3**	**133,0**
OEM	23,4	25,3	103,3	99,1
MRO	7,7	8,0	35,0	33,9

PPA depreciation / amortisation	Q1 2006	Q1 2005	2005	2004
MTU total	**13,7**	**16,4**	**63,3**	**62,5**
OEM	10,9	13,2	51,2	49,8
MRO	2,8	3,2	12,1	12,7

Depreciation / amortisation w/o PPA	Q1 2006	Q1 2005	2005	2004
MTU total	**17,4**	**16,9**	**75,0**	**70,5**
OEM	12,5	12,1	52,1	49,3
MRO	4,9	4,8	22,9	21,2

Tax

(in € million)	Q1 2006	Q1 2005	2005	2004
Current tax expense	**-10,0 *)**	**-5,8**	**-122,0 **)**	**-8,8**
Deferred taxes	-4,1	2,6	96,2	2,5
Income tax in accordance with income statement	-14,1	-3,2	25,8	-6,3

*) tax prepayment in Q1 2006

) Notes to Current Tax expense in 2005:

a) Current tax expense: 122,0 = Tax payment €113,9 m + IPO Tax €8,1m

b) Extraordinary high tax payment in 2005 due to special one time effects on taxable Income according to German GAAP:

• Forex	€90,2 m
• IPO cost	-€20,3 m
• Gain out of merger	€27,9 m
• Long term interst, provision ERA, R&D pr./oth.	€19,0 m
= Total one time effects on taxable income	**€116,8 m**
additional tax payment (41%)	**€ 48,0 m**
+ normalised tax	€ 65,9 m
= total tax payment in 2005	**€113,9m**

Cautionary Note Regarding Forward-Looking Statements

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements that are forward-looking by reason of context, the words "may," "will," "should," "expect," "plan," "intend," "anticipate," "forecast," "believe," "estimate," "predict," "potential," or "continue" and similar expressions identify forward-looking statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) competition from other companies in MTU's industry and MTU's ability to retain or increase its market share, (ii) MTU's reliance on certain customers for its sales, (iii) risks related to MTU's participation in consortia and risk and revenue sharing agreements for new aero engine programs, (iv) the impact of non-compete provisions included in certain of MTU's contracts, (v) the impact of a decline in German or other European defense budgets or changes in funding priorities for military aircraft, (vi) risks associated with government funding, (vii) the impact of significant disruptions in MTU's supply from key vendors, (viii) the continued success of MTU's research and development initiatives, (ix) currency exchange rate fluctuations, (x) changes in tax legislation, (xi) the impact of any product liability claims, (xii) MTU's ability to comply with regulations affecting its business and its ability to respond to changes in the regulatory environment, (xiii) the cyclicality of the airline industry and the current financial difficulties of commercial airlines, (xiv) risks associated with the significant ownership of our equity by affiliates of Kohlberg Kravis Roberts & Co., (xv) our substantial leverage and (xvi) general local and global economic conditions. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

The company assumes no obligation to update any forward-looking statement.

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