



First quarter results 2007 – MTU Aero Engines Holding AG



Conference Call with Investors and Analysts
April 23rd, 2007

- Prepared on the basis of IFRS

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Key Business Issues Q1 2007

Commercial Business

- Robust market fundamentals:
 - Passenger Traffic +6.5% and cargo traffic +2.6% (IATA)
- Strength of current civil cycle
 - Ongoing strong growth in new engine and spare parts sales

Military Business

- F414/F404: Increase in program share from 5.0 % to 5.9%
- JT8D engine selected for US Air Force Joint Stars Surveillance Aircraft

Commercial MRO

- Jet Blue contract extension by € 1.7 to 2.4 bn
- Total contract volume now at more than US\$ 6 bn

Financials

- Issue of € 180 m Convertible Bond
- Repayment of € 165 m High Yield Bond

Q1 2007 Financial Highlights

Order Backlog • Group order backlog stable (-1%) compared to 31.12.2006 with 3,304.4 m€

Revenues • Group revenues up by 11.5% to 640.6 m€

EBITDA adj. • Group EBITDA up 31.7% to 90.6 m€, reaching 14.1% margin

Cash Flow • Free Cash Flow at 46.3 m€ (-33.5%)

Underlying Net Income/ EPS

- Underlying Net Income at 26.1 m€ or 0.49 € EPS (+2%)
- Adjusted for HYB redemption premium of 19.1 m€ (one-off item), the Underlying Net Income would have increased by 45% to 37.5 m€ or 0.70 € EPS

Forecast 2007 (as communicated on March 23rd)

in m€	FY2006	Guidance 2007	change
Revenues	2,416.2	2,600	8%
EBITDA adj.	318.2	365	15%
EBITDA adj. margin	13.2%	14.0%	
Free Cash Flow	115.7	70	-40%
Underlying Net Income	121.8	140	15%

US\$ Exchange rate / Hedge portfolio

USD daily average exchange rate from 01/02/2004 to 03/30/2007



Hedging in place as of March 2007	% of exposure hedged	Average exchange rate
2007 (closed hedges/ spot market sales)	100% (130 mUS\$ / 45 mUS\$)	1.2622
2007 (remaining 3 quarters)	69% (460 mUS\$)	1.2835
2008	35% (300 mUS\$)	1.2914
2009	1% (10 mUS\$)	1.2929

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OEM Segment

	31.03.2007	31.12.2006	Change
Order backlog in m€	3,179.9	3,218.4	-1.2%
Commercial Business in m\$	2,281.9	2,325.4	-1.9%
Military Business in m€	1,466.5	1,452.7	0.9%

in m€	Q1 2007	Q1 2006	Change
Revenues	383.8	348.3	10.2%
Commercial Business	273.1	246.0	11.0%
Military Business	110.7	102.3	8.2%
Gross profit	67.9	44.2	53.6%
<i>Gross profit margin</i>	<i>17.7%</i>	<i>12.7%</i>	
R&D self-financed	15.7	13.2	18.9%
EBITDA adj.	59.0	43.1	36.9%
<i>EBITDA adj. margin</i>	<i>15.4%</i>	<i>12.4%</i>	

Order backlog

- Commercial Business US\$ Order Backlog decreased by 2%

Revenues

- Commercial Business organic sales growth + 18% (adjusted for US\$ effects)

Gross Profit

- Increased by 53.6%

EBITDA adj.

- Increased by 36.9% reaching 15.4% margin

MRO Segment

in m US\$	31.03.2007	01.01.2007	Change
Contract Volume MRO (in mUS\$)	6,267.5	4,847.0	+29.3%
Order backlog (in mUS\$)	166.3	163.4	1.8%

in m€	Q1 2007	Q1 2006	Change
Revenues	262.3	231.0	13.5%

Gross profit	33.9	33.7	0.6%
<i>Gross profit margin</i>	<i>12.9%</i>	<i>14.6%</i>	
R&D self-financed	1.3	1.1	18.2%

EBITDA adj.	30.5	25.9	17.8%
<i>EBITDA adj. margin</i>	<i>11.6%</i>	<i>11.2%</i>	

Order backlog

- US\$ Contract volume increased by 29.3%

Revenues

- Increase by 13.5% mainly due to V2500 and CF6 programs

Gross Profit

- Decrease in Gross profit margin from 14.6% to 12.9% due to accounting issue

EBITDA adj.

- Increase by 17.8%, reaching 11.6% margin

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Financial Result

in m€	Q1 2007	Q1 2006	Change
Interest Result	-22.3	-4.7	-374.5%
Interest income	2.2	0.7	
Interest payments	-24.5 *)	-5.4	
Interest Swaps			
Other Financial Result	-3.9	-2.4	-62.5%
Gains/losses US\$ cash/financing/ Capital lease valuation		0.8	
Interest expenses for pension provisions	-4.8	-4.6	
Non cash valuations (swaps)	1.0	1.5	
Interest R&D provisions and others	-0.1	-0.1	
Total Financial Result	-26.2	-7.1	-269.0%

*) Interest payments include 19.1 m€ redemption fee for the High Yield Bond

Underlying Net Income and EPS underlying

in m€	Q1 2007	Q1 2006	Change
EBITDA adj.	90.6	68.8	31.7%
Depreciation/amortisation w/o PPA	-19.8	-18.4	
EBIT underlying	70.8	50.4	40.5%
Financial result	-26.9	-7.1	
EBT underlying	43.9	43.3	1.4%
underlying Tax (40,4%)	-17.8	-17.5	
Underlying Net Income	26.1	25.8	1.2%
EPS underlying	0.49	0.47	

- High Yield Bond early redemption fee of 19.1 m€ fully expensed in Q1 2007 figures
- Adjusted for this one-off item, the Underlying Net Income would have increased by 45% to 37.5 m € or 0.70 € EPS

Cash Flow

in m€	Q1 2007	Q1 2006	Change
Cash Flow from operating activities	64.1	81.2	-21.1%
Cash Flow from investing activities	-17.8	-11.6	-53.4%
Free Cash Flow	46.3	69.6	-33.5%
Cash Flow from financing activities	-59.5	-11.8	-404.2%
Effect of exchange rate on cash and cash equivalents	0.2	0.5	
Change in cash and cash equivalents	-13.0	58.3	
Liquidity 31.03.	89.2	80.3	

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Profit & Loss

In m€	Q1 2007	Q1 2006	change	FY2006	FY2005	change
Revenues	640.6	574.5	11.5%	2,416.2	2,182.7	10.7%
Total cost of sales	-539.0	-496.6		-2,063.5	-1,894.7	
Gross profit	101.6	77.9	30.4%	352.7	288.0	22.5%
<i>Gross profit margin</i>	<i>15.9%</i>	<i>13.6%</i>		<i>14.6%</i>	<i>13.2 %</i>	
R & D company funded	-17.0	-10.3		-64.5	-45.7	
SG&A	-28.2	-30.4		-116.6	-115.8	
Other operating income (expense)	0.3	0.8		12.2	4.7	
EBIT reported	56.7	38.0	49.2%	183.8	131.2	40.1%
EBITDA reported	90.6	75.5	20.0%	335.6	295.3	13.6%
EBITDA adjusted	90.6	68.8	31.7%	318.2	238.7	33.3%
Financial result	-26.2	-7.1		-33.3	-74.7	
Share of income/loss of Joint Ventures accounted for using the equity method	-0.7				2,1	
Profit before Tax (EBT)	29.8	30.9	-3.6%	150.5	58.6	156.8%
Taxes	-11.8	-13.1		-61.4	-25.8	
IFRS net income	18.0	17.8	1.1%	89.1	32.8	171.6%

Revenues / Cost of sales

in m€	Q1 2007	Q1 2006	change	FY2006	FY2005	change
Revenues	640,6	574,5	11.5%	2,416.2	2,182.7	10.7%
OEM Commercial	273.1	246.0	11.0%	993.5	943.4	5.3%
OEM Military	110.7	102.3	8.2%	489.6	491.4	-0.4%
MRO	262.3	231.0	13.5%	954.7	766.9	24.5%
Consolidation	-5.5	-4.8		-21.6	-19.0	
Cost of Sales	-539.0	-496.6	8.5%	-2,063.5	-1,894.7	8.9%
OEM (commercial / military)	-315.9	-304.1		-1,245.0	-1,232.3	
MRO	-228.4	-197.3		-839.1	-682.8	
Consolidation	5.3	4.8		20.6	20.4	

Gross Profit / EBIT reported

in m€	Q1 2007	Q1 2006	change	FY2006	FY2005	change
Gross Profit	101.6	77.9	30.4%	352.7	288.0	22.5%
OEM (commercial / military)	67.9	44.2	53.6%	238.1	202.5	17.6%
MRO	33.9	33.7	0,6%	115.6	84.1	37.5%
Consolidation	-0.2	0.0		-1.0	1.4	
EBIT reported	56.7	38.0	49.2%	183.8	131.2	40.1%
OEM (commercial / military)	33.5	21.0	59.5%	119.0	94.3	26.2%
MRO	22.1	17.2	28.5%	67.7	38.4	76.3%
Consolidation	1.1	-0.2		-2.9	-1.5	

Research & Development

in m€	Q1 2007	Q1 2006	Change	FY2006	FY2005	Change
Company expensed R&D	17.0	14.3	18.9%	80.6	83.8	-3.8%
OEM	15.7	13.2		74.1	81.0	
MRO	1.3	1.1		6.5	2.8	
Consumption of R&D provision	0.0	-4.0		-16.1	-38.1	
R&D according to IFRS	17.0	10.3	65.0%	64.5	45.7	41.1%
Customer funded R&D	22.5	24.5	-8.2%	89.3	88.1	1.4%
Total R&D	39.5	38.8	1.8%	169.9	171.9	-1.2%

EBITDA reported / adjusted

in m€	Q1 2007	Q1 2006	Change	FY2006	FY2005	Change
EBITDA reported	90.6	75.5	20.0%	335.6	295.3	13.6%
OEM (commercial / military)	59.0	49.8	18.5%	235.1	219.0	7.4%
MRO	30.5	25.9	17.8%	103.4	77.8	32.9%
Consolidation	1.1	-0.2		-2.9	-1.5	
EBITDA adjusted	90.6	68.8	31.7%	318.2	238.7	33.3%
OEM (commercial / military)	59.0	43.1	36.9%	217.7	162.4	34.1%
MRO	30.5	25.9	17.8%	103.4	77.8	32.9%
Consolidation	1.1	-0.2		-2.9	-1.5	
EBITDA adjusted margin	14.1%	12.0%		13.2%	10.9%	
OEM (commercial / military) margin	15.4%	12.4%		14.7%	11.3%	
MRO margin	11.6%	11.2%		10.8%	10.1%	

EBITDA Adjustments- Group Level

in m€	Q1 2007	Q1 2006	Change	FY2006	FY2005	Change
EBIT reported	56.7	38.0	49.2%	183.8	131.2	40.1%
Depreciation and amortization	33.9	37.5		151.8	164.1	
EBITDA reported	90.6	75.5	20.0%	335.6	295.3	13.6%
Restructuring costs		0.0		20.0	2.8	
R&D provision consumption		-4.0		-16.1	-38.1	
Property sale		0.0		-10.5	0.0	
Program value provision release		-2.7		-10.8	-21.3	
Total adjustments	0.0	-6.7		-17.4	-56.6	
EBITDA adjusted	90.6	68.8	31.7%	318.2	238.7	33.3%

EBITDA Adjustments – Segmental Level (in m€)

OEM Segment	Q1 2007	Q1 2006	change	FY2006	FY2005	change
EBITDA reported OEM	59.0	49.8	18.5%	235.1	219.0	7.4%
Restructuring costs				20.0	2.8	
R&D cost, not expensed under IFRS		-4.0		-16.1	-38.1	
Property Sale				-10.5	0.0	
Program value provision release		-2.7		-10.8	-21.3	
EBITDA adjusted OEM	59.0	43.1	36.9%	217.7	162.4	34.1%

MRO Segment	Q1 2007	Q1 2006	change	FY2006	FY2005	change
EBITDA reported MRO	30.5	25.9	17.8%	103.4	77.8	32.9%
EBITDA adjusted MRO	30.5	25.9	17.8%	103.4	77.8	32.9%

Financial Result

in m€	Q1 2007	Q1 2006	Change	FY2006	FY2005	Change
Income non-consolidated subsidiaries companies / Income from associated companies / Loss from shares in affiliated companies				0.9	0.4	
Interest Result	-22.3	-4.7	-374.5%	-19.9	-41.8	52.4%
Interest Income	2.2	0.7		4.7	4.2	
Interest Payments	-24.5	-5.4		-22.5	-46.3	
Interest Swaps				-2.1	0.3	
Other Financial Result	-3.9	-2.4	-62.5	-14.3	-33.3	57.1%
Gains/losses US\$ cash/financing/ Capital lease valuation		0.8		-2.8	-0.8	
Interest expenses for pension provisions	-4.8	-4.6		-18.2	-18.3	
Non cash valuations (swaps)	1.0	1.5		7.9	-8.7	
Interest R&D provisions and others	-0.1	-0.1		-1.2	-5.5	
Total Financial Result	-26.2	-7.1	269.0%	-33.3	-74.7	55.4%

Cash Flow

in m€	Q1 2007	Q1 2006	Change	FY2006	FY2005	Change
Net income IFRS	18.0	17.8	1.1%	89.1	32.8	171.6%
Depreciation and amortisation	33.9	37.5		151.8	164.1	
Change in Provisions	-20.0	-18.7		13.8	27.9	
Change in Working Capital	23.6	38.8		-73.3	154.4	
Deferred taxes	7.6	3.0		34.8	-88.4	
Gains/losses associated comp. /others	1.0	2.8		-6.4	0.9	
Cash Flow from operating activities	64.1	81.2	-21.1%	209.8	291.7	-28.1%
Cash Flow from investing activities	-17.8	-11.6	53.4%	-94.1	-83.9	12.2%
Free Cash Flow	46.3	69.6	-33.5%	115.7	207.8	-44.3%
Cash Flow from financing activities	-59.5	-11.8	404.2%	-37.7	-225.9	83.3%
Effect of exchange rate on cash and cash equivalents	0.2	0.5		2.2	11.6	
Change in cash and cash equivalents	-13.0	58.3		80.2	-6.5	

Working Capital

in m€	31.03.2007	31.12.2006	Change	Change in %
Gross inventories	567.8	529.0	-38.8	
Prepayments	-579.5	-537.7	41.8	
Receivables	821.7	714.2	-107.5	
Payables	-615.2	-487.1	128.1	
Working Capital	194.8	218.4	23.6	10.8%

PPA depreciation/amortisation (in m€)

Total depreciation / amortisation	Q1 2007	Q1 2006	FY2006	FY2005
MTU total	33.9	37.5	151.8	164.1
OEM	25.5	28.8	116.1	124.7
MRO	8.4	8.7	35.7	39.4
PPA depreciation / amortisation	Q1 2007	Q1 2006	FY2006	FY2005
MTU total	14.1	19.1	67.4	84.7
OEM	12.2	16.3	59.2	72.6
MRO	1.9	2.8	8.2	12.1
Depreciation / amortisation w/o PPA	Q1 2007	Q1 2006	FY2006	FY2005
MTU total	19.8	18.4	84.4	79.4
OEM	13.3	12.5	56.9	52.1
MRO	6.5	5.9	27.5	27.3

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