

## First half year results 2007 – MTU Aero Engines



Conference Call with Investors and Analysts  
July 25th, 2007

- Prepared on the basis of IFRS

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## Key Business Issues Q2 2007

### **Commercial Business**

- Strong market fundamentals (IATA)
  - Passenger Traffic +6.5%
  - Cargo traffic +2.8%
- Nearly 500 m€ order intake at Paris Air Show (V2500, GP7000, MRO)
- MTU establishes new production facility in Poland

### **Military Business**

- Austria confirms purchase of 15 Eurofighter Typhoons
- License extension for maintenance of RR Tyne-Engine (Transall) up to 2017

### **Commercial MRO**

- Introduction of SAP system completed
- MRO contact volume now at 4.8 bn € (thereof 1.9 bn € new orders in H107)
- Repair JV with Lufthansa in Malaysia under strong expansion
- Start of test cell construction at Hannover factory

## H1 2007 Financial Highlights

### Order Backlog

- Group order backlog decreased by 2,7% to 3,254.5 m€ compared to 31.12.2006 – nearly stable after adjustment for US\$ exchange rate effects

### Revenues

- Group revenues up by 7.7% to 1,260.6 m€

### EBITDA

- Group EBITDA up by 23.7% to 181.0 m€, reaching 14.4% margin

### Cash Flow

- Free Cash Flow at 81.6m€

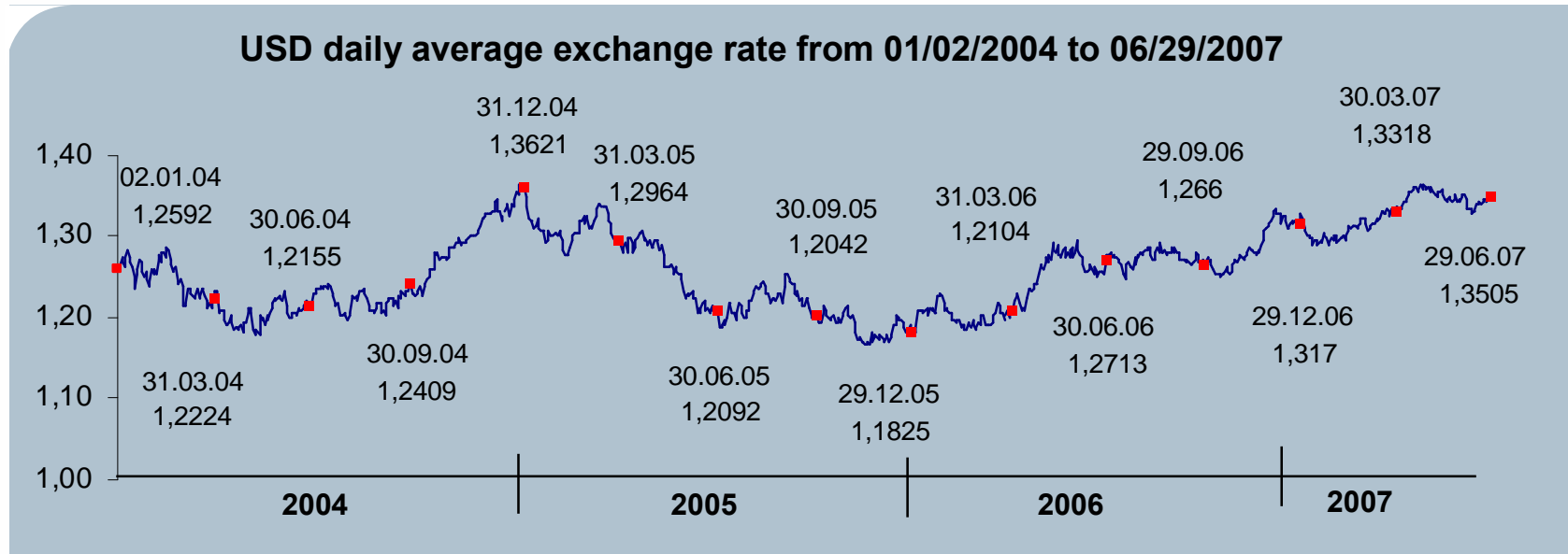
### Underlying Net Income/ EPS

- Underlying Net Income increased by 9.9% to 61.0 m€ or 1.15 € EPS
- Adjusted for the HYB redemption premium, the underlying Net Income would have increased to 72.4 m € (30.5%) or 1.36 € EPS

## Forecast 2007

in m€	FY2006	Guidance as of March 13	New Guidance 2007	Delta
<b>Revenues</b>	2,416.2	2,600	2,600	+7.6%
<b>EBITDA adj.</b>	318.2	<b>365</b>	<b>385</b>	<b>+21.0%</b>
<b>EBITDA adj. margin</b>	13.2%	<b>14.0%</b>	<b>14.8%</b>	
<b>Free Cash Flow</b>	115.7	<b>70</b>	<b>120</b>	<b>+3.7%</b>
<b>Underlying Net Income</b>	121.8	<b>140</b>	<b>150</b>	<b>+23.2%</b>

## US\$ Exchange rate / Hedge portfolio



Hedging in place as of July 2007	% of open exposure hedged	Average exchange rate
2007 (remaining 2 quarters)	56% (270 mUS\$ )	1,2788
2008	42% (360 mUS\$ )	1,3098
2009	7% (70 mUS\$ )	1,3550

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## OEM Segment

	30.06.2007	31.12.2006	Change
<b>Order backlog in m€</b>	<b>3,109.1</b>	<b>3,218.4</b>	<b>-3.4%</b>
Commercial Business in m\$	2,319.1	2,325.4	-0.3%
Military Business in m€	1,391.9	1,452.7	-4.2%

in m€	H1 2007	H1 2006	Change
<b>Revenues</b>	<b>768.2</b>	<b>689.8</b>	<b>11.4%</b>
Commercial Business	544.9	485.4	12.3%
Military Business	223.3	204.4	9.2%
<b>Gross profit</b>	<b>141.0</b>	<b>103.2</b>	<b>36.6%</b>
<i>Gross profit margin</i>	<i>18.4%</i>	<i>15.0%</i>	
<b>R&amp;D self-financed</b>	<b>31.9</b>	<b>34.1</b>	<b>-6.5%</b>

<b>EBITDA adj.</b>	<b>125.8</b>	<b>91.0</b>	<b>38.2%</b>
<i>EBITDA adj. margin</i>	<i>16.4%</i>	<i>13.2%</i>	

### Order backlog

- Commercial Business US\$ Order Backlog stable.

### Revenues

- Commercial Business organic sales growth + 15% (adjusted for US\$ effects).

### Gross Profit

- Increased by 36.6% to 18.4% margin

### EBITDA adj.

- Increased by 38.2% reaching 16.4% margin



## MRO Segment

in m US\$	30.06.2007	01.01.2007	Change
<b>Contract Volume MRO (in mUS\$)</b>	<b>6,203.7</b>	<b>4,847.0</b>	<b>28.0%</b>
Order backlog (in mUS\$)	218.5	163.4	33.7%

in m€	H1 2007	H1 2006	Change
<b>Revenues</b>	<b>505.3</b>	<b>489.8</b>	<b>3.2%</b>

<b>Gross profit</b>	<b>57.4</b>	<b>68.1</b>	<b>-15.7%</b>
<i>Gross profit margin</i>	<i>11.4%</i>	<i>13.9%</i>	

<b>R&amp;D self-financed</b>	<b>3.6</b>	<b>4.2</b>	<b>-14.3%</b>
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<b>EBITDA adj.</b>	<b>55.0</b>	<b>56.6</b>	<b>-2.8%</b>
<i>EBITDA adj. margin</i>	<i>10.9%</i>	<i>11.6%</i>	

### Order backlog

- US\$ contract volume increased by 28 %.

### Revenues

- Organic (US\$) growth 11,5%  
Increased by 3.2%

### Gross Profit

- Decreased from 13.9% to 11.4%  
Gross Profit margin.

### EBITDA adj.

- Decreased from 11.6% to 10.9%  
EBITDA margin

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## Financial Result

in m€	H1 2007	H1 2006	Change
<b>Interest Result</b>	<b>-24.7</b>	<b>-10.2</b>	<b>-142.2%</b>
Interest income	3.8	13.0	
Interest payments	-28.5*)	-23.2	
<b>Other Financial Result</b>	<b>-14.1</b>	<b>-3.0</b>	<b>-370.0%</b>
Gains/losses US\$ cash/financing/ Capital lease valuation	-1.4	0.4	
Interest expenses for pension provisions	-9.7	-9.2	
Non cash valuations (swaps/commodity)	-3.1	6.1	
Interest R&D provisions and others	0.1	-0.3	
<b>Total Financial Result</b>	<b>-38.8</b>	<b>-13.1</b>	<b>-196.2%</b>

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

## Underlying Net Income and EPS underlying

in m€	H1 2007	H1 2006	Change
<b>EBITDA adj.</b>	<b>181.0</b>	<b>146.3</b>	<b>23.7%</b>
Depreciation/amortisation w/o PPA	-39.3	-39.2	
<b>EBIT underlying</b>	<b>141.7</b>	<b>107.1</b>	<b>32.3%</b>
Financial result	-39.4	-14.0	
<b>EBT underlying</b>	<b>102.3</b>	<b>93.1</b>	<b>9.9%</b>
underlying Tax (40,4%)	-41.3	-37.6	
<b>Underlying Net Income</b>	<b>61.0</b>	<b>55.5</b>	<b>9.9%</b>
<b>EPS underlying</b>	<b>1.15</b>	<b>1.01</b>	<b>13.9%</b>

## Cash Flow

in m€	H1 2007	H1 2006	Change
<b>Cash Flow from operating activities</b>	<b>120.5</b>	<b>121.3</b>	<b>-0.7%</b>
<b>Cash Flow from investing activities</b>	<b>-38.9</b>	<b>-22.7</b>	<b>71.4%</b>
<b>Free Cash Flow</b>	<b>81.6</b>	<b>98.6</b>	<b>-17.2%</b>
<b>Cash Flow from financing activities</b>	<b>-102.5</b>	<b>-26.4</b>	<b>288.3%</b>
Effect of exchange rate on cash and cash equivalents	-0.5	0.8	
Change in cash and cash equivalents	-21.4	73.0	
Liquidity 30.06	80.8	95.0	

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## Profit & Loss

In m€	Q2 2007	Q2 2006	change	H1 2007	H1 2006	change
<b>Revenues</b>	<b>620.0</b>	<b>595.5</b>	<b>4.1%</b>	<b>1,260.6</b>	<b>1,170.0</b>	<b>7.7%</b>
Total cost of sales	-518.0	-502.1	3.2%	-1,057.0	-998.7	5.8%
<b>Gross profit</b>	<b>102.0</b>	<b>93.4</b>	<b>9.2%</b>	<b>203.6</b>	<b>171.3</b>	<b>18.9%</b>
<i>Gross profit margin</i>	<i>16.5%</i>	<i>15.7%</i>		<i>16.2%</i>	<i>14.6%</i>	
R & D company funded	-16.4	-19.9		-33.4	-30.2	
SG&A	-31.9	-26.9		-60.1	-57.3	
Other operating income (expense)	3.3	1.1		3.6	1.9	
<b>EBIT reported</b>	<b>57.0</b>	<b>47.7</b>	<b>19.5%</b>	<b>113.7</b>	<b>85.7</b>	<b>32.7%</b>
<b>EBITDA reported</b>	<b>90.4</b>	<b>84.3</b>	<b>7.2%</b>	<b>181.0</b>	<b>159.8</b>	<b>13.3%</b>
<b>EBITDA adjusted</b>	<b>90.4</b>	<b>77.5</b>	<b>16.6%</b>	<b>181.0</b>	<b>146.3</b>	<b>23.7%</b>
Financial result	-12.6	-6.0		-38.8	-13.1	
Share of income/loss of Joint Ventures accounted for using the equity method	0.1	-0.9		-0.6	-0.9	
<b>Profit before Tax (EBT)</b>	<b>44.5</b>	<b>40.8</b>	<b>9.1%</b>	<b>74.3</b>	<b>71.7</b>	<b>3.6%</b>
Taxes	-17.5	-16.8		-29.3	-29.9	
<b>IFRS net income</b>	<b>27.0</b>	<b>24.0</b>	<b>12.5%</b>	<b>45.0</b>	<b>41.8</b>	<b>7.7%</b>

## Revenues / Cost of sales

in m€	Q2 2007	Q2 2006	change	H1 2007	H1 2006	change
<b>Revenues</b>	<b>620.0</b>	<b>595.5</b>	<b>4.1%</b>	<b>1,260.6</b>	<b>1,170.0</b>	<b>7.7%</b>
OEM Commercial	271.8	239.4	13.5%	544.9	485.4	12.3%
OEM Military	112.6	102.1	10.3%	223.3	204.4	9.2%
MRO	243.0	258.8	-6.1%	505.3	489.8	3.2%
Consolidation	-7.4	-4.8		-12.9	-9.6	
<b>Cost of Sales</b>	<b>-518.0</b>	<b>-502.1</b>	<b>3.2%</b>	<b>-1,057.0</b>	<b>-998.7</b>	<b>5.8%</b>
<b>OEM (commercial / military)</b>	<b>-311.3</b>	<b>-282.5</b>		<b>-627.2</b>	<b>-586.6</b>	
<b>MRO</b>	<b>-219.5</b>	<b>-224.4</b>		<b>-447.9</b>	<b>-421.7</b>	
<b>Consolidation</b>	<b>12.8</b>	<b>4,8</b>		<b>18.1</b>	<b>9.6</b>	



## Gross Profit / EBIT reported

in m€	Q2 2007	Q2 2006	change	H1 2007	H1 2006	change
<b>Gross Profit</b>	<b>102.0</b>	<b>93.4</b>	<b>9.2%</b>	<b>203.6</b>	<b>171.3</b>	<b>18.9%</b>
OEM (commercial / military)	73.1	59.0	23.9%	141.0	103.2	36.6%
MRO	23.5	34.4	-31.7%	57.4	68.1	-15.7%
Consolidation	5.4			5.2		
<b>EBIT reported</b>	<b>57.0</b>	<b>47.7</b>	<b>19.5%</b>	<b>113.7</b>	<b>85.7</b>	<b>32.7%</b>
<b>OEM (commercial / military)</b>	<b>41.7</b>	<b>27.2</b>	<b>53.3%</b>	<b>75.2</b>	<b>48.2</b>	<b>56.0%</b>
<b>MRO</b>	<b>16.2</b>	<b>21.6</b>	<b>-25.0%</b>	<b>38.3</b>	<b>38.8</b>	<b>-1.3%</b>
<b>Consolidation</b>	<b>-0.9</b>	<b>-1.1</b>		<b>0.2</b>	<b>-1.3</b>	

## Research & Development

in m€	Q2 2007	Q2 2006	Change	H1 2007	H1 2006	Change
<b>Company expensed R&amp;D</b>	<b>18.5</b>	<b>24.0</b>	<b>-22.9%</b>	<b>35.5</b>	<b>38.3</b>	<b>-7.3%</b>
OEM	16.2	20.9		31.9	34.1	
MRO	2.3	3.1		3.6	4.2	
<b>Capitalization of R&amp;D</b>	<b>-2.1</b>	<b>0.0</b>		<b>-2.1</b>	<b>0.0</b>	
<b>Consumption of R&amp;D provision</b>	<b>0.0</b>	<b>-4.1</b>		<b>0.0</b>	<b>-8.1</b>	
<b>R&amp;D according to IFRS</b>	<b>16.4</b>	<b>19.9</b>	<b>-17.6%</b>	<b>33.4</b>	<b>30.2</b>	<b>10.6%</b>
<b>Customer funded R&amp;D</b>	<b>21.5</b>	<b>18.3</b>	<b>17.5%</b>	<b>44.0</b>	<b>42.8</b>	<b>2.8%</b>
<b>Total R&amp;D</b>	<b>40.0</b>	<b>42.3</b>	<b>-5.4%</b>	<b>79.5</b>	<b>81.1</b>	<b>-2.0%</b>

## EBITDA reported / adjusted

in m€	Q2 2007	Q2 2006	Change	H1 2007	H1 2006	Change
<b>EBITDA reported</b>	<b>90.4</b>	<b>84.3</b>	<b>7.2%</b>	<b>181.0</b>	<b>159.8</b>	<b>13.3%</b>
OEM (commercial / military)	66.8	54.7	22.1%	125.8	104.5	20.4%
MRO	24.5	30.7	-20.2%	55.0	56.6	-2.8%
Consolidation	-0.9	-1.1		0.2	-1.3	
<b>EBITDA adjusted</b>	<b>90.4</b>	<b>77.5</b>	<b>16.6%</b>	<b>181.0</b>	<b>146.3</b>	<b>23.7%</b>
<b>OEM (commercial / military)</b>	66.8	47.9	39.5%	125.8	91.0	38.2%
<b>MRO</b>	24.5	30.7	-20.2%	55.0	56.6	-2.8%
<b>Consolidation</b>	-0.9	-1.1		0.2	-1.3	
<b>EBITDA adjusted margin</b>	<b>14.6%</b>	<b>13.0%</b>		<b>14.4%</b>	<b>12.5%</b>	
<b>OEM (commercial / military) margin</b>	17.4%	14.0%		16.4%	13.2%	
<b>MRO margin</b>	10.1%	11.9%		10.9%	11.6%	

## EBITDA Adjustments - Group Level

in m€	Q2 2007	Q2 2006	Change	H1 2007	H1 2006	Change
<b>EBIT reported</b>	<b>57.0</b>	<b>47.7</b>	<b>19.5%</b>	<b>113.7</b>	<b>85.7</b>	<b>32.7%</b>
Depreciation and amortization	33.4	36.6		67.3	74.1	
<b>EBITDA reported</b>	<b>90.4</b>	<b>84.3</b>	<b>7.2%</b>	<b>181.0</b>	<b>159.8</b>	<b>13.3%</b>
R&D provision consumption	0.0	-4.1		0.0	-8.1	
Program value provision release	0.0	-2.7		0.0	-5.4	
<b>Total adjustments</b>	<b>0.0</b>	<b>-6.8</b>		<b>0.0</b>	<b>-13.5</b>	
<b>EBITDA adjusted</b>	<b>90.4</b>	<b>77.5</b>	<b>16.6%</b>	<b>181.0</b>	<b>146.3</b>	<b>23.7%</b>

## EBITDA Adjustments – Segmental Level (in m€)

OEM Segment	Q2 2007	Q2 2006	change	H1 2007	H1 2006	change
<b>EBITDA reported OEM</b>	<b>66.8</b>	<b>54.7</b>	<b>22.1%</b>	<b>125.8</b>	<b>104.5</b>	<b>20.4%</b>
R&D cost, not expensed under IFRS	0.0	-4.1		0.0	-8.1	
Program value provision release	0.0	-2.7		0.0	-5.4	
<b>EBITDA adjusted OEM</b>	<b>66.8</b>	<b>47.9</b>	<b>39.5%</b>	<b>125.8</b>	<b>91.0</b>	<b>38.2%</b>

MRO Segment	Q2 2007	Q2 2006	change	H1 2007	H1 2006	change
<b>EBITDA reported MRO</b>	<b>24.5</b>	<b>30.7</b>	<b>-20.2%</b>	<b>55.0</b>	<b>56.6</b>	<b>-2.8%</b>
<b>EBITDA adjusted MRO</b>	<b>24.5</b>	<b>30.7</b>	<b>-20.2%</b>	<b>55.0</b>	<b>56.6</b>	<b>-2.8%</b>

## Financial Result

in m€	Q2 2007	Q2 2006	Change	H1 2007	H1 2006	Change
<b>Income non-consolidated subsidiaries companies / Income from associated companies / Loss from shares in affiliated companies</b>	<b>0.0</b>	<b>0.1</b>		<b>0.0</b>	<b>0.1</b>	
<b>Interest Result</b>	<b>-2.4</b>	<b>-5.5</b>	<b>56.4%</b>	<b>-24.7</b>	<b>-10.2</b>	<b>-142.2%</b>
Interest Income	1.6	12.3		3.8	13.0	
Interest Payments	-4.0	-17.8		-28.5*)	-23.2	
Interest Swaps						
<b>Other Financial Result</b>	<b>-10.2</b>	<b>-0.6</b>		<b>-14.1</b>	<b>-3.0</b>	
Gains/losses US\$ cash/financing/ Capital lease valuation	-1.4	-0.4		-1.4	0.4	
Interest expenses for pension provisions	-4.9	-4.6		-9.7	-9.2	
Non cash valuations (swaps/commodity)	-4.1	4.6		-3.1	6.1	
Interest R&D provisions and others	0.2	-0.2		0.1	-0.3	
<b>Total Financial Result</b>	<b>-12.6</b>	<b>6.0</b>	<b>-310%</b>	<b>-38.8</b>	<b>-13.1</b>	<b>-196.2%</b>

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

## Cash Flow

in m€	Q2 2007	Q2 2006	Change	H1 2007	H1 2006	Change
<b>Net income IFRS</b>	<b>27.0</b>	<b>24.0</b>	<b>12.5%</b>	<b>45.0</b>	<b>41.8</b>	<b>7.7%</b>
Depreciation and amortisation	33.4	36.6		67.3	74.1	
Change in Provisions	24.9	19.5		4.9	0.8	
Change in Working Capital	-14.8	-37.4		8.8	1.4	
Deferred taxes	-7.2	-3.4		0.4	-0.4	
Gains/losses associated comp. /others	-6.9	0.8		-5.9	3.6	
<b>Cash Flow from operating activities</b>	<b>56.4</b>	<b>40.1</b>	<b>40.6%</b>	<b>120.5</b>	<b>121.3</b>	<b>-0.7%</b>
<b>Cash Flow from investing activities</b>	<b>-21.1</b>	<b>-11.1</b>	<b>90.1%</b>	<b>-38.9</b>	<b>-22.7</b>	<b>71.4%</b>
<b>Free Cash Flow</b>	<b>35.3</b>	<b>29.0</b>	<b>21.7%</b>	<b>81.6</b>	<b>98.6</b>	<b>-17.2%</b>
<b>Cash Flow from financing activities</b>	<b>-43.0</b>	<b>-14.6</b>	<b>194.5%</b>	<b>-102.5</b>	<b>-26.4</b>	<b>288.3%</b>
Effect of exchange rate on cash and cash equivalents	-0.7	0.3		-0.5	0.8	
Change in cash and cash equivalents	-8.4	14.7		-21.4	73.0	

## Working Capital

in m€	30.06.2007	31.12.2006	Change	Change in %
Gross inventories	591.0	529.0	-62.0	
Prepayments	-649.6	-537.7	111.9	
Receivables	839.3	714.2	-125.1	
Payables	-571.1	-487.1	84.0	
<b>Working Capital</b>	<b>209.6</b>	<b>218.4</b>	<b>8.8</b>	<b>4.0%</b>



## PPA depreciation/amortisation (in m€)

<b>Total depreciation / amortisation</b>	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>H1 2007</b>	<b>H1 2006</b>
<b>MTU total</b>	<b>33.4</b>	<b>36.6</b>	<b>67.3</b>	<b>74.1</b>
OEM	25.1	27.5	50.6	56.3
MRO	8.3	9.1	16.7	17.8
<b>PPA depreciation / amortisation</b>	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>H1 2007</b>	<b>H1 2006</b>
<b>MTU total</b>	<b>13.9</b>	<b>15.8</b>	<b>28.0</b>	<b>34.9</b>
OEM	11.9	14.3	24.1	30.6
MRO	2.0	1.5	3.9	4.3
<b>Depreciation / amortisation w/o PPA</b>	<b>Q2 2007</b>	<b>Q2 2006</b>	<b>H1 2007</b>	<b>H1 2006</b>
<b>MTU total</b>	<b>19.5</b>	<b>20.8</b>	<b>39.3</b>	<b>39.2</b>
OEM	13.2	13.2	26.5	25.7
MRO	6.3	7.6	12.8	13.5

## 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 cyclical nature 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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