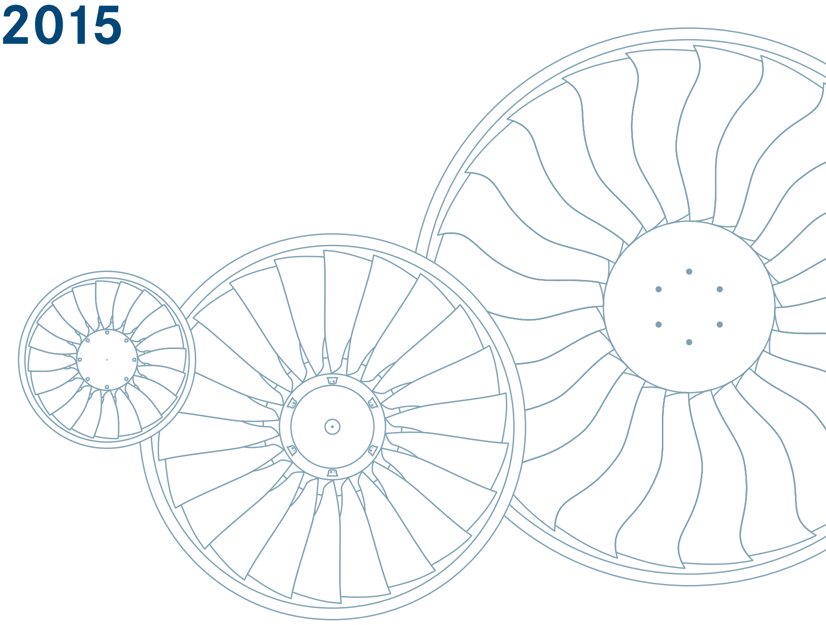
Quarterly Financial Report
January 1 to March 31, 2015

MTU Aero Engines AG, Munich



Contents

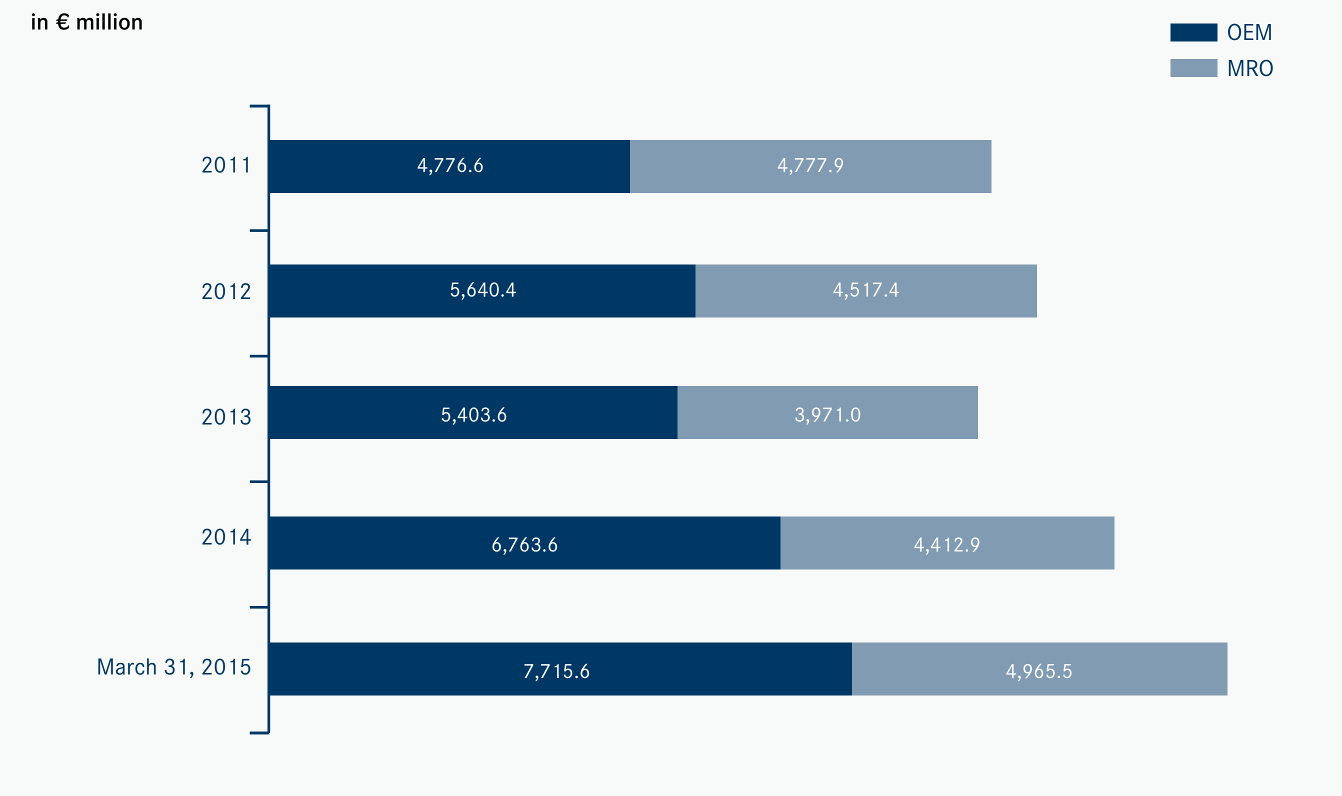
Key Facts and Figures for the Group

in € million (unless stated otherwise)	Jan. 1 - March 31, 2015	Jan. 1 - March 31, 2014	Change against previous year in € million	in %
Income Statement				
Revenues	1,099.5	913.0	186.5	20.4
Gross profit	125.5	130.1	-4.6	-3.5
Earnings before interest and tax (EBIT)	83.9	77.3	6.6	8.5
Adjusted earnings before interest and tax (EBIT adjusted)	97.7	89.0	8.7	9.8
Earnings before tax (EBT)	32.2	69.3	-37.1	-53.5
Earnings after tax (EAT)	21.0	46.8	-25.8	-55.1
Adjusted earnings after tax (EAT adjusted)	68.2	56.0	12.2	21.8
Undiluted earnings per share (in €)	0.42	0.92	-0.50	-54.3
Diluted earnings per share (in €)	0.42	0.92	-0.50	-54.3
Revenue margins in %				
Earnings before interest and tax (EBIT)	7.6	8.5		
Adjusted earnings before interest and tax (EBIT adjusted)	8.9	9.7		
Earnings before tax (EBT)	2.9	7.6		
Earnings after tax (EAT)	1.9	5.1		
Adjusted earnings after tax (EAT adjusted)	6.2	6.1		
Cash flow				
Cash flow from operating activities	111.2	35.8	75.4	>100
Cash flow from investing activities	-60.9	-53.9	-7.0	-13.0
Free cash flow	61.2	0.9	60.3	>100
Cash flow from financing activities	-23.6	21.7	-45.3	<-100
Change in cash and cash equivalents	32.5	3.4	29.1	>100

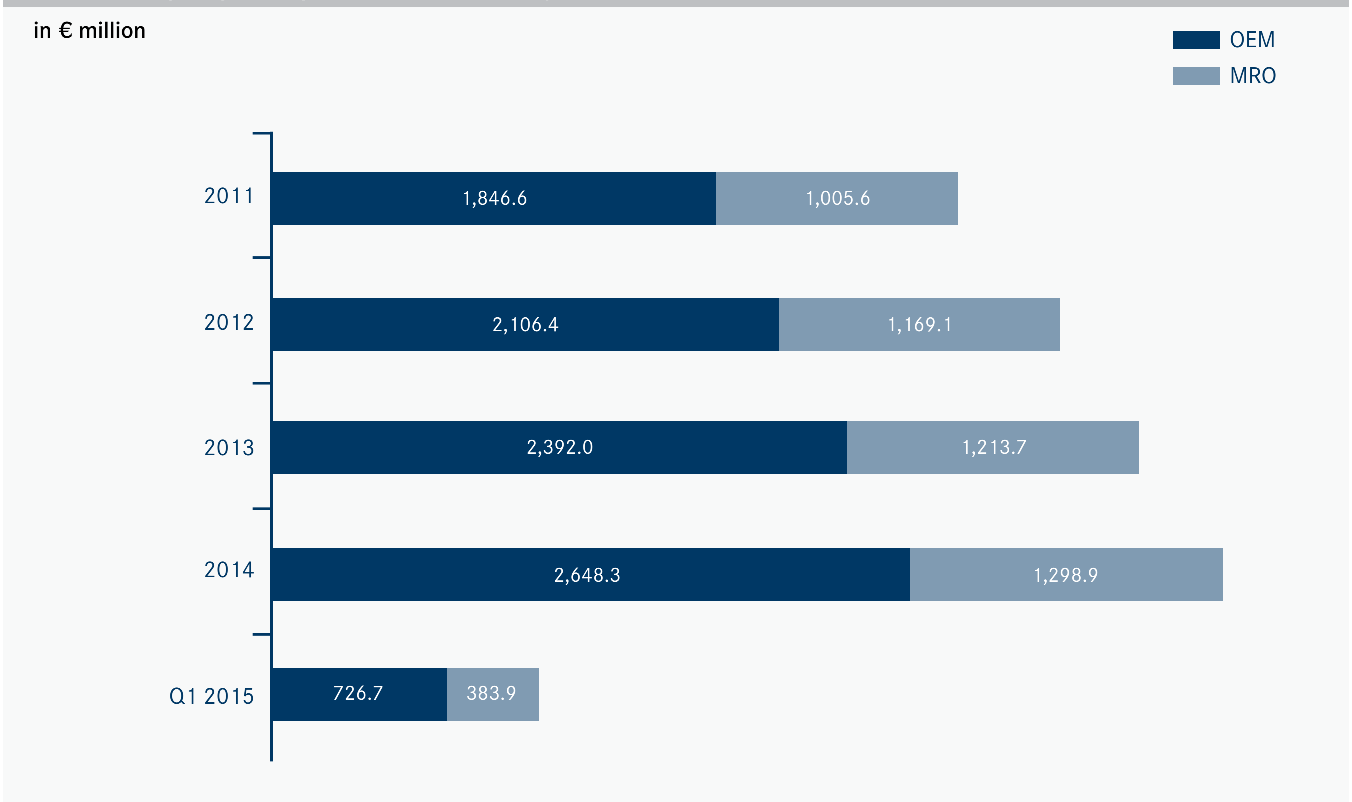
in € million (unless stated otherwise)	March 31, 2015	Dec. 31, 2014	Change against previous year in € million	in %
Balance Sheet				
Intangible assets	2,171.9	2,100.8	71.1	3.4
Cash and cash equivalents	97.1	64.6	32.5	50.3
Pension provisions	786.0	783.6	2.4	0.3
Equity	1,150.2	1,188.3	-38.1	-3.2
Net debt	896.8	737.3	159.5	21.6
Order backlog before consolidation	**12,681.1**	**11,176.5**	**1,504.6**	**13.5**
Commercial and military engine business (OEM) before consolidation	7,715.6	6,763.6	952.0	14.1
Commercial maintenance business (MRO) before consolidation	4,965.5	4,412.9	552.6	12.5
Number of employees at quarter end	**8,338**	**8,333**	**5**	**0.1**
Commercial and military engine business (OEM)	5,311	5,274	37	0.7
Commercial maintenance business (MRO)	3,027	3,059	-32	-1.0

In the five-year overviews, the figures for the financial years 2011 through 2013 are adjusted and unaudited. For details of these adjustments, please see the explanatory notes to the Condensed Interim Consolidated Financial Statements (Adjustments to the Condensed Interim Consolidated Financial Statements).

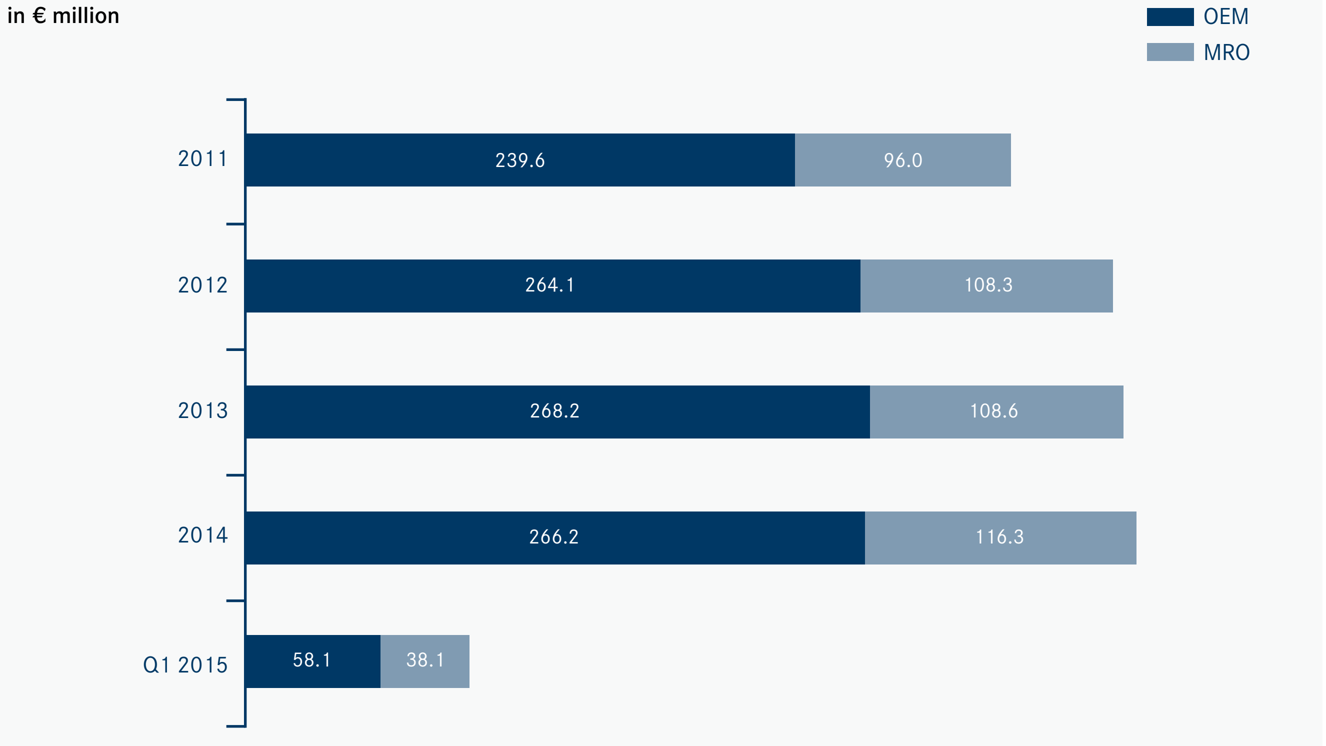
Order backlog by segment (before consolidation)



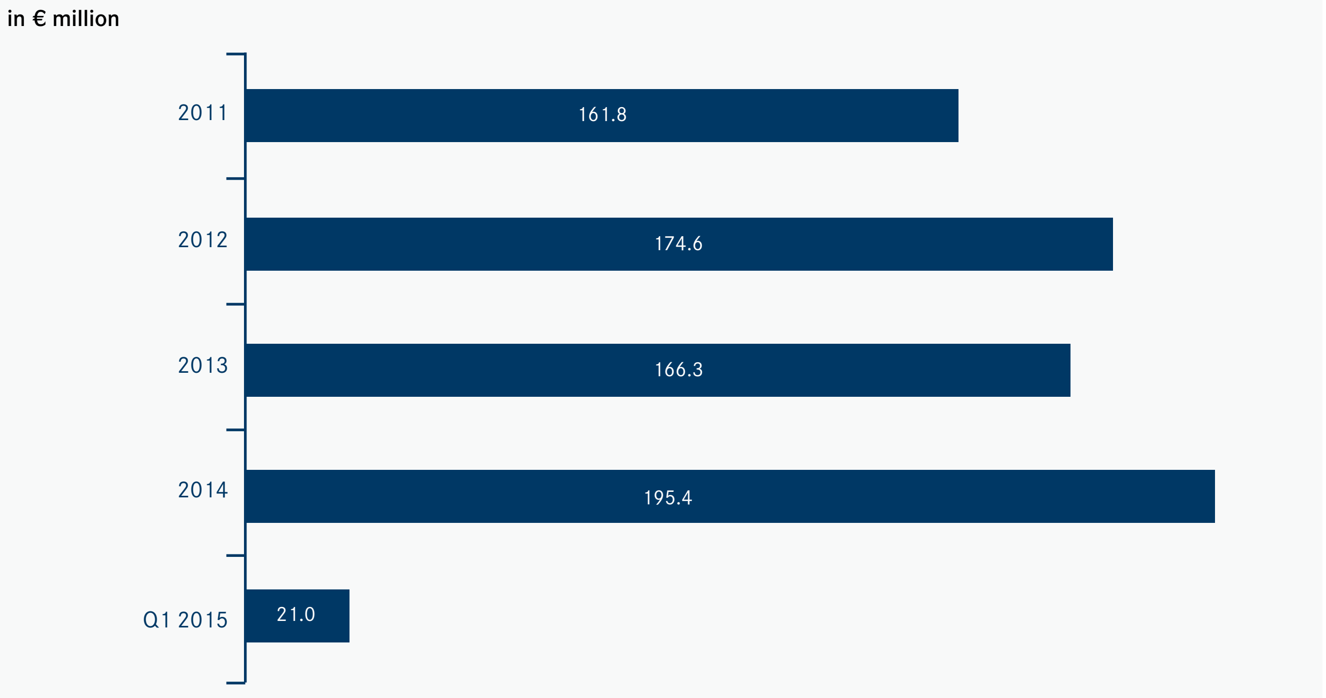
Revenues by segment (before consolidation)



EBIT adjusted by segment (before consolidation)



Earnings after tax



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 the geared turbofan programs PW1000G, GE9X and PW800.

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	2016
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 2015 and 2016. Expenditure on research and development during the first three months of 2015 totaled € 52.0 million (January - March 2014: € 43.3 million).

Research and development expenditure

	Jan. 1 - March 31, 2015 in € million	Jan. 1 - March 31, 2014 in € million	Change against previous year in € million	in %
Commercial engine business	46.6	33.2	13.4	40.4
Commercial maintenance business	1.0	0.9	0.1	11.1
Military engine business	4.4	9.2	-4.8	-52.2
Research and development expenditure before capitalization	**52.0**	**43.3**	**8.7**	**20.1**

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. Company-funded expenditure is reported in the table below and in note 3 (Research and development expenses) of the selected explanatory notes.

Total R&D expenditure of € 52.0 million (January - March 2014: € 43.3 million) included € 43.3 million (January - March 2014: € 33.6 million) relating to company-funded R&D work. Of this amount, € 42.3 million (January - March 2014: € 32.7 million) was attributable to Commercial and Military Engines business (OEM). Development costs for Commercial Engine Maintenance business in the first three months of 2015 amounted to € 1.0 million (January - March 2014: € 0.9 million) and related primarily to new repair techniques.

Company-funded research and development expenditure income statement

	Jan. 1 - March 31, 2015 in € million	Jan. 1 - March 31, 2014 in € million	Change against previous year in € million	in %
Commercial engine business	41.4	30.4	11.0	36.2
Commercial maintenance business	1.0	0.9	0.1	11.1
Military engine business	0.9	2.3	-1.4	-60.9
Company-funded R&D expenditure	**43.3**	**33.6**	**9.7**	**28.9**
Capitalized development costs				
Commercial and military engine business	-27.7	-11.9	-15.8	<-100
Research and development costs recognized as expense	**15.6**	**21.7**	**-6.1**	**-28.1**
Capitalized development costs in %	**64.0**	**35.4**		

Capitalized development costs in the period totaled € 27.7 million (January - March 2014: € 11.9 million), resulting in a capitalization ratio of 64.0 %. 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

The pace of global economic growth picked up from 2.1 % in 2013 to 2.3 % in 2014.

The euro area fared slightly better than expected in the fourth quarter 2014 with a growth rate of 0.9 % compared to the corresponding quarter year earlier. For 2014 as a whole, the euro area recorded a growth rate of 0.9 % (source: Eurostat, March 2015).

The economic boom in the USA remains intact and is resulting in a strong US dollar. The US economy grew year-on-year by 2.4 % in the final quarter 2014, matching the growth rate recorded for the full twelve-month period (source: Eurostat, March 2015).

China recorded fourth-quarter growth of 7.3 % (source: National Bureau of Statistics of China, January 20, 2015). At 7.4 %, gross domestic product (GDP) in 2014 grew at the slowest rate for more than two decades. However, given that Chinese economic output is in the region of U.S. $ 10 trillion, even a lower growth rate 7.4 % results in a relatively steady increase in economic output.

2.2 Microeconomic factors in the aviation industry

Global passenger traffic rose by 6.2 % in February 2015, with Asian, Middle Eastern and Latin American airlines posting above-average growth. Freight traffic jumped by 11.7 % in February. The Chinese New Year festivities, which fell this year in February, helped to boost air traffic.

According to IATA, the aviation sector generated profits totaling U.S. $ 19.9 billion in 2014, with growing demand and lower oil prices both contributing to robust earnings.

The price of oil has been in the region of U.S. $ 50 to 60 per barrel for several months. In March, the average price of Brent Crude oil stood at U.S. $ 56 per barrel.

Airbus and Boeing sold 1,350 aircraft in 2014, 6 % more than in the previous year and a new record for aircraft deliveries in a single year. This trend has continued at the start of 2015, with the two manufacturers between them delivering 316 aircraft in the first quarter, compared to 302 in the same period last year.

The order backlog of the aircraft manufacturers has remained stable since December, with a total of 12,750 aircraft on order at the end of March 2015.

The business jet sector continues to recover, underpinned by a 6 % increase in deliveries in 2014 to 722 aircraft (source: GAMA, February 11, 2015). Flight movements also increased slightly (source: FAA).

2.3 Financial situation

Exchange rate information

Changes in the value of the US dollar are particularly important for MTU's international business. Since the beginning of the year, the US dollar has appreciated significantly in value, finishing at US $ 1.08 to the euro on March 31, 2015 (December 31, 2014: US $ 1.21 to the euro). The average rate of the US dollar to the euro during the three-month period to March 31, 2015 was US $ 1.13 compared to US $ 1.37 in the corresponding period one year earlier.

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

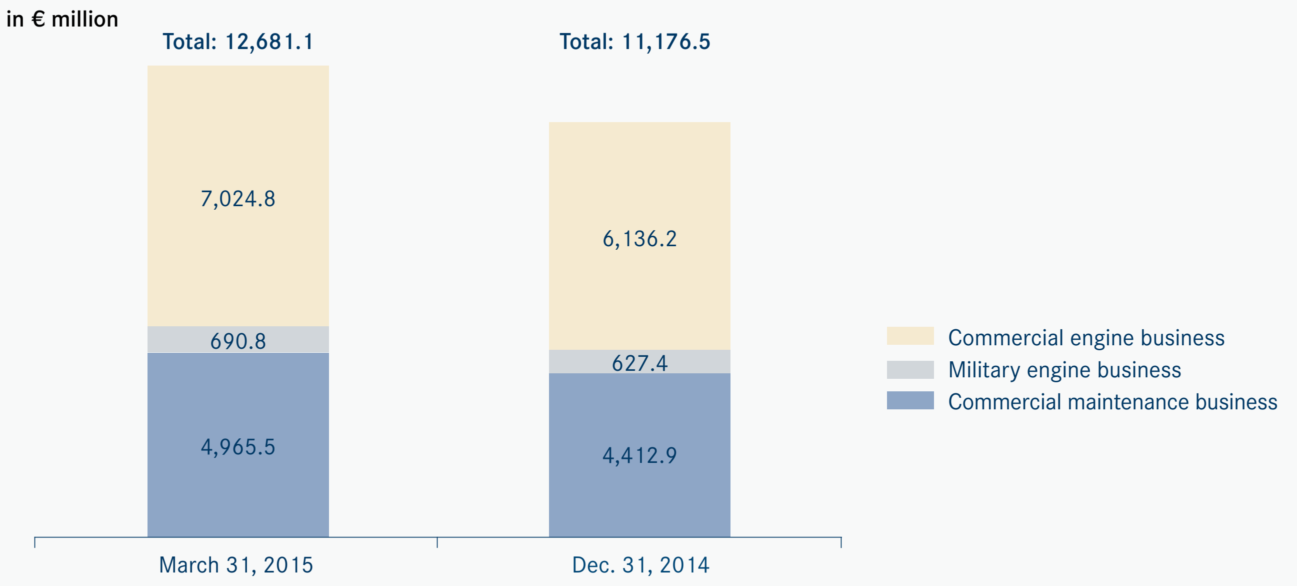
	Jan. 1 - March 31, 2015 in € million	Jan. 1 - March 31, 2014 in € million	Change against previous year in € million	in %
Earnings before interest and tax (EBIT)	**83.9**	**77.3**	**6.6**	**8.5**
Amortization and depreciation effects of purchase price allocation/V2500 stake increase	13.8	11.7	2.1	17.9
Adjusted earnings before interest and tax (EBIT adjusted)	**97.7**	**89.0**	**8.7**	**9.8**
Interest result	-0.8	-2.5	1.7	68.0
Accrued interest for pension provision	-3.5	-5.3	1.8	34.0
Adjusted earnings before tax (EBT adjusted)	**93.4**	**81.2**	**12.2**	**15.0**
Income taxes	-25.2	-25.2		
Adjusted earnings after tax (EAT adjusted)	**68.2**	**56.0**	**12.2**	**21.8**

An average tax rate of 30 % has been calculated for 2015 (similar to the previous year's level) based on expected pre-tax earnings of the MTU Group's German and foreign entities. Since the after-tax results of investments accounted for using the equity method are taken into account in earnings before interest and tax (see above), the calculation of income taxes (30.0 %) does not include these amounts. The tax expense recorded in the previous year was based on a tax rate of 32.6 %.

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.

Order backlog before consolidation



The order backlog for the commercial engine business totaling € 7.0 billion is based on firm orders from customers and recorded at list price. The total order backlog at March 31, 2015 amounting to approximately € 12.7 billion corresponds, arithmetically, to a production workload of approximately three years.

Revenues

Revenues for the three months of 2015 increased by € 186.5 million (20.4 %) to € 1,099.5 million. Within those figures, revenues from commercial and military engine business increased by € 109.6 million (17.8 %) to € 726.7 million. Revenues generated with commercial engine maintenance business jumped by € 80.3 million (26.4 %) to € 383.9 million.

Cost of sales and gross profit

Cost of sales for the first three months of 2015 increased by € 191.1 million (24.4 %) to € 974.0 million compared to the previous year and therefore at a more pronounced rate than the increase in revenues. The three-month gross profit was € 4.6 million (3.5 %) lower at € 125.5 million, with the gross profit margin falling to 11.4 % (January - March 2014: 14.2 %).

Earnings before interest and tax (EBIT)

First-quarter earnings before interest and tax increased by € 6.6 million (8.5 %) to € 83.9 million (January - March 2014: € 77.3 million). Adjusted earnings before interest and tax improved to € 97.7 million (January - March 2014: € 89.0 million), resulting in an adjusted EBIT margin of 8.9 %.

Financial result

The financial result for the three-month period was a net expense of € 51.7 million (January - March 2014: net expense of € 8.0 million). The € 43.7 million deterioration was primarily attributable to fair value losses on derivatives amounting to € 37.1 million (January - March 2014: fair value gains of € 3.3 million) and exchange losses in conjunction with financing activities amounting to € 10.3 million (January to March 2014: € 0.0 million). This development contrasted with a reduced net interest expense of € 0.8 million (January - March 2014: € 2.5 million) and exchange gains on currency holdings amounting to € 2.2 million (January - March 2014: exchange losses of € 1.0 million).

Earnings before tax (EBT)

First-quarter earnings before tax fell by € 37.1 million to € 32.2 million (January - March 2014: € 69.3 million).

Earnings after tax (EAT)

Earnings after tax dropped to € 21.0 million (January - March 2014: € 46.8 million). Of this amount, a positive amount of € 21.2 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 € 68.2 million (January - March 2014: € 56.0 million), an increase of € 12.2 million compared to the previous year.

Consolidated statement of comprehensive income

In the consolidated statement of comprehensive income, earnings after tax of € 21.0 million (January - March 2014: € 46.8 million) are reconciled to a negative comprehensive income for the period of € 38.2 million (January - March 2014: positive comprehensive income of € 37.3 million).

Income and expenses recognized directly in comprehensive income during the first three months of 2015 (net of deferred taxes) comprise mainly net losses of € 96.3 million (January - March 2014: € 5.9 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 € 37.6 million (January - March 2014: net negative impact of € 3.8 million) on comprehensive income for the period. Actuarial gains and losses on pension obligations and plan assets reduced comprehensive income by € 0.5 million (January - March 2014: increased by € 0.2 million).

Of the total negative comprehensive income for the period of € 38.2 million, a negative amount of € 38.0 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 2014 (page 87 onwards) and remain unchanged.

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

At March 31, 2015, the MTU Group has access to credit facilities of € 400.0 million with five banks. This credit facility was being utilized at March 31, 2015 for guarantees totaling € 13.0 million (December 31, 2014: total funds utilized € 22.5 million, of which € 12.9 million 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 three months of 2015, adjustments were recorded for net cash inflows of € 16.7 million (January - March 2014: net cash outflows of € 16.1 million) relating to investments in financial assets as part of liquidity management activities, for cash outflows of € 28.3 million (January - March 2014: € 2.4 million) to acquire engine program stakes and for net cash inflows of € 0.7 million (January - March 2014: net cash outflows of € 0.5 million) relating to aircraft and engine financing.

Free cash flow in the first three months of 2015 totaled € 61.2 million (January - March 2014: € 0.9 million).

Financial position

	Jan. 1 - March 31, 2015 in € million	Jan. 1 - March 31, 2014 in € million	Change against previous year in € million	in %
Cash flow from operating activities	111.2	35.8	75.4	>100
Cash flow from investing activities	-60.9	-53.9	-7.0	-13.0
+ (-) non-operating exceptional items	10.9	19.0	-8.1	-42.6
Free cash flow	**61.2**	**0.9**	**60.3**	**>100**
+ (-) non-operating exceptional items	-10.9	-19.0	8.1	42.6
Cash flow from financing activities	-23.6	21.7	-45.3	<-100
Translation differences	5.8	-0.2	6.0	>100
Change in cash and cash equivalents	**32.5**	**3.4**	**29.1**	**>100**
Cash and cash equivalents at				
the beginning of the reporting period	64.6	159.6	-95.0	-59.5
the end of the reporting period	97.1	163.0	-65.9	-40.4

Cash flows from operating activities

Cash flows from operating activities for the first three months of the financial year 2015 totaled € 111.2 million (January - March 2014: € 35.8 million), whereby the previous year's figure was significantly impacted by higher tax payments.

Cash flow from investing activities

Cash outflows for investing activities in the reporting period amounted to € 60.9 million (January - March 2014: € 53.9 million). Cash spend on investments in intangible assets totaled € 62.1 million (January - March 2014: € 13.7 million) and related primarily to development expenditure for the geared turbofan programs of the PW1000G family and for the PW800 program as well as "entry fees" for the GE9X engine program. Investments in property, plant and equipment decreased by € 6.4 million to € 16.4 million compared to the same period last year (January - March 2014: € 22.8 million). Cash outflows for investments in financial assets amounted to € 1.1 million (January - March 2014: € 39.3 million).

Proceeds from the sale of intangible assets and property, plant and equipment totaled as well as financial assets € 18.0 million (January - March 2014: € 21.9 million). Repayments of non-current loans receivable gave rise to a cash inflow of € 0.7 million (January - March 2014: € 0.0 million).

Cash flow from financing activities

Net cash outflows for financing activities totaled € 23.6 million (January - March 2014: Net cash inflows of € 21.7 million).

Cash and cash equivalents

Including the impact of exchange rate fluctuations, the various cash flows resulted in an increase in cash and cash equivalents of € 32.5 million (January - March 2014: increase of € 3.4 million).

Cash and cash equivalents comprise the following at March 31, 2015:

Cash and cash equivalents

	March 31, 2015 in € million	Dec. 31, 2014 in € million	Change against previous year in € million	in %
Demand deposits and cash	73.9	49.6	24.3	49.0
Fixed-term and overnight deposits with an original maturity of three months or less	23.2	15.0	8.2	54.7
Total cash and cash equivalents	**97.1**	**64.6**	**32.5**	**50.3**

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 March 31, 2015 amounted to € 896.8 million (December 31, 2014: € 737.3 million).

Net financial debt	March 31, 2015 in € million	Dec. 31, 2014 in € million	Change against previous year in € million	in %
Bonds and notes	355.5	352.7	2.8	0.8
Financial liabilities arising from IAE-V2500 stake increase	462.8	414.6	48.2	11.6
Financial debt to banks				
Note purchase agreement	30.0	30.1	-0.1	-0.3
Revolving credit facility		9.6	-9.6	-100.0
Financial liabilities to related companies	2.8	0.1	2.7	>100
Finance leases	13.9	14.2	-0.3	-2.1
Derivatives without hedging relationship	52.3	12.2	40.1	>100
Derivatives with hedging relationship	169.7	71.4	98.3	>100
Gross financial debt	**1,087.0**	**904.9**	**182.1**	**20.1**
less:				
Cash and cash equivalents				
Demand deposits and cash	73.9	49.6	24.3	49.0
Fixed-term and overnight deposits with an original maturity of 3 months or less	23.2	15.0	8.2	54.7
Derivatives without hedging relationship	0.8	2.6	-1.8	-69.2
Sundry other financial assets	92.3	100.4	-8.1	-8.1
Gross financial assets	**190.2**	**167.6**	**22.6**	**13.5**
Net financial debt	**896.8**	**737.3**	**159.5**	**21.6**

A detailed description of the corporate bonds, the note purchase agreement and the financial liability arising from the IAE-V2500 stake increase is provided on page 205 et seq. of the Annual Report 2014.

Other financial assets include marketable securities amounting to € 49.8 million (December 31, 2014: € 63.0 million) and non-current loans receivable from third parties amounting to € 42.5 million (December 31, 2014: € 37.4 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 went up by € 165.5 million from € 4,806.3 million at December 31, 2014 to € 4,971.8 million at March 31, 2015.

Non-current assets were € 103.9 million higher at € 3,041.1 million (December 31, 2014: € 2,937.2 million) and current assets € 61.6 million higher at € 1,930.7 million (December 31, 2014: € 1,869.1 million).

Intangible assets amounting to € 56.3 million (January - March 2014: € 34.2 million) were capitalized during the reporting period, mainly in connection with entry fees and development costs (including borrowing costs) for the GE9X, GE38, PW800 engine program participations and for the PW1000G engine family.

Inventories increased by € 50.5 million to € 791.5 million, trade receivables by € 3.1 million to € 682.8 million, income tax receivables by € 18.6 million to € 18.9 million and cash and cash equivalents by € 32.5 million to € 97.1 million during the first quarter 2015. By contrast, construction contract and services business receivables decreased by € 4.9 million to € 266.3 million, current financial assets by € 24.4 million to € 57.3 million, current other assets by € 13.2 million to € 11.1 million and current prepayments by € 0.6 million to € 5.7 million.

Group equity went down by € 38.1 million to stand at € 1,150.2 million at March 31, 2015.

Equity was increased by first-quarter earnings after tax amounting to € 21.0 million (January - March 2014: € 46.8 million). An increase of € 0.1 million (January - March 2014: € 0.2 million) arose in connection with the Share Matching Plan. In addition, the currency translation of the financial statements of foreign operations had a net positive impact of € 37.6 million (January - March 2014: net negative impact of € 3.8 million) on group equity. During the period under report by € 0.5 million equity decreased as a result of actuarial losses on pension obligations and plan assets (January - March 2014: actuarial gains € 0.2 million) and as a result of fair value measurement losses on cash flow hedges by € 96.3 million (January - March 2014: € 5.9 million).

Overall, the equity ratio of 23.1 % was lower than the 24.7 % reported at December 31, 2014.

Pension provisions increased in line with schedule over the three-month period by € 2.4 million.

Other provisions went up by € 21.7 million and stood at € 393.2 million at March 31, 2015.

Financial liabilities increased during the three-month period by € 201.3 million to € 1,413.6 million, mainly due to the US-$ based increase in the financial liabilities arising from the IAE-V2500 stake increase (up by € 48.2 million) and the negative impact of the fair value measurement of US-$-derivatives (€ 138.4 million).

Trade payables stood at € 629.4 million at March 31, 2015 and were therefore € 4.2 million lower than at the end of the previous financial year.

Construction contract and service business edged up by € 1.2 million to € 486.9 million during the first quarter. Advance payments from customers are reported as construction contract and service business payables to the extent that they exceed the related construction contract and service business receivables.

Other liabilities increased by € 10.3 million to € 51.4 million during the three-month period, mainly in connection with personnel-related liabilities for untaken vacation and flexi-time entitlements.

Employees

MTU had a workforce of 8,338 employees at the end of the reporting period (December 31, 2014: 8,333 employees).

3 Subsequent events

Events after the reporting date (March 31, 2015)
MTU Aero Engines Finance Netherlands B.V., Amsterdam, Netherlands, was founded on April 7, 2015 and entered in the Amsterdam Commercial Register on April 8, 2015. The company's purpose is to engage in financing operations with the aim of promoting sales. There have been no other 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 April 20, 2015.

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 on page 115 et seq. the Annual Report 2014.

4.1 Forecasts

Macroeconomic factors
The Economist Intelligence Unit (EIU) expects global economic output to rise by 2.7 % in 2015. Strong growth in the United States, low oil prices, and the continuing high growth rate in China are all exerting a positive influence on the global economy.

The global economy remains susceptible to disturbance from geopolitical factors as well as turbulence on financial markets. The EIU points in particular to the risks posed by the as-yet unsolved debt crisis in the euro area and the impact of a change in the USA's interest rate policy. On the other hand, it states that an extended period of low oil prices could boost consumer spending more than originally predicted (source: EIU, April 2015).

Microeconomic factors in the aviation industry
In its December 2014 forecast, IATA paints a very buoyant picture for the aviation industry. The global economy continues to recover and falling oil prices should reinforce the upwards trend. Accordingly, the number of passengers in 2015 is set to rise to 3.53 billion (2014: 3.31 billion). Based on a predicted 7 % increase in passenger traffic and a lower kerosene price, IATA predicts that airlines will increase profits in 2015 to around US $ 25 billion.

Oil prices remain a critical issue. In its April forecast for 2015, the U.S. Energy Information Administration (EIA) predicts an average price for Brent crude oil of US $ 59 per barrel, thus benefiting the airlines' profitability. This, in turn, could result in increased deployment of older engines with greater maintenance requirements.

Given the fact the order books are already full to the brim and despite strong growth in passenger numbers, it is unlikely – from today's perspective – that a favorable oil price will have any impact on production rates. Airbus and Boeing are planning to deliver some 1,400 aircraft in 2015. In the first quarter 2015, Airbus announced that the production rate of the A320 would be increased from 42 to 50 machines per month with effect from the first quarter 2017.

Outlook for MTU
MTU expects to see a strong increase in its commercial engine business in 2015, with the pace of growth higher in the area of series production than in the considerably more profitable spare parts business.

As for the military engine business, MTU expects revenues to decrease at a mid-single-digit percentage rate.

MTU’s forecast for its commercial maintenance business in 2015 is for revenue growth in the mid to high single-digit percentage range (in US $ terms).

Overall, MTU forecasts revenue in the region of € 4,400 million for 2015 (2014: € 3,913.9 million).

Adjusted EBIT is forecast to rise further in 2015 to approximately € 420 million (2014: € 383.7 million). This increase is largely attributable to the assumed exchange rate of US $ 1.20 to the euro incorporated in the forecast (average exchange rate in 2014: US $ 1.33 to the euro). In line with operating profit, adjusted earnings after tax are forecast to rise in 2015 to approximately € 285 million.

Investment levels will remain high in 2015, while the volume of military business with payments on account is likely to fall. MTU plans to compensate for these factors through its operating activities and to achieve a free cash flow at a similar level to the previous year.

4.2 Risks

MTU's business operations, economic factors 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 2014. Reference is made to page 115 et seq. of the Annual Report 2014 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, 2014. 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 balanced engine portfolio, comprising commercial and military engines at all different stages of their lifecycle, MTU considers that it is well positioned. Selective research and development, forward-looking investments, greater stakes in risk and revenue sharing partnerships as well as maintenance business all open up new opportunities for MTU.

Particularly in view of its stake in the PW800 engine program, MTU sees good prospects of benefiting from a positive market trend in the business jet segment. The selection of geared-turbofan (GTF) engines for all major regional jets as well as for the Airbus A320neo is a clear reflection of the technological lead enjoyed by this engine concept. MTU's stakes in the GTF engine programs offer excellent opportunities to profit from growth in the short and medium-haul segment. Opportunities will arise within the long-haul segment via the Boeing 777X (presented in November 2013) and will be exclusively powered by GE9X engines. MTU has acquired a four percent participation in this engine. Going forward, potential opportunities will arise for MTU across all thrust classes of the commercial engine market.

Within its military business, MTU sees opportunities for building on its longstanding relationship as a MRO partner serving the German air force. Moreover, export campaigns – especially for the Eurofighter EJ200 engine – present opportunities to participate in additional military engine business.

Apart from these new developments, MTU considers that the opportunities profile described in the Annual Report 2014 is unchanged. For a comprehensive description of the group’s opportunities, reference is made to the Annual Report 2014, page 123 et seq. (Opportunities report) and page 126 (SWOT analysis).

5 Significant transactions with related parties

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

The prior-year figures in the Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement have been adjusted in part. For details of these adjustments, please see the explanatory notes to the Condensed Interim Consolidated Financial Statements (Adjustments to the Condensed Interim Consolidated Financial Statements).

Consolidated Income Statement

Consolidated Income Statement

	(Note)	Jan. 1 – March 31, 2015 in € million	Jan. 1 – March 31, 2014 in € million	Change against previous year in € million	in %
Revenues	(1)	1,099.5	913.0	186.5	20.4
Cost of sales	(2)	-974.0	-782.9	-191.1	-24.4
Gross profit		**125.5**	**130.1**	**-4.6**	**-3.5**
Research and development expenses	(3)	-15.6	-21.7	6.1	28.1
Selling expenses	(4)	-21.9	-21.3	-0.6	-2.8
General administrative expenses	(5)	-16.2	-16.5	0.3	1.8
Other operating income and expenses		2.6	2.8	-0.2	-7.1
Profit/loss of companies accounted for using the equity method	(7)	9.5	3.9	5.6	>100
Earnings before interest and tax (EBIT)		**83.9**	**77.3**	**6.6**	**8.5**
Interest income		0.2	0.2		
Interest expenses		-1.0	-2.7	1.7	63.0
Interest result	(8)	-0.8	-2.5	1.7	68.0
Financial result on other items	(9)	-50.9	-5.5	-45.4	<-100
Financial result		**-51.7**	**-8.0**	**-43.7**	**<-100**
Earnings before tax (EBT)		**32.2**	**69.3**	**-37.1**	**-53.5**
Income taxes	(10)	-11.2	-22.5	11.3	50.2
Earnings after tax (EAT)		**21.0**	**46.8**	**-25.8**	**-55.1**
Thereof attributable to:					
Owners of MTU Aero Engines AG		21.2	46.8	-25.6	-54.7
Non-controlling interests		-0.2		-0.2	
Earnings per share in €					
Undiluted (EPS)	(11)	0.42	0.92	-0.50	-54.3
Diluted (DEPS)	(11)	0.42	0.92	-0.50	-54.3

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income

	(Note)	Jan. 1 – March 31, 2015 in € million	Jan. 1 – March 31, 2014 in € million	Change against previous year in € million	in %
Earnings after tax (EAT)		**21.0**	**46.8**	**-25.8**	**-55.1**
Translation differences arising from the financial statements of international entities		37.6	-3.8	41.4	>100
Financial instruments designated as cash flow hedges		-96.3	-5.9	-90.4	<-100
Items that may subsequently be recycled to profit or loss		**-58.7**	**-9.7**	**-49.0**	**<-100**
Actuarial gains and losses on pension obligations and plan assets		-0.5	0.2	-0.7	<-100
Items that will not be recycled to profit or loss		**-0.5**	**0.2**	**-0.7**	**<-100**
Other comprehensive income	(24.7)	**-59.2**	**-9.5**	**-49.7**	**<-100**
Total comprehensive income		**-38.2**	**37.3**	**-75.5**	**<-100**
Thereof attributable to:					
Owners of MTU Aero Engines AG		-38.0	37.3	-75.3	<-100
Non-controlling interests		-0.2		-0.2	

Consolidated Balance Sheet

Assets

in € million	(Note)	March 31, 2015	Dec. 31, 2014	Jan. 1, 2014
Non-current assets				
Intangible assets	(14)	2,171.9	2,100.8	1,888.5
Property, plant and equipment	(15)	606.1	610.1	606.3
Financial assets accounted for using the equity method	(16)	166.5	139.9	114.0
Other financial assets	(16)	55.7	52.0	67.1
Prepayments		4.9	4.8	0.2
Deferred tax assets		36.0	29.6	11.3
Total non-current assets		**3,041.1**	**2,937.2**	**2,687.4**
Current assets				
Inventories	(17)	791.5	741.0	745.2
Trade receivables	(18)	682.8	679.7	552.1
Construction contract and service business receivables	(19)	266.3	271.2	193.4
Income tax claims		18.9	0.3	0.9
Other financial assets	(16)	57.3	81.7	102.0
Other assets	(20)	11.1	24.3	12.9
Cash and cash equivalents	(21)	97.1	64.6	159.6
Prepayments		5.7	6.3	4.3
Total current assets		**1,930.7**	**1,869.1**	**1,770.4**
Total assets		**4,971.8**	**4,806.3**	**4,457.8**

Equity and Liabilities

in € million	(Note)	March 31, 2015	Dec. 31, 2014	Jan. 1, 2014
Equity	(24)			
Subscribed capital		52.0	52.0	52.0
Capital reserves		397.6	397.5	390.2
Revenue reserves		1,023.2	1,002.0	875.1
Treasury shares		-32.2	-32.2	-35.3
Other comprehensive income		-290.0	-230.8	-31.0
Thereof attributable to:				
Owners of MTU Aero Engines AG		1,150.6	1,188.5	1,251.0
Non-controlling interests		-0.4	-0.2	
Total equity		**1,150.2**	**1,188.3**	**1,251.0**
Non-current liabilities				
Pension provisions		764.3	761.9	585.5
Other provisions	(27)	21.8	19.5	32.7
Financial liabilities	(28)	1,066.7	941.3	725.4
Deferred tax liabilities		30.8	59.9	203.9
Total non-current liabilities		**1,883.6**	**1,782.6**	**1,547.5**
Current liabilities				
Pension provisions		21.7	21.7	37.6
Income tax liabilities		30.3	30.3	38.1
Other provisions	(27)	371.4	352.0	363.7
Financial liabilities	(28)	346.9	271.0	169.2
Trade payables		629.4	633.6	467.5
Construction contract and service business payables	(30)	486.9	485.7	547.8
Other liabilities	(31)	51.4	41.1	35.4
Total current liabilities		**1,938.0**	**1,835.4**	**1,659.3**
Total equity and liabilities		**4,971.8**	**4,806.3**	**4,457.8**

Consolidated Statement of Changes in Equity

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

Consolidated Statement of Changes in Equity

in € million	Sub-scribed 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, 2014 (adjusted)	**52.0**	**390.2**	**875.1**	**-35.3**	**3.8**	**-95.0**	**60.2**	**1,251.0**		**1,251.0**
Earnings after tax			46.8					46.8		**46.8**
Other comprehensive income					-3.8	0.2	-5.9	-9.5		**-9.5**
Total comprehensive income			**46.8**		**-3.8**	**0.2**	**-5.9**	**37.3**		**37.3**
Share Matching Plan		0.2						0.2		**0.2**
Carrying amount at March 31, 2014	**52.0**	**390.4**	**921.9**	**-35.3**		**-94.8**	**54.3**	**1,288.5**		**1,288.5**
Carrying amount at January 1, 2015	**52.0**	**397.5**	**1,002.0**	**-32.2**	**18.0**	**-193.9**	**-54.9**	**1,188.5**	**-0.2**	**1,188.3**
Earnings after tax			21.2					21.2	-0.2	**21.0**
Other comprehensive income					37.6	-0.5	-96.3	-59.2		**-59.2**
Total comprehensive income			**21.2**		**37.6**	**-0.5**	**-96.3**	**38.0**	**-0.2**	**-38.2**
Share Matching Plan		0.1						0.1		**0.1**
Carrying amount at March 31, 2015	**52.0**	**397.6**	**1,023.2**	**-32.2**	**55.6**	**-194.4**	**-151.2**	**1,150.6**	**-0.4**	**1,150.2**

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement in € million	(Note)	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Operating activities			
Earnings after tax (EAT)		21.0	46.8
Depreciation, amortization, write-downs and reversals of write-downs on non-current assets		34.7	37.9
Profit/loss of companies accounted for using the equity method		-9.5	-3.9
Change in pension provisions *)		1.8	3.7
Change in other provisions	(27)	21.7	-4.6
Other non-cash items		64.4	0.7
Change in working capital *)		-8.0	27.4
Interest result	(8)	0.8	2.5
Interest paid		-0.9	-0.6
Interest received		0.2	0.2
Income taxes	(10)	11.2	22.5
Income taxes paid		-26.2	-96.8
Cash flow from operating activities		**111.2**	**35.8**
Investing activities			
Capital expenditure on:			
Intangible assets	(14)	-62.1	-13.7
Property, plant and equipment	(15)	-16.4	-22.8
Financial assets *)	(16)	-1.1	-39.3
Proceeds from disposal of:			
Intangible assets/property, plant and equipment	(14)/(15)	0.2	0.7
Financial assets *)	(16)	17.8	21.2
Repayment of non-current loans		0.7	
Cash flow from investing activities		**-60.9**	**-53.9**
Financing activities			
Note purchase agreement	(28)		30.0
Increase in/repayment of other items of financial debt	(28)	-7.2	1.6
Settlement of purchase price liabilities for acquisition of program shares		-16.4	-9.9
Cash flow from financing activities		**-23.6**	**21.7**
Net change in cash and cash equivalents during period		**26.7**	**3.6**
Effect of translation differences on cash and cash equivalents		5.8	-0.2
Cash and cash equivalents at beginning of period (January 1) *)		64.6	159.6
Cash and cash equivalents at end of period (March 31) *)		**97.1**	**163.0**

*) Prior year figures January 1 - March 31, 2014 adjusted (reference is made to section Adjustments to the Condensed Interim Consolidated Financial Statements of the Notes to the Interim Consolidated Financial Statements)

Notes to the Interim Consolidated Financial Statements

Group Segment Reporting

Segment information

A description of the activities of the MTU Group's operating segments is provided on page 232 of the Annual Report 2014. There have been no changes to the composition of the group's segments in the first quarter of 2015.

Segment information for the period from January 1 to March 31, 2015 was as follows:

Reporting by operating segment 2015

in € million	Commercial and military engine business Jan. 1 - March 31, 2015	Commercial maintenance business Jan. 1 - March 31, 2015	Reportable segments total Jan. 1 - March 31, 2015	Consolidation/ reconciliation Jan. 1 - March 31, 2015	Group Jan. 1 - March 31, 2015
External revenues	715.7	383.8	1,099.5		1,099.5
Intersegment revenues	11.0	0.1	11.1	-11.1	
Total revenues	**726.7**	**383.9**	**1,110.6**	**-11.1**	**1,099.5**
Gross profit	**72.5**	**51.9**	**124.4**	**1.1**	**125.5**
Amortization	15.0	2.2	17.2		17.2
Depreciation	17.2	5.8	23.0		23.0
Total depreciation/amortization	**32.2**	**8.0**	**40.2**		**40.2**
Earnings before interest and tax (EBIT)	**44.9**	**37.5**	**82.4**	**1.5**	**83.9**
Depreciation/amortization effects of purchase price allocation	5.5	0.6	6.1		6.1
IAE-V2500 stake increase	7.7		7.7		7.7
Adjusted earnings before interest and tax (EBIT adjusted)	**58.1**	**38.1**	**96.2**	**1.5**	**97.7**
Profit/loss from companies accounted for using the equity method		**9.5**	**9.5**		**9.5**
Assets (March 31, 2015)	**4,406.3**	**1,100.8**	**5,507.1**	**-535.3**	**4,971.8**
Liabilities (March 31, 2015)	**3,440.9**	**575.9**	**4,016.8**	**-195.2**	**3,821.6**
Significant non-cash items	**66.5**	**-2.1**	**64.4**		**64.4**
Total capital expenditure on intangible assets and property, plant and equipment	**69.9**	**2.8**	**72.7**		**72.7**
Key segment data:					
EBIT in % of revenues	6.2	9.8	7.4		7.6
Adjusted EBIT in % of revenues	8.0	9.9	8.7		8.9

Segment information for the period from January 1 to March 31, 2014 was as follows:

Reporting by operating segment 2014

in Mio, €	Commercial and military engine business Jan. 1 - March 31, 2014	Commercial maintenance business Jan. 1 - March 31, 2014	Reportable segments total Jan. 1 - March 31, 2014	Consolidation/ reconciliation Jan. 1 - March 31, 2014	Group Jan. 1 - March 31, 2014
External revenues	609.7	303.3	913.0		913.0
Intersegment revenues	7.4	0.3	7.7	-7.7	
Total revenues	**617.1**	**303.6**	**920.7**	**-7.7**	**913.0**
Gross profit	**94.1**	**35.1**	**129.2**	**0.9**	**130.1**
Amortization	13.1	2.3	15.4		15.4
Depreciation	17.7	4.8	22.5		22.5
Total depreciation/amortization	**30.8**	**7.1**	**37.9**		**37.9**
Earnings before interest and tax (EBIT)	**49.7**	**26.4**	**76.1**	**1.2**	**77.3**
Depreciation/amortization effects of purchase price allocation	5.6	0.6	6.2		6.2
IAE-V2500 stake increase	5.5		5.5		5.5
Adjusted earnings before interest and tax (EBIT adjusted)	**60.8**	**27.0**	**87.8**	**1.2**	**89.0**
Profit/loss from companies accounted for using the equity method	**-0.6**	**4.5**	**3.9**		**3.9**
Assets (Dec. 31, 2014)	**4,285.2**	**1,084.3**	**5,369.5**	**-563.2**	**4,806.3**
Liabilities (Dec. 31, 2014)	**3,214.8**	**625.4**	**3,840.2**	**-222.2**	**3,618.0**
Significant non-cash items	**1.1**	**-0.4**	**0.7**		**0.7**
Total capital expenditure on intangible assets and property, plant and equipment	**53.8**	**3.2**	**57.0**		**57.0**
Key segment data:					
EBIT in % of revenues	8.1	8.7	8.3		8.5
Adjusted EBIT in % of revenues	9.9	8.9	9.5		9.7

The main non-cash items relate to gains and losses arising on foreign currency translation which do not have any impact on cash flows.

Reconciliation with MTU consolidated financial statements - earnings

in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Consolidated earnings before interest and tax (EBIT)	**83.9**	**77.3**
Interest income	0.2	0.2
Interest expense	-1.0	-2.7
Financial result on other items	-50.9	-5.5
Earnings before tax (EBT)	**32.2**	**69.3**

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. The Commercial Engine Maintenance segment covers activities in the area of maintenance and logistical support for commercial engines.

The parent company, 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 Board of Management of MTU Aero Engines AG on April 20, 2015.

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 March 31, 2015 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 at December 31, 2014 with the exception of the Annual Improvements to IFRS (2011 – 2013 cycle). These improvements were mandatory for the first time for annual periods beginning on or after January 1, 2015 and did not affect MTU's Consolidated Financial Statements.

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, 2014.

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, 2014.

Adjustments to the Condensed Interim Consolidated Financial Statements

Reinsurance claim

In 2014, a valuation unit specific to a reinsurance claim was reversed and the underlying cash equivalents, current financial assets and construction contract payables were recognized separately. The prior year figures for cash equivalents (€ 7.8 million), current financial assets (€ 22.5 million) and construction contract payables (€ 30.3 million) were adjusted accordingly (for detailed explanatory comments, see page 151 of the Annual Report 2014).

V2500 stake increase

The purchase price agreement concluded by MTU in the financial year 2012 in order to increase its stake in the V2500 program included deferred payments conditional upon the future number of flight hours registered by the fleet of in-service V2500 engines, in addition to the fixed component of the purchase price (for more details of this liability's initial measurement, please see page 129 et seq. of the 2012 Annual Report "Effects of increased stake in the IAE V2500 engine program as of June 29, 2012"). In the financial year 2014, MTU decided to voluntarily change its accounting policy and now accounts for the deferred payments that form part of the purchase price for the increased stake in the V2500 program by analogy with IFRIC 1 (for detailed explanatory comments, see page 151 of the Annual Report 2014).

Tax credits

MTU Aero Engines Polska Sp. z o. o. receives government support in the context of Poland's economic development program by virtue of its location in a special economic zone. Because its business investments help to create jobs, the company has been awarded tax credits in respect of the profits it expects to achieve. MTU changed its accounting treatment for these tax credits in the financial year 2014 and now recognizes them on the basis of investments actually made by the end of the reporting period (for detailed explanatory comments, see page 152 of the Annual Report 2014).

Presentation of provisions

In order to account for uncertainties attached to the amount and due date of financial obligations that until now have been recognized as liabilities (in particular to customers, suppliers and employees), the relevant amounts were reclassified to provisions in the financial year 2014 (for detailed explanatory comments, see page 152 of the Annual Report 2014).

Group reporting entity

At March 31, 2015, the MTU Group comprised 29 entities, including MTU Aero Engines AG, Munich, which is unchanged compared to December 31, 2014. A list of major shareholdings is provided in the notes to the Consolidated Financial Statements in the Annual Report 2014, note 38.1 (Major shareholdings).

Notes to the Consolidated Income Statement

1 Revenues

Revenues

in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Commercial engine business	635.5	500.5
Military engine business	91.2	116.6
Commercial and military engine business (OEM)	**726.7**	**617.1**
Commercial maintenance business (MRO)	**383.9**	**303.6**
Consolidation	-11.1	-7.7
Total revenues	**1,099.5**	**913.0**

2 Cost of sales

Cost of sales

in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Cost of materials	-828.5	-608.5
Personnel expenses	-125.6	-120.2
Depreciation and amortization	-38.3	-33.0
Other cost of sales	18.4	-21.2
Total cost of sales	**-974.0**	**-782.9**

The change in cost of sales is consistent with the growth in revenues in the reporting period and continues to reflect the production ramp-up for new engine program.

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

Research and development expenses

in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Cost of materials	-23.6	-11.4
Personnel expenses	-18.8	-20.7
Depreciation and amortization	-0.9	-1.5
Research and development expenditure	**-43.3**	**-33.6**
Of which were capitalized: development costs (OEM)	**27.7**	**11.9**
Research and development costs recognized as expense	**-15.6**	**-21.7**

4 Selling expenses

Selling expenses		
in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Cost of materials	-2.4	-3.7
Personnel expenses	-16.6	-15.7
Depreciation and amortization	-0.4	-0.4
Other selling expenses	-2.5	-1.5
Total selling expenses	**-21.9**	**-21.3**

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 administrative expenses

General administrative expenses		
in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Cost of materials	-1.5	-1.2
Personnel expenses	-13.2	-11.9
Depreciation and amortization	-0.6	-3.0
Other administrative expenses	-0.9	-0.4
Total general administrative expenses	**-16.2**	**-16.5**

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

Profit/loss of companies accounted for using the equity method		
in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Associated companies	0.1	0.1
Joint Ventures	9.4	3.8
Profit/loss of companies accounted for using the equity method	**9.5**	**3.9**

8 Interest result

Interest result

in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Interest income	**0.2**	**0.2**
Interest expenses		
Bonds and notes	-2.8	-2.8
Liabilities to banks	-0.2	-0.3
Finance lease arrangements	-0.1	-0.1
Other interest expenses	-0.5	-0.4
Capitalized borrowing costs for qualifying assets	2.6	0.9
Interest expenses	**-1.0**	**-2.7**
Interest result	**-0.8**	**-2.5**

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 engine program stakes.

9 Financial result on other items

Financial result on other items

in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Effects of currency translation: exchange rate gains/losses on		
Currency holdings	2.2	-1.0
Financing transactions	-10.3	
Fair value gains/losses on derivatives		
Currency and interest rate derivatives	-36.8	3.2
Forward commodity contracts	-0.3	0.1
Interest portion included in measurement of assets and liabilities		
Pension provision	-3.5	-5.3
Receivables, other provisions, plan assets, liabilities and advance payments from customers	-4.4	-2.5
Financial result on sundry other items	2.2	
Financial result on other items	**-50.9**	**-5.5**

The financial result on other items for the three-month period deteriorated by € 45.4 million compared to the previous year, primarily as a result of losses of € 37.1 million arising on the fair value measurement of derivatives (January - March 2014: gains of € 3.3 million) and losses of € 10.3 million (January - March 2014: € 0.0 million) on the fair value measurement of financing transactions.

10 Income taxes

Income tax expense comprised the following:

Income taxes

in € million	Jan. 1 – March 31, 2015	Jan. 1 – March 31, 2014
Current tax expense	-7.6	-20.4
Deferred tax expense	-3.6	-2.1
Income tax expense	**-11.2**	**-22.5**

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 € 21.2 million for the three-month period (January - March 2014: € 46.8 million). The weighted average number of shares in circulation during the first quarter 2015 was 51,008,023 (January - March 2014: 50,855,626). A further 16,845 shares (January - March 2014: 22,871 shares) result from the Share Matching Plan (deferred share-based remuneration of members of the Executive Board).

Undiluted earnings per share for the first quarter 2015 amounted to € 0.42 (January - March 2014: € 0.92). Diluted earnings per share also amounted to € 0.42 (January - March 2014: € 0.92).

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 € 56.3 million (January - March 2014: € 34.2 million) of intangible assets was capitalized in the first three months of 2015. The principal additions related to program values amounting to € 27.0 million (January - March 2014: € 21.3 million) and development costs amounting to € 29.0 million (January - March 2014: € 12.7 million) relating to the geared turbofan PW1000G family programs as well as to the GE38, GE9X and PW800 engine programs.

Capitalized intangible assets totaling € 56.3 million in the first three months of 2015 (January - March 2014: € 34.2 million) comprise € 45.0 million (January - March 2014: € 23.8 million) of purchased and € 11.3 million (January - March 2014: € 10.4 million) of internally generated intangible assets. The amortization expense for the three-month period amounted to € 17.2 million (January - March 2014: € 15.4 million).

15 Property, plant and equipment

Additions to property, plant and equipment during the three-month period totaled € 16.4 million (January - March 2014: € 22.8 million) and related mainly to plant and machinery, operational and office equipment and corresponding advance payments. The depreciation expense amounted to € 23.0 million (January - March 2014: € 22.5 million).

16 Financial assets

Other financial assets comprise the following:

Other financial assets

in € million	Total		Non-Current		Current	
	March 31, 2015	Dec. 31, 2014	March 31, 2015	Dec. 31, 2014	March 31, 2015	Dec. 31, 2014
Loans, receivables, other financial assets (LaR)	**56.0**	**61.7**	**49.1**	**43.8**	**6.9**	**17.9**
Non-current loans receivable from third parties	42.5	37.4	42.5	37.4		
Non-current loans receivable from related entities	6.4	6.4	6.4	6.4		
Receivables from employees	1.4	1.1			1.4	1.1
Receivables from suppliers	1.0	8.3			1.0	8.3
Sundry other financial assets	4.7	8.5	0.2		4.5	8.5
Available-for-sale financial assets (AfS)	**56.2**	**69.4**	**6.4**	**6.4**	**49.8**	**63.0**
Other investment in related entities	6.4	6.4	6.4	6.4		
Marketable securities	49.8	63.0			49.8	63.0
Derivatives without hedging relationship (FAHfT)	**0.8**	**2.6**	**0.2**	**1.8**	**0.6**	**0.8**
Total other financial assets	**113.0**	**133.7**	**55.7**	**52.0**	**57.3**	**81.7**

Other financial assets decreased by € 20.7 million during the first three months of 2015 to € 113.0 million (December 31, 2014: € 133.7 million). The principal reason was the sale of marketable securities, the carrying amount of which decreased by € 13.2 million from € 63.0 million at December 31, 2014 to € 49.8 million at March 31, 2015, whereas non-current loans receivable from third parties went up by € 5.1 million to € 42.5 million.

Financial assets accounted for using the equity method

Financial assets accounted for using the equity method amounted to € 166.5 million (December 31, 2014: € 139.9 million). Further information regarding the components of these assets is provided on page 185 et seq. of the Annual Report 2014.

17 Inventories

Inventories, net of write-downs, comprise the following:

Inventories

in € million	March 31, 2015	Dec. 31, 2014
Raw materials and supplies	285.8	274.6
Finished goods	155.2	138.1
Work in progress	330.9	309.2
Advance payments	19.6	19.1
Total inventories	**791.5**	**741.0**

18 Trade receivables

Trade receivables comprise the following:

Trade receivables

in € million	March 31, 2015	Dec. 31, 2014
Third parties	627.7	617.6
Related parties	55.1	62.1
Total trade receivables	**682.8**	**679.7**

19 Construction contract and service business receivables

Construction contract and service business receivables comprise the following:

Construction contract and service business receivables

in € million	March 31, 2015	Dec. 31, 2014
Construction contract receivables (based on percentage of completion)	429.0	431.1
Thereof: Advance payments received for construction contracts	-276.8	-274.4
Service business receivables (based on percentage of completion)	114.1	114.5
Total construction contract and service business receivables	**266.3**	**271.2**

20 Other assets

Other assets include tax reimbursement claims, in particular value added tax receivables.

21 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents		
in € million	**March 31, 2015**	**Dec. 31, 2014**
Demand deposits and cash	73.9	49.6
Fixed-term and overnight deposits with an original maturity of three months or less	23.2	15.0
Total cash and cash equivalents	**97.1**	**64.6**

Cash and cash equivalents include foreign currency holdings with a value of € 81.6 million (December 31, 2014: € 62.3 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, 2014: € 52.0 million) and is divided into 52.0 million (December 31, 2014: 52.0 million) non-par registered shares.

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 is the fair value of shares granted under the Matching Stock Program and Share Matching Plan, and the amount representing the difference between the proceeds of shares sold under the MAP Employee Stock Option Program and the Share Matching Plan and their original acquisition cost.

24.3 Revenue reserves

Revenue reserves comprise the post-tax retained earnings of consolidated group companies, and earnings after taxes for the first three months of 2015 attributable to the owners of MTU Aero Engines AG amounting to € 21.2 million (January - March 2014: € 46.8 million). As a result of the positive earnings after taxes for the first three months of 2015, revenue reserves increased to € 1,023.2 million at March 31, 2015 (December 31, 2014: € 1,002.0 million).

24.4 Treasury shares

During the first three months of 2015 the average weighted number of shares in circulation was 51,008,023 shares (January - March 2014: 50,855,626 shares). A total of 51,008,023 MTU Aero Engines AG shares was in issue at the end of the reporting period (March 31, 2014: 50,855,626 shares). The Company held 991,977 treasury shares at the end of the reporting period (March 31, 2014: 1,144,374 treasury shares).

24.7 Other comprehensive income (net of tax)

Other comprehensive income after tax (OCI) decreased from a negative amount of € 230,8 million as of December 31, 2014 for the first three months of 2015 by € 59.2 million (January - March 2014: € 9.5 million) to a negative amount of € 290,0 million. The deterioration was attributable primarily to fair value losses of € 96.3 million on cash flow hedging instruments (January - March 2014: € 5.9 million) and net actuarial losses on pension obligations and plan assets amounting to € 0.5 million (January - March 2014: net actuarial gains of € 0.2 million), which were partly offset by the positive impact of € 37.6 million arising on the translation of the financial statements of foreign subsidiaries (January - March 2014: negative impact of € 3.8 million).

27 Other provisions

Other provisions totaling € 393.2 million increased by € 21.7 during the first quarter 2015, mainly due to allocations for obligations for sales deductions, warranty risks, retrospective costs and personnel-related liabilities.

28 Financial liabilities

Financial liabilities consist of the following:

Financial liabilities

in € million	Total		Non-Current		Current	
	March 31, 2015	Dec. 31, 2014	March 31, 2015	Dec. 31, 2014	March 31, 2015	Dec. 31, 2014
Corporate bonds	**355.5**	**352.7**	**346.8**	**346.7**	**8.7**	**6.0**
Financial liabilities arising from IAE-V2500 stake increase	**462.8**	**414.6**	**410.0**	**367.8**	**52.8**	**46.8**
Financia liabilities to banks						
Note purchase agreement	30.0	30.1	30.0	30.0		0.1
Revolving credit facility		9.6				9.6
Financial liabilities to related companies	**2.8**	**0.1**			**2.8**	**0.1**
Derivatives without hedging relationship	**52.3**	**12.2**	**36.6**	**10.0**	**15.7**	**2.2**
Derivatives with hedging relationship	**169.7**	**71.4**	**81.6**	**34.1**	**88.1**	**37.3**
Finance lease liabilities	**13.9**	**14.2**	**12.6**	**12.9**	**1.3**	**1.3**
Total gross financial liabilities	**1,087.0**	**904.9**	**917.6**	**801.5**	**169.4**	**103.4**
Other financial liabilities (FLAC/n.a.)						
Personnel-related financial liabilities	30.4	18.0	8.9	6.4	21.5	11.6
Repayment of grants towards development costs	42.0	46.3	32.8	36.9	9.2	9.4
Sundry other financial liabilities	254.2	243.1	107.4	96.5	146.8	146.6
Total other financial liabilities	**326.6**	**307.4**	**149.1**	**139.8**	**177.5**	**167.6**
Total financial liabilities	**1,413.6**	**1,212.3**	**1,066.7**	**941.3**	**346.9**	**271.0**

Gross financial liabilities

Corporate bonds

A full description of the corporate bond (Schuldverschreibung) for a nominal amount of € 250.0 million and the registered corporate bond (Namensschuldverschreibung) for a nominal amount of € 100.0 million is provided on page 205 et seq. of the Annual Report 2014.

Financial liabilities arising from 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 € 462.8 million at the end of the reporting period (December 31, 2014: € 414.6 million).

Note purchase agreement

A full description of the note purchase agreement (Namensdarlehen) with a nominal amount of € 30.0 million is provided on page 206 of the Annual Report 2014.

Revolving credit facility

The MTU Group has access to a revolving credit facility of € 400.0 million with five banks which runs until October 30, 2019. Of these credit facilities, € 13.0 million were being utilized at March 31, 2015 for guarantees (December 31, 2014: total funds utilized € 22.5 million, of which € 12.9 million 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.

Liabilities from derivatives

Derivatives (with and without hedging relationships) held at the end of the reporting period with a negative fair value of € 222.0 million (December 31, 2014: € 83.6 million) are intended to compensate for currency and commodity price risks.

Finance lease liabilities

Finance lease liabilities represent obligations under finance lease arrangements that are capitalized and amortized using the effective interest method. A description of the principal financing lease arrangements is provided on page 185 of the Annual Report 2014.

Other financial liabilities

Personnel-related financial liabilities

Personnel-related financial liabilities relate primarily to accruals for pension payments as well as vacation and Christmas pay, with the latter mainly responsible for the increase of € 12.4 million. Obligations relating to one-time capital and instalment payments for pensions totaled € 5.8 million (December 31, 2014: € 7.3 million). This item also includes liabilities to group employees under the employee stock option program (MAP) and the Share Matching Plan (SMP) totaling € 6.1 million (December 31, 2014: € 5.0 million). The total cost incurred in conjunction with the MAP and SMP in the first three months of 2015 was € 1.1 million (January - March 2014: € 0.8 million).

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 € 15.5 million were made in the financial years 2011 to 2014, and a further € 4.7 million was repaid during the first three months of 2015.

Sundry other financial liabilities

Sundry other financial liabilities amounting to € 254.2 million (December 31, 2014: € 243.1 million) relate to obligations in connection with program stakes and development work for the PW1000G engine family program and the PW800 program amounting to € 223.1 million (December 31, 2014: € 206.2 million). The remainder of sundry other financial liabilities covers a multitude of minor individual obligations.

30 Construction contract and service business payables

Construction contract and service business payables comprise the following:

Construction contract and service business payables

in € million	March 31, 2015	Dec. 31, 2014
Advance payments received for construction contracts	597.3	594.3
Amount of above offset against construction contract receivables	-276.8	-274.4
Advance payments received for service business	166.4	165.8
Total construction contract and service business payables	**486.9**	**485.7**

Construction contract and service business payables represent the excess amount after advance payments received have been offset against the corresponding receivables, measured using the percentage-of-completion method (see also note 19 Construction contract and service business receivables).

31 Other liabilities

Other liabilities comprise the following items:

Other liabilities

	Total		Non-Current		Current	
in € million	March 31, 2015	Dec. 31, 2014	March 31, 2015	Dec. 31, 2014	March 31, 2015	Dec. 31, 2014
Personnel-related liabilities						
Social security	2.0	2.0			2.0	2.0
Other personnel-related liabilities	37.8	27.6			37.8	27.6
Other taxes	11.4	11.3			11.4	11.3
Sundry other liabilities	0.2	0.2			0.2	0.2
Total other liabilities	**51.4**	**41.1**			**51.4**	**41.1**

Personnel-related liabilities

Social security liabilities relate mainly to contributions to employees' accident insurance associations amounting to € 0.2 million (December 31, 2014: € 0.2 million) and liabilities to health insurance agencies amounting to € 1.8 million (December 31, 2014: € 1.8 million). Other personnel-related liabilities relate to vacation entitlements and flexi-time credits.

Other taxes

Other taxes amounting to € 11.4 million (December 31, 2014: € 11.3 million) relate to payroll (including employees' solidarity surcharge and church taxes) and to domestic and foreign transactional 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, irrespective of whether or not the instruments fall within the scope of IFRS 7 or IAS 39. The information presented also includes separate amounts for each category as a function of the measurement/recognition method applied. Finally, the carrying amounts are compared with the corresponding fair values.

Disclosures relating to financial instruments - carrying amounts and fair values aggregated by category at March 31, 2015

in € million	Category as defined in IAS 39/ Other category	Carrying amount March 31, 2015	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 March 31, 2015
			Measured at amortized cost	Measured at cost	Fair value recognized in equity	Fair value recognized in income statement				
ASSETS										
Other financial assets										
Loans, receivables, other financial assets	LaR	56.0	55.8					0.2	56.0	56.0
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	56.2		6.4	49.8				56.2	56.2
Financial assets held for trading	FAHfT									
Trade receivables	LaR	682.8	682.8						682.8	682.8
Construction contract and service business receivables	LaR	266.3	266.3						266.3	266.3
Derivative other financial assets										
Derivatives without hedging relationship	FAHfT	0.8				0.8			0.8	0.8
Derivatives with hedging relationship	n.a.									
Cash and cash equivalents	LaR	97.1	97.1						97.1	97.1
EQUITY AND LIABILITIES										
Trade payables	FLAC	629.4	629.4						629.4	629.4
Financial liabilities										
Corporate bonds	FLAC	355.5	355.5						355.5	367.6
Financial liabilities arising from IAE-V2500 stake increase	FLAC	462.8	462.8						462.8	463.2
Other gross financial liabilities	FLAC	32.8	32.8						32.8	32.8
Derivative financial liabilities										
Derivatives without hedging relationship	FLHfT	52.3				52.3			52.3	52.3
Derivatives with hedging relationship	n.a.	169.7			169.7				169.7	169.7
Finance lease liabilities	n.a.	13.9					13.9		13.9	13.9
Other financial liabilities	FLAC/n.a.	326.6	295.1				1.1	30.4	326.6	331.7
Thereof aggregated by category as defined in IAS 39										
Loans and receivables	LaR	1,102.2	1,102.0					0.2	1,102.2	1,102.2
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	56.2		6.4	49.8				56.2	56.2
Financial assets held for trading	FAHfT	0.8				0.8			0.8	0.8
Financial liabilities measured at amortized cost	FLAC/n.a.	1,807.1	1,775.6				1.1	30.4	1,807.1	1,824.7
Financial liabilities held for trading	FLHfT	52.3				52.3			52.3	52.3

Disclosures relating to financial instruments - carrying amounts and fair values aggregated by category at December 31, 2014

in € million	Category as defined in IAS 39/ Other category	Carrying amount Dec. 31, 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 Dec. 31, 2014
			Measured at amortized cost	Measured at cost	Fair value recognized in equity	Fair value recognized in income statement				
ASSETS										
Other financial assets										
Loans, receivables, other financial assets	LaR	61.7	61.7						61.7	61.7
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	69.4		6.4	63.0				69.4	69.4
Financial assets held for trading	FAHfT									
Trade receivables	LaR	679.7	679.7						679.7	679.7
Construction contract and service business receivables	LaR	271.2	271.2						271.2	271.2
Derivative other financial assets										
Derivatives without hedging relationship	FAHfT	2.6				2.6			2.6	2.6
Derivatives with hedging relationship	n.a.									
Cash and cash equivalents	LaR	64.6	64.6						64.6	64.6
EQUITY AND LIABILITIES										
Trade payables	FLAC	633.6	633.6						633.6	633.6
Financial liabilities										
Corporate bonds	FLAC	352.7	352.7						352.7	365.0
Financial liabilities arising from IAE-V2500 stake increase	FLAC	414.6	414.6						414.6	415.4
Other gross financial liabilities	FLAC	39.8	39.8						39.8	39.8
Derivative financial liabilities										
Derivatives without hedging relationship	FLHfT	12.2				12.2			12.2	12.2
Derivatives with hedging relationship	n.a.	71.4			71.4				71.4	71.4
Finance lease liabilities	n.a.	14.2					14.2		14.2	14.2
Other financial liabilities	FLAC/n.a.	307.4	286.8				2.6	18.0	307.4	312.9
Thereof aggregated by category as defined in IAS 39										
Loans and receivables	LaR	1,077.2	1,077.2						1,077.2	1,077.2
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	69.4		6.4	63.0				69.4	69.4
Financial assets held for trading	FAHfT	2.6				2.6			2.6	2.6
Financial liabilities measured at amortized cost	FLAC/n.a.	1,748.1	1,727.5				2.6	18.0	1,748.1	1,766.7
Financial liabilities held for trading	FLHfT	12.2				12.2			12.2	12.2

Abbreviations:

LaR = Loans and receivables

HtM = Held-to-maturity securities

AfS = Available-for-sale financial assets

FAHfT = Financial assets held for trading

FLAC = Financial liabilities measured at amortized cost

FLHfT = Financial liabilities held for trading

FLtPL = Financial liabilities measured at fair value through profit and loss

Financial instruments not within the scope of IFRS 7 or IAS 39 mainly comprise liabilities arising from employee benefits and the corresponding plan assets accounted for in accordance with IAS 19, and income tax liabilities and claims accounted for in accordance with IAS 12.

Cash and cash equivalents, trade and other receivables mostly have short remaining terms. The carrying amounts of these assets therefore correspond approximately to their fair value at the end of the reporting period.

Trade payables and other liabilities generally have short remaining terms so that their carrying amounts correspond approximately to their fair value at the end of the reporting period.

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

Inputs used when measuring financial assets and liabilities of MTU at their fair value, have been categorised into three levels of the following fair value hierarchy:

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.

The following tables show the allocation of financial assets and liabilities measured at fair value determined by the inputs used to the three levels of the fair value hierarchy for 2015 and 2014:

Allocation of financial assets and liabilities to the fair value hierarchy at March 31, 2015

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		0.8		0.8
Available-for-sale financial assets		49.8		49.8
Total financial assets		**50.6**		**50.6**
Financial liabilities measured at fair value				
Derivative financial instruments		222.0		222.0
Total financial liabilities		**222.0**		**222.0**

Allocation of financial assets and liabilities to the fair value hierarchy at December 31, 2014

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		2.6		2.6
Available-for-sale financial assets		63.0		63.0
Total financial assets		**65.6**		**65.6**
Financial liabilities measured at fair value				
Derivative financial instruments		83.6		83.6
Total financial liabilities		**83.6**		**83.6**

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

37 Contingent liabilities and other financial obligations

Contingent liabilities and other financial obligations at March 31, 2015 amounted to € 71.1 million (December 31, 2014: € 68.0 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 2015. Information regarding the composition and nature of contingent liabilities and other financial obligations is provided in the notes to the consolidated financial statements in the Annual Report 2014 (page 226).

Purchase commitments for intangible assets and property, plant and equipment amounted to € 34.5 million at March 31, 2015 (December 31, 2014: € 28.8 million).

38 Transactions with related companies and persons

Related companies

Transactions between group companies and joint ventures or associated companies were, without exception, conducted in the context of their normal business activities and made on terms equivalent to those that prevail in arm's-length transaction.

Business transactions between companies included in the consolidated financial statements were eliminated in the course of consolidation and are therefore not subject to any further separate disclosure.

Business with related companies

During the course of the reporting period, intra-group transactions involving the supply of goods and services were conducted by group companies as part of their normal operating activities (e.g. development, repairs, assembly and IT support).

Trade receivables from these entities at March 31, 2015 amounted to € 55.1 million (December 31, 2014: € 62.1 million), while trade payables totaled € 42.3 million (December 31, 2014: € 61.2 million). Income recognized during the first three months of 2015 totaled € 340.8 million (January - March 2014: € 313.4 million), with expenses totaling € 213.3 million (January - March 2014: € 196.6 million).

Related persons

No group company has conducted any significant transactions with members of the group's Executive Board or Supervisory Board or with any other individuals holding key management positions, or with companies in which these persons hold a seat on the managing or supervisory board. The same applies to close members of the families of those persons.

Events after the reporting date (March 31, 2015)

MTU Aero Engines Finance Netherlands B.V., Amsterdam, Netherlands, was founded on April 7, 2015 and entered in the Amsterdam Commercial Register on April 8, 2015. The company's purpose is to engage in financing operations with the aim of promoting sales. There have been no other 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 April 20, 2015.

Publication of the Quarterly Financial Report

The Quarterly Financial Report of MTU Aero Engines AG, Munich, for the period from January 1 to March 31, 2015 was published on the Internet on April 28, 2015.

Financial Calendar

Teleconference on first quarter 2015 earnings	**April 28, 2015**
Teleconference on first six-month 2015 earnings	**July 23, 2015**
Teleconference on third quarter 2015 earnings	**October 26, 2015**
MTU analysts and investors conference 2015	**November 25, 2015**

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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**
- Investor Relations information is available directly at **www.mtu.de/investor-relations**.
- Information about the products of MTU Aero Engines AG can be obtained at: **www.mtu.de/engines**

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