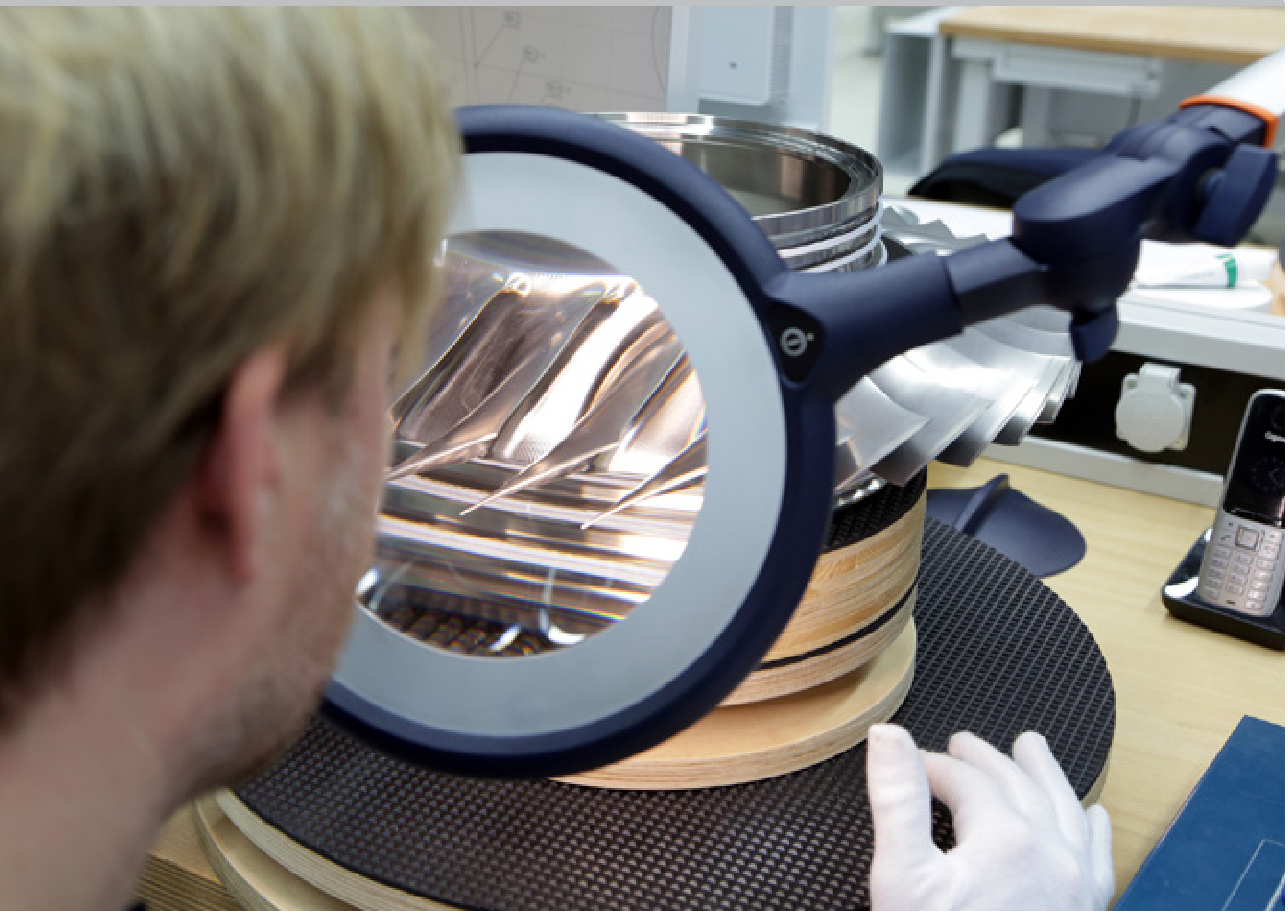


Quarterly Financial Report
January 1 to March 31, 2016

MTU Aero Engines AG, Munich

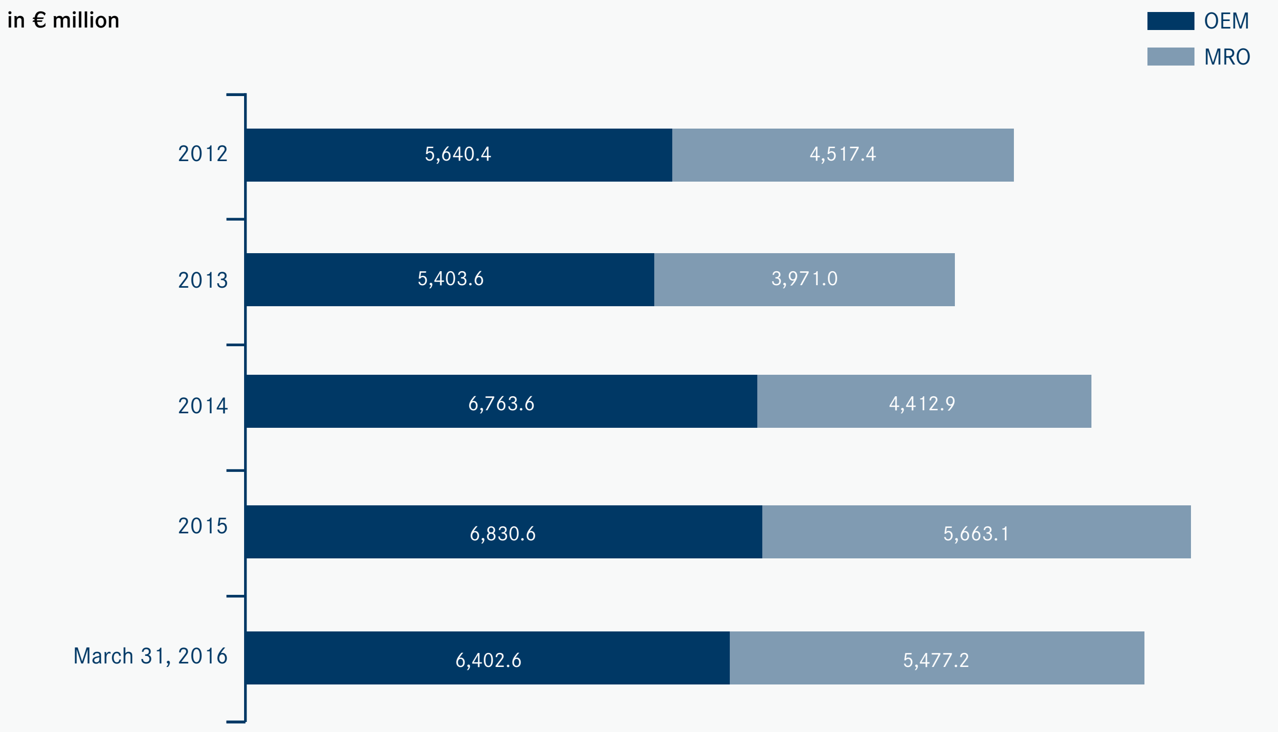
Contents

Key Facts and Figures for the Group

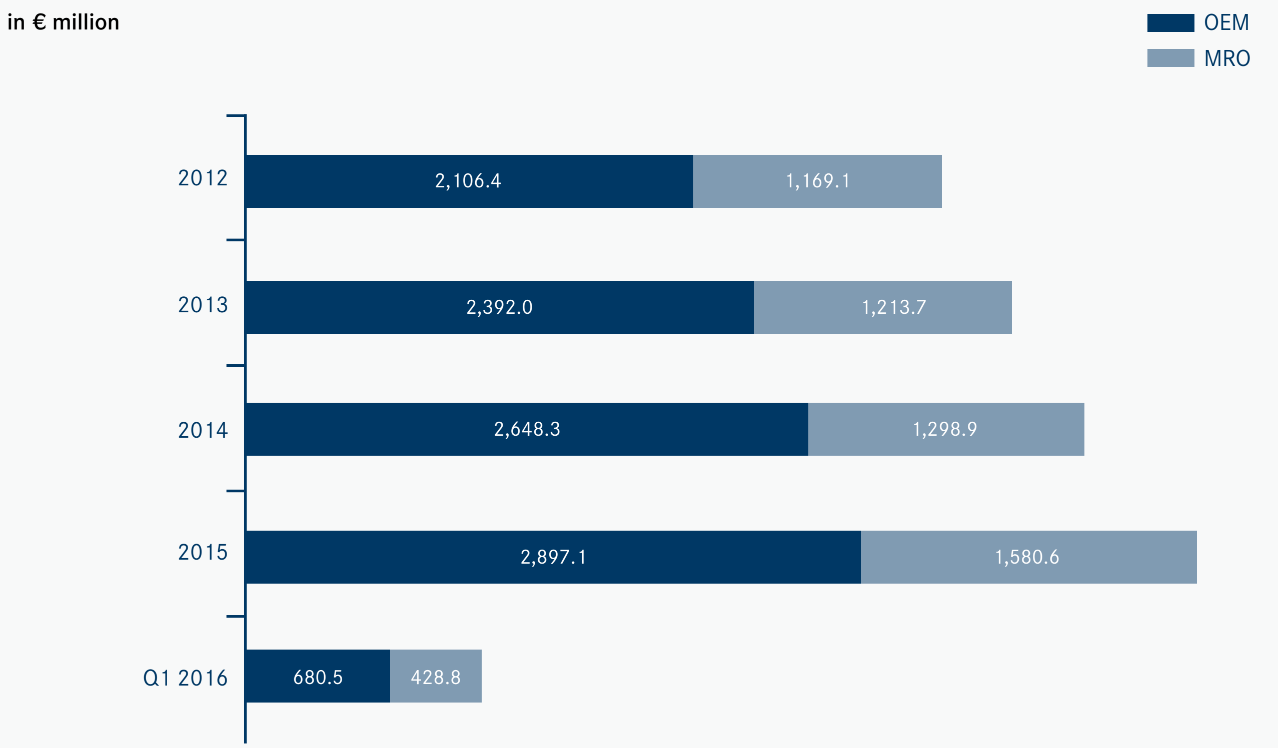
in € million (unless otherwise specified)	Jan. 1 - March 31, 2016	Jan. 1 - March 31, 2015	Change against previous year in € million	in %
Income Statement				
Revenues	1,097.9	1,099.5	-1.6	-0.1
Gross profit	169.7	125.5	44.2	35.2
Earnings before interest and tax (EBIT)	118.7	83.9	34.8	41.5
Adjusted earnings before interest and tax (adjusted EBIT)	131.3	97.7	33.6	34.4
Earnings before tax (EBT)	119.8	32.2	87.6	>100
Earnings after tax (EAT)	90.4	21.0	69.4	>100
Adjusted earnings after tax	91.5	68.2	23.3	34.2
Undiluted earnings per share (in €)	1.76	0.42	1.34	>100
Diluted earnings per share (in €)	1.76	0.42	1.34	>100
Earnings margins in %				
Earnings before interest and tax (EBIT)	10.8	7.6		
Adjusted earnings before interest and tax (adjusted EBIT)	12.0	8.9		
Earnings before tax (EBT)	10.9	2.9		
Earnings after tax (EAT)	8.2	1.9		
Adjusted earnings after tax	8.3	6.2		
Cash flow				
Cash flow from operating activities	127.4	111.2	16.2	14.6
Cash flow from investing activities	-1.1	-60.9	59.8	98.2
Free cash flow	93.6	61.2	32.4	52.9
Cash flow from financing activities	-103.4	-23.6	-79.8	<-100
Change in cash and cash equivalents	22.3	32.5	-10.2	-31.4

in € million (unless otherwise specified)	March 31, 2016	Dec. 31, 2015	Change against previous year in € million	in %
Balance Sheet				
Intangible assets	2,231.0	2,214.0	17.0	0.8
Cash and cash equivalents	75.4	53.1	22.3	42.0
Pension provisions	863.7	801.7	62.0	7.7
Equity	1,401.4	1,300.6	100.8	7.8
Net financial debt	782.5	881.2	-98.7	-11.2
Order backlog before consolidation	**11,879.8**	**12,493.7**	**-613.9**	**-4.9**
Commercial and military engine business (OEM) before consolidation	6,402.6	6,830.6	-428.0	-6.3
Commercial maintenance business (MRO) before consolidation	5,477.2	5,663.1	-185.9	-3.3
Number of employees	**8,297**	**8,334**	**-37**	**-0.4**
Commercial and military engine business (OEM)	5,321	5,331	-10	-0.2
Commercial maintenance business (MRO)	2,976	3,003	-27	-0.9

Order backlog by segment (before consolidation)

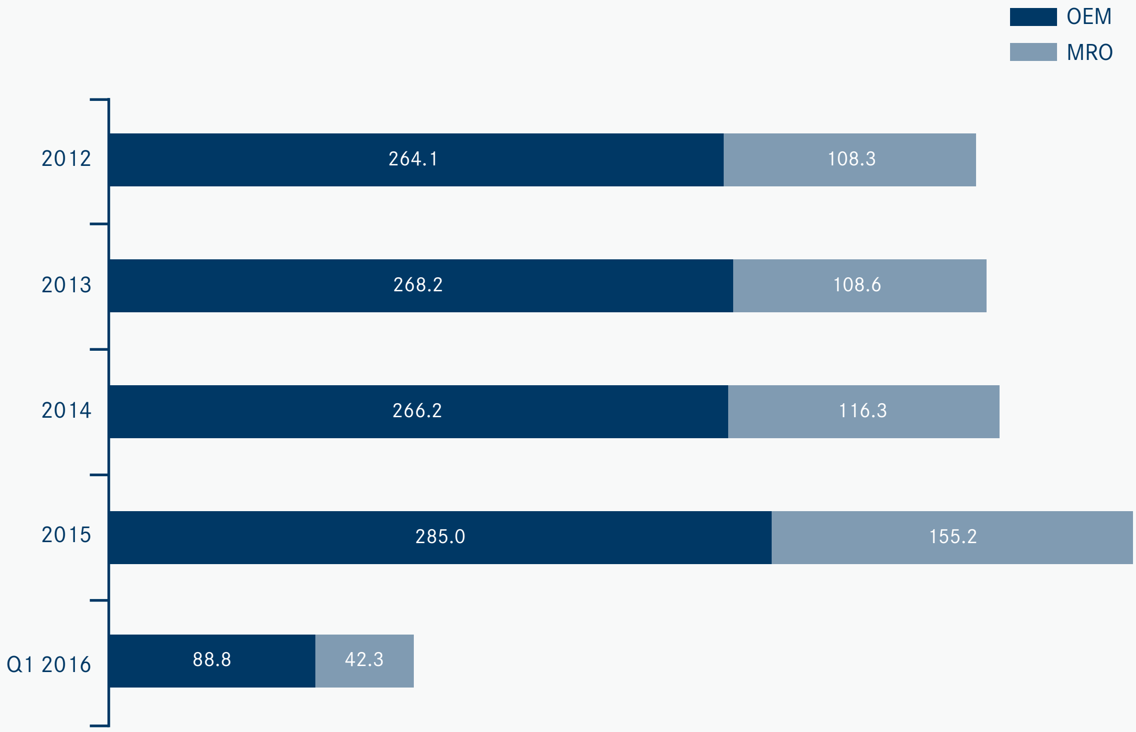


Revenues by segment (before consolidation)



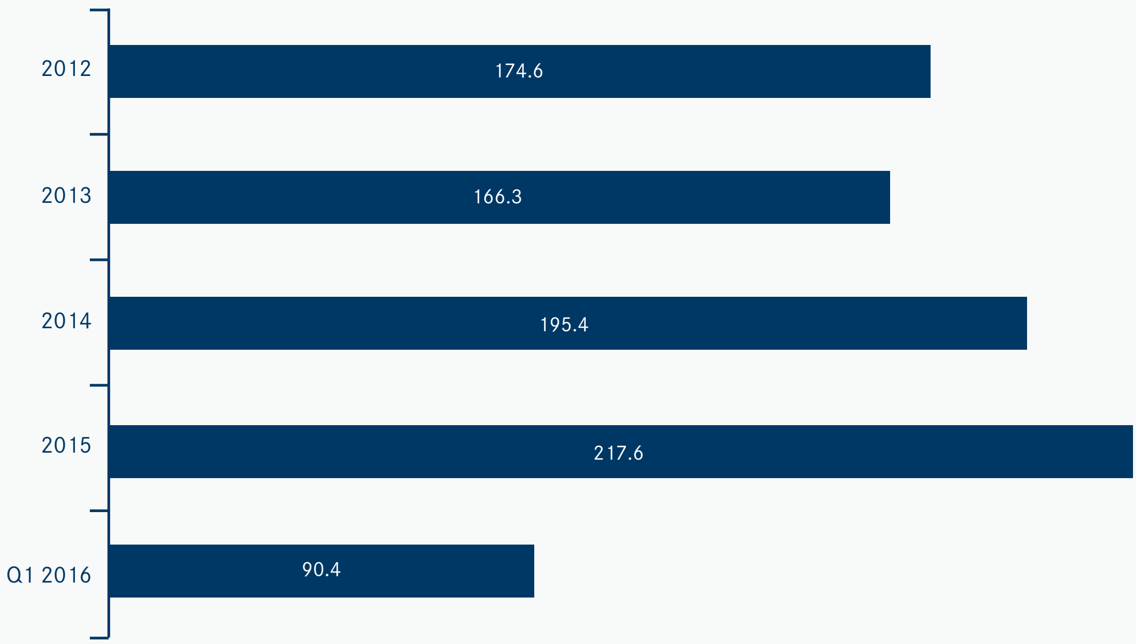
Adjusted EBIT by segment (before consolidation)

in € million



Earnings after tax

in € million



1 The enterprise MTU

MTU Aero Engines AG, Munich (in the following: MTU AG), together with its consolidated group of companies, is Germany's leading engine manufacturer and one of the biggest international players in the industry. In the following, the MTU group is also referred to simply as MTU or the group.

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 the PW1000G family of geared turbofan engines and on the GE9X and PW800 engine programs:

Commercial geared turbofan programs

Engine	MTU program share	Aircraft manufacturer	Aircraft type	Number of seats	Entry into service
PW1100G-JM	18 %	Airbus	A320neo	150 - 200	2016
PW1200G	15 %	Mitsubishi	MRJ	70 - 90	2018
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 (R&D) expenditure will remain at a high level during the financial years 2016 and 2017. In the first three months of 2016, R&D expenditure developed as follows:

Research and development expenditure

	Jan. 1 - March 31, 2016 in € million	Jan. 1 - March 31, 2015 in € million	Change against previous year in € million	in %
Commercial engine business (OEM)	53.6	46.6	7.0	15.0
Military engine business (OEM)	3.8	4.4	-0.6	-13.6
Commercial maintenance business (MRO)	1.2	1.0	0.2	20.0
Total research and development expenditure	**58.6**	**52.0**	**6.6**	**12.7**
Customer-funded R&D expenditure	-8.1	-8.7	0.6	6.9
Company-funded R&D expenditure	**50.5**	**43.3**	**7.2**	**16.6**
Capitalized company-funded development costs (OEM)	-31.1	-27.7	-3.4	-12.3
Research and development costs recognized as expense	**19.4**	**15.6**	**3.8**	**24.4**
Amortization of capitalized development costs	2.1	0.6	1.5	>100
R&D expenditure impact on EBIT adjusted	**21.5**	**16.2**	**5.3**	**32.7**

Research and development expenditure is subdivided into two categories for accounting purposes: company-funded R&D, which the group finances from its own resources, and externally funded R&D, which is contract-based and financed by the customer. Company-funded R&D expenditure is disclosed in the condensed interim consolidated financial statements (3: Research and development expenses).

Development costs amounting to € 31.1 million were capitalized in the first three months of 2016 (January to March 2015: € 27.7 million). This represents 61.6 % of all company-funded R&D expenditure (January to March 2015: 64.0 %) and reflects the advanced stage of development work on engines of the GTF family and on the PW800 and GE9X projects. An amortization expense of € 2.1 million was recognized in respect of these intangible assets (January to March 2015: € 0.6 million), which primarily relate to the GTF programs that have already entered service. Consequently, the group's adjusted earnings before interest and tax (adjusted EBIT) include a total amount of € 21.5 million (January to March 2015: € 16.2 million) for research and development expenses and the associated amortization expense.

2 Business environment

2.1 Macroeconomic factors

The pace of economic growth around the world varied from region to region. While U.S. economic performance demonstrated an upward trend, the majority of emerging economies felt the impact of low commodity prices.

In the euro zone, the European Central Bank's expansionary monetary policy and the favorable energy prices led to a moderate improvement in the region's economic performance. Seasonally adjusted gross domestic product (GDP) for the euro zone in the fourth quarter of 2015 was 1.6 % higher than in the corresponding three months of 2014.

Among the major economies, the United States posted the strongest growth, with an increase in GDP of 1.9 % in the fourth quarter of 2015. Gratifying figures for inflation, the labor market, and industrial output had a positive impact on U.S. stock markets toward the end of the first quarter of 2016 (sources: EUROSTAT, March 2016; EIU, April 2016).

China's economy grew by 6.8 % in the fourth quarter of 2015 – over the year as a whole, the country's GDP increased by 6.9 %. This relative slowdown is the result of a weakening foreign trade balance and surplus industrial production capacity. The government in Beijing has taken measures to boost domestic consumption and accelerate the country's transition from an export-oriented economy to a service economy (source: National Bureau of Statistics of China, January 2016).

2.2 Microeconomic factors in the aviation industry

On a global level, passenger air traffic increased by 8.6 % in February 2016. The growth rate in Asia was even higher, at 9.8 %. Freight traffic, on the other hand, exhibited sluggish growth in the first two months of 2016.

According to IATA, the aviation industry achieved a capacity utilization rate of nearly 80 % and airlines reported record profits in 2015 thanks to robust demand and lower kerosene prices. Airline revenues in 2015 totaled U.S. $ 710 billion, with profits of U.S. $ 33 billion (source: IATA forecast, December 2015).

Airbus and Boeing delivered a total of 1,397 aircraft to customers in 2015, making it yet another record year. A further 288 aircraft were delivered in the first three months of 2016. In terms of order backlog, the situation has remained stable, with orders for 13,200 aircraft on the books at the end of March 2016, compared with 13,400 at the end of 2015. This corresponds to a production workload of 7 to 8 years.

Crude oil prices continue to hover at a low level. In March 2016, the average price of a barrel of Brent crude was U.S. $ 38 (source: EIA, April 2016).

Sales have remained relatively stable in the business jet sector, with 718 aircraft delivered to customers in 2015 – a decrease of 0.6 % compared with the previous year (source: GAMA, February 2016).

2.3 Financial situation

Information on exchange rates

Changes in the value of the U.S. dollar are particularly important for MTU's international business. Since the beginning of the year, the U.S. dollar has weakened further against the euro. The exchange rate at the reporting date of March 31, 2016 was U.S. $ 1.14 to the euro (December 31, 2015: U.S. $ 1.09 to the euro). The average rate for the period from January 1 to March 31, 2016 was U.S. $ 1.10 to the euro, compared with U.S. $ 1.13 to the euro in the first three months of 2015.

2.3.1 Operating results

Reconciliation to adjusted key performance indicators

The adjustments applied to reconcile earnings before interest and tax with adjusted earnings before and after interest and tax are presented below:

Reconciliation to adjusted key performance indicators

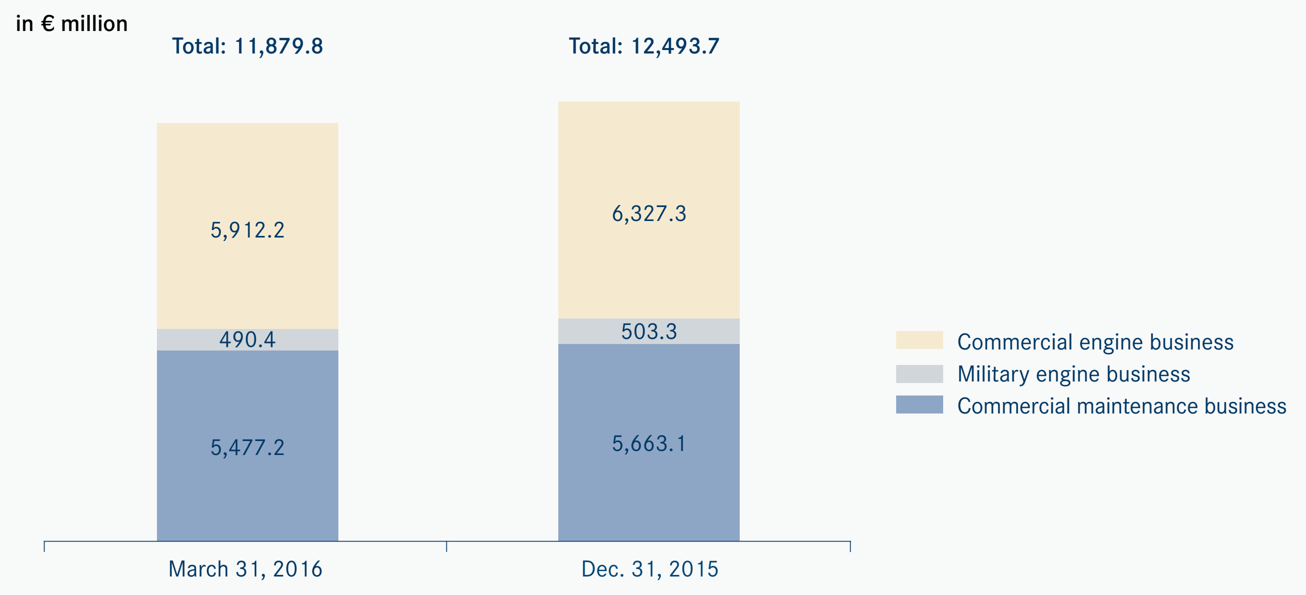
	Jan. 1 - March 31, 2016 in € million	Jan. 1 - March 31, 2015 in € million	Change against previous year in € million	in %
Earnings before interest and tax (EBIT)	**118.7**	**83.9**	**34.8**	**41.5**
Amortization and depreciation effects of purchase price allocation / IAE-V2500 stake increase	12.6	13.8	-1.2	-8.7
Adjusted earnings before interest and tax (adjusted EBIT)	**131.3**	**97.7**	**33.6**	**34.4**
Interest result	-1.7	-0.8	-0.9	<-100
Interest expense for pension provisions	-4.1	-3.5	-0.6	-17.1
Adjusted earnings before tax	**125.5**	**93.4**	**32.1**	**34.4**
Income taxes	-34.0	-25.2	-8.8	-34.9
Adjusted earnings after tax	**91.5**	**68.2**	**23.3**	**34.2**

For the financial year 2016, an average tax rate of 29.0 % has been estimated on the basis of the expected pre-tax earnings of the MTU group's German and foreign entities. Because the profit / loss of companies accounted for using the equity method is recognized as a post-tax amount, the profit / loss of these companies does not form part of the tax basis used to calculate the group tax rate of 29.0 %. The comparative prior-period amount of income taxes is based on the average tax rate of 30.0 % for 2015, which was calculated using the same method.

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 amounting to € 5.9 billion corresponds to the list price of firm orders placed by customers. In arithmetical terms, the total order backlog of approximately € 11.9 billion represents a production workload of approximately two and a half years.

Revenues

Group revenues in the first three months of 2016 amounted to € 1,097.9 million, which is € 1.6 million (0.1 %) lower than in the first quarter of 2015. While revenues in the OEM segment (commercial and military engine business) decreased by € 46.2 million (6.4 %) to € 680.5 million, revenues in the MRO segment (commercial maintenance business) increased by € 44.9 million (11.7 %) to € 428.8 million.

Cost of sales and gross profit

The cost of sales decreased by € 45.8 million (4.7 %) to € 928.2 million in the first three months of 2016, mainly as a result of changes in the product mix and the development of the U.S.-dollar exchange rate. In the same reporting period, gross profit increased by € 44.2 million (35.2 %) to € 169.7 million, raising the gross profit margin to 15.5 % (January to March 2015: 11.4 %).

Earnings before interest and tax (EBIT)

Earnings before interest and tax increased in the first three months of 2016 by € 34.8 million (41.5 %) to € 118.7 million (January to March 2015: € 83.9 million). Adjusted earnings before interest and tax improved to € 131.3 million (January to March 2015: € 97.7 million), resulting in an adjusted EBIT margin of 12.0 % (January to March 2015: 8.9 %).

Financial result

MTU's financial result improved in the reporting period to the end of March 2016, from a net loss of € 51.7 million in the period from January through March 2015 to a net gain of € 1.1 million. The reason for this was the improvement in the financial result on other items, which increased by € 53.7 million in the first three months of 2016 compared with the equivalent period of 2015. The main items that contributed to this increase were gains arising from the fair-value measurement of derivatives amounting to € 8.7 million (January to March 2015: fair-value losses amounting to €37.1 million) and exchange-rate gains on financing transactions amounting to € 1.0 million (January to March 2015: exchange-rate losses amounting to € 10.3 million).

Earnings before tax

Earnings before tax increased by € 87.6 million to € 119.8 million in the first three months of 2016 (January to March 2015: € 32.2 million).

Earnings after tax

Earnings after tax increased to € 90.4 million (January to March 2015: € 21.0 million). Of this amount, € 90.2 million (January to March: € 21.2 million) is eligible for distribution to the shareholders of MTU Aero Engines AG. Adjusted earnings after tax amounted to € 91.5 million (January to March 2015: € 68.2 million), which represents an increase of € 23.3 million compared with the first three months of 2015.

Consolidated statement of comprehensive income

In the consolidated statement of comprehensive income, earnings after tax of € 90.4 million (January to March 2015: € 21.0 million) are reconciled to the comprehensive income for the period, in the amount of € 100.7 million (January to March 2015: a net expense of € 38.2 million).

Income and expenses recognized directly in comprehensive income in the first three months of 2016, net of deferred taxes, include gains of € 55.8 million (January to March 2015: losses of € 96.3 million) arising from the fair-value measurement of cash-flow hedging instruments, net losses of € 5.7 million (January to March 2015: net gains of € 37.6 million) attributable to translation differences arising from the financial statements of foreign entities, and actuarial losses on plan assets and pension obligations amounting to € 39.8 million (January to March 2015: € 0.5 million).

Based on the total comprehensive income for the period, which amounts to € 100.7 million, a net profit of € 100.5 million (January to March 2015: a net loss of € 38.0 million) is potentially available for distribution to the shareholders of MTU Aero Engines AG.

2.3.2 Financial situation

The principles and objectives of financial management, as applied today and in the future by MTU, are described in the 2015 Annual Report on page 91 et seq.

The group's main borrowing sources are credit agreements, bank loans and corporate bonds and notes.

At March 31, 2016, the group had access to a revolving credit facility with five banks, totaling € 400.0 million. A total of € 44.1 million had been drawn down under this facility as of March 31, 2016, including € 14.1 million in the form of bank guarantees (December 31, 2015: a total of € 113.7 million drawn down, including € 14.6 million in the form of bank guarantees).

Free cash flow

MTU determines free cash flow by combining cash flow from operating activities and cash flow from investing activities. Because the latter includes certain components (non-operating exceptional items) that lie outside the control of operations management and do not form part of the group's core activities, corresponding adjustments are applied. The free cash flow calculated for the first three months of 2016, as in previous reporting periods, therefore excludes the following components: proceeds from the sale of financial assets held for the purpose of liquidity management amounting to a net loss of € 37.7 million (January to March 2015: € 16.7 million), acquisition costs of shares in engine programs amounting to € 2.6 million (January to March 2015: € 28.3 million) and income in connection with aircraft and engine financing agreements amounting to € 2.4 million (January to March 2015: expenses of € 0.7 million).

Free cash flow in the first three months of 2016 amounted to € 93.6 million (January to March 2015: € 61.2 million).

Financial position

	Jan. 1 - March 31, 2016 in € million	Jan. 1 - March 31, 2015 in € million	Change against previous year in € million	in %
Cash flow from operating activities	127.4	111.2	16.2	14.6
Cash flow from investing activities	-1.1	-60.9	59.8	98.2
+ (-) Non-operating exceptional items	-32.7	10.9	-43.6	<-100
Free cash flow	**93.6**	**61.2**	**32.4**	**52.9**
+ (-) Non-operating exceptional items	32.7	-10.9	43.6	>100
Cash flow from financing activities	-103.4	-23.6	-79.8	<-100
Translation differences	-0.6	5.8	-6.4	<-100
Change in cash and cash equivalents	**22.3**	**32.5**	**-10.2**	**-31.4**
Cash and cash equivalents at				
the beginning of the reporting period	53.1	64.6		
the end of the reporting period	75.4	97.1		

Cash flow from operating activities

Cash flow from operating activities in the first three months of the financial year 2016 amounted to € 127.4 million (January to March 2015: € 111.2 million). The increase compared with the previous year was mainly attributable to positive business developments.

Cash flow from investing activities

The cash outflow from investing activities in the first three months of the financial year 2016 amounted to € 1.1 million (January to March 2015: € 60.9 million). Capital expenditure on intangible assets accounted for € 15.7 million (January to March 2015: € 62.1 million) of this amount, and mainly comprised payments in connection with development costs for the PW1000G family of geared turbofan engines and for the PW800 and GE9X engine programs. Capital expenditure on property, plant and equipment in the first three months of 2016 increased by € 4.5 million to € 20.9 million, compared with € 16.4 million in the same three-month period of 2015. Cash outflows for investment in financial assets amounted to € 2.7 million (January to March 2015: € 1.1 million) and relate to loans in connection with aircraft and engine financing agreements. In the prior-year period, this item also included time deposits for the purpose of liquidity management.

In the first three months of 2016, proceeds from the disposal of intangible assets, property, plant and equipment, and financial assets amounted to € 37.9 million (January to March 2015: € 18.0 million). The repayment of loans issued in connection with aircraft and engine financing agreements resulted in a cash inflow of € 0.3 million (January to March 2015: € 0.7 million).

Cash flow from financing activities

In the period from January 1 to March 31, 2016, the cash outflow from financing activities amounted to € 103.4 million (January to March 2015: € 23.6 million), particularly due to the repayment of liabilities to banks.

Cash and cash equivalents

Taking the effects of currency translation into account, cash flow developments resulted in an increase in cash and cash equivalents of € 22.3 million (January to March 2015: € 32.5 million).

Cash and cash equivalents comprised the following items at March 31, 2016:

Cash and cash equivalents

	March 31, 2016 in € million	Dec. 31, 2015 in € million	Change against previous year in € million	in %
Demand deposits and cash	57.8	34.7	23.1	66.6
Fixed-term and overnight deposits with an original maturity of three months or less	17.6	18.4	-0.8	-4.3
Total cash and cash equivalents	**75.4**	**53.1**	**22.3**	**42.0**

Net financial debt

Net financial debt serves as an indicator of the MTU group's financial situation and is defined as the difference between gross financial debt and current financial assets. MTU's net financial debt at March 31, 2016, amounted to € 782.5 million (Dec. 31, 2015: € 881.2 million).

Net financial debt

	March 31, 2016 in € million	Dec. 31, 2015 in € million	Change against previous year in € million	in %
Corporate bond	356.0	353.2	2.8	0.8
Financial liabilities to banks	60.1	149.2	-89.1	-59.7
therof Note Purchase Agreement	30.1	30.1		
therof Revolving Credit Facility	30.0	99.1	-69.1	-69.7
therof other bank liabilities		20.0	-20.0	-100.0
Financial liabilities to related companies	2.8		2.8	
Finance leases	12.5	12.9	-0.4	-3.1
Financial liabilities arising from program participations	500.2	531.4	-31.2	
of which financial liabilities arising from IAE-V2500 stake increase	396.5	419.6	-23.1	-5.5
Gross financial debt	**931.6**	**1.046.7**	**-115.1**	**-11.0**
less:				
Cash and cash equivalents	75.4	53.1	22.3	42.0
Loans to third parties	58.2	60.7	-2.5	-4.1
Loans to related companies	15.5	13.8	1.7	12.3
Securities	0.0	37.9	-37.9	-100.0
Financial assets	**149.1**	**165.5**	**-16.4**	**-9.9**
Net financial debt	**782.5**	**881.2**	**-98.7**	**-11.2**

For more detailed information on corporate bonds, the note purchase agreement and the financial liabilities arising from the IAE-V2500 stake increase, please refer to page 201 et seq. of the Annual Report 2015.

2.3.3 Net assets

Changes in balance sheet items

The group's total assets, equity and liabilities increased by € 20.0 million from € 5,188.3 million at December 31, 2015 to € 5,208.3 million at March 31, 2016.

Compared with the reported amounts at December 31, 2015, non-current assets increased by € 27.6 million to € 3,172.0 million while current assets decreased by € 7.6 million to € 2,036.3 million.

Intangible assets amounting to € 33.0 million (January to March 2015: € 56.3 million) were capitalized in the first three months of 2016. This reflects, in particular, the progress made in development work on the GE9X and PW800 engine programs and the PW1000G engine family. The increase in non-current sundry other financial assets was mainly due to the positive development on the derivatives market.

In the first three months of 2016, inventories increased by € 11.3 million to € 905.3 million, construction contract and service business receivables by € 23.7 million to € 325.0 million, and cash and cash equivalents by € 22.3 million to € 75.4 million. By contrast, trade receivables decreased by € 11.5 million to € 697.0 million, total current other financial assets by € 36.6 million to € 18.2 million, other current assets by € 15.7 million to € 5.9 million, and prepayments, classified as current assets, by € 1.1 million to € 9.5 million.

Between December 31, 2015 and March 31, 2016, group equity increased by € 100.8 million to € 1,401.4 million. Factors that contributed to the increase in equity in the first three months of 2016 included higher earnings after tax, which amounted to € 90.4 million compared with € 21.0 million in the period from January to March, 2015. Fair-value gains on financial instruments designated as cash-flow hedges, amounting to € 55.8 million (January to March 2015: fair-value losses amounting to € 96.3 million) also contributed to the increase in equity. A further amount of € 0.1 million (January to March 2015: € 0.1 million) was added to equity through the Share Matching Plan. Negative effects on equity included translation differences arising from the financial statements of international entities, amounting to € 5.7 million (January to March 2015: a positive effect of € 37.6 million) and actuarial losses on plan assets and pension obligations resulting from changes in the discount rate amounting to € 39.8 million (January to March 2015: € 0.5 million). The equity ratio was 26.9 % (Dec. 31, 2015: 25.1%).

Pension provisions were increased by € 62.0 million compared with December 31, 2015, in particular owing to the lower discount rate applicable in the reporting period. The increase of € 66.7 million in other provisions is largely due to the recognition of purchase invoices in connection with MTU's share in the PW1100G-JM, GEnx, GP7000 and V2500 engine programs.

Compared with the amount reported at December 31, 2015, financial liabilities decreased by € 175.5 million to € 1,246.7 million, mainly as a result of the € 69.1 million lower utilization of the revolving credit facility, and other financial liabilities to banks, which decreased by € 20.0 million. Other contributing factors were the reduction in financial liabilities arising from the IAE-V2500 stake increase due to the settlement of payments and the effect of the U.S.-dollar exchange rate, and lower fair-value losses on derivatives, which were also due to the favorable U.S.-dollar exchange rate.

Trade payables amounted to € 649.5 million at March 31, 2016, partly due to settlement dates beyond the first quarter, which is € 23.9 million lower than at December 31, 2015.

Construction contract and service business payables decreased between December 31, 2015 and March 31, 2016 by € 15.9 million to € 357.9 million. This total includes advance payments from customers insofar as they exceed the corresponding amount of receivables.

Other liabilities increased by € 7.7 million compared with the amount reported at December 31, 2015, to € 50.5 million. This increase in the first quarter of 2016 is due mainly to the recognition of benefits payable to employees in connection with unutilized vacation entitlements.

Employees

MTU's workforce comprised 8,297 employees at March 31, 2016 (Dec. 31, 2015: 8,334).

3 Subsequent events

Events after the reporting date (March 31, 2016)

No events of material importance with any significant impact on the financial situation, net assets or operating results of the MTU group occurred after the reporting date and prior to the date this quarterly financial report was drawn up on April 18, 2016.

4 Report on forecasts, risks and opportunities

In order to take best advantage of market opportunities and to identify and manage the risks involved, the Executive Board has set up an integrated opportunity and risk management system, which is linked to the group's value-oriented performance indicators and its organizational structure. The system is based on the internationally recognized COSO II Enterprise Risk Management Framework. It also incorporates the group's internal control system with respect to financial reporting processes pursuant to Section 289 (5) and 315 (2) no. 5 of the German Commercial Code (HGB). For a detailed description of the main features of the system and the methods used, please refer to page 121 et seq. of the Annual Report 2015.

4.1 Forecasts

Macroeconomic factors

According to their latest forecasts for 2016, the Economist Intelligence Unit (EIU) and Oxford Economics expect the global economy to grow at the moderate rate of 2.3 %. However, the global economy remains vulnerable to disturbances. Changeability is likely to be the watchword in 2016 – driven by factors such as China's economic transformation, geopolitical change, the devaluation of currencies in emerging economies, and signs of a new interest rate policy in the United States (source: EIA, March 2016).

Microeconomic factors in the aviation industry

In its December 2015 forecast, IATA predicted that passenger traffic would grow by 6.9 % in 2016. This is more than twice the forecast growth rate for the global economy as a whole. Freight traffic is expected to increase by 3.0 %.

Airlines' total profits are likely to reach U.S. $ 36.3 billion in 2016, which is even higher than in 2015. This growth is mainly driven by the high demand for passenger air travel and by the low oil prices. The EIA expects oil prices to continue falling below the previous year's level, and predicts an average price per barrel of Brent crude of U.S. $ 34 (2015: U.S. $ 52 per barrel).

Future development of MTU

MTU expects its commercial engine business to grow both through series production of new engines and spare parts sales. The business unit is expected to grow by a single-digit percentage in the low to medium range, in U.S. dollar terms.

Growth in the series production business is expected predominantly in the second half of the year, in connection with the ramp-up of the PW1000G programs. The main growth driver in the spare parts business is the V2500 program.

The military engine business is expected to remain stable in 2016.

MTU's forecast for its commercial maintenance business in 2016 is for revenues to grow by a high single-digit percentage, in U.S.-dollar terms.

For the group as a whole, assuming an exchange rate of 1.10 U.S. dollars to the euro, MTU forecasts an increase in revenues to between € 4,600 and € 4,700 million (2015: € 4,435 million).

MTU also expects the group's operating profit (adjusted EBIT) to increase in 2016, with a stable adjusted EBIT margin (adjusted EBIT / revenues) in the region of 10 % (2015: 9.9 %). Changes in the product mix in the commercial engine business, which may have a negative impact on operating profit, are expected to be more than compensated for by forecast growth in the commercial maintenance business and by the favorable U.S.-dollar exchange rate, which is expected to remain strong.

Adjusted earnings after tax are expected to rise in 2016 in line with operating profit.

2016 will be another year of substantial investment spending accompanied by a reduction in the amount of advance payments in the military engine business. However, MTU plans to continue compensating for these factors through its operating activities and expects to achieve a free cash flow conversion rate (free cash flow / adjusted earnings after tax) in the low double-digit percentage range.

4.2 Risks

MTU's operating environment, economic factors and relationships with business partners and consortia give rise to risks that could have an impact on the group's business performance. MTU's product portfolio currently includes a number of engine programs that are either shortly before market launch (e.g. PW1500G) or only recently launched on the market (PW1100G-JM). Products at this early stage in their lifecycle bear fundamental risks, e.g. technical risks or risks in the supply chain. But thanks to its integrated risk management system, MTU is in a position to identify areas of risk at an early stage and take suitable proactive measures to manage such risks.

The areas of risk to which MTU is exposed have not changed significantly compared with those presented in the Annual Report 2015. For a detailed description of these risks, please refer to pages 121 to 129 of the Annual Report 2015.

Overall assessment of MTU's risk exposure

There has been no significant change in the MTU group's risk exposure compared with the assessment made at December 31, 2015. In MTU's view, the risks are limited and manageable, and 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 every stage of their lifecycle, MTU considers that it is well positioned in the market. Selective research and development, forward-looking investments, greater stakes in risk-and-revenue-sharing partnerships, and the maintenance business all open up new opportunities for MTU.

MTU sees opportunities for future participation in the positive market developments in the aviation industry, based on the engine programs that are currently at the development stage and on the engines that have recently been launched on the market. The selection of geared turbofan (GTF) engines for all major, recently developed, regional jets and for the Airbus A320neo is a clear reflection of the technological lead enjoyed by this engine concept in the regional and medium-haul segment. In the long-haul segment, opportunities will arise through the GE9X for the Boeing 777X. MTU holds a 4 % share in this engine program.

In the military engine business, MTU sees opportunities for building on its longstanding relationship as an MRO partner to the German air force. Moreover, export campaigns for military engine programs, especially for the EJ200 Eurofighter engine, present opportunities to benefit from additional sales.

Over and above these specific cases, MTU's current assessment of its potential opportunities is the same as that presented in the Annual Report 2015. For a detailed description of these opportunities, please refer to the Annual Report 2015, page 129 et seq. (Opportunities report) and page 133 (SWOT analysis).

5 Significant transactions with related parties

Information regarding significant transactions with related companies and persons is provided in Note 38 to the condensed interim consolidated financial statements (Transactions with related companies and persons).

Consolidated Income Statement

Consolidated Income Statement			
in € million	(Note)	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Revenues	(1)	1,097.9	1,099.5
Cost of sales	(2)	-928.2	-974.0
Gross profit		**169.7**	**125.5**
Research and development expenses	(3)	-19.4	-15.6
Selling expenses	(4)	-24.5	-21.9
General administrative expenses	(5)	-17.1	-16.2
Other operating income		3.1	4.5
Other operating expenses		-1.4	-1.9
Profit / loss of companies accounted for using the equity method	(7)	8.3	9.5
Earnings before interest and tax (EBIT)		**118.7**	**83.9**
Interest income		0.2	0.2
Interest expenses		-1.9	-1.0
Interest result	(8)	-1.7	-0.8
Financial result on other items	(9)	2.8	-50.9
Financial result		**1.1**	**-51.7**
Earnings before tax		**119.8**	**32.2**
Income taxes	(10)	-29.4	-11.2
Earnings after tax		**90.4**	**21.0**
Thereof attributable to:			
Owners of MTU Aero Engines AG		90.2	21.2
Non-controlling interests		0.2	-0.2
Earnings per share in €			
Undiluted (EPS)	(11)	1.76	0.42
Diluted (DEPS)	(11)	1.76	0.42

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income		
in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Earnings after tax (EAT)	**90.4**	**21.0**
Translation differences arising from the financial statements of international entities	-5.7	37.6
Financial instruments designated as cash flow hedges	55.8	-96.3
Items that may subsequently be recycled to profit or loss	**50.1**	**-58.7**
Actuarial gains and losses on pension obligations and plan assets	-39.8	-0.5
Items that will not be recycled to profit or loss	**-39.8**	**-0.5**
Other comprehensive income	**10.3**	**-59.2**
Total comprehensive income	**100.7**	**-38.2**
Thereof attributable to:		
Owners of MTU Aero Engines AG	100.5	-38.0
Non-controlling interests	0.2	-0.2

Consolidated Balance Sheet

Assets

in € million	(Note)	March 31. 2016	Dec. 31. 2015
Non-current assets			
Intangible assets	(14)	2,231.0	2,214.0
Property, plant and equipment	(15)	627.6	632.0
Financial assets accounted for using the equity method	(16)	171.1	168.0
Other financial assets	(16)	95.7	85.2
Prepayments		3.0	3.2
Deferred tax assets		43.6	42.0
Total non-current assets		**3,172.0**	**3,144.4**
Current assets			
Inventories	(17)	905.3	894.0
Trade receivables	(18)	697.0	708.5
Construction contract and service business receivables	(19)	325.0	301.3
Other financial assets	(16)	18.2	54.8
Other assets	(20)	5.9	21.6
Cash and cash equivalents	(21)	75.4	53.1
Prepayments		9.5	10.6
Total current assets		**2,036.3**	**2,043.9**
Total assets		**5,208.3**	**5,188.3**

Equity and Liabilities

in € million	(Note)	March 31. 2016	Dec. 31. 2015
Equity	(24)		
Subscribed capital		52.0	52.0
Capital reserves		404.8	404.7
Revenue reserves		1,235.8	1,145.6
Treasury shares		-30.1	-30.1
Other comprehensive income		-261.1	-271.4
Owners of MTU Aero Engines AG		**1,401.4**	**1,300.8**
Non-controlling interests			-0.2
Total equity		**1,401.4**	**1,300.6**
Non-current liabilities			
Pension provisions		839.5	777.5
Other provisions	(27)	23.8	24.8
Financial liabilities	(28)	841.5	910.2
Deferred tax liabilities		16.1	22.7
Total non-current liabilities		**1,720.9**	**1,735.2**
Current liabilities			
Pension provisions		24.2	24.2
Income tax liabilities		35.8	31.1
Other provisions	(27)	562.9	495.2
Financial liabilities	(28)	405.2	512.0
Trade payables		649.5	673.4
Construction contract and service business payables	(30)	357.9	373.8
Other liabilities	(31)	50.5	42.8
Total current liabilities		**2,086.0**	**2,152.5**
Total equity and liabilities		**5,208.3**	**5,188.3**

Consolidated Statement of Changes in Equity

For more information of equity components, please refer to Note 24 (Equity) of the selected explanatory notes.

Consolidated Statement of Changes in Equity

in € million	Sub-scribed capital	Capital reserves	Revenue reserves	Treasury shares	Other comprehensive income			Owners of MTU Aero Engines AG	Non-controlling interests	Total equity
					Exchange differences on translating foreign operations	Actuarial gains and losses on pension obligations and plan assets*)	Instruments used to hedge cash flows			
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**
Carrying amount at January 1, 2016	**52.0**	**404.7**	**1,145.6**	**-30.1**	**30.7**	**-204.4**	**-97.7**	**1,300.8**	**-0.2**	**1,300.6**
Earnings after tax			90.2					90.2	0.2	**90.4**
Other comprehensive income					-5.7	-39.8	55.8	10.3		**10.3**
Total comprehensive income			**90.2**		**-5.7**	**-39.8**	**55.8**	**100.5**	**0.2**	**100.7**
Share Matching Plan		0.1						0.1		**0.1**
Carrying amount at March 31, 2016	**52.0**	**404.8**	**1,235.8**	**-30.1**	**25.0**	**-244.2**	**-41.9**	**1,401.4**		**1,401.4**

*) Relates to plan assets and pension obligations.

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement			
in € million	(Note)	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Operating activities			
Earnings after tax		**90.4**	**21.0**
Depreciation, amortization, write-downs and reversals of write-downs on non-current assets		45.2	34.7
Profit / loss of companies accounted for using the equity method		-8.3	-9.5
Change in pension provisions		3.2	1.8
Change in other provisions	(27)	66.7	21.7
Other non-cash items		-15.8	64.4
Change in working capital		-46.9	-8.0
Interest result	(8)	1.7	0.8
Interest paid		-1.0	-0.9
Interest received		0.2	0.2
Income taxes	(10)	29.4	11.2
Income taxes paid		-37.4	-26.2
Cash flow from operating activities		**127.4**	**111.2**
Investing activities			
Capital expenditure on:			
Intangible assets	(14)	-15.7	-62.1
Property, plant and equipment	(15)	-20.9	-16.4
Financial assets	(16)	-2.7	-1.1
Proceeds from disposal of:			
Intangible assets / property, plant and equipment	(14)/(15)	0.2	0.2
Financial assets	(16)	37.7	17.8
Repayment of non-current loans		0.3	0.7
Cash flow from investing activities		**-1.1**	**-60.9**
Financing activities			
Repayment of liabilities to banks	(28)	-89.1	-9.6
Settlement of contingent purchase price liabilities for program shares		-16.7	-16.4
Borrowings / Repayment of other financial liabitities	(28)	2.4	2.4
Cash flow from financing activities		**-103.4**	**-23.6**
Net change in cash and cash equivalents during the reporting period		**22.9**	**26.7**
Effect of translation differences on cash and cash equivalents		-0.6	5.8
Cash and cash equivalents at beginning of period		53.1	64.6
Cash and cash equivalents at end of period (March 31)		**75.4**	**97.1**

Notes to the Interim Consolidated Financial Statements

Group segment reporting

Segment information

A description of the activities of the individual operating segments is provided on page 228 of the Annual Report 2015. No changes were made to the composition of the operating segments during the first three months of 2016.

Segment information for the period from January 1 to March 31, 2016 was as follows:

Reporting by operating segment 2016

in € million	Commercial and military engine business Jan. 1 - March 31, 2016	Commercial maintenance business Jan. 1 - March 31, 2016	Reportable segments total Jan. 1 - March 31, 2016	Consolidation / reconciliation Jan. 1 - March 31, 2016	MTU-Group Jan. 1 - March 31, 2016
External revenues	671.5	426.4	1,097.9		1,097.9
Intersegment revenues	9.0	2.4	11.4	-11.4	
Total revenues	**680.5**	**428.8**	**1.109.3**	**-11.4**	**1.097.9**
Gross profit	**117.3**	**52.2**	**169.5**	**0.2**	**169.7**
Amortization	15.7	2.6	18.3		18.3
Depreciation	17.8	5.7	23.5		23.5
Total depreciation / amortization	**33.5**	**8.3**	**41.8**		**41.8**
Earnings before interest and tax (EBIT)	**76.8**	**41.7**	**118.5**	**0.2**	**118.7**
Depreciation / amortization effects of purchase price allocation	4.7	0.6	5.3		5.3
IAE-V2500 stake increase	7.3		7.3		7.3
Adjusted earnings before interest and tax (adjusted EBIT)	**88.8**	**42.3**	**131.1**	**0.2**	**131.3**
Profit / loss of companies accounted for using the equity method	0.2	8.1	8.3		8.3
Carrying amount of companies accounted for using the equity method (March 31, 2016)	26.7	144.4	171.1		171.1
Assets (March 31, 2016)	**4,568.8**	**1,244.8**	**5,813.6**	**-605.3**	**5,208.3**
Liabilities (March 31, 2016)	**3,337.0**	**734.3**	**4,071.3**	**-264.4**	**3,806.9**
Significant non-cash items	**-13.2**	**-2.8**	**-16.0**	**0.2**	**-15.8**
Capital expenditure:					
Intangible assets	33.0		33.0		33.0
Property, plant and equipment	13.4	7.5	20.9		20.9
Total capital expenditure on intangible assets and property, plant and equipment	**46.4**	**7.5**	**53.9**		**53.9**
Key segment data:					
EBIT in % of revenues	11.3	9.7	10.7		10.8
Adjusted EBIT in % of revenues	13.0	9.9	11.8		12.0

Comparative 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	MTU-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 (adjusted EBIT)	**58.1**	**38.1**	**96.2**	**1.5**	**97.7**
Profit / loss of companies accounted for using the equity method		9.5	9.5		9.5
Carrying amount of companies accounted for using the equity method (Dec. 31, 2015)	27.6	140.4	168.0		168.0
Assets (Dec. 31, 2015)	**4,589.5**	**1,273.2**	**5,862.7**	**-674.4**	**5,188.3**
Liabilities (Dec. 31, 2015)	**3,429.4**	**791.7**	**4.221.1**	**-333.4**	**3,887.7**
Significant non-cash items	**66.5**	**-2.1**	**64.4**		**64.4**
Capital expenditure:					
Intangible assets	56.3		56.3		56.3
Property, plant and equipment	13.6	2.8	16.4		16.4
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

The significant non-cash items relate in particular to gains and losses arising from foreign currency translation, which have no impact on cash flows.

Reconciliation with MTU consolidated financial statements - earnings

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Consolidated earnings before interest and tax (EBIT)	**118.7**	**83.9**
Interest income	0.2	0.2
Interest expense	-1.9	-1.0
Financial result on other items	2.8	-50.9
Earnings before tax	**119.8**	**32.2**

General information

MTU Aero Engines AG, together with its consolidated group of companies, is one of the world's largest manufacturers of engine modules and components and the leading independent provider of maintenance services for commercial aircraft engines.

The group's business activities encompass the entire lifecycle of an engine program – from development, structural design, testing and manufacturing of new commercial and military engines and spare parts through to the maintenance, repair and overhaul of commercial and military engines. MTU divides its activities into two operating segments: the commercial and military engine business (OEM) and the commercial maintenance business (MRO).

MTU's commercial and military engine business, or OEM segment, covers the development and manufacturing of modules, components and spare parts for engine programs, and in some cases final assembly. The military engine business additionally includes the provision of maintenance services for military engines. The MRO segment consists of the commercial maintenance business, which covers all activities relating to the maintenance, repair and overhaul of commercial engines and associated logistical support.

The parent company, MTU Aero Engines AG, registered office Dachauer Str. 665, 80995 Munich, is registered under reference HRB 157206 in the commercial registry of the district court of Munich.

The condensed interim consolidated financial statements were approved for publication by the Executive Board of MTU Aero Engines AG on April 18, 2016.

Financial reporting

In accordance with the provisions of Section 37w of the German Securities Trading Act (WpHG), MTU's quarterly financial report consists of 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 (IFRSs) relevant for interim financial reporting, as endorsed by the European Union (EU). The interim group management report has been drawn up in accordance with the applicable provisions of the German Securities Trading Act (WpHG).

Statement of compliance

The condensed interim consolidated financial statements at March 31, 2016 have been drawn up in compliance with IAS 34. In preparing these statements, MTU has applied all International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and effective at the date on which the condensed interim consolidated financial statements were approved for publication, insofar as they have been endorsed by the European Commission for use in the EU.

The accounting methods applied when preparing the condensed interim consolidated financial statements are the same as those used to prepare the annual consolidated financial statements at December 31, 2015, with the exception of the following standards and amendments:

IAS 1	Disclosure Initiative
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to IAS 16/IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization
Amendments to IAS 16/IAS 41	Agriculture: Bearer Plants
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IAS 27	Equity Method in Separate Financial Statements
Annual improvements to IFRS 2010 - 2012	IFRS 2 - Share-based Payment IFRS 3 - Business Combinations IFRS 8 - Operating Segments IFRS 13 - Fair Value Measurement IAS 16 - Property, Plant and Equipment IAS 24 - Related Party Disclosures IAS 38 - Intangible Assets
Annual improvements to IFRS 2012 - 2014	IFRS 5 - Non-current Assets Held for Sale IFRS 7 - Financial Instruments: Disclosures IAS 19 - Discount Rate for Employee Benefits IAS 34 - Interim Financial Reporting (Inclusion of cross-references)

These new standards and amendments are effective for annual periods beginning on or after January 1, 2016. However, their (first-time) application did not have any impact on MTU's condensed interim 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 at December 31, 2015.

From the perspective of management, the quarterly financial report contains all customary accounting adjustments necessary for a fair presentation of the group's operating results, financial situation and net assets. The fundamental accounting principles and methods applied are described in the Notes (page 155 et seq.) to the consolidated financial statements at December 31, 2015.

Group reporting entity

At March 31, 2016, the MTU group including MTU Aero Engines AG, Munich, comprised interests in 31 companies. For a list of these major shareholdings, please refer to the Annual Report 2015, page 225.

Notes to the Consolidated Income Statement

1 Revenues

Revenues

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Commercial engine business	556.0	635.5
Military engine business	124.5	91.2
Commercial and military engine business (OEM)	**680.5**	**726.7**
Commercial maintenance business (MRO)	**428.8**	**383.9**
Consolidation	-11.4	-11.1
Total revenues	**1,097.9**	**1,099.5**

2 Cost of sales

Cost of sales

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Cost of materials	-834.7	-828.5
Personnel expenses	-127.7	-125.6
Depreciation and amortization	-40.1	-38.3
Other cost of sales	74.3	18.4
Total cost of sales	**-928.2**	**-974.0**

The change in cost of sales relates to growth in revenues in the reporting period and is therefore affected by the current product mix as well as by the development of the U.S.-dollar / euro exchange rate in the reporting period.

The amount stated under other cost of sales mainly derives from the increase in inventories of work in progress and finished products, the effect of translation differences, and depreciation and amortization charges recognized in respect of outstanding cost-of-sales items.

3 Research and development expenses

Research and development expenses

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Cost of materials	-29.3	-23.6
Personnel expenses	-20.3	-18.8
Depreciation and amortization	-0.9	-0.9
Research and development expenditure before capitalization	**-50.5**	**-43.3**
Capitalized development costs	31.1	27.7
Research and development expenditure recognized as expense	**-19.4**	**-15.6**

4 Selling expenses

Selling expenses

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Cost of materials	-3.7	-2.4
Personnel expenses	-16.8	-16.6
Depreciation and amortization	-0.3	-0.4
Other selling expenses	-3.7	-2.5
Total selling expenses	**-24.5**	**-21.9**

Selling expenses mainly comprise marketing and advertising costs and other costs incurred in connection with the sales organization.

5 General administrative expenses

General administrative expenses

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Cost of materials	-1.3	-1.5
Personnel expenses	-14.3	-13.2
Depreciation and amortization	-0.5	-0.6
Other administrative expenses	-1.0	-0.9
Total general administrative expenses	**-17.1**	**-16.2**

General administrative expenses are 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, 2016	Jan. 1 – March 31, 2015
Associated companies	0.1	0.1
Joint Ventures	8.2	9.4
Profit / loss of companies accounted for using the equity method	**8.3**	**9.5**

8 Interest result

Interest result

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Interest income	**0.2**	**0.2**
Interest expenses		
Bonds and notes	-2.8	-2.8
Liabilities to banks	-0.3	-0.2
Finance lease arrangements	-0.1	-0.1
Other interest expenses	-0.6	-0.5
Capitalized borrowing costs for qualifying assets	1.9	2.6
Total interest expense	**-1.9**	**-1.0**
Interest result	**-1.7**	**-0.8**

The deterioration in the net interest result is due mainly to the lower amount of borrowing costs capitalized for qualifying assets acquired or constructed in connection with the group’s share in the PW1100G-JM engine program.

9 Financial result on other items

Financial result on other items

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Exchange rate gains / losses on currency translation		
Currency holdings	1.2	2.2
Financing transactions	1.0	-10.3
Fair value gains / losses on derivatives		
Currency and interest rate derivatives	8.7	-36.8
Forward commodity contracts		-0.3
Interest portion included in measurement of assets and liabilities relating to		
Pension obligations	-4.1	-3.3
Receivables, other provisions and liabilities	-3.9	-4.6
Financial result on sundry other items	-0.1	2.2
Financial result on other items	**2.8**	**-50.9**

The financial result on other items improved in the first three months of the financial year 2016 by € 53.7 million compared with the result for the same period in the previous year. This was mainly due to gains arising from the fair-value measurement of derivatives amounting to € 8.7 million (January to March 2015: fair-value losses amounting to € 37.1 million) and exchange-rate gains on financing transactions amounting to € 1.0 million (January to March 2015: exchange-rate losses amounting to € 10.3 million).

10 Income taxes

The income taxes comprises the following items:

Income taxes

in € million	Jan. 1 – March 31, 2016	Jan. 1 – March 31, 2015
Current income tax	-42.1	-7.6
Deferred income tax	12.7	-3.6
Total income tax	**-29.4**	**-11.2**

11 Earnings per share

Diluted earnings per share are calculated by dividing earnings after tax by the sum obtained when the number of common shares that could potentially be issued through the granting of equity instruments is added to the weighted average number of outstanding shares.

In the first three months of 2016, the amount of earnings after tax available for distribution to the shareholders of MTU Aero Engines AG was € 90.2 million (January to March 2015: € 21.2 million). In the reporting period from January to March 2016, the weighted average number of outstanding shares was 51,118,724 (January to March 2015: 51,008,023 shares). Another 791 shares (January to March 2015: 16,845 additional shares) could potentially be issued through the Share Matching Plan, which represent the deferred portion of the Executive Board's share-based compensation.

These combined parameters resulted in a value of € 1.76 for undiluted earnings per share in the first three months of 2016 (January to March 2015: € 0.42). Diluted earnings per share were identical at € 1.76 (January to March 2015: € 0.42).

Notes to the Consolidated Balance Sheet

14 Intangible assets

Intangible assets comprise capitalized program assets, program-independent technologies, acquired development services, software for engineering applications, and acquired goodwill.

In the first three months of 2016, the group capitalized intangible assets totaling € 33.0 million in value (January to March 2015: € 56.3 million), mainly in the form of development expenses and allocable borrowing costs, which amounted to € 31.7 million (January to March 2015: € 29.0 million) or the acquisition of program assets amounting to € 1.2 million (January to March 2015: € 27.0 million) for the PW1000G family of geared turbofan engines and the GE9X and PW800 engine programs.

Intangible assets totaling € 33.0 million (January to March 2015: € 56.3 million) were capitalized in the first three months of 2016, of which € 19.7 million (January to March 2015: € 45.0 million) relates to externally acquired assets and € 13.3 million (January to March 2015: € 11.3 million) to self-created assets. The amortization expense for intangible assets in the first three months of 2016 amounted to € 18.3 million (January to March 2015: € 17.2 million).

15 Property, plant and equipment

Additions to property, plant and equipment in the period from January 1 to March 31, 2016 amounted to € 20.9 million (January to March 2015: € 16.4 million), and related mainly to technical equipment, plant and machinery, operational and office equipment, and corresponding advance payments. The depreciation expense in the first three months of 2016 amounted to € 23.5 million (January to March 2015: € 23.0 million).

16 Financial assets

Financial assets accounted for using the equity method

Financial assets accounted for using the equity method amounted to € 171.1 million (at Dec. 31, 2015: € 168.0 million). For information on the composition of these assets, please refer to page 181 et seq. of the Annual Report 2015.

Other financial assets

Other financial assets

	Total		Non-Current		Current	
in € million	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015
Loans, receivables, other financial assets	**89.3**	**95.1**	**77.9**	**78.5**	**11.4**	**16.6**
Loans to third parties [1]	58.2	60.7	58.2	60.7		
Loans to related companies [1]	15.5	13.8	14.8	13.1	0.7	0.7
Receivables from employees	1.4	0.9			1.4	0.9
Receivables from suppliers	1.0	2.3			1.0	2.3
Sundry other financial assets	13.2	17.4	4.9	4.7	8.3	12.7
Available-for-sale financial assets	**6.1**	**44.0**	**6.1**	**6.1**		**37.9**
Other investments in related companies	6.1	6.1	6.1	6.1		
Marketable securities [1]		37.9				37.9
Derivatives without hedging relationship	**0.3**	**0.2**	**0.2**	**0.1**	**0.1**	**0.1**
Derivatives with hedging relationship	**18.2**	**0.7**	**11.5**	**0.5**	**6.7**	**0.2**
Total other financial assets	**113.9**	**140.0**	**95.7**	**85.2**	**18.2**	**54.8**

1) included in net financial debt

Other financial assets decreased by € 26.1 million to € 113.9 million in the first three months of 2016 (at Dec. 31, 2015: € 140.0 million). This was mainly due to the sale of securities. The decrease was offset somewhat by the increase of € 17.6 million in the carrying amount of derivatives to € 18.5 million due to the favorable development of the U.S.-dollar exchange rate.

17 Inventories

Inventories		
in € million	March 31, 2016	Dec. 31, 2015
Raw materials and supplies	301.8	321.2
Finished goods	330.7	311.6
Work in progress	257.8	246.4
Advance payments	15.0	14.8
Total inventories	**905.3**	**894.0**

18 Trade receivables

Trade receivables		
in € million	March 31, 2016	Dec. 31, 2015
Third parties	595.5	640.9
Related companies	101.5	67.6
Total trade receivables	**697.0**	**708.5**

19 Construction contract and service business receivables

Construction contract and service business receivables		
in € million	March 31, 2016	Dec. 31, 2015
Construction contract receivables (based on percentage of completion)	386.7	383.7
Thereof: Advance payments received for construction contracts	-254.5	-263.2
Service business receivables (based on percentage of completion)	192.8	180.8
Total construction contract and service business receivables	**325.0**	**301.3**

20 Other assets

Other assets comprise recoverable tax payments, in particular surplus input tax payments.

21 Cash and cash equivalents

Cash and cash equivalents		
in € million	**March 31, 2016**	**Dec. 31, 2015**
Demand deposits and cash	57.8	34.7
Fixed-term and overnight deposits with an original maturity of three months or less	17.6	18.4
Total cash and cash equivalents	**75.4**	**53.1**

Cash and cash equivalents include foreign currency holdings with an equivalent value of € 62.0 million (Dec. 31, 2015: € 52.2 million).

24 Equity

Changes in equity are presented in the Consolidated Statement of Changes in Equity.

The company's subscribed capital (capital stock) is unchanged at € 52.0 million and is divided into 52.0 million non-par bearer shares.

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 as well as an amount representing the difference between the proceeds of treasury shares sold under the MAP employee stock option program and Share Matching Plan and their original acquisition cost.

Revenue reserves comprise the post-tax retained earnings of consolidated group companies, insofar as these have not been distributed, and the portion of earnings after tax generated in the first three months of 2016, amounting to € 90.2 million (January to March 2015: € 21.2 million), which is available for distribution to shareholders of MTU Aero Engines AG. Due to the positive earnings after tax generated in the first three months of 2016, revenue reserves increased to € 1,235.8 million at March 31, 2016 (Dec. 31, 2015: € 1,145.6 million).

A total of 51,118,724 MTU Aero Engines AG, Munich, shares (March 31, 2015: 51,008,023 shares) were in issue at March 31, 2016. The company held 881,276 treasury shares (March 31, 2015: 991,977 treasury shares) at March 31, 2016.

In the first three months of 2016, other comprehensive income (OCI) improved by € 10.3 million (January to March 2015: decreased by € 59.2 million) from a negative balance of € 271.4 million at December 31, 2015 to a negative balance of € 261.1 million at March 31, 2016. These changes include fair-value gains on cash flow hedging instruments amounting to € 79.2 million before tax (i.e. deferred tax) or € 55.8 million after tax (i.e. deferred tax). The comparative figures for January to March 2015 were fair-value losses of € 135.3 million before tax and € 96.3 million after tax. Actuarial losses on plan assets and pension obligations, resulting from changes in the discount rate, amounted to € 58.8 million before tax and € 39.8 million after tax (January to March 2015: € 0.6 million before tax and € 0.5 million after tax). Translation differences arising from the financial statements of international entities produced a negative effect of € 5.7 million (January to March 2015: a positive effect of € 37.6 million).

27 Other provisions

The increase of € 66.7 million in other provisions to € 586.7 million relates primarily to obligations in connection with outstanding purchase invoices arising from MTU's share in the PW1100G-JM, GEnx, GP7000 and V2500 engine programs, and reflects the situation at the reporting date.

28 Financial liabilities

Financial liabilities

in € million	Total		Non-Current		Current	
	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015	March 31, 2016	Dec. 31, 2015
Corporate bonds	356.0	353.2	347.3	347.2	8.7	6.0
Financial liabilities arising from IAE-V2500 stake increase	396.5	419.6	346.2	367.1	50.3	52.5
Financial liabilities arising from other program participation	103.7	111.8	48.1	56.0	55.6	55.8
Financial liabilities to banks						
Note purchase agreement	30.1	30.1	30.0	30.0	0.1	0.1
Revolving credit facility	30.0	99.1			30.0	99.1
Other liabilities to banks		20.0				20.0
Financial liabilities to related companies	2.8				2.8	
Finance lease liabilities	12.5	12.9	11.2	11.6	1.3	1.3
Total gross financial debt	**931.6**	**1.046.7**	**782.8**	**811.9**	**148.8**	**234.8**
Derivatives without hedging relationship	24.3	38.3	12.1	22.3	12.2	16.0
Derivatives with hedging relationship	54.4	102.9	6.5	27.4	47.9	75.5
Personnel-related financial liabilities	41.3	30.6	12.2	14.1	29.1	16.5
Other financial liabilities						
Repayment of grants towards development costs	34.2	38.5	25.1	29.3	9.1	9.2
Sundry other financial liabilities	160.9	165.2	2.8	5.2	158.1	160.0
Total other financial liabilities	**315.1**	**375.5**	**58.7**	**98.3**	**256.4**	**277.2**
Total financial liabilities	**1,246.7**	**1,422.2**	**841.5**	**910.2**	**405.2**	**512.0**

Bonds and notes

For detailed information on the corporate bond, issued for a nominal amount of € 250.0 million, and the note purchase agreement, issued for a nominal amount of € 100.0 million, please refer to page 201 of the Annual Report 2015.

Financial liabilities arising from IAE-V2500 stake increase

The agreement signed by MTU in the financial year 2012 in order to increase its stake in the V2500 engine program by five percentage points to 16 % included a deferred purchase price component contingent upon the number of flight hours performed over the next 15 years. At March 31, 2016, this liability, taking interest and partial settlements into account, amounted to € 396.5 million (Dec. 31, 2015: € 419.6 million).

Financial liabilities arising from other program participations

The financial liabilities arising from other program participations mainly relate to deferred program entry payments for the PW1000G family of GTF engines, the PW800 and the LM6000-PF+.

Note purchase agreement
For detailed information on the note purchase agreement issued for a nominal amount of € 30.0 million, please refer to page 202 of the Annual Report 2015.

Revolving credit facility
The company has access to a revolving credit facility of € 400.0 million with five banks, which runs until October 30, 2020. A total of € 44.1 million had been drawn down under this facility at March 31, 2016, € 14.1 million of which in the form of guarantees in favor of third parties (Dec. 31, 2015: a total of € 113.7 million, of which € 14.6 million in the form of guarantees in favor of third parties). Any credit utilized is subject to interest at the customary market reference rate plus an additional margin. Unused credit facilities are subject to a loan commitment fee.

Other liabilities to banks
Other liabilities to banks relates to a money-market line that allows MTU to borrow or invest liquid funds of up to € 20.0 million on a short-term basis at money-market conditions. This uncommitted facility was not being utilized at March 31, 2016 (Dec. 31, 2015: € 20.0 million).

Finance leases
Finance lease liabilities represent obligations under finance lease arrangements that are capitalized and amortized using the effective interest rate method. For information on significant leased assets, please refer to page 181 of the Annual Report 2015.

Liabilities arising out of derivatives
The derivative financial instruments with and without hedging relationship, which amounted to € 78.7 million at the reporting date (Dec. 31, 2015: € 141.2 million), are held for the purpose of hedging exchange-rate and commodity-price risks.

Personnel-related financial liabilities
Personnel-related financial liabilities mainly comprise obligations relating to company pensions, vacation benefits and the Christmas bonus. The increase of € 10.7 million in these liabilities was mainly due to the latter items. One-time capital payments and payments by installment relating to the company pension scheme amounted to € 12.4 million (Dec. 31, 2015: € 15.4 million). Personnel-related financial liabilities also include liabilities to group employees under the MAP employee stock option program and the Share Matching Plan (SMP) amounting to € 6.8 million (Dec. 31, 2015: € 5.7 million). The total expense for payments under the MAP and SMP in the first three months of 2016 amounted to € 1.1 million (January to March 2015: € 1.1 million).

Repayment of grants towards development costs
In the financial years from 1976 through 1991, MTU received grants from the German Federal Ministry of Economics and Technology toward the development costs of the PW2000 engine. Once the sales figures of PW2000 production engines for the Boeing 757 and C-17 as set down in the grant notice have been met, MTU is obliged to reimburse the full sum of the grants received within a timeframe of ten years. In the financial years 2011 through 2015, a total amount of € 24.9 million was repaid, and a further € 4.7 million in the first three months of 2016.

Sundry other financial liabilities
The sundry other financial liabilities totaling € 160.9 million (Dec. 31, 2015: € 165.2 million) include an amount of € 124.0 million (Dec. 31, 2015: € 111.4 million) relating to obligations arising from externally acquired development services for the PW1000G family and the PW800. This item also includes numerous other smaller amounts relating to diverse contractual obligations.

30 Construction contract and service business payables

Construction contract and service business payables		
in € million	March 31, 2016	Dec. 31, 2015
Advance payments received for construction contracts	442.4	471.4
Amount of above offset against construction contract receivables	-254.5	-263.2
Advance payments received for service business	170.0	165.6
Total construction contract and service business payables	**357.9**	**373.8**

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 Note 19: Construction contract and service business receivables).

31 Other liabilities

Other liabilities, all of which have a remaining term of less than one year, comprise the following items:

Other liabilities		
in € million	March 31, 2016	Dec. 31, 2015
Personnel-related liabilities		
Social security	2.0	1.9
Other personnel-related liabilities	38.5	27.7
Other tax liabilities	9.7	12.8
Sundry other liabilities	0.3	0.4
Total other liabilities	**50.5**	**42.8**

Personnel-related liabilities

The social security liabilities comprise an amount of € 0.2 million (Dec. 31, 2015: € 0.2 million) mainly for contributions to insurance schemes for occupational accidents and an amount of € 1.8 million (Dec. 31, 2015: € 1.7 million) for accounts payable to health insurance providers. Other personnel-related liabilities principally concern vacation entitlements and flex-time credits.

Other tax liabilities

The other tax liabilities amounting to € 9.7 million (Dec. 31, 2015: € 12.8 million) comprise outstanding personal income tax and church tax payments, solidarity surcharges and domestic and foreign transactional taxes.

32 Additional disclosures relating to financial instruments

Carrying amounts, measurement / recognition methods and fair value 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 set opposite the fair values for comparison.

Disclosures relating to financial instruments - carrying amounts and fair values aggregated by category at March 31, 2016

in € million	Category as defined in IAS 39/ Other category	Carrying amount March 31, 2016	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, 2016
			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	89.3	88.1					1.2	89.3	89.3
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	6.1		6.1					6.1	6.1
Financial assets held for trading	FAHfT									
Trade receivables	LaR	697.0	697.0						697.0	697.0
Construction contract and service business receivables	LaR	325.0	325.0						325.0	325.0
Derivative financial assets										
Derivatives without hedging relationship	FAHfT	0.3				0.3			0.3	0.3
Derivatives with hedging relationship	n.a.	18.2			18.2				18.2	18.2
Cash and cash equivalents	LaR	75.4	75.4						75.4	75.4
EQUITY AND LIABILITIES										
Trade payables	FLAC	649.5	649.5						649.5	649.5
Financial liabilities										
Corporate bonds	FLAC	356.0	356.0						356.0	363.3
Financial liabilities arising from increase and acquisitions of program shares	FLAC	500.2	500.2						500.2	499.5
Other gross financial debt	FLAC	62.9	62.9						62.9	62.9
Derivative financial liabilities										
Derivatives without hedging relationship	FLHfT	24.3				24.3			24.3	24.3
Derivatives with hedging relationship	n.a.	54.4			54.4				54.4	54.4
Finance lease liabilities	n.a.	12.5					12.5		12.5	12.5
Other financial liabilities	FLAC/n.a.	236.4	195.1					41.3	236.4	239.6
Thereof aggregated by category as defined in IAS 39										
Loans and receivables	LaR	1,186.7	1,185.5					1.2	1,186.7	1,186.7
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	6.1		6.1					6.1	6.1
Financial assets held for trading	FAHfT	0.3				0.3			0.3	0.3
Financial liabilities measured at amortized cost	FLAC/n.a.	1,805.0	1,763.7					41.3	1,805.0	1,814.8
Financial liabilities held for trading	FLHfT	24.3				24.3			24.3	24.3

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

in € million	Category as defined in IAS 39/ Other category	Carrying amount Dec. 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 Dec. 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	95.1	94.2					0.9	95.1	95.1
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	44.0		6.1	37.9				44.0	44.0
Financial assets held for trading	FAHfT									
Trade receivables	LaR	708.5	708.5						708.5	708.5
Construction contract and service business receivables	LaR	301.3	301.3						301.3	301.3
Derivative financial assets										
Derivatives without hedging relationship	FAHfT	0.2				0.2			0.2	0.2
Derivatives with hedging relationship	n.a.	0.7			0.7				0.7	0.7
Cash and cash equivalents	LaR	53.1	53.1						53.1	53.1
EQUITY AND LIABILITIES										
Trade payables	FLAC	673.4	673.4						673.4	673.4
Financial liabilities										
Corporate bonds	FLAC	353.2	353.2						353.2	361.1
Financial liabilities arising from increase and acquisitions of program shares	FLAC	531.4	531.4						531.4	534.8
Other gross financial debt	FLAC	149.2	149.2						149.2	149.2
Derivative financial liabilities										
Derivatives without hedging relationship	FLHfT	38.3				38.3			38.3	38.3
Derivatives with hedging relationship	n.a.	102.9			102.9				102.9	102.9
Finance lease liabilities	n.a.	12.9					12.9		12.9	12.9
Other financial liabilities	FLAC/n.a.	234.3	203.7					30.6	234.3	237.4
Thereof aggregated by category as defined in IAS 39										
Loans and receivables	LaR	1,158.0	1,157.1					0.9	1,158.0	1,158.0
Held-to-maturity investments	HtM									
Available-for-sale financial assets	AfS	44.0		6.1	37.9				44.0	44.0
Financial assets held for trading	FAHfT	0.2				0.2			0.2	0.2
Financial liabilities measured at amortized cost	FLAC/n.a.	1,941.5	1,910.9					30.6	1,941.5	1,955.9
Financial liabilities held for trading	FLHfT	38.3				38.3			38.3	38.3

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 relate to personnel-related liabilities and the corresponding plan assets accounted for in accordance with IAS 19.

Cash and cash equivalents, trade receivables, and other receivables are generally due within a short time. The same is usually true for trade payables and other liabilities as well; the carrying amounts of these assets therefore correspond approximately to their fair value.

Classification of fair-value measurements of financial assets and liabilities according to the fair-value hierarchy
In order to evaluate the significance of factors used as input when measuring financial assets and liabilities at their fair value, MTU assigns these assets and liabilities to three levels of a fair-value hierarchy.

The three levels of the fair-value hierarchy are described below, together with their utilization when measuring financial assets and liabilities:

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 to the three levels of the fair-value hierarchy for 2016 and 2015:

Allocation of financial assets and liabilities to the 3 levels of the fair-value hierarchy at March 31, 2016

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		18.5		18.5
Total financial assets		**18.5**		**18.5**
Financial liabilities measured at fair value				
Derivative financial instruments		78.7		78.7
Total financial liabilities		**78.7**		**78.7**

Allocation of financial assets and liabilities to the 3 levels of the fair-value hierarchy at December 31, 2015

in € million	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments		0.9		0.9
Available-for-sale financial assets		37.9		37.9
Total financial assets		**38.8**		**38.8**
Financial liabilities measured at fair value				
Derivative financial instruments		141.2		141.2
Total financial liabilities		**141.2**		**141.2**

The fair value of the derivative financial instruments and securities assigned to level 2 is measured using the discounted cash flow (DCF) method. The fair value of available-for-sale financial assets corresponds approximately to their nominal value, due to the interest rate conditions and creditworthiness of the respective contractual partners.

Within the scope of its partnerships in engine programs, MTU is a party to aircraft financing agreements for the purpose of promoting sales. Such loan commitments are only ever entered into jointly with other partners in the engine consortium. They are provided in two basic forms: pre-delivery payment and backstop commitments. In both cases, any funds made available to the purchaser are always transferred directly to the aircraft manufacturer solely by the consortium leader.

MTU classifies loan commitments offered up to the reporting date totaling a nominal amount, translated into euros, of € 281.9 million (2015: € 404.6 million) as part of its gross risk in accordance with the requirements of IFRS 7. However, based on experience, it is considered to be very unlikely that these notional loan amounts will actually be utilized to their full extent. In the event that loan commitments are utilized, MTU considers the associated liquidity and credit risks to be manageable. For more information, especially concerning the terms of the loan agreements, please refer to page 212 of the Annual Report 2015.

37 Contingent liabilities and other financial obligations

At March 31, 2016, contingent liabilities amounted to € 42.6 million (Dec. 31, 2015: € 61.4 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 reporting period. Similarly, no amounts are expected to be paid during the rest of the financial year 2016. For information concerning the composition and nature of contingent liabilities and other financial obligations, please refer to page 222 of the Annual Report 2015.

Purchase commitments for intangible assets and property, plant and equipment amounted to € 49.6 million at March 31, 2016 (Dec. 31, 2015: € 39.1 million).

38 Relationships 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 ad made on terms equivalent to those that prevail in arm's-length transactions.

Business transactions between companies included in the consolidated financial statements were eliminated in the course of consolidation and are therefore not subject to any 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, IT support).

Trade receivables from these companies at March 31, 2016 amounted to € 101.5 million (Dec. 31, 2015: € 67.6 million), while trade payables totaled € 51.4 million (Dec. 31, 2015: € 66.8 million). Income arising from intra-group transactions in the first three months of 2016 amounted to € 430.4 million (January to March 2015: € 340.8 million), while the corresponding expenses amounted to € 231.1 million (January to March 2015: € 213.3 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, 2016)
No significant events with a material impact on the net assets, financial situation or operating results of the MTU group have occurred after the end of the interim reporting period and prior to the date this quarterly financial report was drawn up (April 18, 2016).

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, 2016, will be published on the company's website on April 28, 2016.

Financial Calendar

Interim financial report at March 31, 2016	**April 28, 2016**
Interim financial report at June 30, 2016	**July 26, 2016**
Interim financial report at September 30, 2016	**October 25, 2016**
MTU analysts and investors conference 2016	**December 14, 2016**

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Translation

The German version takes precedence.

MTU Aero Engines AG on the Internet

- For more information about MTU Aero Engines AG, please visit our website at: www.mtu.de
- For direct access to the section devoted to investor relations, follow this link: www.mtu.de/investor-relations.
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Cover page

Visual inspection of a PW1000G blisk at MTU Aero Engines in Munich

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