



Q3 2018 Results

Conference Call with Investors and Analysts

Munich 10/25/2018 - Investor Relations

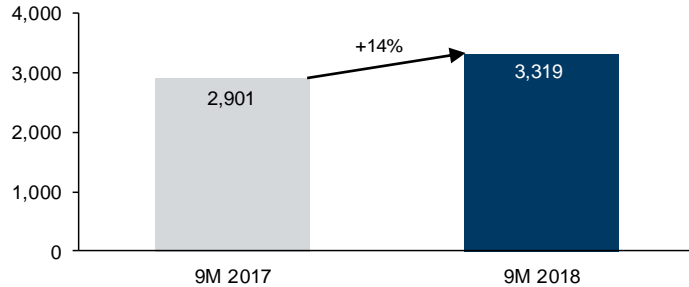
Business Highlights Q3 2018



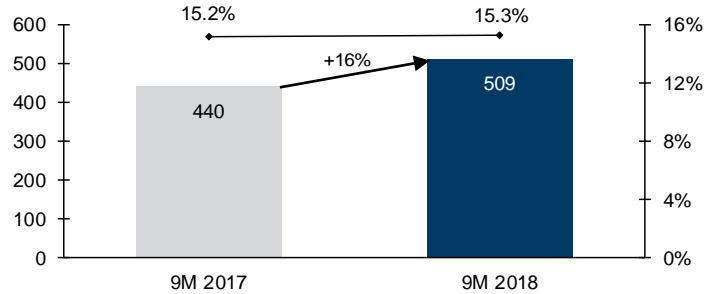
- Strong passenger traffic continues
- GTF production ramp up on track
- First Gulfstream G500 equipped with PW800 delivered
- Start of construction of new JV MRO shop EME Aero in Poland
- V2500 MRO contract signed with Asiana Airlines, worth 245 m€
- First production KC-390 aircraft powered by V2500 completed successfully its maiden flight
- Guidance 2018 upgrade

Financial Highlights Q3 2018

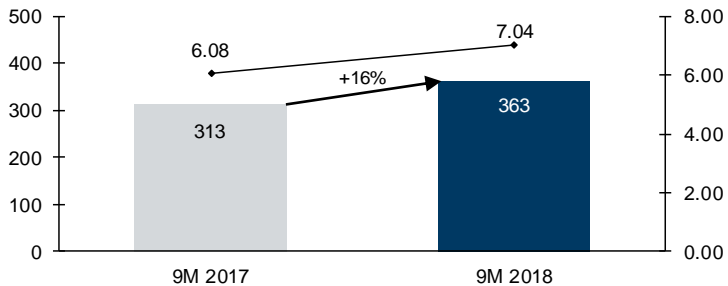
Revenues (m€)



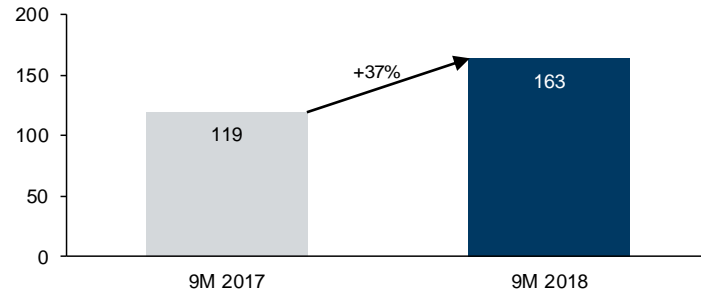
EBIT adj / EBIT adj. Margin (m€ / %)



Net income adj. / EPS adj. (m€ / €)



Free Cash Flow (m€)



OEM Segment

(m€)	9M 2017	9M 2018	Change
Revenues	1,248.3	1,506.8	21%
Commercial Business	943.1	1,203.7	28%
Military Business	305.2	303.1	-1%
EBIT adj.	292.6	340.7	16%
<i>EBIT adj. margin %</i>	<i>23.4%</i>	<i>22.6%</i>	



- US\$ Commercial Business revenues increased by 37%
- Military revenues stable
- EBIT margin roughly 23%









Commercial MRO

(m€)	9M 2017	9M 2018	Change
Revenues	1,727.5	2,019.7	17%
EBIT adj.	146.8	167.9	14%
<i>EBIT adj. margin %</i>	<i>8.5%</i>	<i>8.3%</i>	

- US\$ revenues growth of 26%
- EBIT adj. margin stable



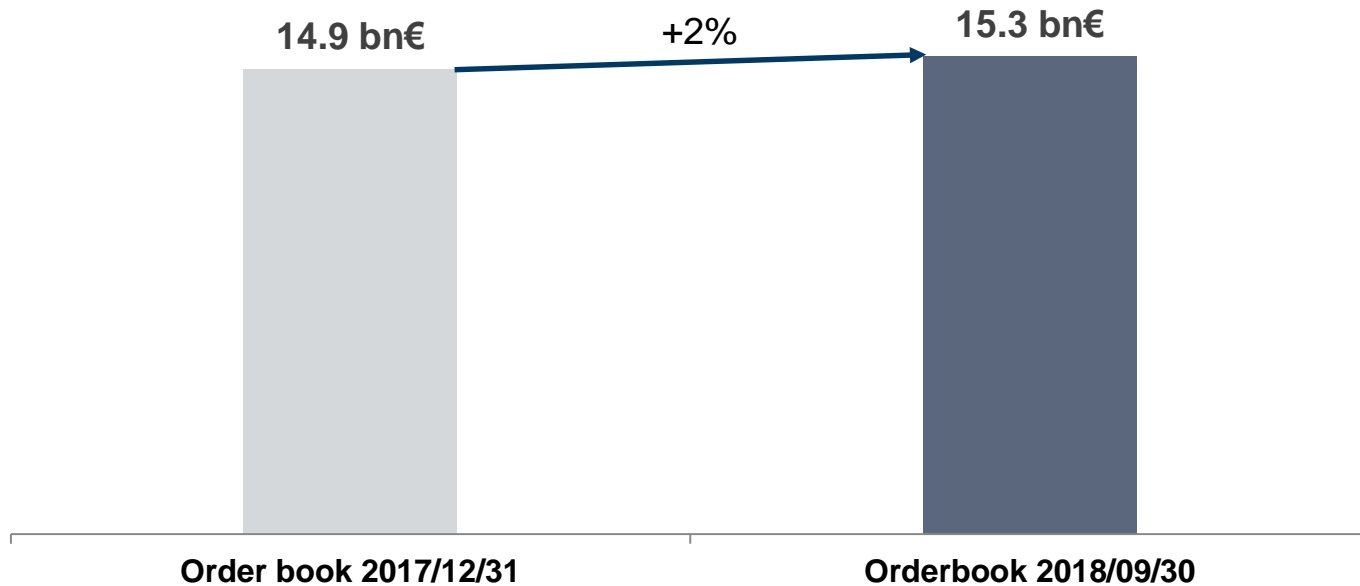
Guidance 2018: Upgrade due to stronger than expected aftermarket

Organic Growth:		NEW	OLD	
Military:	Stable		<i>Stable</i>	
Commercial OE:	Up ~30%		<i>Up ~30%</i>	
Commercial Spares:	Up low teens		<i>Up ~10%</i>	
Commercial MRO:	Up mid twenties		<i>Up ~20%</i>	
Total Group Sales:	~ 4.4 bn€		~ 4.2 bn€	
EBIT adj.	~ 660 m€		~ 640 m€	
Net income adj.	~ 470 m€		~ 450 m€	
CCR*	~ 40 - 50%		~ 40 - 50%	

* Cash Conversion Rate = Free Cash Flow/Net Income adj.

Appendix

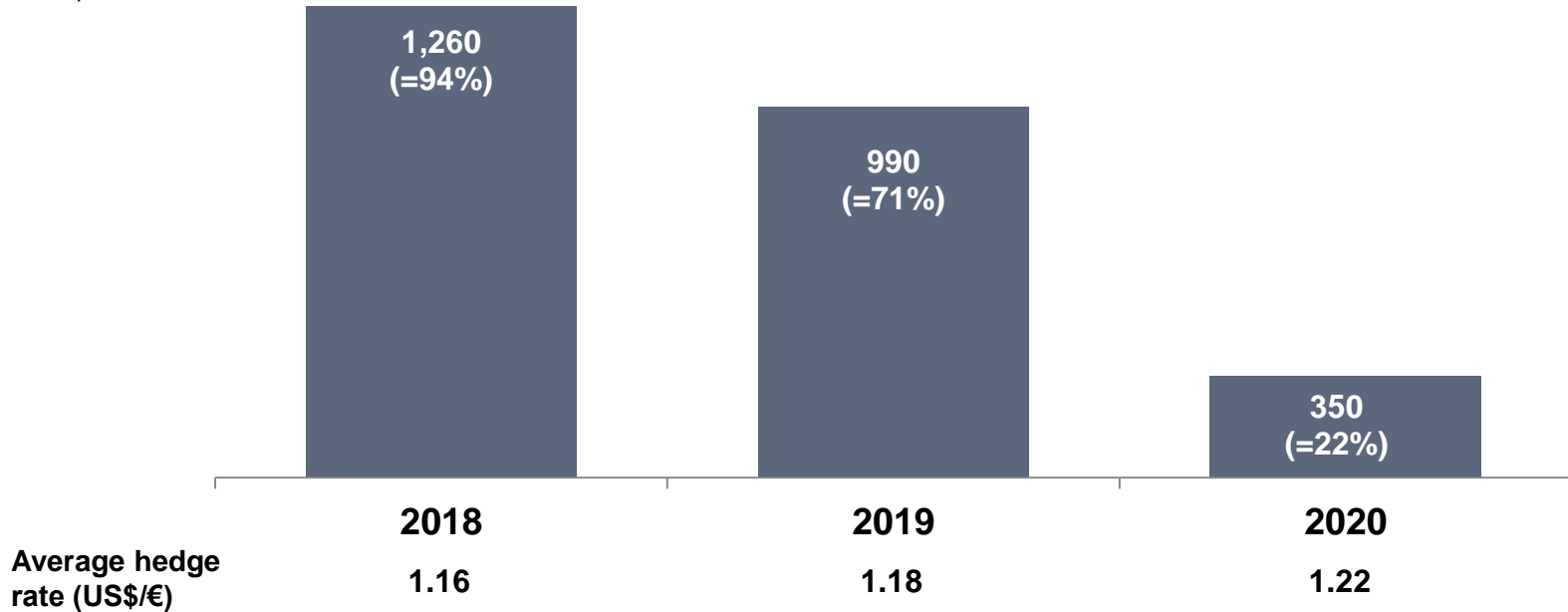
Group Order Book up 2 %



US\$ Exchange Rate / Hedge Portfolio

Hedge book as of October 25, 2018 (% of net exposure)

in m\$



Profit & Loss

(m€)	Q3 2017	Q3 2018	Change	9M 2017	9M 2018	Change
Revenues	923.8	1,170.1	27%	2,900.8	3,318.7	14%
Total Cost of Sales	-750.2	-953.7		-2,373.5	-2,680.0	
Gross Profit	173.6	216.4	25%	527.3	638.7	21%
<i>Gross Profit margin</i>	18.8%	18.5%		18.2%	19.2%	
R&D according to IFRS	-11.4	-16.2		-32.6	-42.6	
SG&A	-41.0	-52.7		-126.9	-149.9	
Other operating income (expense)	0.2	-3.3		2.3	-11.4	
P&L of companies accounted "at equity and at cost"	9.5	17.4		31.4	35.7	
EBIT reported	130.9	161.6	23%	401.5	470.5	17%
EBIT adj.	143.6	174.3	21%	439.9	508.9	16%
<i>EBIT adj. margin</i>	15.5%	14.9%		15.2%	15.3%	
Financial result	-9.4	-7.3		-23.9	-12.0	
Profit before tax (EBT)	121.5	154.3	27%	377.6	458.5	21%
Taxes	-31.5	-36.0		-87.5	-121.7	
Net Income reported	90.0	118.3	31%	290.1	336.8	16%
Net Income adj.	102.7	125.8		312.8	362.8	
EPS reported	1.73	2.25		5.60	6.44	
EPS adj.	2.00	2.44		6.08	7.04	

Reconciliation to adjusted Key Performance Indicators

(m€)	Q3 2017	Q3 2018	Change	9M 2017	9M 2018	Change
EBIT reported	130.9	161.6	23%	401.5	470.5	17%
Adjustment (PPA Depreciation & Amortization)	5.2	5.2		15.8	15.7	
Adjustment (IAE Upshare)	7.5	7.5		22.6	22.7	
EBIT adj.	143.6	174.3	21%	439.9	508.9	16%
<i>Thereof P&L of companies accounted "at equity"</i>	9.3	17.3	86%	30.9	35.1	14%
Interest result	0.4	-0.7	-275%	-2.7	-1.9	30%
Interest for pension provisions	-3.1	-3.5	-13%	-9.2	-10.3	-12%
EBT adj. w/o P&L "at equity"	131.6	152.8	16%	397.1	461.6	16%
Tax rate normalized	-29.0%	-29.0%		-29.0%	-29.0%	
Taxes	-38.2	-44.3		-115.2	-133.9	
Net Income adj.	102.7	125.8	22%	312.8	362.8	16%
EPS adj.	2.00	2.44	22%	6.08	7.04	16%

Segment Revenues and EBIT adj.

(m€)	Q3 2017	Q3 2018	Change	9M 2017	9M 2018	Change
Revenues Group	923.8	1,170.1	27%	2,900.8	3,318.7	14%
OEM Commercial	299.9	464.8	55%	943.1	1,203.7	28%
OEM Military	104.1	104.3	0%	305.2	303.1	-1%
MRO	546.5	731.2	34%	1,727.5	2,019.7	17%
Consolidation	-26.7	-130.2		-75.0	-207.8	
EBIT adj. Group	143.6	174.3	21%	439.9	508.9	16%
OEM (Commercial / Military)	100.3	111.8	11%	292.6	340.7	16%
MRO	43.1	62.4	45%	146.8	167.9	14%
Consolidation	0.2	0.1		0.5	0.3	
EBIT margin adj. Group	15.5%	14.9%		15.2%	15.3%	
<i>OEM (Commercial / Military)</i>	<i>24.8%</i>	<i>19.6%</i>		<i>23.4%</i>	<i>22.6%</i>	
<i>MRO</i>	<i>7.9%</i>	<i>8.5%</i>		<i>8.5%</i>	<i>8.3%</i>	

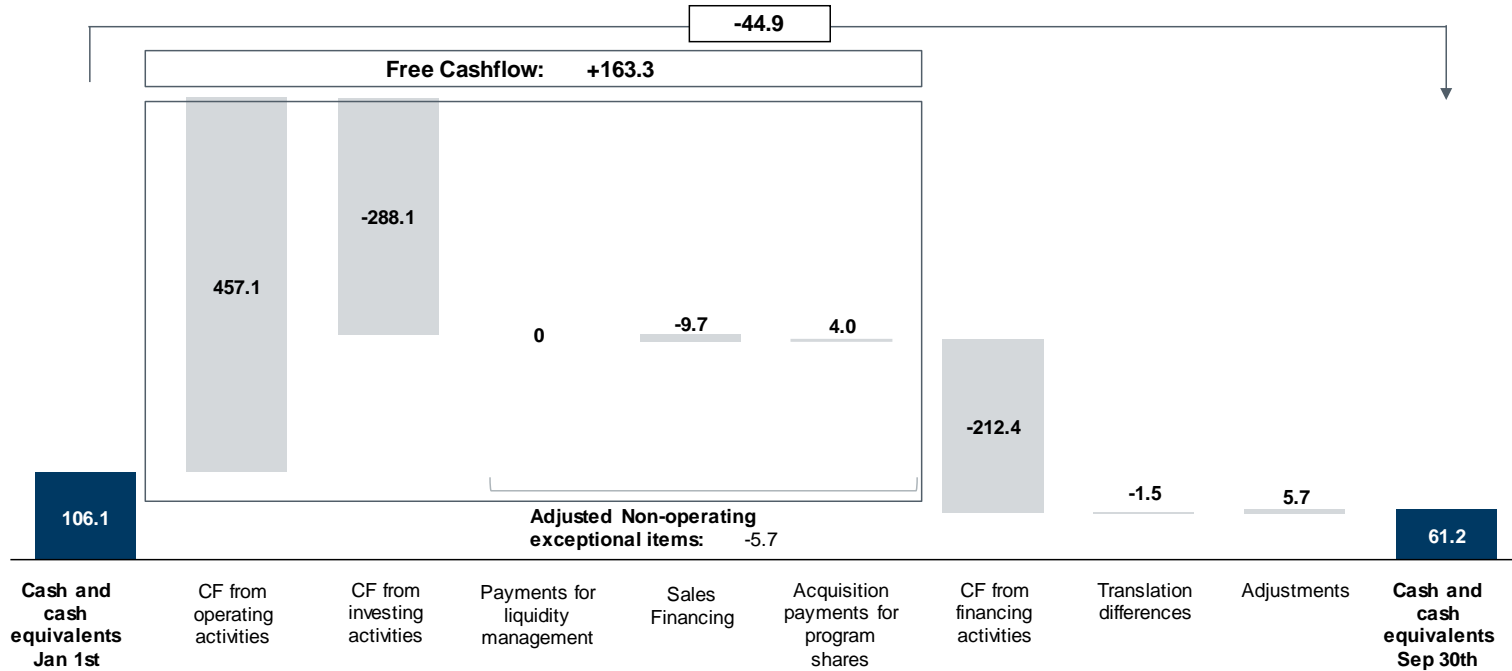
Research & Development

(m€)	Q3 2017	Q3 2018	Change	9M 2017	9M 2018	Change
Total R&D	51.7	48.5	-6%	162.4	147.7	-9%
Customer funded R&D	-6.4	-3.9	39%	-26.3	-15.8	40%
Company expensed R&D	45.3	44.6	-2%	136.1	131.9	-3%
Capitalization of R&D	-26.8	-19.9		-86.6	-63.1	
Amortisation	3.2	4.0		8.9	11.1	
Total R&D impact P&L (on EBIT)	21.7	28.7	32%	58.4	79.9	37%
thereof booked into sales and COGS	10.2	12.5		25.8	37.3	
thereof booked into R&D according to IFRS (P&L)	11.5	16.2		32.6	42.6	

Financial Result

(m€)	Q3 2017	Q3 2018	Change	9M 2017	9M 2018	Change
Interest income	1.3	1.8	38%	4.3	5.0	16%
Interest expense	-0.9	-2.5	-178%	-7.0	-6.9	1%
Interest result	0.4	-0.7	-275%	-2.7	-1.9	30%
Financial result on other items	-9.8	-6.6		-21.2	-10.1	
<i>US\$ / non cash valuations / others</i>	-6.7	-3.1		-12.0	0.2	
<i>Interest for pension provisions</i>	-3.1	-3.5		-9.2	-10.3	
Financial result	-9.4	-7.3	22%	-23.9	-12.0	50%

MTU's Cash development January – September 2018



Cash Flow

(m€)	9M 2017	9M 2018	Change
Net Income IFRS	290.1	336.8	16%
Depreciation and amortization	138.3	143.8	
Change in provisions and liabilities	132.6	156.9	
Change in working capital	-198.9	-207.3	
Taxes	-5.4	19.8	
Interest, derivatives, others	-67.0	7.1	
Cash Flow from operating activities	289.7	457.1	58%
Net Investment in intangible assets	-48.2	-51.6	
Net Investment in R&D payments and entry fees	-25.5	-18.2	
Net Investment in property, plant, equipment	-82.0	-134.0	
Net Investments in financial assets	-1.1	-84.3	
Cash Flow from investing activities	-156.8	-288.1	-84%
<i>Adjustments</i>	-13.8	-5.7	
Free Cash Flow	119.1	163.3	37%
Cash Flow from financing activities	-365.5	-212.4	42%
Cash and cash equivalents at 30.09.	86.6	61.2	

Net financial debt

(m€)	31/12/2017	30/09/2018	Change
Bonds and notes	100.0	99.2	
Convertible bond	478.5	481.4	
Financial liabilities to bank	108.2	80.0	
<i>thereof Revolving Credit Facility</i>	78.1	50.0	
<i>thereof Note Purchase Agreement</i>	30.1	30.0	
Loans from related companies	0.0	0.9	
Finance lease liabilities	11.5	10.3	
Loans from third parties	18.2	0.0	
Financial liabilities arising from program participation	370.5	332.5	
<i>thereof arising from IAE V2500 Upshare</i>	320.0	300.4	
Gross financial debt	1,086.9	1,004.3	-8%
Cash and cash equivalents	106.1	61.2	
Loans to third parties	133.5	130.5	
Loans to related companies	20.3	19.9	
Securities	0.0	0.0	
Financial assets	259.9	211.6	-19%
Net financial debt	827.0	792.7	-4%

Working capital

(m€)	31/12/2017	30/09/2018	Change	Change in %
Inventories	845.1	976.2	131.1	
Prepayments	-407.6	-423.4	-15.8	
Receivables	1,751.7	2,148.5	396.8	
Payables	-1,141.9	-1,446.7	-304.8	
Working Capital	1,047.3	1,254.6	207.3	20%

Balance Sheet

(m€)	31/12/2017	30/09/2018	Change
Intangible assets	1,032.5	1,060.7	
Property, plant, equipment	735.5	785.5	
other non-current assets	1,773.8	1,818.4	
Total non-current assets	3,541.8	3,664.6	3%
Current assets	2,817.3	3,255.5	16%
Total assets	6,359.1	6,920.1	9%
Equity	1,841.3	2,038.8	11%
Non-current liabilities	1,855.6	1,914.6	3%
Current liabilities	2,662.2	2,966.7	11%
Total equity and liabilities	6,359.1	6,920.1	
<i>thereof pension provisions</i>	<i>870.7</i>	<i>891.1</i>	

PPA Depreciation / Amortization

(m€)	Q3 2017	Q3 2018	9M 2017	9M 2018
Total depreciation / amortization*				
OEM	38.2	39.8	109.9	118.9
MRO	9.3	8.4	28.4	24.9
MTU total	47.5	48.2	138.3	143.8
PPA depreciation / amortization & IAE Upshare amortization (EBIT adjustments)				
PPA OEM	4.6	4.6	14.0	13.9
PPA MRO	0.6	0.6	1.8	1.8
IAE Upshare OEM	7.5	7.5	22.6	22.7
MTU total	12.7	12.7	38.4	38.4
Depreciation / amortization w/o PPA and w/o IAE Upshare				
OEM	26.1	27.7	73.3	82.3
MRO	8.7	7.8	26.6	23.1
MTU total	34.8	35.5	99.9	105.4

* incl. amortization of intangible assets, capitalized program assets and purchased development

Cautionary Note Regarding Forward-Looking Statements

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

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

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

Any securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold without registration thereunder or pursuant to an available exemption therefrom. Any public offering of securities of MTU Aero Engines to be made in the United States would have to be made by means of a prospectus that would be obtainable from MTU Aero Engines and would contain detailed information about the issuer of the securities and its management, as well as financial statements.

Neither this document nor the information contained herein constitutes an offer to sell or the solicitation of an offer to buy any securities.

These materials do not constitute an offer of securities for sale in the United States; the securities may not be offered or sold in the United States absent registration or an exemption from registration.

No money, securities or other consideration is being solicited, and, if sent in response to the information contained herein, will not be accepted.

Proprietary Notice

This document contains proprietary information of the MTU Aero Engines AG group companies. The document and its contents shall not be copied or disclosed to any third party or used for any purpose other than that for which it is provided, without the prior written agreement of MTU Aero Engines AG.