
Nine-month results: MTU Aero Engines set to reach its targets for 2010

- **Revenues up by 2% to € 1,992.3 million**
- **Increase of 7% in both adjusted EBIT and net income**
- **High single-digit growth in revenues expected for 2011**

Munich, October 26, 2010 – MTU Aero Engines Holding AG's nine-month results 2010 show the company is well on its way to achieving its targets for the year as a whole. Revenues increased by 2% to € 1,992.3 million after € 1,954.9 in the previous year. MTU boosted its earnings¹ by 7% to € 226.1 million (1-9/09: € 210.8 million). At 11.3%, the EBIT margin was up 0.5 percentage points compared with the same period in 2009, while the company's net income improved by 7% to € 99.6 million (1-9/09: € 93.4 million).

As Egon Behle, CEO of MTU Aero Engines Holding AG, summed it up: "These results demonstrate that MTU is well on track to achieve its targets for the year, and enable us to confirm our forecast for 2010 – even if the revised forecast in July was based on a more favorable U.S. dollar-euro exchange rate than actually materialized. We particularly expect our OEM segment to grow in the fourth quarter 2010."

For the financial year 2010, MTU is anticipating revenues of around € 2,750 million (2009: € 2,610.8 million). Operating profit is set to reach approximately € 310 million after € 292.3 million in the previous year. MTU expects to achieve an annual net income comparable with last year's figure: around € 140 million. Despite the high research and development expenses associated with investments into MTU's future, the company anticipates a free cash flow of around € 120 million in 2010. "MTU remains on course for growth," added Behle, "and we expect to record high single-digit growth in revenues in 2011." This assumption is based on a U.S. dollar-euro exchange rate at current levels.

In the first nine months of 2010, revenues in the commercial engine business increased by 4%, reaching € 821.6 million at the end of the quarter after a figure of € 790.9 million for the same period in 2009. "In U.S. dollar terms, revenues in the commercial engine business have remained stable. The same goes for new commercial engine and spare parts business," explained CFO Reiner Winkler. The biggest revenue earners for new engine and spare parts business were the V2500 of the Airbus A320 family, the PW2000 for the Boeing 757, and the C-17 and CF6-80C engines used to power the Boeing 747, Airbus A310 and Airbus A330 aircraft. The GP7000, which is deployed in the Airbus A380, is gaining in importance. "This is a trend that is going to continue," commented Winkler. "Alongside the V2500 engine for the Airbus A320, the GP7000 and programs such as the GENx engine for the Boeing 787 Dreamliner and Boeing 747-8 will make up a big share of our series business volume going forward, markedly boosting growth in the commercial OEM segment as early as 2011. In the coming

¹ EBIT adjusted = earnings before interest and tax, calculated on a comparable basis



year, series business is likely to perform very positively in U.S. dollar terms, growing faster than spare parts business."

The company's revenues from military engine business grew by 3% to reach € 378.3 million (1-9/09: € 366.7 million), mainly on the back of sales of the EJ200, the Eurofighter engine. Planned cuts in the German defense budget are likely to lead to lower revenues from military MRO business in 2011. "We expect to be able to compensate this in the medium term however, as new international programs begin to kick in," said Behle.

Revenues from commercial MRO business remained relatively stable at € 814.4 million (1-9/09: € 821.2 million), with the lion's share coming from the V2500 engine. "Compared with last year, if we exclude the effect of the U.S. dollar exchange rate, commercial MRO revenues are trending upward on a quarterly basis, and the positive market data suggest this trend will continue into the fourth quarter," said Winkler. MTU is anticipating a slight rise in revenues from commercial MRO business in 2011, with opportunities for growth improving thereafter.

At € 4,245.7 million, MTU's order backlog was 2% higher than at the end of the previous year (Dec. 31, 2009: € 4,150.9 million), and was equivalent to 1.6 times the revenue of 2009.

Operating results for both OEM and commercial MRO business have improved. The company's adjusted EBIT from commercial MRO business improved by 6% to € 58.8 million (1-9/09: € 55.6 million), and its EBIT margin rose 0.4 percentage points to reach 7.2%. Adjusted EBIT for OEM business reached € 165.9 million, up 5% over the same period in 2009 (1-9/09: € 158.2 million), with an EBIT margin of 13.8% (1-9/09: 13.7%).

MTU's research and development spending rose by 9% to a figure of € 162.0 million (1-9/09: € 149.0 million). This was mainly due to a substantial boost in company-funded R&D, which at € 103.8 million was 30% higher than in 2009 (1-9/09: € 80.0 million). R&D work focused on new development programs such as the PW1000G engine destined for the Mitsubishi Regional Jet and Bombardier CSeries as well as the GE38 engine for the Sikorsky CH-53K heavy-lift cargo helicopter. "This has enabled us to keep these programs running to schedule, and to enhance our position in the market. In the coming year, we will continue to promote R&D in order to underpin our growth strategy," commented Behle.

The company's free cash flow surged by 49% to € 143.0 million (1-9/09: € 95.7 million), a figure that is already above the company's target for the year as a whole.

In the first nine months of 2010, MTU invested € 65.3 million. The higher figure of € 88.9 million for the same period last year was due to the investments for the company's new plant in Poland.



With a total workforce of 7,874, MTU had 3% more employees at the end of the third quarter compared with year-end 2009 (Dec. 31, 2009: 7,665 employees). Recruitment was concentrated at the company's locations in Poland and Canada, and at MTU Maintenance Berlin-Brandenburg.

MTU Aero Engines – key financial data for the first nine months of 2010

(Figures quoted in million €, calculated on a comparable basis. Statements prepared in accordance with IFRS. Figures calculated on a comparable basis apply adjustments to the IFRS consolidated results to exclude restructuring and transaction costs, and the effects of IFRS purchase accounting)

MTU Aero Engines	as at Sep. 2009	as at Sep. 2010	Change
Revenues	1,954.9	1,992.3	+ 1.9%
of which OEM business	1,157.6	1,199.9	+ 3.7%
of which commercial engine business	790.9	821.6	+ 3.9%
of which military engine business	366.7	378.3	+ 3.2%
of which commercial MRO business	821.2	814.4	- 0.8%
EBIT (calculated on a comparable basis)	210.8	226.1	+ 7.3%
of which OEM business	158.2	165.9	+ 4.9%
of which commercial MRO business	55.6	58.8	+ 5.8%
<i>EBIT margin (calculated on a comparable basis)</i>	<i>10.8%</i>	<i>11.3%</i>	
<i>for OEM business</i>	<i>13.7%</i>	<i>13.8%</i>	
<i>for commercial MRO business</i>	<i>6.8%</i>	<i>7.2%</i>	
Net income (IFRS)	93.4	99.6	+ 6.6%
Earnings per share (undiluted)	€ 1.91	€ 2.04	+ 6.8%
Free cash flow	95.7	143.0	+ 49.4%
Research and development expenditure	149.0	162.0	+ 8.7%
of which company-funded	80.0	103.8	+ 29.8%
of which outside-funded	69.0	58.2	- 15.7%
Investments	88.9	65.3	- 26.5%
	Dec. 31, 09	Sep. 30, 10	Change
Order backlog	4,150.9	4,245.7	+ 2.3%
of which OEM business	3,965.1	4,066.5	+ 2.6%
of which commercial MRO business	185.8	181.2	- 2.5%
Employees	7,665	7,874	+ 2.7%

MTU Aero Engines is not only Germany's leading engine manufacturer, but a major player in the industry. Together with its affiliates, MTU maintains a presence in all key markets and regions. In the commercial engine sector, the company has close working ties with the world's major aero engine manufacturers – General Electric, Pratt & Whitney and Rolls-Royce. In the military sector, MTU is the lead industrial partner for almost every type of engine operated by the German armed forces, and an



important partner in all major military aero engine programs in Europe. MTU Maintenance is the world's biggest independent provider of maintenance services for commercial aircraft. The company is a technological leader in high-pressure compressors, low-pressure turbines, manufacturing processes, and repair techniques.

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