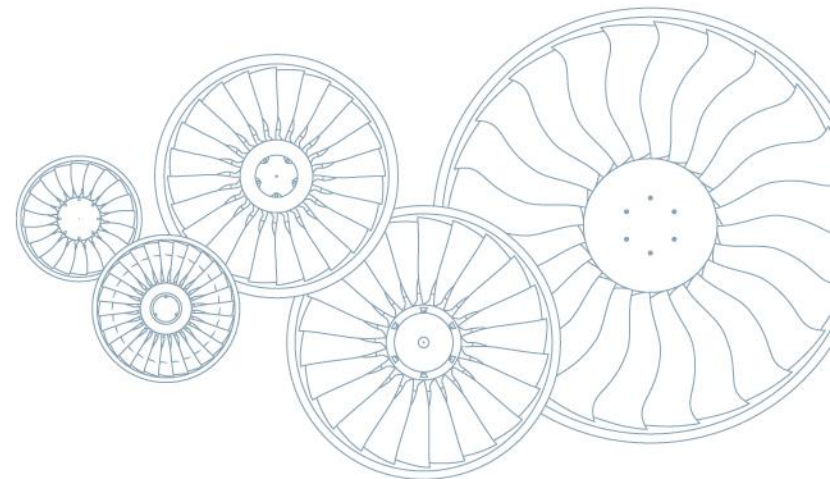




# Q2 2015 Results- MTU Aero Engines

Conference Call with Investors and Analysts  
23 July 2015

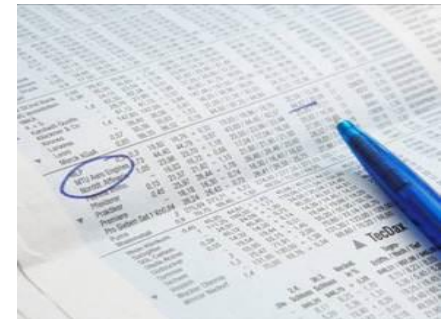


## Agenda

- **Business Highlights**
- Group key figures
- Commercial and Military OEM
- Commercial MRO
- Guidance 2015
- Appendix

## Business Highlights Q2 2015

- IATA passenger traffic up 6.3% ytd. in May 2015
- Airline profitability strengthens further
- Successful Paris Airshow with order intake of 800 m€
- GTF MRO network agreement signed
- Ramp up for GTF successfully initiated
- Positive US\$ rate development with increased profit contribution in Q2
- H1 15 results in line with our year end expectation

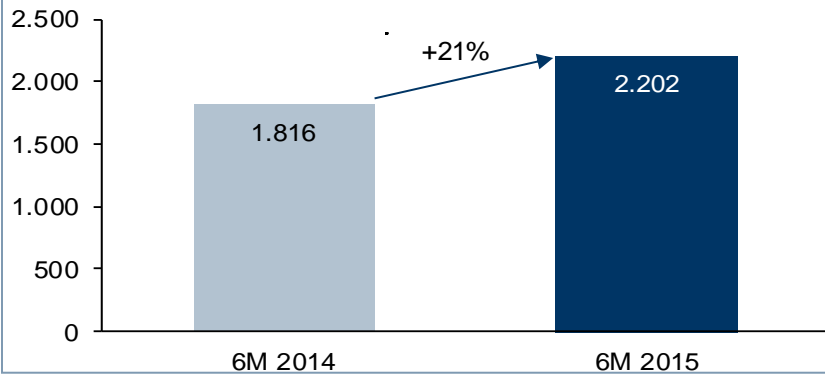


## Agenda

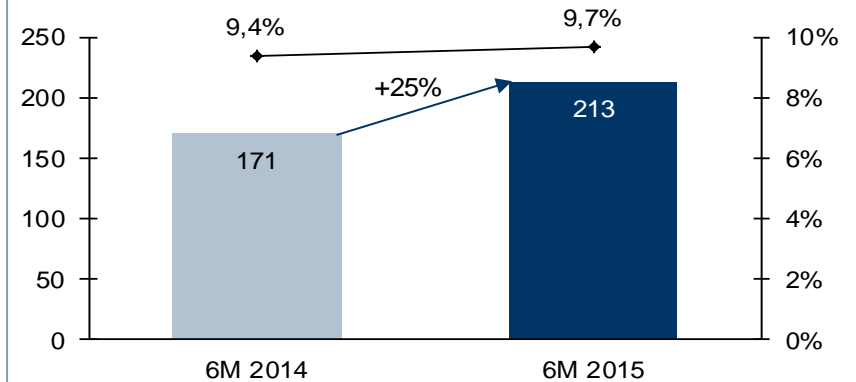
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# Financial Highlights 6M 2015

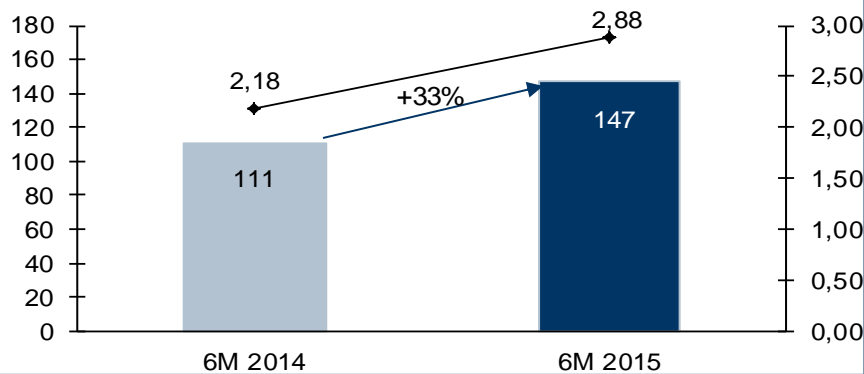
### Revenues (m€)



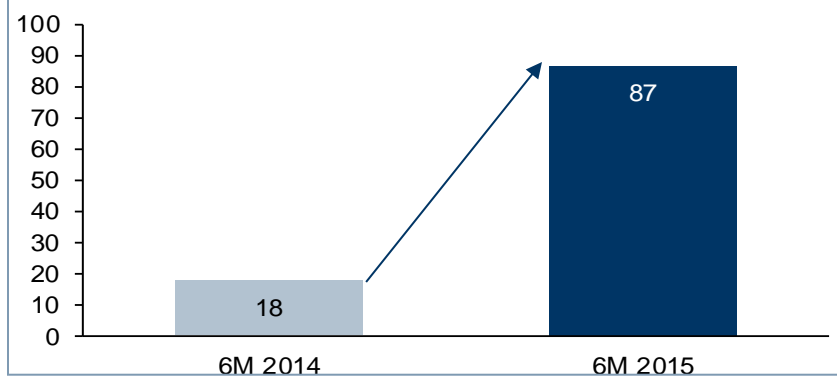
### EBIT adj. / EBIT adj. Margin (m€ / %)



### Net Income adj. / EPS adj. (m€ / €)



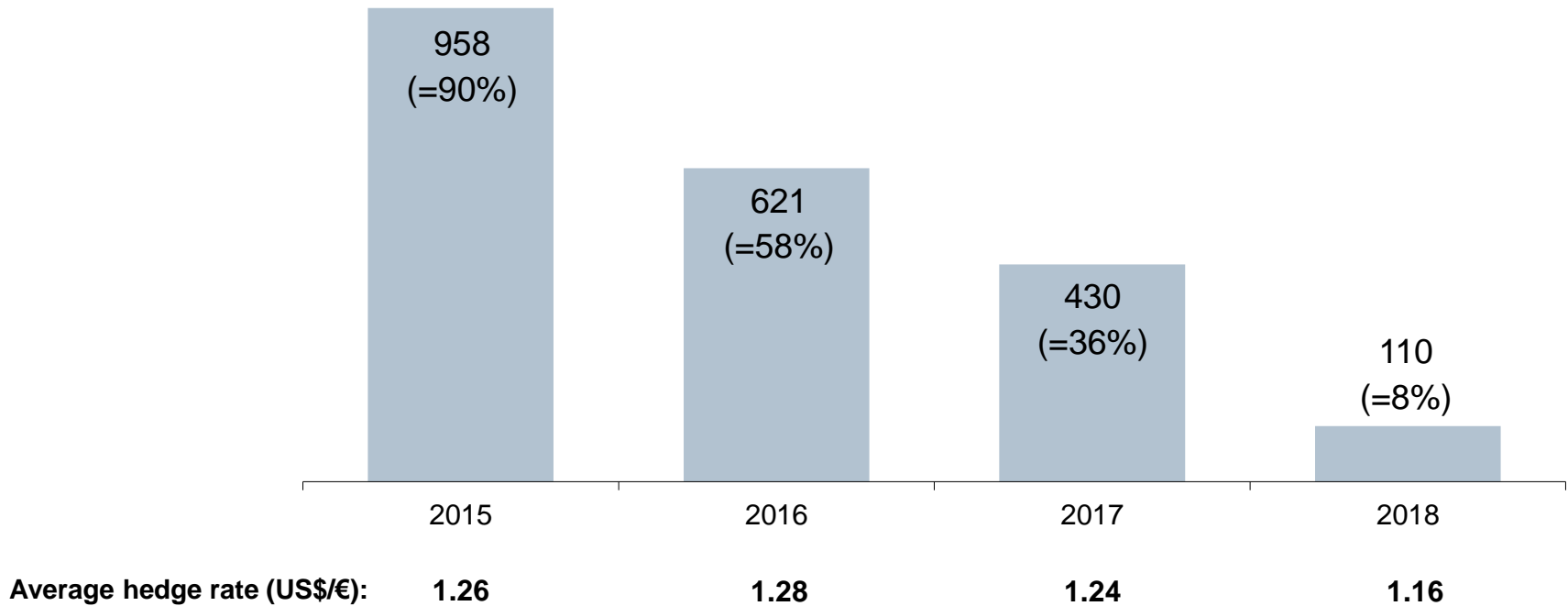
### Free Cash Flow (m€)



## US\$ Exchange Rate / Hedge Portfolio

Hedge book as of July 23, 2015 (*% of net exposure*)

(mUS\$)



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## Commercial OEM Business

- Over 7,000 GTF engines on firm order or optioned
- PurePower engines have completed 19,000 hours of testing
- PW307 for Dassault Falcon 8X achieved its certification in May
- First development modules for GE9X in production
- Improvement initiatives for IAE V2500 FHA Agreements show positive results



## Military Business

- A400M aircraft resumed flight operations and customer deliveries
- EASA145 maintenance certification for TP400 received
- Service support agreement for RB199 and EJ200 signed



## OEM Segment

Order book	31/12/2014	30/06/2015	Change
<b>Order book (m€)</b>	<b>6,763.6</b>	<b>7,015.7</b>	<b>4%</b>
Commercial Business (mUS\$)	7,450.0	7,179.2	-4%
Military Business (m€)	627.4	599.4	-4%

(m€)	6M 2014	6M 2015	Change
<b>Revenues</b>	<b>1,258.4</b>	<b>1,467.1</b>	<b>17%</b>
Commercial Business	1,032.9	1,251.8	21%
Military Business	225.5	215.3	-5%
<b>EBIT adj.</b>	<b>122.5</b>	<b>139.2</b>	<b>14%</b>
<i>EBIT adj. Margin %</i>	<i>9.7%</i>	<i>9.5%</i>	

- Paris Air Show orders of 800 m€ not included yet
- Organic Commercial OEM revenues up low single digit
- EBIT margin at 9.5%

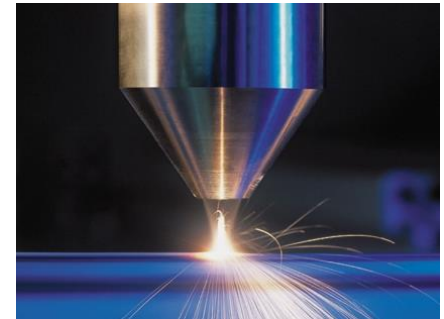


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## Commercial MRO Business

- Sales campaigns won at a value of 1,100 m US\$ in H1 15
- GTF network agreement signed
- GTF MRO readiness at MTU Hannover expected for 2016
- GENx TCF MRO capability established



## Commercial MRO Business

(mUS\$)	31/12/2014	30/06/2015	Change
<b>Contract volume</b>	<b>5,357.8</b>	<b>5,040.3</b>	<b>-6%</b>

(m€)	6M 2014	6M 2015	
<b>Revenues</b>	<b>572.9</b>	<b>754.2</b>	<b>32%</b>
<b>EBIT adj.</b>	<b>48.0</b>	<b>73.5</b>	<b>53%</b>
<i>EBIT adj. Margin %</i>	<i>8.4%</i>	<i>9.7%</i>	

- Contract volume down by 6%
- Organic revenues up by 7%
- Favourable US\$ fx rate support EBIT margin



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## Guidance 2015 update

### Impact on EBIT adj. Guidance

Improvement of long term profitability of Flight-hour-agreements V2500

→ Short term less V2500 shop visits from IAE for MRO division

→ Short term less consumption of V2500 spare parts in OEM segment



Reduced Military Sales expectation



Changed FX rate from 1,20 to 1,10 USD/EUR



Reduced R&D (P&L)



**TOTAL EBIT adj. Improvement MTU Group:**

**+10m€**

## Guidance 2015 update

in m€	FY 2014	Guidance 2015 @FY2014	Guidance 2015 @H12015
<b>Revenues</b>	3,914	~ 4,400	~ 4,600
<b>EBIT adj.</b>	383 9.8%	~ 420	~ 430
<b>Net income adj.</b>	253	~ 285	~ 295

- Guidance 2015 based on 1,10 US\$/€
- Commercial US\$ OE sales up high single digit
- Commercial US\$ spare parts sales up low to mid single digit
- Military revenues down 10%
- Commercial MRO US\$ sales up low to mid single digit
- R&D (P&L) down by 10 m€
- Tax rate in 2015: 30%

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## Net Income adj.

(m€)	Q2 2014	Q2 2015	Change	6M 2014	6M 2015	Change
<b>Revenues</b>	<b>902.8</b>	<b>1,102.5</b>	<b>22%</b>	<b>1,815.8</b>	<b>2,202.0</b>	<b>21%</b>
<b>EBIT adj.</b>	<b>81.7</b>	<b>115.1</b>	<b>41%</b>	<b>170.7</b>	<b>212.8</b>	<b>25%</b>
<i>Thereof P&amp;L of companies accounted "at equity"</i>	3.7	3.6	-3%	7.6	13.1	72%
Interest Result	-2.2	-0.2	91%	-4.7	-1.0	79%
Interests for pension provisions	-5.4	-3.6	33%	-10.7	-7.1	34%
<b>Financial Result</b>	<b>-7.6</b>	<b>-3.8</b>	<b>50%</b>	<b>-15.4</b>	<b>-8.1</b>	<b>47%</b>
<b>EBT adj. *</b>	<b>74.1</b>	<b>111.3</b>	<b>50%</b>	<b>155.3</b>	<b>204.7</b>	<b>32%</b>
Taxes**	-19.1	-32.3		-44.3	-57.5	
Tax rate normalized	27.1%	30.0%		30.0%	30.0%	
<b>Net Income adj. **</b>	<b>55.0</b>	<b>79.0</b>	<b>44%</b>	<b>111.0</b>	<b>147.2</b>	<b>33%</b>
<b>EPS adj. **</b>	<b>1.08</b>	<b>1.55</b>	<b>43%</b>	<b>2.18</b>	<b>2.88</b>	<b>32%</b>

\*) w/o market-to market valuations of US\$, Nickel , options and others

\*\* ) at equity results excluded from taxation / underlying tax rate in 2014: 30% (from Q2 14 onwards 30%)

## Profit & Loss

(m€)	Q2 2014	Q2 2015	Change	6M 2014	6M 2015	Change
<b>Revenues</b>	<b>902.8</b>	<b>1,102.5</b>	<b>22%</b>	<b>1,815.8</b>	<b>2,202.0</b>	<b>21%</b>
Total Cost of Sales	-782.8	-956.7		-1,565.7	-1,930.7	
<b>Gross Profit</b>	<b>120.0</b>	<b>145.8</b>	<b>22%</b>	<b>250.1</b>	<b>271.3</b>	<b>8%</b>
<i>Gross Profit Margin</i>	13.3%	13.2%		13.8%	12.3%	
R&D company funded	-16.7	-8.7		-38.4	-24.3	
SG&A	-38.2	-41.2		-76.0	-79.3	
Other operating income (expense)	1.0	1.7		3.8	4.3	
P&L of companies accounted "at equity and at cost"	3.8	3.7		7.7	13.2	
<b>EBIT reported</b>	<b>69.9</b>	<b>101.3</b>	<b>45%</b>	<b>147.2</b>	<b>185.2</b>	<b>26%</b>
<i>Adjustment (PPA Depreciation &amp; Amortization)</i>	6.3	6.0		12.5	12.1	
<i>Adjustment (IAE Upshare)</i>	5.5	7.8		11.0	15.5	
<b>EBIT adj.</b>	<b>81.7</b>	<b>115.1</b>	<b>41%</b>	<b>170.7</b>	<b>212.8</b>	<b>25%</b>
<i>EBIT adj.margin</i>	9.0%	10.4%		9.4%	9.7%	
Financial Result	-7.7	6.8		-15.7	-44.9	
<b>Profit before tax (EBT)</b>	<b>62.2</b>	<b>108.1</b>	<b>74%</b>	<b>131.5</b>	<b>140.3</b>	<b>7%</b>
Taxes	-25.1	-25.1		-47.6	-36.3	
<b>Net Income reported</b>	<b>37.1</b>	<b>83.0</b>	<b>124%</b>	<b>83.9</b>	<b>104.0</b>	<b>24%</b>
Net Income adj.	55.0	79.0		111.0	147.2	
<b>EPS reported</b>	<b>0.73</b>	<b>1.62</b>		<b>1.65</b>	<b>2.04</b>	
EPS adj.	1.08	1.55		2.18	2.88	

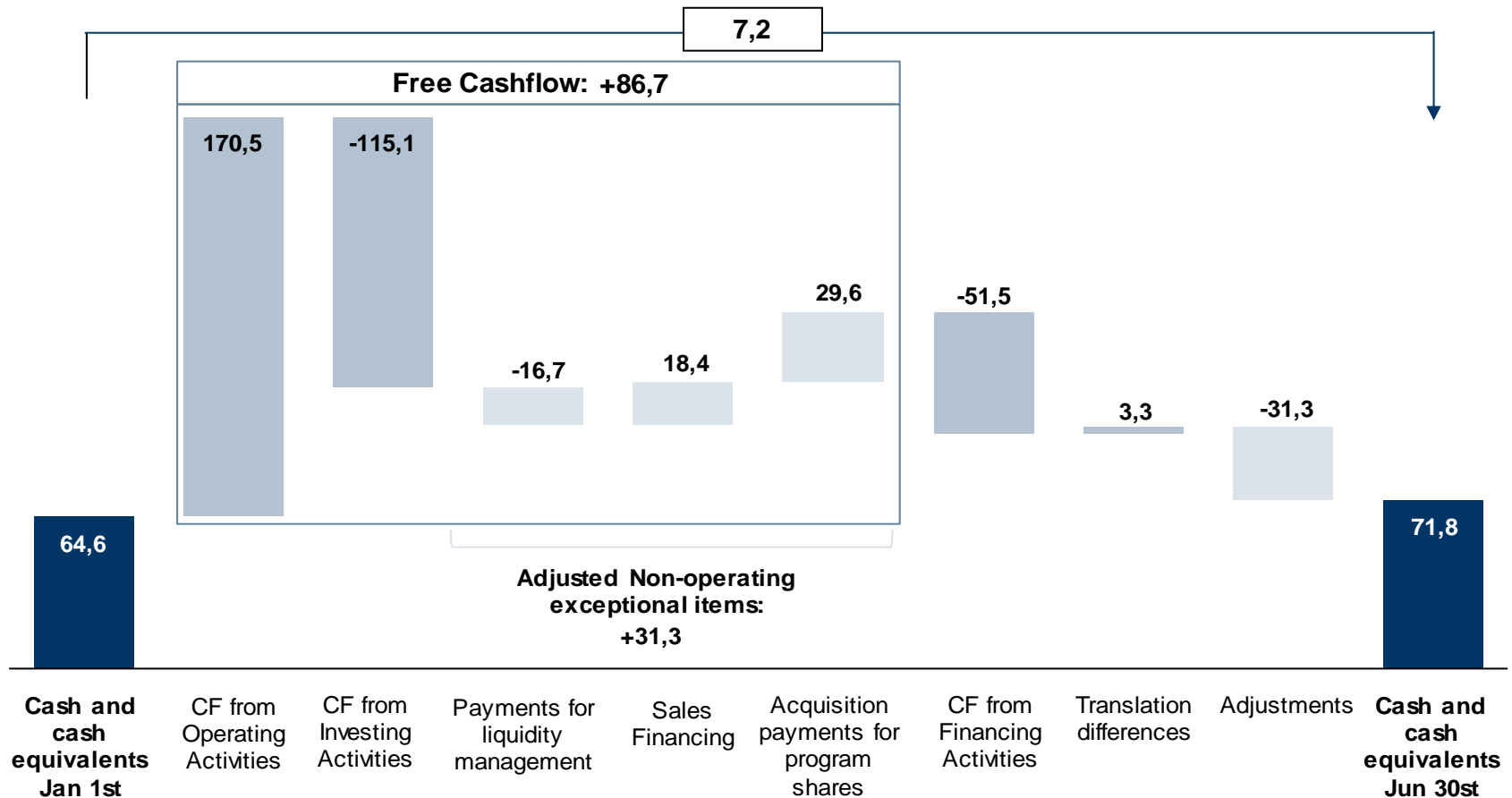
## Segment Revenues and EBIT adj.

(m€)	Q2 2014	Q2 2015	Change	6M 2014	6M 2015	Change
<b>Revenues Group</b>	<b>902.8</b>	<b>1,102.5</b>	<b>22%</b>	<b>1,815.8</b>	<b>2,202.0</b>	<b>21%</b>
OEM Commercial	532.4	616.3	16%	1,032.9	1,251.8	21%
OEM Military	108.9	124.1	14%	225.5	215.3	-5%
MRO	269.3	370.3	38%	572.9	754.2	32%
Consolidation	-7.8	-8.2		-15.5	-19.3	
<b>EBIT adj. Group</b>	<b>81.7</b>	<b>115.1</b>	<b>41%</b>	<b>170.7</b>	<b>212.8</b>	<b>25%</b>
OEM (Commercial / Military)	61.7	81.1	31%	122.5	139.2	14%
MRO	21.0	35.4	69%	48.0	73.5	53%
Consolidation	-1.0	-1.4		0.2	0.1	
<b>EBIT margin adj. Group</b>	<b>9.0%</b>	<b>10.4%</b>		<b>9.4%</b>	<b>9.7%</b>	
<i>OEM (Commercial / Military)</i>	<i>9.6%</i>	<i>11.0%</i>		<i>9.7%</i>	<i>9.5%</i>	
<i>MRO</i>	<i>7.8%</i>	<i>9.6%</i>		<i>8.4%</i>	<i>9.7%</i>	

## Research & Development

(m€)	Q2 2014	Q2 2015	Change	6M 2014	6M 2015	Change
<b>Company expensed R&amp;D</b>	<b>26.4</b>	<b>35.8</b>	<b>36%</b>	<b>60.0</b>	<b>79.1</b>	<b>32%</b>
OEM	25.2	34.4		57.9	76.7	
MRO	1.2	1.4		2.1	2.4	
<b>Capitalization of R&amp;D</b>	<b>-9.7</b>	<b>-27.1</b>		<b>-21.6</b>	<b>-54.8</b>	
OEM	-9.7	-27.1		-21.6	-54.8	
MRO	0.0	0.0		0.0	0.0	
<b>R&amp;D according to IFRS</b>	<b>16.7</b>	<b>8.7</b>	<b>-48%</b>	<b>38.4</b>	<b>24.3</b>	<b>-37%</b>
Customer funded R&D	9.5	14.2		19.2	22.9	
<b>Total R&amp;D</b>	<b>35.9</b>	<b>50.0</b>	<b>39%</b>	<b>79.2</b>	<b>102.0</b>	<b>29%</b>

# MTU's Cash development January – June 2015



## Cash Flow

(m€)	6M 2014	6M 2015	Change
<b>Net Income IFRS</b>	<b>83.9</b>	<b>104.0</b>	<b>24%</b>
Depreciation and amortization	76.3	78.1	
Change in provisions *	-3.9	6.3	
Change in Working Capital	-0.3	-29.4	
Taxes	-68.9	-17.4	
Interest, derivatives, others	-6.1	28.9	
<b>Cash Flow from operating activities</b>	<b>81.0</b>	<b>170.5</b>	<b>110%</b>
Cash Flow from investing activities	-95.8	-115.1	<b>-20%</b>
<i>Adjustments</i>	32.7	31.3	
<b>Free Cash Flow</b>	<b>17.9</b>	<b>86.7</b>	<b>&gt;300%</b>
<i>Adjustments</i>	-32.7	-31.3	
<b>Cash Flow from financing activities</b>	<b>-58.4</b>	<b>-51.5</b>	<b>12%</b>
Effect of exchange rate on cash and cash equivalents	0.7	3.3	
<b>Change in cash and cash equivalents</b>	<b>-72.5</b>	<b>7.2</b>	
<b>Cash and cash equivalents at 30.06.</b>	<b>87.1</b>	<b>71.8</b>	

\* includes pension provisions and other provisions

## Net financial debt at 855.3 m€

(m€)	31/12/2014	6M 2015	Change
Corporate bonds	352.7	347.4	
Financial liabilities arising from IAE V2500	414.6	436.9	
Financial liabilities to bank	39.7	91.6	
<i>Promissory notes</i>	0.0	0.0	
<i>RCF</i>	9.6	61.5	
<i>Note Purchase Agreement</i>	30.1	30.1	
Liabilities to related companies	0.1	0.6	
Finance lease liabilities	14.2	13.6	
Derivatives without hedging relationship	12.2	35.3	
Derivatives with hedging relationship	71.4	110.1	
<b>Gross financial debt</b>	<b>904.9</b>	<b>1,035.5</b>	<b>14%</b>
Cash and cash equivalents	64.6	71.8	
Derivatives	2.6	3.8	
Other financial assets	100.4	104.6	
<b>Financial assets</b>	<b>167.6</b>	<b>180.2</b>	<b>8%</b>
<b>Net financial debt</b>	<b>737.3</b>	<b>855.3</b>	<b>16%</b>
<b>Net financial debt without Derivatives</b>	<b>656.3</b>	<b>713.7</b>	<b>9%</b>

## Working Capital

(m€)	31/12/2014	30/06/2015	Change	Change in %
Gross inventories	741.0	793.0	52.0	
Prepayments	-485.7	-416.1	69.6	
Receivables	1,004.2	996.0	-8.2	
Payables	-790.4	-874.4	-84.0	
<b>Working Capital</b>	<b>469.1</b>	<b>498.5</b>	<b>29.4</b>	<b>6%</b>



## PPA Depreciation / Amortization (in m€)

(in m€)	Q2 2014	Q2 2015	6M 2014	6M 2015
<b>Total depreciation / amortization</b>				
OEM	30.7	32.8	61.5	65.0
MRO	7.7	8.1	14.8	16.1
<b>MTU total</b>	<b>38.4</b>	<b>40.9</b>	<b>76.3</b>	<b>81.1</b>
<b>PPA depreciation / amortization</b>				
PPA OEM	5.6	5.4	11.2	10.9
PPA MRO	0.7	0.6	1.3	1.2
IAE Upshare OEM	5.5	7.8	11.0	15.5
<b>MTU total</b>	<b>11.8</b>	<b>13.8</b>	<b>23.5</b>	<b>27.6</b>
<b>Depreciation / amortization w/o PPA and w/o IAE Upshare</b>				
OEM	19.6	19.6	39.3	38.6
MRO	7.0	7.5	13.5	14.9
<b>MTU total</b>	<b>26.6</b>	<b>27.1</b>	<b>52.8</b>	<b>53.5</b>

## 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.

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