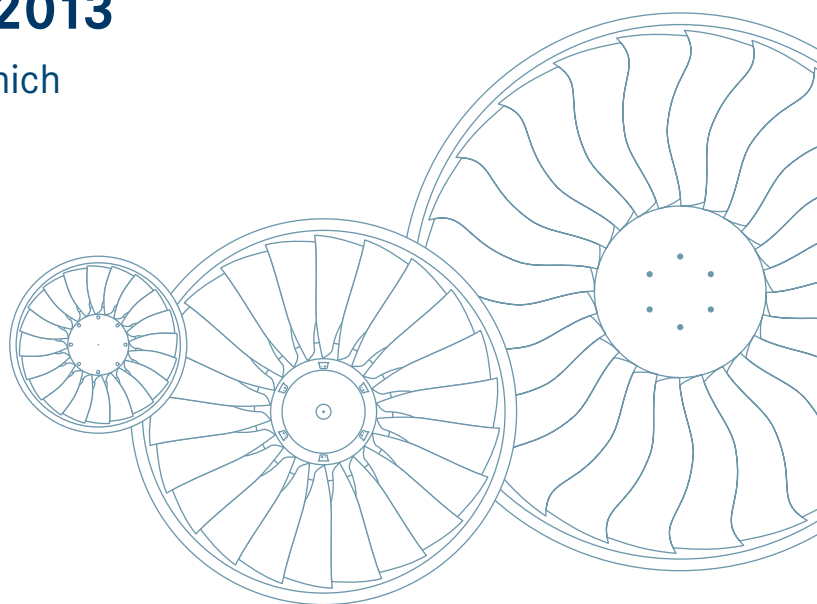




Quarterly Financial Report January 1 to March 31, 2013

MTU Aero Engines Holding AG, Munich



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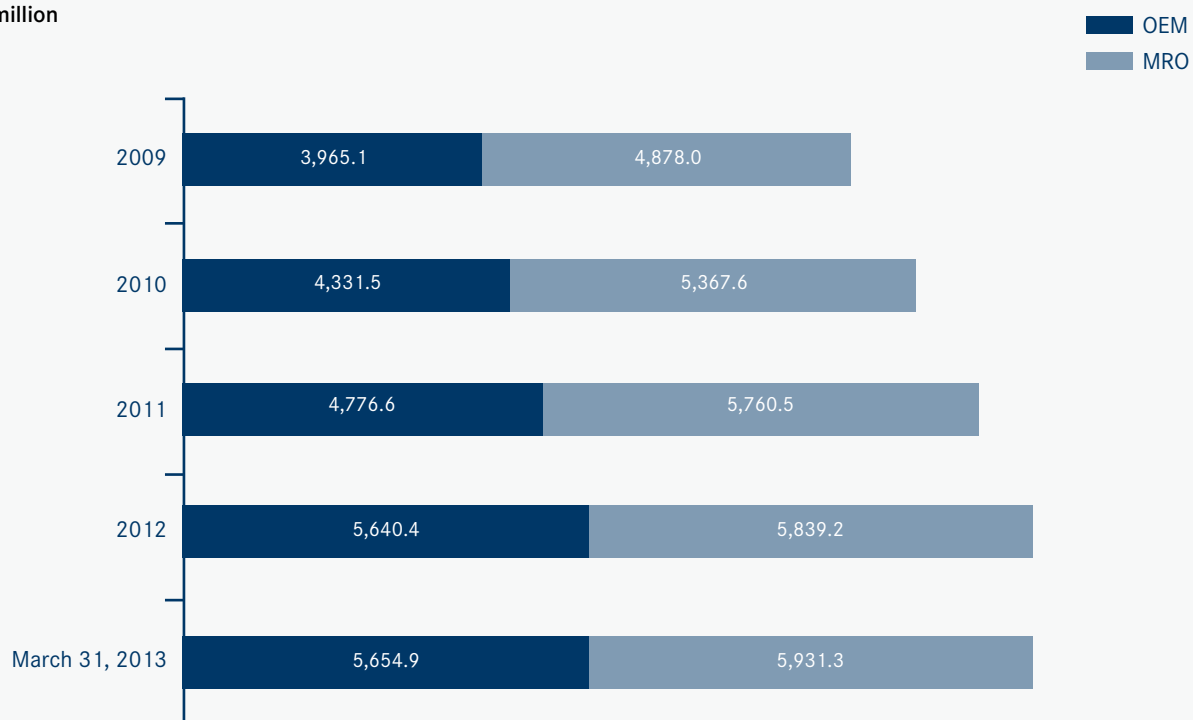
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36	Financial Calendar
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Key Facts and Figures for the Group				
in € million (unless stated otherwise)	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012	Change against previous year	
			in € million	in %
Income Statement				
Revenues	944.7	698.0	246.7	35.3
Gross profit	141.9	143.7	-1.8	-1.3
Earnings before interest and tax (EBIT)	74.8	81.7	-6.9	-8.4
Adjusted earnings before interest and tax (EBIT adjusted)	89.3	91.4	-2.1	-2.3
Earnings before tax (EBT)	56.2	76.8	-20.6	-26.8
Earnings after tax (EAT)	36.3	54.0	-17.7	-32.8
Adjusted earnings after tax (EAT adjusted)	54.5	56.9	-2.4	-4.2
Undiluted earnings per share (in €)	0.72	1.07	-0.35	-32.7
Diluted earnings per share (in €)	0.72	1.07	-0.35	-32.7
Revenue margins in %				
Earnings before interest and tax (EBIT)	7.9	11.7		
Adjusted earnings before interest and tax (EBIT adjusted)	9.5	13.1		
Earnings before tax (EBT)	5.9	11.0		
Earnings after tax (EAT)	3.8	7.7		
Adjusted earnings after tax (EAT adjusted)	5.8	8.2		
Cash flow				
Cash flow from operating activities	25.6	63.4	-37.8	-59.6
Cash flow from investing activities	-50.0	-9.2	-40.8	<-100
Free cash flow	-0.9	34.2	-35.1	<-100
Cash flow from financing activities	6.8	-61.1	67.9	>100
Change in cash and cash equivalents	-16.3	-9.7	-6.6	-68.0
	March 31, 2013	Dec. 31, 2012	Change against previous year	
			in € million	in %
Balance sheet				
Intangible assets	1,756.4	1,774.4	-18.0	-1.0
Cash and cash equivalents	144.9	161.2	-16.3	-10.1
Pension provisions	620.6	616.7	3.9	0.6
Equity	1,085.2	1,089.3	-4.1	-0.4
Net debt	468.6	391.3	77.3	19.8
Order book	11,586.2	11,479.6	106.6	0.9
Commercial and Military Engine business (OEM) before consolidation	5,654.9	5,640.4	14.5	0.3
Commercial Maintenance business (MRO) before consolidation	5,931.3	5,839.2	92.1	1.6
Number of employees at quarter end	8,507	8,541	-34	-0.4
Commercial and Military Engine business (OEM)	5,143	5,160	-17	-0.3
Commercial Maintenance business (MRO)	3,364	3,321	43	1.3
Other entities		60	-60	-100.0

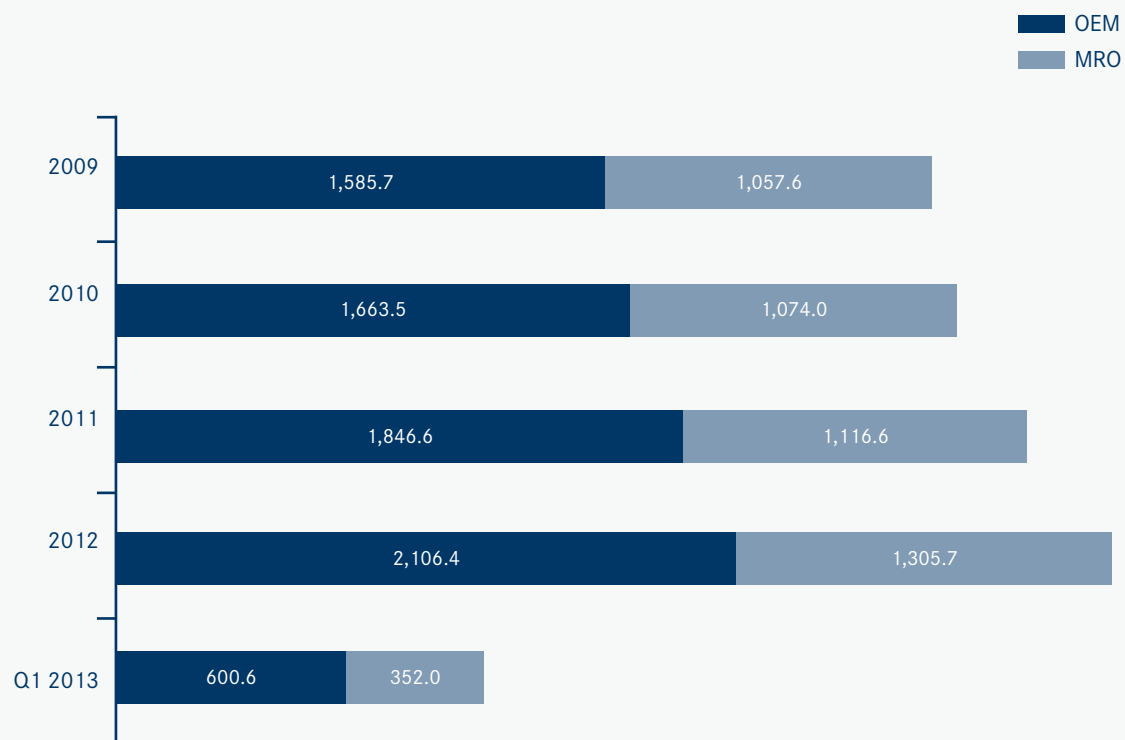
Order book by segment (before consolidation)

in € million



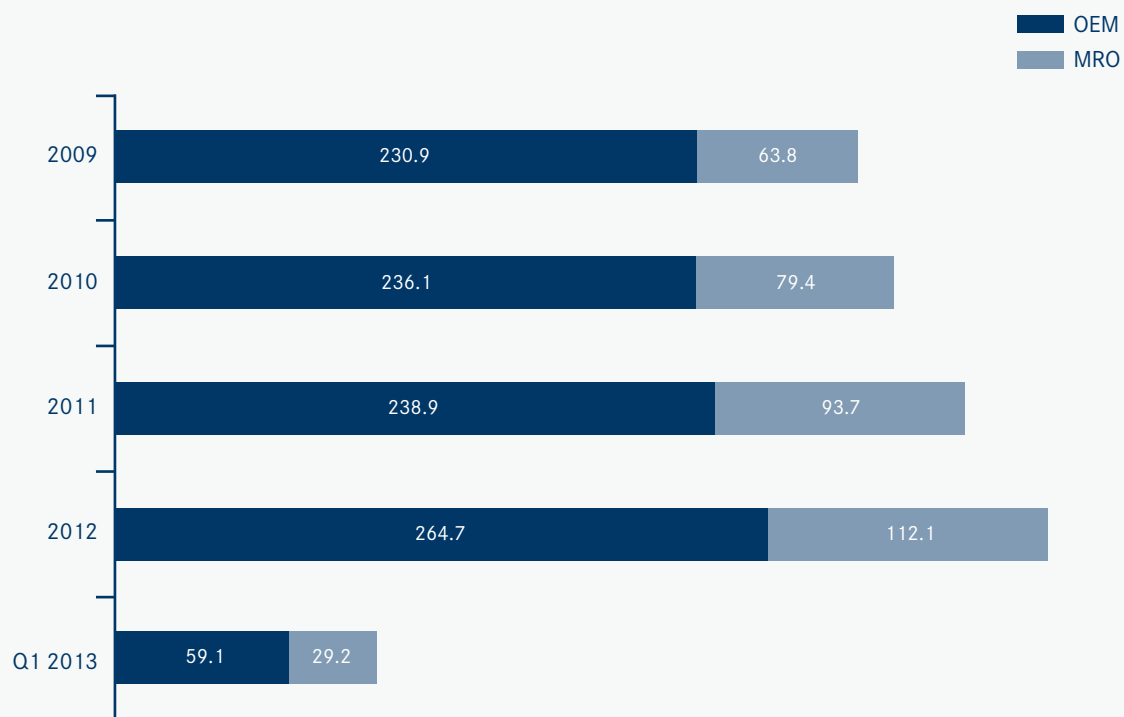
Revenues by segment (before consolidation)

in € million



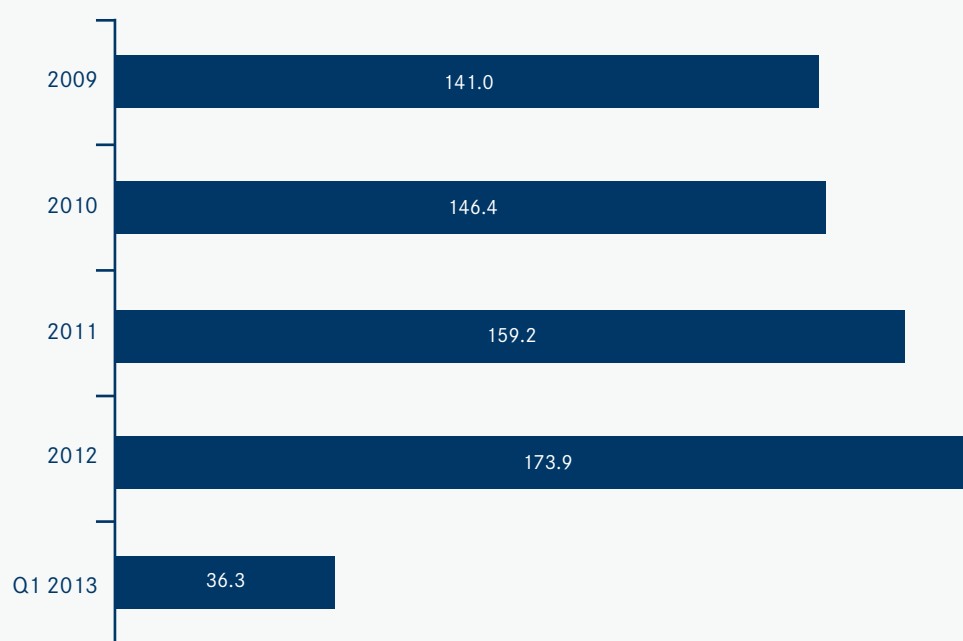
EBIT adjusted by segment (before consolidation)

in € million



Earnings after taxes

in € million



1 Economic Environment

The global economy grew by 2.1 % in 2012, compared to 2.6 % in 2011 (source: Economist Intelligence Unit / EIU, April 2013).

The euro zone economy suffered as a result of the sovereign debt and banking crisis: economic output contracted overall by 0.5 % in this region. The situation in Cyprus is ample evidence that the financial crisis has not gone away. In these circumstances, the EIU does not expect any recovery in the euro zone before the end of the current year.

The North American economy grew by 3.1 % in the third quarter of 2012 and then by only 0.1 % in the fourth quarter. Nevertheless, both consumer spending and business investment levels increased during the final quarter of the year. In view of this fact, the EIU is of the opinion that sequestration-related budget cuts will indeed put a brake on the US economy in 2013, but will not bring it to a standstill.

Economic growth in China, which had fallen to 7.4 % in the third quarter, and thus to its lowest rate for three years, picked up again slightly in the fourth quarter to reach 7.9 % (source: EIU, March 2013). Adverse conditions in the western economic region had a negative impact across the whole of the Asian economic region, reflected in a slow-down in the growth rate from 6.6 % in 2011 to 5.3 % in 2012.

Positive signals outside the euro zone and the expected stabilization of the sovereign debt crisis in Europe do, however, give reason for „cautious optimism“ for global economic prospects. The EIU's forecast for 2013 is that the growth rate will edge up to 2.2 %.

The price for one barrel of Brent Crude leveled off at about U.S. \$ 110 per barrel during the first quarter of 2013, compared with a price of U.S. \$ 112 during the final quarter of 2012. For the year as a whole, the US Energy Information Administration predicts an average price for crude oil of U.S. \$ 108 per barrel.

The US dollar, which is particularly important for MTU's international business, gained in value against the euro since the beginning of the year and stood at U.S. \$ 1.28 to the euro on March 31, 2013 (December 31, 2012: € 1.32). The average exchange rate of the US dollar to the euro during the three-month period to March 31, 2013 (U.S. \$ 1.32) was however marginally higher than in the corresponding period one year earlier (U.S. \$1.31). Reference is made to section 5.2 (Operating results, financial situation and net assets) for comments on the impact of changes in exchange rate parities.

2 Sector environment

The airlines generated profits of U.S. \$ 7.6 billion in 2012 on revenues totaling USD 638 billion and were thus twice as high as was still being predicted for the full year in mid-2012. In March 2013, the IATA issued its forecast for the year 2013, predicting a 5.4 % growth in passenger numbers and total airline net profits of U.S. \$ 10.6 billion.

Global air traffic volumes started the year 2013 with a relatively modest growth rate. Compared to the previous year, passenger numbers grew by 3.1 % in the two-month period up to the end of February 2013 (February itself: 3.7 %). Freight traffic volumes were flat during the first two months of the year and registered a zero percent growth rate.

Aircraft manufacturers sat on an extremely very high order-book of 10,065 aircraft in the plus 100-seat category during the first quarter of 2013, compared with an order-book of 9,560 aircraft at the end of 2012 (+ 5.3 %). Both Airbus and Boeing are increasing aircraft production rates again in 2013 in order to service the rising number of orders. In total, they delivered 272 aircraft to customers during the first three months of the year, compared to 259 machines one year earlier (source: ASCEND). The two manufacturers between them sold 1,179 aircraft in 2012, a new record for aircraft deliveries in a single year. This figure is expected to rise by a further 5 % in 2013 to 1,240 aircraft.

The business jet sector continue to feel the effects of the economic and financial crisis, with the number of deliveries in 2012 down by approximately 5 % to 660 aircraft (source: GAMA, February 2013) and flight movements stagnating.

3 The enterprise MTU

MTU Aero Engines Holding AG, Munich, together with its consolidated group of companies (hereafter referred to as “MTU”, “group”, “enterprise” or “company”) is Germany’s leading engine manufacturer and one of the biggest international players in the industry.

4 Research and development

Technological changes within the aviation sector take place at an extremely rapid pace and require a continuous source of innovation. Research and development expenditure will remain at a high level during the financial years 2013 and 2014. First-quarter expenditure on research and development during the first three months of the year totaled € 53.9 million (January - March 2012: € 67.6 million). The research and development ratio - measured as R&D expenditure before capitalization divided by revenues - decreased by 4 percentage points to 5.7 % (January - March 2012: 9.7 %).

Research and development expenses				
	Jan. 1 - March 31, 2013 in € million	Jan. 1 - March 31, 2012 in € million	Change against previous year in € million in %	
Commercial Engine business	40.5	45.2	-4.7	-10.4
Commercial Maintenance business	0.9	1.1	-0.2	-18.2
Military Engine business	12.5	21.3	-8.8	-41.3
Research and development (before amounts capitalized)	53.9	67.6	-13.7	-20.3
R&D ratio (as % of revenues)	5.7	9.7		

The amounts invested are sub-divided into company-funded and externally funded R&D expenditure. Company-funded expenditure is borne by the group whereas externally funded expenditure is paid for by customers. Company-funded expenditure is reported in the table below and in section 8 of the Selected Explanatory Notes to the Interim Consolidated Financial Statements as R&D expense. Externally funded R&D activities are accounted for as construction contract receivables or payables in accordance with IAS 11 since the work is commissioned specifically by national and international consortia. R&D expenses of € 53.9 million (January - March 2012: € 67.6 million) included € 40.1 million (January - March 2012: € 39.8 million) relating to company-funded R&D expenditure. Of this amount, € 39.2 million (January - March 2012: € 38.7 million) related to Commercial and Military Engines business (OEM).

The first-quarter expense for Commercial Maintenance business in 2013 was € 0.9 million (January - March 2012: € 1.1 million) and related primarily to new repair techniques.

The following table includes the own-financed research and development expense:

Research and development expenses reported in income statement (self-financed)				
	Jan. 1 - March 31, 2013 in € million	Jan. 1 - March 31, 2012 in € million	Change against previous year in € million in %	
Commercial Engine business	34.7	37.1	-2.4	-6.5
Commercial Maintenance business	0.9	1.1	-0.2	-18.2
Military Engine business	4.5	1.6	2.9	>100
Own financed R&D expenditure	40.1	39.8	0.3	0.8
Capital expenditure on assets required to be capitalized				
Commercial and Military Engine business	-11.2	-11.0	-0.2	-1.8
Commercial Maintenance business	-0.2	-0.1	-0.1	-100.0
Total capitalized	-11.4	-11.1	-0.3	-2.7
Research and development expenses per income statement	28.7	28.7	0.0	0.0
Capitalization ratio in %	28.4	27.9		

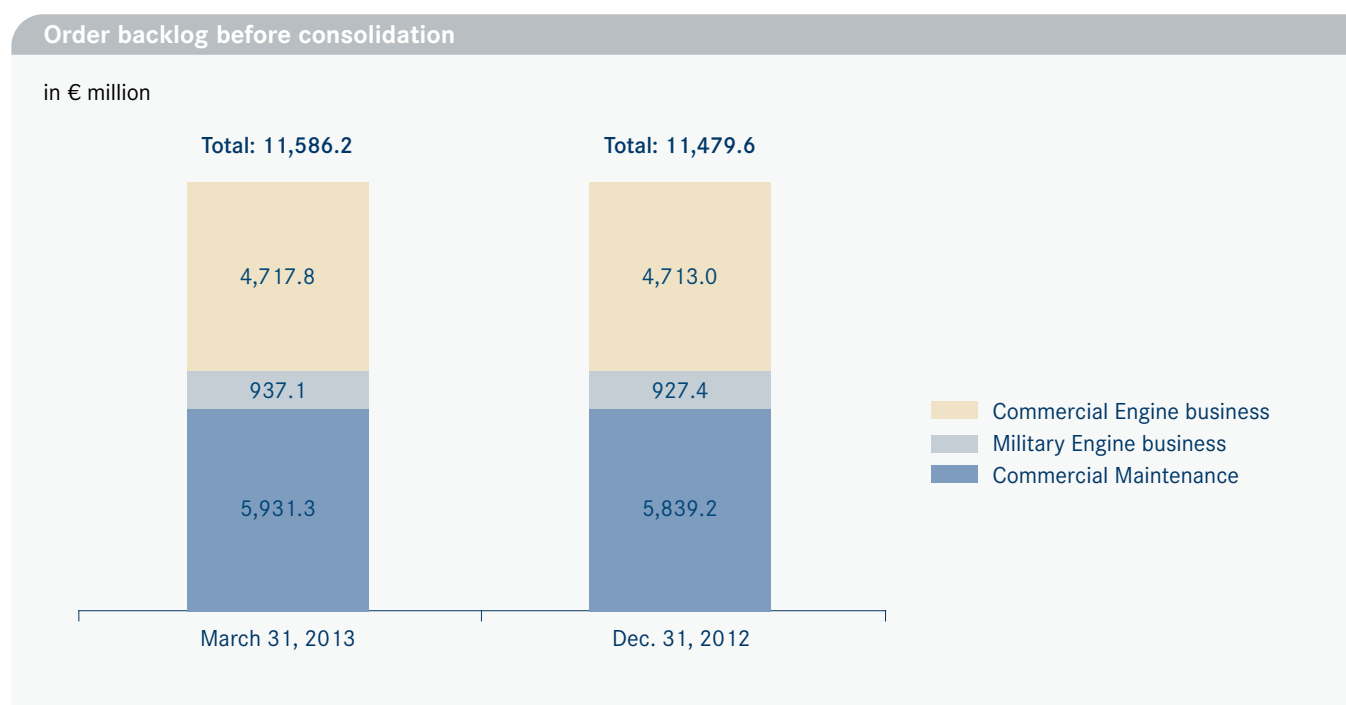
Development costs capitalized for the Military and Commercial Engine lines of business amounted to € 11.2 million (January - March 2012: € 11.0 million) and related to the GE38 and PW1100G engine programs for the Airbus A320neo.

Capitalized development costs in the Commercial Maintenance segment amounted to € 0.2 million (January - March 2012: € 0.1 million) and arose in connection with the rationalization of production processes and cost optimization of repair techniques.

5 Financial review

5.1 Order backlog

MTU's order backlog consists of firm orders placed by customers which commit the group to delivering products or providing services plus the contractually agreed order value of maintenance, repair and overhaul (MRO) contracts.



The order backlog at March 31, 2013 amounting to € 11.6 billion (December 31, 2012: approximately € 11.5 billion) corresponds to a workload of over three years.

5.2 Operating results, financial situation and net assets

Operating results

Revenues

Revenues for the three-month period under report increased by € 246.7 million (35.3 %) to € 944.7 million. Revenues from Commercial and Military Engine business rose by € 188.5 million (45.7 %) to € 600.6 million, while revenues generated with Commercial Maintenance business climbed by € 58.8 million (20.1 %) to € 352.0 million. Adjusted for the US dollar impact (i.e. using the same exchange rate as in the previous year), group revenues for the three-month period would have increased by € 252.7 million (36.2 %).

Cost of sales and gross profit

Cost of sales for the first three months of 2013 went up by € 248.5 million (44.8 %) to € 802.8 million. As a result, the gross profit for the three-month period decreased slightly by € 1.8 million (1.3 %) to € 141.9 million. The gross profit margin dropped to 15.0 % (January - March 2012: 20.6 %).

Earnings before interest and tax (EBIT)

Earnings before interest and tax for the three-month period under report came in at € 74.8 million (January - March 2012: € 81.7 million). The first-quarter adjusted earnings before interest and tax amounted to € 89.3 million (January - March 2012: € 91.4 million), resulting in an adjusted EBIT margin of 9.5 % (January - March 2012: 13.1 %).

Financial result

The first-quarter financial result was a net expense of € 18.6 million (January-March 2012: net expense of € 4.9 million). This deterioration includes the effect of higher net interest expenses, mostly attributable to interest accrued for the corporate bond issued on June 20, 2012. Moreover, the first-quarter financial result on other items also includes additional charges compared to the previous year, namely net fair value losses of € 5.2 million arising on currency and interest derivatives (January-March 2012: net fair value gains of € 9.7 million) and a loss of € 2.5 million arising on the deconsolidation of MTU Aero Engines Finance B.V. i.L., Amsterdam. These negative items were partially offset by net fair value gains of € 0.8 million arising on the measurement of foreign currency holdings (January - March 2012: net fair value losses of € 2.9 million).

Earnings before tax (EBT)

As a result of lower earnings before interest and tax and the deterioration of the financial result, first-quarter earnings before tax fell by € 20.6 million (26.8 %) to € 56.2 million (January - March 2012: € 76.8 million).

Earnings after tax (EAT)

Earnings after tax fell to € 36.3 million (January - March 2012: € 54.0 million), in line with the decrease in earnings before tax. Adjusted earnings before tax amounted to € 54.5 million (January - March 2012: € 56.9 million), down slightly by € 2.4 million (4.2 %) compared to the first quarter last year.

Earnings before interest and tax can be reconciled to adjusted earnings before interest and tax and to adjusted earnings after interest and tax as follows:

Reconciliation to adjusted key performance figures				
	Jan. 1 - March 31, 2013 in € million	Jan. 1 - March 31, 2012 in € million	Change against previous year in € million in %	
Earnings before interest and tax (EBIT)	74.8	81.7	-6.9	-8.4
Amortization/depreciation on purchase price allocation/ V2500 share increase	14.5	9.7	4.8	49.5
Adjusted earnings before interest and tax (EBIT adjusted)	89.3	91.4	-2.1	-2.3
Interest result	-3.5	-0.8	-2.7	<-100
Accrued interest for pension provision	-5.0	-6.2	1.2	19.4
Adjusted earnings before tax (EBT adjusted)	80.8	84.4	-3.6	-4.3
Income taxes 32.6 %	-26.3	-27.5	1.2	4.4
Adjusted earnings after tax (EAT adjusted)	54.5	56.9	-2.4	-4.2

Consolidated Statement of Comprehensive Income

In the consolidated statement of comprehensive income, earnings after tax of € 36.3 million (January - March 2012: € 54.0 million) are reconciled to the comprehensive loss for the period of € 4.4 million (January - March 2012: comprehensive income of € 73.8 million).

Income and expenses recognized directly in comprehensive income during the first three months of 2013 (net of deferred taxes) comprise mainly net losses of € 37.9 million (January - March 2012: net gains of € 19.6 million) arising on the fair value measurement of cash flow hedging instruments. The currency translation of the financial statements of foreign operations had a net negative impact of € 2.8 million (January - March 2012: net positive impact of € 0.1 million) on comprehensive income for the period. In the previous year, the fair value measurement of financial assets gave rise to net gains of € 0.1 million that were recognized directly in equity.

Financial position

The principles and objectives of financial management are described in the Annual Report 2012 (page 73 onwards) and remain unchanged.

The Group's external financing comprises mainly loans, credit lines available from banks, the issue of a corporate bond in June 2012 and the issue of a promissory note.

At March 31, 2013, the MTU Group has access to credit facilities of € 100.0 million with two banks. Of these credit facilities, € 12.5 million (December 31, 2012: € 13.7 million) were being utilized at March 31, 2013 for guarantees.

Free cash flow

MTU determines free cash flow by combining cash flows from operating activities and cash flows from investing activities and deducting the components that lie outside the control of operations management. In the first quarter of 2013, these components comprised cash outflows totaling € 23.5 million relating to the repayment of the conditional purchase price for the company's increased stake in the V2500 engine program on the one hand and to financing arrangements connected to the PW1100G on the other. In the previous year, deductions were made for investments in and disinvestments of financial assets amounting to € 20.0 million.

Free cash flow during the first three months of 2013 fell by € 35.1 million to negative € 0.9 million (January - March 2012: positive € 34.2 million).

Financial position				
	Jan. 1 - March 31, 2013 in € million	Jan. 1 - March 31, 2012 in € million	Change against previous year in € million in %	
Cash flow from operating activities	25.6	63.4	-37.8	-59.6
Cash flow from investing activities	-50.0	-9.2	-40.8	<-100
+ (-) non-operating exceptional items	23.5	-20.0	43.5	>100
Free cash flow	-0.9	34.2	-35.1	<-100
+ (-) non-operating exceptional items	-23.5	20.0	-43.5	<-100
Cash flow from financing activities	6.8	-61.1	67.9	>100
Exchange rate changes	1.3	-2.8	4.1	>100
Change in cash and cash equivalents	-16.3	-9.7	-6.6	-68.0
Cash and cash equivalents at				
the beginning of the reporting period	161.2	198.8	-37.6	-18.9
the end of the reporting period	144.9	189.1	-44.2	-23.4

Cash flows from operating activities

The cash flow from operating activities for the first three months of 2013 decreased by € 37.8 million to € 25.6 million (January - March 2012: € 63.4 million).

Cash flow from investing activities

Cash outflows for investing activities for the first quarter 2013 amounted to € 50.0 million compared with € 9.2 million in the previous year. Cash spent on investments in intangible assets totaled € 18.7 million (January - March 2012: € 9.8 million) and related primarily to capitalized development costs for the PW1100G and GE38 engine programs, for the V2500 stake increase and for maintenance techniques. First-quarter investments in property, plant and equipment decreased to € 16.8 million (January - March 2012: € 19.5 million). Cash outflows for financial assets amounted to € 15.0 million (January - March 2012: € 10.0 million).

Proceeds from the sale of intangible assets and property, plant and equipment during the first three months of 2013 totaled € 0.5 million (January - March 2012: € 0.1 million). In the previous year, proceeds of € 30.0 million were also received on the sale of financial assets.

Cash flow from financing activities

Cash inflows from financing activities during the first three months of 2013 totaled € 6.8 million (January - March 2012: cash outflow of € 61.1 million).

Cash and cash equivalents

The various cash flows resulted in a decrease in cash and cash equivalents of € 16.3 million (January - March 2012: € 9.7 million).

Cash and cash equivalents comprise the following at March 31, 2013:

Cash and cash equivalents				
	March 31, 2013 in € million	Dec. 31, 2012 in € million	Change against previous year	
			in € million	in %
Demand deposits and cash	85.5	118.0	-32.5	-27.5
Fixed-term and overnight deposits with an original maturity of three months or less	59.4	43.2	16.2	37.5
Cash and cash equivalents	144.9	161.2	-16.3	-10.1

Net financial debt

MTU defines net financial debt as the difference between gross financial liabilities and available cash funds. Net financial debt at March 31, 2013 amounted to € 468.6 million (December 31, 2012: € 391.3 million).

Net financial debt				
	March 31, 2013 in € million	Dec. 31, 2012 in € million	Change against previous year in € million in %	
Corporate bond	254.5	252.5	2.0	0.8
Financial liabilities arising from IAE V2500 share increase	300.4	299.7	0.7	0.2
Financial liabilities to banks				
Promissory notes	12.2	12.0	0.2	1.7
Revolving Credit Facility				
Other liabilities to banks	38.8	34.9	3.9	11.2
Financial liabilities to related parties	6.4		6.4	
Finance lease liabilities	3.5	3.5	0.0	0.0
Other financial liabilities	45.3	16.3	29.0	>100
Gross financial liabilities	661.1	618.9	42.2	6.8
less:				
Cash and cash equivalents				
Demand deposits and cash	85.5	118.0	-32.5	-27.5
Fixed-term and overnight deposits with an original maturity of three months or less	59.4	43.2	16.2	37.5
Financial assets	47.6	66.4	-18.8	-28.3
Gross financial Assets	192.5	227.6	-35.1	-15.4
Net financial debt	468.6	391.3	77.3	19.8

Financial liabilities to related companies comprise amounts due to MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich (not consolidated on grounds of immateriality) and to MTU Aero Engines Finance B.V. i.L., Amsterdam (in liquidation).

The net amount of other financial liabilities and financial assets decreased by € 47.8 million as a result of the change in the euro/U.S. dollar exchange rate between December 31, 2012 and March 31, 2013.

Net assets position

Changes in items in the statement of financial position

The balance sheet total at March 31, 2013 amounted to € 4,268.7 million (December 31, 2012: € 4,261.9 million) and was therefore practically unchanged from the end of the previous financial year.

Non-current assets went down by € 11.1 million to € 2,440.0 million (December 31, 2012: € 2,451.1 million). Current assets increased by € 17.9 million to € 1,828.7 million.

A total of € 13.0 million (January - March 2012: € 12.6 million) of intangible assets was capitalized in the first three months of the year.

The focus of development expenditure was on the PW1100G engine, the engine for the Airbus A320NEO family, amounting to € 10.3 million (January - March 2012: € 10.0 million). Internally generated development work was also capitalized in the first three months of 2013 in the military engine business segment for the GE38 engine program amounting to € 1.3 million (January - March 2012: € 1.3 million). An amount of € 0.2 million (January - March 2012: € 0.1 million) was also capitalized in the period under report in connection with the rationalization of production processes and cost optimization of repair techniques in the Commercial Maintenance business segment.

During the first three months of 2013, inventories went up by € 17.0 million to € 825.8 million, while trade and construction contract receivables rose by € 44.3 million to € 795.8 million. Current financial assets decreased by € 8.5 million to € 28.7 million and other assets by € 19.3 million to € 13.8 million. Cash and cash equivalents decreased by € 16.3 million to € 144.9 million.

Group equity decreased in the first quarter by € 4.1 million to stand at € 1,085.2 million at March 31, 2013. Equity was increased during the period under report by earnings after tax amounting to € 36.3 million (January - March 2012: € 54.0 million) and reduced by translation differences amounting to € 2.8 million (January - March 2012: increased by € 0.1 million) and by net losses arising on the fair value measurement of cash flow hedging instruments in the amount of € 37.9 million (January - March 2012: increased by € 19.6 million). Equity was also increased by € 0.3 million (January - March 2012: € 0.2 million) due to the measurement of treasury shares in conjunction with the company's share-based remuneration model (Share Matching Plan).

The equity ratio, 25.4 %, was practically unchanged compared to the end of the previous financial year, when it stood at 25.6 %.

Pension provisions increased by € 3.9 million in line with schedule. Other provisions were € 5.3 million higher than three months earlier, mainly as a result of increased personnel-related obligations.

Income tax liabilities take account of advance payments made during the period and increased by € 2.1 million during the three-month period to March 31, 2013.

Financial liabilities increased by € 42.2 million compared to December 31, 2012.

Trade payables stood at € 527.4 million at March 31, 2013 and were therefore € 55.8 million lower than at the end of the previous financial year.

Construction contract payables increased during the quarter by € 22.2 million to € 626.2 million. Within that figure, advance payments from customers are reported as construction contract payables to the extent that they exceed construction contract receivables.

Other payables increased compared to December 31, 2012 by € 4.5 million to € 271.7 million, mainly reflecting higher liabilities to employees for vacation entitlements and Christmas pay.

Employees

At March 30, 2013 the group had a total of 8,507 employees (December 31, 2012: 8,541 employees).

6 Opportunity and risk report

In order to take best advantage of market opportunities and to recognize and manage related risks, the Board of Management has set up an integrated opportunity and risk management system, which is integrated in the group's value-oriented performance indicators and embedded in its organizational structure. The system is based on the internationally recognized COSO II Enterprise Risk Management (ERM) Framework. It also incorporates the group's internal control system with respect to financial reporting processes pursuant to § 289 (5) and § 315 (2) no. 5 HGB. A detailed description of the main features of the system and the methods used is provided in the Annual Report 2012 (pages 90 et seq.).

Opportunities

Thanks to its business model, with activities spread over the whole life-cycle of commercial and military engine programs, MTU considers that it is well positioned. Purposeful and forward-looking investments give rise to opportunities to MTU, particularly in the area of risk and revenue sharing partnerships and commercial maintenance business. In 2012, MTU Aero Engines increased its overall share in the IAE-V2500 program by almost one half under the terms of a supplementary agreement reached with Pratt & Whitney. MTU's higher program share opens up new market opportunities since the V2500 will continue to play an important role in the global engine market in coming decades.

Pratt & Whitney, Rolls-Royce, Japanese Aero Engine Corporation and MTU Aero Engines intend to set up a joint venture to develop engines for future aircraft generations in the short and medium haul range. These developments mean that MTU now has a substantial stake in this technologically advanced family of engines.

A further important milestone in MTU's endeavors to generate sustainable growth is its participation in the geared turbofan (GTF) program, an ecologically efficient engine that is destined to play a major role in the future of commercial aviation. It now seems likely that Pratt & Whitney's PW1000G series of GTF engines will also be used in the modernized E-Jet family of the aircraft manufacturer, Embraer. MTU aims to secure a share at a similar level to its current GTF program share. Contractual arrangements between MTU and Pratt & Whitney are currently in the process of negotiation.

Risks

MTU's business operations and its wide range of activities with partner and consortium entities - in particular in the USA - give rise to risks which could have a material impact on the group's earnings performance. Thanks to its integrated risk management system, MTU is able to identify areas of risk at an early stage and pro-actively manage such risks by means of appropriate action.

The areas of risk to which MTU is exposed have not changed significantly compared to the description provided in the Annual Report 2012. Reference is made to pages 94 et seq. of the Annual Report 2012 for a detailed description of risks.

Overall conclusion regarding MTU's risk situation

Overall, the risk profile of the MTU Group has not changed significantly compared to the assessment made as of December 31, 2012. The level of risks is limited and manageable and from today's perspective, the MTU Group's continuing existence as a going concern is not endangered.

7 Significant transactions with related parties (entities and individuals)

MTU Group companies did not enter into any material contracts with members of the Board of Management, the Supervisory Board or with other key management personnel or with companies in whose management or supervisory boards those persons are represented. The same applies to close members of the families of those persons.

Transactions with related entities are conducted on an arm's length basis. Transactions with related parties are disclosed in Note 31 of the Selected Explanatory Notes.

8 Events after the balance sheet date

Events after the end of the reporting period (March 31, 2013)

On April 9, 2013, the Supervisory Board of MTU Aero Engines Holding AG appointed Reiner Winkler (51), currently the Company's Chief Financial Officer, to the position of Chief Executive Officer of MTU Aero Engines Holding AG with effect from January 1, 2014. He succeeds Egon Behle (57), who is not available to serve a further period of office. Michael Schreyögg (46), previously responsible for MTU's military programs, has been appointed to the Management Board with effect from July 1, 2013.

There have been no other significant events after the end of the interim reporting period and prior to the date of authorization for issue of the quarterly financial report on April 22, 2013.

Consolidated Income Statement

Consolidated Income Statement					
	(Note)	Jan. 1 - March 31, 2013 in € million	Jan. 1 - March 31, 2012 in € million	Change against previous year in € million in %	
Revenues	(6)	944.7	698.0	246.7	35.3
Cost of sales	(7)	-802.8	-554.3	-248.5	-44.8
Gross profit		141.9	143.7	-1.8	-1.3
Research and development expenses	(8)	-28.7	-28.7	0.0	0.0
Selling expenses	(9)	-21.6	-18.0	-3.6	-20.0
General administrative expenses	(10)	-18.2	-16.7	-1.5	-9.0
Other operating income and expenses		1.4	1.4	0.0	0.0
Earnings before interest and tax (EBIT)		74.8	81.7	-6.9	-8.4
Interest income		1.2	0.4	0.8	>100
Interest expenses		-4.7	-1.2	-3.5	<-100
Interest result	(13)	-3.5	-0.8	-2.7	<-100
Financial result on other items	(14)	-15.1	-4.1	-11.0	<-100
Financial result		-18.6	-4.9	-13.7	<-100
Earnings before tax (EBT)		56.2	76.8	-20.6	-26.8
Income taxes	(15)	-19.9	-22.8	2.9	12.7
Earnings after tax (EAT)		36.3	54.0	-17.7	-32.8
Earnings per share in €					
Undiluted (EPS)	(16)	0.72	1.07	-0.35	-32.7
Diluted (DEPS)	(16)	0.72	1.07	-0.35	-32.7

Consolidated Statement of Comprehensive Income

Consolidated Statement of Comprehensive Income					
	(Note)	Jan. 1 - March 31, 2013 in € million	Jan. 1 - March 31, 2012 in € million	Change against previous year in € million in %	
Earnings after tax (EAT)		36.3	54.0	-17.7	-32.8
Change, net of deferred taxes, resulting from:					
Translation differences arising from the financial statements of foreign operations		-2.8	0.1	-2.9	<-100
Instruments designated as cash flow hedges		-37.9	19.6	-57.5	<-100
Available-for-sale financial assets			0.1	-0.1	-100
Other comprehensive income		-40.7	19.8	-60.5	<-100
Total comprehensive income	(17)	-4.4	73.8	-78.2	<-100

Consolidated Balance Sheet

Assets				
in € million	(Note)	March 31, 2013	Dec. 31, 2012	Jan. 1, 2012
Non-current assets				
Intangible assets	(18)	1,756.4	1,774.4	1,266.3
Property, plant and equipment	(19)	593.1	599.9	584.6
Financial assets	(20)	33.4	40.2	16.2
Financial assets accounted for using the equity method	(20)	20.9	20.9	
Other assets	(24)	19.9	0.1	0.8
Deferred tax assets		16.3	15.6	16.3
Total non-current assets		2,440.0	2,451.1	1,884.2
Current assets				
Inventories	(21)	825.8	808.8	823.8
Trade receivables	(22)	573.7	568.5	605.1
Contract production receivables	(23)	222.1	183.0	136.8
Income tax receivables		15.8	13.8	5.8
Financial assets	(20)	28.7	37.2	44.1
Other assets	(24)	13.8	33.1	34.2
Cash and cash equivalents	(25)	144.9	161.2	198.8
Prepayments		3.9	5.2	4.1
Total current assets		1,828.7	1,810.8	1,852.7
Total assets		4,268.7	4,261.9	3,736.9

Equity and Liabilities				
in € million	(Note)	March 31, 2013	Dec. 31, 2012	Jan. 1, 2012
Equity	(26)			
Subscribed capital		52.0	52.0	52.0
Capital reserves		383.5	383.2	340.9
Revenue reserves		776.8	740.5	627.4
Treasury shares		-37.9	-37.9	-100.0
Other comprehensive income		-89.2	-48.5	-63.8
Total equity		1,085.2	1,089.3	856.5
Non-current liabilities				
Pension provisions		589.2	585.3	513.2
Other provisions	(27)	76.5	72.5	119.9
Financial liabilities	(28)	576.5	539.0	53.4
Other liabilities	(30)	127.8	130.4	127.6
Deferred tax liabilities		193.9	207.4	209.3
Total non-current liabilities		1,563.9	1,534.6	1,023.4
Current liabilities				
Pension provisions		31.4	31.4	17.8
Income tax liabilities		21.9	19.8	10.0
Other provisions	(27)	184.2	182.9	199.8
Financial liabilities	(28)	84.6	79.9	208.2
Trade payables		527.4	583.2	592.7
Contract production liabilities	(29)	626.2	604.0	715.0
Other liabilities	(30)	143.9	136.8	113.5
Total current liabilities		1,619.6	1,638.0	1,857.0
Total equity and liabilities		4,268.7	4,261.9	3,736.9

Consolidated Statement of Changes in Equity

Consolidated Statement of Changes in Equity									
	Sub- scribed capital	Capital reserves	Revenue reserves	Treasury shares	Translation differences	Financial assets (Afs)	Other comprehensive income Actuarial gains and losses ¹⁾	Hedging instruments	Group equity
in € million									
Carrying amount at January 1, 2012	52.0	340.9	627.4	-100.0	5.2	-0.1	-54.8	-14.1	856.5
Earnings after tax			54.0						54.0
Other comprehensive income					0.1	0.1		19.6	19.8
Total comprehensive income			54.0		0.1	0.1		19.6	73.8
Conversion of convertible bond		38.0		59.5					97.5
Share Matching Plan		0.2							0.2
Carrying amount at March 31, 2012	52.0	379.1	681.4	-40.5	5.3	0.0	-54.8	5.5	1,028.0
Carrying amount at January 1, 2013	52.0	383.2	740.5	-37.9	18.1		-100.9	34.3	1,089.3
Earnings after tax			36.3						36.3
Other comprehensive income					-2.8			-37.9	-40.7
Total comprehensive income			36.3		-2.8			-37.9	-4.4
Share Matching Plan		0.3							0.3
Carrying amount at March 31, 2013	52.0	383.5	776.8	-37.9	15.3	0.0	-100.9	-3.6	1,085.2

1) Relates to plan assets and pension obligations

Reference is made to the disclosures on equity components provided in Note 26 of the Selected Explanatory Notes.

Consolidated Cash Flow Statement

Consolidated Cash Flow Statement			
in € million	(Note)	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Operating activities			
Earnings after tax (EAT)		36.3	54.0
+ Depreciation and amortization of non current assets		40.4	33.5
- Gains/losses on disposal of assets		-0.1	-0.1
+ Increase in pension provisions		3.9	1.9
+ Increase in other provisions	(27)	5.3	9.3
+/- Other non-cash items		11.0	-8.3
Change in working capital			
- Inventories	(21)	-17.0	-27.0
-/+ Trade receivables	(22)	-5.2	27.2
- Construction contract receivables and payables	(23)/(29)	-16.9	-4.5
+ Other assets	(24)	20.5	21.3
- Trade payables		-55.8	-68.6
-/+ Other liabilities	(30)	-0.1	25.6
+ Interest result	(13)	3.5	0.8
- Interest paid		-3.0	-2.6
+ Interest received		1.1	0.5
+ Income taxes	(15)	19.9	22.8
- Income taxes paid		-18.2	-22.4
Cash flow from operating activities		25.6	63.4
Investing activities			
Capital expenditure on:			
- Intangible assets	(18)	-18.7	-9.8
- Property, plant and equipment	(19)	-16.8	-19.5
- Financial assets	(20)	-15.0	-10.0
Proceeds from disposal of:			
+ Intangible assets/Property, plant and equipment	(18)/(19)	0.5	0.1
+ Financial assets	(20)		30.0
Cash flow from investing activities		-50.0	-9.2
Financing activities			
+ Increase in current financial liabilities		10.3	1.5
- Repayment of convertible bond	(28)		-62.6
- Disbursements PW1100G for A320neo		-1.1	
- Deconsolidation of MTU Aero Engines Finance B.V. i.L., Amsterdam		-2.4	
Cash flow from financing activities		6.8	-61.1
Net change in cash and cash equivalents during period		-17.6	-6.9
+/- Effect of translation differences on cash and cash equivalents		1.3	-2.8
+ Cash and cash equivalents at beginning of period (January 1)		161.2	198.8
Cash and cash equivalents at end of period (March 31)		144.9	189.1

Selected Explanatory Notes

Group Segment Information

Segment information

The activities of the MTU Group's operating segments are described in the Annual Report 2012 of MTU Aero Engines Holding AG. The composition of segments has changed following the merger of MTU Aero Engines Holding AG, Munich, and MTU Aero Engines GmbH, Munich. In order to present the financial situation of the segments on a more appropriate basis, MTU Aero Engines Holding AG - which was previously reported within the „Other Entities/Holding company“ segment - has been allocated to the OEM segment with effect from the beginning of the first quarter 2013. In addition, MTU Aero Engines Finance B.V. i.L., Amsterdam, Netherlands, is in the process of being wound up and is no longer consolidated (previously allocated to „Other Entities/Holding Company“).

Segment information for the period from January 1 to March 31, 2013 was as follows:

Reporting by operating segment 1st Quarter 2013					
in € million	Commercial and military engine business Jan. 1 - March 31, 2013	Commercial maintenance business Jan. 1 - March 31, 2013	Other entities/ holding company Jan. 1 - March 31, 2013	Consolidation/ reconciliation Jan. 1 - March 31, 2013	Group Jan. 1 - March 31, 2013
External revenues	593.7	351.0			944.7
Intersegment revenues	6.9	1.0		-7.9	0.0
Total revenues	600.6	352.0		-7.9	944.7
Gross profit	93.1	47.1		1.7	141.9
Amortization	15.6	2.5			18.1
Depreciation	16.1	6.2			22.3
Total depreciation/ amortization	31.7	8.7			40.4
Earnings before interest and tax (EBIT)	45.5	28.3		1.0	74.8
Depreciation/amortization effects of purchase price allocation/V2500 stake increase	13.6	0.9			14.5
Adjusted earnings before interest and tax (EBIT adjusted)	59.1	29.2		1.0	89.3
Assets (March 31, 2013)	3,741.4	1,028.0		-500.7	4,268.7
Liabilities (March 31, 2013)	2,768.7	574.8		-160.0	3,183.5
Significant non-cash items ¹⁾	17.3				
Total capital expenditure on intangible assets and property, plant and equipment	23.0	6.8			29.8
Key segment data:					
EBIT in % of revenues	7.6	8.0			7.9
Adjusted EBIT in % of revenues	9.8	8.3			9.5

¹⁾ Significant non-cash items mainly comprise changes to other provisions.

Segment information for the period from January 1 to March 31, 2012 was as follows:

Reporting by operating segment 1st Quarter 2012					
in € million	Commercial and military engine business Jan. 1 - March 31, 2012	Commercial maintenance business Jan. 1 - March 31, 2012	Other entities/ holding company Jan. 1 - March 31, 2012	Consolidation/ reconciliation Jan. 1 - March 31, 2012	Group Jan. 1 - March 31, 2012
External revenues	405.5	292.5			698.0
Intersegment revenues	6.6	0.7		-7.3	0.0
Total revenues	412.1	293.2		-7.3	698.0
Gross profit	102.0	38.9		2.8	143.7
Amortization	11.1	2.1			13.2
Depreciation	15.0	5.3			20.3
Total depreciation/ amortization	26.1	7.4			33.5
Earnings before interest and tax (EBIT)	60.0	23.4	-3.5	1.8	81.7
Depreciation / amortization effects of purchase price allocation / V2500 stake increase	8.8	0.9			9.7
Adjusted earnings before interest and tax (EBIT adjusted)	68.8	24.3	-3.5	1.8	91.4
Assets (Dec. 31, 2012)	3,648.3	1,017.1	1,121.6	-1,525.1	4,261.9
Liabilities (Dec. 31, 2012)	2,723.1	589.7	323.0	-463.2	3,172.6
Significant non-cash items ¹⁾	13.5	2.0	0.1		
Total capital expenditure on intangible assets and property, plant and equipment	23.3	8.9			32.2
Key segment data:					
EBIT in % of revenues	14.6	8.0			11.7
Adjusted EBIT in % of revenues	16.7	8.3			13.1

¹⁾ Significant non-cash items mainly comprise changes to other provisions.

The following tables reconcile group segment revenues to group revenues, the adjusted segment result to group earnings before tax and segment assets/liabilities to group assets/liabilities:

Reconciliation of revenues and earnings		
in € million	Jan. 1 – March 31, 2013	Jan. 1 – March 31, 2012
Total revenues		
Revenues of reportable segments	952.6	705.3
Consolidation	-7.9	-7.3
Group revenues	944.7	698.0
Adjusted earnings before interest and tax (adjusted EBIT)		
EBIT adjusted of the reportable segments	88.3	89.6
Depreciation/amortization effects of purchase price allocation/V2500 stake increase	-14.5	-9.7
Consolidation	1.0	1.8
Earnings before interest and tax (EBIT)	74.8	81.7
Interest income	1.2	0.4
Interest expense	-4.7	-1.2
Other financial result	-15.1	-4.1
Earnings before tax (EBT)	56.2	76.8

Reconciliation of assets and liabilities		
in € million	March 31, 2013	Dec. 31, 2012
Assets		
Assets of reportable segments	4,769.4	5,787.0
Consolidation	-500.7	-1,525.1
Group assets	4,268.7	4,261.9
Liabilities		
Liabilities of reportable segments	3,343.5	3,635.8
Consolidation	-160.0	-463.2
Group liabilities	3,183.5	3,172.6

1 General disclosures

MTUAero Engines Holding AG and its subsidiary companies comprise one of the world's leading manufacturers of engine modules and components and is the world's leading independent provider of commercial engine MRO services.

The business activities of the group encompass the entire life-cycle of an engine program i.e. from development, construction testing and production of new commercial and military engines and spare parts, through to maintenance, repair and overhaul of commercial and military engines. MTU's activities focus on two segments: "Commercial and Military Engine business (OEM)" and "Commercial Maintenance business (MRO)".

MTU's Commercial and Military Engine business covers the development and production of modules, components and spare parts for engine programs, including final assembly. MTU also provides maintenance services for military engines. Commercial Maintenance business covers activities in the area of maintenance and logistical support for commercial engines.

MTU Aero Engines Holding AG has its headquarters at Dachauer Str. 665, 80995 Munich, Germany, and is registered under HRB 157206 in the Commercial Registry at the District Court of Munich.

The Condensed Interim Consolidated Financial Statements were authorized for publication by the Board of Management of MTU Aero Engines Holding AG on April 22, 2013.

2 Basis of preparation

In compliance with the provisions of § 37x (3) of the German Securities Trading Act (WpHG) in conjunction with § 37w and § 37y no. 2 WpHG, MTU's Quarterly Financial Report comprises Condensed Interim Consolidated Financial Statements and an Interim Group Management Report. The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) relevant for interim financial reporting, as endorsed by the European Union (EU). The Interim Group Management Report has been drawn up in compliance with the applicable provisions of the WpHG.

3 Statement of compliance

The Condensed Interim Consolidated Financial Statements as at March 31, 2013 have been drawn up in compliance with IAS 34.

The accounting policies applied in the Condensed Interim Consolidated Financial Statements correspond to those used in the Consolidated Financial Statements at December 31, 2012 and also comply with IAS 34 Interim Financial Reporting.

All of the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), which were applicable at the date of preparation of the Condensed Interim Consolidated Financial Statements and which have been endorsed by the European Commission for use in the EU, have been applied by MTU.

From the perspective of management, the Quarterly Financial Report contains all customary accounting adjustments necessary for a fair presentation of the operating results, financial situation and net assets of the group. The basis of preparation and the accounting policies used are described in the notes to the Consolidated Financial Statements as at December 31, 2012.

4 Adjustments to the Condensed Interim Consolidated Financial Statements

There were no other changes in estimates or forecasts in the first three months of the financial year 2013 which have a significant impact on the interim reporting period. No incidences of erroneous assessments made in earlier periods were identified during the interim reporting period which would require to be disclosed.

MTU applied IAS 19 „Employee Benefits“ (revised 2011) in its consolidated financial statements for the year ended December 31, 2012 prior to the mandatory application date. The revised Standard became mandatory for annual periods beginning on or after January 1, 2013. A detailed description of the impact of IAS 19 (revised 2011) is provided on pages 122 et seq. of the Annual Report 2012.

The Amendments to IFRS 7 and the Annual Improvements 2009-2011, which have been endorsed by the European Commission for use in the EU and which became mandatory on January 1, 2013, did not have any material impact on MTU's Interim Consolidated Financial Statements.

5 Consolidated companies

There were no changes in the group reporting entity in the reporting period as a result of acquisitions or disinvestments.

At March 31, 2013, the MTU Group comprised 28 companies including MTU Aero Engines Holding AG, Munich (See list of major shareholdings provided in the notes to the Consolidated Financial Statements in the Annual Report 2012, note 43.1.2.).

Explanatory notes to the consolidated income statement

6 Revenues

Revenues		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Commercial Engine business	488.4	296.8
Military Engine business	112.2	115.3
Commercial and Military Engine business (OEM)	600.6	412.1
Commercial Maintenance (MRO)	352.0	293.2
Other entities/consolidation	-7.9	-7.3
Total revenues	944.7	698.0

7 Cost of sales

Cost of sales		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Cost of materials	-661.2	-449.9
Personnel expenses	-113.6	-104.9
Depreciation and amortization	-36.1	-29.7
Other cost of sales	8.1	30.2
Total cost of sales	-802.8	-554.3

Other cost of sales comprises mainly the effect of changes in inventories of work in progress, currency factors and changes in provisions.

8 Research and development expenses

Research and development expenses		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Cost of materials	-16.8	-14.2
Personnel expenses	-21.4	-23.4
Depreciation and amortization	-1.9	-2.2
Research and development expenditure	-40.1	-39.8
of which the following amounts were capitalized:		
Development costs (OEM)	11.2	11.0
Development costs (MRO)	0.2	0.1
Capitalized development costs	11.4	11.1
Research and development expenditure recognized as expense	-28.7	-28.7

9 Selling expenses

Selling expenses		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Cost of materials	-2.5	-2.1
Personnel expenses	-15.2	-13.1
Depreciation and amortization	-0.6	-0.6
Other selling expenses	-3.3	-2.2
Total selling expenses	-21.6	-18.0

Selling expenses comprise mainly marketing, advertising and sales personnel costs as well as the expense for valuation allowances and write-offs on trade receivables.

10 General and administrative expenses

General administrative expenses		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Cost of materials	-2.0	-1.7
Personnel expenses	-12.1	-10.8
Depreciation and amortization	-1.8	-1.0
Other administrative expenses	-2.3	-3.2
Total general administrative expenses	-18.2	-16.7

General and administrative expenses comprise expenses incurred in connection with administrative activities unrelated to development, production or sales activities.

13 Interest result

Interest result		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Interest income	1.2	0.4
Interest expenses		
Convertible bond		-0.4
Liabilities to banks	-0.6	-0.9
Finance lease arrangements	-0.1	-0.1
Corporate bond	-1.9	
Other interest expenses	-2.6	-0.3
Capitalized borrowing costs for qualifying assets	0.5	0.5
Interest expenses	-4.7	-1.2
Interest result	-3.5	-0.8

The deterioration in the interest result for the first quarter was primarily attributable interest expense accrued for the corporate bond issued on June 20, 2012.

14 Financial result on other items

Financial result on other items		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Effects of currency translation		
Exchange rate gains/losses on currency holdings	0.8	-2.9
Exchange rate gains/losses on financing transactions	0.2	
Exchange rate gains/losses on finance leases	-0.1	0.1
Fair value gains/losses on derivatives		
Currency and interest rate derivatives	-5.2	9.7
Forward commodity contracts	-0.2	-0.2
Interest portion included in measurement of assets and liabilities		
Pension provision	-5.0	-6.2
Contingent liabilities	-0.7	-2.9
Receivables, other provisions, plan assets, liabilities and advance payments received	-2.4	-1.8
Loss on deconsolidation of MTU Aero Engines Finance B.V. i.L., Amsterdam	-2.5	
Result from other financial instruments		0.1
Financial result on other items	-15.1	-4.1

The first-quarter financial result on other items includes deteriorated mainly due to net fair value losses of € 5.2 million arising on currency and interest derivatives (January-March 2012: net fair value gains of € 9.7 million) and a loss of € 2.5 million arising on the deconsolidation of MTU Aero Engines Finance B.V. i.L., Amsterdam.

15 Income taxes

Income tax expense comprise the following:

Income taxes		
in € million	Jan. 1 - March 31, 2013	Jan. 1 - March 31, 2012
Current tax expense	-18.9	-26.6
Deferred tax expense	-1.0	3.8
Recognized tax expense	-19.9	-22.8

16 Earnings per share

For the purposes of determining diluted earnings per share, the number of shares that could be issued in conjunction with the grant of equity capital instruments is added to the weighted average number of ordinary shares in circulation.

The potential dilutive effect of the Share Matching Plan set up with effect from the financial year 2010 is not material.

The following tables show earnings per share as well as the dilutive effect of potentially issuable shares.

Undiluted and diluted earnings per share 2013				
		Jan. 1 - March 31, 2013		Jan. 1 - March 31, 2013
		Undiluted earnings per share	Reconciliation of financial instruments	Diluted earnings per share
			Share Matching Plan/number of shares	
Earnings after tax (EAT)	in € million	36.3		36.3
Weighted average number of shares	shares	50.739.830		50.765.473
Earnings per share	in €	0.72	25.643	0.72

Undiluted and diluted earnings per share 2012				
		Jan. 1 - March 31, 2012		Jan. 1 - March 31, 2012
		Undiluted earnings per share	Reconciliation of financial instruments	Diluted earnings per share
			Share Matching Plan/number of shares	
Earnings after tax (EAT)	in € million	54.0		54.0
Weighted average number of shares	shares	50.632.685		50.653.607
Earnings per share	in €	1.07	20.922	1.07

The number of shares reported for the Share Matching Plan relates to deferred share-based remuneration of members of the Management Board.

17 Consolidated statement of comprehensive income

In the consolidated statement of comprehensive income, earnings after tax of € 36.3 million (January - March 2012: € 54.0 million) are reconciled to the comprehensive loss for the period of € 4.4 million (January - March 2012: comprehensive income of € 73.8 million).

Income and expenses recognized directly in comprehensive income during the first three months of 2013 (net of deferred taxes) comprise mainly net losses of € 37.9 million (January - March 2012: net gains of € 19.6 million) arising on the fair value measurement of cash flow hedging instruments. In addition, the currency translation of the financial statements of foreign operations had a net negative impact of € 2.8 million (January - March 2012: net positive impact of € 0.1 million) on comprehensive income for the period. In the previous year, fair value measurement of financial assets gave rise to net gains of € 0.1 million recognized directly in equity.

Notes to the Consolidated Statement of Financial Position

18 Intangible assets

Intangible assets comprise capitalized program values and non-specific program technologies, participations in development programs, technical software and purchased goodwill.

A total of € 13.0 million (January - March 2012: € 12.6 million) of intangible assets was capitalized in the first three months of the year.

Development expenditure amounting to € 10.3 million (January - March 2012: € 10.0 million) was incurred for the PW1100G engine, the new engine for the Airbus A320 family. Internally generated development work was also capitalized in the first three months of 2013 in the military engine business segment for the GE38 engine program amounting to € 1.3 million (January - March 2012: € 1.3 million). An amount of € 0.2 million (January - March 2012: € 0.1 million) was also capitalized for the three-month period in connection with the rationalization of production processes and cost optimization of repair techniques in the Commercial Maintenance business segment.

Capitalized intangible assets totaling € 13.0 million in the first three months of 2013 (January - March 2012: € 12.6 million) comprise € 5.3 million (January - March 2012: € 4.0 million) of purchased and € 7.7 million (January - March 2012: € 8.6 million) of internally generated intangible assets. The amortization expense for the three-month period amounted to € 18.1 million (January - March 2012: € 13.2 million).

19 Property, plant and equipment

Capital expenditure on property, plant and equipment during the period from January 1 to March 31, 2013 amounted to € 16.8 million, compared with € 19.6 million in the previous year. Additions related primarily to other equipment, operational and office equipment as well as to advance payments and construction in progress. The depreciation expense for the period under report amounted to € 22.3 million (January - March 2012: € 20.3 million).

20 Financial assets

Financial assets

Financial assets decreased overall by € 15.3 million during the first three months of 2013 to € 83.0 million (December 31, 2012: € 98.3 million), mainly as a result of the lower fair values of cash flow hedging instruments.

21 Inventories

Inventories comprise the following:

Inventories		
in € million	March 31, 2013	Dec. 31, 2012
Raw materials and supplies	327.7	341.6
Work in progress	465.8	434.7
Advance payments	32.3	32.5
Total inventories	825.8	808.8

22 Trade receivables

Trade receivables comprise the following:

Trade receivables		
in € million	March 31, 2013	Dec. 31, 2012
Third parties	537.7	547.3
Associated companies, joint ventures and other equity companies	36.0	21.2
Total trade receivables	573.7	568.5

23 Construction contract receivables

Construction contract receivables comprise the following:

Construction contract receivables		
in € million	March 31, 2013	Dec. 31, 2012
Construction contract receivables	611.6	547.0
thereof: Advance payments received	-389.5	-364.0
Total construction contract receivables	222.1	183.0

24 Other assets

Other assets comprise:

Other assets						
in € million	Total		Non-current		Current	
	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012
Other taxes	1.7	16.2			1.7	16.2
Receivables from employees	1.4	0.9			1.4	0.9
Receivables from suppliers	2.4	2.1			2.4	2.1
Sundry other assets	28.2	14.0	19.9	0.1	8.3	13.9
Total other assets	33.7	33.2	19.9	0.1	13.8	33.1

25 Cash and cash equivalents

Cash and cash equivalents comprise the following:

Cash and cash equivalents		
in € million	March 31, 2013	Dec. 31, 2012
Demand deposits and cash	85.5	118.0
Fixed-term and overnight deposit with an original maturity of three months or less	59.4	43.2
Cash and cash equivalents	144.9	161.2

MTU cannot freely access cash and cash equivalents amounting to € 7.6 million (December 31, 2012: € 6.5 million) held by MTU Maintenance Zhuhai Co. Ltd., Zhuhai, China.

26 Equity

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

26.1 Subscribed capital

The Company's share capital amounts to € 52.0 million (December 31, 2012: € 52.0 million) and is divided in 52.0 million non-par-value shares (December 31, 2012: 52.0 million shares).

26.2 Capital reserves

Capital reserves includes premiums from the issue of shares, the equity component (net of proportional transaction costs) of the bond issued in 2007 and repaid/converted in the first quarter of 2012, the fair value of shares granted under the Matching Stock Program and Share Matching Plan as well as the difference arising without income statement effect on transferring treasury shares to employees in conjunction with the MAP Employee Stock Option Program.

Share Matching Plan (SMP)

A detailed description of the SMP is provided in the Management Compensation Report section of the Corporate Governance Report in the Annual Report 2012. Members of the Board of Management are entitled to invest the amount to be disbursed under the Performance Share Plan (PSP) in shares of MTU Aero Engines Holding AG and must hold the acquired shares for a further three years. At the end of the vesting period, these shares are "matched", whereby each Board of Management member is awarded one additional free share for every three MTU shares held. The entitlement to additional free shares is deemed to have been fulfilled once the corresponding number of such shares has been transferred to the member of the Board of Management. The total value of the matching shares available for allocation at the end of the vesting period is limited to three times the initial purchase price.

Senior Managers of MTU

With effect from January 1, 2012, MTU expanded the Share Matching Plan (SMP) it had previously introduced for members of the Board of Management to include the two top tiers of senior management (OFK and FK) at the Company and its subsidiaries.

In accordance with the conditions of the plan, tier-1 senior managers (OFK) - after expiry of a three-year vesting period - and tier-2 senior managers (FK) - after expiry of a two-year vesting period - may use the benefits payable under Performance Share Plan (Long Term Incentive) and the Annual Performance Bonus (Short Term Incentive) to invest in shares of MTU Aero Engines Holding AG, which must then be held for a further two years under the terms of the supplementary plan, the Share Matching Plan (SMP). At the end of this supplementary vesting period, on condition that the SMP participant is still employed by MTU, this investment is matched by a cash payment corresponding to one-third of the amount invested in MTU shares. The total investment that can be invested in the SMP is € 60,000 per eligible tier-1 manager and € 30,000 per eligible tier-2 manager.

26.3 Revenue reserves

Revenue reserves comprise the post-tax earnings and non-distributed earnings of consolidated companies. They also include the profit after tax for the first three months of 2013 amounting to € 36.3 million (January - March 2012: € 54.0 million). As a result of the positive earnings after taxes for the three-month period, revenue reserves increased to € 776.8 million (March 31, 2012: € 681.4 million).

26.4 Treasury shares

During the first three months of 2013 the average weighted number of shares in circulation was 50,739,830 shares (January - March 2012: 50,632,685 shares). At March 31, 2013, a total of 50,739,830 MTU Aero Engines Holding AG shares was in issue (March 31, 2012: 50,632,685 shares). The Company held 1,260,170 treasury shares at March 31, 2013 (March 31, 2012: 1,367,315 treasury shares).

27 Other provisions

Other provisions increased by € 5.3 million to € 260.7 million during the three-month period under report. The principal items included in other provisions were warranty obligations, pending losses on onerous contracts personnel-related obligations and retrospective as well as probable development compensation payments for commercial engine programs still to be made in connection with risk revenue-sharing arrangements with Pratt & Whitney. At March 31, 2013 contingent liabilities relating to business combinations totaled € 55.9 million (December 31, 2012: € 51.3 million).

28 Financial liabilities

Financial liabilities comprise the following:

Financial liabilities						
in € million	Total		Non-current		Current	
	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012
Corporate bond	254.5	252.5	248.6	248.5	5.9	4.0
Financial liabilities in connection with IAE-2500 stake increase	300.4	299.7	272.7	271.3	27.7	28.4
Liabilities to banks						
Promissory notes	12.2	12.0	11.5	11.5	0.7	0.5
Revolving credit facility						
Other liabilities to banks	38.8	34.9	17.3	2.3	21.5	32.6
Liabilities to related companies	6.4				6.4	
Finance lease liabilities	3.5	3.5	0.1	0.1	3.4	3.4
Other financial liabilities	45.3	16.3	26.3	5.3	19.0	11.0
Total financial liabilities	661.1	618.9	576.5	539.0	84.6	79.9

Financial liabilities to related companies comprise amounts due to MTU Versicherungsvermittlungs- und Wirtschaftsdienst GmbH, Munich (not consolidated on grounds of immateriality) and to MTU Aero Engines Finance B.V. i.L., Amsterdam (in liquidation).

Corporate bond

A full description of the corporate bond is provided on page 184 of the Annual Report 2012.

Financial liability for the IAE-V2500 stake increase

A full description of the IAE-V2500 stake increase is provided on pages 129 et seq. of the Annual Report 2012.

Promissory notes

MTU placed four promissory notes with a nominal amount of € 65.0 million (less transaction costs of € 0.4 million) on June 3, 2009. After repayment of the amounts shows in the following table, the total amount outstanding at March 31, 2013 was € 11.5 million.

Promissory notes					
	Type of interest	Original note amount	Repurchased 2010	Repaid on maturity June 5, 2012	Remaining note amount
Maturity date		in € million	in € million	in € million	in € million
June 5, 2012	fixed	1.5		1.5	0.0
June 5, 2014	fixed	11.5			11.5
June 5, 2012	variable	27.0	15.0	12.0	0.0
June 5, 2014	variable	25.0	25.0		0.0
		65.0	40.0	13.5	11.5

Promissory notes are measured at their amortized cost.

Revolving credit facility

At March 31, 2013, the MTU Group has access to a revolving credit facility of € 100.0 million with two banks which runs until December 1, 2015. Of these credit facilities, € 12.5 million (December 31, 2012: € 13.7 million) were being utilized at March 31, 2013 for guarantees. Interest on credit lines actually drawn down is charged on the basis of customary interest reference rates plus a margin. A commitment fee is paid on credit facilities which are not being utilized.

29 Construction contract payables

Construction contract payables comprise the following:

Construction contract payables		
in € million	March 31, 2013	Dec. 31, 2012
Advance payments received for construction contracts	1,015.7	968.0
offset against: Construction contract receivables	-389.5	-364.0
Total constructions contract payables	626.2	604.0

Advance payments received relate mainly to military engine program participations. Any surplus of advance payments received over construction contract receivables with a remaining term of more than 12 months are discounted to their present value.

30 Other liabilities

Other liabilities comprise the following items:

Other liabilities						
in € million	Total		Non-Current		Current	
	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012	March 31, 2013	Dec. 31, 2012
Personnel-related liabilities						
Social security	2.4	2.2			2.4	2.2
Part-time pre-retirement working arrangements	16.9	17.2	12.9	13.2	4.0	4.0
Other personnel-related liabilities	66.3	45.2	4.3	3.9	62.0	41.3
Accrued interest expense	13.7	14.0	13.7	14.0		
Outstanding maintenance work on returned operate-lease engines	3.9	3.4	3.9	3.4		
Repayment of grants towards development costs	55.7	58.0	53.3	53.3	2.4	4.7
Sundry other liabilities	99.6	120.3	39.7	42.6	59.9	77.7
Other taxes	13.2	6.9			13.2	6.9
Total other liabilities	271.7	267.2	127.8	130.4	143.9	136.8

Personnel-related obligations

Social security liabilities relate mainly to contributions to employees' accident insurance associations amounting to € 0.6 million (December 31, 2012: € 0.6 million) and liabilities to health insurance agencies amounting to € 1.8 million (December 31, 2012: € 1.6 million).

TV FlexÜ, a collective agreement on flexible transition into retirement, came into effect in the German collective bargaining regions in 2010. In addition, each of the MTU group companies in Germany entered into a supplementary agreement with the Works Council, effective until December 31, 2016, which supersedes the collective bargaining agreement. Within the scope of the agreed terms for pre-retirement part-time working arrangements, agreements on top-up and severance payments were concluded with employees at the level of the group's German companies. At March 31, 2013, the liabilities associated with these obligations amounted to € 16.9 million (December 31, 2012: € 17.2 million).

Other liabilities to employees comprise vacation entitlements, flexi-time credits and obligations arising from efficiency improvement programs in prior periods. This item also includes liabilities to group employees under the MAP employee stock option program amounting to € 5.2 million (December 31, 2012: € 4.3 million). The total cost incurred in the first three months of 2013 in conjunction with the MAP was € 0.9 million (January - March 2012: € 0.6 million). Further information with respect to the MAP Employee Stock Option Program is provided on pages 187 et seq. of the Annual Report 2012.

Accrued interest expense

Non-current payments received on account from customers for contract production are discounted over the term of the advance payments using appropriate market interest rates and the deferred interest recognized as a liability within other liabilities until the engine is delivered. Accrued interest expense of € 13.7 million (December 31, 2012: € 14.0 million) relates to advance payments received for long-term military construction contracts.

Outstanding maintenance work on engines

This line item relates mainly to obligations for the maintenance of leased engines made available to airlines on a temporary basis (as part of commercial MRO activities) while the airlines' own engines are being maintained or repaired.

Repayment of grants towards development costs

In the financial years 1976 to 1991, MTU received grants towards the internally generated cost of developing the PW2000 engine from the German Federal Ministry of Economics and Technology which were recognized in the income statement. Once the contractually agreed sales figures of PW2000 production engines have been reached for the Boeing 757 and C-17, the grants are required to be repaid within a time frame of ten years. Repayments totaling € 3.4 million were made in the financial years 2011 and 2012, and a further € 2.3 million in the first quarter of 2013.

Sundry other liabilities

Sundry other liabilities amounted to € 99.6 million and comprise mainly obligations relating to purchased development work for the PW1524G engine program for the CSeries amounting to € 2.5 million (December 31, 2012: € 21.4 million), the PW1217G engine for the MRJ amounting to € 15.6 million (December 31, 2012: € 15.2 million), and liabilities arising from the stake in the PW1100G program for the A320neo amounting to € 57.3 million (December 31, 2012: € 52.7 million), plus a multitude of minor individual obligations.

Other taxes

Other taxes amounting to € 13.2 million (December 31, 2012: € 6.9 million) relate to payroll (including employees' solidarity surcharge and church taxes) and to German and foreign sales taxes.

31 Related party transactions

Transactions with related entities

Transactions with related entities are undertaken as part of the group's ordinary operating activities, buying and selling various products and services on an arm's length basis.

Proportionately consolidated entity (MTU Maintenance Zhuhai)

There were no trade receivables due from MTU Maintenance Zhuhai at either March 31, 2013 or December 31, 2012. Trade payables with this entity at March 31, 2013 totaled € 0.7 million (December 31, 2012: € 8.9 million). Income recognized during the first three months of 2013 totaled € 0.8 million (January - March 2012: € 0.2 million) with expenses totaling € 5.5 million (January - March 2012: € 3.3 million).

Entities accounted for at equity and at cost

Entities accounted for at equity and at cost are disclosed in note 43.1.2. (List of Major Shareholdings) of the Annual Report 2012.

Trade receivables from these entities at March 31, 2013 amounted to € 36.0 million (December 31, 2012: € 21.2 million). Trade payables with these entities totaled € 52.1 million (December 31, 2012: € 98.2 million). Income recognized during the three-month period under report amounted to € 272.7 million (January - March 2012: € 201.2 million), with expenses totaling € 156.9 million (January - March 2012: € 107.7 million).

Transactions with related individuals

MTU Group companies did not enter into any material contracts with members of the Board of Management, the Supervisory Board or with other key management personnel or with companies in whose management or supervisory boards those persons are represented. The same applies to close members of the families of those persons.

32 Contingent liabilities and other financial commitments

Contingent liabilities and other financial obligations at March 31, 2013 amounted to € 121.5 million (December 31, 2012: € 122.0 million). Contingent liabilities and other financial obligations are not material to the MTU Group. As in previous periods, with the exception of lease payments, no amounts fell due for payment during the period under report. Similarly, no amounts are expected to be paid during the rest of the financial year 2013. Information regarding the composition and nature of contingent liabilities and other financial obligations is provided in the notes to the consolidated financial statements in the Annual Report 2012 (Note 42).

Purchase commitments for intangible assets and property, plant and equipment amounted to € 26.2 million at March 31, 2013 (December 31, 2012: € 28.3 million).

33 Events after the end of the reporting period (March 31, 2013)

On April 9, 2013, the Supervisory Board of MTU Aero Engines Holding AG appointed Reiner Winkler (51), currently the Company's Chief Financial Officer, to the position of Chief Executive Officer of MTU Aero Engines Holding AG with effect from January 1, 2014. He succeeds Egon Behle (57), who is not available to serve a further period of office. Michael Schreyögg (46), previously responsible for MTU's military programs, has been appointed to the Management Board with effect from July 1, 2013.

There have been no other significant events after the end of the interim reporting period (March 31, 2013) and prior to the date of authorization for issue of the quarterly financial report on April 22, 2013.

34 Publication of the Quarterly Financial Report

The Quarterly Financial Report of MTU Aero Engines Holding AG, Munich, for the period from January 1 to March 31, 2013 was published on the Internet on April 25, 2013.

Financial Calendar

Telephone conference on first quarter 2013 earnings	April 25, 2013
MTU Annual General Meeting for the financial year 2012	May 3, 2013
Telephone conference on first half-year 2013 earnings	July 24, 2013
Telephone conference on third quarter 2013 earnings	October 23, 2013
MTU analysts and investors conference 2013	November 26, 2013

Contacts

Investor Relations

Telephone +49 (0) 89-1489-5714

Telephone +49 (0) 89-1489-3911

Telephone +49 (0) 89-1489-2153

Fax +49 (0) 89-1489-95139

E-Mail Peter.Kameritsch@mtu.de

Claudia.Heinle@mtu.de

Alexander.Gedler@mtu.de

Translation

The German version takes precedence.

Die MTU Aero Engines Holding AG on the Internet

- Further information about MTU Aero Engines Holding AG can be obtained via the Internet at: www.mtu.de.
- Investor Relations information is available directly at http://www.mtu.de/de/investorrelations/latest_news/index.html
- Information about MTU Aero Engines Holding AG's can be obtained at: www.mtu.de/de/products_services/new_business_commercial/index.html



MTU Aero Engines Holding AG
Dachauer Straße 665
80995 München • Deutschland
Tel. +49 89 1489-0
Fax +49 89 1489-5500
www.mtu.de