Quarterly Statement

MTU Aero Engines sustains growth trajectory in first quarter 2017

- **Year-end forecast confirmed**

Munich, April 28, 2017 – MTU Aero Engines AG saw its revenues increase by 15% to €1,261.3 million in the first quarter of 2017 (1-3/2016: €1,097.9 million). The group's operating profit[1] improved by 20% from €131.3 million to €157.0 million, pushing the EBIT margin up from 12.0% to 12.4%. Earnings after tax[2] rose in line with operating profit, increasing by 21% to €111.0 million (1-3/2016: €91.5 million).

"This is a good start to the final year of our investment phase, which we expect to conclude in 2017 while remaining on our profitable growth trajectory," said Reiner Winkler, CEO of MTU Aero Engines AG. "Along this route, we confirm our published year-end targets."

The increase in MTU's first-quarter revenues is primarily due to strong growth in the commercial maintenance business, where revenues increased by 37% to €588.4 million (1-3/2016: €428.8 million). "This is the sixth consecutive quarter in which revenues generated by the commercial maintenance business have beaten all previous records," added Chief Program Officer Michael Schreyögg. "When we present our year-end results, we also expect the MRO segment to lead in terms of growth." The V2500 engine that powers the A320 family was responsible for the largest part of these revenues.

Revenues in the commercial engine business increased by 10%, from €556.0 million to €611.4 million. The V2500, the GEnx for the Boeing 787 and 747-8, and the PW1100G-JM for the A320neo generated the greatest share of revenues in this business unit.

Revenues in the military engine business dropped by 33% from €124.5 million to €82.9 million. The EJ200 Eurofighter engine was the main source of these revenues. "The first-quarter revenues reflect a temporal shift in this business unit's revenue stream. The decrease over the year as a whole is likely to be much less significant," said Schreyögg.

MTU's order backlog reached its highest-ever level of €14,344.9 million at the end of March 2017 (Dec. 31, 2016: €14,172.2 million). The majority of these orders relate to the V2500 and to the geared turbofan engines of the PW1000G family, foremost among them the PW1100G-JM for the A320neo.

Both of MTU's two operating segments reported an increase in first-quarter earnings. EBIT in the OEM segment amounted to €104.4 million, which is 18% higher than the comparable figure of €88.8 million

[1] **Adjusted EBIT = Earnings before interest and tax, calculated on a comparable basis**
[2] **Adjusted net income = Earnings after tax, calculated on a comparable basis**

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for the first quarter 2016. The EBIT margin rose two percentage points to 15.0 percent. Earnings in the MRO segment (commercial maintenance business) improved by 23% from €42.3 million to €52.1 million, resulting in an EBIT margin of 8.9% (1-3/2016: 9.9%).

MTU spent €56.1 million on research and development in the first three months of 2017, compared with €58.6 million in the same period of the previous year. In addition to existing and future geared turbofan programs, the focal areas of MTU's R&D activities were the GE9X for the Boeing 777X long-haul airliner, various technology studies, and R&D projects relating to next-generation engine design.

MTU's free cash flow at March 31, 2017 amounted to €61.0 million (1-3/2016: €93.6 million). "By the end of the year, we expect a free cash flow of slightly above 100 million euros," said Winkler.

MTU's capital expenditure on property, plant and equipment in the first quarter of 2017 amounted to €22.5 million (1-3/2016: €20.9 million). "This was mainly used for further optimizing our final assembly line for the PW1100G-JM," said Chief Operating Officer Dr. Rainer Martens. "Everything is in place to ensure a successful ramp-up for the geared turbofan family."

MTU had 8,384 employees at March 31, 2017, or roughly the same number as at the end of 2016 (Dec. 31, 2016: 8,368).

MTU's full-year forecast for 2017 remains unchanged. Group revenues are expected to lie between €5.1 billion and €5.2 billion (2016: €4,732.7 million), with a stable EBIT margin (2016: 10.6%). Earnings after tax are expected to increase at a higher rate than operating profit, due to a lower interest expense (adjusted net income for 2016: €345.4 million).

MTU Aero Engines – Key financial data for January through March 2017

(Figures quoted in € million, calculated on a comparable basis. Statements prepared in accordance with IFRSs)

MTU Aero Engines	**Q1 2016**	**Q1 2017**	**Change**
Revenues	1,097.9	1,261.3	+ 14.9%
of which OEM business	680.5	694.3	+ 2.0%
of which commercial engine business	556.0	611.4	+ 10.0%
of which military engine business	124.5	82.9	- 33.4%
of which commercial maintenance	428.8	588.4	+ 37.2%
EBIT (adjusted)	131.3	157.0	+ 19.6%
of which OEM business	88.8	104.4	+ 17.6%
of which commercial maintenance	42.3	52.1	+ 23.2%
EBIT margin (adjusted)	*12.0%*	*12.4%*	
for OEM business	*13.0%*	*15.0%*	
for commercial maintenance	*9.9%*	*8.9%*	
Net income (adjusted)	91.5	111.0	+ 21.3%
Net income (reported)	90.4	104.4	+ 15.5%
Earnings per share (undiluted, reported)	1.76	2.03	+ 15.0%
Free cash flow	93.6	61.0	- 34.8%
Research and development expenses	58.6	56.1	- 4.3%
of which company-funded	50.5	44.9	- 11.1%
of which outside-funded	8.1	11.2	+ 38.3%
Company-funded R&D expenditure	*19.4*	*15.1*	*- 22.2%*
Investment in property, plant and equipment (net)	20.9	22.5	+ 7.7%
	December 31, 2016	**March 31, 2017**	**Change**
Balance sheet key figures			
Intangible assets	2,234.2	2,272.8	+ 1.7%
Cash and cash equivalents	322.4	368.4	+ 14.3%
Pension provisions	883.3	884.9	+ 0.2%
Equity	1,500.5	1,649.9	+ 10.0%
Net financial debt	892.0	832.0	- 6.7%
Total assets and liabilities	5,844.6	5,981.1	+ 2.3%
Order backlog	14,172.2	14,344.9	+ 1.2%
of which OEM business	7,246.0	6,940.3	- 4.2%
of which commercial maintenance	6,926.2	7,404.6	+ 6.9%
Employees	8,368	8,384	+ 0.2%

About MTU Aero Engines

MTU Aero Engines AG is Germany's leading engine manufacturer, with core competencies in low-pressure turbines, high-pressure compressors, turbine center frames, manufacturing processes and repair techniques. MTU plays a key role in the new engine market through its partnership in many international development,

manufacturing and sales programs, to which it contributes its high-tech components. One third of the global fleet of passenger airliners relies on components supplied by MTU. MTU is one of the world's top 5 providers of maintenance services for commercial aircraft engines and industrial gas turbines. These activities are combined under the roof of MTU Maintenance. In the military sector, MTU Aero Engines is the lead industrial partner for almost every type of engine flown by the German armed forces. MTU operates affiliates around the globe; its corporate headquarters are based in Munich, Germany.

Geared Turbofan is a trademark application of Pratt & Whitney

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