MTU Aero Engines publishes nine-month results and adjusts full-year forecast

- **Revenues now targeted to reach around €2.6 billion**
- **EBIT target raised to €290 million, and EBIT margin expected to improve to 11%**
- **Free cash flow expected to equal last year's level of around €100 million**

Munich, October 26, 2009 – MTU Aero Engines Holding AG generated stable revenues of €1,954.9 in the first nine months of 2009 (1-9/08: €1,982.9 million). The EBIT margin for this period came to 10.8%, based on an operating profit[1] of €210.8 million (1-9/2008: €238.9 million). Net income to the end of September 2009 amounted to €93.4 million (1-9/2008: €118.6 million).

"The first nine months' results give us clearer confirmation of MTU's ability to meet the challenges imposed by the present market situation, and allow us to predict the development of our business through to the end of the year with greater certainty," said Egon Behle, CEO of MTU Aero Engines Holding AG. "On this basis, we expect our year-end EBIT to be higher than originally anticipated. We are now aiming for around €290 million, which is €10 million higher than our earlier forecast, coupled with an improvement in the EBIT margin to roughly 11%, an increase of one percentage point on our original estimate. The combined impact on revenues of the U.S. dollar exchange rate and the shift in business mix will not allow us to maintain revenues at quite the same level as in the previous year. But we nevertheless expect revenues to reach around €2.6 billion by the end of 2009." The original revenue forecast was around €2.8 billion. MTU is standing by its forecast for a net income of around €140 million for 2009. Similarly, year-end free cash flow is expected to lie in the region of €100 million. This represents the high end of the forecast range of between €80 million and €100 million.

As Chief Financial Officer Reiner Winkler explains: "MTU's revenues in the third quarter of 2009 were principally affected by the falling value of the U.S. dollar and a lower volume of business from series-production contracts."

Revenues in the commercial engine business up to the end of September 2009 amounted to €790.9 million, compared with €841.4 million for the same period in 2008. The most important revenue-earners, from both new engines and spare parts, were the V2500 for the Airbus A320 family, the PW2000 for the Boeing 757 and C-17, and the CF6-80C engine deployed in the Boeing 747 and the Airbus models A310 and A330.

Revenues in the military engine business increased by 3% to €366.7 million (1-9/2008: €354.9 million). A substantial part of these revenues was generated by the EJ200 Eurofighter engine and the aftermarket-business of the RB199 Tornado engine.

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[1] **EBIT adjusted = Earnings before interest and tax, calculated on a comparable basis**

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Revenues in the commercial maintenance business grew by 2% to €821.2 million (1-9/2008: €807.9 million). They derived principally from the V2500 engine used to power the Airbus A320 family.

MTU's order backlog remained stable and amounted to €4,068.2 million at September 30, 2009 (Dec. 31, 2008: €4,015.7 million). This corresponds to 1.5 times annual revenues in 2008.

Higher research and development expenses and ramp-up costs for new engine programs had a negative effect on EBIT, whereas a shift in the business mix and the results of various cost-optimization programs had a positive effect.

EBIT for the OEM business at September 30, 2009 amounted to €158.2 million (1-9/2008: €208.4 million), resulting in an EBIT margin of 13.7% compared with 17.4% for the same period in 2008. MTU expects the EBIT margin for its OEM business to remain within the range of 13-14% up to the end of the year, rather than the previously assumed 12-13%.

MTU's earnings in the commercial maintenance business have improved by 71%, resulting in a nine-month EBIT of €55.6 million (1-9/2008: €32.6 million). This positive result is also reflected in the EBIT margin, which increased from 4.0% in the first nine months of 2008 to 6.8% in the equivalent period of 2009. "These results are in line with the company's expectations," said Chief Financial Officer Reiner Winkler. "They enable MTU to affirm its 6-7% EBIT margin target for the commercial maintenance business.

Total research and development expenses for the first nine months of 2009 amounted to €149.0 million, or 24% over the level in the equivalent period one year earlier (1-9/08: €120.1 million). Company-funded R&D increased by 34% to €80.0 million (1-9/08: €59.9 million). "This expenditure helps MTU to pursue its growth strategy," explains Behle, adding that: "Emerging technologies and our new engine programs were the main focus of the R&D activities in the first nine months of 2009." In the commercial sector, the engines concerned are the PW1000G for the Mitsubishi Regional Jet and the Bombardier CSeries, and the GEnx for the Boeing 787 Dreamliner and Boeing 747-8. The programs in the military engine sector are the TP400-D6 for the A400M military transporter, and GE38 for the Sikorsky CH-53K heavy-lift transport helicopter.

MTU's free cash flow at the end of September 2009 amounted to €95.7 million, compared with €124.5 million one year earlier. Capital expenditure for the nine-month period amounted to €88.9 million (1-9/08: €97.6 million).

MTU had 7,656 employees at the end of the third quarter (December 31, 2008: 7,537). The 2% increase is mainly due to recruitment at the new site in Poland and the seasonal new intake of trainees and apprentices at the sites in Germany.

MTU Aero Engines – Key financial data for January through September 2009

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

MTU Aero Engines	**End Sept. 2009**	**End Sept. 2008**	**Change**
Revenues	1,954.9	1,982.9	- 1.4 %
of which OEM business	1,157.6	1,196.3	- 3.2 %
of which commercial engine business	790.9	841.4	- 6.0 %
of which military engine business	366.7	354.9	+ 3.3 %
of which commercial MRO business	821.2	807.9	+ 1.6 %
EBIT (calculated on a comparable basis)	210.8	238.9	- 11.8 %
of which OEM business	158.2	208.4	- 24.1 %
of which commercial MRO business	55.6	32.6	+ 70.6 %
EBIT margin	*10.8 %*	*12.0 %*	
in the OEM business	*13.7 %*	*17.4 %*	
in the commercial MRO business	*6.8 %*	*4.0 %*	
Net income (IFRS)	93.4	118.6	- 21.2 %
Earnings per share (undiluted)	1.91	2.39	- 20.1 %
Free cash flow	95.7	124.5	- 23.1 %
Research and development expenses	149.0	120.1	+ 24.1 %
of which company-funded R&D	80.0	59.9	+ 33.6 %
of which outside-funded R&D	69.0	60.2	+ 14.6 %
Capital expenditure	88.9	97.6	- 8.9 %
	Sept. 30, 2009	**Dec. 31, 2008**	**Change**
Order backlog	4,068.2	4,015.7	+ 1.3 %
of which OEM business	3,922.3	3,884.5	+ 1.0 %
of which commercial MRO business	145.9	131.4	+ 11.0 %
Employees	7,656	7,537	+ 1.6 %

MTU Aero Engines is the leading German manufacturer of aircraft engines and a major player in the industry. The company celebrates its 75th anniversary this year (2009). Together with its affiliates, MTU maintains a presence in all essential markets and regions. In the commercial engine sector, the company has close working ties with the world's major aero engine manufacturers – General Electric, Pratt & Whitney and Rolls-Royce. In the military sector, MTU is the lead industrial partner for almost every type of engine operated by the German armed forces, and an important partner in all major military aero engine programs in Europe. MTU Maintenance is the world's largest independent provider of MRO services for commercial aero engines. MTU is a technological leader in high-pressure compressors, low-pressure turbines, manufacturing processes, and repair techniques.

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Cautionary note regarding forward-looking statements