



## **Q1 Results 2020**

**Conference Call with Investors & Analysts**

30 April 2020 - Investor Relations

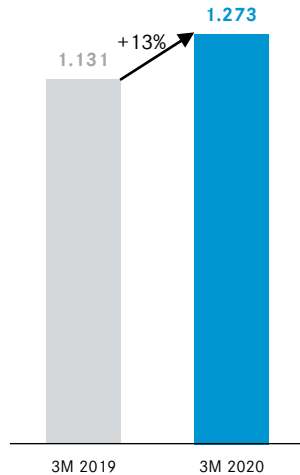
## Q1 2020 Review

- Sharp decline in traffic beginning in February and intensifying in March
- IATA forecasts passenger traffic to decline by 48% in 2020
- Measurements implemented to minimize infection risks for employees and to reduce cash consumption
- Temporary suspension of operations at sites in Germany and Poland
- Short-time work arrangements for German locations after initial suspension
- Overhaul shops in China, Vancouver and Dallas in operation
- MTU Maintenance Canada becomes F138 engine depot for the United States Air Force
- AGM postponed and dividend proposal suspended
- Guidance for financial year 2020 withdrawn
- Measures to secure additional liquidity under negotiation
- Impact of reduced demand not seen in Q1 2020 results
- Crisis will begin to negatively influence demand and results beginning in Q2

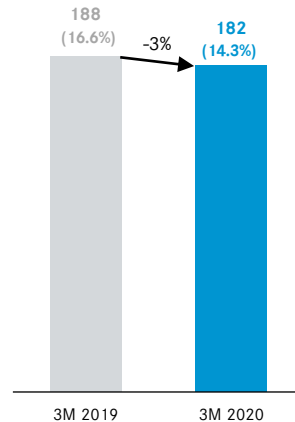


## Financial Highlights Q1 2020

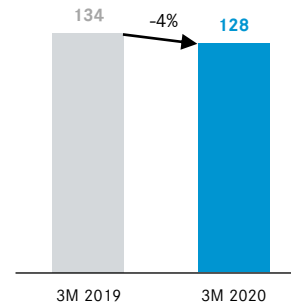
**Revenues**  
(in m€)



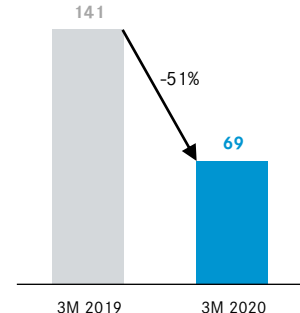
**EBIT adjusted**  
(in m€)



**Net income adj.**  
(in m€)



**Free Cash Flow**  
(in m€)



## OEM Segment

(in m €)	3M 2019	3M 2020	Change
<b>Revenues</b>	<b>491</b>	<b>497</b>	<b>1%</b>
Military Business	105	98	-7%
Commercial Business	386	399	4%
<b>EBIT adj.</b>	<b>131</b>	<b>116</b>	<b>-11%</b>
<b>EBIT adj. margin %</b>	<b>26.6%</b>	<b>23.4%</b>	



- US\$ Commercial business growth: ~ 1%
- Military revenues down by 7%
- EBIT margin down due to change in business mix (Military Business vs. Commercial Business)

## Commercial MRO

	(in m €)	3M 2019	3M 2020	Change
<b>Revenues</b>		655	795	21%
<b>EBIT adj.</b>		57	66	16%
<b>EBIT adj. margin %</b>		8.7%	8.3%	



- US\$ Organic Revenue growth ~ 19%
- EBIT margin slightly down

# MTU expects an commercial aviation market recovery to 2019-level in 2022

## Market recovery & risks and opportunities

### Market recovery – basic assumptions for passenger traffic

- MTU follows basically the IATA assumptions regarding the Covid19 impact on commercial aviation in 2020 as published in week 16/2020
- Nearly standstill of global commercial flights in Q2/2020
- Recovery of domestic flights starting in Q3/2020
- Recovery of international flights starting in Q4/2020
- Air traffic demand back on 2019 levels in 2022.  
Domestic air travel will recover earlier than international travel due to border restrictions

### Risks for further market recovery delay

- No effective medicine and/or vaccine available well into 2021
- New increase of Covid19 infection rates in Winter 2020/21
- Extended global recession, lasting longer than 2021
- Resurge of trade wars and international conflicts after immediate Covid19 crisis


### Opportunities for earlier market recovery

- Effective medicine or vaccine available 2<sup>nd</sup> half of 2020
- Positive impulse on global trade due to constructive political environment

## MTU business segments 2020 market expectation

### Scenarios modelled lead to a yet volatile outlook for 2020

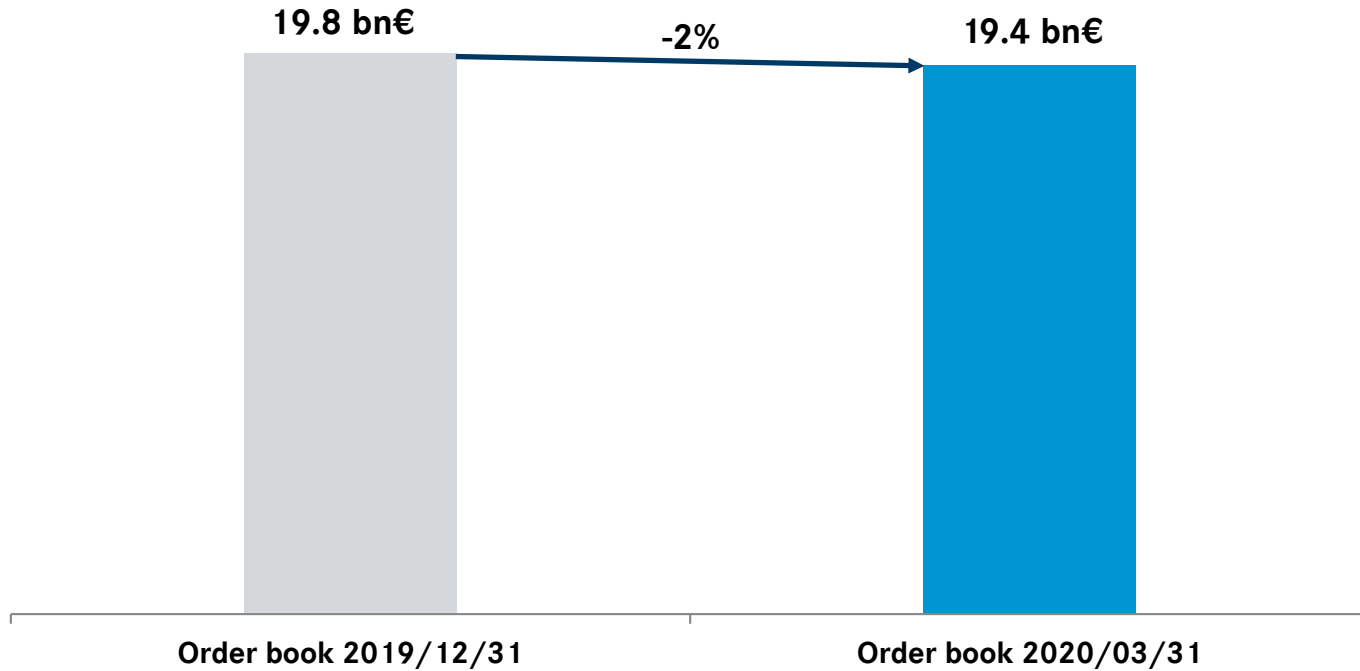
- Military business to remain largely unaffected
- Civil aerospace business with significant reduction in demand in both OE and AM
- Standard Commercial MRO to see reduced demand at least through Q2 and Q3
- High air freight demand leads to robust operation at specialized operators
- Availability of capacities allows more PW1100 warranty work
- Cost and cash saving measures identified and initiated

- Market environment still highly volatile
  - Implementation of measures secures financial health
-  Still too early to provide forward looking guidance at the current time

# Appendix



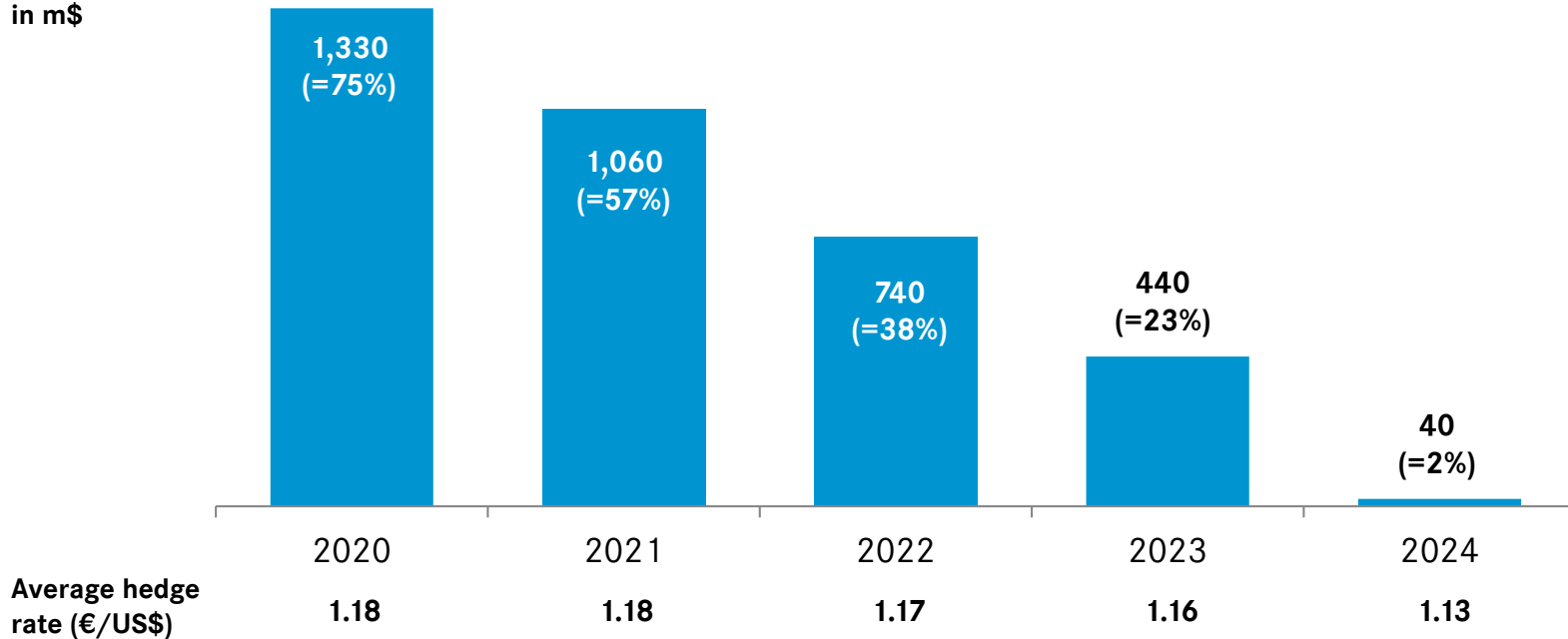
## Group Order Book almost stable



## US\$ Exchange Rate / Hedge Portfolio

Hedge book as of April 30, 2020 (% of net exposure)

in m\$



## Profit & Loss

	3M 2019	3M 2020	Change
<b>Revenues</b>	<b>1,131</b>	<b>1,273</b>	<b>13%</b>
Total cost of sales	-893	-1,035	
<b>Gross profit</b>	<b>238</b>	<b>238</b>	<b>0%</b>
Gross profit margin %	21.1%	18.7%	
R&D according to IFRS	-17	-15	
SG&A	-53	-59	
Other operating income (expense)	-9	-4	
P&L of companies accounted at equity and equity investments	15	9	
<b>EBIT reported</b>	<b>175</b>	<b>169</b>	<b>-3%</b>
<b>EBIT adjusted</b>	<b>188</b>	<b>182</b>	<b>-3%</b>
<b>EBIT adjusted margin %</b>	<b>16.6%</b>	<b>14.3%</b>	
Financial result	-1	-6	
<b>Profit before tax (EBT)</b>	<b>173</b>	<b>163</b>	<b>-6%</b>
Taxes (IFRS)	-47	-51	
<b>Net Income reported</b>	<b>127</b>	<b>112</b>	<b>-12%</b>
Net Income adj.	134	128	
<b>EPS reported*</b>	<b>2.42</b>	<b>2.10</b>	
EPS adj.	2.59	2.42	

\* without non-controlling interests

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Q1 2020 Results - Investor Relations

## Reconciliation to adjusted Key Performance Indicators

	3M 2019	3M 2020	Change
<b>EBIT reported</b>	<b>175</b>	<b>169</b>	<b>-3%</b>
Adjustment (PPA Depreciation & Amortization)	5	5	
Adjustment (IAE Upshare)	8	8	
<b>EBIT adjusted</b>	<b>188</b>	<b>182</b>	<b>-3%</b>
thereof P&L of companies accounted "at equity"	14	9	
Interest result	-1	-3	
Interest for pension provisions	-4	-2	
<b>EBT adj. w/o P&amp;L "at equity"</b>	<b>169</b>	<b>167</b>	<b>-1%</b>
Tax rate normalized	-29%	-29%	
Taxes	-49	-49	
<b>Net Income adj.</b>	<b>134</b>	<b>128</b>	<b>-4%</b>
EPS adj.	2.59	2.42	-6%

## Segment Revenues and EBIT adj.

	3M 2019	3M 2020	Change
<b>Revenues Group</b>	<b>1,131</b>	<b>1,273</b>	<b>13%</b>
OEM Commercial	386	399	4%
OEM Military	105	98	-7%
MRO	655	795	21%
Consolidation	-15	-19	
<b>EBIT adjusted Group</b>	<b>188</b>	<b>182</b>	<b>-3%</b>
OEM (Commercial / Military)	131	116	-11%
MRO	57	66	16%
Consolidation	0	0	
<b>EBIT adjusted margin Group</b>	<b>16.6%</b>	<b>14.3%</b>	
OEM (Commercial / Military)	26.6%	23.4%	
MRO	8.7%	8.3%	

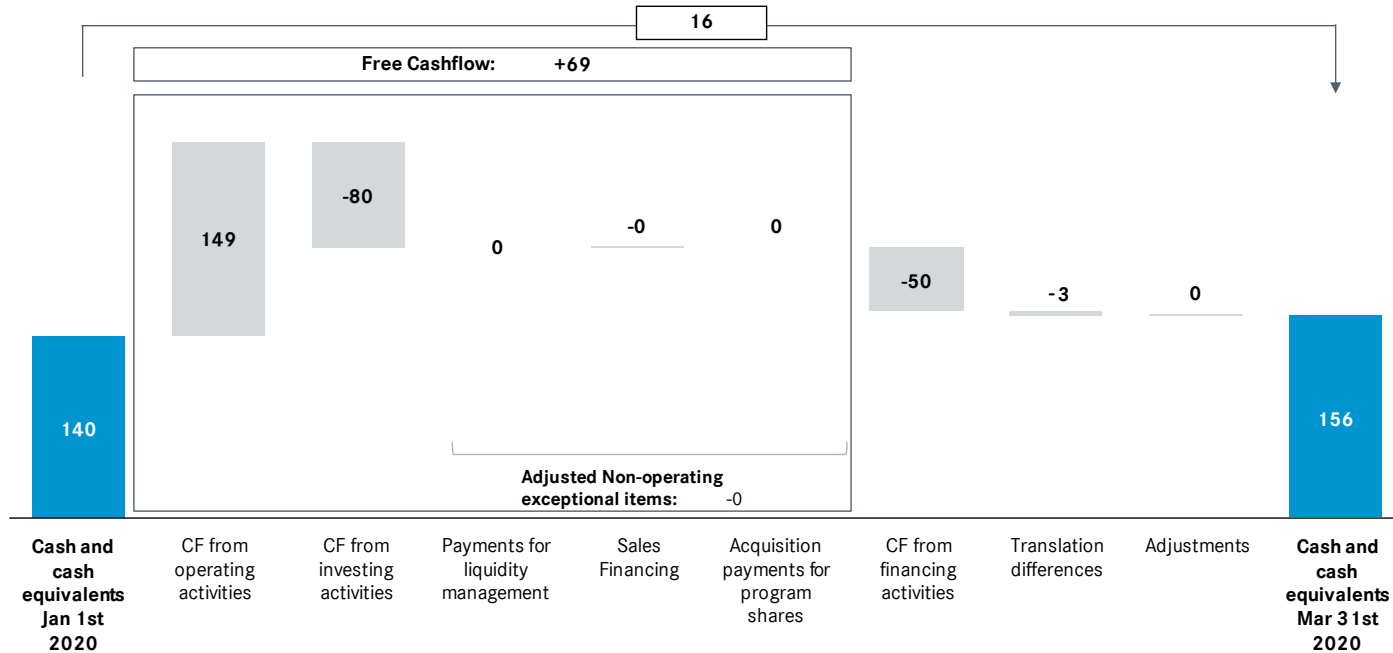
## Research & Development

	3M 2019	3M 2020	Change
<b>Total R&amp;D</b>	<b>58</b>	<b>60</b>	<b>3%</b>
<b>Customer funded R&amp;D</b>	<b>-6</b>	<b>-10</b>	<b>-65%</b>
<b>Company expensed R&amp;D</b>	<b>52</b>	<b>50</b>	<b>-5%</b>
Capitalization of R&D	-27	-24	
Amortisation	5	5	
<b>Total R&amp;D impact P&amp;L (on EBIT)</b>	<b>30</b>	<b>31</b>	<b>3%</b>
thereof booked into sales and COGS	13	16	
thereof booked into R&D according to IFRS (P&L)	17	15	

## Financial Result

	3M 2019	3M 2020	Change
Interest income	3	1	-68%
Interest expense	-4	-4	0%
<b>Interest result</b>	<b>-1</b>	<b>-3</b>	<b>-121%</b>
<b>Financial result on other items</b>	<b>0</b>	<b>-3</b>	
US\$ / non cash valuations / others	4	-1	
Interest for pension provisions	-4	-2	
<b>Financial result</b>	<b>-1</b>	<b>-6</b>	<b>&lt;-300%</b>

## MTU's Cash development January – March 2020





## Cash Flow

	(in m €)	3M 2019	3M 2020	Change
<b>Net Income IFRS</b>		<b>127</b>	<b>112</b>	<b>-12%</b>
Depreciation and amortization		60	66	
Change in provisions and liabilities		79	76	
Change in working capital		-83	-115	
Taxes		20	12	
Interest, derivatives, others		0	-1	
<b>Cash Flow from operating activities</b>		<b>202</b>	<b>149</b>	<b>-26%</b>
Net Investment in intangible assets		-18	-15	
Net Investment in R&D payments and entry fees		-1	-10	
Net Capital expenditure on property, plant and equipment		-37	-38	
Net Investments in financial assets		5	-17	
<b>Cash Flow from investing activities</b>		<b>-50</b>	<b>-80</b>	<b>-60%</b>
Adjustments		-10	0	
<b>Free Cash Flow</b>		<b>141</b>	<b>69</b>	<b>-51%</b>
<b>Cash Flow from financing activities</b>		<b>-46</b>	<b>-50</b>	<b>-9%</b>
Cash and cash equivalents at 31.03.		208	156	

## Net debt

	(in m €)	31.12.2019	31.03.2020	Change
Bonds and notes		100	101	
Convertible bonds		562	563	
Financial liabilities to bank		40	30	
thereof Revolving Credit Facility		0	0	
thereof Note Purchase Agreement		30	30	
Financial lease liabilities		147	176	
Loans from related companies and third parties		0	1	
Financial liabilities arising from program participation		300	279	
thereof arising from IAE V2500 Upshare		271	266	
<b>Gross financial debt</b>		<b>1,150</b>	<b>1,150</b>	<b>0%</b>
Cash and cash equivalents		140	156	
Loans to third parties		50	51	
Loans to related companies		0	0	
<b>Financial assets</b>		<b>189</b>	<b>206</b>	<b>9%</b>
<b>Net financial debt</b>		<b>961</b>	<b>943</b>	<b>-2%</b>

## Working capital

	(in m €)	31.12.2019	31.03.2020	Change
Inventories		1,279	1,359	
Prepayments		-396	-414	
Receivables		2,083	2,216	
Payables		-1,456	-1,536	
<b>Working Capital</b>		<b>1,510</b>	<b>1,625</b>	<b>8%</b>

## Balance Sheet

	(in m €)	31.12.2019	31.03.2020	Change
Intangible assets		1,163	1,170	
Property, plant, equipment		1,101	1,122	
other non-current assets		1,892	1,891	
<b>Total non-current assets</b>		<b>4,155</b>	<b>4,183</b>	<b>1%</b>
<b>Current assets</b>		<b>3,610</b>	<b>3,841</b>	<b>6%</b>
<b>Total assets</b>		<b>7,765</b>	<b>8,024</b>	<b>3%</b>
<b>Equity</b>		<b>2,421</b>	<b>2,438</b>	<b>1%</b>
<b>Non-current liabilities</b>		<b>2,130</b>	<b>2,197</b>	<b>3%</b>
<b>Current liabilities</b>		<b>3,214</b>	<b>3,389</b>	<b>5%</b>
<b>Total equity and liabilities</b>		<b>7,765</b>	<b>8,024</b>	<b>3%</b>
thereof pension provisions		976	977	

## PPA Depreciation / Amortization

	3M 2019	3M 2020	Change
OEM	43	46	
MRO	17	20	
<b>Total depreciation / amortization*</b>	<b>60</b>	<b>66</b>	<b>10%</b>
PPA OEM	5	5	
PPA MRO	1	1	
IAE Upshare OEM	8	8	
<b>PPA depreciation / amortization &amp; IAE Upshare amortization (EBIT adjustment)</b>	<b>13</b>	<b>13</b>	<b>-1%</b>
OEM	31	34	
MRO	16	19	
<b>Depreciation / amortization w/o PPA and w/o IAE Upshare</b>	<b>47</b>	<b>53</b>	<b>12%</b>

\* incl. amortization of intangible assets, capitalized program assets and purchased development

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