
MTU Aero Engines AG confirms its guidance after the first six months

- **25% increase in revenue to €3.1 billion**
- **Adjusted EBIT up 40% to €405 million, net income up 45% to €300 million**

Munich, July 26, 2023 – MTU Aero Engines AG generated revenue of €3.1 billion in the first half of 2023 (1-6/2022: €2.5 billion). This equates to an increase of 25%. Operating profit¹ rose by 40% from €290 million to €405 million. The adjusted EBIT margin was 13.1% (1-6/2022: 11.7%). Net income² climbed by 45% to €300 million, up from €207 million in the prior-year period.

“Flight activity and the order situation are underlining the recovery in our industry. Against this backdrop and in view of our figures for the first half of the year, we believe that we are on track to reaching the targets we have set ourselves for 2023,” said Lars Wagner, CEO of MTU Aero Engines AG. “We are confirming our full-year guidance today.” MTU had raised its earnings forecast in mid-June and confirmed its revenue guidance for 2023.

The company posted higher revenue in all business segments in the first half of 2023.

The highest revenue growth was achieved in commercial engine business, where revenue increased by 40% to €832 million (1-6/2022: €596 million). The main revenue driver was the PW1100G-JM engine for the A320neo. Within commercial engine business, organic revenue from commercial series business increased by a percentage in the thirties on a dollar basis. Organic revenue growth in spare parts business grew by a percentage in the low twenties in dollar terms. “Our spare parts business expanded across all platforms – particularly widebody engines and industrial turbines. The Geared Turbofan™ engines, the GENx, engines for business jets and industrial gas turbines generated growth in series business,” added Chief Financial Officer Peter Kameritsch.

Revenue from commercial maintenance rose by 22% from €1.7 billion to €2.1 billion in the first half of 2023. The main revenue drivers were the PW1100G-JM and the V2500 for the classic A320 aircraft family. Kameritsch: “Growth was particularly underpinned by maintenance for Geared Turbofan™ engines. This reflects the further ramp-up of GTF-MRO activities at MTU Maintenance Zhuhai in China and EME Aero in Poland. Impetus also came from maintenance for engines for long-haul and cargo aircraft, industrial gas turbines and our leasing business.” Pratt & Whitney announced a new inspection program for Geared Turbofan™ engines, which will be commencing in September and initially concern 200 engines. Commenting on this, Wagner said: “Together with our partners, we will be doing our utmost to manage this situation efficiently and to limit the impact on our customers as far as possible.

¹Adjusted EBIT = adjusted earnings before interest and taxes

²Adjusted net income = adjusted income after income taxes



I also want to stress that this is not an engine design problem. It does not affect the production of new engines and spare parts.”

In the military business, revenue grew by 7% to €229 million (1-6/2022: €213 million). The main revenue driver was the EJ200 engine for the Eurofighter.

The order backlog was valued at €21.9 billion at the end of the first half (December 31, 2022: €22.3 billion). The majority of orders were for the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM. “The consistently good order situation is also reflected in our successes at the Paris Air Show,” added Wagner. MTU received orders worth more than half a billion U.S. dollars at the Air Show held in mid-June. The order intake at the Air Show is not yet included in the order backlog.

Both of MTU’s operating segments improved their half-year earnings.

In OEM business, adjusted EBIT rose by 59% from €165 million to €262 million. The adjusted EBIT margin widened from 20.4% in the first half of 2022 to 24.7% in the first half of 2023.

In MRO business, adjusted EBIT climbed by 14% to €141 million (1-6/2022: €124 million). The adjusted EBIT margin was 6.8%, compared with 7.3% in the first half of 2022.

Kameritsch commented as follows on the special items that led to earnings adjustments: “We made an adjustment of €22 million due to credit and litigation risks on account of a customer insolvency.”

MTU increased its research and development expenses by 17% to €158 million in the first half of the year (1-6/2022: €135 million). “Our research and development activities are concentrating on technologies for sustainable emission-free aviation,” said Wagner. “In April we acquired electric motor developer eMoSys to expand our expertise in drivetrain electrification.”

Free cash flow stood at €135 million in the first six months, compared with €168 million in the prior-year period. “The Geared Turbofan™ inspection program will cause headwinds for our free cash flow,” said Kameritsch. “We will resolutely enhance our strict cash management to limit the impact as far as possible.”

Net capital expenditure on property, plant and equipment increased by 23% to €112 million in the first six months (1-6/2022: €91 million).

MTU enlarged its workforce by 5% to 11,823 employees in the first half of the year (December 31, 2022: 11,273 employees).



MTU confirms its full-year guidance for 2023: The revenue target is €6.1 to 6.3 billion. Organic revenue from commercial series business should expand by around 30% on a dollar basis, while a percentage increase in the high teens to the low twenties is expected for spare parts business. Revenue in commercial maintenance should increase organically by a percentage in the high teens on a dollar basis in 2023. In military business, revenue is expected to grow by a percentage in the mid-teens. Adjusted EBIT should be slightly higher than €800 million in 2023, while the adjusted EBIT margin is set to widen slightly over the prior year (2022: 12.3%). Free cash flow is expected to be slightly higher than in the prior year in 2023 (2022: €326 million).

MTU Aero Engines – Key data for the first half of 2023

(Amounts in € million)

MTU Aero Engines	Q2 2022	Q2 2023	As of June 2022	As of June 2023	Change
Revenue	1,289	1,549	2,469	3,093	+ 25%
thereof OEM business	424	512	810	1,061	+ 31%
thereof commercial engine business	318	387	596	832	+ 40%
thereof military engine business	106	126	213	229	+ 7%
thereof commercial maintenance	892	1,060	1,711	2,081	+ 22%
Adjusted EBIT	159	193	290	405	+ 40%
thereof OEM business	87	121	165	262	+ 59%
thereof commercial maintenance	72	72	124	141	+ 14%
<i>Adjusted EBIT margin</i>	<i>12.3%</i>	<i>12.5%</i>	<i>11.7%</i>	<i>13.1%</i>	
<i> in the OEM business</i>	<i>20.5%</i>	<i>23.6%</i>	<i>20.4%</i>	<i>24.7%</i>	
<i> in commercial maintenance</i>	<i>8.1%</i>	<i>6.8%</i>	<i>7.3%</i>	<i>6.8%</i>	
Adjusted net income	114	143	207	300	+ 45%
Net income (reported)	66	122	120	256	+ 113%
Earnings per share (basic, reported)	1.24	2.28	2.23	4.75	+ 113%
EBITDA (reported)	216	259	390	537	+ 38%
Free cash flow	33	42	168	135	- 19%
Research and development expenses	72	90	135	158	+ 17%
thereof company-funded	54	72	101	119	+ 18%
thereof customer-funded	17	18	34	39	+ 14%
<i>Company-funded R&D expenses as stated in the income statement</i>	<i>23</i>	<i>28</i>	<i>47</i>	<i>54</i>	<i>+ 14%</i>
Net capital expenditure on property, plant and equipment	54	50	91	112	+ 23%



			Dec. 31, 2022	June 30, 2023	Change
Balance sheet key figures					
Intangible assets			1,151	1,154	+ 0%
Cash and cash equivalents			823	771	- 6%
Pension provisions			707	721	+ 2%
Equity			3,107	3,268	+ 5%
Net financial debt			753	777	+ 3%
Total assets and liabilities			9,230	9,280	+ 1%
Order backlog					
			22,273	21,923	- 2%
Employees					
			11,273	11,823	+ 5%

About MTU Aero Engines

MTU Aero Engines is Germany's leading engine manufacturer. The company is a technological leader in low-pressure turbines, high-pressure compressors, turbine center frames as well as manufacturing processes and repair techniques. In the commercial OEM business, the company plays a key role in the development, manufacturing and marketing of high-tech components together with international partners. Some 30 percent of today's active aircraft in service worldwide have MTU components on board. In the commercial maintenance sector the company ranks among the top 3 service providers for commercial aircraft engines and industrial gas turbines. The activities are combined under the roof of MTU Maintenance. In the military arena, MTU Aero Engines is Germany's industrial lead company for practically all engines operated by the country's military. MTU operates a network of locations around the globe; Munich is home to its corporate headquarters.

Your contacts at MTU Aero Engines Investor Relations:

Thomas Franz
Vice President Investor Relations
Phone: + 49 (0) 89 14 89-47 87
Email: investorrelations@mtu.de

Claudia Heinle
Senior Manager Investor Relations
Phone: + 49 (0) 89 14 89-39 11

Matthias Spies
Senior Manager Investor Relations
Phone: + 49 (0) 89 14 89-41 08

All Investor Relations News and images are available at <http://www.mtu.de>

Cautionary note regarding forward-looking statements

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, competition from other companies in MTU Aero Engines' industry and MTU Aero Engines' ability to retain or increase its market share, the cyclicity of the airline industry, risks related to MTU Aero Engines' participation



in consortia and risk and revenue sharing agreements for new aero engine programs, risks associated with the capital markets, currency exchange rate fluctuations, regulations affecting MTU Aero Engines' business and MTU Aero Engines' ability to respond to changes in the regulatory environment, and other factors. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. MTU Aero Engines assumes no obligation to update any forward-looking statement.