



Preliminary Full Year Results 2018

Conference Call with Investors & Analysts

20 February 2019 - Investor Relations

Business Highlights FY 2018



- Passenger traffic continues to outperform historical average
- GTF ramp up targets in 2018 fully achieved
- Strong order momentum for GTF engines in 2018
- GTF powered Embraer E2-Jets successfully entered into market
- Dassault Aviation chose PW800 to power new Falcon 6x
- Safran and MTU Aero Engines AG join forces for the next-generation European fighter engine
- German Air Force intends to replace Eurofighter tranche 1 with new ones

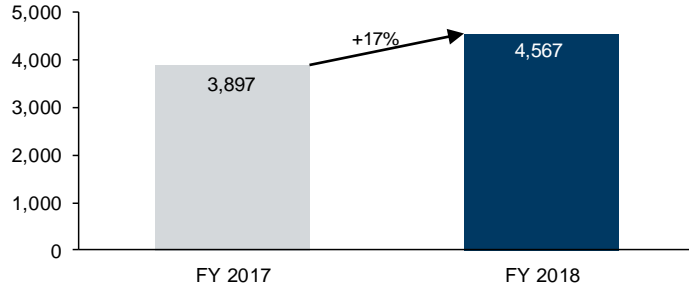
Business Highlights FY 2018



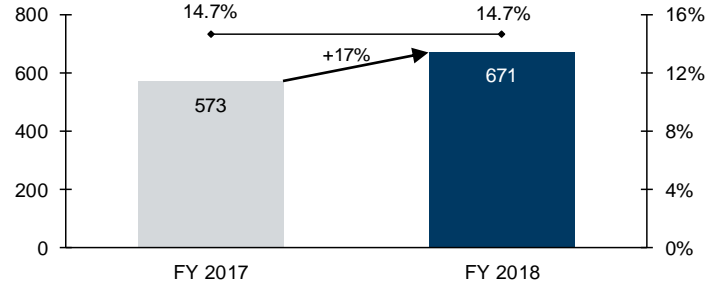
- Strong aftermarket demand
- Contract wins of 4.5 bn US\$ for our independent MRO business
- Expansion of our MRO capacity ongoing
- Order book at new record level
- Dividend proposal at 2.85 Euro per share

Financial Highlights 2018

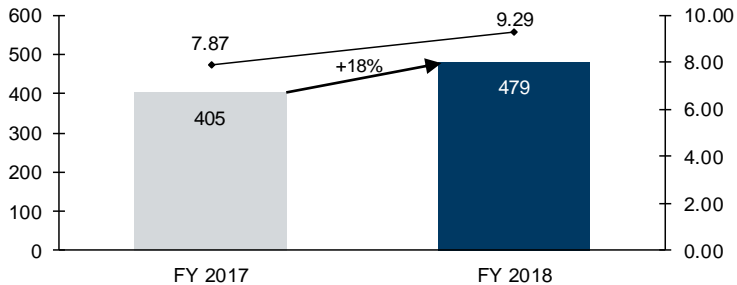
Revenues (m€)



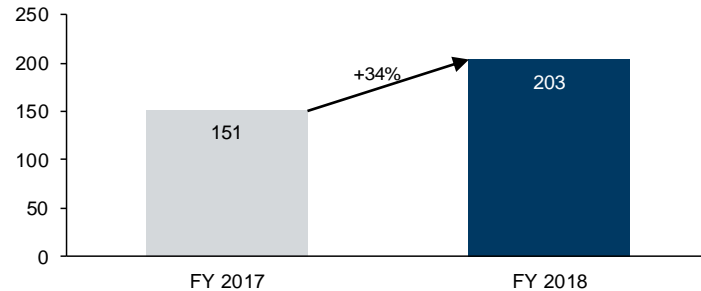
EBIT adj / EBIT adj. Margin (m€ / %)



Net income adj. / EPS adj. (m€ / €)



Free Cash Flow (m€)



Guidance 2018 exceeded

	Guidance 2018	Actuals 2018	
Revenues	~ 4.4 bn€	4,567 m€	✓
EBIT adj.	~ 660 m€	671 m€	✓
Net Income adj.	~ 470 m€	479 m€	✓
CCR*	40% - 50%	42% (203 m€)	✓

OEM Segment

(m€)	FY 2017	FY 2018	Change
Revenues	1,734.8	2,033.9	17%
Commercial Business	1,289.9	1,602.8	24%
Military Business	444.9	431.1	-3%
EBIT adj.	378.1	431.4	14%
<i>EBIT adj. margin %</i>	21.8%	21.2%	



- US\$ Commercial Business growth: ~+30%
- Military revenues almost stable
- EBIT margin slightly down due to stronger growth in Commercial OE

Commercial MRO

(m€)	FY 2017	FY 2018	Change
Revenues	2,285.3	2,799.8	23%
EBIT adj.	194.4	239.7	23%
<i>EBIT adj. margin %</i>	<i>8.5%</i>	<i>8.6%</i>	



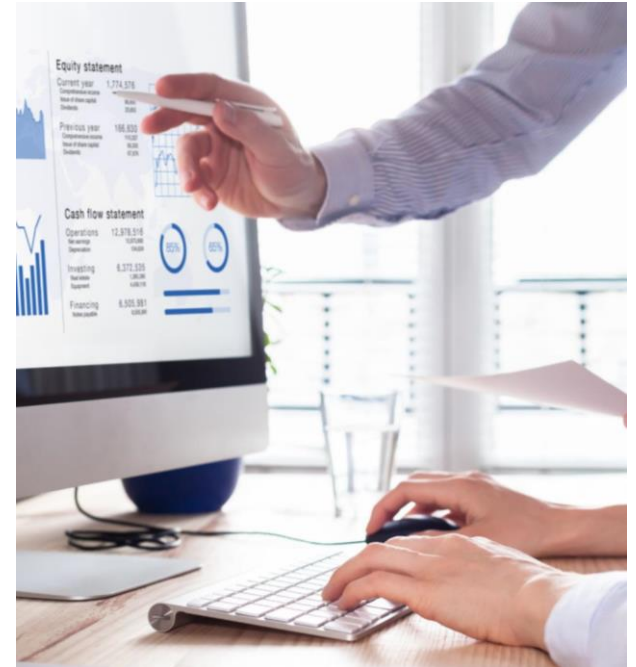
- MRO revenues at new record level
- US\$ revenues up by 28%
- 3rd consecutive year with US\$ growth >20%
- EBIT margin stable

Guidance 2019: Further growth of EBIT adj. and Free Cash Flow expected

Organic Growth

Military revenues	+ 10%	↑↑
Commercial OE	Up low teens	↑↑
Commercial Spares	Up mid to high single digit	↑↑
Commercial MRO	Up high single digit*	↑↑

Total Group Sales	~ 4.7 bn €
EBIT adj. margin	~ 15.5%
Net Income adj.	Growth in line with EBIT adj.
CCR**	50% - 60%

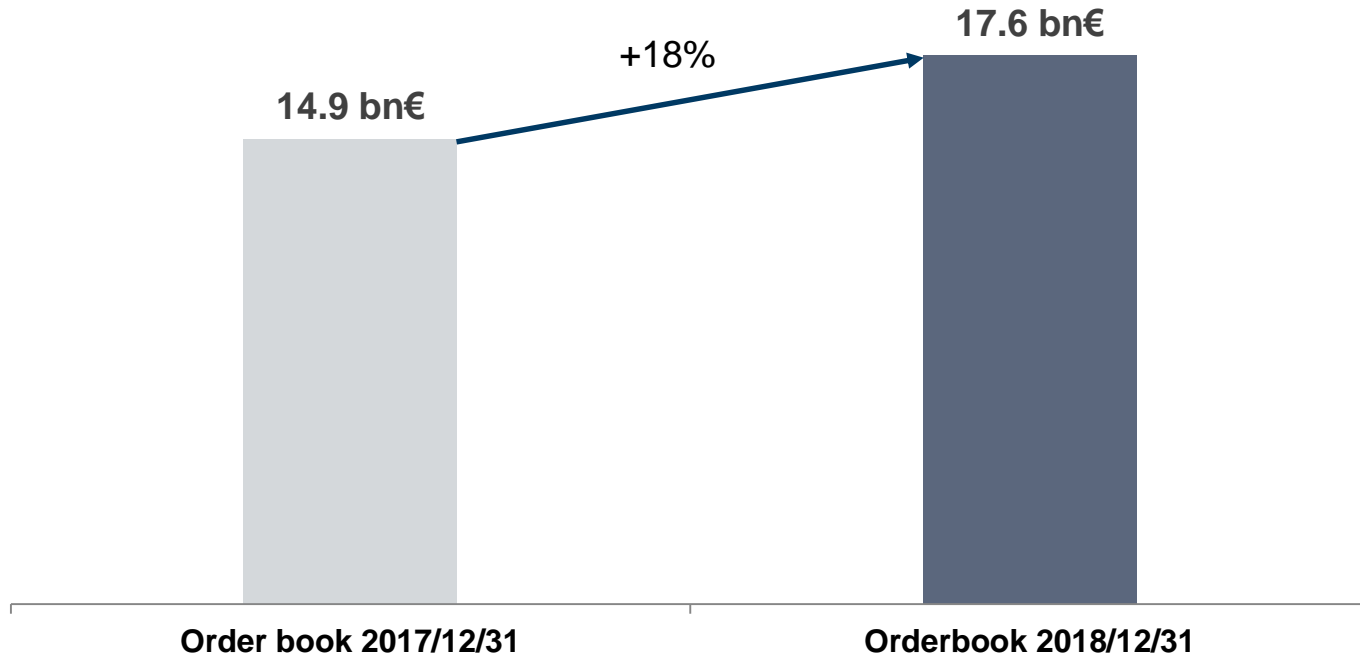


*) Direct invoicing to IAE for V2500 OEM-MRO from MTU-Z in 2019 will lead to stable Com. MRO revenues – refer to our Investor & Analyst Day 2018 (see I&A presentation page 82-83,87,90)

**) CCR = Free Cash Flow vs. Net Income adj.

Appendix

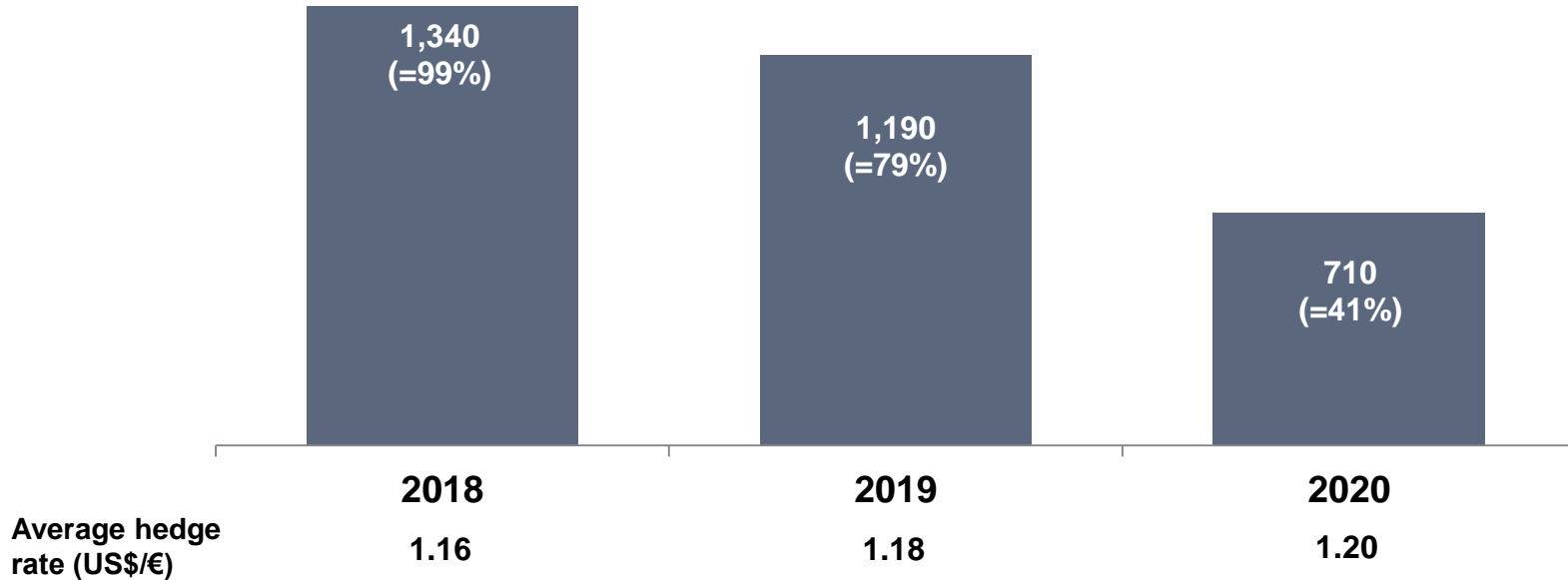
Group Order Book up 18 %



US\$ Exchange Rate / Hedge Portfolio

Hedge book as of February 20, 2019 (% of net exposure)

in m\$



Profit & Loss

(m€)	Q4 2017	Q4 2018	Change	FY 2017	FY 2018	Change
Revenues	996.6	1,248.4	25%	3,897.4	4,567.1	17%
Total Cost of Sales	-813.0	-1,035.8		-3,186.5	-3,715.8	
Gross Profit	183.6	212.6	16%	710.9	851.3	20%
<i>Gross Profit margin</i>	18.4%	17.0%		18.2%	18.6%	
R&D according to IFRS	-19.1	-18.1		-51.7	-60.7	
SG&A	-52.1	-48.8		-179.0	-198.7	
Other operating income (expense)	-5.2	-5.8		-2.9	-17.2	
P&L of companies accounted "at equity and at cost"	12.5	9.8		43.9	45.5	
EBIT reported	119.7	149.7	25%	521.2	620.2	19%
EBIT adj.	132.6	162.5	23%	572.5	671.4	17%
<i>EBIT adj. margin</i>	13.3%	13.0%		14.7%	14.7%	
Financial result	-19.2	-0.9		-43.1	-12.9	
Profit before tax (EBT)	100.5	148.8	48%	478.1	607.3	27%
Taxes	-31.9	-32.3		-119.4	-154.0	
Net Income reported	68.6	116.5	70%	358.7	453.3	26%
Net Income adj.	92.1	116.3		404.9	479.1	
EPS reported*	1.30	2.22		6.90	8.67	
EPS adj.	1.79	2.25		7.87	9.29	

* without non-controlling interests

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Reconciliation to adjusted Key Performance Indicators

(m€)	Q4 2017	Q4 2018	Change	FY 2017	FY 2018	Change
EBIT reported	119.7	149.7	25%	521.2	620.2	19%
Adjustment (PPA Depreciation & Amortization)	5.3	5.3		21.1	21.0	
Adjustment (IAE Upshare)	7.6	7.5		30.2	30.2	
EBIT adj.	132.6	162.5	23%	572.5	671.4	17%
<i>Thereof P&L of companies accounted "at equity"</i>	11.5	8.7	-24%	42.4	43.8	3%
Interest result	-4.5	1.2	127%	-7.2	-0.7	90%
Interest for pension provisions	-3.2	-3.5	-9%	-12.4	-13.8	-11%
EBT adj. w/o P&L "at equity"	113.4	151.5	34%	510.5	613.1	20%
Tax rate normalized	-29.0%	-29.0%		-29.0%	-29.0%	
Taxes	-32.8	-43.9		-148.0	-177.8	
Net Income adj.	92.1	116.3	26%	404.9	479.1	18%
EPS adj.	1.79	2.25	26%	7.87	9.29	18%

Segment Revenues and EBIT adj.

(m€)	Q4 2017	Q4 2018	Change	FY 2017	FY 2018	Change
Revenues Group	996.6	1,248.4	25%	3,897.4	4,567.1	17%
OEM Commercial	346.8	399.1	15%	1,289.9	1,602.8	24%
OEM Military	139.7	128.0	-8%	444.9	431.1	-3%
MRO	557.8	780.1	40%	2,285.3	2,799.8	23%
Consolidation	-47.7	-58.8		-122.7	-266.6	
EBIT adj. Group	132.6	162.5	23%	572.5	671.4	17%
OEM (Commercial / Military)	85.5	90.7	6%	378.1	431.4	14%
MRO	47.6	71.8	51%	194.4	239.7	23%
Consolidation	-0.5	0.0		0.0	0.3	
EBIT margin adj. Group	13.3%	13.0%		14.7%	14.7%	
<i>OEM (Commercial / Military)</i>	17.6%	17.2%		21.8%	21.2%	
<i>MRO</i>	8.5%	9.2%		8.5%	8.6%	

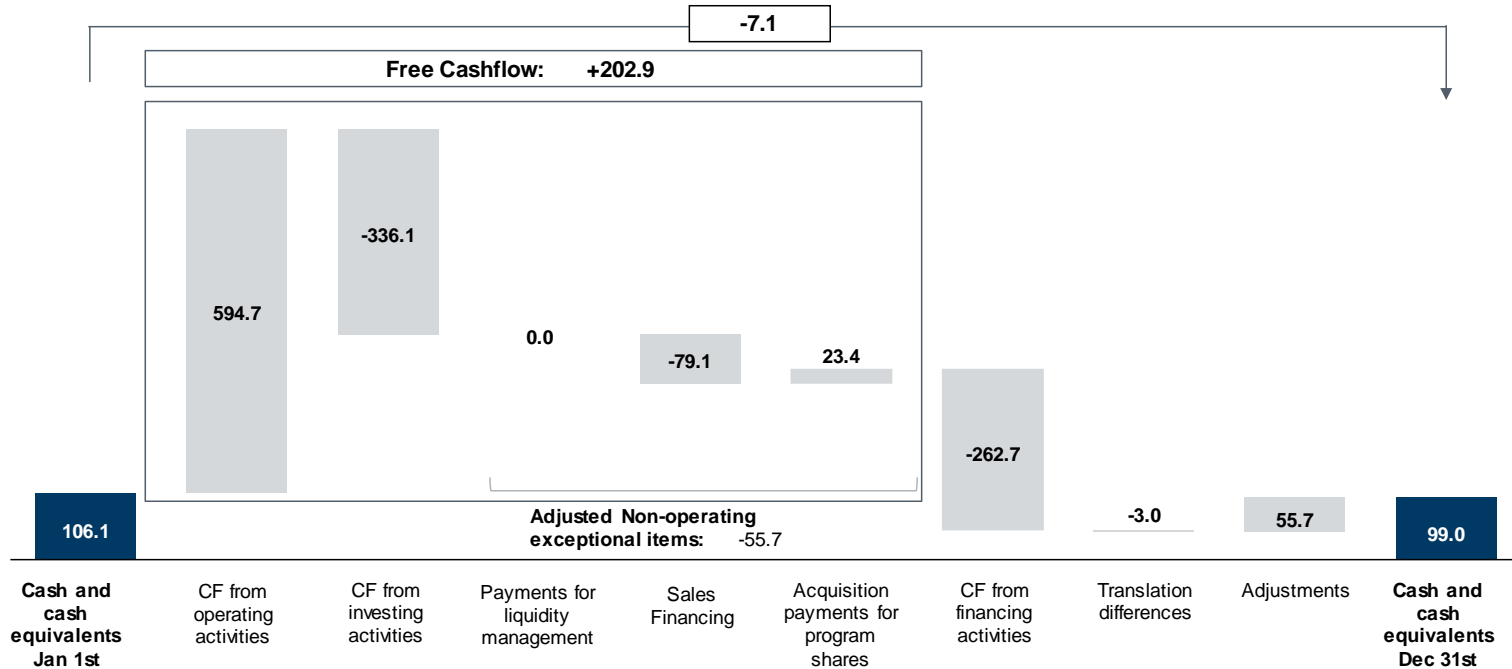
Research & Development

(m€)	Q4 2017	Q4 2018	Change	FY 2017	FY 2018	Change
Total R&D	37.3	53.5	43%	199.7	201.2	1%
Customer funded R&D	-5.6	-8.1	-45%	-31.9	-23.9	25%
Company expensed R&D	31.7	45.4	43%	167.8	177.3	6%
Capitalization of R&D	-4.6	-18.5		-91.2	-81.6	
Amortisation	5.3	4.2		14.2	15.3	
Total R&D impact P&L (on EBIT)	32.4	31.1	-4%	90.8	111.0	22%
thereof booked into sales and COGS	13.3	13.0		39.1	50.3	
thereof booked into R&D according to IFRS (P&L)	19.1	18.1		51.7	60.7	

Financial Result

(m€)	Q4 2017	Q4 2018	Change	FY 2017	FY 2018	Change
Interest income	1.5	2.6	73%	5.8	7.6	31%
Interest expense	-6.0	-1.4	77%	-13.0	-8.3	36%
Interest result	-4.5	1.2	127%	-7.2	-0.7	90%
Financial result on other items	-14.7	-2.1		-35.9	-12.2	
<i>US\$ / non cash valuations / others</i>	-11.5	1.4		-23.5	1.6	
<i>Interest for pension provisions</i>	-3.2	-3.5		-12.4	-13.8	
Financial result	-19.2	-0.9	95%	-43.1	-12.9	70%

MTU's Cash development January – December 2018



Cash Flow

(m€)	FY 2017	FY 2018	Change
Net Income IFRS	358.7	453.3	26%
Depreciation and amortization	193.5	200.5	
Change in provisions and liabilities	192.2	184.5	
Change in working capital	-191.0	-320.4	
Taxes	-25.2	17.3	
Interest, derivatives, others	-67.3	59.5	
Cash Flow from operating activities	460.9	594.7	29%
Net Investment in intangible assets	-68.4	-72.1	
Net Investment in R&D payments and entry fees	-64.6	-48.4	
Net Investment in property, plant, equipment	-166.5	-184.4	
Net Investments in financial assets	-41.3	-31.2	
Cash Flow from investing activities	-340.8	-336.1	1%
<i>Adjustments</i>	31.0	-55.7	
Free Cash Flow	151.1	202.9	34%
Cash Flow from financing activities	-332.9	-262.7	21%
Cash and cash equivalents at 31.12.	106.1	99.0	

Net financial debt

(m€)	31/12/2017	31/12/2018	Change
Bonds and notes	100.0	100.2	
Convertible bond	478.5	482.5	
Financial liabilities to bank	108.2	54.4	
<i>thereof Revolving Credit Facility</i>	78.1	14.5	
<i>thereof Note Purchase Agreement</i>	30.1	30.1	
Finance lease liabilities	11.5	10.0	
Loans from third parties	18.2	34.7	
Financial liabilities arising from program participation	370.5	350.4	
<i>thereof arising from IAE V2500 Upshare</i>	320.0	301.9	
Gross financial debt	1,086.9	1,032.2	-5%
Cash and cash equivalents	106.1	99.0	
Loans to third parties	133.5	59.7	
Loans to related companies	20.3	19.5	
Securities	0.0	0.0	
Financial assets	259.9	178.2	-31%
Net financial debt	827.0	854.0	3%

Working capital

(m€)	31/12/2017	31/12/2018	Change	Change in %
Inventories	845.1	995.8	150.7	
Prepayments	-306.1	-292.9	13.2	
Receivables	1,617.8	1,995.6	377.8	
Payables	-1,109.5	-1,330.8	-221.3	
Working Capital	1,047.3	1,367.7	320.4	31%

Balance Sheet

(m€)	31/12/2017	31/12/2018	Change
Intangible assets	1,032.5	1,072.7	
Property, plant, equipment	735.5	799.3	
other non-current assets	1,773.8	1,843.9	
Total non-current assets	3,541.8	3,715.9	5%
Current assets	2,683.4	3,134.9	17%
Total assets	6,225.2	6,850.8	10%
Equity	1,841.3	2,144.2	16%
Non-current liabilities	1,855.6	1,902.3	3%
Current liabilities	2,528.3	2,804.3	11%
Total equity and liabilities	6,225.2	6,850.8	
<i>thereof pension provisions</i>	<i>870.7</i>	<i>879.0</i>	

PPA Depreciation / Amortization

(m€)	Q4 2017	Q4 2018	FY 2017	FY 2018
Total depreciation / amortization*				
OEM	46.2	43.1	156.1	162.0
MRO	9.0	13.6	37.4	38.5
MTU total	55.2	56.7	193.5	200.5
PPA depreciation / amortization & IAE Upshare amortization (EBIT adjustments)				
PPA OEM	4.6	4.7	18.6	18.6
PPA MRO	0.7	0.6	2.5	2.4
IAE Upshare OEM	7.6	7.5	30.2	30.2
MTU total	12.9	12.8	51.3	51.2
Depreciation / amortization w/o PPA and w/o IAE Upshare				
OEM	34.0	30.9	107.3	113.2
MRO	8.3	13.0	34.9	36.1
MTU total	42.3	43.9	142.2	149.3

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

Guidance for PPA and IAE Upshare Amortization

(m€)	2017	2018	2019E	2020E	2021E	2022E	2023E
PPA depreciation / amortization	21.1	21.0	~21	~21	~21	~21	~19
IAE Upshare	30.2	30.2	~30	~30	~30	~30	~30
Adjustments	51	51	~51	~51	~51	~51	~49

Guidance for R&D Amortization

(m€)	2017	2018	2019E	2020E	2021E	2022E	2023E
R&D amortization	14.2	15.3	~19	~20	~19	~22	~24

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