
First half of 2022: MTU Aero Engines AG continues to grow and confirms its forecast

- Revenue up 23%
- Operating profit and net income both increased by 53%

Munich, July 27, 2022 – MTU Aero Engines AG grew revenue by 23% to €2.47 billion in the first half of 2022 (1-6/2021: €2.00 billion). The operating profit¹ increased by 53% from €190 million to €290 million. The adjusted EBIT margin rose from 9.5% in the first half of 2021 to 11.7% in the first half of 2022. Net income² developed in line with operating profit, rising 53% to €207 million compared with €135 million in the prior-year period.

“Despite the ongoing challenges, MTU successfully continued its profitable growth course in the first half of the year. Market data such as the development of passenger and cargo traffic and demand for new aircraft, especially narrowbodies, point to a sustained recovery in our sector,” said Reiner Winkler, CEO of MTU Aero Engines AG. “In view of that, we can now confirm our guidance for the full year.” MTU’s forecast is based on an U.S.\$ exchange rate of 1.10. The company’s guidance was previously based on an exchange rate of 1.15.

All business areas at MTU generated higher revenue than in the first half of 2021.

The highest revenue growth was registered in the commercial maintenance business, where revenue increased by 26% to €1.71 billion (1-6/2021: €1.35 billion). The most important revenue generators were the PW1100G-JM engine for the A320neo and the V2500 for the classic A320 aircraft family. “At the end of the first six months, maintenance business for the PW1100G-JM is slightly lower than had been anticipated. In U.S. dollars, we now expect full-year revenue growth to be in the high teen percentage range,” said CFO Peter Kameritsch. MTU had previously forecast commercial MRO revenue growth on a dollar basis in the mid to high twenty-percent range. Kameritsch added: “Currency effects are likely to have a compensatory effect here, so on a euro basis our total revenue target remains unchanged.”

In the commercial engine business, MTU increased revenue by 16% from €515 million to €596 million. Measured in dollars, organic revenue growth in the spare parts business was in the mid-teen percentage range. Organic revenue in the commercial series business declined by about 10%. Kameritsch: “We saw a rise in spare parts, especially for narrowbody and freighter aircraft engines. In the series business, Geared Turbofan™ deliveries recovered, while the situation with other programs such as the GEnx remained challenging.” The main revenue driver in the commercial engine business was the PW1100G-JM.

¹Adjusted EBIT = adjusted earnings before interest and taxes

²Adjusted net income = adjusted income after income taxes



In the military engine business, revenue rose by 14% to €213 million in the first six months of the year (1-6/2021: €187 million). Kameritsch: "This was mainly due to postponements from the fourth quarter of 2021." The most important revenue driver in the military engine business was the EJ200 engine for the Eurofighter.

The order backlog set another new record at €24.56 billion (December 31, 2021: €22.24 billion). The majority of the orders were for the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM. "The orders totaling nearly U.S.\$600 million received last week at the Farnborough Airshow are further evidence of MTU's strong order situation," said Winkler.

Both of MTU's operating segments improved their half-year results.

In the MRO business, adjusted EBIT rose 61% from €77 million to €124 million. The adjusted EBIT margin was 7.3%, compared with 5.7% in the first half of 2021.

In the OEM business, adjusted EBIT rose 47% to €165 million (1-6/2021: €113 million). The adjusted EBIT margin increased from 16.0% in the first half of 2021 to 20.4% in the first half of 2022.

Kameritsch commented as follows on the special items that led to earnings adjustments: "We recognized a write-down of €24 million for the T408 engine for the CH-53K. The background is that the German government decided for a competing product instead of Sikorsky's King Stallion. MTU is not involved in the Boeing Chinook, hence the write-down."

MTU spent €135 million on research and development in the first six months, which was 32% more than in the prior-year period (1-6/2021: €102 million). "Our sustained high R&D expenditure shows that we are investing in sustainable, emission-free aviation for the future and thus in the future of MTU," said Winkler. The funds were used for improvements in the performance of the Geared Turbofan™ programs, technology studies for future engine generations, especially hydrogen and flying fuel cells, and digitalization of engine construction.

The free cash flow was €168 million in the first six months, compared with €187 million in the prior-year period. "With regard to our working capital, we are stepping up our focus on issues such as supply chains, turn around times and the expected increase in volumes. At the same time, we are clearly within our full-year expectations," said Kameritsch.

Net capital expenditure on property, plant and equipment increased by 46% from €63 million to €91 million in the first six months.



At the end of the first half-year, MTU had 10,833 employees, 3% more than at year-end 2021 (December 31, 2021: 10,508 employees).

MTU is retaining its guidance on FY 2022. The company expects revenue for the year to be between €5.2 billion and €5.4 billion. Adjusted EBIT should increase in the mid twenty-percent range. Net income is expected to rise in line with operating profit. MTU expects the cash conversion rate, which shows the ratio of free cash flow to adjusted net income, to be in the mid to high double-digit percentage range in 2022 (2021: 70%).

MTU Aero Engines – Key data for the first half of 2022

(Amounts in € million)

MTU Aero Engines	Q2 2021	Q2 2022	As of June 2021	As of June 2022	Change
Revenue	1,015	1,289	2,004	2,469	+23%
thereof OEM business	365	424	701	810	+15%
thereof commercial engine business	265	318	515	596	+16%
thereof military engine business	100	106	187	213	+14%
thereof commercial maintenance	674	892	1,352	1,711	+26%
Adjusted EBIT	103	159	190	290	+53%
thereof OEM business	66	87	113	165	+47%
thereof commercial maintenance	38	72	77	124	+61%
<i>Adjusted EBIT margin</i>	<i>10.2%</i>	<i>12.3%</i>	<i>9.5%</i>	<i>11.7%</i>	
<i>in the OEM business</i>	<i>18.0%</i>	<i>20.5%</i>	<i>16.0%</i>	<i>20.4%</i>	
<i>in commercial maintenance</i>	<i>5.7%</i>	<i>8.1%</i>	<i>5.7%</i>	<i>7.3%</i>	
Adjusted net income	77	114	135	207	+53%
Net income (reported)	54	66	103	120	+16%
Earnings per share (basic, reported)	0.98	1.24	1.89	2.23	+18%
EBITDA (reported)	160	216	302	390	+29%
Free cash flow	81	33	187	168	-10%
Research and development expenses	55	72	102	135	+32%
thereof company-funded	39	54	75	101	+34%
thereof customer-funded	16	17	27	34	+27%
<i>Company-funded R&D expenses as stated in the income statement</i>	<i>21</i>	<i>23</i>	<i>37</i>	<i>47</i>	<i>+27%</i>
Net capital expenditure on property, plant and equipment	39	54	63	91	+46%



			Dec. 31, 2021	June 30, 2022	Change
Balance sheet key figures					
Intangible assets			1,128	1,136	+1%
Cash and cash equivalents			722	733	+2%
Pension provisions			948	745	-21%
Equity			2,760	2,842	+3%
Net financial debt			673	627	-7%
Total assets and liabilities			8,304	8,645	+4%
Order backlog					
			22,237	24,563	+10%
Employees					
			10,508	10,833	+3%

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.

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