
MTU Aero Engines uses Capital Market Day to provide an initial outlook for 2021

- **Recovery in commercial maintenance and the spare parts business**
- **Commercial series business stable**
- **Slight improvement in the military business**

Munich, November 19, 2020 – At its virtual Capital Market Day, MTU Aero Engines AG provided an initial outlook for 2021. The company expects the clearest recovery from the effects of the coronavirus crisis to be in the commercial maintenance business. The spare parts and military business should also pick up. In 2021, commercial series business is expected to remain at the 2020 level. “All market analyses indicate that aviation will remain a growth business in the long term,” said Reiner Winkler, CEO of MTU Aero Engines AG. “We see the coming years as a restart phase in which we will use our technological leadership, innovative strength and flexibility to extend our good starting position, so that we can derive above-average benefit from the growth of the sector from 2024.” MTU will be able to capitalize on its future-oriented product portfolio, diversified customer base and solid financial structure. Winkler: “We will continue to focus on organic growth in the future.”

Commercial maintenance should show the strongest upward trend in 2021, with revenue growth in the twenty percent range. “Key drivers here are our strong position in engines for narrowbody aircraft and our large customer base in the cargo sector,” said Chief Program Officer Michael Schreyögg. Cargo has proven robust during the coronavirus pandemic. In the passenger sector, domestic flights are recovering faster than international routes, so demand for narrowbody aircraft is higher than for widebodies. “Use of modern aircraft like the A320neo is strong, so we will see a significant rise in maintenance of PW1100G-JM engines in the future,” said Schreyögg. In view of the good outlook for commercial maintenance, MTU is sticking to its expansion plans, including establishing a component repair site in Serbia and expanding MTU Maintenance Zhuhai.

The commercial spare parts business should post slightly higher revenue in 2021. The main revenue drivers here are the V2500 for the A320, the CF6, which is used in many Airbus and Boeing models, and the PW2000 for the Boeing 757 and the C-17 military transporter.

MTU anticipates that the commercial series business will make a stable contribution to revenue in 2021. “Lower output of aircraft is reflected in engine production,” said Schreyögg. “There are signs that production will be ramped up again in the mid term, especially production of the A320neo. On the engines side, we are optimally prepared for that.” MTU is focusing on the entire value chain, from product design and supplier management, through procurement strategy, quality management and cost management to automation and digitalization. Lars Wagner, Chief Operating Officer: “Our declared aim is to maximize production flexibility while



maintaining the highest quality standards and, at the same time, expanding our technological and cost leadership.” As well as optimizing the present engine generations, MTU is working on technologies reaching well into the coming decades. “We are paying special attention to issues such as emission-free flying, especially topics like hydrogen and flying fuel cells,” said Wagner.

The military business has not been affected by the pandemic and should post further slight growth in 2021. “Here, we are benefiting from the decision on the replacement of the first Eurofighter tranche and we are very well positioned to participate in the successor to the Tornado. There is also excellent export potential for the Eurofighter with the EJ200 engine,” explained Schreyögg. “In the military segment, the key element for the future is the next-generation European fighter aircraft, which we are supporting with the Next European Fighter Engine.” Wagner: “We are working on key basic technologies, which can also be used in the commercial sector.”

Chief Financial Officer Peter Kameritsch summed up: “On the financial side, safeguarding our liquidity has top priority for us. We are acting with foresight to steer MTU safely through the crisis and restart phases and, at the same time, to ensure we have the necessary financial headroom for organic growth and investment in new programs.” MTU has increased its liquidity reserves considerably in 2020. In addition, a restructuring program has been introduced. The resulting capacity adjustment of ten to 15 percent should be completed by the end of 2021.

Forecast for 2021

Organic revenue development

Military business	Slightly up
Commercial series production business	Stable
Spare parts business	Slightly up
Commercial maintenance	Up in the twenty-percent range

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 5 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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