

Q3 2019 Results

Conference Call with Investors & Analysts

25 October 2019 - Investor Relations

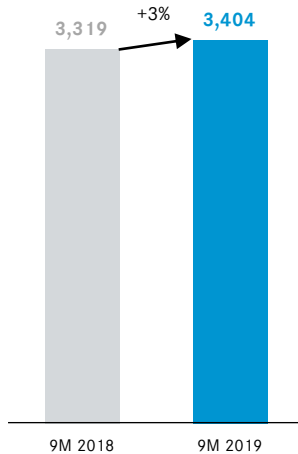
Business Highlights Q3 2019



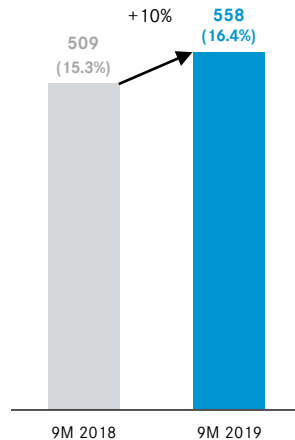
- Robust market environment
- Further ramp up of GTF deliveries on track
- MRO contract wins at new record levels at 6bn US\$ ytd.
- LEAP engines will complement MRO engine portfolio at MTU Zhuhai
- Capacity expansion on track
- Successful launch of new convertible bond
- MTU included in the DAX index

Financial Highlights Q3 2019

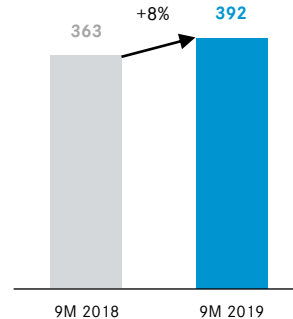
Revenues
(in m€)



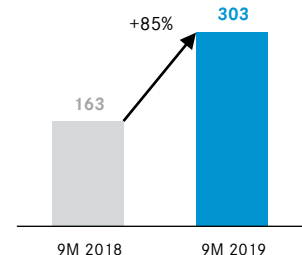
EBIT adjusted
(in m€)



Net income adj.
(in m€)



Free Cash Flow
(in m€)



OEM Segment

(in m €)	9M 2018	9M 2019	Change
Revenues	1,340	1,461	9%
Military Business	303	324	7%
Commercial Business	1,037	1,138	10%
EBIT adj.	341	370	9%
EBIT adj. margin %	25.4%	25.3%	



- US\$ Commercial business growth: ~ 3%
- Military revenues up by 7%
- EBIT margin stable

Commercial MRO

	(in m €)	9M 2018	9M 2019	Change
Revenues		2,020	1,996	-1%
EBIT adj.		168	187	12%
EBIT adj. margin %		8.3%	9.4%	



- Organic Revenue growth ~ 8%
- EBIT margin increase due to process change* and performance MTU Zhuhai

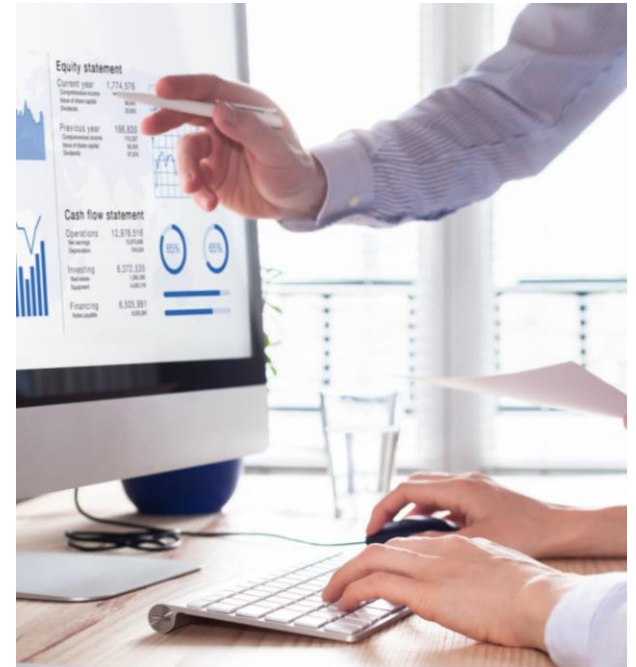
*see page 4 of 2019 Q1 presentation

Guidance 2019 Confirmed

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	~ 16% (ex 15.5%)
Net Income adj.	Growth in line with EBIT adj.
CCR**	~ 65-70% (ex 55% - 65%)

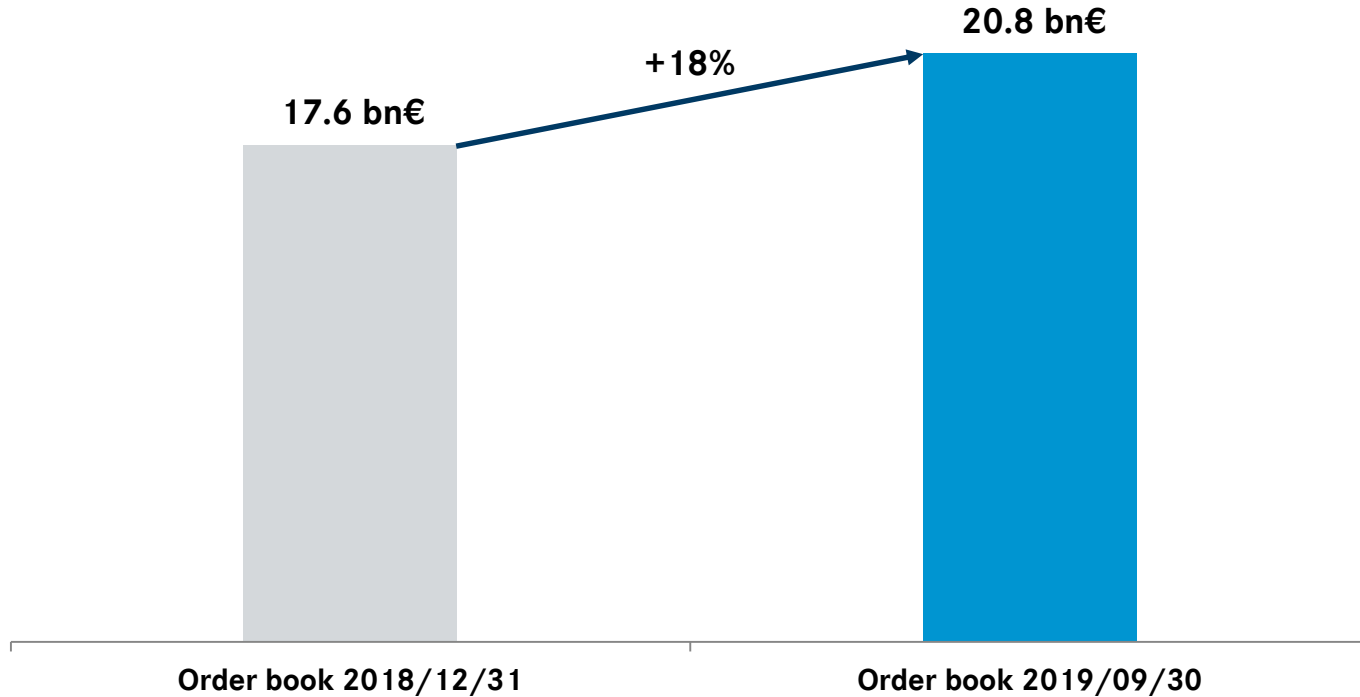


*) Direct invoicing to IAE for V2500 OEM-MRO from MTU-Z in 2019 will lead to stable Com. MRO revenues – refer to our Investor & Analyst Day 2018 (see I&A presentation page 82-83,87,90)

***) CCR = Free Cash Flow vs. Net Income adj.
October 25, 2019

Appendix

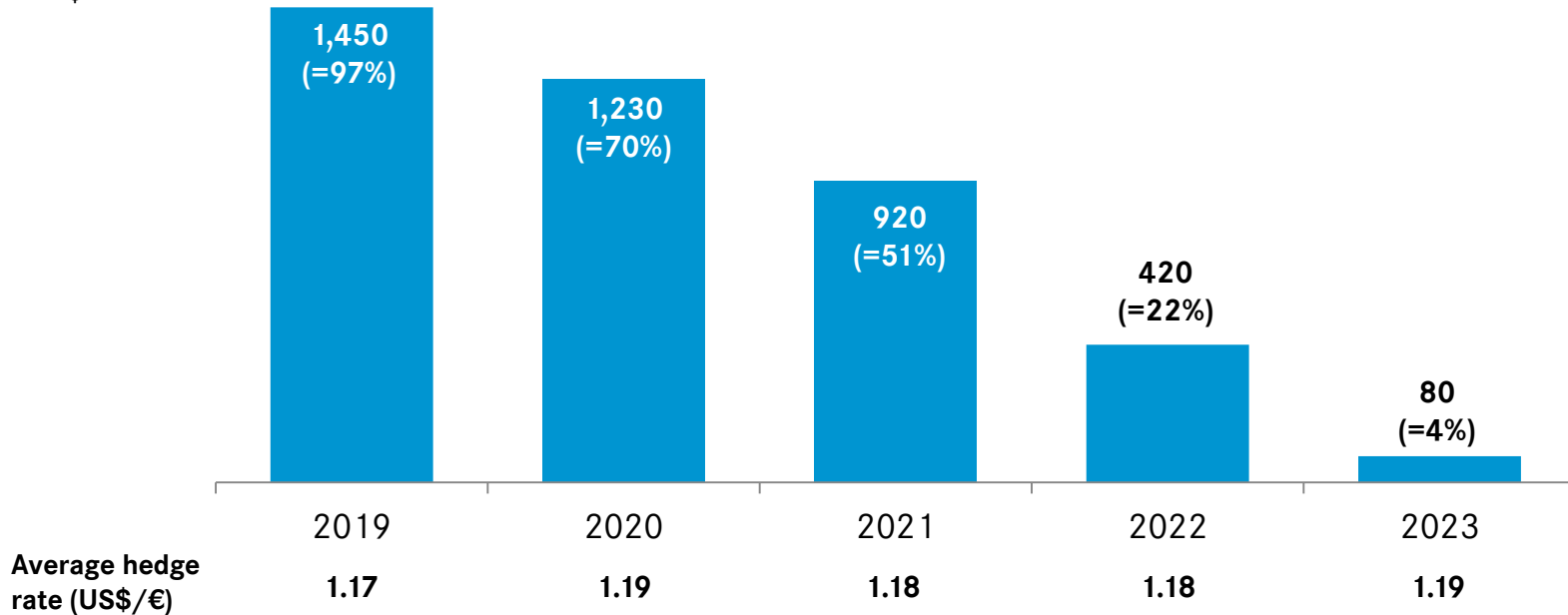
Group Order Book up 18 %



US\$ Exchange Rate / Hedge Portfolio

Hedge book as of October 25, 2019 (% of net exposure)

in m\$



Profit & Loss

	Q3 2018	Q3 2019	Change	9M 2018	9M 2019	Change
Revenues	1,170	1,161	-1%	3,319	3,404	3%
Total cost of sales	-954	-920		-2,680	-2,709	
Gross profit	216	241	11%	639	695	9%
Gross profit margin %	18.5%	20.8%		19.2%	20.4%	
R&D according to IFRS	-16	-17		-43	-45	
SG&A	-53	-50		-150	-154	
Other operating income (expense)	-3	-9		-11	-27	
P&L of companies accounted at equity and equity investments	17	15		36	51	
EBIT reported	162	180	11%	471	519	10%
EBIT adjusted	174	193	10%	509	558	10%
EBIT adjusted margin %	14.9%	16.6%		15.3%	16.4%	
Financial result	-7	-6		-12	-24	
Profit before tax (EBT)	154	174	13%	459	495	8%
Taxes (IFRS)	-36	-48		-122	-141	
Net Income reported	118	126	6%	337	355	5%
Net Income adj.	126	131		363	392	
EPS reported*	2.25	2.41		6.44	6.76	
EPS adj.	2.44	2.53		7.04	7.58	

* without non-controlling interests

Reconciliation to adjusted Key Performance Indicators

	Q3 2018	Q3 2019	Change	9M 2018	9M 2019	Change
EBIT reported	162	180	11%	471	519	10%
Adjustment (PPA Depreciation & Amortization)	5	5		16	16	
Adjustment (IAE Upshare)	8	8		23	23	
EBIT adjusted	174	193	10%	509	558	10%
thereof P&L of companies accounted "at equity"	17	15		35	50	
Interest result	-1	-11		-2	-15	
Interest for pension provisions	-4	-4		-10	-11	
EBT adj. w/o P&L "at equity"	153	164	7%	462	482	4%
Tax rate normalized	-29%	-29%		-29%	-29%	
Taxes	-44	-48		-134	-140	
Net Income adj.	126	131	4%	363	392	8%
EPS adj.	2.44	2.53	3%	7.04	7.58	8%

Segment Revenues and EBIT adj.

	Q3 2018	Q3 2019	Change	9M 2018	9M 2019	Change
Revenues Group	1,170	1,161	-1%	3,319	3,404	3%
OEM Commercial	350	365	4%	1,037	1,138	10%
OEM Military	104	108	3%	303	324	7%
MRO	731	709	-3%	2,020	1,996	-1%
Consolidation	-15	-20		-41	-54	
EBIT adjusted Group	174	193	10%	509	558	10%
OEM (Commercial / Military)	112	127	14%	341	370	9%
MRO	62	65	4%	168	187	12%
Consolidation	0	0		0	0	
EBIT adjusted margin Group	14.9%	16.6%		15.3%	16.4%	
OEM (Commercial / Military)	24.6%	27.0%		25.4%	25.3%	
MRO	8.5%	9.2%		8.3%	9.4%	

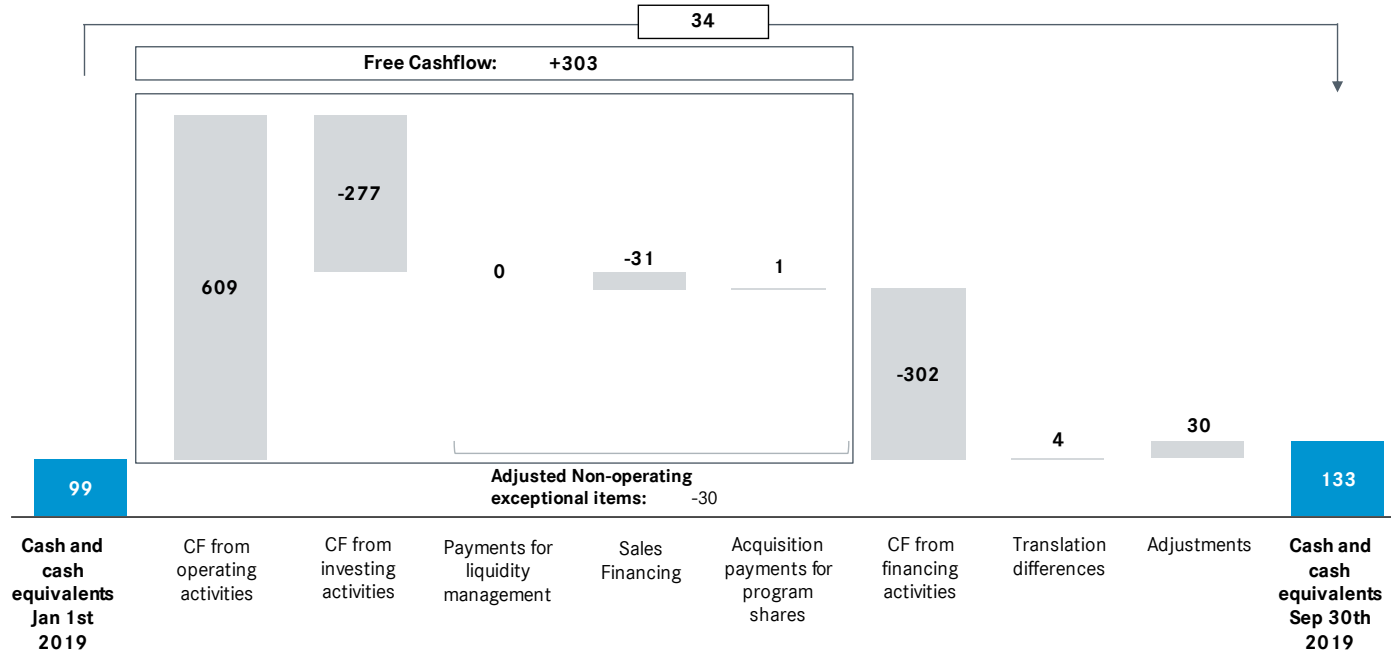
Research & Development

	Q3 2018	Q3 2019	Change	9M 2018	9M 2019	Change
Total R&D	49	55	13%	148	167	13%
Customer funded R&D	-4	-6	-64%	-16	-23	-42%
Company expensed R&D	45	48	9%	132	144	9%
Capitalization of R&D	-20	-27		-63	-76	
Amortisation	4	5		11	15	
Total R&D impact P&L (on EBIT)	29	27	-6%	80	84	5%
thereof booked into sales and COGS	13	10		37	38	
thereof booked into R&D according to IFRS (P&L)	16	17		43	45	

Financial Result

	Q3 2018	Q3 2019	Change	9M 2018	9M 2019	Change
Interest income	2	2	-17%	5	5	2%
Interest expense	-3	-12	<-300%	-7	-20	-191%
Interest result	-1	-11	<-300%	-2	-15	<-300%
Financial result on other items	-7	5		-10	-9	
US\$ / non cash valuations / others	-3	8		0	2	
Interest for pension provisions	-4	-4	-6%	-10	-11	
Financial result	-7	-6		-12	-24	-99%

MTU's Cash development January – September 2019



Cash Flow

	(in m €)	9M 2018	9M 2019	Change
Net Income IFRS		337	355	5%
Depreciation and amortization		144	189	
Change in provisions and liabilities		157	139	
Change in working capital		-207	-124	
Taxes		20	32	
Interest, derivatives, others		7	18	
Cash Flow from operating activities		457	609	33%
Net Investment in intangible assets		-52	-79	
Net Investment in R&D payments and entry fees		-18	-17	
Net Capital expenditure on property, plant and equipment		-134	-166	
Net Investments in financial assets		-84	-16	
Cash Flow from investing activities		-288	-277	4%
Adjustments		-6	-30	
Free Cash Flow		163	303	85%
Cash Flow from financing activities		-212	-302	-42%
Cash and cash equivalents at 30.09.		61	133	

Net debt

	(in m €)	31.12.2018	30.09.2019	Change
Bonds and notes		100	99	
Convertible bonds		483	692	
Financial liabilities to bank		54	40	
thereof Revolving Credit Facility		15	0	
thereof Note Purchase Agreement		30	30	
Financial lease liabilities		10	148	
Loans from related companies and third parties		35	1	
Financial liabilities arising from program participation		350	315	
thereof arising from IAE V2500 Upshare		302	284	
Gross financial debt		1,032	1,295	25%
Cash and cash equivalents		99	133	
Loans to third parties		60	51	
Loans to related companies		20	1	
Financial assets		178	184	3%
Net financial debt		854	1,111	30%

Working capital

	(in m €)	31.12.2018	30.09.2019	Change
Inventories		996	1,169	
Prepayments		-293	-389	
Receivables		1,996	2,122	
Payables		-1,331	-1,411	
Working Capital		1,368	1,492	9%

Balance Sheet

	(in m €)	31.12.2018	30.09.2019	Change
Intangible assets		1,073	1,125	
Property, plant, equipment		799	1,006	
other non-current assets		1,844	1,900	
Total non-current assets		3,716	4,031	8%
Current assets		3,135	3,540	13%
Total assets		6,851	7,571	11%
Equity		2,144	2,092	-2%
Non-current liabilities		1,902	2,332	23%
Current liabilities		2,804	3,148	12%
Total equity and liabilities		6,851	7,571	11%
thereof pension provisions		879	991	

PPA Depreciation / Amortization

	Q3 2018	Q3 2019	Change	9M 2018	9M 2019	Change
OEM	40	45		119	132	
MRO	8	23		25	57	
Total depreciation / amortization*	48	68	41%	144	189	31%
PPA OEM	5	5		14	14	
PPA MRO	1	1		2	2	
IAE Upshare OEM	8	8		23	23	
PPA depreciation / amortization & IAE Upshare amortization (EBIT adjustment)	13	13	0%	38	38	0%
OEM	28	33		82	96	
MRO	8	23		23	55	
Depreciation / amortization w/o PPA and w/o IAE Upshare	36	55	56%	105	150	43%

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

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