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### MTU Aero Engines AG publishes figures for 2021

- **Earnings and cash flow forecast fully achieved**
- **Outlook for 2022 confirmed**
- **Executive Board to propose a dividend of €2.10**

*- preliminary figures - pending the approval of the Supervisory Board -*

Munich, February 16, 2022 – MTU Aero Engines AG has published its preliminary figures for 2021: Revenue rose 5% from €3,977 million to €4,188 million. The operating profit<sup>1</sup> was 13% higher at €468 million (2020: €416 million). The adjusted EBIT margin was 11.2%, compared with 10.5% in 2020. Net income<sup>2</sup> climbed to €342 million in 2021 (2020: €294 million).

“In 2021, MTU once again demonstrated its resilience in the face of crisis. Despite continued disruption and uncertainty as a result of the coronavirus pandemic, it was a successful year in which we fully achieved our earnings and cash flow forecasts,” said Reiner Winkler, CEO of MTU Aero Engines AG. As the market remained volatile due to Covid-19, MTU gave more precise guidance when it presented its half-year figures at the end of July and after the first nine months. The most recent forecast was for revenue of between €4.3 and €4.4 billion. “In both the OEM and the MRO business, revenue was slightly below our expectations in 2021, so total revenue was slightly lower than had been forecast,” said Winkler. The target for the adjusted EBIT margin was 10.5%. The operating profit and adjusted net income had been expected to develop in line with one another. Winkler: “Our product and service portfolio positions us optimally to benefit from the expected market recovery in 2022. We can confirm the guidance we issued at our Capital Market Day in November 2021.”

### Outlook for 2022

Commercial maintenance should show the strongest upward momentum in 2022, with organic revenue growth in the mid- to high-twenties percentage range. The increase in revenue in the commercial series business should be in the mid- to high-teens percentage range. In the commercial spare parts business, MTU predicts that the rise in revenue will be in the mid-teens percentage range. In the military business, revenue growth in the high single-digit percentage range is expected. Overall, MTU projects a revenue range of between €5.2 and €5.4 billion in 2022. The company expects growth in adjusted EBIT to be in the mid-twenties percentage range in 2022. Adjusted net income should increase in line with the operating profit. The cash conversion rate, which shows the ratio of free cash flow to adjusted net income, is expected to be in the mid to high double-digit percentage range in 2022 (2021: 70%).

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<sup>1</sup> Adjusted EBIT = earnings before interest and taxes calculated on a comparable basis

<sup>2</sup> Adjusted net income = income after income taxes calculated on a comparable basis



### **Higher revenue in commercial maintenance**

In commercial maintenance (MRO), MTU raised revenue by 9% to €2,741 million in 2021 (2020: €2,522 million). Around 60% of the revenue mix was work in MTU's core MRO business and around 40% comprises maintenance work on the Geared Turbofan™. "On a dollar basis, MRO reported a 13% rise in revenue, which was not quite as strong as had been anticipated," said CFO Peter Kameritsch. MTU had assumed the commercial maintenance business would report organic revenue growth in the mid-teen percentage range. The main revenue drivers in this business were the PW1100G-JM engine for the A320neo and the V2500, which is used in the classic A320.

Revenue was stable in both the commercial engine business and the military engine business in 2021.

In the commercial engine business, MTU generated revenue of €1,066 million (2020: €1,052 million). Organic revenue increased by 5% in the spare parts business but fell by 6% in the series business. "A quarterly view shows an organic improvement in both areas," said Kameritsch. "In the fourth quarter, revenue from the series business was about 20% higher than in the fourth quarter of 2020 and in the spare parts business the increase was around 40%." The PW1100G-JM for the A320neo was the main revenue driver in the commercial engine business.

In the military engine business, revenue came to €482 million in 2021 (2020: €483 million), which was below the growth assumption of around 5%. Kameritsch: "We had assumed higher revenue from the Next European Fighter Engine for the new generation of fighter jets. However, that has been delayed because the contract for the demonstrator phase has not yet been signed." The main revenue driver in the military business was the EJ200 engine for the Eurofighter.

### **Record order backlog of €22.2 billion**

At the end of 2021, MTU's order backlog amounted to €22.2 billion, compared with €18.6 billion at year-end 2020. "That is a new record and further evidence of MTU's future viability," said Winkler. "In 2021, we secured commercial maintenance orders worth U.S.\$4.6 billion. Particularly given the difficult market situation, that is evidence of MTU's strong market position." The order backlog mainly relates to V2500 and the Geared Turbofan™ engines in the PW1000G family, especially the PW1100G-JM.

### **Earnings of the business units**

The improvement in MTU's earnings in 2021 was driven principally by the OEM business, where adjusted EBIT rose 14% from €280 million to €320 million. The adjusted EBIT margin in the OEM business was 20.7%, compared with 18.2% in 2020.

Commercial maintenance reported a 9% increase in earnings to €149 million (2020: €136 million). The MRO margin was unchanged from the previous year at 5.4%.



“The improved margin in the OEM business is attributable to the revenue mix and the success of our cost-cutting programs. In the commercial maintenance business, the high proportion of work on the Geared Turbofan™ had an impact on the margin,” reported Kameritsch.

“Our financial statements for 2021 reflect the change in the market outlook for the Embraer E175-E2, which resulted in a write-down of around €80 million. This is adjusted out of earnings as a special item,” added Kameritsch.

### **Dividend proposal on March 8**

“We would like our shareholders to participate in our good performance by paying them a dividend of €2.10 per share,” said Kameritsch. When the Supervisory Board meets on March 8 to adopt the financial statements, the Executive Board will put forward this dividend proposal as a recommendation for a resolution at the Annual General Meeting. For 2020, MTU paid a dividend of €1.25 per share.

### **Research and development**

MTU increased its research and development expenditure by 24% to €230 million in 2021 (2020: €186 million). “In research and development we are focusing on evolutionary and revolutionary propulsion concepts for sustainable and ultimately emission-free engines. We are therefore paving the way for the future of aviation and expanding MTU’s technology leadership,” said Winkler. By focusing its R&D activities on hydrogen and flying fuel cells, MTU is working on emission-free flying as well as on technology studies for future engine generations, digitalization of engine manufacturing, and the Geared Turbofan™ programs and their development. “Together with our partner Pratt & Whitney, we achieved an important milestone with the GTF Advantage in 2021,” said Winkler.

### **Free cash flow more than doubled**

MTU more than doubled its free cash flow from €105 million to €240 million in 2021. The cash conversion rate was 70%, up from 35% in 2020. “With a cash conversion rate in the high double-digit percentage range, we fully achieved our target for the year,” said Kameritsch.

### **Property, plant and equipment**

Net capital expenditure for property, plant and equipment increased by 35% to €241 million in 2021 (2020: €179 million). “In Germany, our focus was on automation and digitalization projects. We therefore continued to expand our technology and cost leadership and prepared for the upcoming ramp-up of production. We also started to build up production capacity in Serbia,” explained Winkler.

### **10,508 employees**

MTU had 10,508 employees on December 31, 2021 (December 31, 2020: 10,313 employees).

MTU Aero Engines will publish its Annual Report on March 23, 2022.



## MTU Aero Engines – Key financial data for 2021

(Amounts in € million)

MTU Aero Engines	Q4 2020	Q4 2021	as of Dec. 2020	as of Dec. 2021	Change
Revenue	1,020	1,180	3,977	4,188	+5%
thereof OEM business	388	473	1,535	1,547	+1%
thereof commercial engine business	202	300	1,052	1,066	+1%
thereof military engine business	187	172	483	482	-0%
thereof commercial maintenance	656	731	2,522	2,741	+9%
Adjusted EBIT	105	161	416	468	+13%
thereof OEM business	85	118	280	320	+14%
thereof commercial maintenance	20	44	136	149	+9%
<i>Adjusted EBIT margin</i>	<i>10.3%</i>	<i>13.6%</i>	<i>10.5%</i>	<i>11.2%</i>	
<i>  in the OEM business</i>	<i>22.0%</i>	<i>25.0%</i>	<i>18.2%</i>	<i>20.7%</i>	
<i>  in commercial maintenance</i>	<i>3.1%</i>	<i>6.0%</i>	<i>5.4%</i>	<i>5.4%</i>	
Adjusted net income	75	122	294	342	+16%
Net income (reported)	6	41	147	231	+57%
Earnings per share (basic, reported)	0.05	0.67	2.63	4.17	+59%
Free cash flow	-41	35	105	240	+130%
Research and development expenses	46	68	186	230	+24%
thereof company-funded	35	44	153	160	+5%
thereof customer-funded	12	24	33	70	+113%
<i>Company-funded R&amp;D expenses as stated in the income statement</i>	<i>20</i>	<i>24</i>	<i>61</i>	<i>83</i>	<i>+37%</i>
Net capital expenditure on property, plant and equipment	86	125	179	241	+35%
			<b>Dec. 31, 2020</b>	<b>Dec. 31, 2021</b>	<b>Change</b>
<b>Balance sheet key figures</b>					
Intangible assets			1,135	1,128	-1%
Cash and cash equivalents			773	722	-7%
Pension provisions			1,009	948	-6%
Equity			2,635	2,760	+5%
Net financial debt			781	673	-14%
Total assets			8,104	8,304	+2%
<b>Order backlog</b>			18,608	22,237	+20%
<b>Employees</b>			10,313	10,508	+2%



## Outlook for 2022

<b>Revenue</b>	Between €5.2 and €5.4 billion
<i>thereof: organic revenue development</i>	
<i>Commercial series business</i>	<i>Increase in the mid to high teens percentage range</i>
<i>Spare parts business</i>	<i>Increase in the mid-teens percentage range</i>
<i>Military business</i>	<i>Increase in the high single-digit percentage range</i>
<i>Commercial maintenance</i>	<i>Increase in the mid to high twenty-percent range</i>
<b>Adjusted EBIT</b>	Increase in the mid twenty-percent range
<b>Adjusted net income</b>	Development in line with adjusted EBIT
<b>Cash conversion rate</b>	Mid to high double-digit percentage 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 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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### **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 cyclical nature 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.