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### Capital Market Day: MTU Aero Engines provides guidance on 2023 and confirms its growth forecast

- **Revenue target 2023: €6.4 to €6.6 billion**
- **Adjusted EBIT should increase in the low twenty-percent range in 2023**
- **Further revenue and earnings growth in 2024 and 2025**

London, November 17, 2022 – At its Capital Market Day in London, MTU Aero Engines AG published its forecast for the 2023 fiscal year and confirmed its growth prospects for 2024 and 2025. The company is anticipating organic growth in all business areas in 2023. The parameters are also intact for a sustained positive development in the following years. “The growth we predict for 2023 should therefore continue in 2024 and 2025 with rising revenue and earnings,” said Reiner Winkler, CEO of MTU Aero Engines AG. “Despite the present market challenges, we therefore remain on the successful growth track that got under way in 2022 as we predicted last year.” Chief Financial Officer Peter Kameritsch gave more details of the revenue and earnings forecast: “In 2023, we expect revenue to be between €6.4 and €6.6 billion and assume that it will continue to rise steadily to around €8 billion in 2025. Adjusted EBIT should increase in the low twenty-percent range in 2023 and continue to rise in the following years. In 2024, earnings should be back above the level registered in 2019, before the crisis, and achieve the one billion threshold in 2025.” This forecast is based on the present US dollar/euro exchange rate of around parity.

The highest revenue growth is expected to come from the commercial series business: MTU is forecasting organic revenue of around 30 percent. “There is likely to be a strong rise in production volumes of engines for the A320neo and regional aircraft as well as for business jets. Production of engines for widebody aircraft should also pick up slowly,” said Chief Program Officer Michael Schreyögg. “Overall, the jet engine fleet with MTU participation should increase by 6.1 percent a year up to 2030. That opens up excellent prospects for us.” Chief Operating Officer Lars Wagner added: “As we ramp up production, we keep an overview of the entire value chain. We secure the supply of raw materials through long-term contracts and have also introduced a sustainable circular economy. On the supplier side we focus on long-term relationships, close collaboration and the validation of several sources. We have increased the automation and digitalization of production and systematically implemented our best cost strategy. Our new matrix organization is highly scalable. Together with high transparency with regard to our customers and closely agreed lead times, this is the key to a successful ramp-up.”

Organic revenue growth in the spare parts business should be in the high teens- to low twenty-percent range in 2023. Growth will be supported, in particular, by engines for regional and narrowbody aircraft, above all the V2500 for the classic A320 family and the PW1100G-JM for the A320neo. The proportion of widebody engines should also increase. Engines for cargo aircraft continue to account for a high proportion of the aftermarket business.



In the commercial maintenance business, MTU expects to report organic revenue growth in the high teens percentage range in 2023. “We see strong pent-up demand for MRO. In addition, demand is picking up as a result of the recovery in flight hours, especially in the narrowbody and cargo sectors,” said Schreyögg. The volume of MRO business for the Geared Turbofan™ should develop in line with the maintenance business as a whole. Relative to the core business it should account for a proportion in the mid to high thirty-percent range in 2023. Schreyögg: “In commercial maintenance, we are concentrating on continuously increasing our competitive edge – namely, our wide-ranging market access, our broad product portfolio, and our presence on key markets. We continued to do that during the coronavirus crisis. We have also pressed ahead with our best cost strategy and expanded existing maintenance locations to increase our flexibility and our proximity to customers. As a result, we are optimally positioned to leverage market opportunities.”

MTU’s military business should post growth in the mid single-digit range in 2023. Schreyögg: “The EJ200 engine for the Eurofighter will play a key role in this, including deliveries to export customers and a high volume of work in the aftermarket business to safeguard the availability of the fleet currently in use. Thanks to export campaigns and as a replacement for the Tornado, the Eurofighter has potential up to the 2050s. MTU is also excellently prepared for the new generation of European fighter jets with the Next Generation Fighter Engine. We will be using the attractive growth opportunities arising from this as well as the growth potential of the service and aftermarket business for established programs.” Wagner: “The Next European Fighter Engine, in particular, offers technological opportunities for MTU. Development work enables us to extend our technological expertise in the high-tech field, with possible scope for technology transfer to the commercial business.”

“Our growing business naturally also involves an increase in headcount,” said Winkler. “We offer both existing and new employees an innovative corporate culture and interesting, future-proof jobs in a high-tech environment.” Wagner: “At MTU we are working together for a better future. Through our technology agenda Claire, which involves the development of evolutionary and revolutionary propulsion concepts, we are specifically paving the way for emissions-free flying. The basis for the development of our future-proof portfolio is our clear commitment to the principles of the UN Global Compact.”

MTU is continuing to focus on organic growth. The company’s growth plans are supported by its good financial position. Kameritsch: “At present, tailwind is coming from the development of the US dollar/euro exchange rate. By utilizing the scope of our hedging model, we ensure planning stability for MTU. The aim of our conservative financial management is still a leverage ratio of between 0.5 and 1.5 times EBITDA. We want our shareholders to share in MTU’s growth



by successively raising our dividend distribution ratio to around 40 percent of adjusted net income.”

## Forecast

### *Organic revenue development*

	<b>2023</b>	<b>2024</b>	<b>2025</b>
Revenue	Between €6.4 and €6.6 billion	Steady growth	Around €8 billion
<i>Commercial series business</i>	<i>Increase of around 30%</i>		
<i>Spare parts business</i>	<i>Increase in the high teens to low twenty-percent range</i>		
<i>Military engine business</i>	<i>Increase in the mid single-digit percentage range</i>		
<i>Commercial maintenance</i>	<i>Increase in the high-teens percentage range</i>		
Adjusted EBIT	Increase in the low twenty-percent range	Higher than in 2019	Around €1 billion

### **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 area, 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.

Your contacts at MTU Aero Engines Investor Relations:

Thomas Franz  
 Vice President Investor Relations  
 Phone: + 49 (0) 89 14 89-47 87  
 Email: [Investorrelations@mtu.de](mailto:Investorrelations@mtu.de)

Claudia Heinle  
 Senior Manager Investor Relations  
 Phone: + 49 (0) 89 14 89-39 11

Matthias Spies  
 Senior Manager Investor Relations  
 Phone: + 49 (0) 89 14 89-41 08



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