
Figures for 2023: MTU Aero Engines AG aims for further growth despite exceptional charges

- **Geared Turbofan™ fleet management plan weighs on figures**
- **Reported figures for 2023: revenue €5.4 billion, EBIT €-161 million, net income €-97 million**
- **Adjusted figures: revenue €6.3 billion, EBIT €818 million, net income €594 million**
- **Outlook for 2024: revenue between €7.3 and €7.5 billion, adjusted EBIT margin of over 12%**
- **Executive Board to propose a dividend of €2.00 per share**

- Preliminary figures - pending the approval of the Supervisory Board -

Munich, February 29, 2024 – MTU Aero Engines AG has published its preliminary figures for 2023. The figures were affected, in particular, by the Geared Turbofan fleet management plan, which has been eliminated as a one-time special item to enhance comparability. In 2023, MTU generated adjusted revenue¹ of €6.3 billion, an increase of 19% compared with 2022 (2022: €5.3 billion). Adjusted EBIT² increased by 25% from €655 million to €818 million in 2023. The adjusted EBIT margin rose from 12.3% in 2022 to 12.9% in 2023. Adjusted net income³ was 25% higher at €594 million (2022: €476 million). The Geared Turbofan fleet management plan had an impact of around €1 billion on the reported figures. Consequently, in 2023 MTU generated reported revenue of €5.4 billion, reported EBIT of €-161 million and a reported net loss of €97 million.

“2023 was a year of contrasts for MTU,” reports Lars Wagner, CEO of MTU Aero Engines AG. “As a result of the enormous financial burden of the Geared Turbofan fleet management plan announced in September, MTU’s reported earnings figures were negative for the first time in its 90-year history. On the other hand, our adjusted results once again demonstrated MTU’s operational strength and fully met our ambitious targets. In other words, without the special item outlined above, MTU could announce record results for 2023.” MTU’s guidance was for adjusted revenue of between €6.1 and €6.3 billion for the year. The forecast for adjusted EBIT was slightly above €800 million, while the target for the adjusted free cash flow was slightly above the previous year’s figure. “MTU remains a high-performing company and our prospects are very positive. We want to continue our consistent growth in 2024,” says Wagner.

Outlook for 2024

MTU aims to report revenue of between €7.3 and €7.5 billion in 2024, with all business areas contributing to this growth. The commercial series business is likely to increase the most in 2024, with organic revenue growth in the low- to-mid twenty percentage range. MTU expects the spare parts business to post organic revenue growth in the low teens percentage range. In the commercial maintenance busi-

¹ 2023 revenue adjusted for the Geared Turbofan fleet management plan

² Adjusted EBIT = adjusted earnings before interest and taxes

³ Adjusted net income = adjusted income after income taxes



ness, organic revenue growth is expected to be in the mid-to-high teens percentage range. MTU anticipates that the military business will grow revenue in the low-to-mid teens percentage range. The adjusted EBIT margin should be over 12% in 2024. Adjusted net income is expected to grow in line with adjusted EBIT. MTU anticipates free cash flow in the low triple-digit million euro range in 2024. This forecast is based on a U.S. dollar/euro exchange rate of 1.10. Wagner reiterates the mid-term goals: “Our target remains our simplified formula 8 – 1 – 25: We want to generate revenue of €8 billion and an operating profit⁴ of €1 billion in 2025.

Higher revenue in the OEM and MRO businesses

On an adjusted basis, MTU grew revenue in both the OEM business and the MRO business in 2023.

In the OEM business, adjusted revenue increased by 21% to €2.2 billion (2022: €1.8 billion). The highest revenue growth came from the commercial engine business, where adjusted revenue climbed 25% from €1.3 billion to €1.7 billion. The most important revenue generator was the PW1100G-JM engine for the A320neo. Within the commercial engine business, organic revenue growth in the series business was around 30%, while in the spare parts business it was in the high teens percentage range. CFO Peter Kameritsch: “Both were in line with our expectations. Alongside the Geared Turbofan, the revenue drivers in the series business were engines for business jets and industrial gas turbines. Revenue from spare parts increased across all platforms, especially in the widebody engine sector.”

Revenue from commercial maintenance rose by 17% to €4.2 billion (2022: €3.6 billion). “On a dollar basis, MRO reported a 20% increase in revenue, which was as predicted,” says Kameritsch. Geared Turbofan maintenance accounted for about 35% of revenue. 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. Kameritsch: “Demand for MRO services was extremely solid across all platforms in 2023. In the Geared Turbofan maintenance business, the main positive effect on growth came from further ramp-up of MTU Maintenance Zhuhai and EME Aero.”

Revenue in the military engines business increased by 8% from €496 million to €538 million. CFO Kameritsch explains: “Here, revenue was slightly below our expectations as result of delayed deliveries.” MTU had forecast an increase in revenue in the military business in the mid-teens percentage range. The main revenue generator in the military engine business was the EJ200 engine for the Eurofighter.

Order backlog of €24.4 billion

The order backlog was €24.4 billion at year-end 2023, compared with €22.3 billion at year-end 2022. The majority of orders were for Geared Turbofan engines for the PW1000G family, especially the

⁴ Adjusted EBIT = adjusted earnings before interest and taxes



PW1100G-JM, and the V2500. “Purely arithmetically, that is equivalent to more than three years’ capacity and underscores MTU’s good market position,” says Wagner.

Higher earnings in all business areas

MTU’s adjusted earnings improved in both OEM business and the MRO business in 2023.

In the OEM business, adjusted EBIT increased by 26% from €387 million to €488 million. The adjusted EBIT margin was 22.1%, compared with 21.1% in 2022.

In the commercial maintenance business, adjusted EBIT rose 23% to €329 million (2022: €268 million). The adjusted EBIT margin increased from 7.4% to 7.8%. “The strong improvement in the margin was due to a good mix of core MRO business and maintenance work on the Geared Turbofan by our international subsidiaries and joint ventures,” explains Kameritsch.

Dividend proposal on March 19

When the Supervisory Board meets on March 19 to adopt the financial statements, the Executive Board will propose that a dividend of €2.00 per share should be recommended for resolution by the Annual General Meeting. The Executive Board of MTU Aero Engines AG sees this dividend proposal as a reasonable balance between the expected cash outflows and the company’s strong growth prospects. Kameritsch: “Thanks to our operational strength, we can pay an attractive dividend to our shareholders.” The company anticipates sustained high cash flow burdens between 2024 and 2026 as a consequence of the Geared Turbofan fleet management plan. Kameritsch: “In parallel with this, we are continuing to invest in the future of our company. For this period, we therefore have to suspend our initial target of increasing the payout ratio continuously to 40% of adjusted net income.” For 2022, MTU paid a dividend of €3.20 per share.

Research and development

In 2023, €306 million was spent on research and development, 15% more than in the previous year (2022: €265 million). “Even in challenging times, we are consistently investing in our future; we want to retain our technological leadership,” says Wagner. “Our goal is clear: We want to shape the future of aviation as emissions-free. At the same time, we are investing in extensive measures as we move towards climate-neutrality at our sites.” In 2023, R&D at MTU focused on enhancing the performance of the Geared Turbofan programs, technology studies for future engine generations – especially the water-enhanced turbofan and the Flying Fuel Cell™ – and expanding capabilities in the area of virtual engines.

Year-on-year increase in free cash flow

The adjusted free cash flow increased by 8% to €352 million in 2023 (2022: €326 million). MTU therefore fully achieved its target of exceeding the previous year’s free cash flow. The Geared Turbofan fleet management plan is likely to have a significant effect on MTU’s liquidity in the period 2024 through



2026. “To limit the impacts insofar as possible, stringent cash management continues to have top priority for us,” says CFO Kameritsch. “We are therefore continuing our clear focus on safeguarding the future of MTU.”

Property, plant and equipment

Net capital expenditure on property, plant and equipment was €302 million in 2023 (2022: €306 million). Capital expenditure focused primarily on the locations in Germany and the Netherlands. The funds were invested in expansion and modernization of production capacities and in the growing engine leasing business. Wagner explains: “In this way, we are creating capacities to safeguard the ramp-up of production and rising demand for maintenance. At the same time, we are strengthening MTU’s efficiency and technological edge.”

12,170 employees

In 2023, MTU had 12,170 employees, 8% more than in 2022 (December 31, 2022: 11,273 employees). Wagner: “Internationally, we work with solidarity every day to drive forward aviation and global progress. Our industry spans the globe. That makes MTU a genuine global player, so open-mindedness, diversity and tolerance are key values for us.”

MTU Aero Engines will publish its Annual Report on March 25, 2024.



MTU Aero Engines – Key financial data for 2023

(Amounts in € million)

MTU Aero Engines	Q4 2022	Q4 2023	as of Dec. 2022	as of Dec. 2023	Change
Revenue (reported)	1,513	1,711	5,330	5,363	+ 1%
Adjusted revenue*	1,513	1,717	5,330	6,326	+ 19%
thereof OEM business*	576	628	1,831	2,212	+ 21%
thereof commercial engine business*	388	457	1,335	1,675	+ 25%
thereof military engine business*	187	171	496	538	+ 8%
thereof commercial maintenance	973	1,117	3,616	4,225	+ 17%
EBIT (reported)	177	249	508	-161	-132%
Adjusted EBIT	207	221	655	818	+ 25%
thereof OEM business	136	115	387	488	+ 26%
thereof commercial maintenance	72	106	268	329	+ 23%
<i>Adjusted EBIT margin</i>	<i>13.7%</i>	<i>12.9%</i>	<i>12.3%</i>	<i>12.9%</i>	
<i> in the OEM business</i>	<i>23.5%</i>	<i>18.3%</i>	<i>21.1%</i>	<i>22.1%</i>	
<i> in commercial maintenance</i>	<i>7.4%</i>	<i>9.5%</i>	<i>7.4%</i>	<i>7.8%</i>	
Net income (reported)	121	215	333	-97	- 129%
Adjusted net income	156	155	476	594	+ 25%
Earnings per share (basic, reported)	2.23	3.96	6.21	-1.90	- 131%
EBITDA (reported)	255	344	865	171	- 80%
Free cash flow	107	95	326	352	+ 8%
Research and development expenses	74	82	265	306	+ 15%
thereof company-funded	54	53	201	223	+ 11%
thereof customer-funded	20	28	65	83	+ 28%
<i>Company-funded R&D expenses as stated in the income statement</i>	<i>30</i>	<i>32</i>	<i>106</i>	<i>114</i>	<i>+ 8%</i>
Net capital expenditure on property, plant and equipment	136	112	306	302	- 1%
			Dec. 31, 2022	Dec. 31, 2023	Change
Balance sheet key figures					
Intangible assets			1,151	1,200	+ 4%
Cash and cash equivalents			823	883	+ 7%
Pension provisions			707	743	+ 5%
Equity			3,107	2,933	- 6%
Net financial debt			753	631	- 16%
Total assets and liabilities			9,230	10,204	+ 11%
Order backlog			22,273	24,393	+ 10%
Employees			11,273	12,170	+ 8%

* 2023 revenue adjusted for the GTF inspection program



Outlook for 2024

Revenue	Between €7.3 and €7.5 billion
<i>thereof: organic revenue development</i>	
<i>Commercial series business</i>	<i>Increase in the low-to-mid twenty percentage range</i>
<i>Spare parts business</i>	<i>Increase in the low-teens percentage range</i>
<i>Military business</i>	<i>Increase in the low- to mid-teens percentage range</i>
<i>Commercial maintenance</i>	<i>Increase in the mid- to high-teens percentage range</i>
Adjusted EBIT margin	>12%
Adjusted net income	Increase in line with adjusted EBIT
Free cash flow	Low three-digit million euro amount

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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