**MTU Aero Engines AG confirms its guidance after the first six months**

* **25% increase in revenue to €3.1 billion**
* **Adjusted EBIT up 40% to €405 million, net income up 45% to €300 million**

Munich, July 26, 2023 – MTU Aero Engines AG generated revenue of €3.1 billion in the first half of 2023 (1-6/2022: €2.5 billion). This equates to an increase of 25%. Operating profit**[[1]](#footnote-1)** rose by 40% from €290 million to €405 million. The adjusted EBIT margin was 13.1% (1-6/2022: 11.7%). Net income**[[2]](#footnote-2)** climbed by 45% to €300 million, up from €207 million in the prior-year period.

“Flight activity and the order situation are underlining the recovery in our industry. Against this backdrop and in view of our figures for the first half of the year, we believe that we are on track to reaching the targets we have set ourselves for 2023,” said Lars Wagner, CEO of MTU Aero Engines AG. “We are confirming our full-year guidance today.” MTU had raised its earnings forecast in mid-June and confirmed its revenue guidance for 2023.

The company posted higher revenue in all business segments in the first half of 2023.

The highest revenue growth was achieved in commercial engine business, where revenue increased by 40% to €832 million (1-6/2022: €596 million). The main revenue driver was the PW1100G-JM engine for the A320neo. Within commercial engine business, organic revenue from commercial series business increased by a percentage in the thirties on a dollar basis. Organic revenue growth in spare parts business grew by a percentage in the low twenties in dollar terms. “Our spare parts business expanded across all platforms – particularly widebody engines and industrial turbines. The Geared Turbofan™ engines, the GEnx, engines for business jets and industrial gas turbines generated growth in series business,” added Chief Financial Officer Peter Kameritsch.

Revenue from commercial maintenance rose by 22% from €1.7 billion to €2.1 billion in the first half of 2023. The main revenue drivers were the PW1100G-JM and the V2500 for the classic A320 aircraft family. Kameritsch: “Growth was particularly underpinned by maintenance for Geared Turbofan™
engines. This reflects the further ramp-up of GTF-MRO activities at MTU Maintenance Zhuhai in China and EME Aero in Poland. Impetus also came from maintenance for engines for long-haul and cargo aircraft, industrial gas turbines and our leasing business.” Pratt & Whitney announced a new inspection program for Geared Turbofan™ engines, which will be commencing in September and initially concern 200 engines. Commenting on this, Wagner said: “Together with our partners, we will be doing our
utmost to manage this situation efficiently and to limit the impact on our customers as far as possible. I also want to stress that this is not an engine design problem. It does not affect the production of new engines and spare parts.”

In the military business, revenue grew by 7% to €229 million (1-6/2022: €213 million). The main revenue driver was the EJ200 engine for the Eurofighter.

The order backlog was valued at €21.9 billion at the end of the first half (December 31, 2022:
€22.3 billion). The majority of orders were for the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM. “The consistently good order situation is also reflected in our successes at the Paris Air Show,” added Wagner. MTU received orders worth more than a billion U.S. dollars at the Air Show held in mid-June. The order intake at the Air Show is not yet included in the order backlog.

Both of MTU’s operating segments improved their half-year earnings.

In OEM business, adjusted EBIT rose by 59% from €165 million to €262 million. The adjusted EBIT
margin widened from 20.4% in the first half of 2022 to 24.7% in the first half of 2023.

In MRO business, adjusted EBIT climbed by 14% to €141 million (1-6/2022: €124 million). The adjusted EBIT margin was 6.8%, compared with 7.3% in the first half of 2022.

Kameritsch commented as follows on the special items that led to earnings adjustments: “We made an adjustment of €22 million due to credit and litigation risks on account of a customer insolvency.”

MTU increased its research and development expenses by 17% to €158 million in the first half of the year (1-6/2022: €135 million). “Our research and development activities are concentrating on technologies for sustainable emission-free aviation,” said Wagner. “In April we acquired electric motor developer eMoSys to expand our expertise in drivetrain electrification.”

Free cash flow stood at €135 million in the first six months, compared with €168 million in the prior-year period. “The Geared Turbofan™ inspection program will cause headwinds for our free cash flow,” said Kameritsch. “We will resolutely enhance our strict cash management to limit the impact as far as possible.”

Net capital expenditure on property, plant and equipment increased by 23% to €112 million in the first six months (1-6/2022: €91 million).

MTU enlarged its workforce by 5% to 11,823 employees in the first half of the year (December 31, 2022: 11,273 employees).

MTU confirms its full-year guidance for 2023: The revenue target is €6.1 to 6.3 billion. Organic revenue from commercial series business should expand by around 30% on a dollar basis, while a percentage increase in the high teens to the low twenties is expected for spare parts business. Revenue in commercial maintenance should increase organically by a percentage in the high teens on a dollar basis in 2023. In military business, revenue is expected to grow by a percentage in the mid-teens. Adjusted EBIT should be slightly higher than €800 million in 2023, while the adjusted EBIT margin is set to widen slightly over the prior year (2022: 12.3%). Free cash flow is expected to be slightly higher than in the prior year in 2023 (2022: €326 million).

**MTU Aero Engines – Key data for the first half of 2023**

*(Amounts in € million)*

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **MTU Aero Engines** | **Q2 2022** | **Q2 2023** | **As of June 2022** | **As of June 2023** | **Change** |
| Revenue | 1,289 | 1,549 | 2,469 | 3,093 | + 25% |
|  thereof OEM business | 424 | 512 | 810 | 1,061 | + 31% |
|  thereof commercial engine business | 318 | 387 | 596 | 832 | + 40% |
|  thereof military engine business | 106 | 126 | 213 | 229 | + 7% |
|  thereof commercial maintenance | 892 | 1,060 | 1,711 | 2,081 | + 22% |
| Adjusted EBIT | 159 | 193 | 290 | 405 | + 40% |
|  thereof OEM business | 87 | 121 | 165 | 262 | + 59% |
|  thereof commercial maintenance | 72 | 72 | 124 | 141 | + 14% |
| *Adjusted EBIT margin* | *12.3%* | *12.5%* | *11.7%* | *13.1%* |  |
|  *in the OEM business* | *20.5%* | *23.6%* | *20.4%* | *24.7%* |  |
|  *in commercial maintenance* | *8.1%* | *6.8%* | *7.3%* | *6.8%* |  |
| Adjusted net income | 114 | 143 | 207 | 300 | + 45% |
| Net income (reported) | 66 | 122 | 120 | 256 | + 113% |
| Earnings per share (basic, reported) | 1.24 | 2.28 | 2.23 | 4.75 | + 113% |
| EBITDA (reported) | 216 | 259 | 390 | 537 | + 38% |
| Free cash flow | 33 | 42 | 168 | 135 | - 19% |
| Research and development expenses | 72 | 90 | 135 | 158 | + 17% |
|  thereof company-funded | 54 | 72 | 101 | 119 | + 18% |
|  thereof customer-funded | 17 | 18 | 34 | 39 | + 14% |
| *Company-funded R&D expenses as stated in the income statement* | *23* | *28* | *47* | *54* | *+ 14%* |
| Net capital expenditure on property, plant and equipment | 54 | 50 | 91 | 112 | + 23% |
|  |  |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  | **Dec. 31, 2022** | **June 30, 2023** | **Change** |
| **Balance sheet key figures** |  |  |  |  |  |
| Intangible assets |  |  | 1,151 | 1,154 | + 0% |
| Cash and cash equivalents |  |  | 823 | 771 | - 6% |
| Pension provisions |  |  | 707 | 721 | + 2% |
| Equity |  |  | 3,107 | 3,268 | + 5% |
| Net financial debt |  |  | 753 | 777 | + 3% |
| Total assets and liabilities |  |  | 9,230 | 9,280 | + 1% |
|  |  |  |  |  |   |
| **Order backlog** |  |  | 22,273 | 21,923 | - 2% |
|  |  |  |   |   |    |
| **Employees** |  |  | 11,273 | 11,823 | + 5% |

**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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1. **Adjusted EBIT = adjusted earnings before interest and taxes** [↑](#footnote-ref-1)
2. **Adjusted net income = adjusted income after income taxes** [↑](#footnote-ref-2)