
MTU Aero Engines presents its figures for the first quarter of 2020

- **Revenue up 13%**
- **Operating profit down 3%, net income 4% lower**
- **No new forecast for 2020**

Munich, April 30, 2020 – In the first quarter of 2020, MTU Aero Engines generated revenue of €1,272.7 million, an increase of 13% compared with the prior-year period (1-3/2019 €1,131.2 million). The operating profit¹ declined by 3% from €187.6 million to €181.8 million due to the revenue mix. The adjusted EBIT margin was 14.3% (1-3/2019: 16.6%). Adjusted net income² was €128.0 million, compared with €133.5 million in the prior-year period.

“Although the decline in demand as a result of the coronavirus pandemic is not yet reflected in the quarterly figures and capacity utilization remained high at our worldwide MRO locations, the first quarter was nevertheless affected by the coronavirus crisis,” said Reiner Winkler, CEO of MTU Aero Engines AG. The sector began to feel the effects in February and the crisis became significantly more marked in March. As a result, MTU decided to suspend the dividend, postponed its Annual General Meeting, suspended operations at its facilities in Germany and Poland for three weeks, and withdrew its guidance for the financial year. The company assumes that the coronavirus crisis will have a negative impact on demand and earnings from the second quarter. The military business should hardly be affected but in the commercial business there is likely to be a significant reduction in demand for both series production and aftermarket business. Commercial maintenance will likely be affected by a drop in demand at least in the second and third quarters, especially in the passenger sector, while demand from freight companies could safeguard capacity utilization. “Given the dynamic global developments in connection with COVID-19, our expectations for the 2020 fiscal year can only be set out in detail at a later date,” said Winkler. “Given its fundamentally successful business model, we consider that overall MTU is in a good position to weather the crisis.”

In the first quarter of 2020, the highest revenue growth at MTU was in the commercial maintenance business, where revenue rose by 21% to €794.9 million (1-3/2019: €655.1 million). The main source of revenue was the V2500 for the classic A320 family.

Revenue in the commercial engine business increased by 4% from €385.6 million to €399.3 million. The main revenue drivers were the V2500, the PW1100G-JM for the A320neo and the GEnx, which is used in the Boeing 787 and 747-8 models.

¹ **Adjusted EBIT = adjusted earnings before interest and taxes**

² **Adjusted net income = adjusted income after income taxes**



Due to postponements, revenue from the military engine business contracted by 7% to €97.6 million in the first quarter (1-3/2019: €105.1 million). The principal source of revenue was the EJ200 Eurofighter engine.

MTU's order backlog at the end of the first quarter was €19.4 billion (December 31, 2019: €19.8 billion). The majority of these orders related to the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM for the A320neo.

In the commercial maintenance business, adjusted EBIT increased by 16% from €56.8 million to €65.7 million. The EBIT margin was 8.3%, compared with 8.7% in the same period of 2019. “The development of the margin reflects a higher proportion of MRO work for Geared Turbofan™ engines as a result of the retrofit program for the GTF,” explained CFO Peter Kameritsch.

In the OEM business, adjusted EBIT declined by 11% to €116.2 million in the first quarter (1-3/2019: €130.5 million). The adjusted EBIT margin was 23.4%, compared with 26.6% in the prior-year period. Kameritsch: “High single-digit organic growth in the commercial series production business and stable revenue from spare parts, accompanied by a decline in military business, were the reasons for this decline.”

MTU spent €59.5 million on research and development in the first quarter (1-3/2019: €58.0 million). The R&D activities concentrated on the Geared Turbofan™ program and future enhancements, technology studies for next-generation engine design and the digitalization of engine manufacturing processes.

The free cash flow was at a normal level of €68.7 million in the first quarter (1-3/2019: €141.4 million). “Naturally, in the present situation we are looking carefully at measures to safeguard liquidity,” commented Winkler. “That includes reducing expenditure at all MTU locations, postponing capital expenditure and discussing payment modalities with partners and suppliers. As a precautionary measure, we are also extending our existing credit line and agreeing new credit facilities.”

MTU's capital expenditure on property, plant and equipment amounted to €38.4 million in the first quarter (1-3/2019: €37.4 million).

MTU had 10,771 employees at the end of the first quarter (December 31, 2019: 10,660 employees). “Protecting the health of our employees, securing jobs and restarting operations with a stable supply chain are our top priorities at present,” said Winkler. “In this way, we aim to make sure MTU comes through this crisis with its full vigor and innovative capability.”



MTU Aero Engines – Key data for the first quarter of 2020

(Amounts in € million unless stated otherwise)

MTU Aero Engines	As of March 2019	As of March 2020	Change
Revenue	1,131.2	1,272.7	+ 12.5%
thereof OEM business	490.7	496.9	+ 1.3%
thereof commercial engine business	385.6	399.3	+ 3.6%
thereof military engine business	105.1	97.6	- 7.1%
thereof commercial maintenance	655.1	794.9	+ 21.3%
Adjusted EBIT	187.6	181.8	- 3.1%
thereof OEM business	130.5	116.2	- 11.0%
thereof commercial maintenance	56.8	65.7	+ 15.7%
<i>Adjusted EBIT margin</i>	<i>16.6%</i>	<i>14.3%</i>	
<i> in the OEM business</i>	<i>26.6%</i>	<i>23.4%</i>	
<i> in commercial maintenance</i>	<i>8.7%</i>	<i>8.3%</i>	
Adjusted net income	133.5	128.0	- 4.1%
Net income (reported)	126.5	111.8	- 11.6%
Earnings per share (basic, reported)	2.42	2.10	- 13.2%
Free cash flow	141.4	68.7	- 51.4%
Research and development expenses	58.0	59.5	+ 2.6%
thereof company-funded	52.0	49.5	- 4.8%
thereof customer-funded	6.0	9.9	+ 65.0%
<i>Company-funded R&D expenses as stated in the income statement</i>	<i>17.1</i>	<i>15.1</i>	<i>- 11.7%</i>
Net capital expenditure on property, plant and equipment	37.4	38.4	+ 2.7%
	Dec. 31, 2019	Mar. 31, 2020	Change
Key balance sheet data			
Intangible assets	1,162.5	1,169.6	+ 0.6%
Cash and cash equivalents	139.5	155.7	+ 11.6%
Pension provisions	976.2	977.3	+ 0.1%
Equity	2,421.2	2,437.7	+ 0.7%
Net financial debt	960.7	943.2	- 1.8%
Total assets	7,765.3	8,024.3	+ 3.3%
Order backlog	19,820.5	19,413.6	- 2.1%
Number of employees	10,660	10,771	+ 1.0%

About MTU Aero Engines

MTU Aero Engines AG is Germany's leading engine manufacturer, with core competencies in low-pressure turbines, high-pressure compressors, turbine center frames, manufacturing processes and repair techniques. MTU



plays a key role in the new engine market through its partnership in many international development, manufacturing and sales programs, to which it contributes its high-tech components. One third of the global fleet of passenger airliners relies on components supplied by MTU. MTU is one of the world's top 3 providers of maintenance services for commercial aircraft engines and industrial gas turbines. These activities are combined under the roof of MTU Maintenance. In the military sector, MTU Aero Engines is the lead industrial partner for almost every type of engine flown by the German armed forces. MTU operates affiliates around the globe; its corporate headquarters are based in Munich, Germany.

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