



Annual General Meeting

MTU Aero Engines AG

Speech by the CEO

Reiner Winkler

August 5, 2020

Munich, Germany

– The spoken word is binding –

Dear Shareholders and
Shareholder Representatives,
Ladies and Gentlemen,

On behalf of the Executive Board, I would like to welcome you to the first virtual Annual General Meeting of MTU Aero Engines AG. As Mr. Eberhardt already mentioned, we're reporting to you today from the MTU Museum on the site of our company headquarters in Munich. We are aware that many of our loyal German private shareholders regret not being able to be with us personally in Munich today. But to take a positive view, this way we can provide you with information and answer your questions without any risks for your health. Another advantage is that our many international shareholders can be with us for the first time without the effort of traveling. This is not the only reason why I am expressly in favor of a more modern and up-to-date type of Annual General Meeting. In the future, we should try to bring together the best of the old culture of physical presence and the new online culture. The corona crisis has shown us clearly that this is the right new approach for many topics. In this spirit, I ask for your approval of agenda item 6, look forward to the new format of this year's Annual General Meeting and thank you for attending and for the interest in MTU you show by being here.

Aviation is currently experiencing the greatest crisis it has ever known – and naturally it is having a profound effect on MTU as well. As a company, we have faced other crises over our history, and even during my years here I have experienced some challenging times. So I can say: MTU is strong and resilient and has always mastered the challenges facing it. And as with every crisis to date, it is evident that when things become difficult, at MTU we stick together more than ever. Our employees deliver outstanding performance even when things are normal, and currently they are working very hard to keep the effects of the pandemic as small as possible. For this I would like to offer them my great thanks on behalf of the entire Executive Board. Thank you for your tireless service, your great work ethic, and your loyalty to our partners and customers! All of this is immeasurably valuable to us, especially now. The Executive Board and I also want to thank you for everything you accomplished in 2019.

Your success makes it even more painful that given the extent of the current crisis, we will need to reduce our personnel capacity by 10% to 15% by the end of 2021. This adjustment is unavoidable. However, we are not interested in operational layoffs or social severance plans. We will be relying on individual agreements such as partial retirement, early retirement and other options for proceeding as moderately as possible. When the industry takes off again, we want to continue to have as many of our highly qualified employees as possible on board with us. I would also like to take this occasion to say thank you to the works council for its positive and constructive teamwork on this difficult topic.

The corona pandemic is forcing us into a virtual world much more quickly than we could imagine just a short time ago. In the current situation, digitalization is essential, not least because it guarantees the safety of our staff – and safety is the first priority in aviation. At MTU, we have introduced a whole host of preventive health measures. We monitor the risks continuously and react to changing conditions. Wherever possible, our employees work mostly from home – and as you can see, from time to time that applies to my fellow board members and me as well. Where working at home is not an option – above all in production, naturally –, we have taken extensive measures to protect our staff and contain the spread of infection. Even with all our worries about the health and economic effects of this virus: I am very satisfied with how well we are succeeding in working digitally. I particularly want to stress how smoothly our IT is working. Our IT staff is doing an outstanding job and is working full steam to keep all our systems stable and expand our capacities further. In addition, they achieved this stability more or less overnight, which is a great achievement by itself. The crisis made it clear to all of us again how important a high-performance digital infrastructure is. For this reason, at MTU we will increase our focus on digitalization – and thus increase safety and efficiency and minimize risks.

It's our aim to continue to be there for our customers and partners just as we did before the corona crisis occurred. This aim requires a stable foundation, but ours is stable: We are profiting now from the fact that we have positioned MTU so strongly over the years and made it resistant. For many years, this company only had one direction: upward. 2019 was no different: We achieved record levels with revenues of 4.6 billion euros, an operating profit of 757 million euros and net income of

538 million euros. Our share price also developed very positively last year, setting one record after another. Our success was crowned in September when MTU was listed in the DAX.

Our plan was to share this success with you in the form of a dividend. However, owing to the corona crisis we have had to make unpopular decisions to safeguard our liquidity, and one of them is today's proposal to pay only the minimum legal dividend of 4 cents per share. Against the backdrop of a global crisis of unknown proportions, we are convinced that the protection of our liquid assets must take top priority. This measure is an important element in strengthening our balance sheet and thus securing MTU's future opportunities. I assure you that the suspension of the dividend is based exclusively on the current special situation and that after we return to normal conditions, we will once again share MTU's success with you regularly and appropriately. I would like to thank all those who, in recent weeks, have let us know that they understand our dividend decision. We hope that all of you stay with us as shareholders. In times like these, your trust and loyalty are even more important to us.

However, foregoing the dividend to this degree will naturally not be enough by itself to safeguard our liquidity. In recent weeks, we have taken a number of additional measures. They include reducing expenses at all our MTU sites, postponing investments, and making new agreements with customers and partners regarding payment terms. Beyond that, we have optimized and expanded our credit facilities. With these measures, we believe we are well positioned to weather the crisis without federal funds. I want to take this occasion to mention as well the convertible bond that we issued in September 2019 to optimize our capital structure. For this we used the authorization you granted us at the Annual General Meeting in 2019.

Ladies and Gentlemen, you surely want to hear how our business is developing. After all, you have a justified interest in knowing what will happen next. We are assuming that the crisis will affect our commercial business most strongly, particularly our spare parts business. In our commercial engines business, we are seeing lower volumes especially with turbofan engines and the GEnx for the Boeing 787. In commercial maintenance, freight airlines will likely ensure capacity utilization. Moreover, we can partly compensate for the organic decline in revenues in the core business with work on the retrofit program for the A320neo engine PW1100G-JM. Our military business is not expected to be affected by the crisis. Overall, in 2020 we are anticipating revenues of between 4 and 4.4 billion euros and an adjusted EBIT margin of between nine and ten percent. Our adjusted net income is likely to develop in line with our operating profit. Moreover, we have set ourselves the goal of closing the year with a positive free cash flow. Over the long run, neither the spread of the pandemic nor the extent of its economic effects are currently completely foreseeable. We are observing the situation closely and regularly revisiting our assumptions. At the moment, the re-start appears to be very slow, and together with industry experts, we expect it to take several years for aviation to reach its pre-crisis levels again. We will provide you with more information as soon as we have a complete picture. Please understand that until then, we need to be guarded when making statements about our long-term performance.

Yet with all due caution when looking to the future, we are also optimistic. A whole host of factors speaks for a high degree of crisis resilience at MTU.

I said it last year in different words, and want to stress it again today: Mobility is important for us humans. We all lose when the world stands still, because our economy thrives on exchange. Even and particularly during times of crisis, the mobility of goods and services must be ensured. We all know that free markets and global value creation chains make a significant contribution to our prosperity, and we support that exchange with our products and services. The crisis may have slowed and delayed our business, but it has not been lost.

In addition, we have proven that our business model is sustainable; we have performed very successfully for many years. These good results have placed MTU on a solid foundation in this crisis, both financially and structurally, and that is helping us now. We assume that over the medium to long term, aviation will return to its earlier rates of growth and we want to have an above-average share in that growth again.

In the past we have always mastered the challenges before us and emerged from upheavals stronger than before, transforming crises into progress. That is our declared aim this time as well, and it is possible because the management team of MTU stands by its leadership values and is pulling together. We know where we want to take MTU, and we are determined to do everything necessary to stay on our strategic course.

In a phase such as this, a relationship of trust with the Supervisory Board is especially important. So on behalf of the Executive Board, I want to take this opportunity to thank the Supervisory Board for all its support as we navigate MTU through the crisis. We are especially pleased about the board's decision to ensure continuity at its head, enabling us to benefit further from Klaus Eberhardt's long years of valuable experience. Mr. Eberhardt, thank you for your watchful leadership in these difficult times.

We also want to thank our government offices for their support during the crisis. At both the federal and state levels, enormous efforts have been made and large sums of money mobilized to mitigate the economic effects of the pandemic. We don't even want to think about what kind of economic collapse would have threatened us if policymakers had not intervened so quickly. The communication and teamwork between policymakers and business is functioning excellently in this situation, and it is clear to both sides that we can only succeed in mastering the crisis and its consequences if we work together. Our thanks also go to our customers and partners for their professional teamwork and their trust. And we want to thank you, our shareholders, for your support; for your trust in our ability to create sustainable value for you. We will do everything in our power not to disappoint you.

In this respect, we see an opportunity to lead in a topic that has currently been sidelined by corona, but will doubtless become important again soon. We believe that when the pandemic levels off and flight numbers increase, the topic of climate protection will appear again strongly on political and social agendas. To us this is a clear mandate to take action. We want to make a decisive contribution to reducing emissions with our products and services. One good example is with us here today, next to the stage: the geared turbofan that is used in the A320neo, among other aircraft, and for which MTU delivers the high-speed low-pressure turbine, parts of the high-pressure compressor and brush seals. This engine sets standards with respect to reductions in fuel consumption and noise, and is an important milestone on the way to emission-free aviation. Our technology experts are focusing intensively on the question of how we can make emission-free flying a reality. Our Annual Report 2019 offered some insights into the topic areas we are considering. This is where future opportunities for MTU lie, and we want to make the most of them, continuing to invest in our successful future and simultaneously living up to our responsibility. This is the point at which I appeal to the government: Support the aviation industry in its R&D projects, for instance through the targeted promotion of climate-policy research and technology in aviation! These investments underpin the unique know-how in our high-tech industry and can be precisely the driver for growth and employment that is so important during the crisis.

Ladies and Gentlemen, we will do everything to emerge from the crisis as well as possible. Thank you for your support in the process.

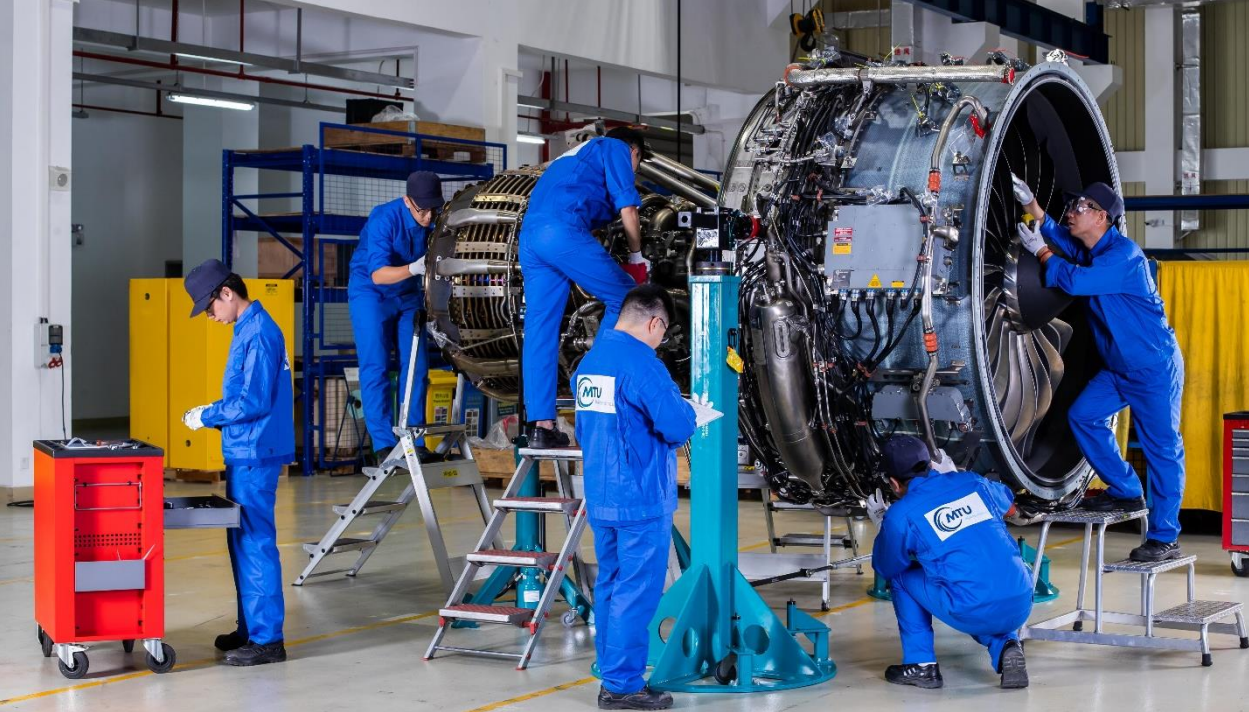
Stay with us, and especially: Stay healthy!

Thank you for your attention.



Annual General Meeting 2020

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Key figures 2019

in € million	2018	2019
Revenue	4.567	4.628
Operating profit (Adjusted EBIT)	671	757
Adjusted net income	479	538



new all-time highs

Share performance in 2019



Dividend for 2019

Appropriation of net profit

Dividend payment of € 0.04 per share for non-par shares entitled to a dividend	2,121,578.28 €
Allocation to other retained earnings	177,571,131.52 €



Forecast 2020

Revenue ~ 4 - 4,4 bn €

Adjusted EBIT margin ~ 9 - 10 %

Adjusted net income decline in line with adjusted EBIT

