**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 profit**[[1]](#footnote-1)** 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 income**[[2]](#footnote-2)** 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 Winker. “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.

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 TurbofanTM 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 TurbofanTM 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% |
| *Adjusted EBIT margin* | *16.6%* | *14.3%* |  |
| *in the OEM business* | *26.6%* | *23.4%* |  |
| *in commercial maintenance* | *8.7%* | *8.3%* |  |
| 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% |
| *Company-funded R&D expenses as stated in the income statement* | *17.1* | *15.1* | *- 11.7%* |
| 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.

Contact:

Eckhard Zanger Eva Simon

Senior Vice President Communications Press Officer Finance

and Public Affairs

Phone: + 49 (0)89 14 89-91 13 Phone: +49 (0)89 14 89-43 32

Mobile: + 49 (0) 176-1000 6158 Mobile: +49 (0) 176-1008 4162

Email: Eckhard.Zanger@mtu.de Email: Eva.Simon@mtu.de

*All press releases and images are available at http://www.mtu.de*

Cautionary note regarding forward-looking statements

Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management’s current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Actual results, performance or events may differ materially from those in such statements due to, without limitation, competition from other companies in MTU Aero Engines’ industry and MTU Aero Engines’ ability to retain or increase its market share, the cyclicality of the airline industry, risks related to MTU Aero Engines’ participation in consortia and risk and revenue sharing agreements for new aero engine programs, risks associated with the capital markets, currency exchange rate fluctuations, regulations affecting MTU Aero Engines’ business and MTU Aero Engines’ ability to respond to changes in the regulatory environment, and other factors. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences. MTU Aero Engines assumes no obligation to update any forward-looking statement.

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