
MTU Aero Engines is raising its guidance after the first nine months

- **Revenue 2022 is expected to be between €5.4 and €5.5 billion**
- **Adjusted EBIT should increase in the low thirty-percent range**
- **CCR is projected to be between 60% and 70%**

Munich, October 27, 2022 – MTU Aero Engines AG has published its figures for the first nine months of 2022: The company grew revenue by 27% to €3.82 billion (1-9/2021: €3.01 billion). The operating profit¹ increased by 46% from €307 million to €448 million. The adjusted EBIT margin was 11.7% at the end of the first nine months (1-9/2021: 10.2%). Net income² developed in line with adjusted EBIT, rising 45% to €319 million (1-9/2021: €220 million).

“Based on this good performance and the current situation, which includes a favorable development of the US dollar exchange rate, we can increase our forecast today,” said Reiner Winkler, CEO of MTU Aero Engines AG. “We now expect revenue for the year to be between €5.4 and €5.5 billion. Adjusted EBIT should rise in the low thirty-percent range. We anticipate that the cash conversion rate will be between 60% and 70% in 2022.” Previously, MTU had forecast revenue of between €5.2 and €5.4 billion for full-year 2022. The increase in adjusted EBIT was expected to be in the mid twenty-percent range. The company still assumes that adjusted net income will develop in line with the operating profit in 2022. MTU previously expected the cash conversion rate, which shows the ratio of free cash flow to adjusted net income, to be in the mid to high double-digit percentage range and is now giving more detailed guidance. MTU’s forecast is based on a US dollar/euro exchange rate of 1.05. So far, the company’s forecast was based on an exchange rate of 1.10.

MTU’s revenue increased in both commercial maintenance and the commercial engines business in the first nine months.

In commercial maintenance, revenue grew 32% to €2.64 billion, up from €2.01 billion in the first nine months of the prior year. The main revenue drivers were the PW1100G-JM, which is used in the A320neo, and the V2500 for the classic A320 family. Peter Kameritsch, CFO: “So far, Geared Turbofan™ maintenance has been below our expectations but it should pick up in the fourth quarter. Overall we are able to raise our guidance for MRO revenue in 2022.” MTU now expects organic revenue growth in the commercial maintenance business to come in at around 20 percent; previously it had assumed that revenue would increase in the high teen percentage range.

In the commercial engine business, revenue increased by 24% to €946 million in the first nine months (1-9/2021: €765 million). Organic revenue in the commercial series business increased in the mid-

¹ Adjusted EBIT = adjusted earnings before interest and taxes

² Adjusted net income = adjusted income after income taxes



single-digit percentage range and organic revenue growth in the spare parts business was in the high-teen percentage range. Kameritsch: "Spare parts are therefore clearly within our expectations for the full year. A positive trend came from narrowbody and cargo aircraft engines, as well as the GEnx for the Dreamliner and engines for business jets. In the series business, we are seeing a rise in GTF deliveries while the recovery of other programs remains slightly weaker." The main revenue driver in the commercial engine business was the PW1100G-JM.

In the military engine business, revenue was stable compared with the first nine months of 2021 at €309 million (1-9/2021: €310 million). The most important revenue driver was the EJ200 engine for the Eurofighter. "In the military engine business there were slight delays in both production and maintenance," explained Kameritsch.

The revenue guidance for the OEM business for the full year is unchanged: Revenue in the commercial series business is expected to increase in the mid to high-teen percentage range in 2022. For the commercial spare parts business MTU is forecasting revenue growth in the mid-teen percentage range. For the military engine business, revenue growth in the high single-digit percentage range is assumed.

The order backlog was €25.96 billion at the end of September (December 31, 2021: €22.24 billion). The majority of orders were for the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM.

The OEM business and the MRO business both posted higher profit in the first nine months: In the commercial maintenance business, adjusted EBIT rose 87% to €196 million (1-9/2021: €105 million) and the adjusted EBIT margin increased from 5.2% to 7.4%. In the OEM business, MTU's earnings increased by 24% to €251 million, up from €202 million in the first nine months of 2021. The adjusted EBIT margin was 20.0% (1-9/2021: 18.8%). "In both segments, the business mix had a positive impact on earnings. In addition, MTU is benefiting from the present favorable US dollar/euro exchange rate," said Kameritsch.

At the end of the quarter MTU's research and development expenses were up 18% year-on-year at €192 million (1-9/2021: €162 million). R&D at MTU focuses on improvements in the performance of the Geared Turbofan™ programs, technology studies for future engine generations, especially hydrogen and flying fuel cells, and digitalization of engine construction. Winkler: "Through our R&D activities we are actively driving forward sustainable, emissions-free aviation and therefore investing in the future of MTU."

MTU's free cash flow was €219 million at the end of September, 7% higher than in the comparable prior-year period (1-9/2021: €205 million). "We are therefore clearly within our full-year expectations," said Kameritsch.



Net capital expenditure on property, plant and equipment increased by 45% to €170 million in the first nine months (1-9/2021: €117 million).

At the end of September, MTU had 11,008 employees, 5% more than at year-end 2021 (December 31, 2021: 10,508 employees). Most of the new hires were at the sites in Munich, Poland and Serbia. Winkler: “The new hires support the digitalization of engine production and expansion of best-cost strategy.”

MTU Aero Engines – Key data for the third quarter of 2022

(Amounts in € million)

MTU Aero Engines	Q3 2021	Q3 2022	As of Sept. 2021	As of Sept. 2022	Change
Revenue	1,004	1,349	3,008	3,818	+ 27%
thereof OEM business	373	445	1,075	1,255	+ 17%
thereof commercial engine business	251	350	765	946	+ 24%
thereof military engine business	123	95	310	309	- 0%
thereof commercial maintenance	658	933	2,010	2,644	+ 32%
Adjusted EBIT	117	158	307	448	+ 46%
thereof OEM business	89	86	202	251	+ 24%
thereof commercial maintenance	28	72	105	196	+ 87%
<i>Adjusted EBIT margin</i>	<i>11.7%</i>	<i>11.7%</i>	<i>10.2%</i>	<i>11.7%</i>	
<i> in the OEM business</i>	<i>23.9%</i>	<i>19.4%</i>	<i>18.8%</i>	<i>20.0%</i>	
<i> in commercial maintenance</i>	<i>4.2%</i>	<i>7.7%</i>	<i>5.2%</i>	<i>7.4%</i>	
Adjusted net income	85	113	220	319	+ 45%
Net income (reported)	87	92	190	212	+ 12%
Earnings per share (basic, reported)	1.62	1.74	3.50	3.97	+ 13%
EBITDA (reported)	189	220	491	610	+ 24%
Free cash flow	18	52	205	219	+ 7%
Research and development expenses	60	56	162	192	+ 18%
thereof company-funded	41	46	116	147	+ 26%
thereof customer-funded	19	10	46	44	- 3%
<i>Company-funded R&D expenses as stated in the income statement</i>	<i>22</i>	<i>28</i>	<i>60</i>	<i>75</i>	<i>+ 26%</i>
Net capital expenditure on property, plant and equipment	54	78	117	170	+ 45%



			Dec. 31, 2021	Sept. 30, 2022	Change
Balance sheet key figures					
Intangible assets			1,128	1,136	+ 1%
Cash and cash equivalents			722	775	+ 7%
Pension provisions			948	746	- 21%
Equity			2,760	2,871	+ 4%
Net financial debt			673	604	- 10%
Total assets and liabilities			8,304	9,064	+ 9%
Order backlog			22,237	25,958	+ 17%
Employees			10,508	11,008	+ 5%

Outlook for 2022

	Old	New
Revenue	Between €5.2 and €5.4 billion	Between €5.4 and €5.5 billion
<i>thereof: organic revenue development</i>		
<i>Commercial series business</i>	<i>Increase in the mid to high teens percentage range</i>	<i>Increase in the mid- to high-teens percentage range</i>
<i>Spare parts business</i>	<i>Increase in the mid-teens percentage range</i>	<i>Increase in the mid-teens percentage range</i>
<i>Military engine business</i>	<i>Increase in the high single-digit percentage range</i>	<i>Increase in the high single-digit percentage range</i>
<i>Commercial maintenance</i>	<i>Increase in the high-teens percentage range</i>	<i>Increase of around 20%</i>
Adjusted EBIT	Increase in the mid twenty-percent range	Increase in the low thirty-percent range
Adjusted net income	Development in line with adjusted EBIT	Development in line with adjusted EBIT
Cash conversion rate	Mid to high double-digit percentage range	About 60% to 70%

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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