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### MTU Aero Engines publishes its quarterly figures

- **Revenue down 22%**
- **Operating profit 52% lower, net income down 55%**
- **Free cash flow of €106 million**
- **Forecast for 2021 confirmed**

Munich, April 30, 2021 – MTU Aero Engines AG has published its figures for the first quarter of 2021: Revenue was €989 million, compared with €1,273 million in the first quarter of 2020. The operating profit<sup>1</sup> decreased from €182 million to €86 million. The adjusted EBIT margin was 8.7% (1-3/2020: 14.3%). Adjusted net income<sup>2</sup> was €58 million, compared with €128 million in the prior-year period.

“In the year-on-year comparison, it should be noted that the first three months of 2020 were a very strong quarter and the coronavirus pandemic had not yet affected our business figures,” said Reiner Winkler, CEO of MTU Aero Engines AG. “We are still operating profitably, even in the most severe crisis in our sector, and are confident that we will achieve the targets we have set for the full year.” MTU is therefore confirming its forecast for 2021.

There was a sharp drop in revenue in the first quarter of 2021, especially in the commercial engines business, where revenue fell by 37% to €250 million (1-3/2020: €399 million). “In this crisis, the airlines are focusing mainly on modern narrowbody aircraft,” said Winkler. “In view of this, it is not surprising that in the first quarter revenue in the commercial engine business was driven mainly by the PW1100G-JM engine for the A320neo.”

Revenue from the commercial maintenance business declined by 15% in the first quarter – from €795 million to €678 million. “The drop in revenue in our core business was partially offset by rising maintenance work on Geared Turbofan™ engines,” said Winkler. The most important revenue generators in the commercial maintenance business were the PW1100G-JM and the V2500 for the classic A320 aircraft family.

Revenue from the military engine business contracted by 11% to €87 million in the first quarter (1-3/2020: €98 million). “The figures reflect the typical shifts within the quarters. The military business has not been affected by the coronavirus crisis,” said Winkler. The main source of revenue in the military engine business was the EJ200 engine for the Eurofighter.

MTU’s order backlog at the end of the quarter was €20.2 billion, an increase of 9% compared with year-end 2020 (December 31, 2020: €18.6 billion). The majority of these orders were for the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM.

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<sup>1</sup> Adjusted EBIT = adjusted earnings before interest and taxes

<sup>2</sup> Adjusted net income = adjusted income after income taxes



In the OEM business, adjusted EBIT declined by 60% to €47 million in the first quarter (1-3/2020: €116 million). The adjusted EBIT margin was 14.0%, compared with 23.4% in the prior-year period. “The reduction in earnings in the OEM business results from an organic drop in revenue on a dollar basis in the upper 30 percent range in both the commercial series business and the spare parts business and a decline in military business,” said CFO Peter Kameritsch.

In the commercial maintenance business, the adjusted EBIT dropped 40% from €66 million to €39 million. The adjusted EBIT margin was 5.8%, compared with 8.3% in the prior-year period. Kameritsch: “The higher proportion of MRO work for Geared Turbofan™ engines is putting pressure on the margin.”

MTU spent €47 million on research and development in the first quarter (1-3/2020: €59 million). The R&D activities focused on improving the performance of the Geared Turbofan™ programs, technology studies for future engine generations, especially hydrogen and flying fuel cells, and digitalization of engine construction.

The free cash flow was €106 million in the first quarter, compared with €69 million in the prior-year period. “The high level of receivables at year-end 2020 led to strong cash inflows in the first quarter,” reported Kameritsch. “Since the situation remains challenging, we are naturally continuing our strict liquidity management. For the full year, we aim to achieve a cash conversion rate in the mid double-digit percentage range.” In 2020, the cash conversion rate, which is the ratio of free cash flow to adjusted net income, was 36%.

Net capital expenditure on property, plant and equipment dropped from €38 million to €23 million in the first quarter.

MTU had 10,216 employees at the end of the first quarter (December 31, 2020: 10,313 employees). “The agreements on reducing capacity, most of which were signed last year, are being implemented successively. That is reflected in our headcount,” said Winkler. The capacity adjustment should be completed by the end of 2021.

MTU is retaining its guidance on FY 2021. The company expects revenue to be between €4.2 billion and €4.6 billion. The adjusted EBIT margin should be between 9.5% and 10.5% in 2021. Adjusted net income is expected to develop in line with adjusted EBIT.



## MTU Aero Engines – Key data for the first quarter of 2021

(Amounts in € million)

MTU Aero Engines	As of March 2020	As of March 2021	Change
Revenue	1,273	989	- 22 %
thereof OEM business	497	337	- 32 %
thereof commercial engine business	399	250	- 37 %
thereof military engine business	98	87	- 11 %
thereof commercial maintenance	795	678	- 15 %
Adjusted EBIT	182	86	- 52 %
thereof OEM business	116	47	- 60 %
thereof commercial maintenance	66	39	- 40 %
<i>Adjusted EBIT margin</i>	<i>14.3 %</i>	<i>8.7 %</i>	
<i>  in the OEM business</i>	<i>23.4 %</i>	<i>14.0 %</i>	
<i>  in commercial maintenance</i>	<i>8.3 %</i>	<i>5.8 %</i>	
Adjusted net income	128	58	- 55 %
Net income (reported)	112	49	- 56 %
Earnings per share (basic, reported)	2.10	0.91	- 57 %
Free cash flow	69	106	+ 54 %
Research and development expenses	59	47	- 21 %
thereof company-funded	50	36	- 27 %
thereof customer-funded	10	11	+ 11 %
<i>Company-funded R&amp;D expenses as stated in the income statement</i>	<i>15</i>	<i>16</i>	<i>+ 6 %</i>
Net capital expenditure on property, plant and equipment	38	23	- 39 %
	<b>Dec. 31, 2020</b>	<b>Mar. 31, 2021</b>	<b>Change</b>
<b>Balance sheet key figures</b>			
Intangible assets	1,135	1,136	+ 0 %
Cash and cash equivalents	773	836	+ 8 %
Pension provisions	1,009	1,008	- 0 %
Equity	2,635	2,657	+ 1 %
Net financial debt	781	675	- 14 %
Total assets and liabilities	8,104	8,175	+ 1 %
<b>Order backlog</b>	<b>18,608</b>	<b>20,224</b>	<b>+ 9 %</b>
<b>Employees</b>	<b>10,313</b>	<b>10,216</b>	<b>- 1 %</b>

### About MTU Aero Engines

MTU Aero Engines AG 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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