
Nine-month results 2023: MTU Aero Engines AG confirms its adjusted guidance for 2023

- **Guidance adjusted for the impact of the Geared Turbofan™ inspection program**
- **Growth in adjusted revenue and earnings in all business segments as of September**
- **Figures affected by exceptional charges for the Geared Turbofan™ inspection program**

Munich, October 27, 2023 – MTU Aero Engines AG has published its figures for the first nine months of 2023. Based on the adjusted figures – especially the adjustments for the exceptional charges of around €1.0 billion relating to the Geared Turbofan™ inspection program – there were improvements across the board: Adjusted revenue¹ grew by 21% to €4.6 billion (1-9/2022: €3.8 billion). Adjusted operating profit² rose by 33% from €448 million to €597 million. The adjusted EBIT margin was 13.0% at the end of the first nine months (1-9/2022: 11.7%). Adjusted net income³ was €438 million at end-September, an increase of 37% (1-9/2022: €319 million).

“The good performance based on the adjusted figures is testimony to MTU’s excellent market position and operational capability,” said Lars Wagner, CEO of MTU Aero Engines AG, commenting on the business figures. “MTU posted organic growth in all business segments. However, exceptional charges for the Geared Turbofan™ inspection program affected our figures.” Without adjustments, MTU’s reported revenue was €3.7 billion at the end of the first nine months and reported EBIT was –€410 million. In the interests of comparability, MTU’s established practice is to make adjustments for matters of an exceptional nature. The adjusted revenue and earnings figures are reported in addition to the regulated, unadjusted revenue and earnings data. “We are continuing this long-term practice in the interests of the consistency of our figures,” explained CFO Peter Kameritsch. Wagner: “In view of this, we are today confirming our guidance for the full year, which has been adjusted for the charges of around €1 billion arising from the Geared Turbofan™ inspection program.” On this basis, MTU expects adjusted revenue for the year to be between €6.1 and €6.3 billion. Adjusted EBIT is expected to be slightly above €800 million in 2023, while free cash flow is expected to be slightly higher than the previous year’s figure. MTU released an ad hoc statement on the possible effects of the Geared Turbofan™ inspection program on September 11 and on September 13 it communicated the adjustment of its guidance for this exceptional effect.

Adjusted revenue increased in all MTU business segments in the first nine months of 2023.

The highest revenue growth came from the commercial engine business, where adjusted revenue climbed 29% from €946 million to €1.2 billion. Organic revenue in the commercial series business grew by a percentage in the thirties while organic revenue in the spare parts business grew by a percentage

¹ 2023 revenue adjusted for the PW1100G-JM powder metal issue

² Adjusted EBIT = adjusted earnings before interest and taxes

³ Adjusted net income = adjusted income after income taxes



in the twenties. Kameritsch: “That is in line with our expectations for the full year.” The main revenue generator in the commercial engine business was the PW1100G-JM for the A320neo.

Revenue from commercial maintenance rose by 18% to €3.1 billion (1-9/2022: €2.6 billion). The most important revenue generators were the PW1100G-JM for the A320neo and the V2500 for the classic A320 family. “Revenue increased across all platforms. The GTF MRO was mainly supported by the further ramp-up of MTU Maintenance Zhuhai and EME Aero,” reported Kameritsch.

Revenue in the military engine business increased by 19% from €309 million to €367 million in the first nine months. The most important revenue driver was the EJ200 engine for the Eurofighter.

The order backlog was valued at €22.0 billion at the end of September (December 31, 2022: €22.3 billion). The majority of orders were for the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM.

On an adjusted basis, MTU improved its earnings in both the OEM and the MRO business in the first nine months. Adjusted EBIT in the OEM business grew by 49% from €251 million to €374 million. The adjusted EBIT margin was 23.6%, compared with 20.0% in the prior-year period. “In addition to the positive revenue mix and a good cost base, favorable exchange rate effects provided a tailwind for earnings,” said Kameritsch. At the end of September, adjusted EBIT in the commercial maintenance business was up 14% year-on-year at €223 million (1-9/2022: €196 million). The adjusted EBIT margin in the MRO business was 7.2%, compared with 7.4% in the prior-year period.

Research and development expenses amounted to €224 million in the first nine months of 2023, up 17% from the same period of the previous year (1-9/2022: €192 million). Wagner: “Geared Turbofan™ technology is vital for the transition to sustainable, emissions-free aviation. Within our technology agenda, the evolutionary development activities have a clear focus on improving the performance of the Geared Turbofan™.” On the revolutionary side, MTU’s R&D activities center on technology studies for future-generation propulsion systems, especially hydrogen and flying fuel cells.

MTU’s free cash flow was €257 million at the end of September, 17% higher than in the first nine months of 2022 (1-9/2022: €219 million). Kameritsch: “The Geared Turbofan™ inspection program should mainly affect our liquidity in the period from 2024 to 2026. To limit the impact as effectively as possible, we will be systematically enhancing our stringent cash management and continuing our clear focus on safeguarding the future of MTU.”

Net capital expenditure on property, plant and equipment amounted to €190 million in the first nine months, which was 12% higher than in the comparable prior-year period (1-9/2022: €170 million).



MTU had 12,004 employees at the end of September, 6% more than at year-end 2022 (December 31, 2022: 11,273 employees).

MTU Aero Engines – Key data for the third quarter of 2023

(Amounts in € million)

MTU Aero Engines	Q3 2022	Q3 2023	As of Sept. 2022	As of Sept. 2023	Change
Adjusted revenue*	1,349	1,517	3,818	4,610	+ 21%
thereof OEM business*	445	523	1,255	1,584	+ 26%
thereof commercial engine business*	350	385	946	1,217	+ 29%
thereof military engine business	95	138	309	367	+ 19%
thereof commercial maintenance	933	1,026	2,644	3,108	+ 18%
Revenue (reported)	1,349	560	3,818	3,653	- 4%
Adjusted EBIT	158	192	448	597	+ 33%
thereof OEM business	86	111	251	374	+ 49%
thereof commercial maintenance	72	81	196	223	+ 14%
<i>Adjusted EBIT margin</i>	<i>11.7%</i>	<i>12.7%</i>	<i>11.7%</i>	<i>13.0%</i>	
<i> in the OEM business</i>	<i>19.4%</i>	<i>21.3%</i>	<i>20.0%</i>	<i>23.6%</i>	
<i> in commercial maintenance</i>	<i>7.7%</i>	<i>7.9%</i>	<i>7.4%</i>	<i>7.2%</i>	
EBIT (reported)	147	-793	331	-410	- 224%
Adjusted net income	113	138	319	438	+ 37%
Net income (reported)	92	-568	212	-312	- 247%
Earnings per share (basic, reported)	1.74	-10.61	3.97	-5.86	- 248%
EBITDA (reported)	220	-711	610	-174	- 128%
Free cash flow	52	122	219	257	+ 17%
Research and development expenses	56	66	192	224	+ 17%
thereof company-funded	46	51	147	169	+ 15%
thereof customer-funded	10	15	44	55	+ 23%
<i>Company-funded R&D expenses as stated in the income statement</i>	<i>28</i>	<i>28</i>	<i>75</i>	<i>82</i>	<i>+ 9%</i>
Net capital expenditure on property, plant and equipment	78	78	170	190	+ 12%



			Dec. 31, 2022	Sept. 30, 2023	Change
Balance sheet key figures					
Intangible assets			1,151	1,154	+ 0%
Cash and cash equivalents			823	824	+ 0%
Pension provisions			707	725	+ 3%
Equity			3,107	2,670	- 14%
Net financial debt			753	690	- 8%
Total assets and liabilities			9,230	9,867	+ 7%
Order backlog					
			22,273	22,017	- 1%
Employees					
			11,273	12,004	+ 6%

* 2023 revenue adjusted for the PW1100G-JM powder metal issue

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 area, 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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