



H1 2018 Results

Conference Call with Investors and Analysts

Munich 7/26/2018 - Investor Relations

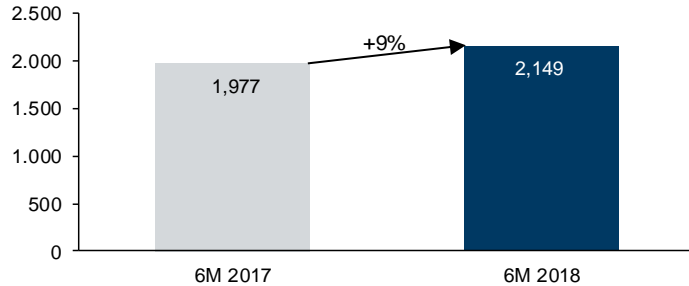
Business Highlights H1 2018



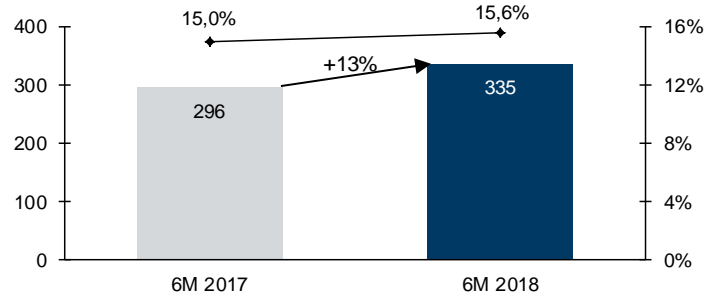
- Market environment in healthy shape
- Strong order momentum at Farnborough Airshow
- GTF engine deliveries accelerating
- Continuous high workload in all MRO shops
- Expansion of our MRO capacity ongoing
- Upside potential for additional military contracts
- Stepping-up efforts for additive manufacturing
- Guidance 2018 upgrade

Financial Highlights H1 2018

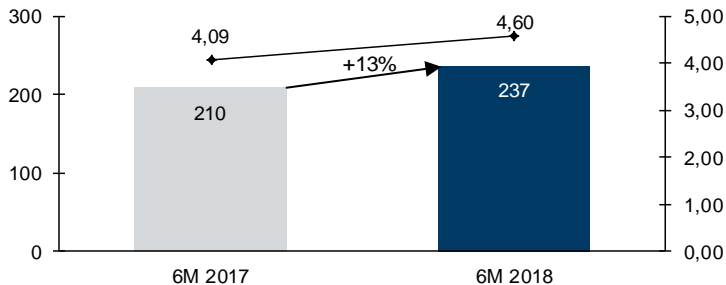
Revenues (m€)



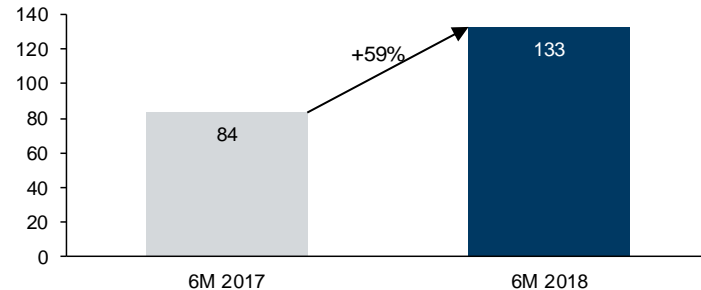
EBIT adj / EBIT adj. Margin (m€ / %)



Net income adj. / EPS adj. (m€ / €)



Free Cash Flow (m€)



OEM Segment

(m€)	6M 2017	6M 2018	Change
Revenues	844.3	937.7	11%
Commercial Business	643.2	738.9	15%
Military Business	201.1	198.8	-1%
EBIT adj.	192.3	228.9	19%
<i>EBIT adj. margin %</i>	22.8%	24.4%	

- US\$ Commercial Business revenues increased by 28%
- Military revenues stable
- EBIT margin increase to 24.4% supported by FX development











Commercial MRO

(m€)	6M 2017	6M 2018	Change
Revenues	1,181.0	1,288.5	9%
EBIT adj.	103.7	105.5	2%
<i>EBIT adj. margin %</i>	<i>8.8%</i>	<i>8.2%</i>	



- US\$ revenues growth of 22%
- Margin decline due to negative FX effects at MTU Zhuhai and ramp-up of new programs

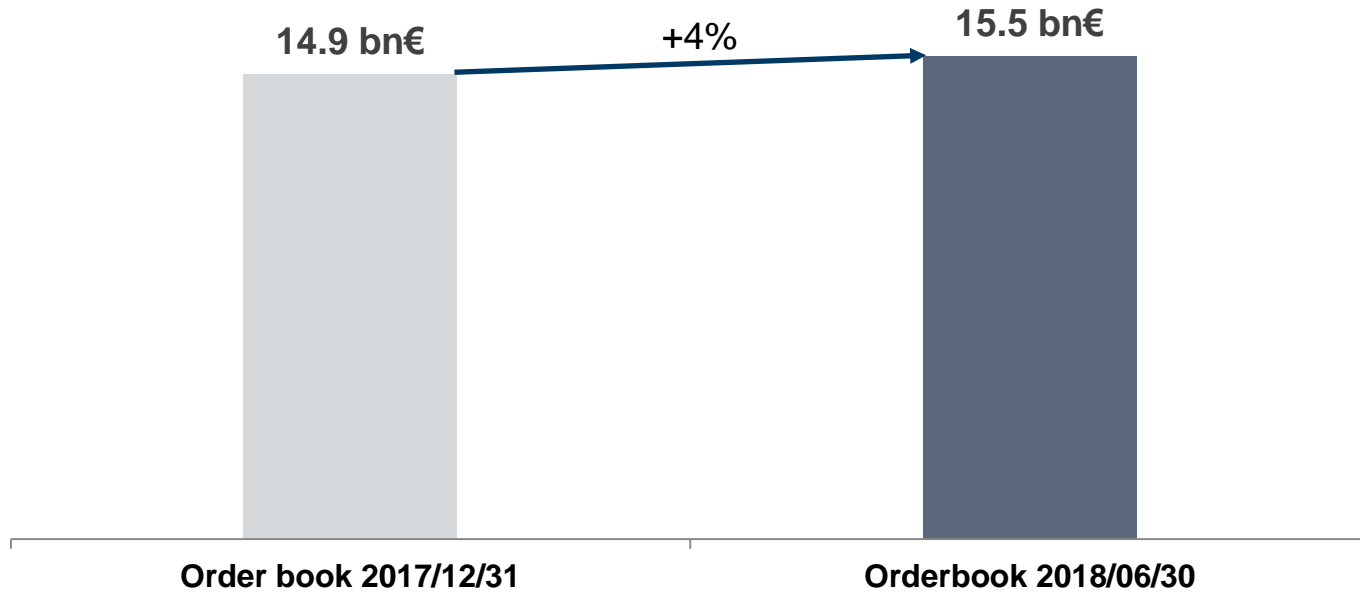
Guidance 2018: Upgrade due to stronger than expected aftermarket

Organic Growth:		NEW	OLD	
Military:	Stable		<i>Stable</i>	
Commercial OE:	Up ~30%		<i>Up ~30%</i>	
Commercial Spares:	Up ~10%		<i>Up mid single digit</i>	
Commercial MRO:	Up ~20%		<i>Up in the high teens</i>	
Total Group Sales:	~ 4.2 bn€			
EBIT adj.	~ 640 m€		<i>Moderate progression</i>	
Net income adj.	~ 450 m€		<i>Growth in line with EBIT adj</i>	
CCR*	~ 40 - 50%		<i>Low to mid double digit</i>	

* Cash Conversion Rate = Free Cash Flow/Net Income adj.

Appendix

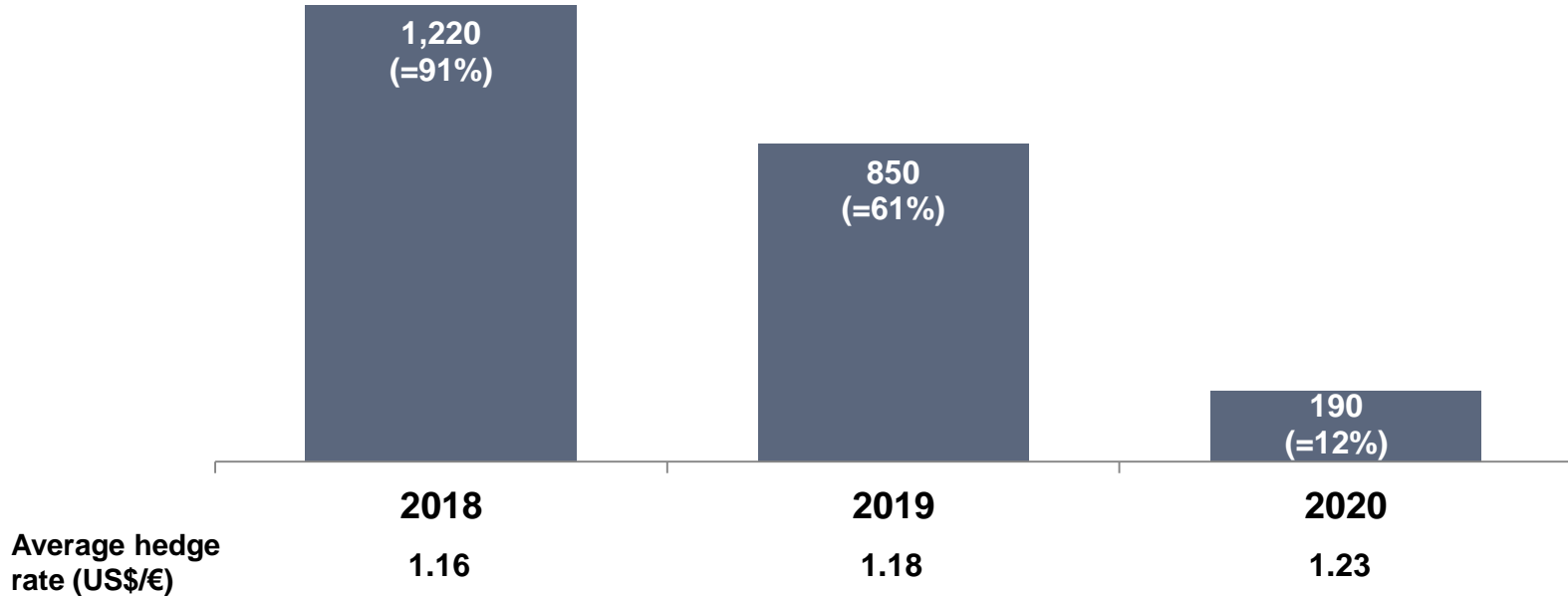
Group Order Book up 4 %



US\$ Exchange Rate / Hedge Portfolio

Hedge book as of July 26, 2018 (% of net exposure)

in m\$



Profit & Loss

(m€)	Q2 2017	Q2 2018	Change	6M 2017	6M 2018	Change
Revenues	978.0	1,132.2	16%	1,977.0	2,148.6	9%
Total Cost of Sales	-830.7	-924.8		-1,623.3	-1,726.3	
Gross Profit	147.2	207.4	41%	353.7	422.3	19%
<i>Gross Profit margin</i>	<i>15.1%</i>	<i>18.3%</i>		<i>17.9%</i>	<i>19.7%</i>	
R&D according to IFRS	-11.4	-13.1		-21.2	-26.4	
SG&A	-42.9	-49.0		-85.9	-97.2	
Other operating income (expense)	1.7	-8.7		2.1	-8.1	
P&L of companies accounted "at equity and at cost"	10.1	10.1		21.9	18.3	
EBIT reported	105.0	146.7	40%	270.6	308.9	14%
EBIT adj.	117.9	159.5	35%	296.3	334.6	13%
<i>EBIT adj. margin</i>	<i>12.1%</i>	<i>14.1%</i>		<i>15.0%</i>	<i>15.6%</i>	
Financial result	-5.2	5.9		-14.5	-4.7	
Profit before tax (EBT)	99.8	152.6	53%	256.1	304.2	19%
Taxes	-18.6	-40.3		-56.0	-85.7	
Net Income reported	81.3	112.3	38%	200.1	218.5	9%
Net Income adj.	83.7	113.7		210.1	237.0	
EPS reported	1.56	2.15		3.87	4.19	
EPS adj.	1.63	2.21		4.09	4.60	

Reconciliation to adjusted Key Performance Indicators

(m€)	Q2 2017	Q2 2018	Change	6M 2017	6M 2018	Change
EBIT reported	105.0	146.7	40%	270.6	308.9	14%
Adjustment (PPA Depreciation & Amortization)	5.3	5.3		10.6	10.5	
Adjustment (IAE Upshare)	7.6	7.5		15.1	15.2	
EBIT adj.	117.9	159.5	35%	296.3	334.6	13%
<i>Thereof P&L of companies accounted "at equity"</i>	9.9	9.9	0%	21.6	17.8	-18%
Interest result	-0.8	0.1	113%	-3.1	-1.2	61%
Interest for pension provisions	-3.0	-3.4	-13%	-6.1	-6.8	-11%
EBT adj. w/o P&L "at equity"	104.2	146.3	40%	265.5	308.8	16%
Tax rate normalized	-29.0%	-29.0%		-29.0%	-29.0%	
Taxes	-30.4	-42.5		-77.0	-89.6	
Net Income adj.	83.7	113.7	36%	210.1	237.0	13%
EPS adj.	1.63	2.21	35%	4.09	4.60	12%

Segment Revenues and EBIT adj.

(m€)	Q2 2017	Q2 2018	Change	6M 2017	6M 2018	Change
Revenues Group	978.0	1,132.2	16%	1,977.0	2,148.6	9%
OEM Commercial	312.2	403.0	29%	643.2	738.9	15%
OEM Military	100.1	107.5	7%	201.1	198.8	-1%
MRO	592.6	670.3	13%	1,181.0	1,288.5	9%
Consolidation	-26.9	-48.6		-48.3	-77.6	
EBIT adj. Group	117.9	159.5	35%	296.3	334.6	13%
OEM (Commercial / Military)	66.5	105.5	59%	192.3	228.9	19%
MRO	51.6	54.0	5%	103.7	105.5	2%
Consolidation	-0.2	0.0		0.3	0.2	
EBIT margin adj. Group	12.1%	14.1%		15.0%	15.6%	
<i>OEM (Commercial / Military)</i>	<i>16.1%</i>	<i>20.7%</i>		<i>22.8%</i>	<i>24.4%</i>	
<i>MRO</i>	<i>8.7%</i>	<i>8.1%</i>		<i>8.8%</i>	<i>8.2%</i>	

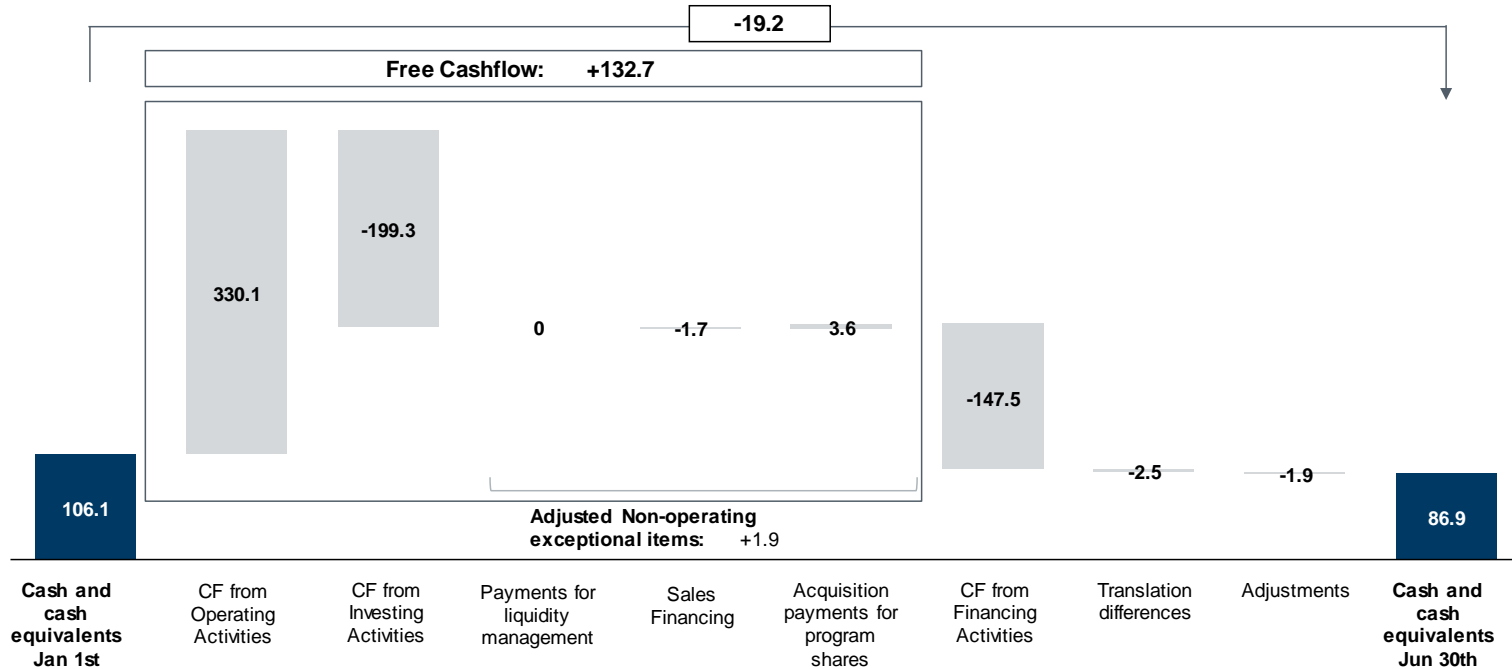
Research & Development

(m€)	Q2 2017	Q2 2018	Change	6M 2017	6M 2018	Change
Total R&D	54.6	46.1	-16%	110.7	99.2	-10%
Customer funded R&D	-8.7	-6.1	30%	-19.9	-11.9	40%
Company expensed R&D	45.9	39.9	-13%	90.8	87.3	-4%
Capitalization of R&D	-30.0	-17.8		-59.8	-43.2	
Amortisation	3.0	2.4		5.7	7.1	
Total R&D impact P&L (on EBIT)	18.9	24.5	30%	36.7	51.2	40%
thereof booked into sales and COGS	-7.5	-11.5		-15.5	-24.8	
R&D according to IFRS (P&L)	11.4	13.1	15%	21.2	26.4	25%

Financial Result

(m€)	Q2 2017	Q2 2018	Change	6M 2017	6M 2018	Change
Interest income	2.0	2.2	10%	3.0	3.2	7%
Interest expense	-2.8	-2.1	25%	-6.1	-4.4	28%
Interest result*	-0.8	0.1	113%	-3.1	-1.2	61%
Financial result on other items	-4.4	5.8		-11.4	-3.5	
<i>thereof interests for pension obligations</i>	-3.0	-3.4		-6.1	-6.8	
<i>thereof fair value gains/losses on derivatives</i>	6.8	3.6		7.0	2.5	
Financial result	-5.2	5.9	213%	-14.5	-4.7	68%

MTU's Cash development January – June 2018



Cash Flow

(m€)	6M 2017	6M 2018	Change
Net Income IFRS	200.1	218.5	9%
Depreciation and amortization	90.8	95.6	
Change in provisions and liabilities	74.8	36.0	
Change in working capital	-118.7	-52.1	
Taxes	11.8	18.9	
Interest, derivatives, others	-55.9	13.2	
Cash Flow from operating activities	202.9	330.1	63%
Net Investment in intangible assets	-32.3	-37.2	
Net Investment in R&D payments and entry fees	-18.7	-6.0	
Net Investment in property, plant, equipment	-50.6	-88.8	
Net Investments in financial assets	-2.3	-67.3	
Cash Flow from investing activities	-103.9	-199.3	-92%
<i>Adjustments</i>	-15.4	1.9	
Free Cash Flow	83.6	132.7	59%
Cash Flow from financing activities	-337.4	-147.5	56%
Cash and cash equivalents at 30.06.	81.9	86.9	

Net Financial Debt

(m€)	31/12/2017	30/06/2018	Change
Bonds and notes	100.0	98.3	
Convertible bond	478.5	480.2	
Financial liabilities to bank	108.2	130.2	
<i>thereof Revolving Credit Facility</i>	78.1	100.0	
<i>thereof Note Purchase Agreement</i>	30.1	30.2	
Loans from related companies	0.0	0.5	
Finance lease liabilities	11.5	10.7	
Loans from third parties	18.2	0.0	
Financial liabilities arising from program participation	370.5	343.0	
<i>thereof arising from IAE V2500 Upshare</i>	320.0	309.9	
Gross financial debt	1,086.9	1,062.9	-2%
Cash and cash equivalents	106.1	86.9	
Loans to third parties	133.5	137.8	
Loans to related companies	20.3	19.4	
Securities	0.0	0.0	
Financial assets	259.9	244.1	-6%
Net financial debt	827.0	818.8	-1%

Working capital

(m€)	31/12/2017	30/06/2018	Change	Change in %
Gross inventories	845.1	928.2	83.1	
Prepayments	-407.6	-399.2	8.4	
Receivables	1,751.7	1,992.2	240.5	
Payables	-1,141.9	-1,421.8	-279.9	
Working Capital	1,047.3	1,099.4	52.1	5%

Balance Sheet

(m€)	31/12/2017	30/06/2018	Change
Intangible assets	1,032.5	1,052.3	
Property, plant, equipment	735.5	764.6	
other non-current assets	1,773.8	1,743.7	
Total non-current assets	3,541.8	3,560.6	1%
Current assets	2,817.3	3,105.3	10%
Total assets	6,359.1	6,665.9	5%
Equity	1,841.3	1,889.8	3%
Non-current liabilities	1,855.6	1,901.9	2%
Current liabilities	2,662.2	2,874.2	8%
Total equity and liabilities	6,359.1	6,665.9	
<i>thereof pension provisions</i>	<i>870.7</i>	<i>887.2</i>	

PPA Depreciation / Amortization

(m€)	Q2 2017	Q2 2018	6M 2017	6M 2018
Total depreciation / amortization*				
OEM	35.6	40.2	71.7	79.1
MRO	9.0	8.4	19.1	16.5
MTU total	44.6	48.6	90.8	95.6
PPA depreciation / amortization & IAE Upshare amortization (EBIT adjustments)				
PPA OEM	4.7	4.7	9.4	9.3
PPA MRO	0.6	0.6	1.2	1.2
IAE Upshare OEM	7.6	7.5	15.1	15.2
MTU total	12.9	12.8	25.7	25.7
Depreciation / amortization w/o PPA and w/o IAE Upshare				
OEM	23.3	28.0	47.2	54.6
MRO	8.4	7.8	17.9	15.3
MTU total	31.7	35.8	65.1	69.9

* incl. amortization of intangible assets, capitalized program assets and purchased development

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