



# Preliminary Full Year Results 2019

Conference Call with Investors & Analysts

20 February 2020 - Investor Relations

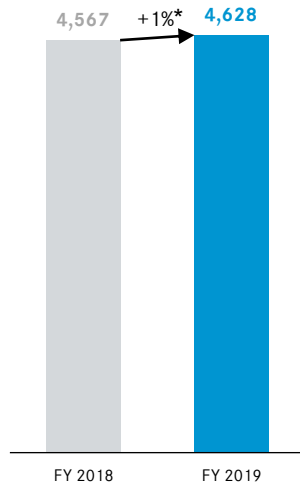
## Business Highlights

- Market fundamentals strong in 2019
- GTF deliveries on track and retrofit work progressing
- Maiden flight of B777x in January 2020, powered by GE9x engines
- MRO contract wins at record level with 7.5 bn US\$
- First engine inducted at EME Aero
- Partnership with Safran for the Next Generation Fighter Engine engaged
- MTU included in German large cap index DAX
- Dividend proposal of 3.40€ per share

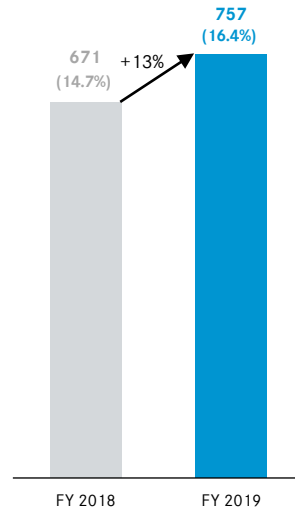


## Financial Highlights 2019

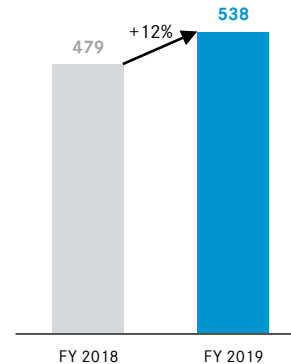
**Revenues**  
(in m€)



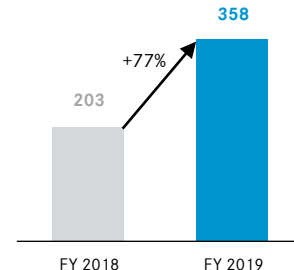
**EBIT adjusted**  
(in m€)



**Net income adj.**  
(in m€)



**Free Cash Flow**  
(in m€)



\*) Organically 5%

## Guidance 2019 achieved

	Guidance 2019	Actuals 2019	
<b>Revenues</b>	~ 4.7 bn€	<b>4,628 m€</b>	
<b>EBIT adj. margin</b>	~ 16% (~750 m€)	<b>16.4% (757 m€)</b>	✓
<b>Net Income adj.</b>	Growth in line with EBIT adj.	<b>538 m€</b>	✓
<b>CCR*</b>	65% - 70%	<b>67% (358 m€)</b>	✓

## OEM Segment

(in m €)	FY 2018	FY 2019	Change
<b>Revenues</b>	<b>1,827</b>	<b>1,996</b>	<b>9%</b>
Military Business	431	459	6%
Commercial Business	1,396	1,537	10%
<b>EBIT adj.</b>	<b>431</b>	<b>496</b>	<b>15%</b>
<b>EBIT adj. margin %</b>	<b>23.6%</b>	<b>24.8%</b>	



- US\$ Commercial business growth: ~ 4%
- Military revenues up by 6%
- EBIT margin slightly up

## Commercial MRO

(in m €)	FY 2018	FY 2019	Change
<b>Revenues</b>	2,800	2,711	-3%
<b>EBIT adj.</b>	240	261	9%
<b>EBIT adj. margin %</b>	8.6%	9.6%	



- US\$ Organic Revenue growth ~ 7%\*
- EBIT margin increase due to shift of V2500 IAE contract and performance MTU Zhuhai

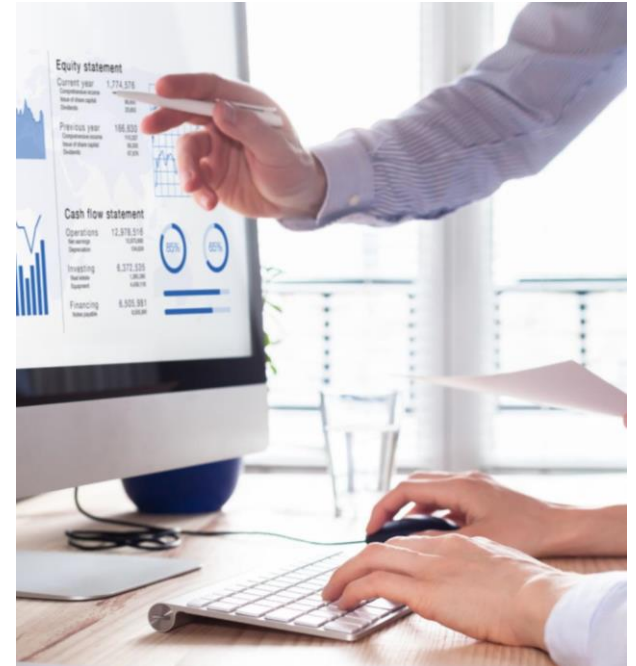
\* Adjusted by MTU Zhuhai IAE contract shift

## Guidance 2020: Further growth of EBIT adj. and Free Cash Flow Confirmed

### Organic Growth

<b>Military revenues</b>	Up mid single digit	↑
<b>Commercial OE</b>	Up high single digit	↑↑
<b>Commercial Spares</b>	Up mid to high single digit	↑↑
<b>Commercial MRO</b>	Up in the low twenties	↑↑↑

<b>EBIT adj.</b>	High single digit growth
<b>Net Income adj.</b>	Growth in line with EBIT adj.
<b>CCR*</b>	~ 70%

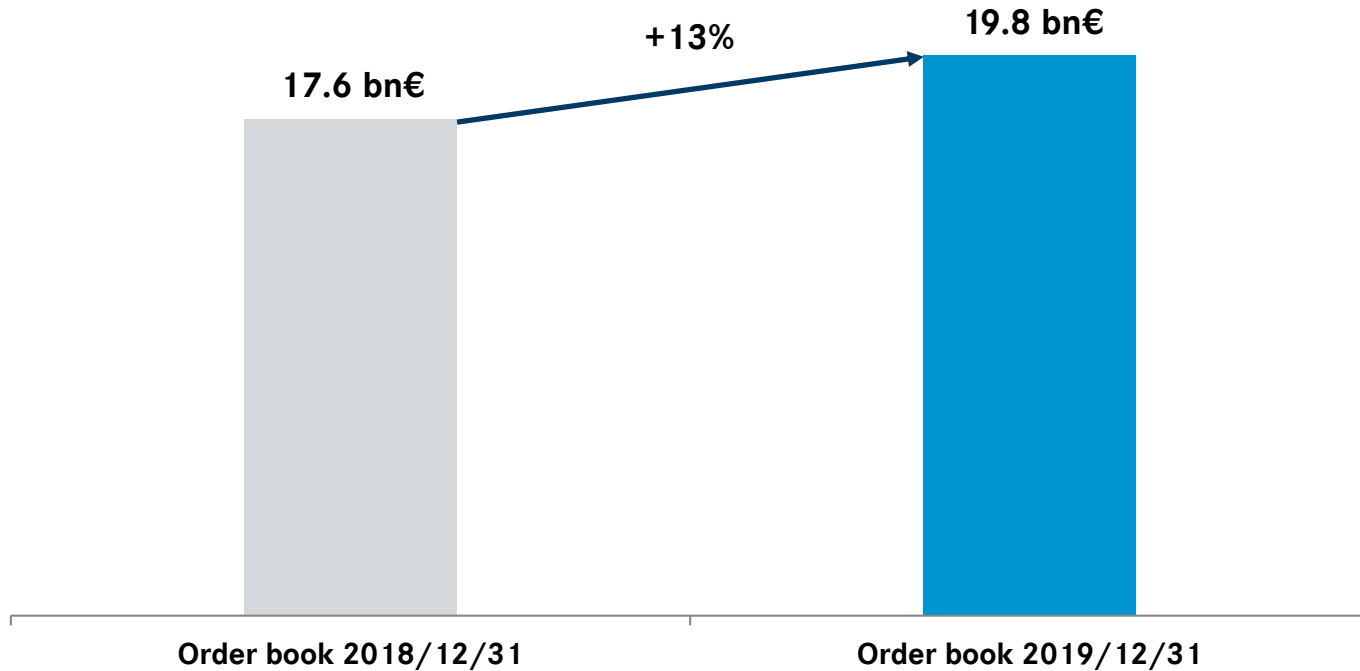


\*) CCR = Free Cash Flow vs. Net Income adj.

# Appendix



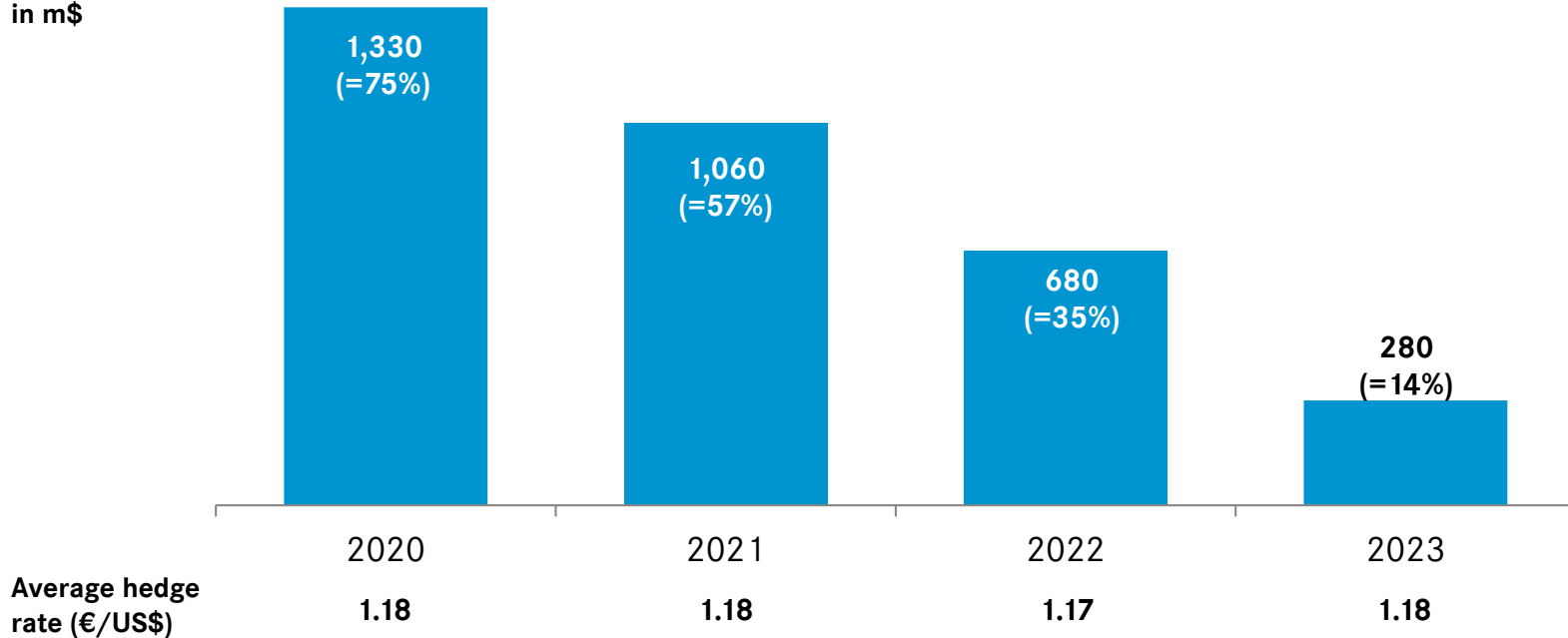
## Group Order Book up 13 %



## US\$ Exchange Rate / Hedge Portfolio

Hedge book as of February 20, 2020 (% of net exposure)

in m\$



## Profit & Loss

	Q4 2018	Q4 2019	Change	FY 2018	FY 2019	Change
<b>Revenues</b>	<b>1,248</b>	<b>1,225</b>	<b>-2%</b>	<b>4,567</b>	<b>4,628</b>	<b>1%</b>
Total cost of sales	-1,036	-988		-3,716	-3,697	
<b>Gross profit</b>	<b>213</b>	<b>237</b>	<b>11%</b>	<b>851</b>	<b>931</b>	<b>9%</b>
Gross profit margin %	17.0%	19.3%		18.6%	20.1%	
R&D according to IFRS	-18	-20		-61	-66	
SG&A	-49	-49		-199	-203	
Other operating income (expense)	-6	-13		-17	-39	
P&L of companies accounted at equity and equity investments	10	32		46	83	
<b>EBIT reported</b>	<b>150</b>	<b>186</b>	<b>24%</b>	<b>620</b>	<b>706</b>	<b>14%</b>
<b>EBIT adjusted</b>	<b>163</b>	<b>199</b>	<b>23%</b>	<b>671</b>	<b>757</b>	<b>13%</b>
<b>EBIT adjusted margin %</b>	<b>13.0%</b>	<b>16.3%</b>		<b>14.7%</b>	<b>16.4%</b>	
Financial result	-1	-15		-13	-39	
<b>Profit before tax (EBT)</b>	<b>149</b>	<b>171</b>	<b>15%</b>	<b>607</b>	<b>667</b>	<b>10%</b>
Taxes (IFRS)	-32	-38		-154	-178	
<b>Net Income reported</b>	<b>117</b>	<b>134</b>	<b>15%</b>	<b>453</b>	<b>488</b>	<b>8%</b>
Net Income adj.	116	146		479	538	
<b>EPS reported*</b>	<b>2.23</b>	<b>2.47</b>		<b>8.67</b>	<b>9.23</b>	
EPS adj.	2.25	2.80		9.29	10.38	

\* without non-controlling interests

## Reconciliation to adjusted Key Performance Indicators

	Q4 2018	Q4 2019	Change	FY 2018	FY 2019	Change
<b>EBIT reported</b>	<b>150</b>	<b>186</b>	<b>24%</b>	<b>620</b>	<b>706</b>	<b>14%</b>
Adjustment (PPA Depreciation & Amortization)	5	5		21	21	
Adjustment (IAE Upshare)	8	8		30	30	
<b>EBIT adjusted</b>	<b>163</b>	<b>199</b>	<b>23%</b>	<b>671</b>	<b>757</b>	<b>13%</b>
thereof P&L of companies accounted "at equity"	9	31		44	80	
Interest result	1	-2		-1	-17	
Interest for pension provisions	-4	-4		-14	-15	
<b>EBT adj. w/o P&amp;L "at equity"</b>	<b>152</b>	<b>163</b>	<b>7%</b>	<b>613</b>	<b>645</b>	<b>5%</b>
Tax rate normalized	-29%	-29%		-29%	-29%	
Taxes	-44	-47		-178	-187	
<b>Net Income adj.</b>	<b>116</b>	<b>146</b>	<b>25%</b>	<b>479</b>	<b>538</b>	<b>12%</b>
EPS adj.	2.25	2.80	24%	9.29	10.38	12%

## Segment Revenues and EBIT adj.

	Q4 2018	Q4 2019	Change	FY 2018	FY 2019	Change
<b>Revenues Group</b>	<b>1,248</b>	<b>1,225</b>	<b>-2%</b>	<b>4,567</b>	<b>4,628</b>	<b>1%</b>
OEM Commercial	359	399	11%	1,396	1,537	10%
OEM Military	128	135	6%	431	459	6%
MRO	780	716	-8%	2,800	2,711	-3%
Consolidation	-18	-25		-59	-79	
<b>EBIT adjusted Group</b>	<b>163</b>	<b>199</b>	<b>23%</b>	<b>671</b>	<b>757</b>	<b>13%</b>
OEM (Commercial / Military)	91	126	39%	431	496	15%
MRO	72	74	2%	240	261	9%
Consolidation	0	0		0	0	
<b>EBIT adjusted margin Group</b>	<b>13.0%</b>	<b>16.3%</b>		<b>14.7%</b>	<b>16.4%</b>	
OEM (Commercial / Military)	18.6%	23.5%		23.6%	24.8%	
MRO	9.2%	10.3%		8.6%	9.6%	

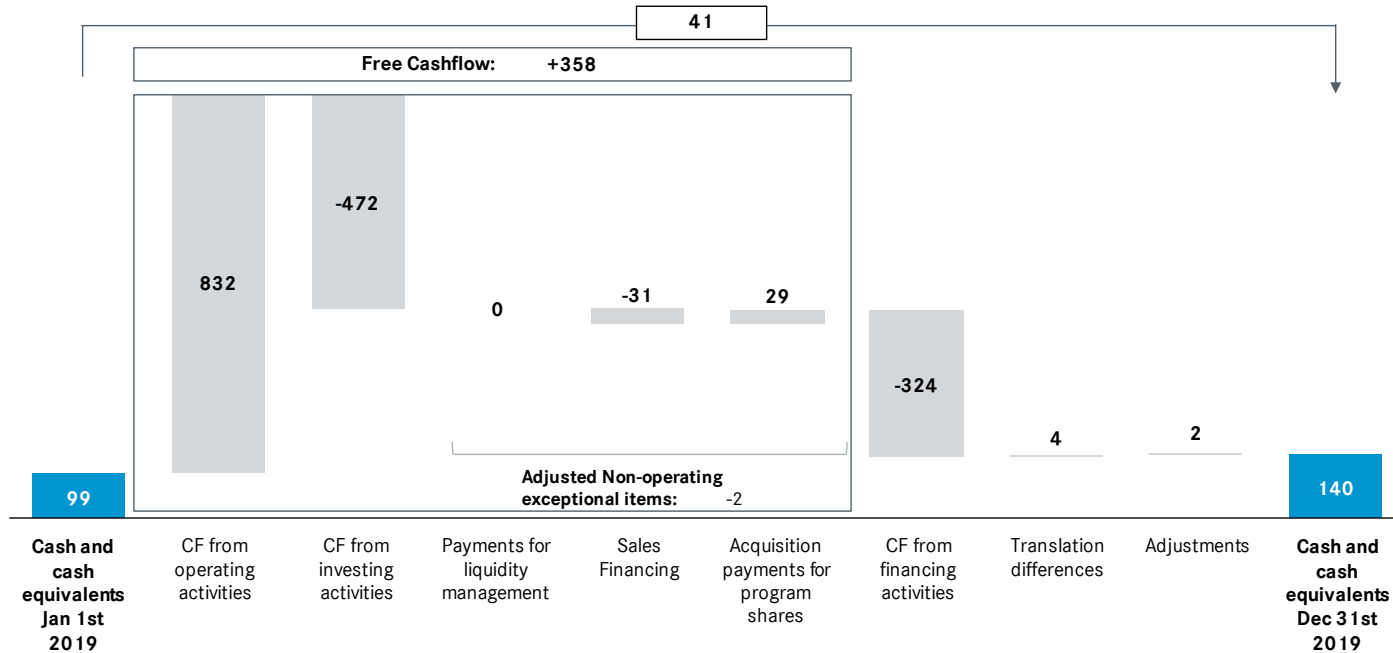
## Research & Development

	Q4 2018	Q4 2019	Change	FY 2018	FY 2019	Change
<b>Total R&amp;D</b>	54	48	-11%	201	214	7%
<b>Customer funded R&amp;D</b>	-8	-9	-6%	-24	-31	-30%
<b>Company expensed R&amp;D</b>	45	39	-14%	177	183	3%
Capitalization of R&D	-19	-7		-82	-83	
Amortisation	4	7		15	22	
<b>Total R&amp;D impact P&amp;L (on EBIT)</b>	31	39	24%	111	123	10%
thereof booked into sales and COGS	13	18		50	57	
thereof booked into R&D according to IFRS (P&L)	18	20		61	66	

## Financial Result

	Q4 2018	Q4 2019	Change	FY 2018	FY 2019	Change
Interest income	3	1	-54%	8	6	-17%
Interest expense	-1	-3	-143%	-8	-24	-183%
<b>Interest result</b>	<b>1</b>	<b>-2</b>	<b>-283%</b>	<b>-1</b>	<b>-17</b>	<b>&lt;-300%</b>
<b>Financial result on other items</b>	<b>-2</b>	<b>-13</b>		<b>-12</b>	<b>-22</b>	
US\$ / non cash valuations / others	1	-9		2	-7	
Interest for pension provisions	-4	-4	-14%	-14	-15	
<b>Financial result</b>	<b>-1</b>	<b>-15</b>		<b>-13</b>	<b>-39</b>	<b>-202%</b>

## MTU's Cash development January – December 2019





## Cash Flow

	(in m €)	FY 2018	FY 2019	Change
<b>Net Income IFRS</b>		<b>453</b>	<b>488</b>	<b>8%</b>
Depreciation and amortization		201	260	
Change in provisions and liabilities		185	176	
Change in working capital		-320	-142	
Taxes		17	42	
Interest, derivatives, others		60	8	
<b>Cash Flow from operating activities</b>		<b>595</b>	<b>832</b>	<b>40%</b>
Net Investment in intangible assets		-72	-128	
Net Investment in R&D payments and entry fees		-48	-22	
Net Capital expenditure on property, plant and equipment		-184	-299	
Net Investments in financial assets		-31	-23	
<b>Cash Flow from investing activities</b>		<b>-336</b>	<b>-472</b>	<b>-40%</b>
Adjustments		-56	-2	
<b>Free Cash Flow</b>		<b>203</b>	<b>358</b>	<b>77%</b>
<b>Cash Flow from financing activities</b>		<b>-263</b>	<b>-324</b>	<b>-23%</b>
Cash and cash equivalents at 31.12.		99	140	

## Net debt

	(in m €)	31.12.2018	31.12.2019	Change
Bonds and notes		100	100	
Convertible bonds		483	562	
Financial liabilities to bank		54	40	
thereof Revolving Credit Facility		15	0	
thereof Note Purchase Agreement		30	30	
Financial lease liabilities		10	147	
Loans from related companies and third parties		35	0	
Financial liabilities arising from program participation		350	300	
thereof arising from IAE V2500 Upshare		302	271	
<b>Gross financial debt</b>		<b>1,032</b>	<b>1,150</b>	<b>11%</b>
Cash and cash equivalents		99	140	
Loans to third parties		60	50	
Loans to related companies		20	0	
<b>Financial assets</b>		<b>178</b>	<b>189</b>	<b>6%</b>
<b>Net financial debt</b>		<b>854</b>	<b>961</b>	<b>12%</b>

## Working capital

	(in m €)	31.12.2018	31.12.2019	Change
Inventories		996	1,279	
Prepayments		-293	-396	
Receivables		1,996	2,083	
Payables		-1,331	-1,456	
<b>Working Capital</b>		<b>1,368</b>	<b>1,510</b>	<b>10%</b>

## Balance Sheet

	(in m €)	31.12.2018	31.12.2019	Change
Intangible assets		1,073	1,163	
Property, plant, equipment		799	1,101	
other non-current assets		1,844	1,892	
<b>Total non-current assets</b>		<b>3,716</b>	<b>4,155</b>	<b>12%</b>
<b>Current assets</b>		<b>3,135</b>	<b>3,610</b>	<b>15%</b>
<b>Total assets</b>		<b>6,851</b>	<b>7,765</b>	<b>13%</b>
<b>Equity</b>		<b>2,144</b>	<b>2,421</b>	<b>13%</b>
<b>Non-current liabilities</b>		<b>1,902</b>	<b>2,130</b>	<b>12%</b>
<b>Current liabilities</b>		<b>2,804</b>	<b>3,214</b>	<b>15%</b>
<b>Total equity and liabilities</b>		<b>6,851</b>	<b>7,765</b>	<b>13%</b>
thereof pension provisions		879	976	

## PPA Depreciation / Amortization

	Q4 2018	Q4 2019	Change	FY 2018	FY 2019	Change
OEM	43	50		162	183	
MRO	14	20		39	77	
<b>Total depreciation / amortization*</b>	<b>57</b>	<b>71</b>	<b>25%</b>	<b>201</b>	<b>260</b>	<b>29%</b>
PPA OEM	5	5		19	19	
PPA MRO	1	1		2	2	
IAE Upshare OEM	8	8		30	30	
<b>PPA depreciation / amortization &amp; IAE Upshare amortization (EBIT adjustment)</b>	<b>13</b>	<b>13</b>	<b>1%</b>	<b>51</b>	<b>51</b>	<b>0%</b>
OEM	31	38		113	134	
MRO	13	20		36	75	
<b>Depreciation / amortization w/o PPA and w/o IAE Upshare</b>	<b>44</b>	<b>58</b>	<b>32%</b>	<b>149</b>	<b>208</b>	<b>39%</b>

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

## Guidance for PPA and IAE Upshare Amortization

(in m€)	2018	2019	2020E	2021E	2022E
PPA depreciation / amortization	21	21	~21	~21	~20
IAE Upshare	30	30	~30	~30	~30
<b>Adjustments</b>	<b>51</b>	<b>51</b>	<b>~51</b>	<b>~51</b>	<b>~50</b>

## Guidance for R&D Amortization

(in m€)	2018	2019	2020E	2021E	2022E
<b>R&amp;D amortization</b>	<b>15</b>	<b>22</b>	<b>~26</b>	<b>~29</b>	<b>~32</b>

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