



H1 2019 Results

Conference Call with Investors & Analysts

25 July 2019 - Investor Relations

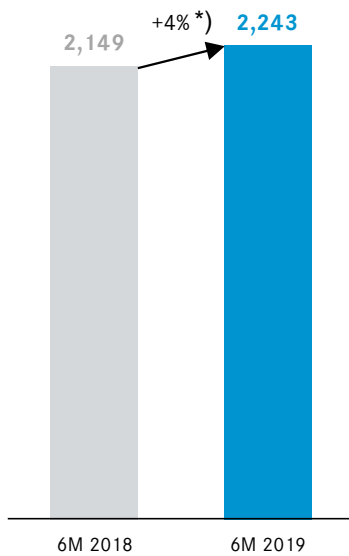
Business Highlights H1 2019



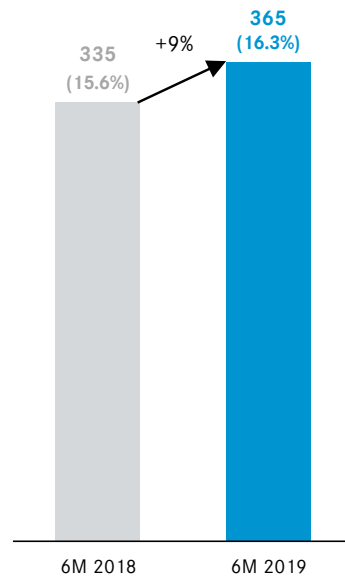
- Solid passenger traffic growth in May
- >1.3 bn US\$ order wins at Paris Airshow
- Further ramp up of GTF deliveries on track
- Exclusive MRO Contract signed with Jetblue in July brings MRO independent contract wins to 4.5 bn USD ytd
- Extension of MTU's facilities ongoing
- MTU and Safran join forces on the Next European Fighter Engine
- Lol signed with e.SAT GmbH for Silent Air Taxi

Financial Highlights H1 2019

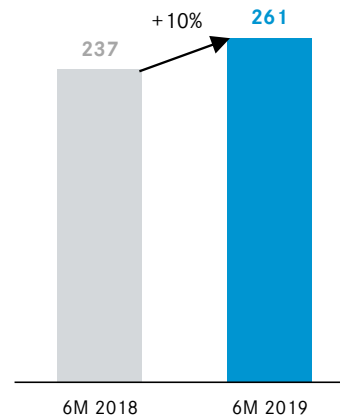
Revenues
(in m€)



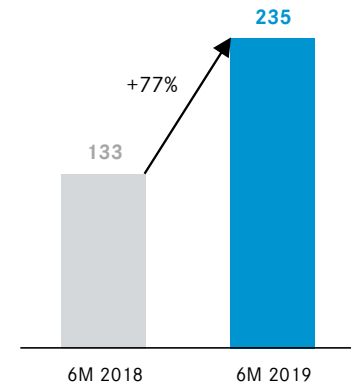
EBIT adjusted
(in m€)



Net income adj.
(in m€ / €)



Free Cash Flow
(in m€)



**) w/o contracting and invoicing process change at MTU Zhuhai revenue growth would have been 5% in US\$;
please see "[Q1 2019 Results](#)" presentation page 4*

OEM Segment

(in m €)	6M 2018	6M 2019	Change
Revenues	886	989	12%
Military Business	199	216	9%
Commercial Business	687	773	13%
EBIT adj.	229	243	6%
EBIT adj. margin %	25.8%	24.5%	



- US\$ Commercial business growth: ~ 5%
- Military revenues up by 9%
- EBIT adj. margin slightly down due to business mix

Commercial MRO

	(in m €)	6M 2018	6M 2019	Change
Revenues		1,289	1,287	0%
EBIT adj.		106	122	16%
EBIT adj. margin %		8.2%	9.5%	



- Organic Revenue growth ~ 7%
- EBIT adj. margin increase due to process change*) and performance MTU Zhuhai

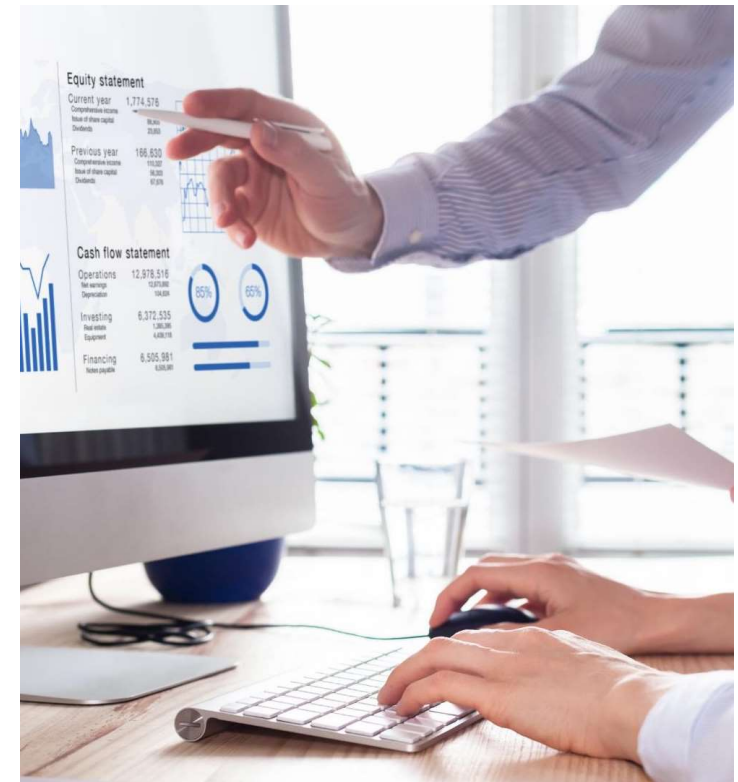
*) please see „[Q1 2019 Results](#)“ presentation page 4

Guidance 2019 Update – EBIT and FCF expectations increased

Organic Growth

Military revenues	+ 10%	↑↑
Commercial OE	Up low teens	↑↑
Commercial Spares	Up mid to high single digit	↑↑
Commercial MRO	Up high single digit*	↑↑

Total Group Sales	~ 4.7 bn €
EBIT adj. margin	~ 16% (ex 15.5%)
Net Income adj.	Growth in line with EBIT adj.
CCR**	~ 65-70% (ex 55% - 65%)

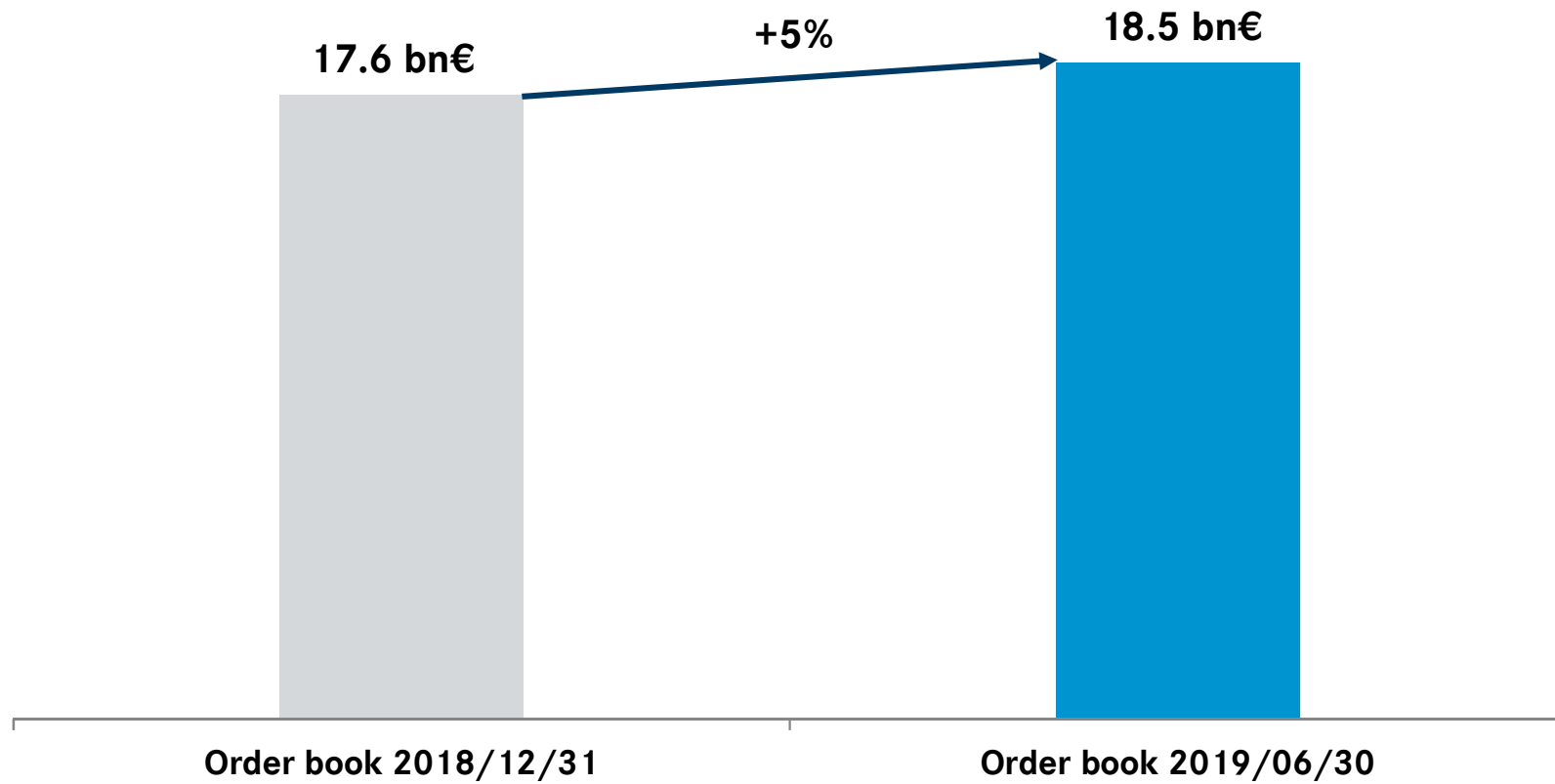


*) Direct invoicing to IAE for V2500 OEM-MRO from MTU-Z in 2019 will lead to stable Com. MRO revenues – refer to our Investor & Analyst Day 2018 (see I&A presentation page 82-83,87,90)

***) CCR = Free Cash Flow vs. Net Income adj.
25 July 2019

Appendix

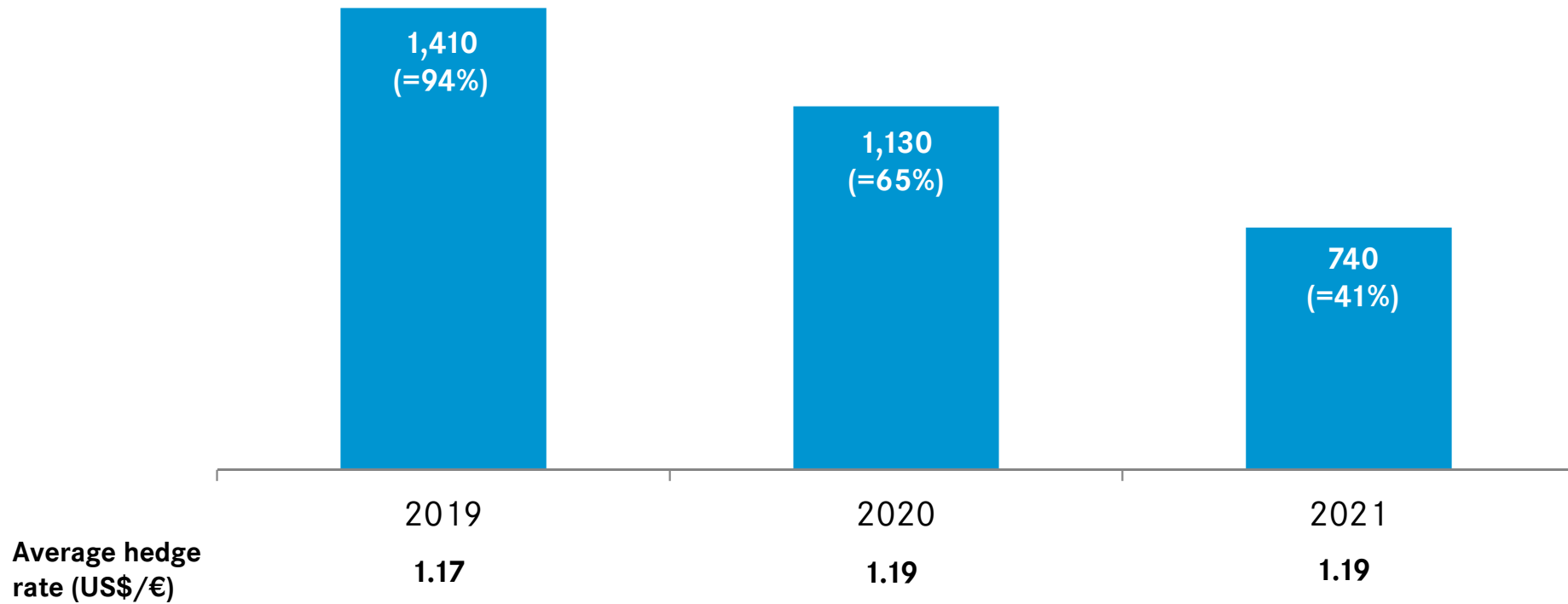
Group Order Book up 5 %



US\$ Exchange Rate / Hedge Portfolio

Hedge book as of July 25, 2019 (% of net exposure)

in m\$



Profit & Loss

	Q2 2018	Q2 2019	Change	6M 2018	6M 2019	Change
Revenues	1,132	1,112	-2%	2,149	2,243	4%
Total cost of sales	-925	-897		-1,726	-1,790	
Gross profit	207	215	4%	422	453	7%
Gross profit margin %	18.3%	19.3%		19.7%	20.2%	
R&D according to IFRS	-13	-11		-26	-28	
SG&A	-49	-52		-97	-105	
Other operating income (expense)	-9	-8		-8	-17	
P&L of companies accounted at equity and equity investments	10	21		18	36	
EBIT reported	147	165	12%	309	340	10%
EBIT adjusted	160	178	11%	335	365	9%
EBIT adjusted margin %	14.1%	16.0%		15.6%	16.3%	
Financial result	6	-17		-5	-18	
Profit before tax (EBT)	153	148	-3%	304	322	6%
Taxes (IFRS)	-40	-45		-86	-92	
Net Income reported	112	103	-8%	219	229	5%
Net Income adj.	114	128		237	261	
EPS reported*	2.15	1.92		4.19	4.34	
EPS adj.	2.21	2.47		4.60	5.05	

* without non-controlling interests

Reconciliation to adjusted Key Performance Indicators

	Q2 2018	Q2 2019	Change	6M 2018	6M 2019	Change
EBIT reported	147	165	12%	309	340	10%
Adjustment (PPA Depreciation & Amortization)	5	5		11	11	
Adjustment (IAE Upshare)	8	8		15	15	
EBIT adjusted	160	178	11%	335	365	9%
thereof P&L of companies accounted "at equity"	10	21	114%	18	35	
Interest result	0	-3	<-300%	-1	-4	
Interest for pension provisions	-3	-4	-9%	-7	-8	
EBT adj. w/o P&L "at equity"	146	150	2%	309	318	3%
Tax rate normalized	-29%	-29%		-29%	-29%	
Taxes	-43	-43		-90	-92	
Net Income adj.	114	128	12%	237	261	10%
EPS adj.	2.21	2.47	12%	4.60	5.05	10%

Segment Revenues and EBIT adj.

	Q2 2018	Q2 2019	Change	6M 2018	6M 2019	Change
Revenues Group	1,132	1,112	-2%	2,149	2,243	4%
OEM Commercial	368	387	5%	687	773	13%
OEM Military	108	111	3%	199	216	9%
MRO	670	632	-6%	1,289	1,287	0%
Consolidation	-14	-19		-26	-33	
EBIT adjusted Group	160	178	11%	335	365	9%
OEM (Commercial / Military)	106	112	6%	229	243	6%
MRO	54	66	21%	106	122	16%
Consolidation	0	0		0	0	
EBIT adjusted margin Group	14.1%	16.0%		15.6%	16.3%	
OEM (Commercial / Military)	22.2%	22.5%		25.8%	24.5%	
MRO	8.1%	10.4%		8.2%	9.5%	

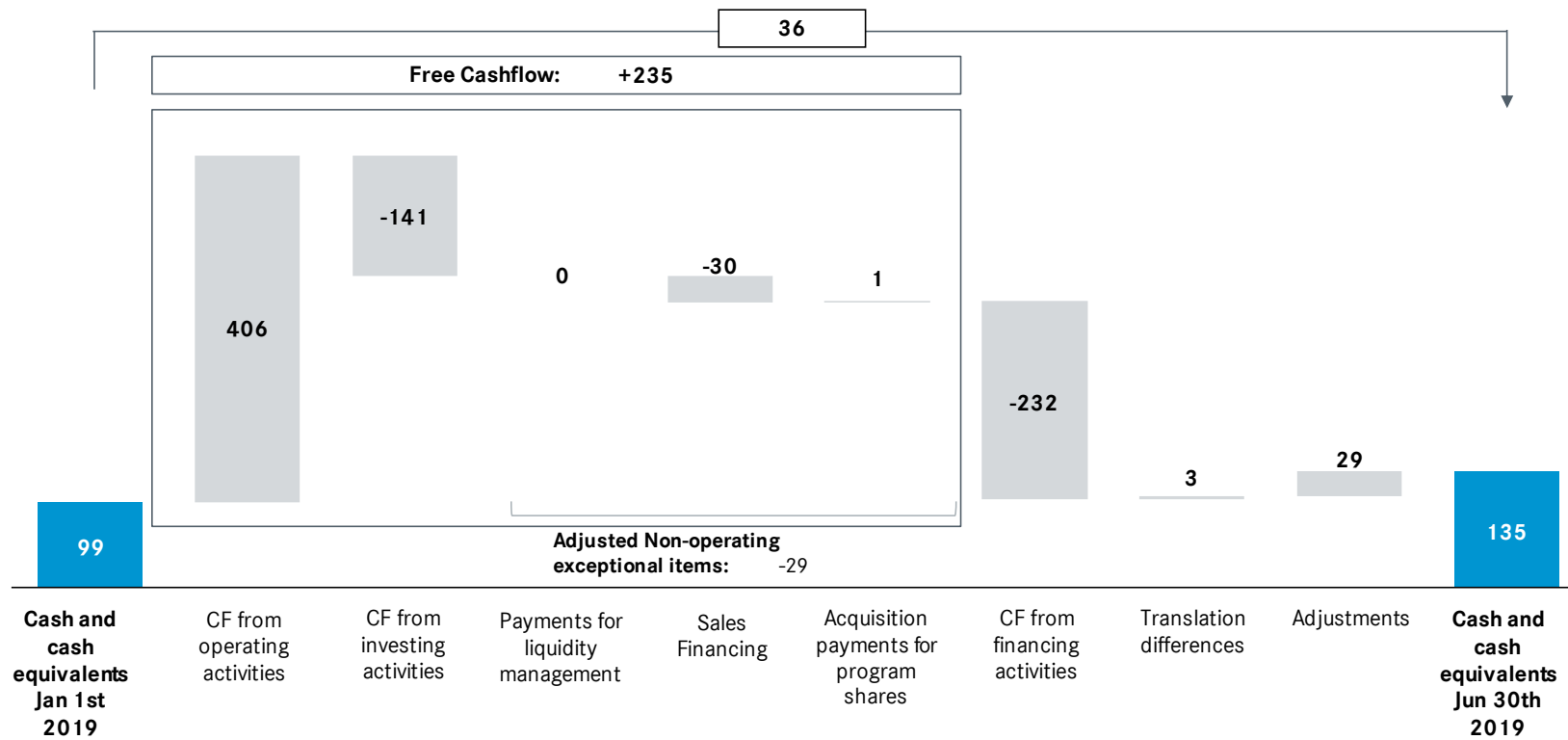
Research & Development

	Q2 2018	Q2 2019	Change	6M 2018	6M 2019	Change
Total R&D	46	54	17%	99	112	13%
Customer funded R&D	-6	-10	-66%	-12	-16	-35%
Company expensed R&D	40	44	10%	87	96	10%
Capitalization of R&D	-18	-22		-43	-49	
Amortisation	2	5		7	10	
Total R&D impact P&L (on EBIT)	25	27	9%	51	57	11%
thereof booked into sales and COGS	11	15		25	28	
thereof booked into R&D according to IFRS (P&L)	13	11		26	28	

Financial Result

	Q2 2018	Q2 2019	Change	6M 2018	6M 2019	Change
Interest income	2	1	-50%	3	4	13%
Interest expense	-2	-4	-95%	-4	-8	-82%
Interest result	0	-3	<-300%	-1	-4	-267%
Financial result on other items	6	-14		-4	-14	
US\$ / non cash valuations / others	9	-10		3	-6	
Interest for pension provisions	-3	-4	-9%	-7	-8	
Financial result	6	-17		-5	-18	-283%

MTU's Cash development January – June 2019



Cash Flow

	(in m €)	6M 2018	6M 2019	Change
Net Income IFRS		219	229	5%
Depreciation and amortization		96	121	
Change in provisions and liabilities		36	77	
Change in working capital		-52	-41	
Taxes		19	20	
Interest, derivatives, others		13	-1	
Cash Flow from operating activities		330	406	23%
Net Investment in intangible assets		-37	-57	
Net Investment in R&D payments and entry fees		-6	-3	
Net Investment in property, plant, equipment		-89	-99	
Net Investments in financial assets		-67	18	
Cash Flow from investing activities		-199	-141	29%
Adjustments		2	-29	
Free Cash Flow		133	235	77%
Cash Flow from financing activities		-148	-232	-57%
Cash and cash equivalents at 30.06.		87	135	

Net debt

	(in m €)	31.12.2018	30.06.2019	Change
Bonds and notes		100	98	
Convertible bond		483	484	
Financial liabilities to bank		54	40	
thereof Revolving Credit Facility		15	0	
thereof Note Purchase Agreement		30	30	
Financial lease liabilities		10	138	
Loans		35	1	
Financial liabilities arising from program participation		350	324	
thereof arising from IAE V2500 Upshare		302	284	
Gross financial debt		1,032	1,086	5%
Cash and cash equivalents		99	135	
Loans to third parties		60	49	
Loans to related companies		20	1	
Financial assets		178	184	3%
Net financial debt		854	902	6%

Working capital

	(in m €)	31.12.2018	30.06.2019	Change
Inventories		996	1,055	
Prepayments		-293	-438	
Receivables		1,996	2,077	
Payables		-1,331	-1,286	
Working Capital		1,368	1,408	3%

Balance Sheet

	(in m €)	31.12.2018	30.06.2019	Change
Intangible assets		1,073	1,114	
Property, plant, equipment		799	969	
other non-current assets		1,844	1,859	
Total non-current assets		3,716	3,942	6%
Current assets		3,135	3,304	5%
Total assets		6,851	7,245	6%
Equity		2,144	2,194	2%
Non-current liabilities		1,902	2,060	8%
Current liabilities		2,804	2,991	7%
Total equity and liabilities		6,851	7,245	6%
thereof pension provisions		879	988	

PPA Depreciation / Amortization

	Q2 2018	Q2 2019	Change	6M 2018	6M 2019	Change
OEM	40	44		79	87	
MRO	8	17		17	34	
Total depreciation / amortization*	49	61	26%	96	121	26%
PPA OEM	5	5		9	9	
PPA MRO	1	1		1	1	
IAE Upshare OEM	8	8		15	15	
PPA depreciation / amortization & IAE Upshare amortization (EBIT adjustment)	13	13	1%	26	26	0%
OEM	28	32		55	63	
MRO	8	16		15	32	
Depreciation / amortization w/o PPA and w/o IAE Upshare	36	48	34%	70	95	36%

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

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