



Q1 2019 Results

Conference Call with Investors & Analysts

30 April 2019 - Investor Relations

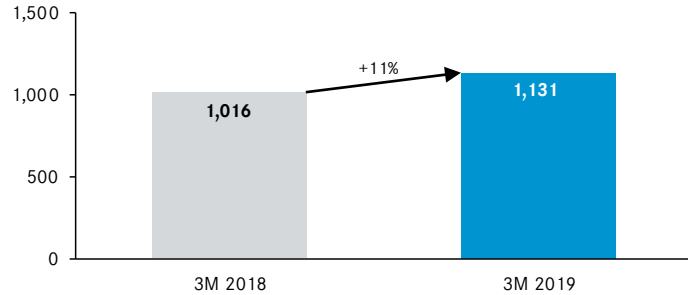
Business Highlights Q1 2019



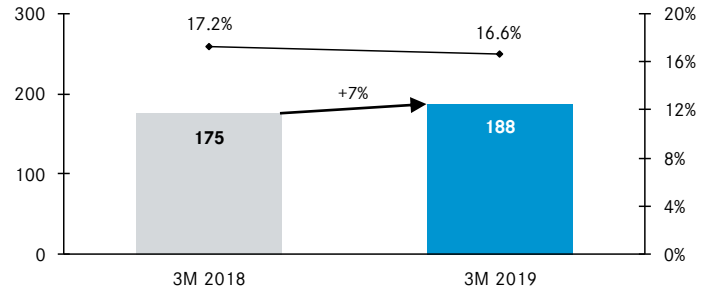
- Passenger traffic in the first 2 months above long term average
- GTF engines accumulated 2 million flight hours
- 1.3 bn US\$ new contract wins for our MRO segment
- New MRO service portfolio “MTUplus Intelligent Solutions” introduced
- Partnership between Safran and MTU for Next European Fighter Engine
- Potential from Eurofighter Tranche 1 replacement
- Dividend of 2.85 Euro per share approved by AGM
- Accounting changes in 2019 - IFRS 16

Financial Highlights Q1 2019

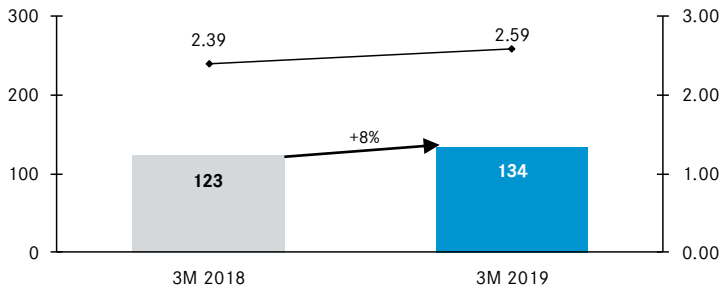
Revenues (m€)



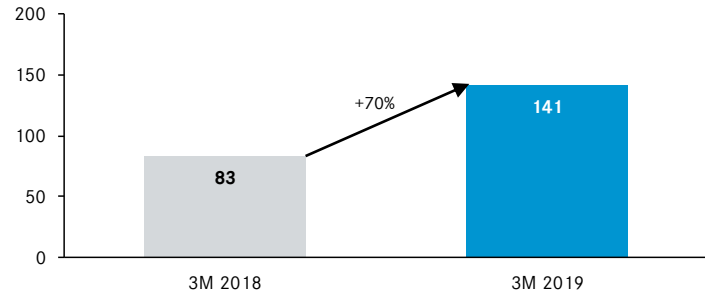
EBIT adj / EBIT adj. Margin (m€ / %)



Net income adj. / EPS adj. (m€ / €)



Free Cash Flow (m€)



Starting Q1 2019 3 changes are incorporated in MTU's statements

		PY 2018	FY 2019
1. Accounting change IFRS 16: Ex-operating leases are now on the balance sheet with lease liability and right-of-use asset			
Net Debt	↑	Ca. +150 m EUR (No restatement)	Ca. +150 m EUR
Free Cashflow	↑	Ca. + 30 m EUR (No restatement)	Ca. + 30 m EUR
2. Accounting change: GTF, GENx OEM-MRO revenues are presented in MRO segment only (see 2018 CMD ppt)*			
Com. OEM revenues	↓	Restated by -207 m EUR	Breaks down into Spares and OE only
Group Revenues and EBIT	→	No impact	No impact
3. Process Change: MTU-Z directly invoices V2500 OEM-MRO shopvisits to IAE (see 2018 CMD ppt)			
MRO and group revenues	↓	Ca. -300 m EUR (No restatement)	MRO@MTU-Zhuhai consolidated at equity
MRO and group EBIT	→	No impact	No impact

*) Restated 2018 Commercial OEM revenues in the appendix

OEM Segment

(in m €)	3M 2018	3M 2019	Change
Revenues	410	491	20%
Military Business	91	105	15%
Commercial Business	319	386	21%
EBIT adj.	123	131	6%
EBIT adj. margin %	30.1%	26.6%	



- US\$ Commercial business growth: ~ 12%
- Military revenues up by 15%
- EBIT margin slightly down due to stronger Commercial OE sales

Commercial MRO

(in m €)	3M 2018	3M 2019	Change
Revenues	618	655	6%
EBIT adj.	52	57	10%
EBIT adj. margin %	8.3%	8.7%	



- Organic Revenue growth ~ 9%
- EBIT margin increase due to process change MTU-Z

Guidance 2019 Update: Slightly higher cash conversion coming from IFRS16 implementation

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	~ 15.5%
Net Income adj.	Growth in line with EBIT adj.
CCR**	55% - 65% (ex 50% - 60%)

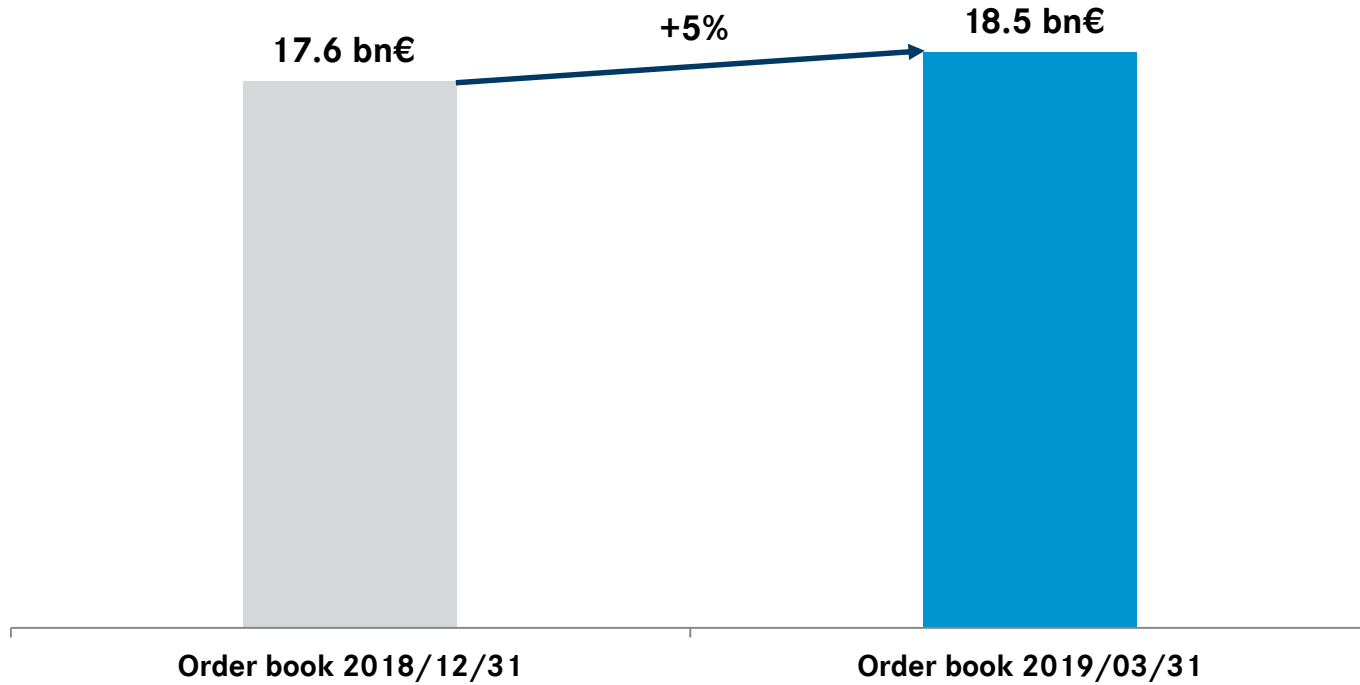


*) Direct invoicing to IAE for V2500 OEM-MRO from MTU-Z in 2019 will lead to stable Com. MRO revenues – refer to our Investor & Analyst Day 2018 (see I&A presentation page 82-83,87,90)

***) CCR = Free Cash Flow vs. Net Income adj.
30 April 2019

Appendix

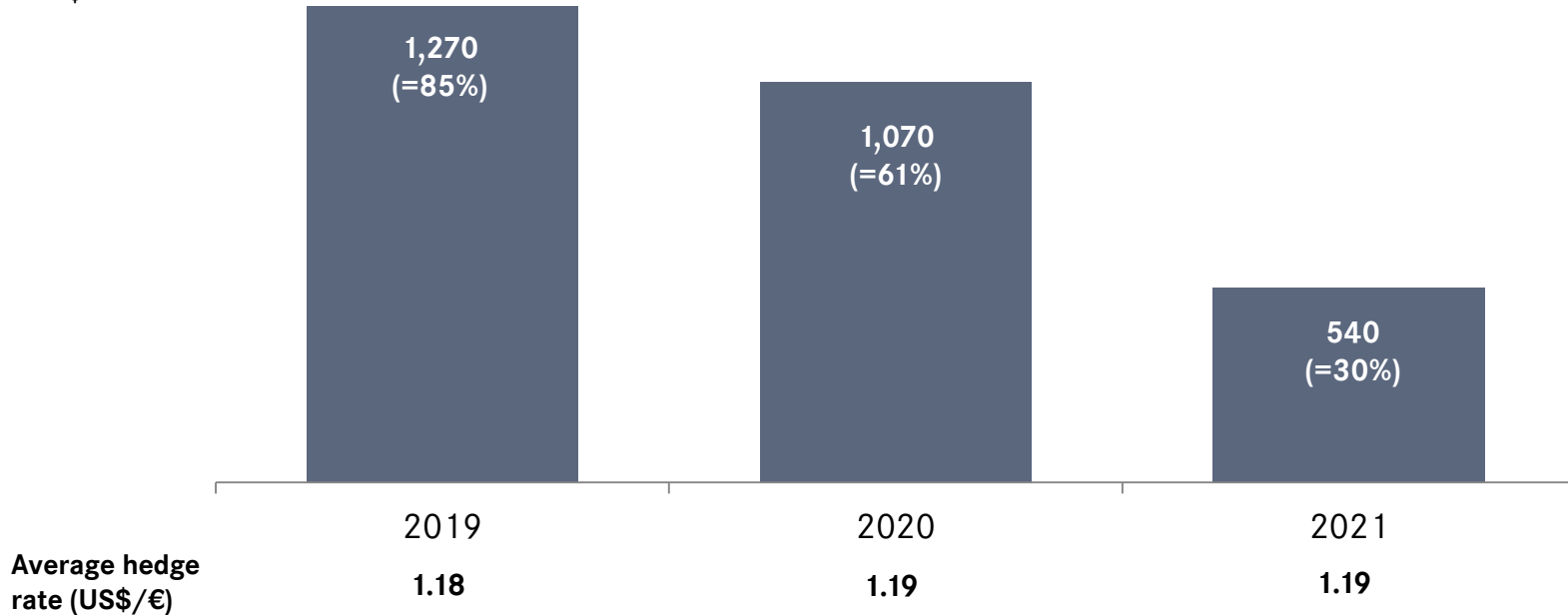
Group Order Book up 5 %



US\$ Exchange Rate / Hedge Portfolio

Hedge book as of April 30, 2019 (% of net exposure)

in m\$



Profit & Loss

	(in m €)	3M 2018	3M 2019	Change
Revenues		1,016	1,131	11%
Total cost of sales		-802	-893	
Gross profit		215	238	11%
Gross profit margin %		21.1%	21.1%	
R&D according to IFRS		-13	-17	
SG&A		-48	-53	
Other operating income (expense)		1	-9	
P&L of companies accounted "at equity and at cost"		8	15	
EBIT reported		162	175	8%
EBIT adjusted		175	188	7%
EBIT adjusted margin %		17.2%	16.6%	
Financial result		-11	-1	
Profit before tax (EBT)		152	173	14%
Taxes (IFRS)		-45	-47	
Net Income reported		106	127	19%
Net Income adj.		123	134	
EPS reported*		2.04	2.42	
EPS adj.		2.39	2.59	

* without non-controlling interests

Reconciliation to adjusted Key Performance Indicators

	(in m €)	3M 2018	3M 2019	Change
EBIT reported		162	175	8%
Adjustment (PPA Depreciation & Amortization)		5	5	
Adjustment (IAE Upshare)		8	8	
EBIT adjusted		175	188	7%
thereof P&L of companies accounted "at equity"		8	14	
Interest result		-1	-1	
Interest for pension provisions		-3	-4	
EBT adj. w/o P&L "at equity"		163	169	4%
Tax rate normalized		-29%	-29%	
Taxes		-47	-49	
Net Income adj.		123	134	8%
EPS adj.		2.39	2.59	8%

Segment Revenues and EBIT adj.

	(in m €)	3M 2018	3M 2019	Change
Revenues Group		1,016	1,131	11%
OEM Commercial		319	386	21%
OEM Military		91	105	15%
MRO		618	655	6%
Consolidation		-12	-15	
EBIT adj. Group		175	188	7%
OEM (Commercial / Military)		123	131	6%
MRO		52	57	10%
Consolidation		0	0	
EBIT margin adj. Group		17.2%	16.6%	
OEM (Commercial / Military)		30.1%	26.6%	
MRO		8.3%	8.7%	

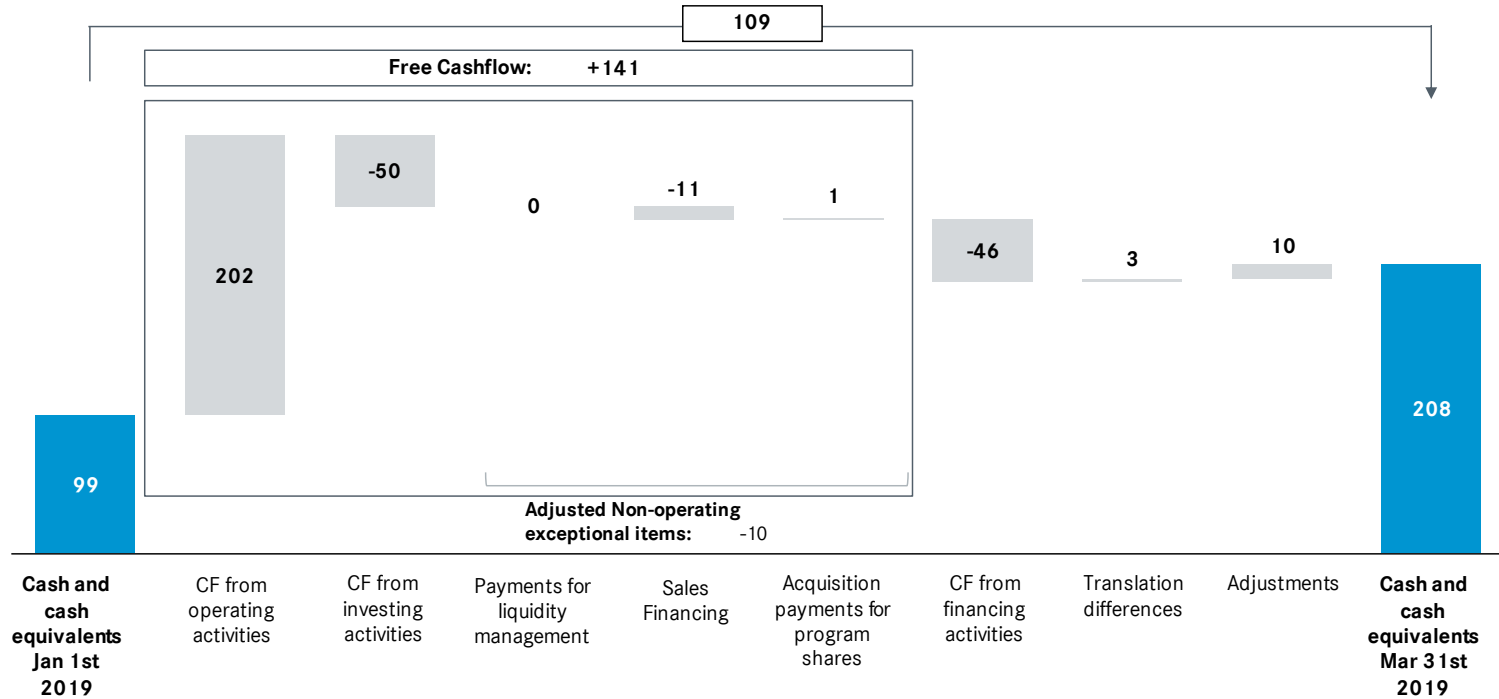
Research & Development

	(in m €)	3M 2018	3M 2019	Change
Total R&D		53	58	9%
Customer funded R&D		-6	-6	-3%
Company expensed R&D		47	52	10%
Capitalization of R&D		-25	-27	
Amortisation		5	5	
Total R&D impact P&L (on EBIT)		27	30	13%
thereof booked into sales and COGS		13	13	
thereof booked into R&D according to IFRS (P&L)		13	17	

Financial Result

	(in m €)	3M 2018	3M 2019	Change
Interest income		1	3	150%
Interest expense		-2	-4	-70%
Interest result		-1	-1	-8%
Financial result on other items		-9	0	
US\$ / non cash valuations / others		-6	4	
Interest for pension provisions		-3	-4	
Financial result		-11	-1	87%

MTU's Cash development January – March 2019



Cash Flow

	(in m €)	3M 2018	3M 2019	Change
Net Income IFRS		106	127	19%
Depreciation and amortization		47	60	
Change in provisions and liabilities		37	79	
Change in working capital		-25	-83	
Taxes		17	20	
Interest, derivatives, others		0	0	
Cash Flow from operating activities		183	202	10%
Net Investment in intangible assets		-16	-18	
Net Investment in R&D payments and entry fees		-3	-1	
Net Investment in property, plant, equipment		-35	-37	
Net Investments in financial assets		-49	5	
Cash Flow from investing activities		-103	-50	51%
Adjustments		3	-10	
Free Cash Flow		83	141	70%
Cash Flow from financing activities		-106	-46	57%
Cash and cash equivalents at 31.03.		78	208	

Net debt

	(in m €)	31.12.2018	31.03.2019	Change
Bonds and notes		100	101	
Convertible bond		483	484	
Financial liabilities to bank		54	40	
thereof Revolving Credit Facility		15	0	
thereof Note Purchase Agreement		30	30	
Finance lease liabilities		10	153	
Loans from third parties		35	36	
Financial liabilities arising from program participation		350	339	
thereof arising from IAE V2500 Upshare		302	298	
Gross financial debt		1.032	1.153	12%
Cash and cash equivalents		99	208	
Loans to third parties		60	49	
Loans to related companies		20	21	
Financial assets		178	278	56%
Net financial debt		854	875	2%

Working capital

	(in m €)	31.12.2018	31.03.2019	Change
Inventories		996	1,090	
Prepayments		-293	-338	
Receivables		1,996	2,105	
Payables		-1,331	-1,406	
Working Capital		1,368	1,451	6%

Balance Sheet

	(in m €)	31.12.2018	31.03.2019	Change
Intangible assets		1,073	1,082	
Property, plant, equipment		799	949	
other non-current assets		1,844	1,839	
Total non-current assets		3,716	3,870	4%
Current assets		3,135	3,449	10%
Total assets		6,851	7,319	7%
Equity		2,144	2,261	5%
Non-current liabilities		1,902	2,023	6%
Current liabilities		2,804	3,034	8%
Total equity and liabilities		6,851	7,319	7%
thereof pension provisions		879	881	

PPA Depreciation / Amortization

	(in m €)	3M 2018	3M 2019	Change
OEM		39	43	
MRO		8	17	
Total depreciation / amortization*		47	60	27%
PPA OEM		5	5	
PPA MRO		1	1	
IAE Upshare OEM		8	8	
PPA depreciation / amortization & IAE Upshare amortization (EBIT adjustments)		13	13	-1%
OEM		27	31	
MRO		8	16	
Depreciation / amortization w/o PPA and w/o IAE Upshare		34	47	38%

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

Restated 2018 Commercial OEM revenues

(in m €)	pre accounting change GTF GENX OEM-MRO revenues					post accounting change GTF GENX OEM-MRO revenues				
	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Revenues Group	1,016	1,132	1,170	1,248	4,567	1,016	1,132	1,170	1,248	4,567
OEM Commercial	336	403	465	399	1,603	319	368	350	359	1,396
OEM Military	91	108	104	128	431	91	108	104	128	431
MRO	618	670	731	780	2,800	618	670	731	780	2,800
Consolidation	-29	-49	-130	-59	-267	-12	-14	-15	-18	-59
EBIT adjusted Group	175	160	174	163	671	175	160	174	163	671
OEM (Commercial / Military)	123	106	112	91	431	123	106	112	91	431
MRO	52	54	62	72	240	52	54	62	72	240
Consolidation	0	0	0	0	0	0	0	0	0	0
EBIT adjusted margin Group	17%	14%	15%	13%	15%	17%	14%	15%	13%	15%
OEM (Commercial / Military)	29%	21%	20%	17%	21%	30%	22%	25%	19%	24%
MRO	8%	8%	9%	9%	9%	8%	8%	9%	9%	9%

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