



# H1 2020 Results

Conference Call with Investors and Analysts

8/3/2020 – Investor Relations

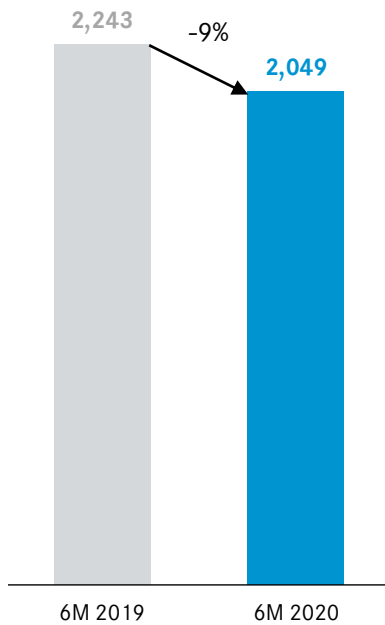
## H1 2020 Review

- IATA forecasts a 55% decline in passenger traffic for 2020
- Passenger traffic shows early signs of recovery
- Lower demand in OEM and MRO reflected in Q2 2020 results
- GTF retrofit work on track
- Cost reduction measures in execution
- Short time work across German sites
- Personnel capacity reduction of 10-15% by end of 2021
- Liquidity headroom significantly increased
- 500m€ Euro bond successfully placed
- New Guidance 2020 announced

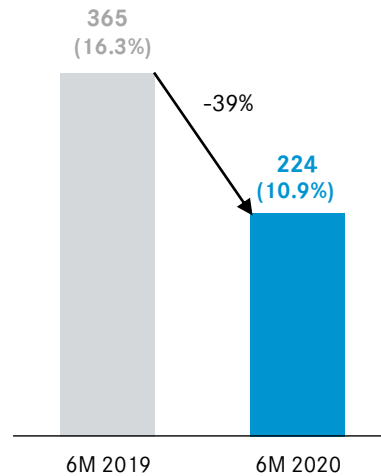


# Financial Highlights H1 2020

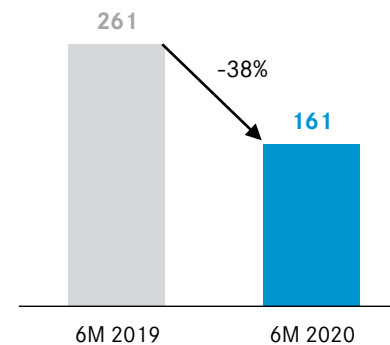
**Revenues**  
(in m€)



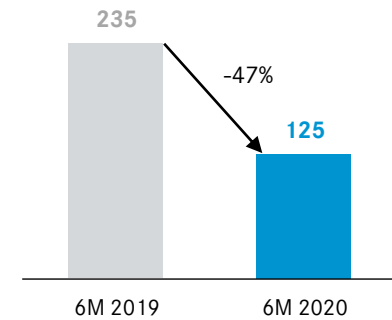
**EBIT adjusted**  
(in m€)



**Net income adj.**  
(in m€)



**Free Cash Flow**  
(in m€)



## OEM Segment

	(in m €)	6M 2019	6M 2020	Change
<b>Revenues</b>		<b>989</b>	<b>814</b>	<b>-18%</b>
Military Business		216	183	-15%
Commercial Business		773	631	-18%
<b>EBIT adj.</b>		<b>243</b>	<b>128</b>	<b>-47%</b>
<b>EBIT adj. margin %</b>		<b>24.5%</b>	<b>15.7%</b>	



- US\$ Commercial revenues down by 21%
- Military revenues down by 15%
- EBIT margin down due to change in business mix (delayed Military and significant lower Aftermarket Business)

## Commercial MRO

	(in m €)	6M 2019	6M 2020	Change
<b>Revenues</b>		1,287	1,272	-1%
<b>EBIT adj.</b>		122	96	-21%
<b>EBIT adj. margin %</b>		9.5%	7.6%	



- US\$ Revenues down by 3%
- EBIT margin down due to higher PW1100G MRO share

## MTU business segments 2020 market expectation

### Scenarios modelled lead to a yet volatile outlook for 2020

- Basis are IATA assumptions regarding the Covid19 impact on commercial aviation in 2020 as published in July 2020
- Air traffic demand back on 2019 levels in 2024
- Domestic air travel will recover earlier than international travel
- Military business to remain largely unaffected
- Civil aerospace business with significant reduction in demand in both OE and AM
- Standard Commercial MRO to see reduced demand throughout the year
- High air freight demand leads to robust operation at specialized operators
- Availability of capacities allows more PW1100G warranty work
- Cost and cash saving measures and capacity adjustments identified and initiated

# Update on our Guidance 2020

## Organic Growth

<b>Military revenues</b>	Slightly up
<b>Commercial OE</b>	Down mid to high twenties %
<b>Commercial Spares</b>	Down high twenties %
<b>Commercial MRO</b>	Down low to mid single digit %



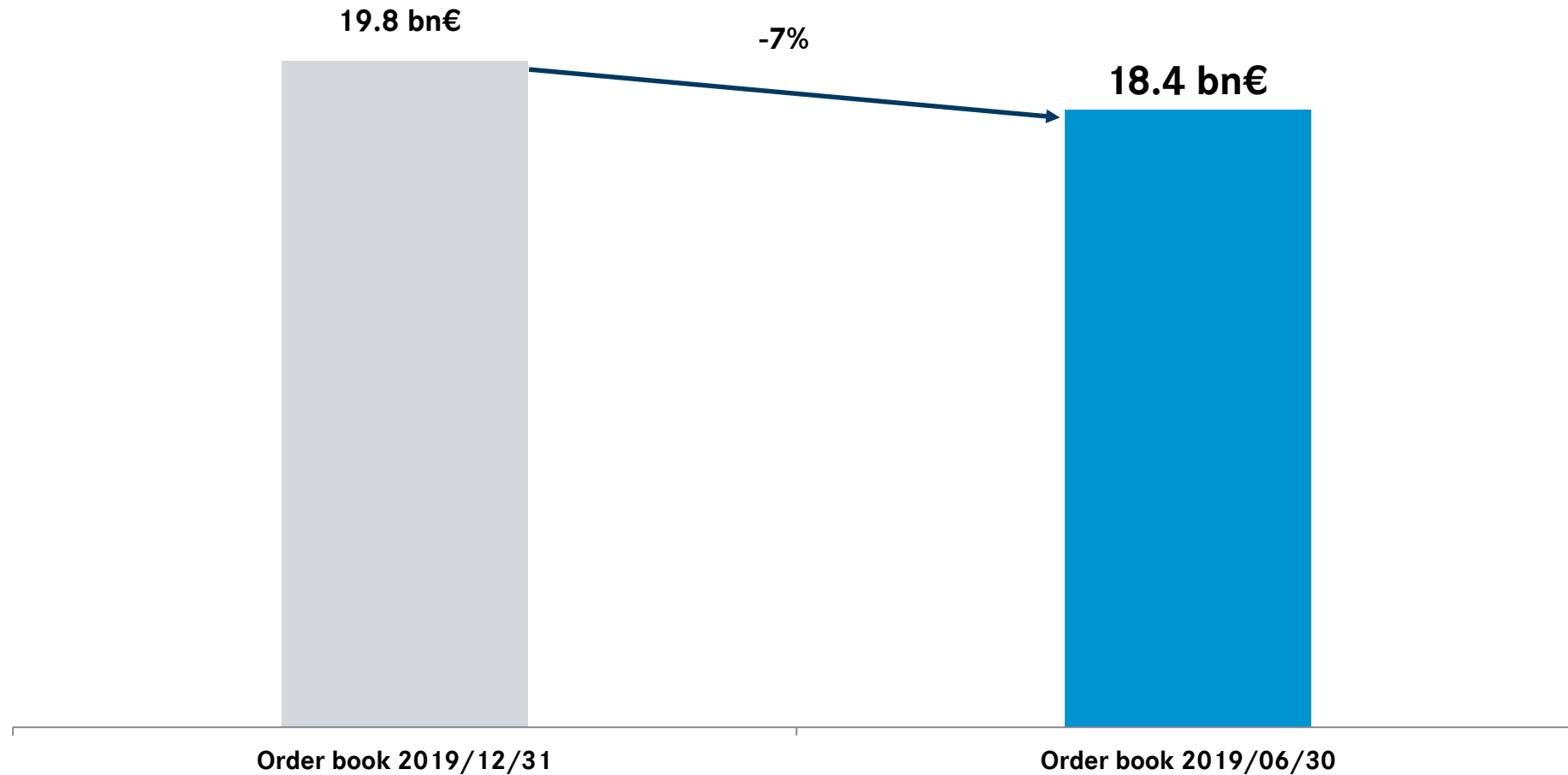
<b>Revenues in €</b>	~4,0 – 4,4 bn €
<b>EBIT adj. margin</b>	~9 % - 10%
<b>Net Income adj.</b>	Decline in line with EBIT adj.



# Appendix



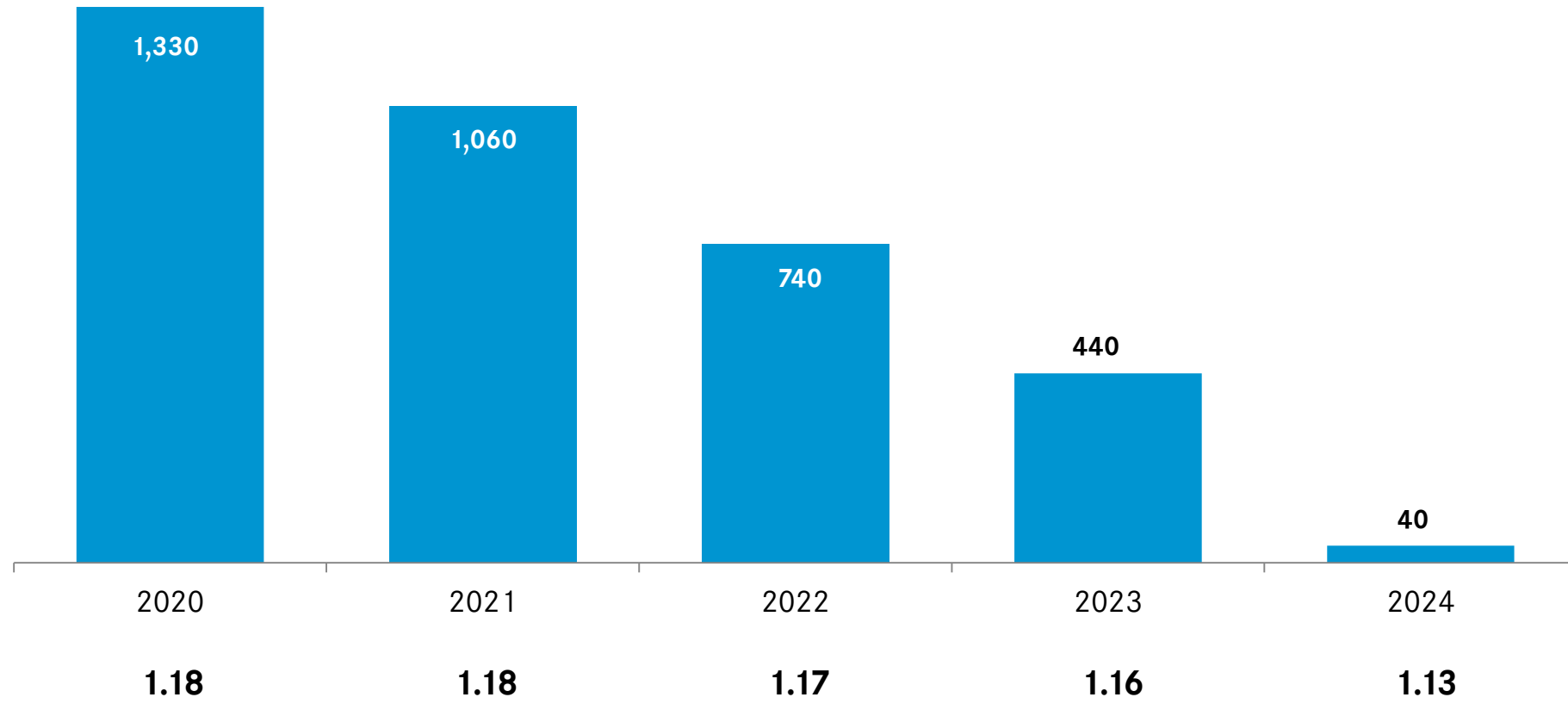
## Group Order Book almost stable



## US\$ Exchange Rate / Hedge Portfolio

Hedge book as of August 3, 2020

in m\$



## Profit & Loss

	Q2 2019	Q2 2020	Change	6M 2019	6M 2020	Change
<b>Revenues</b>	<b>1,112</b>	<b>776</b>	<b>-30%</b>	<b>2,243</b>	<b>2,049</b>	<b>-9%</b>
Total cost of sales	-897	-699		-1,790	-1,734	
<b>Gross profit</b>	<b>215</b>	<b>77</b>	<b>-64%</b>	<b>453</b>	<b>315</b>	<b>-31%</b>
Gross profit margin %	19.3%	10.0%		20.2%	15.4%	
R&D according to IFRS	-11	-9		-28	-24	
SG&A	-52	-59		-105	-118	
Other operating income (expense)	-8	-3		-17	-7	
P&L of companies accounted at equity and equity investments	21	24		36	33	
<b>EBIT reported</b>	<b>165</b>	<b>30</b>	<b>-82%</b>	<b>340</b>	<b>199</b>	<b>-41%</b>
<b>EBIT adjusted</b>	<b>178</b>	<b>42</b>	<b>-76%</b>	<b>365</b>	<b>224</b>	<b>-39%</b>
<b>EBIT adjusted margin %</b>	<b>16.0%</b>	<b>5.5%</b>		<b>16.3%</b>	<b>10.9%</b>	
Financial result	-17	-16		-18	-22	
<b>Profit before tax (EBT)</b>	<b>148</b>	<b>14</b>	<b>-90%</b>	<b>322</b>	<b>177</b>	<b>-45%</b>
Taxes (IFRS)	-45	-1		-92	-52	
<b>Net Income reported</b>	<b>103</b>	<b>13</b>	<b>-87%</b>	<b>229</b>	<b>125</b>	<b>-45%</b>
Net Income adj.	128	33		261	161	
<b>EPS reported*</b>	<b>1.93</b>	<b>0.20</b>		<b>4.34</b>	<b>2.30</b>	
EPS adj.	2.47	0.63		5.05	3.05	

\* without non-controlling interests

## Reconciliation to adjusted Key Performance Indicators

	Q2 2019	Q2 2020	Change	6M 2019	6M 2020	Change
<b>EBIT reported</b>	<b>165</b>	<b>30</b>	<b>-82%</b>	<b>340</b>	<b>199</b>	<b>-41%</b>
Adjustment (PPA Depreciation & Amortization)	5	5		11	10	
Adjustment (IAE Upshare)	8	7		15	15	
<b>EBIT adjusted</b>	<b>178</b>	<b>42</b>	<b>-76%</b>	<b>365</b>	<b>224</b>	<b>-39%</b>
thereof P&L of companies accounted "at equity"	21	24		35	33	
Interest result	-3	-3		-4	-6	
Interest for pension provisions	-4	-2		-8	-5	
<b>EBT adj. w/o P&amp;L "at equity"</b>	<b>150</b>	<b>14</b>	<b>-91%</b>	<b>318</b>	<b>181</b>	<b>-43%</b>
Tax rate normalized	-29%	-29%		-29%	-29%	
Taxes	-43	-4		-92	-53	
<b>Net Income adj.</b>	<b>128</b>	<b>33</b>	<b>-74%</b>	<b>261</b>	<b>161</b>	<b>-38%</b>
EPS adj.	2.47	0.63	-75%	5.05	3.05	-40%

## Segment Revenues and EBIT adj.

	Q2 2019	Q2 2020	Change	6M 2019	6M 2020	Change
<b>Revenues Group</b>	<b>1,112</b>	<b>776</b>	<b>-30%</b>	<b>2,243</b>	<b>2,049</b>	<b>-9%</b>
OEM Commercial	387	231	-40%	773	631	-18%
OEM Military	111	86	-23%	216	183	-15%
MRO	632	477	-24%	1,287	1,272	-1%
Consolidation	-19	-18		-33	-37	
<b>EBIT adjusted Group</b>	<b>178</b>	<b>42</b>	<b>-76%</b>	<b>365</b>	<b>224</b>	<b>-39%</b>
OEM (Commercial / Military)	112	12	-89%	243	128	-47%
MRO	66	31	-53%	122	96	-21%
Consolidation	0	0		0	0	
<b>EBIT adjusted margin Group</b>	<b>16.0%</b>	<b>5.5%</b>		<b>16.3%</b>	<b>10.9%</b>	
OEM (Commercial / Military)	22.5%	3.8%		24.5%	15.7%	
MRO	10.4%	6.4%		9.5%	7.6%	

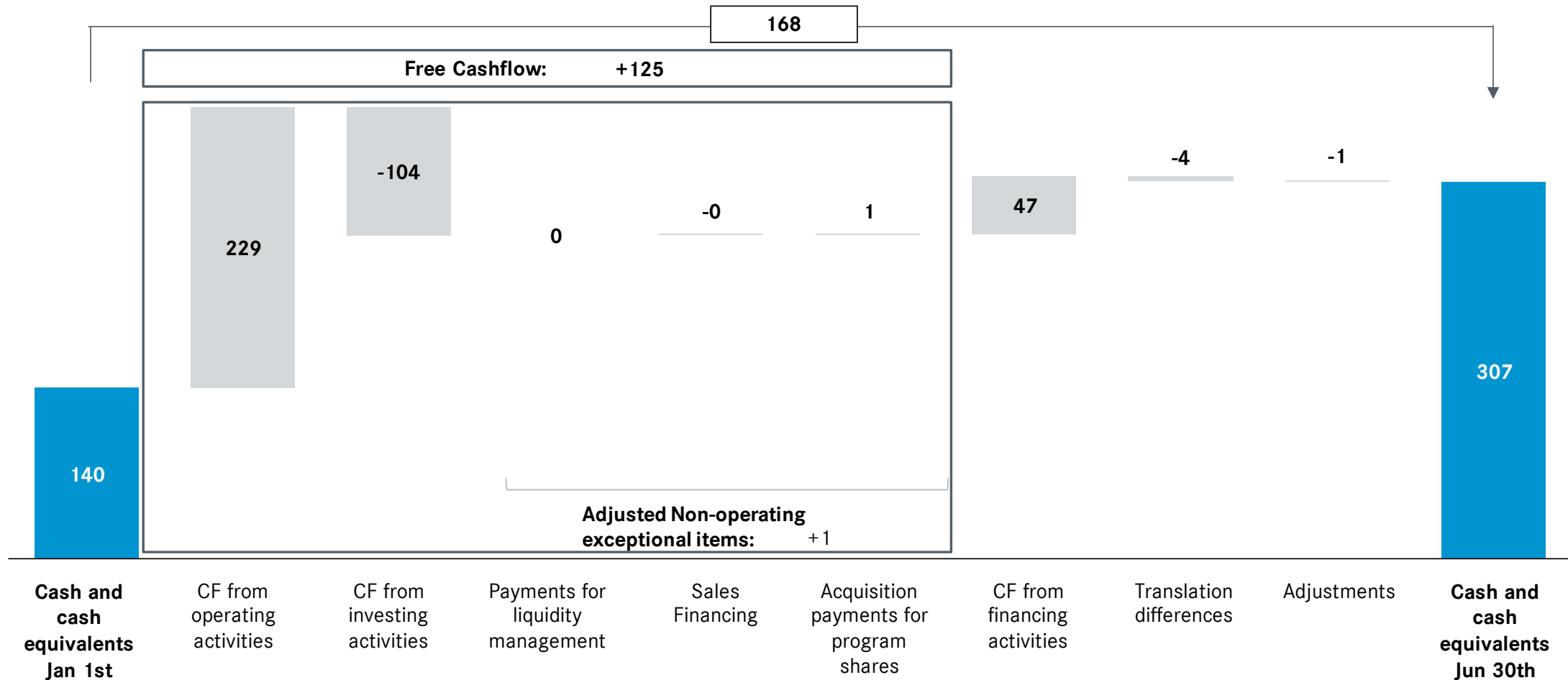
## Research & Development

	Q2 2019	Q2 2020	Change	6M 2019	6M 2020	Change
<b>Total R&amp;D</b>	<b>54</b>	<b>39</b>	<b>-29%</b>	<b>112</b>	<b>98</b>	<b>-12%</b>
<b>Customer funded R&amp;D</b>	<b>-10</b>	<b>-5</b>	<b>55%</b>	<b>-16</b>	<b>-14</b>	<b>11%</b>
<b>Company expensed R&amp;D</b>	<b>44</b>	<b>34</b>	<b>-22%</b>	<b>96</b>	<b>84</b>	<b>-13%</b>
Capitalization of R&D	-22	-9		-49	-33	
Amortisation	5	6		10	11	
<b>Total R&amp;D impact P&amp;L (on EBIT)</b>	<b>27</b>	<b>31</b>	<b>16%</b>	<b>57</b>	<b>62</b>	<b>9%</b>
thereof booked into sales and COGS	15	22		28	38	
thereof booked into R&D according to IFRS (P&L)	11	9		28	24	

## Financial Result

	Q2 2019	Q2 2020	Change	6M 2019	6M 2020	Change
Interest income	1	1	-27%	4	2	-56%
Interest expense	-4	-4	12%	-8	-8	6%
<b>Interest result</b>	<b>-3</b>	<b>-3</b>	<b>7%</b>	<b>-4</b>	<b>-6</b>	<b>-34%</b>
<b>Financial result on other items</b>	<b>-14</b>	<b>-13</b>		<b>-14</b>	<b>-16</b>	
US\$ / non cash valuations / others	-10	-11		-6	-11	
Interest for pension provisions	-4	-2	38%	-8	-5	
<b>Financial result</b>	<b>-17</b>	<b>-16</b>		<b>-18</b>	<b>-22</b>	<b>-21%</b>

## MTU's Cash development January – June 2020





## Cash Flow

	(in m €)	6M 2019	6M 2020	Change
<b>Net Income IFRS</b>		<b>229</b>	<b>125</b>	<b>-45%</b>
Depreciation and amortization		121	137	
Change in provisions and liabilities		77	-52	
Change in working capital		-41	28	
Taxes		20	11	
Interest, derivatives, others		-1	-20	
<b>Cash Flow from operating activities</b>		<b>406</b>	<b>229</b>	<b>-44%</b>
Net Investment in intangible assets		-57	-19	
Net Investment in R&D payments and entry fees		-3	-5	
Net Capital expenditure on property, plant and equipment		-99	-63	
Net Investments in financial assets		18	-17	
<b>Cash Flow from investing activities</b>		<b>-141</b>	<b>-104</b>	<b>26%</b>
Adjustments		-29	1	
<b>Free Cash Flow</b>		<b>235</b>	<b>125</b>	<b>-47%</b>
<b>Cash Flow from financing activities</b>		<b>-232</b>	<b>47</b>	<b>120%</b>
Cash and cash equivalents at 30.06.		135	307	

## Net debt

	(in m €)	31.12.2019	30.06.2020	Change
Bonds and notes		100	99	
Convertible bonds		562	564	
Promissory note		0	100	
Financial liabilities to bank		40	30	
thereof Revolving Credit Facility		0	0	
thereof bonds and notes		30	30	
Financial lease liabilities		147	163	
Loans from related companies and third parties		0	1	
Financial liabilities arising from program participation		300	188	
thereof arising from IAE V2500 Upshare		271	176	
<b>Gross financial debt</b>		<b>1,150</b>	<b>1,144</b>	<b>0%</b>
Cash and cash equivalents		140	307	
Loans to third parties		50	50	
Loans to related companies		0	0	
<b>Financial assets</b>		<b>189</b>	<b>357</b>	<b>89%</b>
<b>Net financial debt</b>		<b>961</b>	<b>787</b>	<b>-18%</b>

## Working capital

	(in m €)	31.12.2019	30.06.2020	Change
Inventories		1,279	1,333	
Prepayments		-396	-422	
Receivables		2,083	1,943	
Payables		-1,456	-1,373	
<b>Working Capital</b>		<b>1,510</b>	<b>1,482</b>	<b>-2%</b>

## Balance Sheet

	(in m €)	31.12.2019	30.06.2020	Change
Intangible assets		1,163	1,162	
Property, plant, equipment		1,101	1,101	
other non-current assets		1,892	1,786	
<b>Total non-current assets</b>		<b>4,155</b>	<b>4,049</b>	<b>-3%</b>
<b>Current assets</b>		<b>3,610</b>	<b>3,727</b>	<b>3%</b>
<b>Total assets</b>		<b>7,765</b>	<b>7,775</b>	<b>0%</b>
<b>Equity</b>		<b>2,421</b>	<b>2,518</b>	<b>4%</b>
<b>Non-current liabilities</b>		<b>2,130</b>	<b>2,111</b>	<b>-1%</b>
<b>Current liabilities</b>		<b>3,214</b>	<b>3,146</b>	<b>-2%</b>
<b>Total equity and liabilities</b>		<b>7,765</b>	<b>7,775</b>	<b>0%</b>
thereof pension provisions		976	996	

## PPA Depreciation / Amortization

	Q2 2019	Q2 2020	Change	6M 2019	6M 2020	Change
OEM	44	48		87	94	
MRO	17	23		34	42	
<b>Total depreciation / amortization*</b>	<b>61</b>	<b>71</b>	<b>16%</b>	<b>121</b>	<b>136</b>	<b>13%</b>
PPA OEM	5	5		9	9	
PPA MRO	1	1		1	1	
IAE Upshare OEM	8	7		15	15	
<b>PPA depreciation / amortization &amp; IAE Upshare amortization (EBIT adjustme</b>	<b>13</b>	<b>13</b>	<b>-3%</b>	<b>26</b>	<b>25</b>	<b>-2%</b>
OEM	32	36		63	70	
MRO	16	22		32	41	
<b>Depreciation / amortization w/o PPA and w/o IAE Upshare</b>	<b>48</b>	<b>58</b>	<b>21%</b>	<b>95</b>	<b>111</b>	<b>17%</b>

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

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