
MTU Aero Engines starts 2022 with higher revenue and earnings

- Revenue up 19%
- Operating profit 52% higher, net income up 60%
- Forecast for 2022 confirmed

Munich, April 29, 2022 – MTU Aero Engines AG generated revenue of €1,180 million in the first quarter of 2022. That was 19% more than in the prior-year period (1-3/2021: €989 million). The operating profit¹ was 52% higher at €131 million (1-3/2021: €86 million). The adjusted EBIT margin was 11.1%, compared with 8.7% in the first quarter of 2021. Net income² rose by 60% from €58 million to €93 million.

“MTU returned to a growth trajectory in 2021 and was able to continue this successfully in the first quarter of 2022,” said Reiner Winkler, CEO of MTU Aero Engines AG. In view of this, the company is confirming its guidance for the 2022 fiscal year. Winkler: “We are continuously monitoring the impact of the coronavirus pandemic and the war in Ukraine. If necessary, we will adjust our guidance.” So far, MTU has recognized impairment losses of around €52 million in connection with the sanctions on Russia. That includes about €40 million on the PW1400G-JM engine for the Irkut MC-21 and, to a smaller extent, impairment losses on receivables. The impairment losses are included in the adjustments for adjusted EBIT.

In the first quarter of 2022, MTU recorded the strongest revenue growth in the military engine business, where revenue rose by 25% to €108 million (1-3/2021: €87 million). “That reflects the postponement of EJ200 deliveries from the fourth quarter of 2021 to the first quarter of this year,” said Winkler. The main revenue driver was the EJ200 engine for the Eurofighter.

Revenue from commercial maintenance rose by 21% to €819 million (1-3/2021: €678 million). The most important revenue generators were the V2500 for the classic A320 aircraft family and the PW1100G-JM engine for the A320neo.

Revenue from the commercial engine business increased by 11% from €250 million to €278 million. On a dollar basis, the spare parts business registered organic revenue growth in the high-teens percentage range, while organic growth in the commercial series business declined by around 15%. “Revenue from series business mainly reflects lower deliveries of the Geared Turbofan™ and the GENx,” explained Winkler. “We assume that GTF deliveries, in particular, will recover in the coming months.” The main source of revenue in the commercial engine business was the PW1100G-JM.

¹ Adjusted EBIT = adjusted earnings before interest and taxes

² Adjusted net income = adjusted income after income taxes



At the end of the first quarter, MTU's order backlog rose to a new record of €23.4 billion, 5% higher than at year-end 2021 (December 31, 2021: €22.2 billion). The majority of orders were for the V2500 and the Geared Turbofan™ engines of the PW1000G family, especially the PW1100G-JM.

Earnings improved in both the OEM business and the commercial maintenance business.

Quarterly earnings from the OEM business rose by 66% from €47 million to €78 million. The adjusted EBIT margin increased from 14.0% in the first quarter of 2021 to 20.2% in the first quarter of 2022. "This clear rise in earnings was due to a mix of higher military and spare parts business, whereas the series business declined," said CFO Peter Kameritsch.

In the commercial maintenance business, quarterly earnings rose by 34% to €53 million (1-3/2021: €39 million). The adjusted EBIT margin was 6.4%, compared with 5.8% in the prior-year period. Kameritsch: "The improved margin is the result of the favorable revenue mix in the first quarter: The proportion of maintenance work in our core business relative to maintenance work on the GTF engines was above the ratio we anticipate for the full year."

In the first quarter of 2022, research and development expenses amounted to €63 million (1-3/2021: €47 million). MTU's R&D activities are focused on improving the performance of the Geared Turbofan™ programs, technology studies for future engine generations, especially hydrogen and flying fuel cells, and digitalization of engine construction.

The free cash flow was €134 million in the first quarter, compared with €106 million in the prior-year period. "Following on from the good fourth quarter of 2021, we registered high cash inflows from customers in the first quarter of 2022. The strong start to the year is a result of that, together with dividend payments from associated companies," said Kameritsch.

Net capital expenditure on property, plant and equipment rose by 62% from €23 million to €38 million in the first quarter.

MTU had 10,683 employees at the end of the first quarter (December 31, 2021: 10,508 employees). "Our good prospects in both the OEM and the MRO business will be reflected in an increase in our headcount," said Winkler. "Moreover, we are hiring staff to build up our site in Serbia." MTU Maintenance Serbia is scheduled to start operating at the end of 2022.

MTU is confirming its guidance for the 2022 fiscal year. The company expects revenue to be between €5.2 billion and €5.4 billion at year end. Adjusted EBIT should increase in the mid twenty-percent range. Net income should rise in line with operating profit. MTU expects the cash conversion rate, which shows



the ratio of free cash flow to adjusted net income, to be in the mid to high double-digit percentage range in 2022 (2021: 70%).

MTU Aero Engines – Key data for the first quarter of 2022

(Amounts in € million)

MTU Aero Engines	As of March 2021	As of March 2022	Change
Revenue	989	1,180	+ 19%
thereof OEM business	337	386	+ 15%
thereof commercial engine business	250	278	+ 11%
thereof military engine business	87	108	+ 25%
thereof commercial maintenance	678	819	+ 21%
Adjusted EBIT	86	131	+ 52%
thereof OEM business	47	78	+ 66%
thereof commercial maintenance	39	53	+ 34%
<i>Adjusted EBIT margin</i>	<i>8.7%</i>	<i>11.1%</i>	
<i> in the OEM business</i>	<i>14.0%</i>	<i>20.2%</i>	
<i> in commercial maintenance</i>	<i>5.8%</i>	<i>6.4%</i>	
Adjusted net income	58	93	+ 60%
Net income (reported)	49	53	+ 9%
Earnings per share (basic, reported)	0.91	0.99	+ 9%
EBITDA (reported)	142	174	+ 23%
Free cash flow	106	134	+ 27%
Research and development expenses	47	63	+ 34%
thereof company-funded	36	46	+ 28%
thereof customer-funded	11	17	+ 55%
<i>Company-funded R&D expenses as stated in the income statement</i>	<i>16</i>	<i>24</i>	<i>+ 52%</i>
Net capital expenditure on property, plant and equipment	23	38	+ 62%
	Dec. 31, 2021	March 31, 2022	Change
Balance sheet key figures			
Intangible assets	1,128	1,137	+ 1%
Cash and cash equivalents	722	837	+ 16%
Pension provisions	948	947	- 0%
Equity	2,760	2,803	+ 2%
Net financial debt	673	547	- 19%
Total assets and liabilities	8,304	8,487	+ 2%
Order backlog	22,237	23,371	+ 5%
Employees	10,508	10,683	+ 2%



About MTU Aero Engines

MTU Aero Engines is Germany's leading engine manufacturer. The company is a technological leader in low-pressure turbines, high-pressure compressors, turbine center frames as well as manufacturing processes and repair techniques. In the commercial OEM business, the company plays a key role in the development, manufacturing and marketing of high-tech components together with international partners. Some 30 percent of today's active aircraft in service worldwide have MTU components on board. In the commercial maintenance sector the company ranks among the top 3 service providers for commercial aircraft engines and industrial gas turbines. The activities are combined under the roof of MTU Maintenance. In the military arena, MTU Aero Engines is Germany's industrial lead company for practically all engines operated by the country's military. MTU operates a network of locations around the globe; Munich is home to its corporate headquarters.

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