MTU Aero Engines AG – Investor & Analyst Day 2021

Welcome

Thomas Franz | Vice President Investor Relations

Agenda

1 **COVID 19 crisis**
Reiner Winkler | Chief Executive Officer (CEO)

2 **Our product portfolio in the current market**
Michael Schreyögg | Chief Program Officer (CPO)

3 **Technology roadmap | Cost leadership**
Lars Wagner | Chief Operating Officer (COO)

4 **Financials | Outlook 2022**
Peter Kameritsch | Chief Financial Officer (CFO)

5 **ESG | Executive summary**
Reiner Winkler | Chief Executive Officer (CEO)

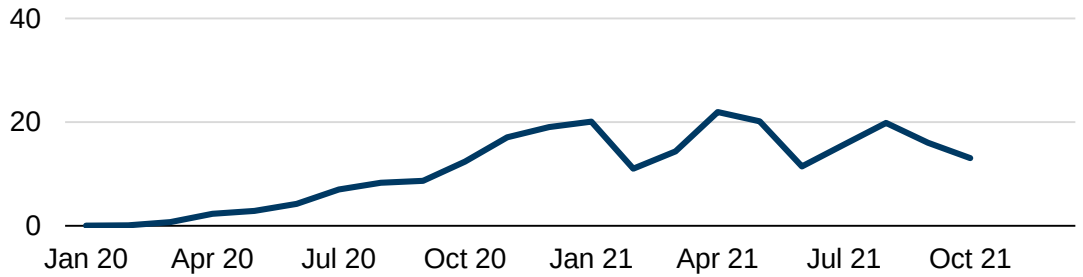
Q&A session

COVID 19 crisis

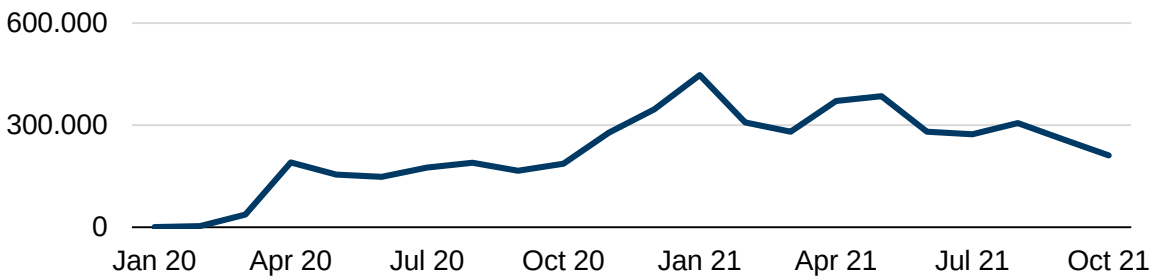
Reiner Winkler | Chief Executive Officer (CEO)

COVID-19 data show global infections stabilizing with related fatalities on a downward trend thanks to gradually improving vaccination rates

Global monthly COVID infections (million)

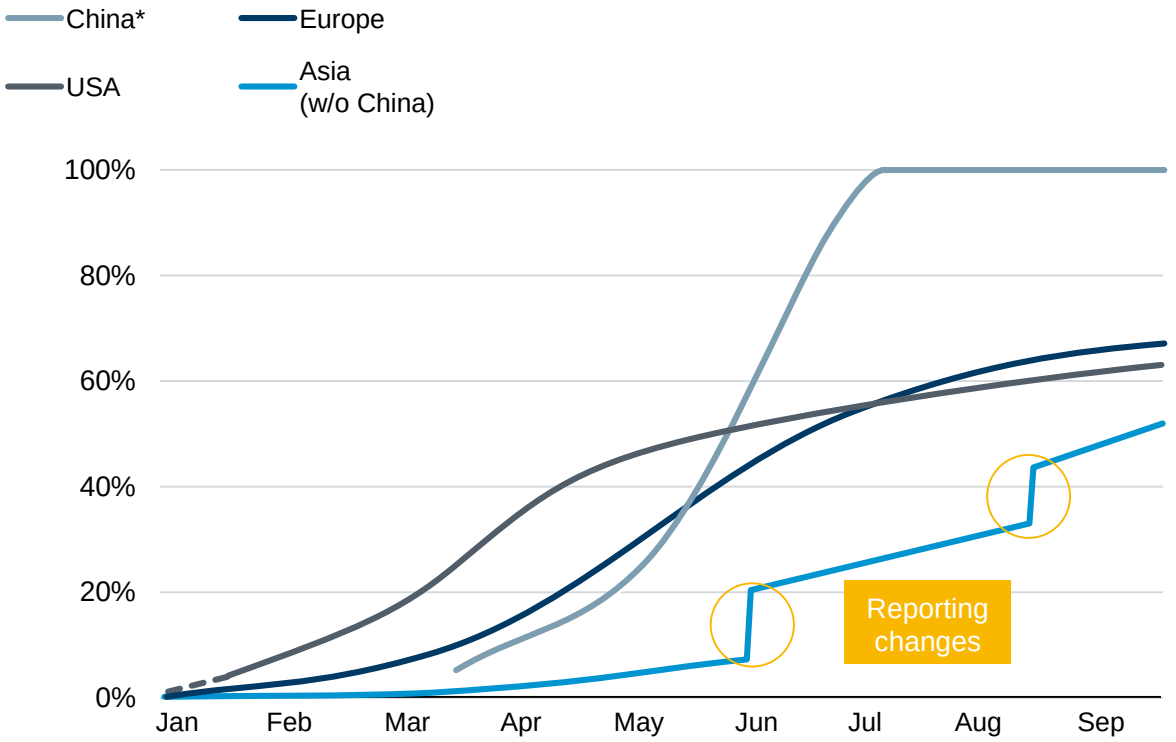


Global monthly COVID-related fatalities



Vaccination progress

Percentage of population with first dose administered as of Sept 19th, 2021



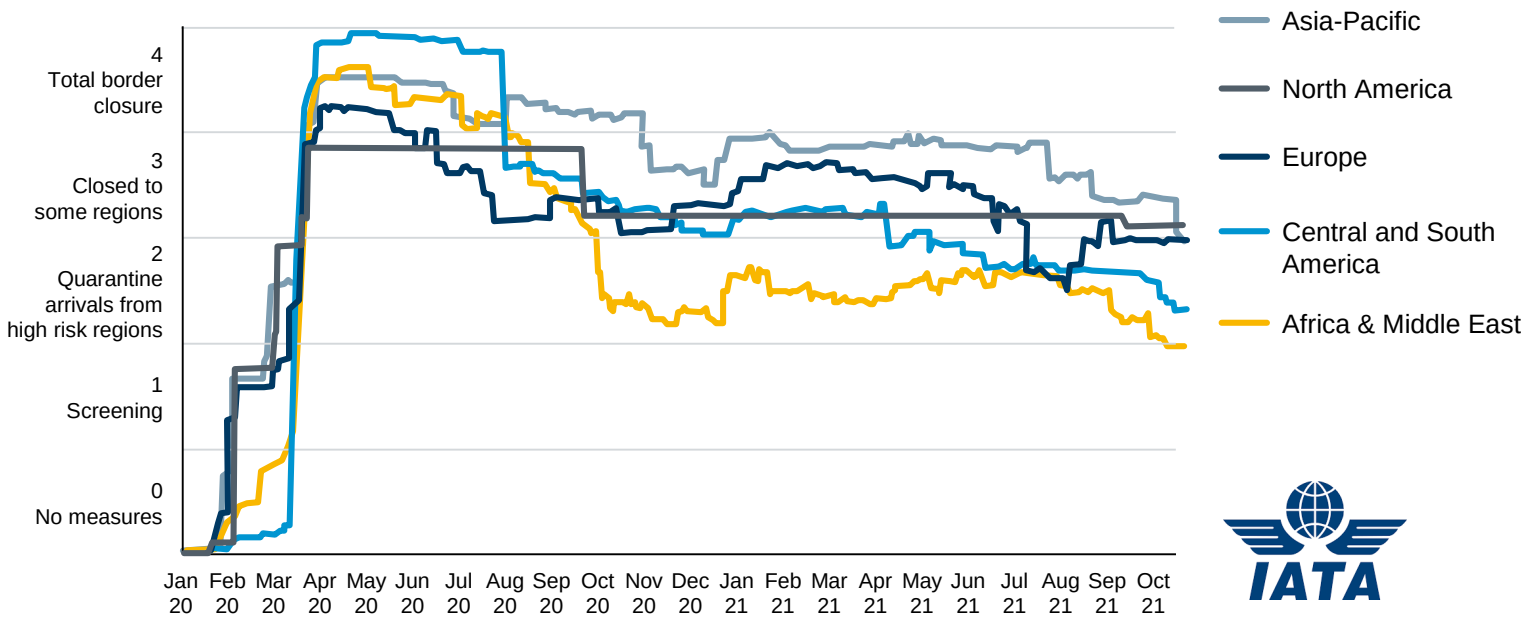
Sources: WHO, University of Oxford, Bloomberg

*China reports >150 doses per 100 people – no distribution data provided

Restrictions have limited international travel recovery but progress in vaccination is increasingly giving governments the confidence to re-open

International travel stringency index weighted by population

Jan 2020 to Oct 2021



IATA

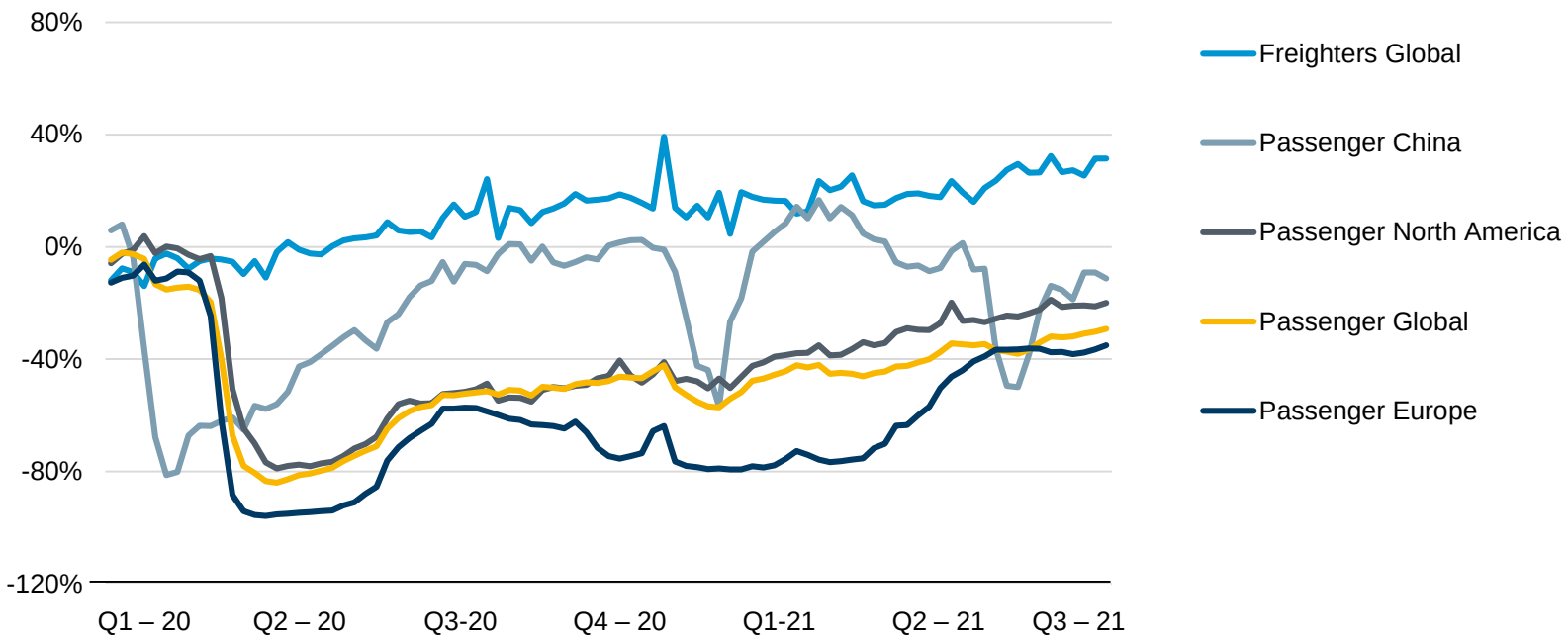
Restrictions are being lifted

- Vaccinations are a key driver in the relaxation of border control measures
- Vaccine distribution in many developed economies gives governments the confidence to re-open borders
  - US has lifted travel ban on vaccinated travelers from EU
  - UK announced a strong reduction in the number of “red list” destinations
  - Australia, New Zealand, UAE, India, Singapore are beginning to re-open

Sources: IATA Economics analysis based on Oxford University data

Global passenger flights have gradually improved whilst cargo keeps on strengthening

Weekly flight cycles compared to same week in 2019



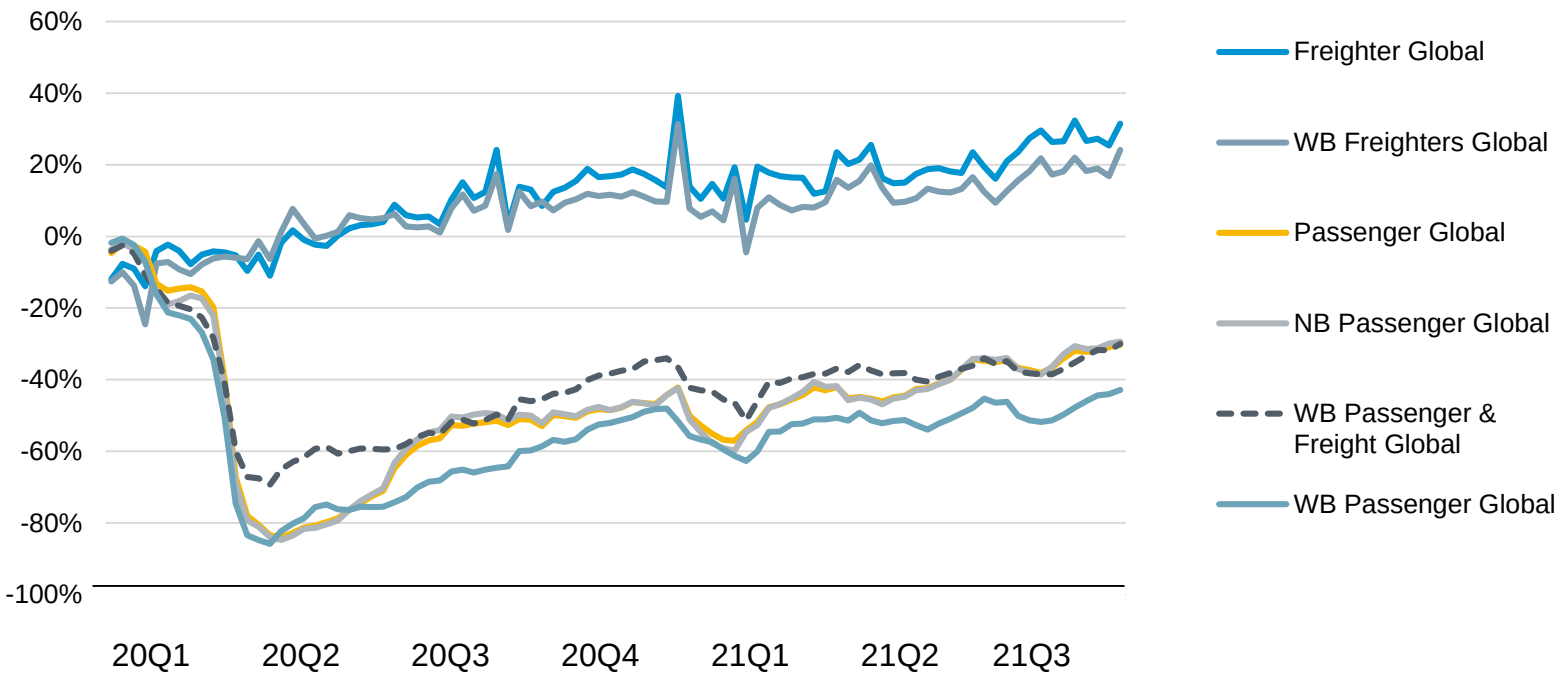
Global passenger and freight

- Passenger flights now at 70% of 2019
- Apart from a number of temporary setbacks in January and August 2021, China has recovered to 2019 levels
- North America consistently outperformed global average in 2021
- European narrowbody (NB) flights show steep recovery since Q2
- European and US carriers to expand winter capacity after US lift travel restrictions for vaccinated travelers
- Dedicated cargo flights at 30% above pre-COVID levels

Source: FlightRadar24, MTU | *Cargo: Traffic from purpose-built cargo aircraft, excluding belly freight and passenger models

Recovery of narrowbody flights continues…
… while widebody flights are heavily supported by strong freighter business

Δ Worldwide flight cycles compared to same week in 2019



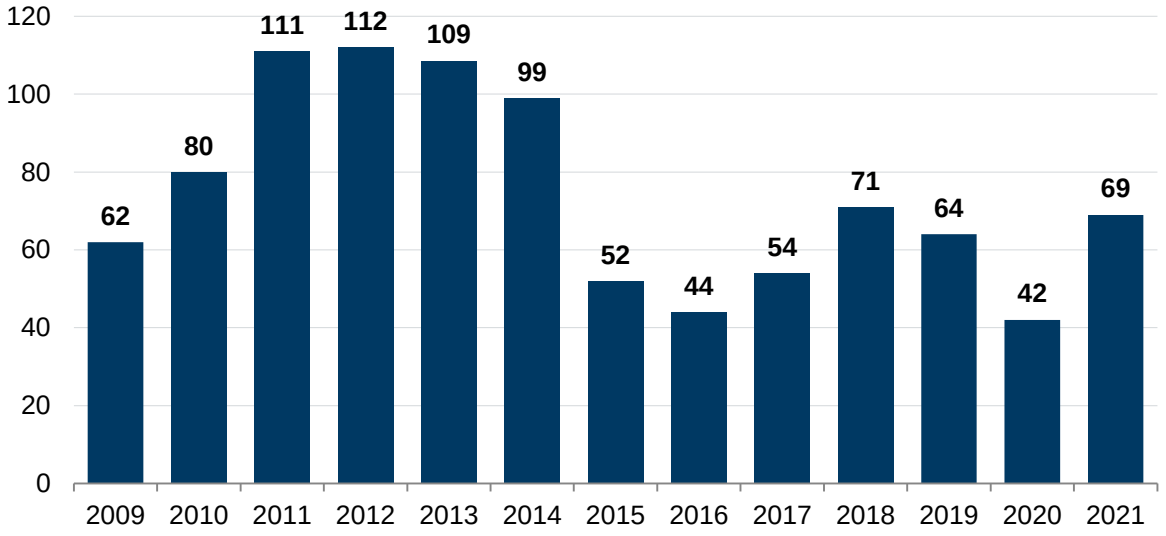
Narrow- and widebody flights

- Global and NB passenger developments almost identical
  - NB flights now at 70% of 2019 levels
  - Domestic recovery continues to boost NB flying, benefiting V2500 and PW1100G
- Despite recent easing in US and Europe, restrictions continue to limit int'l travel and widebody (WB) passenger flying (at 55% of 2019 levels)
- Air cargo strength means that WB flying for combined passenger and cargo flights is also at 70% of 2019, benefiting CF6-80C and GEnx

Source: FlightRadar24, MTU | Cargo: Traffic from purpose-built cargo aircraft, excluding belly freight and passenger models

Oil price is picking up but remains at a historical average
Interest rates remain historically low, despite current inflation hike

Oil price



- Prices rising since 2020, with oil analysts expecting ~$70/barrel in the short-term
- Supply constraints, increased demand driven by economic recovery and low OECD stocks have raised prices
- US shale production should help putting a ceiling on oil price

Source: US Energy Information Administration

CPI and interest rates

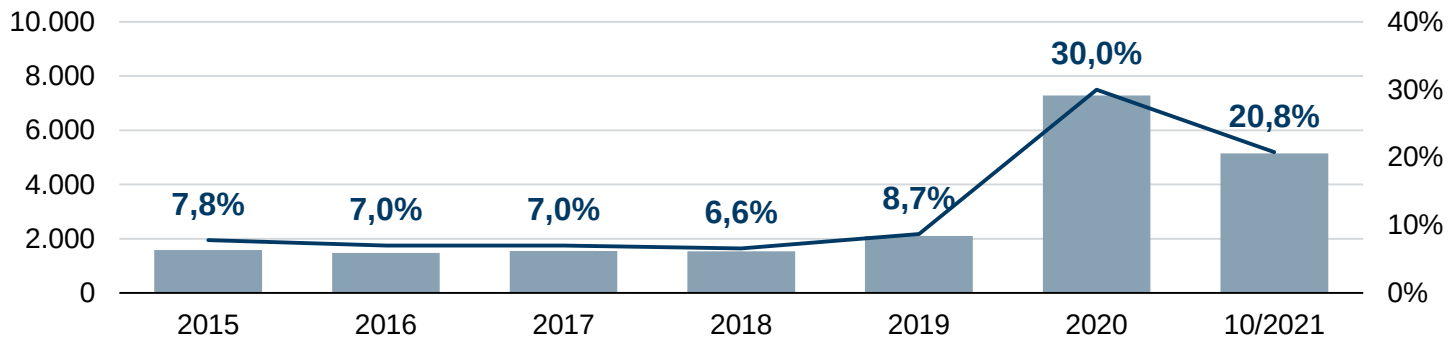
	2017	2018	2019	2020	2021
Consumer price inflation (%;av) world	**3.2**	**3.5**	**3.5**	**3.3**	**4.9**
US	2.1	2.4	1.8	1.2	3.6
OECD	2.2	2.5	1.9	1.2	3.0
Japan	0.5	1.0	0.5	0.0	-0.1
Euro area	1.5	1.8	1.2	0.3	1.9
China	1.5	1.9	2.9	2.5	1.3
Main policy interest rates (%, end-period)					
Federal Reserve	1.38	2.38	1.63	0.13	0.13
Bank of Japan	-0.04	-0.07	-0.03	-0.03	-0.02
European Central Bank	0.0	0.0	0.0	0.0	0.0
Bank of England	0.50	0.75	0.75	0.10	0.10

- Rising commodity prices and supply-chain disruptions fuel current inflation
- Low interest rates and cost of capital support OE backlog
- Capital continues to flow into the sector even though financing has become more selective

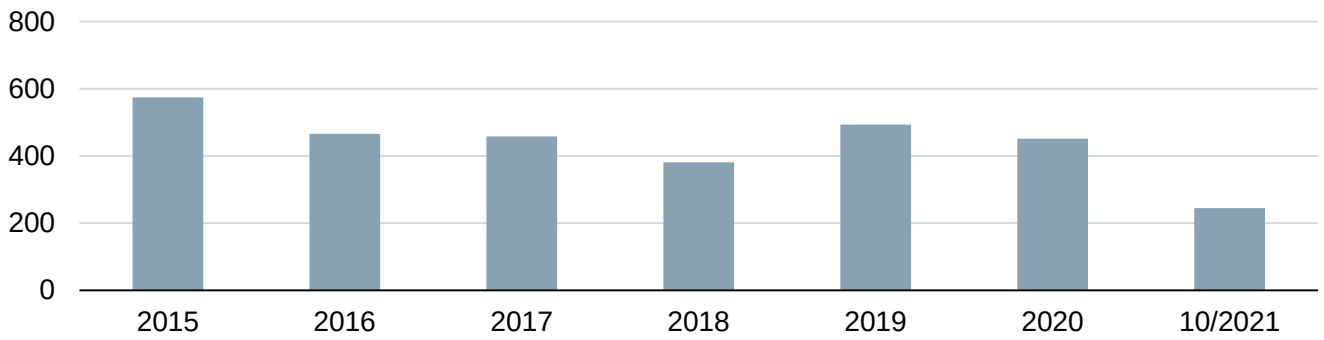
Source: The Economist Intelligence Unit October 2021

No spike in retirements as operators re-activate parked aircraft or keep them in storage

Industry park rate



Industry retirements

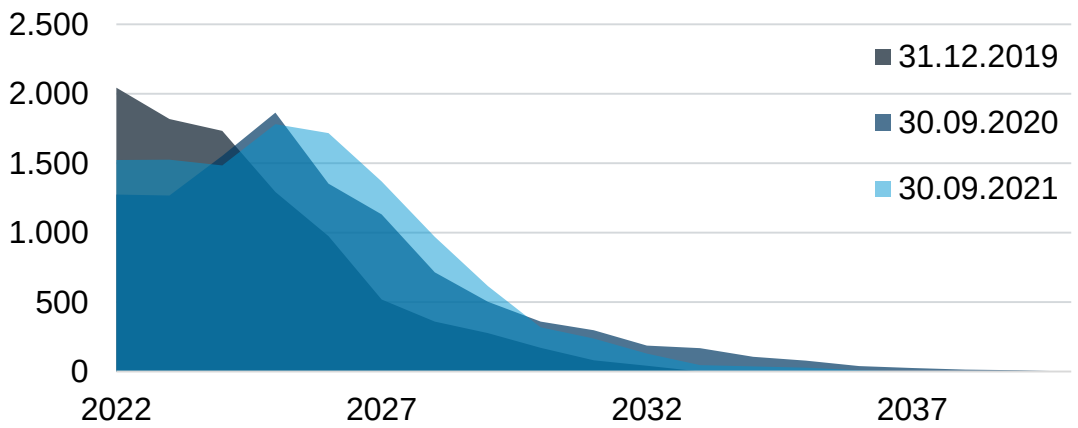


- As market recovers parked aircraft are activated for service resulting in a park rate of 21% as of today after peak of 30%
- Remaining parked aircraft are kept to maintain market recovery readiness or to await more favorable market values for tear-down once USM demand increases
- No step up in retirements seen yet

Source: Cirium Fleets Analyzer, Airbus and Boeing passenger and freighter aircraft

Delivery peak around 2025 expected in line with recovery expectation of 2023 – 25

Aircraft on order



Monthly rate	2019	Current rate	Airframer scenario			
			2022	23	24	25
A220	4	5	6			14
A320	60	45		65	70	75
A330	4	2	2	2 – 3		
A350	10	5		6		
737	52/42	19	31			
787	14	2	5/m is next step			
767	3	2 – 3	2 – 3			
777X			EIS			
747	0.5	0.5	EoP			

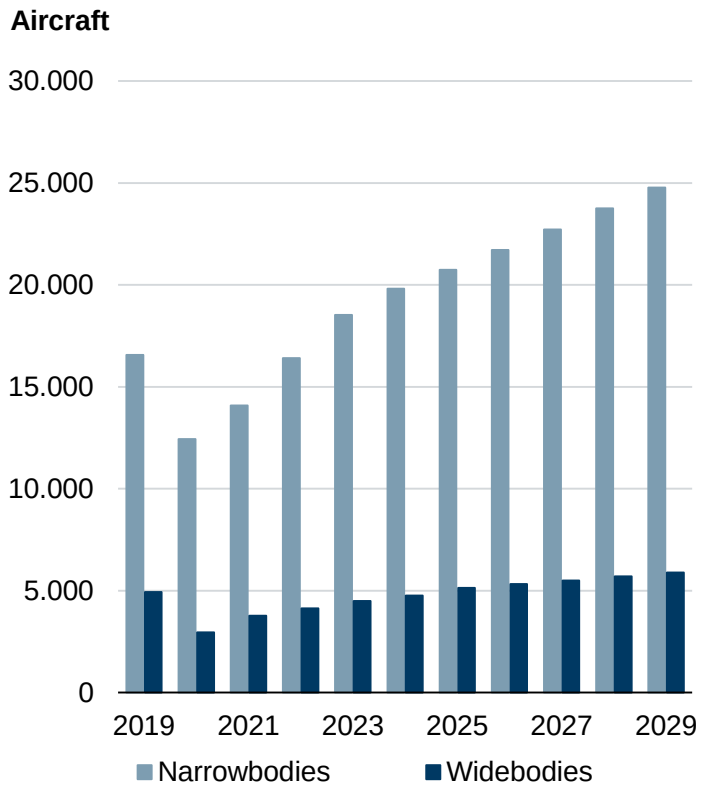
- Cancellations 01/2020 – 09/2021: 2,348 A/C (50% 737 MAX)
- New Orders 01/2020 – 09/2021: 2,356 A/C (60% A320 Family)
- Order backlog is at 12,100 A/C, similar to last year
- 87% of orders for narrowbodies, thereof 57% A220/A320 Family

- Airbus and Boeing ramp-up narrowbody rates (A320neo, A220, 737MAX)
- Widebody rates stable for now
- 787 issues are being addressed, long-term double-digit rate expected
- Airbus expects 600 aircraft in 2021 up from March guidance of 566

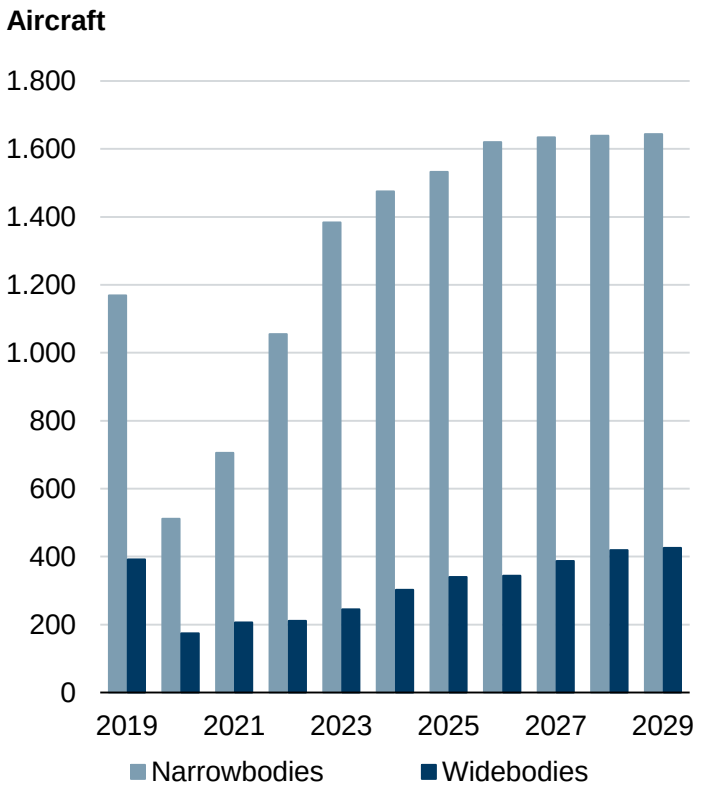
Source: Cirium Fleets Analyzer, Airbus and Boeing passenger and freighter aircraft, Airframers' announcements

MTU expects narrowbody fleet and deliveries to recover in 2023
Widebody fleet and deliveries recover in the 2nd half of the decade

Aircraft in-service fleet



Aircraft deliveries



- Narrowbody passenger fleet to recover in 2023, widebody passenger fleet in 2025
- Narrowbody passenger deliveries to recover by 2023, widebody passenger deliveries later
- Global RPK expected to grow by 4 – 5% p. a. in 2025 – 2029 driven by short-haul demand
- Forecasted traffic growth and deliveries are not expected to lead to significant changes in average retirement age

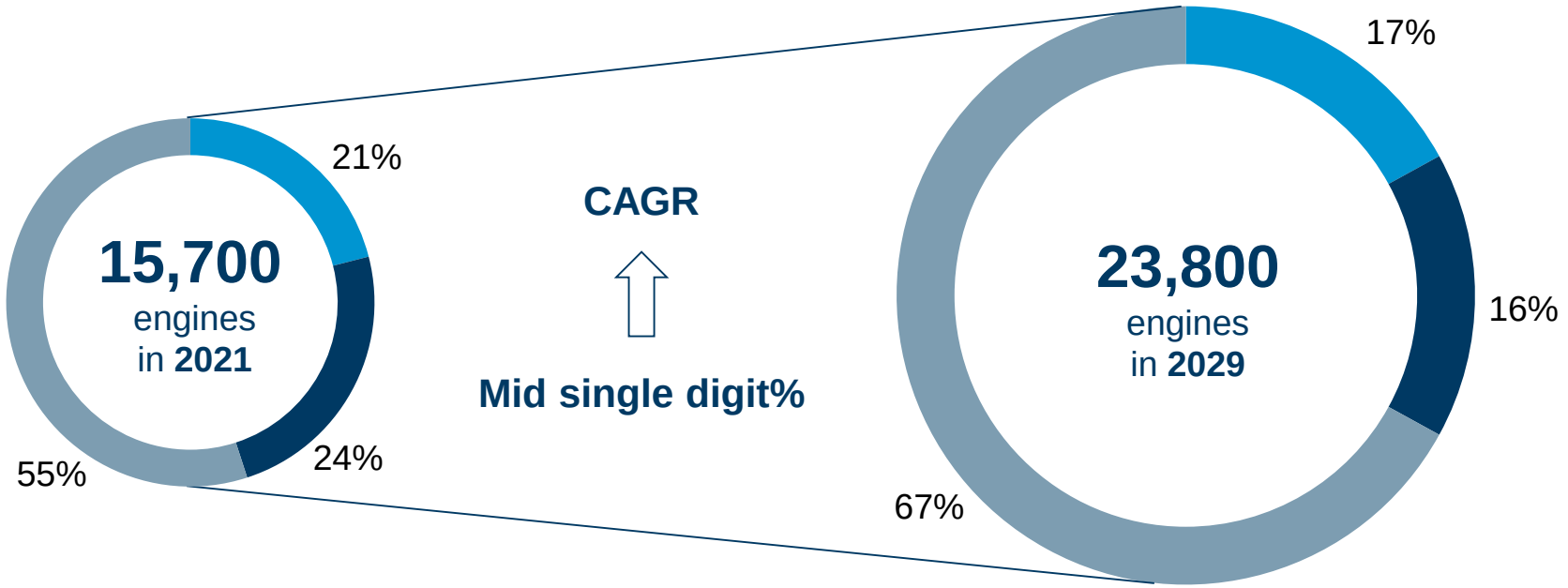
Source: MTU

MTU’s engine portfolio today and in the future – a strong basis for future growth

Michael Schreyögg | Chief Program Officer (CPO)

MTU's fleet mix is proving resilience with 80% of narrowbody or non-passenger aircraft

Fleet of commercial engines with MTU participation



- Strong presence in rebounding single-aisle market, booming cargo segment and some resilient government applications
- Participation in leading engine programs in all segments

Passenger narrowbodies incl. RJs | Passenger widebodies | Cargo and government applications

Source: MTU – Engines with MTU participation

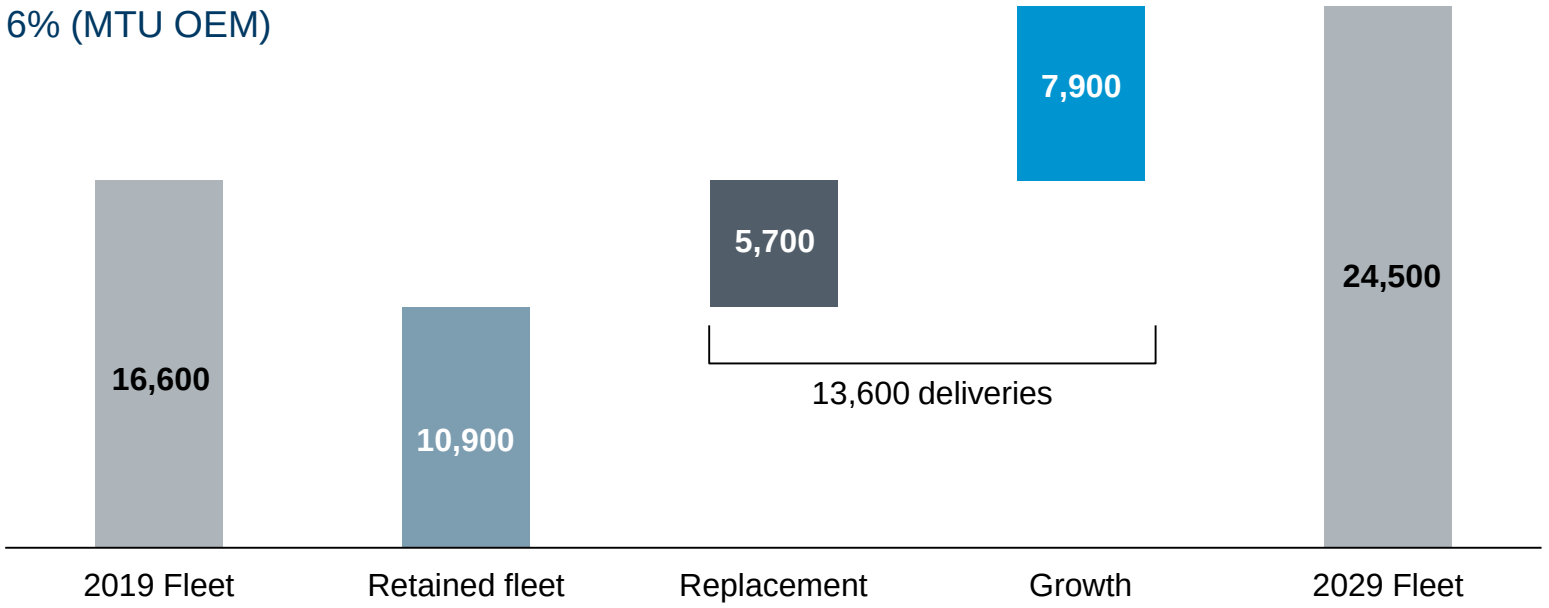
Narrowbody fleet to grow by 4% p.a. over the next 10 years
MTU fleet outperforms market thanks to GTF engine programs

Narrowbody aircraft fleet breakdown 2019 – 29 (# a/c)

CAGR 2019 – 29:

4% (Total)

6% (MTU OEM)

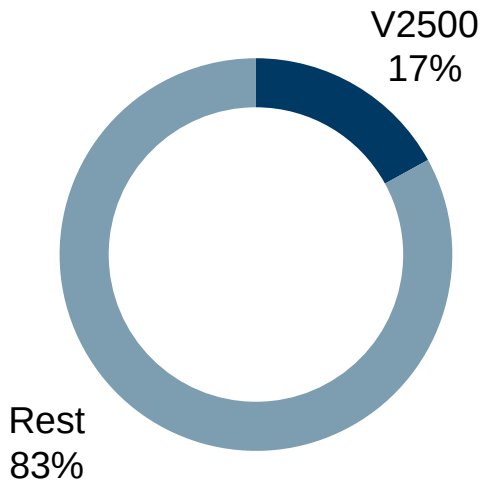


- Domestic market to exceed pre-Covid levels in 2023
- Retirements in line with historical average, stabilizing at ~600 a/c per year
- A320neo production rates of 65 confirmed for 2023
- ~29% (or > ~1,600 a/c) A320neo orders without engine selection
- Penetration of A321 XLR in traditionally widebody markets

Source: MTU

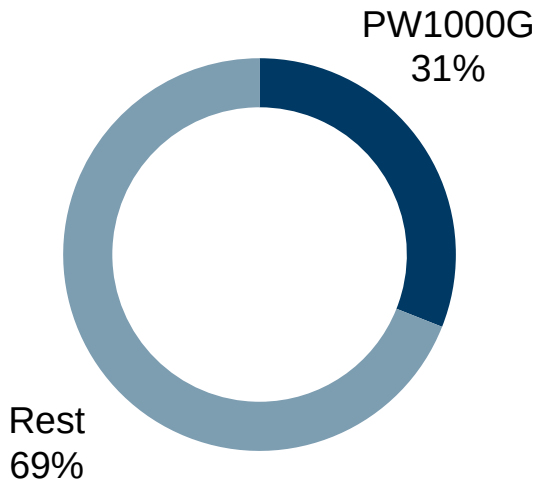
MTU's share of the narrowbody fleet is expected to grow from 23% to 28% in 10 years V2500 retirements on normal level, PW1000G with strong share on new deliveries

5,700 retirements in 2020 – 29 (# a/c)



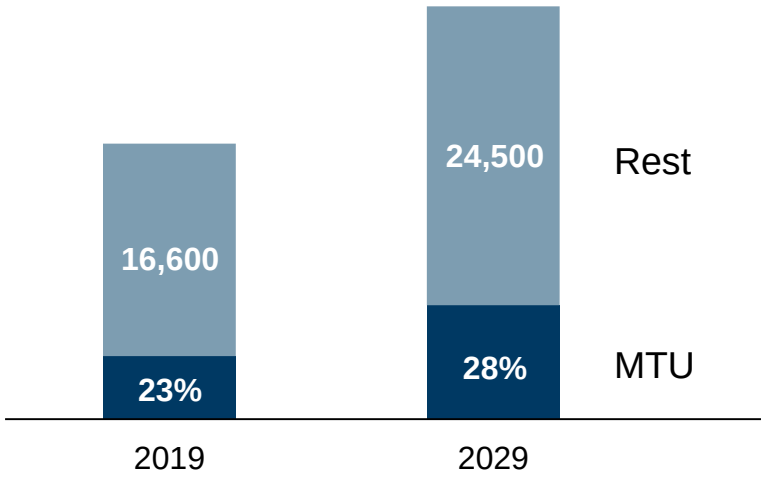
Aircraft with V2500 represent 17% of narrow-body retirements in the next ten years

13,600 deliveries in 2020 – 29 (# a/c)



~31% market share for GTF of total narrowbody a/c deliveries over next 10 years

MTU market share of global passenger narrowbody fleet 2019 – 29[1] (# a/c)

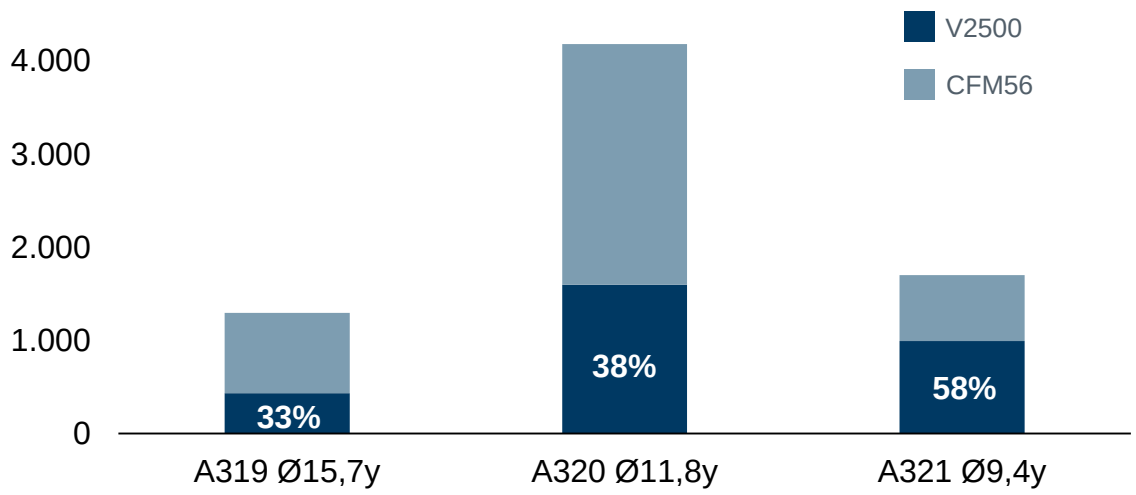


MTU narrowbody market share to increase from 23% to 28% within next 10 years

Source: MTU OPSP22 Preliminary July 21 | [1]Incl. storage in 2019 and after market recovery (new methodology)

The fuel efficient V2500 is a young fleet with a strong MRO outlook

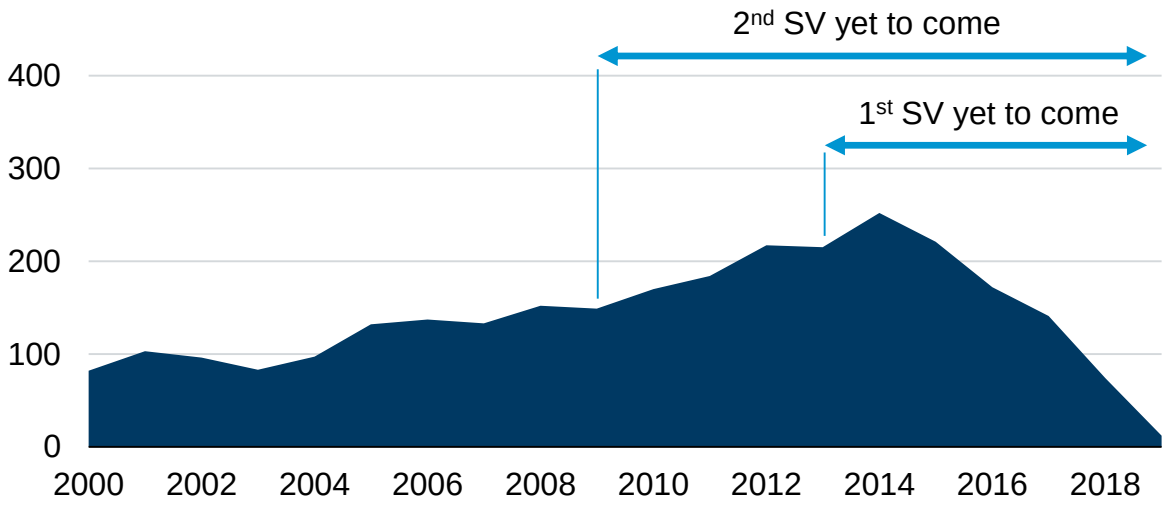
A320ceo Family – engine split (# a/c)



- Current fleet of 2,900 A320ceo with V2500
- High V2500 share in young and relatively more MRO-intensive A321 fleet
- Pax-to-freighter conversion programs just starting, indicating strong demand for A321conversion with V2500
- Additional demand from Embraer C-390 application

Source: Cirium

A320ceo with V2500 – entry into service and SV (# a/c)



- Around 65% of the fleet have not had the first heavy shop visit requiring replacement of life limited parts yet
- High OEM FHA share in aftermarket

Source: Cirium

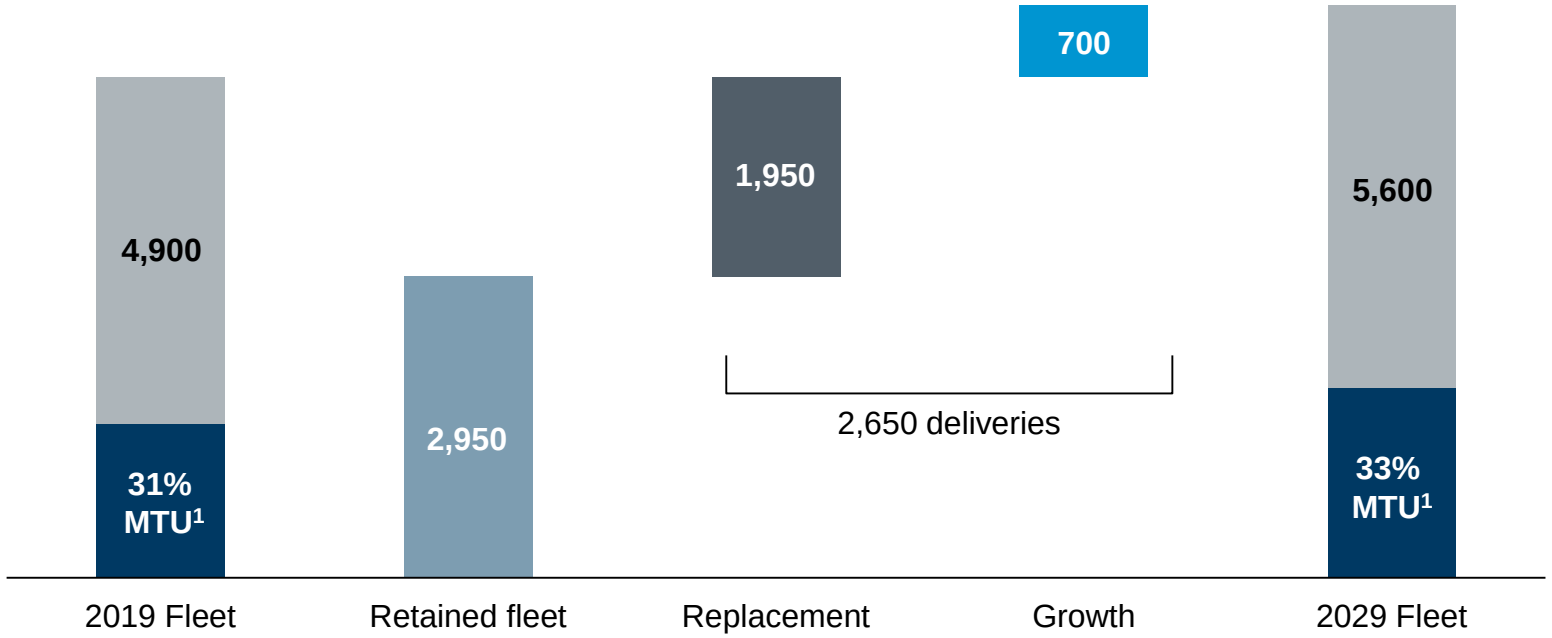
Widebody passenger fleet to grow more modestly by 1.4% p.a. over the next 10 years
MTU widebody fleet outperforms market slightly thanks to GEnx and GE9X

Widebody aircraft fleet breakdown 2019 – 29 (# a/c)

CAGR 2019 – 29:

1.4% (Total)

2.1% (MTU OEM)



- Widebody fleet recovery expected by mid of this decade with deliveries in second half of this decade
- 787 to return to double-digit rates in the 2nd half of the decade
- GEnx expected to maintain high share on 787 (75 – 80% in 2019/20)
- 777X with GE9X will bring twin-aisle economics to upper widebody segment once dominated by 747 and A380

Source: MTU | [1]MTU market share of global widebody fleet

BizJet market held up better than commercial aircraft market during the crisis
Strong footprint in heavy BizJet market with the PW800 and PW307

2021 BizJet flight hours up 50% and 5% above Pre-Covid levels[1]

~over 7,500
active BizJet engines with MTU components

>100
Gulfstream G500/600 delivered since EIS

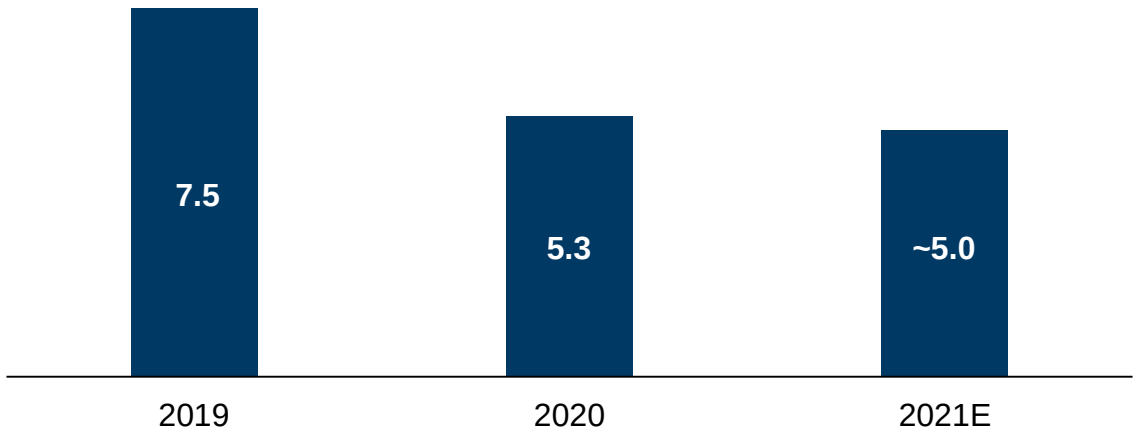
- Utilization rates for all BizJet segments significantly higher than pre-COVID levels
- Pre-owned BizJet market at record lows coupled with sharp increase in demand → driving demand for new BizJets
- ~7,400 new BizJet deliveries from 2022 to 2031[1]
- Large BizJets will make up ~34% of total BizJet deliveries
- Strong footprint in heavy BizJet market with PW800 (Gulfstream G400/500/600, Dassault Falcon 6x) and the PW307 (Dassault Falcon 7x, 8x)

[1]Source: Honeywell

MTU Maintenance successfully navigates through the crisis

Ongoing strong order book secures future growth in MRO

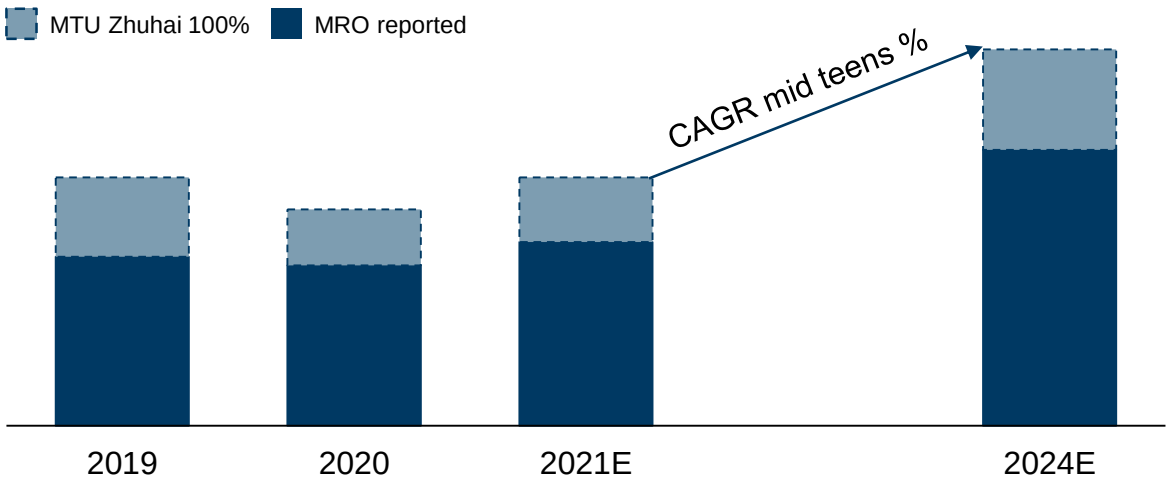
Independent MRO campaign wins 2019 – 2021E (in bn US$)



- Solid independent MRO contract wins of ~10 bn US$ in 2020 and 2021
- Total MRO order book of 17.9 bn US$

Revenue to reach Pre-Covid level in 2021/2022

MRO revenues development in million US$ 2019 – estimate 2024



- High share of narrowbody engines in their best lifecycle phase
- Customers base in strong domestic regions (USA, China)
- Freight traffic importance remains thanks to e-commerce

MTU well positioned to emerge stronger from the crisis – flexibility more important than ever

Increasing shop visit demand

Market environment

- Recovery ramp-up faster than expected
- Strong shop visit demand by airlines already started
- Freight and cargo demand remain strong
- Airline behavior budget driven
- Newer engines are activated first and highly utilized

High flexibility required

MRO activities

- Know-how and capacity maintained → enabler for strategic and quick market reactions
- Customized solutions with high flexibility to react to market trends
  - OSS[1] network for smaller workscopes
  - P2F[2] conversion strategy
  - Increase green-time/USM[3] usage)
- Targeted workscoping
- Multiple MRO locations serve key engine programs to increase induction flexibility

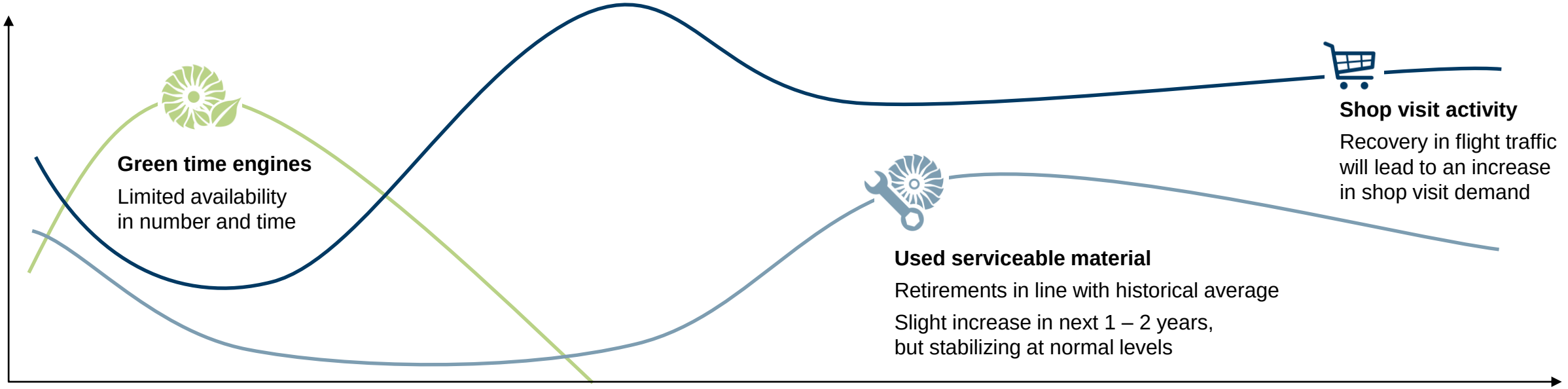
Strong market position

Strategic initiatives

- Strong market position thanks to multiple market access ways, broad product portfolio, customized MRO solutions and financial strength
- Expansion of MRO network with focus on best cost (MTU Zhuhai II, MTU Serbia)
- Expansion of digital MRO solutions for innovative AI[4]-based engine fleet management and shop visit calculations

[1]OSS = on-site-service | [2]P2F = passenger to freighter | [3]USM = used serviceable material | [4]AI = artifical intelligence

MTU takes advantage of USM[1] and green-time engines to increase competitiveness



MTU action

- Optimizing own MRO service costs or engine lease pool
- Strengthening customer loyalty by offering customized solutions incl. USM or green-time engines
- Limited impact on shop visits expected

[1]USM = used serviceable material

Military Business is a stable pillar – also during the Corona crisis

Military revenue split 2021

- Fighter engines are key revenue contributor
- Today EJ200 and RB199 generate ~3/4 of total military sales

Eurofighter – EJ200

- Most important revenue contributor
- International export campaigns
- German Eurofighter Quadriga order of 38 aircraft secured
- Tornado replacement expected

A400M – TP 400

- In total, 176 A400M orders
- Thereof over 100 aircraft delivered
- Over 400,000 engine flight hours
- A400M (incl. TP400) capabilities demonstrated during rescue mission in Kabul, which could attract further potential export customers

Next European Fighter Engine (NEFE) – power for the 6th generation of military aircraft
Another major advance in engine technology

Achievements

- Foundation of 50:50 JV EUMET
- ITP joined as a main partner
- Equal workshares of 33%
- Funding of demonstrator program phase 1b approved

Contribution/ Responsibilities

- Compressors
- Aftermarket business

- Combustor, turbine
- Integration

- Low-pressure turbine

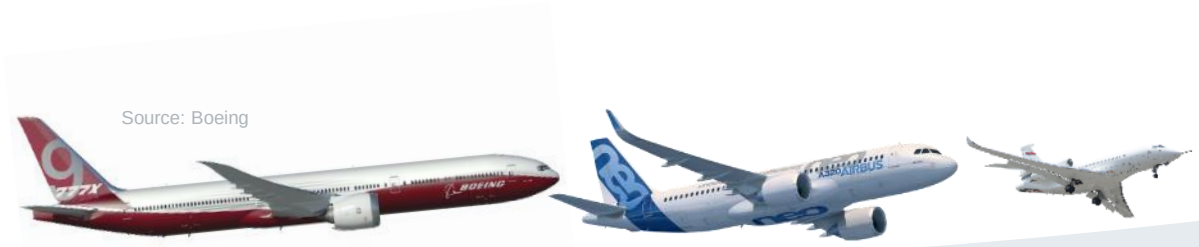
Benefits for MTU

- European military backbone for the next 60 years secured
- Technology boost for MTU

The Technology Roadmap manoeuvres MTU into position to participate in future aircraft platforms – next investment phase expected for mid/end of this decade

Participation on platforms in all segments secured

Today



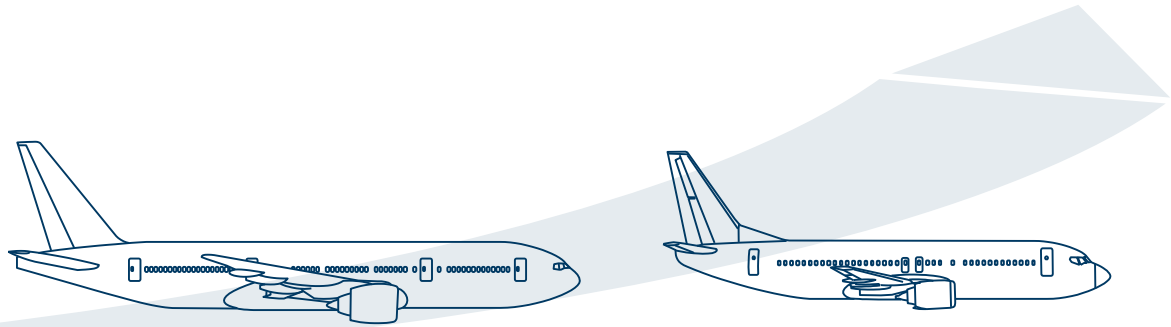
B787, B777x

A320neo
A220, E-2Jet

G500,600,400
Falcon 6x

MTU will be technologically ready for future new aircraft platforms

2030 – 2040



New widebodies

New narrowbodies

A strong product portfolio and its long-term perspective (2022 to 2032)[1]

~23,000
New Engine deliveries
(commercial + military)

~14,000
GTF engine deliveries

~14,000
Shop visits
(commercial MRO)

~80 bn €
Aftermarket sales
(commercial spare parts + MRO)

[1]Source: MTU estimates

Technology Roadmap | Cost Leadership

Lars Wagner | Chief Operating Officer (COO)

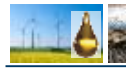
Future engine technologies, enhanced production and global footprint

MTU's technology roadmap towards emission-free flying

Gas turbine

Evolutionary GTF development

Revolutionary engine concepts



Drop-in – no infrastructure change: SAF

Not drop-in – new infrastructure required: LH2

Electric propulsion

Parallel hybrid electric concepts: enabling technology

Batteries

Flying fuel cell

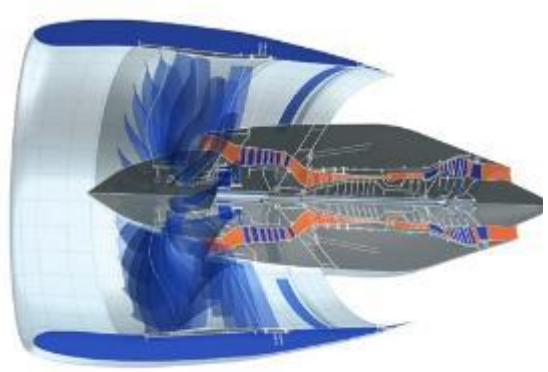
Today — 2030 — 2050

Application/Range

	Short-range	Mid-range	Long-range
	Short-range	Mid-range	Long-range
	Short-range	Mid-range	Long-range
	Short-range	Mid-range	Long-range
Urban mobility	Short-range	Mid-range	
Urban mobility			
Urban mobility	Short-range	Mid-range	

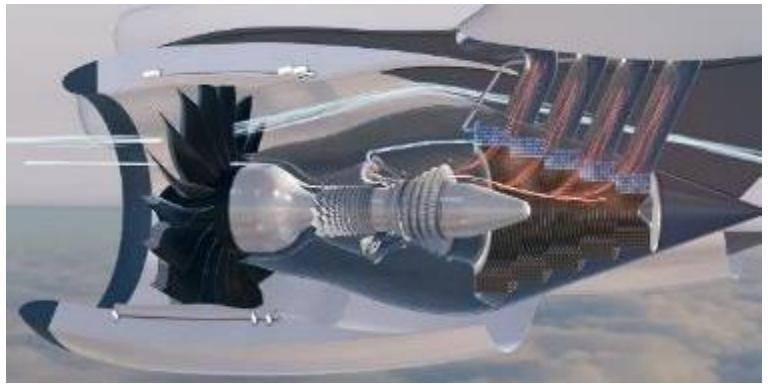
New concepts

Evolutionary | **Revolutionary**



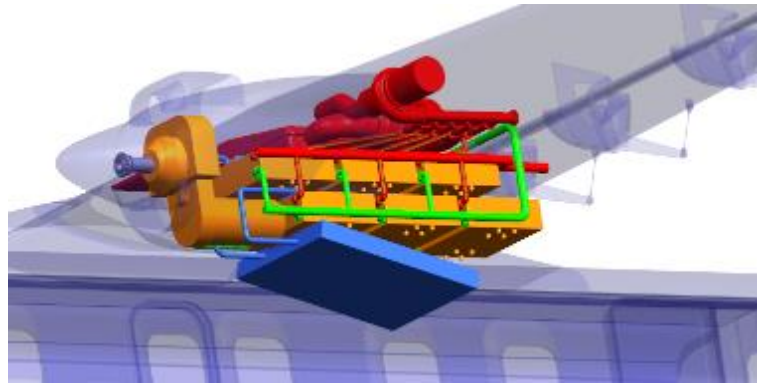
Gen2 GTF

	CO_2	NO_x	Contrails
	-10%	↘	→
SAF	-100%	↘	↓



WET Engine

	CO_2	NO_x	Contrails
	-20%	-80%	↓
SAF	-100%	-80%	↓↓



Flying fuel cell

CO_2	NO_x	Contrails
-100%	-100%	-100%

R&D technology initiatives and achievements

Worldclass components

- Low pressure turbines
- Low/high pressure compressors

Advanced systems demonstrators

- Flying Fuel Cell scaled ground demonstrator and flight demonstrator Do 228
- Hydrogen ejector tests
- WET sub-system rigs

Additive manufacturing

- Volume parts (borescope eyes, brackets, compressor vanes, struts)
- New military applications (bearing casings, compressor intermediate case)

Leight-weight, high-temperature materials

- Fibre-reinforced plastics
- Powder metal

Sustainable Aviation Fuels

- Support of short-term scale-up for for maximized production capacities
- Mid-term: optimize Power-To-Liquid pathway for highly sustainable fuels

Digitization

- Parts and maintenance cost reduction through enhanced simulation techniques
- Digital twin for end2end value stream

Sustainable production

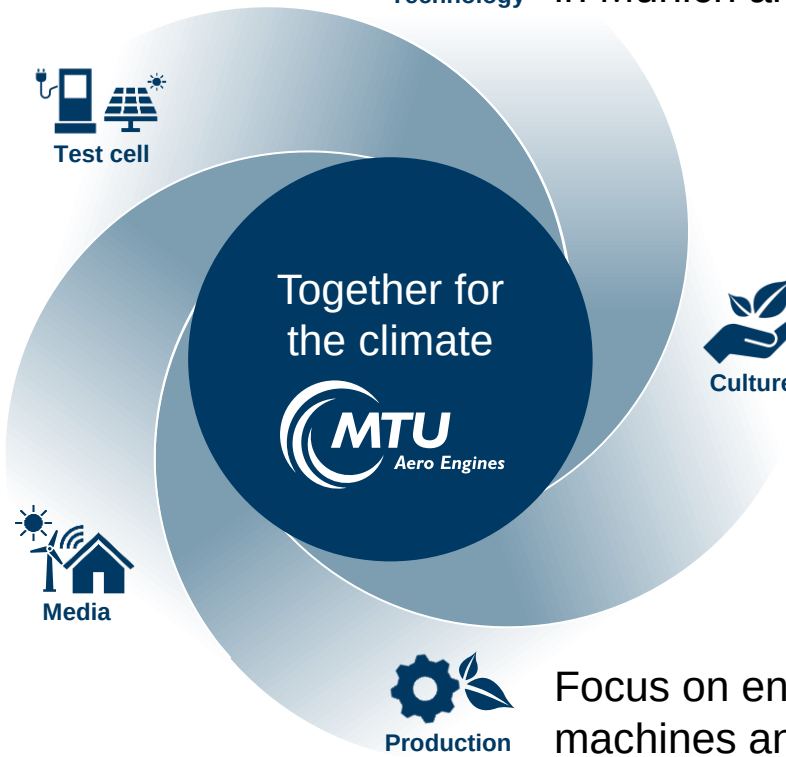
EcoRoadmap: climate neutral production @MTU

Technology

Climate neutral production starting in Munich and extending to all sites

Studies on Sustainable Aviation Fuels in testing facitilites

Test cell



Culture

Three approaches for CO_2 reduction: avoidance, transformation, compensation

Alternative energy production e.g. by solar power plants

Media

Production

Focus on energy efficient machines and buildings

Cost-efficient and cutting-edge production

Preparation of re-ramp-up

MTU has used the time during COVID crisis to prepare for the re-ramp-up

New matrix organization

- Lean structure & value stream alignment
- Centralized support and competence functions
- Scalability for future growth
- High level of cross-functional collaboration

Industry 4.0 & digitization

- Cost reduction through automation
- Highly flexible lot sizes (down to 1)
- Increased reliability and quality
- Sophisticated process data management

Supply chain & digitization

- Make-or-buy strategy
- Sourcing and hedging strategy
- Product design producibility
- Digital supply chain control tower

Cost Leadership: “BKM” – project for unit cost reduction

Unit cost reduction for high volume engine programs

Synergies in production processes across commodities

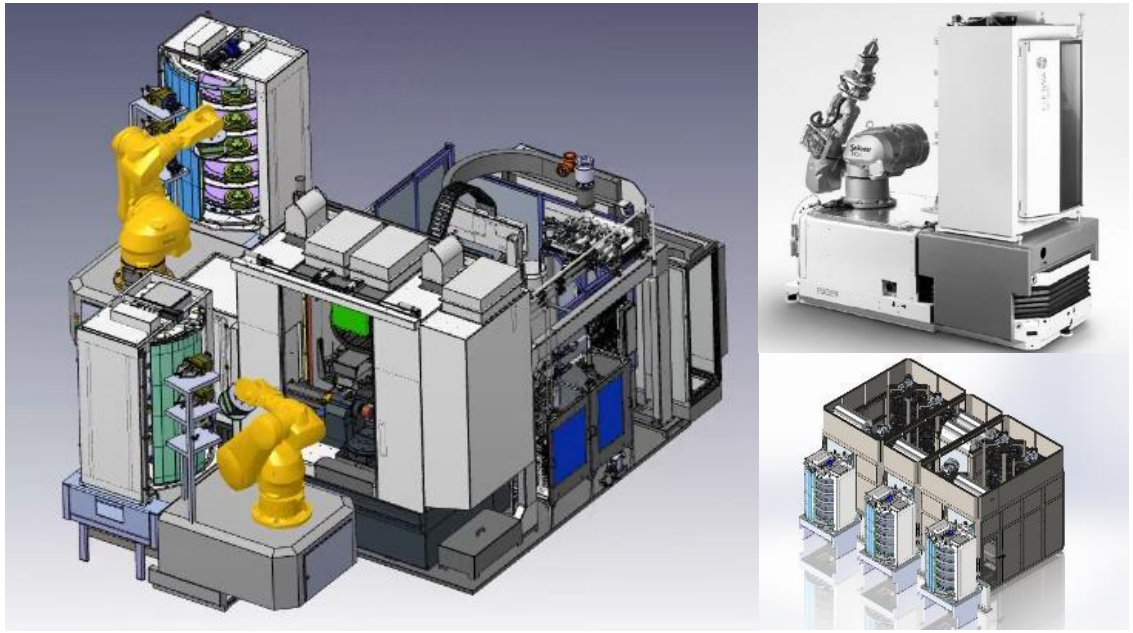
Innovative ideas to challenge today’s cost basis and re-sharpen cost-awareness

Integration of all departments and stakeholders

Holistic approach across sites in Munich and Reszowz

FPH: Flow path hardware

Next step in Industry 4.0



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FPH

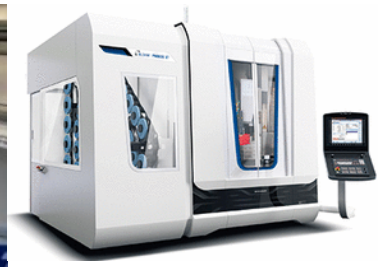
Fully automated flow path hardware manufacturing with autonomous robots

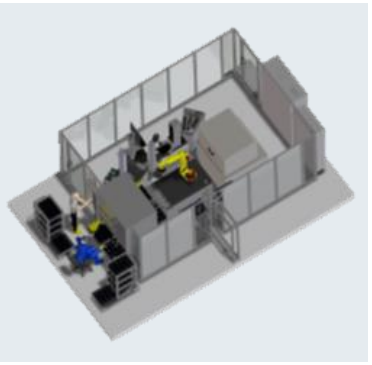
Main benefits

- Eco-system of freely moving robots for autonomous storage, parts and tools management
- Offset corrections for individual geometry and adjustment of NC-programs → repetitive quality
- No dedicated storage necessary
- Lot size 1 and no set-up activities
- Pilot project with further benefits for MTU's automation and digitalization strategy

FFS: Flexible manufacturing system

Next step in Industry 4.0





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24/7

FFS

Fully automated HPT blade, vane and structure parts manufacturing

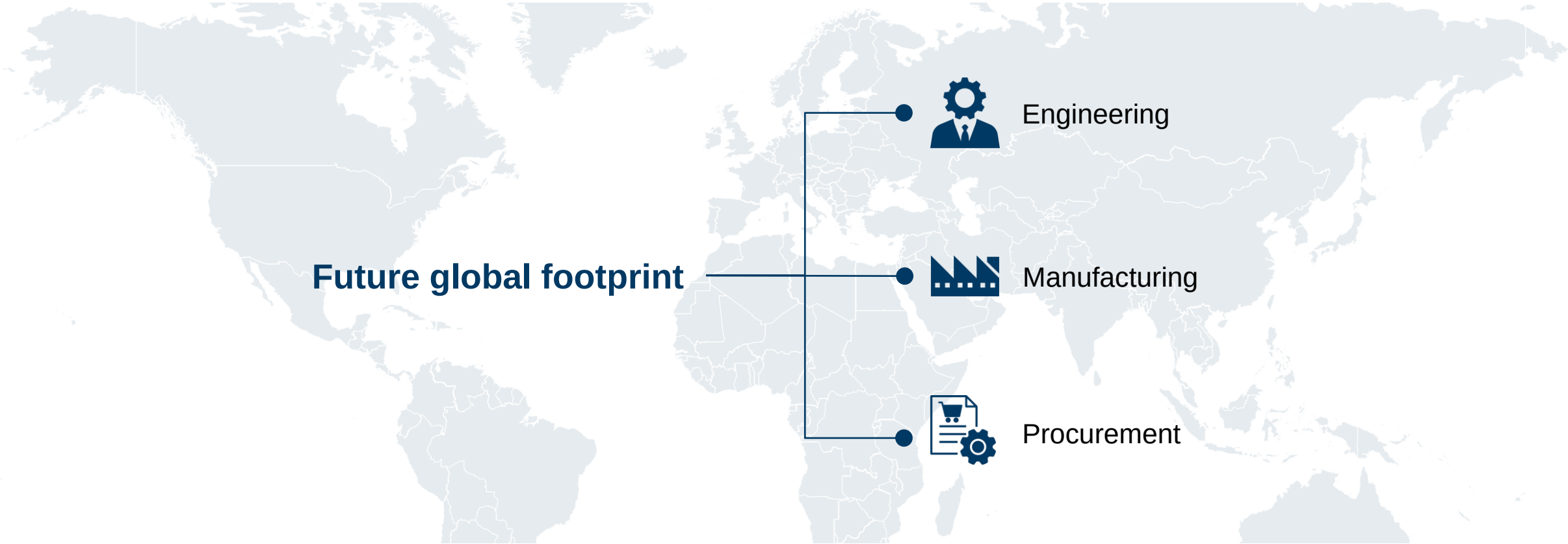
Main benefits

- High degree of automation:
  - Chained production system for grinding, milling and drilling
  - Automated parts and tool set-up
  - Adaptive production based on realtime process data management
- Reduced cost and set-up time
- Up to three days unstaffed production
- Easy adaptation for extended product portfolio

Extended global footprint

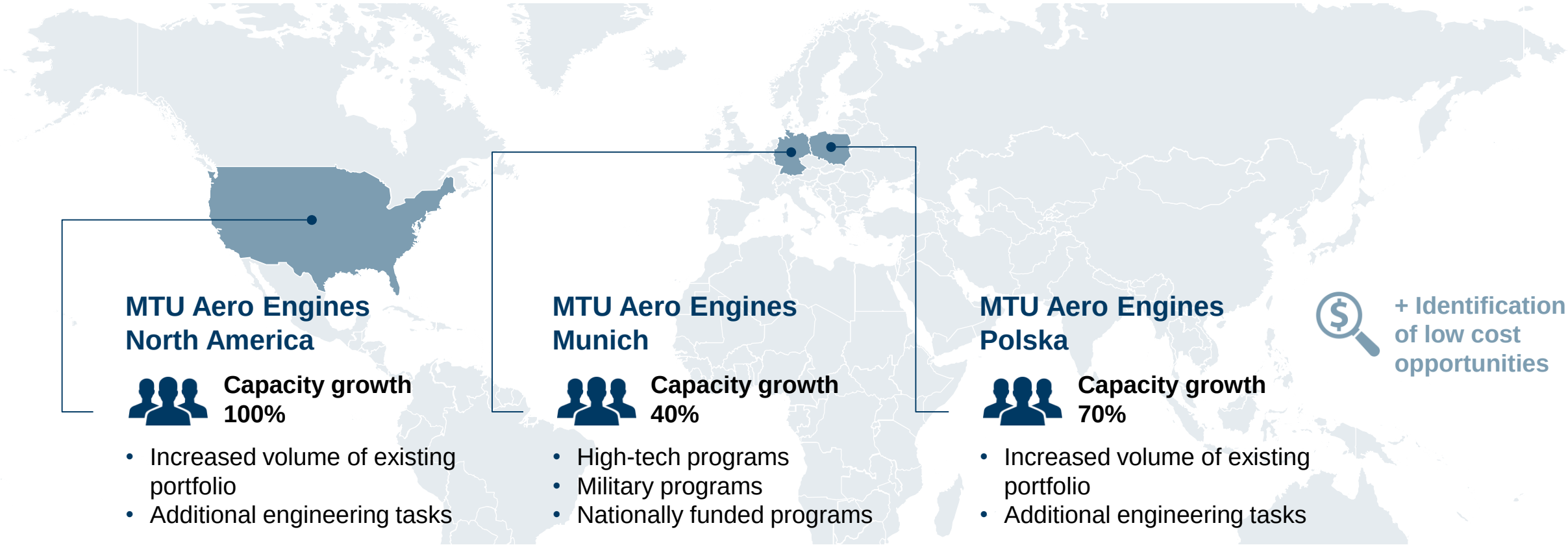
OEM Global footprint: Global growth perspectives

Increased capacities for engineering, manufacturing and the supply chain



Extended engineering footprint for optimal cost structure and customer proximity

Target set-up for future engineering footprint



MTU Aero Engines North America

Capacity growth 100%

- Increased volume of existing portfolio
- Additional engineering tasks

MTU Aero Engines Munich

Capacity growth 40%

- High-tech programs
- Military programs
- Nationally funded programs

MTU Aero Engines Polska

Capacity growth 70%

- Increased volume of existing portfolio
- Additional engineering tasks

+ Identification of low cost opportunities

OEM Global footprint – target vision for future manufacturing sites

Target set-up OEM Munich:

Renewed infrastructure and competences GEN2/NEFE/FFC

- Development/compliance hardware and pre-series
- High-tech procedures
- Military programs
- Highly automated production systems

Target set-up OEM Polska:

Enhanced portfolio

- Expansion to static parts with increased complexity
- Additive manufacturing

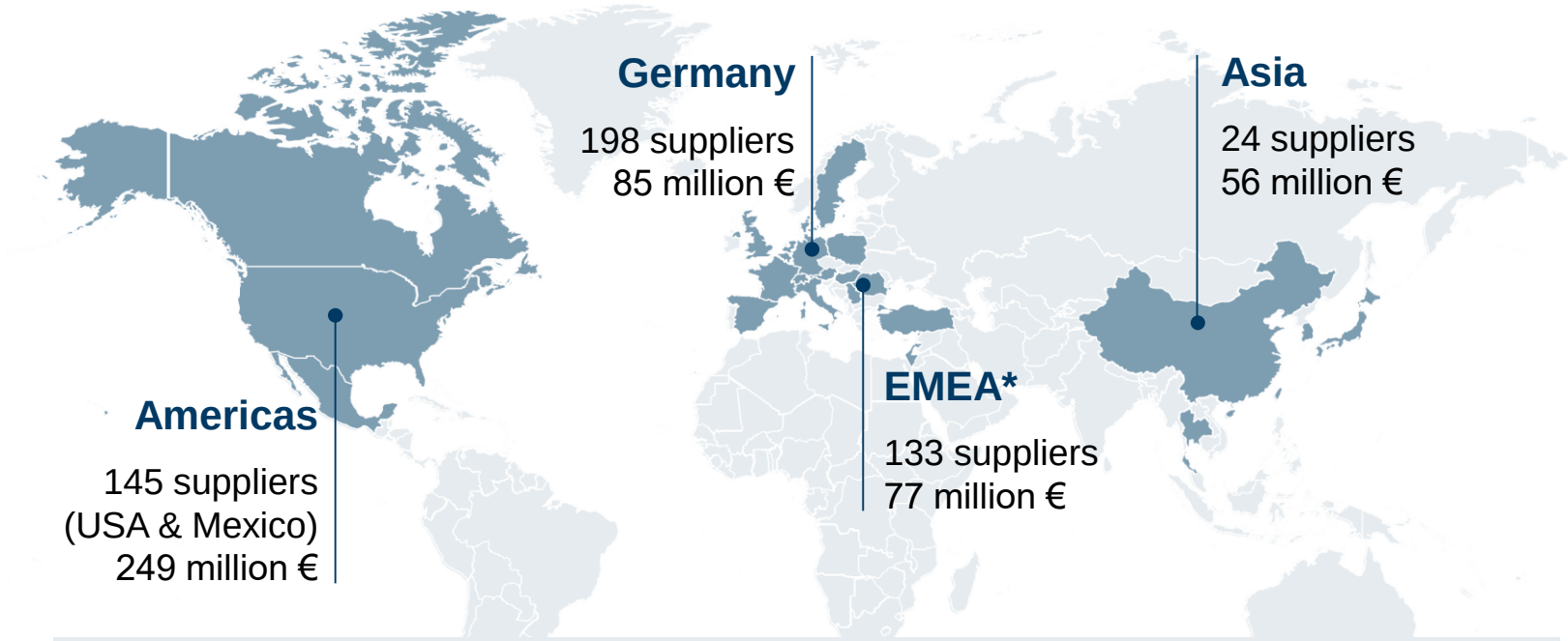
Target set-up OEM Best Cost:

Capacity growth

- Low-tech process steps
- Simple parts for training purposes
- Labour-intensive, manual production steps and assemblies

Global footprint procurement: 1 billion € volume in 2020

460 million € volume in production material in 2020



Procurement share vs. in-house production 2020

(Commercial OEM series in %)

68% Procurement

32% In-house value creation

Future procurement strategy 2030

Technology support

- Early participation in development phase
- Future programs: NEFE and Gen1+

Competitiveness

- Raw material hedging
- Multi-source-strategy

Sustainability

- Eco Roadmap
- Supply chain law (starting 2023)

Supplier relations

- Long-term contracts: best cost sourcing
- Digital supplier network

*EMEA: Europe (excl. Germany), Middle East, Africa

Financials

Peter Kameritsch | Chief Financial Officer (CFO) | Chief Information Officer (CIO)

GTF MRO network

GTF MRO – worldwide network provides capacity for the fast growing fleet

All partners in the GTF MRO service network operate under one standard

- Contractual fixed hourly rates or fixed prices for work packages
- Companies purchase spare parts at list-price from IAE
- IAE coordinates specialized repair developments

Once the shop visit is finished

- All costs are invoiced to IAE, spare parts at list price
- Profitability of the shop visit is limited to the shops' ability to control cost

Aftermarket profitability remains at OEM partners’ level

No spread in profitability between regular MRO and warranty

GTF MRO – worldwide network provides capacity for the fast growing fleet

One standard for all GTF MRO service providers

PW1100G-JM airline customers

Aftermarket agreement

International Aero Engines

Spare parts at list price

Invoice: performed work, spare parts at list price and repairs

MRO
- Hanover
- Zhuhai
- EME

Produces and delivers spare parts

Receives producer compensation and program share of aftermarket profitability

OEM

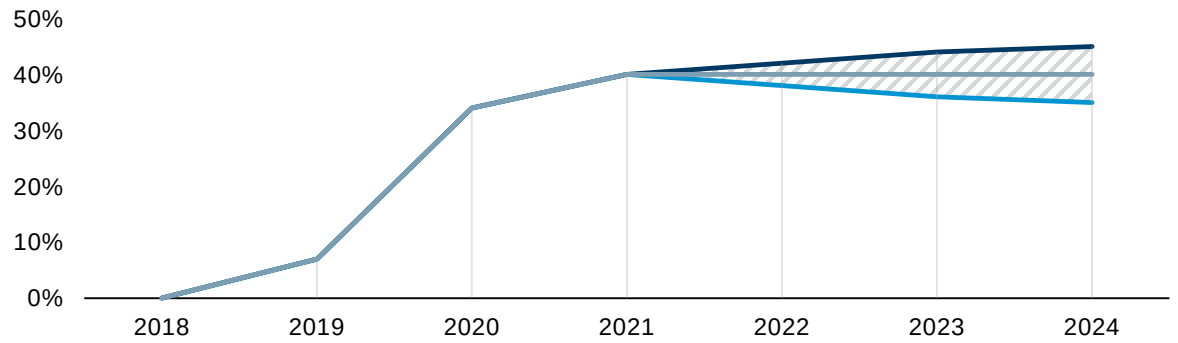
GTF MRO at MTU Maintenance

Secured shop load and absolute EBIT contribution

Implications for MTU Maintenance

Workload secured, no sales activity needed	Strong revenue contribution/growth	Positive EBIT contributor	Efficient cost control provides opportunities for profitability	Segment EBIT margin suffers from large volume with limited profitability

Share of GTF MRO on total MRO sales remains high



MTU's participation in the GTF MRO network provides strong and profitable volume
Margin as only indicator for the business is not sufficient


Balance sheet
Assets
Liabilities
166,630
Current liabilities
110,327
Non-current liabilities
56,303
Equity
74,393
Paid-in capital
72,921
Retained earnings
1,472
Equity statement
Current year
1,774,576
Previous year
166,630
Income statement
Revenues
12,978,516
Net sales
12,873,892
Investment
104,624
Expenses
6,372,535
Research and Development
1,385,395
Operating expenses
4,439,118
Marketing
548,022
Net income
6,505,981
Cash flow statement
Operations
12,978,516
Depreciation
104,624
Investing
6,372,535
Real estate
Equipment
Financing
6,505,981
Notes payable
85%
65%
Guidance 2022

The year 2022: Acceleration in recovery

Business driver

Military

- EJ200 deliveries growing (export customers)
- Stable support volume for fighter aircraft on existing fleets
- Growing customer funded R&T for FCAS engine

Commercial OE

- Production volume for narrowbody engines grows strongly
- Production rates for widebody engines start to improve
- Production of Business Jet engines keeps growing

Commercial Spares

- Spare parts continue to grow – main volume and growth coming from narrowbody (V2500, GTF)
- Engines with freighter applications remain solid

Commercial MRO

- Recovery in narrowbody MRO continues
- GTF MRO Volume grows in line with overall business
- Strong freighter demand remains

The year 2022: Acceleration in recovery

Organic revenue

Military
Up high single digit %

Commercial OE
Up mid to high teens %

Commercial Spares
Up mid teens %

Commercial MRO
MRO up mid to high twenties %
GTF in line with overall growth

Total Group Sales:
5.2 – 5.4 bn €

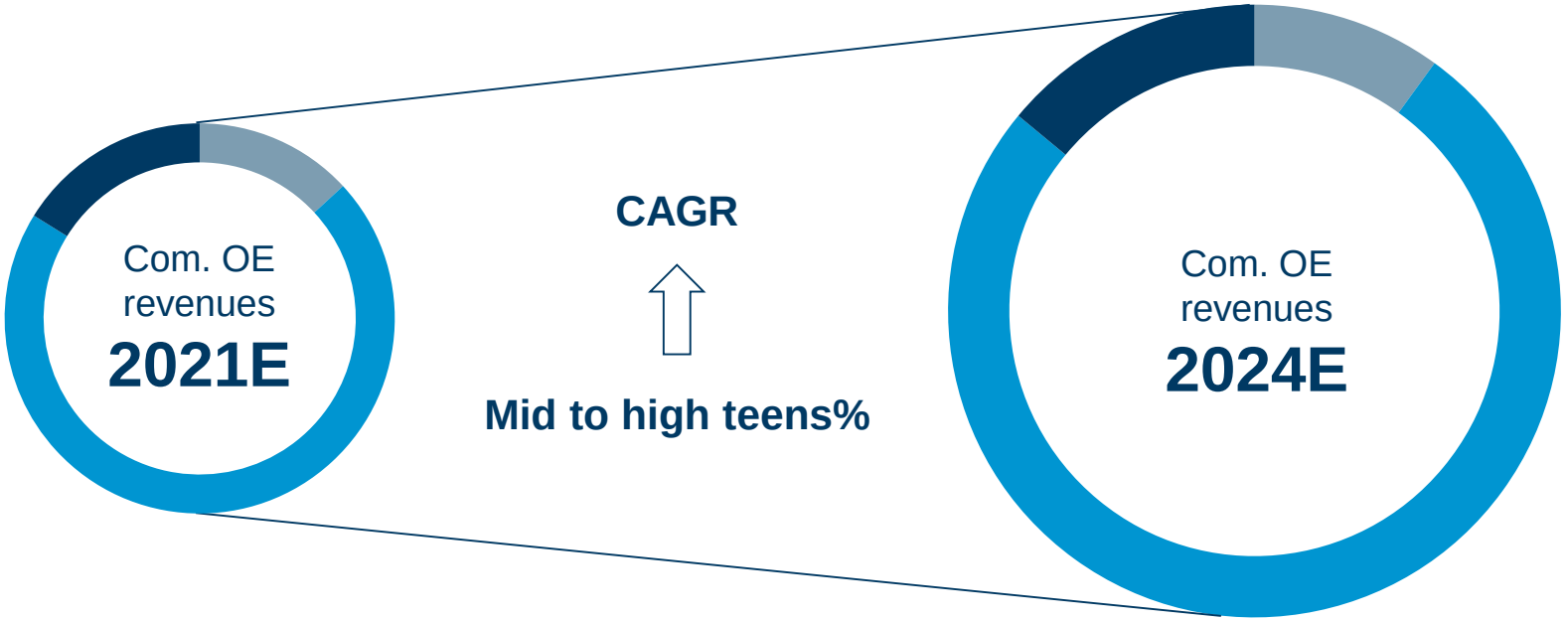
EBIT adj.
Up mid twenties %

Net Income adj.
Growth in line with EBIT adj.

Mid-term outlook

Increase in production rates drives strong growth

MTU commercial OE revenue breakdown

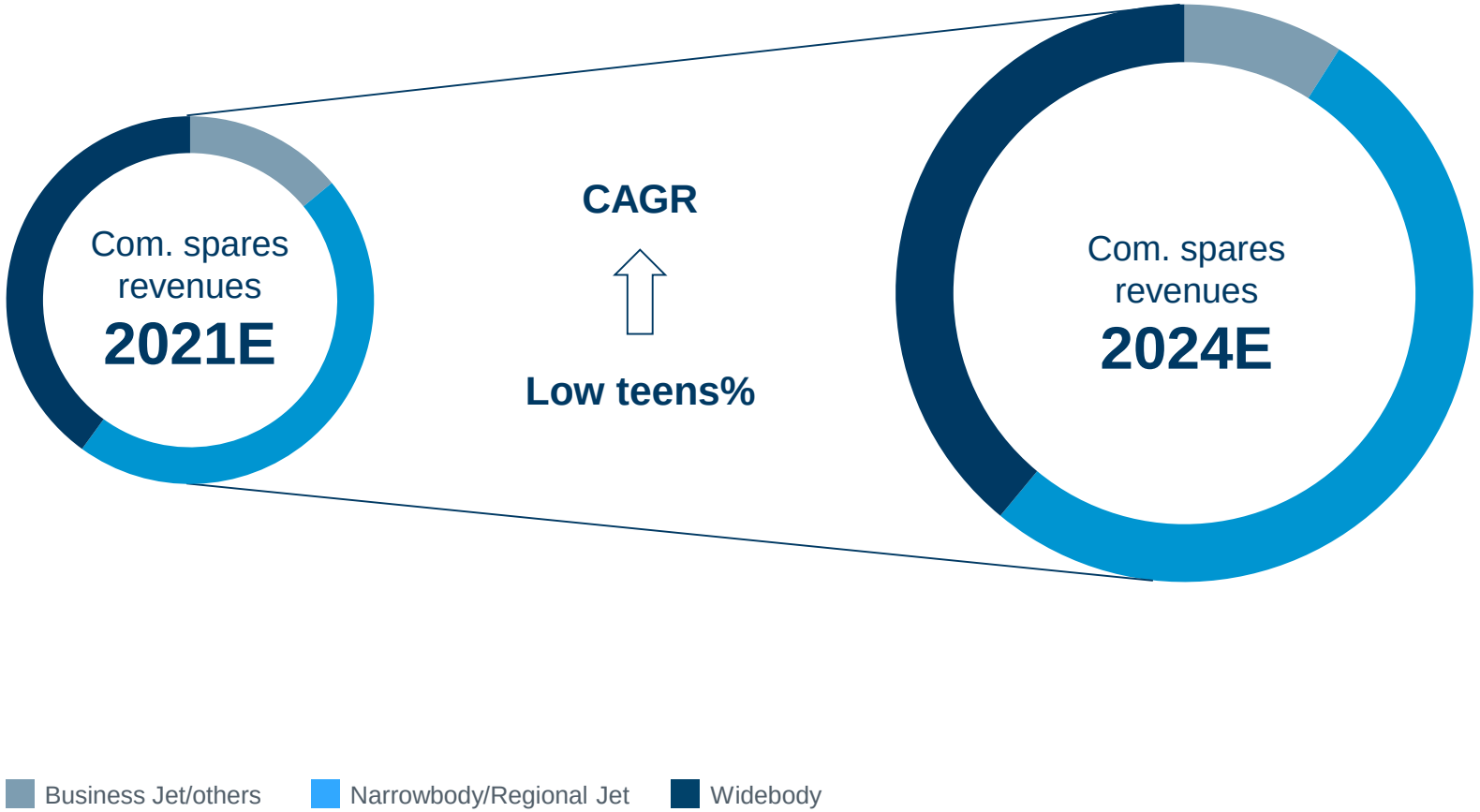


- Growth in narrowbody and regional jet output dominates
- GEnx delivery rates improving from current lows
- GE9X will start to contribute to widebody revenue
- BizJet engines with stable growth rates

Business Jet/others Narrowbody/Regional Jet Widebody

Spare parts revenues growth – overweight in narrowbody engines

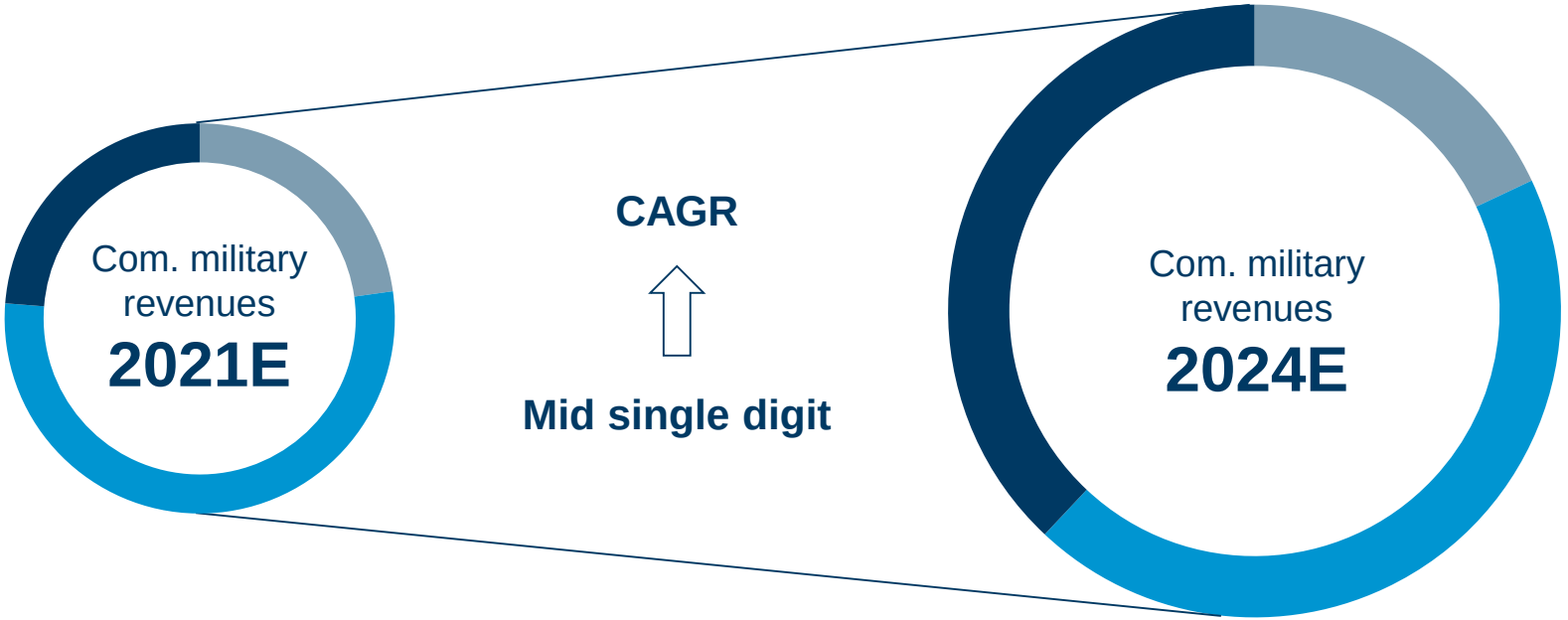
MTU commercial spares revenue breakdown



- Spare parts for narrowbody and regional aircraft with highest growth rates
- Solid widebody contribution supported by strong freighter exposure
- BizJet revenues mirror increased flight activity

Military business provided stability in the crisis – and continues to grow

MTU military OEM revenue breakdown

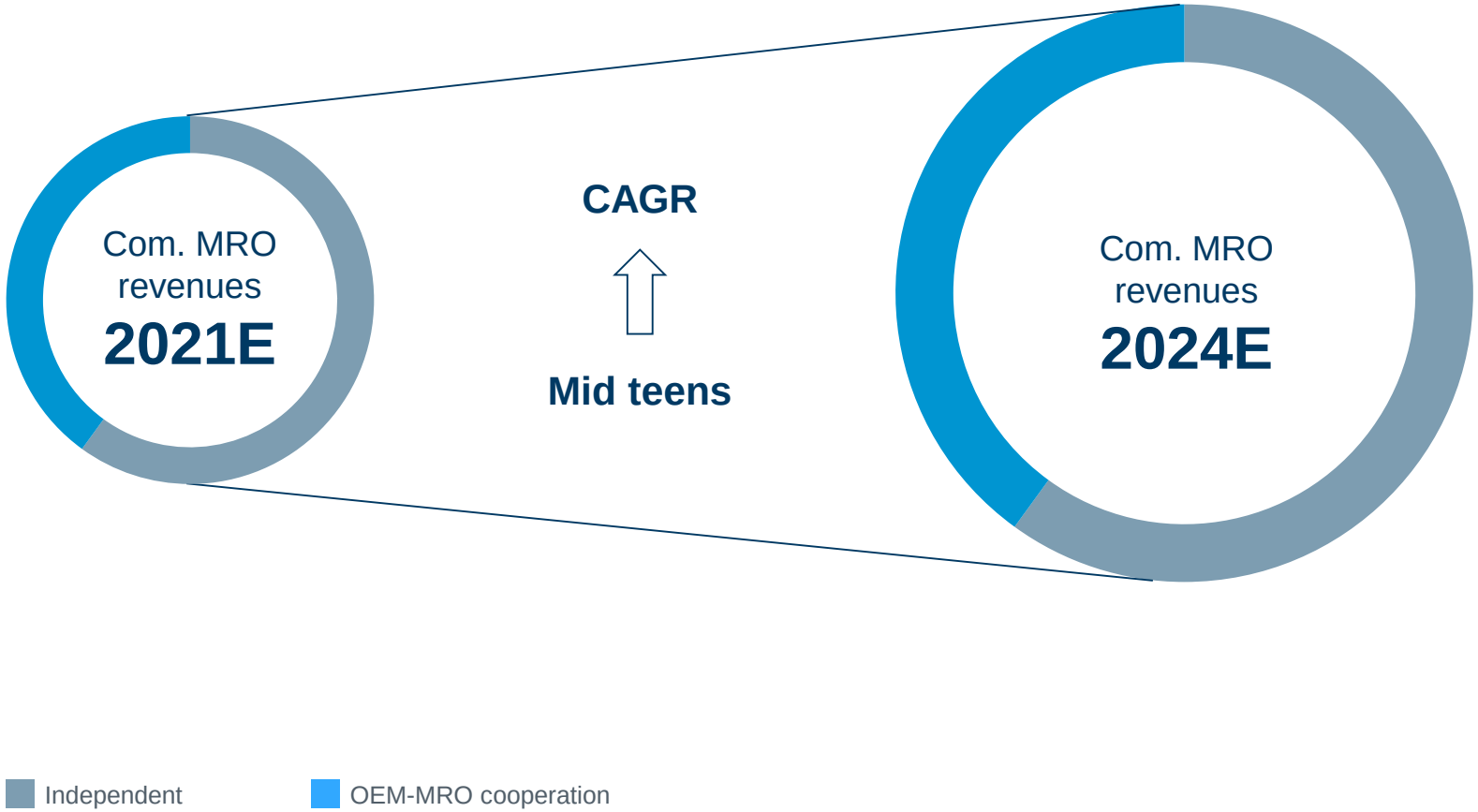


- Revenue generation from new engines declining
- Services and aftermarket provide solid growth potential
- Underlying assumptions
  - Campaign wins for Eurofighter
  - Acceleration in activity on the next fighter engine

New Engines Aftermarket R&D and Services

Commercial MRO business will continue to grow strongly

MTU commercial MRO revenue breakdown



- Strong independent MRO wins lead to a strong growth expectation
- Share of independent vs. OEM-MRO cooperation will remain stable with GTF maintenance as main driver

Mid-term outlook 2021 – 2024

Improved free cashflow conversion confirmed – back on growth path

Revenue	EBIT adj	CCR*
Steady growth	Exceeding 2019 level	High double digit %

*Cash Conversion Rate = Free Cashflow/Net Income adj.

MTU's target is a balanced leverage ratio in the range of 0.5 to 1.5 x net Debt/EBITDA

MTU's cash deployment strategy – return to previous targets

Priorities	**Organic growth**	**Dividends**	**Share buybacks**
2021 – 2024	New program opportunities	Payout target of 40% of net income adj.	Opportunistic instrument to limit deleveraging and manage dilution

Prepared for above market growth as aviation returns

ESG & Executive summary

Reiner Winkler | Chief Executive Officer (CEO)

MTU is committed to the UN Sustainable Development Goals and contributes to 8 goals

5

MTU advocates diversity and equality of opportunity (important focus on promotion of women)

9

Advancing sustainable aviation – MTU makes major contributions to industry, innovation and infrastructure

13

Climate action through sustainable engine technologies and energy-efficient production sites

17

MTU is convinced that the challenges the international community of states is currently facing can be addressed in partnerships only

4

MTU is committed to high-quality education & training

8

Decent working conditions are a top priority at MTU

12

MTU stands for sustainable production and aims to maximize the eco-efficiency of its products

16

Good corporate governance practice (group-wide Code of Conduct)

ESG @ MTU – CR fields of action and primary goals up to 2025

CR board implemented pushing sustainability

Corporate governance

- Reducing the climate impact of products
- MTU supports plans to build a production plant for green kerosene in Bavaria

Product

ecoRoadmap

Manufacturing & maintenance

In our cooperation with suppliers, we pay attention to a resource- and environment-friendly value chain

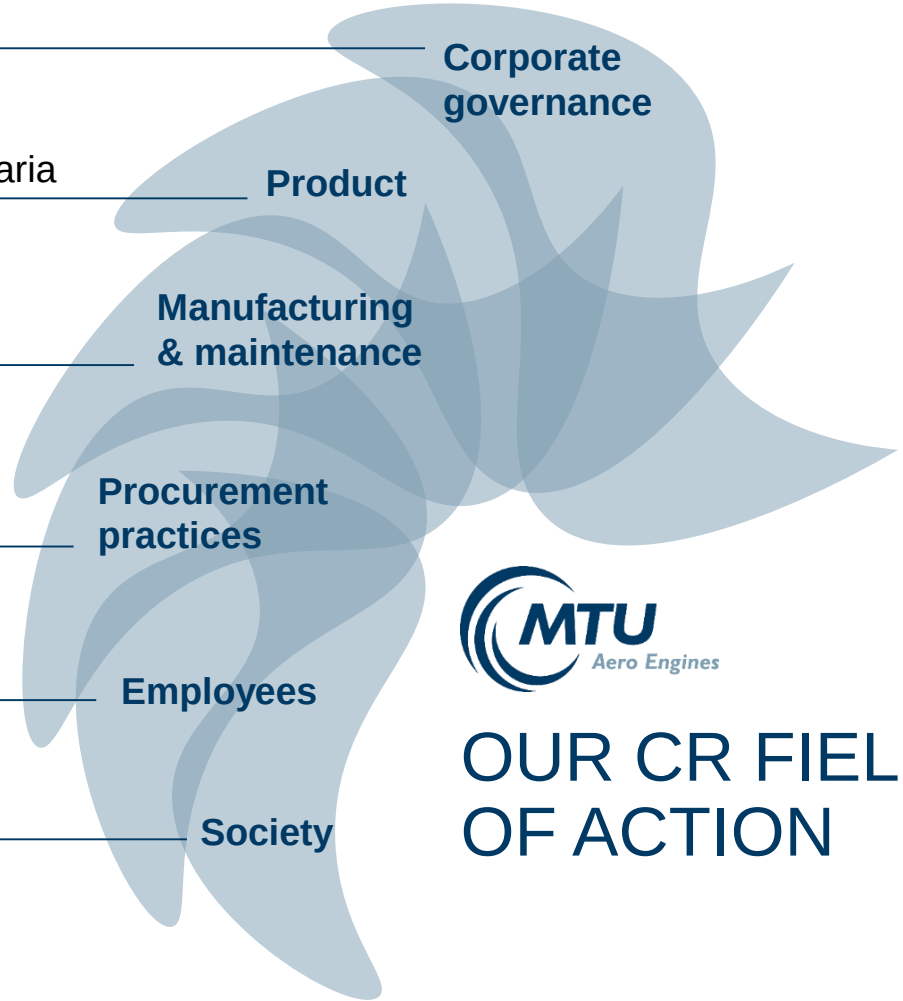
Procurement practices

Ensuring a high level of employee satisfaction

Employees

Research collaborations for joint knowledge building

Society



ESG @ MTU – our claim and corporate responsibility (CR) strategy

MTU´s Sustainability Program 2025+

- Fields of action identified
- Respective goals for each field of action for 2025
- Continuous development in 5 year terms

2030 Climate strategy “Production”

- **ecoRoadmap –** evolution in production to reach 1.5 degree target

2050 Climate strategy “Product”

- **CLAIRE (Clean Air Engine agenda) –** evolution in product development to reach 1.5 degree target
- Climate-neutral revolutionary gas turbine concepts

As a technology leader, we play a decisive role in making aviation sustainable and achieving emissions-free flight through innovative propulsion solutions. In doing so, we stand for responsible and environmentally friendly production, maintenance and procurement and offer a safe and attractive working environment.

Executive Summary

Market recovery driven by improved vaccination rates is taking hold

MTUs unique product portfolio benefitting from rebounding single-aisle market and booming cargo segment

MTU will **outperform market growth** in commercial narrowbodies and widebodies

Increased capacities, extended global footprint and ready for the re-ramp-up in new engine business

Ongoing strong order book secures future growth in MRO

Reiner Winkler
Chief Executive Officer (CEO)

Michael Schreyögg
Chief Program Officer (CPO)

Lars Wagner
Chief Operating Officer (COO)

Peter Kameritsch
Chief Financial Officer (CFO)

Investor & Analyst Day 2021

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Certain of the statements contained herein may be statements of future expectations and other forward-looking statements that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. In addition to statements that are forward-looking by reason of context, the words "may," "will," "should," "expect," "plan," "intend," "anticipate," "forecast," "believe," "estimate," "predict," "potential," or "continue" and similar expressions identify forward-looking statements.

Actual results, performance or events may differ materially from those in such statements due to, without limitation, (i) competition from other companies in MTU's industry and MTU's ability to retain or increase its market share, (ii) MTU's reliance on certain customers for its sales, (iii) risks related to MTU's participation in consortia and risk and revenue sharing agreements for new aero engine programs, (iv) the impact of non-compete provisions included in certain of MTU's contracts, (v) the impact of a decline in German or other European defense budgets or changes in funding priorities for military aircraft, (vi) risks associated with government funding, (vii) the impact of significant disruptions in MTU's supply from key vendors, (viii) the continued success of MTU's research and development initiatives, (ix) currency exchange rate fluctuations, (x) changes in tax legislation, (xi) the impact of any product liability claims, (xii) MTU's ability to comply with regulations affecting its business and its ability to respond to changes in the regulatory environment, (xiii) the cyclicality of the airline industry and the current financial difficulties of commercial airlines, (xiv) our substantial leverage and (xv) general local and global economic conditions. Many of these factors may be more likely to occur, or more pronounced, as a result of terrorist activities and their consequences.

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