

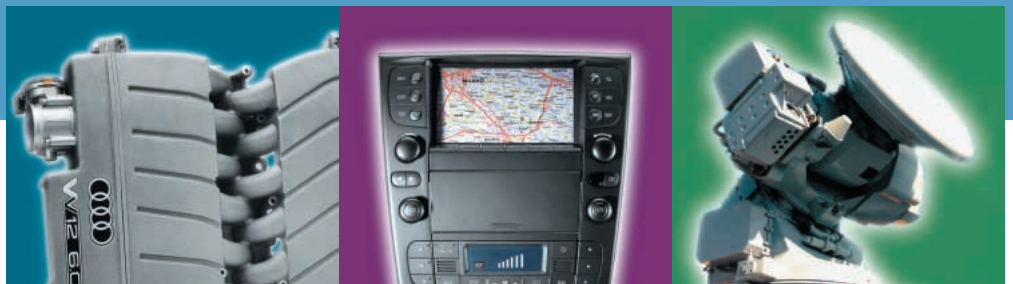
Rheinmetall AG

Interim report as of December 31, 2002

*Rheinmetall performance clearly improved*

- Three-year restructuring phase completed*
- Organic sales growth 6 percent*
- EBIT leap from EUR 197 million to EUR 391 million (provisional)*
- Prior-year results of operations topped*

Q4



## Interim report as of December 31, 2002 Rheinmetall performance clearly improved

In the past fiscal year, the Rheinmetall Group significantly enhanced its business performance in the face of a hostile economic condition. The Clear Directions strategy devised to center on core capabilities and boost liquidity and earnings has been consistently pursued. The three years of restructuring are over. In 2002, Rheinmetall streamlined its shareholding portfolio. The closing of November 30, 2002, finalized the announced takeover by the Smiths Group of Heimann Systems at a price of EUR 375 million. Heimann Systems is hence consolidated for 11 months within Electronics. At the end of 2002, the Rheinmetall Group's IT activities, represented by Rheinmetall Informa-

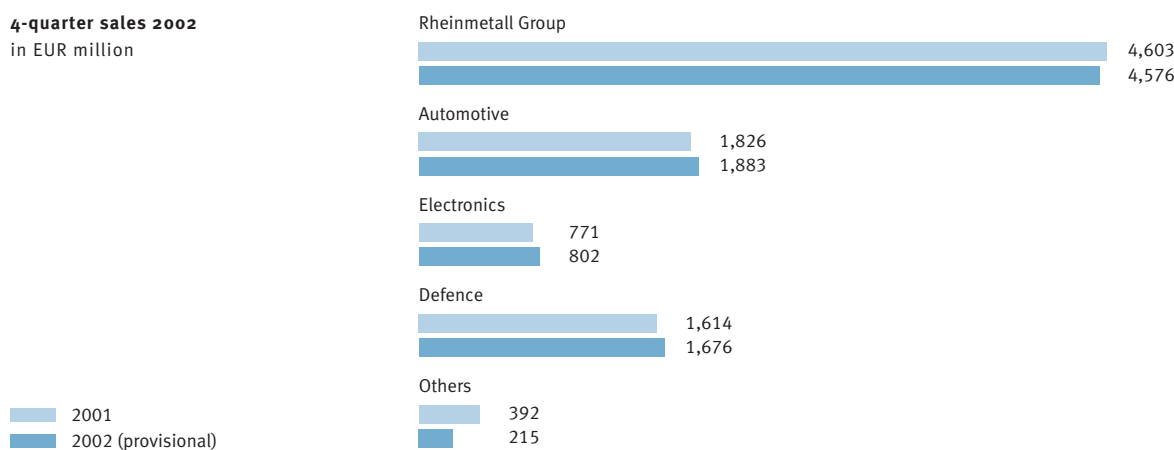
tionssysteme, were taken over by, and have since been outsourced from, IBM. In addition, several Jagenberg Group companies and a nonmilitary operation of Defence were disposed of in 2002 or early 2003. The stake in Aditron was raised from 65 to 97 percent, that in Oerlikon Contraves from 60 to 80 percent.

Since Rheinmetall increased in 2002 its market shares in all major segments, sales and earnings were ramped up by all corporate sectors despite the troubled economy. By halving net financial debts, the asset and capital structure has been appreciably upgraded.

The Rheinmetall Group's successful development in 2002 is also mirrored in the results of operations. In the year under review, Rheinmetall's EBIT (earnings before interest and taxes) came to a provisional EUR 391 million (up from EUR 197 million). Adding the EUR 246 million book gain from the disposal of Heimann Systems and deducting one-time expenses from the divestment of Jagenberg Group companies and from restructuring, resulted in an operating bottom line that topped the prior year's.

### Organic growth of 6 percent

**4-quarter sales 2002**  
in EUR million



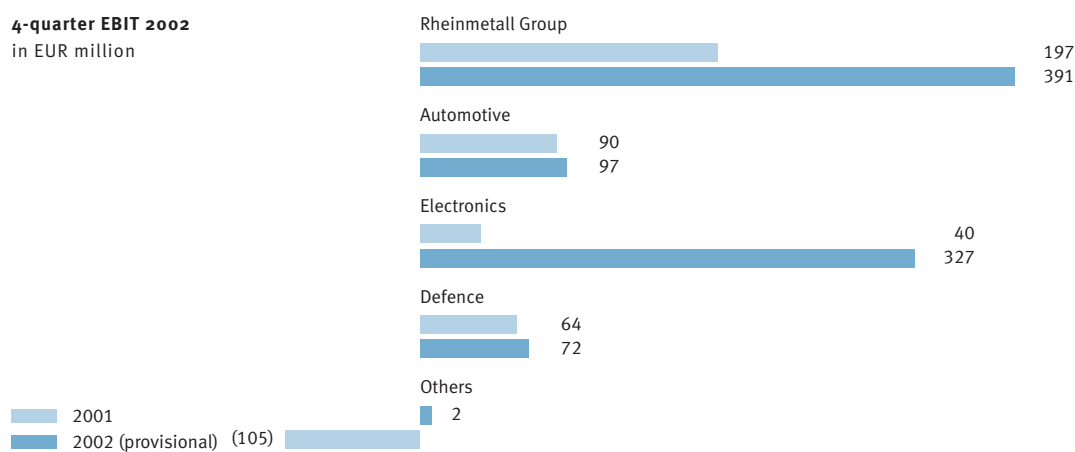
### 4Q sales 2002

The Rheinmetall Group's 2002 sales range around the 2001 level. Adjusted for consolidation group changes, the like-for-like organic growth was 6 percent, to which all the sectors contributed. Total sales in 2002 break down

as follows: Automotive 41 percent, Electronics 18 percent, and Defence 37 percent. Jagenberg as financial investee meantime accounts for a mere 4 percent of Group sales.

## Prior-year earnings much higher

### 4-quarter EBIT 2002 in EUR million



### 4Q results of operations 2002

In fiscal 2002, the Rheinmetall Group generated a (provisional) EBIT of EUR 391 million (up from EUR 197 million). After adjusting it for such nonrecurring factors as the divestment of companies and real estate and the burden from restructuring, the operating EBIT still exceeds the prior year's, which was solely earned from operations. All three sectors contributed to this encouraging improvement.

At EUR 327 million, the Electronics sector's (provisional) EBIT includes a EUR 319 million gain from deconsolidating Heimann Systems, a EUR 40 million portion of which was used to strategically reposition three divisions.

The negative EBIT of EUR 105 million shown by Others reflects a EUR 73 million loss on the disposal of goodwill allocable to Heimann Systems and recognized at Group level. Offsetting the above-mentioned EUR 319 million deconsolidation

gain within Electronics against this loss, the divestment of Heimann Systems produced a net gain of EUR 246 million at Rheinmetall Group level. This gain is tax-free and will substantially upgrade net income and equity.

Moreover, the EBIT of Others includes the Jagenberg Group's negative EBIT of EUR 15 million after accounting for income of EUR 25 million from a Rheinmetall AG grant to prevent the loss of one-half of Jagenberg AG's capital stock.

### Rheinmetall Group indicators EUR million

	4Q/2001	4Q/2002 (provisional)
Net sales	4,603	4,576
EBIT	197	391
EBT	84	289
EBIT margin	4.3%	8.5%
Capital expenditures	284	255
Depreciation/amortization	273	293
Headcount (12/31)	27,828	25,950

## Interim report as of December 31, 2002

## The corporate sectors

Kolbenschmidt Pierburg AG  
*Automotive*

<b>Automotive indicators</b> in EUR million	4Q/2001	4Q/2002 (provisional)
Net sales	1,826	1,883
EBIT	90	97
EBT	50	57
EBIT margin	4.9%	5.2%
Capital expenditures (excl. goodwill)	175	147*
Depreciation/amortization (excl. goodwill)	147	137*
Headcount (12/31)	11,662	11,535

\* Prior-year comparability biased

Despite the downtrend in the US and European auto markets, the Automotive sector (Kolbenschmidt Pierburg AG) raised its 2002 sales (adjusted for consolidation group changes) by over 5 percent. The better-than-average advances by the Aluminum Technology (up 10 percent) and Air Supply & Pumps divisions (up 7 percent) more than made up for the minor sales declines at Plain Bearings and Motor Service.

Given the general economic scenario, the Kolbenschmidt Pierburg Group's profitability has remained satisfactory. The key contributor to Automotive's overall favorable bottom line was the Air Supply & Pumps division, which thus outcompensated the decreases in the other divisions' earnings. In contrast, substantial losses incurred by Aluminum Technology for the high-cost start-up

of new products depressed Automotive's EBT.

The Kolbenschmidt Pierburg Group's capital expenditures, totaling EUR 147 million, remained below the prior-year like-for-like volume of EUR 152 million, thus downscaling the ratio of capital outlays to sales from 8.3 to 7.8 percent.

Aditron AG  
*Electronics*

<b>Electronics indicators</b> in EUR million	4Q/2001	4Q/2002 (provisional)
Net sales	771	802
EBIT	40	327
EBT	27	318
EBIT margin	5.2%	40.8%
Capital expenditures	41	42
Depreciation/amortization	28	32
Headcount (12/31)	4,985	4,311

The situation in the markets of relevance to the Electronics sector (Aditron AG) varied in 2002. Whereas industrial electronics business has been throttled by the adverse economic environment, the automobile electronics side of this sector has made good progress. This meant that the automobile electronics operations

of Hirschmann and Preh produced commendable sales increases. Including the Heimann Systems division, which was sold as of November 30, 2002, and is hence reflected in the sector's income statement for 11 months only, the sector engendered a 12-percent organic sales growth.

The 2002 results of operations were improved at Hirschmann and Heimann Systems, those of Preh remaining at the prior-year level and PAT's declining due to market and economic problems. The headcount reduction by 674 is basically ascribable to the deconsolidation of Heimann Systems.

## Rheinmetall DeTec AG Defence

<b>Defence indicators</b> in EUR million	4Q/2001	4Q/2002 (provisional)
Net sales	1,614	1,676
EBIT	64	72
EBT	36	50
EBIT margin	4.0%	4.3%
Capital expenditures	50	48
Depreciation/amortization	67	78
Order intake	1,999	1,861
Order backlog (12/31)	3,462	3,649
Headcount (12/31)	9,019	8,828

The Defence sector (Rheinmetall DeTec AG) achieved an organic sales growth of 4 percent in 2002. Primary growth generators were Air Defence Systems (up 19 percent) and Weapon & Ammunition (up 9 percent), while Land Systems recorded a 12-percent decline, as budgeted. Despite an order intake that was down from the exceptionally high 2001 level, order backlog rose again, now to EUR 3.6 billion.

The performance of Defence has been encouraging. The EBIT raise by EUR 8

million to EUR 72 million was mainly attributable to Weapon & Ammunition and Defence Electronics (STN ATLAS Elektronik GmbH).

The 2002 EBIT is burdened with guaranty commissions of EUR 4 million which the year before had been reported as interest expense. This reclassification from interest expense into the EBIT component other financial expenses also explains why the EBT increase by far outpaces EBIT rise.

## Interim report as of December 31, 2002

### Financial diary

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April 7, 2003	Dividend announcement for 2002
April 10, 2003	Annual accounts press conference (Düsseldorf), meeting with financial analysts (Frankfurt/Main)
May 27, 2003	Annual stockholders' meeting (Berlin)

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