News since Q3 2015:
Rheinmetall increases capital

Rheinmetall AG: Stock price development (Xetra) since 2009
Corporate development 2009 - 2015
Strong increase in sales and total assets

Sales Group in EUR billion
Segmental operational margin in % of segmental sales

Balance sheet in EUR million

<table>
<thead>
<tr>
<th>Year</th>
<th>Defence</th>
<th>Automotive</th>
<th>Segmental operational margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>3.4</td>
<td>5.1</td>
<td>~ 5.1</td>
</tr>
<tr>
<td>2014</td>
<td>4.7</td>
<td>~ 5.1</td>
<td></td>
</tr>
<tr>
<td>2015e</td>
<td>5.1</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance sheet (in EUR million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>3.8</td>
</tr>
<tr>
<td>2014</td>
<td>5.3</td>
</tr>
<tr>
<td>2015e</td>
<td>~ 5.5</td>
</tr>
</tbody>
</table>
Corporate development 2009 - 2015
Equity ratio lowered, net financial debt increased

### Equity (at year-end) in EUR million

<table>
<thead>
<tr>
<th></th>
<th>Equity (at year-end) in EUR million</th>
<th>2009</th>
<th>2014</th>
<th>Q3 2015</th>
<th>2015e</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1,134</td>
<td>1,197</td>
<td>1,256</td>
<td></td>
</tr>
<tr>
<td>Equity ratio in %</td>
<td></td>
<td>30%</td>
<td>23%</td>
<td>24%</td>
<td>27%</td>
</tr>
</tbody>
</table>

### Net financial debt (at year-end) in EUR million

<table>
<thead>
<tr>
<th></th>
<th>Net financial debt (at year-end) in EUR million</th>
<th>2009</th>
<th>2014</th>
<th>Q3 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>-44</td>
<td>330</td>
<td>619</td>
</tr>
</tbody>
</table>
## Capital increases

### Comparison 2009 and 2015

<table>
<thead>
<tr>
<th>Capital increase</th>
<th>Increase by</th>
<th>Procedure</th>
<th>Gross proceeds</th>
<th>Use of proceeds</th>
</tr>
</thead>
</table>
| **2015**         | 10%         | Exclusion of pre-emptive rights, Accelerated book-building | EUR 230 mn | - Finance Rheinmetall's growth strategy in the defense and automotive sectors,  
                  |             |           |                 | - Strengthen the financial position of the company  
                  |             |           |                 | - General corporate purposes |
| **2009**         | 10%         | Exclusion of pre-emptive rights, Accelerated book-building | EUR 104 mn | - Finance the successful growth strategy in the Defence sector,  
                  |             |           |                 | - Safeguard favorable external debt funding conditions  
                  |             |           |                 | - Reduce the debt position |
Capital increase 2015

Reasons for the transaction: Supporting the growth strategy

**AUTOMOTIVE**

*Organic growth*
- Growth above light vehicle production
- Increasing demand for Mechatronics products in Europe, North America and Asia
- Growth of WFOEs in China

*Potential external growth*
- Smart acquisitions, e.g. for special technological solutions or international add-on opportunities

**DEFENCE**

*Organic growth*
- High order backlog and ongoing order intake set basis for future top-line growth

*Potential external growth*
- Chances to participate in the consolidation process of the European Defence industry
Corporate development 2009 - 2015

Increasing sales managed with a shrinking equity basis and higher net debt

- Sales: Growth by EUR 1.7 billion (+50%)
- Balance sheet: Assets and liabilities increase by EUR 1.7 billion (+45%)
- Pensions: Increase by EUR 511 million (+84%)
- Equity: Equity ratio down by 6 percentage points
- Net financial debt: Increase by EUR 377 million
- Rating: Downgrade by Moody’s to Ba1 in October 2013
- Share price: Strongly recovered share price
Outlook: Short-term perspective
Recent developments and actual expectations

AUTOMOTIVE

- Q4 sales expected to come in at previous year’s level
- Automotive market China
  - LV production in Q4 expected at previous year’s level
  - Rheinmetall Automotive achieving FY targets

DEFENCE

- Continuing the favorable order intake situation
- Expected Q4 sales lead to a raised outlook for FY 2015
Outlook: Short-term perspective

Q4 figures will show typical back-end loaded structure in Defence

**Automotive sales and earnings** *in EUR million*

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,763</td>
<td>593</td>
</tr>
<tr>
<td>Op. earnings</td>
<td>127</td>
<td>45</td>
</tr>
</tbody>
</table>

- 25% of annual sales generated in Q4
- EBIT margin Q4: 7.6%

**Defence sales and earnings** *in EUR million*

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,324</td>
<td>874</td>
</tr>
<tr>
<td>Op. earnings</td>
<td>-68</td>
<td>94</td>
</tr>
</tbody>
</table>

- 40% of annual sales generated in Q4
- EBIT margin Q4: 10.8%

**2015**

<table>
<thead>
<tr>
<th></th>
<th>Q1-Q3</th>
<th>Q4e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,957</td>
<td>&gt; 600</td>
</tr>
<tr>
<td>Op. earnings</td>
<td>164</td>
<td>&gt; 40</td>
</tr>
</tbody>
</table>

- Target 2015 Margin: 8%
- Target 2015 Margin: slightly above 3%
Outlook FY 2015
Raised guidance as of November 5, 2015 confirmed

<table>
<thead>
<tr>
<th>Group</th>
<th>Sales in EUR million</th>
<th>Operational margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,417</td>
<td>4,688</td>
</tr>
<tr>
<td></td>
<td>FY 2015e</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,262</td>
<td>2,448</td>
</tr>
<tr>
<td></td>
<td>FY 2015e</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,155</td>
<td>2,240</td>
</tr>
</tbody>
</table>

Automotive

<table>
<thead>
<tr>
<th>Sales in EUR million</th>
<th>Operational margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2013</td>
<td>FY 2014</td>
</tr>
<tr>
<td>4,688</td>
<td>2,448</td>
</tr>
<tr>
<td>2,448</td>
<td>~2,600</td>
</tr>
<tr>
<td>~2,600</td>
<td>8%</td>
</tr>
</tbody>
</table>

Defence
OUTLOOK BEYOND 2015
Automotive 2015 and beyond
Maintaining the target margin level

Operational margin in % of sales

- Recovery from the crisis: 4.1%
- Downturn of LV production in Europe: 5.9%
- Impact of restructuring measures: 6.5%
- 2015e: 7.0%
- 2016e: 7.5%
- 2017e: 8%
- 2018e: 8%

- Best-cost concept
- Ongoing growth of global LV production
- Product portfolio with focus on innovative and profitable solutions

© RHEINMETALL AG 2015 | CAPITAL MARKETS DAY | HELMUT P. MERCH | NOVEMBER 26, 2015
Defence 2015 and beyond
Based on turnaround 2015, earnings improvement will continue

Operational margin in % of sales

Weakening markets (Weapon & Ammunition)
Negative one-offs driven by external impacts
Operational failures, mistakes in project management

Declining ammunition business:
From 33% of sales (2010) to 24% (2015e)

Increasing systems business:
From 48% of sales (2010) to 68% (2015e)

No extraordinary impacts expected
New profitable contracts and improved project execution
Rising demand from Europe and from MENA countries

Rheinmetall 2015 and beyond

Group earnings will benefit from both segments

Operational margin in % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>7.4%</td>
</tr>
<tr>
<td>2011</td>
<td>7.9%</td>
</tr>
<tr>
<td>2012</td>
<td>6.3%</td>
</tr>
<tr>
<td>2013</td>
<td>2.4%</td>
</tr>
<tr>
<td>2014</td>
<td>2.2%</td>
</tr>
<tr>
<td>2015e</td>
<td>&gt;5%</td>
</tr>
<tr>
<td>2016e</td>
<td></td>
</tr>
<tr>
<td>2017e</td>
<td></td>
</tr>
<tr>
<td>2018e</td>
<td></td>
</tr>
</tbody>
</table>
Cash flow generation as future priority

Automotive und Defence: mixed effects in previous years

Operating Free Cash Flow Automotive  *in EUR million*

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>3</td>
<td>40</td>
<td>-21</td>
<td>96</td>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

In % of sales (Ø): 0.3%

~ 2.4%

Positive cash contribution after recovery from crisis and comprehensive restructuring efforts

Operating Free Cash Flow Defence  *in EUR million*

<table>
<thead>
<tr>
<th>Year</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>16</td>
<td>67</td>
<td>169</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In % of sales (Ø): 3.9%

~ - 4%

Since 2013, deteriorating performance has lead to negative cash flow development
Cash flow generation as future priority
Automotive

Operating Free Cash Flow Automotive in EUR million

Main drivers:
- Top-line growth
- Stable EBITDA margin level: 12% - 13%
- Capex ratio: 5.5% - 6.5%
- Working capital ratio stable: 11% - 12%

Cash Flow target:
Range of 2% - 4% of sales
Cash flow generation as future priority

Defence

Operating Free Cash Flow Defence  in EUR million

Cash Flow target:
Range of 2% - 4% of sales

Main drivers:

- Top-line growth
- Increasing EBITDA margin: range of 7% - 10%
- Capex ratio stable: 3% - 4%
- Working capital mainly affected by ramp-ups, large projects and down-payments; therefore hard to predict: ~ 25% - 35% of sales
Mid-term perspective

Looking ahead

— Markets with good mid-term perspectives: Global growth in Defence and Automotive

- CAGR 2015-2018e Automotive: **3.5%**
- CAGR 2015-2018e Defence: **0.9%**

— Changing markets:

**Automotive**
- Stable market development will lead to normal growth rates
- R&D efforts in order to create higher independency from engine concepts: additional products for hybrid and electric engines

**Defence**
- Recent threat scenarios and conflicts change macro-picture in defence business
- Broad existing product portfolio covers four out of five national key technologies

Source: IHS Automotive/IHS Jane’s (November 2015)
Mid-term perspective

Looking ahead

— **Organic growth**
  - Top-line growth remains an important driver of Rheinmetall’s earnings
  - Well secured by nomination letters in Automotive and order backlog in Defence

— **Growth by acquisitions** remains a valid option for both segments

— **Improving profitability until 2018**
  - Mainly driven by further recovery of the Defence segment
  - Stable margin development in Automotive

— **Continuation of the internationalization strategy**

  - Further expanding WFOE business in China to EUR 150 - 200 million sales in 2018/19
  - Strengthening the best-cost production facilities (Czech Republic, Mexico, India)

  - Expanding footprint in international hubs with local value creation
Being prepared for the future

**Capital increase**
- Condition for stable finances and for future growth

**Restructuring**
- Restructuring finished: Measures have improved cost structures

**Profitability**
- Concentration on high-end products with attractive profitability in Automotive
- Improved earnings in Defence

**Cash Flow**
- Rising earnings contribution
- Normalizing capex and gradually improving working capital

**Outlook**
- We are striving to bring Defence to the target margin level
- We are focused on maintaining the achieved margin level of Automotive