Rheinmetall Group
Automotive and Defence under one roof

Rheinmetall AG
The Technology Group for Mobility and Security
€5.6bn
23,000

Rheinmetall Automotive TMV*
Our heart beats for your engine
€2.7bn
16,200

Rheinmetall Defence
Force protection is our mission
€2.9bn
10,600

JVs with Chinese partner
€1bn
4,000

*Data shows sales and headcount as per 31 December 2015, including 100% sales and headcount of at-equity consolidated JV (Total management view)
Launch of

ONE Rheinmetall

Target:
• ONE Rheinmetall will provide the strategic framework, joint goals and corresponding packages of measures and initiatives
• Rheinmetall will be perceived as a technology enterprise

Present situation:
• Public perception:
  • The public regards Rheinmetall as a defence contractor
  • Automotive is not always perceived as an integral part of Rheinmetall
  • Automotive is primarily identified with internal combustion engines
• Very little transfer of know-how between the segments
ONE Rheinmetall
Corporate initiatives established

Selected examples

<table>
<thead>
<tr>
<th>Next HR</th>
<th>Next Sourcing</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Introduction of a performance management with “best practice processes”</td>
<td></td>
</tr>
<tr>
<td>• Establishment of a group-wide strategic HR planning</td>
<td></td>
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<tr>
<td>• Start of Rheinmetall Academy</td>
<td></td>
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<tr>
<td>• Standardize processes and establish best practice</td>
<td></td>
</tr>
<tr>
<td>• Bundling of sourcing volumes and realization of savings potentials</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technology and Innovation Roadmap</th>
<th>Rheinmetall New Ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Improve internal awareness of technological capabilities</td>
<td></td>
</tr>
<tr>
<td>• Implement a common strategy and innovation process</td>
<td></td>
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<tr>
<td>• Establish innovation platforms</td>
<td></td>
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<tr>
<td>• Support entrepreneurship</td>
<td></td>
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<tr>
<td>• Transfer of technologies</td>
<td></td>
</tr>
<tr>
<td>• Start of regular bi-annual tech-days</td>
<td></td>
</tr>
</tbody>
</table>
ONE Rheinmetall
Rheinmetall New Ventures as catalyst for new ideas

- Encourage creativity
- Support entrepreneurship
- Transfer of technologies
Market drivers
Realization of growth in changing market conditions

Impact:
- Global light vehicle production remains the backbone of growth
- Chances by new engine concepts

Gain powertrain neutrality:
- Creating further products for electric engines
- Widening the chances for castings business beyond engine blocks and cylinder heads
- Defending the strong position in the pistons market with a focus on capacity management

Alternative drive technologies:
- Hybrid
- Electric vehicles

Global light vehicle production:
- Rising number of vehicles

Traditional drive technologies:
- Optimization of combustion engines

Digitalization:
- Autonomous driving
- Integrated data
Strategic objective
Achieving and maintaining the target margin level

- **Operational margin** in % of sales

Profitability corridor of ~8%

Cost: Performance driven best-cost concept/processes

Products: Innovations for combustion engines, new products for e-mobility

Market: growing global LV production
Growing market for mobility
Aggregated LV production by region/country

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2020</th>
<th>Change Rate</th>
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<tbody>
<tr>
<td>NAFTA</td>
<td>17.5</td>
<td>18.8</td>
<td>+7.4%</td>
</tr>
<tr>
<td>Europe**</td>
<td>15.0</td>
<td>17.0</td>
<td>+11.3%</td>
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<tr>
<td>Germany</td>
<td>5.9</td>
<td>5.8</td>
<td>-3.3%</td>
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<tr>
<td>Asia*</td>
<td>13.6</td>
<td>16.9</td>
<td>+24.3%</td>
</tr>
<tr>
<td>RoW</td>
<td>4.2</td>
<td>4.6</td>
<td>+8.3%</td>
</tr>
<tr>
<td>Global</td>
<td>88.7</td>
<td>100.8</td>
<td>+13.6%</td>
</tr>
<tr>
<td>China</td>
<td>23.7</td>
<td>29.2</td>
<td>+23.3%</td>
</tr>
<tr>
<td>Japan</td>
<td>8.8</td>
<td>8.6</td>
<td>-2.3%</td>
</tr>
</tbody>
</table>

* Without China and Japan
** Without Germany

Source: IHS Automotive (October 2016)
Market for combustion engines
Stable development even with quick introduction of electric engines

Combustion engine market share development in % of total LV production

Electric vehicles
- 1% light vehicles: combustion & hybrid
- 99%

2016

Light vehicles: combustion & hybrid
- 3% light vehicles: combustion & hybrid
- 97%

2025 Scenario I

Total LV production
- 15%
- 85%

2025 Scenario II

Combustion engines: in million units CAGR 2016-2025
- 2016: 90.9m
- 2025 Scenario I: 107.0m CAGR: 1.8%
- 2025 Scenario II: 93.8m CAGR: 0.3%

Source: IHS Automotive (September 2016), own estimates
Three mainstreams for future mobility

Efficiency  Electrification  New Technologies
Efficiency: reduction of fuel consumption
Rheinmetall Automotive’s Road to 95

Description vehicle model (Basis)
1.4L 4-cylinder gasoline engine with DI-injection and single-stage turbocharging (115kW)

Rheinmetall Automotive products

-1 g CO₂/km
Variable oil pump

-3 g CO₂/km
Tribo-system

-3 g CO₂/km
Var. cool. pump

-7 g CO₂/km
Var. valve train

-2 g CO₂/km
El. low-press. EGR

-2 g CO₂/km
Light-weight structural parts
Efficiency
Example: Variable Valve Train

Roll-out of the innovation:

• First contact with customers: 2015
• Customer specific development: 2017
• Market introduction 1st customer: 2019

EUR ~100 million
Electrification

Battery Electric Vehicle (BEV) – high complexity with potential for Rheinmetall

**Powertrain**
- Coolant Pump
- Switch valve (coolant)
- Oil pump
- Casting parts
  - Batt.-Housing
  - EM-Housing
- Battery module
- Electric drive unit (E-motor)

**Heating, ventilation, air conditioning**
- Electrical A/C compressor
- On/Off valve
- Expansion valve
- Electrical heater
- Electrical blower

Thermal balance in an electric engine
- high
- low temperatures

Value per car
- **Already in production**: Up to €150
- **Under development**: Up to €250
- **Potential product**: n.a.

BEV = Battery Electric Vehicle
Electrification

Housings: combustion engine versus E-engine

Daimler M270 gasoline 4-cylinder

- Raw casting weight: about 22.5 kg
- Finished part: about 19.2 kg
- Dimensions: 430 x 339 x 285 mm

E-engine housing with 3D-Core

- Raw casting weight: about 23.9 kg
- Finished part: about 20 kg
- Dimensions: 525 x 345 x 330 mm
New Technologies
First projects with potential for cross-segmental application

- **3D TechCenter**

  ![Compressor wheel](image1)
  ![Hydraulic block for tank](image2)

  **3D TechCenter GmbH, Neuss/Germany**
  - For metal 3D print services
  - Additive manufacturing, reverse engineering, design and bionic

- **Small electrical drives**

  ![Electric drives](image3)

  **Rheinmetall New Technologies**
  - Development of electric drives for small and medium sized applications
  - Based on comprehensive experience with the production of electric engines in the Hartha factory of Mechatronics
Strategic targets

Hardparts

- Focused investment strategy
- Optimization global footprint
- Selective growth strategy
- Focus on generating FCF / Cash
**Strategic targets**

**Mechatronics**

- **International growth strategy**
  - Load pipeline for emission reduction, fuel economy and electrification
- **Strengthen thermal management competence**
  - Build up system competence for hybridization and EV

**Sales**

- 2010: 88%
  - Europe (incl. Germany)
- 2020*: 40%
  - RoW

* Projection
Strategic targets

**Aftermarket**

- **Growth strategy in dedicated markets**
- **Enlarge product portfolio and own production**
- **Expand Aftermarket sales share in RHM Automotive**
- **Adopt changing customer order behavior**

*Projection*

- 2010: 77% Germany, 23% RoW
- 2020*: 83% Germany, 17% RoW

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Summary:
Automotive is well prepared

Markets and Customers:
- We expect a stable market with moderate growth rates in the medium term
- China will be the growth driver, Europe and NAFTA might weaken
- Brazil seems to have left the worse behind

Performance and Products:
- Mechatronics will be the growth driver in the next years
- Hardparts will streamline the global footprint to optimize assets and cost structure
- Aftermarket will return to former profitability after ramp-up own production facilities

New Mobility Concepts:
- Hybrid cars and e-cars offer chances for new products and higher content per car
- Refocus of R&D spending to enlarge the product portfolio
- Product pipelines are filled for every type of power trains in the coming years
Market drivers
Benefitting from growing and changing markets

- Change of international responsibilities
- Rising defence/security budgets
- Global security environment changing
- Increasing conflicts combined with new threats

Impact:
- Long-lasting market growth
- Increasing need for state-of-art products
- Innovations and system solutions
- Expansion to civil applications
- Diversify end markets
Strategic objective
Achieving the target margin level

Operational margin in % of sales

- Declining ammunition business: from 33% of sales (2010) to 24% (2015)
- Negative one-offs driven by external effects
- Operational mistakes, setbacks in project management
- Increasing systems business: from 48% of sales (2010) to 68% (2015)

Expansion to civilian applications
Globally rising demand
New profitable contracts and improved project execution

Profitability corridor of ~6-7%

Operational margin:
- 11.1% (2010)
- 9.9% (2011)
- 6.3% (2012)
- 2.8% (2013)
- -0.4% (2014)
- 3.5% (2015)
- 4.5-5% (2016-2019)

Illustrative
Global defence budgets
Defence is at the beginning of long lasting market growth

World 2016 - 2020
- Expected global average annual growth rate (IHS): 1.3%
- Planning assumption Rheinmetall Defence: ~2%

NATO-Target
- Shifting defence budgets to 2% of GDP until 2025

Source: IHS
(Development of defence budgets 2016e-2020e in % p.a.)
German defence budget
Government determined to raise expenditures

German Defence budget 2014-2020 in EUR bn

Source: Federal Ministry of Finance, Federal budget 2017

**Reference GDP 2015 (EUR 3.03 trillion)
Order potential from Germany
A number of projects targeted by Rheinmetall

**Gladius soldier system**
Potential: ~ EUR 300 m
Long-term potential: EUR ~500 m

**Leopard 2**
Upgrade order for 104 tanks
Potential: up to EUR 200 m

**Fuchs**
Order 2016: EUR115m
Further potential: EUR ~300 m

**Combat training center**
Additional equipment
Potential: EUR >50 m

**Service contract**
Potential: EUR 50-100 m

**Military trucks**
1.lot: 558 vehicles
Volume: EUR 250 m

Long-term potential: 3,700 vehicles, EUR ~1,600 m
Order potential from Germany

A number of projects targeted by Rheinmetall

**Puma**
Additional equipment
Potential: EUR 600 m

Demand for additional IFVs
Long term potential:
EUR 900 m

**Ammunition framework agreement**

Potential: EUR ~300 m p.a.

**Net centric digital battlefield**
Key project of German armed forces

Total potential: up to EUR 10 bn (2018-2035)
Net centric digital battlefield
Proposal for industrial realization

Mobile tactical communication project of the German ground forces:
Realization of the whole project as systems provider

Creation of the systems design and the systems architecture

Integration in about 25,000 vehicles

BMS: Battle Management System
Internationalization strategy

Recent developments in establishing hubs and JVs

- Canada
- United Kingdom
- Scandinavia
- Russia / Kazakhstan
- Israel
- GCC
- Saudi Arabia
- Indonesia: New JV planned
- Mexico: New company
- United States: New JV
- Romania: New JV
- Turkey: New JV
- North Africa
- South Africa
- Australia
- Brazil
- Poland: New company
- Netherlands
- India

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International order potential

Focus on new huge projects

**Australia**
Land 400 program
Boxer with Lance turret
Potential: EUR ~2.5 bn

**Australia**
Logistic Vehicles
Demand for further orders
Potential: EUR >300 m

**United Kingdom**
Challenger 2
Life extension and upgrade
(EUR 23 m assessment contract booked in Q4 2016)
Potential: EUR 780 m

**United Kingdom**
Mechanized Infantry Vehicle (MIV) program
Boxer
Potential: EUR >2 bn
International order potential
Focus on new huge projects

**Middle East customer**
Logistic Vehicles
Demand for further orders
Potential: EUR ~600 m

**Asian customer**
Air Defence
Potential: EUR >200 m

**Asia/Pacific region**
Munition
Potential: EUR 300-400 m

**Algeria**
Fox kits
Potential: EUR >200 m
Strategic targets

Weapon and Ammunition

Sustaining and extending the business

- Maintaining the globally leading market position by organic growth and new strategic partnerships
- Expanding leadership in technology by shifting innovations to serial production
- Securing independence of exports and profitability by internationalizing manufacturing and R&D capacities
Strategic targets - Weapon and Ammunition
Growing by various strategic partnerships

United States, Defense Munitions International (DMI)
- 50:50-JV with General Dynamics Ordnance and Tactical Systems

New: United States RDZM
- 50:50-JV with Day & Zimmermann (RDZM)
- State-of-the-art ammunition for the US market

United Kingdom
- Partnering agreements with Defence Equipment and Support (DE&S) and with BAE Systems

Netherlands
- Partnering agreement

New: Germany
- Partnering agreement with German government about a regular supply of large- and medium-ammunition

New: Turkey
- JV for ammunition in preparation

New: Indonesia
- JV for ammunition in negotiation
Strategic targets
Electronic Solutions

Reshaping and complementing the business

- Widening the Air Defence product portfolio by forming an exclusive partnership with a missile house to complement the canon-based SHORAD (Short Range Air Defence) product portfolio
- Expanding the customer structure in the Simulation and Training business by marketing of civil applications
- Strategic move in Mission Equipment from a component manufacturer to a system integrator
Strategic targets – Simulation and Training

Expanding the customer structure by marketing of civil applications

Off-shore maritime simulation for Pemex

EUR 250m

Simulation and Training for:

- Emergency and crisis management
- Exploration and production process
- Plant operation
Strategic targets
Evaluate and develop markets for Police and Cyber Security

WEAPON AND AMMUNITION

ELECTRONIC SOLUTIONS

VEHICLE SYSTEMS

Set-up
- Organisation
- Market evaluation
- Product adaptation

Pre-Marketing
- Build customer relations
- Develop domestic market

International Expansion

2016
2017
2018
Strategic targets

Vehicle Systems

Securing growth by serial and upgrade orders

- Leveraging the present status as the leading European system house for tracked and wheeled military vehicles
- Shaping the profile of Vehicle Systems as a one-stop-shop for a wide spectrum of innovative military vehicles
- Securing growth by acquisition of further high-volume orders inside and outside of Germany

[Images of Puma, Boxer, and HX trucks]
Strategic targets - Vehicle Systems
Securing growth by acquisition of further large-scale orders

- **Canada**: Modernization Leopard
- **UK**: MIV Boxer
- **Netherlands**: Boxer
- **Germany**: Military trucks
- **Algeria**: Fox
- **Scandinavia**: Military trucks
- **Lithuania**: Boxer
- **Poland**: Modernization program
- **Romania**: Wheeled vehicles
- **Singapore**: Military trucks
- **Indonesia**: Upgrade Leopard/Marder
- **Australia**: Land 121
- **Down-selected**: Land 400
- **Booked**
Summary

Defence benefiting from an encouraging market environment

- Rethinking of Western defence policy results in higher budgets and market growth
- The high order book and current order potentials trigger organic growth of Rheinmetall Defence
- New threats and higher demand in public security lead to additional chances for Rheinmetall Technology
- Innovative product portfolio and strong market positions are Rheinmetall’s basics for widening the global customer and partnership network
OUTLOOK
Outlook FY 2016
Raised guidance confirmed

**Group**

- **Sales** in EUR m
  - FY 2014: 4,688
  - FY 2015: 5,183
  - FY 2016e: ~5,600

- **Operational margin** in %
  - FY 2014: 3.0%
  - FY 2015: 5.5%
  - FY 2016e: ~6%

**Automotive**

- **Sales** in EUR m
  - FY 2014: 2,448
  - FY 2015: 2,592
  - FY 2016e: ~2,700

- **Operational margin** in %
  - FY 2014: 7.5%
  - FY 2015: 8.3%
  - FY 2016e: ~8%

**Defence**

- **Sales** in EUR m
  - FY 2014: 2,240
  - FY 2015: 2,591
  - FY 2016e: ~2,900

- **Operational margin** in %
  - FY 2014: -3.0%
  - FY 2015: 3.5%
  - FY 2016e: ~4.5-5%
Mid-term perspective
Rheinmetall determined to outperform both markets

- **Automotive Sales** in EUR m
  - Rheinmetall Automotive +5% vs. Global LV production: 2.5%
  - Historic growth path (CAGR 2013-16)
  - 2013: 2.262, 2014: 2.448, 2015: 2.592, 2016e: ~2.7bn
  - +17%

- **Defence Sales** in EUR m
  - Rheinmetall Defence: +10% vs. Global markets: 1.1%
  - +35%

**Automotive** to slightly beat expected growth rates for global LV production of 2.9% (CAGR 2017-19*)

**Defence sales growth 2017-19** expected significantly above market growth, with a growth impulse in 2018 onwards

* IHS: November 2016
Mid-term perspective

Levers for future result improvement

**Mechatronics**
Substantial opportunities for growth above market rates

**Hardparts**
Optimizing assets and cost structure

**Aftermarket**
Benefit from growing global vehicle fleets

**Vehicle Systems**
- Exploit unique set up as a one-stop shop vehicle supplier
- Leverage the ramp-up of order backlog

**Weapon and Ammunition**
Stabilize the high-margin levels in a growing business

**Electronic Solutions**
Increasing top-line growth from 2018 onward and reducing losses in Norway

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All set for future growth!

Automotive

- Globally rising LV production remains the basis for solid growth
- Pressure on emission reduction offers additional chances
- Preparation for new engine concepts has started

Markets provide plenty of growth opportunities

Defence

- High order backlog confirms solid basis for the coming years
- Further growth push to be expected for 2018
The Technology Group for Security and Mobility

Addressing the basic needs and megatrends in Defence and Automotive

RHEINMETALL AG

Sales: EUR 5.2 billion
Employees: 20,800

RHEINMETALL DEFENCE
Sales: EUR 2.6 billion
Employees: 9,900

RHEINMETALL AUTOMOTIVE
Sales: EUR 2.6 billion
Employees: 10,900

SECURITY

Accumulating international conflict areas challenge the community of states ...

... and lead to rising needs of armed forces.

MOBILITY

Increasing world population, global trade, higher welfare and climate change ...

... lead to higher mobility and enhanced need for environment-friendly powertrain technologies.

Figures: FY 2015
## Group 2011 – 2015: Key figures

<table>
<thead>
<tr>
<th>in EUR m</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tbody>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
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<tr>
<td>Total assets</td>
<td>4,832</td>
<td>4,899</td>
<td>4,866</td>
<td>5,271</td>
<td>5,730</td>
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<tr>
<td>Shareholder’s equity</td>
<td>1,546</td>
<td>1,465</td>
<td>1,339</td>
<td>1,197</td>
<td>1,562</td>
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<tr>
<td>Equity ratio (in %)</td>
<td>32.0</td>
<td>29.9</td>
<td>27.5</td>
<td>22.7</td>
<td>27.3</td>
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<tr>
<td>Pension liabilities</td>
<td>729</td>
<td>919</td>
<td>891</td>
<td>1,121</td>
<td>1,128</td>
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<tr>
<td>Net financial debt</td>
<td>130</td>
<td>98</td>
<td>147</td>
<td>330</td>
<td>81</td>
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<tr>
<td>Net gearing (in %)</td>
<td>8.4</td>
<td>6.7</td>
<td>11.0</td>
<td>27.6</td>
<td>5.2</td>
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<td><strong>Income statement</strong></td>
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<td></td>
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<tr>
<td>Sales</td>
<td>4,454</td>
<td>4,704</td>
<td>4,417</td>
<td>4,688</td>
<td>5,183</td>
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<tr>
<td>Operating result</td>
<td>342</td>
<td>268</td>
<td>211</td>
<td>160</td>
<td>287</td>
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<tr>
<td>Operating margin (in %)</td>
<td>7.7</td>
<td>5.7</td>
<td>4.8</td>
<td>3.4</td>
<td>5.5</td>
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<tr>
<td>EBITDA</td>
<td>538</td>
<td>490</td>
<td>315</td>
<td>299</td>
<td>490</td>
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<tr>
<td>EBIT</td>
<td>354</td>
<td>296</td>
<td>121</td>
<td>102</td>
<td>287</td>
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<tr>
<td>EBIT margin (in %)</td>
<td>7.9</td>
<td>6.3</td>
<td>2.7</td>
<td>2.2</td>
<td>5.5</td>
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<tr>
<td>EBT</td>
<td>295</td>
<td>216</td>
<td>45</td>
<td>22</td>
<td>221</td>
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<tr>
<td>Net income after minorities</td>
<td>213</td>
<td>173</td>
<td>29</td>
<td>18</td>
<td>151</td>
</tr>
<tr>
<td>Earnings per share (in EUR)</td>
<td>5.55</td>
<td>4.55</td>
<td>0.75</td>
<td>0.47</td>
<td>3.88</td>
</tr>
<tr>
<td>Dividend per share (in EUR); 2015: proposal</td>
<td>1.80</td>
<td>1.80</td>
<td>0.40</td>
<td>0.30</td>
<td>1.10</td>
</tr>
<tr>
<td>ROCE (in %)</td>
<td>14.9</td>
<td>11.5</td>
<td>4.7</td>
<td>3.9</td>
<td>10.1</td>
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<tr>
<td><strong>Cash flow statement</strong></td>
<td></td>
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<tr>
<td>Free cash flow from operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Headcount</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees (Dec 31) according to capacity</td>
<td>21,516</td>
<td>21,767</td>
<td>20,264</td>
<td>20,166</td>
<td>20,676</td>
</tr>
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2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)
## Segments 2011 – 2015 Key figures

### AUTOMOTIVE

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,357</td>
<td>2,378</td>
<td>2,270</td>
<td>2,466</td>
<td>2,621</td>
</tr>
<tr>
<td>Order backlog (Dec. 31)</td>
<td>409</td>
<td>418</td>
<td>392</td>
<td>416</td>
<td>445</td>
</tr>
<tr>
<td>Sales</td>
<td>2,313</td>
<td>2,369</td>
<td>2,262</td>
<td>2,448</td>
<td>2,592</td>
</tr>
<tr>
<td>Operating result</td>
<td>151</td>
<td>139</td>
<td>158</td>
<td>184</td>
<td>216</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>6.5</td>
<td>5.9</td>
<td>7.0</td>
<td>7.5</td>
<td>8.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>254</td>
<td>243</td>
<td>225</td>
<td>295</td>
<td>332</td>
</tr>
<tr>
<td>EBIT</td>
<td>151</td>
<td>139</td>
<td>124</td>
<td>184</td>
<td>216</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>6.5</td>
<td>5.9</td>
<td>5.5</td>
<td>7.5</td>
<td>8.3</td>
</tr>
<tr>
<td>Capex</td>
<td>104</td>
<td>148</td>
<td>142</td>
<td>158</td>
<td>167</td>
</tr>
<tr>
<td>Employees (Dec 31) according to capacity</td>
<td>11,548</td>
<td>12,003</td>
<td>10,927</td>
<td>10,830</td>
<td>10,934</td>
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<td>Mechatronics</td>
<td>1,025</td>
<td>1,091</td>
<td>1,171</td>
<td>1,322</td>
<td>1,450</td>
</tr>
<tr>
<td>EBIT</td>
<td>69</td>
<td>69</td>
<td>66</td>
<td>96</td>
<td>118</td>
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<tr>
<td>EBIT margin</td>
<td>6.7</td>
<td>6.3</td>
<td>5.6</td>
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<td>8.1</td>
</tr>
<tr>
<td>Hardparts</td>
<td>1,092</td>
<td>1,087</td>
<td>889</td>
<td>934</td>
<td>952</td>
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<tr>
<td>Sales</td>
<td>65</td>
<td>57</td>
<td>27</td>
<td>72</td>
<td>73</td>
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<tr>
<td>EBIT</td>
<td>6.0</td>
<td>5.2</td>
<td>3.0</td>
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<td>EBIT margin</td>
<td>258</td>
<td>265</td>
<td>268</td>
<td>269</td>
<td>285</td>
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<tr>
<td>Aftermarket</td>
<td>24</td>
<td>25</td>
<td>27</td>
<td>26</td>
<td>27</td>
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<tr>
<td>Sales</td>
<td>9.3</td>
<td>9.4</td>
<td>10.1</td>
<td>9.7</td>
<td>9.5</td>
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2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

### DEFENCE

<table>
<thead>
<tr>
<th></th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
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<tbody>
<tr>
<td>Order intake</td>
<td>1,831</td>
<td>2,933</td>
<td>3,339</td>
<td>2,812</td>
<td>2,693</td>
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<td>Order backlog (Dec. 31)</td>
<td>4,541</td>
<td>4,987</td>
<td>6,050</td>
<td>6,516</td>
<td>6,422</td>
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<td>Sales</td>
<td>2,141</td>
<td>2,335</td>
<td>2,155</td>
<td>2,240</td>
<td>2,591</td>
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<td>212</td>
<td>146</td>
<td>60</td>
<td>-9</td>
<td>90</td>
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<td>Operating margin (in %)</td>
<td>9.9</td>
<td>6.3</td>
<td>2.8</td>
<td>-0.4</td>
<td>3.5</td>
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<td>EBITDA</td>
<td>303</td>
<td>262</td>
<td>96</td>
<td>17</td>
<td>175</td>
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<td>EBIT</td>
<td>223</td>
<td>173</td>
<td>4</td>
<td>-67</td>
<td>90</td>
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<td>EBIT margin (in %)</td>
<td>10.4</td>
<td>7.4</td>
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<td>-3.0</td>
<td>3.5</td>
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<td>Capex</td>
<td>102</td>
<td>90</td>
<td>62</td>
<td>76</td>
<td>96</td>
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<td>Employees (Dec 31) according to capacity</td>
<td>9,833</td>
<td>9,623</td>
<td>9,193</td>
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<td>Mechatronics</td>
<td>1,198</td>
<td>1,136</td>
<td>1,027</td>
<td>977</td>
<td>1,382</td>
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<tr>
<td>EBIT</td>
<td>146</td>
<td>102</td>
<td>31</td>
<td>-4</td>
<td>88</td>
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<tr>
<td>EBIT margin</td>
<td>12.2</td>
<td>9.0</td>
<td>3.0</td>
<td>-0.4</td>
<td>6.4</td>
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<tr>
<td>Hardparts</td>
<td>799</td>
<td>748</td>
<td>710</td>
<td>705</td>
<td>759</td>
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<tr>
<td>Sales</td>
<td>86</td>
<td>97</td>
<td>11</td>
<td>-53</td>
<td>26</td>
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<tr>
<td>EBIT</td>
<td>10.8</td>
<td>13.0</td>
<td>1.5</td>
<td>-7.5</td>
<td>3.4</td>
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<tr>
<td>EBIT margin</td>
<td>255</td>
<td>567</td>
<td>539</td>
<td>667</td>
<td>600</td>
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<tr>
<td>Aftermarket</td>
<td>-12</td>
<td>-25</td>
<td>-35</td>
<td>-9</td>
<td>-11</td>
</tr>
<tr>
<td>Sales</td>
<td>-4.7</td>
<td>-4.4</td>
<td>-6.5</td>
<td>-1.4</td>
<td>-1.8</td>
</tr>
<tr>
<td>EBIT</td>
<td>-4.7</td>
<td>-4.4</td>
<td>-6.5</td>
<td>-1.4</td>
<td>-1.8</td>
</tr>
</tbody>
</table>

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Outlook 2016
Q4 with strong earnings development in Defence

Automotive sales and earnings in EUR m

2015
Sales 1,957 635 2,592
Op. earnings 164 52 216

Q4 generates 25% of FY sales
EBIT margin Q4: 8.2%

2016
Sales 1,992 >650 ~2.7 bn
Op. earnings 163 >50

Margin target 2016: ~8%

Defence sales and earnings in EUR m

2015
Sales 1,625 966 2,591
Op. earnings -11 101 90

Q4 generates 37% of FY sales
EBIT margin Q4: 10.5%

2016
Sales 1,912 >1,000 ~2.9 bn
Op. earnings 32 >100

Margin target 2016: 4.5-5%
## Outlook 2016
Sales guidance adjusted on expected Defence performance

<table>
<thead>
<tr>
<th>Group</th>
<th>Sales in EUR billion</th>
<th>Operational margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2016e</td>
</tr>
<tr>
<td>August</td>
<td>5.2</td>
<td>~ 5.6</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2016e</td>
</tr>
<tr>
<td>August</td>
<td>2.6</td>
<td>~ 2.7</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2016e</td>
</tr>
<tr>
<td>August</td>
<td>2.6</td>
<td>~ 2.8</td>
</tr>
<tr>
<td></td>
<td>2015</td>
<td>2016e</td>
</tr>
<tr>
<td>August</td>
<td>3.5</td>
<td>~4.5-5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Automotive</th>
<th>Sales in EUR billion</th>
<th>Operational margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>5.5</td>
<td>~ 6</td>
</tr>
<tr>
<td>August</td>
<td>~ 6</td>
<td>~ 6</td>
</tr>
<tr>
<td>2016e</td>
<td>8.3</td>
<td>~ 8</td>
</tr>
<tr>
<td>August</td>
<td>~ 8</td>
<td>~ 8</td>
</tr>
<tr>
<td>2016e</td>
<td>3.5</td>
<td>~4.5-5</td>
</tr>
<tr>
<td>August</td>
<td>~4.5-5</td>
<td>~4.5-5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Defence</th>
<th>Sales in EUR billion</th>
<th>Operational margin in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>5.5</td>
<td>~ 6</td>
</tr>
<tr>
<td>August</td>
<td>~ 6</td>
<td>~ 6</td>
</tr>
<tr>
<td>2016e</td>
<td>8.3</td>
<td>~ 8</td>
</tr>
<tr>
<td>August</td>
<td>~ 8</td>
<td>~ 8</td>
</tr>
<tr>
<td>2016e</td>
<td>3.5</td>
<td>~4.5-5</td>
</tr>
<tr>
<td>August</td>
<td>~4.5-5</td>
<td>~4.5-5</td>
</tr>
</tbody>
</table>
Equity and pension liabilities
Financial solidity materially improved

Drivers

- Delivery on our targets
- Capitalizing on our restructuring efforts
- Achievement of a solid equity ratio
- Pension liabilities still rising on lowering discount rates
- Supportive market environment in both segments

Credit rating Ba1 with outlook changed to stable in April 2016
Pension liabilities

Internal funding in Germany, external funding in Switzerland

Pension liabilities by country in EUR m

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>Switzerland</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>891</td>
<td>773</td>
<td>73</td>
</tr>
<tr>
<td>2014</td>
<td>1,121</td>
<td>1,269</td>
<td>13</td>
</tr>
<tr>
<td>2015</td>
<td>1,128</td>
<td>865</td>
<td>56</td>
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</table>

Plan assets and Defined Benefit Obligation (DBO) by country (per Dec 31 2015) in EUR m

<table>
<thead>
<tr>
<th>Country</th>
<th>Plan assets</th>
<th>DBO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>1,062</td>
<td>1,269</td>
</tr>
<tr>
<td>Germany</td>
<td>13</td>
<td>878</td>
</tr>
</tbody>
</table>

Other Net 105

Discount rate (for German pension liabilities of Rheinmetall)
Financial liabilities

Successful diversification of credit market access

- Improved maturity profile
  - Dedicated EU funds for the financing of R&D in Automotive secured via EIB loan of EUR 250 million (Q3 2017)
  - Liquidity secured via undrawn syndicated loan facility and undrawn bilateral bank facility
  - Repayment of bond in September 2017; “replacement” by various financial instruments possible

![Graph showing financial liabilities](image)
Research & development, capex, depreciation & amortization

- **R&D** in EUR m; in % of sales
  - 2014: 214; 4.6%
  - 2015: 239; 4.1%
  - thereof capitalized: 24

- **Capex** in EUR m; in % of sales
  - 2014: 245; 5.7%
  - 2015: 291; 6.0%
  - thereof capitalized: 24*

- **D&A** in EUR m; in % of sales
  - 2014: 197; 4.2%
  - 2015: 203; 3.9%

* Subsidies for tooling costs
9M 2016 - Highlights
Strong top line growth, earnings improved, guidance adjusted

Sales
Sales increased by 9% or FX-adjusted by 10% to EUR 3,904 million

Earnings
Operational earnings strongly advanced from EUR 140 million to EUR 182 million

EPS
Earnings per share up by 17% to EUR 2.22

Free Cash Flow
9M Free cash flow from operations further improved by Q3 contribution of plus EUR 36 million

Finance
EU Funds for Strategic Investment provides EUR 250 million loan for Automotive

Outlook
Due to higher growth expectations for Defence, sales target lifted from EUR ~5.5 billion to EUR ~5.6 billion, EBIT margin target remains at ~6%
### 9M 2016

#### Key figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>3,756</td>
<td>4,340</td>
<td>+ 584 + 16%</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>3,582</td>
<td>3,904</td>
<td>+ 322 + 9%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>288</td>
<td>343</td>
<td>+ 55 + 19%</td>
</tr>
<tr>
<td><strong>EBIT</strong></td>
<td>140</td>
<td>182</td>
<td>+ 42 + 30%</td>
</tr>
<tr>
<td><strong>EBIT margin in %</strong></td>
<td>3.9</td>
<td>4.7</td>
<td>+ 0.8 pp</td>
</tr>
<tr>
<td><strong>EBT</strong></td>
<td>96</td>
<td>140</td>
<td>+ 44 + 46%</td>
</tr>
<tr>
<td><strong>Group net income</strong></td>
<td>64</td>
<td>99</td>
<td>35 + 55%</td>
</tr>
<tr>
<td><strong>Earnings per share in EUR</strong></td>
<td>1.89</td>
<td>2.22</td>
<td>+ 0.33 + 17%</td>
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<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>- 270</td>
<td>- 302</td>
<td>- 32 - 12%</td>
</tr>
<tr>
<td><strong>Employees (September 30)</strong></td>
<td>20,665</td>
<td>20,982</td>
<td>+ 317 + 2%</td>
</tr>
</tbody>
</table>
### 9M 2016
#### Key figures Q3 2016 Group

<table>
<thead>
<tr>
<th>Rheinmetall Group in EUR m</th>
<th>Q3 2015</th>
<th>Q3 2016</th>
<th>Δ Q3 2016 /2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,188</td>
<td>1,305</td>
<td>+ 117 + 10%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>110</td>
<td>131</td>
<td>+ 21 + 19%</td>
</tr>
<tr>
<td>EBIT (reported)</td>
<td>61</td>
<td>79</td>
<td>+ 18 + 30%</td>
</tr>
<tr>
<td>EBIT margin \textit{ in %}</td>
<td>5.1</td>
<td>6.1</td>
<td>+ 1.0 pp</td>
</tr>
<tr>
<td>Free Cash Flow from Operations</td>
<td>9</td>
<td>36</td>
<td>+ 27 + 300%</td>
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</table>
### Key figures Q3 2016 per segment

#### Automotive

<table>
<thead>
<tr>
<th></th>
<th>Q3 2015</th>
<th>Q3 2016</th>
<th>Δ Q3 2016 /2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>617</td>
<td>643</td>
<td>+ 26 + 4%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>78</td>
<td>80</td>
<td>+ 2 + 3%</td>
</tr>
<tr>
<td>EBIT (reported)</td>
<td>50</td>
<td>51</td>
<td>+ 1 + 2%</td>
</tr>
<tr>
<td>EBIT margin <em>in %</em></td>
<td>8.1</td>
<td>7.9</td>
<td>- 0.2pp</td>
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<tr>
<td>Free Cash Flow from Operations</td>
<td>55</td>
<td>47</td>
<td>- 8 - 15%</td>
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#### Defence

<table>
<thead>
<tr>
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<th>Q3 2015</th>
<th>Q3 2016</th>
<th>Δ Q3 2016 /2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>539</td>
<td>574</td>
<td>35 + 6%</td>
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<tr>
<td>Sales</td>
<td>571</td>
<td>662</td>
<td>+ 91 + 16%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>37</td>
<td>52</td>
<td>+ 15 + 40%</td>
</tr>
<tr>
<td>EBIT (reported)</td>
<td>16</td>
<td>30</td>
<td>+ 14 + 88%</td>
</tr>
<tr>
<td>EBIT margin <em>in %</em></td>
<td>2.8</td>
<td>4.5</td>
<td>+ 1.7pp</td>
</tr>
<tr>
<td>Free Cash Flow from Operations</td>
<td>- 25</td>
<td>5</td>
<td>+ 30</td>
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## 9M 2016
### Balance sheet

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<th></th>
<th></th>
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<tr>
<td><strong>Total Assets</strong></td>
<td>5,230</td>
<td>5,730</td>
<td>5,857</td>
<td>+ 627</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>2,577</td>
<td>2,648</td>
<td>2,737</td>
<td>+ 160</td>
</tr>
<tr>
<td>Current assets</td>
<td>2,653</td>
<td>3,082</td>
<td>3,120</td>
<td>+ 467</td>
</tr>
<tr>
<td>Equity</td>
<td>1,256</td>
<td>1,562</td>
<td>1,527</td>
<td>+ 271</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>1,106</td>
<td>1,128</td>
<td>1,309</td>
<td>+ 203</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>956</td>
<td>995</td>
<td>1,009</td>
<td>+ 53</td>
</tr>
<tr>
<td>Current liabilities</td>
<td>1,912</td>
<td>2,045</td>
<td>2,012</td>
<td>+ 100</td>
</tr>
<tr>
<td><strong>Equity ratio</strong></td>
<td>24%</td>
<td>27%</td>
<td>26%</td>
<td>+ 2.0pp</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>619</td>
<td>81</td>
<td>445</td>
<td>- 174</td>
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</tbody>
</table>
9M 2016
Cash flow statement

<table>
<thead>
<tr>
<th>in EUR m</th>
<th>Q3 2015</th>
<th>Q4 2015</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Δ Q3 2016/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group net income</td>
<td>30</td>
<td>96</td>
<td>12</td>
<td>41</td>
<td>46</td>
<td>+ 16</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>49</td>
<td>55</td>
<td>55</td>
<td>54</td>
<td>52</td>
<td>+ 3</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>0</td>
<td>2</td>
<td>-16</td>
<td>2</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Cash flow</td>
<td>79</td>
<td>153</td>
<td>51</td>
<td>97</td>
<td>98</td>
<td>+ 19</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>8</td>
<td>267</td>
<td>-262</td>
<td>-112</td>
<td>0</td>
<td>- 8</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>87</td>
<td>420</td>
<td>-211</td>
<td>-15</td>
<td>98</td>
<td>+ 11</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-78</td>
<td>-121</td>
<td>-52</td>
<td>-60</td>
<td>-62</td>
<td>+ 16</td>
</tr>
<tr>
<td>Free cash flow from operations</td>
<td>9</td>
<td>299</td>
<td>-263</td>
<td>-75</td>
<td>36</td>
<td>+ 27</td>
</tr>
</tbody>
</table>
The divisional structure of Automotive

**Focused on the attractive segment of powertrain technology**

<table>
<thead>
<tr>
<th>Hardparts</th>
<th>Mechatronics</th>
<th>Aftermarket</th>
</tr>
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<tbody>
<tr>
<td>Pistons</td>
<td>Emission Systems</td>
<td>International</td>
</tr>
<tr>
<td>Large-bore pistons</td>
<td>Solenoid Valves</td>
<td>National</td>
</tr>
<tr>
<td>Bearings</td>
<td>Commercial Diesel Systems</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Actuators</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pumps</td>
<td></td>
</tr>
</tbody>
</table>

**RHEINMETALL AUTOMOTIVE**  
**EUR 2.6 billion**

Joint ventures with HASCO in China/Europe (50:50; consolidated at equity)

Sales figure FY 2015
Sales by customers and by regions

- **Sales by customer in %**
  - Trucks/Others: 17%
  - Ships/Power plants/MIR*: 7%
  - Aftermarket: 11%
  - Others: 7%
  - PSA: 3%
  - Daimler: 4%
  - Fiat: 5%
  - GM: 5%
  - BMW: 5%
  - VW/Audi/Porsche: 12%
  - Ford: 14%

- **Sales by region in EUR m**
  - Germany
    - 2014: 2,448
    - 2015: 2,592
    - Growth: +1%
  - Asia (w/o China JVs)
    - 2014: 523
    - 2015: 528
    - Growth: +4%
  - Europe (excl. Germany)
    - 2014: 1,191
    - 2015: 1,238
    - Growth: +4%
  - Rest of the World
    - 2014: 241
    - 2015: 307
    - Growth: -1%
  - Others
    - 2014: 493
    - 2015: 520
    - Growth: +6%

- **Market Growth**
  - +2%
  - +4%
  - -1%
  - +2%

---

* MIR: Marine, Industrial, Recreational
** Source: IHS Automotive (February 2016)
Appendix Rheinmetall Automotive

Automotive in China

### 50/50 joint ventures with HASCO (SAIC group)

<table>
<thead>
<tr>
<th>Castings (ATAG)</th>
<th>Pistons (KSSP)</th>
<th>Castings (KPSNC)</th>
<th>Pumps (PHP)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine blocks and structural body parts</td>
<td>Pistons</td>
<td>Engine blocks, cylinder heads and structural body parts</td>
<td>Electrical and mechanical pumps</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Germany/Europe</th>
<th>China</th>
</tr>
</thead>
</table>

### Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)

<table>
<thead>
<tr>
<th>Aftermarket</th>
<th>Pierburg</th>
<th>Large-bore pistons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2009</td>
<td>2013</td>
</tr>
<tr>
<td>Spare parts</td>
<td>EGR modules and electric throttle bodies</td>
<td>Large-bore pistons</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Germany/Europe</th>
<th>China</th>
</tr>
</thead>
</table>

### JV subsidiary

<table>
<thead>
<tr>
<th>Pumps (PMP Ch.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
</tr>
<tr>
<td>Engine blocks and structural body parts</td>
</tr>
</tbody>
</table>

Sales China **in EUR m**

- **WFOEs**
  - 2011: 298
  - 2012: 388
  - 2013: 499
  - 2014: 628
  - 2015: 785
  - 2018e: 86

- **JVs (100%)**
  - 2011: 9
  - 2012: 13
  - 2013: 29
  - 2014: 53
  - 2015: 86
  - 2018e: 0%

EBIT China **in EUR m**

- **WFOEs**
  - 2011: +28%
  - 2012: +28%
  - 2013: +28%
  - 2014: +28%
  - 2015: +28%
  - 2018e: +28%

- **JVs (100%)**
  - 2011: -1
  - 2012: -5
  - 2013: -5
  - 2014: -5
  - 2015: -5
  - 2018e: -5
Growth driver “Market growth”

China: Continuing growth, but with lower rates

- Expected recovery of the Chinese car market: Growth expectation 5.6% in 2016 after 4.3% in 2015
- Growth rate expected to normalize but to remain above global average growth
- Double-digit sales increase of 100%-subsidiaries (WFOE) expected

Source: IHS Automotive (February 2016)
Growth driver “Market growth”
India: Well prepared to take advantage of increasing demand for mobility

- Expected market growth 2016 of 9% with a meaningful share of Diesel engines (~35%)
- Automotive subsidiaries leaving start-up phase and moving into growth phase

Source: IHS Automotive (February 2016)
Growth driver “More content per car/hybridization”

Trend to hybrid vehicles expected to accelerate

- **Stricter emission regulations** increase attractiveness of alternative energy concepts
- **Hybrid powertrains** will raise significantly and become a major market
- **Estimated market share of hybrid vehicles:**
  - 2016: 3.0%
  - 2025: 22.7%

*Forecast production of hybrid vehicles* in million units

Source: IHS Automotive (September 2016)
Growth driver “More content per car/hybridization”

Trend of hybridization opens potential for more Rheinmetall products

Enlarging the traditional product portfolio for combustion engines ... ... by products for hybrid and electric engines.

- Electric throttle bodies
- Actuators
- Solenoid valves
- Structural components
- Engine bearings
- Electrical coolant pumps
- Electrical coolant valve
- Thermal management module
- Electric oil pumps
- Oil pumps
- EGR valves
- Pistons
- Engine blocks
- Mechanical coolant pumps
Growth driver “Higher value of products”
Electrification and downsizing require more sophisticated products

- **Coolant pump**
  - Mechanical: EUR 9-15
  - Electrical: EUR 55-85
  - >6x

- **Exhaust gas recirculation**
  - Valve: EUR 20-25
  - >3x
  - Valve, cooler, bypass and bypass actuator: EUR 70-90

- **Oil pump**
  - Mechanical: EUR 8-30
  - Variable: EUR 18-55
  - >3x

- **Piston**
  - Aluminum: EUR 3-12
  - >3x
  - Steel: EUR 20-30
### Research & development, capex, depreciation & amortization

- **R&D** in EUR m; in % of sales
- **Capex** in EUR m; in % of sales
- **D&A** in EUR m; in % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D</th>
<th>% of Sales</th>
<th>Capex</th>
<th>% of Sales</th>
<th>D&amp;A</th>
<th>% of Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>149</td>
<td>6.1%</td>
<td>140</td>
<td>149</td>
<td>9</td>
<td>9.0%</td>
</tr>
<tr>
<td>2015</td>
<td>167</td>
<td>6.4%</td>
<td>158</td>
<td>158</td>
<td>9</td>
<td>9.0%</td>
</tr>
</tbody>
</table>

* thereof capitalized

### Notes
- **2014 & 2015**
- **Subsidies for tooling costs**:
  - **2014**: 24 (6.1%)
  - **2015**: 19 (6.2%)

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9M 2016 - Highlights

Accelerated growth of quarterly sales, earnings remain on high level

Sales
Sales increased in total by 2%, thereof Q3 alone plus 4%, FX effects negligible

Earnings
Stable EBIT of EUR 163 million, driven by Mechatronics

EBIT margin
EBIT margin of 8.2% almost on previous year’s level of 8.4%

China
Sales increased by 11% in local currency supported by a strong Q3 in line with market growth
## 9M 2016
### Key figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,982</td>
<td>2,015</td>
<td>+ 33 + 2%</td>
</tr>
<tr>
<td>Order backlog (September 30)</td>
<td>441</td>
<td>468</td>
<td>+ 27 + 6%</td>
</tr>
<tr>
<td>Sales</td>
<td>1,957</td>
<td>1,992</td>
<td>+ 35 + 2%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>248</td>
<td>253</td>
<td>+ 5 + 2%</td>
</tr>
<tr>
<td>EBIT</td>
<td>164</td>
<td>163</td>
<td>- 1 - 1%</td>
</tr>
<tr>
<td>EBIT margin in %</td>
<td>8.4</td>
<td>8.2</td>
<td>- 0.2pp</td>
</tr>
<tr>
<td>Free cash flow from operations</td>
<td>70</td>
<td>- 41</td>
<td>- 111 - 159%</td>
</tr>
<tr>
<td>Employees (September 30)</td>
<td>10,971</td>
<td>10,870</td>
<td>- 101 - 1%</td>
</tr>
</tbody>
</table>
### Key figures Automotive by division (9M 2015/2016)

<table>
<thead>
<tr>
<th>Division</th>
<th>Sales</th>
<th>Operational earnings</th>
<th>Operational margin</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Aftermarket</strong></td>
<td>217</td>
<td>-5%</td>
<td>9.7%</td>
</tr>
<tr>
<td><strong>Hardparts</strong></td>
<td>727</td>
<td>-4%</td>
<td>7.3%</td>
</tr>
<tr>
<td><strong>Mechatronics</strong></td>
<td>1,084</td>
<td>+5%</td>
<td>8.5%</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>1,957</td>
<td>+2%</td>
<td>8.4%</td>
</tr>
<tr>
<td><strong>Operational earnings</strong></td>
<td>164</td>
<td>-1%</td>
<td>8.2%</td>
</tr>
<tr>
<td><strong>Operational margin</strong></td>
<td>92</td>
<td>+15%</td>
<td>9.3%</td>
</tr>
</tbody>
</table>

Figures before intra-segmental consolidation

- **Sales** increased by 2% from 1,957 to 1,992.
- **Sales** increased by 5% from 1,084 to 1,141.
- **Sales** increased by 4% from 727 to 699.
- **Sales** increased by 4% from 217 to 225.

- **Operational earnings** decreased by 1% from 164 to 163.
- **Operational earnings** increased by 15% from 92 to 106.
- **Operational earnings** decreased by 25% from 53 to 40.
- **Operational earnings** decreased by 5% from 21 to 20.

- **Operational margin** decreased by 0.2pp from 8.4% to 8.2%.
- **Operational margin** increased by 0.8pp from 8.5% to 9.3%.
- **Operational margin** decreased by 1.9pp from 7.3% to 5.7%.
- **Operational margin** decreased by 0.8pp from 9.7% to 8.9%.
## 9M 2016

**Cash flow statement**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>35</td>
<td>43</td>
<td>38</td>
<td>42</td>
<td>36</td>
<td>+ 1</td>
</tr>
<tr>
<td><strong>Amortization / depreciation</strong></td>
<td>28</td>
<td>32</td>
<td>33</td>
<td>31</td>
<td>29</td>
<td>+ 1</td>
</tr>
<tr>
<td><strong>Change in pension accruals</strong></td>
<td>- 2</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>- 1</td>
<td>+ 1</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td>61</td>
<td>75</td>
<td>71</td>
<td>73</td>
<td>64</td>
<td>+ 3</td>
</tr>
<tr>
<td><strong>Changes in working capital and other items</strong></td>
<td>40</td>
<td>23</td>
<td>- 178</td>
<td>14</td>
<td>17</td>
<td>- 23</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>101</td>
<td>98</td>
<td>- 107</td>
<td>87</td>
<td>81</td>
<td>- 20</td>
</tr>
<tr>
<td><strong>Cash outflow for additions to tangible and intangible assets</strong></td>
<td>- 46</td>
<td>- 72</td>
<td>- 32</td>
<td>- 36</td>
<td>- 34</td>
<td>+ 12</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>55</td>
<td>26</td>
<td>- 139</td>
<td>51</td>
<td>47</td>
<td>- 8</td>
</tr>
</tbody>
</table>
9M 2016 - Mechatronics and Aftermarket continue growth path
Earnings level stable

Sales Automotive
in EUR m

<table>
<thead>
<tr>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.957</td>
<td>1.992</td>
</tr>
<tr>
<td>1.084</td>
<td>1.141</td>
</tr>
<tr>
<td>727</td>
<td>699</td>
</tr>
<tr>
<td>217</td>
<td>225</td>
</tr>
</tbody>
</table>

Operational earnings Automotive
in EUR m

<table>
<thead>
<tr>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>164</td>
<td>163</td>
</tr>
<tr>
<td>92</td>
<td>106</td>
</tr>
<tr>
<td>53</td>
<td>40</td>
</tr>
<tr>
<td>21</td>
<td>20</td>
</tr>
</tbody>
</table>

Reasons for earnings development

Mechatronics
- Strong sales drive earnings

Hardparts
- As in the previous quarters impact of declining sales in Brazil and in the large-bore piston business burden earnings

Aftermarket
- Positive sales momentum
- Earnings still burdened by start-up costs of the new factory in CZ
9M 2016 - Mechatronics with further increasing sales share

Automotive with expanding sales in growth regions

Sales by customer in EUR m

- Mechatronics: 1,957 (55%) vs. 1,992 (57%)
- Hardparts: 1,957 (37%) vs. 1,992 (35%)
- Aftermarket: 1,957 (11%) vs. 1,992 (11%)
- Consolidation/Others: 1,957 (-4%) vs. 1,992 (-4%)

Sales by region in EUR m

- RoW: 83 (19%) vs. 67 (-19%)
- Asia (w/o China JVs): 227 (+5%) vs. 239 (+6%)
- NAFTA: 312 (+4%) vs. 323 (+3%)
- Europe (w/o Germany): 931 (+2%) vs. 953 (+3%)
- Germany: 403 (+2%) vs. 410 (+1%)

Market growth w/o China
- Global: 1%
- Asia: ±0%

*9M 2016 vs. 9M 2015; source: IHS Automotive (October 2016)
9M 2016 - Automotive LV sales development

9M LV-sales above global LV production

**Global LV production** in million units

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>16.5</td>
<td>18.3</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>13.2</td>
<td>13.5</td>
</tr>
<tr>
<td>NAFTA</td>
<td>16.8</td>
<td>16.8</td>
</tr>
<tr>
<td>Europe</td>
<td>15.7</td>
<td>16.1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>65.5</td>
<td>67.6</td>
</tr>
</tbody>
</table>

Global: +3.4%

Without China: +0.9%

China: +10.9%

**Sales Automotive LV/Non-LV** in EUR m

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non LV business</td>
<td>1,957</td>
<td>1,992</td>
</tr>
<tr>
<td>LV business</td>
<td>1,320</td>
<td>1,390</td>
</tr>
</tbody>
</table>

Source: IHS Automotive, September 2016
9M 2016 - Markets in focus: China

China operations with strong growth

- **China LV production** in million units
  - 16.5 (9M 2015)
  - 18.3 (9M 2016)
  - +11%

- **Sales** in CNY million
  - 9M 2015: 4,559
  - 9M 2016: 5,073
  - +11%
  - 9M 2015: 4,114
  - 9M 2016: 4,530
  - +11%
  - 9M 2015: 445
  - 9M 2016: 544

- **EBIT** in CNY million
  - 9M 2015: 262
  - 9M 2016: 326
  - +34%
  - 9M 2015: 11
  - 9M 2016: 39

- **Sales** in EUR m
  - 9M 2015: 5,073
  - 9M 2016: 5,445
  - +7%
  - 9M 2015: 587
  - 9M 2016: 620
  - +6%

- **EBIT** in EUR m
  - 9M 2015: 37
  - 9M 2016: 45
  - +28%
  - 9M 2015: 2
  - 9M 2016: 5

- **Sales growth in local currency in line with growth of LV production**
- **Strong and profitable growth in JVs**
- **Strong earnings growth in 100% subsidiaries**

*Including 100% figures of 50/50 joint ventures, consolidated at equity
WFOE = Wholly Foreign-Owned Enterprise
New divisional structure of Defence
Transfer of Combat Platforms

<table>
<thead>
<tr>
<th>Vehicle Systems</th>
<th>Electronic Solutions</th>
<th>Weapon and Ammunition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Logistic Veh.</td>
<td>Air Defence &amp; Naval Systems</td>
<td>Weapon &amp; Munition</td>
</tr>
<tr>
<td>Tactical Veh.</td>
<td>Mission Equipment</td>
<td>Propulsion Systems</td>
</tr>
<tr>
<td></td>
<td>Simulation and Training</td>
<td>Protection Systems</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Combat Platforms</td>
</tr>
</tbody>
</table>

**Combat Platforms**: 
Sales: 317 mEUR (2014); 597 mEUR (2015)

* after consolidation
Rheinmetall Defence

The new Vehicle Systems Division – a competitive international supplier

- Leading European supplier of military vehicle systems with expected sales of EUR 1.4 billion (in 2016) and a strong order backlog of EUR 4.0 billion (end of 2015)

- Sole provider of the complete product portfolio of military vehicles (tracked, wheeled, tactical, logistical) and turrets in the Western world

- New vehicles are ready for market launch: amphibious wheeled vehicle, infantry fighting vehicle

- Strong market position setting a solid basis in the further consolidation process of the industry
Growth driver “New markets”
Expanding local footprint by individual industrial partnerships

**POLAND**

- Cooperation with the Polish defence industry for a major Leopard modernization program
- Foundation of Rheinmetall Defence Polska (Warsaw, Gliwice)

**TURKEY**

- Rheinmetall Turk as a local entity is a partner of joint ventures with Turkish defence companies for vehicle systems (✓) and ammunition

**AUSTRALIA: LAND 400 PROGRAM**

- Tender submitted in 2015, offering Boxer with Lance turret
- Down-selection in 8/2016, final decision not before 2018
- Total volume: approx. EUR 2.5 billion
- Strong international competition
Growth driver “New products”
New technologies and products ready for market launch

**MBT MODERNIZATION/NEW CALIBER**
- Digital turret core system
- New high-pressure 120mm cannon, performance increase: +20%
- New cannon with a larger caliber, performance increase: 50%

**NEW CONCEPT MGCS**
- MGCS concept for new main battle tank started
- Currently in concept phase until 2017 in cooperation with the industry
- Participation of several nations expected, currently common project of Germany and France

**HIGH ENERGY LASER**
- Laser technology developed, ready for operations in 3-5 years
- Domestic R&D orders of EUR ~40 million received
- Qualification phase ongoing: Successfully tested by German Navy

*Main Ground Combat System*
Growth driver “New products”

Proposition of a 130mm tank gun for future MBT

- Quantum leap in performance compared with the tank main armament currently in use: extended ranges and superior firepower against better protected targets
- Weight: 3 tons, barrel length: 6.6 m; for comparison: 120mm smooth-bore cannon weighs 1.2 tons with 5.3 m length
- Additional business potential by the development of corresponding types of ammunition
Growth driver “New products”
Launch of the new infantry fighting vehicle (IFV) Lynx

Two versions: 38t and 44t for 9 and 11 soldiers

560-700 kW engine; performance >30% compared to Marder

Rubber tracks: Reduction of noise, vibration and ground pressure

Enhanced ballistic and mine

- Globally high demand for medium tracked vehicles
- In Rheinmetall’s product portfolio, Lynx is pricewise positioned between modernized versions of the traditional Marder tank and the high-end Puma
- Modular platform concept especially designed for export markets

Lance turret 30/35mm
Secondary armament in caliber 7.62mm
Remote controlled weapon station
Anti-tank guided missile MELLS
Research & development, capex, depreciation & amortization

- **R&D** in EUR m; in % of sales
  - 2014: 65 (2.9%), 50 (57), 15 (15) thereof capitalized
  - 2015: 72 (2.8%), 57 (57)

- **Capex** in EUR m; in % of sales
  - 2014: 76 (3.4%)
  - 2015: 96 (3.7%)

- **D&A** in EUR m; in % of sales
  - 2014: 85 (3.8%)
  - 2015: 85 (3.3%)
9M 2016 - Highlights
Strong top line growth, rising earnings, improved cash flow

Order intake
Continued strong order intake with + 31%; book-to-bill ratio of 1.2

Order backlog
Order backlog at a high level of EUR 6.9 billion

Sales
Sales increased by 18% to EUR 1,912 million; FX-adjusted 20%

Earnings
EBIT turned positive to EUR 32 million

Cash Flow
Free cash flow from operations improved by EUR 88 million to EUR -216 million
9M 2016
Key figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,774</td>
<td>2,325</td>
<td>+ 551 (+ 31%)</td>
</tr>
<tr>
<td>Order backlog (September 30)</td>
<td>6,547</td>
<td>6,891</td>
<td>+ 344 (+ 5%)</td>
</tr>
<tr>
<td>Sales</td>
<td>1,625</td>
<td>1,912</td>
<td>+ 287 (+ 18%)</td>
</tr>
<tr>
<td>EBITDA</td>
<td>52</td>
<td>98</td>
<td>46 (+ 88%)</td>
</tr>
<tr>
<td>EBIT</td>
<td>- 11</td>
<td>32</td>
<td>43 (+ 402%)</td>
</tr>
<tr>
<td>EBIT margin in %</td>
<td>- 0.7</td>
<td>1.7</td>
<td>+ 2.4pp</td>
</tr>
<tr>
<td>Free cash flow from operations</td>
<td>- 304</td>
<td>- 216</td>
<td>+ 88</td>
</tr>
<tr>
<td>Employees (September 30)</td>
<td>9,540</td>
<td>9,951</td>
<td>+ 411 (+ 4%)</td>
</tr>
</tbody>
</table>
9M 2016 - Top-line rise due to ramp-up of large-scale projects

Turn-around in earnings

Sales Defence in EUR m

<table>
<thead>
<tr>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,625</td>
<td>1,912</td>
</tr>
<tr>
<td>477</td>
<td>720</td>
</tr>
<tr>
<td>488</td>
<td>501</td>
</tr>
<tr>
<td>787</td>
<td>909</td>
</tr>
</tbody>
</table>

Operational earnings Defence in EUR m

<table>
<thead>
<tr>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>-127</td>
<td>-218</td>
</tr>
<tr>
<td>10</td>
<td>-16</td>
</tr>
<tr>
<td>-2</td>
<td>-3</td>
</tr>
</tbody>
</table>

Reasons for earnings development

- **Weapon and Ammunition**
  - Significantly higher sales

- **Electronic Solutions**
  - Less favorable product-mix effects
  - Continuing earnings drag from Norway

- **Vehicle Systems**
  - Beneficial product mix development
  - Better capacity utilization

- **Consolidation**
  - Expansion of the international network
9M 2016 - Growing share of Asian customers
Regional split of order intake and order backlog

Order intake by region in EUR m

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>America and rest of world</td>
<td>1,774</td>
<td>2,325</td>
</tr>
<tr>
<td>Asia/Middle East/Australia</td>
<td>37%</td>
<td>48%</td>
</tr>
<tr>
<td>Europe (w/o Germany)</td>
<td>22%</td>
<td>29%</td>
</tr>
<tr>
<td>Germany</td>
<td>22%</td>
<td>18%</td>
</tr>
</tbody>
</table>

Order backlog by region in EUR m

<table>
<thead>
<tr>
<th>Region</th>
<th>9M 2015</th>
<th>9M 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>America and rest of world</td>
<td>6,547</td>
<td>6,891</td>
</tr>
<tr>
<td>Asia/Middle East/Australia</td>
<td>56%</td>
<td>44%</td>
</tr>
<tr>
<td>Europe (w/o Germany)</td>
<td>15%</td>
<td>19%</td>
</tr>
<tr>
<td>Germany</td>
<td>23%</td>
<td>19%</td>
</tr>
</tbody>
</table>
9M 2016

Key figures Defence by division (9M 2015/2016)

- **Weapon a. Munition**
  - Sales: 1,625 to 1,912 (+18%)
  - Operational earnings: 477 to 720 (+51%)
  - Operational margin: -3 to 6.3% (+6.9pp)

- **Electronic Solutions**
  - Sales: 488 to 501 (+3%)
  - Operational earnings: 10 to -1 (-110%)
  - Operational margin: 2.0% to -0.2% (-2.2pp)

- **Vehicle Systems**
  - Sales: 787 to 909 (+16%)
  - Operational earnings: 16 to -1 (-94%)
  - Operational margin: -2.0% to -0.1% (+1.9pp)

Figures before intra-segmental consolidation
**9M 2016**

**Cash flow statement**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>3</td>
<td>67</td>
<td>-20</td>
<td>3</td>
<td>13</td>
<td>+10</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>21</td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>+1</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td>26</td>
<td>92</td>
<td>3</td>
<td>27</td>
<td>36</td>
<td>+10</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-25</td>
<td>212</td>
<td>-90</td>
<td>-123</td>
<td>-8</td>
<td>+17</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>1</td>
<td>304</td>
<td>-87</td>
<td>-96</td>
<td>28</td>
<td>+27</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-26</td>
<td>-38</td>
<td>-17</td>
<td>-21</td>
<td>-23</td>
<td>+3</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>-25</td>
<td>266</td>
<td>-104</td>
<td>-117</td>
<td>5</td>
<td>+30</td>
</tr>
</tbody>
</table>
9M 2016 - Order backlog and sales split per year
High order book coverage of mid-term future sales

Order backlog (as of September 30) ...
in EUR m

+5%  

<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>6,547</td>
<td>6,891</td>
</tr>
</tbody>
</table>

... turning into sales
in EUR m

Q4 2016e  

<table>
<thead>
<tr>
<th>2016e</th>
<th>2017e</th>
<th>2018e ff.</th>
</tr>
</thead>
<tbody>
<tr>
<td>~950</td>
<td>~2,100</td>
<td>~3,800</td>
</tr>
</tbody>
</table>
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