Highlights Rheinmetall Group Q1 2017
Successful start into 2017 for both segments

- **Sales** increased by 14% to **€1.349 bn**
- **EBIT** moved up by 61% to **€50 m**
- **Margin** gained 1.1pp to **3.7%**
- **Strong balance sheet** with equity ratio at **29.3%**
- **EPS** grew by 75% from **€0.32** to **€0.56**
- Announcements of **strategically important partnerships** in Defence
- **Outlook confirmed**
Sales and results improved year over year

- **Sales**
  - in EUR million
  - Q1 2016: 1,180
  - Q1 2017: 1,349
  - Increase: +14%

- **EBITDA**
  - in EUR million
  - Q1 2016: 86
  - Q1 2017: 107
  - Increase: +24%

- **Operational earnings**
  - in EUR million
  - Q1 2016: 31
  - Q1 2017: 50
  - Increase: +61%

- **Operational margin**
  - in %
  - Q1 2016: 2.6%
  - Q1 2017: 3.7%
Cash flow and earnings per share confirm positive trend

- **Operating Free Cash Flow**
  - Q1 2016: -263 EUR million
  - Q1 2017: -199 EUR million

- **Earnings per share**
  - Q1 2016: 0.32 EUR million
  - Q1 2017: 0.56 EUR million

- **Headcount**
  - Q1 2016: 20,759 capacities
  - Q1 2017: 21,229 capacities
Addressing the basic needs and megatrends in Defence and Automotive

RHEINMETALL AG
Sales: EUR 5.6 billion
Employees: 20,800

RHEINMETALL DEFENCE
Sales: EUR 2.9 billion
Employees: 10,081

RHEINMETALL AUTOMOTIVE
Sales: EUR 2.7 billion
Employees: 10,820

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 environmental-friendly powertrain technologies.

Basic need

Megatrend

Demand on markets

© Rheinmetall AG / Corporate Presentation Q1 2017
Divisional structure of Rheinmetall Automotive

Key figures:
- Sales: € 2.7 bn
- EBIT: €223 m
- Headcount 10,820

Sales by Division:
- Aftermarket: 11%
- Hardparts: 33%
- Mechatronics: 56%

Sales by Region:
- Rest of the World: 4%
- Asia: 13%
- NAFTA: 17%
- Germany: 20%
- Europe (excl. Germany): 47%

Sales by Customer:
- Daimler: 5%
- Fiat: 5%
- GM: 6%
- Renault / Nissan: 11%
- VW: 11%
- Ford: 13%
- DAF: 3%
- Volvo: 3%
- PSA: 3%
- BMW: 2%
- others: 38%

EBIT by Division:
- Aftermarket: 12%
- Hardparts: 26%
- Mechatronics: 64%
- other: -2%

Hardparts:
- Pistons
- Large-bore Pistons
- Bearings
- Castings

Mechatronics:
- Pump Technology
- Automotive Emission Systems
- Solenoid Valves
- Commercial Diesel Systems

Aftermarket:
- Actuators

Key figures:
- Sales: € 2.7 bn
- EBIT: €223 m
- Headcount 10,820

All figures refer to FY 2016
Highlights Rheinmetall Automotive Q1 2017
Favorable market development and base effect lead to strong sales growth

- **Sales rose** by 13% to €737 m
- **Strong Q1 sales** in line with front end loaded FY expectation for global LV production
- **EBIT grew** by ~20% to €62 m
- **Margin increased** by 0.4pp to 8.4%
- **China activities with further improved** sales and profitability
### Quarterly sales and margins development

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>654</td>
<td>737</td>
<td>12.7%</td>
</tr>
<tr>
<td>Operating earnings</td>
<td>52</td>
<td>62</td>
<td>19.2%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>8.0</td>
<td>8.4</td>
<td>0.4 pp</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>-139</td>
<td>-118</td>
<td>15.1%</td>
</tr>
<tr>
<td>Operating FCF / Sales in %</td>
<td>-21.3</td>
<td>-16.0</td>
<td>5.3pp</td>
</tr>
</tbody>
</table>

### Comments on quarterly performance

- Sales increase of €82 m driven by all divisions, Mechatronics contributing the major share.
- Good leverage rose operating result by ~20% to EUR 62 m.
- Operating free cash flow increased on higher results and lower investment by €21 m to -€118 m.
Very strong quarter for all three divisions

**Sales Automotive**

<table>
<thead>
<tr>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>654</td>
<td>737</td>
</tr>
<tr>
<td>370</td>
<td>425</td>
</tr>
<tr>
<td>231</td>
<td>249</td>
</tr>
<tr>
<td>74</td>
<td>83</td>
</tr>
</tbody>
</table>

+13%  
+15%  
+8%  
+12%

Restatement of 2016 reported figures in Mechatronics and Aftermarkets related to change in plant assignment

**Operational earnings Automotive**

<table>
<thead>
<tr>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>52</td>
<td>62</td>
</tr>
<tr>
<td>34</td>
<td>43</td>
</tr>
<tr>
<td>13</td>
<td>17</td>
</tr>
<tr>
<td>5</td>
<td>7</td>
</tr>
</tbody>
</table>

+19%  
+26%  
+31%  
+40%

**Reasons for earnings development**

**Mechatronics**
- Sales increased mostly in products for emission reductions

**Hardparts**
- Solid start to the year, especially in Europe; recovery in Large-bore Pistons and stable sales in Brazil on low levels

**Aftermarket**
- Positive sales environment in Europe and Asia

**Consolidation and others**
- Effect related mostly to buildup of a provision for environmental risks
Markets for light vehicle and non-light vehicle products outpaced

**Global LV production**
- In million units

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>5.5</td>
<td>5.9</td>
</tr>
<tr>
<td>NAFTA</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>Asia without China</td>
<td>5.8</td>
<td>6.0</td>
</tr>
<tr>
<td>Rest of the World</td>
<td>0.9</td>
<td>1.0</td>
</tr>
<tr>
<td>China</td>
<td>6.4</td>
<td>6.6</td>
</tr>
</tbody>
</table>

- Without China: +5%
- China: +3%

Source: IHS Automotive, March 2017

**Sales Automotive LV/Non-LV**
- In EUR million

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-LV business</td>
<td>654</td>
<td>737</td>
</tr>
<tr>
<td>LV business</td>
<td>444</td>
<td>505</td>
</tr>
</tbody>
</table>

- Non-LV business: +10%
- LV business: +14%

Source: IHS Automotive, March 2017
Growth especially in regions outside Europe

Regional sales development Automotive
in EUR million

<table>
<thead>
<tr>
<th>Region</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>RoW</td>
<td>654</td>
<td>737</td>
</tr>
<tr>
<td>Asia</td>
<td>18</td>
<td>88</td>
</tr>
<tr>
<td>Asia</td>
<td>80</td>
<td>121</td>
</tr>
<tr>
<td>North America</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>133</td>
<td>149</td>
</tr>
<tr>
<td>Europe (excl. Germany)</td>
<td>321</td>
<td>352</td>
</tr>
</tbody>
</table>

Regional sales growth Q1 2017 in %

- RoW: 69%
- Asia: 68%
- North America: 59%
- Germany: 66%
- Europe (excl. Germany): 68%
Mechatronics products gaining momentum in China

- Hardparts JVs with modest growth
- Strong growth of WFOEs, especially in Mechatronics
- Limited FX-effect on sales
- Margin further improved, especially in Mechatronics

**China LV production**
- In million units
  - Q1 2016: 6.4
  - Q1 2017: 6.6

**Sales in million**
- +8%
  - 2016: 1,710 (1,537 in JVs, 174 in WFOEs)
  - 2017: 1,847 (1,601 in JVs, 246 in WFOEs)

**EBIT in million / in %**
- +24%
  - 2016: 116 (12 in JVs, 6.8% in WFOEs)
  - 2017: 144 (24 in JVs, 9.8% in WFOEs)

**China LV production**
- In million units
  - Q1 2016: 6.4
  - Q1 2017: 6.6

**Sales in million**
- +6%
  - 2016: 238 (214 in JVs, 24 in WFOEs)
  - 2017: 252 (218 in JVs, 34 in WFOEs)

**EBIT in million / in %**
- +26%
  - 2016: 16 (2 in JVs, 6.9%) 14 (2 in JVs, 9.8%)
  - 2017: 19 (3 in WFOEs, 24%)

Including 100% figures of 50/50 JV, consolidated at equity
WFOE = Wholly Foreign-Owned Enterprise
Automotive with broad and global customer portfolio

Sales by customers 2016
in %

- Ford: 13%
- VW: 11%
- Renault / Nissan: 11%
- GM: 11%
- others: 38%
- PSA: 6%
- DAF: 5%
- Volvo: 5%
- Fiat: 6%
- Daimler: 4%

Sales by region 2016
in EUR million

- Europe (excl. Germany): €2,656m*
- NAFTA: 17%
- Asia: 13%
- Rest of the World: 3%
- Germany: 20%
- Europe (incl. Germany): 47%

*Global sales excluding joint ventures
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

Traditional drive technologies:
- Optimization of combustion engines

Global light vehicle production:
- Rising number of vehicles

Digitalization:
- Autonomous driving
- Integrated data
Stable development even with quick introduction of electric engines

**Combustion engine market share development in % of total LV production**

- Total LV production: 91.4m
- Electric vehicles: 0.1m (1%)
- Light vehicles: combustion & hybrid: 91.3m (99%)

**Combustion engines: in million units**

<table>
<thead>
<tr>
<th>Year</th>
<th>Scenario I 2025</th>
<th>Scenario II 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>90.9m</td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td>107.0m (CAGR: 1.8%)</td>
<td>93.8m (CAGR: 0.3%)</td>
</tr>
</tbody>
</table>

Source: IHS Automotive (September 2016), own estimates
Global LV production forecasted to grow

- **CAGR Light Vehicle-Production 2016-2020 in % / in million units**

  - **NAFTA**: +1.2%
  - **Europa**: +1.3%
  - **Germany**: -0.6%
  - **Asia***: +4.5%
  - **China**: +2.7%
  - **Japan**: -0.5%

  - **Global**: +2.2%

Source: IHS Automotive Feb 2017

* without China und Japan
** without Deutschland

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Three mainstreams for future mobility

Efficiency  Electrification  New Technologies
Global CO₂-Emissions regulation gets tougher

- CO₂ Emission in g/km

*Note that Japan has already exceeded its 2020 statutory target, as of 2013

Source: ICCT
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

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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
- Pistons
- EGR valves
- Engine blocks
- Mechanical coolant pump
- Oil pumps
- Structural components
- Engine bearings
- Battery housings (2018)
- E-engine casing (2018)
- Electric coolant pumps
- Electric vacuum pumps
- Electric coolant valve
- Thermal management module (under development)
- Range extender (under development)
- Electric oil pump

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Full electric vehicles – complexity creates potential

- Thermal management module (under development)
- Electric Compressor (under development)
- Solenoid valve
- E-Engine housing (>2018)
- Battery casing (>2018)
- Electric coolant pump
- Kühler
- Battery casing
- Powertrain
- Thermo management – Heating, ventilation, interior temperature control
Automotive strategy survey

**Hardparts**

1. **Focused** investment strategy
2. **Optimization** of global footprint
3. **Selective** growth
4. **Focus** on cash generation

**Mechatronics**

1. **International** growth
2. Strengthen **thermal management** competence
3. **Load pipeline** for emission reduction, fuel economy and electrification
4. Build up **system competence** for hybridization and EV

**Aftermarket**

1. **Growth in dedicated** markets
2. **Enlarge** product portfolio and own production
3. **Expand** Aftermarket sales share in Automotive
4. **Adopt** changing customer order behavior
Automotive network in China - Mechatronics

Multi-channel approach of Mechatronics in China:

- **New: Pierburg Yinlun Emission Technology** (51%)
- **Pierburg China Ltd.** (100%, founded 2009)
- **Pierburg Huayu Pump Technology** (50%, founded 2014)
- **Pierburg Mikuni Pump Technology** (51%, founded 2010)

Joint venture for the production of modules for cooled exhaust-gas recirculation

- Headquarter: Shanghai region
- Customers: Chinese market
- Founded: December 2016

Partner: **Zhejiang Yinlun Machinery Co.**
- Leading manufacturer of automobile radiators in China, renowned trademark
- Production of heat exchangers and components for emission reduction
- Sales 2016: CNY3.2 bn* (~EUR400 m)

* Source: Bloomberg
LV Diesel exposure manageable, powertrain independence is the strategic target

- **Combined global engine production forecast**
  - LV Diesel units
  - LV Non Diesel units
  - LV Diesel share in %

- **Further regulatory pressure expected**
  - Next regulation deadline approaching in 2020
  - Real driving emission (RDE) testing will create further pressure to reduce emissions by hardware installation
  - First city ban for diesel engines announced in Germany

- **Automotive sales distribution by engine type**
  - Core Diesel
  - Fuel independent products
  - Gasoline
  - Others
  - Large-Bore Pistons
  - Truck

Positive short term effect, driven by OEM’s effort to reduce emissions to avoid penalties

---

*IHS: Combined Engine Production Forecast April 2017*  
**Rheinmetall Automotive sales FY 2016**
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
Divisional structure of Rheinmetall Defence

Key figures:
Sales: € 2.9 bn
EBIT: €147 m
Headcount 10,002

Sales by Division
- Vehicle Systems 43%
- Weapon and Ammunition 34%
- Electronic Solutions 23%

Sales by Region
- Germany 26%
- Europe 36%
- North America 16%
- ROW 34%

Order backlog by Division
- Vehicle Systems 51%
- Weapon and Ammunition 23%
- Electronic Solutions 16%

Sales by Region
- North America 16%
- ROW 34%
- Europe 36%
- Germany 26%

EBIT by Division
- Vehicle Systems 20%
- Electronic Solutions 17%
- Weapon and Munition Propulsion Systems 34%
- Weapon and Ammunition 23%
- Protection Systems 73%

Weapon and Ammunition
- Weapon and Munition
- Protection Systems
- Propulsion Systems

Electronic Solutions
- Air Defence & Radar Systems
- Mission Equipment
- Simulation and Training
- Technical Publications

Vehicle Systems
- Logistic Vehicles
- Tactical Vehicles

* after consolidation

All figures refer to FY 2016

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Highlights Rheinmetall Defence Q1 2017
Solid quarter marked by strategic milestones

- Sales increased by 16% to €612 m
- EBIT rose by €7 m to -€10 m
- EBIT margin gained 1.6pp to -1.6%
- Despite low order intake in Q1, full year book-to-bill ratio expected to be at least around 1.0
- Announcements of three strategically important partnerships
### Defence: Top line growth converted into result improvements

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q1 2017</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Order intake</strong></td>
<td>948</td>
<td>391</td>
<td>-58.7%</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>526</td>
<td>612</td>
<td>16.4%</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>-17</td>
<td>-10</td>
<td>41.2%</td>
</tr>
<tr>
<td><strong>Operating margin in %</strong></td>
<td>-3.2</td>
<td>-1.6</td>
<td>1.6 pp</td>
</tr>
<tr>
<td><strong>Operating Free Cash Flow</strong></td>
<td>-104</td>
<td>-72</td>
<td>30.8%</td>
</tr>
<tr>
<td><strong>Operating FCF / Sales in %</strong></td>
<td>-19.8</td>
<td>-11.8</td>
<td>8.0 pp</td>
</tr>
</tbody>
</table>

#### Quarterly sales and margins development

- **Q1 2016**
  - Order intake: 948 EUR million
  - Sales: 526 EUR million
  - Operating result: -17 EUR million
  - Operating margin: -3.2%
  - Operating Free Cash Flow: -104 EUR million
  - Operating FCF / Sales: -19.8%

- **Q1 2017**
  - Order intake: 391 EUR million
  - Sales: 612 EUR million
  - Operating result: -10 EUR million
  - Operating margin: -1.6%
  - Operating Free Cash Flow: -72 EUR million
  - Operating FCF / Sales: -11.8%

#### Comments on quarterly performance

- Order entry in Q1 ’16 inflated by two major orders (~€520 m)
- Main sales driver: Vehicle Systems
- Results improved by €7 m to -€10 m
- Operating free cash flow rose by €32 m to -€72 m
Earnings improvement in two divisions, Electronic Solutions stable

**Sales Defence**
- Q1 2016: 526 EUR million
  - Weapon and Ammunition: 178 EUR million
  - Electronic Solutions: 150 EUR million
  - Vehicle Systems: 261 EUR million
  - Consolidation and others: -63 EUR million
- Q1 2017: 612 EUR million
  - Weapon and Ammunition: 191 EUR million
  - Electronic Solutions: 138 EUR million
  - Vehicle Systems: 350 EUR million
  - Consolidation and others: -67 EUR million

**Operational earnings Defence**
- Q1 2016: 526 EUR million
  - Weapon and Ammunition: -5 EUR million
  - Electronic Solutions: -4 EUR million
  - Vehicle Systems: -6 EUR million
  - Consolidation and others: -17 EUR million
- Q1 2017: 612 EUR million
  - Weapon and Ammunition: +5 EUR million
  - Electronic Solutions: +7 EUR million
  - Vehicle Systems: +/-0 EUR million
  - Consolidation and others: -10 EUR million

**Reasons for earnings development**
- **Weapon and Ammunition**
  - Favorable product mix
- **Electronic Solutions**
  - Impact from lower sales in Air Defence and Radar Systems
- **Vehicle Systems**
  - Ramp-up of Australian trucks reflected in sales growth and results
- **Consolidation and others**
  - Losses at RIE* and Rheinmetall International

* Rheinmetall International Engineering GmbH
High backlog declines on soft order intake in Q1

Order intake by division
in EUR million

- Order backlog profile
in EUR billion

<table>
<thead>
<tr>
<th>Division</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon and Ammunition</td>
<td>243</td>
<td>215</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>515</td>
<td>116</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>948</td>
<td>391</td>
</tr>
<tr>
<td>Consolidation</td>
<td>243</td>
<td>83</td>
</tr>
</tbody>
</table>

-59%

Two major orders in Q1 2016:
- ES: Air Defence Skyguard: €390 m
- VS: Leopard 2 upgrade (Poland): €126 m

Order backlog profile:
31.03.2016: 6.9 billion
31.03.2017: 6.4 billion
2017e: 2.0 billion
2018e: 1.9 billion
2019e ff: 2.5 billion

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Benefitting from growing and changing markets

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

Impact:

- Long-lasting market growth
- Increasing need for state-of-art products
- Innovations and system solutions
- Expansion to civil applications
- Diversify end markets
Defence is at the beginning of long lasting market growth


- North America: +2.7%
- Europe: +1.2%
- MENA: +3.0%
- Asia/Pacific: +4.0%
- Global: +1.3%

Global military expenditures in bn USD
2016: 1,563 | 2020: 1,649

Source: IHS Janes March 2017
Further increase of German defence budget expected

- Enhanced future profile of German Bundeswehr
  - “Anchor army” for smaller neighbors
  - Leading role in the “enhanced Forward Presence” in Lithuania
  - Framework nation in the “Very High Readiness Joint Task Force” as of 2019
  - Increasing number of international mandates, e.g. Mali

- **German defence budget 2016-2021 in EUR billion***
  - 2016: 34
  - 2017: 37
  - 2018: 39
  - 2019: 40
  - 2020: 41
  - 2021: 42

- **NATO equipment in % of defence expenditure** **
  - North America
  - NATO Target
  - NATO Europe
  - Germany
  - 2009: 23%
  - 2010: 21%
  - 2011: 20%
  - 2012: 19%
  - 2013: 18%
  - 2014: 17%
  - 2015: 16%
  - 2016: 15%

** NATO 03/2017: Equipment expenditure as a share of defence expenditure based on 2010 prices and currencies

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High domestic order potential

- Expansion and service of simulation center
- Modernization program Fox
- Additional Leopard 2
- Partnering agreement ammunition restocking
- New military trucks
- Additional Gladius soldier systems
- Equipment upgrade and increased order volume for Puma
- Mobile tactical communications network (MoTaKo)

Potential (gross value):

<table>
<thead>
<tr>
<th></th>
<th>short-term</th>
<th>medium to long-term</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>~ €2 bn</td>
<td>&gt; €10 bn</td>
</tr>
</tbody>
</table>
Down selection in major international vehicle systems offers potential

- **Australia**
  - Land 400 program: Boxer with Lance turret
  - Land 121 -5b: Logistic Vehicles follow-up contract

- **United Kingdom**
  - Challenger 2 Life extension and upgrade
  - MIV-Boxer 1,700 vehicles

- **Middle East customer**
  - Logistic Vehicles: Demand for further orders

- **Asia Pacific region**
  - Ammunition
  - Air Defence

- **Algeria**
  - Fox kits follow-up contract

- **Romania**
  - 8x8 amphibious vehicles
Securing growth by acquisition of further large-scale orders

- **Canada**: Modernization Leopard
- **UK**: Challenger life extension, MIV Boxer
- **Netherlands**: Boxer
- **Germany**: Military trucks
- **Algeria**: Fox
- **Lithuania**: Boxer
- **Poland**: Modernization program
- **Romania**: Wheeled vehicles
- **Singapore**: Military trucks
- **Indonesia**: Upgrade Leopard/Marder
- **Australia**: Land 121, Land 400
Recent developments in establishing hubs and JVs

- **Canada**: USA: New Joint Venture
- **USA**: New Joint Venture
- **Mexico**: New company
- **Poland**: New company
- **UK**: Germany: JV with Rohde & Schwarz
- **UK**: Scandinavia
- **Russia / Kazakhstan**: Romania: New Joint Venture
- **North Africa**: Turkey: New Joint Venture
- **Israel**: GCC
- **Saudi Arabia**: South Africa
- **India**: Australia
- **Brazil**: Global partnership with Raytheon
Weapon and Ammunition will be 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
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**
- Tender for Land 400 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

**ROMANIA**
- Memorandum of understanding to build a joint venture for the development and production of 8x8 armored personal carriers with amphibious properties
- Potential to supply to further East European customers
Three major partnering agreements mark next step for potential growth

<table>
<thead>
<tr>
<th><strong>Objective</strong></th>
<th><strong>Status</strong></th>
<th><strong>Next steps</strong></th>
</tr>
</thead>
</table>
| Bid for the planned rifle procurement of the Bundeswehr  
Plan: Technology partnership with 60% value creation in Germany  | Cooperation agreement January 2017  | Submit final bid for Special Forces tender until May 2017  
Prepare bid for general army tender |

<table>
<thead>
<tr>
<th><strong>Objectives</strong></th>
<th><strong>Status</strong></th>
<th><strong>Next steps</strong></th>
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<tr>
<td>Raytheon</td>
<td>Memorandum of Understanding February 2017</td>
<td>Finalize assessment phase</td>
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</table>
| Potential areas of cooperation:  
- Air defence (Patriot-replacement)  
- Weapon & Munition  
- Combat vehicles  
- Training  
- Cyber security |

<table>
<thead>
<tr>
<th><strong>Objectives</strong></th>
<th><strong>Status</strong></th>
<th><strong>Next steps</strong></th>
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</thead>
<tbody>
<tr>
<td>Rohde &amp; Schwarz</td>
<td>Memorandum of Understanding March 2017</td>
<td>Invite additional partners</td>
</tr>
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</table>
| Future digital communication and battle management system of the German ground forces:  
- MoTaKo  
- MoTIV  |  |  |
Defence strategy survey

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

**Weapon and Ammunition**
1. Maintaining the globally leading market position by organic growth and new strategic partnerships
2. Expanding leadership in technology by shifting innovations to serial production
3. Securing independence of exports and profitability by internationalizing manufacturing and R&D capacities

**Electronic Solutions**
1. 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
2. Expanding the customer structure in the Simulation and Training business by marketing of civil applications
3. Strategic move in Mission Equipment from a component manufacturer to a system integrator
Outlook 2017
Sales and earnings targets confirmed

**Macro view**

- **Global** LV production expected to grow by ~2%*
- **Chinese** LV production only with moderate growth of 2.5%

**Rheinmetall**

- Automotive expected to **outperform markets**
- Ongoing efforts to **streamline the global footprint** of Hardparts to optimize assets and cost structure

**Outlook 2017**

- **Automotive**
  - Sales growth of 3-4% and margin ≥8
- **Defence**
  - Sales growth of 5-6% and margin 5-5.5%
  - Group expected to grow 4-5% at a margin around 6.3% incl. efforts for New Technologies

---

*Source: IHS March 2017*
## Financial reminder for 2017

<table>
<thead>
<tr>
<th></th>
<th>Automotive</th>
<th>Defence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capex</td>
<td>~5.5 - 6.5%</td>
<td>~3 - 4%</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>~4.5 - 5.5%</td>
<td>~3 - 3.5%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>~4 - 6%</td>
<td>~2 - 3%</td>
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<td>Holding cost (underlying)</td>
<td>~EUR20 million - EUR25 million</td>
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<tr>
<td>Expected corporate tax rate</td>
<td>~30%</td>
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<tr>
<td>Financing</td>
<td>EUR500 million bond (5.25% coupon) will mature in September</td>
<td>EIB loan EUR250 million (0.962% coupon) as of August 2017</td>
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<tr>
<td>Rating</td>
<td>Ba1 (stable) Moody’s</td>
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</table>
Group 2012 – 2016: **Key figures**

<table>
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<td><strong>Balance sheet</strong></td>
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<tr>
<td>Total assets</td>
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<td>4,866</td>
<td>5,271</td>
<td>5,730</td>
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<td>Shareholder’s equity</td>
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<td>1,339</td>
<td>1,197</td>
<td>1,562</td>
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<td>Equity ratio (in %)</td>
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<td>22.7</td>
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<td><strong>Income statement</strong></td>
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<td>Sales</td>
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<td>211</td>
<td>160</td>
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<td>353</td>
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<tr>
<td>Operating margin (in %)</td>
<td>5.7</td>
<td>4.8</td>
<td>3.4</td>
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<td>6.3</td>
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<tr>
<td>EBITDA</td>
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<td>EBIT margin (in %)</td>
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<td>2.7</td>
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<td>6.3</td>
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<td>Earnings per share (in EUR)</td>
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<td>Free cash flow from operations</td>
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<td><strong>Headcount</strong></td>
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<td>Employees (Dec 31) according to capacity</td>
<td>21,767</td>
<td>20,264</td>
<td>20,166</td>
<td>20,676</td>
<td>20,993</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)
# Segments 2012 – 2016 Key figures

## AUTOMOTIVE

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Order intake</td>
<td>2,378</td>
<td>2,270</td>
<td>2,466</td>
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<td>Order backlog (Dec. 31)</td>
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<td>392</td>
<td>416</td>
<td>445</td>
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<td>Sales</td>
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<td>Operating result</td>
<td>139</td>
<td>158</td>
<td>184</td>
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<tr>
<td>Operating margin (in %)</td>
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<td>7.0</td>
<td>7.5</td>
<td>8.3</td>
<td>8.4</td>
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<td>EBITDA</td>
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<td>225</td>
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<td>332</td>
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<tr>
<td>EBIT</td>
<td>139</td>
<td>124</td>
<td>184</td>
<td>216</td>
<td>223</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>5.9</td>
<td>5.5</td>
<td>7.5</td>
<td>8.3</td>
<td>8.4</td>
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<tr>
<td>Capex</td>
<td>148</td>
<td>142</td>
<td>158</td>
<td>167</td>
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<td>Employees (Dec 31) according to capacity</td>
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<td>10,927</td>
<td>10,830</td>
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## DEFENCE

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<tr>
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<td>2,591</td>
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<td>90</td>
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<tr>
<td>Operating margin (in %)</td>
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<td>-0.4</td>
<td>3.5</td>
<td>5.0</td>
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<tr>
<td>EBITDA</td>
<td>262</td>
<td>96</td>
<td>17</td>
<td>175</td>
<td>239</td>
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<tr>
<td>EBIT</td>
<td>173</td>
<td>4</td>
<td>-67</td>
<td>90</td>
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<td>EBIT margin (in %)</td>
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<td>5.0</td>
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<td>Employees (Dec 31) according to capacity</td>
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<td>9,193</td>
<td>9,184</td>
<td>9,581</td>
<td>10,002</td>
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</table>

## Key figures

- **Weapon & Ammunition***
  - Sales
  - EBIT
  - EBIT margin

- **Electronic Solutions**
  - Sales
  - EBIT
  - EBIT margin

- **Vehicle Systems**
  - Sales
  - EBIT
  - EBIT margin

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)

* Combat Platforms until 2014
**Wheeled Vehicles until 2014
## Cash Flow Statement Group

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Δ Q1 2016/2017</th>
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</thead>
<tbody>
<tr>
<td>Group Net Income</td>
<td>12</td>
<td>41</td>
<td>46</td>
<td>116</td>
<td>28</td>
<td>16</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>55</td>
<td>54</td>
<td>52</td>
<td>67</td>
<td>57</td>
<td>2</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>-16</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-34</td>
<td>-18</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>51</td>
<td>97</td>
<td>98</td>
<td>183</td>
<td>51</td>
<td>-</td>
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<tr>
<td>Changes in working capital and other items</td>
<td>-262</td>
<td>-112</td>
<td>-1</td>
<td>389</td>
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<td>Net cash used in operating activities</td>
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<td>-15</td>
<td>98</td>
<td>572</td>
<td>-156</td>
<td>55</td>
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<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-52</td>
<td>-60</td>
<td>-62</td>
<td>-109</td>
<td>-43</td>
<td>9</td>
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<tr>
<td>Free Cash Flow from Operations</td>
<td>-263</td>
<td>-75</td>
<td>36</td>
<td>463</td>
<td>-199</td>
<td>64</td>
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</table>
Quarterly development Group

**Sales**

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<tr>
<th>Quarter</th>
<th>2016 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
<th>2017 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,180</td>
<td>1,419</td>
<td>1,305</td>
<td>1,034</td>
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<tr>
<td>EUR million</td>
<td>654</td>
<td>695</td>
<td>643</td>
<td>664</td>
<td>737</td>
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**Operational earnings**

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<th>2016 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
<th>2017 Q1</th>
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<tbody>
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<td>EUR million</td>
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<td>72</td>
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<td>-7</td>
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<td>51</td>
<td>60</td>
<td>62</td>
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<tr>
<td>Consolidation/Others</td>
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</table>
Quarterly development Automotive

Sales by division
in EUR million

Operational earnings by division
in EUR million

© Rheinmetall AG / Corporate Presentation Q1 2017
Key figures Automotive by division (Q1 2016/2017)

Sales

<table>
<thead>
<tr>
<th>Division</th>
<th>Q1 2016</th>
<th>Q1 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechatronics</td>
<td>654</td>
<td>737</td>
</tr>
<tr>
<td>Hardparts</td>
<td>52</td>
<td>62</td>
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<tr>
<td>Aftermarket</td>
<td>75</td>
<td>83</td>
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Operational earnings

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<thead>
<tr>
<th>Division</th>
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<th>Q1 2017</th>
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</thead>
<tbody>
<tr>
<td>Mechatronics</td>
<td>370</td>
<td>425</td>
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<tr>
<td>Hardparts</td>
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<td>180</td>
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<tr>
<td>Aftermarket</td>
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<td>67</td>
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Operational margin

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<th>Q1 2017</th>
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<td>Mechatronics</td>
<td>8.0%</td>
<td>8.4%</td>
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<tr>
<td>Hardparts</td>
<td>9.2%</td>
<td>10.1%</td>
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<tr>
<td>Aftermarket</td>
<td>6.8%</td>
<td>8.4%</td>
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# Quarterly cash flow statement Automotive

<table>
<thead>
<tr>
<th></th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Δ Q1 2016/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>38</td>
<td>42</td>
<td>36</td>
<td>49</td>
<td>46</td>
<td>+8</td>
</tr>
<tr>
<td><strong>Amortization / depreciation</strong></td>
<td>33</td>
<td>31</td>
<td>29</td>
<td>40</td>
<td>32</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Change in pension accruals</strong></td>
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<td>-</td>
<td>-1</td>
<td>-1</td>
<td>-</td>
<td>+/-0</td>
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<td><strong>Cash Flow</strong></td>
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<td>73</td>
<td>64</td>
<td>88</td>
<td>78</td>
<td>+7</td>
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<td>Changes in working capital and other items</td>
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<td>14</td>
<td>17</td>
<td>130</td>
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<td>+6</td>
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<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>-107</td>
<td>87</td>
<td>81</td>
<td>218</td>
<td>-94</td>
<td>+13</td>
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<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-32</td>
<td>-36</td>
<td>-35</td>
<td>-71</td>
<td>-24</td>
<td>+8</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>-139</td>
<td>51</td>
<td>46</td>
<td>147</td>
<td>-118</td>
<td>+21</td>
</tr>
</tbody>
</table>
Quarterly development Defence

Sales by division in EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Weapon &amp; Ammunition</th>
<th>Electronic Solutions</th>
<th>Vehicle Systems</th>
<th>Consolidation/Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>528</td>
<td>178</td>
<td>263</td>
<td>-63</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>724</td>
<td>315</td>
<td>287</td>
<td>-57</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>662</td>
<td>179</td>
<td>361</td>
<td>-98</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>244</td>
<td>172</td>
<td>483</td>
<td>-84</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>1,034</td>
<td>138</td>
<td>350</td>
<td>-67</td>
</tr>
</tbody>
</table>

Operational earnings by division in EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Weapon &amp; Ammunition</th>
<th>Electronic Solutions</th>
<th>Vehicle Systems</th>
<th>Consolidation/Others</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>-4</td>
<td>-5</td>
<td>-1</td>
<td>-17</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>25</td>
<td>-1</td>
<td>-6</td>
<td>-2</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>-3</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>115</td>
<td>63</td>
<td>25</td>
<td>0</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>-7</td>
<td>-4</td>
<td>0</td>
<td>-10</td>
</tr>
</tbody>
</table>
Key figures Defence by division (Q1 2016/2017)

**Weapon a. Munition**
- Sales: 526 (+16%)
  - Operational earnings: -17
  - Operational margin: -2.8% (+2.8pp)

**Electronic Solutions**
- Sales: 178 (+7%)
  - Operational earnings: 0
  - Operational margin: -4 (-0.2pp)

**Vehicle Systems**
- Sales: 261 (+34%)
  - Operational earnings: -6
  - Operational margin: -2.7% (+2.6pp)

Figures before intra-segmental consolidation
# Quarterly cash flow statement Defence

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q1 2016</th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Δ Q1 2016/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income</strong></td>
<td>-20</td>
<td>3</td>
<td>13</td>
<td>78</td>
<td>-16</td>
<td>+4</td>
</tr>
<tr>
<td><strong>Amortization / depreciation</strong></td>
<td>22</td>
<td>22</td>
<td>22</td>
<td>26</td>
<td>24</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Change in pension accruals</strong></td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>-3</td>
<td>-3</td>
<td>-4</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>3</td>
<td>27</td>
<td>36</td>
<td>105</td>
<td>5</td>
<td>+2</td>
</tr>
<tr>
<td><strong>Changes in working capital and other items</strong></td>
<td>-90</td>
<td>-123</td>
<td>-8</td>
<td>248</td>
<td>-61</td>
<td>+29</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>-87</td>
<td>-96</td>
<td>28</td>
<td>353</td>
<td>-56</td>
<td>+31</td>
</tr>
<tr>
<td><strong>Cash outflow for additions to tangible and intangible assets</strong></td>
<td>-17</td>
<td>-21</td>
<td>-23</td>
<td>-34</td>
<td>-16</td>
<td>+1</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>-104</td>
<td>-117</td>
<td>5</td>
<td>319</td>
<td>-72</td>
<td>+32</td>
</tr>
</tbody>
</table>
## Income statement Group

<table>
<thead>
<tr>
<th></th>
<th>Q1 '16</th>
<th>Q1 '17</th>
<th>Δ</th>
<th>Q1 '16</th>
<th>Q1 '17</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total operating performance</strong></td>
<td>1,256</td>
<td>1,416</td>
<td>160</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other operating income</strong></td>
<td>26</td>
<td>27</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost of materials</strong></td>
<td>688</td>
<td>762</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Personnel expenses</strong></td>
<td>364</td>
<td>398</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Amortization, depreciation and impairment</strong></td>
<td>55</td>
<td>57</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other operating expenses</strong></td>
<td>148</td>
<td>174</td>
<td>26</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income from companies carried at equity</strong></td>
<td>8</td>
<td>4</td>
<td>-4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other financial results</strong></td>
<td>- 4</td>
<td>- 6</td>
<td>-2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td>31</td>
<td>50</td>
<td>19</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| **Net operating income (EBIT)**     | 31     | 50     | 19 |        |        |    |
| **Net interest income**             | -      | 3      | 3  |        |        |    |
| **Interest expenses**               | - 14   | - 15   | -1 |        |        |    |
| **Earnings before tax (EBT)**       | 17     | 38     | 21 |        |        |    |
| **Income tax**                      | - 5    | - 10   | -5 |        |        |    |
| **Net income**                      | 12     | 28     | 16 |        |        |    |
| **Minority interest**               | - 1    | 4      | 5  |        |        |    |
| **Rheinmetall shareholders**        | 13     | 24     | 11 |        |        |    |
| **EBITDA**                          | 86     | 107    | 21 |        |        |    |
# Cash flow statement Group

<table>
<thead>
<tr>
<th></th>
<th>Q1 '16</th>
<th>Q1 '17</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Income</strong></td>
<td>12</td>
<td>28</td>
<td>16</td>
</tr>
<tr>
<td>Amortization, depreciation and impairment</td>
<td>55</td>
<td>57</td>
<td>2</td>
</tr>
<tr>
<td>Dotation of CTA</td>
<td>-30</td>
<td>-30</td>
<td>0</td>
</tr>
<tr>
<td>Changes in pension provisions</td>
<td>-1</td>
<td>-4</td>
<td>-3</td>
</tr>
<tr>
<td>Income from disposal of non-current assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Changes in other provisions</td>
<td>40</td>
<td>56</td>
<td>16</td>
</tr>
<tr>
<td>Changes in inventories</td>
<td>-85</td>
<td>-145</td>
<td>-60</td>
</tr>
<tr>
<td>Changes in receivables, liabilities(w/o financial debts)</td>
<td>-180</td>
<td>-121</td>
<td>59</td>
</tr>
<tr>
<td>Pro rata income from investments carried at equity</td>
<td>-8</td>
<td>-3</td>
<td>5</td>
</tr>
<tr>
<td>Dividends received from investments carried at equity</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Other non-cash expenses and income</td>
<td>-15</td>
<td>4</td>
<td>19</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td><strong>-211</strong></td>
<td><strong>-156</strong></td>
<td><strong>55</strong></td>
</tr>
<tr>
<td>Investments in assets</td>
<td>-52</td>
<td>-43</td>
<td>9</td>
</tr>
<tr>
<td>Cash receipts from the disposal of assets</td>
<td>0</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Investments in consolidated companies and other financial assets</td>
<td>-13</td>
<td>0</td>
<td>13</td>
</tr>
<tr>
<td>Payments for the purchase of short-term commercial papers</td>
<td>-67</td>
<td>-202</td>
<td>-135</td>
</tr>
<tr>
<td>Change in divestments of consolidated companies and financial assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Cash receipts from the disposal of short-term financial assets</td>
<td>120</td>
<td>120</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td><strong>-132</strong></td>
<td><strong>-123</strong></td>
<td><strong>9</strong></td>
</tr>
<tr>
<td>Capital payment to/ capital contribution by non-controlling interests</td>
<td>0</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Increase in shares in consolidated subsidiaries</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dividends paid out bei RHM AG</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other profit distribution</td>
<td>-2</td>
<td>-5</td>
<td>-3</td>
</tr>
<tr>
<td>Shares issued to employees</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Borrowing of financial debts</td>
<td>17</td>
<td>14</td>
<td>-3</td>
</tr>
<tr>
<td>Repayment of financial debts</td>
<td>-14</td>
<td>-8</td>
<td>6</td>
</tr>
<tr>
<td>** Cash flow from financing activities**</td>
<td><strong>1</strong></td>
<td><strong>5</strong></td>
<td></td>
</tr>
<tr>
<td>Changes in financial resources</td>
<td>-342</td>
<td>-274</td>
<td>68</td>
</tr>
<tr>
<td>Changes in cash and cash equivalents due to exchange rates</td>
<td>-4</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>Total change in financial resources</td>
<td>-346</td>
<td>-75</td>
<td>271</td>
</tr>
<tr>
<td>Opening cash and cash equivalents Jan 1</td>
<td><strong>691</strong></td>
<td><strong>616</strong></td>
<td><strong>-75</strong></td>
</tr>
<tr>
<td>Closing cash and cash equivalents Dez 1</td>
<td><strong>345</strong></td>
<td><strong>344</strong></td>
<td><strong>-1</strong></td>
</tr>
</tbody>
</table>

In EUR million
## Balance Sheet Group

In EUR million

<table>
<thead>
<tr>
<th></th>
<th>31.12.'16</th>
<th>31.3.'17</th>
<th>Δ</th>
<th>31.12.'16</th>
<th>31.3.'17</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Intangible assets</td>
<td>819</td>
<td>811</td>
<td>-6</td>
<td>112</td>
<td>112</td>
<td>-</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,378</td>
<td>1,371</td>
<td>-7</td>
<td>532</td>
<td>532</td>
<td>-</td>
</tr>
<tr>
<td>Investment property</td>
<td>53</td>
<td>54</td>
<td>-1</td>
<td>1,074</td>
<td>1,104</td>
<td>-30</td>
</tr>
<tr>
<td>Investments carried at equity</td>
<td>240</td>
<td>244</td>
<td>-4</td>
<td>-32</td>
<td>-32</td>
<td>-</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>36</td>
<td>47</td>
<td>11</td>
<td>95</td>
<td>98</td>
<td>3</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>236</td>
<td>229</td>
<td>-7</td>
<td>1,686</td>
<td>1,714</td>
<td>-28</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>3,388</td>
<td>3,428</td>
<td>40</td>
<td>1,629</td>
<td>1,623</td>
<td>-6</td>
</tr>
<tr>
<td>Inventories (net)</td>
<td>1,098</td>
<td>1,245</td>
<td>147</td>
<td>1,186</td>
<td>1,153</td>
<td>-33</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,306</td>
<td>1,337</td>
<td>31</td>
<td>135</td>
<td>141</td>
<td>6</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>43</td>
<td>54</td>
<td>11</td>
<td>220</td>
<td>218</td>
<td>2</td>
</tr>
<tr>
<td>Other receivables and assets</td>
<td>125</td>
<td>159</td>
<td>34</td>
<td>56</td>
<td>86</td>
<td>30</td>
</tr>
<tr>
<td>Income tax receivables</td>
<td>10</td>
<td>17</td>
<td>7</td>
<td>32</td>
<td>25</td>
<td>-7</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>806</td>
<td>616</td>
<td>-190</td>
<td>615</td>
<td>614</td>
<td>-1</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>6,150</td>
<td>6,184</td>
<td>34</td>
<td>6,150</td>
<td>6,184</td>
<td>34</td>
</tr>
</tbody>
</table>

| **Equity**             |           |           |         |           |           |         |
| Share capital          | 112       | 112       | -       | 112       | 112       | -       |
| Additional paid-in capital | 532 | 532 | - | 532 | 532 | - |
| Retained earnings      | 1,074     | 1,104     | -30     | 1,074     | 1,104     | -30     |
| Treasury shares        | -32       | -32       | -       | -32       | -32       | -       |
| Minorities             | 95        | 98        | 3       | 95        | 98        | 3       |
| Rheinmetall AG shareholders’ equity | 1,686 | 1,714 | 28 | 1,686 | 1,714 | 28 |

| **Non-current liabilities** | 31.12.'16 | 31.3.'17 | Δ       | 31.12.'16 | 31.3.'17 | Δ       |
| Provision for Pensions and similar obligations | 1,186 | 1,153 | -33 | 1,186 | 1,153 | -33 |
| Other provisions        | 135       | 141       | 6       | 135       | 141       | 6       |
| Financial debts         | 220       | 218       | 2       | 220       | 218       | 2       |
| Other liabilities       | 56        | 86        | 30      | 56        | 86        | 30      |
| Deferred tax liabilities | 32        | 25        | -7      | 32        | 25        | -7      |

| **Current liabilities** | 31.12.'16 | 31.3.'17 | Δ       | 31.12.'16 | 31.3.'17 | Δ       |
| Other provisions        | 516       | 564       | 48      | 516       | 564       | 48      |
| Financial debts         | 567       | 580       | 13      | 567       | 580       | 13      |
| Trade liabilities       | 766       | 750       | -16     | 766       | 750       | -16     |
| Other liabilities       | 838       | 783       | -55     | 838       | 783       | -55     |
| Income tax liability    | 53        | 70        | 17      | 53        | 70        | 17      |
Moderate headcount increase to accompany growth

**Headcount per segment**
in capacities at year end

<table>
<thead>
<tr>
<th>Year</th>
<th>Europe</th>
<th>Americas</th>
<th>Asia</th>
<th>RoW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>10,830</td>
<td>9,184</td>
<td>152</td>
<td>161</td>
</tr>
<tr>
<td>2015</td>
<td>10,934</td>
<td>9,581</td>
<td>161</td>
<td>152</td>
</tr>
<tr>
<td>2016</td>
<td>10,820</td>
<td>10,002</td>
<td>171</td>
<td>152</td>
</tr>
</tbody>
</table>

**Headcount regional**
in capacities at year end

- Europe: 73%
- Americas: 15%
- Asia: 5%
- RoW: 7%
- Brazil: 4%
- Mexico: 5%

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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 stabilized on further CTA funding
  - Supportive market environment in both segments

Credit rating Ba1 with outlook changed to stable in April 2016
Net-financial debt considerably improved on positive cash development

**Net-financial debt** in EUR million at quarter end

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Net Bal.</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/14</td>
<td>330</td>
<td></td>
</tr>
<tr>
<td>12/15</td>
<td>81</td>
<td></td>
</tr>
<tr>
<td>3/16</td>
<td>362</td>
<td></td>
</tr>
<tr>
<td>6/16</td>
<td>485</td>
<td>+50%</td>
</tr>
<tr>
<td>9/16</td>
<td>445</td>
<td></td>
</tr>
<tr>
<td>12/16</td>
<td>182</td>
<td>-1%</td>
</tr>
<tr>
<td>03/17</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net Gearing** in % at year end

- 28%
- 5%
- 1%

**Debt composition and maturity profile of instruments** in EUR million

- Other & Leasing Promissory notes: 798 (2017), 121 (12/16), 156 (03/17)
- Bond: 504
- Bank loan: 500

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023ff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>500</td>
<td>58</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>35</td>
<td>29</td>
</tr>
</tbody>
</table>
Automotive in China

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

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Year</th>
<th>2014</th>
<th>1997</th>
<th>2001</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castings (ATAG)</td>
<td>Castings (KPSNC)</td>
<td>Pistons (KSSP)</td>
<td>Pumps (PHP)</td>
<td>Engine blocks and structural body parts</td>
<td>Pistons</td>
</tr>
<tr>
<td>Germany/Europe</td>
<td>China</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Year</th>
<th>2008</th>
<th>2009</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aftermarket</td>
<td>Pierburg</td>
<td>Large-bore pistons</td>
<td></td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>Electrical and mechanical pumps</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### JV subsidiary

<table>
<thead>
<tr>
<th>Product Type</th>
<th>Year</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pumps (PMP Ch.)</td>
<td>China</td>
<td></td>
</tr>
</tbody>
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### Sales China in EUR m

- **Sales China in EUR m**
  - JVs (100%): +7%

### EBIT China in EUR m

- **EBIT China in EUR m**
  - +34%
First orders for public security and e-mobility

Public Security
- Survivor vehicles for German police forces
- Drone detection systems for Swiss prisons
- Innovative body armor for German police forces in several states

Electromobility
- Pump technology for electric vehicles
- Aluminum battery boxes for German premium OEM
- Electric engine housing for German premium OEM to serve the Chinese market
Investments in „New Technologies” initiated

- **Cyber Security**
  - Development of two products finished
  - Marketing phase started in 2017

- **3D Techcenter**
  - Metal 3D print services
  - First applications: Compressor wheel for turbo charger; hydraulic blocks for tanks

- **PanoView**
  - Merging modern sensor technology with virtual reality to create a real-time 360° view
  - First marketing in Q1 2017
Electrification and downsizing require more sophisticated products

- Coolant pump
  - Mechanical
  - Electrical
  - Mechanical: >6x
  - Electrical: >6x

- Exhaust gas recirculation
  - Valve
  - Valve, cooler, bypass and bypass actuator
  - Valve: >3x

- Oil pump
  - Mechanical
  - Variable
  - Mechanical: >3x
  - Variable: >3x

- Piston
  - Aluminum
  - Steel
  - Aluminum: >3x
News about consolidation in Europe

- **Governmental shareholding** restricts room for cross-border consolidation
- **Big common armament programs** as catalyst for further consolidation are not at European mid-term horizon

Rheinmetall’s approach:
- **JV partnerships with companies in different nations** instead of “putting all eggs in one basket”
- **Sufficient organic growth potential**, but suitable M&A transactions are possible
Next events and IR contacts

Events 2017

- Annual Stockholders’ Meeting, Berlin, 9 May
- RS Switzerland, Zurich, Lugano, 10-11 May
- Warburg Highlights, Hamburg, 19 May
- RS Paris, Paris, 23 May
- Deutsche Bank dbAccess, Berlin, 21-23 Jun
- H1 Earnings call, 3 Aug
- Q3 Earnings call, 7 Nov
- Capital Markets Day 2017, Bremen, 21-22 Nov

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