Corporate Presentation Q1 2017

Rheinmetall AG, June 2017
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

EBITDA in EUR million

- Q1 2016: 86
- Q1 2017: 107

Operational earnings in EUR million

- Q1 2016: 31
- Q1 2017: 50

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
  - Q1 2017: -199
  - Increase: +24%

- **Earnings per share**
  - Q1 2016: 0.32
  - Q1 2017: 0.56
  - Increase: +75%

- **Headcount**
  - Q1 2016: 20,759
  - Q1 2017: 21,229
  - Increase: +2%
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

Figures: FY 2016
Automotive is a tier 1 supplier with leading technology and market positions

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

**Sales by Division:**
- Aftermarket
- Hardparts
- Mechatronics

**Sales by Region:**
- Asia: 13%
- NAFTA: 17%
- Germany: 20%
- RoW: 47%
- Europe excl. Germany: 3%

**Sales by Customer:**
- Ford: 38%
- VW: 11%
- Renault/Nissan: 13%
- GM: 10%
- PSA: 6%
- DAF: 5%
- Daimler: 4%
- FIAT: 3%
- BMW: 2%
- Volvo: 3%
- other: 5%

**Sales by Customer:**
- Ford: 38%
- VW: 11%
- Renault/Nissan: 13%
- GM: 10%
- PSA: 6%
- DAF: 5%
- Daimler: 4%
- FIAT: 3%
- BMW: 2%
- Volvo: 3%
- other: 5%

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

**Hardparts**
- Pistons
- Large-bore Pistons
- Bearings
- Castings

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

**Aftermarket**
- Actuators

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
Automotive with positive leverage on the back of strong sales

<table>
<thead>
<tr>
<th>in EUR million</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 FCF</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**
- Sales in EUR million: 654 (Q1 2016) to 737 (Q1 2017), +13%
- Operational earnings: 370 (Q1 2016) to 425 (Q1 2017), +15%
- Positive sales environment in Europe and Asia

**Operational earnings Automotive**
- Sales in EUR million: 52 (Q1 2016) to 62 (Q1 2017), +19%
- Operational earnings: 34 (Q1 2016) to 43 (Q1 2017), +26%
- Sales increased mostly in products for emission reductions

**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

Q1 2016

Q1 2017

23.0

24.0

5.5

5.9

4.5

4.5

5.8

6.0

0.9

1.0

6.4

6.6

Without China: +5%
China: +3%

Source: IHS Automotive, March 2017

Sales Automotive LV/Non-LV
in EUR million

Q1 2016

Q1 2017

654

737

444

505

210

Non-LV business
LV business

Europe
NAFTA
Asia without China
Rest of the World
China

Without China: +5%
China: +3%

+14%
+10%
+13%
Growth especially in regions outside Europe

Regional sales development Automotive in EUR million

| Region          | Q1 2016 | Q1 2017 | Growth
|-----------------|---------|---------|--------
| Row             | 654     | 737     | +13%   |
| Asia            | 18      | 80      |        |
| North America   | 102     | 121     |        |
| Germany         | 133     | 149     |        |
| Europe (excl. Germany) | 321     | 352     | 69%    |

Regional sales growth Q1 2017 in %

- RoW: 69%
- Asia: 68%
- North America: 43%
- Germany: 43%
- 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

<table>
<thead>
<tr>
<th>Year</th>
<th>Production in million units</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>6.4</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>6.6</td>
</tr>
</tbody>
</table>

- Increase of 3% in production from Q1 2016 to Q1 2017.

## Sales in million

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in million</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>238</td>
<td>+6%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>252</td>
<td></td>
</tr>
</tbody>
</table>

- Sales increased by 6% from Q1 2016 to Q1 2017.

## EBIT in million / in %

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT in million</th>
<th>Growth %</th>
<th>Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>14</td>
<td>+26%</td>
<td>6.9%</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>19</td>
<td></td>
<td>9.8%</td>
</tr>
</tbody>
</table>

- EBIT increased by 26% from Q1 2016 to Q1 2017.

**Note:** Including 100% figures of 50/50 JV, consolidated at equity (WFOE = Wholly Foreign-Owned Enterprise)
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
ICE expected to enter transition period

**Combustion engine market share development**

in % of total LV production

<table>
<thead>
<tr>
<th>Total LV production in units</th>
<th>2016</th>
<th>2025</th>
<th>+2%*</th>
<th>110m</th>
<th>97%</th>
<th>+1.5%*</th>
<th>83%</th>
<th>+0%*</th>
<th>25%</th>
<th>-1%*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Electric vehicles</strong></td>
<td>91m</td>
<td>110m</td>
<td></td>
<td></td>
<td>97%</td>
<td></td>
<td>83%</td>
<td></td>
<td>75%</td>
<td></td>
</tr>
</tbody>
</table>

**Light vehicles: combustion & hybrid**

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%
- Europe: +1.3%
- Germany: -0.6%
- Asia*: +4.5%
- China: +2.7%
- Japan: -0.5%

Source: IHS Automotive Feb 2017

* without China and Japan
** without Deutschland
Rheinmetall Automotive addresses the challenges of tomorrow

The internal combustion engine is still important

- For cars built with hybrid system technologies
- For commercial and off-road vehicles (for the long-term)

Alternative drive systems for cars are on the rise

- The proportion of hybrids, electric vehicles, and fuel-cell cars are steadily rising.

Rheinmetall Automotive is well prepared and working on innovative solutions for future drive systems

- Range Extender
- Thermal Management
- Fuel-cell Components
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

© Rheinmetall AG / Corporate Presentation Q1 2017
Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...

- Actuators
- Solenoid valves
- Electric throttle bodies
- Pistons
- EGR valves
- Engine blocks
- Mechanical coolant pumps
- Oil pumps

... by products for hybrid and electric engines

- Structural components
- Engine bearings
- Battery boxes (as from 2019)
- E-engine housing (as from 2018)
- Electrical coolant pumps
- Electrical vacuum pumps
- Electrical coolant valve
- Electrical oil pumps
- Heat Pump (Prototype)
- Range Extender (Predevelopment)
- Battery boxes
- E-engine housing
- Electrical coolant pumps
Complexity creates potential

Thermal management circuit – 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 emissions (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
Defence is a leading supplier with increasing international presence

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: 16%
- NAFTA: 6%
- AMEA: 36%
- ROW: 16%

### Order backlog by Division
- Weapon and Ammunition: 51%
- Vehicle Systems: 26%
- Electronic Solutions: 23%

### EBIT by Division
- Weapon and Munition: -10%
- Vehicle Systems: 20%
- Electronic Solutions: 17%
- Other: 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

All figures refer to FY 2016.
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

#### Quarterly sales and margins development

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

#### 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** in EUR million
- Q1 2016: 526
  - Weapon a. Ammunition: 178
  - Electronic Solutions: 150
  - Vehicle Systems: 261
  - Consolidation: -63
- Q1 2017: 612
  - Weapon a. Ammunition: 191
  - Electronic Solutions: 138
  - Vehicle Systems: 350
  - Consolidation: -67

**Operational earnings Defence** in EUR million
- Q1 2016:
  - Weapon a. Ammunition: -4
  - Electronic Solutions: -5
  - Vehicle Systems: -6
  - Consolidation: -10
- Q1 2017:
  - Weapon a. Ammunition: +5
  - Electronic Solutions: +7
  - Vehicle Systems: -7

**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

Consolidation
Vehicle Systems
Electronic Solutions
Weapon and Ammunition

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


<table>
<thead>
<tr>
<th>Region</th>
<th>2016</th>
<th>2020</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>North America</td>
<td>1,563</td>
<td>1,649</td>
<td>+1.3%</td>
</tr>
<tr>
<td>Latin America</td>
<td>1,563</td>
<td>1,649</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Europe</td>
<td>1,563</td>
<td>1,649</td>
<td>+3.0%</td>
</tr>
<tr>
<td>MENA</td>
<td>1,563</td>
<td>1,649</td>
<td>+2.7%</td>
</tr>
</tbody>
</table>

Global military expenditures in bn USD

- 2016: 1,563
- 2020: 1,649

Source: IHS Janes March 2017
Germany is one of 22 NATO states that increases defence budgets

- **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

**Source:** Federal Ministry of Finance, Federal budget 2017 and Financial Plan 2018-2021

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

### NATO equipment in % of defence expenditure**

- **North America**
- **NATO Target**
- **NATO Europe**
- **Germany**

**2% NATO target on estimated German 2016 GDP of €3.1tr**

---

© Rheinmetall AG / Corporate Presentation Q1 2017
High domestic order potential

- Expansion and service of simulation center
- 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): short-term ~ €2 bn medium to long-term > €10 bn
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

- **Czech Republic**
  - Lynx and Puma on display to participate in BMP 2 replacement program (around 200 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

- USA: New Joint Venture
- Canada
- Mexico: New company
- UK
- Poland: New company
- Scandinavia
- Russia / Kazakhstan
- Romania: New Joint Venture
- Turkey: New Joint Venture
- North Africa
- GCC
- Saudi Arabia
- South Africa
- Germany: JV with Rohde & Schwarz
- Global partnership with Raytheon
- India
- Brazil
- Australia
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

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

<table>
<thead>
<tr>
<th>Potential areas of cooperation:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air defence (Patriot-replacement)</td>
</tr>
<tr>
<td>Weapon &amp; Munition</td>
</tr>
<tr>
<td>Combat vehicles</td>
</tr>
<tr>
<td>Training</td>
</tr>
<tr>
<td>Cyber security</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Memorandum of Understanding February 2017</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Future digital communication and battle management system of the German ground forces:</th>
</tr>
</thead>
<tbody>
<tr>
<td>MoTaKo</td>
</tr>
<tr>
<td>MoTIV</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Memorandum of Understanding March 2017</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Invite additional partners</th>
</tr>
</thead>
</table>

© Rheinmetall AG / Corporate Presentation Q1 2017
Defence strategy survey

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

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

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 \(\sim 2\%\)^* 
- Chinese LV production only with moderate growth of 2.5%
- Automotive expected to *outperform markets*
- Ongoing efforts to *streamline the global footprint* of Hardparts to optimize assets and cost structure

**Rheinmetall**
- Further *demand increase* in key markets expected
- Germany and other allies have *increased investment budgets*
- Defence 2017 order intake is expected to grow starting Q3 especially from German orders
- *Single digit* sales growth expected for 2017
- *Stronger sales momentum 2018*

**Outlook 2017**
- Sales growth of 3-4% and margin ≥8
- 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>
</tr>
<tr>
<td>Holding cost (underlying)</td>
<td>~EUR20 million - EUR25 million</td>
<td></td>
</tr>
<tr>
<td>Expected corporate tax rate</td>
<td>~30%</td>
<td></td>
</tr>
<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>
</tr>
<tr>
<td>Rating</td>
<td>Ba1 (stable)</td>
<td>Moody’s</td>
</tr>
</tbody>
</table>
## Group 2012 – 2016: Key figures

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>4,899</td>
<td>4,866</td>
<td>5,271</td>
<td>5,730</td>
<td>6,124</td>
</tr>
<tr>
<td>Shareholder’s equity</td>
<td>1,465</td>
<td>1,339</td>
<td>1,197</td>
<td>1,562</td>
<td>1,781</td>
</tr>
<tr>
<td>Equity ratio (in %)</td>
<td>29.9</td>
<td>27.5</td>
<td>22.7</td>
<td>27.3</td>
<td>29.0</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>919</td>
<td>891</td>
<td>1,121</td>
<td>1,128</td>
<td>1,186</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>98</td>
<td>147</td>
<td>330</td>
<td>81</td>
<td>-19</td>
</tr>
<tr>
<td>Net gearing (in %)</td>
<td>6.7</td>
<td>11.0</td>
<td>27.6</td>
<td>5.2</td>
<td>1.1</td>
</tr>
<tr>
<td><strong>Income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>4,704</td>
<td>4,417</td>
<td>4,688</td>
<td>5,183</td>
<td>5,602</td>
</tr>
<tr>
<td>Operating result</td>
<td>268</td>
<td>211</td>
<td>160</td>
<td>287</td>
<td>353</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>5.7</td>
<td>4.8</td>
<td>3.4</td>
<td>5.5</td>
<td>6.3</td>
</tr>
<tr>
<td>EBITDA</td>
<td>490</td>
<td>315</td>
<td>299</td>
<td>490</td>
<td>581</td>
</tr>
<tr>
<td>EBIT</td>
<td>296</td>
<td>121</td>
<td>102</td>
<td>287</td>
<td>353</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>6.3</td>
<td>2.7</td>
<td>2.2</td>
<td>5.5</td>
<td>6.3</td>
</tr>
<tr>
<td>EBT</td>
<td>216</td>
<td>45</td>
<td>22</td>
<td>221</td>
<td>299</td>
</tr>
<tr>
<td>Net income after minorities</td>
<td>173</td>
<td>29</td>
<td>18</td>
<td>151</td>
<td>200</td>
</tr>
<tr>
<td>Earnings per share (in EUR)</td>
<td>4.55</td>
<td>0.75</td>
<td>0.47</td>
<td>3.88</td>
<td>4.69</td>
</tr>
<tr>
<td>Dividend per share (in EUR); 2016: proposal</td>
<td>1.80</td>
<td>0.40</td>
<td>0.30</td>
<td>1.10</td>
<td>1.45</td>
</tr>
<tr>
<td>ROCE (in %)</td>
<td>11.5</td>
<td>4.7</td>
<td>3.9</td>
<td>10.1</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>Cash flow statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow from operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<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>21,767</td>
<td>20,264</td>
<td>20,166</td>
<td>20,676</td>
<td>20,993</td>
</tr>
</tbody>
</table>

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>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,378</td>
<td>2,270</td>
<td>2,466</td>
<td>2,621</td>
<td>2,670</td>
</tr>
<tr>
<td>Order backlog (Dec. 31)</td>
<td>418</td>
<td>392</td>
<td>416</td>
<td>445</td>
<td>459</td>
</tr>
<tr>
<td>Sales</td>
<td>2,369</td>
<td>2,262</td>
<td>2,448</td>
<td>2,592</td>
<td>2,656</td>
</tr>
<tr>
<td>Operating result</td>
<td>139</td>
<td>158</td>
<td>184</td>
<td>216</td>
<td>223</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>5.9</td>
<td>7.0</td>
<td>7.5</td>
<td>8.3</td>
<td>8.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>243</td>
<td>225</td>
<td>295</td>
<td>332</td>
<td>356</td>
</tr>
<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>
</tr>
<tr>
<td>Capex</td>
<td>148</td>
<td>142</td>
<td>158</td>
<td>167</td>
<td>174</td>
</tr>
<tr>
<td>Employees (Dec 31) according to capacity</td>
<td>12,003</td>
<td>10,927</td>
<td>10,830</td>
<td>10,934</td>
<td>10,820</td>
</tr>
<tr>
<td>Mechatronics Sales</td>
<td>1,091</td>
<td>1,171</td>
<td>1,322</td>
<td>1,450</td>
<td>1,527</td>
</tr>
<tr>
<td>EBIT</td>
<td>69</td>
<td>66</td>
<td>96</td>
<td>119</td>
<td>142</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>6.3</td>
<td>5.6</td>
<td>7.3</td>
<td>8.1</td>
<td>9.3</td>
</tr>
<tr>
<td>Hardparts Sales</td>
<td>1,087</td>
<td>889</td>
<td>934</td>
<td>952</td>
<td>921</td>
</tr>
<tr>
<td>EBIT</td>
<td>57</td>
<td>27</td>
<td>72</td>
<td>73</td>
<td>62</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>5.2</td>
<td>3.0</td>
<td>7.7</td>
<td>7.7</td>
<td>6.7</td>
</tr>
<tr>
<td>Aftermarket Sales</td>
<td>265</td>
<td>268</td>
<td>269</td>
<td>285</td>
<td>305</td>
</tr>
<tr>
<td>EBIT</td>
<td>25</td>
<td>27</td>
<td>26</td>
<td>27</td>
<td>27</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>9.4</td>
<td>10.1</td>
<td>9.7</td>
<td>9.5</td>
<td>8.9</td>
</tr>
</tbody>
</table>

#### DEFENCE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>2,933</td>
<td>3,339</td>
<td>2,812</td>
<td>2,693</td>
<td>3,050</td>
</tr>
<tr>
<td>Order backlog (Dec. 31)</td>
<td>4,987</td>
<td>6,050</td>
<td>6,516</td>
<td>6,422</td>
<td>6,656</td>
</tr>
<tr>
<td>Sales</td>
<td>2,335</td>
<td>2,155</td>
<td>2,240</td>
<td>2,591</td>
<td>2,946</td>
</tr>
<tr>
<td>Operating result</td>
<td>146</td>
<td>60</td>
<td>-9</td>
<td>90</td>
<td>147</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>6.3</td>
<td>2.8</td>
<td>-0.4</td>
<td>3.5</td>
<td>5.0</td>
</tr>
<tr>
<td>EBITDA</td>
<td>262</td>
<td>96</td>
<td>17</td>
<td>175</td>
<td>239</td>
</tr>
<tr>
<td>EBIT</td>
<td>173</td>
<td>4</td>
<td>-67</td>
<td>90</td>
<td>147</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>7.4</td>
<td>0.2</td>
<td>-3.0</td>
<td>3.5</td>
<td>5.0</td>
</tr>
<tr>
<td>Capex</td>
<td>90</td>
<td>62</td>
<td>76</td>
<td>96</td>
<td>95</td>
</tr>
<tr>
<td>Employees (Dec 31) according to capacity</td>
<td>9,623</td>
<td>9,193</td>
<td>9,184</td>
<td>9,581</td>
<td>10,002</td>
</tr>
<tr>
<td>Mechatronics Sales</td>
<td>1,136</td>
<td>1,027</td>
<td>977</td>
<td>881</td>
<td>1,112</td>
</tr>
<tr>
<td>EBIT</td>
<td>102</td>
<td>31</td>
<td>-4</td>
<td>74</td>
<td>108</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>9.0</td>
<td>3.0</td>
<td>-0.4</td>
<td>8.4</td>
<td>9.7</td>
</tr>
<tr>
<td>Hardparts Sales</td>
<td>748</td>
<td>710</td>
<td>705</td>
<td>759</td>
<td>745</td>
</tr>
<tr>
<td>EBIT</td>
<td>97</td>
<td>11</td>
<td>-53</td>
<td>26</td>
<td>25</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>13.0</td>
<td>1.5</td>
<td>-7.5</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Aftermarket Sales</td>
<td>567</td>
<td>539</td>
<td>667</td>
<td>1,195</td>
<td>1,392</td>
</tr>
<tr>
<td>EBIT</td>
<td>-25</td>
<td>-35</td>
<td>-9</td>
<td>3</td>
<td>29</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>-4.4</td>
<td>-6.5</td>
<td>-1.4</td>
<td>0.3</td>
<td>2.1</td>
</tr>
</tbody>
</table>

---

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

© Rheinmetall AG / Corporate Presentation Q1 2017
# 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>
</tr>
</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>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-262</td>
<td>-112</td>
<td>-1</td>
<td>389</td>
<td>-207</td>
<td>55</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>-211</td>
<td>-15</td>
<td>98</td>
<td>572</td>
<td>-156</td>
<td>55</td>
</tr>
<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>
</tr>
<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>
</tr>
</tbody>
</table>
Quarterly development Group

Sales in EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>1,180</td>
<td>1,349</td>
</tr>
<tr>
<td>Q2</td>
<td>1,419</td>
<td>695</td>
</tr>
<tr>
<td>Q3</td>
<td>1,305</td>
<td>624</td>
</tr>
<tr>
<td>Q4</td>
<td>1,698</td>
<td>662</td>
</tr>
<tr>
<td>Q1</td>
<td>1,034</td>
<td>612</td>
</tr>
</tbody>
</table>

Operational earnings in EUR million

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>31</td>
<td>50</td>
</tr>
<tr>
<td>Q2</td>
<td>72</td>
<td>62</td>
</tr>
<tr>
<td>Q3</td>
<td>79</td>
<td>115</td>
</tr>
<tr>
<td>Q4</td>
<td>171</td>
<td>-10</td>
</tr>
<tr>
<td>Q1</td>
<td>-4</td>
<td>-2</td>
</tr>
</tbody>
</table>

© Rheinmetall AG / Corporate Presentation Q1 2017
Quarterly development Automotive

Sales by division
in EUR million

Operational earnings by division
in EUR million
Key figures Automotive by division (Q1 2016/2017)

Sales
- Mechatronics: 654 → 370, +13%
- Hardparts: 737 → 425, +15%
- Aftermarket: 75 → 83, +11%

Operational earnings
- Mechatronics: 52 → 34, +19%
- Hardparts: 62 → 43, +26%
- Aftermarket: 5 → 7, +40%

Operational margin
- Mechatronics: 8.0% → 9.2%, +0.4pp
- Hardparts: 8.4% → 10.1%, +0.9pp
- Aftermarket: 6.8% → 8.4%, +1.6pp

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

<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>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>
<td>-</td>
<td>-</td>
<td>-1</td>
<td>-1</td>
<td>-</td>
<td>+/-0</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>71</td>
<td>73</td>
<td>64</td>
<td>88</td>
<td>78</td>
<td>+7</td>
</tr>
<tr>
<td><strong>Changes in working capital and other items</strong></td>
<td>-178</td>
<td>14</td>
<td>17</td>
<td>130</td>
<td>-172</td>
<td>+6</td>
</tr>
<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>
</tr>
<tr>
<td><strong>Cash outflow for additions to tangible and intangible assets</strong></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

<table>
<thead>
<tr>
<th>Sales by division</th>
<th>in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>528</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>724</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>662</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>1,034</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>612</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational earnings by division</th>
<th>in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1 2016</td>
<td>-63</td>
</tr>
<tr>
<td>Q2 2016</td>
<td>19</td>
</tr>
<tr>
<td>Q3 2016</td>
<td>30</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>115</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>0</td>
</tr>
</tbody>
</table>
Key figures Defence by division (Q1 2016/2017)

Sales
- Weapon a. Munition: 178 (+7%) to 191
- Electronic Solutions: 150 (-8%) to 138
- Vehicle Systems: 261 (+34%) to 350

Operational earnings
- Weapon a. Munition: -5 (+5) to 0
- Electronic Solutions: -4 (-0.2pp) to -4
- Vehicle Systems: -6 (+7) to -1

Operational margin
- Weapon a. Munition: -2.8% to 0.0%
- Electronic Solutions: -2.7% to -2.9%
- Vehicle Systems: -2.3% to +0.3%

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

<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>-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>Net operating income (EBIT)</strong></td>
<td></td>
<td></td>
<td></td>
<td>31</td>
<td>50</td>
<td>19</td>
</tr>
<tr>
<td><strong>Net interest income</strong></td>
<td>-</td>
<td>3</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Interest expenses</strong></td>
<td>-14</td>
<td>-15</td>
<td>-1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Earnings before tax (EBT)</strong></td>
<td>17</td>
<td>38</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Income tax</strong></td>
<td>-5</td>
<td>-10</td>
<td>-5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>12</td>
<td>28</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>of which:</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Minority interest</strong></td>
<td>-1</td>
<td>4</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rheinmetall shareholders</strong></td>
<td>13</td>
<td>24</td>
<td>11</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>
<tr>
<td><strong>EBITDA</strong></td>
<td>86</td>
<td>107</td>
<td>21</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Cash flow statement Group

## In EUR million

<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>9</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>
</tbody>
</table>

| Capital payment to/ capital contribution by non-controlling interests | 0 | 4 | 4 |
| Increase in shares in consolidated subsidiaries | 0 | 0 | 0 |
| Dividends paid out bei RHM AG | 0 | 0 | 0 |
| Other profit distribution | -2 | -5 | -3 |
| Shares issued to employees | 0 | 0 | 0 |
| Borrowing of financial debts | 17 | 14 | -3 |
| Repayment of financial debts | -14 | -8 | 6 |
| **Cash flow from financing activities** | | | 4 |
| Changes in financial resources | -342 | -274 | 68 |
| Changes in cash and cash equivalents due to exchange rates | -4 | 2 | 6 |
| Total change in financial resources | -346 | -75 | 271 |
| Opening cash and cash equivalents Jan 1 | 691 | 616 | -75 |
| Closing cash and cash equivalents Dez 1 | 345 | 344 | -1 |

© Rheinmetall AG / Corporate Presentation Q1 2017
## Balance Sheet Group

### Balance Sheet

<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>- 8</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></td>
<td></td>
<td></td>
<td></td>
<td>6,150</td>
<td>6,184</td>
<td>34</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></td>
<td></td>
<td></td>
</tr>
<tr>
<td></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><strong>Equity</strong></td>
<td>1,781</td>
<td>1,814</td>
<td>33</td>
<td>1,781</td>
<td>1,814</td>
<td>33</td>
</tr>
<tr>
<td>Share capital</td>
<td></td>
<td></td>
<td></td>
<td>112</td>
<td>112</td>
<td>-</td>
</tr>
<tr>
<td>Additional paid-in capital</td>
<td>532</td>
<td>532</td>
<td>-</td>
<td>532</td>
<td>532</td>
<td>-</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>1,074</td>
<td>1,104</td>
<td>30</td>
<td>1,074</td>
<td>1,104</td>
<td>30</td>
</tr>
<tr>
<td>Treasury shares</td>
<td>- 32</td>
<td>- 32</td>
<td>-</td>
<td>- 32</td>
<td>- 32</td>
<td>-</td>
</tr>
<tr>
<td>Minorities</td>
<td>95</td>
<td>98</td>
<td>3</td>
<td>95</td>
<td>98</td>
<td>3</td>
</tr>
<tr>
<td>Rheinmetall AG shareholders’ equity</td>
<td>1,686</td>
<td>1,714</td>
<td>28</td>
<td>1,686</td>
<td>1,714</td>
<td>28</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>6,150</td>
<td>6,184</td>
<td>34</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>
<tr>
<td><strong>Total liabilities</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>
Moderate headcount increase to accompany growth

**Headcount per segment**
  - Automotive: 10,830 in 2014, 10,934 in 2015, 10,820 in 2016

**Headcount regional**
- Europe: 48%
- Americas: 15%
- Asia: 7%
- Brazil: 5%
- Mexico: 4%
- RoW: 7%

Group Defence Automotive

© Rheinmetall AG / Corporate Presentation Q1 2017
Equity and pension liabilities
Financial solidity materially improved

- 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
- Net Gearing in % at year end

28% 5% -1%

Debt composition and maturity profile of instruments in EUR million

- Other & Leasing Promissory notes
- Bank loan
- Bond

<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>Amount</td>
<td>362</td>
<td>121</td>
<td>156</td>
<td>504</td>
<td>500</td>
<td>17</td>
<td>121</td>
</tr>
</tbody>
</table>

© Rheinmetall AG / Corporate Presentation Q1 2017
Automotive in China

<table>
<thead>
<tr>
<th>50/50 joint ventures with HASCO (SAIC group)</th>
<th>Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)</th>
<th>JV subsidiary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castings (ATAG)</td>
<td>Pistons (KSSP)</td>
<td>Castings (KPSNC)</td>
</tr>
<tr>
<td>Engine blocks and structural body parts</td>
<td>Pistons</td>
<td>Engine blocks, cylinder heads and structural body parts</td>
</tr>
<tr>
<td>Germany/Europe</td>
<td>China</td>
<td>China</td>
</tr>
</tbody>
</table>

Sales China in EUR m

- **2011**: 298
- **2012**: 388
- **2013**: 499
- **2014**: 628
- **2015**: 785
- **2016**: 825
- **2018e**: 109

EBIT China in EUR m

- **2011**: 22
- **2012**: 0
- **2013**: 31
- **2014**: 39
- **2015**: 52
- **2016**: 49
- **2018e**: 62

© Rheinmetall AG / Corporate Presentation Q1 2017

[Image of a chart showing sales and EBIT for Automotive in China]
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: >3x

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

Oil pump
- Mechanical
- Variable
- Mechanical: >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**

- **H1 Earnings call**
  - Commerzbank: Frankfurt, 3 Aug
  - UBS: New York, 29-31 Aug
  - Goldman/Berenberg: Munich, 13-14 Sept

- **Q3 Earnings call**
  - Capital Markets Day 2017: Bremen, 18-20 Sept
  - 7 Nov

**IR Contacts**

- **Franz-Bernd Reich**
  - Head of IR
  - Tel: +49-211 473-4718
  - Email: franz-bernd.reich@rheinmetall.com

- **Dirk Winkels**
  - Senior Investor Relations Manager
  - Tel: +49-211 473-4749
  - Email: dirk.winkels@rheinmetall.com

- **Rosalinde Schulte**
  - Investor Relations Assistant
  - Tel: +49-211 473-4718
  - Email: rosalinde.schulte@rheinmetall.com
Disclaimer

This presentation contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to Rheinmetall’s financial condition, results of operations and businesses and certain of Rheinmetall’s plans and objectives. These forward-looking statements reflect the current views of Rheinmetall’s management with respect to future events.

In particular, such forward-looking statements include the financial guidance contained in the outlook for 2017.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “will”, “anticipates”, “aims”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” or “targets”. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. In particular, such factors may have a material adverse effect on the costs and revenue development of Rheinmetall. Further, the economic downturn in Rheinmetall’s markets, and changes in interest and currency exchange rates, may also have an impact on Rheinmetall’s business development and the availability of financing on favorable conditions. The factors that could affect Rheinmetall’s future financial results are discussed more fully in Rheinmetall’s most recent annual and quarterly reports which can be found on its website at www.rheinmetall.com.

All written or oral forward-looking statements attributable to Rheinmetall or any group company of Rheinmetall or any persons acting on their behalf contained in or made in connection with this presentation are expressly qualified in their entirety by factors of the kind referred to above. No assurances can be given that the forward-looking statements in this presentation will be realized. Except as otherwise stated herein and as may be required to comply with applicable law and regulations, Rheinmetall does not intend to update these forward-looking statements and does not undertake any obligation to do so.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in Rheinmetall AG or any of its direct or indirect subsidiaries.

170621 DB, Berlin
MOBILITY. SECURITY. PASSION.