Corporate Presentation: Rheinmetall at a glance
Rheinmetall Group: Serving the need for mobility and security

Key Performance Indicators
- Sales: €5,602m
- EBIT: €353m
- Operating FCF: €161m
- EPS: €4.69
- Headcount: 20,993 (FTE)

Strategy roadmap
- Organic growth
- Internationality expansion
- Leading by innovations
- Targeted acquisitions

FTE: Full time employees
Rheinmetall Group: Products and divisions

**Automotive**

- **Focus:** Engine efficiency, NO\textsubscript{x} - and CO\textsubscript{2} - reduction
  - **Mechatronics:** Provider of cleaning technologies like exhaust gas recirculation
  - **Hardparts:** Casting products like pistons, engine blocks and structural parts
  - **Aftermarket:** Supporting repair shops with a comprehensive assortment of spare parts

**Defence**

- **Established long term supplier of ground force equipment**
  - **Vehicle Systems:** Successful formation of a military vehicle producer with wide product range
  - **Weapon & Ammunition:** International market leader position
  - **Electronic Solutions:** Strong product basis for electronic and IT based equipment
Rheinmetall Group: Business Model

Market drivers
- Increased number of conflicts and threats
- Higher defence spending

Business model
- Tier 1 supplier of OEMs
- Expansion in global markets based on high-tech products
- Focus on combustion engines with chances for hybrid and e-engines
- Strong pillar through non-LV business
- Leading provider of innovative products primarily to ground forces
- High order potential in home markets
- Internationalization by cooperation

Rising individual mobility
- Regulatory push for cleaner cars

Increasing number of conflicts and threats
- Higher defence spending

Focus on combustion engines with chances for hybrid and e-engines
- Strong pillar through non-LV business

Leading provider of innovative products primarily to ground forces
- High order potential in home markets
- Internationalization by cooperation
Rheinmetall Group: More than 100 production sites and offices on all continents
Highlights Rheinmetall Group Q2 2017

Guidance raised upon another good quarter and positive outlook

- **Sales** increased by 3% to €1,459 bn or 2% currency adjusted
- **Operating result** moved up on margin improvement by 17% to €84 m
- **Positive cash flow development** continues
- **Outlook raised** on excellent Automotive performance
- **Release of first CSR report**
Earnings benefit from good leverage

- **Sales** in EUR million:
  - Q2 2016: 1,419
  - Q2 2017: 1,459
  - H1 2016: 2,599
  - H1 2017: 2,808

- **EBITDA** in EUR million:
  - Q2 2016: 126
  - Q2 2017: 137
  - H1 2016: 212
  - H1 2017: 244

- **Operational result** in EUR million:
  - Q2 2016: 72
  - Q2 2017: 84
  - H1 2016: 5.1
  - H1 2017: 5.8

- **Operational margin** in %:
  - Q2 2016: 9%
  - Q2 2017: 15%
  - H1 2016: 17%
  - H1 2017: 30%
Q2 with continued cash flow improvement

- **Operating Free Cash Flow**
  - Q2 2016: -75 EUR million
  - Q2 2017: +125% to 19 EUR million

- **Earnings per share**
  - Q2 2016: -338 EUR million
  - Q2 2017: +7% to 1.01 EUR million

- **Headcount**
  - H1 2016: 20,954
  - H1 2017: 21,371

© Rheinmetall AG / Corporate Presentation August 2017
Working capital reduction main driver for free cash flow

- Earnings after tax increased by €10 m
- Working capital reduction of €94 m mainly on Defence prepayments
- Others includes change of provisions and other non-cash expenses
- Lower capex of €10 m in both sectors
Highlights Rheinmetall Automotive Q2 2017

Solid outperformance of a flat market

- Sales rose by 5% to €728 m, FX adjusted 4%
- Operating result grew by 12% to €67 m
- Operating margin increased by 0.6pp to 9.2%
- Free cash flow improved in Q2 by €18 m to €69 m
### Rheinmetall Automotive

**Highly profitable sales growth with good cash generation**

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>Δ %</th>
<th>H1 2016</th>
<th>H1 2017</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>695</td>
<td>728</td>
<td>4.7%</td>
<td>1,349</td>
<td>1,465</td>
<td>8.6%</td>
</tr>
<tr>
<td><strong>Operating result</strong></td>
<td>60</td>
<td>67</td>
<td>11.7%</td>
<td>112</td>
<td>129</td>
<td>15.2%</td>
</tr>
<tr>
<td><strong>Operating margin in %</strong></td>
<td>8.6</td>
<td>9.2</td>
<td>0.6pp</td>
<td>8.3</td>
<td>8.8</td>
<td>0.5pp</td>
</tr>
<tr>
<td><strong>Operating Free Cash Flow</strong></td>
<td>51</td>
<td>69</td>
<td>35.3%</td>
<td>- 88</td>
<td>- 49</td>
<td>44.3%</td>
</tr>
<tr>
<td><strong>Operating FCF / Sales in %</strong></td>
<td>7.3</td>
<td>9.5</td>
<td>2.2pp</td>
<td>- 6.5</td>
<td>- 3.3</td>
<td>3.2pp</td>
</tr>
</tbody>
</table>

**Quarterly sales and margins development**

<table>
<thead>
<tr>
<th></th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales</strong></td>
<td>695</td>
<td>643</td>
<td>664</td>
<td>737</td>
<td>728</td>
</tr>
<tr>
<td><strong>Margins</strong></td>
<td>8.6</td>
<td>7.9</td>
<td>9.0</td>
<td>8.4</td>
<td>9.2</td>
</tr>
</tbody>
</table>

**Comments on quarterly performance**

- Sales benefitted from positive developments across the divisions
- Increased share of high margin products in all divisions
- OFCF improved by 35%
**Mechatronics driven by positive mix development**

### Sales Automotive in EUR million

<table>
<thead>
<tr>
<th>Q2 2016</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>695</td>
<td>728</td>
</tr>
<tr>
<td>387</td>
<td>407</td>
</tr>
<tr>
<td>243</td>
<td>251</td>
</tr>
<tr>
<td>82</td>
<td>93</td>
</tr>
</tbody>
</table>

**Operating result Automotive in EUR million**

<table>
<thead>
<tr>
<th>Q2 2016</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,349</td>
<td>1,465</td>
</tr>
<tr>
<td>757</td>
<td>832</td>
</tr>
<tr>
<td>472</td>
<td>511</td>
</tr>
</tbody>
</table>

**Reasons for result development**

- **Mechatronics**
  - Increasing demand and favorable product mix
- **Hardparts**
  - Further recovery in trucks and large-bore pistons, but ramp up cost for innovative products in our German casting JV
- **Aftermarket**
  - Revival of Eastern European markets, esp. Russia
- **Consolidation and others**
  - New technologies and personnel cost

Restatement of 2016 reported figures in Mechatronics and Aftermarkets related to change in plant assignment.
Another quarter with clear market outperformance in all regions

Regional sales development Automotive in EUR million

Q2 2016
- RoW: 4
- South America: 7
- Asia: 12
- North America: 23
- Germany: 3
- Europe (excl. Germany): 14

Q2 2017
- RoW: 18
- South America: 9
- Asia: 25
- North America: 125
- Germany: 6
- Europe (excl. Germany): 127

Regional sales growth Q2 2017 in % (IHS July 2017)

- RoW: 63
- Asia (incl. China): 23
- China: 30
- North America: 8
- South America: 37
- Germany (incl. Germany): 12
- Europe (incl. Germany): 0
- Global: -0.3

© Rheinmetall AG / Corporate Presentation August 2017
Successful quarter in a stagnant Chinese market

- China LV production in million units:
  - Q2 2016: 6.1
  - Q2 2017: 6.0
  - Change: -1%

- Sales in million:
  - Q2 2017: 1,816
  - Change: +10%
  - Q2 2016: 1,646

- Operating result in million / in %:
  - Q2 2017: 130
  - Change: +13%
  - Q2 2016: 115

- China LV production in million units:
  - Q2 2016: 224
  - Change: +7%
  - Q2 2017: 239

- Sales in million:
  - Q2 2017: 210
  - Change: +7%
  - Q2 2016: 201

- Operating result in million / in %:
  - Q2 2017: 16
  - Change: +9%
  - Q2 2016: 14

- Solid operating leverage; margin increasing by 0.2pp
- JVs: Hardparts outperforming market; earnings approaching Automotive target level
- WFOEs: High demand for Mechatronics products

| JVs (100% figures of 50/50 JV, consolidated at equity) | WFOEs (Wholly Foreign-Owned Enterprises) |
Highlights Rheinmetall Defence Q2 2017
Further margin improvement and high order intake

- **Order intake** in excess of 1€ bn
- **Flat sales** development as expected
- **Operating result rose** by €5 m to €24 m
- **Operating margin gained** 0.7pp to 3.3%

HX 77 Military truck with Australian camouflage
Rheinmetall Defence

Strong order intake on track to achieve FY guidance

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>Δ %</th>
<th>H1 2016</th>
<th>H1 2017</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>803</td>
<td>1,031</td>
<td>28.4%</td>
<td>1,751</td>
<td>1,422</td>
<td>-18.8%</td>
</tr>
<tr>
<td>Sales</td>
<td>724</td>
<td>731</td>
<td>1.0%</td>
<td>1,250</td>
<td>1,343</td>
<td>7.4%</td>
</tr>
<tr>
<td>Operating result</td>
<td>19</td>
<td>24</td>
<td>26.3%</td>
<td>2</td>
<td>14</td>
<td>600.0%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>2.6</td>
<td>3.3</td>
<td>0.7pp</td>
<td>0.2</td>
<td>1.0</td>
<td>0.8pp</td>
</tr>
<tr>
<td>EBIT</td>
<td>19</td>
<td>21</td>
<td>10.5%</td>
<td>2</td>
<td>11</td>
<td>450.0%</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>-117</td>
<td>-33</td>
<td>71.8%</td>
<td>-221</td>
<td>-105</td>
<td>52.5%</td>
</tr>
<tr>
<td>Operating FCF / Sales in %</td>
<td>-16.2</td>
<td>-4.5</td>
<td>11.7pp</td>
<td>-17.7</td>
<td>-7.8</td>
<td>9.9pp</td>
</tr>
</tbody>
</table>

**Quarterly sales and margins development**

- Good order intake with strong support from German orders
- Flat sales as expected
- Operating result benefits from Vehicle Systems positive leverage
- One-offs of net -€3 m burden Q2 EBIT
- OFCF with material improvement of 72%

© Rheinmetall AG / Corporate Presentation August 2017
Q2 marked by operational strength in Vehicle Systems

Sales Defence in EUR million

- Q2 2016: 724
- Q2 2017: 731

Operating results Defence in EUR million

- Q2 2016: 19
- Q2 2017: 25

Reasons for result development

Weapon and Ammunition
- Weaker sales and temporary shift to lower margin product mix

Electronic Solutions
- Declining sales without further result impact

Vehicle Systems
- Sales and margin support from Australian truck business

Consolidation and others
- PY burdened by operating loss of RIE
Excellent order entry development mainly driven by Electronic Solutions

Order intake by division in EUR million

<table>
<thead>
<tr>
<th>Division</th>
<th>Q2 2016</th>
<th>Q2 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon and Ammunition</td>
<td>181</td>
<td>107</td>
<td>-29</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>544</td>
<td>633</td>
<td>+28%</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>803</td>
<td>1,031</td>
<td>+28%</td>
</tr>
<tr>
<td>Consolidation</td>
<td>29</td>
<td>39</td>
<td></td>
</tr>
</tbody>
</table>

Order backlog profile in EUR billion

<table>
<thead>
<tr>
<th>Year</th>
<th>30.06.2016</th>
<th>30.06.2017</th>
<th>2017e</th>
<th>2018e</th>
<th>2019e</th>
<th>2020e ff</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>6.9</td>
<td>6.7</td>
<td>1.4</td>
<td>2.2</td>
<td>1.4</td>
<td>1.7</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

© Rheinmetall AG / Corporate Presentation August 2017
Outlook 2017
Guidance raised on improved Automotive outlook

**Macro view**
- Global LV production growth ~2%*
- Chinese LV production growth ~1%

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

**New Outlook 2017**
- **Sales growth expectation lifted from 3-4% to 6-7% and operating margin level from ≥8% to around 8.4%**
- Group expected to grow ~6% instead of 4-5% at an operating margin lifted from around 6.3% to around 6.5% incl. efforts for New Technologies

**DEFENCE**
- Further **demand increase** in key markets
- Germany and other allies have **increased investment budgets**
- **Strong backend loading** of Defence performance
- **Single digit** sales growth expected for 2017
- **Stronger sales momentum 2018**

---

*Source: IHS July 2017*
Corporate Presentation: Rheinmetall Automotive
Automotive with leading technology and market positions

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

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

Sales by region
- NAFTA: 17%  ASIA: 13%  Europe w/o Germany: 47%
- Germany: 56%  RoW: 3%

Sales by customer
- VW: 38%  Renault/Nissan: 13%
- GM: 11%  PSA: 10%  DAF: 5%  Volvo: 6%  Daimler: 4%  FIAT: 3%  Other: 5%

Sales by customer
- Ford: 12%  Other: 26%
- Aftermarket: 64%  Mechatronics: 13%  Hardparts: 11%

Pistons
- Large-bore Pistons

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

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

Aftermarket

All figures refer to FY 2016
Growing and changing markets

Traditional drive technologies:
- Optimization of combustion engines

Alternative drive technologies:
- Hybrid
- Electric vehicles

Global light vehicle production:
- Rising number of vehicles

Digitalization:
- Autonomous driving
- Integrated data

Market growth
Rising global light vehicle production

Light vehicle production 2016-2020  CAGR in % / in million units

- NAFTA: +1.2%
- Europa: +2.2%
- Germany: +1.3%
- Asia*: +4.5%
- Japan: -0.5%
- China: +2.7%
- Global: +1.2%

Source: IHS Automotive Feb 2017

* without China und Japan
** without Deutschland

© Rheinmetall AG / Corporate Presentation August 2017
Governments will continue to demand reduction of CO₂ emissions

CO₂ emission in g/km

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

Source: ICCT
Electric drive will not replace combustion engines until 2025

Market share development in % of total LV production

<table>
<thead>
<tr>
<th>Total LV production in units</th>
<th>2016</th>
<th>Assumptions 2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric vehicles</td>
<td>91m</td>
<td>110m</td>
</tr>
<tr>
<td>Light vehicles: combustion &amp; hybrid</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>99%</td>
<td></td>
</tr>
</tbody>
</table>

*ICE CAGR 2016-2025

- Stable scenario
  - 80% -0.3%* 75%

- Aggressive scenario
  - 20% 25% 1%*

Source: IHS Automotive (September 2016), own estimates
Rheinmetall Automotive is well-prepared for the challenges of tomorrow

**Importance of internal combustion engines:**
- Basis for the majority of vehicles
- For cars built with hybrid system technologies
- For commercial and off-road vehicles (for the long-term)

**Alternative drive systems:**
- Increasing share of hybrids, electric vehicles, and fuel-cell

**Innovative solutions for future drive systems:**
- Demonstrator for electric drive and battery systems
- Electrified pumps
- E-engine housing and battery boxes
- Thermal Management
- Fuel-cell Components
Strategic goals of Rheinmetall Automotive

**Strategic goals**

**Increasing content per car**
- More products at higher value as emission reduction, hybridization and electrification will require innovative solutions

**Gaining powertrain neutrality**
- Minimize dependence on certain types of drives
- Increase “electrified products” to around 50% sales share by 2020

**Optimizing global footstep**
- Further internationalization of our Mechatronics business
- Continuously focus capacity management, especially in Hardparts
Rheinmetall Automotive

Solutions for combustion engines to reduce NO\textsubscript{x}\textsuperscript{-} and CO\textsubscript{2}\textsuperscript{-} emissions

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

Rheinmetall Automotive:
Innovative products will lead to higher value per car
LV Diesel exposure limited; powertrain independence is the strategic target

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

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

- 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

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

* IHS: Combined Engine Production Forecast April 2017
** Rheinmetall Automotive sales FY 2016
Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...

... by products for hybrid and electric engines

- Actuators
- Solenoid valves
- Electric throttle bodies
- Pistons
- EGR valves
- Engine blocks
- Mechanical coolant pumps
- Oil pumps
- Engine bearings
- Battery boxes (as from 2018)
- E-engine housing (as from 2018)
- Electrical coolant pumps
- Electrical vacuum pumps
- Electrical coolant valve
- Heat Pump (Predevelopment)
- Range Extender (Predevelopment)
- Electrical oil pumps

Hardparts products, non-shaded. Mechatronics
E-mobility competence underlined by contracts and by initiatives for new solutions

- **Contract volume for electric vehicles (EV)**

<table>
<thead>
<tr>
<th>Product</th>
<th>Volume</th>
<th>Contract duration (Ø)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battery EV</td>
<td>€~300 m</td>
<td>6 – 8 years</td>
</tr>
<tr>
<td>(Plugin) Hybrid EV</td>
<td>€~200 m</td>
<td>4 – 8 years</td>
</tr>
</tbody>
</table>

- **E-mobility competencies**
  - Thermo-management, including pump and valve technology
  - Know-how in aluminum die-casting, e.g. for engine housings and battery packs
  - Long term in-house e-motor competence
  - Well-established market access to OEMs

- **New products** for the International Motor Show (IAA) in Frankfurt, September 2017:

  - **E-traction motor**
    - High voltage motor
    - Designed for smaller sized vehicles, but scalable in size

  - **Modular battery pack**
    - Underfloor design with advantages for weight and space distribution
    - Aluminum structure, protected with a composite-fiber structure developed by Rheinmetall Defence
    - Integrated thermo-management

* Rheinmetall Automotive and Joint Ventures
Complexity of e-engines creates potential for further applications

Efficient distribution of heating and cooling requires innovative pump technology

Drive Unit Circuit

Thermal management circuit – heating, ventilation, interior temperature control
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 brand
- Production of heat exchangers and components for emission reduction
- Sales 2016: CNY3.2 bn* (~EUR400 m)

*Source: Bloomberg*
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
Corporate presentation: Rheinmetall Defence
Defence is a leading supplier with an 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:
- **NAFTA:** 16%
- **AMEA:** 36%
- **Europe:** 26%
- **Germany:** 16%
- **RoW:** 6%

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

#### EBIT by division:
- **Weapon and Ammunition:** 73%
- **Vehicle Systems:** 20%
- **Electronic Solutions:** 17%
- **Other:** -10%

---

**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
Growing and changing markets

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

Market growth
Deterioration of global security triggers higher defence spending

- UN Peacekeeping Mission
- Growth in defence equipment spending *
- Open conflict
- High tension
- IS Terror

* Regional average based on IHS Janes May 2017
EU member states en route to comply with NATO 2% target

**EU states defence budget development**
in % 2015/16

- Latvia: 44.1%
- Lithuania: 35.5%
- Poland: 19.9%
- Italy: 11.7%
- Slovenia: 7.2%
- Estonia: 6.9%
- Portugal: 4.7%
- Bulgaria: 6.3%
- Czech Rep.: 4.7%
- Slovakia: 2.7%
- Belgium: 2.7%
- Rumania: 2.0%
- France: 1.9%
- Spain: 1.7%
- Latvia: -0.4%
- Greece: -0.9%
- UK: -4.5%
- Croatia: -8.7%

Source: Handelsblatt 26.6.2017

**NATO equipment in % of defence expenditure**

- North America
- NATO Target
- NATO Europe
- Germany

** NATO 03/2017: Equipment expenditure as a share of defence expenditure based on 2010 prices and currencies
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 military expenditures in bn USD

2016: 1,563 2020: 1,649

Source: IHS Janes March 2017
Germany is one of 22 NATO states increasing 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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget (EUR billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>34</td>
</tr>
<tr>
<td>2017</td>
<td>37</td>
</tr>
<tr>
<td>2018</td>
<td>39</td>
</tr>
<tr>
<td>2019</td>
<td>40</td>
</tr>
<tr>
<td>2020</td>
<td>41</td>
</tr>
<tr>
<td>2021</td>
<td>42</td>
</tr>
</tbody>
</table>

2% NATO target on estimated German 2016 GDP of €3.1tr
Strategic goals of Rheinmetall Defence

**Benefiting from home markets**
- Business opportunities by increasing budgets in Germany and neighboring countries

**Entering new markets**
- Strategic partnerships to gain access to new markets
- Target markets close to traditional markets, e.g. public security

**Enlarging internationalization**
- Form partnerships with local suppliers to provide local content

**Creating innovations**
- Armored vehicles and their weapons
- New technologies, e.g. laser technology
- IT-based networking
German order entry well on track to achieve target

## Order intake Germany by Quarter

<table>
<thead>
<tr>
<th>Projects</th>
<th>Volume</th>
<th>Quarter</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Various projects</td>
<td>€146m</td>
<td>Q1</td>
<td>€145m</td>
</tr>
<tr>
<td>Gladius</td>
<td>€310m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Various projects</td>
<td>€221m</td>
<td>Q2</td>
<td>€531m</td>
</tr>
<tr>
<td>Trucks</td>
<td>€220m</td>
<td>H1</td>
<td>€677m</td>
</tr>
<tr>
<td>Puma package</td>
<td>€100m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tank ammunition</td>
<td>€38m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leopard upgrade</td>
<td>€~100m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Various projects</td>
<td>€~400m</td>
<td>H2</td>
<td>€~850</td>
</tr>
</tbody>
</table>

Total order volume from Germany: €1.5 billion expected for 2017
Down-selection in major programs

Canada: Modernization: Leopard
Germany: Military trucks
Netherlands: Boxer
Scandinavia: Military trucks
Poland: Modernization program
Lithuania: Boxer

UK: Challenger life extension; MIV Boxer
Romania: Wheeled vehicles

Singapore: Military trucks
Indonesia: Upgrade Leopard/Marder

Australia: Land 121
Australia: Land 400

Down-selected

Booked
Strategic partnerships create business potential for Weapon and Ammunition

**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 on a regular supply of large- and medium-ammunition
Various opportunities in Australia

**Land 121 5b (Australian trucks)**
- Customer is finalizing vehicle specifications
- New offer under preparation
- Tender process design not yet decided

**Land 400 (Australian Boxer)**
- Trials completed to our full satisfaction
- Best and final offer to be presented in August
- Decision expected H1 2018

**Equity investment in Supashock**
- Acquisition of 49% equity stake in Supashock
- Target: Integration of Australian technology in tactical and logistical vehicles

**Queensland selected as industrial base**
- Subject to acquisition of the Land 400 order, Rheinmetall and Queensland agreed on joint investment approach
- Potential creation of 400-500 jobs
Rheinmetall integrates components to systems

Battle Management Network

Combined Systems

Systems / Platforms

Key Components

Integration

Digitization

Network-capability

Air Defence

System house Armored Infantryman

Ammunition

Weapon

Laser opto-sensoric

Lance turret

© Rheinmetall AG / Corporate Presentation August 2017
### Three major partnering agreements mark next step for potential growth

<table>
<thead>
<tr>
<th>Objective</th>
<th>Status</th>
<th>Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Bid for the planned rifle procurement of the Bundeswehr &lt;br&gt;- Plan: Technology partnership with 60% value creation in Germany</td>
<td>Cooperation agreement January 2017</td>
<td>- Trials have started after submission of documents for special forces tender &lt;br&gt;- Tender for general assault rifle still open</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Objective</th>
<th>Status</th>
<th>Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Potential areas of cooperation: &lt;br&gt;- Air defence (Patriot-replacement) &lt;br&gt;- Weapon &amp; Munition &lt;br&gt;- Combat vehicles &lt;br&gt;- Training &lt;br&gt;- Cyber security</td>
<td>Signing of “Strategic collaboration agreement” end of June with defined work share* &lt;br&gt;- Exclusivity for German market</td>
<td>- Further work groups assess additional fields of collaboration</td>
</tr>
</tbody>
</table>

*Tactical air defence systems and close/close-by range ballistic systems

<table>
<thead>
<tr>
<th>Objective</th>
<th>Status</th>
<th>Update</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Future digital communication and battle management system of the German ground forces: &lt;br&gt;- MoTaKo &lt;br&gt;- MoTIV</td>
<td>Memorandum of Understanding March 2017</td>
<td>- Invite additional partners</td>
</tr>
</tbody>
</table>
# Selected key data: outlook 2017

<table>
<thead>
<tr>
<th>Rheinmetall Group</th>
<th>Automotive</th>
<th>Defence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holding cost:</td>
<td>~20 - 25</td>
<td>~5.5 - 6.5%</td>
</tr>
<tr>
<td>Tax rate:</td>
<td>~30%</td>
<td>~4.5 - 5.5%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>~4 - 6%</td>
</tr>
</tbody>
</table>

**Financing:**
- EUR500 million bond (5.25% coupon) will mature in September
- EIB loan EUR250 million (0.962% coupon) as of August 2017

**Rating:**
- Ba1 (stable) Moody’s
## 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>4.69</td>
<td></td>
<td>12.3</td>
<td></td>
<td></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>125</td>
<td>20</td>
<td>-182</td>
<td>29</td>
<td>161</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>Year</th>
<th>Order intake</th>
<th>Order backlog (Dec. 31)</th>
<th>Sales</th>
<th>Operating result</th>
<th>Operating margin (in %)</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>EBIT margin (in %)</th>
<th>Capex</th>
<th>Employment (Dec 31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,378</td>
<td>418</td>
<td>139</td>
<td>5.9</td>
<td>243</td>
<td>186</td>
<td>5.9</td>
<td>243</td>
<td>148</td>
<td>12,003</td>
</tr>
<tr>
<td>2013</td>
<td>2,270</td>
<td>392</td>
<td>158</td>
<td>7.0</td>
<td>225</td>
<td>158</td>
<td>5.5</td>
<td>142</td>
<td>142</td>
<td>10,927</td>
</tr>
<tr>
<td>2014</td>
<td>2,466</td>
<td>416</td>
<td>184</td>
<td>7.5</td>
<td>295</td>
<td>158</td>
<td>7.5</td>
<td>167</td>
<td>158</td>
<td>10,830</td>
</tr>
<tr>
<td>2015</td>
<td>2,621</td>
<td>445</td>
<td>216</td>
<td>8.3</td>
<td>332</td>
<td>158</td>
<td>8.3</td>
<td>167</td>
<td>158</td>
<td>10,934</td>
</tr>
<tr>
<td>2016</td>
<td>2,670</td>
<td>459</td>
<td>223</td>
<td>8.4</td>
<td>356</td>
<td>158</td>
<td>8.4</td>
<td>174</td>
<td>158</td>
<td>10,820</td>
</tr>
</tbody>
</table>

#### DEFENCE

<table>
<thead>
<tr>
<th>Year</th>
<th>Order intake</th>
<th>Order backlog (Dec. 31)</th>
<th>Sales</th>
<th>Operating result</th>
<th>Operating margin (in %)</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>EBIT margin (in %)</th>
<th>Capex</th>
<th>Employment (Dec 31)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,933</td>
<td>4,987</td>
<td>2,335</td>
<td>146</td>
<td>6.3</td>
<td>262</td>
<td>7.4</td>
<td>173</td>
<td>90</td>
<td>9,623</td>
</tr>
<tr>
<td>2013</td>
<td>3,339</td>
<td>6,050</td>
<td>2,155</td>
<td>60</td>
<td>2.8</td>
<td>96</td>
<td>0.2</td>
<td>175</td>
<td>62</td>
<td>9,193</td>
</tr>
<tr>
<td>2014</td>
<td>2,812</td>
<td>6,516</td>
<td>2,240</td>
<td>-9</td>
<td>-0.4</td>
<td>147</td>
<td>-3.0</td>
<td>90</td>
<td>76</td>
<td>9,184</td>
</tr>
<tr>
<td>2015</td>
<td>2,693</td>
<td>6,422</td>
<td>2,591</td>
<td>90</td>
<td>3.5</td>
<td>147</td>
<td>3.5</td>
<td>96</td>
<td>96</td>
<td>9,581</td>
</tr>
<tr>
<td>2016</td>
<td>3,050</td>
<td>6,656</td>
<td>2,946</td>
<td>147</td>
<td>5.0</td>
<td>147</td>
<td>5.0</td>
<td>95</td>
<td>95</td>
<td>10,002</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)

© Rheinmetall AG / Corporate Presentation August 2017

* Combat Platforms until 2014
** Wheeled Vehicles until 2014
# Income statement Group

<table>
<thead>
<tr>
<th>In EUR million</th>
<th>Income Statement</th>
<th>Q2 '16</th>
<th>Q2 '17</th>
<th>Δ</th>
<th>Q2 '16</th>
<th>Q2 '17</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total operating performance</strong></td>
<td></td>
<td>1,461</td>
<td>1,493</td>
<td>32</td>
<td>72</td>
<td>81</td>
<td>9</td>
</tr>
<tr>
<td>Other operating income</td>
<td></td>
<td>33</td>
<td>36</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Cost of materials</td>
<td></td>
<td>812</td>
<td>841</td>
<td>29</td>
<td>-15</td>
<td>-13</td>
<td>2</td>
</tr>
<tr>
<td>Personnel expenses</td>
<td></td>
<td>380</td>
<td>389</td>
<td>9</td>
<td>58</td>
<td>68</td>
<td>10</td>
</tr>
<tr>
<td>Amortization, depreciation and impairment</td>
<td></td>
<td>54</td>
<td>55</td>
<td>1</td>
<td>41</td>
<td>51</td>
<td>10</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td></td>
<td>173</td>
<td>160</td>
<td>-13</td>
<td>-17</td>
<td>-17</td>
<td>0</td>
</tr>
<tr>
<td>Income from companies at equity</td>
<td></td>
<td>4</td>
<td>1</td>
<td>-3</td>
<td>40</td>
<td>43</td>
<td>3</td>
</tr>
<tr>
<td>Other financial results</td>
<td></td>
<td>-7</td>
<td>-4</td>
<td>3</td>
<td>1</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td></td>
<td>72</td>
<td>81</td>
<td>9</td>
<td>126</td>
<td>137</td>
<td>11</td>
</tr>
</tbody>
</table>

**Net operating income (EBIT)**

- Net interest income: 1 → 0, -1
- Interest expenses: -15 → -13, 2
- **Earnings before tax (EBT)**
  - Income tax: -17 → -17, 0
- **Net income**
  - Minority interest: 1 → 8, 7
  - Rheinmetall shareholders: 40 → 43, 3

**EBITDA**: 126 → 137, 11
## Cash flow statement Group

### Cash Flow Statement

<table>
<thead>
<tr>
<th>Item</th>
<th>Q2 '16</th>
<th>Q2 '17</th>
<th>Δ</th>
<th>Q2 '16</th>
<th>Q2 '17</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Income</td>
<td>41</td>
<td>51</td>
<td>10</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Amortization, depreciation and impairment</td>
<td>54</td>
<td>55</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Dotation of CTA</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Changes in pension provisions</td>
<td>2</td>
<td>-3</td>
<td>-5</td>
<td>2</td>
<td>-3</td>
<td>-5</td>
</tr>
<tr>
<td>Income from disposal of non-current assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Changes in other provisions</td>
<td>-19</td>
<td>-18</td>
<td>1</td>
<td>1</td>
<td>-18</td>
<td>-19</td>
</tr>
<tr>
<td>Changes in inventories</td>
<td>-71</td>
<td>38</td>
<td>109</td>
<td>-71</td>
<td>38</td>
<td>109</td>
</tr>
<tr>
<td>Changes in receivables, liabilities (w/o financial debts)</td>
<td>-21</td>
<td>-36</td>
<td>-15</td>
<td>-21</td>
<td>-36</td>
<td>-15</td>
</tr>
<tr>
<td>Pro rata income from investment carried at equity</td>
<td>-4</td>
<td>-1</td>
<td>3</td>
<td>-4</td>
<td>-1</td>
<td>3</td>
</tr>
<tr>
<td>Dividends received from investments carried at equity</td>
<td>1</td>
<td>0</td>
<td>-1</td>
<td>1</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>Other non-cash expenses and income</td>
<td>2</td>
<td>-17</td>
<td>-19</td>
<td>2</td>
<td>-17</td>
<td>-19</td>
</tr>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td>-15</td>
<td>69</td>
<td>84</td>
<td>-15</td>
<td>69</td>
<td>84</td>
</tr>
<tr>
<td>Investments in assets</td>
<td>-60</td>
<td>-50</td>
<td>10</td>
<td>-60</td>
<td>-50</td>
<td>10</td>
</tr>
<tr>
<td>Cash receipts from the disposal of assets</td>
<td>1</td>
<td>-1</td>
<td>-2</td>
<td>1</td>
<td>-1</td>
<td>-2</td>
</tr>
<tr>
<td>Investments in consolidated companies and other financial assets</td>
<td>0</td>
<td>-9</td>
<td>-9</td>
<td>0</td>
<td>-9</td>
<td>-9</td>
</tr>
<tr>
<td>Payments for the purchase of short-term commercial papers</td>
<td>0</td>
<td>-11</td>
<td>-11</td>
<td>0</td>
<td>-11</td>
<td>-11</td>
</tr>
<tr>
<td>Change in divestments of consolidated companies and financial assets</td>
<td>0</td>
<td>0</td>
<td>0</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>77</td>
<td>65</td>
<td>-12</td>
<td>77</td>
<td>65</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Cash flow from investing activities</strong></td>
<td>18</td>
<td>-6</td>
<td>-24</td>
<td>18</td>
<td>-6</td>
<td>-24</td>
</tr>
</tbody>
</table>

- **Capital payment to/capital contribution by non-controlling interests**: 0 0 0
- **Increase in shares in consolidated subsidiaries**: 0 0 0
- **Dividends paid out by RHM AG**: -47 -62 -15
- **Other profit distribution**: -6 -4 2
- **Shares issued to employees**: 0 0 0
- **Borrowing of financial debts**: 6 233 227
- **Repayment of financial debts**: 1 -88 -89
- **Cash flow from financing activities**: -46 79 125

Changes in financial resources: -43 142 185
Changes in cash and cash equivalents due to exchange rates: 6 -9 -15
Total change in financial resources: -37 133 170
Opening cash and cash equivalents April 1: 345 344 -1
Closing cash and cash equivalents June 30: 308 477 169
## Balance Sheet Group

<table>
<thead>
<tr>
<th></th>
<th>31.12.'16</th>
<th>30.06.'17</th>
<th>Δ</th>
<th>31.12.'16</th>
<th>30.06.'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>804</td>
<td>-15</td>
<td>112</td>
<td>112</td>
<td>0</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>1,378</td>
<td>1,351</td>
<td>-27</td>
<td>532</td>
<td>536</td>
<td>4</td>
</tr>
<tr>
<td>Investment property</td>
<td>53</td>
<td>54</td>
<td>1</td>
<td>1,074</td>
<td>1,061</td>
<td>-13</td>
</tr>
<tr>
<td>Investments carried at equity</td>
<td>240</td>
<td>246</td>
<td>6</td>
<td>-32</td>
<td>-28</td>
<td>4</td>
</tr>
<tr>
<td>Other non-current assets</td>
<td>36</td>
<td>49</td>
<td>13</td>
<td>Rheinmetall AG shareholders’ equity</td>
<td>1,686</td>
<td>1,681</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>236</td>
<td>223</td>
<td>-13</td>
<td>Minorities</td>
<td>95</td>
<td>100</td>
</tr>
<tr>
<td><strong>Current assets</strong></td>
<td>3,388</td>
<td>3,526</td>
<td>138</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inventories (net)</td>
<td>1,098</td>
<td>1,195</td>
<td>97</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade receivables</td>
<td>1,306</td>
<td>1,388</td>
<td>82</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other financial assets</td>
<td>43</td>
<td>258</td>
<td>215</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other receivables and assets</td>
<td>125</td>
<td>168</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax receivables</td>
<td>10</td>
<td>40</td>
<td>30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>806</td>
<td>477</td>
<td>-329</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>6,150</td>
<td>6,253</td>
<td>103</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Non-current liabilities</strong></td>
<td>1,629</td>
<td>1,672</td>
<td>43</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provision for Pensions and similar obligations</td>
<td>1,186</td>
<td>1,111</td>
<td>-75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other provisions</td>
<td>135</td>
<td>149</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial debts</td>
<td>220</td>
<td>315</td>
<td>95</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>56</td>
<td>76</td>
<td>20</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>32</td>
<td>21</td>
<td>-11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current liabilities</strong></td>
<td>2,740</td>
<td>2,800</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other provisions</td>
<td>516</td>
<td>528</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial debts</td>
<td>567</td>
<td>626</td>
<td>59</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade liabilities</td>
<td>766</td>
<td>655</td>
<td>-111</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other liabilities</td>
<td>838</td>
<td>905</td>
<td>67</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income tax liability</td>
<td>53</td>
<td>86</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>6,150</td>
<td>6,253</td>
<td>103</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Quarterly development Group

**Sales**
in EUR million

- Q2 2016: 1,419
  - Defence: 695
  - Automotive: 643
  - Consolidation/Others: 664
- Q3 2016: 1,305
  - Defence: 643
  - Automotive: 662
  - Consolidation/Others: 664
- Q4 2016: 1,034
  - Defence: 737
  - Automotive: 612
  - Consolidation/Others: 662
- Q1 2017: 1,349
  - Defence: 724
  - Automotive: 612
  - Consolidation/Others: 731
- Q2 2017: 1,459
  - Defence: 731
  - Automotive: 728
  - Consolidation/Others: 662

**Operational results**
in EUR million

- Q2 2016: 72
  - Defence: 19
  - Automotive: 60
  - Consolidation/Others: -7
- Q3 2016: 79
  - Defence: 30
  - Automotive: 51
  - Consolidation/Others: 2
- Q4 2016: 171
  - Defence: 60
  - Automotive: 60
  - Consolidation/Others: -4
- Q1 2017: 50
  - Defence: 62
  - Automotive: 67
  - Consolidation/Others: -2
- Q2 2017: 84
  - Defence: 67
  - Automotive: 62
  - Consolidation/Others: -7
## Cash Flow Statement Group

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Net Income</td>
<td>41</td>
<td>53</td>
<td>46</td>
<td>116</td>
<td>28</td>
<td>51</td>
<td>79</td>
<td>10</td>
<td>26</td>
</tr>
<tr>
<td>Amortization, depreciation &amp; impairments</td>
<td>54</td>
<td>109</td>
<td>52</td>
<td>67</td>
<td>57</td>
<td>55</td>
<td>112</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>2</td>
<td>-14</td>
<td>-</td>
<td>-</td>
<td>-34</td>
<td>-3</td>
<td>-37</td>
<td>-5</td>
<td>-23</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>97</td>
<td>148</td>
<td>98</td>
<td>183</td>
<td>51</td>
<td>103</td>
<td>154</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-112</td>
<td>-374</td>
<td>-1</td>
<td>389</td>
<td>-207</td>
<td>-34</td>
<td>-241</td>
<td>78</td>
<td>133</td>
</tr>
<tr>
<td>Net cash used in operating activities</td>
<td>-15</td>
<td>-226</td>
<td>98</td>
<td>572</td>
<td>-156</td>
<td>69</td>
<td>-87</td>
<td>84</td>
<td>139</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-60</td>
<td>-112</td>
<td>-62</td>
<td>-109</td>
<td>-43</td>
<td>-50</td>
<td>-93</td>
<td>10</td>
<td>19</td>
</tr>
<tr>
<td>Free Cash Flow from Operations</td>
<td>-75</td>
<td>-338</td>
<td>36</td>
<td>463</td>
<td>-199</td>
<td>19</td>
<td>-180</td>
<td>94</td>
<td>158</td>
</tr>
</tbody>
</table>
Equity and pension liabilities

Financial solidity materially improved

- Confidence increased by 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 stable since 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% (2014)
- 5% (2015)
- -1% (2016)

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Other &amp; Leasing</th>
<th>Commercial paper</th>
<th>Bank loan</th>
<th>Promissory notes</th>
<th>Bond</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>45</td>
<td>17</td>
<td></td>
<td>228</td>
<td>504</td>
</tr>
<tr>
<td>2018</td>
<td>58</td>
<td>35</td>
<td></td>
<td>107</td>
<td>29</td>
</tr>
<tr>
<td>2019</td>
<td>20</td>
<td>545</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>35</td>
<td>2023ff</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>107</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2022</td>
<td>107</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2023ff</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Moderate headcount increase to accompany growth

Headcount per segment
in capacities at year end

<table>
<thead>
<tr>
<th>Year</th>
<th>Automotive</th>
<th>Defence</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>10,830</td>
<td>9,184</td>
<td>152</td>
</tr>
<tr>
<td>2015</td>
<td>10,934</td>
<td>9,581</td>
<td>161</td>
</tr>
<tr>
<td>2016</td>
<td>10,820</td>
<td>10,002</td>
<td>171</td>
</tr>
</tbody>
</table>

Headcount per region
in capacities at year end

- Americas: 15%
  - Mexico: 4%
  - Brazil: 5%
  - RoW: 7%
- Asia: 5%
- Europe: 73%
- Germany: 48%
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
Quarterly development Automotive

Sales by division
in EUR million

Operational results by division
in EUR million

© Rheinmetall AG / Corporate Presentation August 2017
## Cash flow statement Automotive

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q2 2016</th>
<th>H1 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>H1 2017</th>
<th>Δ Q2 '16/'17</th>
<th>Δ H1 '16/'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>42</td>
<td>80</td>
<td>36</td>
<td>49</td>
<td>46</td>
<td>50</td>
<td>96</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td>Amortization, depreciation &amp; impairments</td>
<td>31</td>
<td>64</td>
<td>29</td>
<td>40</td>
<td>32</td>
<td>32</td>
<td>64</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>-</td>
<td>-</td>
<td>-1</td>
<td>-1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>73</td>
<td>144</td>
<td>64</td>
<td>88</td>
<td>78</td>
<td>82</td>
<td>160</td>
<td>9</td>
<td>16</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>14</td>
<td>-164</td>
<td>17</td>
<td>130</td>
<td>-172</td>
<td>20</td>
<td>-152</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>87</td>
<td>-20</td>
<td>81</td>
<td>218</td>
<td>-94</td>
<td>102</td>
<td>8</td>
<td>15</td>
<td>28</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-36</td>
<td>-68</td>
<td>-35</td>
<td>-71</td>
<td>-24</td>
<td>-33</td>
<td>-57</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>51</td>
<td>-88</td>
<td>46</td>
<td>147</td>
<td>-118</td>
<td>69</td>
<td>-49</td>
<td>18</td>
<td>39</td>
</tr>
</tbody>
</table>
### Automotive in China

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Castings (ATAG)</th>
<th>Pistons (KSSP)</th>
<th>Castings (KPSNC)</th>
<th>Pumps (PHP)</th>
</tr>
</thead>
</table>

- **Engine blocks and structural body parts**
- **Germany/Europe**

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Aftermarket</th>
<th>Pierburg</th>
<th>Large-bore pistons</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2009</td>
<td>2013</td>
<td></td>
</tr>
</tbody>
</table>

- **Spare parts**
- **EGR modules and electric throttle bodies**
- **Large-bore pistons**

#### JV subsidiary

<table>
<thead>
<tr>
<th>Year</th>
<th>Pumps (PMP Ch.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td></td>
</tr>
</tbody>
</table>

- **Electrical and mechanical pumps**

#### Sales China in EUR m

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2018e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>298</td>
<td>388</td>
<td>499</td>
<td>628</td>
<td>785</td>
<td>825</td>
<td>+7%</td>
</tr>
</tbody>
</table>

- **WFOEs**
- **JVs (100%)**

#### EBIT China in EUR m

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2018e</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBIT</td>
<td>22</td>
<td>31</td>
<td>39</td>
<td>52</td>
<td>49</td>
<td>62</td>
<td>+34%</td>
</tr>
</tbody>
</table>

- **JVs (100%)**
- **WFOEs**

© Rheinmetall AG / Corporate Presentation August 2017
Electrification and downsizing require more sophisticated products

- **Coolant pump**
  - Mechanical: >6x
  - Electrical: >3x

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

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

- **Piston**
  - Aluminum: >3x
  - Steel
Quarterly development Defence

### Sales by division in EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon &amp; Ammunition</td>
<td>662</td>
<td>227</td>
<td>391</td>
<td>350</td>
<td>337</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>287</td>
<td>361</td>
<td>483</td>
<td>350</td>
<td>337</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>315</td>
<td>287</td>
<td>361</td>
<td>350</td>
<td>337</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>724</td>
<td>662</td>
<td>1,034</td>
<td>612</td>
<td>731</td>
</tr>
</tbody>
</table>

### Operational earnings by division in EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q2 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon &amp; Ammunition</td>
<td>19</td>
<td>30</td>
<td>25</td>
<td>19</td>
<td>24</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>-6</td>
<td>-3</td>
<td>-4</td>
<td>-7</td>
<td>-1</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>25</td>
<td>25</td>
<td>30</td>
<td>25</td>
<td>12</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>-10</td>
<td>-4</td>
<td>-3</td>
<td>-1</td>
<td>-1</td>
</tr>
</tbody>
</table>
## Cash flow statement Defence

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q2 2016</th>
<th>H1 2016</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>H1 2017</th>
<th>Δ Q2 '16/'17</th>
<th>Δ H1 '16/'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>3</td>
<td>-17</td>
<td>13</td>
<td>78</td>
<td>-16</td>
<td>8</td>
<td>-8</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>Amortization, depreciation &amp; impairments</td>
<td>22</td>
<td>44</td>
<td>22</td>
<td>26</td>
<td>24</td>
<td>22</td>
<td>46</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>-3</td>
<td>-6</td>
<td>-9</td>
<td>-8</td>
<td>-12</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>27</td>
<td>30</td>
<td>36</td>
<td>105</td>
<td>5</td>
<td>24</td>
<td>29</td>
<td>-3</td>
<td>-1</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-123</td>
<td>-213</td>
<td>-8</td>
<td>248</td>
<td>-61</td>
<td>-38</td>
<td>-99</td>
<td>85</td>
<td>114</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>-96</td>
<td>-183</td>
<td>28</td>
<td>353</td>
<td>-56</td>
<td>-14</td>
<td>-70</td>
<td>82</td>
<td>113</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-21</td>
<td>-38</td>
<td>-23</td>
<td>-34</td>
<td>-16</td>
<td>-19</td>
<td>-35</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>-117</td>
<td>-221</td>
<td>5</td>
<td>319</td>
<td>-72</td>
<td>-33</td>
<td>-105</td>
<td>84</td>
<td>116</td>
</tr>
</tbody>
</table>
Defence industry 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

- Commerzbank Conference: Frankfurt, 29 Aug
- UBS Conference: New York, 13–14 Sept
- Berenberg and GS Conference: Munich, 19–20 Sept
- Q3 Earnings call: 7 Nov
- Berenberg Conference: Pennyhill, 4–5 Dec

Events 2018

- Commerzbank Conference: New York, 8–10 Jan
- Kepler Cheuvreux Conference: Frankfurt, 15–16 Jan

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.
MOBILITY. SECURITY. PASSION.