Corporate Presentation

Rheinmetall AG, 4 December 2017
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$_x$- and CO$_2$ - 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**
- 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

### 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

### Rheinmetall Group
- Rising individual mobility
- Regulatory push for cleaner cars
- 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

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

### Business model
- 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
ESG with high importance for Rheinmetall

- **Environment**
  - Reduction of the ecological footprint
    - Decrease of energy needed
    - Selective use of raw materials
  - „Road to 95“ and E-mobility
    - Our products increase fuel efficiency
    - New ebike, e-motor and battery pack
  - Support of conservation
  - Development of the former production site in Düsseldorf

- **Social**
  - Clear statement against cluster munition
  - Promoting education and training
  - Support of gender diversity
    - Women in management
  - Workforce
    - Integration of refugees via apprenticeships
    - Support of employee families

- **Governance**
  - Transparency towards customer, investors and other stakeholder
  - Non-compliant business behavior is unacceptable
  - Zero tolerance of corruption and fraud
  - Central Compliance Management System
    - Employee awareness initiative

TARGET PICTURE

- Cost:
  - < 5,000 € average cost per NFC vacancy
- Diversity:
  - 3% increase of new hires, gender diversity
- Healthcheck:
  - Cost reduction > 25%
- Availability:
  - e-mail = 88 %, Phone = Non-答
- Staffing per recruiter:
  - > 55 per year
- Team handling:
  - > 35,000 applications per year
- Time to fill:
  - < 50 days
- Top 25
  - Top 25 by Company: "Young Professional Engineers"
- Customer satisfaction:
  - 85%
Corporate Presentation: Rheinmetall Group Q3 2017
Highlights Rheinmetall Group Q3 2017
Solid quarter with strong result contribution from Defence

- **Sales** increased by 4.7% to €1.366 bn or 5.4% currency adjusted
- **Operating result** improved by 23% to €97 m
- **Group margin** gained 100bp advancing from 6.1% to 7.1%
- **Automotive** optimized global footprint with an **EBIT impact** of €22 m
- **FY guidance** affirmed
Operational margin improvement continues in Q3

**Sales**
in EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,305</td>
<td>1,366</td>
</tr>
<tr>
<td>Growth</td>
<td>5%</td>
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</tr>
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<table>
<thead>
<tr>
<th></th>
<th>9m 2016</th>
<th>9m 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,904</td>
<td>4,174</td>
</tr>
<tr>
<td>Growth</td>
<td>7%</td>
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</table>

**Operational result** in EUR million

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational result</td>
<td>79</td>
<td>97</td>
</tr>
<tr>
<td>Growth</td>
<td>23%</td>
<td></td>
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<thead>
<tr>
<th></th>
<th>9m 2016</th>
<th>9m 2017</th>
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</thead>
<tbody>
<tr>
<td>Operational result</td>
<td>182</td>
<td>231</td>
</tr>
<tr>
<td>Growth</td>
<td>27%</td>
<td></td>
</tr>
</tbody>
</table>
Cash flow affected by working capital buildup in Defence

- Operating Free Cash Flow
  in EUR million

- Earnings per share
  in EUR

- Headcount
  in capacities

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>9m 2016</th>
<th>9m 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>36</td>
<td>5</td>
<td>-302</td>
<td>0.97</td>
<td>0.35</td>
</tr>
<tr>
<td>-86%</td>
<td>-175</td>
<td>1.18</td>
<td>2.22</td>
<td>2.40</td>
</tr>
<tr>
<td>Earnings per share</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0.83</td>
<td>9m 2016</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>9m 2017</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>+42%</td>
<td></td>
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<tr>
<th></th>
<th>30.09.2016</th>
<th>30.09.2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>20,982</td>
<td>Headcount in capacities</td>
<td></td>
</tr>
<tr>
<td>3%</td>
<td>21,552</td>
<td></td>
</tr>
</tbody>
</table>

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Solid financial status further improved

- **Net debt**
  - in EUR million
  - 30.09.2016: 445
  - 30.09.2017: 242
  - Change: -46%

- **Equity ratio**
  - in % of total assets
  - 30.09.2016: 26%
  - 30.09.2017: 31%
  - Change: +5pp
Highlights Rheinmetall Automotive Q3 2017
Market outperformed, margin improved

- Sales rose by 6% to €684 m, FX adjusted 7.3%
- Operating result grew by 12% to €57 m
- Operating margin increased by 40bp to 8.3%
- Quarterly free cash flow improved by €34m to €81 m
- Restructuring impact on reported EBIT of €22 m

Solenoid valve
Rheinmetall Automotive

Good operational performance on profitability and cash level

### Quarterly sales and margins development

<table>
<thead>
<tr>
<th></th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>Δ %</th>
<th>9m 2016</th>
<th>9m 2017</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>643</td>
<td>684</td>
<td>6.4%</td>
<td>1,992</td>
<td>2,149</td>
<td>7.9%</td>
</tr>
<tr>
<td>Operating result</td>
<td>51</td>
<td>57</td>
<td>11.8%</td>
<td>163</td>
<td>186</td>
<td>14.1%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>7.9</td>
<td>8.3</td>
<td>40 bp</td>
<td>8.2</td>
<td>8.7</td>
<td>47 bp</td>
</tr>
<tr>
<td>EBIT</td>
<td>51</td>
<td>35</td>
<td>-31.4%</td>
<td>163</td>
<td>164</td>
<td>0.9%</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>47</td>
<td>81</td>
<td>72.3%</td>
<td>- 41</td>
<td>32</td>
<td>178.0%</td>
</tr>
<tr>
<td>Operating FCF / Sales in %</td>
<td>7.3</td>
<td>11.8</td>
<td>453 bp</td>
<td>- 2.1</td>
<td>1.5</td>
<td>355 bp</td>
</tr>
</tbody>
</table>

**Comments on quarterly performance**

- Sales increased by 6.4% compared to global LV growth of 2.2%
- Operating result rose to €57 m lifting margin to 8.3% mainly driven by Mechatronics
- Provisions for French site closure impacted EBIT with €22 m
- OFCF improved on working capital optimisation
Operational leverage in Mechatronics and Hardparts drive the quarter

Sales Automotive in EUR million
- Q3 2016: 643
  - Mechatronics: 355
  - Hardparts: 225
  - Aftermarket: 82
- Q3 2017: 684
  - Mechatronics: 382
  - Hardparts: 232
  - Aftermarket: 95

Operating result Automotive in EUR million
- Q3 2016: 51
  - Mechatronics: 35
  - Hardparts: 11
  - Aftermarket: 9
- Q3 2017: 57
  - Mechatronics: 40
  - Hardparts: 13
  - Aftermarket: 9

Reasons for result development

- **Mechatronics**
  - Strong demand for fuel optimization as main driver; emission reduction on solid level

- **Hardparts**
  - Higher demand for Large Bore Pistons and good development for European LV pistons

- **Aftermarket**
  - Recovery of sales in East European countries

Restatement of 2016 reported figures in Mechatronics and Aftermarkets related to change in plant assignment.
Markets in better shape than anticipated, outperformance intact

Regional sales development Automotive
in EUR million

- Row: 21 (Q3 2016) to 27 (Q3 2017), 6%
- South America: 84 (Q3 2016) to 95 (Q3 2017)
- Asia: 105 (Q3 2016) to 113 (Q3 2017)
- North America: 138 (Q3 2016) to 142 (Q3 2017)
- Germany: 292 (Q3 2016) to 303 (Q3 2017), 67%
- Europe (excl. Germany): 643 (Q3 2016) to 684 (Q3 2017), 6%

Regional sales growth Q3 2017
in % (IHS October 2017)

- Global: 2.2% (RoW) to 6.4% (Germany), 21%
- RoW: -10%
- Asia (incl. China): 4% (China) to 13% (South Korea)
- North America: -8%
- South America: 8%
- Germany: 1%
- Europe (incl. Germany): 3% (IHS LV production)
Chinese entities stronger than the market

- **China LV production** in million units
- **Sales** in million
  - Q3 2016: 1,514, Q3 2017: 1,845
  - Change: +7%
  - 204 million (2017), 236 million (2016)
- **Operating result** in million / in %
  - Q3 2016: 116, Q3 2017: 134
  - Change: +8%

- **Strong growth and operating earnings**
- **JVs**: Hardparts sales up; operating margin slightly lower
- **WFOEs**: High demand for Mechatronics products, rising profitability
Hardparts streamlined its global footprint

- **Closure of pistons plant in Thionville (Lorraine/France)**
  - Strategic step to improve the cost basis of Hardparts
  - Concentration of European LV pistons production in Ustí (CZ)
  - Reduction of around 140 headcount in a consensual way by support of post-employment development plans
  - Production will cease in H2 2018

- **Financial impact**
  - One time cost of around €22 m, thereof:
    - €17 m for severance payments and site remediation (cash-effect in 2018)
    - €5 m asset impairment (non-cash effect)
  - Annual savings of around €10 m expected mid-term
Highlights Rheinmetall Defence Q3 2017
Strong momentum in earnings and order intake

- Order intake rose by €296 m to €870 m
- Sales gained 3% to €682 m
- Operating result increased by 53% from €30 m to €46 m
- Operating margin went up from 4.5% to 6.7%

Boxer „UK edition“ for DSEI fair 2017
Rheinmetall Defence

Margin and order intake trend positively towards FY guidance

<table>
<thead>
<tr>
<th>Quarterly sales and margins development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
</tr>
<tr>
<td>---</td>
</tr>
<tr>
<td>612</td>
</tr>
<tr>
<td>4.5</td>
</tr>
<tr>
<td>661</td>
</tr>
<tr>
<td>3.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Comments on quarterly performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>▪ Strong increase of German orders (i.e. vehicles and ammunition)</td>
</tr>
<tr>
<td>▪ Moderate sales growth of 3% as anticipated</td>
</tr>
<tr>
<td>▪ Profitability improved materially, supported mainly by Vehicle Systems</td>
</tr>
<tr>
<td>▪ Cash flow impacted by working capital build up</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>Δ %</th>
<th>9m 2016</th>
<th>9m 2017</th>
<th>Δ %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>574</td>
<td>870</td>
<td>51.6%</td>
<td>2,325</td>
<td>2,292</td>
<td>-1.4%</td>
</tr>
<tr>
<td>Sales</td>
<td>662</td>
<td>682</td>
<td>3.0%</td>
<td>1,912</td>
<td>2,025</td>
<td>5.9%</td>
</tr>
<tr>
<td>Operating result</td>
<td>30</td>
<td>46</td>
<td>53.2%</td>
<td>32</td>
<td>60</td>
<td>88.9%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>4.5</td>
<td>6.7</td>
<td>220 bp</td>
<td>1.7</td>
<td>3.0</td>
<td>130 bp</td>
</tr>
<tr>
<td>EBIT</td>
<td>30</td>
<td>46</td>
<td>53.8%</td>
<td>32</td>
<td>57</td>
<td>79.2%</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>5</td>
<td>-52</td>
<td>n.a.</td>
<td>-216</td>
<td>-157</td>
<td>27.3%</td>
</tr>
<tr>
<td>Operating FCF / Sales in %</td>
<td>0.8</td>
<td>-7.6</td>
<td>-838 bp</td>
<td>-11.3</td>
<td>-7.8</td>
<td>354 bp</td>
</tr>
</tbody>
</table>
Operational strength in Vehicle Systems as well as Weapon and Ammunition

Sales Defence in EUR million
- Q3 2016: 662 million
- Q3 2017: 682 million
  - Weapon a. Ammunition: +9% increase
  - Electronic Solutions: -4% decrease
  - Vehicle Systems: +3% increase

Operating results Defence in EUR million
- Q3 2016: 30 million
- Q3 2017: 46 million
  - Weapon a. Ammunition: +12% increase
  - Electronic Solutions: +20% increase
  - Vehicle Systems: >100% increase

Reasons for result development
- Weapon and Ammunition: Good sales development leads to higher earnings
- Electronic Solutions: Stable sales results despite softer sales
- Vehicle Systems: Sales driven by high order execution in tactical and logistical vehicles
German contracts essential for high order intake in Q3

Order intake by division in EUR million

- **Weapon and Ammunition**: Q3 2016: 173, Q3 2017: 284
- **Vehicle Systems**: Q3 2016: 288, Q3 2017: 434
- **Electronic Solutions**: Q3 2016: 185, Q3 2017: 197

Major German orders with total value > €460 m included

Order backlog profile in EUR billion

- **30.09. 2016**: 6.9
- **30.09. 2017**: 6.7
- **2017e**: 0.9
- **2018e**: 2.5
- **2019e**: 1.5
- **2020e**: 1.8

Consolidation/Others
Rheinmetall will modernize German logistical fleet

- **Framework agreement**
  - HX2 family replaces the existing fleet of military trucks
  - Net value: €760 m for ~2,200 vehicles
  - First lot delivered between 2018-21
  - Second lot delivery schedule yet to be specified
Corporate Presentation: Guidance 2017 and mid-term
Automotive: Drivers for structural earnings improvement

- **Automotive**
  - Continuing growth of 100-200 bp above LV production rate
  - Increasing share of higher margin Mechatronics business
  - Optimization of the cost structure in Hardparts, e.g. by closing the pistons plant in Thionville (F)
  - Strong performance of Chinese JV
  - Development of our product portfolio, e.g. by entering new markets like e-mobility
Defence: Drivers for structural earnings improvement

- Defence
  - Improving market environment
  - Increasing margins due to the lower influence of legacy contracts
  - Higher margin order book
  - Development of new technology

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</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>Expected Sales</td>
<td>Operating margin</td>
<td>Operating margin planned</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>6-7%</td>
<td>7%</td>
<td>2%</td>
<td>-3%</td>
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</tr>
</tbody>
</table>

Revision of mid-term guidance: 6-7% CAGR 2017-2020: ~10%

Tactical Vehicles
- Boxer: €71 m
- Puma: €853 m
- Boxer: €166 m

Logistic Vehicles
- Trucks: €184 m
- Land 121: €969 m
- Trucks: €220 m

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**Outlook**

**Guidance affirmed for 2017**

<table>
<thead>
<tr>
<th>Macro view</th>
<th>Rheinmetall</th>
<th>Updated Outlook 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automotive</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Global LV production growth ~2%*</td>
<td>▪ Automotive expected to <strong>outperform markets</strong></td>
<td>▪ Sales growth expected at the upper range of the guidance of 6-7% and operating margin level confirmed around 8.4%</td>
</tr>
<tr>
<td>▪ Chinese LV production growth ~1%</td>
<td>▪ Important step of cost base improvement achieved with closure of French piston production</td>
<td></td>
</tr>
<tr>
<td><strong>Defence</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>▪ Further demand increase in key markets</td>
<td>▪ <strong>Strong back end loading</strong> of Defence performance</td>
<td><strong>Sales growth expected at the lower range of the guidance of 5-6% and operating margin at upper end of the guidance of 5-5.5%</strong></td>
</tr>
<tr>
<td>▪ Germany and other allies have <strong>stepped up</strong> investment budgets</td>
<td>▪ <strong>Single digit</strong> sales growth expected for 2017</td>
<td></td>
</tr>
<tr>
<td>▪ <strong>Stronger sales momentum 2018</strong></td>
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</tr>
</tbody>
</table>

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*Source: IHS October 2017*
Automotive with leading technology and market positions

Key Figures

- Sales: €2.7 bn
- EBIT: €223 m
- EBIT margin: 8.4%
- R&D: €74 m
- Capex: €149 m
- Headcount: 10,820

Structure

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hardparts</td>
<td>Large-bore Pistons</td>
</tr>
<tr>
<td>Pistons</td>
<td></td>
</tr>
<tr>
<td>Bearings</td>
<td>Castings</td>
</tr>
<tr>
<td>Mechatronics</td>
<td></td>
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<tr>
<td>Pump Technology</td>
<td>Automotive Emission Systems</td>
</tr>
<tr>
<td>Solenoid Valves</td>
<td>Commercial Diesel Systems</td>
</tr>
<tr>
<td>Acuators</td>
<td></td>
</tr>
<tr>
<td>Aftermarket</td>
<td></td>
</tr>
</tbody>
</table>

Sales by region

- Europe w/o Germany: 47%
- NAFTA: 20%
- ASIA: 17%
- RoW: 13%
- Germany: 3%
- RoW: 3%

Sales by division

- Aftermarket: 33%
- Hardparts: 56%
- Mechatronics: 11%

Sales by customer

- >10% Ford, VW, Renault/Nissan: 34%
- 20% GM, Fiat, Daimler, BMW
- 17% 2-3% DAF, Volvo, PSA
- 8% Other
- 4-6% Other

EBIT by division

- Aftermarket: 12%
- Other: 26%
- Hardparts: 64%
- Mechatronics: 8%
Strategic goals of Rheinmetall Automotive

**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

**Optimizing global footstep**
- Continuously focus capacity management, especially in Hardparts
Rising global light vehicle production

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

- NAFTA  +1.2%
- Europa  +2.2%
- Germany  -0.6%
- Asia*  +4.5%
- China  +2.7%
- Japan  -0.5%

Source: IHS Automotive Feb 2017

* without China and Japan
** without Germany

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Governments will continue to demand reduction of CO$_2$ emissions

- CO$_2$ emission in g/km

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

Source: ICCT
Growth of electric vehicles/hybrids
Based on LV production worldwide (in m)

2017: 96 million
2020: 102 million
2025: 112 million
2030: 124 million
2040: 151 million

Source: IHS
Efficiency

CO₂ Reduction with Automotive Products – Gasoline Engine Vehicle

Reference model
1.4L 4-cylinder
TC DI gasoline engine (115kW)
Approx. 138 g CO₂/km in NEDC

Rheinmetall Automotive Products
LV Diesel exposure limited; powertrain independence is the strategic target

- **Combined global engine production forecast***
  - LV Non Diesel units
  - LV Diesel units

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

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

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

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* IHS: Combined Engine Production Forecast April 2017
** Rheinmetall Automotive sales FY 2016
Rheinmetall Automotive

Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...

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

... by products for hybrid and electric engines

- Structural components
- Engine bearings
- Battery boxes (as from 2018)
- E-engine housing (as from 2018)
- Electrical coolant pumps
- Electrical vacuum pumps
- Electrical coolant valve
- Electrical oil pumps

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

- **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

- **E-Mobility @ Rheinmetall Automotive:**
  E-Mobility Demonstrator

  ![E-Mobility Demonstrator](image-url)
Electrification

Opportunities for all Types of Electrification (Hybrid – BEV – FCEV)

Technology Fields

> Thermal Management
> Heating / Conditioning
> Comfort and Safety
> Lightweight Design
> Propulsion System
> Energy Storage

Serial production
development

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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

* Rheinmetall Automotive and Joint Ventures
Markets with different growth focus:
More than 40 locations with high focus on local needs

- **Germany**
  - Tamm
  - Berlin
  - Dormagen
  - Hartha
  - Langenhagen
  - Neckarsulm (Headquarters)
  - Neuss
  - Neuenstadt
  - Papenburg
  - St. Leon-Rot
  - Walldürn

- **Czech Republic**
  - Ústí n. L.
  - Chabarovice

- **Great Britain**
  - Kirtlington

- **France**
  - Lyon
  - Paris
  - Thionville

- **Spain**
  - Abadiano

- **Italy**
  - Lanciano
  - Livorno
  - Turin

- **USA**
  - Auburn Hills
  - Greensburg
  - Greenville (Fountain Inn)
  - Marinette

- **Mexico**
  - Celaya

- **Brazil**
  - Nova Odessa

- **Japan**
  - Hiroshima
  - Odawara
  - Tokyo

- **China**
  - Shanghai (7)
  - Kunshan (2)
  - Yantai

- **India**
  - Pune
  - New Delhi
  - Supa

- **Turkey**
  - Istanbul

- **Russia**
  - Moscow

Including JVs in Neckarsulm und Greensburg / Yantai / Shanghai / Tokyo as well as the stake in the New Delhi enterprise and the sales offices.
### Summary

#### Markets and Customers:
Markets in better shape than anticipated, global LV production will grow by >2%
Our global production and technology footprint will follow local needs
Rheinmetall Automotive intends to outperform markets in future, too

#### Performance and Products:
Sales growth at Mechatronics will follow the high demand for fuel-optimization products
Hardparts will continue to optimize its global footprint, with the focus on generating cash
Aftermarket: back on track with a new strategy, now set to return to former profitability

#### New Mobility Concepts:
Trend to more efficiency and emission reduction promises higher content per car
Electrification brings additional business and sales growth
Product pipelines are still filled with innovations for every type of power trains
Corporate presentation: Rheinmetall Defence
Defence is a leading supplier with an increasing international presence

Key Figures

<table>
<thead>
<tr>
<th>Category</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>€2.9 bn</td>
</tr>
<tr>
<td>EBIT</td>
<td>€147 m</td>
</tr>
<tr>
<td>EBIT margin</td>
<td>4.9%</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>€184 m</td>
</tr>
<tr>
<td>Capex</td>
<td>€95 m</td>
</tr>
<tr>
<td>Headcount</td>
<td>10,002</td>
</tr>
</tbody>
</table>

Structure

- Weapon and Ammunition
  - Weapon and Ammunition
  - Protection Systems
- Propulsion Systems
- Electronic Solutions
  - Air Defence & Radar Systems
  - Mission Equipment
  - Simulation and Training
  - Technical Publications
- Vehicle Systems
  - Logistic Vehicles
  - Tactical Vehicles

Sales by region

- Germany
- Europe
- RoW
- NAFTA
- AMEA

Sales by division

- Vehicle Systems
- Weapon and Ammunition
- Electronic Solutions

Order backlog by division

- Vehicle Systems
- Weapon and Ammunition
- Electronic Solutions

EBIT by division

- Vehicle Systems
- Weapon and Ammunition
- Electronic Solutions
Strategic goals of Rheinmetall Defence

- **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

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

- **Creating innovations**
  - Armored vehicles and their weapons
  - New technologies, e.g. laser technology
  - IT-based networking
Defence is at the beginning of long lasting market growth


<table>
<thead>
<tr>
<th>Region</th>
<th>Growth Rate</th>
</tr>
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<tbody>
<tr>
<td>North America</td>
<td>+2.7%</td>
</tr>
<tr>
<td>Europe</td>
<td>+1.2%</td>
</tr>
<tr>
<td>MENA</td>
<td>+3.0%</td>
</tr>
<tr>
<td>Asia/Pacific</td>
<td>+4.0%</td>
</tr>
<tr>
<td>Latin America</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
Market growth based on several drivers

- **NATO and international demand:**
  Generally increasing defence budgets

- **EU defence policy**
  European defence union; European defence fund

- **German domestic demand**
  From hollow structures to full equipment

- **Army 4.0:**
  Digitization of army equipment and communication
EU member states en route to comply with NATO 2% target

Europe: Defence budget development in % 2017e*

NATO equipment expenditure in % of total expenditure *

* NATO 06/2017: Equipment expenditure as a share of defence expenditure based on 2010 prices and currencies
NATO and international demand: Framework nation concept triggers standardization of equipment

- Framework nation concept

- German initiative
- Framework nation provides basic military structures (incl. logistical and command structures)
- Smaller states contribute special capabilities
- Nucleus for EU army

Joint concept
Joint training
Joint operations
Standardized equipment
NATO and international demand (current tender): UK and Australian vehicle programmes

UK Mechanised Infantry Vehicle
- 500 8x8 Boxer Utility Vehicles
- Total Value > GBP3 bn
- Decision on tender process pending – collaborative via OCCAR or competition
- Assessment phase expected to begin in 2018

Challenger Upgrade
- 227 vehicles with total value of GBP685 m
- 10 year life extension End of program in 2035
- Rheinmetall and BAE final competitors
- Assessment phase contract awarded Dec ‘16 (GBP23 m)
Next steps:
- Finalization of assessment and final tender in Dec ‘18
- Decision scheduled for end of Q2 2019

LAND 121 Phase 3b
- Around 2,500 vehicles and 3,000 modules
- Total Value: AUD 1.9 bn
- Delivery in process

LAND 121 Phase 5b
- Around 1,100 vehicles and 700 modules
- Follow up order to Phase 3b
- Tender submitted in August 2017

LAND 400 Phase 2
- 225 vehicles
- Total value: AUD 4 bn
- Rheinmetall: Boxer
- BAE/Patria final competitor

LAND 400 Phase 3
- Up to 467 tracked vehicles, thereof 365 Infantry Fighting Vehicles
- Lynx
- At least three competitors
EU defence policy:
EU brought defense matters back on the agenda

Drivers for European defense politics
- Gain strategic autonomy
- Improve efficiency and interoperability
- Increase EU industry competitiveness

European Council decision
- Permanent structured cooperation (PESCO)
- European Defence Fund (€1.5 bn p.a. post 2020)
- Coordinated annual review on defence (CARD)

In Q3 2017 Rheinmetall set up Brussels liaison office
EU defence policy:
Franco-German initiative with a project basket of approx. €175 bn

Franco-German lighthouse projects

Main Focus for Rheinmetall Defence

1. Next-Gen Land Systems
   Main Battle Tank

2. Next-Gen Land Systems
   Common Indirect Fire Sup.

3. Digital Cooperation

4. Maritime Patrol Aircraft

5. EuroDrone

6. Combat Aircraft

7. Helicopters

8. Space

Rheinmetall participates as component supplier
German domestic demand: German MoD initiated three trend reversals

- **Personnel**
  - Mid-term return to 220,000 soldiers

- **Equipment**
  - Full equipment level
  - Long-term structural reinforcement (new division)

- **Budget**
  - Increase of defence budgets
  - €130 billion investment until 2030
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 (in EUR billion)</th>
<th>Growth Rate</th>
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<tbody>
<tr>
<td>2016</td>
<td>34</td>
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<tr>
<td>2017</td>
<td>37</td>
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<tr>
<td>2018</td>
<td>39</td>
<td>23%</td>
</tr>
<tr>
<td>2019</td>
<td>40</td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>2021</td>
<td>42</td>
<td></td>
</tr>
</tbody>
</table>

2% NATO target on estimated German 2016 GDP of €3.1tr
German domestic demand: German army with new role as lead nation for VJTF

Very High Readiness Joint Task Force (VJTF)

- VJTF „the spearhead“ as part of the NATO Response Force
- Multinational brigade with 5 battalions (5,000 troops)
- Rotating lead nations
- Start of operation in 2017
- Germany will take on lead nation role in 2019 and 2023

Higher equipment requirements!
German domestic demand (mid and long-term): Additional structural demand of German army under discussion

- **Vehicles – mid-term potential**

  - Fox
  - Boxer
  - Trucks
  - Puma

- **Equipment and ammunition – multi billion programs**

  - NNBS (Short air defence)
  - TLVS (Tactical air defence)
  - MoTaKo
  - Ammunition
2017 marked by important strategic partnerships

<table>
<thead>
<tr>
<th>Company</th>
<th>Scope</th>
<th>Status</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rohde &amp; Schwarz</td>
<td>Joint bid for MoTaKo /MoTIV project</td>
<td>JV agreement signed Sep 2017 (74.9% Rheinmetall)</td>
<td>Tender process starts 2019 Decision expected Q4 2020</td>
</tr>
<tr>
<td>Raytheon</td>
<td>Various areas of cooperation under analysis</td>
<td>“Strategic collaboration agreement “ signed end of June with defined work share, exclusivity for German market</td>
<td>Agreement signed Sep 2017</td>
</tr>
<tr>
<td>Paravan</td>
<td>Cooperation agreement for drive by wire technology in military and dual use applications incl. civilian emergency response vehicles</td>
<td>Agreement signed Sep 2017</td>
<td>3 years global exclusivity</td>
</tr>
<tr>
<td>Mannlicher</td>
<td>Partnering agreement for the Bundeswehr assault rifle RS 522</td>
<td>Agreement signed Jan 2017</td>
<td>Tender submitted May 2017 Decision expected H1 2019</td>
</tr>
</tbody>
</table>
Army 4.0:
Rheinmetall integrates components to systems
Army 4.0: Soldier systems build the foundation of all digitization

System Infantry

Armored Infantrymen

Battle Management System

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Army 4.0:
SENeca – Latest development to enhance effectiveness of combatants

- Sensor Effector Network for Enhanced Combat Applications
Army 4.0: MoTaKo / MoTIV will propel the German Army into the digital future

Rheinmetall (74.9%):
- Command systems
- Cross-functional operator interface
- Vehicle integration

Rohde & Schwarz (25.1%):
- Communication system architecture, IP based solution for voice and data transmission
- Incorporation of third party components and solutions

JV-share and core capabilities

Scope and Timeline
- Most important strategic procurement project for the German army
- Total value exceeds € 5 bn
- Tender process starts 2019
- Start of production Q2 2021
Army 4.0:
MoTaKo/MoTIV: What supports our ambition?

- Exclusive partnership
  - Rohde & Schwarz is the key partner for all communication equipment

- Top competency: Vehicle upgrades
  - Long-term partnership for all kind of system upgrades

- Integrated battle management systems (BMS)
  - Our infantry fighting vehicles come with an integrated BMS

- Soldier systems are the basis for all communication systems
  - Gladius interlinks the core of the army – the individual soldier
Corporate Presentation: Appendix
### 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 m</td>
<td>Capex*</td>
</tr>
<tr>
<td>~30%</td>
<td></td>
<td>~5.5 - 6.5%</td>
</tr>
<tr>
<td>Tax rate</td>
<td></td>
<td>D &amp; A*</td>
</tr>
<tr>
<td>~4.5 - 5.5%</td>
<td>~3 - 3.5%</td>
<td>R &amp; D*</td>
</tr>
<tr>
<td>~4 - 6%</td>
<td>~2 - 3%</td>
<td></td>
</tr>
</tbody>
</table>

**Financing:**
- Bond €500 m (5.25% coupon) redeemed in September 2017
- EIB loan €250 m (0.962% coupon) maturing in August 2023

**Rating:**
- Ba1 (positive outlook) Moody’s

* as percentage of sales
## Appendix Rheinmetall Group

### 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>1,781</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>
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<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>
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<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>
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<tr>
<td>Dividend per share (in EUR)</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>
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<td><strong>Cash flow statement</strong></td>
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<td></td>
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<tr>
<td>Free cash flow from operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td><strong>Headcount</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees (Dec 31) according to capacity</td>
<td>21,767</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)
## Appendix Rheinmetall Group

### Segments 2012 – 2016 Key figures

<table>
<thead>
<tr>
<th>AUTOMOTIVE</th>
<th></th>
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<td>416</td>
<td>445</td>
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<tr>
<td>2,369</td>
<td>2,262</td>
<td>2,448</td>
<td>2,592</td>
<td>2,656</td>
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<tr>
<td>139</td>
<td>158</td>
<td>184</td>
<td>216</td>
<td>223</td>
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<tr>
<td>5.9</td>
<td>7.0</td>
<td>7.5</td>
<td>8.3</td>
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<tr>
<td>243</td>
<td>225</td>
<td>295</td>
<td>332</td>
<td>356</td>
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<td>139</td>
<td>124</td>
<td>184</td>
<td>216</td>
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<td>5.9</td>
<td>5.5</td>
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<td>8.3</td>
<td>8.4</td>
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<tr>
<td>148</td>
<td>142</td>
<td>158</td>
<td>167</td>
<td>174</td>
<td></td>
</tr>
<tr>
<td>12,003</td>
<td>10,927</td>
<td>10,830</td>
<td>10,934</td>
<td>10,820</td>
<td></td>
</tr>
<tr>
<td>1,091</td>
<td>1,171</td>
<td>1,322</td>
<td>1,450</td>
<td>1,527</td>
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</tr>
<tr>
<td>69</td>
<td>66</td>
<td>96</td>
<td>119</td>
<td>142</td>
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<tr>
<td>6.3</td>
<td>5.6</td>
<td>7.3</td>
<td>8.1</td>
<td>9.3</td>
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<tr>
<td>1,087</td>
<td>889</td>
<td>934</td>
<td>952</td>
<td>921</td>
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<tr>
<td>57</td>
<td>27</td>
<td>72</td>
<td>73</td>
<td>62</td>
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<tr>
<td>5.2</td>
<td>3.0</td>
<td>7.7</td>
<td>7.7</td>
<td>6.7</td>
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<td>265</td>
<td>268</td>
<td>269</td>
<td>285</td>
<td>305</td>
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<td>25</td>
<td>27</td>
<td>26</td>
<td>27</td>
<td>27</td>
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<tr>
<td>9.4</td>
<td>10.1</td>
<td>9.7</td>
<td>9.5</td>
<td>8.9</td>
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<table>
<thead>
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<th>DEFENCE</th>
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<tbody>
<tr>
<td>2,933</td>
<td>3,339</td>
<td>2,812</td>
<td>2,693</td>
<td>3,050</td>
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<tr>
<td>4,987</td>
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<tr>
<td>2,335</td>
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<td>2,591</td>
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<tr>
<td>146</td>
<td>60</td>
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<td>90</td>
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Order intake | Order backlog (Dec. 31) | Sales | Operating result | Operating margin (in %) | EBITDA | EBIT | EBIT margin (in %) | Capex | Employees (Dec 31) according to capacity | Mechatronics | Sales | Weapon & Ammunition* | Hardparts | Sales | Electronic Solutions | EBIT | EBIT margin | Aftermarket | Sales | Vehicle Systems** | EBIT | EBIT margin

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

* Combat Platforms until 2014
**Wheeled Vehicles until 2014

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## Income statement Group

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<th>Q3 '16</th>
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In EUR million
## Cash flow statement Group

### Cash Flow Statement

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<th>Δ</th>
<th>9m 2016</th>
<th>9m 2017</th>
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- Capital payment to/capital contribution by non-controlling interests
- Increase in shares in consolidated subsidiaries
- Dividends paid out by RHM AG
- Capital contributions by non-controlling interests
- Shares issued
- Borrowing of financial debts
- Repayment of financial debts
- **Cash flow from financing activities**
- Changes in financial resources
- Changes in cash and cash equivalents due to exchange rates
- Total change in financial resources
- **Opening cash and cash equivalents January 1**
- **Closing cash and cash equivalents September 30**
## Balance Sheet Group

### Balance Sheet

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Quarterly development Group

**Sales**

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**Operational results**

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<td>Changes in working capital and other items</td>
<td>-1</td>
<td>-374</td>
<td>389</td>
<td>-207</td>
<td>-34</td>
<td>-36</td>
<td>-277</td>
<td>-35</td>
<td>97</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>98</td>
<td>-128</td>
<td>572</td>
<td>-156</td>
<td>69</td>
<td>67</td>
<td>-20</td>
<td>-31</td>
<td>108</td>
</tr>
<tr>
<td><strong>Free Cash Flow from Operations</strong></td>
<td>36</td>
<td>-302</td>
<td>463</td>
<td>-199</td>
<td>19</td>
<td>5</td>
<td>-175</td>
<td>-31</td>
<td>127</td>
</tr>
</tbody>
</table>
Equity and pension liabilities
Financial solidity materially improved

Drivers
- 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 positive since August 2017
Net-financial debt considerably improved on positive cash development

**Net-financial debt**

in EUR million at quarter end

<table>
<thead>
<tr>
<th>Quarter</th>
<th>12/14</th>
<th>12/15</th>
<th>3/16</th>
<th>6/16</th>
<th>9/16</th>
<th>12/16</th>
<th>03/17</th>
<th>06/17</th>
<th>09/17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Debt</td>
<td>330</td>
<td>362</td>
<td>485</td>
<td>445</td>
<td>-19</td>
<td>182</td>
<td>245</td>
<td>242</td>
<td></td>
</tr>
</tbody>
</table>

Net-financial debt decreased by 46% from 12/14 to 09/17.

**Debt composition and maturity profile of instruments**

in EUR million

<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>Other &amp; Leasing</td>
<td>20</td>
<td>139</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank loan</td>
<td>652</td>
<td></td>
<td>243</td>
<td>250</td>
<td></td>
<td></td>
<td>29</td>
</tr>
<tr>
<td>Promissory notes</td>
<td>58</td>
<td>35</td>
<td></td>
<td>122</td>
<td>250</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

EIB Loan

- 2017: 250 EUR million
- 2018: 279 EUR million
Moderate headcount increase to accompany growth

### Headcount per segment
in capacities at year end

<table>
<thead>
<tr>
<th>Year</th>
<th>Group</th>
<th>Defence</th>
<th>Automotive</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>20,166</td>
<td>9,184</td>
<td>10,830</td>
<td>152</td>
</tr>
<tr>
<td>2015</td>
<td>20,676</td>
<td>9,581</td>
<td>10,934</td>
<td>161</td>
</tr>
<tr>
<td>2016</td>
<td>20,993</td>
<td>10,002</td>
<td>10,820</td>
<td>171</td>
</tr>
</tbody>
</table>

### Headcount per region
in capacities at year end

- **Europe**: 72%
- **Americas**: 15%
- **Asia**: 5%
- **Brazil**: 5%
- **Mexico**: 4%
- **RoW**: 7%

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Quarterly development Automotive

Sales by division
in EUR million

Operational results by division
in EUR million

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## Cash flow statement Automotive

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q3 2016</th>
<th>9m 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
<th>9m 2017</th>
<th>Δ Q3 '16/'17</th>
<th>Δ 9m '16/'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>36</td>
<td>116</td>
<td>49</td>
<td>46</td>
<td>50</td>
<td>25</td>
<td>121</td>
<td>-11</td>
<td>5</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>29</td>
<td>93</td>
<td>40</td>
<td>32</td>
<td>32</td>
<td>37</td>
<td>101</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>-1</td>
<td>-1</td>
<td>-1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td><strong>64</strong></td>
<td><strong>208</strong></td>
<td><strong>88</strong></td>
<td><strong>78</strong></td>
<td><strong>82</strong></td>
<td><strong>62</strong></td>
<td><strong>222</strong></td>
<td><strong>-2</strong></td>
<td><strong>14</strong></td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>18</td>
<td>-146</td>
<td>129</td>
<td>-172</td>
<td>20</td>
<td>61</td>
<td>-91</td>
<td>43</td>
<td>55</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>82</strong></td>
<td><strong>62</strong></td>
<td><strong>217</strong></td>
<td>-94</td>
<td><strong>102</strong></td>
<td><strong>123</strong></td>
<td><strong>131</strong></td>
<td><strong>41</strong></td>
<td><strong>69</strong></td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-35</td>
<td>-103</td>
<td>-71</td>
<td>-24</td>
<td>-33</td>
<td>-42</td>
<td>-99</td>
<td>-7</td>
<td>4</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td><strong>47</strong></td>
<td><strong>-41</strong></td>
<td><strong>146</strong></td>
<td><strong>-118</strong></td>
<td><strong>69</strong></td>
<td><strong>81</strong></td>
<td><strong>32</strong></td>
<td><strong>34</strong></td>
<td><strong>73</strong></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>
<tbody>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Engine blocks and structural body parts</td>
<td>Pistons</td>
<td>Engine blocks, cylinder heads and structural body parts</td>
<td>Electrical and mechanical pumps</td>
</tr>
</tbody>
</table>

### 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></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2009</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 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>

### Germany/Europe vs. China

<table>
<thead>
<tr>
<th></th>
<th>Germany/Europe</th>
<th>China</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine blocks and structural body parts</td>
<td>Pistons</td>
<td>Engine blocks, cylinder heads and structural body parts</td>
</tr>
</tbody>
</table>

### Sales China in EUR m

<table>
<thead>
<tr>
<th>Year</th>
<th>WFOEs</th>
<th>JVs (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>39</td>
<td>31</td>
</tr>
<tr>
<td>2012</td>
<td>31</td>
<td>39</td>
</tr>
<tr>
<td>2013</td>
<td>39</td>
<td>52</td>
</tr>
<tr>
<td>2014</td>
<td>52</td>
<td>49</td>
</tr>
<tr>
<td>2015</td>
<td>49</td>
<td>62</td>
</tr>
<tr>
<td>2016</td>
<td>62</td>
<td>52</td>
</tr>
<tr>
<td>2018e</td>
<td>52</td>
<td>62</td>
</tr>
</tbody>
</table>

### EBIT China in EUR m

<table>
<thead>
<tr>
<th>Year</th>
<th>WFOEs</th>
<th>JVs (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>22</td>
<td>0</td>
</tr>
<tr>
<td>2012</td>
<td>0</td>
<td>-1</td>
</tr>
<tr>
<td>2013</td>
<td>1</td>
<td>-5</td>
</tr>
<tr>
<td>2014</td>
<td>4</td>
<td>39</td>
</tr>
<tr>
<td>2015</td>
<td>49</td>
<td>52</td>
</tr>
<tr>
<td>2016</td>
<td>62</td>
<td>49</td>
</tr>
<tr>
<td>2018e</td>
<td>62</td>
<td>52</td>
</tr>
</tbody>
</table>
Electrification and downsizing require more sophisticated products

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

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

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

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

Sales by division
in EUR million

Operational earnings by division
in EUR million

Q3 2016 | Q4 2016 | Q1 2017 | Q2 2017 | Q3 2017
--- | --- | --- | --- | ---
Weapon & Ammunition | 662 | 1,034 | 613 | 731 | 682
Vehicle Systems | -98 | 391 | -67 | -52 | -101
Electronic Solutions | 227 | 244 | 191 | 305 | 248
Weapon & Ammunition | 172 | 483 | 351 | 337 | 370
Operational earnings: | 30 | 25 | 115 | 63 | 28
Vehicle Systems | -4 | 5 | 4 | 30 | 25
Electronic Solutions | 5 | 4 | 3 | 12 | 6
Weapon & Ammunition | -10 | 1 | 0 | 46 | 28
Operational earnings: | -4 | -7 | -1 | -3 | -1
Vehicle Systems | -4 | -3 | -14 | 14 | 13
Electronic Solutions | 1 | -1 | 1 | 6 | 1
Weapon & Ammunition | 0 | 0 | 0 | 0 | 0
Consolidation/Others | -1 | -1 | -1 | -1 | -1

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### Cash flow statement Defence

<table>
<thead>
<tr>
<th>in EUR million</th>
<th>Q3 2016</th>
<th>9m 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
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<th>9m 2017</th>
<th>Δ Q3 '16/'17</th>
<th>Δ 9m '16/'17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>13</td>
<td>-4</td>
<td>78</td>
<td>-16</td>
<td>8</td>
<td>32</td>
<td>24</td>
<td>19</td>
<td>28</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>22</td>
<td>66</td>
<td>26</td>
<td>24</td>
<td>22</td>
<td>21</td>
<td>67</td>
<td>-1</td>
<td>1</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>-3</td>
<td>-6</td>
<td>2</td>
<td>-7</td>
<td>1</td>
<td>-11</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>36</td>
<td>66</td>
<td>105</td>
<td>5</td>
<td>24</td>
<td>55</td>
<td>84</td>
<td>19</td>
<td>18</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-8</td>
<td>-221</td>
<td>248</td>
<td>-61</td>
<td>-38</td>
<td>-88</td>
<td>-187</td>
<td>-80</td>
<td>34</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>28</td>
<td>-155</td>
<td>353</td>
<td>-56</td>
<td>-14</td>
<td>-33</td>
<td>-103</td>
<td>-61</td>
<td>52</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-23</td>
<td>-61</td>
<td>-34</td>
<td>-16</td>
<td>-19</td>
<td>-19</td>
<td>-54</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>5</td>
<td>-216</td>
<td>319</td>
<td>-72</td>
<td>-33</td>
<td>-52</td>
<td>-157</td>
<td>-57</td>
<td>59</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
Management Structure

Board of Directors (Group)

- Peter S. Krause
  Human Resources
- Horst Binnig
  Board Member
- Armin Papperger
  CEO
- Helmut P. Merch
  CFO

Management Board (Automotive)

- Horst Binnig
  CEO
- Olaf Hedden
  Finance/Controlling
- Peter S. Krause
  Human Resources, Legal

Management Board (Defence)

- Armin Papperger
  CEO
- Gordon Hargreave
  Electronics Solutions
- Ben Hudson
  Vehicle systems

- Peter S. Krause
  Human Resources
- Helmut P. Merch
  Finance/Controlling, IT
- Dr. Andreas Schwer
  Board Member
Next events and IR contacts

- **Events 2017**
  - 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

- **Quick link to documents**

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Appendix Rheinmetall Group

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