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

AUTOMOTIVE
- Sales: €2,656m
- EBIT: €223m
- Headcount: 10,820 (FTE)

DEFENCE
- Sales: 52%
- EBIT: 40%
- Headcount: 10,002 (FTE)

FTE: Full time employees
Good business development in the first 9 months

- **Sales**
  - in EUR million
  - Q3 2016: 1,305
  - Q3 2017: 1,366
  - 7% increase

- **Operational result**
  - in EUR million
  - Q3 2016: 79
  - Q3 2017: 7.1
  - 23% increase

- **Operational margin**
  - in %
  - Q3 2016: 6.1
  - Q3 2017: 5.5
  - 27% decrease
Financial KPIs on a positive track

- **Equity ratio**
  - in %
  - 2015: 27%
  - 2016: 29%
  - 9m 2017: 31%

- **Moody’s Rating**
  - 2015: Ba1 Negative
  - 2016: Ba1 Stable
  - 2017: Ba1 Positive
Drivers for growth
Rising global fleet and regulatory restrictions are supporting our growth

Light vehicle production
million vehicles per year

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2020</th>
<th>2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Light vehicle production</td>
<td>96</td>
<td>102</td>
<td>124</td>
</tr>
</tbody>
</table>

+2% 

Emission limits: CO$_2$
in g/km

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission limits: CO$_2$</td>
<td>125</td>
<td>95</td>
</tr>
</tbody>
</table>

-24% 

Emission limits: NO$_x$
in mg/km

EU5 | EU6

<table>
<thead>
<tr>
<th>Year</th>
<th>EU5</th>
<th>EU6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emission limits: NO$_x$</td>
<td>180</td>
<td>80</td>
</tr>
</tbody>
</table>

-56%

Our goal is to outperform global market growth by 100 to 200 bp
Drivers for growth

ICE tapers off, but continues to dominate; E-mobility offers additional chances

**Light vehicle production**

<table>
<thead>
<tr>
<th>Year</th>
<th>E-Vehicles/Hybrids</th>
<th>Combustion engines</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>4.0</td>
<td>92.0</td>
</tr>
<tr>
<td>2020</td>
<td>13.0</td>
<td>89.0</td>
</tr>
<tr>
<td>2025</td>
<td>22.5</td>
<td>89.5</td>
</tr>
<tr>
<td>2030</td>
<td>39.0</td>
<td>85.0</td>
</tr>
<tr>
<td>2040</td>
<td>75.5</td>
<td>75.5</td>
</tr>
</tbody>
</table>

Source: IHS

Ice: Internal combustion engines

+2% per year
Strategic goal to reduce ICE exposure

Sales split

Combustion Engines
- 75% LV
- 10% Truck

Non-Combustion Business
- Continuous Casting
- MIR, LB
- Aftermarket
- Others

Data based on fiscal 2016
Emissions

Additional new products at a glance

- Electrical Vacuum Pump
  EVP 40
  Booked business for series production
  → Start of production 2017!

- Electrical Vapor Pump

- New Side-Channel Secondary Air Pump

- Wastegate Actuators
  Gasoline Engine
  Booked business for series production
  → Start of production 2018!

- Customer presentation

- Customer presentation
Efficiency

Variable valve train – UpValve

Booked business for series production

Asian customer – SOP 2020

4-cyl.-4V-turbo gasoline engine

UpValve System Integrated in Gasoline Cylinder Head
Efficiency

Lightweight design parts – Valuable for all vehicle and powertrain concepts

- Rear Axle Subframe
  - Weight: 18 kg
  - SOP: 01/2017

- Battery Box
  - Weight: 17 kg
  - SOP: 2018

- Housing for e-Engine
  - Weight: 20 kg
  - SOP: 2018

Existing Aluminum die cast technology

Lightweight is a strong trend in all powertrain concepts

Booked orders with German OEMs
E-Mobility

Rheinmetall commands an complementary set of skills for E-mobility

- Battery Pack
- E-Traction Motor
- Various Electrical Auxiliaries:
  - Electr. Coolant Pumps & Valves
  - Electr. Oil Pumps
  - Electr. A/C Compressor
  - Electr. Vacuum Pumps
  - Electr. Air Blower for Batt.-TM
- Thermal Management Components & Systems
Automotive: 
Automotive prepares to participate in future growth in China

- **China Strategy**
  - Increase Chinese share of total Automotive sales
  - Strengthen presence by further local investment
  - Continue our business with European OEM’s
  - Expand business with Chinese OEM’s

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**Chinese LV production**

- Source: IHS January 2018
Automotive: Drivers for structural earnings improvement

- 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
Multiple pillars support long-term demand growth

German defence policy
- From hollow structures to full equipment

EU defence policy
- European defence union; European defence fund

New Products
- Digitization of army equipment and communication

NATO and international demand
- Generally increasing defence budgets
German defence policy:  
**Striving for full equipment**

**New Role**
- Very High Readiness Joint Task Force
- Lead nation European land-systems

**More Personnel**
- Mid-term return to 220,000 soldiers, from presently 170,000

**Full Equipment**
- Return to 100% equipment level
- Long-term structural reinforcement (new division)
- Digitization Army 4.0

**Higher Budgets**
- Increasing defence budgets
- €130 bn investment until 2030
German defence policy:
Germany is one of 22 NATO states to increase 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 € bn

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
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<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>

As % of GDP
- 2016: 1.2%
- 2024: 2.0%

Scenarios for NATO target achievement on estimated German GDP 2024
German defence policy:
Additional structural demand of German army under discussion

- **Vehicles – mid-to-long term potential**
  - Fox (400 vehicles)
  - Boxer (300-400 vehicles)
  - Trucks (> 10,000 vehicles)
  - Puma (~250 vehicles)

- **Equipment and ammunition – multi billion programs**
  - NNBS (Short air defence)
  - TLVS (Tactical air defence)
  - MoTaKo (> €5 bn net)
  - Ammunition (~€2 bn net)

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German defence policy: Army 4.0
Integration of soldier systems, vehicles and BMS will be essential

Gladius Soldier System:
- System approach to soldier equipment
- Mission specific configurable equipment

TacNet BMS*:
- Sensor-effector network
- Processing and visualization of information
- Fit for NATO standards

Infantry Fighting Vehicle
- Boxer
- Puma
- Lynx

* BMS: Battle Management System
** MMUGV= Multi Mission Unmaned Ground Vehicle
German defence policy: Army 4.0
Rheinmetall integrates components to systems
German defence policy: 
German contracts essential for good order intake in 9m 2017

Order intake by division
in EUR million

<table>
<thead>
<tr>
<th>Division</th>
<th>Q3 2016</th>
<th>Q3 2017</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon and Ammunition</td>
<td>960</td>
<td>699</td>
<td>-261</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>881</td>
<td>946</td>
<td>65</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>610</td>
<td>747</td>
<td>137</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>126</td>
<td>100</td>
<td>-26</td>
</tr>
</tbody>
</table>

Order backlog profile
in EUR billion

<table>
<thead>
<tr>
<th>Year</th>
<th>2017e</th>
<th>2018e</th>
<th>2019e</th>
<th>2020e ff</th>
</tr>
</thead>
<tbody>
<tr>
<td>30.09. 2016</td>
<td>6.9</td>
<td>6.7</td>
<td>0.9</td>
<td>1.8</td>
</tr>
<tr>
<td>30.09. 2017</td>
<td>2.5</td>
<td>1.5</td>
<td>1.5</td>
<td>1.8</td>
</tr>
</tbody>
</table>
EU defence policy: Franco-German initiative with a project basket of approx. €175 bn
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. after 2020)
- Coordinated annual review on defence (CARD)

Rheinmetall Brussels liaison office set up in Q3 2017
EU defence policy: Standardization required in Europe

- **Pesco member states**
- **Current situation**
  - **US Army**
    - Main Battle Tanks
      - 1 system
        - Abrams
    - Infantry Vehicles
      - 2 systems
        - Stryker
        - Bradley
    - Howitzers
      - 2 systems
        - Paladin
        - M77
  - **European NATO member**
    - 17 systems, thereof:
      - Leopard 2 (D)
      - Leclerc (F)
      - Ariete (I)
      - Challenger 2 (UK)
    - 20 systems, thereof:
      - Boxer (D)
      - CV-90 (UK)
      - Puma (D)
      - BMP-2 (CZ)
    - 27 systems, thereof:
      - PZH 2000 (D)
      - AS-90 (UK)
      - L118 (UK)
      - CAESAR (F)

- **Benefits of Pesco**
  - Combined technology
  - Interoperability
  - Lower R&D expenses
  - Increased cost efficiency

Source: Handelsblatt/SIPRI
NATO and international demand: 
Budget growth remains an important growth driver

NATO target compliance

- Only 6 out of 29 member states are currently in line with the 2% target
- 50% of member states spend below 20% on equipment
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
NATO and international demand:
VJTF stimulates German and other participating countries’ demand

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

→ New role requires more and better equipment!

→ Additional demand from participating countries expected!
NATO and international demand (current tenders):
UK and Australian vehicle programs

**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 > GBP 0.5 bn
- 10 year life extension End of program in 2035
- Rheinmetall and BAE final competitors
- Assessment phase contract awarded Dec ‘16 (GBP23 m)

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

**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

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

**Next steps:**
- Finalization of assessment and final tender in Dec ‘18
- Decision scheduled for end of Q2 2019
NATO and international demand: Eastern European vehicle programs

Leopard 2 upgrade Poland
- Modernization of 128 Leopard tanks
- Total value around €220 m
- Delivery in process

Boxer Lithuania
- 88 Boxer (infantry fighting vehicles)
- Total value around €390 m
- Delivery in process

BMP-2 replacement Czech Republic
- >200 infantry fighting vehicles
- Total value around €2bn
- Lynx and Puma presented at Brünn trade fare
- Competitors: GD, BAE

8x8 TBT / AGILIS Romania
- 342 vehicles
- Total value around €1.4 bn
- JV with Uzina Automecanica Moreni
- Competitors: GD, Iveco

order already booked
New products:
Innovative solutions as a catalyst for future growth

- **New Vehicles**
  - Main battle tanks
  - Next generation artillery systems
  - Infantry fighting vehicles

- **New Air Defence**
  - Gun-based
  - Missile-based (cooperation)

- **New Ammunition**
  - Tank
  - Artillery

- **New Electronic Components**
  - Digital turret
  - New battle management system
Defence: Drivers for structural earnings improvement

- Improving market environment
- Increasing margins due to the lower impact of legacy contracts
- Higher margin contained in the order book
- Development of new technologies
Solid performance from a strong financial base

<table>
<thead>
<tr>
<th>GROWTH</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive business cycle in both segments</td>
<td></td>
</tr>
<tr>
<td>Automotive outpacing market</td>
<td></td>
</tr>
<tr>
<td>Defence growing at double digits</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>PERFORMANCE</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitability significantly improved</td>
<td></td>
</tr>
<tr>
<td>Targeted margin corridor within reach</td>
<td></td>
</tr>
<tr>
<td>Cash conversion on high level</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STABILITY</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Successful de-leveraging process</td>
<td></td>
</tr>
<tr>
<td>Positive rating outlook</td>
<td></td>
</tr>
<tr>
<td>Financial flexibility enhanced</td>
<td></td>
</tr>
</tbody>
</table>
Outlook
Guidance affirmed for 2017

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

**Rheinmetall**
- Automotive expected to **outperform markets**
- Important step of cost base improvement achieved with closure of French piston production

**Updated Outlook 2017**
- Sales growth expected at the upper range of the guidance of 6-7% and operating margin level confirmed around 8.4%

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

**AUTOMOTIVE**
- 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%

**Group expected to grow around 6% at an operating margin slightly above 6.5% incl. efforts for New Technologies**

*Source: IHS October 2017*
## 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></td>
</tr>
<tr>
<td>Capex*</td>
<td>~5.5 - 6.5%</td>
<td>~3 - 4%</td>
</tr>
<tr>
<td>Tax rate</td>
<td>~30%</td>
<td></td>
</tr>
<tr>
<td>D &amp; A*</td>
<td>~4.5 - 5.5%</td>
<td>~3 - 3.5%</td>
</tr>
<tr>
<td>R &amp; D*</td>
<td>~4 - 6%</td>
<td>~2 - 3%</td>
</tr>
<tr>
<td>Financing:</td>
<td>Bond €500 m (5.25% coupon) redeemed in September 2017</td>
<td></td>
</tr>
<tr>
<td></td>
<td>EIB loan €250 m (0.962% coupon) maturing in August 2023</td>
<td></td>
</tr>
<tr>
<td>Rating:</td>
<td>Ba1 (positive outlook) Moody’s</td>
<td></td>
</tr>
</tbody>
</table>

* as percentage of sales
## Group 2012 – 2016: Key figures

<table>
<thead>
<tr>
<th></th>
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<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>6.3</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)</td>
<td>1.80</td>
<td>0.40</td>
<td>0.30</td>
<td>1.10</td>
<td>1.45</td>
</tr>
<tr>
<td>ROCE (in %)</td>
<td>11.5</td>
<td>4.7</td>
<td>3.9</td>
<td>10.1</td>
<td>12.3</td>
</tr>
<tr>
<td><strong>Cash flow statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cash flow from operations</td>
<td>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)
## Appendix: Rheinmetall Group

### Segments 2012 – 2016 Key figures

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>AUTOMOTIVE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Order intake</td>
<td>2,378</td>
<td>2,270</td>
<td>2,466</td>
<td>2,621</td>
<td>2,670</td>
</tr>
<tr>
<td>Order backlog (Dec. 31)</td>
<td>418</td>
<td>392</td>
<td>416</td>
<td>445</td>
<td>459</td>
</tr>
<tr>
<td>Sales</td>
<td>2,369</td>
<td>2,262</td>
<td>2,448</td>
<td>2,592</td>
<td>2,656</td>
</tr>
<tr>
<td>Operating result</td>
<td>139</td>
<td>158</td>
<td>184</td>
<td>216</td>
<td>223</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>5.9</td>
<td>7.0</td>
<td>7.5</td>
<td>8.3</td>
<td>8.4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>243</td>
<td>225</td>
<td>295</td>
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2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)
## Income statement Group

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<th>Q3 '16</th>
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## Appendix: Rheinmetall Group

### Cash flow statement Group

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## Balance Sheet Group

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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>Year</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>Amount</td>
<td>330</td>
<td>362</td>
<td>485</td>
<td>445</td>
<td>182</td>
<td>-19</td>
<td>139</td>
<td>245</td>
<td>242</td>
</tr>
</tbody>
</table>

Net-financial debt decreased by 46% from 330 million EUR in 12/14 to 242 million EUR in 09/17.

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

- **Other & Leasing**: 652 million EUR in 09/17
- **Bank loan**: 20 million EUR in 09/17
- **Promissory notes**: 139 million EUR in 09/17
- **EIB Loan**: 243 million EUR in 09/17

Yearly amounts for 2017-2023:

- 2017: 29
- 2018: 250
- 2019: 279
- 2020: 250
- 2021: 122
- 2022: 35
- 2023ff: 58
Continuing ROCE improvement

- ROCE in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Group</th>
<th>Defence</th>
<th>Automotive</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.7%</td>
<td>0.3%</td>
<td>10.7%</td>
</tr>
<tr>
<td>2014</td>
<td>0.3%</td>
<td>-4.6%</td>
<td>16.7%</td>
</tr>
<tr>
<td>2015</td>
<td>6.1%</td>
<td>10.6%</td>
<td>19.0%</td>
</tr>
<tr>
<td>2016</td>
<td>12.3%</td>
<td>9.8%</td>
<td>18.8%</td>
</tr>
</tbody>
</table>

Pre-tax WACC (2016):
- 10.9% Automotive
- 9.3% Defence
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 e-bike, 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
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: HR & Legal

Management Board (Defence)
- Armin Papperger: CEO / Weapon & Ammunition
- Gordon Hargreaves: Electronic Solutions
- Ben Hudson: Vehicle Systems
- Peter S. Krause: Human Resources
- Helmut P. Merch: Finance / Controlling / IT
- John Taylor: Rheinmetall International
Moderate headcount increase to accompany growth

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

**Headcount per region**
- **Europe**: 48%
- **Americas**: 15%
- **Asia**: 5%
- **Brazil**: 5%
- **Mexico**: 4%
- **Rest of World (RoW)**: 7%

<table>
<thead>
<tr>
<th>Year</th>
<th>Group Defence Automotive</th>
<th>Europe</th>
<th>Americas</th>
<th>Asia</th>
<th>Brazil</th>
<th>Mexico</th>
<th>RoW</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>20,166</td>
<td>10,830</td>
<td>9,184</td>
<td>152</td>
<td>161</td>
<td>171</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>20,676</td>
<td>10,934</td>
<td>9,581</td>
<td>161</td>
<td>152</td>
<td>171</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>20,993</td>
<td>10,820</td>
<td>10,002</td>
<td>171</td>
<td>161</td>
<td>152</td>
<td></td>
</tr>
</tbody>
</table>
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**
Cash flow affected by working capital buildup in Defence

- Operating Free Cash Flow in EUR million
  - Q3 2016: 36
  - Q3 2017: 5
  - Change: -86%

- Earnings per share in EUR
  - Q3 2016: 0.97
  - Q3 2017: 1.18
  - Change: +42%

- Headcount in capacities
  - 30.09.2016: 20,982
  - 30.09.2017: 21,552
  - Change: +3%
Solid financial status further improved

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

- **Equity ratio**
  - in % of total assets
  - 30.09.2016: 26%
  - 30.09.2017: 31%
  - Increase: +5pp
Quarterly development Group

Sales in EUR million

Operational results in EUR million
### Cash Flow Statement Group

<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 2016/2017</th>
<th>Δ 9m 2016/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Net Income</td>
<td>46</td>
<td>99</td>
<td>116</td>
<td>28</td>
<td>51</td>
<td>43</td>
<td>122</td>
<td>-3</td>
<td>23</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>52</td>
<td>161</td>
<td>67</td>
<td>57</td>
<td>55</td>
<td>59</td>
<td>171</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>-</td>
<td>-14</td>
<td>-</td>
<td>-34</td>
<td>-3</td>
<td>1</td>
<td>-36</td>
<td>1</td>
<td>-22</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>98</td>
<td>246</td>
<td>183</td>
<td>51</td>
<td>103</td>
<td>103</td>
<td>257</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<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>Net cash used in operating activities</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>Free Cash Flow from Operations</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>
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
### Quarterly sales and margins development

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (in EUR million)</th>
<th>Operating result (in EUR million)</th>
<th>Operating margin in %</th>
<th>EBIT (in EUR million)</th>
<th>Operating Free Cash Flow (in EUR million)</th>
<th>Operating FCF / Sales in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>643</td>
<td>51</td>
<td>7.9</td>
<td>51</td>
<td>47</td>
<td>7.3</td>
</tr>
<tr>
<td>Q2</td>
<td>737</td>
<td>728</td>
<td>9.2</td>
<td>35</td>
<td>81</td>
<td>11.8</td>
</tr>
<tr>
<td>Q3</td>
<td>664</td>
<td>684</td>
<td>8.4</td>
<td>9.0</td>
<td>81</td>
<td>11.8</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

### In EUR million

<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>
Operational leverage in Mechatronics and Hardparts drive the quarter

**Sales Automotive**
- in EUR million
  - Q3 2016: 643
  - Q3 2017: 684
  - **6%**  
    - 355 (382)  
    - 225 (232)
    - 82 (95)

**Operating result Automotive**
- in EUR million
  - Q3 2016: 51
  - Q3 2017: 57
  - **12%**
    - 35 (40)
    - 11 (13)
    - 9 (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: 643 (Q3 2016) vs. 684 (Q3 2017) increase of 6%
- South America: 84 (Q3 2016) vs. 95 (Q3 2017) increase of 6%
- Asia: 105 (Q3 2016) vs. 113 (Q3 2017) increase of 6%
- North America: 138 (Q3 2016) vs. 142 (Q3 2017) increase of 6%
- Europe (excl. Germany): 292 (Q3 2016) vs. 303 (Q3 2017) increase of 6%

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

- Germany: 67% (RoW: 65%)
- North America: 6.4%
- South America: 3%
- Asia (incl. China): 29%
- Europe (incl. Germany): 6.4%
- RoW: 21%
- IHS LV production: 2, 4, 3, 1, 3, 5
Chinese entities stronger than the market

- **China LV production** in million units
- **Sales** in million
- **Operating result** in million / in %

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

**Sales**
- Q3 2016: 1,514 million
- Q3 2017: 1,610 million

**Operating result**
- Q3 2016: 134 million, 18% profit margin
- Q3 2017: 146 million, 27% profit margin
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
Quarterly development Automotive

Sales by division
in EUR million

Operational results by division
in EUR million

<table>
<thead>
<tr>
<th>Division</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mechatronics</td>
<td>51</td>
<td>35</td>
<td>43</td>
<td>47</td>
<td>57</td>
</tr>
<tr>
<td>Hardparts</td>
<td>35</td>
<td>22</td>
<td>17</td>
<td>16</td>
<td>13</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>-4</td>
<td>-5</td>
<td>-5</td>
<td>-5</td>
<td>-5</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>-19</td>
<td>-23</td>
<td>-20</td>
<td>-23</td>
<td>-25</td>
</tr>
</tbody>
</table>

Q3 2016: 51, 35, -4, 9, -19
Q4 2016: 60, 35, -5, 8, -23
Q1 2017: 62, 43, -5, 7, -20
Q2 2017: 67, 47, -5, 9, -20
Q3 2017: 57, 40, -5, 9, -20
## 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>Cash Flow</td>
<td>64</td>
<td>208</td>
<td>88</td>
<td>78</td>
<td>82</td>
<td>62</td>
<td>222</td>
<td>-2</td>
<td>14</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>82</td>
<td>62</td>
<td>217</td>
<td>-94</td>
<td>102</td>
<td>123</td>
<td>131</td>
<td>41</td>
<td>69</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>47</td>
<td>-41</td>
<td>146</td>
<td>-118</td>
<td>69</td>
<td>81</td>
<td>32</td>
<td>34</td>
<td>73</td>
</tr>
</tbody>
</table>
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%**
Rheinmetall Defence

Margin and order intake trend positively towards FY guidance

### Quarterly sales and margins development

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Order intake</th>
<th>Sales</th>
<th>Operating result</th>
<th>Operating margin in %</th>
<th>EBIT</th>
<th>Operating Free Cash Flow</th>
<th>Operating FCF / Sales in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q3 2016</td>
<td>574</td>
<td>662</td>
<td>30</td>
<td>4.5</td>
<td>30</td>
<td>5</td>
<td>0.8</td>
</tr>
<tr>
<td>Q4 2016</td>
<td>870</td>
<td>682</td>
<td>46</td>
<td>6.7</td>
<td>46</td>
<td>52</td>
<td>7.6</td>
</tr>
<tr>
<td>Q1 2017</td>
<td>51.6%</td>
<td>3.0%</td>
<td>53.2%</td>
<td>220 bp</td>
<td>53.8%</td>
<td>n.a.</td>
<td>-838 bp</td>
</tr>
<tr>
<td>Q2 2017</td>
<td>1,292</td>
<td>2,025</td>
<td>60</td>
<td>3.0</td>
<td>57</td>
<td>-216</td>
<td>-11.3</td>
</tr>
<tr>
<td>Q3 2017</td>
<td>-1.4%</td>
<td>5.9%</td>
<td>88.9%</td>
<td>130 bp</td>
<td>79.2%</td>
<td>-157</td>
<td>354 bp</td>
</tr>
</tbody>
</table>

### Comments on quarterly performance

- Strong increase of German orders (i.e. vehicles and ammunition)
- Moderate sales growth of 3% as anticipated
- Profitability improved materially, supported mainly by Vehicle Systems
- Cash flow impacted by working capital build up
Operational strength in Vehicle Systems as well as Weapon and Ammunition

Sales Defence
- EUR million
- Q3 2017: 662
- Q3 2016: 682
- Vehicle Systems: 248 (+9%)
- Electronic Solutions: 165 (-4%)
- Weapon and Ammunition: 370 (+3%)

Operating results Defence
- EUR million
- Q3 2017: 46
- Q3 2016: 30
- Vehicle Systems: 28 (+53%)
- Electronic Solutions: 6 (+12%)
- Weapon and Ammunition: 13 (+20%)

Reasons for result development
- Weapon and Ammunition: Good sales development leads to higher earnings
- Electronic Solutions: Stable results development 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

Order backlog profile
in EUR billion

Major German orders with total value > €460 m included

Q3 2016 | Q3 2017
---|---
574 | 870
173 | 284
185 | 197
288 | 434
-72 | -45

30.09. 2016 | 30.09. 2017
6.9 | 6.7

2017e | 2018e | 2019e | 2020e ff
0.9 | 2.5 | 1.5 | 1.8
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

---

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Quarterly development Defence

Sales by division
in EUR million

<table>
<thead>
<tr>
<th>Division</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon &amp; Ammunition</td>
<td>662</td>
<td>1,034</td>
<td>613</td>
<td>731</td>
<td>682</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>227</td>
<td>244</td>
<td>191</td>
<td>305</td>
<td>248</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>361</td>
<td>483</td>
<td>351</td>
<td>337</td>
<td>370</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>-98</td>
<td>-84</td>
<td>-67</td>
<td>-52</td>
<td>-101</td>
</tr>
</tbody>
</table>

Operational earnings by division
in EUR million

<table>
<thead>
<tr>
<th>Division</th>
<th>Q3 2016</th>
<th>Q4 2016</th>
<th>Q1 2017</th>
<th>Q2 2017</th>
<th>Q3 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon &amp; Ammunition</td>
<td>30</td>
<td>25</td>
<td>25</td>
<td>30</td>
<td>46</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>5</td>
<td>63</td>
<td>63</td>
<td>63</td>
<td>63</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>4</td>
<td>30</td>
<td>30</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>-4</td>
<td>-3</td>
<td>-10</td>
<td>-10</td>
<td>-10</td>
</tr>
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</table>

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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>
<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>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>
Appendix: Rheinmetall Automotive

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**

- **Hardparts**
  - Pistons
  - Large-bore Pistons
  - Bearings
  - Castings
- **Mechatronics**
  - Pump Technology
  - Automotive Emission Systems
- **Solenoid Valves**
  - Commercial Diesel Systems
- **Actuators**
- **Aftermarket**

All figures refer to FY 2016

**Sales by region**

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

**Sales by division**

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

**Sales by customer**

- >10% Ford, VW, Renault/Nissan: 34%
- 2-3% DAF, Volvo, PSA: 8%
- 4-6% GM, Fiat, Daimler, BMW: 20%
- Other: 38%

**EBIT by division**

- Aftermarket: 12%
- Hardparts: 26%
- Mechatronics: 64%
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 dependency 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% Global
- **Asia** * +4.5%
- **Japan** -0.5%
- **Germany** -0.6%
- **China** +2.7%

Source: IHS Automotive Feb 2017

* without China und Japan
** without Deutschland
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
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

-1 g CO₂/km
Variable oil pump

-3 g CO₂/km
Tribology system

-3 g CO₂/km
Electr. control valve and variable coolant pump

-7 g CO₂/km
Variable valve train

-2 g CO₂/km
Electr. EGR system

-2 g CO₂/km
Lightweight design parts

Reference

130 g CO₂/km 2015

95 g CO₂/km 2021

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LV Diesel exposure limited; powertrain independence is the strategic target

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

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

- **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

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

Positive short term effect, driven by OEM’s effort to reduce emissions and to avoid penalties
Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...

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

... by products for hybrid and electric engines

- Structural components
- Engine bearings
- Battery boxes (as from 2018)
- E-engine housing (as from 2018)
- Electrical coolant pumps
- Electrical vacuum pumps
- Electrical coolant valve
- Electrical oil pumps
- Heat Pump (Predevelopment)
- Range Extender (Predevelopment)
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
Appendix: Rheinmetall Automotive

Electrification and downsizing require more sophisticated products

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

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

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

- **Piston**
  - Aluminum
  - >3x
  - Steel
## Automotive in China

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

<table>
<thead>
<tr>
<th>Joint Venture Type</th>
<th>Year</th>
<th>Description</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Castings (ATAG)</td>
<td>2014</td>
<td>Engine blocks and structural body parts</td>
<td>Germany/Europe</td>
</tr>
<tr>
<td>Pistons (KSSP)</td>
<td></td>
<td>Pistons</td>
<td>China</td>
</tr>
<tr>
<td>Castings (KPSNC)</td>
<td>2001</td>
<td>Engine blocks, cylinder heads and structural body parts</td>
<td>China</td>
</tr>
<tr>
<td>Pumps (PHP)</td>
<td>2012</td>
<td>Electrical and mechanical pumps</td>
<td>China</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Enterprise Type</th>
<th>Year</th>
<th>Description</th>
<th>Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aftermarket</td>
<td>2008</td>
<td>Spare parts</td>
<td>China</td>
</tr>
<tr>
<td>Pierburg</td>
<td>2009</td>
<td>EGR modules and electric throttle bodies</td>
<td>China</td>
</tr>
<tr>
<td>Large-bore pistons</td>
<td>2013</td>
<td>Large-bore pistons</td>
<td>China</td>
</tr>
<tr>
<td>Pumps (PMP Ch.)</td>
<td>2012</td>
<td>Electrical and mechanical pumps</td>
<td>China</td>
</tr>
</tbody>
</table>

### JV subsidiary

<table>
<thead>
<tr>
<th>Subsidiary Type</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Engine blocks and structural body parts</td>
<td>China</td>
</tr>
</tbody>
</table>

### Sales China in EUR m

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales China in EUR m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>298</td>
</tr>
<tr>
<td>2012</td>
<td>388</td>
</tr>
<tr>
<td>2013</td>
<td>499</td>
</tr>
<tr>
<td>2014</td>
<td>628</td>
</tr>
<tr>
<td>2015</td>
<td>785</td>
</tr>
<tr>
<td>2016</td>
<td>825</td>
</tr>
<tr>
<td>2018e</td>
<td>109</td>
</tr>
</tbody>
</table>

### EBIT China in EUR m

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT China in EUR m</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>22</td>
</tr>
<tr>
<td>2012</td>
<td>-1</td>
</tr>
<tr>
<td>2013</td>
<td>31</td>
</tr>
<tr>
<td>2014</td>
<td>39</td>
</tr>
<tr>
<td>2015</td>
<td>52</td>
</tr>
<tr>
<td>2016</td>
<td>49</td>
</tr>
<tr>
<td>2018e</td>
<td>62</td>
</tr>
</tbody>
</table>

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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
  - Waldürn
- 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
Defence is a leading supplier with an increasing international presence

Key Figures
- Sales: €2.9 bn
- EBIT: €147 m
- EBIT margin: 4.9%
- R&D: €184 m
- Capex: €95 m
- Headcount: 10,002

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: 26%
- Europe: 36%
- AMEA: 34%
- NAFTA: 16%
- RoW: 6%

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

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

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

All figures refer to FY 2016
Strategic goals of Rheinmetall Defence

Strategic goals

- **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

- Defence budgets development 2016 – 2020
  in % p.a.

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
EU member states en route to comply with NATO 2% target

- **NATO Defence budgets**
  - in % of GDP 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
### 2017 marked by important strategic partnerships

<table>
<thead>
<tr>
<th>Scope</th>
<th>Status</th>
<th>Timeline</th>
<th>Remarks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint bid for MoTaKo /MoTIV project</td>
<td>JV agreement signed Sep 2017 (74.9% Rheinmetall)</td>
<td>Tender process starts 2019</td>
<td></td>
</tr>
<tr>
<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>Decision expected Q4 2020</td>
<td></td>
</tr>
<tr>
<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>
<td></td>
</tr>
<tr>
<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>
<td></td>
</tr>
</tbody>
</table>
Army 4.0:
MoTaKo / MoTIV will propel the German Army into the digital future

JV-share and core capabilities

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

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

Top competency: Vehicle upgrades

Integrated battle management systems (BMS)

Soldier systems are the basis for all communication systems

Rohde & Schwarz is the key partner for all communication equipment

Long-term partnership for all kind of system upgrades

Our infantry fighting vehicles come with an integrated BMS

Gladius interlinks the core of the army – the individual soldier
**Defence industry in Europe**

- **Governmental shareholding** restricts room for cross-border consolidation.

- **Big common armament programs** could be catalysts for further consolidation.

**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 2018**

- Commerzbank Conference, New York, 8 - 10 Jan
- Kepler Cheuvreux Conference, Frankfurt, 15 - 16 Jan
- Bankhaus Lampe Conference, London, 1 Feb
- Provisional figures 2017, 1 Mar
- Annual Report 2017, 15 Mar
- Q1 2018 Report, 4 May
- Annual General Meeting, Berlin, 8 May

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**Quick link to documents**

- Corporate Presentation
- Interim Reports
- Annual Reports
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