Rheinmetall

Group structure

<table>
<thead>
<tr>
<th>Group performance indicator</th>
<th>RHEINMETALL GROUP 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>~€6bn sales</td>
<td>~8% op. margin</td>
</tr>
<tr>
<td>~2-4% Cash on sales</td>
<td>30-35% payout ratio</td>
</tr>
</tbody>
</table>

**Strategy roadmap**
- Organic growth
- International expansion
- Leading by innovations
- Targeted acquisitions

**AUTOMOTIVE**
*Our heart beats for your engine*

- Op. margin: 8.9%
- Sales: €2,930m (48%)
- Oper. Result: €265m (53%)
- *Sales*: €478m (51%)
- Order backlog: 11,710

**DEFENCE**
*Force protection is our mission*

- Sales: 52%
- Oper. Result: €3,221m (47%)
- Order backlog: €247m (49%)
- Headcount: 10,948
- Headcount: 49%
- Headcount: 51%

- Op. margin: 7.9%
**FY 2018 Highlights: Group**

*2018 finished with new record levels*

<table>
<thead>
<tr>
<th>Order intake</th>
<th>Sales</th>
<th>Operating Result</th>
<th>EPS</th>
<th>Dividend*</th>
</tr>
</thead>
<tbody>
<tr>
<td>€8.5bn</td>
<td>€6.1bn</td>
<td>€492m</td>
<td>€7.10</td>
<td>€2.10</td>
</tr>
</tbody>
</table>

- Order intake jumped 44% to a record €8.5bn
- Solid sales development to €6.1bn on the back of a challenging environment
- Operating result increased by €92m to €492m driven by both segments
- EPS grew by 36% to €7.10 (including one-off effects)
- Dividend proposal* increased by 24% to €2.10

*Subject to AGM approval*
**FY 2018 Highlights: Group**

**Strong FX-adjusted sales growth of 6.1%**

<table>
<thead>
<tr>
<th>Sales in €m</th>
<th>2017</th>
<th>2018</th>
<th>FX effect &amp; others</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive</td>
<td>2,861</td>
<td>3,036</td>
<td>-107</td>
<td>2,930</td>
</tr>
<tr>
<td>Defence</td>
<td>3,036</td>
<td>3,221</td>
<td>-107</td>
<td>3,221</td>
</tr>
<tr>
<td>FX effect &amp; others</td>
<td>120</td>
<td>239</td>
<td>-107</td>
<td>2,930</td>
</tr>
</tbody>
</table>

**Sales Drivers:**

- **Strong non-LV sales**
- **Ramp-up of new products**
- **Strong vehicle deliveries**
- **Improved ES sales, especially in Q4**
- **Suspended export licenses**
- **South Africa incident**
- **Stagnating global markets**
- **Burdening Diesel discussion and WLTP introduction**

**Currency Effects:**

- **Defence:**
  - AUD
  - CHF
- **Automotive:**
  - BRL
  - USD

**Total:** -1.8%
FY 2018 Highlights: Group
Strong profitability gains, Defence closing in on Automotive

Operating result in €m

- Optimized international footprint
- Early reaction to market developments by improved processes and ramp-ups
- Additional R&D initiatives for new mobility products
- High utilization and increased value added
- Phase-out of legacy contract
- Optimized cost structure
- Impairment R&D project
- Property sales

Operating Result 2017
Automotive: 174
Defence: 249
FX effect & Consolidation line: -23
Operating Result 2018
Automotive: 247
Defence: 265
FX effect & Consolidation line: -24
Restructuring: 6
Miscellaneous: 33
EBIT 2018: 518
Rheinmetall Group

Sturdier equity ratio and return to investment grade in 2018

<table>
<thead>
<tr>
<th>Key financials</th>
<th>FY 2017*</th>
<th>FY 2018</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>6,330</td>
<td>6,759</td>
<td>429</td>
</tr>
<tr>
<td>Equity</td>
<td>1,860</td>
<td>2,172</td>
<td>312</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>29.4%</td>
<td>32.1%</td>
<td>270bp</td>
</tr>
<tr>
<td>Net debt</td>
<td>-56</td>
<td>31</td>
<td>n.a.</td>
</tr>
<tr>
<td>Investment grade</td>
<td>Ba1 (positive)</td>
<td>Baa3 (stable)</td>
<td></td>
</tr>
<tr>
<td>Debt ratio(^1)</td>
<td>-4.3%</td>
<td>0.5%</td>
<td>160bp</td>
</tr>
<tr>
<td>Net gearing(^2)</td>
<td>-12.3%</td>
<td>1.4%</td>
<td>460bp</td>
</tr>
<tr>
<td>Leverage ratio(^3)</td>
<td>-0.1x</td>
<td>0.04x</td>
<td>0.14x</td>
</tr>
</tbody>
</table>

1. Net financial debt / (Total assets - liquid financial assets)
2. Net financial debt / Shareholder’s equity
3. Net financial debt / EBITDA

Equity ratio improved to 32.1%
Upgrade to investment grade in April 2018
Net-debt remains on low level
Solid credit KPIs

*FY 2017 adjusted for IFRS 9/15/16 and re-evaluation effects
Rheinmetall Group

Strong value generation

<table>
<thead>
<tr>
<th>In €m</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>626</td>
<td>836</td>
<td>33.5%</td>
</tr>
<tr>
<td>EBIT</td>
<td>385</td>
<td>518</td>
<td>34.5%</td>
</tr>
<tr>
<td>Interest result</td>
<td>-39</td>
<td>-33</td>
<td>-15.4%</td>
</tr>
<tr>
<td>EBT</td>
<td>346</td>
<td>485</td>
<td>40.2%</td>
</tr>
<tr>
<td>Net income</td>
<td>252</td>
<td>354</td>
<td>40.5%</td>
</tr>
<tr>
<td>Minorities</td>
<td>28</td>
<td>49</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>In €m</th>
<th>31/12/17*</th>
<th>31/12/18</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity</td>
<td>1,860</td>
<td>2,172</td>
<td>16.8%</td>
</tr>
<tr>
<td>Net debt (+) / Net cash (-)</td>
<td>-56</td>
<td>31</td>
<td>n.a.</td>
</tr>
<tr>
<td>Pension provisions</td>
<td>1,080</td>
<td>972</td>
<td>-10.0%</td>
</tr>
<tr>
<td>Average capital employed**</td>
<td>2,792</td>
<td>3,030</td>
<td>8.5%</td>
</tr>
<tr>
<td>ROCE (in %)</td>
<td>13.8%</td>
<td>17.1%</td>
<td>331 bp</td>
</tr>
</tbody>
</table>

- EBITDA included €41m exceptional D&A
- EBIT benefited from €27m special effects
- Interest result improved also due to divestment of US pension plan
- Underlying effective tax rate unchanged at 27%
- Minorities grew on RMMV performance
- Net debt swung to lower level
- Pension provisions lower due to CTA contribution and higher discount rate
- ROCE improved significantly by 331bp to 17.1% (Group pre-tax WACC: 10.7% )

* FY 2017 adjusted for IFRS 16 effects
** Average capital employed is the mean of 2017/2018 year-end figures
Rheinmetall Group

Q4 catch-up effect strongly underpinned by working capital

### Operating free cash flow per quarter in €m

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-287</td>
<td>-140</td>
<td>-116</td>
<td>508</td>
</tr>
</tbody>
</table>

### Drivers

- Trend reversal of negative quarterly operating free cash flow in Q4
- Q4 fell short due to a late milestone payment received in January 2019

### Operating Free Cash Flow components changes y/y in €m

<table>
<thead>
<tr>
<th>Component</th>
<th>OFCF 31/12/2017</th>
<th>Net Income</th>
<th>D&amp;A</th>
<th>Changes Pensions &amp; others</th>
<th>Changes Working Capital</th>
<th>Capex</th>
<th>OFCF 31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-287</td>
<td>102</td>
<td>77</td>
<td>-62</td>
<td>-421</td>
<td>-7</td>
<td>-35</td>
</tr>
</tbody>
</table>

### Drivers

- Higher receivables after strong Q4 sales rally
- Increase in safety stock for bottleneck intermediates
- Export ban for trucks
- Milestone payment delayed to early January
Net-debt remained on a satisfactory level

Net financial debt / net cash in €m at quarter-end

<table>
<thead>
<tr>
<th></th>
<th>31/12/17</th>
<th>01/01/18</th>
<th>31/03/18</th>
<th>30/06/18</th>
<th>30/09/18</th>
<th>31/12/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash</td>
<td>230</td>
<td>56</td>
<td>219</td>
<td>429</td>
<td>514</td>
<td>31</td>
</tr>
<tr>
<td>IFRS16 adjusted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Debt composition and maturity profile in €m

<table>
<thead>
<tr>
<th></th>
<th>31/12/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Σ 855</td>
<td>300</td>
</tr>
<tr>
<td>EIB loan*</td>
<td>250</td>
</tr>
<tr>
<td>Promissory notes</td>
<td>124</td>
</tr>
<tr>
<td>Other &amp; Leasing</td>
<td>181</td>
</tr>
<tr>
<td>Bank loans</td>
<td>53</td>
</tr>
</tbody>
</table>

*€250m EIB loan (0.962% coupon) maturing in August 2023
FY 2018 Highlights: Automotive
Concluding a challenging year with resilient profitability

- Difficult market environment particularly in H2
- Sales growth of €69m to €2,930m (4.2% FX-adjusted) in a contracting market
- Operating margin of 8.9% on record level
- Operating FCF of €26m supported by sequentially improved Q4 performance
- Inauguration of new production sites for e-mobility and innovative casting products
Q4 2018 Highlights: Automotive
Q4 with market outperformance and record margin

Comments on quarterly performance

- Sales growth of 2.7% (FX-adjusted 4.2%) with strong outperformance
- Operating result increased to €69m, raising margin to 9.4%
- OFCF sequentially improved, but significantly below PY quarter due to inventory build-up of safety stock for scarce components
- Cash-to-sales ratio in Q4 recovered, but FY below guided range

<table>
<thead>
<tr>
<th>in €m</th>
<th>Q4 2017</th>
<th>Q4 2018</th>
<th>∆</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>∆</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>712</td>
<td>731</td>
<td>2.7%</td>
<td>2,861</td>
<td>2,930</td>
<td>2.4%</td>
</tr>
<tr>
<td>Operating result</td>
<td>63</td>
<td>69</td>
<td>9.5%</td>
<td>249</td>
<td>262</td>
<td>5.2%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>8.8%</td>
<td>9.4%</td>
<td>59 bp</td>
<td>8.7%</td>
<td>8.9%</td>
<td>24 bp</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>74</td>
<td>42</td>
<td>-43.2%</td>
<td>106</td>
<td>26</td>
<td>-75.5%</td>
</tr>
<tr>
<td>Operating FCF / Sales</td>
<td>10.4%</td>
<td>5.7%</td>
<td>-465 bp</td>
<td>3.7%</td>
<td>0.9%</td>
<td>-282 bp</td>
</tr>
</tbody>
</table>
Q4 2018 Highlights: Automotive

Automotive still strong in a weakening market

Sales Automotive in €m

Q4 17: 712
Q4 18: 731

Operating result Automotive in €m

Q4 17: 407
Q4 18: 431

Aftermarket

- Slow sales in Middle East but profitable business in Brazil, USA and Russia
- Process improvements in production

Mechatronics

- Positive leverage, especially in the pump business
- Ramp-up cost for new products and capacity expansion
- Transfer of e-mobility R&D expenses from central to Mechatronics

Hardparts

- Improved ramp-up in casting business led to higher contribution of at equity entities

Margin Q4 2017

Sales

- Margin Q4 2017: 8.8%
- Margin Q4 2018: 9.5%

Operating result

- Margin Q4 2017: 11.3%
- Margin Q4 2018: 10.0%
**FY 2018 Highlights: Automotive**

**Non-LV business overcompensates lagging LV sales**

- **Global LV production**
  - in million units
  - 2017: 95.2
  - 2018: 94.1
  - Without China: stagnant
  - China: -4.0%

- **Sales Automotive LV / Non-LV**
  - in €m
  - Non-LV business:
    - 2017: 977
    - 2018: 1,092
    - +11.8%
  - LV business:
    - 2017: 1,884
    - 2018: 1,838
    - -2.4%

Source: IHS Automotive, February 2018
FY 2018 Highlights: Automotive
FX-adjusted sales growth of 4.2% in a regionally very mixed market

Regional Automotive sales development in €m

2017: 2,861
- RoW: 16.3%
- China: 19.5%
- Asia (excl. CN): 45.4%
- USMCA: 3.5%
- South America: 3.5%
- Europe (excl. DE): 7.2%
- Germany: 5.6%

2018: 2,930
- RoW: 16.0%
- China: 20.0%
- Asia (excl. CN): 43.2%
- USMCA: 9.6%
- South America: 0.7%
- Europe (excl. DE): 7.2%
- Germany: 9.0%

Regional Automotive sales growth FY 2018 in % (IHS February 2019)

- Germany: -9.6%
- Europe (excl. DE): -2.0%
- USMCA: -0.7%
- Brazil: -4.0%
- China: -4.1%
- Asia (excl. CN): 3.1%
- Others: 9.3%
- World: 1.6%
- Others: 2.4%

Automotive vs LV-production: outperformance or underperformance

*Automotive sales FX-adjusted
FY 2018 Highlights: Automotive

China in 2018 reported a positive development

- Operational sales growth of 5.7% in a contracting market of -4.0%
- Margin slightly improved from 7.8% to 7.9%
- Burdening start-up costs for piston plant and development costs related to new project acquisitions
- Positive trend for clean and e-mobility

Including 100% figures of 50/50 JV, consolidated at equity
**FY 2018 Highlights: Automotive**

Diesel saw further decline in 2018, but overcompensated by Non-LV growth

**EU registrations by fuel type**
- in % of total registrations

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Other</th>
<th>Hybrids/Electric Vehicles</th>
<th>Diesel</th>
<th>Gasoline</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q4 2017</td>
<td>1.9%</td>
<td>3.2%</td>
<td>41.2%</td>
<td>52.3%</td>
</tr>
<tr>
<td>Q4 2018</td>
<td>1.4%</td>
<td>4.5%</td>
<td>34.1%</td>
<td>57.2%</td>
</tr>
<tr>
<td>2017</td>
<td>1.4%</td>
<td>2.8%</td>
<td>44.0%</td>
<td>50.3%</td>
</tr>
<tr>
<td>2018</td>
<td>1.5%</td>
<td>2.0%</td>
<td>35.9%</td>
<td>56.7%</td>
</tr>
</tbody>
</table>

**Sales by fuel type**
- in €m

<table>
<thead>
<tr>
<th>Year</th>
<th>Non-LV</th>
<th>LV-Diesel</th>
<th>LV-Gasoline</th>
<th>Truck Diesel</th>
<th>Non-LV</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>2,861</td>
<td>73</td>
<td>24</td>
<td>42</td>
<td>75</td>
<td>2,930</td>
</tr>
<tr>
<td>2018</td>
<td>37%</td>
<td>27%</td>
<td>36%</td>
<td>36%</td>
<td>40%</td>
<td>24%</td>
</tr>
</tbody>
</table>

Source: ACEA.be
FY 2018 Key Events: Defence

2018 marked the beginning of the “super cycle”

- Impressive order intake of €5.6bn
- Sales growth of €185m to €3,221m (7.9% FX-adjusted)
- Operating margin increased to 7.9%
- Q4 OFCF of €479m raised FY to -€29m OFCF
- Tragic incident at South Africa plant
Q4 2018 Highlights: Defence
Record fourth quarter in relevant KPIs

Quarterly sales and margin development

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>Q4 2018</th>
<th>Δ</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>671</td>
<td>1,094</td>
<td>63.1%</td>
<td>2,963</td>
<td>5,565</td>
<td>87.8%</td>
</tr>
<tr>
<td>Sales</td>
<td>1,011</td>
<td>1,255</td>
<td>24.1%</td>
<td>3,036</td>
<td>3,221</td>
<td>6.1%</td>
</tr>
<tr>
<td>Operating result</td>
<td>114</td>
<td>179</td>
<td>57.0%</td>
<td>174</td>
<td>254</td>
<td>46.0%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>11.3%</td>
<td>14.3%</td>
<td>299 bp</td>
<td>5.7%</td>
<td>7.9%</td>
<td>215 bp</td>
</tr>
<tr>
<td>EBIT</td>
<td>115</td>
<td>181</td>
<td>57.4%</td>
<td>172</td>
<td>247</td>
<td>43.6%</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>395</td>
<td>479</td>
<td>21.3%</td>
<td>238</td>
<td>-29</td>
<td>n.a.</td>
</tr>
<tr>
<td>Operating FCF / Sales</td>
<td>39.1%</td>
<td>38.2%</td>
<td>-91 bp</td>
<td>7.8%</td>
<td>-0.9%</td>
<td>-874 bp</td>
</tr>
</tbody>
</table>

Comments on quarterly performance

- High order intake of €1bn drove FY to €5.6bn
- Strong year-end sales rally of plus 24%
- High utilization and favorable product mix boosted margin
- Q4 18 abs. OFCF exceeded Q4 17 by 21%, full year however negative
Q4 2018 Highlights: Defence
Strong finish by all divisions as expected

**Sales Defence**
in €m

- **Q4 17**
  - Weapon & Ammunition: 431
  - Electronic Solutions: 247
  - Vehicle Systems: 423
  - Margin: 11.3%

- **Q4 18**
  - Weapon & Ammunition: 472
  - Electronic Solutions: 346
  - Vehicle Systems: 501
  - Margin: 14.3%

**Operating result Defence**
in €m

- **Q4 2017**
  - Weapon & Ammunition: 114
  - Electronic Solutions: 77
  - Vehicle Systems: 19
  - Margin: 17.9%

- **Q4 2018**
  - Weapon & Ammunition: 107
  - Electronic Solutions: 35
  - Vehicle Systems: 44
  - Margin: 22.7%

**Weapon and Ammunition**
Strong demand and larger share of high profit ammunition business

**Electronic Solutions**
Strong sales with high leverage and benefits of improved cost structure

**Vehicle Systems**
Continuously improved product mix (phasing out of Dutch Boxer)
High utilization in BUs Tactical and Logistical Vehicles
FY 2018: Defence
Huge Australian orders boost order intake and backlog

**Order intake by region**
- **in %**
- Q4 2017: 670
- Q4 2018: 1,094
- Q4 2017: +63%
- Q4 2018: +88%

**Sales by region**
- **in %**
- 2017: 3,036
- 2018: 3,221
- 2017: +6%
- 2018: +34%

**Order backlog by region**
- **in %**
- 2017: 6,416
- 2018: 8,577
- 2017: +34%
- 2018: +6%
FY 2018: Defence
2018 laid the foundation for further growth

Order backlog by division
in €m

<table>
<thead>
<tr>
<th>Division</th>
<th>Order backlog</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon and Ammunition</td>
<td></td>
<td>6,416</td>
<td>2,122</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td></td>
<td>1,692</td>
<td>2,117</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td></td>
<td>1,914</td>
<td>5,030</td>
</tr>
<tr>
<td>Consolidation</td>
<td></td>
<td>3,021</td>
<td>-692</td>
</tr>
</tbody>
</table>

Order backlog profile
in €m per 31/12/2018

<table>
<thead>
<tr>
<th>Year</th>
<th>Order backlog</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019E</td>
<td>~2,900</td>
</tr>
<tr>
<td>2020E</td>
<td>~1,800</td>
</tr>
<tr>
<td>2021E ff.</td>
<td>~3,900</td>
</tr>
</tbody>
</table>
Outlook Automotive: 2019
The risk map for Automotive has gained complexity

Indirect exposure

- Hard Brexit?
- Car tariffs US/EU unsolved
- Raw materials hedged
- Increased safety stock to safeguard availability of critical components
- Shared of new LV registrations in Europe went down from 44% (2017) to 36% (2018)

- Lower disposable income
- Incentive schemes?
- Expected to be a burden at least in Q1/Q2 2019
Outlook Automotive: 2019
Automotive anticipates a contracting market

- LV-production scenarios

- IHS reported declining growth figures throughout 2018 continuing into 2019

- Rheinmetall Automotive anticipates a more negative market development than IHS based on:
  - Projection of negative IHS 2018 trend
  - Regional sales exposure
  - Structure of customer portfolio

Source: IHS monthly update
Outlook Automotive: 2019 and mid-term
Various instruments available to limit impact of negative markets

Sales scenarios
- Growth (1-2%)
- Stagnation (0%)
- Contraction (-5%)

Impact on operating result
- ~8%

Possible measures

Short-term
- Reduction of leased work force
- Flexibility of working hours
- Prioritization of projects (internal)
- General cost saving programs (e.g. travel, marketing)
- No new hires (replacement or additional)

Structural
- Adjustment of capacities (e.g. line or plant closure)
Outlook Defence: 2019

Strong German commitment to 1.5% with increased demand starting in 2019

- **German defence expenditure** in €bn
  - Budget
  - Financial plan
  - Expected commitment authorizations

    - 2018: 39
    - 2019: 43
    - 2020: 43
    - 2021: 44
    - 2022: 44
    - 2023: 60
    - 2024*: +54%
    - 2025:

*1.5% of GDP according to NATO Strategic Level Report quoted by Der Spiegel Feb 5, 2019

- **Pent-up demand of €25m proposals** number of proposals

  - With relevance for Rheinmetall
    - 14
    - 2
    - ~ 20

- **German defence investment** in €m
  - 2016: 5,420
  - 2017: 6,011
  - 2018: 6,063
  - 2019: 8,264

  19.1% investment share in 2019 budget complies with NATO’s 20% investment target

- **Budget Financial plan**
  - 2016: ~ 20
  - 2017: ~ 20
  - 2018: ~ 20
  - 2019: 60

Source: German MoD
Outlook Defence: 2019
Solid pipeline of projects in our home markets

Key projects and potentials

- VJTF-related orders (€1 – 1.5bn)
- Participation in budget increase
- Challenger life extension, expected H1 2019 (€0.8 – 1.2bn)
- UK Boxer expected end of 2019 (€~2bn)
- Czech Republic: Lynx (H2 2019; €1 – 1.5bn)
- Hungary: Boxer/Lynx (€~2bn)
- Hungary: Leopard & tank howitzer sub contract (€~0.3 – 0.4bn)
- Land 400 Phase 3 (2022; €4 – 5bn)
Outlook Defence: Mid-term
Further big-ticket orders in sight

Order intake, sales
in €bn

Average order intake 2013 – 2017: 3.0

Targeted range of €4 – 6bn order intake
FY 2018 Highlights: Innovation
Focused R&D and capex within guided parameters

**R&D**
in €m and in % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>R&amp;D (€m)</th>
<th>R&amp;D (% of sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>139</td>
<td>4.9%</td>
</tr>
<tr>
<td>2018</td>
<td>157</td>
<td>5.4%</td>
</tr>
</tbody>
</table>

- Automotive
- Defence

**Capex**
in €m and in % of sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Capex (€m)</th>
<th>Capex (% of sales)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>154</td>
<td>5.4%</td>
</tr>
<tr>
<td>2018</td>
<td>161</td>
<td>5.5%</td>
</tr>
</tbody>
</table>

- Automotive
- Defence
**FY 2019 Guidance**

High sales growth and earnings improvement targeted

### Sales

<table>
<thead>
<tr>
<th></th>
<th>2018 Growth y/y in % at constant FX</th>
<th>2019e Growth y/y in % at constant FX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td>6.1</td>
<td>4 – 6</td>
</tr>
<tr>
<td><strong>Automotive</strong></td>
<td>4.2</td>
<td>0 – 1</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
<td>7.9</td>
<td>9 – 11</td>
</tr>
</tbody>
</table>

### Operating margin

<table>
<thead>
<tr>
<th></th>
<th>2018 in %</th>
<th>2019e in %</th>
<th>Mid-term in %</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td>8.0</td>
<td>around 8</td>
<td>Minus €25 – 35m (consolidation line)</td>
</tr>
<tr>
<td><strong>Automotive</strong></td>
<td>8.9</td>
<td>around 8</td>
<td>around 8</td>
</tr>
<tr>
<td><strong>Defence</strong></td>
<td>7.9</td>
<td>8.0 – 8.5</td>
<td>8 – 9</td>
</tr>
</tbody>
</table>

Operational growth at constant FX

No hard Brexit; no escalation of trade wars
## Select key data: outlook 2019

<table>
<thead>
<tr>
<th>Rheinmetall Group</th>
<th>Automotive</th>
<th>Defence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Holding cost</td>
<td>~€25-30m (PY: €24m)</td>
<td>5.5-6% (5.5%)</td>
</tr>
<tr>
<td></td>
<td>(w/o IFRS 16)</td>
<td></td>
</tr>
<tr>
<td>Tax rate</td>
<td>Comparable level (PY: 27%)</td>
<td>~5.5% (5.3% reported, scheduled 5.2%)</td>
</tr>
<tr>
<td>Interest result</td>
<td>~€40m (PY:-€33m)</td>
<td>5-6% (5.4%)</td>
</tr>
</tbody>
</table>
Leading and shaping change – Focus on technology

RHEINMETALL GROUP
Rheinmetall Group

Markets have acknowledged operational development

Restructuring Phase

One Rheinmetall Phase I
10 initiatives addressing culture and cooperation

One Rheinmetall Phase II
Focus on technologies

Margin: +10.6pp
Sales: ~40%
Share price: >167%

2013-to date

© Rheinmetall AG / Corporate Presentation April 2019
Rheinmetall Technology Cluster
Top five technology cluster identified

- **Automation**
  - Advanced assistant systems for driving, sensing, protection and weaponry

- **Digitalization**
  - New, digitalized vehicle architectures
  - Virtual prototyping and digital twins
  - System / health monitoring, predictive maintenance, logistics

- **Next Sensors**
  - New LIDAR* / Radar sensors
  - Resistant to jamming / spoofing
  - Next generation IR sensors

- **E-Mobility**
  - Hybrid drive
  - E-drive
  - Micro mobility

- **Artificial Intelligence**
  - AI supported technologies
    - to handle complex situations
    - for decision support
    - for information superiority

---

* LIDAR = light detection and ranging
Automotive

Meet the current challenges of the business

1. China
2. Diesel
3. Legislation
4. E-Mobility
Market trends

The growth drivers of Rheinmetall Automotive

Efficiency (CO₂ Reduction)

Emission (Reduction)

Electrification
Innovations

The innovation pipeline for all three trends is packed

E3

Efficiency
(CO₂ Reduction)

Emission
(Reduction)

Electrification
Diversification
Increasing portfolio for non-LV applications

**Trucks**

Diverse portfolio for truck applications

**Large bore pistons**

E.g. ship and locomotive pistons

**Bearings & continuous casting**

Sanitary application

**Aftermarket**

Global supply of spare parts
Summary Automotive

1. On track to close 2018 on record levels
2. Markets are challenging, but outperformance realistic
3. Innovative portfolio accommodates growth trends
4. Margin resilience confirmed
1990
- Annexation of the Crimean peninsula

DECLINING BUDGETS (ESPECIALLY IN THE WEST)
- “Peace dividend”
- Downscaling of forces and armament
- Out of area missions

INFLECTION POINT 2014
- Annexation of the Crimean peninsula

GLOBALLY RISING BUDGETS
- NATO 2% target
- Return to alliance and territorial defence
- Upscaling of forces and modernization

2035
-

DECLINING BUDGETS [(ESPECIALLY IN THE WEST)]

INFLECTION POINT

2014

Annexation of the Crimean peninsula

GLOBALLY RISING BUDGETS

“Peace dividend”

Downscaling of forces and armament

Out of area missions
Drivers Defence
Well positioned to participate in “home markets” growth

German Budget increase

<table>
<thead>
<tr>
<th>Year</th>
<th>Budget</th>
<th>Financial Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>10</td>
<td>65</td>
</tr>
<tr>
<td>2019</td>
<td>45</td>
<td>44</td>
</tr>
<tr>
<td>2020</td>
<td>66</td>
<td>48</td>
</tr>
<tr>
<td>2021</td>
<td>44</td>
<td>64</td>
</tr>
<tr>
<td>2022</td>
<td>63</td>
<td>64</td>
</tr>
<tr>
<td>2023</td>
<td>12</td>
<td>64</td>
</tr>
<tr>
<td>2024*</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2025</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1.5% of GDP

*target year for 1.5%

German NATO commitment

Bundeswehr

- 2016 White paper
- "where to" 04/2018 Concept
- "where" 09/2018 Capability profile "try what"

Lead nation roles and planning milestones

- '19:
  - VSTF 1st
  - 1st Brigade

- '20:
  - 5000 vehicles
  - "2.000 vehicles"

- '22:
  - 30,000 vehicles
  - 30,000 vehicles

- '23:
  - 50,000 vehicles
  - 50,000 vehicles

- '24:
  - 70,000 vehicles
  - 70,000 vehicles

- Go for 100% equipment / filling of hollow structures / Digitalization
- VSTF = Mainly procurement of land based systems

European Vehicle Programs

Australian Land Programs

- Ukraine
- Boxer
- M109

- Australia
- Boxer
- Lynx

- Integrated Training System
- Technical Publication

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**German Defence**

**Timeline for German 100% equipment level**

<table>
<thead>
<tr>
<th>Year</th>
<th>Equipment Level</th>
<th>Equipment</th>
</tr>
</thead>
<tbody>
<tr>
<td>2023</td>
<td>1 BRIGADE</td>
<td>Puma S1, Leopard 2Ax, STH, Puma 2. batch</td>
</tr>
<tr>
<td>2027</td>
<td>3 BRIGADES</td>
<td>PiMachine, Puma S1, BPz 3, Leopard 2Ax, STH</td>
</tr>
<tr>
<td>2031+</td>
<td>8 BRIGADES</td>
<td>Puma 3 batch, Boxer 3 batch, Puma 90 Fz</td>
</tr>
</tbody>
</table>

**From framework agreements...**

**DIGITIZATION**

...to partnering agreements
Defence International
Creation of new hubs in 2018
Sales development

Strong sales growth supported by existing backlog

- **Defence sales plan 2018-2021**

  ![Diagram showing sales growth](image)

  *Cagr: ~10%

  - Australia
  - Germany
  - International customers

  **Top 10 booked projects**
  - Land 400 Boxer
  - Land 121 5b
  - Puma VJTF
  - Trucks Bundeswehr
  - Gladius
  - Fox Kits
  - Air Defence Systems
  - 3x Ammunition contracts

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018e</th>
<th>2019p</th>
<th>2020p</th>
<th>2021p</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

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Innovations
Demand-driven product development and targeted cooperations

New logistical platforms
Groundbreaking sub-systems

New tactical platforms
Innovative weapon and ammunition
Digitized command and reconnaissance

New business models
New cooperations with Sikorsky, Raytheon
European Defence

Future Main Battle Tank system MGCS will be a milestone for the industry

- Germany to take the industrial and military lead in Main Ground Combat System (MGCS)
- Development (€ 1 billion)
- Prototyping
- Start of production
- Project kick-off as working group
- 2018: Project kick-off as working group
- 2019: Develop system
- 2020: Prototyping
- 2025: Start of production
- 2030: European consolidation
- 2035: Shareholders open for discussions
- All options on the table

- Rheinmetall aims to play a leading role in the MGCS project

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Summary Defence

1. On track to close 2018 on record levels
2. Start of “super cycle” provides for long-lasting profitable growth
3. Continued internationalization taps into additional regional potentials
4. Sharpening profile of ES division as a system provider creates opportunities
5. Mid-term guidance update in 2019 after acquisition of further orders
Automotive – Focus on innovation
Automotive with leading technology and market positions

**Key Figures**

- Sales: €2.9bn
- Op. result: €262m
- Op. margin: 8.9%
- R&D: €157m
- Capex: €161m
- Headcount: 11,710

**Structure**

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

**Sales by region**

- Asia: 17%
- RoW: 1%
- USMCA: 16%
- Europe w/o Germany: 45%
- Germany: 21%

**Sales by division**

- Aftermarket: 33%
- Hardparts: 55%
- Mechatronics: 12%

**Sales by customer**

- Other: 41%
- >10% Ford, VW: 22%
- 2-5% DAF, Volvo, PSA, BMW, Cummins, CAT/Perkins: 14%
- 5-10% Renault/Nissan, GM, FCA, Daimler: 23%

**Operating result by division**

- Aftermarket: 13%
- Hardparts: 26%
- Mechatronics: 64%

*unconsolidated

All figures refer to FY 2018
Drivers for growth
Rising global fleet and regulatory restrictions are supporting our growth

- **Light vehicle production grows**
  - million vehicles per year

- **BEV 2017-2025**
  - million vehicles per year

- **Emission thresholds decrease**
  - CO₂ in g/km
  - NOₓ in mg/km

- **Stricter emission testing**
  - Mainly EU!

IHS and company estimates
Overview Rheinmetall Automotive

1. **Mechatronics**
   - Legislation is driving the business
   - International market offer great growth potentials
   - E-Mob and Diesel impacts
   - Preserve technological leadership (thermo-mgmt., HV/EV competences)
   - New products pipeline fully loaded

2. **China**
   - Gain bigger share in NEV market
   - Growth strategy outperforming Chinese market development
   - Build up strong local engineering / R&D capabilities
   - Environmental challenges

3. **Hardparts**
   - Manage-for-cash strategy for engine component segment
   - Re-investment and growth by diversification & transformation
   - Optimize global footprint

4. **Aftermarket**
   - Optimize In-house production
   - Focus on high tech products and expand product portfolio
   - Increase sales through new sales channels and customers
   - Implement BU (Matrix) organization and optimize processes / project management
Rheinmetall Automotive

Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...

- Engine blocks
- Pistons
- Electric throttle bodies
- EGR valves
- Actuators
- Solenoid valves
- Mechanical coolant pumps
- Oil pumps
- Engine bearings
- Battery boxes (as from 2018)
- E-engine housing (as from 2018)
- Structural components

... by products for hybrid and electric engines

- Heat Pump (production-vehicle development)
- Range Extender (predevelopment)
- 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

- Contract volume for electric vehicles (EV)*

[Image of a taxi]

€ ~800 m
- Lifetime order value
  - € ~250m BEV, € ~550 m Hybrid

**E-Taxi London**
Pump technology for pure electric taxis

[Image of a battery cell box]

**Battery cell boxes**
Aluminum battery boxes for German premium OEM

[Image of an electric engine housing]

**Electric engine housing**
Electric engine housing for German premium OEM to serve the Chinese market

* Rheinmetall Automotive and Joint Ventures
LV Diesel exposure limited; powertrain neutrality is the strategic target

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

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

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

* IHS: Combined Engine Production Forecast April 2017
** Rheinmetall Automotive sales FY 2018

Benefitting from OEM’s effort to reduce emissions and to avoid penalties

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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
## Automotive in China

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

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Castings (KSHA)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pistons (KSSP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Castings (KPSNC)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pumps (PHP)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- Engine blocks and structural body parts
- Pistons
- Engine blocks, cylinder heads and structural body parts
- Electrical and mechanical pumps

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

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

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

### JV subsidiary

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

- Electrical and mechanical pumps

### Sales China (in €m)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>306</td>
</tr>
<tr>
<td>2012</td>
<td>401</td>
</tr>
<tr>
<td>2013</td>
<td>528</td>
</tr>
<tr>
<td>2014</td>
<td>681</td>
</tr>
<tr>
<td>2015</td>
<td>871</td>
</tr>
<tr>
<td>2016</td>
<td>934</td>
</tr>
<tr>
<td>2017</td>
<td>972</td>
</tr>
<tr>
<td>2018</td>
<td>1,003</td>
</tr>
</tbody>
</table>

- WFOEs: +4%
- JVs (100%)

### EBIT China (in €m)

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>22</td>
</tr>
<tr>
<td>2012</td>
<td>30</td>
</tr>
<tr>
<td>2013</td>
<td>37</td>
</tr>
<tr>
<td>2014</td>
<td>53</td>
</tr>
<tr>
<td>2015</td>
<td>53</td>
</tr>
<tr>
<td>2016</td>
<td>71</td>
</tr>
<tr>
<td>2017</td>
<td>76</td>
</tr>
<tr>
<td>2018</td>
<td>79</td>
</tr>
</tbody>
</table>

- WFOEs: +7%
- JVs (100%)

**KSHA**: KS Huayu Alutech GmbH, Neckarsulm
**KSSP**: Kolbenschmidt Shanghai Piston Co., Ltd., Shanghai
**KPSNC**: Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd., Shanghai
**PHP**: Pierburg Huayu Pump Technology Co., Ltd., Shanghai
**PMP**: Pierburg Mikuni Pump Technology (Shanghai) Corp., Shanghai
Truck
Our current product portfolio

- Main coolant pumps
- Auxiliary coolant pumps
- Electrical oil pumps
- Permaglide bearings for truck compressors and truck hydraulics
- Bearings for seat adjustments and doors
- Exhaust gas flaps
- Hydraulic valves
- Coolant valves
- Variable valve control
- Aluminum pistons
- Steel pistons
- Piston rings
- Cylinder bore coating
- Main-bearings
- Connecting rod bearings
- EGR cooler modules and mixer modules
- Dual poppet valves
- EGR reed valves
- Electrical bypass valves
- Pressure regulating valves
- High performance actuators
- Bushings for injection pumps
- Bushings for seat adjustments and doors
- Cooperating with Riken
Defence – at the beginning of a “super cycle”
Defence is a leading supplier with an increasing international presence

### Key Figures

- **Sales**: €3.2bn
- **Op. result**: €254m
- **Op. margin**: 7.9%
- **R&D**: €75m
- **Capex**: €101m
- **Headcount**: 10,948

### Structure

#### Weapon and Ammunition

- Weapon and Ammunition
- Protection Systems

#### Electronic Solutions

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

#### Vehicle Systems

- Logistic Vehicles
- Tactical Vehicles

### Sales by region

- Germany: 34%
- Asia / Middle East: 19%
- Europe: 20%
- USMCA: 4%
- RoW: 8%
- Aus/NZ: 15%

### Sales by division*

- Vehicle Systems: 45%
- Weapon and Ammunition: 31%
- Electronic Solutions: 24%

### Order backlog by division

- Vehicle Systems: 54%
- Weapon and Ammunition: 23%
- Electronic Solutions: 23%

### Operating result by division*

- Vehicle Systems: 39%
- Weapon and Ammunition: 44%
- Electronic Solutions: 17%

*unconsolidated

---

All figures refer to FY 2017
Defence at the beginning of long-lasting market growth
Rising awareness of military threats

Changes in macro environment...

Growing project portfolios and rising budgets

- Germany announced to spend €130 bn over the next decade
- Defence budget increases 3% cagr 2016-2022
- UK tank programs
- Franco-German defence initiative
- EU Defence Initiative
  - EU Funds
  - Pesco
- NATO returns to territorial defence strategy
- 2% spending target
- East European armies setting up various vehicle programs
- Australian „One Defence“ program
- Singapore and Indonesia accelerating defence spending
Germany
Drivers behind budget increase

“Turnarounds” in Germany
- Personnel: Mid-term return to 220,000 soldiers
- Material: 100% equipment level and additional division
- Finance: Increase of defence budget 24% from 2016 to 2021

Enhanced future profile
- Anchor army for smaller neighbor armies
- Leading role in “enhanced Forward Presence” in Lithuania
- Framework nation in “Very High Readiness Joint Task Force as of 2019
- Currently 14 international mandates

Framework nation concept triggers standardization of equipment

Army 4.0: Rheinmetall integrates components to systems
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 range air defence)
  - TLVS (Tactical air defence)
  - D-LBO (> €5 bn net) (MoTaKo)
  - Ammunition (~€2 bn net)
German Defence

Strong German project pipeline line up – upcoming tenders by 2021

**Major mid-term potentials Germany**

- **NNBS** ~€ 4 billion
- **TLVS** <€ 1 billion until 2021
- **STH** ~€ 1 billion
- **D-LBO** ~€ 2 billion

---

INCL. BUSINESS PLAN
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
Rheinmetall Defence

European Defence

Rheinmetall is a key beneficiary of large European vehicle programmes

- Current or expected tenders tactical vehicles

- Drivers for European vehicle programs
  - Return to territorial and treaty defence
  - Standardization of NATO equipment
  - Modernization and upgrades

- Estimate for European tactical vehicles demand
  (number of vehicles)

<table>
<thead>
<tr>
<th>Type</th>
<th>Germany</th>
<th>Rest of Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tracked</td>
<td>~250</td>
<td>&gt;600</td>
</tr>
<tr>
<td>Wheeled</td>
<td>700-800*</td>
<td>&gt;900** (includes Lithuania, Slovenia and UK)</td>
</tr>
</tbody>
</table>

* Fox and Boxer
** only Boxer
Mission Australia
Establishing a new “home market” down under

Australia timing and order size of Land programs

- Trucks 1st & 2nd order: 2016-2024, €2.0bn & €0.4bn
- Boxer CRV: 2019-2026, €2.1bn
- Ammunition: 2018/19, €65m*
- Lynx tender: 2024-2031, €4-5bn
- Integrated Training System: tbd
- Technical publication: tbd

*initial assessment, option for 5 year contract
GROUP APPENDIX
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
- Transformation 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 stakeholders
- Non-compliant business behavior is unacceptable
- Zero tolerance of corruption and fraud
- Central Compliance Management System
  - Employee awareness initiative

[Diagram showing Governance structure]
## Board remuneration based on three building blocks

<table>
<thead>
<tr>
<th>Fixum (60%)</th>
<th>Performance-related variable remuneration (40%)</th>
<th>Long-term incentive</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Twelve equal portions of monthly payments</strong></td>
<td><strong>Short term incentive</strong></td>
<td><strong>KPI:</strong> Average adjusted EBT of the last three years (EBT capped at €300m)</td>
</tr>
<tr>
<td>Fringe benefits:</td>
<td></td>
<td><strong>Reference:</strong> Budget</td>
</tr>
<tr>
<td>• Pension insurance (or comparable)</td>
<td><strong>Range:</strong> 0 - 200%</td>
<td></td>
</tr>
<tr>
<td>• Company car</td>
<td><strong>Escalators:</strong> 0% - &lt;70% - &lt; 110%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>0% linear to max. 200%</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Payout:</strong> cash</td>
<td></td>
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</table>

*for related tax payments*
### Group 2014 – 2018: Key figures (as reported)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Total assets</td>
<td>5,271</td>
<td>5,730</td>
<td>6,150</td>
<td>6,101</td>
<td>6,759</td>
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<tr>
<td>Shareholder’s equity</td>
<td>1,197</td>
<td>1,562</td>
<td>1,781</td>
<td>1,870</td>
<td>2,172</td>
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<tr>
<td>Equity ratio (in %)</td>
<td>22.7</td>
<td>27.3</td>
<td>29.0</td>
<td>30.7</td>
<td>32.1</td>
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<tr>
<td>Pension liabilities</td>
<td>1121</td>
<td>1,128</td>
<td>1,186</td>
<td>1,080</td>
<td>972</td>
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<td>Net financial debt</td>
<td>330</td>
<td>81</td>
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<td>-230</td>
<td>31</td>
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<td>Net gearing (in %)</td>
<td>27.6</td>
<td>5.2</td>
<td>-1.1</td>
<td>-12.3</td>
<td>1.4</td>
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<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>4,688</td>
<td>5,183</td>
<td>5,602</td>
<td>5,896</td>
<td>6,148</td>
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<tr>
<td>Operating result</td>
<td>160</td>
<td>287</td>
<td>353</td>
<td>400</td>
<td>492</td>
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<tr>
<td>Operating margin (in %)</td>
<td>3.4</td>
<td>5.5</td>
<td>6.3</td>
<td>6.8</td>
<td>8.0</td>
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<tr>
<td>EBITDA</td>
<td>299</td>
<td>490</td>
<td>581</td>
<td>626</td>
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<tr>
<td>EBIT</td>
<td>102</td>
<td>287</td>
<td>353</td>
<td>385</td>
<td>518</td>
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<tr>
<td>EBIT margin (in %)</td>
<td>2.2</td>
<td>5.5</td>
<td>6.3</td>
<td>6.5</td>
<td>8.4</td>
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<td>EBT</td>
<td>22</td>
<td>221</td>
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<td>346</td>
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<td>Net income</td>
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<td>Earnings per share (in EUR)</td>
<td>0.47</td>
<td>3.88</td>
<td>4.69</td>
<td>5.24</td>
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<td>Dividend per share (in EUR)</td>
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<td>1.1</td>
<td>1.45</td>
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<td>ROCE (in %)</td>
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<td>10.1</td>
<td>12.3</td>
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<td>17.1</td>
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<tr>
<td><strong>Cash flow statement</strong></td>
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<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Free cash flow from operations</td>
<td>-182</td>
<td>29</td>
<td>161</td>
<td>276</td>
<td>-35</td>
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<tr>
<td><strong>Headcount</strong></td>
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<tr>
<td>Employees (Dec 31) according to capacity</td>
<td>20,166</td>
<td>20,676</td>
<td>20,993</td>
<td>21,610</td>
<td>22,899</td>
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### Segments 2014 – 2018  **Key figures**

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<th>AUTOMOTIVE</th>
<th>DEFENCE</th>
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<tr>
<td></td>
<td>in €m</td>
</tr>
<tr>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>2,466</td>
<td>2,621</td>
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<td>416</td>
<td>445</td>
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<td>2,448</td>
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<td>184</td>
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<td>7.5</td>
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<td>184</td>
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<td>8.3</td>
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<td>158</td>
<td>167</td>
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<td>34</td>
<td>96</td>
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<td>10,830</td>
<td>10,934</td>
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<tr>
<td>1,322</td>
<td>1,450</td>
</tr>
<tr>
<td>96</td>
<td>119</td>
</tr>
<tr>
<td>7.3</td>
<td>8.1</td>
</tr>
<tr>
<td>934</td>
<td>952</td>
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<td>72</td>
<td>73</td>
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<td>7.7</td>
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<td>269</td>
<td>285</td>
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<td>26</td>
<td>27</td>
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<tr>
<td>9.7</td>
<td>9.5</td>
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<tr>
<td></td>
<td></td>
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<tr>
<td>2,812</td>
<td>2,693</td>
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<tr>
<td>6,516</td>
<td>6,422</td>
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<tr>
<td>2,240</td>
<td>2,591</td>
</tr>
<tr>
<td>17</td>
<td>175</td>
</tr>
<tr>
<td>176</td>
<td>175</td>
</tr>
<tr>
<td>76</td>
<td>96</td>
</tr>
<tr>
<td>-132</td>
<td>-38</td>
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<tr>
<td>9,184</td>
<td>9,581</td>
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<td>1,322</td>
<td>1,450</td>
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<tr>
<td>977</td>
<td>881</td>
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<td>74</td>
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<td>-0.4</td>
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<td>705</td>
<td>759</td>
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<td>-7.5</td>
<td>3.4</td>
</tr>
<tr>
<td>667</td>
<td>1,195</td>
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<td>-9</td>
<td>3</td>
</tr>
<tr>
<td>-1.4</td>
<td>0.3</td>
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</table>
Appendix: Rheinmetall Group

Quarterly development Group

Sales
in €m

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,722</td>
<td>1,260</td>
<td>1,493</td>
<td>1,411</td>
<td>1,984</td>
</tr>
<tr>
<td>Defence</td>
<td>712</td>
<td>751</td>
<td>740</td>
<td>708</td>
<td>731</td>
</tr>
<tr>
<td>Automotive</td>
<td>-8</td>
<td>-13</td>
<td>-5</td>
<td>-5</td>
<td>-8</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
<td>-100</td>
</tr>
</tbody>
</table>

Operational results
in €m

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q4 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence</td>
<td>169</td>
<td>114</td>
<td>47</td>
<td>68</td>
<td>98</td>
</tr>
<tr>
<td>Automotive</td>
<td>63</td>
<td>65</td>
<td>44</td>
<td>44</td>
<td>69</td>
</tr>
<tr>
<td>Consolidation/Others</td>
<td>107</td>
<td>57</td>
<td>57</td>
<td>57</td>
<td>57</td>
</tr>
</tbody>
</table>
# Free Cash Flow summary Group

<table>
<thead>
<tr>
<th></th>
<th>Q4 2017</th>
<th>FY 2017</th>
<th>Q1 2018</th>
<th>Q2 2018</th>
<th>Q3 2018</th>
<th>Q4 2018</th>
<th>FY 2018</th>
<th>Δ Q4 '17/'18</th>
<th>Δ FY '17/'18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Net Income</strong></td>
<td>130</td>
<td>252</td>
<td>27</td>
<td>65</td>
<td>85</td>
<td>178</td>
<td>355</td>
<td>48</td>
<td>103</td>
</tr>
<tr>
<td><strong>Amortization / depreciation</strong></td>
<td>70</td>
<td>241</td>
<td>64</td>
<td>91</td>
<td>68</td>
<td>95</td>
<td>318</td>
<td>25</td>
<td>77</td>
</tr>
<tr>
<td><strong>Change in pension accruals</strong></td>
<td>-8</td>
<td>-44</td>
<td>-42</td>
<td>1</td>
<td>1</td>
<td>-8</td>
<td>-48</td>
<td>-</td>
<td>-4</td>
</tr>
<tr>
<td><strong>Cash Flow</strong></td>
<td>192</td>
<td>449</td>
<td>49</td>
<td>157</td>
<td>154</td>
<td>265</td>
<td>625</td>
<td>73</td>
<td>176</td>
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<tr>
<td><strong>Changes in working capital and other items</strong></td>
<td>343</td>
<td>22</td>
<td>-258</td>
<td>-197</td>
<td>-200</td>
<td>257</td>
<td>-398</td>
<td>-86</td>
<td>-420</td>
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<tr>
<td><strong>Changes in other items</strong></td>
<td>31</td>
<td>75</td>
<td>-31</td>
<td>-47</td>
<td>-3</td>
<td>98</td>
<td>17</td>
<td>67</td>
<td>-58</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>566</td>
<td>546</td>
<td>-240</td>
<td>-87</td>
<td>-49</td>
<td>620</td>
<td>244</td>
<td>54</td>
<td>-302</td>
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<tr>
<td><strong>Cash outflow for additions to tangible and intangible assets</strong></td>
<td>-115</td>
<td>-270</td>
<td>-47</td>
<td>-53</td>
<td>-67</td>
<td>-112</td>
<td>-279</td>
<td>3</td>
<td>-9</td>
</tr>
<tr>
<td><strong>Free Cash Flow from Operations</strong></td>
<td>451</td>
<td>276</td>
<td>-287</td>
<td>-140</td>
<td>-116</td>
<td>508</td>
<td>-35</td>
<td>57</td>
<td>-311</td>
</tr>
</tbody>
</table>

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Headcount details

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

- **Headcount per region**
  - in capacities

- **Germany**
  - 74%
  - 10%

- **North America**
  - 72%

- **Australia**
  - 6%

- **Americas**
  - 15%

- **Asia**
  - 6%

- **Africa**
  - 1%

- **Europe**
  - 49%

- **Other**
  - 72%

- **2017**
  - 21,610
  - 10,251
  - 11,166
  - 193

- **2018**
  - 22,899
  - 10,948
  - 11,710
  - 241
Continuing ROCE improvement

Pre-tax WACC (2017):

- Group: 10.5% Group
- Defence
- Automotive

<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>3.9%</td>
<td>-4.6%</td>
<td>16.7%</td>
</tr>
<tr>
<td>2015</td>
<td>10.6%</td>
<td>6.1%</td>
<td>19.0%</td>
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<tr>
<td>2016</td>
<td>12.3%</td>
<td>9.8%</td>
<td>18.8%</td>
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<tr>
<td>2017</td>
<td>13.4%</td>
<td>11.8%</td>
<td>18.7%</td>
</tr>
<tr>
<td>2018</td>
<td>17.1%</td>
<td>15.9%</td>
<td>20.2%</td>
</tr>
</tbody>
</table>
Next events and IR contacts

Next Events

- Roadshow London: 26/27 March
- Roadshow Dublin: 28 March
- Roadshow Frankfurt: 2 April
- Lampe Conference Baden-Baden: 5 April
- Q1 2019 Earnings call: 9 May
- Annual General Meeting: Berlin, 28 May

Quick link to documents

Corporate Presentation  
Interim Reports  
Annual Reports

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