RHEINMETALL GROUP STRUCTURE.

Group performance indicator

- Grow sales around 8%
- ~8% op. margin
- Targeted 2-4% Cash on sales
- 30-35% payout ratio

RHEINMETALL GROUP

Strategy roadmap

- Organic growth
- International expansion
- Leading by innovations
- Targeted acquisitions

AUTOMOTIVE  Our heart beats for your engine

- Op. margin 8.9%
- €2,930m 48%
- €265m 53%
- *€478m 51%
- 11,710

2018

Sales Op. Result Order backlog Headcount**

- 52% 47% 49%
- €3,221m €247m €8,577m 10,948

DEFENCE  Force protection is our mission

- Op. margin 7.9%
- €3,221m
- €247m
- €8,577m
- 10,948

* Short-term; **Headcount at capacities;
Q2 2019 Group commercial highlights
Performance in line with expectations

- Order backlog remains on high level
- Sales declined -2%* at constant exchange rates (reported -1%) to €1.5bn
- Operating result slightly above previous year with substantial segment shift
- EPS growth of 37% to €1.70 after €1.24 last year
- Operating FCF improved by €61m yoy
- FY Guidance specified
Q2 2019 Group commercial highlights
Rheinmetall successful in Q2 with awards and important orders

Pierburg China awarded “High Unit Productivity Enterprise” by Kunshan government

Pierburg scoring again in China
Major order from renowned truck manufacturer

Rheinmetall Automotive books first UpValve order
Variable valve train going into series production in China

Foundation stone laid for major ammunition contract – Rheinmetall to serve as the Dutch armed forces’ chief supplier for another decade
Partnership agreement with DMO procurement authority extended to 2030

Rheinmetall books order for second lot of trucks
Bundeswehr to buy 252 unprotected transport vehicles under framework contract

Major Bundeswehr order
Rheinmetall to supply German military with tens of thousands of artillery shells
Q2 2019 Group commercial highlights
Solid earnings performance in the second quarter

- Sales in €m
  - Q2 2018: 1,493
  - Q2 2019: 1,471
  - FX: -1.8 %
  - Operational: +0.3%

- Operating result in €m
  - Q2 2018: 1,471
  - Q2 2019: 1,493
  - FX: -27
  - Operational: -1.5%
  - Special item: 5
  - Series: 107
  - FX: 1
  - Operational: +1.1 %
  - FX: +1.3%
  - Series: 109
  - Special item: 6
  - EBIT: 115
  - Operational margin: 7.2%
  - FX: +2.4%
  - Operational margin: 7.4%

- Earnings per share in €
  - Q2 2018: 1.24
  - Q2 2019: 1.70
  - FX: +37.1%
Q2 2019 Group commercial highlights
Operating Free Cash Flow driven by working capital improvements

- Operating free cash flow bridge in €m

- Improved earnings
- Q2 2018 included non-scheduled write-down of €24m
- Working capital optimization was the major driver for OFCF improvements in both segments
Q2 2019 Group commercial highlights
Reduced equity ratio mainly related to M&A transaction

- **Net financial debt**
  - in €m
  - 30.06.2019: -387

- **Equity bridge**
  - in €m and equity margin in %
  - 01.01.2019: 2,172
  - EAT: 110
  - OCI: -83
  - OCI: -92
  - 30.06.2019: 1,982
  - Equity margin: 32.1%

- **Net gearing**
  - Net debt in % of total equity
  - 31.12.2018: 1.4
  - 30.06.2019: 19.5
  - Increase: +18pp

**Inclusions**:
- Actuarial changes: -107
- FX effects: +16
- Other: +8
- RMMV-transaction: -111
- Other: -14

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Q2 2019 Group commercial highlights

Typical seasonal increase of net debt

Net financial debt
in €m at quarter-end

<table>
<thead>
<tr>
<th>Date</th>
<th>Net Financial Debt (€m)</th>
</tr>
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<tbody>
<tr>
<td>31.03.2018</td>
<td>-219</td>
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<td>30.06.2018</td>
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<td>30.09.2018</td>
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<td>31.12.2018</td>
<td>-31</td>
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<tr>
<td>31.03.2019</td>
<td>-171</td>
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</table>

Debt composition and maturity profile
in €m

<table>
<thead>
<tr>
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<td>Other &amp; Leasing</td>
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<td>EIB Loan*</td>
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</table>

*€250 m EIB loan (0.962% coupon) maturing in August 2023
Updated view on H2

Global LV market
- No market recovery expected
- IHS revised market growth to -3.7% for the FY 2019
- OEM and Tier 1 expect a market decline between -4 to -5% for the full year 2019

AUTOMOTIVE
- H2 sales slightly below H1 2019
- Ramp-up significantly lower than expected according to latest customer info
- Margin should stabilize around H1 level

DEFENCE
- Pipeline fully loaded
- German order entry likely to increase
- Normal seasonal pattern with backend loaded sales
- High operating leverage
- FY order entry slightly above €4bn

IHS revised market growth to -3.7% for the FY 2019
OEM and Tier 1 expect a market decline between -4 to -5% for the full year 2019
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Ramp-up significantly lower than expected according to latest customer info
Margin should stabilize around H1 level
Pipeline fully loaded
German order entry likely to increase
Normal seasonal pattern with backend loaded sales
High operating leverage
FY order entry slightly above €4bn
### FY 2019 GUIDANCE. GROUP GUIDANCE SPECIFIED

<table>
<thead>
<tr>
<th></th>
<th>Sales</th>
<th>Operating margin</th>
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<tbody>
<tr>
<td></td>
<td>2018 Growth yoy in % at constant FX</td>
<td>2019e Growth yoy in % at constant FX</td>
</tr>
<tr>
<td><strong>GROUP</strong></td>
<td>6.1 (before: 4 – 6)</td>
<td>around 4</td>
</tr>
<tr>
<td><strong>AUTOMOTIVE</strong></td>
<td>4.2 (before: 0 to 1)</td>
<td>-2 to -3</td>
</tr>
<tr>
<td><strong>DEFENCE</strong></td>
<td>7.9 (before: 9 – 11)</td>
<td>around 11</td>
</tr>
</tbody>
</table>

Operational growth at constant FX; Assumptions: no hard Brexit; no further escalation of trade wars
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

*All figures refer to FY 2018*

**Structure**

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

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

**Sales by region**

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

**Sales by division**

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

**Sales by customer**

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

**Operating result by division**

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

*unconsolidated*
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
**Strategic outlook**
Increase independence from combustion engine

- **Sales split**
  - in %

<table>
<thead>
<tr>
<th>ICE*</th>
<th>63% LV</th>
<th>14% Non-LV</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>77%</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>2018</td>
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</table>

<table>
<thead>
<tr>
<th>Non-ICE*</th>
<th>Continuous casting Aftermarket other</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>23%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ICE*</th>
<th>40% LV</th>
<th>10% Non-LV (e.g. pistons, engine blocks, AGRs)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>2040 strategic plan</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-ICE*</th>
<th>Continuous Casting Aftermarket other</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Non-engine related products (e.g. structural parts, bearings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>E-mobility</th>
<th>BEV</th>
<th>Hybrids</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*ICE = internal combustion engine

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Q2 2019 Highlights: Automotive
Maintaining competitiveness in a deteriorating market

Sales decline of -1.8% (FX-adjusted -2.6%) again far better than overall market development (Global LV production: -7.5%*)

Expected reduction of operating result to €53m, with sequential margin improvement to 7.3%

OFCF improved due to optimized working capital management

---

<table>
<thead>
<tr>
<th></th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>Δ</th>
<th>YTD 2018</th>
<th>YTD 2019</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>740</td>
<td>727</td>
<td>-1.8%</td>
<td>1,491</td>
<td>1,441</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Operating result</td>
<td>68</td>
<td>53</td>
<td>-22.1%</td>
<td>133</td>
<td>102</td>
<td>-23.3%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>9.2%</td>
<td>7.3%</td>
<td>-200 bp</td>
<td>8.9%</td>
<td>7.1%</td>
<td>-180 bp</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>36</td>
<td>62</td>
<td>72.2%</td>
<td>-14</td>
<td>-14</td>
<td>0.0%</td>
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<tr>
<td>Operating FCF / Sales</td>
<td>4.9%</td>
<td>8.5%</td>
<td>360 bp</td>
<td>-0.9%</td>
<td>-1.0%</td>
<td>-1 bp</td>
</tr>
</tbody>
</table>

*IHS Markit: 29 July 2019
Q2 2019 Highlights: Automotive
Pressure on Diesel left a mark in Mechatronics and Hardparts

Sales Automotive in €m

- Q2 2018: 740
- Q2 2019: 727

Operating result Automotive in €m

- Margin Q2 2018: 9.2%
- Margin Q2 2019: 7.3%

Mechatronics
- Low Diesel related sales with adverse margin effect
- Higher R&D expenses for future-related projects
- New E-mobility cost allocation

Hardparts
- Low Diesel LV-Piston sales setoff by equipment sale to China
- Operational issues plus fire interrupted production at CZ site
- Lower at-equity contribution

Aftermarket
- Weak European demand
- Stable results
**Q2 2019 Highlights: Automotive**

Weak development, but global market development was even worse

- **Regional sales development Automotive**
  - in €m

  - Weak market environment, global LV production declined by 7.5\%*

**Automotive:**

- Western Europe (incl. Germany) declined in all divisions in line with market
- USMCA with operational decline overcompensated by FX effects
- China sales grew against the negative market trend supported by equipment sales

*IHS Markit: 29 July 2019*
Q2 2019 China Total Management View

Sales development again significantly better than market

- Sales development operationally almost stable, supported by M&A effect of 4.9%
- Significantly better than China LV production of -16.3%* (YTD - 13.5%*)
- Margin declined from 8.1% to 5.9% due to adverse portfolio effects and ramp-up cost for new products

Including 100% figures of 50/50 JV, consolidated at equity
*IHS Markit: 29 July 2019
Q2 2019 Highlights: Automotive
Diesel suffered most in Q2 mitigated by Gasoline and Non-LV Business

Sales split LV / Non-LV in €m / in %

Sales split Non-LV in €m / in %

<table>
<thead>
<tr>
<th></th>
<th>LV Business</th>
<th>Non-LV Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>absolute</td>
<td>Delta in %</td>
<td></td>
</tr>
<tr>
<td>Diesel</td>
<td>-33</td>
<td>-17.1%</td>
</tr>
<tr>
<td>Gasoline</td>
<td>+3</td>
<td>+1.2%</td>
</tr>
<tr>
<td>other LV</td>
<td>+13</td>
<td>+32.5%</td>
</tr>
</tbody>
</table>

LV Business: -17 (-3.5%)
Non-LV Business: +4 (+1.7%)

Truck: +5 (+4.8%)
Large Bore: +3 (+17.6%)
Aftermarket: -6 (-6.2%)
Other: +1 (+3.6%)

Diesel suffered most in Q2 mitigated by Gasoline and Non-LV Business.
LV Diesel exposure limited; powertrain neutrality is the strategic target

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

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

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

* IHS: Combined Engine Production Forecast April 2017
** Rheinmetall Automotive sales FY 2018
Rising global fleet and regulatory restrictions are supporting our growth

**Light vehicle production grows**
- Million vehicles per year
- 2018: 95
- 2020: 94
- 2025: 106
- 2030: 113
- 2040: 130

**Emission thresholds decrease**
- CO₂ in g/km:
  - 2015: 125
  - 2020: 95
- NOₓ in mg/km:
  - EU5: 180
  - EU6: 80

**BEV 2017-2025**
- Million vehicles per year
- 2018: 1.7
- 2019: 2.2
- 2020: 3.2
- 2021: 4.5
- 2022: 5.8
- 2023: 7.4
- 2024: 8.7
- 2025: 10.1

**Stricter emission testing**
- Mainly EU!
- Stricter testing sets the benchmark even higher!

- 95g = 4.1l Gasoline or 3.6l Diesel

*IHS 07/2019 and company estimates*
Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines...

- Battery boxes (as from 2018)
- E-engine housing (as from 2018)
- Structural components (lightweight)
- Bushings for shock absorbers
- Bearings for seat adjustments and doors
- Bearings for active engine hoods (pedestrian safety system)
- Bushings for tailgates
- Coolant pumps (residual heat, parking heaters, cooling system)
- Bushings for injection pumps
- Solenoid valves (for coolant, oil, and vacuum applications and turbo recirculation valves)
- Vacuum pumps
- Engine blocks
- Range Extender (predevelopment)
- Variable valve control
- Electric throttle bodies (exhaust gas flaps and acoustic exhaust flaps)
- Electric air charger
- Pistons
- Cylinder heads
- Engine bearings
- Exhaust air recirculation
- Secondary-air systems
- Oil pumps (electrical, mechanical, variable)

... by products for hybrid and electric engines

- Hardparts products
Market trends
The growth drivers of Rheinmetall Automotive

E³

Efficiency (CO₂ Reduction)

Emission (Reduction)

Electrification

The innovation pipeline for all three trends is packed!
**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**
E-mobility
Competence underlined by contracts and by initiatives for new solutions

- Lifetime order value for electric vehicles (EV)*
  in €m

- E-Taxi London
  Pump technology for pure electric taxis

- Battery cell boxes
  Aluminum battery boxes for German premium OEM

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

* Rheinmetall Automotive and Joint Ventures, incl. BEV and Hybrid
Truck
Our current product portfolio

- Main coolant pumps
- Auxiliary coolant pumps
- Electrical oil pumps
- Bearings for seat adjustments and doors
- Permaglide bearings for truck compressors and truck hydraulics
- Exhaust gas flaps
- Hydraulic valves
- Bushings for injection pumps
- Coolant valves
- Variable valve control
- Aluminum pistons
- Steel pistons
- Piston rings cooperation with Riken
- 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
- EGR cooler modules and mixer modules
- Electrical oil pumps

Truck sales in €m

- 2014: 275
- 2016: 386
- 2018: 424
Diversification
Increasing portfolio for non-LV applications

Trucks
Large bore pistons
Bearings & continuous casting
Aftermarket

Diverse portfolio for truck applications
E.g. ship and locomotive pistons
Sanitary application
Global supply of spare parts
## Automotive in China

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Castings (KSHA)</th>
<th>Pistons (KSSP)</th>
<th>Castings (KPSNC)</th>
<th>Pumps (PHP)</th>
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<tbody>
<tr>
<td>2014</td>
<td>Engine blocks and structural body parts</td>
<td>Pistons</td>
<td>Casting in cylinder heads and structural body parts</td>
<td>Electrical and mechanical pumps</td>
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<table>
<thead>
<tr>
<th>Region</th>
<th>Germany/Europe</th>
<th>China</th>
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### Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)

<table>
<thead>
<tr>
<th>Year</th>
<th>Aftermarket</th>
<th>Pierburg</th>
<th>Large-bore pistons</th>
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<tr>
<td>2008</td>
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<td>2014</td>
<td>2015</td>
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<td>2018</td>
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<tr>
<td>Pistons</td>
<td>2012</td>
<td>2013</td>
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<td>Electrical and mechanical pumps</td>
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<td>2016</td>
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### JV subsidiary

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<table>
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<tr>
<td>Pistons</td>
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<td>2013</td>
<td>2014</td>
<td>2015</td>
<td>2016</td>
<td>2017</td>
<td>2018</td>
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</tbody>
</table>

### Sales China in €m

<table>
<thead>
<tr>
<th>Year</th>
<th>WFOEs</th>
<th>JVs (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>401</td>
<td>30</td>
</tr>
<tr>
<td>2013</td>
<td>528</td>
<td>37</td>
</tr>
<tr>
<td>2014</td>
<td>681</td>
<td>53</td>
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<tr>
<td>2015</td>
<td>871</td>
<td>53</td>
</tr>
<tr>
<td>2016</td>
<td>934</td>
<td>71</td>
</tr>
<tr>
<td>2017</td>
<td>972</td>
<td>76</td>
</tr>
<tr>
<td>2018</td>
<td>1,003</td>
<td>79</td>
</tr>
</tbody>
</table>

### EBIT China in €m

<table>
<thead>
<tr>
<th>Year</th>
<th>WFOEs</th>
<th>JVs (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>53</td>
<td>30</td>
</tr>
<tr>
<td>2013</td>
<td>76</td>
<td>37</td>
</tr>
<tr>
<td>2014</td>
<td>79</td>
<td>53</td>
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<tr>
<td>2015</td>
<td>1,003</td>
<td>71</td>
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<td>2016</td>
<td>934</td>
<td>76</td>
</tr>
<tr>
<td>2017</td>
<td>972</td>
<td>79</td>
</tr>
<tr>
<td>2018</td>
<td>1,003</td>
<td>79</td>
</tr>
</tbody>
</table>

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
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**
- **Lower disposable income**
- **Incentive schemes?**
- **Share of new LV registrations in Europe went down from 44% (2017) to 36% (2018)**
- **Expected to be a burden at least in Q1/Q2 2019**
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)
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

All figures refer to FY 2018
TOP PRODUCTS PER DIVISION.

WEAPON AND AMMUNITION
- MID & LARGE CALIBER AMMO
- WEAPONS
- PROTECTION SYSTEMS
  - ACTIVE
  - PASSIVE
  - SOFTKILL

ELECTRONIC SOLUTIONS
- MISSION EQUIPMENT
- AIR DEFENCE & RADAR SYSTEMS

VEHICLE SYSTEMS
- HX-FAMILY
- LOGISTIC VEHICLES
- TACTICAL VEHICLES
- BOXER
- PUMA
- LEOPARD
Q2 2019 Highlights: Defence
Acceleration of profitability

Quarterly sales and margin development

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Order Intake</th>
<th>Sales</th>
<th>Operating Result</th>
<th>Operating Margin</th>
<th>Operating FCF / Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2 2018</td>
<td>570 €m</td>
<td>754 €m</td>
<td>44 €m</td>
<td>5.8%</td>
<td>-171%</td>
</tr>
<tr>
<td>Q2 2019</td>
<td>501 €m</td>
<td>746 €m</td>
<td>60 €m</td>
<td>8.1%</td>
<td>-131%</td>
</tr>
</tbody>
</table>

Comments on quarterly performance

- Order intake of €501m lacking major orders, expected for H2
- Sales stable vs last year; FX not relevant
- Margin improvement of 230 bp
- OFCF improved due to better working capital management
- No P&L impact from acquisitions
Q2 2019 Highlights: Defence
ES and VS with strong profitability gains

Sales Defence

-1.1%

Hardware

249

249

-16.5%

207

207

-16.5%

197

197

+2.5%

389

389

+3.7%

375

375

-67

-67

Q2 2018

Q2 2019

Operating result Defence

+36%

5.8%

44

Q2 2018

9.2%

23

9.2%

23

Vehicle Systems

Vehicle Systems

-7

-7

Q2 2019

Q2 2018

Margin

2.5%

5

33

2.5%

5

33

Margin

6.1%

23

6.1%

23

Q2 2019

Q2 2018

Margin

4.7%

10

8.1%

10

Q2 2019

Q2 2018

Margin

8.5%

0

8.5%

0

Q2 2019

Q2 2018

Margin

Weapon and Ammunition

-67

-51

Q2 2018

Q2 2019

+36%

5.8%

44

Q2 2018

9.2%

23

9.2%

23

Margin

2.5%

5

33

2.5%

5

33

Margin

6.1%

23

6.1%

23

Margin

4.7%

10

8.1%

10

Margin

8.5%

0

8.5%

0

Margin

-67

-51

Q2 2018

Q2 2019

Weapon and Ammunition

• Negative impact from ZA
• Slower sales due to missing German export approvals

Electronic Solutions

• Turnaround in Norway
• High order execution

Vehicle Systems

• Good execution in logistical vehicle business
• High utilization of capacities
Q2 2019 Highlights: Defence

Modest order intake due to project timing geared towards second half

Order intake by division in €m

<table>
<thead>
<tr>
<th>Division</th>
<th>Q2 2018</th>
<th>Q2 2019</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon and Ammunition</td>
<td>272</td>
<td>265</td>
<td>-3%</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>225</td>
<td>69</td>
<td>-71%</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>90</td>
<td>199</td>
<td>122%</td>
</tr>
<tr>
<td>Consolidation</td>
<td>-17</td>
<td>-32</td>
<td>-12%</td>
</tr>
</tbody>
</table>

Order backlog profile in €bn change in %

- 2019E: 6.5
- 2020E: ~2.0
- 2021E ff.: ~4.3

© Rheinmetall AG / Corporate Presentation Q3 2019
Update on M&A

- **RBSL (UK)**
  - Leading supplier of land systems in Europe
  - Acquisition of 55% stake in JV with BAE Systems
  - Closing July 1st
  - 45% minorities

- **IBD (D)**
  - Rheinmetall becomes one-stop-shop for protection technology
  - Acquisition of IBD Group
  - Closing June 1st
  - Elimination of Chempro minorities

- **RMMV (D)**
  - Re-acquisition of tactical vehicles share to regain full control
  - Closing expected in Q3’19
  - Reduction of minorities

- **Provectus Robotics (CA)**
  - Integration of key technology for automated mobility (UGV)
  - Closing June 1st
  - 100% acquisition
1990

"Peace dividend"

- Downscaling of forces and armament
- Out of area missions

INFLECTION POINT 2014

Annexation of the Crimean peninsula

DECLINING BUDGETS (ESPECIALLY IN THE WEST)

2035

GLOBALLY RISING BUDGETS

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

DECLINING BUDGETS

- "Peace dividend"
- Out of area missions

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INFLECTION POINT 2014

Annexation of the Crimean peninsula
German Defence

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

- **German defence expenditure** in €bn
  - Budget
  - Financial plan

- **German defence investment** in €m

- **German order intake** in €m

19.1% investment share in 2019 budget complies with NATO's 20% investment target
**German Defence**

NATO commitment key driver for German demand

Lead role in Very High Readiness Joint Task Force (VJTF)

- **Bundeswehr**
  - **2016**
    - White paper
  - **04/2018**
    - Concept Bundeswehr
  - **09/2018**
    - Capability profile

### VJTF

<table>
<thead>
<tr>
<th>Year</th>
<th>Division</th>
<th>Brigade</th>
</tr>
</thead>
<tbody>
<tr>
<td>'19</td>
<td>VJTF'19</td>
<td></td>
</tr>
<tr>
<td>'23</td>
<td>VJTF'23</td>
<td>(1 Brigade)</td>
</tr>
<tr>
<td>'27</td>
<td></td>
<td>(3x Brigade)</td>
</tr>
<tr>
<td>'31</td>
<td></td>
<td>(8x Brigade)</td>
</tr>
<tr>
<td>'32+</td>
<td></td>
<td>(10x Brigade)</td>
</tr>
</tbody>
</table>

- **~2,200 vehicles**
- **~9,000 vehicles**
- **~30,000 vehicles**

100% equipment and digitization
German Defence
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 54% from 2018 to 2024

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

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)
Mission Australia
Establishing a new “home market” down under

Australia timing and order size of Land programs

- Trucks 1\textsuperscript{st} & 2\textsuperscript{nd} order: 2016-2024, €2.0bn & €0.4bn
- Boxer CRV: 2019-2026, €2.1bn
- Ammunition: 2018/19, €65m*
- Lynx tender: 2024-2031, €4-5bn

*initial assessment, option for 5 year contract
EUROPEAN DEFENCE. CURRENT OR EXPECTED TENDERS TACTICAL VEHICLES.

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

- Estimate for European tactical vehicles demand (number of vehicles)
  - Germany
    - Tracked: ~250
    - Wheeled: 700-800
  - Rest of Europe
    - Tracked: >600
    - Wheeled: >900
European Defence

Eastern Europe Nato members increased spending by 50%

- Defence expenditure in €m
  - NATO
    - 2014: 910.187
    - 2019e: 984.234 (+8%)
  - USA
    - 2014: 660.062
    - 2019e: 685.099 (+4%)
  - GER
    - 2014: 39.304
    - 2019e: 49.132 (+25%)
  - Eastern-Europe*
    - 2014: 13.990
    - 2019e: 20.935 (+50%)

*Including: Poland, Bulgaria, Hungary, Romania, Lithuania, Croatia, Latvia
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 2019 2020 2025 2030 2035

Defining level of integration
- Political support for European consolidation
- Shareholders open for discussions
- All options on the table

Rheinmetall aims to play a leading role in the MGCS project
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

**European Defence**

**Consolidation landscape**

- **Governmental shareholding** restricts room for cross-border consolidation
- **Big common armament programs** could be catalysts for further consolidation

- **>25% state-owned**
- **<25% or not state-owned**
Defence International
Creation of new hubs in 2018
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
Outlook Defence: 2019
Solid pipeline of projects in our home markets

Key projects and potentials

- Participation in budget increase
- German order entry (~€1.5bn)

- Challenger life extension, expected 2020 (~€0.8 – 1.2bn)
- UK Boxer expected end of 2019 (~€1bn)

- Czech Republic: Lynx (€1 – 1.5bn)
- Hungary: Boxer/Lynx (~€2bn)
- Hungary: Leopard & tank howitzer sub contract (€0.3 – 0.4bn)

- Land 400 Phase 3 (2022; €4 – 5bn)
GROUP

APPENDIX
## Select key data: outlook 2019

<table>
<thead>
<tr>
<th>Rheinmetall Group</th>
<th>Automotive</th>
<th>Defence</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Holding cost</strong></td>
<td>~€25-30m (€24m)</td>
<td>Capex 5.5-6% (5.5%)</td>
</tr>
<tr>
<td><strong>Tax rate</strong></td>
<td>Comparable level (27%)</td>
<td>D&amp;A ~5.5% (5.3% reported, scheduled 5.2%)</td>
</tr>
<tr>
<td><strong>Interest result</strong></td>
<td>~-€40m (-€33m)</td>
<td>R&amp;D 5-6% (5.4%)</td>
</tr>
</tbody>
</table>
### Appendix: Rheinmetall Group

#### 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>
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<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>
</tr>
<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>
</tr>
<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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<tr>
<td>Net financial debt</td>
<td>-330</td>
<td>-81</td>
<td>19</td>
<td>230</td>
<td>-31</td>
</tr>
<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>
</tr>
<tr>
<td><strong>Income statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td>4,688</td>
<td>5,183</td>
<td>5,602</td>
<td>5,896</td>
<td>6,148</td>
</tr>
<tr>
<td>Operating result</td>
<td>160</td>
<td>287</td>
<td>353</td>
<td>400</td>
<td>492</td>
</tr>
<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>
</tr>
<tr>
<td>EBITDA</td>
<td>299</td>
<td>490</td>
<td>581</td>
<td>626</td>
<td>836</td>
</tr>
<tr>
<td>EBIT</td>
<td>102</td>
<td>287</td>
<td>353</td>
<td>385</td>
<td>518</td>
</tr>
<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>
</tr>
<tr>
<td>EBT</td>
<td>22</td>
<td>221</td>
<td>299</td>
<td>346</td>
<td>485</td>
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<tr>
<td>Net income</td>
<td>21</td>
<td>160</td>
<td>215</td>
<td>252</td>
<td>354</td>
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<tr>
<td>Earnings per share (in EUR)</td>
<td>0.47</td>
<td>3.88</td>
<td>4.69</td>
<td>5.24</td>
<td>7.10</td>
</tr>
<tr>
<td>Dividend per share (in EUR)</td>
<td>0.3</td>
<td>1.1</td>
<td>1.45</td>
<td>1.70</td>
<td>2.10</td>
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<tr>
<td>ROCE (in %)</td>
<td>3.9</td>
<td>10.1</td>
<td>12.3</td>
<td>13.8</td>
<td>17.1</td>
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<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>-182</td>
<td>29</td>
<td>161</td>
<td>276</td>
<td>-35</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>20,166</td>
<td>20,676</td>
<td>20,993</td>
<td>21,610</td>
<td>22,899</td>
</tr>
</tbody>
</table>
### Segments 2014 – 2018 Key figures

#### AUTOMOTIVE

<table>
<thead>
<tr>
<th>Year</th>
<th>Order intake</th>
<th>Order backlog (Dec 31)</th>
<th>Sales</th>
<th>Operating result</th>
<th>EBIT</th>
<th>EBIT margin (in %)</th>
<th>Capex</th>
<th>OFCF</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2,466</td>
<td>2,448</td>
<td>2,621</td>
<td>2,670</td>
<td>2,922</td>
<td>2,889</td>
<td>7.5</td>
<td>956</td>
</tr>
<tr>
<td>2015</td>
<td>2,621</td>
<td>2,592</td>
<td>2,670</td>
<td>2,670</td>
<td>2,922</td>
<td>2,930</td>
<td>8.3</td>
<td>112</td>
</tr>
<tr>
<td>2016</td>
<td>2,670</td>
<td>2,656</td>
<td>2,670</td>
<td>2,670</td>
<td>2,922</td>
<td>2,930</td>
<td>8.4</td>
<td>112</td>
</tr>
<tr>
<td>2017</td>
<td>2,922</td>
<td>2,861</td>
<td>2,670</td>
<td>2,670</td>
<td>2,922</td>
<td>2,930</td>
<td>8.7</td>
<td>112</td>
</tr>
<tr>
<td>2018</td>
<td>2,889</td>
<td>2,812</td>
<td>2,670</td>
<td>2,670</td>
<td>2,922</td>
<td>2,930</td>
<td>8.9</td>
<td>112</td>
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</tbody>
</table>

#### DEFENCE

<table>
<thead>
<tr>
<th>Year</th>
<th>Mechatronics Sales</th>
<th>EBIT</th>
<th>EBIT margin</th>
<th>Weapon &amp; Ammunition Sales</th>
<th>EBIT</th>
<th>EBIT margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>1,322</td>
<td>977</td>
<td>-0.4</td>
<td>96</td>
<td>74</td>
<td>100</td>
</tr>
<tr>
<td>2015</td>
<td>1,450</td>
<td>881</td>
<td>0.3</td>
<td>96</td>
<td>74</td>
<td>100</td>
</tr>
<tr>
<td>2016</td>
<td>1,527</td>
<td>1,121</td>
<td>3.4</td>
<td>96</td>
<td>74</td>
<td>100</td>
</tr>
<tr>
<td>2017</td>
<td>1,621</td>
<td>1,175</td>
<td>3.4</td>
<td>96</td>
<td>74</td>
<td>100</td>
</tr>
<tr>
<td>2018</td>
<td>1,664</td>
<td>1,056</td>
<td>3.4</td>
<td>96</td>
<td>74</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>Hardparts Sales</th>
<th>EBIT</th>
<th>EBIT margin</th>
<th>Electronic Solutions Sales</th>
<th>EBIT</th>
<th>EBIT margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>934</td>
<td>-53</td>
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<td>75</td>
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<td>952</td>
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<td>-53</td>
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<td>72</td>
<td>75</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Aftermarket Sales</th>
<th>EBIT</th>
<th>EBIT margin</th>
<th>Vehicle Systems Sales</th>
<th>EBIT</th>
<th>EBIT margin</th>
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<tr>
<td>2014</td>
<td>260</td>
<td>-9</td>
<td>0.3</td>
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<td>-9</td>
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<td>26</td>
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<table>
<thead>
<tr>
<th>Year</th>
<th>Mechatronics EBIT margin</th>
<th>Hardparts EBIT margin</th>
<th>Aftermarket EBIT margin</th>
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<tr>
<td>2014</td>
<td>7.5</td>
<td>9.7</td>
<td>9.8</td>
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<tr>
<td>2015</td>
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<tr>
<td>2016</td>
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<tr>
<td>2017</td>
<td>8.7</td>
<td>9.0</td>
<td>9.0</td>
</tr>
<tr>
<td>2018</td>
<td>8.9</td>
<td>9.0</td>
<td>9.0</td>
</tr>
</tbody>
</table>
More than 100 production sites and offices on all continents
Continuing ROCE improvement

Pre-tax WACC (2017):

- **Group**: 10.5%
- **Defence**: 10.7%
- **Automotive**: 16.7%
- **Group**: 10.6%
- **Defence**: 6.1%
- **Automotive**: 19.0%
- **Group**: 12.3%
- **Defence**: 9.8%
- **Automotive**: 18.8%
- **Group**: 13.4%
- **Defence**: 11.8%
- **Automotive**: 18.7%
- **Group**: 17.1%
- **Defence**: 15.9%
- **Automotive**: 20.2%
Board remuneration based on three building blocks

<table>
<thead>
<tr>
<th>Annual target salary (100%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixum (60%)</td>
</tr>
</tbody>
</table>

- **Twelve equal portions of monthly payments**
  - Fringe benefits:
    - Pension insurance (or comparable)
    - Company car

- **短 term incentive**
  - KPI: EBT, ROCE (each 50%)
  - Reference: Budget
  - Range: 0 - 200%
  - Escalators: 0% - <70% - < 110%
  - Payout: cash

- **Long-term incentive**
  - KPI: Average adjusted EBT of the last three years (EBT capped at €300m)
  - Payout: In shares and cash* with 4 year lock-up period

*for related tax payments
ESG
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 stakeholder
• Non-compliant business behavior is unacceptable
• Zero tolerance of corruption and fraud
• Central Compliance Management System
  • Employee awareness initiative
RHEINMETALL TECHNOLOGY CLUSTER.
TOP FIVE TECHNOLOGY CLUSTER IDENTIFIED

- Advanced assistant systems for driving, sensing, protection and weaponing
- New, digitalized vehicle architectures
- Virtual prototyping and digital twins
- System / health monitoring, predictive maintenance, logistics
- New LIDAR* / Radar sensors
- Resistant to jamming / spoofing
- Next generation IR sensors
- Hybrid drive
- E-drive
- Micro mobility
- AI supported technologies
  - to handle complex situations
  - for decision support
  - for information superiority

*LIDAR=light detection and ranging
**Investor Relations**

**Next events and contacts**

**Next Events**
- Commerzbank Conference, Frankfurt 28 August
- RS East Coast 17/18 September
- Berenberg Conference, Munich 24/25 September
- Berenberg Conference, Pennyhill 4 December
- Q3 Earnings release 7 November
- Capital Markets Day 2019, Unterlüß 19/20 November

**Quick link to documents**
- Corporate Presentation
- Interim Reports
- Annual Reports

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