Rheinmetall Group

Mobility and security form the DNA of the business model

RHEINMETALL GROUP
INTEGRATED TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Automotive *Our heart beats for your engine*
- Tier 1 supplier
- High-tech products for global markets
- Gaining powertrain neutrality

Defence *Force protection is our mission*
- System house for land based operations
- Leading provider of innovative solutions
- Internationalization focused on home markets

Market Driver
- Megatrend mobility
- Growing demand for clean mobility
- Global LV production with growth
- Increased regulation

Business Model
- Increasing demand for security
- Geostrategic powershifts
- Constantly changing conflict situations
- Rising defence/security budgets
**RHEINMETALL GROUP**

**Group performance indicator**
- Grow sales around 8%
- Targeted 2-4% organic growth
- 30-35% payout ratio

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

**AUTOMOTIVE**

- **Op. margin**: 6.7%
- **Sales**: €2,736m
- **Oper. Result**: €184m
- **Order backlog**: *€447m
- **Headcount**: 11,405
- **2019**
- **Op. margin**: 44%
- **35%**
- **49%**

**DEFENCE**

- **Force protection is our mission**
- **Sales**: 56%
- **Oper. Result**: 65%
- **Order backlog**: €3,522m
- **Headcount**: 12,100
- **Op. margin**: 9.8%

* Short-term; **Headcount at capacities;
Rheinmetall Group
Financial overview - Growth in all relevant KPI

Sales, operating result and operating margin
In €m

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Operating Result</th>
<th>Operating Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>5,183</td>
<td>5,5%</td>
<td>287</td>
</tr>
<tr>
<td>2016</td>
<td>5,602</td>
<td>6,3%</td>
<td>353</td>
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<tr>
<td>2017</td>
<td>5,896</td>
<td>6,8%</td>
<td>400</td>
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<tr>
<td>2018</td>
<td>6,148</td>
<td>8,0%</td>
<td>491</td>
</tr>
<tr>
<td>2019</td>
<td>6,255</td>
<td>8,1%</td>
<td>505</td>
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</table>

Earnings and dividend per share
In € / in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Operating Result</th>
<th>Operating Margin</th>
<th>EPS</th>
<th>DPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3,88</td>
<td>1,10</td>
<td>1,45</td>
<td>2,10</td>
<td>2,40</td>
</tr>
<tr>
<td>2016</td>
<td>4,69</td>
<td>1,45</td>
<td>1,70</td>
<td>2,10</td>
<td>2,40</td>
</tr>
<tr>
<td>2017</td>
<td>5,24</td>
<td>2,96%</td>
<td>2,10</td>
<td>2,10</td>
<td>2,40</td>
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<tr>
<td>2018</td>
<td>7,10</td>
<td>7,77%</td>
<td>7,77</td>
<td>7,77</td>
<td>7,77</td>
</tr>
<tr>
<td>2019</td>
<td>7,77</td>
<td>30,9%</td>
<td>30,9%</td>
<td>30,9%</td>
<td>30,9%</td>
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</tbody>
</table>

Operating FCF and operating FCF to Sales
In €m / in %

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating FCF</th>
<th>Operating FCF to Sales</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>29</td>
<td>0,6%</td>
</tr>
<tr>
<td>2016</td>
<td>161</td>
<td>2,9%</td>
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<tr>
<td>2017</td>
<td>276</td>
<td>4,7%</td>
</tr>
<tr>
<td>2018</td>
<td>314</td>
<td>5,0%</td>
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</table>

Net financial debt and Net debt to EBITDA
In €m

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash</th>
<th>Debt</th>
<th>Net debt to EBITDA</th>
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<tbody>
<tr>
<td>2015</td>
<td>0,17x</td>
<td>-81</td>
<td>-30</td>
</tr>
<tr>
<td>2016</td>
<td>0,04x</td>
<td>19</td>
<td>-52</td>
</tr>
<tr>
<td>2017</td>
<td>0,07x</td>
<td>230</td>
<td>0,04</td>
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<tr>
<td>2018</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Rheinmetall Automotive Products per division

MECHATRONICS
- PUMP TECHNOLOGY
- AUTOMOTIVE EMISSION SYSTEMS
- SOLENOID VALVES
- COMMERCIAL DIESEL SYSTEMS
- ACTUATORS

HARDEPARTS
- SMALL BORE PISTONS
- BEARINGS
- LARGE BORE PISTONS
- CASTINGS

AFTERMARKET
- HARDPARTS
- MECHATRONICS
Rheinmetall Defence
Products per division

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

ELECTRONIC SOLUTIONS
- INTEGRATED ELECTRONIC SYSTEMS
- AIR DEFENCE & RADAR SYSTEMS
- TECHNICAL PUBLICATIONS

VEHICLE SYSTEMS
- TACTICAL VEHICLES
- LOGISTIC VEHICLES
- HX-FAMILY
  - Medium wheeled
  - Medium tracked
  - Heavy tracked

Corporate Presentation August 2020
One Rheinmetall
Realization of growth in changing market conditions

✓ Positioning as integrated technology group for Mobility and Security
✓ Realization of growth potentials in changing market environments
✓ Leveraging strengths by bundling and channeling our expertise and competencies, e.g. different technologies
✓ Change perception and increase attractiveness as an employer

One Rheinmetall
Phase I
Initiatives addressing culture and cooperation 2016-2018

One Rheinmetall
Phase II
Focus on technologies 2018 ff.

One Rheinmetall
Phase III
Commercialization starting 2021
Automotive – A changing world
Automotive
Leading technology and market positions

**Key Figures 2019**

- **Sales:** €2.7bn
- **Op. result:** €184m
- **Op. margin:** 6.7%
- **Op. FCF:** €73m
- **R&D:** €143m
- **Capex:** €163m
- **Headcount:** 11,405

**Sales by division***

- **Aftermarket:** 13%
- **Mechatronics:** 54%
- **Hardparts:** 33%

- **Operating result by division***

- **Aftermarket:** 19%
- **Mechatronics:** 64%
- **Hardparts:** 26%

**Sales by region**

- **Asia:** 18%
- **USMCA:** 16%
- **Germany:** 19%
- **Europe w/o Germany:** 43%
- **RoW:** 4%

**Sales Total Management View**

- **China JV-Sales in €bn:** 1.1
- **Consolidated Sales:** 2.7

**Sales by customer**

- **Other:** 44%
- **>10% Ford, VW:** 23%
- **5-10% Renault/Nissan, GM, FCA:** 16%
- **2-5% Daimler, DAF, Volvo, PSA, BMW, CAT/Perkins:** 17%

**Sales by region**

- **Europe w/o Germany:** 43%
- **Asia:** 18%
- **USMCA:** 27%
- **RoW:** 12%
- **Germany:** 12
- **27**
- **3**

**Sites per continent**

- **12**
- **27**
- **12**

*unconsolidated
Automotive
Leading technology and market positions

<table>
<thead>
<tr>
<th>Sales driver</th>
<th>Segment Structure</th>
<th>Key Competitor</th>
<th>Differentiator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Megatrend mobility</td>
<td>Hardparts: Pistons, Castings, Bearings</td>
<td>Hardparts: Mahle, Nemak, GGB, Tenneco (Federal Mogul), Dong Yang</td>
<td>Strong brand</td>
</tr>
<tr>
<td>Global LV production with further growth</td>
<td>Aftermarket: Hardparts, Mechatronics</td>
<td>Aftermarket: Tenneco (Federal Mogul), Mahle, Bosch, Valeo</td>
<td>Strong partnerships</td>
</tr>
<tr>
<td>Increased regulation</td>
<td></td>
<td></td>
<td>(Hasco, Shriram, Riken, ZYNP)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Wide technology portfolio</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Extensive product Know-How</td>
</tr>
</tbody>
</table>
Automotive overview

Product portfolio by division and engine type

**MECHATRONICS**
- VACUUM PUMPS
- EXHAUST CONTROL VALVE GEN. 3
- ELECTRICAL COOLANT PUMP
- THERMAL MANAGEMENT
- HRB
- eCATHODE VALVE
- E-MOTOR COOLING
- EGR MODULE
- SC AIR SYSTEM
eWastegate Actuator
- ELECTRIC COOLANT PUMP
- GASOLINE EGR
- HIGH-VOLTAGE COOLANT PUMP
eCC
- FUEL CELL CONTROL VALVE
- THERMO MODULE

**HARDDPARTS**
- STEEL PISTONS
- ALU PISTONS
- ENGINE BEARINGS
- ENGINE BLOCKS
- NON-ENGINE POLYMER BEARINGS
- STRUCTURAL PARTS
- E-Motor HOUSING
- BATTERY BOXES

**ICE**
- EVAP
- ELEC. BYPASS VALVE
- EXHAUST CONTROL VALVE
- MULTI-PURPOSE VALVE
- ELECTRICAL OIL PUMPS
- CONTACTORS

**EV / FUEL CELL**
- EGR MODULE
- SC AIR SYSTEM
eWastegate Actuator
- ELECTRICAL COOLANT PUMP
- THERMAL MANAGEMENT
- HRB
eCATHODE VALVE
- E-MOTOR COOLING
- FUEL CELL CONTROL VALVE
- THERMO MODULE
- FUEL CELL CONTROL VALVE

Corporate Presentation August 2020
Drivers for growth
Rising global fleet and regulatory restrictions are supporting our growth

**LV production forecast**
[
- Fuel Cell
- Electric
- Plug-in hybrid
- Full hybrid
- Gasoline mild hybrid
- Gasoline
- Diesel mild hybrid
- Diesel

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel Cell</th>
<th>Electric</th>
<th>Plug-in hybrid</th>
<th>Full hybrid</th>
<th>Gasoline mild hybrid</th>
<th>Gasoline</th>
<th>Diesel mild hybrid</th>
<th>Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>89</td>
<td>74%</td>
<td>10%</td>
<td>15%</td>
<td>74%</td>
<td>16%</td>
<td>9%</td>
<td>17%</td>
</tr>
<tr>
<td>2020</td>
<td>70</td>
<td>71%</td>
<td>18%</td>
<td>25%</td>
<td>47%</td>
<td>33%</td>
<td>7%</td>
<td>16%</td>
</tr>
<tr>
<td>2025</td>
<td>93</td>
<td>18%</td>
<td>47%</td>
<td>33%</td>
<td>15%</td>
<td>9%</td>
<td>10%</td>
<td>7%</td>
</tr>
<tr>
<td>2030</td>
<td>101</td>
<td>15%</td>
<td>25%</td>
<td>33%</td>
<td>74%</td>
<td>16%</td>
<td>9%</td>
<td>17%</td>
</tr>
</tbody>
</table>

**Further regulatory pressure**
- 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

**CO₂ and NOx emissions**
- CO₂ in g/km: 125 (2015), 95 (2020), 59 (2030)
- NOx in mg/km: 180 (EU5), 80 (EU6)

**Automotive sales distribution**

- Core Diesel
- Fuel independent products
- Truck
- Large-Bore Pistons
- Gasoline

**Core Diesel**
- Internal Combustion Engine (ICE)
- Engine type distribution

- LV production forecast based on company and IHS estimates, FY 2019
- NOx emissions based on Regulation (EU) 2019/631

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* IHS 07/2020 and company estimates
** Rheinmetall Automotive sales FY 2019
*** 95g = 4.1l Gasoline or 3.6l Diesel, 2030 estimates based on Regulation (EU) 2019/631
Automotive Market trends
The growth drivers remain strong

The innovation pipeline is packed!
Efficiency

CO2 - reduction with Automotive products – gasoline engine vehicle

-1 g CO2/km
-3 g CO2/km
-3 g CO2/km
-7 g CO2/km
-2 g CO2/km
-2 g CO2/km

2015: 130 g CO2/km
2021: 95 g CO2/km

*Reference: 1.4L 4-cylinder. TC DI gasoline engine (115kW), approx. 138 g CO2/km in NEDC

Variable oil pump
Tribology system
Electr. control valve and variable coolant pump
Variable valve train
Electr. EGR system
Lightweight design parts

Corporate Presentation August 2020
Facing technological disruption
Rheinmetall needs to manage the transition
Electrification
Rheinmetall Automotive products

**ELECTRIFICATION**
Peripheral system and components

**CAR**
(HV) 400VPLUS
50-125KW

**FIRST-/LAST-MILE**
48V
15-20KW

**MICRO E-DRIVE SYSTEM**
48V
0.25-0.7KW

* Life time order value of €1.3bn booked*

*Rheinmetall Automotive and Joint Ventures, incl. BEV and Hybrid*
Mechatronic Innovation pipeline
Innovative products for a variety of applications

- High Voltage Contactor
- El. Vapor Pump
- El. Climate Compressor
- El. Cooling Pumps
- High Voltage Recirculation Blower
- Multi Purpose Valve
- Compact Door Actuator

- 1.5x
- 1.5x
- 1.5x
- 1.7x
- 1.9x

Book to bill ratio

- >50% of order intake for new business

Examples

- >€0.6bn
- €700m until 2026
- > €2.5bn
- >€1.5bn
- >€1.5bn
- >€1.5bn
- >€1.5bn
- >€1.5bn

Estimated Market potential in 2025

- >4m vehicles
- >4m vehicles
- >4m vehicles

Corporate Presentation August 2020
Micro Mobility
Starting with competitive product into a booming market

**High growth market**
- European market with **10% CAGR** between 2018 and 2030
- **High market concentration** with Bosch representing almost 50% of market share
- **E-bike market price averaged at €3,000** last 3 years

**Unique selling proposition**
- Smooth phasing of engine support
- Excellent freewheeling
- Low weight and compact build
- Low noise emission
- High thermic stability
- Interesting connectivity features
- Speedy service concept

---

**Development cost of € ~30m until 2022**

**Start of Production**

<table>
<thead>
<tr>
<th>Year</th>
<th>Units</th>
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<tbody>
<tr>
<td>2018</td>
<td>2.9</td>
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<tr>
<td>2019</td>
<td>3.3</td>
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<tr>
<td>2020</td>
<td>3.8</td>
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<tr>
<td>2021</td>
<td>4.4</td>
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<tr>
<td>2022</td>
<td>4.9</td>
</tr>
<tr>
<td>2023</td>
<td>5.4</td>
</tr>
<tr>
<td>2024</td>
<td>5.9</td>
</tr>
<tr>
<td>2025</td>
<td>6.4</td>
</tr>
<tr>
<td>2026</td>
<td>6.9</td>
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<tr>
<td>2027</td>
<td>7.4</td>
</tr>
<tr>
<td>2028</td>
<td>8.0</td>
</tr>
<tr>
<td>2029</td>
<td>8.5</td>
</tr>
<tr>
<td>2030</td>
<td>9.0</td>
</tr>
</tbody>
</table>

**CAGR 2018-30: +10%**

---

Corporate Presentation August 2020
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
Trucks
Diverse portfolio for truck applications

HARDPARTS
- Permaglide bearings for truck compressors and truck hydraulics
- Aluminum pistons
- Steel pistons
- Piston rings cooperation with Riken
- Bushings for injection pumps
- Main bearings
- Connecting rod bearings
- Bearings for seat adjustments and doors
- EGR cooler modules and mixer modules
- Dual poppet valves
- EGR reed valves

MECHATRONICS
- Auxiliary coolant pumps
- Electrical oil pumps
- Coolant valves
- Variable valve Control
- Exhaust gas flaps
- Hydraulic valves
- Cylinder bore coating
- Main coolant valves
- Electrical bypass valves
- Pressure regulating valves
- High performance actuators

Corporate Presentation August 2020
Automotive China
Outperforming the market

- Partner of local big players SAIC and HASCO (50/50 joint ventures)
- Biggest casting capacities in China – technology leader
- Regulation (China 6) – provides substantial growth potential for mechatronics division
- Strong demand for NEV products
- China Story on track: product pipeline supports growth ambitions
- Demand for Mechatronics products key driver

### Highlights

**Sales China in €m**

- 2012: 401
- 2013: 528
- 2014: 681
- 2015: 871
- 2016: 934
- 2017: 972
- 2018: 1,003
- 2019: 1,149

**Sales China by division in €m**

- Mechatronics: CAGR +9%
- Hardparts
- Aftermarket

**EBIT China in €m**

- 2012: 30
- 2013: 37
- 2014: 53
- 2015: 53
- 2016: 71
- 2017: 76
- 2018: 79
- 2019: 76
Defence – Managing the “super cycle”
Defence
Leading supplier with an increasing international presence

Key Figures 2019

<table>
<thead>
<tr>
<th>Figure</th>
<th>Value</th>
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<tbody>
<tr>
<td>Sales</td>
<td>€3.5bn</td>
</tr>
<tr>
<td>Op. result</td>
<td>€343m</td>
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<tr>
<td>Op. margin</td>
<td>9.8%</td>
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<tr>
<td>Op. FCF</td>
<td>€266m</td>
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<tr>
<td>R&amp;D</td>
<td>€75m</td>
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<tr>
<td>Capex</td>
<td>€166m</td>
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<tr>
<td>Headcount</td>
<td>12,100</td>
</tr>
</tbody>
</table>

Sales by division*

- Weapon and Ammunition: 27%
- Electronic Solutions: 25%
- Vehicle Systems: 48%

Sales by region

- Germany: 41%
- Europe: 23%
- Asia / Middle East: 13%
- USMCA: 1%
- RoW: 1%

Order backlog by region

- Germany: 22%
- Europe: 28%
- Asia / Middle East: 19%
- USMCA: 3%
- RoW: 27%

Operating result by division*

- Vehicle Systems: 43%
- Electronic Solutions: 22%
- Weapon and Ammunition: 35%
- Other: 35%

Order backlog by division

- Vehicle Systems: 60%
- Electronic Solutions: 19%
- Weapon and Ammunition: 21%

Global set up

- Sites per continent
  - 9
  - 80
  - 1
  - 5
  - 10

*unconsolidated
**Defence**

**Leading technology and market position**

<table>
<thead>
<tr>
<th>Sales driver</th>
<th>Structure of Corporate Segments</th>
<th>Key Competitor</th>
<th>Differentiator</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Increasing demand for security</td>
<td>Vehicle Systems</td>
<td>Vehicle Systems</td>
<td>• Reputation as trustful and reliable company</td>
</tr>
<tr>
<td>• Geostrategic power shifts</td>
<td>Weapon and Ammunition</td>
<td>General Dynamics, BAE, KNDS, Scania, Iveco, Hanwha</td>
<td>• International footprint</td>
</tr>
<tr>
<td>• Constantly changing conflict situations</td>
<td>Electronic Solutions</td>
<td>Weapon and Ammunition, Nammo, Northrop Grumman, Plasan, Eurenco, GD, Kongsberg</td>
<td>• Broad product portfolio</td>
</tr>
<tr>
<td>• Rising defence/security budgets</td>
<td></td>
<td>Electronic Solutions, R&amp;S, CAE, Saab, Thales, Rafael, Elbit Systems, Safran,</td>
<td>• International presence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Hensoldt</td>
<td>• System integrator</td>
</tr>
</tbody>
</table>

**Key Competitor**

- **Vehicle Systems**
  - Tactical Vehicles
  - Logistic Vehicles
- **Weapon and Ammunition**
  - Weapon and Munition
  - Protection Systems
  - Propulsion Systems
- **Electronic Solutions**
  - Integrated Electronic Solutions
  - Air Defence and Radar Systems
  - Technical Publications

**Differentiator**

- Reputation as trustful and reliable company
- International footprint
- Broad product portfolio
- International presence
- System integrator
- Modular and open architecture
  - Weapon and sensor platforms
- Excellent engineering
  - Know-How & capabilities
Defence
Managing the super cycle

- Declining budgets
  - Downscaling of forces and armament
  - Out of area missions

- Inflection point
  - 2014 Annexation Crimea

- Increase of global defence budgets
  - Return to treaty and territorial defence
  - Upscaling of forces and modernization
  - Demand for next generation systems

- NATO 2% target commitment
Defence super cycle
Successful internationalization provides diverse sources of growth

Our home markets

Germany
- Largest customer
- Budget increase: Commitment to 1.5% in 2024
- 100% Equipment level
- More personnel

Australia
- Established „home market“
- Land 400 program as demand driver
- Ammunition framework contract

United Kingdom
- JV with BAE serves „home market“
- MIV and Challenger LEP program
- Ammunition framework contract

Eastern Europe
- Modernization to NATO standards
- VJTF participation
- IFV tender pipeline
Defence tender overview

High demand could lead to promising super cycle

**UK**
- MIV Boxer
- Challenger

**France**
- Trucks
- MGCS

**Germany**
- Trucks
- IDZ
- VJTF Puma
- Load Handling System
- Leopards
- Heavy transport helicopter
- 2. Puma lot
- 2. IDZ lot
- Boxer variants
- Ammunition
- Fox
- TEN (D-LBO)
- Indirect fire
- MGCS

**Eastern Europe**
- Lithuania: Boxer
- Poland: Leopard II
- Hungary: Leopard, Howitzer, IFV(wheeled/tracked)
- Czech Rep: IFV (wheeled/track)
- Slovakia: IFV
- Bulgaria: IFV (wheeled)
- Romania: IFV (wheeled)
- Slovenia: APC (wheeled)

**USA**
- Ammunition
- Fuzes
- OMFV

**International Customers**
- MENA
- South-East Asia
- Algeria

- **Green**: booked business
- **black**: potential

**Australia**
- Land 17 1 C.2: Ammo
- Land 121 3a, 5b: Trucks
- Land 400 II: Boxer CRV
- Land 400 III: Lynx
- Simulation: M1

---

Corporate Presentation August 2020  27
German defence
NATO commitment key driver for German demand

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

<table>
<thead>
<tr>
<th>Bundeswehr</th>
<th>‘19</th>
<th>‘23</th>
<th>‘27</th>
<th>‘31</th>
<th>‘32+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White paper</td>
<td>VJTF’19</td>
<td>VJTF’23 (1 Brigade)</td>
<td>1x Division (3x Brigade)</td>
<td>3x Division (8x Brigade)</td>
<td>3x Division (10x Brigade)</td>
</tr>
<tr>
<td>04/2018</td>
<td>~2.200 vehicles</td>
<td>~9.000 vehicles</td>
<td>~30.000 vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concept Bundeswehr</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>09/2018</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Capability profile</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

100% equipment and digitization
German defence budget

Investment expenses and Rheinmetall-share - budgets become sizeable

in €m

Expense increase based on 3 pillars:

- **More budget**, investment share increased by 36% from 2018 to 2019: if political 1.5% commitment is to be achieved in 2024 this could lead to €~12 bn investment spend
- **More personnel**, return to ~200.000 soldiers
- **More equipment** (100% equipment level)

NATO and VJTF commitments as strong drivers for budget increase

*based on BMWi GDP forecast Oct. 19; assumption 20% of German defence budget investive
## German Defence

### Additional structural demand of German armed forces

#### Vehicles

<table>
<thead>
<tr>
<th>Vehicle</th>
<th>Quantity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fox</td>
<td>(&gt;500 vehicles)</td>
</tr>
<tr>
<td>Boxer</td>
<td>(~150 vehicles)</td>
</tr>
<tr>
<td>Trucks</td>
<td>(&gt;10,000 vehicles)</td>
</tr>
<tr>
<td>Puma</td>
<td>(~250 vehicles)</td>
</tr>
<tr>
<td>Leopard 2</td>
<td>(&gt;200 vehicles)</td>
</tr>
</tbody>
</table>

#### Programs and ammunition

<table>
<thead>
<tr>
<th>Program</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>NNBS</td>
<td>(Short range air defence)</td>
</tr>
<tr>
<td>TLVS/Next Gen. Patriot</td>
<td>(Tactical air defence)</td>
</tr>
<tr>
<td>DLBO TEN</td>
<td>(former MoTaKo)</td>
</tr>
<tr>
<td>Ammunition</td>
<td>Long term doubling potential</td>
</tr>
<tr>
<td>Military Camps</td>
<td>Build, operate and rebuild</td>
</tr>
</tbody>
</table>
Australia

Successful establishment of a new “home market”

- **2013**
  - TRUCKS
    - LAND 121 Phase 3B / 5B
      - 1st & 2nd order
      - Delivery 2016-2024, €2bn & 0.4bn

- **2017**
  - JV Rheinmetall NIOA
    - Munition
      - 51% Rheinmetall
    - Supashock
      - 49% Rheinmetall
      - „Brain-Trust“

- **2018**
  - Land 17: 155mm Munition
    - Framework Contract:
      - EUR 60m p.a.
      - 2018-2023
  - Boxer
    - Land 400 Phase 2
      - Delivery 2019 - 2026
      - EUR 2.1bn
      - (SOP Australia 2021)

- **2020**
  - MilVehCoE
    - Military Vehicle Center of Excellence

- **2022/2023**
  - LYNX
    - Land 400 Phase 3
      - 2019 Down selected
      - Delivery exp. 2023-2032
      - EUR 5.6bn

2018 Munition Framework Contract: EUR 60m p.a. 2018-2023
United Kingdom - Joint Venture with BAE
Creating a new “home market” and strengthening our position

**LEGACY BUSINESS**

- BAE UK business
- Armoured engineering vehicles and bridge-laying tanks
- AS 90 self-propelled artillery system
- Force protection components
- Services
  - 7,500 MAN vehicles under service

**EXPANSION OF PRODUCT PORTFOLIO**

**Future**

- Boxer Mechanized Infantry Vehicle (MIV)
  - 500 vehicles @ € 1.4bn
- Challenger 2 Life Extension Program
  - potential order size 148 MBT @ € 0.8-1.2bn
- Next generation of battle tanks
System house for land based operations
Integrating components to systems
Total life cycle potential

Platform sales are just the tip of the iceberg – success creates opportunities

1X SALES OF PLATFORM

2X LIFECYCLE SPENDINGS

Rheinmetall creates additional business opportunities over the entire life cycle of 50 years

- Ammunition
- Spare parts
- Service & Maintenance
- Training & Simulation
- Technical Documentation
- Upgrades (Life time extension)
Ad-hoc summary

Management took action to cope with industry changes

- Corona with heavy negative impact on automotive production and demand
- Global LV production is expected to decline by 21.9%* in 2020
- Return to 2019 levels delayed by 3-4 years

**Market**

- Impairment test of Rheinmetall’s Automotive business triggered need for value adjustment due to sustainable weakening of mid-term market expectations
- Non-cash impairment effect of €300m, almost entirely in the Hardparts division

**Impairment**

- Announcement of restructuring in Hardparts and Mechatronics
- Restructuring provision of €40m expected in Q3

*IHS 4 August 2020*
Restructuring details

First measures of restructuring in Automotive communicated

- Evaluation of strategic options in the Automotive segment ad-hoc announced July 27th
- Total accrual volume of €40m will be booked in Q3 with cash-effect between 2020-22

**Hardparts (~€24m):**
- Closure of US small bore pistons site until 2022/23
- Relocation of production to low-cost countries
- Adjustment of capacities to market demand in Brazil, Germany and the Czech Republic

**Mechatronics (~€16m):**
- Adaptation of capacities
- Realignment of structures to reduce dependency on combustion engine
- Preparation for new markets: transfer of technology to new applications

*Targeted savings of 40 to 50 €m already effective in 2022/23*
Crisis management with focused activities
Smooth restart from lockdown

Protect our people
- Health and safety first!
- Ensuring protection for our employees
- Global Corona incident monitoring
- Internal communication of measures
- Quick supply of personal protection equipment (PPE) and disinfectants

Secure cost and cash
Cash
- Stop of all non-essential expenses in Automotive
- Minimize capex spending
- Selective inventory management for bottle neck products
- Solid liquidity position

Cost
- Extensive and fast-acting cost cutting measures
- Adjust to “new normal” demand level
- Global „Kurzarbeit“ regimes in Automotive

☑ Daily Corona board-reports
☑ 6 CEO letters
☑ Hygiene concept was successful
☑ Low infection rate (<0.3%)<br/>☑ Order intake for PPE of up to€100m in 2020

☑ Automotive op. leverage ~27%
☑ Total headcount reduction of 11%
☑ Automotive labor cost per cut by 23%
☑ Q2 Auto capex reduced by 55%
☑ Supply chain resilient in both segments
☑ Smooth re-start of our activities aligned with demand recovery
Q2 2020 Group: Key financial data
Corona impact overshadowed excellent Defence performance

- Sales in €m
  - Q2 2019: 1,471
  - Q2 2020: 1,239
  - Change: -15.8%

- Operating result and EBIT in €m
  - Q2 2019: 110
  - Q2 2020: 36
  - Change: -67.3%

- Earnings per share in €
  - Q2 2019: 1.70
  - Q2 2020: 0.46
  - Change: -439%

Corporate Presentation August 2020
Q2 2020 Group: Operating free cash flow
Automotive earnings drop main cause for weak cash flow generation in Q2

- Low operational performance and impairment charges, both in Automotive
- D&A inflated by corresponding impairments
- Opportunistic sourcing in Automotive and business related increase of NWC in Defence
- Strict capex management in Automotive
Cash preservation
Active capex management in both segments

Capex review yields strong cash reduction
- Both segments will reduce capex in 2020
- Automotive to contribute most with a reduction between 25 to 30%
- H1 Automotive capex already cut by €31m or 46%

IFRS 16 peak in 2020
- IFRS 16 impact includes non-cash effect of €73m in 2020 after €64m in 2019
- Single biggest effect in 2020 results from long-term lease agreement for MilVehCoE/Australia of €52m
Q2 2020 Group: Group key financials
Balance sheet and financials remain solid after impairment

- Equity ratio remains on solid level
- Net debt and KPI with normal seasonality
- Cash on balance €586m
- Undrawn credit lines of €0.7bn per end of Q2
- Investment grade rating with stable outlook
Q2 2020 Automotive: Highlights
Management implemented extensive and fast-acting saving measures

Summary savings measures in €m

Global measures
- Hiring freeze in all Automotive entities
- Total Automotive staff reduced by 11%
- “Kurzarbeit” savings of €19m

Country specific measures
- Voluntary redundancy programmes
- Early retirement schemes
- Working hour adjustment

Operating result Q2 2019
- Change pre-measures
- Personnel: 33
- other: 22
- Changes at-equity results: -6
- Operating result Q2 2020: -52

Total: €55m

Q2 2020 Automotive: Highlights
Fast-acting cost cutting helped Q2 performance

**Quarterly sales and margin development**

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Sales (€m)</th>
<th>Margin (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>726</td>
<td>7.2%</td>
</tr>
<tr>
<td>Q3</td>
<td>659</td>
<td>6.5%</td>
</tr>
<tr>
<td>Q4</td>
<td>637</td>
<td>6.2%</td>
</tr>
<tr>
<td>Q1</td>
<td>618</td>
<td>1.7%</td>
</tr>
<tr>
<td>Q2</td>
<td>338</td>
<td>-15.3%</td>
</tr>
</tbody>
</table>

**Comments on quarterly performance**

- Smooth restart of production after lockdown
- Sales volumes declined as expected, with sequential monthly improvement
- Outperformance of relevant market* by almost 10pp
- Successful implementation of strict cost measures improved operating leverage to 27%
- Lower results and opportunistic sourcing burdened OFCF

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Order intake (€m)</th>
<th>Sales (€m)</th>
<th>Operating result (€m)</th>
<th>Operating margin in %</th>
<th>Special items (€m)</th>
<th>EBIT (€m)</th>
<th>Operating Free Cash Flow (€m)</th>
<th>Operating FCF / Sales (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q2</td>
<td>674</td>
<td>726</td>
<td>52</td>
<td>7.2%</td>
<td>1</td>
<td>53</td>
<td>62</td>
<td>8.5%</td>
</tr>
<tr>
<td>Q2</td>
<td>353</td>
<td>338</td>
<td>-52</td>
<td>-15.3%</td>
<td>-300</td>
<td>-352</td>
<td>-97</td>
<td>-28.7%</td>
</tr>
<tr>
<td>YTD 2019</td>
<td>1,409</td>
<td>1,440</td>
<td>102</td>
<td>7.1%</td>
<td>2</td>
<td>104</td>
<td>14</td>
<td>-1.0%</td>
</tr>
<tr>
<td>YTD 2020</td>
<td>796</td>
<td>956</td>
<td>-41</td>
<td>-4.3%</td>
<td>-300</td>
<td>-341</td>
<td>-14</td>
<td>-15.3%</td>
</tr>
<tr>
<td>Δ</td>
<td>-43.5%</td>
<td>-33.6%</td>
<td>-200.0%</td>
<td>-1140 bp</td>
<td></td>
<td>-427.9%</td>
<td>-942.5%</td>
<td>-1430 bp</td>
</tr>
</tbody>
</table>

*IHS Markit: 4 August 2020; global LV growth adjusted for China
Q2 2020 Automotive: Divisional highlights
Dramatic volume decline drove results negative

Sales Automotive in €m
- Q2 2019: 726
  - Q2 2020: 407
  - Q2 2019: 252
  - Q2 2020: 172
  - Q2 2019: 92
  - Q2 2020: 68

Operating result Automotive in €m
- Q2 2019: 52
  - Margin: 7.2%
  - Q2 2020: 35
  - Margin: 8.6%
  - Q2 2019: 10
  - Margin: 3.8%
  - Q2 2020: 9
  - Margin: 10.2%

Margin Q2 2019
- Mechatronics: 7.2%
- Hardparts: 8.6%
- Aftermarket: 3.8%

Margin Q2 2020
- Mechatronics: 3.2%
- Hardparts: 3.2%
- Aftermarket: 3.2%

- Mechatronics: -200%
- Hardparts: -171%
- Aftermarket: -360%

Mechatronics: Massive volume decline
Hardparts: Massive volume decline
Q2 19 included equipment sales of €14m
Lower at-equity results

Aftermarket: Sales more resilient
Consolidation of micro-mobility result
Q2 2020 Automotive: Highlights
All end-markets impacted by volume drop

Sales split LV/ Non-LV
in €m / in %

Sales split Non-LV
in €m / in %

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>LV: 64%</td>
<td>726</td>
<td>160</td>
</tr>
<tr>
<td>LV: 55%</td>
<td>254</td>
<td>58</td>
</tr>
<tr>
<td>Non-LV</td>
<td>260</td>
<td>108</td>
</tr>
<tr>
<td>Non-LV Business</td>
<td>153</td>
<td>68</td>
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</table>

Sales split Non-LV

<table>
<thead>
<tr>
<th></th>
<th>Q2 2019</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>LV Business</td>
<td>280</td>
<td>108</td>
</tr>
<tr>
<td>Diesel</td>
<td>160</td>
<td>58</td>
</tr>
<tr>
<td>Gasoline</td>
<td>254</td>
<td>108</td>
</tr>
<tr>
<td>other LV</td>
<td>58</td>
<td>20</td>
</tr>
<tr>
<td>Non-LV Business</td>
<td>153</td>
<td>68</td>
</tr>
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</table>

Delta absolute in %

<table>
<thead>
<tr>
<th></th>
<th>Delta</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diesel</td>
<td>-102</td>
</tr>
<tr>
<td>Gasoline</td>
<td>-146</td>
</tr>
<tr>
<td>other LV</td>
<td>-32</td>
</tr>
<tr>
<td>LV Business</td>
<td>-280</td>
</tr>
<tr>
<td>Truck</td>
<td>-68</td>
</tr>
<tr>
<td>Large Bore</td>
<td>-8</td>
</tr>
<tr>
<td>other</td>
<td>-7</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>-24</td>
</tr>
<tr>
<td>Non-LV Business</td>
<td>-107</td>
</tr>
</tbody>
</table>

Corporate Presentation August 2020
Q2 2020 Automotive: China performance
Sales recovery and positive margin development

Sales* in €m

- Sales increase of +3% compares to a market recovery of 9% (IHS Markit 4 August, 2020)
- Sales development held back by customer mix
- All plants operational, business activity approaching 100% pre corona level

EBIT* in €m

- EBIT further recovered
- JV EBIT margin increased from 6.8% to 8.3%

*Including 100% figures of 50/50 JV, consolidated at equity
Q2 2020 Automotive: Regional sales split

Automotive with stronger performance in Europe and USMCA

- Regional sales in % vs. IHS
- Greyish columns: IHS global LV production, 04/08/20
- Blueish columns: Automotive consolidated Q2 sales

- Q2 2020 vs Q2 2019:
  - Germany: -62%
  - Europe (excl. Germany): -66%
  - China: -69%
  - USMCA: -57%

- Total performance:
  - Global IHS LV production:
    - Q2 2019: -45%
  - Relevant global IHS LV production*:
    - Q2 2019: -62%
  - Automotive sales:
    - Q2 2019: -53%

* IHS data adjusted for China volumes to match Automotive regional sales split; ** China Total Management View
## Q2 2020 Defence: Highlights

**Outstanding performance**

### Comments on quarterly performance

- **Resilient demand environment**
- **Order intake above expectations**
- **Strong sales and operating result increase driven by WA and VS including early deliveries at customer request and unplanned sales for medical protection equipment**
- **OFCF declined on higher business activities and increased capex**

### Quarterly sales and margin development

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q2</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Q1</th>
<th>Q2</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>746</td>
<td>823</td>
<td>1,324</td>
<td>740</td>
<td>901</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>In €m and %</td>
<td>8.1</td>
<td>7.8</td>
<td>15.8</td>
<td>3.9</td>
<td>10.3</td>
<td></td>
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</table>

### Order intake*

<table>
<thead>
<tr>
<th></th>
<th>Q2 19</th>
<th>Q2 20</th>
<th>Δ</th>
<th>YTD 19</th>
<th>YTD 20</th>
<th>Δ</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake*</td>
<td>501</td>
<td>752</td>
<td>50.1%</td>
<td>1,065</td>
<td>1,483</td>
<td>39.2%</td>
</tr>
<tr>
<td>Sales</td>
<td>746</td>
<td>901</td>
<td>20.8%</td>
<td>1,375</td>
<td>1,641</td>
<td>19.3%</td>
</tr>
<tr>
<td>Operating result</td>
<td>60</td>
<td>93</td>
<td>55.0%</td>
<td>69</td>
<td>122</td>
<td>76.8%</td>
</tr>
<tr>
<td>Operating margin in %</td>
<td>8.1%</td>
<td>10.3%</td>
<td>220 bp</td>
<td>5.0%</td>
<td>7.4%</td>
<td>240 bp</td>
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<tr>
<td>Special item</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
<td>-2</td>
</tr>
<tr>
<td>EBIT</td>
<td>58</td>
<td>91</td>
<td>56.9%</td>
<td>67</td>
<td>120</td>
<td>79.1%</td>
</tr>
<tr>
<td>Operating Free Cash Flow</td>
<td>-131</td>
<td>-141</td>
<td>-7.6%</td>
<td>-224</td>
<td>-293</td>
<td>-30.8%</td>
</tr>
<tr>
<td>Operating FCF / Sales</td>
<td>-17.6%</td>
<td>-15.7%</td>
<td>190 bp</td>
<td>-16.3%</td>
<td>-17.9%</td>
<td>-160 bp</td>
</tr>
</tbody>
</table>

*Order intake is reported on the basis of booked business*
Q2 2020 Defence: Divisional highlights
Favorable volume growth and product mix

Sales Defence in €m

- Q2 2019: 746
- Q2 2020: 901

Operating result Defence in €m

- Q2 2019: 278
- Q2 2020: 457

Margin Q2 2019: 8.1%
- Q2 2019: 34%
- Q2 2020: 38%

Margin Q2 2020: 10.3%
- Q2 2019: 6%
- Q2 2020: 11%

Weapon & Ammunition
- Early shipment on customer request helped Q2
- Unplanned first deliveries of PPE*

Electronic Systems
- Solid sales driven by VJTF and Gladius projects

Vehicle Systems
- Strong tactical vehicle sales
- Ramp-up of Boxer projects

*Personnel protective equipment
Q2 2020 Defence: Order overview
Stronger than expected order intake

Order intake by division
in €m

<table>
<thead>
<tr>
<th>Division</th>
<th>Q2 2019</th>
<th>Q2 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Weapon and Ammunition</td>
<td>265</td>
<td>501</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>69</td>
<td>102</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>199</td>
<td>411</td>
</tr>
<tr>
<td>Consolidation</td>
<td>-31</td>
<td>-56</td>
</tr>
</tbody>
</table>

Order backlog profile
in €m

<table>
<thead>
<tr>
<th>Period</th>
<th>30.06. 2019</th>
<th>Operational</th>
<th>FX</th>
<th>M&amp;A</th>
<th>30.06. 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>8,307</td>
<td>1,786</td>
<td>96</td>
<td>10,125</td>
<td></td>
</tr>
</tbody>
</table>

- €1.8bn  
- €2.1bn  
- €6.2bn  

Corporate Presentation August 2020
Logistic vehicles – a success story

German framework contract for 2,000 load handling systems with first order

Total Framework value*  
€4.2bn

Thereof already*  
delivered  €0.5bn  
booked  €0.6bn

Remaining order potential  
€3.1bn

Germany: €2.4bn

Others:  €0.7bn

2021  2022  2023  2024  2025  2026

* As of 30 June 2020
Defence seasonality

Stronger than average first half helps to meet FY guidance

- Stronger than average first half 2020 (+19%)
- Customer induced shift of sales into Q2 at the expense of Q3
- Confirmation of FY sales growth of 6-7% guidance implies weaker H2 y-o-y
- FY growth still backend loaded driven by high Q4 sales volume in Division WA
2020 Guidance update

Trading update

AUTOMOTIVE
Sales decline of ~15% in Q3 with an operating leverage expected around 30%

DEFENCE
Second half on the level of last year’s strong performance

FY 2020 Guidance

Management still refrains to provide a detailed Automotive FY guidance. Automotive is currently targeting an operating result corridor between €-30m and break-even, if current circumstances do not change substantially (e.g. no additional lockdown or comparable business disruption and no material change in IHS growth assumptions* for H2)

Guidance specified:
- sales growth expectation of 6-7% and
- operating margin around 10%

*as of 4 August 2020
Appendix
Sustainability
Path to CO₂ neutrality already started

2014
Global compliance organisation

2009
Statement on cluster munition and anti-personnel landmines

2015
First non financial data

2017
First CSR reports selection
MSCI: BBB
ISS-oekom: D
Sustainalytics: 51

2018
Statement on white phosphorous ammunition

2020
GRI-Report

2020
Report on contribution to Sustainable Development Goals

2021
Reporting analogous to UN Global Compact

2022
TCFD (Task Force on Climate-related Financial Disclosures)

2023
CDP

2020 - 2040
Milestone plan re CO₂ neutrality
3 years increments

2020
Updated CSR ratings selection
MSCI: AA
ISS-oekom: D+
Sustainalytics: 60

2020
GRI Report

2020 - 2040
Milestone plan re CO₂ neutrality
3 years increments
## Sustainability

### ESG @ Rheinmetall

<table>
<thead>
<tr>
<th>E</th>
<th>2040 CO₂ neutral</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Automotive Product portfolio actively reduces CO₂ emission</strong></td>
<td></td>
</tr>
<tr>
<td>**Reduction energy intensity (MWh/EUR m revenue) 2015: 229.4</td>
<td>2019: 157.2**</td>
</tr>
<tr>
<td>**Reduction THG intensity (tCO₂/EUR m revenue) 2015: 101.2</td>
<td>2019: 65.7**</td>
</tr>
<tr>
<td><strong>Revenue coverage ISO 14001 72.4 %</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue coverage ISO 50001 84.4 %</strong></td>
<td></td>
</tr>
<tr>
<td>**Environmental issues</td>
<td>Part of Business Partner Check**</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>S</th>
<th>Social Responsible</th>
</tr>
</thead>
<tbody>
<tr>
<td>**Transparency in the Supply Chain</td>
<td>Suppliers EU-registered: PM: ~ 60 % and NPM: ~ 56 %**</td>
</tr>
<tr>
<td>**Human Rights</td>
<td>In-house DD 2019 as per DIHR</td>
</tr>
<tr>
<td>**Health &amp; Safety</td>
<td>ISO 45001</td>
</tr>
<tr>
<td>**Diversity</td>
<td>Goals 2020-2025</td>
</tr>
<tr>
<td>**Corporate Citizenship</td>
<td>Sponsoring 2019: EUR 876k</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>G</th>
<th>Robust Governance Model</th>
</tr>
</thead>
<tbody>
<tr>
<td>**Compliance Management System - IDW PS 980 approved</td>
<td>Extensive training**</td>
</tr>
<tr>
<td>**Data Privacy</td>
<td>Set-up of network infrastructure as part of CMS**</td>
</tr>
<tr>
<td>**Strict regime</td>
<td>2019: 33.529 entries in War Weapons Book</td>
</tr>
<tr>
<td>**Product responsibility Reporting</td>
<td>Contribution to SDGs &amp; GRI Reporting</td>
</tr>
<tr>
<td>**CSR Ratings</td>
<td>10 agencies**</td>
</tr>
</tbody>
</table>
Active board remuneration schemes
Current and new remuneration policy for contracts starting in 2020

**Current policy**

<table>
<thead>
<tr>
<th>Fixed annual remuneration</th>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>over 12 months, including fringe benefits</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>STI 1)</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBT</td>
<td>50%</td>
</tr>
<tr>
<td>ROCE</td>
<td>50%</td>
</tr>
<tr>
<td>Threshold</td>
<td>≤70%</td>
</tr>
<tr>
<td>Payout (linear)</td>
<td>0%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>LTI</th>
<th>3 years ØEBT</th>
</tr>
</thead>
<tbody>
<tr>
<td>(100% at €200m, cap at €300m)</td>
<td></td>
</tr>
<tr>
<td>Individual factor</td>
<td></td>
</tr>
<tr>
<td>Payout</td>
<td>(50% shares (4 years deferred) + 50% cash + 20% of share value in cash)</td>
</tr>
</tbody>
</table>

**New policy**

<table>
<thead>
<tr>
<th>Fixed annual remuneration</th>
<th>60%</th>
</tr>
</thead>
<tbody>
<tr>
<td>over 12 months, including fringe benefits</td>
<td></td>
</tr>
</tbody>
</table>

| Financial targets (EBT, ROCE) |
| & non-financial targets (e.g. strategy implementation and sustainability) |
| STI 1) 40% |
| Threshold | ≤80% | 100% | ≥120% |
| Payout | 0% | 100% | 250% (cap w/o Modifier) |

| LTI | 3 years ØEBT (100% at €500m, cap at €750m) |
| (individual factor) |
| TSR vs peer performance (adj. TSR MDAX) |
| (adj. TSR MDAX) |
| Ø last 12 months (div. adjusted) TSR vs adjusted MDAX; ranking of companies by percentile; payout calculated by base LTI value multiplied by % linked to percentile performance |

**Percentil**

<table>
<thead>
<tr>
<th>0</th>
<th>50</th>
<th>75</th>
</tr>
</thead>
<tbody>
<tr>
<td>0%</td>
<td>100%</td>
<td>150%</td>
</tr>
</tbody>
</table>

**Variable performance payment**

**100% total active compensation 1)**

---

1) Calculated on target achievement 100%
European Defence
Consolidation landscape

- 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
Our capital allocation policy is geared towards further growth

- Funding of growth (organic and M&A)
- Dividend to shareholders (Payout ratio 30-35%)
- Improvement of pension funding via CTA (target level 50-60%)
## Group 2015 – 2019
### Key figures (as reported)

<table>
<thead>
<tr>
<th>in €m</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>5.730</td>
<td>6.150</td>
<td>6.101</td>
<td>6.759</td>
<td>7.415</td>
</tr>
<tr>
<td>Shareholder's equity</td>
<td>1.562</td>
<td>1.781</td>
<td>1.870</td>
<td>2.173</td>
<td>2.272</td>
</tr>
<tr>
<td>Equity ratio (in %)</td>
<td>27.3</td>
<td>29.0</td>
<td>30.7</td>
<td>32.1</td>
<td>30.6</td>
</tr>
<tr>
<td>Pension liabilities</td>
<td>1.128</td>
<td>1.186</td>
<td>1.080</td>
<td>972</td>
<td>1.169</td>
</tr>
<tr>
<td>Net financial debt</td>
<td>-81</td>
<td>19</td>
<td>230</td>
<td>-30</td>
<td>-52</td>
</tr>
<tr>
<td>Net financial debt / EBITDA</td>
<td>0.17</td>
<td>-0.03</td>
<td>-0.37</td>
<td>0.04</td>
<td>0.07</td>
</tr>
<tr>
<td>Net gearing (in %)</td>
<td>5.2</td>
<td>-1.1</td>
<td>-12.3</td>
<td>1.4</td>
<td>2.3</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>5.183</td>
<td>5.602</td>
<td>5.896</td>
<td>6.148</td>
<td>6.255</td>
</tr>
<tr>
<td>Operating result</td>
<td>287</td>
<td>353</td>
<td>400</td>
<td>491</td>
<td>505</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>5.5</td>
<td>6.3</td>
<td>6.8</td>
<td>8.0</td>
<td>8.1</td>
</tr>
<tr>
<td>EBITDA</td>
<td>490</td>
<td>581</td>
<td>626</td>
<td>836</td>
<td>792</td>
</tr>
<tr>
<td>EBIT</td>
<td>287</td>
<td>353</td>
<td>385</td>
<td>518</td>
<td>512</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>5.5</td>
<td>6.3</td>
<td>6.5</td>
<td>8.4</td>
<td>8.2</td>
</tr>
<tr>
<td>EBT</td>
<td>221</td>
<td>299</td>
<td>346</td>
<td>485</td>
<td>477</td>
</tr>
<tr>
<td>Net income</td>
<td>160</td>
<td>215</td>
<td>252</td>
<td>354</td>
<td>354</td>
</tr>
<tr>
<td>Earnings per share (in EUR)</td>
<td>3.88</td>
<td>4.69</td>
<td>5.24</td>
<td>7.10</td>
<td>7.77</td>
</tr>
<tr>
<td>Dividend per share (in EUR)</td>
<td>1.10</td>
<td>1.45</td>
<td>1.70</td>
<td>2.10</td>
<td>2.40</td>
</tr>
<tr>
<td>ROCE (in %)</td>
<td>10.6</td>
<td>12.3</td>
<td>13.8</td>
<td>17.1</td>
<td>15.4</td>
</tr>
<tr>
<td><strong>CF statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Free cashflow from operations</td>
<td>29</td>
<td>161</td>
<td>276</td>
<td>-35</td>
<td>314</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>20676</td>
<td>20993</td>
<td>21610</td>
<td>22899</td>
<td>23780</td>
</tr>
</tbody>
</table>
## Segments 2015 – 2019

### Key figures

#### Automotive

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2.621</td>
<td>2.670</td>
<td>2.922</td>
<td>2.888</td>
<td>2.705</td>
</tr>
<tr>
<td>Order intake</td>
<td>445</td>
<td>458</td>
<td>520</td>
<td>478</td>
<td>447</td>
</tr>
<tr>
<td>Order backlog (Dec. 31)</td>
<td>2.592</td>
<td>2.656</td>
<td>2.861</td>
<td>2.930</td>
<td>2.736</td>
</tr>
<tr>
<td>Operating result</td>
<td>216</td>
<td>223</td>
<td>249</td>
<td>262</td>
<td>184</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>8.3</td>
<td>8.4</td>
<td>8.7</td>
<td>8.9</td>
<td>6.7</td>
</tr>
</tbody>
</table>

#### Defence

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales in €m</td>
<td>2.693</td>
<td>3.050</td>
<td>2.963</td>
<td>5.565</td>
<td>5.186</td>
</tr>
<tr>
<td>Order intake</td>
<td>6.422</td>
<td>6.656</td>
<td>6.416</td>
<td>8.577</td>
<td>10.399</td>
</tr>
<tr>
<td>Sales</td>
<td>2.591</td>
<td>2.946</td>
<td>3.036</td>
<td>3.221</td>
<td>3.522</td>
</tr>
<tr>
<td>Operating result</td>
<td>90</td>
<td>147</td>
<td>174</td>
<td>254</td>
<td>343</td>
</tr>
<tr>
<td>Operating margin (in %)</td>
<td>3.5</td>
<td>5.0</td>
<td>5.7</td>
<td>7.9</td>
<td>9.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>175</td>
<td>239</td>
<td>268</td>
<td>403</td>
<td>450</td>
</tr>
<tr>
<td>EBIT</td>
<td>90</td>
<td>147</td>
<td>172</td>
<td>247</td>
<td>341</td>
</tr>
<tr>
<td>EBIT margin (in %)</td>
<td>3.5</td>
<td>5.0</td>
<td>5.7</td>
<td>7.7</td>
<td>9.7</td>
</tr>
<tr>
<td>Capex</td>
<td>96</td>
<td>95</td>
<td>89</td>
<td>101</td>
<td>166</td>
</tr>
<tr>
<td>OFCF</td>
<td>-38</td>
<td>103</td>
<td>238</td>
<td>-29</td>
<td>266</td>
</tr>
<tr>
<td>Employees (Dec. 31) according to capacity</td>
<td>9.581</td>
<td>10.002</td>
<td>10.251</td>
<td>10.948</td>
<td>12.100</td>
</tr>
<tr>
<td>Mechatronics</td>
<td>Sales</td>
<td>1.50</td>
<td>1.499</td>
<td>1.621</td>
<td>1.664</td>
</tr>
<tr>
<td>Operating Result</td>
<td>81</td>
<td>1.111</td>
<td>1.175</td>
<td>1.056</td>
<td>1.018</td>
</tr>
<tr>
<td>Margin</td>
<td>73</td>
<td>108</td>
<td>117</td>
<td>121</td>
<td>123</td>
</tr>
<tr>
<td>Hardparts</td>
<td>Sales</td>
<td>952</td>
<td>921</td>
<td>968</td>
<td>988</td>
</tr>
<tr>
<td>Operating Result</td>
<td>73</td>
<td>62</td>
<td>60</td>
<td>65</td>
<td>28</td>
</tr>
<tr>
<td>Margin</td>
<td>1.5%</td>
<td>3.6%</td>
<td>2.9%</td>
<td>5.5%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Aftermarket</td>
<td>Sales</td>
<td>285</td>
<td>319</td>
<td>358</td>
<td>367</td>
</tr>
<tr>
<td>Operating Result</td>
<td>1.195</td>
<td>1.392</td>
<td>1.480</td>
<td>1.568</td>
<td>1.787</td>
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<tr>
<td>Margin</td>
<td>-9</td>
<td>29</td>
<td>53</td>
<td>108</td>
<td>150</td>
</tr>
<tr>
<td>Weapon &amp; Ammunition</td>
<td>Operating Result</td>
<td>118</td>
<td>140</td>
<td>176</td>
<td>171</td>
</tr>
<tr>
<td>Margin</td>
<td>8.3%</td>
<td>9.7%</td>
<td>10.0%</td>
<td>11.5%</td>
<td>12.1%</td>
</tr>
<tr>
<td>Electronic Solutions</td>
<td>Operating Result</td>
<td>952</td>
<td>921</td>
<td>968</td>
<td>988</td>
</tr>
<tr>
<td>Margin</td>
<td>1.5%</td>
<td>3.6%</td>
<td>2.9%</td>
<td>5.5%</td>
<td>7.9%</td>
</tr>
<tr>
<td>Vehicle Systems</td>
<td>Operating Result</td>
<td>285</td>
<td>319</td>
<td>358</td>
<td>367</td>
</tr>
<tr>
<td>Margin</td>
<td>-9</td>
<td>29</td>
<td>53</td>
<td>108</td>
<td>150</td>
</tr>
<tr>
<td>Mechatronics</td>
<td>Operating Result</td>
<td>285</td>
<td>319</td>
<td>358</td>
<td>367</td>
</tr>
<tr>
<td>Margin</td>
<td>-0.8%</td>
<td>2.1%</td>
<td>3.6%</td>
<td>6.9%</td>
<td>8.4%</td>
</tr>
</tbody>
</table>

#### Other segments

- **Mechatronics**: 2015: 8,3% Margin, 2016: 8,4% Margin, 2017: 8,7% Margin, 2018: 8,9% Margin, 2019: 6,7% Margin
- **Hardparts**: 2015: 7,7% Margin, 2016: 6,7% Margin, 2017: 6,2% Margin, 2018: 6,5% Margin, 2019: 3,0% Margin
- **Aftermarket**: 2015: 9,5% Margin, 2016: 9,1% Margin, 2017: 9,2% Margin, 2018: 9,7% Margin, 2019: 9,8% Margin
Continuing ROCE improvement

<table>
<thead>
<tr>
<th>Year</th>
<th>ROCE Group (%)</th>
<th>ROCE Defence (%)</th>
<th>ROCE Automotive (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>4.7%</td>
<td>0.3%</td>
<td>-5%</td>
</tr>
<tr>
<td>2014</td>
<td>3.9%</td>
<td>-4.6%</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>6.1%</td>
<td>10.6%</td>
<td>16.7%</td>
</tr>
<tr>
<td>2016</td>
<td>12.3%</td>
<td>19.0%</td>
<td>18.0%</td>
</tr>
<tr>
<td>2017</td>
<td>9.8%</td>
<td>-0.1%</td>
<td>10.6%</td>
</tr>
<tr>
<td>2018</td>
<td>11.8%</td>
<td>17.1%</td>
<td>19.0%</td>
</tr>
<tr>
<td>2019</td>
<td>15.4%</td>
<td>15.9%</td>
<td>19.6%</td>
</tr>
</tbody>
</table>

11.0% Group
Next events and IR contacts

Next Events

- Bankhaus Lampe Deutschlandkonferenz
- Commerzbank Corporate Conference
- Morgan Stanley Industrials CEOs unplugged
- UBS Quo Vadis Investor Trip 2020
- Berenberg u. Goldman Sachs German Corporate Conference
- Q3 2020 Earnings call

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Quick link to documents

- Corporate Presentation
- Interim Reports
- Annual Reports

All investor meetings will be conducted as telephone conferences

6 November 2020
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In particular, such forward-looking statements include the financial guidance contained in the outlook for 2020.

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