THE TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

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Michael Wittlinger, CFO Wheeled Vehicles
Rheinmetall Defence

Rheinmetall MAN Military Vehicles (RMMV)
Two renowned brands joining forces

Military know-how
Protection

Automotive know-how
Mobility

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- Developer and producer of world-class military wheeled vehicles
- Founded in 2010 as a joint venture of Rheinmetall AG and MAN Truck and Bus AG
- Industrial leadership by Rheinmetall
- 1,500 employees in 7 countries
- 8 locations worldwide
- Sales 2014: EUR 667 million
RMMV worldwide

Locations Europe
- Germany (Munich, Kassel, Flensburg)
- Austria (Vienna)
- Netherlands (Ede)
- United Kingdom (Swindon)

Locations worldwide
- Singapore
- Australia (Melbourne)
Key figures 2012 - 2015

**Order intake in EUR million**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>524</td>
<td>1,450</td>
<td>1,185</td>
<td>&gt;600</td>
</tr>
</tbody>
</table>

**Sales in EUR million**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>567</td>
<td>539</td>
<td>667</td>
<td>~600</td>
</tr>
</tbody>
</table>

**EBIT in EUR million**

<table>
<thead>
<tr>
<th>Year</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>-24</td>
<td>-12</td>
<td>-9</td>
<td>On level of 2014</td>
</tr>
</tbody>
</table>

- Orders and sales are shown in EUR million.
- EBIT values are given in EUR million, with 2015 showing an expected value.
## Full spectrum provider

<table>
<thead>
<tr>
<th><strong>Application</strong></th>
<th><strong>Tactical</strong></th>
<th><strong>Logistics</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Recce</strong></td>
<td><img src="image-recce.png" alt="Recce" /></td>
<td><img src="image-recce.png" alt="Recce" /></td>
</tr>
<tr>
<td><strong>Infantry</strong></td>
<td><img src="image-infantry.png" alt="Infantry" /></td>
<td><img src="image-infantry.png" alt="Infantry" /></td>
</tr>
<tr>
<td><strong>Artillery</strong></td>
<td><img src="image-artillery.png" alt="Artillery" /></td>
<td><img src="image-artillery.png" alt="Artillery" /></td>
</tr>
<tr>
<td><strong>Signals</strong></td>
<td><img src="image-signals.png" alt="Signals" /></td>
<td><img src="image-signals.png" alt="Signals" /></td>
</tr>
<tr>
<td><strong>Medical</strong></td>
<td><img src="image-medical.png" alt="Medical" /></td>
<td><img src="image-medical.png" alt="Medical" /></td>
</tr>
<tr>
<td><strong>NBC Recce</strong></td>
<td><img src="image-nbc-recce.png" alt="NBC Recce" /></td>
<td><img src="image-nbc-recce.png" alt="NBC Recce" /></td>
</tr>
</tbody>
</table>

### Category

#### Light (10-15t)
- **Recce**
  - ![Survivor R Recon](image-survivor-r-recon.png)
  - ![Survivor R APC](image-survivor-r-apc.png)
- **Tactical**
  - AMPV
- **Logistics**
  - ![Yak Ambulance](image-yak-ambulance.png)
  - ![TGM-mil 4x4](image-tgm-mil-4x4.png)

#### Medium (15-25t)
- **Recce**
  - ![Survivor R APC](image-survivor-r-apc.png)
- **Tactical**
  - Fuchs SRV
  - KAV APC
  - TGS 6x6 Chassis
  - Fuchs Electronic WF
  - Fuchs Mortar
  - Fuchs Communication
  - Fuchs Ambulance
  - Fuchs NBC Recon
- **Logistics**
  - ![TGS-mil 6x6](image-tgs-mil-6x6.png)
  - ![HX 6x6](image-hx-6x6.png)
  - ![SK 6x6](image-sx-6x6.png)

#### Heavy (25-35t)
- **Recce**
  - ![Boxer APC](image-boxer-apc.png)
- **Tactical**
  - Boxer APC
  - HX 8x8 Chassis
  - Boxer Ambulance
- **Logistics**
  - ![TGS-mil 8x8](image-tgs-mil-8x8.png)
  - ![HX 8x8](image-hx-8x8.png)
  - ![SK 8x8](image-sx-8x8.png)

#### Super Heavy (35+)
- **Recce**
  - ![Boxer IFV](image-boxer-ifv.png)
- **Tactical**
  - Boxer IFV
- **Logistics**
  - ![HX 10x10](image-hx-10x10.png)
RMMV business units

Rheinmetall MAN Military Vehicles
Headquarters: Munich

**Tactical Vehicles**
- Sales 2014: ~ EUR 0.3 billion
- Backlog 09/2015: ~ EUR 0.9 billion

Locations
- Kassel Plant (Germany)
- Ede Plant (Netherlands)
- Flensburg Service Facility (Germany)

Key products
- Multirole Vehicles
- Armored Vehicles
- CBRN Reconnaissance Systems

Major projects
- Fox 2 - Algeria
- Boxer Series - Germany and NL
- NBC Fox - Kuwait

**Logistic Vehicles**
- Sales 2014: ~ EUR 0.3 billion
- Backlog 09/2015: ~ EUR 1.4 billion

Locations
- Vienna Plant (Austria)
- Melbourne Project Office (Australia)
- Swindon Service Facility (UK)

Key products
- Tactical Trucks
- Militarized Trucks
- Commercial Trucks

Major projects
- Truck project - Australia
- Truck project - Norway/Sweden
### Product portfolio military trucks

#### Characteristics

<table>
<thead>
<tr>
<th>Category</th>
<th>Commercial trucks for civil use</th>
<th>Commercial trucks with military applications (TGM)</th>
<th>Militarized trucks (TGS-MIL)</th>
<th>Heavy range trucks (HX/SX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design authority</td>
<td>• Standard logistic vehicle for commercial use</td>
<td>• Standard logistic vehicle with military applications</td>
<td>• Militarized logistic vehicle</td>
<td>• Tactical vehicle for use in operations</td>
</tr>
<tr>
<td>Production</td>
<td>• VIE workbench for MAN</td>
<td>• No protection level</td>
<td>• Protection in development</td>
<td>• Integrated or modular protection available</td>
</tr>
<tr>
<td>Sales responsibility</td>
<td>• Long-term commitment from MAN to fill the plant</td>
<td>• Sold in spot business and smaller projects (e.g. Peru)</td>
<td>• Sold in spot business and projects (e.g. Sweden)</td>
<td>• Sold in projects/tender</td>
</tr>
<tr>
<td>Profitability</td>
<td>RMMV</td>
<td>RMMV</td>
<td>RMMV</td>
<td>RMMV</td>
</tr>
<tr>
<td>MAN</td>
<td>MAN</td>
<td>RMMV</td>
<td>RMMV</td>
<td>RMMV</td>
</tr>
<tr>
<td>Focus workload</td>
<td>Low - medium</td>
<td>Medium - high</td>
<td>Medium - high</td>
<td>Medium - high</td>
</tr>
</tbody>
</table>

- **Commercial trucks for civil use**: Standard logistic vehicle for commercial use, VIE workbench for MAN, Long-term commitment from MAN to fill the plant.
- **Commercial trucks with military applications (TGM)**: Standard logistic vehicle with military applications, No protection level, Sold in spot business and smaller projects (e.g. Peru).
- **Militarized trucks (TGS-MIL)**: Militarized logistic vehicle, Protection in development, Sold in spot business and projects (e.g. Sweden).
- **Heavy range trucks (HX/SX)**: Tactical vehicle for use in operations, Integrated or modular protection available, Sold in projects/tender.
Core competencies military trucks

- Around 80 highly qualified engineers
- Definition of systems approach with the customer
- Rheinmetall systems house
- Strategic relations and partnerships with component manufacturers
— The Vienna plant has always been the plant for complex vehicles within the MAN Group
— Military production soared after winning the UK tender in 2005/2006 (vol.: > 7,000 trucks/ EUR 1.6 billion)
— When negotiations of MAN and Rheinmetall finalized in 2009, it was expected that one of the large tenders in Australia, Canada or South Africa would succeed the UK tender
— Although these tenders delayed for years the shareholders agreed to execute the JV with MAN contributing production work for commercial trucks
— With the ramp-up of Land 121 Australia and the orders from Norway/Sweden, the plant will return to profitability
Restructuring Vienna plant 2013

- Headcount reduced from more than 750 in 2012 to under 600 employees by end of 2014
- Standard annual capacity utilization reduced from 675,000 production hours to 475,000 production hours
- Permanent reduction of roughly EUR 6 million fixed cost in the plant p.a.
- Flexible production workforce will increase to ~30% in 2017 and lead to a higher flexibility in the future
- Total restructuring costs of EUR 18 million booked in 2013
Way ahead truck business

**Markets**
- Several military tenders expected in a mid-term horizon
- Postponements (RSA), cancellations (CAN) and ongoing negotiations (AUS) in military tenders
- Order entry Land 121 Australia Frame Contract and first order from Norway/Sweden
- Several European tenders in preparation including Germany, Denmark, Netherlands

**Structure & costs**
- Initial talks with MAN
- Adjustments in JV concept, Vienna as competence Center for commercial trucks
- Initiation and completion of restructuring program within 12 months
- Ramp-up for Australian and Scandinavian tender
- Execution of UK order in Vienna plant
- Under-utilization in plant with last delivery for UK in mid 2013
- Reduced production level with optional use of reduced working hours (“Kurzarbeit”)

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales in EUR million</th>
<th>Operational earnings in EUR million</th>
<th>Restructuring costs in EUR million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>-13</td>
<td>-13</td>
<td>-18</td>
</tr>
<tr>
<td>2011</td>
<td>334</td>
<td>-13</td>
<td>-13</td>
</tr>
<tr>
<td>2012</td>
<td>320</td>
<td>-13</td>
<td>-22</td>
</tr>
<tr>
<td>2013</td>
<td>226</td>
<td>-14</td>
<td>-18</td>
</tr>
<tr>
<td>2014</td>
<td>334</td>
<td>~300</td>
<td>On level of 2014</td>
</tr>
<tr>
<td>2015e</td>
<td>~300</td>
<td>On level of 2014</td>
<td>On level of 2014</td>
</tr>
</tbody>
</table>

1) Pro forma
Two major projects in execution

Truck System Norway and Sweden

Frame contract
- for a period of up to **12 years for vehicles** and up to **30 years for service**
- signed in March 2014 with Norway and in May 2014 with Sweden

First purchase order
- out of frame contract includes **335 vehicles** (HX and TGS-MIL)
- as well as nonrecurring services with a total volume of EUR 200 million

Total potential
- out of frame contract may sum **up to EUR 2 billion**

Land 121 Australia – Phase 3b

Frame contract
- volume roughly **EUR 1.1 billion**, order received in July 2013
- scope of supply contains **2,500 HX** vehicles as well as **3,000 modules**

Potential
- supplementary **1,100** unprotected vehicles (Phase 5b)
**Portfolio mix impacts profitability**

### Sales Wheeled Vehicles

<table>
<thead>
<tr>
<th>9M 2014</th>
<th>9M 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>204</td>
<td>224</td>
</tr>
<tr>
<td>+10%</td>
<td></td>
</tr>
<tr>
<td>218</td>
<td>165</td>
</tr>
<tr>
<td>-24%</td>
<td></td>
</tr>
<tr>
<td>422</td>
<td>389</td>
</tr>
<tr>
<td>-33</td>
<td></td>
</tr>
</tbody>
</table>

### EBIT Wheeled Vehicles

<table>
<thead>
<tr>
<th>9M 2014</th>
<th>9M 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>-19</td>
<td>-20</td>
</tr>
<tr>
<td>-4</td>
<td>-21</td>
</tr>
<tr>
<td>1</td>
<td>-6</td>
</tr>
</tbody>
</table>

#### Reasons for earnings development

**Tactical Vehicles**

- Sales 2014 included high margin business such as German-built Fox 2 for Algeria and NBC parts for the US
- In 2015 no comparable project

**Logistic Vehicles**

- Higher sales mainly driven by more trading goods (TGM trucks) as well as more commercial trucks for MAN
- Sales 2014 included HX trucks for NZ

**Consolidation**

- 2014 incl. positive one time effect
Targets of the division Wheeled Vehicles

- High leverage from increased sales of material kits Fox 2 following the start of local production in Algeria
- Ramp up of production in Vienna leads to improved utilization
- Higher sales from NBC Fox Kuwait, Fox 6th batch GER and Boxer 2nd batch GER
- Better portfolio mix in business unit Logistic Vehicles due to higher share of military trucks
- High leverage from increased sales of material kits Fox 2 following the start of local production in Algeria
- Reduced fixed costs of EUR 6 million in Vienna following the substantial restructuring program in 2013 as well as 2014

Q4/2015
- Sales <level of 2014
- Profitability level of 2014

FY 2016
- Sales +20% to +30%
- Profitability Clearly >0

FY 2017 and beyond
- Sales Further growth
- Profitability Further improved

Aftersales business for major projects
Phase-out Boxer Netherlands (low-margin project)