What’s on the CMD agenda?

Objectives of this presentation

- Provide a brief overview on group financials as of H1
- Submit a further update on progress of the restructuring programs
- Explain the reasons for the operational underperformance in 2013
- Reveal the major drivers and required conditions to achieve our targets 2015
- Provide more insight into the Defence business
What’s on the CMD agenda?

Objectives of this presentation

- Provide a brief overview on group financials as of H1
- Submit a further update on progress of the restructuring programs
- Explain the reasons for the operational underperformance in 2013
- Reveal the major drivers and required conditions to achieve our targets 2015
- Provide more insight into the Defence business

H1 2013 in detail
Sales decreased, EBIT down, free cash flow from operations improved

<table>
<thead>
<tr>
<th>Rheinmetall Group</th>
<th>H1 2012*</th>
<th>H1 2013</th>
<th>Δ H1 2013/H1 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>2,253</td>
<td>2,062</td>
<td>-191</td>
</tr>
<tr>
<td>Operational earnings (EBIT before special items)</td>
<td>92</td>
<td>29</td>
<td>-63</td>
</tr>
<tr>
<td>Special items (one-offs, restructuring costs)</td>
<td>31</td>
<td>-47</td>
<td>-78</td>
</tr>
<tr>
<td>EBIT (reported)</td>
<td>123</td>
<td>-18</td>
<td>-141</td>
</tr>
<tr>
<td>Group net income</td>
<td>72</td>
<td>-45</td>
<td>-117</td>
</tr>
<tr>
<td>Earnings per share in €</td>
<td>1.94</td>
<td>-0.66</td>
<td>-2.60</td>
</tr>
<tr>
<td>Cash flow</td>
<td>162</td>
<td>46</td>
<td>-116</td>
</tr>
<tr>
<td>Free cash flow from operations</td>
<td>-297</td>
<td>-174</td>
<td>+123</td>
</tr>
<tr>
<td>Employees</td>
<td>21,690</td>
<td>21,596</td>
<td>-94</td>
</tr>
</tbody>
</table>

- **Lower sales and EBIT** due to Defence
- **Free cash flow from operations improved** due to lower working capital
- **Restructuring program in progress:** costs of € 47 million booked

* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)
Solid balance sheet
High cash credit facilities and low net financial debt

Cash credit facilities (as of July 31, 2013) in € million

Net financial debt (at year-end) in € million
Net gearing* in %

Solid balance sheet
Rising pension liabilities, but current expenses stable

Pension liabilities and discount rate*
in € million resp. %

Domestic pension payments in € million

* Discount rate for German pension liabilities of Rheinmetall
Despite a solid balance sheet, Moody’s has initiated review process of investment grade rating.

“The decision to place Rheinmetall’s ratings on review for downgrade was triggered by the company’s announcement on 29 July 2013 in which it significantly revised downwards its guidance for its performance in the current fiscal year, driven by the weaker performance of its defence division.”

Moody’s, August 01, 2013

Analysis:
Moody’s review process triggered by operational weakness of the Defence division

Action:
- Implementing restructuring measures to improve cost base
- Acquiring further orders to secure future sales with good profitability
- Generating cash flow

Outlook 2013 updated
Defence reduced, Automotive confirmed

<table>
<thead>
<tr>
<th></th>
<th>Original</th>
<th>Updated</th>
<th>Original</th>
<th>Updated</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group</strong></td>
<td>4.8 - 4.9</td>
<td>4.7 - 4.8</td>
<td>240 - 260*</td>
<td>180 - 200*</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>60 - 80</td>
<td>75 - 85</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Defence</strong></td>
<td>2.4</td>
<td>2.3</td>
<td>130**</td>
<td>60 - 70**</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>40 - 50</td>
<td>40 - 50</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Automotive</strong></td>
<td>2.4 - 2.5</td>
<td>2.4 - 2.5</td>
<td>140**</td>
<td>140**</td>
</tr>
<tr>
<td>Restructuring costs</td>
<td>20 - 30</td>
<td>35</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Including holding costs, before restructuring costs
** Before restructuring costs
### What’s on the CMD agenda?

**Objectives of this presentation**

- Provide a brief overview on group financials as of H1
- Submit a further update on progress of the restructuring programs
- Explain the reasons for the operational underperformance in 2013
- Reveal the major drivers and required conditions to achieve our targets 2015
- Provide more insight into the Defence business

### Update on restructuring programs

**Reducing capacities in order to handle changed market environment**

<table>
<thead>
<tr>
<th></th>
<th>Costs 2012</th>
<th>Costs 2013</th>
<th>Total reduction of employees until 2015</th>
<th>Expected savings 2014</th>
<th>Full annual savings from 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combat Systems (esp. Tracked Vehicles)</strong></td>
<td>17</td>
<td>1</td>
<td>150 - 170</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Electronic Solutions (esp. Air Defence Zurich)</strong></td>
<td>3</td>
<td>0</td>
<td>100 - 130</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wheeled Vehicles (esp. Logistic Vehicles)</strong></td>
<td>0</td>
<td>25</td>
<td>250</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Defence</strong></td>
<td>20</td>
<td>26</td>
<td>500 - 550</td>
<td>~15</td>
<td>40 - 50</td>
</tr>
<tr>
<td><strong>Hardparts (esp. Pistons Thionville/Neckarsulm)</strong></td>
<td>0</td>
<td>14</td>
<td>370</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Mechatronics (esp. merging Neuss/Nettetal)</strong></td>
<td>0</td>
<td>7</td>
<td>100</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Automotive</strong></td>
<td>0</td>
<td>21</td>
<td>470</td>
<td>~10</td>
<td>20 - 25</td>
</tr>
</tbody>
</table>

- More detail on major Defence programs at a later stage in this presentation
- More detail on Automotive programs in the presentation of Dr. Merten

Costs and savings in € million
Key strengths of Rheinmetall

1. Good momentum in order intake, growing backlog
   - Strong order inflow in Defence
   - Whilst Moody’s is focused on 2013/2014 performance, backlog for 2014/2015 and beyond substantially improved

2. Increasing international presence and favorable dynamics
   - Well positioned to exploit emerging markets megatrends, e.g. Qatar (c€ 475 million order in Defence in H1 2013) and Australia
   - Recovery in Automotive: Q2 2013 operational margin +2.1pp compared to Q1 2013

3. Restructuring initiatives on track
   - Restructuring programs in both Defence and Automotive on track
   - € 47 million expenses booked in H1 2013, € 28-38 million additional expenses expected for H2 2013
   - Annual savings of € 60-75 million from 2015 onwards

4. Well termed-out maturity profile
   - Next major refinancing in 2017
   - No economic rationale to repay debt early given management confidence in de-leveraging ahead of maturities

5. Low financial leverage (ex pensions and leases)
   - There are precedents (particularly in A&D sector) of Moody’s recognizing the “lower rigidity” of pensions and allowing a more lenient approach

What’s on the CMD agenda?
Objectives of this presentation

- Provide a brief overview on group financials as of H1
- Submit a further update on progress of the restructuring programs
- Explain the reasons for the operational underperformance in 2013
- Reveal the major drivers and required conditions to achieve our targets 2015
- Provide more insight into the Defence business
Rheinmetall Automotive

Rheinmetall 2015 – Automotive
Automotive sector shows return to growth

### Europe

<table>
<thead>
<tr>
<th>Year</th>
<th>Eastern &amp; Central Europe</th>
<th>Western Europe</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>14.4</td>
<td>5.1</td>
</tr>
<tr>
<td>2012</td>
<td>13.2</td>
<td>5.0</td>
</tr>
<tr>
<td>2013e</td>
<td>12.7</td>
<td>5.2</td>
</tr>
<tr>
<td>2014e</td>
<td>13.1</td>
<td>5.4</td>
</tr>
<tr>
<td>2015e</td>
<td>13.7</td>
<td></td>
</tr>
</tbody>
</table>

CAGR '13-'15e +3.9%

Europe:
- First signs of stabilization with positive Western Europe growth YoY in July 2013
- Germany, Europe’s largest LV market, expected to attain above average growth until 2015 with annual growth of 4.2% from 2013-2015e
- Strong volume momentum with 7.7% YoY LV volume growth in the first half of 2013, reaching 15.9 million units SAAR* in June
- Significant replacement cycle and fuel efficiency remain key sector drivers in the future
- China experiencing continued strong volume development with double-digit YoY growth and a c21 million auto sales year-end target
- Chinese growth strongly driven by tier 4 + 5 cities as well as middle-class customers penetration
- Further volume growth expected by emerging markets such as Korea, Indonesia and India

Sales volume of light vehicles in million units

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales volume of light vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>14.4</td>
</tr>
<tr>
<td>2012</td>
<td>13.2</td>
</tr>
<tr>
<td>2013e</td>
<td>12.7</td>
</tr>
<tr>
<td>2014e</td>
<td>13.1</td>
</tr>
<tr>
<td>2015e</td>
<td>13.7</td>
</tr>
</tbody>
</table>

*Seasonally Adjusted Annual Rate

Source: IHS as of Q3/2013
Rheinmetall 2015 – Automotive

**Growth and earnings targets**

- In a continuously growing Automotive market, Automotive wants to exceed sector growth slightly and, together with the Chinese JVs, exceed sector growth clearly.
- From 2015, more than one third of sales should be generated in regions outside of Europe. Special emphasis lies on markets in India and China.
- Assuming a stable market environment, Rheinmetall Automotive envisages an EBIT margin of 8% from 2015.

**Key drivers to achieve Automotive targets**

- A stable Automotive cycle including a recovery in Western Europe.
- Still growing markets in China and USA.
- Strong pipeline of innovative Mechatronics products.
- Selective growth strategy in Hardparts.
- Stronger focus on production sites outside Europe.
- Restructuring measures in Western European plants 2013 will fully pay off from 2015 onwards.
- Encouraging development in the first 8 months 2013 confirming the FY Automotive guidance.
Rheinmetall 2015 – Defence
Defence budgets are stabilizing

<table>
<thead>
<tr>
<th>Region</th>
<th>Defence Budgets in US$ billion</th>
<th>CAGR '13-'15e</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>292</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>285</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013e</td>
<td>277</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014e</td>
<td>277</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015e</td>
<td>277</td>
<td></td>
</tr>
<tr>
<td><strong>US</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>687</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>645</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013e</td>
<td>615</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014e</td>
<td>616</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015e</td>
<td>n.a.</td>
<td></td>
</tr>
<tr>
<td><strong>Asia/Pacific</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2011</td>
<td>341</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2012</td>
<td>363</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2013e</td>
<td>387</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2014e</td>
<td>425</td>
<td></td>
</tr>
<tr>
<td></td>
<td>2015e</td>
<td>459</td>
<td></td>
</tr>
</tbody>
</table>

- The global financial crisis has forced many European countries to make large cuts in defence spending.
- Defence budgets are expected to stabilize from 2013 onwards.
- Defence spending has been cut amongst budget pressures during the past years.
- Further downside risks as sequestration remains real risk.
- Unlike defence budgets in many other regions, Asian defence spending continues to increase.
- Many Asian countries experienced relatively low fiscal distress during the crisis and continued to increase their level of involvement in global affairs.

* CAGR based on Base figures, OCO not available for 2015

Sources: European Defence Budget as per Frost & Sullivan; US Defence Budget as per DoD Fiscal Year 2014 Budget Request as of April 2013; APAC Defence Spending as per Marketline as of August 2013.
Rheinmetall 2015 – Defence
Growth and earnings targets

- From 2014, we want to **grow organically** and gain market share
- From 2015, about 50% of our sales should be generated with **customers from outside Europe**
- We see **growth potential** especially in Asia and Australia
- After the successful completion of restructuring, Rheinmetall Defence expects an **operational EBIT margin of 10%**

**Organizational overview – Divisions established in 2012**

<table>
<thead>
<tr>
<th><strong>RHEINMETALL DEFENCE</strong></th>
<th>Sales: € 2.3 billion</th>
<th>Employees: 9,600</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Combat Systems</strong></td>
<td>Sales: € 1.1 billion</td>
<td></td>
</tr>
<tr>
<td>Combat Platforms</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infantry</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Protection Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Propulsion Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combat International</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Electronic Solutions</strong></td>
<td>Sales: € 0.7 billion</td>
<td></td>
</tr>
<tr>
<td>Air Defence Systems</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defence Electronics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electro-Optics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Simulation and Training</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Wheeled Vehicles</strong></td>
<td>Sales: € 0.6 billion</td>
<td></td>
</tr>
<tr>
<td>Logistic Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tactical Vehicles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer Service</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sales figures fiscal year 2012, inter-company sales consolidated, employees per year’s end
Business model – Rheinmetall Defence as a systems provider

**RHEINMETALL DEFENCE**

**After Sales and Services**
- Repair and overhaul
- Spare parts
- Integrated logistic support
- Training

**Components and Commodities**
- Protection
- Fire control units
- Simulators
- NBC protection
- Weapons
- Turrets
- Ammunition
- Electro-optical and electric components

**Systems and Platforms**
- Tracked vehicles
- Wheeled vehicles
- Air Defence solutions
- Simulation solutions

Military core business generally ~90% of total sales
Each division is a systems provider

Combat Systems
- Repair and overhaul
- Spare parts
- Integrated logistic support
- Training
- Weapons
- Turrets
- Ammunition
- Protection
- Tracked vehicles

Electronic Solutions
- Spare parts
- Training
- Integrated logistic support
- Fire control units
- Simulators
- Electro-optical and electric components
- Air Defence solutions
- Simulation solutions (Live training center)

Wheeled Vehicles
- Repair and overhaul
- Spare parts
- Integrated logistic support
- Training
- NBC protection modules
- Tactical vehicles
- Logistic vehicles

Characteristics of the broad Defence product portfolio

<table>
<thead>
<tr>
<th>Systems &amp; platforms</th>
<th>Components &amp; commodities</th>
<th>Aftersales &amp; services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duration of acquisition and execution</td>
<td>1 month</td>
<td>&gt; 10 years</td>
</tr>
<tr>
<td>Predictability</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td>Profitability</td>
<td>low</td>
<td>high</td>
</tr>
<tr>
<td>Risk potential</td>
<td>low</td>
<td>high</td>
</tr>
</tbody>
</table>

Acquisition of systems is a strong opportunity to obtain orders for components and future services.
Example for a Rheinmetall system: Boxer IFV with LANCE turret

Example for the system house approach: Boxer IFV with LANCE turret
Order backlog driven by systems business

To achieve our targets 2015, an improvement in project management is a key driver.

Order backlog is backbone for topline growth in the mid term
Major reasons for the operational underperformance since 2011

<table>
<thead>
<tr>
<th>Year</th>
<th>2002</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Markets</td>
<td>Global recovery from 9/11 and dot.com bubble burst</td>
<td>Engagement of western allies in Iraq and Afghanistan</td>
<td>Budget cuts with impact on timing of large tender</td>
<td>Troop withdrawals Iraq and Afghanistan</td>
</tr>
</tbody>
</table>

Performance since 2011: Assessment of business units

- The assessment of our performance varies from business unit to business unit
- Some units are well positioned in their market and have already efficient cost structures
- In some units we are facing headwind from the market due to shrinking customer demand and/or higher competition
- In other units we had to adjust our cost structure or the organizational set-up
Performance since 2011: Five business units are running well

- 5 of 11 business units are running well
- Propulsion, Protection, Simulation, Combat International, Simulation and Electro-optics are in good shape: volume driven and high EBIT
- Business highlights in the last three years have been:
  - growth story South Africa (RDM)
  - the TAPV order in Canada (€160 million)
  - market entry in Russia for Simulation & Training

Performance since 2011: Temporary setback in the ammunition sector

- Infantry and the ammunition part of Combat Platforms face market pressure in 2013
- Defence Electronics will be merged with Electro Optics and Air Defence in order to gain synergies in terms of marketing and R&D
- Within Tactical Vehicles the Algerian Fox Program is progressing well, sales growth came from the ramp-up of the Dutch Boxer program
Performance since 2011: Focus on three restructuring programs

- Logistic Vehicles saw a continuous downturn in sales from 2011 to 2013 leading to underutilization of the Vienna plant. The significant restructuring program will be completed in Q4/2013 - Q1/2014.
- The workforce reduction for Air Defence derives from a very low order intake in 2011 and will be completed in Q1/2014.
- Restructuring of Tracked Vehicles is the most challenging program. This unit struggles due to inefficiencies in project management, leading to cost overruns and overcapacities in the R&D sector.

85% of total restructuring costs will be used for these units.

Performance since 2011: The drivers for improvement are identified

- Restructuring programs are important drivers and we are confident to bring the affected units back on track.
- In addition, the expected market recovery in the ammunition sector will raise profitability of the group.
- Capturing of new markets with established products like the Boxer will lead to profitable growth.
- Despite the mentioned issues we have to focus on the improvement of our project management in the systems business and especially in Tracked Vehicles.
Rheinmetall 2015 – Defence
Growth and earnings targets continue to be achievable

Operational EBIT margin in %

- Cost overruns and higher acquisition costs: 6%
- Dip down in markets for components, especially in weapons and ammunition
- Lower volume Air Defence and Logistic Vehicles and poor structure Tracked Vehicles: 3%
- Improvement of project management: ~10%
- Capturing of new markets with established products
- Recovery of ammunition markets
- Completion of restructuring programs

2011 2012 2013e 2014e 2015e
Financial Diary

November 8, 2013 | Q3 2013

Disclaimer

This presentation contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to Rheinmetall’s financial condition, results of operations and businesses and certain of Rheinmetall’s plans and objectives. These forward-looking statements reflect the current views of Rheinmetall’s management with respect to future events. In particular, such forward-looking statements include the financial guidance contained in the outlook 2013.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “will”, “anticipates”, “aims”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” or “targets”. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. In particular, such factors may have a material adverse effect on the costs and revenue development of Rheinmetall. Further, the economic downturn in Rheinmetall’s markets, and changes in interest and currency exchange rates, may also have an impact on Rheinmetall’s business development and the availability of financing on favorable conditions. The factors that could affect Rheinmetall’s future financial results are discussed more fully in Rheinmetall’s most recent annual and quarterly reports which can be found on its website at www.rheinmetall.com.

All written or oral forward-looking statements attributable to Rheinmetall or any group company of Rheinmetall or any persons acting on their behalf contained in or made in connection with this presentation are expressly qualified in their entirety by factors of the kind referred to above. No assurances can be given that the forward-looking statements in this presentation will be realized. Except as otherwise stated herein and as may be required to comply with applicable law and regulations, Rheinmetall does not intend to update these forward-looking statements and does not undertake any obligation to do so. This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in Rheinmetall AG or any of its direct or indirect subsidiaries.