Corporate Presentation  | January 2013

International Technology Group
for Defence and Automotive
Rheinmetall Group

Leading positions in Defence and Automotive

RHEINMETALL AG

- Sales: € 4.5 billion
- Employees: 22,000

RHEINMETALL DEFENCE

- Leading European Defence company for ground forces technology
- Sales: € 2.1 billion
- Employees: 9,800

RHEINMETALL AUTOMOTIVE

- Leading Automotive supplier in engine components and systems
- Sales: € 2.3 billion
- Employees: 12,200

Please note: sales FY 2011, employees estimated for 2012
Rheinmetall Group

Times of change and continuity

- **Strategic review**: new opportunities and objectives to be announced in March 2013
- **Outlook FY 2013** as well as **mid-term targets** to be given in March
- **Preliminary figures** FY 2012 to be published in February
Latest published Group figures  
**Top-line growth, but weaker earnings**

<table>
<thead>
<tr>
<th>Group € million</th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
<th>Δ Q1-3 (2012/2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>3,105</td>
<td>3,275</td>
<td>+ 170</td>
</tr>
<tr>
<td>EBITDA</td>
<td>336</td>
<td>321</td>
<td>- 15</td>
</tr>
<tr>
<td>EBIT</td>
<td>203</td>
<td>177</td>
<td>- 26</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>6.5</td>
<td>5.4</td>
<td>- 1.1pp</td>
</tr>
<tr>
<td>EBT</td>
<td>161</td>
<td>136</td>
<td>- 25</td>
</tr>
<tr>
<td>Tax rate (%)</td>
<td>26</td>
<td>21</td>
<td>- 5pp</td>
</tr>
<tr>
<td>Group net income</td>
<td>119</td>
<td>108</td>
<td>- 11</td>
</tr>
<tr>
<td>Minority interests</td>
<td>2</td>
<td>- 9</td>
<td>- 11</td>
</tr>
<tr>
<td>Earnings per share (€)</td>
<td>3.04</td>
<td>3.06</td>
<td>+ 0.02</td>
</tr>
</tbody>
</table>
Outlook FY 2012 as of Q3
Rheinmetall on track to deliver solid Group EBIT

Sales Group  in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales Group in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>3,869</td>
</tr>
<tr>
<td>2009</td>
<td>3,420</td>
</tr>
<tr>
<td>2010</td>
<td>3,989</td>
</tr>
<tr>
<td>2011</td>
<td>4,454</td>
</tr>
<tr>
<td>2012e</td>
<td>approx. 4,800</td>
</tr>
</tbody>
</table>

EBIT Group  in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT Group in € million</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>245</td>
</tr>
<tr>
<td>2009</td>
<td>15*</td>
</tr>
<tr>
<td>2010</td>
<td>297</td>
</tr>
<tr>
<td>2011</td>
<td>354</td>
</tr>
<tr>
<td>2012e</td>
<td>approx. 300</td>
</tr>
</tbody>
</table>

* € 138 million restructuring costs deducted
The divisional structure of Defence

**Broad range of technologically leading products**

Sales (FY 2011): € 2.1 billion

### Combat Systems
- € 1.1 billion*
  - Combat Platforms
  - Infantry
  - Protection Systems
  - Propulsion Systems
  - Combat International

### Electronic Solutions
- € 0.8 billion*
  - Air Defence Systems
  - Defence Electronics
  - Electro-optics
  - Simulation and Training

### Wheeled Vehicles
- € 0.3 billion*
  - Logistic Vehicles**
  - Tactical Vehicles
  - Services

* Inter-company sales not eliminated
** Consolidated from 2012 onwards
Main characteristics of the division

**Strong market position with well-balanced product and risk portfolio**

- **Strong European player** for ground forces with significant product spin-offs for navy and airforce

- **Combination** of long-running/large-scale systems supplier business (e.g. vehicles, air defence) and highly profitable components business

- **High risk diversification** as a result of a broad international location and customer network

- Large order backlog
International Defence markets: The current situation

- In general still high global demand for modernization of forces: Defence remains a **growth market**

- **Lower growth momentum and higher volatility** in the development of Defence budgets worldwide

- **Increasing budgets** in many regions of the world, esp. in MENA and Asia

- **Budgets cuts** in most of the Western world and, as a consequence, cancellations or delays of projects and reduction of order volumes

- In the U.S. **threat of sequestration**/defence budget cuts not banned
Defence industry in a challenging environment

Global defence budgets will continue to grow, but less dynamically

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**Expected global defence spending and procurement in US$ billion**

<table>
<thead>
<tr>
<th></th>
<th>2012e</th>
<th>2013e</th>
<th>2014e</th>
<th>2015e</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defence Procurement</td>
<td>1,292</td>
<td>1,278</td>
<td>1,259</td>
<td>1,277</td>
<td>1,307</td>
</tr>
<tr>
<td></td>
<td>298</td>
<td>289</td>
<td>296</td>
<td>311</td>
<td>322</td>
</tr>
</tbody>
</table>

Source: IHS Jane’s (December 2012)
Budget cuts in the US and in many European countries...  
...but strong growth in other strategically important regions

Change in expected defence spending 2016 vs. 2012

Source: IHS Jane’s (December 2012)

* Budget cuts recently announced
Different kinds of business
Well-balanced mix of systems, components and aftersales business

**Systems**
- Tracked and Wheeled Vehicles
- Simulation and Training
- Air Defence

- Large-scale project business
- Long-running contracts
- Project risks to be managed
- Order volume and timing often affected by budget situation

**Components**
- Turrets and Weapon Stations
- Weapon and Ammunition
- Protection Systems
- Propellants
- Electro-Optics and Soldier Equipment

- Sustainable business based on small- and medium-sized orders
- Low technology risks, but high margins
- Mainly not affected by budget cuts

**Aftersales/Support**
for Systems and Components

- Profitable follow-up business
- Mostly independent of budget situation

**Split of sales**
- 40-50%
- 35-45%
- 10-15%
Global location network
Rheinmetall has established sites in all important defence markets

Production sites and sales offices 2012

More than 80 customers worldwide
Latest published Defence figures
Order intake remains strong, but earnings not satisfying

<table>
<thead>
<tr>
<th>Defence</th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
<th>Δ Q1-3 (2012/2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Order intake</td>
<td>1,303</td>
<td>1,578</td>
<td>+ 275</td>
</tr>
<tr>
<td>Order backlog</td>
<td>4,746</td>
<td>4,528</td>
<td>- 218</td>
</tr>
<tr>
<td>Sales</td>
<td>1,370</td>
<td>1,470</td>
<td>+ 100</td>
</tr>
<tr>
<td>EBITDA</td>
<td>161</td>
<td>144</td>
<td>- 17</td>
</tr>
<tr>
<td>EBIT</td>
<td>104</td>
<td>79</td>
<td>- 25</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>7.6</td>
<td>5.4</td>
<td>- 2.2pp</td>
</tr>
<tr>
<td>One-offs</td>
<td>- 11</td>
<td>- 48</td>
<td>- 37</td>
</tr>
<tr>
<td>Amortization PPA</td>
<td>13</td>
<td>18</td>
<td>+ 5</td>
</tr>
<tr>
<td>EBIT (adjusted)</td>
<td>106</td>
<td>49</td>
<td>- 57</td>
</tr>
<tr>
<td>EBT</td>
<td>94</td>
<td>69</td>
<td>- 25</td>
</tr>
</tbody>
</table>
Outlook FY 2012 as of Q3
Non-organic sales growth and lower earnings expected

Order intake Defence in € million
- 2008: 1,723
- 2009: 1,977
- 2010: 1,831
- 2011: >2,400
- 2012e: 3,153

Sales Defence in € million
- 2008: 1,814
- 2009: 1,898
- 2010: 2,007
- 2011: 2,141
- 2012e: approx. 2,400

EBIT Defence in € million
- 2008: 197
- 2009: 215
- 2010: 234
- 2011: 223
- 2012e: 170-180
The divisional structure of Automotive

Focused on the attractive segment of powertrain technology

Sales (FY 2011): € 2.3 billion

**Hardparts**
€ 1.1 billion*

- Pistons
- Aluminum Technology
- Plain Bearings
- Large Bore Pistons

**Mechatronics**
€ 1.0 billion*

- Pierburg
- Pierburg Pump Technology

**Motor Service**
€ 0.3 billion*

- International
- Domestic

* Inter-company sales not eliminated
Main characteristics of the division

Rheinmetall Automotive en route in attractive market segments

- Leading supplier of Clean & Lean products, driven by challenging CO\textsubscript{2} regulations and tighter emission standards
- Solid footprint in dynamic growth markets, such as Brazil, India, China and Mexico
- Increase of profitability and risk diversification by continuous growth of the non-LV business
How will international Automotive markets develop?

- **Global growth trend** of light vehicles: experts expect increasing production figures for the upcoming years...

- ...but "**Continental Shift**" in international light vehicle production continues: Emerging markets (e.g. Brazil, India, China, Mexico) grow dynamically, while Western Europe will only slightly increase

- **German OEMs** benefit from global demand for premium cars
LV production expected to grow continuously
Global growth driven by emerging markets

Expected production of light vehicles by region in thousand units

<table>
<thead>
<tr>
<th>Region</th>
<th>2012</th>
<th>2013e</th>
<th>2014e</th>
<th>2015e</th>
<th>2016e</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>79,380</td>
<td>80,879</td>
<td>85,620</td>
<td>90,653</td>
<td>95,006</td>
</tr>
<tr>
<td>Triad*</td>
<td>37,846</td>
<td>36,994</td>
<td>38,016</td>
<td>39,069</td>
<td>39,848</td>
</tr>
<tr>
<td>Western Europe</td>
<td>13,358</td>
<td>13,024</td>
<td>13,504</td>
<td>13,929</td>
<td>14,305</td>
</tr>
</tbody>
</table>

* Triad = NAFTA + Western Europe + Japan
Source: IHS Automotive (December 2012)
Clean & Lean products

Growth driver: Tightened emission regulations

EGR valve
EGR cooler
Double EGR cooler high/low pressure

2005
2010
2015

Emerging countries expected to follow with a lag of 5 to 10 years

EURO 4
EURO 5
EURO 6

Truck business expected to follow

EGR valve
Back pressure valve
EGR cooler modules
Exhaust gas sensors

EGR = Exhaust gas recirculation
Clean & Lean products

Growth driver: Reduction of fuel consumption and CO₂ emissions

**Lean**

- Downsizing/Turbocharging
  - High-performance bearings
  - Ring carrier pistons

- Hybridization
  - Wastegate actuators
  - Solenoid valves
  - Electric vacuum pumps
  - Electric water pumps

**CO₂ fleet emission targets**

*in g/km*

**EU**
- Actual 2006: 216
- Target 2015: 157
- Target 2020: 140

**USA**
- Actual 2006: 187
- Target 2015: 132
- Target 2020: 140

**China**
- Actual 2006: 120
- Target 2015: 95
- Target 2020: 95

**Legal framework for CO₂ fleet emissions**

**CO₂ penalties**
Clean & Lean products
Both trends are fueling current and future powertrain growth

Powertrain technology content per mid-size gasoline vehicle
in €

Global powertrain revenues
in € billion

Source: McKinsey (2011)

Future growth secured by innovative products (examples)

Steel pistons
UniValve
Range Extender
Automotive well-positioned
Outperforming growth in the emerging markets

Expected change of LV production and Automotive sales growth Q1-3 2012 vs. Q1-3 2011

- Mexico: +13%, +63%
- China: +9%
- India: +6%
- Brazil: -3%, -9%
- Shift of production from Brazilian to Mexican plant

Source: IHS Automotive (December 2012)

* Including 100% sales of joint ventures
** Growth rate of sales without Kirloskar Bearings 51%
Growth strategy in the high-margin non-LV business
Risk diversification and increase of profitability

Non-LV business Q1-3 2012 compared to Q1-3 2011 in € million

<table>
<thead>
<tr>
<th></th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-LV</td>
<td>1,735</td>
<td>1,805</td>
<td>+5.0%</td>
</tr>
<tr>
<td>LV</td>
<td>1,211</td>
<td>1,255</td>
<td>+3.6%</td>
</tr>
</tbody>
</table>

- Truck business € 156 million
- Industrials* € 190 million
- Aftermarket € 204 million

* Ships/Power plants/MIR (= Marine, Industry, Recreation)
## Latest published Automotive figures
### Sales and earnings development

<table>
<thead>
<tr>
<th>Automotive</th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
<th>Δ Q1-3 (2012/2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>1,735</td>
<td>1,805</td>
<td>+ 70</td>
</tr>
<tr>
<td>EBITDA</td>
<td>191</td>
<td>194</td>
<td>+ 3</td>
</tr>
<tr>
<td>EBIT</td>
<td>115</td>
<td>115</td>
<td>± 0</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td>6.6</td>
<td>6.4</td>
<td>- 0.2pp</td>
</tr>
<tr>
<td>EBT</td>
<td>104</td>
<td>104</td>
<td>± 0</td>
</tr>
<tr>
<td>Capex</td>
<td>74</td>
<td>105</td>
<td>+ 31</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>76</td>
<td>79</td>
<td>+ 3</td>
</tr>
</tbody>
</table>
Outlook FY 2012 as of Q3
Constant sales and earnings in spite of shrinking Western European markets

**Sales Automotive in € million**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>2,055</td>
</tr>
<tr>
<td>2009</td>
<td>1,522</td>
</tr>
<tr>
<td>2010</td>
<td>1,982</td>
</tr>
<tr>
<td>2011</td>
<td>2,313</td>
</tr>
<tr>
<td>2012e</td>
<td>2,400</td>
</tr>
</tbody>
</table>

**EBIT Automotive in € million**

<table>
<thead>
<tr>
<th>Year</th>
<th>EBIT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>61</td>
</tr>
<tr>
<td>2009 *138 million restructuring costs deducted</td>
<td>-187</td>
</tr>
<tr>
<td>2010</td>
<td>81</td>
</tr>
<tr>
<td>2011</td>
<td>151</td>
</tr>
<tr>
<td>2012e</td>
<td>151</td>
</tr>
</tbody>
</table>

Slightly below on previous year's level
Rheinmetall Group

Summary and investment highlights

- **Strong market positions**
  - Defence as a leading international partner for ground forces with a broad and well-balanced product portfolio
  - Automotive as a leading supplier of “clean” and “lean” engine parts and solutions for the global automotive industry

- **High degree of internationalization**
  - Top-line growth potential as both segments are well-established in their respective most important markets
  - Risk diversification by a broad customer base and by a global spread of business activities

- **Securing profitability and growth**
  - Focusing on cost efficiency and structural optimization in order to secure future profitability
  - Consequent utilization of all growth opportunities resulting from a large pipeline of innovative products
New management in charge

Short CVs

Armin Papperger  
CEO Rheinmetall AG  
CEO Defence  
Born in 1963  
Graduated in Engineering  
Since 1990  
Rheinmetall AG  
1990-2001  
Quality Management, Rheinmetall Defence  
2001-2007  
Managing Director, Rheinmetall Defence  
2007-2010  
Head of Weapons&Munitions division, Rheinmetall Defence  
Since 2011  
CEO Defence, Rheinmetall AG  
Since 2013  
CEO, Rheinmetall AG

Helmut P. Merch  
CFO Rheinmetall AG  
Born in 1956  
Graduated in Economics  
Started his career as a controller at Bertelsmann AG, Gütersloh  
Since 1982  
Rheinmetall AG  
1982-2001  
Several managing positions in Rheinmetall’s subsidiaries, e.g. Divisional Head and Executive Board member of Jagenberg AG, Vice Chairman of Aditron AG  
Since 2001  
CFO Defence, Rheinmetall AG  
Since 2013  
CFO, Rheinmetall AG

Dr. Gerd Kleinert  
CEO Automotive  
Born in 1948  
Successfully completed an apprenticeship as a toolmaker  
Diploma and PhD in Engineering  
1970-1971  
Engineer, Adam Opel AG  
1974-1980  
Research Associate, Technical University Kaiserslautern  
1980-1992  
Several managing positions, VDO Adolf-Schindling AG, e.g. Head of R&D, Head of Marketing  
1992-2001  
Several managing positions, TRW Automotive Electronics, e.g. General Manager Europe  
Since 2001  
CEO Automotive, Rheinmetall AG
# Group cash flow

**Benefitting from strongly improved working capital in Defence**

<table>
<thead>
<tr>
<th>Group € million</th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
<th>Δ Q1-3 (2012/2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group net income</td>
<td>119</td>
<td>108</td>
<td>-11</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>133</td>
<td>144</td>
<td>+11</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>-9</td>
<td>-11</td>
<td>-2</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td><strong>243</strong></td>
<td><strong>241</strong></td>
<td>-2</td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-530</td>
<td>-460</td>
<td>+70</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>-287</td>
<td>-219</td>
<td>+68</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-131</td>
<td>-163</td>
<td>-32</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td>-418</td>
<td>-382</td>
<td>+36</td>
</tr>
</tbody>
</table>
Key figures Defence by divisions

- **Sales**
  - Q1-3 2011: 1,370
  - Q1-3 2012: 1,470
  - Increase: +7%

- **EBIT**
  - Q1-3 2011: 104
  - Q1-3 2012: 79
  - Decrease: -24%

- **EBIT margin**
  - Q1-3 2011: 7.6%
  - Q1-3 2012: 5.4%
  - Decrease: -2.2pp

- **Combat Systems**
  - Q1-3 2011: 718
  - Q1-3 2012: 701
  - Decrease: -2%

- **Electronic Solutions**
  - Q1-3 2011: 556
  - Q1-3 2012: 474
  - Decrease: -15%

- **Wheeled Vehicles**
  - Q1-3 2011: 173
  - Q1-3 2012: 378
  - Increase: +118%

Figures before intersegmental consolidation

Corporate Presentation January 2013

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Development of Defence sales and earnings (Q1-3)

Sales bridge
Q1-3 2011 to Q1-3 2012  in € million

EBIT bridge
Q1-3 2011 to Q1-3 2012  in € million
Defence cash flow

Operating cash flow improved due to successful working capital program

<table>
<thead>
<tr>
<th>Defence € million</th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
<th>Δ Q1-3 (2012/2011)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>69</td>
<td>55</td>
<td>- 14</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>57</td>
<td>65</td>
<td>+ 8</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>- 3</td>
<td>- 8</td>
<td>- 5</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td><strong>123</strong></td>
<td><strong>112</strong></td>
<td><strong>- 11</strong></td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>- 384</td>
<td>- 317</td>
<td>+ 67</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td>- 261</td>
<td>- 205</td>
<td>+ 56</td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>- 57</td>
<td>- 57</td>
<td>± 0</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td><strong>- 318</strong></td>
<td><strong>- 262</strong></td>
<td><strong>+ 56</strong></td>
</tr>
</tbody>
</table>
Cyclical development of US defence budget
Rheinmetall impacted by US sequestration on a limited scale

US defence budget since 1948  in US$ billion

US share of expected total sales Rheinmetall Defence

Expected Rheinmetall share of total US defence spending

Source: Center for Strategic and International Studies 2012

Source: IHS Jane’s (December 2012)
Significant product spin-offs for navy and airforce

Securing access to all services of armed forces

**Naval products**
- Softkill protection
- Sensor systems
- Naval guns
- Submarine simulation

10-15 % of total Defence sales

**Airforce products**
- Aircraft canons
- Flight simulation
- Flares
- Unmanned aerial systems

approx. 5 % of total Defence sales
Driven by high international presence
Order intake shows double-digit growth rate

Order intake Q1-3 2011 vs. Q1-3 2012 in € million

- **Germany**: 27% (2012 vs. 31% in 2011)
- **Europe**: 23% (2012 vs. 26% in 2011)
- **Asia/Middle East**: 26% (2012 vs. 14% in 2011)
- **Rest of the world**: 24% (2012 vs. 32% in 2011)

- Domestic orders still stable regarding absolute numbers, but relatively losing significance
- Asia and Middle East becoming more and more important

Consequence of the growth path:
Order backlog of more than € 5 billion for FY 2012 quite feasible
New orders 2012

Selected competitive products strengthen the order backlog

Air defence systems and services for Asian customers
- As indicated: Two orders received in Q1-3 2012, a third one in Q4
- Total volume: € 285 million

Canadian wheeled vehicle program TAPV*
- 500 vehicles to be delivered from 2014-2016, support contract until 2021
- Volume of Rheinmetall’s share: € 160 million

Weapon station components for US forces
- Electro-optical components for Common Remotely Operated Weapon Stations (CROWS III)
- Part of the framework agreement running for 5 years
- Potential contract volume: US$ 100 million

* Tactical Armored Patrol Vehicle
High order intake in FY 2012
New orders booked in Q4 – some examples

- Ammunition for a MENA country
  Volume: € 320 million

- Air Defence for an Asian customer
  Volume: € 113 million

- Military trucks for Far East
  Volume: € 86 million

- Weapon stations for Germany
  Volume: € 41 million

- Air Defence for Brazil
  Volume: € 38 million

- Route clearing system for Germany
  Volume: € 31 million
Cost efficiency and structural optimization

Focusing forces in order to secure future profitability

**Tracked Vehicles**
- Reduction of workers
- Commonly agreed cost savings with immediate effect
- Reduction of production sites
- Restructuring costs: approximately €15 million

**Air Defence**
- Staff reduction by 80 employees to 700
- Restructuring costs: around €3 million

**Wheeled Vehicles**
- Significant change of the market environment (e.g. South Africa, Australia)
- Cost savings program initiated

Cutting costs by €20-30 million per year from 2015 onwards

Saving costs of €7 million per year from 2014 onwards

Preparing a further action plan in order to adjust cost structure
Key figures Automotive by divisions

**Sales**
- Q1-3 2011: 1,735
- Q1-3 2012: 1,805
- Increase: +4%

**EBIT**
- Q1-3 2011: 115
- Q1-3 2012: 115
- No change: 0%

**EBIT margin**
- Q1-3 2011: 6.6%
- Q1-3 2012: 6.4%
- Decrease: -0.2pp

**Hardparts**
- Q1-3 2011: 809
- Q1-3 2012: 837
- Increase: +3%

**Mechatronics**
- Q1-3 2011: 776
- Q1-3 2012: 823
- Increase: +6%

**Motor Service**
- Q1-3 2011: 199
- Q1-3 2012: 204
- Increase: +2%

Figures before intersegmental consolidation
## Automotive cash flow

**Slight increase of working capital due to growth**

<table>
<thead>
<tr>
<th>Automotive</th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
<th>Δ Q1-3 2012/2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income</td>
<td>76</td>
<td>76</td>
<td>+ 0</td>
</tr>
<tr>
<td>Amortization / depreciation</td>
<td>76</td>
<td>79</td>
<td>+ 3</td>
</tr>
<tr>
<td>Change in pension accruals</td>
<td>-5</td>
<td>-4</td>
<td>+ 1</td>
</tr>
<tr>
<td><strong>Cash flow</strong></td>
<td><strong>147</strong></td>
<td><strong>151</strong></td>
<td><strong>+ 4</strong></td>
</tr>
<tr>
<td>Changes in working capital and other items</td>
<td>-137</td>
<td>-154</td>
<td>-17</td>
</tr>
<tr>
<td><strong>Net cash used in operating activities</strong></td>
<td><strong>10</strong></td>
<td><strong>-3</strong></td>
<td><strong>-13</strong></td>
</tr>
<tr>
<td>Cash outflow for additions to tangible and intangible assets</td>
<td>-74</td>
<td>-105</td>
<td>-31</td>
</tr>
<tr>
<td><strong>Free cash flow from operations</strong></td>
<td><strong>-64</strong></td>
<td><strong>-108</strong></td>
<td><strong>-44</strong></td>
</tr>
</tbody>
</table>
Global manufacturing and distribution network
Presence in all important Automotive markets

Production sites and sales offices 2012

Production site
Sales office only

* Four further locations in the Stuttgart area
Dynamic markets: China
Sales and earnings still growing

Sales Joint Ventures* in € million

Q1-3 2011 Q1-3 2012
219 298
+36%

EBIT Joint Ventures* in € million

Q1-3 2011 Q1-3 2012
16 22
+44%

Sales WFOEs** in € million

Q1-3 2011 Q1-3 2012
6 8
+32%

LV production China in thousand units

Q1-3 2011 Q1-3 2012
11,426 12,428
+9%

Source: IHS Automotive (December 2012)

* KSPG owns 50% of two JVs (consolidated at equity, i.e. sales not included in Group sales)
** Wholly foreign-owned enterprises
Dynamic markets: India
Strong revenues caused by both organic growth and strategic acquisition

Sales KSPG India  in € million

<table>
<thead>
<tr>
<th></th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kirloskar Bearings</td>
<td>10</td>
<td>31</td>
</tr>
</tbody>
</table>

Key facts KSPG India

- Integration of Kirloskar Bearings – included in the figures since Q4 2011 – completed
- Employees: 602 (as of 09/30/2012)
- Break-even achieved in Q3 2012

LV production India  in thousand units

<table>
<thead>
<tr>
<th></th>
<th>Q1-3 2011</th>
<th>Q1-3 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2,657</td>
<td>2,816</td>
</tr>
</tbody>
</table>

Source: IHS Automotive (December 2012)
Dynamic markets: Mexico
Focusing production for American markets

Sales KSPG Mexico in € million

Q1-3 2011: 27
Q1-3 2012: 44
+63%

Key facts KSPG Mexico

- Production of pumps, pistons and bearings
- Extending production of pistons
- Shifting production of bearings from the U.S. and Brazil to the existing site in Celaya, Mexico

LV production Mexico in thousand units

Q1-3 2011: 1,897
Q1-3 2012: 2,147
+13%

Source: IHS Automotive (December 2012)
Strong and solid position in the markets
Growing sales and well-balanced customer structure

Sales in € million

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (€ million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>1,982</td>
</tr>
<tr>
<td>2011</td>
<td>2,313</td>
</tr>
<tr>
<td>2012e</td>
<td>slightly below 2,400</td>
</tr>
</tbody>
</table>

Sales 2011 by customer

- Volkswagen/Porsche/Audi: 16%
- PSA: 10%
- Renault/Nissan: 8%
- Fiat: 7%
- BMW: 6%
- Ford: 5%
- Trucks/Others: 11%
- Ships/Power plants/MIR*: 10%
- Aftermarket: 17%
- Daimler: 5%
- GM: 5%
- * Marine, Industry, Recreation
## Financial Diary

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 20, 2013</td>
<td>Annual report 2012</td>
</tr>
<tr>
<td>May 8, 2013</td>
<td>Q1 2013</td>
</tr>
<tr>
<td>May 14, 2013</td>
<td>Annual General Meeting</td>
</tr>
<tr>
<td>August 9, 2013</td>
<td>Q2 2013</td>
</tr>
</tbody>
</table>
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