



**Q1 2013** | Düsseldorf, 8 May 2013

**International Partner  
for Security and Mobility**



## Financial highlights

- ▶ Decline in **sales** of 13%
- ▶ **Quarterly operational loss\*** of € - 14 million
- ▶ **Free cash flow** from operations: impact of negative earnings almost absorbed by lower increase of working capital
- ▶ **Net financial debt** reduced by € 79 million to € 325 million
- ▶ **Outlook 2013** remains unchanged

\* EBIT pre-restructuring; EBIT (reported) = € - 19 million



## Operational highlights

### Defence

- ▶ **Stable order intake**, e.g. „Gladius“ from Germany, recovery vehicles from Denmark, ammunition from South Africa
- ▶ **Lower sales** caused by seasonality of project business and lower demand for ammunition
- ▶ **Operational earnings\*** down from € 4 million to € - 43 million due to decline in sales and product mix effects
- ▶ Planned **restructuring measures initiated**

### Automotive

- ▶ **Sales decreased** by 6 % to € 599 million, but lower than Western European market (- 12%)
- ▶ **Operational earnings\*\* declined** to € 31 million due to lower sales in Hardparts and additional R&D expenses in Mechatronics
- ▶ First **restructuring measures started**
- ▶ Mechatronics: **New plant opened** for production of exhaust-gas recirculation (EGR) valves and electric throttle valves in China
- ▶ **China:** JVs with strong top-line growth (+ 28%) and good earnings figures (+ 57%)

\* EBIT pre-restructuring; EBIT (reported) = € - 44 million

\*\* EBIT pre-restructuring; EBIT (reported) = € 27 million



## “Rheinmetall 2015” Status quo of restructuring

DEFENCE	<b>Tracked Vehicles (D):</b> implementation phase	<ul style="list-style-type: none"> <li>▶ Reduction by 150 employees</li> <li>▶ Total volume: € 28 million, thereof € 17 million booked in Q4 2012</li> </ul>
	<b>Air Defence Zurich (CH):</b> implementation phase	<ul style="list-style-type: none"> <li>▶ Reduction by 100-110 employees</li> <li>▶ Total volume: € 6 million, thereof € 3 million booked in Q4 2012</li> </ul>
	<b>RMMV Vienna plant (A):</b> finalization of negotiations expected for Q2 2013	<ul style="list-style-type: none"> <li>▶ Reduction by 250-300 employees</li> <li>▶ Costs expected to be booked in Q2 2013</li> </ul>
AUTOMOTIVE	<b>Plants in Neuss and Nettetal (D):</b> start of merging two production facilities	<ul style="list-style-type: none"> <li>▶ Reduction by 100 employees</li> <li>▶ Total volume: € 7 million, thereof € 4 million booked in Q1 2013</li> </ul>
	<b>Piston plant Thionville (F):</b> program measures initiated	<ul style="list-style-type: none"> <li>▶ Reduction by 80 out of 260 employees</li> <li>▶ Costs expected to be booked in Q2 2013</li> </ul>



## Q1 2013 in detail

### Sales decreased, EBIT dropped, free cash flow from operations stable

Rheinmetall Group <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
Sales	1,109	962	- 147
Operational earnings (EBIT pre-restructuring)	43	- 14	- 57
Restructuring costs	0	- 5	- 5
EBIT (reported)	43	- 19	- 62
Group net income	20	- 29	- 49
Earnings per share <i>in €</i>	0.56	- 0.61	- 1.17
Cash flow	62	13	- 49
Free cash flow from operations	- 226	- 230	- 4
Employees	21,661	21,560	- 101

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



**RHEINMETALL DEFENCE**



## Solid order situation

### Quarterly loss caused by decreasing sales

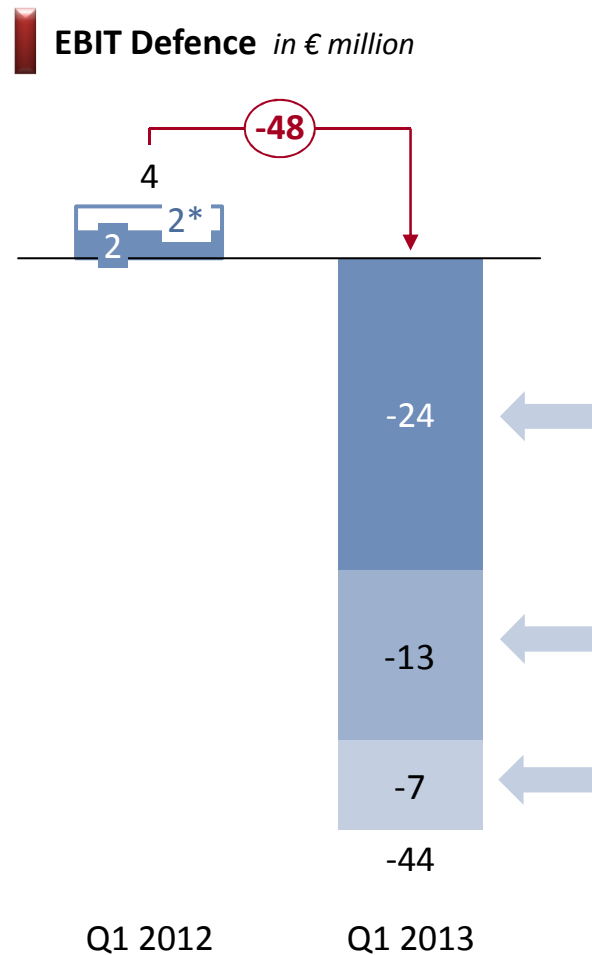
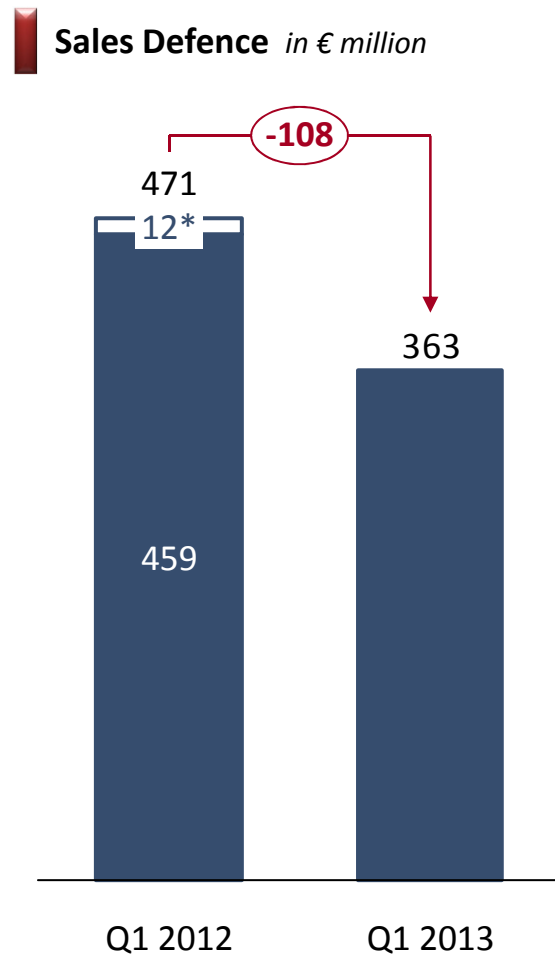
Rheinmetall Defence <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
Order intake	432	416	- 16
Order backlog	4,527	5,002	+ 475
Sales	471	363	- 108
Operational earnings (EBIT pre-restructuring)	4	- 43	- 47
Restructuring costs	0	- 1	- 1
EBIT (reported)	4	- 44	- 48
Employees	9,822	9,437	- 385

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



# Weak operational performance

## Decline in earnings due to lower sales and product mix effects



**Reasons for weaker EBIT**

- Combat Systems:**
  - ▶ Lower sales in tracked vehicles and ammunition
  - ▶ Restructuring costs (€ 1 million)
- Wheeled Vehicles:**
  - Lower sales and overcapacity Vienna plant
- Electronic Solutions:**
  - Lower sales in Air Defence and product mix effects

\* 51% of drone business divested in Q2 2012





**RHEINMETALL AUTOMOTIVE**



## Weakness in Western European markets continued Sales and earnings declined, first restructuring costs booked

Rheinmetall Automotive <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
Sales	638	599	- 39
Operational earnings (EBIT pre-restructuring)	44	31	- 13
Restructuring costs	0	- 4	- 4
EBIT (reported)	44	27	- 17
Employees	11,699	11,979	+ 280

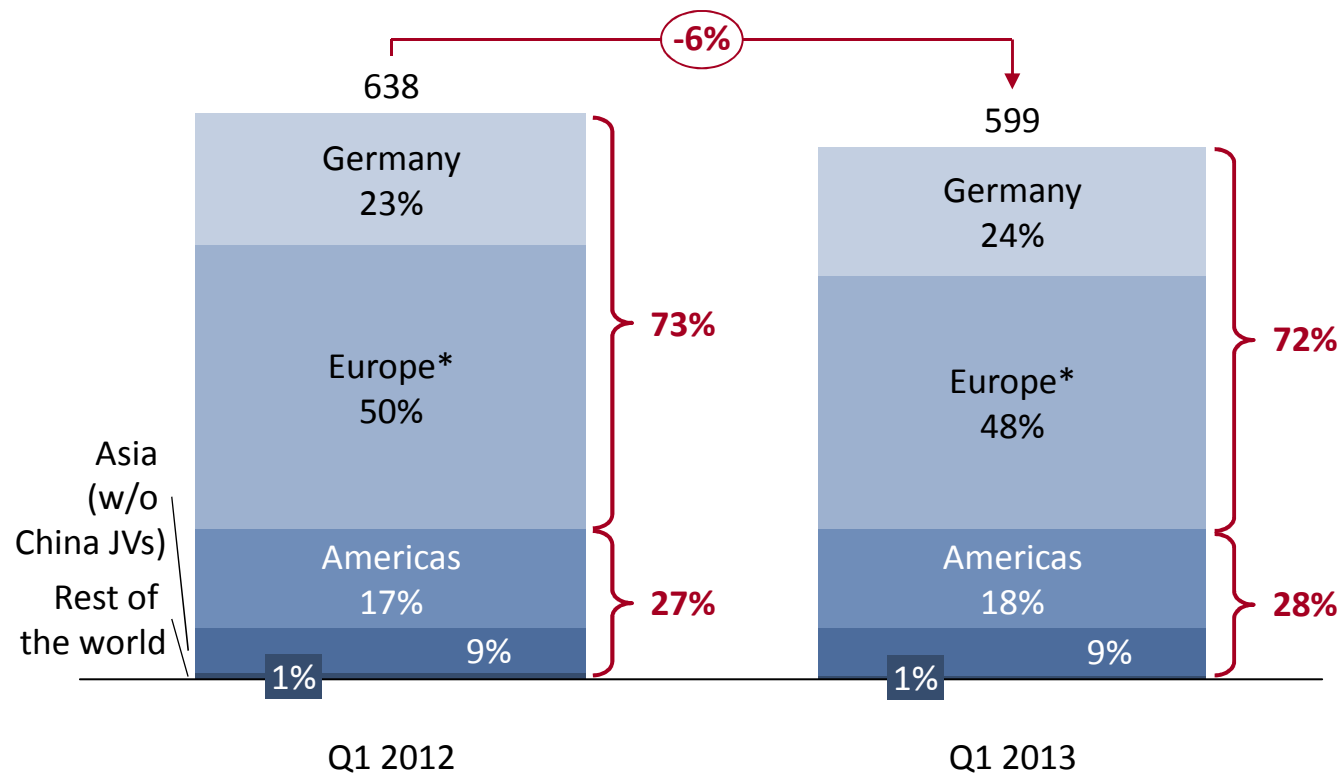
\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



## Sales by region

### Moderate decrease of sales due to weaker European markets

Sales by region in € million resp. %



\* Excluding Germany

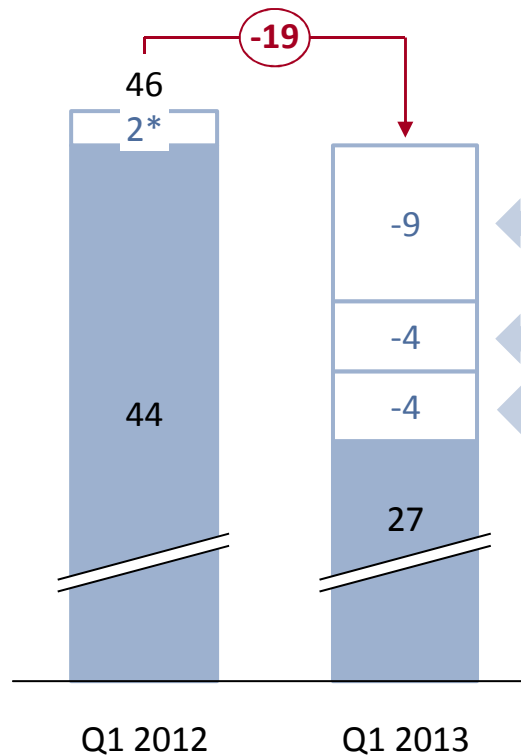


# Sales in Hardparts following market slowdown EBIT in Mechatronics reduced by restructuring costs and R&D expenses

**Sales Automotive** in € million



**EBIT Automotive** in € million



**Reasons for weaker EBIT**

- Hardparts: Lower sales of € - 39 million
- Mechatronics: Restructuring
- Mechatronics: Additional R&D

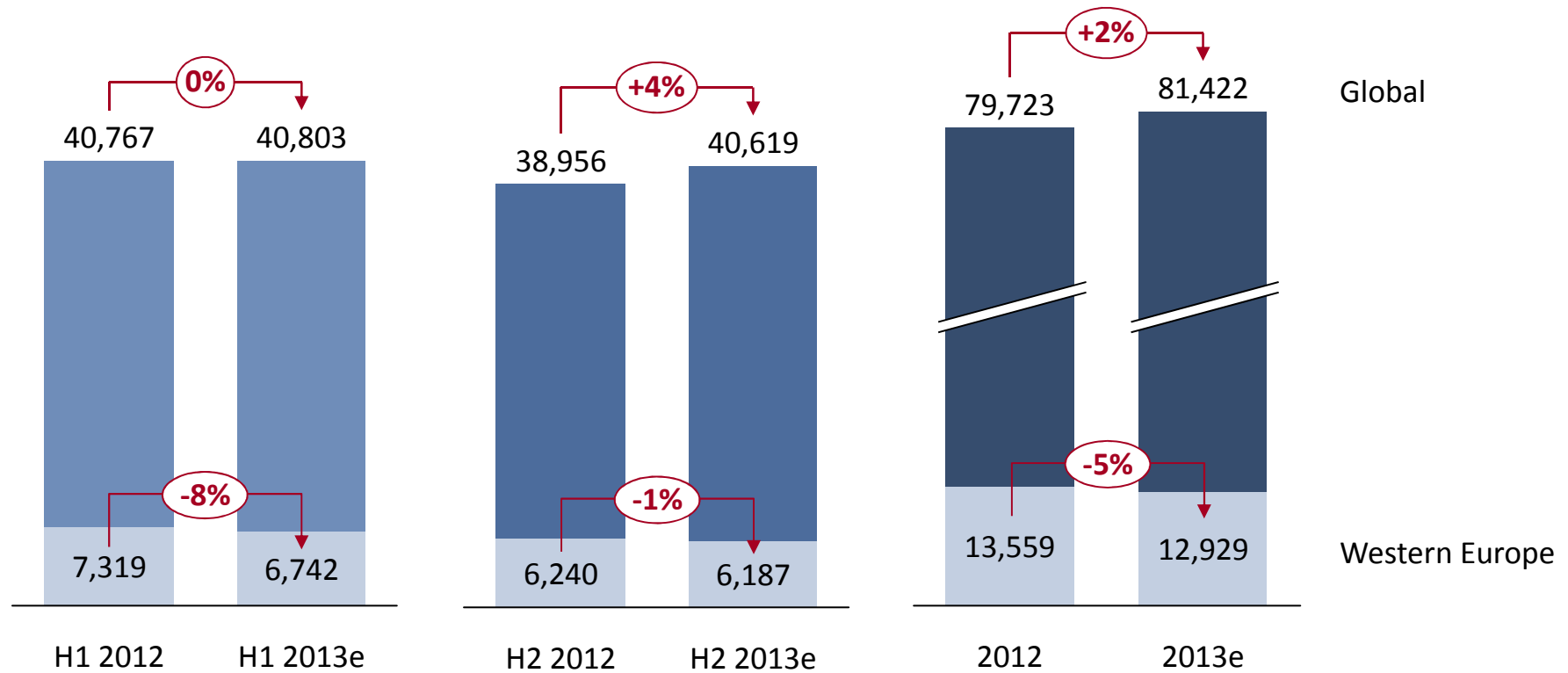
\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



# Looking at the markets

## Recovery of global markets expected for H2 2013

Expected global and Western European production of light vehicles *in thousand units*



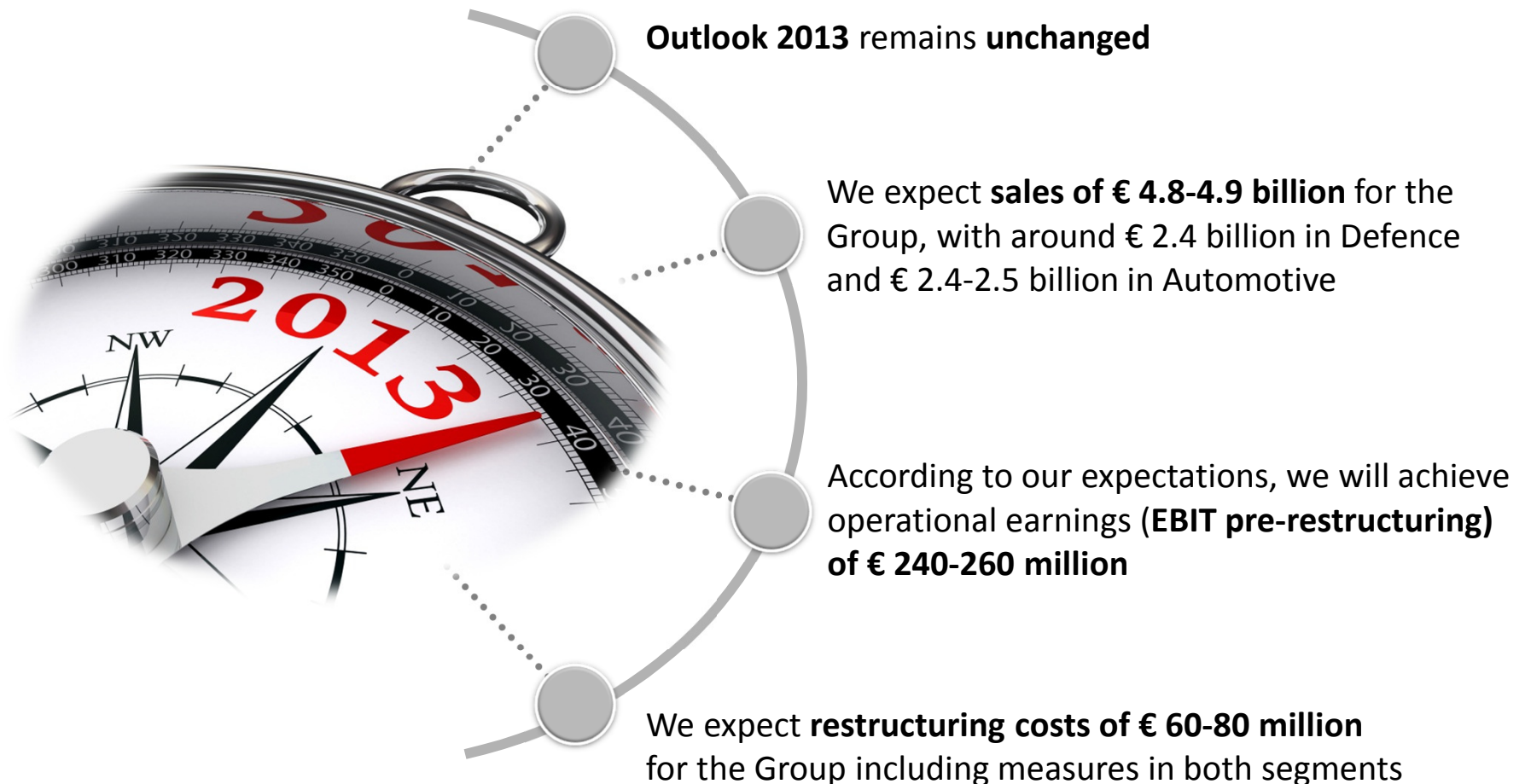
Source: IHS Automotive (April 2013)



## OUTLOOK



## Outlook 2013 unchanged A year of transition to improved profitability





## APPENDIX





## Income statement

### Sales decreased, EBIT dropped

Rheinmetall Group <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
Sales	1,109	962	- 147
EBITDA	91	29	- 62
EBITDA margin <i>in %</i>	8.2	3.0	- 5.2 pp
EBIT (reported)	43	- 19	- 62
EBIT margin (reported) <i>in %</i>	3.9	- 2.0	- 5.9 pp
Restructuring costs	0	- 5	- 5
Operational earnings (EBIT pre-restructuring)	43	- 14	- 57
Employees	21,661	21,560	- 101

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



## Income statement

### Net income and EPS declined

Rheinmetall Group <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
EBIT (reported)	43	- 19	- 62
Interest	- 17	- 18	- 1
EBT	26	- 37	- 63
Taxes	- 6	+ 8	+ 14
Group net income	20	- 29	- 49
Minority interests	- 2	- 6	- 4
Group earnings (after minorities)	22	- 23	- 45
Number of shares (weighted average) <i>in million</i>	38.1	37.7	- 0.4
Earnings per share <i>in €</i>	0.56	- 0.61	- 1.17

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



## Cash flow statement

**Cash flow impacted by lower earnings and improved working capital**

Rheinmetall Group <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
<b>Group net income</b>	<b>20</b>	<b>- 29</b>	<b>- 49</b>
Amortization / depreciation	48	48	± 0
Change in pension accruals	- 6	- 6	± 0
<b>Cash flow</b>	<b>62</b>	<b>13</b>	<b>- 49</b>
Changes in working capital and other items	- 246	- 206	+ 40
<b>Net cash used in operating activities</b>	<b>- 184</b>	<b>- 193</b>	<b>- 9</b>
Cash outflow for additions to tangible and intangible assets	- 42	- 37	+ 5
<b>Free cash flow from operations</b>	<b>- 226</b>	<b>- 230</b>	<b>- 4</b>

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



## Outlook 2013 unchanged

### A year of transition to improved profitability

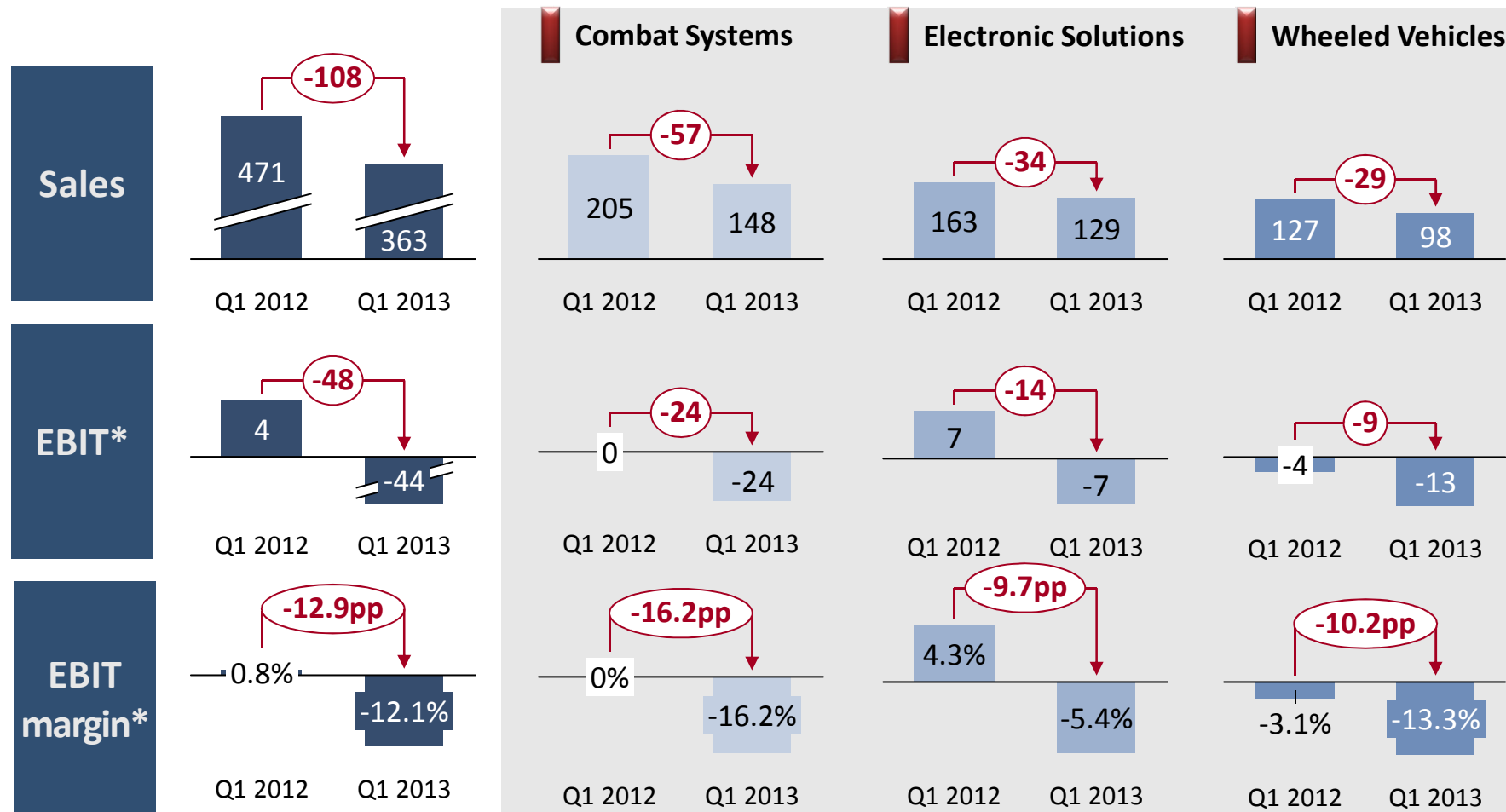
	Sales <i>in € billion</i>		EBIT <i>in € million</i>	
	2012	2013e	2012	2013e
Group	4.7	4.8 - 4.9	301	240 - 260*
			Restructuring costs	60 - 80
Defence	2.3	around 2.4	174	130**
			Restructuring costs	40 - 50
Automotive	2.4	2.4 - 2.5	143	140**
			Restructuring costs	20 - 30

\* Including holding costs, before restructuring costs

\*\* Before restructuring costs



## Key figures Defence by division



Figures before intersegmental consolidation

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



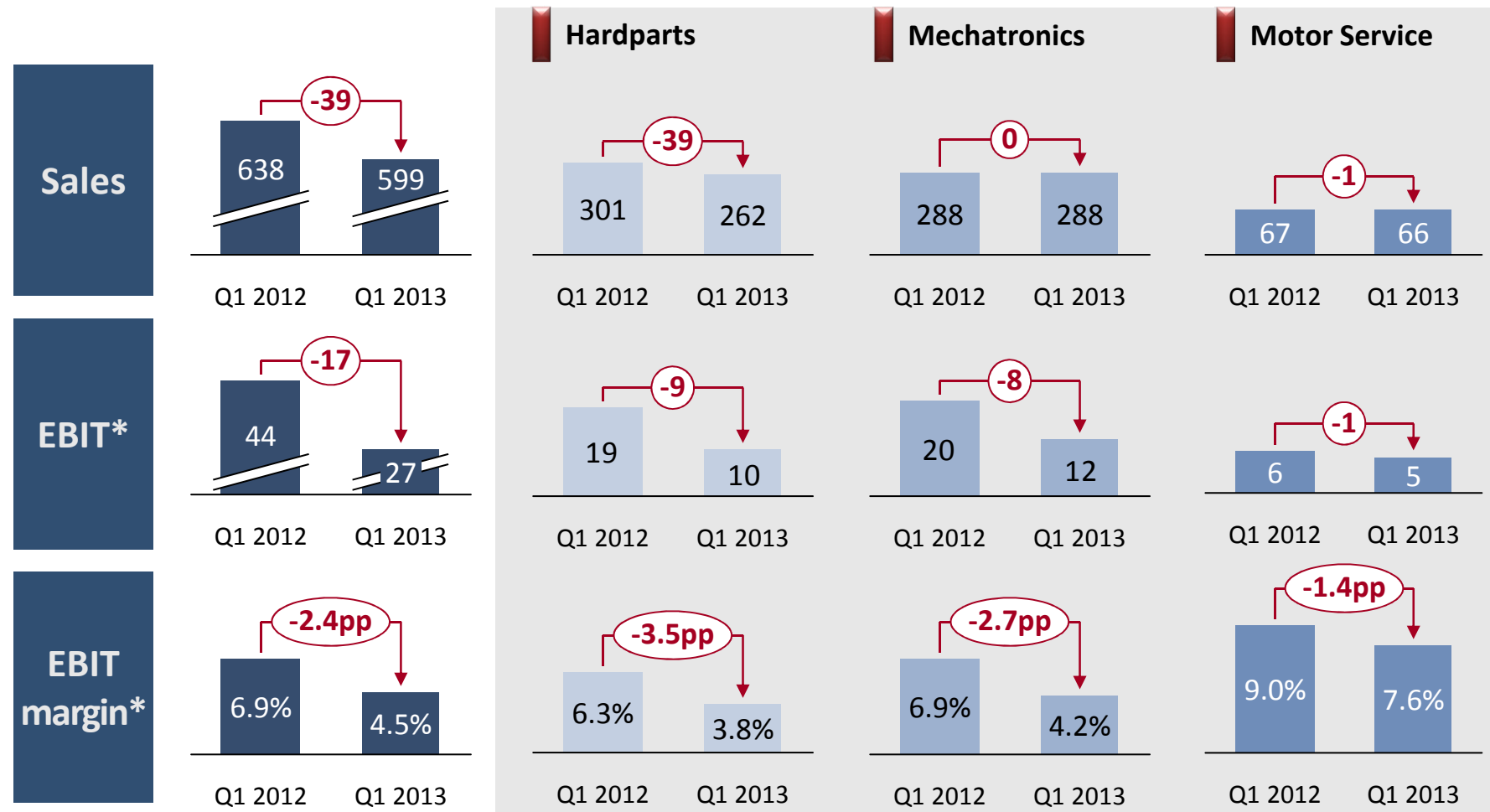
## Cash flow Defence

Rheinmetall Defence <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
<b>Net income</b>	- 1	- 39	- 38
Amortization / depreciation	21	22	+ 1
Change in pension accruals	- 2	- 1	+ 1
<b>Cash flow</b>	<b>18</b>	<b>- 18</b>	<b>- 36</b>
Changes in working capital and other items	- 208	- 155	+ 53
<b>Net cash used in operating activities</b>	<b>- 190</b>	<b>- 173</b>	<b>+ 17</b>
Cash outflow for additions to tangible and intangible assets	- 14	- 9	+ 5
<b>Free cash flow from operations</b>	<b>- 204</b>	<b>- 182</b>	<b>+ 22</b>

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



## Key figures Automotive by division



Figures before intersegmental consolidation

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)



## Cash flow Automotive

Rheinmetall Automotive <i>in € million</i>	Q1 2012*	Q1 2013	Δ Q1 2013/ Q1 2012
<b>Net income</b>	<b>29</b>	<b>19</b>	<b>- 10</b>
Amortization / depreciation	26	26	± 0
Change in pension accruals	- 2	- 5	- 3
<b>Cash flow</b>	<b>53</b>	<b>40</b>	<b>- 13</b>
Changes in working capital and other items	- 69	- 22	+ 47
<b>Net cash used in operating activities</b>	<b>- 16</b>	<b>+ 18</b>	<b>+ 34</b>
Cash outflow for additions to tangible and intangible assets	- 28	- 28	± 0
<b>Free cash flow from operations</b>	<b>- 44</b>	<b>- 10</b>	<b>+ 34</b>

\* 2012 figures restated for retrospective application of IAS 19 Employee Benefits (revised 2011)





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