



Q1 2012 | Düsseldorf, 27 April 2012

**International Technology Group**  
**for Defence and Automotive**



## Rheinmetall Group Key messages

- ▶ **Sales** increased by 8%
- ▶ Mixed picture in **earnings**: Automotive at an all-time high, Defence earnings lower than previous year
- ▶ **Operating free cash flow** improved by € 73 million
- ▶ **New divisional structure** in both segments
- ▶ An **IPO of the Automotive segment** still remains an option, whose realization will depend on the further development of the capital market
- ▶ **Outlook** as of March 2012 confirmed



## Rheinmetall Defence

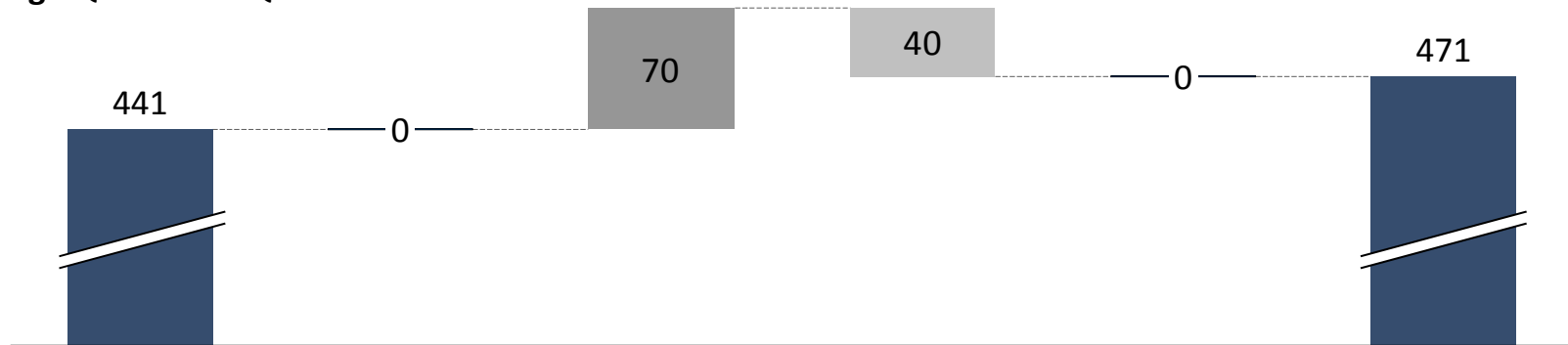
### Key messages (1)

- ▶ **Sales** grew by 7%
- ▶ **Order intake:** increase of 37%, mostly small- and medium-sized orders, largest single order for a software update for the German armed forces with a volume of € 24 million
- ▶ **Operating free cash flow** improved by € 98 million due to our working capital program
- ▶ **JV with EADS Cassidian** well on track to be closed in Q2 or Q3 2012
- ▶ Latest news: Formation of a new **JV with General Dynamics**, focussing on an increased potential in the global tank ammunition market

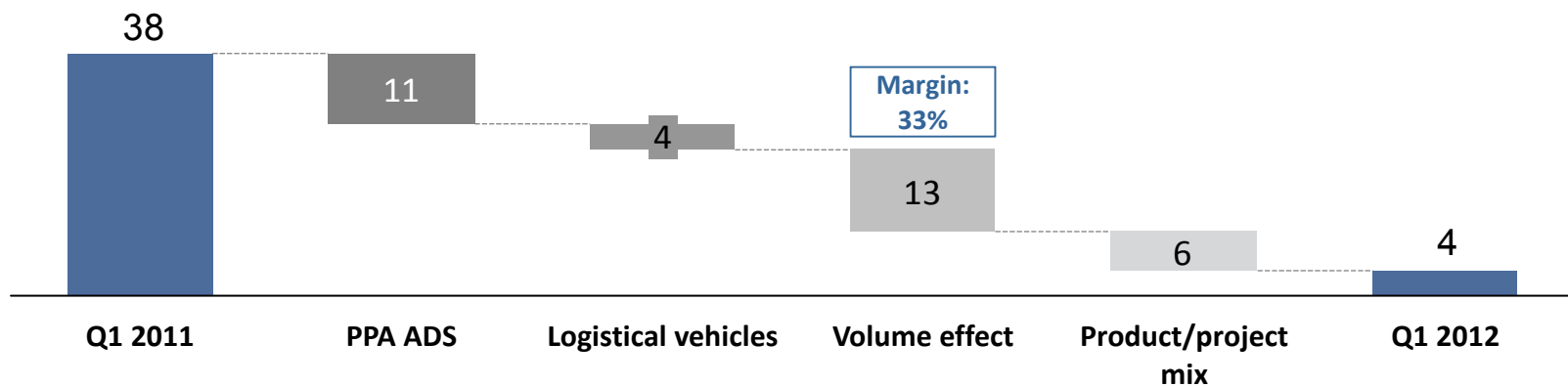


## Explaining factors for the development of sales and earnings

Sales bridge Q1 2011 to Q1 2012 € million



EBIT bridge Q1 2011 to Q1 2012 € million





## Rheinmetall Defence

### Key messages (2)

Reasons for the EBIT decline in Q1 2012 compared to the previous year:

- ▶ EBIT Q1 2011 included a **positive one-off of € 11 million**, caused by the write-up of existing 24% stake in ADS following the majority acquisition
- ▶ Secondly, the **newly consolidated RMMV logistical systems** recorded a loss of € 4 million in line with expectations (of which € 2 million resulted from write-down PPA)
- ▶ Thirdly, lower sales of € 40 million according to **contract milestones in major projects** (with high margins) led to a reduction in EBIT of € 13 million.
- ▶ **Changes to the product mix** impacted earnings to the tune of € 6 million.



## Order intake significantly increased

Defence € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)	
Order intake	316	432	+ 116	+ 37 %
Order backlog	4,695	4,527	- 168	- 4 %
Sales	441	471	+ 30	+ 7 %
EBITDA	57	25	- 32	- 56 %
EBIT	38	4	- 34	- 90 %
EBIT margin (%)	8.7	0.8		- 7.9 pp
EBT	36	1	- 35	- 96 %



# Geared towards the global market for tank ammunition Contract on joint venture with General Dynamics signed



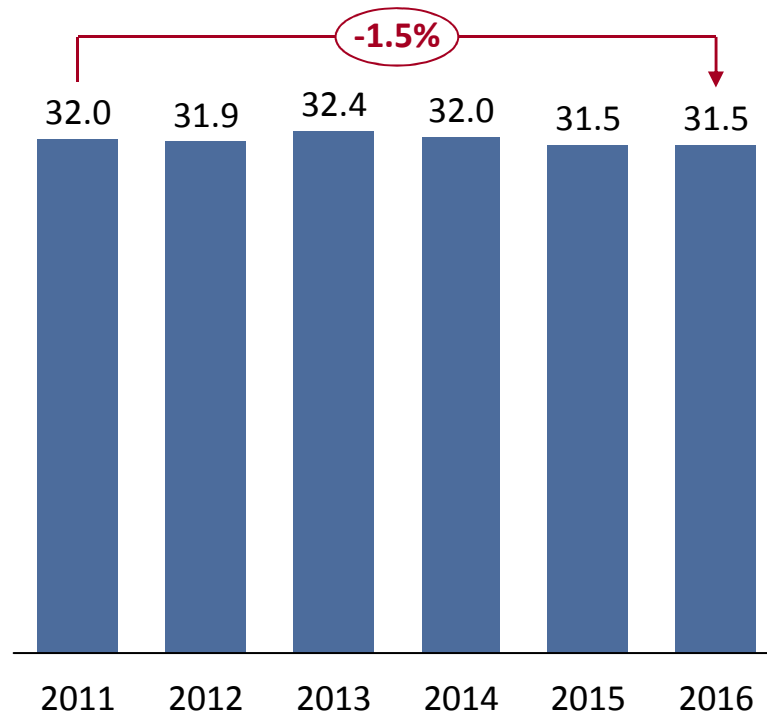
- ▶ Combination of Rheinmetall's and General Dynamics' know-how in tactical tank ammunition
- ▶ Joint marketing efforts, workshare remains with parent companies
- ▶ Advantage for Rheinmetall: access to potential international markets considerably enlarged





## German defence budget will remain almost stable until 2016

German defence budget 2011-2016 € billion



Rheinmetall's selected programs and projects 2012

- ▶ Order intake and start of production and delivery of "Future Soldier System" in Q2
- ▶ Extension of service provider solution for reconnaissance drones in Afghanistan in Q2
- ▶ New mine clearing system in H2
- ▶ Due to the reduction of the number of Puma vehicles order backlog revised and adjusted per December 31, 2011; additional protection kit for the Puma in H2

▶ Expected order volume: ~ € 200 million

Source: "Benchmark resolution" of the German Department of Treasury





## Rheinmetall Automotive

### Key messages

- ▶ Q1 2012 **best quarter ever** regarding absolute sales and EBIT:
  - **Sales** increased by 9% with an all-time high
  - **Earnings** at a record level, EBIT grew by 15%
- ▶ Continuing to **benefit from important trends**:
  - CLEAN & LEAN products
  - global presence and
  - increasing exposure to non-automotive end-markets



## Sales, earnings and profitability at a record level

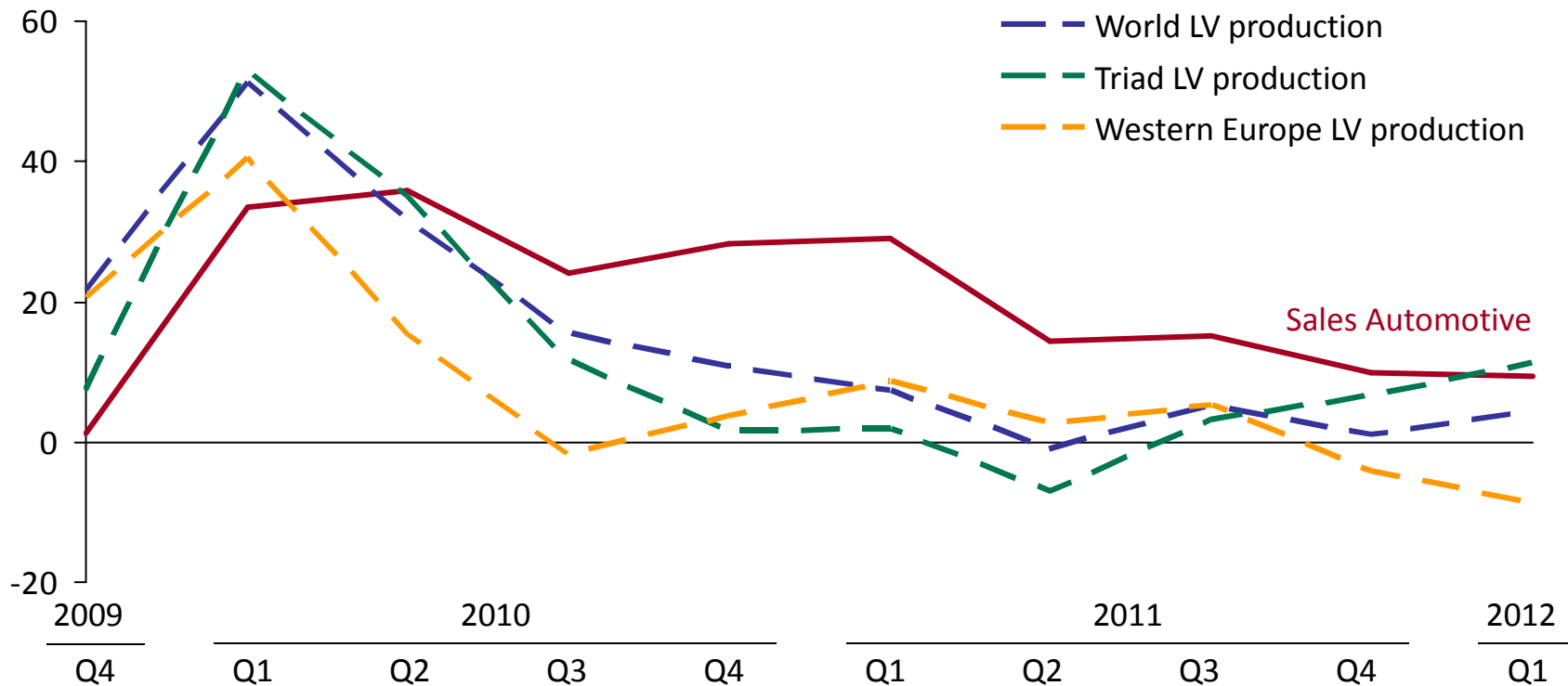
Automotive € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)	
Sales	586	638	+ 52	+ 9 %
EBITDA	65	72	+ 7	+ 11 %
EBIT	40	46	+ 6	+ 15 %
EBIT margin (%)	6.8	7.2		+ 0.4 pp
EBT	36	42	+ 6	+ 17 %
Capex	24	28	+ 4	+ 16 %
Amortization / Depreciation	25	26	+ 1	+ 5 %



# Product portfolio corresponding to global market trends

## Main reason for outperforming the markets since the mid of 2010

Growth rate (quarter compared to previous year's quarter) in %

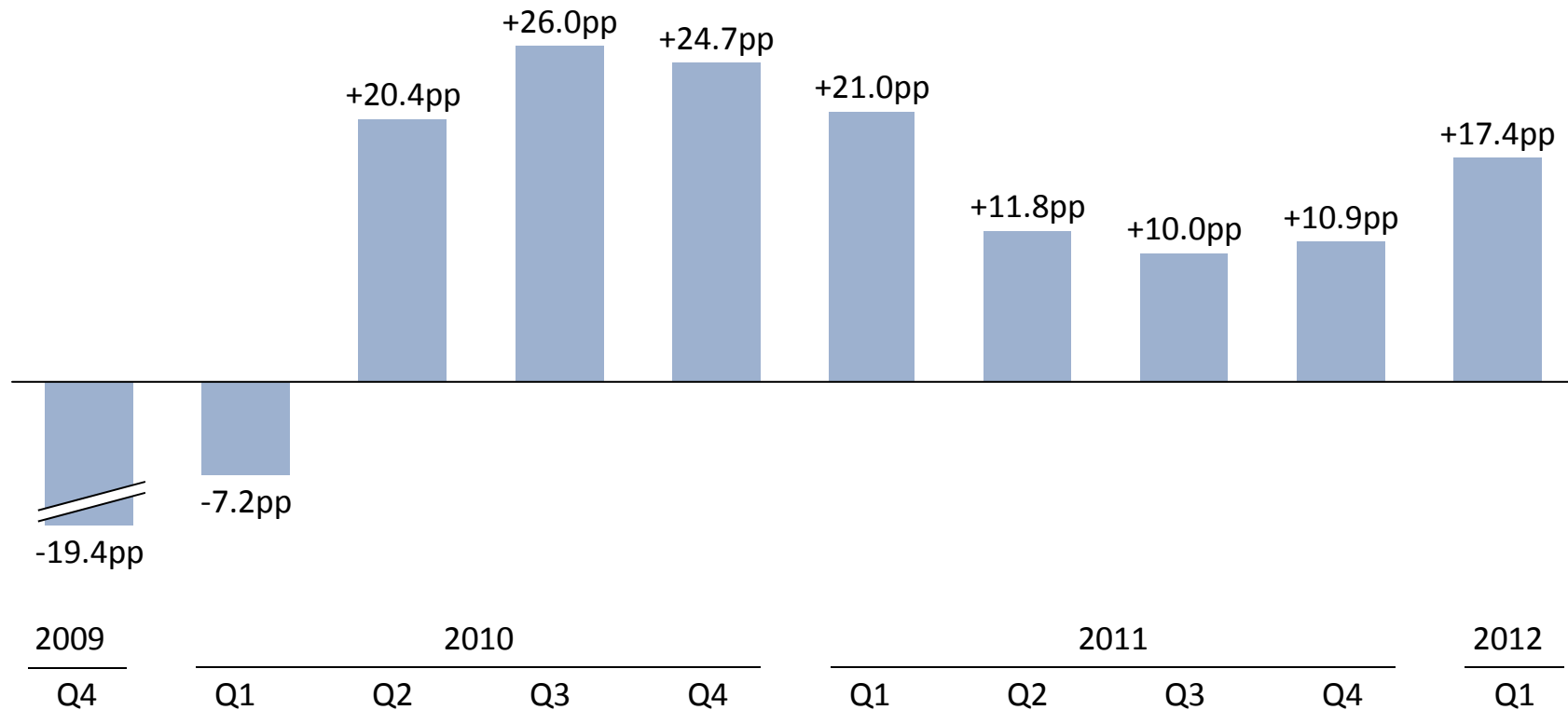


Basis for the calculation are quarterly sales figures for Automotive and LV production figures for World, Triad and Western Europe  
 Source: IHS Automotive (April 2012); Triad = Western Europe, NAFTA, Japan



# Outperformance of the European market since mid of 2010 Confirming the strategic focus of the product portfolio

Difference in quarterly growth rate of LV production Western Europe and Sales Automotive



Basis for the calculation are quarterly sales figures for Automotive and light vehicle production figures for Western Europe

Source: IHS Automotive (April 2012)



## Substantial growth in sales

Rheinmetall Group € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)	
Sales	1,027	1,109	+ 82	+ 8 %
EBITDA	121	93	- 28	- 23 %
EBITDA margin (%)	11.8	8.4		- 3.4 pp
Amortization / depreciation	44	48	+ 4	+ 9 %
EBIT	77	45	- 32	- 42 %
EBIT margin (%)	7.5	4.1		- 3.4 pp



## EBIT reduced due to Defence earnings

Rheinmetall Group € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)	
EBIT	77	45	- 32	- 42 %
Interest	- 14	- 12	+ 2	+ 14 %
EBT	63	33	- 30	- 48 %
Taxes	- 13	- 8	+ 5	+ 38 %
Tax rate (%)	21	24		+ 3 pp
Group net income	50	25	- 25	- 50 %



## EPS at a respectable level

Rheinmetall Group € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)	
Group net income	50	25	- 25	- 50 %
Minority interests	2	- 2	- 4	- 200 %
Group earnings (after minorities)	48	27	- 21	- 44 %
Number of shares (weighted average in million)	38.3	38.1	- 0.2	
Earnings per share (€)	1.26	0.70	- 0.56	- 44 %



Increase of working capital lower than in the previous year  
**Therefore: cash generation better than in Q1 2011**

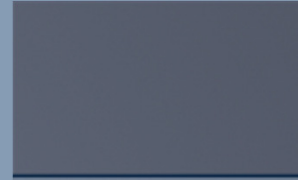
Rheinmetall Group € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)
<b>Group net income</b>	<b>50</b>	<b>25</b>	<b>- 25</b>
Amortization / depreciation	44	48	+ 4
Change in pension accruals	- 7	- 6	+ 1
<b>Cash flow</b>	<b>87</b>	<b>67</b>	<b>- 20</b>
Changes in working capital and other items	- 347	- 251	+ 96
<b>Net cash used in operating activities</b>	<b>- 260</b>	<b>- 184</b>	<b>+ 76</b>
Cash outflow for additions to tangible and intangible assets	- 39	- 42	- 3
<b>Free cash flow from operations</b>	<b>- 299</b>	<b>- 226</b>	<b>+ 73</b>





## Outlook as of March 2012 confirmed

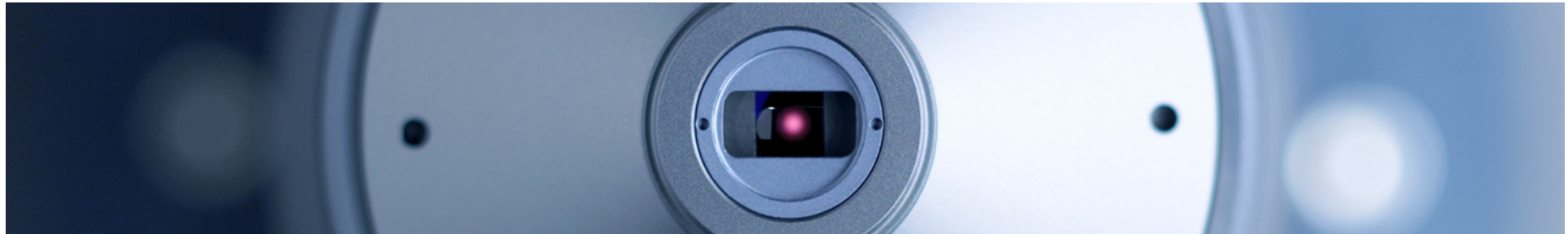
	Sales € billion		EBIT € million	
	2012	2011	2012	2011
<b>Group</b>	<b>approximately 4.9</b>	<b>4.5</b>	<b>on previous year's level</b>	<b>354</b>
Defence	approximately 2.5	2.1	slightly below previous year	223
Automotive	slightly above 2.4	2.3	slightly above previous year	151



## Appendix



## New divisional structure in Defence



Sales (FY2011)\*: € 2.2 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-optical Equipment

---

Simulation and Training

### Wheeled Vehicles

€ 0.3 billion\*

Logistical Vehicles\*\*

---

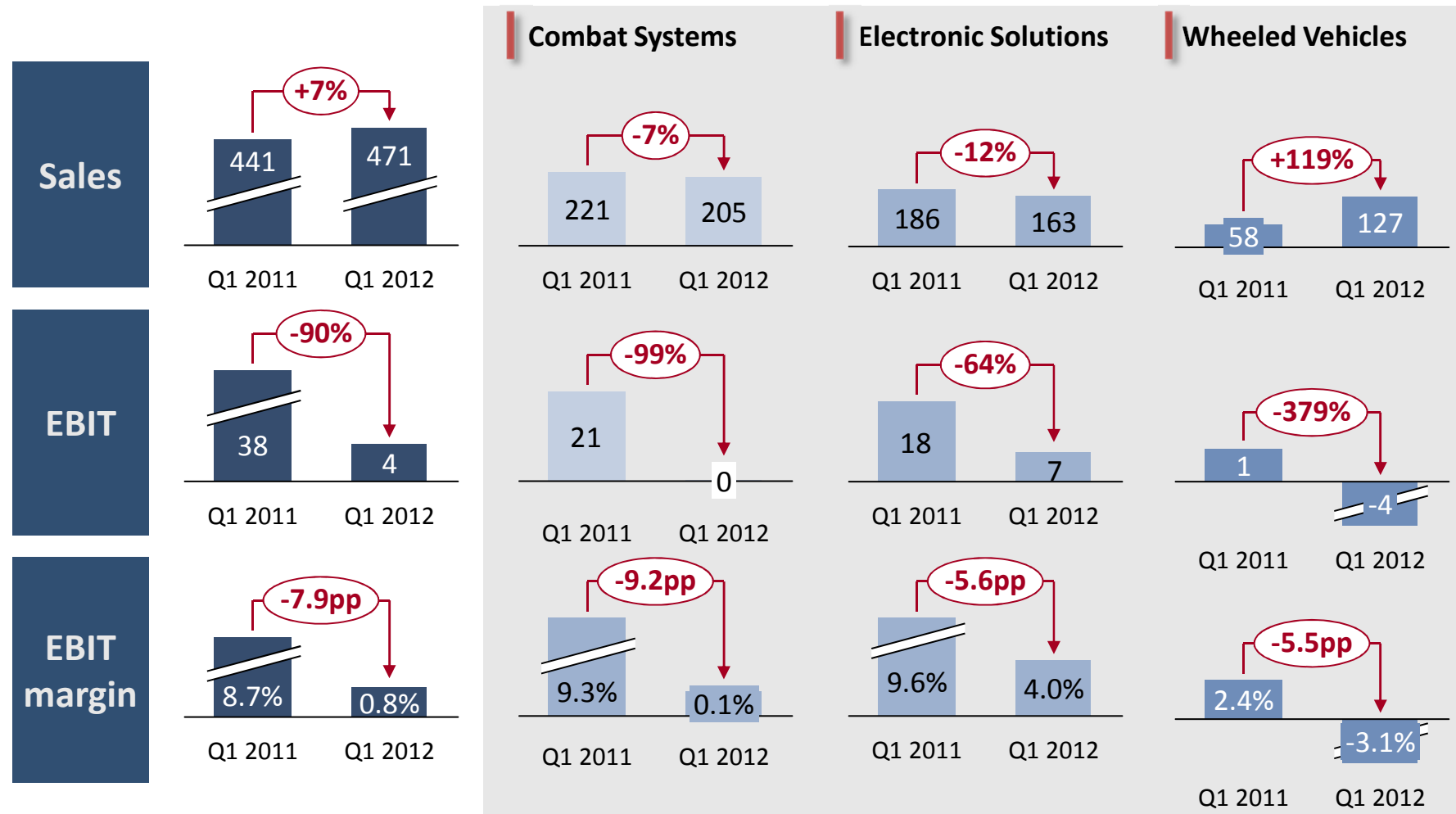
Tactical Vehicles

\* Inter-company sales not eliminated

\*\* Consolidated from 2012 onwards



## Key figures Defence by divisions





## Cash flow Defence

Defence € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)
<b>Net income</b>	<b>30</b>	<b>2</b>	<b>- 28</b>
Amortization / depreciation	19	22	+ 3
Change in pension accruals	- 5	- 3	+ 2
<b>Cash flow</b>	<b>44</b>	<b>21</b>	<b>- 23</b>
Changes in working capital and other items	- 293	- 173	+ 120
<b>Net cash used in operating activities</b>	<b>- 249</b>	<b>- 152</b>	<b>+ 97</b>
Cash outflow for additions to tangible and intangible assets	- 15	- 14	+ 1
<b>Free cash flow from operations</b>	<b>- 264</b>	<b>- 166</b>	<b>+ 98</b>



## New divisional structure in Automotive



Sales (FY2011)\*: € 2.4 billion

### Hardparts

€ 1.1 billion\*

Pistons

---

Bearings

---

Premium Aluminum Engine Blocks

### Mechatronics

€ 1.0 billion\*

Mechanical Pumps

---

Electrical Pumps

---

Emission Systems

---

Actuators

---

Solenoid Valves

### Motor Service

€ 0.3 billion\*

Kolbenschmidt Spare Parts

---

Pierburg Spare Parts

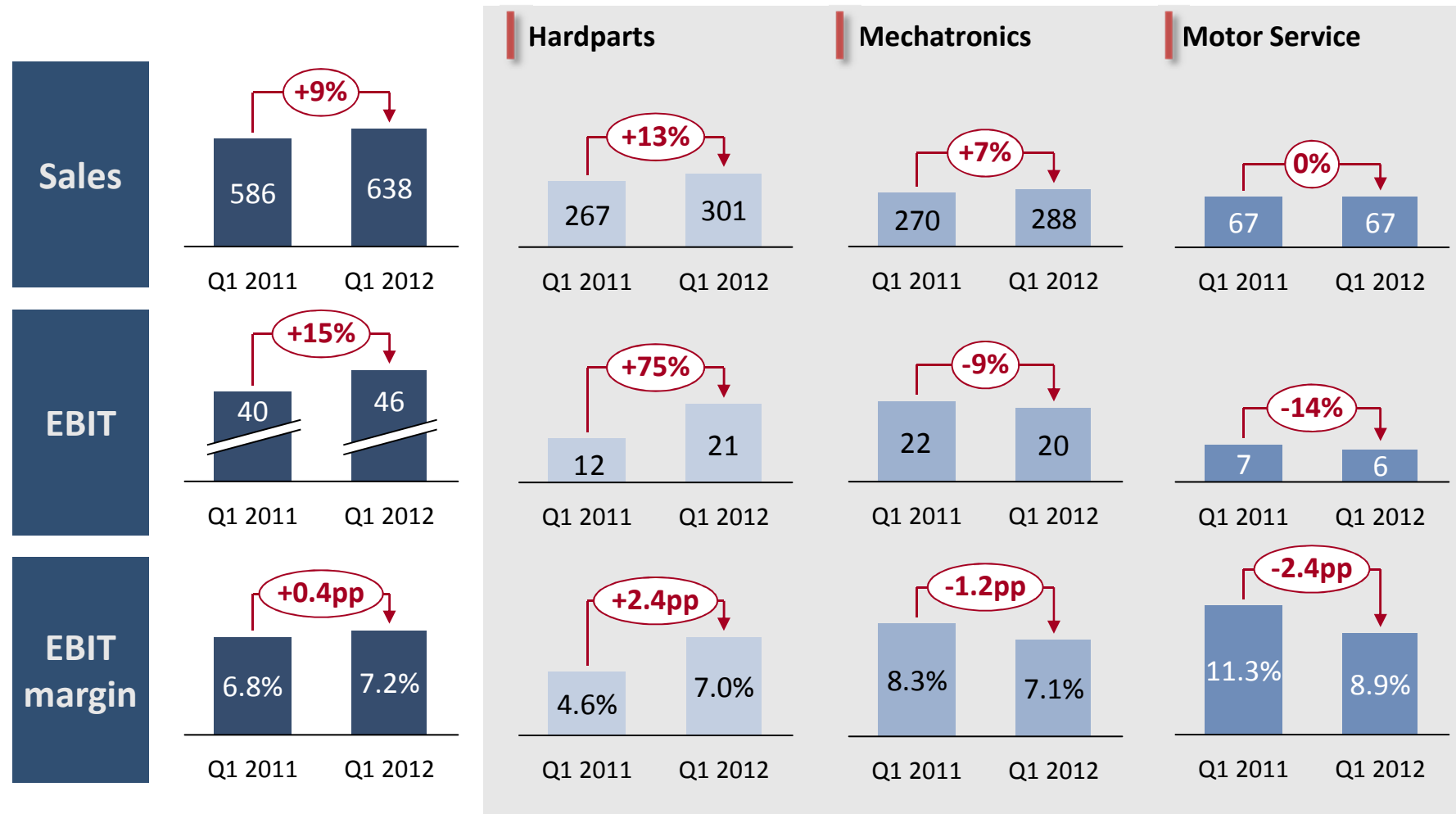
---

Selected Third Party Spare Parts

\* Inter-company sales not eliminated



## Key figures Automotive by divisions





## Cash flow Automotive

Automotive € million	Q1 2011	Q1 2012	Δ Q1 (2012/2011)
<b>Net income</b>	<b>28</b>	<b>31</b>	<b>+ 3</b>
Amortization / depreciation	25	26	+ 1
Change in pension accruals	- 1	- 2	- 1
<b>Cash flow</b>	<b>52</b>	<b>55</b>	<b>+ 3</b>
Changes in working capital and other items	- 50	- 71	- 20
<b>Net cash used in operating activities</b>	<b>2</b>	<b>- 16</b>	<b>- 17</b>
Cash outflow for additions to tangible and intangible assets	- 24	- 28	- 4
<b>Free cash flow from operations</b>	<b>- 22</b>	<b>- 44</b>	<b>- 21</b>





## 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 for 2012.

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](http://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.