



**TECHNOLOGIES FOR MOBILITY.
TECHNOLOGIES FOR SECURITY.
PASSION FOR BOTH.**



MOBILITY. SECURITY. **PASSION.**



Corporate Presentation

Rheinmetall AG, March 2017

Highlights Rheinmetall Group FY 2016

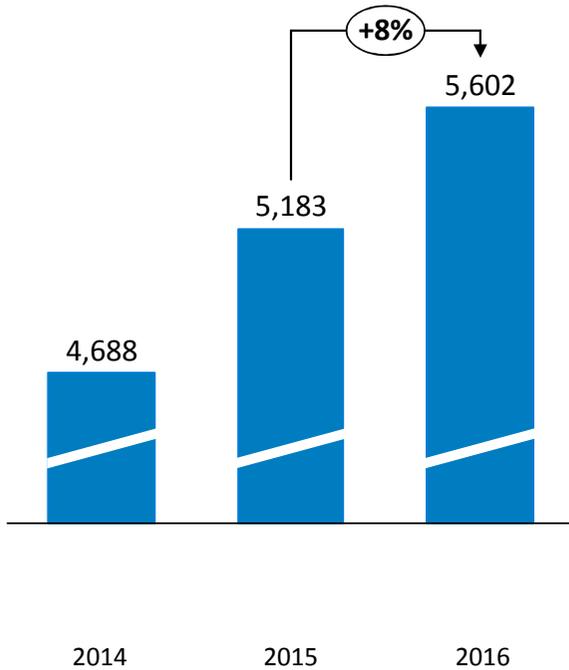
Performance improvements in both segments and high cash conversion



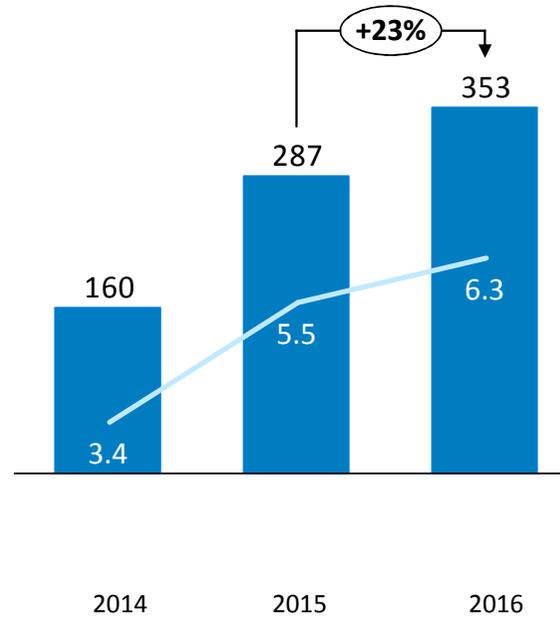
- **Guidance achieved:** €5.6 bn sales and margin of 6.3%
- **EBIT** increased by 23% to €353 m
- **Free cash flow** jumped from €29 m to €161 m
- **EPS** grew by 21% from €3.88 to €4.69
- **Dividend** proposal of €1.45
- **New Technology Initiative:** First activities started

Sales and profit growth boosted Free Cash Flow

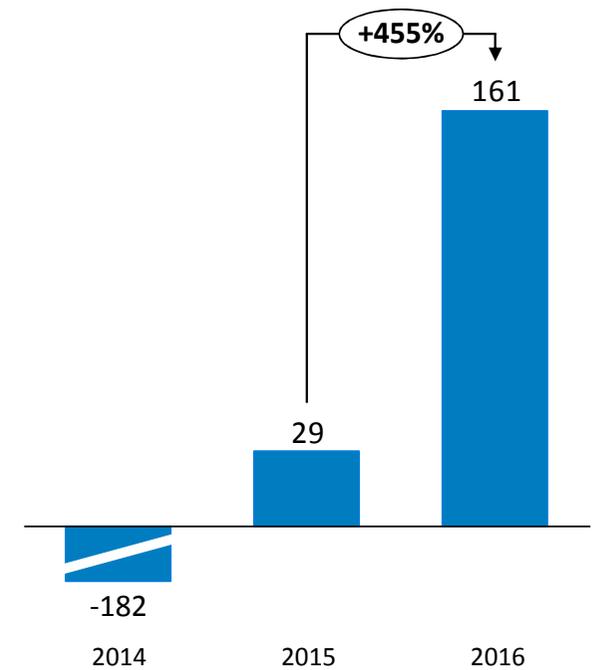
Sales
in EUR million



Operational Result in EUR million
Margin in %

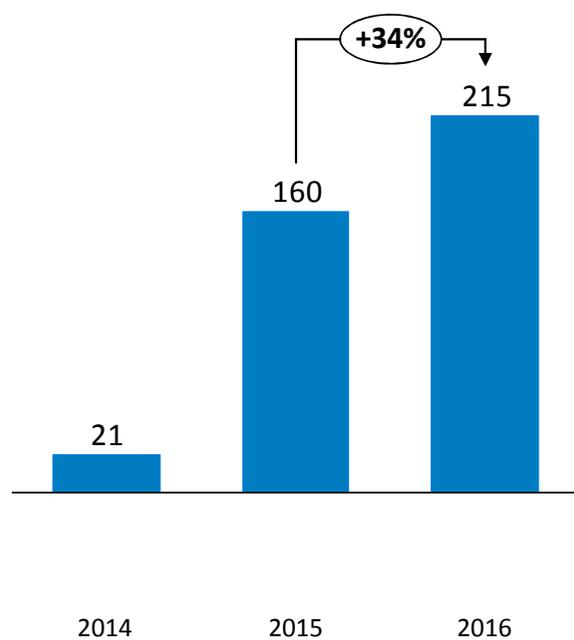


Operating FCF
in EUR million

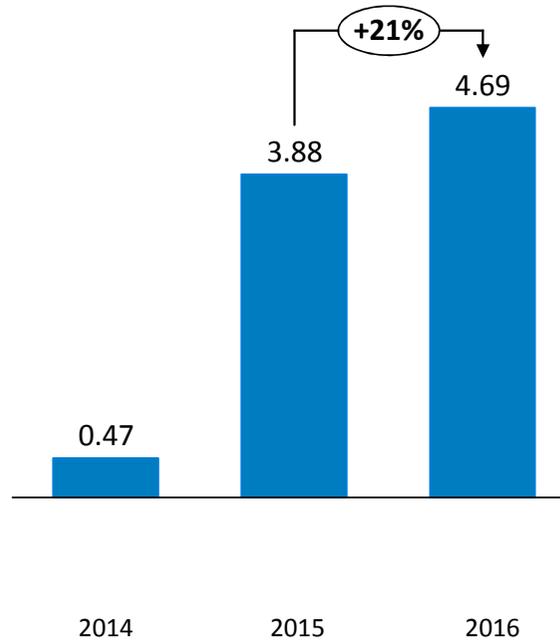


Increased net income transformed into higher dividend

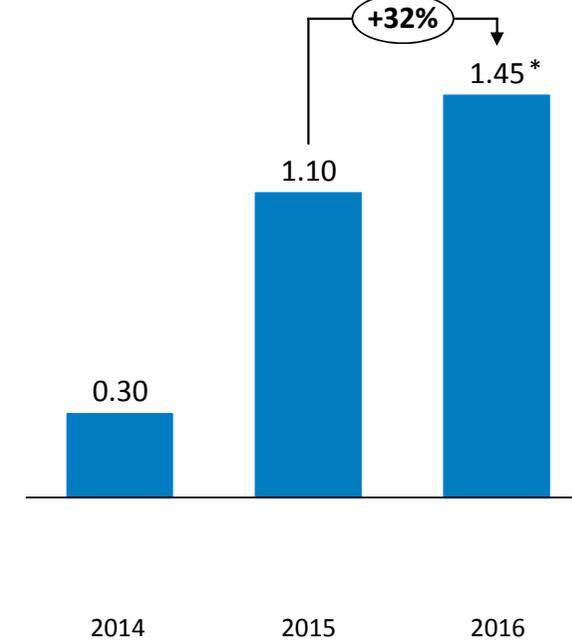
■ Net income
in EUR million



■ Earnings per share
in EUR million



■ Dividend per share
in EUR million

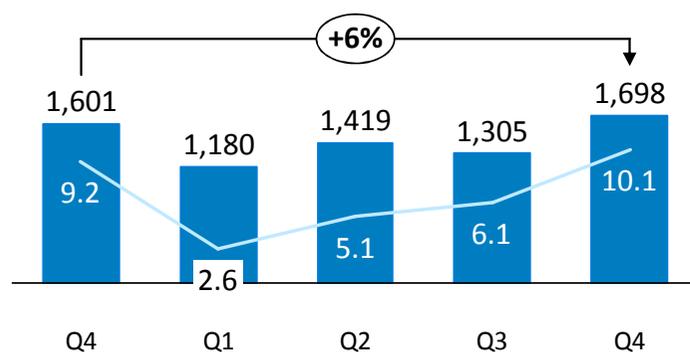


* Dividend proposal 2016 to the AGM 2017

Conversion of profitable growth into free cash flow

in EUR million	Q4 2015	Q4 2016	Δ %	FY 2015	FY 2016	Δ %
Sales	1,601	1,698	6.1%	5,183	5,602	8.1%
Operating result	147	172	17.0%	287	353	23.0%
Operating result margin in %	9.2	10.1	0.9 pp	5.5	6.3	0.8 pp
Operating Free Cash Flow	299	463	54.8%	29	161	>100%
Operating FCF / Sales in %	18.7	27.3	8.4 pp	0.6	2.9	2.3 pp

Quarterly sales and margins development

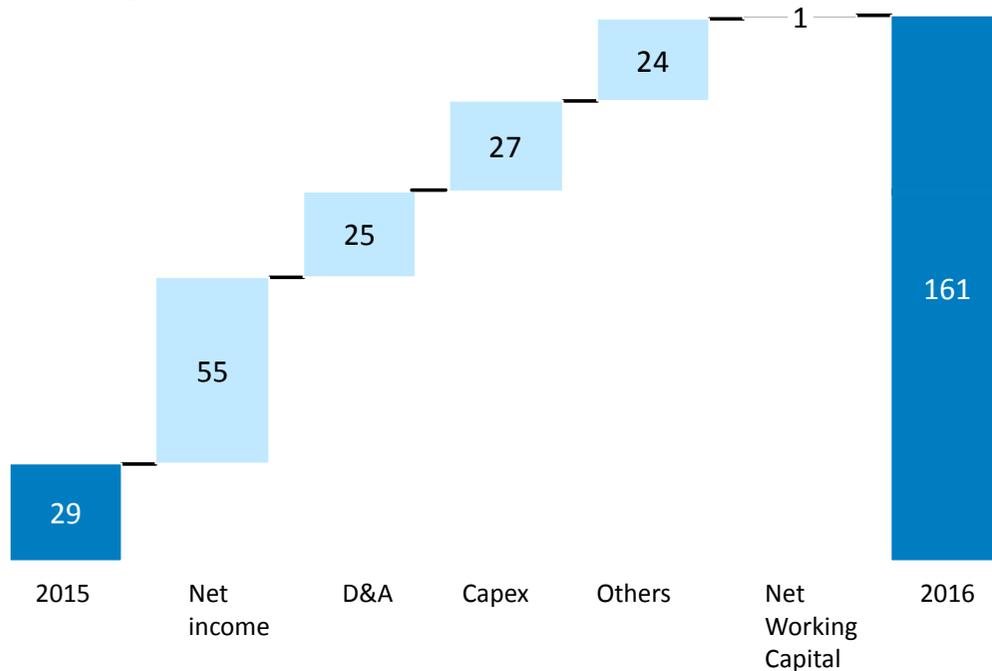


Comments on quarterly performance

- Solid year end performance in Defence and Automotive
- High result contribution from both segments
- Operating FCF impacted by higher EBITDA, lower capex, and successful working capital management

Operating Free Cash Flow improved materially

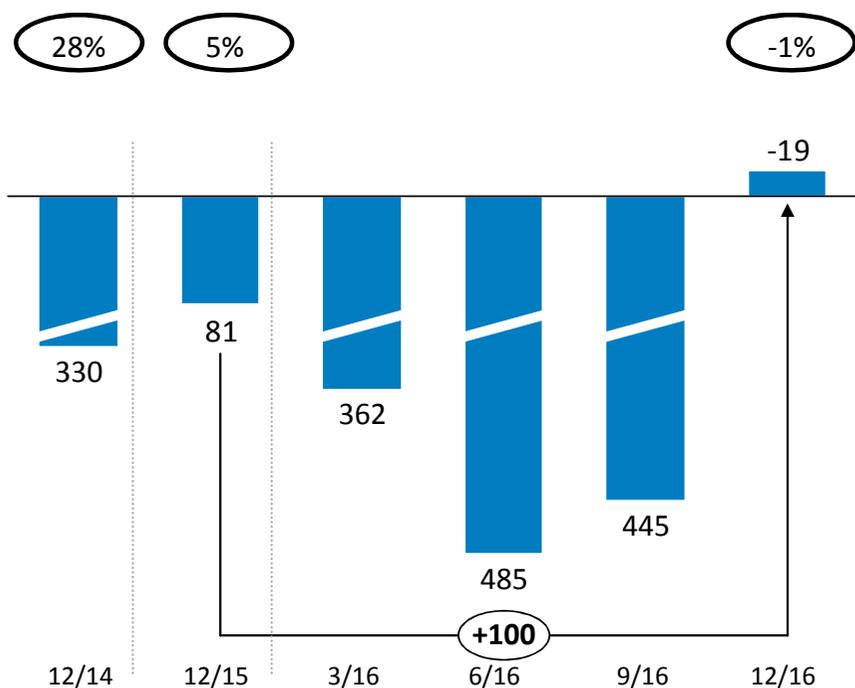
■ Operating Free Cash Flow changes y.o.y in EUR million



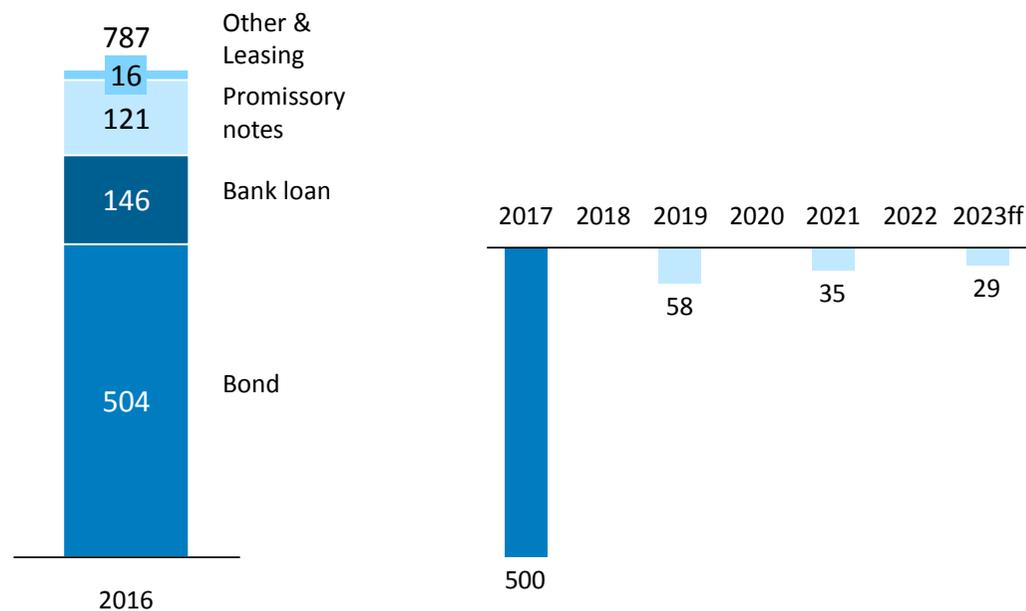
- Operational performance lifts net income by €55 m
- Higher D&A driven by Automotive
- Capex decreased in Automotive and Holding
- Others includes CTA funding (€30 m)
- Net-working capital stable despite higher sales
- Cash flow to sales ratio at 2.9% (strategic target 2-4%)

Net-financial debt considerably improved on positive cash development

■ **Net-financial debt** in EUR million at quarter end
Net Gearing in % at year end



■ **Debt composition and maturity profile of instruments**
in EUR million



Group ROCE of 12.3% clearly above capital cost

in EUR million	FY 2015	FY 2016	Δ abs.
EBITDA	490	581	+91
Operating result / EBIT	287	353	+66
Interest result	- 66	- 54	+12
EBT	221	299	+78
Net income	160	215	+55

- EBIT increase with major contribution from Defence
- Actual tax rate amounted to 28%
- Net income increased by 34%

in EUR million	31.12.2015	31.12.2016	Δ abs.
Equity	1,562	1,781	+219
Net debt	81	- 19	+100
Pension provisions	1,128	1,186	+58
Average capital employed*	2,710	2,860	+150
ROCE (in %)	10.6	12.3	1.7 pp

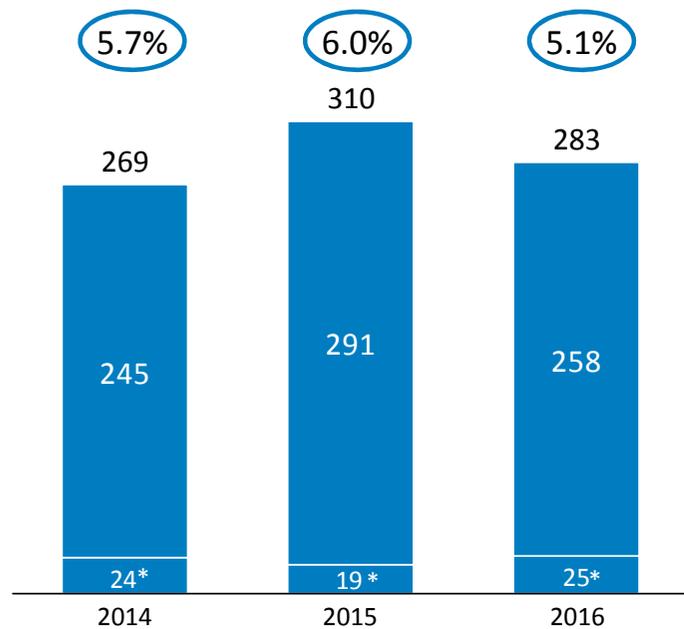
- Capital employed increased on positive equity development mitigated by reduced net-debt
- ROCE improved by 1.7 pp to 12.3%

*average capital employed is the mean of 2015/2016 year end figures

Stable capex and R&D levels support future growth

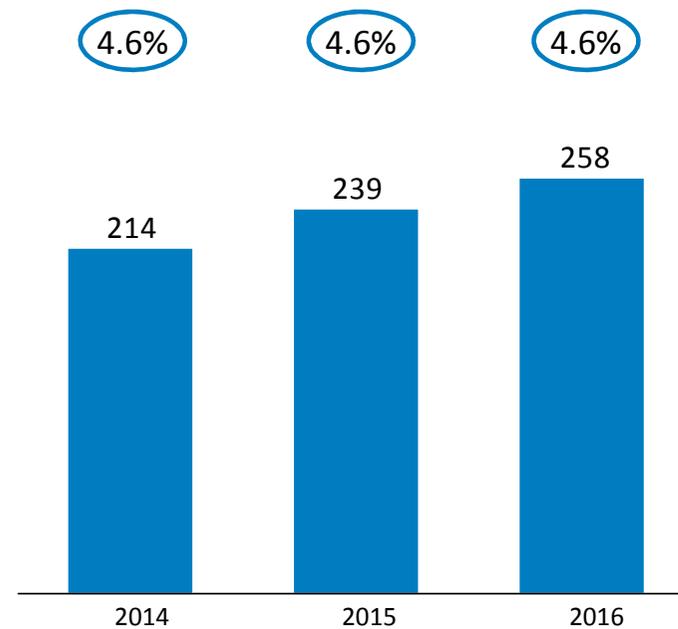
■ Capex Group

in EUR million / ratio in % of Group sales



■ Research & Development Group

in EUR million / ratio in % of Group sales



■ * Subsidies for Automotive tooling cost

■ Defence without externally funded R&D

First orders for public security and e-mobility

■ Public Security



Survivor vehicles
for German police forces

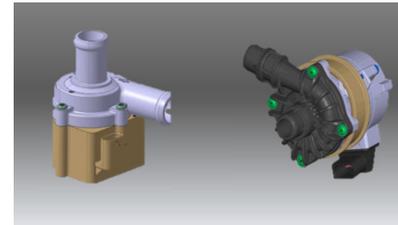


Drone detection systems
for Swiss prisons



Innovative body armor
for German police forces in
several states

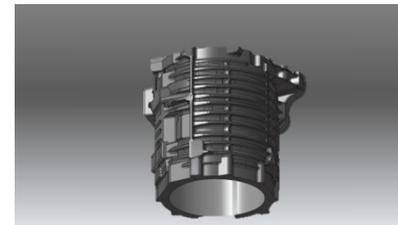
■ Electromobility



Pump technology for
electric vehicles



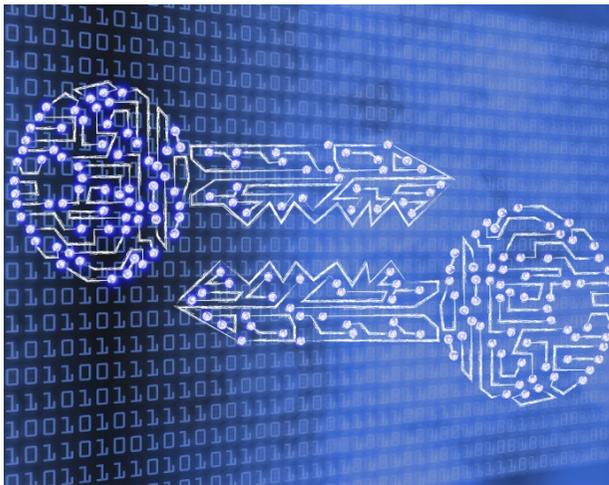
Aluminum battery boxes
for German premium OEM



Electric engine housing
for German premium OEM
to serve the Chinese market

Investments in „New Technologies” initiated

■ Cyber Security



- Development of two products finished
- Marketing phase started in 2017

■ 3D Techcenter



- Metal 3D print services
- First applications: Compressor wheel for turbo charger; hydraulic blocks for tanks

■ PanoView



- Merging modern sensor technology with virtual reality to create a real-time 360° view
- First marketing in Q1 2017

Addressing the basic needs and megatrends in Defence and Automotive

RHEINMETALL AG

Sales: EUR 5.6 billion

Employees: 20,800

RHEINMETALL DEFENCE

Sales: EUR 2.9 billion
Employees: 10,081

RHEINMETALL AUTOMOTIVE

Sales: EUR 2.7 billion
Employees: 10,820

SECURITY

Accumulating international conflict areas challenge the community of states ...
... and lead to rising needs of armed forces.

Basic need



Megatrend



Demand on markets

MOBILITY

Increasing world population, global trade, higher welfare and climate change ...
... lead to higher mobility and enhanced need for environmental-friendly powertrain technologies.

Figures: FY 2016



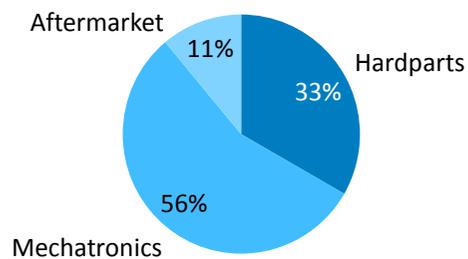
RHEINMETALL AUTOMOTIVE

Focused on the attractive segment of powertrain technology

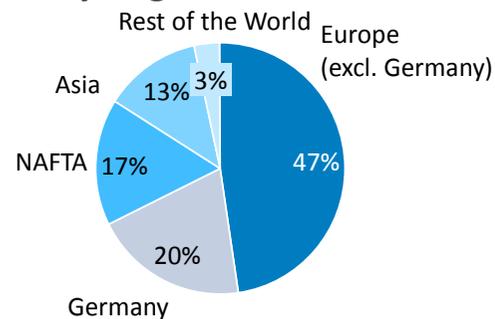
RHEINMETALL AUTOMOTIVE

EUR 2.7 billion consolidated sales

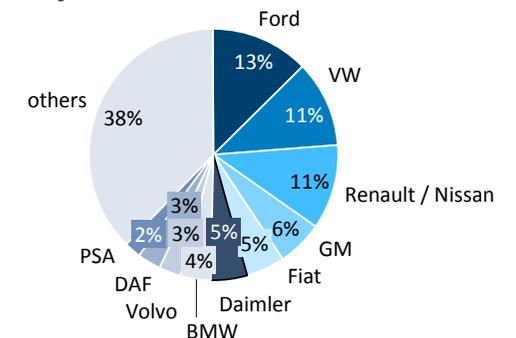
Sales by Division



Sales by Region



Sales by Customer



Hardparts

- Bearings

- Castings

- Pistons

- Large-bore Pistons

Mechatronics

- Automotive Emission Systems

- Solenoid Valves

- Commercial Diesel Systems

- Actuators

- Pump Technology

Aftermarket

Joint ventures with HASCO in China/Europe (50:50; consolidated at equity)

Sales figure FY 2016

Highlights Rheinmetall Automotive FY 2016

Automotive demonstrated margin resilience

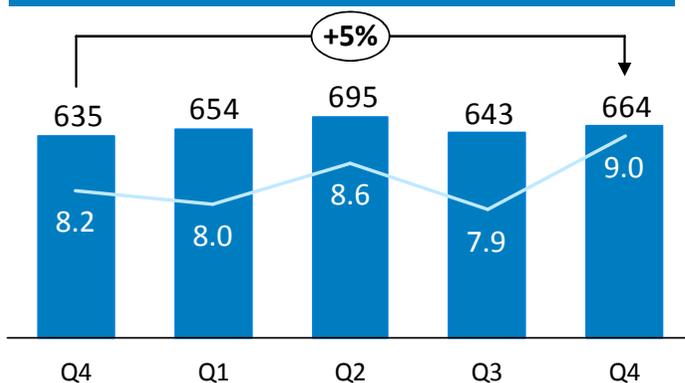


- **EBIT margin** rose to 8.4%
- Mechatronics **outperformed** with excellent sales and profitability
- Ongoing **challenges** in Brazil and a weakness in Large Bore Pistons
- **International footprint** expanded in China, India, Mexico and Czech Republic
- **First orders** for pure electric vehicles received

Automotive accelerated by excellent Mechatronics performance

in EUR million	Q4 2015	Q4 2016	Δ %	FY 2015	FY 2016	Δ %
Sales	635	664	4.6%	2,592	2,656	2.5%
Operating result	52	60	15.2%	216	223	3.0%
Operating margin in %	8.2	9.0	0.8 pp	8.3	8.4	0.1 pp
Operating Free Cash Flow	26	147	465%	96	105	9.4%
Operating FCF / Sales in %	4.1	22.1	18.0 pp	3.7	4.0	0.3 pp

Quarterly sales and margins development

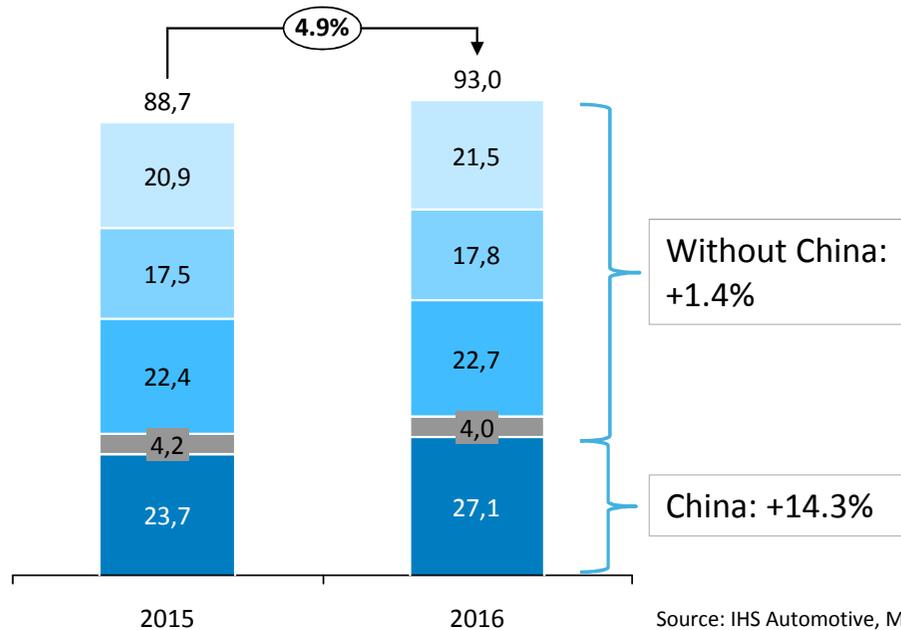


Comments on quarterly performance

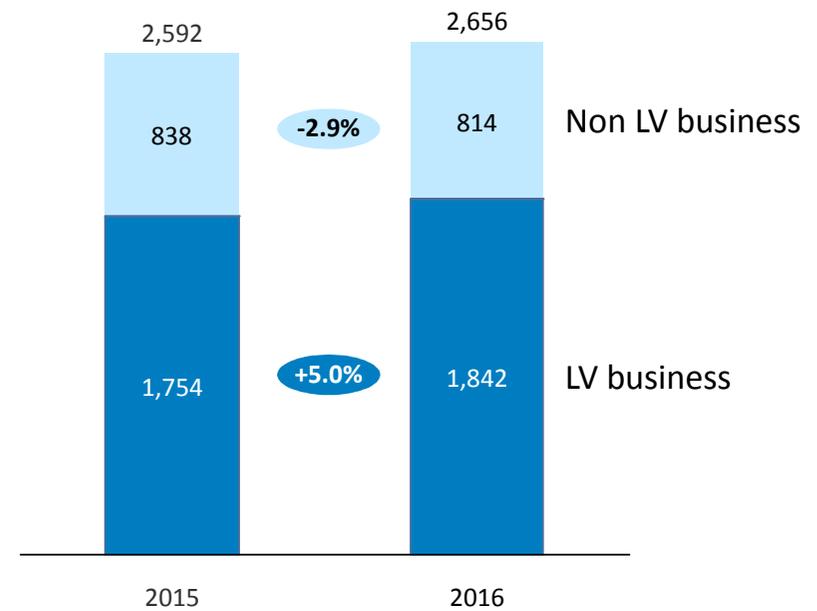
- 5% sales increase supported by all three divisions
- EBIT 15% above previous year, benefitting from Mechatronics
- Operating FCF advanced on higher EBITDA and improved net-working capital

Automotive car sales again outperforming global markets

■ **Global LV production**
in million units

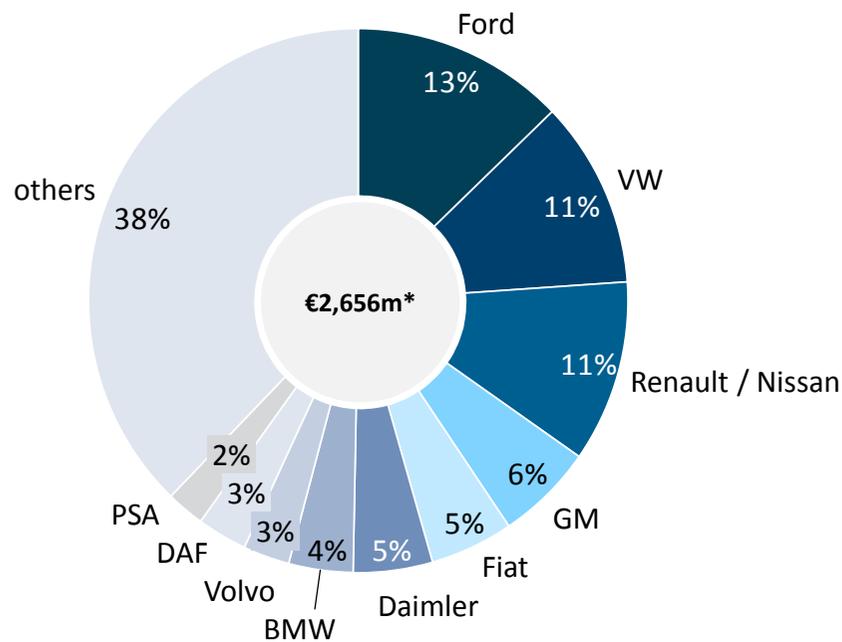


■ **Sales Automotive LV/Non-LV**
in EUR million

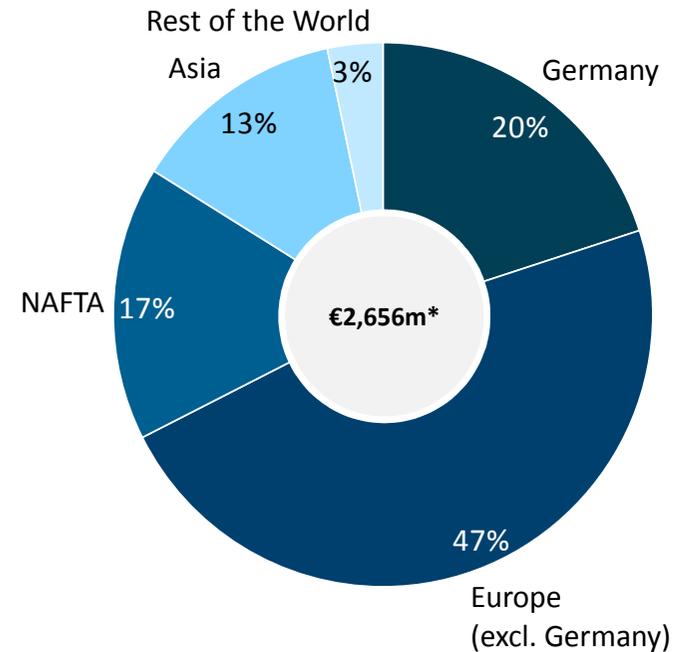


Automotive with broad and global customer portfolio

■ Sales by customers 2016
in %



■ Sales by region
in EUR million

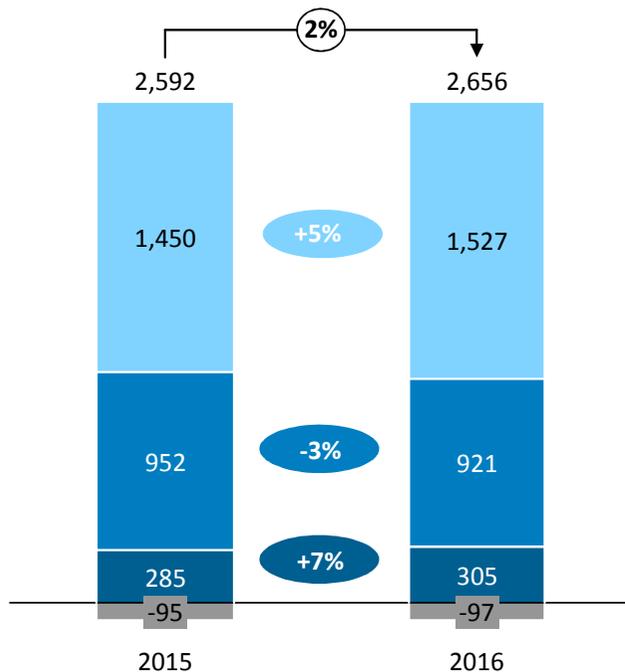


*Global sales excluding joint ventures

Further margin improvement at slightly increased sales level

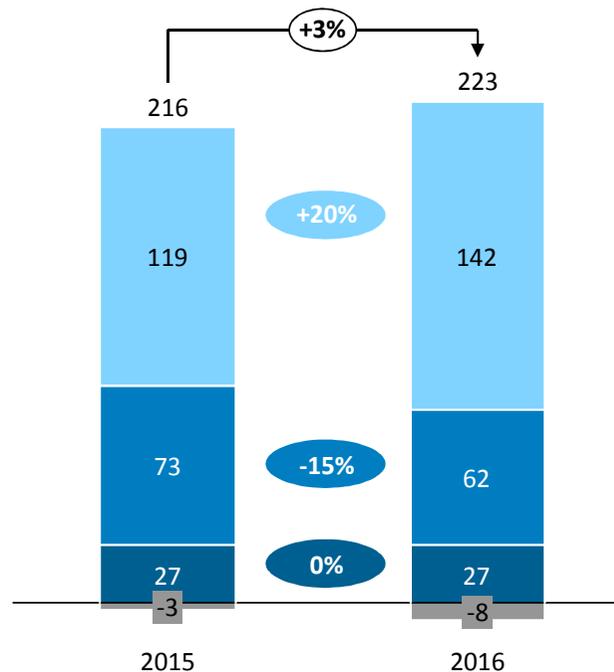
■ Sales Automotive

in EUR million



■ Operational earnings Automotive

in EUR million



■ Reasons for earnings development

Mechatronics

- Sales growth and very good profitability

Hardparts

- Declining sales due to Brazil and large-bore pistons business

Aftermarket

- Positive sales momentum
- Start-up costs of the factory in Czech Republic

Consolidation and others

- Increase related to provision build-up

Market drivers

Realization of growth in changing market conditions

Alternative drive technologies:

- Hybrid
- Electric vehicles



Global light vehicle production:

- Rising number of vehicles

Traditional drive technologies:

- Optimization of combustion engines

Digitalization:

- Autonomous driving
- Integrated data

Impact:



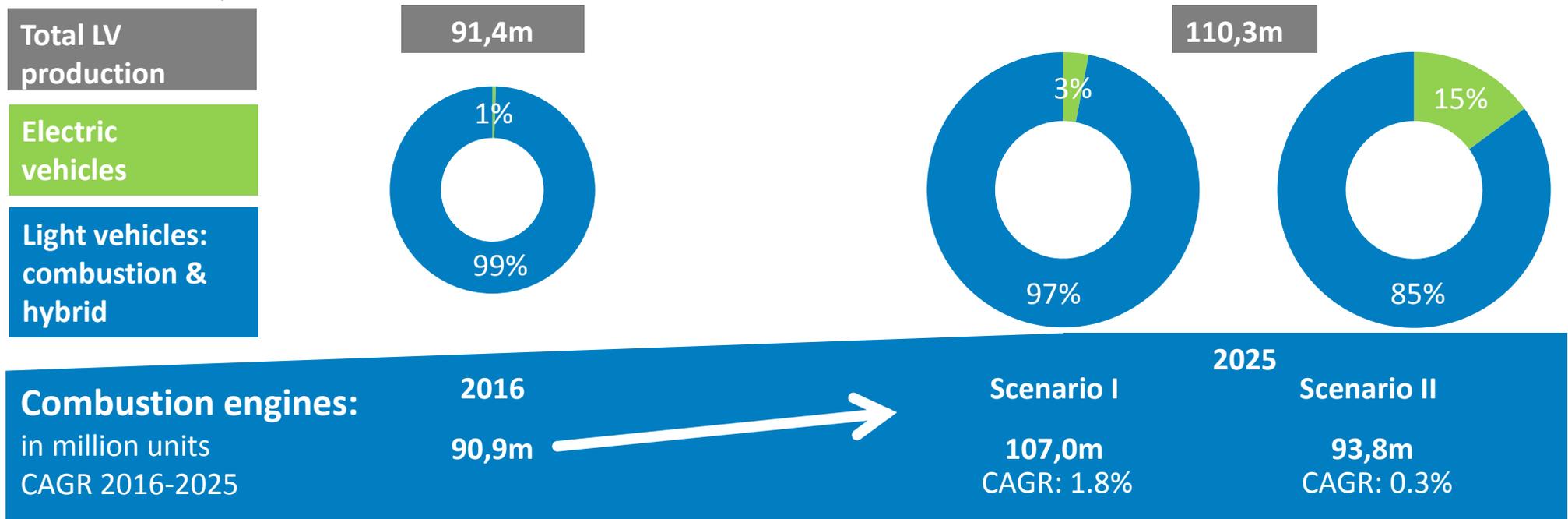
Gain powertrain neutrality:

- Global light vehicle production remains the backbone of growth
- Chances by new engine concepts

- Creating further products for electric engines
- Widening the chances for castings business beyond engine blocks and cylinder heads
- Defending the strong position in the pistons market with a focus on capacity management

Stable development even with quick introduction of electric engines

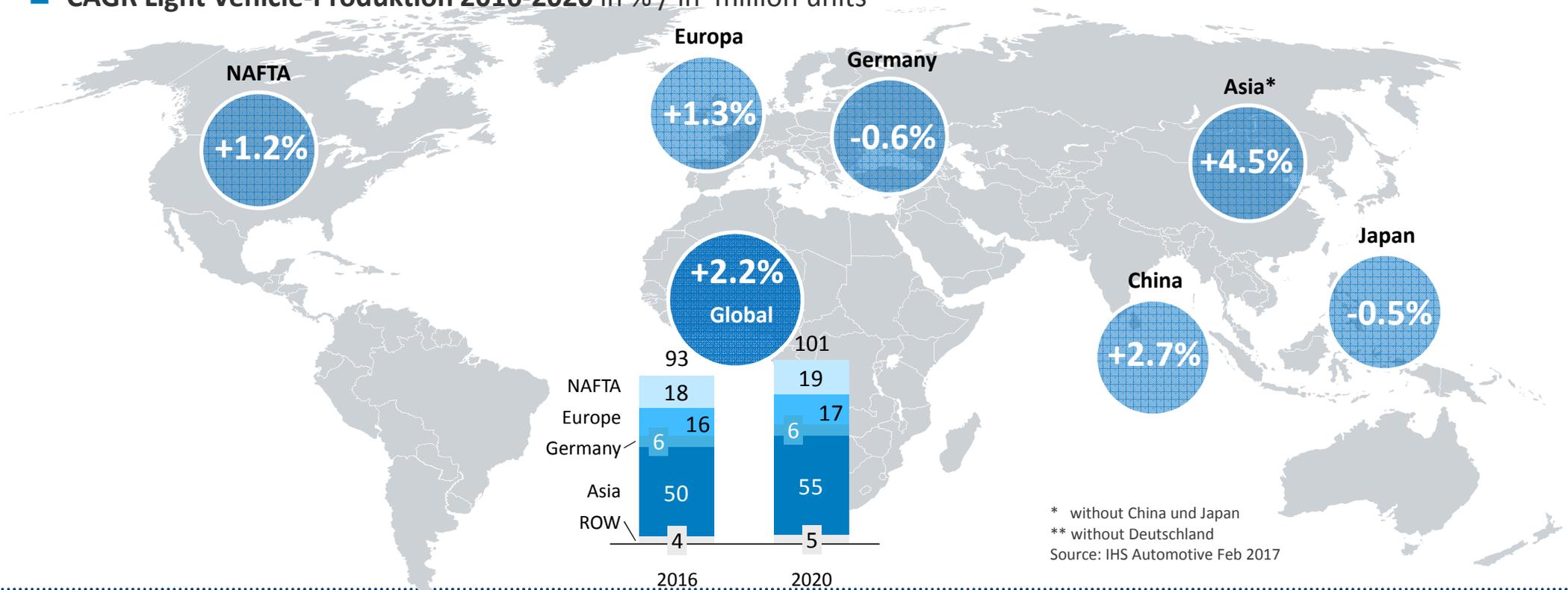
■ Combustion engine market share development in % of total LV production



Source: IHS Automotive (September 2016), own estimates

Global LV production forecasted to grow

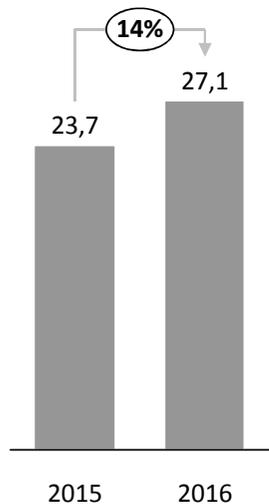
■ CAGR Light Vehicle-Produktion 2016-2020 in % / in million units



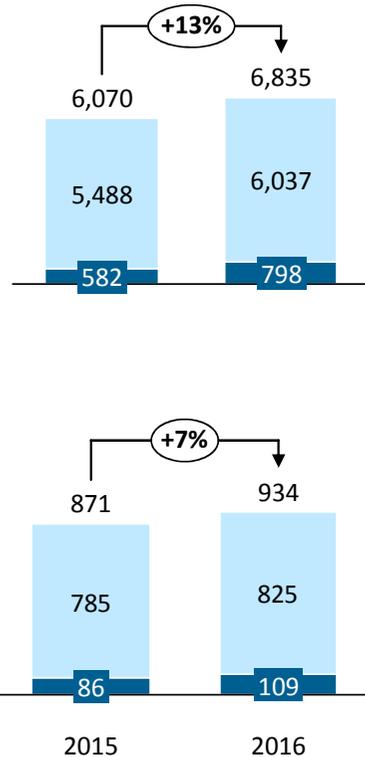
Impressive profitability improvement of Chinese activities

China LV production

in million units

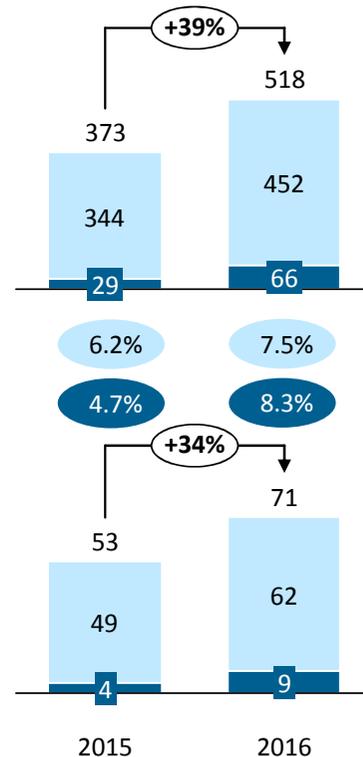


Sales in CNY million



CNY million

EBIT in CNY million / in %



EUR million

- Sales growth in line with market development in local currency
- FX Effect on sales -€43.7 m
- Strong and profitable growth in JVs bringing margin to 7.5%
- 100% subsidiaries with very good sales and EBIT contribution, margin at 8.3%

■ JVs
■ WFOEs

Including 100% figures of 50/50 JV, consolidated at equity
WFOE = Wholly Foreign-Owned Enterprise

Three mainstreams for future mobility



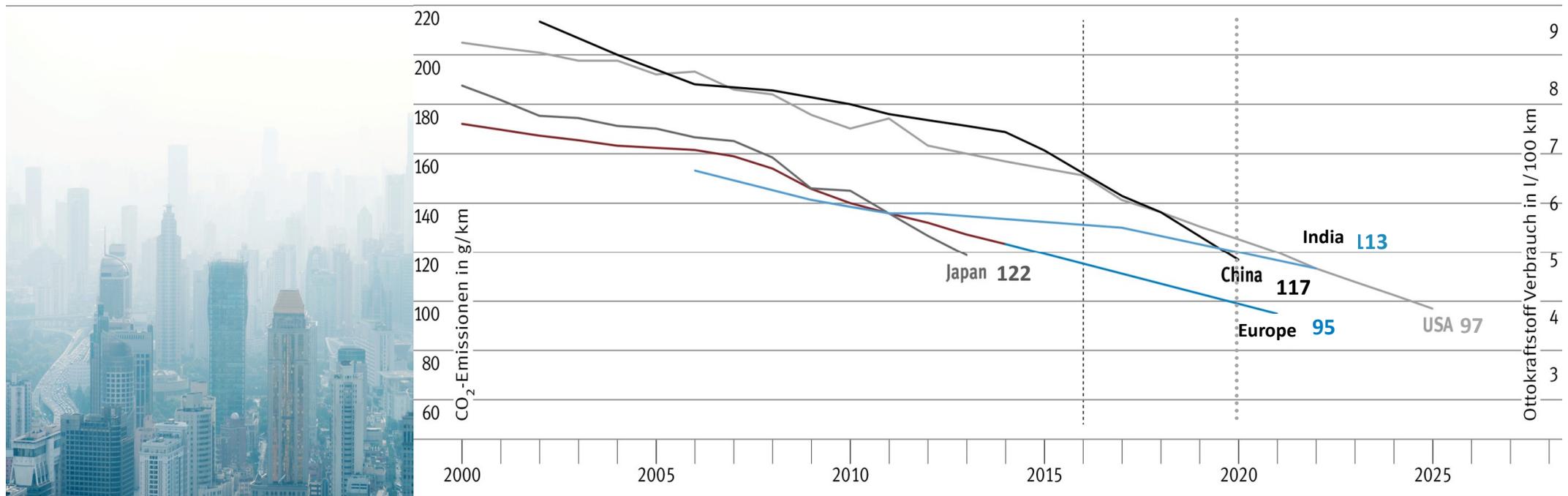
Efficiency

Electrification

New
Technologies

Global CO₂-Emissions regulation gets tougher

■ CO2 Emission in g/km



*Note that Japan has already exceeded its 2020 statutory target, as of 2013

Source: ICCT

Rheinmetall Automotive's Road to 95



130 g CO₂/km
2015

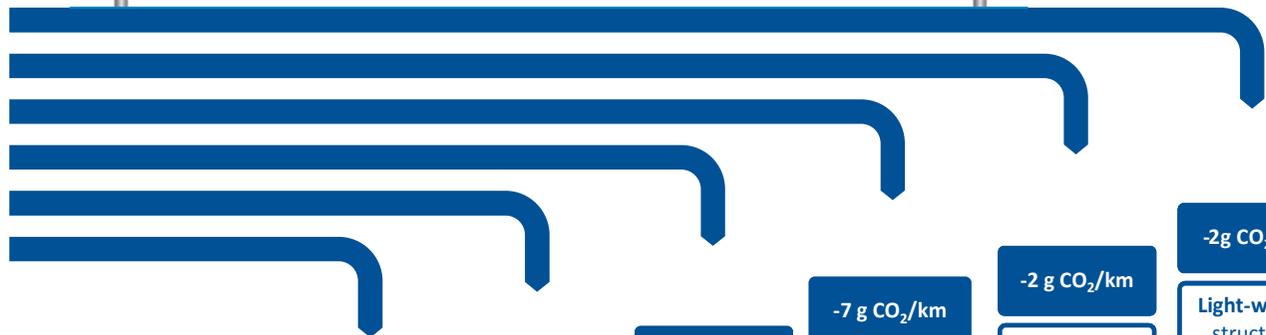


95 g CO₂/km
2020



Description vehicle model
(Basis)

1.4L 4-cylinder gasoline engine
with DI-injection and single-
stage turbocharging (115kW)



Rheinmetall Automotive products

-1 g CO₂/km

Variable oil pump

-3 g CO₂/km

Tribo-system

-3 g CO₂/km

Var. cool. pump

-7 g CO₂/km

Var. valve train

-2 g CO₂/km

El. low-press. EGR

-2g CO₂/km

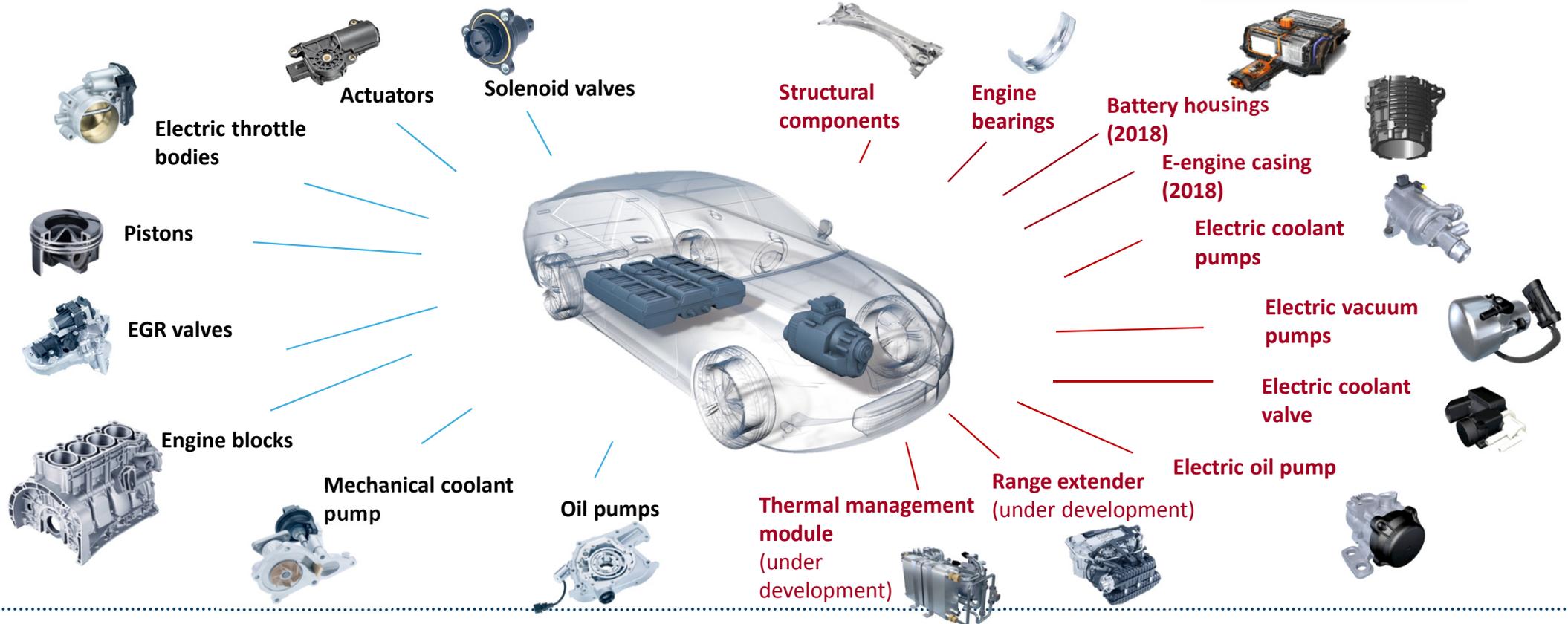
Light-weight structural parts

Trend of hybridization opens potential for more Rheinmetall products

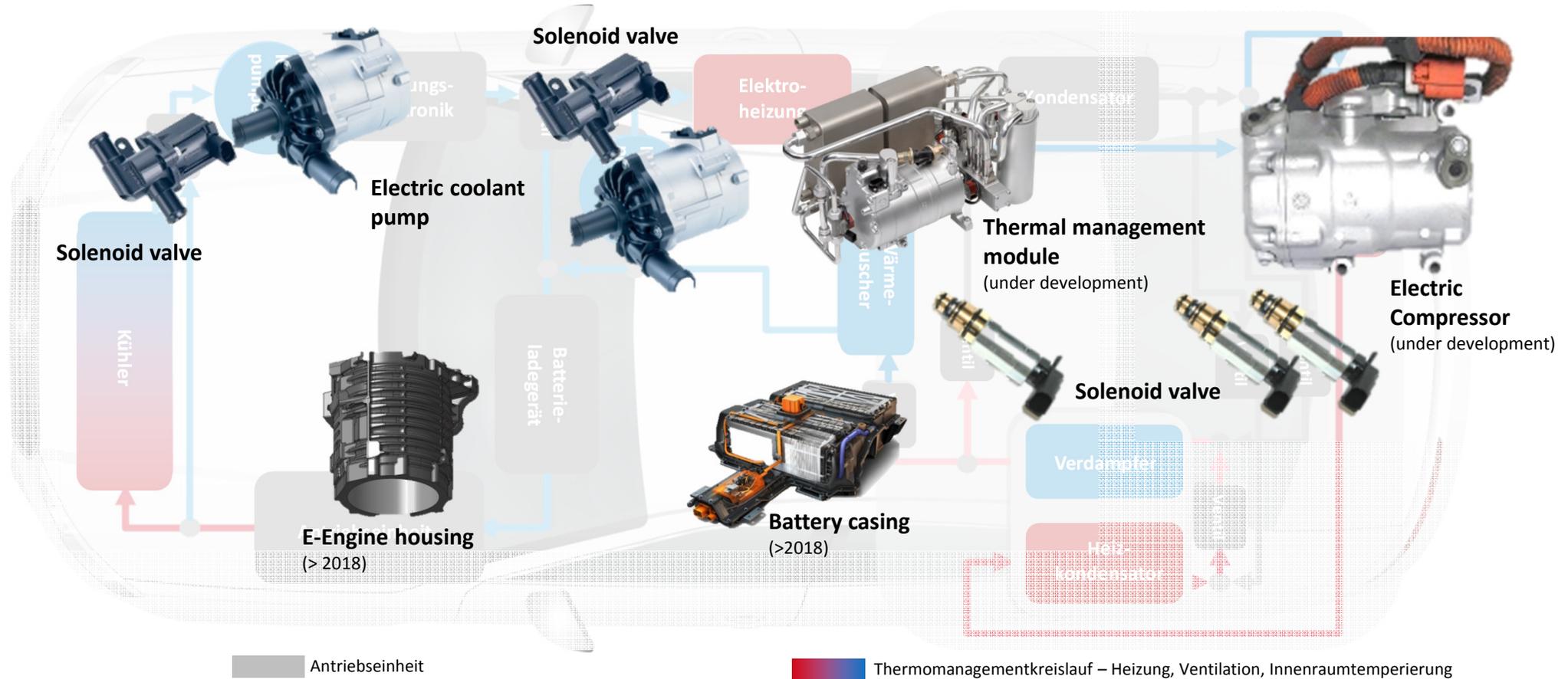
Enlarging the traditional product portfolio for combustion engines...



... by products for hybrid and electric engines



Full electric vehicles – complexity creates potential



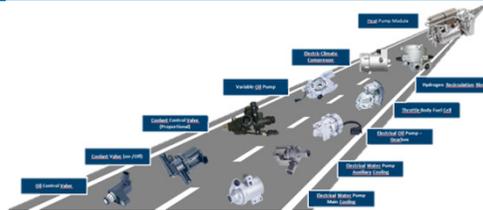
Automotive strategy survey

Hardparts



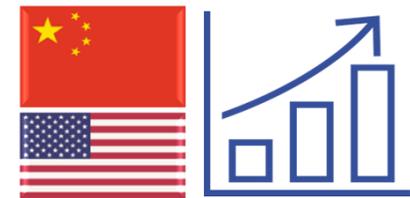
1. **Focused** investment strategy
2. **Optimization** of global footprint
3. **Selective** growth
4. **Focus** on cash generation

Mechatronics



1. **International** growth
2. Strengthen **thermal management** competence
3. **Load pipeline** for emission reduction, fuel economy and electrification
4. Build up **system competence** for hybridization and EV

Aftermarket



1. **Growth** in **dedicated** markets
2. **Enlarge** product portfolio and own production
3. **Expand** Aftermarket sales share in Automotive
4. **Adopt** changing customer order behavior

Automotive network in China - Mechatronics

Multi-channel approach of Mechatronics in China:

- **New: Pierburg Yinlun Emission Technology (51%)**
- **Pierburg China Ltd. (100%, founded 2009)**
- **Pierburg Huayu Pump Technology (50%, founded 2014)**
- **Pierburg Mikuni Pump Technology (51%, founded 2010)**

Joint venture for the production of modules for cooled exhaust-gas recirculation

- Headquarter: Shanghai region
- Customers: Chinese market
- Founded: December 2016

EGR cooler module



Compact EGR valve

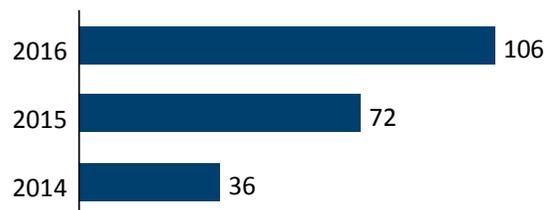


Partner: Zhejiang Yinlun Machinery Co.

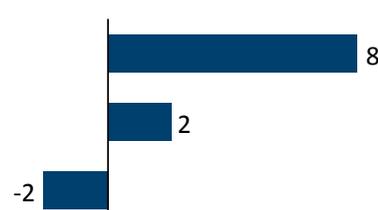
- Leading manufacturer of automobile radiators in China, renowned trademark
- Production of heat exchangers and components for emission reduction
- Sales 2016: CNY3.2 bn* (~EUR400 m)

* Source: Bloomberg

Mechatronics in China
Sales in EUR million



EBIT in EUR million



Summary:

Automotive is well prepared

Markets and Customers:

- We expect a stable market with moderate growth rates in the medium term
- China will be the growth driver, Europe and NAFTA might weaken
- Brazil seems to have left the worse behind



Performance and Products:

- Mechatronics will be the growth driver in the next years
- Hardparts will streamline the global footprint to optimize assets and cost structure
- Aftermarket will return to former profitability after ramp-up own production facilities



New Mobility Concepts:

- Hybrid cars and e-cars offer chances for new products and higher content per car
- Refocus of R&D spending to enlarge the product portfolio
- Product pipelines are filled for every type of power trains in the coming years



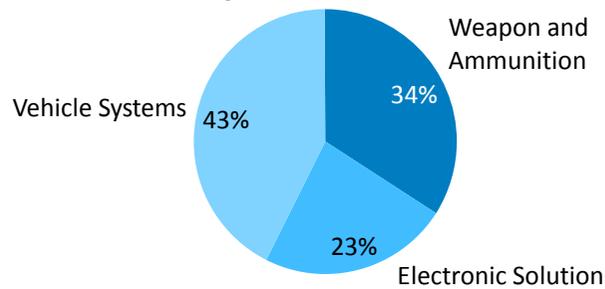


RHEINMETALL DEFENCE

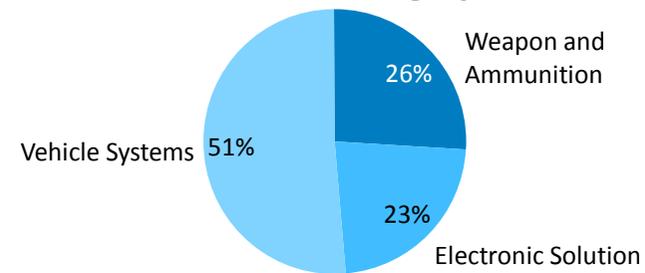
Divisional structure of Defence

RHEINMETALL DEFENCE

■ Sales by Division



■ Order backlog by Division



Weapon and Ammunition

Weapon and Mmunition

Protection Systems

Propulsion Systems

Electronic Solutions

Air Defence & Radar Systems

Mission Equipment

Simulation and Training

Technical Publications

Vehicle Systems

Logistic Vehicles

Tactical Vehicles

* after consolidation

Sales figure FY 2016

Highlights Rheinmetall Defence FY 2016

Defence delivered excellent 2016 results and gears up for future growth

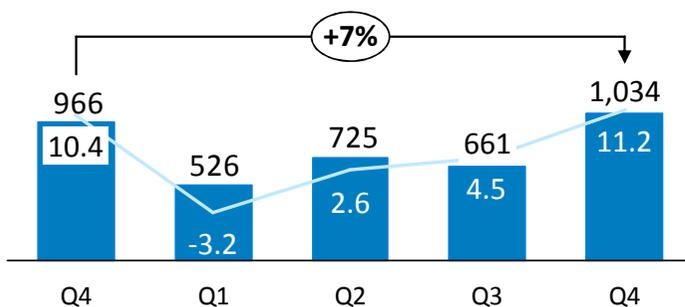


- Order execution well on track with **sales growth** >10%
- **EBIT margin** improved from 3.5% to 5.0%
- High order entry leads to **book-to-bill ratio** of 1.04
- **Down selection** in major vehicle programs
- Presentation of Lynx and 130mm high-pressure gun
- **Internationalization progressing** with new JVs in the US, Poland and Turkey

Defence with excellent cash conversion on improved profitability

in EUR million	Q4 2015	Q4 2016	Δ %	FY 2015	FY 2016	Δ %
Order entry	919	725	-21.1%	2,693	3,050	13.3%
Sales	966	1,034	7.0%	2,591	2,946	13.7%
Operating result	101	115	14.3%	90	147	62.7%
Operating margin in %	10.4	11.2	0.8 pp	3.5	5.0	1.5 pp
Operating Free Cash Flow	266	319	19.9%	- 38	103	>100%
Operating FCF / Sales in %	27.5	30.9	3.4 pp	- 1.5	3.5	5.0 pp

Quarterly sales and margins development



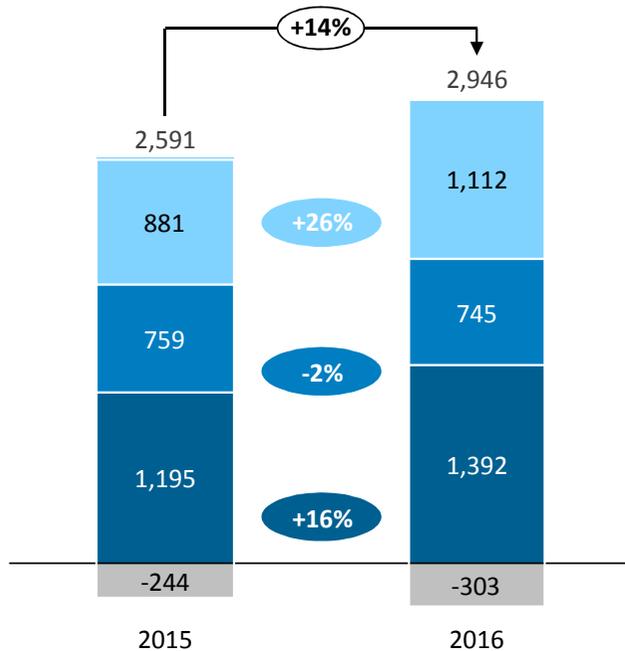
Comments on quarterly performance

- Order entry lower as Q4 15 included large scale orders
- Sales and operating result driven by Vehicle Systems
- Operating FCF rose on earnings and working capital development

Profitable growth especially in Weapon and Ammunition and Vehicle Systems

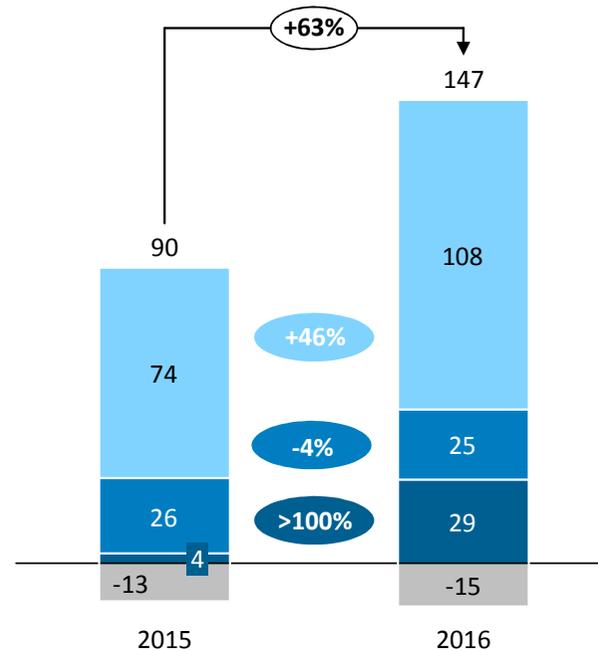
Sales Defence

in EUR million



Operational earnings Defence

in EUR million



Reasons for earnings development

Weapon and Ammunition

- Significantly higher sales

Electronic Solutions

- Lower sales
- Persistent losses in Norway

Vehicle Systems

- Topline growth
- Earnings rose on improved utilization

Consolidation and others

- Expansion of the international network and incurred losses at RIE*

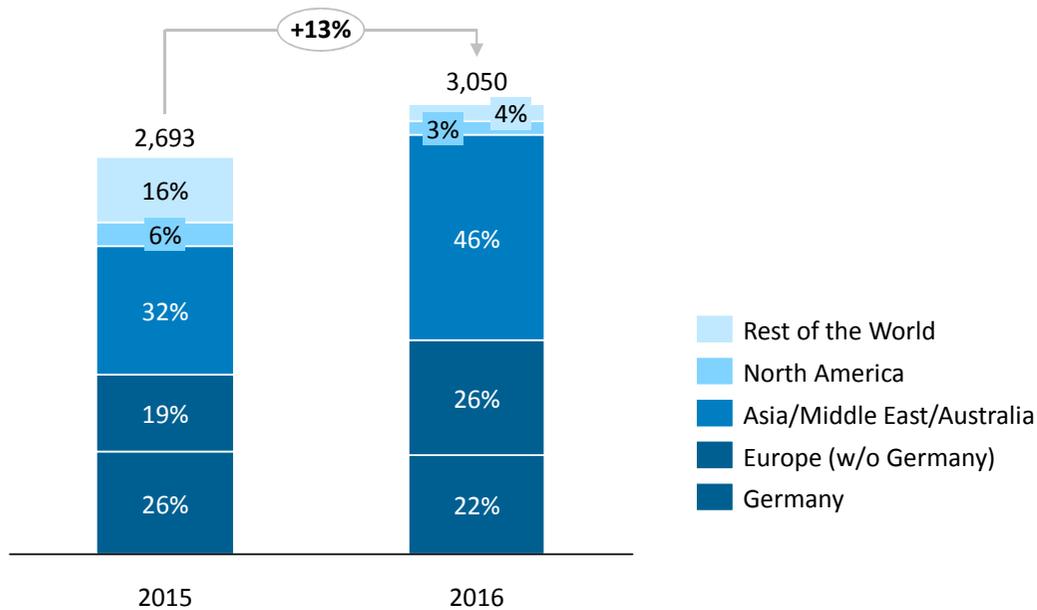
* Rheinmetall International Engineering GmbH

Weapon a. Ammunition Electronic Solutions Vehicle Systems Consolidation

Regional distribution documents success of internationalization strategy

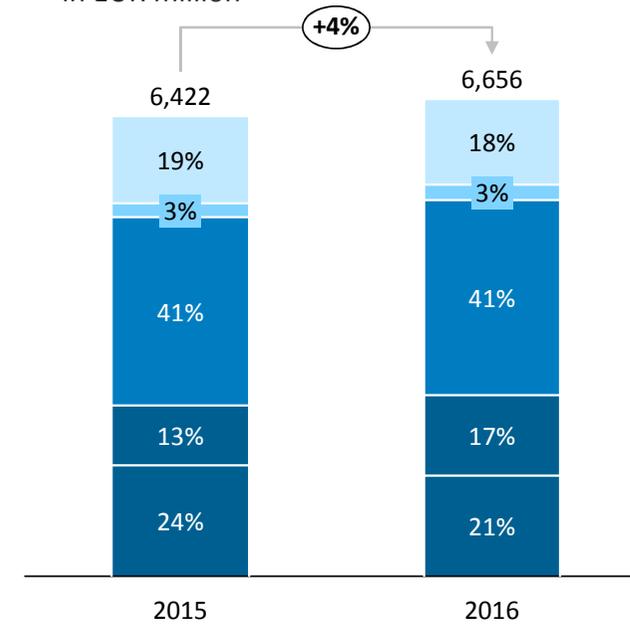
Order intake by region

in EUR million



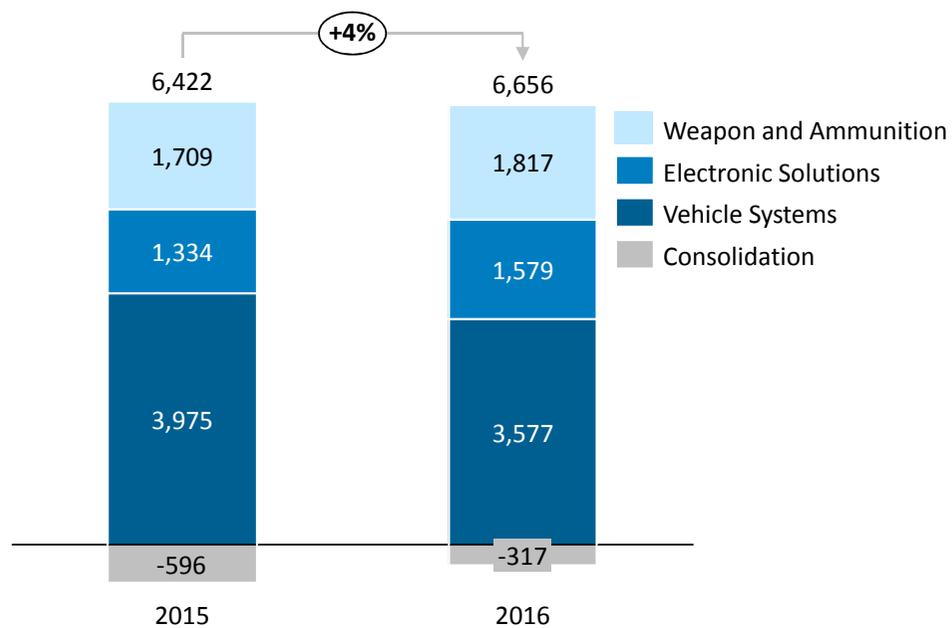
Order backlog by region

in EUR million

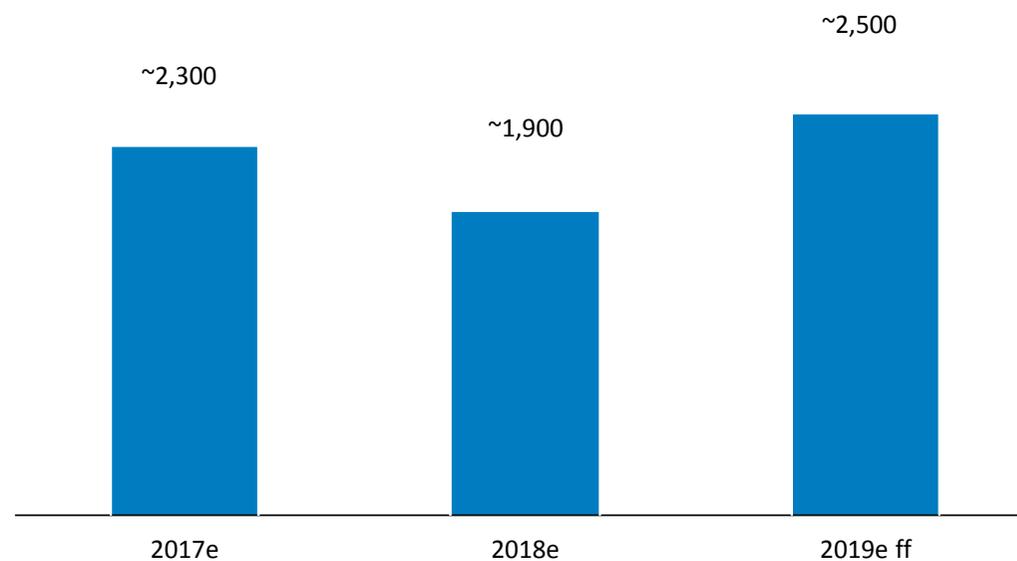


High order book coverage of near-term sales

Order backlog by division
in EUR million



Order backlog profile
in EUR million

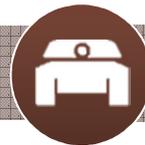


Benefitting from growing and changing markets



Impact:

- Long-lasting market growth
- Increasing need for state-of-art products



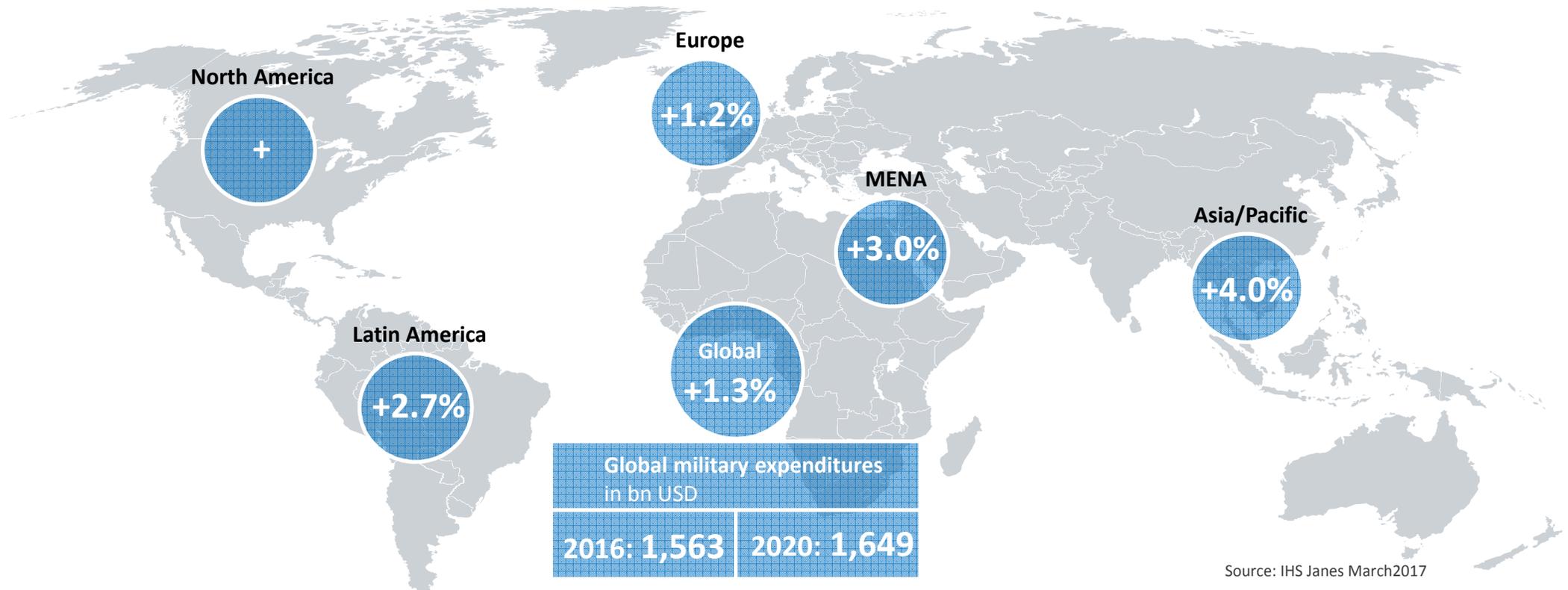
Systematic expansion to security markets:

- Innovations and system solutions
- Expansion to civil applications

 **Diversify end markets**

Defence is at the beginning of long lasting market growth

■ Defence budgets development 2016 – 2020 in % p.a.



Source: IHS Janes March2017

Further increase of German defence budget expected

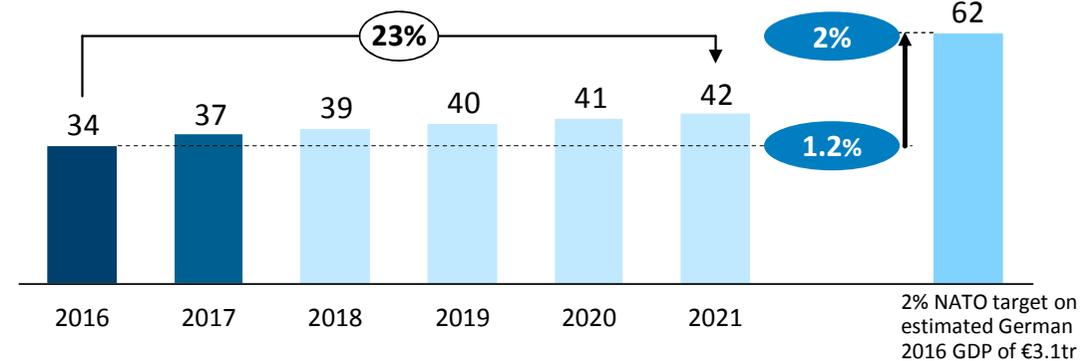
■ Enhanced future profile of German Bundeswehr

- “Anchor army” for smaller neighbors
- Leading role in the “enhanced Forward Presence” in Lithuania
- Framework nation in the “Very High Readiness Joint Task Force” as of 2019
- Increasing number of international mandates, e.g Mali

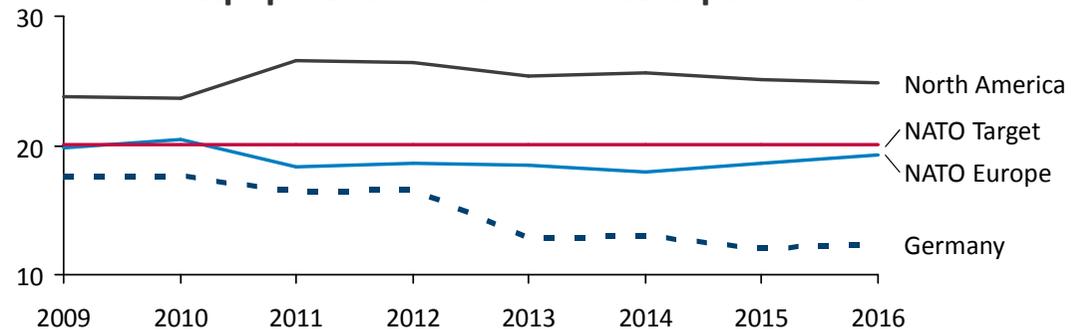
* Source: Federal Ministry of Finance, Federal budget 2017 and Financial Plan 2018-2021

** NATO 03/2017: Equipment expenditure as a share of defence expenditure based on 2010 prices and currencies

■ German Defence budget 2016-2021 in EUR billion*



■ NATO equipment in % of defence expenditure **



High domestic order potential



- Expansion and service of **simulation center**
- Modernization program **Fox**
- Additional **Leopard 2**
- Partnering agreement **ammunition restocking**
- New military **trucks**
- Additional **Gladius soldier systems**
- Equipment upgrade and increased order volume for **Puma**
- **Mobile tactical communications network (MoTaKo)**

Potential (gross value):

short-term ~ €2 bn

medium to long-term > €10 bn

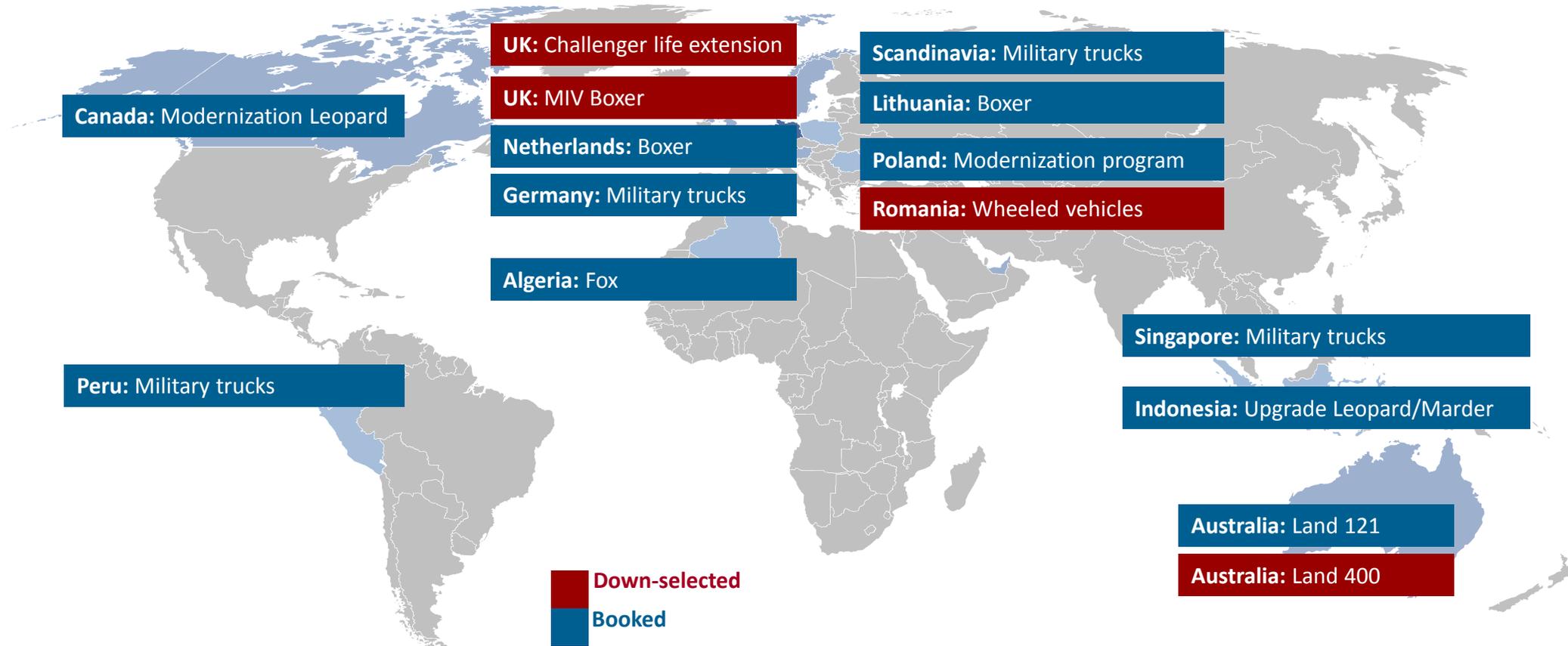
Down selection in major international vehicle systems offers potential

Boxer with
Lance turret

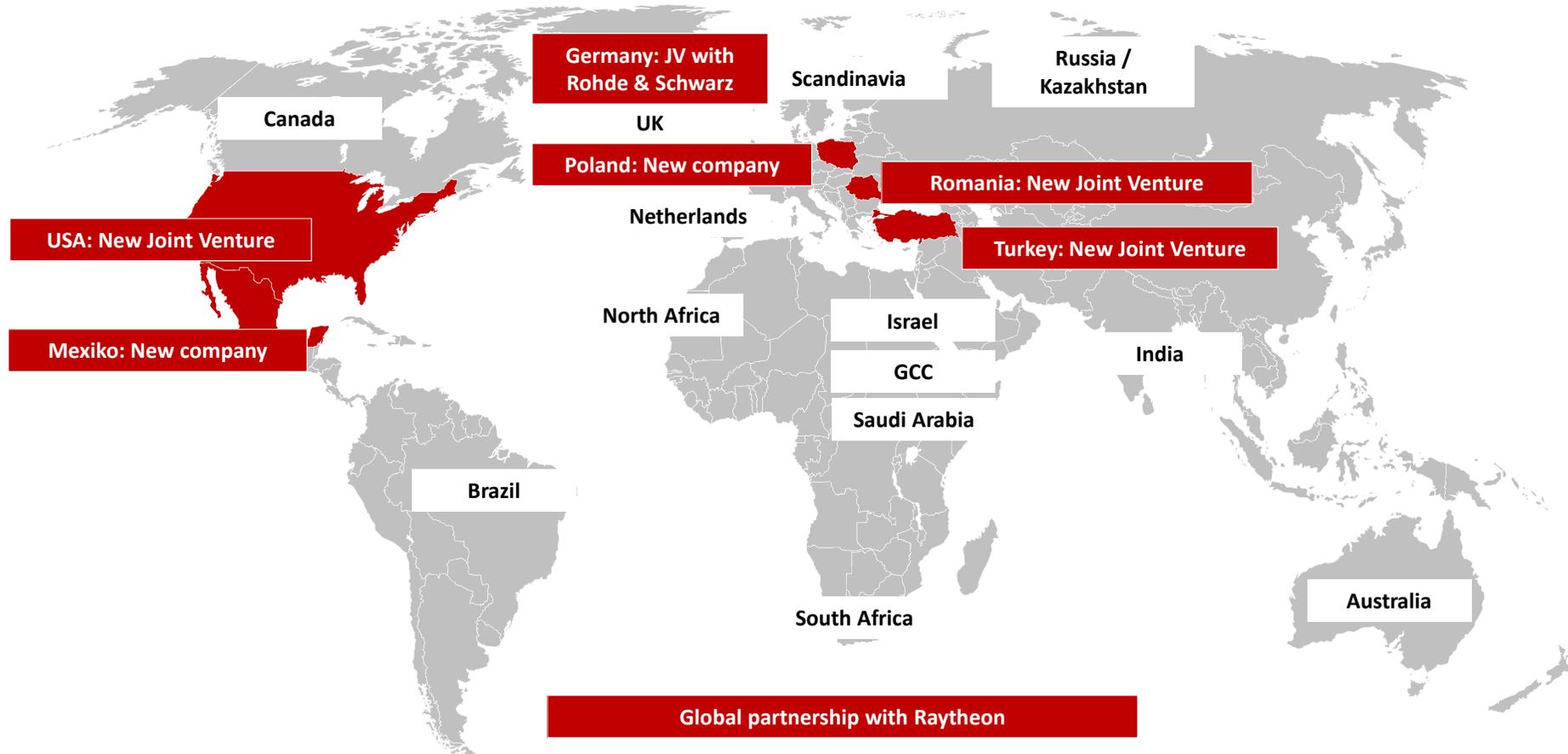


- **Australia**
 - Land 400 program : Boxer with Lance turret
 - Land 121 -5b : Logistic Vehicles follow-up contract
- **United Kingdom**
 - Challenger 2 Life extension and upgrade
 - MIV-Boxer 1,700 vehicles
- **Middle East customer**
 - Logistic Vehicles: Demand for further orders
- **Asia Pacific region**
 - Ammunition
 - Air Defence
- **Algeria**
 - Fox kits follow-up contract
- **Romania**
 - 8x8 amphibious vehicles

Securing growth by acquisition of further large-scale orders



Recent developments in establishing hubs and JVs



Weapon and Ammunition will be growing by various strategic partnerships

United States, Defense Munitions International (DMI)

- 50:50-JV with General Dynamics Ordnance and Tactical Systems

New: United States RDZM

- 50:50-JV with Day & Zimmermann (RDZM)
- State-of-the-art ammunition for the US market

United Kingdom

- Partnering agreements with Defence Equipment and Support (DE&S) and with BAE Systems

Netherlands

- Partnering agreement

New: Germany

- Partnering agreement with German government about a regular supply of large- and medium-ammunition

New: Turkey

- JV for ammunition in preparation

New: Indonesia

- JV for ammunition in negotiation

Expanding local footprint by individual industrial partnerships

POLAND

- **Cooperation with the Polish defence industry** for a major Leopard modernization program
- Foundation of **Rheinmetall Defence Polska** (Warsaw, Gliwice)



TURKEY

- Rheinmetall Turk as a local entity is a partner of **joint ventures with Turkish defence companies** for vehicle systems (✓) and ammunition



AUSTRALIA

- **Tender for Land 400** submitted in 2015, offering Boxer with Lance turret
- **Down-selection in 8/2016**, final decision not before 2018
- Total volume: approx. EUR 2.5 billion
- Strong international competition



ROMANIA

- **Memorandum of understanding** to build a joint venture for the development and production of **8x8 armored personal carriers** with amphibious properties
- **Potential to supply to further Easteuropean customers**

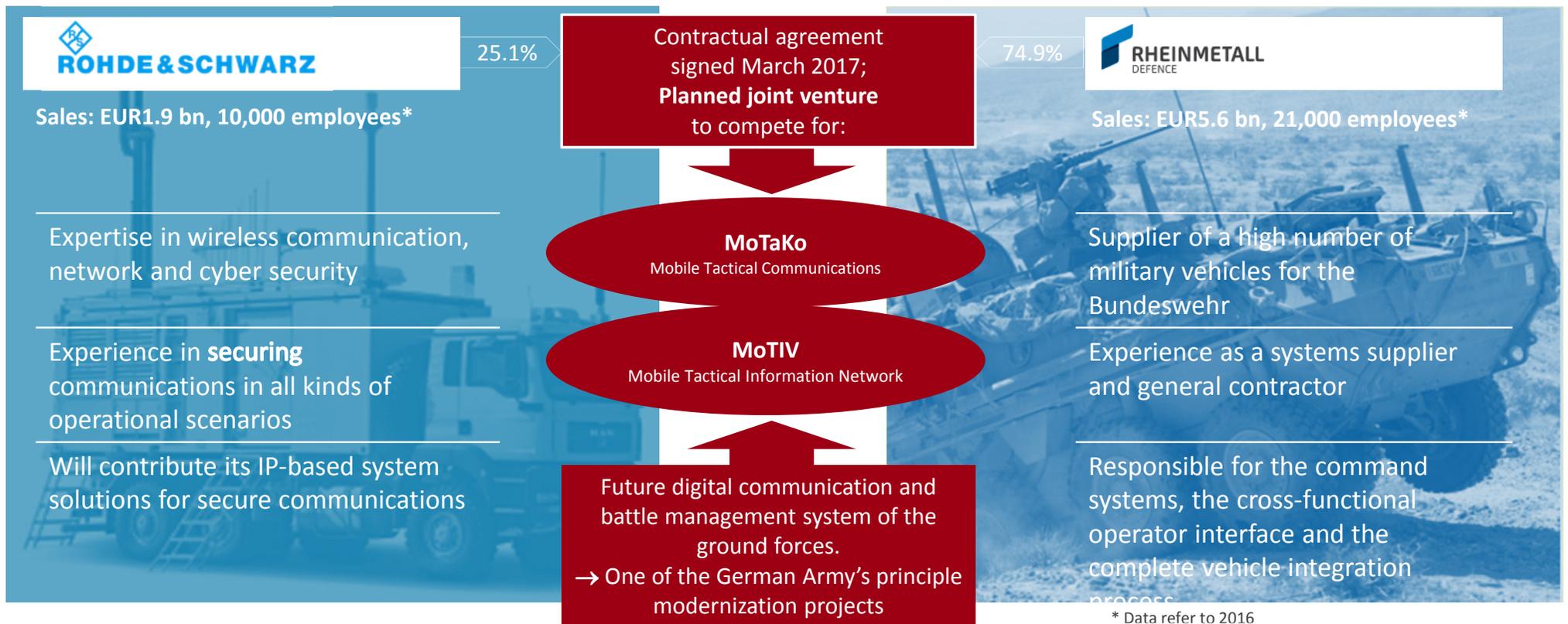


Cooperation between Rheinmetall and Raytheon

 <p>Sales: 24 bnUSD, 63,000 employees*</p> <p>Missile based, expert in radar technology, strong market position in the USA</p> <p>High-precision guidance (Excalibur)</p> <p>Competence in command and control systems, no own vehicles</p> <p>Integration of technologies for combat training centers, strong in the USA</p> <p>Proven technology for electronic warfare</p>	<p>Memorandum of understanding signed February 2017; Combining strength in possible new business opportunities:</p> <p>Air Defence</p> <p>Weapon & Munition</p> <p>Combat vehicles</p> <p>Training</p> <p>Cyber security</p>	 <p>Sales: 5.6 bnEUR, 21,000 employees*</p> <p>Cannon based, long-term market presence in Europe and Asia</p> <p>Aircraft ammunition (air bombs)</p> <p>Comprehensive portfolio of tracked and wheeled military vehicles</p> <p>Integration and operation of combat training centers; sensor technology</p> <p>Access to international markets</p>
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* Data refer to 2016

Cooperation between Rheinmetall and Rohde & Schwarz



Defence strategy survey



Vehicle Systems

1. Leveraging the present status as the leading **European system house** for tracked and wheeled military vehicles
2. Shaping the profile of Vehicle Systems as a **one-stop-shop** for a wide spectrum of **innovative military vehicles**
3. Securing growth by **acquisition of further high-volume orders** inside and outside of Germany



Weapon and Ammunition

1. Maintaining the **globally leading market position** by organic growth and new strategic partnerships
2. Expanding **leadership in technology** by shifting innovations to serial production
3. Securing independence of exports and profitability by **internationalizing manufacturing and R&D capacities**



Electronic Solutions

1. Widening the Air Defence product portfolio by **forming an exclusive partnership with a missile house** to complement the canon-based SHORAD (Short Range Air Defence) product portfolio
2. Expanding the customer structure in the Simulation and Training business by marketing of **civil applications**
3. Strategic move in Mission Equipment from a component manufacturer to a **system integrator**



Outlook 2017

Assumptions 2017

AUTOMOTIVE



Macro view

- **Global** LV production expected to grow by **~2%***
- **Chinese** LV production only with moderate growth of **2.5%**

Rheinmetall

- Automotive expected to **outperform markets**
- Ongoing efforts to **streamline the global footprint** of Hardparts to optimize assets and cost structure

DEFENCE



- Further **demand increase** in key markets expected
- Germany and other allies have **increased investment budgets**
- **Defence 2017 order intake** is expected to grow
- **Single digit** sales growth expected for 2017
- **Stronger sales momentum 2018**

*Source: IHS March 2017

Outlook FY 2017

Sales growth and earnings improvement targeted

Group

Automotive

Defence

New Technologies

Sales		Operational margin in %	
2016 in EUR billion	2017e Growth yoy in %	2016	2017e
5,602	4 - 5	6.3	~6.3
2,656	3 - 4	8.4	≥8
2,946	5 - 6	5.0	5.0 - 5.5

Guidance includes a P&L impact of a low 2-digit EUR million figure for the New Technology Initiative on Group level



Appendix

Financial reminder for 2017

	Automotive	Defence
▪ Capex	~5.5 - 6.5%	~3 - 4%
▪ D&A	~4.5 - 5.5%	~3 - 3.5%
▪ R&D	~4 - 6%	~2 - 3%
▪ Holding cost (underlying)	~EUR20 million - EUR25 million	
▪ Expected corporate tax rate	~30%	
▪ Financing	EUR500 million bond (5,25% coupon) will mature in September EIB loan EUR250 million (0,962% coupon) as of August 2017	
▪ Rating	Ba1 (stable) Moody's	

Group 2012 – 2016: Key figures

in EUR million		2012	2013	2014	2015	2016
Balance sheet	Total assets	4,899	4,866	5,271	5,730	6,124
	Shareholder's equity	1,465	1,339	1,197	1,562	1,781
	Equity ratio (in %)	29.9	27.5	22.7	27.3	29.0
	Pension liabilities	919	891	1,121	1,128	1,186
	Net financial debt	98	147	330	81	-19
	Net gearing (in %)	6.7	11.0	27.6	5.2	1.1
Income statement	Sales	4,704	4,417	4,688	5,183	5,602
	Operating result	268	211	160	287	353
	Operating margin (in %)	5.7	4.8	3.4	5.5	6.3
	EBITDA	490	315	299	490	581
	EBIT	296	121	102	287	353
	EBIT margin (in %)	6.3	2.7	2.2	5.5	6.3
	EBT	216	45	22	221	299
	Net income after minorities	173	29	18	151	200
	Earnings per share (in EUR)	4.55	0.75	0.47	3.88	4.69
	Dividend per share (in EUR); 2016: proposal	1.80	0.40	0.30	1.10	1.45
	ROCE (in %)	11.5	4.7	3.9	10.1	12.3
Cash flow statement	Free cash flow from operations	125	20	-182	29	161
Headcount	Employees (Dec 31) according to capacity	21,767	20,264	20,166	20,676	20,993

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

Segments 2012 – 2016 Key figures

AUTOMOTIVE				
2012	2013	2014	2015	2016
2,378	2,270	2,466	2,621	2,670
418	392	416	445	459
2,369	2,262	2,448	2,592	2,656
139	158	184	216	223
5.9	7.0	7.5	8.3	8.4
243	225	295	332	356
139	124	184	216	223
5.9	5.5	7.5	8.3	8.4
148	142	158	167	174
12,003	10,927	10,830	10,934	10,820
1,091	1,171	1,322	1,450	1,527
69	66	96	119	142
6.3	5.6	7.3	8.1	9.3
1,087	889	934	952	921
57	27	72	73	62
5.2	3.0	7.7	7.7	6.7
265	268	269	285	305
25	27	26	27	27
9.4	10.1	9.7	9.5	8.9

in EUR million		
Order intake		
Order backlog (Dec. 31)		
Sales		
Operating result		
Operating margin (in %)		
EBITDA		
EBIT		
EBIT margin (in %)		
Capex		
Employees (Dec 31) according to capacity		
Mechatronics	Sales	Weapon & Ammunition*
	EBIT	
	EBIT margin	
Hardparts	Sales	Electronic Solutions
	EBIT	
	EBIT margin	
Aftermarket	Sales	Vehicle Systems**
	EBIT	
	EBIT margin	

DEFENCE				
2012	2013	2014	2015	2016
2,933	3,339	2,812	2,693	3,050
4,987	6,050	6,516	6,422	6,656
2,335	2,155	2,240	2,591	2,946
146	60	-9	90	147
6.3	2.8	-0.4	3.5	5.0
262	96	17	175	239
173	4	-67	90	147
7.4	0.2	-3.0	3.5	5.0
90	62	76	96	95
9,623	9,193	9,184	9,581	10,002
1,136	1,027	977	881	1,112
102	31	-4	74	108
9.0	3.0	-0.4	8.4	9.7
748	710	705	759	745
97	11	-53	26	25
13.0	1.5	-7.5	3.4	3.4
567	539	667	1,195	1,392
-25	-35	-9	3	29
-4.4	-6.5	-1.4	0.3	2.1

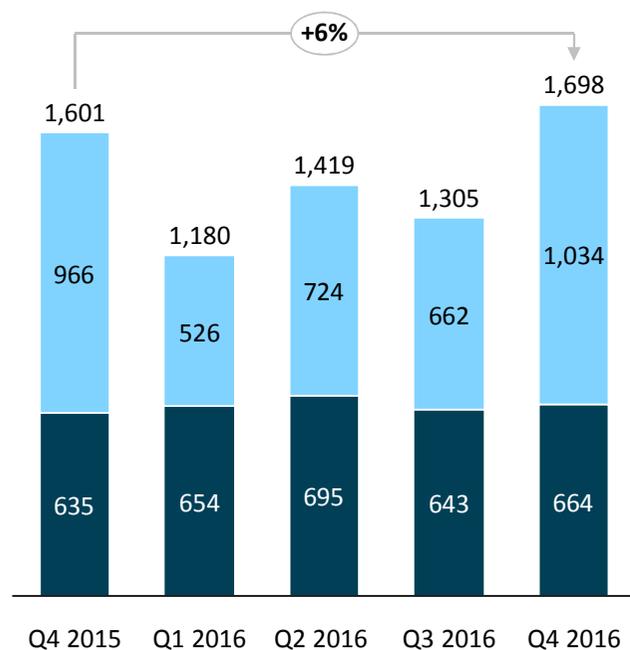
2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

Cash Flow Statement Group

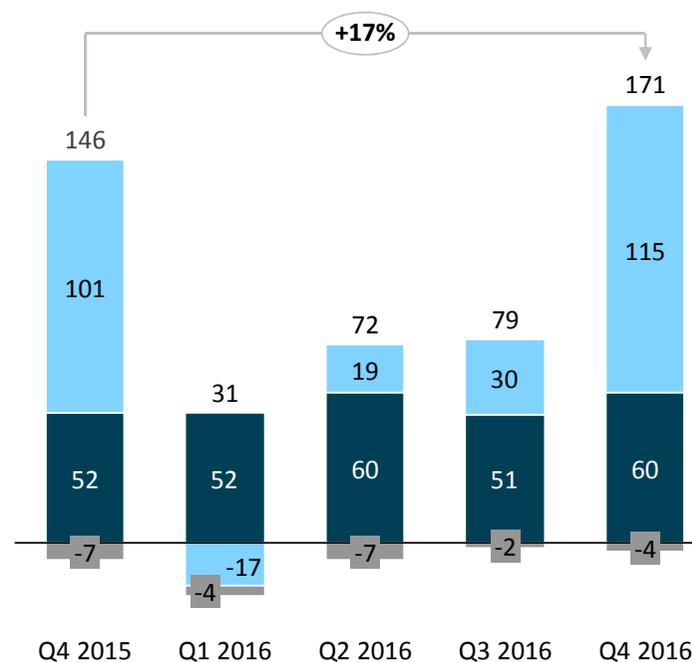
in EUR million	Q4 2015		Q1 2016		Q2 2016		Q3 2016		Q4 2016		Δ Q4 2016/2015
Group Net Income	96		12		41		46		117		21
Amortization / depreciation	55		55		54		52		67		12
Change in pension accruals	2	-	16	2	-	-	4	-	6		
Cash Flow	153		51		97		98		180		27
Changes in working capital and other items	267	-	262	-	112	-	1	393	126		
Net cash used in operating activities	420		211		15		97		573		153
Cash outflow for additions to tangible and intangible assets	-	121	-	52	-	60	-	62	-	109	12
Free Cash Flow from Operations	299		263		75		35		464		165
FFC / O to Sales	18.7%								27.3%		8.6pp

Quarterly development Group

Sales
in EUR million

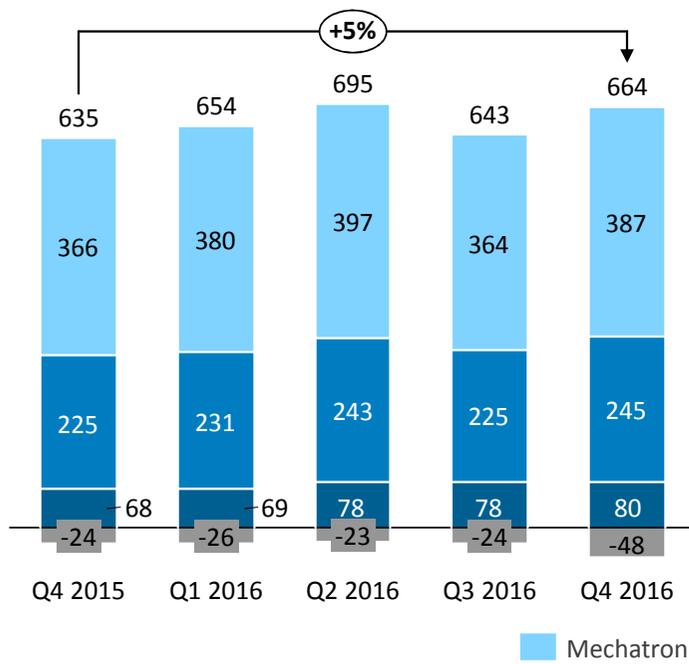


Operational earnings
in EUR million

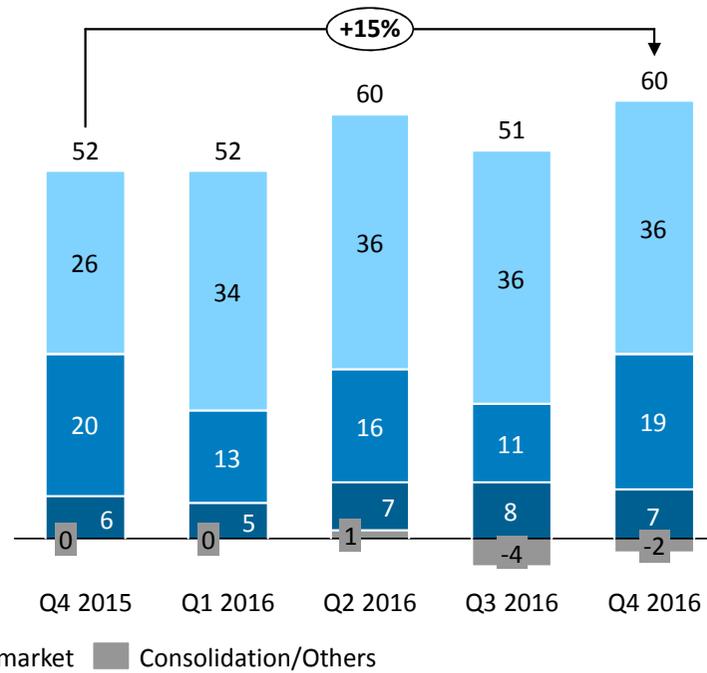


Quarterly development Automotive

Sales by division
in EUR million



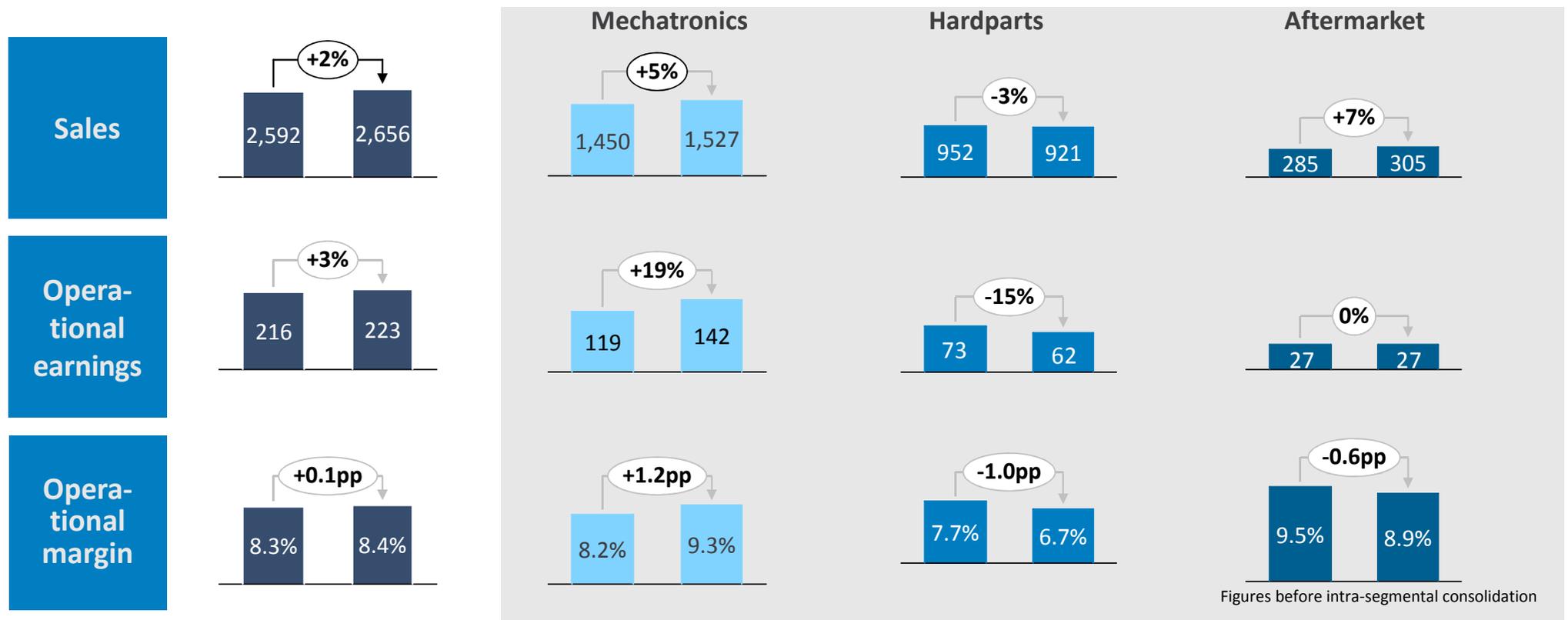
Operational earnings by division
in EUR million



Quarterly cash flow statement Automotive

in EUR million	Q4		Q1		Q2		Q3		Q4		Δ Q4	
	2015		2016		2016		2016		2016		2016/2015	
Net income	43		38		43		36		49			+6
Amortization / depreciation	32		33		28		29		40			+8
Change in pension accruals	-		-		-		-	1	-	1		-1
Cash Flow	75		21		68		64		88			+13
Changes in working capital and other items	23	-	178	-	60		17		130			+107
Net cash used in operating activities	98	-	107		8		81		218			+120
Cash outflow for additions to tangible and intangible assets	-	72	-	32	-	34	-	34	-	71		+1
Free cash flow from operations	26	-	139	-	26		47		147			+121

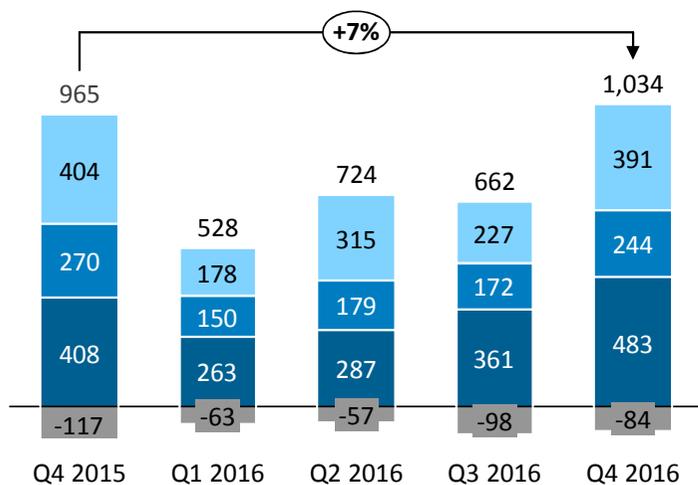
Key figures Automotive by division (FY 2015/2016)



Quarterly development Defence

Sales by division

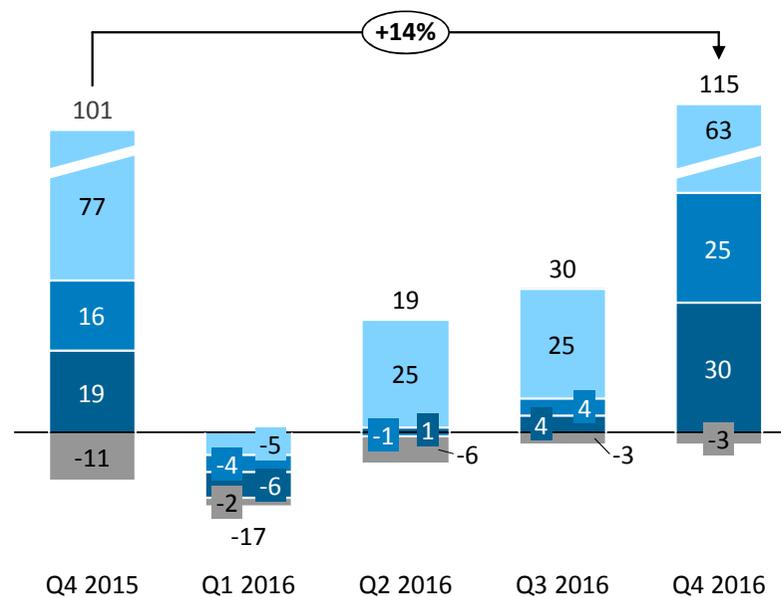
in EUR million



■ Weapon & Ammunition
 ■ Electronic Solutions
 ■ Vehicle Systems
 ■ Consolidation/Others

Operational earnings by division

in EUR million

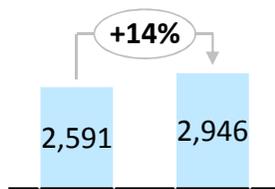


Quarterly cash flow statement Defence

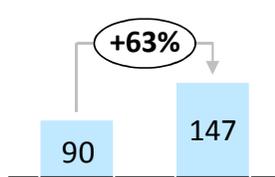
in EUR million	Q4 2015		Q1 2016		Q2 2016		Q3 2016		Q4 2016		Δ Q4 2016/2015	
Net income	67	-	20		3		13		78			+11
Amortization / depreciation	22		22		22		22		26			+4
Change in pension accruals	3		1		2		1	-	3			-6
Cash Flow	92		3		27		36		101			+9
Changes in working capital and other items	212	-	90	-	123	-	8		252			+40
Net cash used in operating activities	304	-	87	-	96		28		353			+49
Cash outflow for additions to tangible and intangible assets	-	38	-	17	-	21	-	23	-	34		+4
Free cash flow from operations	266	-	104	-	117		5		319			+53

Key figures Defence by division (FY 2015/2016)

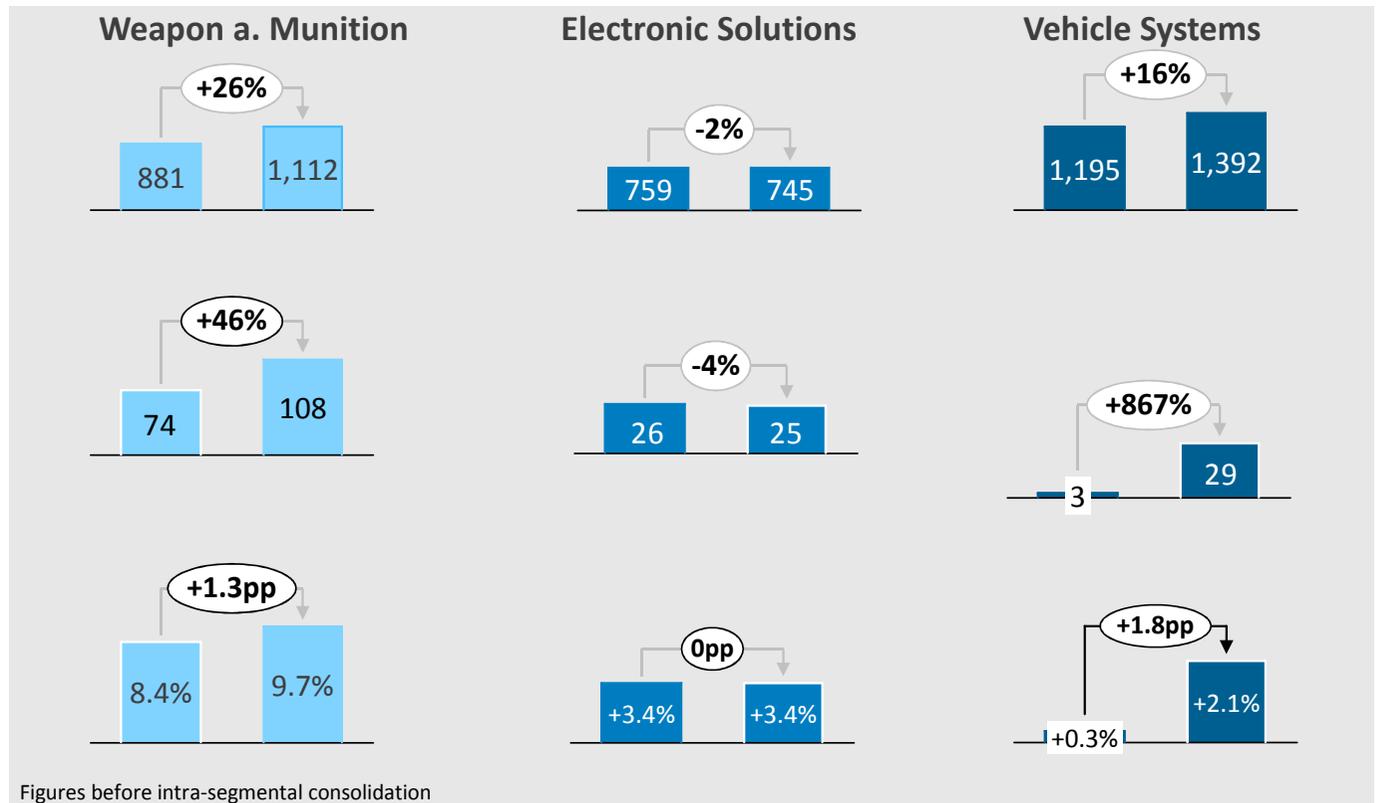
Sales



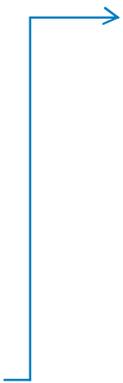
Operational earnings



Operational margin



Income statement Group

Income Statement								
In EUR million	2015	2016	Δ		2015	2016	Δ	
Total operating performance	5,182	5,711	529		Net operating income (EBIT)	287	353	66
Other operating income	170	160	-10		Net interest income	3	5	2
Cost of materials	2,783	3,120	337		Interest expenses	- 69	- 59	10
Personnel expenses	1,390	1,465	75		Earnings before tax (EBT)	221	299	78
Amortization, depreciation and impairment	203	228	25		Income tax	- 61	- 84	-23
Other operating expenses	701	715	14		Net income	160	215	55
Income from companies carried at equity	31	28	-3		of which:			
Other financial results	- 19	- 18	1		Minority interest	9	15	6
Net operating income	287	353	66		Rheinmetall shareholders	151	200	49
					EBITDA	490	581	91

Cash flow statement Group

Cash Flow Statement

In EUR million	2015	2016	Δ		2015	2016	Δ
Net Income	160	215	55				
Amortization, depreciation and impairment	203	228	25				
Dotation of CTA		-30	-30				
Changes in pension provisions	3	1	-2				
Income from disposal of non-current assets	-3	2	5				
Changes in other provisions	34	63	29				
Changes in inventories	-69	-33	36				
Changes in receivables, liabilities(w/o financial debts) and prepaid & deferred items	30	-17	-47				
Pro rata income from investmenst carried at equity	-31	-28	3				
Dividends received from investments carried at equity	11	14	3				
Other non-cash expenses and income	1	29	28				
Cash flows from operating activities	339	444	105				
Investments in assets	-310	-283	27				
Cash receipts from the disposal of assets	9	1	-8				
Investments in consolidated companies and other financial assets	-2	-14	-12				
Payments for the purchase of short-term commercial papers	-50	-257	-207				
Change in divestments of consolidated companies and financial assets	0	117	117				
Cash flow from investing activities	-353	-436	-83				
				Capital increase RHM AG	228	0	-228
				Capital payment to/ capital contribution by non-controlling ii	-1	0	1
				Increase in shares in consolidated subsidiaries	-1	0	1
				Dividends paid out bei RHM AG	-12	-47	-35
				Other profit distribution	-6	-8	-2
				Shares issued to employees	4	4	0
				Borrowing of financial debts	69	85	16
					-63	-123	
				Repayment of financial debts			-60
				Cash flow from financing activities	218	-89	-307
				Changes in financial resources	204	-81	-285
				Changes in cash and cash equivalents due to exchange rates	1	6	5
				Total change in financial resources	205	-75	-280
				Opening cash and cash equivalents Jan 1	486	691	205
				Closing cash and cash equivalents Dez 1	691	616	-75

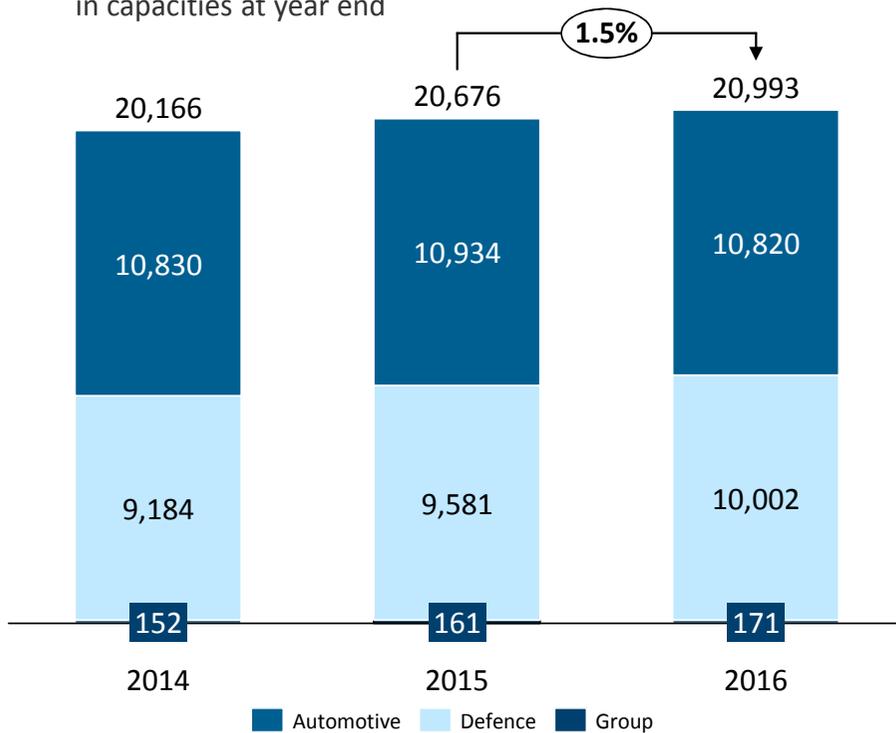
Balance Sheet Group

Balance Sheet

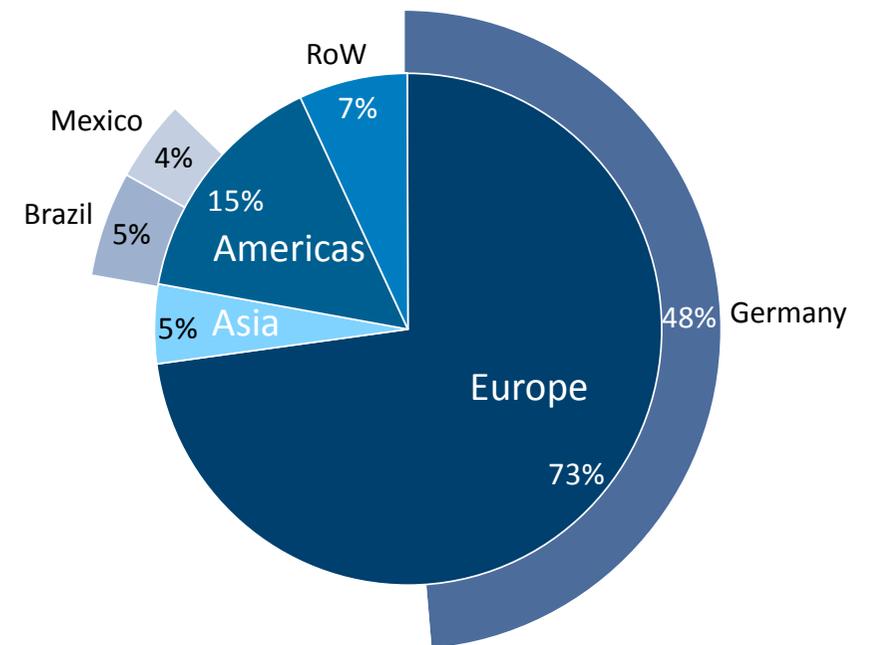
In EUR million	2015	2016	Delta		2015	2016	Delta
Non-current assets	2,648	2,762	114	Equity	1,562	1,781	219
Goodwill	827	819	- 8	Share capital	112	112	-
Other tangible assets	35	53	18	Additional paid-in capital	528	532	4
Property, plant and equipment	1,314	1,378	64	Retained earnings	891	1,074	183
Investment property	203	240	37	Treasury shares	- 39	- 32	7
Investments carried at equity	4	13	9	Minorities	70	95	25
Other non-current assets	21	23	2	Rheinmetall AG shareholders' equity	1,492	1,686	194
Deferred tax assets	244	236	- 8				
Current assets	3,082	3,362	280	Non-current liabilities	2,123	1,629	- 494
Inventories (net)	1,026	1,072	46	Provision for Pensions and similar obligations	1,128	1,186	58
Trade receivables	1,127	1,306	179	Other provisions	138	135	- 3
Other financial assets	49	43	- 6	Financial debts	759	220	- 539
Other receivables and assets	111	125	14	Other liabilities	67	56	- 11
Income tax receivables	28	10	- 18	Deferred tax liabilities	31	32	1
Cash and cash equivalents	741	806	65				
				Current liabilities	2,045	2,714	669
				Other provisions	454	516	62
				Financial debts	63	567	504
				Trade liabilities	718	766	48
				Other liabilities	764	812	48
				Income tax liability	46	53	7
Total assets	5,730	6,124	394	Total liabilities	5,730	6,124	394

Moderate headcount increase to accompany growth

Headcount per segment
in capacities at year end



Headcount regional
in capacities at year end



Equity and pension liabilities

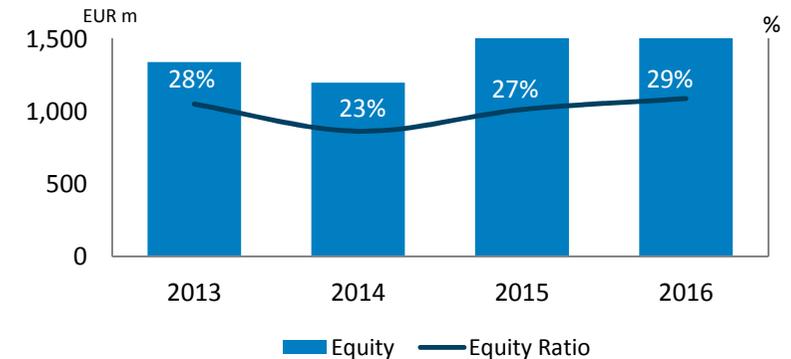
Financial solidity materially improved

Drivers

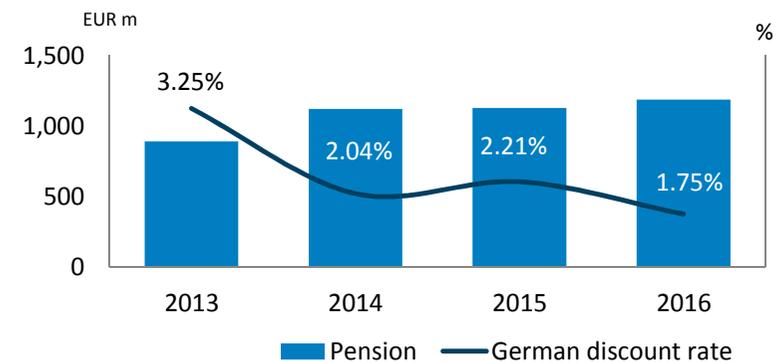
- Delivery on our targets
- Capitalizing on our restructuring efforts
- Achievement of a solid equity ratio
- Pension liabilities still rising on lowering discount rates
- Supportive market environment in both segments

Credit rating Ba1 with outlook changed to stable in April 2016

Equity and Equity ratio



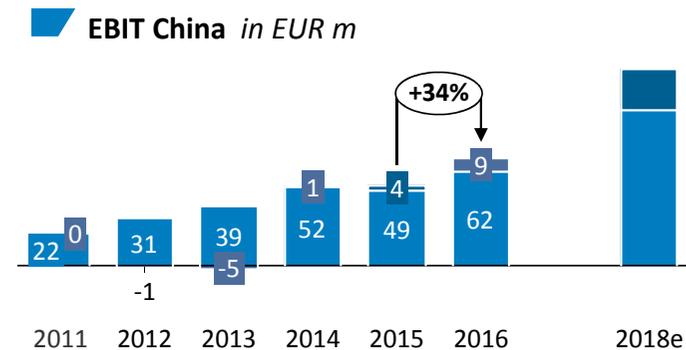
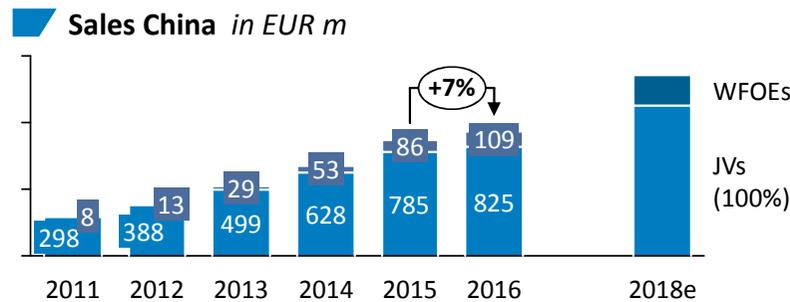
Pension liabilities and German discount rate



Automotive in China

50/50 joint ventures with HASCO (SAIC group)			
Castings (ATAG)	Pistons (KSSP)	Castings (KPSNC)	Pumps (PHP)
2014	1997	2001	2012
Engine blocks and structural body parts	Pistons	Engine blocks, cylinder heads and structural body parts	Electrical and mechanical pumps
Germany/ Europe	China		

Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)			JV subsidiary
Aftermarket	Pierburg	Large-bore pistons	Pumps (PMP Ch.)
2008	2009	2013	2012
Spare parts	EGR modules and electric throttle bodies	Large-bore pistons	Electrical and mechanical pumps
China			China



Electrification and downsizing require more sophisticated products

Coolant pump



Mechanical



>6x



Electrical

Exhaust gas recirculation



Valve



>3x



Valve, cooler, bypass and bypass actuator



Oil pump



Mechanical



>3x



Variable

Piston



Aluminum

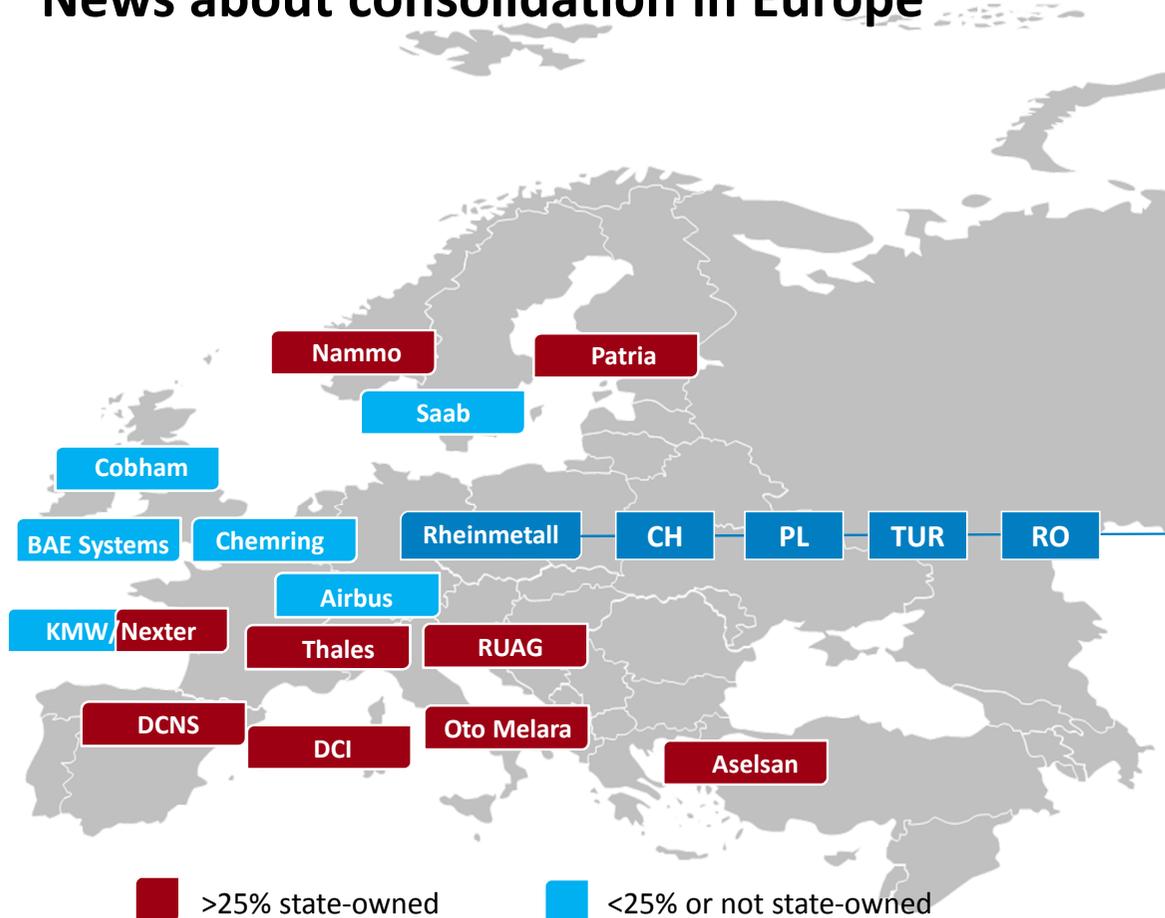


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Steel

News about consolidation in Europe



- **Governmental shareholding** restricts room for cross-border consolidation
- **Big common armament programs** as catalyst for further consolidation are not at European mid-term horizon

Rheinmetall's approach:

- **JV partnerships with companies in different nations** instead of "putting all eggs in one basket"
- **Sufficient organic growth potential**, but suitable M&A transactions are possible

Next events and IR contacts

■ Events 2017

Lampe Conference	Baden-Baden	28 Mar
Roadshow	London	4 April
Q1 Earnings call		4 May
Annual Stockholders' Meeting	Berlin	9 May
Warburg Highlights	Hamburg	19 May
Deutsche Bank dbAccess	Berlin	21-23 Jun
H1 Earnings call		3 Aug
Q3 Earnings call		7 Nov
Capital Markets Day 2017	Bremen	21-22 Nov

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