



RHEINMETALL AG



THE TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Corporate Presentation

June 2016



Highlights Q1 2016

Strong order backlog, stable sales development, earnings progressing

Sales	increased by 1%, FX-adjusted by 2%
Order backlog	further increase to EUR 7.3 billion
Earnings	up to EUR 31 million, margin raised to 2.6%
Rating	Moody's outlook improved from "negative" to "stable"
CTA	for German pension liabilities started
Outlook	for group and segments confirmed



Key figures Q1 2016

<i>in EUR million</i>	Q1 2015	Q1 2016	Δ Q1 2016 / Q1 2015	
Order backlog	7,070	7,317	+ 247	+ 3%
Sales	1,173	1,180	+ 7	+ 1%
EBITDA	71	86	+ 15	+ 21%
EBIT (reported)	22	31	+ 9	+ 41%
EBIT margin <i>in %</i>	1.9	2.6	+ 0.7pp	
EBT	6	17	+ 11	+ 183%
Group net income	5	12	+ 7	+ 140%
Earnings per share <i>in EUR</i>	0.20	0.32	+ 0.12	+ 60%
Employees (March 31)	20,442	20,759	+ 317	+ 2%



Cash flow statement

<i>in EUR million</i>	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Δ Q1 2016/2015
Group net income	5	29	30	96	12	+ 7
Amortization / depreciation	49	50	49	55	55	+ 6
Change in pension accruals	0	1	0	2	-16	- 16
Cash flow	54	80	79	153	51	- 3
Changes in working capital and other items	- 202	- 100	8	267	-262	- 60
Net cash used in operating activities	- 148	- 20	87	420	- 211	- 63
Cash outflow for additions to tangible and intangible assets	- 56	- 55	- 78	- 121	- 52	4
Free cash flow from operations	- 204	- 75	9	299	- 263	- 59



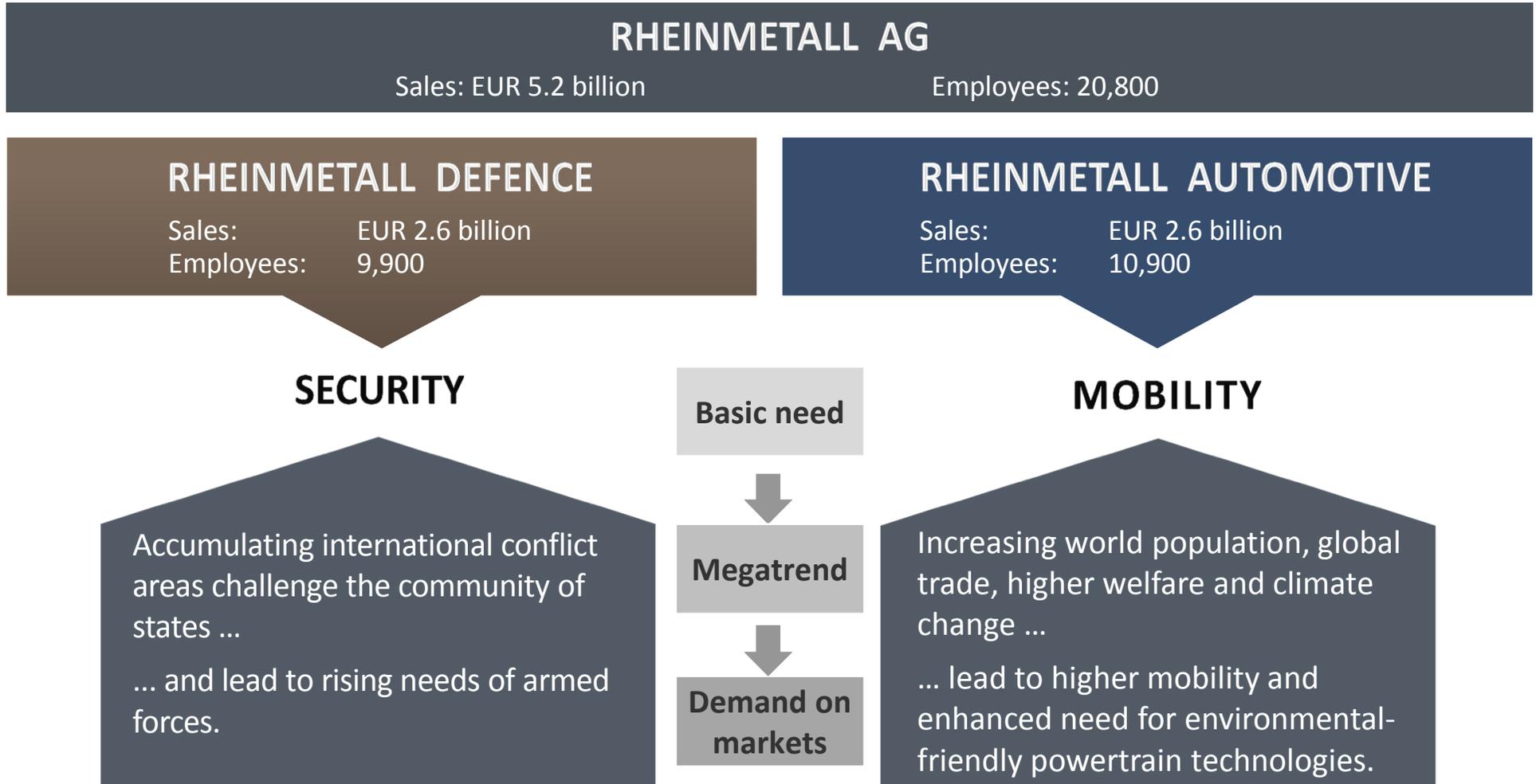
Pension obligations – set-up of a CTA

- Rheinmetall decided to start the external funding of German pension obligations and to establish a „Contractual Trust Arrangement“ (CTA) for the Group
- In January 2016, the CTA was initially funded with an amount of EUR 30 million
- Main goals of the CTA:
 - Strengthening of the balance sheet
 - Reduction of capital market impacts on equity capital
- Long-term target: external funding of > 50% for German pension obligations



The Technology Group for Security and Mobility

Addressing the basic needs and megatrends in Defence and Automotive



Figures: FY 2015

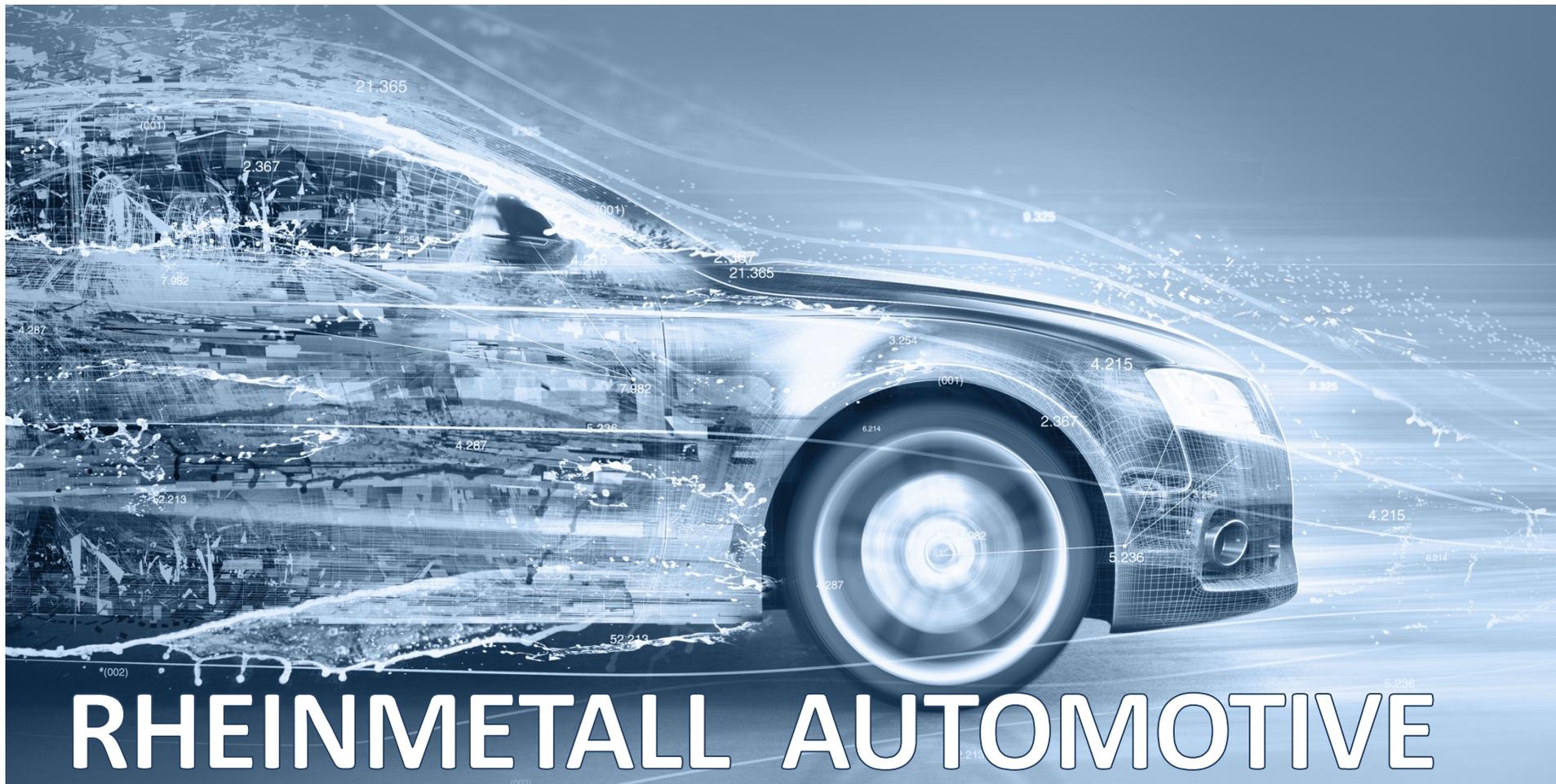


Review 2015

Strong sales and earnings growth



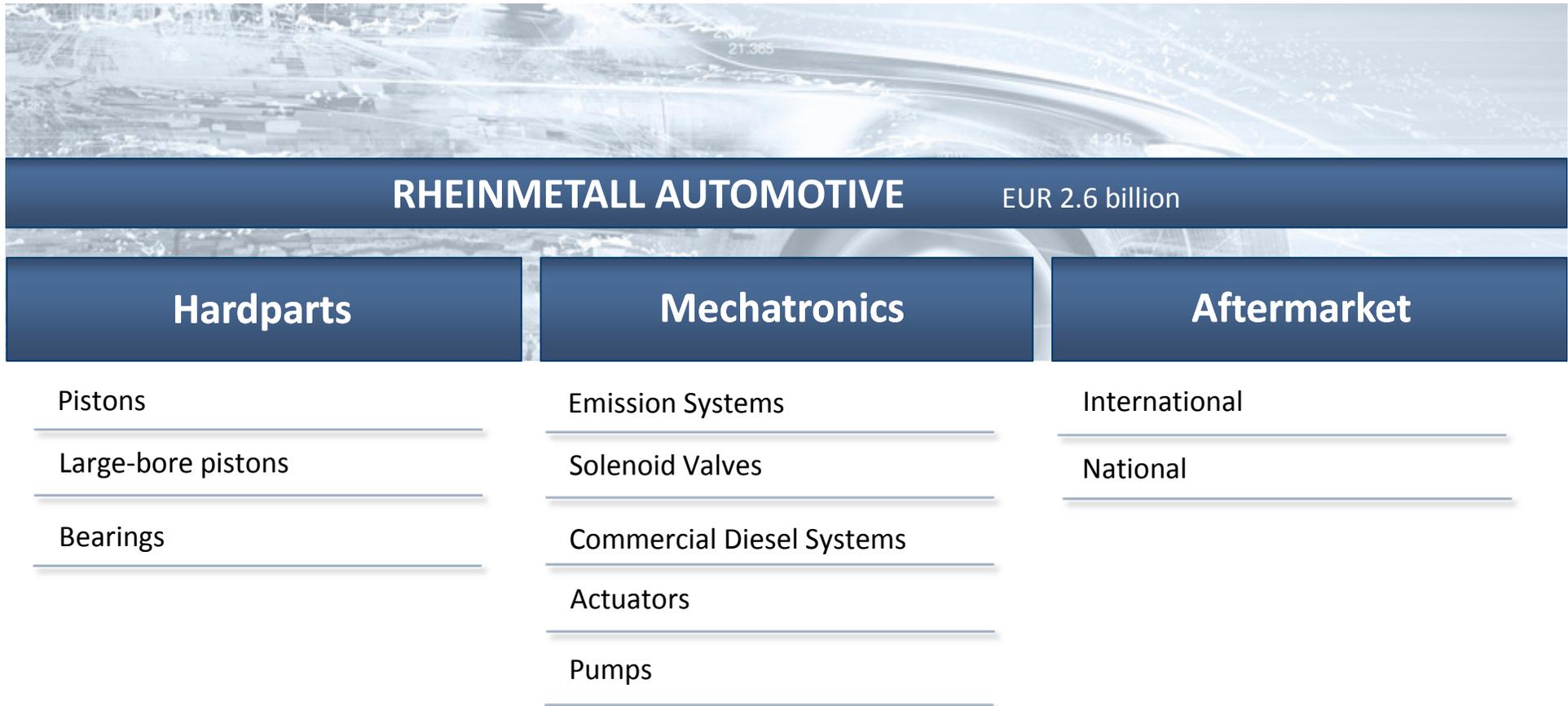
- **Rheinmetall Group:** targets achieved, Sales for the first time above EUR 5 billion
- **Automotive:** Record sales and earnings
- **Defence:** Turnaround accomplished, order flow underpins strong market position
- **Restructuring** phase 2013 - 2015 successfully completed
- **Capital increase** strengthening the balance sheet
- **Dividend** bouncing up to EUR 1,10



RHEINMETALL AUTOMOTIVE



The divisional structure of Automotive Focused on the attractive segment of powertrain technology



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

Sales figure FY 2015



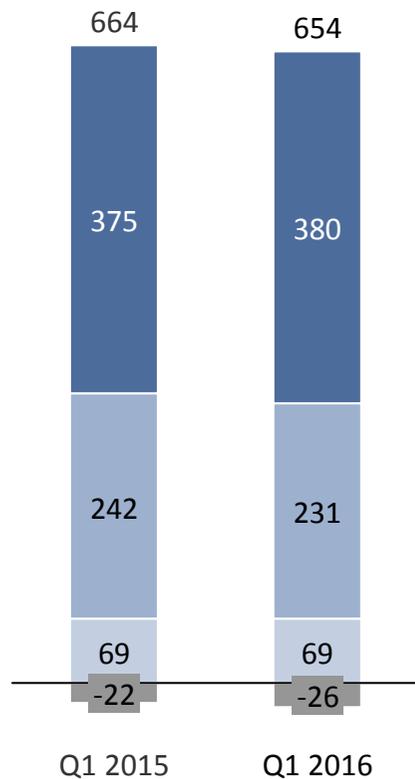
Key figures Q1 2016

<i>in EUR million</i>	Q1 2015	Q1 2016	Δ Q1 2016 / Q1 2015	
Order intake	689	662	- 27	- 4%
Order backlog (March 31)	407	452	+ 45	+ 11%
Sales	664	654	- 10	- 2%
EBITDA	83	85	+ 2	+ 2%
EBIT (reported)	55	52	- 3	- 5%
EBIT margin <i>in %</i>	8.3	8.0	- 0.3pp	
Free cash flow from operations	-26	-139	-113	
Employees (March 31)	10,932	10,894	- 38	- 0%

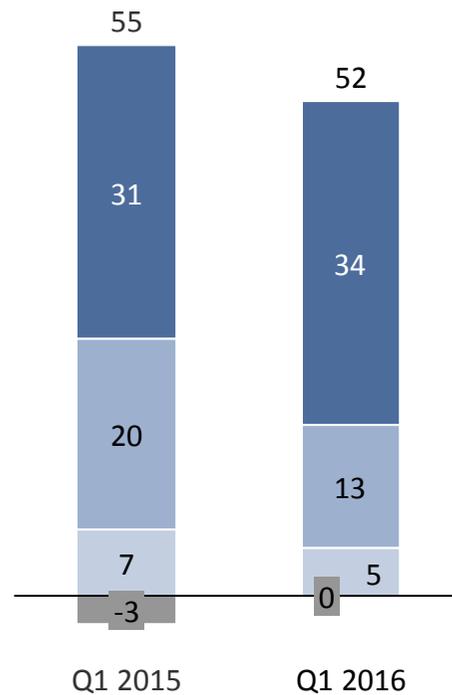


Sales affected by partially weaker demand EBIT margin at 8.0%

Sales Automotive in EUR million



Operational earnings Automotive in EUR million



Reasons for earnings development

Mechatronics
— Continuing growth

Hardparts
— Further deterioration of demand in Brazil
— Lower sales of large-bore pistons due to weak markets
— Stable at-equity earnings contribution from JVs

Aftermarket
— Start-up costs of new factory in Usti/CZ

- Mechatronics
- Hardparts
- Aftermarket
- Consolidation



Organic growth Main strategic drivers

AUTOMOTIVE

ORGANIC GROWTH

**Market growth
Light Vehicles (LV)**
Globally rising production
and
**Expanding
Non-LV business**
of Rheinmetall Automotive

More content
Increasing number of
Rheinmetall products per
car due to tightening
environmental standards
and
Trend of Electrification
esp. Hybridization

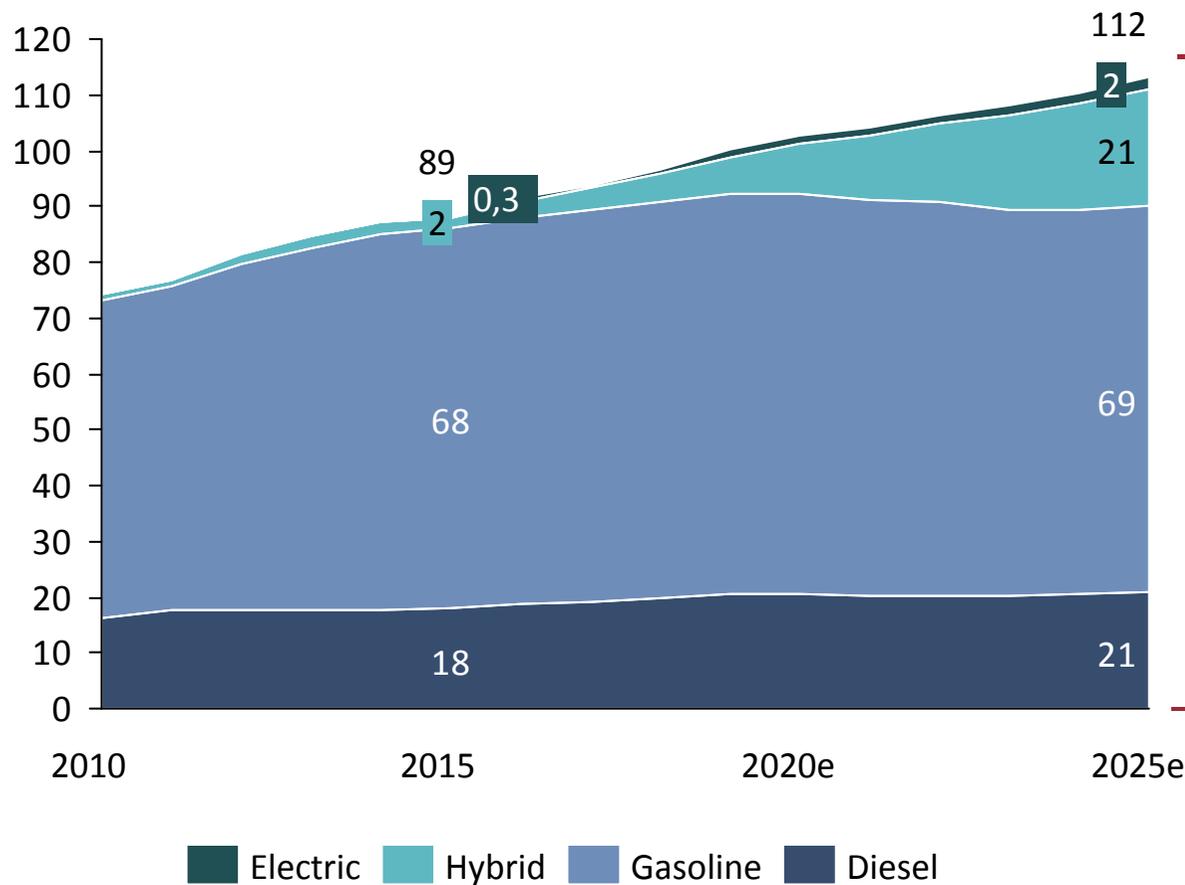
Higher value of products
Innovative solutions with
higher price level, driven by
rising demand for
components which offer
improved energy-efficiency
and/or lower fuel
consumption



Growth driver “Market growth”

Ongoing increase of global demand for light vehicles

Forecast global light vehicle (LV) production *in million units*



- Light vehicles remain on growth path
2014-2015: 1%
2015-2025 (CAGR): 3%
- Combustion engines losing market shares, but defend dominant position
- Market share of combustion engines:
 - 2015: 97%
 - 2025: 80%

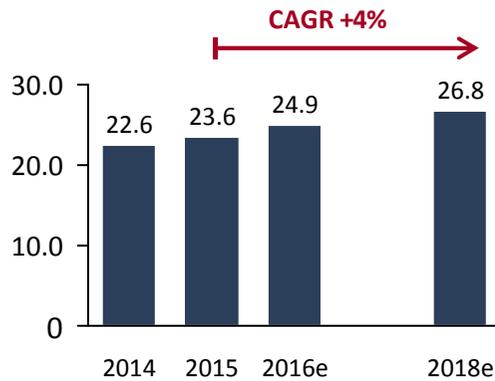
Source: IHS Automotive (February 2016)



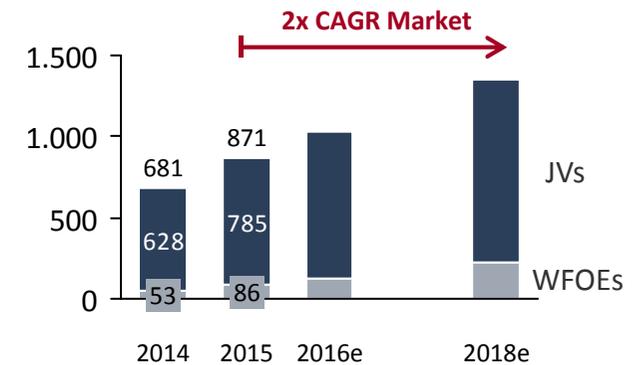
Growth driver “Market growth”

China: Continuing growth, but with lower rates

LV production in million units



Sales in EUR million



- Expected **recovery of the Chinese car market**: Growth expectation 5.6% in 2016 after 4.3% in 2015
- Growth rate expected to normalize but remains **above global average** growth
- **Double-digit sales increase** of 100%-subsidiaries (WFOE) expected

JV: 100% figures shown of Joint Ventures, Rheinmetall Automotive owns 50% of JV; consolidated at-equity
WFOE: Wholly Foreign-Owned Enterprise, 100% subsidiaries, fully consolidated

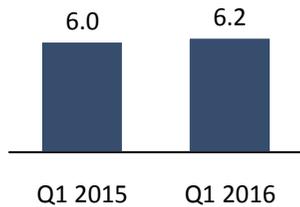
Source: IHS Automotive (February 2016)



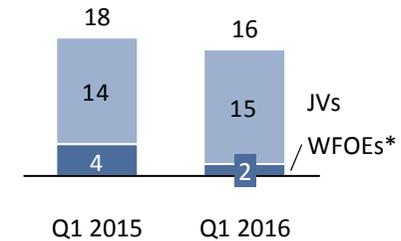
China: LV production continues to grow, but with reduced rates

Stable performance of Chinese joint ventures

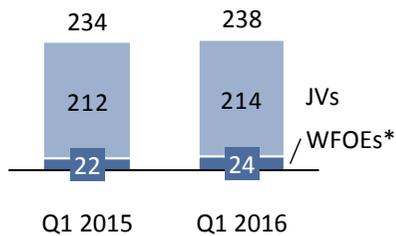
LV production
in million units



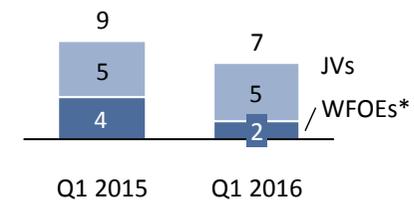
EBIT in EUR million**



Sales in EUR million**



Earnings contribution in EUR million



* WFOE = Wholly Foreign-Owned Enterprise

** Including 100% figures of the 50/50 joint ventures, consolidated at equity



Global alliance with Riken Automotive acquires 30% in Riken Automobile Parts in China

Riken Automobile Parts (Wuhan) Co. Ltd.

- Strengthening of the existing strategic partnership concerning development and marketing with Riken Corp., Tokyo
- Automotive took over 30 % of Riken Automobile Parts (Wuhan) in March 2016
- Riken Automobile Parts: established 2004; 12,000 m² production facility in Wuhan, province of Hubei, China; workforce of 300 persons; production of piston rings, mainly for automotive customers in China

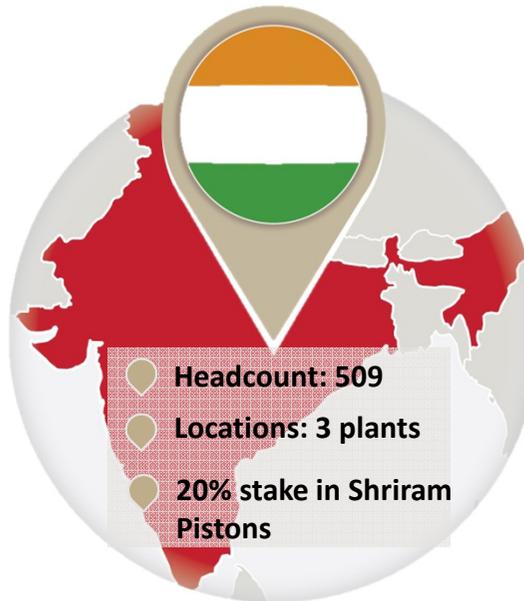
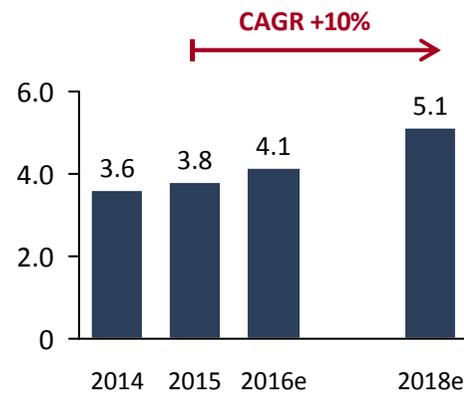




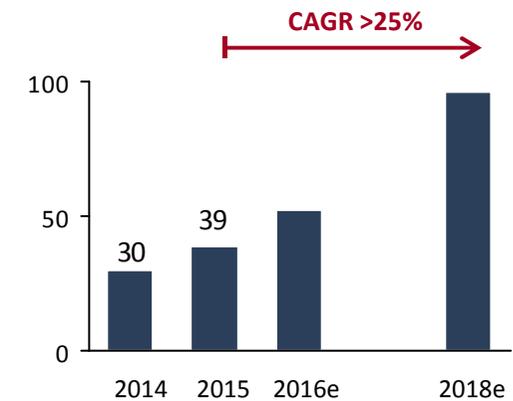
Growth driver “Market growth”

India: Well prepared to take advantage of increasing demand for mobility

LV production in million units



Sales in EUR million



- Expected **market growth** 2016 of 9% with a meaningful share of Diesel engines (~35%)
- **Automotive subsidiaries** leaving start-up phase and moving into growth phase

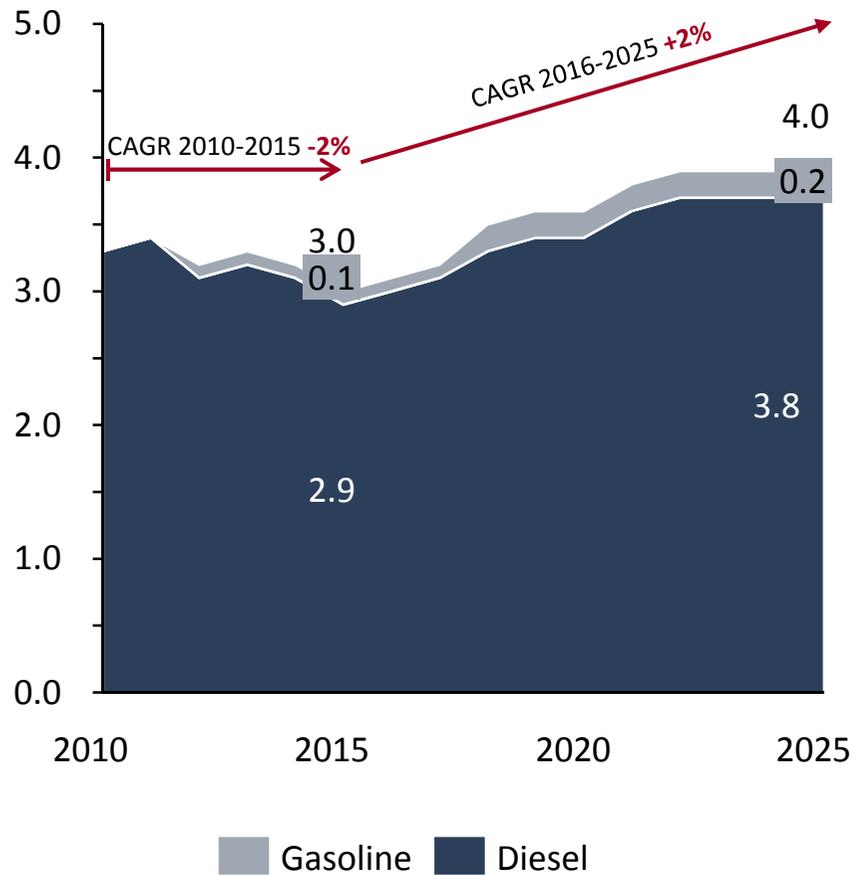
Source: IHS Automotive (February 2016)



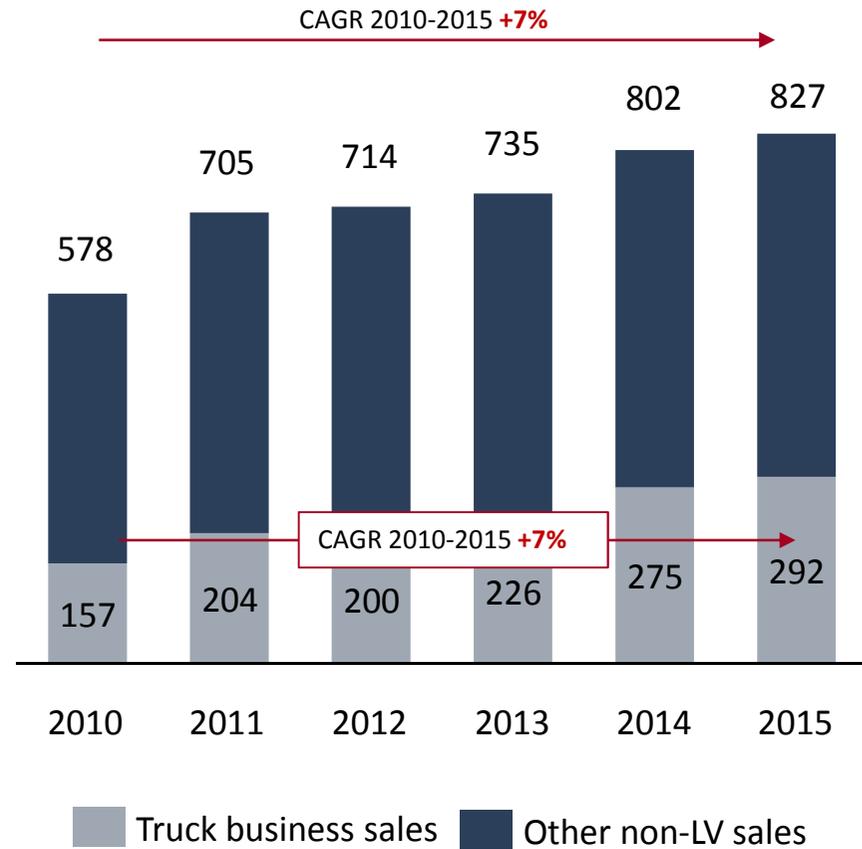
Growth driver “Non-LV business”

Truck engine production heading towards a growth phase

Forecast truck engine production *in million units*



Rheinmetall Automotive sales of non-LV and truck business *in EUR million*



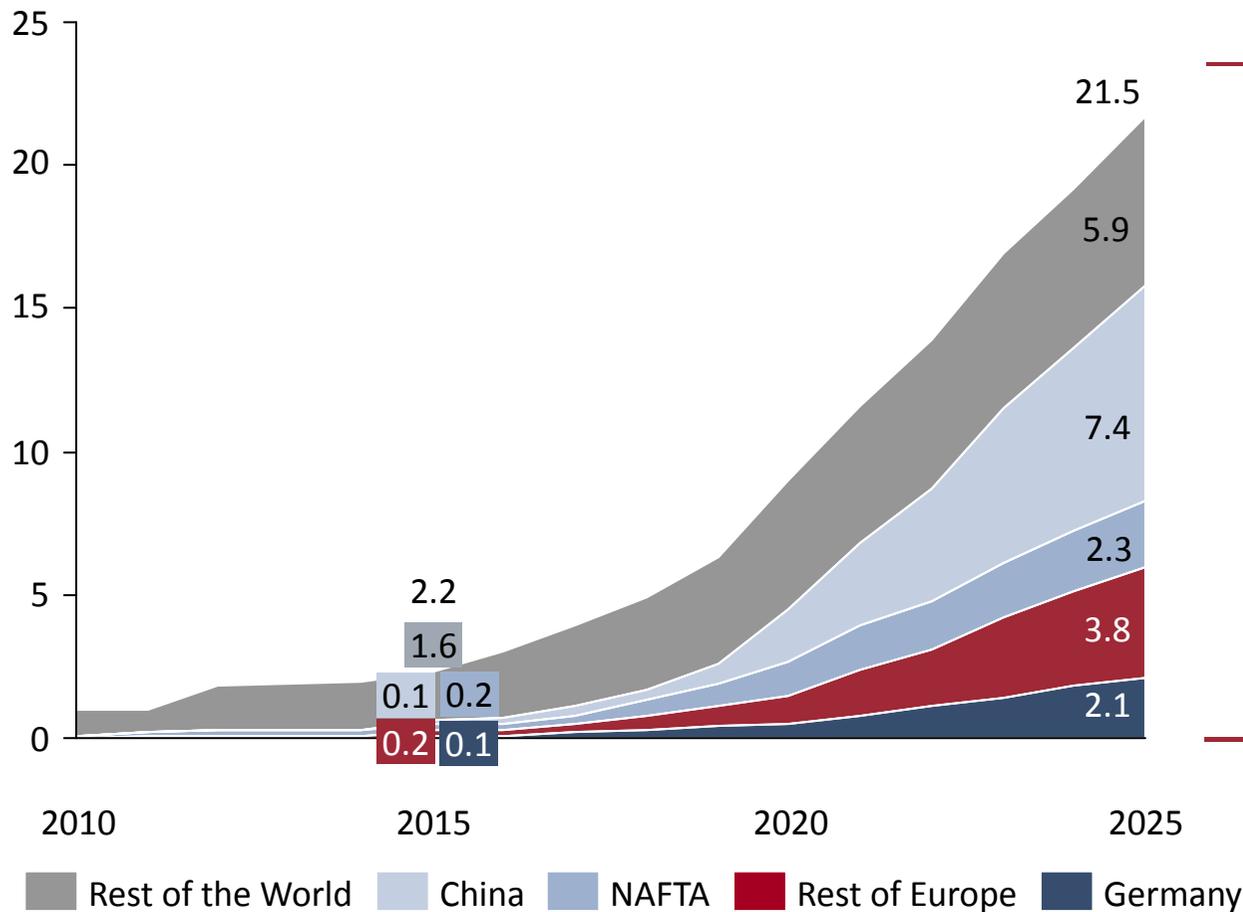
Source: IHS Automotive (February 2016)



Growth driver “More content per car/hybridization”

Trend to hybrid vehicles expected to accelerate

Forecast production of hybrid vehicles* in million units



- **Stricter emission regulations** increase attractiveness of alternative energy concepts
- **Hybrid powertrains** will raise significantly and become a major market
- Estimated market share of **hybrid vehicles**:
 - 2015: 2%
 - 2025: 19%

*Mild hybrid, full hybrid, plug-in hybrid

Source: IHS Automotive (October 2015)



Growth driver “More content per car”

Trend of hybridization opens potential for more Rheinmetall products

The traditional product portfolio for combustion engines ...

Electric throttle bodies



Actuators



Engine bearings



Solenoid valves



Pistons



Mechanical coolant pumps



Engine blocks



EGR valves



Oil pumps





Growth driver “More content per car” Trend of hybridization opens potential for more Rheinmetall products

... will be enlarged by products for hybrid engines.

Electric throttle bodies



Actuators



Engine bearings



Solenoid valves



Electrical coolant valve



Pistons



Structural components



Electrical coolant pumps



Mechanical coolant pumps



Engine blocks



Thermal management module



Electrical vacuum pumps



EGR valves



Electrical oil pumps



Oil pumps





Growth driver “Higher value of products”

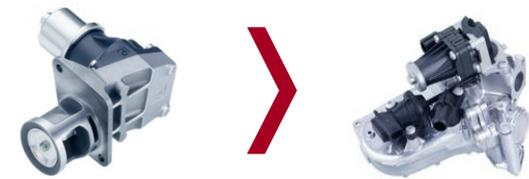
Electrification and downsizing require more sophisticated products

Coolant pump



Mechanical **>6x** Electrical

Exhaust gas recirculation



Valve **>3x** Valve, cooler, bypass and bypass actuator



Oil pump



Mechanical **>3x** Variable

Piston



Aluminum **>3x** Steel



Growth drivers “More content per car” and “Higher value of products” Strategic target: Engine neutrality

Product Portfolio / Divisions	Gasoline	Diesel	Hybrid	E-drive
Mechatronics	✓	✓	✓	✓

- Technological developments in line with customer requirements (e.g., electric and/or variable pumps, “E-Booster”)

Hardparts	✓	✓	✓	(✓)
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- Extension of the existing product portfolio for vehicle engines (e.g. steel pistons) and for products independent on engines (e.g. structural casting parts) for light vehicles; E-Drive-specific products (e.g. battery case)
- Further extension of the non-LV-business (e.g. large-bore pistons)

-
- **Flexible R&D and production capacities, adjusted to the need of the customers:**
Gasoline-, Diesel-, hybrid-engines, electro-mobility
 - **Reducing dependency on specific LV-engine types**



RHEINMETALL DEFENCE



New divisional structure of Defence

Transfer of Combat Platforms



* after consolidation

Sales figure FY 2015



Key figures Q1 2016

<i>in EUR million</i>	Q1 2015	Q1 2016	Δ Q1 2016/ Q1 2015	
Order intake	542	948	+ 406	+ 75%
Order backlog (March 31)	6,629	6,865	+ 236	+ 4%
Sales	509	526	+ 17	+ 3%
EBITDA	- 7	5	+ 12	
EBIT (reported)	- 28	- 17	+ 11	
EBIT margin <i>in %</i>	- 5.5	- 3.2	+ 2.3pp	
Free cash flow from operations	- 168	- 104	+ 64	
Employees (March 31)	9,359	9,705	+ 346	+ 4%



Recent order flow New orders and frame contracts

Air Defence MENA
EUR 390 million



Upgrade Leopard 2 Poland
EUR 130 million



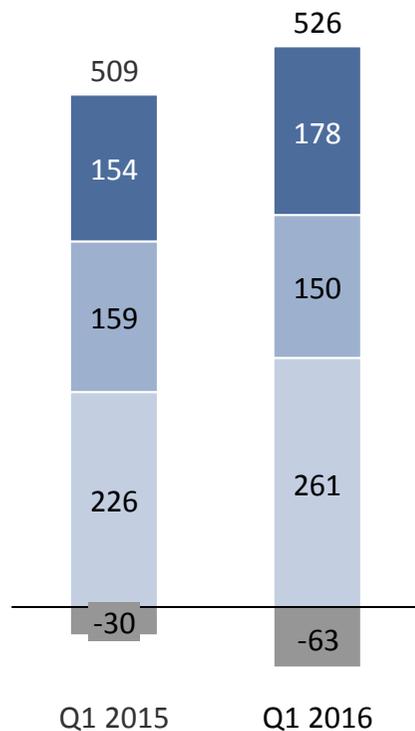
Artillery ammunition MENA
EUR 84 million



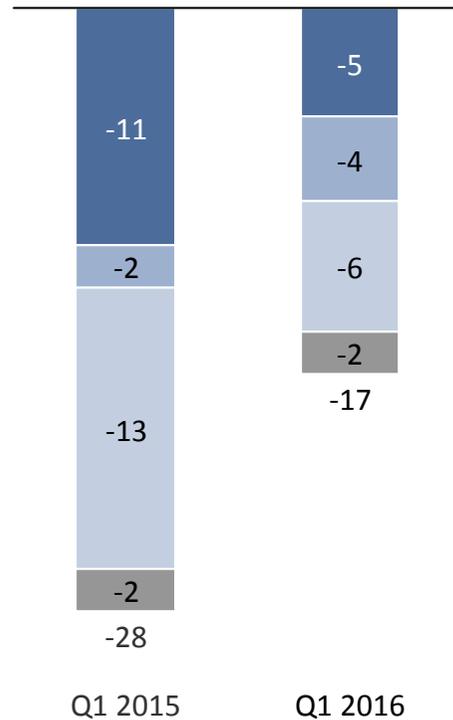


Sales increase in Weapon and Ammunition and in Vehicle Systems Earnings improving but seasonally not yet in profit zone

Sales Defence in EUR million



Operational earnings Defence in EUR million



Reasons for earnings development

Weapon and Ammunition

— Higher sales

Electronic Solutions

— Lower sales in Air Defence

Vehicle Systems

— Higher sales of tracked vehicles

- Weapon and Ammunition
- Electronic Solutions
- Vehicle Systems
- Consolidation/Others



Rheinmetall Defence

The new Vehicle Systems Division – a competitive international supplier



- **Leading European supplier** of military vehicle systems with expected sales of €1.4 billion (in 2016) and a strong order backlog of €4.0 billion (end of 2015)
- **Sole provider of the complete product portfolio** of military vehicles (tracked, wheeled, tactical, logistical) and turrets in the Western world
- **New vehicles are ready for market launch:** amphibious wheeled vehicle, infantry fighting vehicle
- Strong market position setting a **solid basis in the further consolidation** process of the industry



Organic growth Main strategic drivers

DEFENCE

O R G A N I C G R O W T H

High order potential
in German home market

Global market growth
Increase of Defense
budgets due to changing
security situation

High order backlog
Secures solid future
growth of Rheinmetall
Defence in mid-term
perspective

New markets
Approaching new markets
with local partners and
with

**Innovative products
and developments**
(e.g. laser technology)



Growth driver “High order potential Germany”

A number of projects targeted by Rheinmetall



Fox
 Upgrade order (2016)
Potential ~€200 mill.
 Additional 6x6-vehicles
Mid term potential €1 billion



Leopard 2
 Upgrade order for 104 tanks
Potential up to €200 mill.



Marder
 Lifetime extension
Potential ~€75 million



Boxer
 Order for 131 vehicles,
Volume €130 million



Gladius soldier system
 Order expected for 2016/17
Potential ~€250 million
 Further Soldier systems
Mid term potential ~€500 mill.



Puma
 Additional equipment
Potential €600 million
 Demand for additional IFVs
Long term potential €900 mill.



Ammunition
 Restocking expected
Short and mid term potential ~€500 mill.



Combat Training Center
 Additional equipment
Potential > €50 million
 Service contract
Potential €50-100 mill.

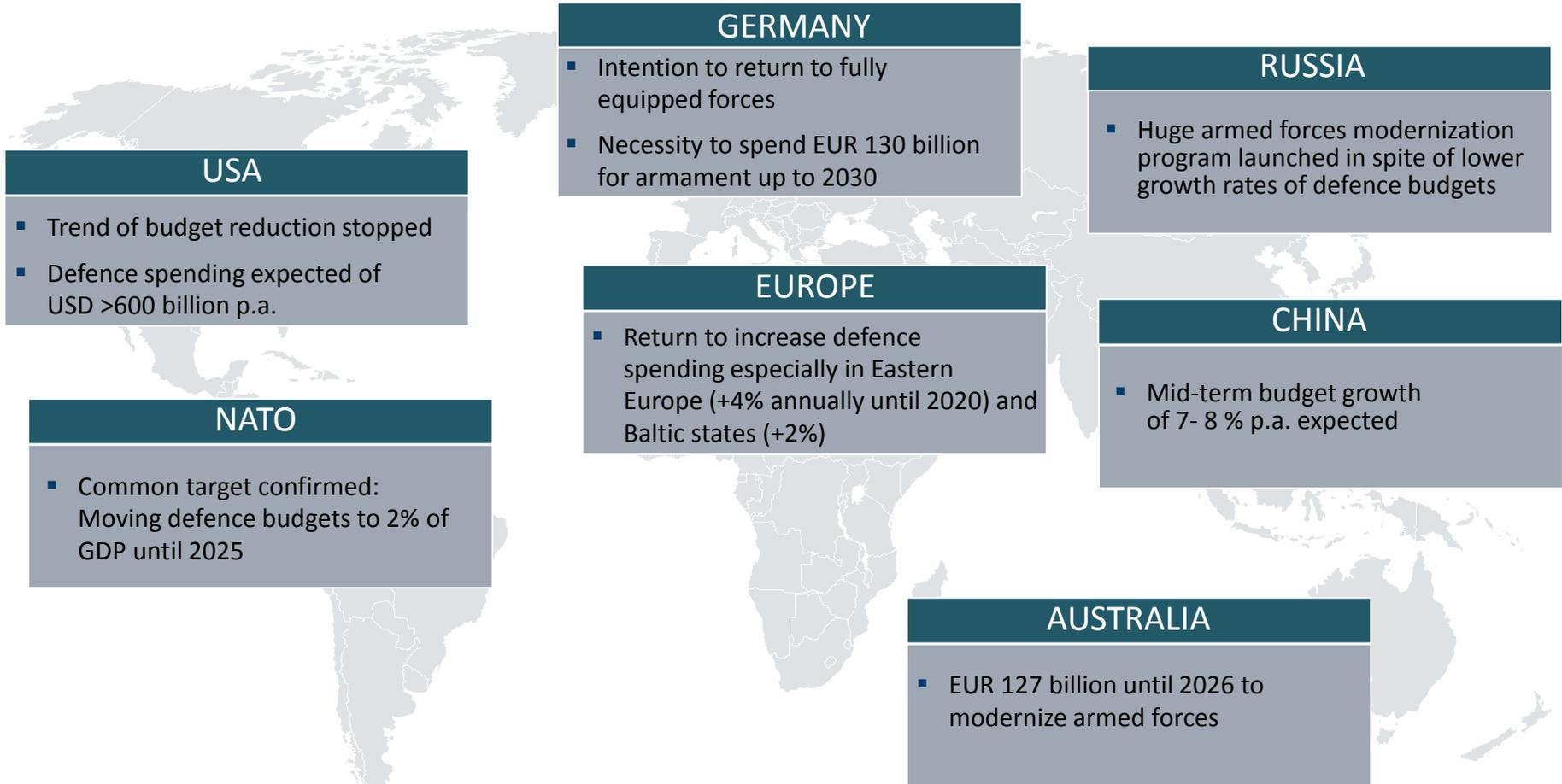


Military trucks
 Step-by-step replacement of 2,500 vehicles
Potential until 2025 > €1 billion
 Additional demand for further vehicles



Growth driver: Global markets

The Defence macro picture is changing

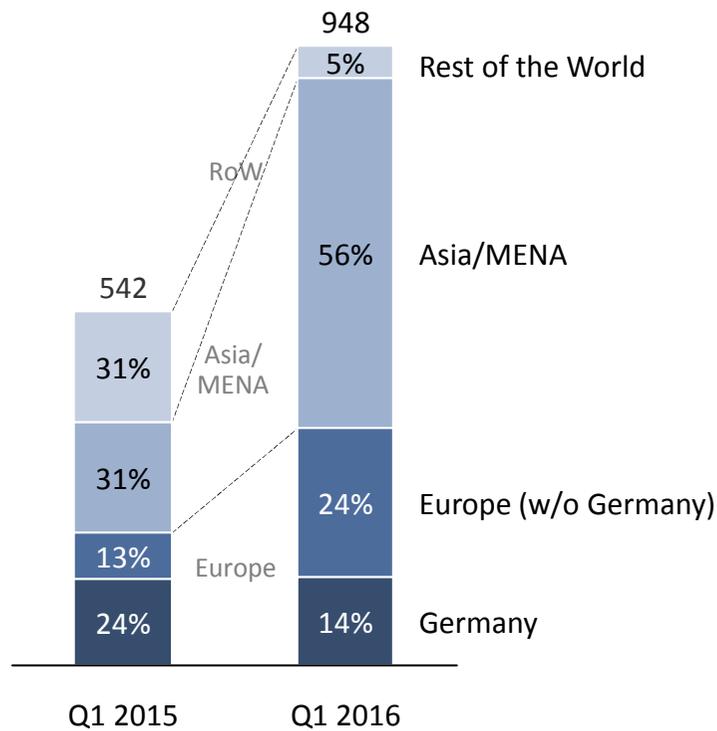




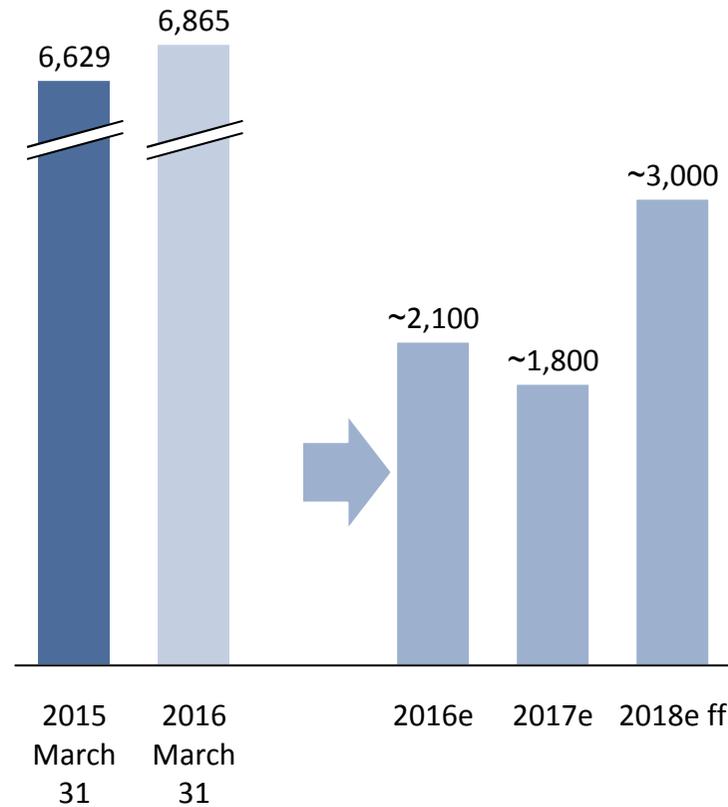
Growth driver “High order backlog”

High order book coverage of mid-term future sales

Order intake by region in EUR million



Order backlog turning into sales in EUR million





Growth driver “New markets” Expanding local footprint by individual industrial partnerships

POLAND



- **Cooperation with the Polish defence industry** for a major Leopard modernization program, Order volume about EUR 220 million

TURKEY



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

AUSTRALIA: LAND 400 PROGRAM



- Tender submitted in 2015, offering Boxer with Lance turret
- Teamed up with Northrop Grumman
- Down-selection in 2016, final decision not before 2018
- Total volume: appr. EUR 2.5 billion
- Strong international competition



Growth driver “New products”

New technologies and products ready for market launch

MBT MODERNIZATION/NEW CALIBER



— **Digital turret core system**

- New high-pressure **120mm cannon**, performance increase: **+20%**
- New cannon with a **larger caliber**, performance increase: **50%**

NEW CONCEPT MGCS*



- **MGCS concept** for new main battle tank **started**
- **Currently in concept phase** until 2017 in cooperation with the industry
- **Participation of several nations** expected, currently common project of Germany and France

*Main Ground Combat System

HIGH ENERGY LASER



- **Laser technology developed**, ready for operations in 3-5 years
- **Domestic R&D orders** of EUR ~40 million **received**
- **Qualification phase ongoing**: Successfully tested by German Navy



RHEINMETALL GROUP – OUTLOOK 2016 & MIDTERM PERSPECTIVES





Short-term perspective Outlook fiscal year 2016 confirmed

		Sales in € billion		Operational margin	
		2015	2016	2015	2016
	Group	5.2	~ 5.5	5.5%	~ 6%
	Defence	2.6	~ 2.8	3.5%	4.5-5%
	Automotive	2.6	~ 2.7	8.3%	~ 8%

Assumptions

- Key large-scale projects in Defence to be realized as scheduled, no significant one-offs
- Global automotive industry growing as forecast



Mid-term perspective

Looking ahead: Markets and Rheinmetall

Markets with good mid-term perspectives: Global growth in Defence and Automotive

	Market	Sales	Operational Margin
	CAGR 2015-2018e		
 Automotive	2.8%	~ 4-5%	~ 8%
 Defence	1.1%	~ 8%	~ 6-7%

Changing markets



- Sustainable growth of global car production
- Gradually rising importance of hybridization
- R&D efforts in order to create higher independency from engine concepts



- Increasing number of global tensions and conflicts lead to enhanced efforts to modernize ground forces
- Broad existing product portfolio covers increasing demand of land forces

Source: IHS Automotive/IHS Jane's (February 2016)



APPENDIX



Key figures: Group

<i>in EUR million</i>		2011	2012	2013	2014	2015
Balance sheet	Total assets	4,832	4,899	4,866	5,271	5,730
	Shareholder's equity	1,546	1,465	1,339	1,197	1,562
	Equity ratio (in %)	32.0	29.9	27.5	22.7	27.3
	Pension liabilities	729	919	891	1,121	1,128
	Net financial debt	130	98	147	330	81
	Net gearing (in %)	8.4	6.7	11.0	27.6	5.2
Income statement	Sales	4,454	4,704	4,417	4,688	5,183
	Operating result	342	268	211	160	287
	Operating margin (in %)	7.7	5.7	4.8	3.4	5.5
	EBITDA	538	490	315	299	490
	EBIT	354	296	121	102	287
	EBIT margin (in %)	7.9	6.3	2.7	2.2	5.5
	EBT	295	216	45	22	221
	Net income after minorities	213	173	29	18	151
	Earnings per share (in EUR)	5.55	4.55	0.75	0.47	3.88
	Dividend per share (in EUR); 2015: proposal	1.80	1.80	0.40	0.30	1.10
	ROCE (in %)	14.9	11.5	4.7	3.9	10.1
Cash flow statement	Free cash flow from operations	93	125	20	-182	29
Headcount	Employees (Dec 31) according to capacity	21,516	21,767	20,264	20,166	20,676

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)



Key figures: Segments 2011 – 2015

AUTOMOTIVE				
2011	2012	2013	2014	2015
2,357	2,378	2,270	2,466	2,621
409	418	392	416	445
2,313	2,369	2,262	2,448	2,592
151	139	158	184	216
6.5	5.9	7.0	7.5	8.3
254	243	225	295	332
151	139	124	184	216
6.5	5.9	5.5	7.5	8.3
104	148	142	158	167
11,548	12,003	10,927	10,830	10,934
1,025	1,091	1,171	1,322	1,540
69	69	66	96	118
6.7	6.3	5.6	7.3	8.1
1,092	1,087	889	934	952
65	57	27	72	73
6.0	5.2	3.0	7.7	7.7
258	265	268	269	285
24	25	27	26	27
9.3	9.4	10.1	9.7	9.5

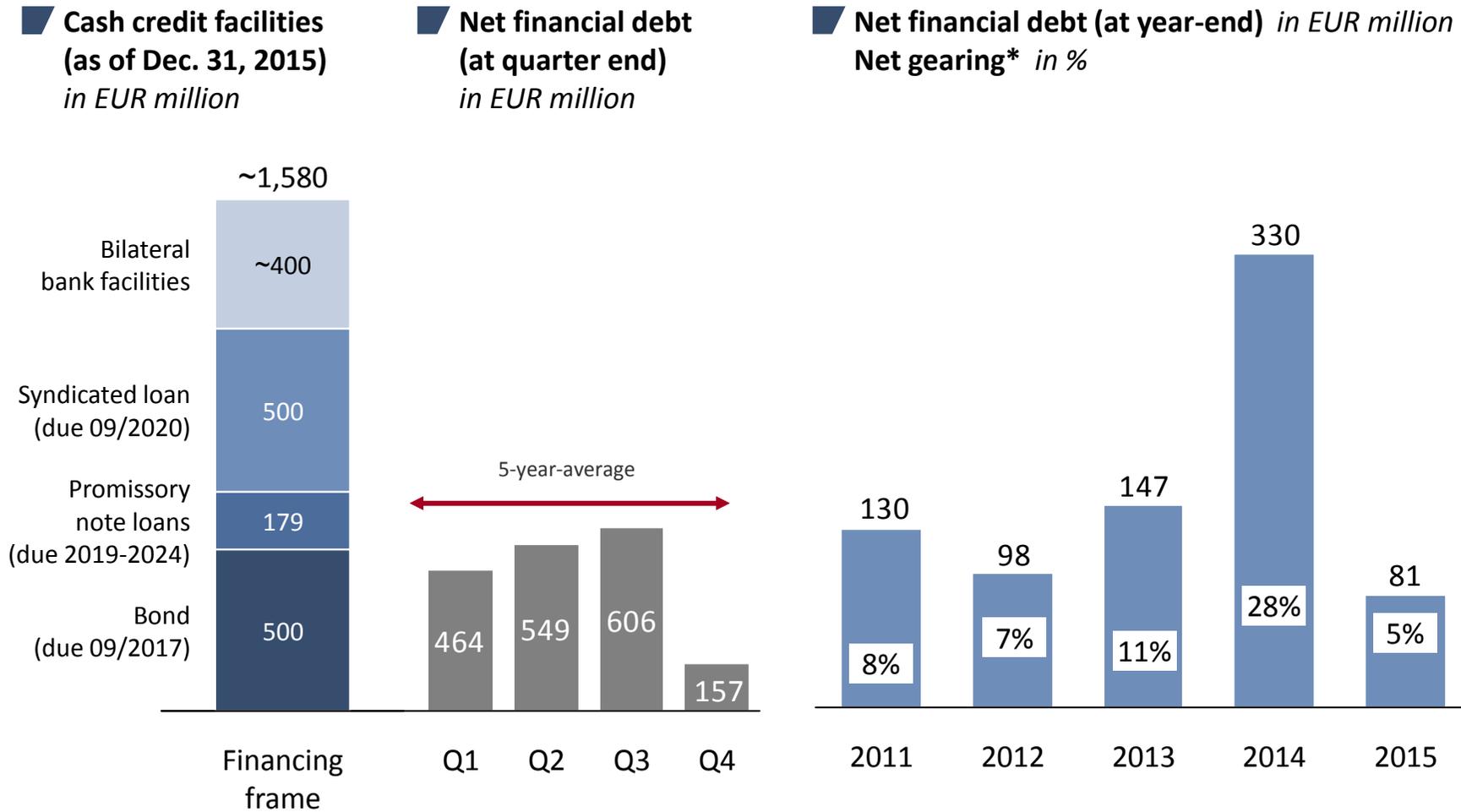
in EUR million		
Order intake		
Order backlog (Dec. 31)		
Sales		
Operating result		
Operating margin (in %)		
EBITDA		
EBIT		
EBIT margin (in %)		
Capex		
Employees (Dec 31) according to capacity		
Mechatronics	Sales	Combat
	EBIT	Systems
	EBIT margin	
Hardparts	Sales	Electronic
	EBIT	Solutions
	EBIT margin	
Aftermarket	Sales	Wheeled
	EBIT	Vehicles
	EBIT margin	

DEFENCE				
2011	2012	2013	2014	2015
1,831	2,933	3,339	2,812	2,693
4,541	4,987	6,050	6,516	6,422
2,141	2,335	2,155	2,240	2,591
212	146	60	-9	90
9.9	6.3	2.8	-0.4	3.5
303	262	96	17	175
223	173	4	-67	90
10.4	7.4	0.2	-3.0	3.5
102	90	62	76	96
9,833	9,623	9,193	9,184	9,581
1,198	1,136	1,027	977	1,382
146	102	31	-4	88
12.2	9.0	3.0	-0.4	6.4
799	748	710	705	759
86	97	11	-53	26
10.8	13.0	1.5	-7.5	3.4
255	567	539	667	600
-12	-25	-35	-9	-11
-4.7	-4.4	-6.5	-1.4	-1.8

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 credit facilities and net financial debt

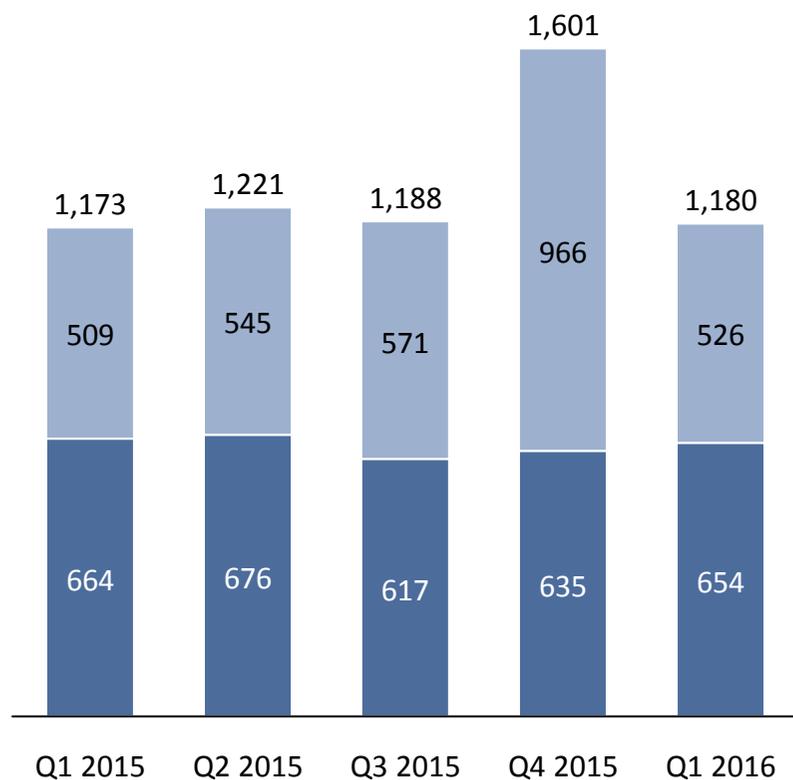


* Net debt in % of equity

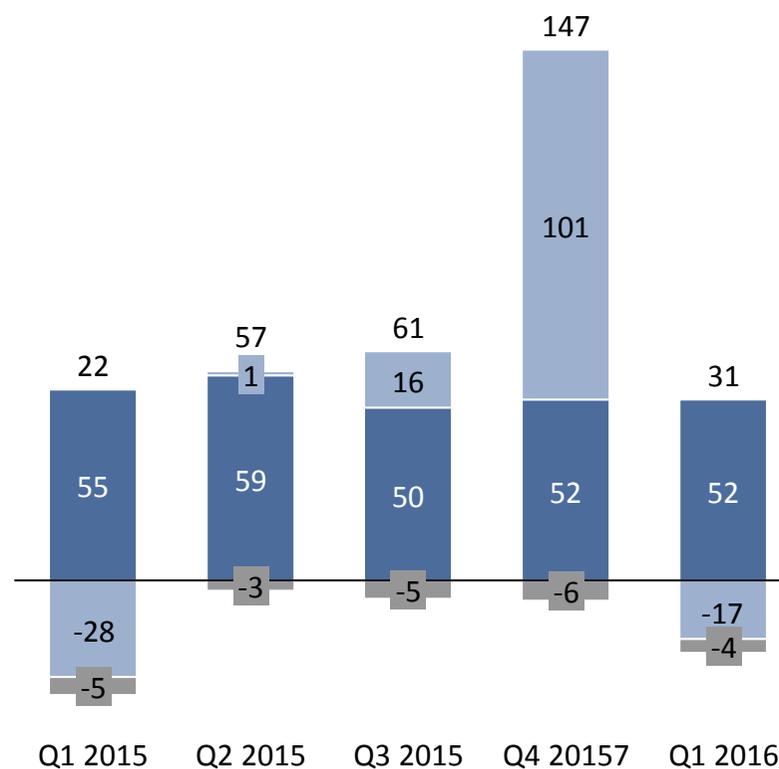


Quarterly development

Sales in EUR million



Operational earnings in EUR million

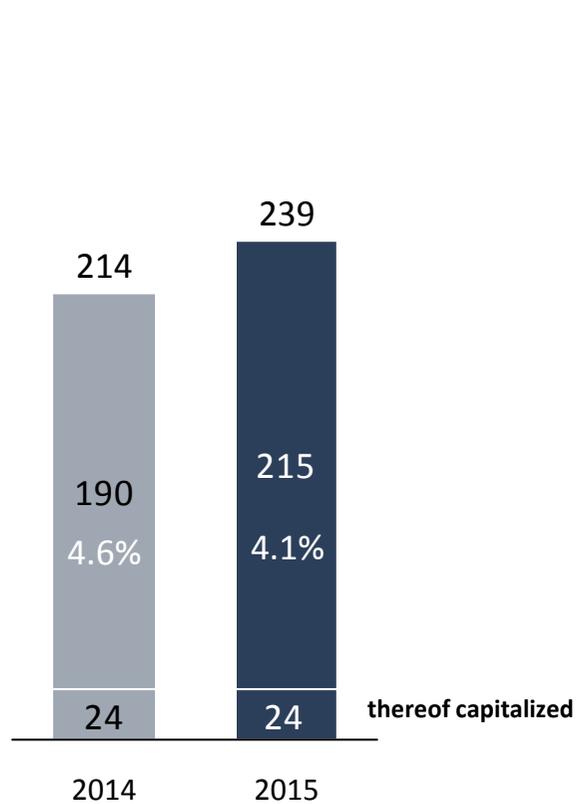


Defence Automotive Consolidation/Others

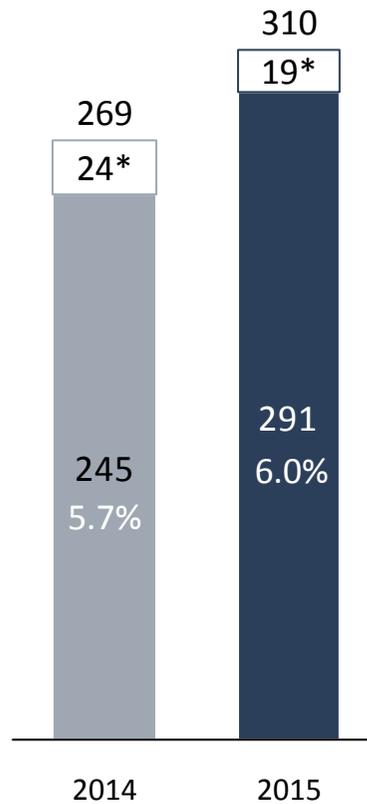


Research & development, capex, depreciation & amortization

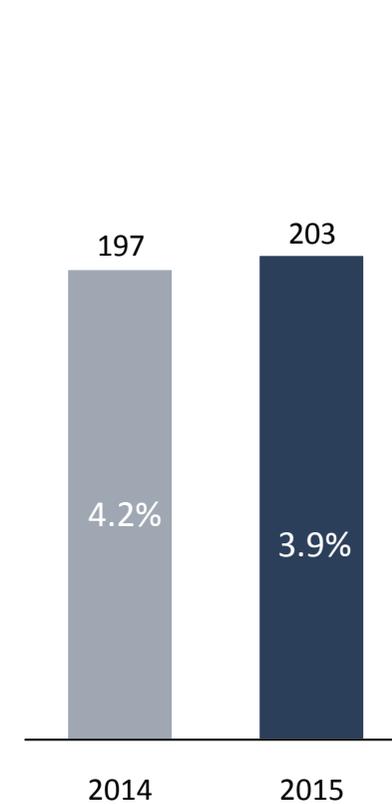
R&D in EUR million
in % of sales



Capex in EUR million
in % of sales



D&A in EUR million
in % of sales



* Subsidies for tooling costs

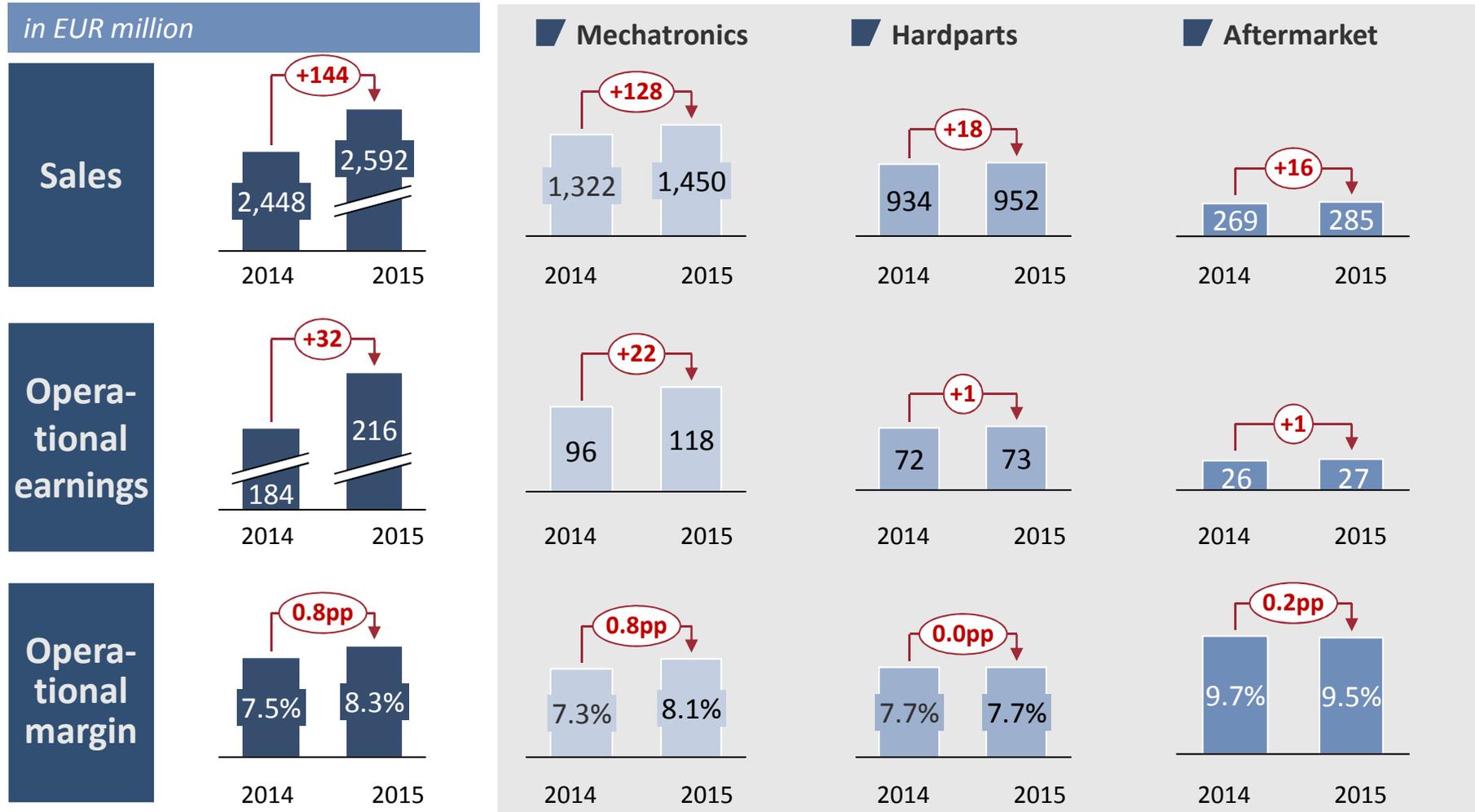


Fiscal year 2015: survey

<i>in EUR million</i>	2014	2015	Δ 2015/2014	
Sales	2,448	2,592	+ 144	+ 6%
Operational earnings	184	216	+ 32	+ 17%
Special items: one-offs, restructuring costs	0	0	± 0	± 0%
EBIT (reported)	184	216	+ 32	+ 17%
Employees (Dec 31)	10,830	10,934	+ 104	+ 1%



Key figures by division



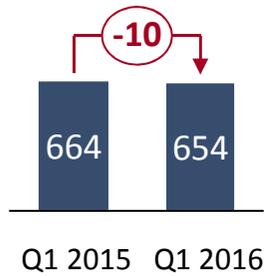
Figures before intra-segmental consolidation



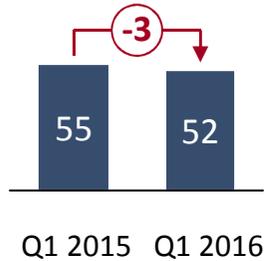
Key figures Automotive by division

in EUR million

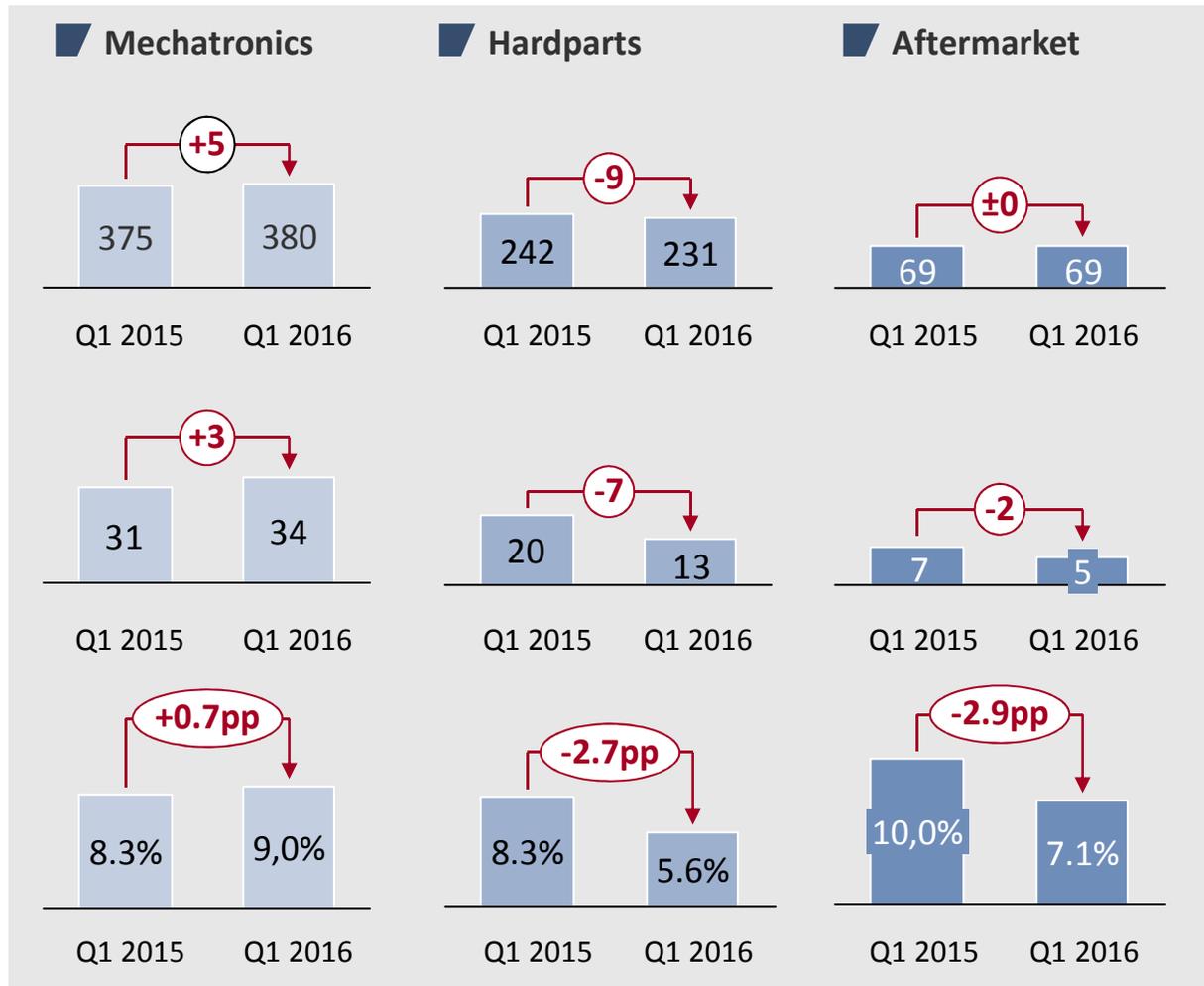
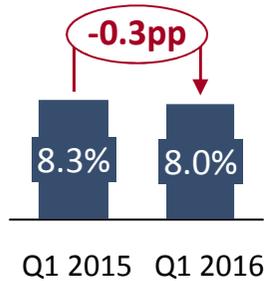
Sales



Operational earnings



Operational margin



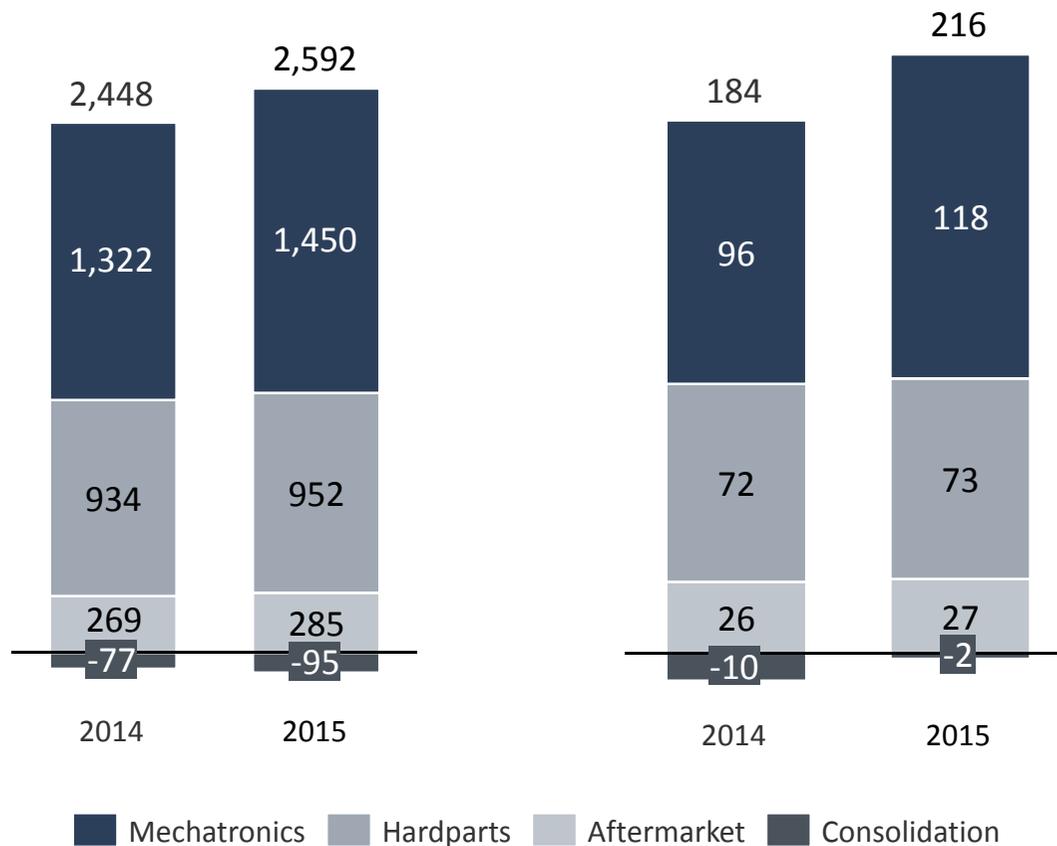


Top- and bottom line growth

Strong sales and earnings contribution from Mechatronics

Sales Automotive in EUR million

Operational earnings Automotive in EUR million



REASONS FOR EARNINGS DEVELOPMENT

Mechatronics

- Strong profitable growth

Hardparts

- Sales and earnings on previous year's level

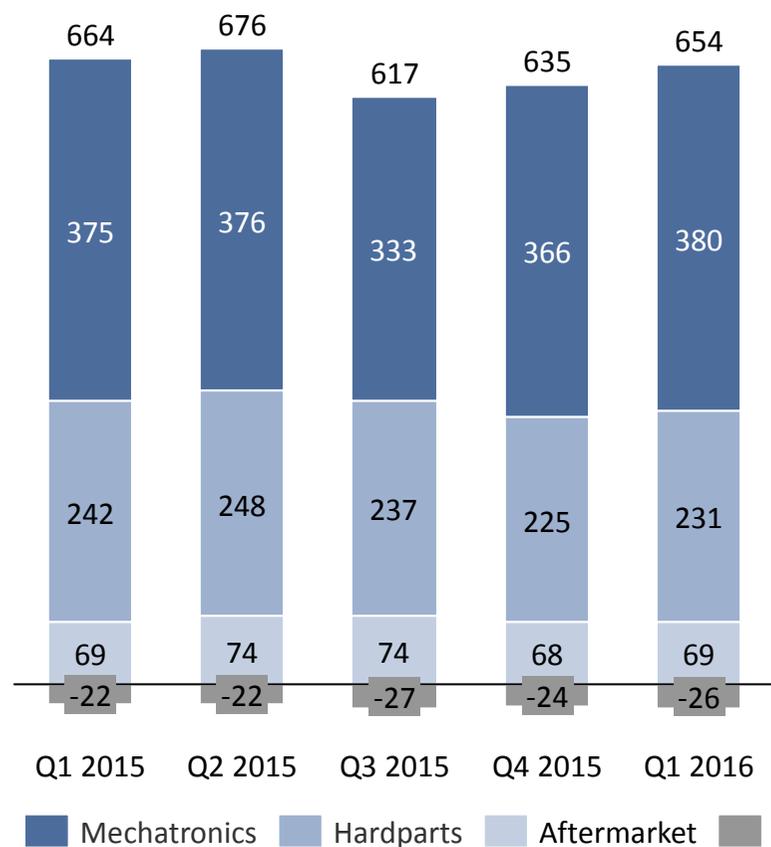
Aftermarket

- Solid top-line growth
- High margin level maintained

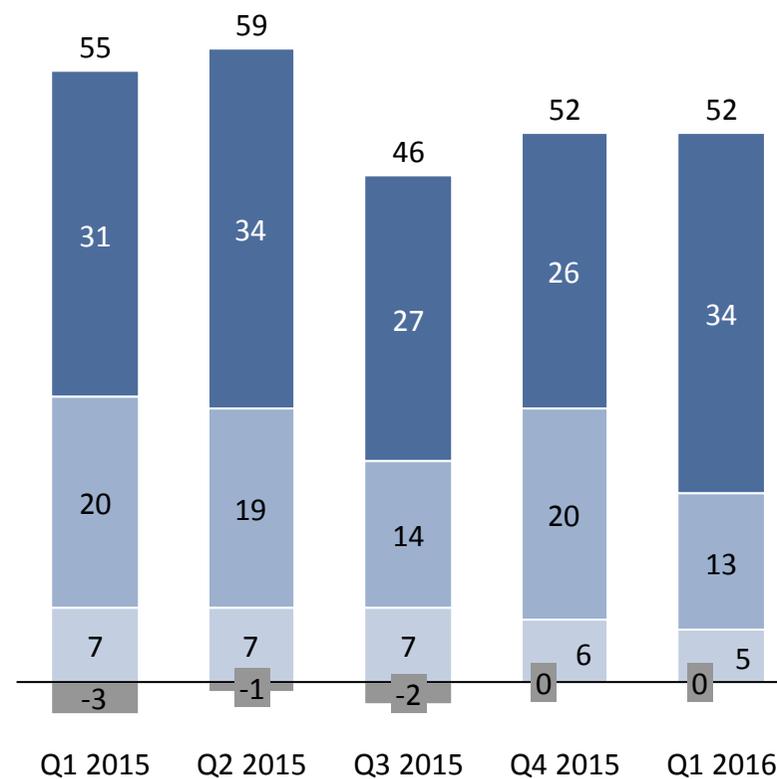


Quarterly development

Sales Automotive in EUR million



Operational earnings Automotive in EUR million

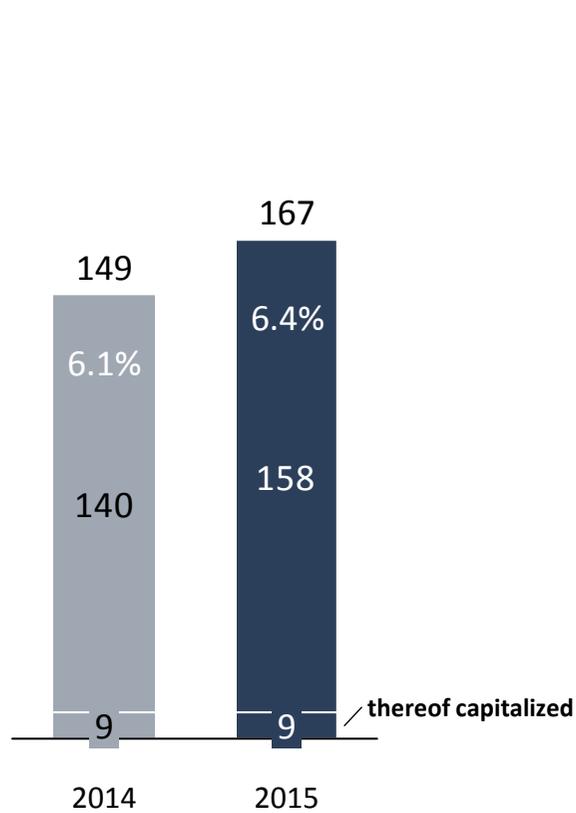


Figures 2014 adjusted for retrospective application of IFRS 5 „Discontinued Operations“

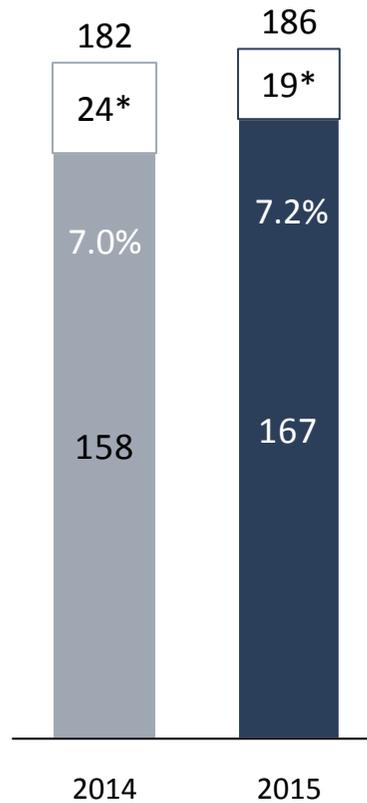


Research & development, capex, depreciation & amortization

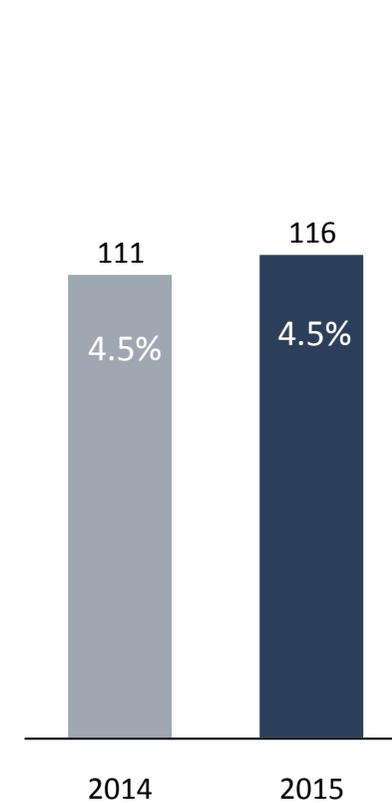
R&D in EUR million
in % of sales



Capex in EUR million
in % of sales



D&A in EUR million
in % of sales

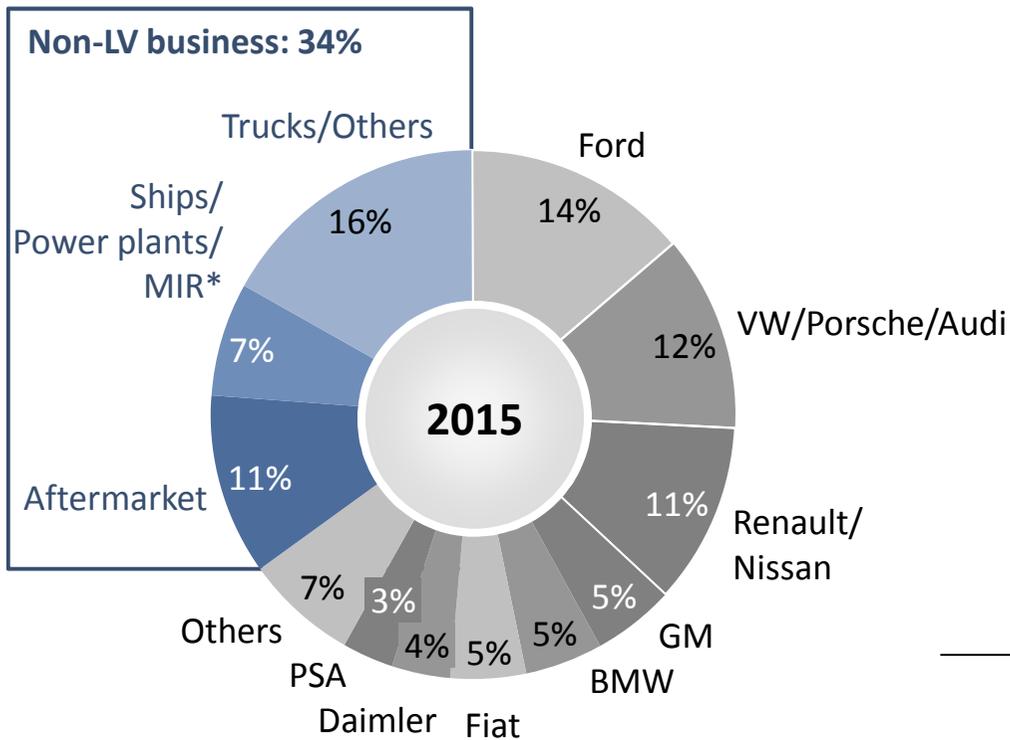


* Subsidies for tooling costs



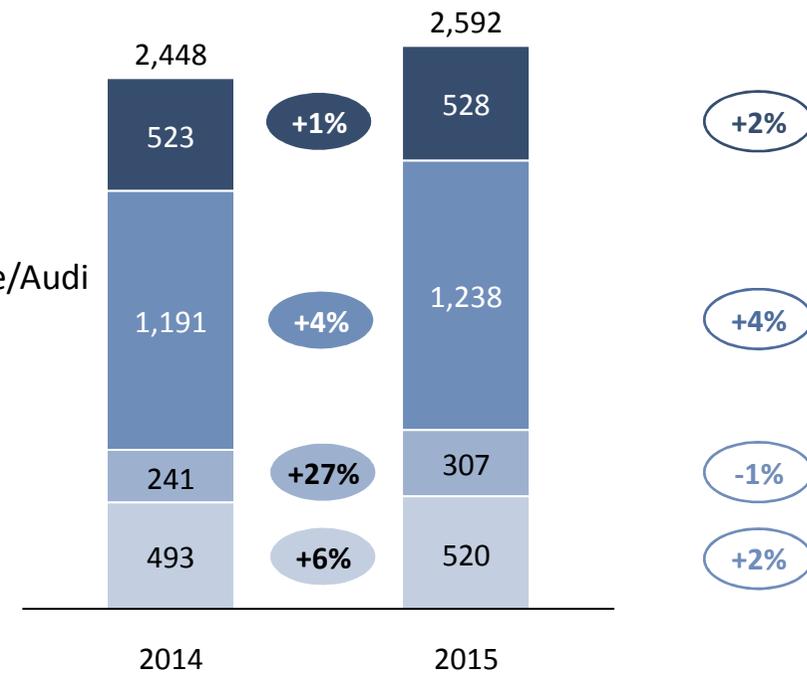
Sales by customers and by regions

Sales by customer in %



* MIR: Marine, Industrial, Recreational
 ** Source: IHS Automotive (February 2016)

Sales by region in EUR million
 Sales growth in %



Germany Asia (w/o China JVs)
 Europe (excl. Germany) Rest of the World

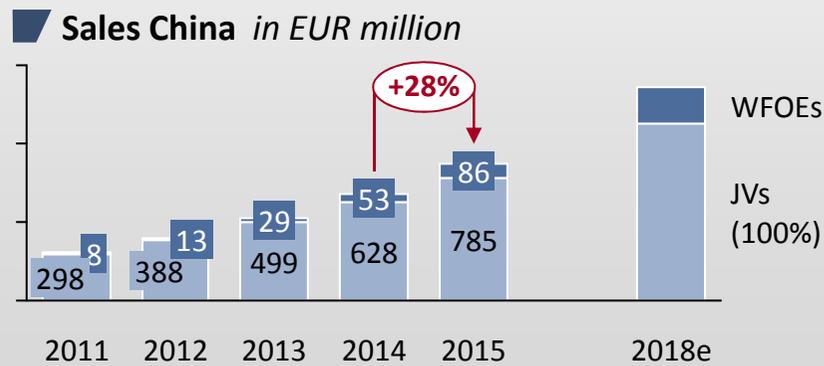


Automotive in China

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)		
Aftermarket	Pierburg	Large-bore pistons
2008	2009	2013
Spare parts	EGR modules and electric throttle bodies	Large-bore pistons
China		

JV subsidiary
Pumps (PMP Ch.)
2012
Electrical and mechanical pumps
China





Cash flow statement

<i>in EUR million</i>	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Δ Q1 2016/2015
Net income	40	43	35	43	38	- 2
Amortization / depreciation	28	28	28	32	33	+ 5
Change in pension accruals	0	0	-2	0	0	± 0
Cash flow	68	71	61	75	71	+ 3
Changes in working capital and other items	- 60	4	40	23	-178	- 118
Net cash used in operating activities	8	75	101	98	- 107	- 115
Cash outflow for additions to tangible and intangible assets	- 34	- 34	- 46	- 72	- 32	+ 2
Free cash flow from operations	- 26	41	55	26	- 139	- 113

Figures 2014 adjusted for retrospective application of IFRS 5 „Discontinued Operations“

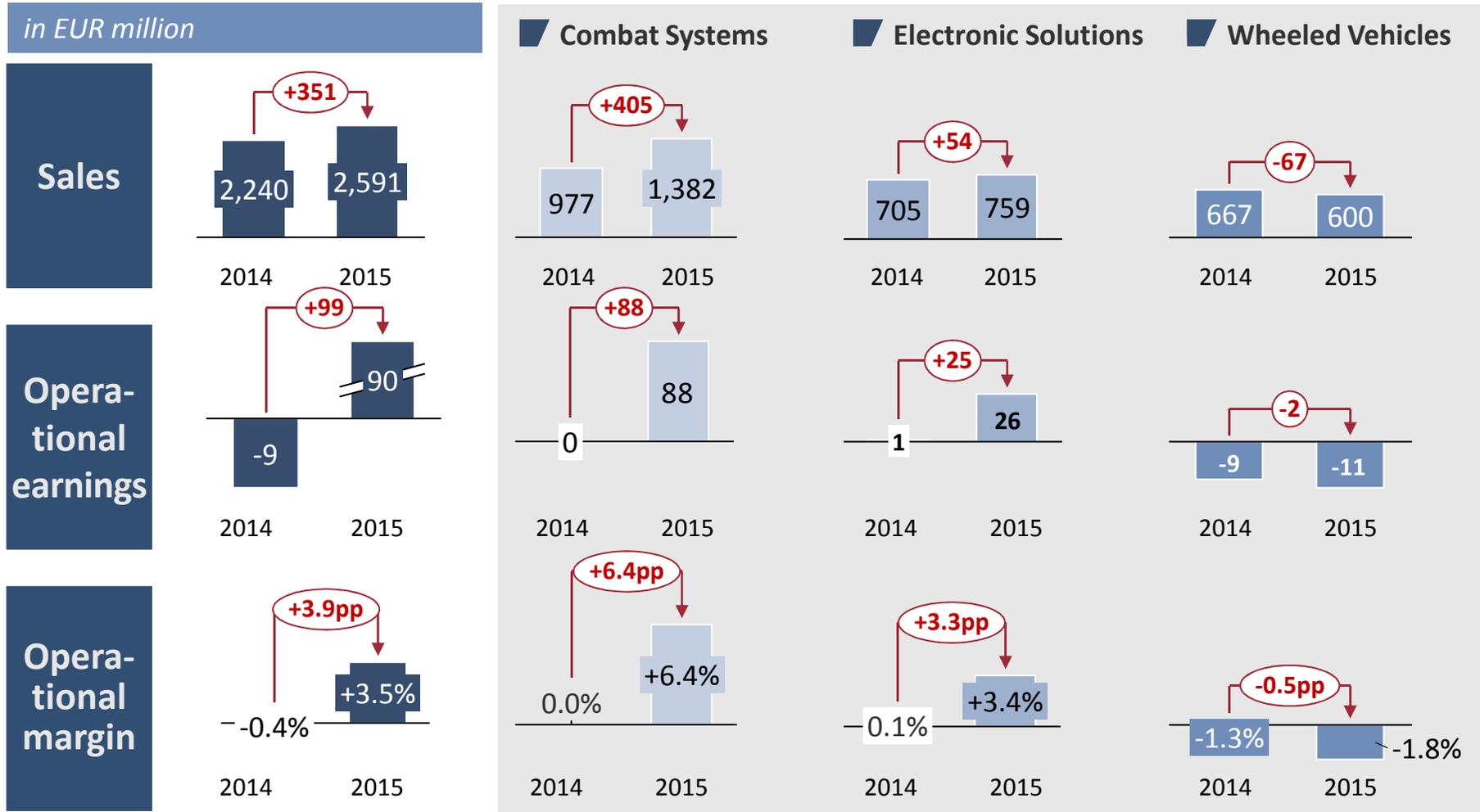


Fiscal year 2015: survey

<i>in EUR million</i>	2014	2015	Δ 2015/ 2014	
Order intake	2,812	2,693	- 119	- 4%
Order backlog (Dec 31)	6,516	6,422	- 94	- 1%
Sales	2,240	2,591	+ 351	+ 16%
Operational earnings	- 9	90	+ 99	
Special items: one-offs, restructuring costs	- 58	0	+ 58	
EBIT (reported)	- 67	90	+ 157	
Employees (Dec 31)	9,184	9,581	+ 397	+ 4%



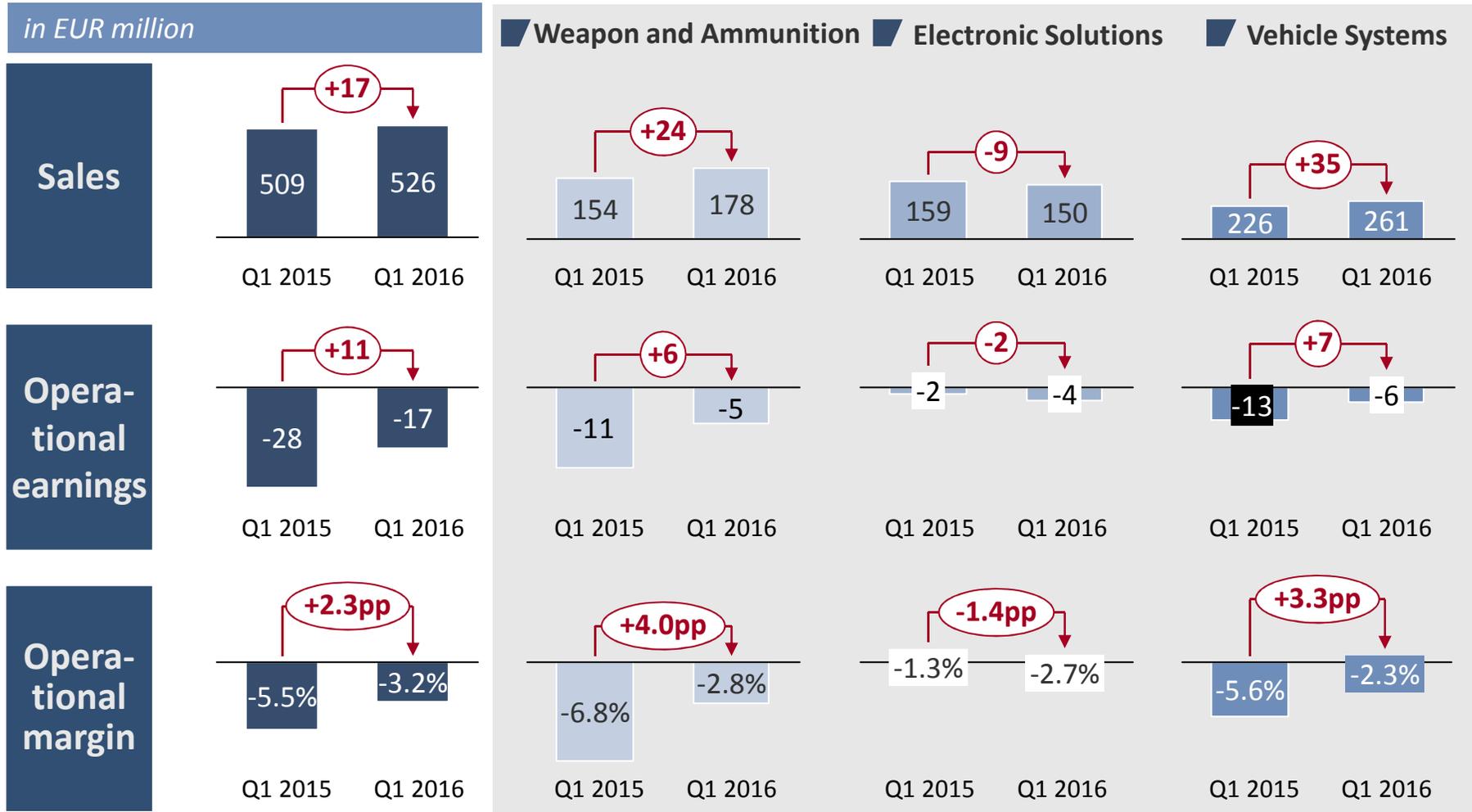
Key figures Defence by division



Figures before intra-segmental consolidation



Key figures Defence by division



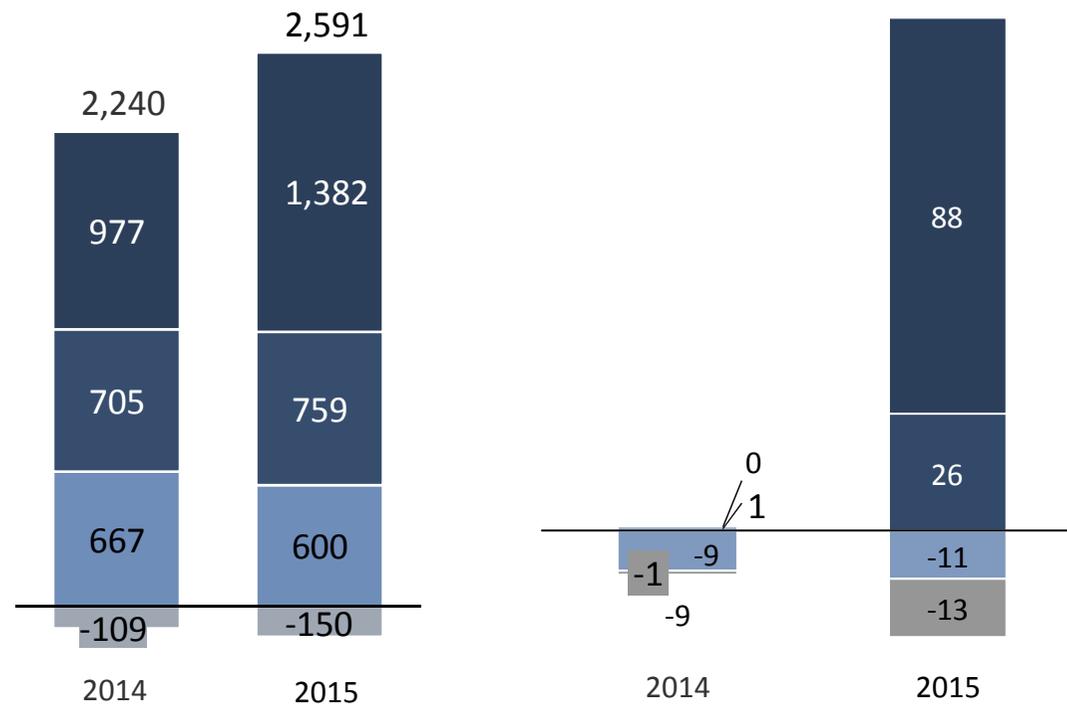


Turnaround of the operational performance

Return to profitability by operational improvements and no further one-offs

■ Sales Defence in EUR million

■ Operational earnings Defence in EUR million



■ Combat Systems ■ Electronic Solutions ■ Consolidation/Others

REASONS FOR EARNINGS DEVELOPMENT

Combat Systems

- Order execution boosts sales
- Improved economies of scale and product mix
- One-off for warranty naval guns in 2014

Electronic Solutions

- Growth impacted by strong CHF
- Losses in Norway reduced
- One-off for CTC Russia in 2014

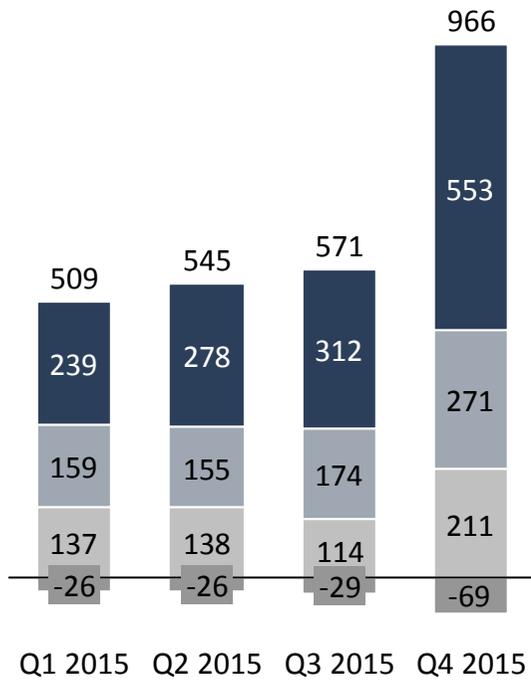
Wheeled Vehicles

- Lower sales due to volatility of projects
- Earnings stabilized but as expected still negative

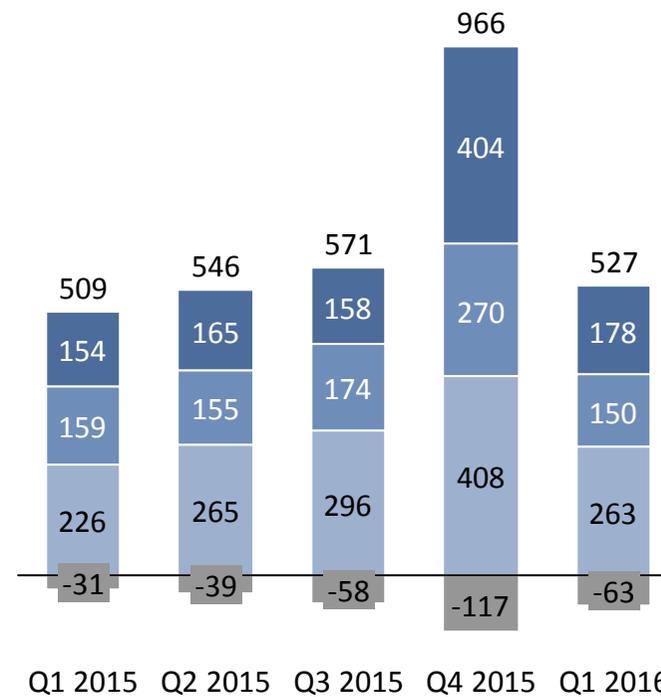


Quarterly development: Sales

Sales Defence – old divisional structure
in EUR million



Sales Defence – new divisional structure
in EUR million



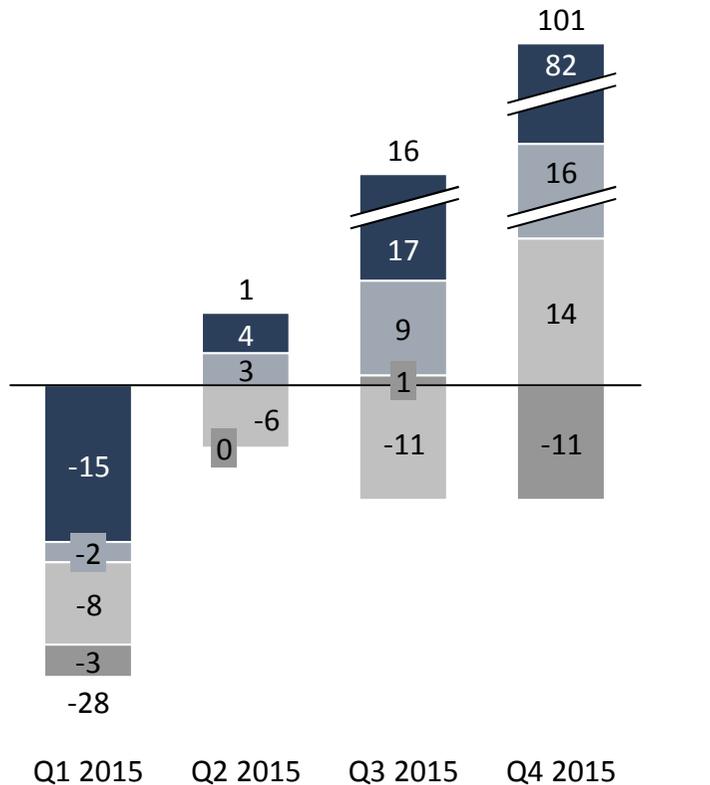
Combat Systems
 Wheeled Vehicles
 Electronic Solutions
 Consolidation/Others

Weapon and Ammunition
 Vehicle Systems
 Electronic Solutions
 Consolidation/Others



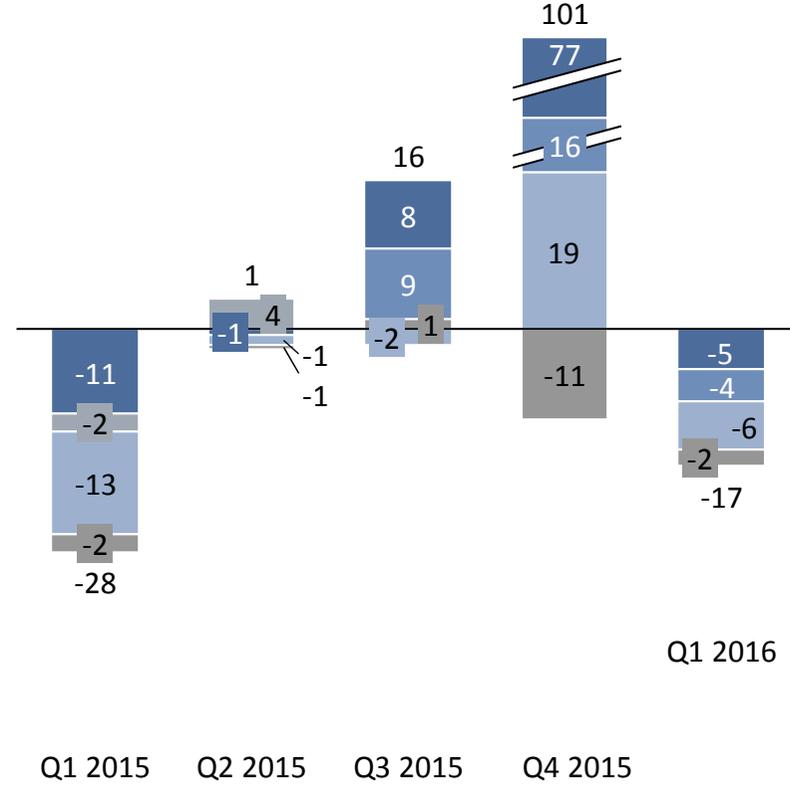
Quarterly development: Operational earnings

Operational earnings Defence – old divisional structure in EUR million



Combat Systems
 Wheeled Vehicles
 Electronic Solutions
 Consolidation/Others

Operational earnings Defence – new divisional structure in EUR million

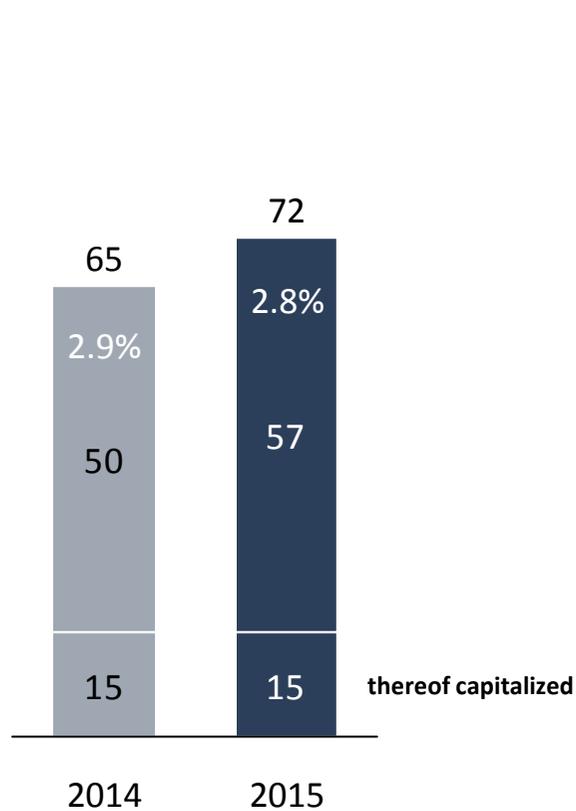


Weapon and Ammunition
 Vehicle Systems
 Electronic Solutions
 Consolidation/Others

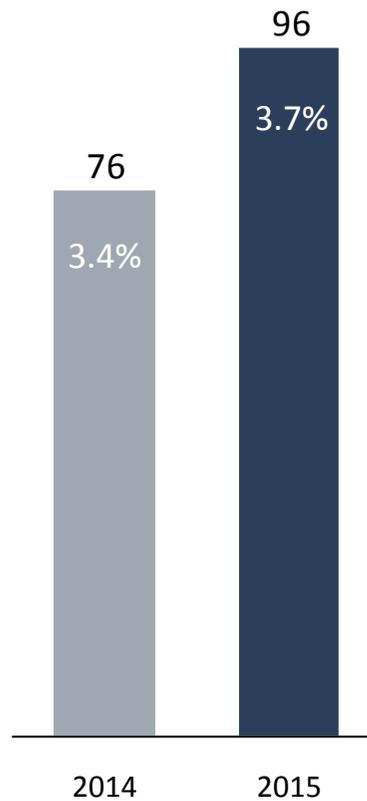


Research & development, capex, depreciation & amortization

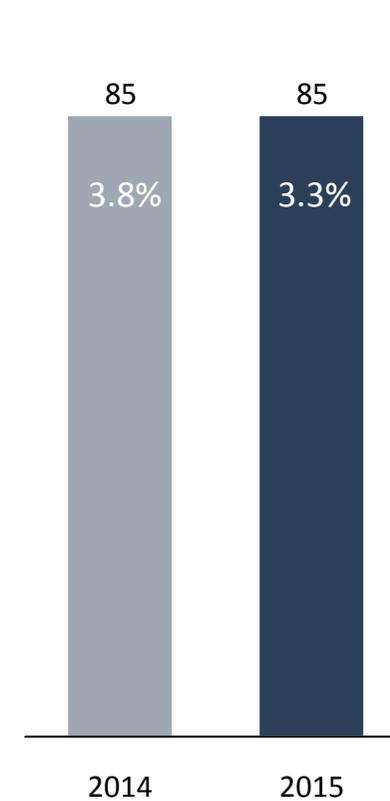
R&D in EUR million
in % of sales



Capex in EUR million
in % of sales



D&A in EUR million
in % of sales





Cash flow statement

<i>in EUR million</i>	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Δ Q1 2016/2015
Net income	- 30	- 8	3	67	- 20	+ 10
Amortization / depreciation	21	21	21	22	22	+ 1
Change in pension accruals	0	3	2	3	1	+ 1
Cash flow	- 9	16	26	92	3	+ 12
Changes in working capital and other items	- 142	- 112	- 25	212	- 90	+ 52
Net cash used in operating activities	- 151	- 96	1	304	- 87	+ 64
Cash outflow for additions to tangible and intangible assets	- 17	- 15	- 26	- 38	- 17	± 0
Free cash flow from operations	- 168	- 111	- 25	266	- 104	+ 64



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