

RHEINMETALL AG Q3 CONFERENCE CALL Robust performance despite increasing supply chain issues

5. November 2021



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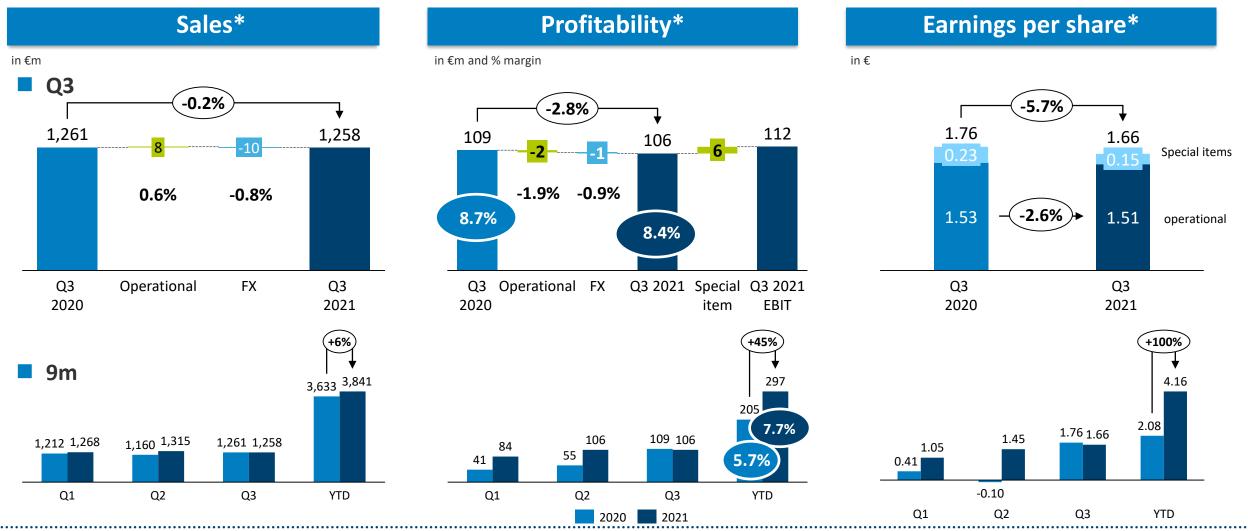
Q3 2021 Group Highlights

Macro	 Political environment de-risked Continued issues with semi-conductor availability and raw material price increases Increased call-off volatility
Performance*	 All divisions with favorable book to bill ratios Global LV markets outperformed by 18%p Robust operating margin of 8.4% OFCF – Generation slowed by necessary working capital build up and cash out for severance payments related to announced restructuring cash outs
Portfolio	 Pistons disposal process continues, with no results as of yet Weakness of the overall automotive market burdens A financially sound investor has not been found Next steps will be reported in the next months Successful start of new business of deployed operations support

*continuing operations only



Q3 2021 Group Highlights: Key financial data Stable Q3 with solid operational performance



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*continuing operations only

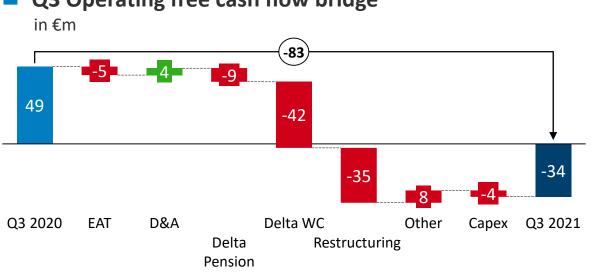


Q3 2021 Group Highlights Cost inflation is taken care of

Topline	 Semi conductor shortage caused OEMs to cancel higher than expected volumes Rheinmetall has not caused production stops at any customer, but suffered from the call off cancelations Supply situation is not expected to improve in the next quarters Security business so far unaffected, but first signs of a supply chain issues became visible for military vehicles, especially trucks in Q4
Input cost	 Hedging for key raw materials and energies in place except for China Raw material sourcing for consolidated sales under control in Q3 and Q4 2021 Strict cost control measures remain fully in place



Q3 2021 Group Highlights: Key financial data Headwinds from higher working capital and restructuring cash out

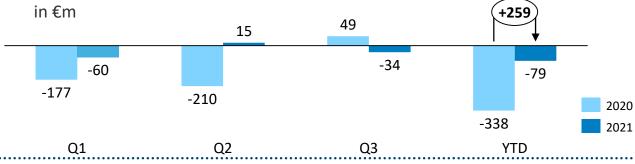


Q3 Operating free cash flow bridge*

- Working capital increases on prices and volumes
- Restructuring effects including severance payments in continued business



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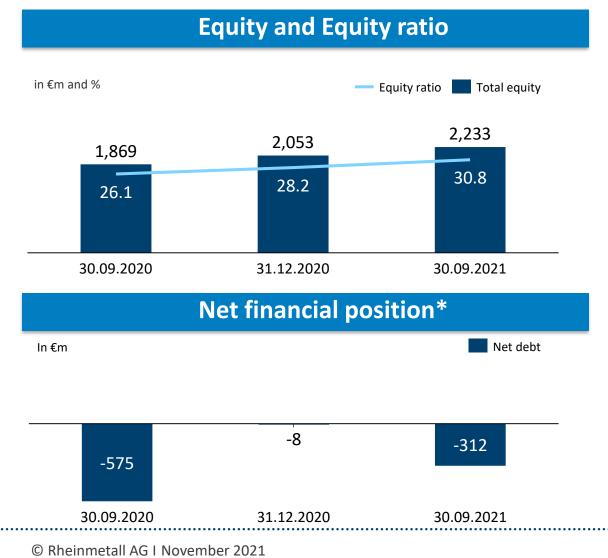


YTD OFCF compares €259m favorably to the prior year

*continuing operations only

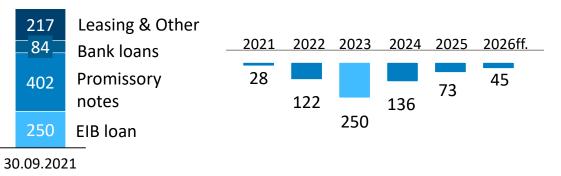


Q3 2021 Group Highlights: Key financial data Very resilient balance sheet and financial position



Gross debt and maturity profile

in €m **Σ 953**



Highlights / Comments

- Equity ratio further improved to 30.8%
- Renewal of undrawn syndicated revolving credit facility of €500m until 2026 + two 1-year extension options
- Undrawn credit lines of €0.9bn per end of Q3
- Cash position of €641m and additional securities held for trade with a value of €77m per end of Q3

^{*}continuing operations only



Q3 2021 Group Highlights Rheinmetall enhances ESG participation in initiatives and confirms solid ratings

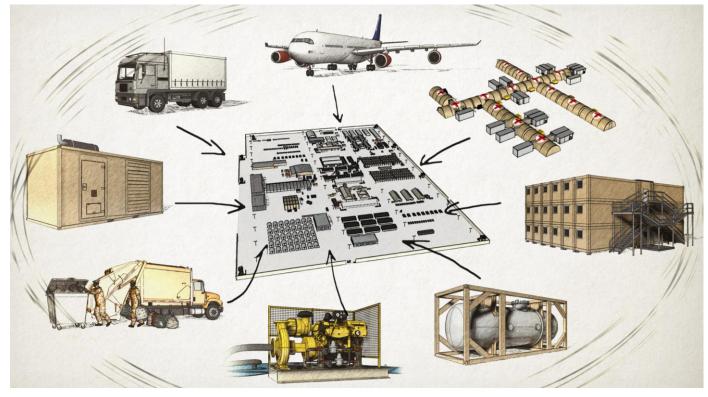
MSCI AA only 22% of **UN Global Compact** 36 score AA or better member since Q2 2021 **ISS ESG CDP** 15% of 65 companies **Frameworks** application Q3 2021 in A&D score C or better Ratings & Initiatives **Sustainalytics SBTi** peer group A&D Ø 38.1, commitment Q4 2021 31.2 ranked 18th out of 91 **TCFD & SASB** S&P planned for 2022 Industrial conglomerates 20 average 30



Q3 2021 Group Highlights Successful start for new business line with first Bundeswehr orders

Rheinmetall enters new business of deployed operations support

- Outsourcing of non-core military functions is trending with global market value expected to be around 350 €bn p.a.*
- Highly accretive service margin business
- Rheinmetall to set up and operate operational infrastructure
- New strategic partnership with Bundeswehr as launching customer
- Service business opens new income opportunities





Q3 2021 Division Highlights Strong quarter with highlights in order intake and cash flow



Sa	iles — (Operating M	argin in	%						
10]	436		507		409		461		434	
8 -	8.7		8.5		8.7		8.6		8.9	
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_	Q3 202	20 C	24 2020) (1 202	1 C	22 202	1 C	3 2021	1

		Q3		YTD			
In €m	2020	2021	Δ	2020	2021	Δ	
Order intake	180	483	+168.3%	728	2,456	+237.4%	
Order backlog				6,155	10,481	+70.3%	
Sales	436	434	-0.5%	1,339	1,304	-2.6%	
Operating result	38	39	+1.4%	122	104	-15.1%	
Operating margin	8.7%	8.9%	0.2%p	9.1%	8.0%	-1.2%p	
EBIT	38	39	+1.4%	122	104	-15.1%	
Operating FCF	-69	60	+129	-163	244	+407	

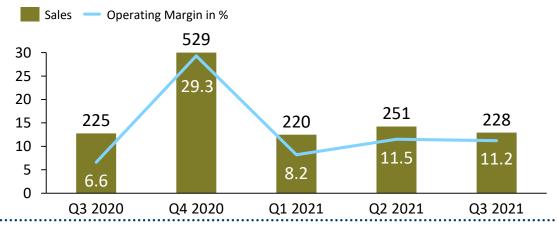
- Order intake rose on the back of an international Fox order
- Sales were on last years level with stable results and improved margin, slippage of several smaller orders into Q4
- OFCF benefited from milestone payments



Q3 2021 Division Highlights Strong margin expansion in a favorable environment



		Q3			YTD	
In €m	2020	2021	Δ	2020	2021	Δ
Order intake	242	324	+33.9%	867	752	-13.3%
Order backlog				2,404	2,742	+14.1%
Sales	225	228	+1.5%	670	700	+4.4%
Operating result	15	26	+72.4%	30	73	+143.3%
Operating margin	6.6%	11.2%	+4.6%p	4.4%	10.4%	+5.9%p
EBIT	10	26	+158.8%	23	73	216.0%
Operating FCF	-17	-65	-288.2%	-159	-143	+10.1%



- Order intake rises by ~34% even without larger orders
- Sales growth held back by a delayed German shipment
- Favorable sales mix accelerated margin to 11.2%
- OFCF declines mainly due to working capital increase



Q3 2021 Division Highlights Solid quarter comparing to a favorable previous year

DIVISION ELECTRONIC SOLUTIONS.

	Q3				YTD			
In €m	2020	2021	Δ	2020	2021	Δ		
Order intake	142	251	+76.8%	569	695	+22.1%		
Order backlog				2,115	2,437	+15.2%		
Sales	206	195	-5.3%	604	558	-7.8%		
Operating result	24	19	-21.0%	53	48	-9.2%		
Operating margin	11.6%	9.7%	-1.9%p	8.8%	8.6%	-0.2%p		
EBIT	34	19	-44.2%	63	48	-23.6%		
Operating FCF	80	-48	-128	24	-184	-209		



- Puma upgrade orders main driver for order intake growth
- Sales compare to strong PY that included high share of Gladius shipments
- Solid operating margin of 9.7%
- 2020 Q3 EBIT included positive 10€m special items from divestment
- OFCF compares to strong Q3 20 including major Gladius milestone payments

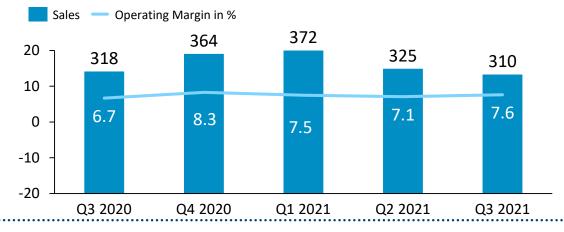


Q3 2021 Division Highlights

Clear market outperformance with continued margin recovery

DIVISION SENSORS AND ACTUATORS.

		Q3		YTD		
ln€m	2020	2021	Δ	2020	2021	Δ
Booked Business	327	528	+61.7%	1,309	1,480	+13.1%
Sales	318	310	-2.5%	838	1,007	+20.1%
Operating result	21	23	+9.4%	6	74	>100%
Operating margin	6.7%	7.6%	+0.8%p	0.7%	7.4%	+6.7%p
EBIT	5	23	335.0%	-16	74	+91
Operating FCF	42	21	-48,7%	-57	-7	+49



- Strong growth of booked business benefited from larger contracts for conventional and alternative truck powertrains
- LV Market outperformance of around 18%* and truck sales growth of 60%
- Margin rose to 7.6% with cost saving measures still in place
- PY EBIT included one-times for restructuring
- OFCF burdened by higher inventories after last minute call off cancelations



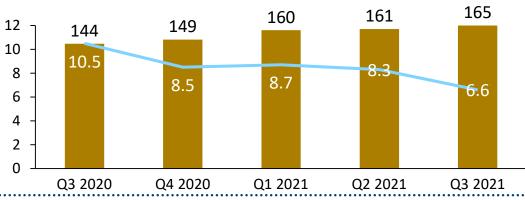
Q3 2021 Division Highlights

Lower at-equity contributions consumed sales driven recovery

DIVISION **MATERIALS AND TRADE.**

			YTD			
ln€m	2020	2021	Δ	2020	2021	Δ
Booked Business	135	188	+39.0%	412	515	+24.8%
Sales	144	165	+14.6%	387	485	+25.4%
Operating result	15	11	-27.7%	18	38	+111.5%
Operating margin	10.5%	6.6%	-3.9%p	4.7%	7.9%	+3.2%p
EBIT	12	11	-11.3%	-11	38	+50
Operating FCF	10	5	-51.7%	-2	6	+8

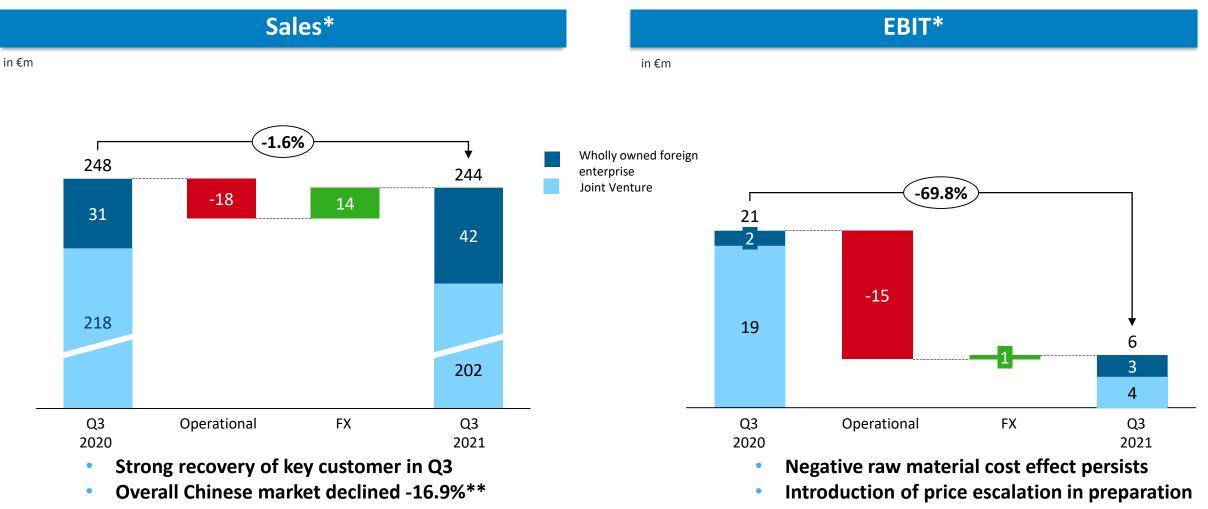
Sales — Operating Margin in %



- Increase of the booked business mostly driven by the Bearings business
- Sales increase of ~15% supported by favorable volume and price effects driven by strong demand in non-LV markets
- Operating result suffered from a €6m lower at-equity contribution
- OFCF was additionally impacted by working capital build up



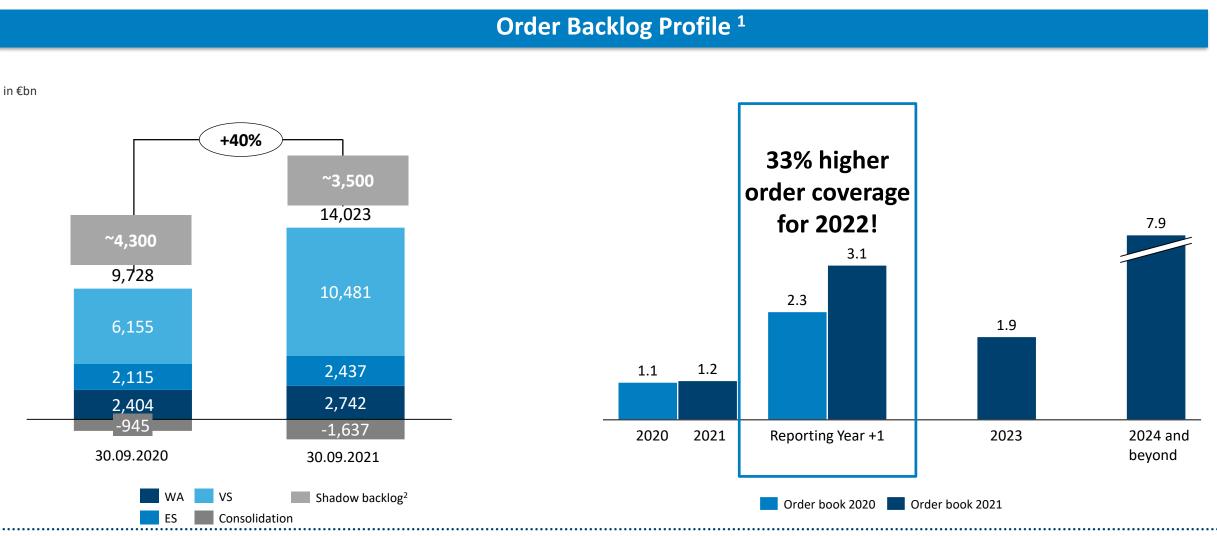
Q3 2021 China Market outperformance in a contracting environment



**Source: IHS 11/2021



Q3 2021 Markets & Drivers Sales growth acceleration in 2022 becomes tangible



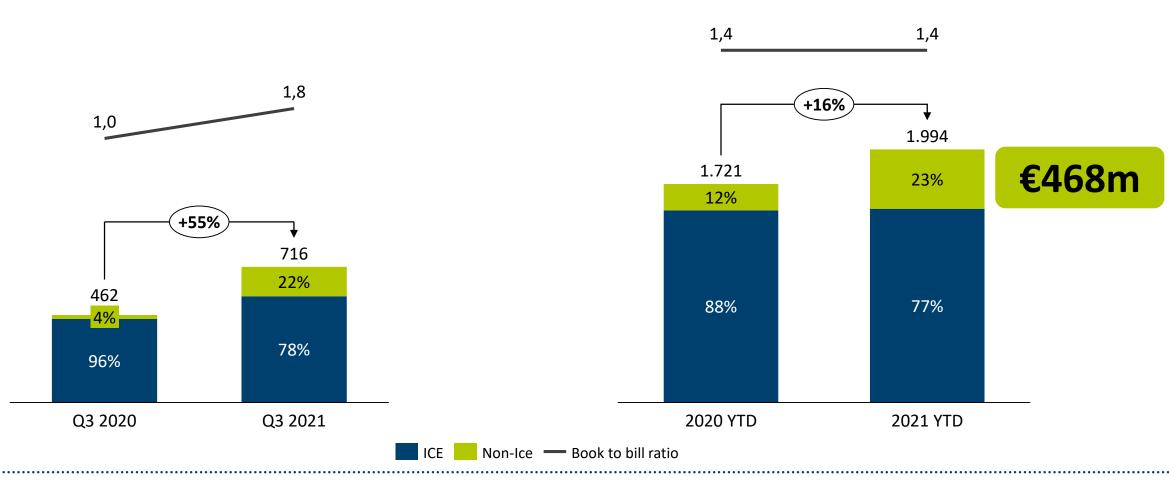
1 Order backlog for divisions Vehicle Systems, Weapon and Ammunition and Electronic Solutions

2 Additional "Shadow backlog" of ~€3.5bn including truck and ammunition framework agreements for the years 2021-28



Q3 2021 Markets & Drivers Alternative propulsion booked business almost doubles

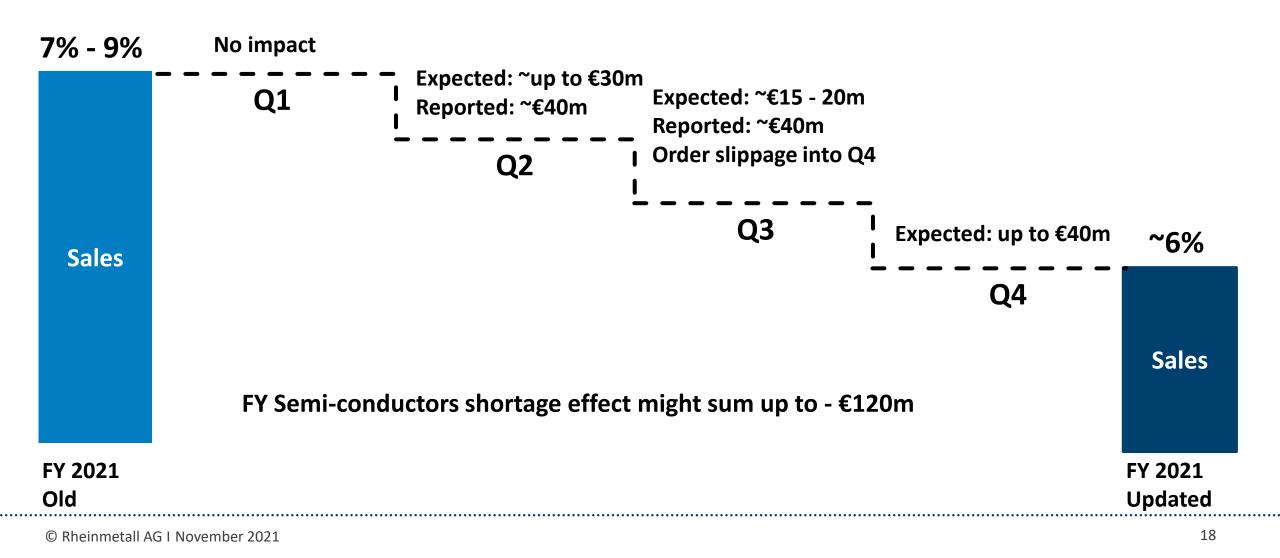
in €m





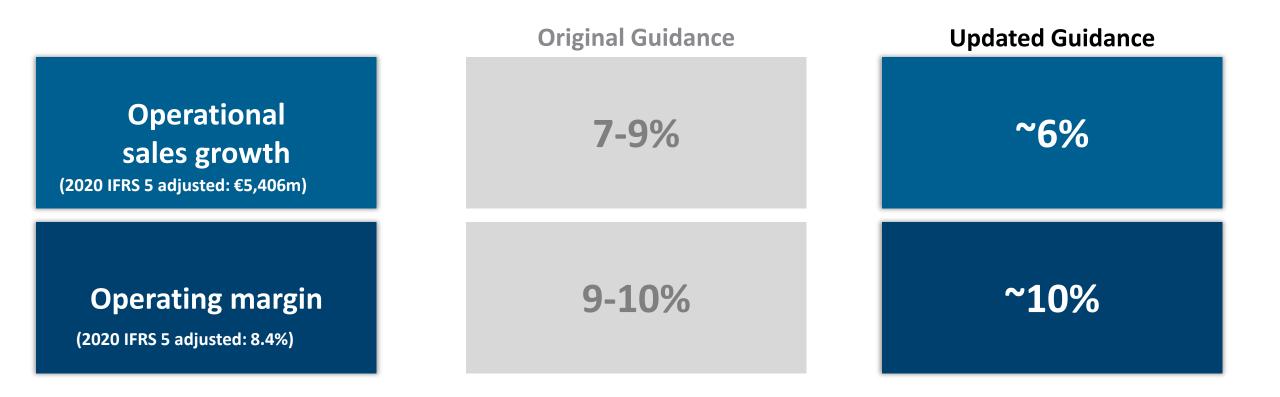
Outlook

Semi-conductor shortage with higher than expected H2 impact





Outlook FY 2021 Guidance updated



Based on the present supply scenario



Next events and IR contacts

Next Events	
Metzler Dialog, virtual	09 Nov 2021
UBS, European Conference 2021, virtual	10 Nov 2021
Deutsches Eigenkapitalforum, virtual	23 Nov 2021
Goldman Sachs, Industrials Conference, virtual	30 Nov 2021
Berenberg, European Conference, virtual	08 Dec 2021
Oddo BHF Forum, virtual	10 Jan 2022
Commerzbank, German Investment Seminar, New York	10-12 Jan 2022
Bank of America, SMID Cap Conference 2022, virtual	13 Jan 2022
UniCredit Kepler Cheuvreux, German Corporate Conference, virtual	17/18 Feb 2022
FY Earnings release	17 March 2022

IR Contacts

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Quick link to documents





Interim Report (link)



Annual Report

(link)





APPENDIX

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Balance Sheet

€ million	09/30/2021	12/31/2020		09/30/2021	12/31/2020
Assets			Equity and liabilities		
Goodwill	478	476	Share capital	112	112
Other intangible assets	259	240	Capital reserves	561	556
Right-of-use assets	208	233	Retained earnings	1.381	1.233
Property, plant and equipment	1.018	1.132	Treasury shares	(9)	(13)
Investment property	38	39	Rheinmetall AG shareholders' equity	2.044	1.888
Investments accounted for using the equity method	207	288	Non-controlling interests	188	165
Other non-current assets	196	272	Equity	2.233	2.053
Deferred taxes	182	249			
Non-current assets	2.585	2.928	Provisions for pensions and similar obligations	836	1.177
		2.720	Other non-current provisions	181	191
Inventories	1.740	1.573	Non-current financial debt	706	873
			Other non-current liabilities	52	82
Contract asset	411	352	Deferred taxes	13	4
Trade receivables	1.168	1.170	Non-current liabilities	1.788	2.326
Other current assets	212	192			
Income tax receivables	54	24	Other current provisions	698	796
Securities held for trade	77	-	Current financial debt	247	150
Cash and cash equivalents	641	1.027	Contract liability	1.141	968
Assets held for sale	350	-	Trade liabilities	611	700
Current assets	4.654	4.339	Other current liabilities	164	198
Total assets	7.238	7.267	Income tax liabilities	116	76
			Liabilities directly related to assets held for sale	240	-
			Current liabilities	3.218	2.888
			Total equity and liabilities	7.238	7.267

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Income Statement

€ million	Q3 2021	Q3 2020	Q1-Q3 2021	Q1-Q3 2020
Sales	1.258	1.261	3.841	3.633
Changes in inventories and work performed by the enterprise and capitalized	76	80	190	247
Total operating performance	1.334	1.341	4.030	3.880
Other operating income	25	20	77	65
Cost of materials	645	703	1.946	2.007
Staff costs	394	381	1.232	1.144
Amortization, depreciation and impairment	61	57	178	195
Other operating expenses	146	136	448	423
Income from investments accounted for using the equity method	3	16	14	3
Other net financial income	(4)	(5)	(15)	(22)
Earnings before interest and taxes (EBIT)	112	95	303	157
Interest income	(0)	3	3	7
Interest expenses	6	9	23	31
Earnings before taxes (EBT)	106	90	282	133
Income taxes	(31)	(9)	(76)	(37)
Earnings from continuing operations	76	81	206	96
Earnings from discontinued operations	1	(32)	(98)	(281)
Earnings after taxes	77	49	108	(185)
Of which:				
Non-controlling interests	4	5	27	6
Rheinmetall AG shareholders	73	44	82	(191)
Earnings per share	1,69 EUR	1,03 EUR	1,89 EUR	(4,43) EUR
Earnings per share from continuing operations	1,66 EUR	1,76 EUR	4,16 EUR	2,08 EUR
Earnings per share from discontinued operations	0,03 EUR	(0,73) EUR	(2,27) EUR	(6,51) EUR

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Cashflow Statement

€ million		
	Q1-Q3 2021	Q1-Q3 2020
Earnings after taxes	108	(185)
Amortization, depreciation and impairment	180	391
Impairment of non-current assets of discontinued operations	91	85
Allocation of CTA assets to secure pension and partial retirement obligations	(30)	(42)
Other changes in pension provisions	(7)	(3)
Income from disposals of non-current assets	(1)	(7)
Changes in other provisions	(49)	64
Changes in working capital	(266)	(462)
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	9	(60)
Pro rata income from investments accounted for using the equity method	(20)	6
Dividends received from investments accounted for using the equity method	16	7
Other non-cash expenses and income	(7)	(17)
Cash flow from operating activities ¹⁾	24	(223)
of which continuing operations	53	(206)
of which discontinued operations	(29)	(17)
Cash flow from investing activities	(242)	(97)
of which continuing operations	(230)	(84)
of which discontinued operations	(12)	(13)
Cash flow from financing activities	(147)	99
of which continuing operations	(239)	78
of which discontinued operations	92	22
Changes in cash and cash equivalents	(365)	(221)
Changes in cash and cash equivalents due to exchange rates	0	(9)
Total change in cash and cash equivalents	(364)	(230)
Opening cash and cash equivalents January 1	1.027	920
Closing cash and cash equivalents September 30	663	690
Closing cash and cash equivalents September 30 from discontinued operations	22	
Closing cash and cash equivalents according to consolidated balance sheet Sepbember 30	641	690

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Free Cash Flow Summary

in €m	YTD 2021	YTD 2020	Δ	Δ in%	Q3 2021	Q3 2020	Δ	Δ in%
Net Income	108	-185	293	49,0%	77	49	29	58,8%
Amortization / depreciation	271	476	-205	-52,6%	61	62	-1	-1,4%
Allocation of CTA assets to secure pension and partial retirement obligations	-30	-42	12	-28,6%	-5	0	-5	-
Change in pension accruals	-7	-3	-4	133,3%	-5	-1	-4	407,1%
Income from disposition of non-current assets	-1	-7	6	-92,5%	-1	-8	7	-93,7%
Changes in working capital	-266	-462	196	-179,1%	-130	-88	-42	48,1%
Changes in other items	-51	0	-51	-42,4%	5	79	-76	-104,6%
Cash Flow from operating activities	24	-223	247	-110,9%	1	91	-90	-98,5%
Cash outflow for additions to tangible and intangible assets	-144	-146	2	-1,1%	-57	-50	-7	13,3%
Operating Free Cash Flow (continued operations)	-79	-338	259	-67,4%	-55	41	-96	-236,2%

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