

A photograph of a modern, multi-story office building with a curved facade and large glass windows, set against a clear blue sky. The building is partially obscured by a dark blue horizontal band that serves as a background for the title text.

PASSION FOR TECHNOLOGY


Rheinmetall Investor Presentation

August 2021

PASSION FOR **TECHNOLOGY.**



Agenda



Rheinmetall at a glance



Market & Drivers



Five divisions under one roof



Financials



Outlook 2021



Responsibility @ Rheinmetall



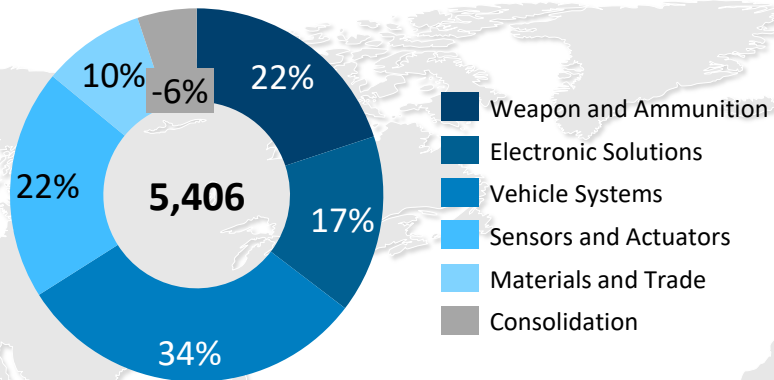
Appendix

Rheinmetall at a glance

Selected key business highlights

Sales by division

In €m

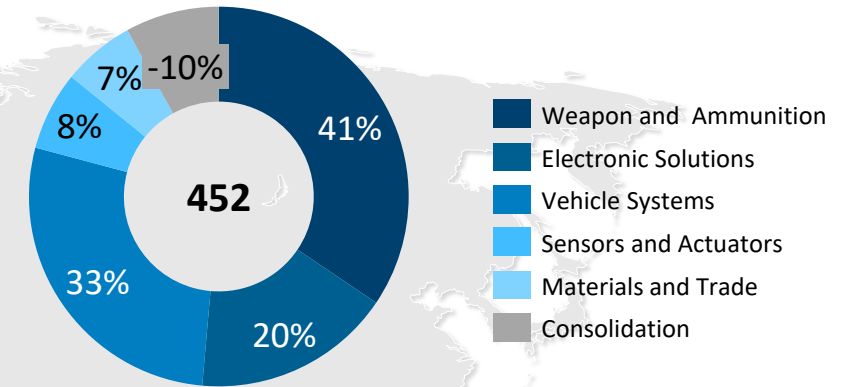


Business Model

- Defence system house with broad innovative product portfolio for land based operations
- Leading global Tier 1 automotive supplier with high-tech products for all powertrains (ICE, EV, FC)
- Components and subsystems for hydrogen technology in mobile and stationary applications

Result by division

In €m



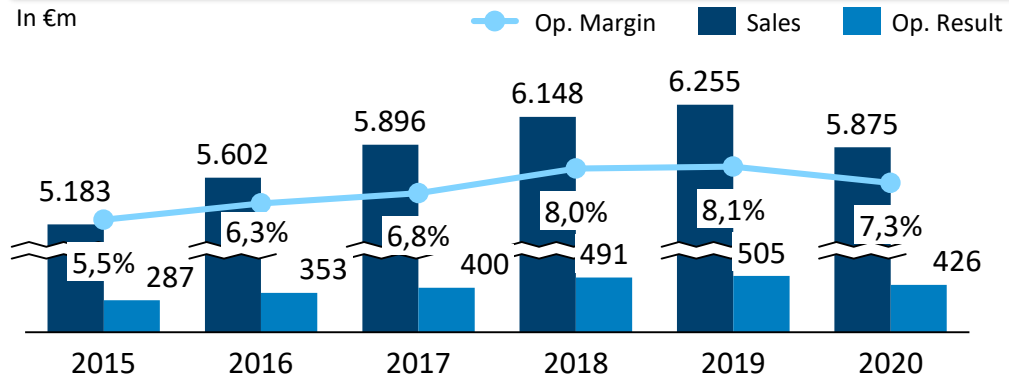
Market Driver

- Increasing demand for security due to geopolitical power shifts and constantly changing conflict situations
- Megatrend clean mobility supported by stricter regulation
- Growing importance of hydrogen to achieve climate goals

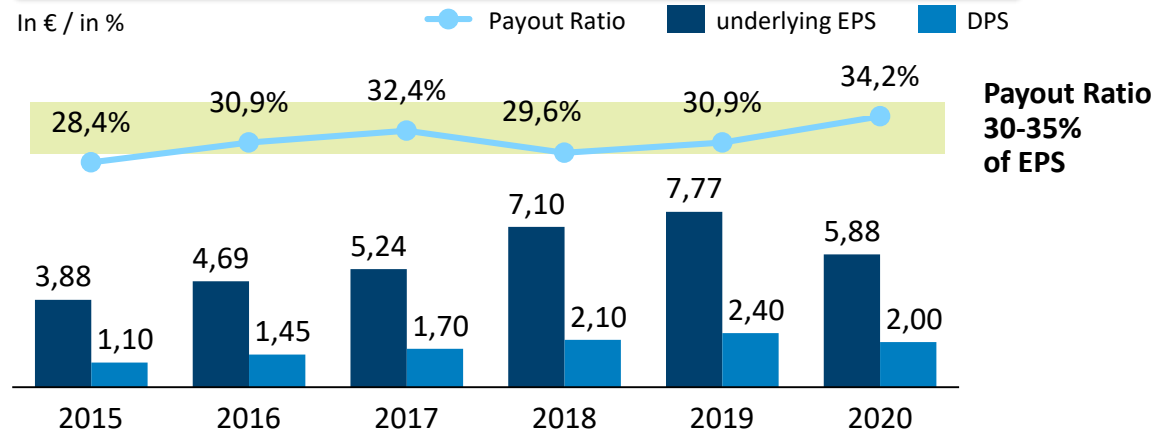
Rheinmetall at a glance

Historic financial development

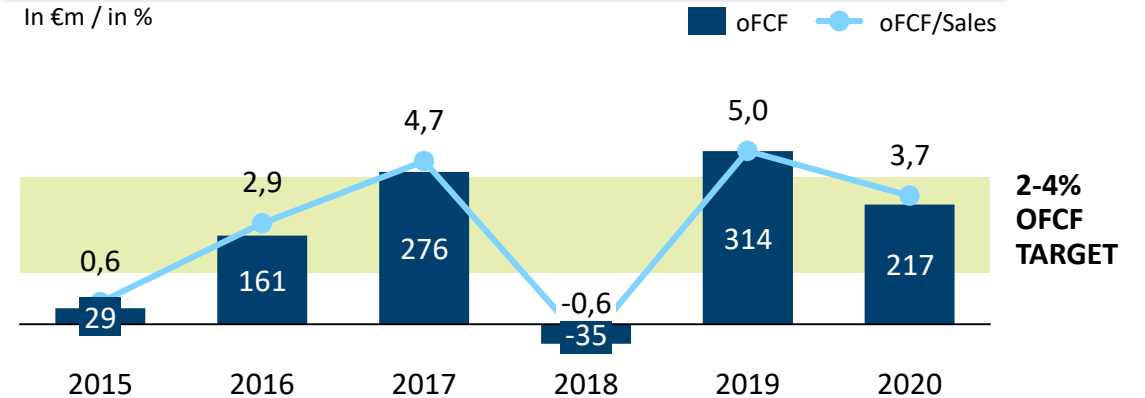
Sales, operating result and operating margin



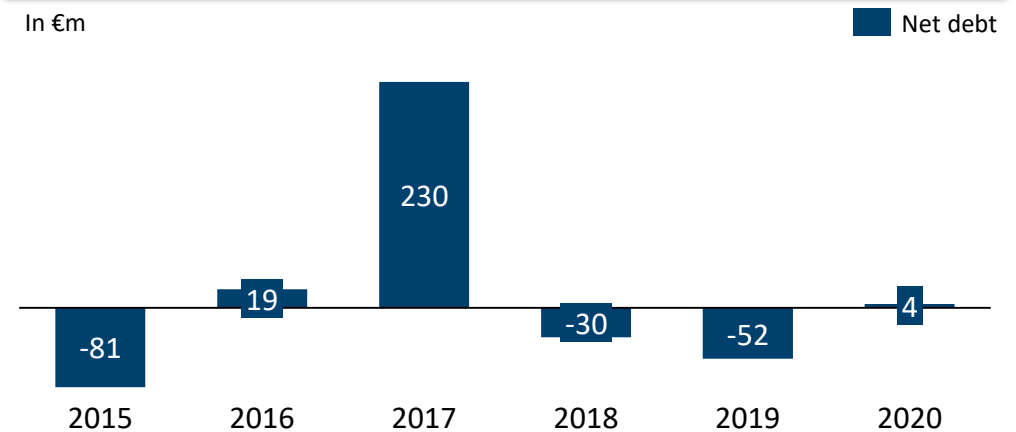
Earnings and dividend per share



Operating FCF and operating FCF to Sales

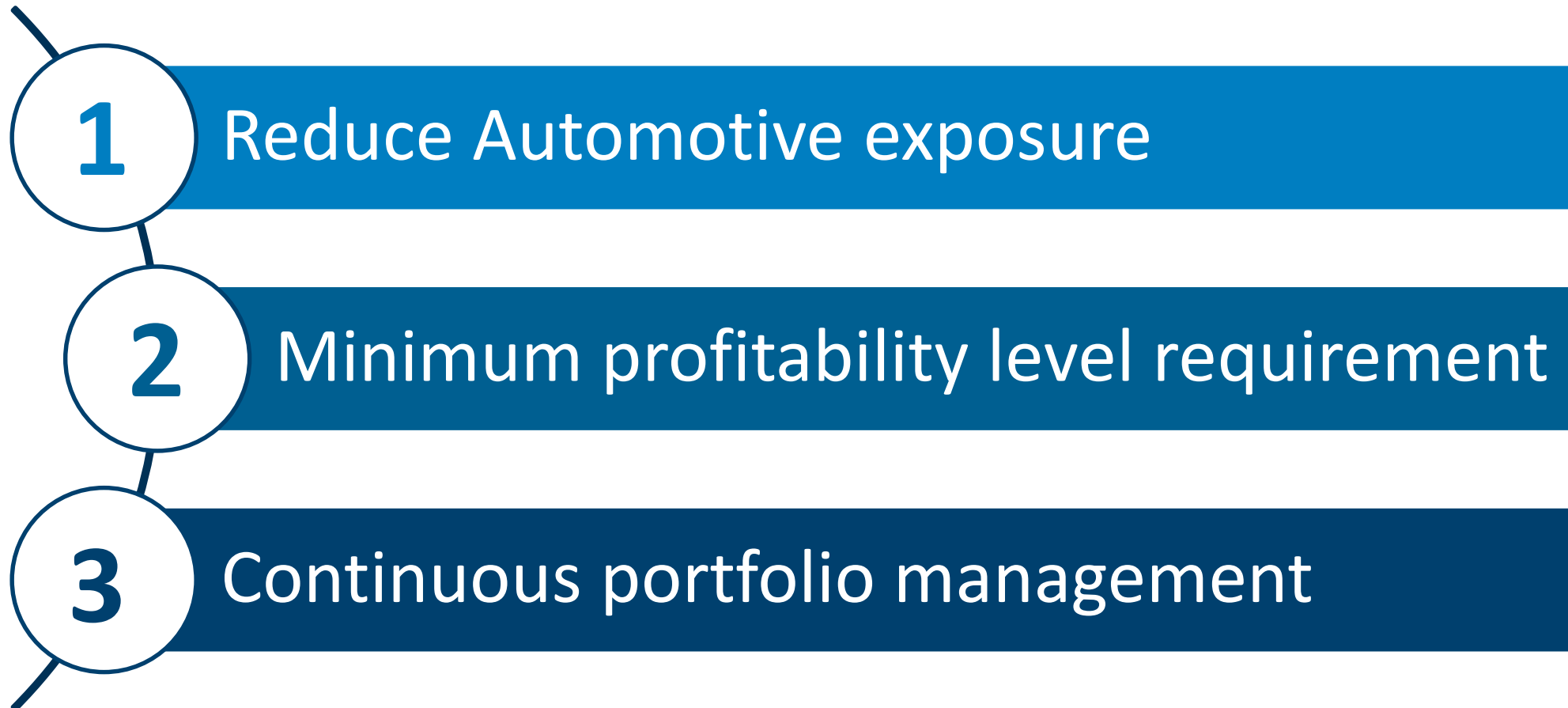


Net financial debt



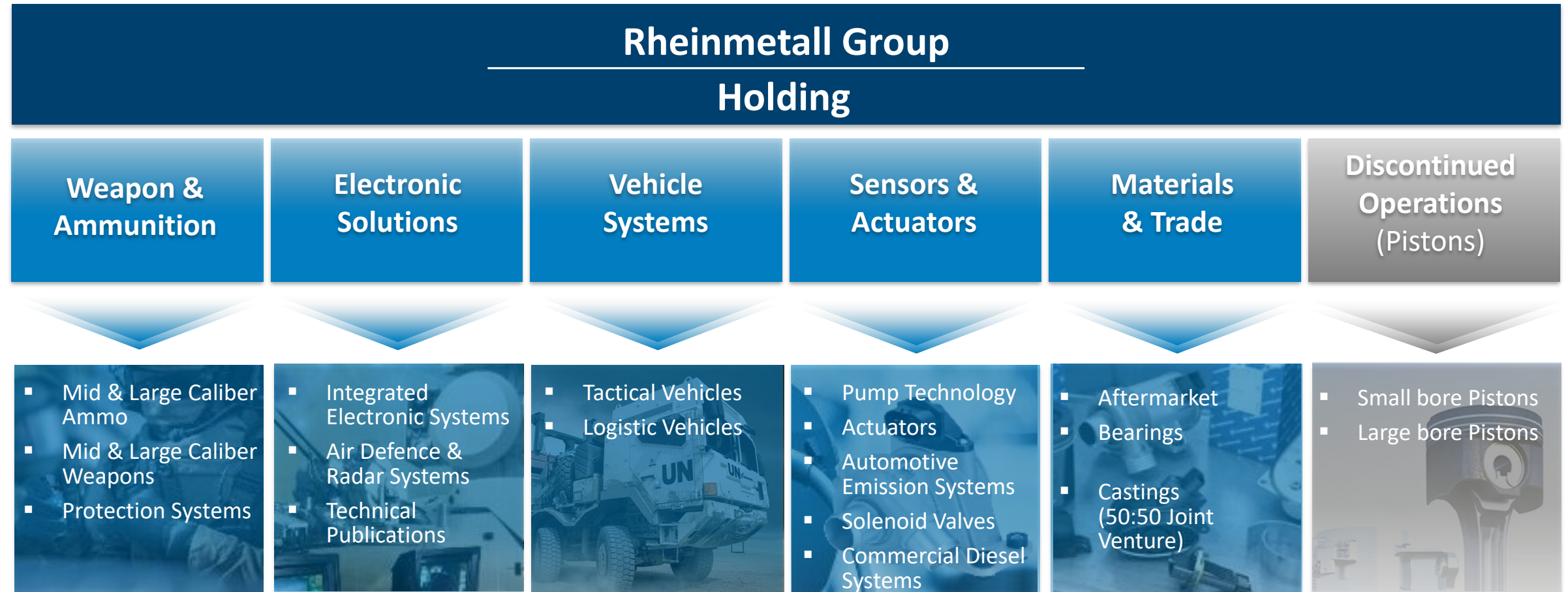
Rheinmetall at a glance

Management sets clear strategic objectives

- 
- A diagram showing three strategic objectives. Each objective is represented by a numbered circle (1, 2, or 3) on the left, connected by a vertical line. The circles are white with blue outlines. The text for each objective is on a horizontal bar to the right of the circle. The bars are blue, with the first and third being a lighter shade and the second being a darker shade. The numbers 1, 2, and 3 are in blue. The text is in white.
- 1 Reduce Automotive exposure
 - 2 Minimum profitability level requirement
 - 3 Continuous portfolio management

Rheinmetall at a glance

The new corporate structure - Five divisions under one roof



Rheinmetall at a glance

Strategy as clear commitment to our technological leadership

ONE Rheinmetall Passion for technology

Re-organization to better fit our needs

- Divest non-core business
- Reorganize the way we do our business

Leverage our core technological strengths

- Further integrate technologies
- Capitalize our state-of-the-art technology

Focus on growth business areas

- Continue our successful Defence development
- Diversify into high growth markets using our technological off the shelf solutions

Sustainability

Rheinmetall at a glance

ESG is part of our corporate strategy



- Over next 2 years reduction of water consumption use by 10%
- Consistent energy management system established; energy saving goals and use of renewable sources
- 2020 with improved resource efficiency



- Transparency in the supply chain
- „Employer of choice“
- Introduction of new KPI for employee safety in 2021



- Robust governance with strict compliance organization and zero-tolerance policy regarding unethical behavior
- Continuous improvement of transparency and ESG ratings
- Comprehensive export control and trade compliance organization

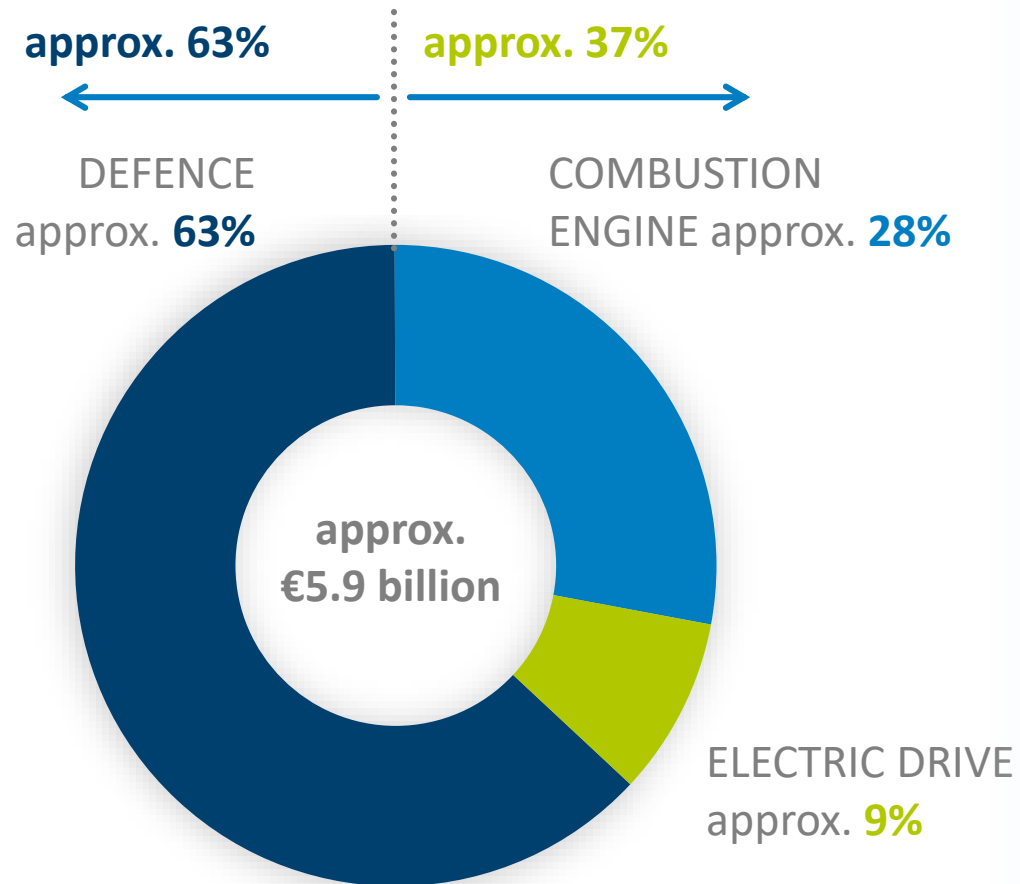
Signatory of the UN Global Compact as of **2021**

From 2022: ESG targets with 20% part of the new LTI remuneration for top and middle management

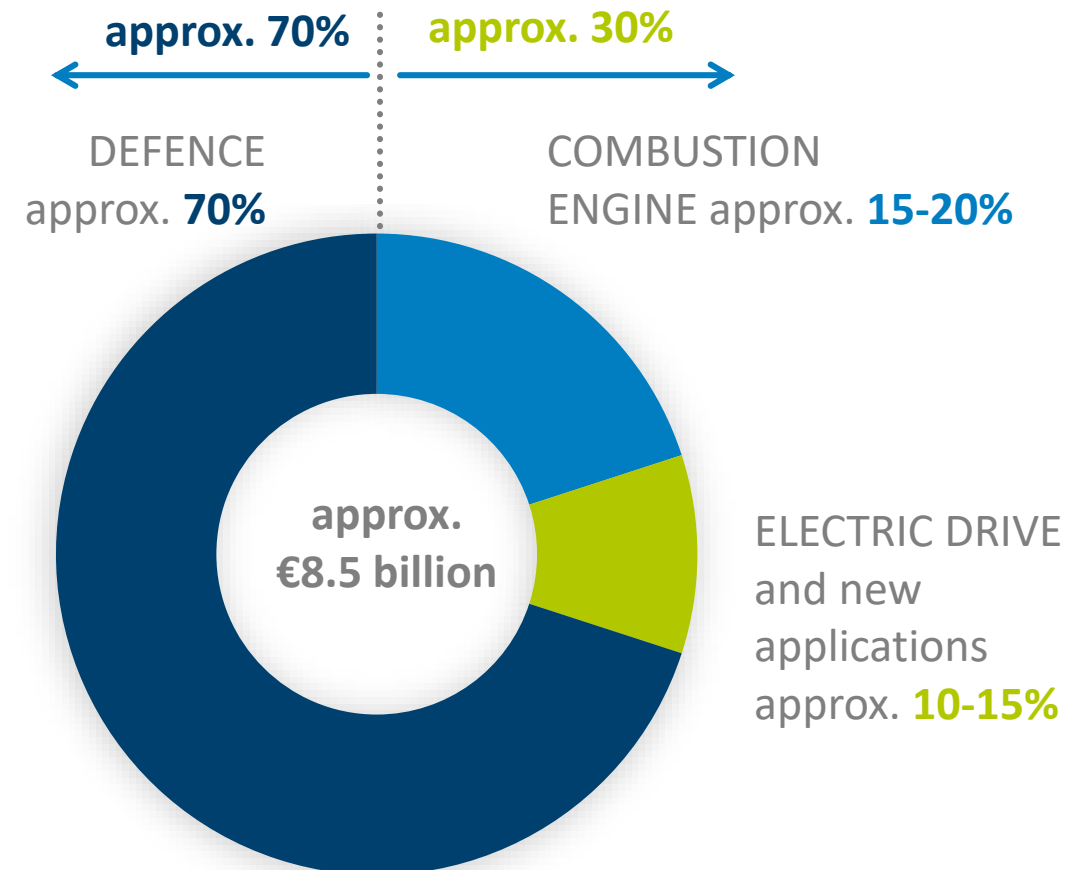
Rheinmetall at a glance

Strong focus on defence – combustion engine share below 20%

Sales 2020



Target sales 2025



Rheinmetall at a glance

New strategy supports mid-term growth path

Market drivers

- Tightening and additional emission regulation
- Proliferation of regulation to new regions
- Increasing demand for security with growing defence budgets in relevant markets
- Connectivity and digitalization of armed forces
- Modernization of existing platforms
- New platform solutions for hydrogen/hybrid

Financial Targets 2025

ATTRACTIVE GROWTH PROFILE

Sales target 2025

 **~ 8.5 € bn**

HIGHER PROFITABILITY

Return target 2025

 **≥ 10%**

CASH GENERATION

Cashflow to sales target 2025

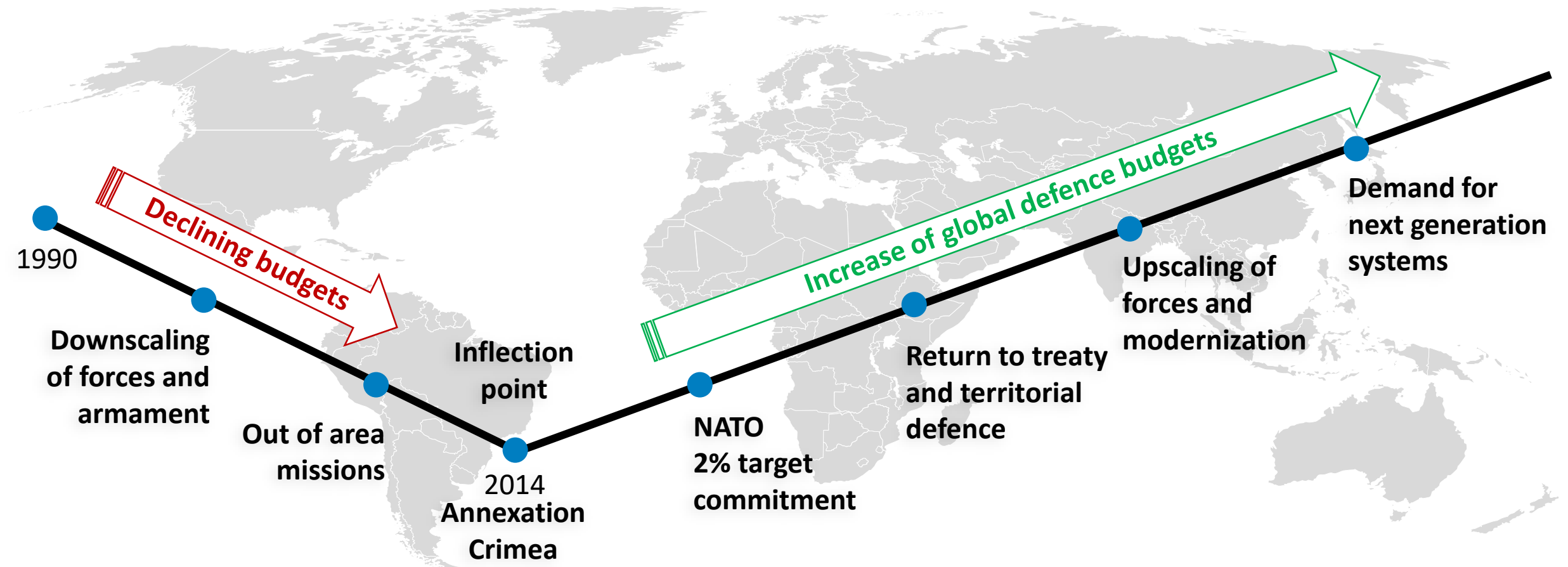
 **3-5%**



Markets & Drivers

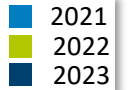
Markets & Drivers

Participating in the defence super cycle



Markets & Drivers

Defence budgets demonstrate robustness despite Covid



Threat scenario persists

- Russia and China defence spending increased at 10% CAGR* during the last decade
- European defence emancipation becomes more popular

Tender ongoing

- Large vehicle programs with temporary delays, but no cancellations
- Modernization programs remain key priority
- Positive outlook for tender pipeline

All data public defence budgets for the years 2021-2023, Hungary based on Jane's data

*Sipri: Defence budgets 2009 to 2019

Markets & Drivers - Home Markets

Successful internationalization provides diverse sources of growth

Our home markets

Germany

- Largest customer
- Budget increase: Commitment to 1.5% in 2024
- 100% Equipment level
- More personnel

Australia

- Established „home market“
- Land 400 program as demand driver
- Ammunition framework contract

United Kingdom

- JV with BAE serves „home market“
- MIV and Challenger LEP program
- Ammunition framework contract

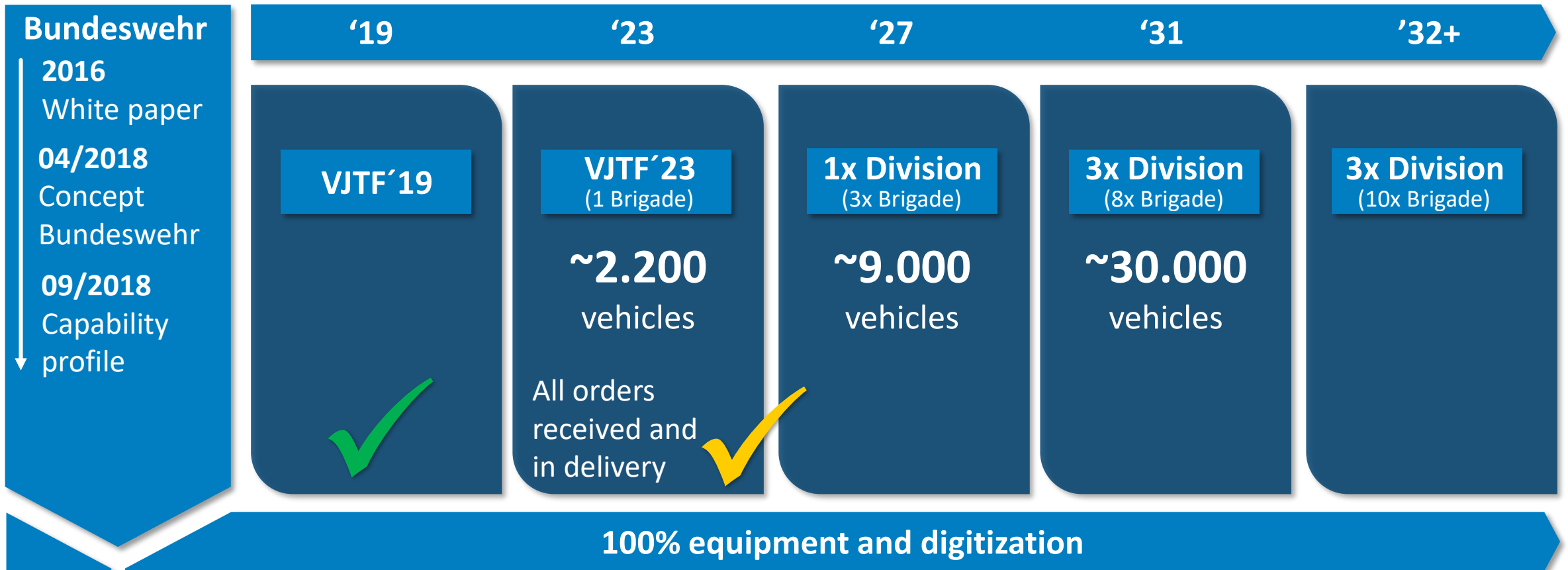
Central Europe

- Modernization to NATO standards
- VJTF participation
- IFV tender pipeline

German defence

NATO commitment key driver for German demand

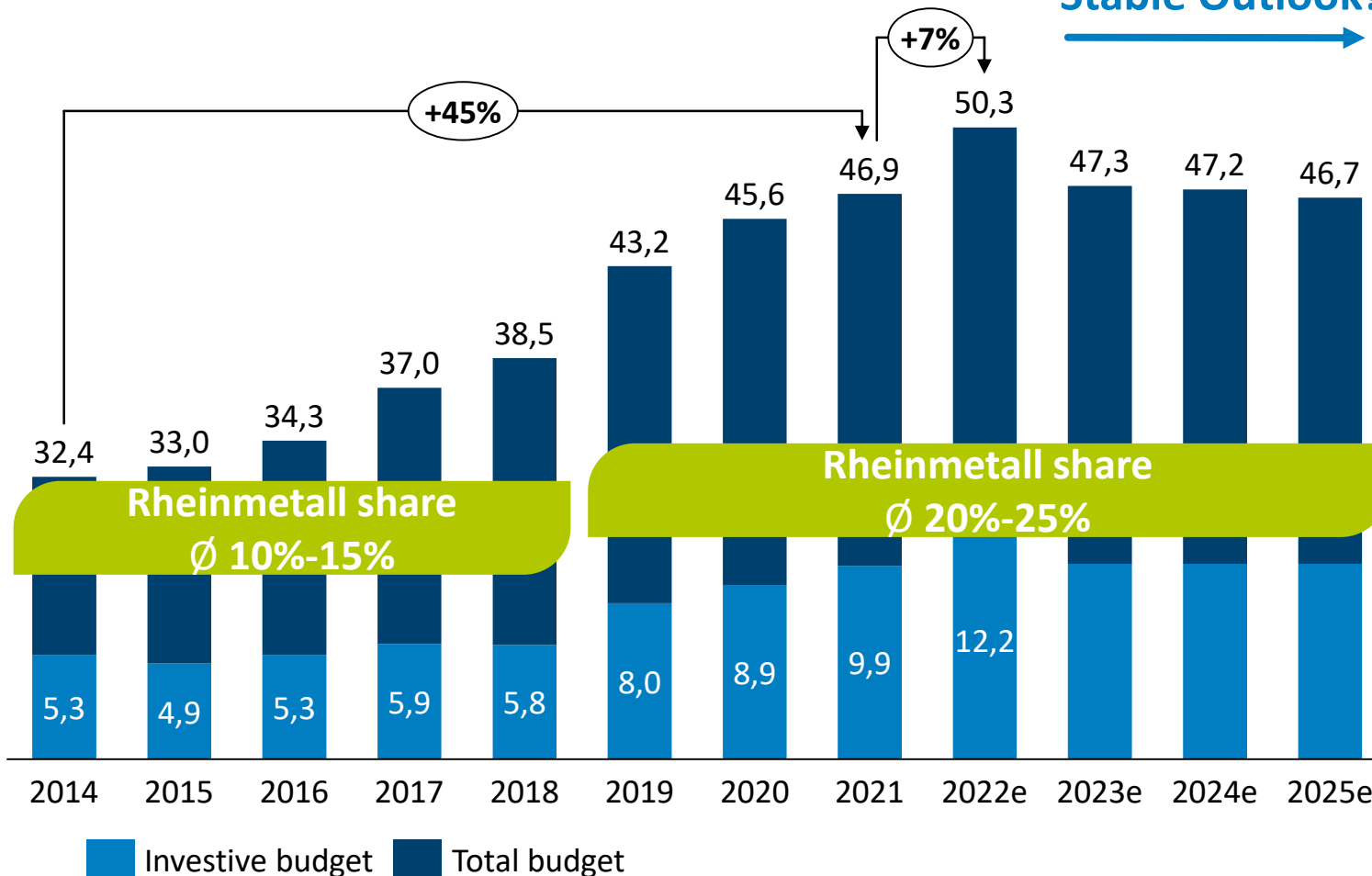
Lead role in Very High Readiness Joint Task Force (VJTF)



Markets & Drivers - German defence budget

German budget expected to rise to 50€bn with increased investive share

in €bn



Drivers for budget increase:

- More equipment (100% equipment level)
- More finance, investive share reaches double digit billion level for the first time ever
- Defence budget stabilized on elevated levels over the financial planning period

NATO commitment as strong driver!

Markets & Drivers - German defence budget

Targeting new businesses and increasing our budget share up to 35%

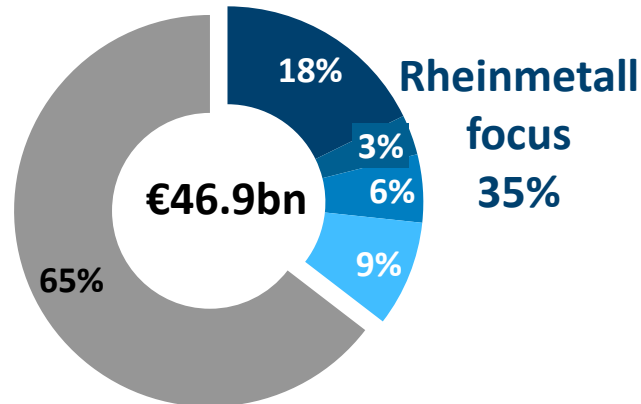
Investive

- Ammunition yearly requirement & stockpiling
- Puma 2. Lot & Upgrade 1. Lot
- Leopard 2Ax
- Fuchs
- Boxer
- HX2 Trucks
- Digitization of ground forces

Research & Development

- Future Combat Air System (FCAS)
- Main Ground Combat System (MGCS) (national)
- Future Artillery ("ZukSysIndF")
- High energy laser (HEL)
- Hybrid drive

German defence budget 2021



Service

- Ammunition logistic service
- Construction & operation of field camps
- Garment logistic & management

Maintenance

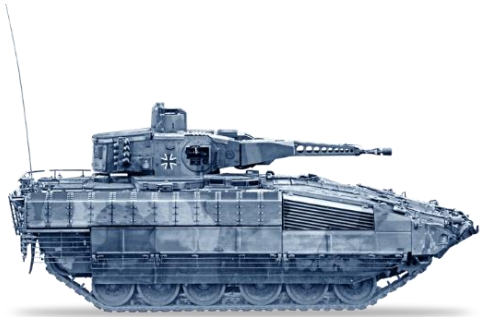
- Protect & Grow Core Business Vehicle Service
- Introducing performance based logistics contracts in land domain
- Strong growth potential for aviation maintenance, repair and overhaul

Markets & Drivers - German defence budget

Soldier system and Puma VJTF drive digitization of German landforces

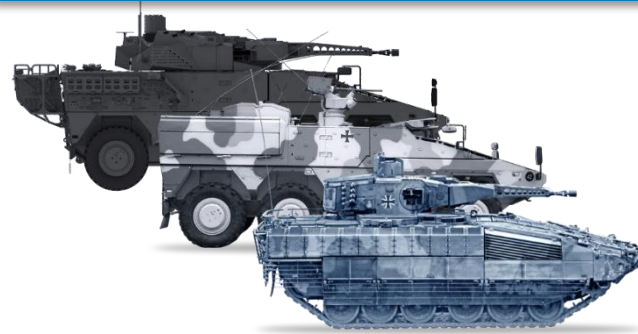
Core of the digitization of the German land forces

VJTF Contract for 41 PUMA & IdZ:
First digitized Land Platform



Soldier System is needed to connect the soldier with the modernized vehicles

Minimum additional demand



Minimum of 143
additional platoons
Systems IdZ: ~1 Mrd €

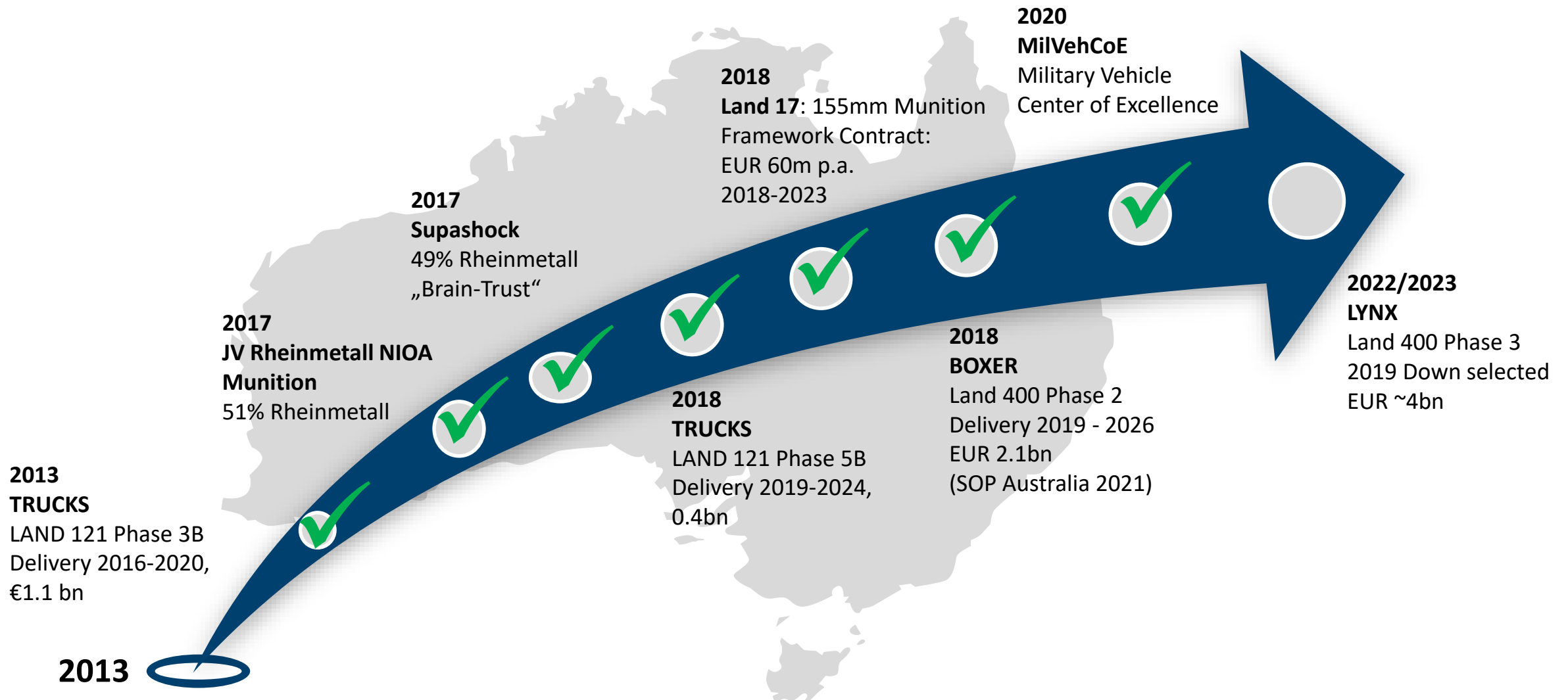
Blueprint for upgrading existing land systems in service



Need to digitize each
& every land platform
till 2031: ~10 Mrd €

Markets & Drivers - Home Markets: Australia

Successful establishment of a new “home market”



Markets & Drivers - Home Markets: UK - Joint Venture with BAE

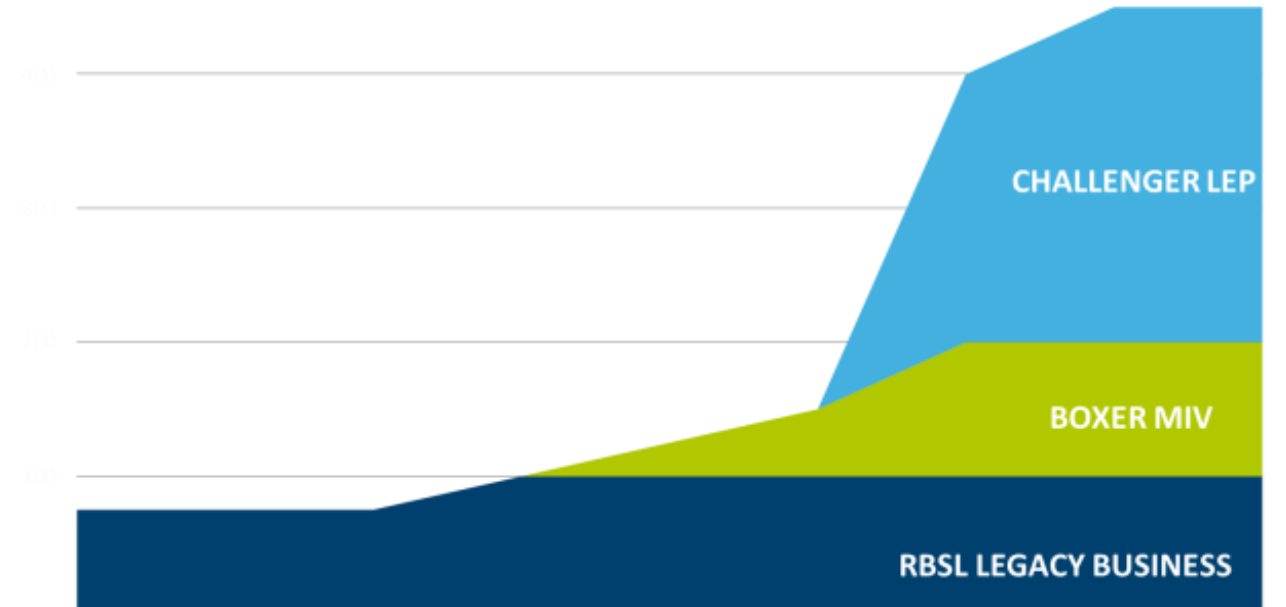
Creating a new “home market” in the UK

LEGACY BUSINESS OFFERS POTENTIAL

- BAE UK business
- Armored engineering vehicles and bridge-laying tanks
- AS 90 self-propelled artillery system
- Force protection components
- Services
 - 7.500 MAN vehicles under service

EXPANSION OF PRODUCT PORTFOLIO

- Boxer Mechanized Infantry Vehicle (MIV)
 - 500 vehicles @ € 1.4bn
- Challenger 3
 - € 770m vehicles + additional ammunition
- Next generation of battle tanks



Markets & Drivers: Vehicles Systems

Competitive vehicles portfolio offers huge order potential

Infantry fighting vehicles

- Puma
- Lynx

~€15 – 40 bn

Main battle tanks

- Leopard
- MGCS

~€4 bn

Wheeled vehicles

- 4x4 HU JV
- 6x6 New Fox
- 8x8 Boxer

~€5 – 6 bn

Trucks

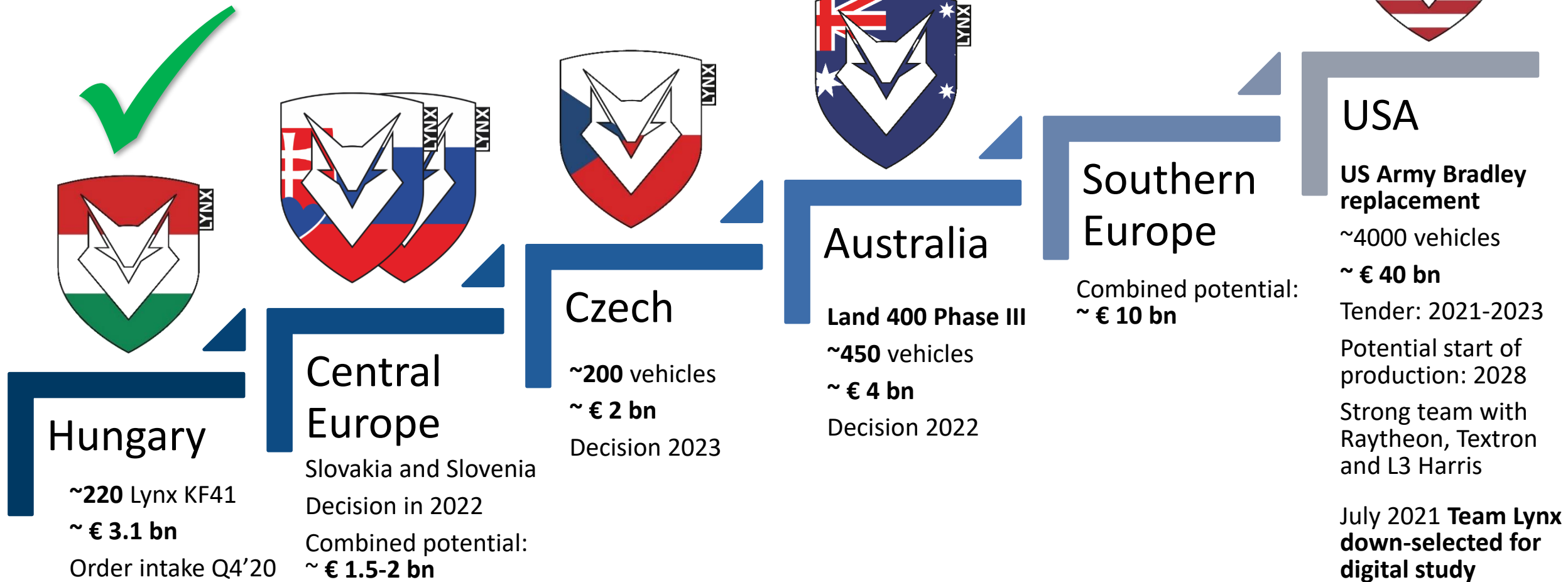
- HX-Family
- Future trucks

~€7 – 8 bn

10 years' order potential of ~€ 30 to ~€ 60 bn

Markets & Drivers: Vehicles Systems

Hungary is a catalyst for future success of our Lynx



Markets & Drivers: Weapon and Ammunition

Mid-term growth based on three pillars

German restocking

NATO target:

- Inventory level of 30 days for ammunition ¹⁾
- German inventories expected to grow towards this target

Potential of rising German ammunition sales from currently ~€200m p.a. in the mid-term

New platforms creating additional demand

- Australian Boxer ²⁾
- Hungarian Lynx ²⁾
- UK Challenger ²⁾
- Additional Lynx

New ammunition required!

International Growth

Expand international market share

Diversification of demand

Markets & Drivers: Electronic Solutions

Active in very dynamic markets

Digitization of forces

- **D-LBO**
 - Helping to build the digital backbone of the German forces
- **Soldier systems**
 - System provider to the German army
 - Piggyback Lynx to cross sell soldier systems

Turret Digitization

- **Challenger upgrade**
 - Most modern digital MBT turret design
- **Leopard upgrade**
- **MGCS development**

Air Defence Systems

- **Effector efficient air defence**
 - Gun
 - Laser
 - Missiles
- **Best counter drone strategy!**

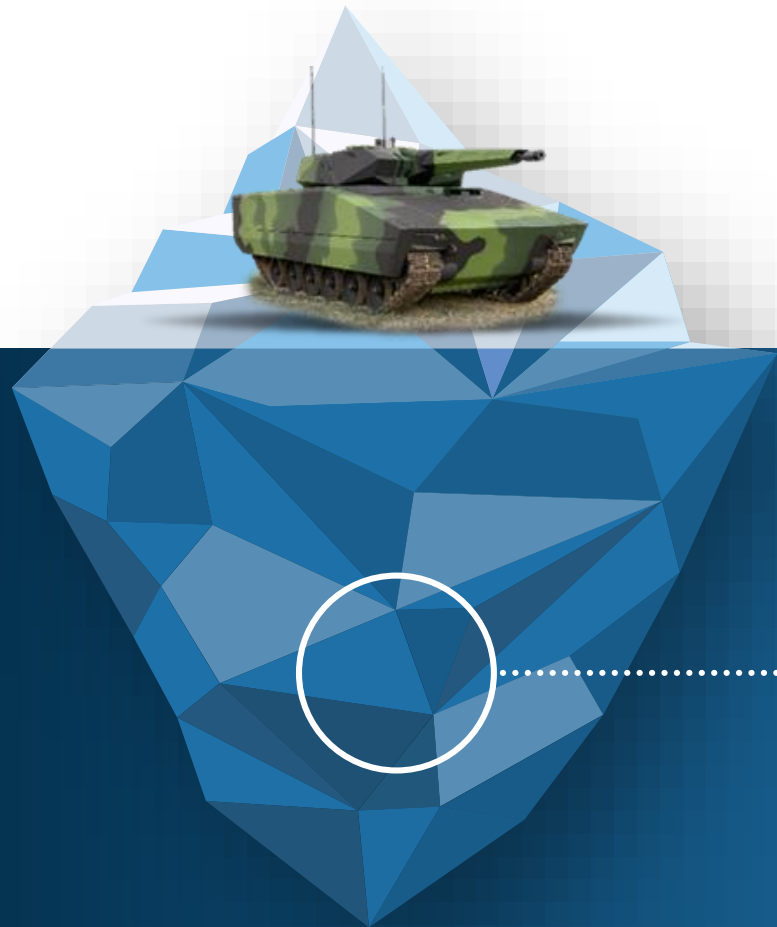
Simulation and Training

- **Growing demand in digitized training for new platforms**
- **Digitization of battlefield simulation**

Favorable demand development across core activities

Markets & Drivers: Product life cycle potential

Platform sales are just the tip of the iceberg – success creates opportunities



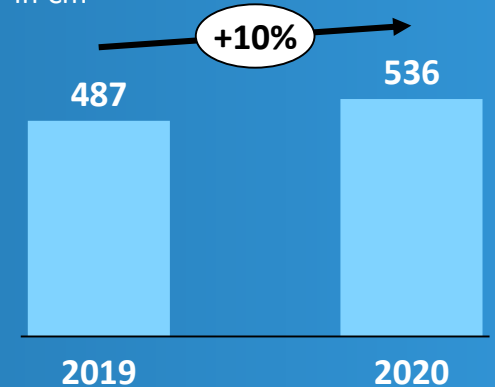
1X SALES OF PLATFORM

2X LIFECYCLE SPENDINGS

Rheinmetall creates **additional business opportunities over the entire life cycle of up to 50 years**

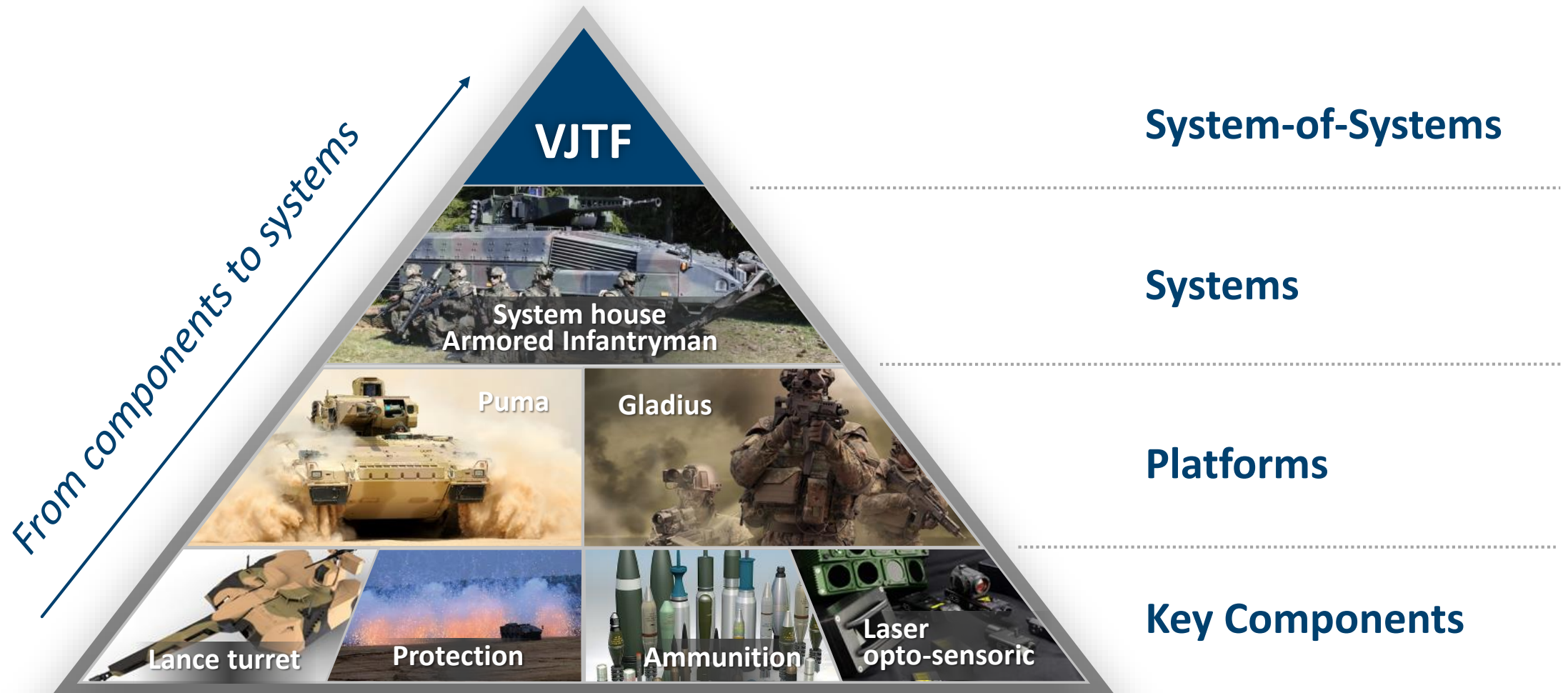
- Ammunition
- Spare parts
- Service & Maintenance
- Training & Simulation
- Technical Documentation
- Upgrades (Life time extension)

Service sales
in €m



Markets & Drivers: Product life cycle potential

System house for land based operations and integrating components to systems



Markets & Drivers: Mid-term growth development

Growth in all divisions with Vehicle Systems as main driver

2020 Sales

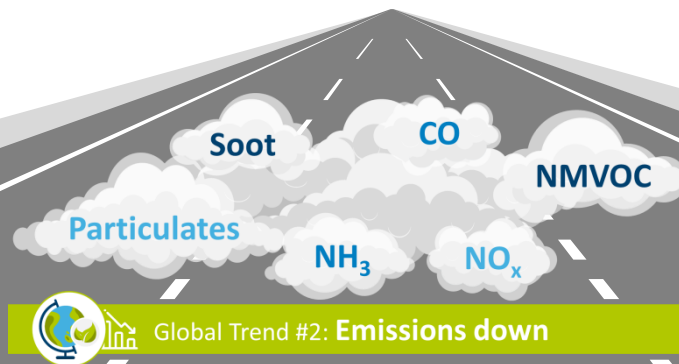
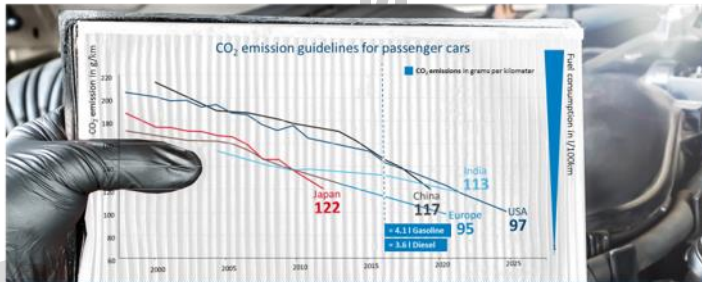
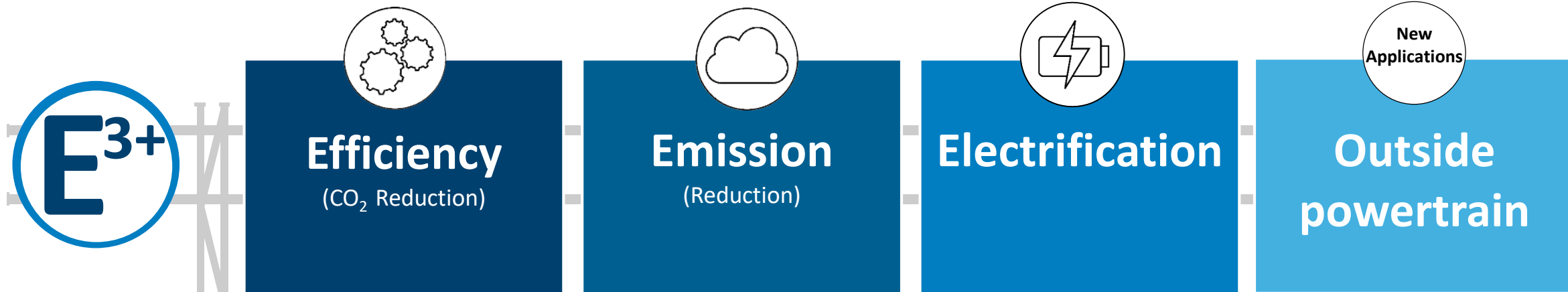
2025 Targeted Sales



% share based on unconsolidated sales **distribution**

Markets & Drivers: Market trends

Strong underlying growth drivers create opportunities



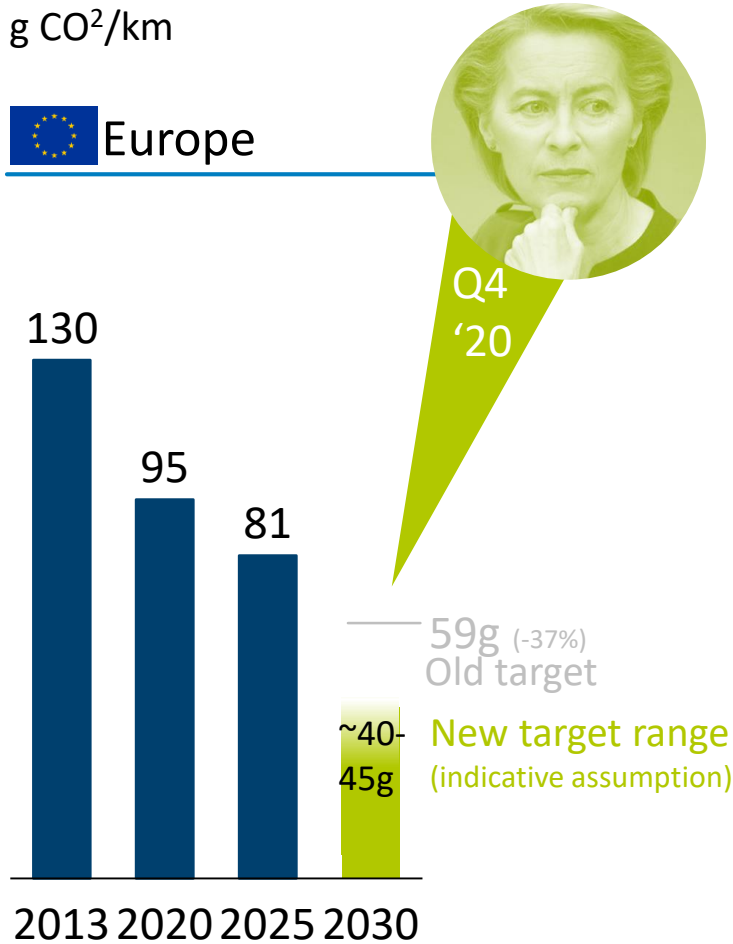
The innovation pipeline is packed!

Markets & Drivers: Clean Mobility

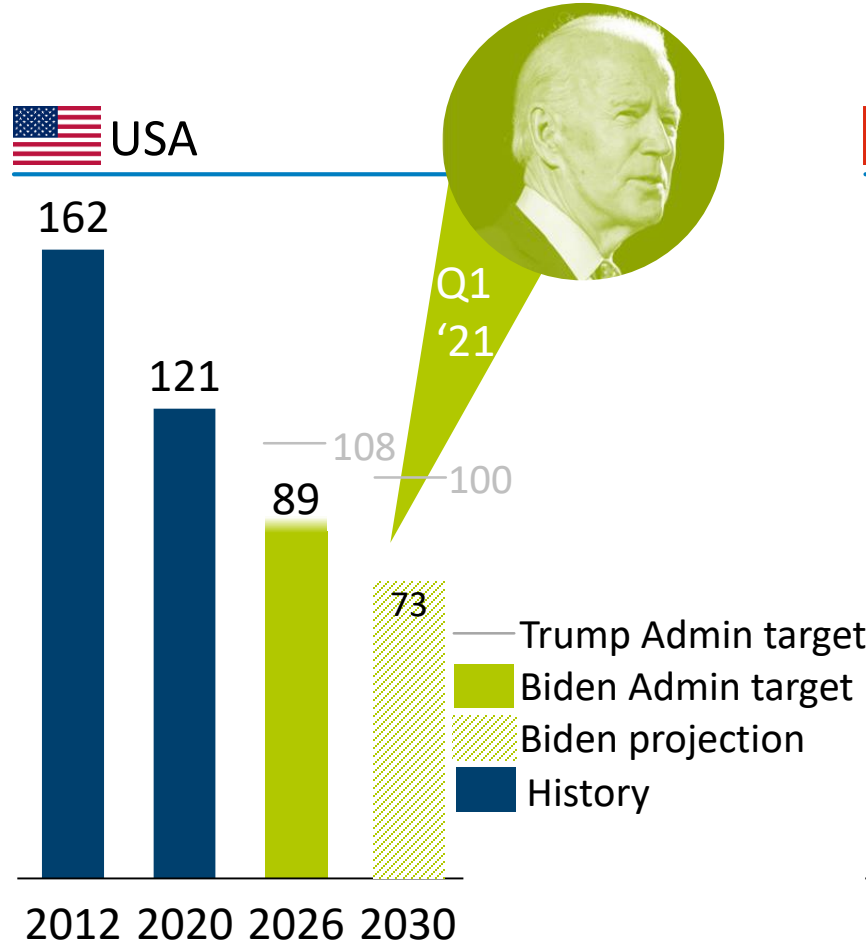
Green ambitions as a clear global trend for cleaner mobility

g CO²/km

 Europe



 USA



 China

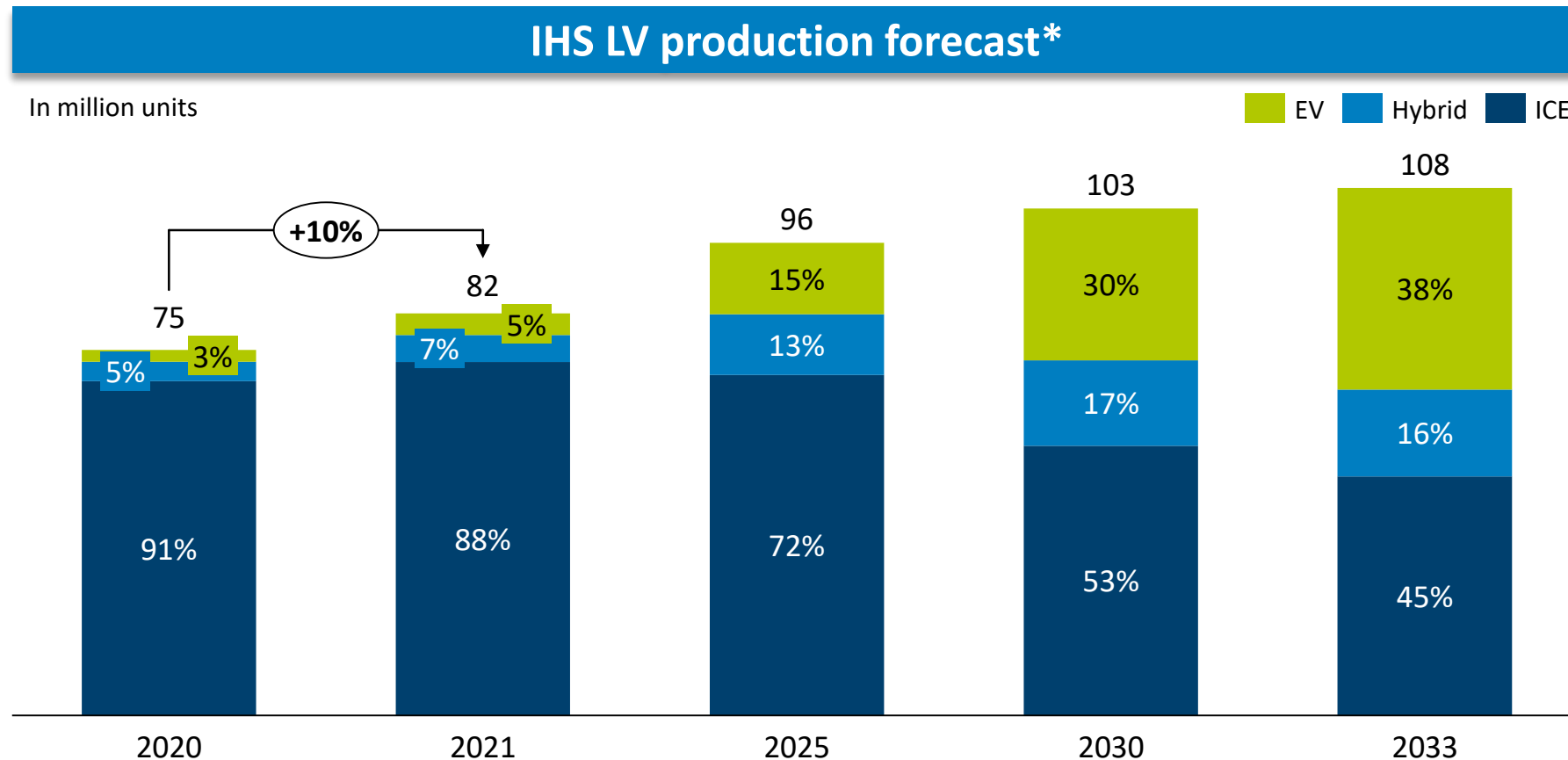


Targets for Automotive sector not yet defined.
Target range reflects indicative assumptions based on total industry aspirations.

Jan 20th 2021, Biden announced to return to Obama's CO₂ roadmap for 2026. Exact target value for 2026 still to be announced.
2030 figures reflect projection, in case Biden Administration maintains that same pace of CO₂ reduction for '26-'30

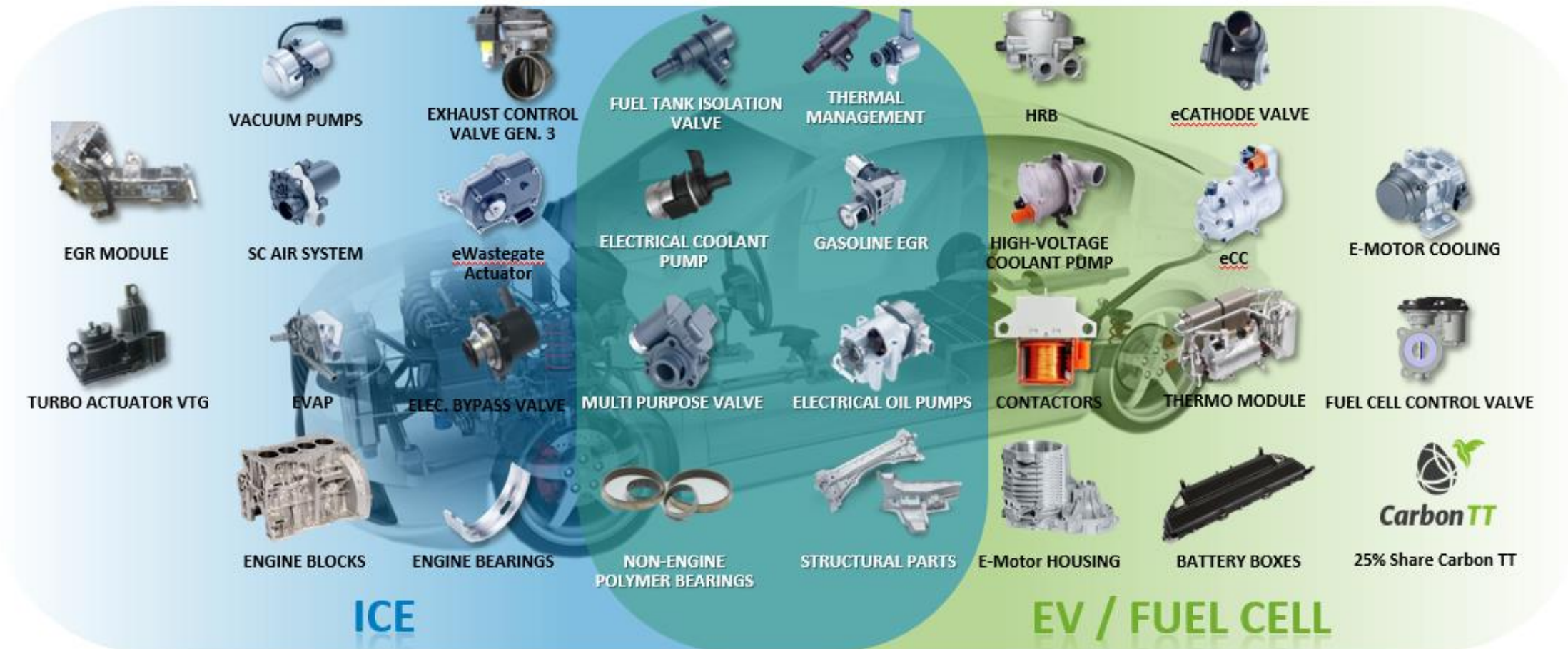
Markets & Drivers: LV growth

Declining ICE volumes and accelerated growth for alternative powertrains



Markets & Drivers: Mobility market trends

Rheinmetall portfolio already offers solutions for all powertrain technologies



Markets & Drivers: Sensors & Actuators

Prepared for future growth

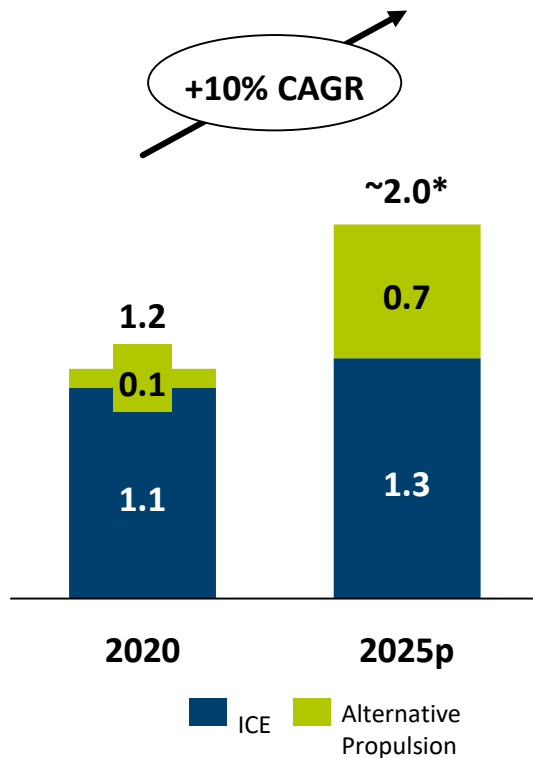
Outperforming the market

Innovative solutions for clean mobility

Growth in alternative powertrains (AP)

Diversify into new applications

* Estimated sales development in €m



G r o w t h c a t a l y s t s

Tighter Regulation of fuel fumes

Electronic Vapor Pump (EVAP)



Fuel Tank Isolation Valve (FTIV)



Electrified Mobility

Thermal Management



COOLANT PUMP



COOLANT VALVE



PROPORTIONAL-COOLANT VALVE

H₂ Products



H₂ Recirculation Blower



FUEL-CELL CONTROL VALVE



ELECTRICAL CATHODE VALVE

Sustainability and Performance

Thermal Management

- Server cooling
- 5G Base station & antenna

Air Management

- Air sanitification equipment

H₂ Applications

- Stationary fuel cell

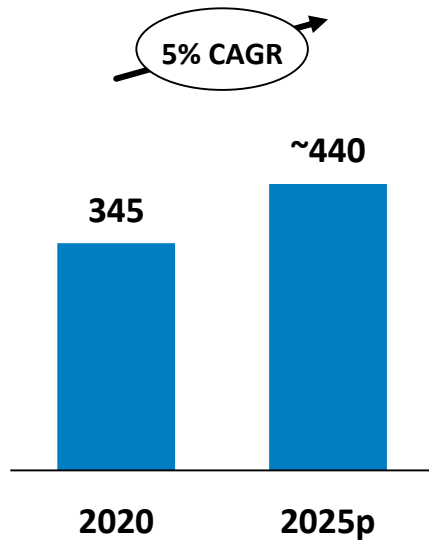
Markets & Drivers: Materials and Trade

Well positioned to capture growth opportunities

Aftermarket

Sales in €m

Solid profitability

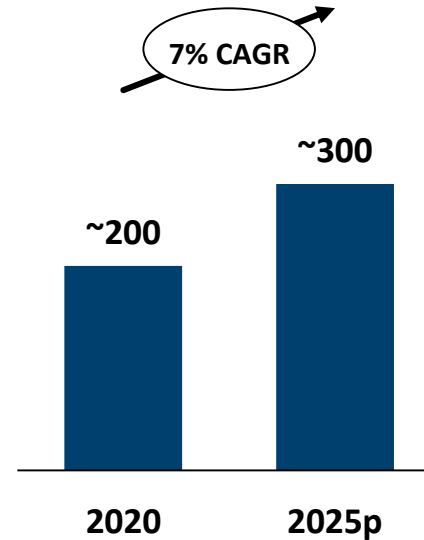


- Regional expansion
- **Increase** truck exposure
- **Sustainable margin >9%**

Bearings

Sales in €m

Shift to non-ICE applications

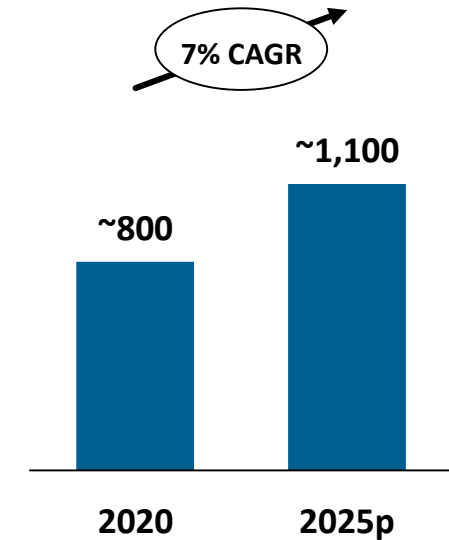


- Accelerate diversification
- Focus on industrials

Castings (Joint Ventures)

Sales in €m

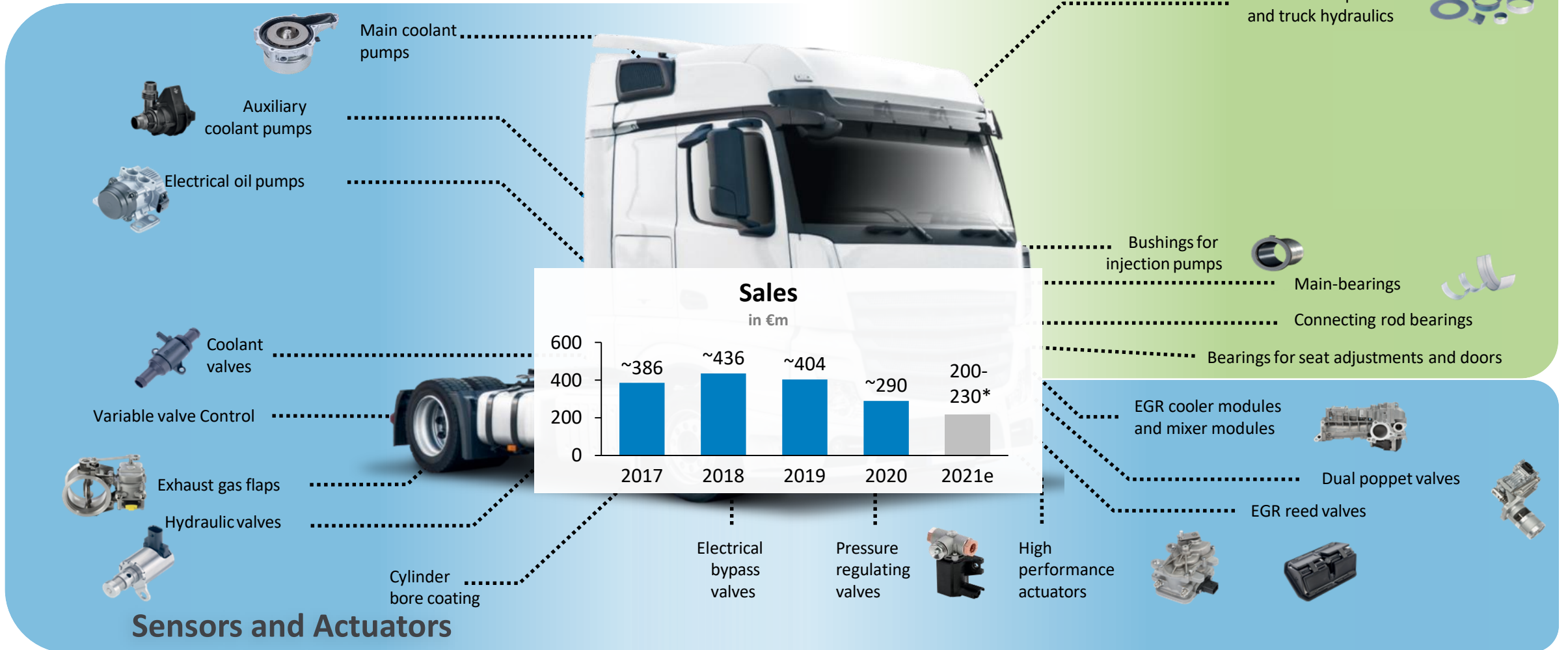
Technology leadership



- Flexible casting technology
- Benefit from global lightweight trend
(100% pro forma sales)

Markets & Drivers: Trucks

Diverse portfolio for truck applications



Markets & Drivers: China

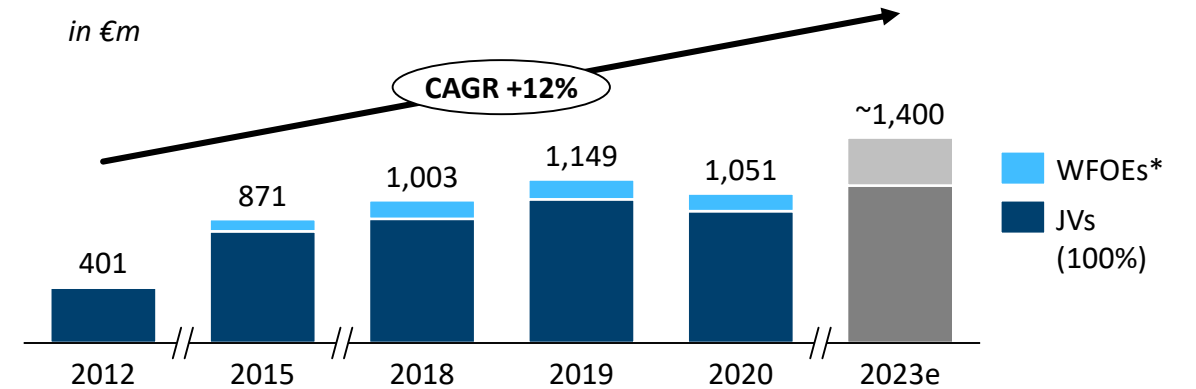
Chinese operations geared towards growth

Highlights

- Partner of local big players SAIC and HASCO (50/50 joint ventures)
- Biggest casting capacities in China – technology leader
- Regulation (China 6) – provides substantial growth potential for mechatronics division
- Strong demand for NEV products
- China Story on track: product pipeline supports growth ambitions
- Demand for Mechatronics products key driver

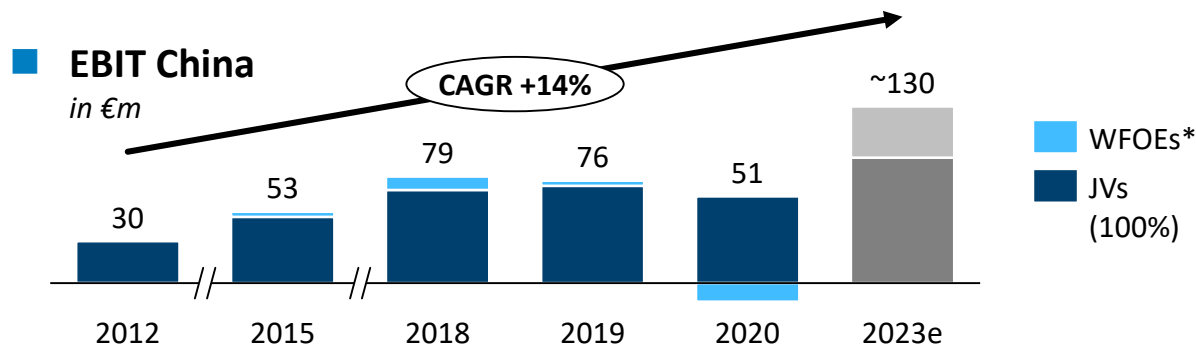
Sales China

in €m



EBIT China

in €m



VEHICLE SYSTEMS



WEAPON AND AMMUNITION



ELECTRONIC SOLUTIONS



SENSORS AND ACTUATORS



MATERIALS AND TRADE



Five Divisions under one roof

Five divisions under one roof

Division Overview: Vehicle Systems



2020 Results

Order intake €4,389m	Sales €1,823m
Operating result €150m	Operating margin 8.2%

Products



TACTICAL VEHICLES



LOGISTIC VEHICLES

Market profile

Key Competitors

- Logistic Vehicles
Scania, IVECO, Daimler
- Tactical Vehicles
BAE Systems, KNDS, General Dynamics, Hanwha, Thales

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

- Key supplier to the German forces
- Leading supplier for wheeled and tracked tactical vehicles

Five divisions under one roof

Division Overview: Weapon and Ammunition



2020 Results

Order intake €1,757m	Sales €1,196m
Operating result €185m	Operating margin 15.5%

Products



MID & LARGE CALIBER AMMO



MID & LARGE CALIBER WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

Market profile

Key Competitors

- **Weapon and Ammunition**
Nexter, General Dynamics, Plasan
- **Protection Systems**
Elbit, TenCate, Nammo
- **Propulsion Systems**
Eurengo, Explosia, Milan B

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

- Leading European supplier
- Global technology leader

Five divisions under one roof

Division Overview: Electronic Solutions

DIVISION ELECTRONIC SOLUTIONS.

2020 Results

Order intake
€1,069m

Sales
€931m

Operating result
€93m

Operating margin
10.0%

Products



**INTEGRATED
ELECTRONIC
SYSTEMS**



**AIR DEFENCE &
RADAR SYSTEMS**

TECHNICAL PUBLICATIONS

Market profile

Key Competitors

- **Integrated Electronic Systems**
Hensoldt, Elbit, Thales
- **Air Defence**
Norinco, Rosoboron, GDLS
- **Technical Publications**
CONDOK, ESG

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

- Leading European supplier

Five divisions under one roof

Division Overview: Sensors and Actuators

DIVISION SENSORS AND ACTUATORS.

2020 Results

Booked Business*

€1,665m

Sales

€1,202m

Operating result

€36m

Operating margin

3,0%

Products



**PUMP
TECHNOLOGY**



**AUTOMOTIVE
EMISSION
SYSTEMS**



**SOLENOID
VALVES**



**COMMERCIAL
DIESEL SYSTEMS**



ACTUATORS

Market profile

Key Competitors

- **Actuators**
Bosch, Continental
- **AES / CDS**
BorgWarner, Valeo
- **Solenoid Valves**
Bitron, Denso
- **Pump Technology**
Hella, Magna

Differentiators

- Wide technology portfolio
- Extensive product Know-How
- Strong brand
- Global footprint

Market position

- Leading European
Tier 1 supplier

Five divisions under one roof

Division Overview: Materials and Trade

DIVISION MATERIALS AND TRADE.

2020 Results

Booked Business*
€573m

Sales
€1,202m

Operating result
€36m

Operating margin
3,0%

Products



AFTERMARKET



BEARINGS



CASTINGS

Market profile

Key Competitors

- Daido
- GGB
- Tenneco
- Nemak
- KMM
- Mahle
- BorgWarner

Differentiators

- Broad material and surface treatment know-how
- Lightweight technologies: materials and structures
- Extensive friction reduction know how
- Broad Aftermarket network

Market position

- Leading supplier
- Strong partnerships



Financials

Q2 2021 Group Highlights

Macro	<ul style="list-style-type: none"> ■ Higher 2022 defence budget proposals in all home markets ■ Semi-conductor shortage slowed LV-production recovery
Performance*	<ul style="list-style-type: none"> ■ Sales increased to €1.315m ■ Recovery mode and cost discipline helped to almost double results to €106m ■ OFCF turned positive from -€210 last year to €15m ■ EPS climbed to €1.45 after minus 9 Eurocent last year ■ Rheinmetall joins UN GC: Commitment to corporate responsibility and sustainability
Portfolio	<ul style="list-style-type: none"> ■ Pistons will be reported retrospectively as discontinued operations from Q2 onwards ■ Additional impairment required due to deterioration of long-term market outlook ■ Disposal process of the piston business under way

Q2 2021 Pistons process update:

Accelerated decline of ICE puts asset valuation under stress



Start of piston disposal

Further deterioration of market environment

- EU announces end of combustion engine by 2035
- OEMs outrun each other with announcements of full portfolio electrification

€110m Impairment of discontinued piston business

- No cash impact
- No guidance impact
- Financial performance of core business fully intact!

Q2 2021 Group Highlights

Positive news flow for heavy armor!




Germany

Puma

Retrofitting contract – Upgrade to new design



- Order volume: ~€420m
- Timeframe: 2021 – 2029

Kodiak

The Bundeswehr's new combat engineer vehicle

- Order volume: €293m
- Timeframe: 2023 – 2029

Entire German order intake in Q2






UK

Challenger 3

Modernizing the UK's main battle tank Challenger 2

- Order volume: €770m
- Timeframe: 2021 – 2027
- Order intake Q2

USA

OMFV

Team LYNX down-selected

Developmental contract for the Phase 2 - Digital Design of the program

Design Phase starts OMFV program, continues through early 2023, foundation for future development and production phases

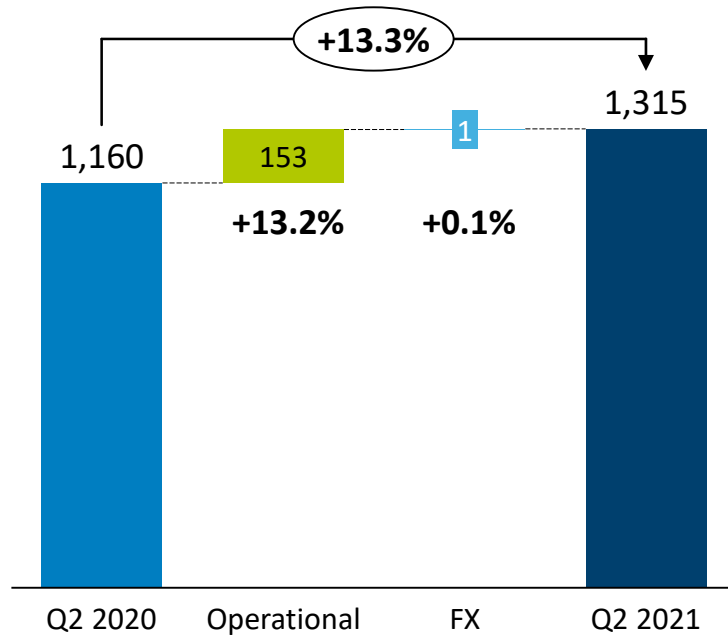
- Potential: ~3.800 Vehicles
- Timeframe: 2030+
- Order intake in Q3

Q2 2021 Group Highlights: Key financial data

High volumes and strict cost discipline triggered the EPS recovery

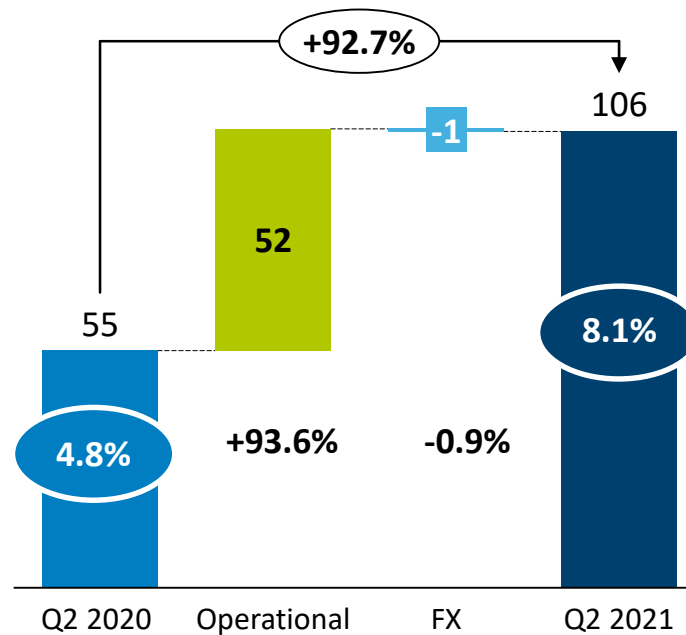
Sales*

in €m



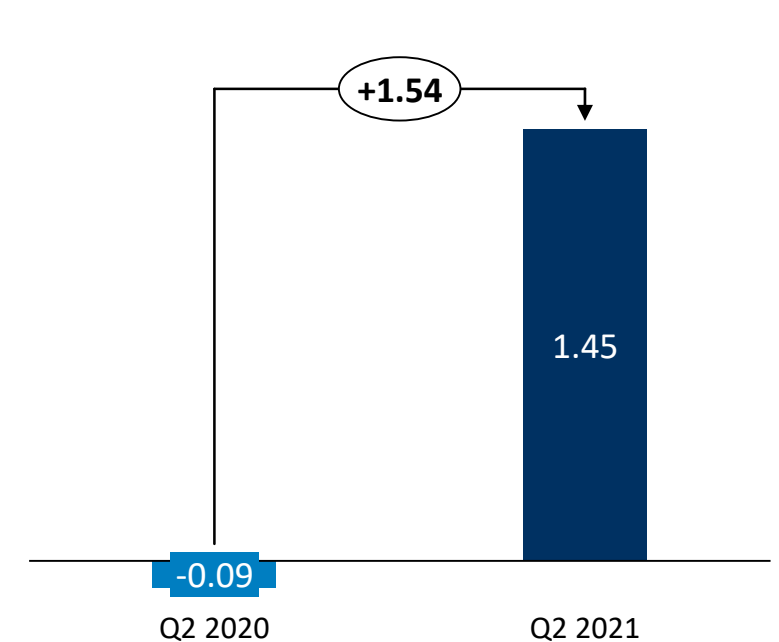
Operating result and margin*

in €m



Earnings per share*

in €

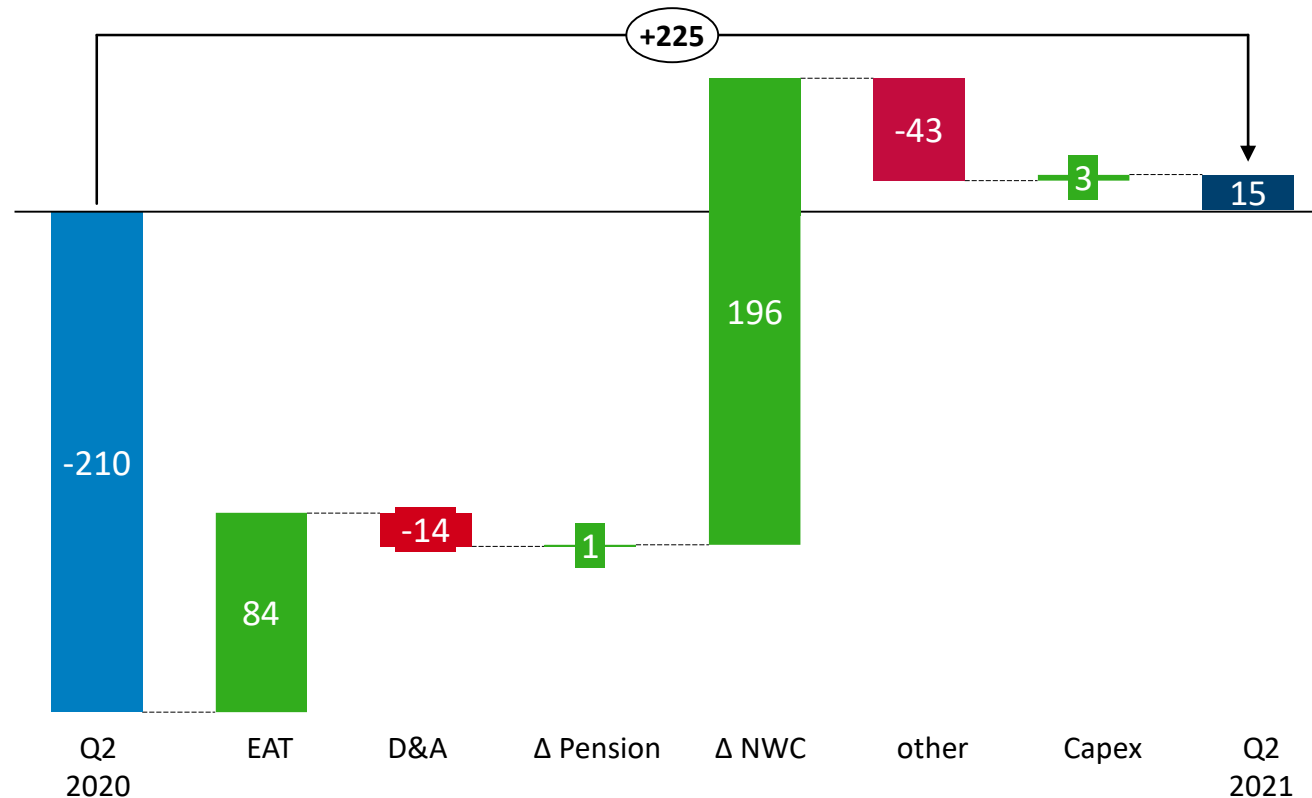


Q2 2021 Group Highlights: Key financial data

Earnings and working capital improvements accelerated OFCF generation

Operating Free Cash flow*

in €m

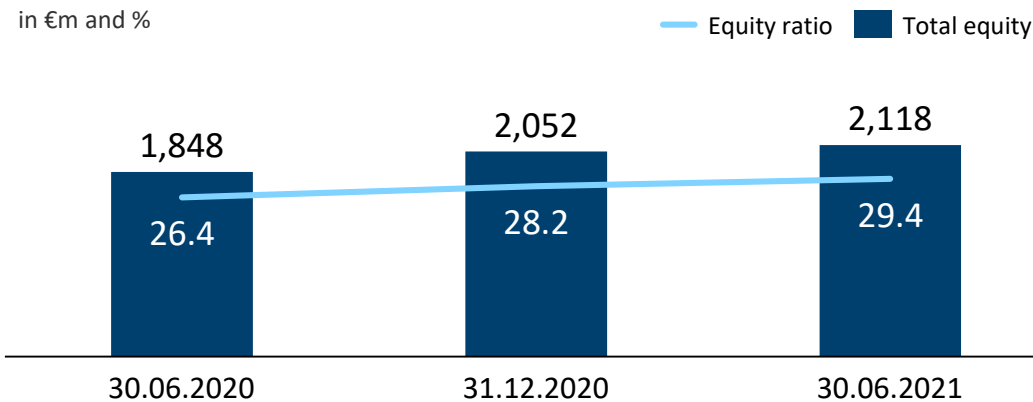


- Excellent earnings recovery with significantly improved group margins
- Strict working capital discipline and high cash in of milestone payments held back by minor raw material price inflation
- Capex on low level, FY expected to remain slightly below 6% on sales

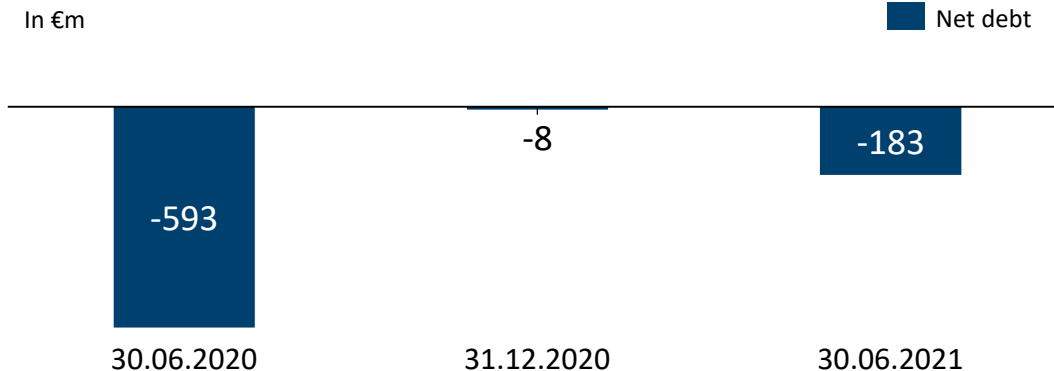
Q2 2021 Group Highlights: Key financial data

Sound balance sheet provides financial flexibility

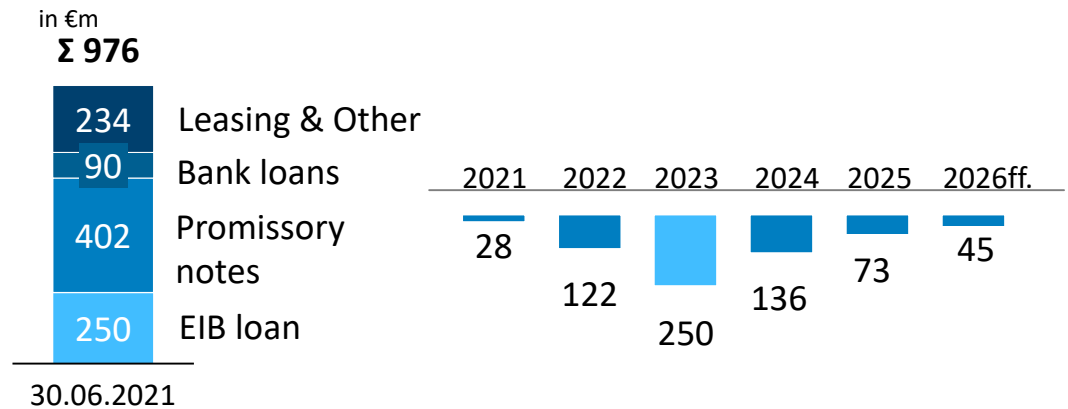
Equity and Equity ratio



Net financial position*



Gross debt and maturity profile

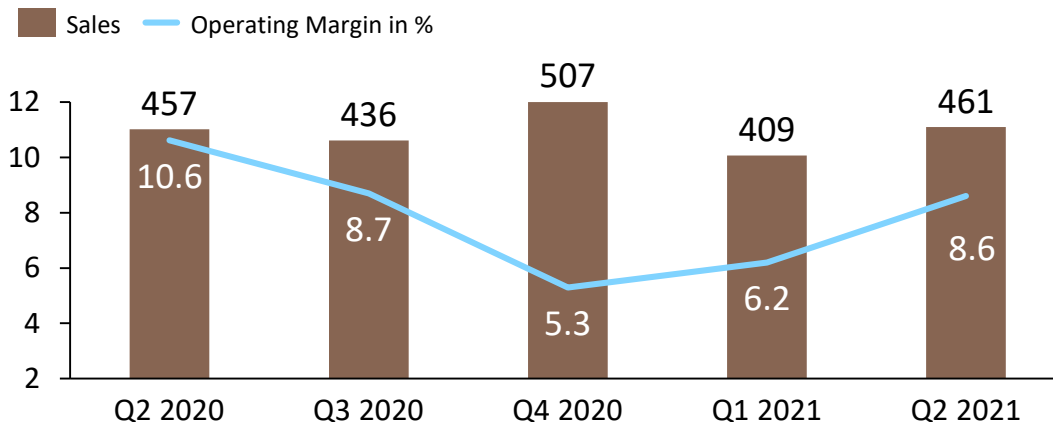


Highlights / Comments

- Equity ratio of 29.4% with further improvement
- High cash position of €793m
- Undrawn credit lines of €0.9 bn per end of Q2
- Net financial position significantly improved
- Moody's confirmed "Baa3 stable" June 2021

Q2 2021 Division Highlights

Strong order intake propelled backlog to new record level

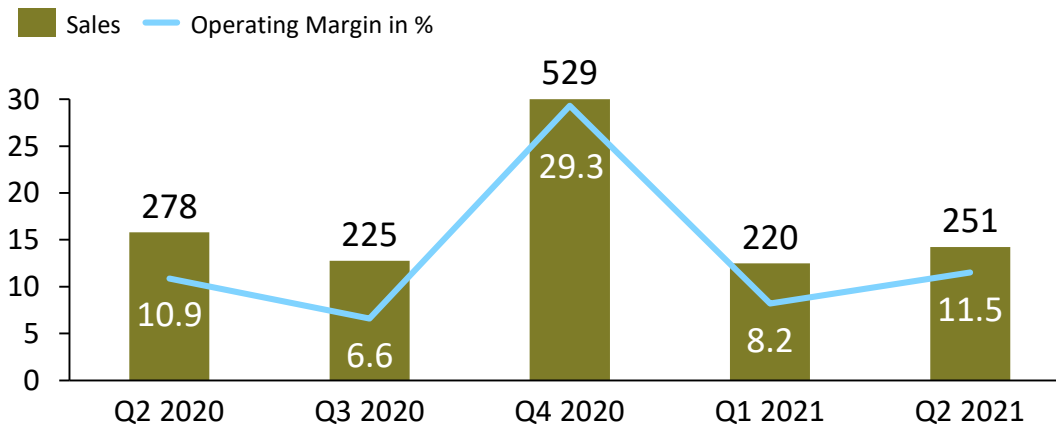


In €m	Q2			YTD		
	2020	2021	Δ	2020	2021	Δ
Order intake	411	1.795	337%	548	1.973	260%
Order backlog				6.416	10.542	+64%
Sales	457	461	+1%	903	870	-4%
Operating result	49	40	-18%	84	65	-23%
Operating margin	10.6%	8.6%	-2.0%p	9.3%	7.5%	-1.8%p
EBIT	49	40	-18%	84	65	-23%
Operating FCF	-59	96	155	-94	184	278

- Challenger, Puma and Kodiak included in Q2 order intake lifted backlog to record €10.5bn
- Margin declined due to sales mix effects
- Excellent cash flow mostly driven by strong reduction of trade receivables

Q2 2021 Division Highlights

High quality sales and cost discipline supported margin improvement

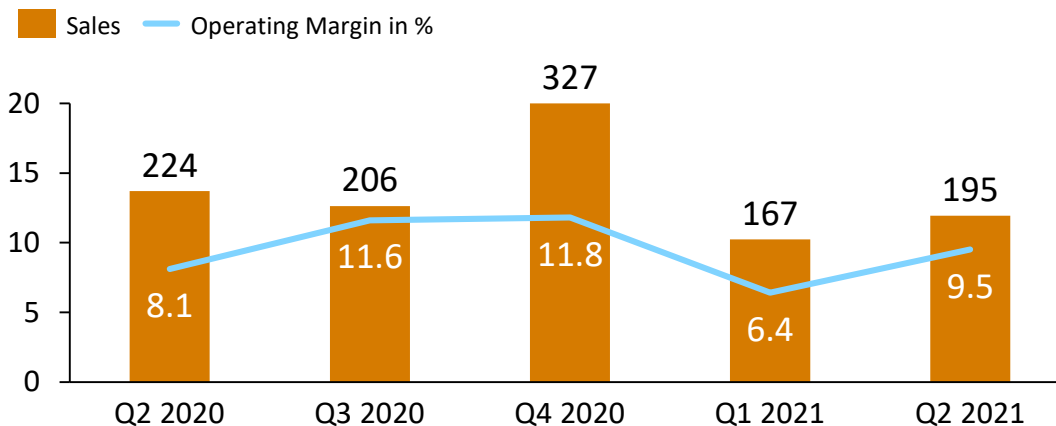
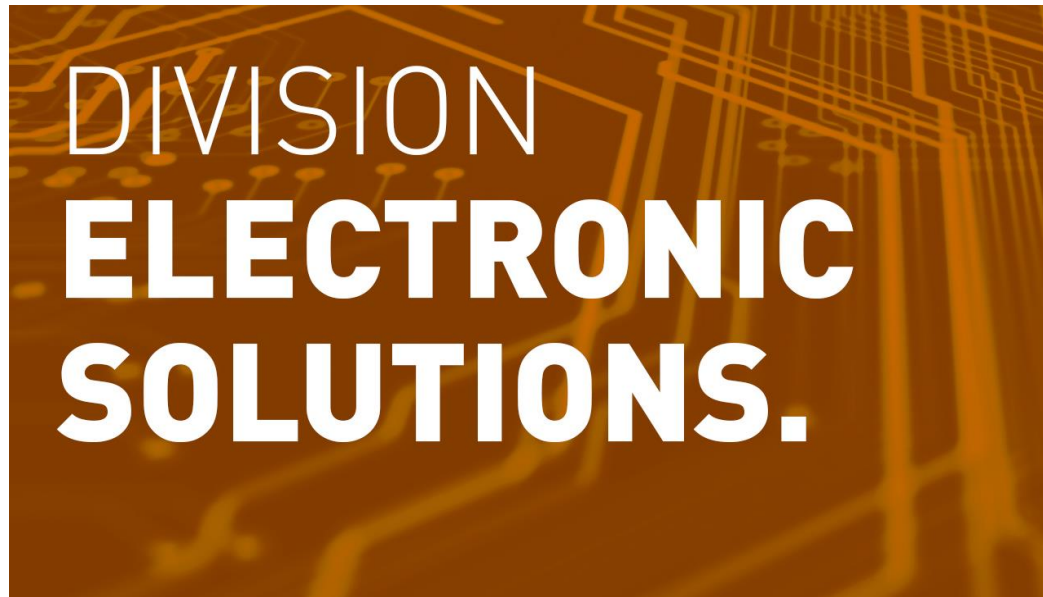


In €m	Q2			YTD		
	2020	2021	Δ	2020	2021	Δ
Order intake	296	201	-32%	624	429	-31%
Order backlog				2.409	2.682	+11%
Sales	278	251	-10%	445	471	+6%
Operating result	30	29	-5%	15	47	213%
Operating margin	10.9%	11.5%	0.6%p	3.4%	10.0%	+6.6%p
EBIT	28	29	+2%	13	47	+259%
Operating FCF	-70	-22	+48	-142	-78	+64

- Order intake slower but expected to accelerate in H2 2021
- Only minor sales reduction in Q2 despite €60m advanced delivery in Q1
- Cash in of trade receivables main driver for OFCF improvement

Q2 2021 Division Highlights

Margin expansion driven by favorable sales mix and strict cost management

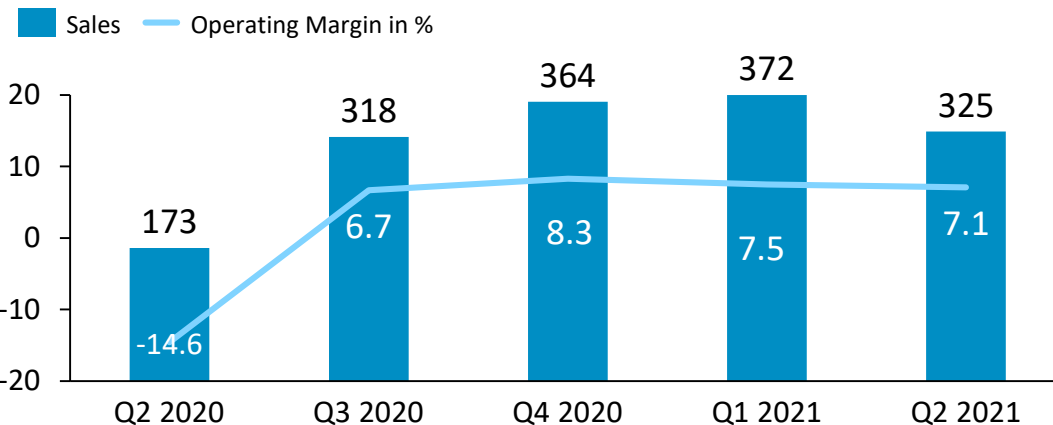


	Q2			YTD		
In €m	2020	2021	Δ	2020	2021	Δ
Order intake	102	226	+122%	426	444	4%
Order backlog				2.191	2.376	+8%
Sales	224	195	-13%	398	362	-9%
Operating result	18	18	0%	29	29	0%
Operating margin	8.1%	9.5%	+1.3%p	7.3%	8.0%	+0.8%p
EBIT	18	18	0%	29	29	0%
Operating FCF	-12	-47	-35	-56	-137	-81

- Order intake includes large international air defence project
- Sales negatively affected by phase out of Gladius deliveries
- Absolute operating result on same high level as last year
- Increase of project related working capital burdened OFCF

Q2 2021 Division Highlights

Market recovery held back by chip-shortage



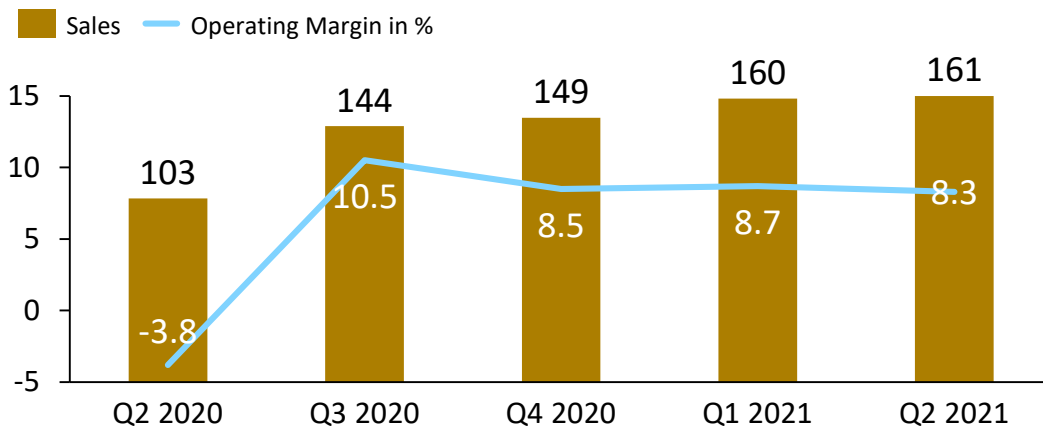
	Q2			YTD		
In €m	2020	2021	Δ	2020	2021	Δ
Booked Business	511	295	-42%	982	951	-3%
Sales	173	325	88%	521	697	+34%
Operating result	-25	23	+48	-16	51	+67
Operating margin	-14.6%	7.1%	+21.7%p	-3.0%	7.3%	+10.3%p
EBIT	-31	23	+54	-22	51	73
Operating FCF	-66	10	+75	-98	-29	+70

- Booked business mainly lower due to project delays to Q3, but share of alternative powertrains orders reached already 25%
- Strong market recovery and favorable ramp-up effect led to FX-adjusted growth of 90% held back by chip-shortage
- Result turnaround driven by higher volumes and continued cost discipline
- Earnings growth and disciplined working capital management essential for the cash flow improvement

Q2 2021 Division Highlights

Further normalization of the business environment

DIVISION MATERIALS AND TRADE.



In €m	Q2			YTD		
	2020	2021	Δ	2020	2021	Δ
Booked Business	140	154	+10%	277	327	+18%
Sales	103	161	+56%	243	320	+32%
Operating result	-4	13	+17	3	27	+24
Operating margin	-3.8%	8.3%	+12.0%p	1.2%	8.5%	+7.3%p
EBIT	-31	13	+44	-24	27	+51
Operating FCF	-10	10	+21	-12	1	+13

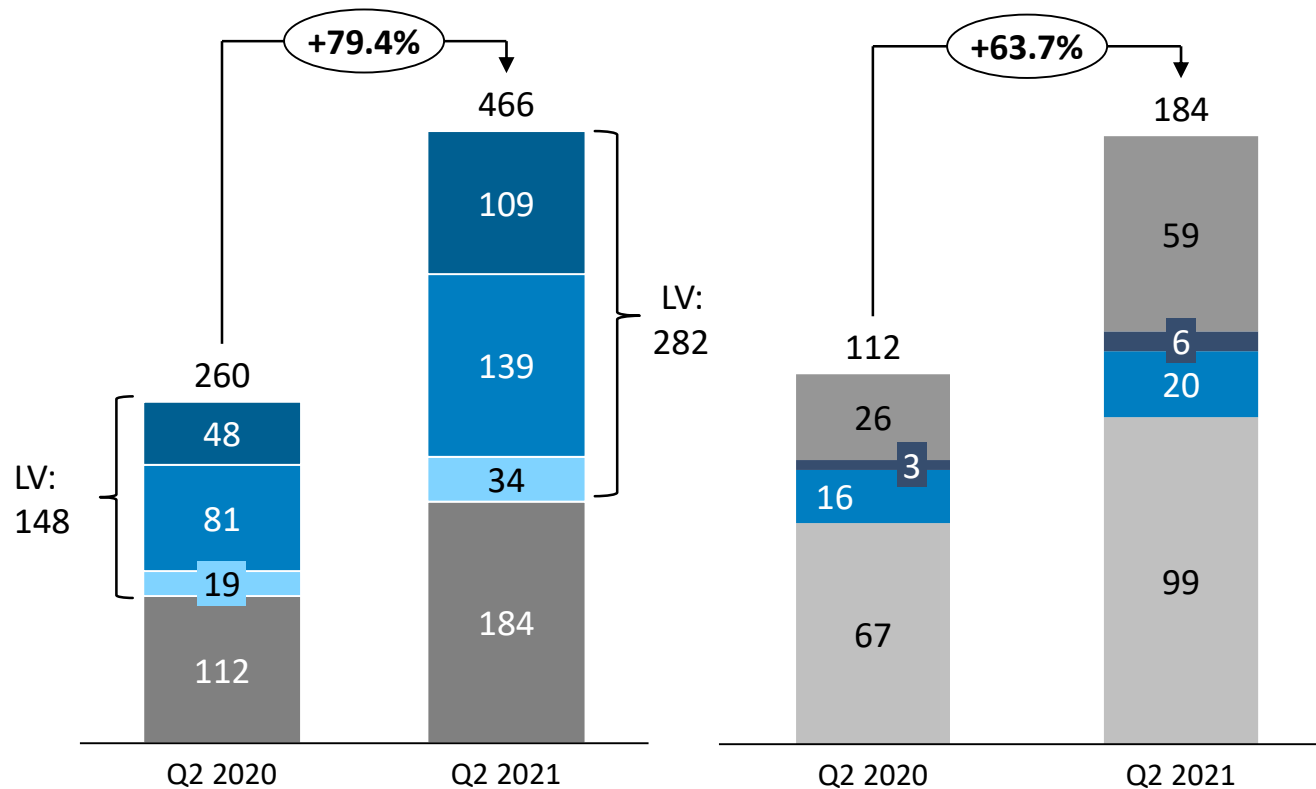
- Sales and booked business recovered from Covid impacted Q2 2020
- Operating result gained significantly on strong volume recovery and continued strict cost discipline
- Operating FCF improved on higher profits, but was held back by adverse raw material price development

Q2 2021 Key end market developments

Diesel sales with strongest growth momentum

LV / Non-LV* sales split

in €m



Diesel/Gasoline without sales shares with BU Trade

Sales by key end markets

in €m

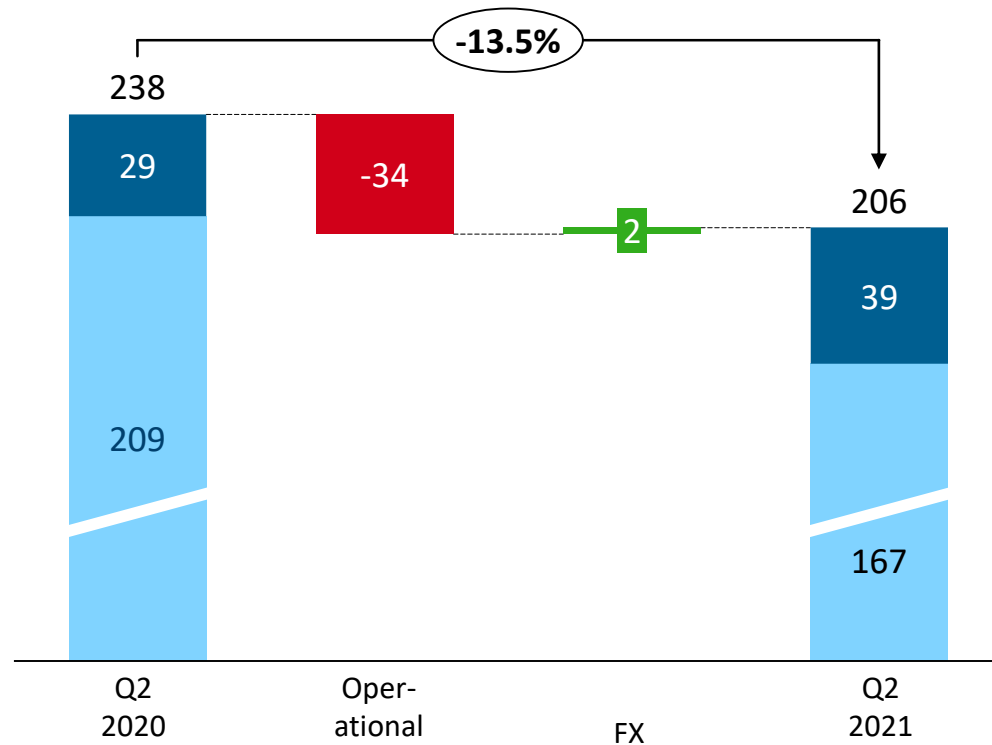
		Delta	
	Absolut	in %	
Diesel	+61	>100%	
Gasoline	+58	+71.6%	
Other LV	+15	+81.6%	
<hr/>			
LV Business	+135	+91.3%	
<hr/>			
Truck	+32	>100%	
Industry	+3	>100%	
Cont. Cast	+5	+28.8%	
Trade	+31	+46.5%	
<hr/>			
Non-LV	+72	+63.7%	

Q2 2021 China

Casting business caught between lower sales and cost inflation

Rheinmetall JV core customers sales declined over proportionately by -19.6% vs -5% market decline

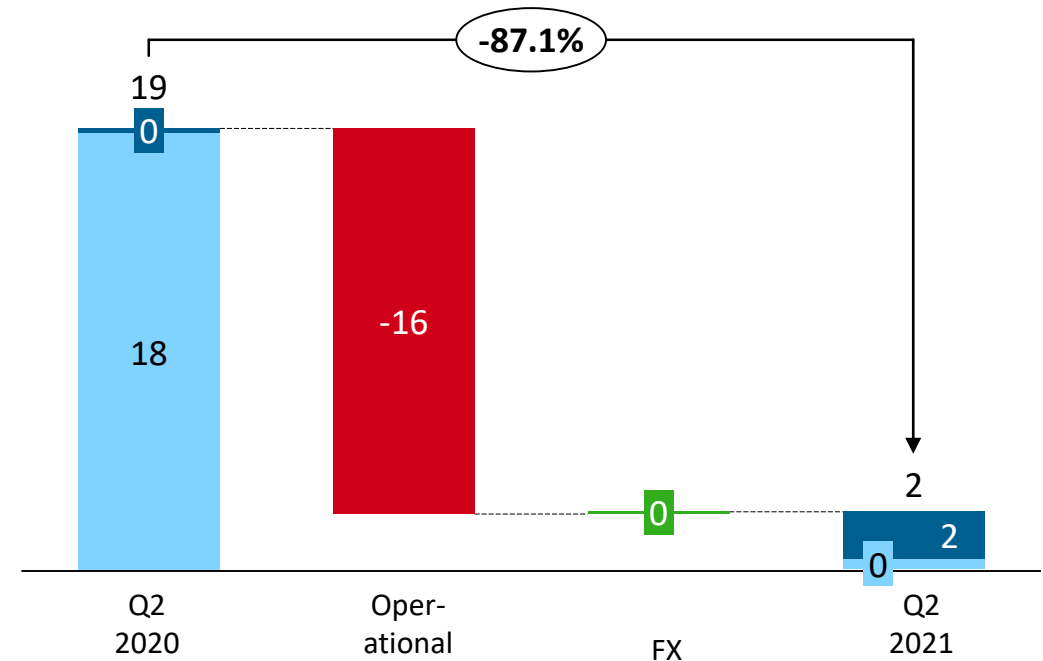
Sales in €m



Volume decline and extreme aluminum price hikes impacted EBIT

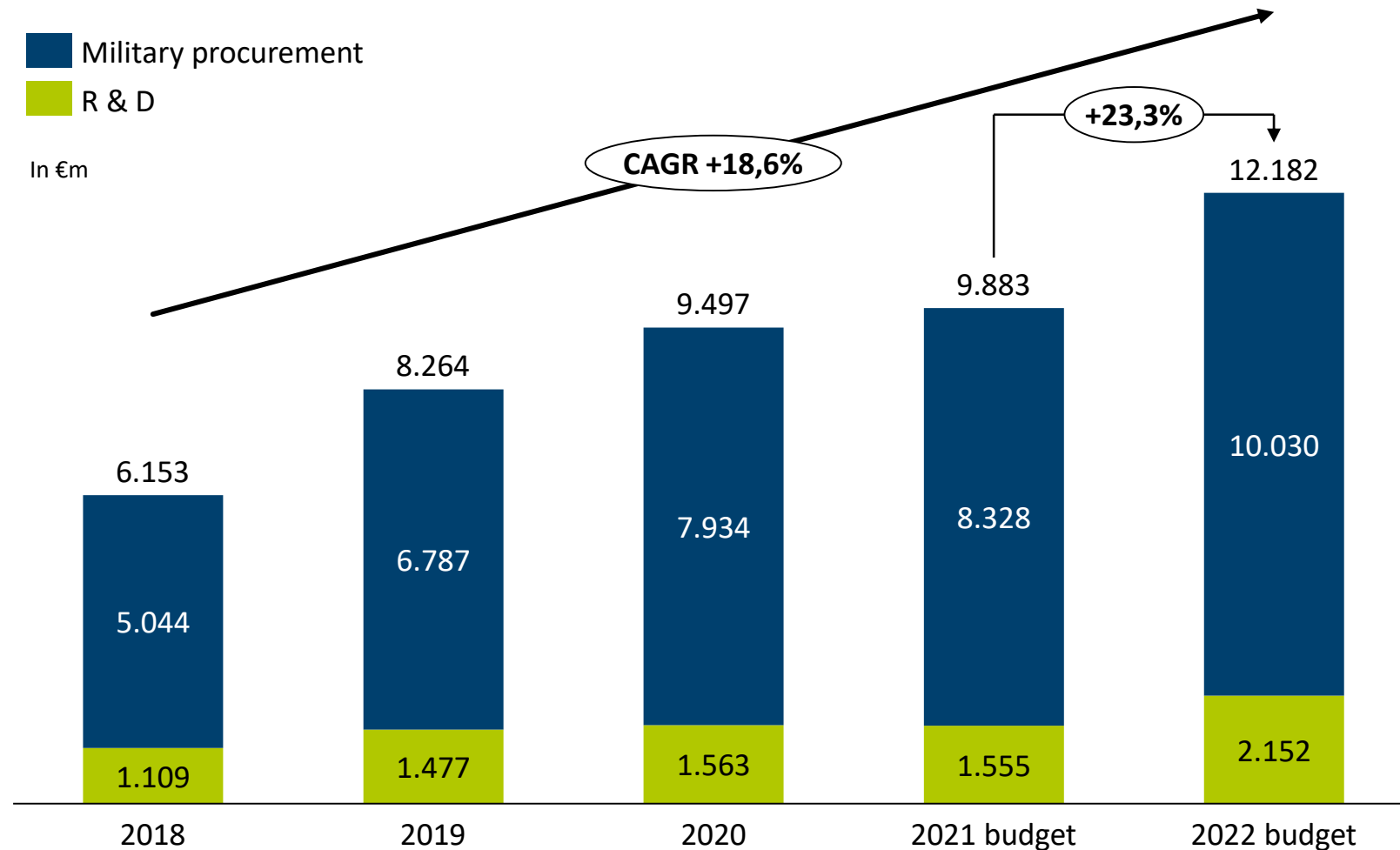
EBIT in €m

■ Wholly owned foreign enterprise
■ Joint Venture



Q2 2021 Markets & Drivers

Germany increased procurement budget more than 20% for 2022



Highlights

- German military procurement budget exceeds €10bn for the first time in 2022
- Military procurement in line with 20% invest target of NATO in 2022
- R&D budget increases by ~40% providing additional opportunities for Rheinmetall

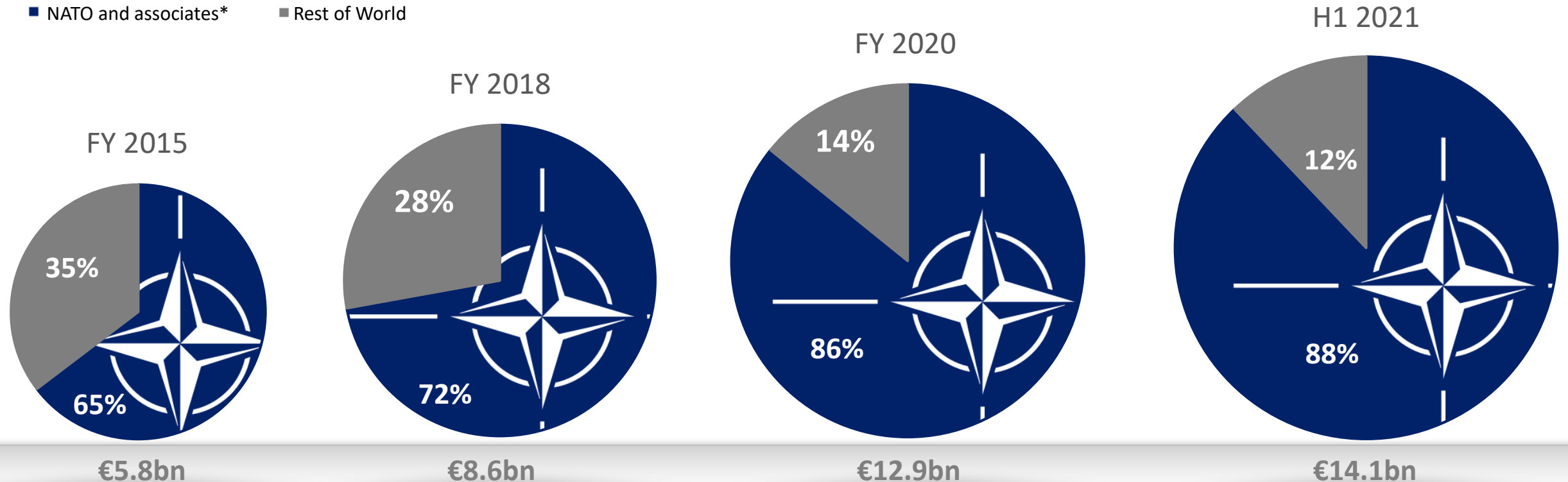
Q2 2021 Markets & Drivers

High NATO order backlog reduces export risk significantly

Military order backlog

■ NATO and associates*

■ Rest of World

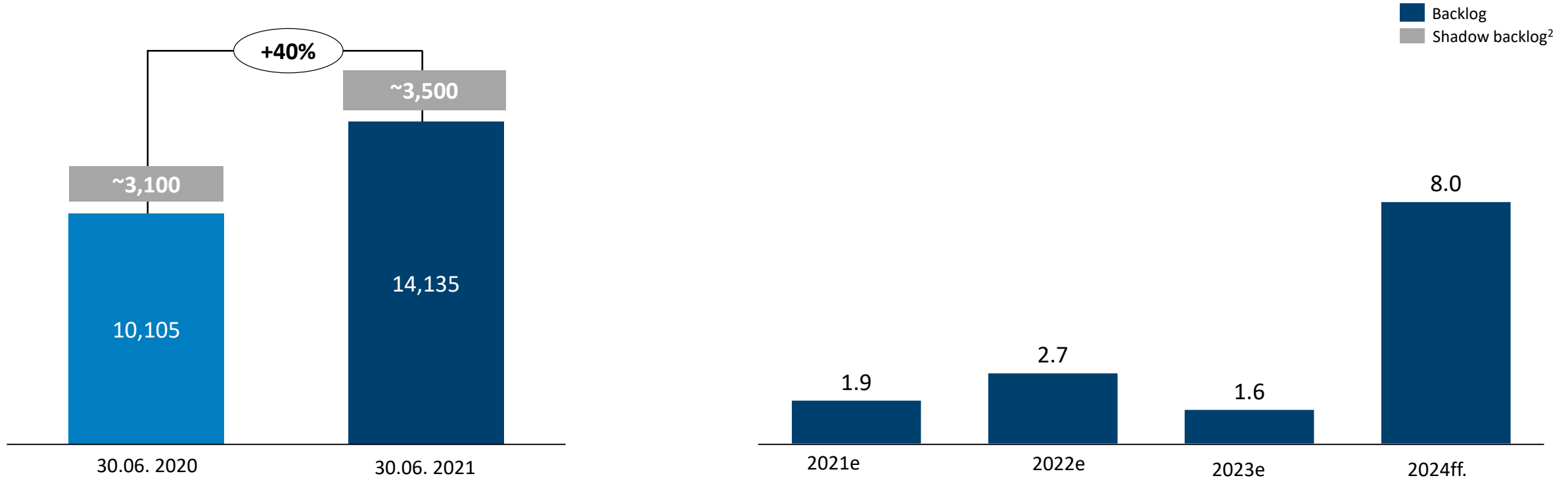


Q2 2021 Markets & Drivers

Build up of military backlog continues

Order Backlog Profile ¹

in €bn

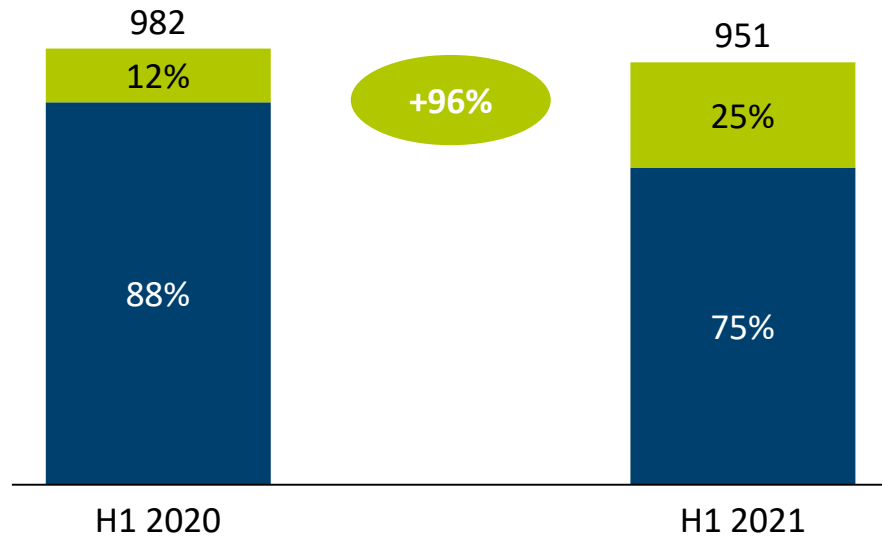


Q2 2021 Markets & Drivers

Electrification trend well reflected in S+A booked business growth

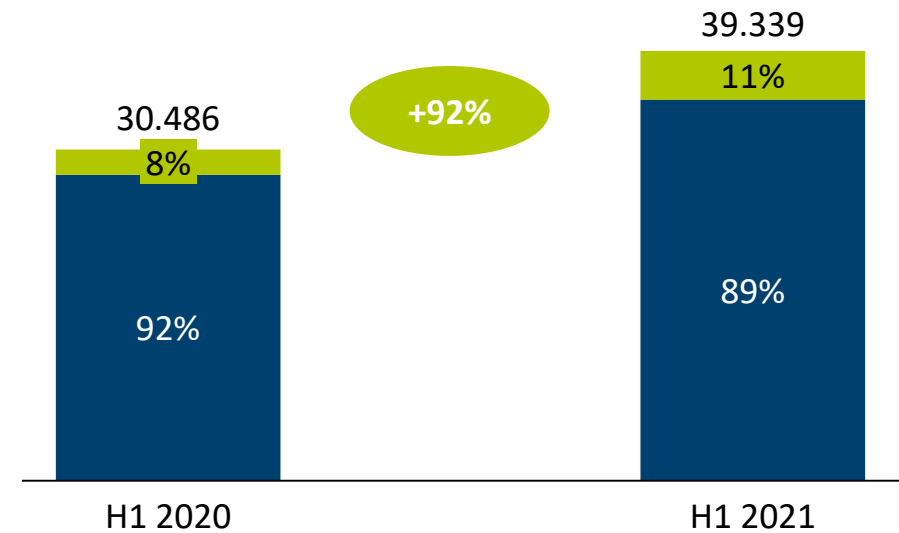
S+A Booked Business

In €m



IHS LV production

In million units



Source: IHS, Status 08/2021

Alternative Powertrain Internal Combustion Engine



Outlook 2021

Outlook

FY Guidance confirmed

Q3 trading update

- Strong order intake expected
- Sales growth of around 5%
- Operating margin expected between 7 to 8%

FY 2021 Guidance

Operational sales growth

7-9%

(2020 IFRS 5 adjusted: €5,406m)

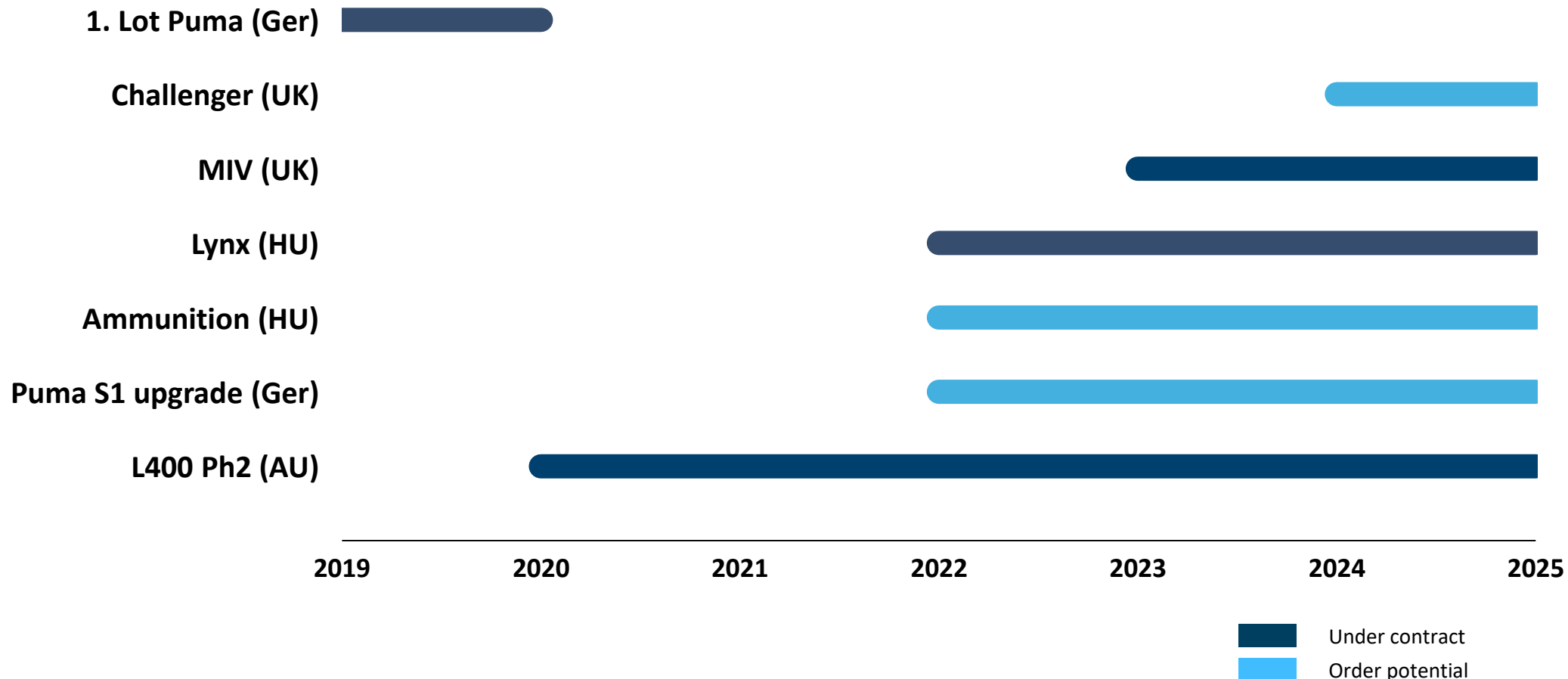
Operating margin

9-10%

(2020 IFRS 5 adjusted: 8.4%)

Outlook 2021

Major programs start contributing from 2022 onwards



Realignment

Application of IFRS 5 as of Q2 2021

- The status of the disposal process for the piston business has progressed sufficiently in order to qualify the business in accordance with IFRS 5 as discontinued operations
- Application as of Q2 2021
- Presentation of Pistons as discontinued operations triggers the following effects:

FY 2020	reported	Piston IFRS 5 adjusted	IFRS 5 adjusted
Sales	€5,875m	€469m	€5,406m
Operating result	€426m	-€26m	€452m
Operating margin	7.3%	-5.5%	8.4%

Outlook 2021

Rheinmetall Guidance by division in the new reporting structure

		2020 Proforma	Outlook 2021e ^{1,2}
Vehicles Systems	Sales	€1,846m	Slightly improved sales
	Margin	8.1%	On previous year margin level
Weapon and Ammunition	Sales	€1,199m	Notably improved sales
	Margin	15.4%	Slightly above previous year level
Electronic Solutions	Sales	€931m	Slightly improved sales
	Margin	9.8%	On previous year margin level
Sensors and Actuators	Sales	€1,202m	Significantly improved sales
	Margin	3.0%	Significantly higher margin level
Materials and Trade	Sales	€536m	Notably improved sales
	Margin	6.1%	Notably higher margin level
Pistons (DCO)	Sales	€479m	Significantly improved sales
	Margin	-4.5%	Significantly higher margin level

IHS global LV production growth for 2021 expected to be around 13.4%; applies to Pistons and Sensors and Actuators markets

¹ For sales, “slightly” indicates a change of up to +/- 5%, “notably” indicates a change of +/- 5-10% while a change of more than +/- 10% is referred to as “significantly”.

² For margin figures, “slightly” indicates a change of up to +/- 10bp, “notably” of +/- 10 to 30bp while a change of more than +/- 30bp is deemed “significantly”.



Responsibility @ Rheinmetall

Responsibility @ Rheinmetall

Mainstays of States: sovereignty, national security and stability of society

Force **protection** is our mission

- We serve governments enabling them to fulfil security policy and military mission obligations

We operate in a strictly **regulated** industry

- German export regime for armaments is among the strictest in the world
- Comprehensive set of procedures and internal controls designed to ensure compliance with applicable export controls and sanctions

NO controversial weapon production

- We do **not** develop, produce or distribute controversial weapons as defined in [CCW](#), [Ottawa Convention](#) and [CCM](#)*

* CCW: UN Convention on Certain Conventional Weapons, Ottawa Convention: UN Anti-Personnel Landmines Convention, UN: Convention on Cluster Munitions

Responsibility @ Rheinmetall

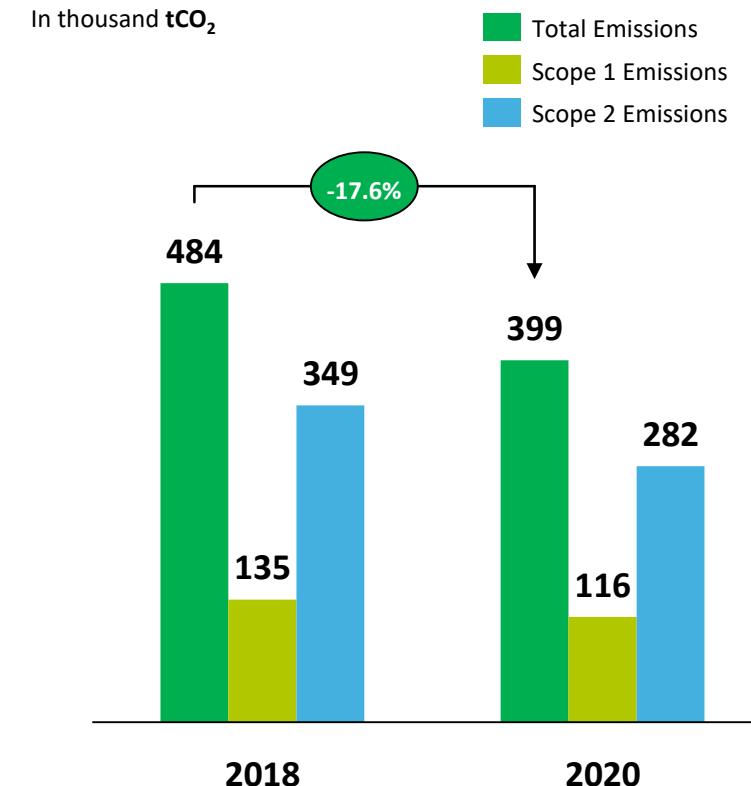
Environmental goals



- Consistent energy management system well established; energy saving goals and use of renewable sources
- Reduction of CO₂ intensity 2018-2020 (tCO₂/EUR m revenue) by ~15%
- Enhance reporting and transparency by participating in CDP in 2021
- Taking pro-active stance by joining Science Based Targets initiative (SBTi)
- Initial risk analysis of production sites conducted in 2020 in preparation of further disclosures in line with TCFD

Top ESG ratings above industry peer group:

- MSCI: AA
- ISS ESG: C
- Sustainalytics: 32.0 (22nd out of 87 A&D industry peers)



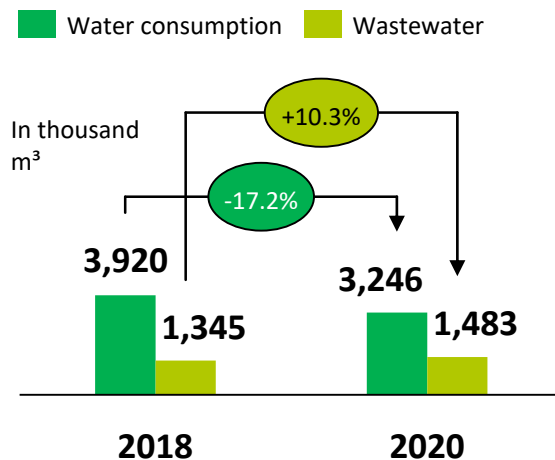
* CO₂neutrality aligned with Paris Agreement and determined in line with the Science Based Target Initiative

Responsibility @ Rheinmetall

Efficient use of resources

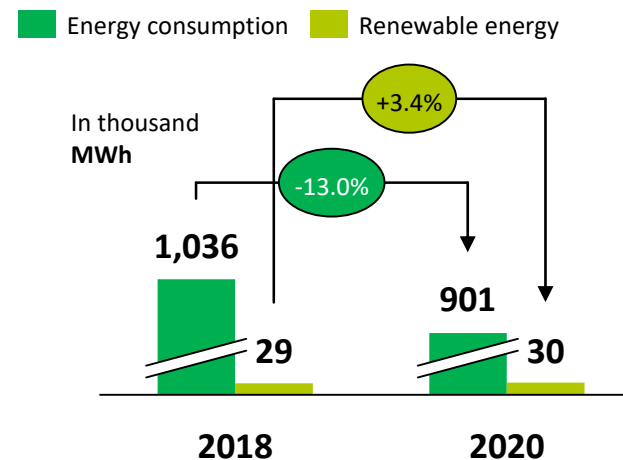
Water

- Two-year-goal: Reduce water consumption by a further 10% (base line 2020)
- RDM South Africa: Purification of urban wastewater in a multistage process for usage in production where possible and before discharge into the sea



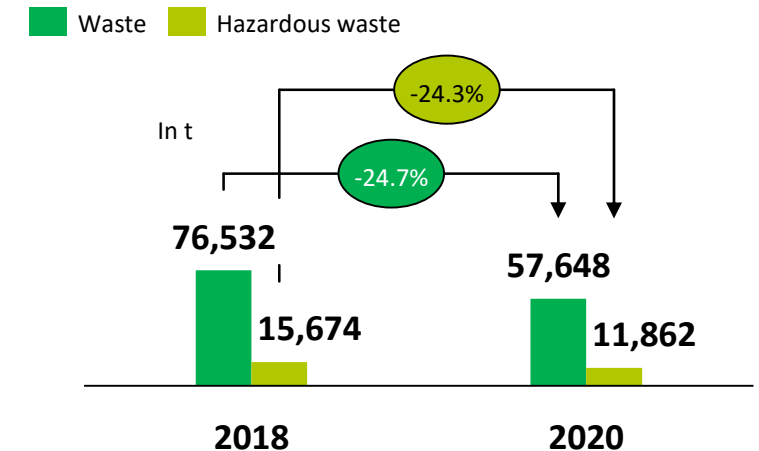
Energy consumption

- Reduce energy consumption and increase energy efficiency continuously
- Measures: LED lighting, generated savings in compressed air, heat recovery from (some) production processes
- Higher usage of renewable energies
- Between 2018 and 2020 energy intensity (MWh/€ million in sales) fell by 9%



Waste

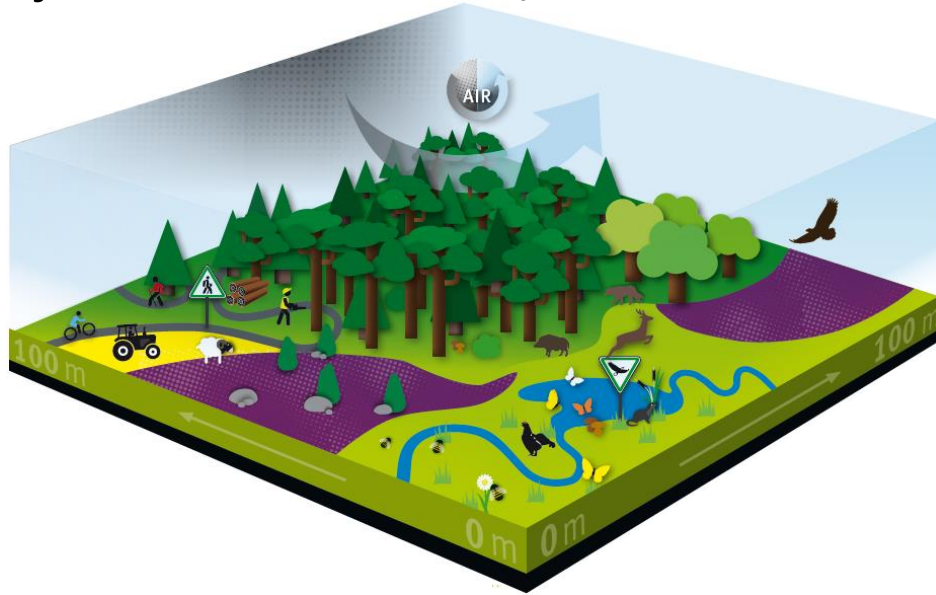
- Waste is to be avoided, reduced, recycled and disposed of safely and in an environmentally compatible manner.
- Production- and material-related recycling is carried out individually by the respective site through waste separation, safe disposal routes and economically viable recycling processes.



Responsibility @ Rheinmetall

Biodiversity activities

■ Fojana – Rheinmetall’s 5,500 Hectares Natural Paradise near Unterlöss



- **Fojana is Rheinmetall’s own 55-square-kilometer site including:**
 - 3,300 hectares of forest
 - 900 hectares of heathland
 - 420 hectares of eco-friendly used agriculture
 - 90 % of the area is managed in keeping with the typical original character of the landscape

- **137t of CO₂ capture/ha**
3,300 ha forest bind 452,272t CO₂
- **1,500 m³ of groundwater formation/ha**
- **30t of O₂/ha**
One hectare of deciduous forest releases 15t oxygen a year; one hectare of coniferous forest releases 30t
- **Up to 50 m³ filtering of soot and dust**
- **Around 150 m³ of timber stock/ha**
- **1,500 m³ of groundwater formation/ha**
- **Broad biodiversity and protection of rare species**
1,120 species of butterflies and 33 species that are threatened with extinction as well as 55 highly endangered species find a sheltered home

Responsibility @ Rheinmetall

Being a responsible corporate citizen



Social responsibility



Rheinmetall

- Awarded a special price by the German Corporate Health Award for extra **strong commitment in corporate health management**
- Health & Safety: **accident frequency rate** (number of accidents per 1 million working hours) **5.9x**
- Corona-Action-Teams at all locations to coordinate preventive and/or necessary measures to safeguard health of employees
- Attracting and retaining highly skilled employees
- Strong commitment to promote **diversity**
- Talent development

Worldwide

- Automotive product **portfolio actively reduces CO₂ emission** for ICE
- **Signatory to UN Global Compact** (April 2021) with annual communication on progress
- Report on contribution to **UN Sustainable Development Goals**
- Gearing up to enhance **transparency in the supply chain**
- Swift contribution to protection of general public in the early phase of the Covid 19 pandemic

Responsibility @ Rheinmetall

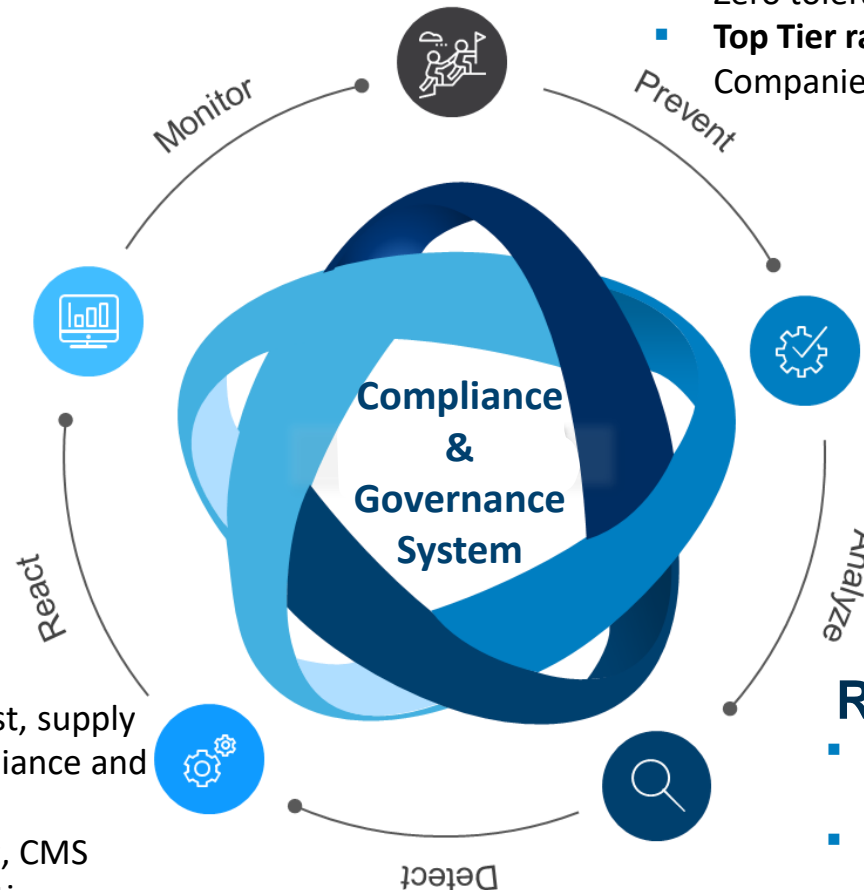
Compliance & Governance System

Communication

- Target group-specific training
- Established reporting system within the organization
- 20.000+ Employees trained in 2020**

Organization & Program

- Experienced teams at all group levels
- Program focus on anti-corruption, antitrust, supply chain risks, fraud prevention, trade Compliance and conflicts of interest
- 11 Global Directives** (eg. Code of Conduct, CMS Manual, Data Privacy, Sponsoring & Donation, Antitrust)



Culture

- "ESG" and "transparency" as pillars of the strategy
- Zero tolerance policy
- Top Tier ranking** in Transparency International Defence Companies Anti-corruption Index 2020

Compliance Goals

Compliance at Rheinmetall means / is...

- ... firmly anchored in business processes
- ... fewer risks for management and employees
- ... risk- and practice-oriented organizational competence
- ... new regulatory requirements
- 90 subsidiaries** have implemented digital business partner mgmt. platform in 2023

Risks & Monitoring

- Regular risk assessment, investigation and due diligence measures at all levels
- Technical risk monitoring measures Regular and special audits by Internal Audit
- 2.549 Enhanced Due Diligence screenings** of third parties

Responsibility @ Rheinmetall

Implementing transparency in the supply chain

Frequent Supplier Monitoring process started

- Complex **multi-tiered** sourcing activities
- Environmental and human rights due diligence are a significant responsibility and a major challenge**
- High quality standards demanded of our suppliers (ISO 9001, IATF 16949, AQAP 2110/2210)
- Suppliers selection based on specific criteria such as: quality, reliability, performance, suitability and price**
- ESG criteria is also integrated into this process

2020 | Business Partner Checks Supply chain

96 countries

40.015
suppliers

229

Supplier audits

72%

w/o findings



Responsibility @ Rheinmetall

New Executive Board remuneration policy with 20% share ESG targets

Short Term Incentive

Overall payout cap: 250%

Target achievement per target (0% - 250%)

40%	+	40%	+	20%
EBT (against budget)		Operating Free Cashflow (against budget)		Non-financial / individual / collective targets

Remuneration structure

30 - 41%	Long Term Incentive (LTI)
14 - 20%	Short Term Incentive (STI)
10 - 33%	Pension (service cost)
0 - 5%	Fringe benefits
22 - 30%	Base salary

Long Term Incentive

Overall payout cap: 250%

Performance period (4 years forward looking)

Overall target achievement (0% - 200%)

40 %	+	40%	+	20%] x [Absolute share price development including dividends
Relative TSR (against EURO STOXX Ind. Goods & Services)		Ø ROCE		ESG targets	

Malus & clawback clauses

Malus and clawback clauses in case of compliance violations and incorrect consolidated financial statements

Share Ownership Guidelines (SOG)

200% of annual gross base salary for the Chief Executive Officer and 100% for the Ordinary Board members

Maximum remuneration

Maximum remuneration including fringe benefits and pension

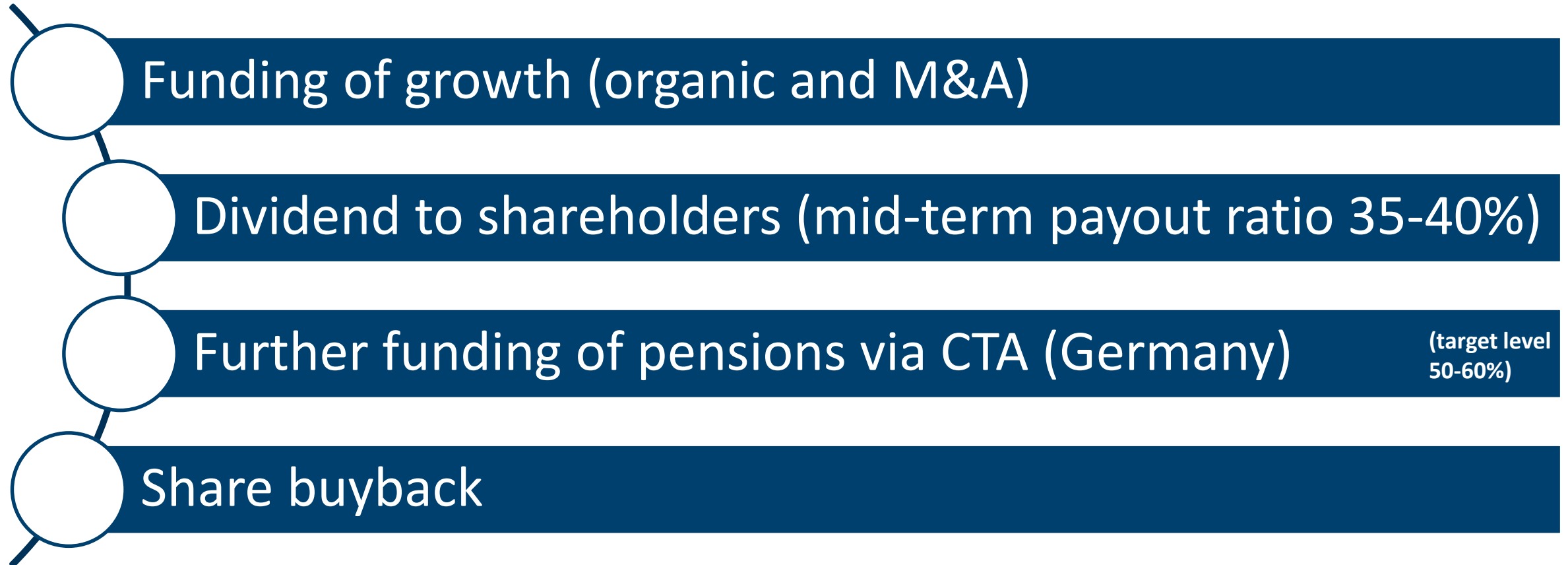
- Chief Executive Officer: 8,000,000 €
- Ordinary Board members: 4,000,000 €



Appendix

Capital allocation

Our capital allocation policy is geared towards business growth



Capital allocation

External growth remains a valid option

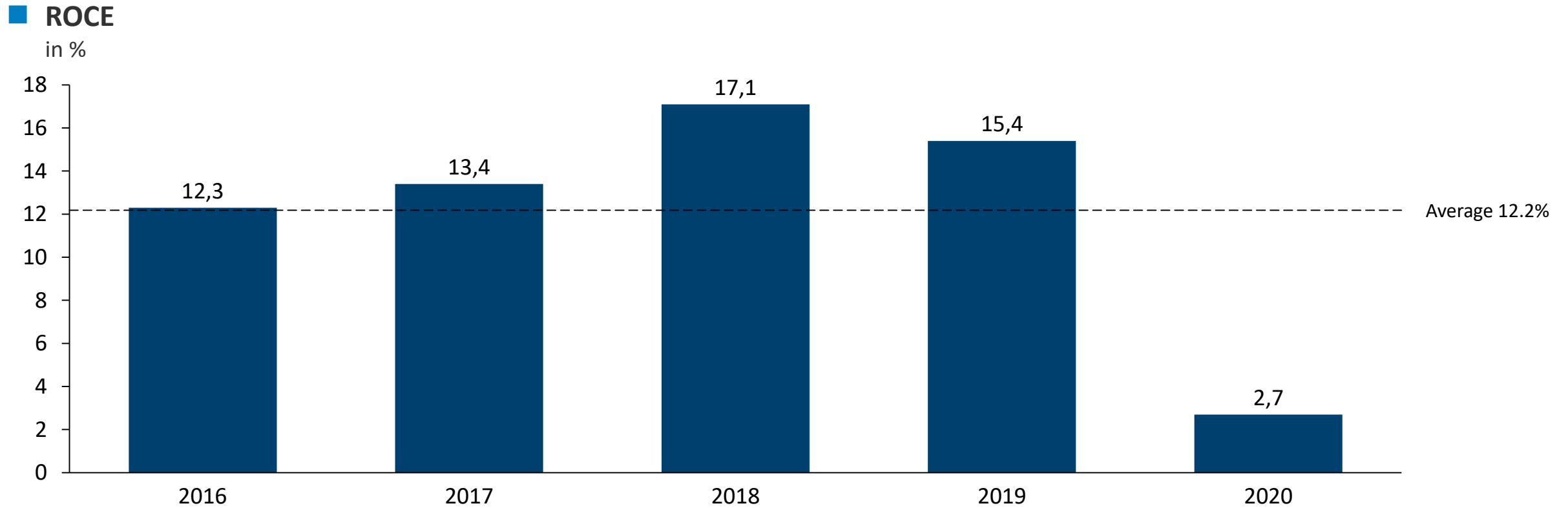
M&A approach

- Permanent screening of the market
- Opportunities:
 - Potential transformation of European defence industry might offer some opportunities
 - Technical enhancement in the automotive industry and beyond
 - Facilitator to leverage technological capabilities

Business Model and Financial Criteria

- Technology Fit
- Growth potential
- Regional Fit
- Adequate pricing
- Value accretive within 3 years
(no restructuring case)

ROCE development



Rheinmetall 2016-2020: Key figures (as reported)

in €m		2016	2017	2018	2019	2020
Balance Sheet	Total assets	6.150	6.101	6.759	7.415	7.267
	Shareholder's equity	1.781	1.870	2.173	2.272	2.053
	Equity ratio (in %)	29,0	30,7	32,1	30,6	28
	Pension liabilities	1.186	1.080	972	1.169	1.177
	Net financial debt	19	230	-30	-52	4
	Net financial debt / EBITDA	-0,03	-0,37	0,04	0,07	-0,01
	Net gearing (in %)	-1,1	-12,3	1,4	2,3	-0,2
Income	Sales	5.602	5.896	6.148	6.255	5.875
	Operating result	353	400	491	505	426
	Operating margin (in %)	6,3	6,8	8,0	8,1	7,3
	EBITDA	581	626	836	792	647
	EBIT	353	385	518	512	89
	EBIT margin (in %)	6,3	6,5	8,4	8,2	1,5
	EBT	299	346	485	477	57
	Net income	215	252	354	354	1
	Earnings per share (in EUR)	4,7	5,2	7,1	7,8	-0,6
	Dividend per share (in EUR)	1,5	1,7	2,1	2,4	2,0
	ROCE (in %)	10,6	12,3	13,8	17,1	2,7
CF statement	Free cashflow from operations	161	276	-35	314	217
Headcount	Employees (Dec. 31) according to capacity	20.993	21.610	22.899	23.780	23.268

Next events and IR contacts

Next Events

Commerzbank, Corporate Conference	All investor meetings will be virtual	01 Sep 2021
Morgan Stanley, Industrial CEOs Unplugged		10 Sep 2021
Bank of America, Global Defence Forum 2021		14 Sep 2021
UBS, Quo Vadis Industrials Tour		17 Sep 2021
Berenberg and Goldman Sachs, German Corporate Conf.		22 Sep 2021
10th Baader Investment Conference		23 Sep 2021
Metzler Dialog		09 Nov 2021
UBS, European Conference 2021		10 Nov 2021
Q3 2021 report		05 November 2021

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Quick link to documents

[Corporate Presentation](#)
(link)



[Interim Report](#)
(link)



[Annual Report](#)
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