



# Rheinmetall Group

## Corporate Presentation

May 2021

Rheinmetall Group

## Mobility and security form the DNA of the business model

### RHEINMETALL GROUP

INTEGRATED TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Business  
model

#### **Automotive** *Our heart beats for your engine*

- Tier 1 supplier
- High-tech products for global markets
- Gaining powertrain neutrality

#### **Defence** *Force protection is our mission*

- System house for land based operations
- Leading provider of innovative solutions
- Internationalization focused on home markets

Market  
driver

- Megatrend mobility
- Growing demand for clean mobility
- Global LV production with growth
- Increased regulation

- Increasing demand for security
- Geostrategical powershifts
- Constantly changing conflict situations
- Rising defence/security budgets

# Rheinmetall Group Highlights

## Group performance indicator

Grow sales  
around 8%

~8% op.  
margin

Targeted 2-4%  
Cash on sales

30-35%  
payout ratio

## Strategy roadmap

Organic  
growth

International  
expansion

Leading by  
innovations

Targeted  
acquisitions

# RHEINMETALL GROUP

## AUTOMOTIVE *Our heart beats for your engine*

Op. margin  
1.5%

€2,151m  
€33m  
\*€426m  
10,613

37%

47%

# 2020

Sales  
Oper. Result  
Order backlog  
Headcount\*\*

## DEFENCE *Force protection is our mission*

63%

€3,723m  
€414m  
€12,924m  
12,344

Op. margin  
11.1%

53%

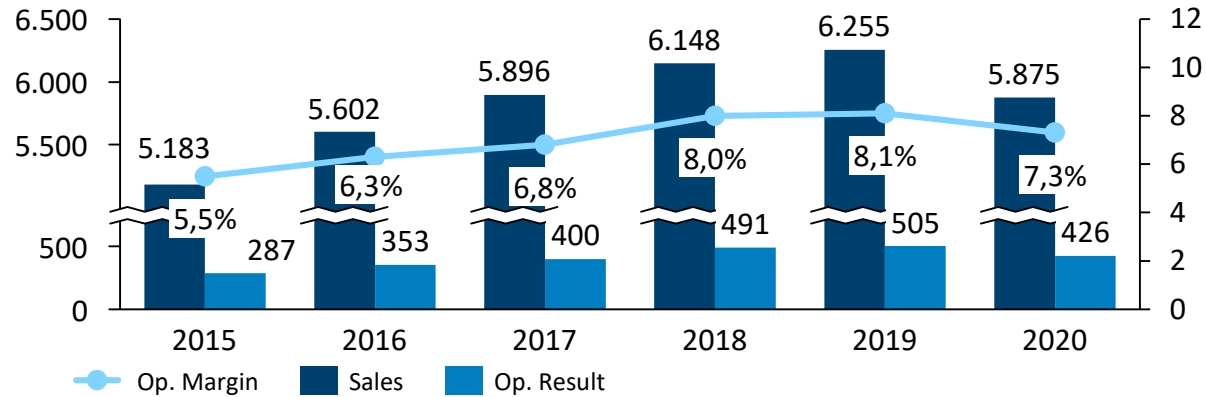
\* Short-term; \*\*Headcount at capacities;

# Rheinmetall Group

## Financial overview - Growth in all relevant KPI

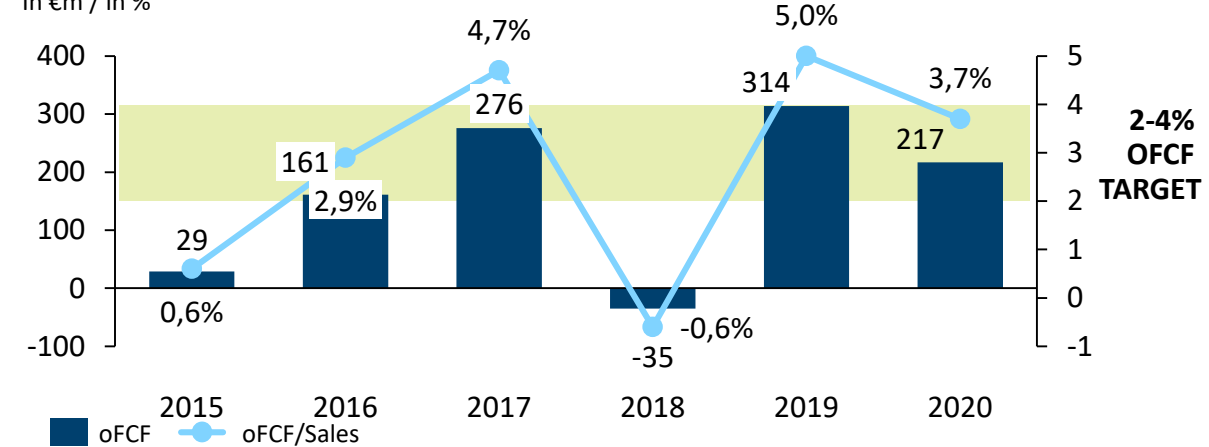
### Sales, operating result and operating margin

In €m



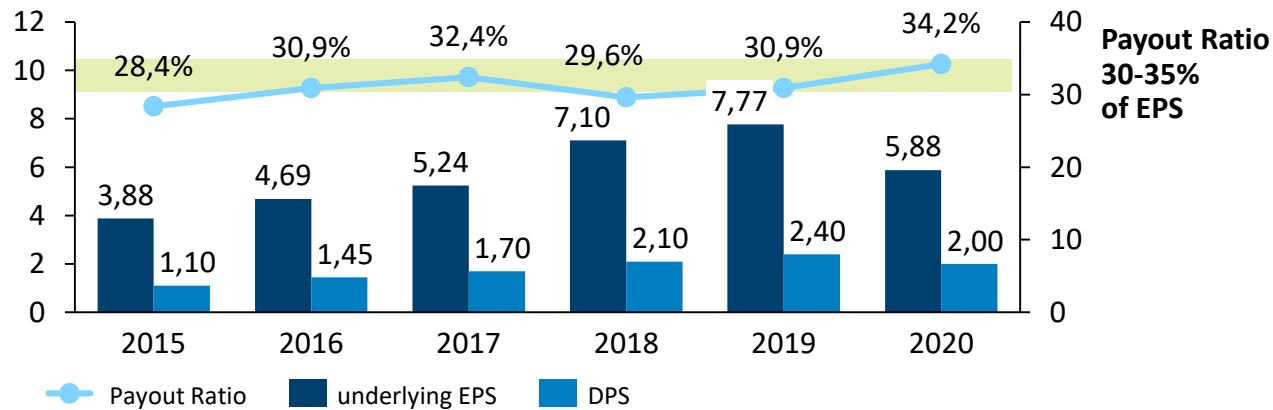
### Operating FCF and operating FCF to Sales

In €m / in %



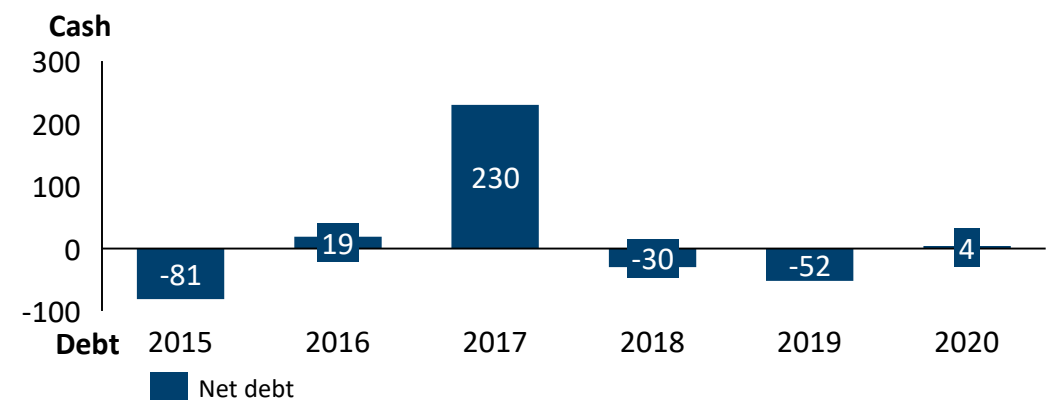
### Earnings and dividend per share

In € / in %






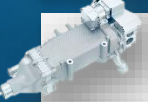

### Net financial debt

In €m



# Rheinmetall Automotive Products per division



## MECHATRONICS

-  PUMP TECHNOLOGY
-  AUTOMOTIVE EMISSION SYSTEMS
-  SOLENOID VALVES
-  COMMERCIAL DIESEL SYSTEMS
-  ACTUATORS

## HARDPARTS

-  SMALL BORE PISTONS
-  BEARINGS
-  LARGE BORE PISTONS
-  CASTINGS

## AFTERMARKET

-  HARDPARTS
-  MECHATRONICS



# Rheinmetall Defence Products per division

## WEAPON AND AMMUNITION



MID & LARGE CALIBER AMMO



MID & LARGE CALIBER WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

## ELECTRONIC SOLUTIONS



INTEGRATED ELECTRONIC SYSTEMS

AIR DEFENCE & RADAR SYSTEMS

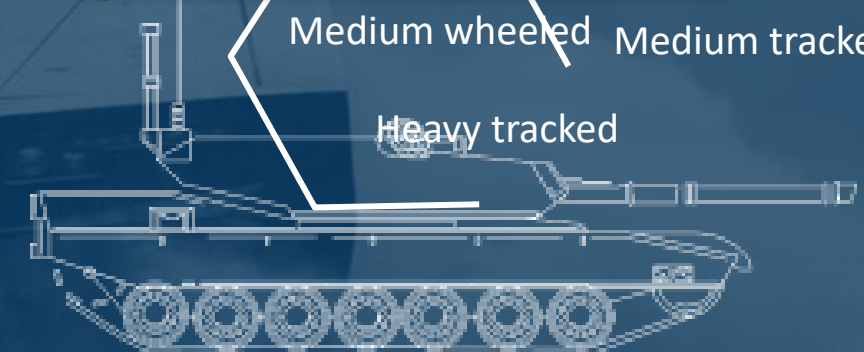
TECHNICAL PUBLICATIONS

## VEHICLE SYSTEMS



TACTICAL VEHICLES

LOGISTIC VEHICLES



HX-FAMILY

Medium wheeled Medium tracked

Heavy tracked

# One Rheinmetall

## Realization of growth in changing market conditions



- ✓ Positioning as **integrated technology** group for **Mobility and Security**
- ✓ Realization of **growth potentials** in changing market environments
- ✓ Leveraging **strengths by bundling and channeling our expertise and competencies**, e.g. different **technologies**
- ✓ Change perception and **increase attractiveness** as an employer

### One Rheinmetall Phase I

Initiatives addressing culture  
and cooperation  
2016-2018

### One Rheinmetall Phase II

Focus on technologies  
2018 ff.

### One Rheinmetall Phase III

Commercialization  
starting 2021



# STRATEGY UPDATE

Taking Rheinmetall to the next level



Strategy update

## Management sets clear strategic objectives

**1**

**Reduce Automotive exposure**

**2**

**Minimum profitability level requirement**

**3**

**Continuous portfolio management**

Strategy update

## Transformation process initiated

### Realignment of existing business

- Disposal process of the piston business
- Regrouping of business activities
- **Focused approach with five divisions**

### Integration of Automotive holding

- Right-size the structure to support the business
- **Eliminate redundant functions on Group and Automotive holding level**

# Strategy update

## The new corporate structure

# 2020



Weapon & Ammunition

Mechatronics

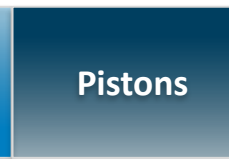
Electronic Solutions

Hardparts

Vehicle Systems

Aftermarket

# 2021



Non-core business

Sensors and Actuators

- Pumps
- Actuators
- Air Emission Systems
- Solenoid Valves
- Commercial Diesel Systems

Materials and Trade

- Aftermarket
- Bearings
- Castings (50:50 Joint Venture)

## Strategy update

### Strong measures to improve the Automotive situation

Pistons **decided** non-core business



Find a better owner for the piston business

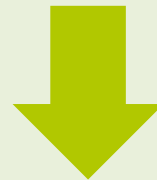


**Divestment process started**

Realignment of the core business



**Right-sizing the organization**



**Preparation for transformation**

Superb engineering and production capabilities form our innovation culture



Leveraging of technologies to new applications



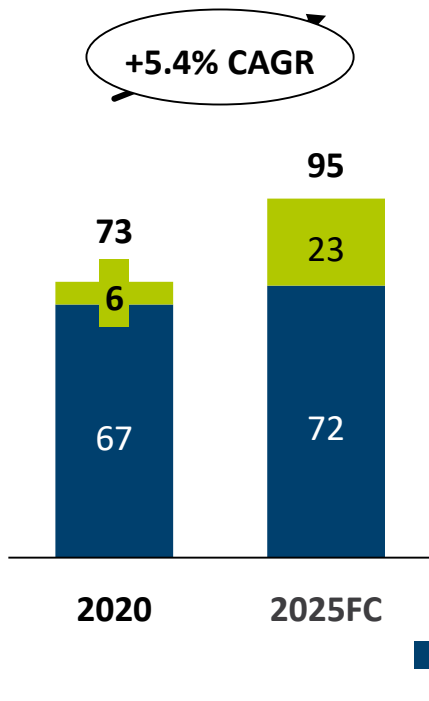
**Accelerate transformation**

# Strategy update

## Sensors and Actuators: Focus on profitable growth

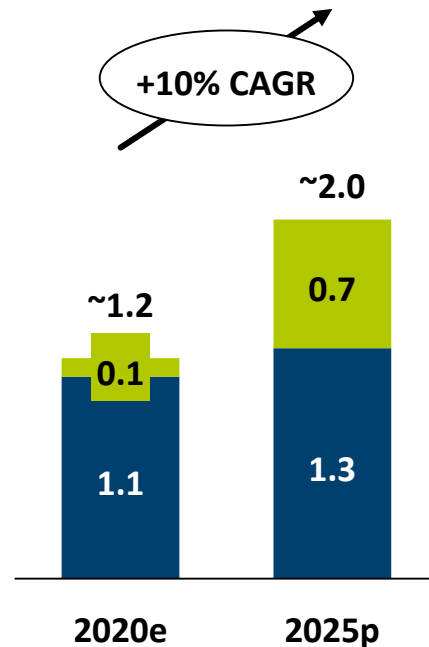
### IHS LV production\*

In million units



### Sensors and Actuators

Sales In € billion



### Historic performance (2015-2019)

- Sales growth of 1.3% CAGR vs. flat global LV volumes growth\*
- 9.3% average operating margin

### Regulation drives the business...

- Tighter thresholds → 95g CO<sub>2</sub>
- New emission regulation → EU 7
- Expansion to new regions → Asia

...but technology offers opportunities beyond automotive

\*IHS 12/2020

# Strategy update

## Sensors and Actuators: Three pillars of growth

Innovative solutions for clean mobility

Tighter Regulation of fuel fumes

Electronic Vapor Pump (EVAP)



Fuel Tank Isolation Valve (FTIV)



Growth in alternative powertrains (AP)

Electrified Mobility

Thermal Management



COOLANT PUMP



COOLANT VALVE



PROPORTIONAL-COOLANT VALVE

H<sub>2</sub> Products



H<sub>2</sub> Recirculation Blower



FUEL-CELL CONTROL VALVE



ELECTRICAL CATHODE VALVE

Diversify into new applications

Sustainability and Performance

Thermal Management

- Server cooling
- 5G Base station & antenna

Air Management

- Air sanification equipment

H<sub>2</sub> Applications

- Stationary fuel cell

Sales potential in 2025

Up to € 300 m

Up to € 500 m

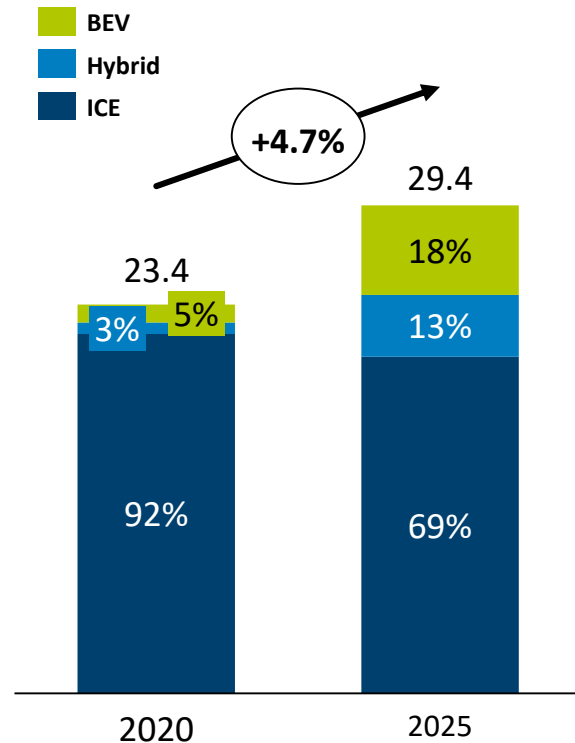
Up to € 200 m

# Strategy update

## Sensors and Actuators: China JV clearly outperform market

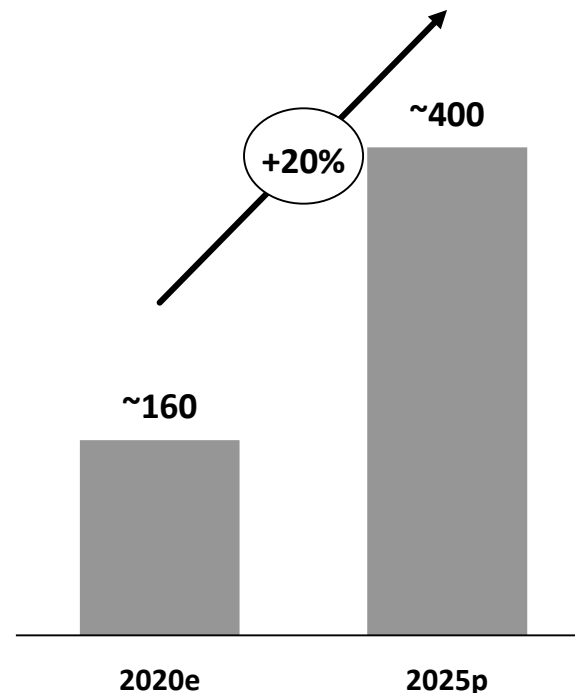
### IHS LV production\*

In million units; CAGR 2020-25



### China JV (100% pro forma sales )

In € million; CAGR 2020-25



### Strong profitable growth of at equity consolidated sales

- Introduction of fuel fume regulation in China
- Tightening truck regulation in India and China
- Electrification of the powertrain

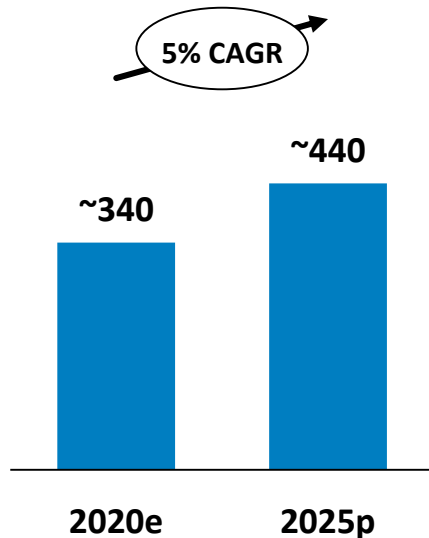
\*IHS 12/2020

# Strategy update

## Materials and Trade: Well positioned to capture opportunities

### Aftermarket

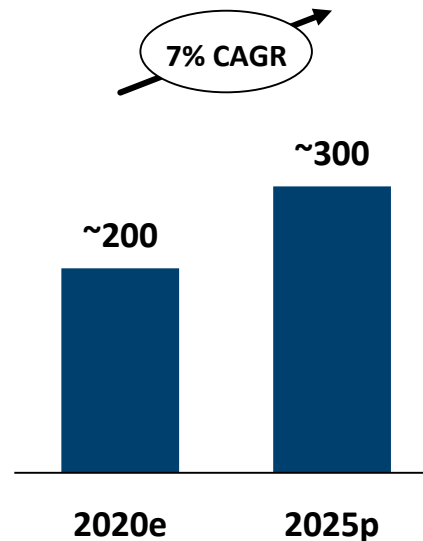
Solid profitability



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

### Bearings

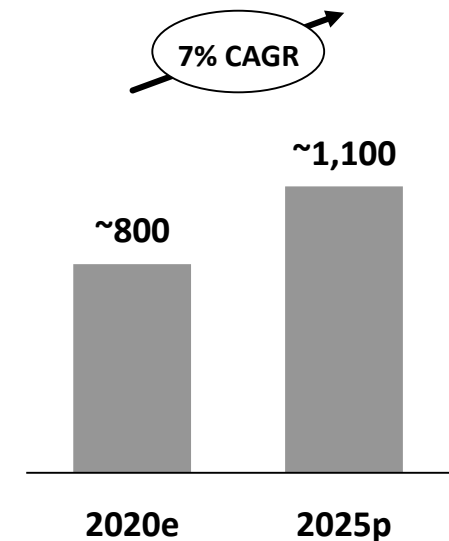
Shift to non-ICE applications



- Accelerate diversification
- Focus on industrials

### Castings (Joint Ventures)

Technology leadership

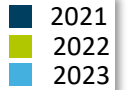


- Flexible casting technology
  - Benefit from global lightweight trend
- (100% pro forma sales)**



# Strategy update

## 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 programmes with temporary delays, but no cancellations
- Modernization programmes remain key priority
- Positive outlook for tender pipeline

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

\*UK Budget 2020 increased by € 19 bn over 4 years modeled to internal assumptions \*\*Sipri: Defence budgets 2009 to 2019

## Strategy update

### Competitive vehicles portfolio offers huge potential

#### Infantry fighting vehicles

- Puma
- Lynx

~€15 – 40 bn

#### Main battle tanks

- Leopard
- Challenger
- MGCS

~€5 bn

#### Wheeled vehicles

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

~€5 – 6 bn

#### Trucks

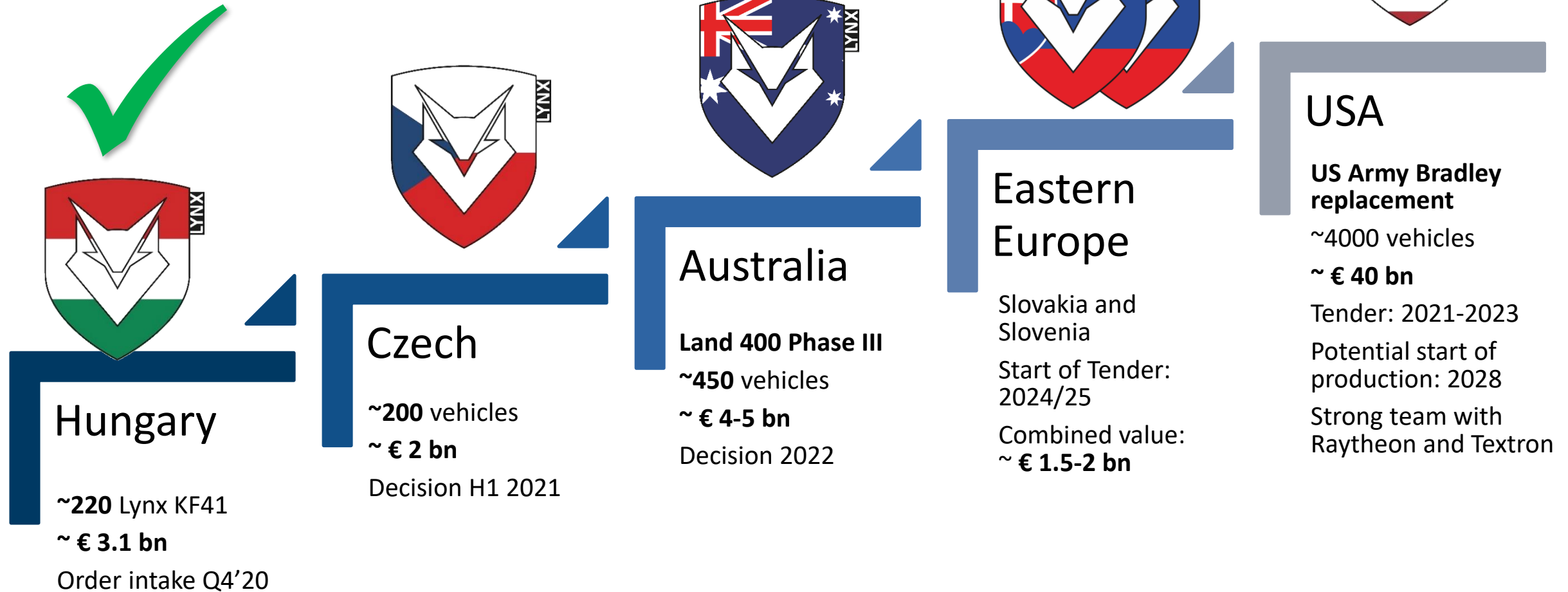
- HX-Family
- Future trucks

~€7 – 8 bn

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

# Strategy update

## Hungary is a catalyst for our Lynx pipeline



# Strategy update

## Vehicle Systems main driver for mid-term growth

2020e Sales

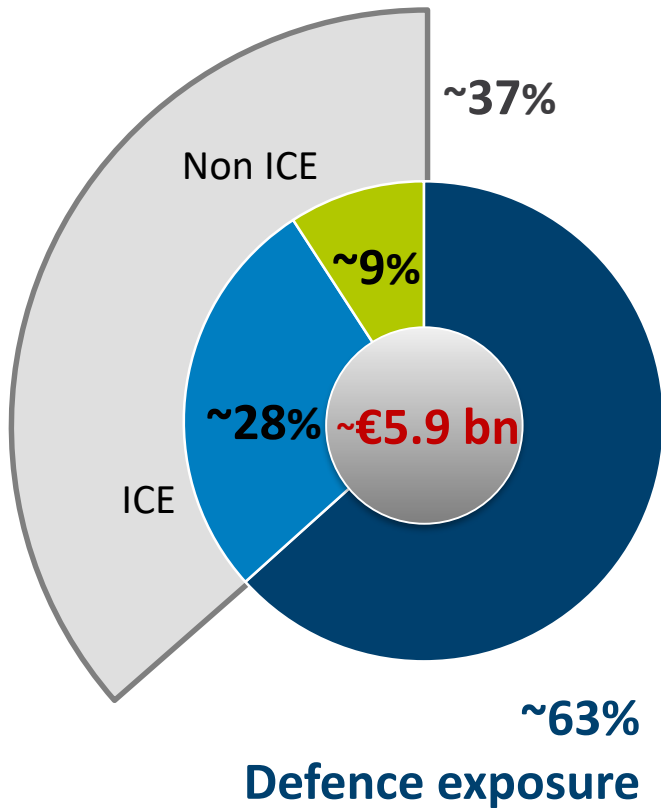
2025 Targeted Sales



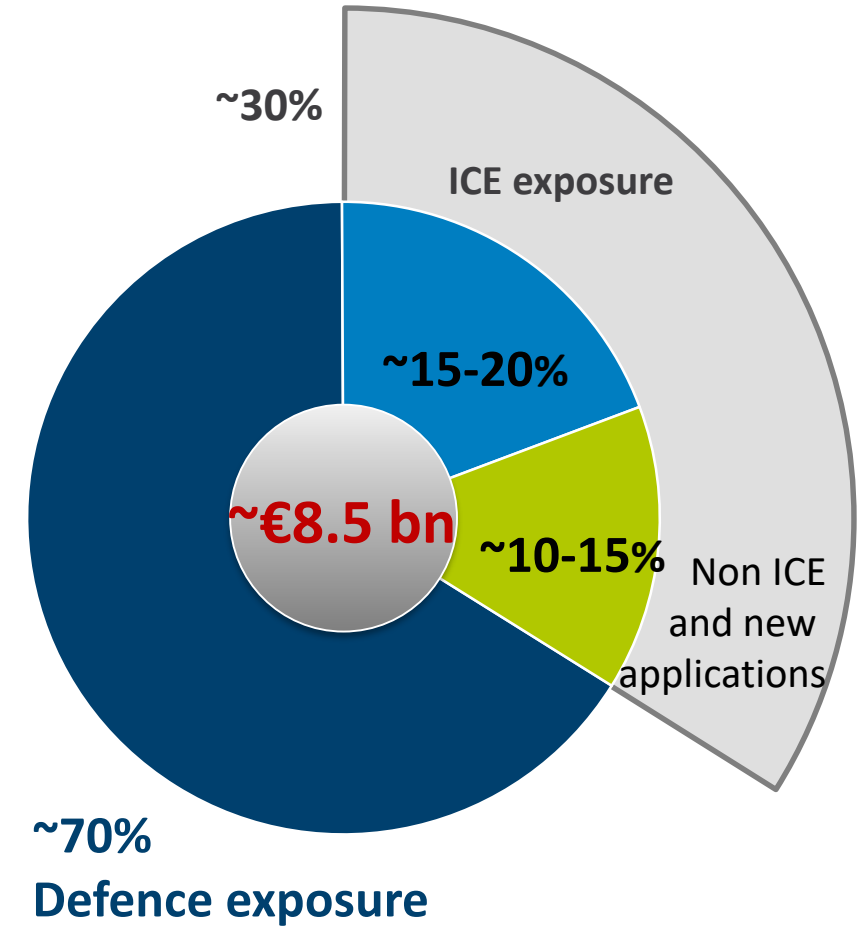
# Strategy update

## Stronger focus on Defence with ICE exposure below 20%

### 2020e Sales



### 2025 Targeted Sales



ICE = Internal Combustion Engine

## Strategy update

### 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

# Strategy update

## Upgrading our financial targets for 2025

Attractive growth profile	Higher profitability	Focus on free cash flow
<p>Sales target</p> <p><b>~ € 8.5 bn</b></p>	<p>Margin target</p> <p><b>≥ 10%</b></p>	<p>Cash to sales target*</p> <p><b>~ 3-5%</b></p>
<p><b>Passion for Performance</b></p>		

\*OFCF to sales ratio



# AUTOMOTIVE

A changing world



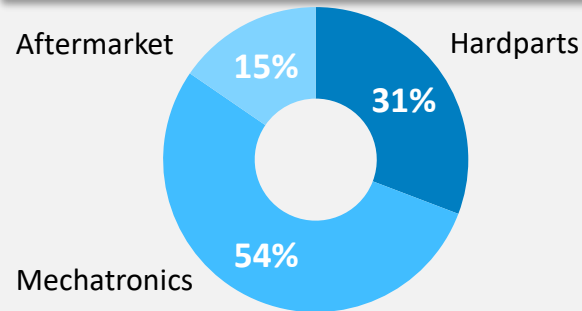
# Automotive

## Leading technology and market positions

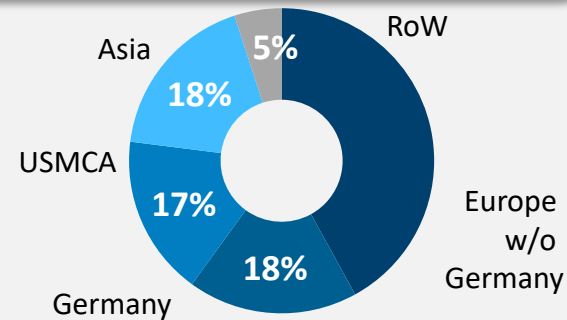
### Key Figures 2020

**Sales: €2.2bn**  
**Op. result: €33m**  
**Op. margin: 1.5%**  
**Op. FCF: €18m**  
**R&D: €162m**  
**Capex: €95m**  
**Headcount: 10,631**

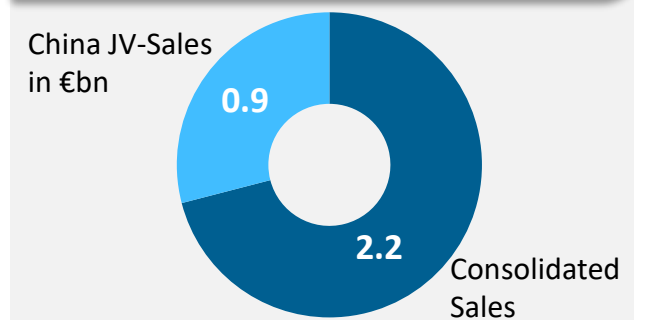
### Sales by division\*



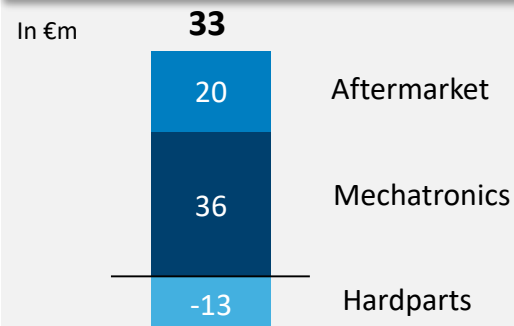
### Sales by region



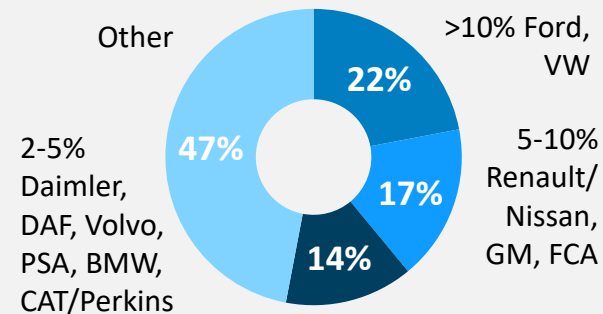
### Sales Total Management View



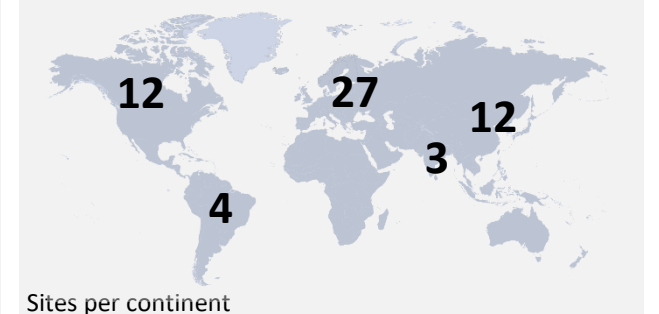
### Operating result by division\*



### Sales by customer



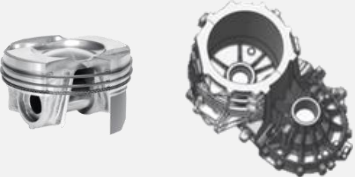

### Global set up



\*unconsolidated

# Automotive

## Leading technology and market positions

Sales driver	Segment Structure	Key Competitor	Differentiator
<ul style="list-style-type: none"> <li>▪ Megatrend mobility</li> <li>▪ Growing demand for clean mobility</li> <li>▪ Global LV production with further growth</li> <li>▪ Increased regulation</li> </ul>	<p><b>Hardparts</b></p> <ul style="list-style-type: none"> <li>▪ Pistons</li> <li>▪ Castings</li> <li>▪ Bearings</li> </ul>  <p><b>Mechatronics</b></p> <ul style="list-style-type: none"> <li>▪ Pump Technology</li> <li>▪ Auto. Emission Systems</li> <li>▪ Commercial Diesel Systems</li> <li>▪ Solenoid Valves</li> <li>▪ Actuators</li> </ul>  <p><b>Aftermarket</b></p> <ul style="list-style-type: none"> <li>▪ Hardparts</li> <li>▪ Mechatronics</li> </ul>	<p><b>Hardparts</b></p> <p>Mahle, Nemak, GGB, Tenneco (Federal Mogul), Dong Yang</p> <p><b>Mechatronics</b></p> <p>Magna, Bosch, Denso, Valeo, Schaeffler</p> <p><b>Aftermarket</b></p> <p>Tenneco (Federal Mogul), Mahle, Bosch, Valeo</p>	<ul style="list-style-type: none"> <li>▪ Strong brand</li> <li>▪ Global footprint</li> <li>▪ Strong partnerships               <ul style="list-style-type: none"> <li>▪ (Hasco, Shriram, Riken, ZYNP)</li> </ul> </li> <li>▪ Wide technology portfolio</li> <li>▪ Extensive product Know-How</li> </ul>

# Automotive overview

## Product portfolio by division and engine type

### MECHATRONICS

- VACUUM PUMPS
- EXHAUST CONTROL VALVE GEN. 3
- FUEL TANK ISOLATION VALVE
- THERMAL MANAGEMENT
- HRB
- eCATHODE VALVE
- EGR MODULE
- SC AIR SYSTEM
- eWastegate Actuator
- ELECTRICAL COOLANT PUMP
- GASOLINE EGR
- HIGH-VOLTAGE COOLANT PUMP
- eCC
- E-MOTOR COOLING
- TURBO ACTUATOR VTG
- EVAP
- ELEC. BYPASS VALVE
- MULTI PURPOSE VALVE
- ELECTRICAL OIL PUMPS
- CONTACTORS
- THERMO MODULE
- FUEL CELL CONTROL VALVE

### HARDPARTS

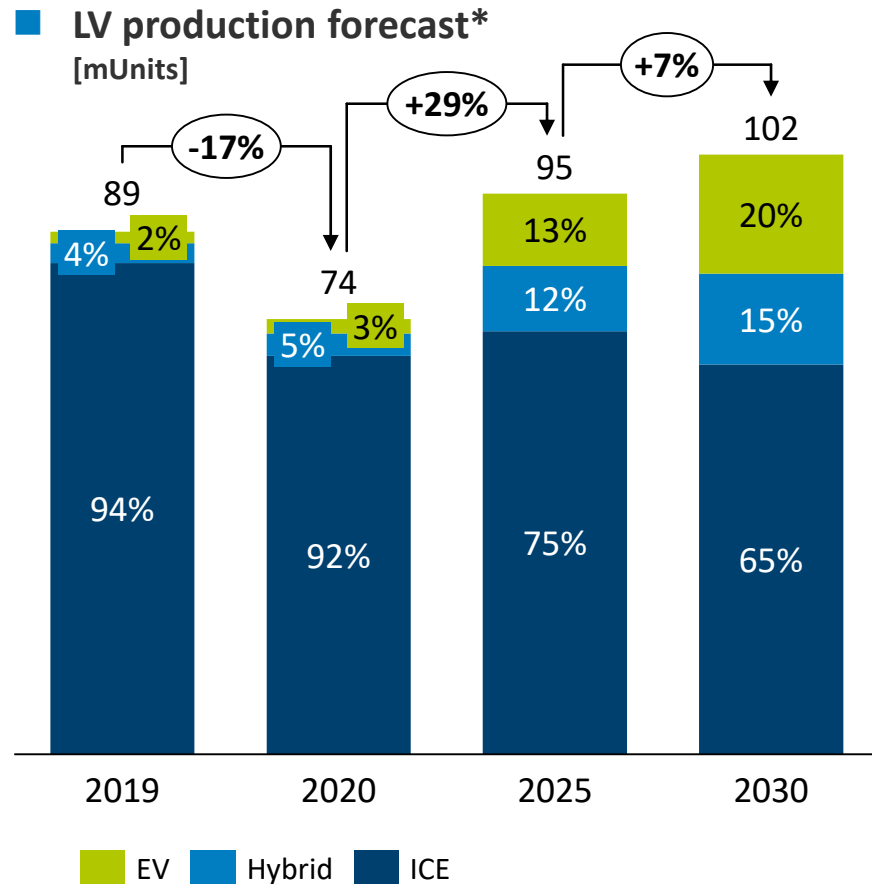
- STEEL PISTONS
- ALU PISTONS
- ENGINE BEARINGS
- NON-ENGINE POLYMER BEARINGS
- STRUCTURAL PARTS
- E-Motor HOUSING
- BATTERY BOXES
- Carbon TT
- 25% Share Carbon TT

ICE

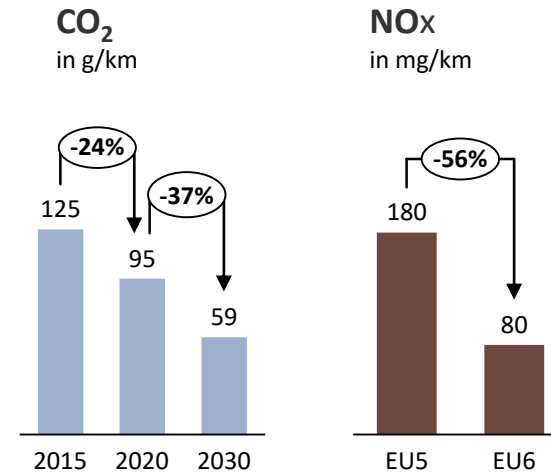
EV / FUEL CELL

# Drivers for growth

## Rising global fleet and regulatory restrictions are supporting our growth

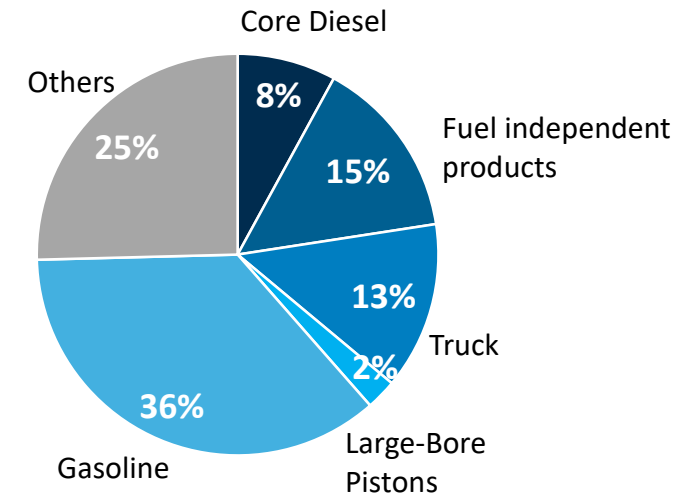


**■ Further regulatory pressure\*\*\***



- Next regulation deadline approaching in 2020
- Real driving emission(RDE) testing will create further pressure to reduce emissions by hardware installation
- First city ban for diesel engines announced in Germany

**■ Automotive sales distribution by engine type\*\***



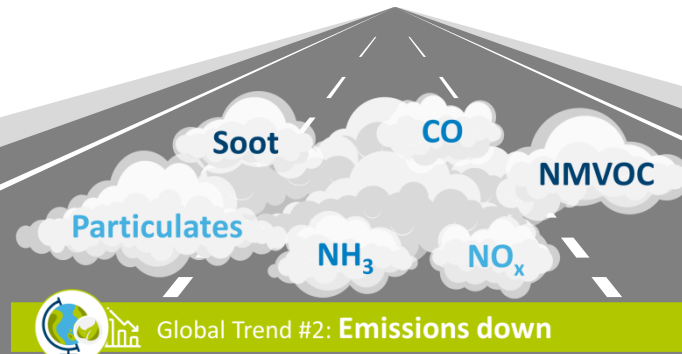
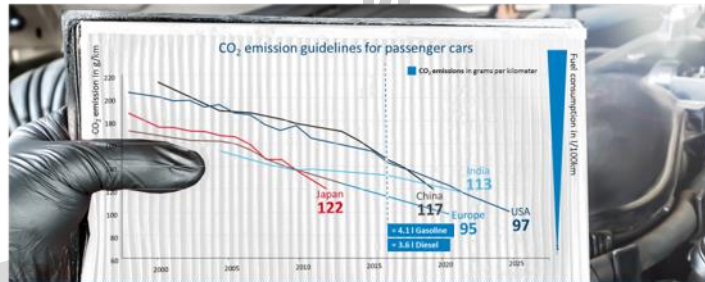
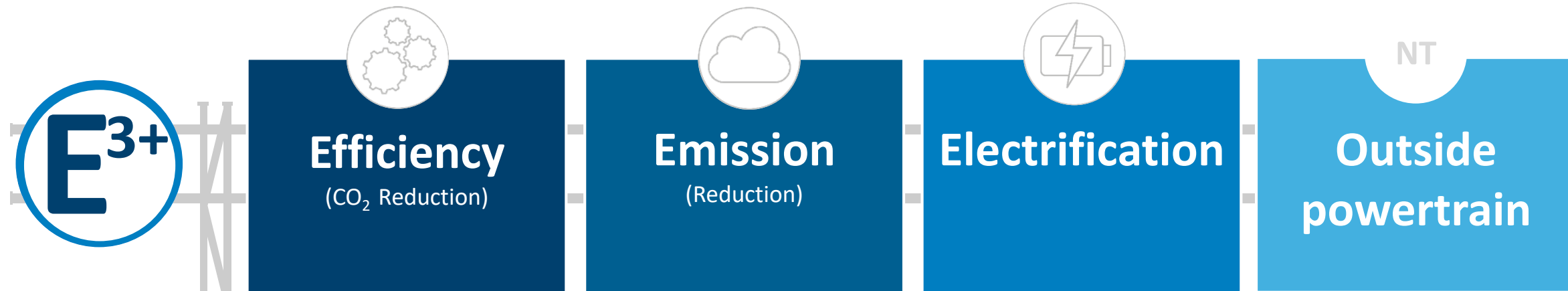
\* IHS 12/2020 and company estimates

\*\* Rheinmetall Automotive sales FY 2020

\*\*\* 95g = 4.1l Gasoline or 3.6l Diesel, 2030 estimates based on Regulation (EU) 2019/631

# Automotive Market trends

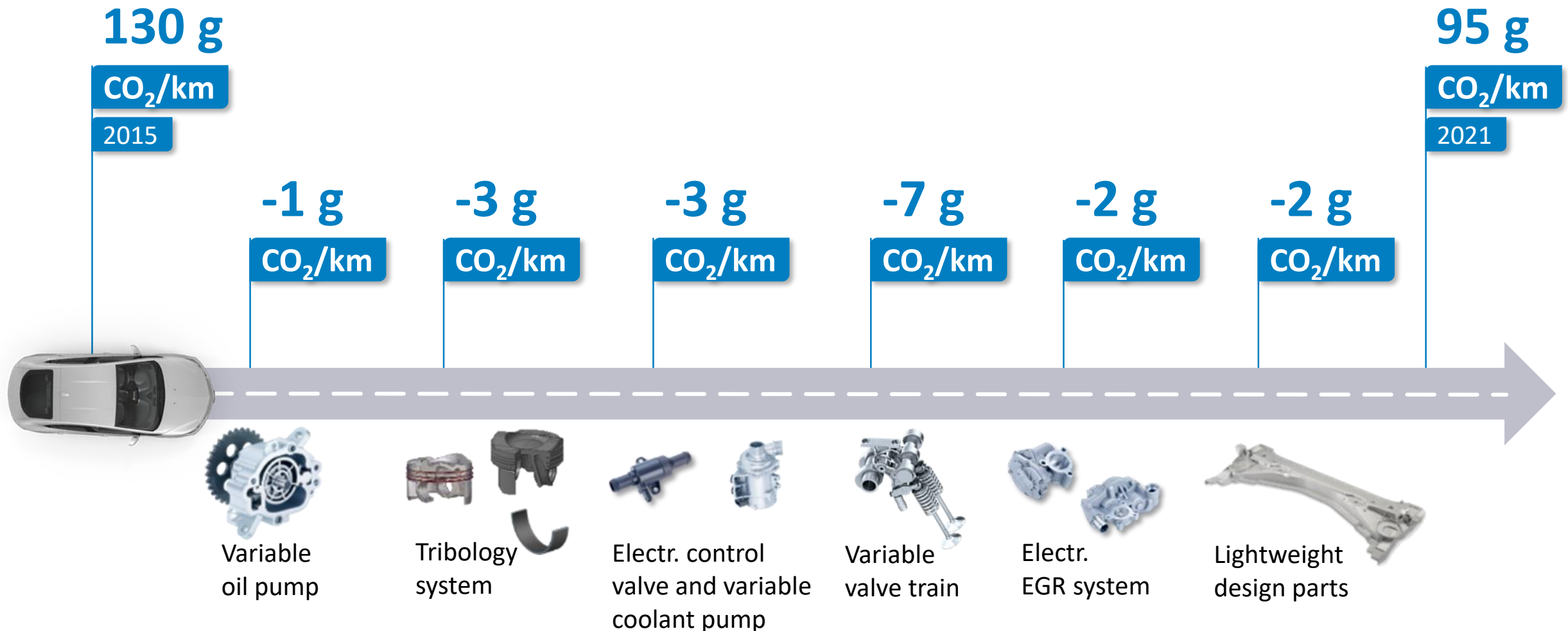
## The growth drivers remain strong



**The innovation pipeline is packed!**

# Efficiency

## CO<sub>2</sub> - reduction with Automotive products – gasoline engine vehicle



\*Reference: 1.4L 4-cylinder, TC DI gasoline engine (115kW), approx. 138 g CO<sub>2</sub>/km in NEDC

# Electrification

## Rheinmetall Automotive products



### ELECTRIFICATION

Peripheral system and components



### CAR

(HV) 400V<sup>PLUS</sup>  
50-125KW



### FIRST-/LAST-MILE

48V  
15-20KW



### MICRO E-DRIVE SYSTEM

48V  
0,25-0,7KW



Electric Oil pump



Electric Vacuum-pump



Electric Heat pump



Electric Air-conditioning compressor



Electric Drive motor



Engine housing



Battery pack



Electric engine und gearbox



Battery pack (48V)



Electric Drive motor



Control unit



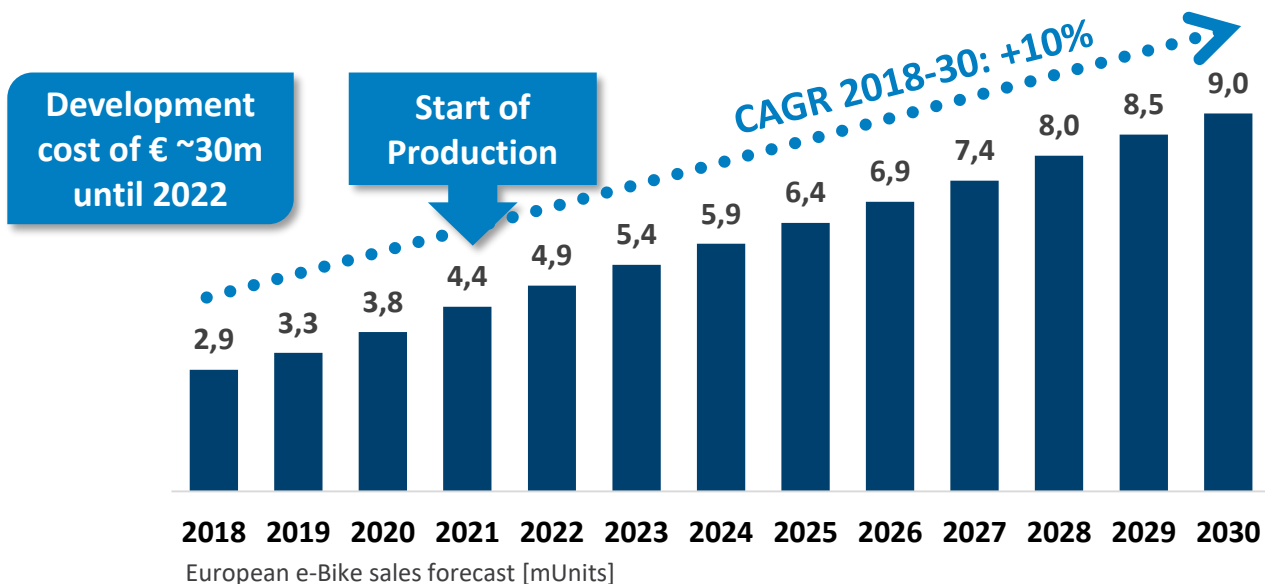
Battery pack

# Micro Mobility

## Starting with competitive product into a booming market

### High growth market

- European market **with 10% CAGR** between 2018 and 2030
- High market concentration** with Bosch representing almost 50% of market share
- E-bike market price averaged at €3.000** last 3 years



### Unique selling proposition

- Smooth phasing of engine support
- Excellent freewheeling
- Low weight and compact build
- Low noise emission
- High thermic stability
- Interesting connectivity features
- Speedy service concept





# Diversification

## Increasing portfolio for non-LV applications

**Trucks**



**Diverse portfolio for truck applications**

**Large bore pistons**



**E.g. ship and locomotive pistons**

**Bearings & continuous casting**



**Sanitary application**

**Aftermarket**



**Global supply of spare parts**

# Trucks

## Diverse portfolio for truck applications

### MECHATRONICS

- Main coolant pumps
- Auxiliary coolant pumps
- Electrical oil pumps
- Coolant valves
- Variable valve Control
- Exhaust gas flaps
- Hydraulic valves
- Cylinder bore coating

### HARDPARTS

- Permaglide bearings for truck compressors and truck hydraulics
- Aluminum pistons
- Steel pistons
- Piston rings (Cooperation with Riken)
- Bushings for injection pumps
- Main-bearings
- Connecting rod bearings
- Bearings for seat adjustments and doors
- EGR cooler modules and mixer modules
- Dual poppet valves
- EGR reed valves
- High performance actuators

### Sales in €m

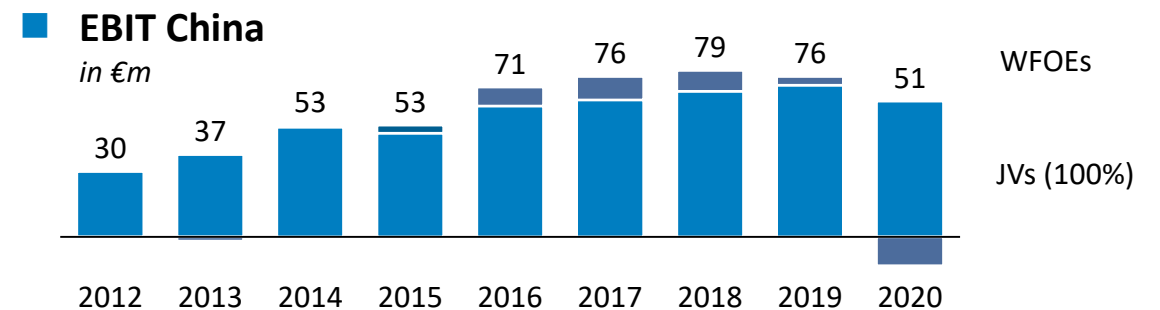
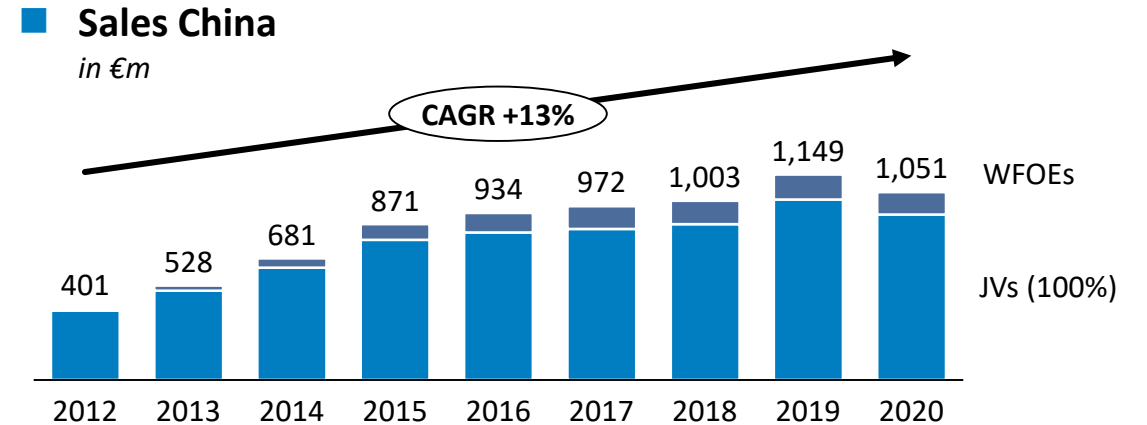
Year	2015	2016	2017	2018	2019	2020
Sales	351	338	386	436	404	290

# Automotive China

## China growth story

### 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





# DEFENCE

Managing the “super cycle”

# Defence

## Leading supplier with an increasing international presence

### Key Figures 2020

Sales: €3.7bn

Op. result: €414m

Op. margin: 11.1%

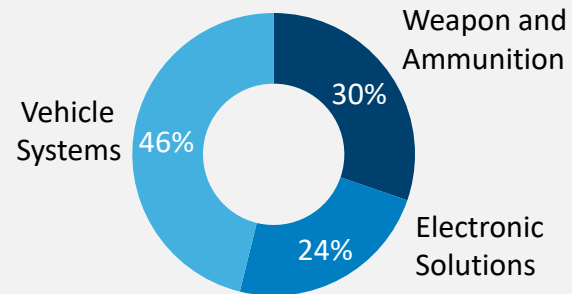
Op. FCF: €174m

R&D: €89m

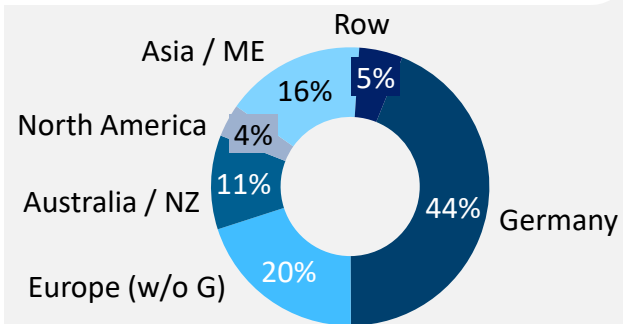
Capex: €201m

Headcount: 12,344

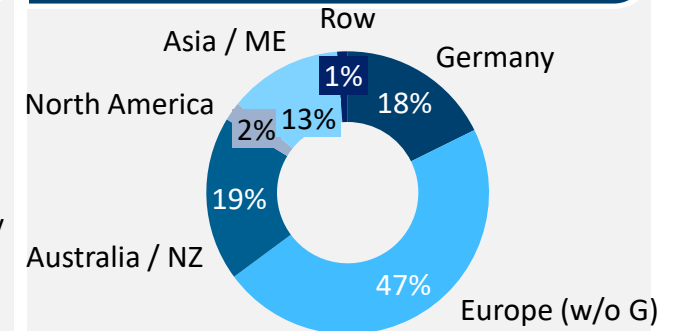
### Sales by division\*



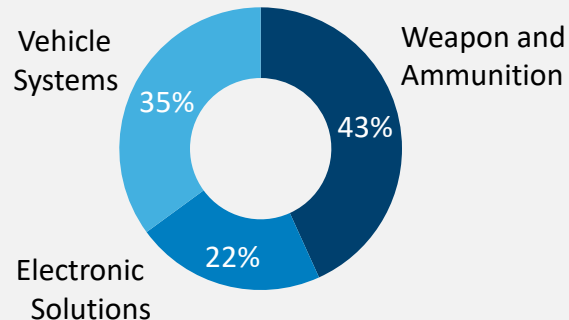
### Sales by region



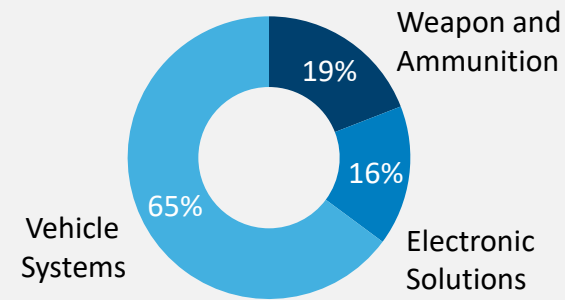
### Order backlog by region



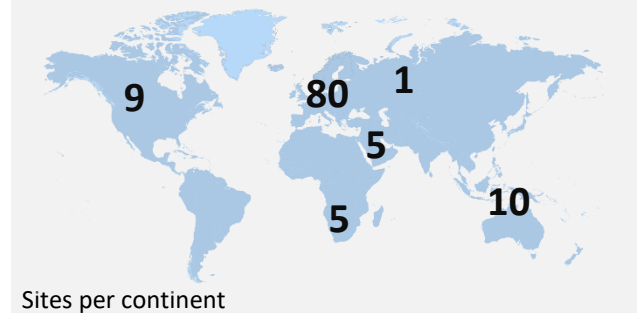
### Operating result by division\*



### Order backlog by division



### Global set up



\*unconsolidated

# Defence

## Leading technology and market position

### Sales driver

- **Increasing demand for security**
- **Geostrategic power shifts**
- **Constantly changing conflict situations**
- **Rising defence/ security budgets**

### Structure of Corporate Segments

#### Vehicle Systems

- Tactical Vehicles
- Logistic Vehicles



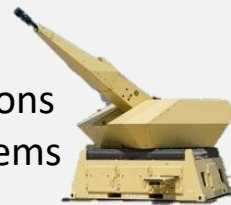
#### Weapon and Ammunition

- Weapon and Munition
- Protection Systems
- Propulsion Systems



#### Electronic Solutions

- Integrated Electronic Solutions
- Air Defence and Radar Systems
- Technical Publications



### Key Competitor

#### Vehicle Systems

General Dynamics, BAE, KNDS, Scania, Iveco, Hanwha

#### Weapon and Ammunition

Nammo, Northrop Grumman, Plasan, Euroco, GD, Kongsberg

#### Electronic Solutions

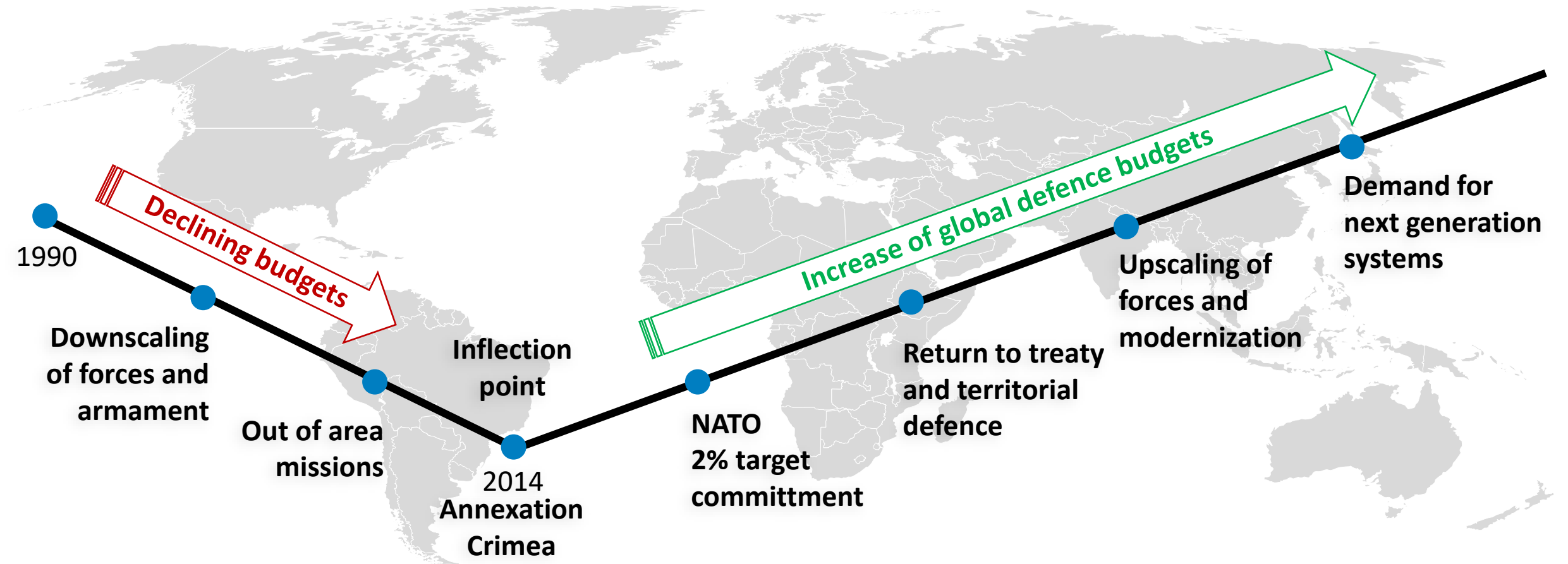
R&S, CAE, Saab, Thales, Rafael, Elbit Systems, Safran, Hensoldt

### Differentiator

- **Reputation as trustful and reliable company**
- **International footprint**
- **Broad product portfolio**
- **International presence**
- **System integrator**
- **Modular and open architecture**
  - Weapon and sensor platforms
- **Excellent engineering Know-How & capabilities**

# Defence

## Managing the super cycle



Defence super cycle

**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

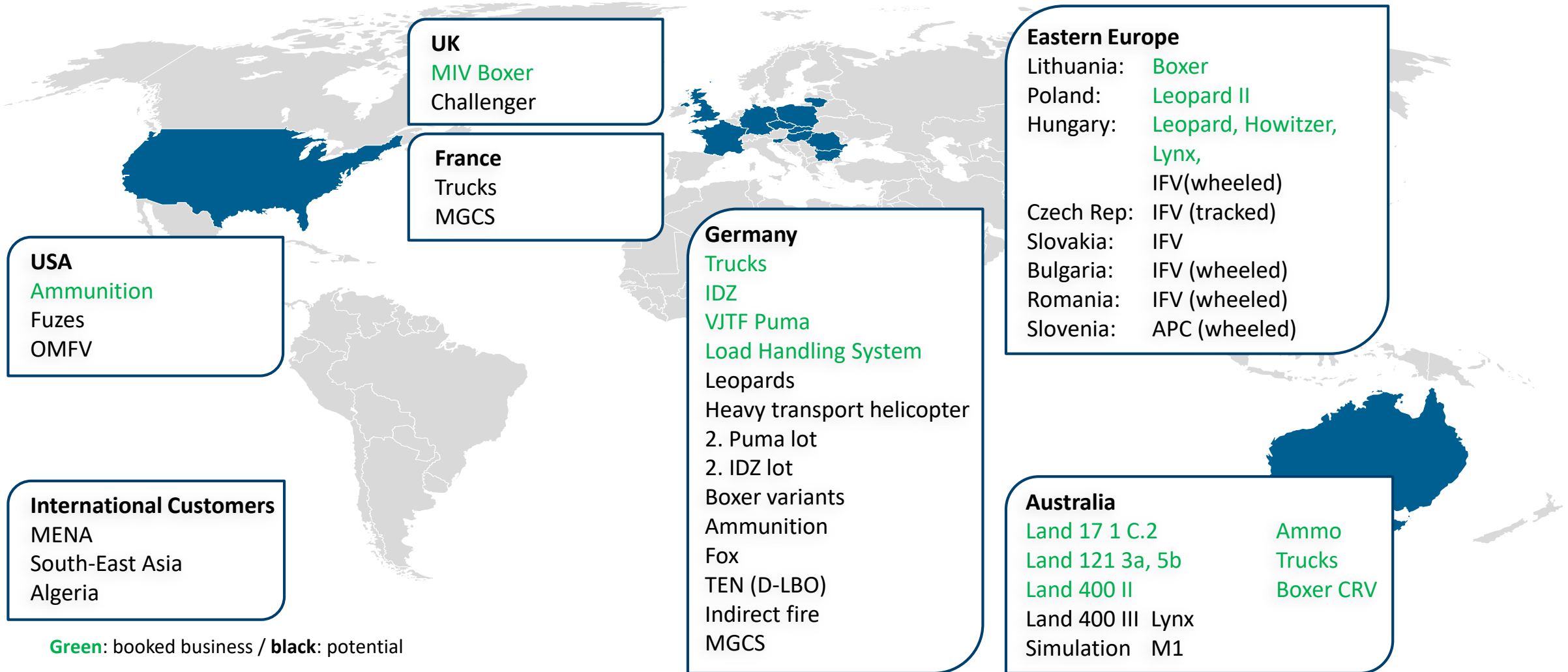
### Eastern Europe

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



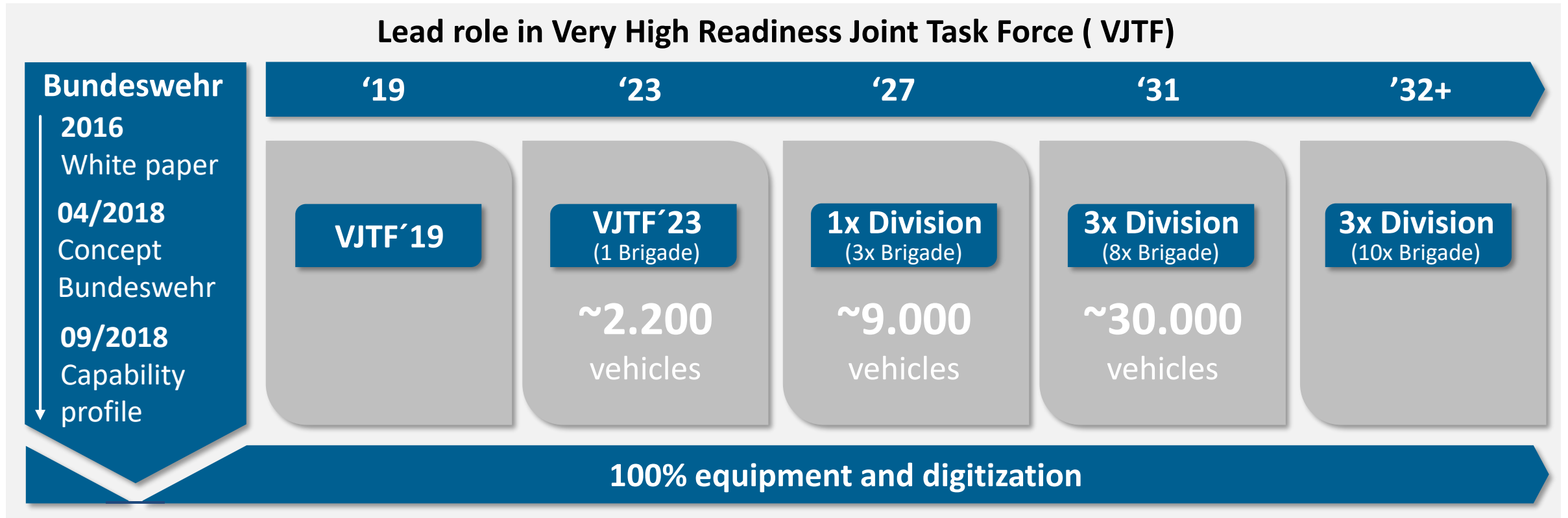
# Defence tender overview

## High demand could lead to promising super cycle



# German defence

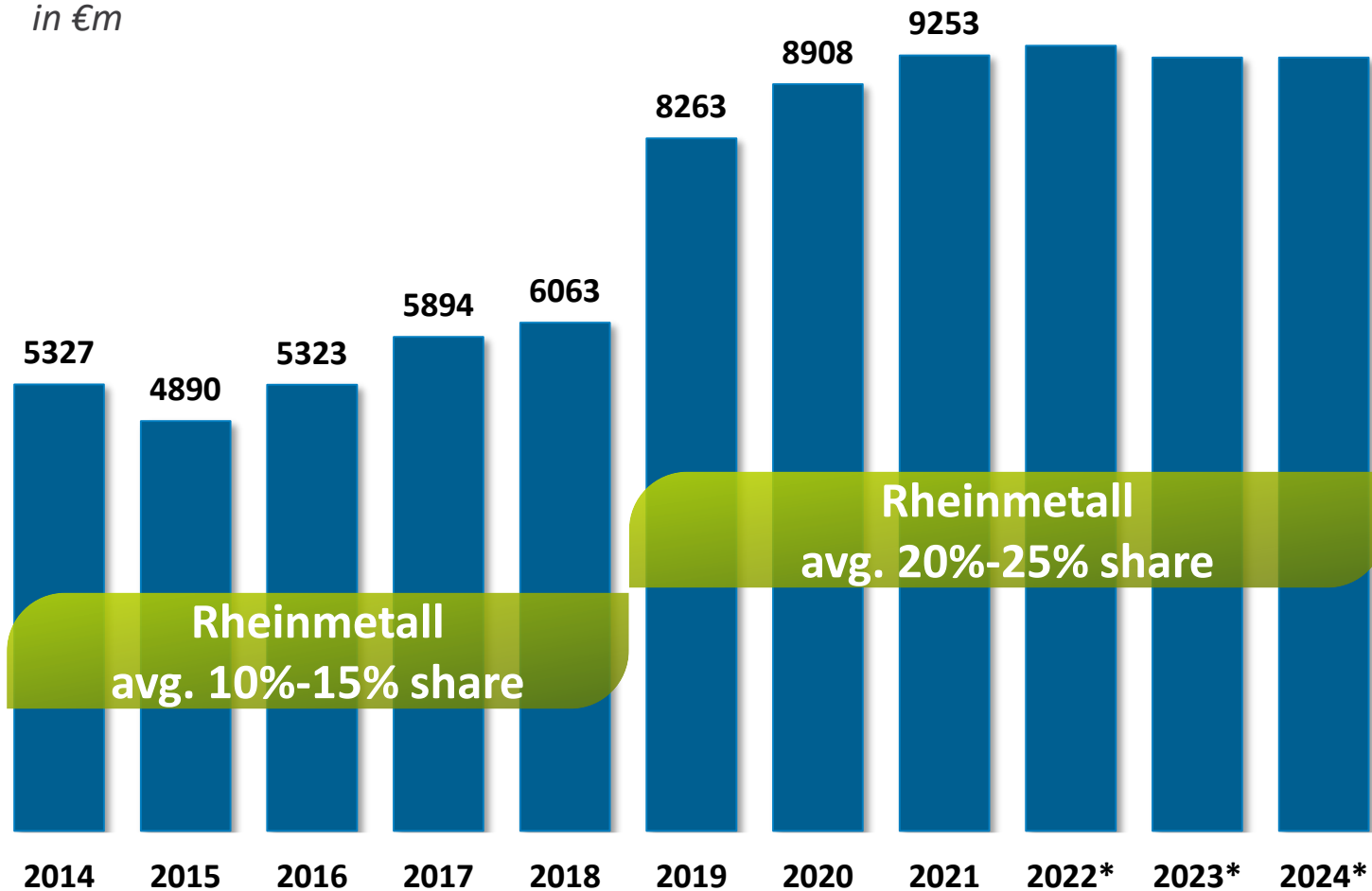
## NATO commitment key driver for German demand



# German defence budget

## Investment expenses and Rheinmetall-share - budgets become sizeable

in €m



### Drivers for budget increase:

- More personnel, return to ~200.000 soldiers
- More equipment (100% equipment level)
- More finance, investive share increased by 14% from 2019 to 2020
- Even with shrinking GDP due to corona the defence budget remains stable

**NATO and VJTF commitment as strong drivers!**

\*based on BMWi defence budget forecast Sep.20; assumption 20% investive share of German defence budget

# German Defence

## Additional structural demand of German armed forces

### Vehicles

**Fox**



(>500 vehicles)

**Boxer**



(~150 vehicles)

**Trucks**



(>10.000 vehicles)

**Puma**



(~250 vehicles)

**Leopard 2**



(>200 vehicles)

### Programs and ammunition

**NNBS**



(Short range air defence)

**TLVS/Next Gen. Patriot**



(Tactical air defence)

**DLBO TEN**



(former MoTaKo)

**Ammunition**



Long term doubling potential

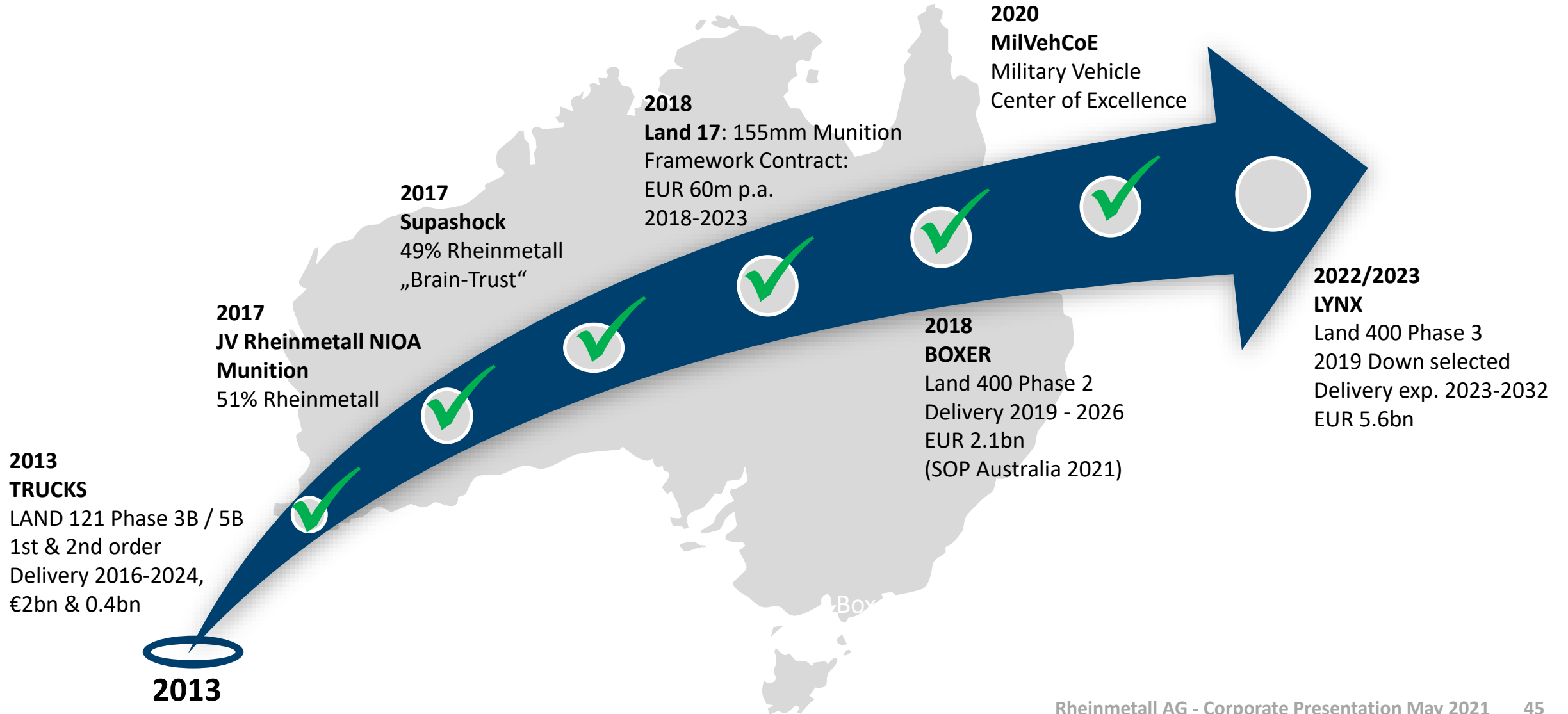
**Military Camps**



Build, operate and rebuild

# Australia

## Successful establishment of a new “home market”



# United Kingdom - Joint Venture with BAE

## Creating a new “home market” and strengthening our position

### LEGACY BUSINESS

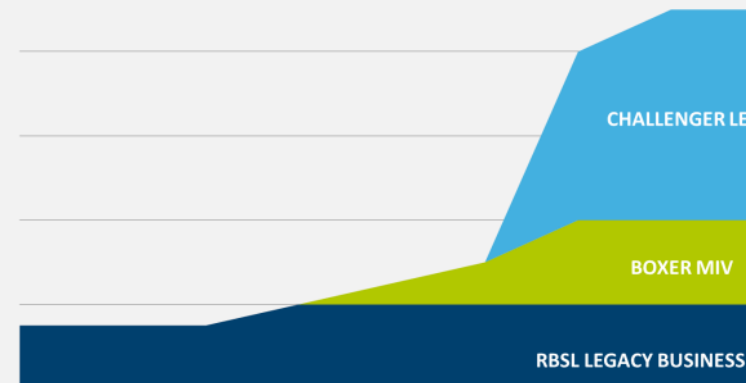
- BAE UK business
  - Armoured engineering vehicles and bridge-laying tanks
  - AS 90 self-propelled artillery system
  - Force protection components
  - Services
- 7.500 MAN vehicles under service



### EXPANSION OF PRODUCT PORTFOLIO

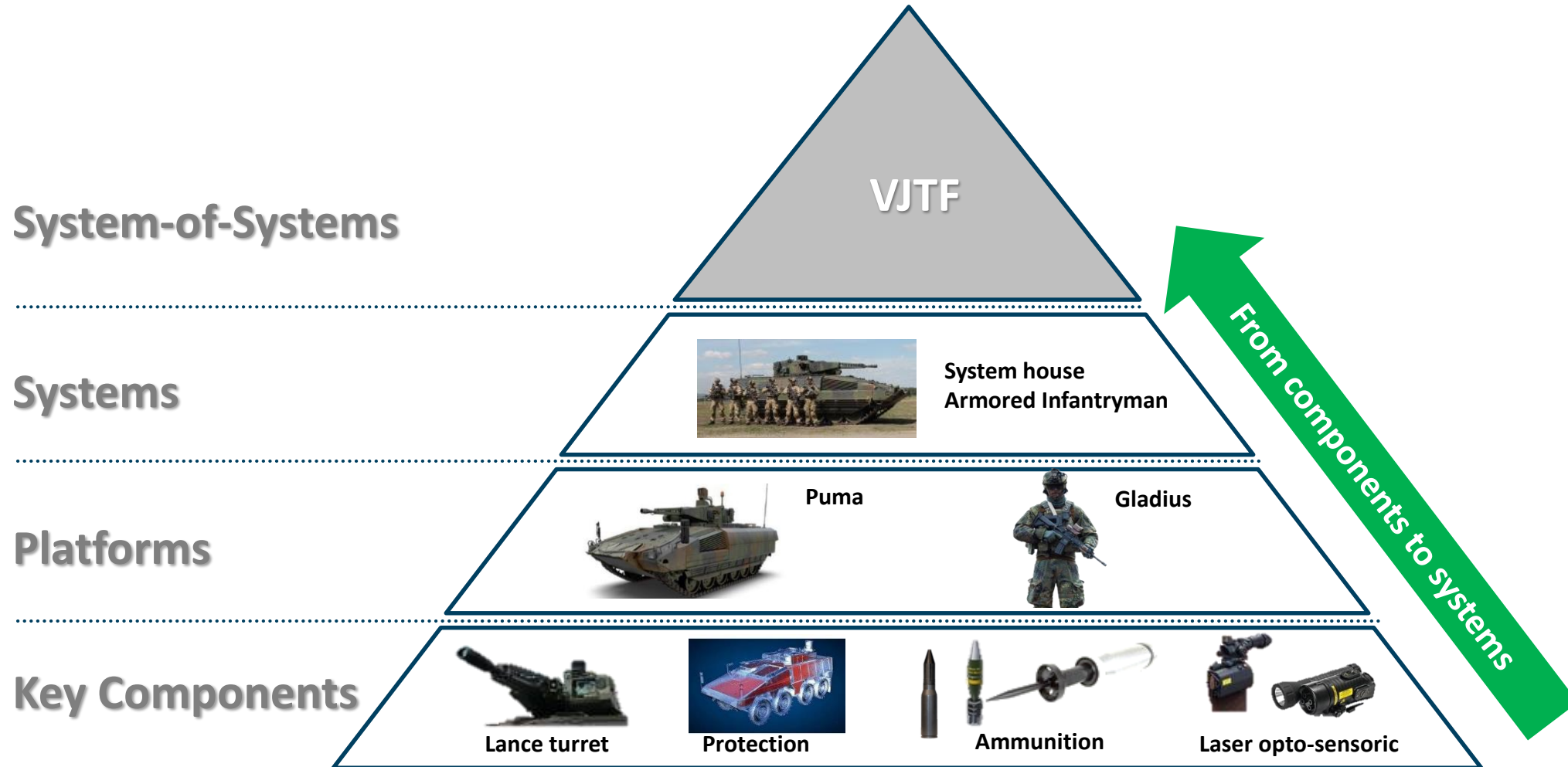
#### Future

- Boxer Mechanized Infantry Vehicle (MIV)
  - 500 vehicles @ € 1.4bn
- Challenger 2 Life Extension Programme
  - potential order size 148 MBT @ € 0.8-1.2bn
- Next generation of battle tanks



# System house for land based operations

## Integrating components to systems





# FINANCIALS



## Q1 2021 Group Highlights

### Sales recovery and continued cost discipline drove profitability

#### Macro

- Strong recovery of LV markets led by Asia
- Supply chain issues on price and availability emerged

#### Financials

- Sales increased to €1.405m (reported +3.5%, FX adjusted +5.1%)
- Operating Result rose by €53m to €87m
- OFCF improved by €129m to -€59m
- EPS climbs to €1.14 after €0.30 last year

#### Restructuring

- Piston disposal process continues to next stage
- Implementation of restructuring measures on schedule
- Cost saving measures remain in place

# Q1 2021 Group Highlights

## Rheinmetall joined forces with L3Harris in the US

- L3Harris Technologies joined “Team LYNX” together with Textron, Raytheon and American Rheinmetall Vehicles
- “Team LYNX” participates in upcoming Bradley replacement tender process in the US



Lynx IFV

## Environmentally friendly technology for plug-in hybrids

- Innovative fuel tank isolation valve for hybrid vehicles with first commercial success with international customer
- Technology is triggered by tighter regulation



Fuel tank isolation valve

## Electromotor housings for international automaker in China

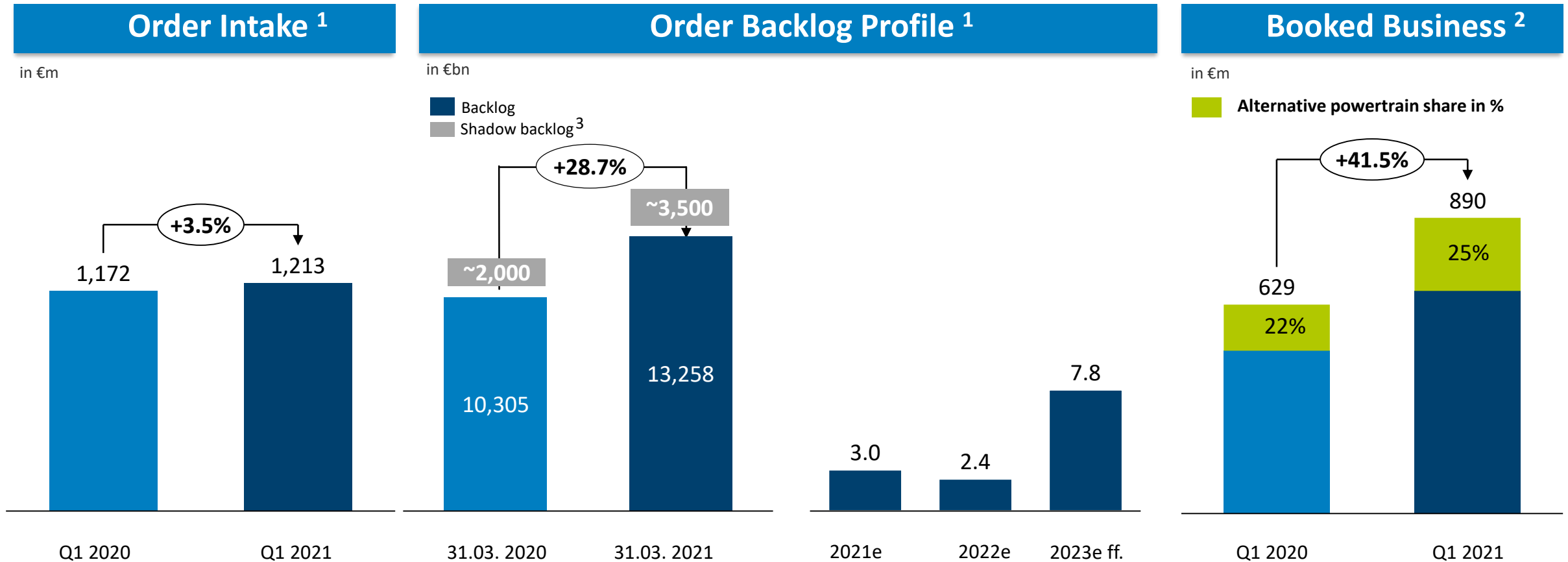
- Double-digit sized order value of leading international automaker
- Electromotor housings made of aluminum to be used in the customer’s entire fleet in the next 5 years



Product sample for E-motor housing

# Q1 2021 Group Highlights: Order profile

## Increased backlog and higher share of alternative powertrain business



<sup>1</sup> Order intake and order backlog for all divisions

<sup>2</sup> Booked business for Divisions Sensors + Actuators, Materials + Trade and Pistons reported on the basis of signed nomination letter

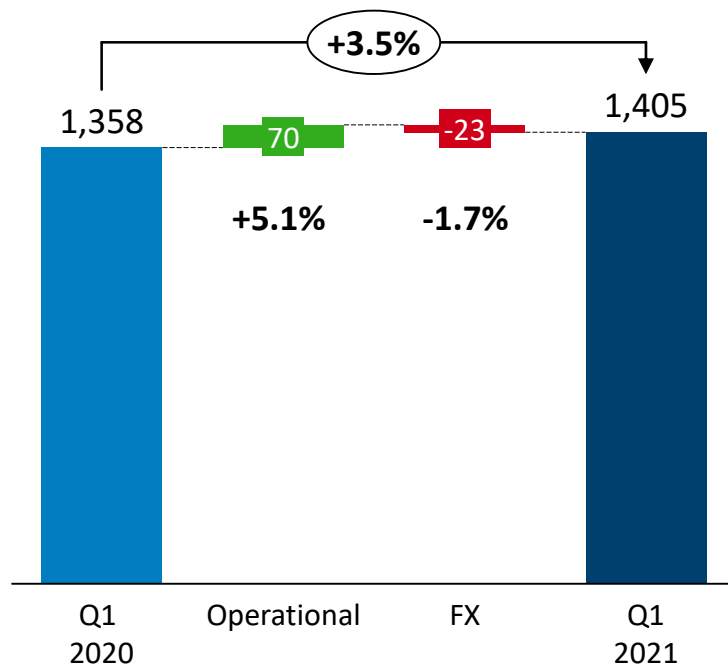
<sup>3</sup> Additional „Shadow backlog“ of ~€3.5bn including truck and ammunition framework agreements for the years 2021-28

# Q1 2021 Group Highlights: Key financial data

## Earnings per share soar due to strong operational performance

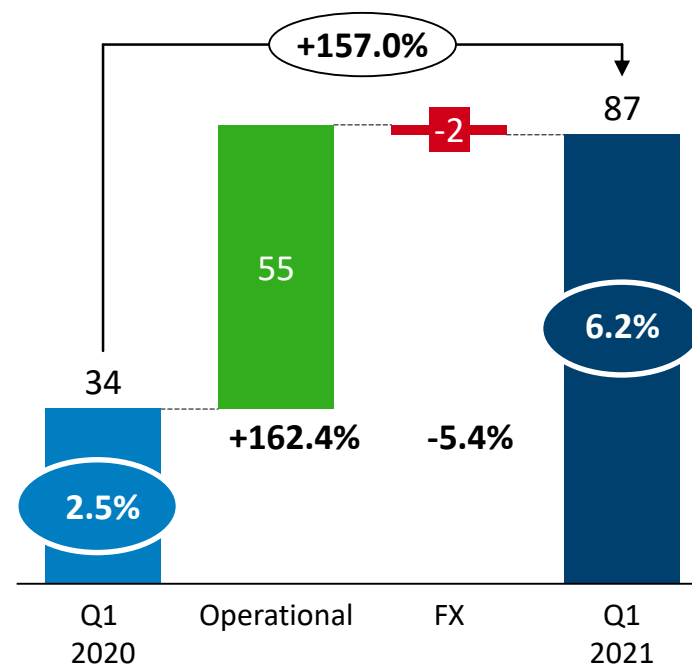
### Sales

in €m



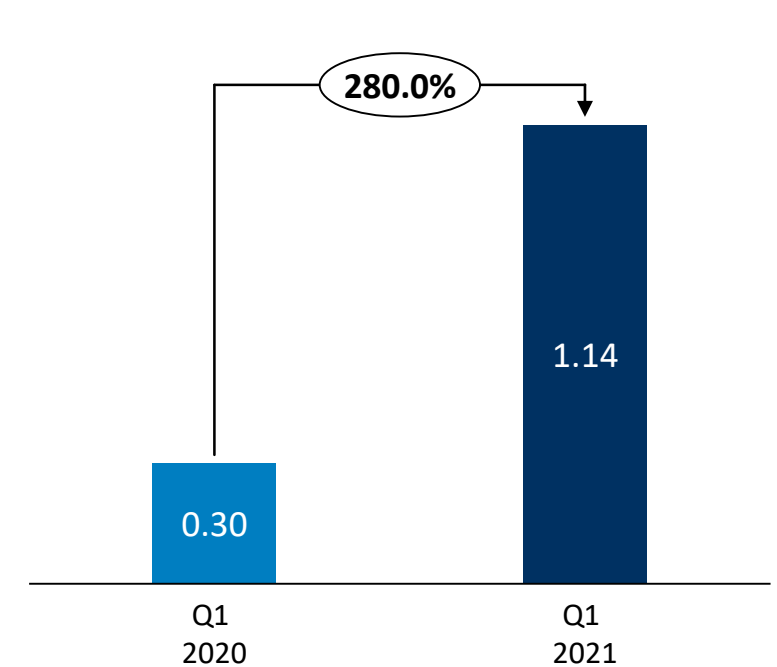
### Operating result and margin

in €m



### Earnings per share

in €

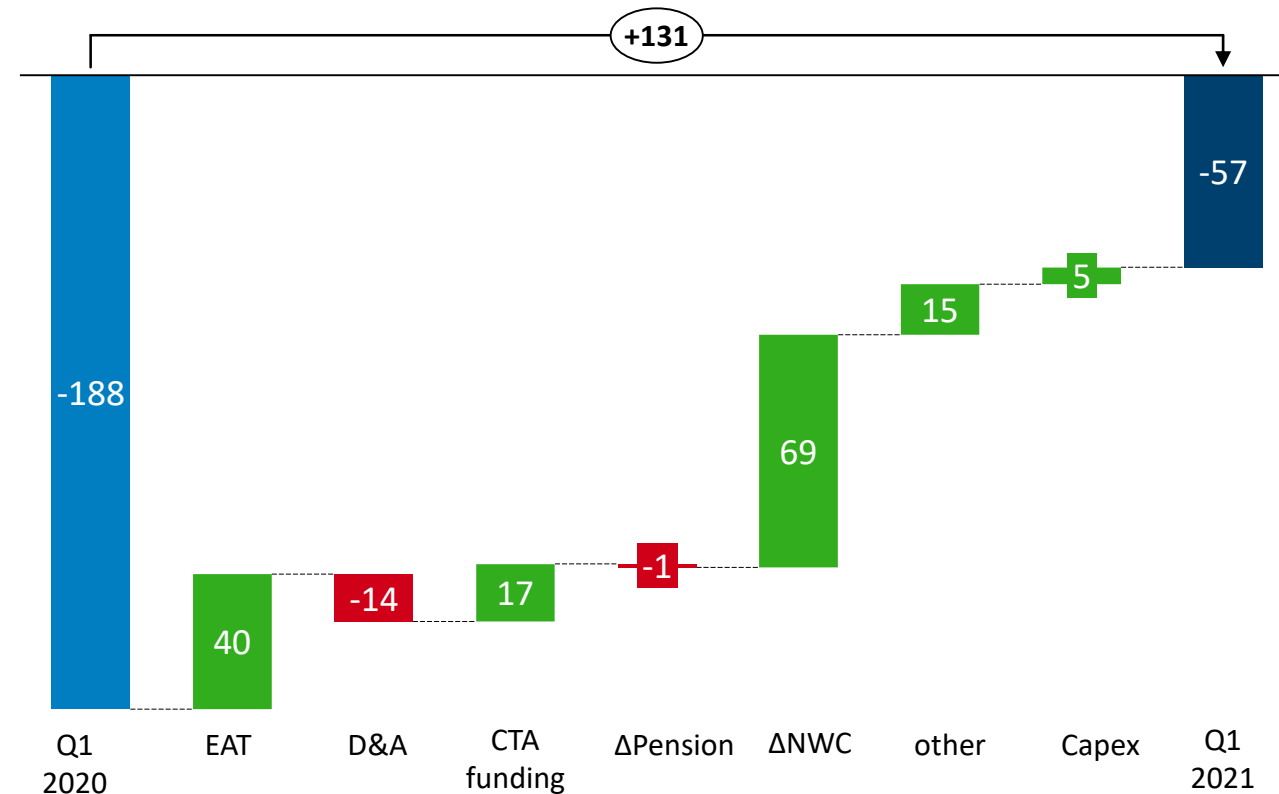


# Q1 2021 Group Highlights: Key financial data

## Cash flow rose on earnings growth and working capital improvement

### Operating Free Cash flow

in €m

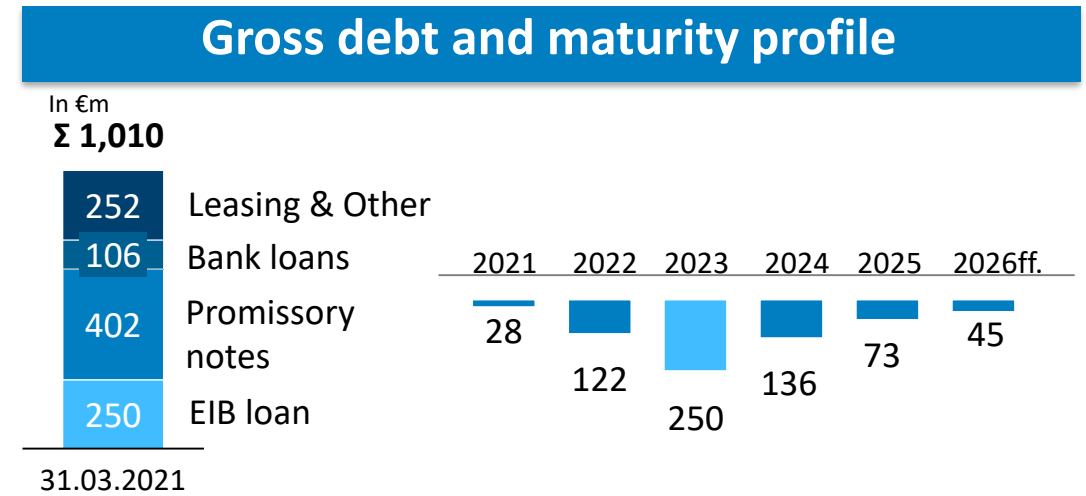
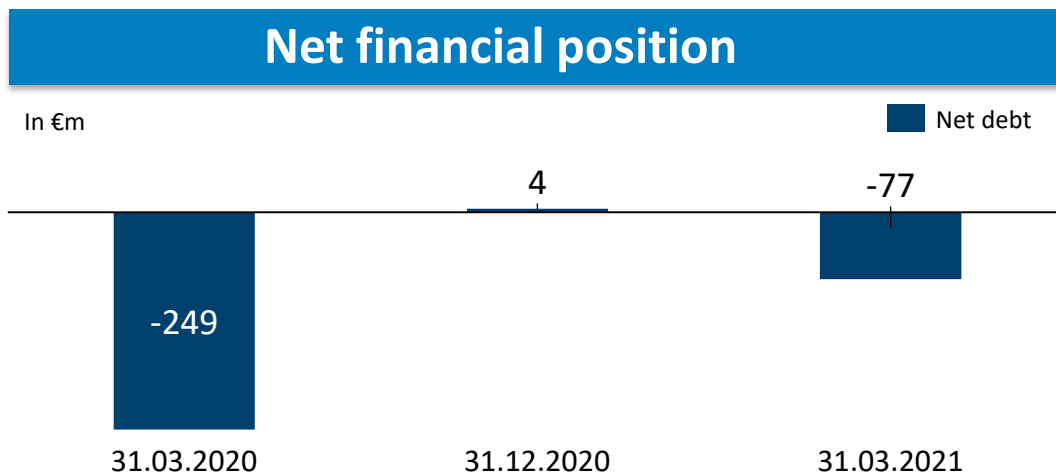
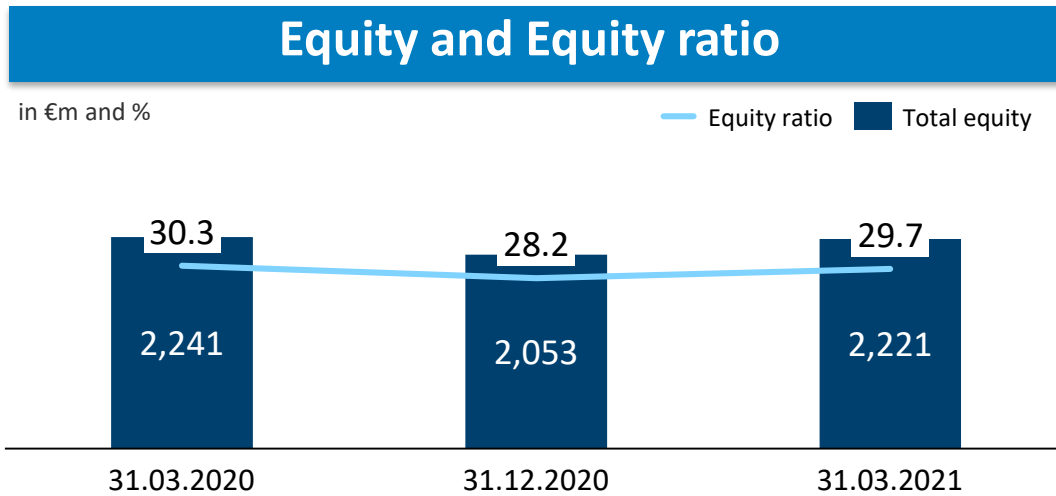


### Highlights / Comments

- Strong earnings improvement
- Lower D&A includes mid-single digit effect from impairment
- Lower CTA funding in Q1 2021
- Net working capital benefited from prepayments

# Q1 2021 Group Highlights

## Equity ratio is approaching target range



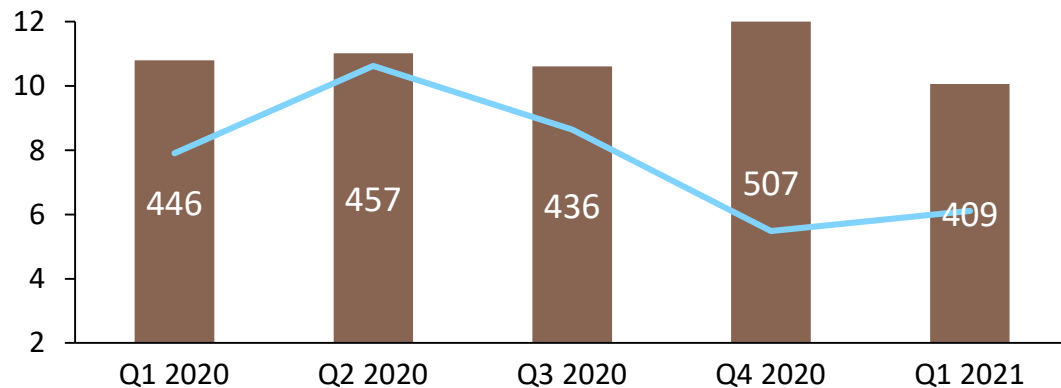
- ### Highlights / Comments
- Equity ratio of 29.7% approaching 30-35% target range
  - High cash position of €934m
  - Undrawn credit lines of €0.9 bn per end of Q1
  - Low net debt position underlines financial strength
  - Moody's confirmed "Baa3 stable" Feb 2021

# Q1 2021 Division Highlights

## Project ramp-down impacted performance as expected



■ Sales — Operating Margin

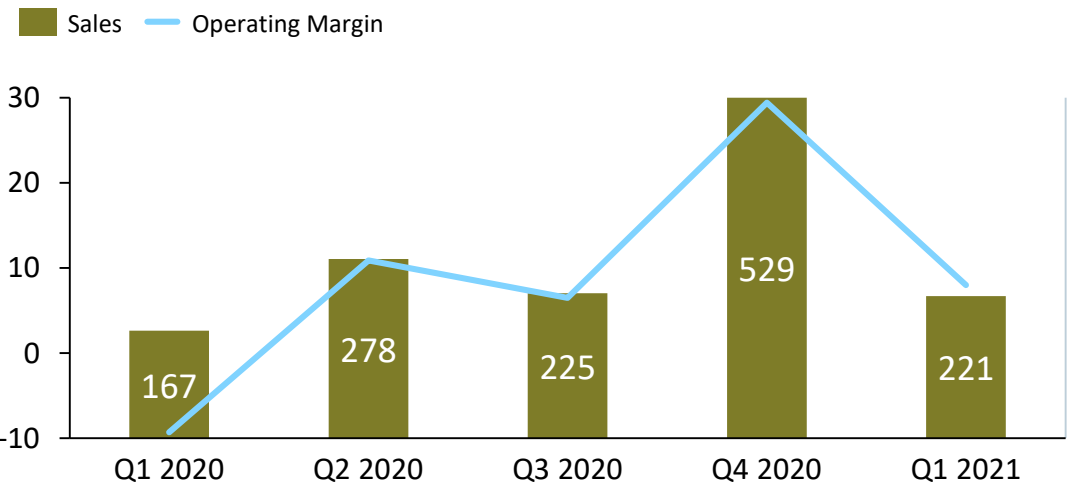


In €m	Q1		
	2020	2021	Δ
<b>Order intake</b>	136	178	+30.4%
<b>Sales</b>	446	409	-8.4%
<b>Operating result</b>	35	25	-29.2%
<b>Operating margin</b>	7.9%	6.1%	-1.8pp
<b>EBIT</b>	35	25	-29.2%
<b>Operating FCF</b>	-21	79	100

- Order intake on solid level
- Normalized project settlement level especially due to project ramp down of tactical vehicles
- Strong operating FCF including prepayment

# Q1 2021 Division Highlights

## Best starting quarter ever



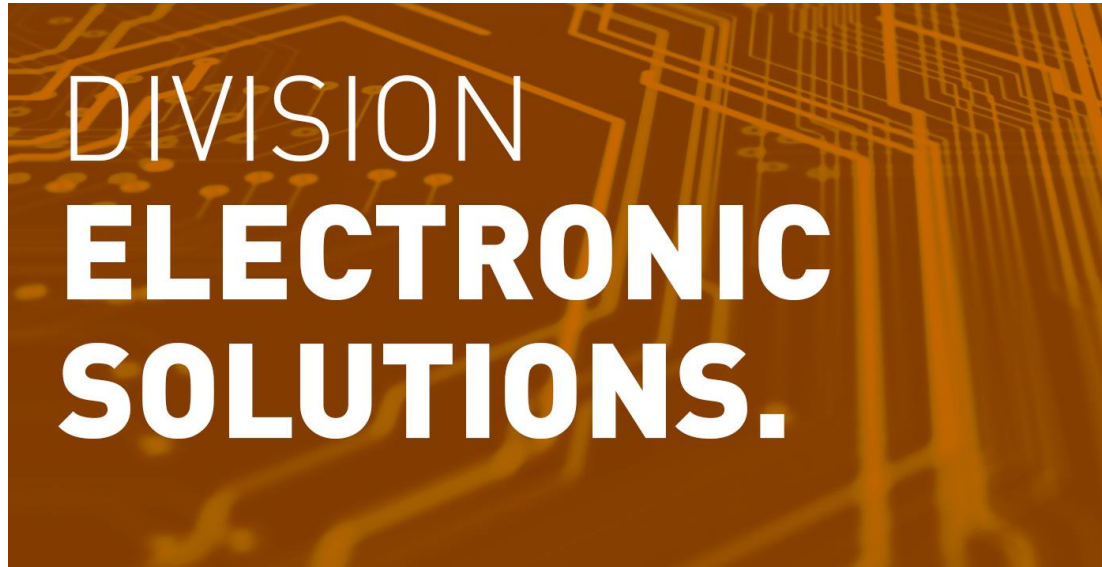
	Q1		
In €m	2020	2021	Δ
<b>Order intake</b>	328	228	-30.4%
<b>Sales</b>	167	221	+32.1%
<b>Operating result</b>	-16	18	+33
<b>Operating margin</b>	-9.3%	8.0%	+17.3pp
<b>EBIT</b>	-16	18	+33
<b>Operating FCF</b>	-72	-56	+21.7%

- Order intake without larger individual projects
- Strong sales start
- Operating result jumped on higher sales volumes and favorable product mix
- OFCF improved on better financial performance

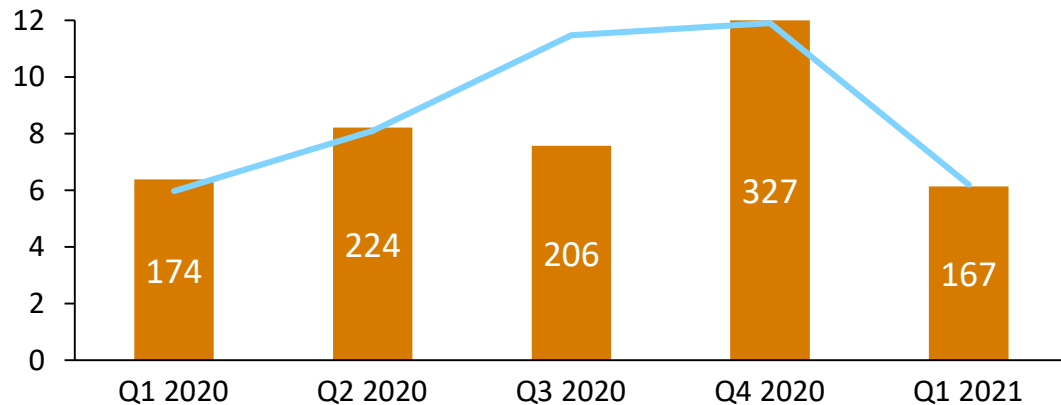


# Q1 2021 Division Highlights

## Solid first quarter



■ Sales — Operating Margin



Q1			
In €m	2020	2021	Δ
<b>Order intake</b>	324	218	-32.6%
<b>Sales</b>	174	167	-4.0%
<b>Operating result</b>	10	10	-1%
<b>Operating margin</b>	6.0%	6.2%	+0.2pp
<b>EBIT</b>	10	10	-1%
<b>Operating FCF</b>	-43	-90	-106.7%

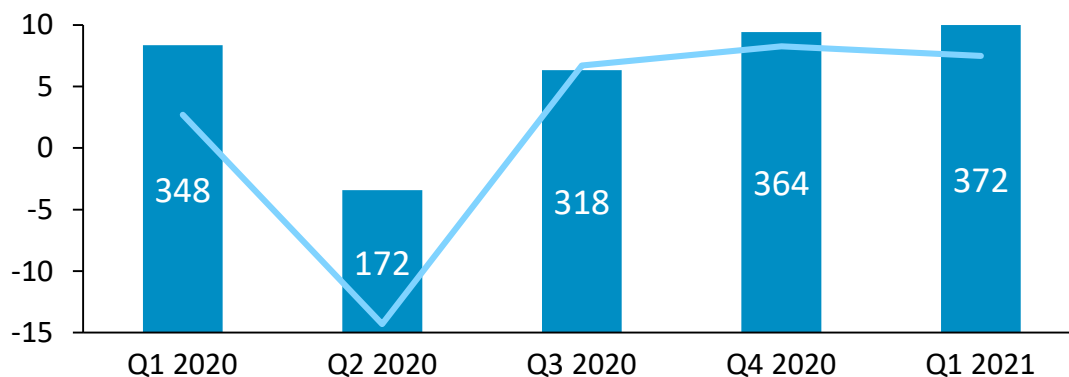
- Order intake Q1 2020 included large air defence order
- Sales and result remained on a solid level
- OFCF includes first time CTA funding of €15m and working capital build-up

# Q1 2021 Division Highlights

## Sales and margin recovery continues



■ Sales — Operating Margin



In €m	Q1		
	2020	2021	Δ
<b>Booked Business</b>	471	656	+39.2%
<b>Sales</b>	348	372	+7.1%
<b>Operating result</b>	9	28	+194.2%
<b>Operating margin</b>	2.7%	7.5%	+4.8pp
<b>EBIT</b>	9	28	+194.2%
<b>Operating FCF</b>	-33	-38	-16.9%

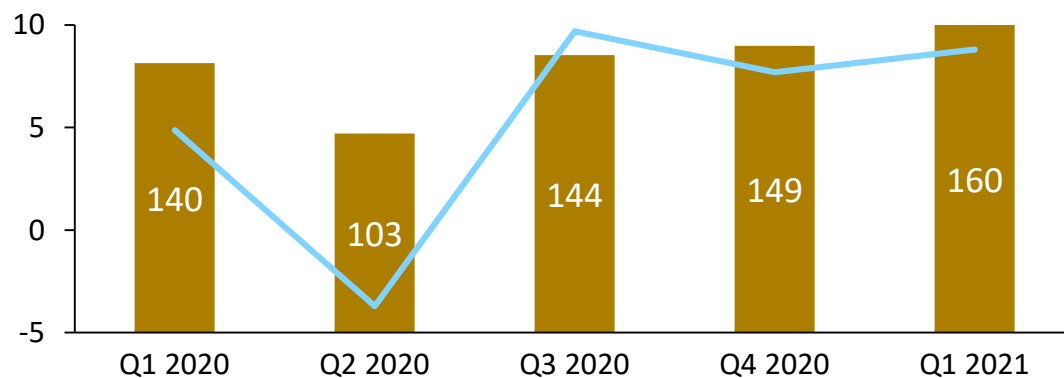
- Booked business successful with alternative powertrain products accounting for 33% (PY: 30%)
- Operational sales growth of 9.5% due to strong China business and net-positive ramp up effect; chip shortage left no mark in Q1
- Improved operating leverage and continued cost discipline
- OFCF declined due to business related increase of working capital

# Q1 2021 Division Highlights

## Demand driven recovery



■ Sales — Operating Margin



Q1			
In €m	2020	2021	Δ
<b>Booked Business</b>	137	173	+26.6%
<b>Sales</b>	140	160	+14.1%
<b>Operating result</b>	7	14	+103.9%
<b>Operating margin</b>	4.9%	8.8%	+3.9pp
<b>EBIT</b>	7	14	+103.9%
<b>Operating FCF</b>	-1	-9	-8

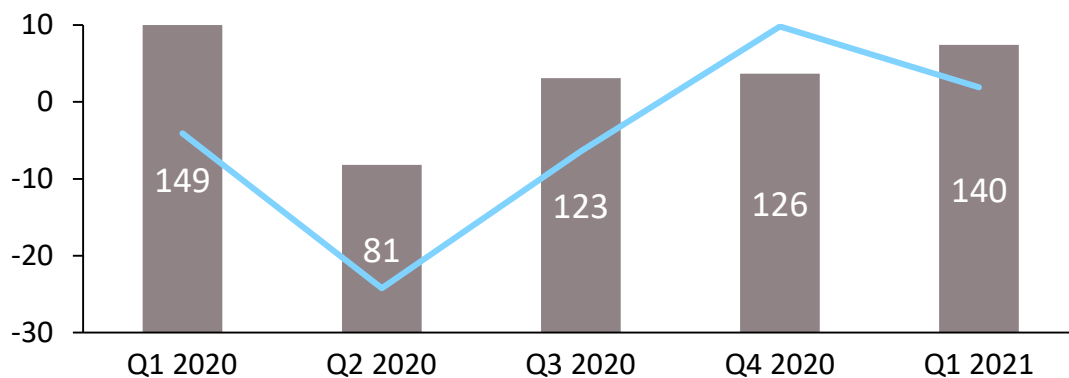
- Booked business increase underpins improved business outlook
- General demand recovery across all markets drove operational sales improvement of 18%
- Operating result improvement mostly volume driven and continued cost discipline
- Business related working capital increase

# Q1 2021 Division Highlights

## Sales growth held back by adverse FX effects



■ Sales — Operating Margin



In €m	Q1		
	2020	2021	Δ
<b>Booked Business</b>	21	60	+191.8%
<b>Sales</b>	149	140	-6.4%
<b>Operating result</b>	-6	3	+143.9%
<b>Operating margin</b>	-4.1%	1.9%	+6.1pp
<b>EBIT</b>	-6	3	+143.9%
<b>Operating FCF</b>	-11	2	+13

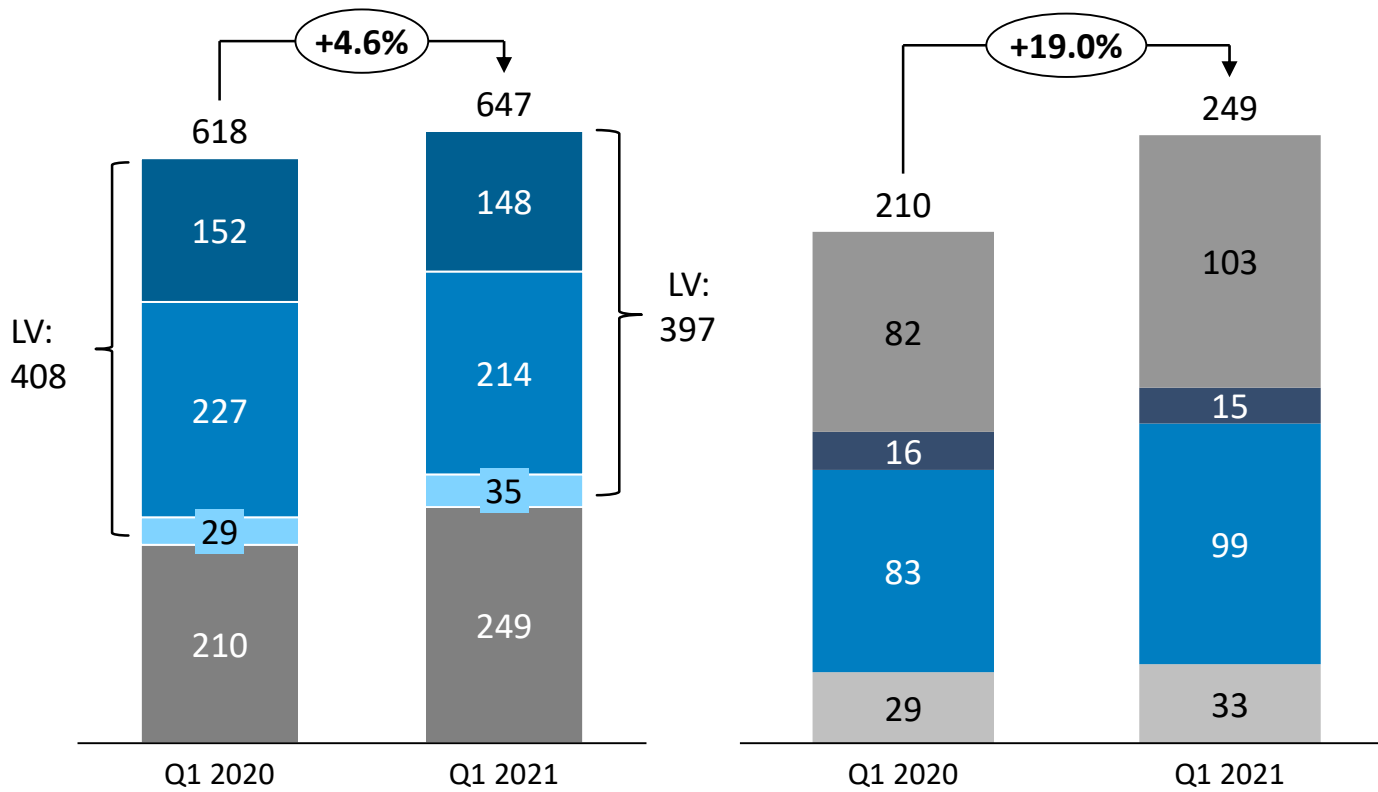
- Booked business increase underpins improved business outlook
- Sales held back by €11m adverse FX-effect
- Continued cost saving measures, lower D&A and improved at equity contribution supported the operating result
- OFCF improved due to improved earnings and lower capex

# Q1 2021 Key end market developments

## Strong recovery of the truck and aftermarket business

### LV / Non-LV sales split

in €m



### Sales by key end markets

in €m

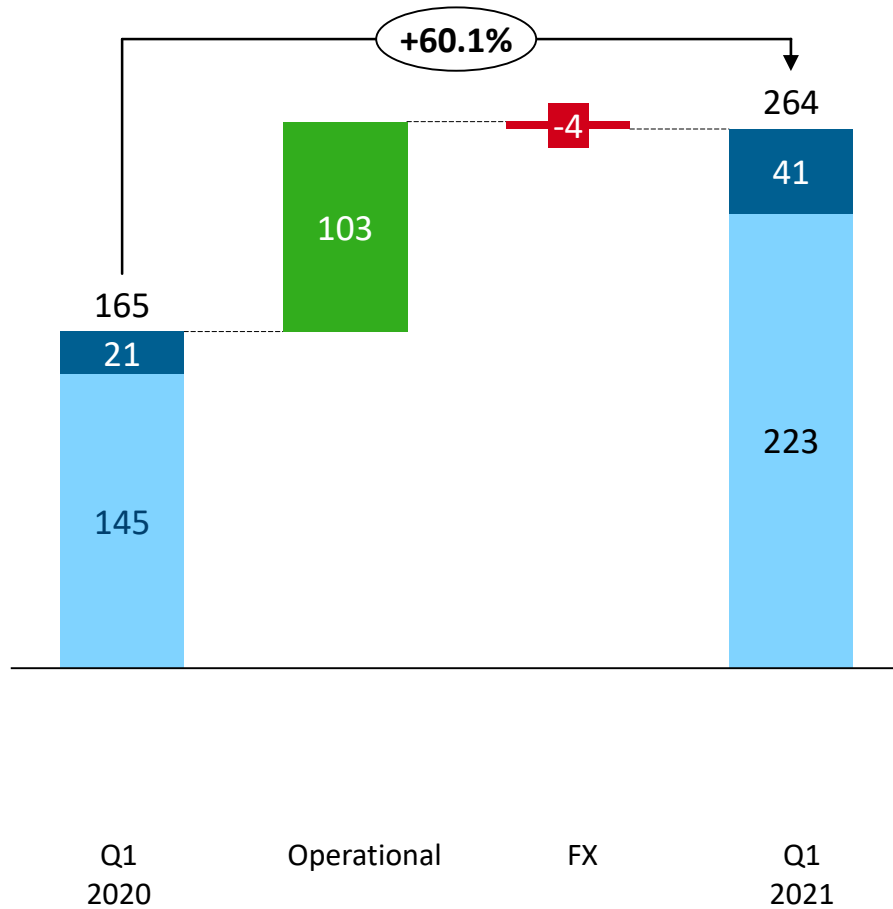
	absolut	Delta in %
Diesel	-3	-2.2%
Otto	-13	-5.9%
Other LV	+6	+19.0%
<hr/>		
<b>LV Geschäft</b>	<b>-11</b>	<b>-2.7%</b>
<hr/>		
Truck	+21	+26.1%
Large Bore	-1	-5.8%
Aftermarket	+16	+19.4%
other	+3	+13.8%
<hr/>		
<b>Non-LV</b>	<b>+40</b>	<b>+19.0%</b>

# Q1 2021 China JV

## China back on track

### Sales\*

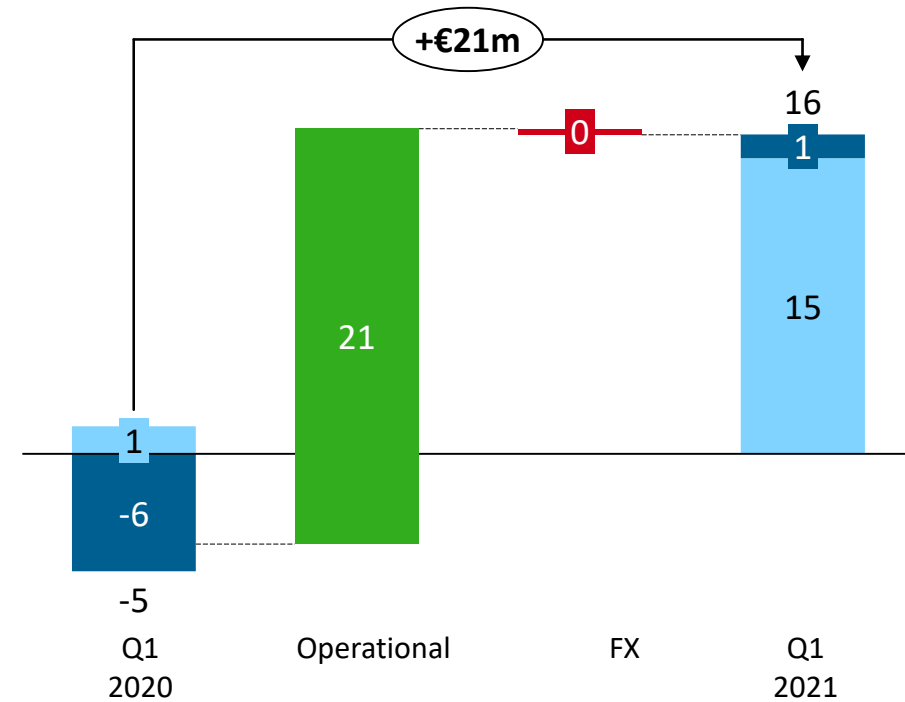
in €m



### EBIT\*

in €m

■ Joint Venture  
■ Wholly owned foreign enterprise

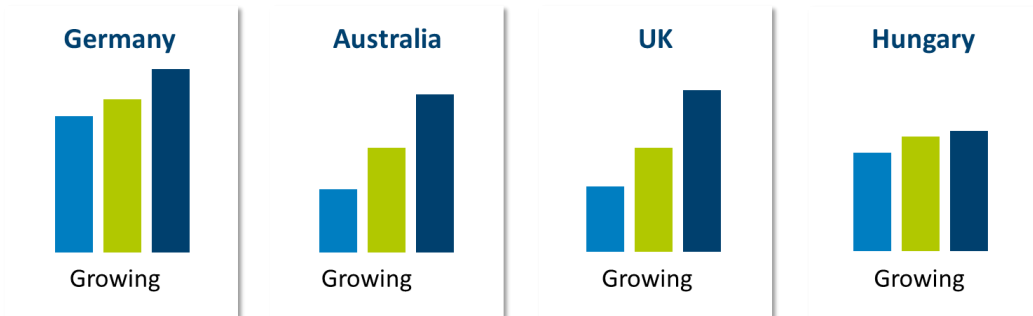


\* JV sales and EBIT presented at 100%

# Market update

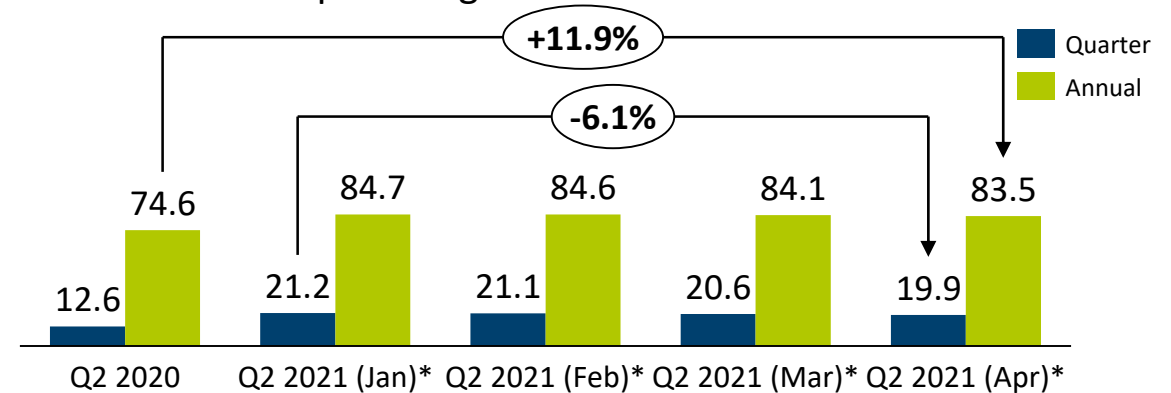
## Defence budget update

- Latest budget updates for 2022 in key home markets all favorable



## IHS Forecast LV production volumes

- Strong annual recovery, but downward revision of Q2 due to chip shortage



## Supply situation

- German engineering vehicle (PiPz) approved
- Challenger expected to be booked imminently
- Puma upgrade decision scheduled for June 2021
- East European IFV contract expected for H2 2021
- Italy indicated interest for IFV "Dardo" successor

- Semiconductor shortage is becoming more of a concern
- Raw material price increase, but pass through and hedging in place
- Transportation capacities under pressure

\*IHS monthly publication 2021

# Outlook

## 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**

## Outlook

### Favorable business environment for 2021

**+6%**

Global GDP Growth<sup>1</sup>

- **Global economies** return to growth mode

**+13%**

Global LV volumes<sup>2</sup>

- **LV production** volume recovery

**+6%**

Home markets budget  
growth<sup>3</sup>

- Growing defence budgets in our  
**Home markets**

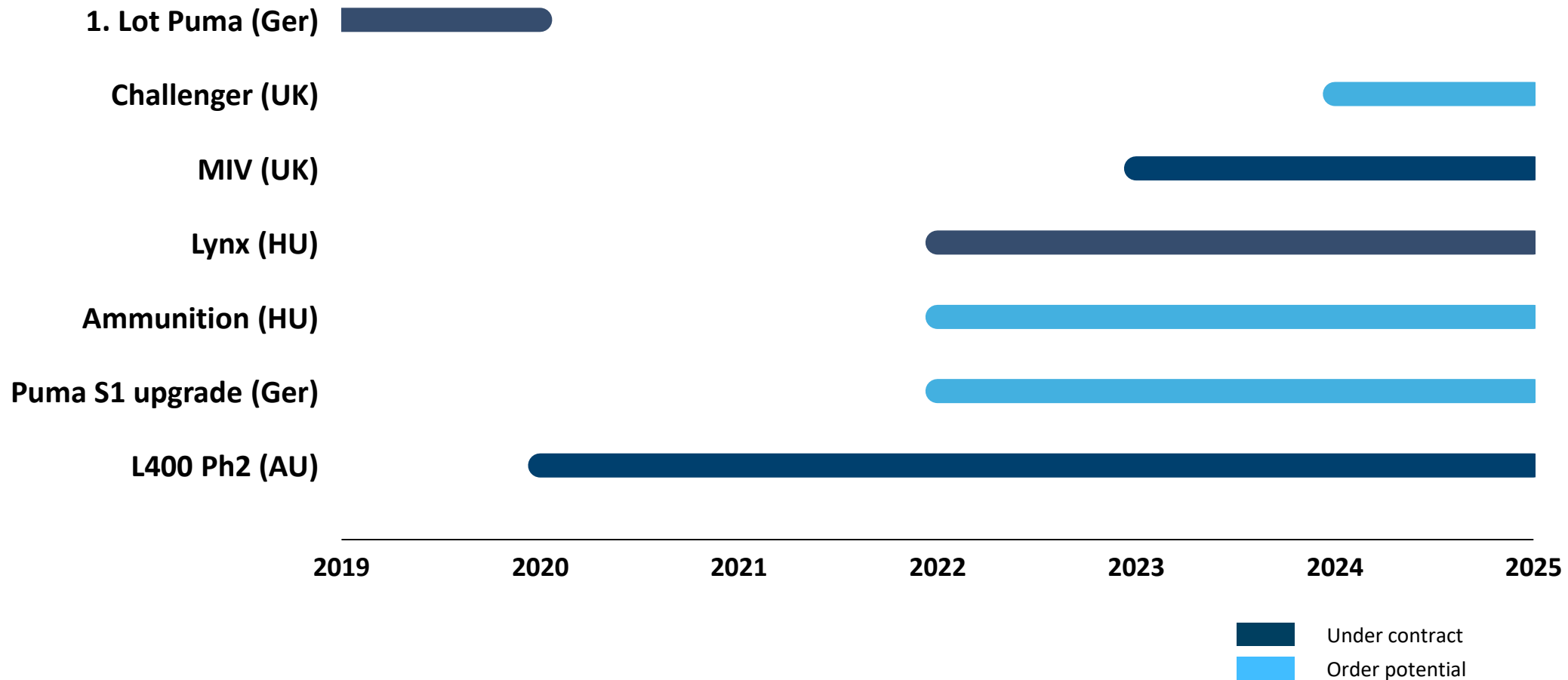
<sup>1</sup> OECD, March interim Economic Outlook Forecasts March 2021

<sup>2</sup> IHS Markit, March 2021

<sup>3</sup> Jane's January 2021 for Australia, Canada, Germany, Hungary, UK

# Outlook

## Major programs start contributing from 2022 onwards



# Outlook

## FY Guidance unchanged, updated for IFRS 5 accounting!

### Q2 trading update

- Large vehicle orders from the UK and Germany expected
- Recovery of global LV markets supportive, but still uncertainties due to supply issues
- Group sales significantly above PY level
- Operating margin expansion to 7-8%

## FY 2021 Guidance

### Operational sales growth

**7-9%**

(2020 IFRS 5 adjusted: €5,406m)

### Operating margin

**9-10%**

(2020 IFRS 5 adjusted: 8.4%)

Guidance update reflects application of IFRS 5 starting in Q2 2021.

This scenario is based on the assumption that potential production losses resulting from electronic component shortages in the first half of the year will be limited and excludes severe effects from additional Covid lockdowns.

# Outlook

## Rheinmetall Guidance 2021 by division in the new reporting structure

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

<sup>1</sup> 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”.

<sup>2</sup> 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”.

## Select key data: Outlook 2021

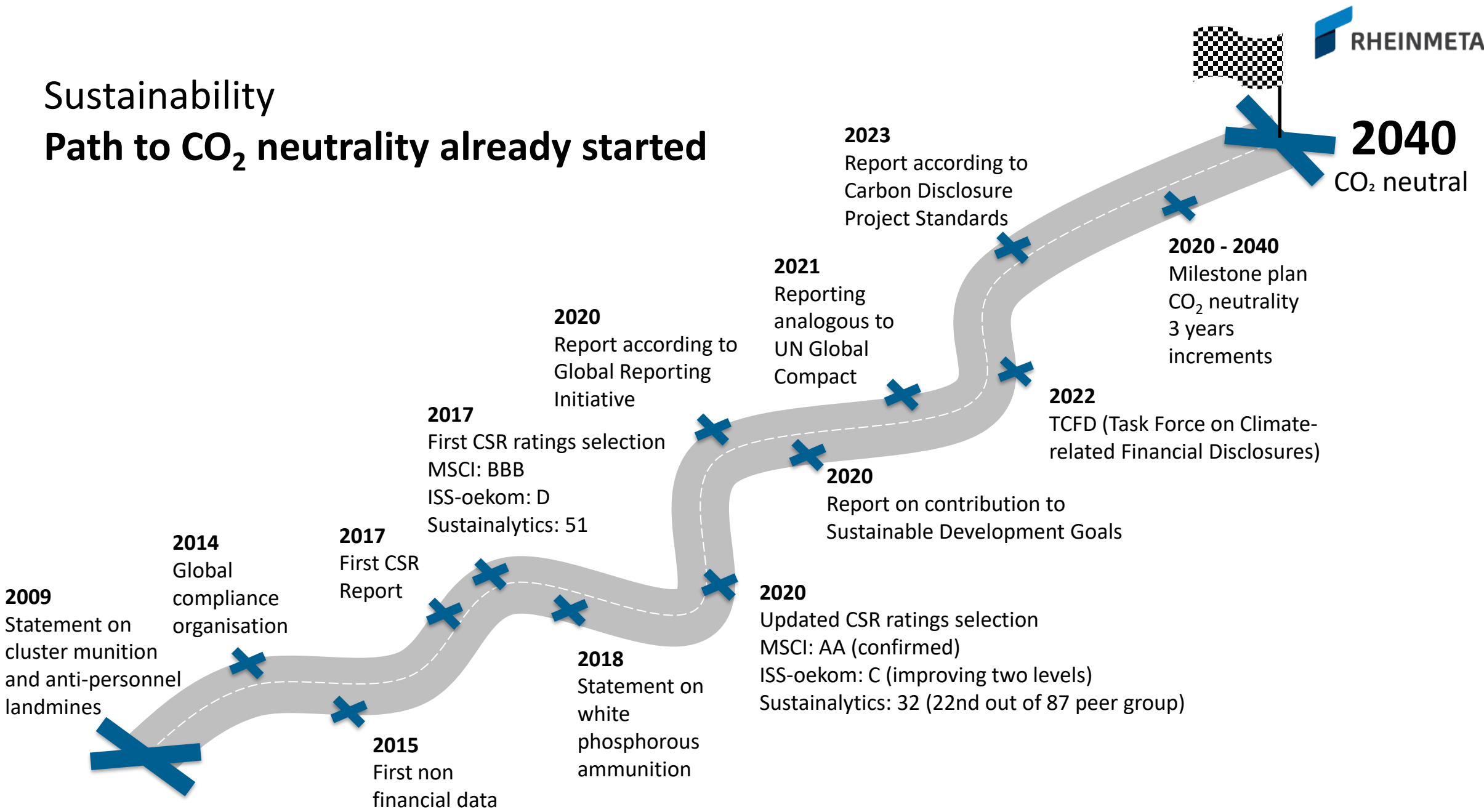
Rheinmetall Group	2020	2021
Holding cost (new)	-€21m (-€43m)	€50m-€60m
Tax rate	Adjusted 26%	Comparable level
Interest result	-€33m	~-€40m
Capex (excl. IFRS 16)	5.4% (3.7%)	around 6%
D&A (excl. impairment)	9.5% (4.6%)	4% - 5%
R&D (self-funded)	6.3% (5.1%)	Comparable level



# Appendix

# Sustainability

## Path to CO<sub>2</sub> neutrality already started





RHM with top ESG ratings  
above industry peer group

# FY 2020 Group: ESG

## ESG forms part of our corporate strategy

### Environment

#### 2035: CO<sub>2</sub> neutral\*

- 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

### Social



#### Responsible corporate citizen

- Employee health & safety
- Transparency in the supply chain
- Employer of choice
- Introduction of new KPI for employee safety in 2021

### Governance



#### Strict compliance organization

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

- ESG targets part of new LTI compensation for top and middle management: 20% from 2022 onwards
- Application to the UN Global Compact submitted in March 2021

## Capital allocation

### Our capital allocation policy is geared towards further growth

Funding of growth (organic and M&A)

Dividend to shareholders (Payout ratio 30-35%)

Improvement of pension funding via CTA (target level 50-60%)

# Group 2016 – 2020: Key figures (as reported)

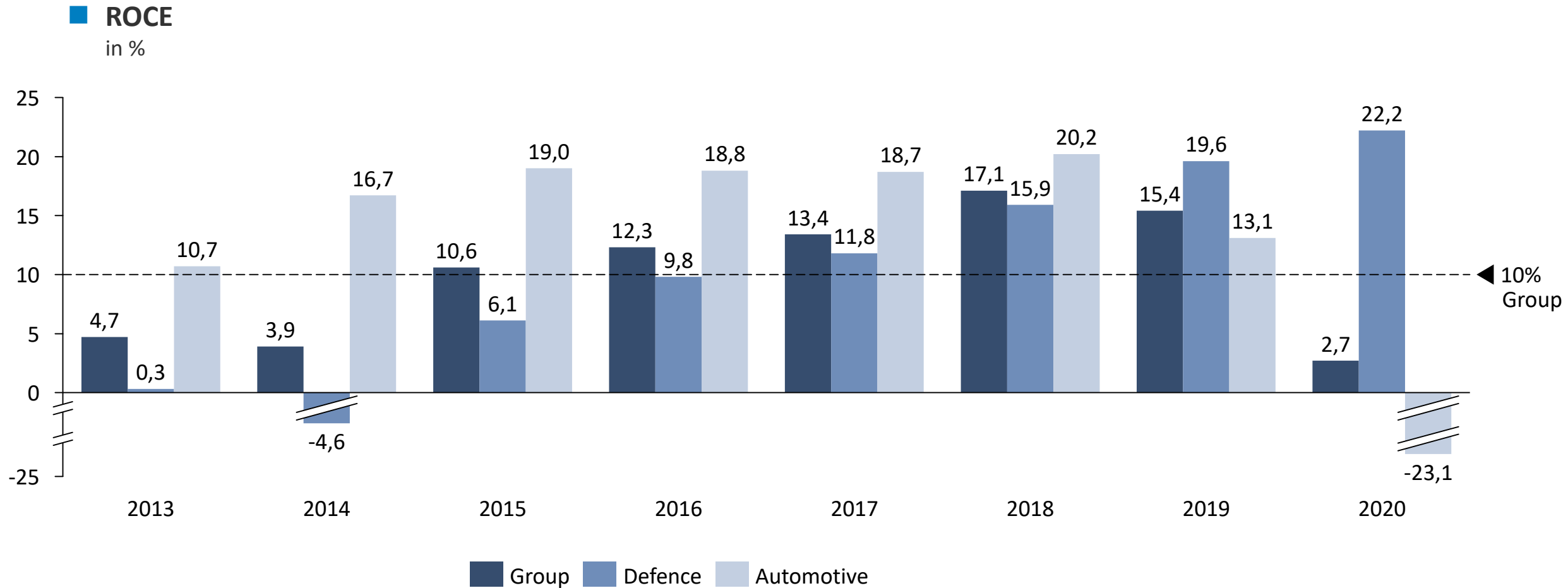
in €m		2016	2017	2018	2019	2020
<b>Balance Sheet</b>	Total assets	6.150	6.101	6.759	7.415	7.267
	Shareholder's equity	1.781	1.870	2.173	2.272	2.053
	Equity ratio (in %)	29,0	30,7	32,1	30,6	28,2
	Pension liabilities	1.186	1.080	972	1.169	1.177
	Net financial debt	19	230	-30	-52	4
	Net financial debt / EBITDA	-0,03	-0,37	0,04	0,07	-0,01
	Net gearing (in %)	-1,1	-12,3	1,4	2,3	-0,2
<b>Income statement</b>	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)	4,69	5,24	7,10	7,77	-0,62
	Dividend per share (in EUR) *	1,45	1,70	2,10	2,40	2,00
ROCE (in %)	10,6	12,3	13,8	17,1	2,7	
<b>CF statement</b>	Free cashflow from operations	161	276	-35	314	217
<b>Headcount</b>	Employees (Dec. 31) according to capacity	20993	21610	22899	23780	23268

\* Dividend proposal to the AGM

# Segments 2016 – 2020: Key figures

Automotive										Defence				
2016	2017	2018	2019	2020	in €m					2016	2017	2018	2019	2020
2.670	2.922	2.888	2.705	2.130	Order intake					3.050	2.963	5.565	5.186	6.387
458	520	478	447	426	Order backlog (Dec. 31)					6.656	6.416	8.577	10.399	12.942
2.656	2.861	2.930	2.736	2.151	Sales					2.946	3.036	3.221	3.522	3.723
223	249	262	184	33	Operating result					147	174	254	343	414
8,4	8,7	8,9	6,7	1,5	Operating margin (in %)					5,0	5,7	7,9	9,8	11,1
356	367	421	348	122	EBITDA					239	268	403	450	538
223	227	266	186	-307	EBIT					147	172	247	341	417
8,4	7,9	9,1	6,8	-14,3	EBIT margin (in %)					5,0	5,7	7,7	9,7	11,2
149	154	161	143	95	Capex					95	89	101	166	201
105	106	26	73	18	OFCF					103	238	-29	266	174
10.820	11.166	11.710	11.405	10.631	Employees (Dec. 31) according to capacity					10.002	10.251	10.948	12.100	12.344
1.499	1.621	1.664	1.525	1.202	<b>Mechatronics</b>	Sales	<b>Weapon &amp; Ammunition</b>	1.111	1.175	1.056	1.018	1.196		
140	176	171	118	36		Operating Result		108	117	121	123	185		
9,3%	10,9%	10,3%	7,7%	3,0%		Margin		9,7%	10,0%	11,5%	12,1%	15,5%		
921	968	988	937	688	<b>Hardparts</b>	Sales	<b>Electronic Solutions</b>	745	691	839	948	931		
62	60	65	28	-13		Operating Result		25	20	46	75	93		
6,7%	6,2%	6,5%	3,0%	-1,9%		Margin		3,4%	2,9%	5,5%	7,9%	10,0%		
319	358	367	361	345	<b>Aftermarket</b>	Sales	<b>Vehicle Systems</b>	1.392	1.480	1.568	1.787	1.823		
29	33	36	35	20		Operating Result		29	53	108	150	150		
9,1%	9,2%	9,7%	9,8%	5,8%		Margin		2,1%	3,6%	6,9%	8,4%	8,2%		

# Continuing ROCE improvement



# Next events and IR contacts

## Next Events

Goldman Sachs, European Small and Mid Cap Conference	All investor meetings will be virtual	07 May 2021
UBS, Pan European Small and Mid Cap Conference		12 May 2021
Berenberg, US Conference		20 May 2021
UBS, Best of Europe		27 May 2021
UBS, Global Industrials and Transportation		08 June 2021
M.M. Warburg, Warburg Highlights		09 June 2021
DB, dbAccess Berlin Conference		16-17 June 2021
Annual General Meeting Rheinmetall AG		11 May 2021
Q2 2021 Earnings call		05 August 2021
Q3 2021 Earnings call		05 November 2021

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## Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



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