



# PASSION FOR TECHNOLOGY

**Rheinmetall**

Investor Presentation

May 2022

PASSION FOR TECHNOLOGY.



# Agenda



Rheinmetall at a glance

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Market & Drivers

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Five divisions under one roof

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Financials

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Outlook

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Responsibility @ Rheinmetall

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Appendix

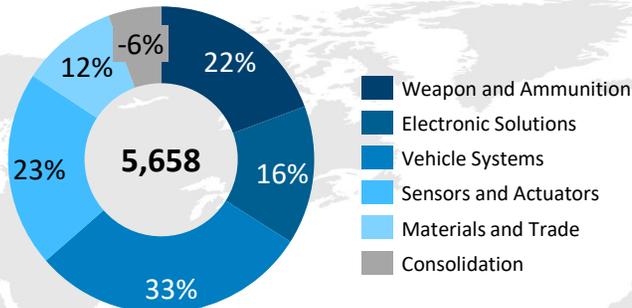
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# Rheinmetall at a glance

## Selected key business highlights

### Sales by division

In €m

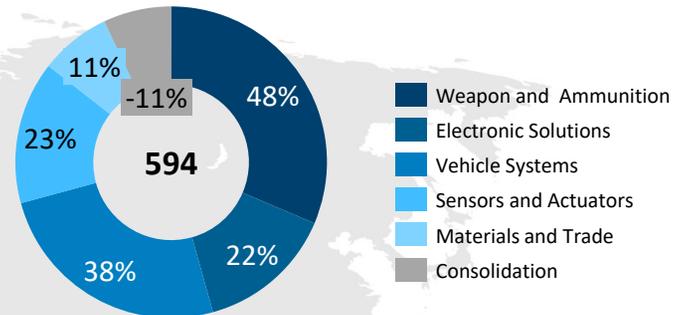


### Business Model

- 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)

### Result by division

In €m

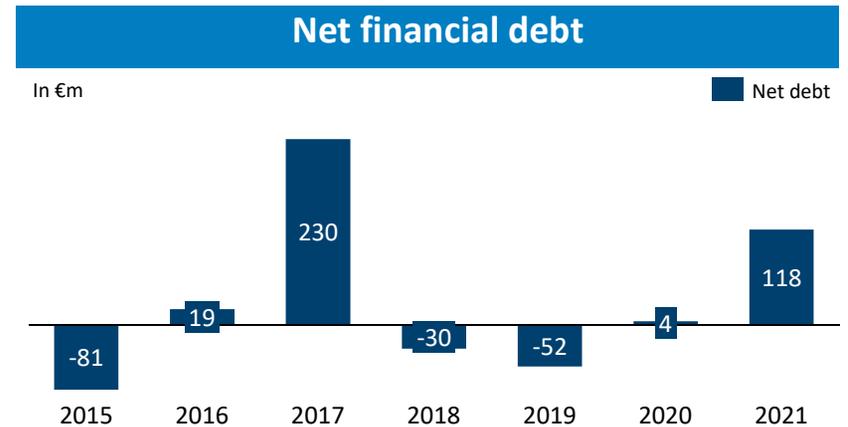
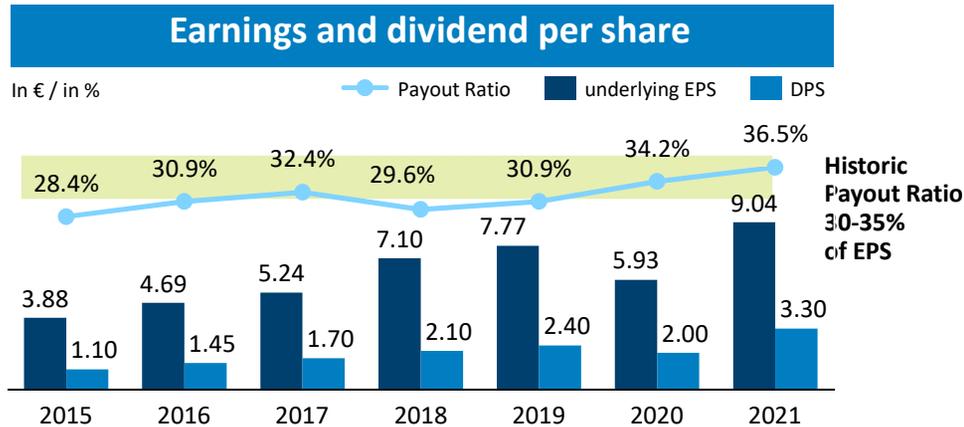
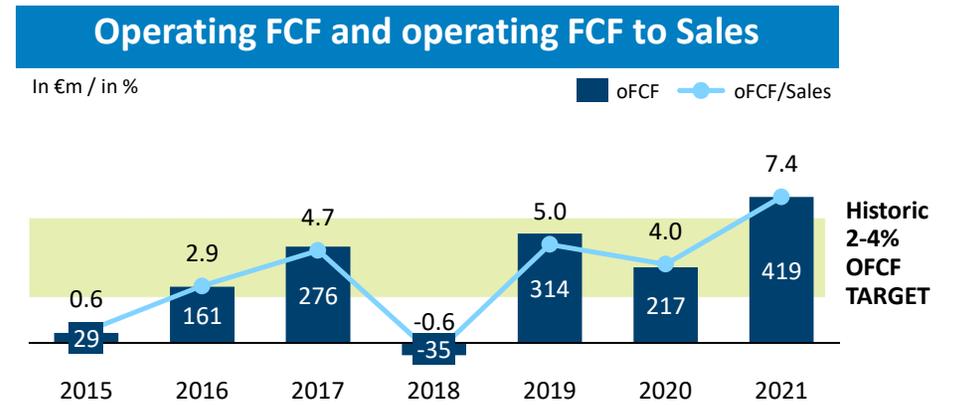
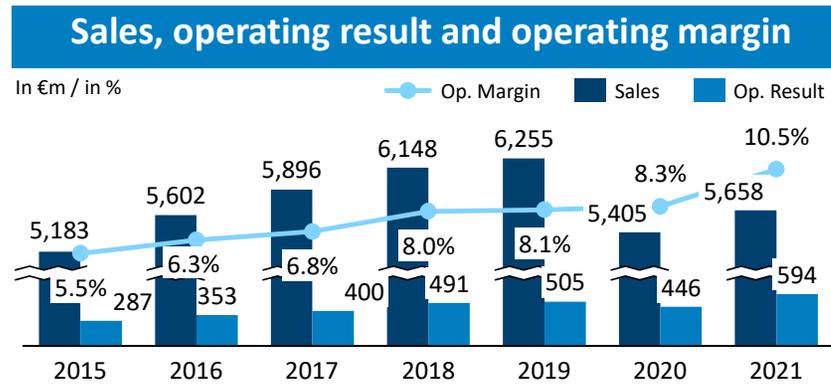


### Market Driver

- Increasing demand for security due to geostrategic power shifts and constantly changing conflict situations
- Megatrend clean mobility supported by stricter regulation

# Rheinmetall at a glance

## Historic financial development



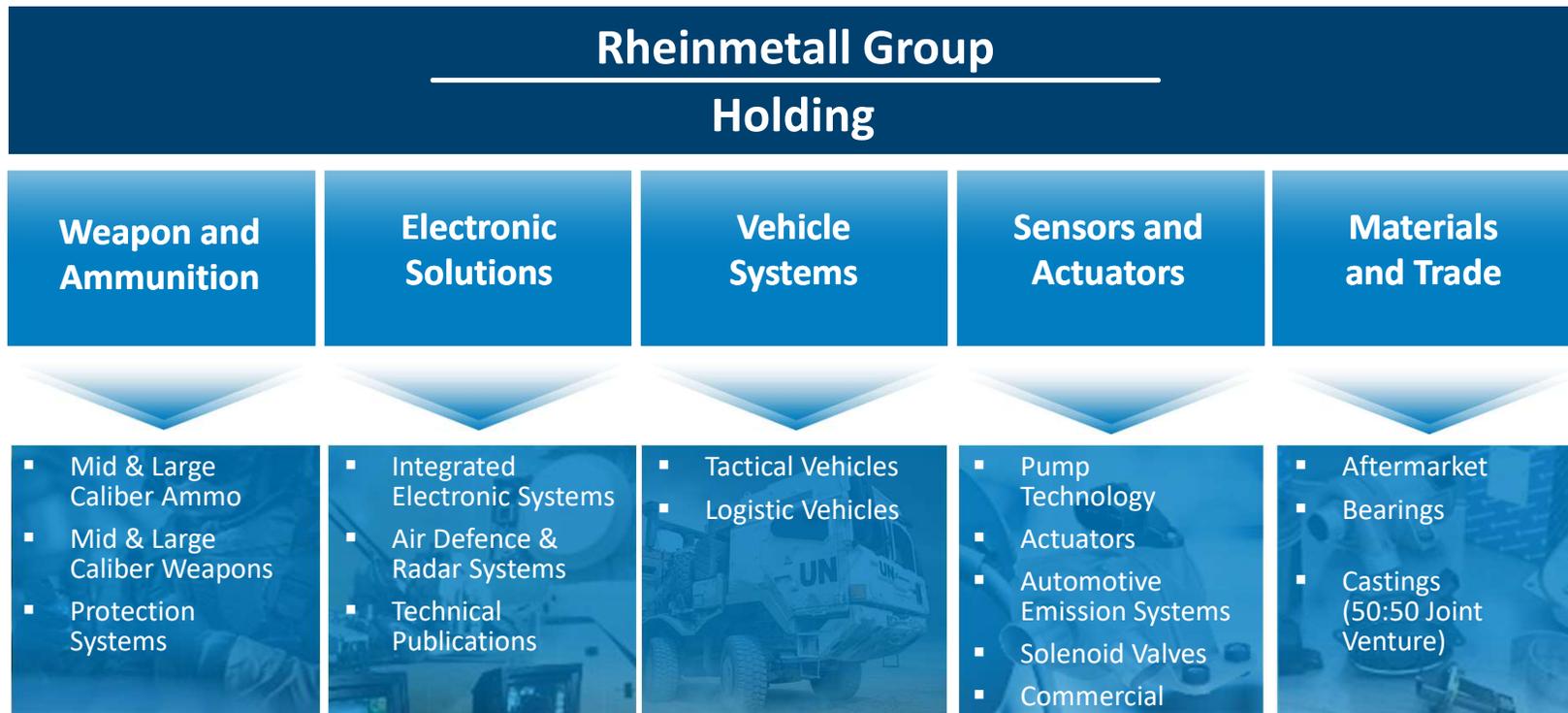
## Rheinmetall at a glance

### Management sets clear strategic objectives

- 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

## Sustainability is a central component of our corporate strategy

### FRAME-WORKS & INITIATIVES

<b>CSR-DIA*</b> Since 2017	<b>GRI</b> Since 2017	<b>UN GC</b> Joined in 2021	<b>CDP</b> Applied in 2021	<b>SBTi</b> Commitment Q4 2021	<b>TCFD</b> 2022	<b>SASB</b> 2022
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### ACTION

<p><b>ENVIRONMENT</b></p> <ul style="list-style-type: none"> <li>▪ <b>Carbon neutral in 2035**</b> <ul style="list-style-type: none"> <li>– Improve energy efficiency</li> <li>– Increase self-generation of renewables</li> <li>– Switch to renewables</li> <li>– Continuous reforestation of FoJaNa***</li> </ul> </li> <li>▪ <b>Water consumption reduction of 10% until 2022</b></li> <li>▪ <b>Waste management</b> <ul style="list-style-type: none"> <li>– Avoidance before reduction before recycling</li> <li>– Environmentally friendly disposal</li> </ul> </li> </ul>	<p><b>SOCIAL</b></p> <ul style="list-style-type: none"> <li>▪ <b>Covid response</b> <ul style="list-style-type: none"> <li>– New business line for PPE and air filter systems</li> <li>– Comprehensive catalog of hygienic measures</li> <li>– Donation of PPE and sanitizers to communities</li> </ul> </li> <li>▪ <b>Health protection</b> <ul style="list-style-type: none"> <li>– LTIR of 6.5 in 2021</li> <li>– Extend ISO 45001 certifications for OSH management</li> <li>– Extensive and systematic protection of employees</li> </ul> </li> <li>▪ <b>Diversity</b> <ul style="list-style-type: none"> <li>– Promote diversity, equity and inclusion</li> <li>– Best practices for female recruitment and careers</li> </ul> </li> </ul>	<p><b>GOVERNANCE</b></p> <ul style="list-style-type: none"> <li>▪ Rigorous governance structures with strict compliance organization especially for export control, trade and tax compliance</li> <li>▪ Continuous improvement of ESG transparency and ratings</li> <li>▪ ESG objectives introduced in the variable compensation of top and middle management (20 % as part of LTI remuneration package)</li> </ul>
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### MAIN RATINGS

<p><b>MSCI: AA</b></p> <p>Industry Rating Distribution: 22% of 36 companies score AA or better</p>	<p><b>ISS ESG: C</b></p> <p>A&amp;D Industry Rating Distribution: 15% of 65 companies score C or better</p>	<p><b>Sustainalytics: 28.3</b></p> <p>Peer Group A&amp;D average 37.9 ranked 10th out of 94</p>	<p><b>S&amp;P: 33</b></p> <p>Industrial conglomerates average: 29</p>
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## Markets & Drivers

## Start of a new era in German defence policy

### Olaf Scholz: "We are living through a watershed era."



**Olaf Scholz**  
Chancellor of Germany

"The 2022 federal budget will provide a **one-off sum of 100 billion euro for the fund**. We will use this money for necessary investments and armament projects."

"We will now – year after year – **invest more than two percent of our gross domestic product** in our defence."

"The goal is to have a capable, state-of-the-art, advanced Bundeswehr that reliably protects us."

"The Bundeswehr was neglected. **These days, there was still talk of a taxonomy that would have restricted investment in defence capabilities**. The war in Ukraine is waking us all up from a self-righteous dream."



**Christian Lindner**  
Finance Minister

## Start of a new era in German defence policy Government announcement on Feb 27, 2022

**Special fund €100bn**

**As of 2023 Germany will spend 2% plus of GDP for defence**



### Support for Ukrainian armed forces

- Supply of Bundeswehr equipment
- EU funding: € 1,000 m

**Level 1**

### Short-term increase in Bundeswehr capabilities

- Transition from peacetime to defense mode
- Restocking of Bundeswehr stockpiles, service and spare parts supplies
- Increase of quantities from existing contracts/framework agreements

**Level 2**

### Closing the investment gap and modernization gap

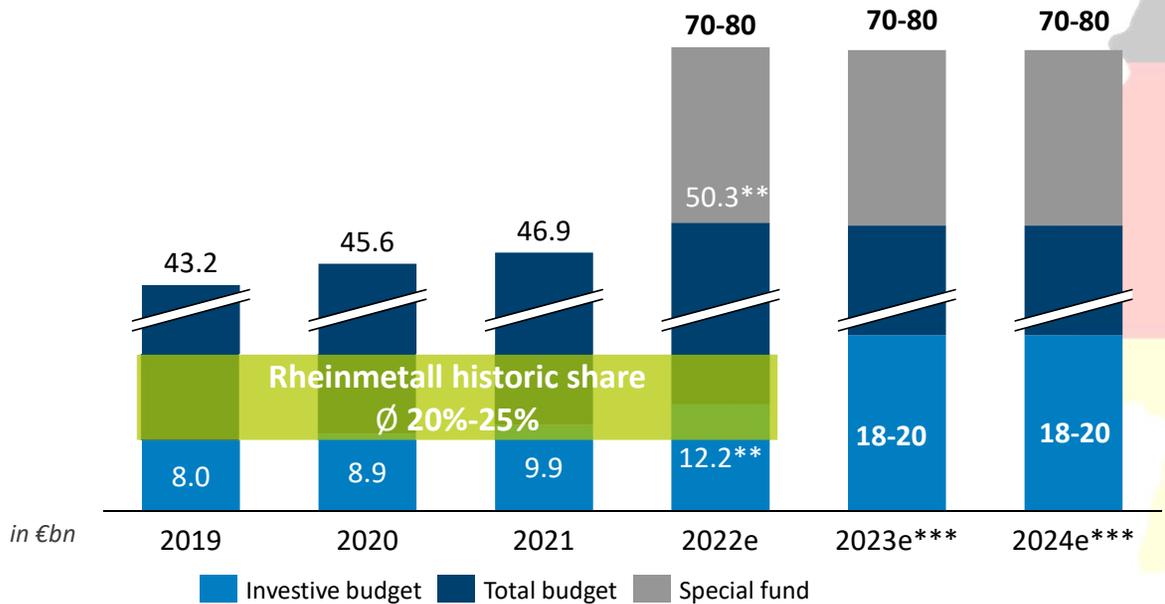
- Financing and procurement of new equipment
- Prioritization according to Bundeswehr planning

**Level 3**

# Start of a new era in German defence policy

## Record level budget spending ahead

German defence spending in % of GDP*					
1.24%	1.35%	1.31%	1.35%	~2%	~2%

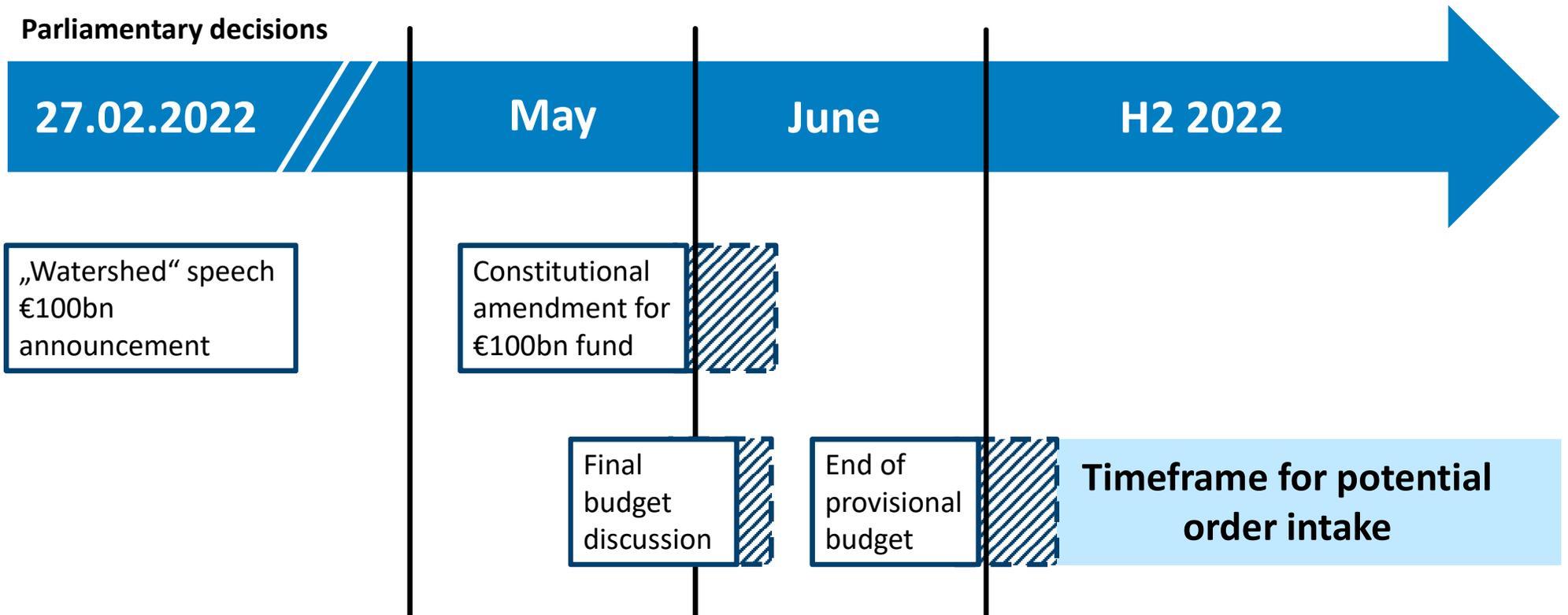


- 2022 defence budget of around €50.3bn
- Additionally €100bn p.a. from special fund - distributed over the coming years depending on the progress of the project
- Special fund is dissolved when fully used up or when projects are completed

\*based on BMWi defence budget July 21; <https://www.bundeshaushalt.de/#/2021/soll/ausgaben/einzelplan/14.html>  
 \*\* Government draft and statements on the federal budget and Rheinmetall estimated budget development  
 \*\*\* BIP data based on Statista

## Market update

# German budget timeline focusses order intake on H2 2022



# Start of a new era in German defence policy

## €42bn gross potential identified from already qualified products

Gross potential in billion Euro



### Ammunition

Up to €12bn

### Trucks

Load handling system  
Up to 15,000 Units ~ €10bn

Unprotected  
Up to 15,000 Units ~ €6bn

### 8x8 & 6x6

Boxer «schwerer  
Waffenträger» ~ €1bn

6x6  
Up to 1,000 Units ~ €3.1bn

### Puma

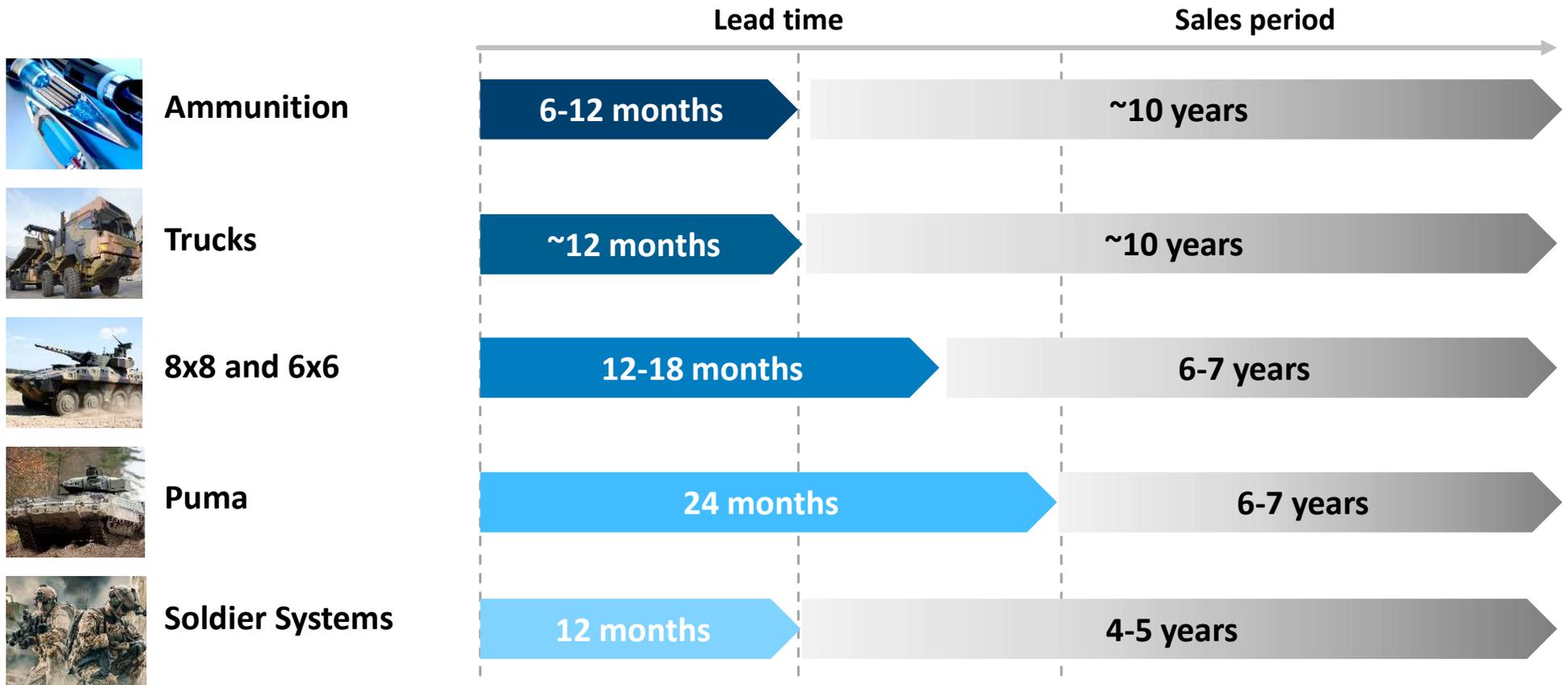
2nd lot ~ €3.7bn\*

### Soldier Systems

~ €1.2bn

## Start of a new era in German defence policy

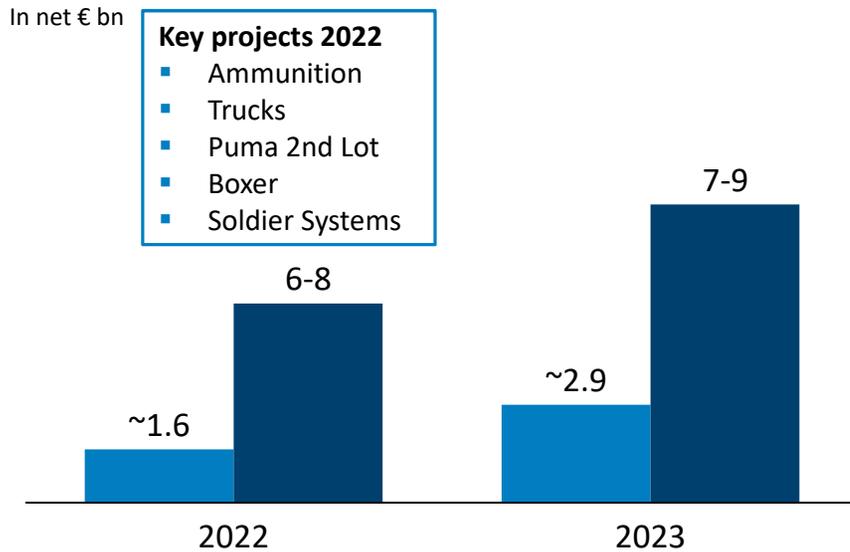
### Defence projects with short-term implementation potential



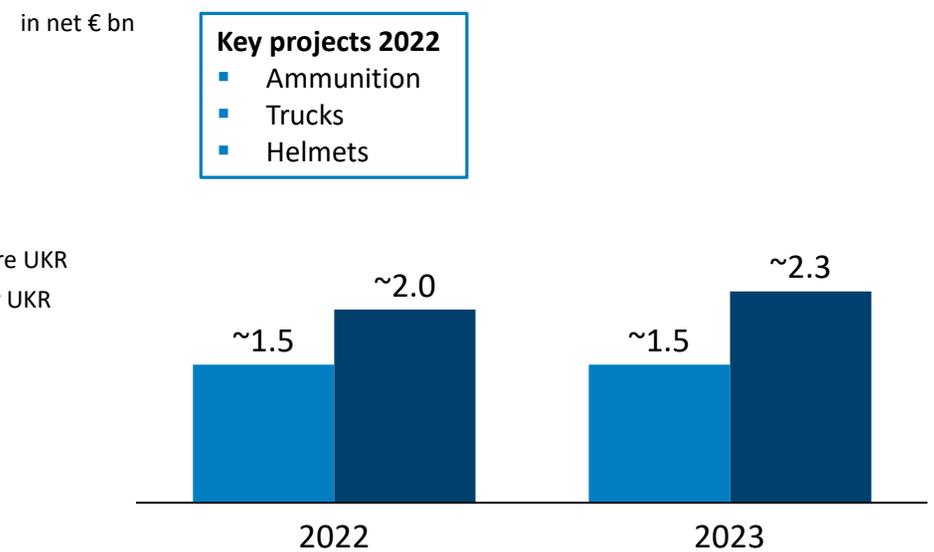
## Market update

# German defence orders and sales gain further momentum in 2023

### Order intake expectation Germany



### Sales estimates Germany



#### Ukrainian direct support not included

- Total order intake potential of €300-500m in 2022
- Sales potential of €60-100m already in 2022

# Market update

## Lynx tenders offer huge order potential

### *Current international tenders*



**Slovakia**  
Lynx  
  
Decision expected in H2 2022  
  
Potential of up to €1.5bn



**Australia**  
Lynx  
Land 400 Phase III  
  
Decision in September 2022  
  
Potential of ~€4bn  
400+ vehicles



**Czech**  
IFV  
  
Tendering procedure ongoing, currently on hold  
Decision expected in 2023  
  
Potential of ~€2bn



**USA**  
Bradley replacement  
Tender: 2021-2023  
Potential start of production: 2028  
  
Phase 2 decision in 2023 with USD 500m funding  
Potential of ~USD42bn  
~4.000 vehicles

## Market update

# New international order potential taking shape

### *Additional international potential*

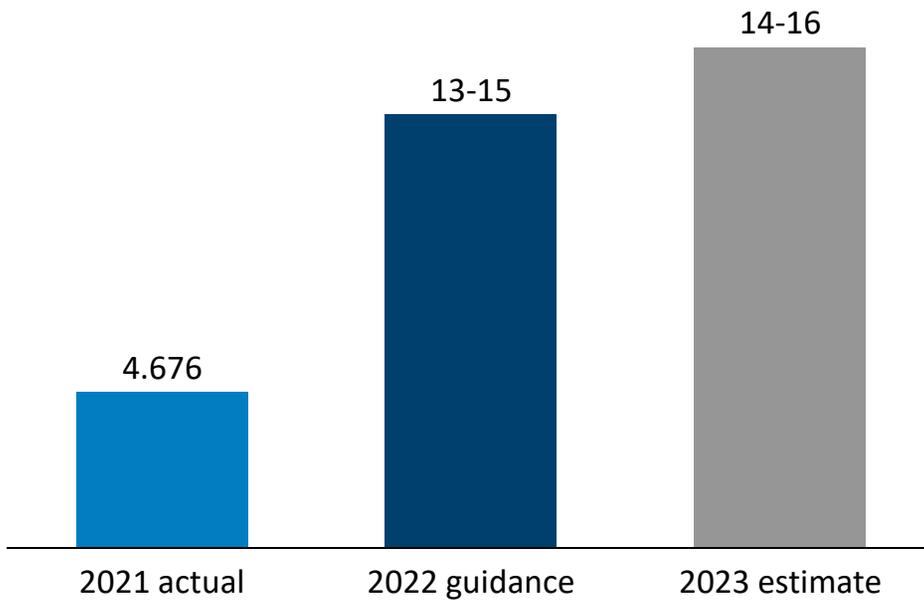
				
<b>Italy</b> MBT IFV Other vehicles  10 year budget with up to €8bn, of which €2.3bn will be available already in 2023	<b>Greece</b> Lynx Leopard upgrade  Up to €3.5bn	<b>UK</b> Boxer 3rd lot ~400 vehicles  Up to €1.1bn	<b>Hungary</b> Loitering Ammo ~€250m  Digitalisation and soldier systems Up to €1.5bn  RDX plant ~€170m Ammo plant ~€100m	<b>Lithuania</b> Boxer 100+ vehicles  Up to €150m

# Outlook

## Germany is the main driver for accelerated growth

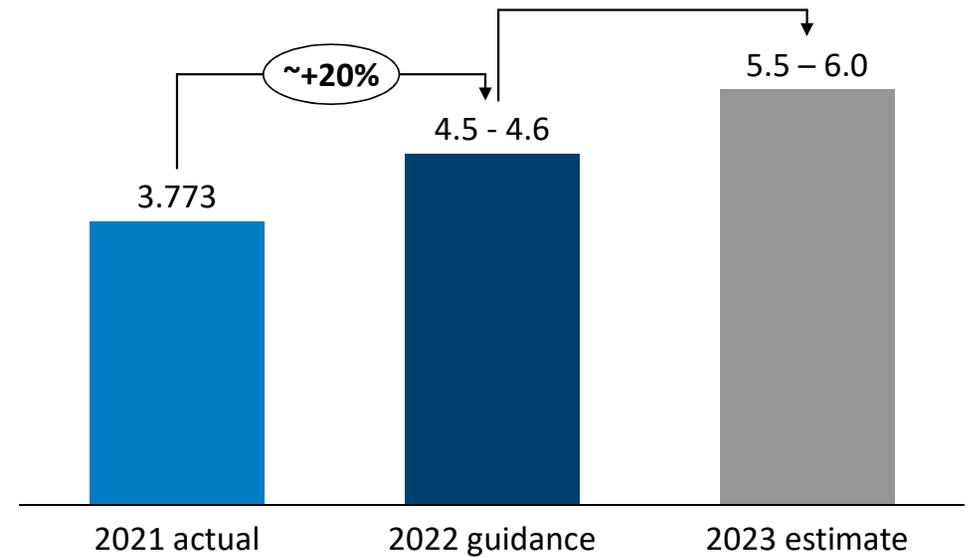
### Order intake expectation defence divisions

in €bn



### Sales estimates defence divisions

in €bn



## Start of a new era in German defence policy

### Main challenges are addressed

#### Highest risk: availability of raw materials

- Enormous demand for raw materials e.g. steel, electronics
- Rheinmetall has increased raw material and material inventories in recent months
- Alternative sourcing currently investigated

#### Personal / Recruiting

- ~1,500 – 3,000 additional people needed

#### Execution risk

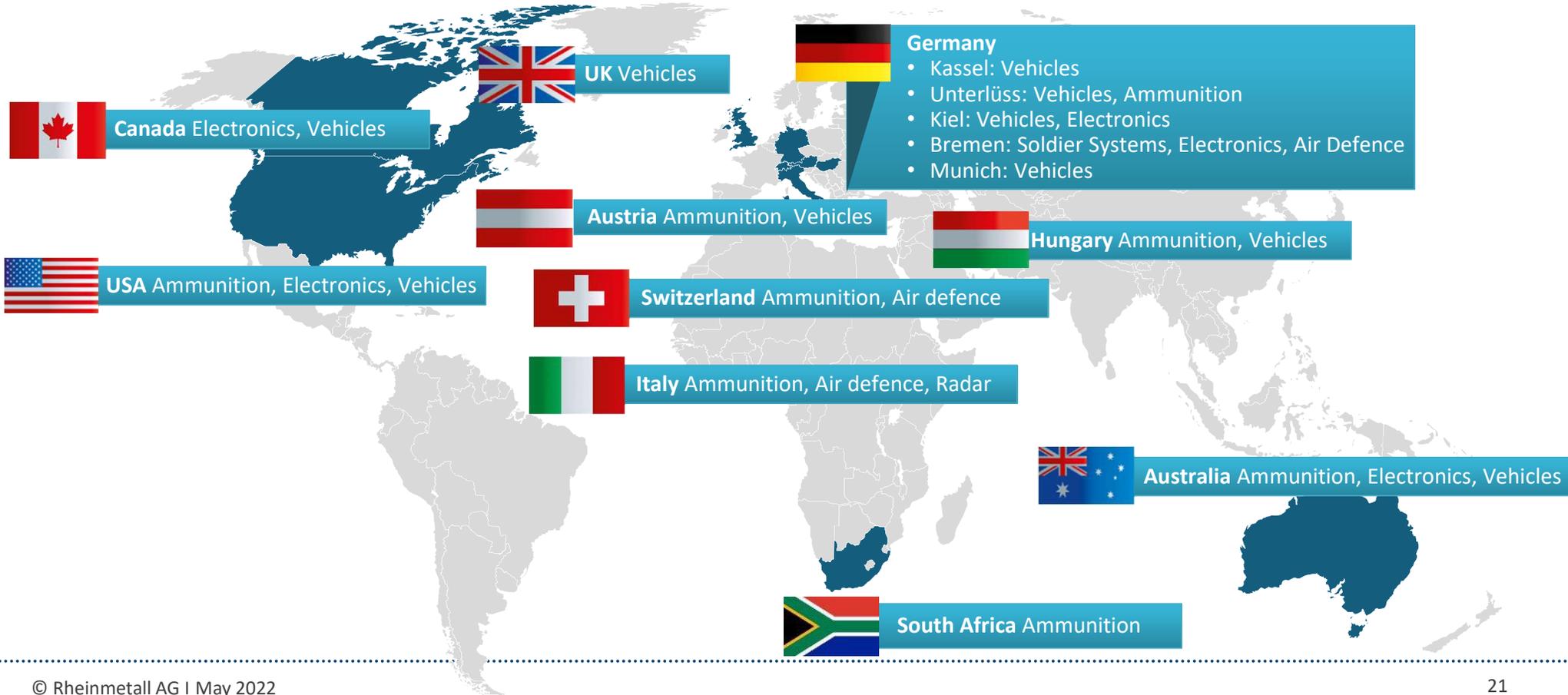
- Main products are in production
- With qualified personnel, we mitigate the risk

#### Capacities

- Rheinmetall has worldwide production capacities and can respond very flexible to additional demand

# Start of a new era in German defence policy

## Rheinmetall's global production capacities

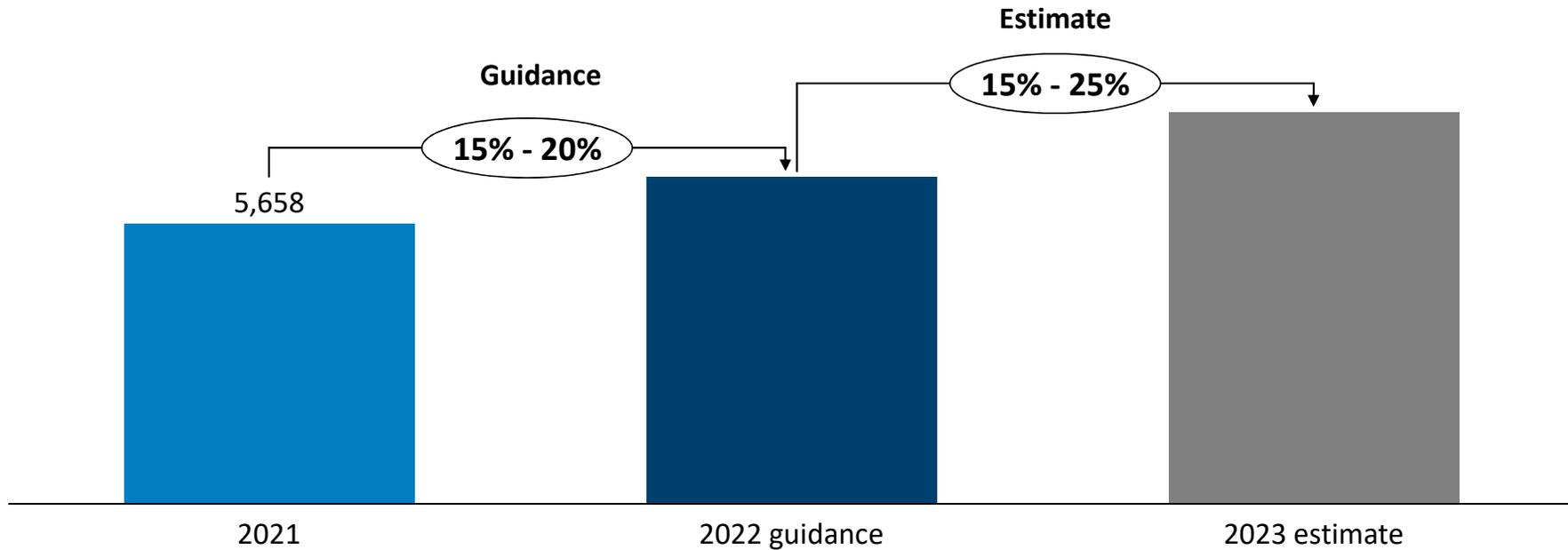


# Outlook

## Rheinmetall group growth scenario

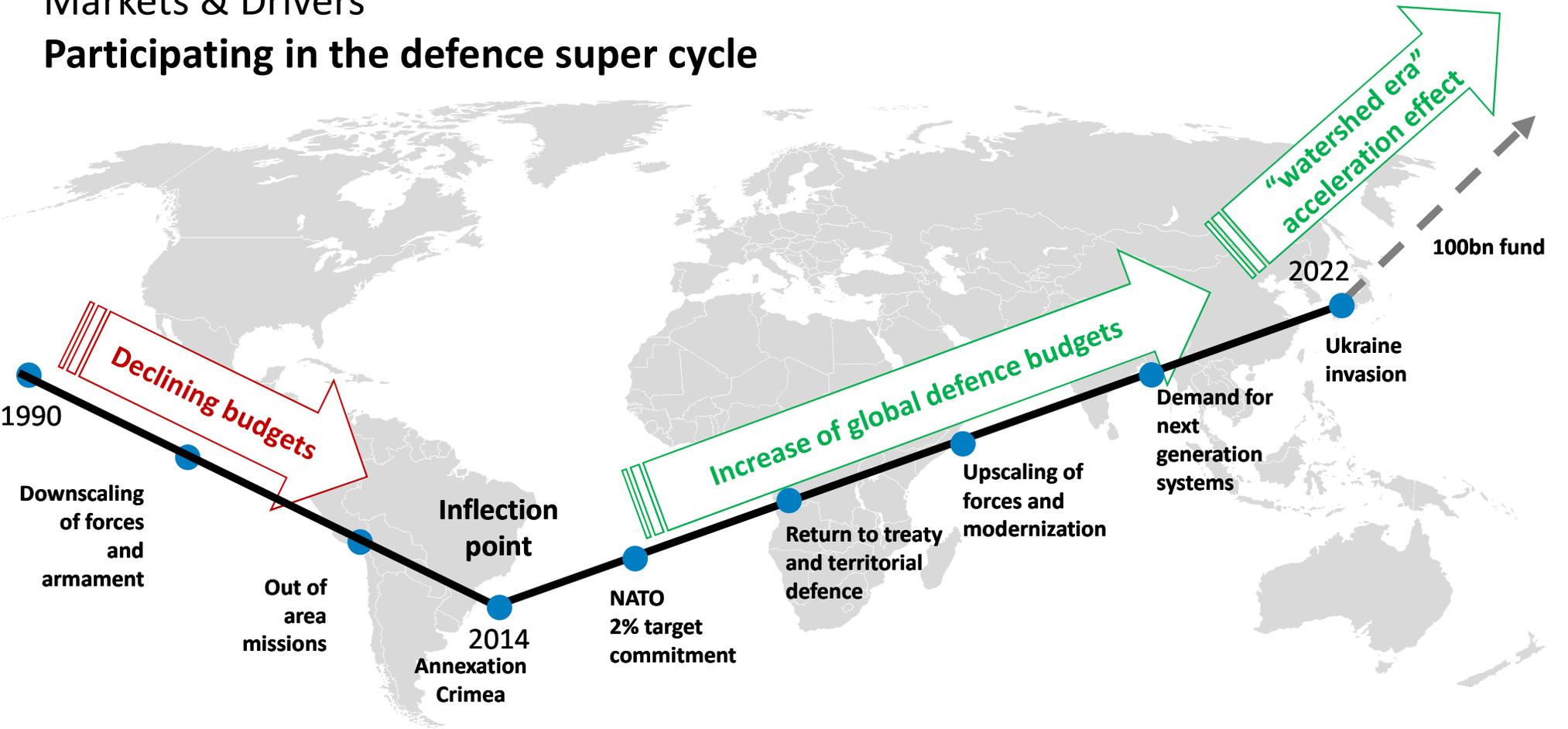
### Group sales estimates

Group sales in €m and growth in%



# Markets & Drivers

## Participating in the defence super cycle



## Markets & Drivers - Home Markets

### Successful internationalization provides diverse sources of growth

#### Our home markets



#### Germany

- Largest customer
- Commitment to 2% goal and 100bn special fund
- 100% Equipment level and modernization

##### Potentials

- Ammunition
- Truck
- 8x8 and 6x6
- Puma 2<sup>nd</sup> Lot
- Soldier Systems



#### Australia

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

##### Potentials

- Land 400 Phase 3



#### UK

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

##### Potentials

- Boxer 3<sup>rd</sup> lot
- Ammunition framework contract



#### Hungary

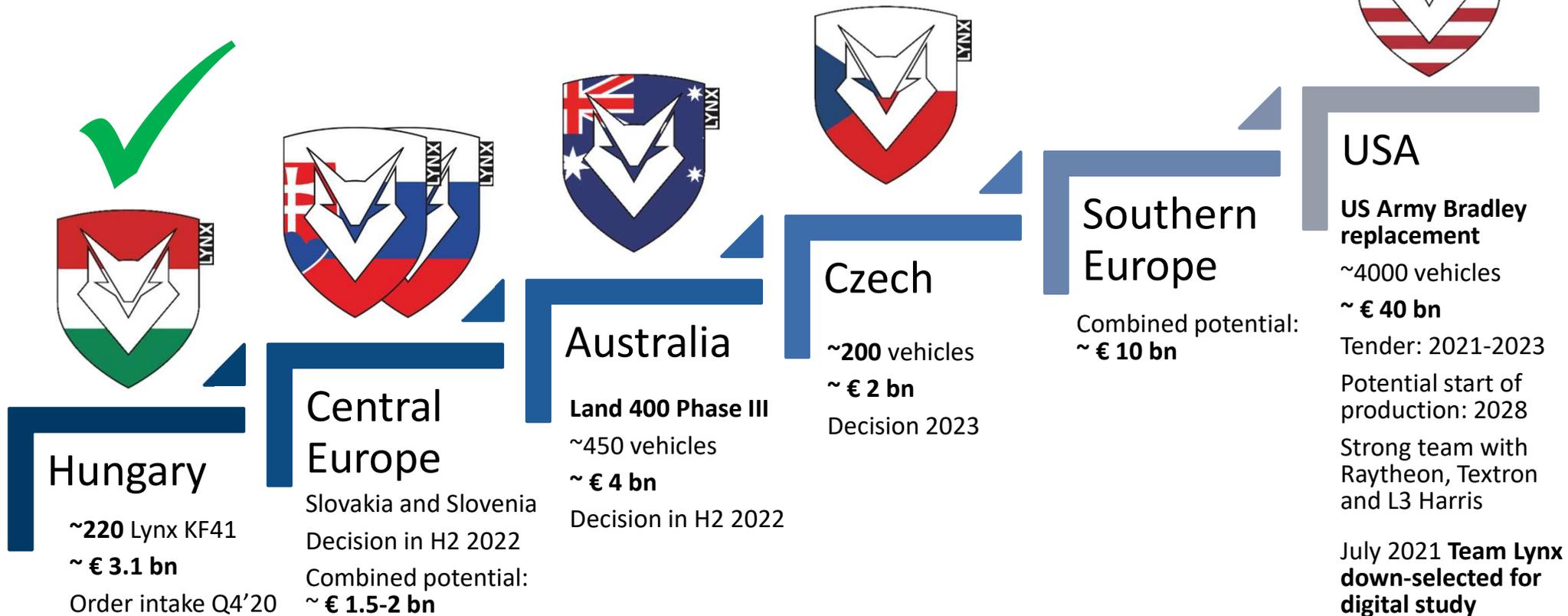
- Established „home market“ with modern production facility
- Modernization to NATO standards

##### Potentials

- Loitering Ammunition
- Digitalisation and soldier systems
- RDX and Ammo plant

## Markets & Drivers: Vehicles Systems

### Hungary is a catalyst for future success of our Lynx



## Markets & Drivers: Product life cycle potential

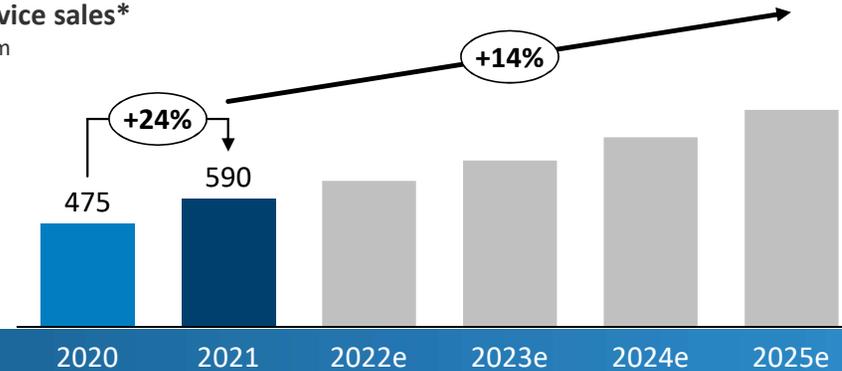
# Platform sales are just the tip of the iceberg – success creates opportunities

1X SALES OF PLATFORM



2X LIFECYCLE SPENDINGS

■ Service sales\*  
in €m



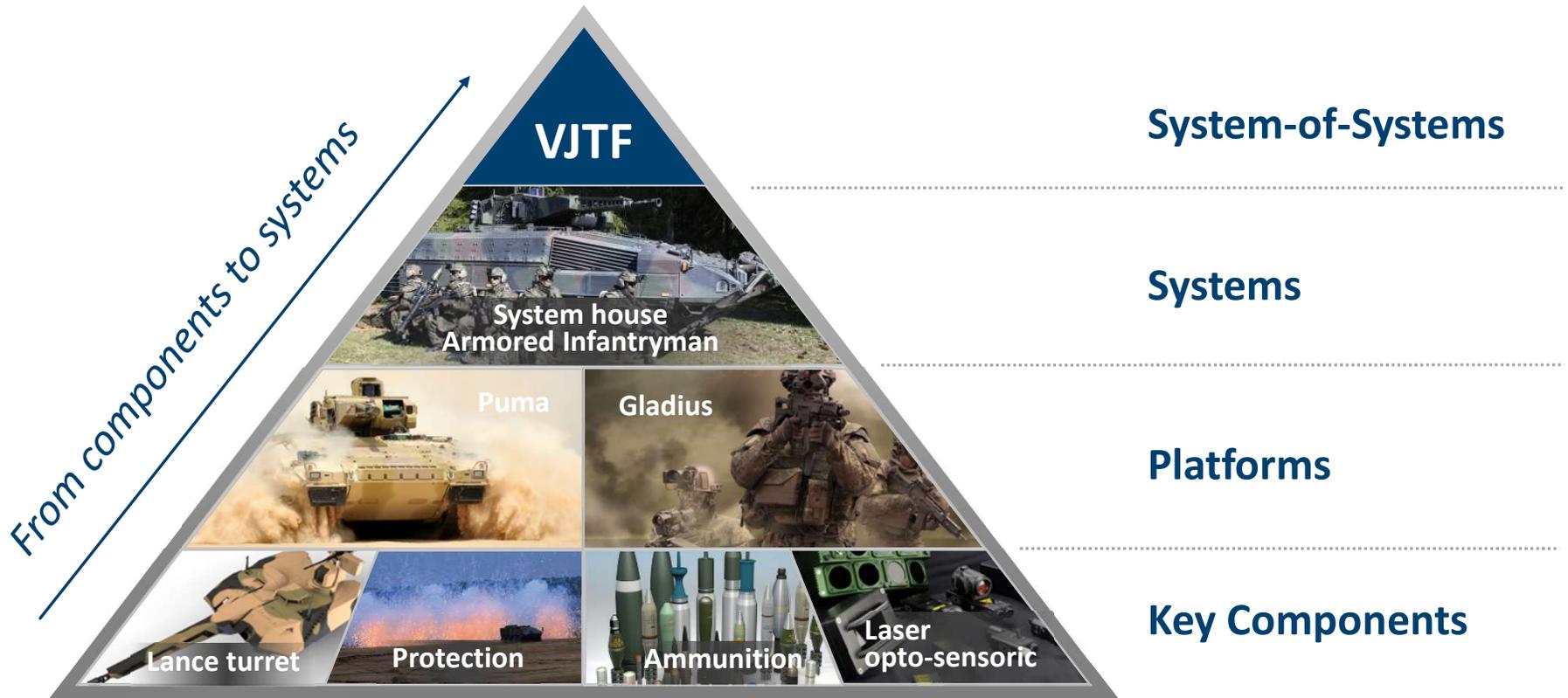
Service sales 2025  
~€1bn

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

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

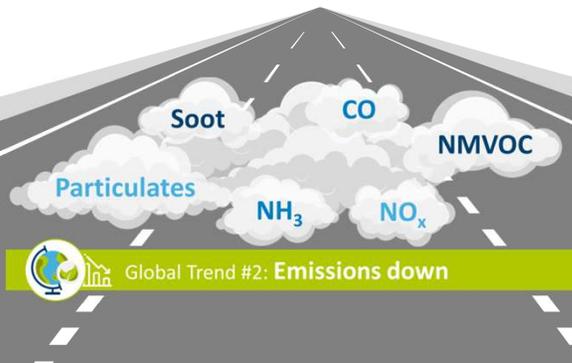
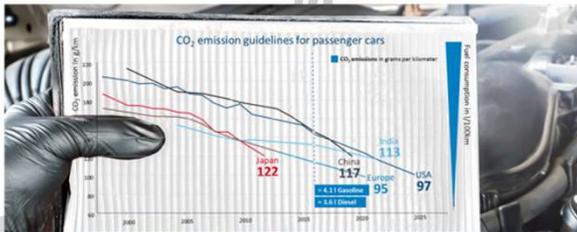
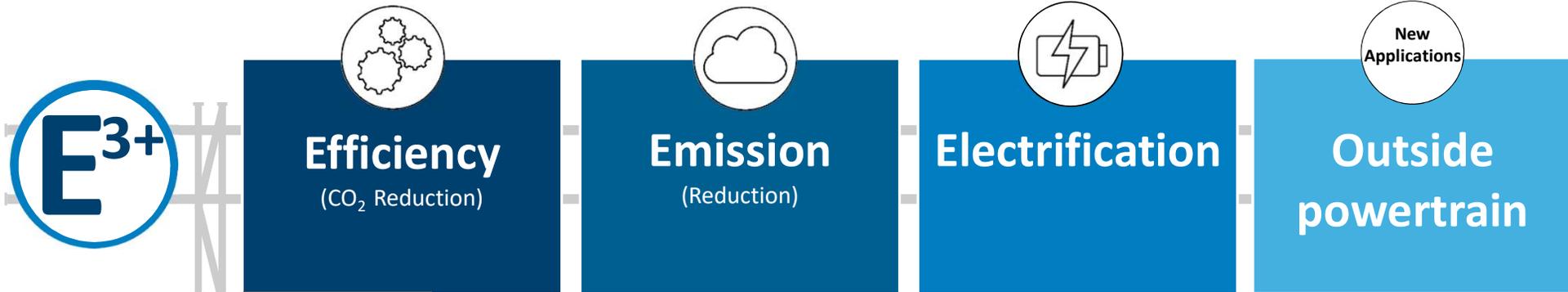
# Markets & Drivers: Product life cycle potential

## System house for land based operations and integrating components to systems



# Markets & Drivers: Market trends

## Strong underlying growth drivers create opportunities

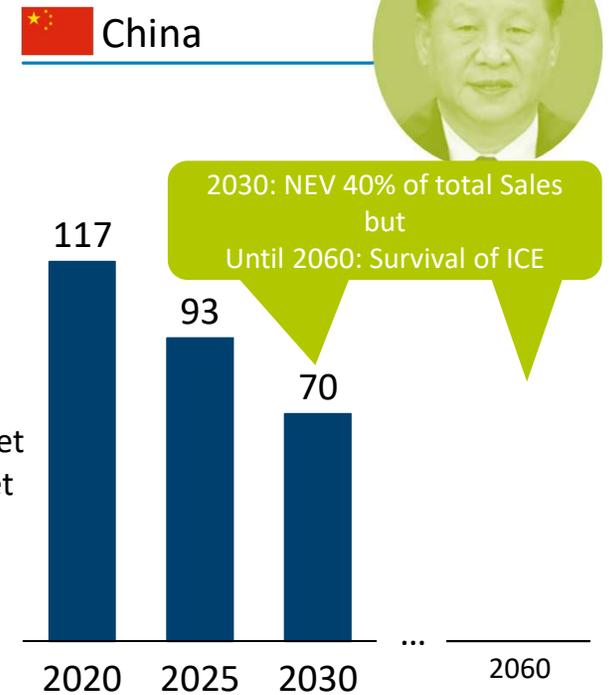
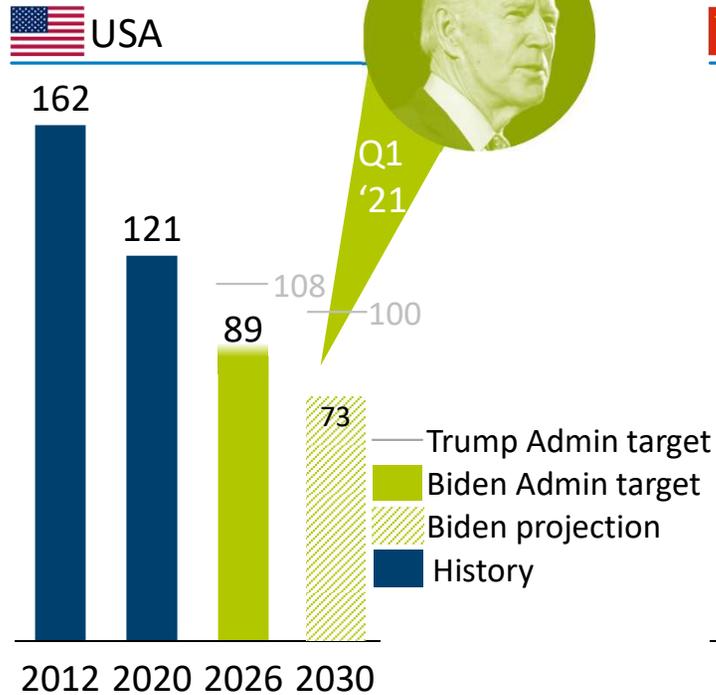
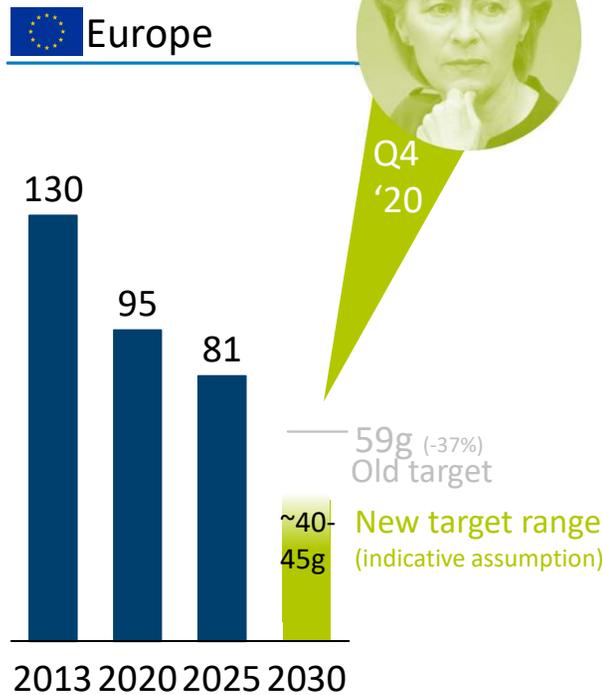


**The innovation pipeline is packed!**

# Markets & Drivers: Clean Mobility

## Green ambitions as a clear global trend for cleaner mobility

g CO<sub>2</sub>/km



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

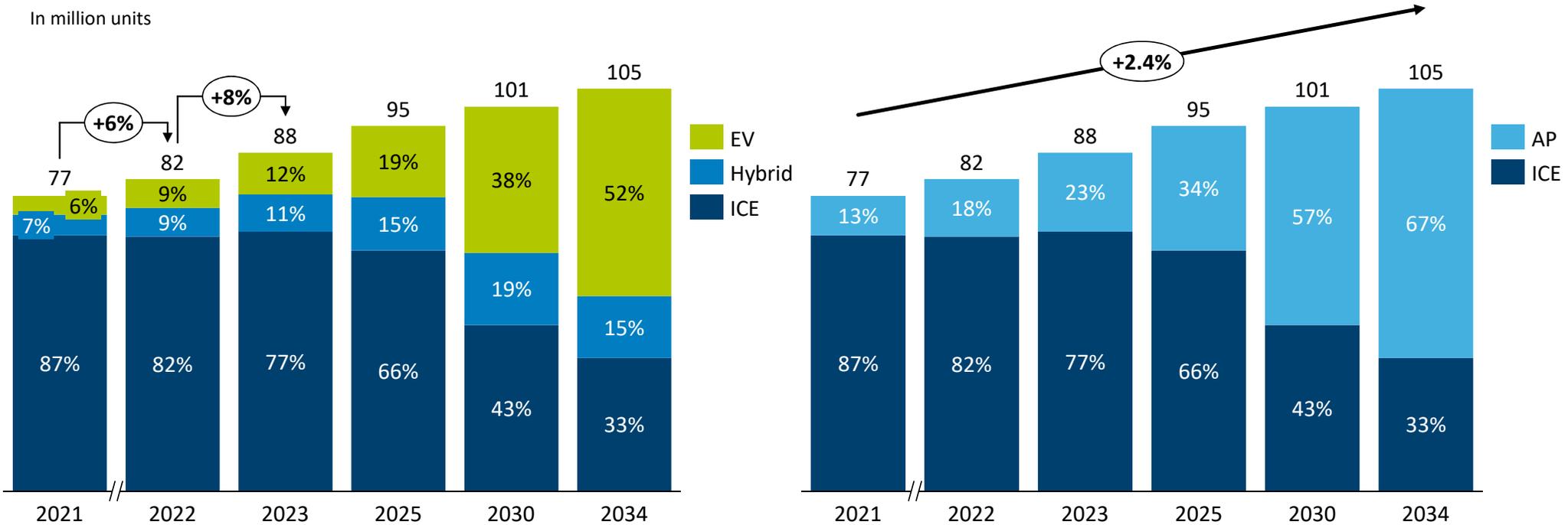
Jan 20th 2021, Biden announced to return to Obama's CO<sub>2</sub> roadmap for 2026. Exact target value for 2026 still to be announced.  
2030 figures reflect projection, in case Biden Administration maintains that same pace of CO<sub>2</sub> reduction for '26-'30

# Markets & Drivers: LV growth

## Declining ICE volumes and accelerated growth for alternative powertrains

### IHS LV production forecast\*

In million units



Note: EV includes BEVs, BEVs with Rex & Fuel Cell Vehicles

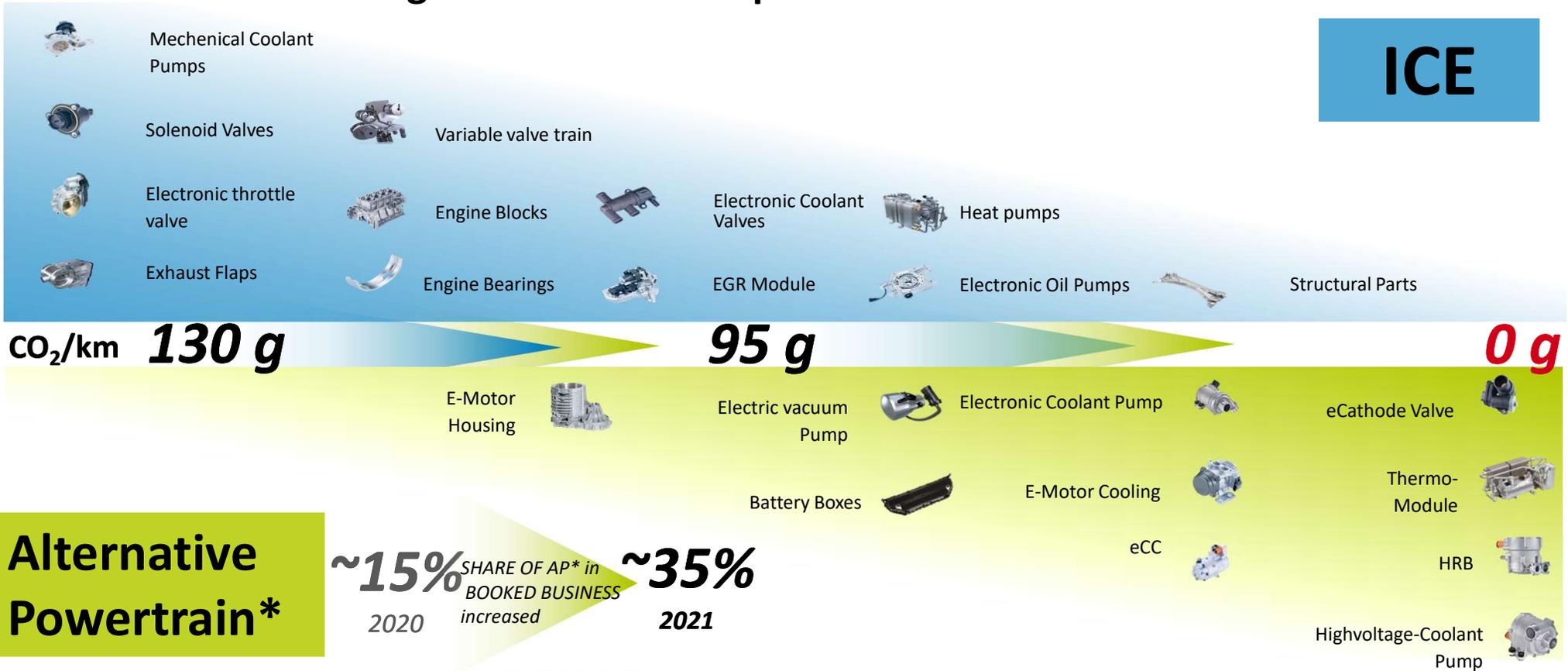
Source: IHS, Status 03/2022

Note: ICE includes Diesel, Diesel mild hybrid, Gasoline, Gasoline mild hybrid, CNG and LPG; AP includes the rest

# Markets & Drivers: Mobility market trends

## From combustion engine to alternative powertrain

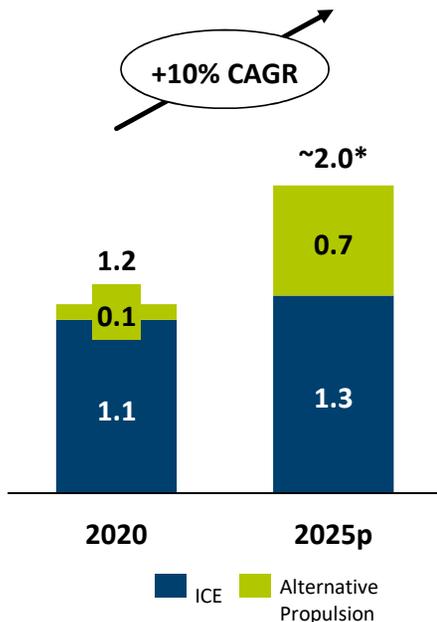
**ICE**



# Markets & Drivers: Sensors & Actuators Prepared for future growth

**Outperforming the market**

\* Estimated sales development in €bn



**Innovative solutions for clean mobility**

**Growth in alternative powertrains (AP)**

**Diversify into new applications**

## Growth catalysts

### 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

#### H<sub>2</sub> 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

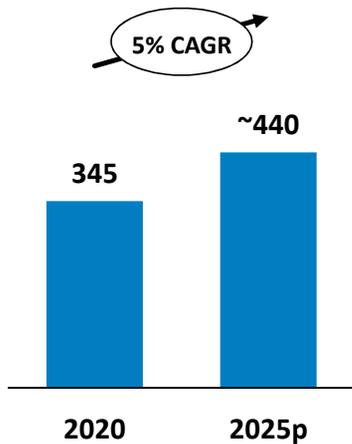
# Markets & Drivers: Materials and Trade

## Well positioned to capture growth opportunities

### Aftermarket

Sales in €m

Solid profitability

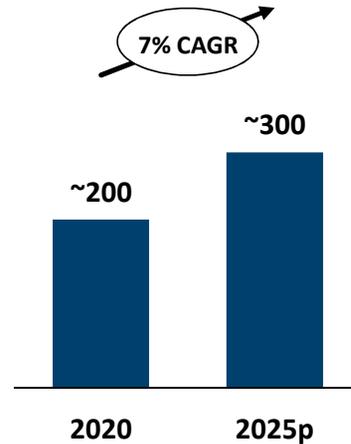


- Regional expansion
- Increase** truck exposure
- Sustainable margin >9%**

### Bearings

Sales in €m

Shift to non-ICE applications

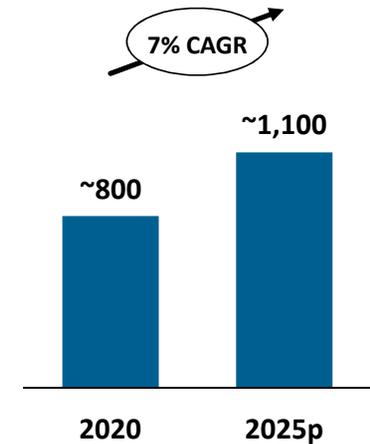


- Accelerate diversification
- Focus on industrials

### 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

### Materials and Trade

Permaglide bearings for truck compressors and truck hydraulics



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



Pressure regulating valves

Electrical bypass valves

Cylinder bore coating

### Sensors and Actuators

Hydraulic valves



Exhaust gas flaps



Variable valve Control

Coolant valves



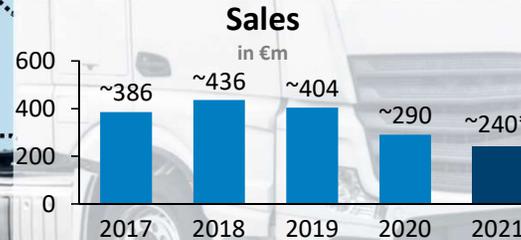
Electrical oil pumps



Auxiliary coolant pumps



Main coolant pumps



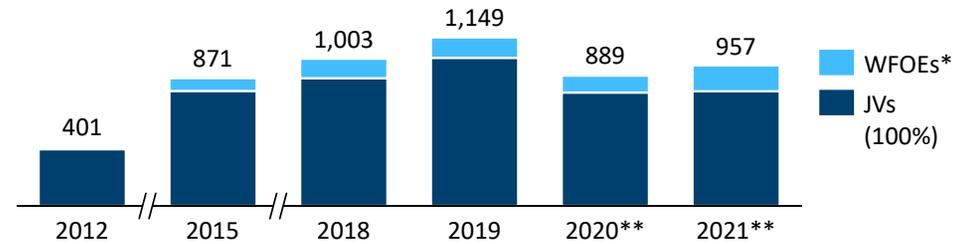
# Markets & Drivers: China

## Chinese operations geared towards growth

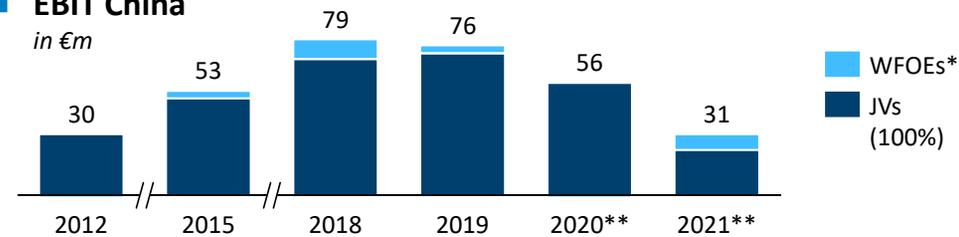
### Highlights

- 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 S+A division
- Strong demand for NEV products
- China Story on track: product pipeline supports growth ambitions
- Demand for Sensors and Actuators 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



### Products

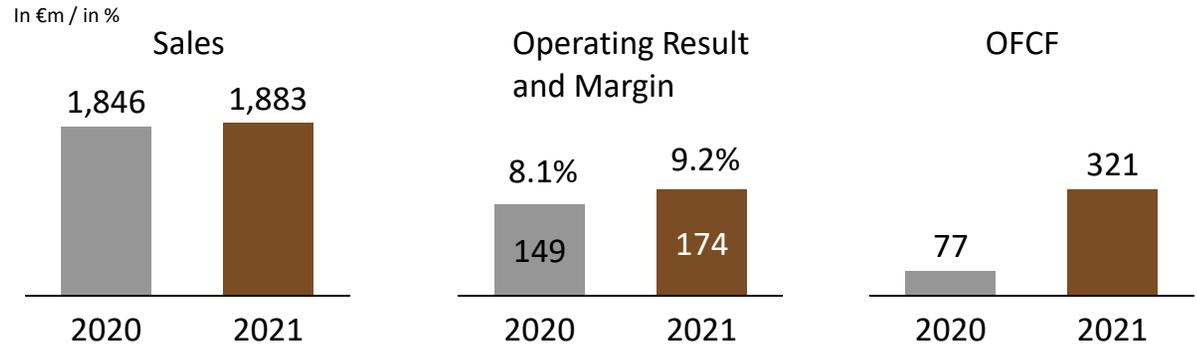


TACTICAL VEHICLES



LOGISTIC VEHICLES

### 2021 Results



### 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

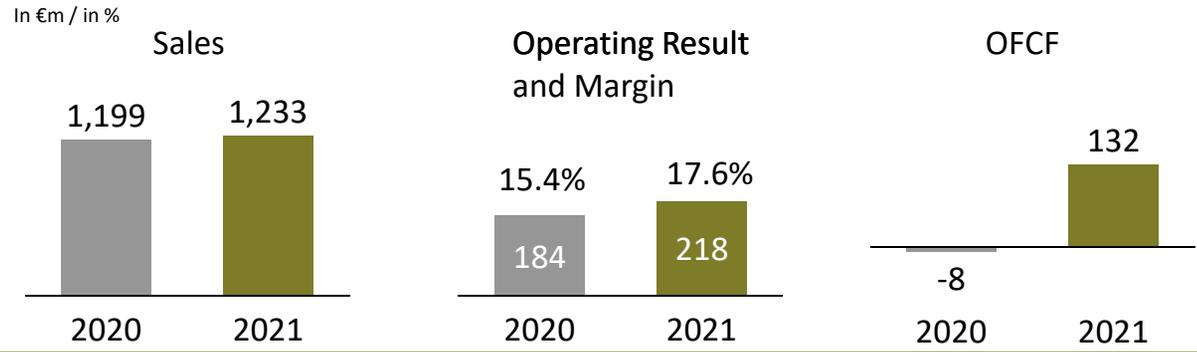
- Key supplier to the German forces
- Leading supplier for wheeled and tracked tactical vehicles

## Five divisions under one roof

### Division Overview: Weapon and Ammunition



#### 2021 Results



#### 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**  
Eurenco, Explosia, Milan B

##### Differentiators

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

##### Market position

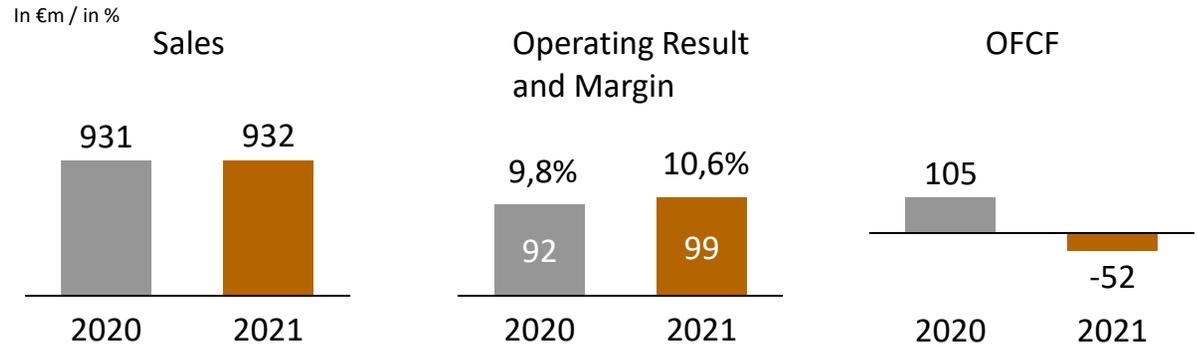
- Leading European supplier
- Global technology leader

# Five divisions under one roof

## Division Overview: Electronic Solutions



### 2021 Results



### 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

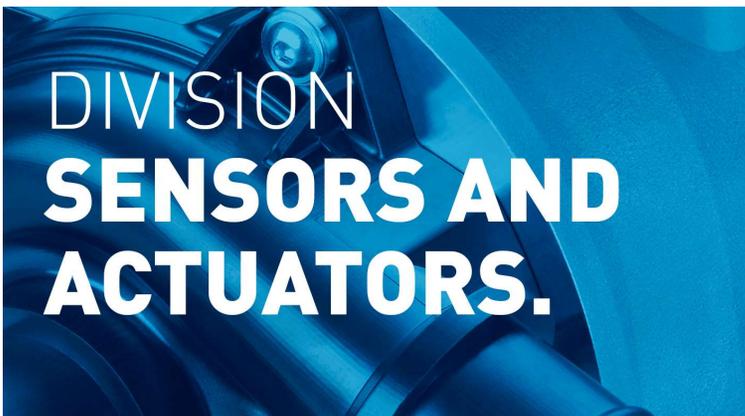
- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

#### Market position

- Leading European supplier

## Five divisions under one roof

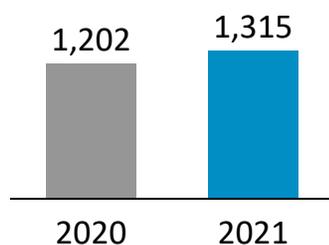
### Division Overview: Sensors and Actuators



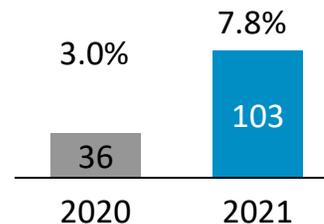
#### 2021 Results

In €m / in %

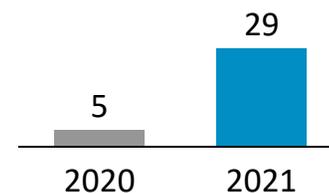
Sales



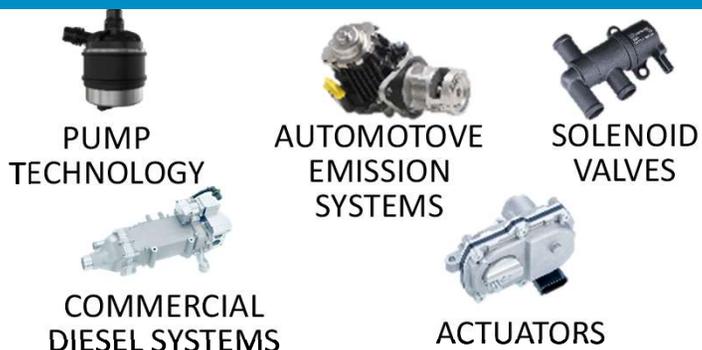
Operating Result and Margin



OFCF



#### Products



#### 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

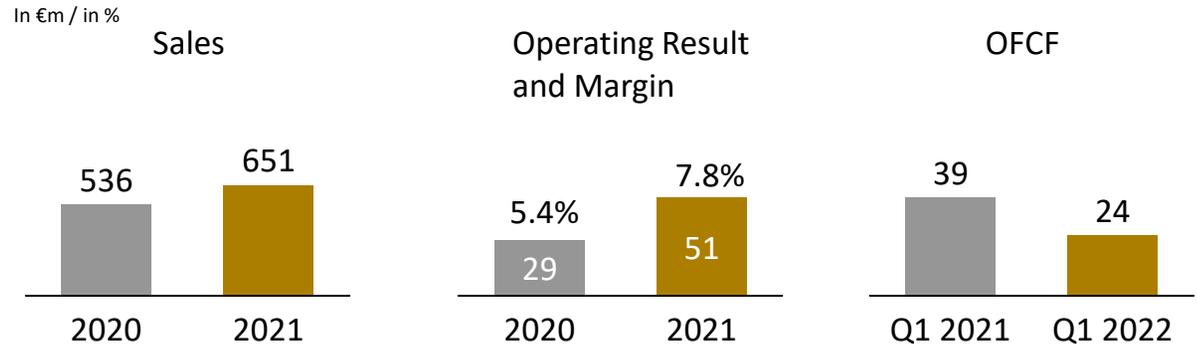
- Leading European Tier 1 supplier

# Five divisions under one roof

## Division Overview: Materials and Trade



### 2021 Results



### 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



# OUTLOOK

## Outlook

### Forecast uncertainties remain - but chances prevail

#### Topline

- + Ukrainian war offers additional business potential
- + Rising defence spending worldwide
- Negative impact from China lockdown
- OEM supply chains are negatively affected
- Continuous downward revision of LV production growth by IHS for 2022 from 8.5% in January to 4.4% in May\*

#### Input cost

- Raw material availability and increasing price inflation
- + Hedging of key raw materials and energies in place
- + Strict cost control measures remain

#### Q2 trading update

**Sales growth of 8%-10%**  
**Operating margin expected between 7.5% to 8.5%**

## Outlook

### 2022 Guidance confirmed

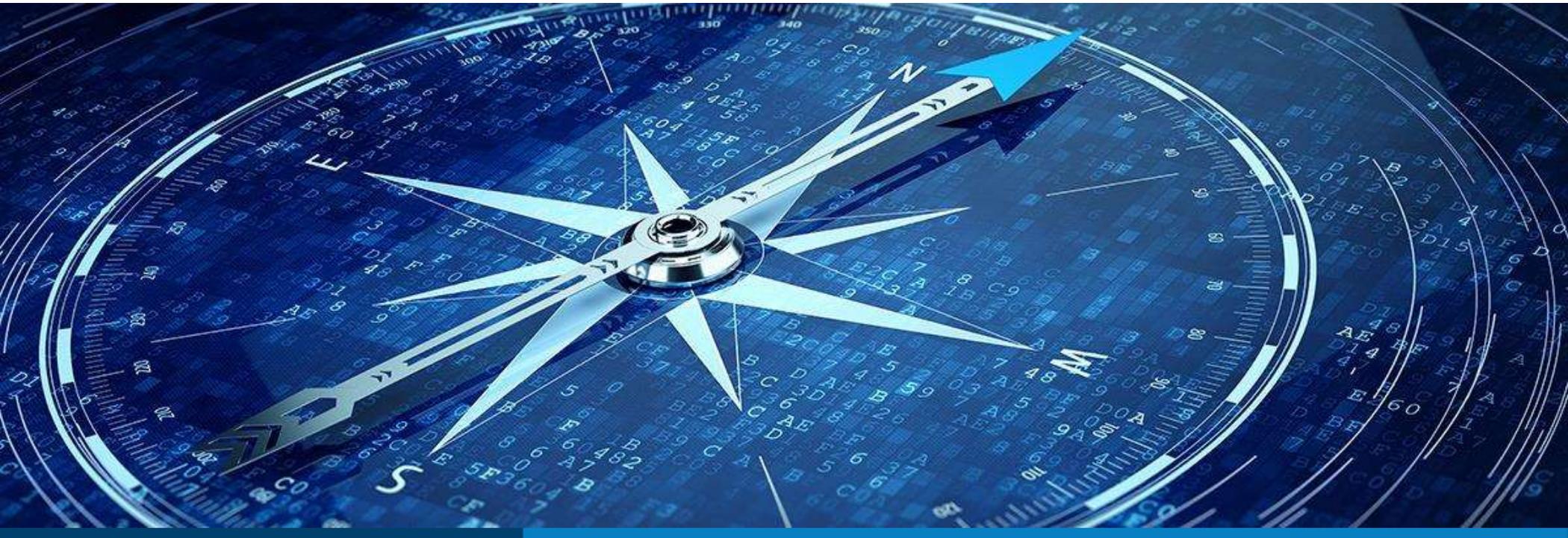
<b>Organic Sales Growth</b>	<b>15%-20%</b>
<b>Operating Margin</b>	<b>&gt;11%</b>

This growth forecast assumes that the German government's plans for possible procurements from the defense budget for 2022 and from the special assets to be created for the Bundeswehr will materialize as announced.

# Outlook

## Group - forecast business performance in 2022

		2022	2021
<b>Sales</b>			
Group	€ million	15% to 20%	5,658
Division Vehicle Systems	€ million	significantly improved	1,883
Division Weapon and Amunition	€ million	significantly improved	1,233
Division Electronic Solutions	€ million	significantly improved	932
Division Sensors and Actuators	€ million	slightly improved	1,315
Division Materials and Trade	€ million	slightly improved	651
<b>Operating result</b>			
Group	€ million	>11%	594
Division Vehicle Systems	percent	significantly improved	9
Division Weapon and Amunition	percent	at prior-year level	18
Division Electronic Solutions	percent	at prior-year level	11
Division Sensors and Actuators	percent	slightly improved	8
Division Materials and Trade	percent	slightly improved	8
<b>EBT</b>			
Group	€ million	above previous year	582
<b>ROCE</b>			
Group	percent	between 18% and 20%	pro forma* 19.3
<b>OFCF</b>			
Group	percent	between 3% and 5%	419



# FINANCIALS

## Q1 2022 Group Highlights

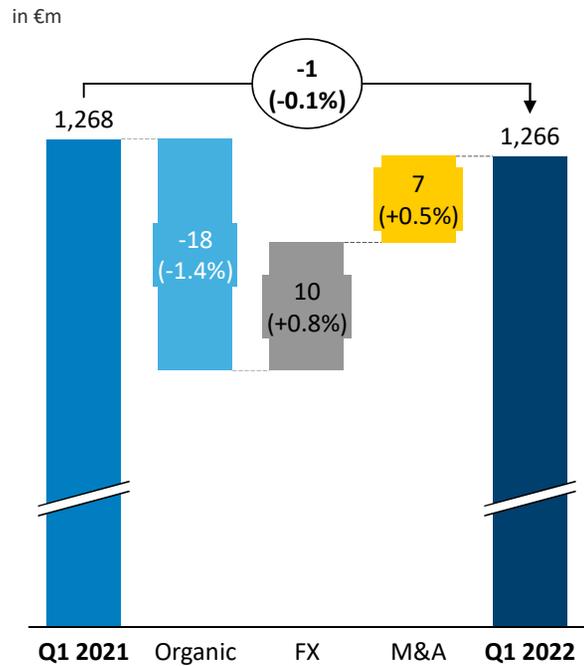
### Operating result and margin further improved

- Group sales at prior-year level of EUR 1,266 million
- Operating profit improved by 10% to EUR 92 million
- Operating margin of 7.3% significantly higher than prior-year figure of 6.7%
- Continued high order intake
- Full-year guidance 2022 confirmed

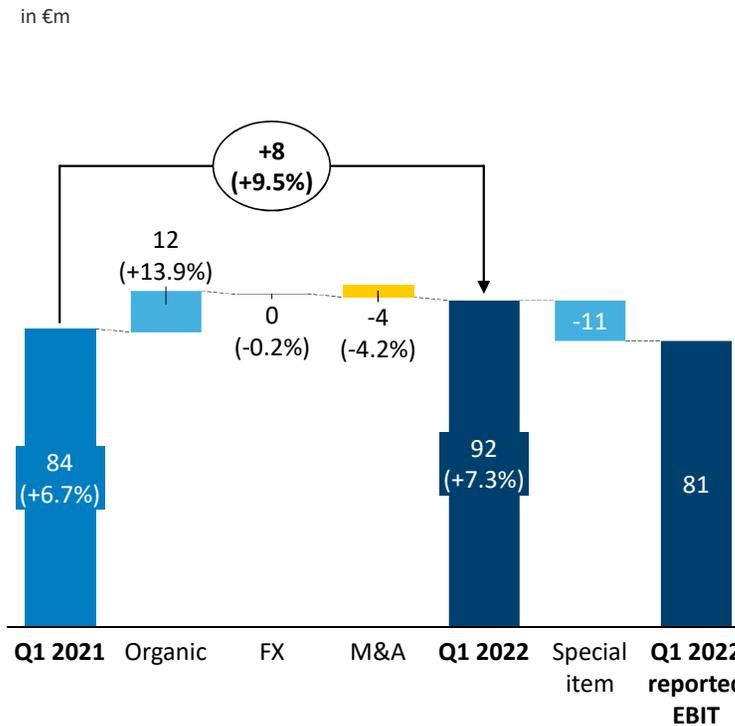
# Q1 2022 Group Highlights: Key financial data

## Stable sales development with further margin expansion

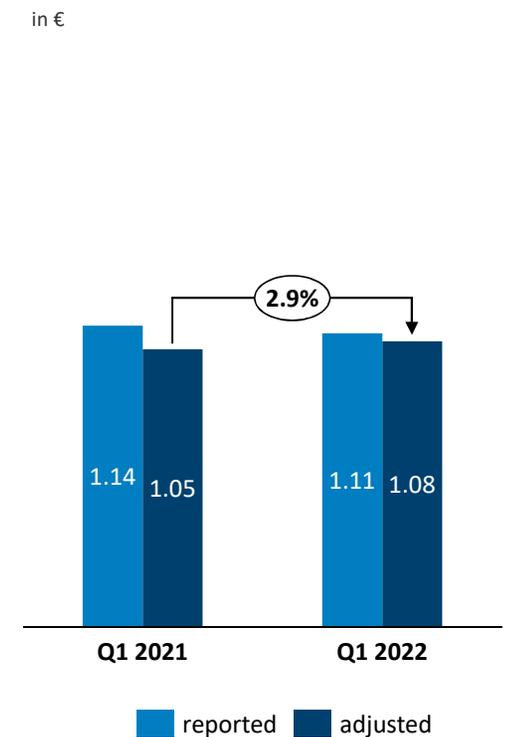
### Sales\*



### Operating result and margin in %\*

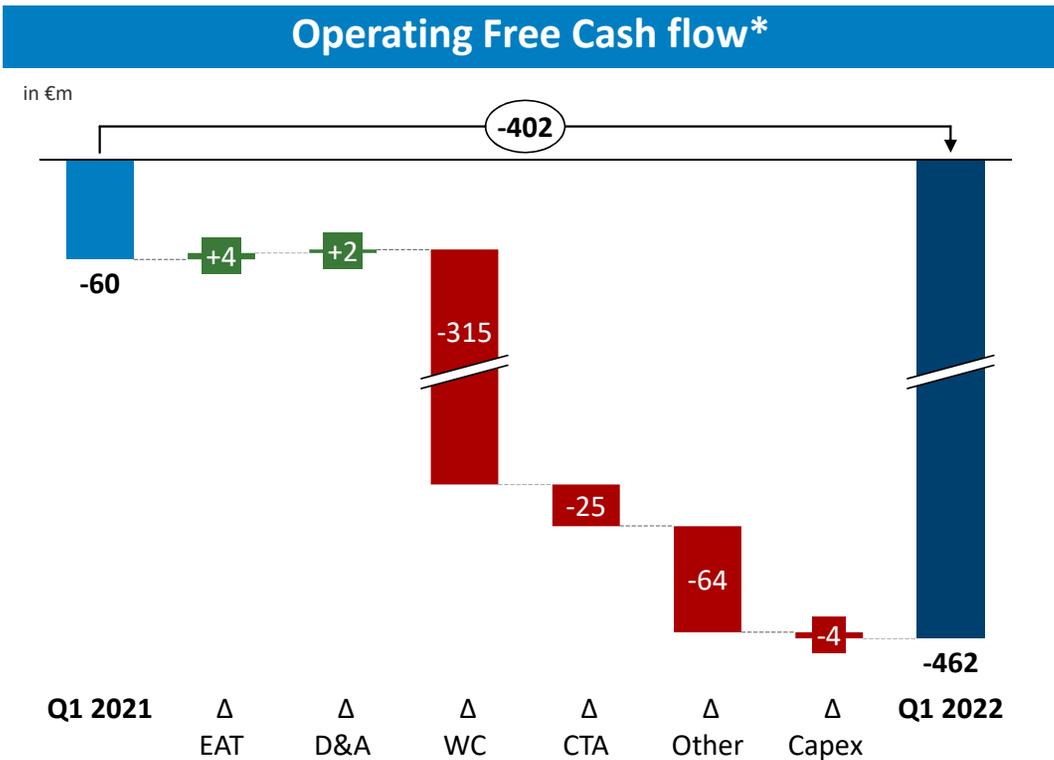


### Earnings per share



# Q1 2022 Group Highlights: Cash flow

## Strategic working capital build up held back cash development



### Highlights / Comments

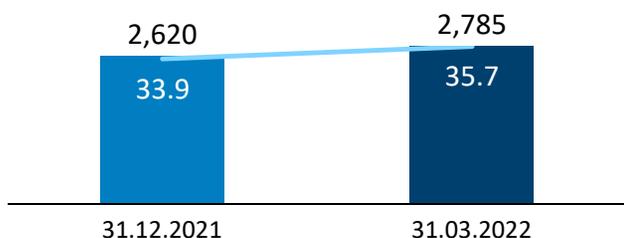
- Q1 2022 OFCF compares to the best first quarter ever in Q1 2021, which benefitted from high level of prepayments
- Strategic working capital build up to manage stressed supply chains and to prepare future growth
- Higher payment into the German CTA funding of € 50m compared to € 25m in Q1 2021

# Q1 2022 Group Highlights: Balance Sheet

## Solid financial situation rewarded by rating upgrade to Baa2, outlook stable

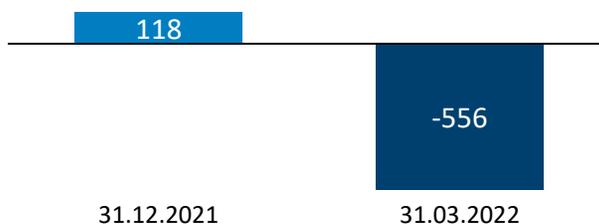
### Equity and Equity ratio

in % and €m — Equity ratio ■ Total equity



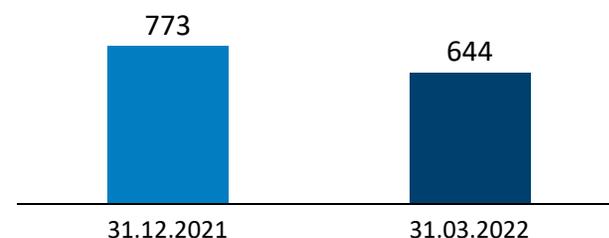
### Net financial position\*

In €m



### Pensions

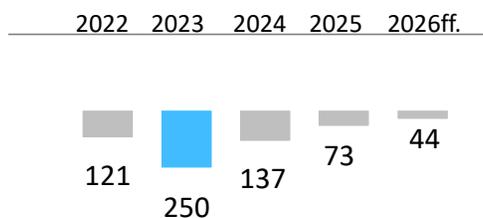
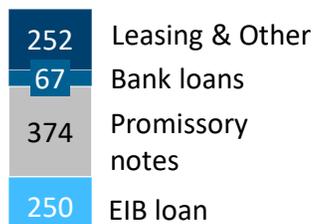
In €m



### Gross debt and maturity profile\*\*

in €m

Σ 943



31.03.2022

### Highlights / Comments

- Equity ratio further improved to 35.7%
- Moodys rating Upgrade on April 26th to Baa2, outlook stable
- Undrawn credit lines of €0.9bn per end of Q1
- Cash position of €387m and additional securities held for trade with a value of €148m per end of Q1

\* Financial liabilities less cash and cash equivalents

\*\* Maturity profile for instruments only

## Q1 2022 Division Highlights

### Weapon and Ammunition as well as Materials and Trade move group performance

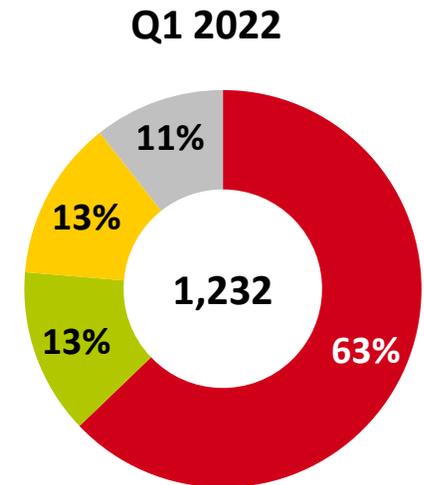
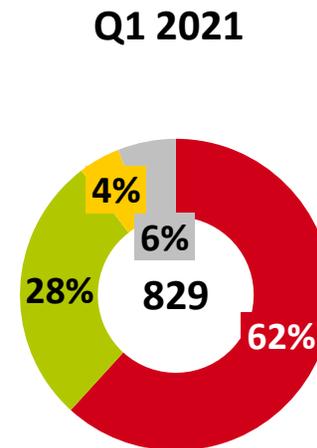
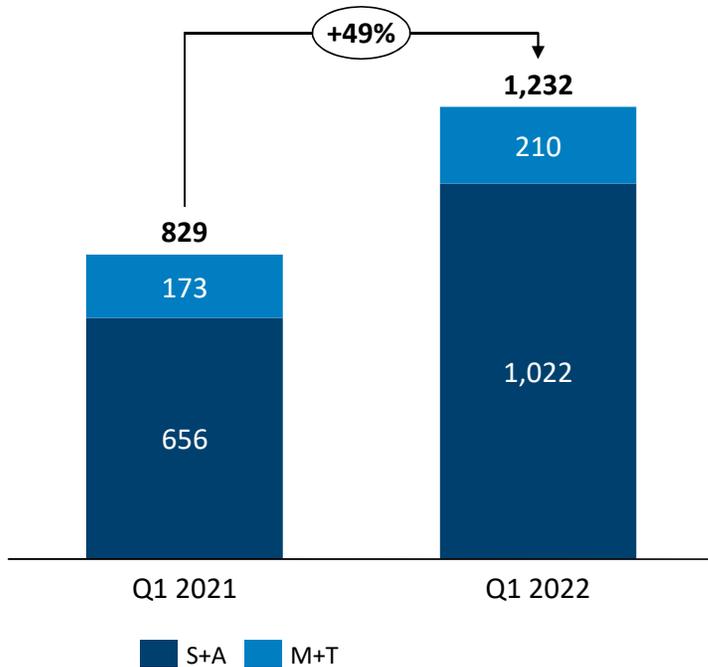
	Sales*			Operating Result*			Margin*		OFCF*		
	in €m			in €m			in %		in €m		
	Q1 2021	Q1 2022	Δ	Q1 2021	Q1 2022	Δ	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Δ
Vehicle Systems	409	400	-2.2%	25	29	+12.6%	6.2	7.2	88	-125	-213
Weapon and Ammunition	220	258	+17.0%	18	32	+74.6%	8.2	12.3	-56	-225	-168
Electronic Solutions	167	168	+0.3%	11	4	-64.9%	6.4	2.2	-90	-107	-18
Sensors and Actuators	372	347	-6.7%	28	26	-6.7%	7.5	7.5	-39	1	+39
Materials and Trade	160	190	+19.3%	14	16	+15.4%	8.7	8.4	-9	-20	-11
Consolidation	-61	-97		-11	-14				45	14	-31
<b>Rheinmetall Group</b>	1,268	1,266	-0.1%	84	92	+9.5%	6.7	7.3	-60	-462	-402

## Q1 2022 Markets & Drivers

# High demand for our civil products growths booked business by almost 50%

Booked business for Sensors + Actuators and Materials + Trade divisions

In €m



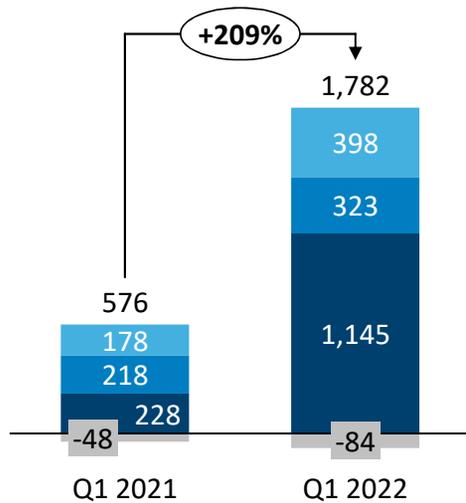
■ LV ICE 
 ■ Electrification 
 ■ Truck ICE 
 ■ Industrial Technology

# Q1 2022 Markets & Drivers

## Weapon and Ammunition contributes most to strong order intake

### Order intake\*

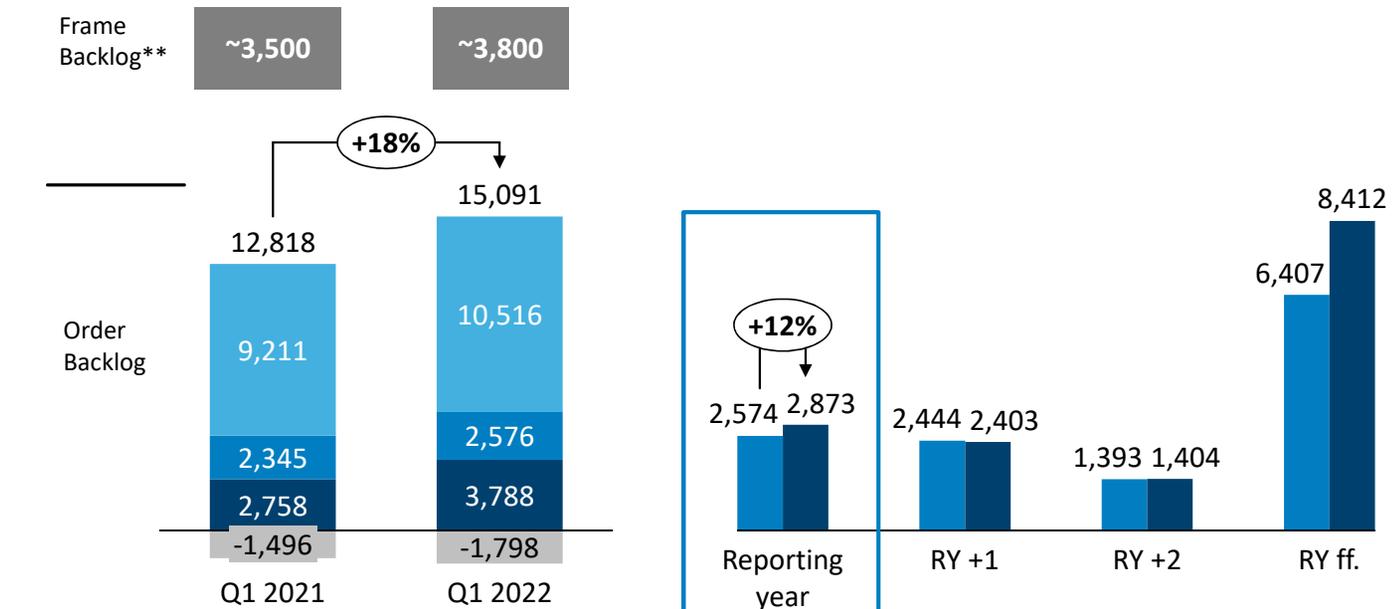
In €m



WA VS  
ES Consolidation

### Order Backlog Profile\*

In €m



WA VS  
ES Consolidation Frame backlog\*

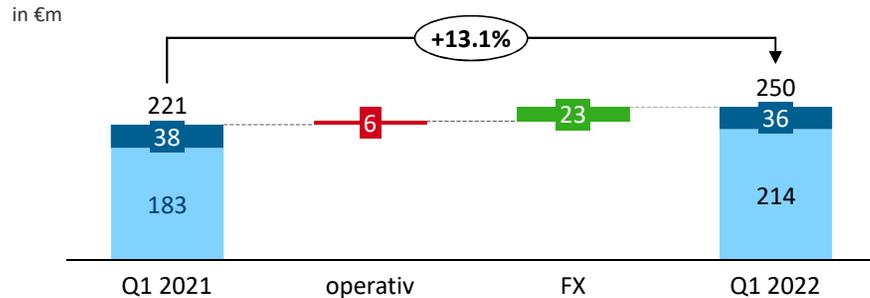
2021 2022

\* Order intake and Order Backlog Profile for divisions Weapon + Ammunition, Electronic Solutions and Vehicle Systems  
 \*\* Additional „Frame Backlog“ of ~€3.8bn including truck and ammunition framework agreements for the years 2022-30+

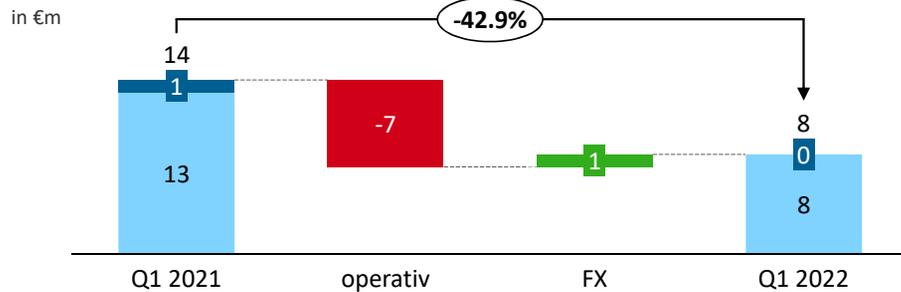
## Q1 2022 Markets & Drivers

# Material impact from Chinese lockdown expected to continue

### Sales\*



### EBIT\*



■ Wholly owned foreign enterprise ■ Joint Venture

### Chinese Market update

#### Current Situation:

- Shanghai area lockdown
- Areas close to Shanghai start short-term regional lockdowns and shutdowns
- Severe lockdown situation expected to extend until end of May or June

#### Status / Measures Rheinmetall China:

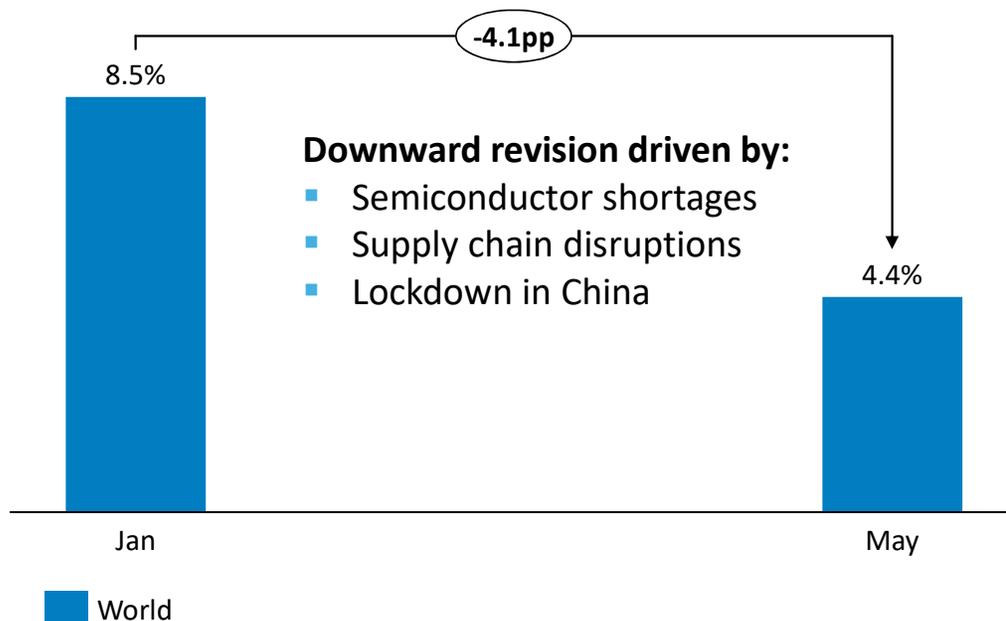
- Currently no employees severely impacted
- Employee food packages are being prepared as food supply remains key challenge
- Production activities materially reduced

# Market update

## Civil business facing challenging market situation

### 2022 Global LV Production growth forecast\*

in %



### 2022 Civil divisions expectations

- We are expecting to win nomination letters that will drive our booked business to around €3bn
- Sales estimated to slightly improve compared to 2021
- Operating result estimated to slightly improve compared to 2021



# 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

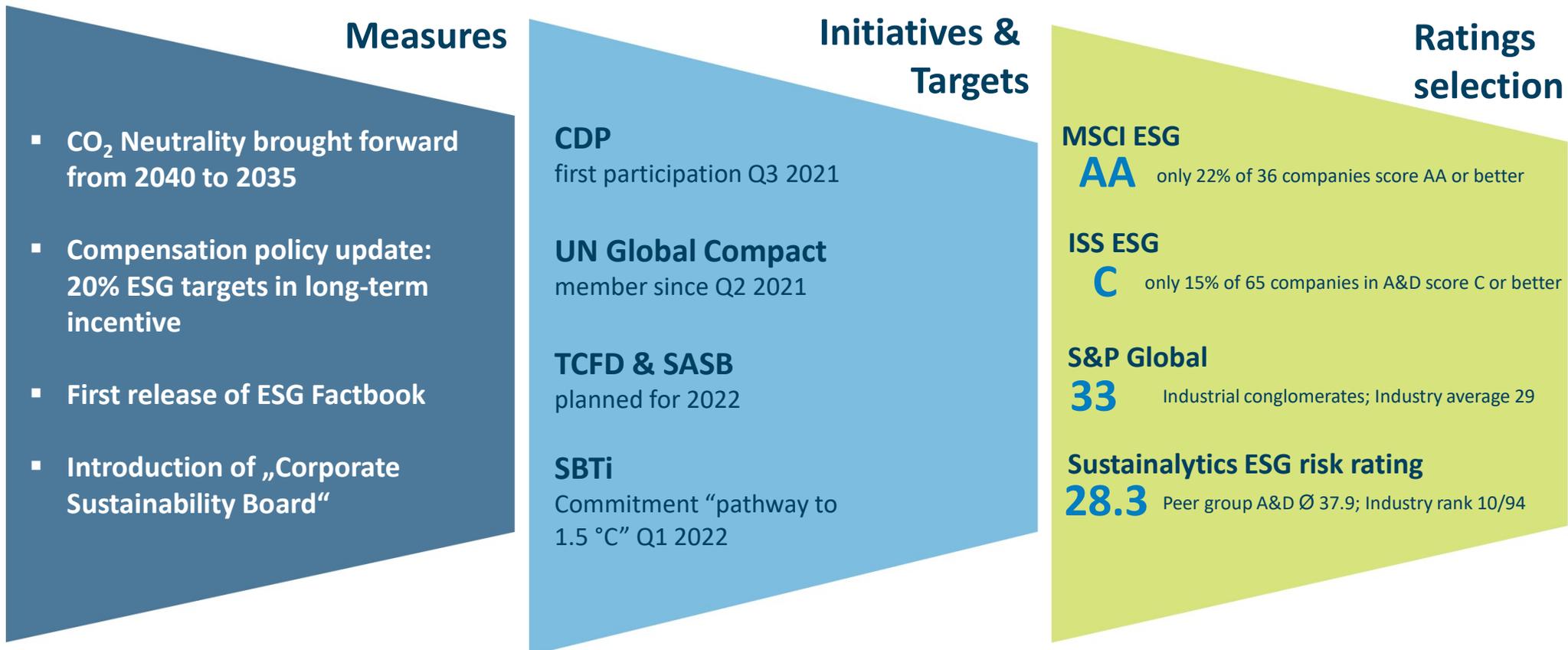
### NO controversial weapon production

- 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

### ESG is embedded in our strategy - Great strides recognized by improved ratings

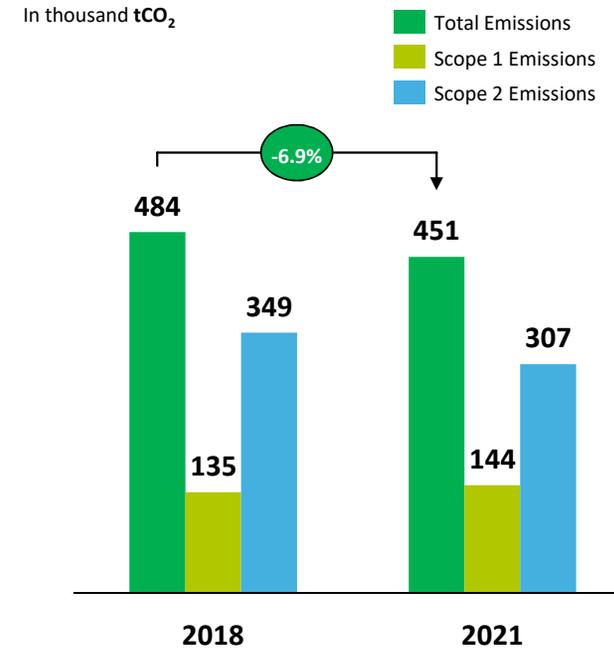


# Responsibility @ Rheinmetall

## Environmental goals

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

- Consistent energy management system well established; energy saving goals and use of renewable sources
- Reduction of CO<sub>2</sub> intensity 2018-2021 (tCO<sub>2</sub>/EUR m revenue) by ~7%
- 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

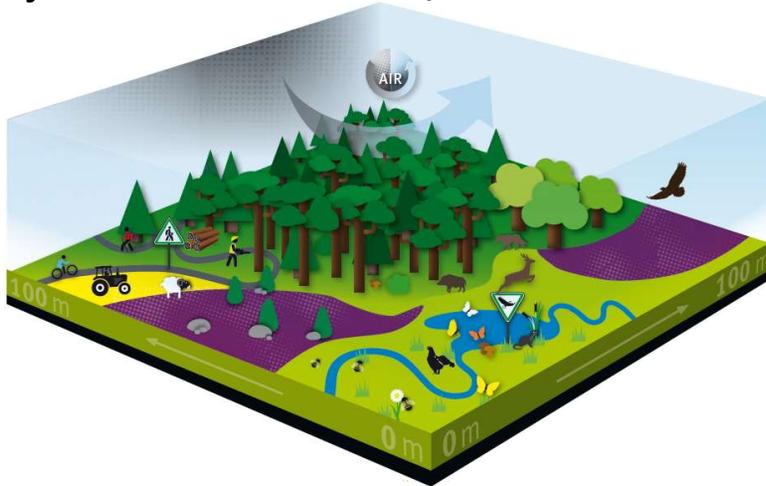


\* CO<sub>2</sub>neutrality aligned with Paris Agreement and determined in line with the Science Based Target Initiative

## 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 CO<sub>2</sub> capture/ha**  
3,300 ha forest bind 452,272t CO<sub>2</sub>
- **1,500 m<sup>3</sup> of groundwater formation/ha**
- **30t of O<sub>2</sub>/ha**  
One hectare of deciduous forest releases 15t oxygen a year; one hectare of coniferous forest releases 30t
- **Up to 50 m<sup>3</sup> filtering of soot and dust**
- **Around 150 m<sup>3</sup> of timber stock/ha**
- **1,500 m<sup>3</sup> 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) **6.5x**
- 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 CO<sub>2</sub> emission** for ICE
- **Signatory to UN Global Compact** (April 2021) with annual communication on progress (member of the early adopter program)
- 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

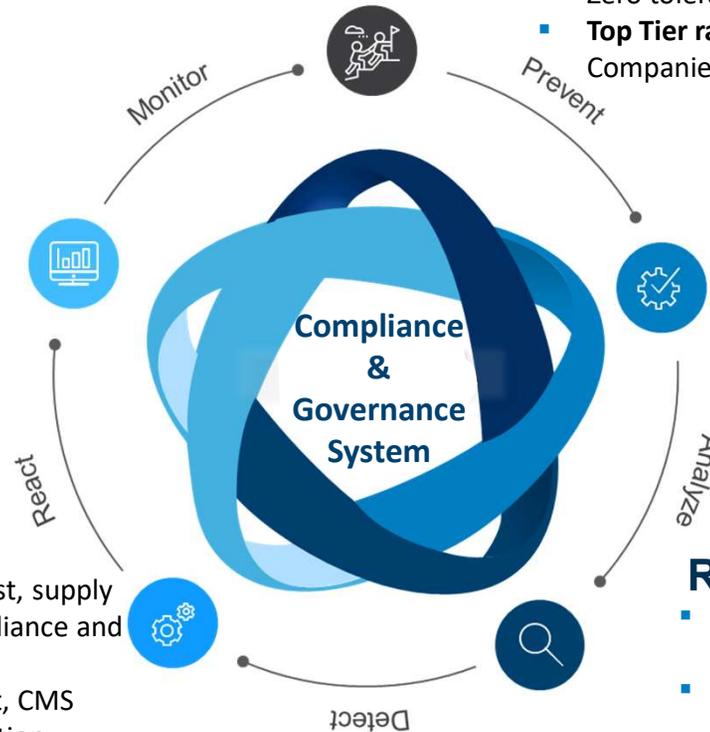
## Compliance & Governance System

### 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

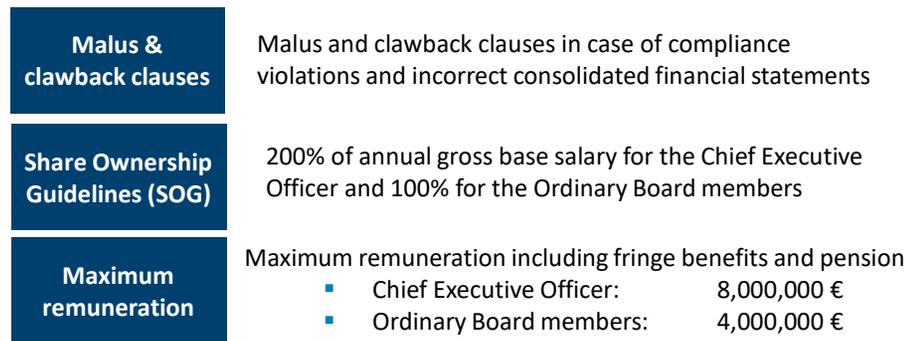
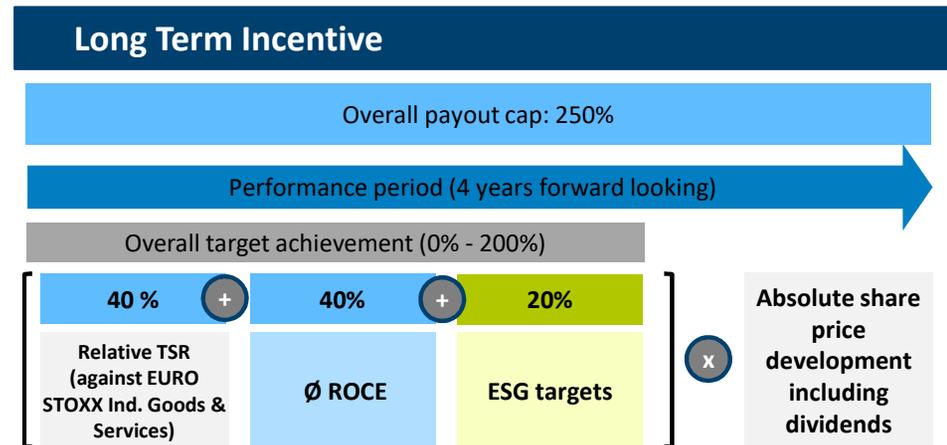
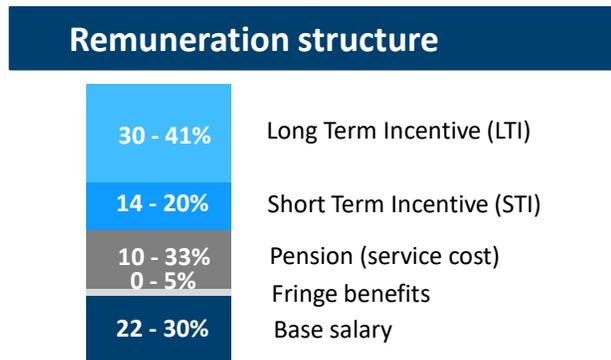
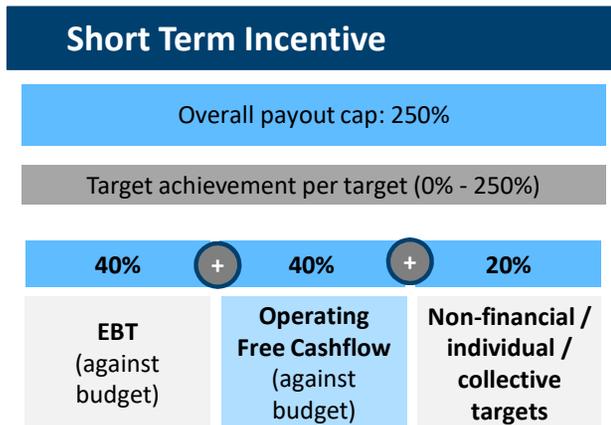
**72%**

w/o findings



# Responsibility @ Rheinmetall

## New Executive Board remuneration policy with 20% share ESG targets





# Appendix

## Capital allocation

### **Growth remains top priority**

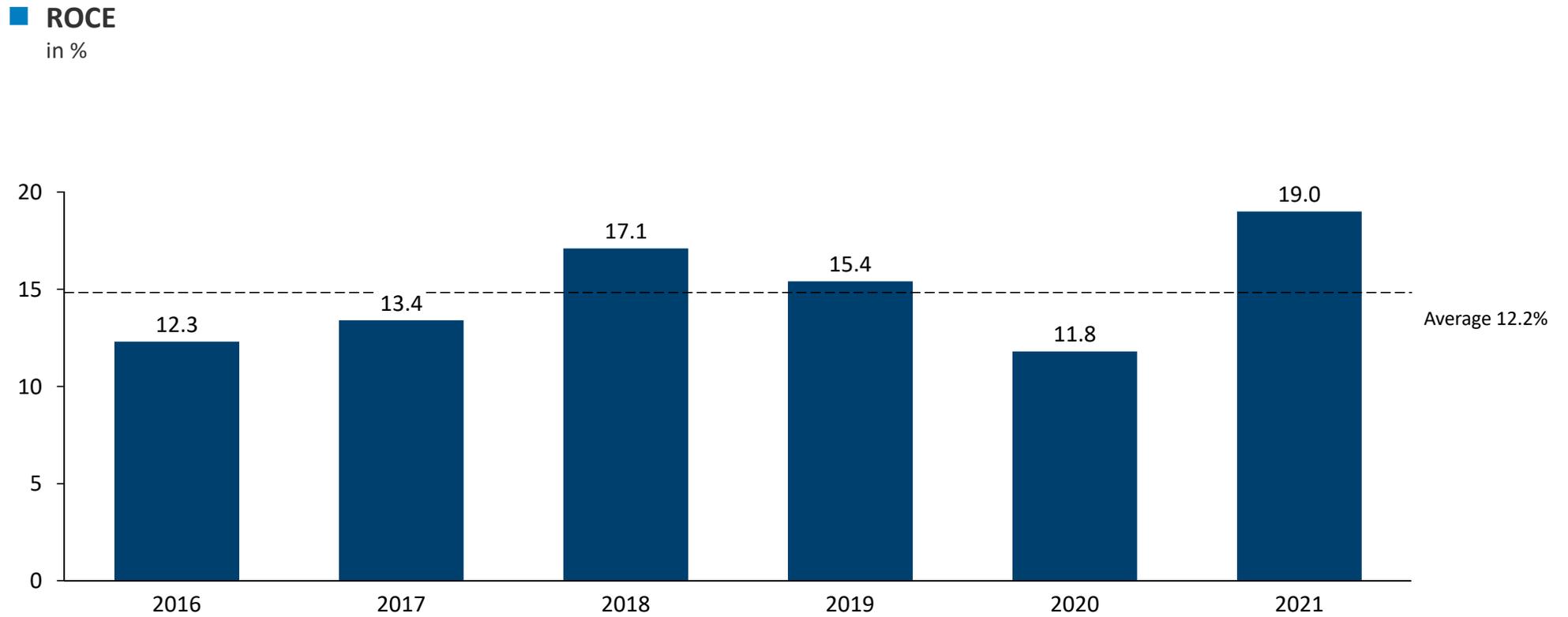
- 1 Funding of growth (organic and M&A)**
- 2 Dividend to shareholders (mid-term payout ratio 35-40%)**
- 3 Further funding of pensions via CTA (Germany, target level 50-60%)**
- 4 Share buyback (Currently not a priority)**

## FY 2021 Group Highlights

### Milestones in acquisition strategy

	<b>Zeppelin Mobile Systems</b>	<b>Drone manufacturer EMT</b>	<b>Polycharge</b>	<b>4iG 25.1% Stake</b>
	<p><b>+</b> Closing 12/2021</p> <ul style="list-style-type: none"> <li>Positioning further in a key international market</li> <li>Extend technological responsibility for key elements of networked, digital communications and intelligence for the armed forces</li> </ul>	<p><b>+</b> Closing 01/2022</p> <ul style="list-style-type: none"> <li>Digitization strategy</li> <li>Confirming our position as a reliable partner to the German armed forces</li> </ul>	<p><b>+</b> Closing 2022</p> <ul style="list-style-type: none"> <li>Electrification strategy</li> <li>Joint venture for the production, development and marketing of DC-Link capacitors</li> </ul>	<p><b>+</b> Closing 03/2022</p> <ul style="list-style-type: none"> <li>Digitization strategy</li> <li>Establishing a tech-hub for information technology and telecommunications in Central Europe</li> <li>JV is planned on technologies for digitizing the armed forces</li> </ul>
<b>Target 2025</b>	Sales p.a. <b>~€50m</b> Margin <b>10%-15%</b>	Sales p.a. <b>~€50m</b> Margin <b>10%-15%</b>	Sales p.a. <b>~€200m</b> Margin <b>~10%</b>	

## ROCE development



## Rheinmetall 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
	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
	Sales	5.602	5.896	6.148	6.255	5.875
<b>Income</b>	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
<b>CF statement</b>	Free cashflow from operations	161	276	-35	314	217
<b>Headcount</b>	Employees (Dec. 31) according to capacity	20.993	21.610	22.899	23.780	23.268

# Key Figures

## Key Figures

		2021	2020 <sup>1)</sup>	2019	2018	2017 <sup>2)</sup>
<b>SALES/EARNINGS</b>						
Sales	€million	5.658	5.405	6.255	6.148	5.896
Of which generated abroad	%	65,9	64,4	68,9	72,3	75,9
Operating result	€million	594	446	505	491	400
Operating margin	%	10,5	8,3	8,1	8,0	6,8
EBIT	€million	608	398	512	518	385
EBIT margin	%	10,8	7,4	8,2	8,4	6,5
EBT	€million	582	367	477	485	346
Earnings from continuing operations	€million	432	284	-	-	-
Earnings from discontinued operations	€million	(100)	(283)	-	-	-
Earnings after taxes	€million	332	1	354	354	252
Return on capital employed (ROCE) <sup>3)</sup>		19,0	11,8	15,4	17,1	13,8
<b>CASH FLOW</b>						
Cash flow from operating activities	€million	690	453	602	242	546
Cash flow from investments	€million	(271)	(237)	(288)	(277)	(270)
Operating free cash flow	€million	419	217	314	(35)	276
Of which continuing operations	€million	458	230	-	-	-
Of which discontinued operations	€million	(38)	(13)	-	-	-
<b>STATEMENT OF FINANCIAL POSITION (12/31)</b>						
Equity	€million	2.620	2.053	2.272	2.173	1.870
Total assets	€million	7.734	7.267	7.415	6.759	6.101
Equity ratio	%	33,9	28,2	30,6	32,1	30,7
Cash and cash equivalents	€million	1.039	1.027	920	724	757
Total assets less cash and cash equivalents	€million	6.695	6.240	6.496	6.035	5.344
Net financial debt (-)/Net liquidity (+) <sup>4)</sup>	€million	18	4	(52)	(30)	230
<b>HUMAN RESOURCES (12/31)</b>						
Germany	FTE	11.979	11.592	11.587	11.077	10.394
Foreign	FTE	11.966	11.675	12.193	11.822	11.216
Rheinmetall Group	FTE	23.945	23.268	23.780	22.899	21.610
Of which continuing operations	FTE	20.185	19.500	-	-	-
Of which discontinued operations	FTE	3.760	3.768	-	-	-

# Balance Sheet

In € m	12/31/2021	12/31/2020		12/31/2021	12/31/2020
<b>Assets</b>			<b>Equity and liabilities</b>		
Goodwill	481	476	Share capital	112	112
Other intangible assets	287	240	Capital reserves	561	556
Right-of-use assets	214	233	Retained earnings	1.755	1.233
Property, plant and equipment	1.056	1.132	Treasury shares	(9)	(13)
Investment property	30	39	<b>Rheinmetall AG shareholders' equity</b>	<b>2.418</b>	<b>1.888</b>
Investments accounted for using the equity method	201	288	Non-controlling interests	203	165
Other non-current assets	337	272	<b>Equity</b>	<b>2.620</b>	<b>2.053</b>
Deferred taxes	147	249			
<b>Non-current assets</b>	<b>2.752</b>	<b>2.928</b>	Provisions for pensions and similar obligations	773	1.177
			Other non-current provisions	210	191
Inventories	1.651	1.573	Non-current financial debt	706	873
Contract asset	408	352	Other non-current liabilities	45	82
Trade receivables	1.164	1.170	Deferred taxes	38	4
Other current assets	213	192	<b>Non-current liabilities</b>	<b>1.772</b>	<b>2.326</b>
Income tax receivables	11	24			
Securities held for trade	162	-	Other current provisions	677	796
Cash and cash equivalents	1.039	1.027	Current financial debt	215	150
Assets held for sale	334	-	Contract liability	1.111	968
<b>Current assets</b>	<b>4.982</b>	<b>4.339</b>	Trade liabilities	809	700
<b>Total assets</b>	<b>7.734</b>	<b>7.267</b>	Other current liabilities	196	198
			Income tax liabilities	87	76
			Liabilities directly related to assets held for sale	246	-
			<b>Current liabilities</b>	<b>3.341</b>	<b>2.888</b>
			<b>Total equity and liabilities</b>	<b>7.734</b>	<b>7.267</b>

# Income Statement

In € m	2021	2020
Sales	5.658	5.405
Changes in inventories and work performed by the enterprise and capitalized	117	142
<b>Total operating performance</b>	<b>5.775</b>	<b>5.547</b>
Other operating income	134	114
Cost of materials	2.745	2.792
Staff costs	1.643	1.537
Amortization, depreciation and impairment	251	282
Other operating expenses	656	642
Income from investments accounted for using the equity method	11	13
Other net financial income	(17)	(24)
<b>Earnings before interest and taxes (EBIT)</b>	<b>608</b>	<b>398</b>
Interest income	4	9
Interest expenses	31	40
<b>Earnings before taxes (EBT)</b>	<b>582</b>	<b>367</b>
Income taxes	(150)	(83)
Earnings from continuing operations	432	284
Earnings from discontinued operations	(100)	(283)
<b>Earnings after taxes</b>	<b>332</b>	<b>1</b>
Of which:		
<i>Non-controlling interests</i>	41	27
<i>Rheinmetall AG shareholders</i>	291	(27)
<b>Earnings per share</b>	<b>€ 6,72</b>	<b>€ (0,62)</b>
Earnings per share from continuing operations	€ 9,04	€ 5,93
Earnings per share from discontinued operations	€ (2,32)	€ (6,55)

# Cashflow Statement

In € m	2021	2020
Earnings after taxes	332	1
Amortization, depreciation and impairment	254	303
Impairment of non-current assets of discontinued operations	91	254
Allocation of CTA assets to secure pension and partial retirement obligations	(35)	(42)
Other changes in pension provisions	(17)	(4)
Income from disposals of non-current assets	0	(6)
Changes in other provisions	(51)	88
Changes in working capital	22	(119)
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	63	(28)
Pro rata income from investments accounted for using the equity method	(15)	(10)
Dividends received from investments accounted for using the equity method	30	21
Other non-cash expenses and income	16	(5)
<b>Cash flow from operating activities <sup>1)</sup></b>	<b>690</b>	<b>453</b>
<i>of which continuing operations</i>	705	443
<i>of which discontinued operations</i>	(14)	10
<b>Cash flow from investing activities</b>	<b>(462)</b>	<b>(188)</b>
<i>of which continuing operations</i>	(438)	(165)
<i>of which discontinued operations</i>	(24)	(22)
<b>Cash flow from financing activities</b>	<b>(202)</b>	<b>(148)</b>
<i>of which continuing operations</i>	(300)	(163)
<i>of which discontinued operations</i>	98	15
<b>Changes in cash and cash equivalents</b>	<b>27</b>	<b>117</b>
Changes in cash and cash equivalents due to exchange rates	4	(10)
<b>Total change in cash and cash equivalents</b>	<b>30</b>	<b>108</b>
Opening cash and cash equivalents January 1	1.027	920
Closing cash and cash equivalents December 31	1.058	1.027
Closing cash and cash equivalents December 31 from discontinued operations	19	-
<b>Closing cash and cash equivalents according to consolidated balance sheet December 30</b>	<b>1.039</b>	<b>1.027</b>

## Next events and IR contacts

### Next Events

UBS, Best of Europe, virtual	17 May 2022
Deutsche Bank, db Access German Corporate, Frankfurt	24/25 May 2022
M.M. Warburg, Warburg Highlights, Hamburg	24 June 2022
Stifel, London Cross Sector Insight Conference, London	8 September 2022
Berenberg and Goldman Sachs, German Corporate Conference	21 September 2022
Baader Investment Conference, Munich	22 September 2022
Annual General Meeting	10 May 2022
Q2 Earnings call	05 August 2022
Q3 Earnings call	10 November 2022

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### Quick link to documents

[Corporate Presentation](#)  
(link)



[Interim Report](#)  
(link)



[Annual Report](#)  
(link)



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