



**TECHNOLOGIES FOR MOBILITY.
TECHNOLOGIES FOR SECURITY.
PASSION FOR BOTH.**



MOBILITY. SECURITY. **PASSION.**



Corporate Presentation

Rheinmetall AG, August 2017



Corporate Presentation: **Rheinmetall** at a glance

Rheinmetall Group: Serving the need for mobility and security

Key Performance Indicators

■ Sales	€5,602m
■ EBIT	€353m
■ Operating FCF	€161m
■ EPS	€4.69
■ Headcount	20,993 (FTE)



Strategy roadmap

- Organic growth
- Internationality expansion
- Leading by innovations
- Targeted acquisitions



FTE: Full time employees

Rheinmetall Group: Products and divisions



Automotive



Defence

Focus: Engine efficiency, NO_x- and CO₂ - reduction

- **Mechatronics:** Provider of cleaning technologies like exhaust gas recirculation
- **Hardparts:** Casting products like pistons, engine blocks and structural parts
- **Aftermarket:** Supporting repair shops with a comprehensive assortment of spare parts

- Risk balanced structure based on >125 years of enterprise history
- Clear management focus: growth and profitability
- Both segments on right performance track

Established long term supplier of ground force equipment

- **Vehicle Systems:** Successful formation of a military vehicle producer with wide product range
- **Weapon & Ammunition:** International market leader position
- **Electronic Solutions:** Strong product basis for electronic and IT based equipment

Rheinmetall Group: Business Model

- Rising individual mobility
- Regulatory push for cleaner cars



- **Tier 1 supplier** of OEMs
- **Expansion in global markets** based on high-tech products
- **Focus on combustion engines** with chances for hybrid and e-engines
- Strong pillar through **non-LV business**

Market drivers

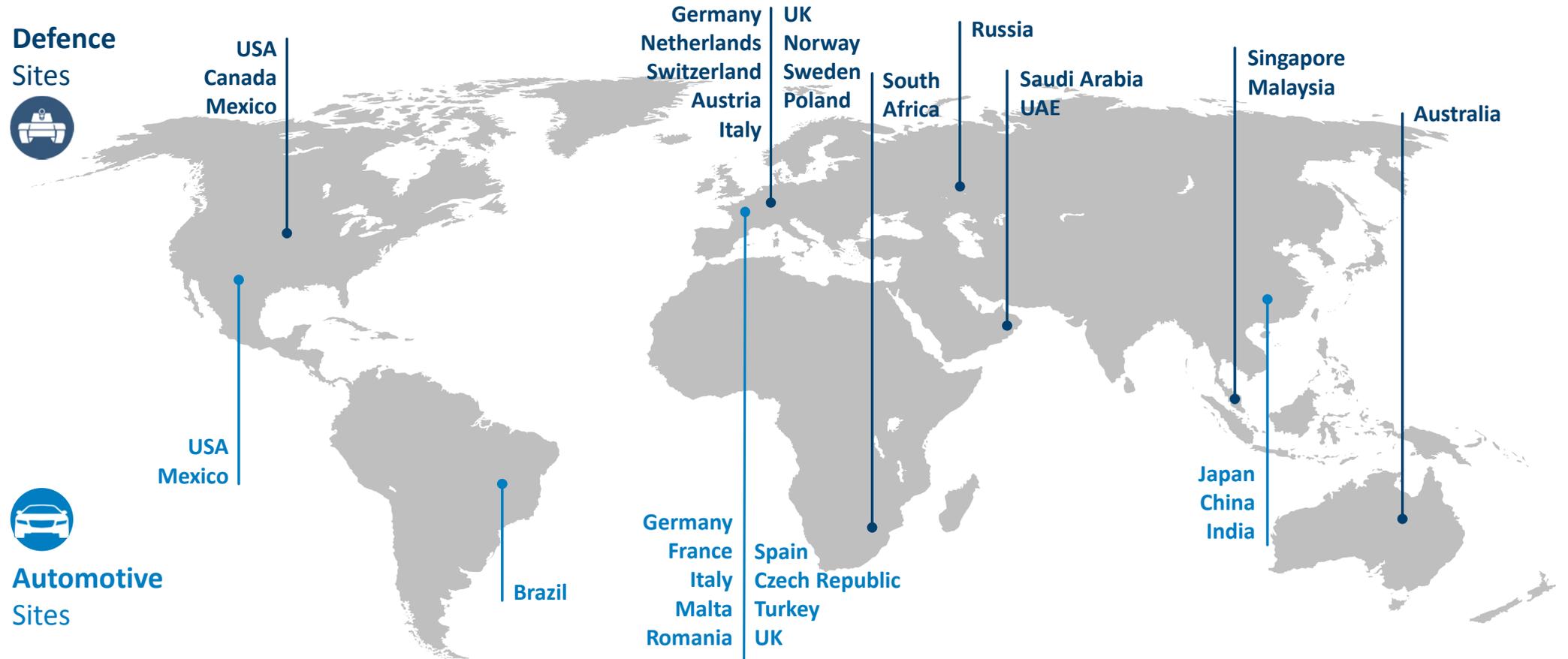
- Increased number of conflicts and threats
- Higher defence spending

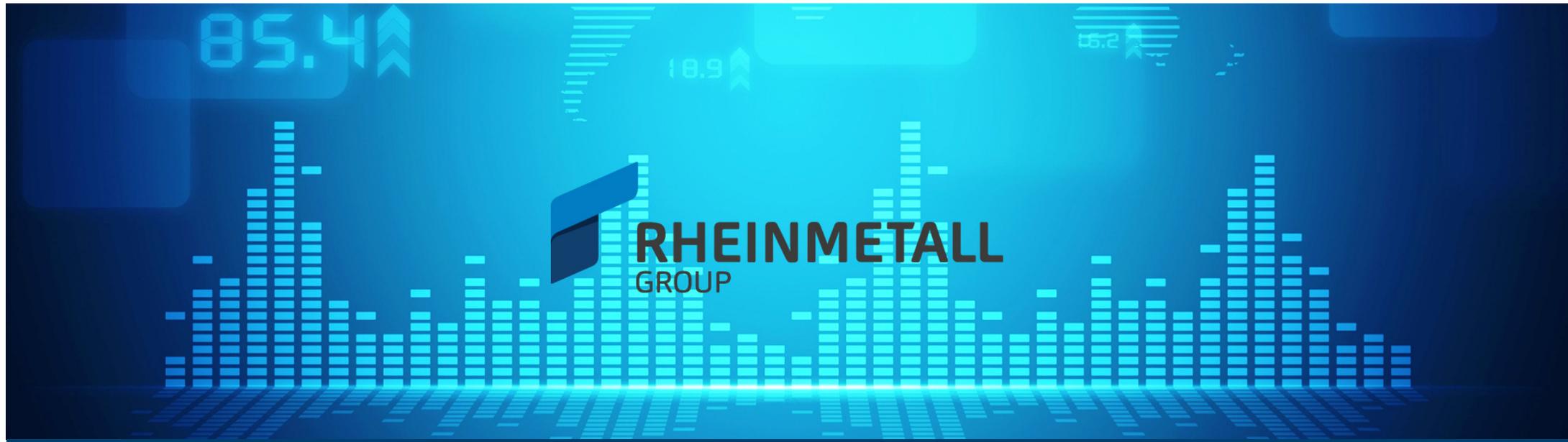


Business model

- **Leading provider** of innovative products primarily to ground forces
- **High order potential** in home markets
- **Internationalization** by cooperation

Rheinmetall Group: More than 100 production sites and offices on all continents





Corporate Presentation: Rheinmetall Group Q2 2017

Highlights Rheinmetall Group Q2 2017

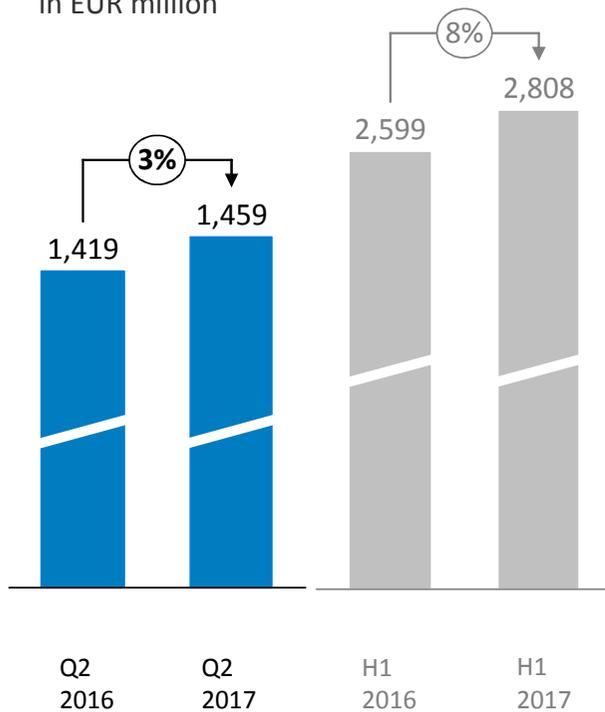
Guidance raised upon another good quarter and positive outlook



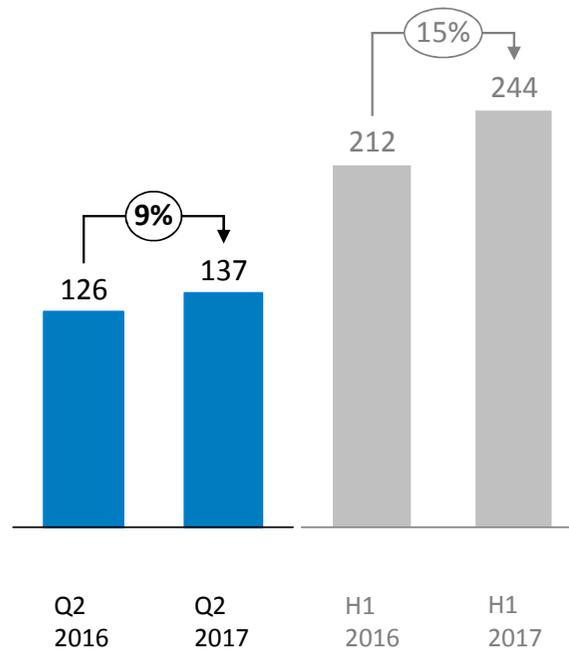
- **Sales** increased by 3% to **€1.459 bn** or 2% currency adjusted
- **Operating result** moved up on margin improvement by 17% to **€84 m**
- **Positive cash flow development** continues
- **Outlook raised** on excellent Automotive performance
- Release of first **CSR report**

Earnings benefit from good leverage

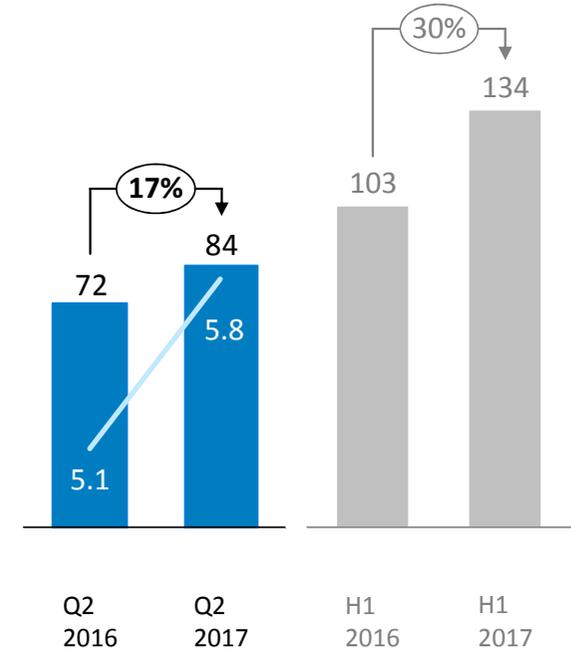
■ **Sales**
in EUR million



■ **EBITDA**
in EUR million

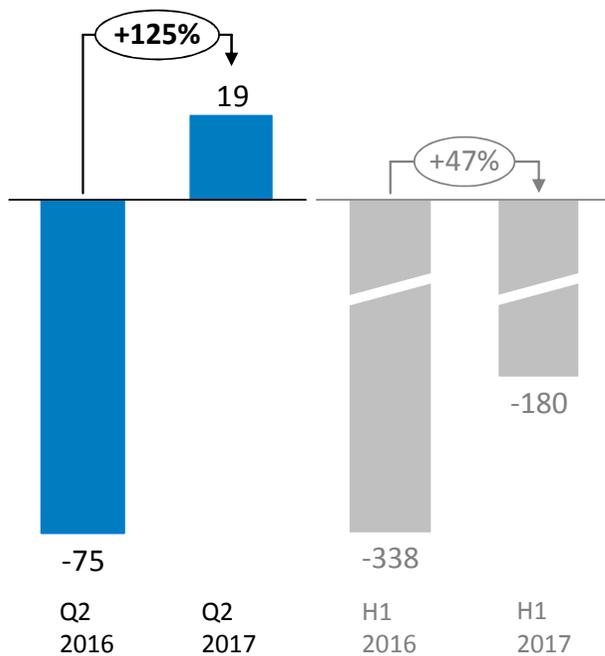


■ **Operational result** in EUR million
Operational margin in %

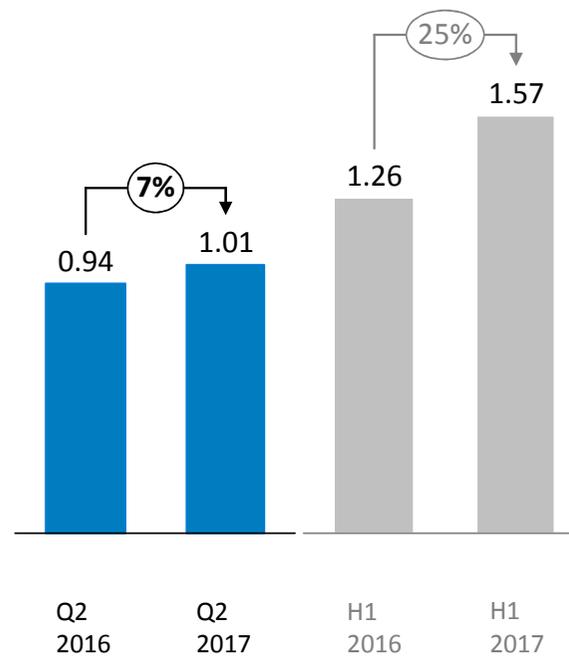


Q2 with continued cash flow improvement

Operating Free Cash Flow
in EUR million



Earnings per share
in EUR million



Headcount
in capacities



Working capital reduction main driver for free cash flow

Operating free cash flow development

in EUR million



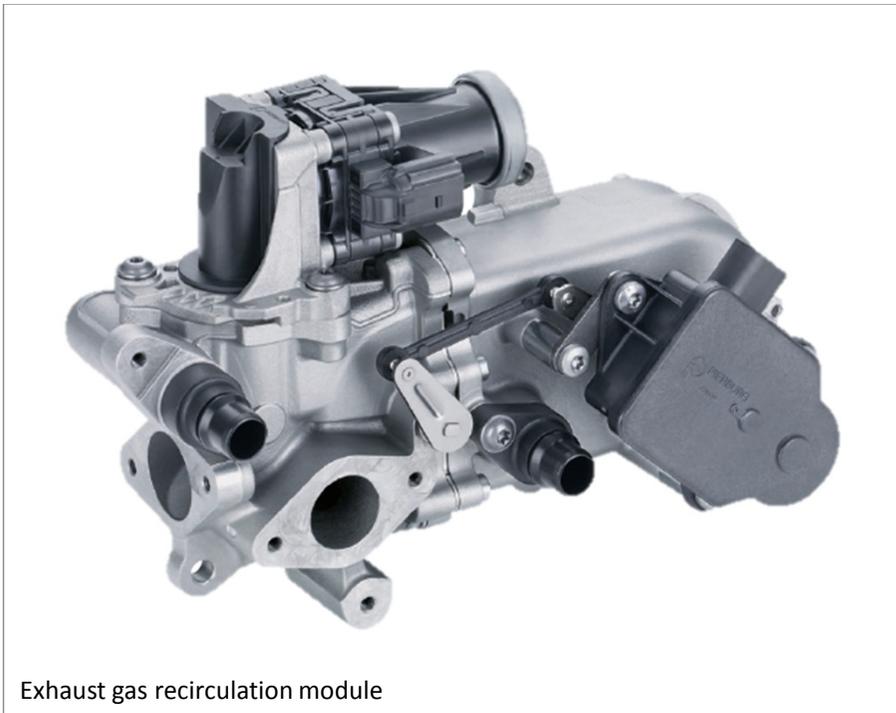
Main Drivers

y-o-y comparison

- Earnings after tax increased by €10 m
- Working capital reduction of €94 m mainly on Defence prepayments
- Others includes change of provisions and other non-cash expenses
- Lower capex of €10 m in both sectors

Highlights Rheinmetall Automotive Q2 2017

Solid outperformance of a flat market



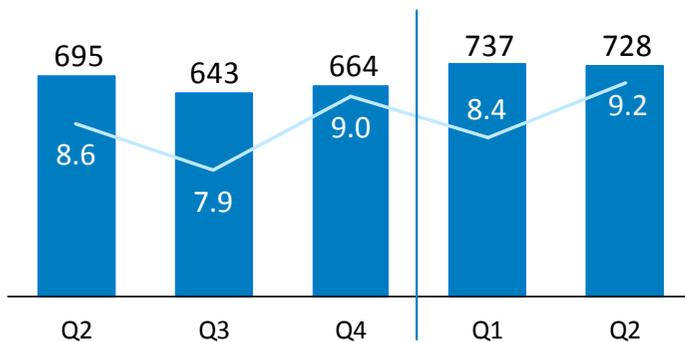
- Sales rose by 5% to €728 m, FX adjusted 4%
- Operating result grew by 12% to **€67 m**
- Operating margin increased by 0.6pp to **9.2%**
- Free cash flow improved in Q2 by €18 m to €69 m

Rheinmetall Automotive

Highly profitable sales growth with good cash generation

in EUR million	Q2 2016	Q2 2017	Δ %	H1 2016	H1 2017	Δ %
Sales	695	728	4.7%	1,349	1,465	8.6%
Operating result	60	67	11.7%	112	129	15.2%
Operating margin in %	8.6	9.2	0.6pp	8.3	8.8	0.5pp
Operating Free Cash Flow	51	69	35.3%	- 88	- 49	44.3%
Operating FCF / Sales in %	7.3	9.5	2.2pp	- 6.5	- 3.3	3.2pp

Quarterly sales and margins development



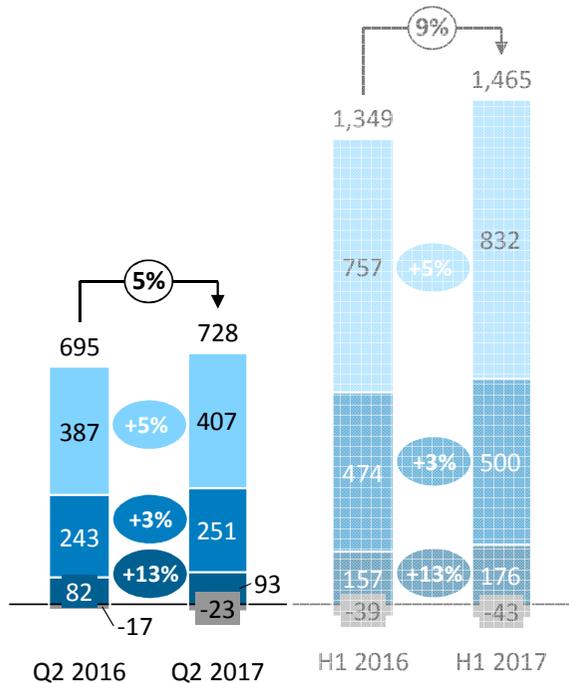
Comments on quarterly performance

- Sales benefitted from positive developments across the divisions
- Increased share of high margin products in all divisions
- OFCF improved by 35%

Mechatronics driven by positive mix development

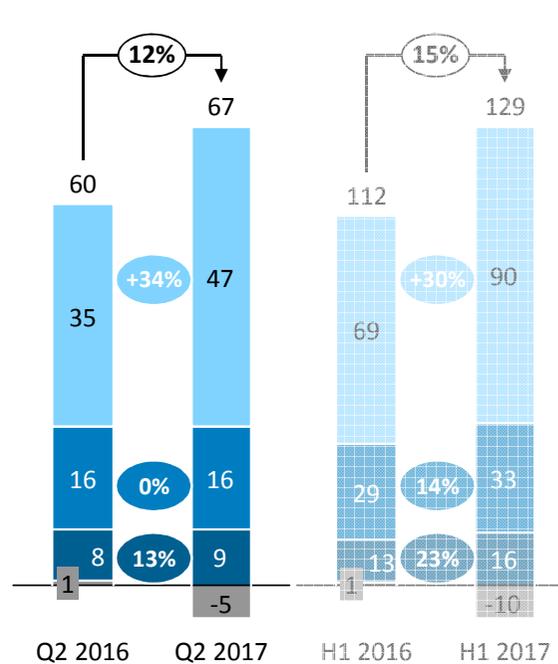
Sales Automotive

in EUR million



Operating result Automotive

in EUR million



Reasons for result development

Mechatronics

- Increasing demand and favorable product mix

Hardparts

- Further recovery in trucks and large-bore pistons, but ramp up cost for innovative products in our German casting JV

Aftermarket

- Revival of Eastern European markets, esp. Russia

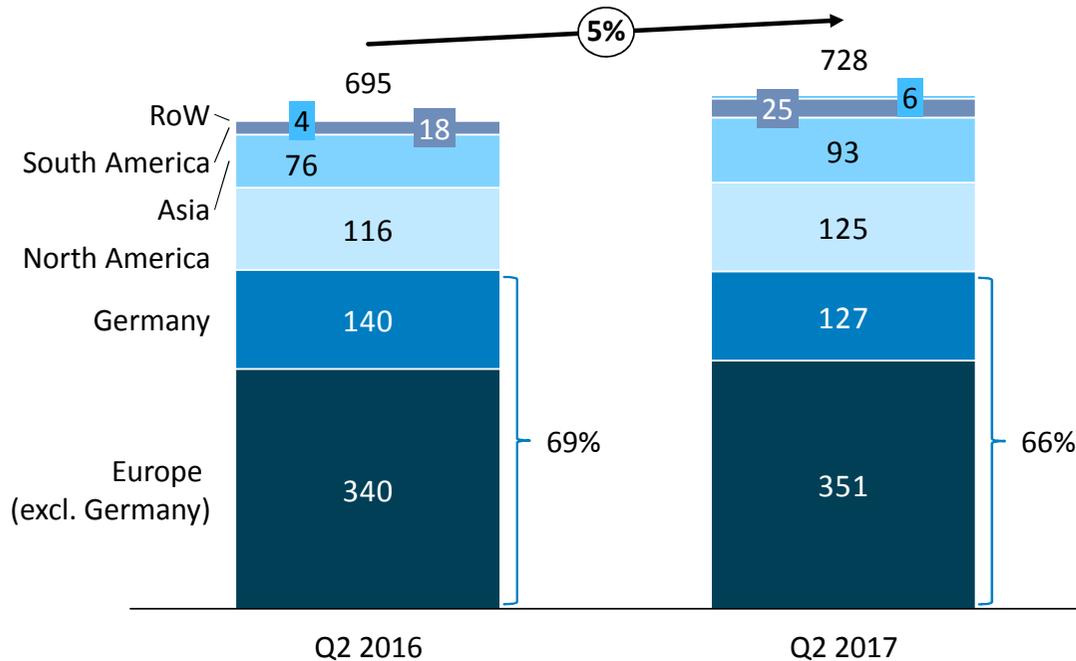
Consolidation and others

- New technologies and personnel cost

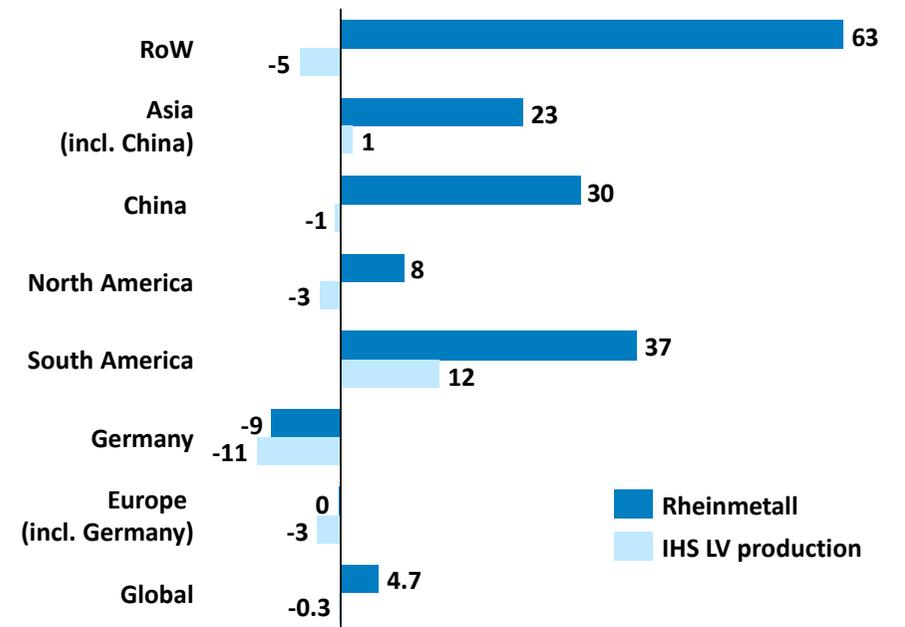
Restatement of 2016 reported figures in Mechatronics and Aftermarkets related to change in plant assignment

Another quarter with clear market outperformance in all regions

Regional sales development Automotive
in EUR million



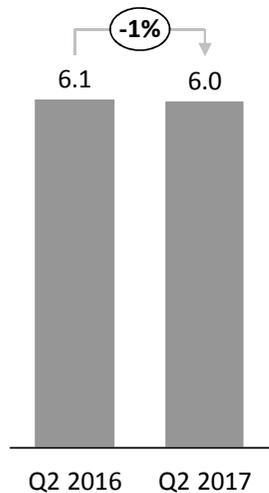
Regional sales growth Q2 2017
in % (IHS July 2017)



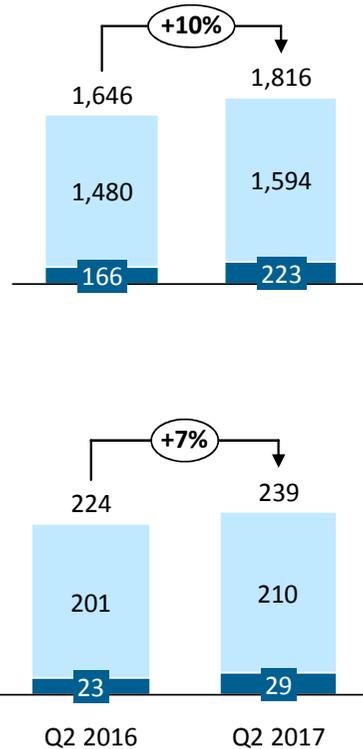
Successful quarter in a stagnant Chinese market

China LV production

in million units



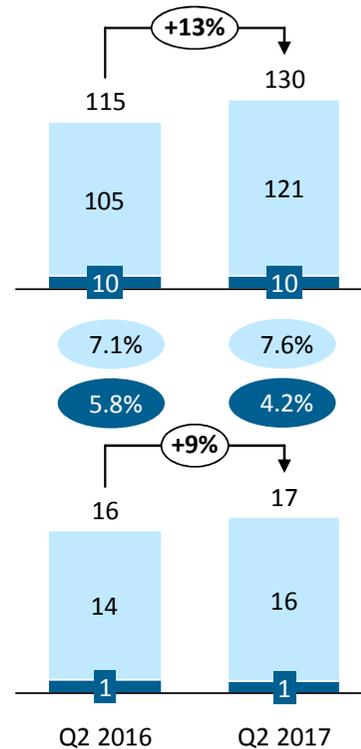
Sales in million



CNY

EUR

Operating result in million / in %



- Solid operating leverage; margin increasing by 0.2pp
- JVs: Hardparts outperforming market; earnings approaching Automotive target level
- WFOEs: High demand for Mechatronics products

■ JVs (100% figures of 50/50 JV, consolidated at equity)
 ■ WFOEs (Wholly Foreign-Owned Enterprises)

Highlights Rheinmetall Defence Q2 2017

Further margin improvement and high order intake



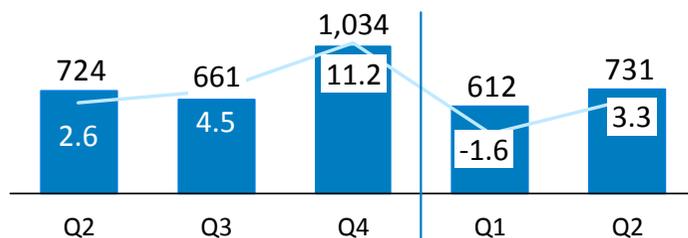
- **Order intake** in excess of 1€ bn
- **Flat sales** development as expected
- **Operating result** rose by €5 m to €24 m
- **Operating margin** gained 0.7pp to 3.3%

Rheinmetall Defence

Strong order intake on track to achieve FY guidance

in EUR million	Q2 2016	Q2 2017	Δ %	H1 2016	H1 2017	Δ %
Order intake	803	1,031	28.4%	1,751	1,422	-18.8%
Sales	724	731	1.0%	1,250	1,343	7.4%
Operating result	19	24	26.3%	2	14	600.0%
Operating margin in %	2.6	3.3	0.7pp	0.2	1.0	0.8pp
EBIT	19	21	10.5%	2	11	450.0%
Operating Free Cash Flow	- 117	- 33	71.8%	- 221	- 105	52.5%
Operating FCF / Sales in %	- 16.2	- 4.5	11.7pp	- 17.7	- 7.8	9.9pp

Quarterly sales and margins development

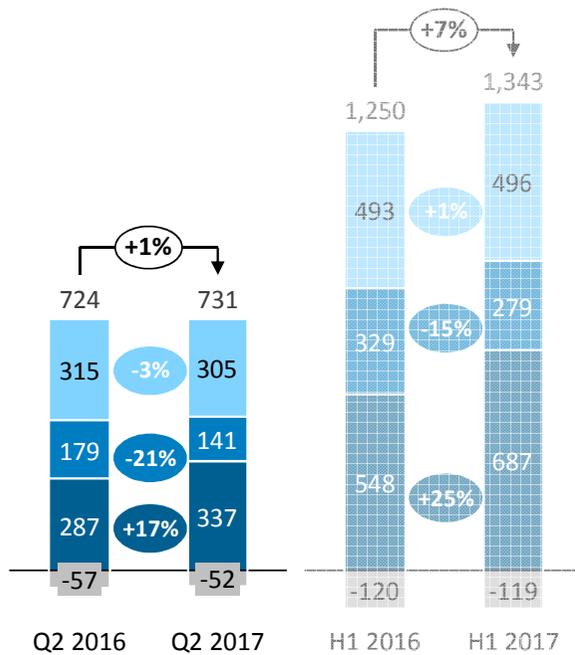


Comments on quarterly performance

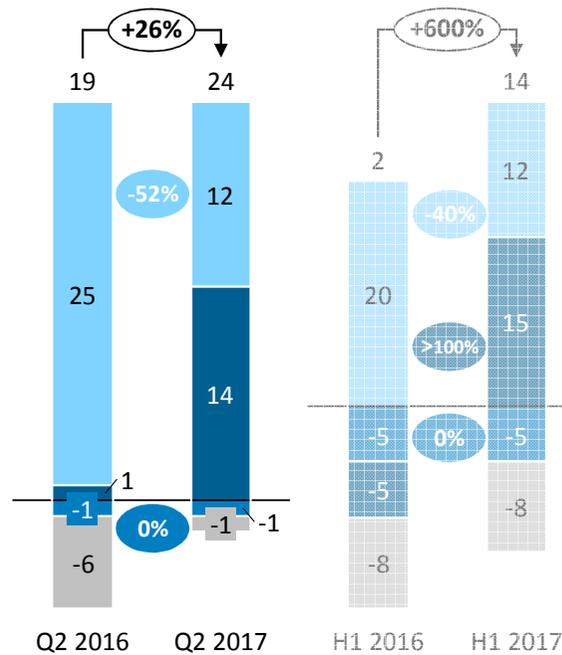
- Good order intake with strong support from German orders
- Flat sales as expected
- Operating result benefits from Vehicle Systems positive leverage
- One-offs of net -€3 m burden Q2 EBIT
- OFCF with material improvement of 72%

Q2 marked by operational strength in Vehicle Systems

Sales Defence in EUR million



Operating results Defence in EUR million



Weapon a. Ammunition Electronic Solutions Vehicle Systems Consolidation

Reasons for result development

Weapon and Ammunition

- Weaker sales and temporary shift to lower margin product mix

Electronic Solutions

- Declining sales without further result impact

Vehicle Systems

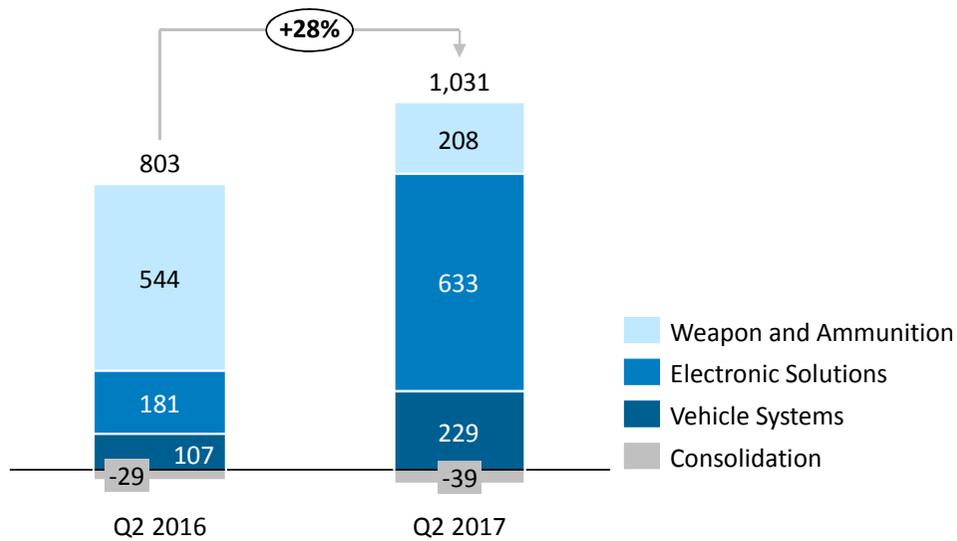
- Sales and margin support from Australian truck business

Consolidation and others

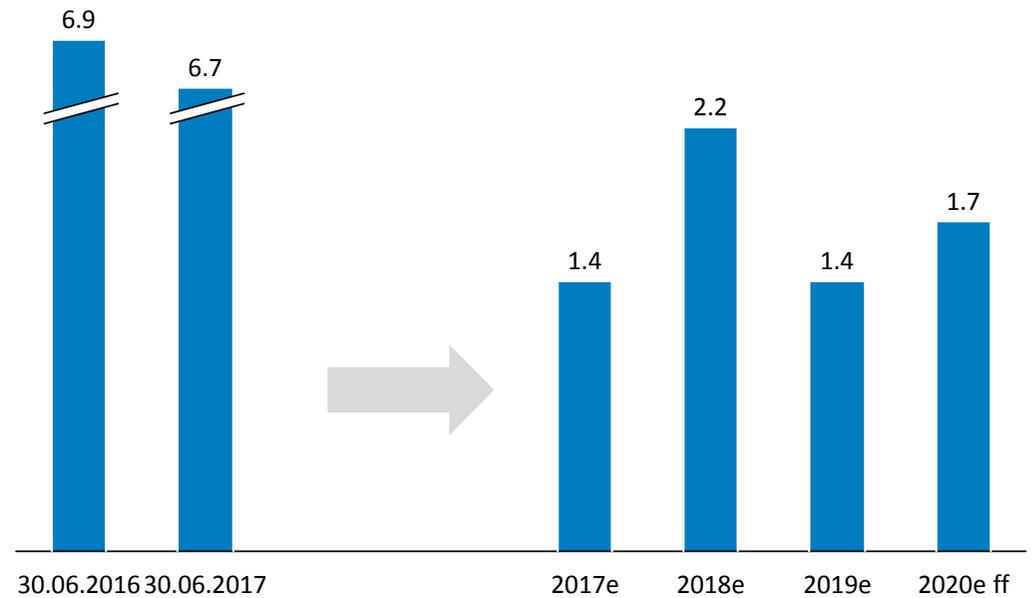
- PY burdened by operating loss of RIE

Excellent order entry development mainly driven by Electronic Solutions

Order intake by division
in EUR million



Order backlog profile
in EUR billion



Outlook 2017

Guidance raised on improved Automotive outlook

	 AUTOMOTIVE	DEFENCE 
Macro view	<ul style="list-style-type: none"> ▪ Global LV production growth ~2%* ▪ Chinese LV production growth ~1% 	<ul style="list-style-type: none"> ▪ Further demand increase in key markets ▪ Germany and other allies have increased investment budgets
Rheinmetall	<ul style="list-style-type: none"> ▪ Automotive expected to outperform markets ▪ Ongoing considerations to streamline the global footprint of Hardparts to optimize assets and cost structure 	<ul style="list-style-type: none"> ▪ Strong backend loading of Defence performance ▪ Single digit sales growth expected for 2017 ▪ Stronger sales momentum 2018
New Outlook 2017	<p>Sales growth expectation lifted from 3-4% to 6-7% and operating margin level from ≥8% to around 8.4%</p>	<p>Sales growth of 5-6% and operating margin of 5-5.5%</p>
<p>Group expected to grow ~6% instead of 4-5% at an operating margin lifted from around 6.3% to around 6.5% incl. efforts for New Technologies</p>		

*Source: IHS July 2017

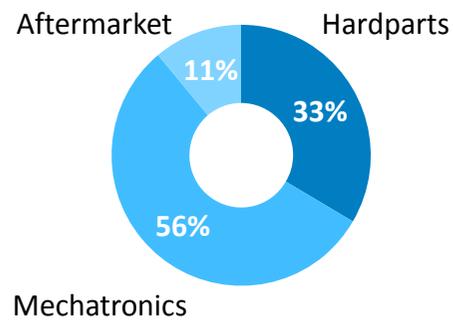


Corporate Presentation: **Rheinmetall Automotive**

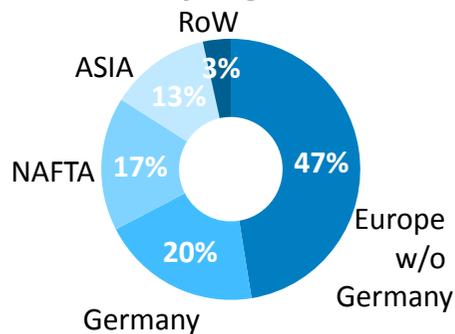
Automotive with leading technology and market positions

Key figures: Sales: € 2.7 bn EBIT: €223 m Headcount: 10,820

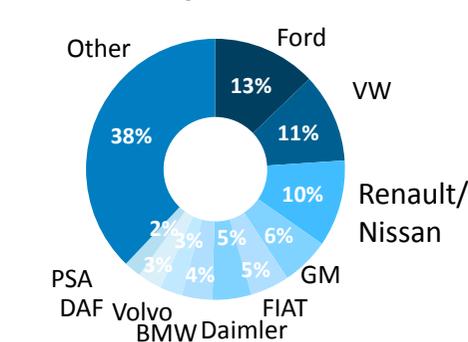
Sales by division



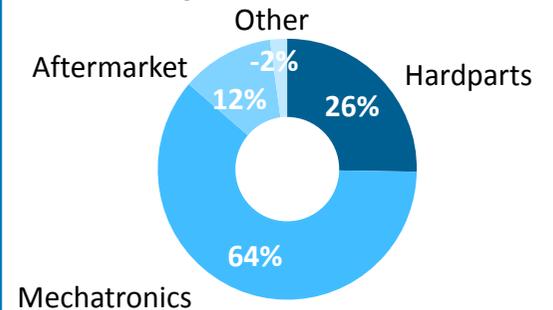
Sales by region



Sales by customer



EBIT by division



Hardparts

Pistons

Large-bore Pistons

Bearings

Castings

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

Mechatronics

Pump Technology

Automotive Emission Systems

Solenoid Valves

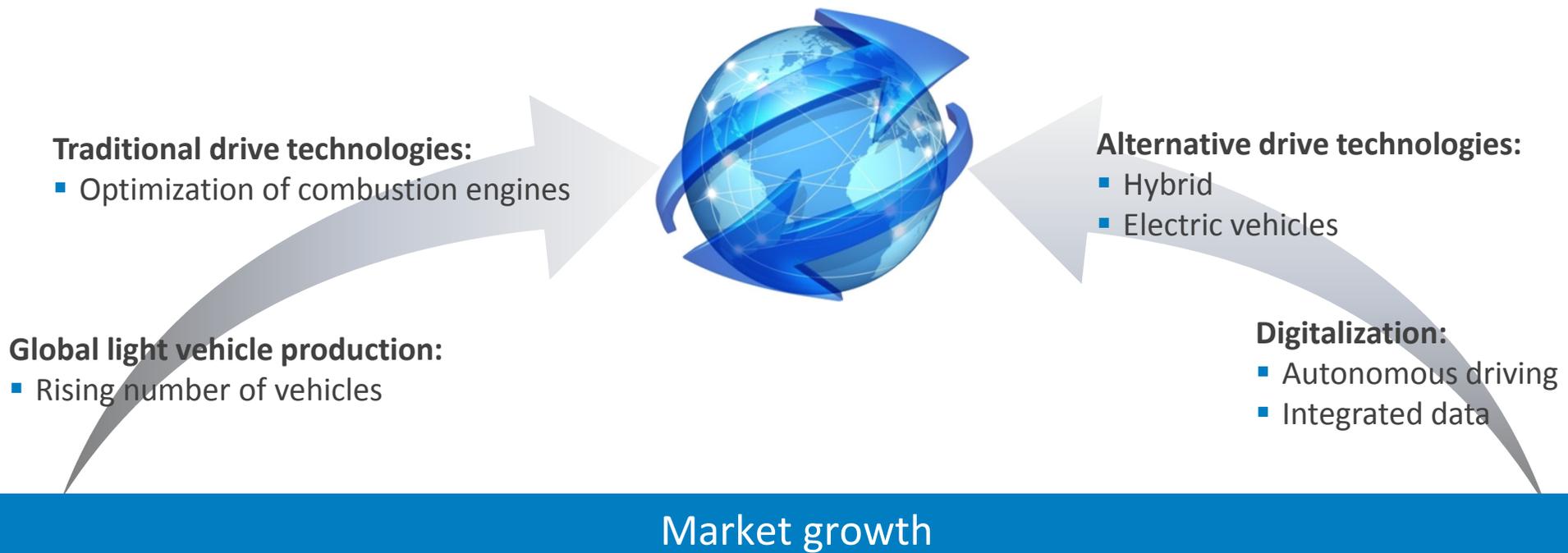
Commercial Diesel Systems

Actuators

Aftermarket

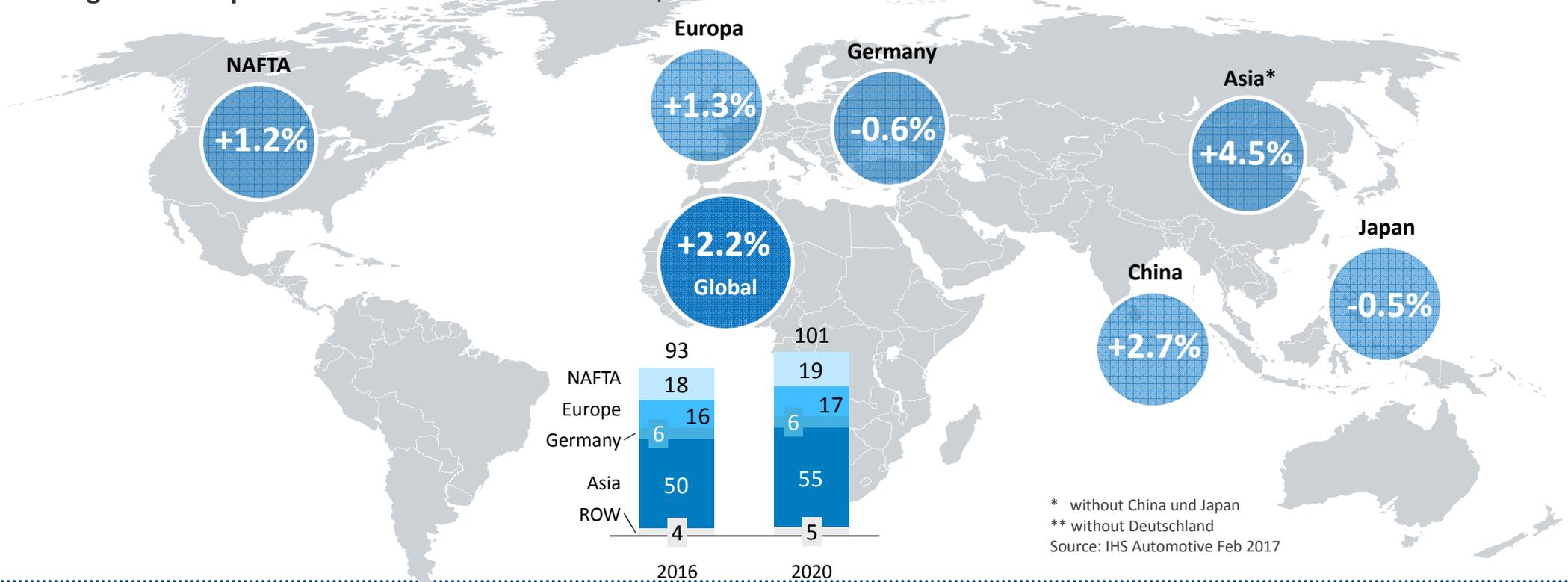
All figures refer to FY 2016

Growing and changing markets



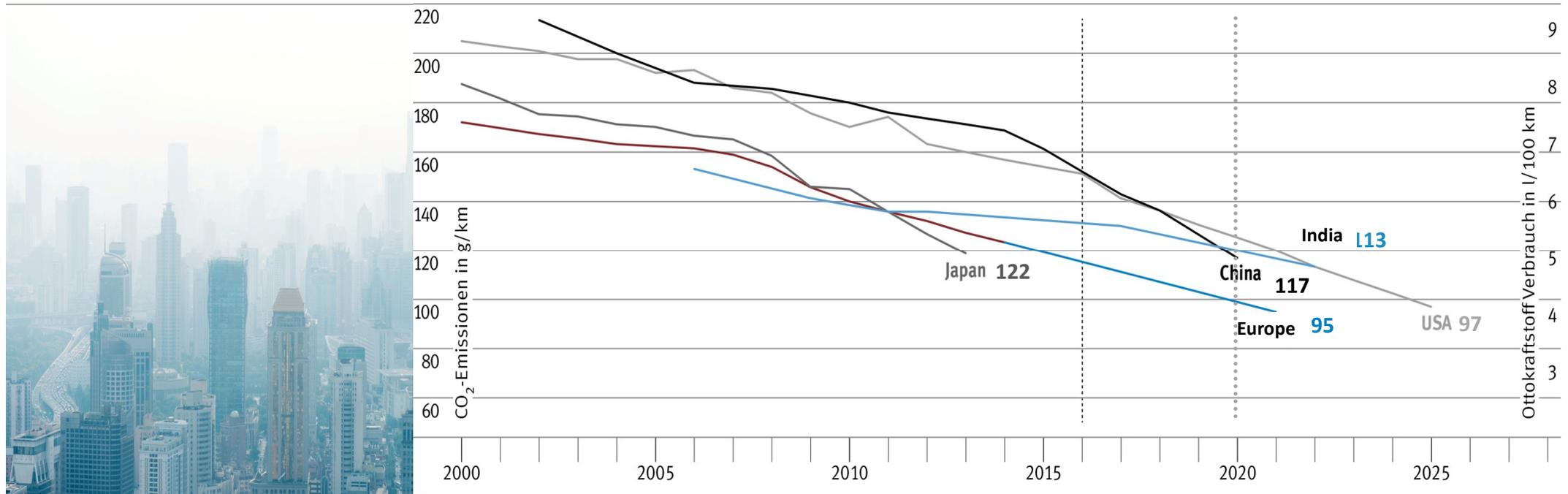
Rising global light vehicle production

■ Light vehicle production 2016-2020 CAGR in % / in million units



Governments will continue to demand reduction of CO₂ emissions

■ CO₂ emission in g/km

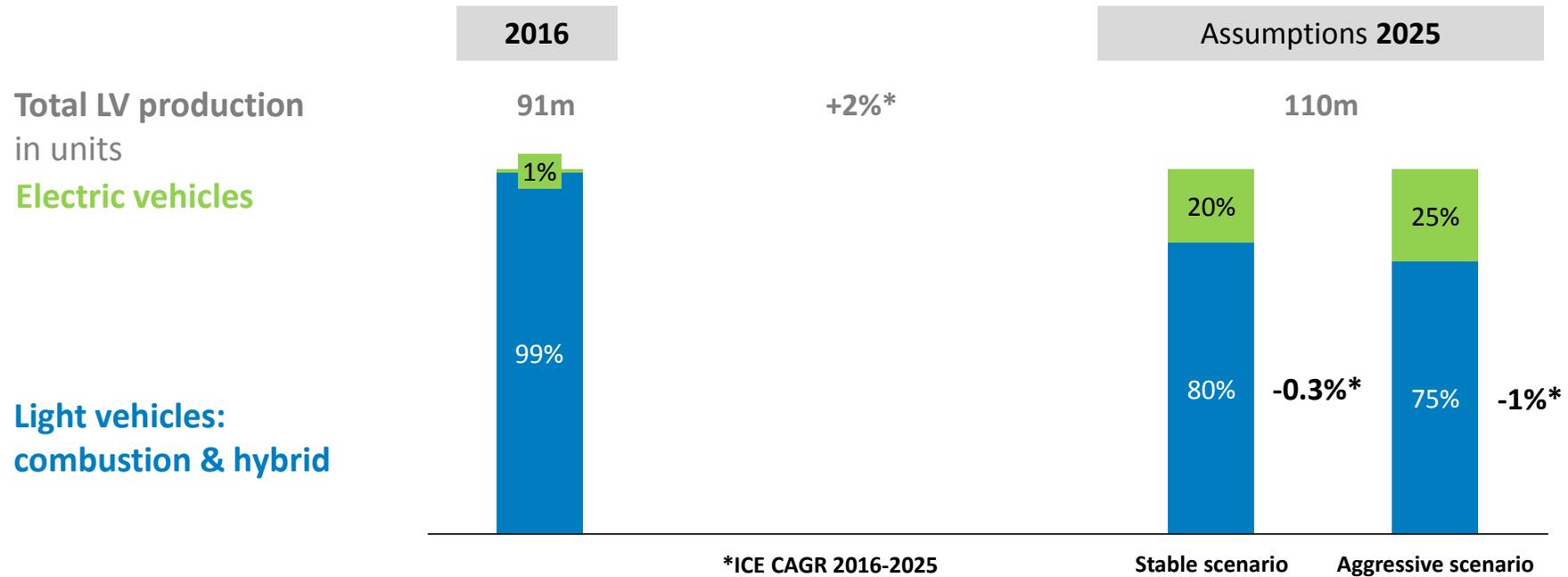


*Note that Japan has already exceeded its 2020 statutory target, as of 2013

Source: ICCT

Electric drive will not replace combustion engines until 2025

■ **Market share development**
in % of total LV production



Source: IHS Automotive (September 2016), own estimates

Rheinmetall Automotive is well-prepared for the challenges of tomorrow

Importance of internal combustion engines:

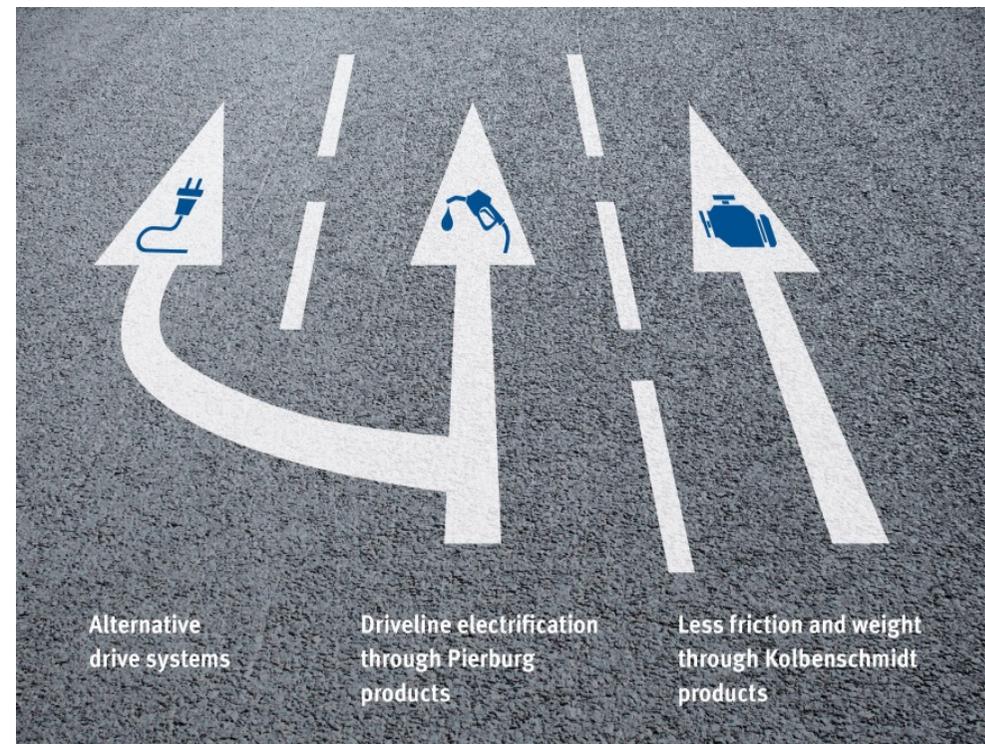
- Basis for the majority of vehicles
- For cars built with hybrid system technologies
- For commercial and off-road vehicles (for the long-term)

Alternative drive systems:

- Increasing share of hybrids, electric vehicles, and fuel-cell

Innovative solutions for future drive systems:

- Demonstrator for electric drive and battery systems
- Electrified pumps
- E-engine housing and battery boxes
- Thermal Management
- Fuel-cell Components



Strategic goals of Rheinmetall Automotive

Strategic goals

Increasing content per car

- More products at higher value as emission reduction, hybridization and electrification will require innovative solutions

Optimizing global footprint

- Further internationalization of our Mechatronics business
- Continuously focus capacity management, especially in Hardparts



Gaining powertrain neutrality

- Minimize dependence on certain types of drives
- Increase “electrified products” to around 50% sales share by 2020

Solutions for combustion engines to reduce NO_x- and CO₂- emissions



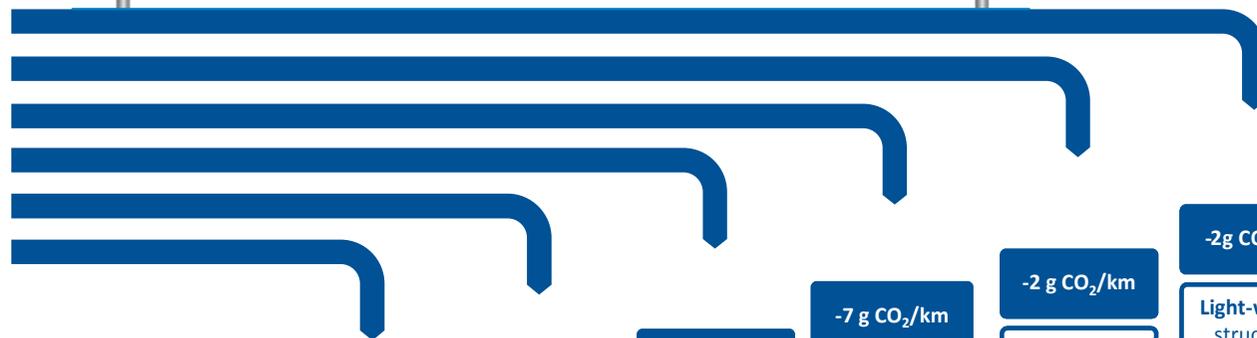
Description vehicle model
(Basis)

1.4L 4-cylinder gasoline engine
with DI-injection and single-
stage turbocharging (115kW)

130 g
CO₂/km
2015



95 g
CO₂/km
2020



Rheinmetall Automotive:
Innovative products will lead to
higher value per car

-1 g CO₂/km

Variable oil pump

-3 g CO₂/km

Tribo-system

-3 g CO₂/km

Var. cool. pump

-7 g CO₂/km

Var. valve train

-2 g CO₂/km

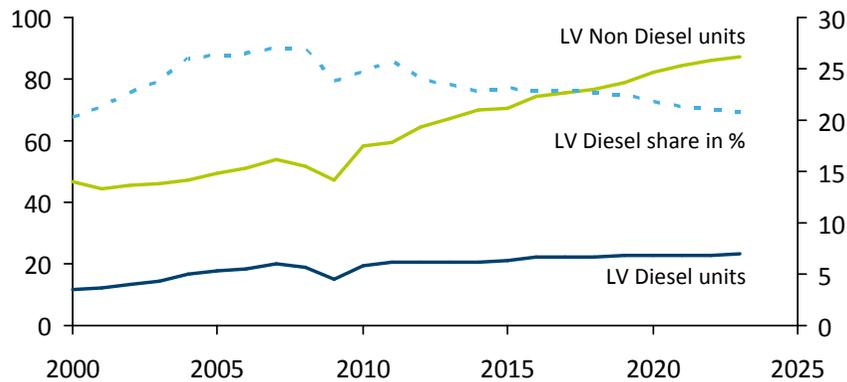
El. low-press. EGR

-2g CO₂/km

Light-weight structural parts

LV Diesel exposure limited; powertrain independence is the strategic target

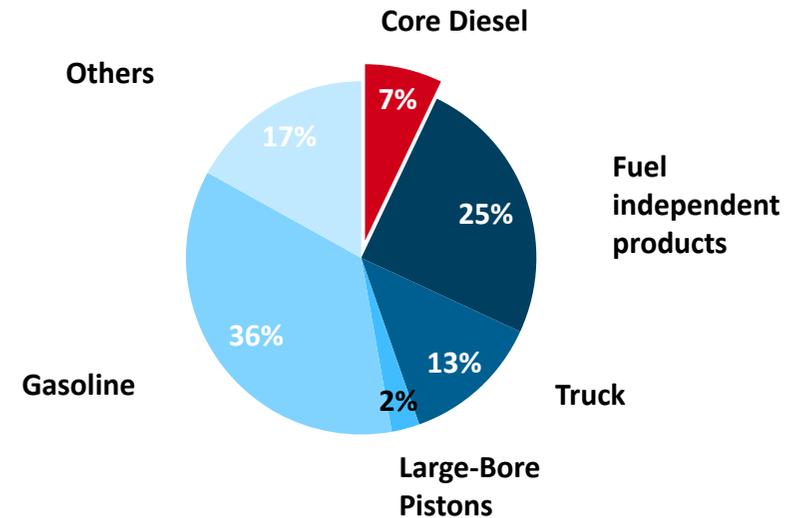
■ Combined global engine production forecast*



■ Further regulatory pressure expected

- 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**



Positive short term effect, driven by OEM's effort to reduce emissions and to avoid penalties

* IHS: Combined Engine Production Forecast April 2017

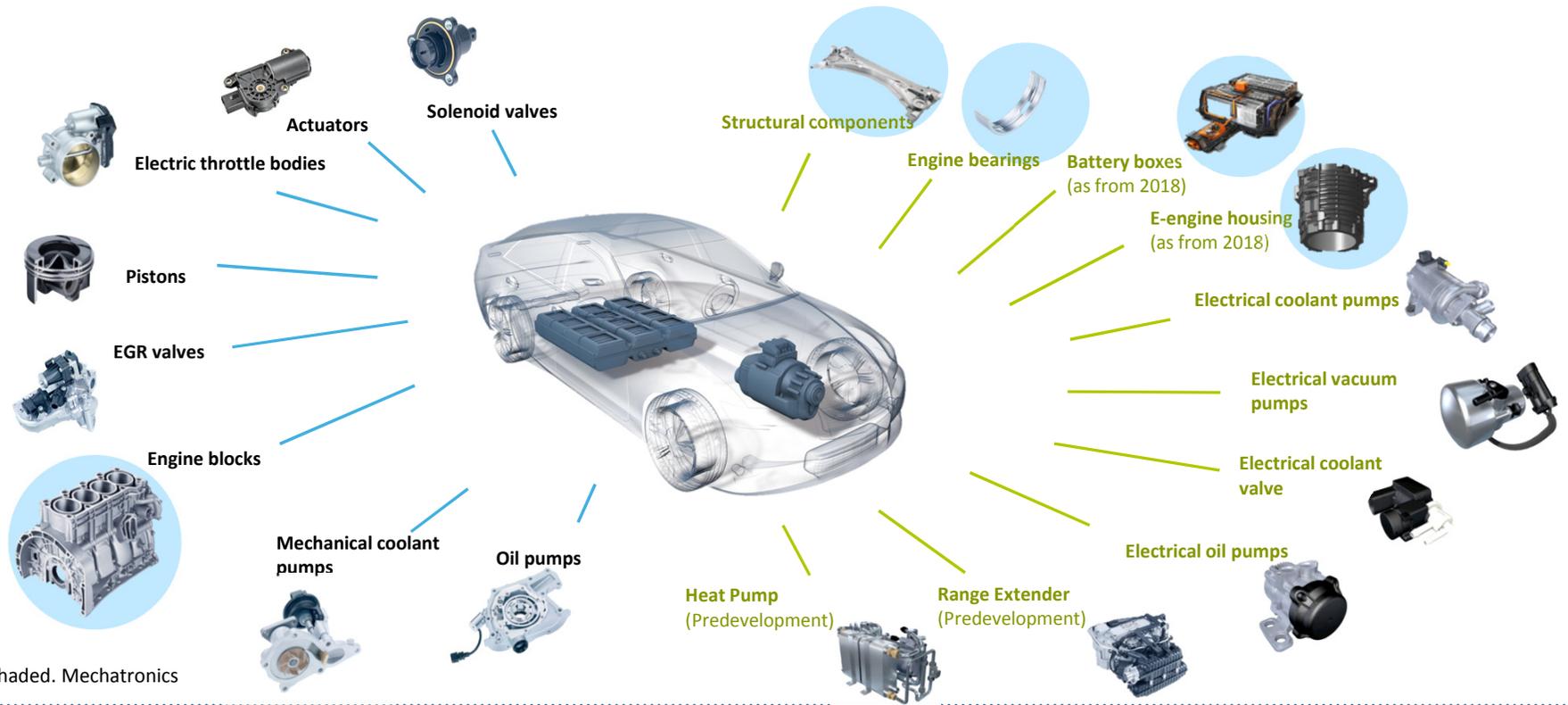
** Rheinmetall Automotive sales FY 2016

Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...



... by products for hybrid and electric engines



E-mobility competence underlined by contracts and by initiatives for new solutions

■ Contract volume for electric vehicles (EV)*

Product	Volume	Contract duration (∅)
Battery EV	€~300 m	6 – 8 years
(Plugin) Hybrid EV	€~200 m	4 – 8 years

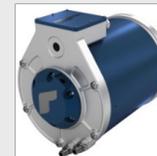
■ E-mobility competencies

- Thermo-management, including pump and valve technology
- Know-how in aluminum die-casting, e.g. for engine housings and battery packs
- Long term in-house e-motor competence
- Well-established market access to OEMs

* Rheinmetall Automotive and Joint Ventures

■ New products for the International Motor Show (IAA) in Frankfurt, September 2017:

E-traction motor



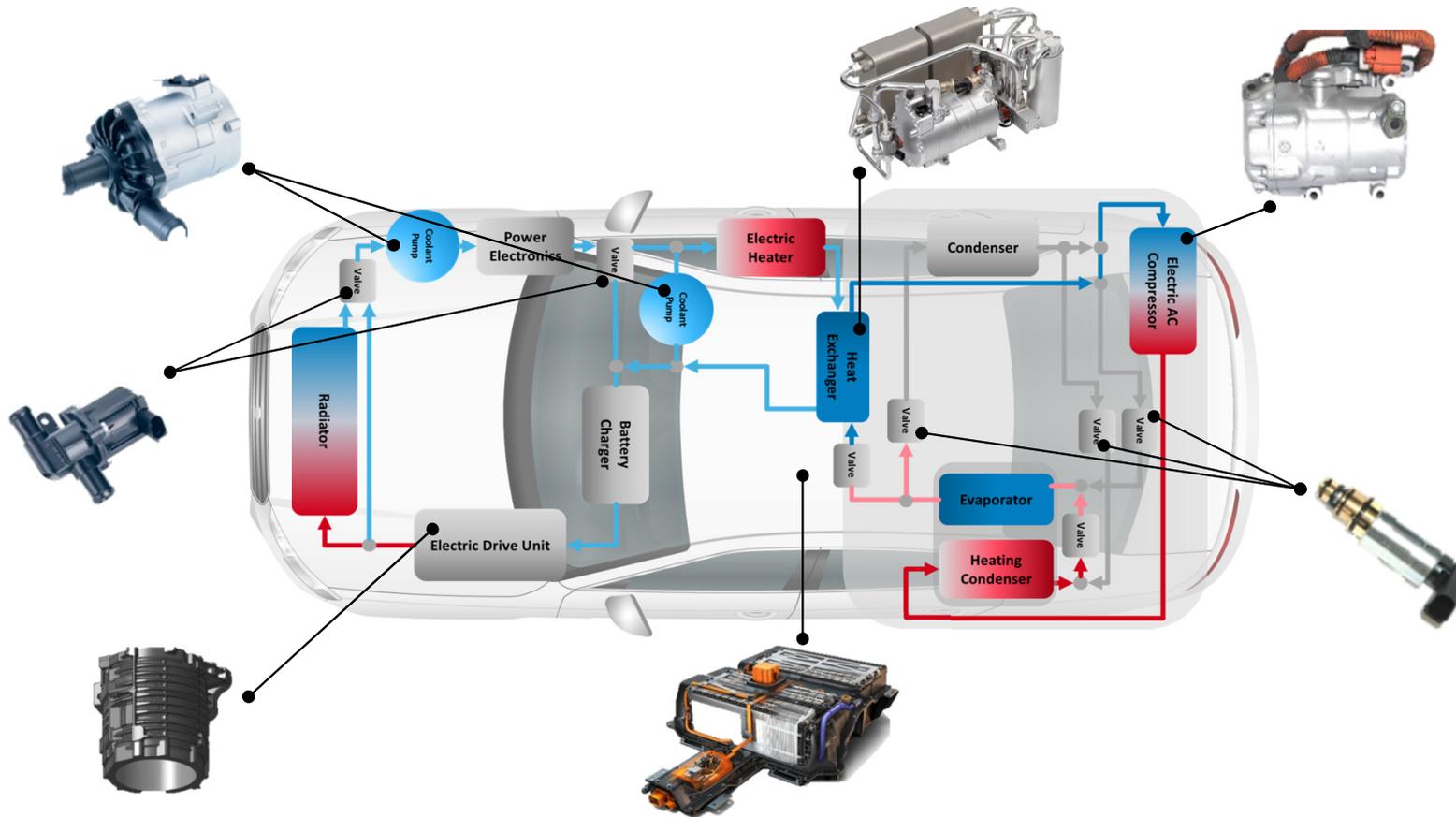
- High voltage motor
- Designed for smaller sized vehicles, but scalable in size

Modular battery pack



- Underfloor design with advantages for weight and space distribution
- Aluminum structure, protected with a composite-fiber structure developed by Rheinmetall Defence
- Integrated thermo-management

Complexity of e-engines creates potential for further applications



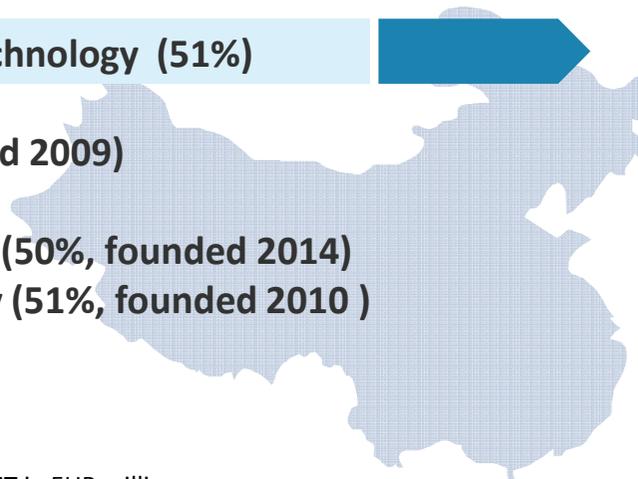
Efficient distribution of heating and cooling requires innovative pump technology

- Drive Unit Circuit
- Thermal management circuit – heating, ventilation, interior temperature control

Automotive network in China - Mechatronics

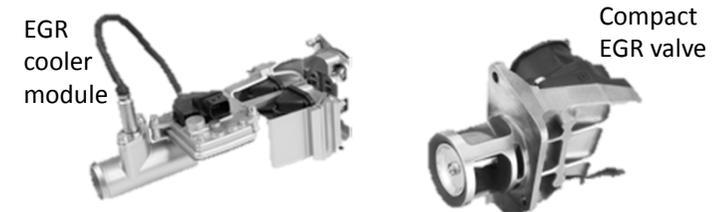
Multi-channel approach of Mechatronics in China:

- **New: Pierburg Yinlun Emission Technology (51%)**
- **Pierburg China Ltd. (100%, founded 2009)**
- **Pierburg Huayu Pump Technology (50%, founded 2014)**
- **Pierburg Mikuni Pump Technology (51%, founded 2010)**



Joint venture for the production of modules for cooled exhaust-gas recirculation

- Headquarter: Shanghai region
- Customers: Chinese market
- Founded: December 2016

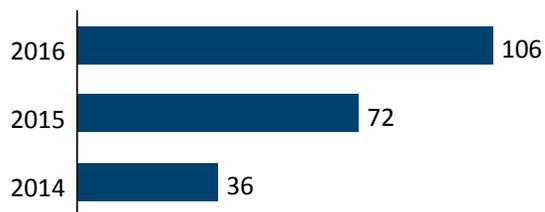


Partner: Zhejiang Yinlun Machinery Co.

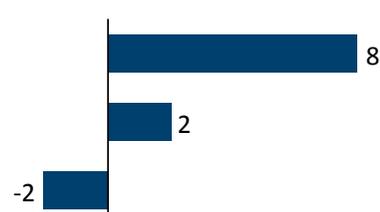
- Leading manufacturer of automobile radiators in China, renowned brand
- Production of heat exchangers and components for emission reduction
- Sales 2016: CNY3.2 bn* (~EUR400 m)

* Source: Bloomberg

Mechatronics in China
Sales in EUR million



EBIT in EUR million



Summary:

Automotive is well prepared

Markets and Customers:

- We expect a stable market with moderate growth rates in the medium term
- China will be the growth driver; Europe and NAFTA might weaken
- Brazil seems to have left the worse behind



Performance and Products:

- Mechatronics will be the growth driver in the next years
- Hardparts will streamline the global footprint to optimize assets and cost structure
- Aftermarket will return to former profitability after ramp-up own production facilities



New Mobility Concepts:

- Hybrid cars and e-cars offer chances for new products and higher content per car
- Refocus of R&D spending to enlarge the product portfolio
- Product pipelines are filled for every type of power trains in the coming years



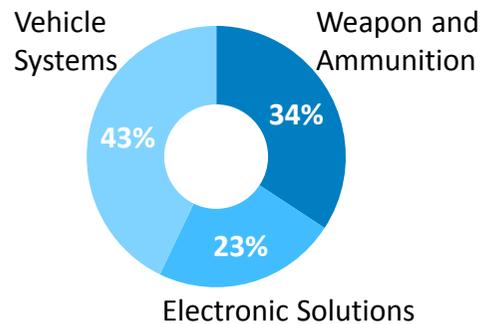


Corporate presentation: **Rheinmetall Defence**

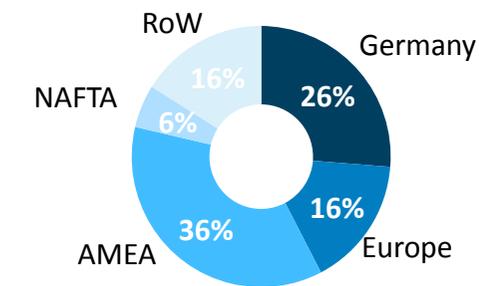
Defence is a leading supplier with an increasing international presence

Key figures: Sales: € 2.9 bn EBIT: €147 m Headcount: 10,002

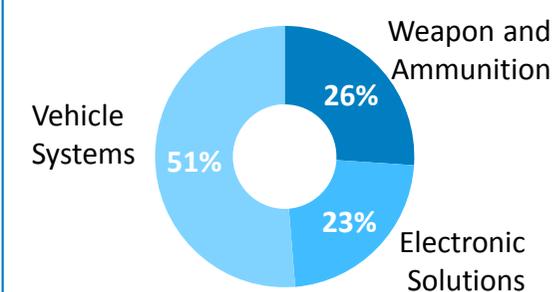
Sales by division



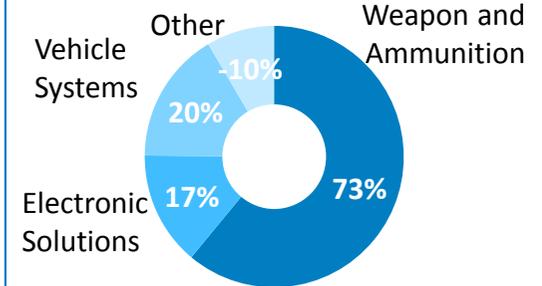
Sales by region



Order backlog by division



EBIT by division



Weapon and Ammunition

Weapon and Munition

Protection Systems

Propulsion Systems

Electronic Solutions

Air Defence & Radar Systems

Mission Equipment

Simulation and Training

Technical Publications

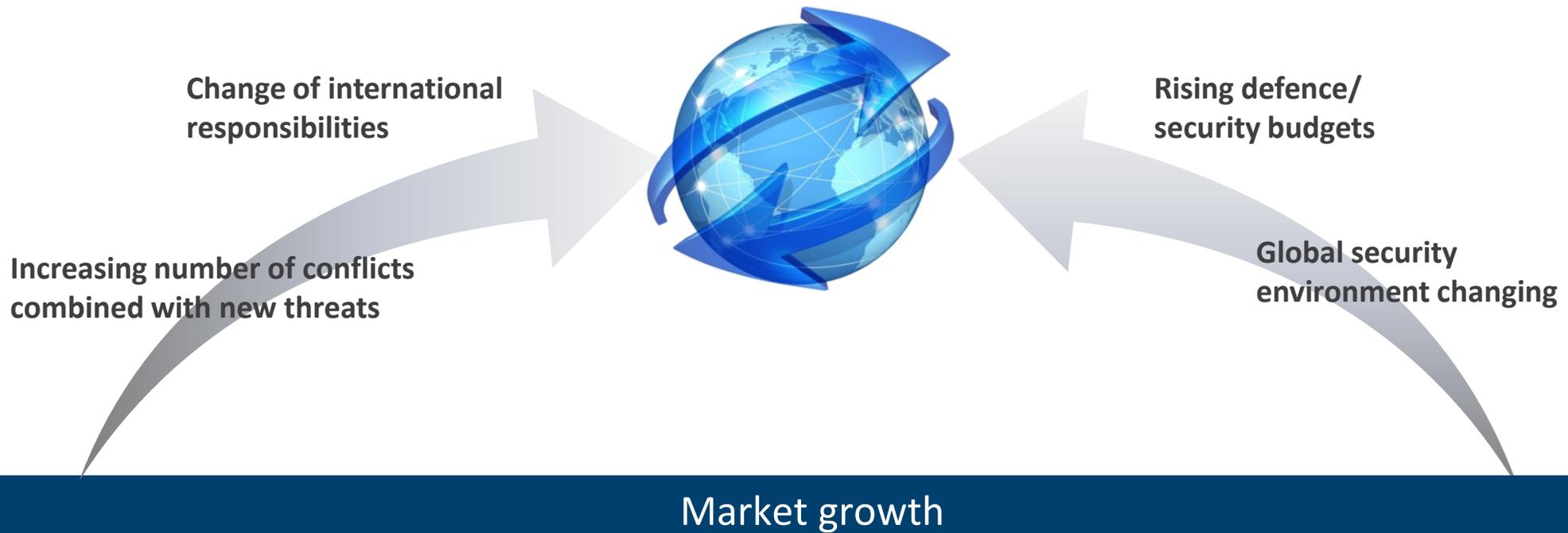
Vehicle Systems

Logistic Vehicles

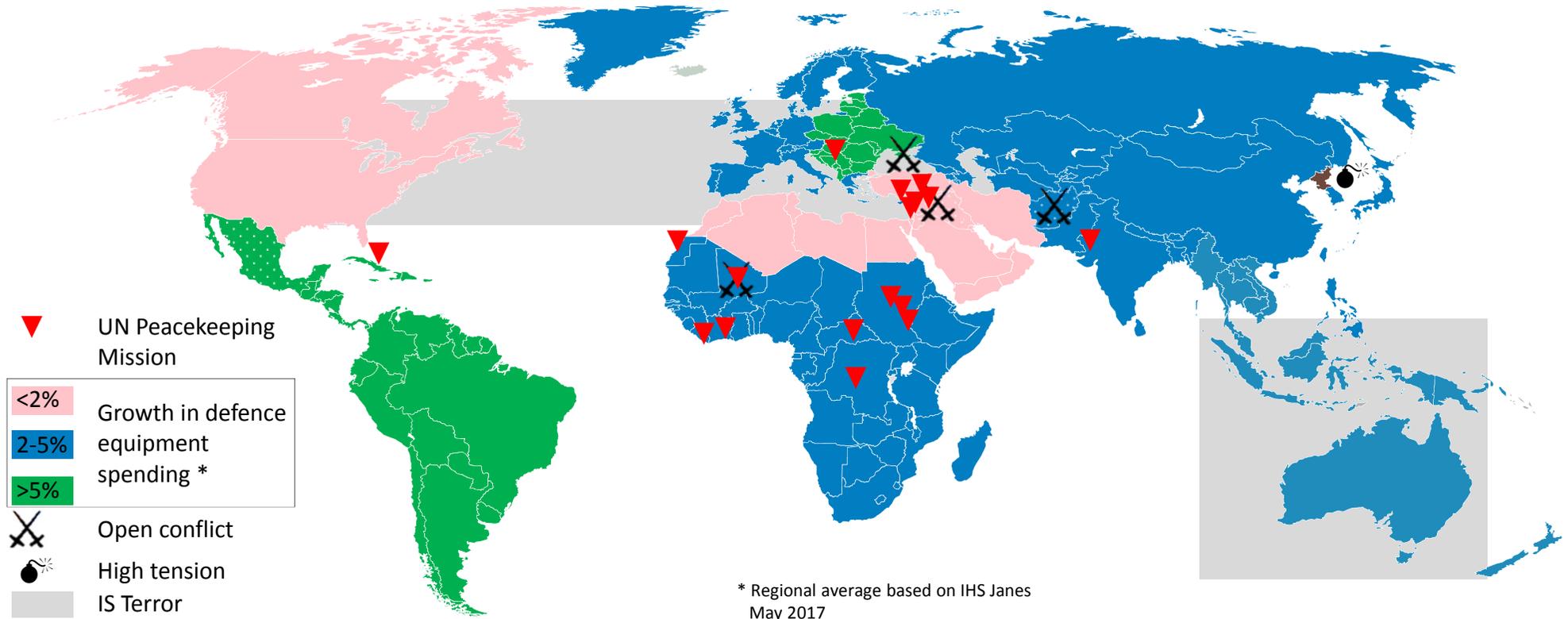
Tactical Vehicles

All figures refer to FY 2016

Growing and changing markets

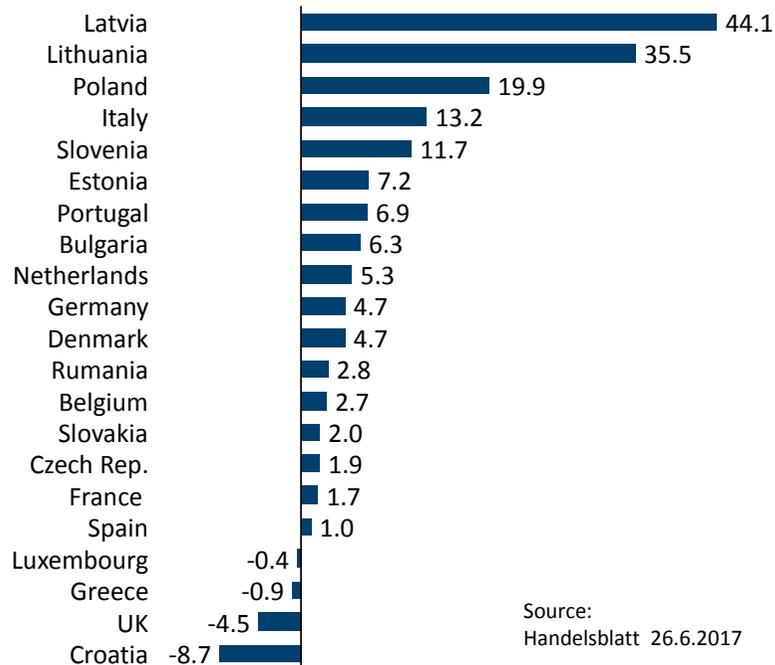


Deterioration of global security triggers higher defence spending



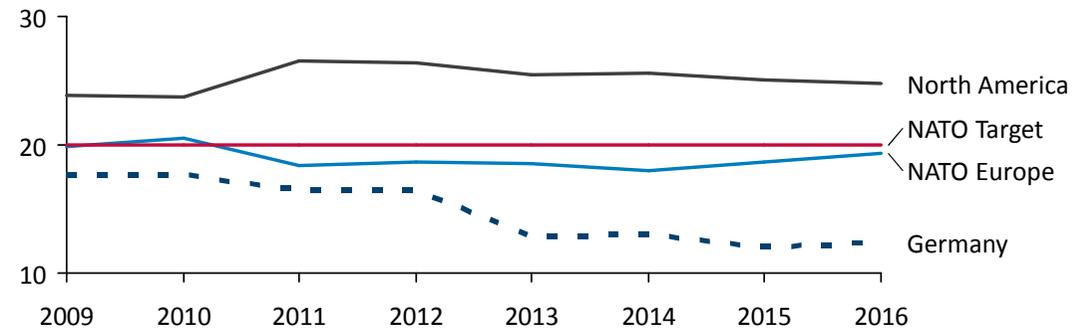
EU member states en route to comply with NATO 2% target

■ EU states defence budget development
in % 2015/16



Source:
Handelsblatt 26.6.2017

■ NATO equipment in % of defence expenditure **

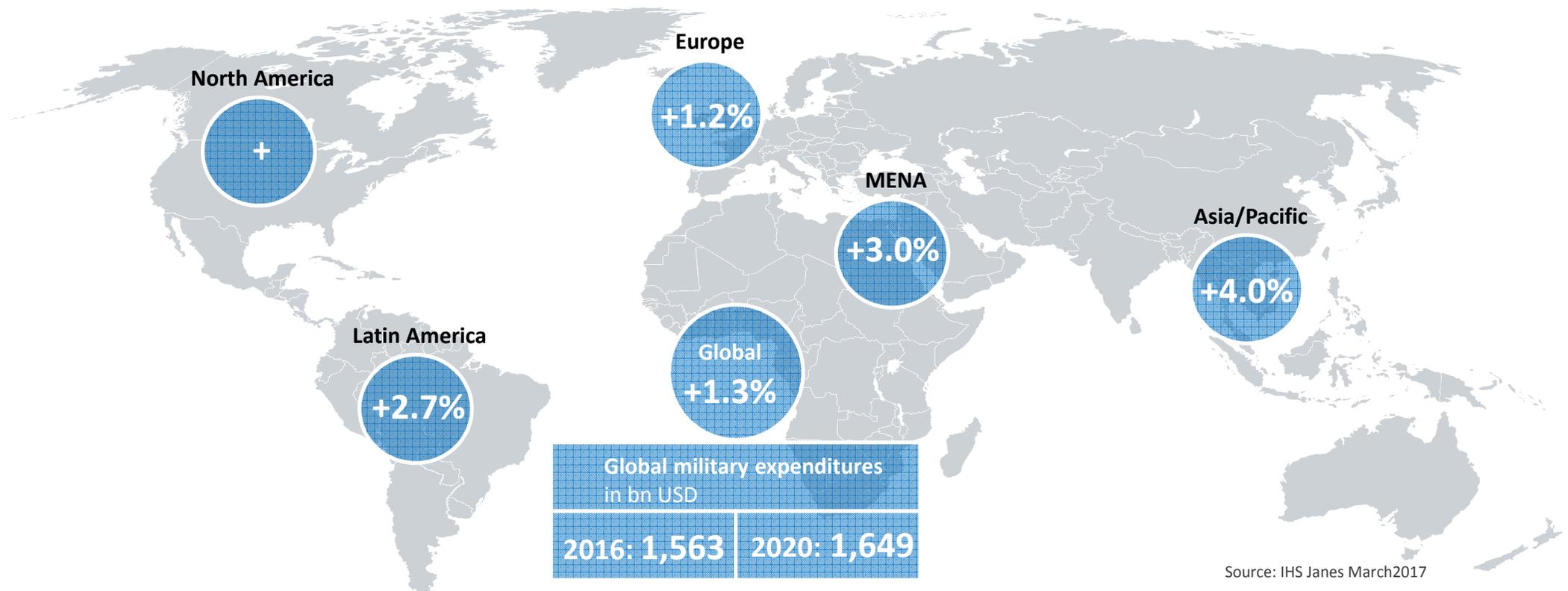


* Source: Federal Ministry of Finance, Federal budget 2017 and Financial Plan 2018-2021

** NATO 03/2017: Equipment expenditure as a share of defence expenditure based on 2010 prices and currencies

Defence is at the beginning of long lasting market growth

■ Defence budgets development 2016 – 2020 in % p.a.



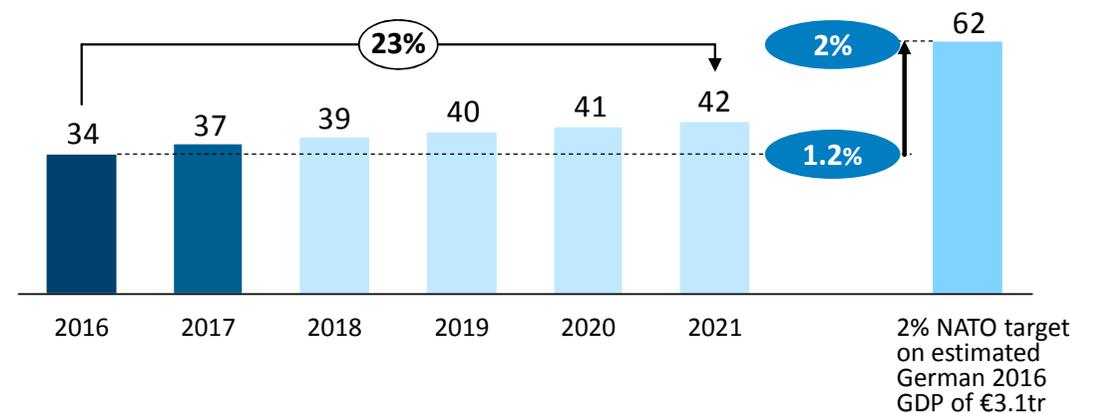
Source: IHS Janes March2017

Germany is one of 22 NATO states increasing defence budgets

■ Enhanced future profile of German Bundeswehr

- “Anchor army” for smaller neighbors
- Leading role in the “enhanced Forward Presence” in Lithuania
- Framework nation in the “Very High Readiness Joint Task Force” as of 2019
- Increasing number of international mandates, e.g. Mali

■ German defence budget 2016-2021 in EUR billion*



Strategic goals of Rheinmetall Defence

Strategic goals

Benefiting from home markets

- Business opportunities by increasing budgets in Germany and neighboring countries

Entering new markets

- Strategic partnerships to gain access to new markets
- Target markets close to traditional markets, e.g. public security



Enlarging internationalization

- Form partnerships with local suppliers to provide local content

Creating innovations

- Armored vehicles and their weapons
- New technologies, e.g. laser technology
- IT-based networking

German order entry well on track to achieve target

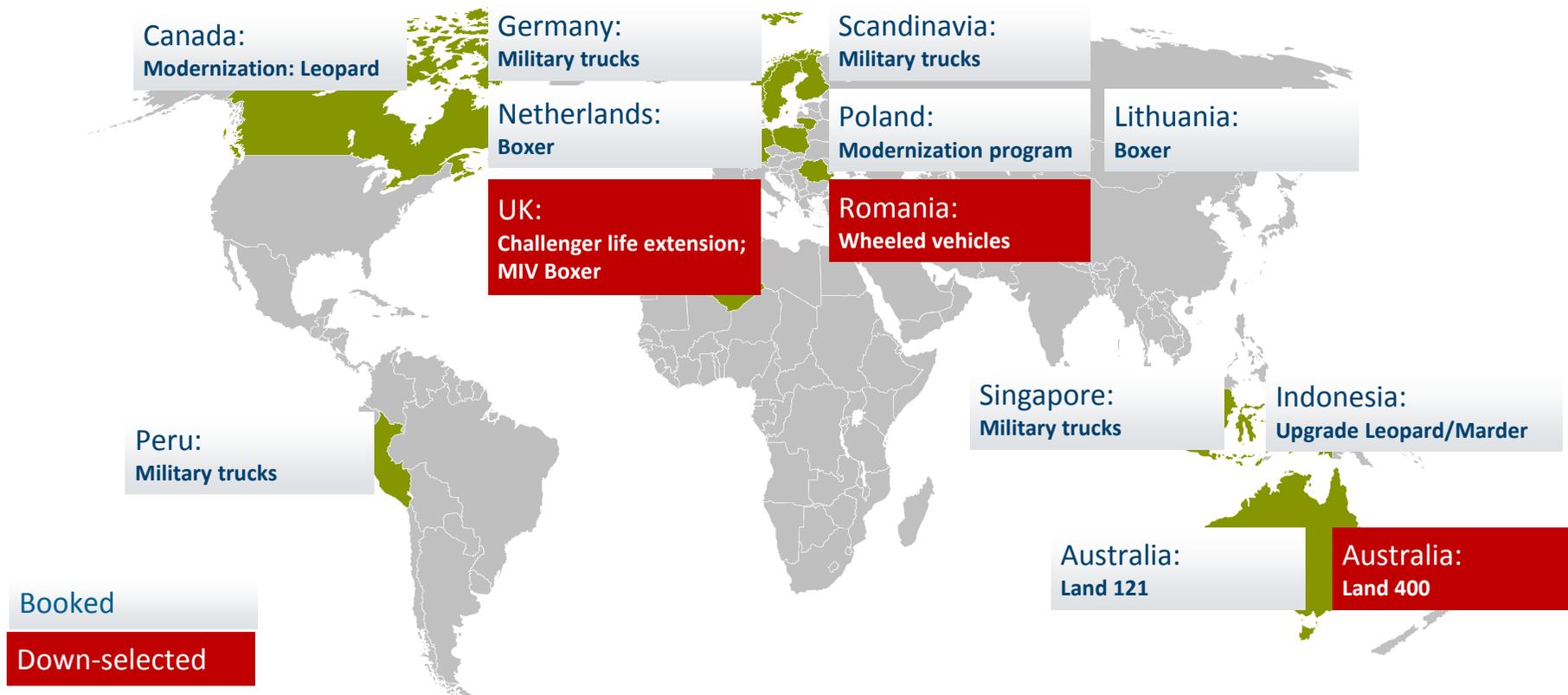
■ Order intake Germany by Quarter

	Projects	Volume		Total	
H1	Various projects	€146m	✓	Q1	€145m
	Gladius	€310m	✓		
	Various projects	€221m	✓	Q2	€531m
				H1	€677m
H2	Trucks	€220m	✓		
	Puma package	€100m	✓		
	Tank ammunition	€38m	✓		
	Leopard upgrade	€~100m	✓		
	Various projects	€~400m	(✓)		
			H2	€~850	

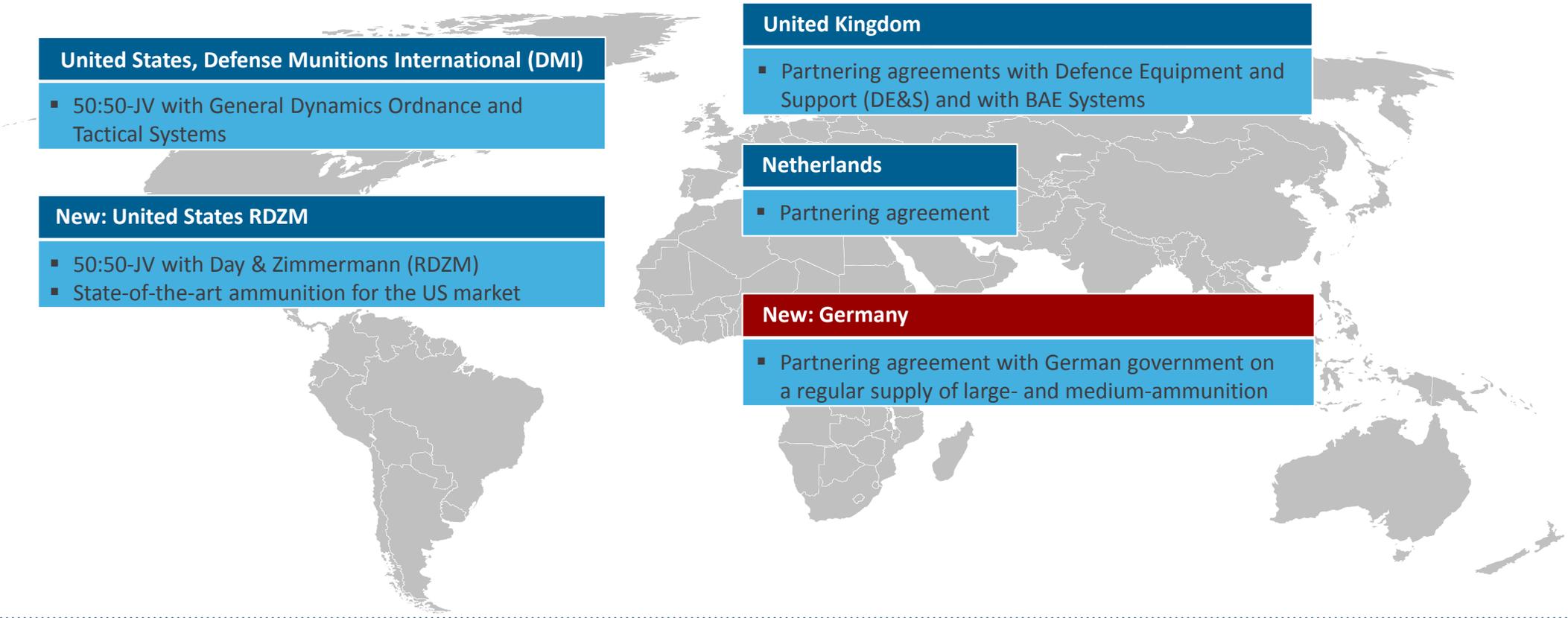
Total order volume from Germany:

€1.5 billion expected for 2017

Down-selection in major programs



Strategic partnerships create business potential for Weapon and Ammunition



United States, Defense Munitions International (DMI)

- 50:50-JV with General Dynamics Ordnance and Tactical Systems

New: United States RDZM

- 50:50-JV with Day & Zimmermann (RDZM)
- State-of-the-art ammunition for the US market

United Kingdom

- Partnering agreements with Defence Equipment and Support (DE&S) and with BAE Systems

Netherlands

- Partnering agreement

New: Germany

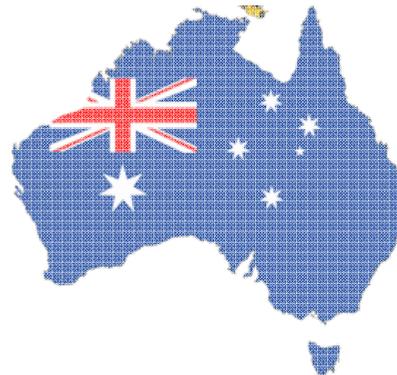
- Partnering agreement with German government on a regular supply of large- and medium-ammunition

Various opportunities in Australia

AUSTRALIA

Land 121 5b (Australian trucks)

- Customer is finalizing vehicle specifications
- New offer under preparation
- Tender process design not yet decided



Land 400 (Australian Boxer)

- Trials completed to our full satisfaction
- Best and final offer to be presented in August
- Decision expected H1 2018

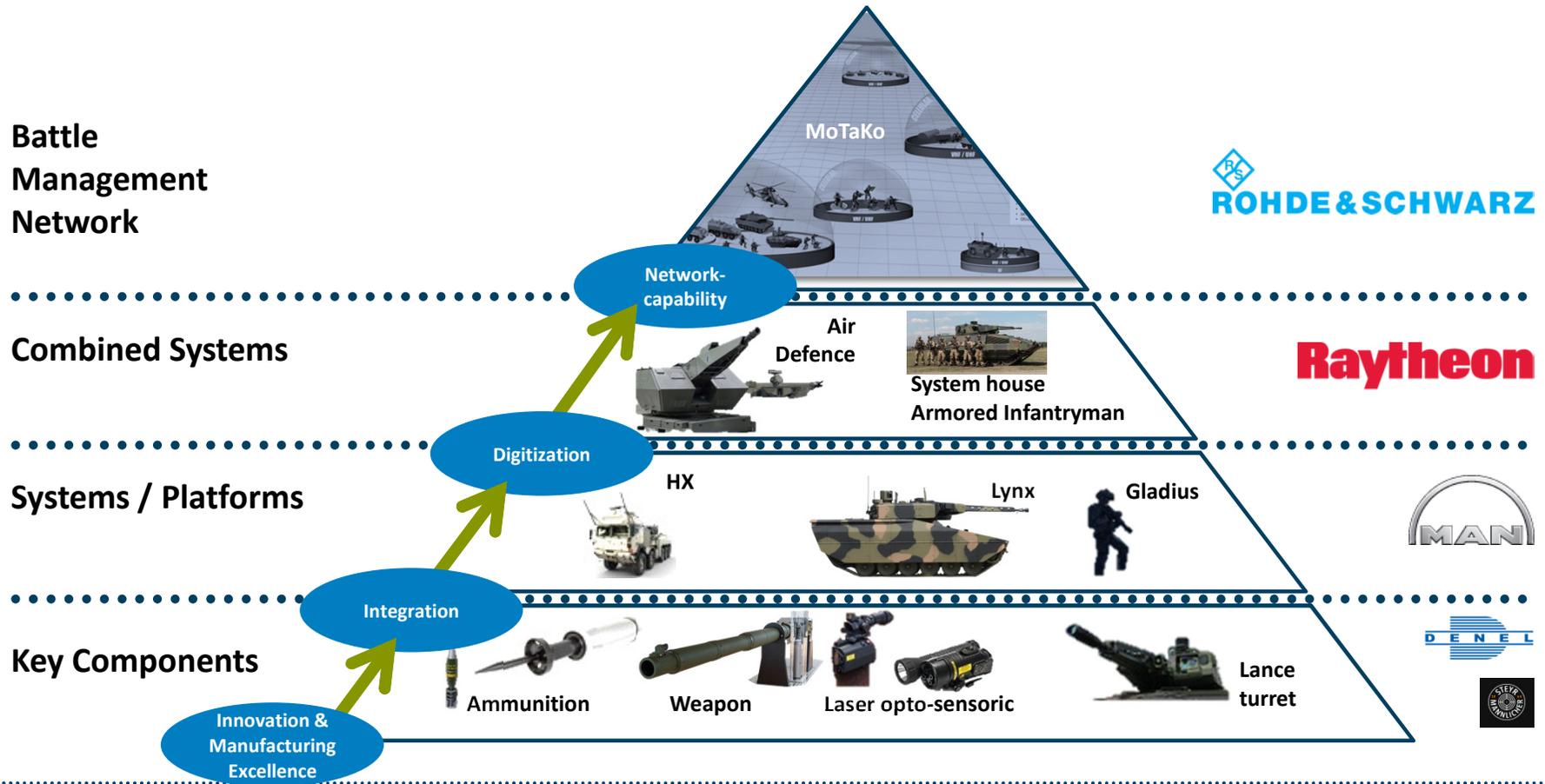
Equity investment in Supashock

- Acquisition of 49% equity stake in Supashock
- Target: Integration of Australian technology in tactical and logistical vehicles

Queensland selected as industrial base

- Subject to acquisition of the Land 400 order, Rheinmetall and Queensland agreed on joint investment approach
- Potential creation of 400-500 jobs

Rheinmetall integrates components to systems



Three major partnering agreements mark next step for potential growth

			
Objective	<ul style="list-style-type: none"> ▪ Bid for the planned rifle procurement of the Bundeswehr ▪ Plan: Technology partnership with 60% value creation in Germany 	<p>Potential areas of cooperation:</p> <ul style="list-style-type: none"> ▪ Air defence (Patriot-replacement) ▪ Weapon & Munition ▪ Combat vehicles ▪ Training ▪ Cyber security 	<p>Future digital communication and battle management system of the German ground forces:</p> <ul style="list-style-type: none"> ▪ MoTaKo ▪ MoTIV
Status	<p>Cooperation agreement January 2017</p>	<ul style="list-style-type: none"> ▪ Signing of “Strategic collaboration agreement” end of June with defined work share* ▪ Exclusivity for German market 	<p>Memorandum of Understanding March 2017</p>
Update	<ul style="list-style-type: none"> ▪ Trials have started after submission of documents for special forces tender ▪ Tender for general assault rifle still open 	<ul style="list-style-type: none"> ▪ Further work groups assess additional fields of collaboration <p><small>*Tactical air defence systems and close /close-by range ballistic systems</small></p>	<ul style="list-style-type: none"> ▪ Invite additional partners



Corporate Presentation: **Appendix**

Selected key data: outlook 2017

Rheinmetall Group		Automotive	Defence
Holding cost:	~20 - 25	Capex: ~5.5 - 6.5%	~3 - 4%
Tax rate:	~30%	D & A: ~4.5 - 5.5%	~3 - 3.5%
		R & D: ~4 - 6%	~2 - 3%
Financing:	<ul style="list-style-type: none"> ▪ EUR500 million bond (5.25% coupon) will mature in September ▪ EIB loan EUR250 million (0.962% coupon) as of August 2017 		
Rating:	<ul style="list-style-type: none"> ▪ Ba1 (stable) Moody's 		

Group 2012 – 2016: Key figures

in EUR million		2012	2013	2014	2015	2016
Balance sheet	Total assets	4,899	4,866	5,271	5,730	6,124
	Shareholder's equity	1,465	1,339	1,197	1,562	1,781
	Equity ratio (in %)	29.9	27.5	22.7	27.3	29.0
	Pension liabilities	919	891	1,121	1,128	1,186
	Net financial debt	98	147	330	81	-19
	Net gearing (in %)	6.7	11.0	27.6	5.2	1.1
Income statement	Sales	4,704	4,417	4,688	5,183	5,602
	Operating result	268	211	160	287	353
	Operating margin (in %)	5.7	4.8	3.4	5.5	6.3
	EBITDA	490	315	299	490	581
	EBIT	296	121	102	287	353
	EBIT margin (in %)	6.3	2.7	2.2	5.5	6.3
	EBT	216	45	22	221	299
	Net income after minorities	173	29	18	151	200
	Earnings per share (in EUR)	4.55	0.75	0.47	3.88	4.69
	Dividend per share (in EUR); 2016: proposal	1.80	0.40	0.30	1.10	1.45
	ROCE (in %)	11.5	4.7	3.9	10.1	12.3
Cash flow statement	Free cash flow from operations	125	20	-182	29	161
Headcount	Employees (Dec 31) according to capacity	21,767	20,264	20,166	20,676	20,993

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

Segments 2012 – 2016 Key figures

AUTOMOTIVE				
2012	2013	2014	2015	2016
2,378	2,270	2,466	2,621	2,670
418	392	416	445	459
2,369	2,262	2,448	2,592	2,656
139	158	184	216	223
5.9	7.0	7.5	8.3	8.4
243	225	295	332	356
139	124	184	216	223
5.9	5.5	7.5	8.3	8.4
148	142	158	167	174
12,003	10,927	10,830	10,934	10,820
1,091	1,171	1,322	1,450	1,527
69	66	96	119	142
6.3	5.6	7.3	8.1	9.3
1,087	889	934	952	921
57	27	72	73	62
5.2	3.0	7.7	7.7	6.7
265	268	269	285	305
25	27	26	27	27
9.4	10.1	9.7	9.5	8.9

in EUR million		
Order intake		
Order backlog (Dec. 31)		
Sales		
Operating result		
Operating margin (in %)		
EBITDA		
EBIT		
EBIT margin (in %)		
Capex		
Employees (Dec 31) according to capacity		
Mechatronics	Sales	Weapon & Ammunition*
	EBIT	
	EBIT margin	
Hardparts	Sales	Electronic Solutions
	EBIT	
	EBIT margin	
Aftermarket	Sales	Vehicle Systems**
	EBIT	
	EBIT margin	

DEFENCE				
2012	2013	2014	2015	2016
2,933	3,339	2,812	2,693	3,050
4,987	6,050	6,516	6,422	6,656
2,335	2,155	2,240	2,591	2,946
146	60	-9	90	147
6.3	2.8	-0.4	3.5	5.0
262	96	17	175	239
173	4	-67	90	147
7.4	0.2	-3.0	3.5	5.0
90	62	76	96	95
9,623	9,193	9,184	9,581	10,002
1,136	1,027	977	881	1,112
102	31	-4	74	108
9.0	3.0	-0.4	8.4	9.7
748	710	705	759	745
97	11	-53	26	25
13.0	1.5	-7.5	3.4	3.4
567	539	667	1,195	1,392
-25	-35	-9	3	29
-4.4	-6.5	-1.4	0.3	2.1

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)

Income statement Group

In EUR million	Income Statement				Income Statement		
	Q2 '16	Q2 '17	Δ		Q2 '16	Q2 '17	Δ
Total operating performance	1,461	1,493	32	Net operating income (EBIT)	72	81	9
				Net interest income	1	0	-1
				Interest expenses	-15	-13	2
Other operating income	33	36	3	Earnings before tax (EBT)	58	68	10
Cost of materials	812	841	29	Income tax	-17	-17	0
Personnel expenses	380	389	9	Net income	41	51	10
Amortization, depreciation and impairment	54	55	1	of which:			
Other operating expenses	173	160	-13	Minority interest	1	8	7
Income from companies at equity	4	1	-3	Rheinmetall shareholders	40	43	3
Other financial results	-7	-4	3				
Net operating income	72	81	9	EBITDA	126	137	11

Cash flow statement Group

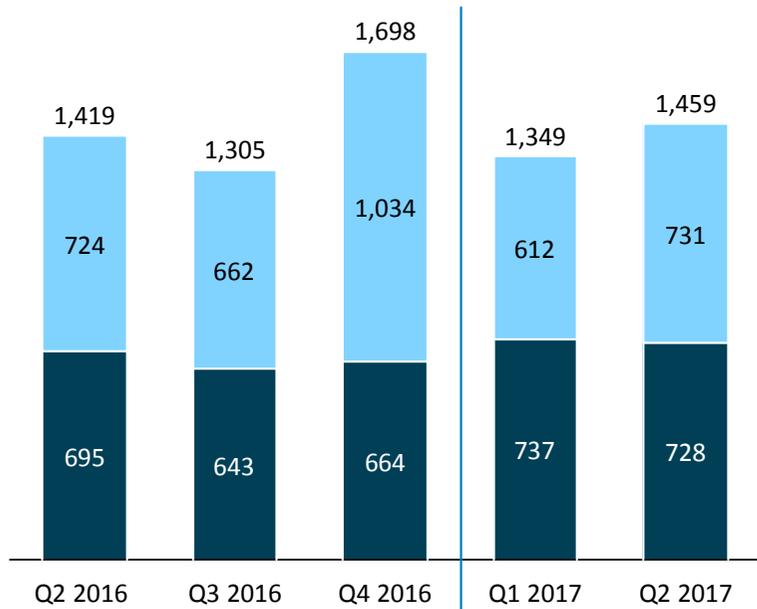
In EUR million	Cash Flow Statement						
	Q2 '16	Q2 '17	Δ		Q2 '16	Q2 '17	Δ
Net Income	41	51	10				
Amortization, depreciation and impairment	54	55	1				
Dotation of CTA	0	0	0				
Changes in pension provisions	2	-3	-5				
Income from disposal of non-current assets	0	0	0				
Changes in other provisions	-19	-18	1				
Changes in inventories	-71	38	109				
Changes in receivables, liabilities(w/o financial debts) and prepaid & deferred items	-21	-36	-15				
Pro rata income from investmenst carried at equity	-4	-1	3				
Dividends received from investments carried at equity	1	0	-1				
Other non-cash expenses and income	2	-17	-19				
Cash flows from operating activities	-15	69	84				
Investments in assets	-60	-50	10				
Cash receipts from the disposal of assets	1	-1	-2				
Investments in consolidated companies and other financial assets	0	-9	-9				
Payments for the purchase of short-term commercial papers	0	-11	-11				
Change in divestments of consolidated companies and financial assets	0	0	0				
Cash receipts from the disposal of short-term financial assets	77	65	-12				
Cash flow from investing activities	18	-6	-24				
				→ Capital payment to/ capital contribution by non-controlling i	0	0	0
				Increase in shares in consolidated subsidiaries	0	0	0
				Dividends paid out bei RHM AG	-47	-62	-15
				Other profit distribution	-6	-4	2
				Shares issued to employees	0	0	0
				Borrowing of financial debts	6	233	227
				Repayment of financial debts	1	-88	-89
				Cash flow from financing activities	-46	79	125
				Changes in financial resources	-43	142	185
				Changes in cash and cash equivalents due to exchange rates	6	-9	-15
				Total change in financial resources	-37	133	170
				Opening cash and cash equivalents April 1	345	344	-1
				Closing cash and cash equivalents June 30	308	477	169

Balance Sheet Group

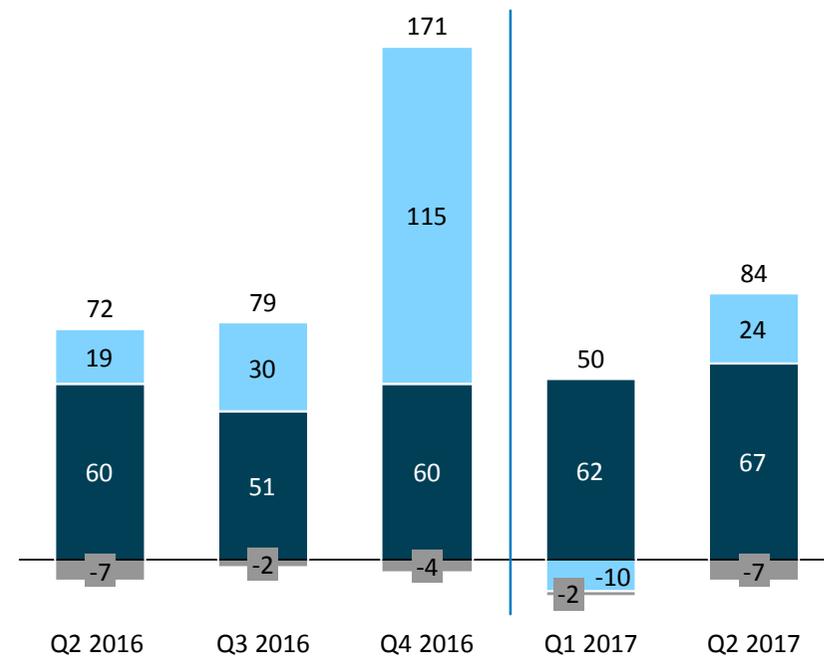
In EUR million			Balance Sheet				
	31.12.'16	30.06.'17	Δ		31.12.'16	30.06.'17	Δ
Non-current assets	2,762	2,727	-35	Equity	1,781	1,781	0
Intangible assets	819	804	-15	Share capital	112	112	0
Property, plant and equipment	1,378	1,351	-27	Additional paid-in capital	532	536	4
Investment property	53	54	1	Retained earnings	1,074	1,061	-13
Investments carried at equity	240	246	6	Treasury shares	-32	-28	4
Other non-current assets	36	49	13	Rheinmetall AG shareholders' equity	1,686	1,681	-5
Deferred tax assets	236	223	-13	Minorities	95	100	5
Current assets	3,388	3,526	138	Non-current liabilities	1,629	1,672	43
Inventories (net)	1,098	1,195	97	Provision for Pensions and similar obligations	1,186	1,111	-75
Trade receivables	1,306	1,388	82	Other provisions	135	149	14
Other financial assets	43	258	215	Financial debts	220	315	95
Other receivables and assets	125	168	43	Other liabilities	56	76	20
Income tax receivables	10	40	30	Deferred tax liabilities	32	21	-11
Cash and cash equivalents	806	477	-329	Current liabilities	2,740	2,800	60
				Other provisions	516	528	12
				Financial debts	567	626	59
				Trade liabilities	766	655	-111
				Other liabilities	838	905	67
				Income tax liability	53	86	33
Total assets	6,150	6,253	103	Total liabilities	6,150	6,253	103

Quarterly development Group

Sales
in EUR million



Operational results
in EUR million



■ Defence ■ Automotive ■ Consolidation/Others

Cash Flow Statement Group

in EUR million	Q2 2016	H1 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	H1 2017	Δ Q2 2016/2017	Δ H1 2016/2017
Group Net Income	41	53	46	116	28	51	79	10	26
Amortization, depreciation & impairments	54	109	52	67	57	55	112	1	3
Change in pension accruals	2	-14	-	-	-34	-3	-37	-5	-23
Cash Flow	97	148	98	183	51	103	154	6	6
Changes in working capital and other items	-112	-374	-1	389	-207	-34	-241	78	133
Net cash used in operating activities	-15	-226	98	572	-156	69	-87	84	139
Cash outflow for additions to tangible and intangible assets	-60	-112	-62	-109	-43	-50	-93	10	19
Free Cash Flow from Operations	-75	-338	36	463	-199	19	-180	94	158

Equity and pension liabilities

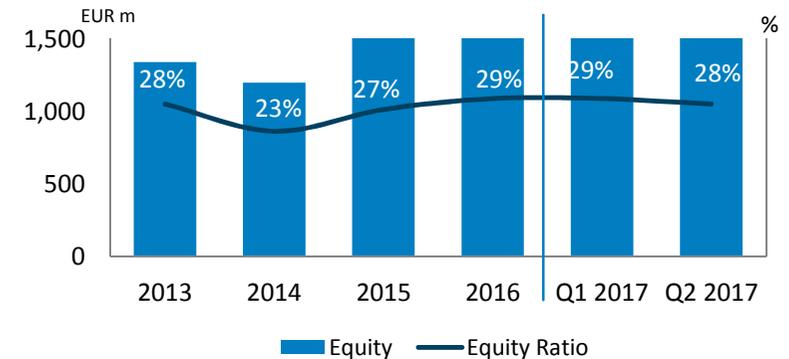
Financial solidity materially improved

Drivers

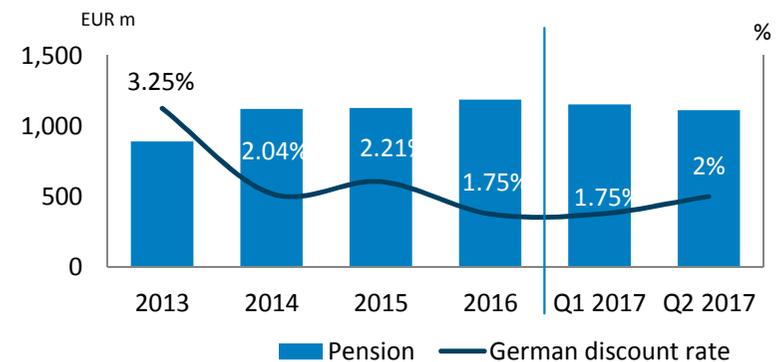
- Confidence increased by delivery on our targets
- Capitalizing on our restructuring efforts
- Achievement of a solid equity ratio
- Pension stabilized on further CTA funding
- Supportive market environment in both segments

Credit rating Ba1 with outlook stable since April 2016

Equity and Equity ratio

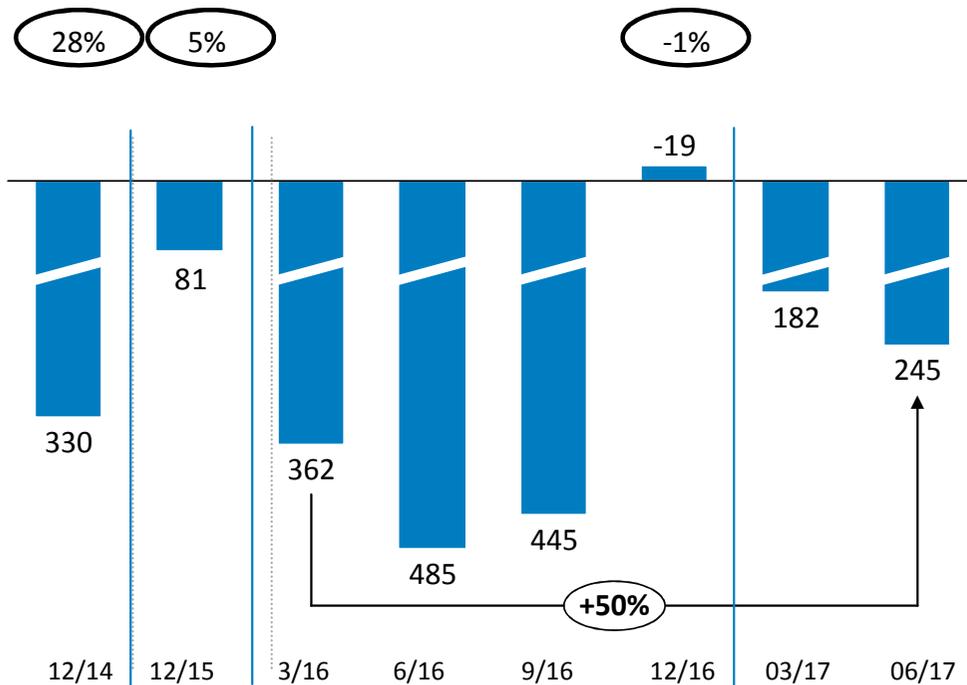


Pension liabilities and German discount rate

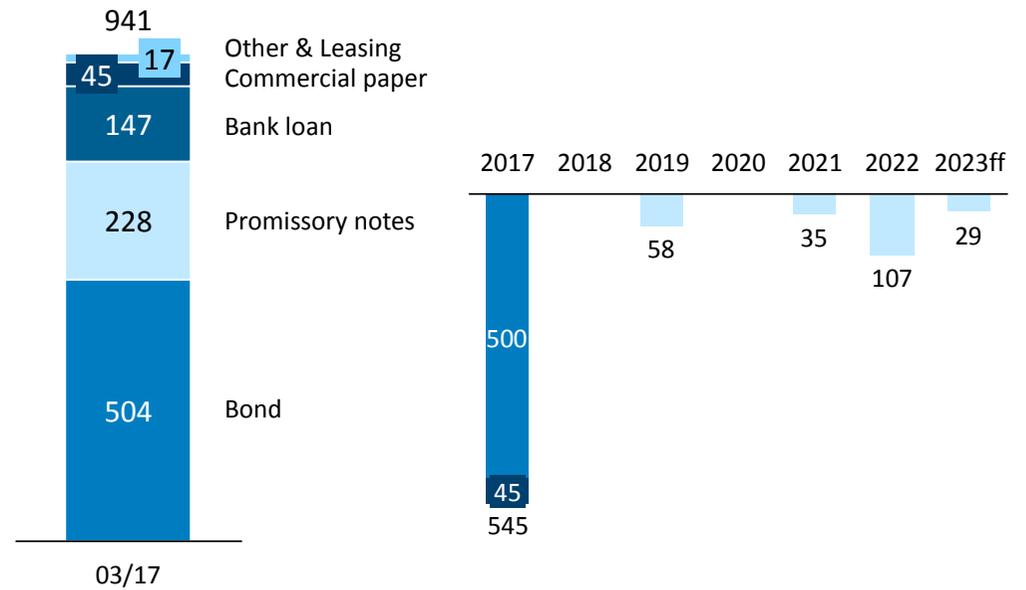


Net-financial debt considerably improved on positive cash development

■ **Net-financial debt** in EUR million at quarter end
Net Gearing in % at year end

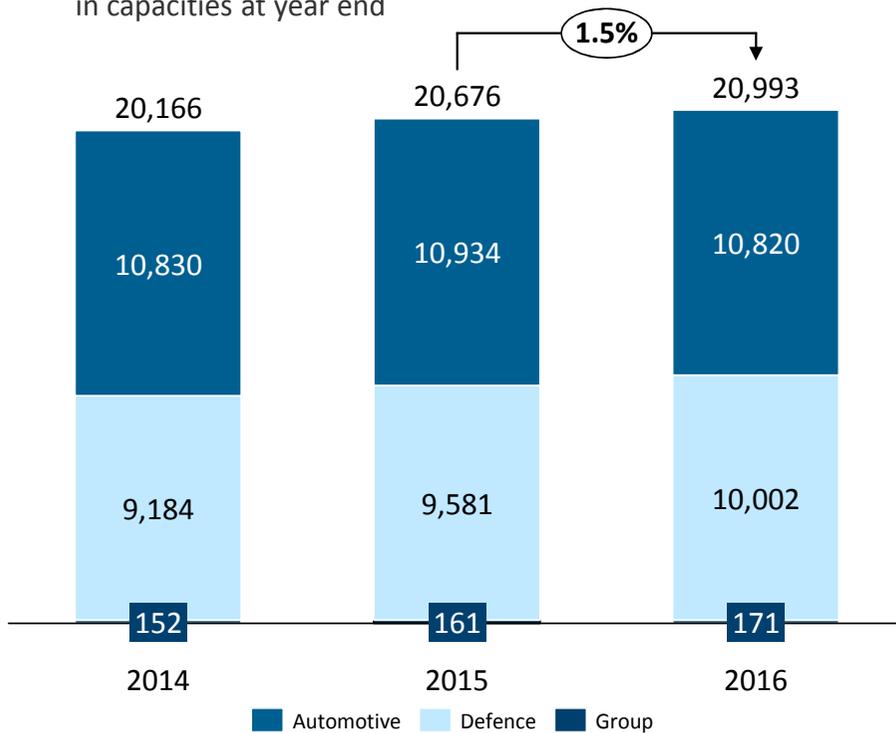


■ **Debt composition and maturity profile of instruments**
in EUR million

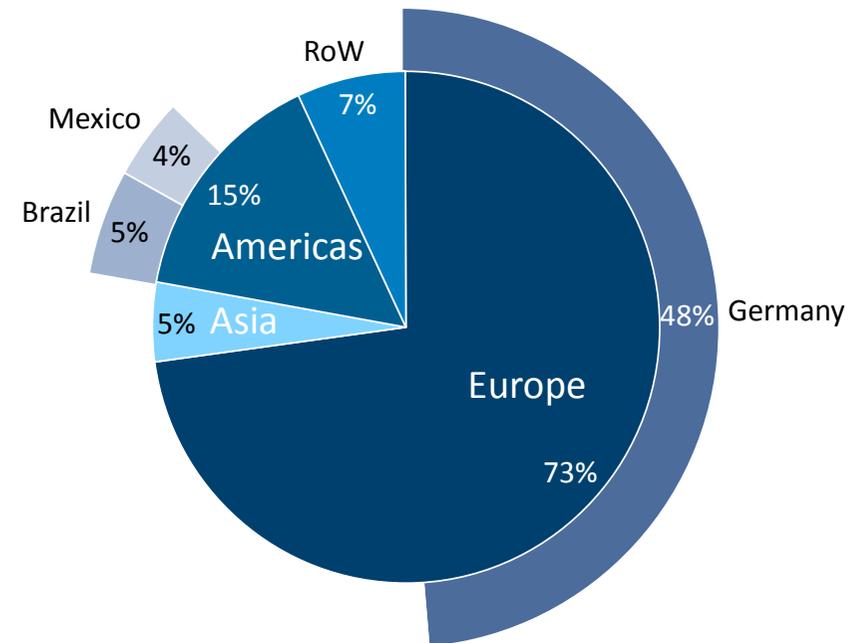


Moderate headcount increase to accompany growth

Headcount per segment
in capacities at year end



Headcount per region
in capacities at year end



First orders for public security and e-mobility

■ Public Security



Survivor vehicles
for German police forces

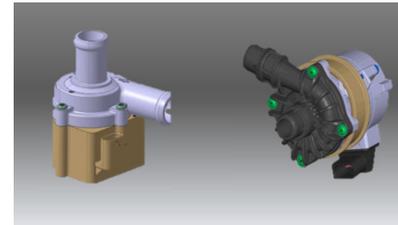


Drone detection systems
for Swiss prisons



Innovative body armor
for German police forces in
several states

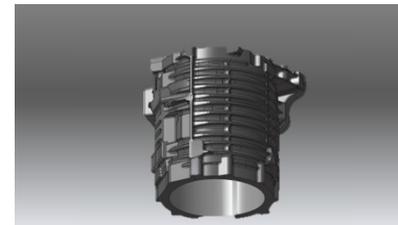
■ Electromobility



Pump technology for
electric vehicles



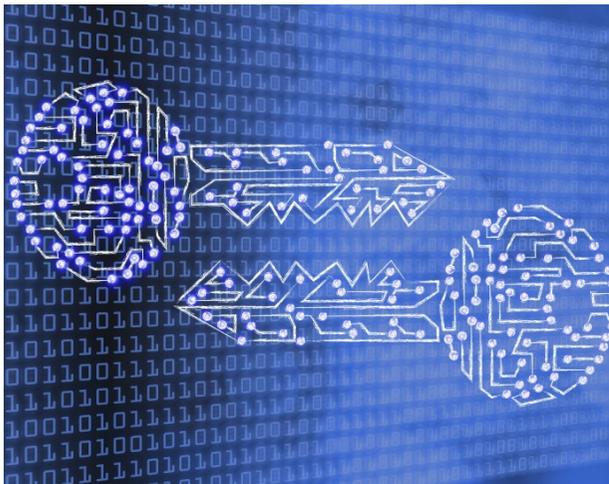
Aluminum battery boxes
for German premium OEM



Electric engine housing
for German premium OEM
to serve the Chinese market

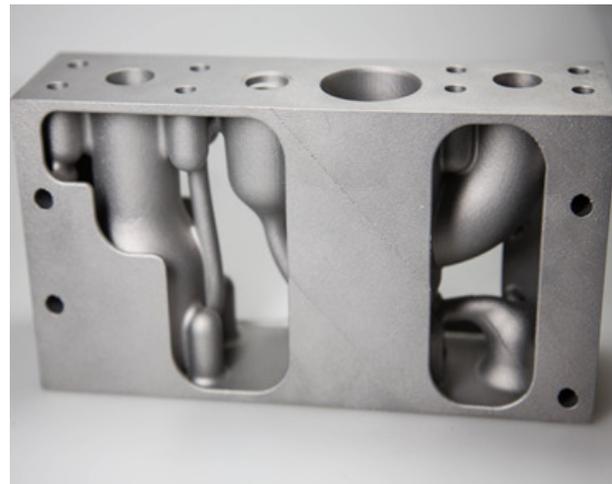
Investments in „New Technologies” initiated

■ Cyber Security



- Development of two products finished
- Marketing phase started in 2017

■ 3D Techcenter



- Metal 3D print services
- First applications: Compressor wheel for turbo charger; hydraulic blocks for tanks

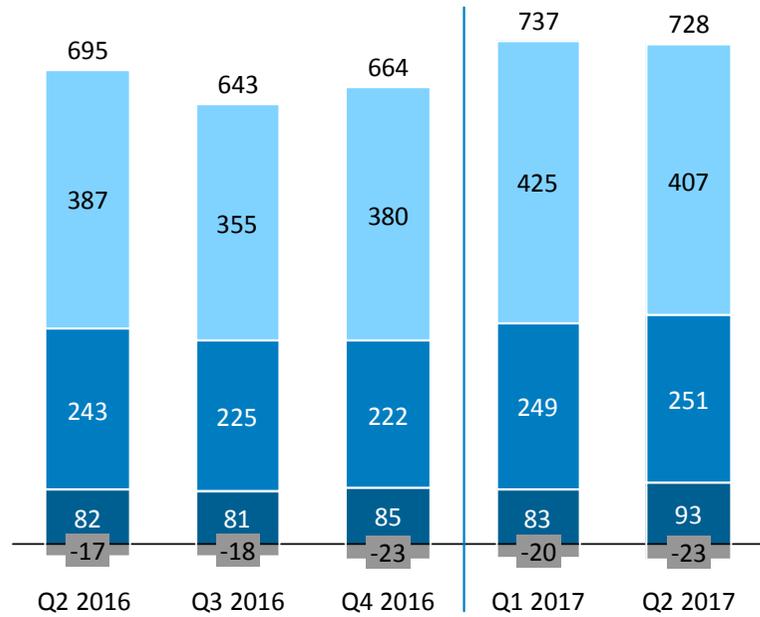
■ PanoView



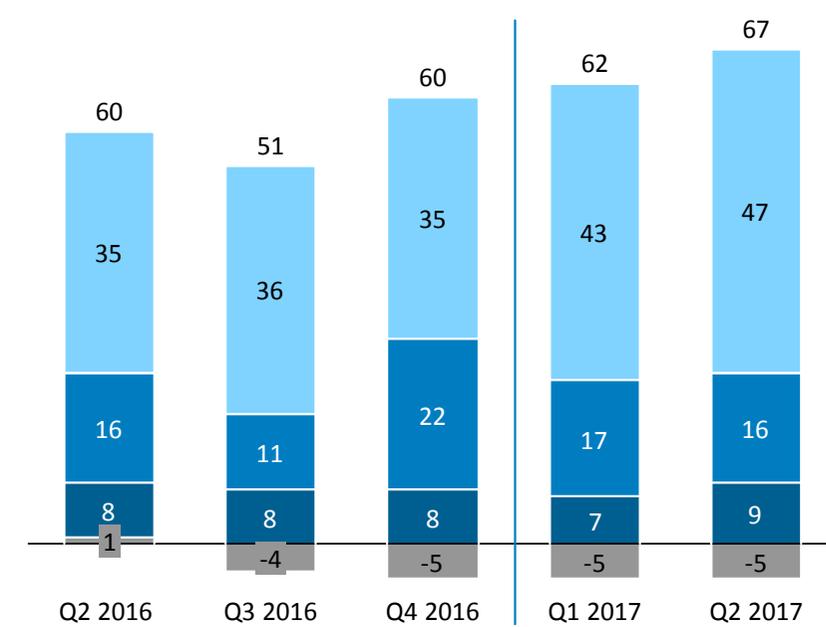
- Merging modern sensor technology with virtual reality to create a real-time 360° view
- First marketing in Q1 2017

Quarterly development Automotive

Sales by division
in EUR million



Operational results by division
in EUR million



■ Mechatronics
 ■ Hardparts
 ■ Aftermarket
 ■ Consolidation/Others

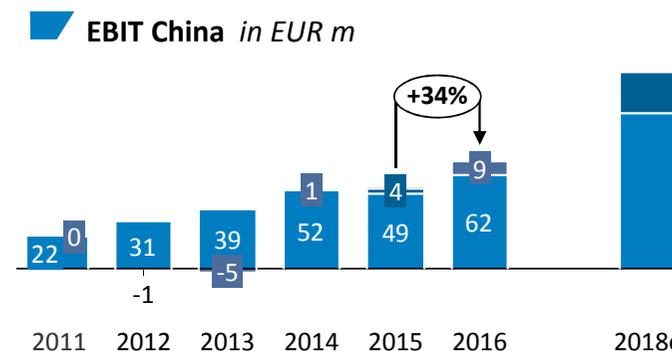
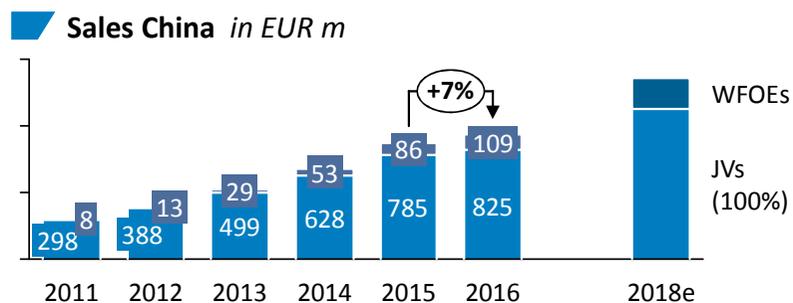
Cash flow statement Automotive

in EUR million	Q2 2016	H1 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	H1 2017	Δ Q2 '16/'17	Δ H1 '16/'17
Net income	42	80	36	49	46	50	96	8	16
Amortization, depreciation & impairments	31	64	29	40	32	32	64	1	-
Change in pension accruals	-	-	-1	-1	-	-	-	-	-
Cash Flow	73	144	64	88	78	82	160	9	16
Changes in working capital and other items	14	-164	17	130	-172	20	-152	6	12
Net cash used in operating activities	87	-20	81	218	-94	102	8	15	28
Cash outflow for additions to tangible and intangible assets	-36	-68	-35	-71	-24	-33	-57	3	11
Free cash flow from operations	51	-88	46	147	-118	69	-49	18	39

Automotive in China

50/50 joint ventures with HASCO (SAIC group)			
Castings (ATAG)	Pistons (KSSP)	Castings (KPSNC)	Pumps (PHP)
2014	1997	2001	2012
Engine blocks and structural body parts	Pistons	Engine blocks, cylinder heads and structural body parts	Electrical and mechanical pumps
Germany/ Europe	China		

Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)			JV subsidiary
Aftermarket	Pierburg	Large-bore pistons	Pumps (PMP Ch.)
2008	2009	2013	2012
Spare parts	EGR modules and electric throttle bodies	Large-bore pistons	Electrical and mechanical pumps
China			China



Electrification and downsizing require more sophisticated products

Coolant pump



Mechanical



>6x



Electrical

Exhaust gas recirculation



Valve



>3x



Valve, cooler, bypass and bypass actuator



Oil pump



Mechanical



>3x



Variable

Piston



Aluminum



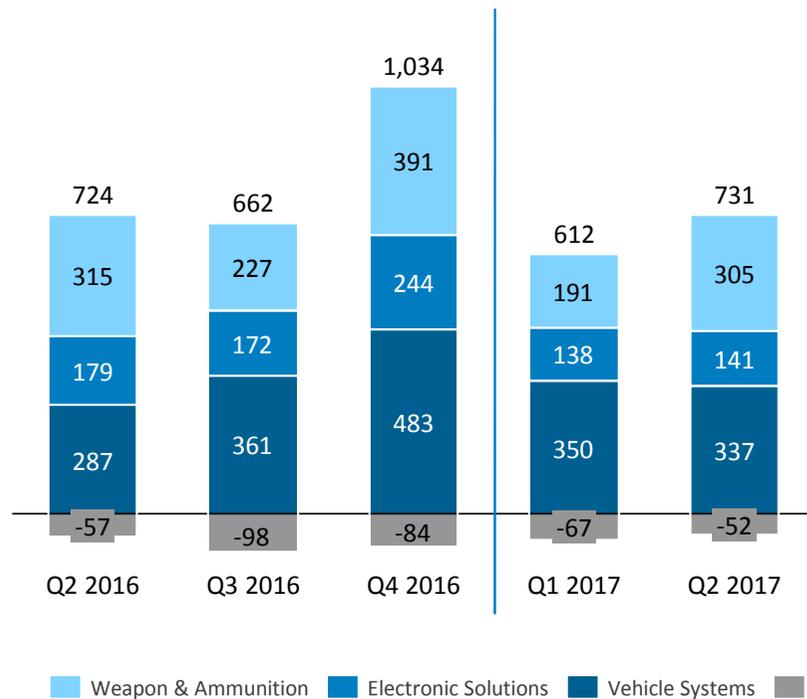
>3x



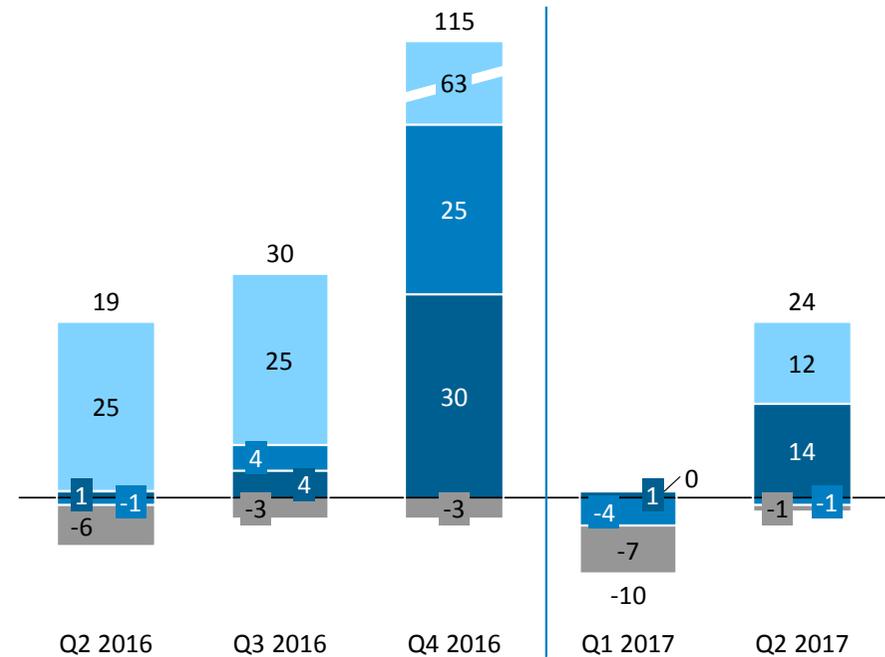
Steel

Quarterly development Defence

Sales by division
in EUR million



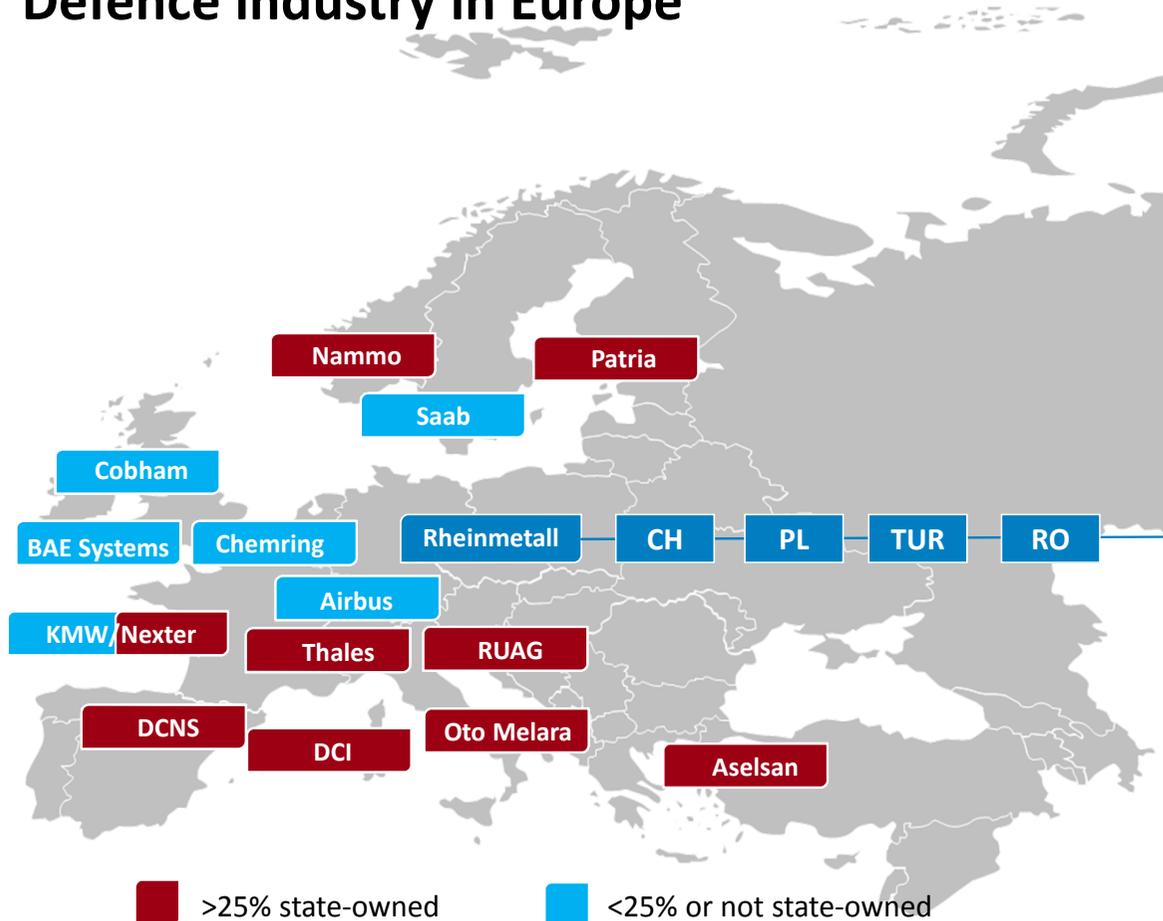
Operational earnings by division
in EUR million



Cash flow statement Defence

in EUR million	Q2 2016	H1 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	H1 2017	Δ Q2 '16/'17	Δ H1 '16/'17
Net income	3	-17	13	78	-16	8	-8	5	9
Amortization, depreciation & impairments	22	44	22	26	24	22	46	-	2
Change in pension accruals	2	3	1	1	-3	-6	-9	-8	-12
Cash Flow	27	30	36	105	5	24	29	-3	-1
Changes in working capital and other items	-123	-213	-8	248	-61	-38	-99	85	114
Net cash used in operating activities	-96	-183	28	353	-56	-14	-70	82	113
Cash outflow for additions to tangible and intangible assets	-21	-38	-23	-34	-16	-19	-35	2	3
Free cash flow from operations	-117	-221	5	319	-72	-33	-105	84	116

Defence industry in Europe



- **Governmental shareholding** restricts room for cross-border consolidation
- **Big common armament programs** as catalyst for further consolidation are not at European mid-term horizon

Rheinmetall's approach:

- **JV partnerships with companies in different nations** instead of "putting all eggs in one basket"
- **Sufficient organic growth potential**, but suitable M&A transactions are possible

Next events and IR contacts

■ Events 2017

Commerzbank Conference	Frankfurt	29 Aug
UBS Conference	New York	13 – 14 Sept
Berenberg and GS Conference	Munich	19 – 20 Sept

Q3 Earnings call **7 Nov**

Capital Markets Day 2017 **Bremen** **21 – 22 Nov**

Berenberg Conference Pennyhill 4 – 5 Dec

■ Events 2018

Commerzbank Conference	New York	8 – 10 Jan
Kepler Cheuvreux Conference	Frankfurt	15– 16 Jan

■ IR Contacts

Franz-Bernd Reich

Head of IR

Tel: +49-211 473-4718

Email: franz-bernd.reich@rheinmetall.com

Dirk Winkels

Senior Investor Relations Manager

Tel: +49-211 473-4749

Email: dirk.winkels@rheinmetall.com

Rosalinde Schulte

Investor Relations Assistant

Tel: +49-211 473-4718

Email: rosalinde.schulte@rheinmetall.com

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