



IAA 2017 Update Rheinmetall Automotive

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CEO Rheinmetall Automotive

UBS Quo Vadis Industrials Tour 2017
Frankfurt a.M., 21th September 2017

Rheinmetall Automotive Overview (incl. China)



1

Automotive supplier

108

Years of experience



3.8

bn EUR Turnover
(incl. JVs)



RHEINMETALL
AUTOMOTIVE

3

Strong brands

18.000

Employees



54

Locations worldwide



Highlights Q2 2017

Solid outperformance of a flat market

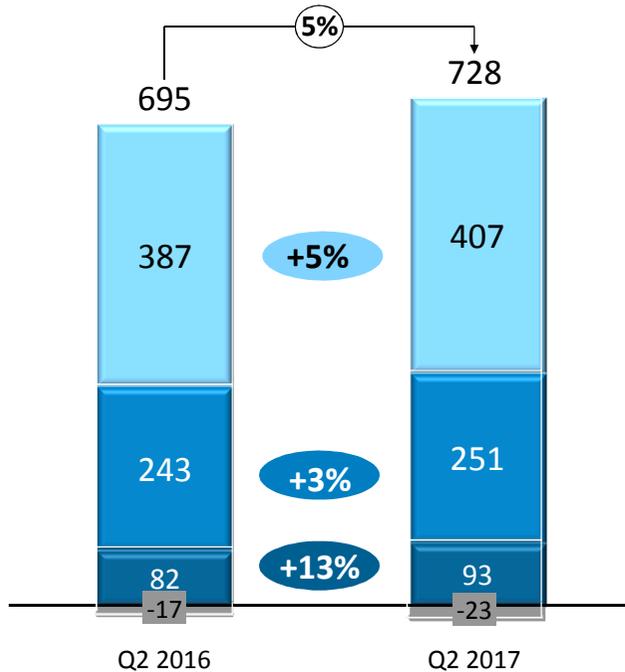


- Sales rose by 5% to €728 m
- Operating result grew by 12% to €67 m
- Operating margin increased by 0.6pp to 9.2%
- Free cash flow improved in Q2 by €18 m to €69 m

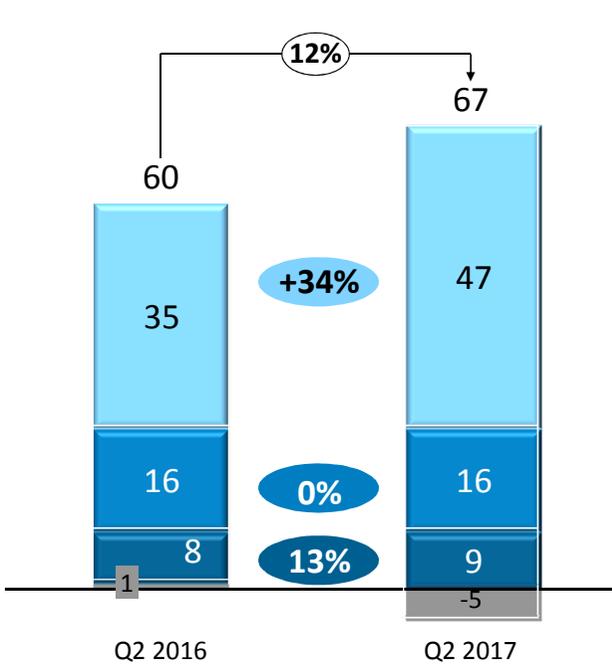
Q2 2017

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 east European markets, esp. Russia

Consolidation and others

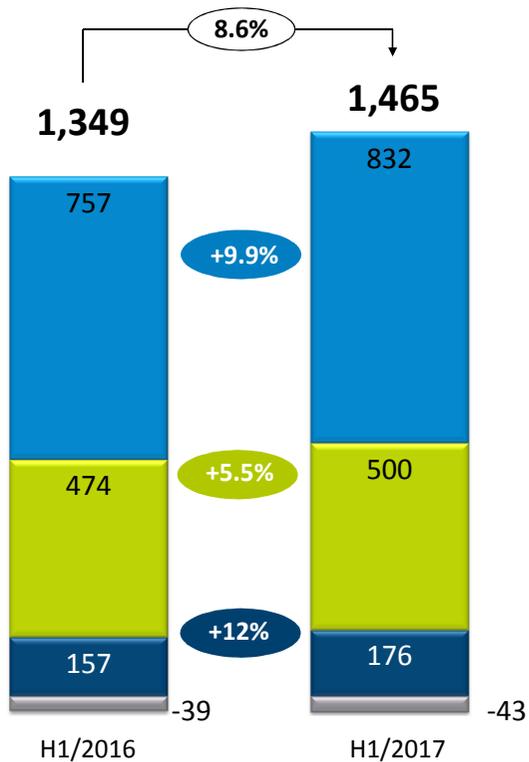
- New technologies and personnel cost

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

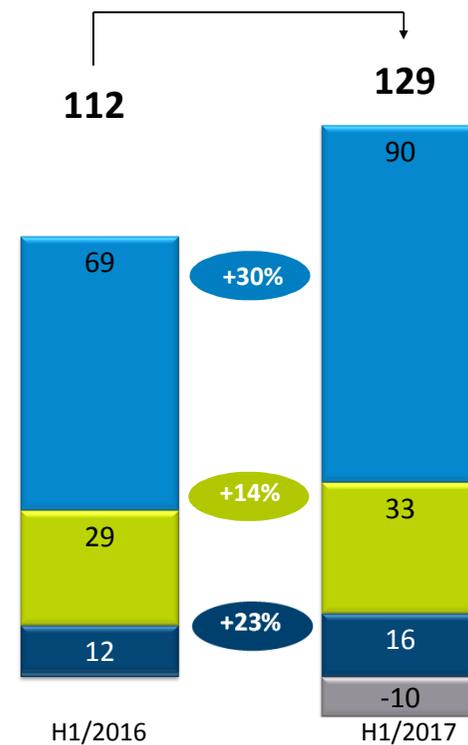
H1 2017

Further growth in sales and earnings

■ Sales in € million



■ Operating result in € million



Highlights H1 2017

Solid outperformance of a flat market



- Sales rose by 8.6% to €1,465 m
- Operating result grew by 15.2% to €129 m
- Operating margin increased by 0.5 pp to 8.8%

Outlook 2017

Guidance raised on improved Automotive outlook

AUTOMOTIVE



Macro view

- **Global** LV production growth ~2%*
- **Chinese** LV production growth ~1%

Rheinmetall

- Automotive expected to **outperform markets**
- Ongoing considerations to **streamline the global footprint** of Hardparts to optimize assets and cost structure

DEFENCE



- Further **demand increase** in key markets
- Germany and other allies have **increased investment budgets**
- **Strong backend loading** of Defence performance
- **Single digit** sales growth expected for 2017
- **Stronger sales momentum 2018**

New Outlook 2017

Sales growth expectation lifted from 3-4% to 6-7% and operating margin level from $\geq 8\%$ to around 8.4%

Sales growth of 5-6% and operating margin of 5-5.5%

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

*Source: IHS July 2017

IAA 2017

„Merkel criticizes auto managers“



The internal combustion engine is dead (?)

“The Greens won’t join a coalition that doesn’t call an end to the era of the internal combustion engine and embark on an emissions-free automotive future”, declares party chairman Cem Özdemir.



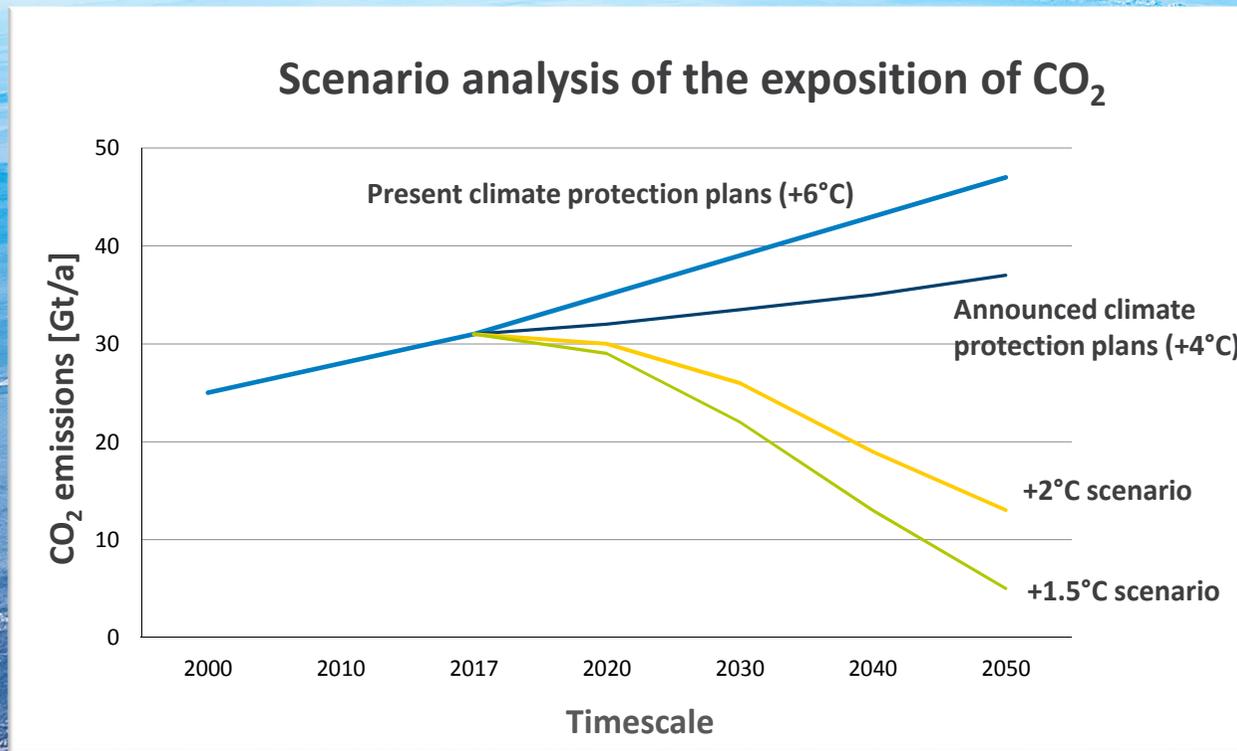
Volvo says good-bye to the internal combustion engine.

“Starting in 2019, every new Volvo model will be powered by an electric motor.”



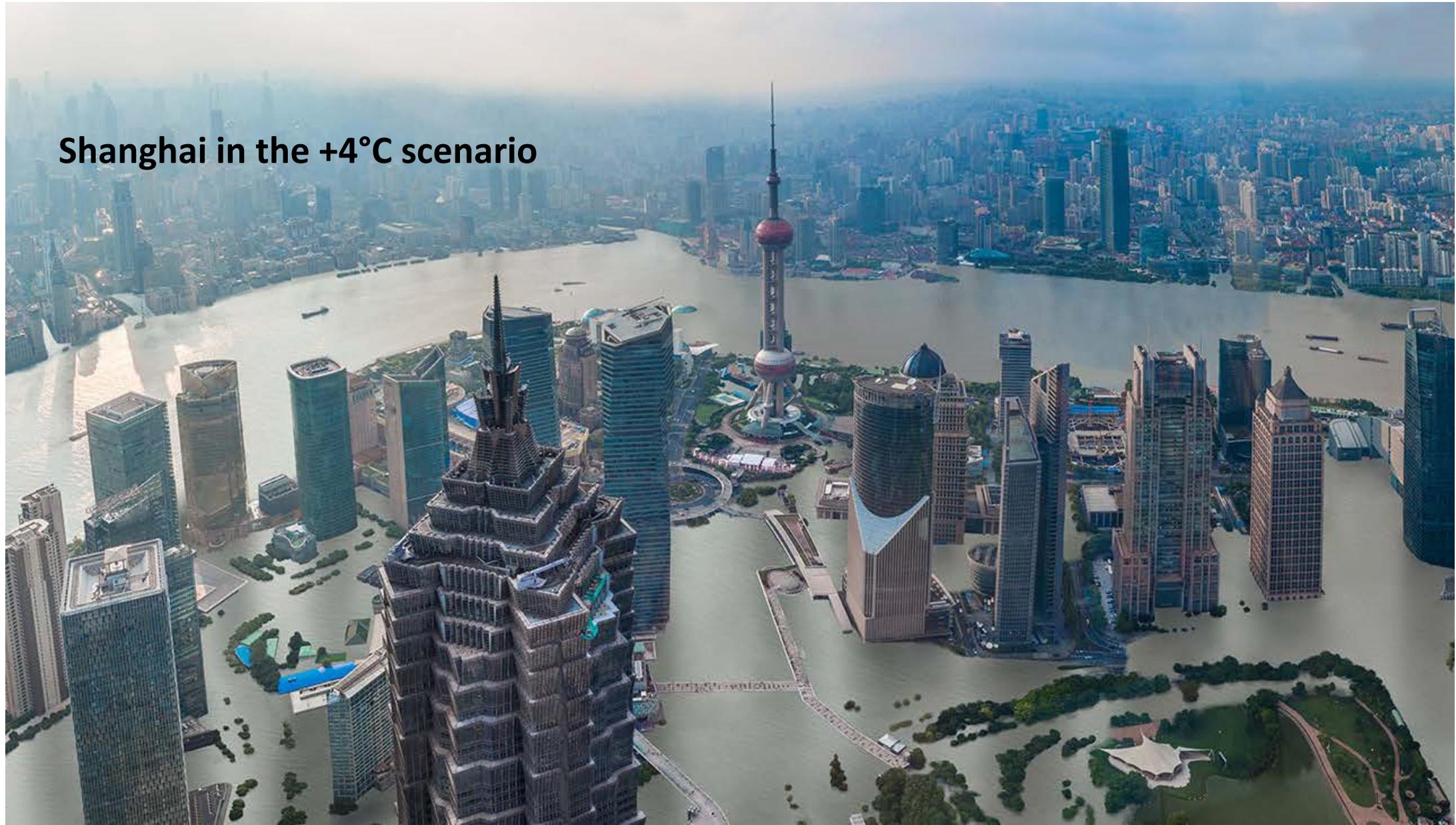
“We’re saying good-bye to the internal combustion engine”, states Hakan Samuelsson.

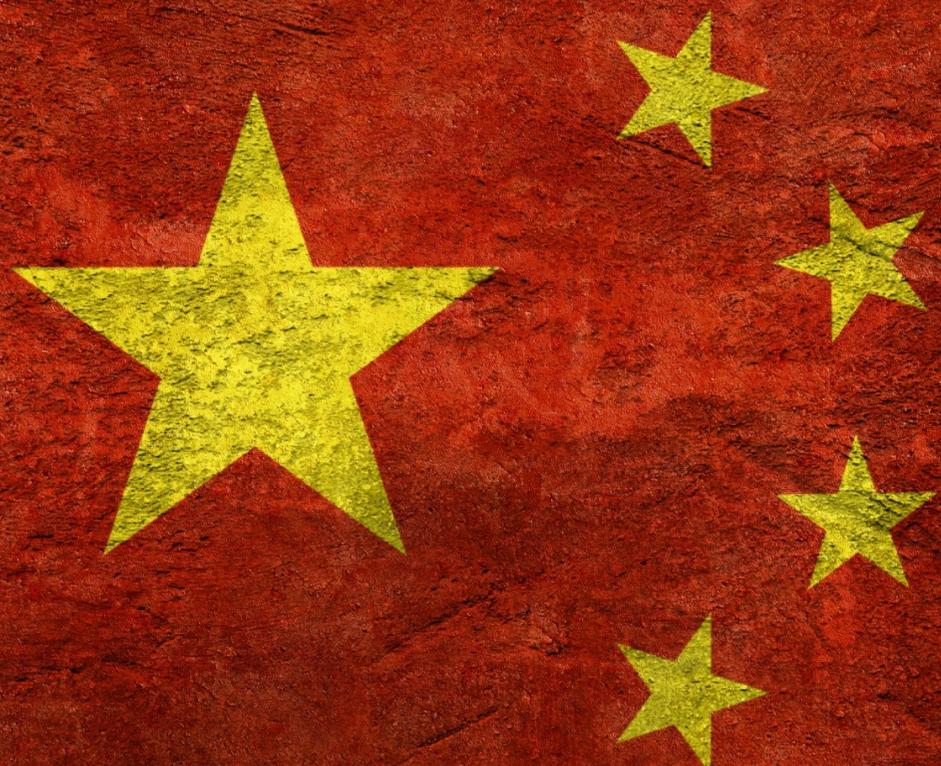
Threat scenario



Source: Vortrag Dr. Rolf Bulander, Beitrag verschiedener Antriebskonzepte zur Erreichung anspruchsvoller Klimaziele, 38. Int. Wiener Motorensymposium, 27.04.2017.

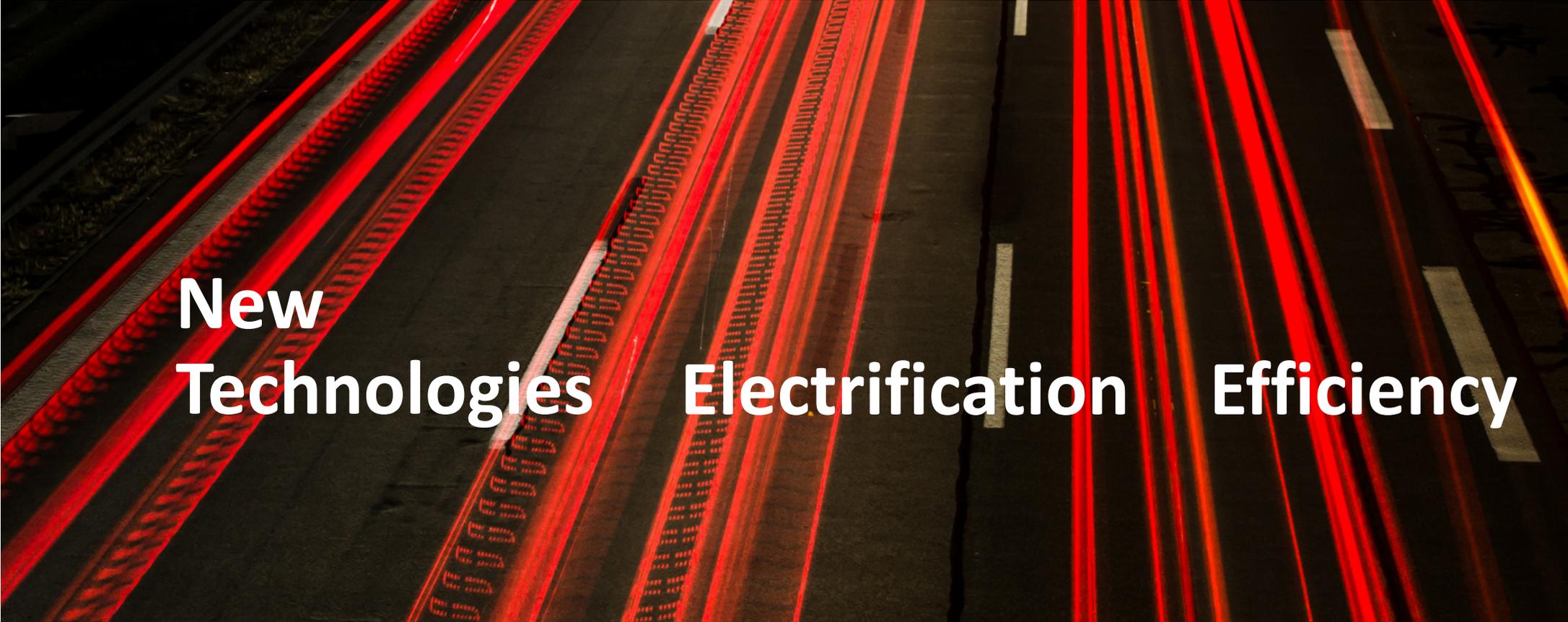
Shanghai in the +4°C scenario





**As from 2020:
12% New Energy Vehicles mandatory
30% NEVs in 2025 exp.**

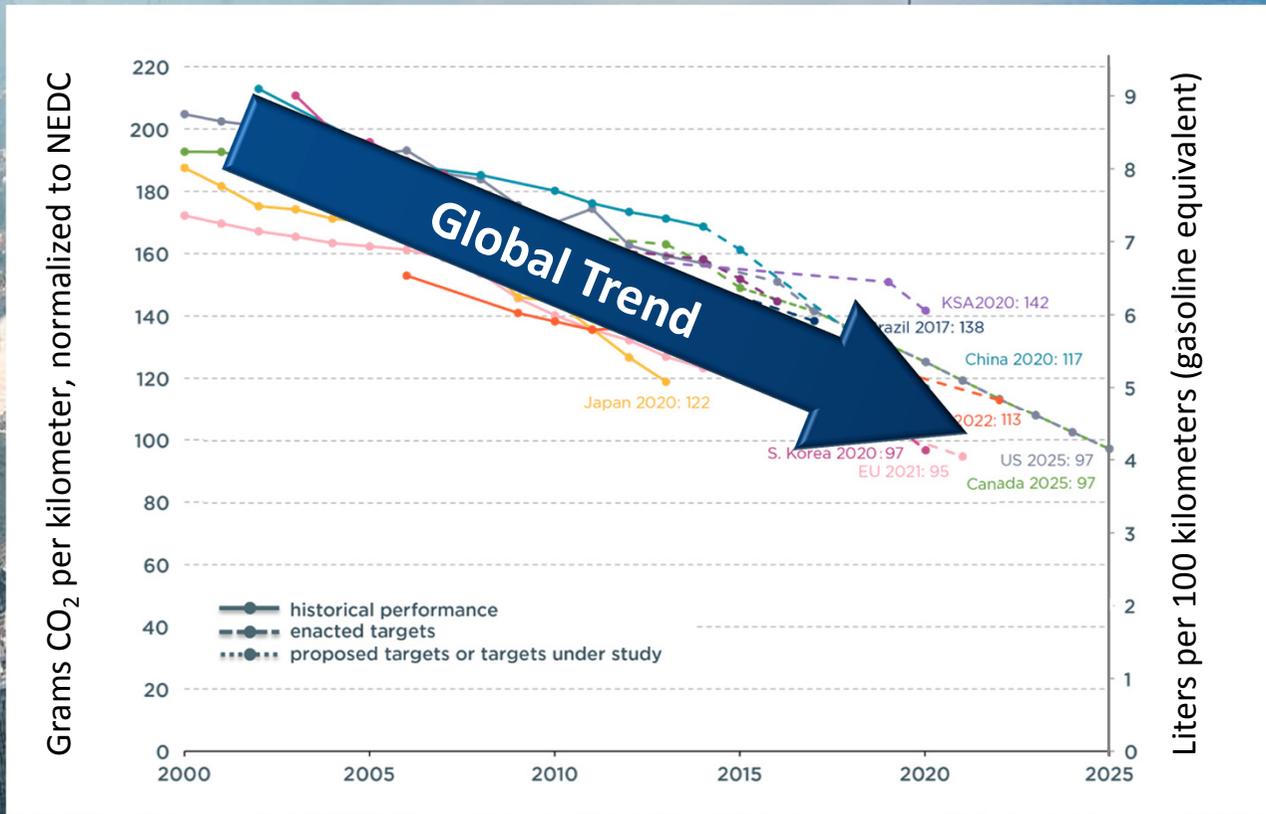
Three mainstreams for future mobility



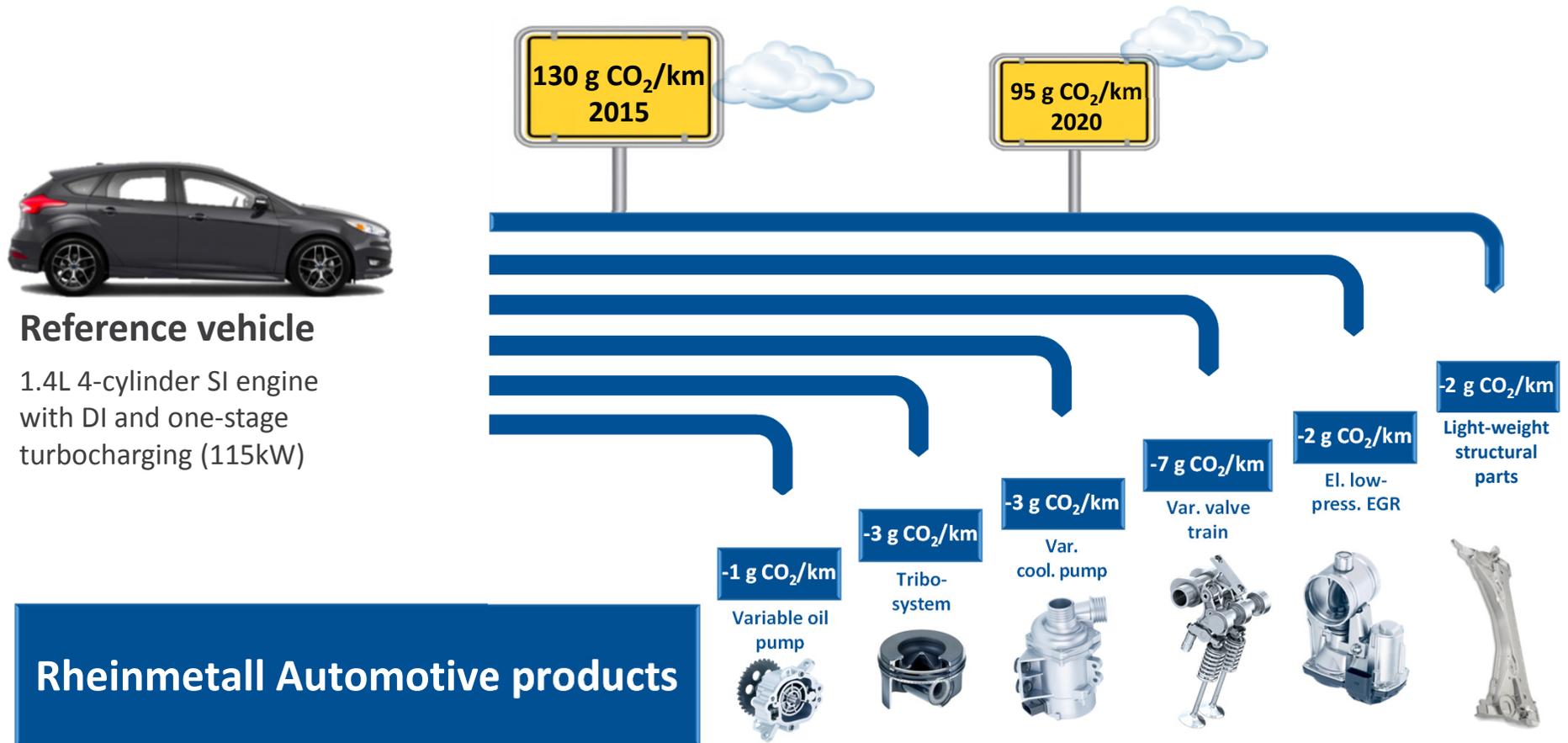
**New
Technologies Electrification Efficiency**

Efficiency-drivers

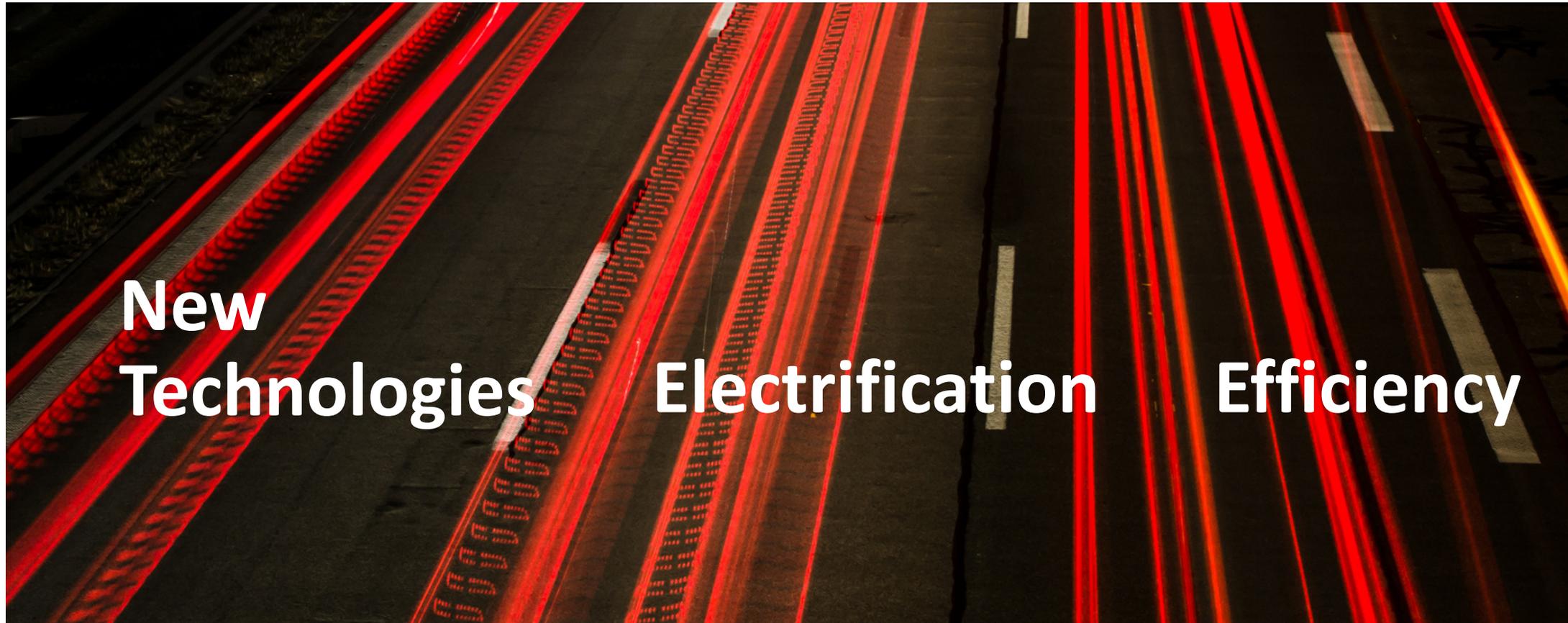
CO₂ emission regulations of important markets



Efficiency: reduction of fuel consumption Rheinmetall Automotive's Road to 95



Three mainstreams for future mobility



New

Technologies

Electrification

Efficiency

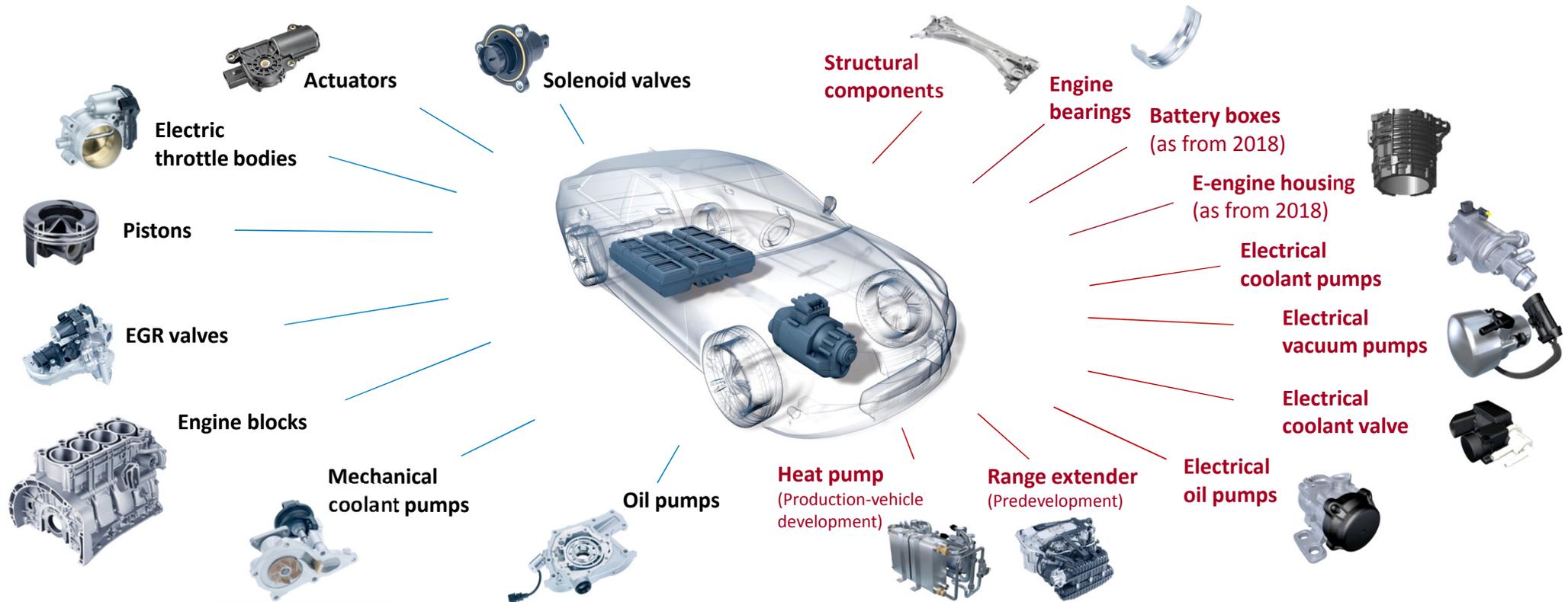
Growth driver electrification

Broad product range for alternative drive systems (Hybrids)

Enlarging the traditional product portfolio for combustion engines ...

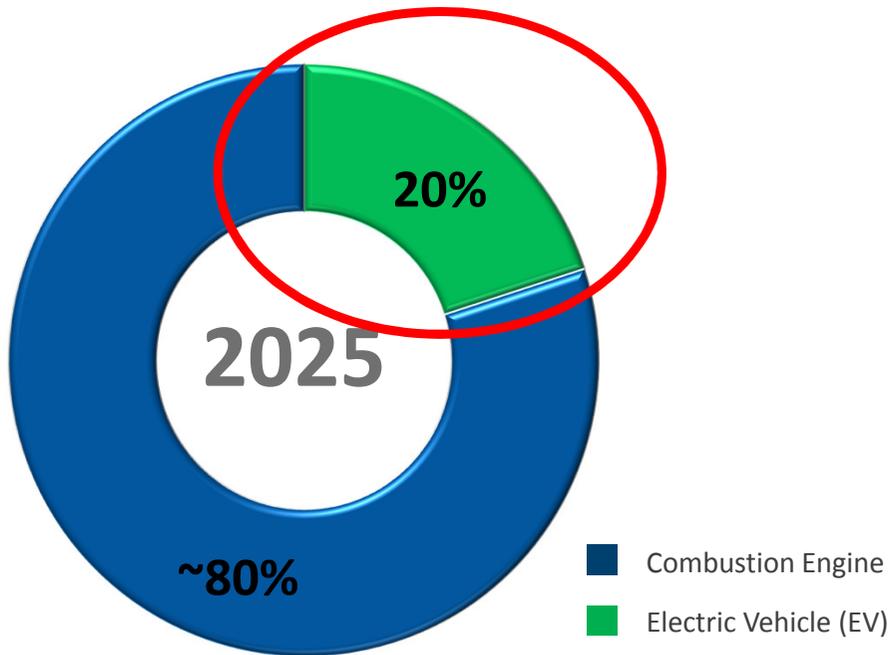


... by products for hybrid and electric engines

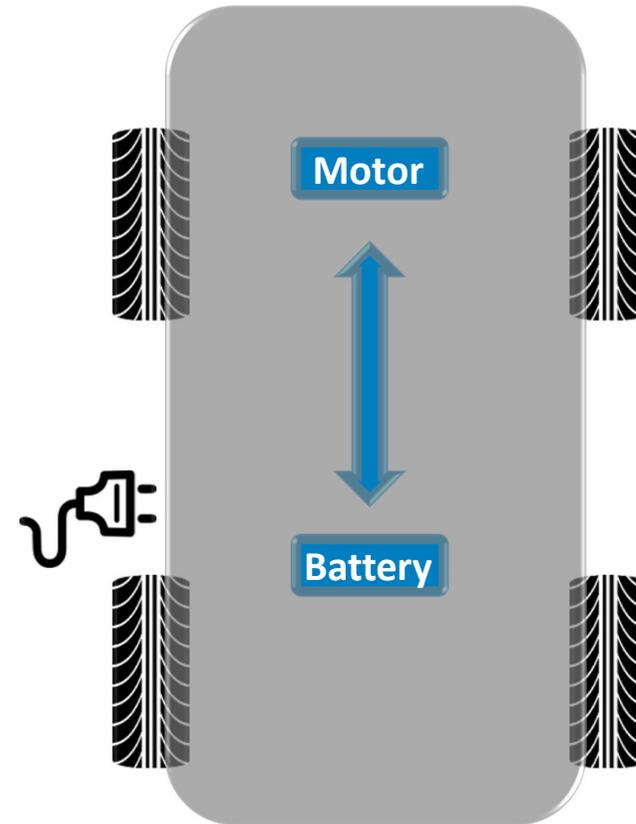


Assumption

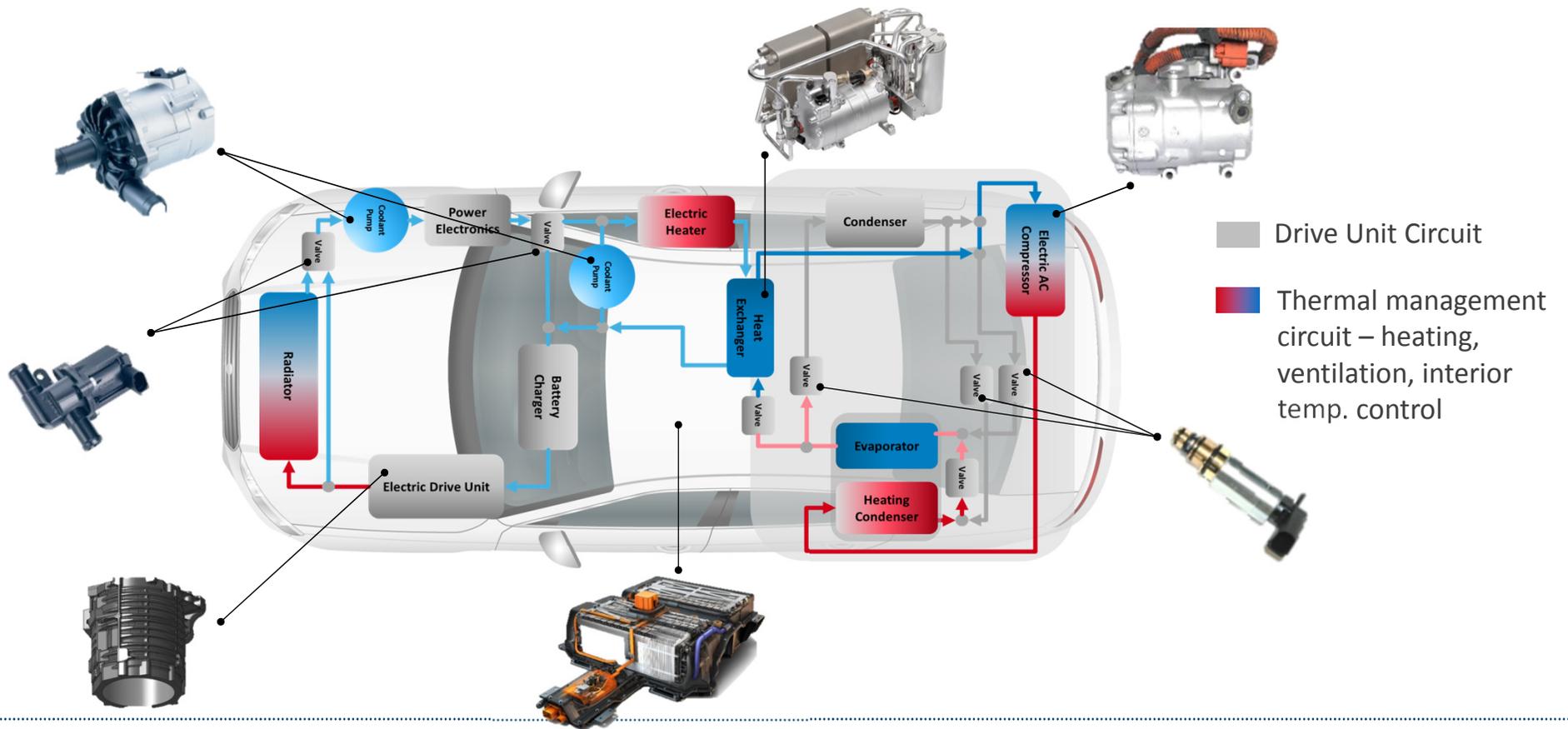
What about pure EV?



Electric Vehicle (EV)



Growth driver Electrification Complex with high potential



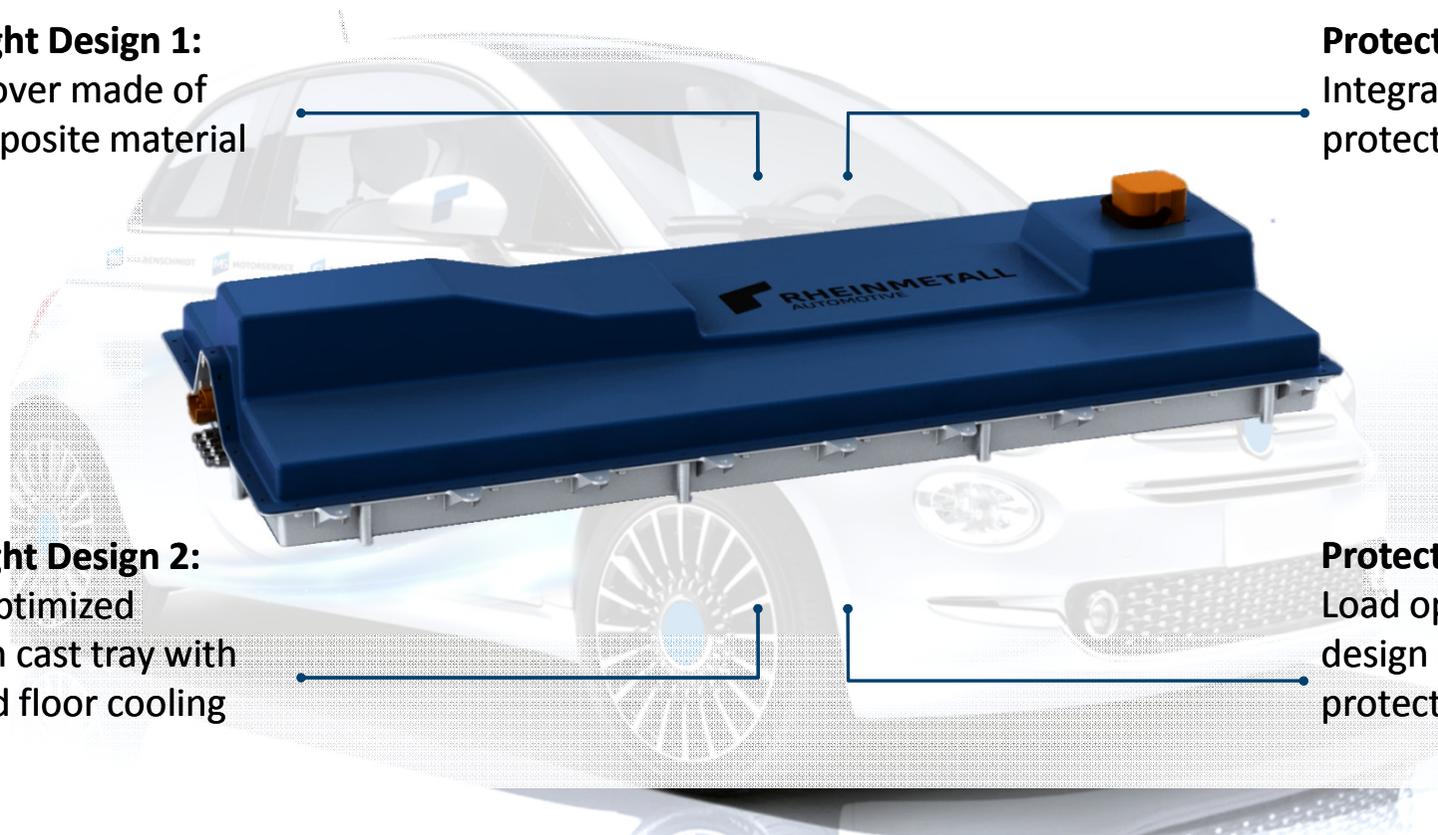
Battery-Pack

Lightweight Design 1:
Battery cover made of
fiber composite material
(CFK)

Protection System 1:
Integrated flame
protection

Lightweight Design 2:
Weight-optimized
aluminum cast tray with
integrated floor cooling

Protection System 2:
Load optimized lightweight
design as underfloor
protection



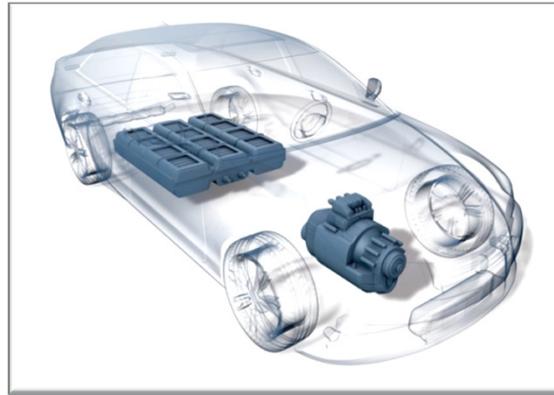
Contracts for electric vehicles

E-Taxis in London



Pump technology for
pure electric taxis

Battery cell boxes



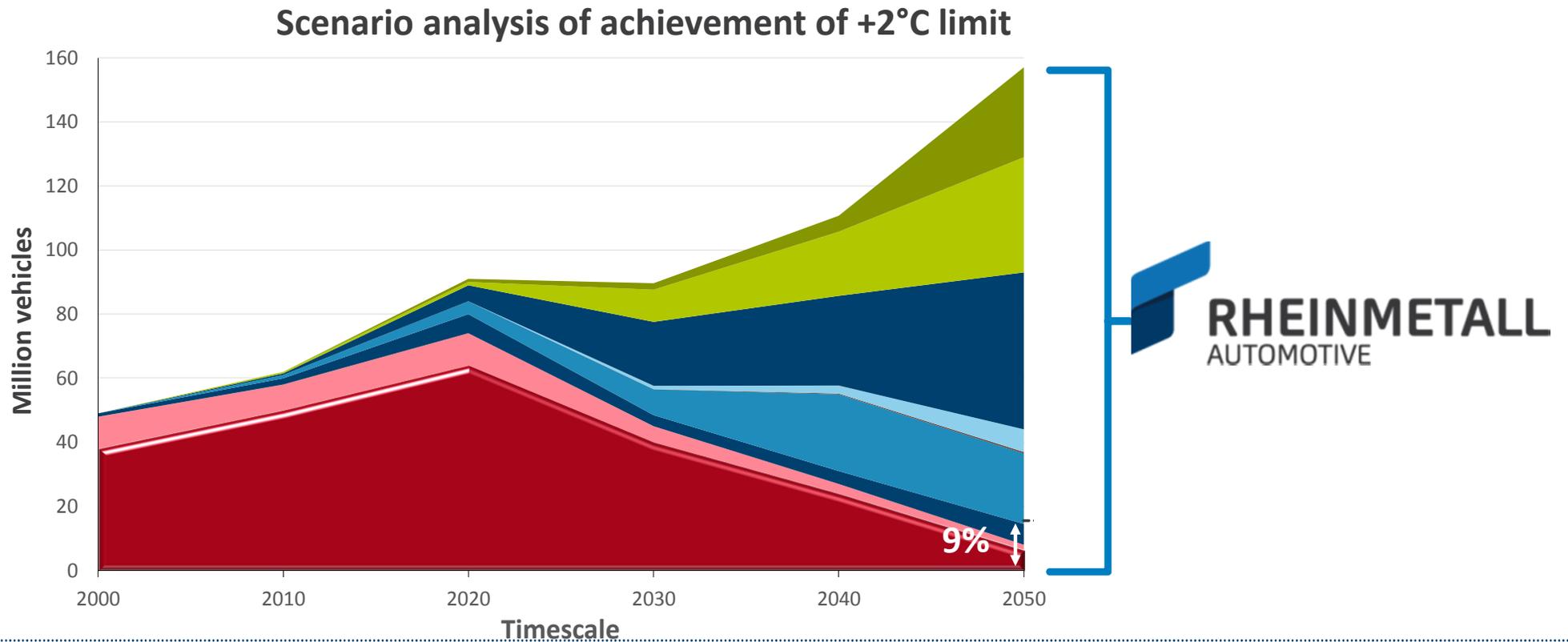
Aluminum battery boxes for
German premium OEM

Electric engine housing



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

Our goal:
We will supply the whole market!

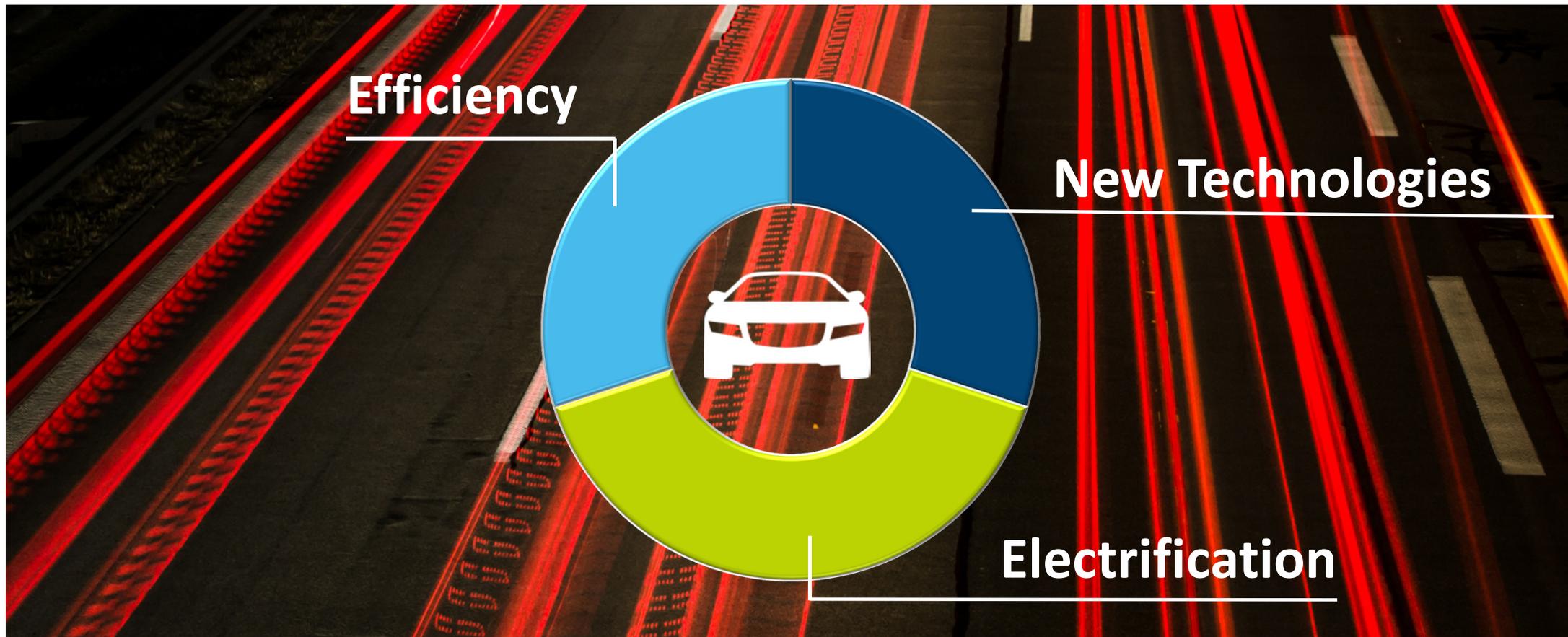


Three mainstreams for future mobility



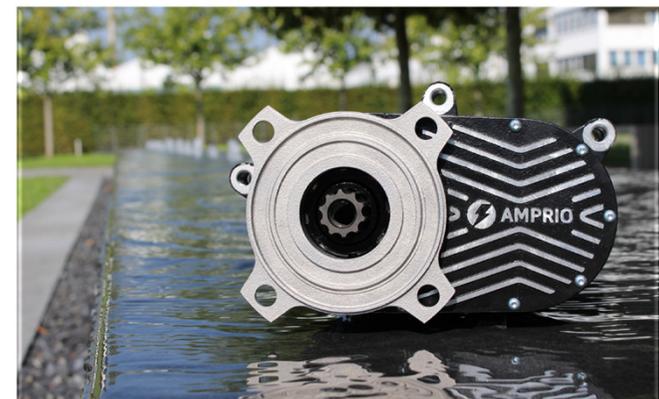
New
Technologies Electrification Efficiency

Sales split Rheinmetall Automotive Vision 2025+



New Technologies: AMPRIO

RHEINMETALL GROUP



Summary:

Rheinmetall Automotive is well prepared

Markets and Customers:

- We expect a stable market (Europe & NAFTA)
- China will be the growth driver, but with lower growth rates than in the past
- Brazil seems to recover



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 of own production facilities



New Mobility Concepts:

- Hybrid cars and e-cars are offering chances for new products and higher content per car
- We have to refocus our R&D spending to enlarge the product portfolio
- The product pipelines are filled for every type of power trains within the next years



Not too early...

Not too late...

Just right!



**OUR HEART BEATS
FOR YOUR ENGINE.**