

PASSION FOR TECHNOLOGY

Rheinmetall

Investor Presentation

September 2023

Agenda

■ Rheinmetall at a glance

■ Market & Drivers

■ Five divisions under one roof

■ Quarterly Update

■ Outlook

■ Responsibility @ Rheinmetall

■ Appendix

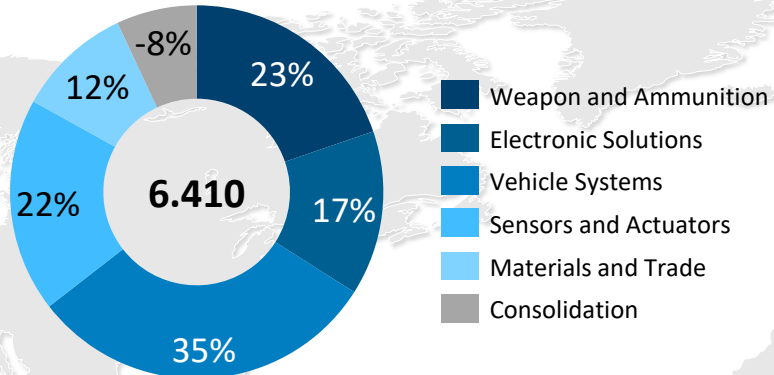


Rheinmetall at a glance

Selected key business highlights

Sales by division

In €m

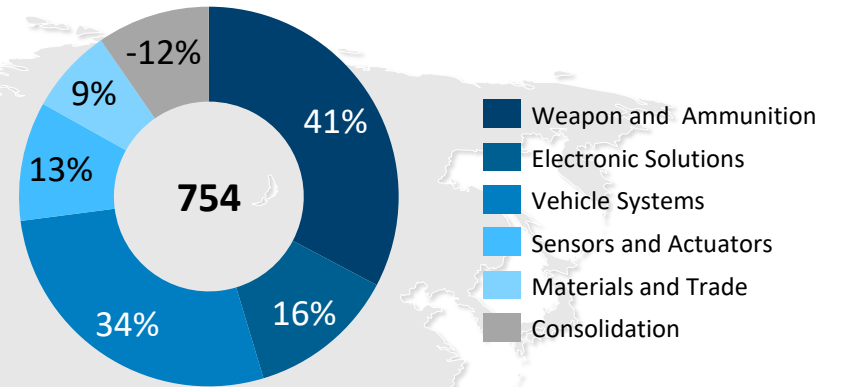


Business Model

- Defence system house with broad innovative product portfolio for land based operations
- Leading global Tier 1 automotive supplier with high-tech products for all powertrains (ICE, EV, FC)

Result by division

In €m



Market Driver

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

Rheinmetall at a glance

Five divisions under one roof

RHEINMETALL GROUP Holding



Weapon and Ammunition

- Mid & Large Caliber Ammo
- Mid & Large Caliber Weapons
- Protection Systems



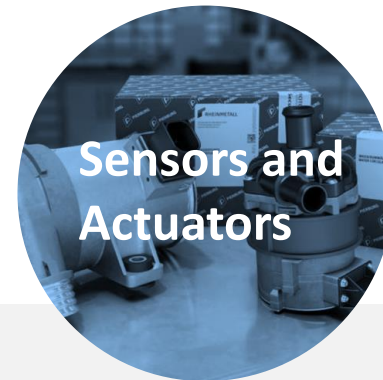
Electronic Solutions

- Integrated Electronic Systems
- Air Defence & Radar Systems
- Technical Publications



Vehicles Systems

- Tactical Vehicles
- Logistic Vehicles



Sensors and Actuators

- Pump Technology
- Actuators
- Automotive Emission Systems
- Solenoid Valves
- Commercial Diesel Systems



Materials and Trade

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

Rheinmetall at a glance

Our strategic vision is becoming a reality



TRANSFORMATION

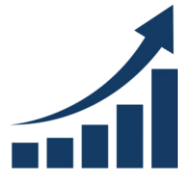


DIVISIONAL STRUCTURE WELL IMPLEMENTED

- Reporting structures simplified
- Cost savings realized



GROWTH



ACCELERATED GROWTH IN ALL END MARKETS

- Special defence cycle
- Volume recovery of mobility markets
- Successful market entry



PORTFOLIO



ACTIVE PORTFOLIO MANAGEMENT

- Minimum profitability level requirement
- First milestone for Pistons achieved
- Focused M&A
- Monitoring ongoing



TECHNOLOGY



TECHNOLOGY FOCUS DEFINED

- Automation
- Sensors & Connectivity
- New mobility



SUSTAINABILITY



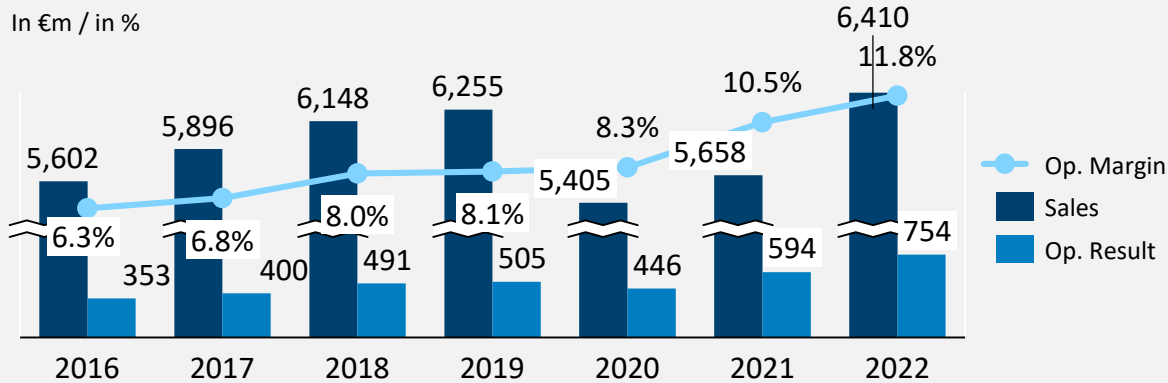
ESG INTEGRAL PART OF THE STRATEGY

- Commitment
- Action
- Deliverance

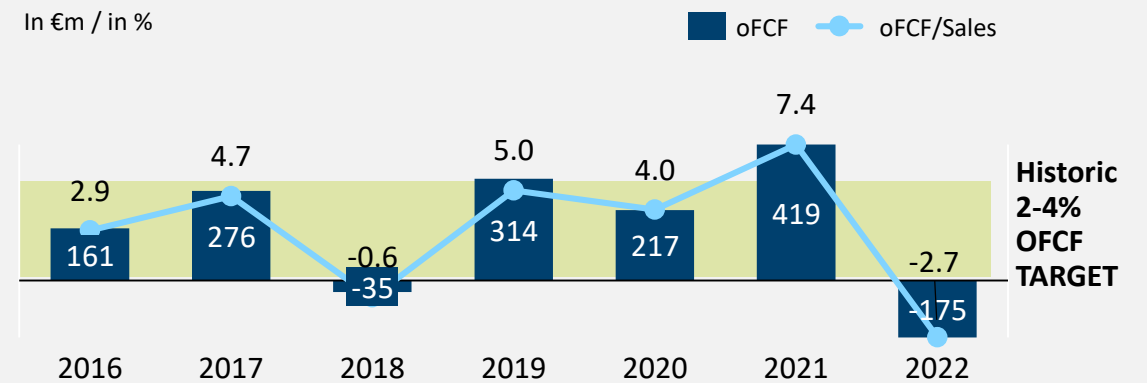
Rheinmetall at a glance

Historic financial development

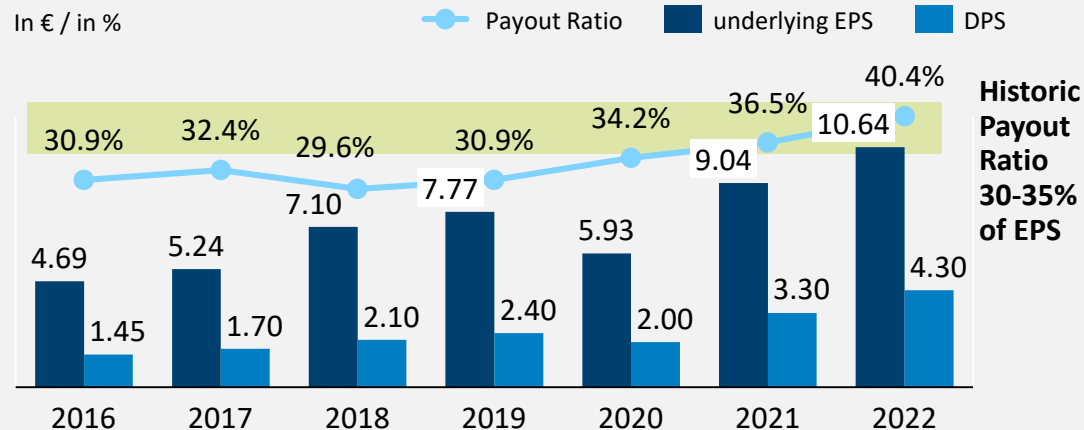
Sales, operating result and operating margin



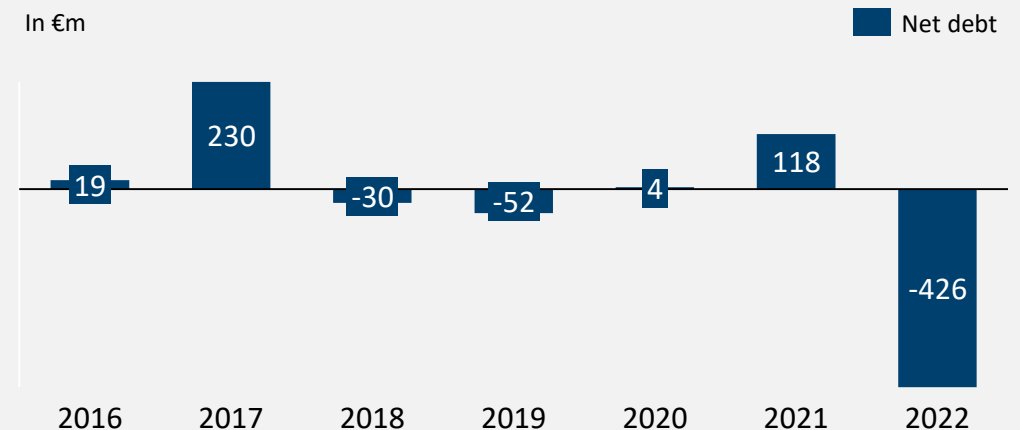
Operating FCF and operating FCF to Sales



Earnings and dividend per share



Net financial debt

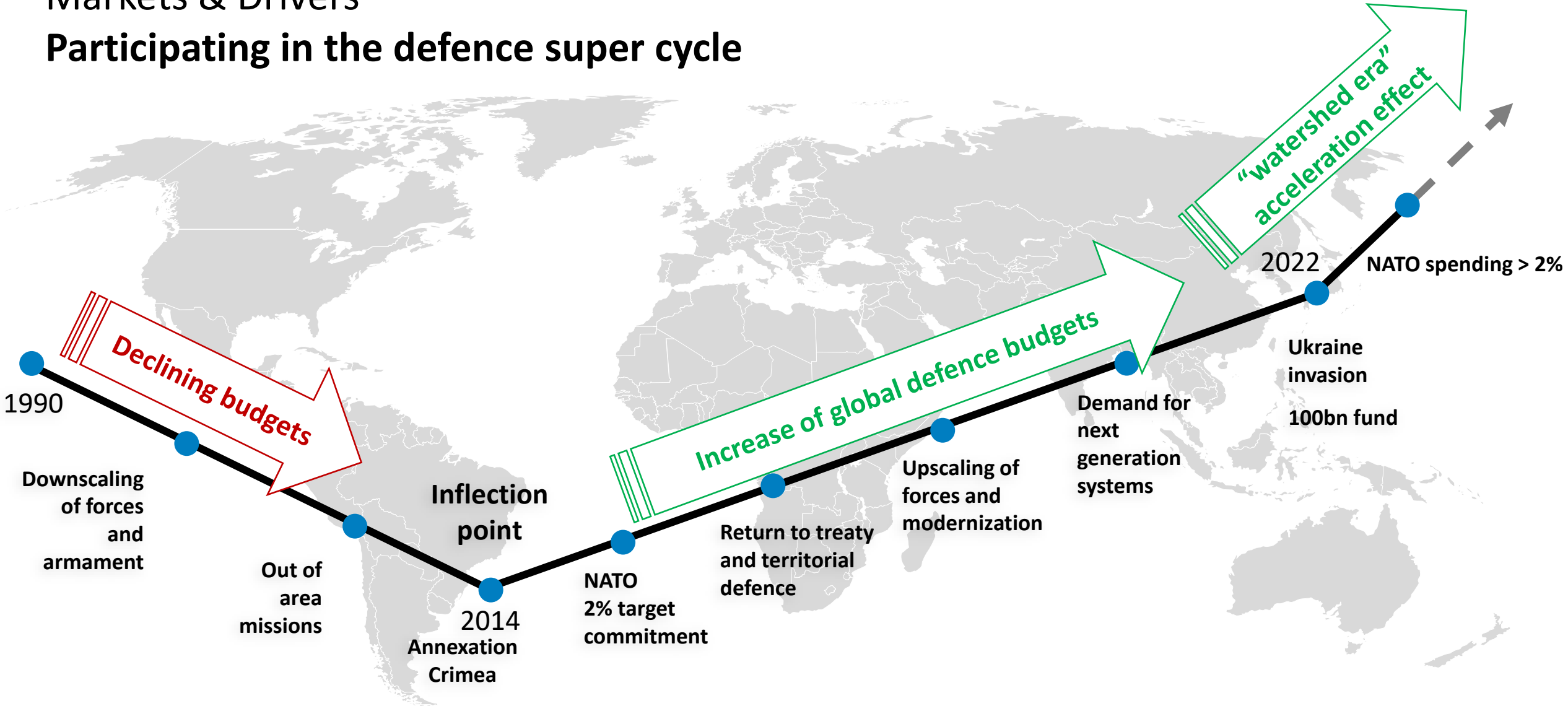




Markets & Drivers









Markets & Drivers

Participating in the defence super cycle



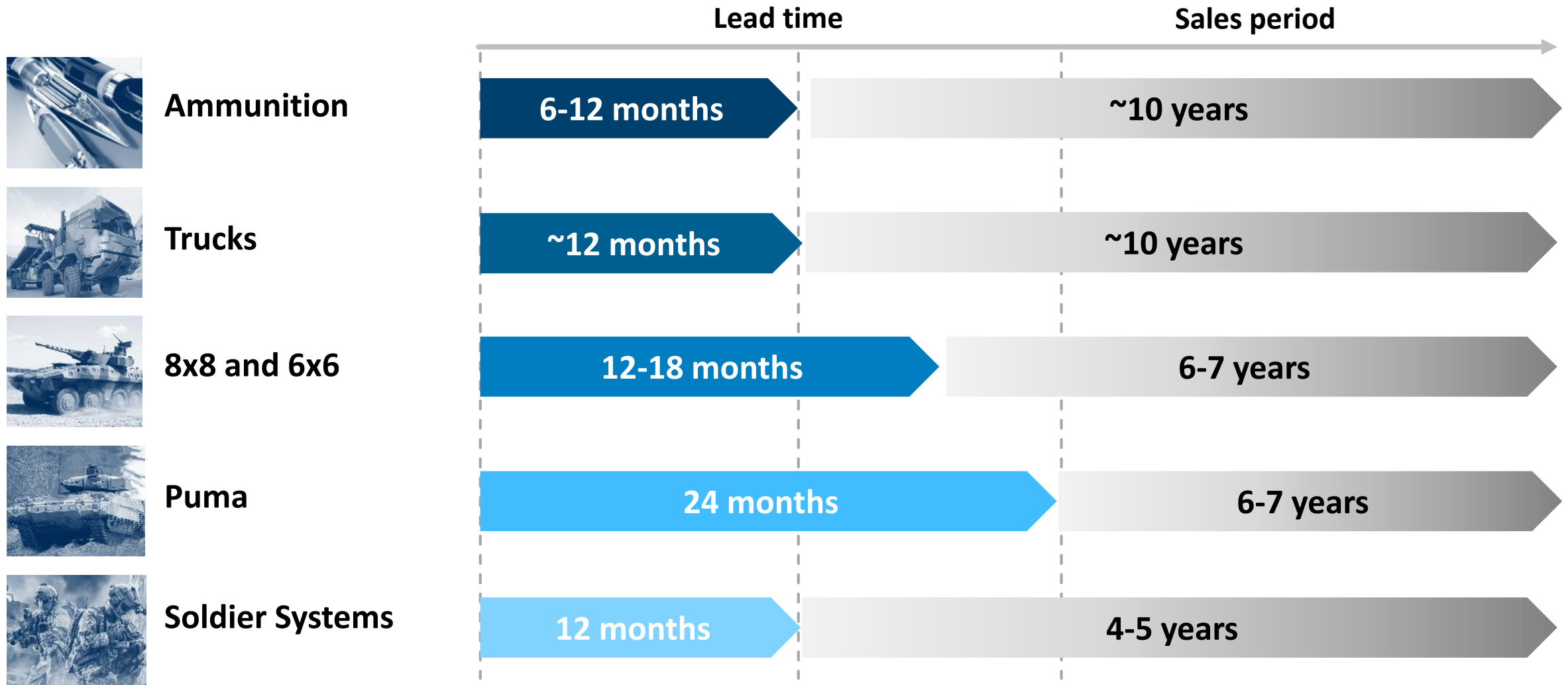
Markets & Drivers: Status quo on German potential

All major projects included in special fund and annual budget

€100bn special fund	RHM Projects	Defence base budget
Apparel and personal equipment 		<ul style="list-style-type: none"> ▪ Ammo <ul style="list-style-type: none"> – Negotiation of framework contract for 10 years with minimum 500 up to a maximum of 700€m p.a.
Army 		<ul style="list-style-type: none"> ▪ Trucks <ul style="list-style-type: none"> – Negotiation of framework contract for 10 years with minimum 500 up to a maximum of 800€m p.a.
Digitization Land 		<ul style="list-style-type: none"> ▪ DLBO (et al), start in 2023-2028
Navy & Airforce 		<ul style="list-style-type: none"> ▪ Weaponry, Ammo and Protection ▪ SHORAD (NNbS), 2023-2025 ▪ F-35 middle fuselage

Markets & Drivers: Start of a new era in German defence policy

Defence projects with short-term implementation potential



Taking responsibility in a changing world

Rheinmetall has been a partner to support the Ukraine

INDIRECT SUPPORT



DIRECT SUPPORT



NEXT LEVEL



Taking responsibility in a changing world

Rheinmetall delivers and is ready to do more



Leopard 1

- Access to ~ 100 Leopard 1
- 80-90 vehicles offered to Ukraine
- Potential for 20+ vehicles in 2023
- Contract signing expected soon



Leopard 2

- Access to ~ 50 Leopard 2
- 29 in overhaul for Ring Swaps with SVK and CZE
- First deliveries already in Q4 2022, complete delivery by end of 2023
- Further vehicles beyond ring swaps available for delivery by the end of 2023 beginning of 2024



Marder

- 140-150 Marder on Stock
- 60 vehicles under contract: 40 Marder in Ring Swaps with Greece (20 delivered)
- 20 Marder direct delivery to Ukraine until end of March 2023
- Potential monthly delivery of 10 vehicles from Q3 2023 onwards

Ammunition not included

Markets & Drivers: 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

Execution risk

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

Personal / Recruiting

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

Capacities

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

Markets & Drivers: Transformation for growth

Preparing for the new accelerated growth cycle



Capacity growth

Plants and People



M&A

Game changing acquisition of Spanish EXPAL Systems



Closed July 2023

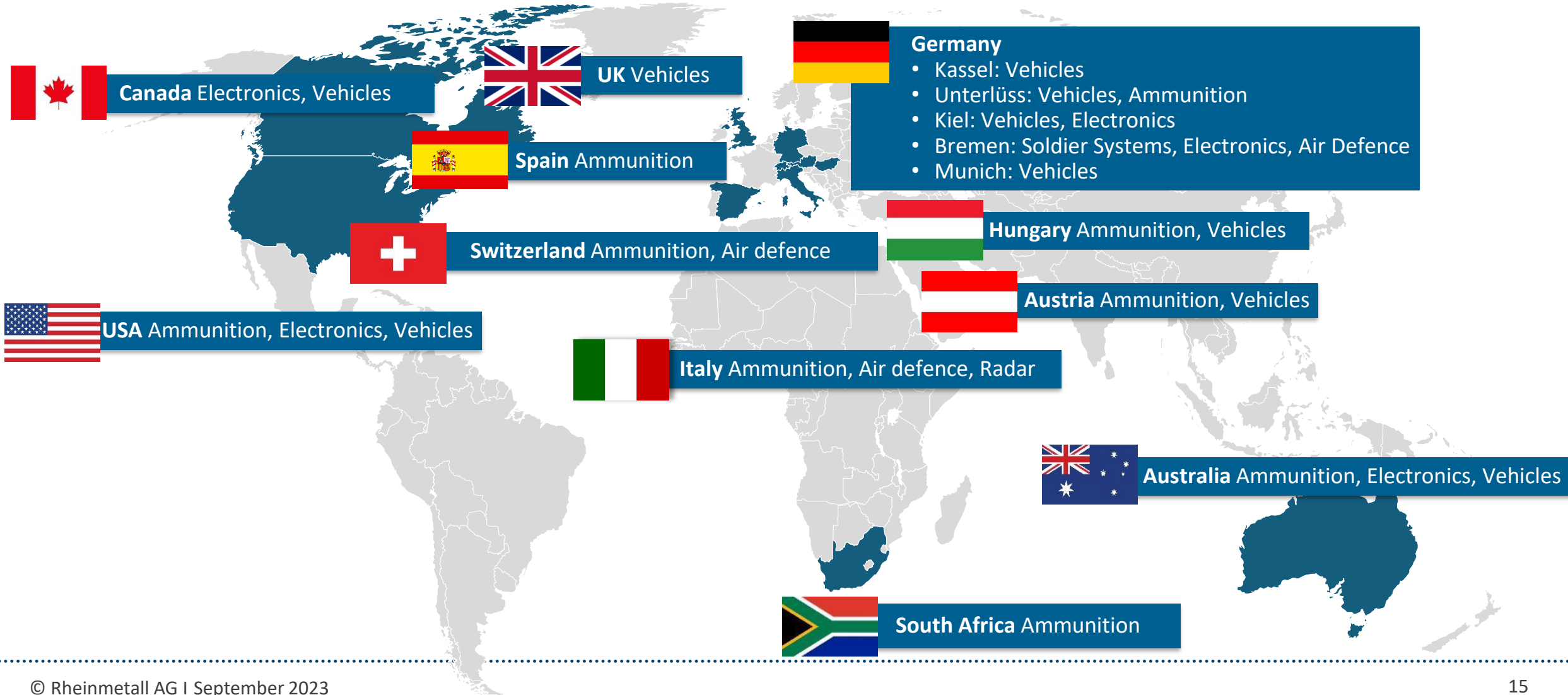


Innovations

- Main Battle Tanks
- Panther
- Drones
- Artillery
- Infantry Fighting Vehicles
- Digitization

Markets & Drivers: Start of a new era in German defence policy

Rheinmetall's global production capacities

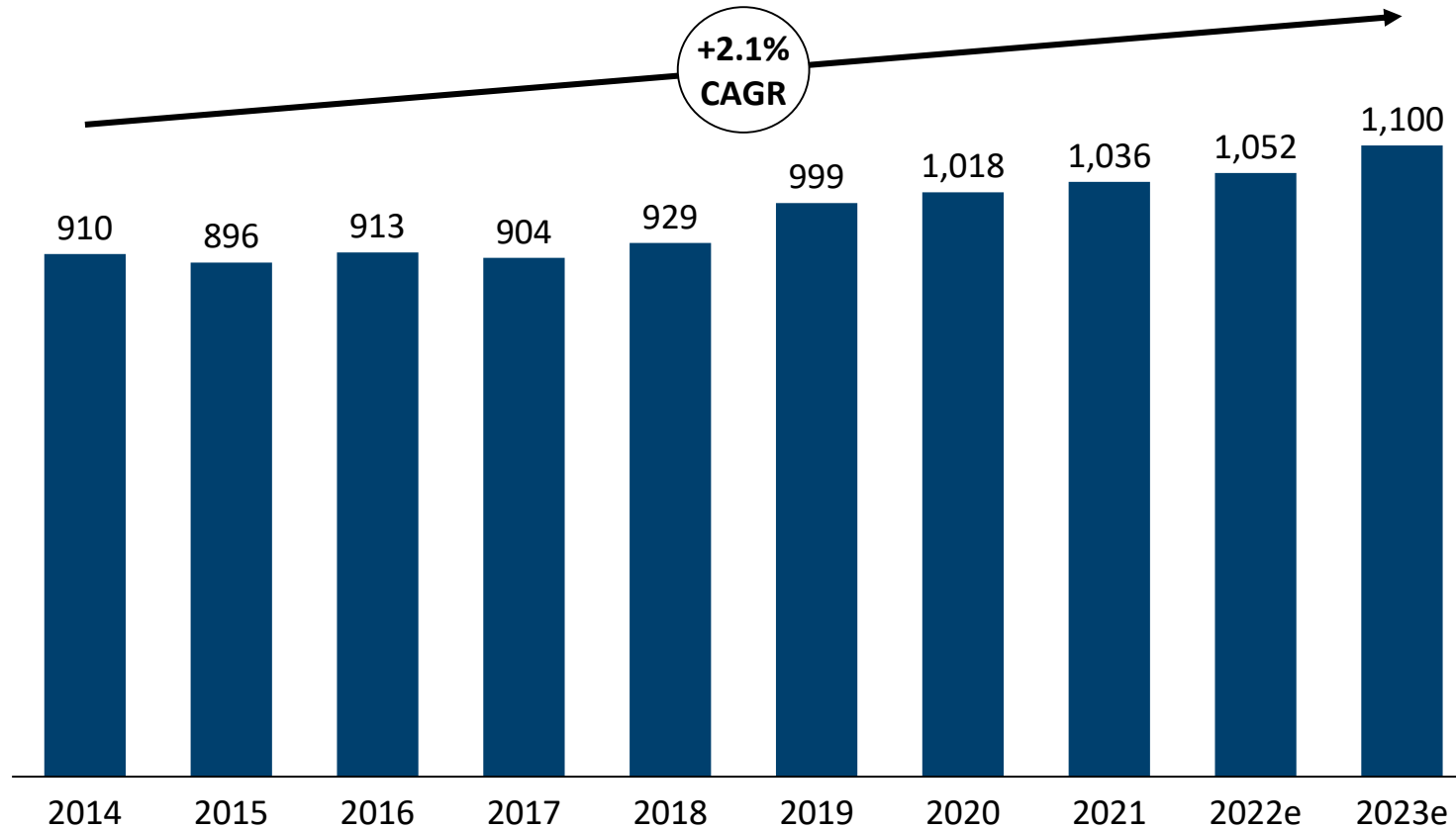


Markets & Drivers: NATO

NATO spending has accelerated

NATO total expenditures

in billion US-\$ based on 2015 prices and exchange rates



New members to join NATO



Recently announced defence budget increases



previous value

(1.41 %)

(2.10 %)

(2.02 %)

target value

2 %

3 %

2.5 %



previous value

(2.19 %)

(1.33 %)

(1.40 %)

target value

3 %

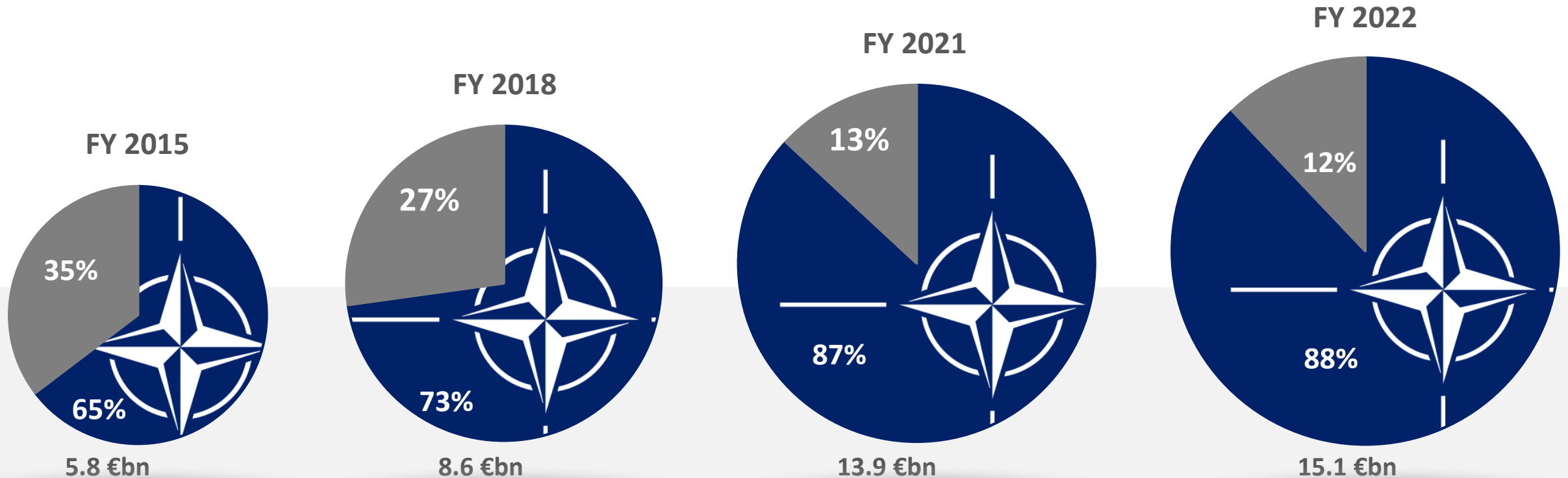
2 %

2 %

Markets & Drivers: NATO

Significant reduction in export risk due to high NATO order backlog

■ NATO and related countries* ■ RoW



Markets & Drivers: Home Markets

Home markets offer further potentials for growth

OUR HOME MARKETS

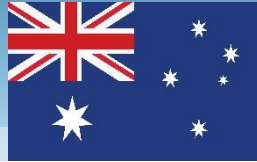


Germany

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

Potentials

- Ammunition
- Trucks
- 8x8 and 6x6
- Digitization



Australia

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

Potentials

- Land 125 soldier systems
- Navy projects and ammunition



UK

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

Potentials

- Boxer 3rd lot
- Ammunition framework contract
- Services for vehicle fleet



Hungary

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

Potentials

- Digitalization and soldier systems
- RDX and Ammo plant

Markets & Drivers: Creating additional markets

US tenders pursued with a new market approach

Next Generation Vehicle Platforms

XM30 – Infantry Fighting Vehicle



- Americanization of Lynx next-gen platform
- Strong all American team
- Winner to be announced end of 2027
- SOP expected 2029

HX3-Common Tactical Truck



- Americanized HX3
- GM Defense signature partner to ARV
- Prototyping contract awarded in 2023
- SOP expected earliest in 2025

Next Generation Munitions



Indirect Fire



Next Gen Munitions

Next Generation Mission Systems



Mission Systems



Digitized Battlefield



Air Defense

Markets & Drivers: Creating additional markets

Modernization of Southern Europe offers additional potential



Italy

- 10 year budget with up to €8bn for the renovation of the armored vehicle fleet
 - MBT: Upgrade of the Ariete and potential for 200 Leopards
 - IFV: Replacement of the Dardo, tender expected in 2023
 - Other vehicles
- €2.3bn will be already available in 2023



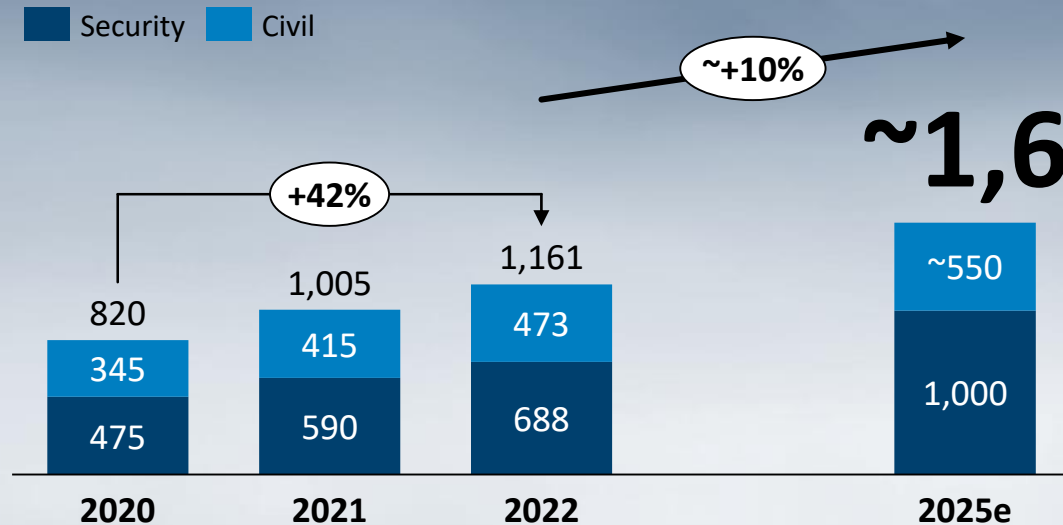
Greece

- IFV Marder already participated in Greece Independence Parade
 - total of 40 vehicles to replace current BMP fleet
- First Lynx test successfully passed in Q3
- Leopard upgrades currently in definition process

- Total volume of up to €3.5bn
- Tender expected in 2023

Markets & Drivers: Product life cycle potential

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



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

- Rising number of platforms
 - 1x platform sales creates 2x lifecycle spendings
- Expansion beyond traditional vehicles service business with
 - Helicopter service and maintenance
 - Service potential in aviation (F-35) (post 2025)
 - Maintenance for vehicles in services in NATO countries
 - Service HUBs for partner countries

Markets & Drivers:

Key sales drivers of our business



Weapon and Ammunition

- German MoD wants to invest over €20bn in munition by 2031
- Refill of NATO ammo stocks
- Supply of ammo to Ukraine
- New production plants and increased capacities



Vehicle Systems

- Start of prototype phase for XM30 and CTT*
- Ramp up of Lynx, Challenger and Boxer volumes in Hungary and UK
- Puma and trucks for Germany
- Heavy Weapon carrier G-to-G



Electronic Solutions

- Digitization of the German Forces
 - Gladius Soldier Systems
 - Next step D-LBO
- European Air Defence Initiatives

Markets & Drivers: New business

European initiatives to strengthen defence autonomy



Air Defence

- ESSI: Establish and strengthen European air defense (19 members)
- Joint procurement of new systems at short, medium and long range
- Rheinmetall offers platform agnostic solutions including Skyranger and Skynex



MBT

- MGCS
- KF 51 Panther
- Leopard 2 Upgrades
- Leopard 1 & 2 for Ukraine



Long Range Artillery

- Multiple interconnected activities for next-gen long range precision strike capabilities
 - Ballistic and
 - Rocket artillery



Ammo Restocking

- Short term supply to Ukraine
- Joint procurement initiative to lift stock levels
- Secure long-term increase of EU ammo production capacities

Markets & Drivers: Lessons learned from war in Ukraine

Acquisition of EXPAL positions Rheinmetall perfectly for high growth scenario

NATO requires a minimum of 30 days of ammo inventory

- Almost no NATO partner currently in compliance
- Current industry capacities require 10 years to replenish for example German stocks

Ukraine war puts restocking at risk

- NATO support for Ukraine is further depleting inventories
- Ukraine consumes 6-10k rounds per day, Russia even 20k

Industry capacities overwhelmed

- Demand expected to surge
- Capacities not prepared for high intensity conflict
- Capacity upscale slow and expensive
- Smartest move is to load available idle capacities

Markets & Drivers: EXPAL Acquisition Summary

Strategic move to strengthen our core business

Transaction

- Rheinmetall acquires **100%** of privately owned **EXPAL Systems SA**, a Madrid headquartered producer of ammunition and defence solutions from Maxamcorp Holding SL
- **Enterprise value** is around **€1.2bn**

Rationale

- **Readily** available state-of-the-art capacities
- **Extension** of our product portfolio
- **Supplementary** regional markets
- **Innovative** technologies
- **Backward integration** into high-tech components

Financial evaluation

- **Financial Data for FY 2023e***: ~€400m sales, ~30% EBITDA Margin
- **~10x** EV/EBITDA FY 2023
- Financing structure to be finalized depending on the prevailing market conditions
- **EPS accretive** in first full year of consolidation

Timeline

- Signing on November 13th 2022
- Closing date July 31st 2023

Markets & Drivers: EXPAL product portfolio

Full offering of mission-critical products to expand our business



Artillery

41%*

Field Artillery

- 105mm
- 155mm

Naval Artillery

- 40mmL/70
- 76mm
- 127mm



Mortar & Grenades

17%*

Mortar Ammunition and Weapon systems

- 60mm
- 81mm
- 120mm

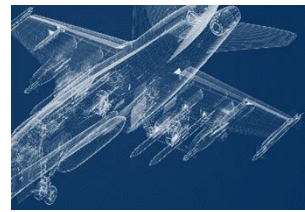


Med Cal

12%*

Airforce and Naval Ammunition

- HE Ammunition
- 20mm
 - 25mm
 - 30mm

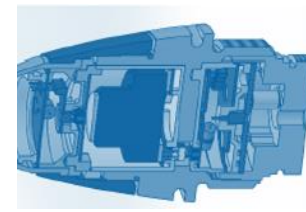


Air Armament

5%*

Airbombs and Missiles

- Air bombs
- Cat 70 Missiles
- Fin Tails



Fuzes and missile propulsion

6%*

Artillery Fuzes

Mortar Fuzes Med Cal

Rocket motors



Mortar Systems

6%*

- Eimos
- 81mm Onboard Mörser System
- System Integration



Combat Eng. DEMIL et al

13%*

C-IED and EOD Application

- Spain
- US

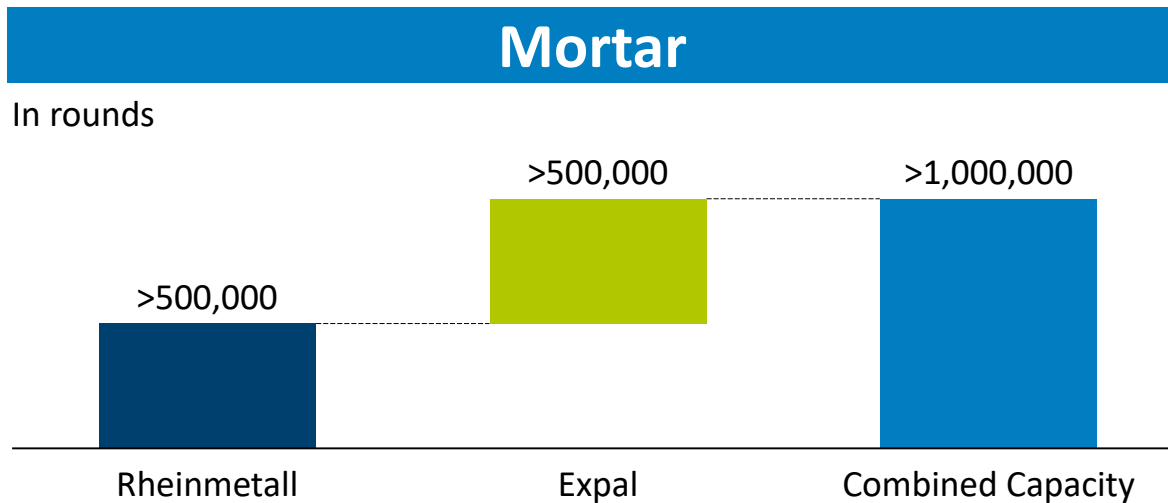
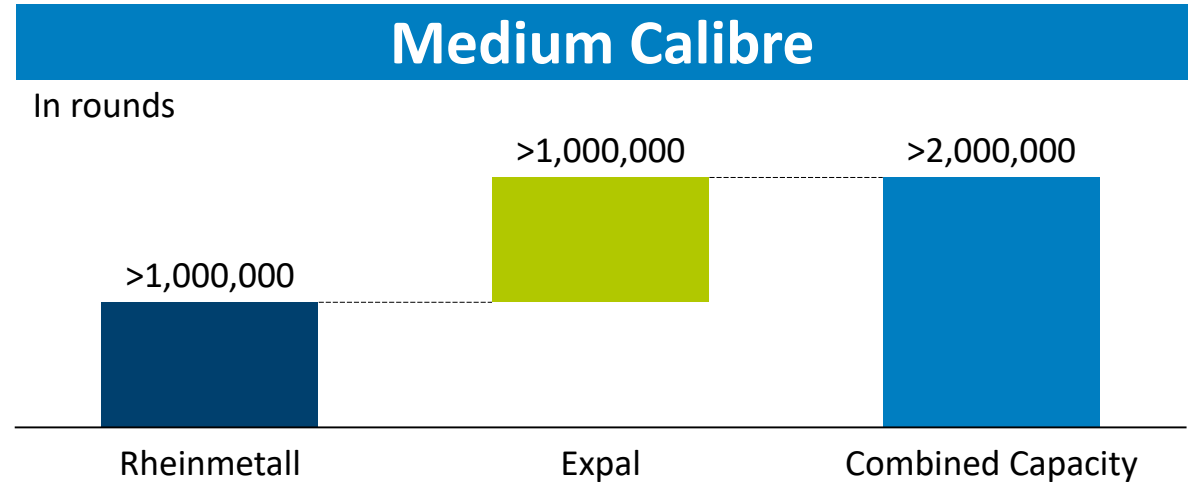
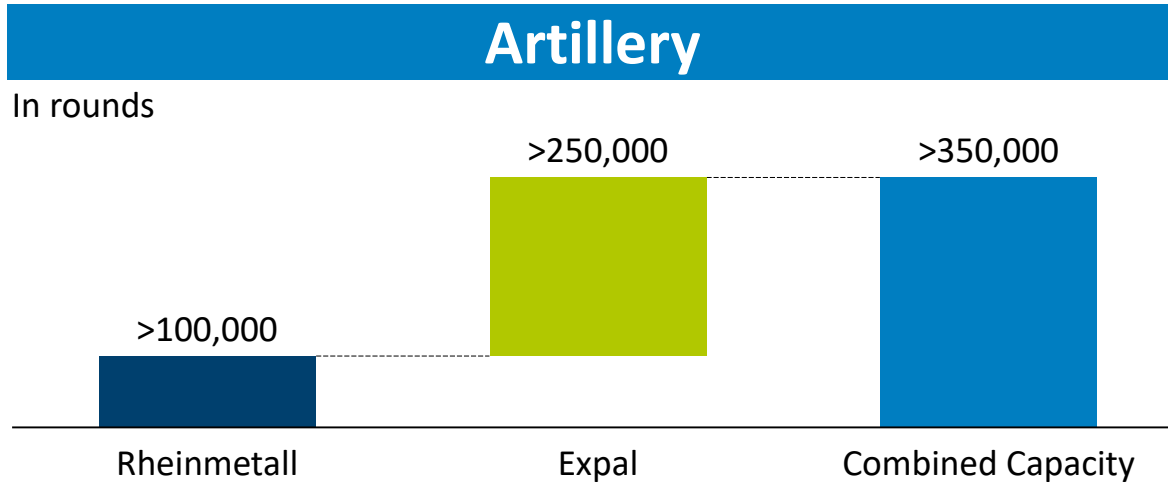
Markets & Drivers: EXPAL Key investment Highlight

A unique opportunity offering a superior value proposition

Commercial Fit			Portfolio Fit
 <p>Sustainable Sales Growth</p> <p>Continous market growth in key portfolio area</p> <ul style="list-style-type: none"> Continuously growing Market segments, e.g. 155mm driven by global defence trends 	 <p>Sustainable Profitability</p> <p>Lean cost structure</p> <ul style="list-style-type: none"> Low and Competitive Cost Base Value Chain for production almost completely in House 	 <p>Scalable Mass Production</p> <p>Sufficient (and additional) production capacities</p> <ul style="list-style-type: none"> Significant Capacities (in EU) and Capacity reserves Ability to quickly ramp up production 	 <p>Horizontal Diversification</p> <p>Extension of product groups to the RHM portfolio</p> <ul style="list-style-type: none"> Naval Artillery Fuzes Nitrocellulose and pre-cursor

Markets & Drivers: EXPAL Key investment Highlight

Excess capacities allow for flexible adjustment to demand expansion



- Fully vertically integrated business model
- High efficiency operations
- NATO quality standards
- Significant existing excess capacity with minimal capex requirements

Markets & Drivers: EXPAL Key investment Highlight

Attractive financial profile with superior margins and cash conversion

Strong backlog to turbo charge organic growth

- Current backlog of ~€520m
- Strong acceleration sparked by increasing demand

Sales growth accelerates

- Company's total capacity offers scope for potential annual sales of €700 to €800 million

Attractive margins

- ~30% EBITDA margin
- Vertically integrated business with attractive cost structures and high operational flexibility

Leading cash conversion

- Efficient operations
- Low maintenance capex

Markets & Drivers: Civil business portfolio

The civil market is changing, we are prepared!



Innovative ICE portfolio with solutions for clean mobility

- Successful nominations for last ICE generation



Well equipped Electrification Portfolio

- Grow market penetration
- Electric Mobility is growing fast within our booked business



Diversify into new applications started successfully

- Entry into the house warming market
- H2 components for mobile and stationary applications



Market disruptions well managed

- Supply chains hardened
- Lockdowns under control
- First milestones of Piston disposal process achieved

Markets & Drivers: Civil business portfolio

Well prepared to address market potentials

Electrification

- Drive market penetration
- Well equipped Electrification Portfolio
- **H2 technology**

- Last man standing, ICE will stick around
- Higher value per engine
- EURO 7 triggers innovation with stricter emission requirements

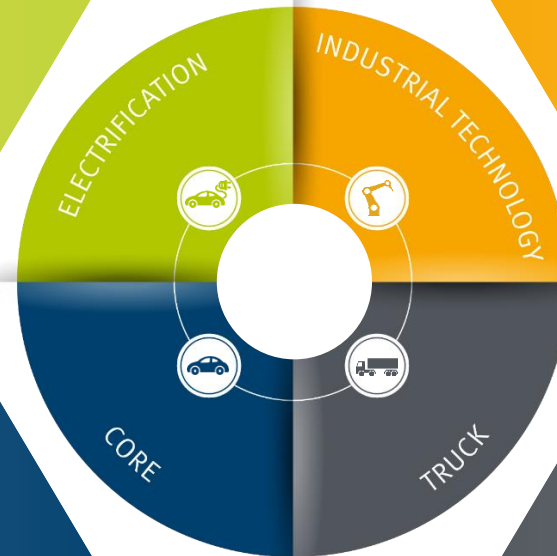
Core ICE

Industrial Technology

- Digital solutions for mobility and industry applications
- Technology leader in DC-link capacitors
- Outstanding USPs regarding size, range and lifetime

- Number of ICE will grow in the future
- Market leader for EGR systems
- Ready for EURO 7 and CO2 reduction
- **H2 technology**

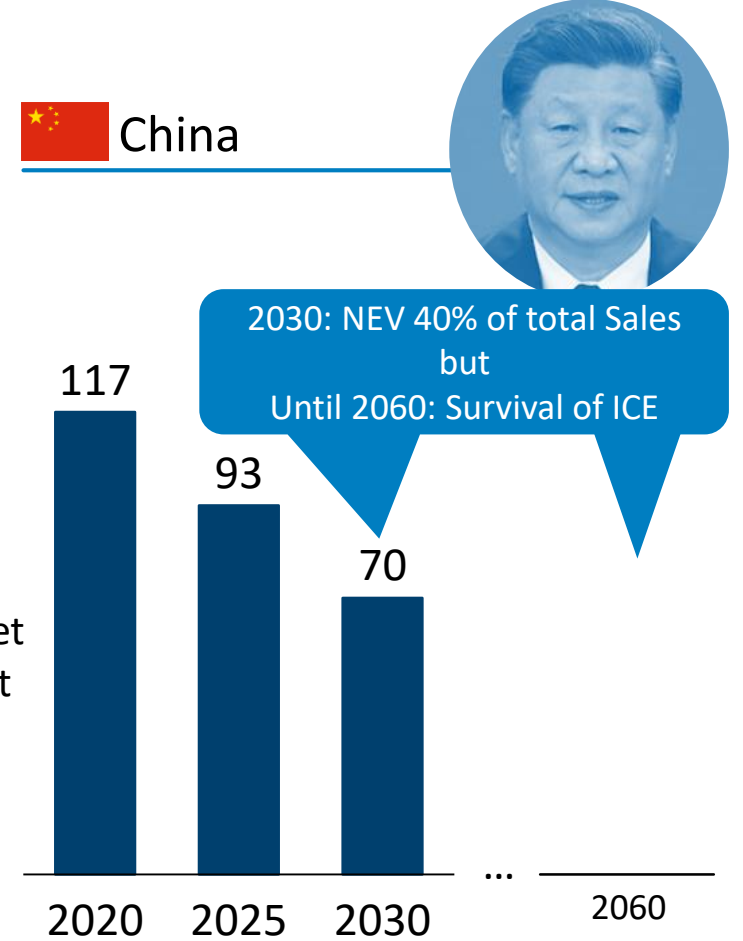
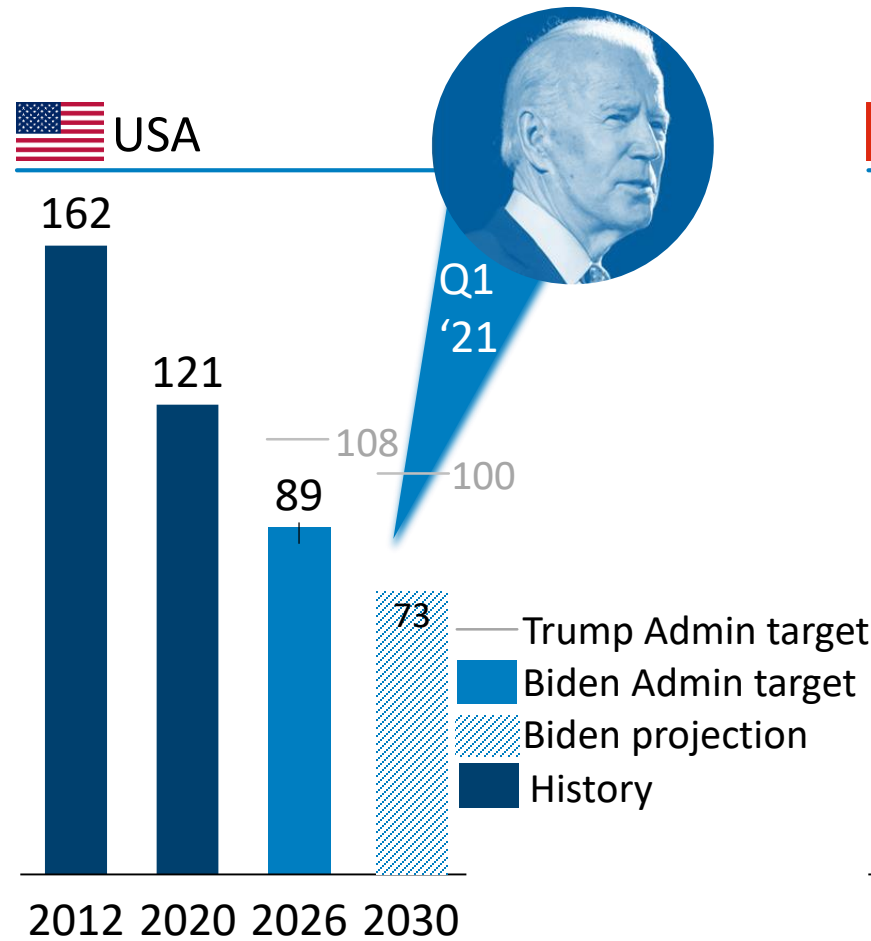
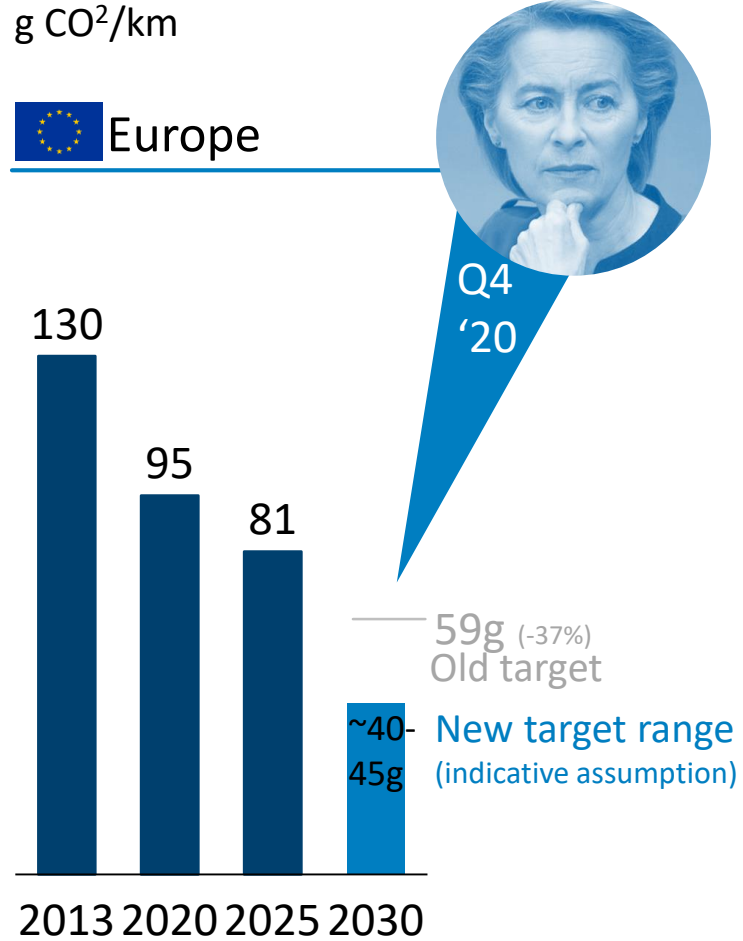
Truck



Markets & Drivers: Clean Mobility

Green ambitions as a clear global trend for cleaner mobility

g CO²/km



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

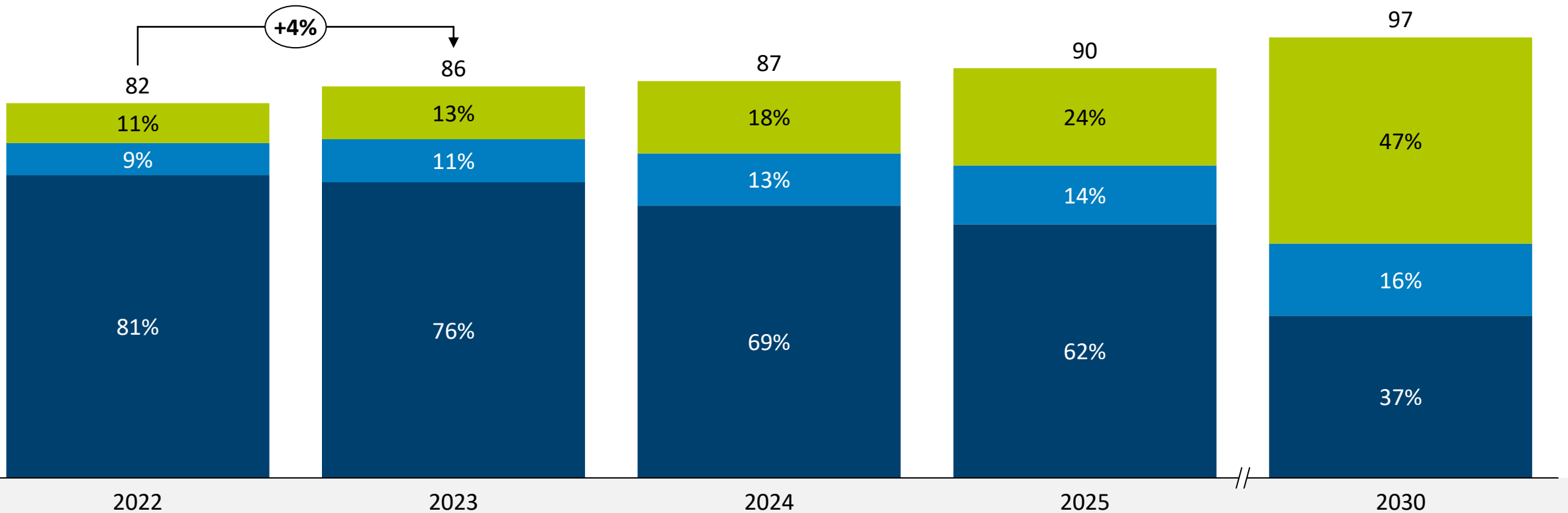
Jan 20th 2021, Biden announced to return to Obama's CO₂ roadmap for 2026. Exact target value for 2026 still to be announced.
2030 figures reflect projection, in case Biden Administration maintains that same pace of CO₂ reduction for '26-'30

Markets & Drivers: LV growth

Declining ICE volumes and accelerated growth for alternative powertrains

IHS LV production forecast*

In million units



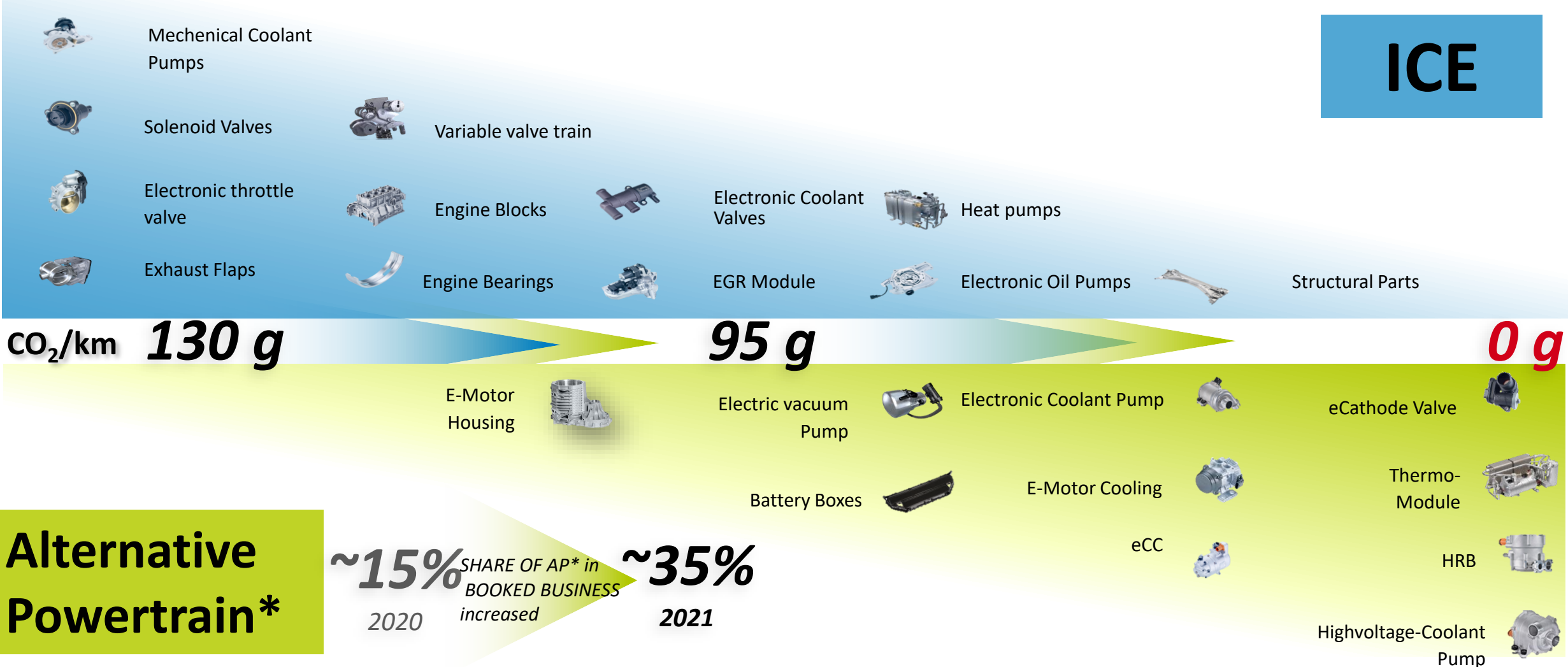
Note: BEV includes: BEV with Fuel Cell and REx
 Source: IHS, Status 07/2023

BEV Hybrid ICE

Markets & Drivers: Mobility market trends

From combustion engine to alternative powertrain

ICE

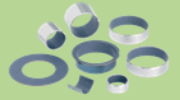


Markets & Drivers: Trucks

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



Electrical bypass valves

Pressure regulating valves



Main coolant pumps



Auxiliary coolant pumps



Electrical oil pumps



Coolant valves

Variable valve Control

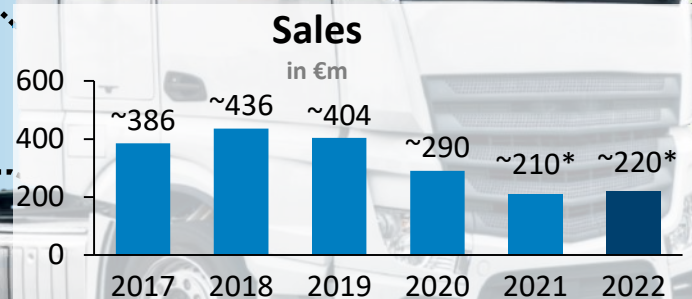


Exhaust gas flaps

Hydraulic valves



Cylinder bore coating



Sensors and Actuators

Markets & Drivers: Sensors & Actuators Prepared for future growth

Outperforming the market

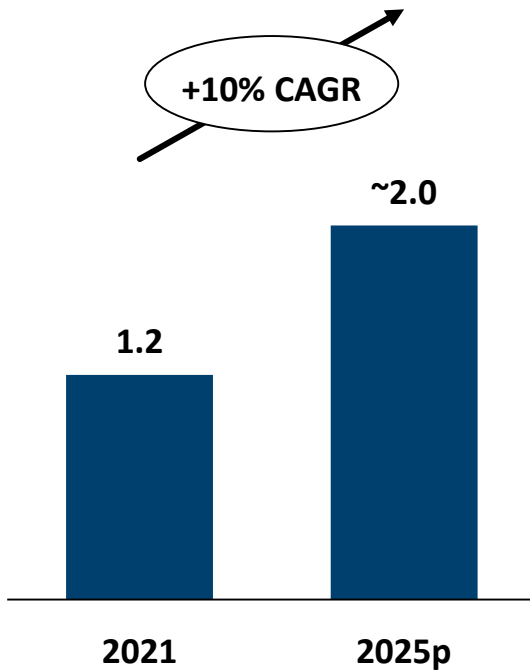
Innovative solutions for clean mobility

Growth in alternative powertrains (AP)

Diversify into new applications

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

* Estimated sales development in €bn



Tighter Regulation of fuel fumes

Electronic Vapor Pump (EVAP)



Fuel Tank Isolation Valve (FTIV)



Electrified Mobility

Thermal Management



COOLANT PUMP



COOLANT VALVE



PROPORTIONAL-COOLANT VALVE

H₂ Products



H2 Recirculation Blower



FUEL-CELL CONTROL VALVE



ELECTRICAL CATHODE VALVE

Sustainability and Performance

Thermal Management

- Heating systems for residential construction

DC link capacitors

- Polycharge JV, Market-ready products in the mobility, industry and defense sectors

H₂ Applications

- Stationary fuel cell

**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



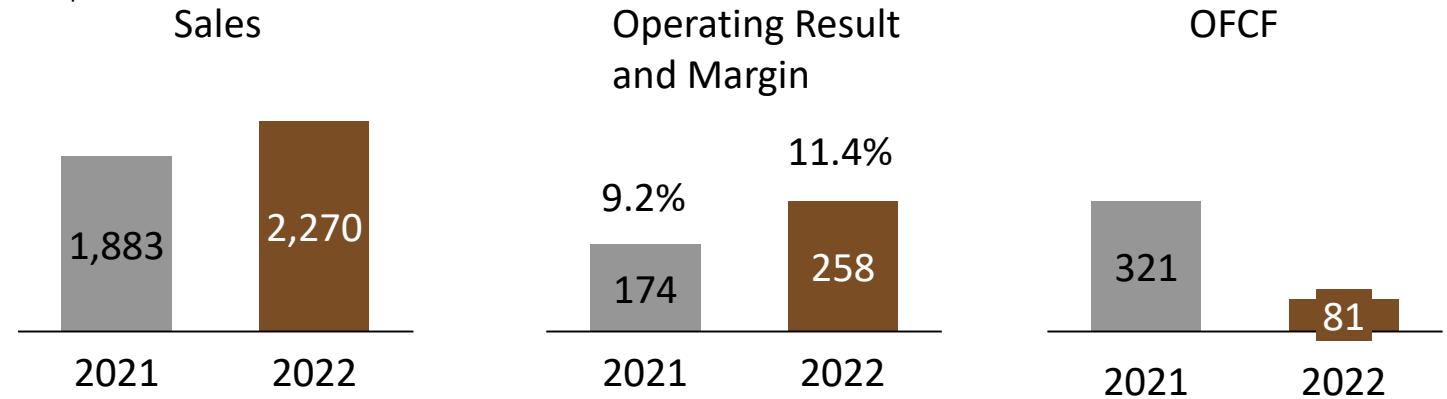
TACTICAL VEHICLES



LOGISTIC VEHICLES

Results

In €m / in %



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

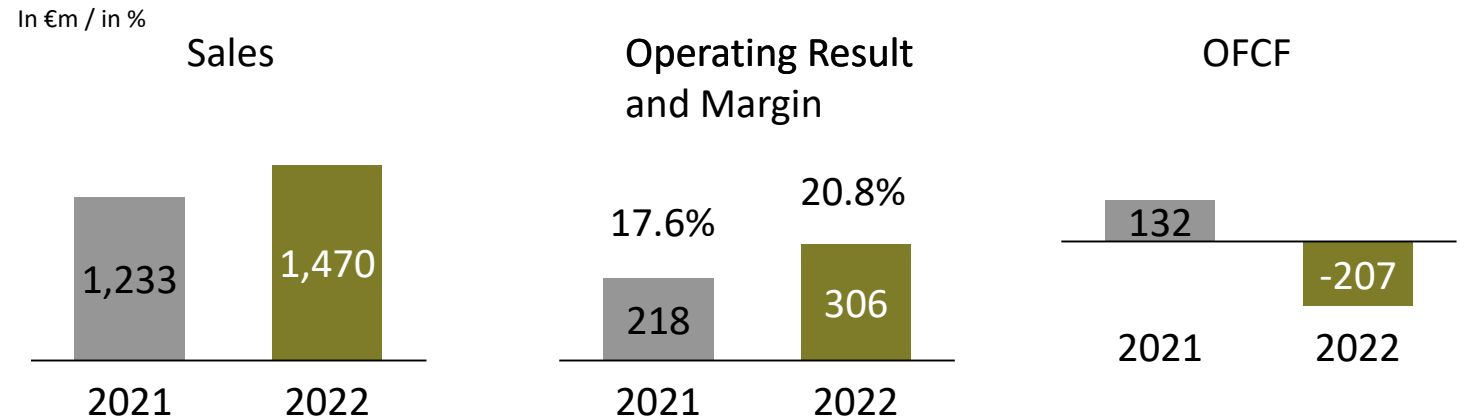
- Key supplier to the German forces
- Leading supplier for wheeled and tracked tactical vehicles

Five divisions under one roof

Division Overview: Weapon and Ammunition



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**
Eurengo, Explosia, Milan B

Differentiators

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

Market position

- Leading European supplier
- Global technology leader

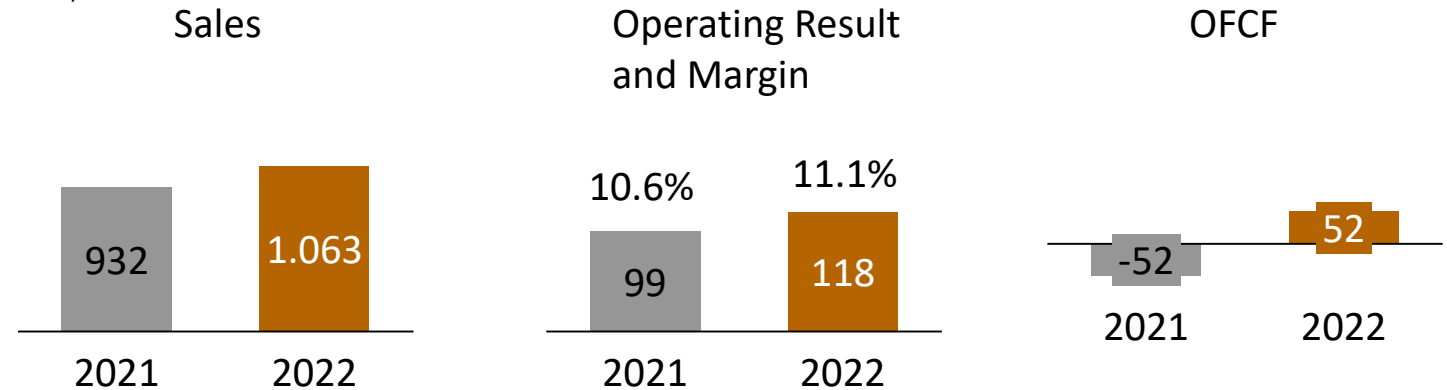
Five divisions under one roof

Division Overview: Electronic Solutions

DIVISION ELECTRONIC SOLUTIONS.

Results

In €m / in %



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

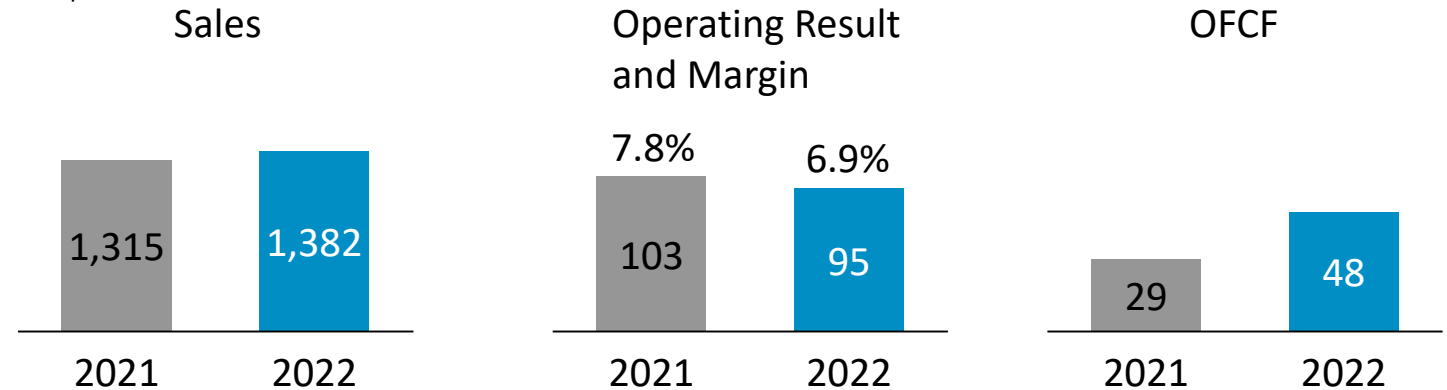
Five divisions under one roof

Division Overview: Sensors and Actuators

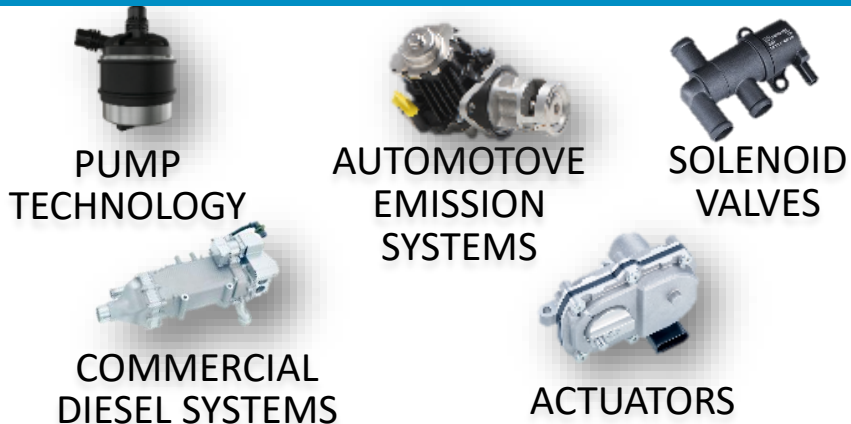


Results

In €m / in %



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

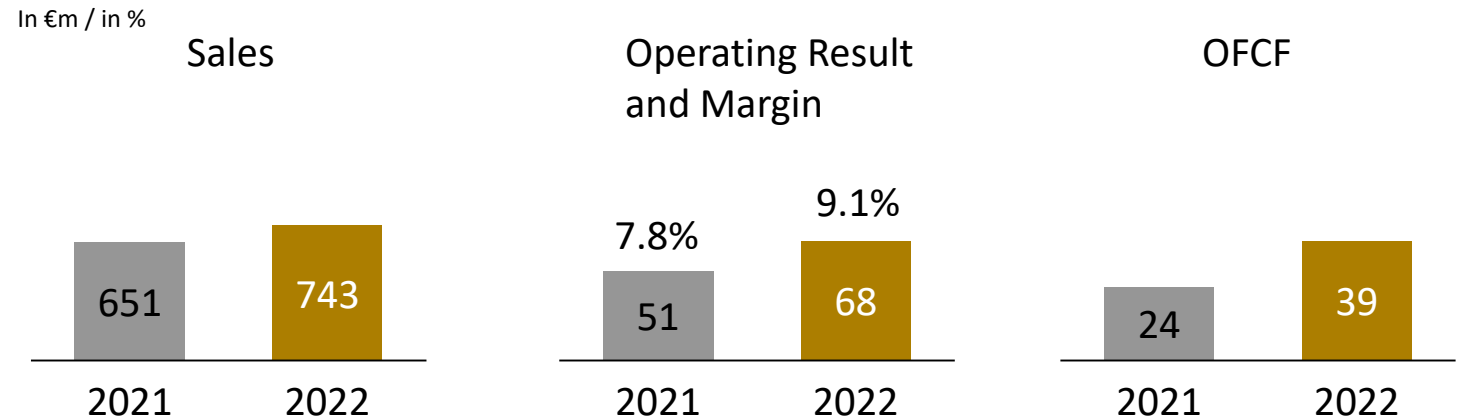
- Leading European Tier 1 supplier

Five divisions under one roof

Division Overview: Materials and Trade

DIVISION MATERIALS AND TRADE.

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



Quarterly Update

Q2 2023 Group highlights

Momentum compounding

Solid Q2 financials

- Sales rose 6% to €1,498m
- Operating result improved to €118m
- Margin softened to 7.9%
- OFCF lowered to €-219m

RHM nomination tripled

- RHM nomination growths to €4,092m mostly driven by Ukrainian and German orders
- RHM backlog jumps above €30bn

EXPAL deal closed

- EXPAL closed July 31st
- €1.2bn pre-closing adjustments
- Further growth of the core business

Q2 2023 Market update: Germany

Time becomes number one priority in German defence procurement



Boris Pistorius
Minister of Defence

*„The **top priority** for all of us in the future is the **time factor**. (...) The **goal** is first and foremost to **realize the product** that can be used by the troops **as quickly a possible**.“*

*„By 2031, we must and want to invest well over **€20bn** in munitions.“*



Benedikt Zimmer
State Secretary of the Federal MoD

*“The **factor time** has now a **top priority**. The aim is to **accelerate procurement**.“*

*“The **time factor** has the **highest priority** and, with **immediate effect**, is the **determining factor** in all current and new Bundeswehr armament projects (...).“*



Annette Lehnigk-Emden
Director-general BAAINBw

Q2 2023 Market update: Germany

Rheinmetall set to benefit from accelerated German procurement



Q2 2023 Market update: Germany

Massive increase of order intake over the last couple of weeks

Q2

- 50 **Puma 2nd** lot €501m - delivery 2025-2027
- 57 **heavy tractor units** >€50m - delivery 2023-2024
- 367 **load-handling systems** >€285m - delivery fulfilled Q3 2023

July

- 3,058 **Caracal** (GER & NL) ~€1.9bn - series delivery starts 2025
- 120 mm **tank ammunition** ~€4bn with 1st call-off ~€309m
- 155mm **artillery ammunition** ~€1.3bn with 1st call-off ~€127m
- 30mm **Puma ammunition** ~€67m

>€8bn



Taking responsibility in a changing world Rheinmetall supports Ukraine in all areas

RHM nomination 2023

Order intake already > €1bn
with more to come in 2023



Air defence systems & ammunition ✓



105mm ammunition ✓



Artillery ✓



3 lots Marder (60 vehicles) & ammunition ✓



14 Leopard 2 & ammunition ✓



- Miscellaneous ✓
- Surveil Spire
 - Luna NG
 - Caracal
 - Field hospital
 - Trucks (div.)



Expected

- Leopard 1
- Mobile air defence
- Fuchs
- Additional ammunition contracts

Booked YTD

Taking responsibility in a changing world

Ukraine picks Rheinmetall to strengthen strategic capabilities

Strategic cooperation with Ukraine signed



*Closing expected
end of Q3 ✓*



**Maintenance of
military vehicles
JV with Ukroboronprom**



**Ammunition
med & large cal**



**Air defence
stationary & mobile**

2023

Potential timeline

Q2 2023 Market update: international markets

International pipeline filled with major project wins



- Contract with Australian Navy for MASS ship protection systems
- Used for Hobart-class destroyers and ANZAC-class frigates
- €125m** (option up to ~€610m to equip entire fleet)



MASS ship protection



- Largest single call-off from existing contract with Norway
- > €150m** for around 300 trucks TG3 MIL
- Delivery starts end of 2026



TG3 MIL



- Supply of key components for Leopard 2 A7
- Worth **€129m** for 54 tank guns, fire control units and sensor units + option for 18 additional vehicles
- Delivery starts in 2024



Leopard 2A7



- Framework contract for logistic vehicles of up to 1,375 HX and TG vehicles
- Worth up to **€525m**
- Delivery starts in 2023



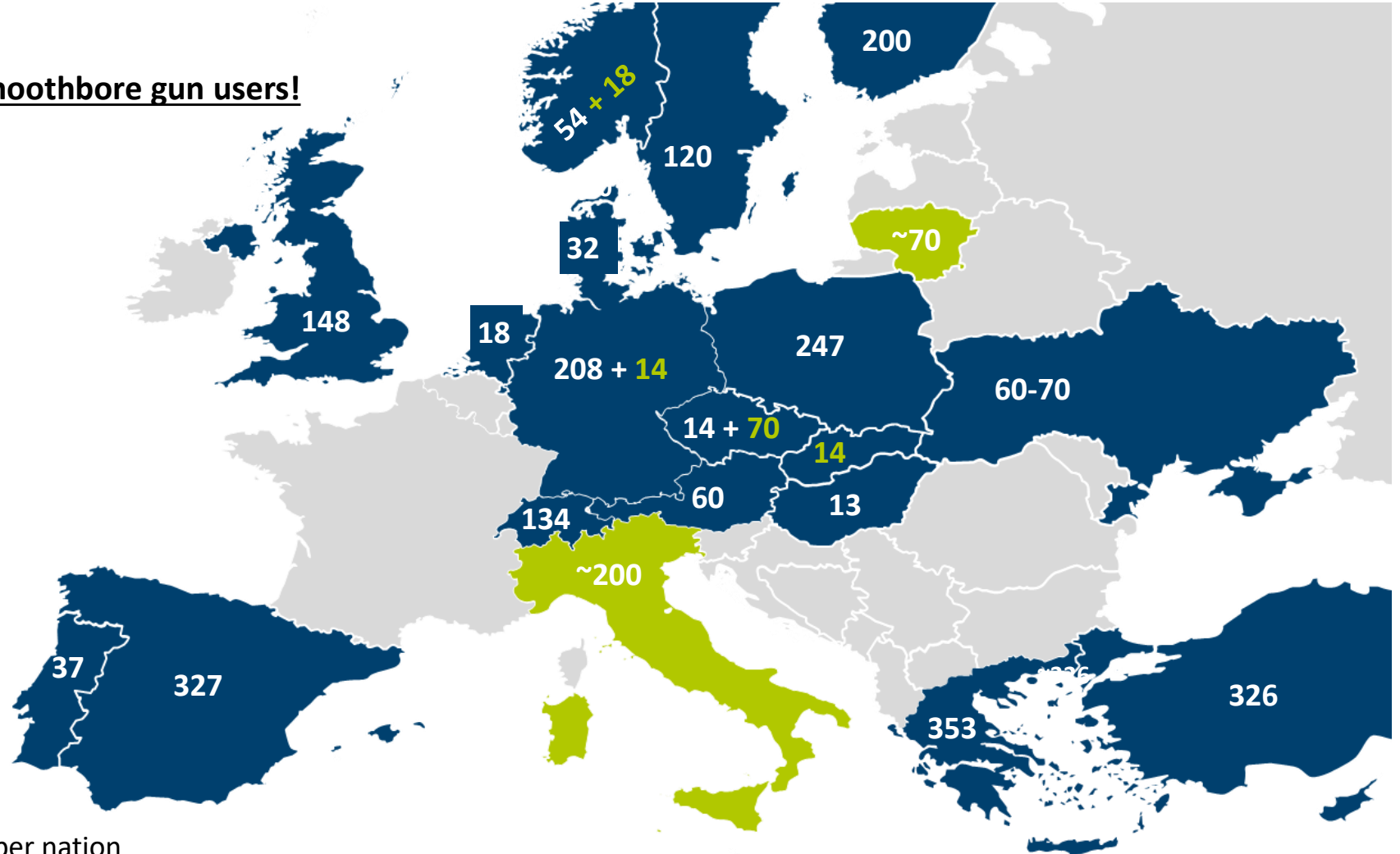
HX family

Q2 2023 Market update: international markets

Update on our European customer potential for tank ammunition

More than 2,700 Rheinmetall smoothbore gun users!

Existing user ■
 New pot. user / upgrade ■



Numbers represent main battle tanks per nation

Q2 2023 Operational update

¡Bienvenida Rheinmetall EXPAL Munitions!



- Acquisition closed July 31st
- Acquisition value of €1.2bn before purchase price adjustment
- Development and manufacturing of artillery ammunition, mortar grenades, medium caliber ammunition and rocket propulsion systems
- Significant increase of production capacities
- Expected sales 2023 after closing of €150-190m

Q2 2023 Operational update

Transformation in the civil market progressing



Emission reduction

- Strategic truck contract for valves with emission reduction capabilities
- Light weight engine block solution for hybrid vehicles



Alternative powertrain

- New customer for H₂O recirculation blower
- Launching customer for HV cooling pump
- Cathode flaps now with 5 customers and triple digit million backlog



Innovations

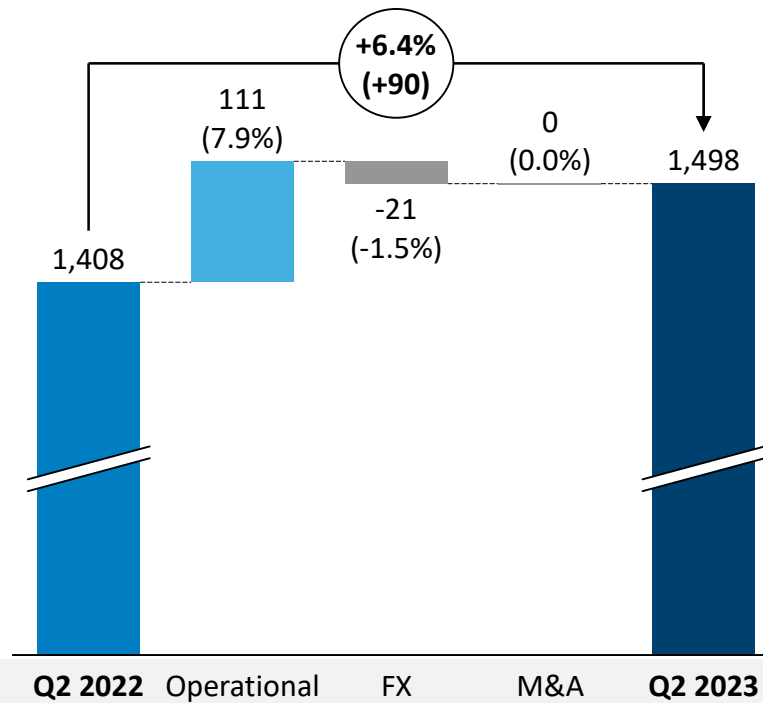
- Pilot project for curb stone charger successfully started in Cologne
- Important step within the mobility revolution

Q2 2023: Key financial data

Solid improvement yields best Q2 ever

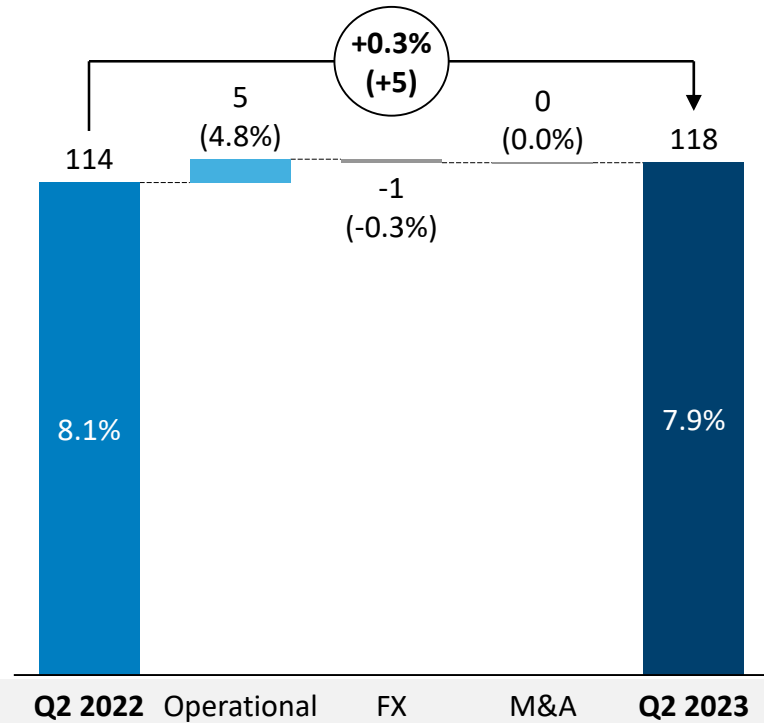
Sales ¹⁾

in €m



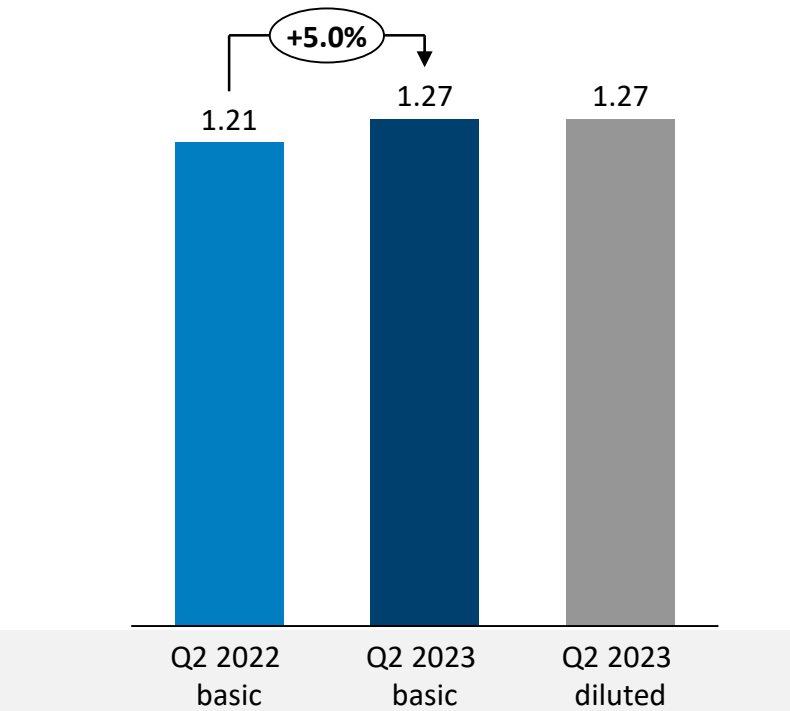
Operating result and margin in % ¹⁾

in €m



Earnings per share ^{1,2)}

in €m



1) Continuing operations only

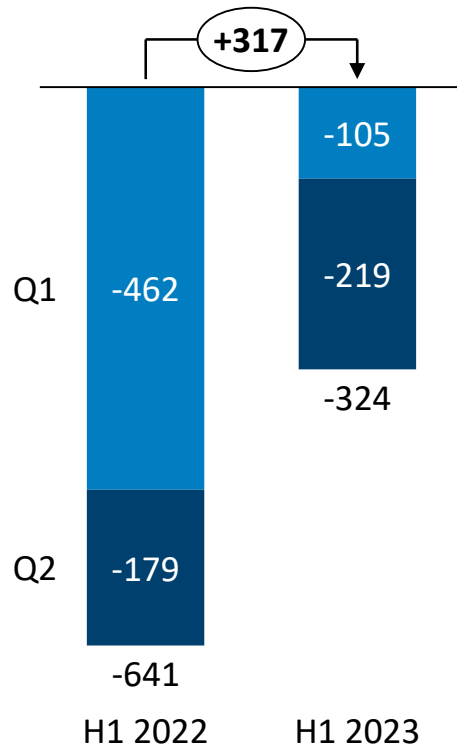
2) Details of the dilution effect from convertible bond can be found in the appendix

Q2 2023: Key financial data

Inventory build-up in anticipation of rising customer demand

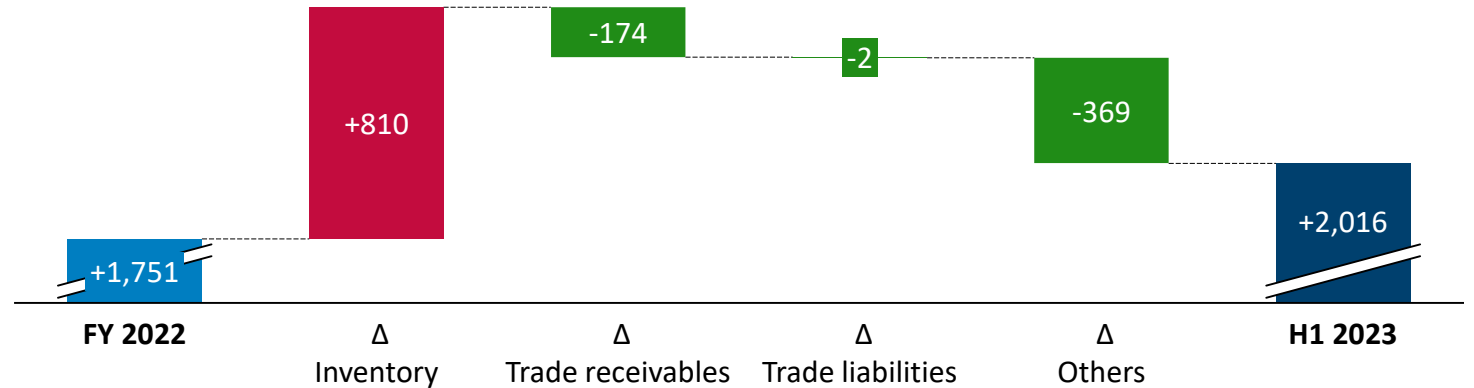
Operating free cash flow¹⁾

in €m



Working Capital¹⁾

in €m

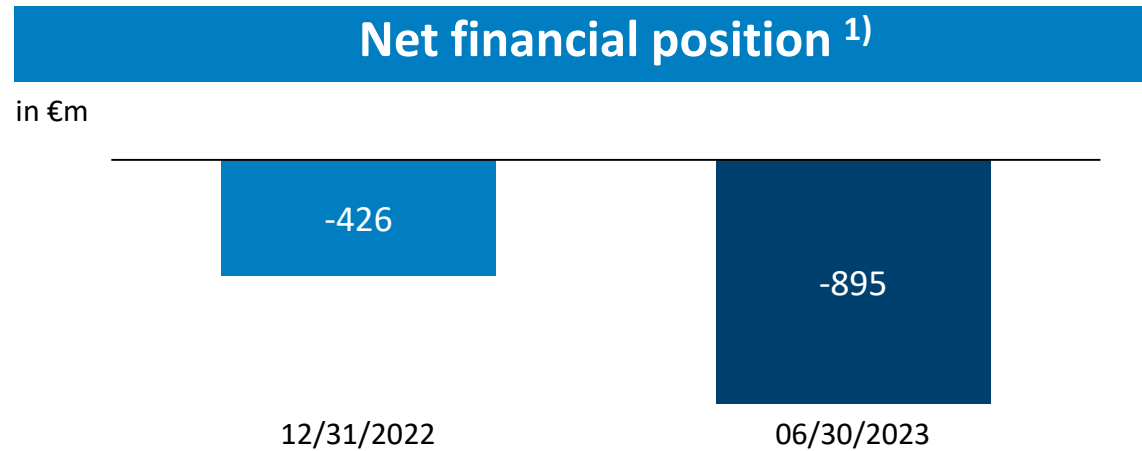
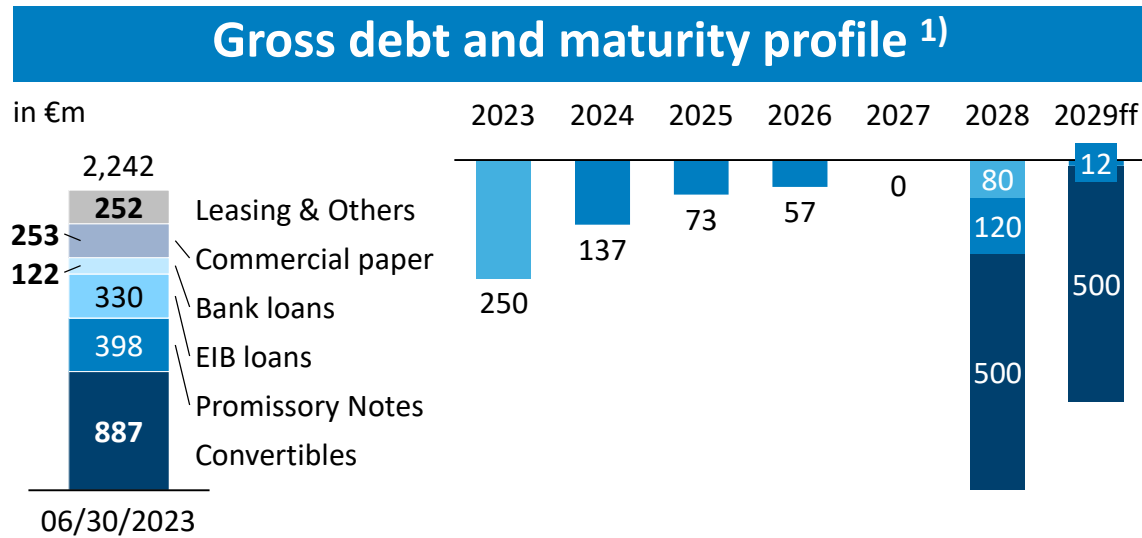


Comments

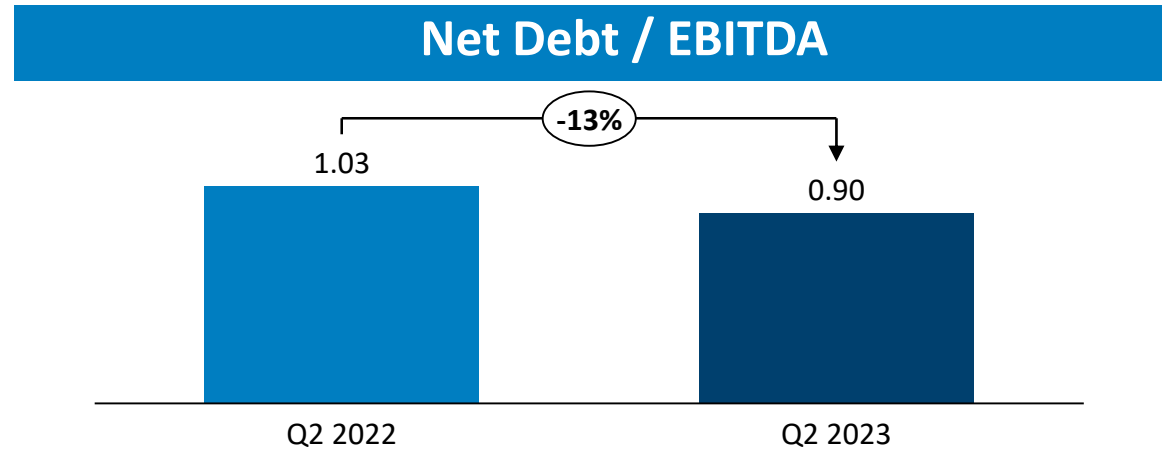
- Inventory build-up mainly driven by divisions Vehicle Systems and Weapon and Ammunition
- Higher prepayments mitigated further working capital build-up

Q2 2023: Balance Sheet

EXPAL financing completed



- ### Comments
- Convertible bonds issued in Q1 with a nominal value of €1.0bn, due to IFRS accounting split into a debt and an equity component
 - Strong cash position of €1,347m build-up for purchase price payment (Expal); additionally, securities held for trade with a value of €134m per end of H1
 - Undrawn cash credit lines of €0.9bn per end of H1
 - Investment Grade Rating Baa2 stable outlook (Moody's)



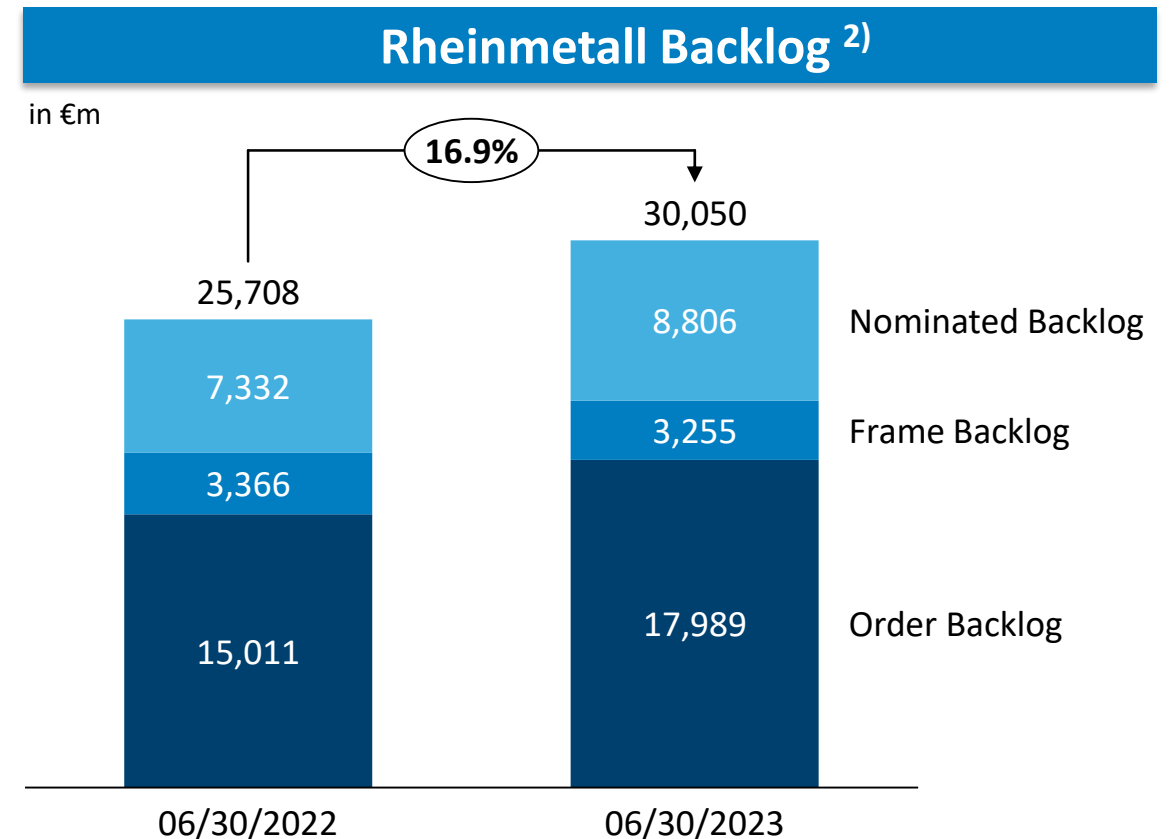
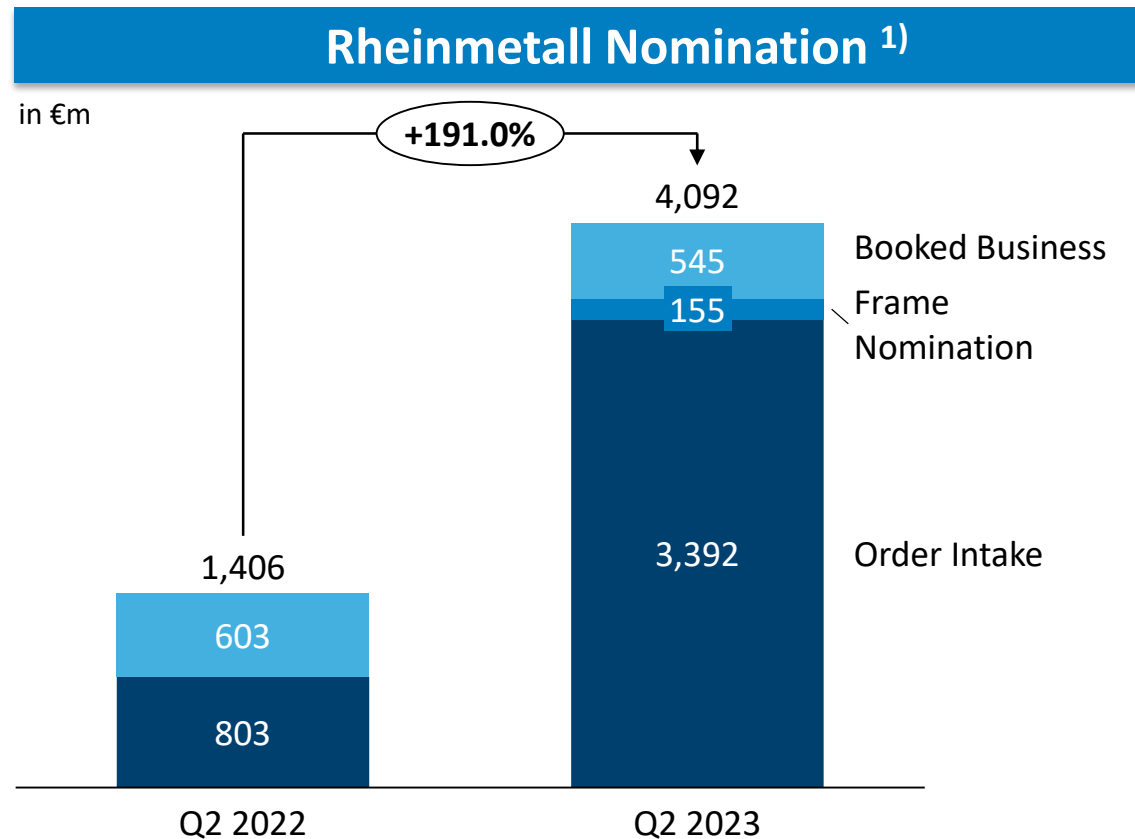
Q2 2023: Divisions

Acceleration of the security business held back by civil performance

in €m	Sales*			Operating Result*			Margin*		OFCF*		
	Q2 2022	Q2 2023	delta	Q2 2022	Q2 2023	delta	Q2 2022	Q2 2023	Q2 2022	Q2 2023	delta
Vehicle Systems	451	550	22.0%	46	57	23.2%	10.2%	10.3%	(16)	(253)	-237
Weapon and Ammunition	307	360	17.3%	39	65	67.8%	12.7%	18.2%	(51)	49	100
Electronic Solutions	243	249	2.6%	21	16	-22.6%	8.7%	6.6%	(30)	(17)	13
Sensors and Actuators	343	344	0.2%	24	9	-62.6%	7.1%	2.7%	(21)	(37)	-15
Materials and Trade	184	154	-16.0%	11	5	-52.2%	5.9%	3.4%	3	0	-3
Non-divisional / Consolidation	(120)	(160)	-32.9%	(28)	(35)	-24.2%			(64)	38	102
Rheinmetall Group	1,408	1,498	6.4%	114	118	4.0%	8.1%	7.9%	(179)	(219)	-41

Q2 2023: Nomination and Backlog

Rheinmetall Nomination tripled versus previous year



1) Rheinmetall Nomination = Order Intake (Div. W+A, ES, VS) + Frame Nomination (Div. W+A, ES, VS: New Frame agreements – call offs from existing frame backlog) + Booked Business (Div. S+A, M+T)

2) Rheinmetall Backlog = Order backlog (signed and fixed contracts) + Frame Backlog (signed frameworks incl. truck and ammunition framework agreements for several years) + Nominated backlog (inventory figure aligned to the annual sales planning S+A/M+T based on the nomination letters of the booked business)



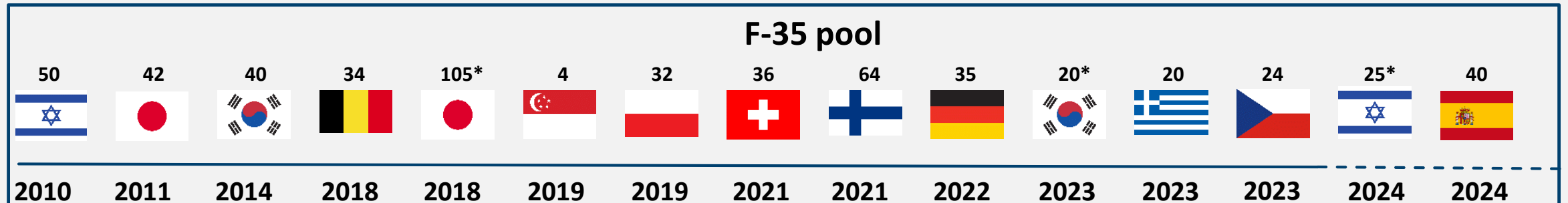
OUTLOOK

Outlook

F-35 opens a new dimension for Rheinmetall



- Ground-breaking of greenfield production plant in Weeze on July 1st
- F-35 center fuselage production to commence in 2025
- New plant due to produce at least 400 F-35A fuselage sections
- Matches increased demand by countries
- Ramp-up of additional 400 service headcounts

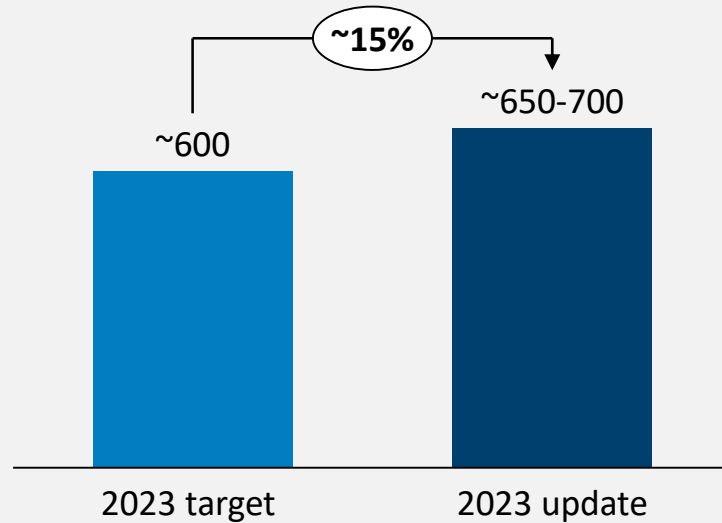


Outlook

We invest in our future!

CAPEX

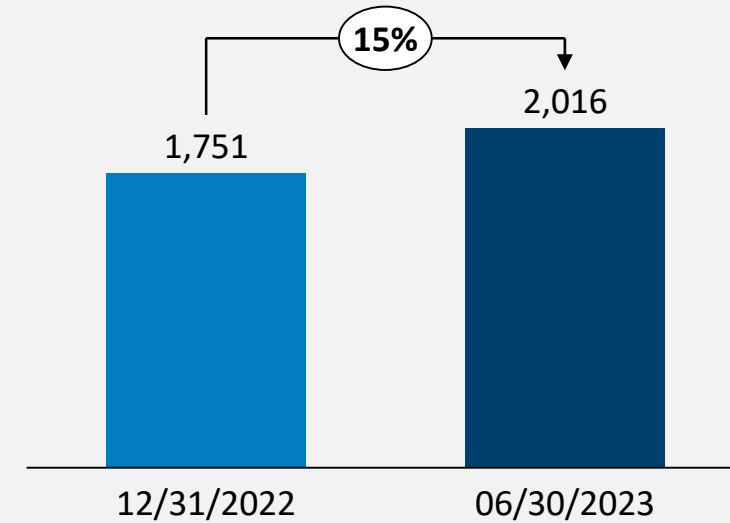
in €m



- Urgent demand requires rapid investment in our capacities

Working Capital

in €m

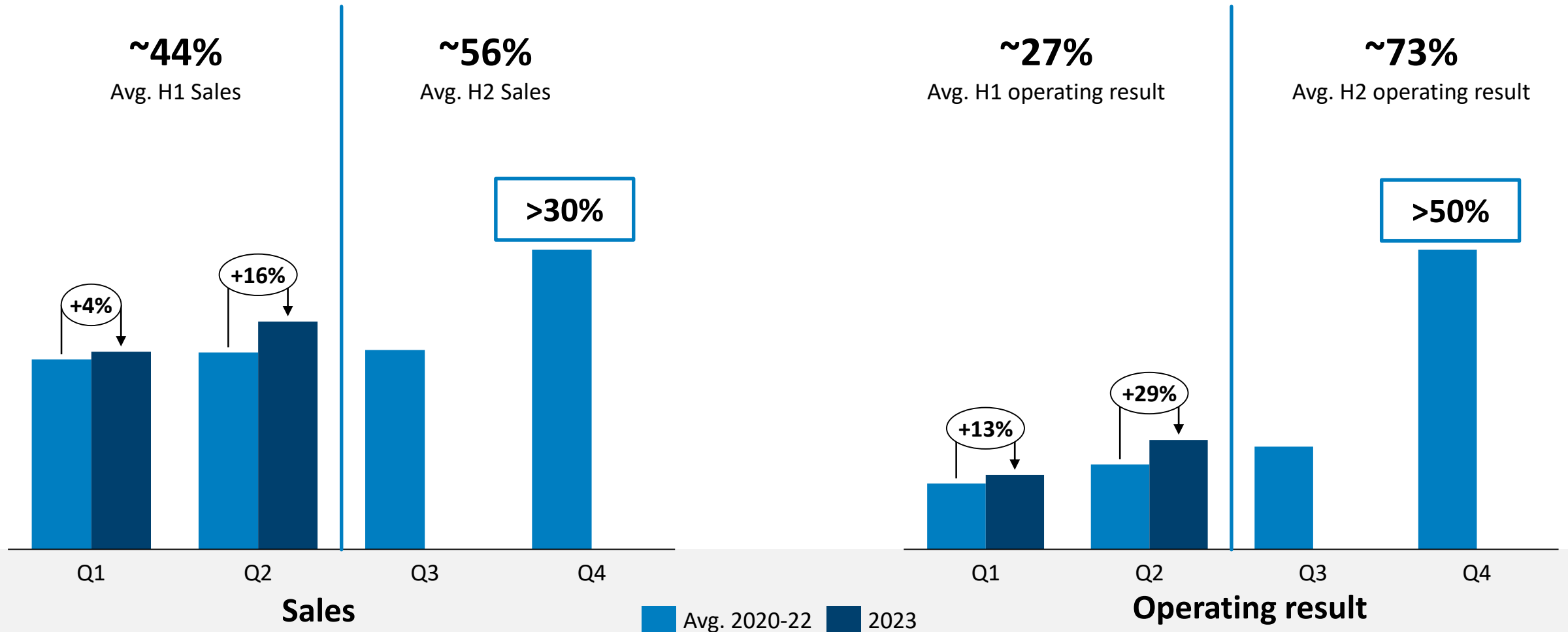


- Substantial increase in inventories drives working capital growth

→ Preparation for growth affects free cash flow generation

Outlook

Pronounced backend loading as expected



Outlook

FY 2023 guidance confirmed

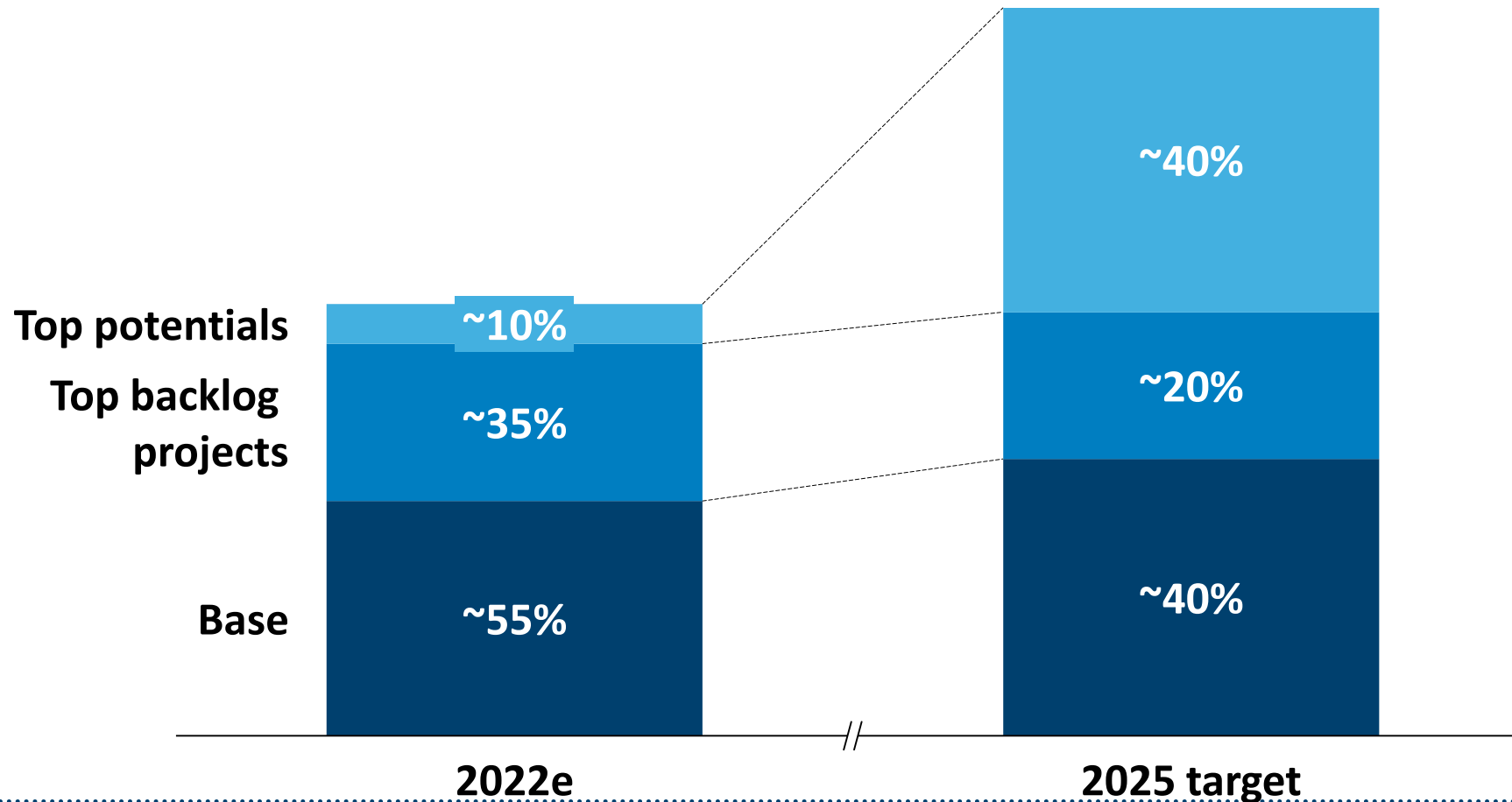
	Guidance 2023e	EXPAL	2022
Sales	Between €7.4 to 7.6 bn	€150-190m	€ 6.4 bn
Operating Margin	Around 12%	Around 25%	11.8%
Operating free cash flow	4-6% OFCF to sales		€-152 m

Sales guidance includes FX effects and excludes contributions from acquisitions.
 EXPAL pro forma will be fully consolidated for the period August – December 2023.

Mid-term guidance: Security divisions

The supercycle 2.0 is happening

- **Sales contribution** share of total sales estimates in %



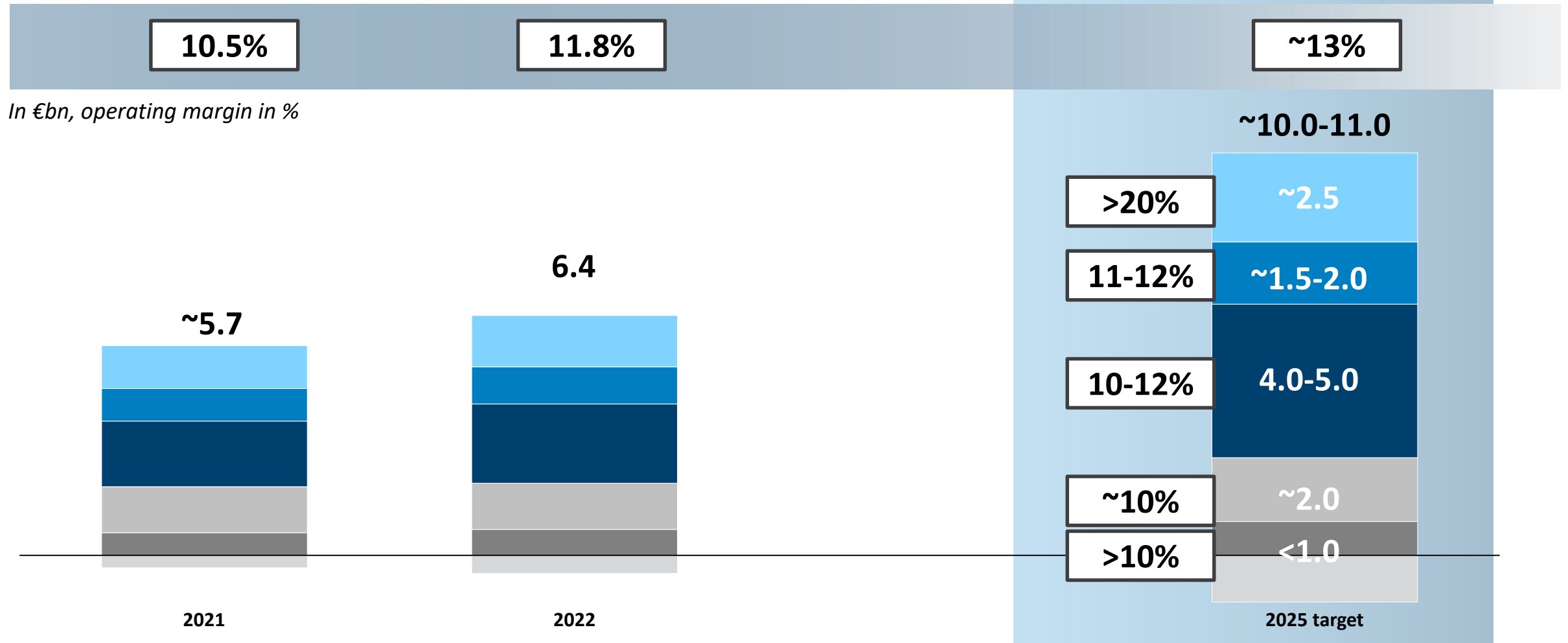
Top potentials

- Ammunition Germany
- Trucks Germany
- Puma
- “Schwerer Waffentraeger”
- Soldier Systems
- Caracal
- Air defense projects

Top backlog projects

- Trucks Germany
- Puma
- Boxer MIV
- Land 121
- Challenger
- Lynx Hungary
- Ammo Framework Hungary

Mid-term guidance: Double digit growth over the next 5 years



Our Financial Targets 2025 are...

ATTRACTIVE GROWTH PROFILE
Sales target 2025

10-11 €bn

HIGHER PROFITABILITY
Operating margin target 2025

~13%

CASH GENERATION
Cashflow to sales target 2025

4-6%

Rheinmetall at a glance

Sustainability is a central component of our corporate strategy

FRAME-WORKS & INITIATIVES

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

ENVIRONMENT

- **Carbon neutral in 2035****
 - Improve energy efficiency
 - Increase self-generation of renewables
 - Switch to renewables
 - Continuous reforestation of FoJaNa***
- **Water consumption reduction of 10% until 2022**
- **Waste management**
 - Avoidance before reduction before recycling
 - Environmentally friendly disposal

SOCIAL

- **Employee well-being**
 - Prioritizing employee well-being through occupational health programs
 - Flexible work arrangements
- **Health protection**
 - LTIR of 6.1 in 2022
 - Extend ISO 45001 certifications for OSH management
 - Extensive and systematic protection of employees
- **Diversity**
 - Promote diversity, equity and inclusion
 - Best practices for female recruitment and careers

GOVERNANCE

- Rigorous governance structures with strict compliance organization especially for export control, trade and tax compliance
- Continuous improvement of ESG transparency and ratings
- ESG objectives introduced in the variable compensation of top and middle management (20 % as part of LTI remuneration package)

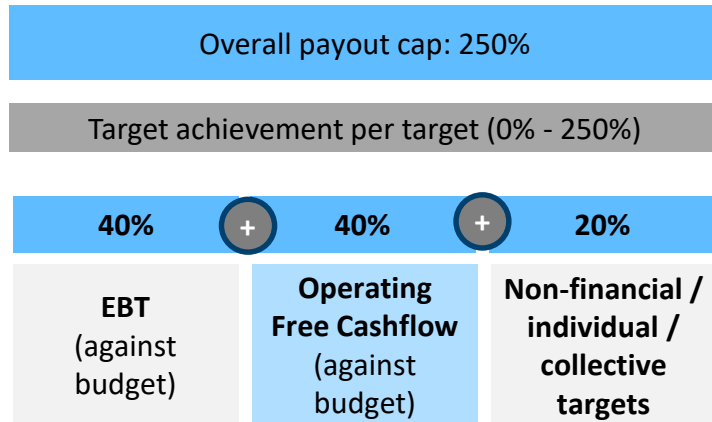
MAIN RATINGS

MSCI ESG: AA Only 1 out of 34 companies score higher in the Industrial Conglomerate Rating Distribution	ISS ESG: C A&D Industry Rating Distribution: only 2 out of 72 companies score higher	Sustainalytics: 26.8 Ranked 15/104 in the A&D industry	S&P Global: 34 Industrial conglomerates average: 29
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Responsibility @ Rheinmetall

Executive Board remuneration policy with 20% share ESG targets

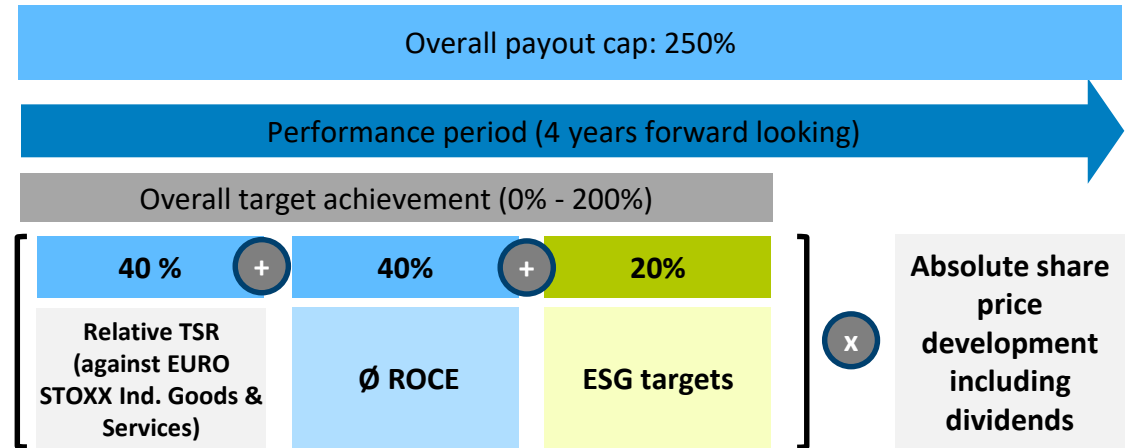
Short Term Incentive



Remuneration structure

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

Long Term Incentive



Malus & clawback clauses

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

Share Ownership Guidelines (SOG)

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

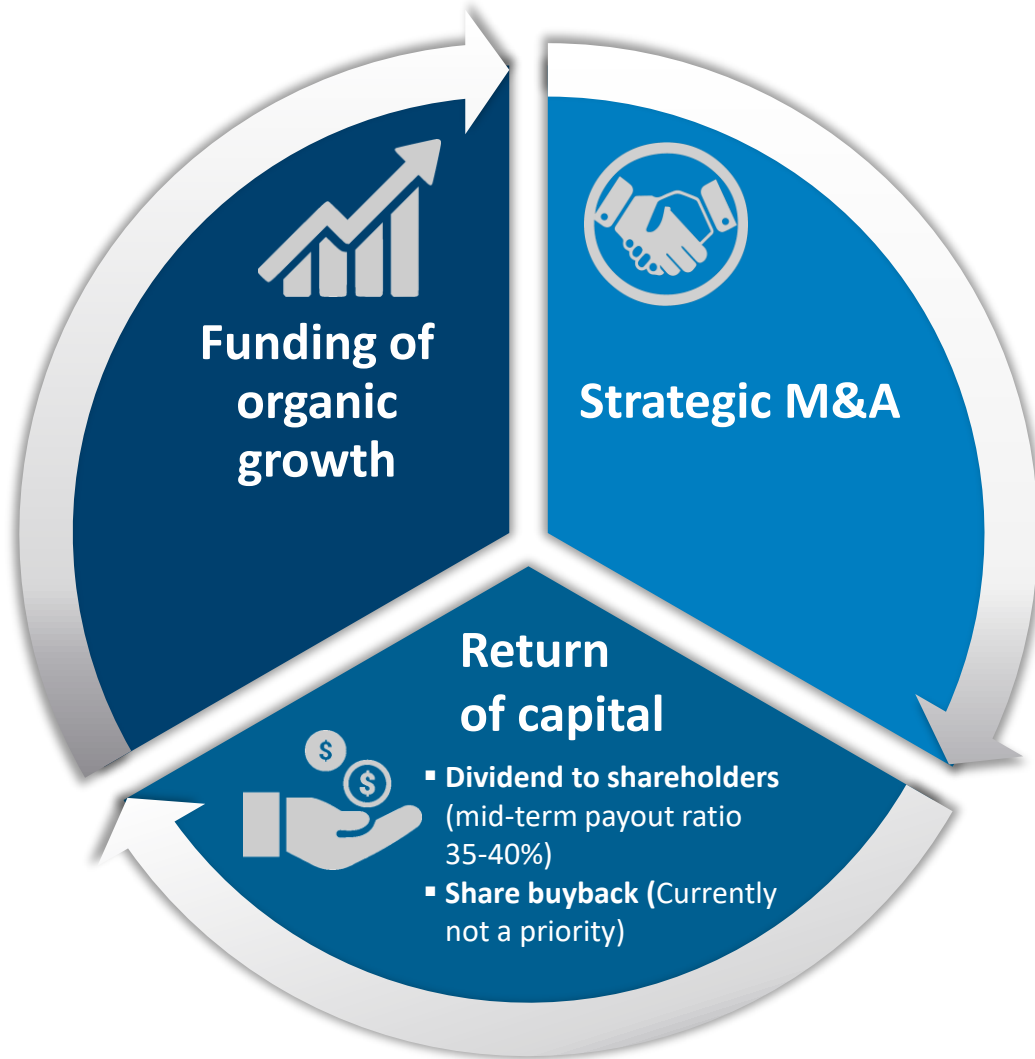
Maximum remuneration

Maximum remuneration including fringe benefits and pension

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

Financials

Generating value for shareholders with clear capital allocation priorities



Strategic priorities

- ➔ Sustainable financing of growth
- ➔ Strong balance-sheet
- ➔ Maintain investment grade

Financials

Successful placement of € 1 billion convertible bonds

Transaction Terms		
Execution Date	31-Jan-23	Effective Date 07-Feb-23
Total Deal Size	€1.0bn (split in 2 equally sized series)	
Underlying Shares	3.2m Shares / 7.4% Share Capital	
Tenor	Series A: 5 Years	Series B: 7 Years
Series Issue Size	€500m	€500m
Coupon	1.875%	2.250%
	<i>Interest is payable semi-annually, firstly due on 07-Aug-23</i>	
Premium	45%	45%
Conversion Price	€309.90	
Dividend Protection	Above an increasing reference dividend schedule (FY22: €4.10, FY23: €5.20, thereafter: €6.60 p.a.)	

Highlights

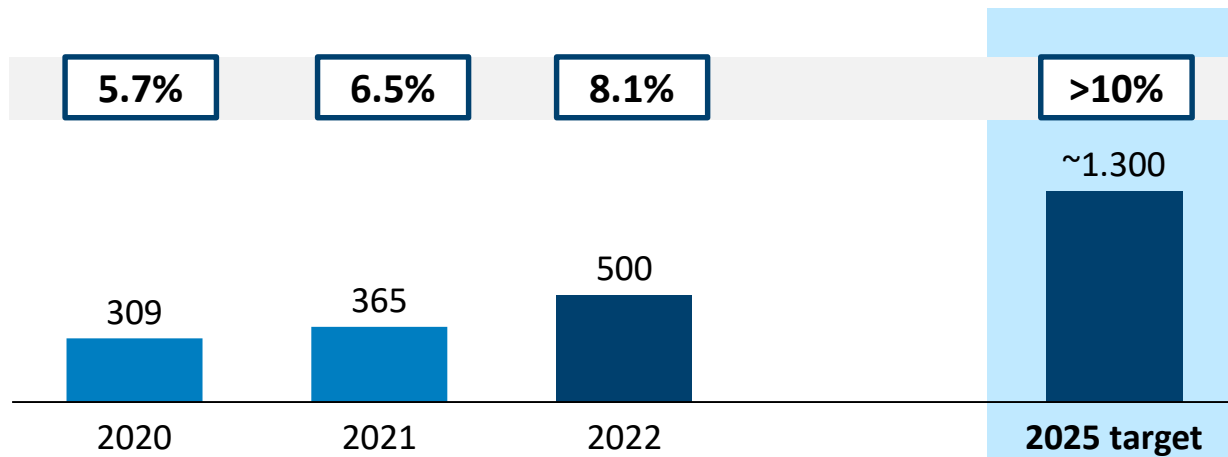
- Dual-tranche structure to spread out maturities
- Multiple oversubscription during book-building
- Attractive funding due to annual cash savings of above 2% p.a. vs. comparable straight bonds cash out

Financials

Growth needs to be organized

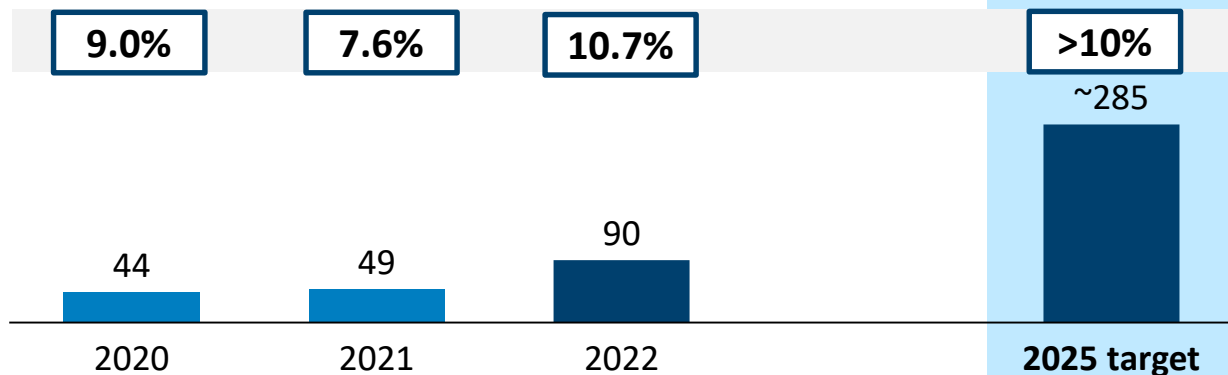
Sales Consolidation

(in €m / in % of Sales)



Operating Result Consolidation

(in €m / in % of Operating Result)



Increased consolidation driven by growing structures

- ➔ Sales consolidation reflects new growth dynamics
- ➔ Ongoing increase of intra- divisional projects
- ➔ Insourcing of IT infrastructure
- ➔ Higher corporate R&D spending

Financials

Peak capex to support double digit growth



UK RBSL

- Mainly modernization
- Capex 2022- 2025 $\Sigma \sim \text{€}80\text{m}$



Germany

- IT structure and div. Operational modernization
- Capex 2022- 2025 $\Sigma \sim \text{€}120\text{m}$



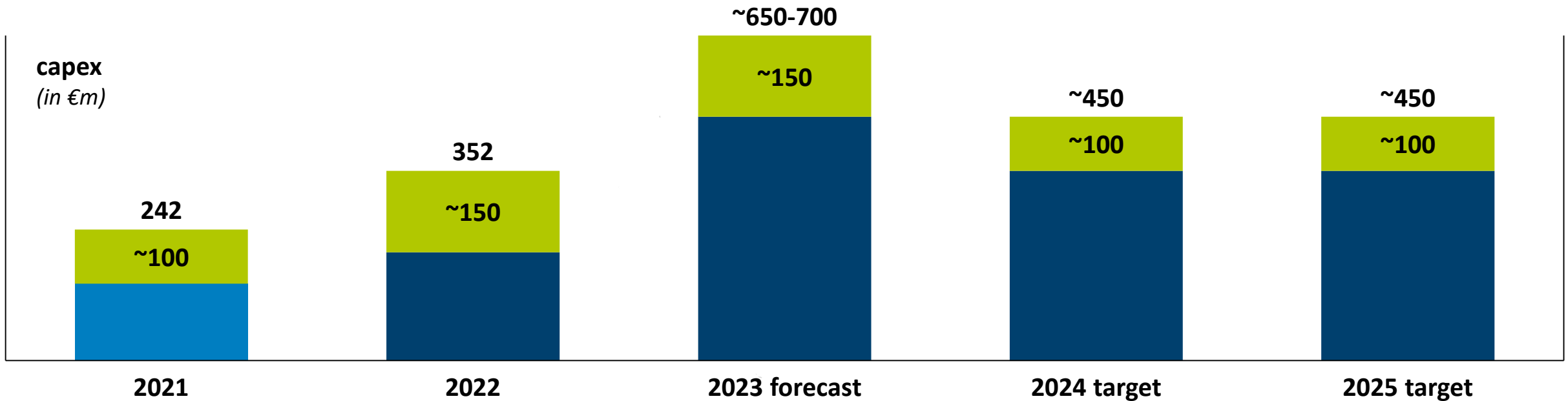
RHM Hungary

- New Lynx production
- Capex 2022- 2025 $\Sigma \sim \text{€}110\text{m}$



Australia; MilVehCoe

- Production expansion
- Capex 2022- 2025 $\Sigma \sim \text{€}140\text{m}$



Acquisitions

Milestones in acquisition strategy

Zeppelin Mobile Systems	Drone manufacturer EMT	Polycharge	4iG 25.1% Stake	EXPAL Systems
<p>+ Closing 12/2021</p> <ul style="list-style-type: none"> Positioning further in a key international market Extend technological responsibility for key elements of networked, digital communications and intelligence for the armed forces 	<p>+ Closing 01/2022</p> <ul style="list-style-type: none"> Digitization strategy Confirming our position as a reliable partner to the German armed forces 	<p>+ Closing 2022</p> <ul style="list-style-type: none"> Electrification strategy Joint venture for the production, development and marketing of DC-Link capacitors 	<p>+ Closing 03/2022</p> <ul style="list-style-type: none"> Digitization strategy Establishing a tech-hub for IT and telecom in Central Europe JV for digitization technologies of the armed forces 	<p>+ Closing July 31st</p> <ul style="list-style-type: none"> Expanding production capacity and product range Securing and strengthening core business in weapons, ammunition and propellants
<p>Sales p.a. ~€50m Margin 10%-15%</p> <p>Targets 2025</p>	<p>Sales p.a. ~€50m Margin 10%-15%</p>	<p>Sales p.a. ~€200m Margin ~10%</p>		<p>Sales p.a. ~€150-190m Margin ~25%</p>

Key Figures

		2022	2021	2020 ¹	2019	2018 ²
SALES/EARNINGS						
Sales	€ million	6,410	5,658	5,405	6,255	6,148
Of which generated abroad	%	70.5	65.9	64.4	68.9	72.3
Operating result	€ million	754	594	446	505	491
Operating margin	%	11.8	10.5	8.3	8.1	8.0
EBIT	€ million	731	608	398	512	518
EBIT margin	%	11.4	10.8	7.4	8.2	8.4
EBT	€ million	711	582	367	477	485
Earnings from continuing operations	€ million	528	432	284	-	-
Earnings from discontinued operations	€ million	8	(100)	(283)	-	-
Earnings after taxes	€ million	535	332	1	354	354
Return on capital employed (ROCE) ³	%	21.3	19.5	11.8	15.4	17.1
CASH FLOW						
Cash flow from operating activities	€ million	174	690	453	602	242
Cash flow from investments	€ million	(349)	(271)	(237)	(288)	(277)
Operating free cash flow	€ million	(175)	419	217	314	(35)
Of which continuing operations	€ million	(152)	458	230	-	-
Of which discontinued operations	€ million	(23)	(38)	(13)	-	-
STATEMENT OF FINANCIAL POSITION (12/31)						
Equity	€ million	3,083	2,620	2,053	2,272	2,173
Total assets	€ million	8,089	7,734	7,267	7,415	6,759
Equity ratio	%	38.1	33.9	28.2	30.6	32.1
Cash and cash equivalents	€ million	545	1,039	1,027	920	724
Total assets less cash and cash equivalents	€ million	7,544	6,695	6,240	6,496	6,035
Net financial debt (-)/Net liquidity (+) ⁴	€ million	(426)	118	4	(52)	(30)
HUMAN RESOURCES (FTE 12/31)						
Germany	FTE	12,768	11,979	11,592	11,587	11,077
Foreign	FTE	12,718	11,966	11,675	12,193	11,822
Rheinmetall Group	FTE	25,486	23,945	23,268	23,780	22,899
Of which continuing operations	FTE	21,788	20,185	19,500	-	-
Of which discontinued operations	FTE	3,697	3,760	3,768	-	-

Balance Sheet

€ million	12/31/2022	12/31/2021
Assets		
Goodwill	483	481
Other intangible assets	338	287
Right-of-use assets	209	214
Property, plant and equipment	1.137	1.056
Investment property	24	30
Investments accounted for using the equity method	408	201
Other non-current assets	187	337
Deferred taxes	98	147
Non-current assets	2.884	2.752
Inventories	1.976	1.651
Contract assets	362	408
Trade receivables	1.548	1.164
Other current assets	242	213
Income tax receivables	23	11
Securities held for trade	132	162
Cash and cash equivalents	545	1.039
Assets held for sale	377	334
Current assets	5.206	4.982
Total assets	8.089	7.734

€ million	12/31/2022	12/31/2021
Equity and liabilities		
Share capital	112	112
Capital reserves	566	561
Retained earnings	2.140	1.755
Treasury shares	(6)	(9)
Rheinmetall AG shareholders' equity	2.812	2.418
Non-controlling interests	271	203
Equity	3.083	2.620
Provisions for pensions and similar obligations	484	773
Other non-current provisions	205	210
Non-current financial debts	517	706
Other non-current liabilities	56	45
Deferred taxes	78	38
Non-current liabilities	1.341	1.772
Other current provisions	674	677
Current financial debts	454	215
Contract liabilities	1.120	1.111
Trade liabilities	931	809
Other current liabilities	200	196
Income tax liabilities	67	87
Liabilities directly associated with assets held for sale	220	246
Current liabilities	3.665	3.341
Total equity and liabilities	8.089	7.734

Income Statement

Income statement of the Rheinmetall Group for fiscal 2022

€ million	2022	2021
Sales	6.410	5.658
Changes in inventories and work performed by the enterprise and capitalized	153	117
Total operating performance	6.563	5.775
Other operating income	221	134
Cost of materials	3.183	2.745
Personnel costs	1.836	1.643
Amortization, depreciation and impairment	249	251
Other operating expenses	768	656
Income from investments carried at equity	32	11
Other net financial income	(48)	(17)
Earnings before interest and taxes (EBIT)	731	608
Interest income	12	4
Interest expenses	32	31
Earnings before taxes (EBT)	711	582
Income taxes	(183)	(150)
Earnings from continuing operations	528	432
Earnings from discontinued operations	8	(100)
Earnings after taxes	535	332
Of which:		
<i>Non-controlling interests</i>	66	41
<i>Rheinmetall AG shareholders</i>	469	291
Earnings per share	€ 10,82	€ 6,72
Earnings per share from continuing operations	€ 10,64	€ 9,04
Earnings per share from discontinued operations	€ 0,18	€ (2,32)

Cashflow Statement

Statement of cash flows of Rheinmetall Group for fiscal 2022		
€ million	2022	2021
Earnings after taxes	535	332
Amortization, depreciation and impairment	303	254
Impairment of non-current assets of discontinued operations	-	91
Allocation of CTA assets to secure pension and partial retirement obligations	(62)	(35)
Other changes in pension provisions	(18)	(17)
Income from disposals of non-current assets	(5)	0
Changes in other provisions	(9)	(51)
Changes in working capital	(507)	22
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	(39)	63
Pro rata income from investments accounted for using the equity method	(74)	(15)
Dividends received from investments accounted for using the equity method	17	30
Other non-cash expenses and income	33	16
Cash flow from operating activities¹⁾	174	690
Of which continuing operations	175	705
Of which discontinued operations	(1)	(14)
Investments in property, plant and equipment, intangible assets and investment property	(349)	(271)
Cash inflows from the disposal of property, plant and equipment, intangible assets and investment property	19	3
Cash inflows from for the disinvestments in consolidated companies and financial assets	2	1
Cash outflows from investments in consolidated companies and financial assets	(205)	(35)
Cash in-/outflows from/ for securities held for trade	-	(160)
Cash flow from investing activities	(534)	(462)
Of which continuing operations	(512)	(438)
Of which discontinued operations	(22)	(24)

Statement of cash flows of Rheinmetall Group for fiscal 2022		
€ million	2022	2021
Dividends paid out by Rheinmetall AG	(143)	(87)
Other profit distributions	(6)	(5)
Increase in shares in consolidated subsidiaries	1	-
Borrowing of financial debts	249	122
Repayment of financial debts	(232)	(231)
Cash flow from financing activities	(131)	(202)
Of which continuing operations	(65)	(300)
Of which discontinued operations	(66)	98
Changes in cash and cash equivalents	(491)	27
Changes in cash and cash equivalents due to exchange rates	1	4
Total change in cash and cash equivalents	(490)	30
Opening cash and cash equivalents January 1	1,058	1,027
Closing cash and cash equivalents December 31	568	1,058
Closing cash and cash equivalents December 31 from discontinued operations	23	19
Cash and cash equivalents as per consolidated statement of financial position December 31	545	1,039

Outlook

Group - forecast business performance in 2023

		2023	2022
Sales			
Group	€ million	sales growth to €7.4 bn to €7.6 bn	6,410
Division Vehicle Systems	€ million	sales growth 25% to 30%	2,270
Division Weapon and Amunition	€ million	sales growth 25% to 30%	1,470
Division Electronic Solutions	€ million	sales growth 15% to 20%	1,063
Division Sensors and Actuators	€ million	sales growth 5% to 8%	1,382
Division Materials and Trade	€ million	sales growth 4% to 7%	743
Operating result margin			
Group	%	operating result margin around 12%	11.8
Division Vehicle Systems	%	operating result margin 11% to 13%	11.4
Division Weapon and Amunition	%	operating result margin 20% to 22%	20.8
Division Electronic Solutions	%	operating result margin 11% to 13%	11.1
Division Sensors and Actuators	%	operating result margin 7% to 9%	6.9
Division Materials and Trade	%	operating result margin 9% to 11%	9.1
OFCF (in relation to sales)			
Group	%	4% to 6 %	(2.4)

Next events and IR contacts

Next Events

Commerzbank & ODDO BHF Corporate Conference	06 Sep
UBS, Quo Vadis Industrials Tour, virtual	15 Sep
Berenberg and Goldman Sachs 12 th German Corp. Conference	20 Sep
Baader Investment Conference	21 Sep
Q3/2023 report	09 Nov
Capital Markets Day	20/21 Nov
Metzler Roundtable	27 Nov
Deutsches Eigenkapitalforum	28 Nov
Goldman Sachs Industrial Conference	06 Dec
Berenberg European Conference	07 Dec
Kepler Cheuvreux, CEO Tour, virtual	11 Dec

IR Contacts

Dirk Winkels

Head of Investor Relations

Tel: +49-211 473-4749

Email: dirk.winkels@rheinmetall.com

Anika Marker

Investor Relations Manager

Tel: +49 171 4174060

Email: anika.marker@rheinmetall.com

Rosalinde Schulte

Investor Relations Assistant

Tel: +49-211 473-4718

Email: rosalinde.schulte@rheinmetall.com

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