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## Rheinmetall: Record result in the first half of the year – consolidated sales grow by around 9%

- Consolidated sales grow by around 9% to €2,582 million
- Consolidated operating result nearly doubles, setting new record high for the first half of a year at €191 million
- Order intake in military vehicles reaches nearly €2 billion
- Sales with civilian products grow by more than 30%
- Booked business in civilian business of €1,278 million
- Operating free cash flow improves by €342 million
- Earnings per share from continuing operations increase from €0.32 to €2.50
- Group forecast for 2021: sales growth 7% to 9%, operating margin 9% to 10%

The Düsseldorf-based Rheinmetall Group underpins its strategic repositioning with considerable growth in sales in the first half of 2021 and a new record for the operating result in the first half of a year. Thanks in particular to a significant recovery in the business with civilian products, the technology group succeeds in nearly doubling its operating result year on year.

At the same time, Rheinmetall achieves important successes in the business with military customers in Germany as well as abroad. Major orders for military vehicles worth nearly €2 billion were acquired in the first half of the year.

Rheinmetall is now presenting half-year figures for the first time since its strategic reorientation at the beginning of the year, which reflect the new five-division structure following the scrapping of the former segmentation. With this new positioning, Rheinmetall is focusing more on forward-looking technologies and business areas with high potential for a sustained increase in value. The previous small- and large-bore pistons business will not be continued and is being sold.

Armin Papperger, Chief Executive Officer of Rheinmetall AG: “Our very good operating result shows that we are on the right track with our repositioning as an integrated technology group. We are successful in the markets and have our costs well in check. We have set a new record high for the operating result in the first half of a year. This makes us very confident about the coming months and fiscal 2021 as a whole.”

### Rheinmetall Group

Rheinmetall increased its consolidated sales by €210 million or 8.9% year-on-year to €2,582 million in the first half of 2021 (previous year: €2,372 million). Adjusted

### ► Key facts

- ▷ Consolidated sales increase by €210 million to €2,582 million
- ▷ New record: consolidated operating result rises from €96 million to €191 million
- ▷ Margin climbs from 4.1% to 7.4%
- ▷ Operating free cash flow improves from €-387 million to €-46 million
- ▷ Earnings per share rise to €2.50
- ▷ Forecast for 2021 confirmed

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for currency effects, sales growth was 9.3%. The sales increase in the Group is due mainly to the considerable recovery of the global markets.

The Rheinmetall Group posted a significant improvement in the operating result in the first half of 2021. Compared with the previous year's figure of €96 million, the result nearly doubled to €191 million. In addition to the positive sales performance, this improvement was particularly due to cost reduction measures that the management initiated back in 2020 to counter the negative effects of the coronavirus pandemic. The operating margin likewise considerably improved from 4.1% in the previous year to 7.4%.

Accordingly, earnings per share for continuing operations also developed positively, rising from €0.32 in the same period of the previous year to €2.50.

Operating free cash flow improved by €342 million to €-46 million in the first half of 2021. This positive development mainly resulted from the earnings increase and a comparatively low increase in working capital.

### **Vehicle Systems**

At €870 million, sales in the Vehicle Systems division, which operates in the sector of military wheeled and tracked vehicles, were down around 4% in the first half of 2021 compared to the same period of the previous year. This was particularly due to the expiration of a tactical vehicle project. Thanks to three new major orders, the order intake in the division rose sharply by €1,425 million year-on-year to €1,973 million. Particularly notable here is an order from the UK for the modernization of the army's fleet of battle tanks with a volume of approximately €770 million, which was booked in the second quarter. There were also major orders from the German armed forces for new armoured engineer vehicles and the modernization of Puma infantry fighting vehicles with a total volume of around €800 million.

The division's order backlog thus reached a record €10.5 billion as at June 30, 2021.

Due to the sales decline and the product mix in the first half of 2021, the operating result decreased by €19 million from €84 million in the previous year to €65 million. The operating margin amounted to 7.5% after 9.3% in the same period of the previous year.

### **Weapon and Ammunition**

The Weapon and Ammunition division generated sales of €471 million with its weapon system and ammunition activities in the first half of 2021, up 6% on the figure for the previous year. This growth is primarily the result of greater ammunition deliveries to an international customer. At €429 million, the order intake fell short of the high figure for the first half of 2020 (€624 million), which was positively influenced by a large single order for the delivery of artillery propellants. As at the end of the first half of the year on June 30, 2021, the order backlog amounted to €2.7 billion (June 30, 2020: €2.4 billion).

The division's operating result improved by €32 million from €15 million in the previous year to €47 million in the first half of 2021. This increase was influenced mainly by the sales growth and a positive product mix effect. The operating margin was 10.0% (previous year: 3.4%).

### **Electronic Solutions**

With sales of €362 million, the Electronic Solutions division, which develops and produces solutions in the field of defence electronics, was down 9% compared to the first half of 2020. This is primarily attributable to the expiration of a soldier systems project for the German armed forces. There was an upward trend in order intake, which rose by €18 million from €426 million to €444 million. This equates to an increase of 4% compared with the previous year's figure. As at June 30, 2021, the division's order backlog amounted to €2.4 billion (June 30, 2020: €2.2 billion).

Despite the decline in sales, the division's operating result was level with the previous year at €29 million thanks to a better product mix. The operating margin improved slightly from 7.3% in the previous year to 8.0% in the first half of 2021.

### **Sensors and Actuators**

Sales in the Sensors and Actuators division, which does business with its components and control systems for reducing emissions and for thermal management, rose by around one-third and amounted to €697 million in the first half of 2021. After €521 million in the same period of the previous year, this is growth of 34%. The growth mainly resulted from a considerable increase in customer call-offs as compared to the same period of the previous year, which was impacted by the pandemic. However, contrary effects arose in the second quarter of 2021 due to the global shortage of electronic components, which led important customers to limit their production.

Booked business for the first half of 2021 – in other words the future sales potential from customer projects based on written agreements and framework contracts – amounted to €951 million, a slight decline on the previous year's figure of €982 million. Around half of the bookings were attributable to new projects and around half to extensions or increases in the volume of ongoing projects.

The operating result in the division improved considerably from €-16 million in the previous year to €51 million in the first half of 2021. This equates to growth of €67 million. This increase is attributable firstly to the growth in sales and secondly to the measures introduced to reduce costs in the wake of the coronavirus pandemic. Accordingly, the operating margin increased to 7.3% after -3% in the same period of the previous year.

### **Materials and Trade**

The Materials and Trade division, which supplies plain bearings and structural components and conducts global aftermarket business, also increased its sales by around one-third in the first half of 2021. The division's business volume increased to €320 million after €243 million in the first half of 2020. The year-on-year growth thus amounts to 32%.

In the first half of 2021, booked business grew to €327 million, representing an increase of 18% on the previous year. The share of booked business attributable to new customer projects came to over 90%.

The division's operating result of €27 million in the first half of 2021 increased significantly compared with the same period of the previous year, which was impacted by the COVID-19 crisis. In the first half of 2020, it amounted to €3 million. The operating margin rose to 8.5% (previous year: 1.2%).

### **Forecast for 2021 confirmed**

In view of the continuing uncertainty in the macroeconomic environment and given the situation on the procurement markets, Rheinmetall confirms the forecast for fiscal 2021 adjusted to the new reporting structure in the quarterly report for the first quarter of 2021.

For 2021 as a whole, Rheinmetall therefore expects operating sales growth for continuing operations of between 7% and 9% (pro forma sales in 2020: €5,406 million). Rheinmetall continues to forecast an operating margin for continuing operations of between 9% and 10% (pro forma margin in 2020: 8.4%).

### **Forward-looking statements and projections**

*This publication includes forward-looking statements. These statements are based on Rheinmetall AG's current estimates and projections and information available at this stage. Forward-looking statements are not a guarantee of future performance. They depend on a number of factors, include various risks and uncertainties and are based on assumptions that may prove to be incorrect. Rheinmetall is under no obligation to update the forward-looking statements in this publication.*