



Rheinmetall Group Corporate Presentation

March 2020

MOBILITY. SECURITY. **PASSION.**

Rheinmetall Group

Mobility and security form the DNA of the business model

RHEINMETALL GROUP

INTEGRATED TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Business
Model

Automotive *Our heart beats for your engine*

- Tier 1 supplier
- High-tech products for global markets
- Gaining powertrain neutrality

Defence *Force protection is our mission*

- System house for land based operations
- Leading provider of innovative solutions
- Internationalization focused on home markets

Market
driver

- Megatrend mobility
- Growing demand for clean mobility
- Global LV production with growth
- Increased regulation

- Increasing demand for security
- Geostrategical powershifts
- Constantly changing conflict situations
- Rising defence/security budgets

Rheinmetall Group

Highlights

Group performance indicator

Grow sales
around 8%

~8% op.
margin

Targeted 2-4%
Cash on sales

30-35%
payout ratio

Strategy roadmap

Organic
growth

International
expansion

Leading by
innovations

Targeted
acquisitions

RHEINMETALL

GROUP

AUTOMOTIVE *Our heart beats for your engine*

Op. margin
6.7%

€2,736m

€184m

*€447m

11,405

44%

35%

49%

2019

Sales
Oper. Result
Order backlog
Headcount**

DEFENCE *Force protection is our mission*

56%

65%

51%

€3,522m

€343m

€10,399m

12,100

Op. margin
9.8%

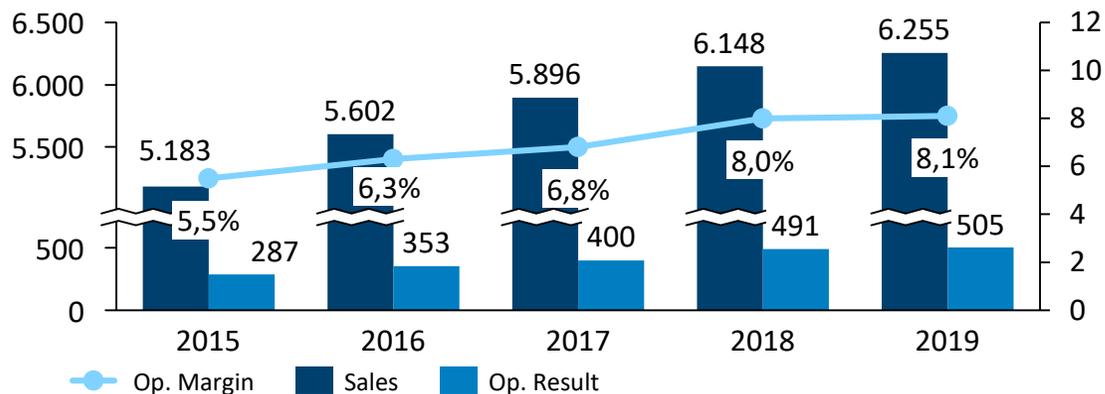
* Short-term; **Headcount at capacities;

Rheinmetall Group

Financial overview - Growth in all relevant KPI

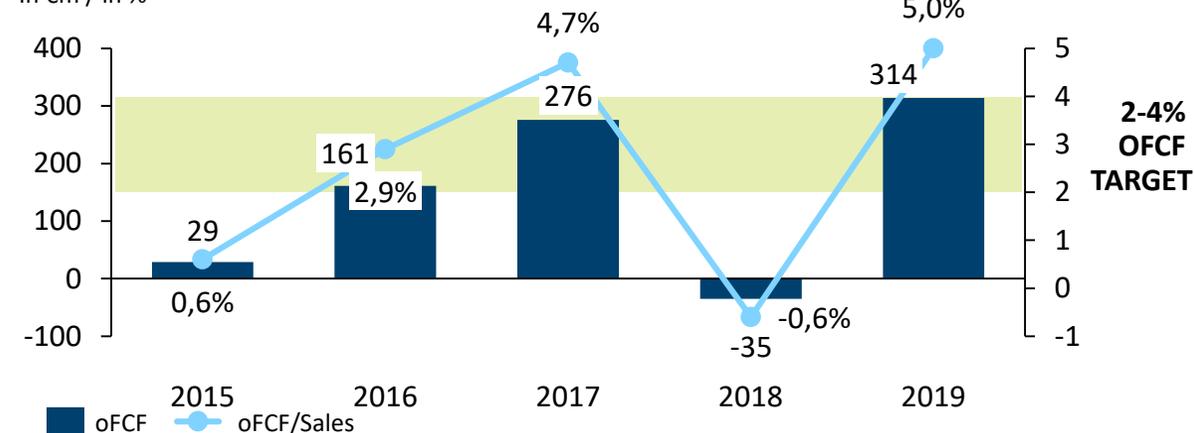
Sales, operating result and operating margin

In €m



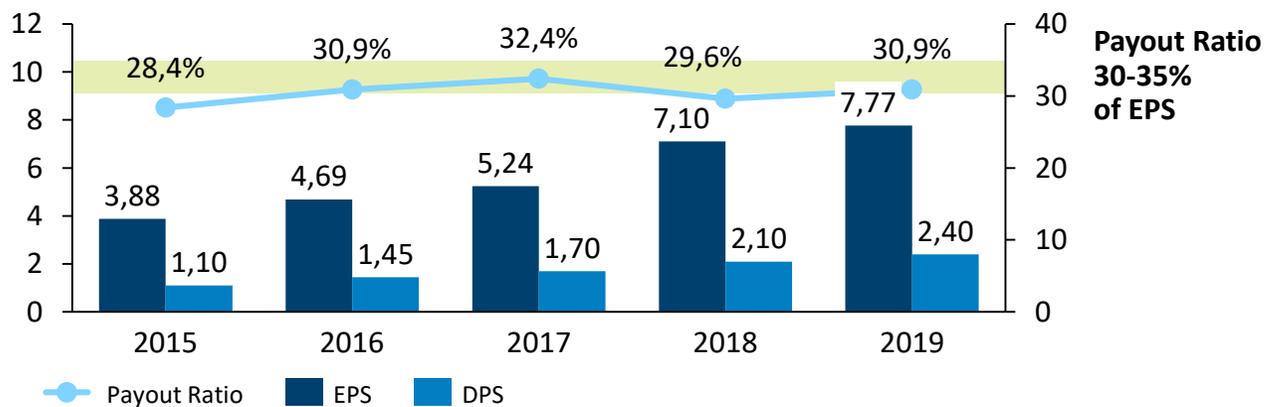
Operating FCF and operating FCF to Sales

In €m / in %



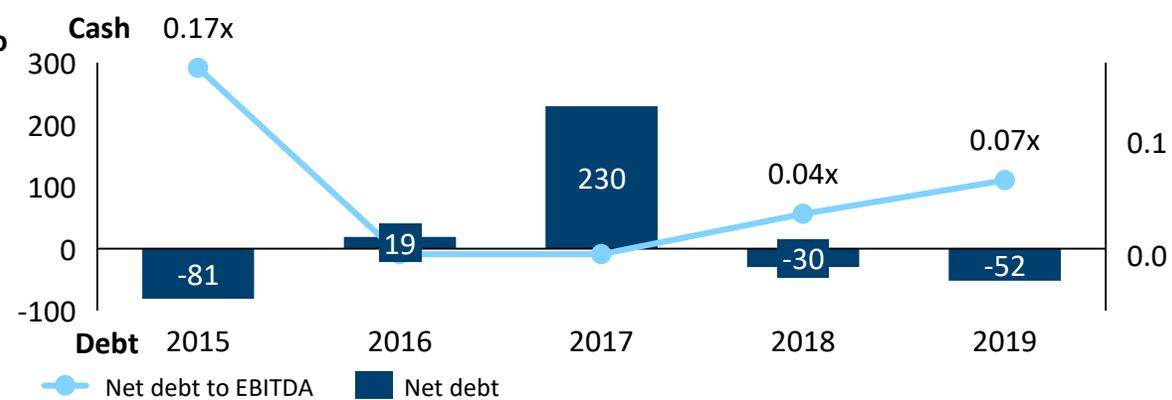
Earnings and dividend per share

In € / in %



Net financial debt and Net debt to EBITDA

In €m



Rheinmetall Automotive Products per division

MECHATRONICS

-  PUMP TECHNOLOGY
-  AUTOMOTIVE EMISSION SYSTEMS
-  SOLENOID VALVES
-  COMMERCIAL DIESEL SYSTEMS
-  ACTUATORS

HARDPARTS

-  SMALL BORE PISTONS
-  BEARINGS
-  LARGE BORE PISTONS
-  CASTINGS

AFTERMARKET

-  HARDPARTS
-  MECHATRONICS



Rheinmetall Defence Products per division

WEAPON AND AMMUNITION



MID & LARGE CALIBER AMMO



MID & LARGE CALIBER WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

ELECTRONIC SOLUTIONS



INTEGRATED ELECTRONIC SYSTEMS



AIR DEFENCE & RADAR SYSTEMS

TECHNICAL PUBLICATIONS

VEHICLE SYSTEMS

HX-FAMILY



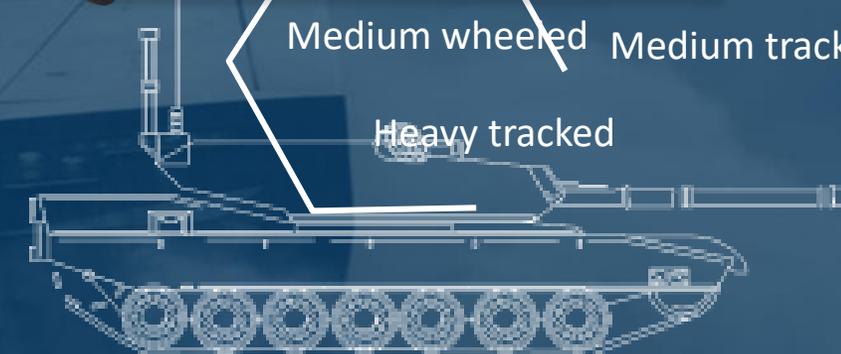
TACTICAL VEHICLES



LOGISTIC VEHICLES

Medium wheeled Medium tracked

Heavy tracked



One Rheinmetall

Realization of growth in changing market conditions



- ✓ Positioning as **integrated technology** group for **Mobility and Security**
- ✓ Realization of **growth potentials** in changing market environments
- ✓ Leveraging **strengths by bundling and channeling our expertise and competencies**, e.g. different **technologies**
- ✓ Change perception and **increase attractiveness** as an employer

One Rheinmetall Phase I

Initiatives addressing culture
and cooperation
2016-2018

One Rheinmetall Phase II

Focus on technologies
2018 ff.

One Rheinmetall Phase III

Commercialization
starting 2021



Automotive – A changing world

Automotive

Leading technology and market positions

Key Figures 2019

Sales: €2.7bn

Op. result: €184m

Op. margin: 6.7%

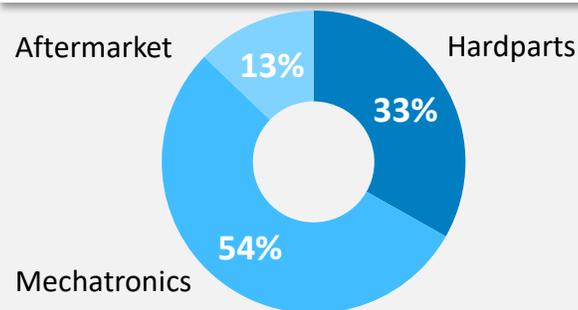
Op. FCF: €73m

R&D: €143m

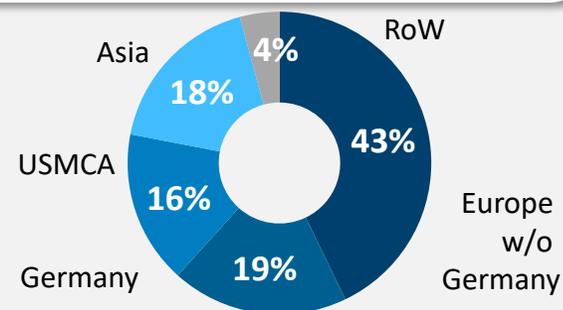
Capex: €163m

Headcount: 11.405

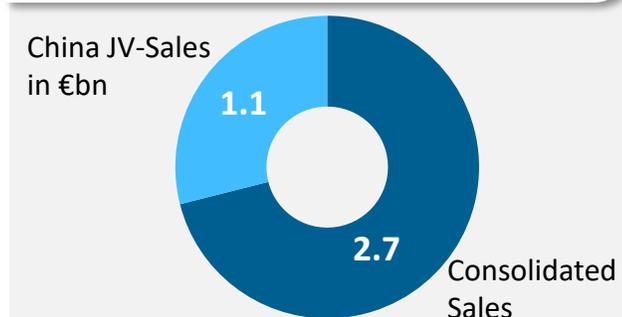
Sales by division*



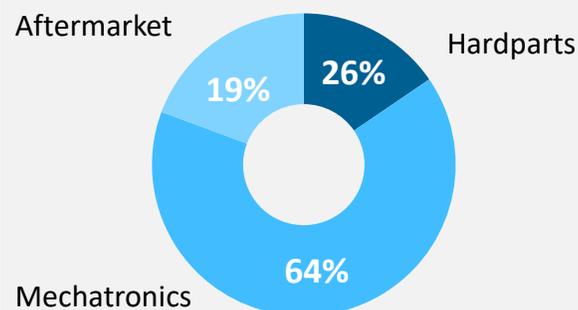
Sales by region



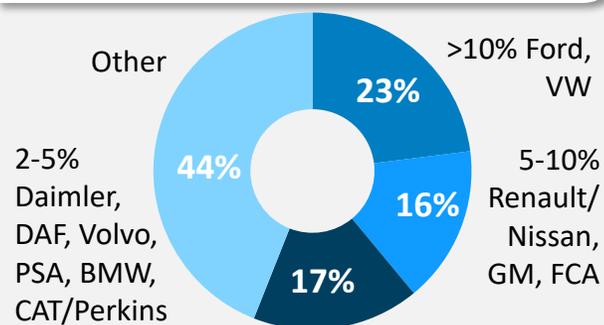
Sales Total Management View



Operating result by division*



Sales by customer



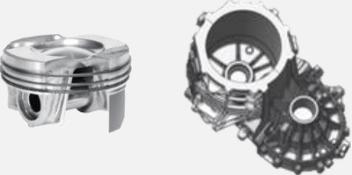
Global set up



*unconsolidated

Automotive

Leading technology and market positions

Sales driver	Segment Structure	Key Competitor	Differentiator
<ul style="list-style-type: none"> ▪ Megatrend mobility ▪ Growing demand for clean mobility ▪ Global LV production with further growth ▪ Increased regulation 	<p>Hardparts</p> <ul style="list-style-type: none"> ▪ Pistons ▪ Castings ▪ Bearings  <p>Mechatronics</p> <ul style="list-style-type: none"> ▪ Pump Technology ▪ Auto. Emission Systems ▪ Commercial Diesel Systems ▪ Solenoid Valves ▪ Actuators  <p>Aftermarket</p> <ul style="list-style-type: none"> ▪ Hardparts ▪ Mechatronics 	<p>Hardparts</p> <p>Mahle, Nemak, GGB, Tenneco (Federal Mogul), Dong Yang</p> <p>Mechatronics</p> <p>Magna, Bosch, Denso, Valeo, Schaeffler</p> <p>Aftermarket</p> <p>Tenneco (Federal Mogul), Mahle, Bosch, Valeo</p>	<ul style="list-style-type: none"> ▪ Strong brand ▪ Global footprint ▪ Strong partnerships <ul style="list-style-type: none"> ▪ (Hasco, Shriram, Riken, ZYNP) ▪ Wide technology portfolio ▪ Extensive product Know-How

Automotive overview

Product portfolio by division and engine type

MECHATRONICS

- VACUUM PUMPS
- EXHAUST CONTROL VALVE GEN. 3
- FUEL TANK ISOLATION VALVE
- THERMAL MANAGEMENT
- HRB
- eCATHODE VALVE
- EGR MODULE
- SC AIR SYSTEM
- eWastegate Actuator
- ELECTRICAL COOLANT PUMP
- GASOLINE EGR
- HIGH-VOLTAGE COOLANT PUMP
- eCC
- E-MOTOR COOLING
- TURBO ACTUATOR VTG
- EVAP
- ELEC. BYPASS VALVE
- MULTI PURPOSE VALVE
- ELECTRICAL OIL PUMPS
- CONTACTORS
- THERMO MODULE
- FUEL CELL CONTROL VALVE

HARDPARTS

- STEEL PISTONS
- ALU PISTONS
- ENGINE BEARINGS
- NON-ENGINE POLYMER BEARINGS
- STRUCTURAL PARTS
- E-Motor HOUSING
- BATTERY BOXES
- ENGINE BLOCKS

Carbon TT
25% Share Carbon TT

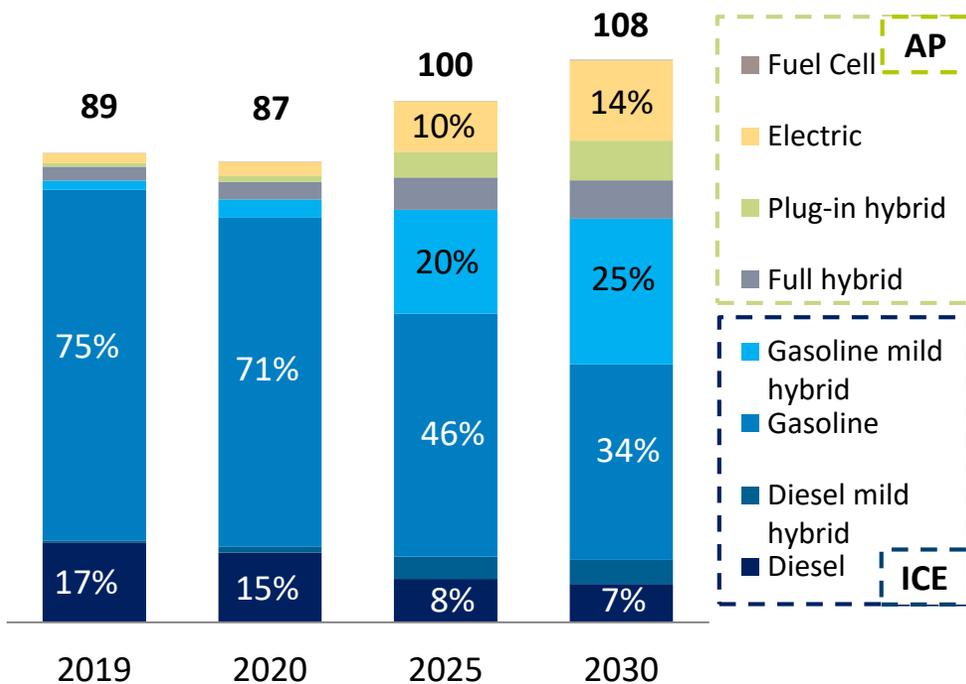
ICE

EV / FUEL CELL

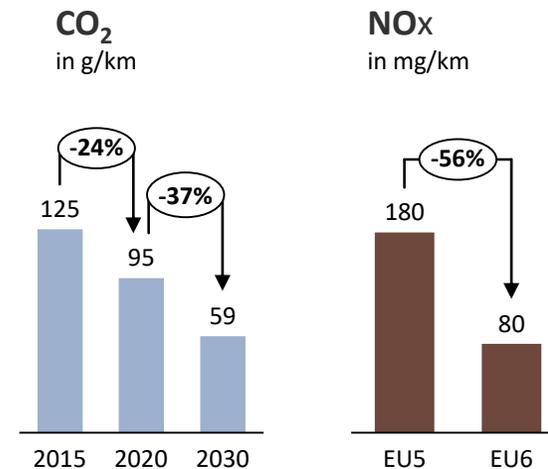
Drivers for growth

Rising global fleet and regulatory restrictions are supporting our growth

■ LV production forecast* [mUnits]

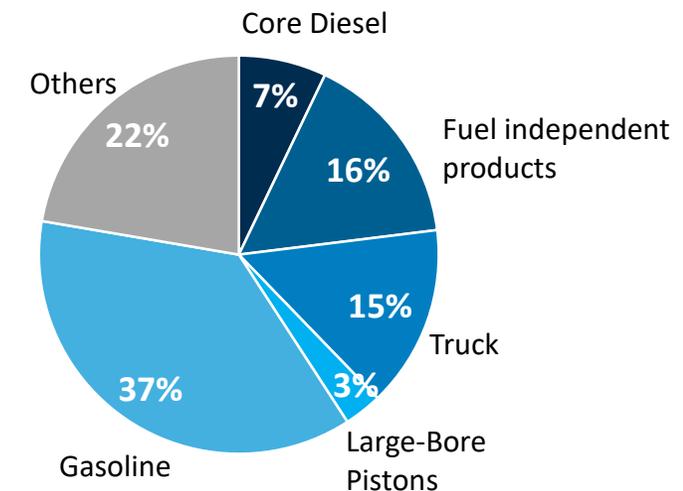


■ Further regulatory pressure***



- 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**



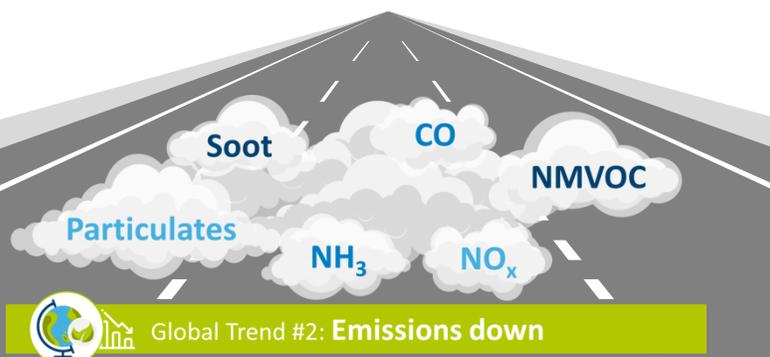
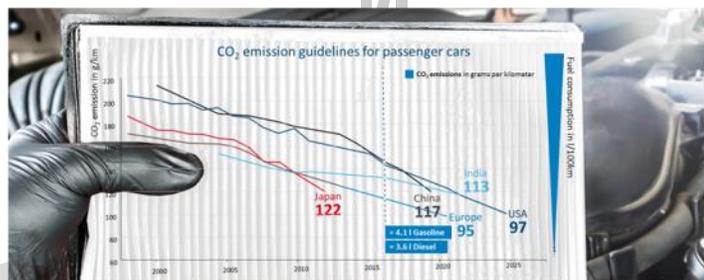
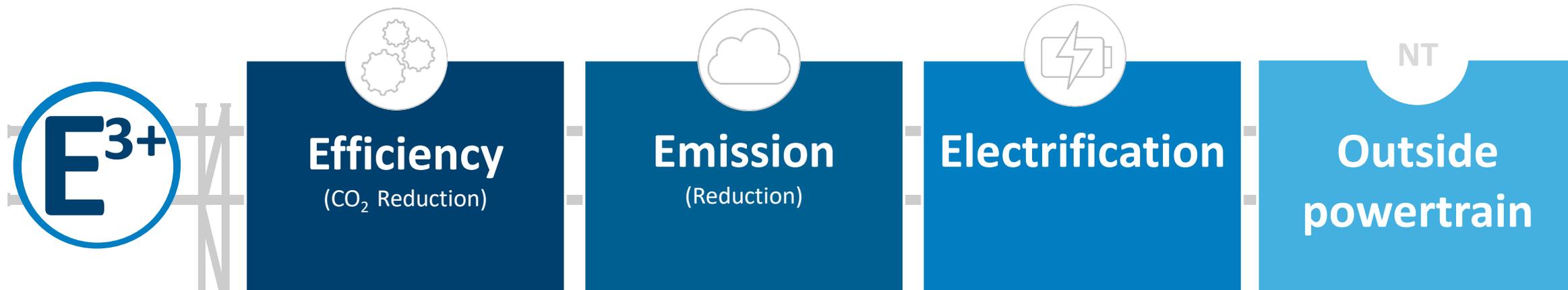
* IHS 02/2020 and company estimates

** Rheinmetall Automotive sales FY 2019

*** 95g = 4.1l Gasoline or 3.6l Diesel, 2030 estimates based on Regulation (EU) 2019/631

Automotive Market trends

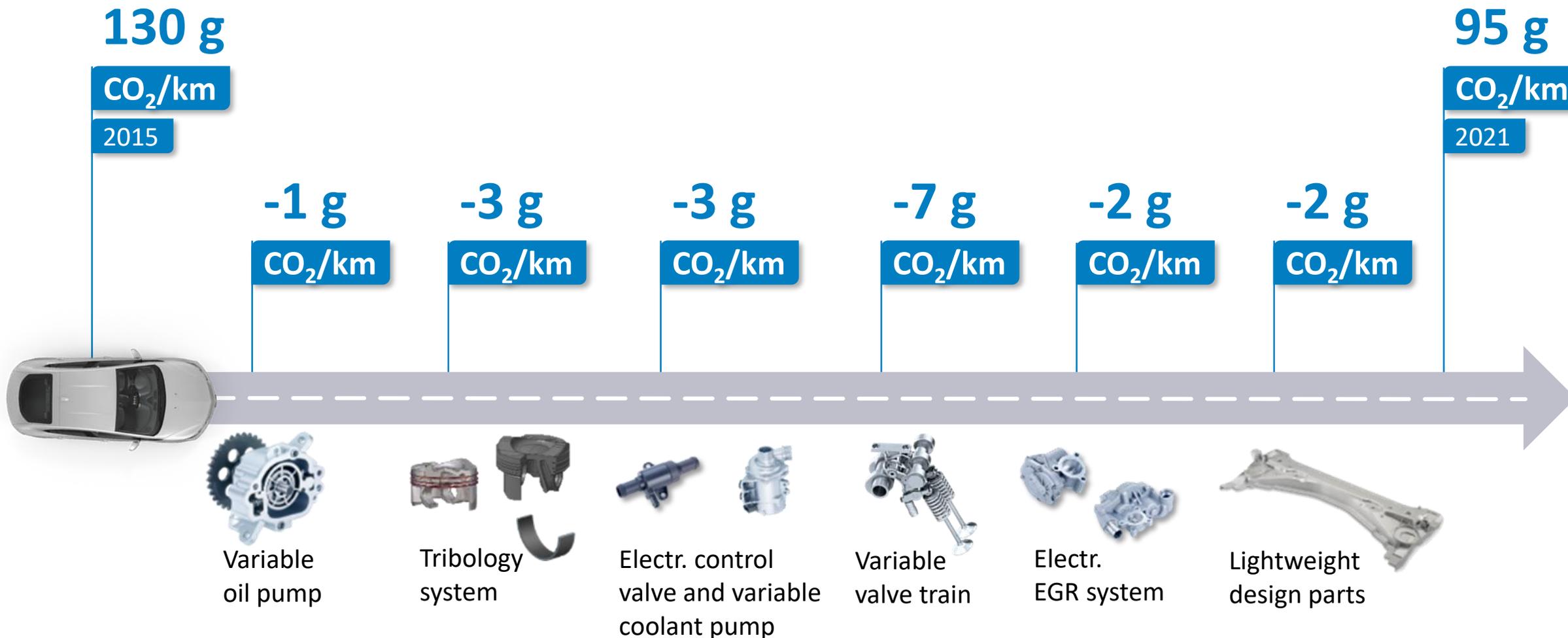
The growth drivers remain strong



The innovation pipeline is packed!

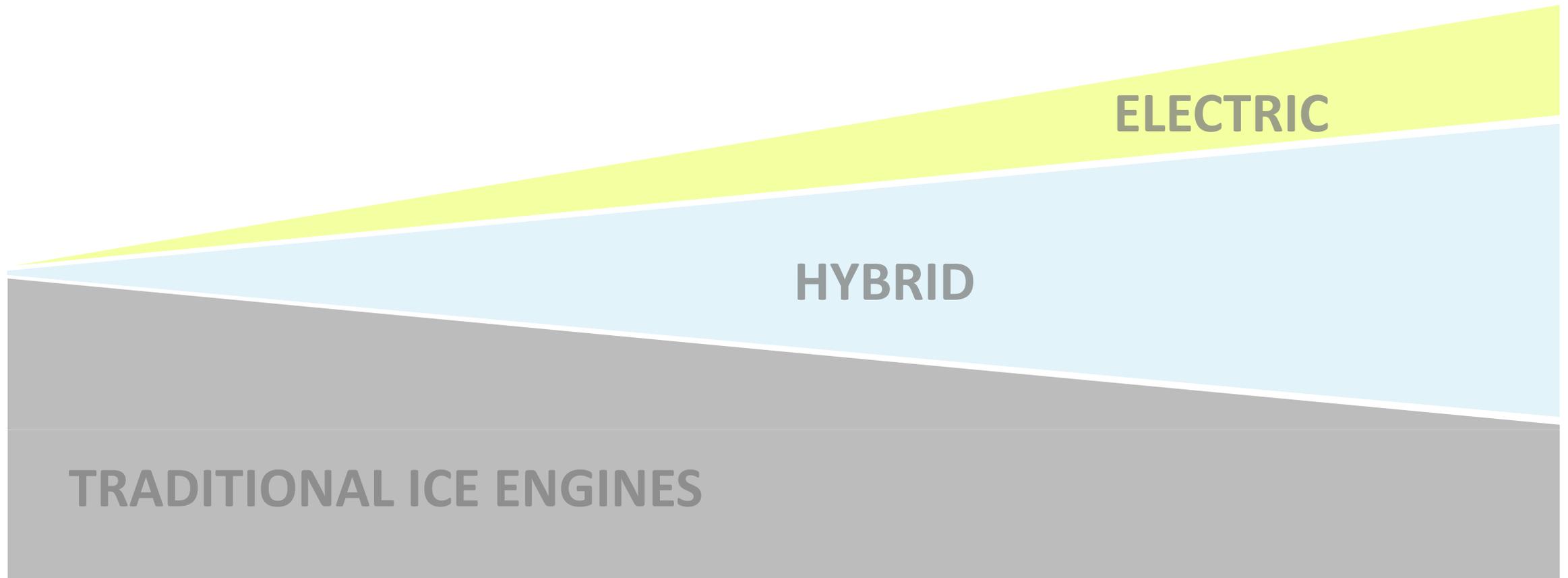
Efficiency

CO₂ - reduction with Automotive products – gasoline engine vehicle



*Reference: 1.4L 4-cylinder. TC DI gasoline engine (115kW), approx. 138 g CO₂/km in NEDC

Facing technological disruption
Rheinmetall needs to manage the transition



Electrification Rheinmetall Automotive products



ELECTRIFICATION

Peripheral system and components



CAR

(HV) 400V^{PLUS}
50-125KW



FIRST-/LAST-MILE

48V
15-20KW



MICRO E-DRIVE SYSTEM

48V
0,25-0,7KW



Electric Oil pump



Electric Vacuum pump



Electric Drive motor



Engine housing



Electric engine und gearbox



Electric Drive motor



Electric Heat pump



Electric Air-conditioning compressor



Battery pack



Battery pack (48V)



Control unit



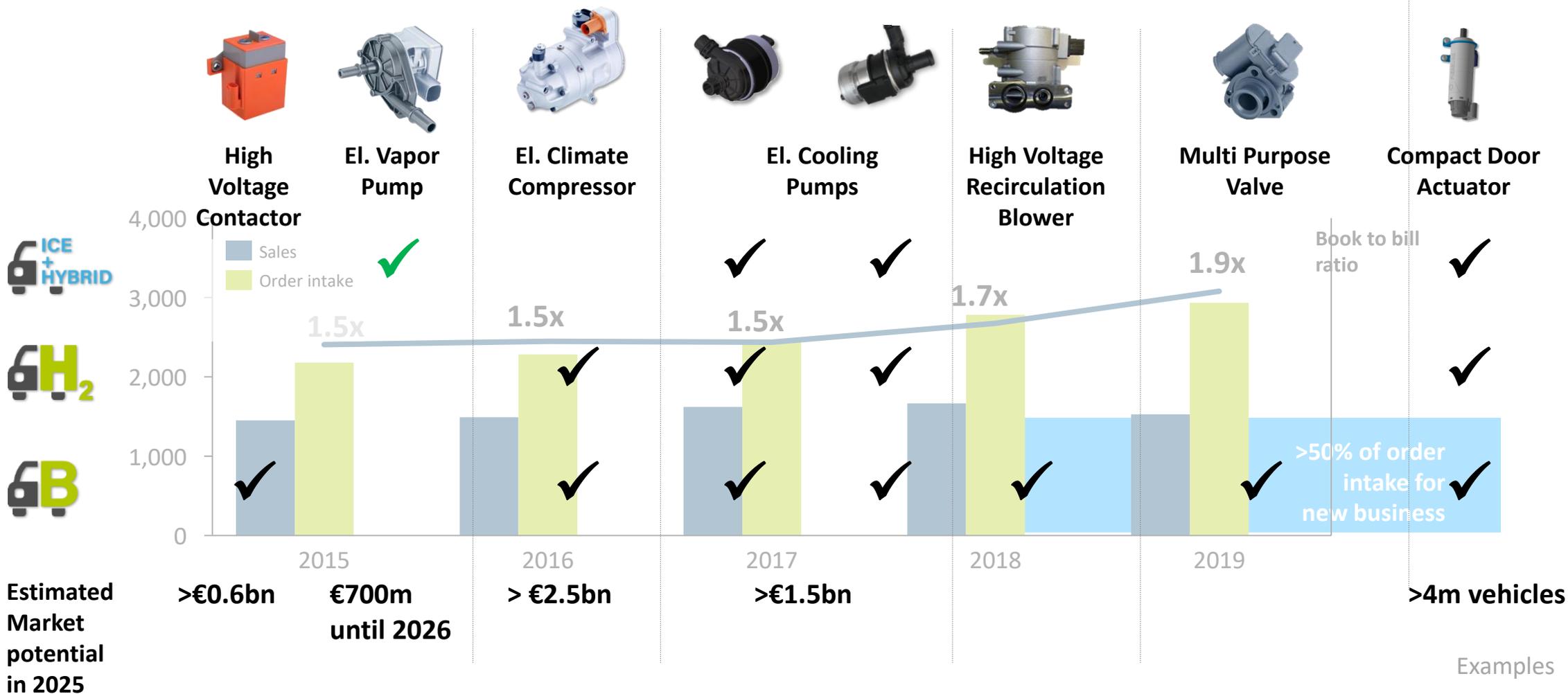
Battery pack

Life time order value of €1.3bn booked*

* Rheinmetall Automotive and Joint Ventures, incl. BEV and Hybrid

Mechatronic Innovation pipeline

Innovative products for a variety of applications

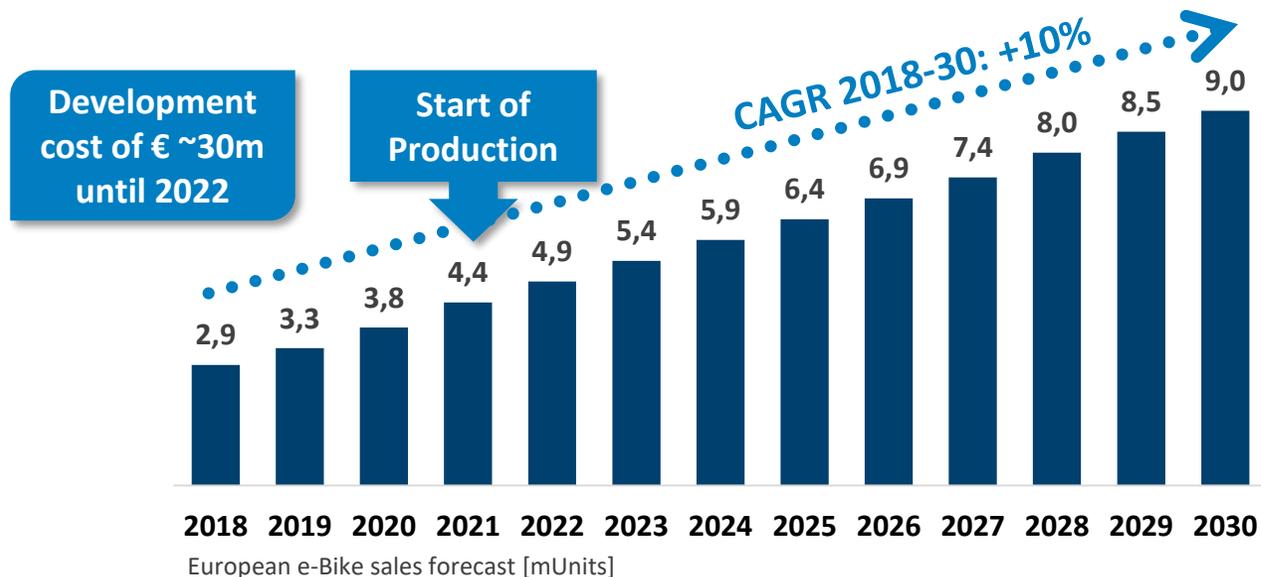


Micro Mobility

Starting with competitive product into a booming market

High growth market

- European market with **10% CAGR** between 2018 and 2030
- High market concentration** with Bosch representing almost 50% of market share
- E-bike market price averaged at €3.000** last 3 years



Unique Selling Proposition

- Smooth phasing of engine support
- Excellent freewheeling
- Low weight and compact build
- Low noise emission
- High thermic stability
- Interesting connectivity features
- Speedy service concept



Diversification

Increasing portfolio for non-LV applications

Trucks



**Diverse portfolio for
truck applications**

Large bore pistons



**E.g. ship and locomotive
pistons**

**Bearings &
continuous casting**



Sanitary application

Aftermarket



Global supply of spare parts

Trucks

Diverse portfolio for truck applications

MECHATRONICS

- Main coolant pumps
- Auxiliary coolant pumps
- Electrical oil pumps
- Coolant valves
- Variable valve Control
- Exhaust gas flaps
- Hydraulic valves
- Cylinder bore coating

HARDPARTS

- Permaglide bearings for truck compressors and truck hydraulics
- Aluminum pistons
- Steel pistons
- Piston rings (Cooperation with Riken)
- 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

Sales in €m

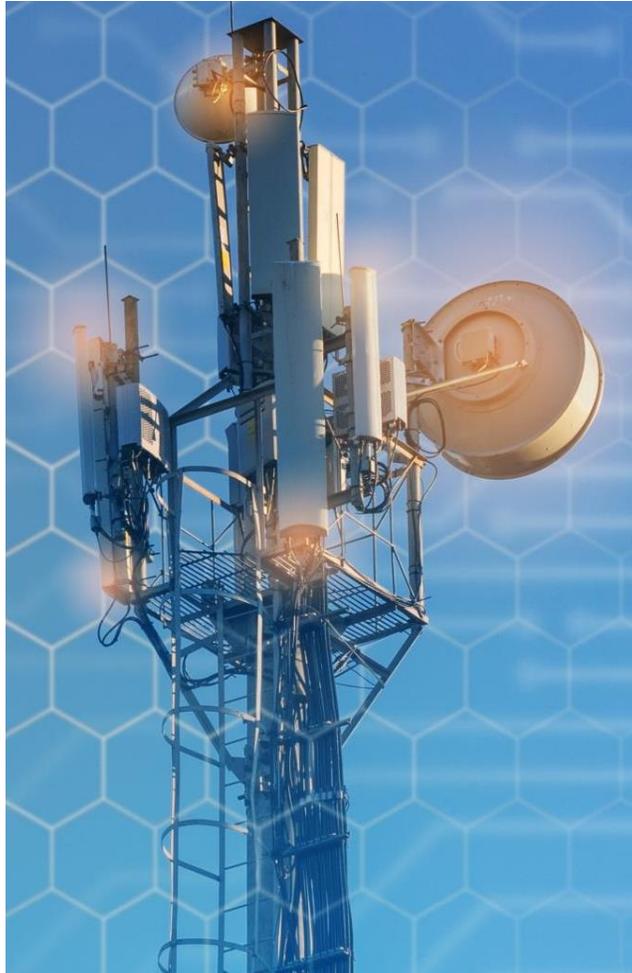
CAGR +4%

Year	2015	2016	2017	2018	2019
Sales (€m)	351	338	386	436	404

- Electrical bypass valves
- Pressure regulating valves

New Markets Telecommunication

Diversification into new growth areas



5G-Data safety: Major production contract for manufacturing aluminum housings for 5G network

- Rheinmetall JV with HASCO in China is the leading supplier of die-casting capacities in China
- High technological competence
- Great opportunity to diversify in growth markets

Contract value of €150m for six-digit number of boxes in 2020

Additional demand for 10.000.000 boxes until 2030 creates further potential

Automotive China

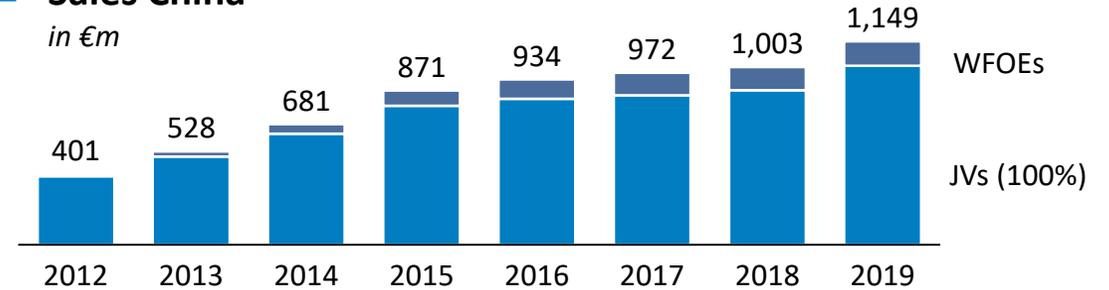
Outperforming the market

Highlights

- Partner of local big players SAIC and HASCO (50/50 joint ventures)
- Biggest casting capacities in China – technology leader
- Regulation (China 6) – provides substantial growth potential for mechatronics division
- Strong demand for NEV products
- China Story on track: product pipeline supports growth ambitions
- Demand for Mechatronics products key driver

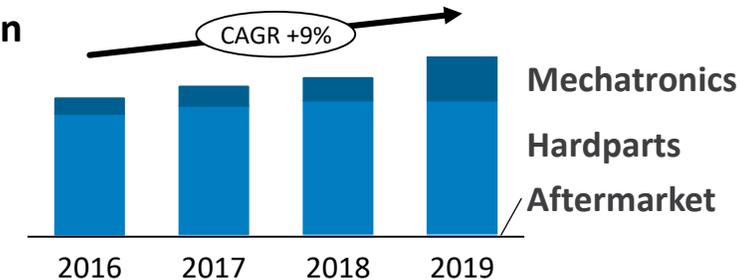
Sales China

in €m



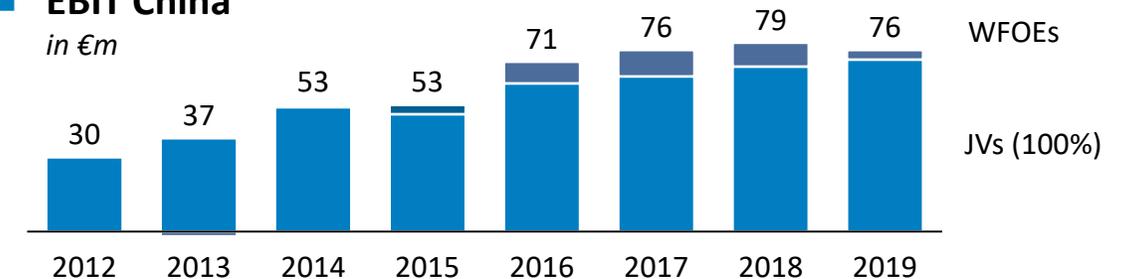
Sales China by division

in €m



EBIT China

in €m





Defence – Managing the “super cycle”

Defence

Leading supplier with an increasing international presence

Key Figures 2019

Sales: €3.5bn

Op. result: €343m

Op. margin: 9.8%

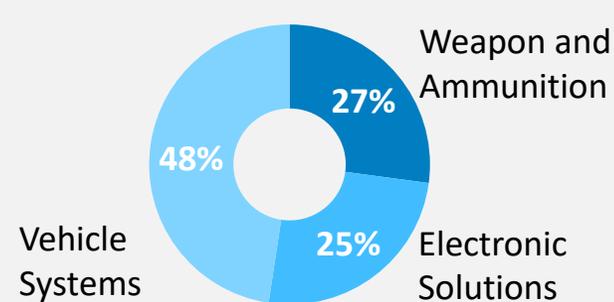
Op. FCF: €266m

R&D: €75m

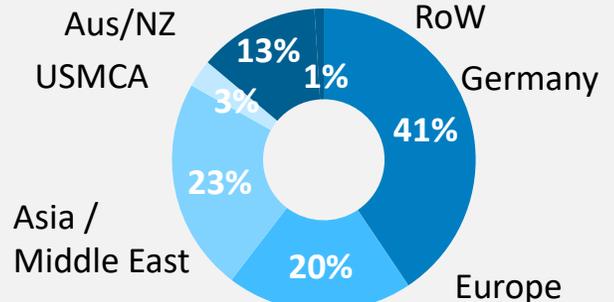
Capex: €166m

Headcount: 12,100

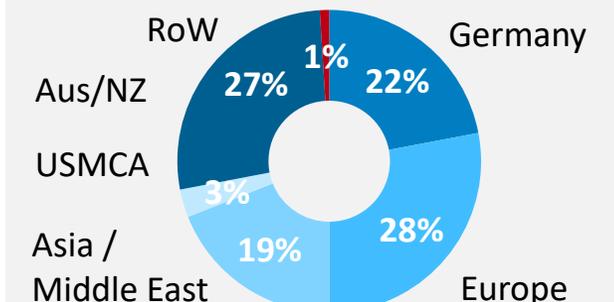
Sales by division*



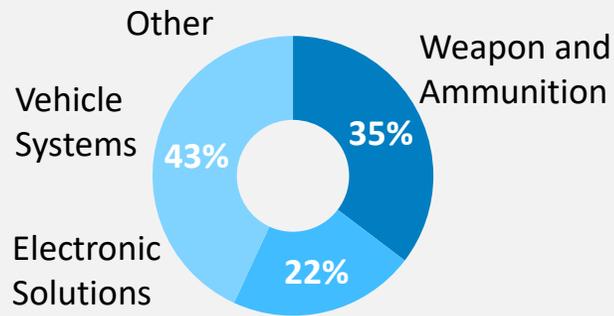
Sales by region



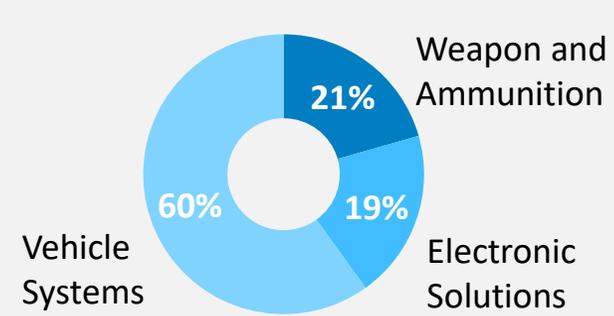
Order backlog by region



Operating result by division*



Order backlog by division



Global set up



Sites per continent

*unconsolidated

Defence

Leading technology and market position

Sales driver

- Increasing demand for security
- Geostrategic power shifts
- Constantly changing conflict situations
- Rising defence/ security budgets

Structure of Corporate Segments

Vehicle Systems

- Tactical Vehicles
- Logistic Vehicles



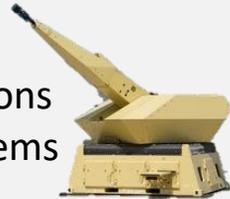
Weapon and Ammunition

- Weapon and Munition
- Protection Systems
- Propulsion Systems



Electronic Solutions

- Integrated Electronic Solutions
- Air Defence and Radar Systems
- Technical Publications



Key Competitor

Vehicle Systems

General Dynamics, BAE, KNDS, Scania, Iveco, Hanwha

Weapon and Ammunition

Nammo, Northrop Grumman, Plasan, Euroco, GD, Kongsberg

Electronic Solutions

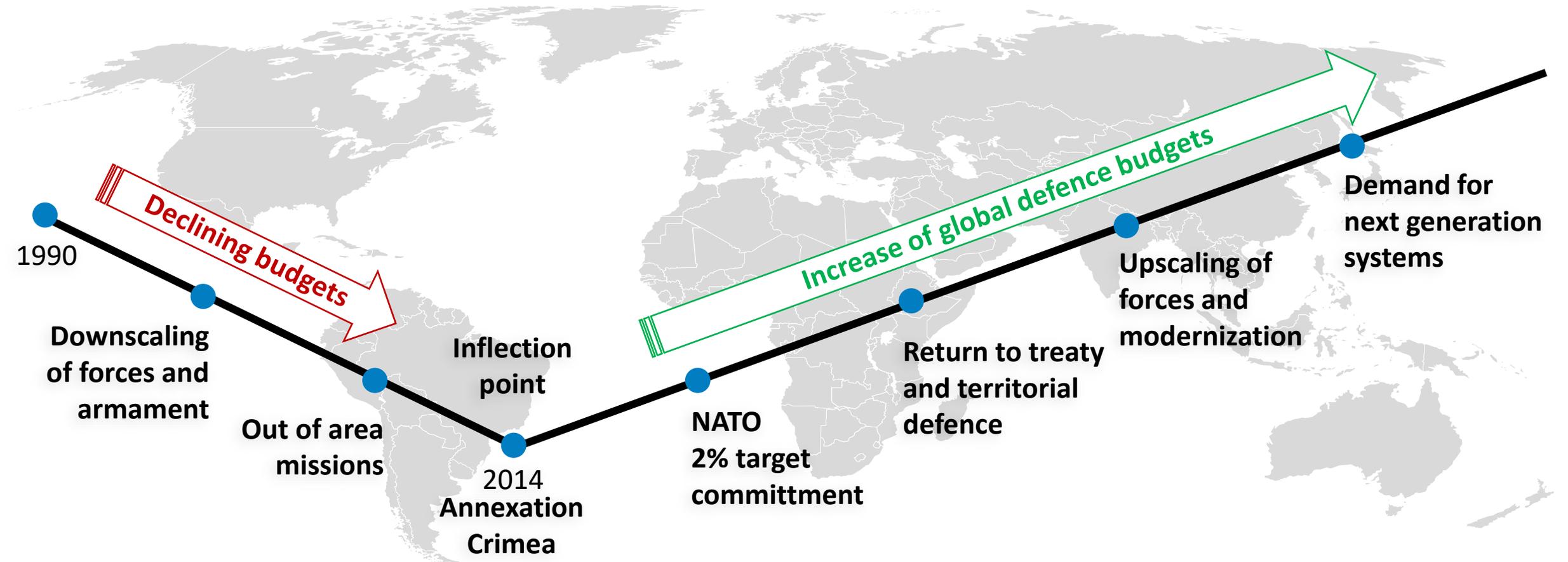
R&S, CAE, Saab, Thales, Rafael, Elbit Systems, Safran, Hensoldt

Differentiator

- Reputation as trustful and reliable company
- International footprint
- Broad product portfolio
- International presence
- System integrator
- Modular and open architecture
 - Weapon and sensor platforms
- Excellent engineering Know-How & capabilities

Defence

Managing the super cycle



Defence super cycle

Successful internationalization provides diverse sources of growth

Our home markets

Germany

- Largest customer
- Budget increase: Commitment to 1.5% in 2024
- 100% Equipment level
- More personnel

Australia

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

United Kingdom

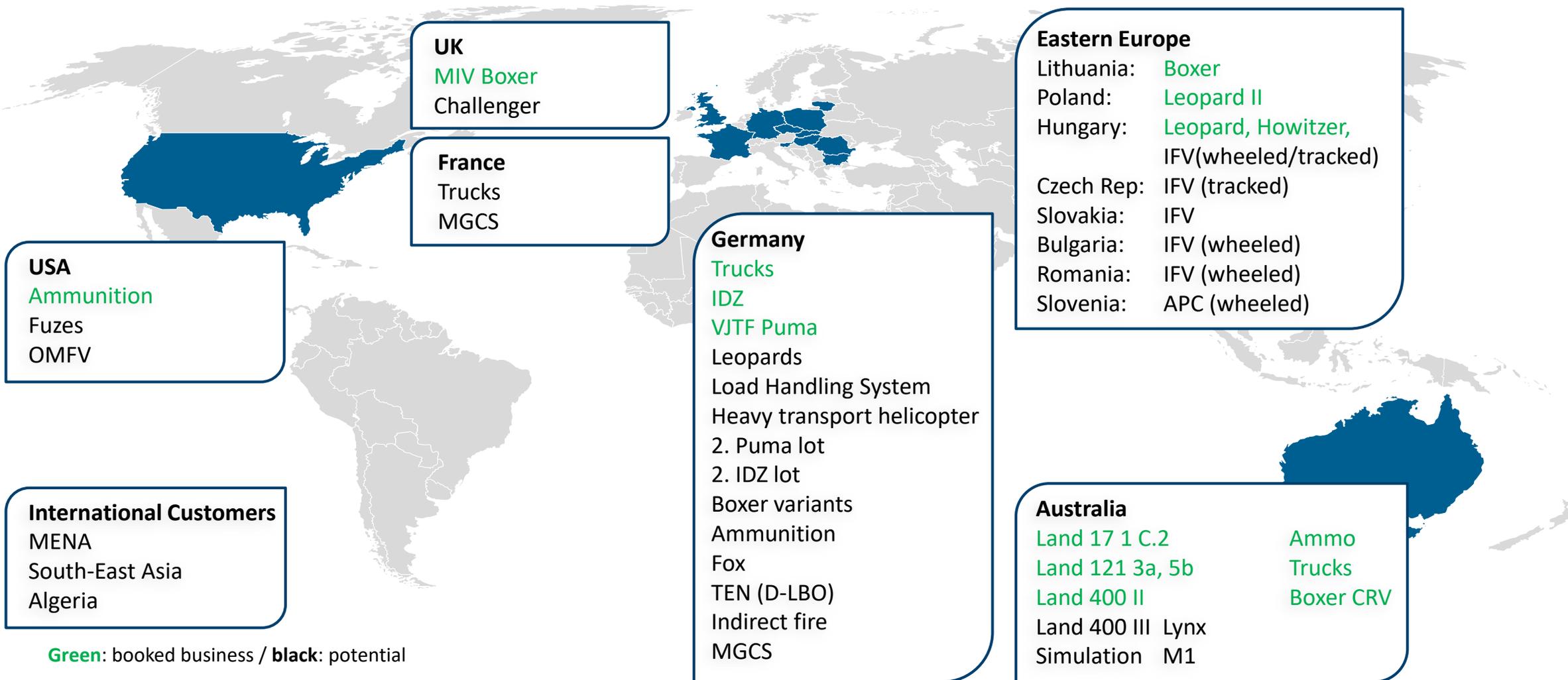
- JV with BAE serves „home market“
- MIV and Challenger LEP program
- Ammunition framework contract

Eastern Europe

- Modernization to NATO standards
- VJTF participation
- IFV tender pipeline

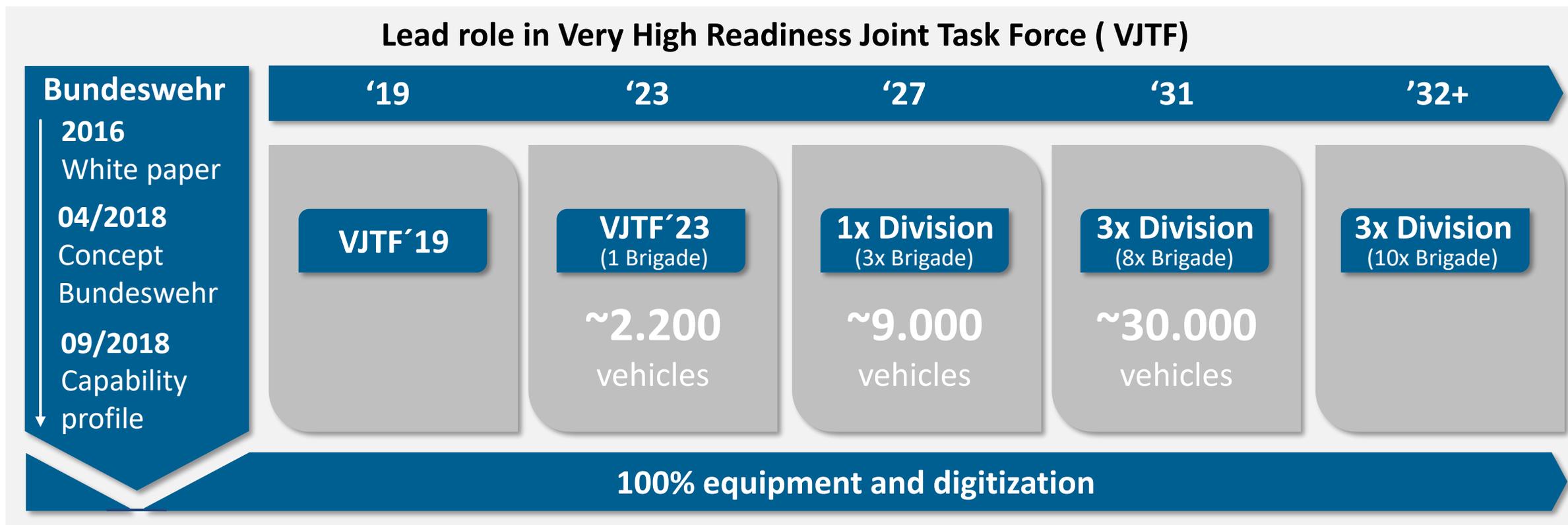
Defence tender overview

High demand could lead to promising super cycle



German defence

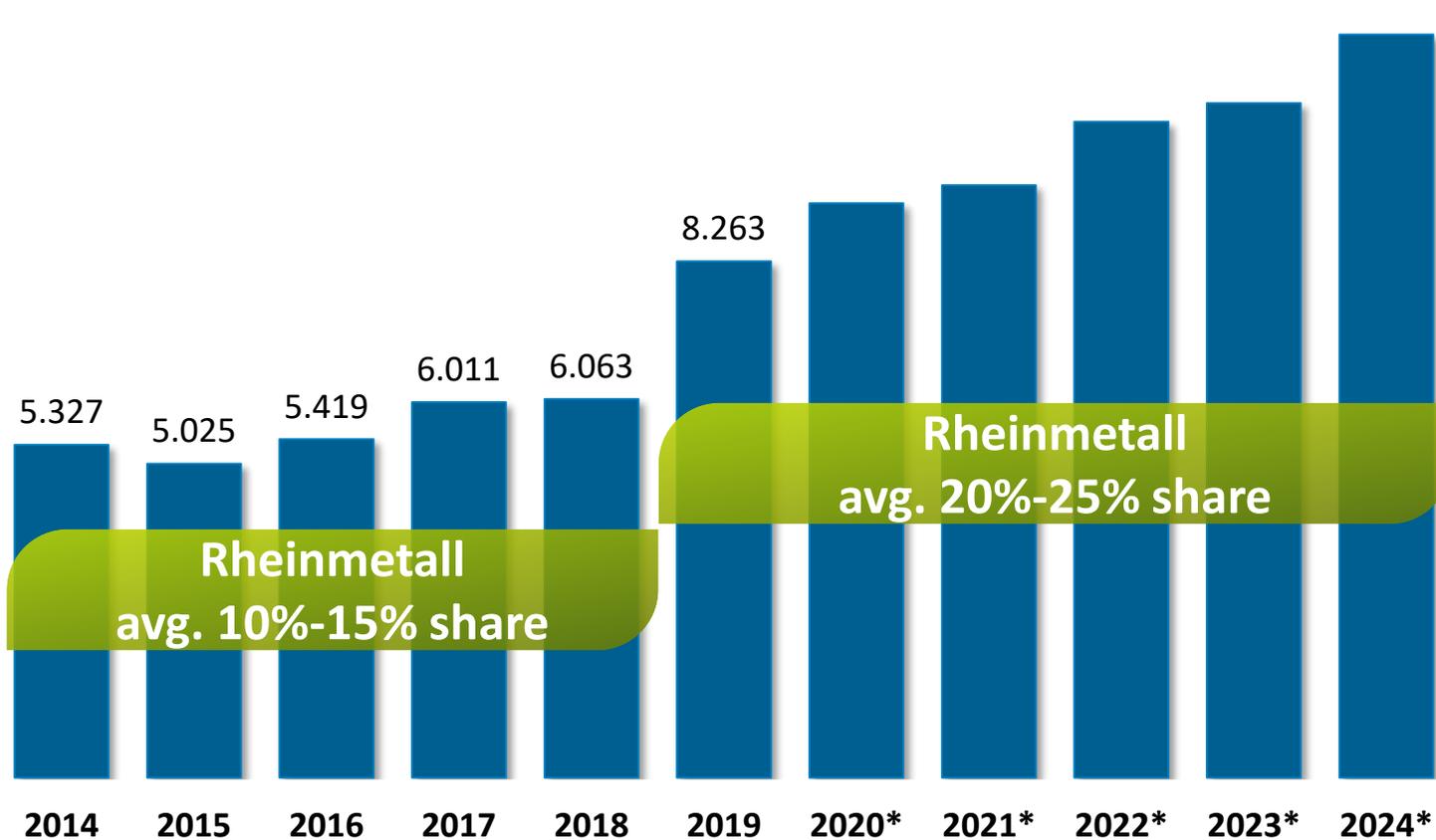
NATO commitment key driver for German demand



German defence budget

Investment expenses and Rheinmetall-share - budgets become sizeable

in €m



Expense increase based on 3 pillars:

- **More budget**, investment share increased by 36% from 2018 to 2019: if political 1.5% commitment is to be achieved in 2024 this could lead to €~12 bn investment spend
- **More personnel**, return to ~200.000 soldiers
- **More equipment** (100% equipment level)

NATO and VJTF commitments as strong drivers for budget increase

*based on BMWi GDP forecast Oct. 19; assumption 20% of German defence budget investive

German Defence

Additional structural demand of German armed forces

Vehicles

Fox



(>500 vehicles)

Boxer



(~150 vehicles)

Trucks



(>10.000 vehicles)

Puma



(~250 vehicles)

Leopard 2



(>200 vehicles)

Programs and ammunition

NNBS



(Short range air defence)

TLVS/Next Gen. Patriot



(Tactical air defence)

DLBO TEN



(former MoTaKo)

Ammunition



Long term doubling potential

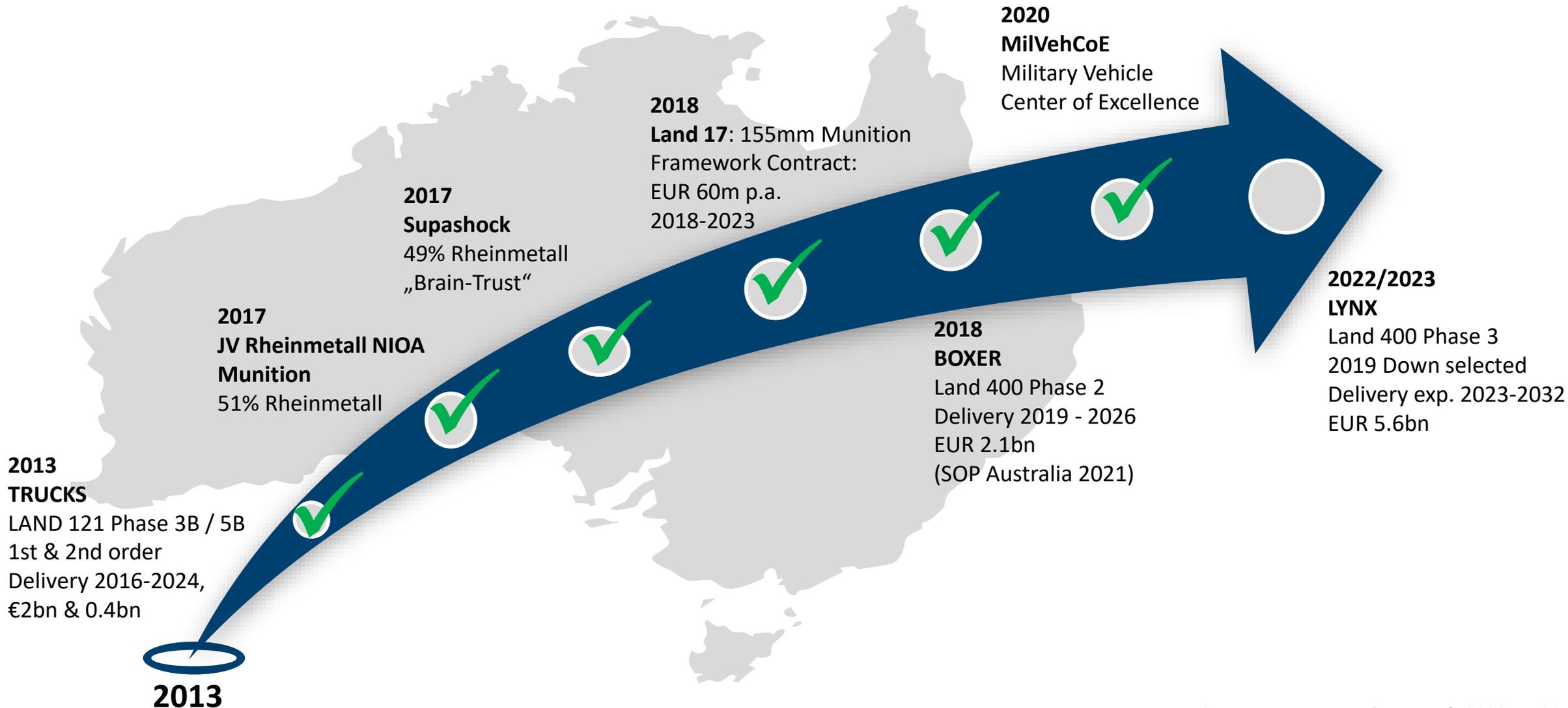
Military Camps



Build, operate and rebuild

Australia

Successful establishment of a new “home market”



United Kingdom - Joint Venture with BAE

Creating a new “home market” and strengthening our position

LEGACY BUSINESS

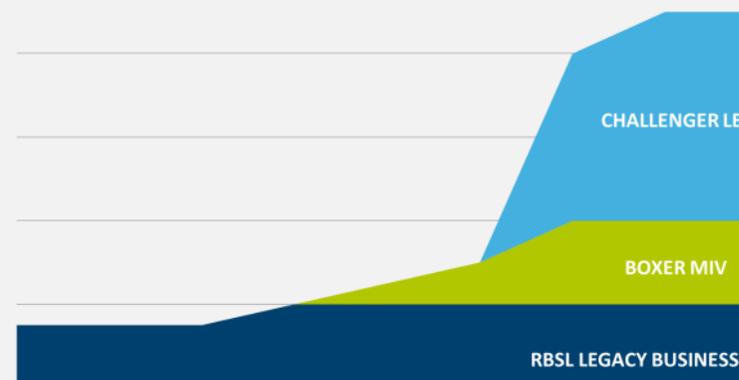
- BAE UK business
 - Armoured engineering vehicles and bridge-laying tanks
 - AS 90 self-propelled artillery system
 - Force protection components
 - Services
- 7.500 MAN vehicles under service



EXPANSION OF PRODUCT PORTFOLIO

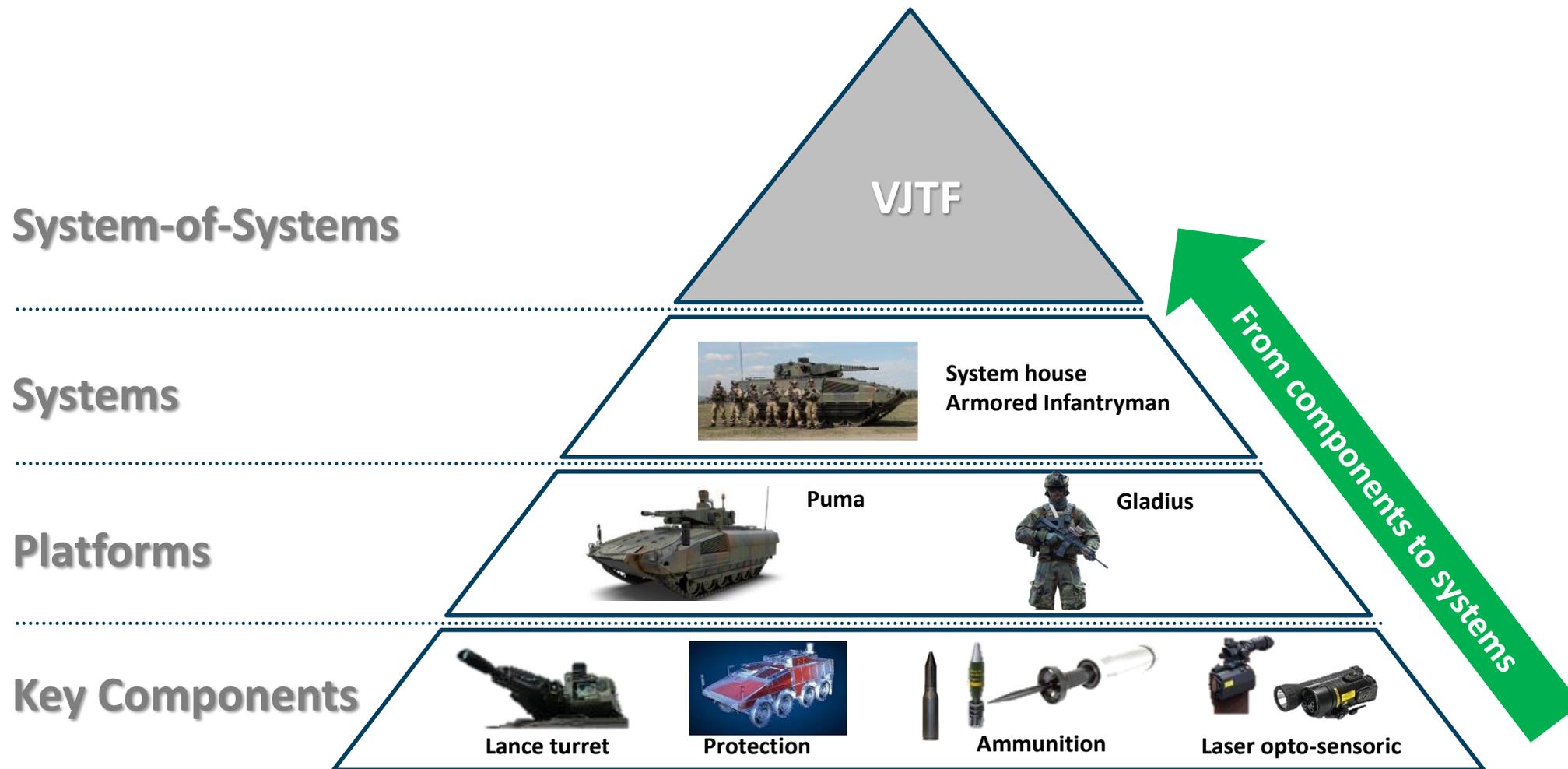
Future

- Boxer Mechanized Infantry Vehicle (MIV)
 - 500 vehicles @ € 1.4bn
- Challenger 2 Life Extension Program
 - potential order size 148 MBT @ € 0.8-1.2bn
- Next generation of battle tanks



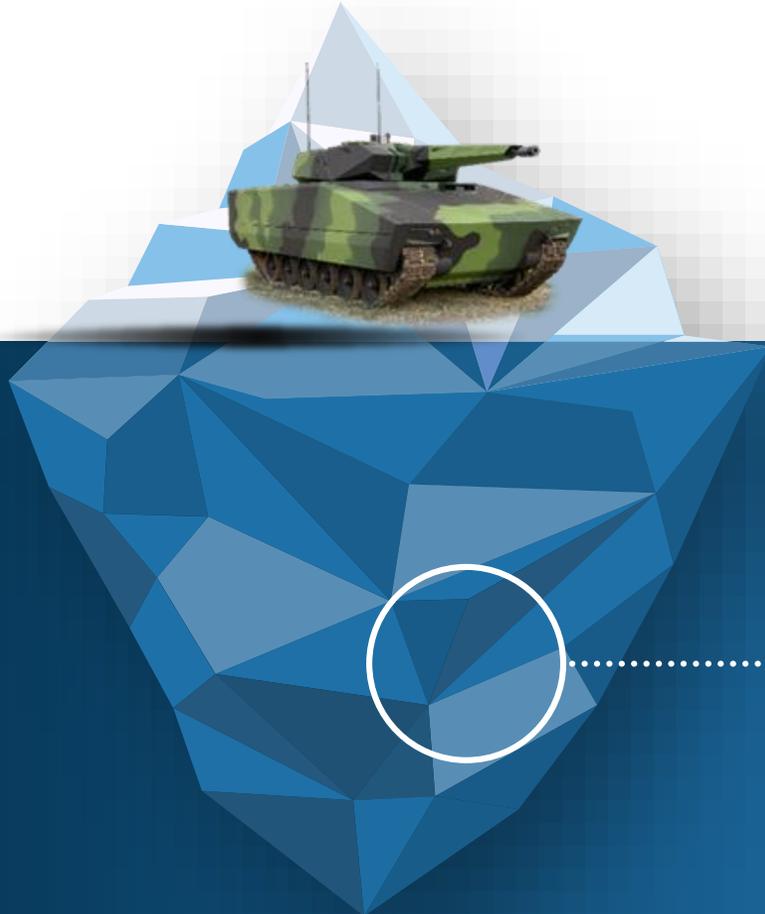
System house for land based operations

Integrating components to systems



Total life cycle potential

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



1X SALES OF PLATFORM

2X LIFECYCLE SPENDINGS

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

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



FINANCIALS

FY 2019 Group: Highlights

Strong operating performance with high shareholder return

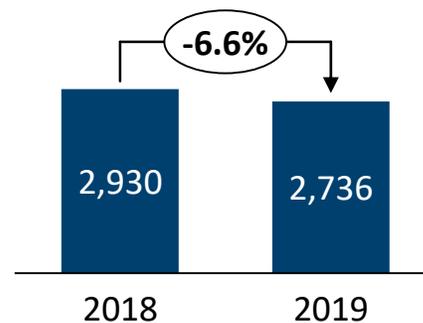


FY 2019 Highlights: Automotive

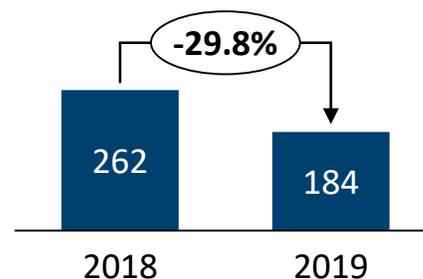
Strong cash flow generation under difficult market conditions



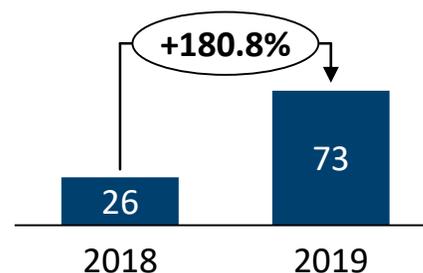
Sales



Operating result



Operating FCF



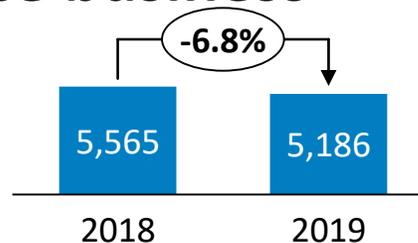
- Sales drop beyond market slow down especially in Diesel and unfavorable customer mix with additional impact of net negative ramp-ups
- Cost reduction measures limited further leverage driven result decline
- FY margin decreased 2.2%p to 6.7%
- Cash flow improved on working capital and diligent capex management

FY 2019 Highlights: Defence

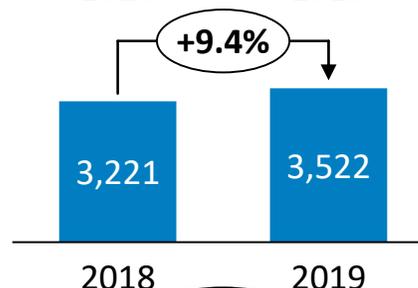
Excellent performance of our Defence business



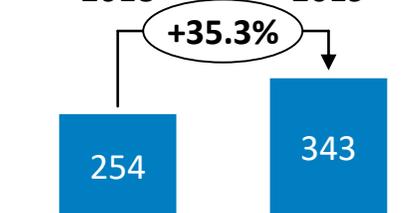
Order intake



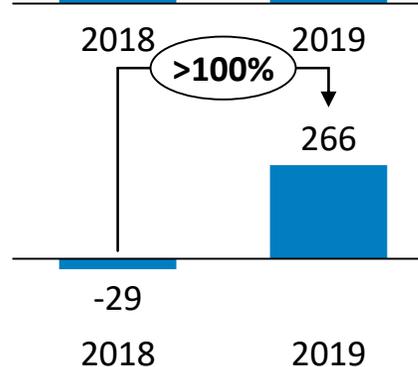
Sales



Operating result



Operating FCF

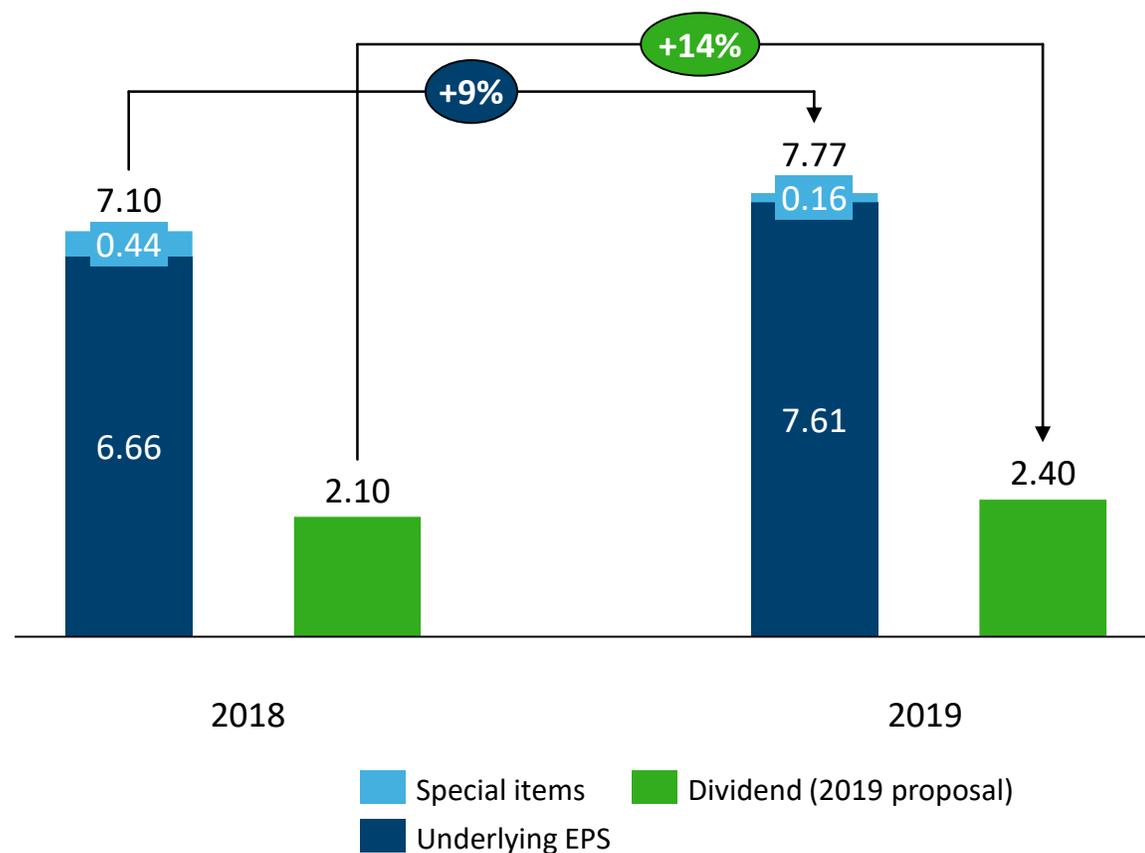


- Another year with order intake > €5bn
- Sales increased 9% to new record
- Result growth of €89m accelerated margin by almost 2%p to 9.8%
- Cash flow benefited from milestone payments

FY 2019 Group: EPS and dividend

Shareholders to benefit from increased dividend

Earnings and dividend per share in €

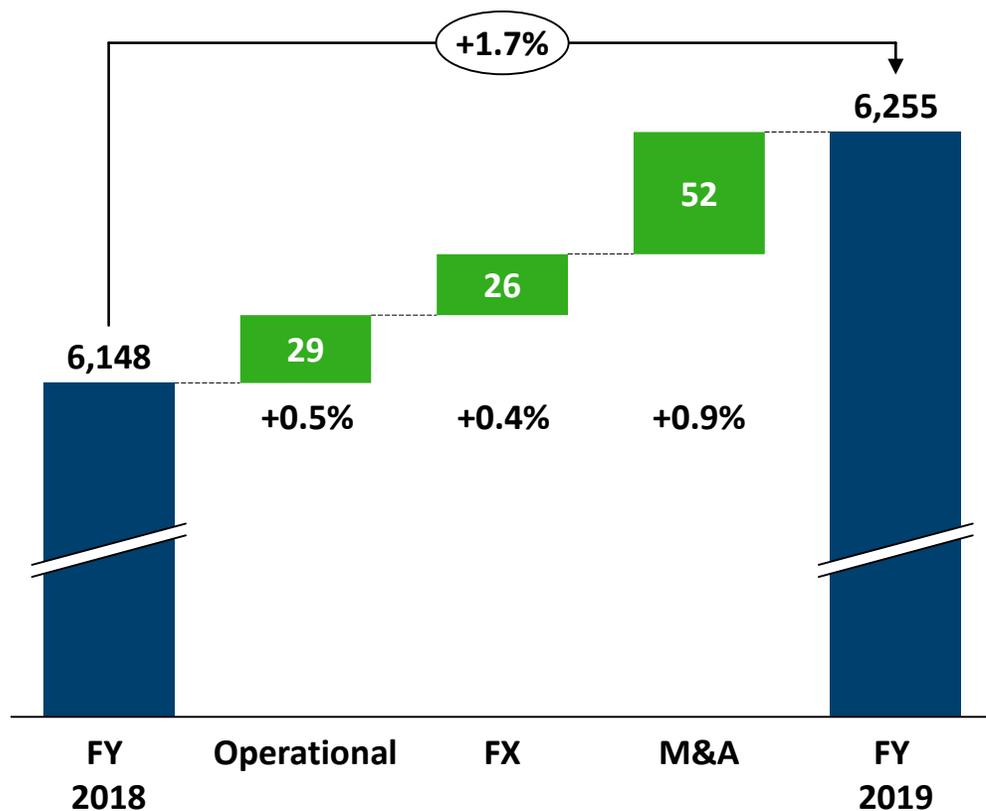


- EPS increased notably due to improved results and minorities declining structurally on M&A by €0.71
- Underlying EPS growth of 14%
- Payout ratio around 31%
- Dividend increased for the 5th consecutive year
- Total payout mounts to just above €100m

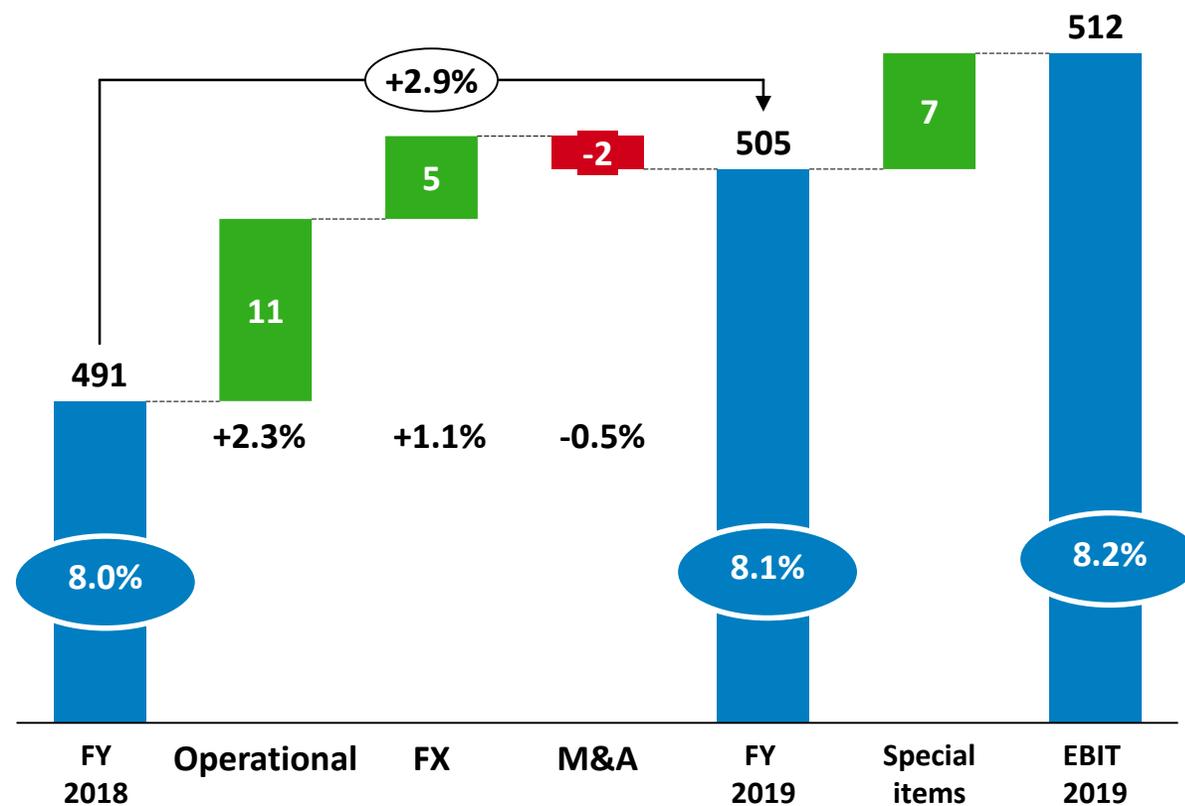
FY 2019 Group: Highlights

Solid margin development

■ Sales
in €m



■ Operating result in €m
Margin in %



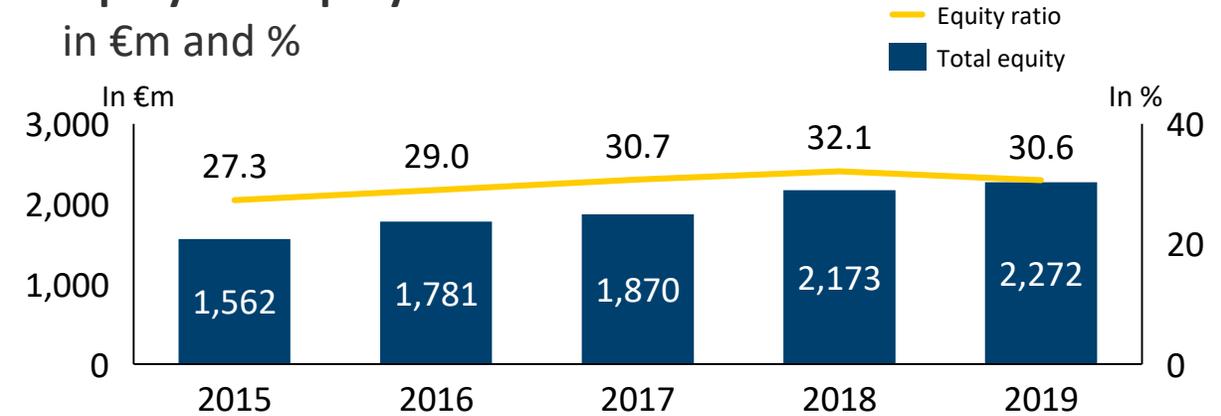
FY 2019 Group: Key financials

Sound balance sheet

- Equity increase was held back by OCI (lower pension discount factor) and last year's M&A activities
- Investment grade Baa3 (stable) confirmed
- Net-debt remains on low level
- Solid credit KPIs
- Adequate liquidity available

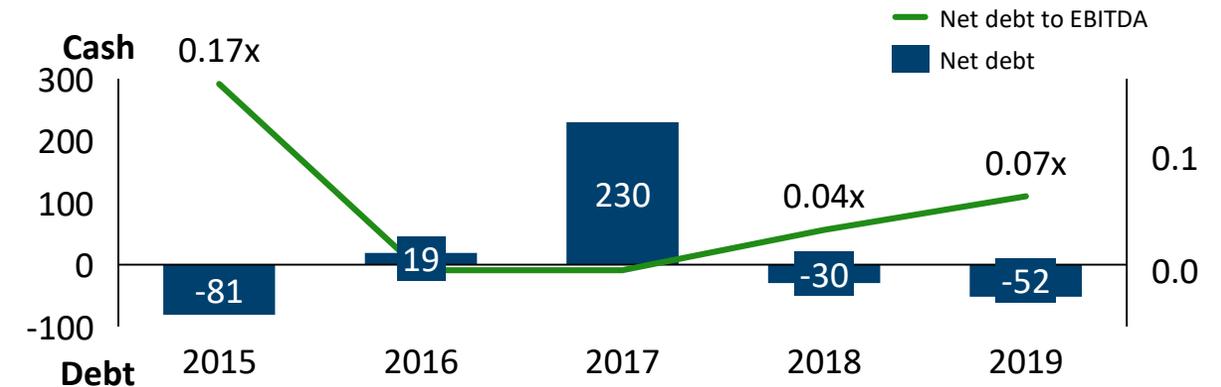
Equity and Equity ratio

in €m and %



Net financial debt and Net debt/EBITDA

in €m and ratio



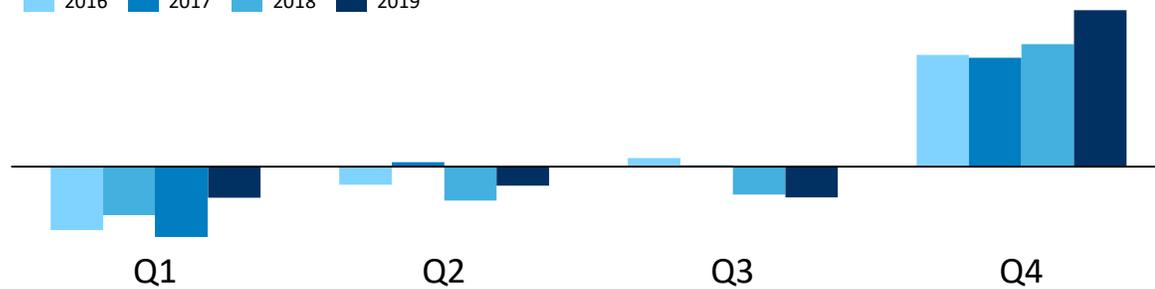
FY 2019 Group: OFCF

Considerable working capital improvement as main driver

Operating free cash flow per quarter

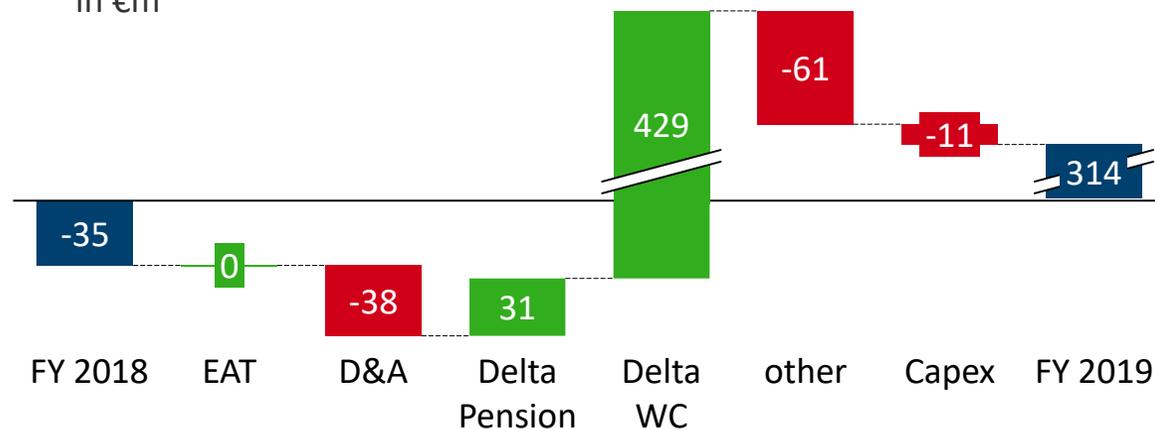
in €m

2016 2017 2018 2019



Operating free cash flow bridge

in €m



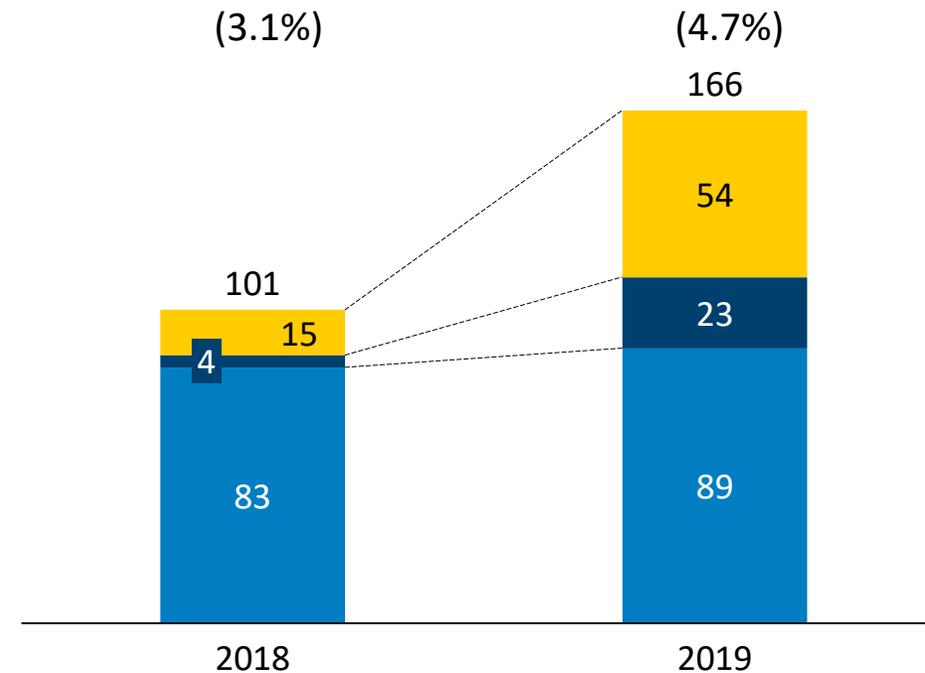
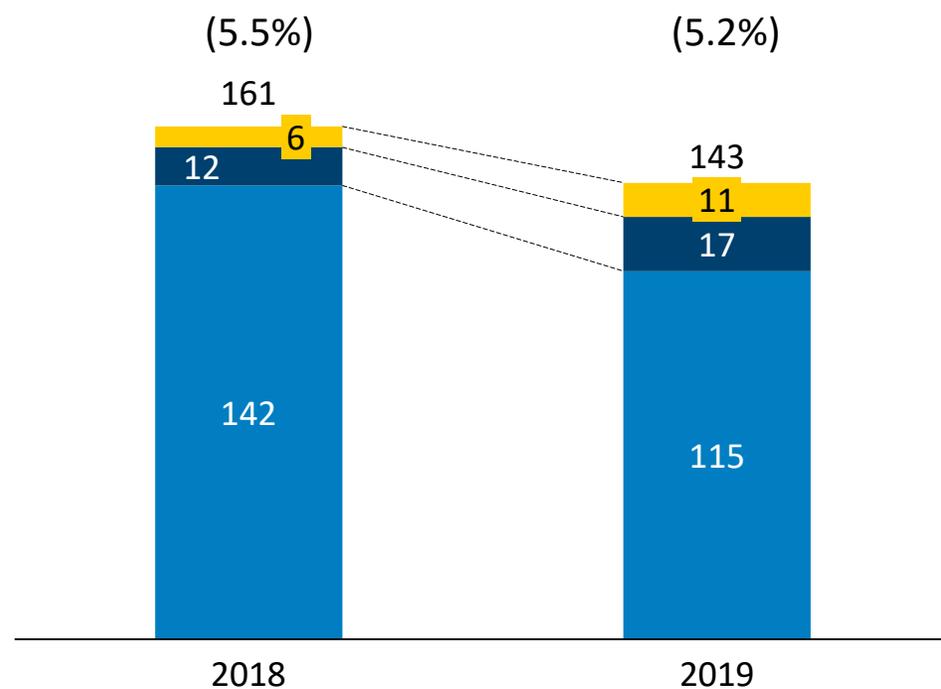
- Typical seasonal pattern of cash flow
- Absence of unscheduled D&A (PY €42m)
- Pension driven by lower CTA funding
- Working capital improved strongly on milestone payments
- Higher tax payments

FY 2019: Capex

Segmental growth path reflected in different capex development

■ **Automotive with diligent capex approach**
in €m and in (% of sales)

■ **Defence preparing for growth**
in €m and in (% of sales)



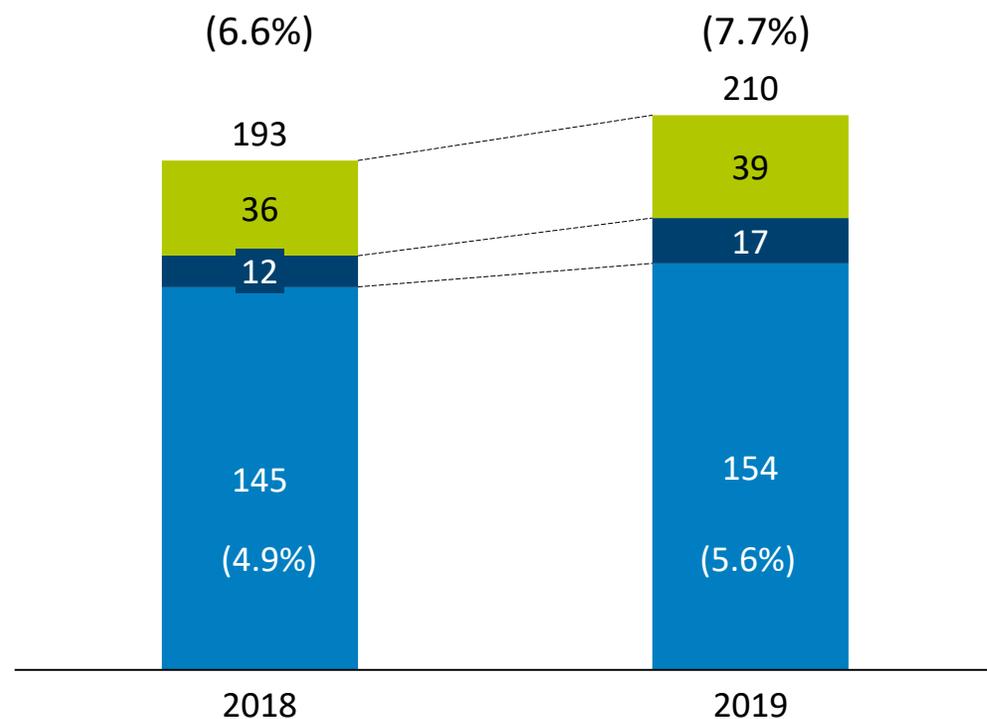
■ IFRS 16 (non-cash)
■ Capitalized development costs
■ Capital expenditure

FY 2019: R&D

Innovation remains key in both segments

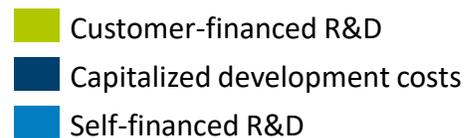
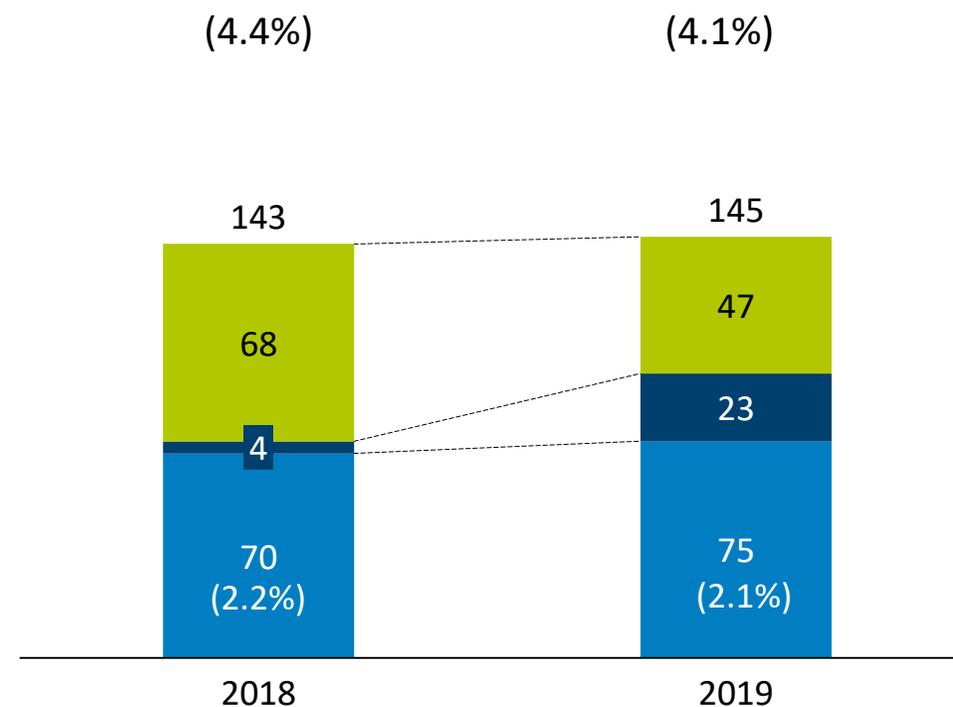
Automotive

in €m and in (% of sales)



Defence

in €m and in (% of sales)



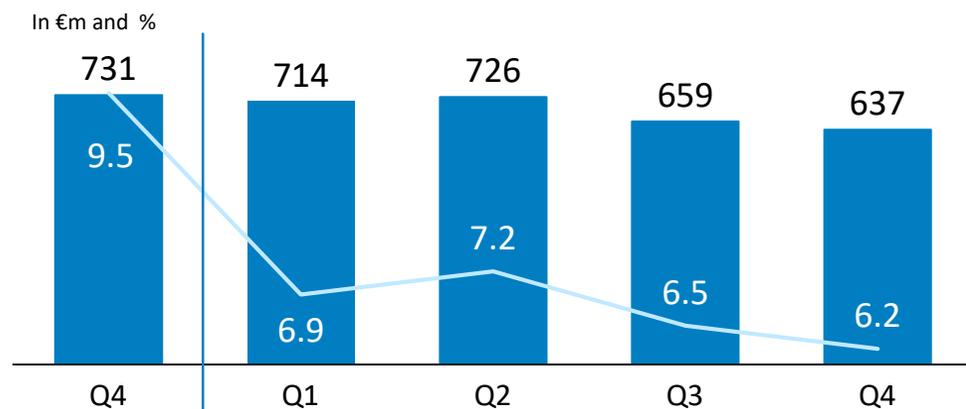


AUTOMOTIVE FINANCIALS

Automotive: Q4 2019 Highlights

Strong cash generation in a slow sales quarter with burdening one-offs

Quarterly sales and margin development



Comments on quarterly performance

- Sharp sales decline of -12.9% (FX-adjusted -13.2%) significantly higher than global LV production decrease of -4.2%* aggravated by negative ramp effects, the drop in truck markets and GM strike; Diesel on new low
- Roughly €10m burden in Q4 result (GM, malware, CZ quality issues)
- OFCF doubled on efficient working capital management and diligent capex spending

In €m	Q4 2018	Q4 2019	Δ	FY 2018	FY2019	Δ
Sales	731	637	-12.9%	2.930	2.736	-6.6%
Operating result	69	40	-42.0%	262	184	-29.8%
Operating margin in %	9.5%	6.2%	-330 bp	8.9%	6.7%	-220 bp
Operating Free Cash Flow	42	81	92.9%	26	73	180.8%
Operating FCF / Sales	5.8%	12.8%	700 bp	0.9%	2.7%	180 bp

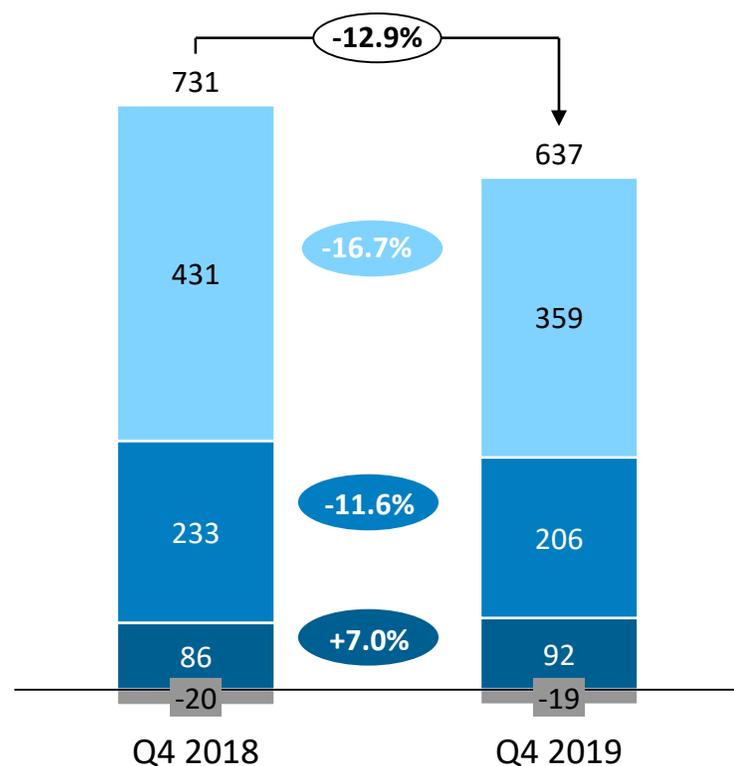
*IHS Markit: March 2020

Automotive: Q4 2019 Highlights

Negative leverage intensified by special effects

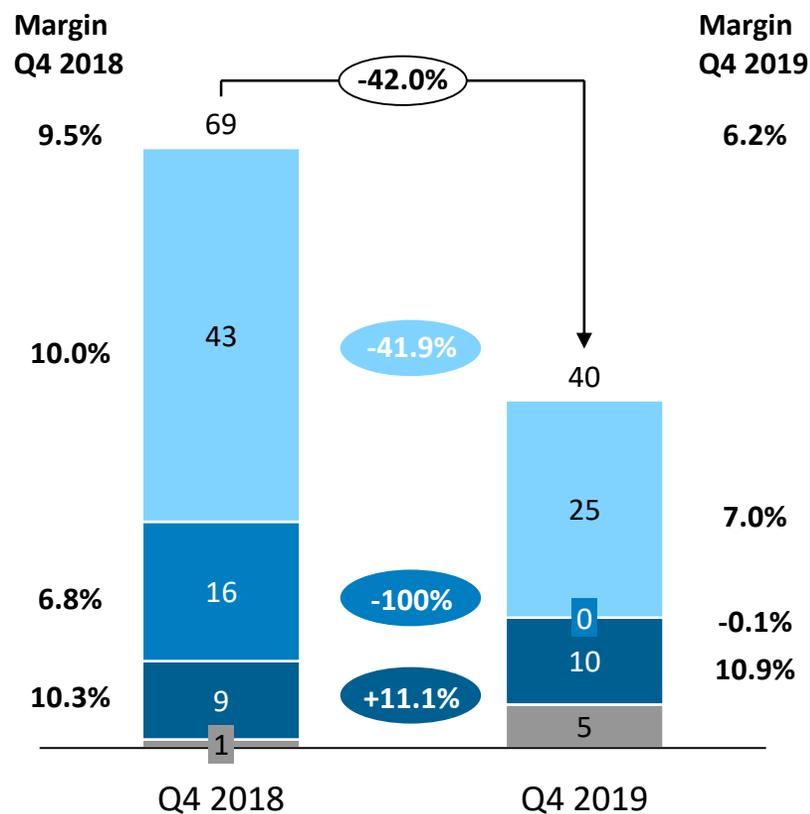
Sales Automotive

in €m



Operating result Automotive

in €m



Mechatronics

- Weak Truck and Diesel demand in combination with ramp down effects
- Negative leverage

Hardparts

- Small bore pistons declined on weak markets and GM strike
- Bearings hit by soft endmarkets
- Negative leverage and special burden

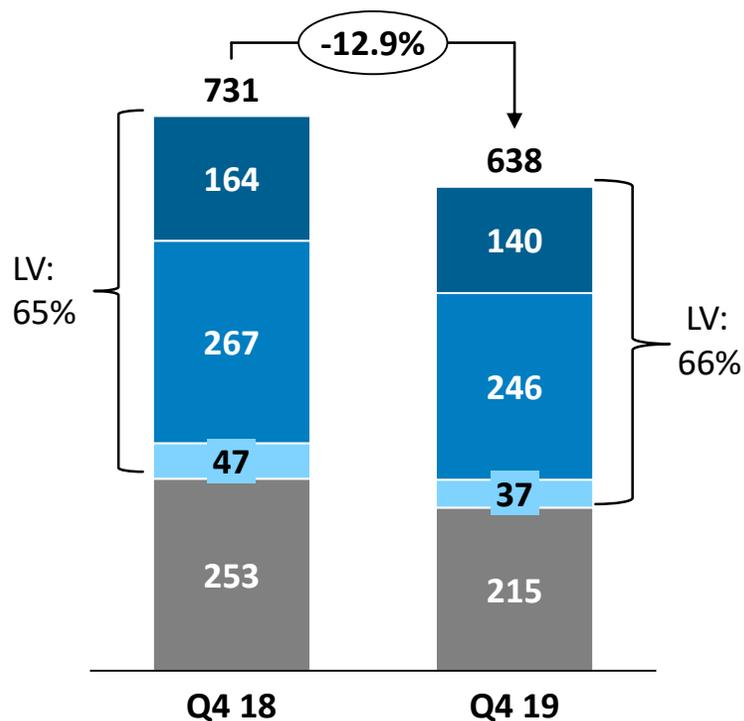
Aftermarket

- Solid markets and robust margin improvement

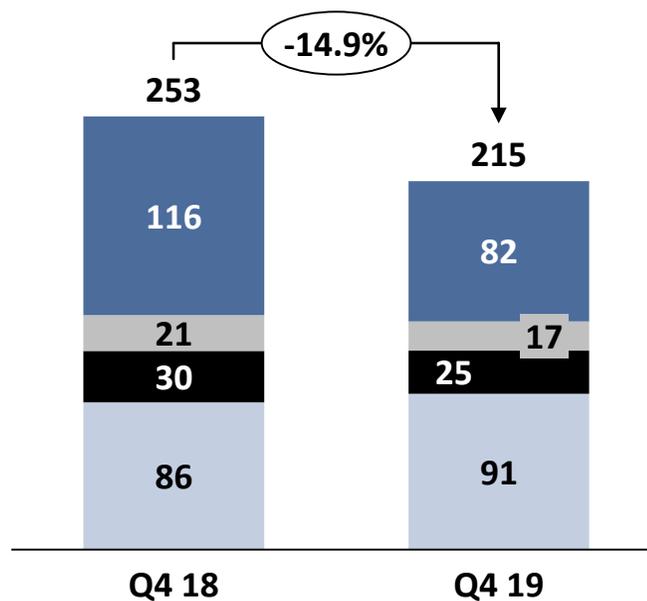
Q4 2019 Highlights: Automotive

Decline in all business areas except Aftermarket

■ Sales split LV/ Non-LV
in €m / in %



■ Sales split Non-LV
in €m / in %

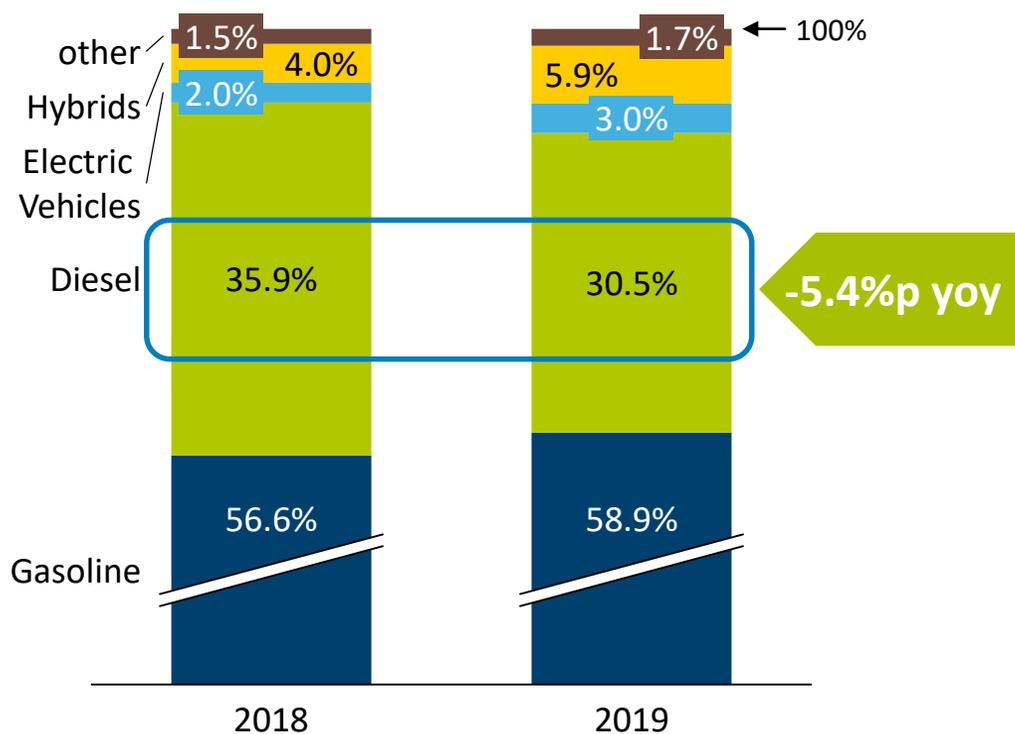


	Delta absolute	Delta in %
Diesel	-24	-14.7%
Gasoline	-21	-7.7%
other LV	-10	-20.8%
<hr/>		
LV Business	-55	-11.2%
Truck	-34	-29.6%
Large Bore	-3	-15.2%
other	-5	-16.7%
Aftermarket	+5	+5.7%
<hr/>		
Non-LV Business	-38	-14.9%

Automotive: FY 2019

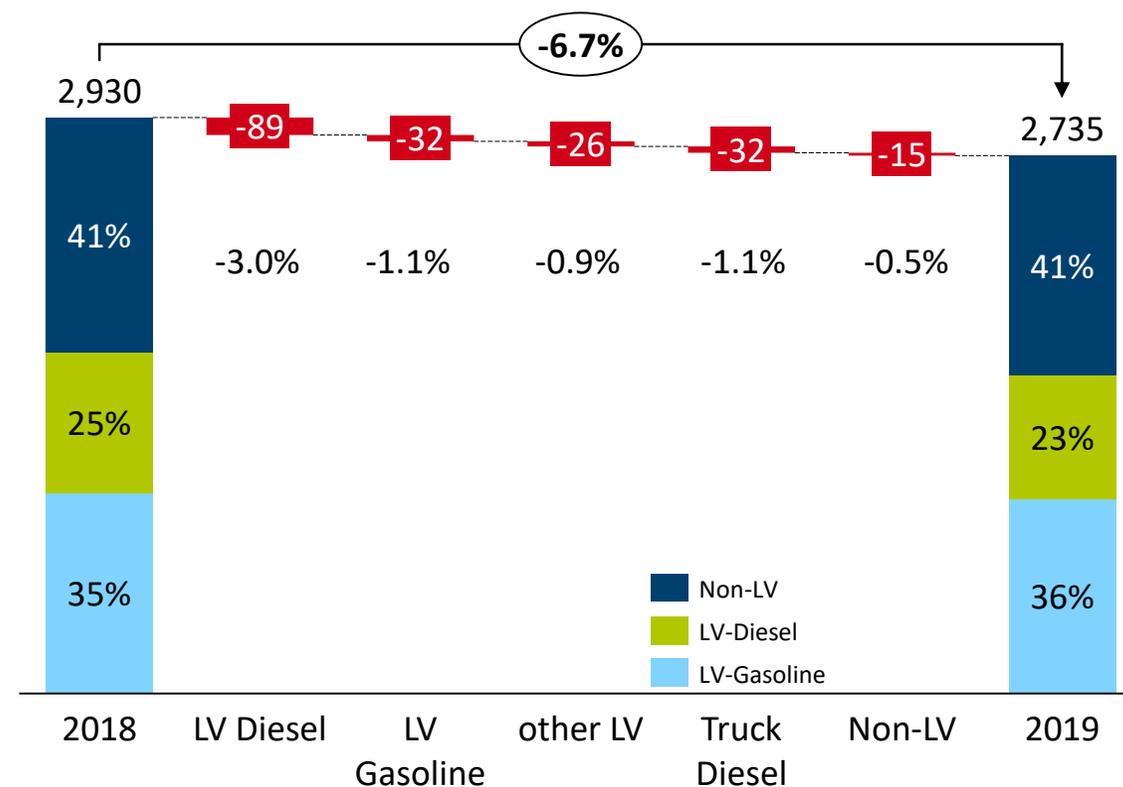
Diesel decline had the biggest single impact on sales

■ EU registrations by fuel type
in % of total registrations



Source: ACEA.be

■ Sales by fuel type
in €m

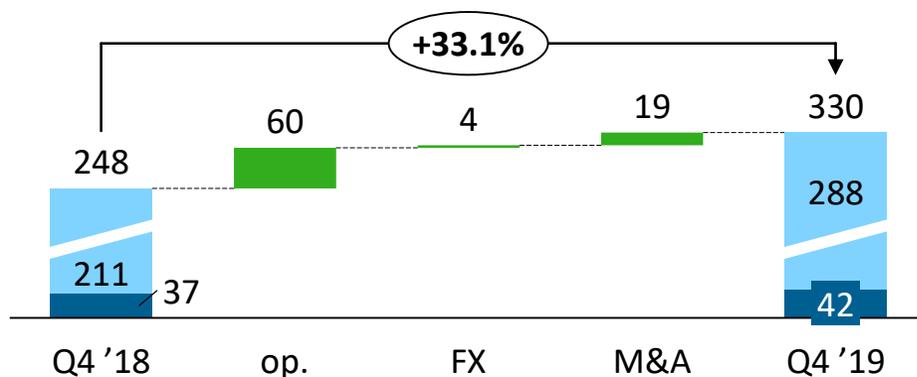


Automotive: Q4 2019 China performance

Strong finish to the year

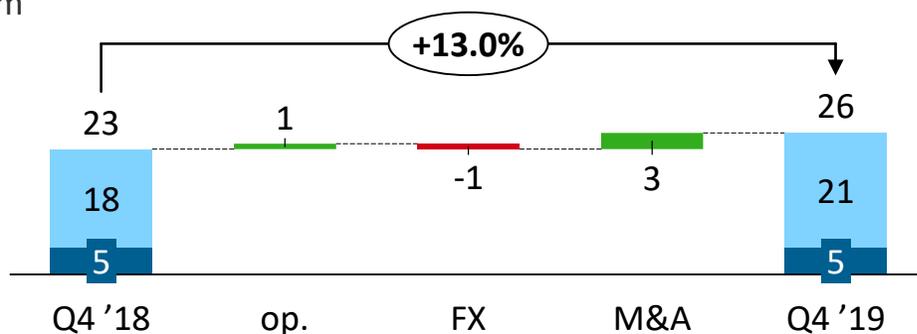
Sales

in €m



EBIT

in €m



Comments on the quarter

- Strong operational performance supported by FX and favorable M&A effect vs. market growth of 3.2%
(IHS Markit 4 March 2020)
- Successful ramp-ups of pump business and strong sales for casting incl. non-automotive products
- EBIT development held back by startup cost

Including 100% figures of 50/50 JV, consolidated at equity

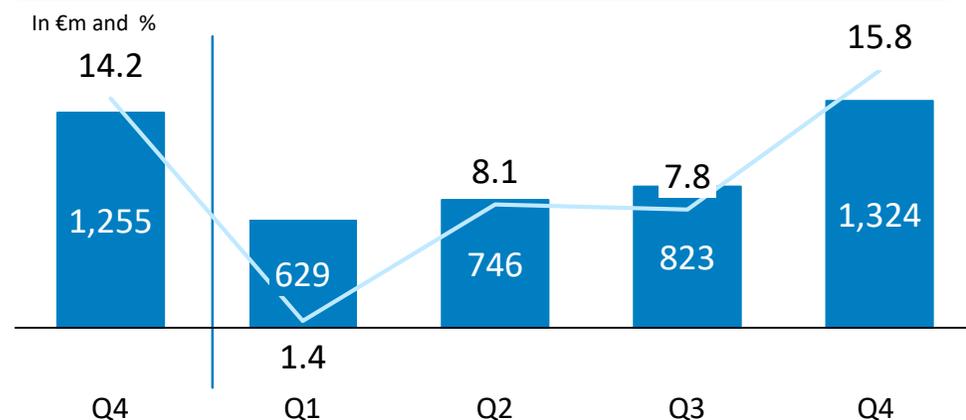


DEFENCE FINANCIALS

Defence: Q4 2019 Highlights

Best closing quarter in history

Quarterly sales and margin development



Comments on quarterly performance

- Order intake jumped to ~€3bn with large share for 2020
- Sales increase of 5.5% on an already strong Q4 '18
- WA and VS were the driver behind the margin expansion of 160bp to 15.8%
- Working capital improved due to milestone payments lifting cash to sales ratio to ~45%

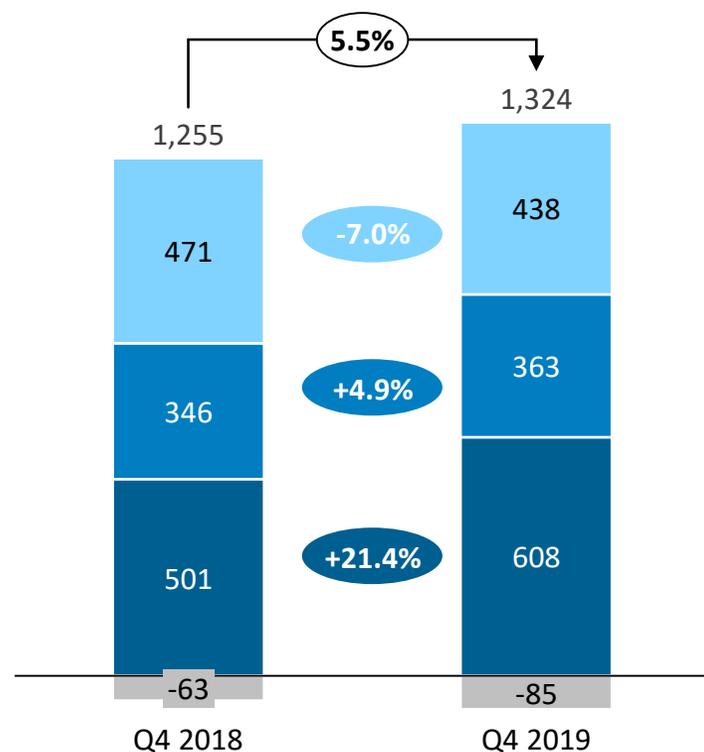
In €m	Q4 2018	Q4 2019	Δ	FY 2018	FY 2019	Δ
Order intake	1.094	2.985	172.9%	5.565	5.186	-6.8%
Sales	1.255	1.324	5.5%	3.221	3.522	9.4%
Operating result	179	210	17.3%	254	343	35.0%
Operating margin in %	14.2%	15.8%	160 bp	7.9%	9.8%	190 bp
Operating Free Cash Flow	479	595	24.2%	-29	266	>100%
Operating FCF / Sales	38.2%	44.9%	680 bp	-0.9%	7.6%	850 bp

Q4 2019 Highlights: Defence

Closing quarter with notable outperformance

Sales Defence

in €m

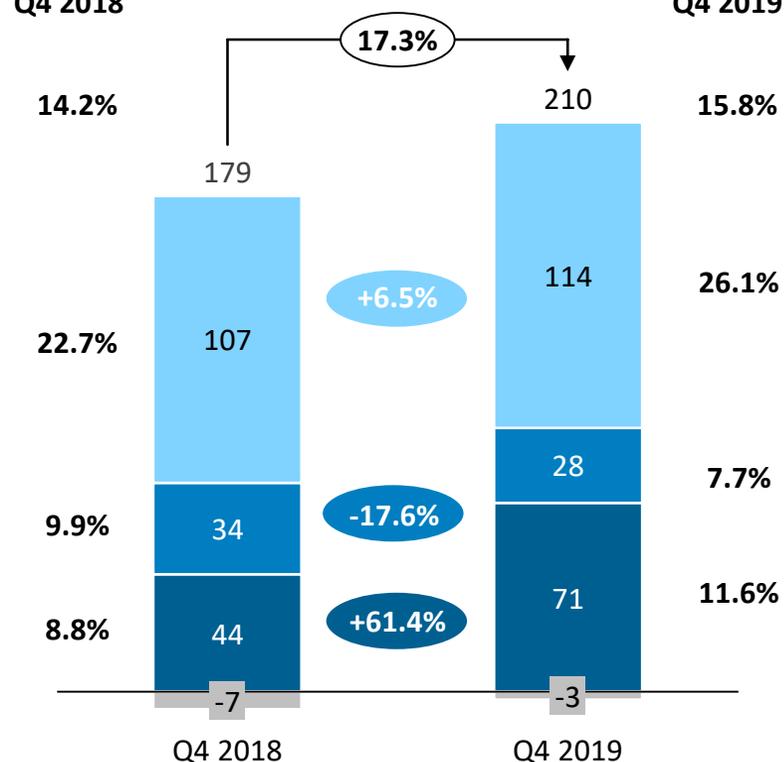


Operating result Defence

in €m

Margin
Q4 2018

Margin
Q4 2019



Weapon & Ammunition

- Sales held back by export restrictions
- Excellent order execution

Electronic Systems

- Solid growth
- Unfavorable product mix effects

Vehicle Systems

- Strong growth of higher margin tactical vehicles

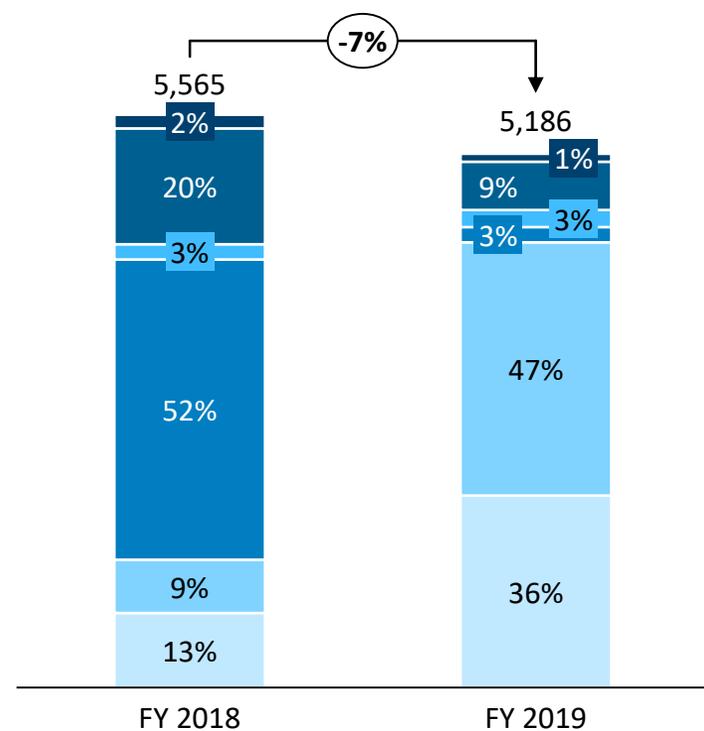
■ Weapon & Ammunition ■ Vehicle Systems
■ Electronic Solutions ■ Consolidation

Regional overview FY 2019

Success in “home markets” is key driver

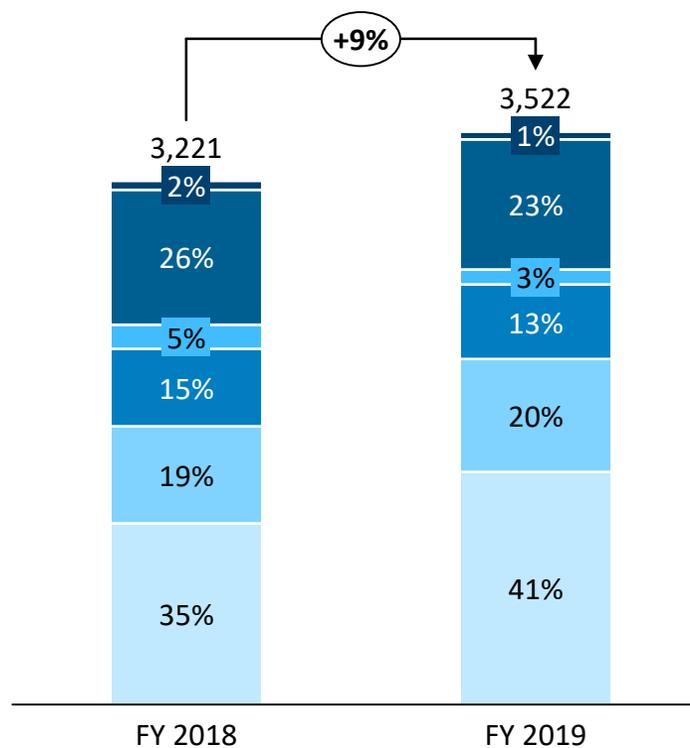
■ Order intake by region

in %



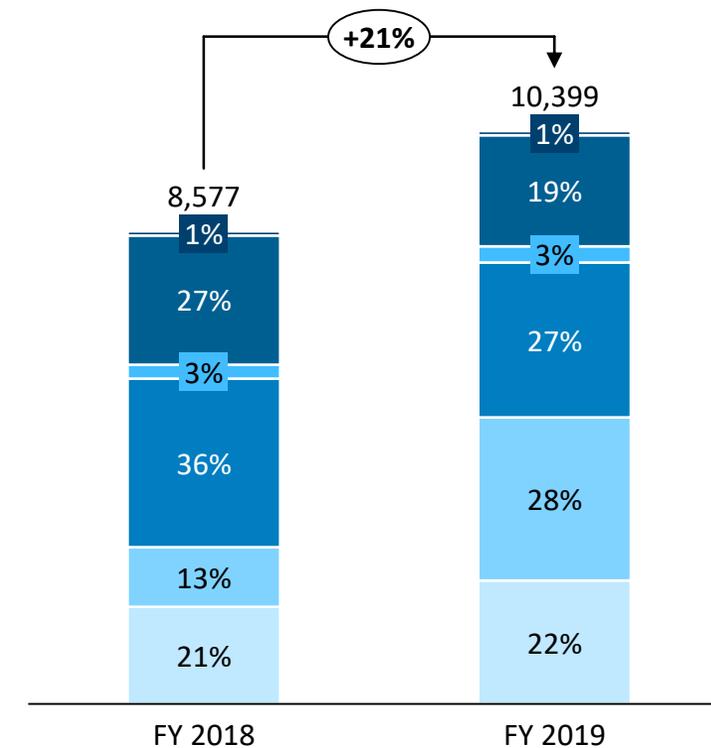
■ Sales by region

in %



■ Order backlog by region

in %

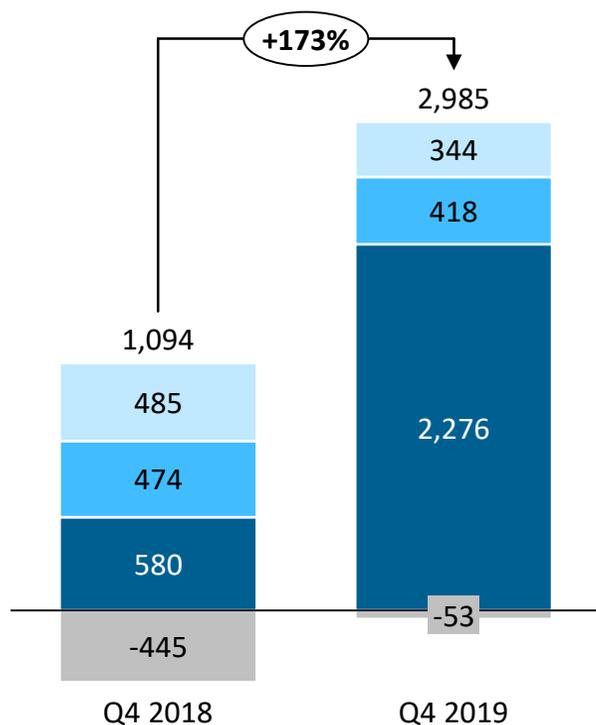


■ Germany
 ■ Europe (w/o G)
 ■ Australia / NZ
 ■ North America
 ■ Asia / ME
 ■ Row

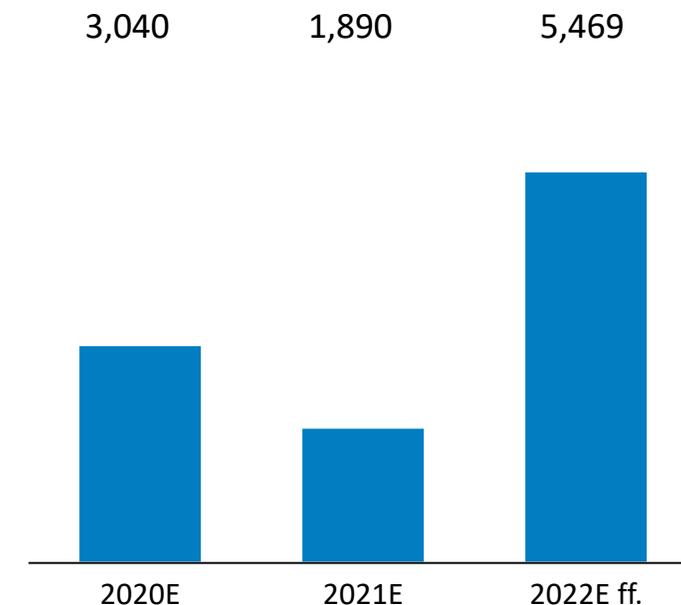
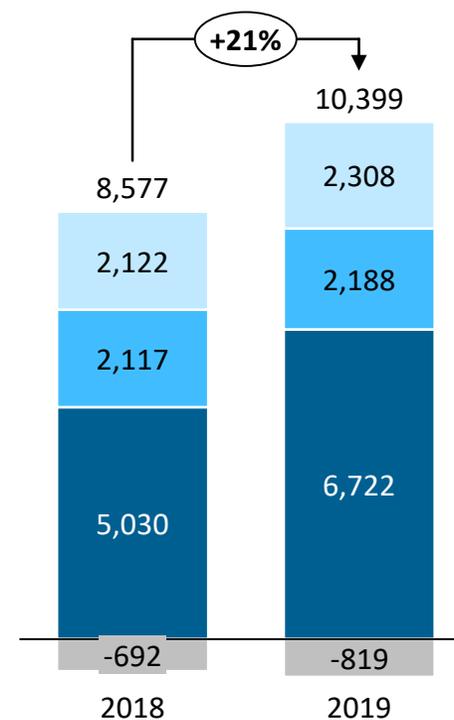
Q4 2019 : Defence

Strong Q4 order intake with high share for 2020

■ Order intake by division
in €m



■ Order backlog profile
in €m per 31/12/2019





OUTLOOK **2020**

Corona update (1)

Early adoption of preventive measures to contain the situation

Growing catalogue of preventive measures

- Installation of global corona action team at each site
- Daily updates on corona situation from all 6 divisions
- Increased level of disinfection and hygienic measures
- Initial travel restrictions to risk regions expanded to global foreign travel ban
- Switch to virtual meetings internally and externally with supplier and customer
- Cancellation of internal events until further notice
- 100% functionality with 50% presence (e.g. mobile office, shift models)
- Action teams analyze the supply chain and identify remedies
- Intense dialog across the supply chain

Corona update (2)

Situation very dynamic, first priority to protect employees and supply chains

Virus containment measures proven effective

- China production restarted, current activity level >60%, but no reported incidents
- Germany with five incidents, but no production impact
- Italy with one incident, fully operational
- Several employees in preventive quarantine (e.g. holiday returns)

Supply chains still stable

- Critical parts and suppliers under evaluation
- Alternative sourcing and logistics in process
- As of today no supply shortage and no delivery impact reported
- Plant closure announcement of European OEM under assessment



Automotive
Q1 impact from China expected
Europe and US business until today
not affected



Defence is 100% operational
Further growth in Q1 expected

2020 Guidance

Guidance without Corona effect

- GROUP**
- AUTOMOTIVE** 
- DEFENCE** 

Sales			Operating margin	
2019 in €bn	2019 Operational growth yoy in % at constant FX	2020e Operational growth yoy in % at constant FX	2019 in %	2020e in %
6.3	0.5	1 – 3	8.1	around 7
2.7	-7.4	-2 to -3	6.7	around 5
3.5	7.6	5 – 7	9.8	9 – 10

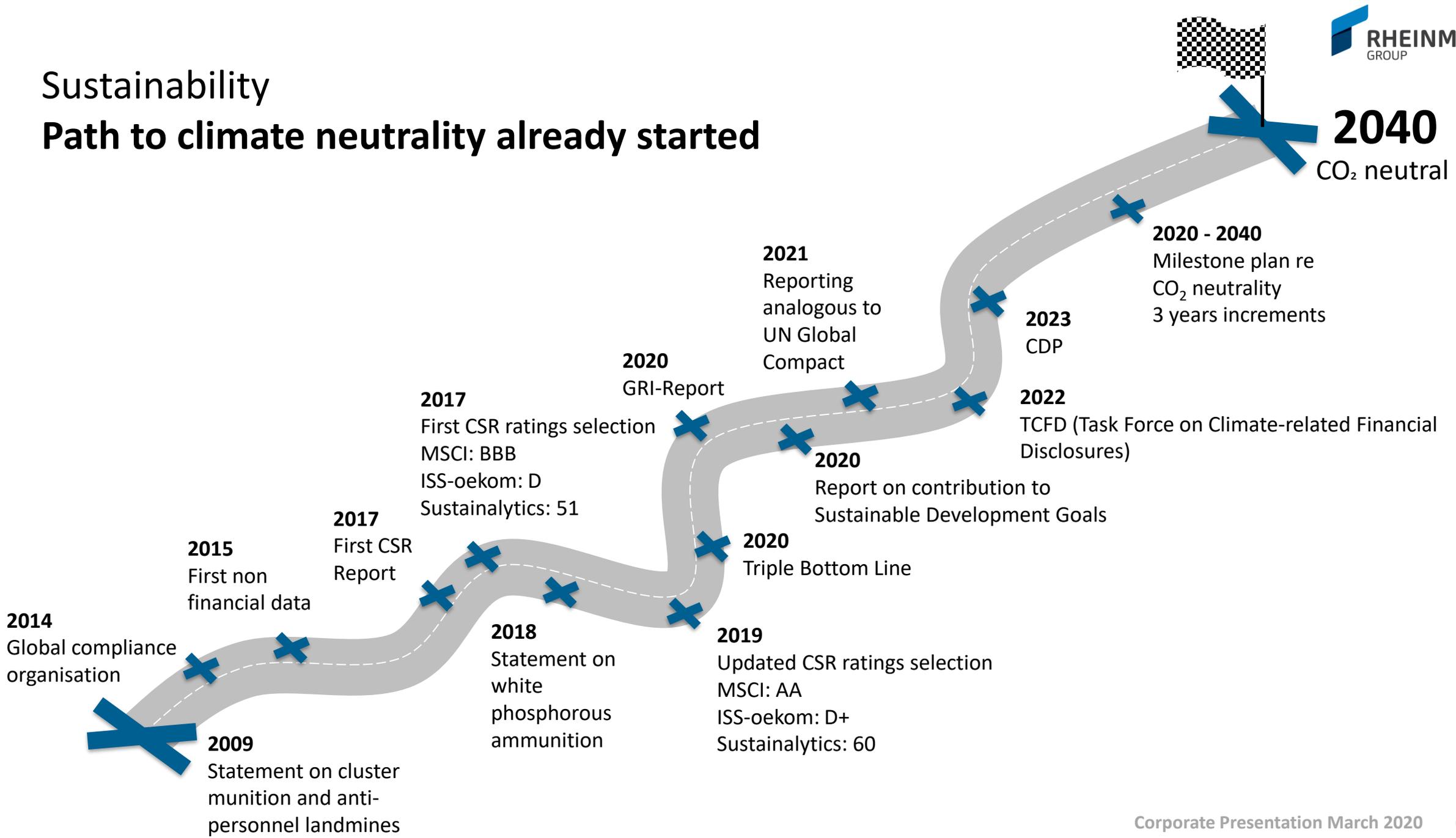
FY guidance will be updated earliest with Q1 earnings release



Appendix

Sustainability

Path to climate neutrality already started



Sustainability

ESG @Rheinmetall

E

2040
CO₂
neutral

Automotive Product portfolio actively reduces CO² emission
 Reduction energy intensity (MWh/EUR m revenue) 2015: 229,4 | 2019: 157,2
 Reduction THG intensity (tCO₂/EUR m revenue) 2015: 101,2 | 2019: 65,7
 Revenue coverage ISO 14001 72,4 %
 Revenue coverage ISO 50001 84,4 %
 Environmental issues | Part of Business Partner Check

S

Social
Responsible

Transparency in the Supply Chain | Suppliers EU-registered: PM: ~ 60 % and NPM: ~ 56 %
 Human Rights | In-house DD 2019 as per DIHR | Part of Business Partner Check since 2019
 Health & Safety | ISO 45001 | 14 companies certified
 Diversity | Goals 2020-2025 | Women in management development programs
 Corporate Citizenship | Sponsoring 2019: EUR 876k | Donations 2019: EUR 486k

G

Robust
Governance
Model

Compliance Management System - IDW PS 980 approved | Extensive training
 Data Privacy | Set-up of network infrastructure as part of CMS
 Strict regime | 2019: 33.529 entries in War Weapons Book | 104 export licenses german weapons of war control act (KWKG) | 752 export licenses Foreign Trade and Payments Ordinance (AWG)
 Product responsibility
 Reporting | Contribution to SDGs & GRI Reporting | Annually from 2020 onwards
 CSR Ratings | 10 agencies

Board remuneration based on three building blocks

Annual target salary (100%)

Fixum (60%)

- Twelve equal portions of monthly payments

Fringe benefits:

- Pension insurance (or comparable)
- Company car

Performance-related variable remuneration (40%)

- Short term incentive

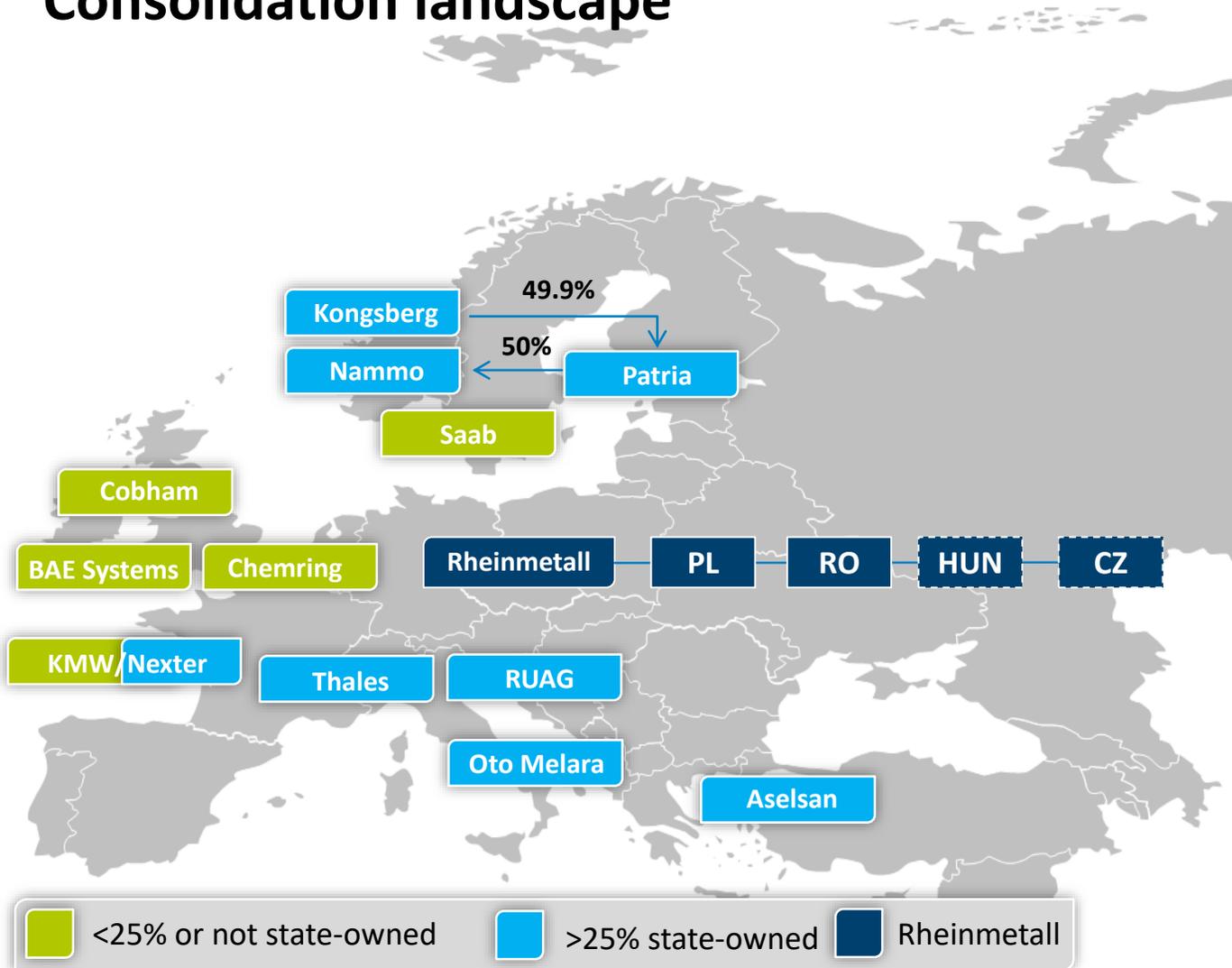
- KPI: EBT, ROCE (each 50%)
- Reference: Budget
- Range: 0 - 200%
- Escalators: 0% - <70% - < 110%
0% linear to max. 200%
- Payout: cash

- Long-term incentive

- KPI: Average adjusted EBT of the last three years (EBT capped at €300m)
- Payout: In shares and cash* with 4 year lock-up period

*for related tax payments

European Defence Consolidation landscape



- **Governmental shareholding** restricts room for cross-border consolidation
- **Big common armament programs** could be catalysts for further consolidation

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

Capital allocation

Our capital allocation policy is geared towards further growth

Funding of growth (organic and M&A)

Dividend to shareholders (Payout ratio 30-35%)

Improvement of pension funding via CTA (target level 50-60%)

Select key data: outlook 2020

Rheinmetall Group		In %(PY)	Automotive 	Defence 
Holding cost	€20-25 (PY: €25m)	Capex (w/o IFRS 16)	Around 5.5% (5.5%)	Around 5%(4.7%)
Tax rate	Comparable level (PY: 26%)	D&A	5.5-6.0% (5.9%)	3-3.5% (3.1%)
Interest result	~-€45m (PY:-€35m)	R&D (self-funded)	Around 6% (5.9%)	2-2.5% (2.0%)

Group 2015 – 2019: Key figures (as reported)

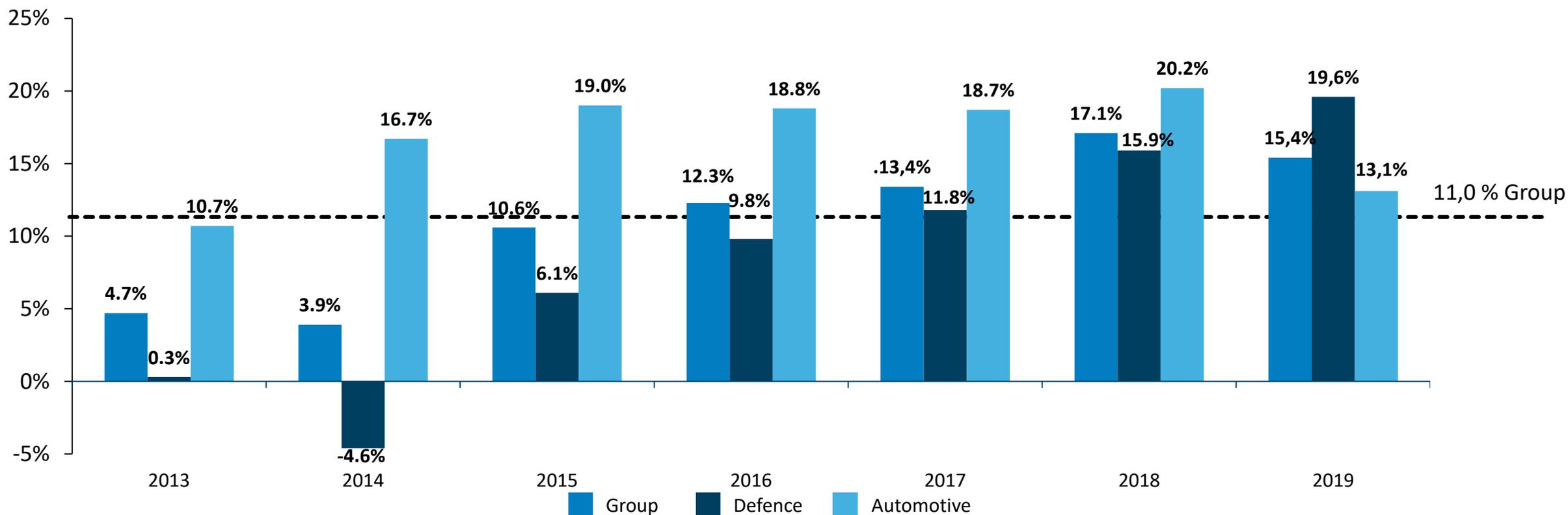
in €m		2015	2016	2017	2018	2019
Balance Sheet	Total assets	5.730	6.150	6.101	6.759	7.415
	Shareholder's equity	1.562	1.781	1.870	2.173	2.272
	Equity ratio (in %)	27,3	29,0	30,7	32,1	30,6
	Pension liabilities	1.128	1.186	1.080	972	1.169
	Net financial debt	-81	19	230	-30	-52
	Net financial debt / EBITDA	0,17	-0,03	-0,37	0,04	0,07
	Net gearing (in %)	5,2	-1,1	-12,3	1,4	2,3
Income statement	Sales	5.183	5.602	5.896	6.148	6.255
	Operating result	287	353	400	491	505
	Operating margin (in %)	5,5	6,3	6,8	8,0	8,1
	EBITDA	490	581	626	836	792
	EBIT	287	353	385	518	512
	EBIT margin (in %)	5,5	6,3	6,5	8,4	8,2
	EBT	221	299	346	485	477
	Net income	160	215	252	354	354
	Earnings per share (in EUR)	3,88	4,69	5,24	7,10	7,77
	Dividend per share (in EUR)	1,10	1,45	1,70	2,10	2,40
	ROCE (in %)	10,6	12,3	13,8	17,1	15,4
CF statement	Free cashflow from operations	29	161	276	-35	314
Headcount	Employees (Dec. 31) according to capacity	20676	20993	21610	22899	23780

Segments 2015 – 2019 Key figures

Automotive										Defence					
2015	2016	2017	2018	2019						in €m	2015	2016	2017	2018	2019
2.621	2.670	2.922	2.888	2.705	Order intake					2.693	3.050	2.963	5.565	5.186	
445	458	520	478	447	Order backlog (Dec. 31)					6.422	6.656	6.416	8.577	10.399	
2.592	2.656	2.861	2.930	2.736	Sales					2.591	2.946	3.036	3.221	3.522	
216	223	249	262	184	Operating result					90	147	174	254	343	
8,3	8,4	8,7	8,9	6,7	Operating margin (in %)					3,5	5,0	5,7	7,9	9,8	
335	356	367	421	348	EBITDA					175	239	268	403	450	
216	223	227	266	186	EBIT					90	147	172	247	341	
8,3	8,4	7,9	9,1	6,8	EBIT margin (in %)					3,5	5,0	5,7	7,7	9,7	
167	149	154	161	143	Capex					96	95	89	101	166	
96	105	106	26	73	OFCF					-38	103	238	-29	266	
10.934	10.820	11.166	11.710	11.405	Employees (Dec. 31) according to capacity					9.581	10.002	10.251	10.948	12.100	
1.450	1.499	1.621	1.664	1.525	Mechatronics	Sales		Weapon & Ammunition	881	1.111	1.175	1.056	1.018		
118	140	176	171	118		Operating Result			73	108	117	121	123		
8,1%	9,3%	10,9%	10,3%	7,7%		Margin			8,3%	9,7%	10,0%	11,5%	12,1%		
952	921	968	988	937	Hardparts	Sales		Electronic Solutions	759	745	691	839	948		
73	62	60	65	28		Operating Result			12	25	20	46	75		
7,7%	6,7%	6,2%	6,5%	3,0%		Margin			1,5%	3,4%	2,9%	5,5%	7,9%		
285	319	358	367	361	Aftermarket	Sales		Vehicle Systems	1.195	1.392	1.480	1.568	1.787		
27	29	33	36	35		Operating Result			-9	29	53	108	150		
9,5%	9,1%	9,2%	9,7%	9,8%		Margin			-0,8%	2,1%	3,6%	6,9%	8,4%		

Continuing ROCE improvement

■ ROCE
in %



Next events and IR contacts

■ Next Events

Bank of America, Global Industrials Conference
 Bankhaus Metzler, Frankfurt
 Roadshow Zurich

All investor meetings
 will be conducted as
 telephone conferences

19 March 2020

31 March 2020

02 April 2020

Q1 2020 Earnings call

30 April 2020

Annual Stockholder’s Meeting Rheinmetall AG

05 May 2020

H1 2020 Earnings call

30 July 2020

Q3 2020 Earnings call

04 November 2020

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■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



Disclaimer

This presentation contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to Rheinmetall’s financial condition, results of operations and businesses and certain of Rheinmetall’s plans and objectives. These forward-looking statements reflect the current views of Rheinmetall’s management with respect to future events. In particular, such forward-looking statements include the financial guidance contained in the outlook for 2020.

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