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## PRESENTATION

### Operator

Ladies and gentlemen, welcome to the Rheinmetall Q1 2025 conference call. I'm Sandra, the Chorus Call operator. (Operator Instructions) And the conference is being recorded. The conference must not be recorded for publication or broadcast. At this time, it's my pleasure to hand over to Armin Papperger, CEO. Please go ahead, sir.

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Thank you very much. Good afternoon, ladies and gentlemen. A very warm welcome to the conference call of Q1 of 2025. My colleagues, Klaus Neumann, and myself will give you an overview about the first quarter. Please take care on page number 2, the disclaimer that we added.

Now let's go to slide number 3. So here, you have an overview about the quarter 1, and you see the group highlights. Very positive is that on the defense side, the sales growth is a plus 33%, where on the the defense side, we made EUR1.795 billion sales. On the group side, plus 46% up to EUR2.305 billion.

Operating results on the defense side is growing faster than the sales with plus 96% to EUR206 million. But you see also that our civilian business is very flat business and also by far, not profitable than the defense business.

Operating margin on the defense side for the first quarter, a record of 11.5%; and on the group side, on the operational margins 8.7%. One of the critical things at the moment in Europe is that a lot of companies do not get enough people. We got in Q1, 70,000 applications. As you know, last year, we had total in the group 240,000, so that we think that again this year, Rheinmetall is in very good shape to get the best people and to get them very fast.

The very positive figures on the operational free cash flow. We have a plus of EUR454 million in comparison to Q1 of last year and an operational free cash flow of more than EUR0.25 billion. The CapEx is still in good shape. So we have a CapEx of 6.6% in Q1. If you see the growth rate that we have and if you see that the normal rate of CapEx is between 4.5% and 5%, so it's not a very big CapEx, but over the years, we have to invest more because, as you know, we have to build more factories because later we will discuss that, there is more need also from the NATO. And as you know, NATO will give us in June the newest figures about what the NATO wants from the nations.

Rheinmetall nominations, a plus of 181% to more than EUR11 billion. So that backlog growth was 56% to more than EUR62 billion. Please have a look to slide number 4. Here is Germany and Europe. These are, for sure, the two huge markets at the moment where we expect a lot of contracts over the next 12 to 24 months. First of all, on the financial side in Germany, a very positive information is that defense expenses, which are bigger than 1% of GDP are excluded from the debt break.

So -- and the Chancellor said, we will invest in defense whatever it takes. And he also defined and the Ministry of Defense defined what are the biggest needs, air defense, digitization and ammunition, ammunition, ammunition, and all three parts, Rheinmetall has a very green tick in the box because we are one of the biggest producers in that areas.

But Europe also wants to have to finance to be ready if something happens in Europe. If is a war is coming up, so up to 2030, they want to have an EUR800 billion package for investments. And the main targets are, again, air and missile defense, ancillary systems, ammunitions and missiles, drones and counter UAVs, military mobility, artificial intelligence and protection and also in that area Rheinmetall is able to deliver in all that point. So you see we are very well prepared. We are very well prepared for the future for the next 10, 15 years. And as you see later, we are investing more to enlarge our product portfolio.

Page number 5. Here, you see the backlog, the backlog of EUR62.56 billion. And in that backlog, and that is new, and that was a discussion that we had with the Ministry of Defense and with [Rhein BD] in [conference] Because of the budget gap we had over the last two, three years, they created this frame backlog, and they want to change most of that frame backlog now into fixed contracts.

What does it mean? It means that on the fixed contract side, we will have then contracts of nearly EUR55 billion without the bookings that we will make on top, but later more about that. So we would have now up to four years planning security, but with the contracts, we will book more. At the end of the day, it will be more than four years on planning security even if we grow very strong, as we told you before.

Germany. More of 90% of the total defense frame contracts are coming from Germany. As I said, Germany made that frame contract because there was not enough money year-by-year, so that they have to make these slices of contracts. And so the backlog quality will be significantly improved.

What are now the big German frame contracts? This is EUR8.5 billion for the ammunition. This is EUR4 billion for tank ammunitions, so artillery ammunition was number 1; digitization, EUR12 billion; and UTF was EUR3.5 billion.

So our expectation is that down payments and also milestone payments will come. At the moment, only as an example, we got on the digitization about 50% down payment. Normally, for example, also on the 155 ammunition, it's between 20% and 30%.

But at the end of the day, it's a huge amount of billions that we expect as down payments, but this is still in negotiation, and it's still not fixed because, as you know, the government now we have for two days, and now they start acting.

Now have a look to page number 6. Here, you see the additional potential for Rheinmetall. And if I see now for nominations, our expectation is that in Germany, most of the contracts are not longer frame contracts, but fixed contracts because, as I say, no limits on the budget side.

So in Q1 '25, we booked EUR11 billion. It's between -- in Q1 '24, it was EUR3.9 billion, so a huge acceleration. And the expected Rheinmetall nomination is that we grow up to EUR30 billion, but there is additional potential from Germany, but also in international that we, over the last weeks, got indications starting from Italy, which will come soon now.

Lynx Romania, where next week will be signing of the MoU before of the new election. Second lodged to be for Puma in Germany, a Boxer program in Middle East and Lynx also in Ukraine. And up to the air defense systems that you see here, so that there is a potential at the moment of more than EUR55 billion order intake in this year.

What does it mean? Now we have three parts of company growth. So the company will grow and will grow over the next years. There is, first of all, organic growth. There is intensification, for example, on the truck side. If you have seen on the page before, all these frame contracts, there is also of the German law possibility that 50% of the frame contracts can be added.

And so if you see the numbers, and if you see that there are, at the moment, nearly EUR22 billion. So another EUR10 billion could be added only in the frame contracts, so for trucks, for digitization, for ammunition.

And there is an expansion of existing capacities, for example, on the Nitrochemie side, and the new plants getting ready, so like Niedersachsen and also Lithuania and United Kingdom, where we build up gun shop. So organically, we will grow very strong.

Then we have repurposing. On the repurposing side, there is a conversation from civil Rheinmetall plants into defense manufacturing. This is very important to be fast. First of all, we are ready -- nearly ready with the plans of the conversation of Berlin and we are very nearby to be ready also in our plant in Neuss. And so we have very, very nice production locations, and we can start immediately in months to produce something in that factories. And we are also able to redesign third-party plants. But first of all, we do it with our own factories. And later, we wanted to do that maybe with plants that we buy in.

M&A and cooperations. Loc performance is running very well. So the profitability of performance in QA was better than expected. So they are on a good way. They are on a good growth way. Blackned is implemented. Hagedorn, a new company where we produce nitrocellulose. Resonant is in the company now, which is producing all these chemical processes for powder production and for production of RDX, and we are looking for more opportunistic acquisitions. So firepower is there, and the cash would be there also because the cash management over the next years will be also very positive.

So with that information, I take over now to my colleague, Klaus, and he will give you an overview about the financials.

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**Klaus Neumann** - Rheinmetall AG - Chief Financial Officer

Thank you, Armin. With that introduction, let's have a more detailed look at the development of our group KPIs. As Armin mentioned, we had a very strong start into the year 2025. For the whole of the group, our sales grew by 46% to EUR2.3 billion, of which EUR1.8 billion related to our defense business. This business showed a growth of around 73%.

The strength was also driven that we did perform -- all the different divisions performed very strong. In contrast, the civil business is still struggling under the very difficult market conditions, declined year-on-year by 7% and only achieved a profit margin of 1.8%.

The sales development that we see is to the very large extent organic. Performance business that we acquired towards the end of 2024 contributed around EUR120 million to our growth.

Operating results. Also, the growth are very strongly driven by organic performance, rose by -- on the group perspective by almost 50% to EUR200 million. This brought the group margin to 8.7, that includes, as mentioned, a defense margin of a record 11.5% for the first quarter. As mentioned, the performance of the civil business is on a strong pressure, and we did see a decline in the margin compared to a comparatively decent Q1 2024 to 1.8%.

Let's move to the next page, page number 10. The growth in our defense business was driven by all the three segments of the defense business. The strongest comps came from the vehicle systems business. It almost doubled sales to EUR952 million, that was driven by the -- all different parts of that business.

It includes the technical vehicles, but also the delivery of trucks that continued on orders that we received in the past. The growth includes this, mentioned, EUR120 million contribution from Loc performance. Together, that led to a increased profit margin of 8.5% or EUR81 million in Q1.

Also, very strong, the growth in the weapon and ammunition business with 66% to EUR599 million. We see strong leverage in this business as the business contributed EUR160 million to the group's profit at a margin of 19.3%.

The Electronics Solutions business grew also significantly based on the different projects operated in this segment. Key drivers were especially the air defense systems, Skyranger and Skydex for European customers but also air defense systems in more general terms for the German customer.

The growth was at 50% and contributed to a rise in the profit margin to 6.3%. You have to consider that there is some positive pressure on the margin due to ramp-up costs for the F-35 program that will start producing later this year.

Lastly, the Power Systems segment in our Civil business saw a decline of around 7% to EUR505 million, increasing pressure on the profit margin, hence the business only contributed EUR9 billion to the group's result.

Let's turn to page number 11. As mentioned, we did see a very strong nomination in Q1. Main driver were the digitization orders in our ES business for TaWAN and the Soldier System for the German customer. That business also basically saw the biggest growth in the nomination. Overall, this contributed to an order backlog of EUR63 billion. As Armin mentioned, we expect large part of that nomination or the framework contracts included in this number to be converted into firm orders in the next months.

Let's go to page number 12. Very strong numbers also for our operating free cash flow. As you know, the first quarter historically is one of the weaker quarters. So in terms of our cash performance 2025, it's quite different with EUR266 million, a very strong operating free cash flow, mainly driven by the prepayments linked to the TaWAN contract and other digitization contracts that we booked in Q1. As you can see on the chart to the right, we continue to build up inventory to support our growth and ongoing ramp-up of projects, but it's quite balanced with the prepayments received from our customers.

Overall, a very strong start for the year 2025. Let's move to page number 13 for an update on our financing situation. It's worth mentioning the situation on our convertible that we issued about two years ago. For the first EUR500 million Series A, more than 80% of convertible holders have converted the holding into -- already into equity. For the Series B, the conversion rate is at around 50%.

That contributed to an increase in our equity ratio to 33.6% and that compares quite favorably to the number at the end of Q1 2024, which was 31.8%. But the other element mentioning is that driven by the strong operating cash flow and basically the conversion of the convertible, our net financial position improved to about minus EUR600 million at the end of Q1.

That we -- all these numbers show that we have a very strong balance sheet, and we have very good financing situation that have already been acknowledged by the rating agency Moody's that upgraded the Rheinmetall to BAA1 at the end of March this year. Our net-to-debt -- net debt-to-EBITDA ratio is less with 0.34% at an extremely low level.

So that was the information about the key financials. With this, I hand over to Armin for the outlook for the months to come.

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Thank you, Klaus. So on the outlook, the very important thing is that we signed the MoU with Lockheed Martin. Last year, we signed an MoU for rocket motors, now this MoU is -- and we want to -- that we want to create a joint venture. In that joint venture, Rheinmetall has the majority at the moment, it is discussed to have 60% of the shares, 40% of Lockheed.

So the reason to do that is that the capacities in the United States of America are not big enough also to deliver everything in Europe. Sometimes you have to wait 10 years to get some missiles from America, which is much too long. And as you know, all the European partners at the moment, they deliver, deliver, deliver. So that is the reason that we create a European center of competence of missiles.

So what are the missiles that we can produce. This is, for example, ATACMS, GMLRS, Hellfire, JAGM but also PAC-3. So this is, as you know, the ATACMS are missiles -- artillery missiles, which has distance of about 300 kilometer.

GMLRS will be on a maximum 150-kilometer. Hellfire, as you know, is fired usually from the helicopters. And the JAGM is also air-to-ground and air defense with PAC-3 which is the second missile that you can fire on the side Patriot side.

So we will build up a capacity, a total capacity because there are huge rocket motors and also smaller ones that we have a production capacity of up to 10,000 missiles per year, but also 10,000 rocket motors for sure. So the vertical integration will be huge. We want to produce the warheads.

The warhead production would be in Rheinmetall Italia. We do warhead production at the moment for that missile. The rocket motor will be produced in Unterlüss.

So in 12, 13 months' time, the production line will be ready. And the final assembly of the missiles will be also there. So we have also technologies on safety and armor. And together with Lockheed, we will make also some European engineering to have also European IPRs on that.

So we need the permission for that, for sure, from the US government. Lockheed and Rheinmetall are working on that. But our expectation is that over the next two, three months, we can start this submission and then we can go to build that joint venture.

The total potential of sales volume, if everything is running well, for sure, not at the beginning, and as you know, we will start production of rocket motors in '26. Missile starts in '27. And after the ramp-up curve '28, '29, there is a potential of yearly -- annually EUR5 billion if we are fully booked in that plant. This is the capacity that we built.

Let's have a look to the next page in page number 16. There is another MoU and where we will also have a joint venture with the Finnish company, ICEYE. And we create the German space joint venture with ICEYE and Rheinmetall. So Rheinmetall, again, will have 60% of the shares.

We implement and reengineer ICEYE technology here in Germany. We build up a center of competence nearby Düsseldorf for these new technologies and for this satellite technology. It is primarily SAR satellites, and this is satellite on the Leo side.

So -- and the expectation is in that business that we -- end of '26, we are able to produce the first satellite because, as you know, we need clean room technology, et cetera, et cetera, in that area. So we buy that in and we expect the start in Q2 in 2026.

So the potential that we have for that will be in the starting phase after, let me say, one year, about 500. The target that we have is to create with service and with R&D sales of about EUR1 billion in that joint venture.

Let's have a look to page number 17. On page number 17, you see that on the quarter two, we think that we are fully in line with our guidance. The expectation in Q2 for the order intake is that, as you know, because we had no government, and they start now working, that it will be not as high as Q3 and Q4. That is a little bit accumulated in Q3 and Q4 on the order intake.

But sales will be fine. We will have also a small delay on the ammunition side because of the fire in Murcia, and the fire in Murcia where this -- the [seeding house]. So where you have seized the powder, it's burnt down. So we reinvested that. We built it up, but we needed nearly four months to build everything up.

We start running the seeding now, so the ammunition is ready, the powder is ready. But before you can bring the powder to the ammunition, you have to give it into this bottleneck of seeding houses. And we are, at the moment, working to build up two of them, so if another fire would come that we are able to act.

So it could be that from Q2 to Q3, there will be a delay of about EUR200 million, but this will not really hurt us a lot. So on the full year, Rheinmetall backlog expected to raise beyond EUR80 billion. So as you know, we always calculated, it should be around EUR80 billion, but the market and the demand is so high that we said it should be beyond EUR80 billion.

And on the full year guidance, it is at least confirmed, and at least because we are, at the moment, on a way that we really have to find out how much of the contracts that we are booking, what is in with down payments, with sales and at the end of the day, for sure, also with profitability.

So -- and if we have at least a growth rate between 35% and 40% on the defense side, civilian business will be flat. The operational margin is -- if you are bigger than 35% to 40%, also bigger than 15.5%, then cash conversion rate should be bigger than 40%.

So thank you very much for your attention, and we are now ready for Q&A.

## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) Sven Weier, UBS.

### Sven Weier - UBS - Analyst

The first one, Mr. Papperger, is on the new nomination guidance of over EUR55 billion. I was just wondering how consistent that number is? You remember the slide you gave us at the fiscal numbers, the EUR50 billion to EUR100 billion. Is the EUR55 billion still kind of under the old regime of 2% or is that now already consistent with the 2.5%? So in other words, could that EUR55 billion still end up being higher when we talk again in the second half? That's the first one.

### Armin Papperger - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. The point from my side is that I believe that the real push will come next year, and the reason is timing. So as you know, we have, let me say, half of quarter three and quarter four to book all that stuff. What we need now is in -- from the timing side, first of all, in June, there will be the NATO plan.

So the second point is up to September, maybe October, there will be the planning of the Bundeswehr and after the planning of the Bundeswehr, they give this plan, let me say, to the parliament and to BAAINBw. So at the end of the day, we only have Q4 to book all that thing, that -- I 100% with you that at the end of the day, it will be more. And as I said, and I stay on that, it should be EUR300 billion to EUR400 billion up to the year 2030 that I expect, and this is the potential that we have.

But if we reach from the European state, more than EUR55 billion for this year in one quarter, I think that is really a good thing. So this is because at the moment, we have 11. So in the second, nearly nothing happens because there are no politicians there. They can make no decision.

And so we are -- in three, four months, we are able to book that, then it would be very good. The bunch of that, this is what really is expected. It could be more. If they are very fast, it could be more, 100%. There is more potential inside, but I think the bunch will come next year and the year after next year.

And this is also a big cost now. The organization in (inaudible) yeah, they have to work, they worked very hard the last two years, but they really have to double and triple now the capacities of the 25 million contracts or more than 25 million contracts. So that's a huge beast. Is that clear?

### Sven Weier - UBS - Analyst

It's very clear as ever. And I also have a follow-up because obviously, you thankfully outlined your positioning on capabilities. I totally agree with that. I was just wondering -- I mean, of course, the governments, they kind of know probably already quite a bit of those requirements. They probably won't learn it at the end of June. I was just wondering when you say the conversion of the frameworks, is that already anticipating some of these or is then the capability kind of coming on top of that?

### Armin Papperger - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

It's not in the figures. And the first thing is -- and this is -- these are the first discussions. We had the first two meetings now with buy in to say, okay, now the money is there. Now we want to fix it. Now we want that you buy in the materials, et cetera, et cetera. If you buy in the materials with that big numbers, we need for sure also down payments.

But what is not in, and this is at the moment what is legally, as you know, legally, it is possible if they need more. For example, if they have in the frame contract at the moment 3,000, 4,000, 5,000 trucks. If they have 5,000 trucks, they can order another 2,500 trucks in that frame agreement to change that even if it was not in the frame agreement into a fixed contract.

And I believe that they will use that because the European need is much bigger than that what we had in our planning before. But this is not in the figures, yeah? So therefore, there is much, much more potential only if that will come. And if BAAIN says, okay, we use exactly our choker 50% more then immediately we have EUR10 million, EUR15 billion more on order intake.

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**Sven Weier** - UBS - Analyst

The final question I had, if I may, was just on this recent announcement from BAE on the artillery side. And my question is not so much around the capacity increase, but it's more around their claim that they can do this without nitro, which sounds to me as a layman, that's some quite revolutionary given the bottleneck we have from nitrocellulose.

So obviously, very keen to hear your opinion, whether this is really so easy to do, whether this is scalable, whether this is cheaper than the traditional process? Because it sounds like a big claim to me, but really interested in what you have to say.

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. First of all, I'm not deep in this R&D program that BAE has, but we made an R&D program 15 years ago. And we call that program NENA and that NENA program was exactly based on RDX, micro generators and in that micro generators, we created, let me say, powder.

I can say the problem that we had. First of all, problem number 1 was price because RDX is much higher priced than nitrocellulose in this area. Second point is that the powder [corns] are very brittle. So if you have to fire from minus 40 to plus 63, you had a technical problem above that.

And third problem was capacity because we speak about thousands of tonnes. And if you breed that in a small, let me say, equipment, which is going on, we were not able above that. But this was our technology. I cannot say something about the BAE technology if they, let me say, found a totally new technology, but we stay at the moment on that technology because we have to deliver today.

And I cannot go into an R&D program to say, okay, I do it. And then at the end of the day, I can produce 1 tonne of powder. I -- what I have to produce, we are on 12,000 tonnes, and we have to grow up to 20,000 tonnes of powder. This is, at the moment, the task that we have. And to be fair enough, this is -- at the moment, we can do it very economically in that scale and price never were an issue.

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**Operator**

Christoph Laskawi, Deutsche Bank.

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**Christoph Laskawi** - Deutsche Bank - Analyst

The first one would be coming back to your comments on the frame to fixed conversion. Just to get it right, so they could be upsizing those contracts by 50% without additional, is that understanding correct?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah.

**Christoph Laskawi** - Deutsche Bank - Analyst

And you said it could happen in the next couple of months, should we then also expect an accelerated call off from these contracts? So that with the conversion, they move to higher volumes in the shorter term, driving a bit of 25 upside?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. So first of all, yeah, you're absolutely right, Mr. Laskawi, that you can have per law 50%-plus. And without competition, and this is in the European rules and regulations, so this is the point what is possible. That's the reason that this frame contract -- after winning that frame contract, this was so important for us to win all these frame contract.

You remember some meetings ago, you also asked, yeah, how valuable are these things? So this is very, very valuable, but the guys who have the frame contracts are even now really to deliver. And now it's a situation that money is there. First of all, yeah, that is possible.

Second point, we prepare ourselves and our preparation is at the moment, and I'll give you an example. On artillery, yeah, we made a decision because, as you know, because Germany wants to have a German production. So we invested for 200,000 rounds in Unterlüss. During the production, we made a decision because we do everything -- and I hope I can show some of you that, everything with robots. So it's fully automatically produced shells about that.

That is to say, we invest more in automatization and now we are able to produce 350,000 full shots. And now we are able from 200,000 to 500,000 shells because we also have a higher capacity above that. The German government knows that. So if tomorrow -- and they wanted to have 200,000 per year, so if they said, okay, there is enough budget now here, we want to help more the Ukrainians or whatever, it can be. It's not at the moment fixed, but it can be that they say, don't send us 200,000, send us 300,000, and we are able to do it.

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**Christoph Laskawi** - Deutsche Bank - Analyst

Very clear. And the second question would be on the German budget. We had headlines during the week that Pistorius basically proposed EUR62 billion in the base budget. On top of that, we have the special fund and potentially Ukraine. Do you expect the overall budget, if you put all of that together, to be growing in '25? Or as you said, mostly '26, we'll see more significant growth coming through?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

He usually needs some billion more. This is what -- I directly spoke with him. And I think he will -- he can get it. But he has to hurry up because the point is that usually, we not produce on stock. So -- but in some areas, maybe we are able to do it. The big bunch will be '26 and '27. And if I understood him right, he want to have a base and he want to have an add-on year-by-year of minimum EUR50 billion, and this EUR50 billion should be very special also for investments.

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**Christoph Laskawi** - Deutsche Bank - Analyst

And the last question just with regards to the visibility on the incremental order intake potential that you highlight. On Germany, you already said it's essentially everything in Q4 that can come through. On the international business, it sounded like the visibility is actually quite good there when it comes to Romania, et cetera. Could that be also in Q3 then coming through already?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. It is possible. So I'm -- it's not a secret. It will be next week in Romania. In Romania, they will make decisions, and I will sign with the Prime Minister, before the election, something about ammunition and vehicles, et cetera, et cetera. So that's a huge potential for us. And we try to bring that into contracts very soon, speak about nearly EUR5 billion.

Italy, yesterday there was a decision on the -- with the Italian Parliament President or Prime Minister Meloni said, okay, we have to grow from 1.5% to more than 2% of the GDP, because this was the discussion that she had with President Trump. So this is another huge potential, but more for the next year and the year after.

And some air defense stuff is coming. Some more ammunition is coming. And there will be huge opportunities, huge I said. Much bigger than we expected now opportunities on the ammunition side. But I can give you, hopefully, more information in the next quarter because that is too early. But this is bigger than we ever had before.

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**Operator**

Marie-Ange Riggio, Morgan Stanley.

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**Marie-Ange Riggio** - Morgan Stanley - Analyst

I have actually three. So I will do it one by one, if it's okay for you. So I just would like to come back on the German defense projects. You just said that basically, the Defense Minister is looking for an additional budget per year of EUR15 billion, is that like any --?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

EUR50 million.

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**Marie-Ange Riggio** - Morgan Stanley - Analyst

50, 5-0?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

EUR50 million.

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**Marie-Ange Riggio** - Morgan Stanley - Analyst

Okay. Okay. So that's much clearer. Okay. Perfect. And is there like any target as a percentage of GDP that you are -- the government is talking about or is only like this -- any clarification here will be helpful.

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Maybe I can share that. I had last week dinner with Mark Rutte from the NATO and maybe -- I think you know that, but because you are very well informed. But Mark told me very clear that the 3.5% will be part of -- that every country has to go into that area. And the discussion is that, let's say, in medium time, Germany has to grow up to EUR150 billion now per year. This is the target what they have. This will not happen in the first year, but this is a huge beast.

**Marie-Ange Riggio** - Morgan Stanley - Analyst

Is it fair to assume that by 2030?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

I think it will be earlier than 2030 to go into this area because our job says very clear, we must be ready for fight in 2028, 2029. So everything that -- every discussion I have every day with also the German government about that is only -- I only have one thing, hurry up, hurry up, deliver, make it happen, make it happen. So therefore, I believe that the contracts will come as soon as possible.

**Marie-Ange Riggio** - Morgan Stanley - Analyst

Okay. Very clear. My second question basically is come back on the slide 6 of your presentation, and so it's on your potential nomination. So you mentioned EUR55 billion, if you do EUR55 billion, is it right that basically your backlog guidance will move from EUR80 billion to even more than EUR100 billion if we had EUR20 billion on top of your initial guidance?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. You're 100% right. If we book everything above that, it will be in that range. So -- but that is the reason that -- I'm always wrong if I discuss with you because I'm such a conservative guy. So with the share price, I'm always wrong. I'm always wrong with all the other things about that thing. So that is the reason that we said, okay, bigger than EUR80 billion.

But you are right, if everything is comes, we are on a level of 100. But if I say, EUR100 billion and I have EUR95 billion at the end, I don't like that you are disappointed about me.

**Marie-Ange Riggio** - Morgan Stanley - Analyst

Then I will never be disappointed about you, no worries. That's okay. So the matter are correct. Just to make sure on that, does it -- because I have this notation that this EUR55 billion potential nomination is based on your current conversation with government. So it's -- does it mean that post NATO summit where we should get as well a higher percentage of GDP for defense, basically there is much more to go from this EUR55 billion?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah, Absolutely. So there is only -- if you see what can happen. It's a model, yeah. And I usually don't believe, let me say, in best case scenarios. I try to make real scenarios. And as we discussed last time, as we -- the hit rate is not bad that we have. So we have a hit rate of 95% of that things -- what's coming.

But what could happen, this is a model. That -- now the frame contracts are -- the 50% is coming up. So if that is on top, we will have around EUR10 billion or EUR12 billion on top, yeah? So it's a very simple calculation about that. If now the European countries also hurry up and this is -- we get information at the moment. The Italian government, for sure, is ordering another 12 air defense systems, which is, yeah, billions at the end of the day.

This can be added up. But I don't -- I really don't know if we can make everything happen up at -- this to December. And so therefore I would be happy if we can get it. And the easiest thing would be really the 50% of the framed contracts plus because then we would be not on EUR55 billion then we would be on EUR65 billion or EUR70 billion. And I agree, then we are more than EUR100 billion backlog. But as I get -- I have a good flat fall, but not as good.

**Marie-Ange Riggio** - Morgan Stanley - Analyst

Okay. Perfect. And last question on Lockheed Martin partnership. So it's very useful to note that the potential sales is about EUR5 billion annually. I just wanted to check a few things with you. So is EUR5 billion for the JV or only for Rheinmetall?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

For JV. It's for the JV. But what we do is we do -- like on the ammunition and like we always do, we do a vertical integration and we try to produce a lot of components that we deliver into the joint venture. And for sure, Lockheed also -- but at the end of the day, it will be a very good win-win situation for Lockheed and us because usually, the missile -- from the America -- I'll give you an example.

The Lockheed is changing at the moment ATACMS and is really closing, let me say, that factory because they need it for PrSM. And it -- there is a good discussion and a good idea at the moment, the first EUR1 billion or EUR2 billion would be that we get -- that we produce US contracts also here in our factory. So that would be immediately fill the factory if we are ready.

And it's only because of capacities, yeah, because -- the Americans are also missing capacity. And if they send in a lot of stuff into Ukraine, and as you know, Europe is empty. And at the end of the day is -- there are -- if you see the countries and if they hired, for example, HIMARS system or whatever, they bought 20 or 30 missiles. Come on, this is fired in three days.

**Marie-Ange Riggio** - Morgan Stanley - Analyst

Yeah. So I mean -- okay, so basically, you are saying that there is EUR1 billion or EUR2 billion almost secured by the US needs and quite quickly. For Europe or I would say, for the total addressable market, you said that the ramp-up pace will be in 28, 29. So does it mean that your full ramp-up or I would say, the EUR5 billion annual sale that we are talking about can be done from 2030 or the ramp-up phase will be even longer than that?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. No, yeah, I think you are right. 29, 30, this is the way what we have said. We are not slow, we are fast. And if you see that we build up now the rocket motor plant and there is -- I think we can fill it very, very fast because the Ukrainians need all these Patriot stuff.

And this is also a point that we want to go into that production because, as you know, there is Raytheon missile and there is a Lockheed missile. And this is the point also that we want to produce so that we see we can fill it very fast because everything is preparing at the moment themselves and nobody has in the stocks missiles.

So this is the same situation, and that is the reason that we do it like we had on artillery ammunition. Nobody believes that we need such a lot of artillery. If they would have now 10,000 more missiles, the Ukrainians would fire that, but they don't have them all.

**Marie-Ange Riggio** - Morgan Stanley - Analyst

Okay. And probably last follow-up question on that, which is definitely the level of margin because that's probably where there's question mark because you said that the vertical integration will be very good. So do -- can we assume the same level of margin that were for 155? Or I mean, how we should think about this?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

I think it's very similar.

**Operator**

Benjamin Heelan, Bank of America.

**Benjamin Heelan - Bank of America - Analyst**

Yeah. I guess, one of the big questions we've had over the past couple of months since the Munich Security Conference has been around capacity, and you talked a little bit about the repurposing of some facilities. Can you just give us a bit of an update in terms of where you are on that?

And then as a follow-up, you kind of touched on this already, but the slide 6 that you highlighted with the EUR50 billion to EUR100 billion, a big aspect of that was your assumed market share in what is going to happen over the next five years plus. You've obviously been on the road seeing defense ministers and leaders the last three months.

Can you just talk a little bit about how you're feeling about that market share and your level of confidence around the positioning the Rheinmetall has? And then a final follow-up for me. M&A has obviously been a big part of the strategy over the last couple of years. Obviously, this MoU with Lockheed is more organic. Is there anything on the M&A side that we should be expecting in the next kind of 12, 18 months?

**Armin Papperger - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer**

Yeah. First of all, let's start with the capacities. On the capacities, we are on a very, very good way. As you said, we have rough capacities on the ammunition side 120 and we build up the capacities nearly to 4 million rounds on medium caliber.

So medium caliber, the new actions that we have is medium caliber production in Romania. And it will be a medium caliber production. This is what we discussed yesterday on high level -- on Prime Minister's level also in Latvia. So these are the new things that we are going on. We are in discussions with Denmark about powder. Our other programs are running absolutely in time. So that on -- in a nutshell.

On 120 millimeter, we have still invested in us, 240,000 rounds per year are possible. 155 millimeter, we are, at the moment, looking to have a capacity of 1 point -- from 1.1 million to 1.5 million rounds and there is another thing, and this is what I said. This is not officially, but it could be that Ukraine is looking for another 1.5 million per year.

This is -- this would be a game-changer, a total game changer in this area. If not done. So that is the reason, yeah, forget it again. But if we come in some weeks and can give you that information, it's, I think, a game changer also in that area.

So medium caliber is minimum 4 million rounds. If we need more, that is the reason that we invest in Romania and also in Latvia. And what we also get a very fast decision is in Lithuania to get the powder production. We have the contract for the production of the shells, but also the powder production.

So what I want to say is, on ammunitions, we don't stand still. We continuously grow -- and even if we build up 10 factories around the world now simultaneously, let's build up 12 or 14 or whatever because there is a demand. There is a huge demand.

So we go up in that area. So we invested a lot on the digitization. So everything is invested. We invested on the truck side that we can grow up to 4,500 trucks per year and we invest at the moment also in -- especially in the conversion, we plan that the North factory is able to produce another 60, 70 tanks per year out of the North level. This is, at the moment, planned itself for Panther (inaudible) and Lynx vehicles.

So air defense, we had a capacity which was really small. And now we build it up, the capacities, that in Italy we can produce 60 air defense systems, and we can produce even more up to 80 or 100 or let me say, 90 conservative, systems in Switzerland. So that 150 air defense systems. So if it is guns for Skynex or if it is for Skyranger.

So this is a point where we really, really build up the capacities. And with all that capacities and then Unterlues missile plant for sure. These investments are coming up, and as I said, a potential of EUR5 billion. I give you a very, very clear update on the next market -- Capital Markets Day about that thing, but the figures will be better than the figures last year, number one.

Second point, market share. At the moment, especially on the ammunition side, nobody is able to deliver. And there are -- you know the statement. I must not give you an overview about that, how much capacity different countries have. So -- and I don't speak about our competitors in these areas, but you have by far the biggest capacity.

So now there is -- we have an RFQ at the moment also from Sweden, also from the Scandinavian things to produce 80,000 to 100,000 rounds for them. And our capacity is there. So our market share is, and as I said, we had a share in Germany of 50%. So it is going down in Europe because there are, for sure, also some friends who work in the same areas.

But my expectation is that on the ammunition side, yeah, we will have a market share that is more than 50%. But for the whole defense side, maybe the market share is going down and I have not a fixed calculation now because I want to do that on the Capital Markets Day, but I believe that we can grab 30%, maybe more than 30% of the whole European market. Number three, M&A. The gun is loaded.

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**Benjamin Heelan** - *Bank of America - Analyst*

Okay. Very clear, Armin. Just one quick follow-up on the Lockheed Martin. When do you think you'll be able to get and start winning orders on the JV? And one of the big challenges that MBDA has had has been around the supply chain for defense electronics into missiles. Can you just talk a little bit about how you're thinking about the supply chain situation with regards to the JV?

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**Armin Papperger** - *Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer*

Yeah. We build up the supply chain at the moment because it is really brand new. The idea was created during the Munich Security Conference between the CEO of Lockheed and me. And the point was that we build up the supply chain. We -- on the electronics side, I think we had a very clever idea to give a five-year contract to the producers of the electronic components and to give them also a proper down payment about that.

Because as you say, it's nice to have a lot of cash on the banks, but it's better to have components into the stocks. So therefore, I think we will have -- we will find again -- like on the tanks, where we have, at the moment, no big problems with electrical parts, that we can grow up. It's a part of investment, and it's a part of a long-term strategy.

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**Operator**

David Perry, JPMorgan.

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**David Perry** - *J.P. Morgan - Analyst*

I've got a couple of questions. I'd like to just start on the missiles and just dig a little bit deeper, sort of following on what Ben said. So if I look at MBDA, they report their sales, it was EUR3.6 billion in 2020 and is EUR4.9 billion in '24. So they went up 37% over four years to just about EUR5 billion. It sounds like you want to go from 0 to EUR5 billion in four years. So part A of my question is, is that realistic? And part B is, MBDA also report a margin at 11%, so would that be the right margin for you? Can I start with that, please, and come back?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. No, I'm targeting to higher margins. This is number one. But our plan is the needs that are there. And this is what we discussed. And the need at the moment is what we think is to have about, let me say, between 600 and 800 ATACMS per year, about 2,500 GMLRs, 5,000 Hellfires, 5,200 JAGMs and 250 to 300 PAC-3.

So if you count that up and we are able to make -- and this is at the moment, the biggest bottleneck, and I think -- I don't know -- I don't speak about MBDA. So you know much better than me about that thing. But if you see that since we are able -- and this is the most important thing to produce the rocket motors. This is the biggest bottleneck at the moment. It's not the electronics what I see, especially not in the -- with America.

The second point is we have a joint venture partner who is very familiar in producing that in America in bigger amount, yeah? Because, as you know, Europe usually had very small numbers, but the Americans had bigger ones. On the ATACMS, it's planned at the moment that we take over the assembly lines directly.

So we take it from America, we buy it into the joint venture and we really start about that. If you go that, this is only EUR1.2 billion to EUR1.5 billion. Very well qualified. Everything is in line. So I don't want to go too much into the details because the joint venture is not signed. But David, maybe you see that I'm not dreaming.

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**David Perry** - J.P. Morgan - Analyst

Okay. The second one, if I may. I'm surprised you didn't talk about the Ukraine ammo opportunity. Your IR team spoke about that on the preclose call about this. You --?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

I talked about that.

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**David Perry** - J.P. Morgan - Analyst

It's hard to keep up with you, Armin. It's hard to keep up with you. But one thing I was wondering about Ukraine is, for such a massive, massive ammunition order, why would they want to buy it from a third-party country, give you that much profit? And why not set up -- if it's really EUR50 billion, why not set up an indigenous capability or buy a license because they can do it in drones, they can probably do it in a lot of other areas. So just if you could talk to that, please?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. First of all, we will build up the factories. It will be not only one, it will be more. That we have planned in Ukraine. So it will be produced in Ukraine. And we will do that together with Ukraine defense industry, with UDI.

So -- and the second point is, for the NATO calibers, it's not as easy as people always have to have a full shot. To have modular charges, to have the powder, and we speak about full shots and to have the projectile. So to produce a drone is, I think, I can say much easier than to produce this powder and CCC technology, et cetera, et cetera. So that is the reason that they -- and they try to do it several times. A lot of other countries try to do it and said, okay, it's easy. It's -- I think they also say, there is no high entrance of border.

This is a very high hurdle. It's a very high hurdle, believe me. Otherwise, it would be easy for others, especially if you have a triple-based powders and NATO standard modular charges, not a lot of companies in the world are able to do that.

**David Perry** - *J.P. Morgan - Analyst*

Okay. And then the last one, if I may. I mean, I'm sure all the analysts on the call get the same questions from investors every day. Is Rheinmetall going to do EUR30 billion, EUR40 billion or EUR50 billion of sales in 2030. I don't know the answer to that. If you have the probability to weight those outcomes, what would you assign to each, please?

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**Armin Papperger** - *Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer*

To be conservative in this area, as I said, it would be more than EUR30 billion.

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**David Perry** - *J.P. Morgan - Analyst*

Could it be more than 40, I mean -- because there's top down and there's bottom-up execution. And what is your current realistic view of 2030?

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**Armin Papperger** - *Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer*

If all the contracts are coming, if all the factories are running and it could be also more than 40. But first of all, I want to reach more than 30.

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**Operator**

George McWhirter, Berenberg.

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**George McWhirter** - *Berenberg - Analyst*

I've got two, please. Firstly, on the US performance, on Loc performance. You mentioned that profitability was a bit better than expected. What sort of profitability did you actually achieve in the business? And the second question is on the large US contracts that you have outstanding. Can you just update us on the timing of the three contracts decision and potential size and if that's changed at all in recent weeks?

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**Armin Papperger** - *Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer*

Yeah. So first of all, Loc is doing very well. The profitability is good. As you know, if you see when we bought it, our calculations were lower than we reached at the moment. What is the reason for that? The -- first of all, we started immediately with some efficiency programs in the post-merger program, and the team is doing a great job in the United States. Second, they book, and this is also very interesting.

The Rheinmetall flag also in the US is a very good one. Pentagon came and said, okay, you are now part of a huge company, please, can you do some more for us? So this is the second point. It was very interesting some weeks ago when I had a look to all four factories, is how big these factories are, how much space we have and how much technology they have.

And I have seen nearly every vehicle of the US Army. They do chassis technologies on the Abrams, they work on the Bradley part, they work now also on the new XM30 part because, as you know, we want to produce the XM30 in one of these factories, the factory -- the space is prepared about that thing. So it's a very good mixture and I think we made absolutely the right decision.

Second point on the US big programs. So we are on time, on XM30 and the prototype production is running. So I have seen the first prototypes. We have a parallel program. And as you know, there are Chinese walls between the army and one team from the army is working with us. Another team is working with our competitors. And the feedback that we get at the moment is they are very happy. It's a very good technological solution. It's the new technology.

We do a lot with artificial intelligence. We do a lot with simultaneous engineering. We have good cyber protection, we have Digital Twin technologies. Everything is really running very well. They're very happy about that. So we are at the moment on time. And next year -- end of next year, the decision will be in '27. This is at the moment the timing. But I believe that end of next year, we get a smell who will win it. And yeah, in '27, we will see.

So my expectation is that we have a good chance. And my point is that we have to fight hard until the end because you only win if you are able to run a marathon in such a big program and not only the short way. We have to go the extra mile, but our team is doing that. And we have in between only on the vehicle side about 1,400 people working, which is a good team for XM30 and for CTT, and Loc is really focused on that stuff.

Maybe one thing which is also very interesting. One of our factories in South [Merritt], for example, is doing all the tracks for the US vehicles. They're doing all the rollers. They are doing all the bumper stuff. They're doing some gearbox parts about that. It's unbelievable, and I didn't expect it because I hadn't a view before I buy it. It was the first time that I was in that factory. It's unbelievable how deep the vertical integration in the US vehicles is.

But also note that if you spoke about missiles, in one of the factories, we produce the missile components, yeah? And we produce parts of the shelters. We produce components for the missile. We are able to produce nozzles for that, a lot of different things. So I'm happy with the investment.

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**Operator**

Dario Dickmann, HSBC.

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**Dario Dickmann - HSBC - Analyst**

I would have one on the missile joint venture. At the CMD, you mentioned the EUR3.5 billion potential just from Rocket Motors. And this now becomes a EUR5 billion potential in the JV structure for producing the whole missiles. Is this correct?

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**Armin Papperger - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer**

Yeah. That is absolutely correct. And as I said, it's not 50-50, but we deliver the rocket motors, so it stays on the rocket motor side. But we calculated the first steps for artillery rockets. But now we have a mixture.

And we have not only artillery rockets and as you know, the price of an ATACMS, let me say, up to EUR1.2 million, EUR1.3 million, but the price of a Hellfire is on a level of EUR200,000. So this is a different point, but it's better to have that mixture to fill the factory. And that is the reason that our calculation is now around EUR5 billion.

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**Dario Dickmann - HSBC - Analyst**

Okay. So it basically increased by EUR1.5 billion, but was a better margin since you have more vertical, more like that in the production?

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**Armin Papperger - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer**

It's a little bit like the ammunition profit on profit because the Americans buy in the rocket motor. We produce rocket motor now by ourselves. So we want to make profit with rocket motors for sure. And -- but the joint venture get the rocket motor for the same price than from the competitors, but we will make -- we have coverage in that for sure. So that's the reason that we want to make also profit.

**Dario Dickmann** - HSBC - Analyst

Okay. Great. And another one would be on the IT container detailed project for Germany. It seems that there should be a multibillion project. Could you share some additional details in that? And do you see some additional digitization efforts from countries like Netherlands, similar to the German one or opportunities for other countries?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. So first of all, you are absolutely right, the container program is a multibillion program. There are thousands of containers that they need, protected and unprotected containers. We have our own department or yeah, it's a business unit now in between, to produce that stuff. So we are producing the containers and we equip the containers.

This is a point which is very important. The production of the container is something. This is again, vertical integration, but the equipment with all the electronics and all the other things is a little bit like, call it, like a little bit D-LBO program, what we do on the vehicle side.

The second point is that I believe that at the end of the day, Europe will have a digital standard. This is not now, but there is a huge potential over the years, but only the German program, yeah, it's a really, really, really huge program. And if everything is running in, it's a double-digit billion program.

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**Dario Dickmann** - HSBC - Analyst

Okay. And all these orders you already got from digitization that are possibly up to EUR15 billion already, these are all for the current structure of the German army, right? So basically, the three divisions only.

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. If we need another two or three, if we need another two divisions or let me say, minimum two, three or four fighting brigades, nothing at the moment is planned inside. This is in the new planning. But for the new planning, I think we have to wait up to October because then I have the first chat with the Minister about that what he needs because in sometimes, yeah, and this is crazy really to say because all the figures are so huge, but in some areas, maybe he has to double the figures.

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**Dario Dickmann** - HSBC - Analyst

Okay. Great. And wouldn't Netherlands need a similar digitization effort due to the deep integration on the vehicle side with the German army?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. So not only the Netherlands, I think there are a lot of other armies, but we are, at the moment, not in negotiations with them.

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**Dario Dickmann** - HSBC - Analyst

Okay. Maybe as a last question on the put forward call-offs you mentioned in Q1, did this mainly come from Germany?

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**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. There is Germany. There is also some on the Ukrainian side. It's not only Germany, but it's a lot from them.

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**Operator**

Sash Tusa, Agency Partners.

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**Sash Tusa** - *Agency Partners LLP - Analyst*

Most of my questions have been answered. I mean just a follow-up on missiles and rocket motors. Can you just confirm, will you -- or will the joint venture be selling the missiles into Europe? Or is the joint venture effectively a production subcontractors of Lockheed Martin and they retain the sales links and the IP? And then really tied to that, do you envisage developing European variants of missiles or is it very much a build-to-print?

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**Armin Papperger** - *Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer*

First of all, the joint venture will sell -- we will sell it. It's not from the US. The joint venture will give it to the customer. And for example, if you see what happens at the moment also on -- if it is [pulls] or it is [high VAS] whatever, German government, but also on other governments, give it to a European OEM. So that -- and we create, let me say, Rheinmetall-guided, that's the reason that we have the majority and we will sell it to the point.

The second point, and that is the reason that we made the joint venture. Lockheed has a lot of technologies. We start with these technologies, and a lot of countries like Germany also want to have a Germanization in this area. So then we have to create, let me say, and we get, for sure, also then money if everything is going forward, that we make -- that everything is made happen to use it in the German Army, blah, blah, blah. So then a Germanization and then we build up also the R&D.

But if we want to start with an R&D program, we would not be able to deliver. And that would be too late. So therefore, we have to start exactly with that what we said. As I said, the idea at the moment is to produce the ATACMS very soon, built-to-print from the US standard.

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**Sash Tusa** - *Agency Partners LLP - Analyst*

And just a follow-up. So you think ATACMS is a higher priority for European customers or particularly Germany than rebuilding stocks of GMLRS?

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**Armin Papperger** - *Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer*

The ATACMS has a 300-kilometer version and the GMLRS, at the moment, is used on 150, so they want to have a long distance. They speak in Germany also about 500, 600-kilometer. Only PrSM at the moment is on the way to have this 600, 500-kilometer solution. They speak also about 2,000 kilometers, but there are still dreams. This is nothing what you really can have into your stocks now. So -- and -- so that is the reason that we said, okay, we focus on both GMRLs also. And as I said, we plan to have a capacity of minimum 2,500 GMRLs missiles also.

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**Operator**

Sven Weier, UBS.

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**Sven Weier** - *UBS - Analyst*

Two follow-ups, please. The first one, I mean, we now talked a lot about Lockheed, obviously, but you also have partnerships with Northrop and [Ray]. I was just wondering, could we have similar cooperations with these? That's the first one.

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah. So this is possible. But first of all, and this is the point where we have a very clear structure and a very clear win-win situation. That is the reason that we spoke about, or I speak about this Lockheed deal. We are in negotiations with other companies, and we will see what's coming out. But at the end of the day is the two things that I told you, Lockheed, Rheinmetall is prepared to create this joint venture. Lockheed and ICEYE -- Rheinmetall and ICEYE is prepared to create this joint venture under the lead. With other companies, we are not as far. So I can say nothing about that.

**Sven Weier** - UBS - Analyst

On this 2030, I mean I get the focus on the year, I do the same. But I mean, would you agree with me that also when you think about NATO capabilities, right? I mean, they're not only all going to be achieved in one year, that's probably going to stretch out over many, many years, that 2030 is just like an interim step, whatever the revenue number is going to be, it's likely to be higher in the mid-30s?

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Yeah, it must be because we are not able to deliver everything up to 2030. It must be, I'm sure you're 100% right.

**Operator**

Ladies and gentlemen, that was the last question. I hand back to Mr. Armin Papperger for any closing remarks. Thank you.

**Armin Papperger** - Rheinmetall AG - Chairman of the Executive Board, Chief Executive Officer

Thank you, ladies and gentlemen. Happy to see you very soon in the next conference. A lot of things, busy days about that, but very, very happy and we have to deliver. And as I always said, we have to serve NATO, we have to serve Europe and we have to protect our democracy. Thank you for your time for Rheinmetall, and I hope I see you soon. Thank you very much.

**Klaus Neumann** - Rheinmetall AG - Chief Financial Officer

Thank you.

**Operator**

Ladies and gentlemen, the conference is now over. Thank you for choosing Chorus Call and thank you for participating in the conference. You may now disconnect your lines. Goodbye.

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