

May 4, 2023

Financial report on Q1 2023:

Rheinmetall launches into fiscal year with growth in sales – Guidance for year confirmed

- Consolidated sales grow by around 7.6% to €1.4 billion
- Operating earnings at €73 million
- At-equity result down €29 million
- Operating margin down on previous year at 5.4% (7.3%)
- Operating free cash flow improves by €357 million to € -105 million
- Rheinmetall's backlog rises 8.0% to more than €28 billion
- Guidance for 2023 confirmed

Rheinmetall AG, Düsseldorf, has continued to grow its business volume in the first quarter of 2023. Operating free cash flow set a new record for a first quarter. In view of the current market situation and its full order books, the technology group is well on its way to achieving its targets for the year and for further improvements in sales and income alike in the current fiscal year.

Management is confirming the Rheinmetall Group's current guidance for both sales and the operating margin this year.

Armin Papperger, CEO of Rheinmetall AG, said of the company's performance: "We are still on track to achieve our ambitious targets for sustainable, profitable growth. Many countries are expanding their military procurement. The historical turning point and the resulting increase in military demand are beginning to manifest themselves in the form of specific successful orders. With its wide range of technologies, Rheinmetall is promisingly positioned to play a key role as a leading military supplier in the long term – both for Germany and its partner nations. Thanks to our comprehensive capacity, we are well prepared to meet the rise in demand and to provide armed forces with the equipment they lack."

"We are grateful to be a dynamic partner to the German government – both in empowering the German armed forces in line with requirements and in supporting Ukraine. Our products allow us to provide the country with effective assistance in its defense struggle: Our supplies to Ukraine extend from air defence to main battle tanks and infantry fighting vehicles as well as the associated ammunition, from military trucks and sensors to mobile field hospitals," said Armin Papperger.

Rheinmetall Group: Sales rise by 7.6%

Consolidated sales increased by around €97 million or 7.6% year-on-year to €1.4 billion in the first quarter of 2023 (previous year: €1.3 billion).



► Key facts

- ▷ Consolidated sales up 7.6% year-on-year at €1.4 billion
- ▷ Consolidated operating earnings amount to €73 million
- ▷ Earnings margin at 5.4%
- ▷ Operating free cash flow improves by €357 million
- ▷ Forecasts for fiscal 2023 confirmed

► Contact

Dr. Philipp von Brandenstein
Head of Corporate
Communications
Rheinmetall AG
Tel.: +49 (0)211 473 4320
philipp.vonbrandenstein@
rheinmetall.com

► Social media

 @Rheinmetallag
 @Rheinmetallag

Operating earnings were down by €19 million on the previous year's figure of €92 million at €73 million. This development resulted in particular from negative earnings contributions from the Chinese joint venture and another associated company. In addition, staff payments to compensate for inflation had a negative impact on earnings. These effects were mitigated by the earnings performance achieved by the Electronic Solutions and Vehicle Systems divisions, thanks to margin increases and an improved product mix. Operating earnings excluding at-equity results improved by 12.6%.

Due to the above-mentioned negative at-equity contributions, the Group's operating margin declined to 5.4% (previous year: 7.3%).

Basic earnings per share from continuing operations increased year-on-year to EUR 1.15 (previous year: EUR 1.08).

Operating free cash flow set a new record for a first quarter, improving significantly by €357 million to €-105 million after €-462 million in the same quarter of the previous year. The positive development primarily resulted from high customer payments for projects.

Rheinmetall's backlog rose significantly by 8.0% year-on-year from €26,097 million to €28,194 million. In addition to orders on hand, Rheinmetall's backlog also includes the call-offs expected from framework agreements in place with military customers and the potential from contracts with civilian clients (nominations).

The value of Rheinmetall's nominations declined by 8.3% year-on-year to €3,104 million in the first quarter of 2023 (previous year: €3,385 million). Rheinmetall's nominations comprise classic incoming orders as well as the volume from future call-offs under new framework agreements entered into with military customers and new contracts with civilian clients (nominations).

Order intake in the Weapon and Ammunition division in particular was at an unusually high level in the same period of the previous year as a result of the largest single order in its history from Hungary. Adjusted for this effect, order intake increased significantly in security business to around €1.5 billion this year.

Vehicle Systems: Nominations more than double

Sales in the Vehicle Systems division, which operates in military wheeled and tracked vehicles, were up by €62 million or 15.5% at €462 million in the first quarter of 2023. In particular, the increase in sales is thanks to comprehensive refurbishment programs that serve to provide combat vehicles for Ukraine as well as the program to deliver the Lynx infantry fighting vehicle in Hungary and deliveries of materials to build Fuchs armored personnel carriers.

Rheinmetall's nominations – the total of order intake and the volume of new framework agreements entered into with military customers – increased by €831 million as against the previous year to €1,229 million. This significant increase in order intake essentially results from new large orders (in particular deliveries under the Leopard 2 project for Norway and the upgrading of Puma infantry fighting vehicles in Germany) and from a framework agreement for military trucks acquired in Austria.

The division's Rheinmetall backlog – the total of orders on hand and the call-offs expected from framework agreements in place with military customers – was down by €244 million or 1.9% year-on-year at around €12.7 billion as of March 31, 2023. Operating earnings improved from €29 million to €42 million in the first quarter of 2023 and the operating margin was up on the previous year's level at 9.1% (7.2%).

Weapon and Ammunition: Backlog rises to over €5 billion

The Weapon and Ammunition division generated sales of €238 million in the first quarter of 2023, down by €19 million or 7.5% on the figure for the previous year. The year-on-year decline relates in particular to export licenses for a foreign subsidiary that have yet to be issued at this time. Rheinmetall's nominations declined by €913 million to €603 million in the first quarter of 2023. The previous year's figure was unusually high, thanks above all to the division's largest single order to date from Hungary. In particular, major new orders received in the first quarter of 2023 related to an ammunition order for the Gepard anti-aircraft tank and weapon systems for the Norwegian Leopard 2. The division's Rheinmetall backlog increased by €571 million or 11.5% to around €5.6 billion as of March 31, 2023 (previous year: €5.0 billion).

Operating earnings declined by around €8 million to €24 million in the first quarter of 2023 (previous year: €32 million), essentially as a result of lower investment income than in the previous year. The operating margin thus declined from 12.3% to 10.1%.

Electronic Solutions: Operating margin more than doubles

The Electronic Solutions division, which produces solutions in the field of armed forces digitalization, infantry equipment, air defence and simulation, increased its sales by around 20% or €33 million to €201 million in the first quarter of fiscal 2023 (previous year: €168 million). The positive development is attributable to the projects for the Lynx infantry fighting vehicle for the customer country Hungary and the major "armed forces combat helmet" contract. Rheinmetall's nominations increased by €7 million or 2.0% year-on-year to €330 million. Key incoming orders in the first three months of 2023 included an order in connection with the modernization of the Puma infantry fighting vehicle and deliveries for the Leopard 2 program for Norway. The division's Rheinmetall backlog amounted to around €3.3 billion on March 31, 2023, up by 19.1% on the prior-year figure (€2.8 billion).

Operating earnings climbed by €6 million to more than €10 million in the first quarter of 2023 (previous year: €4 million) and the operating margin more than doubled to 5.0% (previous year: 2.2%). The increase is as a result of sales growth and a better product mix.

Sensors and Actuators: Booked business still at a high level

Sales in the Sensors and Actuators division, which provides solutions for industrial applications and e-mobility as well as components and control systems for emissions reductions, increased by €16 million or 4.5% year-on-year to €363 million in the first quarter of 2023. The sales growth essentially resulted from price and volume increases in the Europe region. Booked business was stable year-on-year at around €1.0 billion in the first quarter of 2023 (previous year: €1.0 billion). The nominated backlog, i.e. the volume of call-offs expected from customer agreements, climbed by 22.8% to €8.2 billion (previous year: €6.6 billion) as of March 31, 2023.

Operating earnings were down by half at €13 million in the first quarter of 2023 (previous year: €26 million). The significant decline relates in particular to higher prices for raw material that can be passed on to customers only after a delay. The operating margin thus fell to 3.5% (previous year: 7.5%).

Materials and Trade: Sales continue to rise

The Materials and Trade division, which supplies plain bearings and structural components as well as handling global aftermarket business, increased its sales to €198 million in the first quarter of 2023, outperforming the figure for the previous year by €8 million or 4.0%. The slight increase in sales relates in particular to volume growth in the Trade business unit. Booked business amounted to €191 million in the first three months of fiscal 2023, a decline of 9.2%

compared to the same period of the previous year (€210 million). The nominated backlog was down slightly by 1.8% at around €0.6 billion as of March 31, 2023 (previous year: €0.6 billion).

The operating earnings of the Materials and Trade division decreased by €5 million or 28.2% to €12 million in the first quarter of 2023. The operating margin declined to 5.8% (previous year: 8.4%) as a result of the sharp drop in the at-equity result of the Chinese joint venture.

Outlook: Current forecast for year confirmed

After the first three months of fiscal 2023, Rheinmetall is confirming its current forecasts for year that were communicated when the 2022 annual report was published on March 16, 2023. The guidance provided in the 2022 annual report is unchanged at both Group and segment level.

The Rheinmetall Group is still forecasting sales growth for the current fiscal year to between €7.4 and €7.6 billion and anticipates an improvement in operating earnings and an operating margin of around 12%.

Forward-looking statements and forecasts

This press release contains forward-looking statements. These statements are based on Rheinmetall AG's current estimates and forecasts and the information available at the time. Forward-looking statements are not a guarantee of future performance or the results indicated. Rather, they are dependent on a number of factors, entail various risks and uncertainties, and are based on assumptions that may prove to be incorrect. Rheinmetall is under no obligation to update the forward-looking statements in this press release.