



# Rheinmetall Group Corporate Presentation

May 2019



# Rheinmetall Group structure

**Group performance indicator**

|                             |                     |
|-----------------------------|---------------------|
| Grow sales around 8%        | ~8% op. margin      |
| Targeted 2-4% Cash on sales | 30-35% payout ratio |

## RHEINMETALL GROUP

**Strategy roadmap**

|                        |                         |
|------------------------|-------------------------|
| Organic growth         | International expansion |
| Leading by innovations | Targeted acquisitions   |

**AUTOMOTIVE**  
*Our heart beats for your engine*

|            |         |     |
|------------|---------|-----|
| Op. margin | €2,930m | 48% |
| 8.9%       | €265m   | 53% |
|            | *€478m  |     |
|            | 11,710  | 51% |

\* Short-term; \*\*Headcount at capacities;






2018

**DEFENCE**  
*Force protection is our mission*

|               |     |         |            |
|---------------|-----|---------|------------|
| Sales         | 52% | €3,221m | Op. margin |
| Oper. Result  | 47% | €247m   | 7.9%       |
| Order backlog |     | €8,577m |            |
| Headcount**   | 49% | 10,948  |            |

## Q1 2019 Group commercial highlights

### Solid operational performance and improved cash flow

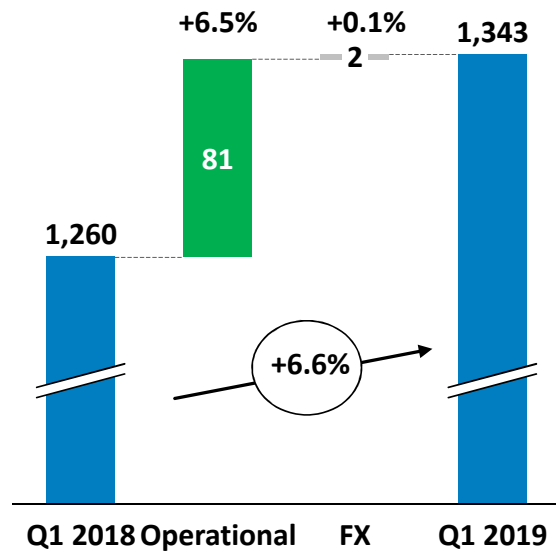
| Order backlog   | Sales   | Operating result  | EPS  | oFCF  |
|---|---|---|--|---|
| €9.1bn  +26% | €1.3bn  +6%* | €54m  +15% | €0.74  +35% | €-128m  +55% |

- Order backlog increased 26% y-o-y
- Sales climbed 6.5% at \*constant exchange rates (reported 6.6%) to €1,343m
- Operating result progressed €7m to €54m lifting margin to 4.0%
- EPS increased by 35% to €0.74
- Operating FCF improved materially from €-287m to €-128m
- FY Guidance confirmed

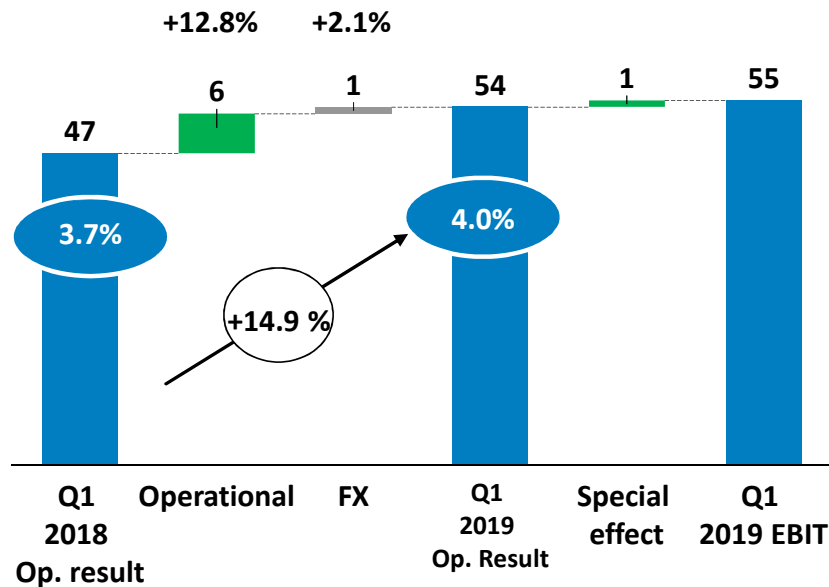
# Q1 2019 Group commercial highlights

## Higher operating result drove EPS by almost 35%

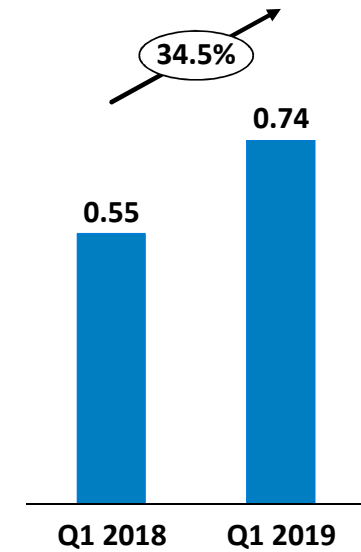
**Sales**  
in €m



**Operating result** in €m  
**Operating margin** in %



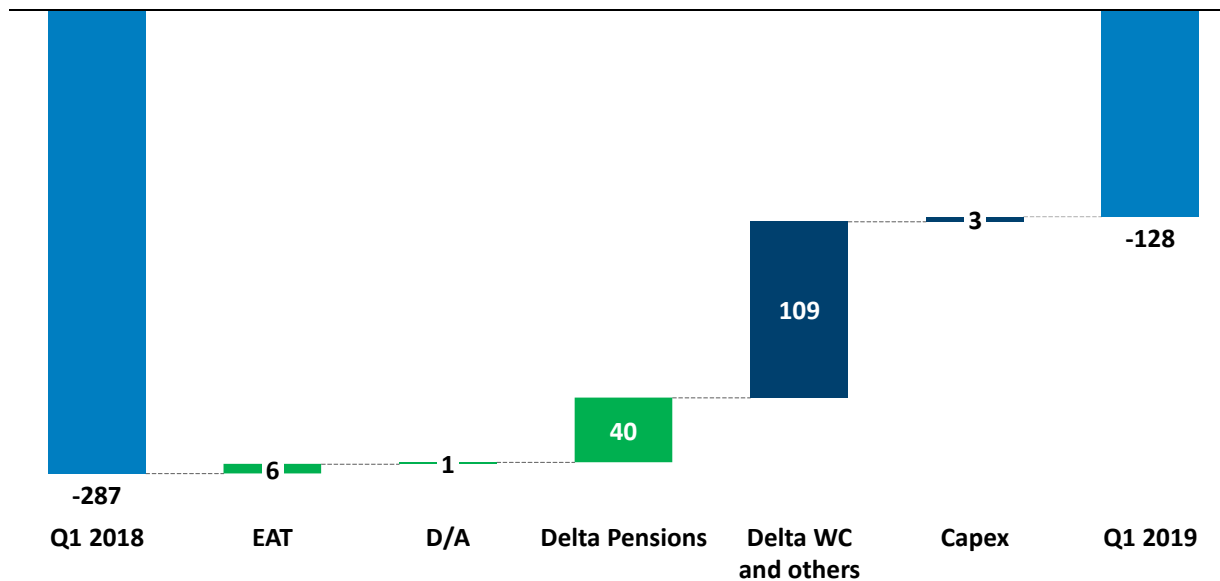
**Earnings per share**  
in €



## Q1 2019 Group commercial highlights

# Working capital optimization main driver for cash flow improvement

■ Operating free cash flow bridge  
in €m

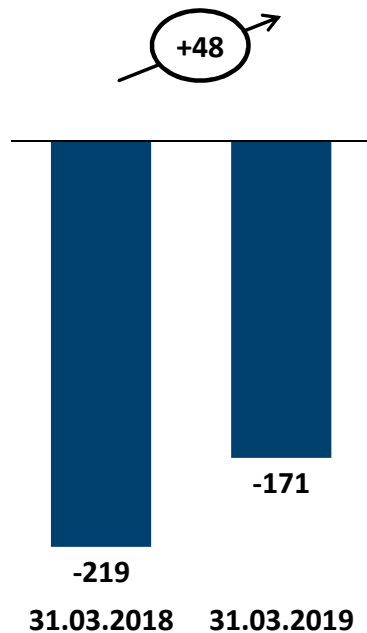


- No CTA funding in Q1 2019
- Working capital inflow especially from Defence

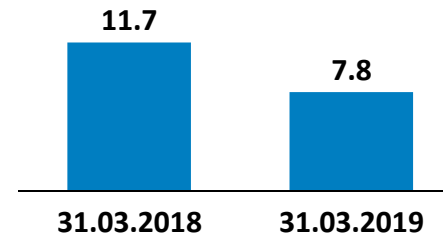
# Q1 2019 Group commercial highlights

## KPI improvement continues

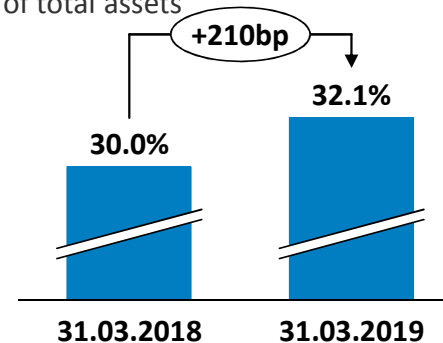
**Net debt**  
in €m



**Net Gearing**  
Net debt in % of total equity



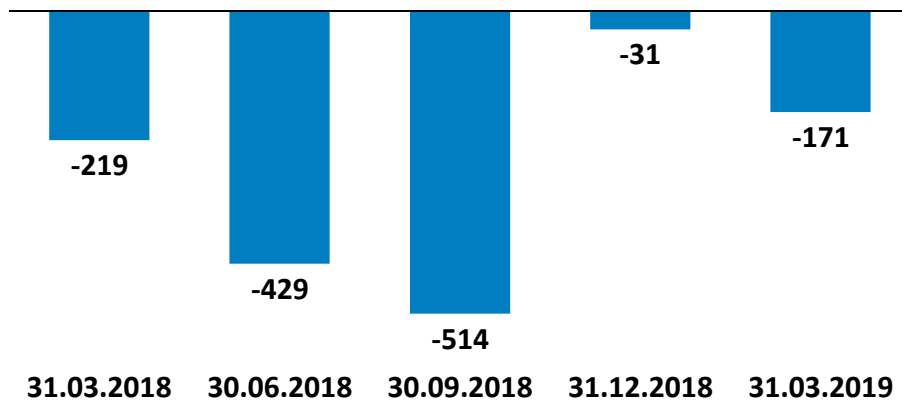
**Equity ratio**  
in % of total assets



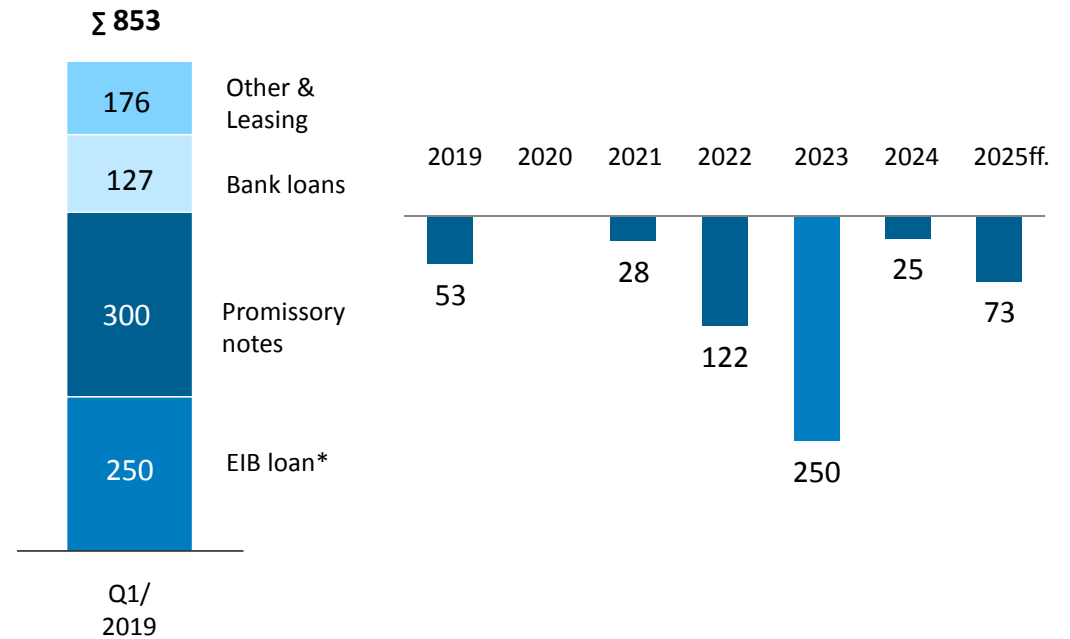
# Q1 2019 Group commercial highlights

## Typical seasonal increase of net debt

**Net financial debt**  
in €m at quarter-end





**Debt composition and maturity profile**  
in €m



\*€250 m EIB loan (0.962% coupon) maturing in August 2023

# FY 2019 Guidance

## Guidance confirmed

|  | Sales                                     |  | Operating margin |               |
|--|---|--|------------------|---------------|
|  | 2018<br>Growth y/y in % at<br>constant FX | 2019e<br>Growth y/y in % at<br>constant FX | 2018<br>in %     | 2019e<br>in % |
| <b>Group</b>   | 6.1                                       | 4 – 6                                      | 8.0              | around 8      |
| <b>Automotive</b>  | 4.2                                       | 0 – 1                                      | 8.9              | around 8      |
| <b>Defence</b>    | 7.9                                       | 9 – 11                                     | 7.9              | 8.0 – 8.5     |

Operational growth at constant FX; Assumptions: no hard Brexit; no escalation of trade wars





## **Automotive – Focus on innovation**

# Automotive with leading technology and market positions

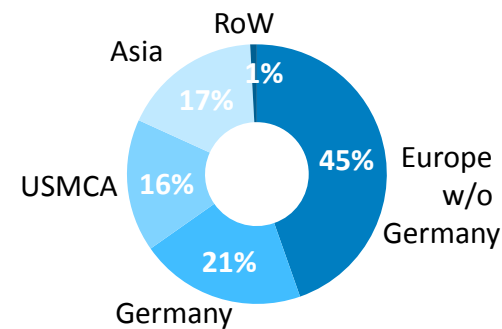
## Key Figures

|             |        |
|-------------|--------|
| Sales:      | €2.9bn |
| Op. result: | €262m  |
| Op. margin: | 8.9%   |
| R&D:        | €157m  |
| Capex:      | €161m  |
| Headcount:  | 11.710 |

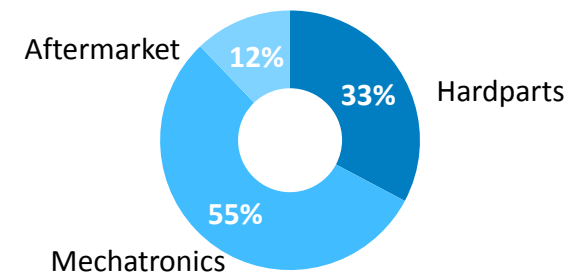
## Structure

| Hardparts       |                             |
|-----------------|-----------------------------|
| Pistons         | Large-bore Pistons          |
| Bearings        | Castings                    |
| Mechatronics    |                             |
| Pump Technology | Automotive Emission Systems |
| Solenoid Valves | Commercial Diesel Systems   |
| Actuators       |                             |
| Aftermarket     |                             |

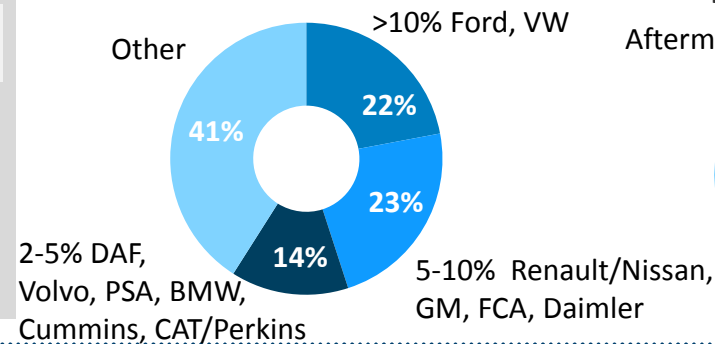
## Sales by region



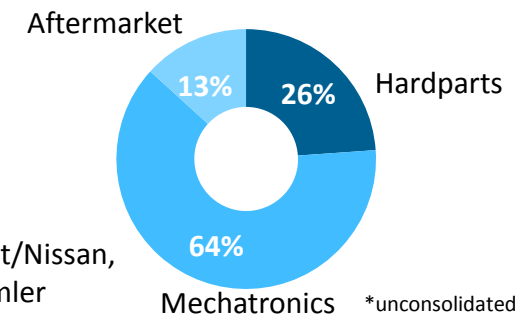
## Sales by division\*



## Sales by customer

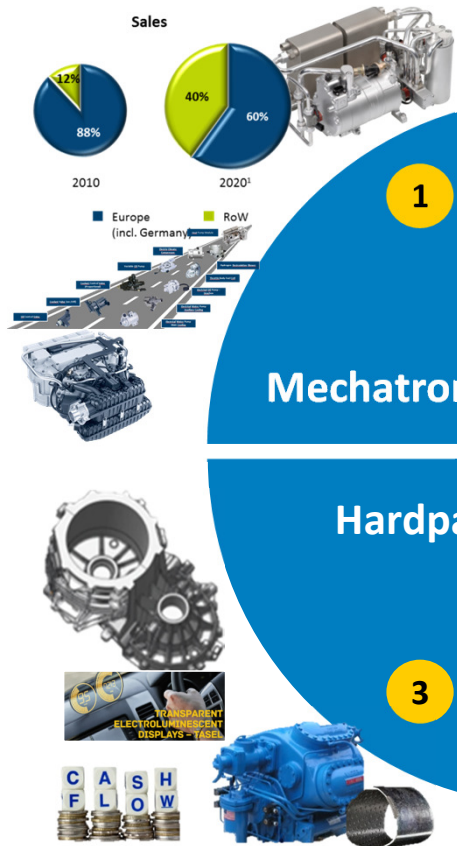


## Operating result by division\*



All figures refer to FY 2018

# Overview Rheinmetall Automotive



**1**

## Mechatronics

- **Legislation** is driving the business
- **International** market offer great **growth potentials**
- E-Mob and Diesel impacts
- Preserve **technological leadership** (thermo-mgmt., HV/EV competences)
- **New products** pipeline fully loaded

**3**

## Hardparts

- **Manage-for-cash** strategy for engine component segment
- Re-investment and growth by **diversification** & transformation
- **Optimize** global footprint

- Gain bigger share in **NEV** market
- Growth strategy outperforming Chinese market development
- Build up strong **local engineering / R&D** capabilities
- Environmental challenges

**2**

## China

- Optimize In-house production
- Focus on high tech products and **expand product portfolio**
- Increase sales through **new sales channels** and customers
- Implement BU (Matrix) organization and optimize processes / project management

**4**

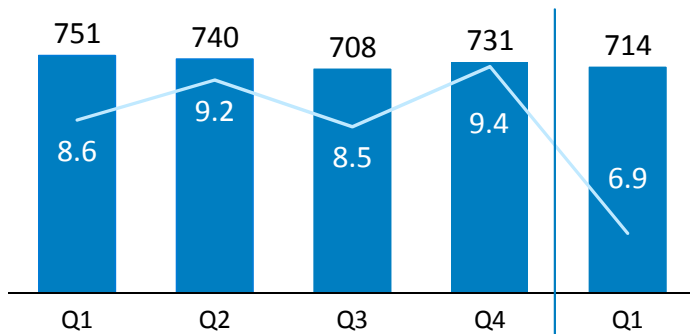
## Aftermarket



# Q1 2019 Highlights: Automotive

## Q1 sales in line with expectations, operating result slightly better

### Quarterly sales and margin development



### Comments on quarterly performance

- Sales decline of -4.9% (FX-adjusted -5.4%) in line with a contracting market environment (Global LV production: -5.7%) and comparing to a strong previous year quarter
- Expected reduction of operating result to €49m, with margin declining to 6.9%, but better than anticipated
- OFCF impacted by preparation of SOP later this year and extended supply chains

| In €m                    | Q1 2018 | Q1 2019 | Δ       |
|--------------------------|---------|---------|---------|
| Sales                    | 751     | 714     | -4.9%   |
| Operating result         | 65      | 49      | -24.6%  |
| Operating margin in %    | 8.6%    | 6.9%    | -174 bp |
| Operating Free Cash Flow | -50     | -76     | -52.0%  |
| Operating FCF / Sales    | -6.7%   | -10.6%  | -399 bp |

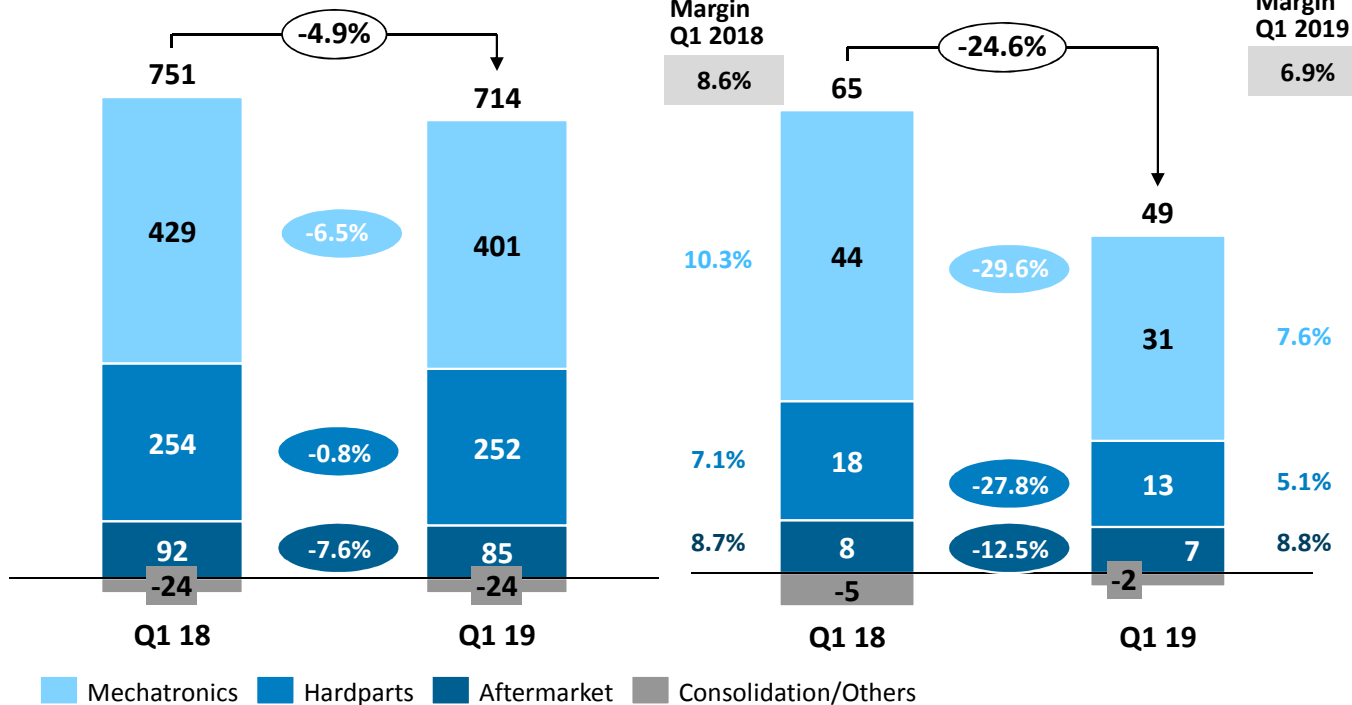
Q1

# Q1 2019 Highlights: Automotive

## All three divisions impacted by a slow market environment

**Sales Automotive**  
in €m

**Operating result Automotive**  
in €m



### Mechatronics

- Sales slower than market on particular customer order pattern
- Negative leverage additionally held back by start up cost and E-mobility R&D expenses

### Hardparts

- Bearings suffered from Diesel related sales decline
- Ramp-up and lower at equity contribution burden result

### Aftermarket

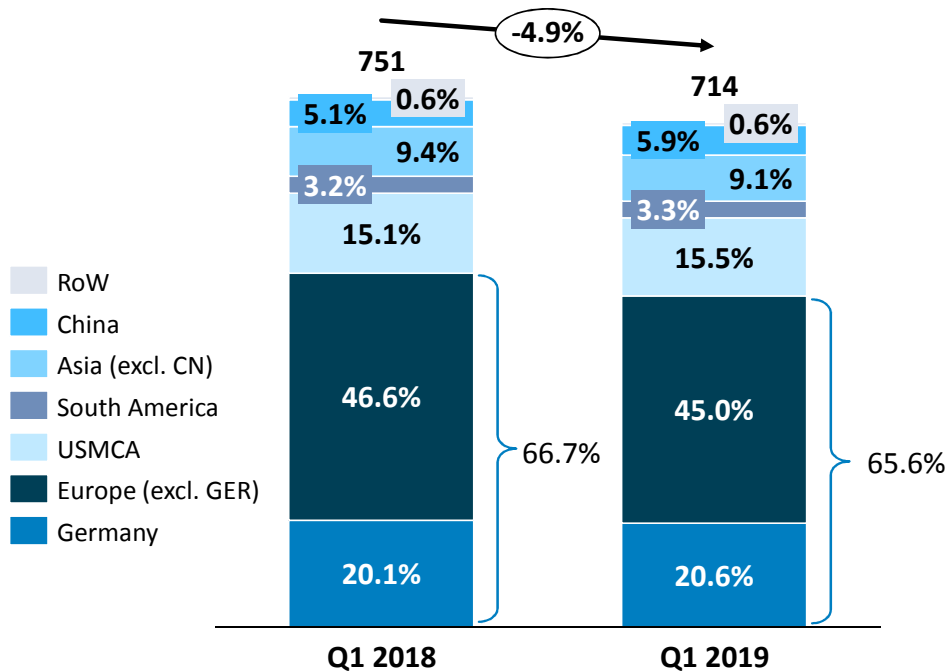
- Slow start to the year, mainly in Western Europe and Asia

# Q1 2019 Highlights: Automotive

## Automotive sales follow weak global LV production pattern

### Regional sales development Automotive

in €m

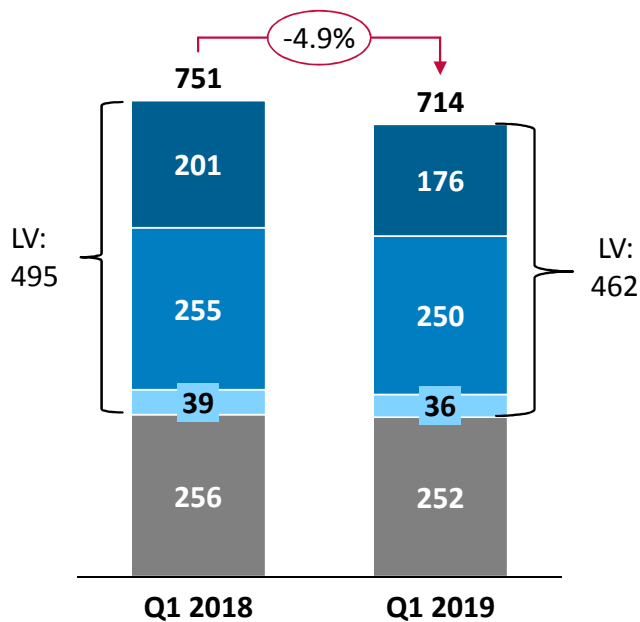


- Weak market environment, global LV production declined by 5.7% ↓
- Diesel and WLTP still burdened Europe in Q1 ↓
- Ramp-up of electrical pumps in Germany and China supportive ↑

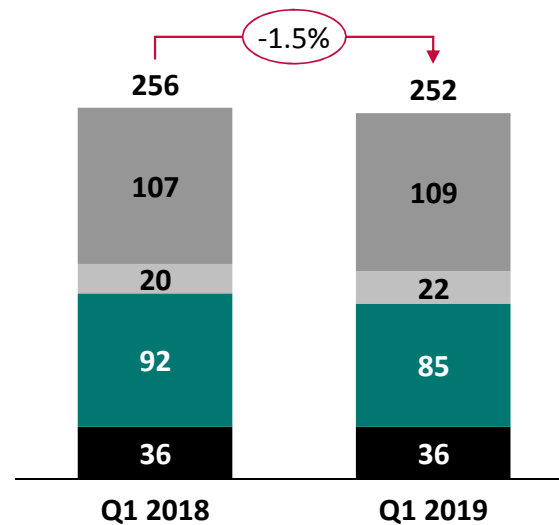
# Q1 2019 Highlights: Automotive

## Truck and other businesses helped mitigating the LV sales decline

■ Sales split LV/ Non-LV  
in €m / in %



■ Sales split Non-LV  
in €m / in %



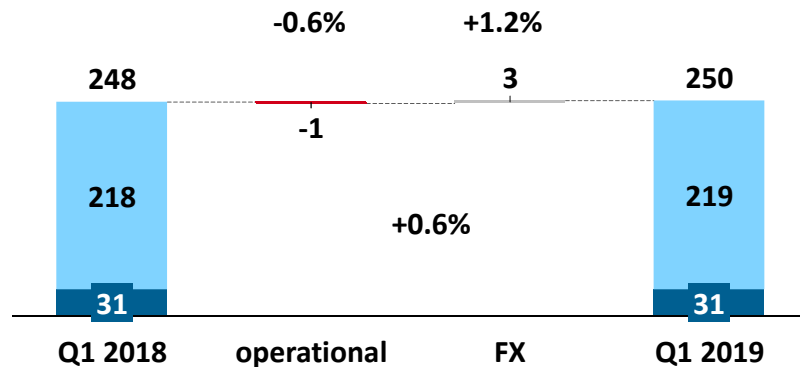
|                        | absolut    | Delta in %   |
|------------------------|------------|--------------|
| Diesel                 | -25        | -12.4%       |
| Gazoline               | -5         | -1.9%        |
| other LV               | -3         | -7.7%        |
| <hr/>                  |            |              |
| <b>LV Business</b>     | <b>-33</b> | <b>-6.7%</b> |
| Truck                  | +2         | +1.9%        |
| Large Bore             | +2         | +10.0%       |
| Aftermarket            | -7         | -7.5%        |
| other                  | +/-0       | +/-0 %       |
| <hr/>                  |            |              |
| <b>Non-LV Business</b> | <b>-4</b>  | <b>-1.5%</b> |

**3.1%** (Net change in Non-LV Business)

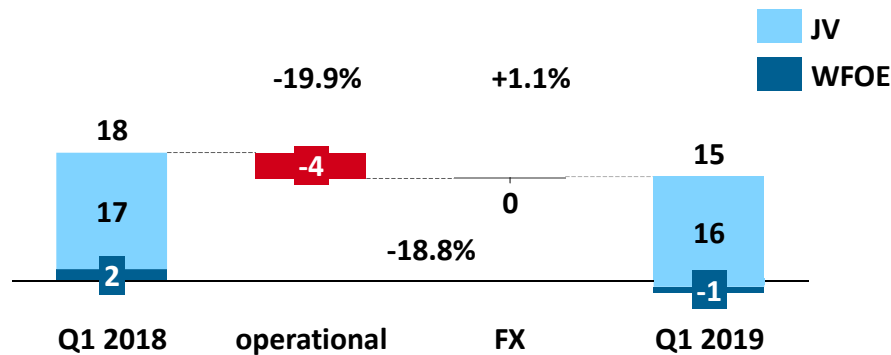
# China

## Rheinmetall successfully managed China market crash in Q1

### Sales in €m



### EBIT in €m



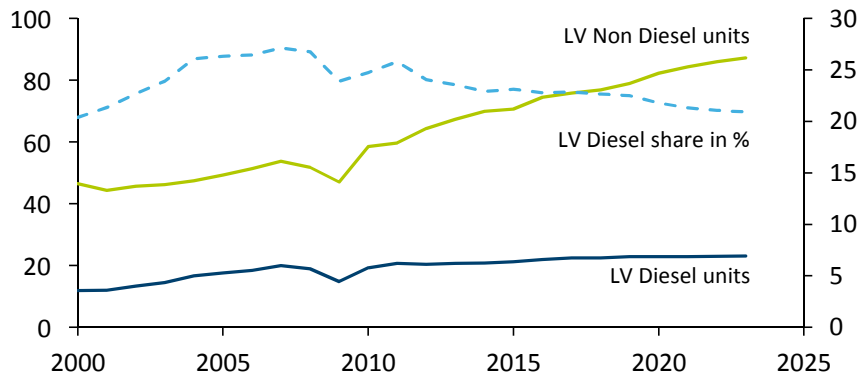
- Sales stable on previous year level (-0.6% FX-adjusted) vs. a crashing Chinese LV-market of -12.1%
- Q1 without major adverse FX-effects on sales and EBIT
- JV sales include higher demand for Mechatronics products continued, e.g. ramp up of electronic pumps
- Hardparts suffered from market driven sales decline
- EBIT impacted by low margin WFOE trading sales

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

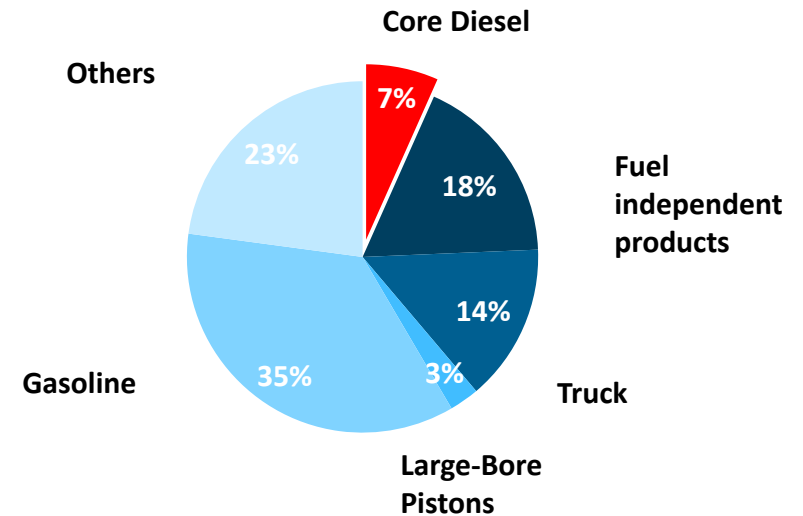


## LV Diesel exposure limited; powertrain neutrality is the strategic target

### ■ Combined global engine production forecast\*



### ■ Automotive sales distribution by engine type\*\*



### ■ Further regulatory pressure expected

- 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

**Benefitting from OEM's effort to reduce emissions and to avoid penalties**

\* IHS: Combined Engine Production Forecast April 2017

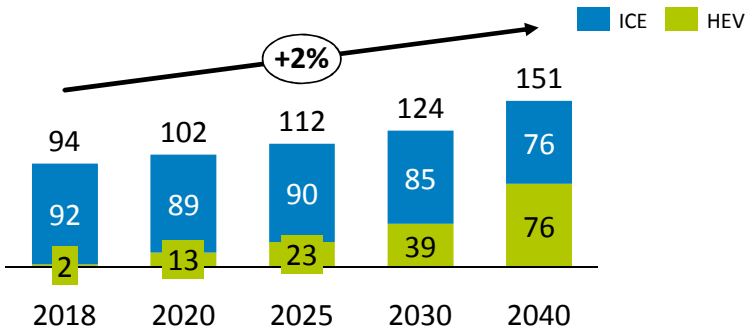
\*\* Rheinmetall Automotive sales FY 2018

# Drivers for growth

## Rising global fleet and regulatory restrictions are supporting our growth

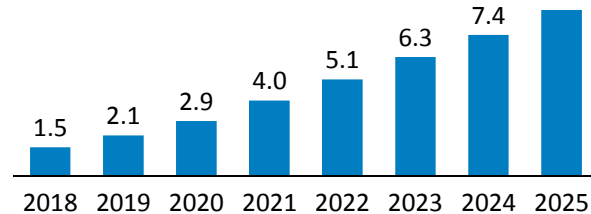
### Light vehicle production grows

million vehicles per year



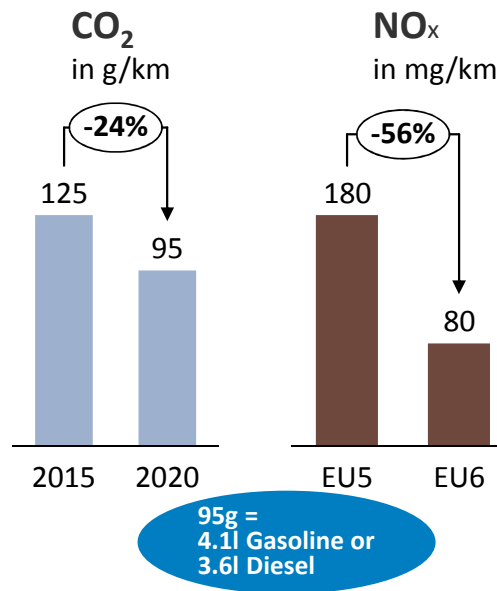
### BEV 2017-2025

million vehicles per year



IHS and company estimates

### Emission thresholds decrease



### Stricter emission testing



Mainly EU!



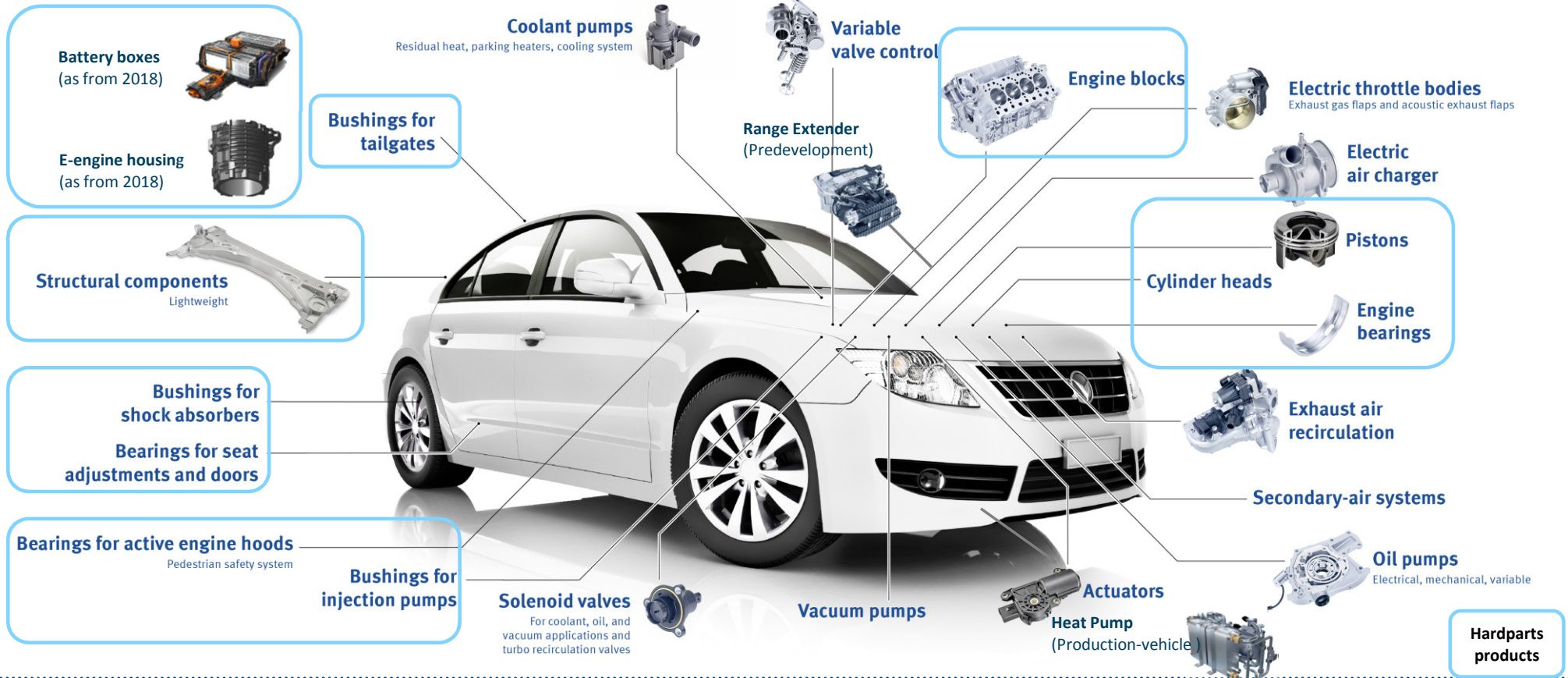
Stricter testing sets the benchmark even higher!

# Broad product range for alternative drive systems

Enlarging the traditional product portfolio for combustion engines ...

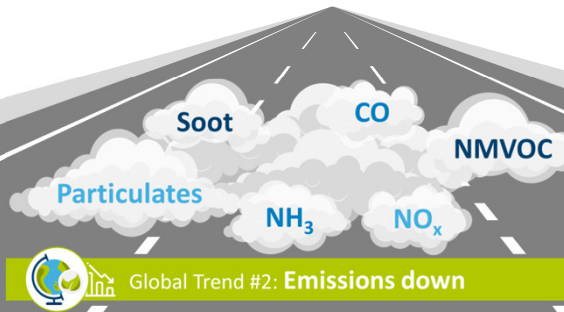
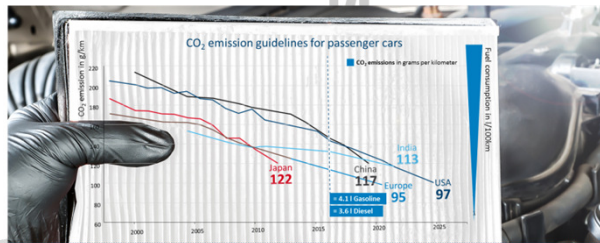
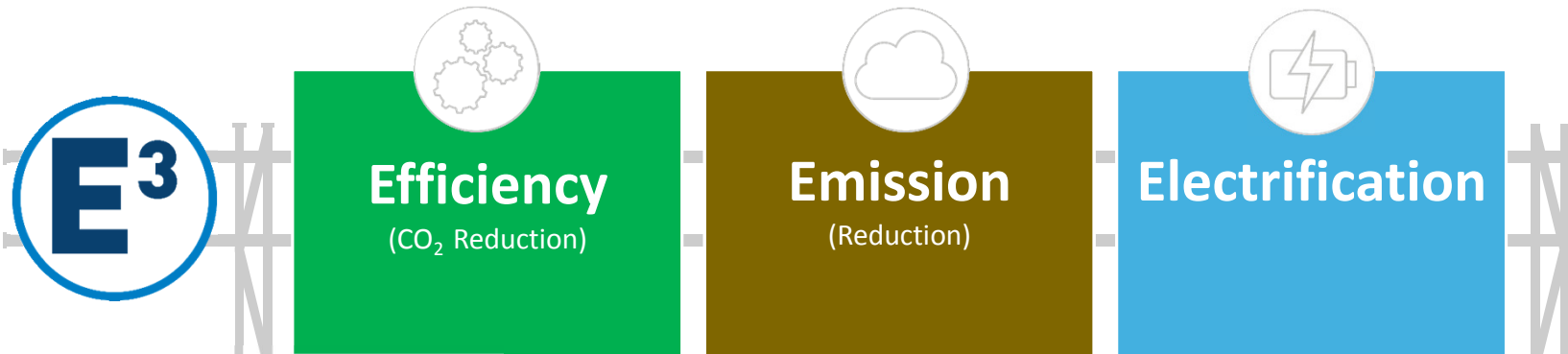


... by products for hybrid and electric engines



# Market trends

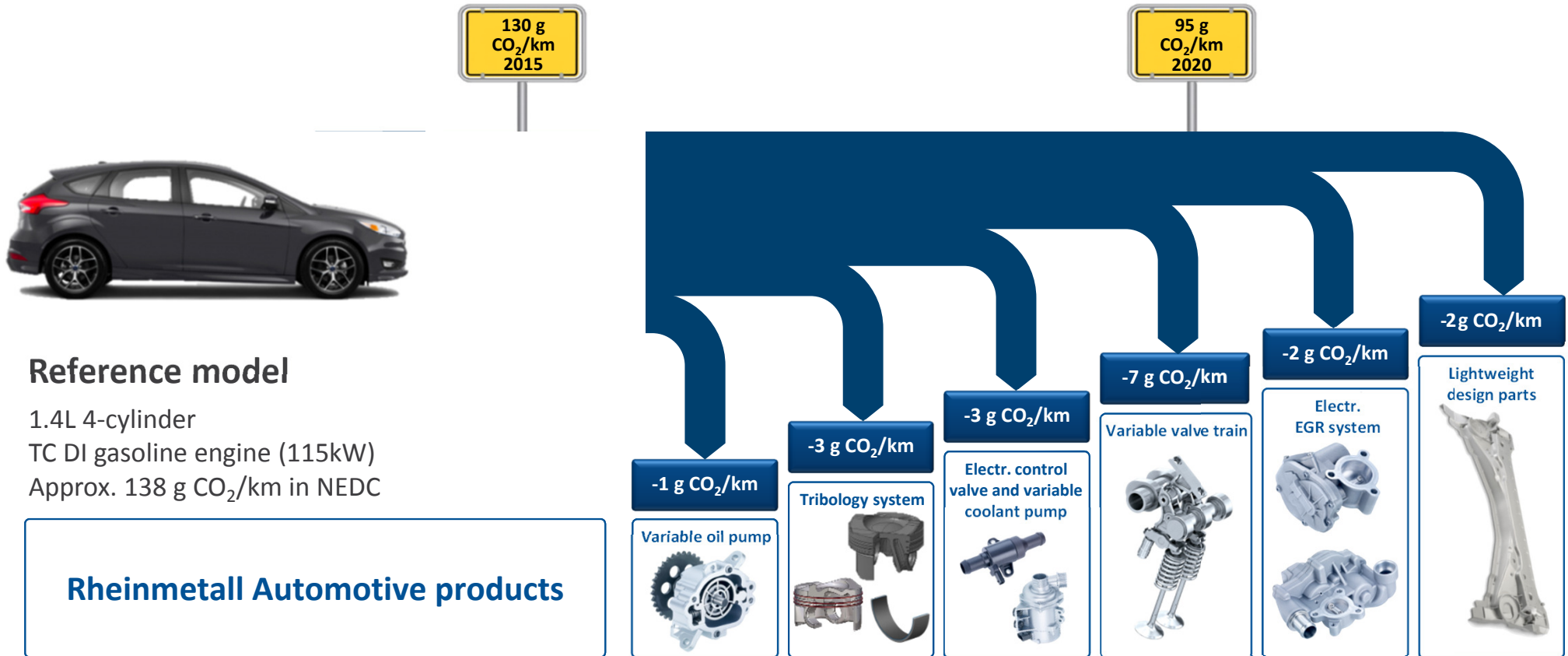
## The growth drivers of Rheinmetall Automotive



**The innovation pipeline for all three trends is packed!**

# Efficiency

## CO<sub>2</sub> - reduction with Automotive products – gasoline engine vehicle



# E-mobility competence underlined by contracts and by initiatives for new solutions

## ■ Contract volume for electric vehicles (EV)\*

**€ ~800 m**

- Lifetime order value
- € ~250m BEV, € ~550 m Hybrid

### E-Taxi London

Pump technology for pure electric taxis



### Battery cell boxes

Aluminum battery boxes for German premium OEM



### Electric engine housing

Electric engine housing for German premium OEM to serve the Chinese market



\* Rheinmetall Automotive and Joint Ventures

# Truck

## Our current product portfolio

**Truck sales in €m**

|      |      |      |
|------|------|------|
| 275  | 386  | 424  |
| 2014 | 2016 | 2018 |

Labels for components include: Main coolant pumps, Auxiliary coolant pumps, Electrical oil pumps, Bearings for seat adjustments and doors, Permaglide bearings for truck compressors and truck hydraulics, Exhaust gas flaps, Hydraulic valves, Bushings for injection pumps, Coolant valves, Variable valve control, Aluminum pistons, Steel pistons, Piston rings (Cooperation with Riken), Cylinder bore coating, Main-bearings, Connecting rod bearings, EGR cooler modules and mixer modules, Dual poppet valves, EGR reed valves, High performance actuators, Pressure regulating valves, and Electrical bypass valves.

# 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**

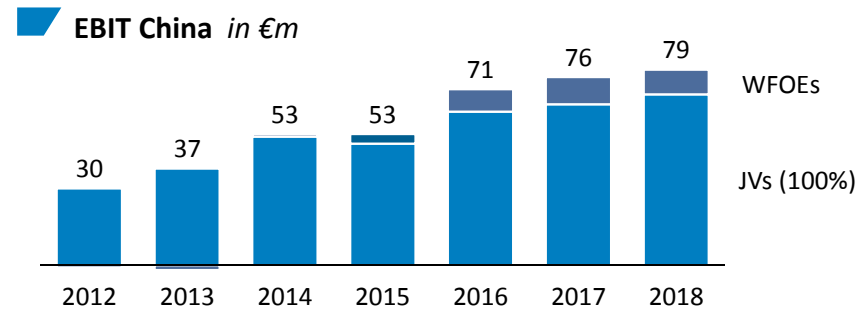
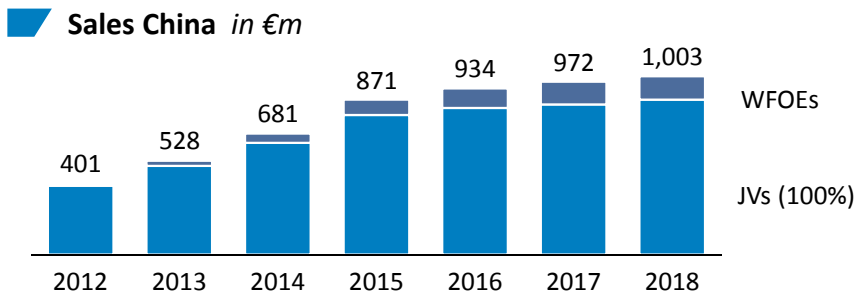


**Global supply of spare parts**



# Automotive in China

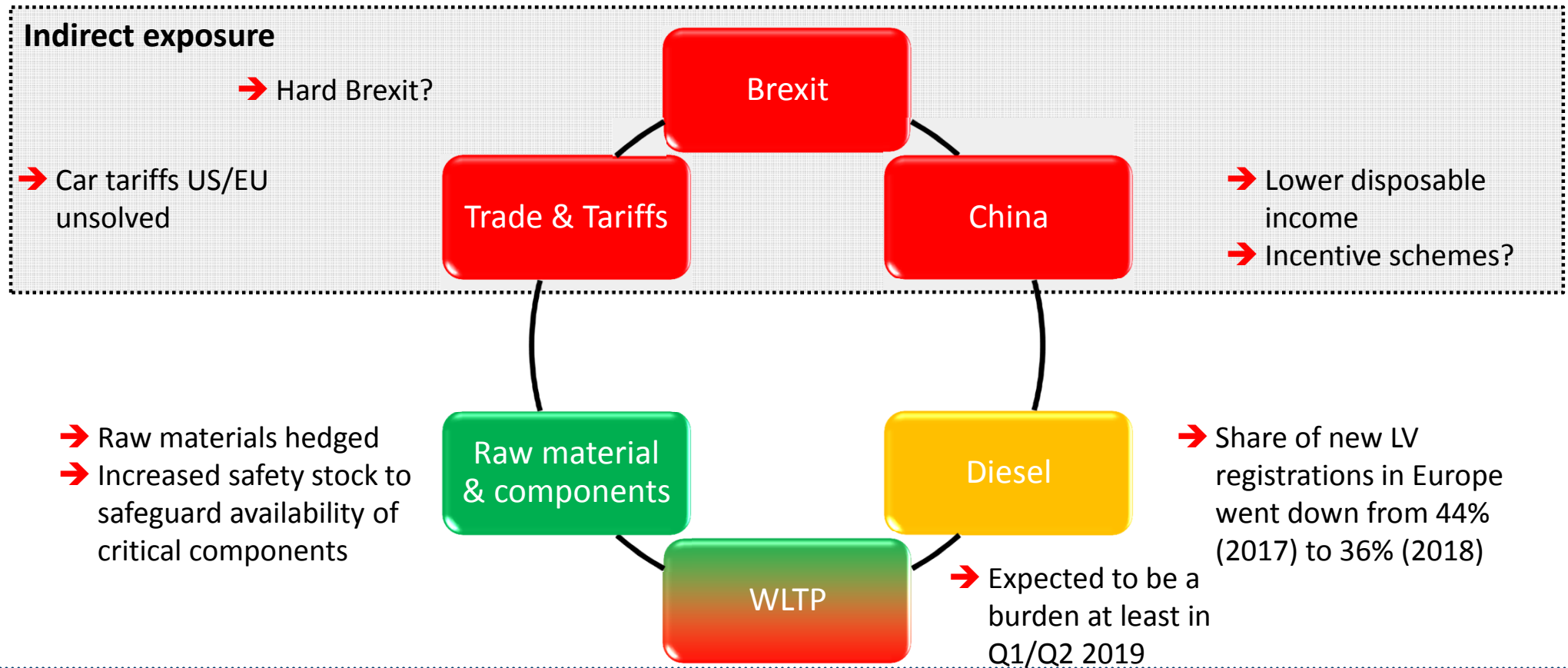
| 50/50 joint ventures with HASCO (SAIC group) |                |   |                                 | Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive) |  |                    | JV subsidiary                   |
|--|----------------|---|---------------------------------|--|--|--------------------|---------------------------------|
| Castings (KSHA)                              | Pistons (KSSP) | Castings (KPSNC)  | Pumps (PHP)                     | Aftermarket  | Pierburg                                 | Large-bore pistons | Pumps (PMP Ch.)                 |
| 2014   | 1997           | 2001  | 2012                            | 2008   | 2009                                     | 2013               | 2012                            |
| Engine blocks and structural body parts      | Pistons        | Engine blocks, cylinder heads and structural body parts | Electrical and mechanical pumps | Spare parts  | EGR modules and electric throttle bodies | Large-bore pistons | Electrical and mechanical pumps |
| Germany/ Europe                              | China          |   |                                 | China  |  |                    | China                           |



KSHA: KS Huayu Alutech GmbH, Neckarsulm | KPSNC: Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd., Shanghai | PMP: Pierburg Mikuni Pump Technology (Shanghai) Corp., Shanghai  
 KSSP: Kolbenschmidt Shanghai Piston Co., Ltd., Shanghai | PHP: Pierburg Huayu Pump Technology Co., Ltd., Shanghai

# Outlook Automotive: 2019

## The risk map for Automotive has gained complexity



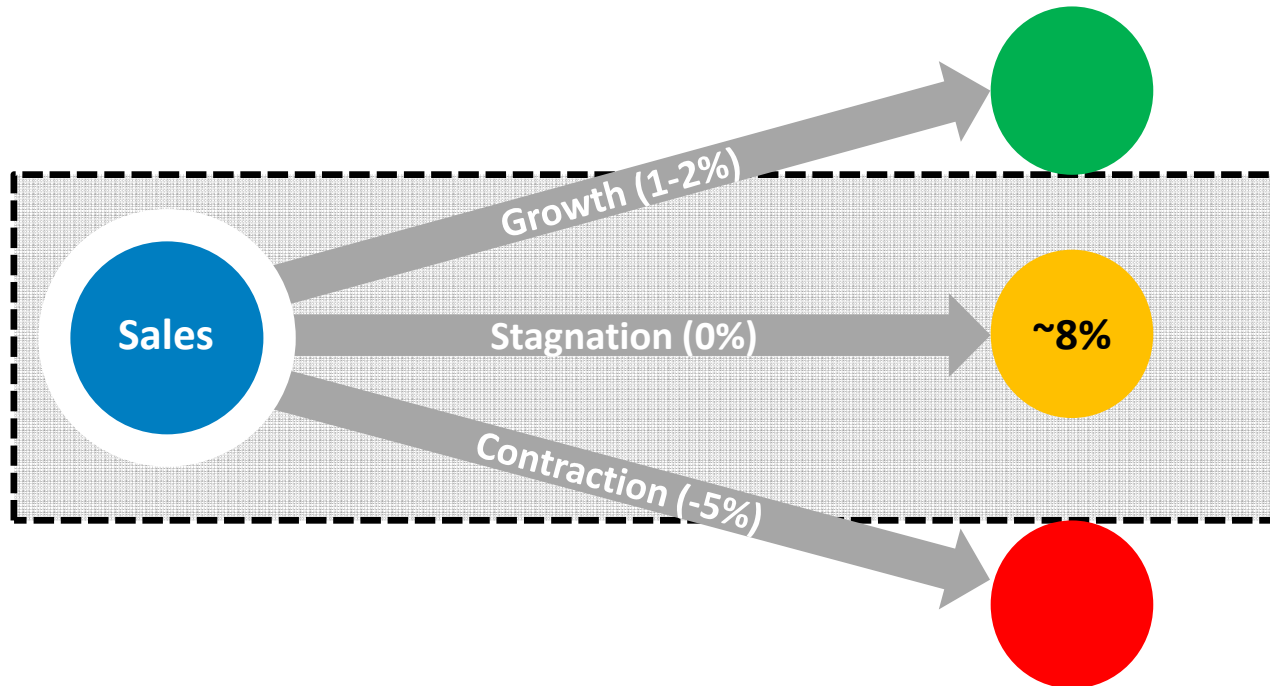
# Outlook Automotive: 2019 and mid-term

## Various instruments available to limit impact of negative markets

■ Sales scenarios

■ Impact on operating result

■ Possible measures



### Short-term

- Reduction of leased work force
- Flexibility of working hours
- Prioritization of projects (internal)
- General cost saving programs (e.g. travel, marketing)
- No new hires (replacement or additional)

### Structural

- Adjustment of capacities (e.g. line or plant closure)



**Defence – at the beginning of a “super cycle”**

# Defence is a leading supplier with an increasing international presence

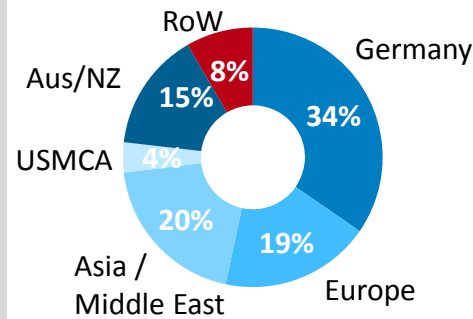
## Key Figures

|             |        |
|-------------|--------|
| Sales:      | €3.2bn |
| Op. result: | €254m  |
| Op. margin: | 7.9%   |
| R&D:        | €75m   |
| Capex:      | €101m  |
| Headcount:  | 10,948 |

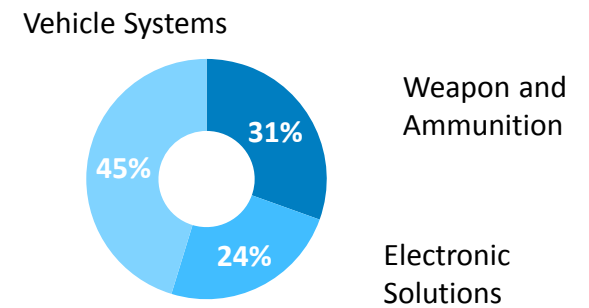
## Structure

| Weapon and Ammunition       |                        |
|-----------------------------|------------------------|
| Weapon and Ammunition       | Protection Systems     |
| Propulsion Systems          |                        |
| Electronic Solutions        |                        |
| Air Defence & Radar Systems | Mission Equipment      |
| Simulation and Training     | Technical Publications |
| Vehicle Systems             |                        |
| Logistic Vehicles           | Tactical Vehicles      |

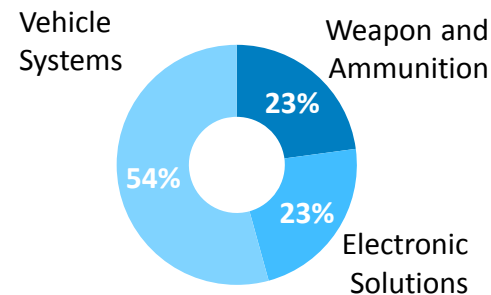
## Sales by region



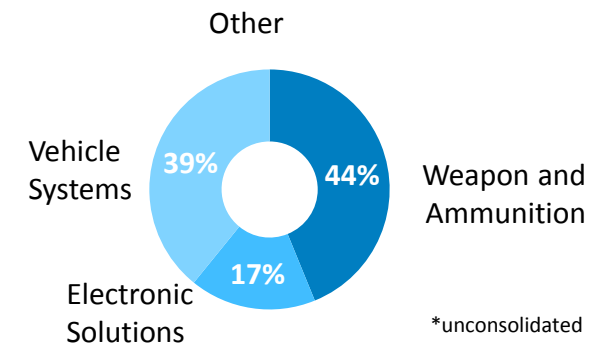
## Sales by division\*



## Order backlog by division



## Operating result by division\*



All figures refer to FY 2018

\*unconsolidated

# Top products per division

## ■ Weapon & Ammunition



## ■ Electronic Solutions



## ■ Vehicle Systems

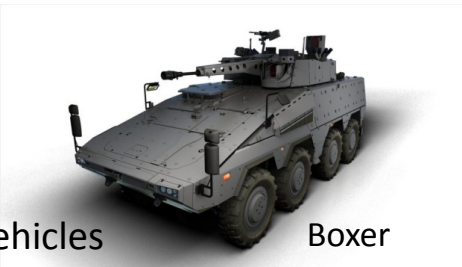
Logistical vehicles



Tracked tactical vehicles



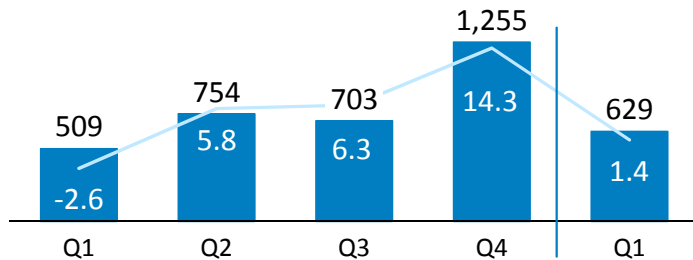
Wheeled tactical vehicles



# Q1 2019 Highlights: Defence

## Profit turnaround and improved operating FCF

### Quarterly sales and margin development



### Comments on quarterly performance

- Order intake of €564m despite absence of major single order
- Strong sales growth of 24% to €629m with easy comparables
- Favorable leverage and product mix drive Q1 to positive result
- Expected OFCF improvement due to better working capital

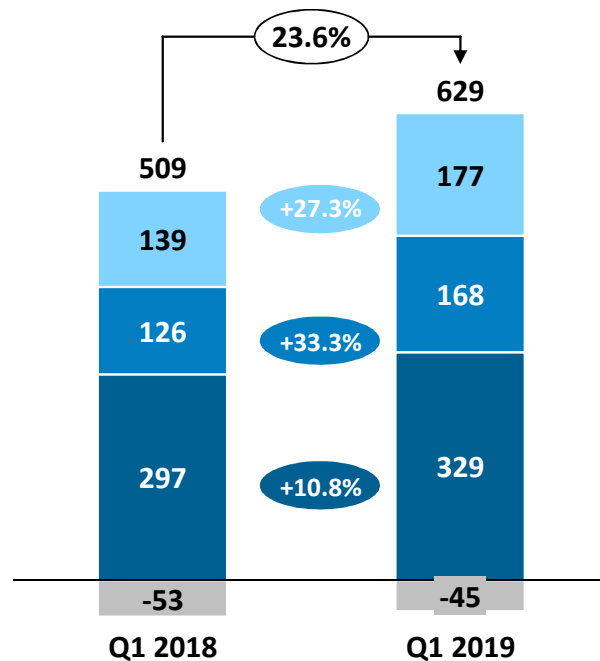
| In €m                    | Q1 2018 | Q1 2019 | Δ        |
|--------------------------|---------|---------|----------|
| Order intake             | 857     | 564     | -34.2%   |
| Sales                    | 509     | 629     | 23.6%    |
| Operating result         | -13     | 9       | n.a.     |
| Operating margin in %    | -2.6%   | 1.4%    | n.a.     |
| Operating Free Cash Flow | -239    | -93     | 61.1%    |
| Operating FCF / Sales    | -47.0%  | -14.8%  | 3,217 bp |



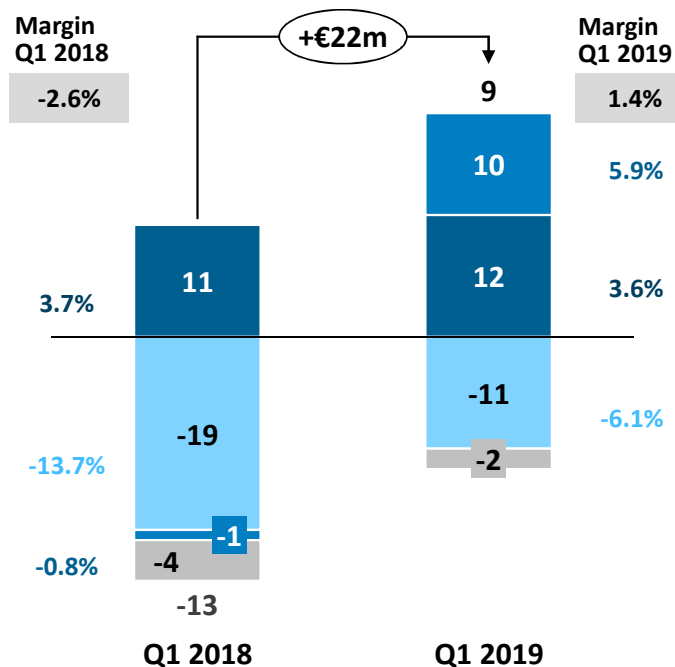
# Q1 2019 Highlights: Defence

## Strong sales increase drives considerable margin improvement

**Sales Defence**  
in €m



**Operating result Defence**  
in €m



**Weapon and Ammunition**

- Sales increased supported by higher German demand
- Solid leverage supported by favorable mix effects

**Electronic Solutions**

- Higher sales benefited also from German shipments
- Good leverage and benefit from cost optimization

**Vehicle Systems**

- Increased sales, especially in logistic vehicles and stable margin

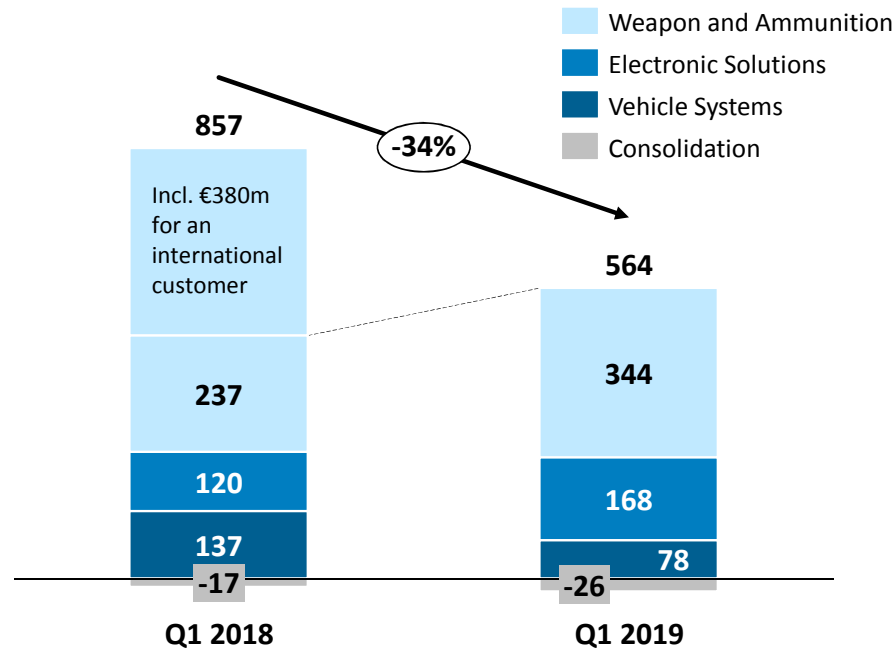
Weapon & Ammunition Electronic Solutions Vehicle Systems Consolidation



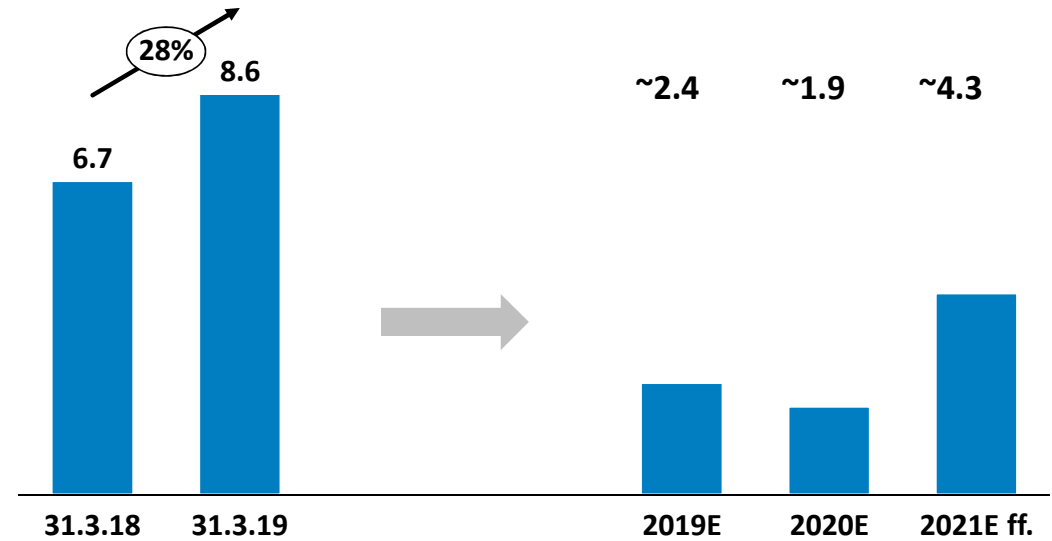
# Q1 2019 Highlights: Defence

## Major orders expected for later in the year

**Order intake by division**  
in €m



**Order backlog profile**  
in €bn  
change in %



# Acquisition IBD Deisenroth Strategic move to fully in-house technologies for active and passive protection

- Acquisition provides 100% access to cutting edge-technology
- Buy out of minority shareholdings in existing long-term cooperation (Chempro & RAP\*) and integration of IBD Group
- Leading protection technology
- Growing importance of active and passive protection for all kind of vehicles



\*RAP= Rheinmetall Active Protection GmbH

1990

"Peace dividend"

DECLINING BUDGETS  
(ESPECIALLY IN THE WEST)

Downscaling  
of forces and  
armament

Out of  
area  
missions

INFLECTION  
POINT  
2014

Annexation of the Crimean peninsula

GLOBALLY RISING  
BUDGETS

NATO 2%  
target

Return to  
alliance and  
territorial  
defence

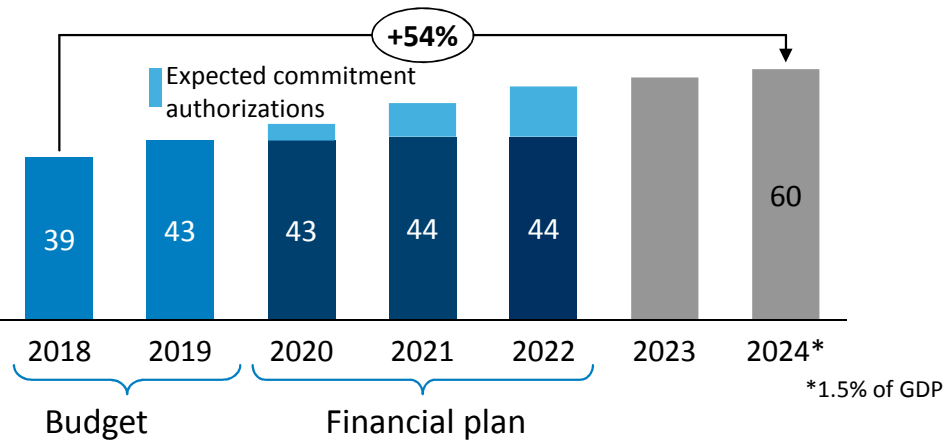
2035

Upscaling of  
forces and  
modernization

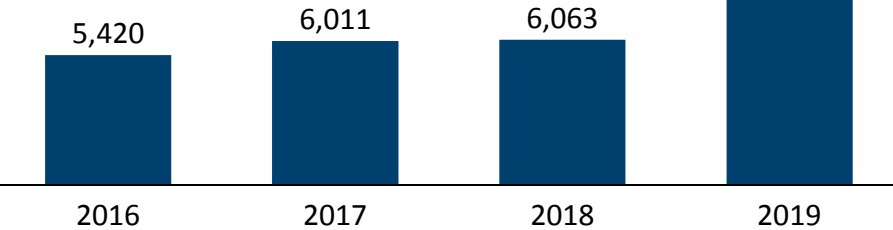
# German Defence

## Strong German commitment to 1.5% with increased demand starting in 2019

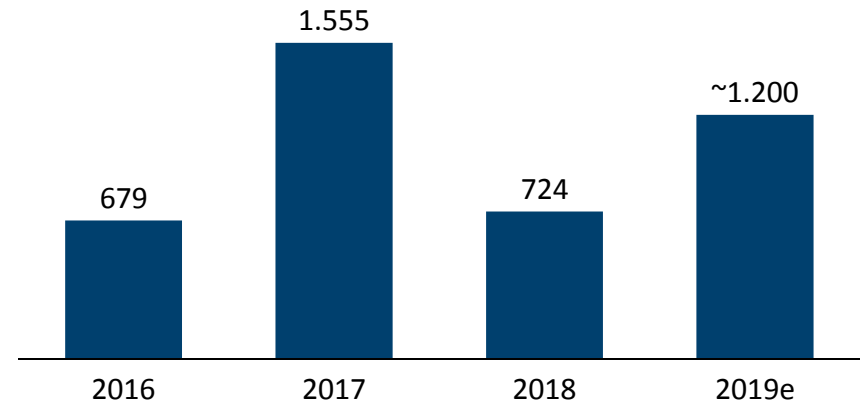
**German defence expenditure**  
in €bn



**German defence investment**  
in €m



**German order intake**  
in €m



19.1% investment share in 2019 budget complies with NATO's 20% investment target

# German Defence Timeline for German 100% equipment level



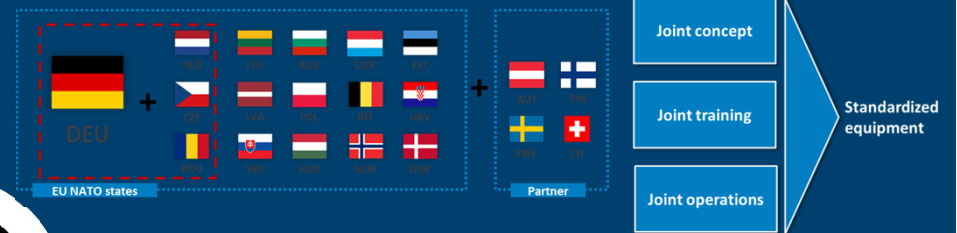
**DIGITIZATION**

# German Defence Drivers behind budget increase

## “Turnarounds” in Germany

- Personnel:  
Mid-term return to 220,000 soldiers
- Material:  
100% equipment level and additional division
- Finance:  
Increase of defence budget 54% from 2018 to 2024

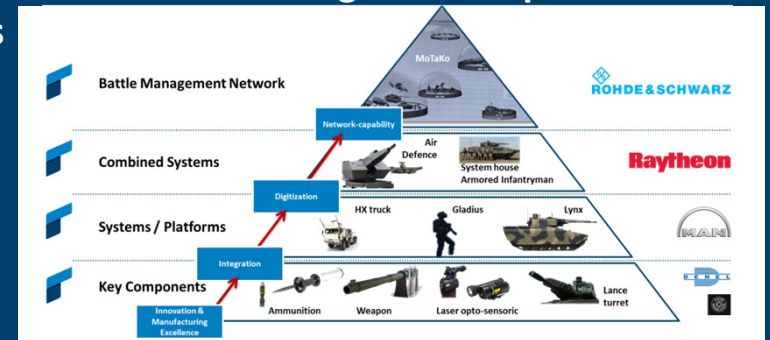
## Framework nation concept triggers standardization of equipment



## Enhanced future profile

- Anchor army for smaller neighbor armies
- Leading role in „enhanced Forward Presence“ in Lithuania
- Framework nation in „Very High Readiness Joint Task Force as of 2019
- Currently 14 international mandates

## Army 4.0: Rheinmetall integrates components to systems



# German Defence

## Additional structural demand of German army under discussion

### ■ Vehicles – mid-to-long term potential



FOX (400 vehicles)



Boxer (300-400 vehicles)



Trucks (> 10.000 vehicles)



Puma (~250 vehicles)

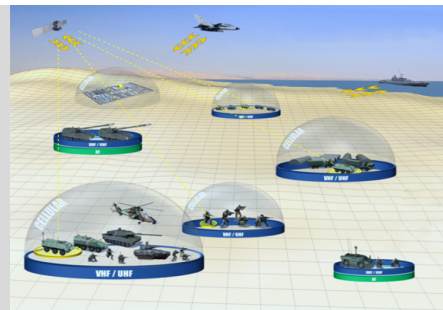
### ■ Equipment and ammunition – multi billion programs



NNBS (Short range air defence)



TLVS (Tactical air defence)



D-LBO (> €5 bn net) (MoTaKo)



Ammunition (~€2 bn net)

# Mission Australia

## Establishing a new “home market” down under



### Australia timing and order size of Land programs

|  |           |                 |
|--|-----------|-----------------|
| Trucks 1 <sup>st</sup> & 2 <sup>nd</sup> order ✓ | 2016-2024 | €2.0bn & €0.4bn |
| Boxer CRV ✓                                      | 2019-2026 | €2.1bn          |
| Ammunition ✓                                     | 2018/19   | €65m*           |
| Lynx tender                                      | 2024-2031 | €4-5bn          |

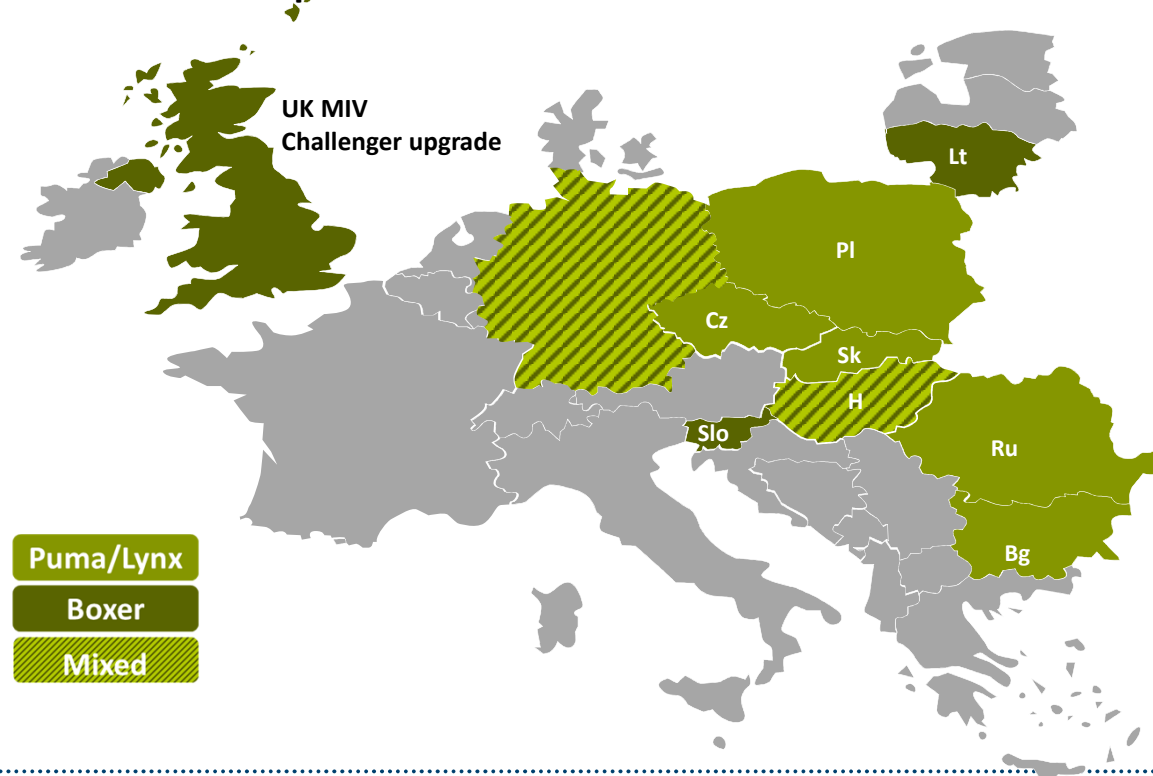
\*initial assessment, option for 5 year contract



# European Defence

## Rheinmetall is a key beneficiary of large European vehicle programs

### Current or expected tenders tactical vehicles



### Drivers for European vehicle programs

- Return to territorial and treaty defence
- Standardization of NATO equipment
- Modernization and upgrades

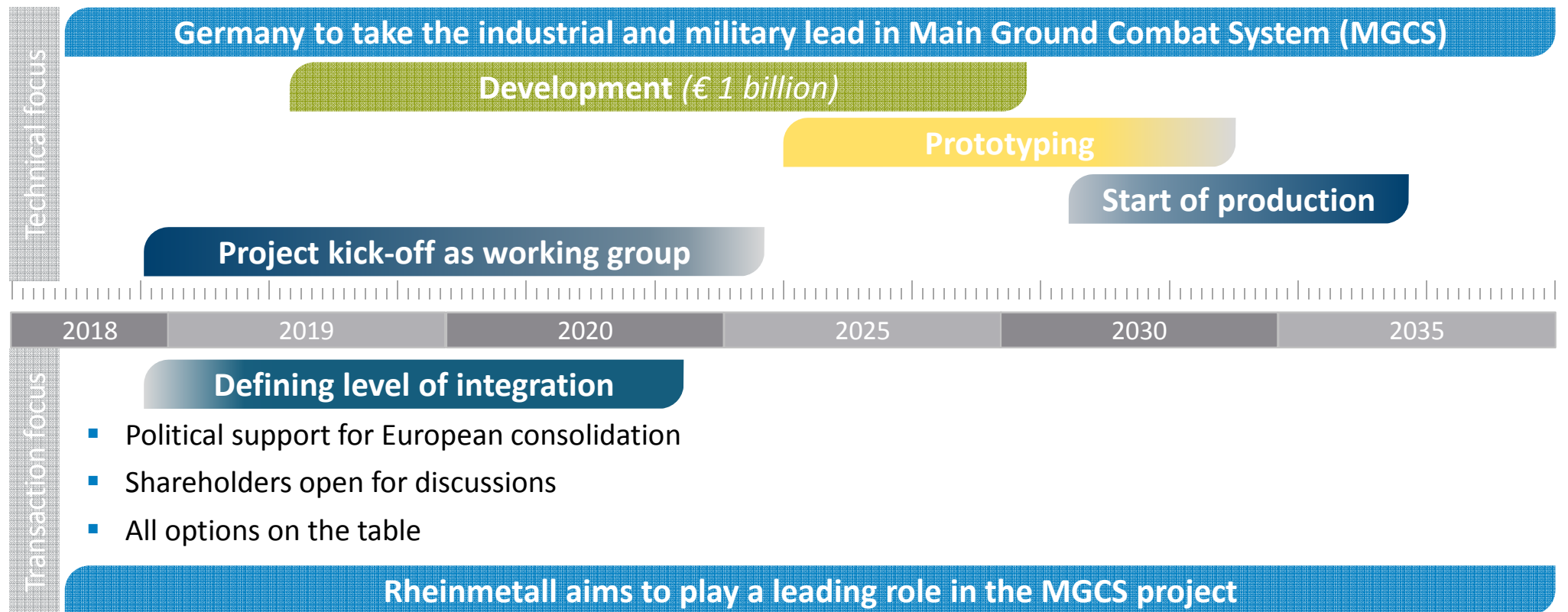
### Estimate for European tactical vehicles demand (number of vehicles)

|         | Germany  | Rest of Europe  |
|---------|----------|---|
| Tracked | ~250     | >600  |
| Wheeled | 700-800* | >900** (includes UK, Hungary, Lithuania and Slovenia) |

\* Fox and Boxer  
 \*\* only Boxer

# European Defence

## Future Main Battle Tank system MGCS will be a milestone for the industry



## Defence International Creation of new hubs in 2018



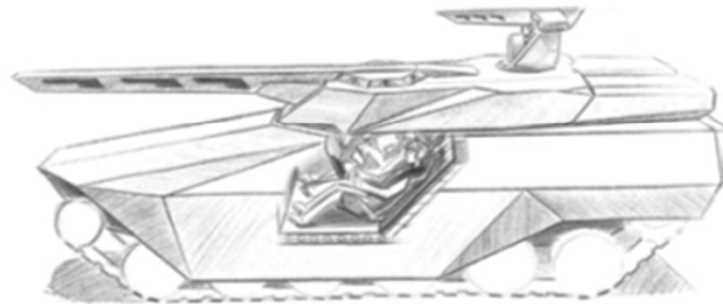
## Innovations

# Demand-driven product development and targeted cooperations



### **New logistical platforms**

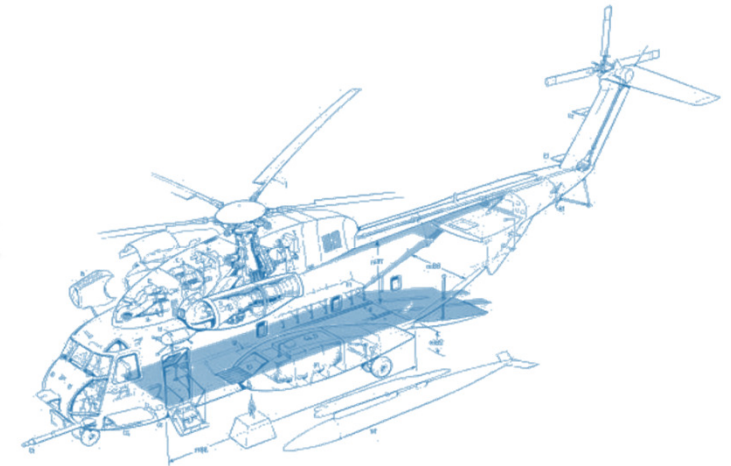
Groundbreaking sub-systems



### **New tactical platforms**

Innovative weapon and ammunition

Digitized command and reconnaissance



### **New business models**

New cooperations with  
Sikorsky, Raytheon

# 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

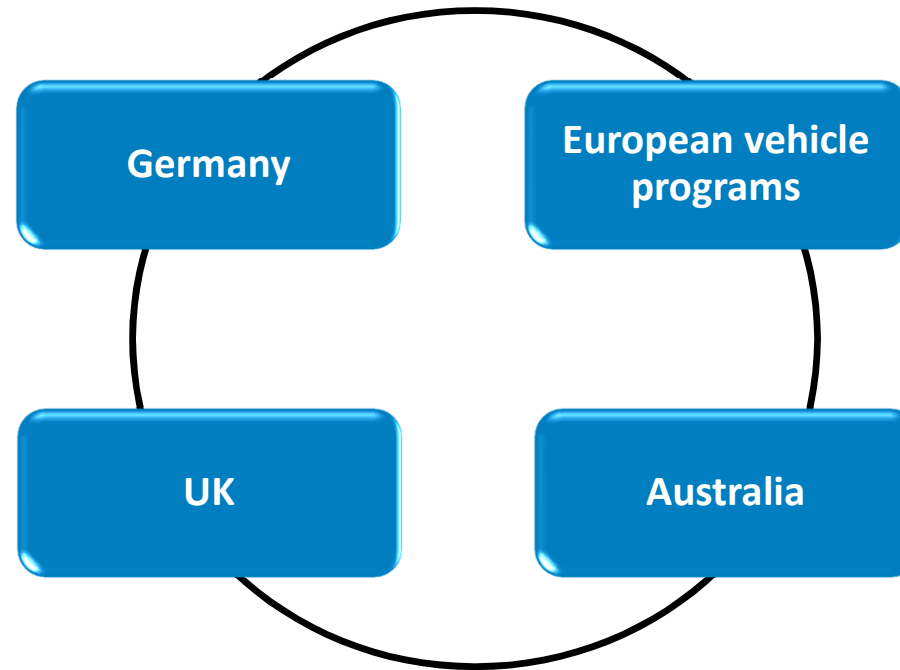
# Outlook Defence: 2019

## Solid pipeline of projects in our home markets

### ■ Key projects and potentials

- Participation in budget increase
- German order entry (~€1.2bn)

- Challenger life extension, expected 2020 (€0.8 – 1.2bn)
- UK Boxer expected end of 2019 (€~1bn]





- Czech Republic: Lynx (€1 – 1.5bn)
- Hungary: Boxer/Lynx ( €~2bn)
- Hungary: Leopard & tank howitzer sub contract (€~0.3 – 0.4bn)
- Land 400 Phase 3 (2022; €4 – 5bn)



# GROUP APPENDIX

## Select key data: outlook 2019

| Rheinmetall Group    |                           | Automotive  | Defence  |
|----------------------|---------------------------|---|--|
| In % (Previous Year) |                           |  |                 |
| Holding cost         | ~€25-30m (€24m)           | Capex<br><small>(w/o IFRS 16)</small>   | 5.5-6% (5.5%)<br>3.5-4.5%(3.1%)  |
| Tax rate             | Comparable level<br>(27%) | D&A   | ~5.5% (5.3%<br>reported,<br>scheduled 5.2%)<br>3-3.5% (4.8%<br>reported,<br>scheduled D&A<br>3.7%) |
| Interest result      | ~-€40m (-€33m)            | R&D   | 5-6% (5.4%)<br>2-2.5% (2.3)  |



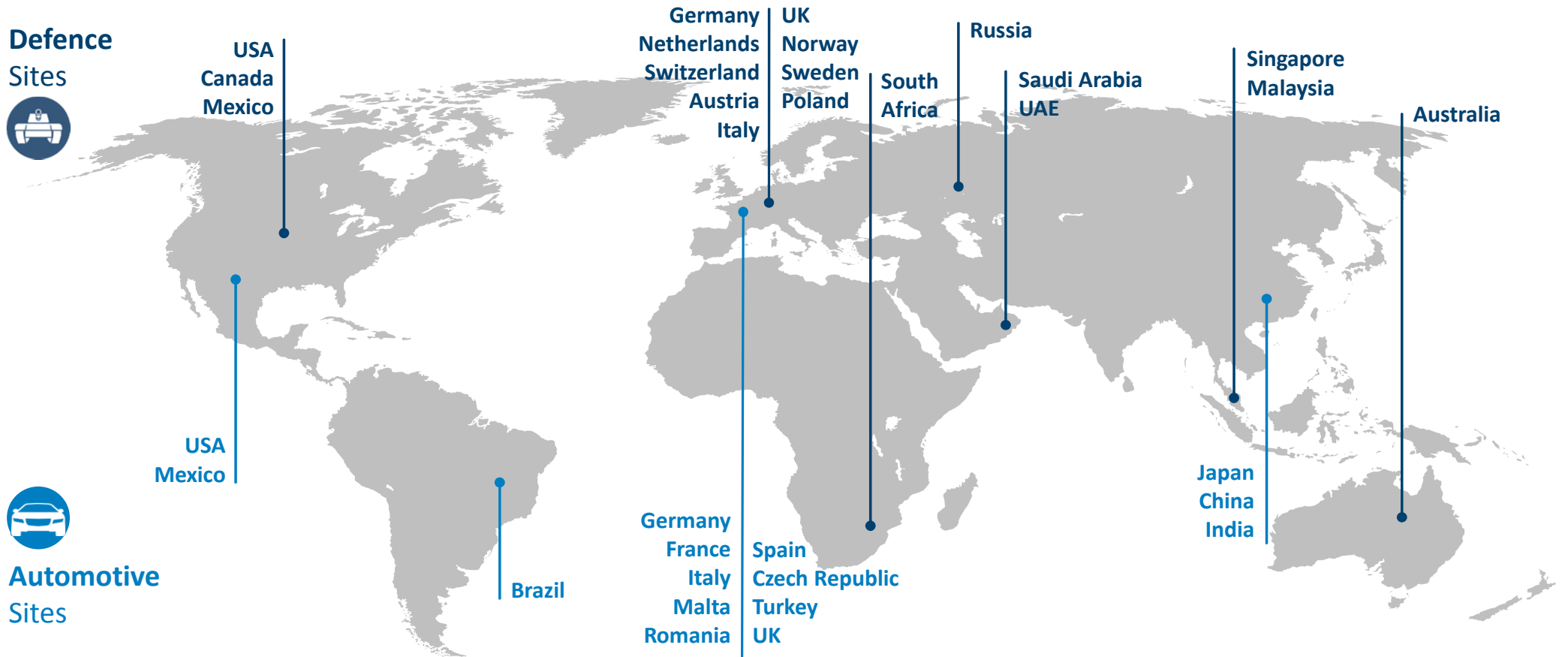
## Group 2014 – 2018: Key figures (as reported)

| in €m                      |   | 2014   | 2015   | 2016   | 2017   | 2018          |
|----------------------------|---|--------|--------|--------|--------|---------------|
| <b>Balance sheet</b>       | <b>Total assets</b>                             | 5,271  | 5,730  | 6,150  | 6,101  | <b>6,759</b>  |
|                            | <b>Shareholder's equity</b>                     | 1,197  | 1,562  | 1,781  | 1,870  | <b>2,172</b>  |
|                            | <b>Equity ratio (in %)</b>                      | 22.7   | 27.3   | 29.0   | 30.7   | <b>32.1</b>   |
|                            | <b>Pension liabilities</b>                      | 1121   | 1,128  | 1,186  | 1,080  | <b>972</b>    |
|                            | <b>Net financial debt</b>                       | 330    | 81     | -19    | -230   | <b>31</b>     |
|                            | <b>Net gearing (in %)</b>                       | 27.6   | 5.2    | -1.1   | -12.3  | <b>1.4</b>    |
| <b>Income statement</b>    | <b>Sales</b>                                    | 4,688  | 5,183  | 5,602  | 5,896  | <b>6,148</b>  |
|                            | <b>Operating result</b>                         | 160    | 287    | 353    | 400    | <b>492</b>    |
|                            | <b>Operating margin (in %)</b>                  | 3.4    | 5.5    | 6.3    | 6.8    | <b>8.0</b>    |
|                            | <b>EBITDA</b>                                   | 299    | 490    | 581    | 626    | <b>836</b>    |
|                            | <b>EBIT</b>                                     | 102    | 287    | 353    | 385    | <b>518</b>    |
|                            | <b>EBIT margin (in %)</b>                       | 2.2    | 5.5    | 6.3    | 6.5    | <b>8.4</b>    |
|                            | <b>EBT</b>                                      | 22     | 221    | 299    | 346    | <b>485</b>    |
|                            | <b>Net income</b>                               | 21     | 160    | 215    | 252    | <b>354</b>    |
|                            | <b>Earnings per share (in EUR)</b>              | 0.47   | 3.88   | 4.69   | 5.24   | <b>7.10</b>   |
|                            | <b>Dividend per share (in EUR)</b>              | 0.3    | 1.1    | 1.45   | 1.70   | <b>2.10</b>   |
|                            | <b>ROCE (in %)</b>                              | 3.9    | 10.1   | 12.3   | 13.8   | <b>17.1</b>   |
| <b>Cash flow statement</b> | <b>Free cash flow from operations</b>           | -182   | 29     | 161    | 276    | <b>-35</b>    |
| <b>Headcount</b>           | <b>Employees (Dec 31) according to capacity</b> | 20,166 | 20,676 | 20,993 | 21,610 | <b>22,899</b> |

## Segments 2014 – 2018 Key figures

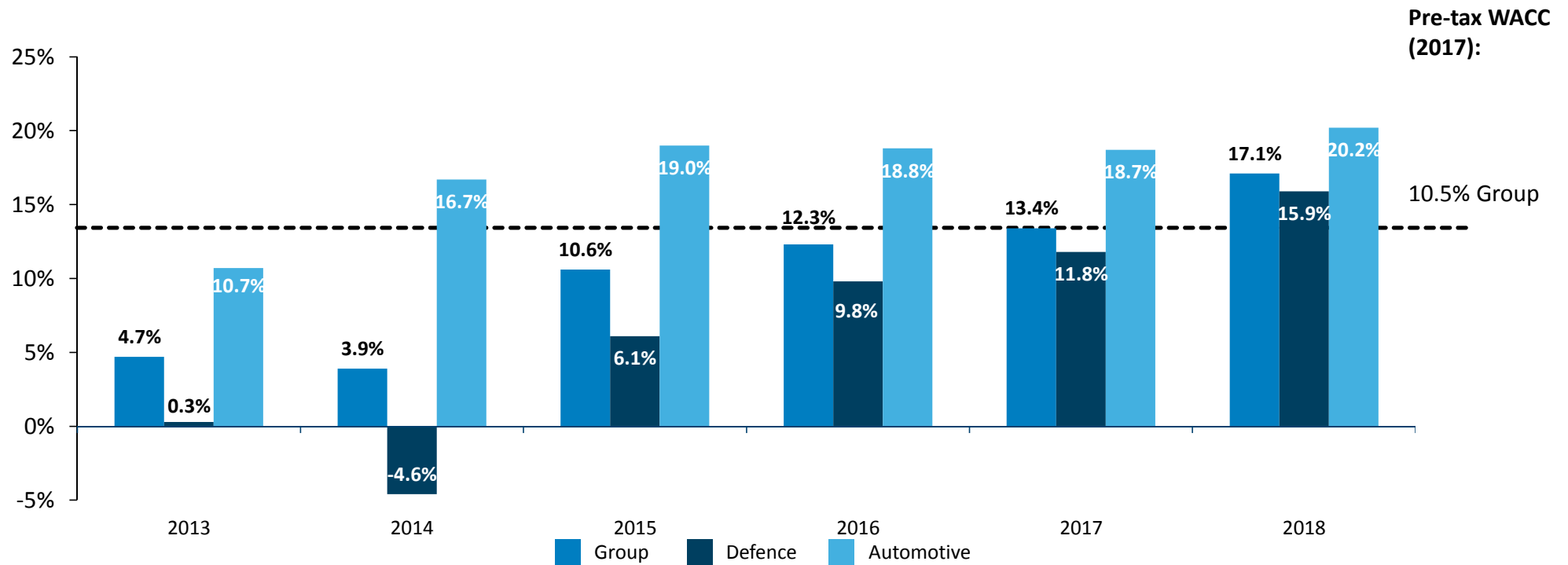
| AUTOMOTIVE |        |        |        |               |   |                    |                                | DEFENCE |       |        |         |               |
|------------|--------|--------|--------|---------------|---|--------------------|--------------------------------|---------|-------|--------|---------|---------------|
| 2014       | 2015   | 2016   | 2017   | 2018          | in €m   |                    |                                | 2014    | 2015  | 2016   | 2017    | 2018          |
| 2,466      | 2,621  | 2,670  | 2,922  | <b>2,889</b>  | <b>Order intake</b>                             |                    |                                | 2,812   | 2,693 | 3,050  | 2,963   | <b>5,565</b>  |
| 416        | 445    | 459    | 520    | <b>478</b>    | <b>Order backlog (Dec. 31)</b>                  |                    |                                | 6,516   | 6,422 | 6,656  | 6,415.8 | <b>8,577</b>  |
| 2,448      | 2,592  | 2,656  | 2,861  | <b>2,930</b>  | <b>Sales</b>                                    |                    |                                | 2,240   | 2,591 | 2,946  | 3,036   | <b>3,221</b>  |
| 184        | 216    | 223    | 248.8  | <b>262</b>    | <b>Operating result</b>                         |                    |                                | -9      | 90    | 147    | 174     | <b>254</b>    |
| 7.5        | 8.3    | 8.4    | 8.7    | <b>8.9</b>    | <b>Operating margin (in %)</b>                  |                    |                                | -0.4    | 3.5   | 5.0    | 5.7     | <b>0.1</b>    |
| 295        | 332    | 356    | 366.8  | <b>420</b>    | <b>EBITDA</b>                                   |                    |                                | 17      | 175   | 239    | 268     | <b>403</b>    |
| 184        | 216    | 223    | 227    | <b>265</b>    | <b>EBIT</b>                                     |                    |                                | -67     | 90    | 147    | 172     | <b>247</b>    |
| 7.5        | 8.3    | 8.4    | 7.9    | <b>9.0</b>    | <b>EBIT margin (in %)</b>                       |                    |                                | -3      | 3.5   | 5.0    | 5.7     | <b>7.7</b>    |
| 158        | 167    | 149    | 154    | <b>161</b>    | <b>Capex</b>                                    |                    |                                | 76      | 96    | 95     | 89      | <b>87</b>     |
| 34         | 96     | 105    | 106    | <b>26</b>     | <b>OFCF</b>                                     |                    |                                | -132    | -38   | 103    | 238     | <b>-29</b>    |
| 10,830     | 10,934 | 10,820 | 11,166 | <b>11,710</b> | <b>Employees (Dec 31) according to capacity</b> |                    |                                | 9,184   | 9,581 | 10,002 | 10,251  | <b>10,948</b> |
| 1,322      | 1,450  | 1,527  | 1,621  | <b>1,664</b>  | <b>Mechatronics</b>                             | <b>Sales</b>       | <b>Weapon &amp; Ammunition</b> | 977     | 881   | 1,112  | 1,175   | <b>1,056</b>  |
| 96         | 119    | 142    | 176    | <b>171</b>    |   | <b>EBIT</b>        |                                | -4      | 74    | 108    | 117     | <b>121</b>    |
| 7.3        | 8.1    | 9.3    | 10.9   | <b>10.3</b>   |   | <b>EBIT margin</b> |                                | -0.4    | 8.4   | 9.7    | 10.0    | <b>11.5</b>   |
| 934        | 952    | 921    | 968    | <b>989</b>    | <b>Hardparts</b>                                | <b>Sales</b>       | <b>Electronic Solutions</b>    | 705     | 759   | 745    | 691     | <b>839</b>    |
| 72         | 73     | 62     | 60     | <b>65</b>     |   | <b>EBIT</b>        |                                | -53     | 26    | 25     | 20      | <b>47</b>     |
| 7.7        | 7.7    | 6.7    | 6.2    | <b>6.6</b>    |   | <b>EBIT margin</b> |                                | -7.5    | 3.4   | 3.4    | 2.9     | <b>5.6</b>    |
| 269        | 285    | 305    | 359    | <b>367</b>    | <b>Aftermarket</b>                              | <b>Sales</b>       | <b>Vehicle Systems</b>         | 667     | 1,195 | 1,392  | 1,480   | <b>1,568</b>  |
| 26         | 27     | 27     | 33     | <b>36</b>     |   | <b>EBIT</b>        |                                | -9      | 3     | 29     | 53.2    | <b>108</b>    |
| 9.7        | 9.5    | 8.9    | 9.2    | <b>9.8</b>    |   | <b>EBIT margin</b> |                                | -1.4    | 0.3   | 2.1    | 3.6     | <b>6.9</b>    |

# More than 100 production sites and offices on all continents



# Continuing ROCE improvement

■ ROCE  
in %



## 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

# ESG with high importance for Rheinmetall

## Environment



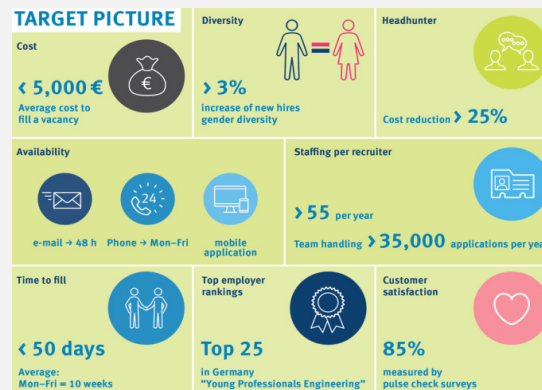
- **Reduction of the ecological footprint**
  - Decrease of energy needed
  - Selective use of raw materials
- **„Road to 95“ and E-mobility**
  - Our products increase fuel efficiency
  - New e-bike, e-motor and battery pack
- **Support of conservation**
- **Transformation of the former production site in Düsseldorf**



## Social



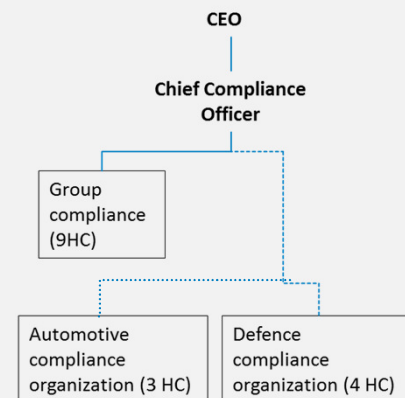
- **Clear statement against cluster munition**
- **Promoting education and training**
- **Support of gender diversity**
  - Women in management
- **Workforce**
  - Integration of refugees via apprenticeships
  - Support of employee families



## Governance

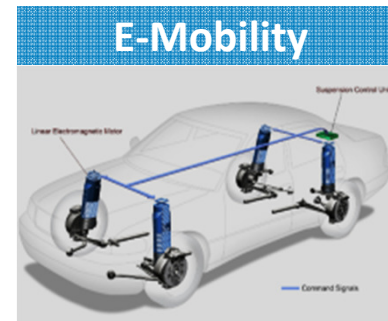
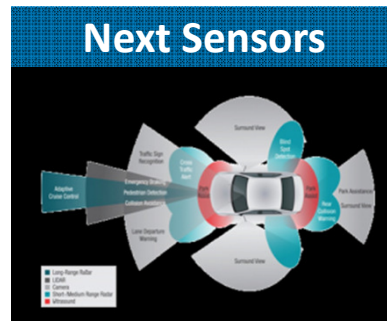


- **Transparency towards customer, investors and other stakeholder**
- **Non-compliant business behavior is unacceptable**
- **Zero tolerance of corruption and fraud**
- **Central Compliance Management System**
  - Employee awareness initiative



# Rheinmetall Technology Cluster

## Top five technology cluster identified



- Advanced assistant systems for driving, sensing, protection and weaponing

- New, digitalized vehicle architectures
- Virtual prototyping and digital twins
- System / health monitoring, predictive maintenance, logistics

- New LIDAR\* / Radar sensors
- Resistant to jamming / spoofing
- Next generation IR sensors

- Hybrid drive
- E-drive
- Micro mobility

- AI supported technologies
  - to handle complex situations
  - for decision support
  - for information superiority

\*LIDAR=light detection and ranging

## Next events and IR contacts

### ■ Next Events

|   |                |
|---|----------------|
| UBS Conference, London                    | 15 May         |
| Commerzbank Conference, New York & Boston | 15/16 May      |
| RS Zurich/Lugano                          | 21/22 May      |
| AGM 2018, Berlin                          | 28 May         |
| DB Conference, Berlin                     | 5/6 June       |
| RS Mid-West, US & Canada                  | 12-14 June     |
| RS Paris                                  | 1 July         |
| Capital Markets Day 2019, Unterlüß        | 19/20 November |

### ■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



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