

August 8, 2024

Financial report for H1 2024

Rheinmetall on track for success with record figures: sales up by a third, earnings nearly doubled

- Boom in military business: Group sales increase of 33% in the first half of 2024 to more than €3.8 billion
- Continued strong increase in orders: Rheinmetall Nomination more than doubles to more than €15 billion
- Rheinmetall Backlog reaches new high at €48.6 billion
- Operating result nearly doubles from €212 million to €404 million
- Operating margin climbs to 10.6%
- Operating free cash flow improves by €306 million to €-19 million
- Annual guidance for 2024 confirmed

Accelerating sales growth and substantially increased revenues characterize the business performance of Düsseldorf-based Rheinmetall AG in the first half of 2024. Business with the armed forces of Germany and partner nations in the EU and NATO along with assistance to Ukraine continue to significantly improve business performance. Sales in the civilian business also improved slightly from the previous year. With demand consistently high, the market situation in the defence industry continues to grow. The Group also saw noticeable improvement in operating free cash flow.

Group management is confirming its current guidance for the Group's sales growth and operating result margin based on the current market situation, a continuously excellent order situation and the business performance expected in the second half of the financial year.

Armin Papperger, CEO of Rheinmetall AG, said of the company's performance, "The supercycle is clearly accelerating. In the second quarter of 2024 alone, our sales increased around 50 percent and our result more than doubled. Positive margin effects are significantly increasing our profitability. With positive development in all areas, we are well on our way to reaching our annual targets."

"We have never seen such growth. We also expect annual sales growth of around two billion euros in the coming years. This very positive development is only possible because we invested early and have been following a strategic plan since 2014 – when Crimea was invaded. We massively expanded capacities, made acquisitions and are now also additionally building new plants in countries like Lithuania, Hungary, Romania and Ukraine. Forward-looking partnerships in key markets are also bringing us closer to our goal of becoming a global defence industry champion," Papperger added.

▶ Key Facts

- ▶ Group sales reaches €3.8 billion – an increase of 33% from previous year's figure
- ▶ Rheinmetall Nomination more than doubles at €15 billion
- ▶ Group operating result increases 91% to €404 million
- ▶ Operating margin increases to 10.6%
- ▶ Operating free cash flow improves by €306 million
- ▶ Annual guidance for 2024 confirmed

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Rheinmetall Group: Strong sales growth of 33% – Rheinmetall Nomination more than doubles

Group sales in the first half year of 2024 climbed noticeably from the previous year by €955 million or 33% to €3,815 million (previous year: €2,861 million). Adjusted for currency effects, sales were around 34% higher than in the previous year, with 76% of sales coming from outside Germany.

Operating result as of June 30, 2024 amounted to €404 million, an increase of €192 million, or 91% from the previous year's €212 million. In addition to sales growth, the improvement in operating result is particularly due to the profit contribution of Rheinmetall Expal Munitions in Spain, which was acquired in the previous year. The Group's operating margin improved in the first half year of 2024 to 10.6% (previous year: 7.4 %).

The Group's accelerated growth is particularly evident in a quarterly comparison: Compared to the previous year, the second quarter of 2024 saw a sudden leap in sales of around 49% to €2.234 billion (previous year: €1,498 million) and in operating result of 110% to €270 million (previous year: €128 million).

Earnings per share from ongoing operations improved in the first half of 2024 compared to the previous year's period, rising from €2.53 to €4.21.

Operating free cash flow substantially improved in the first half of 2024, increasing by €306 million to €-19 million from the €-325 million in the same quarter of the previous year. Despite further increases in inventories, this improvement was made possible by higher payments from customers.

Compared to the first half of the previous year, the value of Rheinmetall Nomination more than doubled in H1 2024, rising to €15,376 million (previous year: €7,192 million). This was driven in essence by orders from Germany – mostly from the special fund for the Bundeswehr – and by orders in aid of Ukraine. Rheinmetall Nomination comprises traditional 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).

As a result, the Rheinmetall Backlog grew significantly compared to the previous year, rising 62% from €30.0 billion to €48.6 billion (June 30, 2024). In addition to orders on hand, Rheinmetall Backlog includes the call-offs expected from framework agreements in place with military customers and potential orders from contracts with civilian clients.

Vehicle Systems: Rheinmetall Backlog grows 31% from previous year

Sales in Vehicle Systems, which mainly operates in military wheeled and tracked vehicles, in the first half of 2024 reached €1,300 million, an increase of €288 million or 28% from the previous year. The increase in sales is particularly attributable to projects for the supply of tactical vehicles as well as increased deliveries of logistic vehicles.

Rheinmetall Nomination – the total of order intake and the volume of new framework agreements with military customers – increased by €22 million from the previous year to €3,114 million. The largest orders in 2024 have so far been the order for the manufacture and supply of the German armed forces' heavy weapon carrier based on the Boxer wheeled vehicle, with a volume of over €1,600 million, as well as the associated service contract with over €620 million.

The Rheinmetall Backlog – the total of orders on hand and the call-offs expected from framework agreements in place with military customers – came in at €18,148 million as of June 30, 2024, an increase of €4,252 million or 31% from the previous year. The operating result improved in the first half of 2024 from €100 million to €119 million. The operating result margin was 9.2%, less than the previous year's 9.9%.

Weapon and Ammunition: Backlog more than triples to €19 billion

Weapon and Ammunition achieved with the activities in weapon systems and ammunition sales of €1,054 million in the first half of 2024, exceeding the previous year's figure by €508 million or 93%. The increase compared to the same period in the previous year is mainly due to higher ammunition deliveries. Important projects were artillery orders for Germany and Ukraine. Rheinmetall Expal Munitions, which was acquired on July 31, 2023, made a significant contribution to growth with sales totaling €230 million.

Rheinmetall Nomination rose to €8,828 million in the first half of 2024, considerably higher than the previous year (previous year: €1,543 million). Its main driving factor is a framework contract amounting to €8.5 billion gross by the German customer. Further growth stemmed from countries in Germany and West Asia for indirect fire and medium caliber products.

The Rheinmetall Backlog more than tripled, reaching about €19 billion as of June 30, 2024. Compared to the previous year (June 30, 2023: €5.8 billion), growth totaled €13 billion or 229%. The driving factors here were the conclusion of two multi-year ammunition framework contracts in the second half of 2023 and the subsequent increase in the artillery framework contract by the German customer in June 2024.

The operating result in the first half of 2024 more than doubled, growing by €117 million or 131% to €206 million (previous year: €89 million). Operating result margin increased substantially from 16.3% to 19.5% despite rising labor and material costs. This margin includes a profit contribution of €73 million by Rheinmetall Expal Munitions.

Electronic Solutions: Rheinmetall Nomination quadruples

Electronic Solutions, which produces solutions in the field of armed forces digitalization, infantry equipment, air defence and simulation, increased sales in the first six months of 2024 by €143 million to €647 million (previous year: €504 million), an increase of 28%. This increase in sales is mainly due to an order of the German armed forces for the Skyraenger 30 mobile air defence system, further contributions for the Puma infantry fighting vehicle and the updating of an existing air defence system for a European customer.

Rheinmetall Nomination more than quadrupled from the previous year's period, from €671 million to €3,020 million. A development contract for the short and very short range air defence protection system as well as a delivery agreement for the Skyraenger 30 mobile air defense system were material incoming orders from the German customer. A framework agreement for the delivery of communication and hearing protection headsets for the German customer was also concluded. The Rheinmetall Backlog as of June 30, 2024 was €6,609 million, a significant increase of €2,924 million compared to the previous year (previous year: €3,685 million).

The operating result improved in the first half of 2024 to €53 million, up from €32 million in the previous year. The operating margin increased to 8.3% (previous year: 6.3%) due to sales.

Power Systems: Operating result exceeds previous year's level

Sales in Power Systems, which bundles technological expertise in civilian markets, were €1,056 million, slightly above the previous year's level (previous year: €1.026 million). The sales growth in the US region compensated for the decline in sales in Europe. Booked business in the first half of 2024 was €1,357 million, well below the previous year (previous year: €1,775 million). Nominated Backlog as of June 30, 2024 dropped 9.9% to €7,938 million (previous year: €8,806 million).

Operating result rose in the first six months of 2024 compared to the previous year by 54% to €57 million (previous year: €37 million). The comparative 2023 figure was affected by an IT incident resulting in additional costs that encumbered the operating margin for this period. The

improved at-equity result of a Chinese joint venture had a positive effect on operating result. The operating margin was subsequently 5.4% (previous year: 3.6%).

Outlook: Current annual guidance confirmed

At the end of the first half of fiscal year 2024, Rheinmetall is confirming at least its sales and result guidance for 2024, with Group sales of around €10 billion, due to the business performance expected in the second half of 2024. Based on this sales guidance and taking holding costs into account, Rheinmetall anticipates an improvement in the Group's operating earnings and the operating margin of between 14% to 15% in fiscal 2024 (margin in fiscal 2023: 12.8%).

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.