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Financial figures for 2022

Rheinmetall is on track for success: all-time earnings high, record order backlog

Fiscal year 2022

- Consolidated sales grow by 13% to €6,410 million
- Operating result (EBIT before special items) increases by 27% to a new record figure of €754 million
- Group’s operating margin increases to 11.8%, after 10.5% in the previous year
- Another all-time high in the Rheinmetall order backlog of €26.6 billion
- Proposed dividend increases to €4.30 per share, after €3.30 in the previous year

Outlook for 2023: Strong sales growth with stable high margins

- Rheinmetall forecasts sales and earnings growth to continue in fiscal 2023
- Consolidated sales currently expected to grow to between €7.4 billion and €7.6 billion
- Group’s operating margin expected to be approximately 12%

The Rheinmetall Group, Düsseldorf, continued on its profitable growth trajectory and closed fiscal 2022 with record figures once again. A new high was reached in the operating result (EBIT before special items). The technology group’s order backlog also set a new record, driven by high-volume major orders from military customers, the fact that international automotive manufacturers are awarding more contracts again, and the growing business in industries outside of the automotive sector as a result of the successful transformation.

Consolidated sales increased in all five divisions, but above all in Vehicle Systems and Weapon and Ammunition. With products from these two divisions, Rheinmetall is serving armed forces' significantly increased demand for operating equipment, especially vehicles and munitions, in the short and medium terms.

Rheinmetall forecasts continuing strong sales and earnings growth for fiscal 2023. Given the changed security policy situation, the Group sees itself in a promising position to play a key role in the upcoming increase in defence capability with security-related products in Germany and partner countries. Thanks to the successful transformation of the mobility business, it is also increasingly tapping into new, auspicious business areas such as hydrogen technology, biometrics and the focus area of “house-warming.”

Armin Papperger, Chief Executive Officer of Rheinmetall AG, comments: “Rheinmetall is taking responsibility in a changing world. In terms of business, we remain on a very good trajectory. Our evolution into an integrated technology group
continues to pay off: We have generated a record result of €754 million. We are very proud of this achievement, which is based on growth and profitability in our five divisions.”

Armin Papperger continues: “The epochal shift and the war in Europe has also ushered in a new era for Rheinmetall. Many countries have recognized the urgent need to step up their efforts for security. With our products, we aim to take a share of growing budgets for military equipment. Our technologies are intended to ensure that security – the foundation of our ability to lead our lives in peace and freedom – can be protected. We wish to meet this responsibility. Now, we must deliver. We will do everything in our power to meet our customers’ needs.”

“We have also set ourselves ambitious targets for sustainable, profitable growth in the future. This applies not only to our security business, but also to our civilian activities. The share of sales attributable to alternative drive technologies continues to grow, and we are well on track to handle the transformation away from the combustion engine. We will leverage new growth potential, such as in industrial applications or hydrogen,” says Armin Papperger.

**Group's profits soar with rising sales**

In fiscal 2022, the Rheinmetall Group generated consolidated sales of €6,410 million. Compared with the previous year's sales of €5,658 million, this is an increase of €752 million or 13%. Not including currency effects, the sales growth was 10.5% and thus below the expectations communicated in the fourth quarter of 2022. As already reported in January 2023, these deviations result in particular from advance services agreed with customers in the area of defence technology, the call-offs for which have been postponed until 2023. The slower recovery in global automotive production also led to weaker sales growth in the civil sector. The international share of consolidated sales in the year under review was around 71% after 66% in the previous year.

On December 31, 2022, the Rheinmetall order backlog was €26.6 billion, a new high. This figure includes binding orders (order backlog) and orders from framework contracts (frame backlog) as well as the nominated backlog of the civilian business.

The operating result (EBIT before special items) increased by 27% to a record €754 billion, after initial estimates in January 2023 – as stated in the ad hoc release – projected growth of more than 20%. This is the highest operating result in the company’s recent history. The Group’s operating margin was 11.8%, which was likewise significantly higher than the previous year’s figure of 10.5%.

Including negative special items of €23 million, reported EBIT was €731 million and thus around €122 million above the previous year’s figure of €608 million (2021). The special items primarily resulted from the market valuation of securities held for trade due to the volatile capital market situation in the year under review.

Earnings after taxes grew by around 61% from €332 million (2021) to €535 million. After deduction of earnings attributable to non-controlling interests of €66 million (previous year: €41 million), earnings attributable to shareholders of Rheinmetall AG were €469 million, compared with €291 million in the previous year. Reported earnings per share therefore increased from €6.72 (2021) to €10.82. Earnings per share from continuing operations increased from €9.04 to €10.64.

On this basis, a dividend payment for fiscal 2022 of €4.30 per share will be proposed to the Annual General Meeting on May 9, 2023, compared with €3.30 in the previous year. This equates to a payout ratio of 40.4% (previous year: 36.5%).

The operating free cash flow (continuing operations) generated in the Rheinmetall Group in fiscal 2022 amounted to €-152 million after €458 million in the previous year. Compared with the previous year, this significant decline was mainly driven by strategic materials purchases to avoid
shortages and advance performance in the field of security technology and higher capital expenditure.

**Vehicle Systems: Sales increase by 21%, operating result improves by 48%**

The Vehicle Systems division, which operates in the sector of military wheeled and tracked vehicles, generated sales of €2,270 million in fiscal 2022, considerably exceeding the previous year’s figure of €1,883 million by around 21%.

Considerable sales contributions resulted in part from the delivery of the first of a total of 209 Lynx infantry fighting vehicles to the Hungarian armed forces. As well as delivering the 3,000th truck as part of the German armed forces’ unprotected transport vehicle project, initial sales were generated with the same customer for the supply of swap body trucks. As in the previous year, a considerable share of sales also resulted from the major Land 400 Phase 2 order in Australia, which includes the delivery of 211 Boxer wheeled armored vehicles.

The order intake for the Vehicle Systems division in the year under review was €1,564 million, after €2,851 million in the previous year. In fiscal 2021, two major orders for the modernization of the British Challenger main battle tank fleet and the upgrade of the German armed forces’ Puma infantry fighting vehicle led to a particularly high order intake.

With an extension of the existing contract with the British government to supply an additional 100 Boxer wheeled vehicles, an order volume of €256 million was generated in 2022. Other major new orders were acquired in connection with the tank-swap program initiated by the German government with the NATO member states of Greece, Slovenia, the Czech Republic and Slovakia. In the area of military logistics vehicles, the German armed forces placed additional call-offs of €485 million under an existing framework agreement to supply up to 4,000 trucks with swap body systems by 2027.

The division’s operating result amounted to €258 million in 2022. This is growth of €84 million or 48% compared to the previous year’s result of €174 million. At 11.4%, the operating margin exceeded the previous year’s figure of 9.2% thanks to a better product mix.

**Weapon and Ammunition: Operating result grows by 40% – new record in order intake at nearly €3 billion**

The Weapon and Ammunition division generated sales of €1,470 million with its weapon system and ammunition activities in the year under review. Measured against the previous year, this represents an increase in sales of €238 million or 19%. Two-thirds of this growth can be attributed to the South African subsidiary Rheinmetall Denel Munition (Pty) Ltd., which generated additional sales in individual customer nations. The Protection Systems business unit also played a role here with its activities in the field of military protection systems. It increased its sales primarily through deliveries of armored truck cabs.

The Weapon and Ammunition division achieved a new record order intake of €2,980 million. The order volume more than doubled compared with the previous year’s figure of €1,403 million (2021) with growth of €1,577 million. This development clearly reflects armed forces’ increased demand for munitions in many countries in Europe and elsewhere.

Particularly worthy of note are a €848 million multi-year contract to supply various types of ammunition to the Hungarian armed forces and a €192 million contract for technology for an explosives plant, likewise in Hungary. Another major order worth €119 million went to RWM Italia for a customer in the Pacific region. Business with the German armed forces increased to an order volume of €380 million.

The operating result in the Weapon and Ammunition division rose by €88 million or around 40% to around €306 million in fiscal 2022 (previous year: €218 million), mainly due to the higher sales volume. The operating margin improved from 17.6% in the previous year to 20.8% in the year.
under review due to intensified cost optimization measures and a more profitable product mix in the ammunition business.

**Electronic Solutions:  
Sales and operating result increased – order intake at a record level**

The Electronic Solutions division, which produces solutions in the field of armed forces digitalization, infantry equipment, air defence and simulation, generated sales of €1,063 million in fiscal 2022. It thus exceeded the previous year’s level of €932 million by 14%. The sales increase is driven among other things by a larger share in the major Hungarian Lynx infantry fighting vehicle project as well as the supply of infantry equipment for the German armed forces. Other relevant sales came from the share in the major Land 400 Phase 2 project for Australia, the expansion and modernization of existing air defence systems, and the delivery of the Skynex air defence system for international customers. The sales from the activities of the drone manufacturer EMT, which were acquired in the year under review, were also included for the first time.

Order intake for the Electronic Solutions division climbed to a record €1,649 million in fiscal 2022 (previous year: €1,021 million). The largest single order in the division was a major order of €219 million for special procurement of combat helmets as part of the special fund for the German Bundeswehr.

At €118 million, the division’s operating result was up 20% on the previous year’s figure of €99 million. The operating margin increased from 10.6% in the previous year to 11.1%.

**Sensors and Actuators: Booked business considerably increased; order successes reinforce transformation**

The Sensors and Actuators division, which provides solutions for industrial applications and electric mobility as well as components and control systems for reducing emissions, increased its sales by 5% or €67 million to €1,382 million in the year under review. It thus fell slightly short of the global growth in light vehicle production, which is estimated at around 6% (IHS Markit). This difference can be explained in part by weaker market growth in the Sensors and Actuators division’s truck market. Nearly all other product areas of the Sensors and Actuators division increased their sales compared to the previous year. In Automotive Emission Systems, sales of exhaust gas recirculation modules, secondary air systems and exhaust flaps picked up. The increase in sales achieved for mechanical and electric oil pumps underscores the trend toward the use of particularly efficient technologies. Sales of the electrical vapor pump enjoyed a particular upturn in the Korean and North American markets.

The division’s booked business in fiscal 2022 was 12% higher than a year earlier at €2,770 million (previous year: €2,472 million). The first series order for the supply of high-voltage contactors for use in electric vehicles was acquired in 2022. In the field of industrial technology, the division received the largest single order in the civil sector for a stationary refrigerant compressor to the tune of more than €670 million, further driving the transformation away from the combustion engine.

The Sensors and Actuators division achieved an operating result of €95 million in fiscal 2022, after €103 million in the previous year. At 6.9%, the division’s operating margin was slightly below the previous year’s figure of 7.8% (2021), as changes in raw material costs were only passed onto the market at a delay, which resulted in a reduction in earnings.

**Materials and Trade: Sales grow by 14%, operating result increases by around a third**

The Materials and Trade division, which supplies plain bearings and structural components and conducts global aftermarket business, increased sales in 2022 by 14% or €92 million to €743 million compared with the previous year, which was still severely impacted by the coronavirus pandemic.
The Bearings and Trade business units again showed positive year-on-year sales performance. Bearings passed on cost increases in the plain bearings business and generated higher sales. The Trade business unit increased its sales both with higher sales volumes and through price increases.

Booked business in the Materials and Trade division reached €751 million in the period under review, a year-on-year increase of €31 million or 4%.

The division achieved an operating result of €68 million in fiscal 2022, up €17 million or 34% on the previous year. As a result, the division’s operating margin increased by 1.3 percentage points year-on-year to 9.1%.

**Rheinmetall Group forecast for 2023: Strong sales growth with stable high margins**

Based on the current market outlooks, the Rheinmetall Group expects significant growth in sales and anticipates a stable, high operating margin combined with an improved operating result in fiscal 2023.

The Rheinmetall Group’s annual sales are expected to rise to between €7.4 billion and €7.6 billion in fiscal 2023 (fiscal 2022: €6,410 million) before M&A effects.

Based on this sales forecast and taking into account holding costs, Rheinmetall is expecting to see an improvement in the Group operating result, with a Group operating margin of around 12% for fiscal 2023 (margin fiscal year 2022: 11.8%).

**Forward-looking statements and projections**

This publication includes forward-looking statements. These statements are based on Rheinmetall AG’s current estimates and projections and information available at this stage. Forward-looking statements are not a guarantee of future performance. They depend on a number of factors, include 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 publication.