



# TECHNOLOGIES FOR SECURITY AND MOBILITY

**Conference Call Fiscal Year 2015**

Düsseldorf | 17 March 2016



# New headquarter: „Rheinmetall Wings“ Düsseldorf





## Review 2015

### Strong sales and earnings growth



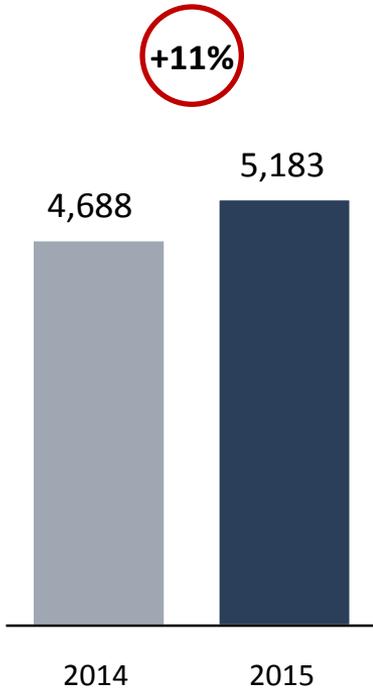
- **Rheinmetall Group:** targets achieved, Sales for the first time above EUR 5 billion
- **Automotive:** Record sales and earnings
- **Defence:** Turnaround accomplished, order flow underpins strong market position
- **Restructuring** phase 2013 - 2015 successfully completed
- **Capital increase** strengthening the balance sheet
- **Dividend** bouncing up to EUR 1,10 (proposal)



# Fiscal year 2015 in detail

## Strong incremental sales, moderate increase of headcount

■ Sales in EUR million



■ Order backlog in EUR million



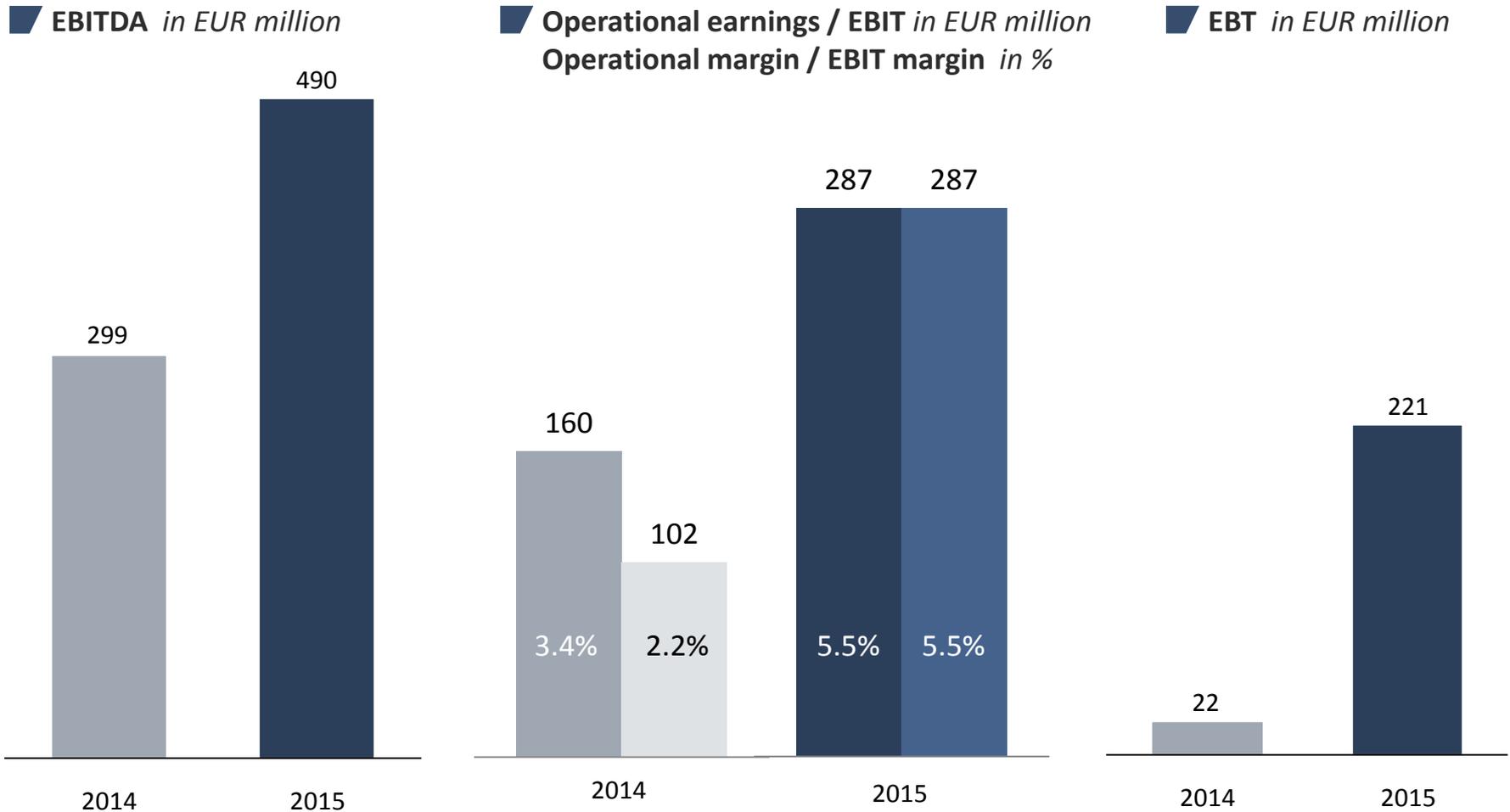
■ Headcount in full-time equivalents





# Fiscal year 2015 in detail

## Earnings boosted by turnaround in Defence





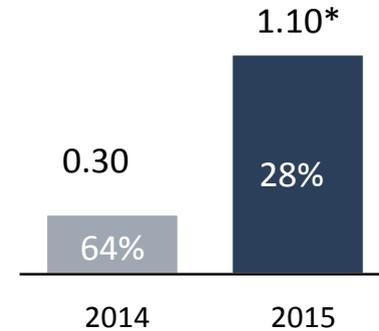
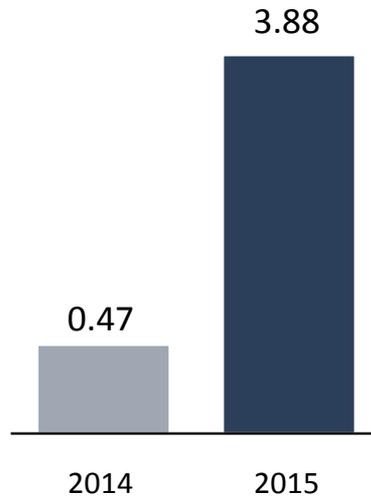
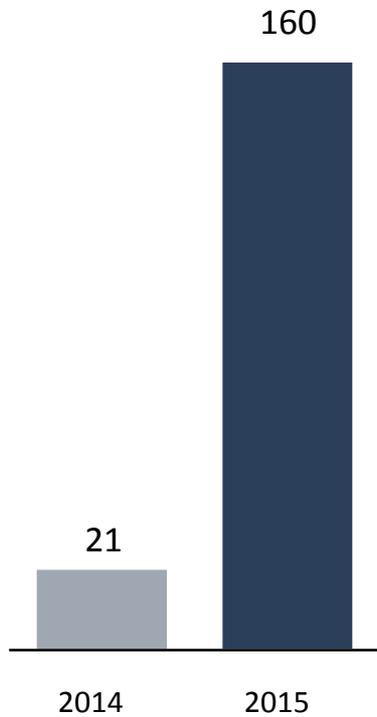
# Fiscal year 2015 in detail

## Increased dividend proposal of EUR 1.10

Net income *in EUR million*

Earnings per share *in EUR*

Dividend per share *in EUR*  
Payout ratio *in %*



\* Proposal to the Annual General Meeting



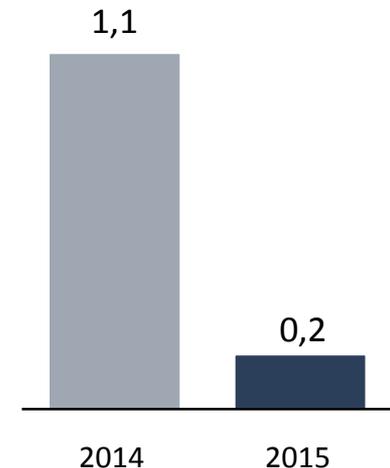
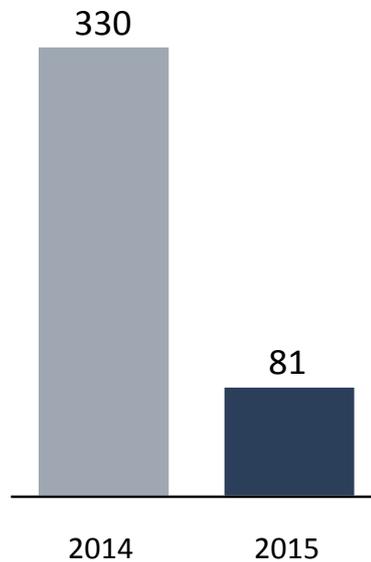
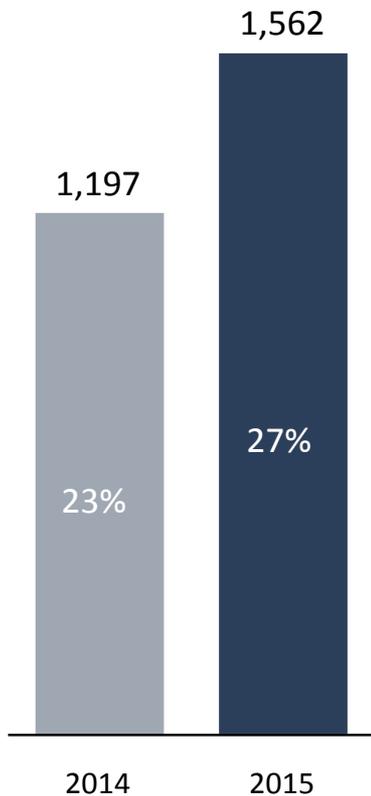
## Fiscal year 2015 in detail

# Net financial debt lowered by capital increase and improved earnings

■ **Equity** in EUR million  
■ **Equity ratio** in % of total assets

■ **Net financial debt** in EUR million

■ **Net debt/EBITDA-ratio**

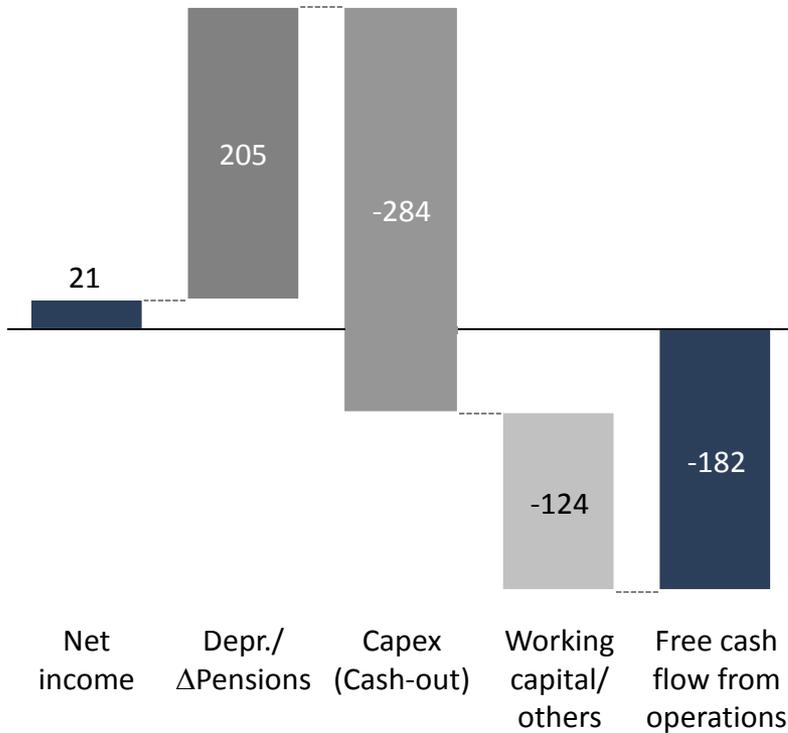




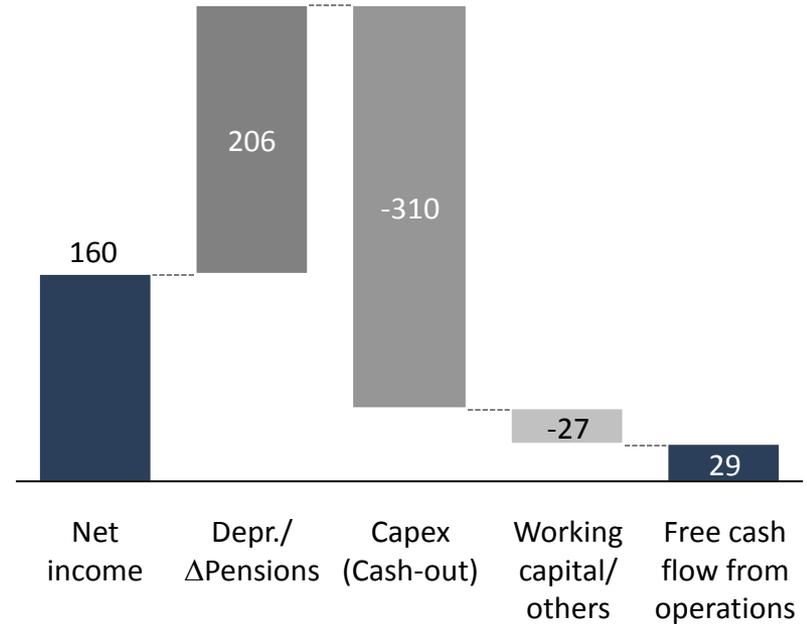
# Fiscal year 2015 in detail

## Positive free cash flow by improved earnings and working capital

2014 in EUR million



2015 in EUR million





# RHEINMETALL AUTOMOTIVE



## Review 2015

# A strong year for Automotive



- Dynamic **sales growth** by 6%, clearly above market growth of 1%
- EBIT margin of 8.3% representing an **all-time high**
- Main contribution to sales growth by **Mechatronics** division (+10%)
- **China**: Solid sales growth, despite a less dynamic development of LV-production

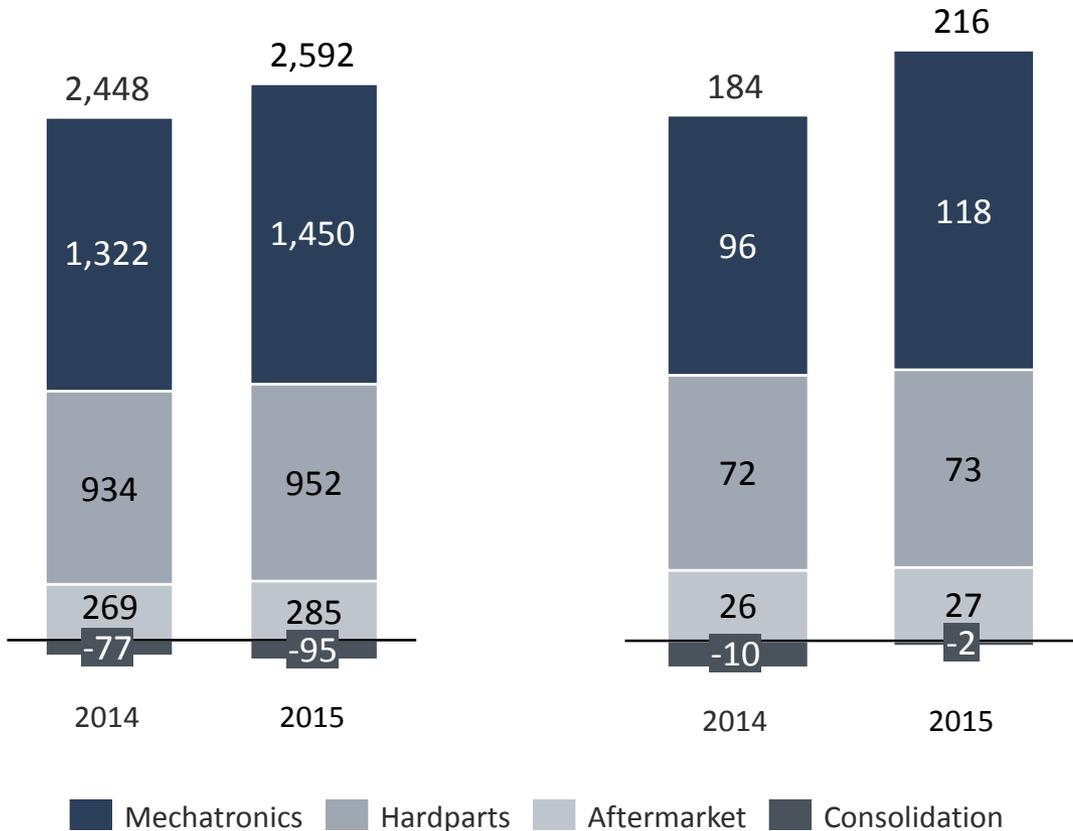


# Top- and bottom line growth

## Strong sales and earnings contribution from Mechatronics

■ Sales Automotive in EUR million

■ Operational earnings Automotive in EUR million



### REASONS FOR EARNINGS DEVELOPMENT

#### Mechatronics

- Strong profitable growth

#### Hardparts

- Sales and earnings on previous year's level

#### Aftermarket

- Solid top-line growth
- High margin level maintained



# Organic growth Main strategic drivers

# AUTOMOTIVE

## O R G A N I C   G R O W T H

**Market growth**  
**Light Vehicles (LV)**  
Globally rising production

and

**Expanding**  
**Non-LV business**  
of Rheinmetall Automotive

**More content**  
Increasing number of  
Rheinmetall products per  
car due to tightening  
environmental standards

and

**Trend of Electrification**  
esp. Hybridization

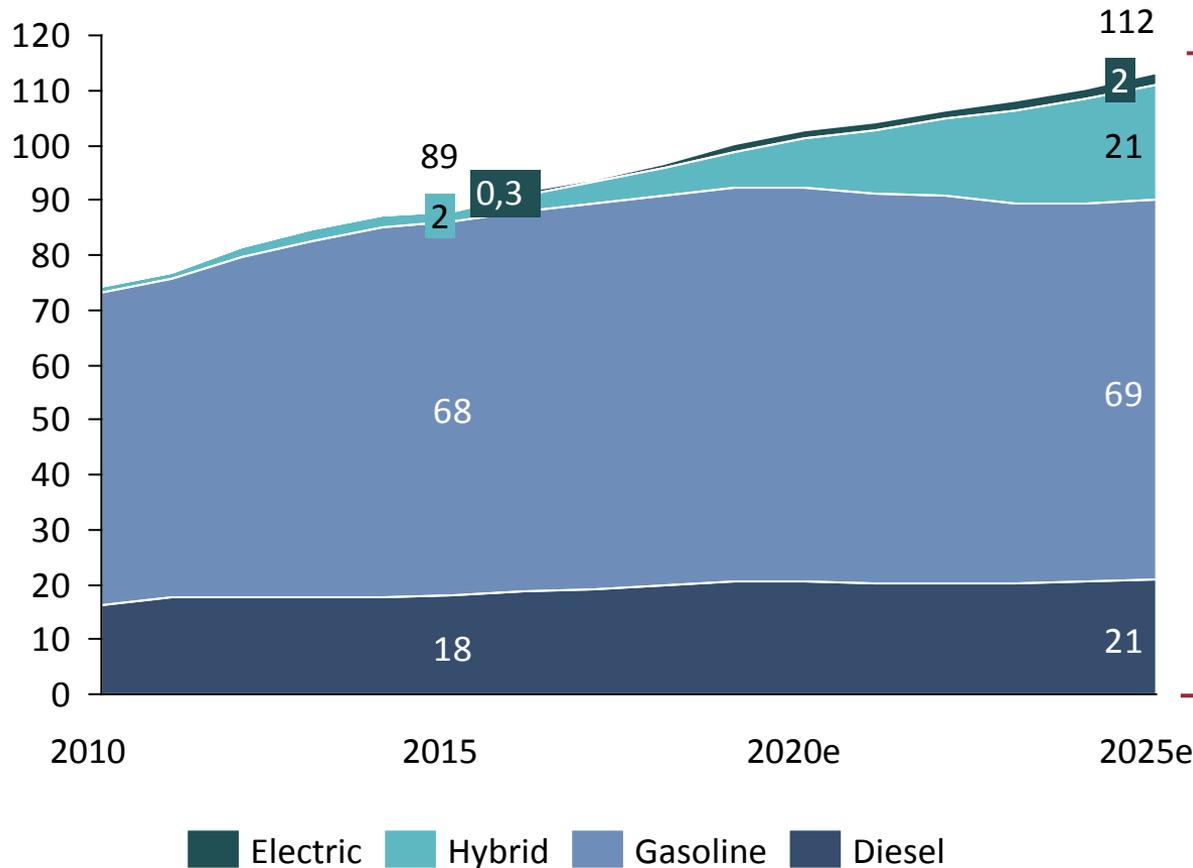
**Higher value of products**  
Innovative solutions with  
higher price level, driven by  
rising demand for  
components which offer  
improved energy-efficiency  
and/or lower fuel  
consumption



# Growth driver “Market growth”

## Ongoing increase of global demand for light vehicles

Forecast global light vehicle (LV) production in million units



- **Light vehicles remain on growth path**  
2014-2015: 1%  
2015-2025 (CAGR): 3%
- **Combustion engines losing market shares, but defend dominant position**
- **Market share of combustion engines:**
  - 2015: 97%
  - 2025: 80%

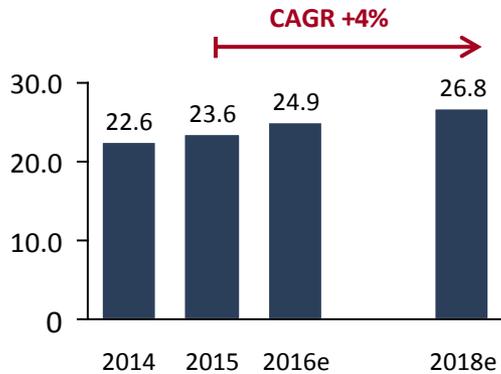
Source: IHS Automotive (February 2016)



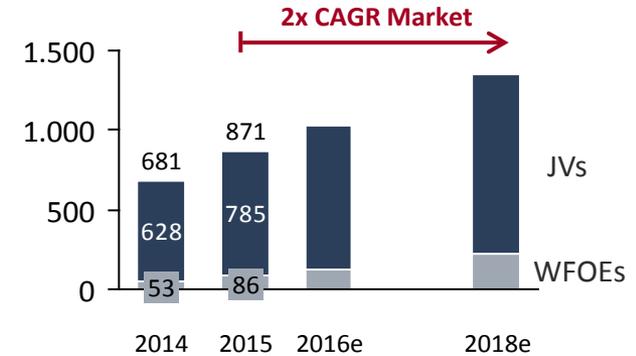
# Growth driver “Market growth”

## China: Continuing growth, but with lower rates

■ LV production in million units



■ Sales in EUR million



- Expected **recovery of the Chinese car market**: Growth expectation 5.6% in 2016 after 4.3% in 2015
- Growth rate expected to normalize but remains **above global average** growth
- **Double-digit sales increase** of 100%-subsidiaries (WFOE) expected

JV: 100% figures shown of Joint Ventures, Rheinmetall Automotive owns 50% of JV; consolidated at-equity  
WFOE: Wholly Foreign-Owned Enterprise, 100% subsidiaries, fully consolidated

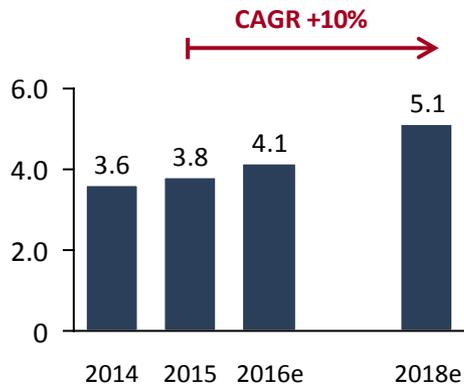
Source: IHS Automotive (February 2016)



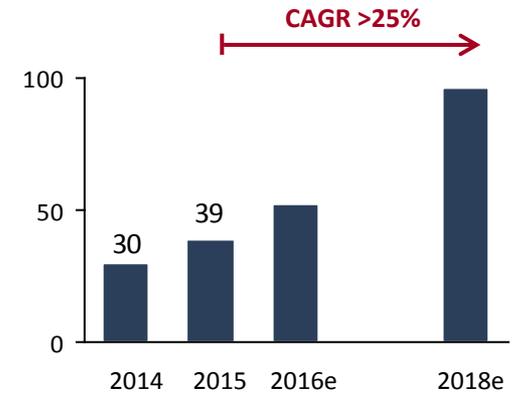
# Growth driver “Market growth”

## India: Well prepared to take advantage of increasing demand for mobility

LV production in million units



Sales in EUR million



- Expected **market growth** 2016 of 9% with a meaningful share of Diesel engines (~35%)
- **Automotive subsidiaries** leaving start-up phase and moving into growth phase

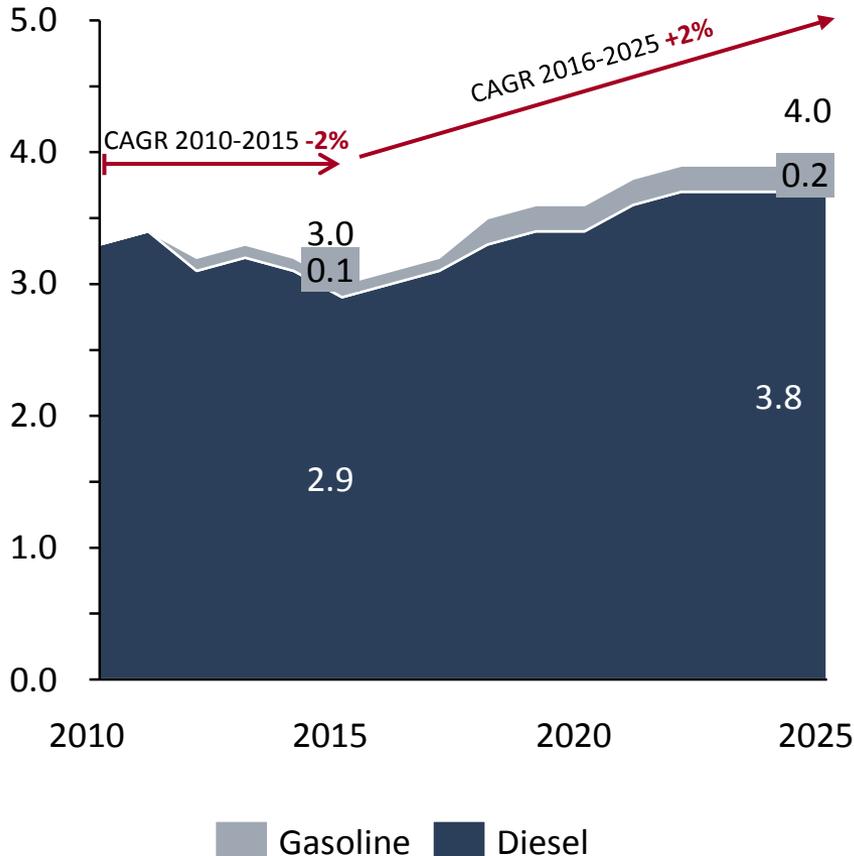
Source: IHS Automotive (February 2016)



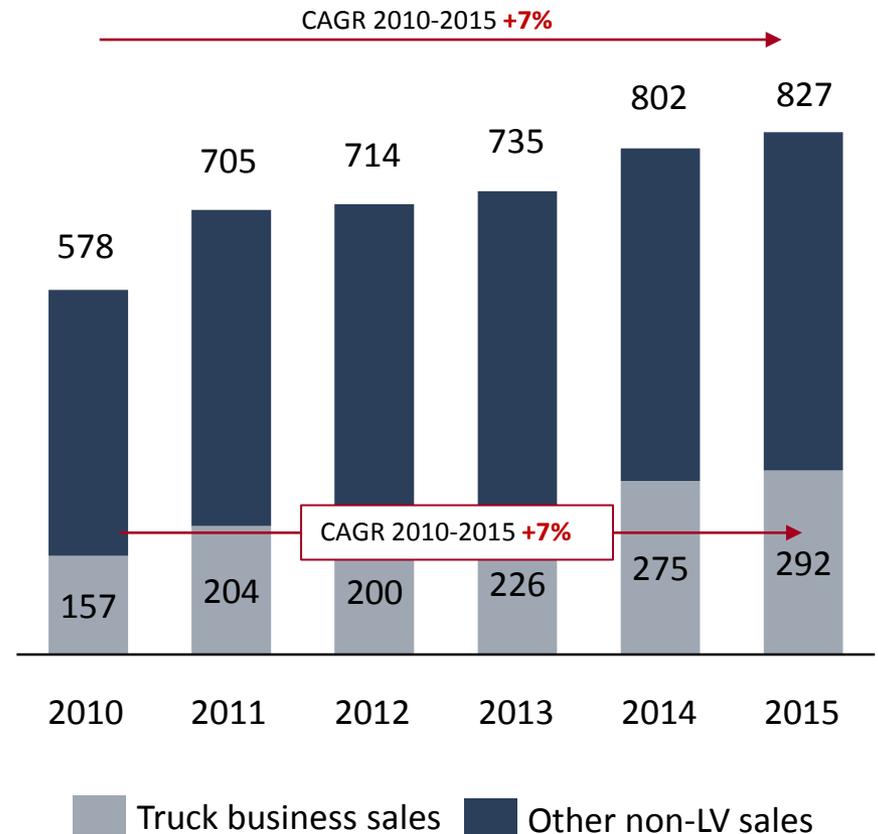
# Growth driver “Non-LV business”

## Truck engine production heading towards a growth phase

Forecast truck engine production in million units



Rheinmetall Automotive sales of non-LV and truck business in EUR million



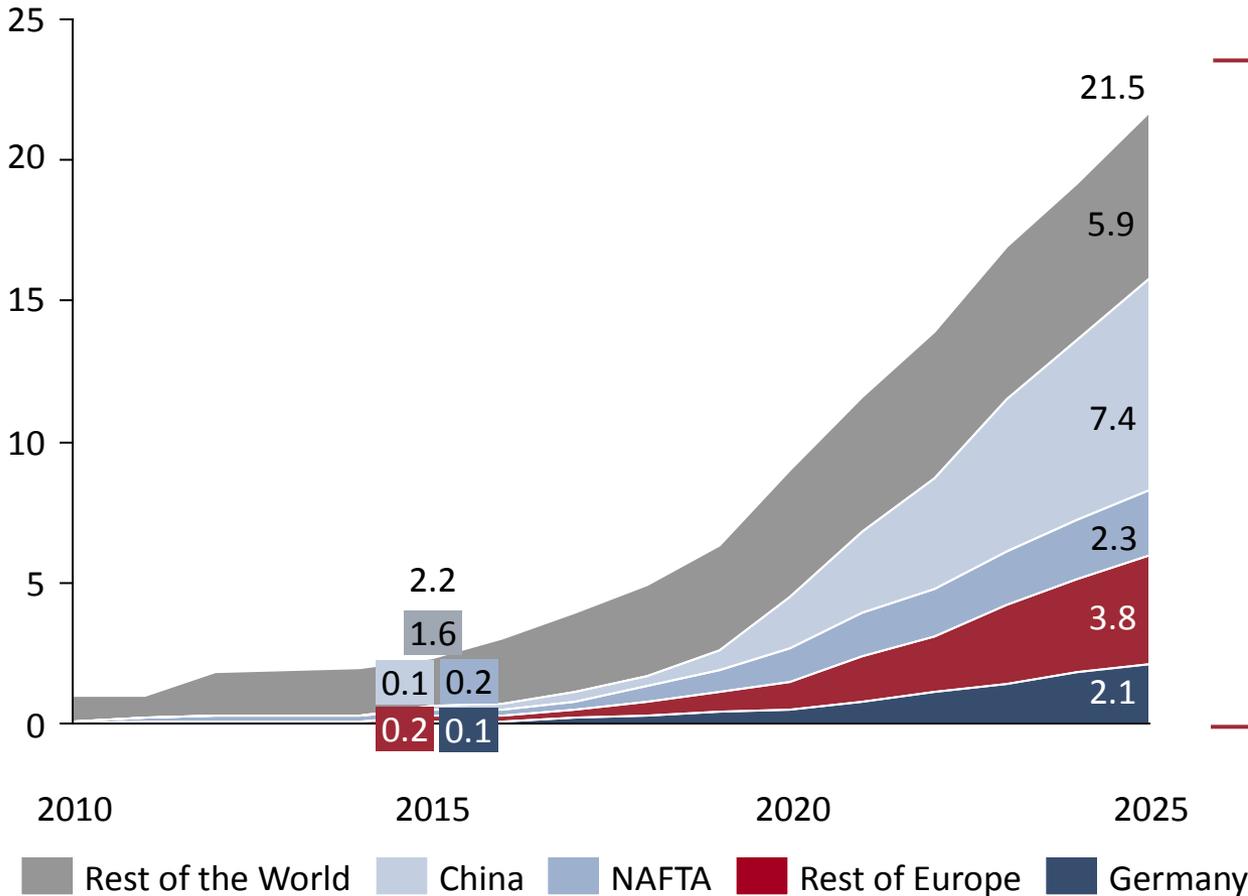
Source: IHS Automotive (February 2016)



# Growth driver “More content per car/hybridization”

## Trend to hybrid vehicles expected to accelerate

Forecast production of hybrid vehicles\* in million units



- **Stricter emission regulations** increase attractiveness of alternative energy concepts
- **Hybrid powertrains** will raise significantly and become a major market
- Estimated market share of **hybrid vehicles**:
  - 2015: 2%
  - 2025: 19%

\*Mild hybrid, full hybrid, plug-in hybrid

Source: IHS Automotive (October 2015)



Growth driver “More content per car”

Trend of hybridization opens potential for more Rheinmetall products

The traditional product portfolio for combustion engines ...

Electric throttle bodies



Actuators



Engine bearings



Solenoid valves



Pistons



Mechanical coolant pumps



Engine blocks



EGR valves



Oil pumps





# Growth driver “More content per car” Trend of hybridization opens potential for more Rheinmetall products

... will be enlarged by products for hybrid engines.

Electric throttle bodies



Actuators



Engine bearings



Solenoid valves



Electrical coolant valve



Pistons



Structural components



Electrical coolant pumps



Mechanical coolant pumps



Engine blocks



Thermal management module



Electrical vacuum pumps



EGR valves



Electrical oil pumps



Oil pumps





# Growth driver “Higher value of products”

## Electrification and downsizing require more sophisticated products

### Coolant pump



Mechanical  
EUR 9-15



**>6x**



Electrical  
EUR 55-85

### Exhaust gas recirculation



Valve  
EUR 20-25



**>3x**



Valve, cooler, bypass  
and bypass actuator  
EUR 70-90



### Oil pump



Mechanical  
EUR 8-30



**>3x**



Variable  
EUR 18-55

### Piston



Aluminum  
EUR 3-12



**>3x**



Steel  
EUR 20-30



# Growth drivers “More content per car” and “Higher value of products”

## Strategic target: Engine neutrality

Product Portfolio	Gasoline	Diesel	Hybrid	E-drive
Divisions				
Mechatronics	✓	✓	✓	✓

- Technological developments in line with customer requirements (e.g., electric and/or variable pumps, “E-Booster”)

Hardparts	✓	✓	✓	(✓)
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- Extension of the existing product portfolio for vehicle engines (e.g. steel pistons) and for products independent on engines (e.g. structural casting parts) for light vehicles; E-Drive-specific products (e.g. battery case)
- Further extension of the non-LV-business (e.g. large-bore pistons)

- 
- **Flexible R&D and production capacities, adjusted to the need of the customers:**  
Gasoline-, Diesel-, hybrid-engines, electro-mobility
  - **Reducing dependency on specific LV-engine types**



# RHEINMETALL DEFENCE



## Review on 2015

# Turnaround of Rheinmetall Defence successful



- **Encouraging order flow** leads to a stable book-to-bill ratio above one
- **Sales pushed by 16%** to €2.6 billion
- **Strong turnaround** due to growing organic sales, successfully finalized restructuring program and improving product mix; no further impact on earnings by one-offs
- Shaping profile in the **global military vehicle business** by the new division Vehicle Systems



## Rheinmetall Defence

### The new Vehicle Systems Division – a competitive international supplier



- **Leading European supplier** of military vehicle systems with expected sales of €1.4 billion (in 2016) and a strong order backlog of €4.0 billion (end of 2015)
- **Sole provider of the complete product portfolio** of military vehicles (tracked, wheeled, tactical, logistical) and turrets in the Western world
- **New vehicles are ready for market launch:** amphibious wheeled vehicle, infantry fighting vehicle
- Strong market position setting a **solid basis in the further consolidation** process of the industry

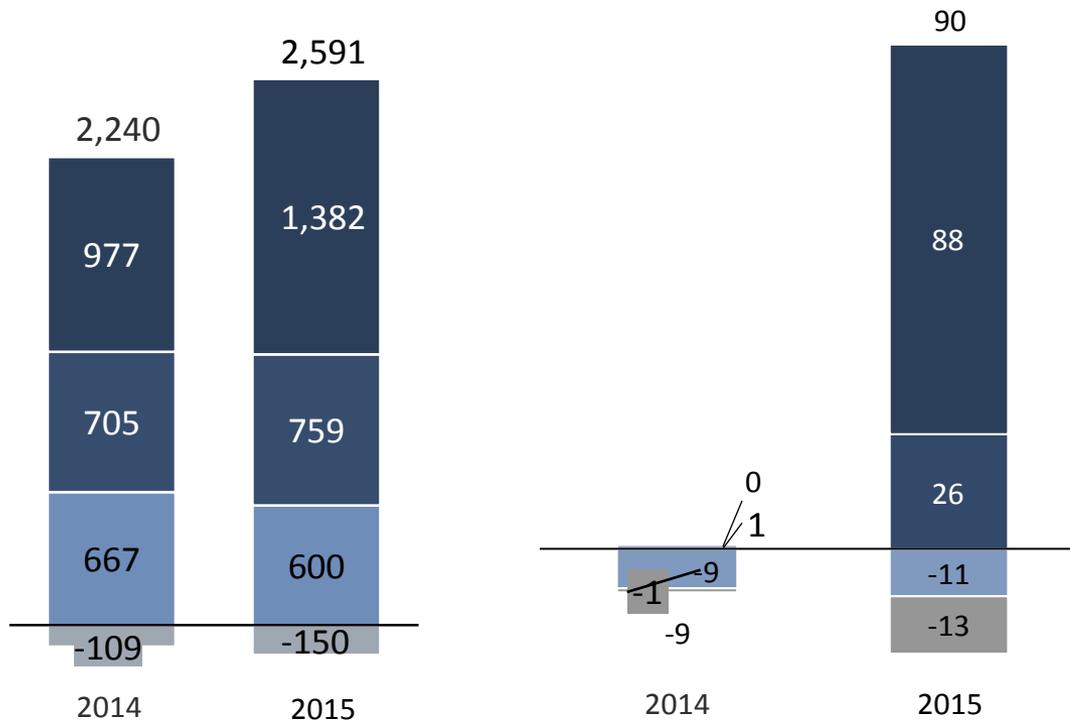


# Turnaround of the operational performance

## Return to profitability by operational improvements and no further one-offs

Sales Defence in EUR million

Operational earnings Defence in EUR million



### REASONS FOR EARNINGS DEVELOPMENT

#### Combat Systems

- Order execution boosts sales
- Improved economies of scale and product mix
- One-off for warranty naval guns in 2014

#### Electronic Solutions

- Growth impacted by strong CHF
- Losses in Norway reduced
- One-off for CTC Russia in 2014

#### Wheeled Vehicles

- Lower sales due to volatility of projects
- Earnings stabilized but as expected still negative

Combat Systems
  Electronic Solutions
  Wheeled Vehicles
  Consolidation/Others



# Organic growth Main strategic drivers

## DEFENCE

### O R G A N I C   G R O W T H

**High order potential**  
in German home market

**Global market growth**  
Increase of Defense  
budgets due to changing  
security situation

**High order backlog**  
Secures solid future  
growth of Rheinmetall  
Defence in mid-term  
perspective

**New markets**  
Approaching new markets  
with local partners and  
with

**Innovative products  
and developments**  
(e.g. laser technology)



# Growth driver “High order potential Germany”

## A number of projects targeted by Rheinmetall

	<p><b>Fox</b> Upgrade order (2016) <b>Potential ~€200 mill.</b> Additional 6x6-vehicles <b>Mid term potential €1 billion</b></p>		<p><b>Leopard 2</b> Upgrade order for 104 tanks <b>Potential up to €200 mill.</b></p>		<p><b>Marder</b> Lifetime extension <b>Potential ~€75 million</b></p>
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	<p><b>Boxer</b> Order for 131 vehicles, <b>Volume €130 million</b></p>		<p><b>Gladius soldier system</b> Order expected for 2016/17 <b>Potential ~€250 million</b> Further Soldier systems <b>Mid term potential ~€500 mill.</b></p>	<p><b>Puma</b> Additional equipment <b>Potential €600 million</b> Demand for additional IFVs <b>Long term potential €900 mill.</b></p>
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	<p><b>Ammunition</b> Restocking expected <b>Short and mid term potential ~€500 mill.</b></p>		<p><b>Combat Training Center</b> Additional equipment <b>Potential &gt; €50 million</b> Service contract <b>Potential €50-100 mill.</b></p>		<p><b>Military trucks</b> Step-by-step replacement of 2,500 vehicles <b>Potential until 2025 &gt; €1 billion</b> Additional demand for further vehicles</p>
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# Growth driver: Global markets

## The Defence macro picture is changing

### USA

- Trend of budget reduction stopped
- Defence spending expected of USD >600 billion p.a.

### NATO

- Common target confirmed: Moving defence budgets to 2% of GDP until 2025

### GERMANY

- Intention to return to fully equipped forces
- Necessity to spend EUR 130 billion for armament up to 2030

### EUROPE

- Return to increase defence spending especially in Eastern Europe (+4% annually until 2020) and Baltic states (+2%)

### RUSSIA

- Huge armed forces modernization program launched in spite of lower growth rates of defence budgets

### CHINA

- Mid-term budget growth of 7- 8 % p.a. expected

### AUSTRALIA

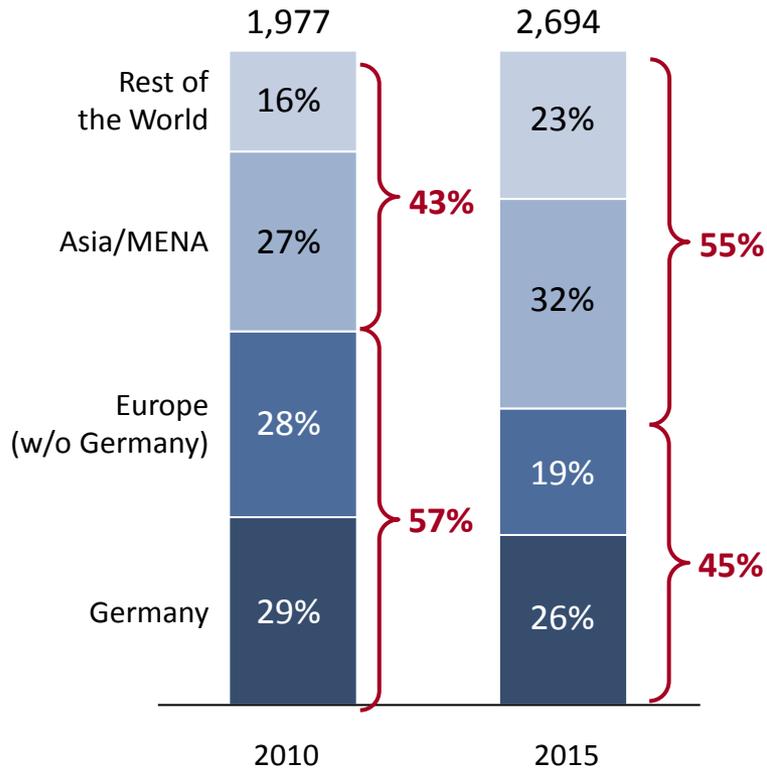
- EUR 127 billion until 2026 to modernize armed forces



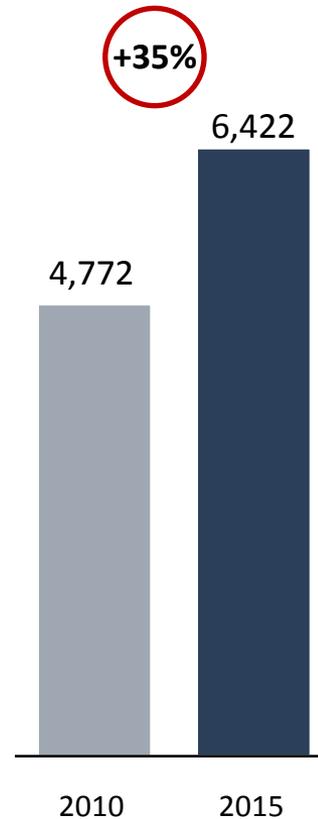
# Growth driver “High order backlog”

## Increased order backlog leads to improved visibility of mid-term sales

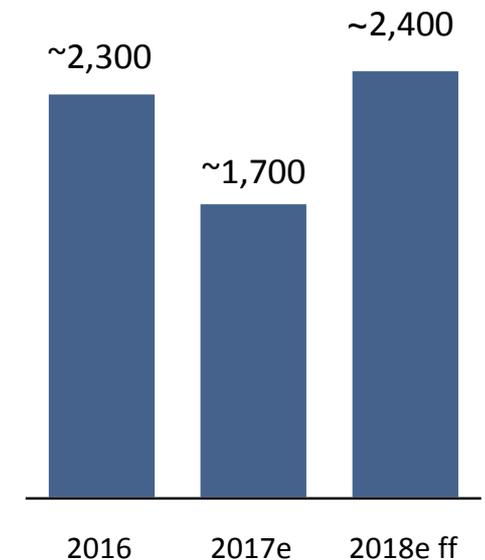
Order intake by region in EUR million



Order backlog in EUR million



...turning into sales





## Growth driver “New markets”

### Expanding local footprint by individual industrial partnerships

#### POLAND



- **Cooperation with the Polish defence industry** for a major Leopard modernization program, Order volume about EUR 220 million

#### TURKEY



- Rheinmetall Turk as a local entity is a **designated partner of joint ventures with Turkish defence companies** (Ammunition and vehicle systems)

#### AUSTRALIA: LAND 400 PROGRAM



- Tender submitted in 2015, offering Boxer with Lance turret
- Teamed up with Northrop Grumman
- Down-selection in 2016, final decision not before 2018
- Total volume: appr. EUR 2.5 billion
- Strong international competition

## Growth driver “New products”

### New technologies and products ready for market launch

#### MBT MODERNIZATION/NEW CALIBER



— **Digital turret core system**

- New high-pressure **120mm cannon**, performance increase: **+20%**
- New cannon with a **larger caliber**, performance increase: **50%**

#### NEW CONCEPT MGCS\*



- **MGCS concept** for new main battle tank **started**
- **Currently in concept phase** until 2017 in cooperation with the industry
- **Participation of several nations** expected, currently common project of Germany and France

\*Main Ground Combat System

#### HIGH ENERGY LASER



- **Laser technology developed**, ready for operations in 3-5 years
- **Domestic R&D orders** of EUR ~40 million **received**
- **Qualification phase ongoing:** Successfully tested by German Navy

A large, abstract blue graphic with geometric shapes and a blurred background, resembling a stylized 'R' or a modern architectural structure, occupies the upper half of the page.

# RHEINMETALL GROUP – OUTLOOK 2016 & MIDTERM PERSPECTIVES



## Short-term perspective

### Outlook fiscal year 2016

	Sales in € billion		Operational margin	
	2015	2016	2015	2016
 <b>Group</b>	5.2	~ 5.5	5.5%	~ 6%
 <b>Defence</b>	2.6	~ 2.8	3.5%	4.5-5%
 <b>Automotive</b>	2.6	~ 2.7	8.3%	~ 8%

#### Assumptions

- Key large-scale projects in Defence to be realized as scheduled, no significant one-offs
- Global automotive industry growing as forecast



## Mid-term perspective

# Looking ahead: Markets and Rheinmetall

Markets with good mid-term perspectives: Global growth in Defence and Automotive

		MARKET CAGR 2015-2018e	SALES	OPERATIONAL MARGIN
	AUTOMOTIVE	2.8%	~ 4-5%	~ 8%
	DEFENCE	1.1%	~ 8%	~ 6-7%

### Changing markets



- Sustainable growth of global car production
- Gradually rising importance of hybridization
- R&D efforts in order to create higher independency from engine concepts



- Increasing number of global tensions and conflicts lead to enhanced efforts to modernize ground forces
- Broad existing product portfolio covers increasing demand of land forces

Source: IHS Automotive/IHS Jane's (February 2016)



# APPENDIX



## Key figures: Group

<i>in EUR million</i>		2011	2012	2013	2014	2015
<b>Balance sheet</b>	<b>Total assets</b>	4,832	4,899	4,866	5,271	<b>5,730</b>
	<b>Shareholder's equity</b>	1,546	1,465	1,339	1,197	<b>1,562</b>
	<b>Equity ratio (in %)</b>	32.0	29.9	27.5	22.7	<b>27.3</b>
	<b>Pension liabilities</b>	729	919	891	1,121	<b>1,128</b>
	<b>Net financial debt</b>	130	98	147	330	<b>81</b>
	<b>Net gearing (in %)</b>	8.4	6.7	11.0	27.6	<b>5.2</b>
<b>Income statement</b>	<b>Sales</b>	4,454	4,704	4,417	4,688	<b>5,183</b>
	<b>Operating result</b>	342	268	211	160	<b>287</b>
	<b>Operating margin (in %)</b>	7.7	5.7	4.8	3.4	<b>5.5</b>
	<b>EBITDA</b>	538	490	315	299	<b>490</b>
	<b>EBIT</b>	354	296	121	102	<b>287</b>
	<b>EBIT margin (in %)</b>	7.9	6.3	2.7	2.2	<b>5.5</b>
	<b>EBT</b>	295	216	45	22	<b>221</b>
	<b>Net income after minorities</b>	213	173	29	18	<b>151</b>
	<b>Earnings per share (in EUR)</b>	5.55	4.55	0.75	0.47	<b>3.88</b>
	<b>Dividend per share (in EUR); 2015: proposal</b>	1.80	1.80	0.40	0.30	<b>1.10</b>
	<b>ROCE (in %)</b>	14.9	11.5	4.7	3.9	<b>10.1</b>
<b>Cash flow statement</b>	<b>Free cash flow from operations</b>	93	125	20	-182	<b>29</b>
<b>Headcount</b>	<b>Employees (Dec 31) according to capacity</b>	21,516	21,767	20,264	20,166	<b>20,676</b>

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)



## Key figures: Segments 2011 – 2015

AUTOMOTIVE				
2011	2012	2013	2014	2015
2,357	2,378	2,270	2,466	<b>2,621</b>
409	418	392	416	<b>445</b>
2,313	2,369	2,262	2,448	<b>2,592</b>
151	139	158	184	<b>216</b>
6.5	5.9	7.0	7.5	<b>8.3</b>
254	243	225	295	<b>332</b>
151	139	124	184	<b>216</b>
6.5	5.9	5.5	7.5	<b>8.3</b>
104	148	142	158	<b>167</b>
11,548	12,003	10,927	10,830	<b>10,934</b>
1,025	1,091	1,171	1,322	<b>1,540</b>
69	69	66	96	<b>118</b>
6.7	6.3	5.6	7.3	<b>8.1</b>
1,092	1,087	889	934	<b>952</b>
65	57	27	72	<b>73</b>
6.0	5.2	3.0	7.7	<b>7.7</b>
258	265	268	269	<b>285</b>
24	25	27	26	<b>27</b>
9.3	9.4	10.1	9.7	<b>9.5</b>

in EUR million		
<b>Order intake</b>		
<b>Order backlog (Dec. 31)</b>		
<b>Sales</b>		
<b>Operating result</b>		
<b>Operating margin (in %)</b>		
<b>EBITDA</b>		
<b>EBIT</b>		
<b>EBIT margin (in %)</b>		
<b>Capex</b>		
<b>Employees (Dec 31) according to capacity</b>		
<b>Mechatronics</b>	<b>Sales</b>	<b>Combat</b>
	<b>EBIT</b>	<b>Systems</b>
	<b>EBIT margin</b>	
<b>Hardparts</b>	<b>Sales</b>	<b>Electronic</b>
	<b>EBIT</b>	<b>Solutions</b>
	<b>EBIT margin</b>	
<b>Aftermarket</b>	<b>Sales</b>	<b>Wheeled</b>
	<b>EBIT</b>	<b>Vehicles</b>
	<b>EBIT margin</b>	

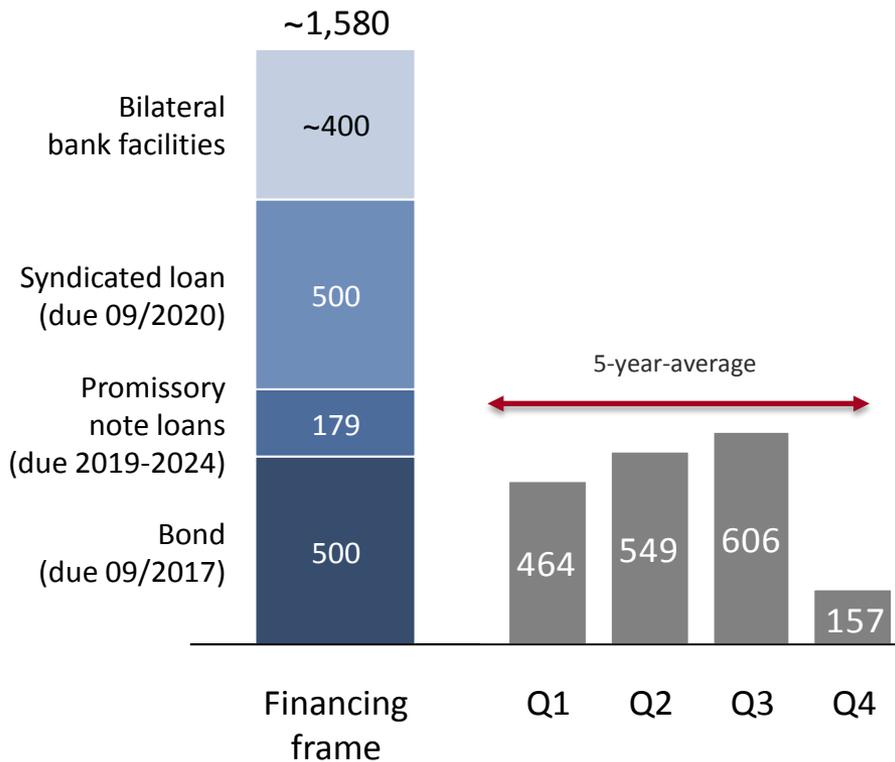
DEFENCE				
2011	2012	2013	2014	2015
1,831	2,933	3,339	2,812	<b>2,693</b>
4,541	4,987	6,050	6,516	<b>6,422</b>
2,141	2,335	2,155	2,240	<b>2,591</b>
212	146	60	-9	<b>90</b>
9.9	6.3	2.8	-0.4	<b>3.5</b>
303	262	96	17	<b>175</b>
223	173	4	-67	<b>90</b>
10.4	7.4	0.2	-3.0	<b>3.5</b>
102	90	62	76	<b>96</b>
9,833	9,623	9,193	9,184	<b>9,581</b>
1,198	1,136	1,027	977	<b>1,382</b>
146	102	31	-4	<b>88</b>
12.2	9.0	3.0	-0.4	<b>6.4</b>
799	748	710	705	<b>759</b>
86	97	11	-53	<b>26</b>
10.8	13.0	1.5	-7.5	<b>3.4</b>
255	567	539	667	<b>600</b>
-12	-25	-35	-9	<b>-11</b>
-4.7	-4.4	-6.5	-1.4	<b>-1.8</b>

2013 figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)



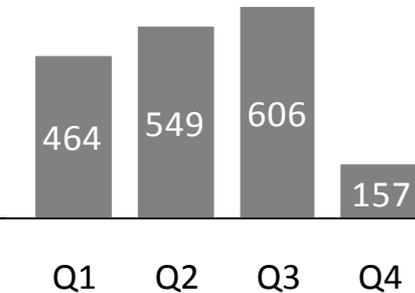
## Cash credit facilities and net financial debt

**Cash credit facilities**  
(as of Dec. 31, 2015)  
in EUR million

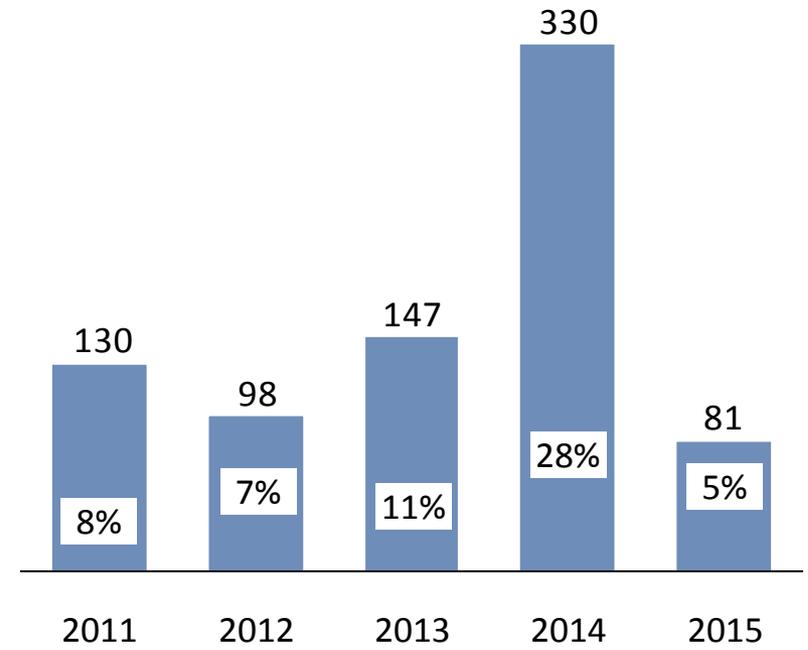


**Net financial debt**  
(at quarter end)  
in EUR million

5-year-average



**Net financial debt (at year-end)** in EUR million  
Net gearing\* in %



\* Net debt in % of equity



## Fiscal year 2015: survey

<i>in EUR million</i>	2014	2015	Δ 2015/2014	
Sales	<b>4,688</b>	<b>5,183</b>	+ 495	+ 11%
Operational earnings	<b>160</b>	<b>287</b>	+ 127	+ 79%
Special items: one-offs, restructuring costs	<b>- 58</b>	<b>0</b>	+ 58	
EBIT (reported)	<b>102</b>	<b>287</b>	+ 185	+ 181%
EBT	<b>22</b>	<b>221</b>	+ 199	+ 905%
Group net income*	<b>21</b>	<b>21</b>	+ 0	± 0%
Earnings per share* <i>in EUR</i>	<b>0.47</b>	<b>3.88</b>	+ 3.41	+ 726%
Dividend <i>in EUR</i>	<b>0.30</b>	<b>1.10**</b>	+ 0,80	+ 267%
Payout ratio <i>in%</i>	<b>64</b>	<b>28</b>	- 36 pp	- 56%
Employees (Dec 31)	<b>20,166</b>	<b>20,676</b>	+ 510	+ 3%

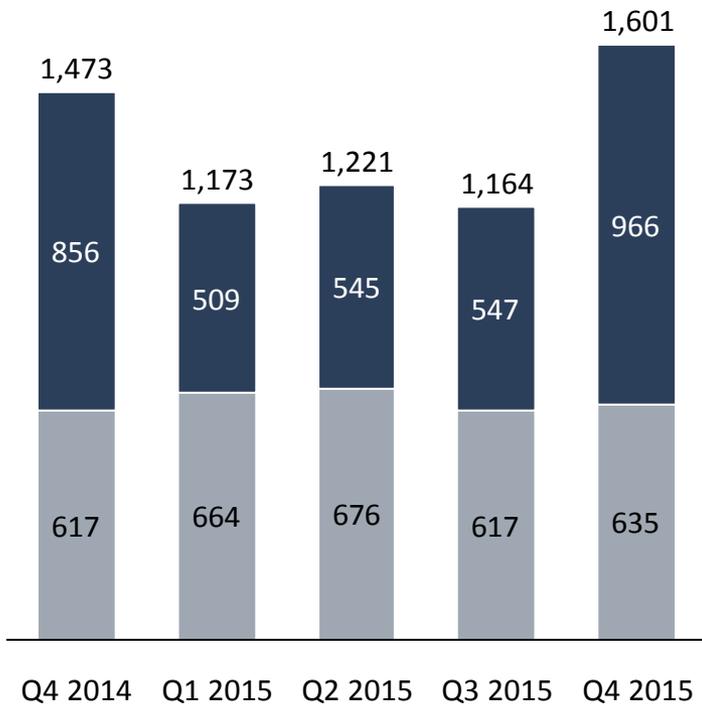
\* Continuing and discontinued operations

\*\* Dividend proposal to the Annual General Meeting

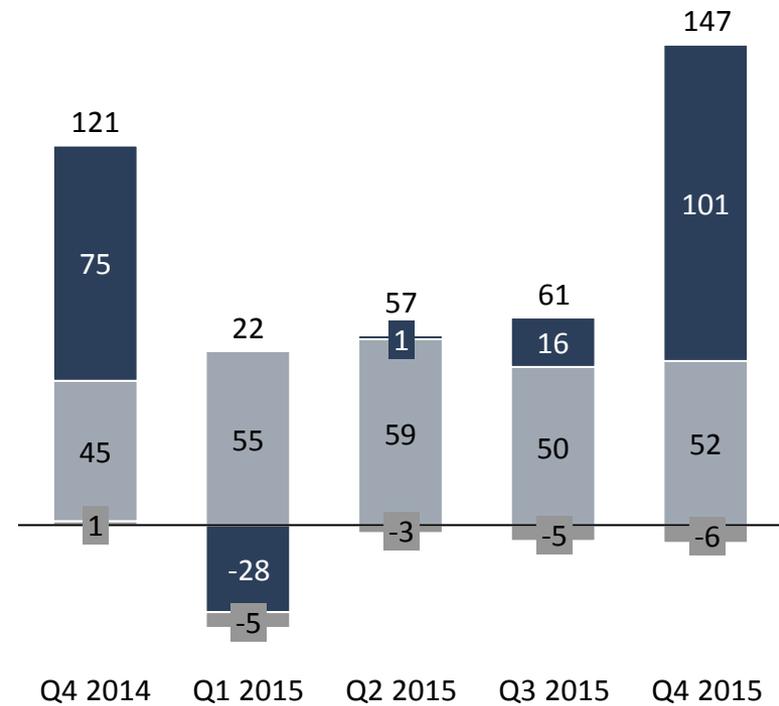


# Quarterly development

■ Sales in EUR million



■ Operational earnings in EUR million

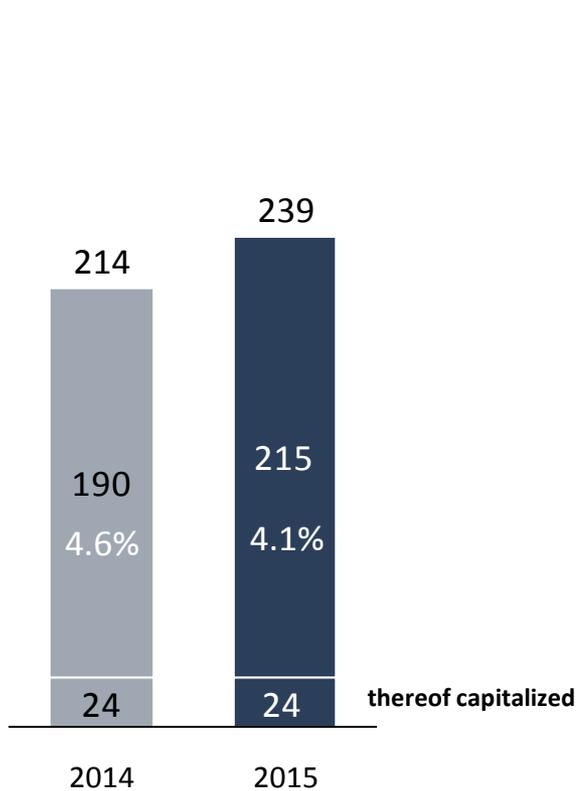


■ Defence ■ Automotive ■ Consolidation/Others

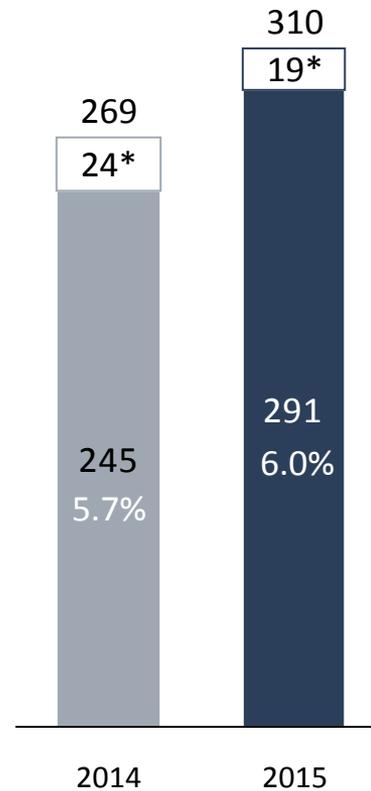


## Research & development, capex, depreciation & amortization

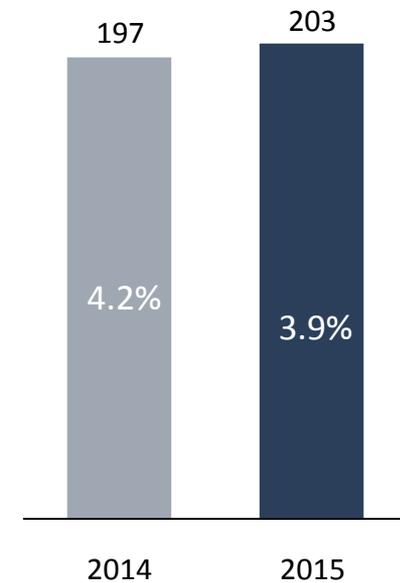
■ R&D in EUR million



■ Capex in EUR million



■ D&A in EUR million



\* Subsidies for tooling costs



## Cash flow statement

Continuing operations <i>in EUR million</i>	Q4 2014	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Δ Q4 2015/ Q4 2014
Group net income	41	5	29	30	96	+55
Amortization / depreciation	59	49	50	49	55	-4
Change in pension accruals	- 2	0	1	0	2	+4
<b>Cash flow</b>	<b>98</b>	<b>54</b>	<b>80</b>	<b>79</b>	<b>153</b>	<b>+55</b>
Changes in working capital and other items	337	-202	-100	8	267	-70
<b>Net cash used in operating activities</b>	<b>435</b>	<b>-148</b>	<b>-20</b>	<b>87</b>	<b>420</b>	<b>-15</b>
Cash outflow for additions to tangible and intangible assets	- 120	-56	-55	-78	-121	-1
<b>Free cash flow from operations</b>	<b>315</b>	<b>-204</b>	<b>-75</b>	<b>9</b>	<b>299</b>	<b>-16</b>



# The divisional structure of Automotive

## Focused on the attractive segment of powertrain technology

### RHEINMETALL AUTOMOTIVE

EUR 2.6 billion

#### Hardparts

Pistons

Large-bore pistons

Bearings

#### Mechatronics

Emission Systems

Solenoid Valves

Commercial Diesel Systems

Actuators

Pumps

#### Aftermarket

International

National

Joint ventures with HASCO in China/Europe (50:50; consolidated at equity)

Sales figure FY 2015



## Fiscal year 2015: survey

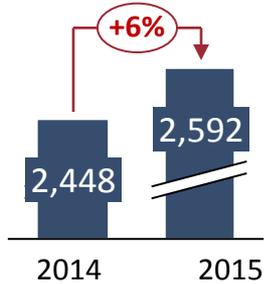
Continuing operations <i>in EUR million</i>	2014	2015	Δ 2015/2014	
Sales	2,448	2,592	+ 144	+ 6%
Operational earnings	184	216	+ 32	+ 17%
Special items: one-offs, restructuring costs	0	0	± 0	± 0%
EBIT (reported)	184	216	+ 32	+ 17%
Employees (Dec 31)	10,830	10,934	+ 104	+ 1%



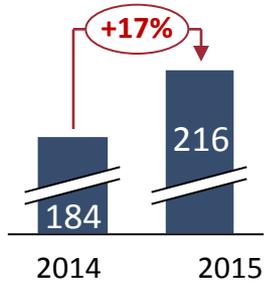
# Key figures by division

## Continuing operations

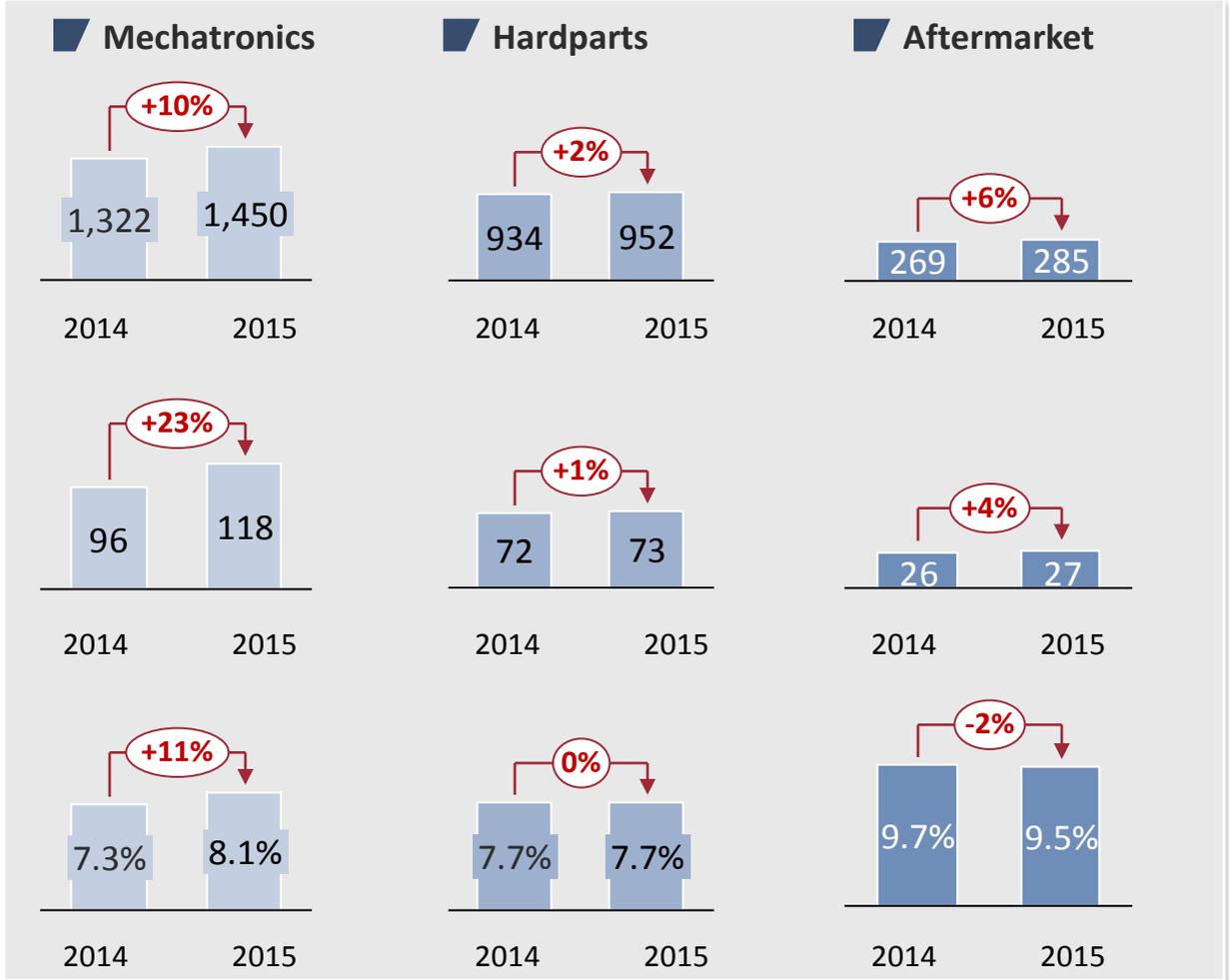
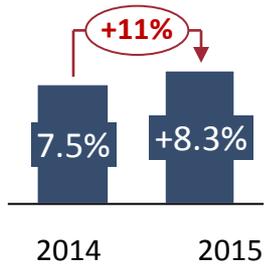
Sales



Operational earnings



Operational margin

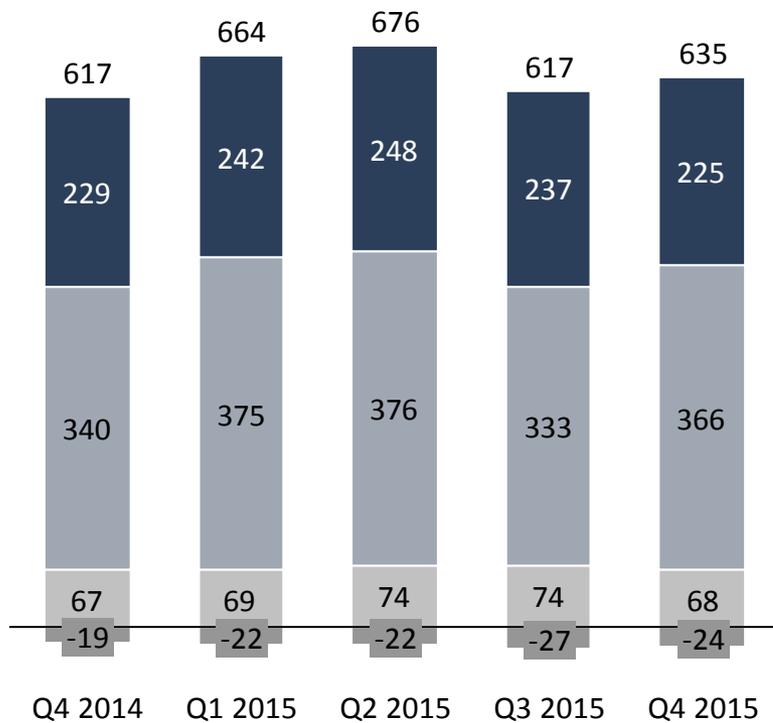


Figures before intra-segmental consolidation

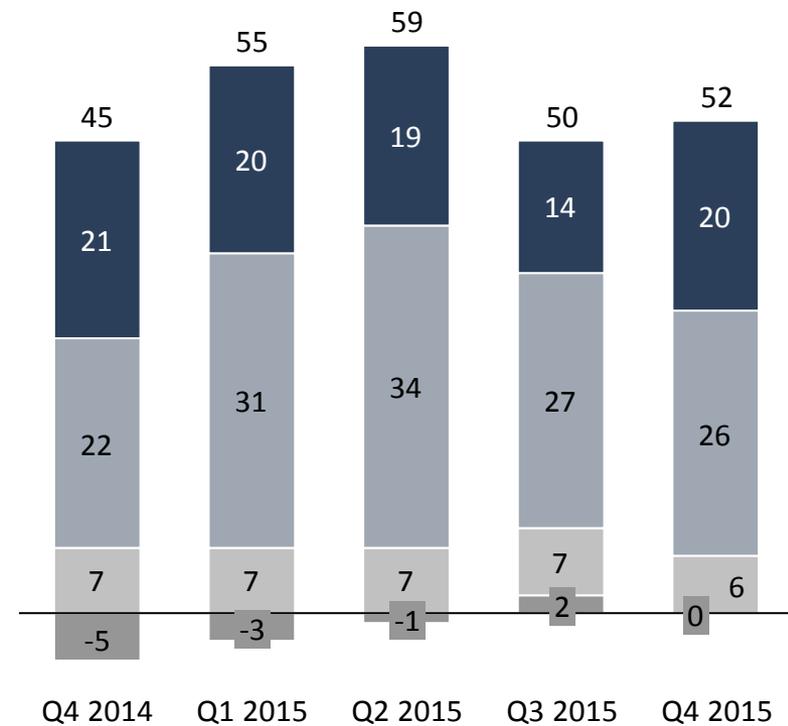


## Quarterly development

■ Sales Automotive in EUR million



■ Operational earnings Automotive in EUR million



■ Hardparts ■ Mechatronics ■ Aftermarket ■ Consolidation/Others

Figures adjusted according to IFRS 5 (Discontinued Operations) with regard to the formation of the ATAG JV and according to IFRS 11 (Joint Arrangements)



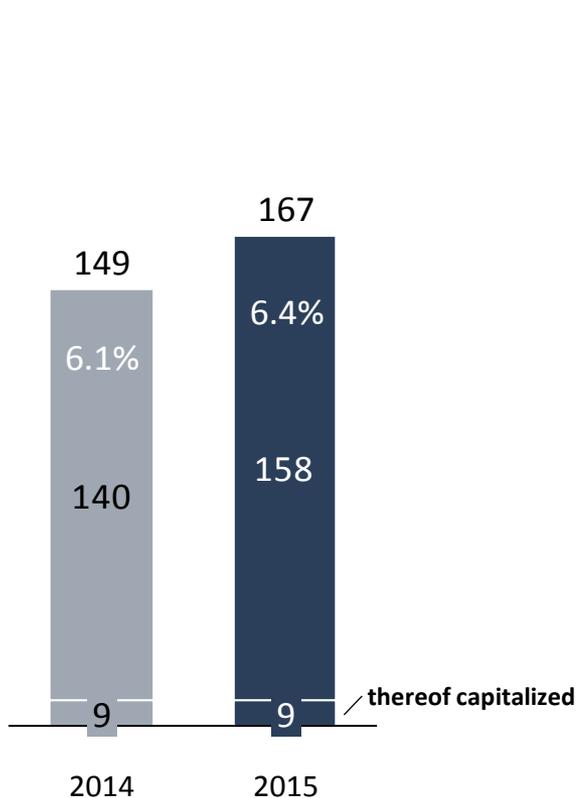
## Cash flow statement

Continuing operations <i>in EUR million</i>	2014	2015	Δ 2015/2014
Group net income	131	161	+30
Amortization / depreciation	121	116	-5
Change in pension accruals	-1	-2	-1
<b>Cash flow</b>	<b>251</b>	<b>275</b>	<b>+ 24</b>
Changes in working capital and other items	- 21	+7	+28
<b>Net cash used in operating activities</b>	<b>230</b>	<b>282</b>	<b>+52</b>
Cash outflow for additions to tangible and intangible assets	- 196	-186	+10
<b>Free cash flow from operations</b>	<b>34</b>	<b>96</b>	<b>+ 62</b>

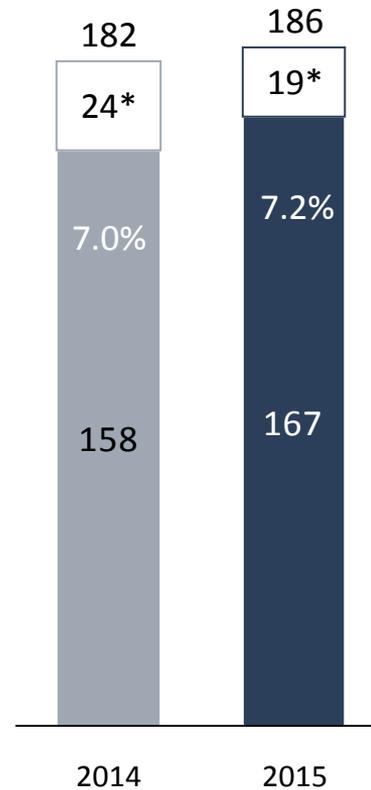


## Research & development, capex, depreciation & amortization

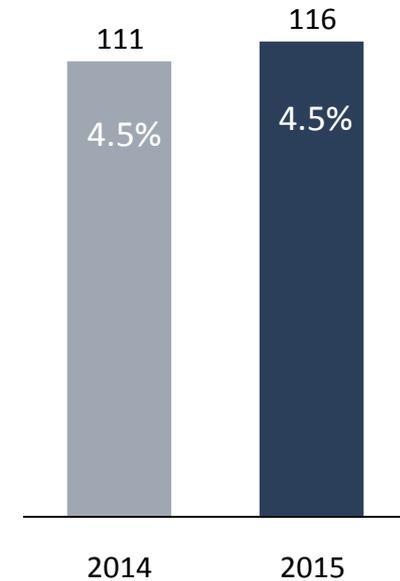
■ R&D in EUR million



■ Capex in EUR million



■ D&A in EUR million

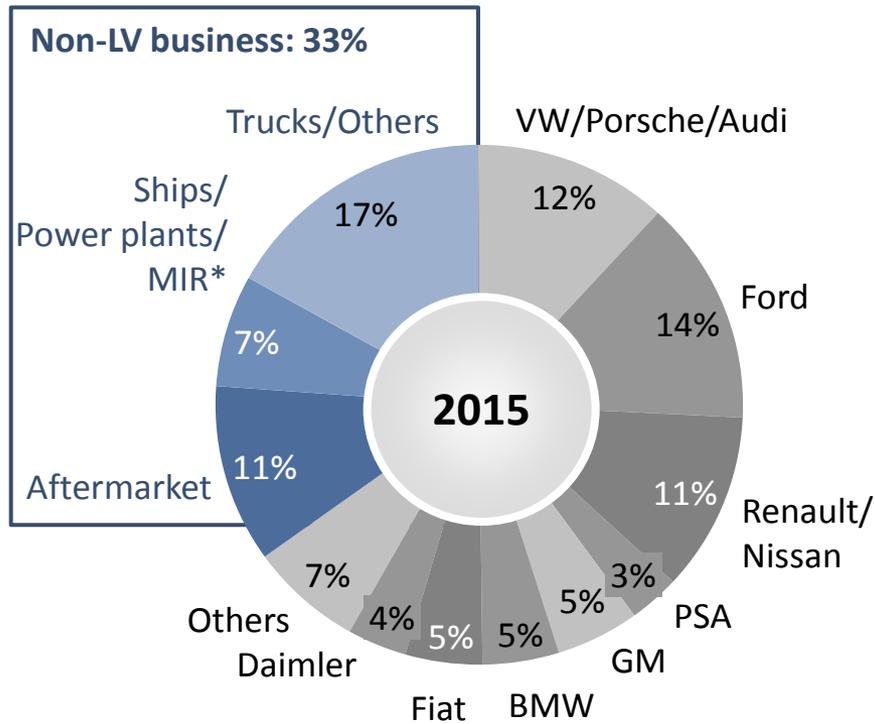


\* Subsidies for tooling costs

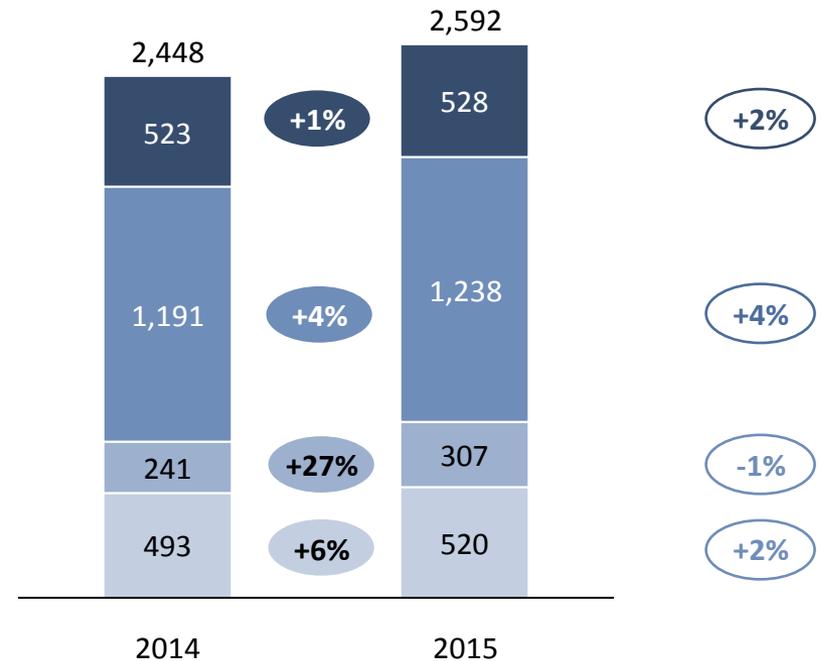


# Sales by customers and by regions

**Sales by customer in %**



**Sales by region in EUR million**  
**Sales growth in %**



**Market Growth\*\* in %**

\* MIR: Marine, Industrial, Recreational  
\*\* Source: IHS Automotive (February 2016)

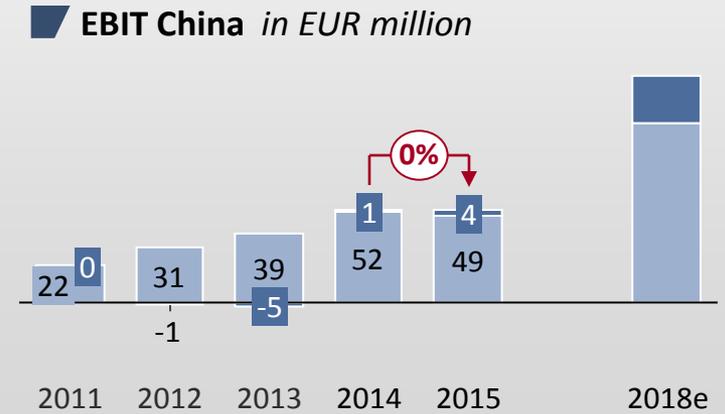
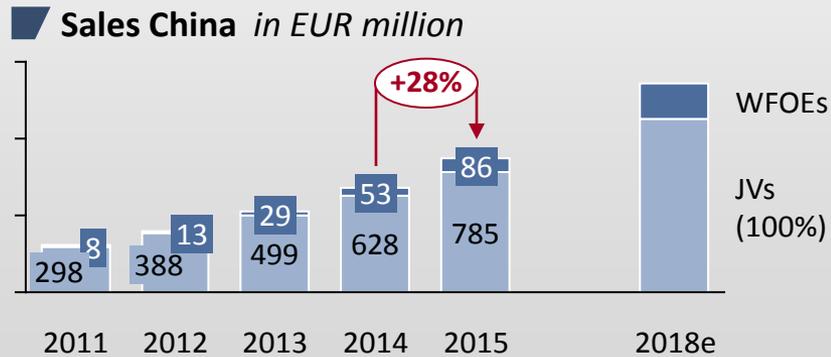


# Automotive in China

50/50 joint ventures with HASCO (SAIC group)			
Castings (ATAG)	Pistons (KSSP)	Castings (KPSNC)	Pumps (PHP)
2014	1997	2001	2012
Engine blocks and structural body parts	Pistons	Engine blocks, cylinder heads and structural body parts	Electrical and mechanical pumps
Germany/ Europe	China		

Wholly Foreign-Owned Enterprises (100% Rheinmetall Automotive)		
Aftermarket	Pierburg	Large-bore pistons
2008	2009	2013
Spare parts	EGR modules and electric throttle bodies	Large-bore pistons
China		

JV subsidiary
Pumps (PMP Ch.)
2012
Electrical and mechanical pumps
China



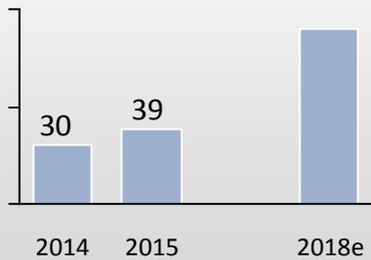


# Automotive in India

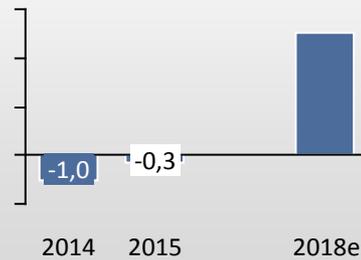
Subsidiaries in India (100% Ownership)		
<b>Pierburg</b>	<b>Pierburg Pumps</b>	<b>Bearings</b>
1997	2001	2012
EGR valves EGR valves (Com. Diesel) Throttle bodies	Mechanical oil pumps	Bearings Bushings Thrust washers Strips

Shareholding in India (20%)
<b>Shriram Pistons &amp; Rings Ltd.</b>
2008
Light vehicle pistons

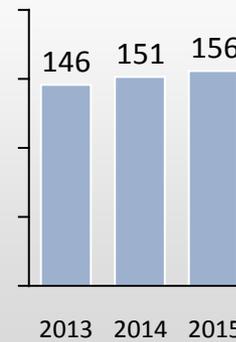
**Sales - subsidiaries**  
in EUR million



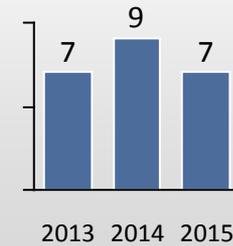
**EBIT - subsidiaries**  
in EUR million



**Sales – Shriram Pistons**  
in EUR million



**Net profit – Shriram Pistons**  
in EUR million



Source: Shriram, annual reports



# New divisional structure of Defence

## Transfer of Combat Platforms

### RHEINMETALL DEFENCE

EUR 2.6 billion

#### Vehicle Systems

Previously: Wheeled Vehicles

Logistic Vehicles

Tactical Vehicles

#### Electronic Solutions

Air Defence & Naval Systems

Mission Equipment

Simulation and Training

#### Weapon & Munition

Previously: Combat Systems

Weapon & Munition

Propulsion Systems

Protection Systems

Combat Platforms

**Combat Platforms\*:**

Sales: 317 mEUR (2014); 597 mEUR (2015)

\* after consolidation

Sales figure FY 2015



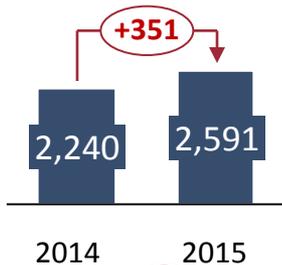
## Fiscal year 2015: survey

<i>in EUR million</i>	2014	2015	Δ 2015/ 2014	
Order intake	2,812	<b>2,693</b>	- 119	- 4%
Order backlog (Dec 31)	6,516	<b>6,422</b>	- 94	- 1%
Sales	2,240	<b>2,591</b>	+ 351	+ 16%
Operational earnings	- 9	<b>90</b>	+ 99	
Special items: one-offs, restructuring costs	- 58	<b>0</b>	+ 58	
EBIT (reported)	- 67	<b>90</b>	+ 157	
Employees (Dec 31)	9,184	<b>9,581</b>	+ 397	+ 4%

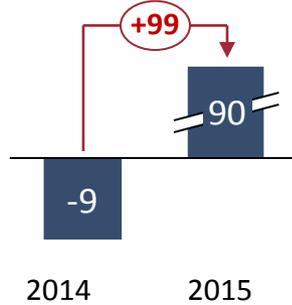


# Key figures Defence by division

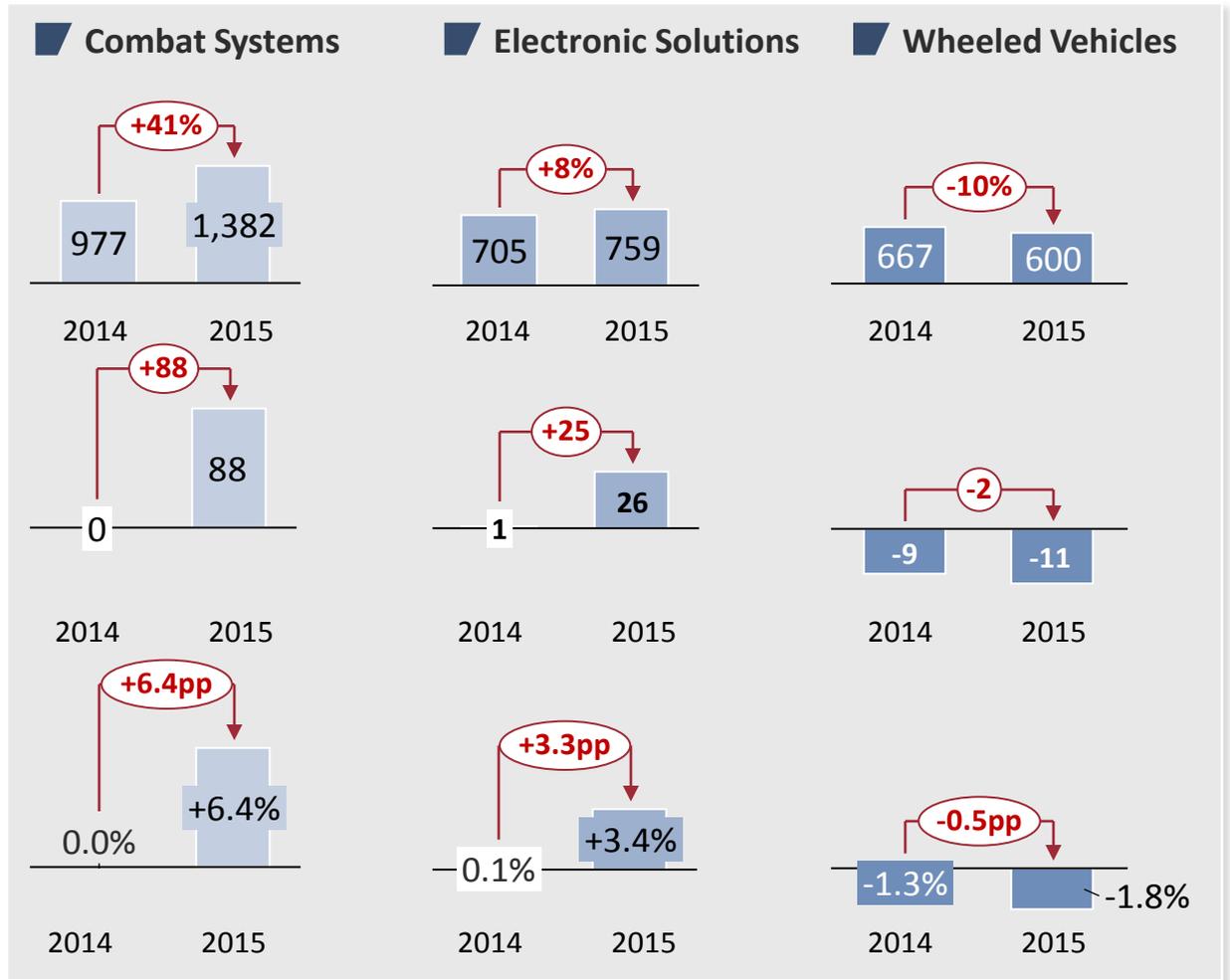
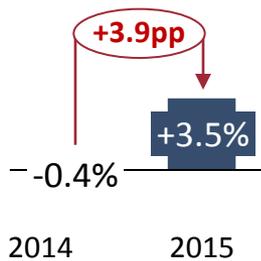
## Sales



## Operational earnings



## Operational margin

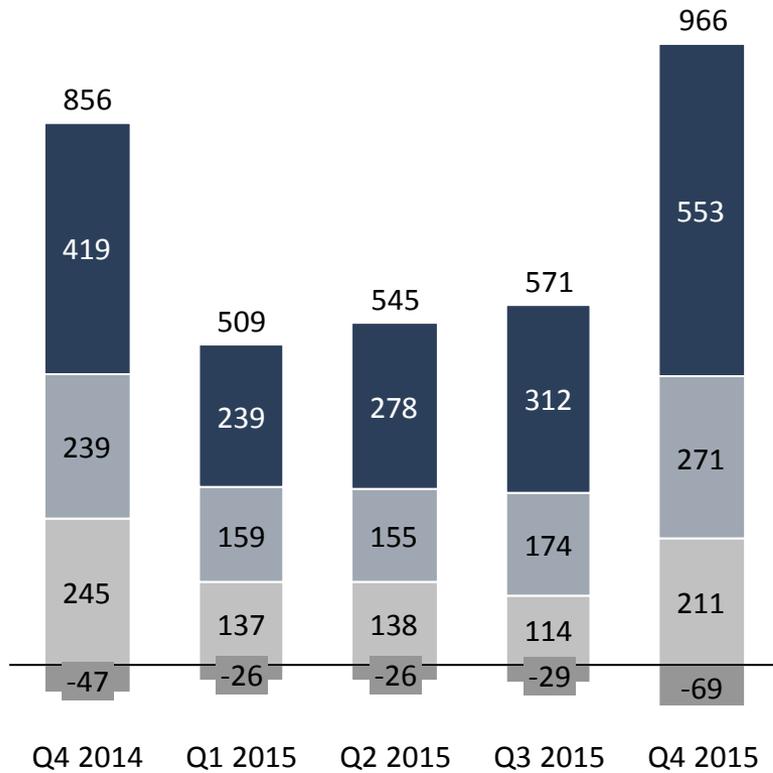


Figures before intra-segmental consolidation

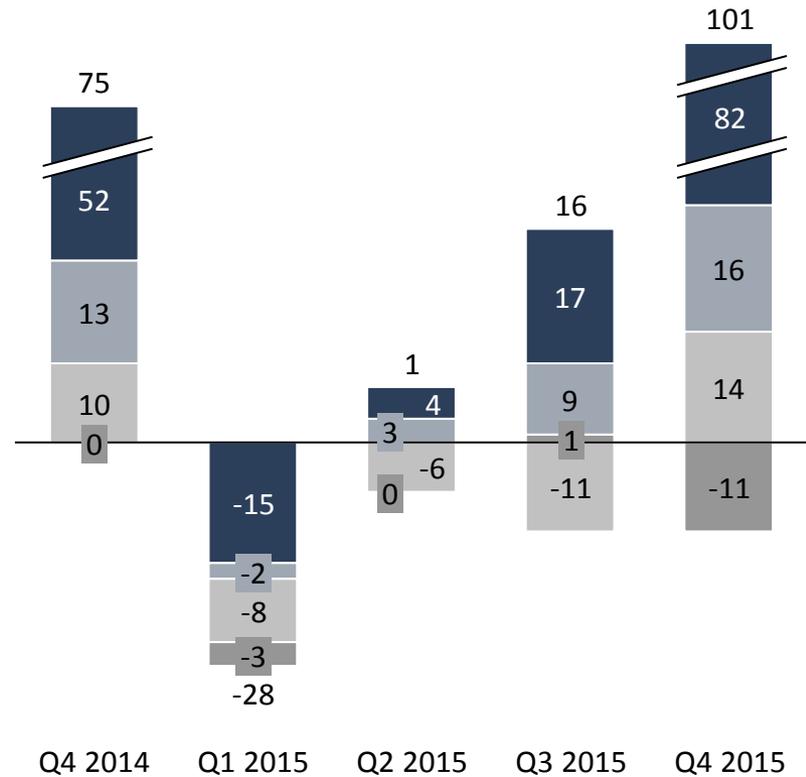


# Quarterly development

**Sales Defence** in EUR million



**Operational earnings Defence** in EUR million



■ Combat Systems 
 ■ Electronic Solutions 
 ■ Wheeled Vehicles 
 ■ Consolidation/Others



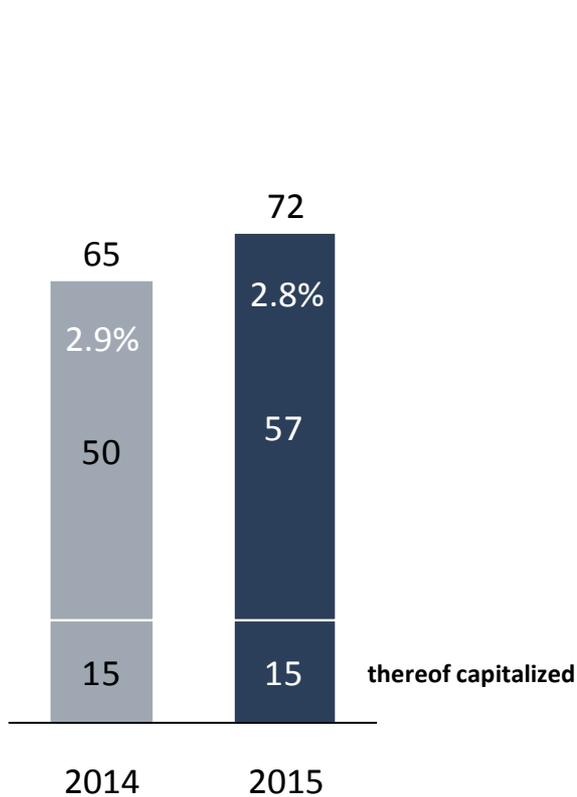
## Cash flow statement

Continuing operations <i>in EUR million</i>	2014	2015	Δ 2015/2014
Group net income	- 72	32	<b>+104</b>
Amortization / depreciation	85	85	<b>0</b>
Change in pension accruals	0	8	<b>+8</b>
<b>Cash flow</b>	<b>13</b>	<b>125</b>	<b>+ 112</b>
Changes in working capital and other items	- 69	- 67	<b>+2</b>
<b>Net cash used in operating activities</b>	<b>- 56</b>	<b>58</b>	<b>+114</b>
Cash outflow for additions to tangible and intangible assets	- 76	- 96	<b>-20</b>
<b>Free cash flow from operations</b>	<b>- 132</b>	<b>- 38</b>	<b>+ 94</b>

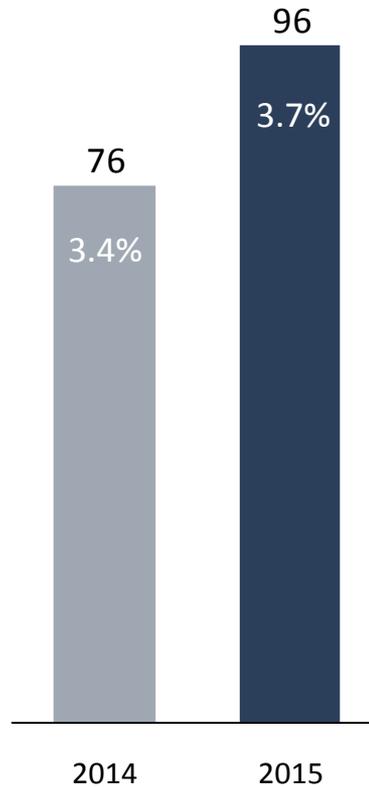


# Research & development, capex, depreciation & amortization

**R&D in EUR million**



**Capex in EUR million**



**D&A in EUR million**



\* Subsidies for tooling costs



## Disclaimer

This presentation contains “forward-looking statements” within the meaning of the US Private Securities Litigation Reform Act of 1995 with respect to Rheinmetall’s financial condition, results of operations and businesses and certain of Rheinmetall’s plans and objectives. These forward-looking statements reflect the current views of Rheinmetall’s management with respect to future events. In particular, such forward-looking statements include the financial guidance contained in the outlook for 2016.

Forward-looking statements are sometimes, but not always, identified by their use of a date in the future or such words as “will”, “anticipates”, “aims”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans” or “targets”. By their nature, forward-looking statements are inherently predictive, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. In particular, such factors may have a material adverse effect on the costs and revenue development of Rheinmetall. Further, the economic downturn in Rheinmetall’s markets, and changes in interest and currency exchange rates, may also have an impact on Rheinmetall’s business development and the availability of financing on favorable conditions. The factors that could affect Rheinmetall’s future financial results are discussed more fully in Rheinmetall’s most recent annual and quarterly reports which can be found on its website at [www.rheinmetall.com](http://www.rheinmetall.com).

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