



PASSION FOR TECHNOLOGY

Rheinmetall


Investor Presentation

January 2023


PASSION FOR TECHNOLOGY.



Agenda



Rheinmetall at a glance



Market & Drivers



Five divisions under one roof



Financials



Outlook



Responsibility @ Rheinmetall



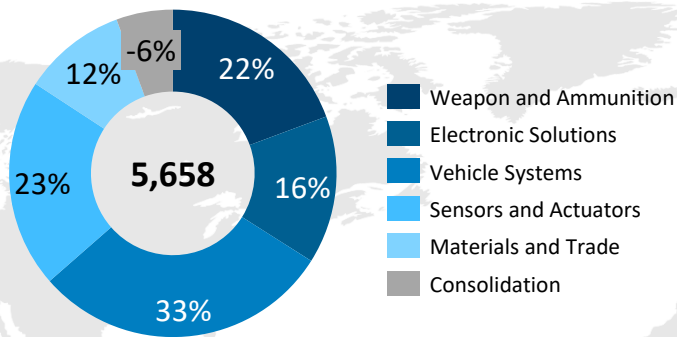
Appendix

Rheinmetall at a glance

Selected key business highlights

Sales by division

In €m

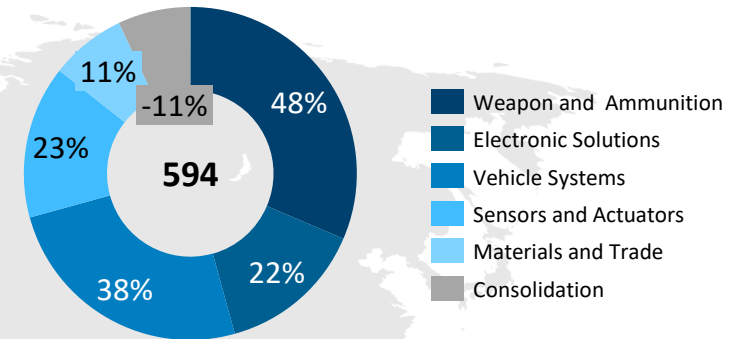


Business Model

- Defence system house with broad innovative product portfolio for land based operations
- Leading global Tier 1 automotive supplier with high-tech products for all powertrains (ICE, EV, FC)

Result by division

In €m

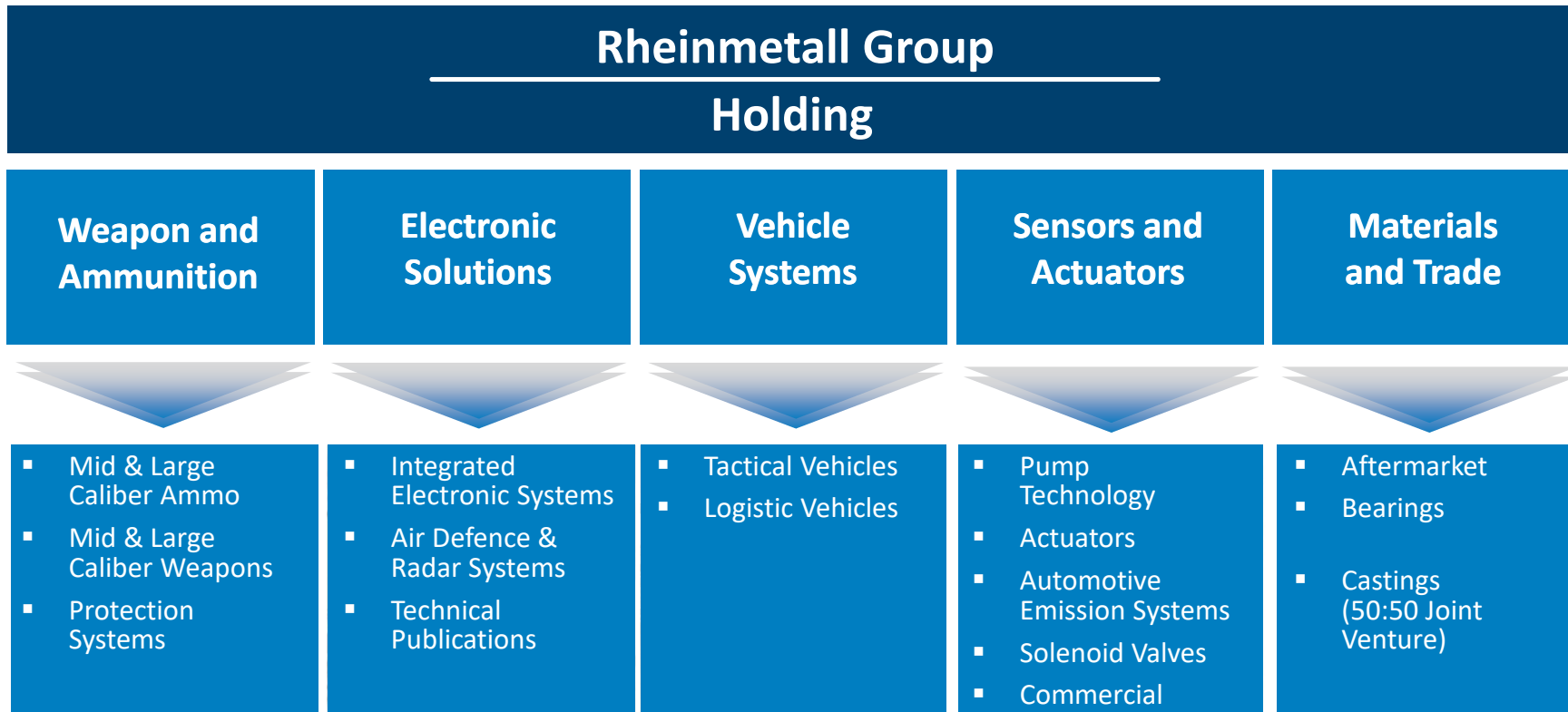


Market Driver

- Increasing demand for security due to geostrategic power shifts and constantly changing conflict situations
- Megatrend clean mobility supported by stricter regulation

Rheinmetall at a glance

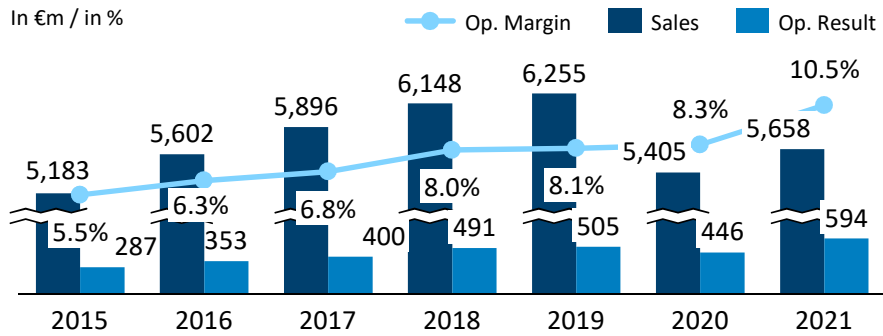
The new corporate structure - Five divisions under one roof



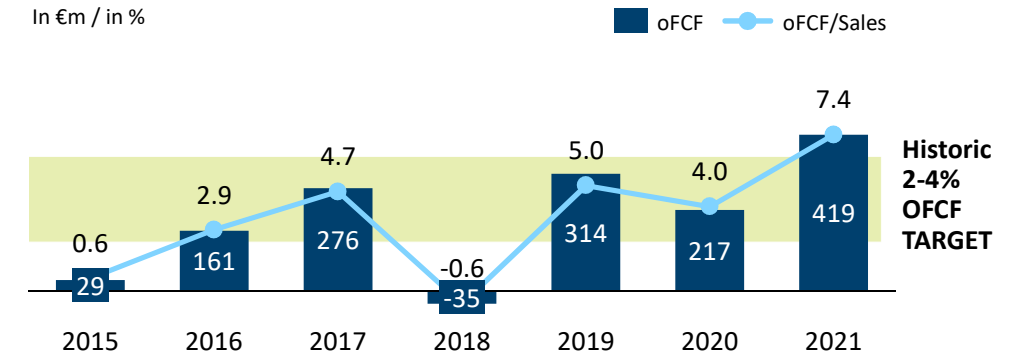
Rheinmetall at a glance

Historic financial development

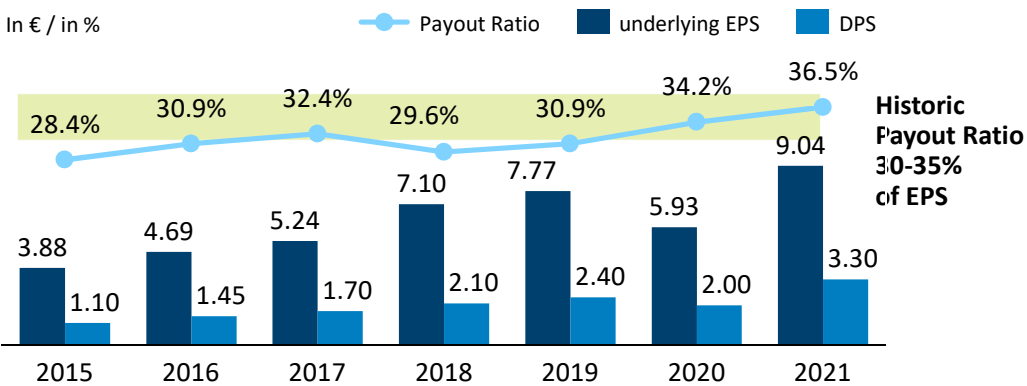
Sales, operating result and operating margin



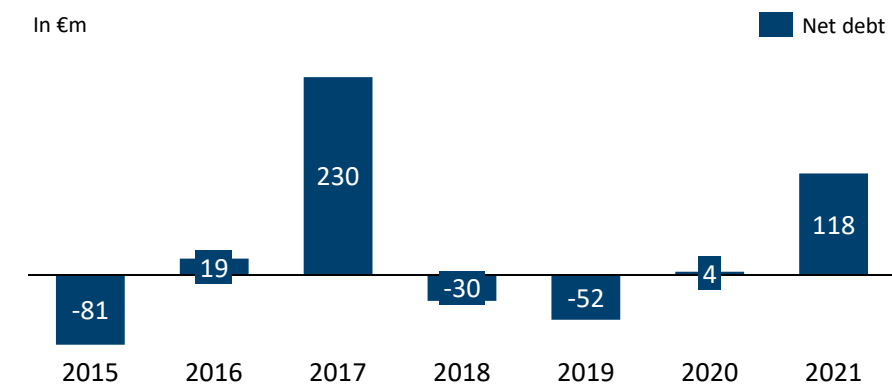
Operating FCF and operating FCF to Sales



Earnings and dividend per share



Net financial debt



Strategy Recap

Our strategic vision is becoming a reality



TRANSFORMATION

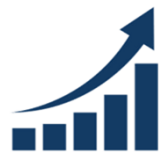


DIVISIONAL STRUCTURE WELL IMPLEMENTED

- Reporting structures simplified
- Cost savings realized



GROWTH



ACCELERATED GROWTH IN ALL END MARKETS

- Special defence cycle
- Volume recovery of mobility markets
- Successful market entry



PORTFOLIO



ACTIVE PORTFOLIO MANAGEMENT

- Minimum profitability level requirement
- First milestone for Pistons achieved
- Focused M&A
- Monitoring ongoing



TECHNOLOGY



TECHNOLOGY FOCUS DEFINED

- Automation
- Sensors & Connectivity
- New mobility



SUSTAINABILITY



ESG INTEGRAL PART OF THE CORPORATE STRATEGY

- Commitment
- Action
- Deliverance



Markets & Drivers

Markets & Drivers: The world as we know it is changing dramatically – with implications for virtually every aspect of our business

World economy is being restructured

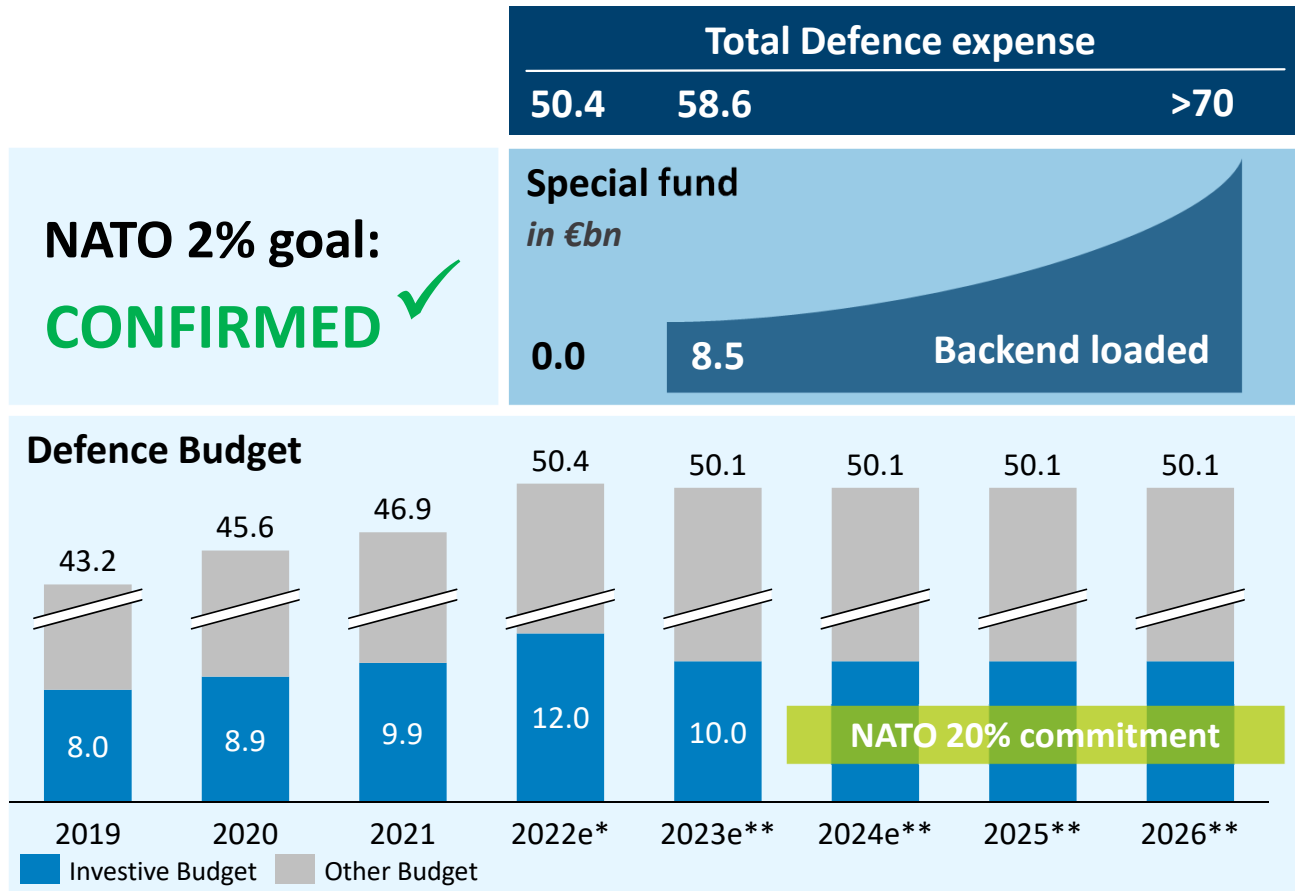
A new world (dis)order is emerging

The battle for resources intensifies.

New forms of energy production.

Markets & Drivers: Germany

Acceleration of defence spending more backend loaded



Olaf Scholz

German Federal Chancellor

“Our [German] army must become the foundation of conventional defence in Europe, the best-equipped force in Europe!”

“[...] we will be spending a lot more money on defence.”

Markets & Drivers: Status quo on German potential

All major projects included in special fund and annual budget

€100bn special fund	RHM Projects		Defence base budget
<p>Apparel and personal equipment</p> <p>€2 bn</p>	<p>~€2 bn</p>	<ul style="list-style-type: none"> Headsets with built-in hearing protection Gladius Soldier Systems 	<ul style="list-style-type: none"> Ammo <ul style="list-style-type: none"> Negotiation of framework contract for 10 years with minimum 500 up to a maximum of 700€m p.a.
<p>Army</p> <p>€17 bn</p>	<p>~€8-9 bn</p>	<ul style="list-style-type: none"> Puma upgrade option 1. lot Puma 2. lot “Schwerer Waffenträger” Nationalization BV 206 New airborne vehicle System family Successor for Fox 6x6 Boxer 8x8 	<ul style="list-style-type: none"> Trucks <ul style="list-style-type: none"> Negotiation of framework contract for 10 years with minimum 500 up to a maximum of 800€m p.a.
<p>Digitization Land</p> <p>€21 bn</p>	<p>Up to €6 bn</p>	<ul style="list-style-type: none"> DLBO (et al), start in 2023-2028 	
<p>Navy & Airforce</p> <p>€60 bn</p>	<p>~€2 bn</p>	<ul style="list-style-type: none"> Weaponry, Ammo and Protection SHORAD (NNbS), 2023-2025 	

Markets & Drivers: Germany status quo

Slow order processing delays order intake into 2023

Slow administrative progress

- Delays in order intake driven by slower than expected administrative process
- Inflationary environment requires adjustment of over-planned 100bn special fund
- Mainly reduction of navy and air force projects, army projects less affected

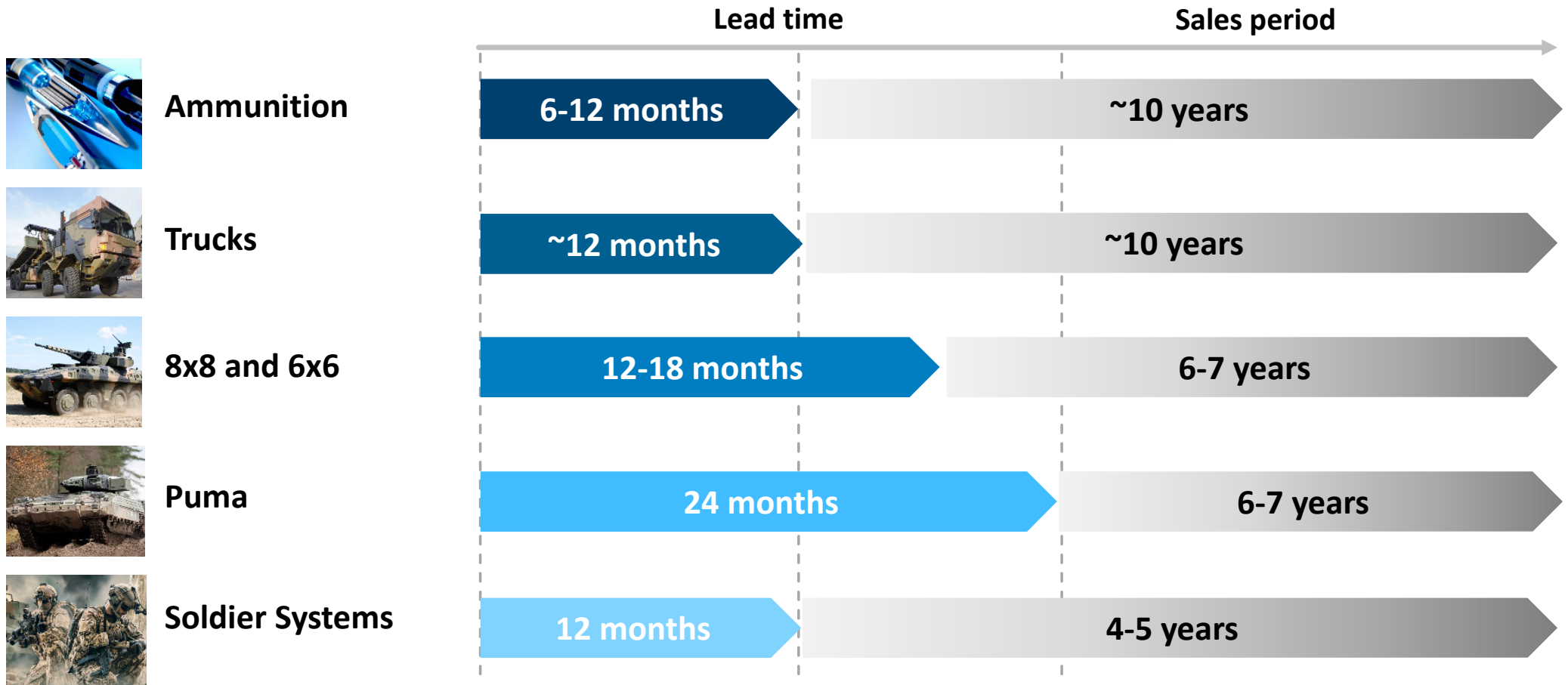
Negotiations on major projects in progress

All projects confirmed with delay

- **“Schwerer Waffenträger”** is under discussion in an GtoG deal and expected for H1 2023
- **Puma:** Upgrade decision for the first lot expected soon. Marder successor currently under respecification
- **Caracal** decision expected for 2023
- **IdZ** first call offs expected in Q4, framework contract expected for 2023
- **Ammunition framework** contract – decision expected for H1 2023
- **Trucks framework** contract – decision expected for H1 2023

Markets & Drivers: Start of a new era in German defence policy

Defence projects with short-term implementation potential



Markets & Drivers: Start of a new era in German defence policy

Main challenges are addressed

Highest risk: availability of raw materials

- Enormous demand for raw materials e.g. steel, electronics
- Rheinmetall has increased raw material and material inventories in recent months
- Alternative sourcing currently investigated

Personal / Recruiting

- ~1,500 – 3,000 additional people needed

Execution risk

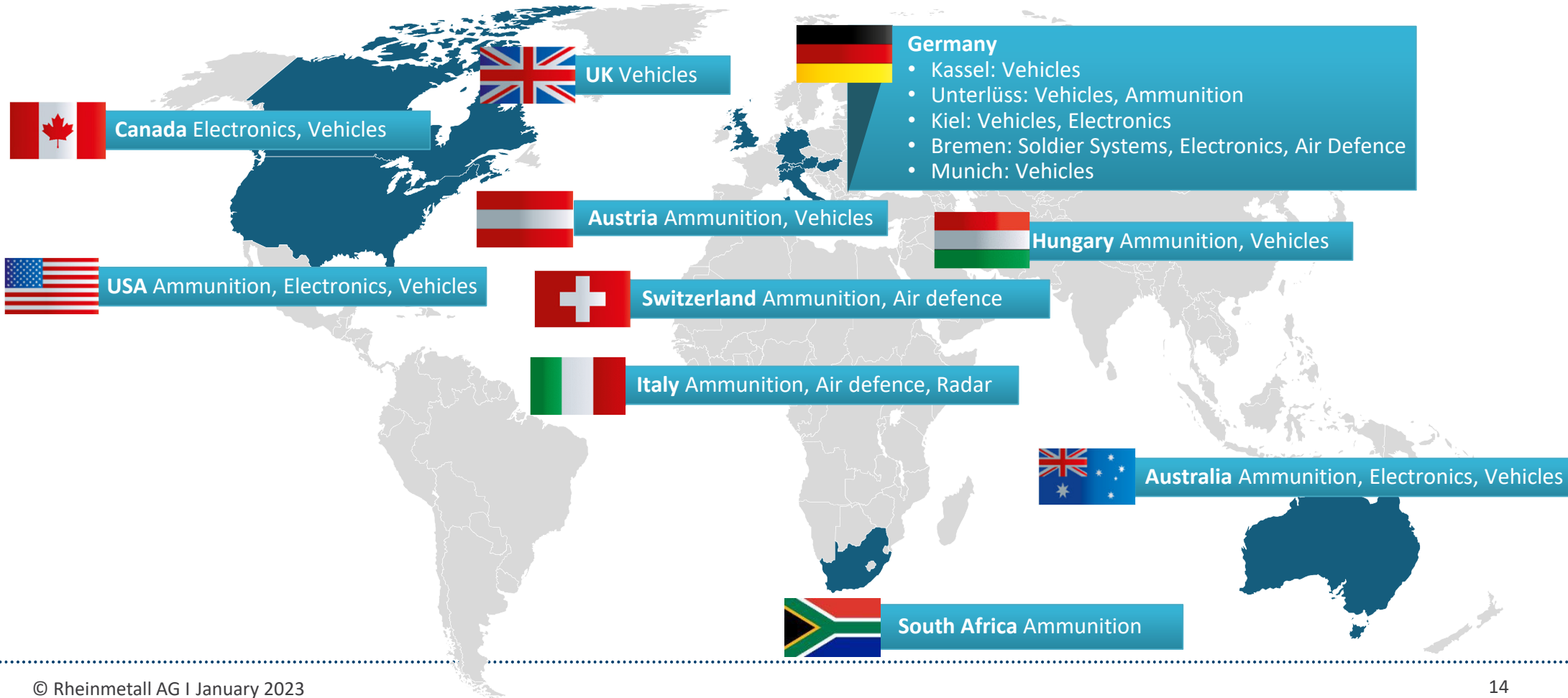
- Main products are in production
- With qualified personnel, we mitigate the risk

Capacities

- Rheinmetall has worldwide production capacities and can respond very flexible to additional demand

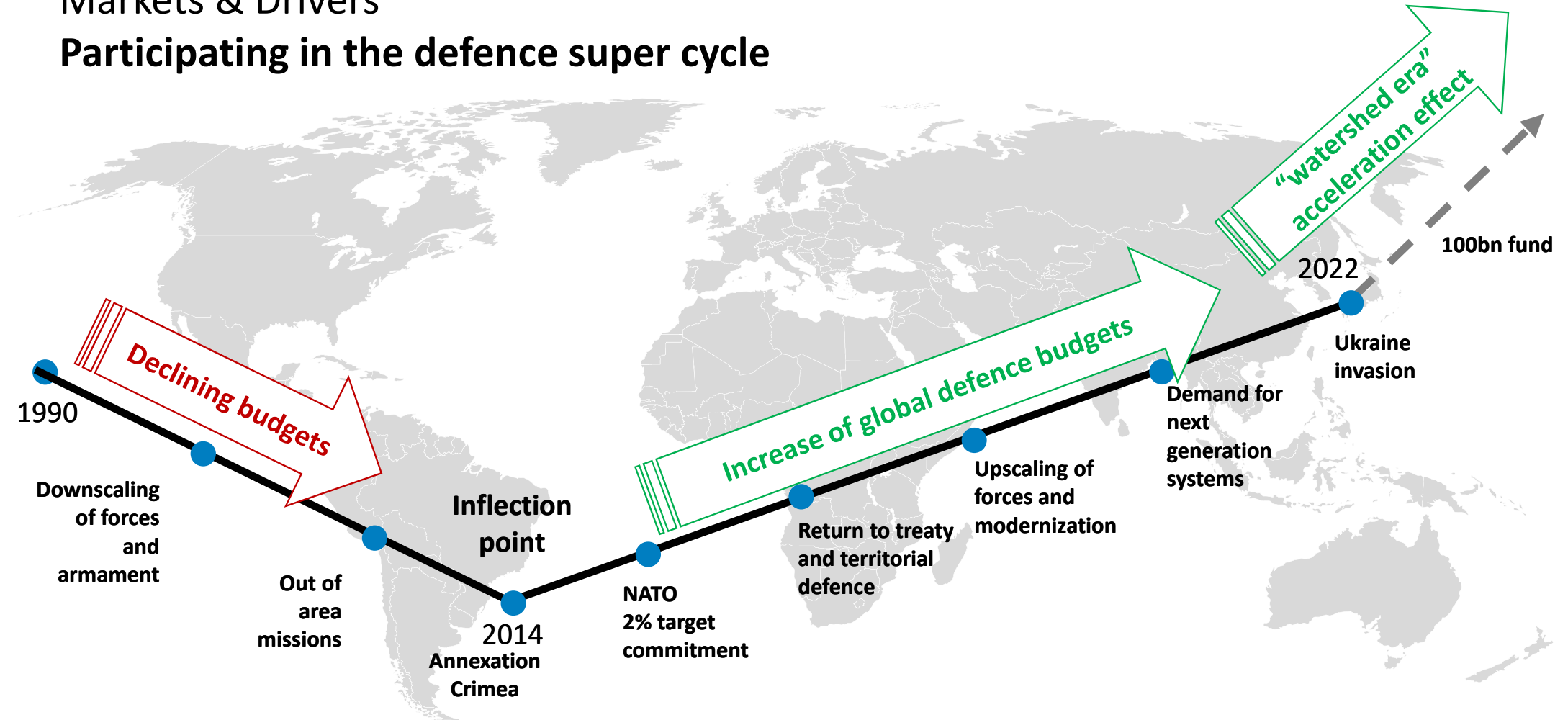
Markets & Drivers: Start of a new era in German defence policy

Rheinmetall's global production capacities



Markets & Drivers

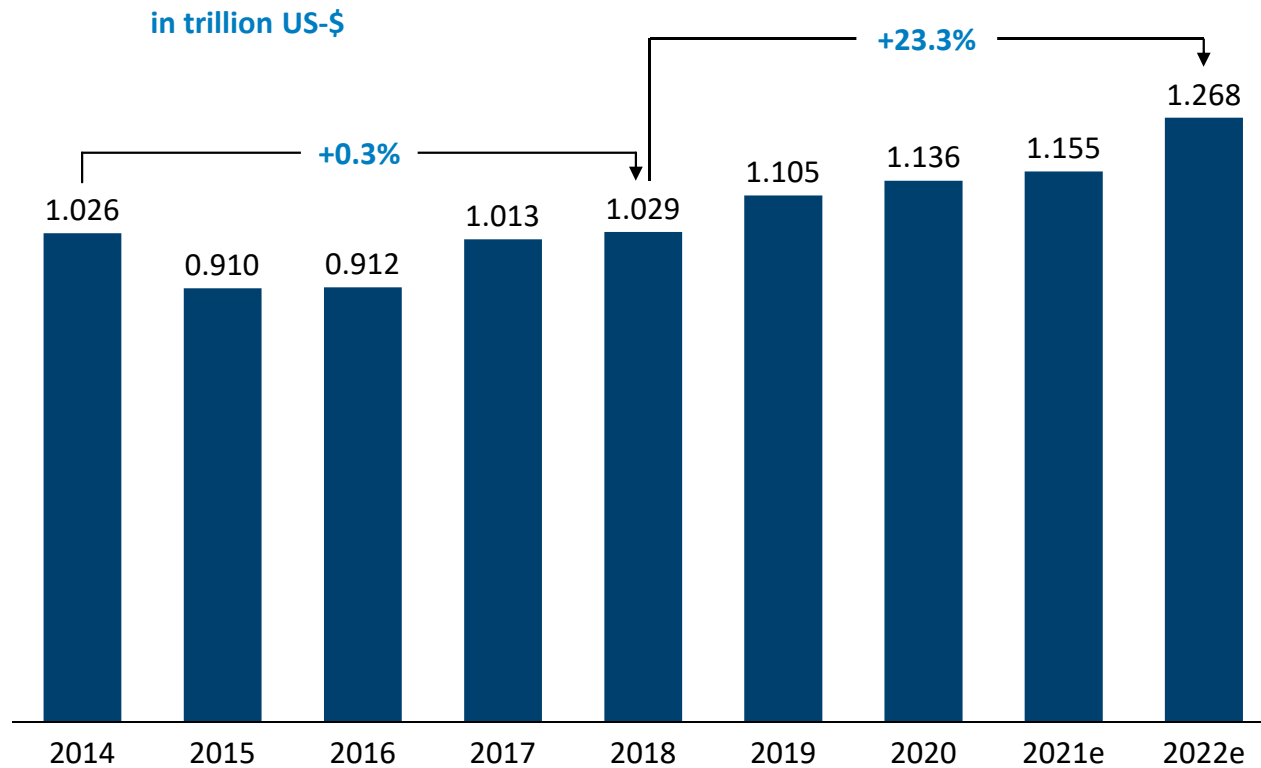
Participating in the defence super cycle



Markets & Drivers: NATO

NATO spending has accelerated

NATO total expenditures



New members to join NATO

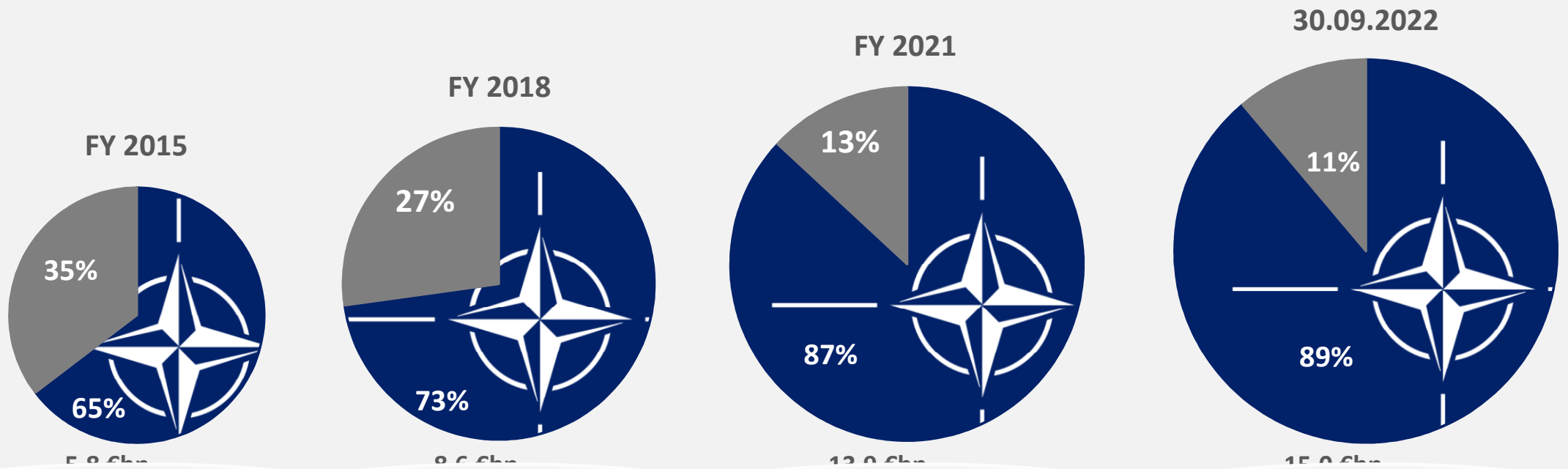
Recently announced defence budget increases

Country	previous value	target value
Italy	(1.41 %)	2 %
Poland	(2.10 %)	3 %
Romania	(2.02 %)	2.5 %
United Kingdom	(2.19 %)	3 %
Czech Republic	(1.33 %)	2 %
Spain	(1.40 %)	2 %

Markets & Drivers: NATO

Significant reduction in export risk due to high NATO order backlog

■ NATO and related countries* ■ RoW



Markets & Drivers: Home Markets

Home markets offer further potentials for growth

OUR HOME MARKETS



Germany

- Largest customer
- Commitment to 2% goal and €100bn special fund
- 100% Equipment level and modernization

Potentials

- Ammunition
- Trucks
- 8x8 and 6x6
- Puma 2nd Lot
- Digitization



Australia

- Established „home market“
- Land 400 program as demand driver

Potentials

- Land 400 Phase 3
- Land 125 soldier systems
- €400m order potential for Navy projects and ammunition



UK

- JV with BAE serves „home market“
- MIV and Challenger LEP program

Potentials

- Boxer 3rd lot
- Ammunition framework contract
- Services for vehicle fleet



Hungary

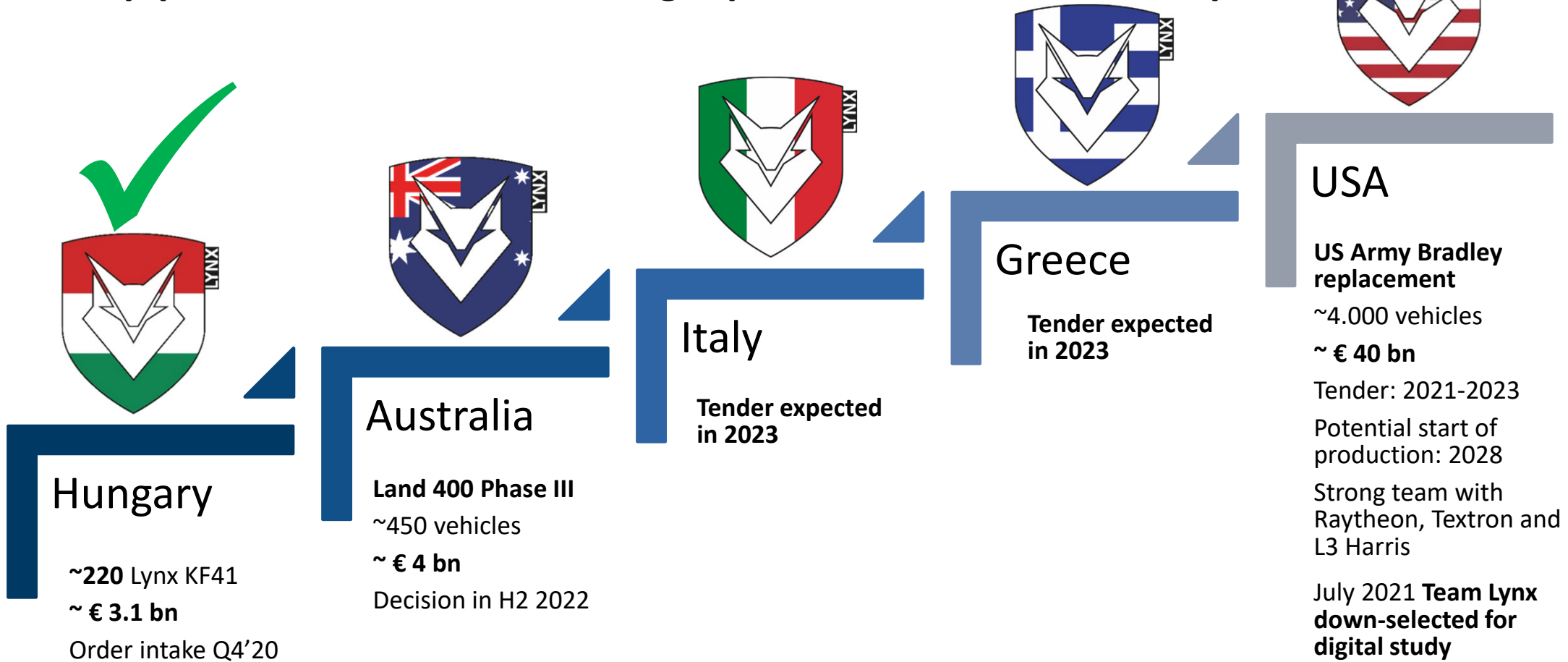
- Established „home market“ with modern production facility
- Modernization to NATO standards

Potentials

- Loitering Ammunition
- Digitalisation and soldier systems
- RDX and Ammo plant

Markets & Drivers

LYNX pipeline refilled with even larger potential in Southern Europe



Markets & Drivers: Creating additional markets

US tenders pursued with a new market approach

Next Generation Vehicle Platforms

Lynx – Optionally Manned Fighting Vehicle



- Americanization of Lynx next-gen platform
- Strong all American team
- Next contract decision in 2023
- SOP earliest 2027/28

HX3-Common Tactical Truck



- Americanized HX3
- GM Defense signature partner to ARV
- Next contract decision in 2023
- SOP expected earliest in 2025

Next Generation Munitions



Indirect Fire



Next Gen Munitions

Next Generation Mission Systems



Mission Systems



Digitized Battlefield



Air Defense

Markets & Drivers: Creating additional markets

Modernization of Southern Europe



Italy

- 10 year budget with up to €8bn for the renovation of the armored vehicle fleet
 - MBT: Replacement of the Ariete
 - IFV: Replacement of the Dardo
 - Other vehicles
- €2.3bn will be already available in 2023



Greece

- IFV Marder already participated in Greece Independence Parade
 - total of 40 vehicles to replace current BMP fleet
- First Lynx test successfully passed in Q3
- Leopard upgrades currently in definition process
- Total volume of up to €3.5bn

Markets & Drivers: Product life cycle potential

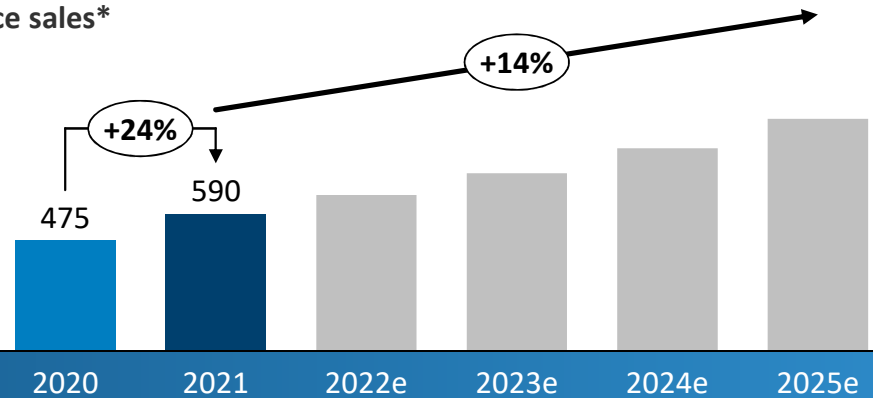
Platform sales are just the tip of the iceberg – success creates opportunities

1X SALES OF PLATFORM



2X LIFECYCLE SPENDINGS

■ Service sales*
in €m



Service sales 2025
~€1bn

Rheinmetall creates additional business opportunities over the entire life cycle of up to 50 years

- Spare parts
- Service & Maintenance
- Training & Simulation
- Technical Documentation
- Upgrades (Life time extension)

Markets & Drivers: Lessons learned from war in Ukraine

Acquisition of EXPAL positions Rheinmetall perfectly for high growth scenario

NATO requires a minimum of 30 days of ammo inventory

- Almost no NATO partner currently in compliance
- Current industry capacities require 10 years to replenish for example German stocks

Ukraine war puts restocking at risk

- NATO support for Ukraine is further depleting inventories
- Ukraine consumes 6-10k rounds per day, Russia even 20k

Industry capacities overwhelmed

- Demand expected to surge
- Capacities not prepared for high intensity conflict
- Capacity upscale slow and expensive
- Smartest move is to load available idle capacities

Markets & Drivers: EXPAL Acquisition Summary

Strategic move to strengthen our core business

Transaction

- Rheinmetall acquires **100%** of privately owned **EXPAL Systems SA**, a Madrid headquartered producer of ammunition and defence solutions from Maxamcorp Holding SL
- **Enterprise value** is around **€1.2bn**

Rationale

- **Readily** available state-of-the-art capacities
- **Extension** of our product portfolio
- **Supplementary** regional markets
- **Innovative** technologies
- **Backward integration** into high-tech components

Financial evaluation

- **Financial Data for FY 2023e***: ~€400m sales, ~30% EBITDA Margin
- **~10x** EV/EBITDA FY 2023
- Financing structure to be finalized depending on the prevailing market conditions
- **EPS accretive** in first full year of consolidation

Timeline

- Signing on November 13th 2022
- Closing expected post regulatory approvals until **summer 2023**

Markets & Drivers: EXPAL product portfolio

Full offering of mission-critical products to expand our business



Artillery

41%*

Field Artillery

- 105mm
- 155mm

Naval Artillery

- 40mmL/70
- 76mm
- 127mm



Mortar & Grenades

17%*

Mortar Ammunition and Weapon systems

- 60mm
- 81mm
- 120mm

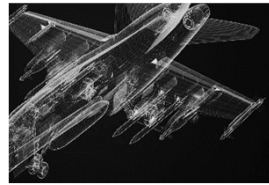


Med Cal

12%*

Airforce and Naval Ammunition

- HE Ammunition
- 20mm
 - 25mm
 - 30mm

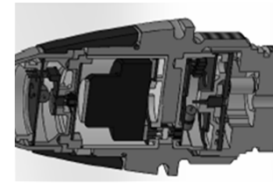


Air Armament

5%*

Airbombs and Missiles

- Air bombs
- Cat 70 Missiles
- Fin Tails



Fuzes and missile propulsion

6%*

Artillery Fuzes

Mortar Fuzes Med Cal

Rocket motors



Mortar Systems

6%*

- Eimos
- 81mm Onboard Mörser System
- System Integration



Combat Eng. DEMIL et al





13%*

C-IED and EOD Application

- Spain
- US

Markets & Drivers: EXPAL Key investment Highlight

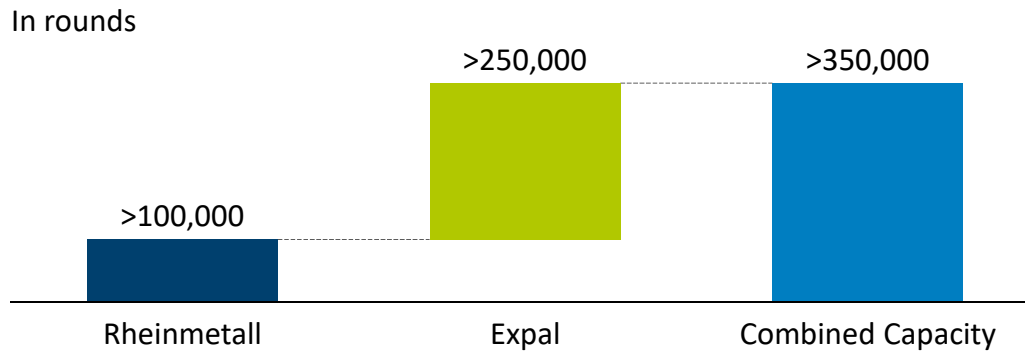
A unique opportunity offering a superior value proposition

Commercial Fit			Portfolio Fit
			
Sustainable Sales Growth	Sustainable Profitability	Scalable Mass Production	Horizontal Diversification
<p>Continuous market growth in key portfolio area</p> <ul style="list-style-type: none"> Continuously growing Market segments, e.g. 155mm driven by global defence trends 	<p>Lean cost structure</p> <ul style="list-style-type: none"> Low and Competitive Cost Base Value Chain for production almost completely in House 	<p>Sufficient (and additional) production capacities</p> <ul style="list-style-type: none"> Significant Capacities (in EU) and Capacity reserves Ability to quickly ramp up production 	<p>Extension of product groups to the RHM portfolio</p> <ul style="list-style-type: none"> Naval Artillery Fuzes Nitrocellulose and pre-cursor

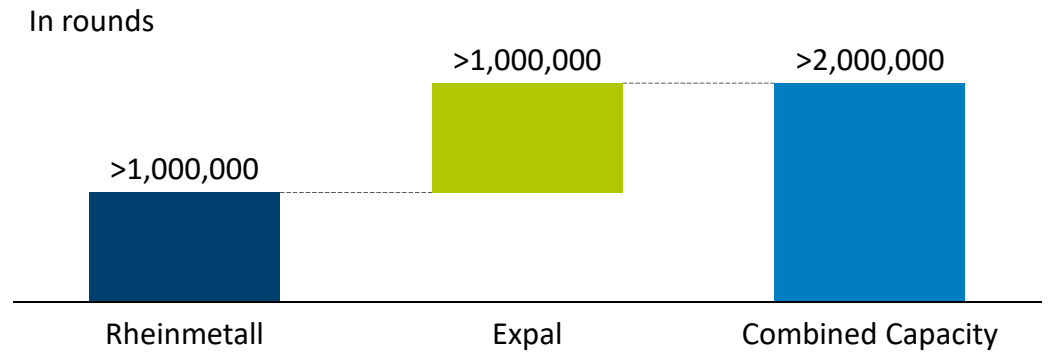
Markets & Drivers: EXPAL Key investment Highlight

Excess capacities allow for flexible adjustment to demand expansion

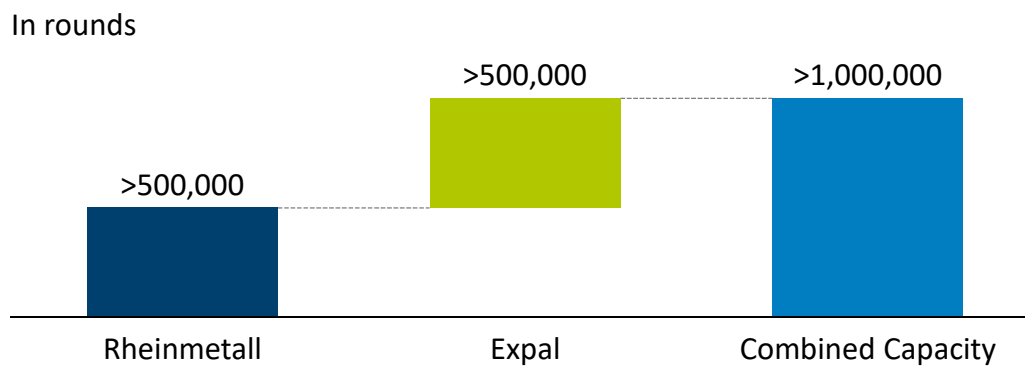
Artillery



Medium Calibre



Mortar



- Fully vertically integrated business model
- High efficiency operations
- NATO quality standards
- Significant existing excess capacity with minimal capex requirements

Markets & Drivers: EXPAL Key investment Highlight

Attractive financial profile with superior margins and cash conversion

Strong backlog to turbo charge organic growth

- Current backlog of ~€520m
- Strong acceleration sparked by increasing demand

Sales growth accelerates

- Company's total capacity offers scope for potential annual sales of €700 to €800 million

Attractive margins

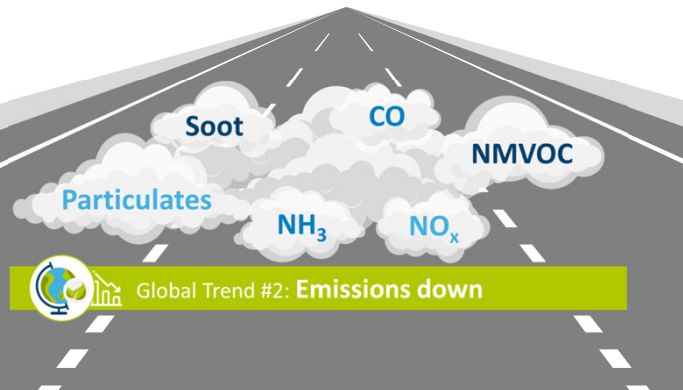
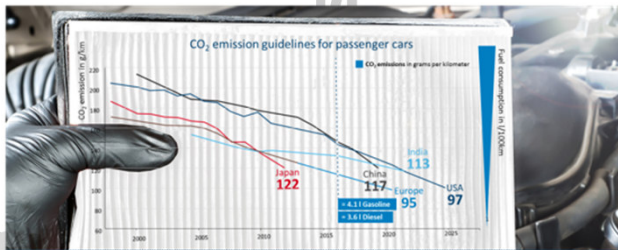
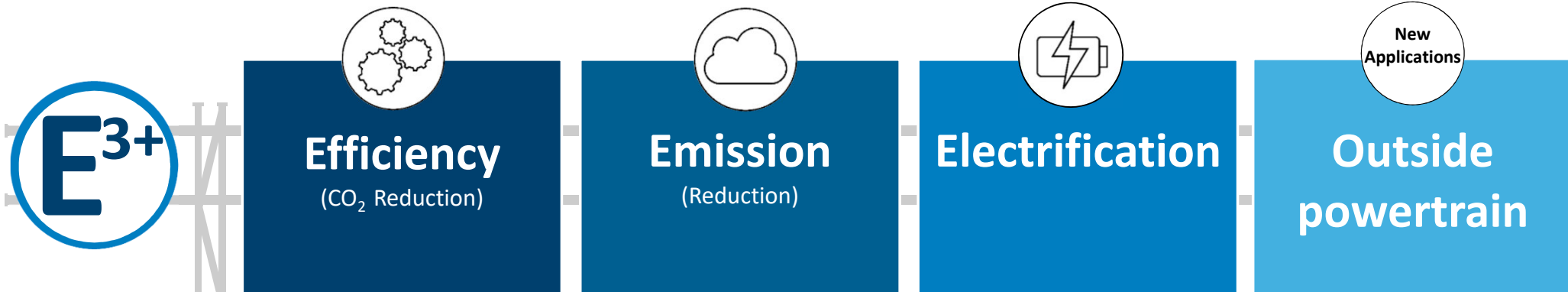
- ~30% EBITDA margin
- Vertically integrated business with attractive cost structures and high operational flexibility

Leading cash conversion

- Efficient operations
- Low maintenance capex

Markets & Drivers: Market trends civil business

Strong underlying growth drivers create opportunities



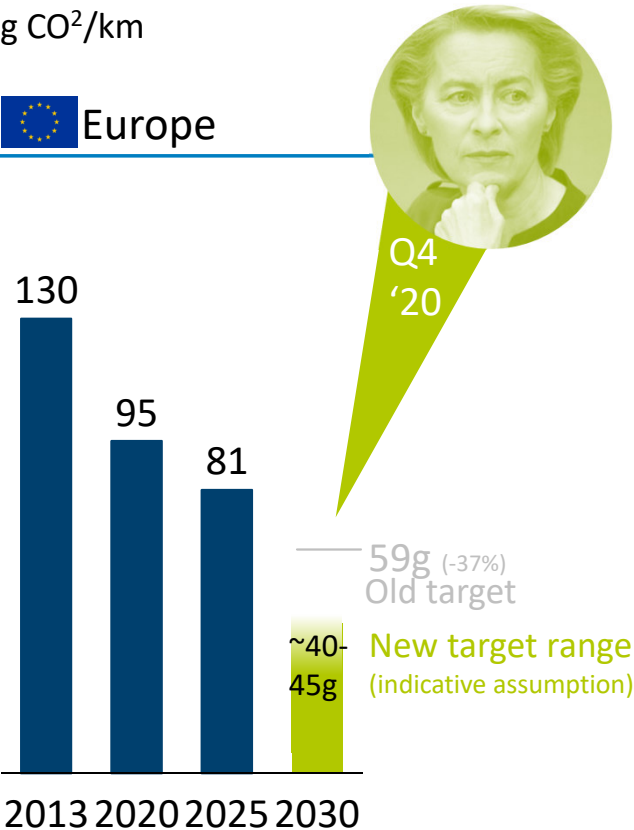
The innovation pipeline is packed!

Markets & Drivers: Clean Mobility

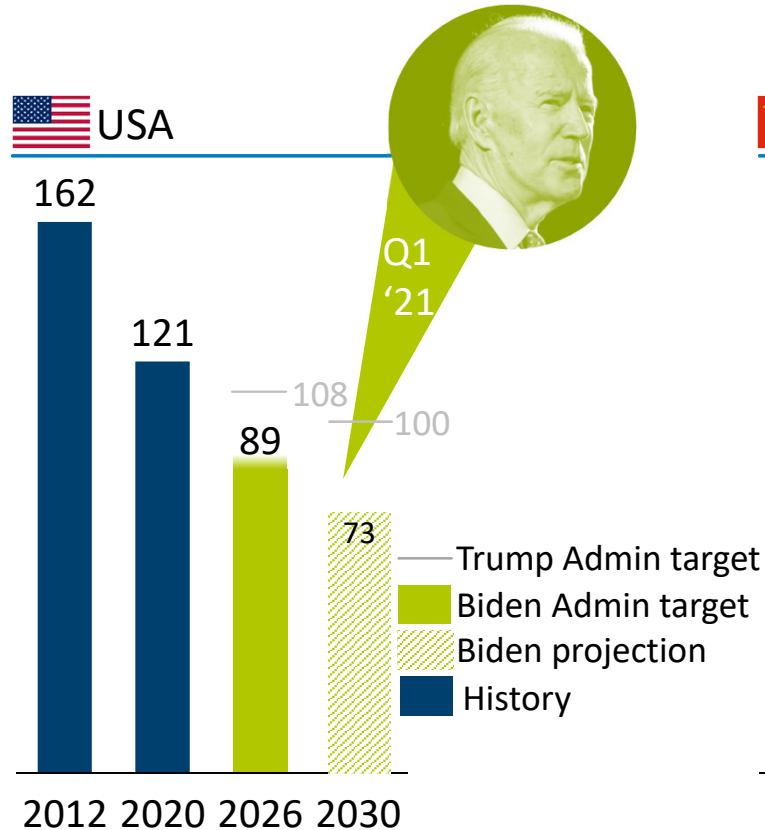
Green ambitions as a clear global trend for cleaner mobility

g CO²/km

Europe



USA



China



Targets for Automotive sector not yet defined.

Target range reflects indicative assumptions based on total industry aspirations.

Jan 20th 2021, Biden announced to return to Obama's CO₂ roadmap for 2026. Exact target value for 2026 still to be announced.

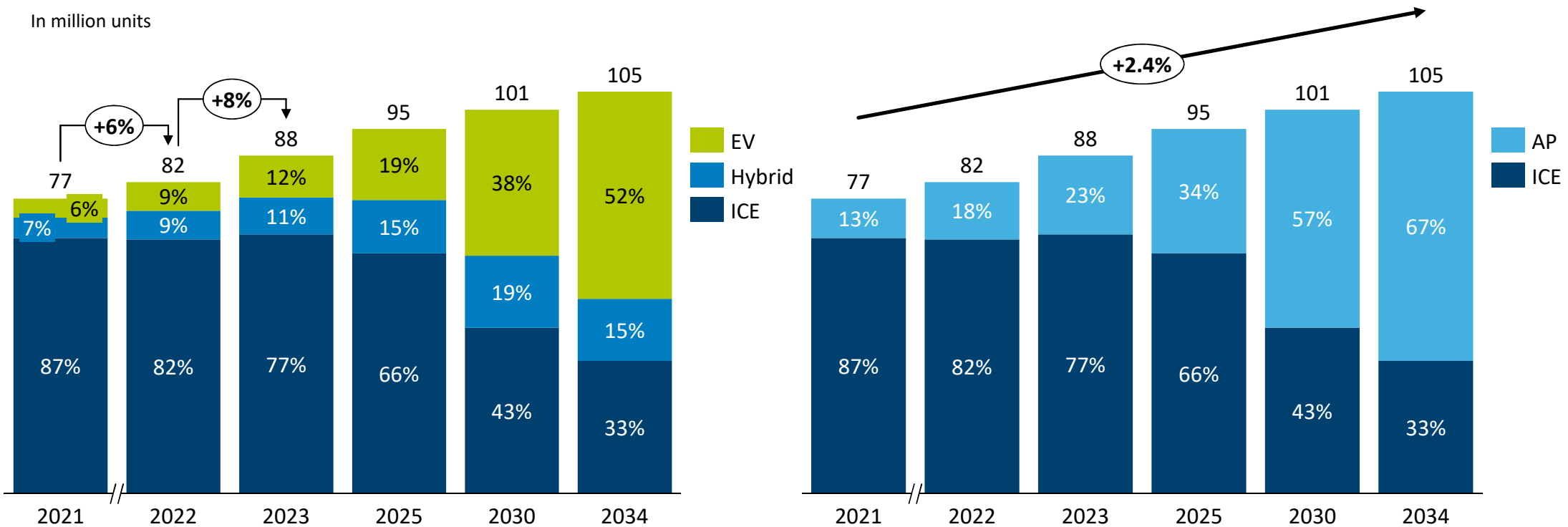
2030 figures reflect projection, in case Biden Administration maintains that same pace of CO₂ reduction for '26-'30

Markets & Drivers: LV growth

Declining ICE volumes and accelerated growth for alternative powertrains

IHS LV production forecast*

In million units



Note: EV includes BEVs, BEVs with Rex & Fuel Cell Vehicles

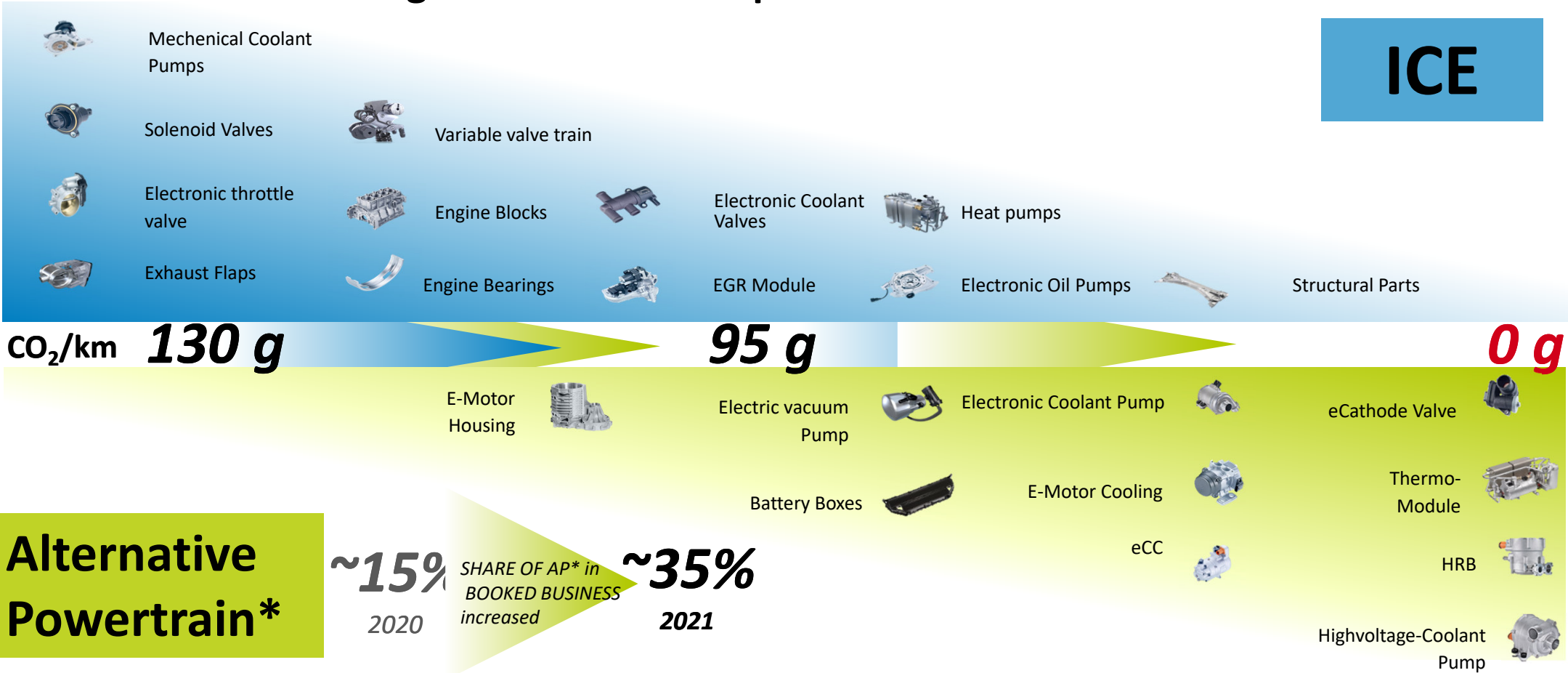
Source: IHS, Status 03/2022

Note: ICE includes Diesel, Diesel mild hybrid, Gasoline, Gasoline mild hybrid, CNG and LPG; AP includes the rest

Markets & Drivers: Mobility market trends

From combustion engine to alternative powertrain

ICE



Markets & Drivers: Civil business portfolio

Well prepared to address market potentials

Electrification

- Drive market penetration
- Well equipped Electrification Portfolio
- 1,100 Mio EUR booked Business in 2020/21
- **H2 technology**

- Last man standing, ICE will stick around
- Higher value per engine
- EURO 7 triggers innovation with stricter emission requirements

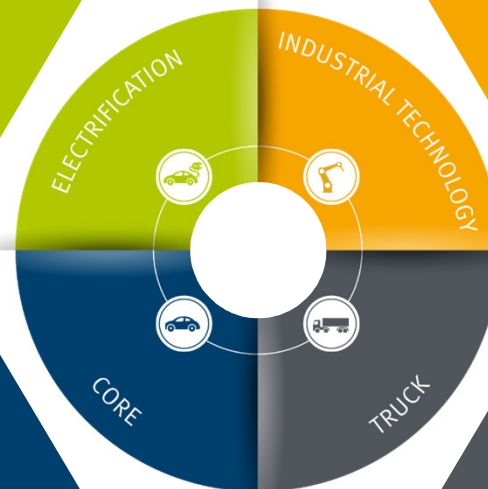
Core ICE

Industrial Technology

- Digital solutions for mobility and industry applications
- Technology leader in DC-link capacitors
- Outstanding USPs regarding size, range and lifetime

- Number of ICE will grow in the future
- Market leader for EGR systems
- Ready for EURO 7 and CO2 reduction
- **H2 technology**

Truck



Markets & Drivers: Sensors & Actuators Prepared for future growth

Outperforming the market

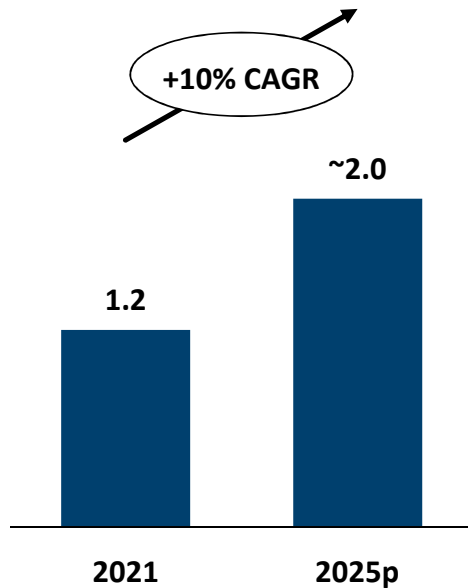
Innovative solutions for clean mobility

Growth in alternative powertrains (AP)

Diversify into new applications

G r o w t h c a t a l y s t s

* Estimated sales development in €bn



Tighter Regulation of fuel fumes

Electronic Vapor Pump (EVAP)



Fuel Tank Isolation Valve (FTIV)



Electrified Mobility

Thermal Management



COOLANT PUMP



COOLANT VALVE



PROPORTIONAL-COOLANT VALVE

H₂ Products



H2 Recirculation Blower



FUEL-CELL CONTROL VALVE



ELECTRICAL CATHODE VALVE

Sustainability and Performance

Thermal Management

- Heating systems for residential construction

DC link capacitors

- Polycharge JV, Market-ready products in the mobility, industry and defense sectors

H2 Applications

- Stationary fuel cell

Markets & Drivers: Trucks

Diverse portfolio for truck applications

Materials and Trade

- Permaglide bearings for truck compressors and truck hydraulics
- Bushings for injection pumps
- Main-bearings
- Connecting rod bearings
- Bearings for seat adjustments and doors

Sales

in €m

Year	2017	2018	2019	2020	2021
Sales (€m)	~386	~436	~404	~290	~240*

Sensors and Actuators

Main coolant pumps

Auxiliary coolant pumps

Electrical oil pumps

Coolant valves

Variable valve Control

Exhaust gas flaps

Hydraulic valves

Cylinder bore coating

Electrical bypass valves

Pressure regulating valves

High performance actuators

EGR cooler modules and mixer modules

Dual poppet valves

EGR reed valves

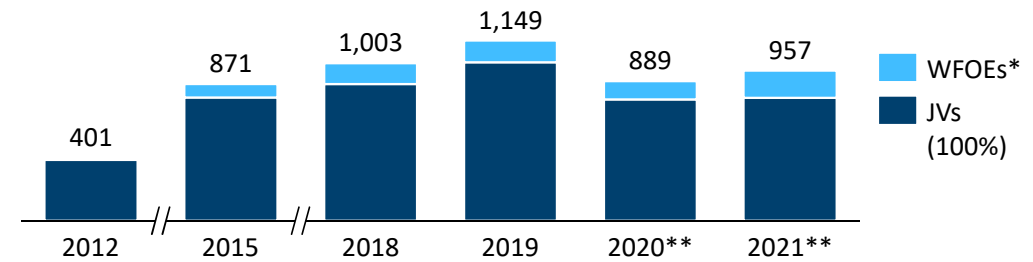
Markets & Drivers: China

Chinese operations geared towards growth

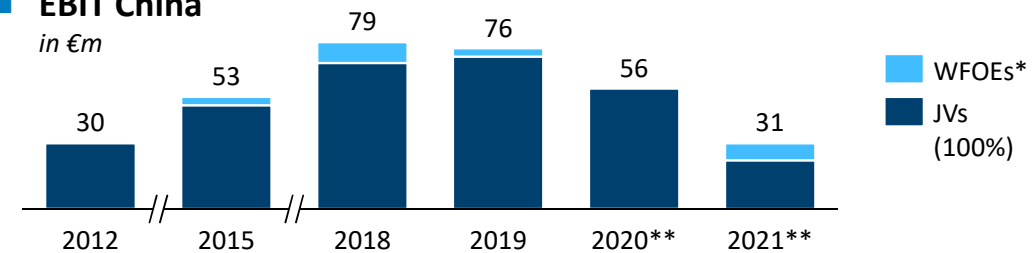
Highlights

- Partner of local big players SAIC and HASCO (50/50 joint ventures)
- Biggest casting capacities in China – technology leader
- Regulation (China 6) – provides substantial growth potential for S+A division
- Strong demand for NEV products
- China Story on track: product pipeline supports growth ambitions
- Demand for Sensors and Actuators products key driver

Sales China
in €m



EBIT China
in €m



VEHICLE
SYSTEMS



WEAPON AND
AMMUNITION



ELECTRONIC
SOLUTIONS



SENSORS AND
ACTUATORS



MATERIALS
AND
TRADE



Five Divisions under one roof

Five divisions under one roof

Division Overview: Vehicle Systems



Products

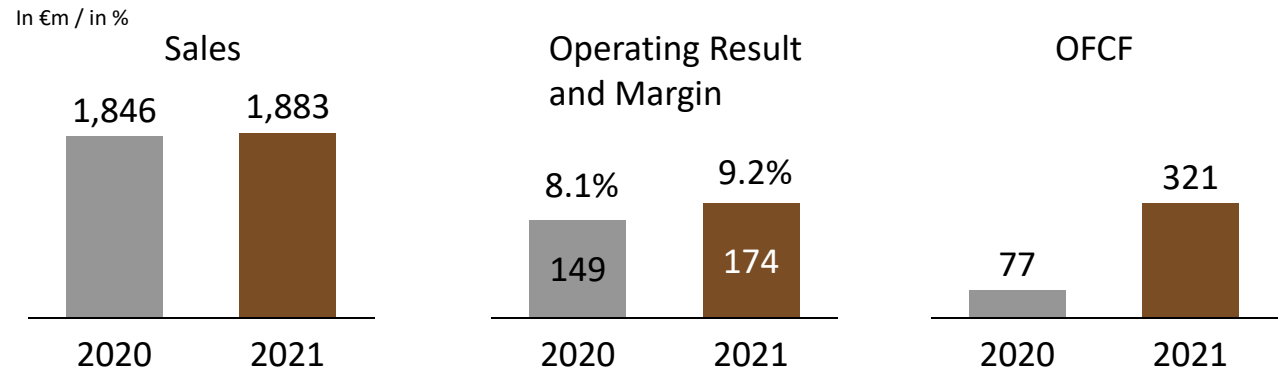


TACTICAL VEHICLES



LOGISTIC VEHICLES

2021 Results



Market profile

Key Competitors

- **Logistic Vehicles**
Scania, IVECO, Daimler
- **Tactical Vehicles**
BAE Systems, KNDS, General Dynamics, Hanwha, Thales

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

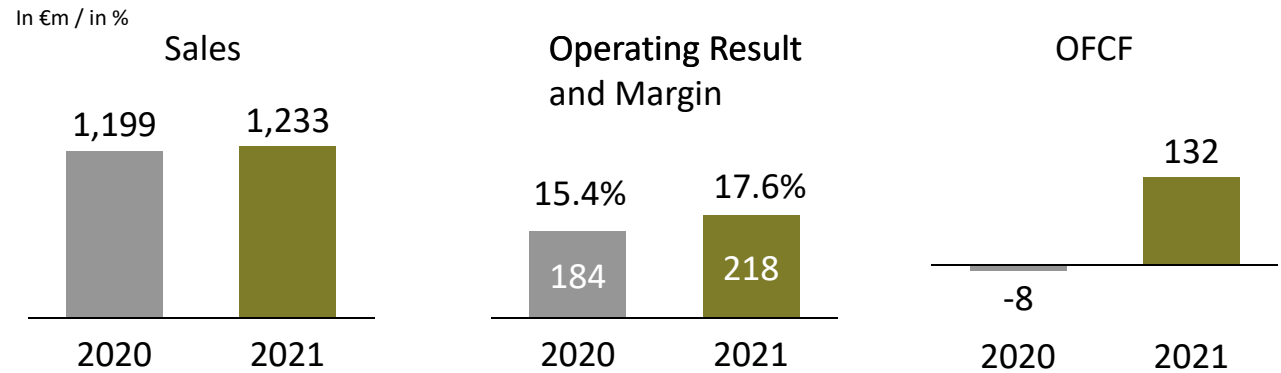
- Key supplier to the German forces
- Leading supplier for wheeled and tracked tactical vehicles

Five divisions under one roof




Division Overview: Weapon and Ammunition



2021 Results



Products

-  MID & LARGE CALIBER AMMO
-  MID & LARGE CALIBER WEAPONS
-  PROTECTION SYSTEMS
 - ACTIVE
 - PASSIVE
 - SOFTKILL

Market profile

Key Competitors

- **Weapon and Ammunition**
Nexter, General Dynamics, Plasan, Expal
- **Protection Systems**
Elbit, TenCate, Nammo
- **Propulsion Systems**
Eurengo, Explosia, Milan B

Differentiators

- International footprint
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Market position

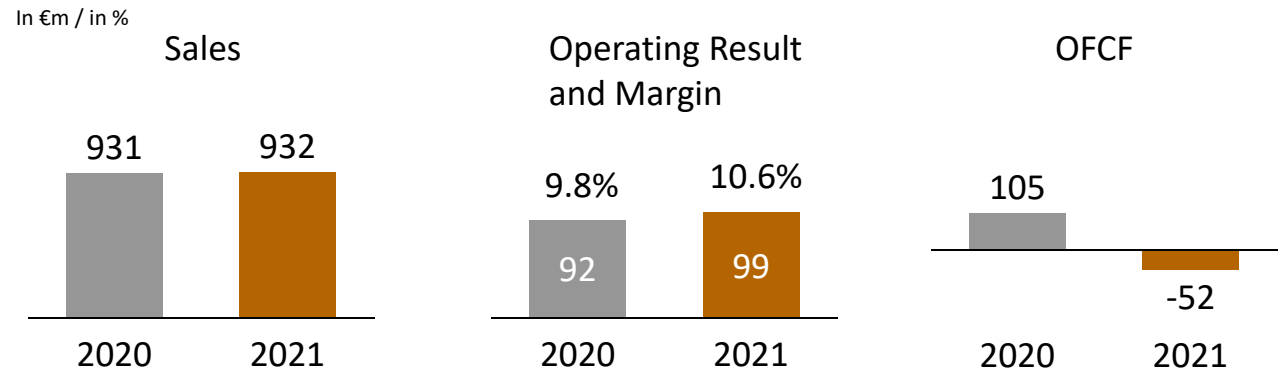
- Leading European supplier
- Global technology leader

Five divisions under one roof

Division Overview: Electronic Solutions

DIVISION ELECTRONIC SOLUTIONS.

2021 Results



Products



**INTEGRATED
ELECTRONIC
SYSTEMS**



**AIR DEFENCE &
RADAR SYSTEMS**

TECHNICAL PUBLICATIONS

Market profile

Key Competitors

- **Integrated Electronic Systems**
Hensoldt, Elbit, Thales
- **Air Defence**
Norinco, Rosoboron, GDLS
- **Technical Publications**
CONDOK, ESG

Differentiators

- International footprint
- Broad product portfolio
- System integrator
- Modular and open architecture
- Excellent engineering
- Know-How & capabilities

Market position

- Leading European supplier

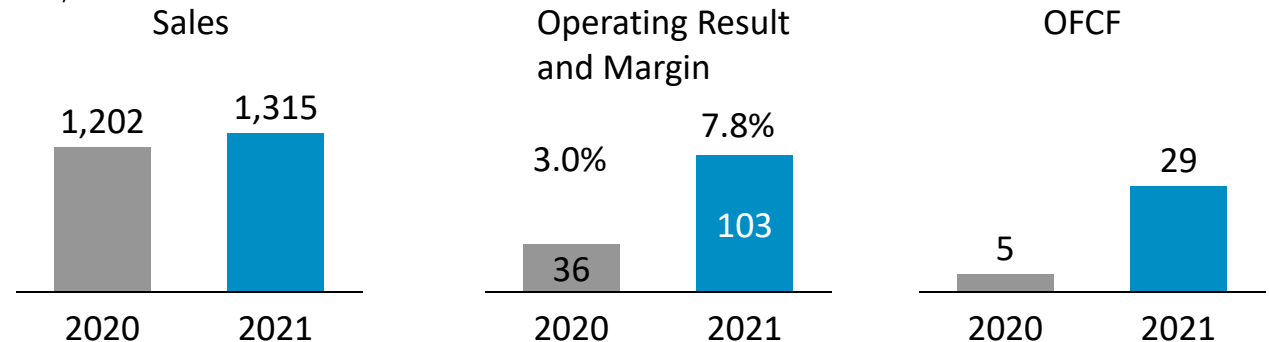
Five divisions under one roof

Division Overview: Sensors and Actuators

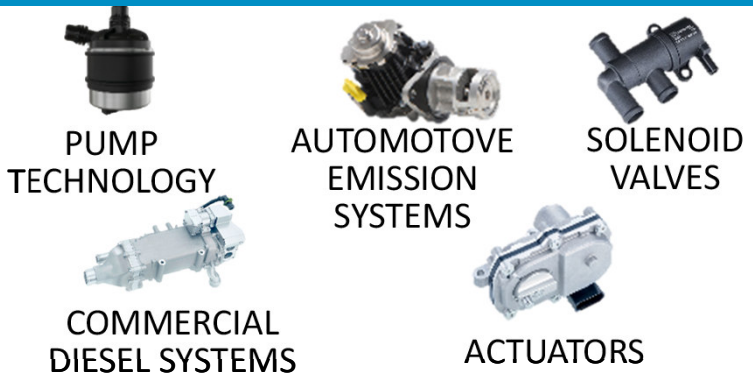


2021 Results

In €m / in %



Products



Market profile

Key Competitors

- **Actuators**
Bosch, Continental
- **AES / CDS**
BorgWarner, Valeo
- **Solenoid Valves**
Bitron, Denso
- **Pump Technology**
Hella, Magna

Differentiators

- Wide technology portfolio
- Extensive product Know-How
- Strong brand
- Global footprint

Market position

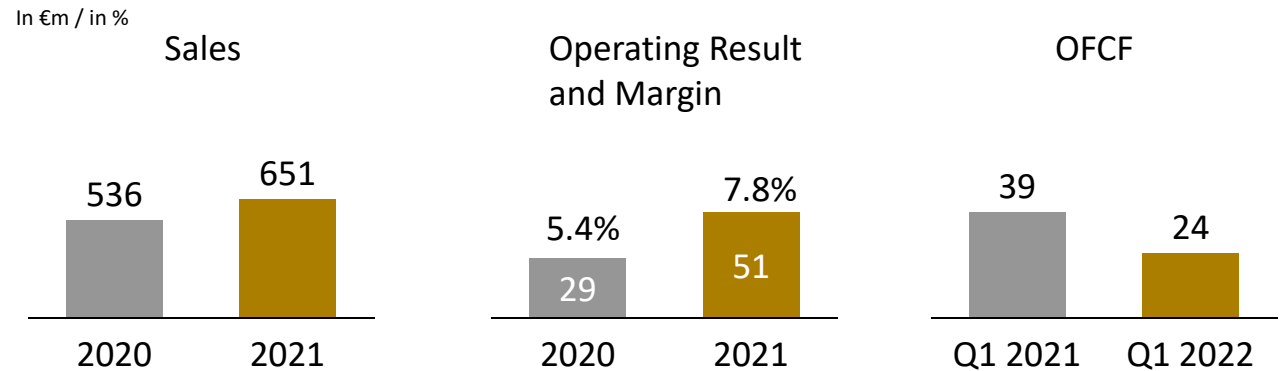
- Leading European Tier 1 supplier

Five divisions under one roof

Division Overview: Materials and Trade



2021 Results



Products



AFTERMARKET



BEARINGS



CASTINGS

Market profile

Key Competitors

- Daido
- GGB
- Tenneco
- Nemak
- KMM
- Mahle
- BorgWarner

Differentiators

- Broad material and surface treatment know-how
- Lightweight technologies: materials and structures
- Extensive friction reduction know how
- Broad Aftermarket network

Market position

- Leading supplier
- Strong partnerships



FINANCIALS

Q3 2022 Group Highlights

Acceleration of growth

- Group sales growth of 12% to €1,415 m
- Operating profit rose by €11 m to €117 m
- Sequentially improved operating margin of 8.3%
- OFCF at -€37m
- Full-year guidance 2022 confirmed

- Large bore piston disposal signed
- First ring swap agreement signed

Market update: International markets

International markets provide sustainable growth



Australia

- No shortage of defence budget!
- Instead of cutting the budget, review indicates an upside potential of 1.3% for 22/23
- Land 121 3b finalized & 5b ongoing
- Land 400 Phase II: Initial operating capability confirmed in October 22
- Land 400 Phase III: Announcement expected in 2022/ early 2023
- Potential of ~400€m order intake in 2023 for navy projects and ammunition



United Kindom

- Updated budget draft indicates path towards 3% defence spending until 2030
- Boxer potential of total ~1000 vehicles in different variants. Currently 600+ vehicles under contract.
- Potential ammunition framework contract



Ring Swaps

Leopard 2A4

- Cz Republic will receive 14 Leo II and 1 Buffel recovery vehicle
- Additional agreement in preparation with Slovakia

Marder 1A3

- Greece will receive 40 Marder with first vehicles delivered

Trucks

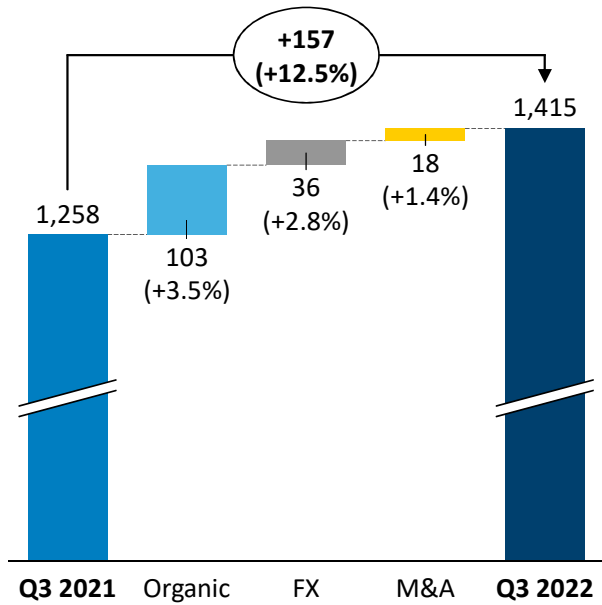
- Slovenia about to receive 35 trucks and 5 tankers

Q3 2022 Group Highlights: Key financial data

Double digit growth of sales and operating result

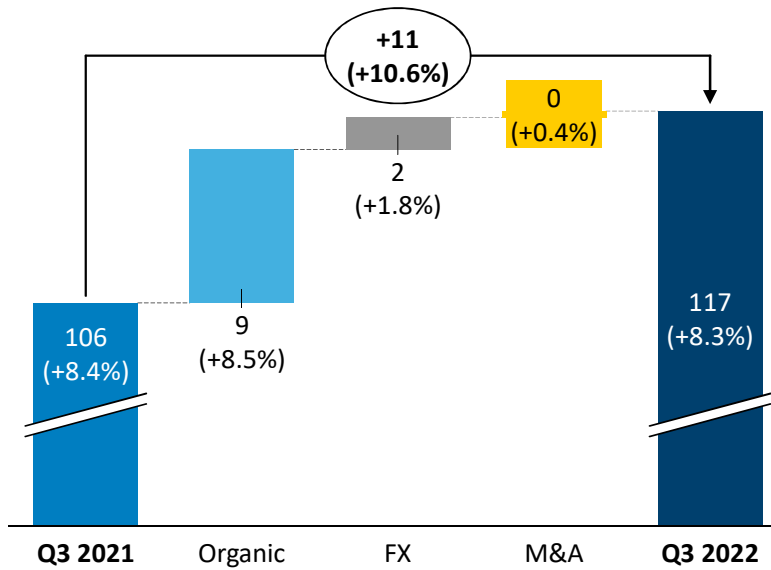
Sales*

in €m



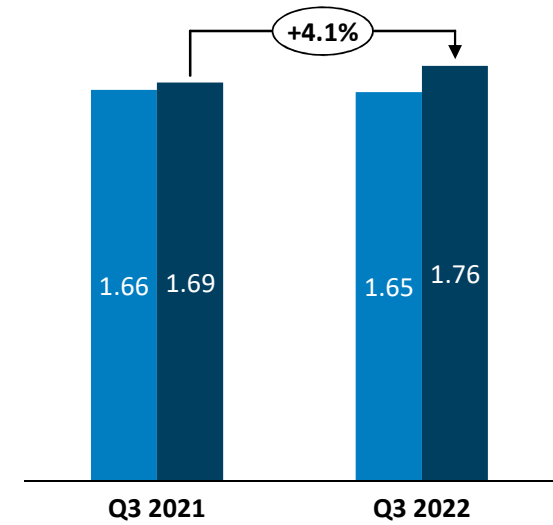
Operating result and margin in %*

in €m



Earnings per share

in €

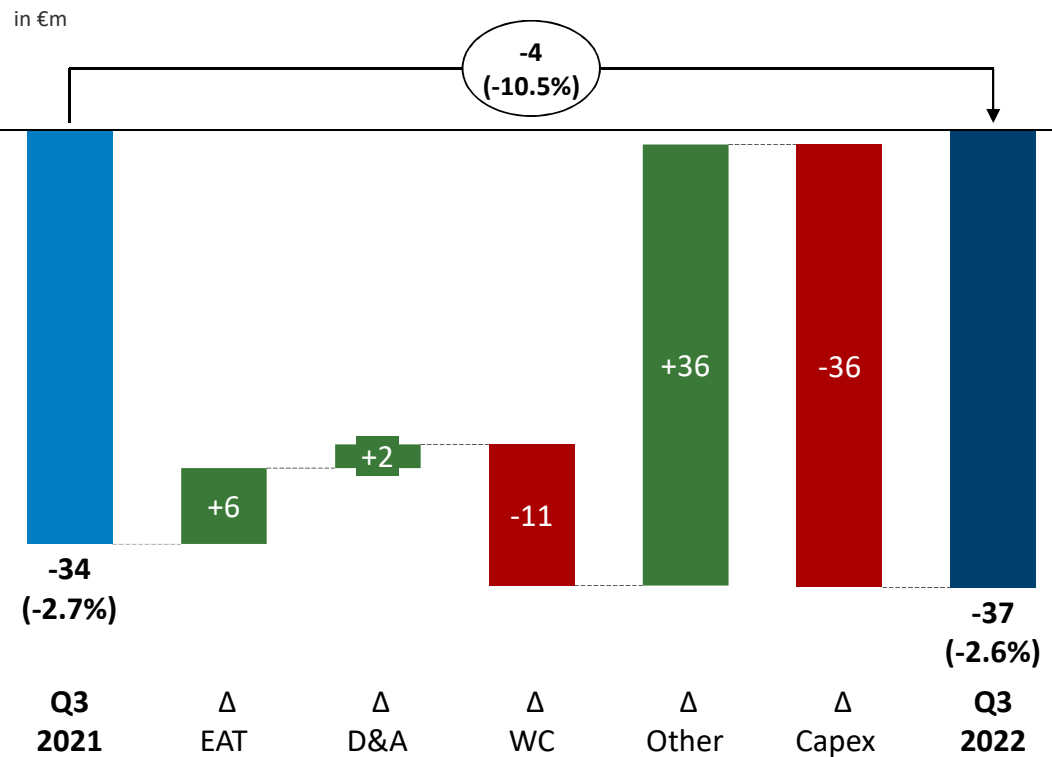


■ reported
■ continued business

Q3 2022 Group Highlights: Cash Flow

Operating Free Cash Flow on previous year's level

Operating Free Cash flow*



Highlights / Comments

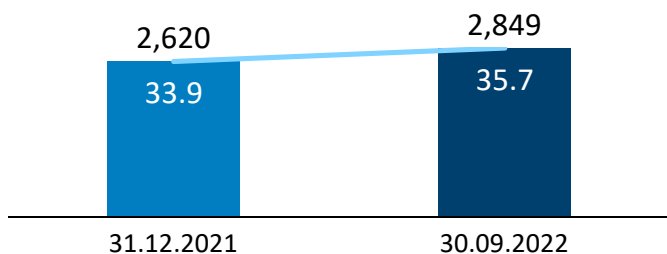
- Working capital build up continues
- Strong operating cash inflow from major projects in all divisions
- Capex increased by the purchase of our existing and formerly rented site in Rome

Q3 2022 Group Highlights: Balance Sheet

Strategic working capital build impacts net financial position

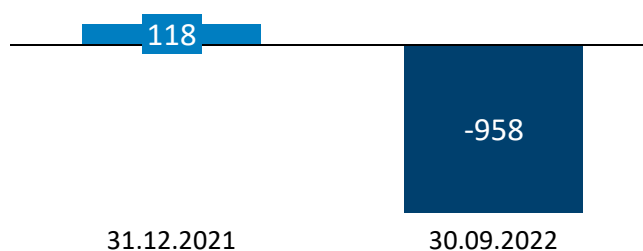
Equity and Equity ratio

in % and €m — Equity ratio — Total equity



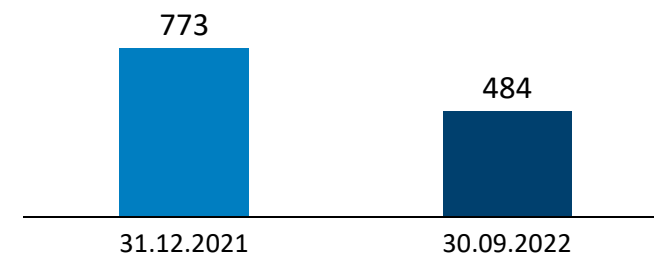
Net financial position*

In €m



Pensions

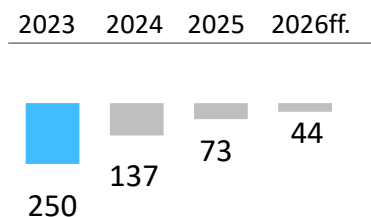
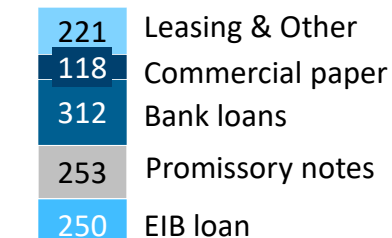
In €m



Gross debt and maturity profile**

in €m

Σ 1,154



Highlights / Comments

- Net financial position declines on working capital build up, acquisitions and dividend payout
- Increased discount rates lowers pension provisions
- Undrawn credit lines of €0.7bn per end of Q3
- Cash position of €196m and additional securities held for trade with a value of €132m per end of Q3

Q3 2022 Division Highlights

Strong growth across all divisions

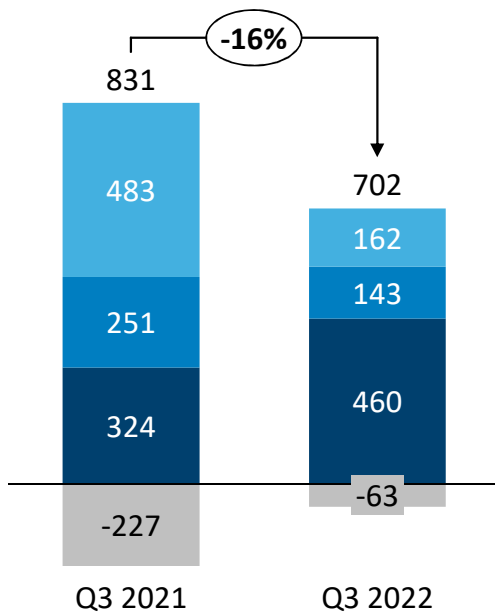
	Sales*			Operating Result*			Margin*		OFCF*		
	Q3 2021	Q3 2022	delta	Q3 2021	Q3 2022	delta	Q3 2021	Q3 2022	Q3 2021	Q3 2022	delta
Vehicle Systems	434	469	8.1%	39	45	17.8%	8.9%	9.7%	60	44	-16
Weapon and Ammunition	228	285	24.7%	26	37	43.1%	11.2%	12.8%	-65	-51	15
Electronic Solutions	195	231	18.3%	19	25	30.0%	9.7%	10.7%	-48	-4	44
Sensors and Actuators	310	355	14.6%	23	16	-32.2%	7.6%	4.5%	21	27	5
Materials and Trade	165	188	14.0%	11	19	68.6%	6.7%	9.8%	5	12	8
Consolidation	-74	-112	-51.8%	-11	-24	-107.2%			-7	-66	-59
Rheinmetall Group	1,258	1,415	12.5%	106	117	10.6%	8.4%	8.3%	-34	-37	-3

Q3 2022 Markets & Drivers

Order Backlog coverage supports Q4 growth ambitions

Order intake*

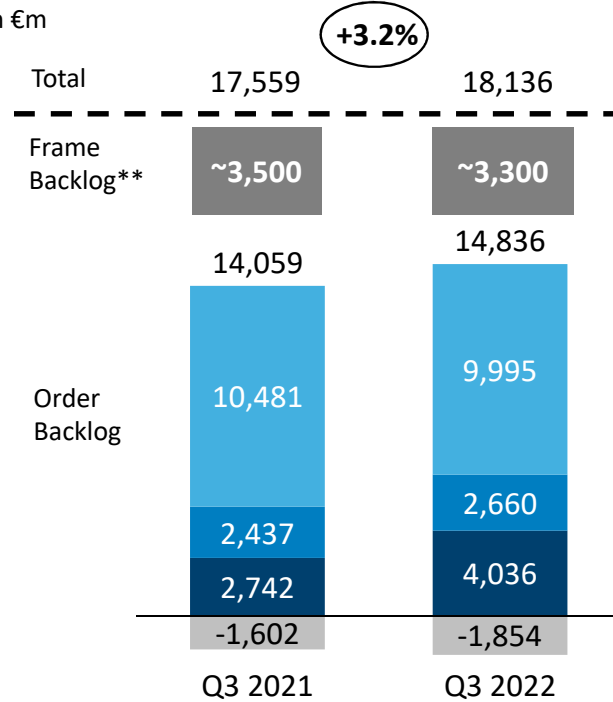
In €m



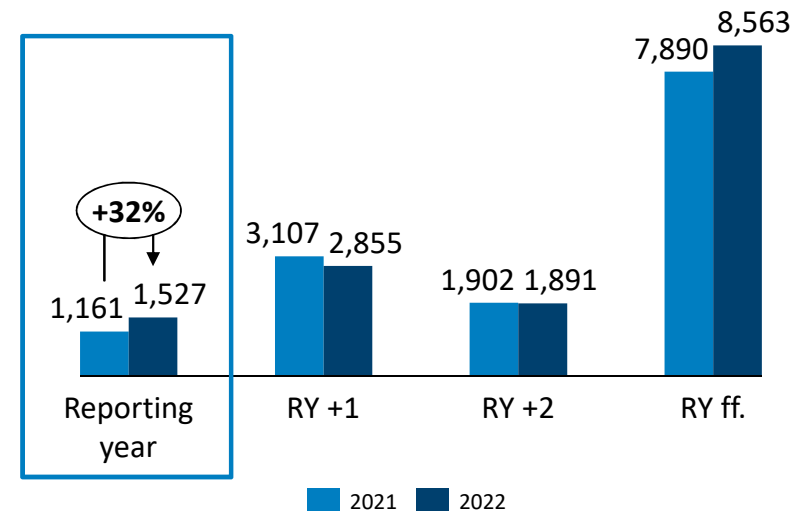
WA VS
ES Consolidation

Order Backlog Profile*

In €m



WA VS Frame backlog*
ES Consolidation

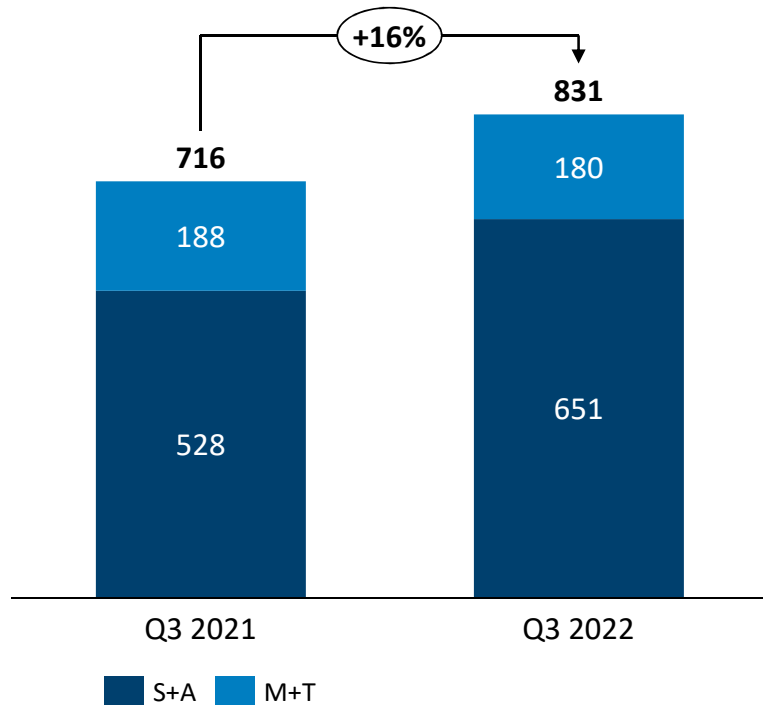


Q3 2022 Markets & Drivers

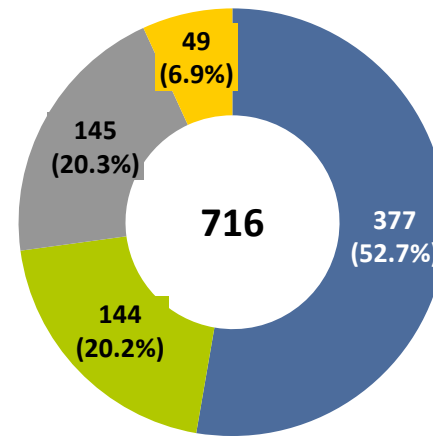
Great interest for innovative electrification products

Booked business for Sensors + Actuators and Materials + Trade divisions

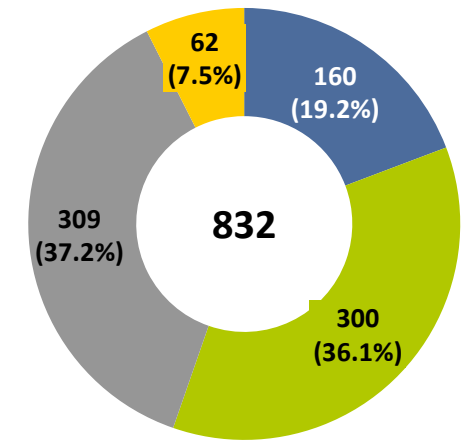
In €m



Booked Business Q3 2021



Booked Business Q3 2022



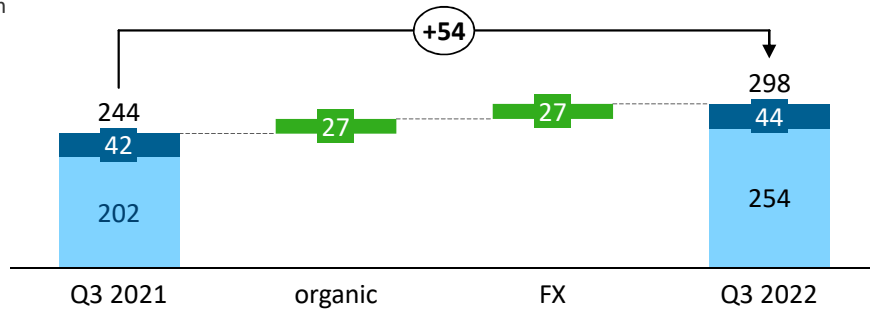
■ LV ICE
 ■ Electrification
 ■ Truck ICE
 ■ Industrial Technology

Q3 2022 Markets & Drivers

Chinese market recovery in line with expectations

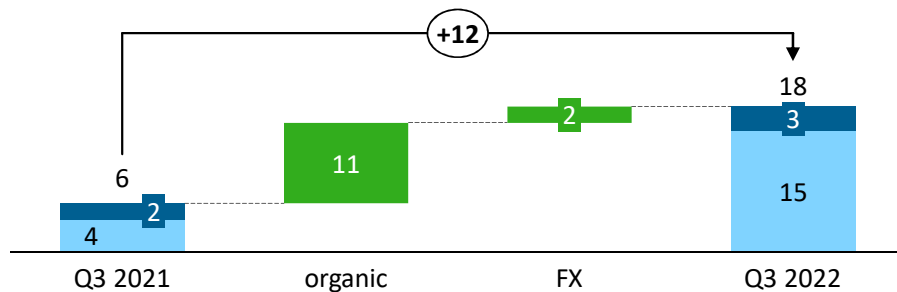
Sales*

in €m



EBIT*

in €m



■ Wholly owned foreign enterprise
 ■ Joint Venture

Chinese Market update

- Catch-up effects after Covid lockdown visible
- First positive results from price escalation clauses
- Partial lockdown scenarios still exist (e.g. individual schools, plants, etc.) -> so far no impact

Supply Chain & Energy

Inflation and supply chain challenges are well addressed

Energy

- Total energy cost in 2021 were around 50€m incl. gas
- 2022 energy exposure in Germany already ~90% hedged, 2023 already ~80% hedged for electricity and ~65% for gas
- Energy saving measures implemented, preparation for worse case scenarios ongoing

Raw materials & Parts

- Important raw materials significantly down from peak levels in Q1
- Semiconductor situation addressed with strategic inventory build up
- Supply chain secured with focus on inventory management and qualification of further suppliers
- Materials price escalation in place

Recruitment



- Successful recruitment lifts headcount by 1,202 FTE



OUTLOOK

Outlook 2022

FY guidance confirmed

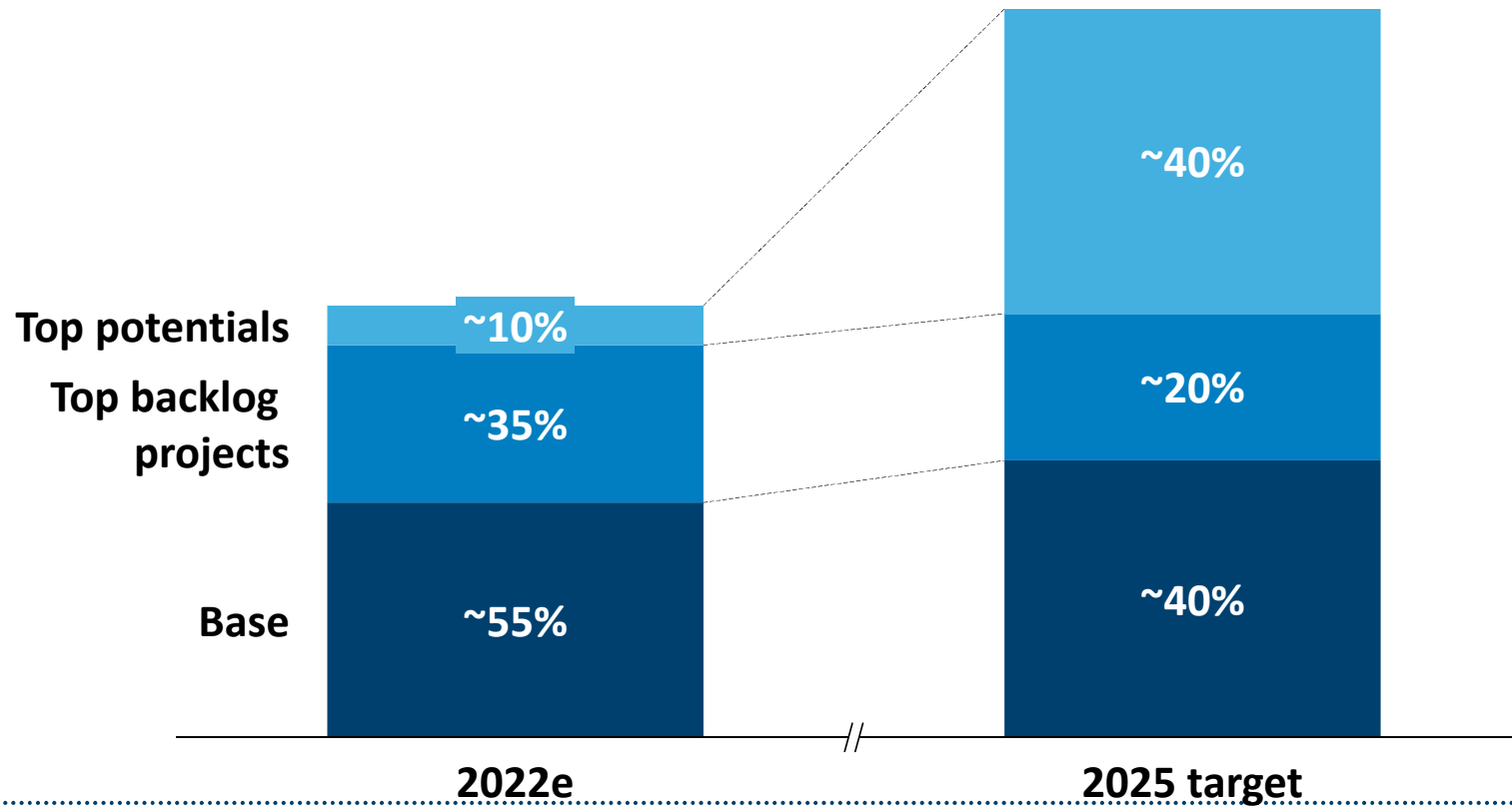
Organic Sales Growth	~15%	
Operating Margin	>11%	

This growth forecast assumes that the German government's plans for possible procurements from the defence budget for 2022 and from the special funds to be created for the Bundeswehr will materialize as announced.

Mid-term guidance: Security divisions

The supercycle 2.0 is happening

- **Sales contribution** share of total sales estimates in %



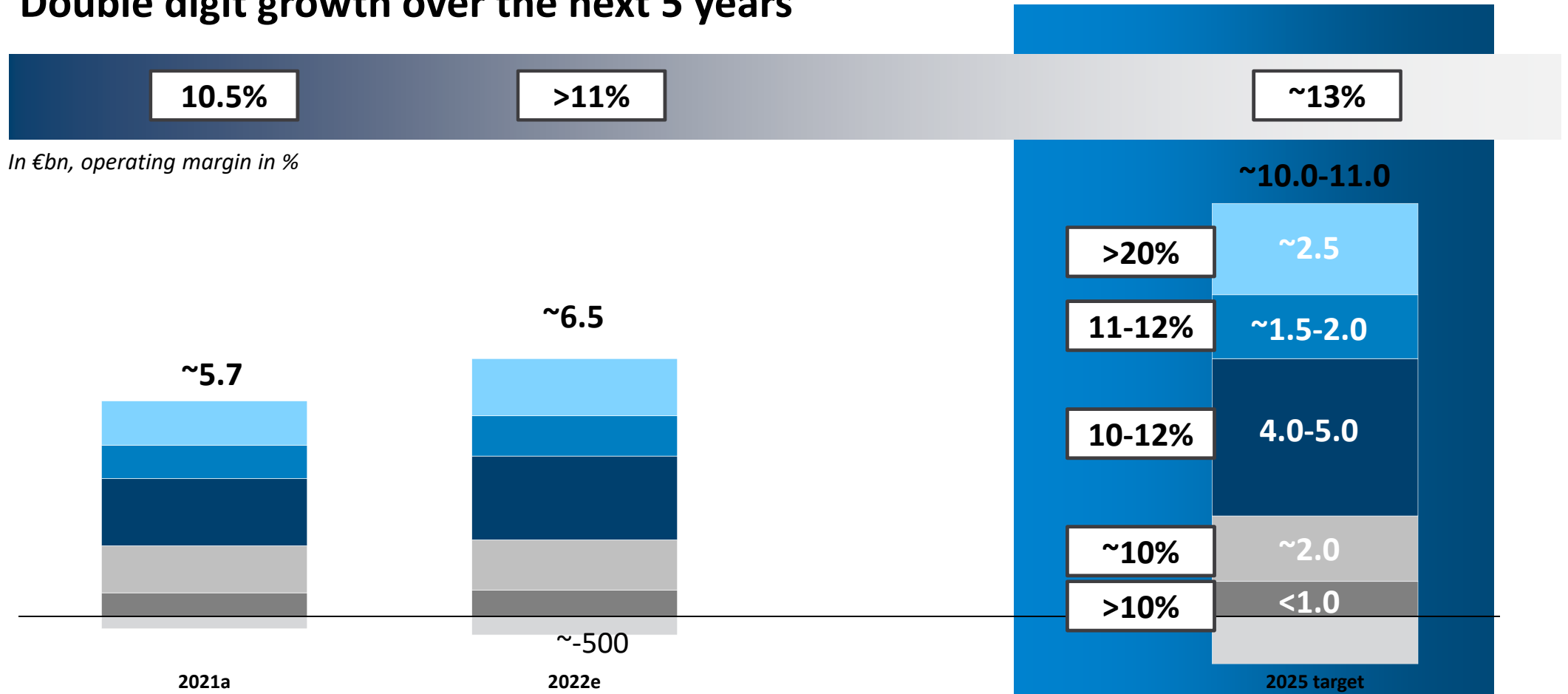
Top potentials

- Ammunition Germany
- Trucks Germany
- Puma
- Lynx Phase III
- “Schwerer Waffentraeger”
- Soldier Systems
- Characal
- Air defense projects

Top backlog projects

- Land 400 Phase II
- Land 121
- Trucks Germany
- Puma
- Boxer MIV
- Challenger
- Lynx Hungary
- Ammo Framework Hungary

Mid-term guidance: Double digit growth over the next 5 years



Our new Financial Targets 2025 are...

ATTRACTIVE GROWTH PROFILE
Sales target 2025

10-11 €bn

HIGHER PROFITABILITY
Operating margin target 2025

~13%

CASH GENERATION
Cashflow to sales target 2025

4-6%

Rheinmetall at a glance

Sustainability is a central component of our corporate strategy

FRAME-WORKS & INITIATIVES

CSR-DIA* Since 2017	GRI Since 2017	UN GC Joined in 2021	CDP Applied in 2021	SBTi Commitment Q4 2021	TCFD 2022	SASB 2022
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ACTION

ENVIRONMENT <ul style="list-style-type: none"> ▪ Carbon neutral in 2035** <ul style="list-style-type: none"> – Improve energy efficiency – Increase self-generation of renewables – Switch to renewables – Continuous reforestation of FoJaNa*** ▪ Water consumption reduction of 10% until 2022 ▪ Waste management <ul style="list-style-type: none"> – Avoidance before reduction before recycling – Environmentally friendly disposal 	SOCIAL <ul style="list-style-type: none"> ▪ Covid response <ul style="list-style-type: none"> – New business line for PPE and air filter systems – Comprehensive catalog of hygienic measures – Donation of PPE and sanitizers to communities ▪ Health protection <ul style="list-style-type: none"> – LTIR of 6.5 in 2021 – Extend ISO 45001 certifications for OSH management – Extensive and systematic protection of employees ▪ Diversity <ul style="list-style-type: none"> – Promote diversity, equity and inclusion – Best practices for female recruitment and careers 	GOVERNANCE <ul style="list-style-type: none"> ▪ Rigorous governance structures with strict compliance organization especially for export control, trade and tax compliance ▪ Continuous improvement of ESG transparency and ratings ▪ ESG objectives introduced in the variable compensation of top and middle management (20 % as part of LTI remuneration package)
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MAIN RATINGS

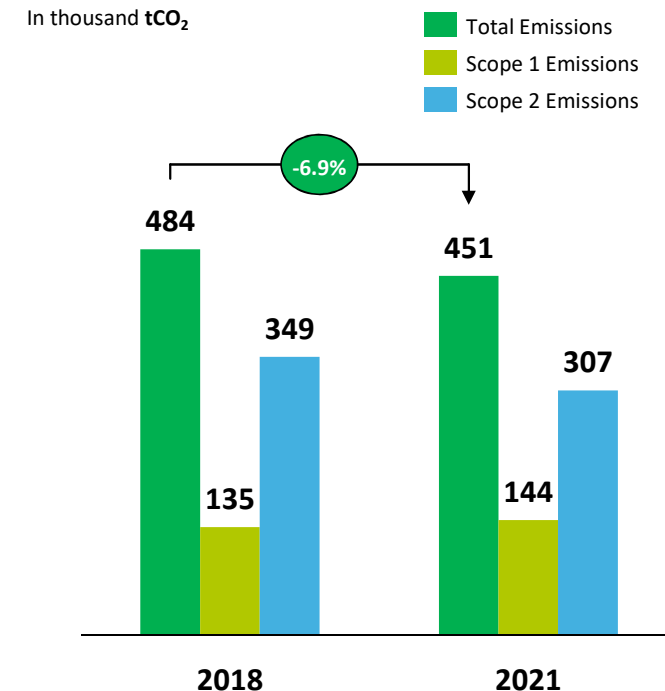
MSCI ESG: AA Industry Rating Distribution: 24% of 33 companies score AA or better	ISS ESG: C A&D Industry Rating Distribution: 15% of 65 companies score C or better	Sustainalytics: 28.3 Peer Group A&D average 37.9 ranked 10th out of 94	S&P Global: 34 Industrial conglomerates average: 29
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Responsibility @ Rheinmetall

Environmental goals

2035: CO₂ neutral *

- Consistent energy management system well established; energy saving goals and use of renewable sources
- Reduction of CO₂ intensity 2018-2021 (tCO₂/EUR m revenue) by ~7%
- Enhance reporting and transparency by participating in CDP in 2021
- Taking pro-active stance by joining Science Based Targets initiative (SBTi)
- Initial risk analysis of production sites conducted in 2020 in preparation of further disclosures in line with TCFD

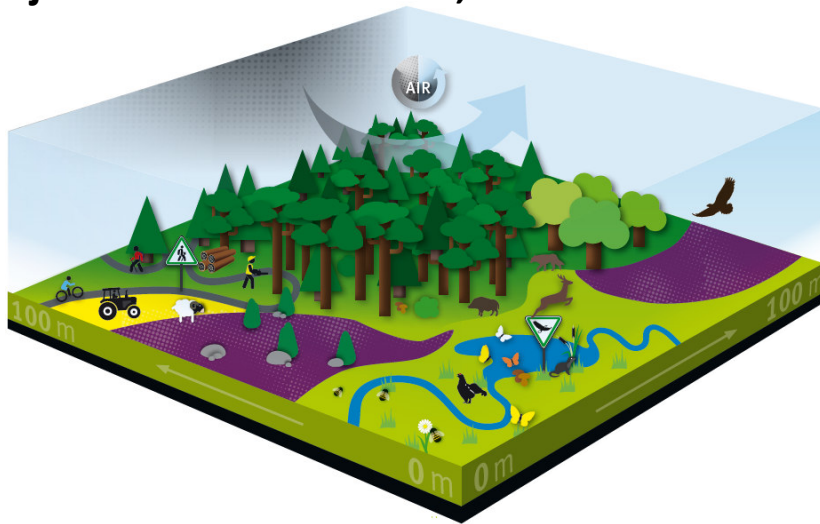


* CO₂ neutrality aligned with Paris Agreement and determined in line with the Science Based Target Initiative

Responsibility @ Rheinmetall

Biodiversity activities

- **Fojana – Rheinmetall’s 5,500 Hectares Natural Paradise near Unterlöss**



- **Fojana is Rheinmetall’s own 55-square-kilometer site including**
 - 3,300 hectares of forest
 - 900 hectares of heathland
 - 420 hectares of eco-friendly used agriculture
 - 90 % of the area is managed in keeping with the typical original character of the landscape

- **137t of CO₂ capture/ha**
3,300 ha forest bind 452,272t CO₂
- **1,500 m³ of groundwater formation/ha**
- **30t of O₂/ha**
One hectare of deciduous forest releases 15t oxygen a year; one hectare of coniferous forest releases 30t
- **Up to 50 m³ filtering of soot and dust**
- **Around 150 m³ of timber stock/ha**
- **1,500 m³ of groundwater formation/ha**
- **Broad biodiversity and protection of rare species**
1,120 species of butterflies and 33 species that are threatened with extinction as well as 55 highly endangered species find a sheltered home

Responsibility @ Rheinmetall

Being a responsible corporate citizen



Social responsibility



Rheinmetall

- Awarded a special price by the German Corporate Health Award for extra **strong commitment in corporate health management**
- Health & Safety: **accident frequency rate** (number of accidents per 1 million working hours) **6.5x**
- Corona-Action-Teams at all locations to coordinate preventive and/or necessary measures to safeguard health of employees
- Attracting and retaining highly skilled employees
- Strong commitment to promote **diversity**
- Talent development

Worldwide

- Automotive product **portfolio actively reduces CO₂ emission** for ICE
- **Signatory to UN Global Compact** (April 2021) with annual communication on progress (member of the early adopter program)
- Report on contribution to **UN Sustainable Development Goals**
- Gearing up to enhance **transparency in the supply chain**
- Swift contribution to protection of general public in the early phase of the Covid 19 pandemic

Responsibility @ Rheinmetall

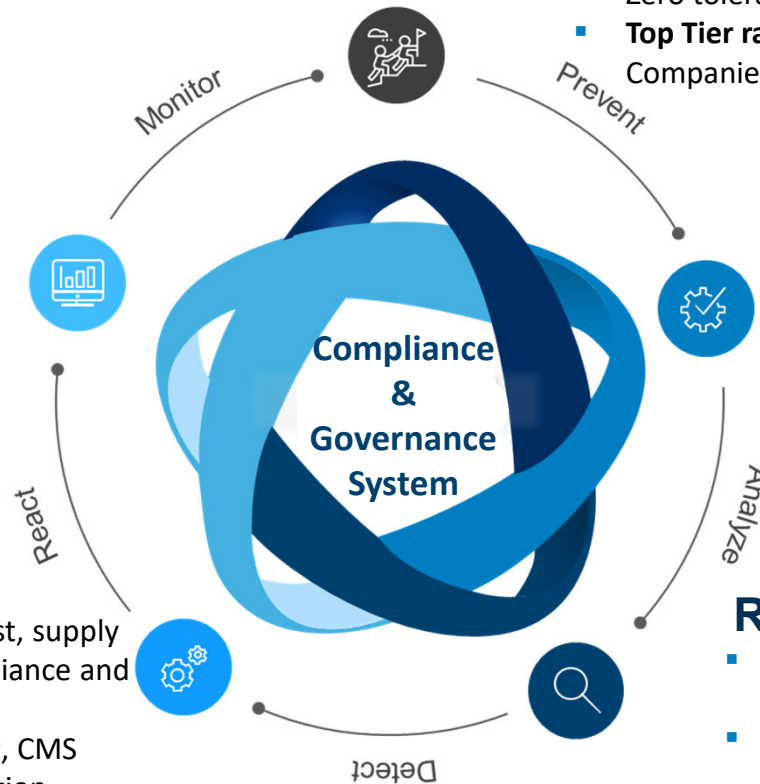
Compliance & Governance System

Communication

- Target group-specific training
- Established reporting system within the organization
- **11.000+ Employees trained in 2021**

Organization & Program

- Experienced teams at all group levels
- Program focus on anti-corruption, antitrust, supply chain risks, fraud prevention, trade Compliance and conflicts of interest
- **16 Global Directives** (eg. Code of Conduct, CMS Manual, Data Privacy, Sponsoring & Donation, Antitrust)



Culture

- "ESG" and "transparency" as pillars of the strategy
- Zero tolerance policy
- **Top Tier ranking** in Transparency International Defence Companies Anti-corruption Index 2020

Compliance Goals

Compliance at Rheinmetall means / is...

- ... firmly anchored in business processes
- ... fewer risks for management and employees
- ... risk- and practice-oriented organizational competence
- ... new regulatory requirements
- **90 subsidiaries** have implemented digital business partner mgmt. platform in 2023

Risks & Monitoring

- Regular risk assessment, investigation and due diligence measures at all levels
- Technical risk monitoring measures Regular and special audits by Internal Audit
- **2.675 Enhanced Due Diligence screenings** of third parties

Responsibility @ Rheinmetall

Implementing transparency in the supply chain

Frequent Supplier Monitoring process started

- Complex **multi-tiered** sourcing activities
- **Environmental and human rights due diligence are a significant responsibility and a major challenge**
- High quality standards demanded of our suppliers (ISO 9001, IATF 16949, AQAP 2110/2210)
- **Suppliers selection based on specific criteria such as: quality, reliability, performance, suitability and price**
- ESG criteria is also integrated into this process

2021 | Business Partner Checks Supply chain

96 countries

43.280
suppliers

296
Supplier audits

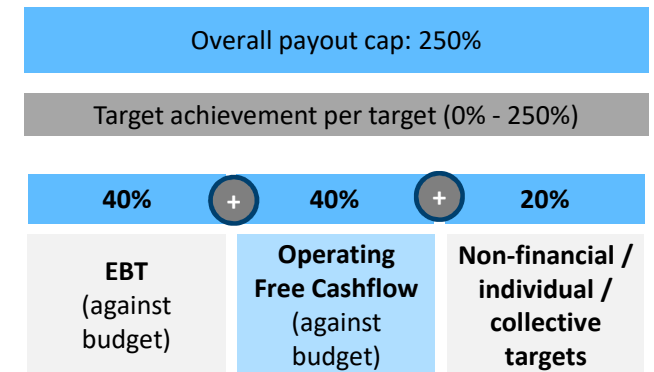
87%
w/o findings



Responsibility @ Rheinmetall

New Executive Board remuneration policy with 20% share ESG targets

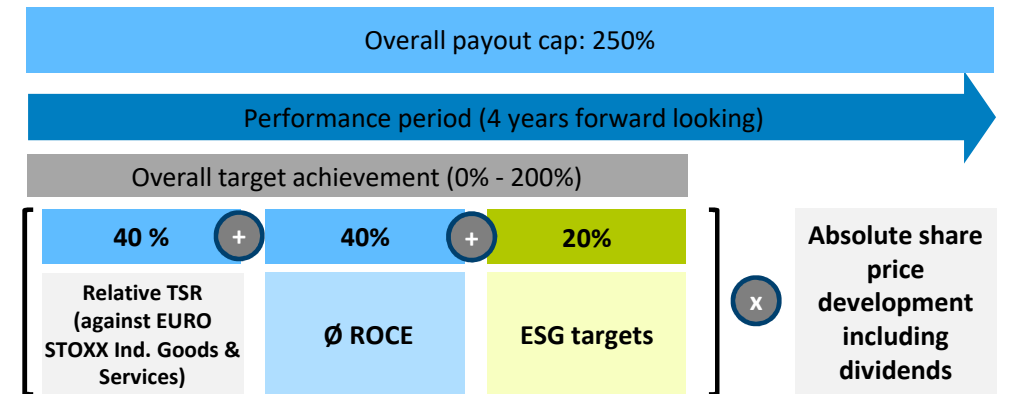
Short Term Incentive



Remuneration structure

30 - 41%	Long Term Incentive (LTI)
14 - 20%	Short Term Incentive (STI)
10 - 33%	Pension (service cost)
0 - 5%	Fringe benefits
22 - 30%	Base salary

Long Term Incentive



Malus & clawback clauses

Malus and clawback clauses in case of compliance violations and incorrect consolidated financial statements

Share Ownership Guidelines (SOG)

200% of annual gross base salary for the Chief Executive Officer and 100% for the Ordinary Board members

Maximum remuneration

Maximum remuneration including fringe benefits and pension

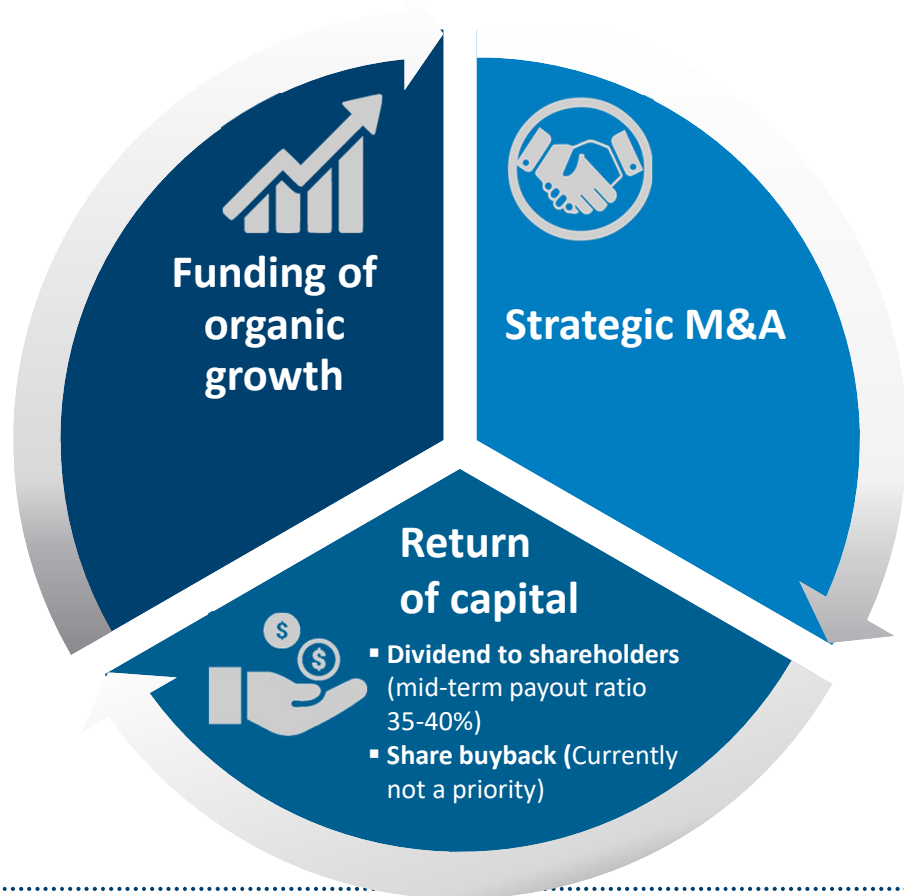
- Chief Executive Officer: 8,000,000 €
- Ordinary Board members: 4,000,000 €



Appendix

Financials of the Supercycle 2.0

Generating value for shareholders with clear capital allocation priorities



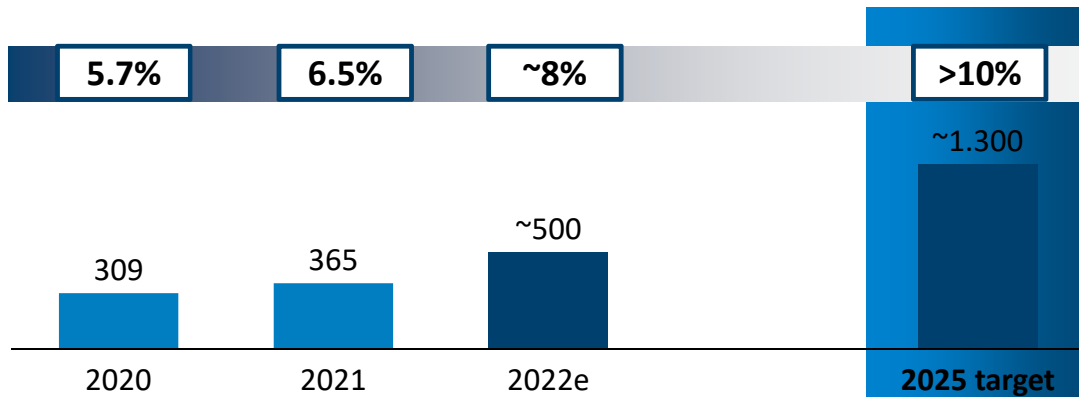
Strategic priorities

- ➔ Sustainable financing of growth
- ➔ Strong balance-sheet
- ➔ Maintain investment grade

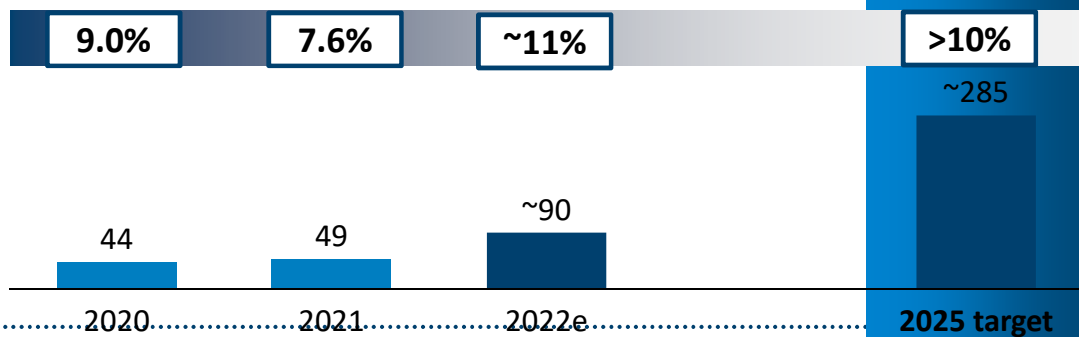
Financials of the Supercycle 2.0

Growth needs to be organized

Sales Consolidation
(in €m / in % of Sales)



Operating Result Consolidation
(in €m / in % of Operating Result)



Increased consolidation driven by growing structures

- ➔ Sales consolidation reflects new growth dynamics
- ➔ Ongoing increase of intra-divisional projects
- ➔ Insourcing of IT infrastructure
- ➔ Higher corporate R&D spending

Financials of the Supercycle 2.0

Peak capex to support double digit growth



UK RBSL

- Mainly modernization
- Capex 2022- 2025

$\Sigma \sim \text{€}80\text{m}$



Germany

- IT structure and div. Operational modernization
- Capex 2022- 2025

$\Sigma \sim \text{€}120\text{m}$



RHM Hungary

- New Lynx production
- Capex 2022- 2025

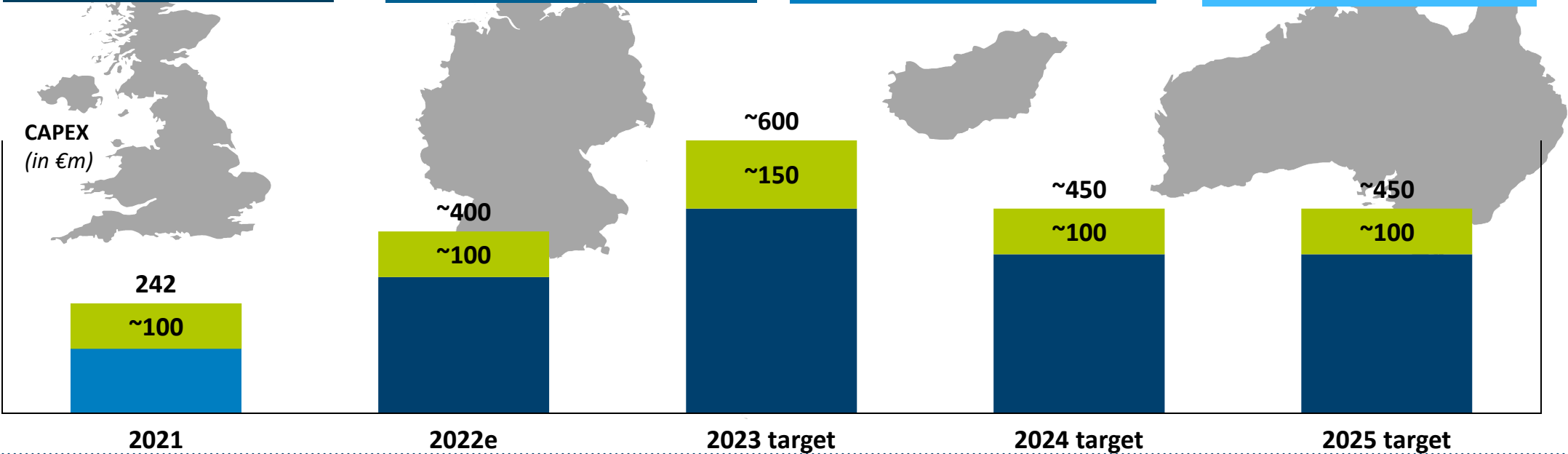
$\Sigma \sim \text{€}110\text{m}$



Australia; MilVehCoe

- Production expansion
- Capex 2022- 2025

$\Sigma \sim \text{€}140\text{m}$

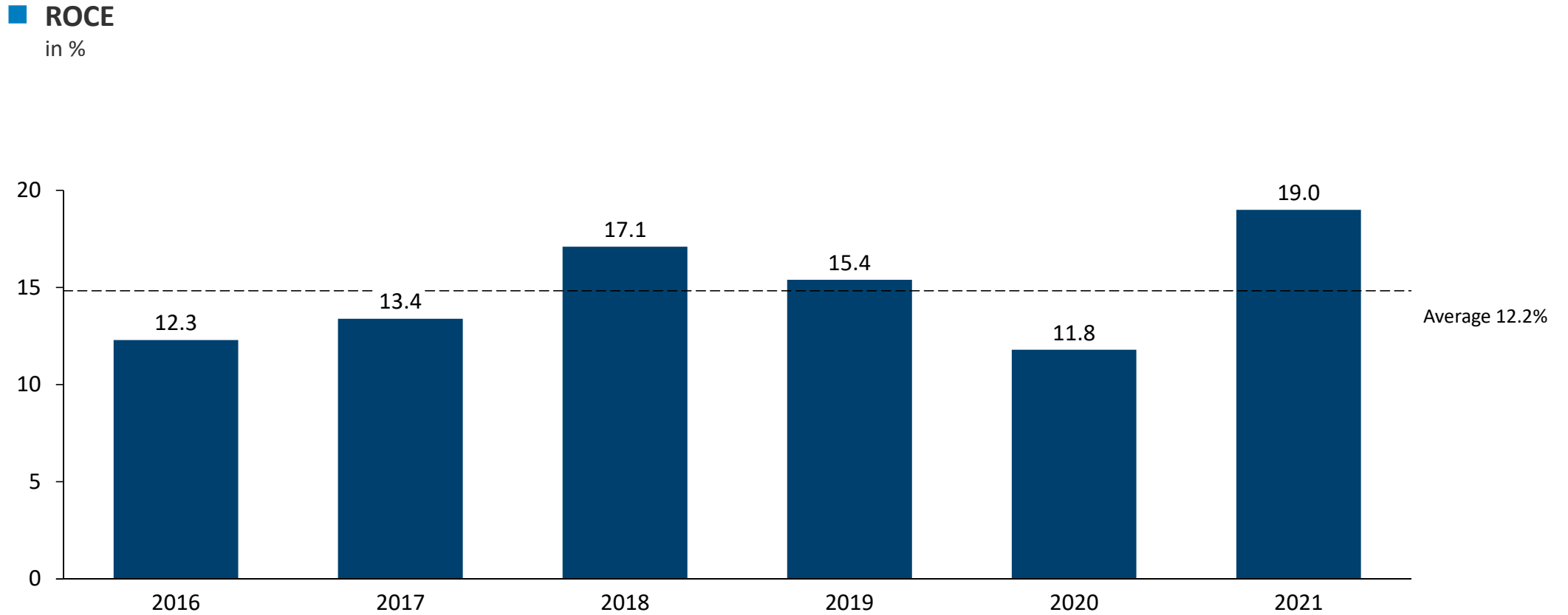


Acquisitions

Milestones in acquisition strategy

	Zeppelin Mobile Systems	Drone manufacturer EMT	Polycharge	4iG 25.1% Stake
	<p>+ Closing 12/2021</p> <ul style="list-style-type: none"> Positioning further in a key international market Extend technological responsibility for key elements of networked, digital communications and intelligence for the armed forces 	<p>+ Closing 01/2022</p> <ul style="list-style-type: none"> Digitization strategy Confirming our position as a reliable partner to the German armed forces 	<p>+ Closing 2022</p> <ul style="list-style-type: none"> Electrification strategy Joint venture for the production, development and marketing of DC-Link capacitors 	<p>+ Closing 03/2022</p> <ul style="list-style-type: none"> Digitization strategy Establishing a tech-hub for information technology and telecommunications in Central Europe JV is planned on technologies for digitizing the armed forces
Target 2025	<p>Sales p.a. ~€50m Margin 10%-15%</p>	<p>Sales p.a. ~€50m Margin 10%-15%</p>	<p>Sales p.a. ~€200m Margin ~10%</p>	

ROCE development



Key Figures

Key Figures

		2021	2020 ¹⁾	2019	2018	2017 ²
SALES/EARNINGS						
Sales	€million	5.658	5.405	6.255	6.148	5.896
Of which generated abroad	%	65,9	64,4	68,9	72,3	75,9
Operating result	€million	594	446	505	491	400
Operating margin	%	10,5	8,3	8,1	8,0	6,8
EBIT	€million	608	398	512	518	385
EBIT margin	%	10,8	7,4	8,2	8,4	6,5
EBT	€million	582	367	477	485	346
Earnings from continuing operations	€million	432	284	-	-	-
Earnings from discontinued operations	€million	(100)	(283)	-	-	-
Earnings after taxes	€million	332	1	354	354	252
Return on capital employed (ROCE) ³⁾		19,0	11,8	15,4	17,1	13,8
CASH FLOW						
Cash flow from operating activities	€million	690	453	602	242	546
Cash flow from investments	€million	(271)	(237)	(288)	(277)	(270)
Operating free cash flow	€million	419	217	314	(35)	276
Of which continuing operations	€million	458	230	-	-	-
Of which discontinued operations	€million	(38)	(13)	-	-	-
STATEMENT OF FINANCIAL POSITION (12/31)						
Equity	€million	2.620	2.053	2.272	2.173	1.870
Total assets	€million	7.734	7.267	7.415	6.759	6.101
Equity ratio	%	33,9	28,2	30,6	32,1	30,7
Cash and cash equivalents	€million	1.039	1.027	920	724	757
Total assets less cash and cash equivalents	€million	6.695	6.240	6.496	6.035	5.344
Net financial debt (-)/Net liquidity (+) ⁴⁾	€million	118	4	(52)	(30)	230
HUMAN RESOURCES (12/31)						
Germany	FTE	11.979	11.592	11.587	11.077	10.394
Foreign	FTE	11.966	11.675	12.193	11.822	11.216
Rheinmetall Group	FTE	23.945	23.268	23.780	22.899	21.610
Of which continuing operations	FTE	20.185	19.500	-	-	-
Of which discontinued operations	FTE	3.760	3.768	-	-	-

Balance Sheet

In € m	12/31/2021	12/31/2020		12/31/2021	12/31/2020
Assets			Equity and liabilities		
Goodwill	481	476	Share capital	112	112
Other intangible assets	287	240	Capital reserves	561	556
Right-of-use assets	214	233	Retained earnings	1.755	1.233
Property, plant and equipment	1.056	1.132	Treasury shares	(9)	(13)
Investment property	30	39	Rheinmetall AG shareholders' equity	2.418	1.888
Investments accounted for using the equity method	201	288	Non-controlling interests	203	165
Other non-current assets	337	272	Equity	2.620	2.053
Deferred taxes	147	249			
Non-current assets	2.752	2.928	Provisions for pensions and similar obligations	773	1.177
			Other non-current provisions	210	191
Inventories	1.651	1.573	Non-current financial debt	706	873
Contract asset	408	352	Other non-current liabilities	45	82
Trade receivables	1.164	1.170	Deferred taxes	38	4
Other current assets	213	192	Non-current liabilities	1.772	2.326
Income tax receivables	11	24			
Securities held for trade	162	-	Other current provisions	677	796
Cash and cash equivalents	1.039	1.027	Current financial debt	215	150
Assets held for sale	334	-	Contract liability	1.111	968
Current assets	4.982	4.339	Trade liabilities	809	700
Total assets	7.734	7.267	Other current liabilities	196	198
			Income tax liabilities	87	76
			Liabilities directly related to assets held for sale	246	-
			Current liabilities	3.341	2.888
			Total equity and liabilities	7.734	7.267

Income Statement

In € m	2021	2020
Sales	5.658	5.405
Changes in inventories and work performed by the enterprise and capitalized	117	142
Total operating performance	5.775	5.547
Other operating income	134	114
Cost of materials	2.745	2.792
Staff costs	1.643	1.537
Amortization, depreciation and impairment	251	282
Other operating expenses	656	642
Income from investments accounted for using the equity method	11	13
Other net financial income	(17)	(24)
Earnings before interest and taxes (EBIT)	608	398
Interest income	4	9
Interest expenses	31	40
Earnings before taxes (EBT)	582	367
Income taxes	(150)	(83)
Earnings from continuing operations	432	284
Earnings from discontinued operations	(100)	(283)
Earnings after taxes	332	1
Of which:		
<i>Non-controlling interests</i>	41	27
<i>Rheinmetall AG shareholders</i>	291	(27)
Earnings per share	€ 6,72	€ (0,62)
Earnings per share from continuing operations	€ 9,04	€ 5,93
Earnings per share from discontinued operations	€ (2,32)	€ (6,55)

Cashflow Statement

In € m	2021	2020
Earnings after taxes	332	1
Amortization, depreciation and impairment	254	303
Impairment of non-current assets of discontinued operations	91	254
Allocation of CTA assets to secure pension and partial retirement obligations	(35)	(42)
Other changes in pension provisions	(17)	(4)
Income from disposals of non-current assets	0	(6)
Changes in other provisions	(51)	88
Changes in working capital	22	(119)
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	63	(28)
Pro rata income from investments accounted for using the equity method	(15)	(10)
Dividends received from investments accounted for using the equity method	30	21
Other non-cash expenses and income	16	(5)
Cash flow from operating activities ¹⁾	690	453
<i>of which continuing operations</i>	705	443
<i>of which discontinued operations</i>	(14)	10
Cash flow from investing activities	(462)	(188)
<i>of which continuing operations</i>	(438)	(165)
<i>of which discontinued operations</i>	(24)	(22)
Cash flow from financing activities	(202)	(148)
<i>of which continuing operations</i>	(300)	(163)
<i>of which discontinued operations</i>	98	15
Changes in cash and cash equivalents	27	117
Changes in cash and cash equivalents due to exchange rates	4	(10)
Total change in cash and cash equivalents	30	108
Opening cash and cash equivalents January 1	1.027	920
Closing cash and cash equivalents December 31	1.058	1.027
Closing cash and cash equivalents December 31 from discontinued operations	19	-
Closing cash and cash equivalents according to consolidated balance sheet December 30	1.039	1.027

Rheinmetall 2016-2020: Key figures (as reported including Piston business)

in €m		2016	2017	2018	2019	2020
Balance Sheet	Total assets	6.150	6.101	6.759	7.415	7.267
	Shareholder's equity	1.781	1.870	2.173	2.272	2.053
	Equity ratio (in %)	29,0	30,7	32,1	30,6	28
	Pension liabilities	1.186	1.080	972	1.169	1.177
	Net financial debt	19	230	-30	-52	4
	Net financial debt / EBITDA	-0,03	-0,37	0,04	0,07	-0,01
	Net gearing (in %)	-1,1	-12,3	1,4	2,3	-0,2
Income	Sales	5.602	5.896	6.148	6.255	5.875
	Operating result	353	400	491	505	426
	Operating margin (in %)	6,3	6,8	8,0	8,1	7,3
	EBITDA	581	626	836	792	647
	EBIT	353	385	518	512	89
	EBIT margin (in %)	6,3	6,5	8,4	8,2	1,5
	EBT	299	346	485	477	57
	Net income	215	252	354	354	1
	Earnings per share (in EUR)	4,7	5,2	7,1	7,8	-0,6
	Dividend per share (in EUR)	1,5	1,7	2,1	2,4	2,0
ROCE (in %)	10,6	12,3	13,8	17,1	2,7	
CF statement	Free cashflow from operations	161	276	-35	314	217
Headcount	Employees (Dec. 31) according to capacity	20.993	21.610	22.899	23.780	23.268

Next events and IR contacts

Next Events

Commerzbank & Oddo BHF, German Investment Seminar	9-11 January 2023
Baader Bank, German Corporate Day	12 January 2023
UniCredit Kepler Cheuvreux, German Corporate Conference	16/17 January 2023
FY Earnings release	16 March 2023
Bank of America, Global Industrials Conference	21 March 2023

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[Annual Report](#)

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