

# PASSION FOR TECHNOLOGY

**Rheinmetall**

**Investor Presentation**

March 2023

# Agenda

■ Rheinmetall at a glance

---

■ Market & Drivers

---

■ Five divisions under one roof

---

■ Financials

---

■ Outlook

---

■ Responsibility @ Rheinmetall

---

■ Appendix

---

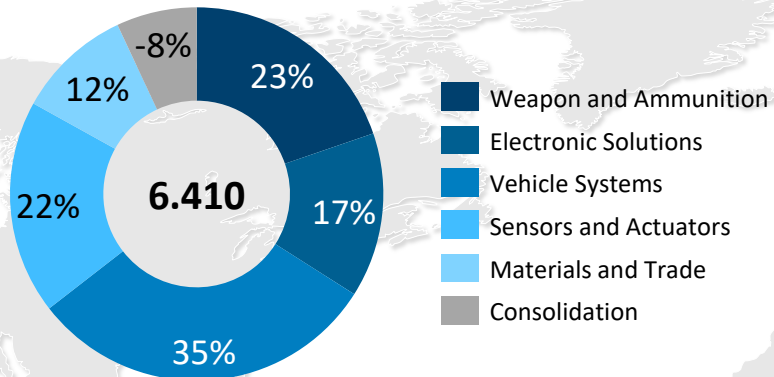


# Rheinmetall at a glance

## Selected key business highlights

### Sales by division

In €m

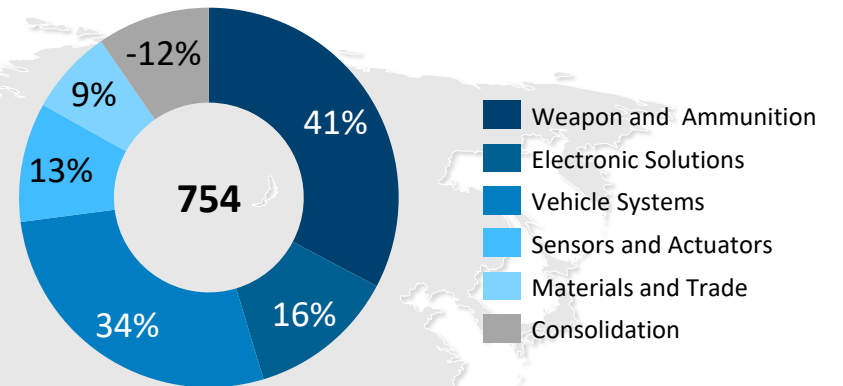


### Business Model

- 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 geopolitical power shifts and constantly changing conflict situations
- Megatrend clean mobility supported by stricter regulation

# Rheinmetall at a glance

## Five divisions under one roof

### RHEINMETALL GROUP Holding



#### Weapon and Ammunition

- Mid & Large Caliber Ammo
- Mid & Large Caliber Weapons
- Protection Systems



#### Electronic Solutions

- Integrated Electronic Systems
- Air Defence & Radar Systems
- Technical Publications



#### Vehicles Systems

- Tactical Vehicles
- Logistic Vehicles



#### Sensors and Actuators

- Pump Technology
- Actuators
- Automotive Emission Systems
- Solenoid Valves
- Commercial Diesel Systems



#### Materials and Trade

- Aftermarket
- Bearings
- Castings (50:50 Joint Venture)

# Rheinmetall at a glance

## Our strategic vision is becoming a reality



### TRANSFORMATION

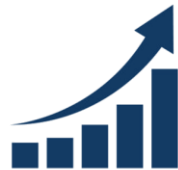


#### DIVISIONAL STRUCTURE WELL IMPLEMENTED

- 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



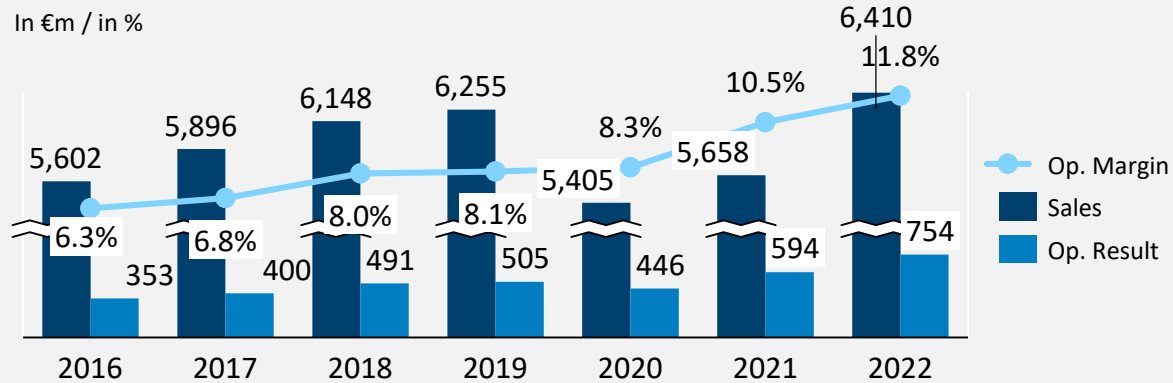
#### ESG INTEGRAL PART OF THE STRATEGY

- Commitment
- Action
- Deliverance

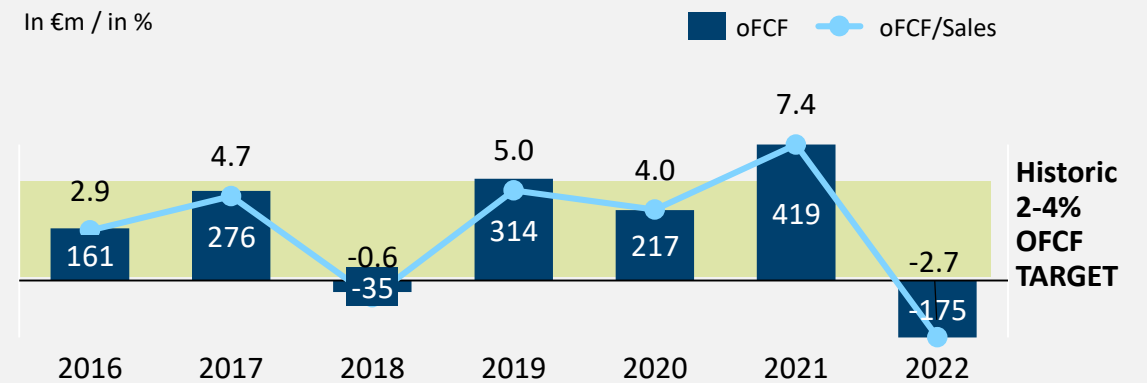
# Rheinmetall at a glance

## Historic financial development

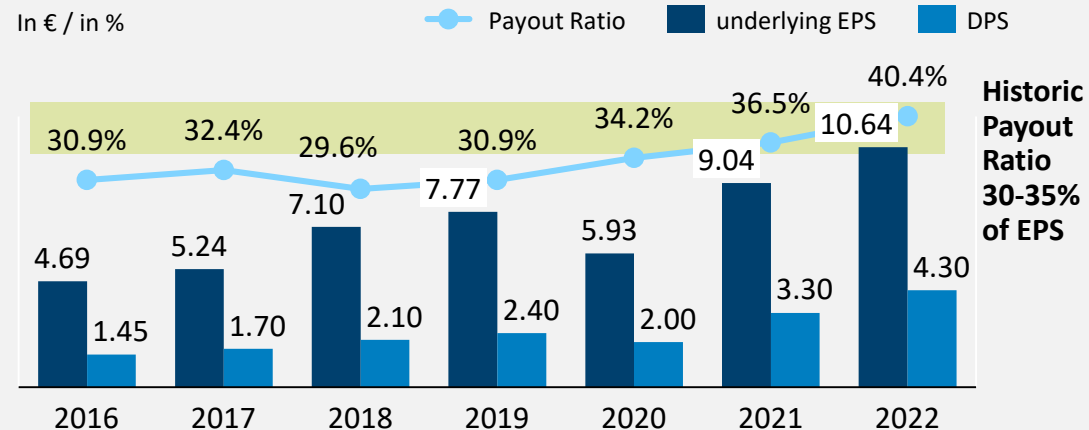
### Sales, operating result and operating margin



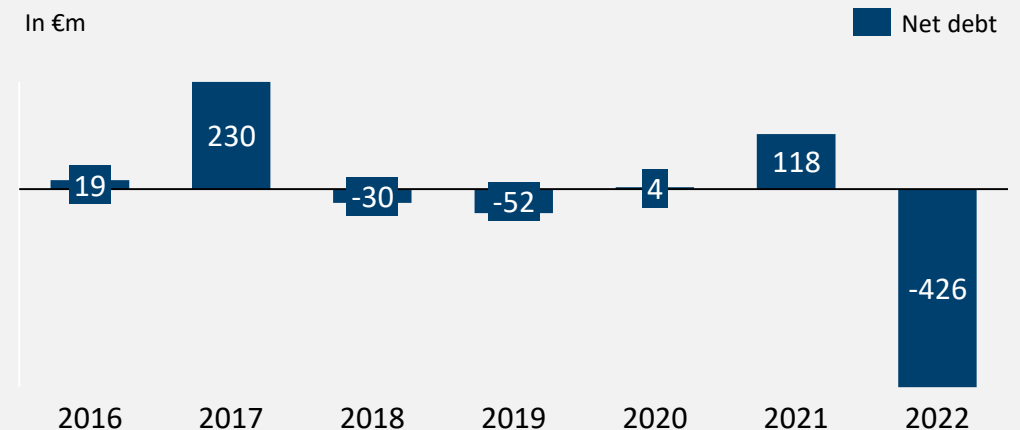
### Operating FCF and operating FCF to Sales



### Earnings and dividend per share



### Net financial debt





# Markets & Drivers

# Taking responsibility in a changing world

We develop technologies for the **protection** of people and a **sustainable** development

**“Peace** cannot be taken for granted, it needs dialogue, but where necessary also **deterrence and determination**”

*President of the Federal Republic of Germany F.W. Steinmeier*

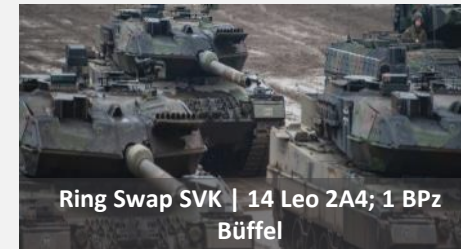
Force **protection** is our mission, we **enable** governments



# Taking responsibility in a changing world

## Rheinmetall has been a partner to support the Ukraine

### INDIRECT SUPPORT



### DIRECT SUPPORT



### NEXT LEVEL



# Taking responsibility in a changing world

## Rheinmetall delivers and is ready to do more



### Leopard 1

- Access to ~ 100 Leopard 1
- 80-90 vehicles offered to Ukraine
- Potential for 20+ vehicles in 2023
- Contract signing expected soon



### Leopard 2

- Access to ~ 50 Leopard 2
- 29 in overhaul for Ring Swaps with SVK and CZE
- First deliveries already in Q4 2022, complete delivery by end of 2023
- Further vehicles beyond ring swaps available for delivery by the end of 2023 beginning of 2024



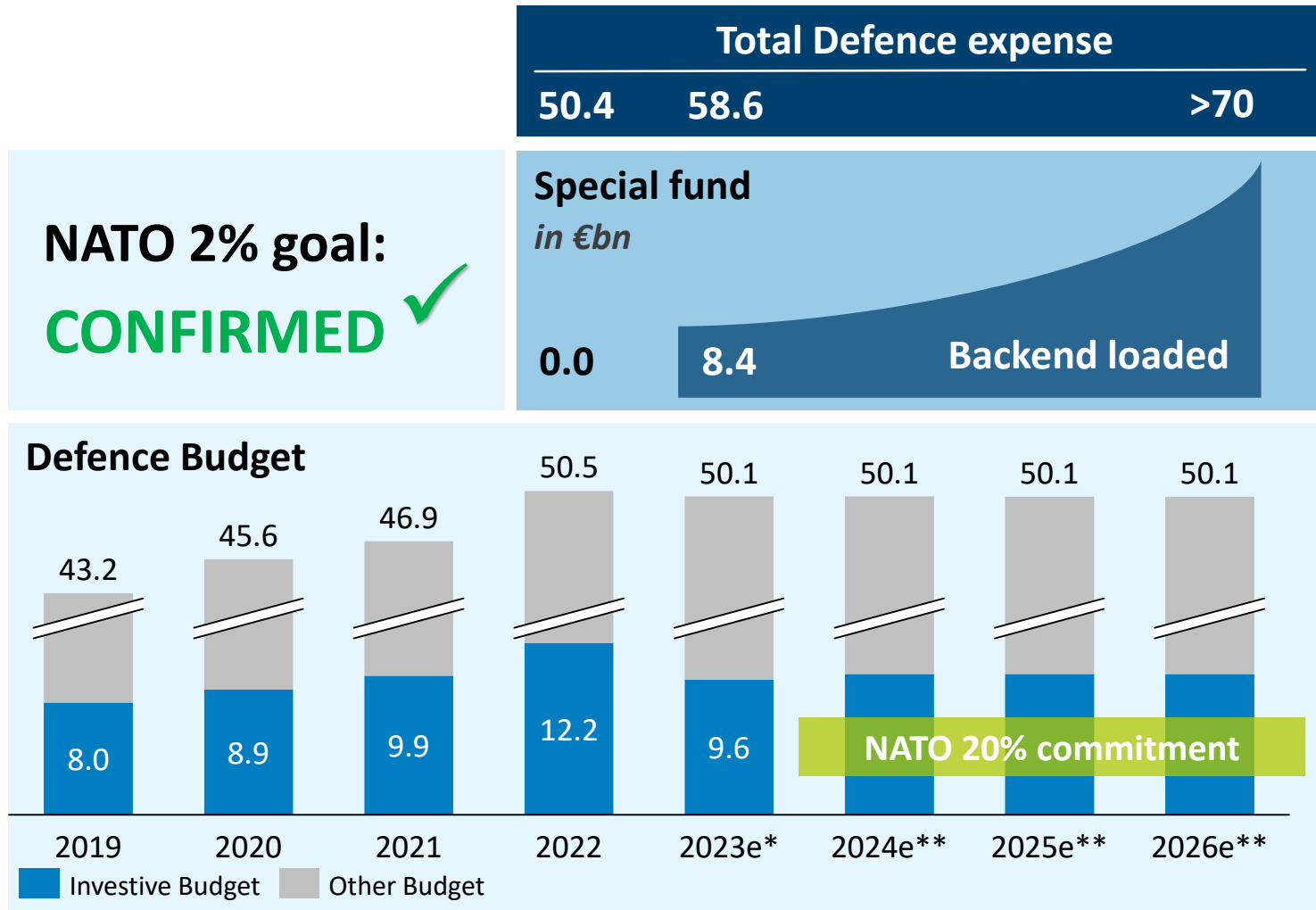
### Marder

- 140-150 Marder on Stock
- 60 vehicles under contract: 40 Marder in Ring Swaps with Greece (20 delivered)
- 20 Marder direct delivery to Ukraine until end of March 2023
- Potential monthly delivery of 10 vehicles from Q3 2023 onwards

**Ammunition not included**

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

# Markets & Drivers: Status quo on German potential

## German decisions expected to gain momentum



### Equipment

- Puma upgrade
- 2nd lot Puma (tracked)
- Marder successor (wheeled)
- Heavy weapon carrier
- Trucks



### Ammunition

- Large caliber
  - 105mm
  - 120mm
  - 155mm
- Medium caliber
  - 20mm (Marder)
  - 30mm (Puma)
  - 35mm (Gepard)



### Digitization

- Gladius Soldier System
  - First call-off
  - Framework contract
- D-LBO

# Markets & Drivers: Transformation for growth

## Preparing for the new accelerated growth cycle



**Capacity growth**

### Plants and People



**M&A**

### Game changing acquisition of Spanish EXPAL Systems



**Closing expected for summer 2023**

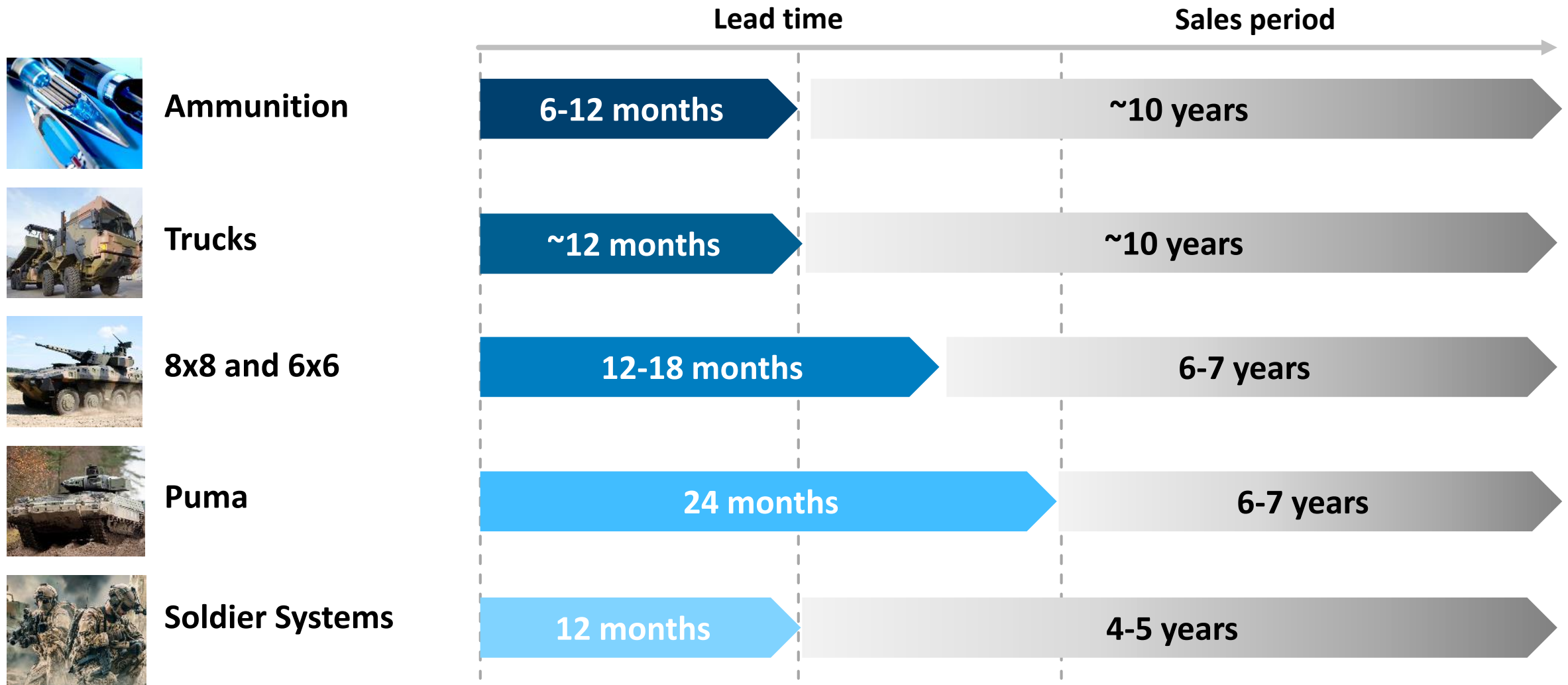


**Innovations**

- Main Battle Tanks
- Panther
- Drones
- Artillery
- Infantry Fighting Vehicles
- Digitization

# 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

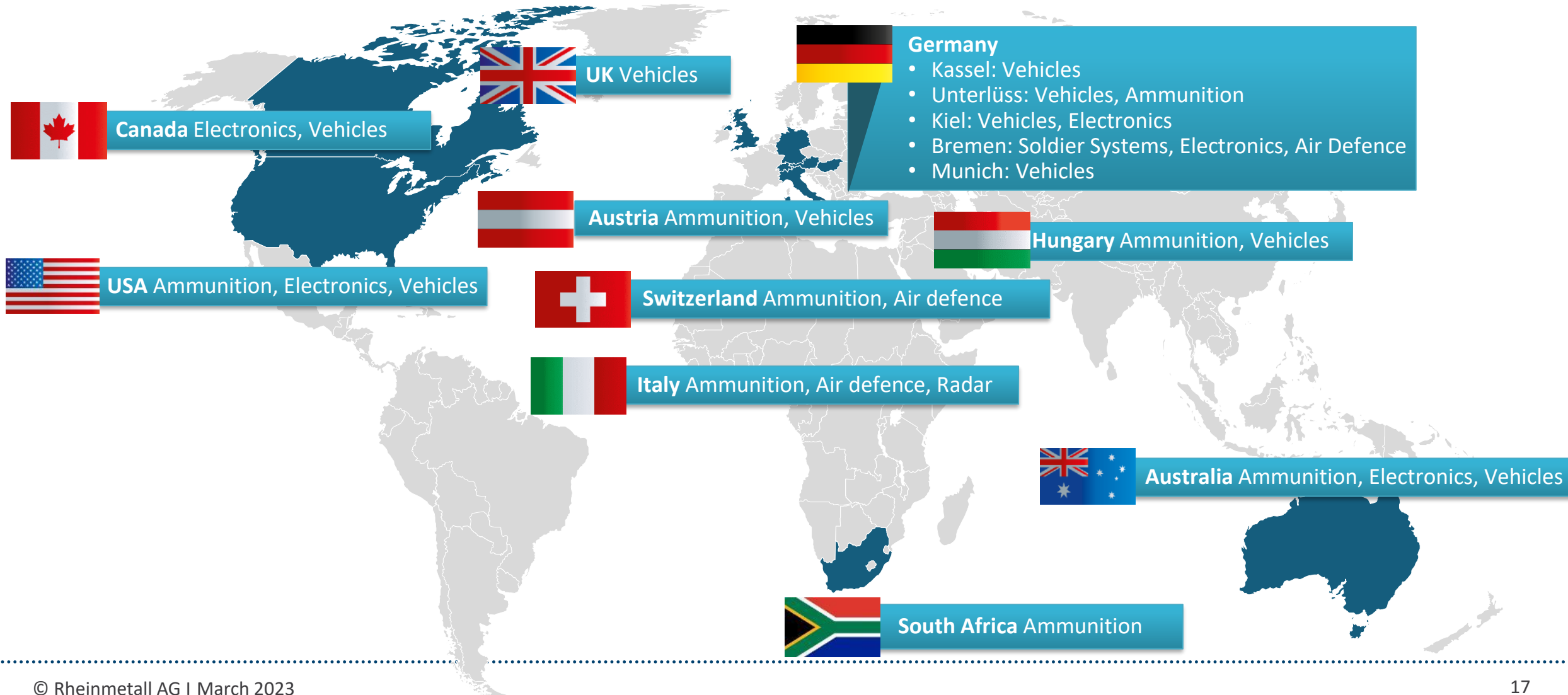
#### Capacities

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



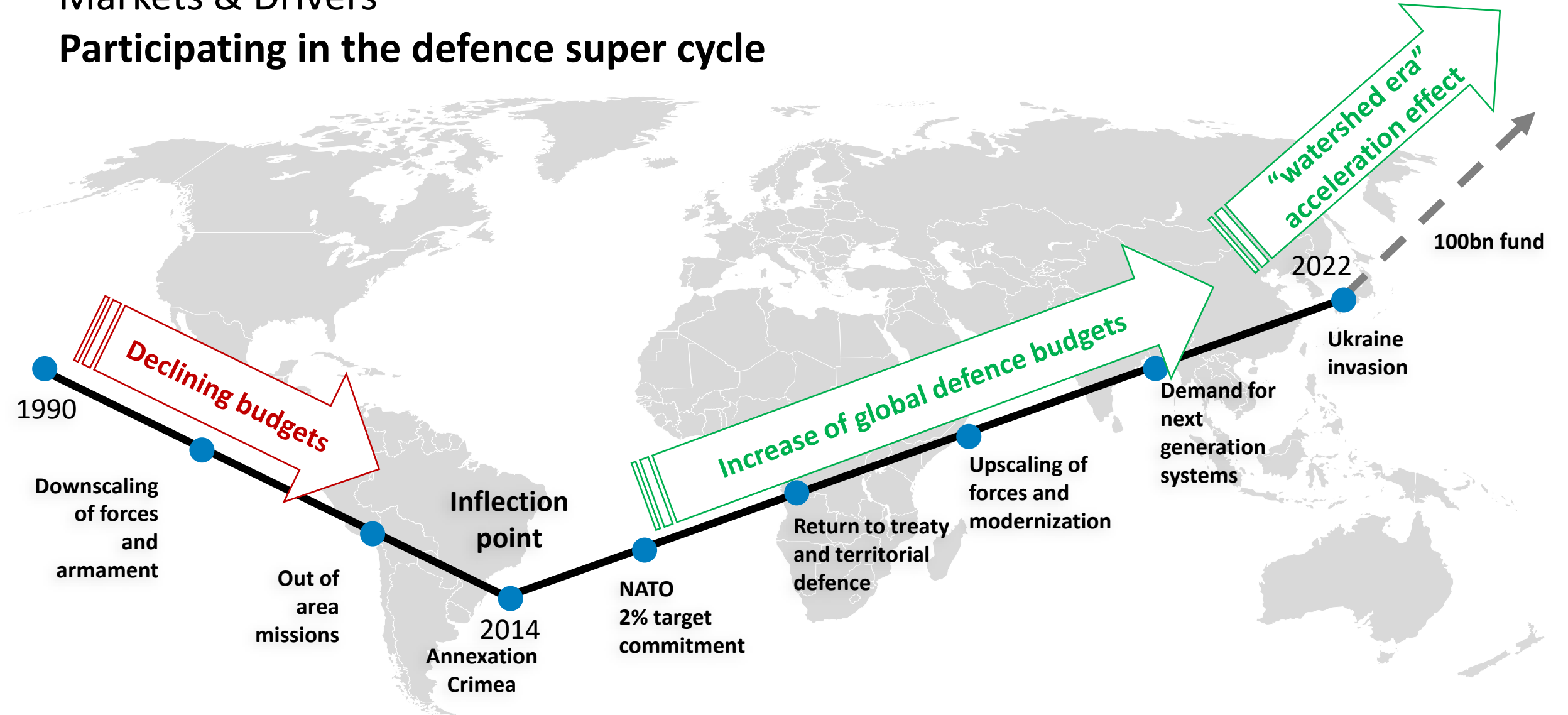
# Markets & Drivers: Start of a new era in German defence policy

## Rheinmetall's global production capacities



# Markets & Drivers

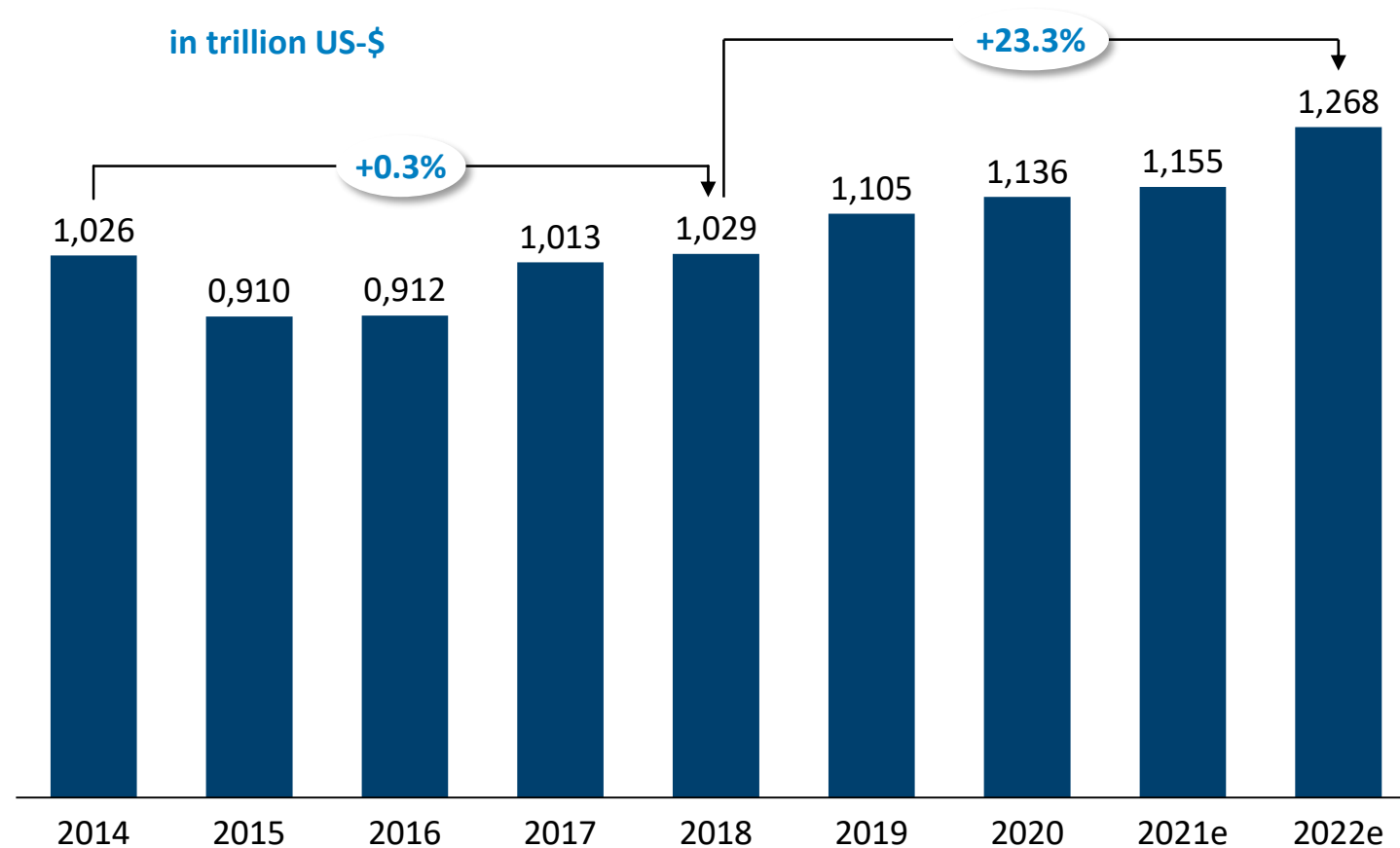
## Participating in the defence super cycle



# Markets & Drivers: NATO

## NATO spending has accelerated

### NATO total expenditures



#### New members to join NATO

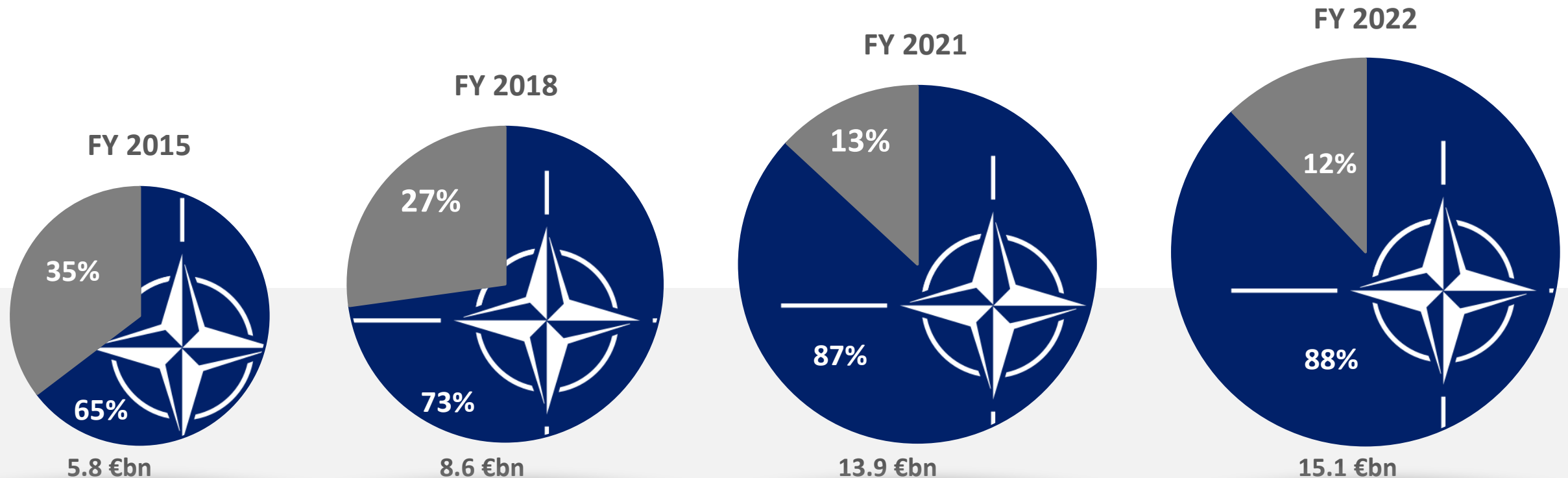
#### Recently announced defence budget increases

Country	Previous Value	Target Value
Italy	(1.41 %)	<b>2 %</b>
Poland	(2.10 %)	<b>3 %</b>
Romania	(2.02 %)	<b>2.5 %</b>
United Kingdom	(2.19 %)	<b>3 %</b>
Czech Republic	(1.33 %)	<b>2 %</b>
Spain	(1.40 %)	<b>2 %</b>

# 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 2<sup>nd</sup> Lot
- Digitization



#### Australia

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

##### Potentials

- Land 400 Phase 3
- Land 125 soldier systems
- Navy projects and ammunition



#### UK

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

##### Potentials

- Boxer 3<sup>rd</sup> lot
- Ammunition framework contract
- Services for vehicle fleet



#### Hungary

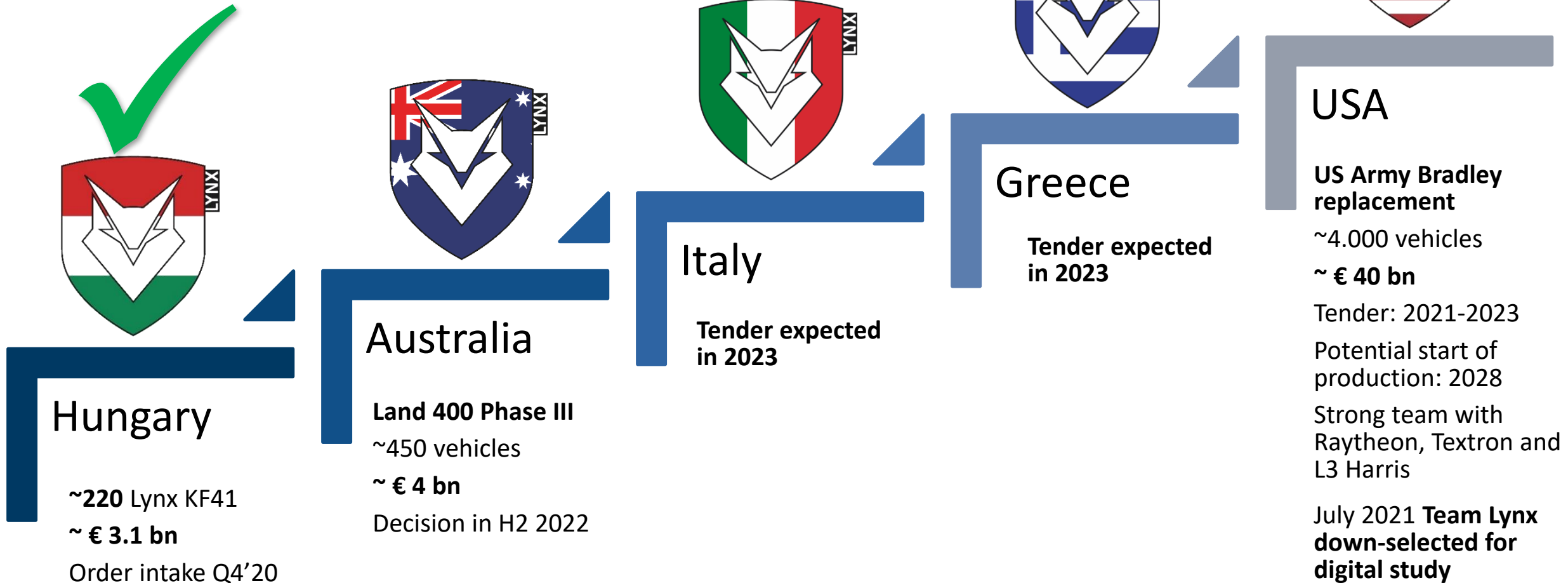
- Established „home market“ with modern production facility
- Modernization to NATO standards

##### Potentials

- Loitering Ammunition
- Digitalization 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
- Prototyping contract awarded 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

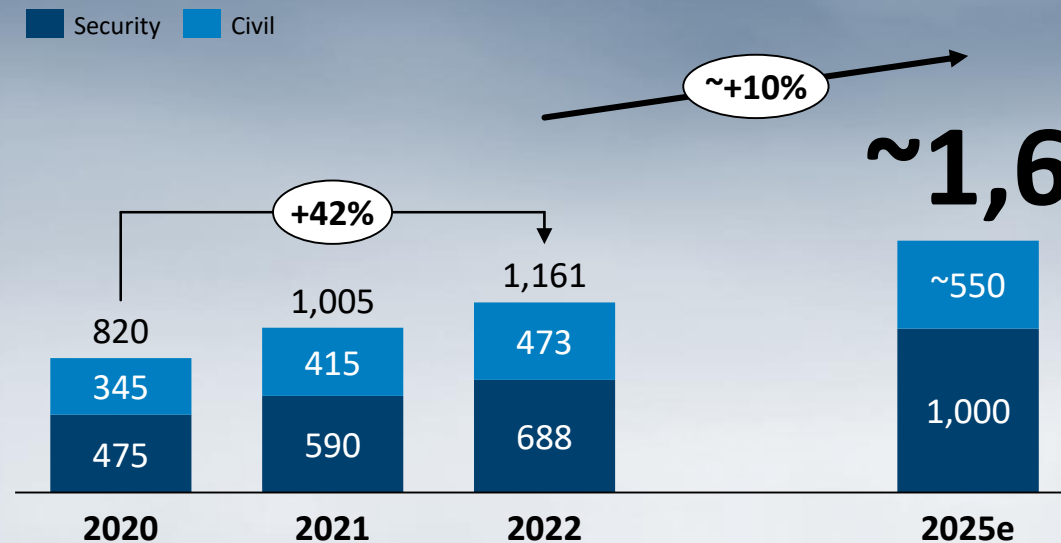


- IFV Marder already participated in Greece Independence Parade
  - total of 40 vehicles to replace current BMP fleet
- First Lynx test successfully passed in Q3
- Leopard upgrades currently in definition process
- Total volume of up to €3.5bn



# Markets & Drivers: Product life cycle potential

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



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

- Rising number of platforms
  - 1x platform sales creates 2x lifecycle spendings
- Expansion beyond traditional vehicles service business with
  - Helicopter service and maintenance
  - Service potential in aviation (F-35) (post 2025)
  - Maintenance for vehicles in services in NATO countries
  - Service HUBs for partner countries

Markets & Drivers: New business

## Unique opportunity to step up our aviation business



- F-35 assembly in order to create German value generation
- LOI with Lockheed Martin / Northrop Grumman signed in February 2023
- Long-term contract under negotiation to support European F-35 demand

# Markets & Drivers:

## Key sales drivers of our business



### Weapon and Ammunition

- Growth of German ammo budget from €0.7 to €1.2 bn
- Additional ammo budget planned
- Refill of NATO ammo stocks
- Supply of ammo to Ukraine
- New production plants and increased capacities



### Vehicle Systems

- Start of prototype phase for OMFV and CTT\*
- Ramp up of Lynx, Challenger and Boxer volumes in Hungary and UK
- Puma and trucks for Germany
- Land 400 Phase 3 decision
- Heavy Weapon carrier G-to-G



### Electronic Solutions

- Digitization of the German Forces
  - Gladius Soldier Systems
  - Next step D-LBO
- European Air Defence Initiatives

# Markets & Drivers: New business

## European initiatives to strengthen defence autonomy



### Air Defence

- ESSI: Establish and strengthen European air defense (15 members)
- Joint procurement of new systems at short, medium and long range.
- Rheinmetall offers platform agnostic solutions including Skyranger and Skynex



### MBT

- MGCS
- KF 51 Panther
- Leopard 2 Upgrades
- Leopard 1 & 2 for Ukraine



### Long Range Artillery

- Multiple interconnected activities for next-gen long range precision strike capabilities
  - Ballistic and
  - Rocket artillery



### Ammo Restocking

- Short term supply to Ukraine
- Joint procurement initiative to lift stock levels
- Secure long-term increase of EU ammo production capacities

## 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

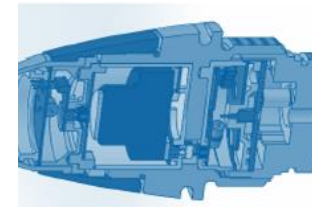


### Air Armament

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

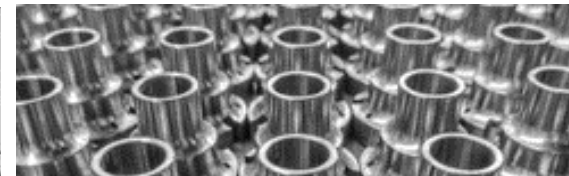
- Spain
- US

# 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

#### Continuous market growth in key portfolio area

- Continuously growing Market segments, e.g. 155mm driven by global defence trends

#### Lean cost structure

- Low and Competitive Cost Base
- Value Chain for production almost completely in House

#### Sufficient (and additional) production capacities

- Significant Capacities (in EU) and Capacity reserves
- Ability to quickly ramp up production

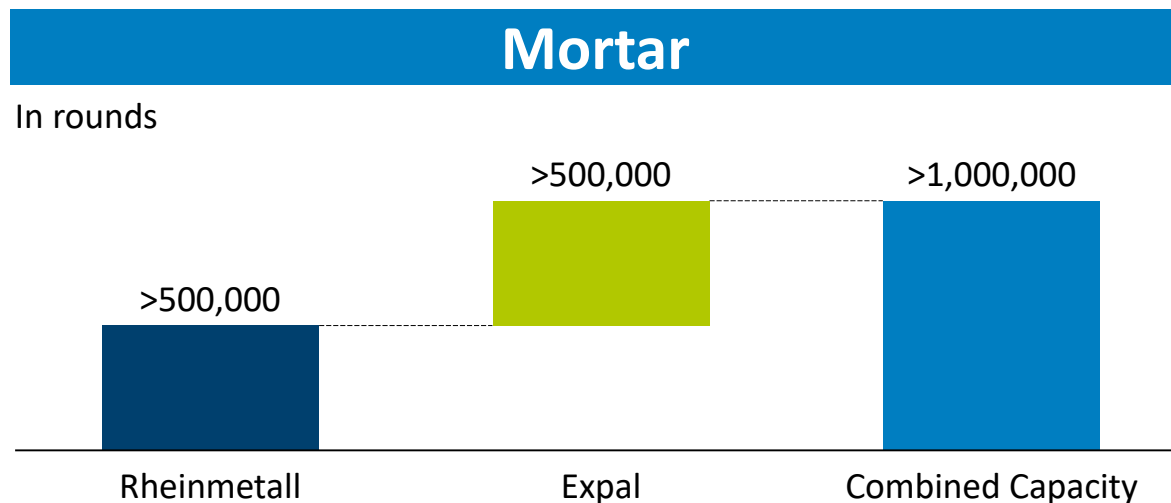
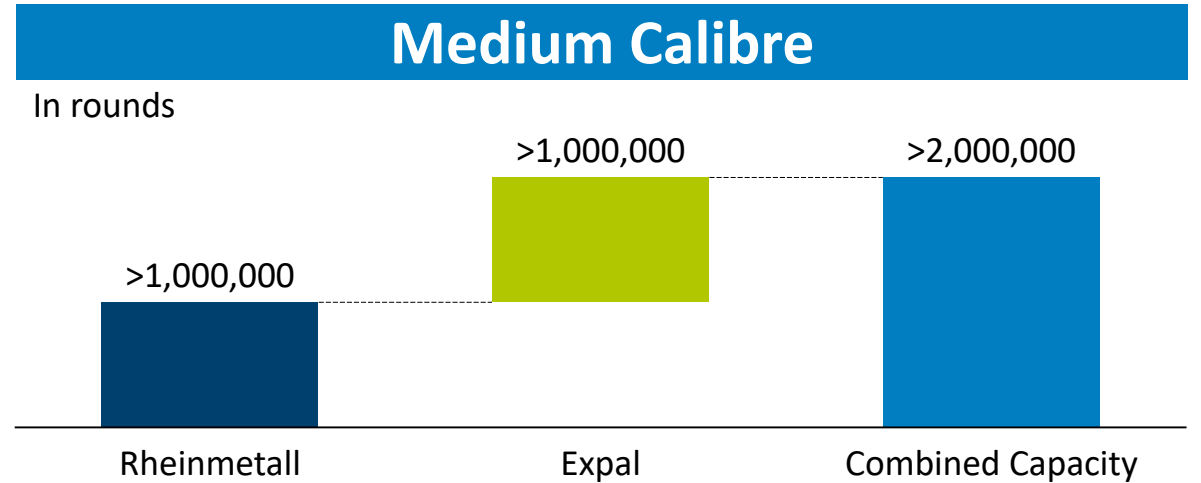
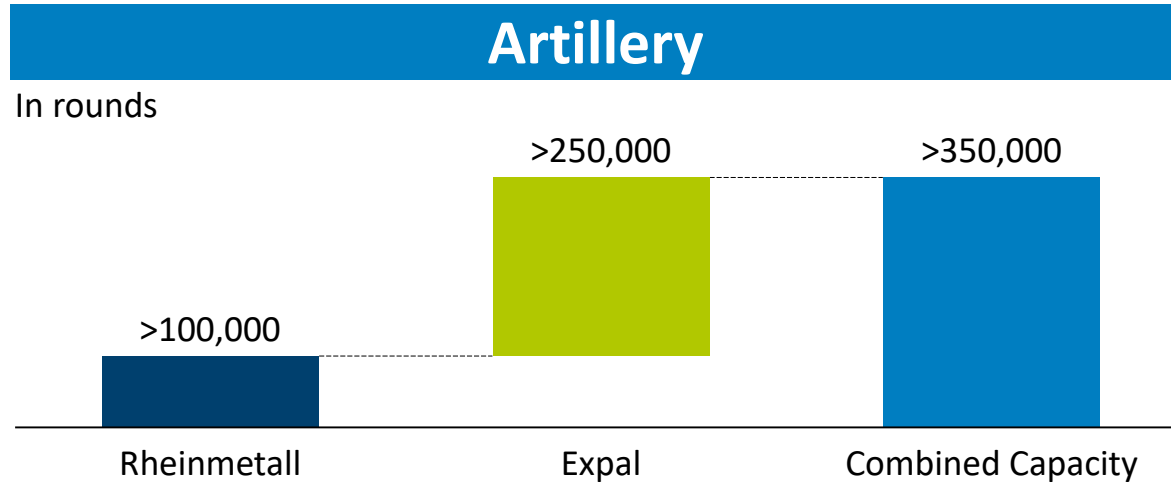
#### Extension of product groups to the RHM portfolio

- Naval
- Artillery
- Fuzes
- Nitrocellulose and pre-cursor



# Markets & Drivers: EXPAL Key investment Highlight

## Excess capacities allow for flexible adjustment to demand expansion



- 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: Civil business portfolio

## The civil market is changing, we are prepared!



### Innovative ICE portfolio with solutions for clean mobility

- Successful nominations for last ICE generation




### Well equipped Electrification Portfolio

- Grow market penetration
- Electric Mobility is growing fast within our booked business



### Diversify into new applications started successfully

- Entry into the house warming market
- H2 components for mobile and stationary applications



### Market disruptions well managed

- Supply chains hardened
- Lockdowns under control
- First milestones of Piston disposal process achieved

# Markets & Drivers: Civil business portfolio

## Well prepared to address market potentials

### Electrification

- Drive market penetration
- Well equipped Electrification Portfolio
- **H2 technology**

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

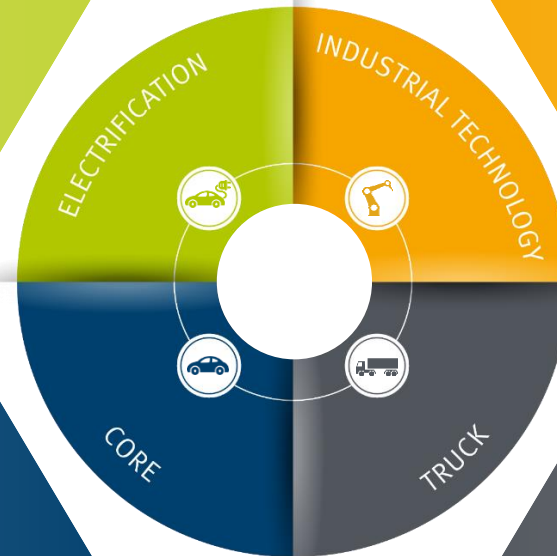
### Core ICE

### 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

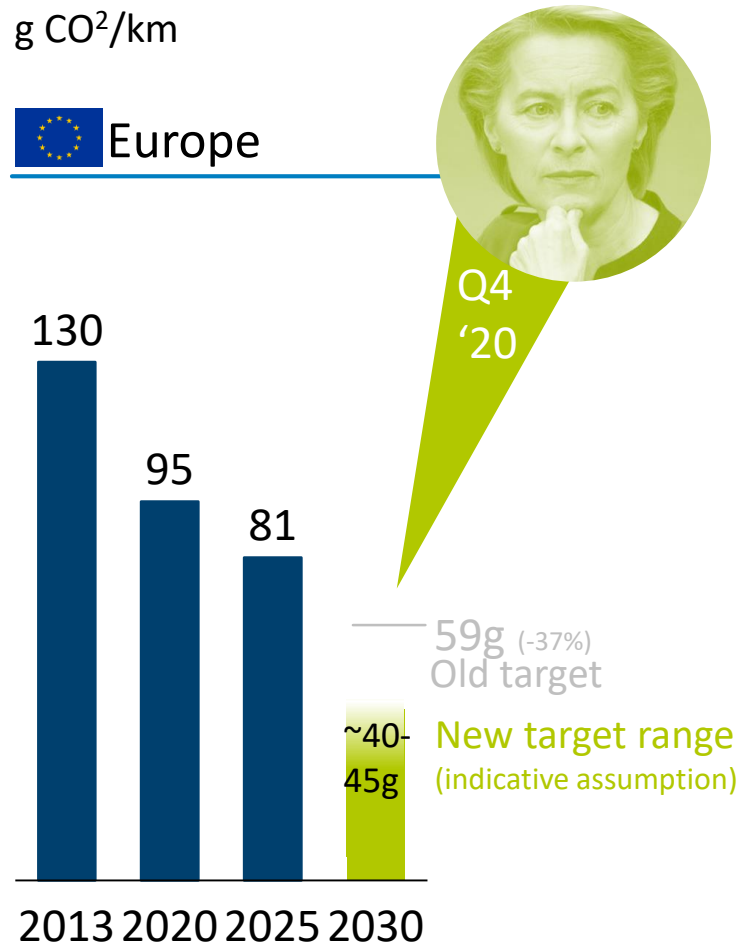


# Markets & Drivers: Clean Mobility

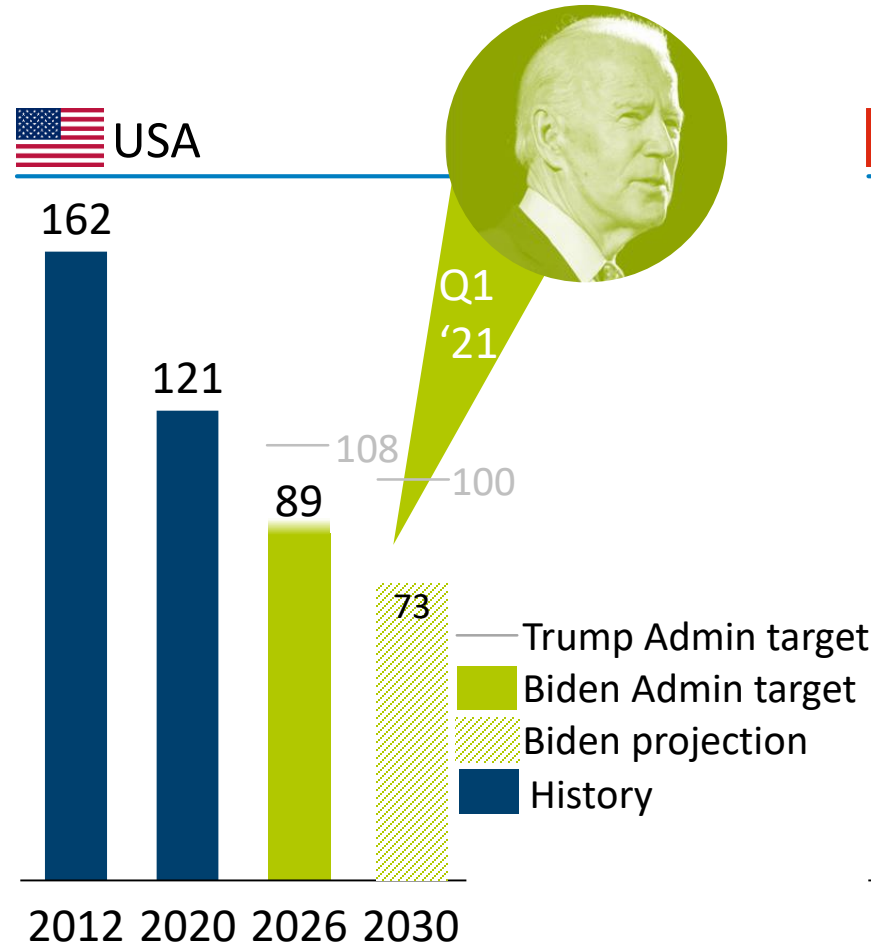
## Green ambitions as a clear global trend for cleaner mobility

g CO<sup>2</sup>/km

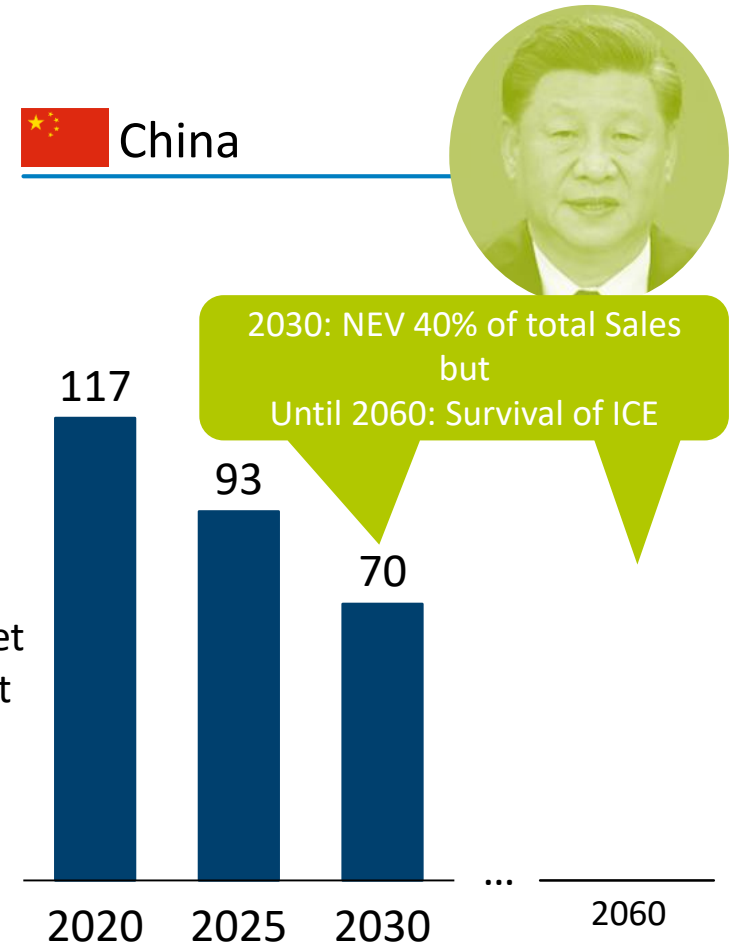
Europe



USA



China



Targets for Automotive sector not yet defined.  
Target range reflects indicative assumptions based on total industry aspirations.

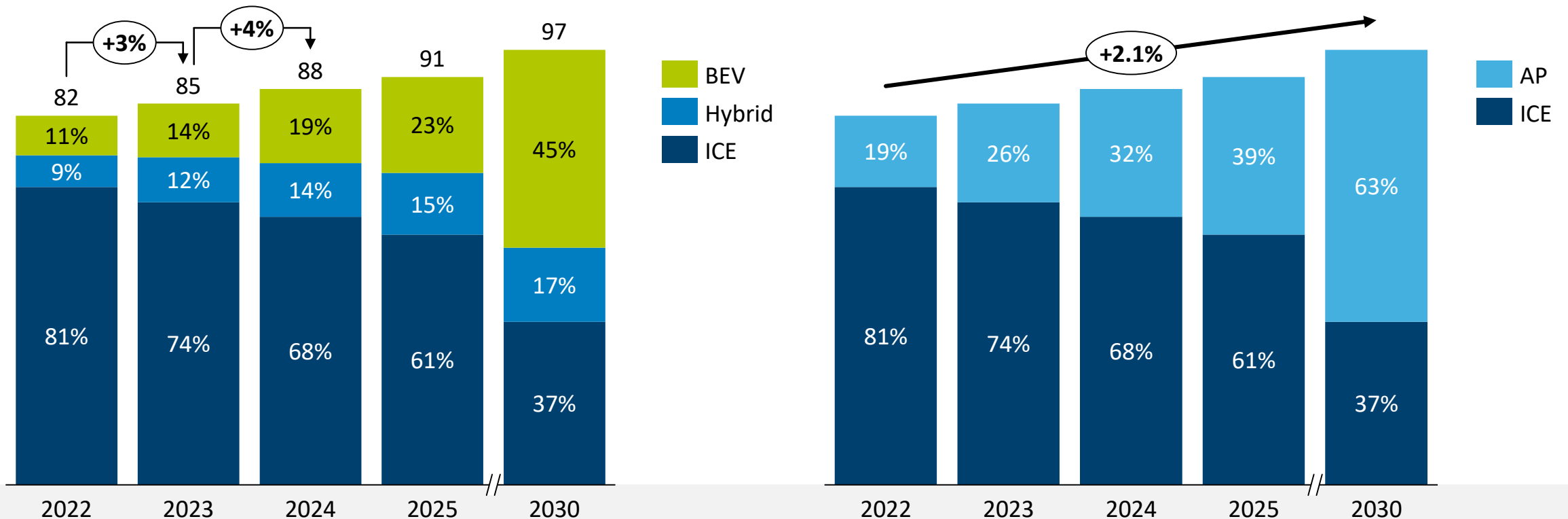
Jan 20th 2021, Biden announced to return to Obama's CO<sub>2</sub> roadmap for 2026. Exact target value for 2026 still to be announced.  
2030 figures reflect projection, in case Biden Administration maintains that same pace of CO<sub>2</sub> reduction for '26-'30

# Markets & Drivers: LV growth

## Declining ICE volumes and accelerated growth for alternative powertrains

### IHS LV production forecast\*

In million units



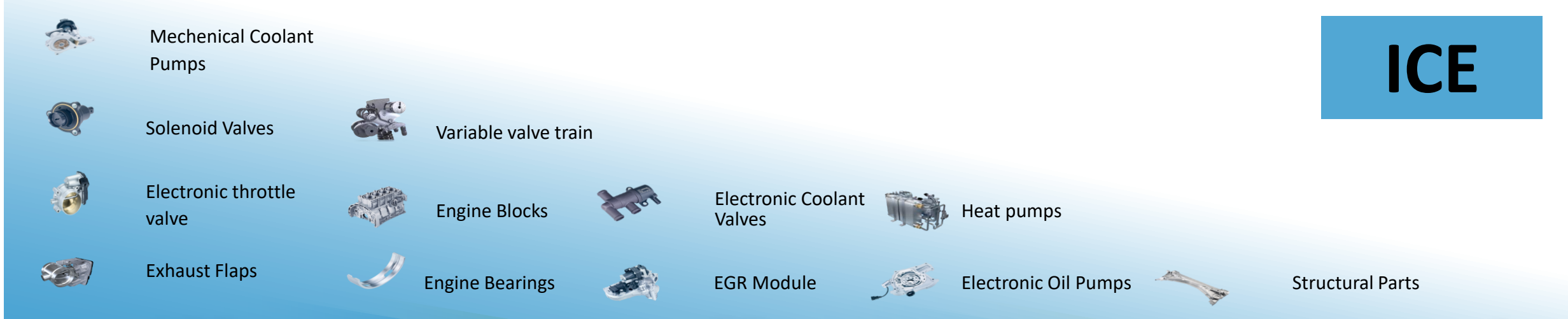
Note: BEV includes: BEV with Fuel Cell and REx  
Source: IHS, Status 02/2023

Note: ICE includes Diesel, Diesel mild hybrid, Gasoline, Gasoline mild hybrid, CNG and LPG; AP includes the rest  
Source: IHS, Status 02/2023

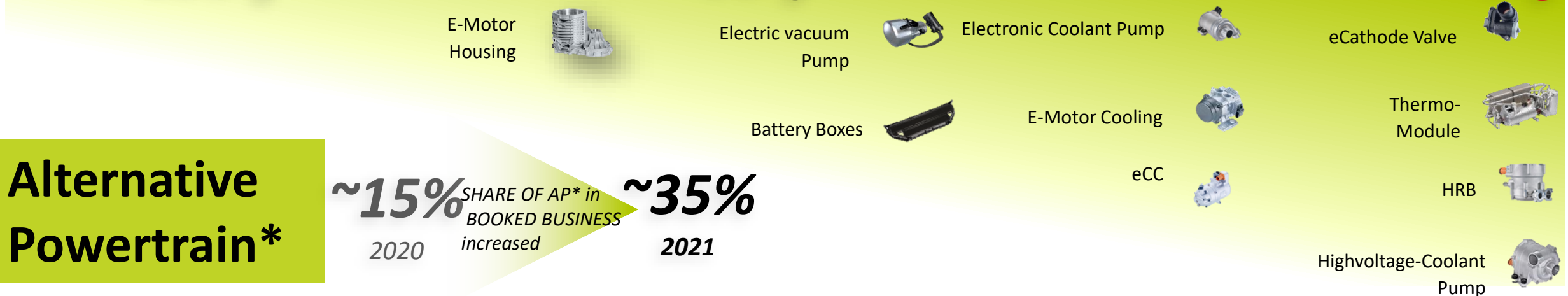
# Markets & Drivers: Mobility market trends

## From combustion engine to alternative powertrain

**ICE**



CO<sub>2</sub>/km **130 g** ➔ **95 g** ➔ **0 g**



**Alternative Powertrain\***

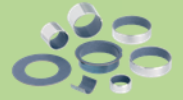
**~15%** SHARE OF AP\* in BOOKED BUSINESS increased **2020** ➔ **~35%** **2021**

# 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

EGR cooler modules and mixer modules



Dual poppet valves



EGR reed valves

High performance actuators



Electrical bypass valves

Pressure regulating valves



Main coolant pumps



Auxiliary coolant pumps



Electrical oil pumps



Coolant valves

Variable valve Control

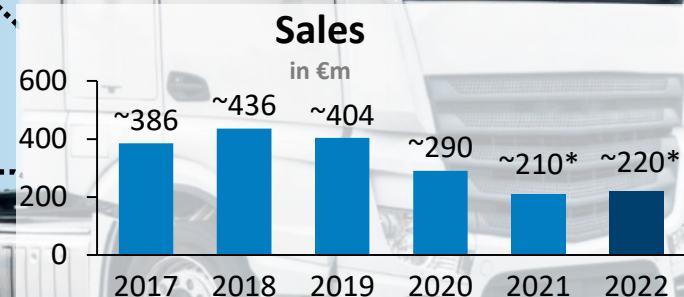


Exhaust gas flaps

Hydraulic valves



Cylinder bore coating



### Sensors and Actuators



# Markets & Drivers: Sensors & Actuators Prepared for future growth

**Outperforming the market**

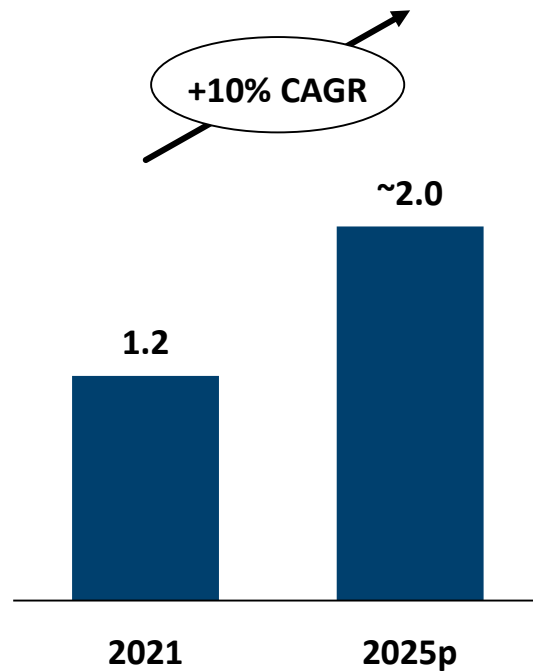
**Innovative solutions for clean mobility**

**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

### H<sub>2</sub> Products



H<sub>2</sub> 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

### H<sub>2</sub> Applications

- Stationary fuel cell

# VEHICLE SYSTEMS



# WEAPON AND AMMUNITION



# ELECTRONIC SOLUTIONS



# SENSORS AND ACTUATORS



# MATERIALS AND TRADE



## Five Divisions under one roof

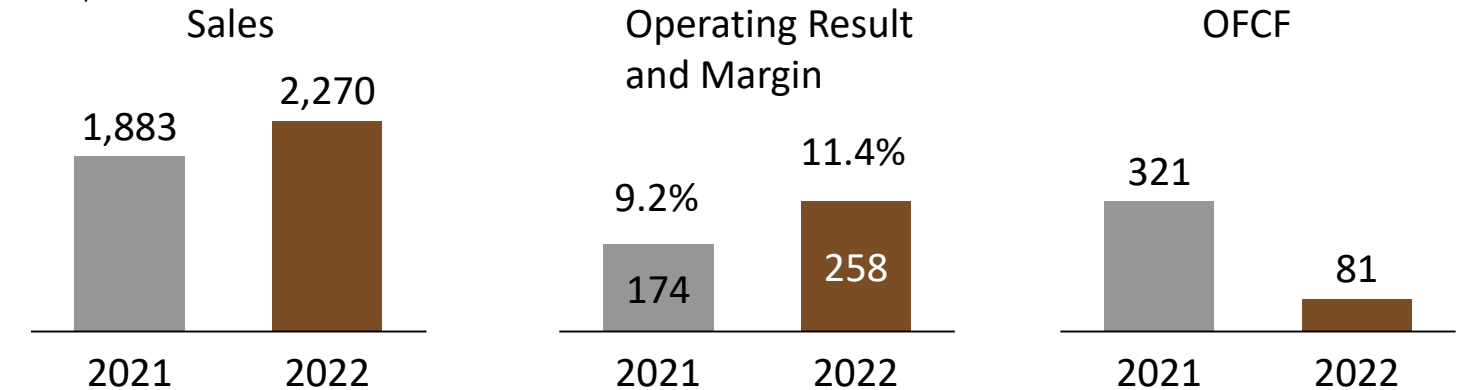
# Five divisions under one roof

## Division Overview: Vehicle Systems



### Results

In €m / in %



### Products



TACTICAL VEHICLES



LOGISTIC VEHICLES

### 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

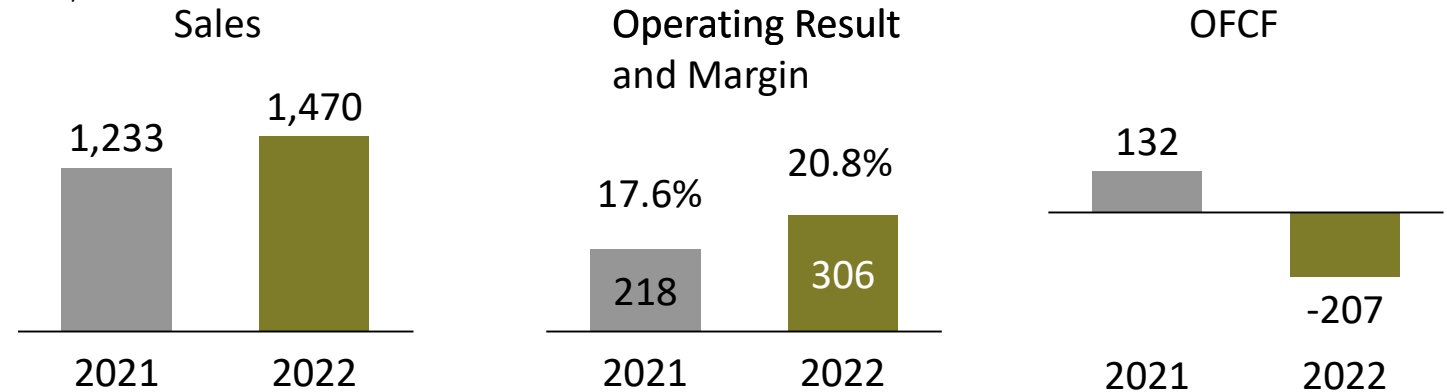
Five divisions under one roof

## Division Overview: Weapon and Ammunition



### Results

In €m / in %



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

#### Market position

- Leading European supplier
- Global technology leader

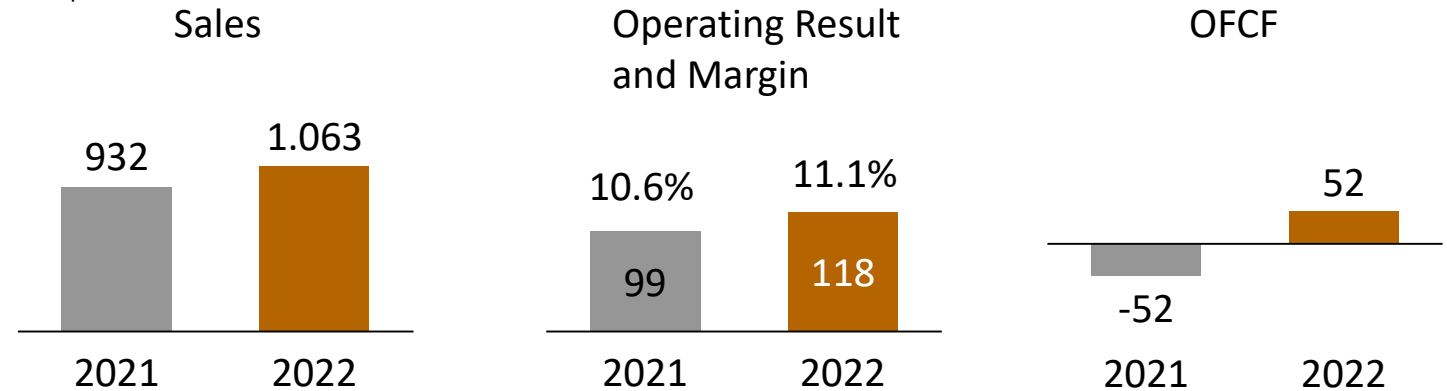
# Five divisions under one roof

## Division Overview: Electronic Solutions

# DIVISION ELECTRONIC SOLUTIONS.

### Results

In €m / in %



### 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

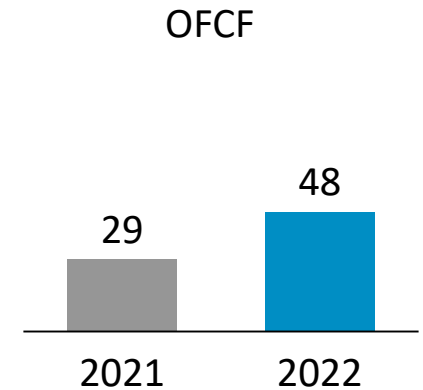
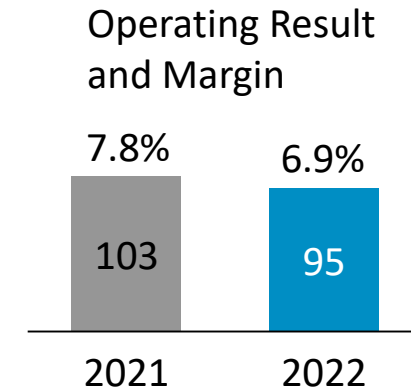
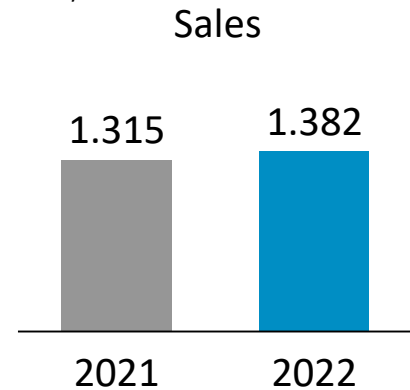
Five divisions under one roof

## Division Overview: Sensors and Actuators

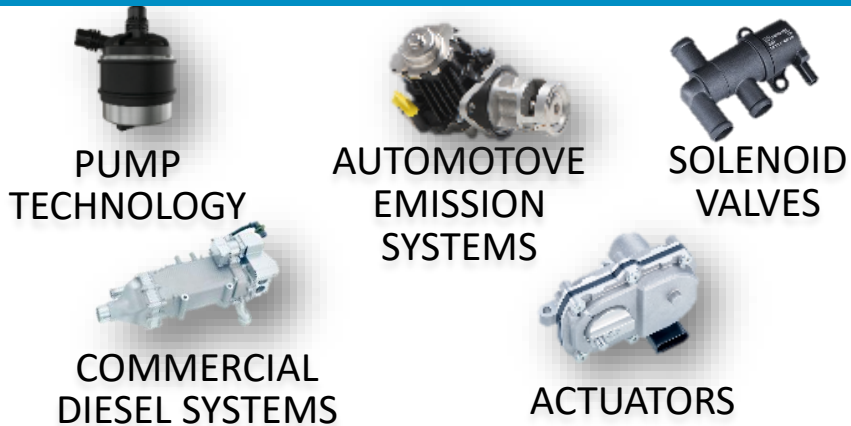


### Results

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

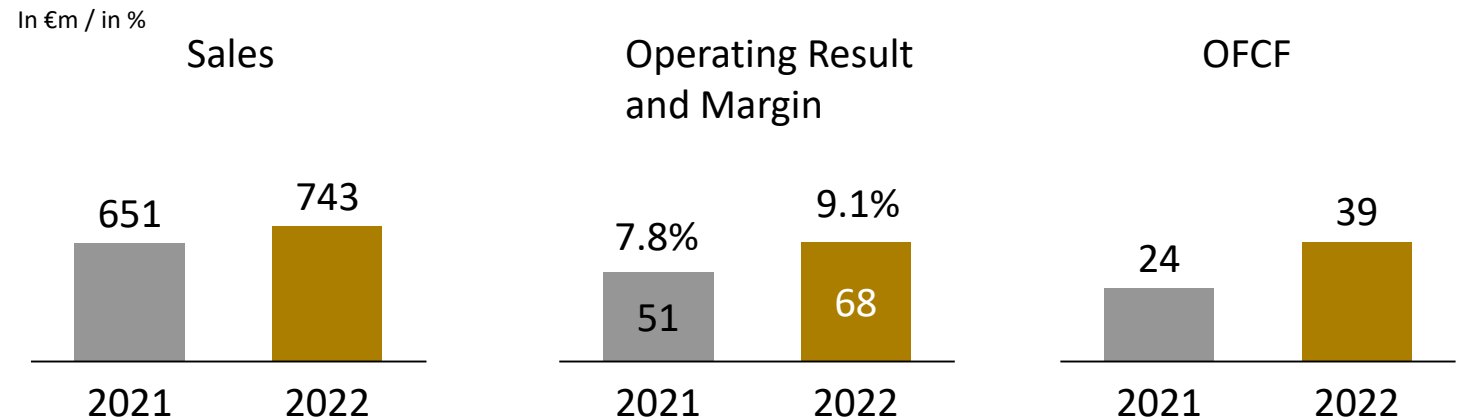
- Leading European Tier 1 supplier

# Five divisions under one roof

## Division Overview: Materials and Trade

# DIVISION MATERIALS AND TRADE.

## 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

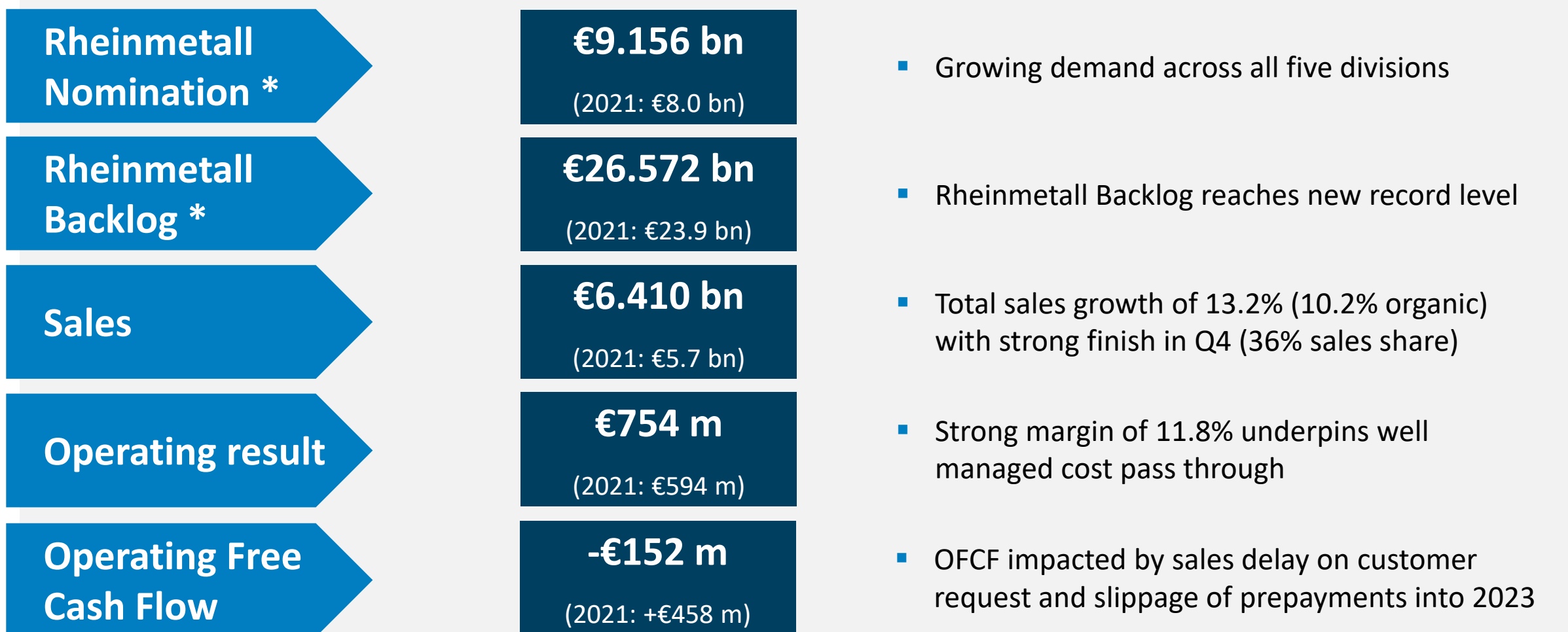


# FINANCIALS



# FY 2022 Group Highlights

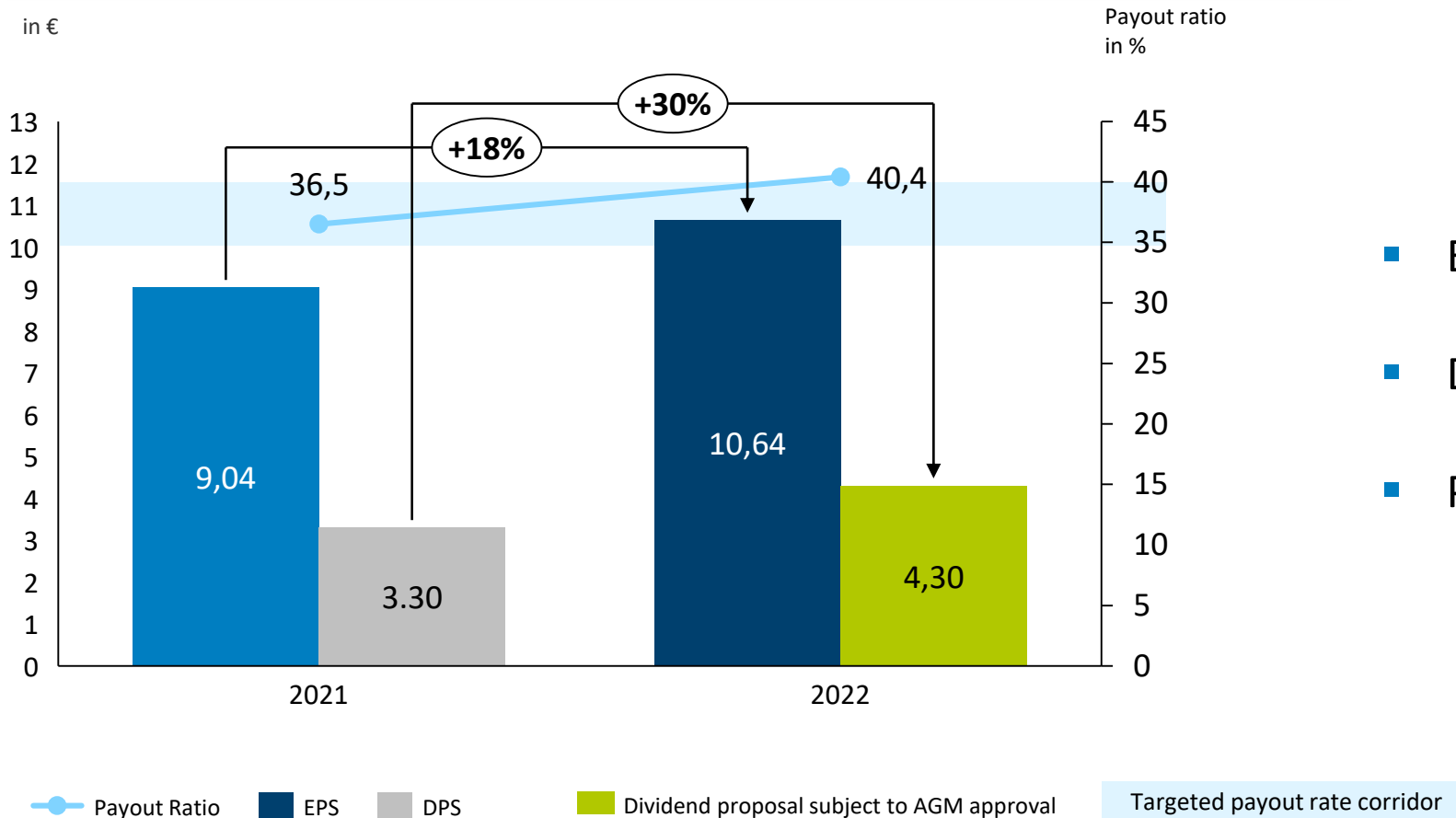
## Transformation for growth becomes tangible with another record year



# FY 2022 Group Highlights

## AGM to decide on record dividend proposal

### Earnings and dividend per share



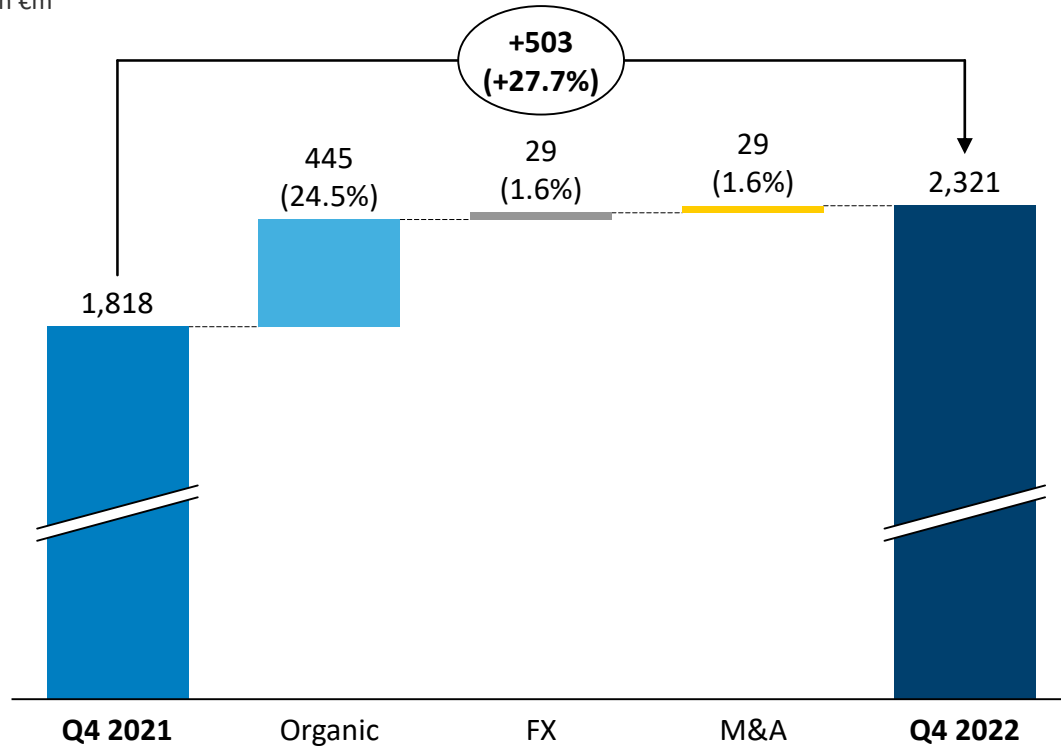
- Earnings per share grew 18%
- Dividend proposal rises to €4.30
- Payout ratio at ~40%

# Group Highlights: Key financial data

## Fourth quarter with record performance

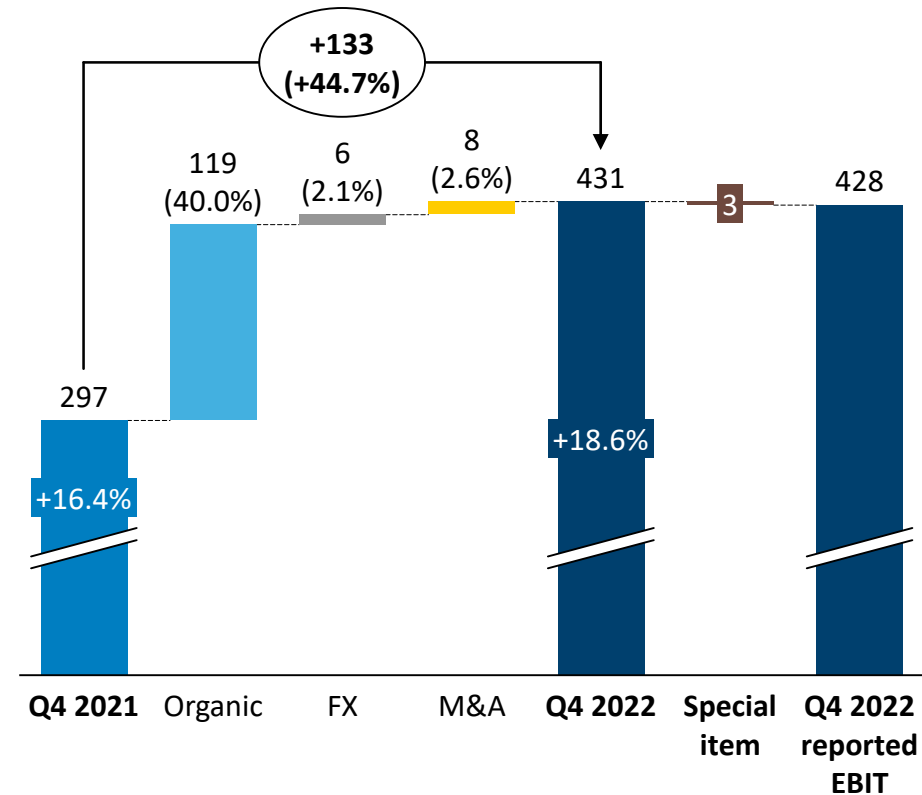
### Sales\*

in €m



### Operating result and margin in %\*

in €m

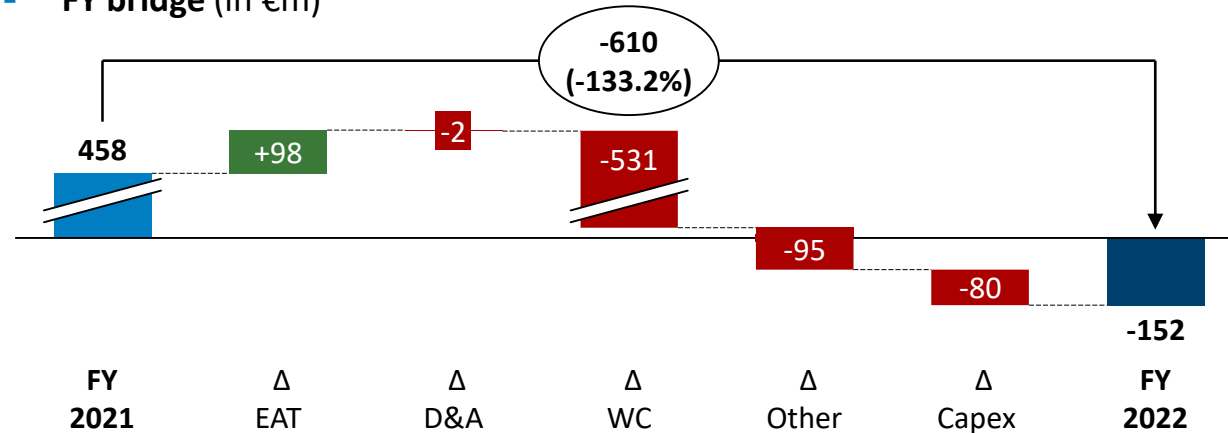


# Group Highlights: Cash Flow

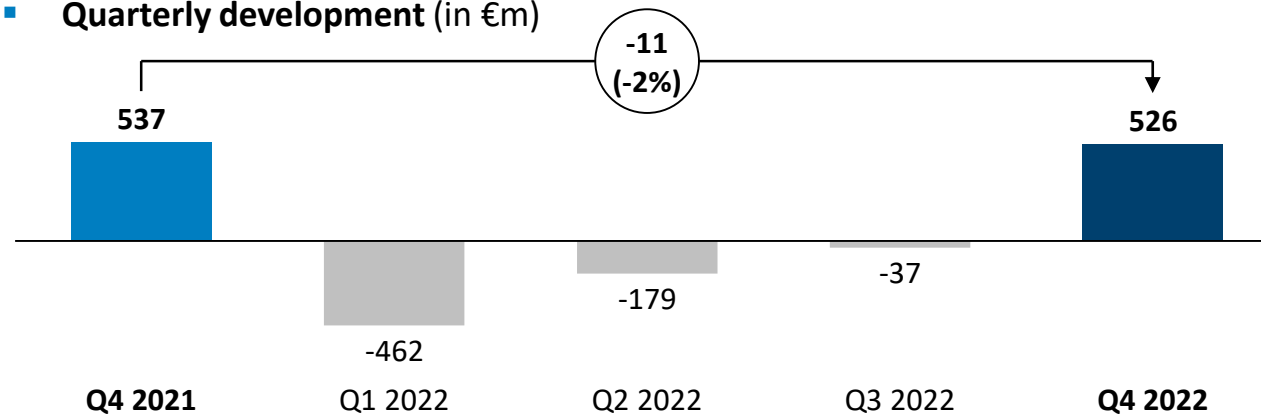
## Q4 almost on strong previous year level despite strategic working capital build up

### Operating Free Cash flow\*

#### FY bridge (in €m)



#### Quarterly development (in €m)



### Highlights / Comments

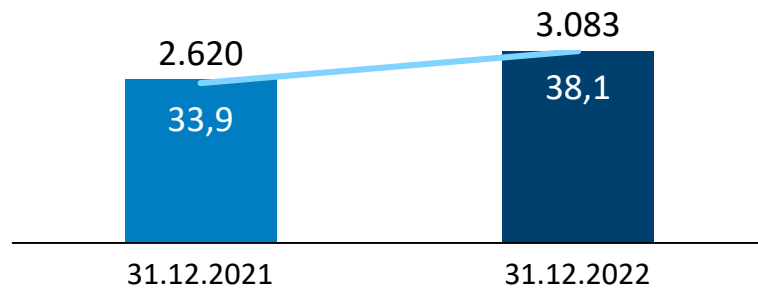
- Volume driven earnings growth
- Working capital increase driven by lower than expected inventory reduction and sales related receivables increase
- Ramp up of capacity expansion
- Lower than expected cash-in from prepayments
- Confident outlook for Q1

# Group Highlights: Balance Sheet

## Negative cash flow impacts net financial position

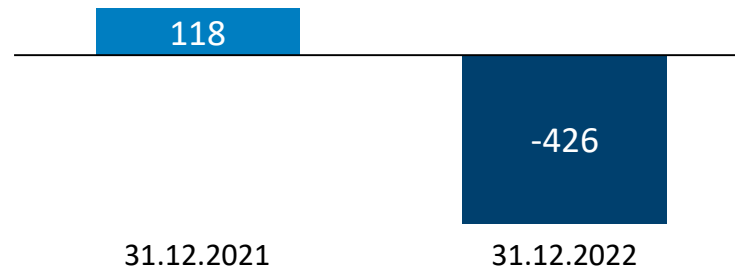
### Equity and Equity ratio

in % and €m      — Equity ratio      ■ Total equity



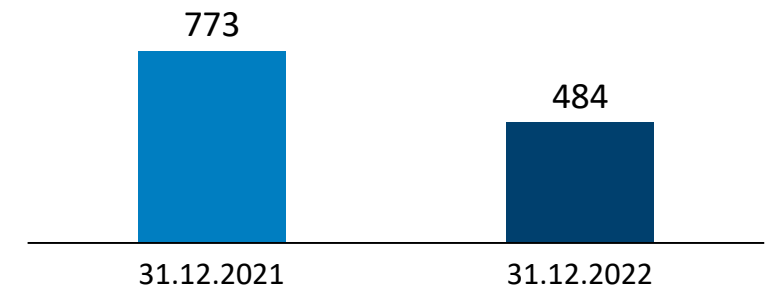
### Net financial position\*

In €m



### Pensions

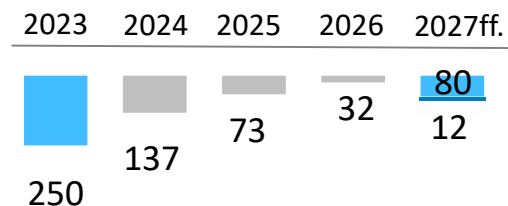
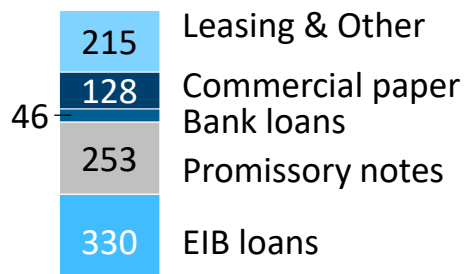
In €m



### Gross debt and maturity profile\*\*

in €m

Σ 971



### Highlights / Comments

- Equity ratio strongly improved
- Pension obligation further reduced on interest effect
- Undrawn credit lines of €0.9bn per end of Q4
- Cash position of €545m and additional securities held for trade with a value of €132m per end of Q4

# Group Highlights: Financing

## Successful placement of € 1 billion convertible bonds

Transaction Terms		
Execution Date	31-Jan-23	Effective Date 07-Feb-23
Total Deal Size	€1.0bn (split in 2 equally sized series)	
Underlying Shares	3.2m Shares / 7.4% Share Capital	
Tenor	Series A: 5 Years	Series B: 7 Years
Series Issue Size	€500m	€500m
Coupon	1.875%	2.250%
	<i>Interest is payable semi-annually, firstly due on 07-Aug-23</i>	
Premium	45%	45%
Conversion Price	€309.90	
Dividend Protection	Above an increasing reference dividend schedule (FY22: €4.10, FY23: €5.20, thereafter: €6.60 p.a.)	

### Highlights

- Dual-tranche structure to spread out maturities
- Multiple oversubscription during book-building
- Attractive funding due to annual cash savings of above 2% p.a. vs. comparable straight bonds cash out

## Group Highlights: Divisions

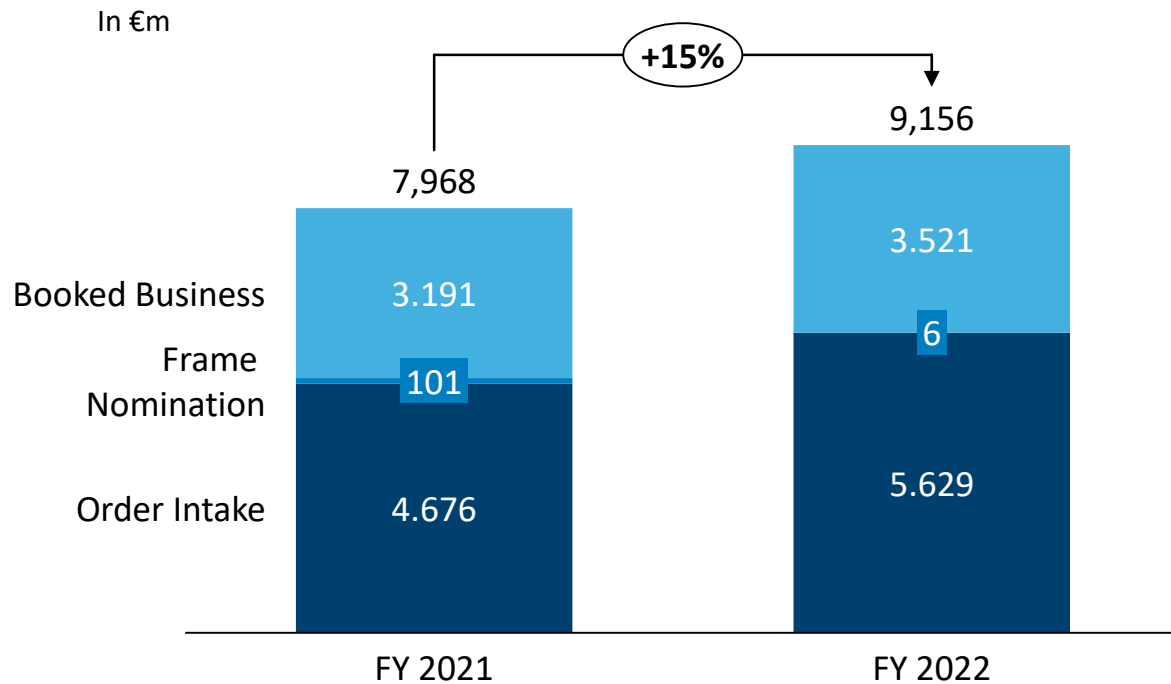
### Security business sets the quarter on a new performance level

	Sales*			Operating Result*			Margin*		OFCF*		
	Q4 2021	Q4 2022	delta	Q4 2021	Q4 2022	delta	Q4 2021	Q4 2022	Q4 2021	Q4 2022	delta
Vehicle Systems	579	950	64.0%	70	138	97.6%	12.1%	14.5%	77	178	102
Weapon and Ammunition	533	621	16.6%	145	199	36.9%	27.2%	32.0%	276	118	-157
Electronic Solutions	374	422	12.6%	50	68	35.2%	13.5%	16.2%	132	193	61
Sensors and Actuators	308	337	9.3%	29	29	-0.6%	9.4%	8.5%	36	41	5
Materials and Trade	166	181	9.2%	13	23	77.8%	7.7%	12.5%	18	44	26
Other / Consolidation	-143	-190	-32.8%	-9	-25	-172.3%			0	-48	-48
<b>Rheinmetall Group</b>	<b>1,818</b>	<b>2,321</b>	<b>27.7%</b>	<b>298</b>	<b>431</b>	<b>44.7%</b>	<b>16.4%</b>	<b>18.6%</b>	<b>537</b>	<b>526</b>	<b>-11</b>

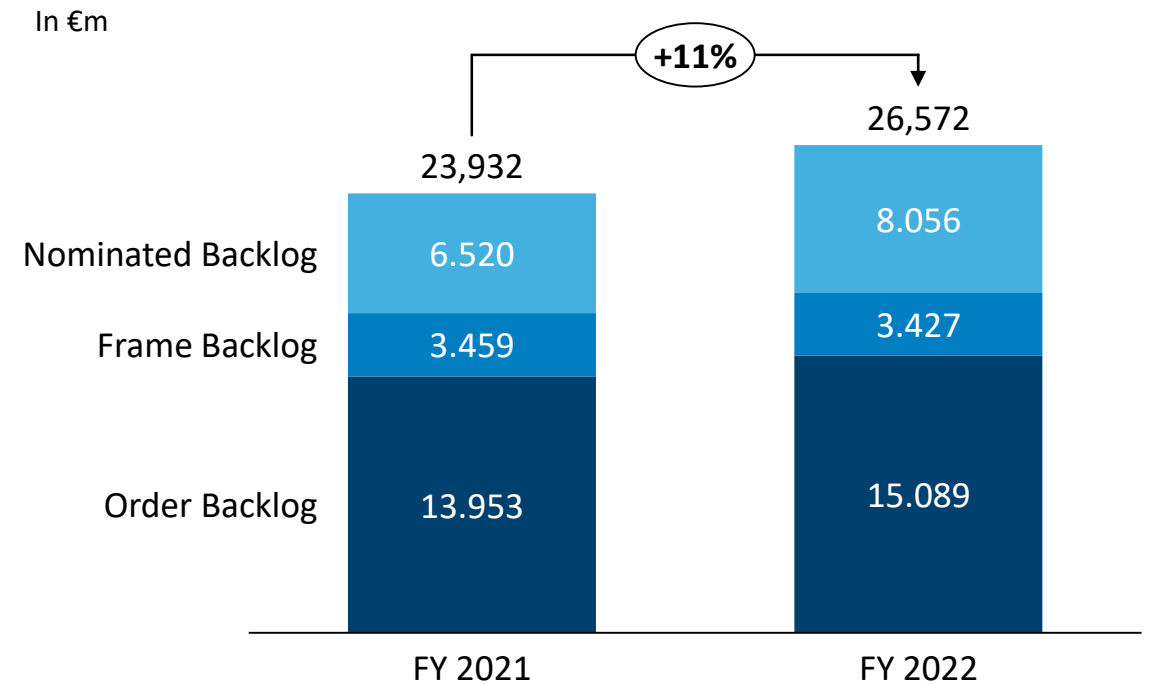
# Group Highlights: Nomination and Backlog

## Pick-up in demand becomes visible

### Rheinmetall Nomination \*



### Rheinmetall Backlog\*\*



\* Rheinmetall Nomination = Order Intake (Div. W+A, ES, VS) + Frame Nomination (Div. W+A, ES, VS: New Frame agreements – call offs from existing frame backlog) + Booked Business (Div. S+A, M+T)

\*\* Rheinmetall Backlog = Order backlog (signed and fixed contracts) + Frame Backlog (signed frameworks incl. truck and ammunition framework agreements for several years) + Nominated backlog (inventory figure aligned to the annual sales planning S+A/M+T based on the nomination letters of the booked business)



# Group Highlights: Input factors

## Currently no major obstacles in sight



### Energy

- Energy saving measures in place
- Supply and prices are secured
- We do not expect any energy risk for 2023



### Supply Chain

- Raw material situation addressed with strategic buying of key raw materials (e.g. armored steel and electronic components)
- Material price escalation clauses in place
- Currently no major supply chain issues flagged



### Recruitment

- Successful recruitment of 5.391 employees
- Time to fill rate reduced to 85 working days
- Around 68.000 applications in Germany in 2022



# OUTLOOK

# Outlook

## Guidance 2023

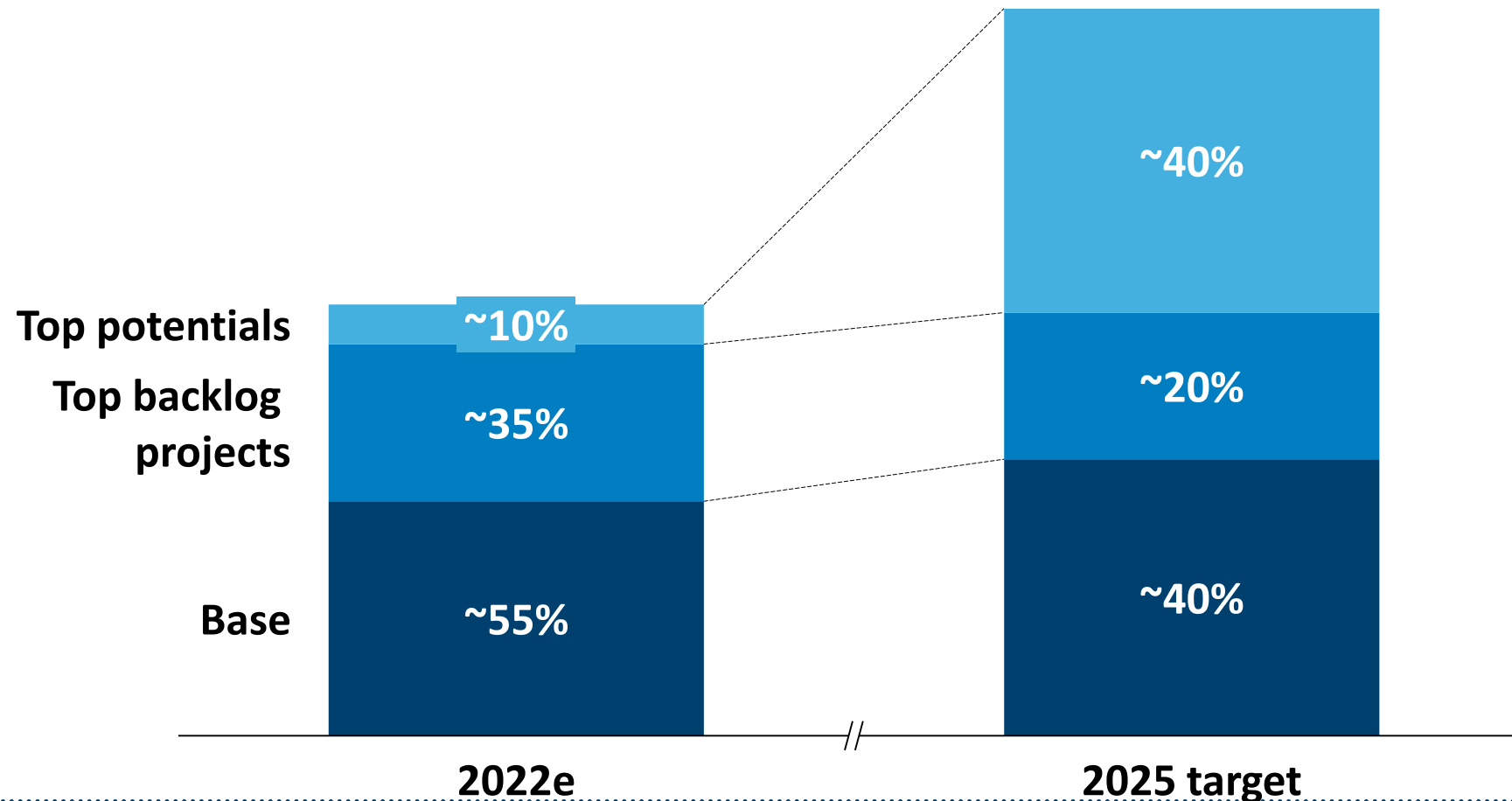
	2023e	2022
Sales	Between €7.4 to 7.6 bn	€ 6.410 bn
Operating Margin	Around 12%	11.8%
Operating free cash flow	4-6% OFCF to sales	-€152 m

Sales guidance includes FX effects and excludes contributions from acquisitions.  
Guidance will be updated after the EXPAL closing.

# Mid-term guidance: Security divisions

## The supercycle 2.0 is happening

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



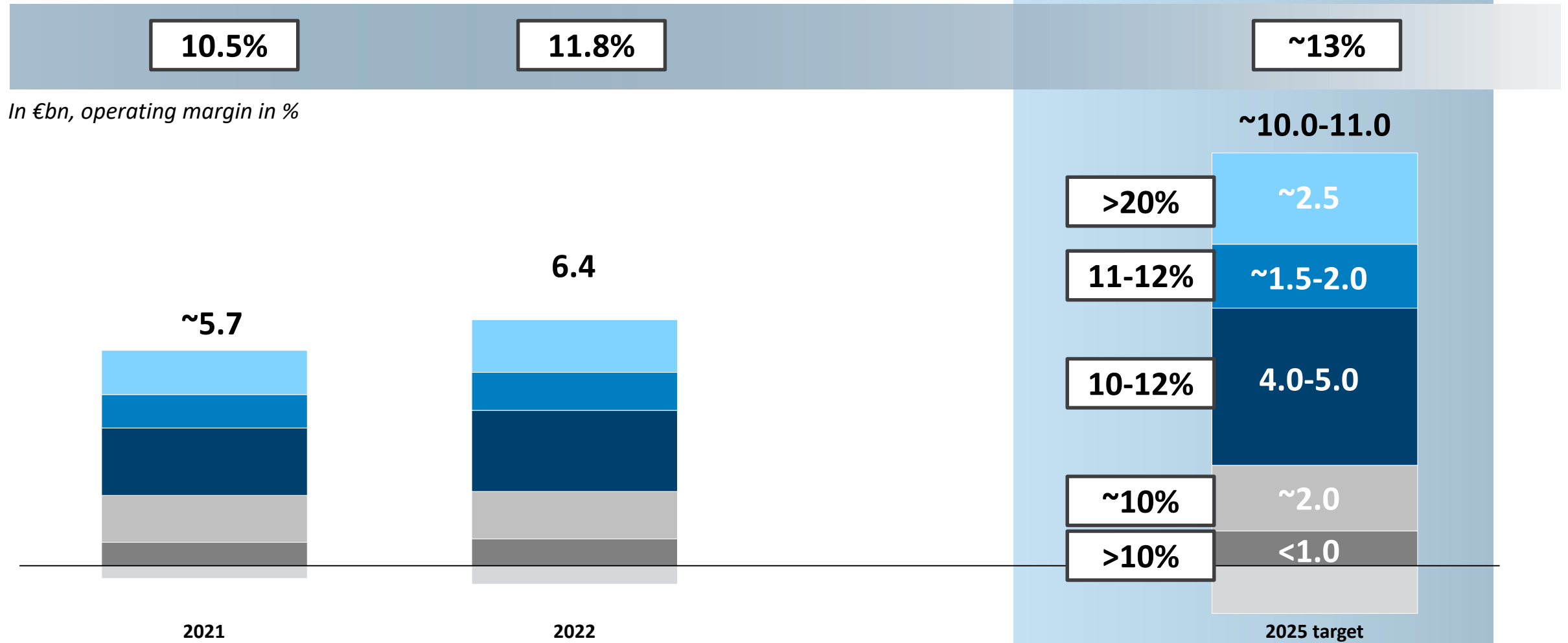
### Top potentials

- 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 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

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

### ACTION

#### ENVIRONMENT

- **Carbon neutral in 2035\*\***
  - Improve energy efficiency
  - Increase self-generation of renewables
  - Switch to renewables
  - Continuous reforestation of FoJaNa\*\*\*
- **Water consumption reduction of 10% until 2022**
- **Waste management**
  - Avoidance before reduction before recycling
  - Environmentally friendly disposal

#### SOCIAL

- **Covid response**
  - New business line for PPE and air filter systems
  - Comprehensive catalog of hygienic measures
  - Donation of PPE and sanitizers to communities
- **Health protection**
  - LTIR of 6.1 in 2022
  - Extend ISO 45001 certifications for OSH management
  - Extensive and systematic protection of employees
- **Diversity**
  - Promote diversity, equity and inclusion
  - Best practices for female recruitment and careers

#### GOVERNANCE

- 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)

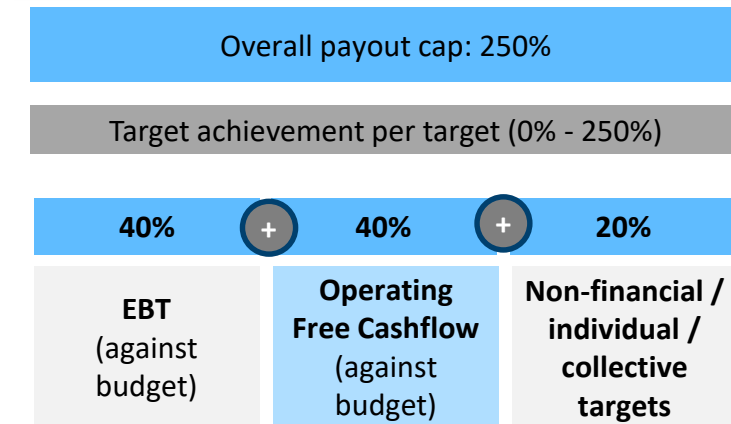
### MAIN RATINGS

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

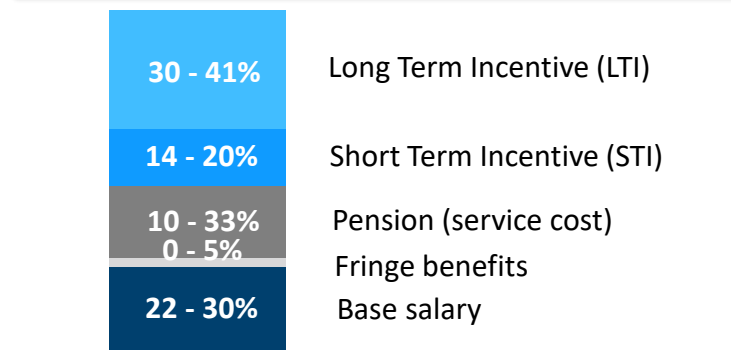
# Responsibility @ Rheinmetall

## New Executive Board remuneration policy with 20% share ESG targets

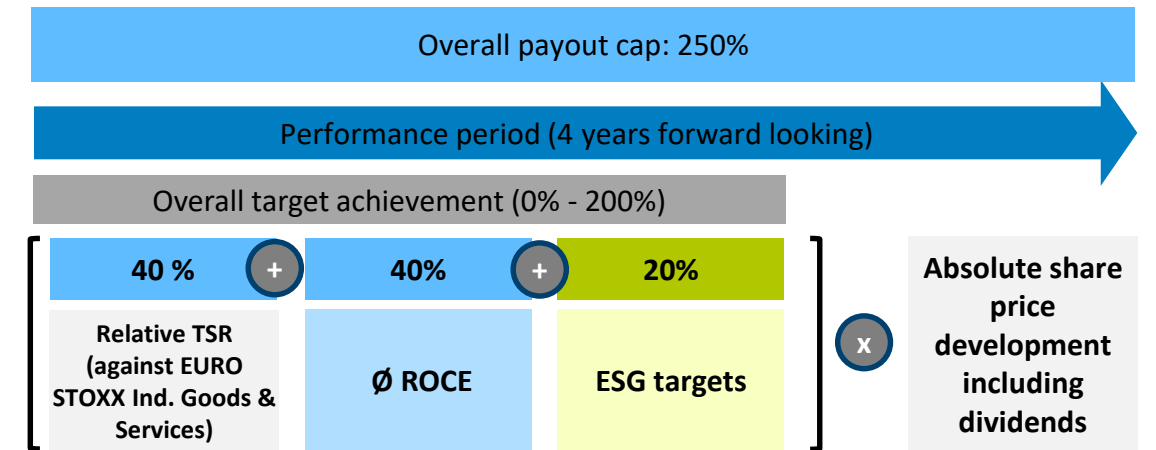
### Short Term Incentive



### Remuneration structure



### 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 €

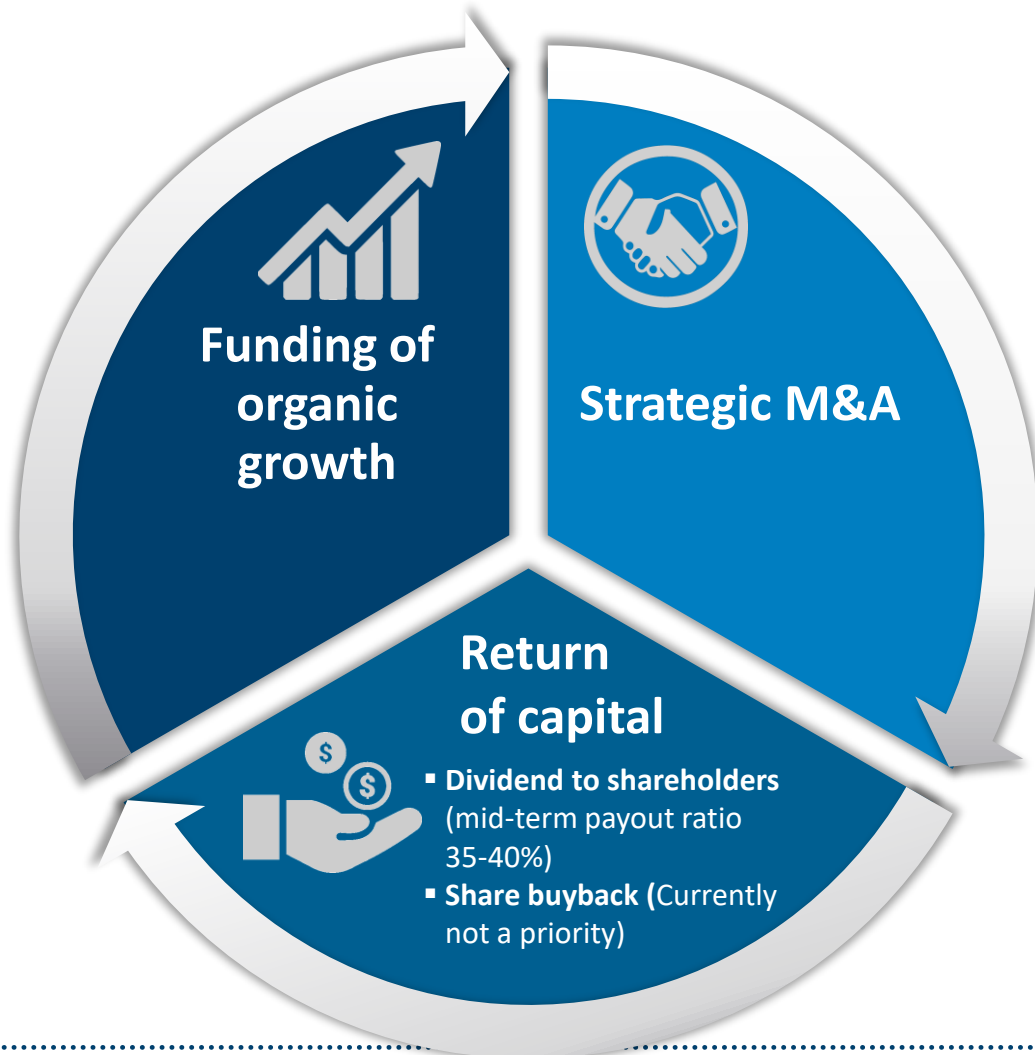




# Appendix

# Financials

## Generating value for shareholders with clear capital allocation priorities



### Strategic priorities

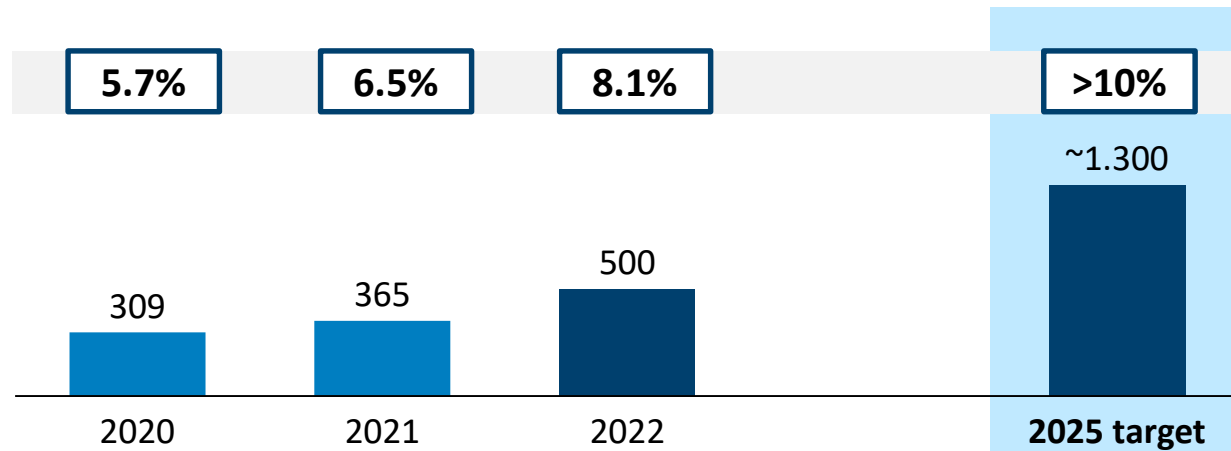
- ➔ Sustainable financing of growth
- ➔ Strong balance-sheet
- ➔ Maintain investment grade

# Financials

## Growth needs to be organized

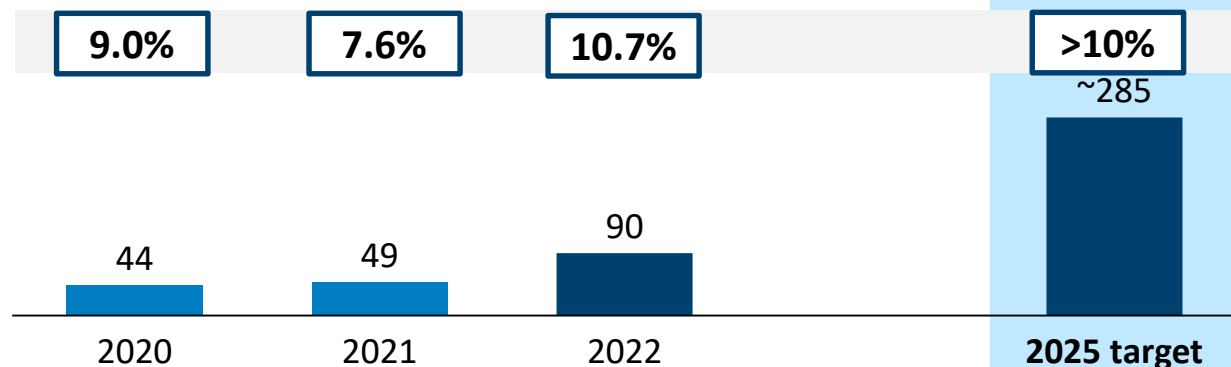
### Sales Consolidation

(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

## Peak capex to support double digit growth



**UK RBSL**

- Mainly modernization
- Capex 2022- 2025  
Σ~€80m



**Germany**

- IT structure and div. Operational modernization
- Capex 2022- 2025  
Σ~€120m



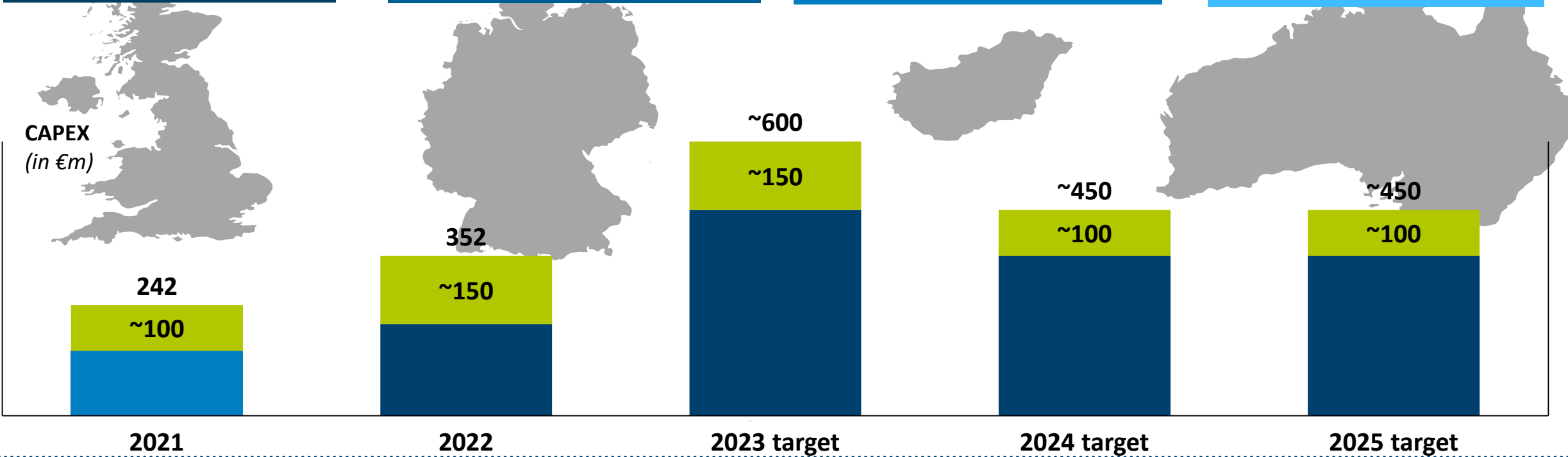
**RHM Hungary**

- New Lynx production
- Capex 2022- 2025  
Σ~€110m







**Australia; MilVehCoe**

- Production expansion
- Capex 2022- 2025  
Σ~€140m



# Acquisitions

## Milestones in acquisition strategy

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

# Key Figures

		2022	2021	2020 <sup>1</sup>	2019	2018 <sup>2</sup>
<b>SALES/EARNINGS</b>						
Sales	€ million	6,410	5,658	5,405	6,255	6,148
Of which generated abroad	%	70.5	65.9	64.4	68.9	72.3
Operating result	€ million	754	594	446	505	491
Operating margin	%	11.8	10.5	8.3	8.1	8.0
EBIT	€ million	731	608	398	512	518
EBIT margin	%	11.4	10.8	7.4	8.2	8.4
EBT	€ million	711	582	367	477	485
Earnings from continuing operations	€ million	528	432	284	-	-
Earnings from discontinued operations	€ million	8	(100)	(283)	-	-
Earnings after taxes	€ million	535	332	1	354	354
Return on capital employed (ROCE) <sup>3</sup>	%	21.3	19.5	11.8	15.4	17.1
<b>CASH FLOW</b>						
Cash flow from operating activities	€ million	174	690	453	602	242
Cash flow from investments	€ million	(349)	(271)	(237)	(288)	(277)
Operating free cash flow	€ million	(175)	419	217	314	(35)
Of which continuing operations	€ million	(152)	458	230	-	-
Of which discontinued operations	€ million	(23)	(38)	(13)	-	-
<b>STATEMENT OF FINANCIAL POSITION (12/31)</b>						
Equity	€ million	3,083	2,620	2,053	2,272	2,173
Total assets	€ million	8,089	7,734	7,267	7,415	6,759
Equity ratio	%	38.1	33.9	28.2	30.6	32.1
Cash and cash equivalents	€ million	545	1,039	1,027	920	724
Total assets less cash and cash equivalents	€ million	7,544	6,695	6,240	6,496	6,035
Net financial debt (-)/Net liquidity (+) <sup>4</sup>	€ million	(426)	118	4	(52)	(30)
<b>HUMAN RESOURCES (FTE 12/31)</b>						
Germany	FTE	12,768	11,979	11,592	11,587	11,077
Foreign	FTE	12,718	11,966	11,675	12,193	11,822
Rheinmetall Group	FTE	25,486	23,945	23,268	23,780	22,899
Of which continuing operations	FTE	21,788	20,185	19,500	-	-
Of which discontinued operations	FTE	3,697	3,760	3,768	-	-

# Balance Sheet

€ million	12/31/2022	12/31/2021
<b>Assets</b>		
Goodwill	483	481
Other intangible assets	338	287
Right-of-use assets	209	214
Property, plant and equipment	1.137	1.056
Investment property	24	30
Investments accounted for using the equity method	408	201
Other non-current assets	187	337
Deferred taxes	98	147
<b>Non-current assets</b>	<b>2.884</b>	<b>2.752</b>
Inventories	1.976	1.651
Contract assets	362	408
Trade receivables	1.548	1.164
Other current assets	242	213
Income tax receivables	23	11
Securities held for trade	132	162
Cash and cash equivalents	545	1.039
Assets held for sale	377	334
<b>Current assets</b>	<b>5.206</b>	<b>4.982</b>
<b>Total assets</b>	<b>8.089</b>	<b>7.734</b>

€ million	12/31/2022	12/31/2021
<b>Equity and liabilities</b>		
Share capital	112	112
Capital reserves	566	561
Retained earnings	2.140	1.755
Treasury shares	(6)	(9)
Rheinmetall AG shareholders' equity	2.812	2.418
Non-controlling interests	271	203
<b>Equity</b>	<b>3.083</b>	<b>2.620</b>
Provisions for pensions and similar obligations	484	773
Other non-current provisions	205	210
Non-current financial debts	517	706
Other non-current liabilities	56	45
Deferred taxes	78	38
<b>Non-current liabilities</b>	<b>1.341</b>	<b>1.772</b>
Other current provisions	674	677
Current financial debts	454	215
Contract liabilities	1.120	1.111
Trade liabilities	931	809
Other current liabilities	200	196
Income tax liabilities	67	87
Liabilities directly associated with assets held for sale	220	246
<b>Current liabilities</b>	<b>3.665</b>	<b>3.341</b>
<b>Total equity and liabilities</b>	<b>8.089</b>	<b>7.734</b>

# Income Statement

Income statement of the Rheinmetall Group for fiscal 2022

€ million	2022	2021
Sales	6.410	5.658
Changes in inventories and work performed by the enterprise and capitalized	153	117
Total operating performance	6.563	5.775
Other operating income	221	134
Cost of materials	3.183	2.745
Personnel costs	1.836	1.643
Amortization, depreciation and impairment	249	251
Other operating expenses	768	656
Income from investments carried at equity	32	11
Other net financial income	(48)	(17)
Earnings before interest and taxes (EBIT)	731	608
Interest income	12	4
Interest expenses	32	31
Earnings before taxes (EBT)	711	582
Income taxes	(183)	(150)
Earnings from continuing operations	528	432
Earnings from discontinued operations	8	(100)
Earnings after taxes	535	332
Of which:		
<i>Non-controlling interests</i>	66	41
<i>Rheinmetall AG shareholders</i>	469	291
Earnings per share	€ 10,82	€ 6,72
Earnings per share from continuing operations	€ 10,64	€ 9,04
Earnings per share from discontinued operations	€ 0,18	€ (2,32)



# Cashflow Statement

Statement of cash flows of Rheinmetall Group for fiscal 2022		
€ million	2022	2021
Earnings after taxes	535	332
Amortization, depreciation and impairment	303	254
Impairment of non-current assets of discontinued operations	-	91
Allocation of CTA assets to secure pension and partial retirement obligations	(62)	(35)
Other changes in pension provisions	(18)	(17)
Income from disposals of non-current assets	(5)	0
Changes in other provisions	(9)	(51)
Changes in working capital	(507)	22
Changes in receivables, liabilities (without financial debt) and prepaid & deferred items	(39)	63
Pro rata income from investments accounted for using the equity method	(74)	(15)
Dividends received from investments accounted for using the equity method	17	30
Other non-cash expenses and income	33	16
<b>Cash flow from operating activities<sup>1)</sup></b>	<b>174</b>	<b>690</b>
Of which continuing operations	175	705
Of which discontinued operations	(1)	(14)
Investments in property, plant and equipment, intangible assets and investment property	(349)	(271)
Cash inflows from the disposal of property, plant and equipment, intangible assets and investment property	19	3
Cash inflows from for the disinvestments in consolidated companies and financial assets	2	1
Cash outflows from investments in consolidated companies and financial assets	(205)	(35)
Cash in-/outflows from/ for securities held for trade	-	(160)
<b>Cash flow from investing activities</b>	<b>(534)</b>	<b>(462)</b>
Of which continuing operations	(512)	(438)
Of which discontinued operations	(22)	(24)

Statement of cash flows of Rheinmetall Group for fiscal 2022		
€ million	2022	2021
Dividends paid out by Rheinmetall AG	(143)	(87)
Other profit distributions	(6)	(5)
Increase in shares in consolidated subsidiaries	1	-
Borrowing of financial debts	249	122
Repayment of financial debts	(232)	(231)
Cash flow from financing activities	(131)	(202)
Of which continuing operations	(65)	(300)
Of which discontinued operations	(66)	98
<b>Changes in cash and cash equivalents</b>	<b>(491)</b>	<b>27</b>
Changes in cash and cash equivalents due to exchange rates	1	4
<b>Total change in cash and cash equivalents</b>	<b>(490)</b>	<b>30</b>
<b>Opening cash and cash equivalents January 1</b>	<b>1,058</b>	<b>1,027</b>
<b>Closing cash and cash equivalents December 31</b>	<b>568</b>	<b>1,058</b>
Closing cash and cash equivalents December 31 from discontinued operations	23	19
<b>Cash and cash equivalents as per consolidated statement of financial position December 31</b>	<b>545</b>	<b>1,039</b>

# Next events and IR contacts

## Next Events

Bank of America, Global Industrials Conference	21 March
Q1 Earnings call	04 May
Annual General Meeting	09 May
Stifel, German Corporate Conference	12 May
UBS, Best of Europe Virtual	17 May
Berenberg Conference USA	25 May
Société Générale, The Nice Conference	02 June
Exane, CEO Conference	06 June
Warburg Highlights	15 June
Deutsche Bank, German Swiss Austrian Conference	20/21 June
Q2 Earnings call	10 Aug
Q3 Earnings call	09 Nov

## IR Contacts

### Dirk Winkels

Head of Investor Relations

Tel: +49-211 473-4749

Email: dirk.winkels@rheinmetall.com

### René Weinberg

Senior Investor Relations Manager

Tel: +49-211 473-4759

Email: rene.weinberg@rheinmetall.com

### Rosalinde Schulte

Investor Relations Assistant

Tel: +49-211 473-4718

Email: rosalinde.schulte@rheinmetall.com

## Quick link to documents

[Corporate Presentation](#)

(link)



[Interim Report](#)

(link)



[Annual Report](#)

(link)



# 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 2023.

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).

All written or oral forward-looking statements attributable to Rheinmetall or any group company of Rheinmetall or any persons acting on their behalf contained in or made in connection with this presentation are expressly qualified in their entirety by factors of the kind referred to above. No assurances can be given that the forward-looking statements in this presentation will be realized. Except as otherwise stated herein and as may be required to comply with applicable law and regulations, Rheinmetall does not intend to update these forward-looking statements and does not undertake any obligation to do so.

This presentation does not constitute an offering of securities or otherwise constitute an invitation or inducement to any person to underwrite, subscribe for or otherwise acquire or dispose of securities in Rheinmetall AG or any of its direct or indirect subsidiaries.

Rheinmetall AG and its affiliates are neither associated with nor provide any support to American Depository Receipts programs (ADR) or comparable offerings or investment schemes related to shares in Rheinmetall AG in the United States of America or any other jurisdiction. Therefore, neither Rheinmetall AG nor any of its affiliates has and or will accept any responsibility or liability whatsoever in relation to such ADR programs or comparable investment schemes.

Please note that all figures in this presentation have been rounded on a standalone basis. This can result in minor differences when adding figures together or calculating % shares.