

May 14, 2024

## Financial report on Q1 2024:

### Rheinmetall reports strong start to first quarter of 2024 – Group continues profitable growth and increases order backlog

- Expansion of military business: Consolidated sales climb by 16% to around €1.6 billion
- Further significant increase in orders – Rheinmetall Nomination rises to around €4 billion
- Rheinmetall Backlog rises by 43% from €28.2 billion to €40.2 billion
- Operating earnings increase by 60% to €134 million
- Operating margin improves significantly to 8.5%
- Guidance for 2024 confirmed

Rheinmetall AG, Düsseldorf, has closed the first quarter of fiscal 2024 with ongoing sales growth and significantly higher income. The positive business performance is still largely being driven by business with the armed forces in Germany and its partner states, as well as by the activities in support of Ukraine. The Group achieved double-digit sales growth thanks to the consistently dynamic market situation and ongoing high demand in military business. Rheinmetall's strong position in the ammunition business is particularly reflected in a strong increase in earnings.

In light of the current market situation and the consistently positive order situation, management is confirming its current guidance for the Group's sales growth and operating margin.

Armin Papperger, CEO of Rheinmetall AG, commented: "We are well on track to achieve our ambitious annual targets for sustainable, profitable growth. Rheinmetall is needed by a large number of nations, now and in the future, to satisfy the sharp rise in demand for military equipment. High-volume framework agreements provide us with a good order backlog and ensure capacity utilization over a prolonged period. Looking ahead as well, we anticipate orders for further key projects by the German armed forces and its NATO partners."

Armin Papperger commented: "We saw the signs of the times early on and plotted the right course. The integration of the Spanish ammunition manufacturer Expal Systems is progressing smoothly and is allowing us to enhance our capacity significantly. We will continue to expand our position as a leading European munitions manufacturer with new production facilities in a number of countries. We are thereby making a substantial contribution to safeguarding Ukraine's defence capability and ensuring the urgently necessary replenishment of supplies for NATO partners."

"We are a major player in the civilian sector as well, and anticipate huge potential for the innovative developments of the Group. As a technology leader, it is also of central importance to us to contribute to the mobility revolution and to make crucial progress in the use of hydrogen energy with our ambitious solutions," added Armin Papperger.




### ▶ Key facts

- ▶ Consolidated sales up significantly by 16% year-on-year at €1.6 billion
- ▶ Rheinmetall Nomination climbs by around 27% to €4 billion
- ▶ Rheinmetall Backlog rises by 43% to €40.2 billion
- ▶ Consolidated operating earnings amount to €134 million
- ▶ Earnings margin rises to 8.5%
- ▶ Guidance for 2024 confirmed

### ▶ Contact

Dr. Philipp von Brandenstein  
Head of Corporate Communications  
Rheinmetall AG  
Tel.: +49-(0)211 473 4320  
philipp.vonbrandenstein@rheinmetall.com

### ▶ Social media

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## **Rheinmetall Group: Sales growth of 16% – Rheinmetall Nomination rises by around 27%**

Consolidated sales climbed by €218 million or 16% to €1,581 million in the first quarter of 2024 (previous year: €1,363 million). Adjusted for currency effects, sales were more than 17% higher than in the previous year. 77% of sales were generated abroad.

Operating earnings amounted to €134 million as of March 31, 2024, up by around €50 million or 60% on the previous year's figure of €83 million. The improvement in operating earnings relates in particular to the strong contribution by the Rheinmetall Expal Munitions, which was acquired in the previous year. The Group's operating margin improved significantly by 2.3 percentage points to 8.5% in the first quarter of 2024 (previous year: 6.1%).

Earnings per share from continuing operations slightly declined from EUR 1.21 in the same period of the previous year to EUR 1.13 in the first three months of fiscal 2024 as the earnings after taxes attributable to the shareholders of Rheinmetall AG were lower than in the previous year.

Operating free cash flow declined by €82 million to €-187 million in the first quarter of 2024 after €-105 million in the same period of the previous year. The deterioration in operating free cash flow relates in particular to the increase in inventories and cash capital expenditure.

The value of Rheinmetall Nomination climbed by around 27% year-on-year to €3,933 million in the first quarter of 2024 (previous year: €3,104 million). The increase is due to orders from Germany, the Near East and Australia in particular. In addition, the Spanish Rheinmetall Expal Munitions in particular contributed to growth. Rheinmetall Nomination comprises classic incoming orders as well as the volume from future call-offs under new framework agreements entered into with military customers and new contracts with civilian clients (nominations).

Rheinmetall Backlog rose significantly by around 43% year-on-year from €28.2 billion to €40.2 billion (March 31). In addition to orders on hand, Rheinmetall Backlog also includes the call-offs expected from framework agreements in place with military customers and the potential from contracts with civilian clients.

### **Change in Group structure**

Effective January 1, 2024, Rheinmetall's civilian business has been restructured, combining 'Sensors and Actuators' and 'Materials and Trade' to form the new Power Systems. Rheinmetall is taking this step in order to bundle its business models and innovation in civilian business more effectively. Power Systems forms the organizational umbrella at Rheinmetall for key technological competencies on civilian markets. These range from the traditional combustion engine and commercial business to new technologies such as electromobility and hydrogen, charging infrastructure and lightweight construction through to warm home heating systems.

### **Vehicle Systems: Rheinmetall Backlog rises significantly by 33% year-on-year**

Sales in Vehicle Systems, which mainly operates in military wheeled and tracked vehicles, were up by €31 million or around 7% year-on-year at €493 million in the first three months of 2024. The increase in sales relates to projects for the delivery of tactical vehicles in particular.

Rheinmetall Nomination – the total of order intake and the volume of new framework agreements with military customers – increased by €301 million as against the previous year to €929 million. The largest single order is the service contract already issued for the Boxer heavy weapon carrier, which has a net value of more than €620 million. Meanwhile, the same period of the previous year was defined by several major orders, in particular the Leopard 2 upgrade for Norway, the Puma infantry fighting vehicle upgrade for the German armed forces and the frame nomination for military trucks in Austria.

Rheinmetall Backlog – the total of orders on hand and the call-offs expected from framework agreements in place with military customers – was up by €4,208 million or around 33% year-on-year at €16,866 billion as of March 31, 2024. Operating earnings declined from €43 million to

€38 million in the first quarter of 2024. This development is essentially due to the decline in high-margin orders. The operating margin was down on previous year at 7.7% (9.2%).

### **Weapon and Ammunition: Backlog more than doubles to around €12 billion**

Weapon and Ammunition generated sales of €362 million in the first quarter of 2024, outperforming the figure for the previous year by €149 million or 70%. The increase as against the same period of the previous year relates to higher ammunition call-offs by customers in particular. Key projects included artillery orders for Germany and Ukraine. The sales growth includes €101 million from Rheinmetall Expal Munitions, which was acquired as of July 31, 2023 and thus made a crucial contribution to sales growth. Intragroup sales accounted for €29 million of this.

Rheinmetall Nomination amounted to €836 million in the first three months of 2024, up significantly on the prior-year figure (€595 million). There were significant new orders at Rheinmetall Expal Munitions. Further growth was generated in Near East countries and Australia in particular with indirect fire products.

Rheinmetall Backlog more than doubled, rising by €6,394 million or around 123% to €11.6 billion as of March 31, 2024 (previous year: €5.2 billion). The main factor driving this was the signing of two multi-year ammunition framework agreements in the second half of 2023 for the German customer and the Ukrainian armed forces.

Operating earnings more than doubled in the first three months of 2024, rising by €30 million or 129% to €53 million (previous year: €23 million). Despite higher staff and non-staff costs, the operating margin improved significantly from around 11% to around 15%. This includes an earnings contribution of €37 million from Rheinmetall Expal Munitions.

### **Electronic Solutions: Sales growth of 26%**

Electronic Solutions, which produces solutions in the field of armed forces digitalization, infantry equipment, air defence and simulation, increased its sales by around 26% or €59 million to €287 million in the first quarter of fiscal 2024 (previous year: €227 million). This sales growth is essentially thanks to the Skyranger 30 mobile air defence system for the German customer and other delivery shares for the Puma infantry fighting vehicle.

As a result of the five-fold increase in incoming orders, Rheinmetall Nomination rose from €339 million in the same period of the previous year to €1,812 million. Key incoming orders in the first three months of 2024 related to the development contract for the short and very short range air defence protection system and the delivery agreement for the Skyranger 30 mobile air defence system for the German customer. Rheinmetall Backlog amounted to €5,751 million as of March 31, 2024, up significantly by €2,129 million on the prior-year figure (€3,622 million).

Operating earnings improved to €17 million in the first three months of 2024 after €12 million in the previous year. The operating margin rose to 6.0% as a result of sales (previous year: 5.4%).

### **Power Systems: Operating earnings up by 29%**

Sales in Power Systems, in which Rheinmetall bundles its technological expertise for civilian markets, were stable year-on-year at €541 million (previous year: €541 million). The sales growth in the US region compensated for the decline in sales in Europe. Booked business was down significantly year-on-year at €620 million in the first three months of fiscal 2024 (previous year: €1,230 million). Nominated Backlog fell by 3% to €8,461 million as of March 31, 2024 (previous year: €8,741 million).

Operating earnings climbed by 29% to €31 million in the first quarter of 2024 (previous year: €24 million). The increase is thanks to the positive effect of higher sales prices and a better product mix. The improvement in the at-equity result of a Chinese joint venture also had a positive effect on operating earnings. The operating margin is therefore 5.8% (previous year: 4.5%).

## **Outlook: Current guidance for year confirmed**

Rheinmetall is confirming its current guidance for the year after the first three months of fiscal 2024.

The Rheinmetall Group's annual sales are expected to rise to a level of around €10 billion in fiscal 2024 (sales in fiscal 2023: €7.2 billion). Based on this sales guidance and taking holding costs into account, Rheinmetall anticipates an improvement in the Group's operating earnings and the operating margin of around 14% to 15% in fiscal 2024 (margin in fiscal 2023: 12.8%).

### ***Forward-looking statements and forecasts***

*This press release contains forward-looking statements. These statements are based on Rheinmetall AG's current estimates and forecasts and the information available at the time. Forward-looking statements are not a guarantee of future performance or the results indicated. Rather, they are dependent on a number of factors, entail various risks and uncertainties, and are based on assumptions that may prove to be incorrect. Rheinmetall is under no obligation to update the forward-looking statements in this press release.*