



Rheinmetall Group Corporate Presentation

May 2020

MOBILITY. SECURITY. **PASSION.**

Rheinmetall Group

Mobility and security form the DNA of the business model

RHEINMETALL GROUP

INTEGRATED TECHNOLOGY GROUP FOR SECURITY AND MOBILITY

Business
Model

Automotive *Our heart beats for your engine*

- Tier 1 supplier
- High-tech products for global markets
- Gaining powertrain neutrality

Defence *Force protection is our mission*

- System house for land based operations
- Leading provider of innovative solutions
- Internationalization focused on home markets

Market
driver

- Megatrend mobility
- Growing demand for clean mobility
- Global LV production with growth
- Increased regulation

- Increasing demand for security
- Geostrategical powershifts
- Constantly changing conflict situations
- Rising defence/security budgets

Rheinmetall Group

Highlights

Group performance indicator

Grow sales
around 8%

~8% op.
margin

Targeted 2-4%
Cash on sales

30-35%
payout ratio

Strategy roadmap

Organic
growth

International
expansion

Leading by
innovations

Targeted
acquisitions

RHEINMETALL

GROUP

AUTOMOTIVE *Our heart beats for your engine*

Op. margin
6.7%

€2,736m

€184m

*€447m

11,405

44%

35%

49%

2019

Sales
Oper. Result
Order backlog
Headcount**

DEFENCE *Force protection is our mission*

56%

65%

51%

€3,522m

€343m

€10,399m

12,100

Op. margin
9.8%

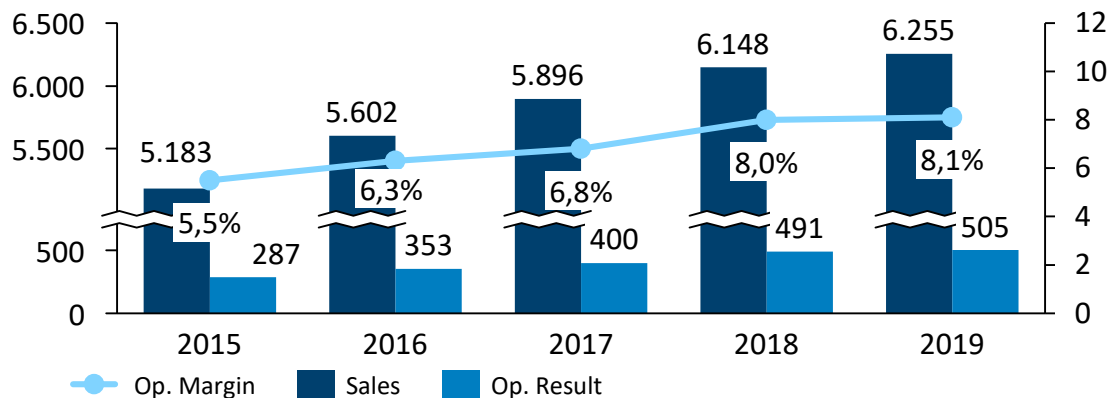
* Short-term; **Headcount at capacities;

Rheinmetall Group

Financial overview - Growth in all relevant KPI

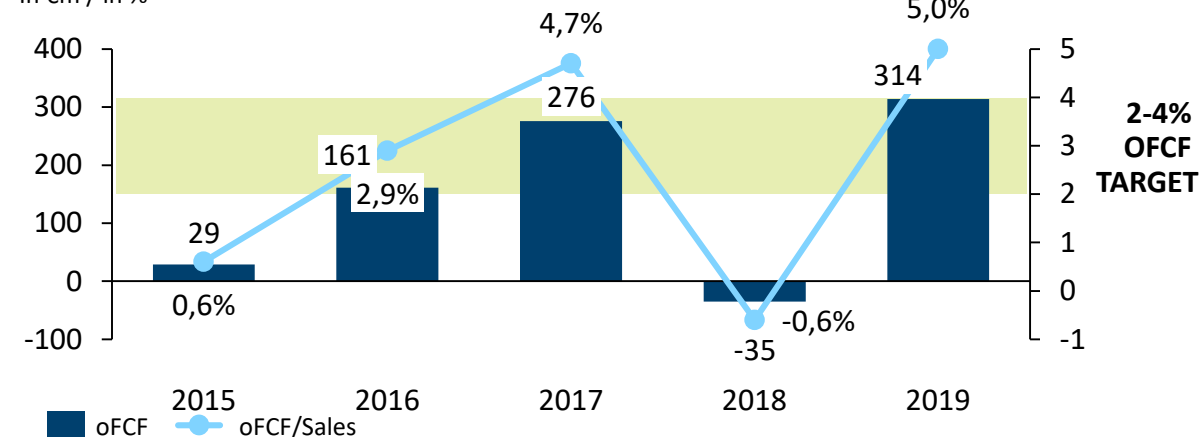
Sales, operating result and operating margin

In €m



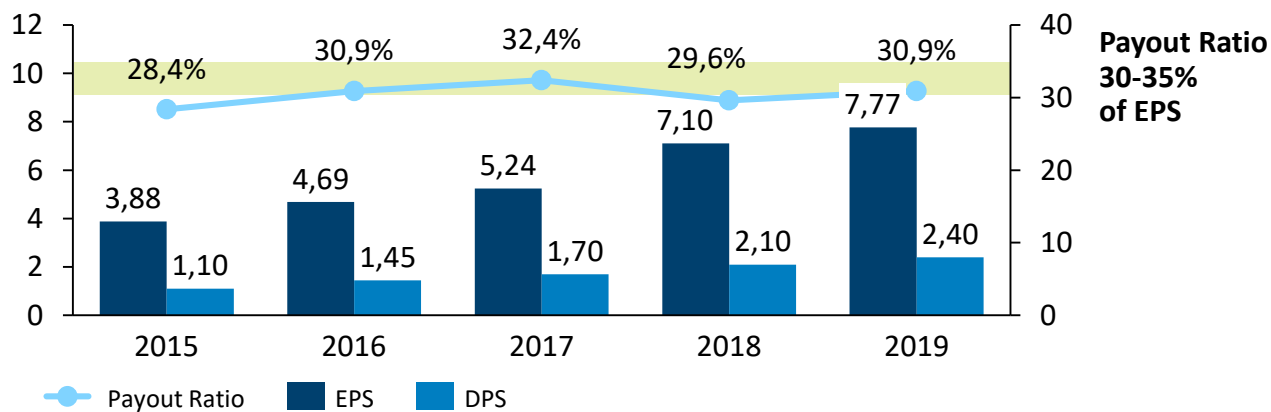
Operating FCF and operating FCF to Sales

In €m / in %



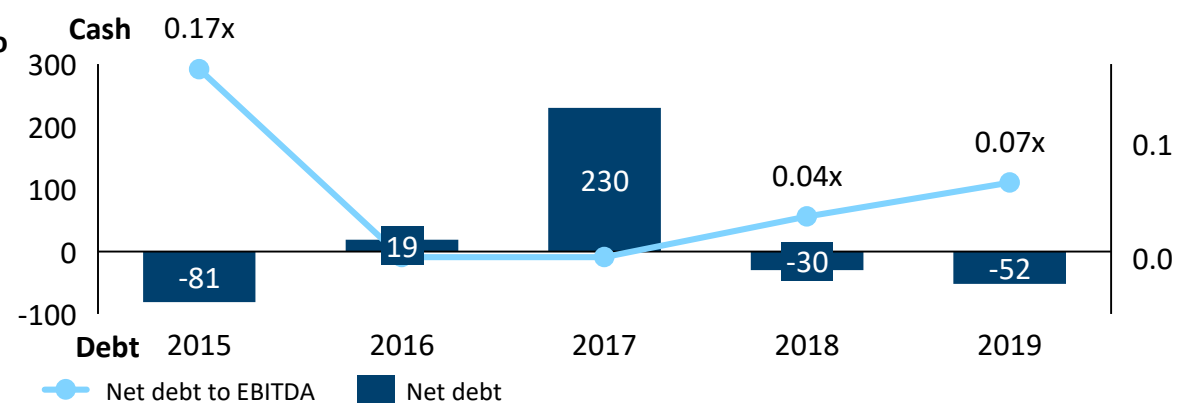
Earnings and dividend per share

In € / in %



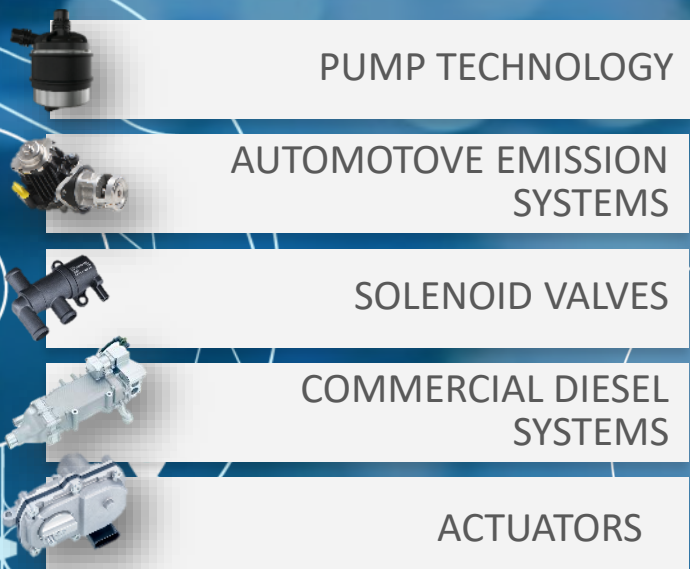
Net financial debt and Net debt to EBITDA

In €m



Rheinmetall Automotive Products per division

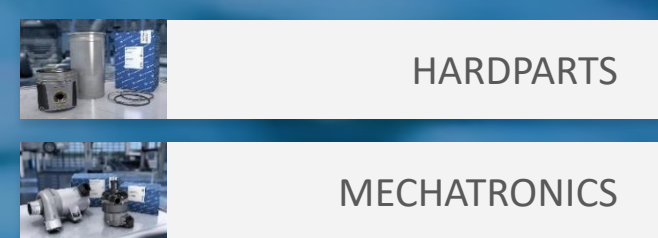
MECHATRONICS



HARDPARTS



AFTERMARKET



Rheinmetall Defence Products per division

WEAPON AND AMMUNITION



MID & LARGE CALIBER AMMO



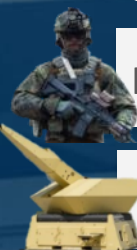
MID & LARGE CALIBER WEAPONS



PROTECTION SYSTEMS

- ACTIVE
- PASSIVE
- SOFTKILL

ELECTRONIC SOLUTIONS



INTEGRATED ELECTRONIC SYSTEMS

AIR DEFENCE & RADAR SYSTEMS

TECHNICAL PUBLICATIONS

VEHICLE SYSTEMS



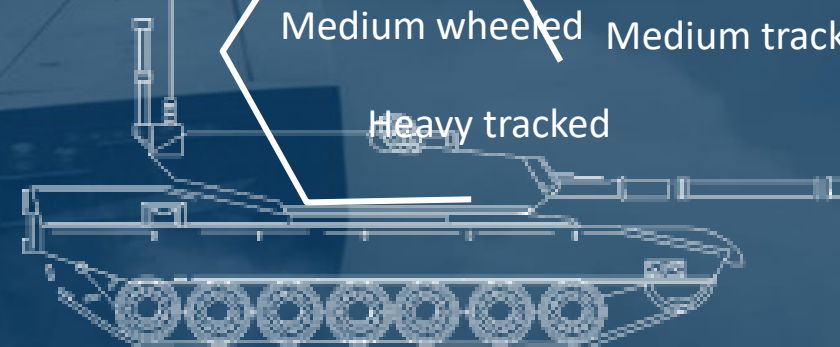
TACTICAL VEHICLES

LOGISTIC VEHICLES

HX-FAMILY

Medium wheeled Medium tracked

Heavy tracked



One Rheinmetall

Realization of growth in changing market conditions



- ✓ Positioning as **integrated technology** group for **Mobility and Security**
- ✓ Realization of **growth potentials** in changing market environments
- ✓ Leveraging **strengths by bundling and channeling our expertise and competencies**, e.g. different **technologies**
- ✓ Change perception and **increase attractiveness** as an employer

One Rheinmetall Phase I

Initiatives addressing culture
and cooperation
2016-2018

One Rheinmetall Phase II

Focus on technologies
2018 ff.

One Rheinmetall Phase III

Commercialization
starting 2021



Automotive – A changing world

Automotive

Leading technology and market positions

Key Figures 2019

Sales: €2.7bn

Op. result: €184m

Op. margin: 6.7%

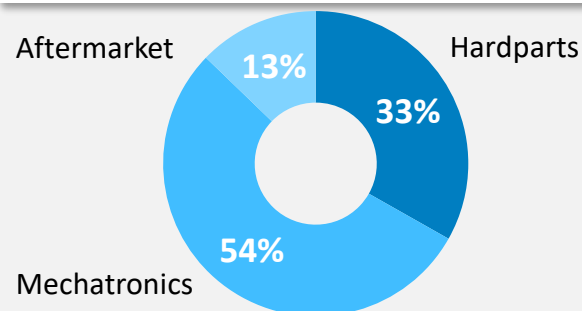
Op. FCF: €73m

R&D: €143m

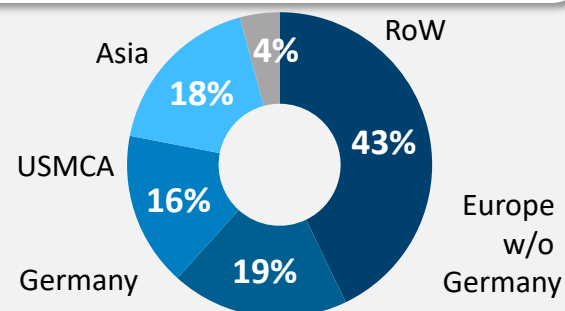
Capex: €163m

Headcount: 11.405

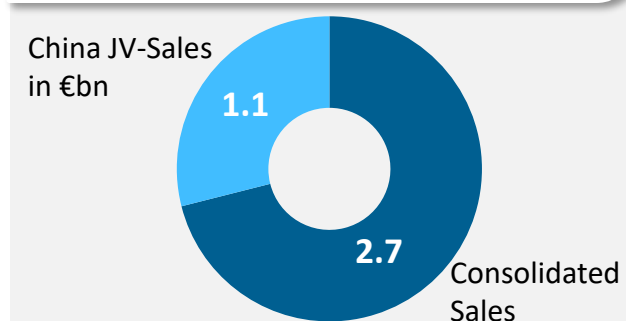
Sales by division*



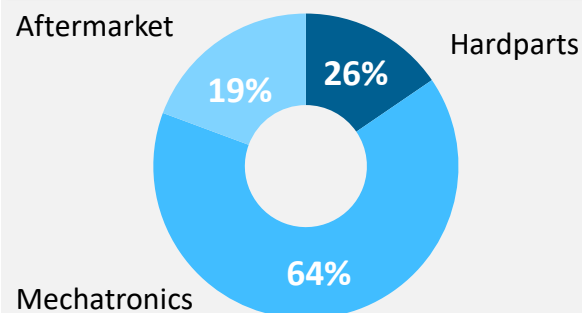
Sales by region



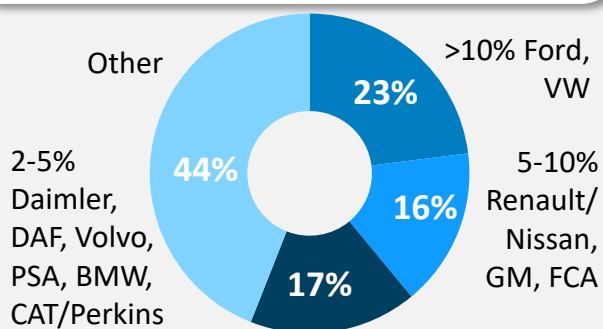
Sales Total Management View



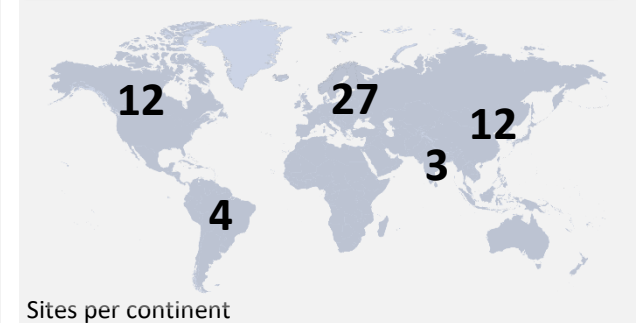
Operating result by division*



Sales by customer



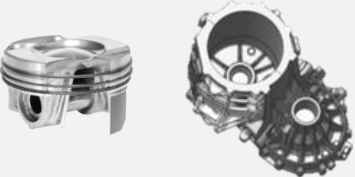

Global set up



*unconsolidated

Automotive

Leading technology and market positions

Sales driver	Segment Structure	Key Competitor	Differentiator
<ul style="list-style-type: none"> ▪ Megatrend mobility ▪ Growing demand for clean mobility ▪ Global LV production with further growth ▪ Increased regulation 	<p>Hardparts</p> <ul style="list-style-type: none"> ▪ Pistons ▪ Castings ▪ Bearings  <p>Mechatronics</p> <ul style="list-style-type: none"> ▪ Pump Technology ▪ Auto. Emission Systems ▪ Commercial Diesel Systems ▪ Solenoid Valves ▪ Actuators  <p>Aftermarket</p> <ul style="list-style-type: none"> ▪ Hardparts ▪ Mechatronics 	<p>Hardparts</p> <p>Mahle, Nemak, GGB, Tenneco (Federal Mogul), Dong Yang</p> <p>Mechatronics</p> <p>Magna, Bosch, Denso, Valeo, Schaeffler</p> <p>Aftermarket</p> <p>Tenneco (Federal Mogul), Mahle, Bosch, Valeo</p>	<ul style="list-style-type: none"> ▪ Strong brand ▪ Global footprint ▪ Strong partnerships <ul style="list-style-type: none"> ▪ (Hasco, Shriram, Riken, ZYNP) ▪ Wide technology portfolio ▪ Extensive product Know-How

Automotive overview

Product portfolio by division and engine type

MECHATRONICS

- VACUUM PUMPS
- EXHAUST CONTROL VALVE GEN. 3
- FUEL TANK ISOLATION VALVE
- THERMAL MANAGEMENT
- HRB
- eCATHODE VALVE
- EGR MODULE
- SC AIR SYSTEM
- eWastegate Actuator
- ELECTRICAL COOLANT PUMP
- GASOLINE EGR
- HIGH-VOLTAGE COOLANT PUMP
- eCC
- E-MOTOR COOLING
- TURBO ACTUATOR VTG
- EVAP
- ELEC. BYPASS VALVE
- MULTI PURPOSE VALVE
- ELECTRICAL OIL PUMPS
- CONTACTORS
- THERMO MODULE
- FUEL CELL CONTROL VALVE

HARDPARTS

- STEEL PISTONS
- ALU PISTONS
- ENGINE BEARINGS
- NON-ENGINE POLYMER BEARINGS
- STRUCTURAL PARTS
- E-Motor HOUSING
- BATTERY BOXES
- ENGINE BLOCKS

ICE

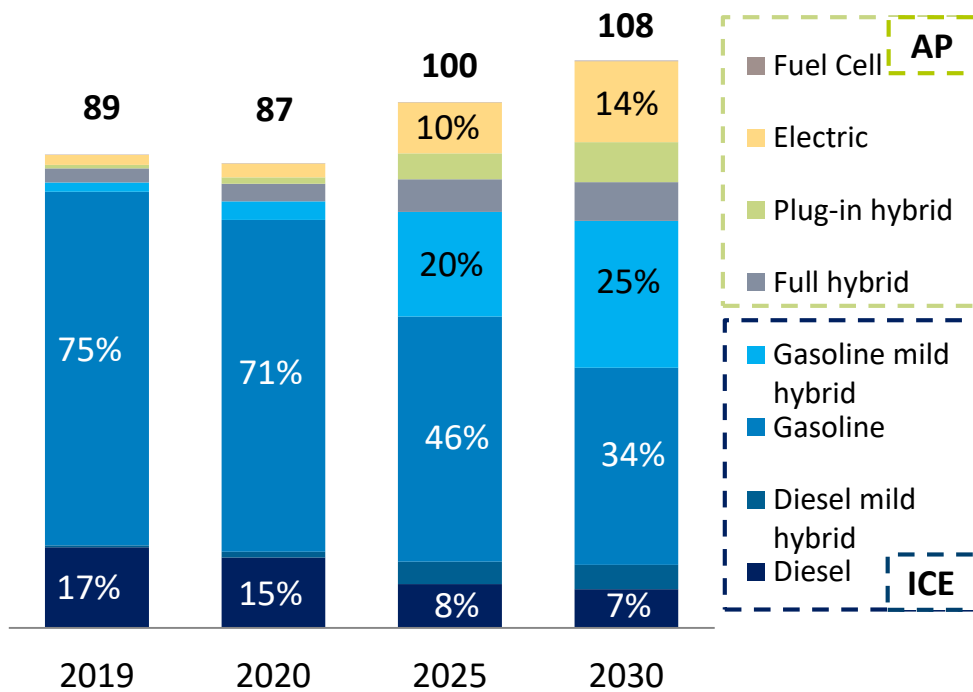
EV / FUEL CELL

Carbon TT
25% Share Carbon TT

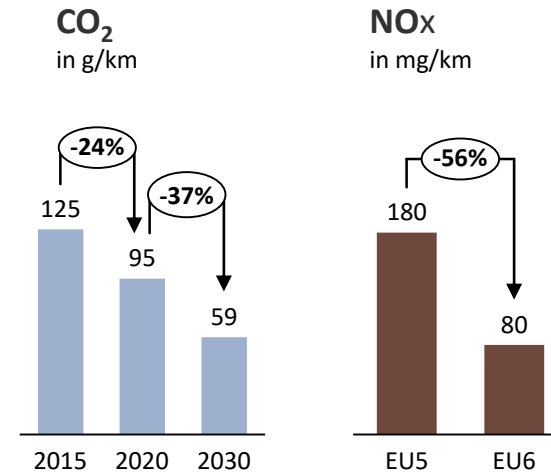
Drivers for growth

Rising global fleet and regulatory restrictions are supporting our growth

■ LV production forecast* [mUnits]

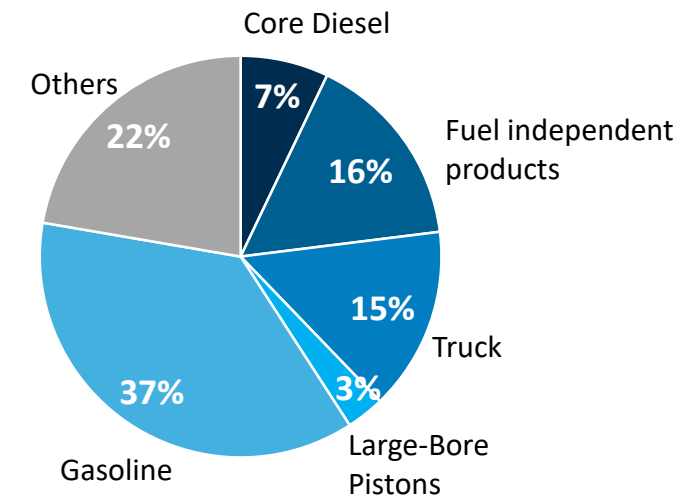


■ Further regulatory pressure***



- Next regulation deadline approaching in 2020
- Real driving emission(RDE) testing will create further pressure to reduce emissions by hardware installation
- First city ban for diesel engines announced in Germany

■ Automotive sales distribution by engine type**



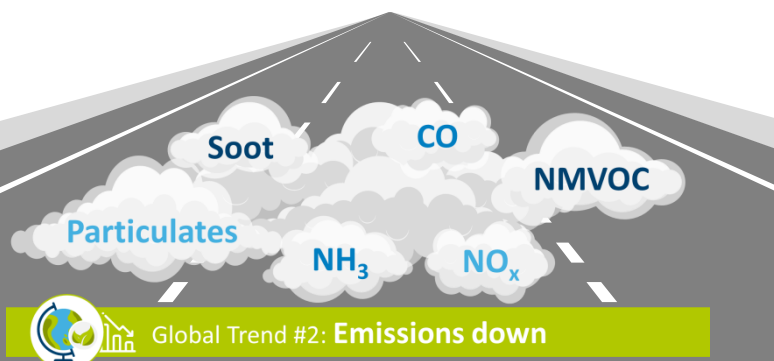
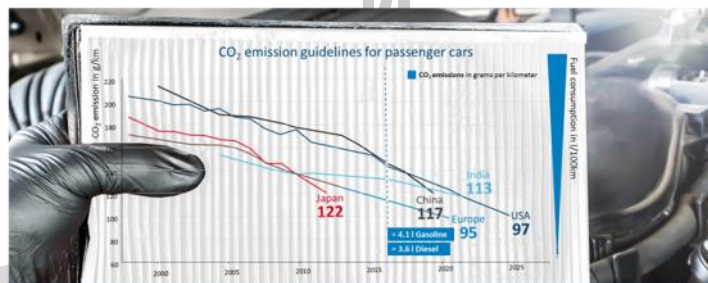
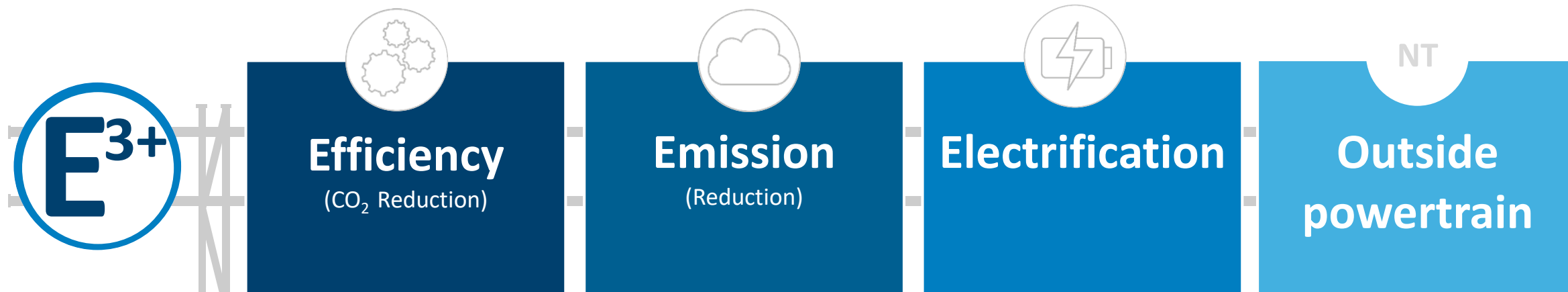
* IHS 02/2020 and company estimates

** Rheinmetall Automotive sales FY 2019

*** 95g = 4.1l Gasoline or 3.6l Diesel, 2030 estimates based on Regulation (EU) 2019/631

Automotive Market trends

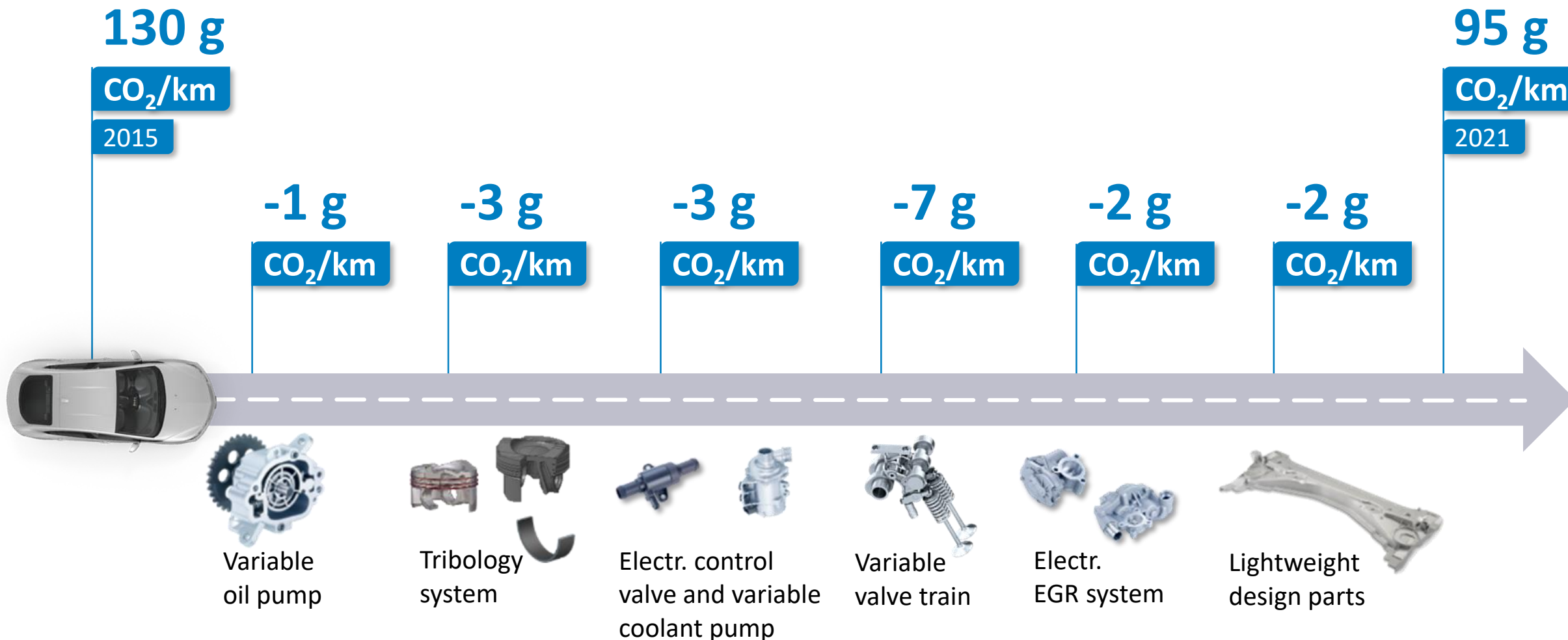
The growth drivers remain strong



The innovation pipeline is packed!

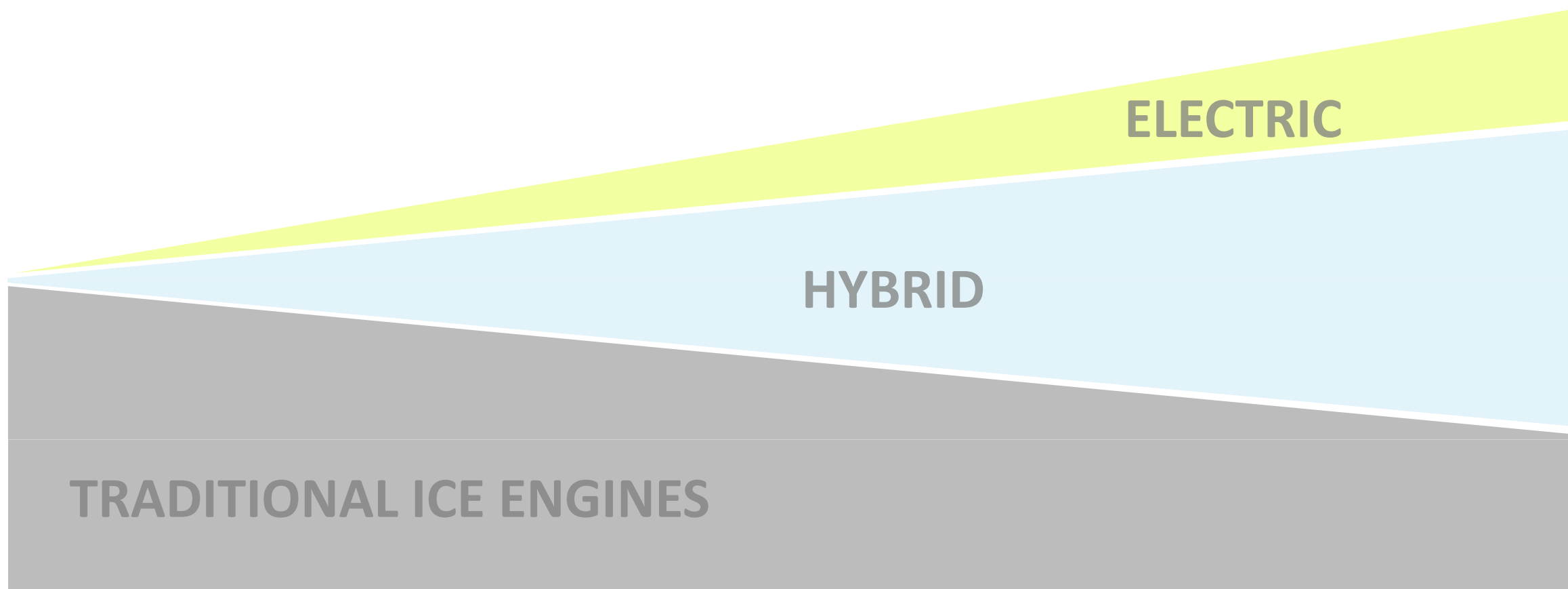
Efficiency

CO₂ - reduction with Automotive products – gasoline engine vehicle



*Reference: 1.4L 4-cylinder, TC DI gasoline engine (115kW), approx. 138 g CO₂/km in NEDC

Facing technological disruption
Rheinmetall needs to manage the transition



Electrification Rheinmetall Automotive products



ELECTRIFICATION

Peripheral system and components



CAR

(HV) 400V^{PLUS}
50-125KW



FIRST-/LAST-MILE

48V
15-20KW



MICRO E-DRIVE SYSTEM

48V
0,25-0,7KW



Electric Oil pump



Electric Vacuum pump



Electric Drive motor



Engine housing



Electric engine und gearbox



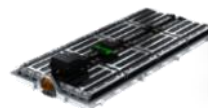
Electric Drive motor



Electric Heat pump



Electric Air-conditioning compressor



Battery pack



Battery pack (48V)



Control unit



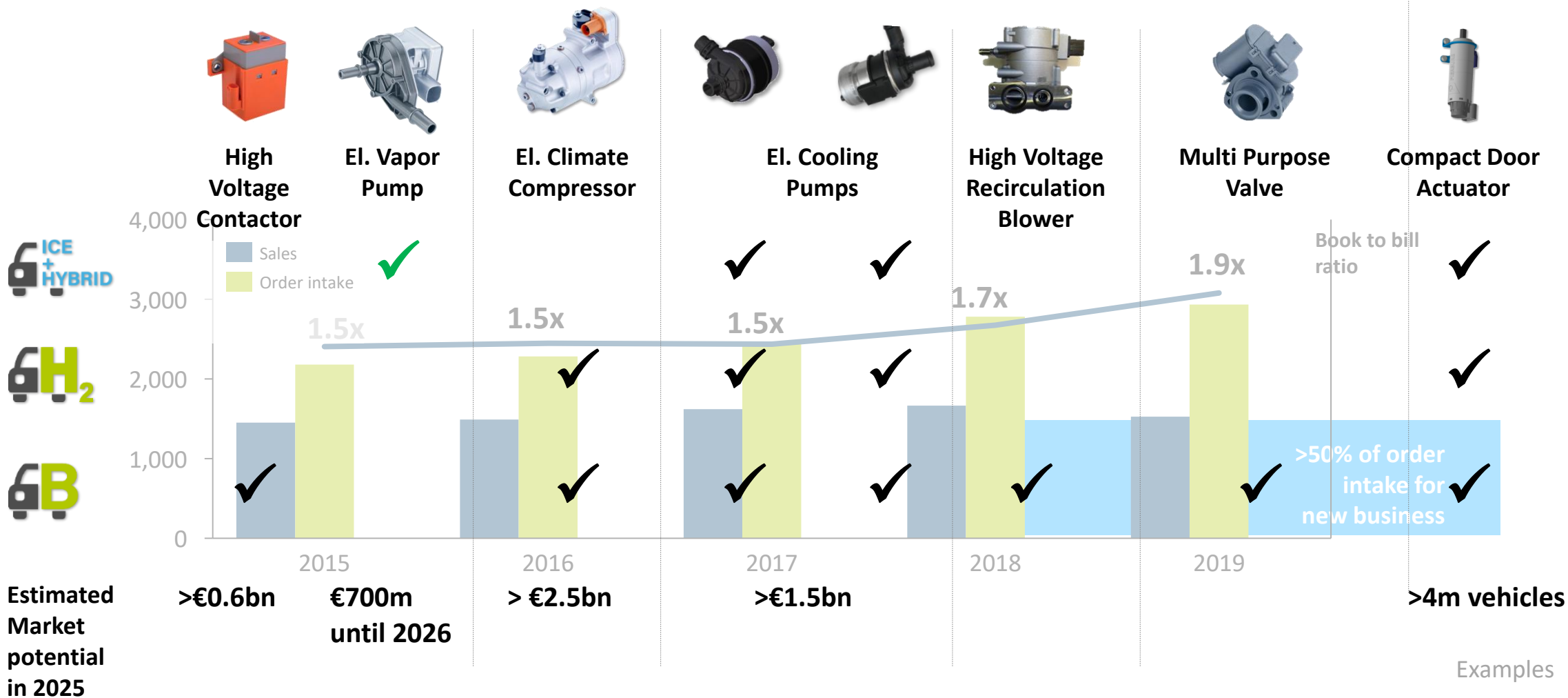
Battery pack

Life time order value of €1.3bn booked*

* Rheinmetall Automotive and Joint Ventures, incl. BEV and Hybrid

Mechatronic Innovation pipeline

Innovative products for a variety of applications

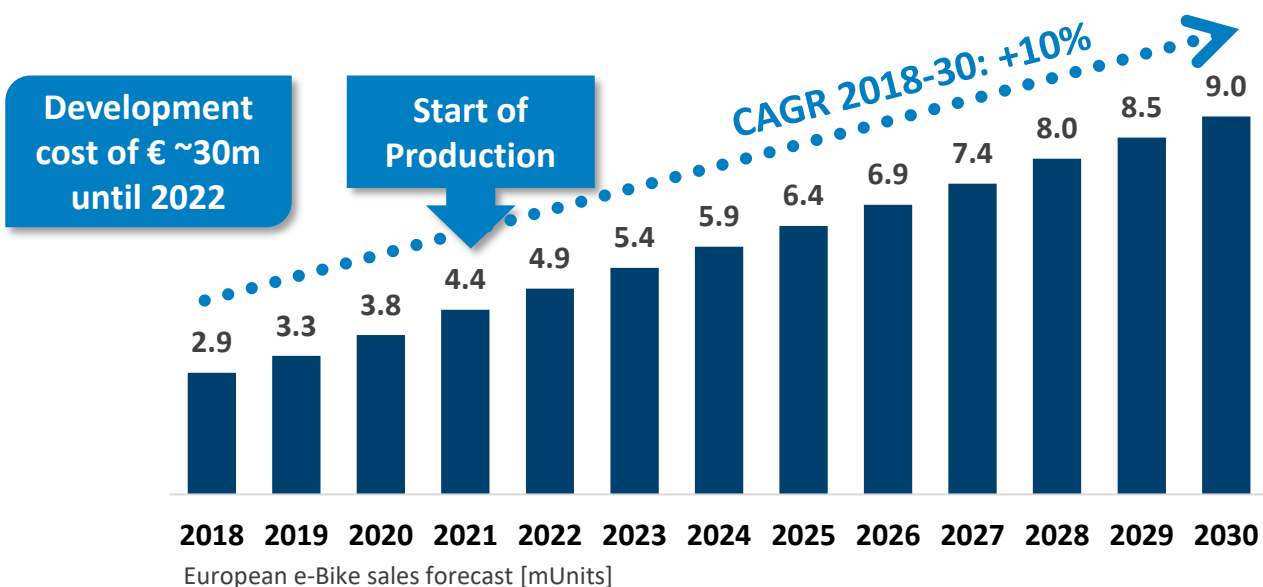


Micro Mobility

Starting with competitive product into a booming market

High growth market

- European market with **10% CAGR** between 2018 and 2030
- High market concentration** with Bosch representing almost 50% of market share
- E-bike market price averaged at €3.000** last 3 years



Unique Selling Proposition

- Smooth phasing of engine support
- Excellent freewheeling
- Low weight and compact build
- Low noise emission
- High thermic stability
- Interesting connectivity features
- Speedy service concept



Diversification

Increasing portfolio for non-LV applications

Trucks



**Diverse portfolio for
truck applications**

Large bore pistons



**E.g. ship and locomotive
pistons**

**Bearings &
continuous casting**



Sanitary application

Aftermarket



Global supply of spare parts

Trucks

Diverse portfolio for truck applications

MECHATRONICS

- Main coolant pumps
- Auxiliary coolant pumps
- Electrical oil pumps
- Coolant valves
- Variable valve Control
- Exhaust gas flaps
- Hydraulic valves
- Cylinder bore coating

Sales

in €m

CAGR +4%

Year	Sales (€m)
2015	351
2016	338
2017	386
2018	436
2019	404

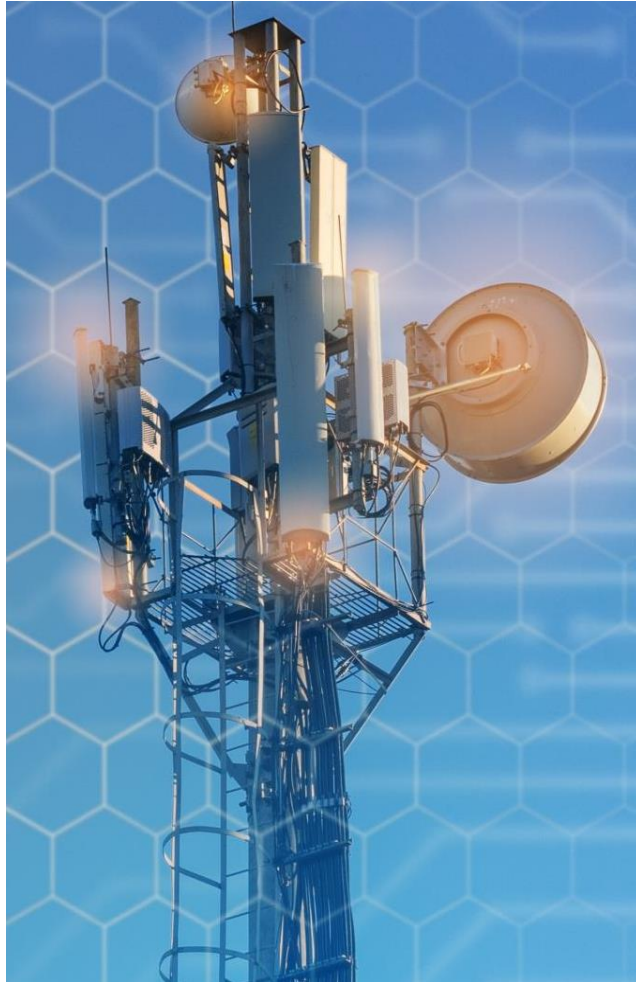
- Electrical bypass valves
- Pressure regulating valves
- High performance actuators

HARDPARTS

- Permaglide bearings for truck compressors and truck hydraulics
- Aluminum pistons
- Steel pistons
- Piston rings (Cooperation with Riken)
- 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

New Markets Telecommunication

Diversification into new growth areas



5G-Data safety: Major production contract for manufacturing aluminum housings for 5G network

- Rheinmetall JV with HASCO in China is the leading supplier of die-casting capacities in China
- High technological competence
- Great opportunity to diversify in growth markets

Contract value of €150m for six-digit number of boxes in 2020

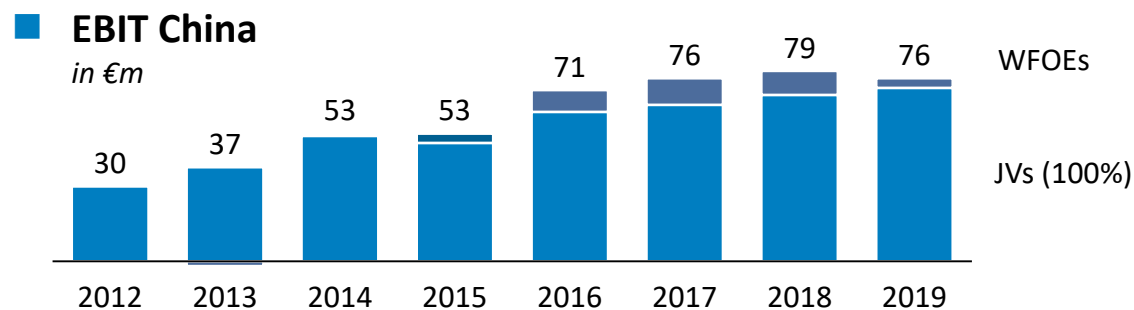
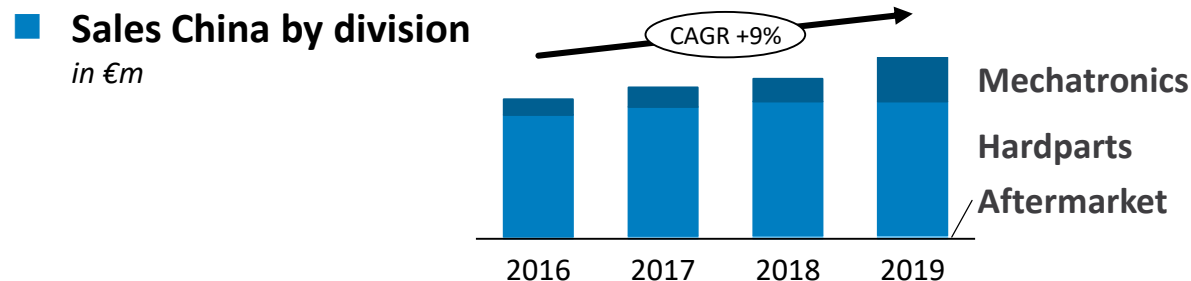
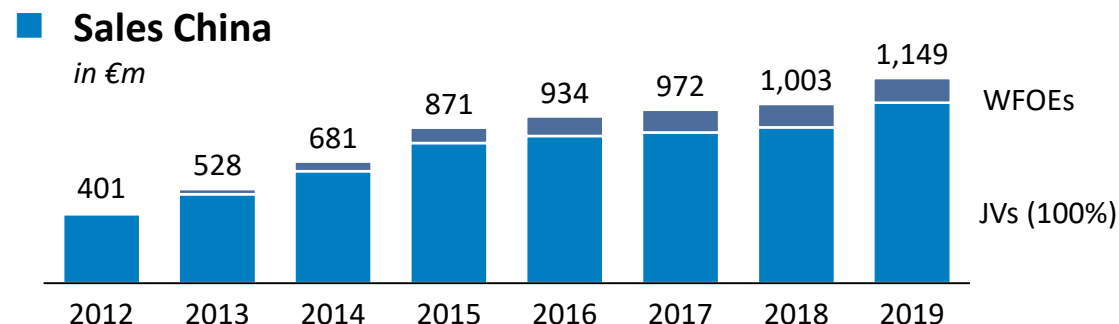
Additional demand for 10.000.000 boxes until 2030 creates further potential

Automotive China

Outperforming the market

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 mechatronics division
- Strong demand for NEV products
- China Story on track: product pipeline supports growth ambitions
- Demand for Mechatronics products key driver





Defence – Managing the “super cycle”

Defence

Leading supplier with an increasing international presence

Key Figures 2019

Sales: €3.5bn

Op. result: €343m

Op. margin: 9.8%

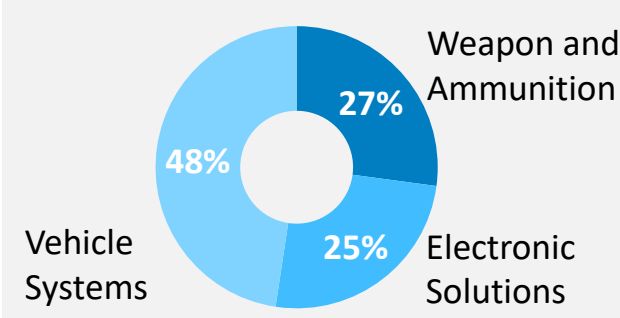
Op. FCF: €266m

R&D: €75m

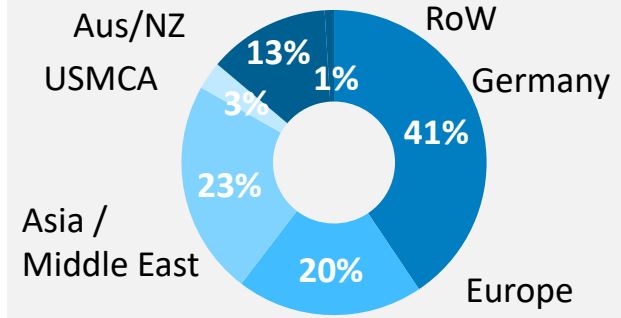
Capex: €166m

Headcount: 12,100

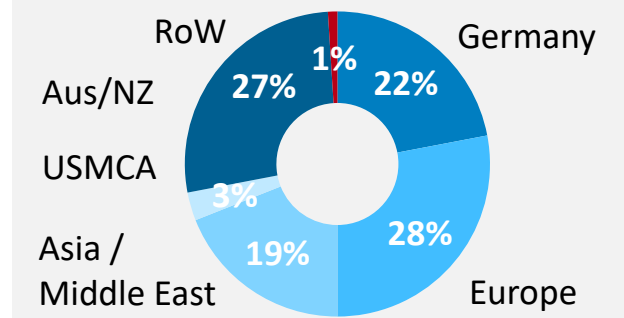
Sales by division*



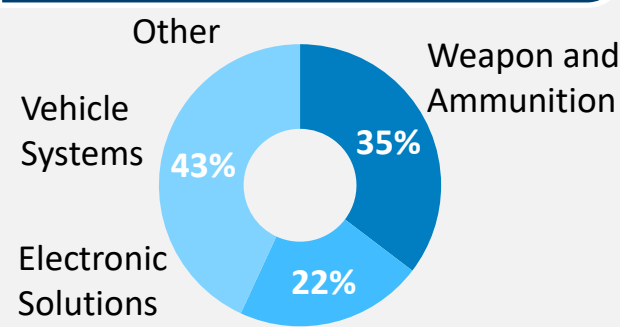
Sales by region



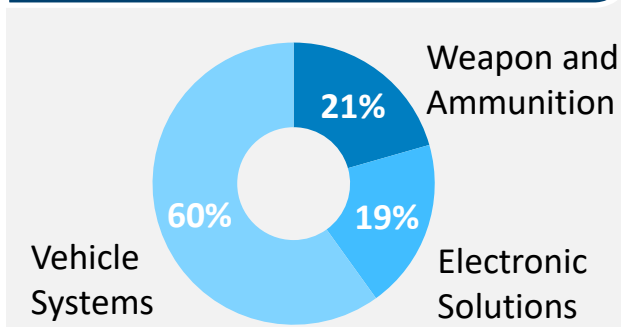
Order backlog by region



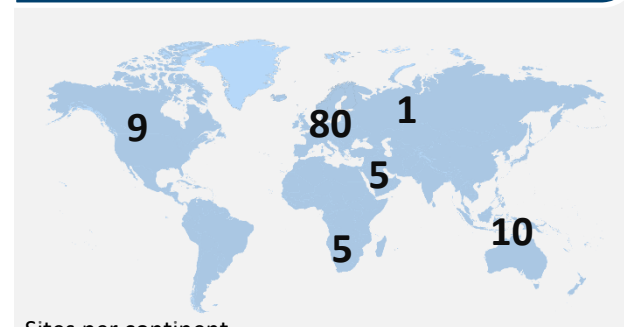
Operating result by division*



Order backlog by division



Global set up



*unconsolidated

Defence

Leading technology and market position

Sales driver

- Increasing demand for security
- Geostrategic power shifts
- Constantly changing conflict situations
- Rising defence/ security budgets

Structure of Corporate Segments

Vehicle Systems

- Tactical Vehicles
- Logistic Vehicles



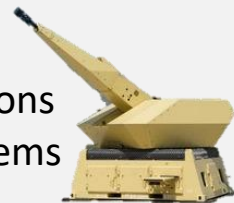
Weapon and Ammunition

- Weapon and Munition
- Protection Systems
- Propulsion Systems



Electronic Solutions

- Integrated Electronic Solutions
- Air Defence and Radar Systems
- Technical Publications



Key Competitor

Vehicle Systems

General Dynamics, BAE, KNDS, Scania, Iveco, Hanwha

Weapon and Ammunition

Nammo, Northrop Grumman, Plasan, Euroco, GD, Kongsberg

Electronic Solutions

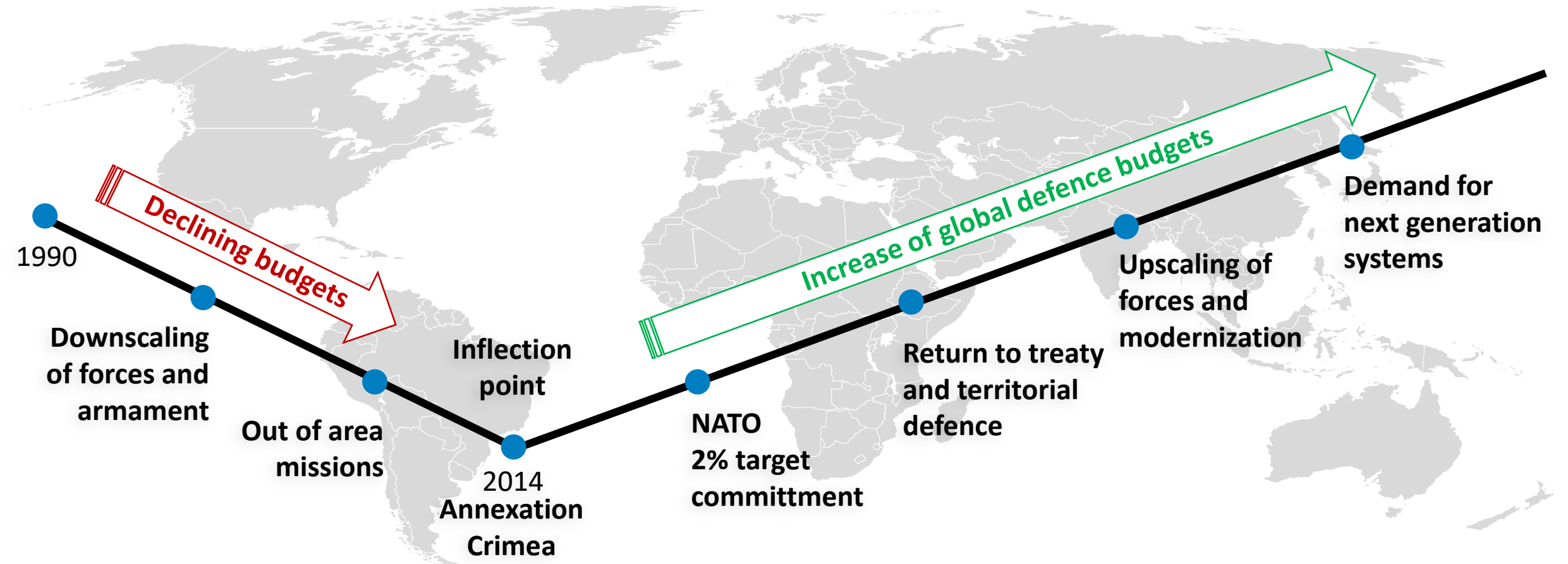
R&S, CAE, Saab, Thales, Rafael, Elbit Systems, Safran, Hensoldt

Differentiator

- Reputation as trustful and reliable company
- International footprint
- Broad product portfolio
- International presence
- System integrator
- Modular and open architecture
 - Weapon and sensor platforms
- Excellent engineering Know-How & capabilities

Defence

Managing the super cycle



Defence super cycle

Successful internationalization provides diverse sources of growth

Our home markets

Germany

- Largest customer
- Budget increase: Commitment to 1.5% in 2024
- 100% Equipment level
- More personnel

Australia

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

United Kingdom

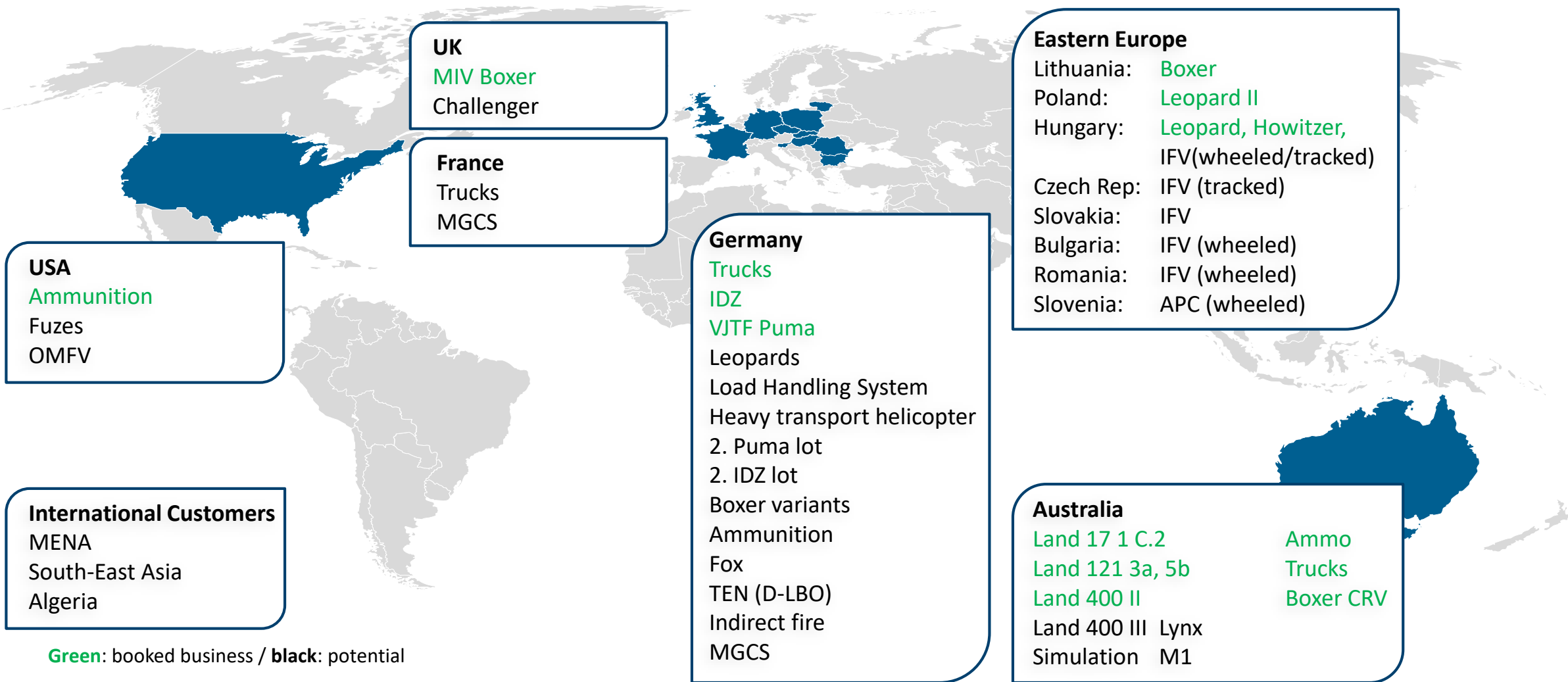
- JV with BAE serves „home market“
- MIV and Challenger LEP program
- Ammunition framework contract

Eastern Europe

- Modernization to NATO standards
- VJTF participation
- IFV tender pipeline

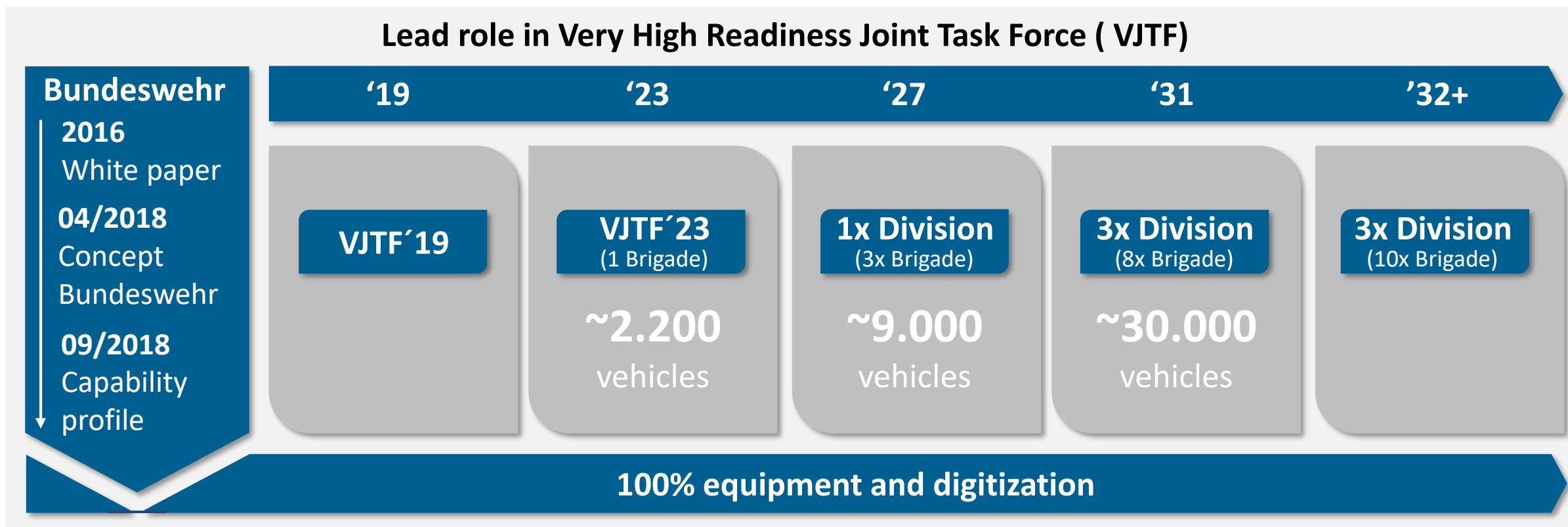
Defence tender overview

High demand could lead to promising super cycle



German defence

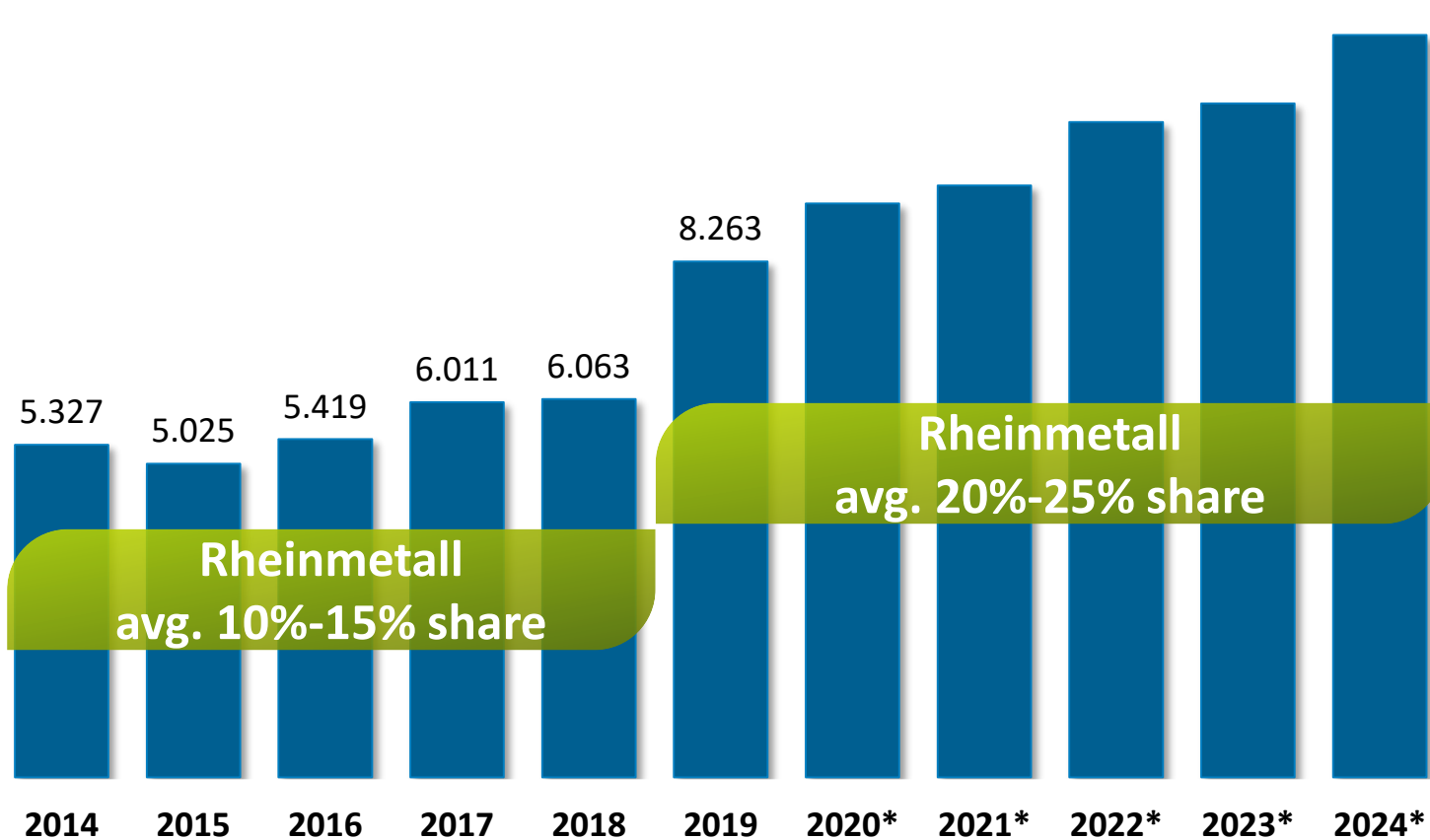
NATO commitment key driver for German demand



German defence budget

Investment expenses and Rheinmetall-share - budgets become sizeable

in €m



Expense increase based on 3 pillars:

- **More budget**, investment share increased by 36% from 2018 to 2019: if political 1.5% commitment is to be achieved in 2024 this could lead to €~12 bn investment spend
- **More personnel**, return to ~200.000 soldiers
- **More equipment** (100% equipment level)

NATO and VJTF commitments as strong drivers for budget increase

*based on BMWi GDP forecast Oct. 19; assumption 20% of German defence budget investive

German Defence

Additional structural demand of German armed forces

Vehicles

Fox



(>500 vehicles)

Boxer



(~150 vehicles)

Trucks



(>10.000 vehicles)

Puma



(~250 vehicles)

Leopard 2



(>200 vehicles)

Programs and ammunition

NNBS



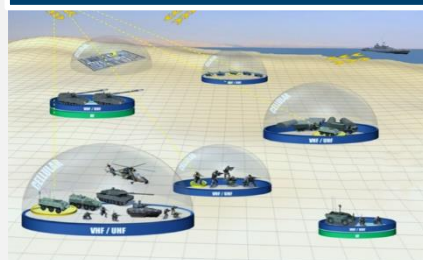
(Short range air defence)

TLVS/Next Gen. Patriot



(Tactical air defence)

DLBO TEN



(former MoTaKo)

Ammunition



Long term doubling potential

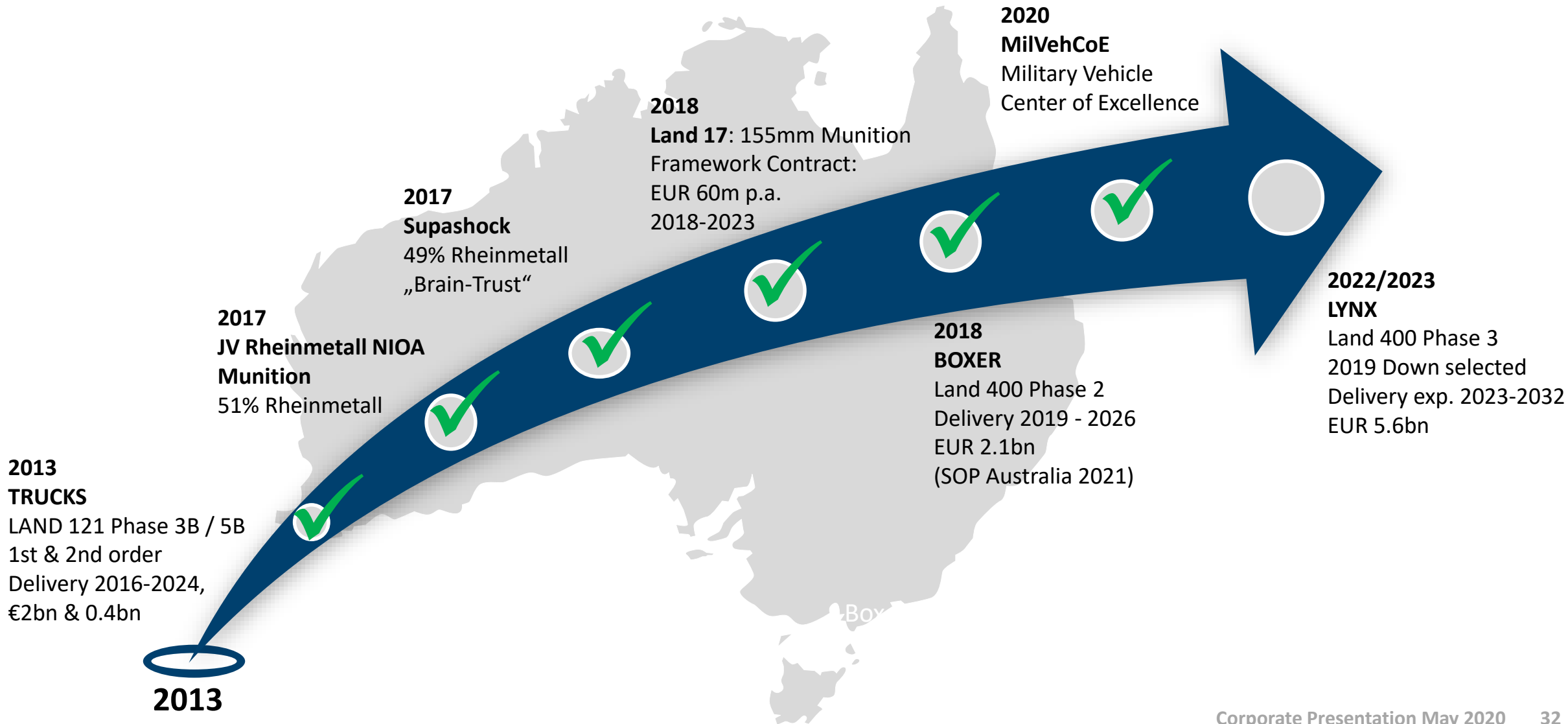
Military Camps



Build, operate and rebuild

Australia

Successful establishment of a new “home market”



United Kingdom - Joint Venture with BAE

Creating a new “home market” and strengthening our position

LEGACY BUSINESS

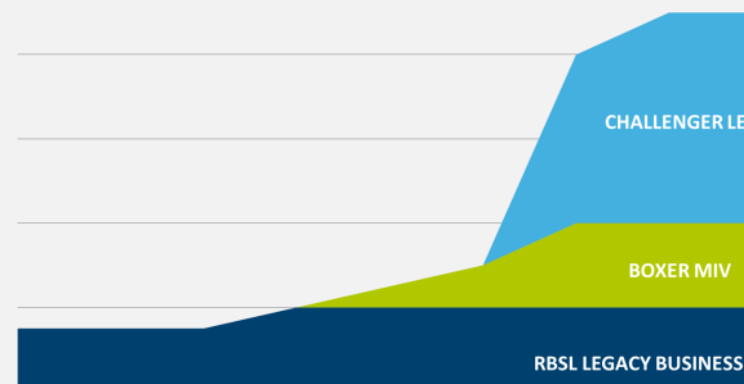
- BAE UK business
 - Armoured engineering vehicles and bridge-laying tanks
 - AS 90 self-propelled artillery system
 - Force protection components
 - Services
- 7.500 MAN vehicles under service



EXPANSION OF PRODUCT PORTFOLIO

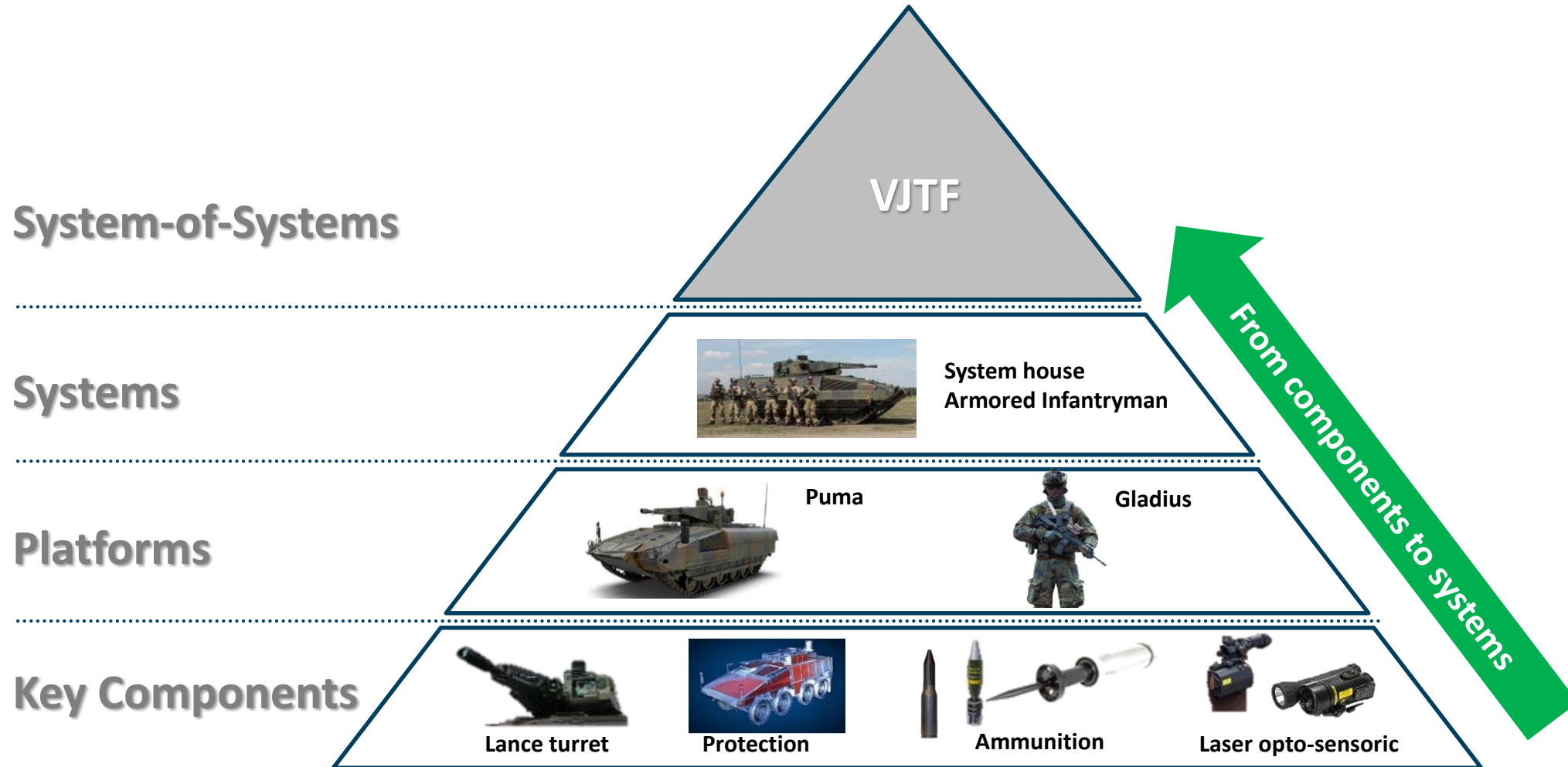
Future

- Boxer Mechanized Infantry Vehicle (MIV)
 - 500 vehicles @ € 1.4bn
- Challenger 2 Life Extension Program
 - potential order size 148 MBT @ € 0.8-1.2bn
- Next generation of battle tanks



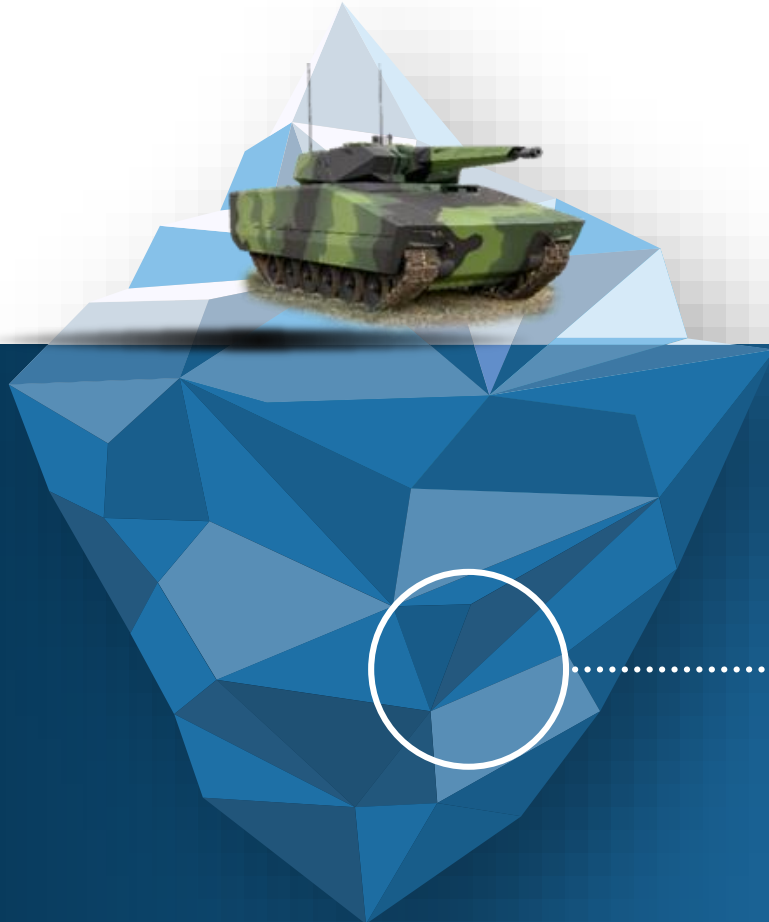
System house for land based operations

Integrating components to systems



Total life cycle potential

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



1X SALES OF PLATFORM

2X LIFECYCLE SPENDINGS

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

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



FINANCIALS

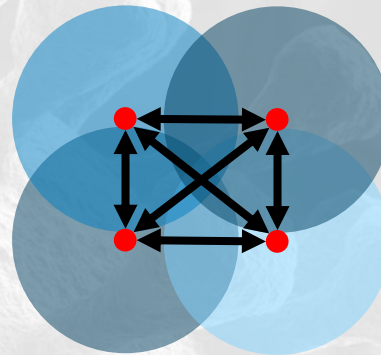
Corona update: All action taken to protect, secure and support

■ Protect our employees

- Maximum protection on shop floor level
- Mobile office for all eligible staff
- Daily monitoring of global developments

■ Committed to our communities

- Utilization of our global network to source protection equipment
- Supply of disinfectants from existing production infrastructure
- Development and manufacturing of components for medical equipment used in intensive care units



Watch your distance!

Wear your mask!

**Stay on
top of developments!**

■ Secure our supply chains

- Supply chains in both segments tightly managed
- Business continuity safeguarded

■ Support our customers

- Production ramp down in Automotive closely aligned with customers
- Ready for the restart

Corona update: Majority of production plants fully operational at the end of Q1 2020

Production Americas	31.3. A/D	30.4. A/D
Normal	5/5	3/5
Reduced	3/0	3/0
On Hold	1/0	3/0

Production Europe + ME	31.3. A/D	30.4. A/D
Normal	12/35	7/41
Reduced	5/1	12/0
On Hold	6/5	6/2

Production China JV	31.3. A	30.4. A
Normal	-	12
Reduced	12	-
On Hold	-	-

Production Aus + Asia	31.3. A/D	30.4. A/D
Normal	4/4	5/6
Reduced	1/0	0/1
On Hold	3/0	3/1

Production South Africa	31.3. D	30.4. D
On Hold	5	5

Only production sites!
A: Automotive
D: Defence

Corona update:

Pandemic with global impact, especially on light vehicle markets

■ Global LV market collapsed almost 23%* in Q1

- Automotive outperformance of 1% compared to relevant non-China market growth of -15%*
- Production in China back on track after initial governmental lockdown
- Europe and Americas with first impacts in Q1, but bigger hit expected for Q2

-14%

■ Defence with expected resilience in Q1

- Sales increased almost 18%
- Strong order intake
- Export bans still burdened

+18%

*IHS Markit: 4 May 2020;
global LV growth adjusted for China

Q1 2020 Group: Highlights

Robust Defence helped to weather crisis ridden quarter

Order backlog

€10.3bn



Sales

€1.4bn



Operating result

€34m



Order intake

€1.2bn

Earnings per share

€0.30



Operating FCF

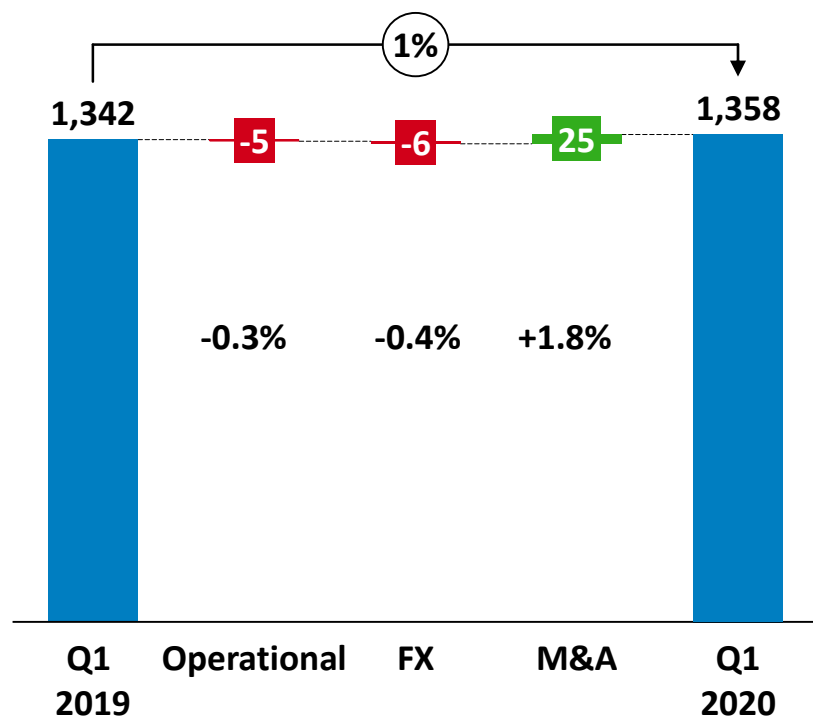
€-188m



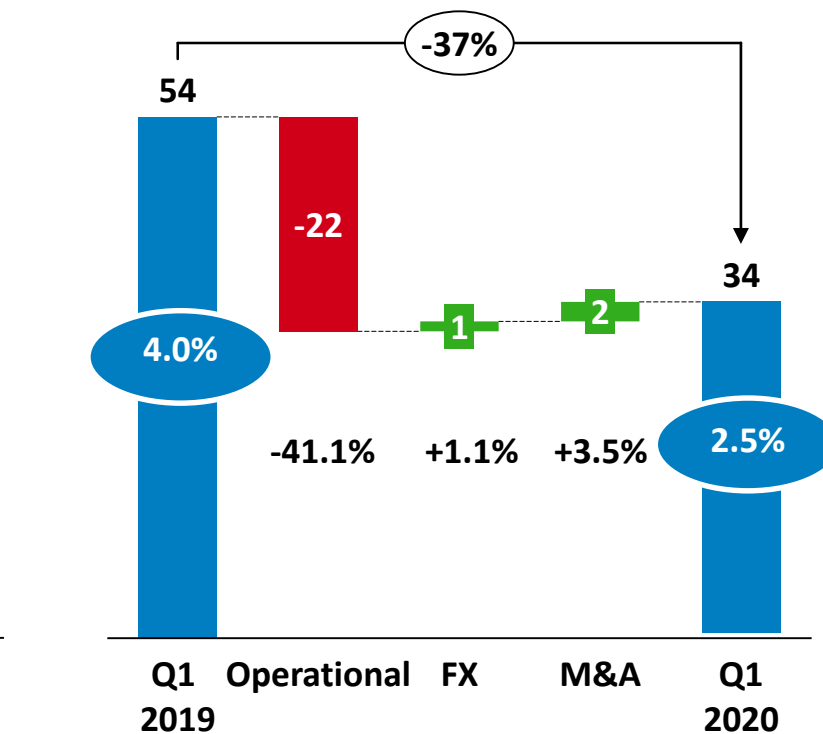
Q1 2020 Group: Key financial data

Results impacted by pressure on Automotive business

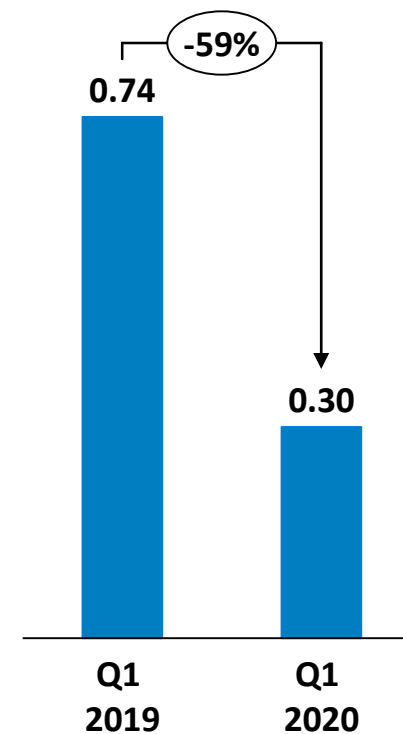
■ Sales
in €m



■ Operating result in €m
Operating margin in %



■ Earnings per share
in €

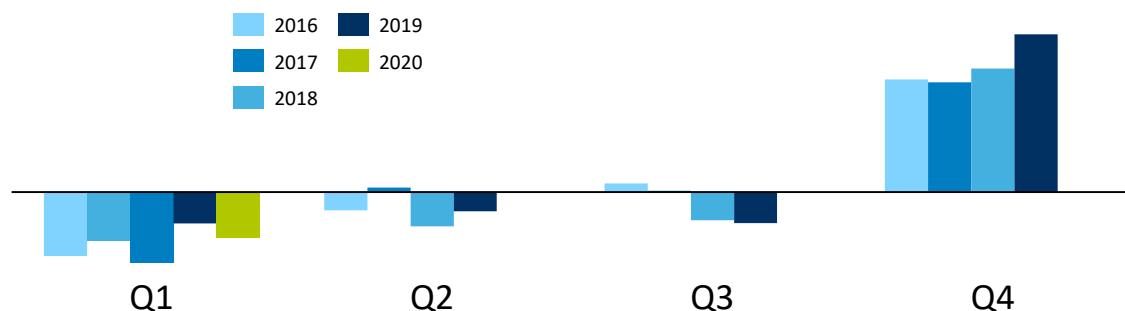


Q1 2020 Group: Operating Free Cash Flow

OFCF held back by CTA funding and working capital built-up in Defence

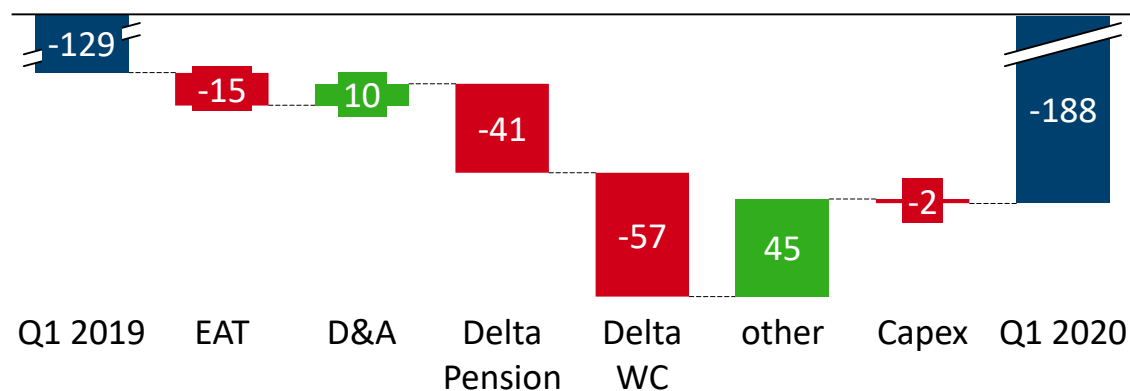
Operating free cash flow per quarter

in €m



Operating free cash flow bridge

in €m



- OFCF on normal level despite lower results
- Slight increase of D&A
- €42m CTA funding
- Operational built-up of working capital solely in Defence
- Changes in others driven by higher increase of other short-term provisions and lower decrease of other liabilities
- Higher Defence capex offset by Automotive invest freeze

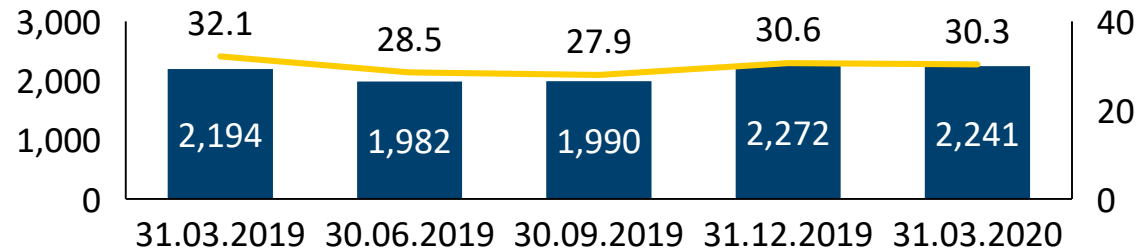
Q1 2020 Group: Group key financials

Balance sheet and financing remain rock solid

Equity and Equity ratio

in €m and %

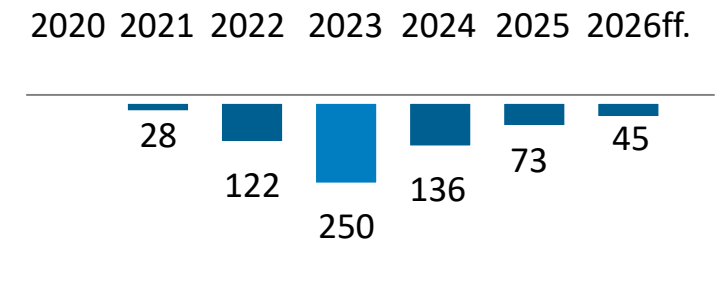
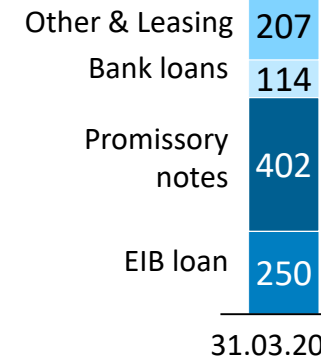
Equity ratio
Total equity



Maturity profile

in €m

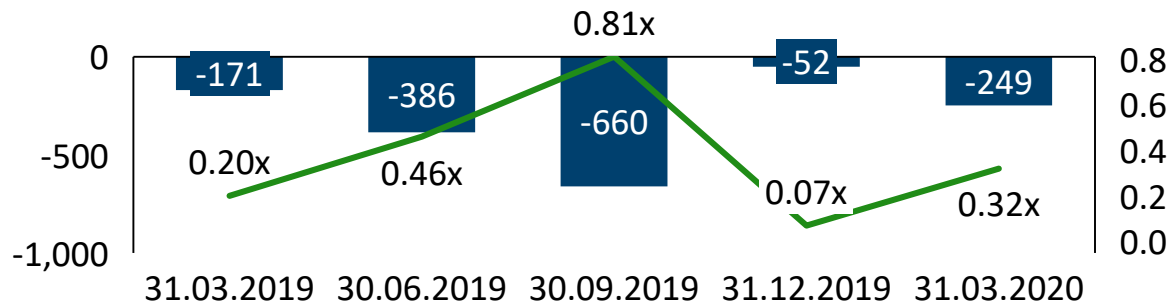
Σ 973



Net financial debt and Net financial debt/EBITDA (LTM)

in €m and ratio

Net financial debt/EBITDA (LTM)
Net debt

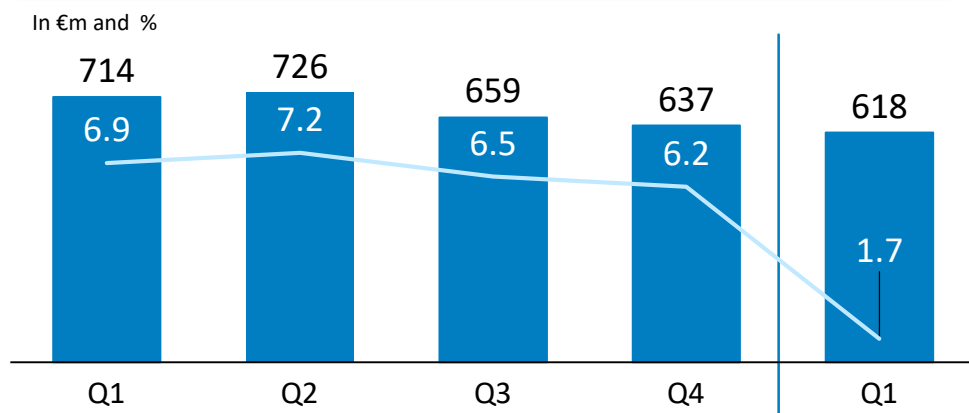


- Equity ratio remains on solid level
- No material maturities in '20/'21
- Net debt and KPI with normal seasonality
- Cash on balance €705m
- Undrawn credit lines of €0.9bn per end of Q1
- Investment grade rating with stable outlook

Q1 2020 Highlights: Automotive

Positive result despite market collapse

Quarterly sales and margin development



Comments on quarterly performance

- Lower order intake reflects muted environment
- Sales decline of -13.5% vs relevant non-China market of -14.7%*
- Operating result under strong pressure, but still positive
- Successful cash management in place

*IHS Markit: 4 May 2020;
global LV growth adjusted for China

In €m	Q1 2019	Q1 2020	Δ
Order intake	736	442	-39.9%
Sales	714	618	-13.5%
Operating result	49	10	-79.6%
Operating margin in %	6.9%	1.7%	-520 bp
Operating Free Cash Flow	-76	-49	35.5%
Operating FCF / Sales	-10.6%	-7.9%	270 bp

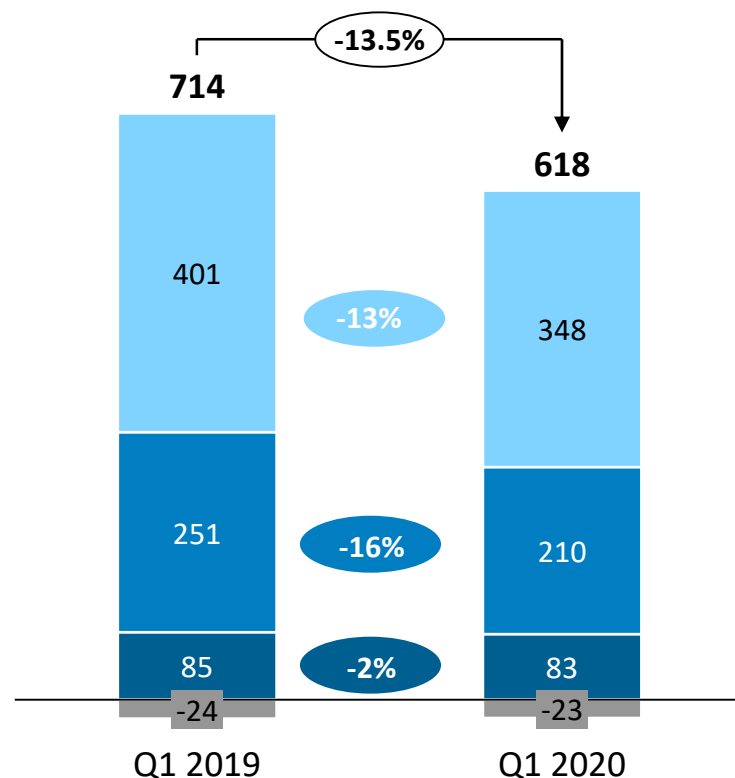
Q1

Q1 2020 Highlights: Automotive

Result remained in positive territory

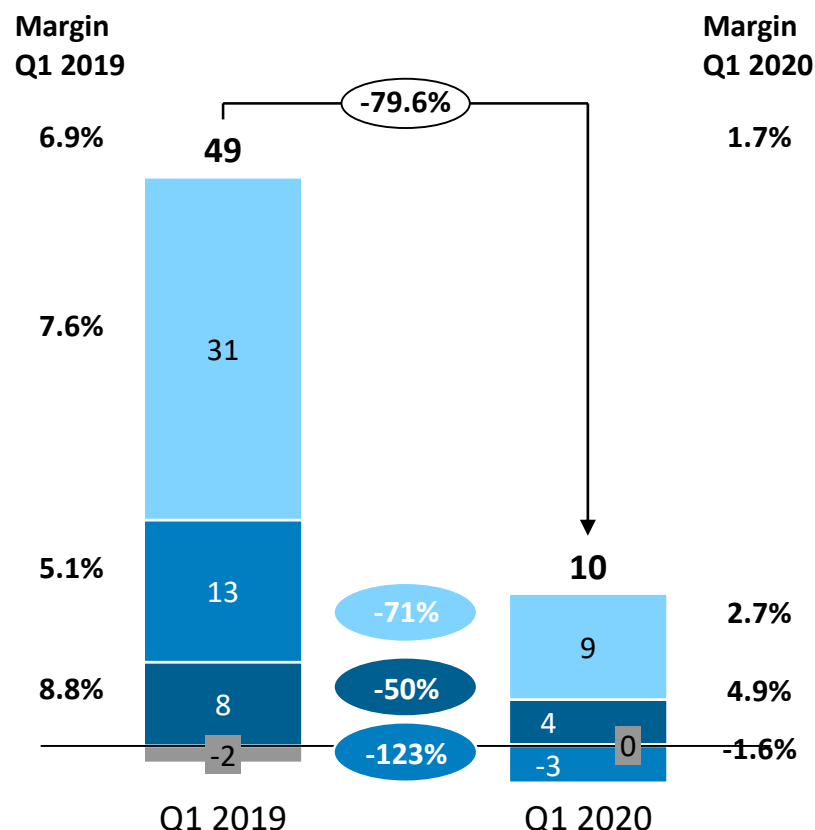
Sales Automotive

in €m



Operating result Automotive

in €m



Mechatronics

- Decrease in market volumes aggravated by negative ramp up

Hardparts

- Market decline especially in European small bore pistons
- First cost savings offset by negative at-equity results

Aftermarket

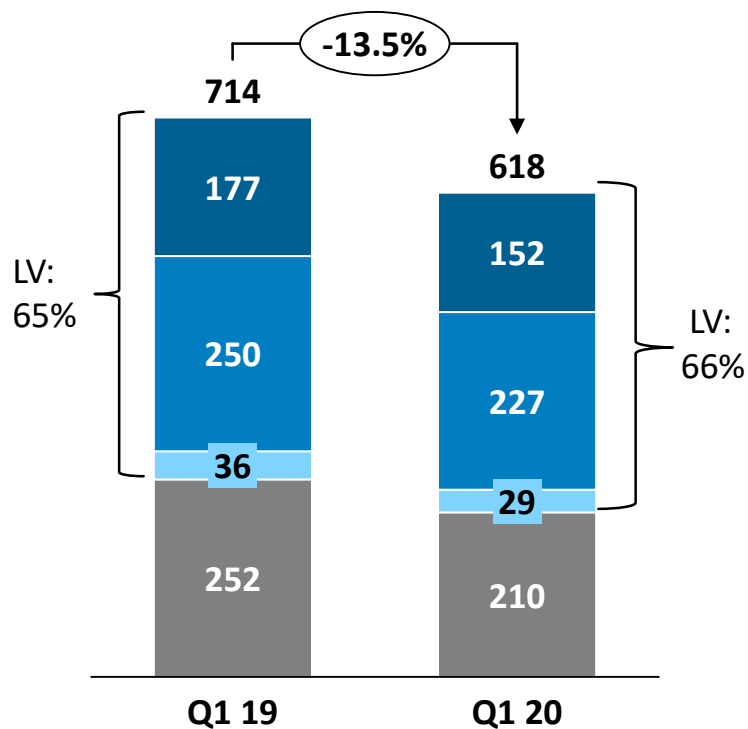
- Sales less affected, but results impacted by first time consolidation of micro-mobility

Q1 2020 Highlights: Automotive

Very slow non-LV sales created additional burden

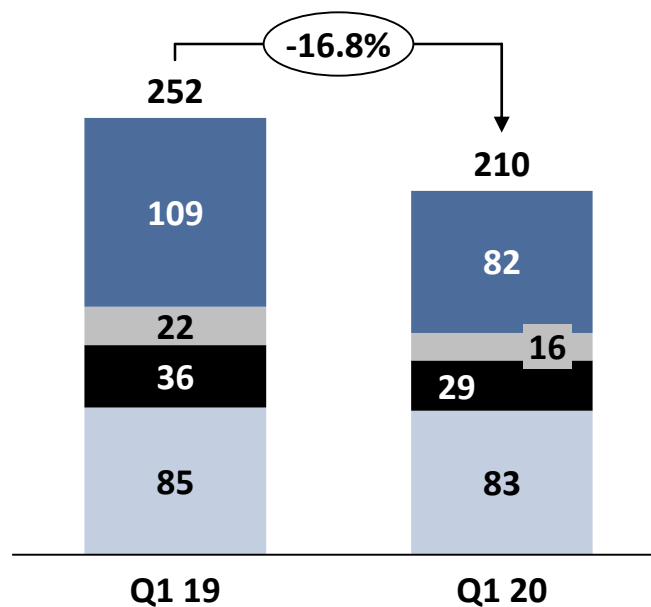
Sales split LV/ Non-LV

in €m / in %



Sales split Non-LV

in €m / in %



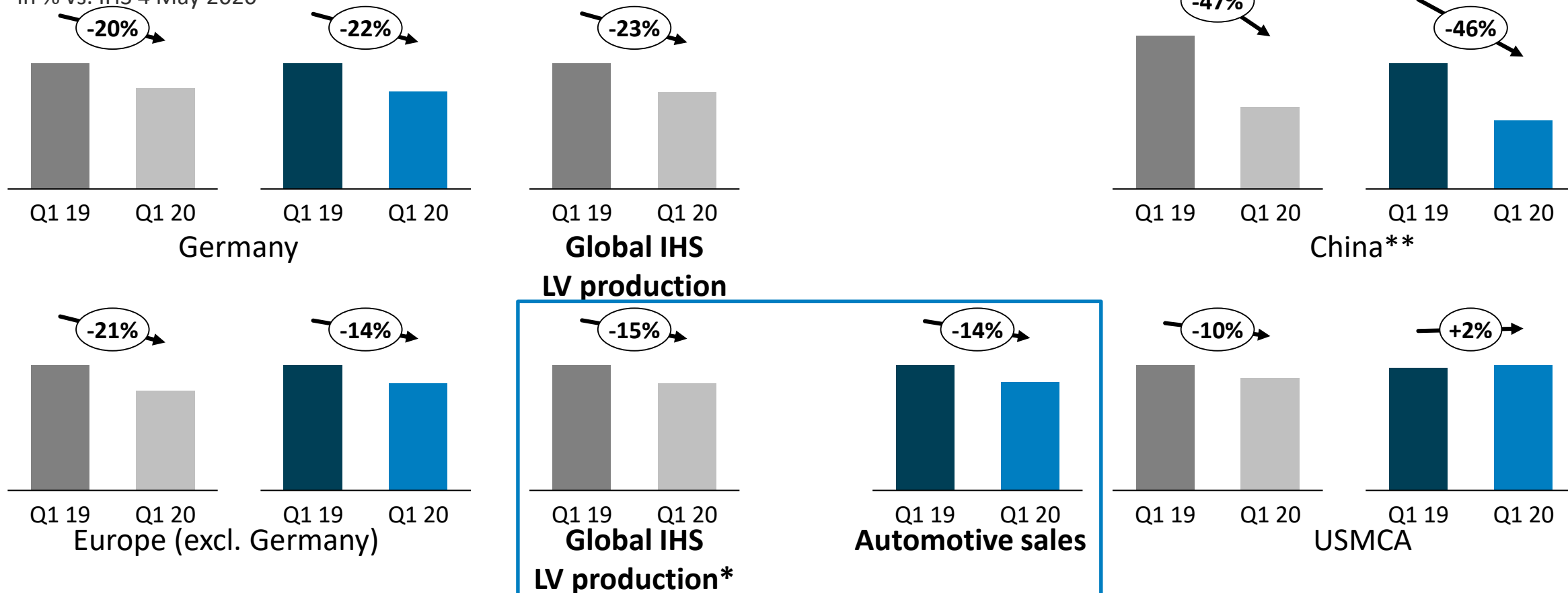
	Delta absolute	Delta in %
Diesel	-25	-14.1%
Gasoline	-23	-9.0%
other LV	-7	-18.7%
<hr/>		
LV Business	-54	-11.7%
Truck	-27	-24.6%
Large Bore	-6	-29.1%
other	-7	-19.4%
Aftermarket	-2	-2.4%
<hr/>		
Non-LV Business	-42	-16.8%

Automotive: regional consolidated sales split

Europe and USMCA performance clearly better than the market

Regional sales

in % vs. IHS 4 May 2020



Greyish columns: IHS global LV production, 4 May 2020

Blueish columns: Automotive consolidated Q1 sales

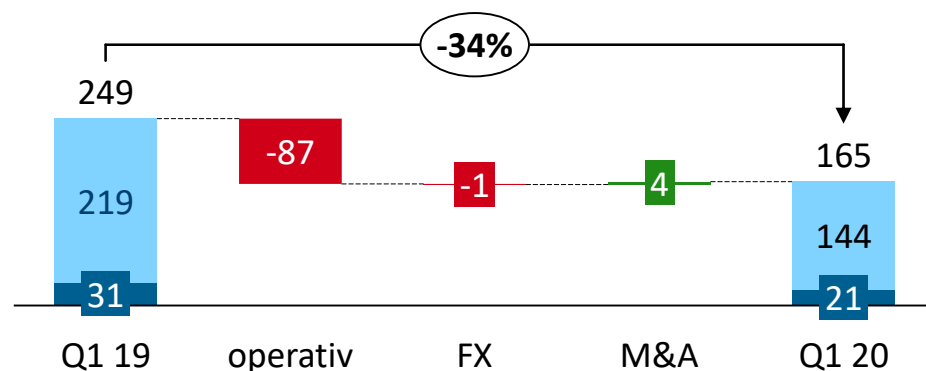
*IHS data adjusted for China volumes to match Automotive regional sales split; ** China consolidated sales

Q1 2020 Automotive: China performance

Sales decline less pronounced

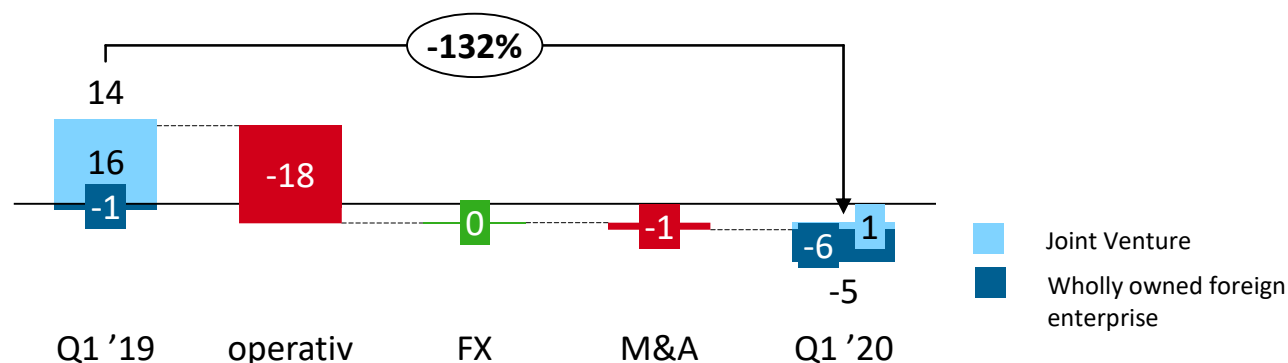
Sales*

in €m



EBIT*

in €m



Comments on the quarter

- Sales decline of -34% compares to a market collapse of -47% (IHS Markit 4 May, 2020)
- Hardparts and Mechatronics both strongly affected
- Cost saving measures helped to limit result effect

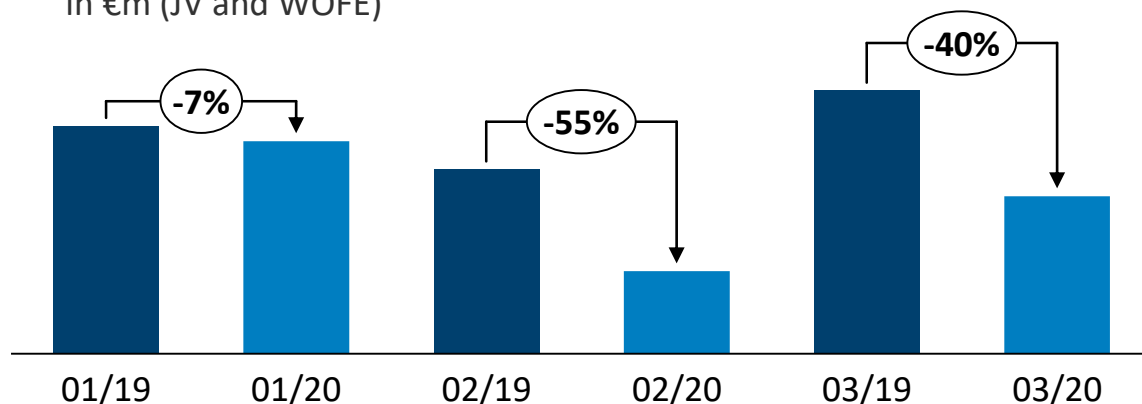
*Including 100% figures of 50/50 JV, consolidated at equity

Q1 2020 Automotive: Monthly development

Corona started to impact consolidated topline from mid-March onwards

China monthly sales @100%

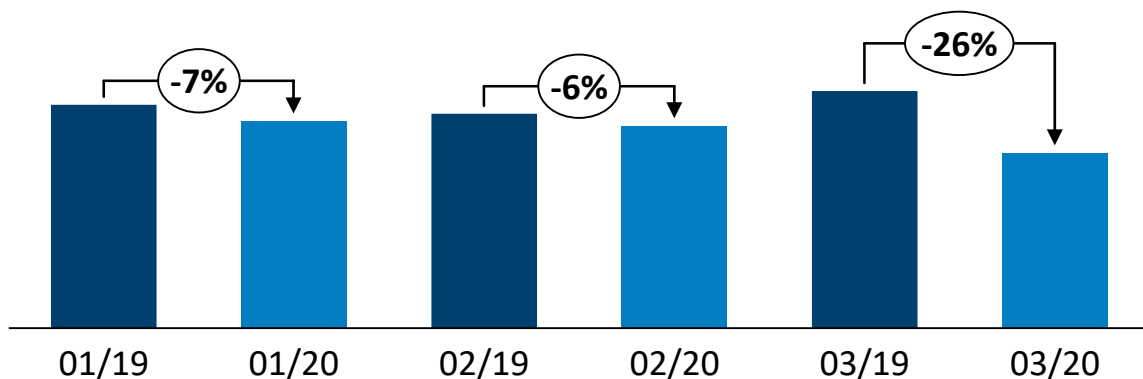
in €m (JV and WOFE)



- February with highest sales impact due to Chinese New Year and beginning of governmental shutdown
- Recovery already visible in March
- Normalization expected in the course of Q2

Automotive monthly sales

in €m

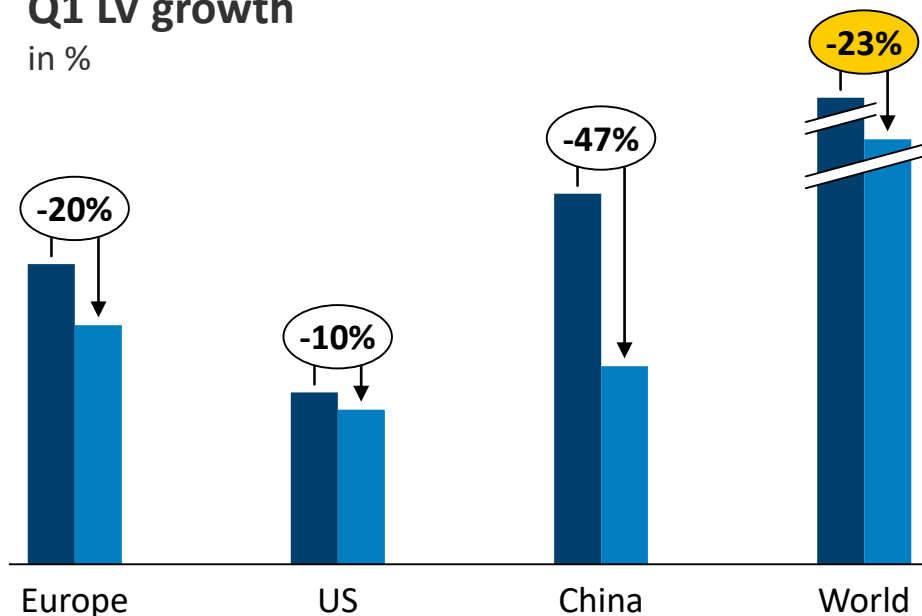


- Automotive with only minor decline in first two month despite China shutdown
- March showed strongest decline with Corona reaching Europe and North America
- Deterioration of monthly performance expected in Q2

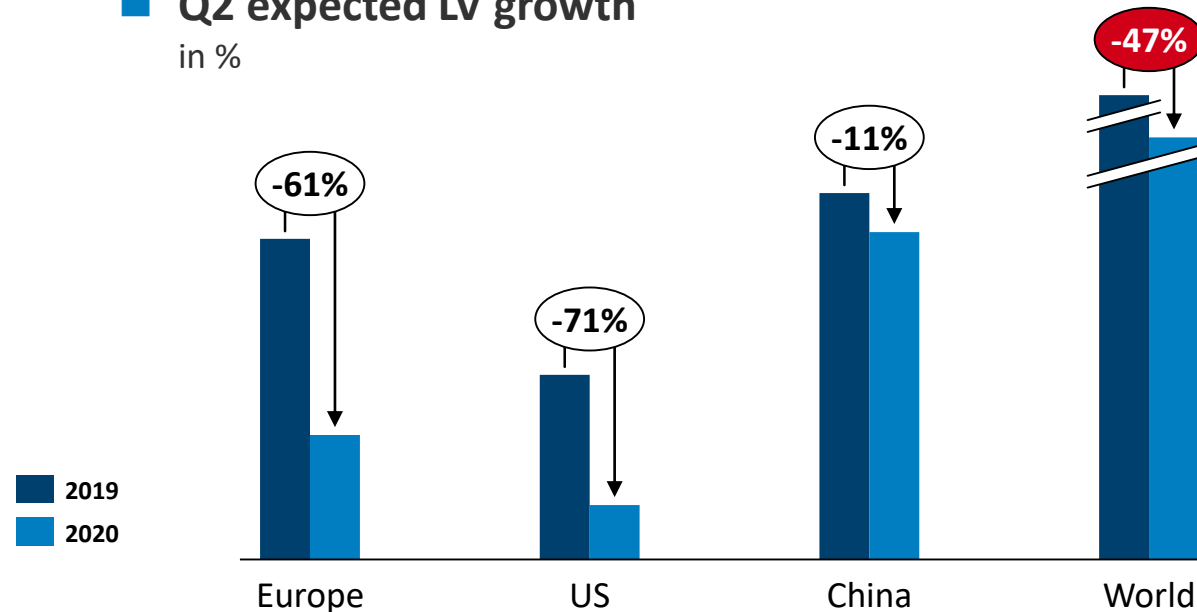
Q2 2020: IHS outlook

Impact shifts from China in Q1 to western world in Q2

■ Q1 LV growth in %



■ Q2 expected LV growth in %



Automotive topline impact already visible, but China effect mainly in associates

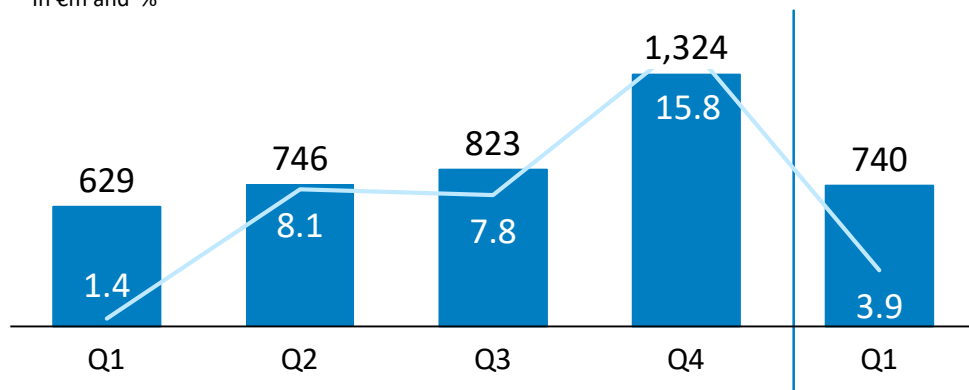
Direct hit on Automotive topline will be worse in Q2 due to regional sales exposure (80% of sales in Europe and Americas)

Q1 2020 Highlights: Defence

Strong Q1 performance with high leverage

Quarterly sales and margin development

In €m and %



Comments on quarterly performance

- Strong order intake
- Sales increase driven by ES and VS with M&A support
- Operating result improved materially
- Higher level of working capital and capex

In €m

	Q1 2019	Q1 2020	Δ
Order intake*	564	731	29.6%
Sales	629	740	17.6%
Operating result	9	29	222.2%
Operating margin in %	1.4%	3.9%	250 bp
Operating Free Cash Flow	-93	-152	-63.4%
Operating FCF / Sales	-14.8%	-20.5%	-580 bp

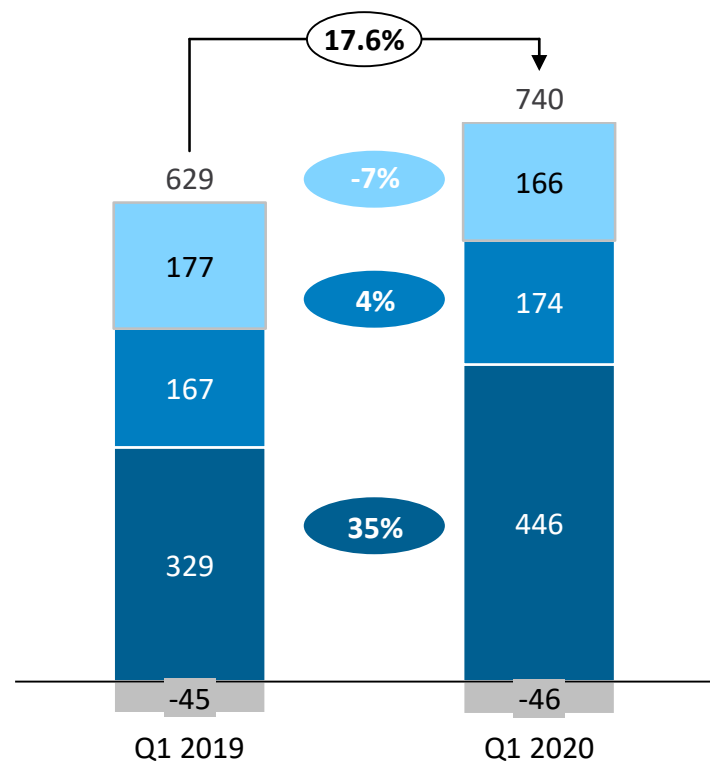
Q1

*Order intake is reported on the basis of booked business

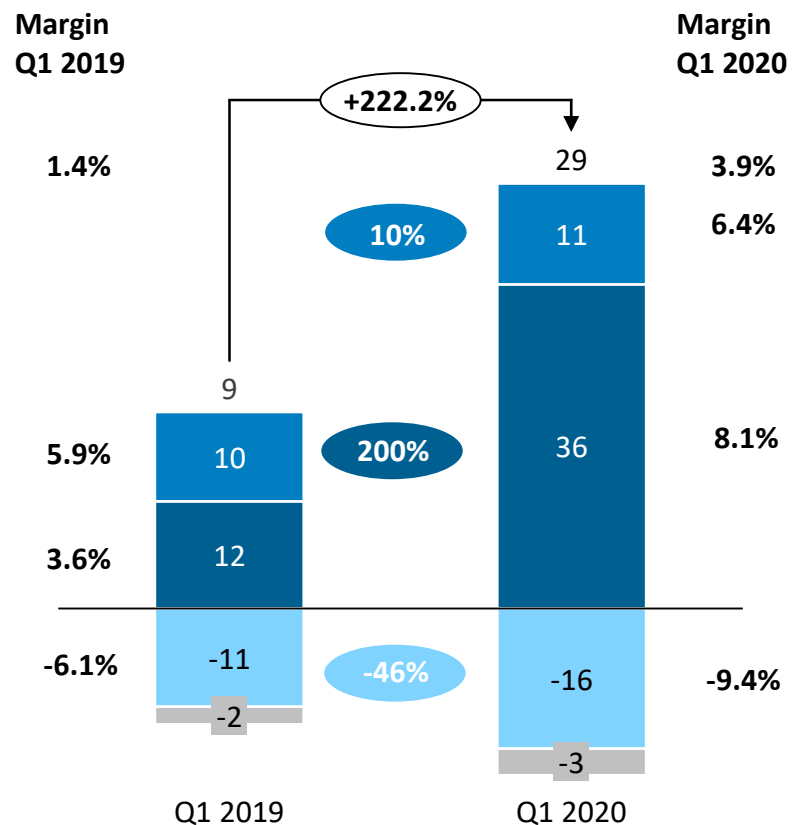
Q1 2020 Highlights: Defence

Strong sales increase helped to triple Q1 results

■ Sales Defence
in €m



■ Operating result Defence
in €m



Weapon & Ammunition

- Sales still held back by export restrictions

Electronic Systems

- Solid order execution and favorable product mix

Vehicle Systems

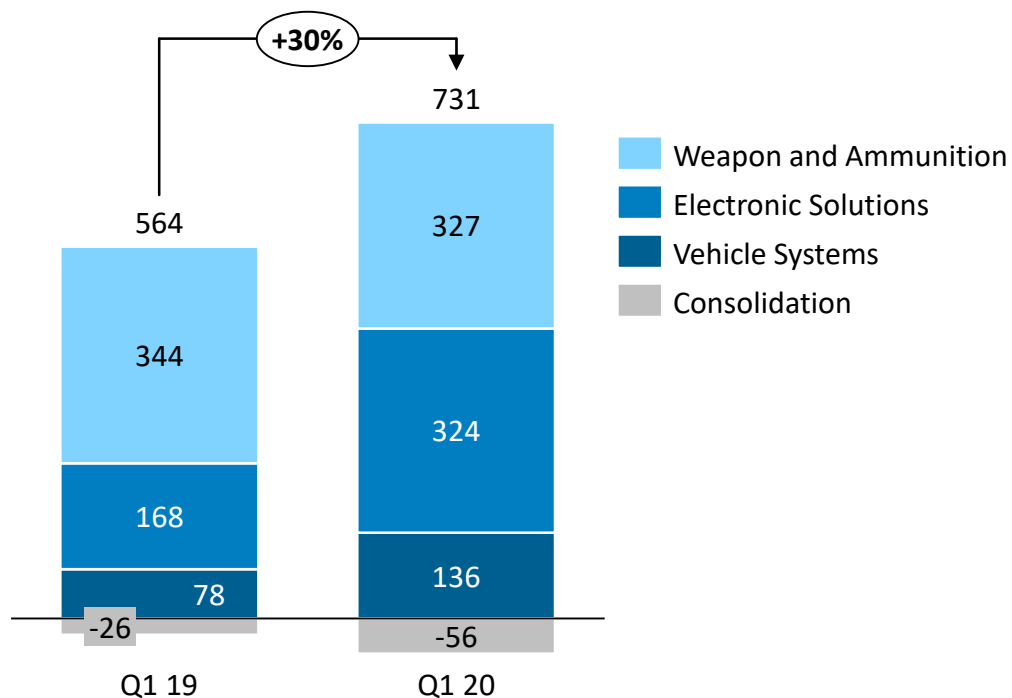
- Excellent order execution in logistical and tactical vehicles

Q1 2020 : Defence

Strong Q1 order intake led by international customers

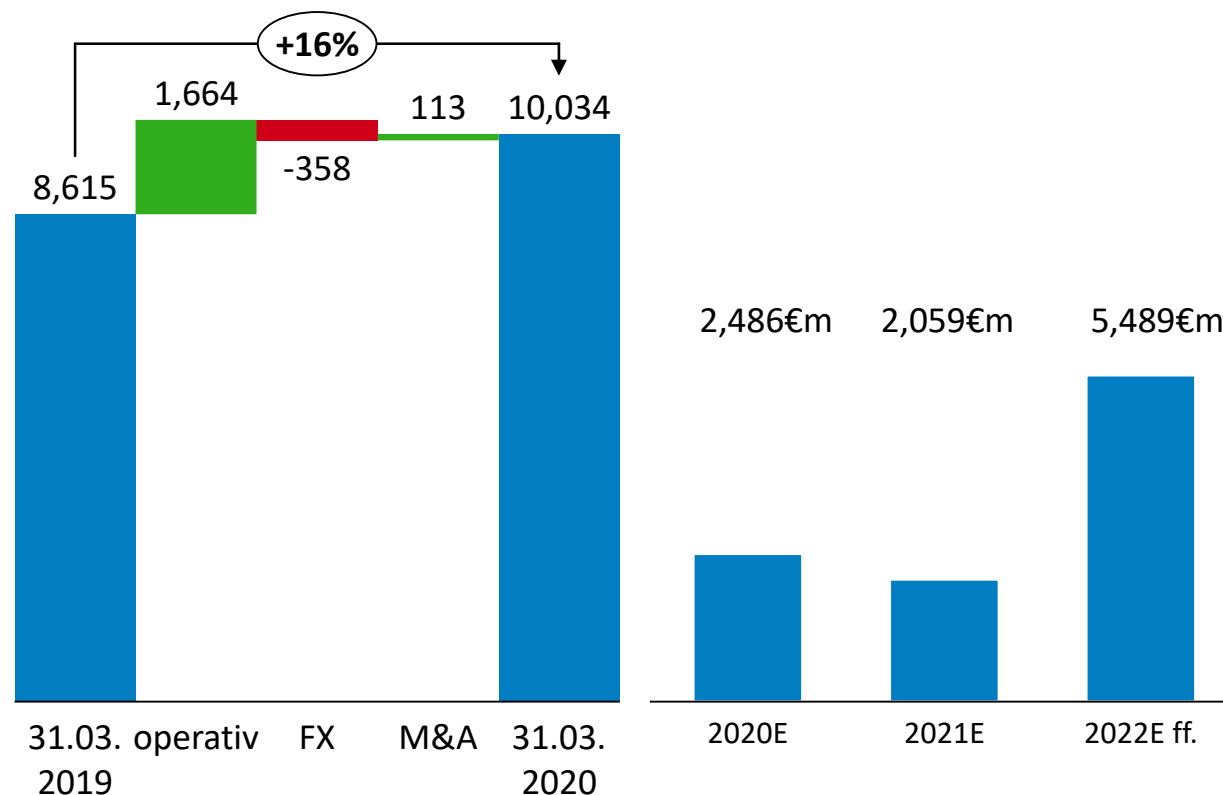
■ Order intake by division

in €m



■ Order backlog profile

in €m



2020 : Defence resilience

Defence demand more resilient in times of crisis

■ German demand

- List of German €25m proposals unchanged

■ International demand

- Czech Republic tender not cancelled yet, decision expected for H2 2020
- East European IFV tender under negotiation, contract signing expected Q2/Q3 2020
- Start of Land 400 III virtual roadshow in Australia
- Bradley replacement process reinitiated, new timeline starts 2021 and development budget expected around 300USDm
- Challenger LEP decision still scheduled for Q4 2020
- Discussion of budget prioritization has started in some countries

■ Export regulation

- Export regulation in Germany, Italy and South Africa remain in place

Corona-induced administrative delays likely



OUTLOOK **2020**

2020 Overview

Management aims to provide best possible orientation for 2020

- Given the current volatility in the Automotive markets and the potential effects on supply chains and demand, any forecasting statements are subject to increased levels of risk.
- It is currently not possible to provide an estimate regarding the duration and the further development of the coronavirus pandemic, nor in respect to the potential containment measures.
- We anticipate that the coronavirus pandemic will have an impact on our business, but we currently cannot forecast the full impact.

2020 Overview

Management aims to provide best possible orientation for 2020

AUTOMOTIVE



Trading update Q2

Double digit sales decline around 50% to 55% expected, operating leverage for Q2 expected to be between 35 to 40%

DEFENCE



Topline expected to increase high single digit with an operating margin around 9%

FY 2020 Guidance

Management refrains to provide a FY guidance in light of the current uncertainty regarding the potential development of our relevant Automotive end markets

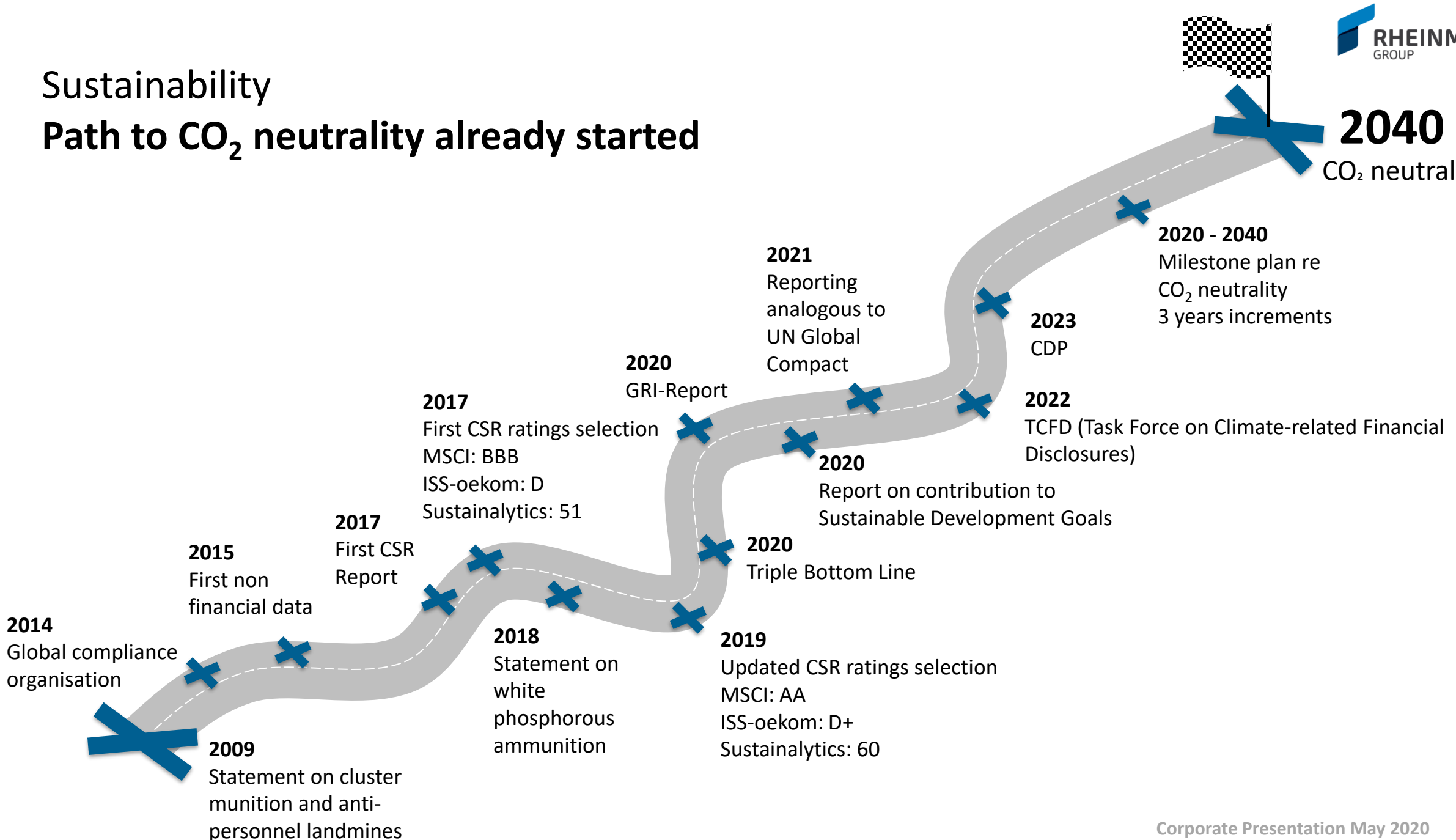
March guidance confirmed for 2020
Defence sales growth expectation of 5-7% and operating margin of 9-10%



Appendix

Sustainability

Path to CO₂ neutrality already started



Sustainability

ESG @Rheinmetall

E

2040 CO₂ neutral

Automotive Product portfolio actively reduces CO² emission
 Reduction energy intensity (MWh/EUR m revenue) 2015: 229,4 | 2019: 157,2
 Reduction THG intensity (tCO₂/EUR m revenue) 2015: 101,2 | 2019: 65,7
 Revenue coverage ISO 14001 72,4 %
 Revenue coverage ISO 50001 84,4 %
 Environmental issues | Part of Business Partner Check

S

Social Responsible

Transparency in the Supply Chain | Suppliers EU-registered: PM: ~ 60 % and NPM: ~ 56 %
 Human Rights | In-house DD 2019 as per DIHR | Part of Business Partner Check since 2019
 Health & Safety | ISO 45001 | 14 companies certified
 Diversity | Goals 2020-2025 | Women in management development programs
 Corporate Citizenship | Sponsoring 2019: EUR 876k | Donations 2019: EUR 486k

G

Robust Governance Model

Compliance Management System - IDW PS 980 approved | Extensive training
 Data Privacy | Set-up of network infrastructure as part of CMS
 Strict regime | 2019: 33.529 entries in War Weapons Book | 104 export licenses german weapons of war control act (KWKG) | 752 export licenses Foreign Trade and Payments Ordinance (AWG)
 Product responsibility
 Reporting | Contribution to SDGs & GRI Reporting | Annually from 2020 onwards
 CSR Ratings | 10 agencies

Active board remuneration schemes

Current and new remuneration policy for contracts starting in 2020

Current policy

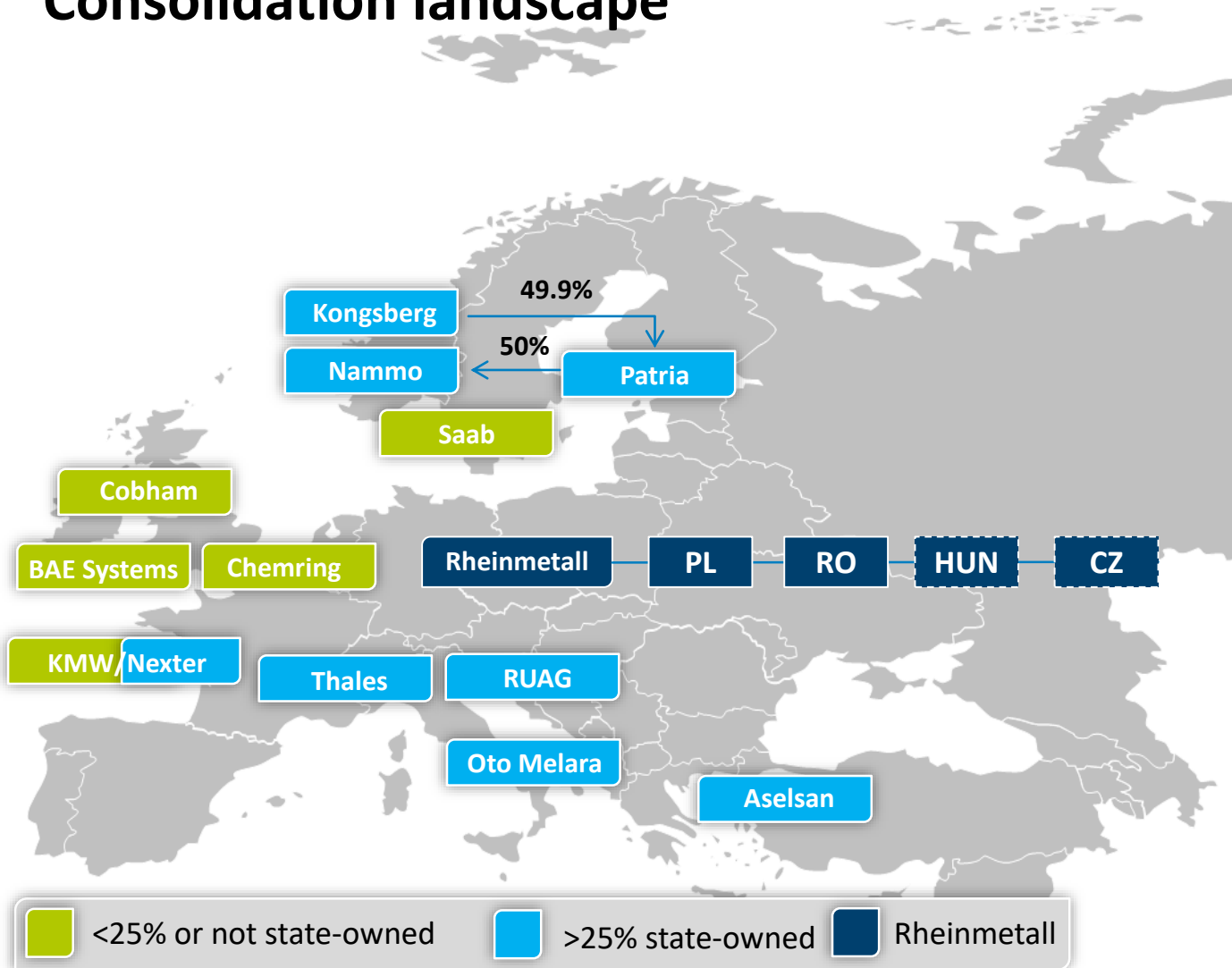
New policy

100% annual target salary	Fixed annual remuneration 60% over 12 months, including fringe benefits		Fix	39%	33%	Fix	Fixed annual remuneration over 12 months, including fringe benefits 60%		100% annual target salary	
	Variable performance payment	STI 40%		EBT 50% ROCE 50% Threshold $\leq 70\%$ - $\frac{100\%}{100\%}$ - $\frac{100\%}{200\%}$ - $\geq 110\%$ Payout (linear) 0% - 100% - 200% (cap)	STI	27%	STI x Modifier (+/- 20%)	financial targets (EBT, ROCE) & non-financial targets (e.g. strategy implementation and sustainability) Threshold $\leq 80\%$ - $\frac{100\%}{100\%}$ - $\frac{100\%}{250\%}$ - $\geq 120\%$ Payout 0% - 100% - 250% (cap w/o Modifier)		STI ¹⁾ 40%
		LTI		3 years \emptyset EBT (100% at €200m, cap at €300m) Individual factor Payout (50% shares (4 years deferred) + 50% cash + 20% of share value in cash)	\emptyset EBT x Factor	34%	45% + TSR	I 3 years \emptyset EBT (100% at €500m, cap at €750m) (individual factor) 50% II TSR vs peer performance (adj. TSR MDAX) 50% \emptyset last 12 months (div. adjusted) TSR vs adjusted MDAX; ranking of companies by percentile; payout calculated by base LTI value multiplied by % linked to percentile performance Percentil 0 - $\frac{50}{100\%}$ - $\frac{75}{150\%}$ Payout (linear) 0% - 100% - 150% (50% shares (4 years deferred) + 50% cash + 20% of shares additionally in cash)		LTI
Special bonus in exceptional cases at the discretion of the supervisory board		Special bonus								

100% total active compensation¹⁾

Annual report 2019, p. 144-155
 1) Calculated on target achievement 100%

European Defence Consolidation landscape



- **Governmental shareholding** restricts room for cross-border consolidation
- **Big common armament programs** could be catalysts for further consolidation

Rheinmetall's approach:

- **JV partnerships with companies in different nations** instead of "putting all eggs in one basket"
- **Sufficient organic growth potential**, but suitable M&A transactions are possible

Capital allocation



Our capital allocation policy is geared towards further growth

Funding of growth (organic and M&A)

Dividend to shareholders (Payout ratio 30-35%)

Improvement of pension funding via CTA (target level 50-60%)

Select key data: outlook 2020

Rheinmetall Group		In %(PY)	Automotive 	Defence 
Holding cost	€20-25 (PY: €25m)	Capex (w/o IFRS 16)	Around 5.5% (5.5%)	Around 5%(4.7%)
Tax rate	Comparable level (PY: 26%)	D&A	5.5-6.0% (5.9%)	3-3.5% (3.1%)
Interest result	~-€45m (PY:-€35m)	R&D (self-funded)	Around 6% (5.9%)	2-2.5% (2.0%)

Group 2015 – 2019: Key figures (as reported)

in €m		2015	2016	2017	2018	2019
Balance Sheet	Total assets	5.730	6.150	6.101	6.759	7.415
	Shareholder's equity	1.562	1.781	1.870	2.173	2.272
	Equity ratio (in %)	27,3	29,0	30,7	32,1	30,6
	Pension liabilities	1.128	1.186	1.080	972	1.169
	Net financial debt	-81	19	230	-30	-52
	Net financial debt / EBITDA	0,17	-0,03	-0,37	0,04	0,07
	Net gearing (in %)	5,2	-1,1	-12,3	1,4	2,3
Income statement	Sales	5.183	5.602	5.896	6.148	6.255
	Operating result	287	353	400	491	505
	Operating margin (in %)	5,5	6,3	6,8	8,0	8,1
	EBITDA	490	581	626	836	792
	EBIT	287	353	385	518	512
	EBIT margin (in %)	5,5	6,3	6,5	8,4	8,2
	EBT	221	299	346	485	477
	Net income	160	215	252	354	354
	Earnings per share (in EUR)	3,88	4,69	5,24	7,10	7,77
	Dividend per share (in EUR)	1,10	1,45	1,70	2,10	2,40
	ROCE (in %)	10,6	12,3	13,8	17,1	15,4
CF statement	Free cashflow from operations	29	161	276	-35	314
Headcount	Employees (Dec. 31) according to capacity	20676	20993	21610	22899	23780

Segments 2015 – 2019 Key figures

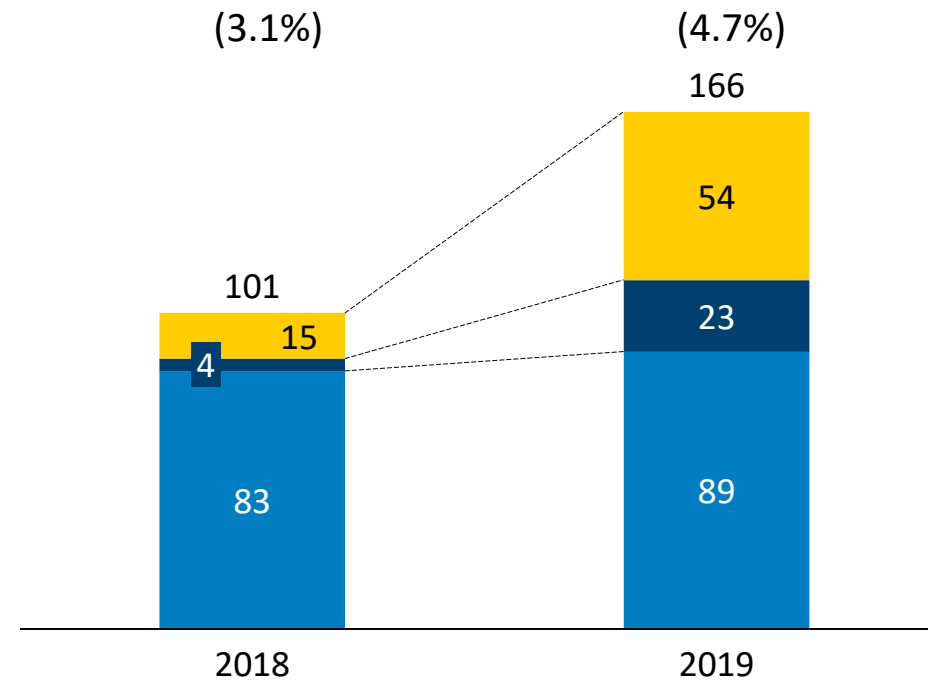
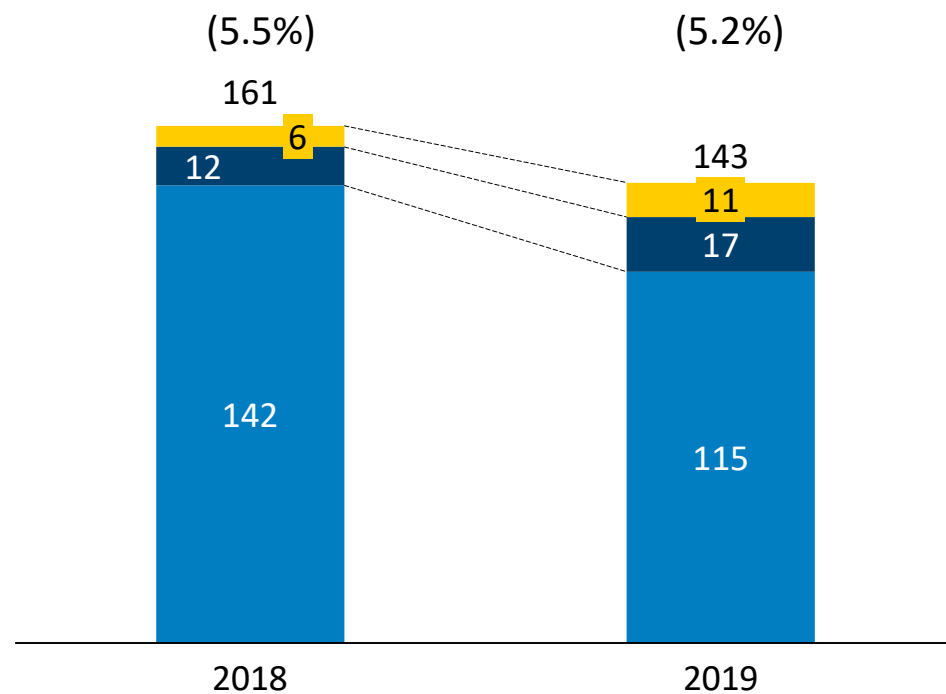
Automotive										Defence					
2015	2016	2017	2018	2019						in €m	2015	2016	2017	2018	2019
2.621	2.670	2.922	2.888	2.705	Order intake					2.693	3.050	2.963	5.565	5.186	
445	458	520	478	447	Order backlog (Dec. 31)					6.422	6.656	6.416	8.577	10.399	
2.592	2.656	2.861	2.930	2.736	Sales					2.591	2.946	3.036	3.221	3.522	
216	223	249	262	184	Operating result					90	147	174	254	343	
8,3	8,4	8,7	8,9	6,7	Operating margin (in %)					3,5	5,0	5,7	7,9	9,8	
335	356	367	421	348	EBITDA					175	239	268	403	450	
216	223	227	266	186	EBIT					90	147	172	247	341	
8,3	8,4	7,9	9,1	6,8	EBIT margin (in %)					3,5	5,0	5,7	7,7	9,7	
167	149	154	161	143	Capex					96	95	89	101	166	
96	105	106	26	73	OFCF					-38	103	238	-29	266	
10.934	10.820	11.166	11.710	11.405	Employees (Dec. 31) according to capacity					9.581	10.002	10.251	10.948	12.100	
1.450	1.499	1.621	1.664	1.525	Mechatronics	Sales		Weapon & Ammunition	881	1.111	1.175	1.056	1.018		
118	140	176	171	118		Operating Result			73	108	117	121	123		
8,1%	9,3%	10,9%	10,3%	7,7%		Margin			8,3%	9,7%	10,0%	11,5%	12,1%		
952	921	968	988	937	Hardparts	Sales		Electronic Solutions	759	745	691	839	948		
73	62	60	65	28		Operating Result			12	25	20	46	75		
7,7%	6,7%	6,2%	6,5%	3,0%		Margin			1,5%	3,4%	2,9%	5,5%	7,9%		
285	319	358	367	361	Aftermarket	Sales		Vehicle Systems	1.195	1.392	1.480	1.568	1.787		
27	29	33	36	35		Operating Result			-9	29	53	108	150		
9,5%	9,1%	9,2%	9,7%	9,8%		Margin			-0,8%	2,1%	3,6%	6,9%	8,4%		

FY 2019: Capex

Segmental growth path reflected in different capex development

■ **Automotive with diligent capex approach**
in €m and in (% of sales)

■ **Defence preparing for growth**
in €m and in (% of sales)



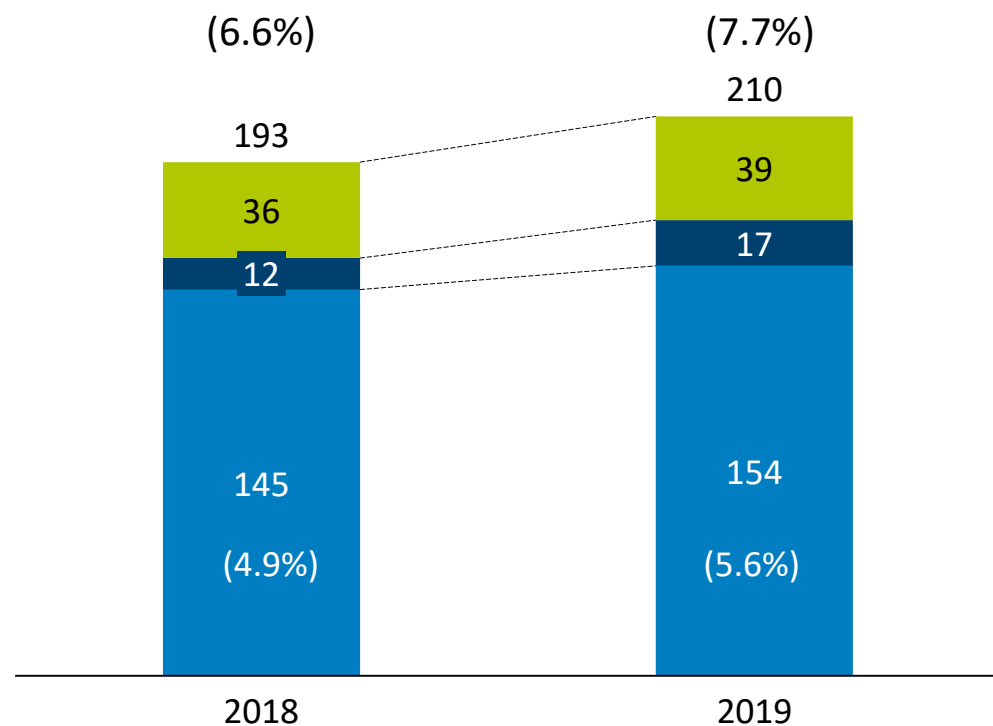
■ IFRS 16 (non-cash)
■ Capitalized development costs
■ Capital expenditure

FY 2019: R&D

Innovation remains key in both segments

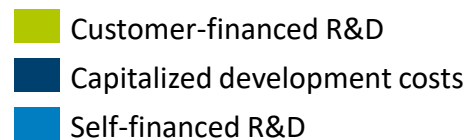
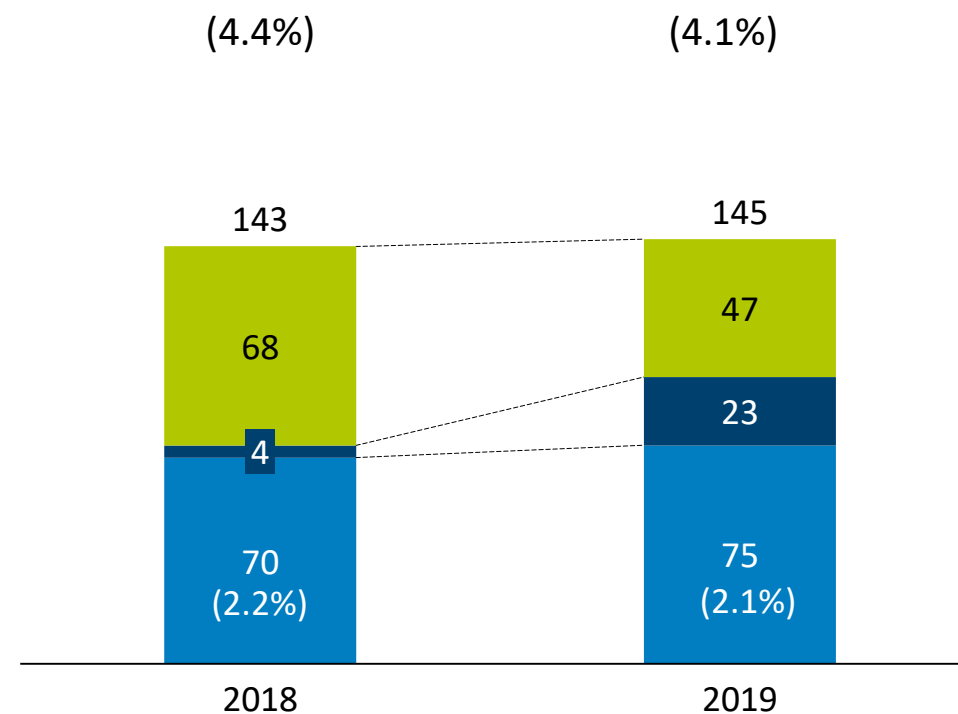
Automotive

in €m and in (% of sales)



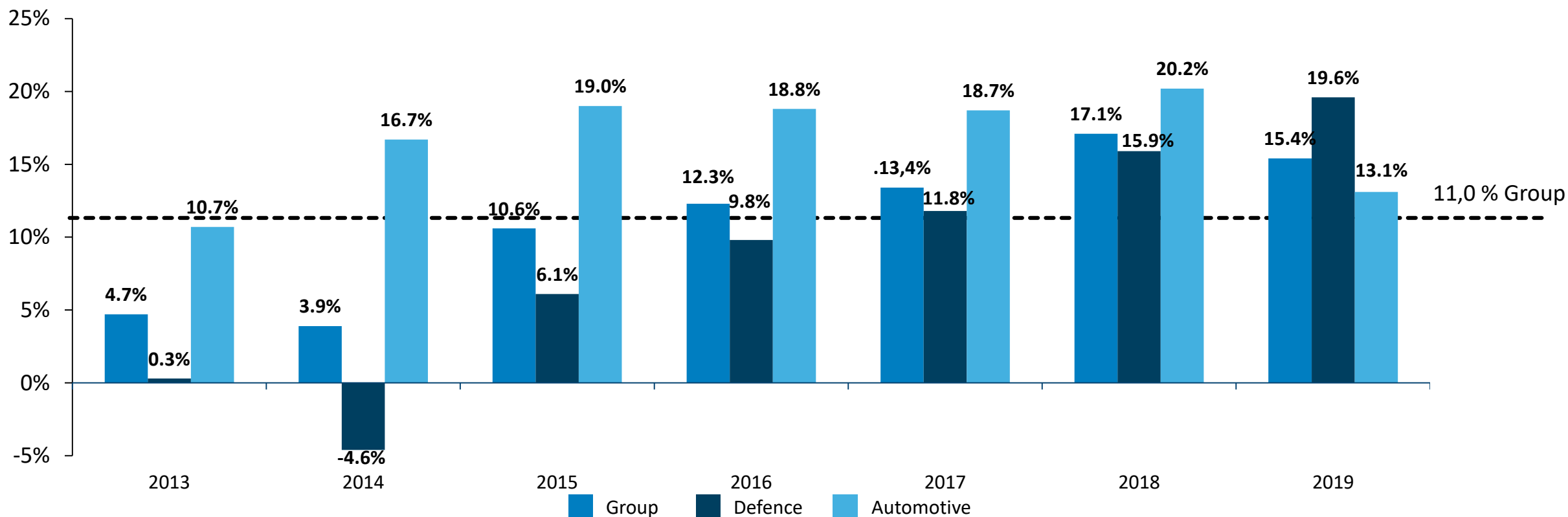
Defence

in €m and in (% of sales)



Continuing ROCE improvement

■ ROCE
in %



Next events and IR contacts

■ Next Events

dbAccess Berlin Conference

UBS Pan European Small and Mid-Cap Conference 2020

Berenberg Conference USA 2020

SG CIB - the VIRTUAL NICE CONFERENCE

Annual Stockholder's Meeting Rheinmetall AG

H1 2020 Earnings call

Q3 2020 Earnings call

All investor meetings
will be conducted as
telephone conferences

19 May 2020

6 August 2020

6 November 2020

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■ Quick link to documents

Corporate Presentation



Interim Reports



Annual Reports



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